

**Group Management Report  
for the Short Financial Year  
April 1, 2014 to December 31, 2014  
of  
Asa NewCo GmbH, Munich**

1	Fundamentals of the Group .....	4
1.1	Corporate structure and business lines.....	4
1.2	Organizational structure of the Group .....	5
1.3	Business model of Asa NewCo GmbH .....	6
1.4	Segments .....	7
1.5	Strategy.....	7
1.6	Management systems .....	9
1.7	Research and development.....	10
1.8	Targeted employee promotion and development.....	11
2	Economic report – Business trend and situation of the Group .....	11
2.1	Economic environment.....	11
2.2	Business trend and situation of the Group.....	14
2.2.1	Significant business transactions .....	14
2.2.2	Significant factors affecting the business performance.....	15
2.3	Net assets, financial position and results of operations of the Group .....	15
2.3.1	Results of operations.....	15
2.3.2	Financial position .....	19
2.3.3	Net assets .....	20
2.4	Significant non-financial performance indicators .....	21
2.4.1	Brand awareness .....	21
2.4.2	Employees .....	21
2.5	Overall statement regarding the results of operations, the financial position and the net assets.....	22
3	Subsequent events.....	23
4	Risks and opportunities.....	25
4.1	Risks .....	25
4.2	Overall statement on the risk situation from Company’s point of view.....	25
4.3	Risk management system, compliance management system and internal control system.....	26
4.3.1	Principles of the risk and opportunity management of the Scout24 Group .....	27
4.3.2	Organizational implementation of the risk and opportunity management .....	27
4.3.3	Significant features of the internal control and risk management system with respect to the Group accounting process.....	28
4.3.4	Risk prevention and ensuring compliance .....	28
4.4	Development of the risk assessment .....	29

4.4.1	Overall risk situation, risk clusters and risk fields .....	30
4.4.2	External risks .....	31
4.4.3	Financial risks .....	31
4.4.4	Strategic risks .....	32
4.4.5	Operational risks .....	33
4.5	Opportunities.....	33
4.5.1	Overall statement on opportunities from the viewpoint of management.....	34
4.5.2	Significant opportunities .....	34
5	Outlook.....	36
5.1	Market/industry expectations.....	37
5.2	Company expectations .....	37
5.2.1	Focus areas in the 2015 financial year .....	38
5.2.2	Outlook for the 2015 financial year .....	38
5.2.3	Overall statement of management regarding the future development .....	39

## 1 Fundamentals of the Group

The Scout24 Group – with Asa NewCo GmbH headquartered in Munich (hereinafter also “Asa NewCo” or “the Company”) as parent company – operates in Germany and other selected European countries leading online marketplaces for real estate, motor vehicles and financial services. Asa NewCo GmbH is responsible for the strategic management of the Group. Together with its direct and indirect subsidiaries, Asa NewCo forms the Scout24 Group. The commercial name of the Scout24 companies is “Scout24”.

With its digital marketplaces, Scout24 is represented in a total of eight countries and provides opportunities for the generation of small advertisements for private and commercial customers, offers additional complementary services in the area of small ads, provides online advertising spaces and also functions as a generator of business contacts (leads), also for other online platforms. In addition, the Company operates websites in 10 additional language versions.

Furthermore, the subsidiaries of Asa NewCo utilize many various additional commercial names within the Scout24 Group, which reflects its large range of services. The most well-known marketplaces of Scout24 is “ImmobilienScout24” (Immobilien Scout GmbH), “AutoScout24” (AutoScout24 GmbH) and “FinanceScout24” (Scout24 Services GmbH).

The brands JobScout24 and TravelScout24 are managed in each case by external operators under license and cooperation agreements. FriendScout24 is operated by FriendScout24 GmbH, which was sold in the reporting period and was granted a use of right to the FriendScout24 brands free of charge and for an unlimited period.

### 1.1 Corporate structure and business lines

The direct shareholders of Asa NewCo as of the closing date in the reporting period and in the prior year were in each case Asa HoldCo und die Deutsche Telekom AG, Bonn, (hereinafter also “DTAG”). As of February 12, 2014, Asa NewCo GmbH underwent a change of ownership. Asa HoldCo GmbH, Frankfurt a. M. (hereinafter also “Asa HoldCo”), whose ultimate shareholders are investment funds who are advised by group companies of Hellman & Friedman LLC (hereinafter also “H&F”) and Blackstone Group L.P. (hereinafter also “Blackstone”), took over 70 percent of the shares in the Company from DTAG. Considered to be related-party companies of Scout24 are therefore H&F, BG und DTAG, as well as all companies controlled by them or companies upon which they exercise significant influence. The acquisition of the Scout24 Group in the prior period represents a transaction with related party companies.

Under the leadership of the new owners, the vertical business lines and the product range were highly streamlined, and the Scout24 Group is now focused on the main product lines of ImmobilienScout24 and AutoScout24.

## 1.2 Organizational structure of the Group

As part of the strategic realignment of the Scout24 Group, the following changes in the organizational Group structure took place in the reporting period:

With a share purchase agreement dated May 28, 2014, all shares in the Austrian company ERESNET GmbH, Vienna, (among others, Immobilien.NET) were acquired.

All shares held in FriendScout24 were sold and transferred as of August 31, 2014, to Match.com Europe Limited with a share purchase agreement dated July 12, 2014.

With a share purchase agreement dated October 31, 2014, all shares in Flowfact AG, Cologne, (now Flowfact GmbH), including all shares in the additional companies of the Flowfact Group, were acquired.

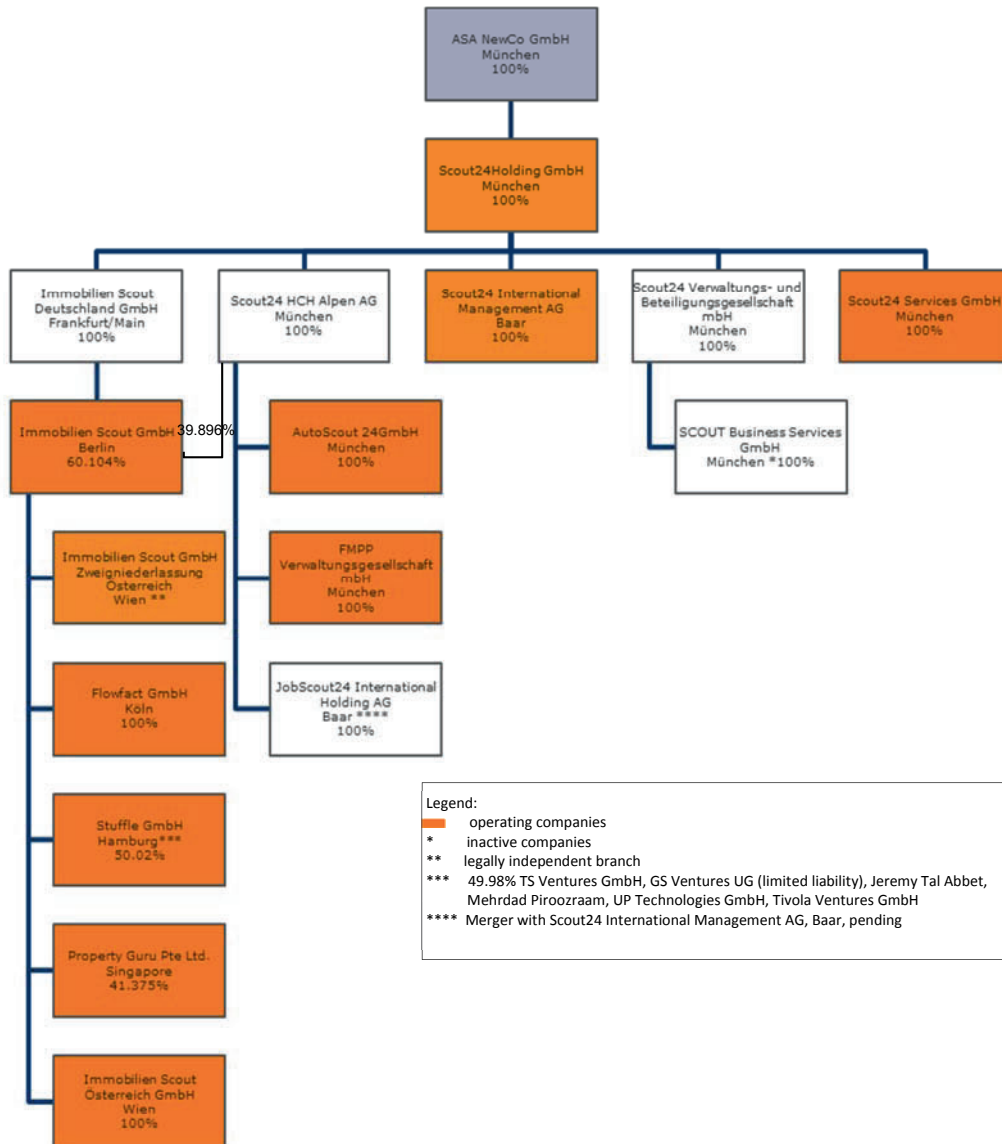
With a participation and shareholder's agreement dated November 7, 2014, a shareholding in the amount of 50.02% in Stuffle GmbH, Hamburg, was taken over.

Effective as of November 30, 2014, 100 percent of the shares held by Scout24 HCH Alpen AG, Baar, Switzerland, in JobScout24 International Holding AG, Baar, Switzerland, (hereinafter also "JS24IH") were transferred by way a of share sales agreement to Scout24 International Management AG, Baar, Switzerland (hereinafter also "S24IM"). With a merger agreement having an effective date of November 30, 2014, JS24IH was merged into S24IM.

Furthermore, the Company is converting the organizational structure of the Group from a holding structure, which presided over independently managed vertical business lines, to a fully-integrated organization. With this, the benefits of shared central functions, such as the finance, legal and personnel department, IT and business development and strategy will be fully utilized. In addition, as part of a cost savings program, the relevant expense items were subject to review.

