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Interim Financial Report

as of June 30, 2018

axel springer

Group Key Figures

in € millions	Q2/2018	Q2/2017	Change	H1/2018	H1/2017	Change
	2nd Quarter			1st Half		
Group						
Revenues[1)]	**787.4**	**750.7**	**4.9 %**	**1,560.9**	**1,474.2**	**5.9 %**
Digital media revenues share [1) 2)]	*67.8 %*	*65.2 %*		*68.9 %*	*66.1 %*	
EBITDA, adjusted[3)]	**183.3**	**170.1**	**7.8 %**	**354.5**	**317.2**	**11.7 %**
EBITDA margin, adjusted [1) 3)]	*23.3 %*	*22.7 %*		*22.7 %*	*21.5 %*	
Digital media EBITDA share [2)]	*79.3 %*	*74.6 %*		*79.8 %*	*77.1 %*	
EBIT, adjusted[3)]	131.5	136.5	−3.6 %	253.4	251.3	0.8 %
Net income	100.9	69.6	44.9 %	185.6	116.9	58.7 %
Net income, adjusted[3)]	88.4	91.5	−3.4 %	169.3	169.5	−0.1 %
Segments						
Revenues						
Classifieds Media	295.0	241.3	22.3 %	585.2	491.0	19.2 %
News Media	380.5	379.7	0.2 %	732.0	725.4	0.9 %
Marketing Media[1)]	99.7	114.5	−12.9 %	217.8	227.0	−4.0 %
Services/Holding	12.2	15.2	−20.2 %	25.9	30.7	−15.9 %
EBITDA, adjusted[3)]						
Classifieds Media	110.7	98.8	12.1 %	223.3	199.9	11.7 %
News Media	64.0	66.4	−3.5 %	113.4	110.9	2.3 %
Marketing Media	23.1	25.3	−8.4 %	46.7	40.4	15.7 %
Services/Holding	−14.6	−20.3	–	−29.0	−33.9	–
Liquidity and financial position						
Free cash flow (FCF)[3)]	28.0	46.6	−39.9 %	134.8	133.9	0.7 %
FCF excl. effects from headquarter real estate transactions[3) 4)]	43.8	66.0	−33.7 %	171.1	163.2	4.9 %
Capex[5)]	−51.3	−48.3	–	−102.5	−89.6	–
Capex excl. effects from headquarter real estate transactions[4) 5)]	−35.8	−31.0	–	−72.5	−64.4	–
Total assets[1) 6)]	6,483.6	6,436.4	0.7 %	6,483.6	6,436.4	0.7 %
Equity ratio [1) 3) 6)]	*44.3 %*	*43.5 %*		*44.3 %*	*43.5 %*	
Net debt/liquidity[3) 6) 7)]	−1,416.5	−1,020.2	–	−1,416.5	−1,020.2	–
Share-related key figures						
Earnings per share, adjusted (in €)[3) 8)]	0.73	0.76	−4.4 %	1.36	1.38	−2.1 %
Earnings per share (in €)[8)]	0.88	0.58	51.2 %	1.57	0.95	66.0 %
Closing price (in €)[9)]	61.95	52.60	17.8 %	61.95	52.60	17.8 %
Market capitalization[9) 10)]	6,684.1	5,675.3	17.8 %	6,684.1	5,675.3	17.8 %
Average number of employees	**16,403**	**15,731**	**4.3 %**	**16,377**	**15,664**	**4.6 %**

1) Adjustments of prior-year figures due to the retrospective application of IFRS 15, see section "changes in significant accounting and valuation methods" on page 30 et seq. in the notes.
2) Based on the operating business (without the segment Services/Holding).
3) Explanations regarding relevant key performance indicators on page 33 et seq. of the Annual Report 2017. Regarding the first-time application of IFRS 16 see section "changes in significant accounting and valuation methods" on page 30 et seq. in the notes.
4) Referring to the new headquarter building in Berlin as well as the sale of the new headquarter building and the Axel-Springer-Passage as well as the sale of the office building complex in Hamburg.
5) Capital expenditures for intangible assets and property, plant and equipment, and investment property.
6) As of June 30, 2018, and December 31, 2017, respectively.
7) Incl. leasing liabilities in the amount of € 359.3 million (PY: € 0.4 million); see section "changes in significant accounting and valuation methods" on page 30 et seq. in the notes.
8) Calculation based on average weighted shares outstanding in the reporting period (107.9 million; PY: 107.9 million).
9) Quotations based on XETRA closing prices.
10) Based on shares outstanding as of June 30, 2018, excluding treasury shares (107.9 million; PY: 107.9 million).

Interim Financial Report as of June 30, 2018 of the Axel Springer Group

Business performance and operating results at a glance

Development of revenues and earnings
Axel Springer looks back on a very successful first half of the year 2018. Total revenues in the first six months amounted to € 1,560.9 million and were 5.9 % above the prior-year figure. Both the value in the reporting period and the corresponding figure in the previous year take into account the first-time application of the new IFRS 15 accounting standard for revenue recognition (see notes, p. 30 et seq.). Organically, i.e. adjusted for consolidation and currency effects, total revenues increased by 4.3 %. Once again, growth was driven particularly by our digital classifieds.

The adjusted EBITDA of € 354.5 million exceeded the previous year figure (€ 317.2 million) by 11.7 %. The increase in earnings in the reporting period was driven by all three operating segments, with the first-time application of the new accounting standard for lease accounting IFRS 16 also having an impact (see notes, p. 30 et seq.). Organically, i.e. adjusted for consolidation and currency effects, as well as the effects of IFRS 16, the adjusted EBITDA increased by 3.7 %. The adjusted EBIT was € 253.4 million and up by 0.8 % compared with the prior-year level (€ 251.3 million). The organic development was stable (– 0.1 %). The adjusted earnings per share reached € 1.36 and was therefore slightly (– 2.1 %) below the prior-year value (€ 1.38). Organically, the adjusted earnings per share was roughly stable (– 0.7 %).

Comparison of business performance with our expectations
The development of revenues in the first half of the year confirms the forecast for the Group for the full year 2018 published in March.

The development of adjusted EBITDA, adjusted EBIT and adjusted earnings per share in the first half of the year confirms our forecasts for the full year. It should be noted that a larger portion of the increase in earnings is expected to be achieved in the fourth quarter.

Outlook 2018
For the financial year 2018, we continue to expect **Group revenues** to increase in the low to mid single-digit percentage range. In addition to consolidation and currency effects, the application of new accounting standards will have an impact in 2018 (see notes, p. 30 et seq.), so that we additionally provide an expectation for the organic development of our key performance indicators. Taking into account these effects, we also continue to expect revenue growth to be in the low to mid single-digit percentage range.

We continue to expect double-digit percentage **revenue** growth in the **Classifieds Media segment**. We increase the forecast for the organic development of revenues in the Classifieds segment after a good first half-year. **We now expect low double-digit organic revenue growth** after previously anticipating high single-digit to low double-digit growth. The revenue forecast for the other segments remains unchanged.

We continue to expect the **adjusted EBITDA** to rise within the **Group** by an amount in the low double-digit percentage range. Looking at the organic growth in adjusted EBITDA, we continue to expect a rise in the mid to high single-digit percentage range.

Our expectation for the **adjusted EBIT** also remains unchanged: Due to higher depreciation, amortization, and impairments, we expect a rise in the low single-digit percentage range, and organically a growth in the low to mid-single-digit percentage range.

For the **adjusted earnings per share** we also confirm the existing expectation of a low to mid single-digit percentage increase. For the organic development, we anticipate a further increase in the mid to high single-digit percentage range.

Fundamentals of the Axel Springer Group

The Group fundamentals described in the Annual Report published on March 8, 2018 are still applicable.

In particular, we continue to consistently pursue a strategy of profitable growth, with the overarching goal of becoming the leading digital publisher.

Economic Report

General economic conditions and business developments

General economic conditions

General economic environment

According to an OECD assessment from May 2018, the **global economic upturn** remains solid, although the global GDP growth slowed in the first quarter of 2018. The economic slowdown was largely concentrated on the developed national economies, especially the European countries and Japan. Concerns about global trade disruptions may have led businesses to postpone investment.

According to estimates of the ifo Institute, economic momentum slowed down in **Germany** as well. Especially the export-oriented companies posted lower orders at the beginning of the year. Unlike the export-oriented industry, the domestic buoyancy forces remained intact. Private consumer spending rose in the first half-year by 1.1 % in real terms. The capital expenditures, adjusted for price, increased by 3.4 %. Exports of goods and services were 3.8 % higher in real terms than in the same period last year. At 3.5 %, imports increased slightly less over the same period.

The ifo Business Climate Index tended to deteriorate in the first half-year of 2018. This applies both to the assessment of the business situation and to business expectations. Consumers' propensity to consume remains high in the view of a stable labor market.

According to the calculations of the Federal Statistical Office, consumer prices increased significantly by 1.7 % in the period from January to May 2018 compared to the prior year. In June 2018, the German Federal Employment Agency counted 2.3 million unemployed. The number thus decreased by 8.0 % compared to the figure for the prior-year's month, and the unemployment rate in June 2018 was 5.0 %.

Growth in the **British economy** remains modest in 2018, in the OECD's view, although exports have risen again more strongly. On the other hand, there is only a weak expansion in private consumption and a decline in business investment.

France benefits from sustained economic growth, according to the OECD. Tax cuts and labor market reforms support exports and investment.

In the EU countries of **Central and Eastern Europe**, the economy continued to rise strongly in the first quarter of 2018. According to an analysis by the German Institute for Economic Research (DIW), growth in most countries continues to be driven mainly by consumption. Foreign trade, on the other hand, only delivered minor impulses.

The **US** has a long-term upturn, according to the OECD. The number of employees continues to increase, but not to the same extent as in other OECD countries. Business investment has risen strongly.

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, Washington Post, but also Netflix or Spotify prove that media content can be monetized not only via range models, but also via subscriptions. According to the latest estimates, already 8 % of the population in Germany paid for digital news, and in Scandinavian countries up to 30 %. While digital newspaper distribution, at € 350 million, is not nearly as big as the distribution market for printed newspapers (€ 4.6 billion), overall market growth will take place online over the next few years, while the print market will see a slight decline. The online distribution market will, according to the forecast, grow by 5 % each year until 2021. All major national daily newspapers in Germany already offer digital subscriptions. The Axel Springer products in this segment, BILDplus and WELTplus, pioneers with their respective founding years of 2013 and 2012, have seen a growing number of subscribers for years. For its fifth anniversary in June 2018, BILDplus reached over 400 thousand digital subscribers. The total number of digital subscribers for BILDplus and WELTplus was almost 485 thousand in June 2018.

The German **press distribution market** declined again slightly. The total paid circulation of newspapers and magazines was 4.6 % below the corresponding prior-year figure. Thanks to the price increases implemented in the past four quarters, however, circulation revenues declined by only 1.4 %.

The 330 IVW registered daily and Sunday newspapers achieved total sales of 15.8 million copies per publication date. Compared to the prior-year figure, this corresponds to a fall of 5.0 %. Newsstand sales (–12.5 %) – as in the prior year – suffered a much greater decline than subscription sales (–3.6 %). 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 86.6 million copies per publication date. Compared to the prior-year figure, this corresponds to a fall of 5.7 %. IVW tracked a total of 740 titles (–2.2 % compared with the prior-year figure). The demand for general-interest magazines – weighted for their respective publication frequencies – declined by 7.4 %.

Business performance

At the beginning of January 2018, we transferred the **Axel Springer high-rise building in Berlin** to the Axel Springer Pensionstreuhandverein. Thereby the plan assets to cover our pension obligations increased by € 140.4 million. As part of a long-term lease, we will continue to use the property as headquarters.

