

Annual Financial Statements and
Combined Management Report

Bertelsmann SE & Co. KGaA, Gütersloh

December 31, 2017

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List of shareholdings annex to the notes in accordance with section 285 (11) HGB

Combined management report

Bertelsmann SE & Co. KGaA

Balance sheet as of December 31, 2017

Assets

		12/31/2017	Previous year
	Notes	€	€ millions
Fixed assets			
Intangible assets			
Acquired patents and similar rights and licenses to such rights	(1)	969,410.33	1
Tangible assets			
Land, rights equivalent to land, and buildings	(1)	311,896,259.72	294
Technical equipment and machinery	(1)	778,138.37	-
Other equipment, fixtures, furniture, and office equipment	(1)	52,532,936.27	54
Advance payments and construction in progress	(1)	10,313,695.70	9
		375,521,030.06	357
Long-term financial assets			
Investments in affiliated companies	(1)	13,982,611,982.54	13,349
Loans to affiliated companies	(1)	1,267,406,400.02	-
Participations	(1)	21,300.00	-
Long-term securities	(1)	1,452,395,476.09	1,365
		16,702,435,158.65	14,714
		17,078,925,599.04	15,072
Current assets			
Receivables and other assets			
Accounts receivable from affiliated companies	(2)	3,473,583,197.64	4,018
Other assets	(2)	88,289,080.21	49
		3,561,872,277.85	4,067
Securities			
Other securities		1.00	-
Cash on hand and bank balances			
	(3)	520,105,972.48	326
		4,081,978,251.33	4,393
Prepaid expenses and deferred charges			
	(4)	20,505,584.20	17
Excess of plan assets over post-employment benefit liability			
	(5)	385,061.30	-
		21,181,794,495.87	19,482

Bertelsmann SE & Co. KGaA

Balance sheet as of December 31, 2017

Shareholders' equity and liabilities

	Notes	12/31/2017 €	Previous year € millions
Shareholders' equity			
Subscribed capital	(6)	1,000,000,000.00	1,000
Capital reserve		2,600,000,000.00	2,600
Retained earnings			
Legal reserve		100,000,000.00	100
Other retained earnings	(7)	5,140,000,000.00	4,980
		5,240,000,000.00	5,080
Unappropriated income		664,702,345.38	642
		9,504,702,345.38	9,322
Provisions			
Provisions for pensions and similar obligations	(8)	301,371,912.00	286
Provisions for taxes		102,719,095.37	80
Other provisions	(9)	93,530,392.30	118
		497,621,399.67	484
Liabilities			
Bonds and promissory notes	(10), (11)	4,360,000,000.00	3,710
Liabilities to banks	(10)	209,464,900.88	-
Profit participation capital	(10), (12)	412,589,819.08	413
Trade payables	(10)	16,515,507.65	33
Liabilities to affiliated companies	(10)	6,072,457,288.87	5,439
Other liabilities	(10)	105,769,920.83	78
		11,176,797,437.31	9,673
Deferred income		2,673,313.51	3
		21,181,794,495.87	19,482

Bertelsmann SE & Co. KGaA

Income statement

for the financial year from January 1 to December 31, 2017

		2017	2016
	Notes	€	€ millions
Revenues	(13)	105,392,327.53	104
Own cost capitalized		7,707.12	-
Other operating income	(14)	311,114,934.76	180
Cost of materials			
Cost of purchased services		-28,005,529.09	-26
Personnel costs	(15)		
Wages and salaries		-113,046,762.21	-121
Social security contributions and post-employment and other employee benefit costs		-29,768,853.70	-13
		-142,815,615.91	-134
Amortization, depreciation and write-downs			
Amortization and write-downs of intangible assets and depreciation and write-downs of tangible assets		-17,345,001.31	-16
Other operating expenses	(16)	-194,231,723.71	-188
Income from other participations	(17)		
Income from profit and loss transfer agreements		675,469,630.12	835
Income from participations		37,227,236.47	67
Expenses from loss assumption		-26,063,772.09	-45
		686,633,094.50	857
Interest income	(18)		
Income from other securities and long-term loans		10,738,366.65	7
Other interest and similar income		107,593,078.15	67
Other interest and similar expenses		-198,222,133.24	-205
		-79,890,688.44	-131
Write-downs of long-term financial assets	(19)	-78,893,854.21	-59
Taxes on income	(20)	-197,853,377.88	-131
Earnings after taxes		364,112,273.36	456
Other taxes		-1,754,515.34	-6
Net income		362,357,758.02	450
Income brought forward		462,344,587.36	402
Addition to other retained earnings		-160,000,000.00	-210
Unappropriated income		664,702,345.38	642

Bertelsmann SE & Co. KGaA

Notes to the financial statements for the financial year from January 1 to December 31, 2017

Principles and methods

Bertelsmann SE & Co. KGaA is based in Gütersloh. The company is registered in the Commercial Register held at Gütersloh District Court under number 9194.

Accounting principles

The annual financial statements and the management report combined with the Group management report of Bertelsmann SE & Co. KGaA pursuant to section 315 (3) HGB [German Commercial Code] in conjunction with section 298 (2) HGB have been prepared in accordance with the accounting principles of the German Commercial Code (HGB) for large corporations and the additional regulations of Germany's Stock Corporation Act (Aktiengesetz).

Balance sheet and income statement presentation

The balance sheet and the income statement comply basically with the presentation provisions specified in sections 266 and 275 HGB. The income statement has been prepared according to the nature of expense method.

Accounting and measurement policies

Intangible and tangible assets

The option to capitalize internally generated intangible assets was not exercised. Acquired intangible assets of the fixed assets are measured at amortized cost, while items of tangible assets are measured at cost. The depreciation rates and methods are based on the economic useful lives. Depreciation is applied using the straight-line or declining balance method, although assets acquired after December 31, 2007, are depreciated exclusively on a straight-line basis. Assets expected to suffer permanent impairment are written down to the lower fair value. Tangible assets whose acquisition costs are €410 or below are depreciated during the year of acquisition. Independently movable fixed assets that are subject to wear and tear at a cost of up to €150 are immediately reported as expenses.

Long-term financial assets, receivables and other assets

Financial assets are measured at cost, at their nominal value or the lower fair value. The write-downs are reversed as soon as the reasons for the impairments no longer apply.

Receivables and other assets are generally stated at the nominal value or at the lower fair value on the balance sheet date.

The determination of the fair values of shares in affiliated companies as well as loans and receivables from affiliated companies, is typically determined using the discounted cash flow method. Under this method, the future cash flows are discounted using the cost of capital calculated on an individual basis for the company to be measured. If the company holds shares in an affiliated company to which the company has also loans (loans to or receivables from affiliated companies), and if the carrying amount of this total equity and debt financing exposure exceeds the calculated fair value, the shares are initially written down. If necessary, an impairment of loans and / or receivables from affiliated companies takes place subsequently.

Securities

Securities are carried at the lower of cost or market price on the balance sheet date.

Cash and cash equivalents

Bank balances and cash in hand are carried at nominal value. Foreign currency holdings are carried at the applicable exchange rate on the balance sheet date.

Prepaid expenses and deferred charges

Payments made before the reporting date are reported as prepaid expenses if they represent expenses for a specific period after this date.

Excess of plan assets over post-employment benefit liabilities

Pension obligations or similar long-term obligations are offset against the plan assets measured at their fair value as of the date these obligations are fulfilled. The remaining surplus is recognized as an excess of plan assets over post-employment benefit liabilities.

Subscribed capital

Subscribed capital is recognized at the nominal amount.

Provisions

Provisions for pensions and similar obligations are measured using the projected unit credit method. The biometric calculations are based on the 2005 G mortality tables issued by Dr. Klaus Heubeck. The pension provisions are calculated on a lump-sum basis corresponding to a 15-year term at the average market interest rate of the last ten years specified by the Deutsche Bundesbank. The calculation also reflects future-oriented measurement parameters such as the rate of salary increase, rate of pension increase and fluctuation.

The provisions for taxes and other provisions are measured according to a reasonable commercial assessment. Provisions are measured at their respective settlement value. Future cost and price increases are taken into account where there are sufficient objective indications that they will arise. Provisions with a term of over one year are discounted at the average market interest rate for the last seven years corresponding to their remaining term. The applicable interest rate is published by the Deutsche Bundesbank.

In order to fulfill certain obligations relating to employee pension plans, the corresponding funds are invested in a pension plan reinsurance scheme, in securities, and invested in cash assets held in a trust arrangement and is not accessible. These are used solely to meet the pension obligations and are not accessible to the other creditors. The pension plan reinsurance policy is used to cover amounts for higher pension provision. The pension plan reinsurance is measured at the capitalized value derived from the fund capital calculated at the end of the insurance period or at least derived from the guaranteed redemption value, where such a value has been agreed, or derived from the budgeted fund capital. The securities are used to fulfill corresponding assurances to employees. Measurement is at fair value which equals the market price. The relevant provisions are recognized at the fair value of the securities in accordance with section 253 (1) sentence 3 HGB. The cash assets serving to fulfill obligations to employees are measured at their nominal value. In accordance with section 246 (2) sentence 2 HGB, plan assets have been netted against the underlying obligations. If there is an excess of plan assets, this amount is disclosed as a separate item (section 266 (2) lit. E HGB). If the fair value of the plan assets exceeds the historical cost, this portion is subject to a restriction on distribution in accordance with section 268 (8) HGB. In accordance with section 246 (2) sentence 2 HGB, expenses and income from discounting and from the corresponding assets are offset within the financial result.

Liabilities

Liabilities are stated at their settlement value.

Profit participation capital

The terms and conditions for the issued profit participation certificates provide for rules on the remuneration, repayment and termination of profit participation capital. These conditions do not meet the requirements for the presentation of profit participation rights as equity. For this reason, the profit participation capital is classified as liabilities and as a separate item under "Liabilities." Remuneration for the contribution of profit participation capital is recognized as interest expenses and charged to net income.

Deferred income

Income received before the reporting date is reported as deferred income if it represents income for a specific period after this date.

Deferred taxes

Deferred taxes stem from temporary differences between values recognized under commercial law and the corresponding values under tax law. Investments in partnerships are also taken into account for the purposes of determining deferred German corporation tax. Exercising the option under section 274 (1) sentence 2 HGB means waiving the recognition of net deferred tax assets. Deferred taxes are calculated for all the companies of the Bertelsmann SE & Co. KGaA consolidated tax group.

Assets held in trust

Security investments, other assets, and cash and cash equivalents held in trust by Bertelsmann Pension Trust e. V. under the contractual trust arrangement (CTA) are, from an economic point of view, still treated as held by Bertelsmann SE & Co. KGaA. These trust assets do not meet the requirements for plan assets set forth in section 246 (2) sentence 2 HGB.

Currency translation

Foreign currency receivables with a remaining term of one year or less are measured at the mean exchange rate on the balance sheet date, and foreign currency receivables with a remaining term of over one year are measured at the mean exchange rate on the entry date or the lower mean rate on the balance sheet date, provided no hedging transactions have been entered into and recognized under hedge accounting criteria.

Liabilities denominated in foreign currencies with a remaining term of one year or less are recognized at the mean exchange rate on the balance sheet date, and all other liabilities denominated in foreign currencies are recognized at the mean exchange rate on the entry date or the higher mean rate on the balance sheet date, provided no hedging transactions have been entered into and recognized under hedge accounting criteria.

Notes on the balance sheet

1 Statement of changes in fixed assets

Cost	12/31/2016 € millions	Additions € millions	Disposals € millions	Reclassi- fications € millions	12/31/2017 € millions
Intangible assets					
Acquired patents and similar rights and licenses to such rights	8	-	-	-	8
	8	-	-	-	8
Tangible assets					
Land, rights equivalent to land, and buildings	464	22	-	10	496
Technical equipment and machinery	20	1	-	-	21
Other equipment, fixtures, furniture, and office equipment	95	3	8	-2	88
Advance payments and construction in progress	9	9	-	-8	10
	588	35	8	-	615
Long-term financial assets					
Investments in affiliated companies	14,246	635	47	-	14,834
Loans to affiliated companies	-	1,289	-	-	1,289
Participations	-	-	-	-	-
Long-term securities	1,365	195	108	-	1,452
	15,611	2,119	155	-	17,575
	16,207	2,154	163	-	18,198

	12/31/2016 € millions	Amortization depreciation /write-downs 2017 € millions	Other effects ¹⁾ € millions	Reversals 2017 € millions	Disposals € millions	12/31/2017 € millions	Carrying amounts 12/31/2017 € millions	Carrying amounts 12/31/2016 € millions
Intangible assets								
Acquired patents and similar rights and licenses to such rights	7	-	-	-	-	7	1	1
	7	-	-	-	-	7	1	1
Tangible assets								
Land, rights equivalent to land, and buildings	170	14	-	-	-	184	312	294
Technical equipment and machinery	20	-	-	-	-	20	1	-
Other equipment, fixtures, furniture, and office equipment	41	3	-	-	9	35	53	54
Advance payments and construction in progress	-	-	-	-	-	-	10	9
	231	17	-	-	9	239	376	357
Long-term financial assets								
Investments in affiliated companies	897	79	-	125	-	851	13,983	13,349
Loans to affiliated companies	-	-	+22	-	-	22	1,267	-
Participations	-	-	-	-	-	-	-	-
Long-term securities	-	-	-	-	-	-	1,452	1,365
	897	79	+22	125	-	881	16,702	14,714
	1,135	96	+22	125	9	1,127	17,079	15,072

¹⁾ Value adjustment through the hedged loans to affiliated companies with no impact on earnings

There were no changes to the full amount of depreciation, amortization or write-downs in connection with additions or reclassifications in the financial year 2017.

Write-downs of long-term financial assets in the financial year 2017 comprise write-downs to the lower fair value as a result of a permanent impairment.

The increase in investments in affiliated companies is attributable in the amount of €270 million to the carrying amount of the investment in Bertelsmann Capital Holding GmbH, Gütersloh. This increased due to a payment made by Bertelsmann SE & Co. KGaA in connection with the profit and loss transfer agreement between Bertelsmann Capital Holding GmbH, Gütersloh, and RTL Group Deutschland GmbH, Cologne. In addition, the carrying amount of the investment in Gruner + Jahr GmbH & Co KG, Hamburg, was increased by €192 million, and the carrying amount of the investment in Bertelsmann, Inc., Wilmington, was increased by €126 million through cash contributions.

The loans are loan receivables due from Bertelsmann, Inc., Wilmington, for financing this company's operations. The loan agreements have a term of more than one year.

The security investments are shares in various funds held and managed by Bertelsmann Pension Trust e.V. They are used to secure and fulfill pension obligations of Bertelsmann SE & Co. KGaA and selected subsidiaries.

2 Receivables and other assets

Among the receivables from affiliates, €2,098 million (previous year: €2,283 million) involves companies in Germany and €1,376 million (previous year: €1,735 million) involves companies abroad. These result from the financing of operating activities of subsidiaries. The decrease in receivables primarily concerns the receivables due from Bertelsmann, Inc., Wilmington, from the conversion of short-term loans into medium and long-term loans.

As of December 31, 2017, €39 million other assets have a remaining term of more than one year. As of December 31, 2016 other assets have a remaining term of less than one year. Among the other assets, €3 thousand is held in trust and inaccessible (previous year: €12 million).

3 Cash on hand and bank balances

€28 million of the cash and cash equivalents are held and managed in trust (previous year: €30 million).

4 Prepaid expenses and deferred charges

A debt discount of €11 million (previous year: €11 million) in accordance with section 250 (3) HGB is recognized in prepaid expenses and deferred charges. The debt discount stems from the bonds maturing in 2019, 2021, 2022, 2024, 2026 and 2032. The discount is amortized on a straight-line basis over the individual terms of the bonds.

5 Excess of plan assets over post-employment benefit liabilities

An excess of plan assets over post-employment benefit liabilities results from the surplus after offsetting the obligations from lifetime working time accounts against the corresponding plan assets.

6 Subscribed capital

The share capital in the amount of €1,000 million is divided into 83,760 no-par registered shares.

7 Other retained earnings

Other retained earnings in the financial year 2017 were as follows:

	€
Balance as of 12/31/2016	4,980,000,000.00
Additions from 2017 net income	160,000,000.00
Balance as of 12/31/2017	5,140,000,000.00

8 Pensions and similar obligations

Pension expenses of €15 million were paid out in the financial year 2017.

Pension provisions were calculated using the average market interest rate specified by the Deutsche Bundesbank of 3.68 percent p.a. (previous year: 4.01 percent p.a.). The calculation assumed a rate of salary increase of 2.25 percent p.a.

(previous year: 2.25 percent p.a.) and a rate of pension increase of 1.5 percent p.a. (previous year: 1.5 percent p.a.). A fluctuation of 2.5 percent p.a. (Previous year: 2.5 percent p.a.) was assumed.

The difference between the recognition of provisions based on the average market interest rate of the last ten financial years and the recognition of provisions based on the average market interest rate of the last seven financial years amounts to €42 million. This amount is blocked from distribution in accordance with section 253 (6) sentence 2 HGB.

In order to fulfill certain obligations relating to employee pension plans, the corresponding funds are invested in a pension plan reinsurance scheme and in securities. In accordance with section 246 (2) sentence 2 HGB, plan assets have been netted against the underlying obligations. The earnings of €259 thousand generated by the plan assets were netted against the expenses from the corresponding pension obligations at €259 thousand.

Netted amounts in accordance with section 246 (2) sentence 2 HGB:

	12/31/2017	Previous year
	€ millions	€ millions
Settlement value of liabilities	12	12
Fair value of plan assets	12	12
Difference	-	-
Acquisition costs of the plan assets	9	8

9 Other provisions

The other provisions relate primarily to personnel costs of €38 million (previous year: €47 million) and an obligation of €44 million (previous year: €44 million) to service profit participation rights.

To guarantee claims arising from partial retirement and lifetime working time accounts, cash assets were transferred to a trustee. In accordance with section 246 (2) sentence 2 HGB, the provisions for lifetime working time accounts and the provisions for outstanding settlement amounts from partial retirement are offset against the corresponding plan assets. The income of €23 thousand generated by the plan assets was netted against the interest expense from the corresponding obligations at €68 thousand. This resulted in a remaining expense from plan assets amounting to €45 thousand.

Netted amounts in accordance with section 246 (2) sentence 2 HGB:

	12/31/2017	Previous year
	€ millions	€ millions
Settlement value of liabilities	3	-
Fair value of plan assets	3	-
Difference	-	-
Acquisition costs of the plan assets	3	-

10 Liabilities

	Maturing in less than 1 year	Maturing after more than 1 year	of which Maturing after more than 5 years	12/31/2017	Previous year	Maturing in less than 1 year	Maturing after more than 1 year	of which Maturing after more than 5 years
	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions
Bonds and promissory notes	200	4,160	2,500	4,360	3,710	-	3,710	3,250
Liabilities to banks	209	-	-	209	-	-	-	-
Profit participation capital	-	413	-	413	413	413	-	-
Trade payables	17	-	-	17	33	33	-	-
Liabilities to affiliated companies	6,072	-	-	6,072	5,439	5,439	-	-
Other liabilities	106	-	-	106	78	78	-	-
- for taxes	(46)	(-)	(-)	(46)	(27)	(27)	(-)	(-)
- for social security benefits	(1)	(-)	(-)	(1)	(1)	(1)	(-)	(-)
	6,604	4,573	2,500	11,177	9,673	5,963	3,710	3,250

Among the liabilities to affiliated companies, €5,676 million (previous year: €4,906 million) involve companies in Germany and €396 million (previous year: €533 million) involve companies abroad. These are financial liabilities. The increase in

liabilities to affiliated companies is attributable in the amount of €447 million to the increase in the loan from Bertelsmann Capital Holding GmbH, Gütersloh.

The liabilities to affiliated companies include liabilities of €29 million (previous year: €27 million) to general partner Bertelsmann Management SE, Gütersloh.

11 Bonds and promissory notes

The bonds and promissory notes are composed as follows:

Type	€ millions	Maturity	Nominal interest in %
Promissory note	200	06/15/2018	0.090
Promissory note	150	02/28/2019	0.110
Promissory note	60	05/04/2019	4.207
Floating rate note	100	11/18/2019	3-mon. EURIBOR +40 bps
Promissory note	100	12/01/2020	0.774
Bond	500	05/26/2021	0.250
Bond	750	08/02/2022	2.625
Bond	500	10/14/2024	1.750
Promissory note	150	12/01/2025	1.787
Bond	500	04/27/2026	1.125
Bond	100	06/29/2032	3.700
Hybrid bond ¹⁾	650	04/23/2075	3.000
Hybrid bond ²⁾	600	04/23/2075	3.500

¹⁾ Bertelsmann has the right of first-time premature repayment in April 2023 for this tranche of the hybrid bond issued in April 2015; the nominal interest rate stated above has been fixed until this date.

²⁾ Bertelsmann has the right of first-time premature repayment in April 2027 for this tranche of the hybrid bond issued in April 2015; the nominal interest rate stated above has been fixed until this date.

In May 2017, Bertelsmann SE & Co. KGaA placed a bond with a four-year term and an issue volume of €500 million. The bond, which is listed in Luxembourg, has a fixed 0.25 percent coupon. In addition, Bertelsmann issued a promissory note in the amount of €150 million with an 18-month term and a nominal interest rate of 0.11 percent in a private placement in August 2017.

12 Profit participation capital

Profit participation certificates with a nominal value of €301,324,177.75 were listed for trading on the balance sheet date. The nominal value of the profit participation capital consists of profit participation certificates of €284,339,810.00 issued in 2001 (ISIN DE 000 522 9942) and profit participation certificates of €16,984,367.75 issued in 1992 (ISIN DE 000 522 9900).

The participation certificates may only be terminated by the bearers, for the first time on 30/06/2017 and thereafter with effect at the end of every fifth financial year.

The terms of the 2001 participation certificates state that for each full financial year, 15 percent of the nominal value is paid if, after an adjustment for impairments of goodwill that negatively affect earnings, there is sufficient consolidated net income and net income of Bertelsmann SE & Co. KGaA, increased by any profits carried forward and reduced by any losses carried forward and contributions to the legal reserves. If the total return on capital of the Group in any one financial year is negative, the profit participation certificates absorb a share of the loss. The share of the loss is calculated as a percentage of the total negative return on capital relative to the nominal value of the profit participation certificates. Any such share in losses must be offset by shares in profits in subsequent years. In the event of liquidation or bankruptcy, repayment claims by the bearers of the profit participation certificates are subordinated to the claims of third-party creditors. The distribution on the 1992 profit participation certificates is based on the total return on capital employed for the Group, calculated according to section 4 of the terms of issue of the 1992 profit participation certificates.

Notes on the income statement

13 Revenues

The revenues are generated from the provision of services to subsidiaries (2017: €81 million, previous year: €79 million) and from leasing and rental (2017: €24 million, previous year: €25 million).

Revenues by region	2017	Previous year
	€ millions	€ millions
Germany	99	97
United States	2	2
Luxembourg	1	1
United Kingdom	1	1
France	1	1
Other under €1 million	1	2
	105	104

14 Other operating income

	2017	Previous year
	€ millions	€ millions
Income from write-ups on shares in affiliated companies	125	53
Currency gains	100	33
Income from the disposal of fixed assets	30	59
Income from the reversal of allowances for bad debt from affiliated companies	26	5
Costs passed on	14	12
Income from the reversal of provisions	9	12
Other income	7	6
	311	180

The write-ups were recognized on shares in Bertelsmann Inc., Wilmington, in the amount of €120 million (previous year: €53 million).

Of the other operating income, €26 million (previous year: €13 million) is attributable to earlier financial years. These relate primarily to income from the reversal of provisions and payments received on receivables impaired in previous years.

15 Personnel costs

Personnel expenses include expenses for pensions of €19 million (previous year: €2 million).