### The significant Group companies at a glance:

Asa NewCo is directed as a management holding. The following presentation provides (in a simplified form) an overview of the direct and indirect investments of the Scout24 Group and Asa NewCo as of December 31, 2014:



### 1.3 Business model of Asa NewCo GmbH

Scout24 operates leading digital market places in Germany and other selected European countries. The core business of the Scout24 Group is formed by the digital marketplaces of ImmobilienScout24 and AutoScout24.

ImmobilienScout24 is the leading digital marketplace in the real estate area in Germany, both in terms of the number of users and their loyalty as well as the number of customers and ads. AutoScout24 is European-wide the largest online automobile market [Source: University of Duisburg-Essen / CAR, 3/18/2010]. The digital marketplaces of Scout24 help people to realize their dreams regarding real estate and automobiles, simply, efficiently and without stress.

## 1.4 Segments

The Company groups its services offered into the segments ImmobilienScout24, AutoScout24, Corporate and Other.

### ImmobilienScout24:

ImmobilienScout24 is Germany's largest online real estate advertising portal for commercial and private customers. The main advertising products enable the sale and rental of real estate. Interested customers can browse these ads free of charge. Supplementing this, customers are offered further products with additional added value. Also, the segment generates advertising revenues with third-party suppliers. ImmobilienScout24 brings together real estate providers, owners and potential tenants and buyers. Each month, approximately eight million users visit the portal [Unique Visitors; according to comScore Media Metrix]. ImmobilienScout24 achieves a Germany-wide supported brand awareness of 97 percent within the relevant target groups.

### AutoScout24

AutoScout24 is Europe-wide the largest online automobile market for commercial and private customers. Dealers and private sellers can place ads on AutoScout24 for the sale of used cars and utility vehicles. Interested customers can browse these ads free of charge. Supplementing this, customers are offered further products with additional added value. Also, the portal offers advertising products to its customers such as banner ads and products for the acquisition of prospective customers including, among others, participants in the automobile sector and in neighboring markets. In Germany, AutoScout24 enjoys supported brand awareness of 95 percent in its target group [Source: Vocatus, December 2014].

### Corporate

The operating segment "Corporate" renders so-called management services for the Scout24 companies, for example in the areas of management, finance & accounting, treasury, business intelligence & application management. In addition, online marketing services are offered both for Group companies and for external customers. Also included in this segment are license revenues from the granting of usage rights to the JobScout24 and TravelScout24 trademarks to third parties.

### Other

The revenues of the "Other" segment result in the reporting period primarily from the sale of online advertising spaces and the generation of business contacts (leads) also in the area of financial services.

## 1.5 Strategy

The corporate strategy of Scout24 is primarily aimed at organic growth. Sustainable and profitable growth is intended to be achieved through the following important strategic goals:

### Maintaining and expanding the value contribution of ImmobilienScout24 for customers

Asa NewCo strives to ensure that ImmobilienScout24 continues to be the first choice amount the online market places when customers look for a new apartment or a new house. To this end, the Company will continue to deploy its resources to further improve the leading market position of its products and its brands. The new membership model, which provides an incentive to customers to advertise their entire real estate portfolio on the ImmobilienScout24 portal, represents an important step in bundling all available real estate in Germany in the real estate marketplace of the Company. In addition to the availability of ads, a portion of the value contribution of ImmobilienScout24 is offering its customers a wide range of value-added services for their housing search. This includes especially credit checks, loan financing, relocation services and the change in utility companies. The goal is to create a central point of contact which is important for customers who desire to purchase or rent housing. The ongoing initiatives include the further development of mobile products and the use of our comprehensive data sets regarding real estate offers, in order to provide customers better information. In addition, ImmobilienScout24 search algorithms are continually optimized in order to improve the quality of the search results.

### Increasing the value added for ImmobilienScout24 customers and achieving higher revenues

Maintaining the leading position of ImmobilienScout24, as measured by the reach of users and user attractiveness [Source: comScore, 2014 (excluding mobile data traffic)], is the basis for the Company's remaining in the position to provide its commercial and private customers the most efficient solution for the generation of leads. Also in the future, we want to remain the online real estate advertising portal with highest number of user accesses and activities. Furthermore, we want to ensure that products are available for ImmobilienScout24 customers that set their ads apart from others and highlights them.

Under the new membership model, the commercial real estate providers have the possibility to increase the number of their ads with better visibility for a fee and to purchase additional "on-top" products ("OTP"). The Company considers this membership-based model to be an attractive offering for its customers, which serves to further strengthen and expand the ad volume and to reduce the risk of customer losses or a downgrading of the placed package sizes of the previous business model.

The Company is also continuing to work on using its data bases to offer its customers further market analyses and information, for example, in the areas of real estate appraisal, demand and market analyses and other data-based services.

While we continue to grow the value which we offer customers, we can adapt our prices to the increased value added and increase the revenues from our services in order to raise the overall potential that our services contain.



#### Increasing the value added and the performance of AutoScout24

With respect to AutoScout24, the Company is implementing a similar strategic concept as in the case of ImmobilienScout24, in order to optimize the user friendliness and to further increase the user number and activities. We want to achieve this in such a manner that we will offer commercial and private sellers of autos a cost-effective advertising portal and utilize the effects of the upward spiral or our marketplace model. We will generate revenues from the value contribution which we are providing to customers.

#### Continuation of transformation of our company into an industry-leading online marketplace provider

We anticipate that through the transformation from a holding structure, which presided over individually managed business lines, into a fully-integrated organization with common central functions, we will be in the position to utilize synergies and achieve economies of scale which will optimize our cost basis.

Our strategy for future acquisitions foresees the carrying out of targeted smaller acquisitions along the value-added chain, which will strengthen our market position and will provide us with better access to neighboring revenue sources. In addition, we want to utilize our marketing resources more efficiently than in the past, which will be made possible through positive transfer effects within the Scout24 Group and resulting from the formerly high share of brand marketing (compared to performance marketing).

### **1.6 Management systems**

In line with our strategy, we have designed our management system and defined appropriate performance indicators. We differentiate between financial and non-financial performance indicators, with which we make our success in implementing our strategy measurable.

An important part of our internal management system represents our detailed monthly reporting, which contains a consolidated income statement, a consolidated balance sheet, a cash flow statement and the monthly results of our core businesses. Furthermore, in weekly-held meetings of our Executive Leadership Team (ELT), the current business performance as well as forecasts for the following weeks regarding the development of the financial and non-financial performance indicators are considered. Based on these reports, we carry out plan/actual comparisons and in the event of variations we implement further analyses or appropriate corrective measures.

These reports are supplemented by regular long-term forecasts regarding the business performance as well as by a budget and strategic planning process which takes place annually.

Both the current earnings situation and the forecasts are presented to our advisory board in quarterly meetings and monthly telephone conferences.

### Performance indicators

Our focus lies on sustainable and profitable growth, as well as sustainably increasing our company value. Consequently, revenues, EBITDA and ordinary operating EBITDA are our most important performance indicators. These are supplemented by investments in property, plant and equipment and intangible assets ("CAPEX").

Selected performance indicators [in EUR million/in %]	4/1/2014 - 12/31/2014	11/8/2013 - 3/31/2014
Revenues	262.9	45.2
EBITDA	58.6	-9.2
Ordinary operating EBITDA	115.2	18.5
CAPEX	12.2	0.5

## **1.7 Research and development**

A substantial part of the product development is decentralized, so that the companies can access the resources of the Group. Development expenses are capitalized in the companies and subsidiaries as internally-generated intangible assets; research expenses are recognized in the income statement.

ImmobilienScout24, on the one hand, emphasizes classic innovation from within (product development). In order to promote innovation in a targeted manner, the entire product development of ImmobilienScout24 is subject to the Scrum process. Interdisciplinary teams utilizing timing and processes which are not bound by established structures, enable greater freedom and own initiative in the product development. On the other hand, targeted impulses from "outside" are also initiated: through a number of measures, ImmobilienScout24 created the conditions in order to exploit the creativity of the collaborative Web 3.0 culture through open invitations.

In its core business, ImmobilienScout24 constantly develops new products for the needs of its private and commercial customers. During the search process and in connection with their decision making, individuals and companies performing searches are supported to greatest extent possible with products and services. For example, the product *Fahrzeitsuche* [driving time search] came into existence in 2014. New developments are subject to user tests on a timely basis. Every week, for purposes of market research, users are in our own UX ("User Experience") research lab, who critically test the portal and new functions. Their experience flows, in turn, into the product optimization.

Having grown large as classic desktop-internet company, due to a stringent mobile-first strategy, more than 60% of the total traffic occurs via mobile channels. The mobile person increasingly searches while underway. Smartphones and tablets are more and more replacing the home desktop PC. The apps of the Company have so far been downloaded 10 million times. The digital search for

real estate is thus becoming a permanent companion in the everyday lives of people. Further new device classes will be added, such as smart watches or internet-capable TV sets. The Company is dedicated to bringing its services as quickly as possible to all relevant digital devices. Accordingly, ImmobilienScout24, as the first real estate portal worldwide, together with the Fraunhofer Institute, developed an application for smart TV devices at the end of 2014. [Source: ImmobilienScout24 KPI-Master, Company information]

## 1.8 Targeted employee promotion and development

The Scout24 Group is continually growing. As a result, for both new applicants and existing employees there are constantly opportunities for professional and personal further development.

A central aspect of the personnel development is an individual training and seminar offering, which includes both numerous external learning opportunities and also internal workshops. Leaders of the teams convey the perspectives which these measures provide in our regular employee performance reviews. Special focus is placed in this connection on the expansion of the respective areas of responsibility of the employees as well as the training of managers. Together with highly qualified trainers, the seminars offered are custom-tailored to the needs of the Scout24 Group.

Scout24 promotes young talent with diverse offerings for internships, Master's and Bachelor's degree programs and training professions. In addition, AutoScout24 and ImmobilienScout24 carry the FairCompany seal.

