axel springer

Interim Financial Report

as of June 30, 2019

Group Key Figures

€ millions	Q2/2019	Q2/2018	Change	H1/2019	H1/2018	Change
	2nd Quarter			1st Half		
Group						
Revenues	**759.4**	**787.4**	**– 3.6 %**	**1,531.1**	**1,560.9**	**– 1.9 %**
Digital revenue share[1]	*73.7 %*	*68.7 %*		*73.8 %*	*69.6 %*	
EBITDA, adjusted[2]	**177.8**	**183.3**	**– 3.0 %**	**344.8**	**354.5**	**– 2.7 %**
EBITDA margin, adjusted[2]	*23.4 %*	*23.3 %*		*22.5 %*	*22.7 %*	
Digital EBITDA share[1]	*87.8 %*	*80.1 %*		*87.2 %*	*80.4 %*	
EBIT, adjusted[2]	**125.3**	**131.5**	**– 4.7 %**	**238.7**	**253.4**	**– 5.8 %**
EBIT margin, adjusted[2]	*16.5 %*	*16.7 %*		*15.6 %*	*16.2 %*	
Net income	78.0	100.9	– 22.7 %	133.4	185.6	– 28.1 %
Net income, adjusted[2]	79.1	88.4	– 10.5 %	154.2	169.3	– 8.9 %
Segments						
Revenues						
Classifieds Media	298.7	295.0	1.3 %	613.6	585.2	4.8 %
News Media	344.7	380.5	– 9.4 %	685.9	732.0	– 6.3 %
Marketing Media	104.0	99.7	4.4 %	208.5	217.8	– 4.3 %
Services/Holding	11.9	12.2	– 2.6 %	23.1	25.9	– 10.5 %
EBITDA, adjusted[2]						
Classifieds Media	120.3	110.7	8.6 %	233.4	223.3	4.5 %
News Media	53.1	64.0	– 17.2 %	99.8	113.4	– 12.0 %
Marketing Media	26.1	23.1	12.6 %	51.3	46.7	9.8 %
Services/Holding	– 21.5	– 14.6	–	– 39.7	– 29.0	–
EBIT, adjusted[2]						
Classifieds Media	99.2	91.3	8.7 %	190.2	185.6	2.5 %
News Media	36.2	46.0	– 21.3 %	66.3	79.2	– 16.3 %
Marketing Media	19.9	17.4	14.2 %	39.1	35.0	11.8 %
Services/Holding	– 30.0	– 23.2	–	– 56.8	– 46.4	–
Liquidity and financial position						
Free cash flow (FCF)[2]	– 3.7	28.0	–	64.1	134.8	– 52.5 %
FCF excl. effects from headquarter real estate transactions[2] [3]	19.8	43.8	– 54.8 %	109.6	171.1	– 36.0 %
Capex[4]	– 64.0	– 51.3	–	– 117.1	– 102.5	–
Capex excl. effects from headquarter real estate transactions[3] [4]	– 41.6	– 35.8	–	– 73.7	– 72.5	–
Net debt/liquidity[2] [5] [6]	– 1,497.0	– 1,249.2	–	– 1,497.0	– 1,249.2	–
Share-related key figures						
Earnings per share, adjusted (in €)[2] [7]	**0.63**	**0.73**	**– 14.0 %**	**1.19**	**1.36**	**– 11.9 %**
Earnings per share (in €)[7]	0.66	0.88	– 25.3 %	1.07	1.57	– 32.2 %
Closing price (in €)[8]	61.95	61.95	0.0 %	61.95	61.95	0.0 %
Market capitalization[8] [9]	6,684.1	6,684.1	0.0 %	6,684.1	6,684.1	0.0 %
Average number of employees[10]	**16,183**	**16,421**	**– 1.4 %**	**16,233**	**16,393**	**– 1.0 %**

[1] Based on the operating business (without the segment Services/Holding).
[2] Explanations regarding relevant key performance indicators on page 20.
[3] Referring to the new building in Berlin as well as the sale of the new building and the Axel-Springer-Passage as well as the sale of the office building complex in Hamburg.
[4] Capital expenditures for intangible assets and property, plant and equipment.
[5] As of June 30, 2019, and December 31, 2018, respectively.
[6] Incl. leasing liabilities in the amount of € 366.3 million (December 31, 2018: € 379.6 million).
[7] Calculation based on average weighted shares outstanding in the reporting period (107.9 million; PY: 107.9 million).
[8] Quotations based on XETRA closing prices.
[9] Based on shares outstanding as of June 30, 2019, excluding treasury shares (107.9 million; PY: 107.9 million).
[10] Prior-year figure adjusted retrospectively due to changes in portfolio.

Interim Financial Report as of June 30, 2019 of the Axel Springer Group

Business performance and operating results at a glance

Development of revenues and earnings

The business development in the first half of the year was characterized by consolidation effects, a weaker-than-planned revenue development due to macroeconomic developments, especially for the Jobs Classifieds and the investments announced as part of the growth strategy.

In the reporting period, **total revenues** of € 1,531.1 million were slightly below the prior-year level (–1.9% compared to PY: € 1,560.9 million). Consolidation effects, in particular due to the sale of aufeminin in the previous year and the @Leisure Group at the beginning of June 2019, had an effect. Organically, i. e. adjusted for consolidation and currency effects, revenues were slightly (+1.0%) above the prior-year level. Overall, Axel Springer generated 73.8% of revenues by digital activities in the first half of the current year.

The **adjusted EBITDA** was € 344.8 million and therefore 2.7% below the prior-year figure (€ 354.5 million). The margin decreased slightly from 22.7% to 22.5%. The earnings development in the first half of the current year was also, among others, characterized by consolidation effects. In addition to the sale of aufeminin in the prior year and the negative earnings contributions from our participations in Purplebricks and Homeday, the sale of the @Leisure Group at the beginning of June 2019 contributed to this, among other transactions. Organically, i.e. adjusted for consolidation and currency effects, the adjusted EBITDA increased slightly by 1.7%. Overall, we generated 87.2% of adjusted EBITDA with digital activities in the reporting period.

Compared with the prior year, **adjusted EBIT** decreased by 5.8% to € 238.7 million (PY: € 253.4 million). The higher decline compared to the adjusted EBITDA resulted from higher depreciation, amortization and impairments. The adjusted EBIT was also impacted by consolidation effects in the first half of the year. Adjusted EBIT increased organically by 0.5%. The margin of 15.6% was below the level of the prior year (16.2%).

The **adjusted earnings per share** of € 1.19 was 11.9% below the prior-year figure of € 1.36. Here, too, the performance adjusted for consolidation and currency effects was better. Organically, adjusted earnings per share was 4.6% below the prior-year value.

Comparison of business performance with our expectations / Outlook 2019

Due to the sale of the 51% majority stake in the @Leisure Group at the beginning of June 2019, we had already partially adjusted our forecast for the current financial year in the quarterly statement as of March 31, 2019. Furthermore, with the ad-hoc notification on June 12, 2019 announcing a voluntary takeover offer by the US investment company Kohlberg Kravis Roberts (KKR, see page 7), Axel Springer communicated the decision of the Executive Board to implement its growth strategy against the background of the announced offer for the planned capital expenditures for the financial year 2019 despite a slower than planned revenue development due to macroeconomic developments, especially in the Jobs Classifieds segment. This, and the digital tax that has meanwhile been adopted in France, resulted in a further partial adjustment of the revenue and earnings development expected for 2019 at Group level and in the Classifieds Media segment. We continue to adhere to the revised forecast for the 2019 financial year with the publication of this interim financial report and present it below. The comparison relates to the original forecast for adjustments as published in the Annual Report for the 2018 financial year.

For the financial year 2019, we expect Group **revenues** to decline in the low single-digit percentage range, after previously expecting a low single-digit percentage increase (as of March 31, 2019, we had already adjusted our expectation to be in line with a development at the previous year's level). Organically, we expect a low single-digit percentage increase after previously forecasting low to mid single-digit percentage growth.

Adjusted EBITDA is expected to decline in the mid single-digit percentage range instead of remaining at the prior-year level. The adjusted organic development expectation is on a par with the prior-year level, after previously assuming a low to mid single-digit percentage increase.

The **adjusted EBIT** is expected to decline in the high single-digit percentage range, whereby the previous forecast anticipated a decline in the low single-digit percentage range (as of March 31, 2019, we had already adjusted our expectation to a decline in the low to mid single-digit percentage range). Organically, Axel Springer predicts a decline in the low single-digit percentage range, whereas before an increase in the low single-digit percentage range was assumed.

We expect the **adjusted earnings per share** to decline in the high single-digit to low double-digit percentage range; previously, a development between a result at the prior-year level and a decline in the low single-digit percentage range had been expected (as of March 31, 2019, we had already adjusted our expectation to a decline in the low single-digit percentage range). For organic growth, the forecast is for a low to mid single-digit percentage reduction after previously assuming a single-digit percentage increase.

In the **Classifieds Media** segment, we expect revenues to be at the prior-year level, with a low single-digit percentage increase, after a high single-digit to low double-digit percentage increase had previously been expected (as of March 31, 2019, we had already adjusted our expectation to a mid single-digit percentage growth). For the organic growth revenues are expected to grow in the mid to high single-digit percentage range; previously, we had forecast a rise in the high single-digit to low double-digit percentage range. Adjusted EBITDA is expected to decrease in the mid single-digit percentage range, after previously expecting an increase in the low to mid-single-digit percentage range (as of March 31, 2019, we had already adjusted our expectation to the level of the previous year). For the organic growth, the forecast was reduced from a mid single-digit percentage increase to a year-on-year level. Adjusted EBIT is expected to decline in the high single-digit to low double-digit percentage range, after previously having planned a development at the prior-year level (as of March 31, 2019, we had already adjusted our expectation to a decrease in the low single-digit percentage range). The forecast for the organic change in adjusted EBIT is a mid-single-digit percentage decrease after a previously expected increase in the low to mid single-digit percentage range.

The forecasts for the **News Media, Marketing Media** and **Services/Holding** segments remain unaffected by the forecast adjustments.

Dividend policy

The Joint Reasoned Statement by the Executive Board and the Supervisory Board on the voluntary takeover offer by KKR indicates that the Executive Board and the Supervisory Board will decide on future proposals on dividends to be made to the shareholders' meeting, taking into consideration the state of the implementation of the intended growth strategy and the financial means required in this aspect. It cannot be ruled out that the dividend policy outlined in the Annual Report 2018 may be changed in the future.

Fundamentals of the Axel Springer Group

The Group fundamentals described in the Annual Report published on March 7, 2019 are still applicable.

Economic Report

General economic conditions and business developments

General economic conditions

General economic environment
According to calculations by the Organization for Economic Co-operation and Development (OECD), the **global economy** has been growing at a much slower rate since the end of 2018 and is currently stabilizing at a moderate level. Trade and capital expenditures have cooled significantly, especially in Europe and China. The OECD also observes a decline in confidence on the part of companies and consumers. At the same time, however, financial market conditions improved under the influence of continued expansionary monetary policy in many economies.