Following the approval of the French antitrust authorities at the end of January 2018, the purchase of 100 % of shares of Concept Multimédia, which had already been contractually agreed in 2017, was completed at the beginning of February. The purchase price, taking into account purchase price adjustments on the basis of net debt and net working capital, amounted to € 95.3 million. In particular, Concept Multimédia, headquartered in Aix-en-Provence and Paris, runs under the core brand of **Logic-Immo.com**, a real estate portal in France, as well as additional online portals for luxury real estate and new builds.

The agreement between Axel Springer and Télévision Française (TF1) for the **sale** of Axel Springer's stake in the French **aufeminin Group** in January 2018, was completed by the end of April 2018. The purchase price amounted to € 291.5 million. The financial resources of the aufeminin Group at the time of the transaction amounted to € 72 million.

At the end of April 2018, Axel Springer acquired 11.5 % of the British company **Purplebricks** as part of a capital increase and the purchase of existing shares of the shareholders. Purplebricks was established in April 2014 in the UK and operates purplebricks.co.uk, the leading national transaction-based digital real estate platform. The company is also active in Australia and the USA. Since December 2015, Purplebricks has been listed on the London Stock Exchange. The purchase price for the equity investment amounted to € 143.2 million, corresponding to a price per share of £ 3.60. In July, Axel Springer acquired additional shares at a price per share of £ 3.07 and a total value of € 10.4 million and increased its stake to around 12.5 %. In the course of the equity investment, Dr. Andreas Wiele, Executive Board member Classifieds Media of Axel Springer SE, took over a seat on the Board of Directors of the company.

At the beginning of May 2018, StepStone acquired the employer branding specialist **Universum**. The acquisition cost amounted to € 41.0 million and may in the future, due to contingent purchase price liabilities, increase in total by a maximum of SEK 75.0 million (approximately € 7.2 million). Based in Stockholm, Universum is one of the world's leading employer branding specialists, assisting companies to analyze, define, develop and communicate their own employer brand. The Swedish company was founded in 1988 and now serves around 2,000 customers in more than 35 countries.

In the second quarter, Axel Springer sold its remaining share of about 7 % in the Turkish **Doğan TV** to Doğan Holding. For this purpose, we had received put options for the staggered back-sale of our equity investment from the Doğan Holding, on the basis of which we expected proceeds of around € 171 million in the years 2020/2022. During the first quarter of 2018, Doğan Holding initiated the sale of all media activities to the Turkish media group Demirören. In the event of such a sale, Axel Springer has agreed with Doğan Holding in April on the early exercisability of the put options for a total purchase price of € 160 million. Axel Springer then exercised the put options in May 2018. The sale has not produced any material earnings effects.

Financial performance of the Group

During the reporting period, **revenues** were € 1,560.9 million and therefore 5.9 % above the prior-year figure (€ 1,474.2 million). The development of revenues is partly characterized by consolidation effects, above all due to the inclusion of Logic-Immo and affilinet. The deconsolidation of aufeminin had a counteracting effect in the second quarter. Organically, Axel Springer recorded a revenue increase of 4.3 %. The previous year figures were adjusted due to the retrospective application of IFRS 15 (see notes, p. 30 et seq.).

Revenues from digital activities increased by 10.8 % from € 954.5 million to € 1,057.7 million. The digital portion of revenues related to the operating business thus amounted to 68.9 % (PY: 66.1 %).

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	H1/2018	Q2/2018
Digital Media	**9.4 %**	**9.4 %**
Classifieds Media	11.3 %	11.2 %
News Media	12.5 %	12.2 %
Marketing Media	1.6 %	1.2 %

International revenues increased from € 655.0 million by 7.7 % to € 705.5 million and thus amounted to 45.2 % (PY: 44.4 %) of Axel Springer's revenues.

Advertising revenues increased by 9.5 % to € 1,058.8 million (PY: € 966.8 million). Consolidation effects particularly due to the integration of Logic-Immo and affilinet as well as the deconsolidation of aufeminin at the end of April 2018 also had an impact here. Adjusted for consolidation and currency effects total advertising revenues increased by 7.0 %. Of the total advertising revenues, 84.6 % were generated by **digital activities.**

The decline in **circulation revenues** by 6.4 % from € 314.7 million to € 294.7 million was mainly due to market conditions. In addition, to a certain extent, consolidation effects at Ringier Axel Springer Media in Serbia were also a factor. The organic decline of circulation revenues was 4.8 %. Overall, the increase of digital circulation revenues could not compensate for the decline of circulation revenues from printed publications.

Other revenues amounted to € 207.4 million and were 7.7 % above the prior-year figure of € 192.6 million. In addition to operational improvements in the News Media and Marketing Media segments, consolidation effects from the integration of Universum and Logic-Immo in the Classifieds Media segment played a decisive role. This was partly offset by the deconsolidation of aufeminin. Adjusted for consolidation and currency effects, other revenues increased by 5.8 %.

Other operating income of € 116.2 million was significantly above the prior-year level (PY: € 30.0 million) and included, in addition to the profit from the sale of the aufeminin Group (€ 49.4 million before sale-related costs), income from the transfer of the Axel Springer high-rise building in Berlin to the Axel Springer Pensionstreuhandverein (€ 34.9 million).

Changes in inventories and other internal costs capitalized in the reporting year amounted to € 45.3 million (PY: € 41.6 million) and continued to relate mainly to IT development projects for the development and expansion of our digital business models.

Compared to the prior-year figure, **total expenses** increased by 6.6 % to € 1,461.7 million (PY: € 1,371.5 million; for adjustment of the prior-year figure see notes, p. 30 et seq.).

As an effect of consolidation **purchased goods and services** increased by 3.3 % to € 275.4 million (PY: € 266.6 million; for changes in the reporting of purchased goods and services as well as for adjustments of the prior-year figure see notes, p. 30 et seq.). The ratio of purchased goods and services to total revenues decreased to 17.6 % (PY: 18.1 %).

Personnel expenses were € 602.9 million (PY: € 567.5 million) and 6.2 % above the level of the prior year. The increase is mainly attributable to an increase in personnel in the digital business models segment and a heightening effect on total amounts resulting from the acquisition and sale of subsidiaries.

The increase in **depreciation, amortizations, and impairments** to € 148.2 million (PY: € 118.5 million) resulted in particular from the first-time application of the new standard for lease accounting (IFRS 16) from January 1, 2018 and the associated recognition of depreciation, amortization, and impairment on rights of use of lease agreements (see notes, p. 30 et seq.). The depreciation, amortization, and impairment of contractual rights of use resulting from the lease of the Axel-Springer-Passage and the Axel Springer high-rise building in Berlin, which has taken place since January 1, 2018, also had an increasing effect.

Other operating expenses amounted to € 435.2 million despite the change in the disclosures of lease expenses as a result of the first-time application of the new lease standard IFRS 16 (see notes, p. 30 et seq.) and were above the prior-year level (PY: € 418.8 million); this resulted in particular from the inclusion of acquired subsidiaries as well as from additional advertising measures for our digital business models.

The **income from investments** amounted to € 5.2 million (PY: € 7.2 million). The operating income from investments included in the adjusted EBITDA amounted to € 8.2 million (PY: € 9.7 million).

The **financial result** amounted to € –9.5 million (PY: € –1.7 million). In the reporting period, along with the introduction of new lease accounting standards, the interest expense from the compounding of lease liabilities also increased (see notes, p. 30 et seq.). In addition, higher income from the compounding of payment entitlements from the put options on the sale of our remaining shares in Doğan TV was recognized in the prior year.

Income taxes in the first half of the year amounted to € –70.9 million (PY: € –62.8 million). The tax rate was 27.6 % (PY: 34.9 %), mainly due to the largely tax-neutral income in connection with the sale of the aufeminin Group in the reporting period.

Compared with the prior year, **adjusted EBITDA** increased by 11.7 % to € 354.5 million (PY: € 317.2 million). The margin increased to 22.7 % (PY: 21.5 %). Organically, adjusted EBITDA was 3.7 % above the prior-year figure. **Adjusted EBITDA of digital activities** increased by 13.1 % from € 270.6 million to € 306.1 million. Based on the operating business, the share of digital business in adjusted EBITDA was 79.8 % (PY: 77.1 %). Compared with the prior year, **adjusted EBIT** rose by 0.8 % to € 253.4 million (PY: € 251.3 million). The organic development remained roughly at the prior-year level (–0.1 %).

Net income developed as follows:

Net Income

€ millions	H1/2018	H1/2017	Change
Net income	**185.6**	**116.9**	**58.7 %**
Non-recurring effects	–59.7	17.2	–
Depreciation, amortization, and impairments of purchase price allocations	47.1	52.6	–10.5 %
Taxes attributable to these effects	–3.7	–17.3	–
Net income, adjusted[1)]	**169.3**	**169.5**	**–0.1 %**
Attributable to non-controlling interest	23.0	20.1	14.5 %
Adjusted net income[1)] attributable to shareholders of Axel Springer SE	**146.3**	**149.4**	**–2.1 %**
Earnings per share, adjusted (in €)[1) 2)]	**1.36**	**1.38**	**–2.1 %**
Earnings per share (in €)[2)]	**1.57**	**0.95**	**66.0 %**

1) Explanations regarding relevant key performance indicators on page 33 et seq. of the Annual Report 2017.
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 income from the sale or contribution of business activities and real estate in the amount of € 77.9 million (PY: € –3.4 million) and were almost exclusively attributable to the sale of our interest in the aufeminin Group, as well as to the transfer of the Axel Springer high-rise building in Berlin to the Axel Springer Pensionstreuhandverein. The non-recurring effects furthermore included mainly expenses related to the Executive Board remuneration program 2016 (LTIP) in the amount of € –7.0 million (PY: € –6.0 million).

Financial performance of the operating segments

Classifieds Media

In the Classifieds Media all business models are summarized, which generate their revenues mainly in the online classifieds business. The segment is sub-divided into Jobs, Real Estate, and General/Other. From 2018 we will be showing meinestadt.de in the subsegment Jobs (previously General/Other). The previous year's figures have been adjusted accordingly.

Key Figures Classifieds Media

€ millions	H1/2018	H1/2017	Change
Revenues	**585.2**	**491.0**	**19.2 %**
Advertising revenues	567.8	482.4	17.7 %
Other revenues	17.4	8.6	>100 %
Jobs	**278.1**	**230.0**	**20.9 %**
Real Estate	**183.7**	**143.3**	**28.2 %**
General/Other	**123.4**	**117.6**	**4.9 %**
EBITDA, adjusted[1]	**223.3**	**199.9**	**11.7 %**
Jobs	98.6	90.3	9.1 %
Real Estate	85.9	72.0	19.2 %
General/Other	44.5	41.8	6.4 %
EBITDA margin, adjusted	**38.2 %**	**40.7 %**	
Jobs	35.5 %	39.3 %	
Real Estate	46.7 %	50.2 %	
General/Other	36.1 %	35.5 %	

[1] Segment EBITDA, adjusted includes non-allocated costs of € 5.6 million (PY: € 4.3 million).

Revenues in the Classifieds Media segment increased by 19.2 % to € 585.2 million compared to the prior-year period (PY: € 491.0 million). Alongside an operational improvement, which was again very pronounced especially in the job portals, consolidation effects had an impact mainly driven by the inclusion of Logic-Immo in the real estate sector as well as Universum in the area of job portals. Adjusted for consolidation and currency effects, the increase was 11.3 %. The job portals achieved an increase in revenues of 20.9 %, adjusted for consolidation and currency effects by 18.0 %. Again, business in continental Europe primarily contributed to this growth. The real estate portals showed an increase of 28.2 %. Particularly, the consolidation of Logic-Immo contributed to the strong growth. Adjusted for consolidation effects, the growth rate was at 6.2 %. In the General/Other subsegment, the revenue increase was 4.9 %, essentially due to the organic growth of 4.2 %.

