Capital Return Q&A

26 March 2020

Scout24

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Quarterly figures are unaudited. All numbers regarding the 2019 segment structure are unaudited and preliminary only, if not otherwise stated.

Capital Return Q&A
Process

1. Why does it take so long to return cash ?

- Our share buyback will occur as soon as reasonably practical thereafter and will best cope with current market volatilities when continuing as long as possible prior to the AGM 2021.
- It will be complemented by a dividend, in line with communicated dividend policy.
- A large share buyback at the beginning of 2021, offering all shareholders an effective choice to disinvest or remain, completes the currently contemplated measures.
- Overall, it is a package of fast, effective and reliable measures while complying with mandatory rules and focusing on our business going forward.

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Capital Return Q&A
Process

2. Did you consider a shortened financial year?

- Such measure would presuppose that tax authorities, the AGM 2020 and the involved commercial registers approve the shortening of the fiscal year(s) of Scout24AG and/or Scout24 Beteiligungs SE, which cannot be reliably foreseen.
- The measure could be potentially blocked in case of litigation without having the benefit of a release procedure (Freigabeverfahren).
- The mere shortening of the financial year would not suffice; additional measures would need to be resolved by the AGM 2020 which again need to be registered and can be subject to litigation in such case even endangering the subsequent large redemption share buyback.
- There are technical restrictions resulting from the tax contribution account hindering the distribution of capital exceeding a certain amount in FY 2020.

3. Why did you not negotiate with the financial authorities?

Re shortened financial year:

- A shortened financial year would only make sense in combination with an additional share buyback in FY 2020 post AGM 2020.
- Given all aforementioned uncertainties and litigation risks, there is a low probability of any timing advantage even if we come to a conclusion with the competent tax authorities.

Re tax contribution account:

- Scout24 (on an anonymous basis through advisors) approached the relevant tax authorities: the relevant rules related to tax contribution accounts regarding the sequence of distributions comprising dividend but also share buybacks need to be diligently complied with.
- There was also no reliable solution by other means which we have diligently analysed nor any precedent.

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Capital Return Q&A
Process

4. How do the current (financial) market conditions affect your proposed path and our returns?

- Scout24 has invested a lot of thoughts how to quickly, reliably and efficiently, also tax efficiently, distribute the cash proceeds from the AutoScout24 sale.
- We started to consider potential ways to distribute the proceeds from the sale even before signing the AutoScout24 deal in order to cater for the best possible capital return package for our shareholders.
- When concluding our thoughts we have certainly also taken into account the challenging financial and other market effects.
- One result of such consideration is that we have decided to offer a share buyback as open market purchase and not by means of a tender in order to better cater for market volatility and to lesser affect the stock price.
- Moreover, the various measures comprise a sensible and reliable way to fast and steadily provide our shareholders with cash distribution while offering a choice to those who want to disinvest or remain in our stock.
- A dividend at the upper end of our dividend policy warrants a reliable source of income.

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Capital Return Q&A
Dividend

5. Why do you only pay a dividend of €94m and not a super dividend in one big move or even two tranches?

- The proposed dividend amount ranges at the upper end of our dividend policy of 30%-50% payout of adjusted net income.
- Any higher dividend would reduce the quantum of proposed share buybacks.
- Share buybacks are typically preferred by most of our shareholders given the related tax benefits while reserving full optionality to divest or not.

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Capital Return Q&A
Dividend

6. Why don‘t you first pay the tax-free dividend?

- According to our in-depth analysis the combination of share buybacks and a dividend payment in line with our dividend policy is in the best interest of the company and all its stakeholders.
- This analysis took into account the current market conditions and the tax and legal restrictions of dividend payments in particular in light of the interdependencies of dividend payments and share buybacks.
- In general, a dividend payment is not "tax free" for many investors but any applicable withholding tax is withheld by the company and thus not distributed to such investors.
- If we had decided to pay a dividend making full use of the tax contribution account we would have had no further capacity for any share buyback in FY 2020 given the legal particularities of the tax contribution account.

Capital Return Q&A
Share buybacks

7. Why have you not repurchased shares during the last weeks?

- Scout24 has invested a lot of thoughts how to quickly, reliably and efficiently, also tax efficiently, distribute the cash proceeds from the AutoScout24 sale which is scheduled for end of March 2020 to its shareholders.
- Since we have not yet received the cash proceeds from the sale we are not yet in the position to distribute such proceeds.
- However, as soon as reasonably practical after receipt of these proceeds, we intend to start to distribute such cash proceeds via a share buyback through open market purchases throughout FY 2020 and as long as possible prior to the AGM 2021.

Capital Return Q&A
Share buybacks

8. How do you ensure to buy large amounts via open market, how can you accelerate?

- In the interest of the company and its shareholders the buyback will be implemented in accordance with safe harbour provisions under the Market Abuse Regulation to ensure the compliance of the company with capital market law.
- Therefore, and in accordance with the relevant Delegated Regulation (EU) 2016/1052, up to 25% of the average daily volume of the shares at the stock exchange on which the respective purchase is carried out could be acquired on any trading day.
- Based on market intelligence by the investment bank advising us, this quantum is relatively large and should ensure that we can buy back a relatively high number of shares over time without putting the stock price inadequately under pressure.

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Capital Return Q&A
Share buybacks

9. Why don‘t you offer one large tender?

- We want our shareholders to benefit as soon as possible from the successful sale while making use of our large tax contribution account in FY 2020.
- This is feasible by way of a share buyback based on the existing authorization which shall start as soon as reasonably practical after receipt of the cash proceeds.
- A dividend shall be distributed later if and when the AGM 2020 has taken a respective resolution.
- The large tender can only take place at the beginning of 2021 if and when the AGM 2020 has taken respective resolutions which then need to be registered in the commercial register.
- Moreover, the business year 2020 needs to expire first, the profit needs to be transferred from the subsidiary to the holding level of Scout24 AG and the financial statements for the FY 2020 need to be set up.

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Capital Return Q&A
Share buybacks

10. Why are you limited to a 10% premium on 3-5 days VWAP with a tender?

- The authorization by the AGM for the Management Board for a share buyback limits the premium to such amount.
- The reason for this is that there is high legal uncertainty whether or not higher premiums would be permissible under German law (even if approved by the AGM).
- Higher premiums could be to the detriment of such shareholders not willing to participate in a share buyback.
- Thus, a renewed share buyback authorization and a capital decrease share buyback would be subject to the same limit.

Make it happen!

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