For the workplace culture, ImmobilienScout24 was honored with various awards, especially in connection with the prestigious competition "Germany's Best Employer 2014" of Great Place to Work. Germany-wide, ImmobilienScout24 achieved fourth place in its size category; also in the ITK industry competition and in the regional rankings, a very good placement was achieved. For the first time, ImmobilienScout24 was successful in 2014 in being placed under "Europe's Best Workplaces".

## 2 Economic report – Business trend and situation of the Group

### 2.1 Economic environment

The German economy, as the underlying market for the Scout24 Group, also grew in 2014; gross domestic product grew by 1.5 percent and private consumer spending rose by 1.2 percent.

[Sources: ifo Institute, December 2014, IWF, October 2014; German Federal Statistics Office, VGR - Private Consumer Spending: p.9]

Also for the online marketplaces, important conditions have developed positively in the past financial year. The spread of the internet in Germany has increased strongly in the last ten years, and the penetration rate has increased from 65 percent in 2004 to 87 percent in 2014. Alone in the past financial year, growth of 2 percent was able to be reported [Source: <http://www.internetlivestats.com/internet-users-by-country/>]. The mobile use of internet is also increasingly playing an important role in the use of online platforms. In 2014, 54 percent of Germans already used the mobile internet, compared to 40 percent in 2013. Also, the share of mobile devices has grown strongly, especially in 2014. Thus, 58 percent of the German population own a smartphone, compared to 37 in 2013. The share of notebooks/laptops has grown only slightly, by one percentage point to 59 percent in 2014. In contrast, the share of Desktop PC's declined by 2 percentage points to 48 percent. [Source: Study Initiative D21].

The advertising market was influenced by the increasing use of the internet, which has led to a shift from print to online advertising. In Germany, the portion of total advertising expenditures spent for ads in print media (newspapers and magazines) in the past 10 years declined from 65.3 (in 2004) percent to 43.0 percent (in 2014), and it is expected that this will further decline. In contrast, the share of advertising expenditures for online ads rose from 1.7 percent (in 2004) to 24.5 percent (in 2014) [Source: Study ZenithOptimedia Advertising expenditure forecast].

#### Development of the real estate market in 2014

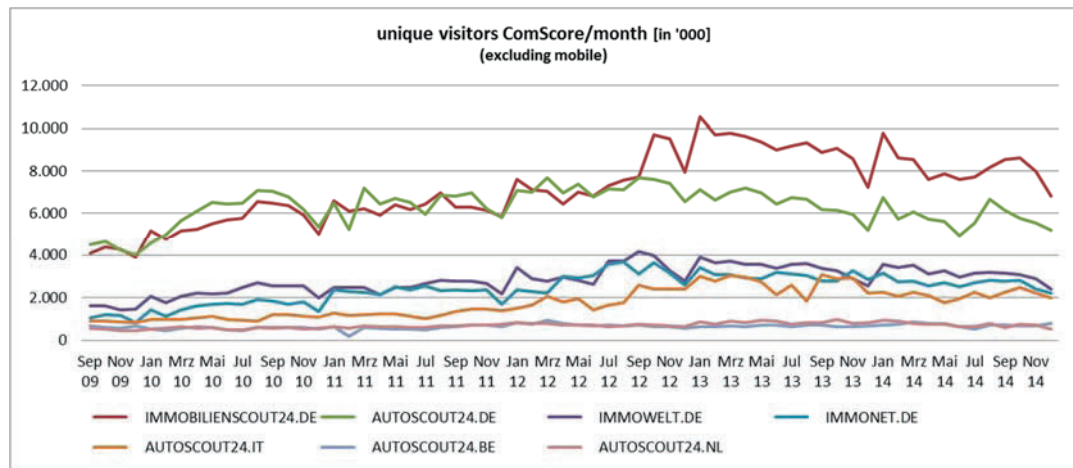
The German real estate industry (as the underlying market) boomed, and this development is continuing. The transaction volume for commercial and residential real estate in 2014 amounted to over EUR 50 billion<sup>1)</sup>. Trust in products in the insurance and banking industry is impaired – in contrast, real estate continues to be the favorite form of investment and retirement provision at the same time. This trend is being encouraged by the historically low interest rates; but also to avoid increasing rent amounts, increasingly more potential real estate buyers or tenants are deciding to purchase. Nevertheless, Germany continues to be a nation of renters. With just over 50 percent, the home ownership quota is low compared to other European countries.<sup>2)</sup>

1) <http://de.statista.com/statistik/daten/studie/172462/umfrage/transaktionsvolumen-investmentmarkt-fuer-immobilien-seit-2004/>

2) Statista: <http://de.statista.com/statistik/daten/studie/155734/umfrage/wohneigentumsquoten-in-europa/Immobilienreport-2014-ImmobilienScout24>

A characteristic of the German real estate market is its strong differentiation. While on average across the country the quoted rents have increased by approximately 15 percent since the second half of 2009, there have been more significant price increases especially in the economically strong large cities such as Munich or Hamburg, as well as in their affluent suburbs. In economically weak and rural regions, on the other hand, quoted rents for the most part are stagnating. The condominium segment is behaving similarly. All around the prospering major cities, the quoted prices have downright exploded. In the structurally weak regions of the Ruhr area or in the middle of Germany the prices have even declined slightly. Residential homes are less stable than condominiums. The largest price increases were in the holiday regions and also around the economically vibrant major cities. There, the quoted prices for homes in the housing stock increased above average. In many rural areas, homeowners had to accept losses.

Also in 2014, ImmobilienScout24 retained the first position as the most-used marketplace for residential real estate in the German-language internet. Approximately 8 million unique monthly visitors (excluding mobile) visited the ImmobilienScout24 per month in the 2014 reporting period. In contrast, the other real estate portals in Germany such as Immowelt or Immonet significantly lower numbers of visitors.



The monthly average of the individual visitors is designated as unique monthly visitors (UMV). Counted is the number of individual IP addresses, which call up our website in the respective period, regardless of how often they visit our website in this period.

Our UMV figures include only visitors to our desktop internet page, i.e. visitors to our mobile page are not counted. The source of the information on our UMV is ComScore.

#### Development of the automobile market in 2014

The number of vehicles published online on average for the year in Europe compared to the prior year's comparative period increased by two percent to approximately 7.8 million. The development of the market in individual European countries, however, shows variations. While in Germany, Austria, Belgium/Luxembourg and the Netherlands market growth was reported, in France, Italy and Spain on average for the year fewer vehicles were published online [Source: Autobiz].

In Germany, the European country with the largest online used car platforms, on average in the 2014 reporting period there were 1.9 million motor vehicles available per day, which represents an increase of 3.5% compared to the prior year's comparative period. In this market segment, AutoScout24 was able to report growth of 4.9 percent and thus decrease the lead of the main competitor [Source: Autobiz].

The number of changes in ownership in the German motor vehicle market (as the underlying market), at approximately 7 million, remained stable at the level of the prior year [Source: KBA].

## 2.2 Business trend and situation of the Group

### 2.2.1 Significant business transactions

In connection with the focusing of our product portfolio, in April 2014 we sold our shares in Spontacts GmbH to Jochen Schweizer Ventures Management GmbH, Munich. The proceeds from this transaction amounted to EUR 225 thousand.

In May 2014, we acquired 100 percent of the shares of ERESNET GmbH, Vienna, Austria, for EUR 15.7 million. ERESNET operates the leading real estate portal in Austria (immobilien.net). Together with the also already established Immobilienscout24.at, we are striving for the market leadership in Austria.

In order to further expand our competence in mobile devices, in November 2014, we purchased 50.02 percent of the shares in stuffle GmbH, Hamburg, for EUR 1.5 million.

At the end of October, we acquired 100 percent of the shares in Flowfact AG, Cologne (now Flowfact GmbH), including its subsidiaries and investments. The purchase price amounted to EUR 31.1 million. Flowfact GmbH counts among the leading customer relationship management (CRM) providers for the real estate industry in Germany and is a long-standing business partner of Immobilienscout24. With this acquisition we want to significantly strengthen our CRM expertise in order to provide our customers with even better service. We intend to utilize synergy effects and share expert know-how. Also as an Immobilienscout24 subsidiary, Flowfact GmbH will continue to operate independently in the market.

#### Discontinued operations

On February 12, 2014, Asa NewCo acquired the FriendScout24 business solely with the intention of its direct further sale, including the brand name FriendScout24 and the brand Secret.

The FriendScout24 business as well as the brand names were recognized in the prior year at their fair value less costs to sell as non-current assets held for sale and liabilities in connection with assets held for sale. The disposal group is shown in both periods as a discontinued operation in the consolidated income statement.

With a sales contract dated July 12, 2014 having economic effect as of August 31, 2014, Scout24 sold the FriendScout24 business to Match.com Europe Limited for a sales price in the amount of EUR 17.7 million and granted FriendScout24 GmbH a right of use for the FriendScout24 brand name, free of charge and without time limitation. From an economic point of view, this licensing was classified as a sale. From the sale, an effect on results arose for Scout24 in the amount of EUR 1,009 thousand. The FriendScout24 business comprised online-dating services.

## 2.2.2 Significant factors affecting the business performance

Our revenues, and as a consequence also EBITDA (profit (based on total revenues) before the financial result, income taxes, depreciation and amortization, impairment losses and the result from the sale of subsidiaries) as well as ordinary operating EBITDA (EBITDA adjusted for non-operating and special effects) were determined primarily by a stable customer base and the ability to monetize our product range. In the past, with respect to ImmobilienScout24 we have made price adjustments every two years. Since 2012, we have placed our focus on additional products ("on-top" products, "OTP", such as premium listings), and since 2013 we have successfully offered customized packages of ads in combination with additional products.

In order to further expand our market position and maximize the number of ads on our portal, in October 2014 we introduced a new pricing model for our contract customers. In connection with this membership model, our customers can advertise their entire real estate portfolio on our portal. This is connected with a certain annual usage of additional services. For a fee, our customers can increase the number of ads with better visibility and acquire additional "on-top" products ("OTP").