The adjusted EBITDA of the segment increased considerably by 11.7 % to € 223.3 million (PY: € 199.9 million). In addition to improved operating results, the initial application of the new accounting standard IFRS 16 and consolidation effects, especially due to the inclusion of Logic-Immo and Universum, contributed to the increase. Organically, i.e. adjusted for the above as well as for currency effects, the increase was 4.9 %. The margin was at 38.2 % and therefore lower than the prior-year figure (40.7 %). This was due to investments in marketing, product and technology as well as integration of companies whose margins were below the segment average. The adjusted EBITDA for the job portals increased by 9.1 % compared to the prior year. The decisive factor was the business in continental Europe. The real estate portals recorded an adjusted EBITDA increase of 19.2 %, particularly driven by the inclusion of Logic-Immo and earnings improvements at the Immowelt Group. The General/Other subsegment increased its adjusted EBITDA by 6.4 %. In the Jobs subsegment the organic increase in adjusted EBITDA was 2.1 % due to planned investments in brand and product. Adjusted EBITDA in Real Estate increased organically by 11.1 % and in General/Other by 3.3 %.

The adjusted EBIT in the Classifieds Media segment increased by 5.1 % from € 176.6 million to € 185.6 million. Depreciation, amortization and impairments / write-ups increased by 62.3 % to € 37.7 million (PY: € 23.2 million).

Key Figures Classifieds Media 2nd Quarter

€ millions	Q2/2018	Q2/2017	Change
Revenues	**295.0**	**241.3**	**22.3 %**
Advertising revenues	282.6	236.8	19.4 %
Other revenues	12.4	4.5	>100 %
Jobs	**143.2**	**116.4**	**23.0 %**
Real Estate	**96.8**	**72.7**	**33.0 %**
General/Other	**55.1**	**52.2**	**5.6 %**
EBITDA, adjusted[1)]	**110.7**	**98.8**	**12.1 %**
Jobs	51.9	47.6	9.1 %
Real Estate	44.1	36.9	19.5 %
General/Other	17.7	16.6	7.0 %
EBITDA margin, adjusted	**37.5 %**	**40.9 %**	
Jobs	36.2 %	40.9 %	
Real Estate	45.6 %	50.8 %	
General/Other	32.1 %	31.7 %	

[1)] Segment EBITDA, adjusted includes non-allocated costs of € 3.0 million (PY: € 2.3 million).

News Media

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

Key Figures News Media

€ millions	H1/2018	H1/2017	Change
Revenues	**732.0**	**725.4**	**0.9 %**
Advertising revenues	330.4	314.9	4.9 %
Circulation revenues	295.0	314.8	–6.3 %
Other revenues	106.6	95.8	11.3 %
National	**524.4**	**533.5**	**–1.7 %**
Advertising revenues	214.4	213.5	0.4 %
Circulation revenues	233.9	249.1	–6.1 %
Other revenues	76.1	70.9	7.3 %
International	**207.7**	**191.9**	**8.2 %**
Advertising revenues	116.1	101.4	14.4 %
Circulation revenues	61.1	65.7	–6.9 %
Other revenues	30.4	24.8	22.6 %
EBITDA, adjusted	**113.4**	**110.9**	**2.3 %**
National	80.9	88.5	–8.6 %
International	32.5	22.4	45.2 %
EBITDA margin, adjusted	**15.5 %**	**15.3 %**	
National	15.4 %	16.6 %	
International	15.7 %	11.7 %	

Revenues in the News Media segment amounted to € 732.0 million which is 0.9 % above the prior-year figure (€ 725.4 million). 36.3 % of revenues were generated by digital activities. In the national area of the News Media segment, where 25.8 % of revenues come from digital activities, revenues totaled € 524.4 million and were thus 1.7 % lower than the prior-year figure. Organically, i.e. adjusted for consolidation and currency effects, the recorded decrease was 2.4 %. Revenues at News Media International increased by 8.2 % to € 207.7 million. The organic growth was 11.7 %. The business development of Business Insider in particular continued to be very dynamic. The digital proportion of revenues from News Media International was 62.8 %.

The adjusted EBITDA exceeded the value of the previous year (€ 110.9 million) by 2.3 % amounting to € 113.4 million. Organically, i.e. adjusted for consolidation and currency effects and effects from the application of IFRS 16, the adjusted EBITDA was 6.6 % below the corresponding prior-year figure, which was characterized by positive non-recurring effects and an exceptionally successful BILD special issue. Compared to the same period last year, the segment margin increased slightly from 15.3 % to 15.5 %. The adjusted EBITDA in the News Media National subsegment was 8.6 % below the prior-year level (€ 88.5 million) amounting to € 80.9 million; organically, adjusted EBITDA was 15.0 % below the prior-year figure. In addition to the abovementioned effects, higher marketing expenses in the first half of the current year also had an impact here. In the international area, the adjusted EBITDA increased significantly (45.2 %) to € 32.5 million (PY: € 22.4 million). The organic increase was also strong at 27.2 %. This was mainly driven by the improvement in earnings of Business Insider.

The adjusted EBIT in the News Media segment declined by 15.5 % from € 93.7 million to € 79.2 million. Depreciation, amortization and impairment / write-ups increased by 99.6 % from € 17.2 million to € 34.2 million.

Key Figures News Media 2nd Quarter

€ millions	Q2/2018	Q2/2017	Change
Revenues	**380.5**	**379.7**	**0.2 %**
Advertising revenues	177.7	173.7	2.3 %
Circulation revenues	147.5	156.2	–5.6 %
Other revenues	55.4	49.8	11.2 %
National	**274.1**	**278.1**	**–1.4 %**
Advertising revenues	117.2	117.9	–0.6 %
Circulation revenues	117.2	123.6	–5.2 %
Other revenues	39.8	36.6	8.7 %
International	**106.4**	**101.6**	**4.7 %**
Advertising revenues	60.5	55.8	8.4 %
Circulation revenues	30.3	32.6	–7.1 %
Other revenues	15.6	13.3	17.9 %
EBITDA, adjusted	**64.0**	**66.4**	**–3.5 %**
National	45.0	52.7	–14.6 %
International	19.0	13.6	39.2 %
EBITDA margin, adjusted	**16.8 %**	**17.5 %**	
National	16.4 %	19.0 %	
International	17.9 %	13.4 %	

Marketing Media

In the Marketing Media segment, it is mainly idealo, Bonial 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	H1/2018	H1/2017	Change
Revenues[1]	**217.8**	**227.0**	**–4.0 %**
Advertising revenues[1]	160.5	169.7	–5.4 %
Other revenues	57.3	57.4	–0.1 %
Reach Based Marketing[1]	**129.6**	**153.0**	**–15.3 %**
Performance Marketing[1]	**88.2**	**74.0**	**19.2 %**
EBITDA, adjusted[2]	**46.7**	**40.4**	**15.7 %**
Reach Based Marketing	34.9	31.3	11.8 %
Performance Marketing	16.0	13.5	18.8 %
EBITDA margin, adjusted[1]	**21.4 %**	**17.8 %**	
Reach Based Marketing[1]	27.0 %	20.4 %	
Performance Marketing[1]	18.1 %	18.2 %	

[1] Adjustments of prior-year figures due to the retrospective application of IFRS 15 in the amount of € 220.8 million, see section "changes in significant accounting and valuation methods" on page 30 et seq. in the notes.
[2] Segment EBITDA, adjusted includes non-allocated costs of € 4.2 million (PY: € 4.3 million).

Revenues in the Marketing Media segment fell by 4.0 % to € 217.8 million (PY: € 227.0 million). Adjusted for consolidation and currency effects, revenues were 1.6 % higher than the prior-year figure. Revenues in Reach Based Marketing fell by 15.3 % to € 129.6 million, largely due to the deconsolidation of aufeminin at the end of April 2018. The decline in sales was also attributable to the discontinuation of Bonial's US activities at the end of 2017, which was also the main driver of the 0.5 % organic decline. Revenues in Performance Marketing increased significantly by 19.2 % to € 88.2 million. The increase was particularly positively impacted by the first-time consolidation of affilinet. Organic growth was at 5.3 %.

With a value of € 46.7 million, the adjusted EBITDA in the segment significantly (15.7 %) exceeded the prior-year figure (€ 40.4 million). Organically, the segment recorded an increase of 9.5 %. Compared to the same period of the previous year, the return in the segment increased significantly to 21.4 % (PY: 17.8 %). The adjusted EBITDA of the Reach Based Marketing subsegment increased by 11.8 % to € 34.9 million (PY: € 31.3 million). Among other things, the organic increase of 20.5 % was attributable to the discontinuation of start-up losses for the US activities of Bonial. In addition, earnings improvements at aufeminin and finanzen.net contributed to the increase. The adjusted EBITDA in the Performance Marketing subsegment improved from € 13.5 million to € 16.0 million. Organically, earnings were 16.3 % below the previous year's level.

Adjusted EBIT in the Marketing Media segment increased by 9.7 % from € 31.9 million to € 35.0 million. Amortization, depreciation and impairments / write-ups increased by 38.1 % to € 11.7 million in the reporting period (PY: € 8.5 million).

Key Figures Marketing Media 2nd Quarter

€ millions	Q2/2018	Q2/2017	Change
Revenues[1]	**99.7**	**114.5**	**–12.9 %**
Advertising revenues[1]	74.5	85.8	–13.2 %
Other revenues	25.2	28.7	–12.0 %
Reach Based Marketing[1]	**56.6**	**77.3**	**–26.8 %**
Performance Marketing[1]	**43.1**	**37.2**	**15.8 %**
EBITDA, adjusted[2]	**23.1**	**25.3**	**–8.4 %**
Reach Based Marketing	17.3	20.0	–13.5 %
Performance Marketing	8.1	7.6	6.5 %
EBITDA margin, adjusted[1]	**23.2 %**	**22.1 %**	
Reach Based Marketing[1]	30.6 %	25.9 %	
Performance Marketing[1]	18.9 %	20.6 %	

[1] Adjustments of prior-year figures due to the retrospective application of IFRS 15 in the amount of € 108.1 million, see section "changes in significant accounting and valuation methods" on page 30 et seq. in the notes.
[2] Segment EBITDA, adjusted includes non-allocated costs of € 2.3 million (PY: € 2.4 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 in-house customers at standard market prices.

Key Figures Services/Holding

€ millions	H1/2018	H1/2017	Change
Revenues	25.9	30.7	–15.9 %
EBITDA, adjusted	–29.0	–33.9	

Revenues in the Services/Holding segment decreased compared to the comparable prior-year period by 15.9 % and amounted to € 25.9 million (PY: € 30.7 million). In addition to a market-related decline in the printed products business, the decline in revenues is partly due to changes in the recognition of rental incomes in connection with the initial application of IFRS 16.

The adjusted EBITDA improved from € –33.9 million to € –29.0 million, partly due to lower project expenses and lower stock option program expenses.

The adjusted EBIT in the Services/Holding segment improved from € –50.9 million to € –46.4 million. Depreciation, amortization and impairments / write-ups amounted to € 17.4 million, and were slightly above the prior-year level (€ 17.0 million).

Key Figures Services/Holding 2nd Quarter

€ millions	Q2/2018	Q2/2017	Change
Revenues	12.2	15.2	–20.2 %
EBITDA, adjusted	–14.6	–20.3	

Liquidity

Cash flow development

Cash flow from operating activities in the first half of the year was € 242.7 million and therefore 7.5 % above the value for the prior-year period (€ 225.8 million). Among other factors, this development was due to the first-time application of the new lease accounting standard and the associated disclosure of the repayment portion of rental and lease payments in cash flow from financing activities (see notes, p. 30 et seq.). This was offset by higher net tax payments.