The ifo Institute sees the **German economy** in a phase of noticeable cooling, which began in the year 2018. However, economic development is divided according to economists. Export-oriented manufacturing, which generates about a quarter of value added, is in recession. At the same time, the largely domestically oriented service sectors and the construction industry are recording strong growth. For the first half of the year 2019, the ifo Institute calculated an increase in real gross domestic product of only 0.2%.

Private consumption rose slightly in real terms by 1.2% in the first six months. The capital expenditures, adjusted for price, increased by 2.6%. Exports of goods and services were 0.2% higher in real terms than in the same period of the previous year, while imports increased at a much higher rate of 2,9% over the same period.

The ifo Business Climate Index tended to further decrease in the first half-year of 2019. By the middle of the year, business expectations had cooled down. Consumer sentiment, on the other hand, has remained stable despite declining economic expectations.

According to the calculations of the Federal Statistical Office, consumer prices increased in the period from January to June 2019 compared to the prior year by 1.6%. In June 2019, the German Federal Employment Agency counted 2.2 million unemployed. The number thus decreased by 2.6% compared to the figure for the prior-year month, and the unemployment rate in June 2019 was 4.9%.

According to estimates by the German Institute for Economic Research (DIW), consumer spending has contributed to the expansion of the **British economy** since the beginning of the year. Capital expenditures also increased noticeably here.

France, too, benefits from persistently high domestic demand. The purchasing power of households has risen sharply in recent months, according to the OECD. Employment has increased significantly.

In **Central and Eastern European EU countries**, with the exception of the Czech Republic, the economy was still strong, according to DIW. In particular, private consumption is likely to have increased with high employment and rising incomes.

Above all, foreign trade made a significant contribution to economic growth in the **USA**. The DIW attributes this development to the fact that imports have declined significantly after anticipatory effects in the final quarter of 2018 due to feared tariff increases.

Press distribution market

More and more people use the Internet as the main medium for news consumption. There is an increasing willingness to pay for digital content in Germany. Economically successful offers such as the New York Times or Netflix but also our own paid content offers prove that media content can be monetized not only via reach-based models, but also via subscriptions. While digital newspaper distribution, according to the PwC study "German Entertainment and Media Outlook 2018-2022" at € 419 million in the year 2019, is not nearly as big as print distribution (€ 4.6 billion), overall market growth in distribution will take place online over the next few years. The print market will continue to decline. The online distribution market is projected to grow on average by around 4% each year from 2019 until 2022. The Axel Springer products in this segment, BILDplus and WELTplus, pioneers with their respective founding years of 2013 and 2012, have been recording strong growth in subscriber numbers for years.

On the other hand, the market for print products will continue to decline. In the first six months of the year, the domestic **press distribution market** once again showed a slight decline. The total paid circulation of newspapers and magazines was 5.7% below the corresponding prior-year figure. Thanks to the price increases implemented in the past four quarters, however, circulation revenues declined by only 4.5%.

The 328 IVW registered daily and Sunday newspapers achieved total sales of 15.3 million copies per publication date. Compared to the prior-year figure, this corresponds to a fall of 3.3%. Newsstand sales (–7.9%) as in the prior year suffered a much greater decline than subscription sales (–3.4%). Within the press distribution market, the demand for daily and Sunday newspapers – as weighted for their respective publication frequencies – declined by 3.8%.

Overall sales of general-interest magazines including membership and club magazines was 82.3 million copies per publication date. Compared to the prior-year figure, this corresponds to a fall of 5.0%. IVW tracked a total of 699 titles (–5.5% compared with the prior-year figure). The demand for general-interest magazines weighted for their respective publication frequencies – declined by 12.0%.

Business performance

Takeover offer by KKR

In the context of the implementation of Axel Springer's long-term growth and investment strategy, the Executive Board examined the possibility of an investment by a long-term investor. Among other things, the Executive Board held discussions with the U.S. investment company KKR about a possible strategic investment in Axel Springer. On June 12, 2019, Axel Springer entered into an investor agreement with Traviata II S.à r.l. and Traviata B.V., both KKR holding companies. Furthermore, the investor agreement stipulates the framework for the future cooperation with the investor KKR, who – in the event of completion of the takeover offer – will coordinate its actions with respect to Axel Springer in a consortium with investment companies of Friede Springer and Mathias Döpfner. On July 5, 2019, Traviata II S.à r.l. submitted a voluntary public takeover offer to the shareholders of Axel Springer for the shares of Axel Springer SE at a price of € 63.00 per share. After diligent and thorough examination of the offer document, the Executive Board and Supervisory Board of Axel Springer recommended the acceptance of the offer in their joint reasoned statement of July 11, 2019. By the end of the acceptance period on August 2, 2019, the offer had been accepted for approximately 27.8% of the share capital. As a result, the minimum acceptance threshold of 20% of Axel Springer's share capital as stipulated by KKR was exceeded. In accordance to legal regulations, shareholders who have not yet tendered their shares within the regular acceptance period can accept the offer at a price of € 63.00 per share in the course of an additional acceptance period. The additional acceptance period runs two weeks and ends on August 21, 2019 at 24:00 hours. Completion of the offer is still subject to approvals and releases pertaining to antitrust, foreign trade and media concentration laws.

Significant events and transactions

The AVIV Group, which comprises our real estate activities as well as the activities of the former subsegment General/Other, has signed an agreement in early August 2019 to acquire 100% of the shares of **MeilleursAgents** at a valuation of € 200 million (before adjustments for existing cash and cash equivalents and liabilities). MeilleursAgents operates the MeilleursAgents.com portal, which allows property owners in France to rate their property and search for real estate agents. The closing of the transaction is expected in September 2019.

During the first half of 2019, StepStone continued to supplement its portfolio with acquisitions. At the end of June 2019, StepStone acquired 91.2% of **Appcast's** shares for € 71.6 million (see page 33). Appcast is the leading technology provider of programmatic job ads in the US. The company specializes in placing job advertisements on the Internet exactly where they find the right applicants. Through the acquisition, Axel Springer continues its growth strategy and further expands the portfolio of intelligent recruiting and matching technologies of the StepStone Group. With the Berlin e-learning startup **Studydrive**, StepStone has taken over Europe's leading digital platform for students in January 2019. More than 700,000 students at over 100 universities and colleges use the platform to exchange ideas with fellow students and to support each other in their study progress. In addition, in March 2019 StepStone has acquired a majority stake in **PersonalMarkt** Services GmbH (PSMG), one of the largest compensation analysts in Germany. PMSG operates online portals for both employees and employers: The gehalt.de and gehaltsvergleich.com portals provide detailed salary information as well as job offers.

In the field of Paid Content Technology, at the end of February 2019, Axel Springer took over **CeleraOne** GmbH, a leading company in Germany. The acquisition strengthens our IT expertise in a strategic core area. At the same time, Axel Springer becomes a technology provider in the growth business of payment technology. CeleraOne is a specialist for real-time processing of large data volumes and with its solutions for paid content it is a technology service company for numerous German and Swiss publishers. At Axel Springer, CeleraOne has already been used in the payment offerings of WELT and BILD since their launches in 2012 and 2013 respectively.

At the beginning of June 2019, Axel Springer completely sold its majority interest (51%) in the **@Leisure Group** for a total price of € 185.5 million. The @Leisure Group is one of the leading online platforms for holiday real homes in Europe. The offering includes the full-service providers Belvilla and DanCenter as well as the online holiday home marketplace Traum-Ferienwohnungen. The Group achieved adjusted EBITDA of more than € 24 million in 2018. The financial resources of the @Leisure Group at the time of the transaction amounted to € 41.6 million. With the sale of @Leisure, Axel Springer is increasingly focusing on the activities of StepStone and AVIV in the Classifieds Media segment.

In June 2019, Axel Springer announced that the two US companies **Insider Inc**. and **eMarketer** should be merged in the year 2020 in order to expand their respective market positions and offer customers a comprehensive, analytical view of the digital transformation of different industries.

Also, in June 2019, we acquired a further 14.2% of the shares in the British company **Purplebricks** for a total purchase price of € 49.2 million, thereby increasing our stake to around 26.6%.

Financial performance of the Group

In the reporting period, **revenues** of € 1,531.1 million were slightly below (1.9%) the prior-year value (€ 1,560.9 million). In organic terms, i.e. adjusted for consolidation and currency effects, revenues increased slightly by 1.0%. While consolidation effects had a negative impact, in particular due to the deconsolidation of aufeminin and the @Leisure-Group, currency effects had an overall positive effect.

Revenues from digital activities increased by 4.1% from € 1,069.1 million to € 1,112.7 million. The prior-year figure was slightly adjusted in the income statement due to portfolio changes. The digital share of revenues related to the operative business was thus 73.8%(PY: 69.6%).

Organic revenue development for digital media is illustrated in the table below. Consolidation and currency effects have been adjusted.

Revenue Development Digital Media, organic

yoy	H1/2019	Q2/2019
Digital Media	**7.7%**	**6.4%**
Classifieds Media	5.6%	3.9%
News Media	8.4%	6.7%
Marketing Media	12.9%	13.9%

International revenues decreased by 2.4% from € 705.5 million to € 688.5 million. Its share of total Axel Springer's revenues of 45.0% remained almost unchanged (PY: 45.2%).

The **advertising revenues** declined slightly by 1.8% to € 1,039.8 million (PY: € 1,058.8million). Here, too, the deconsolidation of aufeminin from the end of April 2018 and the @Leisure Group from the beginning of June 2019 had a negative impact. Overall, they clearly exceeded the positive consolidation effects due to the inclusion of acquired companies, in particular Logic-Immo, which was acquired in the prior year. The organic increase was at 1.3%. The share of advertising revenues in total revenues remained almost unchanged at 67.9% (PY: 67.8%). Of the total advertising revenues, 89.4% (PY: 85.6%) were generated by digital activities.

The decline in **circulation revenues** by 5.8% from € 294.7 million to € 277.6 million was mainly due to market conditions. In addition, the consolidation effects at Ringier Axel Springer Media in Slovakia were also a factor. The organic decline in circulation revenues was at 4.0%. Overall, the increase of digital circulation revenues could not compensate for the decline in circulation revenues from printed publications. Circulation revenues declined slightly to 18.1% of total revenues (PY: 18.9%).

Other revenues amounted to € 213.7 million and were 3.0% above the prior-year figure of € 207.4 million. Here, too, consolidation effects, in particular due to the sale of aufeminin, had an effect. The organic increase was at 7.0%. Overall, the share of other revenues in total revenues rose slightly to 14.0% (PY: 13.3%).

Other **operating income** amounted to € 88.2 million (PY: € 116.2 million) and mainly comprised the gain from the disposal of the @Leisure Group (€ 67.9 million before disposal-related costs). The prior-year figure was mainly attributable to the gain from the disposal of the aufeminin Group (€ 49.4 million before disposal-related costs) and the income from the transfer of the Axel Springer high-rise building in Berlin to the Axel Springer Pensionstreuhandverein (€ 34.8 million).