Workforce	2017	2016
Average number of employees during the year	901	905

These are all permanent employees.

16 Other operating expenses

	2017	Previous year
	€ millions	€ millions
Rental and maintenance costs	29	31
Reimbursement of expenditures to the general partner Bertelsmann Management SE, Gütersloh	27	25
Auditing, consulting and legal expenses	25	22
Valuation allowances on receivables from affiliated companies	14	6
Currency losses	14	53
Allocations	8	10
Other expenses	77	41
	194	188

17 Income from other participations

Income from profit and loss transfer agreements and investments as well as the expenses from loss assumption in each case results in full from affiliated companies.

Income from profit and loss transfer agreements stems primarily from the net income of Bertelsmann Capital Holding GmbH, Gütersloh. Bertelsmann Capital Holding GmbH, Gütersloh, contributed profits of €599 million (previous year €691 million).

18 Interest income

	2017	Previous year
	€ millions	€ millions
Income from other securities and long-term loans	11	7
- from affiliated companies	(11)	(7)
- from third parties	(-)	(-)
Other interest and similar income	107	67
- from affiliated companies	(102)	(63)
- from third parties	(5)	(4)
Interest and similar expenses	-198	-205
- to affiliated companies	(-8)	(-9)
- to third parties	(-190)	(-196)
	-80	-131

Of interest and similar expenses, €44 million (previous year: €44 million) is attributable to expenses for servicing the profit participation capital and €12 million (previous year: €12 million) to the accrued interest on long-term provisions.

19 Write-downs of long-term financial assets

The write-downs of long-term financial assets for the financial year 2017 of €67 million mainly pertain to shares in Media Communication S.A.S., Vendin-Le-Vieil (previous year: €42 million).

20 Taxes on income

Taxes on income (reimbursements negative)	2017	Previous year
	€ millions	€ millions
Corporate income tax and solidarity surcharge for current year	96	60
Corporate income tax and solidarity surcharge for previous years	3	-
Trade tax for current year	93	77
Trade tax for previous years	6	-6
	198	131

The increase in tax expenses for the financial year 2017 is attributable to the use of a corporate income tax loss carryforward in 2016 which was fully used up in the financial year 2016.

Deferred tax assets of Bertelsmann SE & Co. KGaA and its consolidated companies are primarily attributable to differences between valuations by accounting principles of the German Commercial Code (HGB) and tax valuations of intangible fixed assets and provisions. Deferred tax liabilities are formed mainly due to the difference in value of tangible assets and the different valuation of other receivables.

An underlying tax rate of 31.0 percent for corporate income tax, solidarity tax surcharge and trade tax is used for the calculation of deferred taxes. Exercising the option under section 274 (1) sentence 2 HGB means waiving the recognition of net deferred tax assets.

Miscellaneous

Shares in investment funds

Shares held in German or comparable foreign investment funds as defined by section 1 of the German Capital Investment Code (KAGB) have a carrying amount of €1,376 million as of December 31, 2017. The fair value of €1,633 million exceeds the carrying amount by €257 million. Fixed-interest securities account for €1,281 million of the fair value, equities for €283 million, and cash and cash equivalents for €69 million. The articles of association stipulate that the investment funds be distributing, but it was agreed by special resolution that the disbursable profits from 2017 be reinvested in investment funds. The investment assets serve exclusively to hedge obligations to employees.

Contingent liabilities

	12/31/2017	Previous year
	€ millions	€ millions
Liabilities from		
guarantees	955	1,111
guarantee agreements	378	1,555
	1,333	2,666

Guarantees include primarily rent guarantees totaling €829 million (previous year: €907 million) and guarantees for the repayment of loans from various Bertelsmann Group companies totaling €126 million (previous year: €155 million).

Bertelsmann SE & Co. KGaA entered into 54 contingent liabilities from guarantee agreements with no volume limit on behalf of affiliated companies. Of these, 11 are contingent liabilities to affiliated companies. In doing so, Bertelsmann SE & Co. KGaA provides assurance for the financial performance of the subsidiaries or the fulfillment of obligations arising from legal transactions of the subsidiaries. These include a guarantee in regard to diverse Microsoft vendor service agreements which are not quantified as of December 31, 2017, based on existing contractual agreements. On December 31, 2016, this guarantee was presented as a contingent liability from guarantee agreements of €1,269 million.

Insofar as the assets held in trust by Bertelsmann Pension Trust e. V. are used to secure and fulfill pension obligations of selected subsidiaries, these consist of securities to cover third-party liabilities.

Bertelsmann SE & Co. KGaA enters into contingent liabilities only after carefully weighing the risks and only in connection with its own business activities or those of its affiliated companies. On the basis of a continuous risk assessment of the contingent liabilities entered into and taking into account all findings up to the preparation of the annual financial statements, Bertelsmann SE & Co. KGaA currently assumes that the obligations on which the contingent liabilities are based can be fulfilled by the respective principal debtors. For this reason the risk of a claim arising from the contingent liabilities is considered to be unlikely on the basis of the credit rating of the primary debtor.

Other financial commitments

As of the reporting date, other financial commitments from credit lines granted to subsidiaries and not fully utilized at the reporting date in the amount of € 994 million. Other financial commitments to third parties from rental and lease agreements, licensing obligations and service acceptances came to €113 million (previous year €100 million).

Derivatives / Hedges

Nominal values ¹⁾	12/31/2017	Previous year
	€ millions	€ millions
Foreign exchange hedging transactions with affiliated companies	548	271
with third parties	2,543	2,532
Interest rate hedges with affiliated companies	-	23
with third parties	250	-
Cross-currency interest rate hedging transactions with affiliated companies	-	-
with third parties	834	190
Share option transactions with affiliated companies	-	-
with third parties	63	10
Commodity futures transactions with affiliated companies	-	1
with third parties	-	1
	4,238	3,028

¹⁾ For foreign exchange hedging transactions, the nominal value is reported as the total of all underlying purchase and sale amounts for these transactions.

Fair values ²⁾	12/31/2017	Previous year
	€ millions	€ millions
Foreign exchange hedging transactions with affiliated companies	+4	-2
with third parties	+28	-7
Interest rate hedges with affiliated companies	-	-
with third parties	-	-
Cross-currency interest rate hedging transactions with affiliated companies	-	-
with third parties	+39	+2
Share option transactions with affiliated companies	-	-
with third parties	-5	-
Commodity futures transactions with affiliated companies	-	-
with third parties	-	-
	66	-7

²⁾ The fair values for the foreign exchange hedging transactions show the balance of positive and negative fair values in each case.

Derivative financial transactions are used to manage the risks from interest rate, currency, and commodity price fluctuations from the operations of the subsidiaries and from derivative and primary financial transactions. The primary financial transactions comprise bank loans. The derivative financial transactions are foreign exchange hedging transactions, cross-currency interest rate hedging transactions, commodity futures transactions and interest rate hedges. Furthermore, share option transactions are entered into at times in order to reduce exchange rate risks from the security investments held in trust by Bertelsmann Pension Trust e. V. under the Contractual Trust Arrangement (CTA). In addition, risks from fluctuations in commodity prices from the subsidiaries' operating business are limited by entering into forward commodity transactions. The transactions are conducted only with banks with a high credit rating (investment grade). The derivatives' fair value is taken into account when assessing the risk of default and taken into consideration in the utilization of set counterparty limits. Contracting and documentation are subject to strict internal controls. Allowances are made for the risks from the transactions as of the balance sheet date.

The derivatives have terms of up to six years.

As of the balance sheet date, Bertelsmann SE & Co. KGaA exercised its option to form hedges in the following cases:

Bertelsmann SE & Co. KGaA uses offsetting bank loans in foreign currencies, foreign exchange hedging transactions and cross-currency interest rate hedging transactions to reduce the risks from changes in value arising from intercompany financing in foreign currencies. If the accounting requirements have been met, underlying and hedging transactions are consolidated into portfolio hedges and micro-hedges in order to cover the currency risk. Consolidation as micro-hedges took place for the first time in financial year 2017 and is only applied for intercompany financing in US dollars. This is attributable to changes made in the intercompany financing of Bertelsmann, Inc. in financial year 2017 resulting in the issuance of thirteen new loans with changed maturities. These loans were consolidated with cross-currency swaps, foreign currency exchange hedging transactions and bank loans denominated in US dollar to form individual micro-hedges. This change had no impact on earnings.

The critical terms match method was applied to determine the future effectiveness of the hedge relationship. Receivables in the amount of €2,216 million (previous year: €1,539 million) and liabilities totaling €99 million (previous year: €70 million)

were hedged. The effective portion of the micro-hedge for hedging intercompany financing in foreign currencies will be reported using the gross hedge presentation method, with no impact on earnings. This means that the offsetting changes in value from the hedged risks are recognized on the balance sheet on the basis of the underlying and hedge instrument. As a result, positive fair values of the transactions for hedging intercompany financing of €62 million (previous year: €7 million) and negative fair values of €3 million (previous year: €20 million) are reported under other assets/other provisions as of the reporting date. In the case of fair values of hedging instruments for intercompany financing in foreign currencies, the accrued interest component is shown separately. This means that as of December 31, 2017, interest income of €1.0 million (previous year: €0.1 million) and interest expenses of €5.3 million (previous year: €1.6 million) were accrued.

Derivatives are also used to hedge the currency risks of subsidiaries. Foreign currency hedging transactions entered into with external counterparties and the offsetting foreign currency hedging transactions entered into with subsidiaries with a nominal value of €548 million (previous year €265 million) are also consolidated and included in portfolio hedges. These portfolio hedges are presented by foreign currency so that exclusively homogeneous risks are concentrated in each respective portfolio. This similarity among a portfolio's transactions means that changes in value during the term of the hedge are equalized. The portfolio hedges for hedging currency risks of the subsidiaries cover risks totaling €7 million (previous year €10 million). The critical terms match method is applied at the outset to demonstrate the prospective effectiveness of the hedge. The term of the hedge begins when the hedge is transacted. A sensitivity analysis is conducted to demonstrate the prospective effectiveness as of the balance sheet date. Hedges for covering currency risks of subsidiaries are still reported using the net hedge presentation method. This means that the offsetting changes in value from the hedged risks are not recognized.

The dollar offset method is applied to demonstrate the retrospective effectiveness of the hedge relationship for hedging the currency risks of subsidiaries and intercompany financing. This involves comparing the change in fair values of the underlying and hedge transactions from the start of the hedge to the balance sheet date. Any unrealized losses not fully offset by unrealized profits are reported as expenses by recognizing a provision for anticipated loss. No ineffective hedges were reported among the portfolio hedges and micro-hedges documented as of the balance sheet date.

Additional derivatives are used to hedge against fluctuations in commodity prices for subsidiaries. The hedges negotiated with external counterparties and the offsetting derivatives with subsidiaries of equal volume yield micro-hedges. The changes in value of the transactions are mutually offsetting. Micro-hedged risks account for €1 million (previous year €1 million). The critical terms match method using the dollar offset method demonstrates both the prospective and retrospective effectiveness. The net hedge presentation method is still used to account for the hedges covering fluctuations in commodity prices for the subsidiaries.

The fair values of forward exchange transactions to hedge currency risks arising from intercompany financing in foreign currencies were determined using the spot prices on the balance sheet date. The forward component is reported separately using the accrual method.

The fair values of forward exchange transactions to hedge currency risks of subsidiaries were determined using the spot prices on the balance sheet date, taking into account forward markdowns and markups for the remaining term of the transactions and discounted to the balance sheet date.

The fair values of interest rate swaps were determined by discounting the future cash flows based on the respective market interest rates and interest rate structure curves on the balance sheet date.

The fair values of interest rate hedges/foreign exchange hedging transactions were determined for the portion of the interest component in the same way as the fair value of interest rate swaps. For the currency component, the fair values were determined using the spot prices on the balance sheet date.

The fair value of forward commodity transactions was derived from the stock exchange listings published on the balance sheet date. Any incongruities to the standardized stock exchange contracts are reflected through interpolation or additions.

General partner

Bertelsmann Management SE, based in Gütersloh, is the general partner. It holds no shares in Bertelsmann SE & Co. KGaA. Bertelsmann Management SE has a share capital of €1.6 million. Management of Bertelsmann SE & Co. KGaA is the responsibility of the general partner. The general partner is reimbursed for all expenses associated with managing the company business, including the compensation of its board members and the income tax expense. These amounts are reported under other operating expenses.

Notifications in accordance with section 20 AktG

Mohn Beteiligungs GmbH notified the company that it holds more than one quarter of the shares. Furthermore, Johannes Mohn Gesellschaft mit beschränkter Haftung holds directly more than 50 percent and Reinhard Mohn Verwaltungsgesellschaft mit beschränkter Haftung holds indirectly more than 25 percent of the shares.

The Supervisory Board of Bertelsmann SE & Co. KGaA

Christoph Mohn

Chairman

Chairman of the Reinhard Mohn Stiftung
Managing Director, Christoph Mohn Internet Holding GmbH

- Bertelsmann Management SE (Chairman)

Liz Mohn

Chairwoman of the Board of Bertelsmann Verwaltungsgesellschaft mbH (BVG)
Vice Chairwoman of the Executive Board, Bertelsmann Stiftung

- Bertelsmann Management SE

Prof. Dr.-Ing. Joachim Milberg (until May 12, 2017)

Vice Chairman

Former Chairman of the Supervisory Board, BMW AG

- Bertelsmann Management SE (Vice Chairman) (until May 12, 2017)

Prof. Dr.-Ing. Werner J. Bauer

Vice Chairman (since May 12, 2017)

Former Executive Vice President of Nestlé AG for Innovation, Technology, Research and Development

- Bertelsmann Management SE (Vice Chairman since May 12, 2017)
- GEA-Group AG
- Nestlé Deutschland AG (Chairman) (until May 19, 2017)
 - Givaudan S.A. (Vice Chairman since March 23, 2017)
 - LONZA S.A.

Dr. Wulf H. Bernotat † August 27, 2017

Former Chairman of the Executive Board, E.ON AG

- Allianz SE (until May 3, 2017)
- Bertelsmann Management SE
- Deutsche Telekom AG
- Vonovia SE (Chairman) (until August 26, 2017)

Kai Brettmann

Editorial Director Online, RTL Nord GmbH, Hamburg
Chairman of the RTL Group European Works Council
Chairman of the Mediengruppe RTL Deutschland Corporate Works Council
Chairman of the Works Council of RTL Nord

Dr. Thomas Buberl (since January 16, 2018)

Chairman of the Executive Board, AXA S.A.

- AXA Konzern AG (Chairman)
- Bertelsmann Management SE (since January 16, 2018)
 - AXA ASIA
 - AXA Equitable Holdings, Inc.
 - AXA Equitable Life Insurance Company
 - AXA Financial, Inc.
 - AXA Leben AG
 - AXA Versicherungen AG
 - MONY Life Insurance Company of America

Murat Cetin

Chairman of the Works Council, Arvato Direct Services Dortmund GmbH
Chairman of the General Works Council, Arvato Services CRM2
Member of the Works Council, Bertelsmann SE & Co. KGaA

Helmut Gettkant

Chairman of the Corporate Works Council, Bertelsmann SE & Co. KGaA

Ian Hudson

Chairman of the International Management Representative Committee of Bertelsmann SE & Co. KGaA

- Which? Limited

Bernd Leukert

Member of the Executive Board, SAP SE, Products & Innovation

- Bertelsmann Management SE
- Deutsches Forschungszentrum für Künstliche Intelligenz (DFKI) GmbH
- TomTom NV (since September 28, 2017)

Gigi Levy-Weiss

Angel Investor

- Bertelsmann Management SE
- Beach Bum Ltd.
- BrandShield Ltd.
- Caja Elastic Dynamic Solutions Ltd.
- Correlsense Ltd. (since May 24, 2017)
- Driveway Software Corporation
- Fusic Ltd.
- Global-e Online Ltd.
- IMA Ventures Ltd.
- Inception VR
- Jeeng Application Ltd.
- MarketsBook Ltd.
- MyHeritage Ltd.
- NanoRep Technologies Ltd. (until November 8, 2017)
- Neta Eisenstein Management (2000) Ltd.
- On Line Classified Ltd. (until November 16, 2017)
- Plarium Global Ltd. (until October 19, 2017)
- Premium Domains Ltd.
- Seven Elements Studios INC.
- SimilarWeb
- SpeakEZ Ltd.
- Touristic Services Ltd.
- TrustMed Ltd.
- Volunteer Directly Ltd.

Dr. Brigitte Mohn

Member of the Executive Board, Bertelsmann Stiftung

- Bertelsmann Management SE
- Phineo gAG
- Rhön-Klinikum AG
- Clue by Biowink GmbH
- Flytxt B.V.

Hans Dieter Pötsch

Chairman of the Supervisory Board, Volkswagen AG

Chairman of the Executive Board / Chief Financial Officer, Porsche Automobil Holding SE

- AUDI AG, Ingolstadt
- Autostadt GmbH, Wolfsburg (Chairman)
- Bertelsmann Management SE
- Dr. Ing. h. c. F. Porsche AG
- Wolfsburg AG
- Porsche Austria Gesellschaft m.b.H., Salzburg
- Porsche Holding Gesellschaft m.b.H., Salzburg
- Porsche Retail GmbH, Salzburg
- Volkswagen Truck & Bus GmbH, Braunschweig

Kasper Rorsted

Chairman of the Executive Board, Adidas AG

- Bertelsmann Management SE
- Danfoss A/S (until February 28, 2017)

Christiane Sussieck

Chairwoman of the Corporate General Works Council, Bertelsmann SE & Co. KGaA
Vice Chairwoman of the Corporate Works Council, Bertelsmann SE & Co. KGaA

Bodo Uebber

Member of the Executive Board, Daimler AG
Finance & Controlling/Daimler Financial Services

- Bertelsmann Management SE
- Daimler Financial Services AG (Chairman)
- BAIC Motor Corporation Ltd.
- Delta Topco Ltd.
- Mercedes-Benz Grand Prix Ltd. (since March 14, 2017)

- Membership of statutory domestic supervisory boards
- Membership of comparable domestic and foreign supervisory bodies of business enterprises

Executive Board of Bertelsmann Management SE, the general partner

Dr. Thomas Rabe

Chairman

- Symrise AG ¹⁾ (Chairman)
- Bertelsmann Inc. (Chairman)
- Bertelsmann Learning LLC
- Penguin Random House LLC (Chairman since January 1, 2018)
- Relias Learning LLC
- RTL Group S.A. (Chairman)

Fernando Carro de Prada (until July 13, 2017)

Chief Executive Officer, Arvato

- Bertelsmann España, S.L. (until November 8, 2017)
- Phone Assistance S.A. (until August 28, 2017)
- Phone Group S.A. (until August 28, 2017)
- Phone Serviplus S.A. (until August 28, 2017)

Markus Dohle

Chief Executive Officer, Penguin Random House

- Direct Group Grandes Obras S.L.
- Editora Schwarcz S.A.
- Frederick Warne & Co. LLC
- Golden Treasures LLC
- Penguin Random House Foundation, Inc.
- Penguin Random House Grupo Editorial S.A.U.
- Penguin Random House Grupo Editorial (USA) LLC
- Penguin Random House LLC
- Random House Children's Entertainment LLC
- Sasquatch Books LLC (since October 2, 2017)
- Sputnik 84, LLC (since June 1, 2017)

Dr. Immanuel Hermreck

Chief Human Resources Officer

Bernd Hirsch

Chief Financial Officer

- Bertelsmann Inc.
- Evotec AG, Hamburg ¹⁾
- Penguin Random House LLC
- RTL Group S.A.

Anke Schäferkordt

Co-Chief Executive Officer of RTL Group S.A. (until April 19, 2017)

Managing Director Mediengruppe RTL Deutschland GmbH

Managing Director RTL Television GmbH

- BASF SE ¹⁾
 - Groupe M6

 - Membership of statutory domestic supervisory boards
 - Membership of comparable domestic and foreign supervisory bodies of business enterprises
- ¹⁾ External mandates

Total remuneration of the Supervisory Board and Executive Board

Compensation of the Supervisory Board of Bertelsmann SE & Co. KGaA for the financial year 2017 amounted to €1,875,167 plus statutory value-added tax. Members of the Executive Board of Bertelsmann Management SE received total remuneration in the reporting period of €28,926,652, including €16,966,406 from Bertelsmann Management SE. Former members of the Executive Board of Bertelsmann Management SE and Bertelsmann AG and their surviving dependents received compensation of €11,511,599, including €11,125,937 from Bertelsmann Management SE and Bertelsmann SE & Co. KGaA. The provision for pension obligations to former members of the Executive Board of Bertelsmann Management SE and Bertelsmann AG amounts to €64,429,803 at Bertelsmann SE & Co. KGaA and Bertelsmann Management SE.

Fees to external auditors

Information on auditors' fees is provided in the consolidated financial statements of Bertelsmann SE & Co. KGaA, which include Bertelsmann SE & Co. KGaA as the parent company. Above all, the audit services listed in the consolidated financial statements include the fees for the review of the interim consolidated financial statements, the audit of the consolidated financial statements and the audit of the individual financial statements of Bertelsmann SE & Co. KGaA and its subsidiaries. The fees for other assurance services mainly comprise legally required or voluntarily commissioned confirmation services by the auditors. The fees for other services mainly include fees for project-related consulting services.

Significant events after the balance sheet date

No significant events occurred after the closing of the financial year.

Proposal for the appropriation of net retained profits

The general partner and the Supervisory Board of Bertelsmann SE & Co. KGaA will propose to the General Meeting that the remaining net retained profits of €664,702,345.38 million be appropriated as follows:

	€
Dividends to shareholders	180,000,000.00
Carry forward to new financial year	484,702,345.38
	664,702,345.38

List of shareholders

The complete list of shareholders required under section 285 (11) HGB is attached as an annex to these notes.

Gütersloh, March 9, 2018

Bertelsmann SE & Co. KGaA

Represented by:

Bertelsmann Management SE, the general partner

Executive Board

.....
(Dr. Thomas Rabe)

.....
(Markus Dohle)

.....
(Dr. Immanuel Hermreck)

.....
(Bernd Hirsch)

.....
(Anke Schäferkordt)

Anteilsbesitz gem. § 285 und § 313 HGB für die Bertelsmann SE & Co. KGaA und den Bertelsmann Konzern zum 31. Dezember 2017
List of shareholdings according to § 285 and § 313 HGB for Bertelsmann SE & Co. KGaA and the Bertelsmann Group as per December 31, 2017

Nachfolgende Tabellen zeigen den Anteilsbesitz der Bertelsmann SE & Co. KGaA gem. § 285 Nr. 11 HGB und des Bertelsmann Konzerns gem. § 313 Abs. 2 HGB. Bei den Angaben zu den Werten von Eigenkapital und Ergebnis handelt es sich grundsätzlich um IFRS Werte. Fußnoten zu nachfolgenden Tabellen sind am Ende zusammengefasst. / The tables below show the shareholdings of the Bertelsmann SE & Co. KGaA according to Section 285 No. 11 of the German Commercial Code (HGB) and Bertelsmann Group according to section 313 (2) HGB. Information about equity and net result of the companies complies with International Financial Reporting Standards. Footnotes on the tables below are presented at the end.

