

**Speech on the occasion of  
Annual General Meeting  
Axel Springer AG**

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Chairman and Chief Executive Officer

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Check against delivery!

Dear shareholders,  
dear shareholders' representatives and journalists,  
dear guests,

I bid you a warm welcome to the 2010 Annual Shareholders' Meeting!

The better the numbers, the shorter the speech. Therefore I'll come straight to the point.

Media crisis, financial crisis – 2009 was a real endurance test. How Axel Springer AG passed this test, I leave up to you – our shareholders – to judge.

## **(Chart 2)**

- We have achieved an EBITDA margin of 12.8 percent, this means: Every eighth Euro of revenue was profit.
- The equity ratio rose from 38 percent in the previous year to 40.8 percent.
- We have reduced our net debt to 193 million Euros, thereby almost halving it.
- The dividend remains unchanged compared to the previous year at 4.40 Euros – it is the highest dividend Axel Springer has ever paid.
- Through additional investments in our brands, we have further extended the market share of our top-selling titles.
- The fact that we do not see the Internet as a vague hope for the future, but rather as a real actual business, has been very clearly demonstrated this year. In the meantime, every fifth Euro of revenue comes from our digital business.
- Nine of our ten largest online assets are profitable. The three highest margins of the Group are achieved online.
- Also pleasing: As a result of our rapidly growing digital business, the number of our employees has not declined, but rather increased slightly.

At the annual results press conference, I asked the attendant journalists: Do you know of a comparable media enterprise that has steered as successfully through the crisis? So far – as far as I am aware – no one has given an answer.

### **(Chart 3)**

Let's take a closer look at the financial key figures for 2009.

Our Group revenues for the fiscal year were only 4.3 percent below the figure for the previous year. Given the combination of deep recession and structural changes, that is very robust compared with the rest of the market.

Our sales mix been a stabilizing factor in a difficult environment. Sales revenues were only 3.3 percent down. In the sector of advertising revenues, the dynamic growth of digital media has cushioned the decline for print media. 30 percent of total advertising revenues are now generated in the digital sector, in 2008 this figure was 22 percent. Digital business has also significantly driven the increase in other revenues.

### **(Chart 4)**

In 2009 – as announced – we did not reach the record EBITDA level of the previous year. However, with a double-digit EBITDA margin, we reached – in the middle of the economic recession – a target which we had predicted seven years ago for a cyclically recovered environment. The margin of 12.8 percent is in addition substantially higher than in the last downturn: In 2001 Axel Springer achieved an EBITDA margin of 6.7 percent, in 2002 the figure was 8.2 percent. This shows that the company is considerably more efficient today and cost management is deeply rooted in the Group.

For me personally, the high profitability indicates one thing above all: Axel Springer has exceptionally creative and motivated employees. For their excellent performance and commitment in a difficult environment they deserve our thanks.

### **(Chart 5)**

Briefly on the financial situation: The cash flow of 231 million Euros is 5.4 percent above the previous year. Net debt, which was 370 million Euros at the end of 2008, fell to 193 million Euros. If you take our own shares into consideration, the company at the current share price is effectively free of debt.

### **(Chart 6)**

The share price movements of recent weeks have surely pleased you as much as they have us. Since the beginning of 2009, our stock has outperformed the relevant indices, and that means not only the German indices such as the DAX, MDAX and SDAX, but also the media specific indices Prime Media and EuroStoxx Media.

### **(Chart 7)**

Management Board and Supervisory Board propose a dividend of 4.40 Euros – as in the previous year, the highest dividend that Axel Springer has ever paid. The dividend margin is 5.2 percent, well above the average of the DAX, MDAX and SDAX companies. And not just for 2009, but also in a comparison of the last five years, in which Axel Springer had an average dividend margin of 4.6 percent, whereas the companies listed in the three indices only averaged between 2 and 3 percent. There are only three companies in the DAX that show a higher dividend margin for the last financial year, and only one DAX company pays a higher absolute dividend.

### **(Chart 8)**

2009 was also a good year for us because we were able to continue to implement our strategy consistently.

This sounds like it was a matter of course, but it is not by any means. You have surely read the industry news last year, of radical cutbacks, firefighting operations by some media managers and hectic restructuring. The fact that we, on the other hand, weatherproofed our house while the sun was shining, paid itself off in the turbulent year 2009.