Changes in inventories and other internal costs capitalized increased to € 47.4 million (PY: € 45.3 million) and continued to relate mainly to IT projects for the development and expansion of our digital business models.

Compared to the prior-year figure, **total expenses** increased slightly by 0.3% to € 1,465.8 million (PY: € 1,461.7 million).

Expenses for purchased goods and services decreased by 5.2% to € 261.1 million (PY: € 275.4 million). The main reason for the decline, in addition to consolidation effects, was the decline in internal and external printing costs. The ratio of purchased goods and services decreased to 16.2% (PY: 17.1%).

Personnel expenses amounted to € 648.8 million (PY: € 602.9 million) and were 7.6% above the level of the prior year. As a result of the increase of the Axel Springer share price, particularly in connection with the takeover offer by KKR, an expense of € 39.4 million was recognized for the Long-Term Incentive Plan of the Executive Board and selected executives. In addition, the increase is attributable to an expansion in personnel in the area of digital business models.

The decline in **depreciation, amortization and impairments** to € 142.5 million (PY: 148.2 million) resulted, in particular, from higher amortization and impairments from purchase price allocations in the previous year.

Other **operating expenses** amounted to € 413.5 million and were below the prior-year level (PY: € 435.2 million) due to in particular consolidation effects and lower shipping costs. Partially offsetting were effects related to the takeover offer made by KKR.

Income from investments amounted to € –10.9 million (PY: € 5.2 million) and was mainly impacted by the impairment loss with respect to our investment in Purplebricks, triggered by its share price development during the reporting period. The operating income from investments recorded in adjusted EBITDA amounted to € 5.8 million (PY: € 8.2 million).

The **financial result** of € –10.0 million was slightly below the prior-year level (PY: € –9.5 million).

Income taxes in the reporting year amounted to € –46.6 million (PY: € –70.9 million). The tax rate was 25.9% (PY: 27.6%) and was impacted, during the reporting period as well as the prior-year period, particularly by largely tax-neutral income in connection with the disposal of the @Leisure Group (PY: aufeminin Group).

Adjusted EBITDA of € 344.8 million was 2.7% below the value of the prior year (€ 354.5 million). The margin decreased slightly to 22.5% (PY: 22.7%). Organically, adjusted EBITDA was 1.7% above the prior-year figure.

Adjusted EBITDA from digital media increased by 8.8% from € 308.3 million to € 335.4 million (prior-year value slightly adjusted in income statement due to portfolio-related changes). In terms of operating business, the share of digital activities in adjusted EBITDA was thus 87.2% (PY: 80.4%).

Due to increased scheduled depreciation and amortization, **adjusted EBIT** decreased compared to the prior year by 5.8% to € 238.7 million (PY: € 253.4 million). Here, too, consolidation effects in particular had an impact. Organically, adjusted EBIT was 0.5% above the prior-year value. The margin at 15.6% was slightly under the level of the prior year (16.2%).

Adjusted net income decreased due to a slight increase in the adjusted tax rate by 8.9% to € 154.2 million (PY: € 169.3 million). Due to increased minority interests, **adjusted earnings per share** decreased by 11.9%. In organic terms, adjusted earnings per share was 4.6% lower than in the prior year.

Net income

€ millions	H1/2019	H1/2018	Change
Net income	**133.4**	**185.6**	**– 28.1%**
Non-recurring effects	12.3	– 59.7	–
Depreciation, amortization, and impairments of purchase price allocations	36.4	47.1	– 22.6%
Taxes attributable to these effects	– 28.0	– 3.7	–
Net income, adjusted[1]	**154.2**	**169.3**	**– 8.9%**
Attributable to non-controlling interest	25.3	23.0	10.0%
Adjusted net income[1] attributable to shareholders of Axel Springer SE	**128.8**	**146.3**	**– 11.9%**
Earnings per share, adjusted (in €)[1) 2)]	**1.19**	**1.36**	**– 11.9%**
Earnings per share (in €)[2]	**1.07**	**1.57**	**– 32.2%**

[1] Explanations regarding relevant key performance indicators on page 20.
[2] Calculation based on average weighted shares outstanding in the reporting period (107.9 million; PY: 107.9 million).

The non-recurring effects in the reporting period mainly related to the gain from the disposal of the @Leisure Group (€ 67.9 million before disposal-related costs) as well as expenses from the valuation of the Long-Term Incentive Plan of the Executive Board and selected executives in the amount of € 39.4 million (PY: € – 7.0 million). In addition, non-recurring effects mainly comprised deferred expenses in connection with the takeover offer made by KKR, and impairments on our investment in Purplebricks. In the prior-year period, non-recurring effects mainly related to income from the disposal of business units and real estate in the amount of € 77.9 million and were related almost exclusively to the disposal of our shares in the aufeminin Group and the transfer of the Axel Springer high-rise building in Berlin to the Axel Springer Pensionstreuhandverein.

Financial performance of the operating segments

Classifieds Media

In the Classifieds Media segment all business models are summarized, which generate their revenues mainly in the online classifieds business.

From the first half of 2019, reporting regarding the activities in the Classifieds Media segment will be reorganized. In addition to the mere renaming of the Jobs subsegment in StepStone, we are essentially pooling all other online classified transactions under the name of AVIV. This comprises our real estate activities as well as LaCentrale and Yad2, which were formerly run in the subsegment General/Other. With this adjustment, we are following the new operational and organizational structure for these online classifieds. The third subsegment Other includes the business of the @Leisure Group, whose sale was completed at the beginning of June 2019. As a result, Other only includes the development from January 2019 until the sale was closed. The prior-year figures for the subsegments AVIV and Other were adjusted accordingly.

Key Figures Classifieds Media

€ millions	H1/2019	H1/2018	Change
Revenues	**613.6**	**585.2**	**4.8 %**
Advertising revenues	594.1	567.8	4.6 %
Other revenues	19.5	17.4	12.3 %
StepStone	306.1	278.1	10.1 %
AVIV[1]	247.2	233.9	5.7 %
Other[1]	60.3	73.2	– 17.6 %
EBITDA, adjusted[2]	**233.4**	**223.3**	**4.5 %**
StepStone	107.5	98.6	9.1 %
AVIV[1]	114.8	113.3	1.4 %
Other[1]	16.6	17.1	– 3.0 %
EBITDA margin, adjusted	***38.0 %***	***38.2 %***	
StepStone	*35.1 %*	*35.5 %*	
AVIV[1]	*46.5 %*	*48.4 %*	
Other[1]	*27.5 %*	*23.4 %*	
EBIT, adjusted[2]	**190.2**	**185.6**	**2.5 %**
StepStone	81.1	76.2	6.4 %
AVIV[1]	99.4	100.5	– 1.1 %
Other[1]	15.2	14.5	5.1 %
EBIT margin, adjusted	***31.0 %***	***31.7 %***	
StepStone	*26.5 %*	*27.4 %*	
AVIV[1]	*40.2 %*	*43.0 %*	
Other[1]	*25.2 %*	*19.8 %*	

[1] Adjustment of prior-year figures due to the reorganization of the subsegments in Classifieds Media.
[2] Segment EBITDA/EBIT, adjusted include non-allocated costs of € 5.5 million (PY: € 5.6 million).

Revenues in the Classifieds Media segment increased by 4.8% to € 613.6 million compared to the prior-year period (PY: € 585.2 million). Consolidation effects also had an impact here, particularly due to the deconsolidation of the @Leisure Group with opposing effects, in particular from the inclusion of Logic-Immo and Universum. The organic increase in revenues, i.e. adjusted for consolidation and currency effects was 5.6%. StepStone posted a revenue increase of 10.1%, organically the increase was 7.5%. Once again, business in continental Europe primarily contributed to growth, while activities in the UK were at the level of the previous year due to uncertainties in the course of the Brexit discussion. AVIV showed an increase of 5.7%. The growth resulted also from the consolidation of Logic-Immo. Organically, growth of 2.7% was maintained, driven mainly by developments at SeLoger and Immowelt. In the Other subsegment, the reported decline in revenue of 17.6% was due to the deconsolidation of the sale of the @Leisure Group in the second quarter. Organically, the subsegment recorded an increase of 8.1%.

The adjusted EBITDA of the segment increased by 4.5% to € 233.4 million (PY: € 223.3 million). This includes a number of negative earnings contributions, including start-up losses on hybrid brokerage activities of AVIV and seasonal effects in the employer branding business (Universum) of StepStone. In organic terms, i.e. adjusted for the above, as well as for currency effects, the increase was at 8.0%. The margin was 38.0% and at the level of the prior year (38.2%). The adjusted EBITDA of StepStone increased by 9.1% compared to the prior year. Decisive for the weaker growth compared to the organic development (+12.3%) were seasonal negative earnings contributions from the employer branding business acquired last year. AVIV recorded a 1.4% increase in adjusted EBITDA, which included negative earnings contributions from hybrid brokerage activities, which have only partially been consolidated in the first six months of last year. Organically, the adjusted EBITDA of this subsegment rose by 3.5%. The decline in adjusted EBITDA in the General/Other subsegment of 3.0% was also impacted by deconsolidation effects in addition to operating earnings improvements. The organic increase was therefore stronger at 9.4%.

Adjusted EBIT in the Classifieds Media segment increased by 2.5% from € 185.6 million to € 190.2 million. Organically it rose by 6.7%. Depreciation, amortization and impairments increased by 14.5% to € 43.2 million (PY: € 37.7 million).

Key Figures Classifieds Media 2nd Quarter

€ millions	Q2/2019	Q2/2018	Change
Revenues	**298.7**	**295.0**	**1.3 %**
Advertising revenues	285.7	282.6	1.1 %
Other revenues	13.0	12.4	5.2 %
StepStone	155.6	143.2	8.7 %
AVIV[1]	124.6	122.2	2.0 %
Other[1]	18.5	29.7	– 37.6 %
EBITDA, adjusted[2]	**120.3**	**110.7**	**8.6 %**
StepStone	62.1	51.9	19.6 %
AVIV[1]	58.5	58.0	0.8 %
Other[1]	2.5	3.8	– 34.3 %
EBITDA margin, adjusted	***40.3 %***	***37.5 %***	
StepStone	*39.9 %*	*36.2 %*	
AVIV[1]	*46.9 %*	*47.5 %*	
Other[1]	*13.6 %*	*12.9 %*	
EBIT, adjusted[2]	**99.2**	**91.3**	**8.7 %**
StepStone	48.8	40.4	20.8 %
AVIV[1]	50.6	51.4	– 1.5 %
Other[1]	2.5	2.5	2.7 %
EBIT margin, adjusted	***33.2 %***	***30.9 %***	
StepStone	*31.4 %*	*28.2 %*	
AVIV[1]	*40.6 %*	*42.1 %*	
Other[1]	*13.6 %*	*8.3 %*	

[1] Adjustment of prior-year figures due to the reorganization of the subsegments in Classifieds Media.
[2] Segment EBITDA/EBIT, adjusted include non-allocated costs of € 2.8 million (PY: € 3.0 million).