I. Mutterunternehmen / Parent Company

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
Bertelsmann SE & Co. KGaA, Gütersloh				

**II. Im Konzernabschluss vollkonsolidierte Unternehmen sowie nach der Equity-Methode einbezogene Beteiligungen /
Fully consolidated companies and investments accounted for using the equity method included in the consolidated financial statements**

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
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II.A. Vollkonsolidierte Tochterunternehmen / Fully consolidated Subsidiaries

Argentinien / Argentina				
Ediciones B Argentina S.A., Buenos Aires	104	-780	100.00 %	75.00 %
Fremantle Productions Argentina S.A., Buenos Aires	-139	-103	100.00 %	75.73 %
Market Self S.A., Buenos Aires	737	35	85.00 %	63.99 %
Motorpress Argentina S.A., Buenos Aires	14	-279	100.00 %	59.90 %
Penguin Random House Grupo Editorial S.A., Buenos Aires	7,795	587	100.00 %	75.47 %
Australien / Australia				
BMG AM International Pty Ltd, Surry Hills	-391	6	100.00 %	100.00 %
BMG AM Pty Ltd, Surry Hills	4,696	434	100.00 %	100.00 %
BMG Rights Management (Australia) Pty Ltd, Surry Hills	-537	-1,395	100.00 %	100.00 %
Doctor Doctor Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Doctor Doctor Production Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
DRDR2 Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
DRDR2 Series Pty Ltd, St. Leonards	0	0	100.00 %	56.79 %
Easy Tiger Holdings Pty Ltd, St. Leonards	5,808	0	75.00 %	56.79 %
Easy Tiger Productions Pty Ltd, Sydney	-157	-196	100.00 %	56.79 %
EME Productions No 2 Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Forum 5 Pty Ltd, Melbourne	0	0	100.00 %	75.73 %
FremantleMedia Australia Holdings Pty Ltd, St. Leonards	502	0	100.00 %	75.73 %
FremantleMedia Australia Pty Ltd, St. Leonards	25,039	9,519	100.00 %	75.73 %
Grundy Organization Pty Ltd, St. Leonards	325	0	100.00 %	75.73 %
Jack Irish Dead Point Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Jack Irish Series 2 Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Jack Irish Series 2 Pty Ltd, St. Leonards	0	0	100.00 %	56.79 %
Jack Irish Series Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Jack Irish Series Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Orient Pacific Music Pty Ltd, Surry Hills	264	-8	100.00 %	100.00 %
Origin Network Pty Ltd, Surry Hills	-14	0	100.00 %	100.00 %
Penguin Australia Pty Ltd, Docklands	0	0	100.00 %	75.00 %
Penguin Random House Australia Pty Ltd, Docklands	39,978	17,576	100.00 %	75.00 %
Rake 3 Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Rake 4 Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Rake 4 Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Rake 5 Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Rake 5 Pty Ltd, St. Leonards	0	0	100.00 %	56.79 %
RHA Holdings Pty Ltd, Melbourne	-1,423	0	100.00 %	75.00 %
SpotXchange Australia Pty Ltd, Sydney	480	51	100.00 %	75.73 %
Sunshine Series Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Sunshine Series Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
The Broken Shore Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
The Broken Shore Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
The Principal Series Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
The Principal Series Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Belgien / Belgium				
Best of TV Benelux S.P.R.L., Brüssel	1,466	215	100.00 %	18.64 %
Cobelfra S.A., Brüssel	11,149	7,614	100.00 %	33.39 %
E2C BVBA, Temse	-3,943	1,436	100.00 %	100.00 %
FremantleMedia Belgium NV, Brüssel	3,049	107	100.00 %	75.73 %
Home Shopping Service Belgique S.A., Brüssel	696	508	100.00 %	43.18 %
Inadi S.A., Brüssel	2,342	944	100.00 %	33.39 %
IP Belgium S.A., Brüssel	104,902	4,036	100.00 %	49.82 %
Optilens SPRL, Jette	461	34	100.00 %	34.93 %
Radio Belgium Holding S.A., Brüssel	107,139	5,888	50.20 %	33.39 %
RTL Belgium S.A., Brüssel	8,399	10,697	65.99 %	49.82 %
RTL Group Services Belgium S.A., Ans	3,515	3,826	100.00 %	75.73 %
Societe Europeenne de Televente Belgique SCRL, Brüssel	-	-	100.00 %	36.49 % ¹
Unite 15 Belgique S.A., Brüssel	-	-	100.00 %	36.49 % ¹

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
Brasilien / Brazil				
Arvato Participacoes Ltda., Sao Paulo	18,831	-541	100.00 %	100.00 %
Arvato Servicos, Comercio e Industria Grafica Ltda., Sao Paulo	3,241	-2,634	100.00 %	100.00 %
Bertelsmann Brasil Participacoes Ltda., Sao Paulo	785	221	100.00 %	100.00 %
Erste BBI Participacoes Ltda., Sao Paulo	22,689	-28	100.00 %	100.00 %
FremantleMedia Brazil Producao de Televisao Ltda., Sao Paulo	-428	-2,329	100.00 %	75.73 %
Intervalor Cobranca Gestao de Credito e Call Center Ltda., Sao Paulo	2,078	-541	100.00 %	81.51 %
Intervalor Holding S.A., Sao Paulo	557	-436	81.51 %	81.51 %
Intervalor Promocao de Vendas Ltda., Osasco	747	478	100.00 %	81.51 %
Motorpress Brasil Editora Ltda., Sao Paulo	-2,182	-1,224	100.00 %	57.80 %
Stylehaul Brasil Agenciamento de Midia Ltda, Sao Paulo	35	-23	100.00 %	75.73 %
Valorati Servicos de Cobranca Ltda., Sao Paulo	28	-4	100.00 %	81.51 %
Britische Jungferninseln / British Virgin Islands				
Gruner + Jahr New York Network Media Advertising Corporation	-80	161	100.00 %	100.00 %
Chile				
Market Self Chile SpA, Santiago de Chile	13	-160	100.00 %	63.99 %
Penguin Random House Grupo Editorial, S.A., Santiago de Chile	10,775	370	100.00 %	75.00 %
China				
Arvato Digital Services (Hangzhou) Co. Ltd., Hangzhou	217	-45	100.00 %	100.00 %
Arvato Digital Services (Shanghai) Co. Ltd., Shanghai	9,668	643	100.00 %	100.00 %
Arvato Digital Services (Xiamen) Co. Ltd., Xiamen	540	13	100.00 %	100.00 %
Arvato Digital Services Limited, Hong Kong	2,010	-559	100.00 %	100.00 %
Arvato Digital Technology (Shenzhen) Co. Ltd., Shenzhen	-314	-13	100.00 %	100.00 %
Arvato Logistics (Shenzhen) Co. Ltd., Shenzhen	369	5	100.00 %	100.00 %
Arvato Services (Nanchang) Co. Ltd., Nanchang	817	-410	100.00 %	100.00 %
Arvato Services Hong Kong Limited, Tuen Mun	4,312	1,740	100.00 %	100.00 %
Arvato Supply Chain Management (Shanghai) Co. Ltd., Shanghai	334	-83	100.00 %	100.00 %
Beijing Beining Consulting Co. Ltd., Peking	-304	-51	100.00 %	100.00 %
Bertelsmann Equity Investment Fund Management (Shanghai) Co. Ltd., Shanghai	2,099	208	100.00 %	100.00 %
Bertelsmann Management (Shanghai) Co. Ltd., Shanghai	15,287	8,113	100.00 %	100.00 %
Bertelsmann-Arvato Commercial Services (Shanghai) Co. Ltd., Shanghai	872	-418	100.00 %	100.00 %
BMG (Beijing) Music & Culture Co. Ltd., Peking	1,758	-75	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (Hong Kong) Limited, Hong Kong	-87	-31	100.00 %	100.00 %
Boman (Beijing) Cultural Development Co. Ltd., Peking	-498	-177	100.00 %	100.00 %
Fremantle (Shanghai) Culture Media Co. Ltd., Shanghai	-573	-757	100.00 %	75.73 %
Fremantle Productions Asia Ltd., Hong Kong	717	10	100.00 %	75.73 %
Penguin (Beijing) Culture Development Co. Ltd., Peking	2,308	1,090	100.00 %	75.00 %
Penguin Group (Hong Kong) Limited, Hong Kong	626	-34	100.00 %	75.00 %
Shanghai Bertelsmann Commercial Services Co. Ltd., Shanghai	10,189	2,553	100.00 %	100.00 %
Shanghai Bertelsmann-arvato Information Services Co. Ltd., Shanghai	6,411	302	100.00 %	100.00 %
Shanghai Kaichang information technology Co. Ltd., Shanghai	-5,872	541	100.00 %	100.00 %
Cote d'Ivoire				
Phone Group Cote D'Ivoire S.A.R.L., Abidjan	1,552	839	100.00 %	60.00 %
Dänemark / Denmark				
Arvato Finance A/S, Kopenhagen	2,624	77	100.00 %	100.00 %
Blu A/S, Valby	4,142	1,001	100.00 %	75.73 %
Gothia A/S, Kopenhagen	354	2	100.00 %	100.00 %
Miso Estate ApS, Kopenhagen	-131	-25	100.00 %	38.62 %
Miso Film ApS, Kopenhagen	2,380	2,299	100.00 %	38.62 %
Miso Holding ApS, Kopenhagen	1,589	1,588	51.00 %	38.62 %
Deutschland / Germany				
"Alwa" Gesellschaft für Vermögensverwaltung mbH & Co. Grundstücksvermietung	74,358	7,649	100.00 %	93.98 %
"I 2 I" Musikproduktions- und Musikverlagsgesellschaft mbH, Köln	27	0	100.00 %	75.48 %
I1 Freunde Verlag GmbH & Co. KG, Berlin	195	449	51.00 %	51.00 %
Ad Alliance GmbH, Köln	43	0	100.00 %	75.48 %
adality GmbH, München	25	0	100.00 %	100.00 %
Antenne Niedersachsen GmbH & Co. KG, Hannover	5,581	1,495	63.00 %	39.12 %
AppAdvisors GmbH, München	-88	-126	100.00 %	100.00 %
Applike GmbH, Hamburg	35	0	100.00 %	100.00 %
arvato analytics GmbH, Gütersloh	305	13	100.00 %	100.00 %
arvato CRM Energy GmbH, Leipzig	447	0	100.00 %	100.00 %
arvato CRM Healthcare GmbH, Berlin	958	0	100.00 %	100.00 %
arvato CRM Nordhorn GmbH, Nordhorn	26	0	100.00 %	100.00 %
Arvato CRM Solutions GmbH, Gütersloh	-1,487	0	100.00 %	100.00 %
arvato direct services Brandenburg GmbH, Brandenburg	43	0	100.00 %	100.00 %
arvato direct services Cottbus GmbH, Cottbus	-135	0	100.00 %	100.00 %
arvato direct services Dortmund GmbH, Dortmund	-53	0	100.00 %	100.00 %
arvato direct services eiweiler GmbH, Heusweiler-Eiweiler	89	0	100.00 %	100.00 %
arvato direct services GmbH, Gütersloh	-2,026	0	100.00 %	100.00 %
arvato direct services Münster GmbH, Münster	30	0	100.00 %	100.00 %
arvato direct services Neubrandenburg GmbH, Neubrandenburg	-629	0	100.00 %	100.00 %
arvato direct services Potsdam GmbH, Potsdam	107	0	100.00 %	100.00 %

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arvato direct services Rostock GmbH, Rostock	27	0	100.00 %	100.00 %	2
arvato direct services Schwerin GmbH, Schwerin	-39	0	100.00 %	100.00 %	2
arvato direct services Stralsund GmbH, Stralsund	-103	0	100.00 %	100.00 %	2
arvato direct services Wilhelmshaven GmbH, Schortens	232	0	100.00 %	100.00 %	2
arvato distribution GmbH, Harsewinkel	912	0	100.00 %	100.00 %	2
arvato eCommerce Beteiligungsgesellschaft mbH, Gütersloh	2,043	0	100.00 %	100.00 %	2
arvato eCommerce Verwaltungsgesellschaft mbH, Gütersloh	394	0	100.00 %	100.00 %	2
arvato health analytics GmbH, München	3,812	0	100.00 %	100.00 %	2
arvato infoscore GmbH, Baden-Baden	60,949	0	100.00 %	100.00 %	2
arvato IT support GmbH, Gütersloh	1	0	100.00 %	100.00 %	2
arvato Logistics, Corporate Real Estate & Transport GmbH, Gütersloh	1,472	0	100.00 %	100.00 %	2
arvato media GmbH, Gütersloh	5,716	0	100.00 %	100.00 %	2
Arvato Payment Solutions GmbH, Verl	2,214	0	100.00 %	100.00 %	2
arvato print service Russland GmbH, Gütersloh	39,387	2,385	100.00 %	100.00 %	2
arvato SCM Consumer Products GmbH, Gütersloh	521	0	100.00 %	100.00 %	2
arvato services Chemnitz GmbH, Chemnitz	-355	0	100.00 %	100.00 %	2
arvato services Cottbus GmbH, Cottbus	47	0	100.00 %	100.00 %	2
arvato services Dresden GmbH, Dresden	37	0	100.00 %	100.00 %	2
arvato services Duisburg GmbH, Duisburg	26	0	100.00 %	100.00 %	2
arvato services Erfurt GmbH, Erfurt	-8	0	100.00 %	100.00 %	2
arvato services Essen GmbH, Essen	-179	0	100.00 %	100.00 %	2
arvato services Gera GmbH, Gera	26	0	100.00 %	100.00 %	2
arvato services Halle GmbH, Halle (Saale)	36	0	100.00 %	100.00 %	2
arvato services Leipzig GmbH, Leipzig	25	0	100.00 %	100.00 %	2
arvato services Magdeburg GmbH, Magdeburg	50	0	100.00 %	100.00 %	2
arvato services Rostock GmbH, Rostock	-329	0	100.00 %	100.00 %	2
arvato services solutions GmbH, Gütersloh	-757	0	100.00 %	100.00 %	2
arvato services Suhl GmbH, Suhl	31	0	100.00 %	100.00 %	2
arvato systems GmbH, Gütersloh	-3,423	0	100.00 %	100.00 %	2
arvato Systems perdata GmbH, Leipzig	4,262	0	100.00 %	100.00 %	2
arvato Systems S4M GmbH, Köln	2,752	0	100.00 %	100.00 %	2
arvato telco services Erfurt GmbH, Erfurt	-172	0	100.00 %	100.00 %	2
AVE Gesellschaft für Hörfunkbeteiligungen mbH, Berlin	10,812	0	100.00 %	75.48 %	2
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG, Köln	4,243	-768	100.00 %	75.48 %	
AZ Direct Beteiligungs GmbH, Gütersloh	401	0	100.00 %	100.00 %	2
AZ Direct GmbH, Gütersloh	-761	0	100.00 %	100.00 %	2
AZ fundraising services GmbH & Co. KG, Gütersloh	-181	929	100.00 %	100.00 %	2
BAG Business Information Beteiligungs GmbH, Gütersloh	297	0	100.00 %	100.00 %	2
BAI GmbH, Gütersloh	41,979	0	100.00 %	100.00 %	2
BDMI GmbH, Gütersloh	4,408	0	100.00 %	100.00 %	2
BePeople GmbH, Gütersloh	-636	0	100.00 %	100.00 %	2
Berliner Presse Vertrieb GmbH & Co. KG, Berlin	-995	1,476	85.50 %	85.50 %	
Bertelsmann Accounting Services GmbH, Gütersloh	-1,981	0	100.00 %	100.00 %	2
Bertelsmann Accounting Services Schwerin GmbH, Schwerin	42	0	100.00 %	100.00 %	2
Bertelsmann Aviation GmbH, Gütersloh	777	0	100.00 %	100.00 %	2
Bertelsmann Capital Holding GmbH, Gütersloh	8,184,500	0	100.00 %	100.00 %	2
Bertelsmann China Holding GmbH, Gütersloh	-132,067	0	100.00 %	100.00 %	2
Bertelsmann Music Group GmbH, Gütersloh	255,223	0	100.00 %	100.00 %	2
Bertelsmann Transfer GmbH, Gütersloh	-986	0	100.00 %	100.00 %	2
Bertelsmann Treuhand- und Anlagegesellschaft mit beschränkter Haftung, Gütersloh	26	0	100.00 %	100.00 %	2
BFS finance GmbH, Verl	11,265	0	100.00 %	100.00 %	2
BFS finance Münster GmbH, Münster	86	0	100.00 %	100.00 %	2
BFS health finance GmbH, Dortmund	4,512	0	100.00 %	100.00 %	2
BMG RIGHTS MANAGEMENT (Europe) GmbH, Berlin	49	0	100.00 %	100.00 %	2
BMG RIGHTS MANAGEMENT GmbH, Berlin	559,454	0	100.00 %	100.00 %	2
Campaign Services Neckarsulm GmbH, Neckarsulm	752	0	100.00 %	100.00 %	2
Campaign Services Offenbach GmbH, Frankfurt am Main	58	0	100.00 %	100.00 %	2
Carcert GmbH, Wiesbaden	25	0	100.00 %	100.00 %	2
CBC Cologne Broadcasting Center GmbH, Köln	9,329	0	100.00 %	75.48 %	2
Chefkoch GmbH, Bonn	1,527	0	100.00 %	100.00 %	2
Chrysalis Music Holdings GmbH, Berlin	11,576	-72	100.00 %	100.00 %	
COUNTDOWN MEDIA GmbH, Hamburg	723	0	100.00 %	100.00 %	2
DDV Druck GmbH, Dresden	224	0	100.00 %	60.00 %	2
DDV Immobilien GmbH, Dresden	11,767	341	60.00 %	60.00 %	
DDV Mediengruppe GmbH & Co. KG, Dresden	12,688	13,015	60.00 %	60.00 %	
Delinero GmbH, Hamburg	-889	0	100.00 %	100.00 %	2
Deutsche Medien-Manufaktur GmbH & Co. KG, Münster	5,973	8,829	50.00 %	50.00 %	
Deutsche Medien-Manufaktur Verwaltungs-GmbH, Münster	26	-1	50.00 %	50.00 %	
DeutschlandCard GmbH, München	241	0	100.00 %	100.00 %	2
Die Mehrwertmacher GmbH, Dresden	429	81	100.00 %	60.00 %	
Digital Media Hub GmbH, Köln	-116	0	100.00 %	75.48 %	2
direct services Gütersloh GmbH, Gütersloh	-1,572	0	100.00 %	100.00 %	2
DIVIMOVE GmbH, Berlin	-237	0	75.50 %	56.99 %	2
Dorling Kindersley Verlag GmbH, München	8,862	-888	100.00 %	75.00 %	
DPV Deutscher Pressevertrieb GmbH, Hamburg	-4,380	0	100.00 %	100.00 %	2
DPV Vertriebsservice GmbH, Hamburg	488	54	100.00 %	100.00 %	
DPV Worldwide GmbH, Hamburg	-1,058	0	100.00 %	100.00 %	2
Dresden Information GmbH, Dresden	219	125	50.00 %	30.00 %	
Dresdner Chauffeur Service 8x8 GmbH, Dresden	-348	0	100.00 %	60.00 %	2
Dresdner Verlagshaus kaufmännische Dienste GmbH, Dresden	26	0	100.00 %	60.00 %	2
Dresdner Verlagshaus Technik GmbH, Dresden	54	0	100.00 %	60.00 %	2
eat-the-world GmbH, Berlin	987	375	100.00 %	100.00 %	
Erste TD Gütersloh GmbH, Gütersloh	10,111	0	100.00 %	100.00 %	2
Erste WV Gütersloh GmbH, Gütersloh	1,794	0	100.00 %	100.00 %	2
European SCM Services GmbH, Gütersloh	-45	0	100.00 %	100.00 %	2
FENUS Grundstücks-Vermietungsgesellschaft mbH, Stuttgart	2,588	26	100.00 %	59.90 %	

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Fernwärme Gütersloh GmbH, Gütersloh	2,660	217	51.00 %	51.00 %
FlexStorm GmbH, Gütersloh	1,809	403	100.00 %	100.00 %
FremantleMedia International Germany GmbH, Potsdam	30	0	100.00 %	75.48 % ²
Funkhaus Halle GmbH & Co. KG, Halle (Saale)	-5,029	-562	61.38 %	43.93 %
G+J / Klambt Style-Verlag GmbH & Co. KG, Hamburg	1,089	-958	50.10 %	50.10 %
G+J CRM Entwicklungsgesellschaft mbH, Hamburg	326	144	100.00 %	100.00 %
G+J Digital Products GmbH, Hamburg	284	0	100.00 %	100.00 % ²
G+J Digital Ventures GmbH, Berlin	1,100	0	100.00 %	100.00 % ²
G+J Electronic Media Sales GmbH, Hamburg	482	0	100.00 %	100.00 % ²
G+J Enterprise GmbH, Hamburg	25	0	100.00 %	100.00 % ²
G+J Food & Living GmbH & Co. KG, Hamburg	2,236	3,420	100.00 %	50.00 %
G+J Immobilien GmbH & Co. KG, Hamburg	13,448	507	100.00 %	100.00 %
G+J Innovation GmbH, Hamburg	78	0	100.00 %	100.00 % ²
G+J International Magazines GmbH, Hamburg	26	0	100.00 %	100.00 % ²
G+J Lifestyle GmbH, Hamburg	16	0	100.00 %	100.00 % ²
G+J LIVING Digital GmbH, Hamburg	26	0	100.00 %	100.00 % ²
G+J Medien GmbH, Hamburg	90	0	100.00 %	100.00 % ²
G+J Parenting Media GmbH, Hamburg	1,676	-415	100.00 %	100.00 %
G+J Shop GmbH, München	4,274	0	78.43 %	78.43 % ²
G+J Vermietungsgesellschaft Sächsischer Verlag mbH, Dresden	3,867	0	100.00 %	100.00 % ²
G+J Wirtschaftsmedien Verwaltungs GmbH, Hamburg	37	0	100.00 %	100.00 % ²
G+J Zweite Grundstücksbeteiligungsgesellschaft München mbH, München	21,552	0	93.98 %	93.98 % ²
GGP Media GmbH, Pößneck	23,734	0	100.00 %	100.00 % ²
Global Assekuranz Vermittlungsgesellschaft mit beschränkter Haftung, Gütersloh	26	0	100.00 %	100.00 % ²
Grundstücksgesellschaft Vorsetzen 2 mbH, Hamburg	100	0	100.00 %	100.00 % ²
Gruner + Jahr Communication GmbH, Hamburg	26	0	100.00 %	100.00 % ²
Gruner + Jahr GmbH & Co KG, Hamburg	146,864	33,977	100.00 %	100.00 %
Gruner + Jahr Management GmbH, Hamburg	30,081	0	100.00 %	100.00 % ²
Henri-Nannen-Schule Hamburger Journalistenschule Gruner + Jahr - DIE ZEIT GmbH, Hamburg	26	0	95.00 %	95.00 % ²
HITRADIO RTL Sachsen GmbH, Dresden	1,030	0	86.53 %	65.31 % ²
infoNetwork GmbH, Köln	615	0	100.00 %	75.48 % ²
informa HIS GmbH, Wiesbaden	600	0	100.00 %	100.00 % ²
informa Solutions GmbH, Baden-Baden	66,354	0	100.00 %	100.00 % ²
infoscore Business Support GmbH, Baden-Baden	179	0	100.00 %	100.00 % ²
infoscore Consumer Data GmbH, Baden-Baden	6,459	0	100.00 %	100.00 % ²
infoscore Finance GmbH, Baden-Baden	2,519	0	100.00 %	100.00 % ²
infoscore Förderungsmanagement GmbH, Verl	13,237	0	100.00 %	100.00 % ²
infoscore Portfolio Management GmbH & Co. KG, Verl	25	0	100.00 %	100.00 %
infoscore Portfolio Management II GmbH & Co. KG, Baden-Baden	27	1	100.00 %	100.00 %
infoscore Portfolio Management International GmbH, Gütersloh	27	0	100.00 %	100.00 % ²
infoscore Profile Tracking GmbH, Gütersloh	348	0	100.00 %	100.00 % ²
infoscore Tracking Solutions GmbH, Gütersloh	-1,950	0	100.00 %	100.00 % ²
infoscore Tracking Technology GmbH, Gütersloh	46	0	100.00 %	100.00 % ²
inmediaONE] GmbH, Gütersloh	4,116	0	100.00 %	100.00 % ²
Innominata Achte Vermögensverwaltungsgesellschaft mbH, Stuttgart	4,302	651	100.00 %	59.90 %
interabo GmbH, Hamburg	75	0	100.00 %	100.00 % ²
IP Deutschland GmbH, Köln	3,207	0	100.00 %	75.48 % ²
IP Internationale Presse direct GmbH, Mörfelden-Walldorf	162	0	100.00 %	100.00 % ²
KURIER Direktservice Dresden GmbH, Dresden	110	0	100.00 %	60.00 % ²
KWS Kontowechsel Service GmbH, Schortens	99	0	100.00 %	100.00 % ²
Ligatus GmbH, Köln	6,615	0	100.00 %	100.00 % ²
LiquidM Technology GmbH, Berlin	3,543	259	100.00 %	100.00 %
LV-Publikumsmedien GmbH & Co. KG, Münster	4,819	4,676	100.00 %	50.00 %
Madsack Hörfunk GmbH, Hannover	2,611	210	24.90 %	18.80 %
mbs Nürnberg GmbH, Nürnberg	-195	0	100.00 %	100.00 % ²
Media Logistik GmbH, Dresden	5,714	2,580	51.00 %	30.60 %
MEDIASCORE Gesellschaft für Medien- und Kommunikationsforschung mbH, Köln	447	0	100.00 %	75.48 % ²
Mediengruppe RTL Deutschland GmbH, Köln	291,043	0	100.00 %	75.48 % ²
Mohn Media Energy GmbH, Gütersloh	1,056	0	100.00 %	100.00 % ²
Mohn Media Mohndruck GmbH, Gütersloh	1,325	0	100.00 %	100.00 % ²
Morgenpost Sachsen GmbH, Dresden	26	0	100.00 %	60.00 % ²
Motor Presse Stuttgart GmbH & Co. KG, Stuttgart	-645	-513	59.90 %	59.90 %
Motor Presse TV GmbH, Stuttgart	877	-4	51.00 %	30.55 %
Motor-Presse International Verlagsgesellschaft Holding mbH, Stuttgart	19,420	0	100.00 %	59.90 % ²
MSP Medien-Service und Promotion GmbH, Hamburg	26	0	100.00 %	100.00 % ²
MVD Medien Vertrieb Dresden GmbH, Dresden	-16	0	100.00 %	60.00 % ²
NETLETIX GmbH, München	170	0	100.00 %	75.48 % ²
Neue Spreeradio Hörfunkgesellschaft mbH, Berlin	-6,273	-147	100.00 %	75.48 %
Next Level Integration GmbH, Köln	3,237	590	100.00 %	100.00 %
NORDEICH TV Produktionsgesellschaft mbH, Hürth	41	0	100.00 %	75.48 % ²
n-tv Nachrichtenfernsehen GmbH, Köln	2,033	0	100.00 %	75.48 % ²
OBERÜBER KARGER Kommunikationsagentur GmbH, Dresden	249	228	51.00 %	30.60 %
ORTEC Messe und Kongress GmbH, Dresden	249	1,179	51.00 %	30.60 %
Penguin Books Deutschland GmbH, München	293	191	100.00 %	75.00 %
PRINOVIS Ahrensburg Weiterverarbeitung und Logistik GmbH, Hamburg	-685	0	100.00 %	100.00 % ²
PRINOVIS GmbH & Co. KG, Hamburg	-262,735	-17,757	100.00 %	100.00 %
Prinovis GmbH, Gütersloh	53,733	0	100.00 %	100.00 % ²
Prinovis Klebebindung GmbH, Nürnberg	3,738	0	100.00 %	100.00 % ²
PRINOVIS Service GmbH, Hamburg	-1,154	0	100.00 %	100.00 % ²
Print Service Gütersloh GmbH, Gütersloh	4	0	100.00 %	100.00 % ²
Probind Mohn media Binding GmbH, Gütersloh	-7,651	0	100.00 %	100.00 % ²
PSC Print Service Center GmbH, Oppurg	186	0	100.00 %	100.00 % ²
publimind GmbH, Stuttgart	382	72	100.00 %	59.90 %
Random House Audio GmbH, Köln	17	0	100.00 %	100.00 % ²
Redaktions- und Verlagsgesellschaft Bautzen/Kamenz mbH, Bautzen	108	59	55.00 %	33.00 %
Redaktions- und Verlagsgesellschaft Döbeln mbH, Döbeln	94	69	55.00 %	33.00 %