In our AutoScout24 segment, the number of dealer locations which hold a contract with AutoScout24 is a driver of our revenue growth and a decisive indicator of our market penetration. The increasing number of dealer locations and price adjustments in markets where our market position has allowed the establishment of new price levels in connection with our increasing value added, were also significant revenue drivers in the reporting period. The price adjustments were primarily focused on Germany, Italy, Belgium and the Netherlands.

In connection with the change in the pricing strategy regarding ImmobilienScout24, in the future we will also carry out a change in the business model for AutoScout24, which will enable a stronger focus on the marketing of "on top" products.

Our cost savings program for the increasing of further efficiencies in the Group by the focusing and bundling of activities contributed significantly in the reporting period to the increase in ordinary operating EBITDA and the ordinary operating EBITDA margin.

## 2.3 Net assets, financial position and results of operations of the Group

### 2.3.1 Results of operations

The financial year of the directly-held subsidiary Scout24 Holding GmbH comprised, similar to Asa NewCo, the period from April 1, to December 31, 2014 and is included in consolidated financial statements on the basis of its annual financial statements as of December 31, 2014. The financial years of the

subsidiaries indirectly held via Scout24 Holding GmbH, however, represent the calendar year. These subsidiaries and associates are included in each case based on interim financial statements prepared by them as of December 31, 2014 for the period from April 1, 2014 to December 31, 2014.

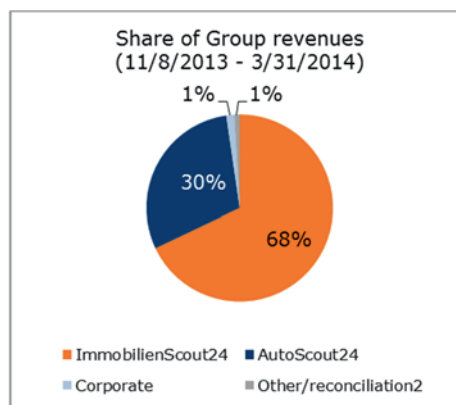
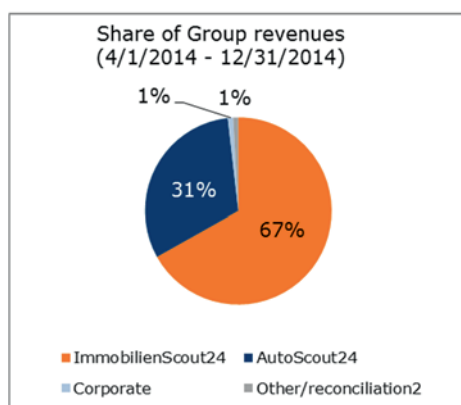
#### Development of revenues and results

##### **Revenues<sup>1</sup> by segment (in EUR million)**

	4/1/2014 - 12/31/2014	11/8/2013 - 3/31/2014
<b>Group</b>	262,9	45,2
ImmobilienScout24	175,8	30,7
AutoScout24	82,3	13,4
Corporate	2,4	0,6
Other/reconciliation <sup>2</sup>	2,3	0,4

<sup>1</sup> These pertain to revenues from external customers.

<sup>2</sup> Includes consolidation of inter-segment revenues.



**Revenues.** In the past reporting period from April 1, 2014 to December 31, 2014, the Scout Group generated Group revenues of EUR 262.9 million. The significant contribution to revenues was provided by the core segments ImmobilienScout24 with EUR 175.8 million (EUR 30.7 million in the comparative period) and AutoScout24 with EUR 82.3 million (EUR 13.4 million in the comparative period).

In the reporting period, the ImmobilienScout24 segment contributed 67 percent to revenues of the Scout24 Group, compared to 68 percent in the period from November 8, 2013 to March 31, 2014. The revenues consist primarily of revenues with real estate professionals and revenues from the private ad business.

In the reporting period, the AutoScout24 segment contributed 31 percent to revenues of the Scout24 Group, compared to 30 percent in the comparative period. The revenues consist mainly of advertising revenues from dealer locations in connection with respective contracts and the provision of advertising spaces ("AdSales revenues").



**EBITDA by segment (in EUR million)**

	4/1/2014 - 12/31/2014	11/8/2013 - 3/31/2014
<b>Group</b>	61,2	-9,2
ImmobilienScout24	89,6	16,9
AutoScout24	14,0	2,7
Corporate	-42,5	-27,2
Other/reconciliation	0,1	-1,6

**EBITDA.** Profit (based on total revenues) before the financial result, income taxes, depreciation and amortization, and impairment losses was especially affected by the sales process completed on February 12, 2014 and by the subsequent cost savings and restructuring program. As a result, an EBITDA was achieved in the reporting period in the amount of EUR 58.6 million and in the comparative period of EUR -9.2 million.

**Ordinary operating EBITDA by segment (in EUR million)**

	4/1/2014 - 12/31/2014	11/8/2013 - 3/31/2014
<b>Group</b>	115,2	18,5
ImmobilienScout24	99,0	17,3
AutoScout24	26,0	2,9
Corporate	-7,0	-1,4
Other/reconciliation	-2,8	-0,4

**Ordinary operating EBITDA margin by segment**

	4/1/2014 - 12/31/2014	11/8/2013 - 3/31/2014
<b>Group</b>	43,8%	40,9%
ImmobilienScout24	56,3%	56,5%
AutoScout24	31,6%	21,6%
Corporate	n.a.	n.a.
Other/reconciliation	n.a.	n.a.

**Ordinary operating EBITDA (ooEBITDA).** EBITDA, adjusted for non-operating and special effects, reflects the earnings strength of the Company. In the past reporting period, the Group generated an ooEBITDA from the operating business in the amount of EUR 115.2 million with an ooEBITDA margin (ooEBITDA/revenues) of 43.8 percent, compared to 40.9 percent in the comparative period.

With EUR 99.0 million and an ooEBITDA margin of 56.3 percent, ImmobilienScout24 contributed the substantial portion.

AutoScout24 achieved an ooEBITDA of EUR 26.0 million and an ooEBITDA margin of 31.6 percent.

The increase in the ooEBITDA margin at the Group level is primarily due to the success of the cost savings program and the restructuring measures with respect to AutoScout24 and Corporate. The measures taken by ImmobilienScout24 will first have an effect to their full extent in the following period due to their implementation starting in September 2014.

#### Explanation of significant expense items

The largest expense item in the Scout24 Group represents **distribution and marketing expenses**, with approximately EUR 99.8 million (as a percent of revenues: 38 percent), compared with EUR 17.9 million in the comparative period (as a percent of revenues: 40 percent). They include personnel expenses such as wages, commissions, social benefits, customer support, marketing or public relations. Also included in this item are all expenses for promotion and marketing, installation and equipment costs on a per capita basis and expenses in connection with doubtful receivables.

The **administrative expenses**, as the second largest major cost item, amount in the reporting period to EUR 80.7 million (as a percent of revenues: 30.7 percent), compared to EUR 31.2 million in the comparative period (as a percent of revenues: 69 percent). Included in the general administrative expenses are, for example, personnel expenses, such as wages, social benefits or bonuses for management, for accounting, for the personnel, finance, legal departments and other administrative departments. In addition, summarized in this item are fees for legal, tax and other consulting services performed as well as installation and equipment costs.

The previous year's amount includes acquisition-related costs recognized in profit or loss for the acquisition of the Scout24 Group of approximately EUR 21 million.

Shown under **IT and product service costs** are primarily costs for the development and the ongoing operation of IT systems and platforms. These consist of personnel expenses, including wages and social benefits for employees who are involved the design, development and testing of the websites. In the reporting period, IT and product service costs in the amount of EUR 35 million (as a percent of revenues: 13 percent) were incurred and EUR 5.9 million (as a percent of revenues: 13 percent) in the comparative period.

### 2.3.2 Financial position

#### Principles and objectives of the financial management

Corporate treasury centrally plans and manages the requirements and provision of liquid funds within the Scout Group. On the basis of a financial planning over several years and a monthly rolling liquidity planning, the Company ensures the financial flexibility and the ability to pay at all times. For the domestic companies, the cash pooling procedure is additionally utilized.

#### Capital resources and financing structure

With the takeover of the shares in Scout24 by Asa NewCo GmbH, the previously existing financial integration in DTAG was discontinued, and the existing shareholder loans were replaced by a syndicated loan agreement (Senior Facility Agreement, SFA). Asa NewCo has total credit facility in the amount of EUR 645 million as well as a revolving facility in the amount of EUR 50 million. As of December 31, 2014, EUR 645,000 thousand was utilized under the Senior Facility Agreement (SFA) (previous year: EUR 655,000) thousand. Scout 24 Holding and additional companies of the Scout24 Group have guaranteed the obligations of Asa NewCo under the loan agreement. The interest rates for the tranches are based on the EURIBOR plus an interest rate margin, which is coupled to the relationship of EBITDA to the net debt (according to the definition in the loan agreement). EBITDA within the meaning of the SFA is the ordinary operating EBITDA, plus defined pro forma additions. The covenants agreed to in the SFA were met in the reporting period.

As of December 31, 2014, the Scout24 Group is showing a Group equity ratio of 48.3 percent.

In addition to cash balances in the amount of EUR 21.4 million (March 31, 2014: EUR 32.2 million), the company has available liquidity from current account credit lines in the amount of EUR 50 million, of which EUR 44.75 million is still available. EUR 5.25 million is allocated in connection with a new side credit agreement for a revolving line for cash drawings in the maximum amount of EUR 3.75 million as well as guarantee line up to EUR 1.5 million.

As of December 31, 2014, **non-current financial liabilities** of the Scout24 Group amount to EUR 636.6 million (March 31, 2014: EUR 637.9 million). These result mainly from secured syndicated loan agreements, which originate from the change in ownership as of February 12, 2014. These credit agreements contain two fixed-term loans, one for EUR 595 million with a term until February 2021 (Facility B) and one for EUR 50 million with a term until February 2022 (Facility D).

