

General Atlantic Sells Half of Axel Springer Digital Classifieds Stake

Adapted from Axel Springer German press release

December 8, 2014

Axel Springer increases its share in the online classified ads business from 70 per cent to 85 per cent with the option to purchase the remaining 15 per cent. If the option is exercised, General Atlantic is to receive Axel Springer shares as consideration. Change of the legal form of Axel Springer SE to a KGaA (partnership limited by shares) is being prepared.

Axel Springer and global growth investor General Atlantic have reached a binding agreement on increasing Axel Springer's share in Axel Springer Digital Classifieds GmbH from 70 per cent to 85 per cent with the option to purchase the remaining 15 per cent share.

Axel Springer Digital Classifieds GmbH is a strategic partnership in which Axel Springer SE currently holds a participation of 70 per cent and General Atlantic currently holds a participation of 30 per cent. In the first nine months of the 2014 financial year, the online classified ads activities which are bundled in Axel Springer Digital Classifieds GmbH generated revenues of EUR 357.1 million (py: EUR 296.4 million) and EBITDA of EUR 160.2 million (py: EUR 119.1 million).

According to the agreement with General Atlantic, which was approved by the supervisory board of Axel Springer SE today, Axel Springer will initially acquire a 15 per cent share in Axel Springer Digital Classifieds GmbH against payment of a purchase price in cash of EUR 446 million.

For the remaining share of 15 per cent, Axel Springer has been granted a purchase option. In the event that the option is exercised, General Atlantic is to receive shares in Axel Springer as consideration. The number of shares will be calculated on the basis of the enterprise values to be determined in accordance with the IDW S1 valuation standard. In order to be able to grant Axel Springer shares in the event that the option is exercised, authorised capital is to be created in the annual shareholders' meeting. This resolution requires a qualified majority of the represented share capital. Axel Springer Gesellschaft für Publizistik GmbH & Co., the majority shareholder of Axel Springer SE, expressed its support for this measure to the company.

If it is not possible to grant Axel Springer shares, Axel Springer may acquire the remaining share of 15 per cent against payment of an additional purchase price in the amount of EUR 446 million plus interest.

The executive board and the supervisory board of Axel Springer SE have also decided to initiate a change of the legal form of Axel Springer SE to a partnership limited by shares (Kommanditgesellschaft auf Aktien - KGaA).

The proposed change aims to provide Axel Springer with more flexibility in financing future growth. The legal form of a partnership limited by shares will provide the basis required to retain the commercial influence of Axel Springer Gesellschaft für Publizistik GmbH & Co., also in connection with a capital increase. The details regarding the structure of the partnership limited by shares are yet to be determined. A final decision on the change of legal form will be taken by the executive board and the supervisory board only after completion of the tax and legal assessments which are yet to be carried out.

Mathias Döpfner, CEO of Axel Springer SE: "Digitization offers Axel Springer attractive opportunities for growth of which many have not been exploited to date. By changing the legal form to a partnership limited by shares, we will be able to raise additional capital and to promote further and accelerated growth of the company. I am very happy that General Atlantic will stay committed as investor of Axel Springer and that, in the future, the successful online classified ads business will again be a wholly-owned part of Axel Springer."

“We have been delighted with our partnership with Axel Springer as it continues to transform itself into a leading global digital media company”, says Bill Ford, CEO of General Atlantic. “Axel Springer Digital Classifieds has become a leader in the digital classifieds space and we are proud of its growth and development. We look forward to becoming a shareholder of Axel Springer and to continuing our partnership.”

If the assessments with the desired results and the preparations have been successfully completed in due time, the executive board and the supervisory board intend to propose the change of legal form to the next annual shareholders’ meeting for resolution.

About Axel Springer Digital Classifieds

Axel Springer Digital Classifieds GmbH is a strategic partnership in which Axel Springer SE currently holds a participation of 70 per cent and General Atlantic currently holds a participation of 30 per cent. When taking up business in spring 2012, the partnership comprised the leading French real estate portal SeLoger, the German real estate portal Immonet and the European jobs portal StepStone. The objective of the strategic partnership was to create excellent opportunities for accelerated growth and to permit the implementation of further internationalisation steps by bundling the business activities into a company with a sound capital basis. To this end, the portfolio has been continuously enlarged over the last years and expanded to include online jobs portals like Totaljobs, Saongroup, YourCareerGroup and Jobsite, real estate portals like Immoweb, the regional portal meinestadt.de, the car classifieds portal LaCentrale and the leading Israeli classifieds portal yad2. Almost all classified ad portals included in Axel Springer Digital Classifieds’ portfolio are market-leading portals in their respective segment.

About General Atlantic

General Atlantic is a leading global growth equity firm providing capital and strategic support for growth companies. General Atlantic combines a collaborative global approach, sector specific expertise, long-term investment horizon, and a deep understanding of growth drivers to partner with great management and build exceptional businesses worldwide. Established in 1980, General Atlantic has approximately USD 20 billion in assets under management and more than 95 investment professionals based in New York, Greenwich, Palo Alto, Sao Paulo, London, Munich, Amsterdam, Beijing, Hong Kong, Mumbai, and Singapore. More information online at www.generalatlantic.com