News Media

The News Media segment mainly comprises the BILD and WELT Group in the national segment, and in the international area primarily digital media offerings in Europe and the USA.

Key Figures News Media

€ millions	H1/2019	H1/2018	Change
Revenues	**685.9**	**732.0**	**– 6.3 %**
Advertising revenues	295.5	330.4	– 10.6 %
Circulation revenues	277.6	295.0	– 5.9 %
Other revenues	112.9	106.6	5.9 %
National	481.0	524.4	– 8.3 %
Advertising revenues	179.5	214.4	– 16.3 %
Circulation revenues	223.1	233.9	– 4.6 %
Other revenues	78.3	76.1	2.9 %
International	205.0	207.7	– 1.3 %
Advertising revenues	116.0	116.1	– 0.1 %
Circulation revenues	54.4	61.1	– 10.9 %
Other revenues	34.6	30.4	13.5 %
EBITDA, adjusted	**99.8**	**113.4**	**– 12.0 %**
National	63.0	80.9	– 22.2 %
International	36.8	32.5	13.2 %
EBITDA margin, adjusted	***14.5 %***	***15.5 %***	
National	*13.1 %*	*15.4 %*	
International	*18.0 %*	*15.7 %*	
EBIT, adjusted	**66.3**	**79.2**	**– 16.3 %**
National	47.2	64.5	– 26.8 %
International	19.1	14.7	29.5 %
EBIT margin, adjusted	***9.7 %***	***10.8 %***	
National	*9.8 %*	*12.3 %*	
International	*9.3 %*	*7.1 %*	

Revenues in the News Media segment of € 685.9 million, were 6.3% below the prior-year value (€ 732.0 million). The print activities were unable to escape the market trend and achieved revenues below the prior-year level. The digital share of revenues was 42.4% (PY: 36.3%). Organically, i.e. adjusted for consolidation and currency effects, the decrease in revenue was reduced to 5.2%. At € 481.0 million, revenues in News Media National were 8.3% below the prior year (organic decline of 8.4%). The digital share of revenues here is 30.1% (PY: 25.8%). Revenues in the News Media International segment declined slightly by 1.3% to € 205.0 million. This was mainly due to the sale of the print business in Slovakia in the previous year. Organically, revenues grew by 3.4%. With regard to the digital offers, upday in particular showed a very good development. The digital share of revenues from News Media International was 71.1% (PY: 62.8%).

The adjusted EBITDA of € 99.8 million was 12.0% below the value of the same period of the prior year (€ 113.4 million). Here, too, especially the deconsolidation of the print business in Slovakia had an impact. Organically, i.e. adjusted for consolidation and currency effects, the decrease was reduced to 9.0%. This was mainly due to the decline in revenue in the print business. The margin of the segment of 14.5% was below the value for the prior-year period (15.5%). The adjusted EBITDA in the News Media National subsegment of € 63.0 million, was 22.2% below the prior-year value (€ 80.9 million). Improvements in the digital business could not offset the market-related decline in print activities. Organically as well, the decrease was 21.6%. In the international segment, however, the adjusted EBITDA increased by 13.2% to € 36.8 million (PY: € 32.5 million). The organic increase was also significant at 26.0%. This was mainly attributable to earnings improvement at upday, which achieved the goal of profitability in the first half of the year, and eMarketer.

Adjusted EBIT in the News Media segment decreased by 16.3% from € 79.2 million to € 66.3 million; there was also a decline of 12.2% in organic growth. The depreciation, amortization and impairments declined by 2.1% to € 33.5 million (PY: € 34.2 million).

Key Figures News Media 2nd Quarter

€ millions	Q2/2019	Q2/2018	Change
Revenues	**344.7**	**380.5**	**– 9.4 %**
Advertising revenues	152.4	177.7	– 14.2 %
Circulation revenues	136.8	147.5	– 7.3 %
Other revenues	55.6	55.4	0.3 %
National	240.1	274.1	– 12.4 %
Advertising revenues	91.1	117.2	– 22.3 %
Circulation revenues	109.6	117.2	– 6.4 %
Other revenues	39.4	39.8	– 1.0 %
International	104.6	106.4	– 1.7 %
Advertising revenues	61.3	60.5	1.3 %
Circulation revenues	27.1	30.3	– 10.5 %
Other revenues	16.2	15.6	3.7 %
EBITDA, adjusted	**53.1**	**64.0**	**– 17.2 %**
National	29.8	45.0	– 33.8 %
International	23.2	19.0	22.3 %
EBITDA margin, adjusted	***15.4 %***	***16.8 %***	
National	*12.4 %*	*16.4 %*	
International	*22.2 %*	*17.9 %*	
EBIT, adjusted	**36.2**	**46.0**	**– 21.3 %**
National	22.0	36.1	– 39.0 %
International	14.2	10.0	42.8 %
EBIT margin, adjusted	***10.5 %***	***12.1 %***	
National	*9.2 %*	*13.2 %*	
International	*13.6 %*	*9.4 %*	

Marketing Media

In the Marketing Media segment, it is mainly idealo, the Bonial Group and finanzen.net as well as aufeminin, until its disposal at the end of April 2018 that are included in the reach-based marketing subsegment. The performance-based marketing consists of the Awin Group.

Key Figures Marketing Media

€ millions	H1/2019	H1/2018	Change
Revenues	**208.5**	**217.8**	**– 4.3 %**
Advertising revenues	150.3	160.5	– 6.4 %
Other revenues	58.2	57.3	1.6 %
Reach Based Marketing	107.9	129.6	– 16.8 %
Performance Marketing	100.6	88.2	14.0 %
EBITDA, adjusted[1]	**51.3**	**46.7**	**9.8 %**
Reach Based Marketing	38.2	34.9	9.4 %
Performance Marketing	17.3	16.0	8.1 %
EBITDA margin, adjusted	***24.6 %***	***21.4 %***	
Reach Based Marketing	*35.4 %*	*27.0 %*	
Performance Marketing	*17.2 %*	*18.1 %*	
EBIT, adjusted[1]	**39.1**	**35.0**	**11.8 %**
Reach Based Marketing	32.1	29.7	8.1 %
Performance Marketing	11.2	9.5	18.0 %
EBIT margin, adjusted	***18.8 %***	***16.1 %***	
Reach Based Marketing	*29.8 %*	*22.9 %*	
Performance Marketing	*11.1 %*	*10.7 %*	

[1] Segment EBITDA/EBIT, adjusted include non-allocated costs of € 4.2 million (PY: € 4.2 million).

Revenues in the Marketing Media segment decreased by 4.3% to € 208.5 million due to consolidation effects in the first half of the current year relating to the sale of aufeminin in the previous year (PY: € 217.8 million). Organically, i.e. adjusted for consolidation and currency effects, the segment however recorded an increase in revenue of 12.9%. The revenue in Reach Based Marketing declined due to the deconsolidation of aufeminin and decreased by 16.8% to € 107.9 million. In organic terms, revenues increased by 12.6% compared to the same period of the prior year. In particular, the idealo Group showed a very successful development in the first six months of the year. Revenues in the Performance Marketing subsegment increased by 14.0% to € 100.6 million. The organic growth was only slightly lower with 13.1% due to low currency effects.

The adjusted EBITDA in the segment of € 51.3 million was 9.8% above the value of the previous year (€ 46.7 million). Organically, i.e. adjusted for consolidation and currency effects, the recorded increase was 21.5%. The margin in the segment increased to 24.6% (PY: 21.4%). The adjusted EBITDA in Reach Based Marketing amounting to € 38.2 million was 9.4% below the prior-year level of € 34.9 million. Organically, the subsegment posted an increase in earnings of 27.1%, which was primarily driven by improvements in earnings in the idealo Group as well as at Bonial. The adjusted EBITDA in the Performance Marketing subsegment increased by 8.1%, or 5.4% organically.

The adjusted EBIT in the Marketing Media segment increased by 11.8% from € 35.0 million to € 39.1 million, organically, it increased by 28.3% compared to the prior-year value. Depreciation, amortization and impairments of € 12.2 million remained relatively stable (PY: € 11.7 million).

Key Figures Marketing Media 2nd Quarter

€ millions	Q2/2019	Q2/2018	Change
Revenues	**104.0**	**99.7**	**4.4%**
Advertising revenues	74.2	74.5	– 0.4%
Other revenues	29.8	25.2	18.3%
Reach Based Marketing	53.7	56.6	– 5.1%
Performance Marketing	50.3	43.1	16.9%
EBITDA, adjusted[1]	**26.1**	**23.1**	**12.6%**
Reach Based Marketing	19.7	17.3	13.9%
Performance Marketing	8.8	8.1	7.5%
EBITDA margin, adjusted	***25.0%***	***23.2%***	
Reach Based Marketing	*36.7%*	*30.6%*	
Performance Marketing	*17.4%*	*18.9%*	
EBIT, adjusted[1]	**19.9**	**17.4**	**14.2%**
Reach Based Marketing	16.7	14.8	13.0%
Performance Marketing	5.6	4.9	13.2%
EBIT margin, adjusted	***19.1%***	***17.4%***	
Reach Based Marketing	*31.1%*	*26.1%*	
Performance Marketing	*11.1%*	*11.5%*	

[1] Segment EBITDA/EBIT, adjusted include non-allocated costs of € 2.4 million (PY: € 2.3 million).

Services/Holding

Group services, which also include the three domestic printing plants, as well as holding functions, are reported within the Services/Holding segment. The services of the Group Services are procured by the in-house customers at standard market prices.

Key Figures Services/Holding

€ millions	H1/2019	H1/2018	Change
Revenues	23.1	25.9	– 10.5 %
EBITDA, adjusted	– 39.7	– 29.0	
EBIT, adjusted	– 56.8	– 46.4	

Revenues in the Services/Holding segment decreased by 10.5 % compared to the comparable prior-year period, due to the market-related decline in the printed products business, and amounted to € 23.1 million (PY: € 25.9 million).

Adjusted EBITDA decreased from € - 29.0 million in the first half of the previous year to € - 39.7 million. The decline resulted from the discontinuation of non-recurring income, lower revenues and higher project expenses.

The adjusted EBIT in the Services/Holding segment amounted to € – 56.8 million (PY: – 46.4 million). Depreciation, amortization and impairments of € 17.1 million remained almost unchanged at the prior-year level (€ 17.4 million).