The **current financial liabilities** amount to EUR 1.8 million (March 31, 2014: EUR 2.8 million).

During the course of the year, **net debt** of the Group increased slightly to EUR 617.0 million (March 31, 2014: EUR 608.5 million). This resulted primarily from the acquisition of the shares of Flowfact AG (now Flowfact GmbH).

Investment analysis**CAPEX by type of investment (in EUR million)**

	4/1/2014 - 12/31/2014
<b>Total</b>	12,2
Intangible assets	7,3
thereof concessions/rights/licenses (purchased)	2,2
thereof intangible assets under development	5,1
Property, plant and equipment	4,9

Our capital expenditures relate primarily to software which we either generate internally or purchase externally. Investments in property, plant and equipment relate mainly to operating and office equipment, i.e., hardware components.

## 2.3.3 Net assets

As in the case of Asa Newco, the financial year of the directly held subsidiary Scout24 Holding GmbH comprises the period from April 1, to December 31 2014 and is included in the consolidated financial statements on the basis of its annual financial statements as of December 31, 2014. The financial years of subsidiaries held indirectly via Scout24 Holding GmbH, however, represent the calendar year. These subsidiaries as well as associates are respectively included on the basis of their interim financial statements which they prepared as of December 31, 2014 for the period April 1, 2014 to December 31, 2014.

The **balance sheet total** of the Scout24 Group as of December 31, 2014 amounts to EUR 2,195.1 million (March 31, 2014: EUR 2,213.6 million).

**Non-current assets** amounted as of the reporting date to EUR 2,127.4 million and represent just under 97 percent of the total assets. They consist mainly of three items: brands in the amount of EUR 982.7 million, goodwill of EUR 783.5 million and other intangible assets of EUR 294.5 million. The respective prior year's comparative amounts are as follows: EUR 971.3 million, EUR 754.0 million and EUR 317.4 million.

Especially as a result of the reduction of assets held for sale in the amount of EUR 23.9 million and a decrease in cash and cash equivalents in the amount of EUR 10.8 million, **current assets** declined compared to the March 31, 2014 (EUR 104.2 million) to EUR 67.7 million as of December 31, 2014.

## 2.4 Significant non-financial performance indicators

In addition to an efficient and value-oriented management, the following non-financial performance indicators have an important role in the success of Scout24:

### 2.4.1 Brand awareness

A strong consumer and customer brand name represents an important asset for a company. On the one hand, it provides customers orientation, builds trust and creates an image; on the other hand, and from the Company's point of view, it leads to clear competitive differentiation, increased company value, enhanced customer loyalty, simplified introduction of new products and it makes possible a higher price level and thereby higher revenues.

Since 2009, ImmobilienScout24, in cooperation with consumer research association GfK (Gesellschaft für Konsumforschung) has continually determined its brand value "brand awareness" and "first choice". ImmobilienScout24 most recently achieved a "brand awareness" of 97 percent, compared to 93 percent in the comparative period. A further relevant indicator for a strong brand is represented by "first choice". In answer to the question, which real estate marketplace in the internet represents the first choice in connection with a search, 64 percent of the respondents named ImmobilienScout24. In the comparative period, this figure still amounted to 61 percent. With these results, ImmobilienScout24 clearly sets itself apart from the competition. [Source: GfK Brand & Communication Research Deutschland, Welle 57, Oct. 2014 und Welle 52, Dec. 2013].

AutoScout24 in cooperation with the market research institution Vocatus AG in a representative sampling determined the brand recognition and intended use. With a supported awareness of 95 percent (comparative period: 95 percent) and a "top of mind" citing of 42 percent (comparative period: 50 percent), AutoScout24 in Germany enjoy the highest level of awareness in the target group of planned purchasers among the competition. [Source: Vocatus, December 2014 and December 2013].

### 2.4.2 Employees

Without the individual strengths of the employees, the Company would not be what it is today: An internationally successful innovated company on a path of growth. The constructive use of diversity management and dealing with the social diversity of all employees is of great importance to the Scout24 Group.

The Scout24 Group stands for a respectful corporate culture, in which open and unprejudiced interaction is a central aspect. Working for us are individuals with the most different convictions, cultural and occupation-related backgrounds, skills and values. We see this diversity to be a strength – because as a result of this, it is possible for us to respond to the individual needs of our customers and the challenges of a constantly changing market.

**Average number of employees by segment**

	4/1/2014 - 12/31/2014	11/8/2013 - 3/31/2014
<b>Group</b>	1.088	556
ImmobilienScout24	622	272
AutoScout24	397	209
Corporate	50	38
Other/reconciliation	19	37

**Average number of employees by location**

	4/1/2014 - 12/31/2014	11/8/2013 - 3/31/2014
<b>Group</b>	1.088	556
Germany	950	497
Abroad	138	59

The prior year's figures include the average number of employees of the Scout 24 Group acquired in the prior period first beginning as of February 12, 2014.

The average number of employees in the reporting period from April 1, 2014 to December 31, 2014 amounts to 1,088. The figure of the prior period includes the average number of employees of the Scout 24 Group acquired in the prior period first beginning as of February 12, 2014. As of the March 31, 2014 closing date, the number of management personnel and other salaried employees amounted to 1,109.

**2.5 Overall statement regarding the results of operations, the financial position and the net assets**

In the reporting period, the Scout24 Group consistently pursued its strategic realignment with the focus on the core business of ImmobilienScout24 and AutoScout24. We have advanced our growth mainly organically, but also through targeted acquisitions that complement our value-added chain. In addition, we have successfully initiated the realignment of our organization and laid the foundation for the utilization of synergies.

Our ordinary operating EBITDA reflects the success of our strategy. As expected, EBITDA was impaired by the expenses for the realignment and organizational adaptation.

On the basis of our margin quality, a strong ordinary operating cash flow (represents ordinary operating EBITDA less CAPEX), a solid balance sheet structure and our positive relationship of von ordinary operating EBITDA to net debt, we find ourselves in an excellent position to further advance the

transformation of our company to the industry-leading online marketplace provider and to maintain and expand our profitability.

### Results of operations, financial position and net assets (in EUR million)

	4/1/2014 - 12/31/2014	11/8/2013 - 3/31/2014
<b>Revenues</b>	<b>262,9</b>	<b>45,2</b>
<b>Ordinary operating EBITDA</b>	<b>115,2</b>	<b>18,5</b>
<b>EBITDA</b>	<b>58,6</b>	<b>-9,2</b>
<b>Net debt</b>	<b>617,0</b>	<b>608,5</b>
Leverage (net debt to ooEBITDA)	5,4	n.a.
<b>Ordinary operating cash flow<sup>1</sup></b>	<b>103,0</b>	<b>18,0</b>

## 3 Subsequent events

In February 2015, it was announced that Immonet GmbH and Immowelt AG are merging and will be combined under a new company, Immowelt Holding AG ("IWH"). With this, the main competitors of Immobilien Scout GmbH in Germany are forming a joint platform and reducing the competitive lead. From the viewpoint of Immobilien Scout GmbH, this merger had already been expected for quite some time and does not have any effect on the sustainable growth strategy of Immobilien Scout GmbH.

On January 15, 2015, the Swiss National Bank made the decision to lift the coupling of the Swiss franc to the euro. Potential effects of the changed exchange rate on euro-denominated financial instruments in subsidiaries with the CHF as functional currency as well on financial instruments denominated in CHF as of December 31, 2014, can be seen in the sensitivity analysis in Section 6.5.4 Disclosures on risk management and capital management.

As of the December 31, 2014 balance sheet date, liabilities recognized by Property Guru are higher than the recognized assets. The annual financial statements of PG are prepared under the assumption of a going concern, since the shareholders are working in close cooperation with management on appropriate measures to maintain the solvency of PG at all times and sustainably. The measures will be implemented in the course of the second quarter of 2015.

In connection with the investment of an investor on March 23, 2013 in the company "easyautosale" GmbH, Munich" (hereinafter: "easyautosale"), the option was granted to Auto Scout in connection with this investment for the period of two years to acquire all shares in easyautosale at a predetermined purchase price of EUR 6,522 thousand. Adjustment mechanisms with respect to the purchase price based on changes in net working capital were not agreed to.

The purpose of easyautosale GmbH, which holds no further investments, is the offering of used motor vehicles on an internet platform for sale in connection with auctions to commercial auto dealers. With the option agreement for the

investment acquisition, a cooperation agreement was entered into between easyautosale and Auto Scout to feed traffic from easyautosale and to grant Auto Scout the contractual right, under certain conditions, to participate in commission revenues.

AutoScout exercised the option in 2015 prior to the end of the option period on March 22, 2015; a transfer of ownership occurred on April 16, 2015.

As of May 1, 2015, the acquisition of easyautosale GmbH will be accounted for as a business combination within the context of IFRS 3. The transaction costs currently amount to EUR 96 thousand. The provisional net working capital includes primarily liquid funds and other provisions. On the basis of the available information, a goodwill amount will result.

Due to the short time between the date of acquisition and the date of publication of the consolidated financial statements, the necessary information is not available at the date publication in order to carry out a complete allocation of the purchase price to the fair values of the acquired assets and liabilities according to the provisions of IFRS.

With a date of April 15, 2015, an amendment agreement was concluded to the existing syndicated loan agreement. As part of the amendment agreement an additional loan of EUR 400,000 thousand was granted (Facility C, term until April 2022) and the Facility D for EUR 50,000 thousand was replaced. The previous revolving credit facility was reduced to EUR 45,600 thousand with a term until April 2021.

On April 20, 2015, the Company paid a dividend to the shareholders in the amount of EUR 360,235 thousand.

The Swiss branch of Immobilien Scout GmbH was merged into Immobilien Scout Österreich GmbH through the conclusion of a contribution-in-kind agreement dated April 29, 2015, effective retroactively to December 31, 2014, under application of the tax incentive of Article III of the Reorganization Tax Act.