Cash flow from investing activities amounted to € –28.0 million (PY: € –227.3 million) and comprised of in addition to the increased capital expenditures for intangible assets and property, plant and equipment for our new building in Berlin, mainly payments (less cash acquired) for the acquisition of 100 % of the shares of Concept Multimédia (Logic-Immo) and Universum in the first half of 2018, as well as € 143.2 million for the acquisition of a minority interest in Purplebricks. On the other hand, there is the receipt of the purchase price of € 291.5 million minus cash 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. In the previous year, mainly payments (less cash acquired) for the acquisition of shares in ShareASale as well as the exercise of option rights to acquire minority interests in Immoweb and Onet were included.

The cash flow from financing activities of € – 226.8 million (PY: € 9.0 million) was mostly due to the payment of dividends to shareholders of Axel Springer SE. The repayment portion of rental and lease payments was reported in cash flow from financing activities for the first time (see notes, p. 30 et seq.). The higher level of financial liabilities recorded in the prior year was mainly related to the reorganization of our promissory notes in the prior-year period.

Net liquidity and financing

Net liquidity developed as follows during the reporting period:

Net debt/liquidity

€ millions	H1/2018	2017
Cash and cash equivalents	217.8	216.8
Financial liabilities	1,634.4	1,237.0
Net debt/liquidity[1)]	**–1,416.5**	**–1,020.2**

1) Explanations regarding relevant key performance indicators on page 33 et seq. of the Annual Report 2017.
2) Incl. leasing liabilities in the amount of € 359.3 million (PY: € 0.4 million); see section "changes in significant accounting and valuation methods" on page 30 et seq. in the notes.

In May 2018, we adjusted the financing conditions for our credit facilities and, in this context, reduced the average interest rate, prolonged the term and increased the financing volume. Thus, we are able to avail ourselves of long-term credit facilities in the amount of € 1,500.0 million (previously € 1,200.0 million), the drawdown of which will be due for repayment in July 2023 (previously July 2020). In addition, there are promissory notes totaling € 808.5 million as at June 30, 2018. (December 31, 2017: € 879.0 million) with a term to October 2018 (€ 104.0 million), 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).

Both the promissory notes and the credit facilities may be used either for general business purposes or for financing acquisitions. As of June 30, 2018, € 475.0 million (December 31, 2017: € 365.0 million) of the existing long-term credit facility (€ 1,500.0 million; December 31, 2017: € 1,200.0 million) had been utilized. The total available amount of unutilized short-term and long-term credit facilities was € 1,045.0 million as of the balance sheet date. (December 31, 2017: € 855.0 million).

Financial position

The consolidated balance sheet total was € 6,483.6 million, and therefore slightly higher than at the end of 2017 (€ 6,436.4 million).

The increase in intangible assets was mainly due to the initial consolidation following the acquisitions of Logic-Immo and Universum. The increase in property, plant and equipment was mainly attributable to the initial application of the new lease accounting standards (see notes, p. 30 et seq.). In this context, as of January 1, 2018, right-of-use assets from leases were recognized on the balance sheet for the first time, their carrying amount as of June 30, 2018, was € 239.4 million (including contractual rights-of-use assets from the lease of the Axel-Springer-Passage and the Axel Springer high-rise building in Berlin). This was counteracted by the disposal of the remaining carrying amount of the Axel Springer high-rise building in Berlin due to the transfer to the Axel Springer Pensionstreuhandverein.

The development of non-current financial assets included, on one hand, the acquisition of 11.5 % of the shares in Purplebricks (€ 143.2 million) and on the other hand the early exercise of our put options to dispose of all remaining shares in Doğan TV for a total purchase price of € 160.0 million.

The reduction in assets and liabilities held for sale resulted from the disposal of the aufeminin Group at the end of April 2018. The print activities in Slovakia are also reported as held for sale. Completion of the sale is planned for the end of July 2018.

Equity increased from € 2,802.4 million to € 2,873.5 million, the equity ratio from 43.5 % to 44.3 %. In addition to the dividend payments to the shareholders of Axel Springer SE and the receipt of the net income in the first half of 2018, the development was characterized by the derecognition of existing minority interests in connection with the sale of the aufeminin Group and the derecognition of liabilities from existing put options derecognized into equity (€ 159.8 million) with no effect on income. As part of the merger of the Immowelt and Immonet

Group in June 2015, non-controlling shareholders were granted put options for more than 35 % of minority interests at a fixed option price until the second quarter of 2018 and the resulting obligation was recognized directly in equity with no effect to income. The option rights expired in the second quarter of 2018 due to non-exercise. As a result, the obligation of € 159.8 million recognized as other current liabilities was derecognized into equity without effect on income.

The reduction in provisions for pensions was related to the increase in plan assets as a result of the transfer of the Axel Springer high-rise building in Berlin to Axel Springer Pensionstreuhandverein; as a result, plan assets increased by € 140.4 million.

The increase in financial liabilities to € 1,634.4 million (December 31, 2017: € 1,237.0 million) concerned with an amount of € 359.3 million the increase in lease liabilities (see notes, p. 30 et seq.); thereof € 156.7 million was related to on the lease of the Axel-Springer-Passage and the Axel Springer high-rise in the reporting period.

The reduction in other provisions was due in particular to the utilization of bonus provisions to be built-up during the course of the year. The change in other liabilities resulted from the derecognition of unexercised put options concerning the acquisition of 35 % of the minority interests in the Immowelt Group and the reclassification of liabilities for contingent considerations due in the second quarter of 2019 to other current liabilities.

Explanations with respect to the relevant key performance indicators

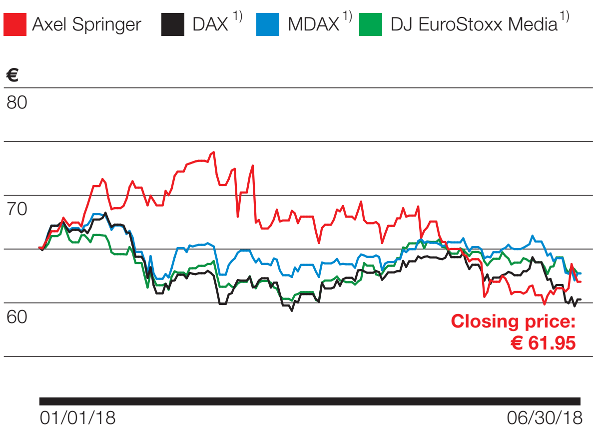
In accordance with the International Financial Reporting Standards (IFRS), the performance indicators used in this Quarterly Statement, adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization), adjusted EBITDA margin, adjusted EBIT (earnings before interest and taxes), adjusted 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. The definitions in the Annual Report 2017 on page 33 et seq. apply unchanged.

Axel Springer share and Investor Relations

The Axel Springer share

In line with market developments, our share price declined in the first half of 2018 to € 61.95 and at the end of the reporting period was 4.9 % below the share price at the beginning of the year (€ 65.13). The highest price at the end of February was € 74.00. The DAX, the German benchmark index, closed the same period with a loss of 7.4 %. The MDAX, where the Axel Springer shares are listed, as well as the DJ EuroStoxx Media, which tracks the major European media shares, lost 3.7 % each.

Performance Axel Springer Share



[1] Indexed on the XETRA share price of Axel Springer SE as of December 31, 2017.

Share Information

€	H1/2018	H1/2017	Change
Earnings per share, adjusted[1) 2)]	1.36	1.38	−2.1 %
Earnings per share[2)]	1.57	0.95	66.0 %
Closing price	61.95	52.60	17.8 %
Highest price	74.00	57.69	28.3 %
Lowest price	59.85	46.13	29.7 %
Market capitalization (€ millions)[3)]	6,684.1	5,675.3	17.8 %
Daily traded volume (Ø, € thousands)	11,997.1	9,043.4	32.7 %

1) Explanations regarding relevant key performance indicators on page 33 et seq. of the Annual Report 2017.
2) Calculation based on average weighted shares outstanding in the reporting period (107.9 million; PY: 107.9 million).
3) Based on shares outstanding at the closing price, excluding treasury shares (107.9 million; PY: 107.9 million); based on XETRA closing prices.

Currently, 16 brokers publish analyses regarding the Axel Springer share. A total of five brokers are expressing a “buy” recommendation for the Axel Springer share, nine recommend “hold/neutral” and two brokers recommend “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 2018, we have participated in investor conferences in New York, London, Frankfurt, Berlin, Hamburg and Baden-Baden. Furthermore, we have presented the company on road shows in New York, Boston, London, and Frankfurt. Moreover, we have conducted numerous conversations with investors and analysts in Berlin.

In addition, in the reporting period, as usual 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. These events could be followed directly as a live webcast on the Internet. The audio recordings of these telephone conferences, as well as all accompanying financial reports and presentations, are further available on our website.

Annual shareholders’ meeting

On April 18, 2018, the regular General Meeting of Axel Springer SE took place in Berlin. Approximately 460 shareholders or 89.1 % of voting capital participated. All resolutions proposed by the Management – including the proposal to increase the dividend to € 2.00 (PY: € 1.90) per qualifying share – were approved by majorities of at least 83.1 %. Based on the closing price of the company's share on the day before the annual shareholders' meeting, the dividend yield came to 2.9 %. The total dividend pay-out to our shareholders was € 215.8 million. This corresponds to an increase of 5.3 % compared with the prior-year figure.

Employees

Axel Springer has an average of 16,377 employees in the reporting period (PY: 15,664) (excluding vocational trainees and journalism students). The 4.6 % increase over the corresponding prior-year period resulted mainly from the increase in the number of employees in the Classified Media segment, due to acquisitions and organic growth in this segment.

Share participation program

In recent years, employees and executives have benefited from the company's performance through a share participation program. Until 2017, participation was only possible for employees of Axel Springer SE and its domestic subsidiaries. The existing share participation program was fundamentally revised, inter alia with the aim of extending the circle of eligible persons to a larger number of companies belonging to the Group. The new share participation program started in July 2017, initially with a six-month pilot phase for Axel Springer SE and all 100 % (subsidiary) companies in Germany, France, the UK and Belgium. Since January 2018, the program takes place with the regular attendance period of twelve months each. 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. The subsequent holding period is two years.

Report on risks and opportunities

Compared to the disclosures in the 2017 Annual Report, 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

Anticipated economic environment

General economic environment

The OECD economic researchers expect in their current outlook continuous significant growth of the **world economy**. Driven by a recovery in trade, more investments and higher employment, the world economy is expected to expand by 3.8 % in real terms in the year 2018. However, the OECD experts also point out that there are significant risks due to trade conflicts, financial market risks and rising oil prices.

According to estimates by the ifo Institute, the **German economy** will overcome its current phase of weakness in the second half of 2018 and thus remain in the boom. Nevertheless, the ifo Institute has lowered its growth forecast significantly to 1.8 % in real terms. Domestic forces in particular should support the economy. Private consumer spending is benefiting from the very good labor market situation and, according to forecasts, will rise by 1.2 % in real terms. The above-average capacity utilization of the German economy should lead to a growth of investments of 3.6 % in real terms. The ifo Institute anticipates a price-adjusted growth in exports and imports of 3.0 % each in 2018.

The rise in consumer prices will accelerate to 2.0 % in the year 2018, according to the ifo Institutes forecast. The unemployment rate is expected to fall to 5.2 % due to the continuing growth in employment. At the same time, the number of persons in employment will rise by around 560,000. On average for 2018 the ifo Institut expects around 44.8 million people to be in employment.

Anticipated Economic Development (Selection)

Change in gross domestic product compared to prior year (real)	2018
Germany[1]	1.8 %
United Kingdom[2]	1.4 %
France[2]	1.9 %
Central and Eastern Europe[3]	4.0 %
USA[2]	2.9 %

[1] Source: ifo Institute, June 2018.
[2] Source: OECD, May 2018.
[3] Source: DIW, June 2018.