Key Figures Services/Holding 2nd Quarter

€ millions	Q2/2019	Q2/2018	Change
Revenues	11.9	12.2	– 2.6 %
EBITDA, adjusted	– 21.5	– 14.6	
EBIT, adjusted	– 30.0	– 23.2	

Liquidity

Cash flow development

Cash flow from operating activities in the first half of the year was € 182.0 million and therefore 25.0 % below the value of the prior-year period (€ 242.7 million). The development was a result particularly of consolidation effects, mainly in connection with the disposal of the aufeminin and @Leisure Group, as well as of due date effects as of December 31, 2018, which led to shifts of payments in the first half of 2019. In addition, in the previous year, payments from the Pensionssicherungsverein were included in connection with the transfer of the Axel Springer high-rise building in Berlin.

Cash flow from investing activities amounted to € – 178.7 million (PY: € - 28.0 million) and related to the increased capital expenditures in intangible assets and property, plant and equipment due to our new building in Berlin, and in particular to the payment (less cash acquired) for the acquisition of 91.2 % of the shares in Appcast (€ 71.6 million) closed in the first half of 2019, and to the payment of € 49.2 million to increase the share in our investment in Purplebricks. This was offset by the receipt of the purchase price of € 186.5 million less cash and cash equivalents of € 41.6 million from the disposal of our shares in the @Leisure Group. In the previous year, significant payments of € 132.3 million (less cash acquired) for the acquisitions of 100 % of the shares in Concept Multimédia (Logic-Immo) and

Universum were included, as well as the payment in the amount of € 143.2 million for the acquisition of a minority interest in Purplebricks. This was offset in the previous year by the the receipt of the purchase price of € 291.5 million less cash and cash equivalents given up of € 72.0 million from the disposal of our shares in the aufeminin Group and the receipt of the payment of € 160.0 million for the premature exercise of option rights with respect to the disposal of all remaining shares in Doğan TV.

The cash flow from financing activities of €–125.6 million (PY: € –226.8 million) was mostly due to the payment of dividends to shareholders of Axel Springer SE and the repayment portion of rental and lease payments. This was counteracted by a net increase of financial liabilities.

Net liquidity and financing

Net liquidity developed as follows during the reporting period:

Net Liquidity/Debt

€ millions	H1/2019	2018
Cash and cash equivalents	161.0	281.5
Financial liabilities	1,657.9	1,530.8
Net Liquidity/Debt[1] [2]	**–1,497.0**	**–1,249.2**

[1] Explanations regarding relevant key performance indicators on page 37 et seq. of the Annual Report 2018.
[2] Incl. leasing liabilities in the amount € 379.6 million (December 31, 2018: € 379.6 million).

At the beginning of July 2019, we extended the term of our credit lines for another year. We were further able to avail ourselves of long-term credit lines in the amount of € 1,500.0 million. Drawdowns of these will become due and payable in July 2024 (previously: in July 2023). For interest-optimized coverage of short-term capital requirements, we have been able to issue certain forms of short-term bearer bonds (commercial paper) with a maximum volume of € 750.0 million and a term of up to one year. In addition, there are promissory notes totaling € 704.5 million as at June 30, 2019. (December 31, 2018: € 704.5 million) with a duration to October 2020 (€ 69.0 million), to May 2021 (€ 11.5 million), to May 2022 (€ 158.0 million), to May 2023 (€ 72.0 million) and to May 2024 (€ 394.0 million).

The credit lines, the short-term commercial paper program and the promissory notes may be used either for general business purposes or for financing acquisitions. By June 30, 2019, € 592.5 million (December 31, 2018: € 453.0 million) of the existing long-term credit facilities (€ 1,500.0 million) were taken as a drawdown. The “Commercial Paper Programme” was not utilized at the reporting date.

Financial position

The consolidated balance sheet total was € 6,226.8 million, and therefore slightly lower than at the end of 2018 (€ 6,479.0 million).

The reduction in intangible assets resulted from the disposal of the @Leisure Group finalized at the beginning of June. This was counteracted by the initial consolidation of acquired companies, in particular gehalt.de and Appcast. The development of financial assets was mainly due to the increase in our share in Purplebricks. Trade receivables decreased mainly due to the disposal of the @Leisure Group.

Equity amounted to € 2,799.8 million and was therefore below prior-year status as of December 31, 2019 (PY: € 2,884.2 million). The decline resulted from the dividend distribution to the shareholders of Axel Springer SE, the derecognition of existing non-controlling interests in connection with the disposal of the @Leisure Group and the recognition of actuarial losses by the reduction of the discount rate for pension accounting (taking into account corresponding tax effects). The increase in net income for the first half of 2019 and currency translation effects of consolidated financial statements had an increasing effect. In addition, equity increased from the income-neutral derecognition of liabilities from existing put options for 10 % of Immowelt Group's non-controlling interests (€ 52.2 million), which lapsed in the reporting period due to non-exercise. As part of the merger of the Immowelt and Immonet Groups in June 2015, minority shareholders were granted put options - exercisable in the second quarter of 2019 - regarding 10 % of non-controlling interests; the resulting obligation was recognized directly in equity with no effect on income. The equity ratio increased from 44.5 % to 45.0 %.

The increase in pension provisions was mainly due to the reduction in the discount rate following the current market level to 1.2 % (December 31, 2018: 1.6 %). The development of financial liabilities was due in particular to an increased utilization of our credit line. The decline in deferred tax liabilities mainly resulted from the disposal of the @Leisure Group, the tax effects from the valuation of the Long-Term Incentive Plan of the Executive Board and selected executives, and the adjustment of the discount rate for pension accounting. The portion of the revaluation of the Long-Term Incentive Plan attributable to the Executive Board led to an increased disclosure of liabilities due to related parties.

The decrease in trade liabilities was mainly related to the disposal of the @Leisure Group. Other provisions decreased mainly due to utilization of provisions for structural measures as well as the utilization of provisions for performance-based remuneration.

Explanations with respect to the relevant key performance indicators

In accordance with the International Financial Reporting Standards (IFRS), the performance indicators used in this Interim Financial Report, adjusted EBITDA (earnings before interest, taxes, and depreciation, amortization and impairments), adjusted EBITDA margin, adjusted EBIT (earnings before interest and taxes), adjusted net income, adjusted earnings per share, free cash flow, net debt / liquidity and equity ratio are undefined performance indicators to be regarded as additional information. Except for the following adjustment, the definitions as contained in the Annual Report 2018 on page 37 et seq. apply unchanged. In addition to the previous definition of non-recurring effects, expenses in connection with the takeover bid made by KKR (see page 11) were adjusted in the reporting period.

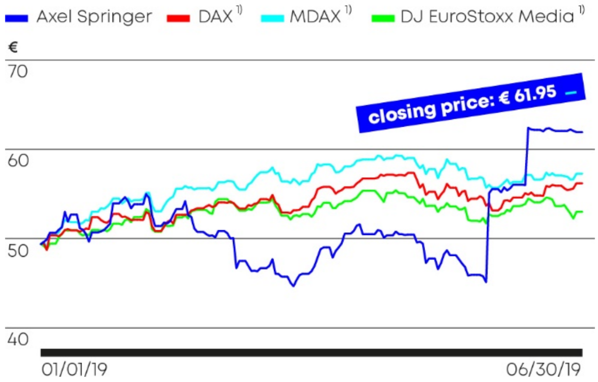
Axel Springer share and Investor Relations

The Axel Springer share

After the share price of Axel Springer SE had already shown a performance below the relevant stock indices at the end of February, the trend began to stabilize from the beginning of March. On May 29, 2019, an ad-hoc announcement by Axel Springer was published after the close in XETRA trading, stating that Axel Springer negotiated with KKR and Dr h. c. Friede Springer about a possible strategic participation of KKR in Axel Springer. Following this ad-hoc release, the Axel Springer share price rose and closed at € 55.10 on May 30, 2019, up 22.2 % on the closing price of € 45.10 on May 29, 2019.

On June 12, 2019, a holding company of KKR announced that it intends to issue a voluntary public takeover bid for all outstanding shares of Axel Springer SE in the amount of € 63.00 per share in cash. As a result, the price jumped to values just below this level and at the end of the reporting period it was € 61.95 and 25.5 % above the share price at the beginning of the year (€ 49.38). The highest price during the first half of the year was € 62.45 on the announcement date of the takeover bid in mid-June 2019. The DAX, the German benchmark index, closed the first six months of the year 2019 with a profit of 13.8 %. The MDAX, where the Axel Springer shares are listed, and the DJ EuroStoxx Media, which tracks the major European media shares, gained 16.0 % or 7.3 %.

Performance Axel Springer Share



1) Indexed on the XETRA share price of Axel Springer SE as of December 31, 2018.

Share Information[1]

€	H1/2019	H1/2018	Change
Earnings per share, adjusted[2) 3)]	1.19	1.36	– 11.9 %
Earnings per share[3)]	1.07	1.57	– 32.2 %
Closing price	61.95	61.95	0.0 %
Highest price	62.45	74.00	– 15.6 %
Lowest price	44.64	59.85	– 25.4 %
Market capitalization (€ millions)[4)]	6,684.1	6,684.1	0.0 %
Daily traded volume (Ø, € thousands)	13,290.2	11,997.1	10.8 %

1) Quotations based on XETRA closing prices.
2) Explanations regarding relevant key performance indicators on page 37 et seq. of the Annual Report 2018.
3) Calculation based on average weighted shares outstanding in the reporting period (107.9 million; PY: 107.9 million).
4) Based on shares outstanding as of June 30, 2019, excluding treasury shares (107.9 million; PY: 107.9 million).

Currently, 14 brokers publish analyses regarding the Axel Springer share, with another three companies having suspended their valuation until further notice due to the voluntary public takeover offer by KKR. Due to the takeover bid, the majority (twelve) of the brokers classify the Axel Springer share as "hold/neutral"; one broker rates them with "buy/overweight" and one with "sell/underweight". You can find the latest recommendations and share price targets in the “Investor Relations” section at www.axelspringer.de.

Information on Listing

Share type	Registered share with restricted transferability
Stock exchange	Germany (Prime Standard)
Security Identification Number	550135, 575423
ISIN	DE0005501357, DE0005754238
Capital stock	€ 107,895,311.00 / divided up into 107,895,311 registered shares with no par value
Thomson Reuters	SPRGn.DE
Bloomberg	SPR GY

Investor Relations

In the first six months of the fiscal year 2019, we have participated in investor conferences in New York, London, Frankfurt, Lyon and Baden-Baden. Furthermore, we have presented the company on road shows in New York, London, and Frankfurt. Moreover, we have conducted numerous meetings with investors and analysts in Berlin.

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

Annual shareholders’ meeting

On April 17, 2019, the regular annual shareholders’ meeting of Axel Springer SE took place in Berlin. Approximately 460 shareholders or 89.0 % of capital carrying voting rights participated. All resolutions proposed by the Management – including the proposal to increase the dividend to € 2.10 (PY: € 2.00) per qualifying share –were approved by majorities of at least 84.5 %. Based on the closing price of the company's share on the day before the annual shareholders' meeting, the dividend yield came to 4.1 %. The total dividend pay-out to our shareholders was € 226.6 million. This corresponds to a plus of 5.0 % compared with the prior-year figure.