From the sale of an entrepreneurial company ("Unternehmergeinschaft") of a former cooperation partner of Immobilien Scout GmbH, a claim exists on the part of Immobilien Scout GmbH due to a contract concluded in an earlier period in the amount of EUR 230,000 thousand from the former cooperation partner. This sale of the entrepreneurial company took place on December 24, 2014 with legal effect as of January 5, 2015. According to IFRS 10, the control of the cooperation partner of its entrepreneurial company first transferred to the acquirer in 2015.

There are no known additional Group-specific events or developments after the closing date that would have resulted in a substantial change to the presentation or recognition of the individual assets or liabilities as of December 31, 2014.



## 4 Risks and opportunities

### 4.1 Risks

The early identification and management of potential risks is an elementary component of the company strategy for the Scout24 Group, resulting from the realization that in connection with the strict application of the principles of a functioning risk management, there is also the possibility to identify and exploit opportunities. In order to identify and risks – and opportunities – on an early basis and rigorously deal with them, the Scout24 Group utilizes effective management and control systems. The overall risk situation is thereby maintained at a manageable level. A threat to the Group is currently unforeseeable.

### 4.2 Overall statement on the risk situation from Company's point of view

The internet business is on a path of growth in Germany, Europe and worldwide. Especially in the advertising business, the business models are moving further from offline offerings (e.g., print media) to online offerings. At the same time, the creation of transparency in online marketplaces with relevant content and offerings for users represents a significant business potential for innovative marketing strategies for the offerings and their trading platforms. Together, these developments and the opportunity and risk profile define the Scout24 Group.

Through its brand recognition and the large number of users, the Scout24 Group has continued to achieve an excellent positioning in all significant business segments. For this reason, on an overall basis we see all Scout24 companies operating in the market to be continuing on a path to growth.

In connection with the sale of 70 percent of shares in the Scout24 Group held by Deutsche Telekom AG ("DTAG") until February 12, 2014 to the financial investor Hellman & Friedman, we developed at the same time a strategy change which affects the risk profile of the Scout24 Group. As a result of the restructuring of the Scout24 Group away from independent business areas under a holding structure to a fully integrated organization with shared central functions, the standard business model of the worldwide best online marketplaces was adopted. The financial integration of the Scout24 Group in the DTAG group existing until then was replaced by an external financing of the Scout24 Group. Financially and in terms of the balance sheet, the Scout24 Group continues to have a solid foundation.

Accordingly, we assess the risks at the time of preparation of the management report to be limited; the overall risk is manageable. Compared to the reporting on the short financial year as of March 31, 2014, there has been no (fundamental) change in the overall risk. No risks are currently foreseen which individually or together with other risks could threaten the existence of the Scout24 Group.

### 4.3 Risk management system, compliance management system and internal control system

The basic design of the risk management system is oriented on the internationally recognized framework COSO Enterprise Risk Management Framework des Committee of Sponsoring Organizations of the Treadway Commission. This framework links the Group-wide risk management with the internal control system ("ICS"), which is also based on the COSO framework. This integrated approach supports the Company in such a way that the management and monitoring activities are directed towards the corporate objectives and their inherent risks.

Through the sale of 70 percent of the shares by DTAG and thereby the elimination of the use of DTAG's risk management system, in the past financial year existing processes were further developed as to their functionality and were adapted to the changed Group environment.

Furthermore, an integration of the risk management and internal control into an overall risk management system ("RMS") was carried out. The ICS is a significant component of the risk management system and comprises the entirety of the rules and measures, principles and procedures to achieve the company goals. It is intended to especially ensure the security and efficiency of the business processing as well as the reliability of the financial reporting.

The risk management of the Company has the objective of systematically recording and assessing risks and aims for a controlled handling of these risks. It should put the Scout24 Group in the position to identify unfavorable developments on an early basis in order to promptly take counteractive measures and to monitor these.

The risk management in the past financial year concentrated predominantly on those activities that will substantially affect the future profit (EBITDA, EBIT) and are important for the future prospects of the Company.

Scout24 classifies its risks according to external, financial, operational and strategic risks – so called risk fields. The assessment of the risks is carried out, to the extent possible, according to quantitative parameters, likelihood of occurrence and the potential financial impact.

In 2014, a fundamental revision and new definition of the risk management of the Scout24 Group was begun. The objective of the risk and opportunity management is a holistic and integrated approach, which combines the governance components of risk management, the internal control system (ICS) and compliance, supplemented by supporting audit activities of the internal control. The starting point and connecting factor in this connection are the requirements for the risk management and compliance management systems for capital market oriented companies. The realignment is to be implemented and completed in the 2015 financial year.

#### 4.3.1 Principles of the risk and opportunity management of the Scout24 Group

Included under the principles of a responsible corporate management for the Scout24 Group is a constant responsible weighing of risks and opportunities which can result from the corporate activity. The goal of the risk and opportunity management is to develop a strategy and establish goals that create an optimal balance between growth and profitability on the one hand and the related risk on the other, and thereby systematically and sustainably increase the shareholder value.

Our business is affected by a number of external and internal factors that harbor both risks and also opportunities. In this connection, we define risks in this report as potential events or future developments which can result in a negative effect on the company development or a variance from specified goals or planned amounts. Risk characteristics which we have already considered in our financial planning, are consequently not included in this risk definition and therefore are not explained in this report.

The Company assesses the opportunities and risks which are overall substantial for the development of the Company currently in connection with the budget planning process which takes place annually. The planning process extends to both the current year and the three subsequent years. In this connection, to derive the integrated financial planning both the industry and competitive environment as well as the overall market development are analyzed and are assessed according to the resulting opportunities and risks for the Company. The specific assessment of the opportunities and risks at the time of the budget preparation are newly verified during the year in additional revisions of the planning, so-called planning updates of the current year, so that a quarterly assessment of the opportunities and risks for the Scout24 Group is carried out.

#### 4.3.2 Organizational implementation of the risk and opportunity management

The overall responsibility for the risk and opportunity management system of the Scout24 Group lies with the management. Until the realignment, the risk and opportunity management was coordinated via the holding company and delegated to the segments, i.e., to the operating units. In connection with the revision of the corporate structure, a central responsibility of "risk management", directly assigned to management, was introduced, which integrates manages Group-wide the two systems for risk and compliance management as well as the internal control system. This takes place in close cooperation with the individuals responsible for risk in the segments and Corporate area, who have the responsibility for the implementation of the risk and opportunity management system in the risk reporting units, i.e. the operating units.

In this connection, an internal audit function to be newly created after separation from the DTAG network, will in the future control on a sample basis the effectiveness of the integrated risk management, compliance and internal control systems.

#### 4.3.3 Significant features of the internal control and risk management system with respect to the Group accounting process

A significant component of the internal monitoring system of the Company is formed by the accounting-related risk management system as well as the internal control system. Through the application of the COSO framework mentioned above, the effectiveness and efficiency of the operations as well as the completeness and reliability of the financial reporting is to be ensured through the effective interaction of the risk management system and the internal control system. In this connection, the accounting-related risk management and the internal control system include all organizational rules and measures for the recognition and the handling of the risks and the financial reporting.

We view the following characteristics of the risk management system and the internal control system to be significant:

- Process for identification, assessment and documentation of all significant accounting-relevant company processes and risk fields, including related key controls. These include processes of financial and accounting and operational company processes, which provide significant information for the preparation of the annual and consolidated financial statements, including the management report.
- Process-integrated controls (IT-supported controls and access limitations, authorization concept, especially in the case of accounting-related IT systems, "four-eyes" [dual control] system, and separation of functions).
- Standardized and documented financial bookkeeping processes.
- Group-wide guidelines for the accounting in the form of financial reporting guidelines and reporting processes
- Regular information to all consolidated companies regarding current developments relating to accounting and financial reporting and the preparation process for the financial statements, as well as reporting deadlines.

#### 4.3.4 Risk prevention and ensuring compliance

Risk prevention is a significant element of the risk management system and an integral component of the ordinary business activities. Thus, in weekly meetings of the executive leadership teams, in monthly trading calls with the shareholders and in quarterly meetings with the Advisory Board, and in regularly occurring budget and strategy as well as results meetings, risks and opportunities and their effects on the Company are discussed.

Compliance with national and internationally recognized compliance requirements is a firm component of the risk prevention. With the revision and new definition of the risk management of the Scout24 Group begun in 2014, a rigorous realignment was carried out of the risk management, ICS and compliance with respect to the requirements of the new ownership and organizational structure and thereby also

with regards to the strategic goals of the Company. This holistic integrated governance, risk and compliance approach is expressed in the adaptation of all risk and compliance-relevant company processes to the requirements of the new company structure and strategy.

In connection with the change in ownership, initially the risk management and compliance management infrastructure which was directed to the needs of the Telekom group was taken over, including all guidelines and processes which in force there. The realignment which has now been started provides for, in addition to the adaptation of the existing risk management and compliance guidelines and processes, among others, also a new code of conduct as well an external whistleblower system. This is supplemented by a new training concept for all company units in order to accordingly sensitize all employees and to achieve a company-wide uniform understanding of our risk management and compliance standards. The Scout 24 Group thereby has a system of rules, processes and controls, the help of which enables deficits in the company to be identified on an early basis and to be able to be minimized through appropriate measures.

#### 4.4 Development of the risk assessment

At the beginning of the process is the identification of significant risks. In this connection, risks which exceed a certain materiality threshold or represent a subjective urgency are brought to the attention of management on an ad hoc basis by the risk owner or via the vice president of risk management. An interim reporting is oriented towards specific characteristics and is based on presented risk assessments and respective quarterly updates by the departments. The development of appropriate early warning indicators is planned in connection with realignment of the risk management in 2015. The risk assessment is performed taking into consideration the anticipated effects on the results of operations, the financial position and net assets, as well estimated probabilities of occurrence as "non-critical", "tolerable", "significant" or "existence threatening". The quantification in this connection is primarily to make clear the relevance of the reported risk. The assessment of the monetary extent of damages is the responsibility of the business units. The time horizon for the assessment of risks amounts to approximately 2-3 years. The scales for measuring the assessment magnitudes (probability of occurrence and degree of the effect) as well as the resulting risk classification matrix are presented in the following table.