According to the OECD's latest economic outlook, the **UK economy** will only grow by a modest 1.4 % in 2018, in real terms. The reason is an uncertain situation about the outcome of the Brexit negotiations. Consequently, for the first time, the strong British economic growth of recent years suffers a slight weakening.

For **France**, the OECD forecasts a real growth rate of 1.9 % in 2018. As a result, the environment has improved slightly due to labor market and tax reforms. In the face of a strengthening economy and rising incomes, the OECD expects rising inflation.

The economic forecast published by the German Institute for Economic Research (DIW) includes positive expectations for the countries in **central and eastern Europe**. Accordingly, price-adjusted economic growth in 2018 should amount to 4.0 %. The dynamic is expected to decline. Private consumption will probably expand less strong in the region. Although investment is supported by funds from the EU, there is also a weakening here.

According to the OECD forecast, the development of the **US economy** remains strong. Tax reductions support investment. The continuous improvement of the labor market situation supports private consumption. The real growth rate of the US economy is expected to rise to 2.9 % in 2018.

Industry environment

According to the current advertising market forecast by ZenithOptimedia an increase of 4.5 % (nominal) is expected worldwide for 2018. The shift of advertising budgets to the internet continues. According to ZenithOptimedia's current forecast, the share of on-line advertising in the global advertising cake will rise to 40 % until the end of 2018.

The forecasts for **Germany** available to date show a largely similar picture for the individual media genres. ZenithOptimedia expects net advertising market revenue (marketing revenues net of rebates and agent's commission) in Germany for 2018 to increase by 2.5 % (nominal). Thus, the total advertising market will not grow as fast as the general economy, which is expected to expand at a nominal rate of 3.7 % (+ 1.8 % in real terms) according to forecast of the ifo Institute.

Growth in the advertising market is driven by digital (+ 8.8 %), TV (+ 3.0 %), outdoor (+ 2.5 %) and radio (+ 1.8 %). ZenithOptimedia is predicting a drop in net advertising revenues for newspapers of (– 2.5 %) and magazines (– 7.0 %).

The forecast data continue to reflect the structural redistribution of advertising expenditure in favor of digital offers. In 2018, the share of online and mobile in Germany should rise to 35.8 %. This puts Germany below the global average. ZenithOptimedia says publishers are unlikely to benefit from the additional online ad revenue. Reason is the dominance of the big tech companies from the USA.

However, global trends also set the direction for Germany. The growth of the advertising market is technology-driven, especially in the growth fields of mobile, online video, social media and programmatic. Thanks to the continued spread of mobile devices, technical advances in ad formats, increased variety of ad formats, and technical innovations in driving multi-device campaigns, a significant increase in digital advertising investment is expected.

Progressive automation of an advertising booking via programmatic buying platforms is also seen as a driver for online and mobile advertising. In addition, all media will in future be digital, addressable and thus programmatically tradable. The challenge for the marketers will be, on the one hand, to connect their inventory to the available trading platforms and, on the other hand, to provide data that will enable advertisers to target consumers more effectively – and thus more efficiently. The importance of implementing the new EU data protection directive is not yet fully foreseeable for marketers. In general, the big German publishers are well prepared for the GDPR. Greater challenges expect the media houses with the ePrivacy Regulation to come up. At the moment, the details of the new EU data protection rules are still being worked on - if the draft is implemented as it stands now, the challenges online marketers face should rise significantly again.

The industry expects positive stimuli for the advertising industry from the two sporting highlights of 2018, the Winter Olympics in South Korea and the football world championship in Russia, with sports-related advertising media likely to benefit from this.

The expectation of further increasing budgets in the area of **digital classified** ads in 2018 is confirmed by a study of a strategy consultancy OC & C Strategy Consultants in the spring of 2017. According to this study, advertising spending in Germany for job advertisements will increase by 12 % compared to 2016 by 2020. This growth goes hand in hand with the forecast that by 2020, 63 % of advertising spending in the area of job advertisements in Germany will be made online, whereas in 2016 the share was still at 50 %. For the German real estate advertising market, OC&C expects an increase of 9 % by 2020 compared to 2016. The online share of real estate advertising spend was already 69 % in 2016, and according to the study, it will increase even further to 77 % by 2020.

The **digital foreign markets** in which Axel Springer engages in its own corporate activities will develop differently according to the prognosis of ZenithOptimedia: In the online market in Western Europe, net advertising volume will increase by 7.3 % to USD 43.8 billion in 2018, based on the assumption of constant exchange rates. While in the UK (+ 1.3 %) digital advertising spending will grow less strongly than in Germany, France (+ 10.9 %) and the US (+ 13.1 %) are expected to achieve higher growth.

Anticipated Digital Advertising Activity 2018 (Selection)

Change in net ad revenues compared to prior year (nominal)	Online
Germany	8.8 %
Central and Eastern Europe	13.3 %
USA	13.1 %
United Kingdom	1.3 %

Source: ZenithOptimedia, Advertising Expenditure Forecast, June 2018.

The expected positive development of foreign advertising spending on **digital classified** advertisements in 2018 is also underpinned by the OC&C study. For the job market in the United Kingdom, the analysis predicts an increase in advertising spending of 3 % by 2020 compared to 2016. Real estate markets in France and Belgium are expected to grow by 6 % and 5 % respectively over the same period. Compared to the German market, the online share of advertising spending in the respective foreign markets in 2016 was already comparatively high, at 79 % in Great Britain, 65 % in France and 67 % in Belgium. For 2020, according to the study, a further shift in advertising spend from offline channels to online channels is forecast in all three markets. As a result, the United Kingdom is expected to have an 85 % online advertising share in the field of jobs, and for real estate France and Belgium are expected to have an online share of 72 % and 73 % respectively.

Axel Springer

Strategic orientation

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

Anticipated business developments and financial performance of the Group

The forecast for the fiscal year 2018 takes into account the application of the new accounting standards IFRS 15 and IFRS 16 (see notes, p. 30 et seq.), the initial consolidation of Logic-Immo from February 2018, as well as the disposals of aufeminin in the second quarter of 2018 and of the print portfolio in Slovakia in the middle of the year 2018. Due to the significant implications of these effects, we also state our expectations regarding the organic development of our key performance indicators that result from adjusted consolidation and currency effects, as well as the effects from IFRS 16. Consideration of IFRS 15 follows an appropriate adjustment of our prior-year figures, which reduces the Group revenues for 2017 by approximately € 500 million in the Marketing Media segment.

For the financial year 2018, we continue to expect **Group revenues** to increase by an amount in the low to mid single-digit percentage range. Organically, we also continue to assume growth in the low to mid single-digit percentage range.

For **adjusted EBITDA**, we continue to expect a rise in the low double-digit percentage range for the Group. Regarding organic growth in adjusted EBITDA we continue to assume an increase in the mid to high single-digit percentage range.

Our expectation for the **adjusted EBIT** also remains unchanged: Due to higher depreciation, amortization, and impairments, we expect a rise in the low single-digit percentage range, organic growth in the low to mid single-digit percentage range.

For the **adjusted earnings per share**, we also confirm the existing expectation of a low to mid single-digit percentage increase. For the organic development, we continue to anticipate a rise in the mid to high single-digit percentage range.

Anticipated business developments and financial performance of the segments

We continue to expect revenues in the **Classifieds Media** segment to show a rise in the double-digit percentage range. For the organic revenues development within the Classifieds Media segment we increase the forecast after a good first half-year. **We now expect organic revenues to grow in the low double-digit percentage range** after having previously anticipated a growth rate in the high single-digit to low double-digit percentage range. Adjusted EBITDA is still expected to increase within the double-digit percentage range. The organic increase should continue to lie in the high single-digit to low double-digit percentage range, despite increased investments in IT, marketing and sales.

In the **News Media** segment, we continue to expect a decrease in revenues in the low to mid single-digit percentage range for the financial year 2018. Deconsolidation effects from the sale of the print portfolio in Slovakia will have an impact here from mid year. Organically, we expect a decline in revenues in the low single-digit percentage range. For adjusted EBITDA we continue to expect a rise in the mid single-digit percentage range. Organically, we assume a decline in the low to mid single-digit percentage range.

We continue to expect revenues in the **Marketing Media** segment to decrease by an amount in the high single-digit percentage range, based essentially on the disposal of Axel Springer's stake in aufeminin in France. In terms of organic development, we expect an increase in revenues in the high single-digit percentage range. Starting point for the forecast are the reduced revenues for 2017 by approximately € 500 million after applying IFRS 15. For adjusted EBITDA, we continue to expect an increase in the high single-digit percentage range and organically we expect a growth in the low double-digit percentage range.

For the **Services/Holding** segment, we continue to expect a market-related decline in revenues in the mid single-digit percentage range. For the organic development too, we expect a decline in the mid single-digit percentage range. For adjusted EBITDA, we continue to expect a rise (improvement) in the low to mid single-digit percentage range and equally organically a rise in the low to mid single-digit percentage range.

For the adjusted EBIT, we continue to expect developments in all segments to be lower than for the adjusted EBITDA due to higher depreciation, amortization, and impairments.

Anticipated liquidity and financial position

With regard to liquidity and financial position, investments in property, plant and equipment and intangible assets will be significantly above the prior-year level, mainly due to investments in the new building in Berlin. Financing will be provided by operating cash flow. Excluding the investments for the new building in Berlin, investments are also expected to be significantly above the prior-year figure.

Dividend policy

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

Anticipated development of the workforce

The annual average number of employees in the Group for 2018 will be higher than the prior-year figure. This is mainly due to organic growth and acquisitions in connection with the digital transformation of the Group's business.

Planning assumptions

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

In particular, the forecast is based on the assumption that no significant deterioration in the economic environment will follow and that the actual exchange rates do not deviate significantly from the underlying assumed exchange rates.

The forecasts for adjusted EBITDA, adjusted EBIT, and the adjusted earnings per share reflect the expected effects at the time of the publication of the Annual Report from known acquisitions (particularly Logic-Immo), divestments (in particular aufeminin and the print portfolio in Slovakia) and planned restructuring expenses. The additional disclosures regarding organic development have been adjusted for consolidation and currency effects, as well as effects from the application of the new accounting standards IFRS 16.

Consolidated Statement of Financial Position

€ millions

ASSETS	06/30/2018	12/31/2017	01/01/2017
Non-current assets	**5,339.5**	**4,994.1**	**5,393.0**
Intangible assets	4,027.5	3,904.4	4,162.3
Property, plant and equipment	681.9	451.7	519.2
Investment property	0.0	0.0	29.8
Non-current financial assets	524.1	526.8	563.3
Investments accounted for using the equity method	307.1	167.5	221.0
Other non-current financial assets	217.0	359.3	342.3
Receivables due from related parties	9.2	12.1	23.4
Receivables from income taxes	0.0	0.6	0.4
Other assets	40.3	44.0	39.5
Deferred tax assets	56.5	54.6	55.0
Current assets[1)]	**1,144.2**	**1,442.3**	**1,064.1**
Inventories	21.0	19.8	21.6
Trade receivables	660.5	693.9	614.6
Receivables due from related parties	17.5	17.2	16.6
Receivables from income taxes	29.1	21.7	65.0
Other assets[1)]	121.5	105.6	122.2
Cash and cash equivalents	217.8	216.8	224.1
Assets held for sale	76.8	367.3	0.0
Total assets[1)]	**6,483.6**	**6,436.4**	**6,457.1**

[1)] Adjustment of the values as of January 1, 2017, and as of December 31, 2017, due to the retrospective application of IFRS 15 (by € 0.9 million respectively); see notes, p. 30 et seq. ("Changes in significant accounting and valuation methods").