Employees

Axel Springer had an average of 16,233 employees in the reporting period (PY: 16,393) (excluding vocational trainees and journalism students). The decrease of 1.0 % compared to the same period of the previous year is mainly due to the sale of the aufeminin Group and the deconsolidation of the @Leisure Group. In contrast, StepStone in particular has built up personnel.

Share participation program

Following a six-month pilot phase from January 2018, the share participation program introduced in 2017 was rolled out for all employees of Axel Springer SE and all 100 % (subsidiary) companies in Germany, France, Great Britain and Belgium. The regular participation period was twelve months. Eligible employees determine an amount of their basic salary, with which the corresponding number of shares are acquired each month. At the end of the year, employees receive a share grant of 30 % of the converted base salary.

Report on risks and opportunities

Compared to the disclosures in the Annual Report 2018, the risk and opportunities profile for Axel Springer has not changed significantly. Despite the changes in individual risk positions, the overall risk situation has remained stable and there are currently no obvious risks that could jeopardize the continued existence of Axel Springer.

Forecast report

Apart from the adjustments to the Group forecast presented in the section "Comparison of business performance with our expectations / Outlook 2019" and the forecast of the Classifieds Media segment, we adhere to the forecast presented in the 2018 Annual Report.

Consolidated Statement of Financial Position

€ millions

ASSETS	06/30/2019	12/31/2018
Non-current assets	**5,229.6**	**5,267.7**
Intangible assets	3,850.6	3,938.6
Property, plant, and equipment	770.5	748.3
Non-current financial assets	531.6	478.0
Investments accounted for using the equity method	271.4	237.4
Other non-current financial assets	260.2	240.6
Receivables due from related parties	3.3	6.4
Other assets	36.0	39.7
Deferred tax assets	37.6	56.7
Current assets	**997.2**	**1,211.2**
Inventories	26.6	27.5
Trade receivables	664.0	782.9
Receivables due from related parties	16.2	16.5
Receivables from income taxes	18.9	23.6
Other assets	110.5	79.2
Cash and cash equivalents	161.0	281.5
Total assets	**6,226.8**	**6,479.0**

€ millions

EQUITY AND LIABILITIES	06/30/2019	12/31/2018
Equity	**2,799.8**	**2,884.2**
Shareholders of Axel Springer SE	2,366.3	2,423.6
Non-controlling interests	433.5	460.6
Non-current provisions and liabilities	**2,285.2**	**2,190.3**
Provisions for pensions	228.6	209.1
Other provisions	88.4	86.0
Financial liabilities	1,593.4	1,467.0
Trade payables	0.3	1.4
Liabilities due to related parties	22.6	14.6
Other liabilities	54.1	48.3
Deferred tax liabilities	297.8	363.9
Current provisions and liabilities	**1,141.8**	**1,404.4**
Provisions for pensions	19.6	20.6
Other provisions	111.2	170.8
Financial liabilities	64.5	63.8
Trade payables	382.7	510.4
Liabilities due to related parties	46.1	20.9
Liabilities from income taxes	38.2	61.4
Other liabilities	479.4	556.4
Total equity and liabilities	**6,226.8**	**6,479.0**

Consolidated Income Statement

€ millions	Q2/2019	Q2/2018	H1/2019	H1/2018
Revenues	759.4	787.4	1,531.1	1,560.9
Other operating income	74.3	65.0	88.2	116.2
Change in inventories and internal costs capitalized	24.3	24.3	47.4	45.3
Purchased goods and services	– 129.2	– 137.7	– 261.1	– 275.4
Personnel expenses	– 348.6	– 299.2	– 648.8	– 602.9
Depreciation, amortization, and impairments	– 70.2	– 80.9	– 142.5	– 148.2
Other operating expenses	– 206.1	– 223.2	– 413.5	– 435.2
Income from investments	– 2.3	1.1	– 10.9	5.2
Result from investments accounted for using the equity method	– 10.1	– 5.9	– 20.2	– 2.3
Other investment income	7.9	6.9	9.3	7.5
Financial result	– 5.2	– 4.8	– 10.0	– 9.5
Income taxes	– 18.3	– 31.0	– 46.6	– 70.9
Net income	**78.0**	**100.9**	**133.4**	**185.6**
Net income attributable to shareholders of Axel Springer SE	71.1	95.3	115.2	169.8
Net income attributable to non-controlling interests	6.8	5.6	18.2	15.7
Basic/diluted earnings per share (in €)	**0.66**	**0.88**	**1.07**	**1.57**

Consolidated Statement of Comprehensive Income

€ millions	Q2/2019	Q2/2018	H1/2019	H1/2018
Net income	**78.0**	**100.9**	**133.4**	**185.6**
Actuarial gains/losses from defined benefit pension obligations	– 17.8	0.2	– 15.6	– 1.3
Items that may not be reclassified into the income statement in future periods (after taxes)	**– 17.8**	**0.2**	**– 15.6**	**– 1.3**
Currency translation differences	– 21.3	19.5	19.5	– 3.7
Changes in fair value of derivatives in cash flow hedges	0.0	0.0	0.1	0.1
Other income/loss from investments accounted for using the equity method	0.0	0.0	0.0	– 1.1
Items that may be reclassified into the income statement in future periods if certain criteria are met (after taxes)	**– 21.3**	**19.5**	**19.5**	**– 4.8**
Other income/loss	**– 39.1**	**19.7**	**3.9**	**– 6.1**
Comprehensive income	**38.9**	**120.6**	**137.3**	**179.5**
Comprehensive income attributable to shareholders of Axel Springer SE	29.9	122.7	116.6	170.4
Comprehensive income attributable to non-controlling interests	9.0	– 2.2	20.7	9.1

Consolidated Statement of Cash Flows

€ millions	H1/2019	H1/2018
Net income	**133.4**	**185.6**
Reconciliation of net income to the cash flow from operating activities		
Depreciation, amortization, impairments, and write-ups	142.5	148.2
Result from investments accounted for using the equity method	20.2	2.3
Dividends received from investments accounted for using the equity method	0.5	1.3
Result from disposal of consolidated subsidiaries and business units and intangible assets, property, plant, and equipment, and financial assets	– 69.5	– 84.3
Changes in non-current provisions	21.3	10.3
Changes in deferred taxes	– 30.4	– 7.3
Other non-cash income and expenses	– 3.2	– 4.7
Changes in trade receivables	34.8	57.5
Changes in trade payables	– 4.0	0.0
Changes in other assets and liabilities	– 63.6	– 66.2
Cash flow from operating activities	**182.0**	**242.7**
Proceeds from disposals of intangible assets, property, plant, and equipment less costs of disposal	– 0.8	– 5.4
Proceeds from disposals of consolidated subsidiaries and business units, less cash and cash equivalents given up	149.5	218.1
Proceeds from disposals of non-current financial assets	2.9	163.3
Purchases of intangible assets, property, plant and equipment	– 117.1	– 102.5
Purchases of shares in consolidated subsidiaries and business units less cash and cash equivalents acquired	– 110.1	– 140.4
Purchases of investments in non-current financial assets	– 103.1	– 161.0
Cash flow from investing activities	**– 178.7**	**– 28.0**
Dividends paid to shareholders of Axel Springer SE	– 226.6	– 215.8
Dividends paid to other shareholders	– 3.2	– 10.9
Purchase of non-controlling interests	– 0.3	– 2.6
Repayments of lease liabilities	– 34.6	– 29.6
Proceeds from other financial liabilities	227.9	295.2
Repayments of other financial liabilities	– 88.1	– 257.7
Other financial transactions	– 0.8	– 5.3
Cash flow from financing activities	**– 125.6**	**– 226.8**
Cash flow-related changes in cash and cash equivalents	– 122.3	– 12.0
Changes in cash and cash equivalents due to exchange rates	1.7	– 1.9
Changes in cash and cash equivalents due to changes in companies included in consolidation	0.0	0.1
Cash and cash equivalents at beginning of period	281.5	216.8
Changes to cash and cash equivalents in connection with assets held for sale	0.0	14.9
Cash and cash equivalents at end of period	**161.0**	**217.8**

€ millions

Cash inflows and payments contained in the cash flow from operating activities	**H1/2019**	**H1/2018**
Income taxes paid	– 91.6	– 115.4
Income taxes received	6.0	11.8
Interest paid	– 10.8	– 14.3
Interest received	0.1	0.8
Dividends received	5.2	6.7

Consolidated Statement of Changes in Equity

€ millions	Subscribed capital	Additional paid-in capital	Accumulated retained earnings	Treasury shares	Accumulated other comprehensive income: Currency translation	Accumulated other comprehensive income: Changes in fair value: Derivatives in cash flow hedges	Accumulated other comprehensive income: Other equity	Shareholders of Axel Springer SE	Non-controlling interests	Equity
Balance as of 01/01/2018	**107.9**	**501.0**	**1,895.6**	**0.0**	**–90.1**	**–0.1**	**–119.9**	**2,294.4**	**511.4**	**2,805.8**
Net income			**169.8**					**169.8**	**15.7**	**185.6**
Other income/loss					**2.9**	**0.1**	**–2.5**	**0.5**	**–6.6**	**–6.1**
Comprehensive income			**169.8**		**2.9**	**0.1**	**–2.5**	**170.4**	**9.1**	**179.5**
Dividends paid			–215.8					**–215.8**	–11.8	**–227.6**
Change in consolidated companies		–5.5	5.4					**–0.1**	–44.5	**–44.6**
Purchase and disposal of non-controlling interests			0.8					**0.8**	–0.6	**0.2**
Non-excercise of Immowelt option rights			159.8					**159.8**		**159.8**
Other changes		0.4	0.2					**0.6**	–0.2	**0.4**
Balance as of 06/30/2018	**107.9**	**495.9**	**2,015.9**	**0.0**	**–87.2**	**0.0**	**–122.4**	**2,410.2**	**463.3**	**2,873.5**
Balance as of 01/01/2019	**107.9**	**496.0**	**2,026.2**	**0.0**	**–77.6**	**0.0**	**–129.0**	**2,423.5**	**460.6**	**2,884.2**
Net income			115.2					**115.2**	**18.2**	**133.4**
Other income/loss					**17.1**	**0.0**	**–15.6**	**1.5**	**2.4**	**3.9**
Comprehensive income			**115.2**		**17.1**	**0.0**	**–15.6**	**116.6**	**20.7**	**137.3**
Dividends paid			–226.6					**–226.6**	–0.5	**–227.1**
Change in consolidated companies			0.0					**0.0**	–46.4	**–46.4**
Purchase and disposal of non-controlling interests			0.2					**0.2**	–0.5	**–0.2**
Non-excercise of Immowelt option rights			52.2					**52.2**		**52.2**
Other changes		–0.1	0.4					**0.3**	–0.4	**–0.1**
Balance as of 06/30/2019	**107.9**	**495.9**	**1,967.5**	**0.0**	**–60.5**	**0.0**	**–144.6**	**2,366.3**	**433.5**	**2,799.8**