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Redaktions- und Verlagsgesellschaft Elbland mbH, Meißen	135	110	52,00 %	31,20 %
Redaktions- und Verlagsgesellschaft Freital/Pirna mbH, Freital	251	200	52,00 %	31,20 %
Redaktions- und Verlagsgesellschaft Neißer mbH, Görlitz	125	101	52,00 %	31,20 %
Reinhard Mohn GmbH, Gütersloh	876,204	0	100,00 %	100,00 %
Relias Learning GmbH, Berlin	124	0	100,00 %	100,00 %
rewards arvato services GmbH, München	35,474	6,163	100,00 %	100,00 %
RM Buch und Medien Vertrieb GmbH, Gütersloh	-8,127	0	100,00 %	100,00 %
RTL Group Central & Eastern Europe GmbH, Köln	207,000	0	100,00 %	75,48 %
RTL Group Deutschland GmbH, Köln	2,804,750	0	100,00 %	75,48 %
RTL Group Deutschland Markenverwaltungs GmbH, Köln	1,139,887	0	100,00 %	75,48 %
RTL Group Financial Services GmbH, Potsdam	25	0	100,00 %	75,48 %
RTL Group Licensing Asia GmbH, Köln	28	0	100,00 %	75,48 %
RTL Group Services GmbH, Köln	11,691	-61	100,00 %	75,48 %
RTL Group Vermögensverwaltung GmbH, Köln	3,023,965	246,836	100,00 %	75,73 %
RTL Hessen GmbH, Frankfurt am Main	31	0	100,00 %	75,48 %
RTL Hessen Programmfenster GmbH, Bad Vilbel	372	25	60,00 %	45,29 %
RTL interactive GmbH, Köln	9,997	0	100,00 %	75,48 %
RTL International GmbH, Köln	367	-628	100,00 %	75,48 %
RTL Journalistenschule GmbH, Köln	14	0	90,00 %	67,94 %
RTL Nord GmbH, Hamburg	53	0	100,00 %	75,48 %
RTL Radio Berlin GmbH, Berlin	2,111	0	100,00 %	75,48 %
RTL Radio Center Berlin GmbH, Berlin	5,720	0	100,00 %	75,48 %
RTL Radio Deutschland GmbH, Berlin	10,707	0	100,00 %	75,48 %
RTL Radio Luxemburg GmbH, Köln	25	0	100,00 %	75,48 %
RTL Radiovermarktung GmbH, Berlin	39	0	100,00 %	75,48 %
RTL Television GmbH, Köln	509,138	0	100,00 %	75,48 %
RTL WEST GmbH, Köln	72	0	75,00 %	56,61 %
rtv media group GmbH, Nürnberg	635	0	100,00 %	100,00 %
Sächsische Zeitung GmbH, Dresden	54	0	100,00 %	60,00 %
Saxo-Phon GmbH, Dresden	46	0	100,00 %	60,00 %
Sellwell GmbH & Co. KG, Hamburg	-270	50	70,00 %	70,00 %
Smart Shopping and Saving GmbH, Berlin	649	0	100,00 %	75,48 %
smartclip GmbH, Düsseldorf	633	0	100,00 %	75,60 %
smartclip Holding AG, Düsseldorf	36,438	0	100,00 %	75,73 %
Sonopress GmbH, Gütersloh	1,619	0	100,00 %	100,00 %
SPARWELT GmbH, Berlin	317	0	100,00 %	75,48 %
SpotX Deutschland GmbH, Köln	238	0	100,00 %	75,60 %
SSB Software Service und Beratung GmbH, München	-42	0	100,00 %	100,00 %
stern Medien GmbH, Hamburg	36	0	100,00 %	100,00 %
stern.de GmbH, Hamburg	32	0	100,00 %	100,00 %
SZ-Reisen GmbH, Dresden	114	0	100,00 %	60,00 %
TERRITORY Content to Results GmbH, Hamburg	781	0	100,00 %	100,00 %
TERRITORY CTR GmbH, Gütersloh	346	0	100,00 %	100,00 %
TERRITORY EMBRACE GmbH, Bochum	805	0	100,00 %	100,00 %
TERRITORY MEDIA GmbH, München	34	0	100,00 %	100,00 %
trnd DACH GmbH, München	907	0	100,00 %	100,00 %
trnd International GmbH, München	1,875	0	100,00 %	100,00 %
trndxt GmbH, München	101	0	100,00 %	100,00 %
trndsphere blue GmbH, Düsseldorf	56	0	100,00 %	100,00 %
UFA Distribution GmbH, Potsdam	25	0	100,00 %	75,48 %
UFA Fiction GmbH, Potsdam	4,331	0	100,00 %	75,48 %
UFA Film und Fernseh GmbH, Köln	4,419,583	0	100,00 %	75,48 %
UFA GmbH, Potsdam	-84	0	100,00 %	75,48 %
Ufa Radio-Programmgesellschaft in Bayern mbH, Ismaning	10,478	0	100,00 %	75,48 %
UFA Serial Drama GmbH, Potsdam	313	0	100,00 %	75,48 %
UFA Show & Factual GmbH, Köln	4,863	4,237	100,00 %	75,73 %
Universum Film GmbH, München	18,722	0	100,00 %	75,48 %
Verlag RM GmbH, Gütersloh	-7,038	0	100,00 %	100,00 %
Verlagsgruppe Random House GmbH, Gütersloh	58,888	0	100,00 %	100,00 %
Verlegerdienst München GmbH, Gilching	4,688	0	100,00 %	100,00 %
VIVENO Group GmbH, Gütersloh	11,702	0	100,00 %	100,00 %
Vogel Druck und Medienservice GmbH, Höchberg	6,053	0	100,00 %	100,00 %
VOX Holding GmbH, Köln	339,382	0	100,00 %	75,48 %
VOX Television GmbH, Köln	38,127	0	99,70 %	75,26 %
VSG Schwerin - Verlagsservicegesellschaft mbH, Schwerin	26	0	100,00 %	100,00 %
webauto.de GmbH, Karlsruhe	-521	-11	100,00 %	59,90 %
Webguerillas Berlin GmbH, Berlin	323	21	100,00 %	100,00 %
webguerillas GmbH, München	2,889	-641	100,00 %	100,00 %
Webguerillas Hamburg GmbH, Hamburg	381	22	100,00 %	100,00 %
Webguerillas Köln GmbH, Köln	-237	-438	100,00 %	100,00 %
webmiles GmbH, München	-295	0	100,00 %	100,00 %
Estland / Estonia				
Arvato Services Estonia OÜ, Tallinn	1,390	386	100,00 %	100,00 %
Finnland / Finland				
Fremantlemedia Finland Oy, Helsinki	5,396	1,008	100,00 %	75,73 %
Gothia Oy, Helsinki	23,017	6,405	100,00 %	100,00 %
Frankreich / France				
1.2.3. Productions SAS, Paris	310	-7	100,00 %	75,73 %
33 FM SAS, Cenon	-3,369	-16	95,00 %	34,72 %
3media SARL, Pont-Sainte-Marie	2,688	1,252	100,00 %	100,00 %

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ABDSF - Arvato Business Développement Services France SARL, Paris	5,240	6,662	100.00 %	100.00 %
AdVideum SAS, Gennevilliers	4,349	-205	100.00 %	100.00 %
ALSF - Arvato Logistique Services France SARL, Atton	2,583	601	100.00 %	100.00 %
Anteles SARL, L'Isle-D'Espagnac	447	119	100.00 %	100.00 %
AQUITEL SAS, Chasseneuil du Poitou	1,875	998	100.00 %	100.00 %
Arvalife SAS, Vendin-le-Vieil	-7,533	-440	85.71 %	85.71 %
Arvato Services Healthcare France SAS, Chanteloup en Brie	5,627	3,734	100.00 %	100.00 %
Arvato Services Healthcare Holding SAS, Chanteloup en Brie	1,113	199	100.00 %	100.00 %
ASE - Arvato Strategie & Expertises SARL, Paris	1,174	327	100.00 %	100.00 %
ASF - Arvato Services France SARL, Vendin-Le-Vieil	9,567	-1,102	100.00 %	100.00 %
AX'S MUSIC SAS, Paris	-42	102	100.00 %	100.00 %
BCE France SAS, Paris	58	-19	100.00 %	75.48 %
Best of TV SAS, Boissy l'Aillerie	17,595	3,286	50.99 %	18.64 %
BMG RIGHTS MANAGEMENT (France) SARL, Paris	13,646	-1,139	100.00 %	100.00 %
Call Insurance SARL, Vendin-le-Vieil	183	-67	60.00 %	60.00 %
Camaris SARL, Longuenesse	2,038	960	100.00 %	100.00 %
Cap2Call SARL, Chaumont	-184	-332	100.00 %	100.00 %
Capdune SARL, Coudekerque-Branche	249	94	100.00 %	100.00 %
Capital Productions SA, Neuilly-sur-Seine	942	448	100.00 %	36.55 %
Ceacom SARL, Le Havre	810	513	100.00 %	100.00 %
Cerise Media SAS, Tourcoing	4,235	996	100.00 %	100.00 %
COMETZ SARL, Metz	3,069	645	100.00 %	100.00 %
Data Mailing SAS, Chanteloup en Brie	-9,700	-25	100.00 %	100.00 %
Document Channel SAS, Paris	-6,419	-596	100.00 %	85.71 %
Duacom SARL, Douai	1,148	19	100.00 %	100.00 %
Ediradio SA, Paris	-14,475	-734	99.94 %	36.55 %
Edit TV/ W9 SNC, Neuilly-sur-Seine	-13,137	-819	100.00 %	36.55 %
Euracom SARL, Lingolsheim	47	-117	100.00 %	100.00 %
Euroroutage data marketing et logistique services SAS, Chanteloup en Brie	24,785	-464	100.00 %	100.00 %
Fidelite Films SAS, Neuilly-sur-Seine	-2,242	56	100.00 %	36.55 %
Fontaram SAS, Paris	-801	-250	51.00 %	38.62 %
Football Club des Girondins de Bordeaux SA, Bordeaux	1,641	-5,916	100.00 %	36.48 %
Francis Dreyfus Music SARL, Paris	7,825	337	100.00 %	100.00 %
FremantleMedia France SAS, Issy-les-Moulineaux	23,219	-177	100.00 %	75.73 %
Gazoline SAS, Paris	1,685	28	100.00 %	100.00 %
Girondins Expressions SAS, Le Haillan	-839	-402	100.00 %	36.55 %
Girondins Horizons SAS, Bordeaux	115	19	100.00 %	36.55 %
GM6 SAS, Nanterre	-7,174	-5,076	100.00 %	36.55 %
Home Shopping Service SA, Rungis	33,003	3,031	99.96 %	36.49 %
ID (Information et Diffusion) SARL, Paris	199	164	100.00 %	36.55 %
iGraal SAS, Boulogne-Billancourt	2,669	1,957	50.99 %	18.64 %
Immobiliere 46D SAS, Neuilly-sur-Seine	20,998	-181	100.00 %	36.55 %
Immobiliere M6 SAS, Neuilly-sur-Seine	25,582	2,887	100.00 %	36.50 %
infoscore SARL, Vendin-Le-Vieil	46	-18	100.00 %	100.00 %
IP France SA, Paris	4,305	3,189	99.98 %	36.55 %
IP Regions SA, Paris	339	51	100.00 %	36.55 %
Kiosk SAS, Tourcoing	271	-84	100.00 %	100.00 %
Kwai SAS, Paris	3,294	1,616	51.00 %	38.62 %
Les Films de la Suane SARL, Neuilly-sur-Seine	-1,440	-11	100.00 %	36.55 %
Luxview SAS, Paris	-1,477	3	95.56 %	34.93 %
M6 Bordeaux SAS, Neuilly-sur-Seine	106	11	100.00 %	36.55 %
M6 Communication SAS, Neuilly-sur-Seine	1,222	974	100.00 %	36.55 %
M6 Creations SAS, Neuilly-sur-Seine	4,574	110	100.00 %	36.55 %
M6 Développement SAS, Neuilly-sur-Seine	-7	-12	100.00 %	36.55 %
M6 Diffusions SA, Neuilly-sur-Seine	149	124	100.00 %	36.55 %
M6 Divertissement SAS, Neuilly-sur-Seine	0	-31	100.00 %	36.55 %
M6 Editions SA, Neuilly-sur-Seine	7,434	-437	100.00 %	36.55 %
M6 Evenements SA, Neuilly-sur-Seine	164	357	100.00 %	36.55 %
M6 Films SA, Neuilly-sur-Seine	729	-27	100.00 %	36.55 %
M6 Foot SAS, Neuilly-sur-Seine	11,356	-14,045	100.00 %	36.55 %
M6 Generation SAS, Neuilly-sur-Seine	-18,736	9,176	100.00 %	36.55 %
M6 Interactions SAS, Neuilly-sur-Seine	129,333	44,827	100.00 %	36.55 %
M6 Publicite SAS, Neuilly-sur-Seine	36,746	25,162	100.00 %	36.55 %
M6 Shop SAS, Neuilly-sur-Seine	-	-	100.00 %	36.49 %
M6 Studio SAS, Neuilly-sur-Seine	-5,836	1,206	100.00 %	36.55 %
M6 Talents SAS, Neuilly-sur-Seine	20	-8	100.00 %	36.55 %
M6 Thematique SAS, Neuilly-sur-Seine	73,933	7,938	100.00 %	36.55 %
M6 Web SAS, Neuilly-sur-Seine	59,784	20,217	100.00 %	36.55 %
Mandarin Cinema SAS, Neuilly-sur-Seine	5,053	652	100.00 %	36.55 %
Media Communication SAS, Vendin-Le-Vieil	237,690	28,414	100.00 %	100.00 %
Metropole Television SA, Neuilly-sur-Seine	522,636	131,099	48.42 %	36.55 %
Mirabelle SAS, Tourcoing	506	341	100.00 %	100.00 %
Mobvalue SAS, Gennevilliers	272	-501	100.00 %	100.00 %
Mohn Media France SARL, Villepinte	25	-117	100.00 %	100.00 %
MonAlbumPhoto SAS, Rungis	6,488	1,905	100.00 %	36.55 %
MSCS - Moissy Supply Chain Services SARL, Moissy Cramayel	415	308	100.00 %	100.00 %
NG France SNC, Gennevilliers	0	0	100.00 %	100.00 %
Nordcall SARL, Marcq-en-Baroeul	1,575	946	100.00 %	100.00 %
Paris Premiere SAS, Neuilly-sur-Seine	15,704	2,853	100.00 %	36.55 %
Pitcheo SARL, Tourcoing	10	3	100.00 %	100.00 %
Printic SAS, Rungis	-2,283	-3	100.00 %	36.55 %
Prisma Media SNC, Gennevilliers	630	10,436	100.00 %	100.00 %
Recatch SAS, Nanterre	1,661	647	80.01 %	80.01 %
RTL AdConnect SA, Paris	1,952	266	100.00 %	75.48 %
RTL France Radio SAS, Neuilly-sur-Seine	58,190	2,568	100.00 %	36.55 %
RTL Net SAS, Paris	66	251	100.00 %	36.55 %

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RTL SPECIAL MARKETING SARL, Paris	984	962	100.00 %	36.55 %
SCI du 107, Neuilly-sur-Seine	3,530	156	100.00 %	36.55 %
SCP SARL, Paris	793	329	100.00 %	36.55 %
SEDI TV - Teva SAS, Neuilly-sur-Seine	14,241	7,335	100.00 %	36.55 %
SMED SAS, Bussy Saint-Georges	6,086	-291	100.00 %	100.00 %
SNDA SAS, Neuilly-sur-Seine	13,578	-2,089	100.00 %	36.55 %
Socam SARL, Laxou	1,440	-1,259	100.00 %	100.00 %
Societe de Marketing direct et Logistique SARL, Saucy-sur-Meurthe	284	89	100.00 %	100.00 %
Societe d'Exploitation Radio Chic SA, Paris	8,946	2,343	100.00 %	36.55 %
Societe Immobiliere Bayard d'Antin SA, Paris	515,250	162,620	100.00 %	75.48 %
Societe Nouvelle De Cinematographie SA, Neuilly-sur-Seine	4,312	-1,400	99.99 %	36.55 %
Societe Nouvelle de Distribution SA, Neuilly-sur-Seine	58,508	3,617	100.00 %	36.55 %
Sodera SA, Paris	10,972	6,809	100.00 %	36.55 %
SpotXchange France SAS, Paris	18	8	100.00 %	75.73 %
Studio 89 Productions SAS, Neuilly-sur-Seine	2,599	727	100.00 %	36.55 %
Tellis Telephone Limousin Services SARL, Favars	1,999	763	100.00 %	100.00 %
trnd SARL, Paris	-1,352	-977	100.00 %	100.00 %
TV Presse Productions SAS, Issy-les-Moulineaux	-1,611	-485	100.00 %	75.73 %
Upload Productions SAS, Gennevilliers	97	-3	100.00 %	100.00 %
VIVIA SNC, Gennevilliers	8	0	100.00 %	100.00 %
VSD SNC, Gennevilliers	1	-6,829	100.00 %	100.00 %
Georgien / Georgia				
LLC arvato CRM Georgia, Tiflis	797	639	100.00 %	100.00 %
Griechenland / Greece				
Fremantle Productions SA, Athen	1	0	100.00 %	75.73 %
Großbritannien / Great Britain				
AIR Records Limited, London	0	0	100.00 %	100.00 %
Arbie Productions Ltd., London	216	40	100.00 %	75.73 %
Arrow Books Limited, London	-	-	100.00 %	75.00 %
Arvato CRM Limited, London	545	552	100.00 %	100.00 %
Arvato Government Services (ERYC) Limited, London	0	-36	100.00 %	100.00 %
Arvato Government Services Limited, Beverley	-2,892	-36	80.10 %	80.10 %
Arvato Limited, London	13,585	1,424	100.00 %	100.00 %
Arvato Public Sector Services Limited, Beverley	-1,770	-1,959	100.00 %	80.10 %
Arvato Regulatory Services Limited, Glasgow	977	-2,994	100.00 %	100.00 %
Arvato Systems UK & Ireland Limited, Cardiff	158	58	100.00 %	100.00 %
Barrie & Jenkins Limited, London	-	-	98.00 %	73.50 %
Bartlett Bliss Productions Limited, London	-	-	100.00 %	75.00 %
Bellew & Higon Publishers Limited, London	-	-	100.00 %	75.00 %
Bertelsmann UK Limited, London	1,212,289	225,834	100.00 %	100.00 %
BMG Production Music (UK) Limited, London	-50	-491	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (UK) Limited, London	120,853	11,368	100.00 %	100.00 %
BMG VM Music Limited, London	36,025	-116	100.00 %	100.00 %
Business Books Limited, London	-	-	100.00 %	75.00 %
Cavalcade Records Limited, London	0	0	100.00 %	100.00 %
Century Benham Limited, London	-	-	100.00 %	75.00 %
Century Hutchinson Limited, London	-	-	100.00 %	75.00 %
Century Hutchinson Publishing Limited, London	-	-	100.00 %	75.00 %
Century Publishing Co. Limited, London	-	-	100.00 %	75.00 %
Chatto and Windus Limited, London	-	-	100.00 %	75.00 %
Cherry Westfield Ltd, London	13,929	853	100.00 %	100.00 %
Children's Character Books Limited, London	1,455	-134	75.00 %	56.25 %
Chrysalis Copyrights Limited, London	1,189	384	100.00 %	100.00 %
Chrysalis Group Limited, London	0	0	100.00 %	100.00 %
Chrysalis Holdings Limited, London	0	0	100.00 %	100.00 %
Chrysalis Music Limited, London	24,891	2,364	100.00 %	100.00 %
CLT-UFA UK Radio Limited, London	0	0	100.00 %	75.48 %
Creole Records Limited, London	41	0	100.00 %	100.00 %
Dorling Kindersley Limited, London	1,664	-10,614	100.00 %	75.00 %
Frederick Warne & Co Limited, London	5,528	4,017	100.00 %	75.00 %
Fremantle (UK) Productions Limited, London	3,312	21	100.00 %	75.73 %
FremantleMedia Group Limited, London	223,862	8,202	100.00 %	75.73 %
FremantleMedia Limited, London	196,341	11,714	100.00 %	75.73 %
FremantleMedia Overseas Limited, London	54,259	138	100.00 %	75.73 %
FremantleMedia Services Limited, London	0	0	100.00 %	75.73 %
G.W. Mills Limited, London	0	0	100.00 %	100.00 %
Grantham Book Services Limited, London	-	-	100.00 %	75.00 %
Gruner + Jahr Limited, London	346	43	100.00 %	100.00 %
Hammond, Hammond and Company, Limited, London	-	-	100.00 %	75.00 %
Herbert Jenkins Limited, London	-	-	100.00 %	75.00 %
Hewrate Limited, London	20,738	-613	100.00 %	100.00 %
Hornall Brothers Music Limited, London	1,584	184	100.00 %	100.00 %
Hurst & Blackett Limited, London	-	-	100.00 %	75.00 %
Hutchinson & Co. (Publishers) Limited, London	-	-	100.00 %	75.00 %
Hutchinson Books Limited, London	-	-	100.00 %	75.00 %
Hutchinson Childrens Books Limited, London	-	-	100.00 %	75.00 %
Infectious Music Limited, London	-183	-608	100.00 %	100.00 %
Jackdaw Publications Limited, London	-	-	100.00 %	75.00 %
Jonathan Cape Limited, London	-	-	100.00 %	75.00 %
Ladybird Books Limited, London	3,077	-166	100.00 %	75.00 %