€ millions

EQUITY AND LIABILITIES	06/30/2018	12/31/2017	01/01/2017
Equity[1)]	**2,873.5**	**2,802.4**	**2,639.5**
Shareholders of Axel Springer SE[1)]	2,410.2	2,291.0	2,218.3
Non-controlling interests	463.3	511.4	421.2
Non-current provisions and liabilities	**2,227.9**	**2,036.1**	**2,427.2**
Provisions for pensions	205.7	343.2	350.4
Other provisions	76.8	79.8	69.8
Financial liabilities	1,468.0	1,062.0	1,258.3
Trade payables	2.9	0.1	0.2
Liabilities due to related parties	30.6	23.7	6.5
Other liabilities	59.3	158.1	211.6
Deferred tax liabilities	384.6	369.3	530.5
Current provisions and liabilities	**1,382.2**	**1,598.0**	**1,390.4**
Provisions for pensions	19.3	20.4	21.2
Other provisions	123.3	186.0	183.2
Financial liabilities	166.4	175.1	1.0
Trade payables	467.3	462.0	379.6
Liabilities due to related parties	32.5	40.8	23.1
Liabilities from income taxes	36.7	60.9	37.3
Other liabilities	523.7	581.6	745.1
Liabilities related to assets held for sale	13.1	71.2	0.0
Total equity and liabilities[1)]	**6,483.6**	**6,436.4**	**6,457.1**

[1)] Adjustment of the values as of January 1, 2017, and as of December 31, 2017, due to the retrospective application of IFRS 15 (by € 0.9 million respectively); see notes, p. 30 et seq. (“Changes in significant accounting and valuation methods“).

Consolidated Income Statement

€ millions	Q2/2018	Q2/2017	H1/2018	H1/2017
Revenues[1)]	787.4	750.7	1,560.9	1,474.2
Other operating income	65.0	18.2	116.2	30.0
Change in inventories and internal costs capitalized	24.3	20.9	45.3	41.6
Purchased goods and services[1)]	−137.7	−133.0	−275.4	−266.6
Personnel expenses	−299.2	−285.2	−602.9	−567.5
Depreciation, amortization, and impairments	−80.9	−54.9	−148.2	−118.5
Other operating expenses	−223.2	−215.4	−435.2	−418.8
Income from investments	1.1	8.5	5.2	7.2
Result from investments accounted for using the equity method	−5.9	1.4	−2.3	−0.4
Other investment income	6.9	7.1	7.5	7.6
Financial result	−4.8	−2.0	−9.5	−1.7
Income taxes	−31.0	−38.1	−70.9	−62.8
Net income	**100.9**	**69.6**	**185.6**	**116.9**
Net income attributable to shareholders of Axel Springer SE	95.3	63.0	169.8	102.3
Net income attributable to non-controlling interests	5.6	6.6	15.7	14.6
Basic/diluted earnings per share (in €)	**0.88**	**0.58**	**1.57**	**0.95**

1) Adjustment of prior-year figures due to the retrospective application of IFRS 15 (H1/2017 by € 220.8 million respectively, Q2/2017 by € 108.1 million respectively); see notes, p. 30 et seq. (“Changes in significant accounting and valuation methods“).

Consolidated Statement of Comprehensive Income

€ millions	Q2/2018	Q2/2017	H1/2018	H1/2017
Net income	**100.9**	**69.6**	**185.6**	**116.9**
Actuarial gains/losses from defined benefit pension obligations	0.2	−0.4	−1.3	0.5
Items that may not be reclassified into the income statement in future periods (after taxes)	**0.2**	**−0.4**	**−1.3**	**0.5**
Currency translation differences	19.5	−63.8	−3.7	−41.8
Changes in fair value of available-for-sale financial assets	–	0.0	–	−5.3
Changes in fair value of derivatives in cash flow hedges	0.0	0.1	0.1	0.1
Other income/loss from investments accounted for using the equity method	0.0	0.0	−1.1	0.0
Items that may be reclassified into the income statement in future periods if certain criteria are met (after taxes)	**19.5**	**−63.7**	**−4.8**	**−47.0**
Other income/loss	**19.7**	**−64.0**	**−6.1**	**−46.6**
Comprehensive income	**120.6**	**5.6**	**179.5**	**70.4**
Comprehensive income attributable to shareholders of Axel Springer SE	122.7	−1.1	170.4	51.6
Comprehensive income attributable to non-controlling interests	−2.2	6.7	9.1	18.8

Consolidated Statement of Cash Flows

€ millions	H1/2018	H1/2017
Net income	**185.6**	**116.9**
Reconciliation of net income to the cash flow from operating activities		
Depreciation, amortization, impairments, and write-ups	148.2	118.5
Result from investments accounted for using the equity method	2.3	0.4
Dividends received from investments accounted for using the equity method	1.3	0.0
Result from disposal of consolidated subsidiaries and business units and intangible assets, property, plant and equipment, and financial assets	−84.3	−5.4
Changes in non-current provisions	10.3	−13.0
Changes in deferred taxes	−7.3	−19.5
Other non-cash income and expenses	−4.7	−6.6
Changes in trade receivables	57.5	44.4
Changes in trade payables	0.0	−5.3
Changes in other assets and liabilities	−66.2	−4.7
Cash flow from operating activities	**242.7**	**225.8**
Proceeds from disposals of intangible assets, property, plant and equipment, and investment property less costs of disposal	−5.4	−2.3
Proceeds from disposals of consolidated subsidiaries and business units, less cash and cash equivalents given up	218.1	1.7
Proceeds from disposals of non-current financial assets	163.3	11.5
Proceeds from / disbursements of investments in short-term financial funds	0.0	2.7
Purchases of intangible assets, property, plant and equipment, and investment property	−102.5	−89.6
Purchases of shares in consolidated subsidiaries and business units less cash and cash equivalents acquired	−140.4	−142.3
Purchases of investments in non-current financial assets	−161.0	−8.9
Cash flow from investing activities	**−28.0**	**−227.3**
Dividends paid to shareholders of Axel Springer SE	−215.8	−205.0
Dividends paid to other shareholders	−10.9	−3.4
Purchase of non-controlling interests	−2.6	−0.3
Repayments of liabilities under finance leases	−29.6	−0.3
Proceeds from other financial liabilities	295.2	497.7
Repayments of other financial liabilities	−257.7	−290.2
Other financial transactions	−5.3	10.5
Cash flow from financing activities	**−226.8**	**9.0**
Cash flow-related changes in cash and cash equivalents	−12.0	7.6
Changes in cash and cash equivalents due to exchange rates	−1.9	0.3
Changes in cash and cash equivalents due to changes in companies included in consolidation	0.1	0.0
Cash and cash equivalents at beginning of period	216.8	224.1
Changes to cash and cash equivalents in connection with assets held for sale	14.9	0.0
Cash and cash equivalents at end of period	**217.8**	**232.0**

Consolidated Statement of Changes in Equity

					Accumulated other comprehensive income						
						Changes in fair value					
€ millions	Subscribed capital	Additional paid-in capital	Accumulated retained earnings	Treasury shares	Currency translation	Available-for-sale financial assets	Derivatives in cash flow hedges	Other equity	Shareholders of Axel Springer SE	Non-controlling interests	Equity
Balance as of 01/01/2017	**107.9**	**500.1**	**1,707.6**	**0.0**	**–5.0**	**26.0**	**–0.2**	**–119.2**	**2,217.4**	**421.2**	**2,638.6**
Adjustment due to the application of IFRS 15			0.9						0.9		0.9
Balance as of 01/01/2017*	**107.9**	**500.1**	**1,708.5**	**0.0**	**–5.0**	**26.0**	**–0.2**	**–119.2**	**2,218.2**	**421.2**	**2,639.4**
Net income			102.3						102.3	14.6	116.9
Other income/loss					–46.0	–5.3	0.1	0.5	–50.7	4.1	–46.6
Comprehensive income			**102.3**		**–46.0**	**–5.3**	**0.1**	**0.5**	**51.6**	**18.8**	**70.4**
Dividends paid			–205.0						–205.0	–5.5	–210.4
Change in consolidated companies			–0.8						–0.8	0.9	0.1
Purchase and disposal of non-controlling interests			0.2						0.2	0.1	0.3
Other changes		0.3	–0.2						0.2	0.2	0.4
Balance as of 06/30/2017*	**107.9**	**500.4**	**1,605.1**	**0.0**	**–50.9**	**20.7**	**–0.1**	**–118.7**	**2,064.4**	**435.8**	**2,500.2**
Balance as of 01/01/2018	**107.9**	**501.0**	**1,883.2**	**0.0**	**–90.1**	**8.0**	**–0.1**	**–119.9**	**2,290.1**	**511.4**	**2,801.5**
Adjustment due to the application of IFRS 15			0.9						0.9		0.9
Balance as of 01/01/2018*	**107.9**	**501.0**	**1,884.1**	**0.0**	**–90.1**	**8.0**	**–0.1**	**–119.9**	**2,291.0**	**511.4**	**2,802.4**
Adjustment due to the application of IFRS 9			11.5			–8.0			3.4		3.4
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**

* For the effects as a result of the transition to new accounting standards, see notes, p. 30 et seq. ("Changes in significant accounting and valuation methods").

Consolidated Segment Report

Operating segments

	Classifieds Media		News Media		Marketing Media		Services/Holding		Consolidated totals	
€ millions	Q2/2018	Q2/2017	Q2/2018	Q2/2017	Q2/2018	Q2/2017	Q2/2018	Q2/2017	Q2/2018	Q2/2017
Revenues[1]	**295.0**	**241.3**	**380.5**	**379.7**	**99.7**	**114.5**	**12.2**	**15.2**	**787.4**	**750.7**
Internal revenues	0.2	0.3	3.9	1.6	9.1	0.6	32.3	38.2		
Segment revenues[1]	295.2	241.6	384.5	381.3	108.8	115.0	44.4	53.5		
EBITDA, adjusted[2]	**110.7**	**98.8**	**64.0**	**66.4**	**23.1**	**25.3**	**−14.6**	**−20.3**	**183.3**	**170.1**
EBITDA margin, adjusted[1),2)]	**37.5%**	**40.9%**	**16.8%**	**17.5%**	**23.2%**	**22.1%**			**23.3%**	**22.7%**
Thereof income from investments	−0.8	0.2	2.4	4.0	3.8	5.3	−0.3	0.0	5.1	9.6
Thereof accounted for using the equity method	−0.8	0.2	1.3	2.0	−0.1	0.1	−0.3	0.8	0.1	3.1
Depreciation, amortization, impairments, and write-ups (except from non-recurring effects and purchase price allocations)	−19.4	−12.4	−18.0	−8.6	−5.8	−4.4	−8.6	−8.2	−51.7	−33.6
EBIT, adjusted[3]	**91.3**	**86.4**	**46.0**	**57.8**	**17.4**	**20.9**	**−23.2**	**−28.6**	**131.5**	**136.5**
Amortization and impairments from purchase price allocations	−14.0	−13.8	−2.9	−5.6	−12.3	−1.9	0.0	0.0	−29.1	−21.3
Non-recurring effects	−0.8	−3.3	−6.1	−2.1	41.6	3.0	−0.3	−3.0	34.4	−5.4
Segment earnings before interest and taxes	76.5	69.3	37.1	50.0	46.7	22.0	−23.5	−31.6	136.8	109.8
Financial result									−4.8	−2.0
Income taxes									−31.0	−38.1
Net income									**100.9**	**69.6**

1) Adjustment of prior-year figures due to the retrospective application of IFRS 15 in the Marketing Media segment (by € 108.1 million).

2) Adjusted for non-recurring effects (see Annual Report 2017, p. 33).

3) Adjusted for non-recurring effects and amortization and impairments from purchase price allocations (see Annual Report 2017, p. 33).