As you know, we are pursuing three objectives with our strategy:

1. Market leadership in the German-language core business
2. Internationalization
3. Digitization

Concerning our German-language core business: One year ago, I announced here in this place, that we want to continue to extend our lead over our competitors and invest in the strength of our brands. Have we made headway?

If you look at the development of market share, the focus on the strong, national brands has paid off. In the advertising market, our integrated marketing unit Axel Springer Media Impact clearly gained market share compared to the other top German print marketers – 2.5 percentage points.

This trend can also be seen reflected in our major newspaper brands: BILD's gross advertising revenues rose by 6.5 percent, whereas the gross print advertising market as a whole declined by 6.3 percent in 2009. WELT and WELT am SONNTAG extended their advertising market share in the daily newspaper market from 19 to 23 percent.

### **(Chart 9)**

The creation of an Eastern European joint venture with Ringier, which we announced exactly one month ago, was a decisive building block for our internationalization strategy.

Both publishers have been operating a very successful Eastern European business since the 90s. Axel Springer is now introducing the business of its

subsidiaries in Poland, the Czech Republic and Hungary into the joint venture; Ringier is adding its business in Serbia, Slovakia, the Czech Republic and Hungary. In this way, the two media companies with more than 100 print titles and more than 70 online offerings are once again clearly developing their strong position in these growth markets.

The joint company headquartered in Zurich emerges as the clear market leader among strong penetration daily newspaper brands in Eastern Europe, with a turnover of 414 million Euros and an EBITDA of 62 million Euros in 2009. What is particularly satisfying for us is that we can fully consolidate the joint venture upon completion of the transaction.

A leading tabloid newspaper in each involved country is part of the joint ventures' portfolio. These five newspaper titles have a combined total circulation of 1.4 million copies, and a total reach of 9.3 million readers. This is a fairly unique mass market platform in Europe.

The tabloid titles also offer optimal conditions for our sought-after digitization, which is the central element of our growth strategy for the joint venture. On the one hand we are relying on the transformation of existing strong print brands, on the other hand the expansion of successful Springer and Ringier activities in the joint venture area, as well as on acquisitions.

### **(Chart 10)**

With which I have also arrived at the third pillar of our strategy, digitization. You know, that for an establishment and acquisition in the digital world, we are focusing on three types of businesses:

1. Market-leading content portals.
2. Classified advertising portals.
3. Performance-based marketing.

I would like to give you an example for each of the three fields:

As far as the content portals of our national media brands are concerned, BILD.de is the German news portal with the highest reach for several months. In the meantime BILD.de has won the long-running neck-and-neck race with Spiegel Online in all of the relevant categories.

Our digital content business has developed outstanding international as well. AuFeminin, Europe's largest women's portal, performed excellently in 2009 and increased its sales by 17 percent to 29 million Euros. Outside of France, the surplus was as high as 74 percent. International activities of auFeminin now account for 39 percent of total revenues.

In the field of advertising portals, we have taken over a leading European provider of online recruitment and talent management software with StepStone. We gradually expanded our initial investment during the autumn of 2009 to 100 percent through a blocktrade transaction, a public takeover bid and a squeeze-out. We paid a total purchase price of 130 Euros million for the acquisition of Stepstone with its two roughly equally sized sectors Online and Solutions. The core business for us, however, is only the job search engines found at Stepstone Online, i.e. effectively digital job advertisements. This is why we have sold the Stepstone unit Solutions with its software business to a suitable investor – incidentally for a purchase price of 110 million Euros. Effectively, we have paid only 20 million Euros for a leading European job portal.

In performance-based marketing, Zanox, in which we have a majority interest, is the market leader on the European mainland. Through the acquisition of Digital Window, a leading marketing network in Great Britain, in 2009 with our partners PubliGroupe, we have opened up the important British market for further international expansion. With the acquisition of Buy.at in the last month, we are now the clear number one in Great Britain. We have thus developed the European market leader in performance marketing, and left the previous market leader Tradedoubler behind us. And unlike our main competitor, we were even able to increase our revenues compared to the previous year in spite of the economic recession organically.

Perhaps you will remember my announcement from one year ago that no transformative online acquisitions were imminent, but rather a series of small, sensible steps that can be seamlessly integrated into our portfolio and our digitization strategy? The described acquisitions of Stepstone, Digital Window and Buy.at show: That is exactly what we have done.