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Loaded Records Limited, London	-417	354	100.00 %	100.00 %
Mainstream Publishing Company (Edinburgh) Limited, Edinburgh	259	-155	100.00 %	75.00 %
Martin Secker and Warburg Limited, London	-	-	100.00 %	75.00 %
Men From The North Limited, London	9	0	100.00 %	100.00 %
Minder Music Limited, London	0	7,895	100.00 %	100.00 %
Mute Records Limited, London	8,107	705	100.00 %	100.00 %
Oxford Street Studios Limited, London	0	0	100.00 %	100.00 %
Penguin Books Limited, London	140,107	14,480	100.00 %	75.00 %
Penguin Random House Limited, London	512,974	24,723	75.00 %	75.00 %
Plane Tree Publishers Limited, London	-	-	100.00 %	75.00 %
Prestel Publishing Limited, London	1,007	134	100.00 %	100.00 %
Prinovis UK Limited, London	-11,262	11,638	100.00 %	100.00 %
Ram Records Limited, London	-566	-12	100.00 %	100.00 %
Random House Properties Limited, London	-	-	100.00 %	75.00 %
Random House Publishing Group Limited, London	-	-	100.00 %	75.00 %
Random House UK Ventures Limited, London	-	-	100.00 %	75.00 %
Relias Learning Ltd, London	-2,944	-1,504	100.00 %	98.60 %
Rock Music Company Limited, London	0	1,289	100.00 %	100.00 %
RTL Group Support Services Limited, London	1,734	57	100.00 %	75.73 %
Salspot Limited, London	328	-11	100.00 %	75.00 %
Sanctuary Copyrights Limited, London	0	0	100.00 %	100.00 %
Sanctuary Records Group Limited, London	35,230	398	100.00 %	100.00 %
SelectTV Limited, London	0	0	100.00 %	75.73 %
Sinclair - Stevenson Limited, London	-	-	100.00 %	75.00 %
Skint Records Limited, London	0	0	100.00 %	100.00 %
Snowdog Enterprises Limited, London	-17	-24	100.00 %	75.00 %
Snowman Enterprises Limited, London	530	346	100.00 %	75.00 %
SpotXchange Limited, London	700	286	100.00 %	75.73 %
Stage Three Music (Catalogues) Limited, London	85,349	9,333	100.00 %	100.00 %
Stage Three Music Publishing Limited, London	86,597	-61	100.00 %	100.00 %
Stanley Paul & Co Limited, London	-	-	100.00 %	75.00 %
STOK UK Limited, London	1,792	286	100.00 %	100.00 %
StyleHaul UK Ltd., London	-1,149	72	100.00 %	75.73 %
T. Werner Laurie, Limited, London	-	-	100.00 %	75.00 %
Talkback Productions Limited, London	0	0	100.00 %	75.73 %
TalkbackThames UK Limited, London	0	0	100.00 %	75.73 %
Thames Television Holdings Limited, London	-3	3,833	100.00 %	75.73 %
Thames Television Limited, London	0	0	100.00 %	75.73 %
The Bodley Head Limited, London	-	-	100.00 %	75.00 %
The Book Service Limited, London	-	-	100.00 %	75.00 %
The Cresset Press Limited, London	-	-	100.00 %	75.00 %
The Echo Label Limited, London	927	19	100.00 %	100.00 %
The Harvill Press Limited, London	-	-	100.00 %	75.00 %
The Hogarth Press Limited, London	-	-	100.00 %	75.00 %
The Random House Group Limited, London	199,552	55,295	100.00 %	75.00 %
Tom Jones (Enterprises) Limited, London	0	0	99.00 %	99.00 %
Transworld Publishers Limited, London	-	-	100.00 %	75.00 %
trnd Ltd., London	-760	-346	100.00 %	100.00 %
Trojan Recordings Limited, London	11	0	100.00 %	100.00 %
UFA Fiction Limited, London	322	85	100.00 %	75.48 %
Union Square Music Limited, London	2,773	1,260	100.00 %	100.00 %
Union Square Music Publishing Limited, London	968	830	100.00 %	100.00 %
Union Square Music Songs Limited, London	1,376	1,186	100.00 %	100.00 %
USM Copyrights Limited, London	-48	215	100.00 %	100.00 %
USM Copyrights Nazareth Limited, London	0	0	100.00 %	100.00 %
Ventura Publishing Limited, London	568	269	100.00 %	75.00 %
Villeston Limited, London	10,909	332	100.00 %	100.00 %
Virgin Books Limited, London	4,685	374	100.00 %	75.00 %
Windswept Music (London) Limited, London	35,272	3,140	100.00 %	100.00 %
Woodlands Books Limited, London	8,083	749	85.00 %	63.75 %
Indien / India				
Bertelsmann Corporate Services India Private Limited, Neu-Delhi	916	203	100.00 %	100.00 %
Bertelsmann Marketing Services India Private Limited, Neu-Delhi	10,937	902	100.00 %	100.00 %
Dorling Kindersley Publishing Private Limited, Neu-Delhi	4,190	760	100.00 %	75.00 %
Fremantle India TV Productions Pvt Ltd, Mumbai	4,778	214	100.00 %	75.73 %
Penguin Random House India Private Limited, Neu-Delhi	8,230	3,519	100.00 %	75.00 %
Ramyam Intelligence Lab Private Limited, Bangalore	-4,484	-4,493	100.00 %	100.00 %
YoBoHo New Media Private Limited, Mumbai	7,228	2,118	87.59 %	38.00 %
Indonesien / Indonesia				
PT Dunia Visitama IDN/PMA, Jakarta	-125	-522	100.00 %	75.73 %
Irland / Ireland				
Arvato Finance Services Limited, Fairview	21,346	11,464	100.00 %	100.00 %
Arvato Financial Solutions (Ireland) Limited, Dublin	509	-229	100.00 %	100.00 %
Arvato SCM Ireland Limited, Balbriggan	9,107	4,285	100.00 %	100.00 %
IFA Finance Designated Activity Company, Dublin	-183	-283	100.00 %	100.00 %
Penguin Random House Ireland Limited, Dublin	304	93	100.00 %	75.00 %
Israel				
Abot Hameiri Communications Ltd., Tel Aviv	-674	-221	51.00 %	38.62 %

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Italien / Italy				
Arvato Services Italia S.r.l., Grassobbio	868	658	100.00 %	100.00 %
Best Sound Records S.r.l., Mailand	1,131	-101	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (ITALY) S.r.l., Mailand	7,834	1,720	100.00 %	100.00 %
Boats S.r.l., Rom	9	-2	100.00 %	47.33 %
FremantleMedia Italia S.p.A., Rom	10,794	1,666	100.00 %	75.73 %
Istituto Italiano d'Arti Grafiche S.p.A., Bergamo	2,740	-6,223	100.00 %	100.00 %
Offside S.r.l., Rom	247	-83	100.00 %	47.33 %
Quarto Piano S.r.l., Rom	17,582	-5,694	100.00 %	75.73 %
Ricordi & C. S.r.l., Mailand	734	-732	100.00 %	100.00 %
smartclip Italia S.r.l., Mailand	106	76	100.00 %	75.73 %
Societa Holding Industriale di Grafica S.p.A., Bergamo	1,161	-696	100.00 %	100.00 %
trnd S.r.l., Bozen	-800	-896	100.00 %	100.00 %
Wildside S.r.l., Rom	7,006	1,900	62.50 %	47.33 %
Japan				
Alliant Kyoiku Support Services GK	-66	-151	100.00 %	80.10 %
Arvato Digital Services Japan Co., Ltd., Tokyo	-183	173	100.00 %	100.00 %
Kaimaninseln / Cayman Islands				
Gruner + Jahr China Fashion Advertising Limited, George Town	-136	153	100.00 %	100.00 %
Kanada / Canada				
AIS Assessment and Intelligence Systems, Inc., Montreal	1,369	794	100.00 %	100.00 %
Arvato Digital Services Canada, Inc., Saint John	1,894	-854	100.00 %	100.00 %
BMG Rights Management (Canada), Inc., Saint John	617	209	100.00 %	100.00 %
BroadbandTV Corporation, Vancouver	-17,611	-8,843	57.48 %	43.39 %
Comprehensive Neuroscience of Canada, Inc.	220	-212	100.00 %	98.60 %
FremantleMedia Canada Holdings Inc., Montreal	34,314	5	100.00 %	75.73 %
Ludia Inc., Montreal	24,338	1,353	100.00 %	75.73 %
Miso Film Canada Inc., Vancouver	17	0	100.00 %	38.62 %
Penguin Random House Canada Limited, Toronto	19,428	8,056	100.00 %	75.00 %
RTL Canada Ltd., Montreal	51,933	1,120	100.00 %	75.48 %
Kolumbien / Colombia				
Arvato Colombia S.A.S., Floridablanca	1,877	342	100.00 %	100.00 %
Arvato Services S.A.S., Bogota	348	-212	100.00 %	100.00 %
Distribuidora Penguin Random House S.A.S., Bogota	2,220	10	100.00 %	75.01 %
Penguin Random House Grupo Editorial S.A.S., Bogota	4,829	808	100.00 %	75.02 %
Kroatien / Croatia				
FremantleMedia Hrvatska d.o.o., Zagreb	1,289	-1,329	100.00 %	75.73 %
RTL Hrvatska d.o.o., Zagreb	2,256	602	100.00 %	75.48 %
Lettland / Latvia				
SIA Arvato Systems Latvia, Riga	14	-586	100.00 %	100.00 %
Luxemburg / Luxembourg				
B&CE S.A., Luxemburg	47,828	1,045	100.00 %	75.48 %
Bertelsmann Business Support S.a r.l., Luxemburg	1,068,271	29,997	100.00 %	97.57 %
Bertelsmann Digital Media Investments S.a r.l., Luxemburg	2,243	-874	100.00 %	100.00 %
Bertelsmann Luxembourg S.a r.l., Luxemburg	1,118,961	-124	100.00 %	100.00 %
Broadcasting Center Europe S.A., Luxemburg	11,818	-543	100.00 %	75.48 %
CLT-UFA S.A., Luxemburg	3,151,701	477,918	99.73 %	75.48 %
Data Center Europe S.a r.l., Luxemburg	295	31	100.00 %	75.48 %
Duchy Digital S.A., Luxemburg	76	-2	100.00 %	75.48 %
European News Exchange S.A., Luxemburg	1,031	63	100.00 %	57.89 %
IP Luxembourg S.a r.l., Luxemburg	2,400	1,677	100.00 %	75.48 %
Luxradio S.a r.l., Luxemburg	1,886	708	75.00 %	56.61 %
Media Properties S.a r.l., Luxemburg	98,775	-241	100.00 %	75.48 %
Media Real Estate S.A., Luxemburg	1,168	-824	100.00 %	75.48 %
RTL AdConnect International S.A., Luxemburg	5,562	282	100.00 %	75.48 %
RTL Belux S.A. & Cie SECS, Luxemburg	1,985	1,798	66.20 %	49.82 %
RTL Belux S.A., Luxemburg	99	5	66.00 %	49.82 %
RTL Group Germany S.A., Luxemburg	3,052,204	-646	100.00 %	75.48 %
RTL Group S.A., Luxemburg	5,816,102	642,521	75.88 %	75.73 %
Malaysia				
AGT Productions Sdn Bhd, Johor Bahru	16	-81	100.00 %	75.73 %
Arvato Systems Malaysia Sdn. Bhd., Kuala Lumpur	-152	401	100.00 %	100.00 %
Marokko / Morocco				
Phone Academy SARL, Casablanca	44	16	100.00 %	60.00 %
Phone Active SARL, Casablanca	10,888	10,762	100.00 %	60.00 %
Phone Assistance S.A., Casablanca	1,851	1,152	60.01 %	60.00 %

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Phone Group S.A., Casablanca	8,931	8,084	60.00 %	60.00 %
Phone Serviplus S.A., Casablanca	6,067	2,014	60.01 %	60.00 %
Mexiko / Mexico				
Alliant International University-Campus Mexico, S.C.	-2,821	-314	100.00 %	81.10 %
Arist Servicios Educativos, S. de R.L. de C.V., Mexiko-Stadt	-520	30	100.00 %	100.00 %
Arvato de Mexico, S.A. de C.V., Mexiko-Stadt	19,382	4,810	100.00 %	100.00 %
Ediciones B Mexico, S.A. de C.V.	-2,398	-251	100.00 %	75.00 %
FremantleMedia Mexico, S.A. de C.V., Mexiko-Stadt	1,876	431	100.00 %	75.73 %
Grupo SL School of Medicine, S.A. de C.V.	931	-35	83.89 %	68.03 %
Penguin Random House Grupo Editorial, S.A. de C.V., Mexiko-Stadt	17,785	4,626	100.00 %	75.00 %
Saint Luke School of Medicine, S.C.	-1,003	-1,238	99.90 %	67.96 %
Neuseeland / New Zealand				
Penguin Random House New Zealand Limited, Rosedale	9,858	1,490	100.00 %	75.00 %
Niederländische Antillen / Netherlands Antilles				
Grundy International Operations Ltd, St. Johns	69	0	100.00 %	75.73 %
Niederlande / Netherlands				
8ball Music B.V., Laren	783	281	51.00 %	51.00 %
Adfactor B.V., Den Haag	1,145	489	60.00 %	45.29 %
Arvato Benelux B.V., Abcoude	14,691	3,765	100.00 %	100.00 %
Arvato Finance B.V., Heerenveen	4,603	4,307	100.00 %	100.00 %
Arvato Finance International B.V., Heerenveen	-202	-24	100.00 %	100.00 %
Arvato Financial Solutions Benelux Holding B.V., Heerenveen	3,260	2,893	100.00 %	100.00 %
Bertelsmann Nederland B.V., Amsterdam	59,263	-375	100.00 %	100.00 %
BMG Production Music (Benelux) B.V., Hilversum	2,341	863	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (Benelux) B.V., Amsterdam	9,500	2,969	100.00 %	100.00 %
Fiction Valley B.V., Hilversum	1,027	221	100.00 %	75.73 %
FremantleMedia Netherlands B.V., Hilversum	96,156	24,562	100.00 %	75.73 %
FremantleMedia Overseas Holdings B.V., Hilversum	-574	-1,019	100.00 %	75.73 %
Grundy International Holdings (I) B.V., Hilversum	36	0	100.00 %	75.73 %
Infoscore Nederland B.V., Heerenveen	-4,805	203	100.00 %	100.00 %
Livis B.V., Rotterdam	9	37	100.00 %	75.48 %
No Pictures Please Productions B.V., Amsterdam	-14	-234	75.00 %	56.79 %
Penguin Books Benelux B.V., Amsterdam	280	217	100.00 %	75.00 %
RTL Group Beheer B.V., Hilversum	1,138,180	260,890	100.00 %	75.73 %
RTL Live Entertainment B.V., Hilversum	3,064	-5	100.00 %	75.48 %
RTL Nederland B.V., Hilversum	114,281	46,815	100.00 %	75.48 %
RTL Nederland Film Venture B.V., Hilversum	2,709	386	100.00 %	75.48 %
RTL Nederland Holding B.V., Hilversum	586,106	39,302	100.00 %	75.48 %
RTL Nederland Interactief B.V., Hilversum	36,107	5,413	100.00 %	75.48 %
RTL Nederland Productions B.V., Hilversum	3,273	18	100.00 %	75.48 %
RTL Nederland Ventures B.V., Hilversum	18,039	-71	100.00 %	75.48 %
smartclip Benelux B.V., Amsterdam	-4,292	-804	100.00 %	75.73 %
SpotXchange Benelux B.V., Amsterdam	1,411	238	100.00 %	75.60 %
The Entertainment Group B.V., Katwijk	-2,408	1,952	100.00 %	75.48 %
Themakanalen B.V., Hilversum	1,115	1,076	75.00 %	56.61 %
trnd B.V., Amsterdam	-2,674	-1,359	100.00 %	100.00 %
UC Investment B.V., Druten	3,111	1,202	100.00 %	100.00 %
Norwegen / Norway				
Arvato Finance AS, Oslo	5,912	22	100.00 %	100.00 %
FremantleMedia Norge AS, Oslo	-227	245	100.00 %	75.73 %
Gothia AS, Oslo	4,173	3,312	100.00 %	100.00 %
Gothia Holding AS, Oslo	48,625	42,002	100.00 %	100.00 %
Miso Film Norge AS, Oslo	641	632	100.00 %	38.62 %
Österreich / Austria				
1000PS Internet GmbH, Wien	254	141	76.00 %	45.52 %
Arvato Logistics Services GmbH, Wien	893	295	100.00 %	100.00 %
AZ Direct Österreich GmbH, Wien	2,078	347	100.00 %	100.00 %
Bertelsmann Österreich GmbH, Wien	55,427	-5,080	100.00 %	100.00 %
Credify Informationsdienstleistungen GmbH, Wien	163	-107	60.00 %	60.00 %
G+J Holding GmbH, Wien	4,413	-1,002	100.00 %	100.00 %
infoscore austria gmbh, Wien	3,967	2,761	100.00 %	100.00 %
IP Österreich GmbH, Wien	4,866	4,212	50.00 %	37.74 %
RTL Group Austria GmbH, Wien	151	-94	100.00 %	75.48 %
Verlagsservice für Bildungssysteme und Kunstobjekte Gesellschaft m.b.H. & Co. K	309	-102	100.00 %	100.00 %
Verlagsservice für Bildungssysteme und Kunstobjekte Gesellschaft m.b.H., Wien	40	2	100.00 %	100.00 %
Peru				
Arvato Services S.A.C., Lima	3	-1	100.00 %	100.00 %
Penguin Random House Grupo Editorial S.A., Miraflores, Lima	1,037	848	100.00 %	75.00 %
Philippinen / Philippines				
Arvato Corp., Quezon City	6,295	2,645	100.00 %	100.00 %

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Polen / Poland				
Administration Personnel Services Sp. z o.o., Warschau	666	653	100.00 %	100.00 %
Arvato Polska Sp. z o.o., Warschau	8,381	2,533	100.00 %	100.00 %
FremantleMedia Polska Sp. z o.o., Warschau	4,758	454	100.00 %	75.73 %
Portugal				
Arvato Services Portugal, Unipessoal, Lda., Lissabon	2,212	1,353	100.00 %	100.00 %
Bertelsmann Portuguesa, SGPS, Lda., Lissabon	1,687	329	100.00 %	100.00 %
FremantleMedia Portugal SA, Amadora	2,908	1,050	100.00 %	75.73 %
Motor-Press Lisboa S.A., Cruz Quebrada	-5,943	-4,392	75.00 %	44.93 %
Penguin Random House Grupo Editorial, Unipessoal, Lda., Lissabon	-823	-392	100.00 %	75.00 %
Rumänien / Romania				
Arvato Services SRL, Brasov	1,202	465	100.00 %	100.00 %
Cable Channels SA, Bukarest	40	-43	100.00 %	75.48 %
Russland / Russia				
Arvato Rus LLC, Jaroslavl	6,104	3,145	100.00 %	100.00 %
OOO Jaroslawschij Poligraphitscheskij Kombinat, Jaroslavl	2,821	1,023	100.00 %	100.00 %
OOO Sonopress, Jaroslavl	2,206	796	100.00 %	100.00 %
Schweden / Sweden				
Arvato Finance AB, Varberg	25,875	18,197	100.00 %	100.00 %
Arvato Holding AB, Varberg	51,305	17,682	100.00 %	100.00 %
BMG Rights Management (Scandinavia) AB, Stockholm	15,994	-459	100.00 %	100.00 %
FremantleMedia Sverige AB, Stockholm	922	-51	100.00 %	75.73 %
Miso Film Sverige AB, Stockholm	1,024	974	100.00 %	38.62 %
SHOC Media Agency AB, Stockholm	15	11	100.00 %	75.73 %
smartclip Nordics AB, Stockholm	2,304	1,640	100.00 %	75.73 %
Vidispine AB, Kista	532	-103	100.00 %	100.00 %
Schweiz / Switzerland				
Arcadia Verlag AG, Zug	16,374	7	100.00 %	100.00 %
Arvato Systems Schweiz AG, Zug	-401	107	100.00 %	100.00 %
AZ Direct AG, Cham	1,112	220	100.00 %	100.00 %
Bertelsmann Asia Investments AG, Zug	181,645	53,210	100.00 %	100.00 %
Infoscore Inkasso AG, Schlieren	2,658	1,650	100.00 %	100.00 %
Media Select AG, Ittigen	553	1	100.00 %	100.00 %
Motor-Presse (Schweiz) AG, Volketswil	684	53	100.00 %	59.90 %
Verlagservice Süd AG, Zug	264	1,150	100.00 %	100.00 %
Senegal				
Phone Group Senegal S.A.R.L., Dakar	2,284	1,039	100.00 %	60.00 %
Singapur / Singapore				
Arvato Digital Services Pte. Ltd., Singapur	3,853	1,925	100.00 %	100.00 %
Fremantle Productions Asia Pte. Ltd., Singapur	-2,143	-364	100.00 %	75.73 %
RTL Group Asia Pte. Ltd., Singapur	-20,552	-19,439	100.00 %	75.73 %
SpotX Singapore Pte. Ltd., Singapur	156	95	100.00 %	75.73 %
Spanien / Spain				
Arvato Iberia, S.L.U., Madrid	505	283	100.00 %	100.00 %
Arvato Services Iberia, S.A.U., Barcelona	-45,901	-621	100.00 %	100.00 %
Arvato Services Spain, S.A.U., Madrid	3,862	-451	100.00 %	100.00 %
Arvato Technical Information, S.L., Martorell	646	420	100.00 %	100.00 %
Bertelsmann Espana, S.L., Barcelona	72,123	19,005	100.00 %	100.00 %
BMG Rights Management and Administration (Spain), S.L., Madrid	343	78	100.00 %	100.00 %
Centro de Imposicion Palleja, S.L., Barcelona	2,627	-474	100.00 %	100.00 %
Direct Group Grandes Obras, S.L., Barcelona	624	358	100.00 %	75.00 %
Fremantle de Espana, S.L., Madrid	-	-	99.60 %	75.42 % ¹
FremantleMedia Espana, S.A., Madrid	-7,848	-64	100.00 %	75.73 %
Grupo Editorial Bertelsmann, S.L., Barcelona	7,774	-4,164	100.00 %	100.00 %
Motorpress Iberica, S.A., Madrid	497	151	100.00 %	59.90 %
Penguin Books, S.A., Madrid	829	662	100.00 %	75.00 %
Penguin Random House Grupo Editorial, S.A.U., Barcelona	134,225	6,270	100.00 %	75.00 %
Printer Industria Grafica Newco, S.L.U., Barcelona	1,976	-702	100.00 %	100.00 %
Qualytel Andalucia, S.A.U., Sevilla	1,321	1,105	100.00 %	100.00 %
Qualytel Teleservices, S.A.U., Madrid	-2,013	-2,520	100.00 %	100.00 %
Team 4 Collection and Consulting, S.L.U., Madrid	1,622	171	100.00 %	100.00 %
THE REAL NETWORK DIALOGUE, S.L., Barcelona	175	-6	100.00 %	100.00 %
Tria Global Services, S.L.U., Madrid	-26	-64	100.00 %	100.00 %