Geographical information

	Germany		Other countries		Consolidated totals	
€ millions	Q2/2018	Q2/2017	Q2/2018	Q2/2017	Q2/2018	Q2/2017
Revenues[1]	435.1	415.6	352.3	335.1	787.4	750.7

Operating segments

	Classifieds Media		News Media		Marketing Media		Services/Holding		Consolidated totals	
€ millions	H1/2018	H1/2017	H1/2018	H1/2017	H1/2018	H1/2017	H1/2018	H1/2017	H1/2018	H1/2017
Revenues[1]	**585.2**	**491.0**	**732.0**	**725.4**	**217.8**	**227.0**	**25.9**	**30.7**	**1,560.9**	**1,474.2**
Internal revenues	0.3	0.4	5.0	3.9	9.4	1.1	65.6	78.9		
Segment revenues[1]	585.5	491.3	737.0	729.3	227.3	228.1	91.4	109.7		
EBITDA, adjusted[2]	**223.3**	**199.9**	**113.4**	**110.9**	**46.7**	**40.4**	**−29.0**	**−33.9**	**354.5**	**317.2**
EBITDA margin, adjusted[1,2]	**38.2%**	**40.7%**	**15.5%**	**15.3%**	**21.4%**	**17.8%**			**22.7%**	**21.5%**
Thereof income from investments	−0.4	0.4	4.1	4.1	4.9	5.1	−0.5	0.0	8.2	9.7
Thereof accounted for using the equity method	−0.4	0.4	2.6	1.8	0.9	−0.3	−0.5	0.8	2.6	2.7
Depreciation, amortization, impairments, and write-ups (except from non-recurring effects and purchase price allocations)	−37.7	−23.2	−34.2	−17.2	−11.7	−8.5	−17.4	−17.0	−101.1	−65.9
EBIT, adjusted[3]	**185.6**	**176.6**	**79.2**	**93.7**	**35.0**	**31.9**	**−46.4**	**−50.9**	**253.4**	**251.3**
Amortization and impairments from purchase price allocations	−27.3	−28.2	−6.0	−11.8	−13.8	−12.7	0.0	0.0	−47.1	−52.6
Non-recurring effects	−1.9	−3.8	−7.6	−7.8	41.8	0.9	27.3	−6.5	59.7	−17.2
Segment earnings before interest and taxes	156.4	144.6	65.5	74.2	63.0	20.1	−19.0	−57.5	266.0	181.5
Financial result									−9.5	−1.7
Income taxes									−70.9	−62.8
Net income									**185.6**	**116.9**

[1] Adjustment of prior-year figures due to the retrospective application of IFRS 15 in the Marketing Media segment (by € 220.8 million).

[2] Adjusted for non-recurring effects (see Annual Report 2017, p. 33).

[3] Adjusted for non-recurring effects and amortization and impairments from purchase price allocations (see Annual Report 2017, p. 33).

Geographical information

	Germany		Other countries		Consolidated totals	
€ millions	H1/2018	H1/2017	H1/2018	H1/2017	H1/2018	H1/2017
Revenues[1]	855.4	819.2	705.5	655.0	1,560.9	1,474.2

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, 2018, 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, 2018, are basically the same as those applied in the consolidated financial statements as of December 31, 2017. A detailed description of these methods has been published in the notes to the consolidated financial statements for 2017. Changes in significant accounting and valuation methods are the result of the first time adoption of the accounting standards IFRS 9 “Financial Instruments“, IFRS 15 “Revenue from Contracts with Customers“ and IFRS 16 “Leases“.

Changes in significant accounting and valuation methods

Revenue recognition

As of January 1, 2018, we applied the new revenue recognition standard, IFRS 15 "Revenue from Contracts with Customers", for the first time using the full retrospective method. The comparative period was adjusted accordingly.

IFRS 15 replaces the existing regulations for the recognition of revenue, including related interpretations, in accordance with IAS 18 “Revenue” and IAS 11 “Construction Contracts”. Consequently, revenues shall be recognized, when the customer obtains control over the agreed goods and services and can derive benefits from these. Revenues are recognized in the amount of the consideration that the company will presumably receive. The new standard provides a five-step process, in which the volume of sales and the time or the period of revenue recognition can be determined. The model is as follows: Identification of the customer contract, identification of the individual performance obligations, determination of the transaction price, allocation of the transaction price to the separate contractual obligations, and the realization of revenue when individual contractual obligations are fulfilled.

At Axel Springer, IFRS 15 has an impact particularly on contracts that can give rise to a new classification, whether a principal or agent activity exists. Under consideration of the newly introduced control principle as well as the modified indicators, the contractual relationships of our business model in the area of Performance Marketing are to be accounted for as agent relationships. This change reduced both the revenues of the Performance Marketing subsegment and the cost of materials. Correspondingly sales revenues and cost of materials in the comparative period were adjusted by € 220.8 million. Our Group performance figures adjusted EBITDA and adjusted EBIT, as well as the balance sheet disclosure are not affected. The adjusted EBITDA margin of the Group as well as of the Marketing Media segment increased accordingly.

In addition, IFRS 15 leads to an adjustment in offerings with more than one performance components (“bundle offerings”) to the extent that in general the transaction price for a bundle offer shall be allocated based on the stand-alone selling prices. In some cases, these contracts lead to an earlier recognition of revenues, since in comparison to the previously applied residual value method, a discount in the bundle offer shall not only be allocated to goods or services that have already been transferred but also to goods still to be delivered or services still to be rendered in proportion to their fair values. The retrospective application of the new standard resulted in an increase of other non-current financial assets by € 0.9 million and a corresponding adjustment in equity in the opening balance sheet as of January 1, 2017. Our Group performance figures were not significantly affected.

In the reporting year as well as in the prior year, revenues were recognized almost entirely from contracts with customers. The disaggregation of revenues is based on segment-specific categories and is disclosed in the interim management report (see p. 9 et seq.).

For further explanations, including the expected impact on the financial year 2018, please refer to our Annual Report 2017, see p. 115.

Lease accounting

As of January 1, 2018, we early adopted and applied the new lease accounting standard, IFRS 16 "Leases", for the first time using the modified retrospective method, without adjusting the comparative period. There was no impact on equity.

IFRS 16 replaces the previous standard IAS 17 "Leases" and the associated interpretations. According to IFRS 16, lessees are required to account for all leases in the form of a right-of-use asset and a corresponding lease liability. A leasing relationship exists if the fulfillment of the contract depends on the use of an identifiable asset and the customer simultaneously obtains control of this asset. At Axel Springer, the new regulations particularly affect the accounting and valuation of rental and lease contracts, which were previously classified as operating leases. These mainly comprise office spaces, leased vehicles and other leased operating and office equipment, which in principle lead to the recognition of right-of-use assets and corresponding lease liabilities.

At the beginning of the lease term ("commencement date of the lease") the lease liabilities are measured at the present value of the lease payments that are not paid yet. At Axel Springer they are disclosed under the financial liabilities. Generally, a maturity- and currency-specific incremental borrowing rate is used for discounting, as we regularly cannot determine the interest rate implicit in the lease. At the commencement date of the lease the right-of-use assets are measured at cost, which mainly amounts to the corresponding lease liabilities and lease prepayments taking into consideration any lease incentives received. They are presented within property, plant and equipment. Depreciation is carried out on a straight-line basis. The lease liability is remeasured in accordance with the effective interest method. The corresponding interest expenses are recognized in the financial result.

Lease payments regarding lease contracts with a total duration of a maximum of twelve months, and leases of so-called low-value assets (fair value of up to USD 5,000) are accounted for using a simplified method and recognized as other operating expense over the lease term.

As of January 1, 2018, the first-time adoption of IFRS 16 had the following effects on the consolidated financial statements based on the existing leases (without considering the lease contracts for renting the Axel-Springer-Passage and the Axel-Springer-Hochhaus (main building) with the commencement of the leases as of January 1, 2018; for further remarks see "real estate transactions"): For the first time, right-of-use assets amounting to € 199.5 million and net-debt-raising lease liabilities of € 216.1 million were recognized. The difference of € 16.6 million resulted from provisions and liabilities in accordance with the previous lease accounting as of December 31, 2017, which were offset to the recognized right-of-use assets. The recognition of depreciation of right-of-use assets and effects of compounding the lease liabilities, instead of lease expenses recognized as operating expenses, increased the adjusted Group EBITDA in the reporting period by € 22.9 million. There were no significant impacts on the adjusted Group EBIT and net income. The free cash flow increased by € 23.2 million due to the recognition of lease payments in the cash flow from financing activities.

For further explanations, including the expected impact on the financial year 2018, please refer to our Annual Report 2017, see p. 115 et seq.

Financial instruments

As of January 1, 2018, we applied the new accounting standard, IFRS 9 “Financial Instruments”, for the first time and recognized the cumulative effect directly in equity at the date of initial application, without adjusting the comparative period.

IFRS 9 provides a standardized approach for classification and measurement of financial assets and liabilities which is primarily based on the company's business model and the cash flows of the financial instrument. Furthermore, IFRS 9 contains a new impairment model which also demands the recording of expected losses in addition to incurred losses. Finally, IFRS 9 also contains new guidelines for the use of hedge accounting, targeted particularly at better illustration of the risk management activities of a company and the monitoring of non-financial risks.

As of January 1, 2018, the initial application of IFRS 9 changed the classification and valuation of financial assets as well as the accounting for financial liabilities only to an insignificant extent. Investments classified as available-for-sale on December 31, 2017, which are not consolidated or not included in the consolidated financial statements using the equity method (€ 163.9 million), have been reclassified as financial assets at fair value through profit or loss at initial application. The corresponding fair value adjustments (€ 8.0 million) recorded in accumulated other comprehensive income at the prior year balance sheet date were reclassified into accumulated retained earnings.

For trade receivables, contract assets in accordance with IFRS 15, as well as receivables from lease contracts in accordance with IFRS 16, we apply the simplified approach for the determination of impairments. Thus, a risk provision shall be recorded amounting to the credit losses, which are expected throughout the entire term of the related asset. This is measured based on historical credit losses and forward-looking information. To calculate the risk provision for trade receivables, credit default rates for various overdues are determined with the support of impairment matrices, separately for each business model and geographical region. As of January 1, 2018, the initial application of the new impairment model led to a decrease of the recorded impairments by € 3.4 million. The equity was adjusted accordingly.

For further explanations, including the expected impact on the financial year 2018, please refer to our Annual Report 2017, see p. 114 et seq.

Companies included in the consolidated financial statements

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

	06/30/2018	12/31/2017
Fully consolidated companies		
Germany	89	88
Other countries	126	136
Investments accounted for using the equity method		
Germany	7	7
Other countries	7	6

Essentially, the following major changes occurred in the reporting period:

At the beginning of February, we have finalized the acquisition of 100 % of the shares in Concept Multimédia SAS, Aix-en-Provence/Paris, France. The company has been fully consolidated since then.

At the end of April, we have acquired 11.5 % of the shares in Purplebricks Group plc, Shirley, United Kingdom, and included the company in our consolidated financial statements by using the equity method since then.

At the end of April, the disposal of 78.31 % of the shares in AUFEMININ SA, Paris, France, and its 18 fully consolidated subsidiaries was completed.

At the beginning of May, we have finalized the acquisition of 100 % of the shares in Universum Communications Sweden AB, Stockholm, Sweden. Universum Communications Sweden AB and its nine foreign subsidiaries are fully consolidated since then.

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

Acquisitions and divestitures

At the beginning of February 2018, we have acquired and fully consolidated 100 % of the shares in **Concept Multimédia SAS**, Aix-en-Provence/Paris, France, via Axel Springer Digital Classifieds France. Under its core brand Logic-Immo, Concept Multimédia particularly operates a real estate portal in France and additionally further online portals for the brokering of luxury and newly-built properties.

The preliminary acquisition costs – taking into account purchase price adjustments on the basis of net debt and net working capital – amounted to € 95.3 million and comprised of the purchase price paid in 2018. The acquisition-related expenses recorded in other operating expenses thus far amounted to € 1.2 million and were adjusted as a non-recurring item.

