

## Axel Springer says net profit up in Q1

FRANKFURT, GERMANY: German media giant Axel Springer said on Tuesday its first-quarter business was boosted by major growth in digital media, even if the cost of expansion in the area was a drag on earnings.



"Our performance in the first quarter of 2013 was boosted by the significant revenue and earnings growth in our digital media," Axel Springer said.

The division is now the group's biggest source of revenue and profit, pushing overall group revenues up by 1.8 percent to 803.6 million euros (\$1.05 billion) in the period from January to March and net profit up 5.6 percent to 72.3 million euros.

However, underlying profit, earnings before interest, tax, depreciation and amortisation (EBITDA), fell 3.0 percent to 132.4 million euros. Axel said the decline was due to "heightened investments in the accelerated digitisation of the group and the decrease in print media revenues, due to market conditions".

Chief executive, Mathias Doepfner, said the strong performance in the digital media division "confirms to us that accelerating the digital transformation of Axel Springer is the right course".

"Against the background of the accelerated digitisation strategy announced in early March 2013, the executive board reaffirms its expectations for the full year," the company said.

As announced previously, Axel Springer warned that full-year earnings "will be weighed down by heightened investments in the digitisation of our business and by structural adjustments in the print business."

In March, it had said that it is pencilling in "a low single-digit percentage increase in total revenues, assuming that the structurally declining trends of the print business do not worsen considerably."

And with higher spending needed to finance the expansion of its digital business and "significant expense for structural adjustments in the print business", the group was forecasting a single-digit percentage decrease in group EBITDA for the year.