**Probability of  
occurrence**  
**D**



<b>C</b>					<b>Extent of effect</b>
<b>B</b>					
<b>A</b>					
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	

**Probability of occurrence:**

A = very low  
 B = low  
 C = high  
 D = very high

**Extent of effect:**

1 = low  
 2 = medium  
 3 = high  
 4 = very high

= non-critical

= tolerable

= significant

= existence threatening

A portion of the risk assessment is also the analysis of causes and interactions. Opportunities do not enter into the assessment; they are recognized in connection with the planning calculation.

The third step finally consists of the risk management. Upon the existence of certain risk indicators in relation to the defined materiality thresholds, countermeasures are developed and initiated. The defined measures and risks are updated in connection with interim reporting to management.

For the recording and reporting of risks, decentralized risk managers in the various company units are responsible. The managers categorize the risks according to a catalog applicable throughout the group and document their results on a quarterly basis – or on an ad hoc basis – in a data base. In the new organization, the Vice President Risk Management reports the notified risks to management on a regular basis. Where necessary, an ad hoc reporting is additionally also carried out.

#### 4.4.1 Overall risk situation, risk clusters and risk fields

The overall risk situation is determined by assessing the risk clusters of all risk fields in the various business fields:

- External risks
- Sales risks
- Technological risks
- Organizational risks
- Financial risks
- Compliance risks

It is the result of the consolidated consideration of four risks fields of Scout24:

- External risks

- Financial risks
- Strategic risks
- Operational risks

Risk clusters which from the current perspective could significantly affect the results of operations, the financial position and net assets of the Scout24 Group are presented below. These are not necessarily the only risks to which the Company is exposed. Further risks which could affect our operations are currently not foreseen, or we assess these to be non-substantial. There are no pending court or supervisory procedures against the Company which could lead to significant claims or are probably not able to be fulfilled.

We assess the overall risk situation for the Group and its business units to be controllable.

#### 4.4.2 External risks

Our profitability decidedly depends on whether we can maintain our leading market position, especially the leading position of our ImmobilienScout24 in Germany.

We operate in an intensely competitive environment. Our business model is vulnerable to short-term changes in the competitive dynamic.

We are highly dependent on our recognized brand names and our reputation.

We are dependent upon the fact that our target group, our portals and our services are preferred over those of our competitors.

Difficult conditions in the overall economic environment could impair our business.

Technological changes could disrupt our business and the markets in which we operate.

We are dependent on our systems, employees and certain business partners. Losses can substantially affect our operations.

The above-mentioned external risks are considered by us to be among the general entrepreneurial risks. Due to our leading market position, the name recognition of our brands and our constant analytical market observation, including the technological advances, we assess these risks overall to be non-critical.

#### 4.4.3 Financial risks

In connection with the operating activities and due to the existing syndicated loan agreement, the Scout24 Group is exposed to financial risks. The

management of the short-term liquidity and longer-term financial risks is the central responsibility of the Group Treasury department, which with a focus on an efficient management of the short-term liquid funds has installed appropriate reporting and planning processes.

#### Currency and interest rate risk

As a company headquartered in Germany, the euro represents the Group and reporting currency. Since the Scout24 Group carries out the largest part of its business within the euro countries, it is subject to these risks only to a minor extent. We classify the currency rate as non-critical.

In addition, in connection with its debt financing, the Scout24 Group is subject to a risk of interest rate changes. Interest rate fluctuations (especially fluctuations of the EURIBOR) can have effects on the amount of the interest payments for existing loans as well as on the costs of refinancing. In order to limit the risk from interest rate changes, the Scout24 Group concluded an interest rate cap and regularly evaluates further options for minimizing the risks in connection with its strategy and in consultation with the Advisory Board. The interest rate risk is currently classified by the Company as tolerable.

#### Liquidity risk

The management of liquid funds is a significant process in the Scout24 Group. The liquidity situation is monitored and managed on the basis of a financial planning and a rolling liquidity planning with a four-week horizon. In addition, the Company has a reliable generation of liquidity from the ongoing business. Furthermore, to ensure its liquidity the Scout24 Group has available a revolving loan in the amount of EUR 10 million. The short-term liquidity risk is therefore tolerable.

The repayment of the syndicated loan is first due in 2021, respectively in 2022. The liquidity risk from repayment obligations on loans is countered by refinancing activities on a timely basis, so that the risk is currently considered to be non-critical.

#### 4.4.4 Strategic risks

Our strategic initiatives, including our decisive growth strategy, our pricing model, the new "operating model", acquisitions or divestments can fail. We classify this risk as significant.

A part of the product strategy relates to the cooperation with various cooperation partners in order, for example, to offer our users attractive additional offerings especially in connection with on-top products. Furthermore, we rely on a number of cooperation partners in the area of telecommunications or data delivery. It is possible that we cannot maintain these important relationships, for example, if in the future they become competitors or their products are not adapted to our needs. We classify this risk as tolerable.



#### 4.4.5 Operational risks

For the successful maintenance of our operating infrastructure we will continue to need qualified technical and managerial personnel. Our future success depends on to what extent we are successful in training, hiring, integrating and sustainably obtaining the loyalty of appropriately qualified employees.

Particular risks are seen in the loss of know-how and lacking transfer of knowledge due to the departure of employees. An organization of working time adapted to the needs of the employees and material incentive systems should keep the Company competitive as an attractive employer. We are dependent on the availability and the performance of experts at our management level and other personnel and also on preserving a flexible corporate culture. We classify this risk as significant.

The security of customer information which is saved by us, or the functioning of our portals and our general systems, can be endangered. We classify this risk as non-critical.

We are subject to a large number of laws and regulations, many of which are not yet solidified or are still emerging. We classify this risk as tolerable.

Under certain circumstances, we may not be in the position to acquire, license or enforce ownership in an adequate manner. We could also infringe on the intellectual property of third parties. We classify this risk as non-critical.

Cartel or competition-related claims or processes can make changes to our operations necessary. The defense against such claims can be expensive. We classify this risk as tolerable.

Our compliance program and our compliance organization can potentially not protect us from risks. We classify this risk as tolerable.

We utilize both standardized procurement, sales and delivery contracts as well a standardized general terms and conditions. This increases the risk that such contractual conditions are invalid and as a result are unenforceable. We classify this risk as non-critical.

We could be obligated to pay additional taxes and other levies due to tax audits, changes in the tax law, the interpretation and application of these or changes in our effective tax rate. Organizationally-caused changes can lead to higher tax expenses. We classify this risk as non-critical.

### 4.5 Opportunities

#### 4.5.1 Overall statement on opportunities from the viewpoint of management

The internet business continues to be on a growth trend in Germany, Europe and worldwide. In particular, in the advertising business, the business models are shifting from offline offerings (such as print media) to online offerings. Especially in connection with this change there is growth potential for all Scout 24 business models.

The opportunity management of the Scout24 Group follows the corporate strategy. The responsibility and systematic recognition and the exploitation of opportunities presented lies with the Company's management. This includes also ensuring the profitable growth of Asa NewCo GmbH through the further development of the company structure. Market scenarios and critical success factors relating to the individual opportunities are analyzed and assessed in connection with the Group-wide planning and management processes.

In addition, as a result of its high degree of brand recognition and its high number of users Scout24 has an excellent positioning.

From the viewpoint of management, Asa NewCo GmbH is therefore overall well positioned for the systematic identification and exploitation of opportunities which result from the significant trends in its markets.

#### 4.5.2 Significant opportunities

##### Potential for further increases in profitability of ImmobilienScout24

The higher efficiency and measurable profitability of online small ads gives rise to the expectation of further structural shifts of advertising budgets from offline (print, etc.) to online.

ImmobilienScout24 is Germany's largest online real estate advertising portal for commercial and private customers with a supported brand recognition of 97 percent. Today, already over 60 percent of customers use our services via mobile devices; these services can be used across devices. Our own apps have already been downloaded more than 10 million times, which underscores the attractiveness of the platform.

We are convinced that we are well positioned with ImmobilienScout24 to use various opportunities for revenue growth which will extend beyond this structural market shift in connection with real estate advertising budgets (both with respect to small ads as well as general advertising). The advantageous network effect in this sector should work to our favor and, in our opinion, lead to a disproportionately high share of advertisements and visitors (measured by access numbers, reach and visitor activity) on our marketplace. In the case of our commercial real estate providers, especially regarding the larger ones, we see substantial potential to increase our share of their advertising expenditures ("share of wallet").

Our average revenues per major customer ("ARPU") have room for growth, since they are lower than those of comparable market-leading companies in other countries where the shift from offline media to online advertising portals is already further advanced. We believe that our ARPU can be significantly increased, since we are continually increasing the added value for our customers, and the market is continually shifting from print products in favor of online offerings. This development should lead in the medium term to an increase in the EBITDA margin in the ImmobilienScout24 segment.

#### Largest EU-wide online automobile advertising portal with potential for increased performance

As the largest EU-wide online automobile advertising portal according to UMV's and listings [Sources: comScore, 2014, excluding visitors from mobile devices; Ads: Autobiz, 2014] AutoScout24 profits through its European-wide presence from fixed-cost digression effects. The European-wide presence enables us to allocate our costs for parts of our business, especially the fixed costs for development and the operation of our internet sites and the mobile apps to our markets. Furthermore, our European-wide reach enables us to provide access for regional auto dealers to the demand in the European market and thereby to expand their target group of potential buyers. With a view towards the cross-border sales of autos in Europe, this offers substantial added value.