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	55.4
Property, plant and equipment	0.7
Non-current financial assets	1.8
Trade receivables	9.1
Other assets	2.4
Cash and cash equivalents	2.5
Trade payables	–7.2
Provisions and other liabilities	–12.6
Deferred tax liabilities	–13.9
Net assets	**38.3**
Acquisition cost (preliminary)	95.3
Goodwill (preliminary)	**57.1**

The purchase price allocation considers all knowledge and adjusting events about conditions that already existed on the acquisition date, and has not yet been 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 € 37.9 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 as well as strategic advantages from the company's leading market position and digital reach and has been assigned to the Classifieds Media segment.

The gross amount of the acquired trade receivables was € 10.5 million. Corresponding valuation allowances of € 1.3 million were recorded.

Since initial consolidation at the beginning of February 2018 Concept Multimédia has contributed to consolidated revenues in the amount of € 31.7 million and to consolidated net income in the amount of € 1.8 million. If Concept Multimédia had already been fully consolidated on January 1, 2018, the company would have contributed to consolidated revenues 2018 in the amount of € 37.2 million and to consolidated net income 2018 in the amount of € 2.0 million.

At the beginning of May 2018, we have acquired and fully consolidated 100 % of the shares in **Universum Communications Sweden AB**, Stockholm, Sweden, and its subsidiaries via StepStone GmbH, a company of the StepStone Group belonging to Axel Springer. The Universum Group is one of the world's leading employer branding specialists and assists companies in analyzing, defining, developing and communicating their own employer brand.

The preliminary acquisition amounted to € 41.0 million and comprised of the purchase price paid in 2018 in the amount of € 37.9 million (including a purchase price adjustment and an earn-out payment for earnings targets 2017) and the repayment of a loan assumed from the acquired company totaling € 3.0 million. Furthermore, additional earn-outs were stipulated. The values of these earn-outs are dependent upon future EBIT targets and could increase the acquisition costs by a maximum amount of SEK 75 million (currently approximately € 7.2 million). The acquisition-related expenses recorded in other operating expenses thus far amounted to € 0.3 million and were adjusted as a non-recurring item.

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	25.1
Trade receivables	6.1
Other assets	3.0
Cash and cash equivalents	1.5
Provisions and other liabilities	–12.5
Deferred tax liabilities	–5.2
Net assets	**18.1**
Acquisition cost (preliminary)	41.0
Goodwill (preliminary)	**22.9**

The purchase price allocation considers all knowledge and adjusting events about conditions that already existed on the acquisition date, and has not yet been 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 € 16.6 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 as well as strategic advantages from the company's leading market position and digital reach and has been assigned to the Classifieds Media segment.

The gross amount of the acquired trade receivables was € 6.1 million. Corresponding valuation allowances of € 0.0 million were recorded.

Since initial consolidation at the beginning of May 2018 Universum Group has contributed to consolidated revenues in the amount of € 6.7 million and to consolidated net income in the amount of € 1.2 million. If Universum Group had already been fully consolidated on January 1, 2018, consolidated revenues 2018 would have changed by € 11.5 million and consolidated net income 2018 by € – 1.8 million.

At the end of April 2018, Axel Springer has purchased 11.5 % of the shares in **Purplebricks Group plc**, Shirley, United Kingdom, in the course of a capital increase and by acquiring existing shares of shareholders for a total purchase price of € 143.2 million. The company has been accounted for using the equity method due to contractual rights and specific rights arising from the articles of association granted to Axel Springer. In July, Axel Springer has acquired further shares for a total value of € 10.4 million and increased its stake to approximately € 12.5 %. Purplebricks was established in April 2014 in the United Kingdom and operates with purplebricks.co.uk a transaction-based digital real estate platform. The company is also active in Australia and in the USA. Since December 2015, Purplebricks is listed on the London Stock Exchange.

At the end of April 2018, we have completely disposed of our fully consolidated shares (78.31 %) in **AUFEMININ SA**, Paris, France, and all of the subsidiaries of the aufeminin Group for a total price of € 291.5 million. The gain on disposal in the amount of € 49.4 million was recorded in other operating income, attributed to the Marketing 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 € 2.5 million. In the course of the disposal, non-controlling interests totaling € 44.5 million were also derecognized. Within the transaction process, disposal-related costs in the amount of € 7.0 million were recognized in other operating expenses and adjusted as a non-recurring item. The carrying amounts of the assets and liabilities disposed of were as follows:

€ millions	Carrying amount
Goodwill	162.9
Intangible assets	64.4
Property, plant and equipment, and non-current financial assets	9.8
Trade receivables	19.6
Other assets	20.4
Cash and cash equivalents	72.0
Assets related to investments held for sale	23.6
Trade payables	−12.2
Financial liabilities	−7.4
Provisions and other liabilities	−48.4
Deferred tax liabilities	−15.2
Liabilities related to investments held for sale	−5.3
Disposal net assets	**284.2**
Share of non-controlling interests in net assets	−44.5
Cumulative translation differences	−2.5
Selling price	291.5
Gain on disposal	**49.4**

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.

Assets held for sale

In November 2017, the sale of the newspaper and magazine portfolio including the associated online offers of **RAS Slovakia** (News Media segment) was contracted. The disposal is expected after authorization by the local authorities at the end of July 2018.

As of June 30, 2018, assets held for sale and the related liabilities of RAS Slovakia broke down as follows:

€ millions	Carrying amount
Goodwill	19.4
Other intangible assets	49.8
Trade receivables	6.0
Other assets	1.7
Cash and cash equivalents	0.0
Assets held for sale	**76.8**
Trade payables	1.4
Other liabilities and provisions	1.3
Deferred tax liabilities	10.4
Liabilities related to assets held for sale	**13.1**

As of the reporting date, the proportion of non-controlling interests in the net assets amounted to € 5.4 million.

Real estate transactions

On January 1, 2018, the Axel-Springer high-rise (main building) in Berlin was transferred with a fair value of € 156.0 million for the formation of plan assets to Axel Springer Pensionstreuhand e.V., Berlin, ("association") on a fiduciary basis. In return, the association made a payment in the amount of € 15.6 million, so that the plan assets increased in total by € 140.4 million. For further use of the building by Axel Springer, a rental contract with a duration of 30 years and an initial annual rent in the amount of € 5.9 million was concluded with the association. The disposal and leaseback were to be reported as a so-called sale-and-leaseback transaction. Consequently, the remaining carrying amount of the building as of January 1, 2018 (€ 27.0 million) in the amount of € 19.7 million was to be carried forward as a new right-of-use asset and derecognized in the amount of € 7.3 million. On the basis of the future rent payments, a leasing liability in the amount of € 113.8 was recognized as of January 1, 2018. In total, the transaction resulted in income of € 34.9 million in the fiscal year 2018 which was adjusted as a non-recurring item.

At the end of 2017, the sale of the Axel-Springer-Passage in Berlin was completed (for further details see Annual Report 2017, p. 121). Since January 1, 2018, Axel Springer uses the main part of the Axel-Springer-Passage as a tenant until the end of 2020 with an initial annual rent of € 10.9 million. Based on future lease payments, a right-of-use asset in the amount of € 41.5 million, a lease receivable from subletting leased spaces in the amount of € 6.4 million, and a lease liability in the amount of € 49.4 million were recognized. Furthermore, a provision recognized in connection with the lease contract was offset against the right-of-use asset.

Relationships with related companies

From January to June 2018, Axel Springer supplied goods and services to related companies in the value of € 2.9 million (PY: € 10.5 million). The goods and services received from related companies during the reporting period had a total value of € 5.6 million (PY: € 9.1 million).

In general, the transactions giving rise to the goods and services received and supplied were in line with the scope of business dealings described in the consolidated financial statements as of December 31, 2017.

Other disclosures

In the reporting period, Axel Springer SE distributed an amount of € 215.8 million (PY: € 205.0 million) or € 2.00 (PY: € 1.90) per qualifying share for the previous reporting year.

As part of the merger of the Immowelt and Immonet group in June 2015, non-controlling shareholders were granted put options for more than 35 % of non-controlling interests at a fixed option price until the second quarter of 2018, which do not grant present ownership interests. The resulting obligation was recognized without effects on income, solely decreasing equity, in 2015. The option rights expired in the second quarter of 2018 due to non-exercise. As a result, the accounted liability (€ 159.8 million) was completely derecognized without effects on income, solely increasing equity.

In May 2018, we adjusted the financing conditions for our credit facilities and, in this context, improved the average interest rate, prolonged the maturity and increased the financing volume. Thus, we are able to utilize long-term credit facilities in the amount of € 1,500.0 million (previously € 1,200.0 million), the drawdown of which will be due for repayment in July 2023 (previously July 2020). In addition, there are promissory notes totaling € 808.5 million as at June 30, 2018 (December 31, 2017: € 879.0 million).

The following table provides an overview of assets and liabilities recognized at fair value. Other financial assets and liabilities were measured at amortized cost. With the exception of the fixed-interest promissory notes disclosed in the financial liabilities, the carrying amounts were equal to their fair values; at a carrying amount of € 723.7 million the fair value of these financial liabilities amounted to € 730.1 million (December 31, 2017: carrying amount: € 793.3 million, fair value: € 804.1 million).

€ millions	06/30/2018 Fair value based on market price (level 1)	06/30/2018 Fair value based on observable market data (level 2)	06/30/2018 Fair value not based on observable input factors (level 3)	12/31/2017 Fair value based on market price (level 1)	12/31/2017 Fair value based on observable market data (level 2)	12/31/2017 Fair value not based on observable input factors (level 3)
Other non-current investments and securities			109.8			103.7
Derivatives not designated as a hedging instrument (positive fair value)		0.2				155.3
Derivatives designated as a hedging instrument (negative fair value)		0.3			0.4	
Contingent consideration			67.1			80.6

The development of other non-current investments and securities related besides additions of € 4.0 million to fair value changes of € 2.0 million (PY: € 0.0 million) recognized in other investment income.

In May 2018 the contractually agreed put options for our remaining shares of around 7 % in Doğan TV Holding AS, Istanbul, Turkey, were exercised for a total price of € 160.0 million. Until the disposal, these put options have been disclosed within the balance sheet item financial assets. From the valuation of these put options, income of € 3.8 million (PY: € 6.6 million) was recognized in the financial result in the reporting period until the disposal date.

The fair value of obligations from contingent consideration – which is premised on non-observable parameters – amounted to € 67.1 million (December 31, 2017: € 80.6 million) and was recognized within the balance sheet item other liabilities. In the reporting period, payments of € 15.1 million were made as a result of exercised put options. In the course of the revaluation and compounding, total expenses and income in the amount of € – 0.7 million (PY: € – 2.0 million) were recognized in other operating income or other operating expenses and € – 0.2 million (PY: € – 0.3 million) were recognized in the financial result. In the reporting period, other operating expenses of € 4.0 million were recognized for obligations from contingent consideration assigned to assets held for sale. 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 31 %. A decrease of the relevant earnings measures by 10 % would result in a reduction of approximately 3 %.

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, 2018 to June 30, 2018, 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, July 26, 2018

Ludwig	Mielke
Wirtschaftsprüfer	Wirtschaftsprüferin

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, July 26, 2018

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, 2018 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 Management Board. These documents were discussed by the Audit Committee of the Supervisory Board with the Management 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 July 2018

Lothar Lanz
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 2018

Annual Report 2017 Annual results press conference, telephone conference for investors and analysts, audio webcast	March 8, 2018
Annual General Meeting Video webcast of the speech of the CEO	April 18, 2018
Quarterly Statement as of March 31, 2018 Telephone conference, audio webcast	May 8, 2018
Interim Financial Report as of June 30, 2018 Telephone conference, audio webcast	July 27, 2018
Quarterly Statement as of September 30, 2018 Telephone conference, audio webcast	November 7, 2018
Capital Markets Day Video webcast	December 12, 2018

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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.