The majority interest in Umzugsauktion.de we announced last week also fits into this picture. In this marketplace, interested parties can award contracts for nationwide moves to moving companies bidding through an auction system, with savings of averagely 40 percent compared to traditional moving contracts. This is an ideal complement to our business at Immonet which thus becomes a full-service real estate portal.

We significantly increased our share of turnover with digital media through the digitization offensive. The share of revenue through digital business rose to 21 percent of total revenues. This is considering the year 2009 pro forma, that is as if the newly acquired StepStone and Digital Window had been consolidated from the beginning of the year. Every fifth Euro, that Axel Springer earns today, comes from the digital business. This is a great deal compared to the competition, as most of the internationally comparable media enterprises have only a single-digit share of turnover in the digital business.

A part of the digitization strategy is our Premium Initiative, with which we want to establish paid content on the stationary Internet and on mobile devices. We are firmly convinced that users are prepared to pay for attractive content in future, regardless of whether the sales channel is print, online or mobile.

With a series of creative products, we are testing this hypothesis, for example:

- with the iPhone Apps from BILD, WELT, and BZ, AUTO BILD, auFeminin or our program guides,
- with subscription models for the regional online offerings from HAMBURGER ABENDBLATT and BERLINER MORGENPOST

- since last month with the exclusive regional offers from BILDmobil, in which we are collaborating with Telekom
- and not least with an product for the Apple iPad: DIE WELT had a "Kiosk App" ready for the U.S. launch of the Apple tablet, making it comfortable and easy to read the current issues of WELT, WELT KOMPAKT and WELT am SONNTAG.

Our assessment has thus far been confirmed: With highly attractive content and simple billing, our readers are willing to pay for digital journalistic services. Nevertheless, we do not want nor cannot raise expectations too high, as these are more long-term opportunities. For this reason we have not included the positive effects of the Premium Initiative in our budget planning for 2010, although we quite see the potential for additional revenue and income.

Our biggest challenge is the successful transformation towards becoming a fully integrated multimedia company. It will be a momentous issue for our industry, whether it is possible, to establish a business model for quality journalism in the digital world. And we will only be successful, if we are concentrating on which is essential: the quality of the content.

### **(Chart 11)**

Business development in the first Quarter of 2010 also provides us with a confident outlook. Based on preliminary figures, we have generated EBITDA of 119 million Euros, surpassing the corresponding quarter from the previous year by more than 48 percent. With Group turnover growing by 7 percent to 664 million Euros, this means an EBITDA margin of 18 percent. To put this into perspective: Axel Springer has never generated higher absolute results in the first quarter of a year. This encouraging development is primarily due to a revival of the advertising market (especially since March), continued cost discipline as well as positive effects from restructuring measures.

Against the background of the business development in the first quarter and a more positive assessment of the advertising market, we are raising our forecast

for the full year. We now expect a significant increase in Group turnover. And we are likely to clearly surpass the previously forecast increase in Group EBITDA of about 10 percent.

For quite some time we have been asking ourselves: What can we do to make Axel Springer shares even more attractive? We know and hear again and again from the capital market that a higher free-float and a larger volume of trade would be beneficial. These objectives have high strategic priority for us. And now we see a suitable opportunity for their implementation. Provided that market conditions do not worsen, we intend to place Axel Springer AG treasury stock on the market in the current quarter. This will be done at the same time as the placement of a block of shares from the portfolio of Deutsche Bank AG. We have published a corresponding ad-hoc communication today. The placement comprises around 17 percent of the capital stock of Axel Springer AG. This would increase the free-float by about three quarters, the daily trading volume is expected to increase considerably. And we expect that the actual value of our company will be more appropriately reflected in the capital market after this step.

## **(Chart 12)**

Ladies and Gentlemen,

Let me sum up once again. Our figures show that the Axel Springer is emerging from the structural changes as a winner.

- We have achieved an EBITDA margin of 12.8 percent.
- We have increased our equity ratio from 38 to over 40 percent.
- We have reduced our net debt to 193 million Euros, thereby almost halving it.
- Once again we want to pay our stockholders a record dividend of 4.40 Euros.
- We have increased the market share of our top-selling titles contrary to the trend.

- Every fifth Euro of revenue was earned in our digital business.
- Nine of our ten largest online assets generate profits.
- And we have – anti-cyclically – increased the number of our employees slightly.
- We expect considerably higher revenues in 2010 and an increase in Group EBITDA of significantly more than 10 percent.

Everyone is talking about the crisis. We are not.

Thank you very much.