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Südafrika / South Africa				
Penguin Random House South Africa (Pty) Ltd., Johannesburg	7,242	1,787	100.00 %	75.00 %
Random House Struik Proprietary Limited, Kapstadt	0	0	100.00 %	75.00 %
Verlag Automobil Wirtschaft (Pty) Ltd., Uitenhage	1,146	239	100.00 %	100.00 %
Südkorea / South Korea				
Penguin Random House Korea LLC, Seoul	16	-109	100.00 %	75.00 %
Thailand				
Arvato Services (Thailand) Ltd., Bangkok	-450	-167	100.00 %	74.40 %
arvato systems (Thailand) Ltd., Bangkok	91	-58	100.00 %	100.00 %
Thai B E Holding Ltd., Bangkok	-37	-10	49.80 %	49.80 %
Tschechische Republik / Czech Republic				
Arvato Services Management Czech Republic s.r.o., Prag	-29	-3	100.00 %	100.00 %
Arvato Services k.s., Prag	3,828	-21	100.00 %	100.00 %
Türkei / Turkey				
Arvato Lojistik Dis Ticaret ve E Ticaret Hizmetleri Anonim Sirketi, Istanbul	2,831	1,304	100.00 %	100.00 %
Arvato Telekomünikasyon Hizmetleri Anonim Sirketi, Istanbul	5,246	933	100.00 %	100.00 %
Ligatus Iletisim Hizmetleri Anonim Sirketi, Istanbul	550	0	100.00 %	100.00 %
Teleservice International Telefon Onarim ve Ticaret Limited Sirketi, Istanbul	2,559	67	100.00 %	100.00 %
Ukraine				
Limited Liability Company "UC Real Estate", Charkiw	274	423	100.00 %	100.00 %
Ungarn / Hungary				
Home Shopping Service Hongrie SA, Budapest	-	-	100.00 %	36.49 %
Magyar RTL Televizio Zrt., Budapest	54,466	1,303	100.00 %	75.48 %
R-Time Kft., Budapest	1,399	110	100.00 %	75.48 %
RTL Holding Kft., Budapest	16,013	-75	100.00 %	75.48 %
RTL Services Kft., Budapest	445	164	100.00 %	75.48 %
trnd Central Eastern Europe Kft., Budapest	12	-191	100.00 %	100.00 %
UFA Magyarorszag Kft., Budapest	3,073	1,426	100.00 %	75.48 %
Uruguay				
Ediciones B Uruguay S.A.	726	13	100.00 %	75.00 %
Editorial Sudamericana Uruguay S.A., Montevideo	1,873	613	100.00 %	75.04 %
USA				
495 Productions Holdings LLC, Burbank	-5,347	242	75.00 %	56.79 %
ACI Communications, Inc., Burbank	844	-535	100.00 %	75.73 %
Advanced Practice Strategies, Inc., Wilmington	4,292	1,818	100.00 %	98.60 %
AHC Media LLC, Norcross	19,879	-715	100.00 %	98.60 %
Alliant International University, Inc., Sacramento	-7,603	-15,800	80.10 %	80.10 %
Amygdala Records, Inc., Burbank	1,069	-9,957	100.00 %	75.73 %
Arist Education System Fund LP, Wilmington	28,760	-22	100.00 %	100.00 %
Arist Education System LLC, Wilmington	67,896	1,032	100.00 %	100.00 %
Arvato Digital Services LLC, Wilmington	250,832	-3,618	100.00 %	100.00 %
arvato Entertainment LLC, Wilmington	-1,926	4,367	100.00 %	100.00 %
Arvato Systems North America, Inc., Wilmington	-2,448	238	100.00 %	100.00 %
Audigram Songs, Inc., Nashville	623	7	100.00 %	100.00 %
Berryville Graphics, Inc., Wilmington	59,915	2,559	100.00 %	100.00 %
Bertelsmann Accounting Services, Inc., Wilmington	-569	-606	100.00 %	100.00 %
Bertelsmann Digital Media Investments, Inc., Wilmington	10,937	-1,952	100.00 %	100.00 %
Bertelsmann Education Services LLC, Wilmington	25,134	972	100.00 %	100.00 %
Bertelsmann Health & Human Science Education LLC, Wilmington	2,474	-22	100.00 %	100.00 %
Bertelsmann Learning LLC, Wilmington	425,356	-980	98.60 %	98.60 %
Bertelsmann PRH Finance, Inc., Wilmington	878,360	7,452	100.00 %	100.00 %
Bertelsmann Publishing Group, Inc., Wilmington	1,092,371	754,962	85.71 %	85.71 %
Bertelsmann Ventures, Inc., Wilmington	29,977	731	100.00 %	100.00 %
Bertelsmann, Inc., Wilmington	1,219,202	136,218	100.00 %	100.00 %
Big Balls LLC, Burbank	-8,445	-1,749	95.00 %	71.94 %
BMG Audiovisual Productions LLC, Wilmington	-23	-25	100.00 %	100.00 %
BMG Production Music, Inc., New York	2,559	216	100.00 %	100.00 %
BMG Rights Management (US) LLC, Wilmington	53,047	13,515	100.00 %	100.00 %
BroadbandTV (USA), Inc., New York	0	0	100.00 %	43.39 %
Care Management Technologies, Inc., Wilmington	692	-243	100.00 %	98.60 %
Cathedral Technologies LLC, Burbank	535	88	100.00 %	56.79 %
Coral Graphic Services, Inc., New York	47,469	13,482	100.00 %	100.00 %
FCB Productions, Inc., Burbank	49,928	-1,274	100.00 %	75.73 %
Frederick Warne & Co. LLC, Wilmington	-	-	100.00 %	75.00 %
Fremantle International, Inc., New York	-126	0	100.00 %	75.73 %
Fremantle Productions North America, Inc., Dover	258,048	49,332	100.00 %	75.73 %
Fremantle Productions, Inc., Burbank	99	0	100.00 %	75.73 %
FremantleMedia Latin America, Inc., Miami	-547	-93	100.00 %	75.73 %

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FremantleMedia Licensing, Inc., New York	19	0	100.00 %	75.73 %
FremantleMedia North America, Inc., New York	134,255	22,794	100.00 %	75.73 %
Golden Treasures LLC, Wilmington	-1,565	-3	100.00 %	75.00 %
Good Games Live, Inc., Burbank	8,031	1,472	100.00 %	75.73 %
Haskell Studio Rentals, Inc., New York	-129	-240	100.00 %	75.73 %
LiquidM, Inc., Wilmington	4,555	42	100.00 %	100.00 %
Max Post, Inc., Burbank	2,229	-20,555	100.00 %	75.73 %
Music Box Library, Inc., Burbank	-5,134	-18	100.00 %	75.73 %
Offset Paperback Mfrs., Inc., Wilmington	15,975	-2,090	100.00 %	100.00 %
Online HealthNow, Inc., Tallahassee	14,020	-226	100.00 %	98.60 %
OP Services LLC, Burbank	0	0	100.00 %	75.73 %
Original Productions LLC, Burbank	5,227	38,686	100.00 %	75.73 %
Pajama Pants Productions LLC, Burbank	-19	11	100.00 %	56.79 %
Penguin Random House Grupo Editorial (USA) LLC, Wilmington	-977	371	100.00 %	75.00 %
Penguin Random House LLC, Wilmington	-41,036	319,999	100.00 %	75.00 %
Prestel Publishing LLC, Wilmington	-3,017	-1,897	100.00 %	100.00 %
PRH Holdings, Inc., Wilmington	959,689	594,825	83.66 %	71.70 %
PRH Publications, Inc., Wilmington	1,078,801	64,520	100.00 %	78.71 %
R & B Music LLC, Los Angeles	99	1	50.00 %	50.00 %
Random House Children's Entertainment LLC, Wilmington	-4,634	-14	100.00 %	75.00 %
Red Brown Venture LLC, Wilmington	-4,400	1,465	100.00 %	100.00 %
RediLearning Corp., Wilmington	3,793	2,829	100.00 %	98.60 %
Relias Learning LLC, Sacramento	107,789	11,460	100.00 %	98.60 %
Rise Records, Inc., Salem	7,229	-1,667	100.00 %	100.00 %
RTL US Holding, Inc., Wilmington	151,765	-3,153	100.00 %	75.73 %
Sasquatch Books LLC, Wilmington	750	61	100.00 %	75.00 %
SFLS, Inc., Wilmington	5,564	205	100.00 %	80.10 %
Smashing Ideas LLC, Wilmington	148	-1,417	100.00 %	75.00 %
SND Films LLC, New York	213	0	100.00 %	36.55 %
SND USA, Inc., Wilmington	935	-443	100.00 %	36.55 %
SpotX, Inc., Wilmington	54,068	5,259	100.00 %	75.73 %
Sputnik 84 LLC, New York	-5	81	100.00 %	75.00 %
Stern Magazine Corp., New York	4,095	91	100.00 %	100.00 %
Straightaway Health Careers, Inc., Wilmington	-1,471	-1,562	100.00 %	100.00 %
Studio Production Services, Inc., Burbank	12,546	2,615	100.00 %	75.73 %
StyleHaul Productions, Los Angeles	9	0	100.00 %	75.73 %
StyleHaul, Inc., Los Angeles	-9,300	-18,257	100.00 %	75.73 %
TCF Productions, Inc., Burbank	85	0	100.00 %	75.73 %
This is Hit, Inc., Nashville	28,074	-9,271	100.00 %	100.00 %
Tiny Riot LLC, Dover	-3,862	-81	100.00 %	75.73 %
WhiteCloud Analytics, Inc., Wilmington	-404	-1,537	100.00 %	98.60 %
YoBoHo New Media, Inc., New York	39	23	100.00 %	38.00 %

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II.B. Nach der Equity-Methode einbezogene Gemeinschaftsunternehmen / Joint ventures accounted for using the equity method				
Belgien / Belgium				
New Contact S.A., Brüssel	155	46	50.00 %	37.74 %
Deutschland / Germany				
ABIS GmbH, Frankfurt am Main	34	0	100.00 %	49.00 % ²
bedirect GmbH & Co. KG, Gütersloh	-304	797	50.00 %	50.00 %
Delta Advertising GmbH, München	34	0	100.00 %	33.97 % ²
Deutsche Post Adress Geschäftsführungs GmbH, Bonn	61	-9	49.00 %	49.00 %
Deutsche Post Adress GmbH & Co. KG, Bonn	20,626	18,759	49.00 %	49.00 %
Euro Transport Media Verlags- und Veranstaltungsgesellschaft mbH, Stuttgart	1,040	379	40.00 %	23.96 %
G+J NG Media GmbH & Co. KG, Hamburg	3,225	1,436	50.00 %	50.00 %
Honey GmbH, Hamburg	869	-104	50.00 %	50.00 %
MAIRDUMONT NETLETIX GmbH & Co. KG, Ostfildern	1,135	0	45.00 %	33.97 % ²
MAIRDUMONT NETLETIX Verwaltungs GmbH, Stuttgart	25	0	45.00 %	33.97 %
Q division GmbH, Frankfurt am Main	87	-392	30.01 %	22.65 %
RISER ID Services GmbH, Berlin	2,257	2,033	100.00 %	49.00 %
Rodale-Motor-Presse GmbH & Co. KG Verlagsgesellschaft, Stuttgart	617	514	50.00 %	29.95 %
RTL DISNEY Fernsehen Geschäftsführungs GmbH, Köln	94	0	100.00 %	37.74 %
RTL DISNEY Fernsehen GmbH & Co. KG, Köln	27,116	0	50.00 %	37.74 % ²
Vogel Motor-Presse Procurement GmbH, Würzburg	113	4	50.00 %	29.95 %
Frankreich / France				
Panora Services SAS, Paris	752	-19	50.00 %	18.27 %
Serie Club SA, Neuilly-sur-Seine	4,035	2,131	49.99 %	18.27 %
Mexiko / Mexico				
Editorial Motorpress Televisa, S.A. de C.V., Mexiko-Stadt	594	-478	50.00 %	29.95 %
Niederlande / Netherlands				
Benelux Film Investments B.V., Schelluinen	3,798	891	50.00 %	37.74 %
Future Whiz Media B.V., Amsterdam	-2,038	-241	29.82 %	22.51 %
Grundy Endemol Productions VOF, Hilversum	318	6,572	50.00 %	37.86 %
NLZiet Coöperatief U.A., Hilversum	-8,089	-1,544	33.33 %	25.16 %
Solvo B.V., Amsterdam	800	-557	43.85 %	33.10 %
Spanien / Spain				
Motorpress Rodale, S.L., Madrid	207	-690	50.00 %	29.95 %
USA				
Think Music LLC, Wilmington	1,087	2	50.00 %	50.00 %
Vice Food LLC, Wilmington	782	784	30.00 %	22.72 %

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II.C. Nach der Equity-Methode einbezogene assoziierte Unternehmen / Associates accounted for using the equity method					
Australien / Australia					
Jack Irish Dead Point Pty Ltd, St. Leonards	-	-	11.00 %	6.25 %	1
Rake 3 Pty Ltd, St. Leonards	-	-	11.00 %	6.25 %	1
Brasilien / Brazil					
Afferro Lab Participacoes S.A., Rio de Janeiro	11,275	-6,931	41.93 %	41.93 %	
Bozano Educacional II FIP, Rio de Janeiro	60,432	26,633	40.00 %	40.00 %	
Editora Schwarcz S.A., Sao Paulo	23,527	1,205	45.00 %	33.75 %	
China					
Beijing 352 Environmental Protection Technology Co., Ltd., Peking	20,089	-2,268	9.03 %	9.03 %	
Beijing Yi Jiu Pi E-commerce Co., Ltd., Peking	115,481	-2,850	10.74 %	10.74 %	
Beijing Yiheng Chuangyuan Technology Co., Ltd., Peking	7,639	-5,787	10.79 %	10.79 %	
Cote d'Ivoire					
Life TV SA	7,077	0	33.33 %	12.18 %	
Deutschland / Germany					
BCS Broadcast Sachsen GmbH & Co. KG, Dresden	1,739	1,329	55.00 %	35.92 %	
Mediengesellschaft Mittelstand Niedersachsen GmbH, Braunschweig	390	156	23.12 %	4.35 %	
NiedersachsenRock 21 GmbH & Co. KG, Garbsen	2,350	1,538	29.83 %	15.25 %	
Radio Hamburg GmbH & Co. KG, Hamburg	8,385	7,281	29.17 %	22.02 %	
RTL 2 Fernsehen Geschäftsführungs GmbH, Grünwald	886	489	35.90 %	27.10 %	
RTL 2 Fernsehen GmbH & Co. KG, Grünwald	65,602	54,423	36.54 %	27.10 %	
SPIEGEL-Verlag Rudolf Augstein GmbH & Co. KG, Hamburg	81,000	29,860	25.25 %	25.25 %	
Frankreich / France					
6&7 SAS, Paris	34	-981	49.00 %	17.91 %	
Elephorm SAS, Lyon	1,288	-244	34.00 %	12.43 %	
Quicksign SAS, Paris	883	-301	24.90 %	9.10 %	
Stephane Plaza Franchise SAS, Levallois Perret	6,234	2,309	49.00 %	17.91 %	
Großbritannien / Great Britain					
Bend IT TV Limited, London	-293	-245	25.00 %	18.93 %	
Corona Television Limited, London	-1,292	-560	25.00 %	18.93 %	
Dancing Ledge Productions Limited, London	120	-228	24.98 %	18.93 %	
Dr Pluto Films Limited, London	-168	-494	25.00 %	18.93 %	
Duck Soup Films Limited, Leeds	-6	-497	25.00 %	18.93 %	
Full Fat Television Limited, Cheltenham	-332	-446	24.81 %	18.93 %	
Label1 Television Limited, London	334	-5	25.00 %	18.93 %	
Man Alive Entertainment Limited, London	-1,130	-675	25.00 %	18.93 %	
Naked Entertainment Limited, Cheltenham	-1,520	-659	24.98 %	18.92 %	
Squawka Ltd, London	-174	-1,581	34.77 %	26.33 %	
Wild Blue Media Limited, London	-198	-520	25.00 %	18.93 %	
Indien / India					
BigFoot Retail Solutions Private Limited, Neu-Delhi	3,535	-3,652	33.83 %	33.83 %	
India Property Online Private Limited, Chennai	-216	-2,957	37.65 %	37.65 %	
i-Nurture Education Solutions Private Limited, Bangalore	4,650	-9,427	34.77 %	34.77 %	
Lendingkart Technologies Private Limited, Ahmedabad	19,228	-8,500	17.34 %	17.34 %	
Ruptub Solutions Private Limited, Bangalore	23,846	-15,383	13.45 %	13.45 %	
Kaimaninseln / Cayman Islands					
Bigo Inc., Grand Cayman	101,575	5,383	9.09 %	9.09 %	
Know Box Limited, Grand Cayman	0	0	6.70 %	6.70 %	
moKredit Inc., Grand Cayman	12,961	10,041	17.09 %	17.09 %	
See Mobile Technology, Grand Cayman	10,348	-2,712	12.23 %	12.23 %	
TrendSutra Cayman Holdings Limited, Grand Cayman	23,616	-19,706	22.18 %	22.18 %	
TuanChe Limited, Grand Cayman	14,128	504	13.60 %	13.60 %	
Zaozuo Zaohua ZWORKS Ltd., Grand Cayman	9,683	-4,398	13.40 %	13.40 %	
Kanada / Canada					
UMI Mobile, Inc., Montreal	1,248	-291	35.30 %	23.78 %	
Niederlande / Netherlands					
HelloSparkle B.V., Den Haag	31	-9	25.00 %	18.87 %	
Flinders B.V., Zaandam	4,236	-298	20.00 %	15.10 %	

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Schweiz / Switzerland				
Goldbach Audience (Switzerland) AG, Küsnacht	2,602	635	24.95 %	18.83 %
Goldbach Media (Switzerland) AG, Küsnacht	25,780	26,162	22.96 %	17.33 %
MF Group Factoring AG, St. Gallen	1,418	275	49.00 %	49.00 %
Swiss Radioworld AG, Zürich	2,713	2,280	23.08 %	17.42 %
Singapur / Singapore				
Eruditus Learning Solutions Pte. Ltd., Singapur	-2,648	-3,093	17.37 %	17.37 %
Spanien / Spain				
Atresmedia Corporacion de Medios de Comunicacion, S.A., San Sebastian de los Rios	446,403	137,972	18.72 %	14.13 %
USA				
@Radical.Media LLC, New York	-1,247	-586	34.50 %	26.13 %
CLYPD, Inc., Somerville	-4,451	-7,799	19.49 %	14.76 %
Eureka Productions LLC, Camden	-3,141	-1,877	25.00 %	18.93 %
HotChalk, Inc., Wilmington	-29,937	-29,569	46.96 %	46.96 %
Inception VR, Inc., Wilmington	7,227	-2,218	17.74 %	13.39 %
The Pet Collective LLC, Los Angeles	-17	229	35.00 %	26.50 %
Udacity, Inc., Wilmington	50,284	-33,502	18.61 %	18.61 %
University Ventures Fund I BeCo-Investment, L.P., New York	10,704	1,161	100.00 %	100.00 %
University Ventures Fund I, L.P., New York	46,754	965	47.27 %	47.27 %
University Ventures Fund II, L.P., Delaware	92,791	11,098	55.10 %	55.10 %
VideoAmp, Inc., New York	543	-15,081	26.43 %	19.95 %

III. Wegen untergeordneter Bedeutung nicht in den Konzernabschluss einbezogene Unternehmen / Companies excluded from consolidation due to negligible importance

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III.A. Nicht vollkonsolidierte Tochterunternehmen / Not fully consolidated subsidiaries				
Argentinien / Argentina				
Grundy Productions S.A., Buenos Aires	n/a	n/a	100.00 %	75.73 %
Belgien / Belgium				
G+J International Media Sales, Gent	203	34	100.00 %	100.00 %
Brasilien / Brazil				
BMG Rights Management Brasil Ltda., Sao Paulo	301	-222	100.00 %	100.00 %
China				
G+J - CLIP (Beijing) Publishing Consulting Co. Ltd., Peking	-5,330	-26	80.21 %	80.21 %
Relias Learning (Beijing) Consulting Co. Ltd., Peking	n/a	n/a	100.00 %	100.00 %
Shanghai Bertelsmann Culture Industry Co. Ltd., Shanghai	-7,747	-304	100.00 %	100.00 %
Deutschland / Germany				
11 Freunde Verlag Verwaltungsgesellschaft mbH, Berlin	31	2	100.00 %	51.00 %
Antenne Niedersachsen Geschäftsführungs-GmbH, Hannover	46	1	100.00 %	39.12 %
APD Antenne Niedersachsen GmbH & Co. Produktions- und Distributions-KG, Han	512	90	100.00 %	39.12 %
Arvato SCM Kamen GmbH, Gütersloh	n/a	n/a	100.00 %	100.00 %
BCS Broadcast Sachsen Verwaltungsgesellschaft mbH, Dresden	23	0	55.00 %	35.92 %
Berliner Presse Vertrieb Verwaltungs GmbH, Hamburg	32	1	100.00 %	100.00 %
DDV Beteiligungs GmbH, Dresden	39	1	100.00 %	60.00 %
DIPLOMA Grundstücks-Vermietungsgesellschaft mbH, Schönefeld	70	28	94.80 %	89.10 %
DirectSourcing Germany GmbH, München	n/a	n/a	100.00 %	100.00 %
Funkhaus Halle Komplementär-GmbH, Halle (Saale)	29	2	100.00 %	43.93 %
G+J / Klambt Style-Verlag Verwaltungsgesellschaft mbH, Hamburg	33	2	100.00 %	50.10 %
G+J Immobilien-Verwaltungs GmbH, Hamburg	87	1	100.00 %	100.00 %
GEO Verlags- und Vertriebsgesellschaft mbH, München	12	9	100.00 %	100.00 %
Motor Presse Stuttgart Verwaltungsgesellschaft mit beschränkter Haftung, Stuttgart	524	26	59.90 %	59.90 %
Motor Presse Venture GmbH, Stuttgart	806	-19	100.00 %	59.90 %
RTL AdConnect GmbH, Köln	1,575	498	100.00 %	75.48 %
RTL Lux GmbH, Berlin	25	0	100.00 %	75.48 %
Screenworks Köln GmbH, Köln	643	226	64.00 %	48.31 %
Sellwell Verwaltungs GmbH, Hamburg	27	1	70.00 %	70.00 %
TAG24 NEWS Deutschland GmbH, Dresden	n/a	n/a	100.00 %	60.00 %
The Wave Hörfunk GmbH, Berlin	94	0	100.00 %	75.48 %
topac GmbH, Gütersloh	32	0	100.00 %	100.00 %
Frankreich / France				
A2B Communication SARL, Paris	81	0	99.89 %	36.51 %
ASF 8 SARL, Vendin-le-Vieil	-9	-2	100.00 %	100.00 %
ASF 9 SARL, Vendin-le-Vieil	-7	-2	100.00 %	100.00 %
Canal Star SARL, Paris	2,409	-87	99.96 %	36.54 %
FM Graffiti SARL, Paris	870	-44	99.80 %	36.48 %
Gigasud SARL, Paris	-7	-1	99.00 %	36.18 %
Gruner + Jahr International Services Marketing et Media SARL, Paris	-171	38	100.00 %	100.00 %
Media Strategie SARL, Paris	-224	-108	99.86 %	36.50 %
Mediapanel SARL, Paris	269	77	99.80 %	36.48 %
Music Nancy FM SARL, Nancy	-7	-28	51.00 %	18.64 %
Paris Television SARL, Paris	86	-1	100.00 %	75.37 %
PARISONAIR SARL, Paris	490	195	99.00 %	36.18 %
Porte Sud SARL, Mülhausen	-3	-5	99.80 %	36.48 %
Radio Golfe SARL, Paris	207	6	98.75 %	36.09 %
SCM-A SARL, Noyelles sous Lens	-9	-3	100.00 %	100.00 %
Societe Operatrice de Multiplex R4 SAS, Neuilly-sur-Seine	63	0	50.25 %	18.37 %
Societe Privee de Radiodiffusion Gibus Bourgogne SARL, Paris	43	-168	99.99 %	36.55 %
T-Commerce SAS, Neuilly-sur-Seine	-10	-3	100.00 %	36.55 %
Großbritannien / Great Britain				
Allen Lane The Penguin Press Limited, London	152	0	100.00 %	75.00 %
Alomo Productions Limited, London	n/a	n/a	100.00 %	75.73 %
Arvato Financial Solutions Limited, Glasgow	n/a	n/a	100.00 %	100.00 %
Bantam Books Limited, London	1	0	100.00 %	75.00 %
Bertelsmann Corporate Services Limited, London	0	0	100.00 %	100.00 %
Carousel Books Limited, London	0	0	100.00 %	75.00 %
Corgi Books Limited, London	0	0	100.00 %	75.00 %
Dorling Kindersley Vision Limited, London	0	0	100.00 %	75.00 %
Euston Films Limited, London	-10	0	100.00 %	75.73 %
Flaname 0 Limited, London	n/a	n/a	100.00 %	75.00 %
Flaname 1 Limited, London	n/a	n/a	100.00 %	75.00 %
Flaname 2 Limited, London	n/a	n/a	100.00 %	75.00 %
Flaname 3 Limited, London	n/a	n/a	100.00 %	75.00 %