The similarities in the sales processes and ad placements for autos and real estate allow us to use our expertise and our proven practices for both areas and to optimize the processes. Especially with respect to our new developments for mobile products, such as the newly introduced app for mobile phones, we can accelerate the mobile access to our offering and improve the user friendliness for our customers in our AutoScout24 segment. Parallel to this, we are attempting to increase the number of ads of smaller dealers in Germany through targeted sales and marketing campaigns, where our main competitor has a significantly stronger position [Source: Autobiz, 2014]. Furthermore, we believe that a further integration of our two business segments will lead to cost savings in functional areas such as finance, legal, personnel, IT and Group development and strategy. As a result, we expect in the medium term an increase in the EBITDA margin of our AutoScout24 segment.

#### Good starting position for the further expansion of our online portal and development of further market opportunities along the value-added chain in the real estate and automobile sector

The leading position of our ImmobilienScout24 portal according to access numbers and user activity in Germany [Source: comScore, 2014, excluding users of mobile devices] and our AutoScout24 at the European level [Source: comScore, 2014, excluding users of mobile devices] provides us with a strong and far-reaching access to customers who are ready to buy and should enable us from our reach to generate additional income, for example, such that we further monetize along the real estate value added chain, for example through online sales of advertisements or lead models. We have already successfully introduced the first added-value service offerings, which should serve to support customers during the entire purchase process.

At the same time, the European-wide presence of AutoScout24 allows us via the large number of people looking for cars to generate further income through online sales of ads and lead models along neighboring segments of the automobile value

added chain. We intend to establish AutoScout24 as the “go to” online portal for auto manufacturers (OEM), loan and insurance agents, replacement parts and accessory dealers and repair shops.

Stable business model with constant revenue growth, strong margins and higher cash flow generation

In the reporting period (April 1, 2014 to December 31, 2014), our external Group sales revenues achieved an amount of EUR 262.9 million. Our revenues are not directly dependent on the market prices of real estate and automobiles or the number of real estate transaction or auto sales, but instead from the number and display duration of the ads placed by our customers. Through our recently introduced more individual pricing arrangement, especially through the newly introduced membership model with which our customers can offer their entire real estate portfolio, we are additionally tailoring our pricing arrangement to the specific advertising quotas of our customers.

Our marketplace model and our leading market position make us highly profitable. In the reporting period, our Group generated an ooEBITDA of EUR 115.2 million and thereby an ooEBITDA margin of 43.8 percent. We believe, however, that our ooEBITDA margin can still be significantly improved. The streamlining of our portfolio and the cost savings program initiated at the beginning of 2014 are aiming to improve the total margin. The relatively small investment requirements of our business model leads to a significant generation of cash flows.

A focused strategy and new management team with the vision and experience to further expand the first class position of the Group

In 2014 we introduced a change in strategy, away from the development of a large portfolio to a newly defined concentration on our core business segments of real estate and automobiles. In addition to some divestments, we plan a change from a holding structure which stands above independent business segment to a fully integrated organization with shared central functions. With this functional structure, the Group optimizes the costs and at the same time takes over the standard business model of the worldwide best online marketplace.

Greg Ellis, our managing director/CEO, joined our group in March 2014 in order to implement this new strategy. Christian Gisy, the newly named managing director/CFO has many years of experience in the area of strategy and finance, as well as with publicly-traded companies, which is valuable for us.

## 5 Outlook

## 5.1 Market/industry expectations

The Council of Economic Experts anticipates for the year 2015 a continuation of the restrained economic development. It expects a growth rate of the gross domestic product of 1.0 percent. In the case of private consumer spending, an increase is expected of 1.5 percent, compared to 0.8 percent in 2014 [Source: Annual Report 2014]

Also, the shift from print to online advertisements is continuing. It is expected that the portion of the total advertising expenditures in Germany for advertisements in print media (newspapers and magazines) will further decline in 2015 to 41.1 percent (2014: 43.0 percent). In contrast, an increase is anticipated in the share of advertising expenditures for online advertisements from 24.5 percent (in 2014) to 26.0 percent (in 2015) [Source: ZenithOptimedia].

### Real estate market

The German real estate industry (as the underlying market) is booming, and this development is set to continue. The Bundesbank and the Finance Minister have already insistently warned against a threatened real estate bubble. Many industry insiders, on the other hand, do not see any signs of an unhealthy development. In many cities, the purchase prices are rising at a higher rate than rents, however, these regional situations of overheating are not by themselves an indication for real estate bubbles. The consequences that government regulations such as rental price controls and the so-called "orderer principle" [a recent change in law affecting payment of real estate commissions] will have on the real estate market remain to be seen.

Overall, it can be stated that in many places upper price limits appear to have been reached. Nevertheless, there will be markets also in 2015 in which purchase prices and rents will further increase. For example, in Berlin, which in a direct comparison with other large cities, is still showing growth potential.

### Motor vehicle market

For 2015, a stable development is expected in the used car market. The restrained economic growth, the good export outlook, the still longer-term low oil prices, the stable employment market and the low inflation rate are seen as stimulating economic factors also for the used car trade. Against this background, a constant development in the changes of ownership is anticipated in 2015. The current outlook for 2014 amounts to 7.0 traded pre-owned vehicles [Source KBA].

## 5.2 Company expectations

### 5.2.1 Focus areas in the 2015 financial year

The Scout24 Group will continue its business policies directed to sustainable and profitable growth also in the future.

In this connection, the Company will also focus in 2015 on continuing to remain the first choice under the online market places when consumers are searching for an apartment or a house. The further implementation of the membership model begun in 2014, which provides incentives to real estate customers to advertise their entire real estate portfolio on the ImmobilienScout24 portal, is an important step in bundling all available real estate in Germany on the marketplace of the Company.

Especially commercial real estate suppliers of ImmobilienScout24 should be provided with further market analyses and information as "on-top" products, which should increase the attractiveness of the value added.

The implementation of a strategy comparable to ImmobilienScout24 should with respect to AutoScout24 increase both the number of users as well as the attractiveness of the online marketplace for motor vehicles.

Furthermore, the Company will continue to advance the transformation started in 2014 to a fully-integrated organization with shared central functions, in order to achieve synergies and economies of scale.

### 5.2.2 Outlook for the 2015 financial year

In the following, the management of Asa NewCo GmbH is announcing for the first time an outlook for the 2015 financial for the Group which arose after the change in owners in February 2014.

Specifically, Asa NewCo GmbH expects for 2015 **revenues** in the amount of approximately EUR 378 million.

With respect to **EBITDA**, the Company anticipates for 2015 an amount of approximately EUR 170 million.

An **ordinary operating EBITDA** of approx. EUR 176 million should be achieved in the 2015 financial year.

**CAPEX** is forecast to be approx. EUR 20 million in 2015.

The **ordinary operating cash flow** (defined as ordinary operating EBITDA less CAPEX) is expected to increase to approx. EUR 156 million in the 2015 financial year.

For the **ImmobilienScout24 Segment** the Company anticipates for the 2015 financial year revenues in the amount of approx. EUR 258 million and an ooEBITDA of approx. EUR 147 million.

For the **AutoScout24 Segment** the Company anticipates for the 2015 financial year revenues in the amount of approx. EUR 115 million and an ooEBITDA of approx. EUR 40 million.

#### Outlook 2015 (in EUE million)

	2015	4/1/2014 - 12/31/2014
<b>Revenues</b>	<b>378</b>	<b>262,9</b>
<i>included therein</i>		
ImmobilienScout24 (including Flowfact AG)	258	175,8
AutoScout24	115	82,3
<b>EBITDA</b>	<b>170</b>	<b>58,6</b>
<i>included therein</i>		
ImmobilienScout24 (including Flowfact AG)	144	89,6
AutoScout24	39	14
<b>Ordinary operating EBITDA</b>	<b>176</b>	<b>115,2</b>
<i>included therein</i>		
ImmobilienScout24 (including Flowfact AG)	147	99
AutoScout24	40	26
<b>CAPEX</b>	<b>20</b>	<b>12,2</b>
<i>included therein</i>		
ImmobilienScout24 (including Flowfact AG)	9	6,7
AutoScout24	10	5,1
<b>Ordinary operating cash flow</b>	<b>156</b>	<b>103</b>

For 2015, the Company anticipates a constant number of employees at the level of the prior year's comparative period in the amount of approx. 1,088 employees.

Through appropriate measures, we aim to maintain the high level of brand awareness. For this reason, with respect to ImmobilienScout24 we expect for 2015 a continued supported brand recognition of approx. 97 percent and anticipate a "first choice" quota of approx. 64 percent. In the case of AutoScout24, the supported brand recognition should also amount in 2015 to approx. 95 percent and the "top of mind" nomination should be approx. 42 percent.

#### 5.2.3 Overall statement of management regarding the future development

On the basis of the strategic realignment initiated in 2014, we have laid the foundation for sustainable and profitable growth of the Scout24 Group. The Company will rigorously and sustainably pursue this strategic agenda also in 2015.

The successful implementation, especially of the strategy concept of the membership model and the increase in the value added for our customers, both in

the case of ImmobilienScout24 and also AutoScout24 will decisively affect the future development of the Company. The current progress gives us confidence.

In connection with the advance of the transformation of our Company to an industry leading online marketplace, on the basis of the newly-created fully-integrated organization with common central functions, we will utilize synergies and achieve economies of scale in order to optimize our cost basis. We will examine potential acquisitions as to their appropriateness for the strengthening of our market position or the creation of an improved access to neighboring revenue sources.

Against this background, management of Asa NewCo GmbH anticipates a positive business development of the Company.



**Forward-looking statements and forecasts**

This management report contains forward-looking statements, which are based on current expectations, assumptions and forecasts of management of Asa NewCo GmbH and information available to it at the current time. The forward-looking statements are subject to various risks and uncertainties and are based on expectations, assumptions and forecasts which could potentially prove to be inaccurate. Asa NewCo GmbH does not guarantee that the forward-looking statements will prove to be accurate, it assumes no obligation and does not intend to adjust or revise the forward-looking statements in this report.

Munich, May 25, 2015

Greg Ellis

Christian Gisy