Consolidated Segment Report

Operating segments

	Classifieds Media		News Media		Marketing Media		Services/Holding		Consolidated totals	
€ millions	**Q2/2019**	**Q2/2018**	**Q2/2019**	**Q2/2018**	**Q2/2019**	**Q2/2018**	**Q2/2019**	**Q2/2018**	**Q2/2019**	**Q2/2018**
Revenues	**298.7**	**295.0**	**344.7**	**380.5**	**104.0**	**99.7**	**11.9**	**12.2**	**759.4**	**787.4**
Internal revenues	0.4	0.2	1.3	3.9	1.1	9.1	29.1	32.3		
Segment revenues	299.2	295.2	346.0	384.5	105.1	108.8	40.9	44.4		
EBITDA, adjusted[1]	**120.2**	**110.7**	**53.1**	**64.0**	**26.1**	**23.1**	**– 21.5**	**– 14.6**	**177.8**	**183.3**
EBITDA margin, adjusted[1]	**40.2%**	**37.5%**	**15.4%**	**16.8%**	**25.0%**	**23.2%**			**23.4%**	**23.3%**
Thereof income from investments	– 1.8	– 0.8	4.1	2.4	3.5	3.8	0.0	– 0.3	5.9	5.1
Thereof accounted for using the equity method	– 1.8	– 0.8	3.0	1.3	0.6	– 0.1	0.0	– 0.3	1.8	0.1
Depreciation, amortization, impairments, and write-ups (except from non-recurring effects and purchase price allocations)	– 21.0	– 19.4	– 16.8	– 18.0	– 6.2	– 5.8	– 8.4	– 8.6	– 52.5	– 51.7
EBIT, adjusted[2]	**99.1**	**91.3**	**36.2**	**46.0**	**19.9**	**17.4**	**– 29.9**	**– 23.2**	**125.3**	**131.5**
Amortization and impairments from purchase price allocations	– 12.1	– 14.0	– 3.6	– 2.9	– 2.0	– 12.3	0.0	0.0	– 17.7	– 29.1
Non-recurring effects	47.8	– 0.8	4.9	– 6.1	– 2.1	41.6	– 56.8	– 0.3	– 6.1	34.4
Segment earnings before interest and taxes	134.9	76.5	37.6	37.1	15.8	46.7	– 86.8	– 23.5	101.5	136.8
Financial result									– 5.2	– 4.8
Income taxes									– 18.3	– 31.0
Net income									**78.0**	**100.9**

Geographical information

	Germany		Other countries		Consolidated totals	
€ millions	**Q2/2019**	**Q2/2018**	**Q2/2019**	**Q2/2018**	**Q2/2019**	**Q2/2018**
Revenues	415.9	435.1	343.5	352.3	759.4	787.4

[1] Adjusted for non-recurring effects, see p. 20 ("Explanation with respect to the relevant key performance indicators").

[2] Adjusted for non-recurring effects and amortization and impairments from purchase price allocations, see p. 20 ("Explanation with respect to the relevant key performance indicators").

Operating segments

	Classifieds Media		News Media		Marketing Media		Services/Holding		Consolidated totals	
€ millions	**H1/2019**	**H1/2018**	**H1/2019**	**H1/2018**	**H1/2019**	**H1/2018**	**H1/2019**	**H1/2018**	**H1/2019**	**H1/2018**
Revenues	**613.6**	**585.2**	**685.9**	**732.0**	**208.5**	**217.8**	**23.1**	**25.9**	**1,531.1**	**1,560.9**
Internal revenues	0.8	0.3	2.3	5.0	2.1	9.4	60.4	65.6		
Segment revenues	614.3	585.5	688.3	737.0	210.6	227.3	83.5	91.4		
EBITDA, adjusted[1]	**233.4**	**223.3**	**99.8**	**113.4**	**51.3**	**46.7**	**– 39.7**	**– 29.0**	**344.8**	**354.5**
EBITDA margin, adjusted[1]	**38.0%**	**38.2%**	**14.5%**	**15.5%**	**24.6%**	**21.4%**			**22.5%**	**22.7%**
Thereof income from investments	– 4.1	– 0.4	5.6	4.1	4.3	4.9	0.0	– 0.5	5.8	8.2
Thereof accounted for using the equity method	– 4.1	– 0.4	4.1	2.6	1.2	0.9	0.0	– 0.5	1.2	2.6
Depreciation, amortization, impairments, and write-ups (except from non-recurring effects and purchase price allocations)	– 43.2	– 37.7	– 33.5	– 34.2	– 12.2	– 11.7	– 17.1	– 17.4	– 106.0	– 101.1
EBIT, adjusted[2]	**190.2**	**185.6**	**66.3**	**79.2**	**39.1**	**35.0**	**– 56.8**	**– 46.4**	**238.7**	**253.4**
Amortization and impairments from purchase price allocations	– 25.6	– 27.3	– 6.8	– 6.0	– 4.1	– 13.8	0.0	0.0	– 36.4	– 47.1
Non-recurring effects	40.7	– 1.9	4.5	– 7.6	– 2.7	41.8	– 54.8	27.3	– 12.3	59.7
Segment earnings before interest and taxes	205.3	156.4	64.0	65.5	32.3	63.0	– 111.7	– 19.0	190.0	266.0
Financial result									– 10.0	– 9.5
Income taxes									– 46.6	– 70.9
Net income									**133.4**	**185.6**

Geographical information

	Germany		Other countries		Consolidated totals	
€ millions	**H1/2019**	**H1/2018**	**H1/2019**	**H1/2018**	**H1/2019**	**H1/2018**
Revenues	842.6	855.4	688.5	705.5	1,531.1	1,560.9

[1] Adjusted for non-recurring effects, see p. 20 ("Explanation with respect to the relevant key performance indicators").

[2] Adjusted for non-recurring effects and amortization and impairments from purchase price allocations, see p. 20 ("Explanation with respect to the relevant key performance indicators").

Notes to the Consolidated Financial Statements

General Information

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

The interim financial report of Axel Springer SE as of June 30, 2019, fulfils the requirements of the German Securities Trading Act (WpHG). The consolidated interim financial statements were prepared in condensed form in conformity with the regulations of IAS 34, and by application of Section 315e HGB in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRS IC) approved by the IASB, in effect and recognized by the European Union (EU) as of the reporting date and applicable to interim financial reporting. The reporting currency is the Euro (€); unless otherwise indicated, all figures are stated in million Euros (€ millions). Totals and percentages have been calculated based on the Euro amounts before rounding and may differ from a calculation based on the reported million Euro amounts.

The accounting and valuation methods and the estimation methods applied in the consolidated interim financial statements as of June 30, 2019, are principally the same as those applied in the consolidated financial statements as of December 31, 2018. A detailed description of these methods has been published in the notes to the consolidated financial statements for 2018.

Companies included in the consolidated financial statements

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

	06/30/2019	12/31/2018
Fully consolidated companies		
Germany	88	86
Other countries	112	123
Investments accounted for using the equity method		
Germany	10	7
Other countries	7	7

The following particular changes occurred in the reporting period:

At the beginning of January, we closed the acquisition of 100 % of the shares in Studydrive GmbH, Berlin, Germany. The company has been fully consolidated since then.

At the end of February, we completed the acquisition of 100 % of the shares in CeleraOne GmbH, Berlin, Germany. The company has been fully consolidated since then.

At the beginning of March, we finalized the acquisition of 51.0 % of the shares in PMSG PersonalMarkt Services GmbH, Hamburg, Germany. PMSG PersonalMarkt Services GmbH and its domestic subsidiary have been fully consolidated since then.

At the beginning of June, the disposal of 51.0 % of the shares in @Leisure Holding B.V., Rotterdam, Netherlands and its 13 fully consolidated subsidiaries was completed.

At the end of June, we completed the acquisition of 91.2 % of the shares in Appcast, Inc., Lebanon, USA. Appcast, Inc. and its foreign subsidiary have been fully consolidated since then.

The other changes particularly related to mergers, foundations and initial at equity consolidations and are immaterial for the consolidated financial statements.

Acquisitions and divestitures

At the end of June 2019, StepStone GmbH purchased and fully consolidated 91.2 % of the shares in **Appcast, Inc.**, Lebanon, USA, for preliminary acquisition costs amounting to € 71.6 million. Reciprocal put/call options were agreed for the remaining 8.8 % of the shares, whereby the purchase price to be paid is based on future results of Appcast. We assume an anticipated acquisition of these remaining shares. To this extent, non-controlling interests are not disclosed. Appcast is the leading technology provider for programmatic job ads in the USA. The acquisition-related expenses recorded in other operating expenses thus far amounted to € 0.5 million and were adjusted as a non-recurring item.

Due to the closeness in time to the publication of this interim report, no reliable financial information pursuant to IFRS were available, and the purchase price allocation has not yet been completed. Pursuant to US GAAP with respect to fiscal year 2018, Appcast generated consolidated revenues in the amount of € 21.3 million and consolidated net income in the amount of € - 0.2 million. As of December 31, 2018, assets and liabilities (before purchase price allocation) totaled € 7.1 million and € 4.2 million respectively.

Further business combinations in the reporting period included the acquisition of 51.0 % of the shares in PMSG PersonalMarkt Services GmbH, Hamburg, Germany, as well as 100 % of the shares in Studydrive GmbH, Berlin, Germany, and CeleraOne GmbH, Berlin, Germany. These acquisitions followed our strategy to become the leading provider of digital journalism and digital classifieds worldwide and had no material effects individually or collectively on the financial position, liquidity, and financial performance of the Axel Springer Group.

The partially preliminary acquisition costs for the further business combinations in the reporting period other acquisitions amounted to € 61.2 million and comprised of – besides the purchase prices paid in 2019 and a purchase price retention of € 1.0 million – contingent considerations of € 23.8 million. The acquisition-related expenses recorded in other operating expenses thus far amounted to € 0.2 million.

The contingent considerations are based upon earn-out and option agreements and were recorded with their fair values at acquisition date. The fair values are dependent upon future earnings targets of the acquired companies in the years before the possible payment or exercise period.

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

€ millions	Carrying amount after acquisition
Intangible assets	31.3
Property, plant, and equipment	1.9
Trade receivables	1.9
Other assets	1.0
Cash and cash equivalents	1.7
Trade payables	– 0.5
Financial liabilities	– 1.7
Provisions and liabilities	– 2.7
Deferred tax liabilities	– 10.2
Net assets	**22.8**
Acquisition cost (preliminary)	61.2
Goodwill (preliminary)	**38.4**

The purchase price allocations consider all knowledge and adjusting events about conditions that already existed on the acquisition date, and were partly not yet completed, particularly due to the closeness in time to the publication of this interim report.

Of the intangible assets acquired, intangible assets with a carrying amount of € 13.7 million have indefinite useful lives. The non-tax-deductible preliminary goodwill is primarily attributable to non-separable values such as employee know-how and expected synergies from the integration and has been assigned to the Classifieds Media (€ 31.2 million) and News Media (€ 7.3 million) segments.