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Flaname 4 Limited, London	n/a	n/a	100.00 %	75.00 %
Flaname 5 Limited, London	n/a	n/a	100.00 %	75.00 %
Flaname 6 Limited, London	n/a	n/a	100.00 %	75.00 %
Flaname 7 Limited, London	n/a	n/a	100.00 %	75.00 %
Flaname 8 Limited, London	n/a	n/a	100.00 %	75.00 %
Fremantle Group Pension Trustee Limited, London	n/a	n/a	100.00 %	75.73 %
FremantleMedia Animation Limited, London	-1	0	100.00 %	75.73 %
FremantleMedia Worldwide Limited, London	n/a	n/a	100.00 %	75.73 %
Funfax Limited, London	-1,616	0	100.00 %	75.00 %
Grundy Productions Limited, London	3	0	100.00 %	75.73 %
Hamish Hamilton Limited, London	-1,287	0	100.00 %	75.00 %
Hugo's Language Books Limited, London	459	0	100.00 %	75.00 %
IP Network UK Limited, London	1,378	373	100.00 %	75.48 %
Michael Joseph Limited, London	-1,427	0	100.00 %	75.00 %
Radio Luxembourg (London) Limited, London	0	0	100.00 %	75.48 %
Regent Productions Limited, London	0	0	100.00 %	75.73 %
Retort Productions Limited, London	1	1	100.00 %	75.73 %
Screenpop Limited, London	96	0	100.00 %	75.73 %
Somerford Brooke Productions Limited, London	n/a	n/a	100.00 %	75.73 %
Talkback Limited, London	0	0	100.00 %	75.73 %
Tamarind Limited, London	0	0	100.00 %	75.00 %
Thames Television Animation Limited, London	0	0	100.00 %	75.73 %
Union Square Music Holdings Limited, London	n/a	n/a	100.00 %	100.00 %
United World Productions Limited, London	0	0	100.00 %	75.73 %
United World Television Limited, London	0	0	100.00 %	75.73 %
WH Allen General Books Limited, London	0	0	100.00 %	75.00 %
Witzend Productions Limited, London	n/a	n/a	100.00 %	75.73 %
Italien / Italy				
C.D.C. S.p.A., Rom	n/a	n/a	80.00 %	60.39 %
G+J International Sales Italy S.r.l., Mailand	32	18	100.00 %	100.00 %
Ligatus S.r.l., Mailand	83	30	100.00 %	100.00 %
RTL AdConnect S.r.l., Mailand	839	335	100.00 %	75.48 %
Kanada / Canada				
0971999 B.C. Ltd, Vancouver	n/a	n/a	100.00 %	43.39 %
TGN Game Communities Inc., Vancouver	n/a	n/a	100.00 %	43.39 %
VISO Online Video Productions Inc., Vancouver	n/a	n/a	100.00 %	43.39 %
Kroatien / Croatia				
RTL Music Publishing DOO, Zagreb	-177	-32	100.00 %	75.48 %
Luxemburg / Luxembourg				
Broadcasting Center Europe International S.A., Luxemburg	n/a	n/a	100.00 %	75.48 %
Media Assurances S.A., Luxemburg	1,125	988	100.00 %	75.48 %
Malaysia				
FremantleMedia Malaysia Sdn Bhd, Petaling Jaya	n/a	n/a	100.00 %	75.73 %
Mexiko / Mexico				
FremantleMedia Services, S. de R.L. de C.V., Mexiko-Stadt	-34	-15	100.00 %	75.73 %
Niederlande / Netherlands				
G+J Media Services B.V., Hilversum	123	35	100.00 %	100.00 %
M Nederland Holding B.V., Hilversum	15	0	75.00 %	56.61 %
Stichting Derdengelden infoscree Collection, Heerenveen *	251	0	0.00 %	0.00 %
Österreich / Austria				
Gruner + Jahr Verlagsgesellschaft m.b.H., Wien	432	141	100.00 %	100.00 %
Russland / Russia				
OOO Bertelsmann Kniga, Moskau	0	0	100.00 %	100.00 %
Schweiz / Switzerland				
Gruner + Jahr (Schweiz) AG, Zürich	321	107	100.00 %	100.00 %
Motor Presse TV Schweiz AG, Zürich	9	-11	100.00 %	30.55 %
Spanien / Spain				
Ligatus, S.L., Madrid	105	25	100.00 %	100.00 %
Penguin Random House Edicion y Distribucion, S.L., Madrid	n/a	n/a	100.00 %	75.00 %
Südafrika / South Africa				
Dorling Kindersley Publishers (South Africa) Pty Ltd.	1	0	100.00 %	75.00 %

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USA				
3 Doors Productions, Inc., Reno	n/a	n/a	100.00 %	75.73 %
495 Productions Services LLC, Delaware	n/a	n/a	100.00 %	56.79 %
American Idols Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Big Break Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Blue Orbit Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Colony Productions, Inc., New Orleans	n/a	n/a	100.00 %	75.73 %
Hungry Hearts, Inc., New York	n/a	n/a	100.00 %	47.33 %
Kickoff Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Little Pond Television, Inc., Santa Monica	n/a	n/a	100.00 %	75.73 %
Mad Sweeney Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Marathon Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
P & P Productions, Inc., Delaware	n/a	n/a	100.00 %	75.73 %
RTL NY, Inc., Wilmington	257	269	100.00 %	75.48 %
Terrapin Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
The Price Is Right Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
The Young Pope, Inc., New York	n/a	n/a	100.00 %	47.33 %
Tick Tock Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Triple Threat Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Tundra Books of Northern New York, Inc., Plattsburgh	0	0	100.00 %	75.00 %
Wanderlust Productions, Inc., Wilmington	n/a	n/a	100.00 %	75.73 %
Venezuela				
Ediciones B Venezuela, S.A., Caracas	n/a	n/a	100.00 %	75.00 %
Vereinigte Arabische Emirate / United Arab Emirates				
Fremantlemedia Enterprises FZ - LLC, Dubai	11	0	100.00 %	75.73 %

III.B. Nicht nach der Equity-Methode einbezogene Gemeinschaftsunternehmen / Joint ventures not accounted for using the equity method				
Belgien / Belgium				
Fun Radio Belgique S.A., Brüssel	728	240	50.00 %	18.57 %
Deutschland / Germany				
bedirect Verwaltungs GmbH, Gütersloh	99	5	50.00 %	50.00 %
Berliner Pool TV Produktionsgesellschaft mbH, Berlin	467	51	50.00 %	37.74 %
G+J NG Media Verwaltungsgesellschaft mbH, Hamburg	87	4	50.00 %	50.00 %
IMV Hoyerswerda-Weißwasser Zustellservice GmbH, Hoyerswerda	24	-1	50.00 %	30.00 %
Nutzwerk GmbH, Dresden	104	79	50.00 %	30.00 %
Rodale-Motor-Presse Verwaltungsgesellschaft mbH, Stuttgart	49	0	50.00 %	29.95 %
scoyo GmbH, Hamburg	156	0	100.00 %	37.74 %
Vorratsgesellschaft Picassoplatz GmbH, Köln	112	0	100.00 %	37.74 %
Großbritannien / Great Britain				
CO92 The Film Limited, London	-4	0	50.00 %	37.86 %
Euston Music Limited, London	4	0	50.00 %	37.86 %
Niederlande / Netherlands				
Dialogical B.V., Rotterdam	94	29	50.00 %	37.74 %
Österreich / Austria				
Adria Media Holding GmbH, Wien	773	-48	50.00 %	50.00 %

III.C. Nicht nach der Equity-Methode einbezogene assoziierte Unternehmen / Associates not accounted for using the equity method				
Belgien / Belgium				
maRadio.be, Brüssel	33	-1	26.67 %	8.90 %
Brasilien / Brazil				
BR Education Ventures FIP	9,204	-514	31.40 %	31.40 %
Britische Jungferninseln / British Virgin Islands				
Meixin Group Holdings Limited	0	0	17.11 %	17.11 %

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
Deutschland / Germany				
AdAudience GmbH, München	2,534	467	33.33 %	29.25 %
ADD Allgemeine Druckdienstleistungen GmbH, Gütersloh	1,187	212	48.00 %	48.00 %
Akademie der Deutschen Medien GmbH, München	90	0	22.50 %	22.50 %
ASA Informationsdienste GmbH, Schöneiche bei Berlin	409	-73	40.00 %	40.00 %
Bidmanagement GmbH, Berlin	0	21	21.35 %	21.35 %
Chemnitzverlag Sachsen GmbH, Monschau	610	158	25.00 %	15.00 %
Deutscher Fernsehpreis GmbH, Köln	155	-125	25.00 %	18.87 %
FF Performance One GmbH, Berlin	0	0	42.00 %	42.00 %
Gesellschaft für integrierte Kommunikationsforschung mbH & Co. KG, München	2,124	666	20.00 %	20.00 %
Hanseatische Print & Medien Inkasso GmbH, Seebetel	244	717	49.00 %	49.00 %
Leipziger Wochenkurier Verlagsgesellschaft mbH & Co. Kommanditgesellschaft, Leipzig	110	-83	37.45 %	22.47 %
Leipziger Wochenkurier Verlagsgesellschaft mbH, Leipzig	29	1	37.45 %	22.47 %
LOG Logistik GmbH, Nürnberg	271	50	46.08 %	46.08 %
manager magazin Verlagsgesellschaft mit beschränkter Haftung, Hamburg	5,440	1,641	24.90 %	24.90 %
Medienvertrieb Görlitz-Niesky GmbH, Görlitz	58	32	25.10 %	15.06 %
Medienvertrieb Löbau-Zittau GmbH, Löbau	32	6	25.10 %	15.06 %
Medienvertrieb Meißen GmbH, Meißen	85	52	25.10 %	15.06 %
Medienvertrieb Riesa GmbH, Riesa	82	48	25.10 %	15.06 %
MV Bautzen Zustellservice GmbH, Bautzen	57	32	25.10 %	15.06 %
MV Dresden Zustellservice GmbH, Dresden	n/a	n/a	25.10 %	15.06 %
MV Freital Zustellservice GmbH, Freital	99	74	25.10 %	15.06 %
MV Kamenz Zustellservice GmbH, Kamenz	55	29	25.10 %	15.06 %
MV Pirna Zustellservice GmbH, Pirna	50	24	25.10 %	15.06 %
NG Buchverlag GmbH, München	1,725	283	49.00 %	24.50 %
NiedersachsenRock 21 Beteiligungs GmbH, Garbsen	74	4	29.83 %	15.25 %
Rudolf Augstein Gesellschaft mit beschränkter Haftung, Hamburg	750	1,249	25.50 %	25.50 %
Skoobe GmbH, München	618	-1,178	50.00 %	50.00 %
SQL Service GmbH, Wuppertal	n/a	n/a	25.10 %	18.95 %
tolino media GmbH & Co. KG, München	769	15	33.33 %	33.33 %
tolino media Verwaltungs GmbH, München	61	1	33.33 %	33.33 %
wibutler GmbH, Münster	3,900	-2,204	15.00 %	15.00 %
Frankreich / France				
2 CED SAS, Haute-Goulaine	n/a	n/a	21.77 %	7.96 %
Audience Square SAS, Paris	n/a	n/a	20.00 %	7.31 %
Großbritannien / Great Britain				
Bounce! Sales & Marketing Limited, London	162	28	30.00 %	22.50 %
Fintech Innovation Program Limited, London	329	-789	20.00 %	20.00 %
Wide-Eyed Entertainment Limited, London	n/a	n/a	23.75 %	17.99 %
Indien / India				
authorGEN Technologies Private Limited, Mohali	-1,136	-1,611	28.36 %	28.36 %
Relevant e-solutions Private Limited, Haryana	5,619	-3,969	7.61 %	7.61 %
Kanada / Canada				
Vemba Corporation, Toronto	2,649	-2,968	12.84 %	15.25 %
Kaimaninseln / Cayman Islands				
Gangwei Network Technology Inc., Grand Cayman	n/a	n/a	17.87 %	17.87 %
Haizhi Holding Inc., Grand Cayman	17,773	-17,434	17.04 %	17.04 %
HLJK Information & Technology Cayman Inc., Grand Cayman	638	-225	12.12 %	12.12 %
Hooma Hooma Technology Limited, Grand Cayman	4,663	-706	21.70 %	21.70 %
KangSeed Technology Ltd., Grand Cayman	-30	-2,405	21.65 %	21.65 %
Mioji Group Limited, Grand Cayman	3,179	-6,921	10.67 %	10.67 %
OptAim Ltd., George Town	0	0	16.59 %	16.59 %
Penguin Guide Inc., Grand Cayman	1,259	-775	16.34 %	16.34 %
Qianye (Cayman) Ltd., Grand Cayman	518	-13,251	12.12 %	12.12 %
Tantan Limited, Grand Cayman	39,037	-21,034	4.77 %	4.77 %
Velocious Technologies Inc., Grand Cayman	2,582	-256	7.82 %	7.82 %
Weplanter (Cayman) Limited, Grand Cayman	0	0	12.92 %	12.92 %
Wish Wood Holdings Limited, Grand Cayman	981	-2,129	18.18 %	18.18 %
Xianlife Limited	3,425	-3,497	11.31 %	11.31 %
Yueranzhishang Holding Limited, Grand Cayman	0	0	14.34 %	14.34 %
Kroatien / Croatia				
INEO d.o.o., Cakovec	116	23	25.50 %	19.25 %
Luxemburg / Luxembourg				
RADIO LUX S.A., Differdingen	-63	-176	25.00 %	18.87 %
Mauritius				
Kaizen Private Equity, limited life public company limited by shares, Ebene	26,457	-71	19.43 %	19.43 %

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
Niederlande / Netherlands				
Bedrock B.V., Amsterdam	-13	-313	30.00 %	22.72 %
Ushi Film Organization B.V., Amsterdam	n/a	n/a	33.33 %	25.16 %
Österreich / Austria				
tele-Zeitschriftenverlagsgesellschaft m.b.H., Wien	120	5	24.90 %	24.90 %
tele-Zeitschriftenverlagsgesellschaft m.b.H. & Co. KG, Wien	690	453	24.90 %	24.90 %
Spanien / Spain				
Distribuidora Digital de Libros, S.A., Barcelona	-255	-142	37.49 %	28.12 %
Thailand				
FremantleMedia (Thailand) Co. Limited, Bangkok	n/a	n/a	49.00 %	37.10 %
USA				
BV Capital Fund II-A, L.P., Dover	385	-24	99.00 %	99.00 %
Dynamic Graphic Engraving, Inc., Horsham	62	-29	25.00 %	25.00 %
Mojiva, Inc., New York	n/a	n/a	30.05 %	30.05 %
Monashees Capital V, L.P., Wilmington	21,288	1,445	33.33 %	33.33 %

1 = Vorkonsolidiert / preconsolidated

2 = Ergebnisabführungsvertrag / profit and loss transfer agreement

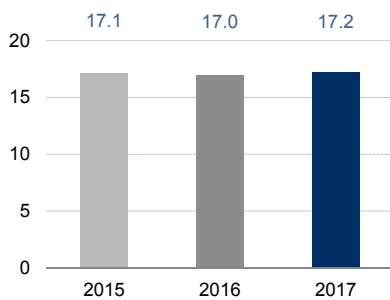
* = Beherrschung bei nicht vorliegender Kapitalbeteiligung nach IFRS 10 / control without equity investment according to IFRS 10

Combined Management Report

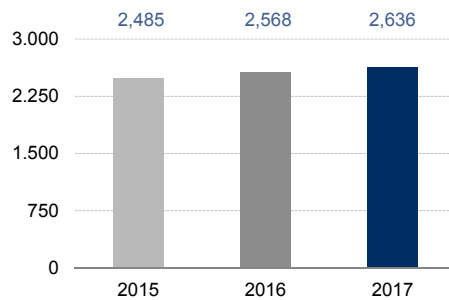
Financial Year 2017 in Review

Bertelsmann recorded positive business performance in 2017, achieving revenue growth and increases in operating EBITDA and Group profit. This development was accompanied by further strategic progress with Bertelsmann's transformation into a faster-growing, more digital, more international and diversified Group. Group revenues rose by 1.4 percent to €17.2 billion (previous year: €17.0 billion), driven by organic growth of 1.7 percent. This was generated in particular by the TV, music, services and education businesses. The revenue share generated by the strategic growth businesses increased to 32 percent (previous year: 30 percent). Operating EBITDA of €2,636 million was above the high level of the previous year of €2,568 million, despite start-up losses for digital and new businesses, which, for Bertelsmann Education Group and RTL Group alone, amounted to €-69 million in total (previous year: €-71 million). RTL Group, BMG and Bertelsmann Education Group were mainly responsible for the improved earnings. The EBITDA margin improved from 15.2 percent in the previous year to 15.3 percent. Group profit increased from €1,137 million to €1,198 million. Economic investments during the reporting period increased to €1.8 billion (previous year: €1.3 billion), in particular as a result of the shareholding increase in Penguin Random House. For 2018, Bertelsmann again expects positive business performance and continued progress with the implementation of its strategy.

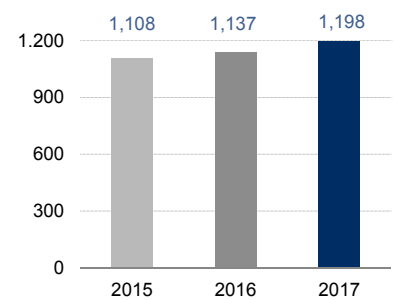
Revenues in € billions



Operating EBITDA in € millions



Group profit in € millions



- Revenue growth of 1.4 percent, improved organic growth of 1.7 percent
- Revenue increases at RTL Group, BMG, Arvato and Bertelsmann Education Group
- Increased share of revenues generated by growth businesses
- Operating EBITDA increased by 2.7 percent
- Increase in EBITDA margin from 15.2 percent to 15.3 percent
- Improved earnings at RTL Group, Gruner + Jahr, BMG and Bertelsmann Education Group
- Growth of Group profit of 5.4 percent despite higher tax expenses
- Improved operating result
- Higher contribution to earnings generated by the fund businesses

Fundamental Information about the Group

In this Management Report, the Group is using the option to combine the Group Management Report and the Management Report of Bertelsmann SE & Co. KGaA. This Combined Management Report outlines the business performance, including the business result and the position of the Bertelsmann Group and Bertelsmann SE & Co. KGaA. Information about Bertelsmann SE & Co. KGaA in accordance with the German Commercial Code (HGB) will be detailed in a separate section. The Combined Management Report will be published instead of the Group Management Report within the Bertelsmann Annual Report.

Corporate Profile

Bertelsmann operates in the core business fields of media, services and education in around 50 countries worldwide. The geographic core markets are Western Europe – in particular, Germany, France and the United Kingdom – and the United States. In addition, Bertelsmann is strengthening its involvement in growth markets such as China, India and Brazil. The Bertelsmann divisions are RTL Group (television), Penguin Random House (books), Gruner + Jahr (magazines), BMG (music), Arvato (services), Bertelsmann Printing Group (printing), Bertelsmann Education Group (education) and Bertelsmann Investments (funds).

Bertelsmann SE & Co. KGaA is a capital-market-oriented but unlisted partnership limited by shares. As a Group holding company, it exercises central corporate functions such as the specification and development of the Group's strategy, capital allocation, financing and management development. Internal corporate management and reporting follow the Group's organizational structure, which consists of the operating divisions and Corporate.

RTL Group is, based on revenue, one of the leading television groups in the broadcasting, content and digital business with interests in 56 television channels and 31 radio stations and content production throughout the world. The television portfolio of RTL Group includes RTL Television in Germany, M6 in France and the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia and Hungary, as well as a stake in Atresmedia in Spain. Fremantle Media is one of the largest international creators, producers and distributors of a wide range of formats outside the United States. Combining the catch-up TV services of its broadcasters, the multichannel networks BroadbandTV, StyleHaul and Divimove, and Fremantle Media's over 280 YouTube channels, RTL Group has become the leading European media company based on online video views. Furthermore, RTL Group owns SpotX, a programmatic video advertising platform. The publicly traded RTL Group S.A. is listed on the German MDAX index.

Penguin Random House is, based on revenue, the world's largest trade book publisher, with more than 250 imprints across six continents. Its book brands include storied imprints such as Doubleday, Viking and Alfred A. Knopf (United States); Ebury, Hamish Hamilton and Jonathan Cape (United Kingdom); Plaza & Janés and Alfaguara (Spain); Sudamericana (Argentina), and the international imprint Dorling Kindersley. Germany's Verlagsgruppe Random House, which includes illustrious publishing houses such as Goldmann and Heyne, is not part of Penguin Random House from a legal point of view, but is under the same corporate management and is part of the Penguin Random House division. Each year Penguin Random House publishes over 15,000 new titles and sells more than 600 million print books, e-books and audiobooks.