Since initial consolidation of these companies they have contributed to consolidated revenues in the amount of € 1.8 million and to consolidated net income in the amount of € - 5.6 million. If these companies had been fully consolidated on January 1, 2019, consolidated revenues for the first half-year 2019 would have changed by € 3.1 million and consolidated net income for the first half-year 2019 by € – 5.8 million.

In June 2019, we purchased a further 14.2 % of the shares in **Purplebricks Group plc**, Shirley, United Kingdom, for a total purchase price of € 49.2 million, thereby increasing our shareholding in Purplebricks to approximately 26.6 %. Purplebricks has been accounted for using the equity method.

At the beginning of June 2019, we have completely disposed of our fully consolidated shares (51.0 %) in **@Leisure Holding B.V.**, Amsterdam, Netherlands, and all of the subsidiaries of the @Leisure Group for a total price of € 185.5 million (including a preliminary purchase price adjustment). The gain on disposal (before disposal-related costs) in the amount of € 67.9 million was recorded in other operating income, attributed to the Classifieds Media segment and adjusted as a non-recurring item. The gain on disposal includes expenses from foreign currency translation differences previously recorded in other comprehensive income in equity in the amount of € 0.1 million. Within the transaction process, disposal-related costs in the amount of € 8.7 million were recognized in personnel expenses or other operating expenses and adjusted as a non-recurring item.

The carrying amounts of the assets and liabilities disposed of and of the share of non-controlling interests were as follows:

€ millions	Carrying amount
Goodwill	71.0
Intangible assets	142.8
Property, plant, and equipment and non-current financial assets	15.9
Trade receivables	86.0
Other assets	6.6
Cash and cash equivalents	41.6
Trade payables	– 125.3
Financial liabilities	– 8.0
Provisions and other liabilities	– 39.5
Deferred tax liabilities	– 27.1
Disposal net assets	**163.9**
Share of non-controlling interests in net assets	– 46.4
Cumulative translation differences	– 0.1
Selling price	185.5
Gain on disposal	**67.9**

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

Takeover offer by KKR

In the context of the implementation of Axel Springer's long-term growth and investment strategy, the Executive Board examined the possibility of an investment by a long-term investor. Among other things, the Executive Board held discussions with the U.S. investment company KKR about a possible strategic investment in Axel Springer. On June 12, 2019, Axel Springer entered into an investor agreement with Traviata II S.à r.l. and Traviata B.V., both KKR holding companies. The investor agreement regulates the principal points of a participation by KKR in the form of a voluntary public takeover offer. Furthermore, the investor agreement stipulates the framework for the future cooperation with the investor KKR, who – in the event of completion of the takeover offer – will coordinate its actions with respect to Axel Springer in a consortium with investment companies of Friede Springer and Mathias Döpfner. On July 5, 2019, Traviata II S.à r.l. submitted a voluntary public takeover offer to the shareholders of Axel Springer for the shares of Axel Springer SE at a price of € 63.00 per share. After diligent and thorough examination of the offer document, the Executive Board and Supervisory Board of Axel Springer recommended the acceptance of the offer in their joint reasoned statement of July 11, 2019. By the end of the acceptance period as of August 2, 2019, the offer had been accepted for approximately 27.8 % of the share capital. As a result, the minimum acceptance threshold of 20 % of Axel Springer's share capital as stipulated by KKR was exceeded. Completion of the offer is still subject to approvals and releases pertaining to antitrust, foreign trade and media concentration laws.

Relationships with related parties

In connection with the increase of the Axel Springer share price, in particular due to the takeover offer by KKR, the valuation of the long-term incentive plan ("LTIP") of the Executive Board and selected executives increased, so that a personnel expense of € 39.4 million was recognized in the reporting period. The portion of the revaluation attributable to the Executive Board LTIP amounted to € 34.7 million; the disclosure within the liabilities due to related parties increased from € 14.5 million to € 49.2 million accordingly.

In the reporting period, we have increased the existing loan granted to a related party of a Supervisory Board member by € 2.0 million to € 3.5 million in total. The granting of the loan includes a conversion right into shares of the company. The company develops future mobility concepts.

Furthermore, there were no other significant changes or transactions with related parties as compared with the disclosures in the consolidated financial statements as of December 31, 2018. The goods and services provided for or received by related parties continue to be in accordance with the scope of business dealings described in the consolidated financial statements as of December 31, 2018; the same was applicable for the receivables and liabilities arising from these transactions.

Other disclosures

In the reporting period, Axel Springer SE distributed an amount of € 226.6 million (PY: € 215.8 million) or € 2.10 (PY: € 2.00) per qualifying share for the previous reporting year.

As part of the merger of the Immowelt and Immonet Groups in June 2015, minority shareholders were granted put options for 10 % of non-controlling interests exercisable in the second quarter of 2019, which do not grant present ownership interests. In 2015, the resulting obligation was recognized without effects on income, solely decreasing equity. The option rights expired in the reporting period due to non-exercise. As a result, the recorded liability (€ 52.2 million) was completely derecognized without effects on income, solely increasing equity.

Revenues in the reporting period and the prior-year reporting period were almost exclusively generated from contracts with customers. The breakdown of the revenues was performed according to segment-specific categories and can be found in the interim management report (see p. 12 et seq.).

As of June 30, 2019, we impaired our investment in Purplebricks Group plc – which is accounted for using the equity method – down to the stock market price. Taking into account the impairments in the reporting period of € 17.2 million (PY: € 0.0 million), we thus disclose a carrying amount of € 90.2 million for our investment as of June 30, 2019.

The following table shows the applied valuation hierarchy for the financial assets and liabilities which are measured at fair value through profit and loss pursuant to IFRS 9:

€ millions	06/30/2019			12/31/2018		
	Fair value based on market price (level 1)	Fair value based on observable market data (level 2)	Fair value not based on observable input factors (level 3)	Fair value based on market price (level 1)	Fair value based on observable market data (level 2)	Fair value not based on observabl e input factors (level 3)
Other non-current financial assets						
Investments			229.3			212.4
Loans			4.7			1.9
Other non-current financial liabilities						
Derivatives designated as a hedging instrument (negative fair value)		0.2			0.3	
Contingent consideration			68.2			51.3

The development of other non-current financial assets related primarily, besides additions in the amount of € 14.5 million, to fair value changes of € 3.7 million (PY: € 2.0 million) recognized in other investment income.

The fair value of obligations from contingent consideration, which is premised on non-observable parameters, amounted to € 68.2 million (December 31, 2018: € 51.3 million). In the reporting period, payments of € 4.2 million were made; furthermore, additions of € 23.8 million were accounted for. In the course of revaluation and compounding, total expenses and income in the amount of € 1.1 million (PY: € – 0.7 million) were recognized in other operating income or other operating expenses and € – 0.2 million (PY: € – 0.2 million) were recognized in the financial result. The fair value measurement of obligations from contingent consideration mainly depends on the estimated results of the acquired companies in the years prior to possible option exercise dates. The earnings used as a basis of measurement are generally EBITDA figures adjusted for material non-recurring effects. In case of an increase by 10 % of the relevant earning measures, the value of the contingent considerations would increase by approximately 9 %. A decrease of the relevant earnings measures by 10 % would result in a reduction of approximately 8 %.

Further financial assets and liabilities required to be accounted for pursuant to IFRS 9 were allocated to the valuation category “at amortized cost”. With exception of the fixed-interest promissory notes, the carrying amounts were equal to their fair values. The carrying amount of the fixed-interest promissory notes disclosed under the financial liabilities amounted to € 621.1 million (December 31, 2018: € 620.4 million), the fair value totaled € 638.6 million (December 31, 2018: € 627.4 million).

Events after the reporting date

At the beginning of July 2019, we prolonged the maturity of our credit facilities by a further year. Thus, we are still able to utilize long-term credit facilities in the amount of € 1,500.0 million, the drawdown of which will be due for repayment in July 2024 (previously: in July 2023).

The AVIV Group which bundles our Real Estate and General/Other activities, signed an agreement at the beginning of August 2019 to acquire 100 % of the shares in Falguière Conseil SAS, Paris, France ("MeilleursAgents"), at a valuation of € 200 million (before adjustments for existing cash and cash equivalents as well as debt). The company, which shall be assigned to the Classifieds Media segment, operates a portal in France for the search of real estate agents and the valuation of real estate. The transaction is expected to close in September 2019.

On July 5, 2019, Traviata II S.à r.l., a holding company of KKR, submitted a voluntary public takeover offer to the shareholders of Axel Springer for the shares of Axel Springer SE at a price of € 63.00 per share. By the end of the acceptance period as of August 2, 2019, the offer had been accepted for approximately 27.8 % of the share capital. In accordance with legal regulations, shareholders who have not yet tendered their shares within the regular acceptance period can accept the offer at a price of € 63.00 per share in the course of an additional acceptance period. The additional acceptance period runs for two weeks and ends on August 21, 2019, at 24:00 hours. Completion of the offer is still subject to approvals and releases pertaining to antitrust laws, foreign trade laws and media concentration laws. For further explanations, we refer to the separate section “Takeover offer by KKR”.

Review Report

To Axel Springer SE, Berlin

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated statement of financial position, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, and selected explanatory notes – together with the interim group management report of Axel Springer SE, Berlin, for the period from January 1, 2019 to June 30, 2019, which are part of the interim financial report pursuant to Section 115 WpHG, ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the interim consolidated financial statements in accordance with the IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company` s management. Our responsibility is to issue a review report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Berlin, August 13, 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Ludwig
Wirtschaftsprüfer

von Michaelis
Wirtschaftsprüfer

Declaration of the legal representatives

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

Berlin, August 13, 2019

Axel Springer SE

Dr. Mathias Döpfner

Jan Bayer

Dr. Stephanie Caspar

Dr. Julian Deutz

Dr. Andreas Wiele

Report of the Audit Committee of the Supervisory Board

The interim financial report as of June 30, 2019 and the independent auditor's review report of the interim consolidated financial statements, which served as the basis for the auditor's certification, were presented to the Audit Committee of the Supervisory Board and were explained by the Executive Board. These documents were discussed by the Audit Committee of the Supervisory Board with the Executive Board and the independent auditor. The Audit Committee approved the interim financial statements.

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

Berlin, in August 2019

Ulrich Plett
Chairman of the Audit Committee

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

Additional Information

Financial calendar 2019

Annual Report 2018 Annual results press conference, telephone conference for investors and analysts, audio webcast	March 7, 2019
Annual General Meeting Video webcast of the speech of the CEO	April 17, 2019
Quarterly Statement as of March 31, 2019 Telephone conference, audio webcast	May 7, 2019
Interim Financial Report as of June 30, 2019 Telephone conference, audio webcast	August 14, 2019
Quarterly Statement as of September 30, 2019 Telephone conference, audio webcast	November 6, 2019

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

The English translation of the interim financial report is provided for convenience only. The German original is legally binding.