Gruner + Jahr is one of Europe's leading premium magazine publishers. Its magazine portfolio includes established brands such as "Stern," "Brigitte" and "Geo" – and young brands like "Barbara," "Beef" and "Chefkoch." It also has products and licenses such as the "Schöner Wohnen" furniture collection and digital offerings in all publishing segments, from News to People to Living. In digital marketing G+J operates international platforms (Ligatus, AppLike). Territory, one of the largest German communication agencies for brand content, is also part of G+J. In France, G+J operates Prisma Media, the country's largest print and digital magazine publisher in terms of overall reach. G+J holds majority stakes in Motor Presse Stuttgart and in DDV Mediengruppe in Saxony, and holds a stake in Spiegel-Gruppe.

BMG is an international group that manages music publishing rights and recording rights. With 14 branches in 12 music markets, BMG now represents more than 2.5 million songs and recordings, including those in the catalogs of Alberts Music, Broken Bow Music Group, Bug, Cherry Lane, Chrysalis, Mute, Primary Wave, Sanctuary and Trojan, among others.

Arvato develops and implements innovative solutions for customers in a wide range of sectors in over 40 countries for all kinds of business processes. These comprise Customer Relationship Management (CRM), Supply Chain Management (SCM), Financial Solutions and IT Services.

The Bertelsmann Printing Group bundles all of Bertelsmann's offset and gravure printing activities. It comprises the German offset printers Mohn Media, GGP Media and Vogel Druck, the gravure activities of Prinovis in Germany and the United Kingdom, and the offset and digital printers Berryville Graphics, Coral Graphics and OPM in the United States. In addition, Campaign, DeutschlandCard and the Dialogue business offer various digital marketing services and specialize in data-driven multi-channel marketing, campaign management and customer loyalty. The Bertelsmann Printing Group also includes RTV Media Group, the creative services provider MBS and the storage media producer Sonopress.

Bertelsmann Education Group comprises Bertelsmann's education activities. The digital education and service offerings are primarily in the healthcare and technology sectors. The education activities include the e-learning providers Relias and Udacity.

Bertelsmann Investments bundles Bertelsmann's global start-up investments. The activities are focused on the strategic growth markets of Brazil, China, India and the United States. Investments are made through the funds Bertelsmann Brazil Investments (BBI), Bertelsmann Asia Investments (BAI), Bertelsmann India Investments (BII) and Bertelsmann Digital Media Investments (BDMI).

Regulatory Environment

In several European countries Bertelsmann has television and radio operations that are subject to regulation. In Germany, for example, the media is subject to oversight by the Commission on Concentration in the Media. Bertelsmann Group companies occupy leading market positions in many lines of business and may therefore have limited potential for growth through acquisition due to antitrust legislation. Moreover, some education activities are subject to regulatory provisions of government authorities and accreditation bodies.

As its profit participation certificates and bonds are publicly listed, Bertelsmann is required to comply in full with capital market regulations applicable to publicly traded companies.

Shareholder Structure

Bertelsmann SE & Co. KGaA is an unlisted partnership limited by shares. Three foundations (Bertelsmann Stiftung, Reinhard Mohn Stiftung and BVG-Stiftung) indirectly hold 80.9 percent of Bertelsmann SE & Co. KGaA shares, with the remaining 19.1 percent held indirectly by the Mohn family. Bertelsmann Verwaltungsgesellschaft (BVG) controls all voting rights at the General Meeting of Bertelsmann SE & Co. KGaA and Bertelsmann Management SE (general partner).

Strategy

Bertelsmann's primary objective is continuous growth of the company's value through a sustained increase in profitability with efficient capital investment at the same time (see the "Value-Oriented Management System" section).

Bertelsmann aims to achieve a faster-growing, more digital, more international and more diversified Group portfolio. Businesses in which Bertelsmann invests should have long-term stable growth, global reach, stable and protectable business models, high market-entry barriers and scalability. The education business is being gradually developed into the third earnings pillar alongside the media and service businesses. The Group strategy comprises four strategic priorities: Strengthening the core businesses, driving the digital transformation forward, developing growth platforms and expanding into growth regions. In the financial year 2017, Bertelsmann continued to make progress in line with these strategic priorities.

Among other things, merging RTL Radio France with Groupe M6 helped to strengthen the core businesses. Bertelsmann also acquired a further 22 percent stake in Penguin Random House from the co-shareholder Pearson and now holds a strategic three-quarters majority in

the world's largest trade book publisher based on revenue. Penguin Random House strengthened its market positions in Spain and Latin America with the acquisition of the Ediciones B publishing group. Gruner + Jahr continued to focus strongly on Germany and France by selling off the businesses in the Netherlands and China and discontinuing the international businesses of Motor Presse Stuttgart. Arvato Systems acquired the software provider Next Level Integration which specializes in the energy industry, and Vidispine, a company specialized in the media asset management sector. The "future package" for the German gravure printing business which was decided in 2017 is designed to cut costs and safeguard the three gravure printing locations in the medium term.

The digital transformation of the businesses also continued. RTL Group expanded its advertising technology business through the acquisition of the remaining shares in the programmatic video advertising company SpotX and the stronger integration of individual businesses into an extensive advertising technology platform. Penguin Random House expanded its range of products for targeting readers directly and grew its audio downloads business. Gruner + Jahr achieved growth in the German digital business.

Among other things, the growth platform Fremantle Media expanded its drama business through new productions such as "American Gods," undertook further investments and entered into further talent deals. BMG acquired the country label group BBR Music Group, made further investments and signed many new artists. Arvato SCM Solutions expanded its logistics network in Germany, the Netherlands, Poland and the United States and achieved growth primarily through customers in the e-commerce, high-tech, entertainment and healthcare sectors. Arvato Financial Solutions acquired a stake in the fintech start-up Solaris Bank. In education, Relias achieved strong organic growth and acquired WhiteCloud Analytics, a company providing analyses and performance management in the hospital sector. Udacity posted strong growth with existing and recently introduced Nanodegrees.

In the growth markets, Bertelsmann further expanded its global network of start-up investments. During the reporting period, the company made over 40 new investments worldwide through the funds grouped under Bertelsmann Investments. In China, the Bertelsmann Asia Investments fund made various new and follow-up investments, achieved further significant value growth and made a considerable contribution to Group profit in particular through gains from disposals of investments. In India the Bertelsmann India Investments fund invested in the education provider Eruditus. Arvato CRM Solutions acquired the IT and analytics company Ramyam. In Brazil, the Bertelsmann Brazil Investments fund and its partner Bozano Investimentos continued their establishment of a network of universities focusing on education in the healthcare sector. Arvato Financial Solutions increased its stake in the financial services provider Intervalor.

Bertelsmann will push ahead with its ongoing transformation in 2018 in line with the four strategic priorities. Compliance with and achievement of the strategic development priorities are continuously examined by the Executive Board at the divisional level through regular meetings of the Strategy and Business Committee and as part of the annual Strategic Planning Dialogue between the Executive Board and the Supervisory Board. In addition, relevant markets and the competitive environment are analyzed on an ongoing basis in order to draw conclusions concerning the further development of the Group's strategy. The Executive Board is also supported by the Group Management Committee on issues of corporate strategy and development. This Committee is composed of executives representing key businesses, countries, regions and select Group-wide functions.

The Group's content-based and entrepreneurial creativity will remain very important for the implementation of its strategy. Bertelsmann will therefore continue to invest significantly in the creative core of its businesses. In addition, Bertelsmann needs to have qualified employees at all levels of the Group to ensure its strategic and financial success. Innovation competence is also very important for Bertelsmann and is a key strategic component (see the "Innovations" section).

Value-Oriented Management System

Bertelsmann's primary objective is continuous growth of the company's value through a sustained increase in profitability. To manage the Group, Bertelsmann has been using a value-oriented management system for many years, which focuses on revenues, operating earnings and optimal capital investment. For formal reasons, Bertelsmann makes a distinction between strictly defined and broadly defined operational performance indicators.

Strictly defined operational performance indicators, including revenues, operating EBITDA and Bertelsmann Value Added (BVA), are used to directly assess current business performance and are correspondingly used in the outlook. These are distinguished from performance indicators used in the broader sense, which are partially derived from the above-mentioned indicators or are strongly influenced by these. These include the EBITDA margin and the cash conversion rate. The financial management system, with defined internal financing targets, is also part of the broadly defined value-oriented management system. Details of the expected development of performance indicators used in the broader sense are provided as additional information and are not included in the outlook.

To explain the business performance and to control and manage the Group, Bertelsmann also uses alternative performance measures that are not defined in accordance with IFRS (more details are given in the “Alternative Performance Measures” section).

Strictly Defined Operational Performance Indicators

To control and manage the Group, Bertelsmann uses revenues, operating EBITDA and BVA as performance indicators. Revenue is used as a growth indicator of businesses. Group revenues in the financial year 2017 rose by 1.4 percent to €17.2 billion (previous year: €17.0 billion). The organic growth was 1.7 percent.

A key performance indicator for measuring the profitability of the Bertelsmann Group and the divisions is the operating EBITDA. Operating EBITDA increased to €2,636 million (previous year: €2,568 million) in the reporting period.

Bertelsmann uses BVA for assessing the profitability of operations and return on invested capital. BVA measures the profit realized above and beyond the appropriate return on invested capital. BVA in the financial year 2017 was €121 million compared to the previous year's figure of €147 million. The impact of the increase in average invested capital could only partially be offset by the improved year-on-year operating earnings. From the 2018 financial year onward, BVA will be determined without taking into account the Bertelsmann Investments division. Based on this methodology BVA for financial year 2017 was €163 million (previous year: €180 million).

Broadly Defined Performance Indicators

To assess business development, other performance indicators are used that are partially derived from revenues and operating EBITDA or are strongly influenced by these figures.

The cash conversion rate serves as a measure of cash generated from business activities, which should be between 90 percent and 100 percent as a long-term average. In the financial year 2017 the Cash Conversion Rate was 92 percent (previous year: 93 percent).

The EBITDA margin is used as an additional criterion for assessing business performance. In the financial year 2017 the EBITDA margin of 15.3 percent was above the previous year's level of 15.2 percent.

Bertelsmann's financial management and controlling system is defined by the internal financial targets outlined in the “Net Assets and Financial Position” section. These financing principles are pursued in the management of the Group and are included in the broadly defined value-oriented management system.

The non-financial performance indicators (employees, corporate responsibility and similar topics) are not included in the broadly defined value-oriented management system. As they can only be measured to a limited extent, it is not possible to make any clear quantifiable statements concerning interrelated effects and value increases. For this reason, the non-financial performance indicators are not used for the management of the Group.

Non-financial Performance Indicators

The following section describes the non-financial performance indicators at Bertelsmann. For more information about the organization, management and key topics of corporate responsibility, please refer to page 42 ff. of the “Combined Non-Financial Statement” section.

Employees

At the end of the financial year 2017, the Group had 119,089 employees worldwide. In 2017, there were 1,225 people serving in trainee positions in Bertelsmann companies in Germany.

The purpose of the human resources (HR) strategy is to support the implementation of the Group's strategy. In 2017, the main focus was again on the further development and training of employees. This included a comprehensive adaptation of the central talent management processes and tools, including the expansion of talent pools and digital learning.

Continuous employee training is the basis of a company's future economic success. In view of this, the training courses offered by Bertelsmann University have been further digitized and expanded, for example through a Group-wide scholarship program for data science. Furthermore, at the end of 2017, some 90,000 employees in 46 countries were able to access training courses on the Group-wide digital "peoplenet" HR IT platform.

At Bertelsmann, partnership primarily involves working with employees to shape the company. To ensure that this happens, the Employee Survey has been an important tool for many years at Bertelsmann. Measures were developed and piloted, based on the feedback from the previous year's Employee Survey.

Supporting dialogue between the employee representatives and dialogue with Bertelsmann management is also very important for a cooperative corporate culture. At the Group Dialogue Conference in December 2017, future work developments were discussed, and new concepts developed. In addition, the recommendations of the Bertelsmann Diversity Conference 2016 concerning training and career development were implemented.

Continuing to develop the corporate culture is another priority of the HR strategy. In 2017, the Group began to revise the Bertelsmann Essentials (company values) in accordance with the Sense of Purpose formulated in 2016.

Bertelsmann has been one of the pioneers in profit sharing since 1970. Accordingly, in 2017, a total of €105 million of the 2016 profit was distributed to employees across the Group (previous year: €95 million).

Corporate Responsibility

The aim of corporate responsibility (CR) at Bertelsmann is to bring the economic interests in line with the Group's social and ecological concerns as part of a dialogue with all relevant stakeholders.

In view of this, the Bertelsmann CR Council continued its cross-divisional dialogue and the strategic further development of significant Group-wide CR topics in 2017. The focus here was on topics of particular relevance relating to employee and social concerns, respect for human rights, the fight against corruption and bribery, and environmental concerns. Bertelsmann made donations and was involved in funding initiatives in the areas of education, culture, science and creativity.

Innovations

Businesses invest in the research and development of new products in order to ensure their long-term competitiveness. The media sector has a similar imperative to create innovative media content and media-related products and services in a rapidly changing environment. This means that rather than conventional research and development activities, the company's own innovative power and business development are particularly important to Bertelsmann. The long-term success of the Group depends heavily on product innovations, investing in growth markets and integrating new technologies. Furthermore, innovative expertise is very important for strategy implementation.

Bertelsmann relies on innovation and growth in core operations and new business fields. The key success factors of Bertelsmann's innovation management include continuously following cross-industry trends and observing new markets. At the Group level, Bertelsmann

works with the divisions to continuously identify and implement innovative business strategies. Alongside market-oriented activities, support is given to Group-wide initiatives that actively promote knowledge transfer and collaboration. At regular innovation forums, executives meet with internal and external experts to examine success factors for innovation and creativity.

The innovations at RTL Group are focused on three core topics: continuously developing and acquiring new, high-quality TV content and formats; using all digital means of distribution; and expanding diverse forms of advertising sales and monetization. New and innovative TV formats include the show "Lost in Time," an interactive production by Fremantle Media Norge, in which special effects and reality are combined in real time. In addition, RTL Group invested in virtual reality for the first time and initiated the latest round of investments of the Israeli start-up Inception VR. RTL Group is also pursuing an ambitious growth plan for its advertising technology business. The primary objective is to create a global, independent monetization platform for channels, video-on-demand services and content providers. For example, SpotX and Smartclip are to be merged to form an integrated advertising technology company by the end of 2018. The focus here is mainly on addressable TV, which means that advertising can be targeted at TV households via linear television based on criteria such as income and age. Synergy committees are used for exchanging information and knowledge within RTL Group.

Innovations at Penguin Random House are related to the areas of content and distribution. They are central to forging direct relationships with millions of readers by utilizing the platforms to market the books and authors. As one example, subscribers worldwide receive regular e-mail updates from the publishers on early-cover reveals, advance excerpts, sweepstakes, author appearances, and more. With the novel, "Wonder," the company is capitalizing on the theatrical release of the film adaptation by experimenting with large-scale merchandising through new retail channels and promotional partnerships with film production companies in an effort to convert fans of the movie to purchasers of the book. An example of innovation in partnership with new and emerging technology is the Penguin Young Readers' imprint collaboration with both Google and Amazon to make the App Mad Libs accessible on their respective voice assistants.

The innovations at Gruner + Jahr included digital marketing and the expansion of the brand business and the existing magazine division. The strong growth of the digital business was generated above all by the significantly increased advertising revenues from brand websites and the strong growth of the app recommendation platform ApplLike, although Germany's food community Chefkoch also continued to grow. G+J expanded its brand-related activities with furniture from the Schöner-Wohnen collection. In 2017 innovative magazines were launched such as the interior design magazine "Ideat." The publishing house Deutsche Medien-Manufaktur founded by Gruner + Jahr and Landwirtschaftsverlag successfully launched "Hygge."

The innovations at BMG are driven by the company's artist- and songwriter-friendly approach encompassing everything from contracts to administration, marketing and finance, and reflecting its core values of Fairness, Transparency and Service. An example of this came in 2017 with the launch of a mobile app to allow songwriters 24/7 access to their royalty information via their mobile phones. A version tailored to the needs of recording artists will be released during 2018. Powerful endorsement for BMG's innovative technology came with the decision of the TV Content Streaming Service Netflix to move the administration of its music publishing rights to BMG.

The innovations at Arvato were introduced in all four solution groups and primarily concern the use of innovative technologies, development and implementation of new service offerings, and investment in innovative companies. In CRM Solutions, Arvato used new technologies such as analytics, machine learning and chatbots to optimize the service experience. In the SCM Solutions business area, data goggles and driverless transport systems are increasingly used. Arvato Financial Solutions worked on innovative cloud solutions to combat fraud in the healthcare and e-commerce sectors. Moreover, in the financial year 2017 Arvato again invested in innovative companies in the fintech and analytics sectors.

The innovations of the Bertelsmann Printing Group in 2017 again are mainly in improving technology and processes and in developing and marketing new products and services. With the production of the innovative Ultra HD Blu-ray data carrier, Sonopress was one of the pioneers in developing a growth market. In recognition of this, the company received the Digital Product Innovation Award at the start of the year from the US industrial association Digital Entertainment Group. Other innovation projects focused on 3D scanning and the integration of augmented reality markers in books, magazines and catalogs.

The innovations at Bertelsmann Education Group mainly consist of the further development of digital and customized education offerings and the expansion of existing business areas. For example, Relias expanded its expertise in analytics and performance management in

order to provide more data-based support to customers in the healthcare sector in improving performance within companies. At the same time, Relias developed a large number of online courses in the United States and expanded the range of courses being offered in the United Kingdom, Germany and China. Udacity developed new Nanodegree programs, including deep learning, digital marketing and software development for robotics, thus setting further standards in student qualifications for future technology jobs.

Report on Economic Position

Corporate Environment

Overall Economic Developments

The expansion of the global economy noticeably accelerated in 2017. Real GDP increased by 3.8 percent compared to 3.1 percent in 2016. Global economic growth was more broadly based and global trading increased significantly once more.

The economic upturn in the eurozone remains solid. Real GDP grew by 2.5 percent in 2017 compared to 1.7 percent in the previous year. The growth was supported by the increase in private consumer spending and investments and by exports that benefited from increasing global trading.

The German economy is seeing a strong upturn. Real GDP grew by 2.2 percent compared to 1.9 percent in the previous year. In France too, the economic situation showed steady improvement. Real GDP growth was 1.9 percent in 2017 compared to 1.1 percent in 2016. In the United Kingdom, economic activity slowed as a result of Brexit with an increase in real GDP of 1.7 percent, compared to a rise of 1.9 percent in the previous year.

The US economy proved to be robust, backed by solid domestic demand. Real GDP grew by 2.3 percent in 2017 compared to 1.9 percent in 2016.

Developments in Relevant Markets

The following analysis focuses on markets and regions that are of a sufficient size and that are strategically important from a Group perspective.

The majority of the European TV advertising markets saw stable or declining development in 2017. While the development of the TV advertising markets in Germany, France and Spain was largely stable, the TV advertising markets in the Netherlands, Belgium, Hungary and Croatia saw a moderate to significant decline.

The markets for printed books achieved slightly positive growth overall in 2017. Sales of printed books in the United States and sales in Spain grew slightly, while sales of printed books were stable in the United Kingdom and fell slightly in Germany. Publishing sales of e-books in the United States and the United Kingdom continued to decline, although sales of audio downloads recorded strong growth.

The magazine markets in Germany and France in 2017 were characterized by strongly declining print advertising business and significantly declining circulation business, while the digital business posted strong growth.

The global music markets in 2017 reported moderate growth in the publishing rights market segment. The recording rights market segment grew significantly.

The key service markets for Arvato, namely Customer Relationship Management, Supply Chain Management, Financial Solutions and IT, saw moderate to significant growth.

The European offset printing markets showed stable development in 2017, while the European gravure printing markets declined significantly. The development of the North American book printing market was stable over the same period.

The education markets in the United States continued to grow strongly overall in 2017 in the market segments where Bertelsmann is involved – namely, healthcare and technology, university education and online services.

Significant Events in the Financial Year

At the end of January 2017, BMG took over the BBR Music Group, which includes well-known country music labels such as Broken Bow Records, Stoney Creek Records, Wheelhouse Records and the music publisher Magic Mustang Music. The takeover also included the rights to many well-known country music artists.

In July 2017, Penguin Random House acquired the publishing business Ediciones B from Spain's Grupo Zeta media group, which as part of the Spanish-speaking Penguin Random House Grupo Editorial, strengthens the publishing businesses in Spain and Latin America.

Fernando Carro resigned from the Executive Board of Bertelsmann Management SE effective July 13, 2017. The position of Arvato CEO represented on the Bertelsmann Executive Board has not yet been filled. Since then, CEO Thomas Rabe and CFO Bernd Hirsch have been jointly managing the Arvato division.

In October 2017, RTL Group acquired the remaining shares of SpotX Inc. by exercising a call option. RTL Group thus continued to expand its advertising technology business. The full takeover of SpotX enables a stronger integration with the European online video advertising company Smartclip and the creation of a comprehensive advertising technology hub to support the marketing solutions for RTL businesses.

In October 2017, Bertelsmann increased its stake in Penguin Random House to a strategic three-quarters majority by acquiring a further 22 percent from Pearson, the British media and education company. Through this acquisition, Bertelsmann gained greater governance rights at Penguin Random House and will in the future appoint the chairman of the board of directors, among other things. Pearson remains a co-shareholder of Penguin Random House with a share of 25 percent.

In December 2017, RTL Group sold three adjoining buildings in Paris that were previously used by RTL Radio France. The sale proceeds amount to €114 million; the capital gain is €94 million.

Results of Operations

The following analysis of earnings performance relates to continuing operations as of December 31, 2017. Please refer to the "Performance of the Group Divisions" section for a more detailed picture of the results of operations.

Revenues by Division

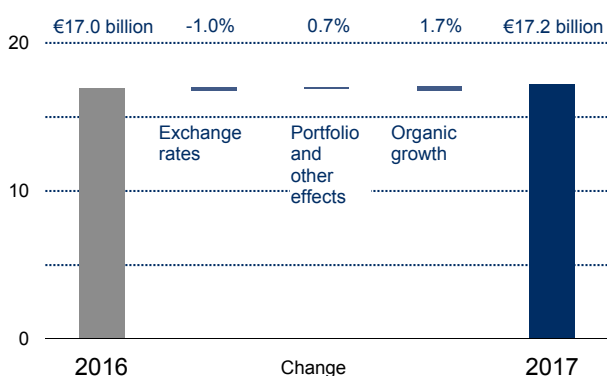
in € millions	2017			2016 (adjusted)		
	Germany	Other countries	Total	Germany	Other countries	Total
RTL Group	2,266	4,107	6,373	2,205	4,032	6,237
Penguin Random House	250	3,109	3,359	266	3,095	3,361
Gruner + Jahr	964	549	1,513	959	621	1,580
BMG	33	474	507	31	385	416
Arvato	1,521	2,302	3,823	1,568	2,195	3,763
Bertelsmann Printing Group	957	724	1,681	971	738	1,709
Bertelsmann Education Group	1	188	189	–	142	142
Bertelsmann Investments	–	–	–	–	–	–
Total divisional revenues	5,992	11,453	17,445	6,000	11,208	17,208
Corporate/Consolidation	(152)	(103)	(255)	(142)	(116)	(258)
Continuing operations	(5,840)	11,350	17,190	5,858	11,092	16,950

Revenue Development

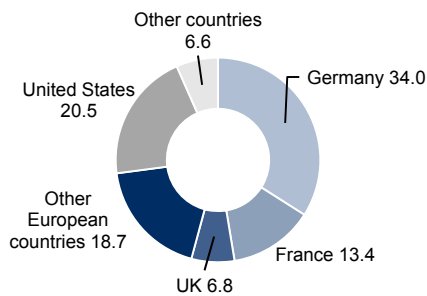
Group revenues in the financial year 2017 rose by 1.4 percent to €17.2 billion (previous year: €17.0 billion). Revenue increases were recorded in particular at RTL Group, BMG, Arvato and Bertelsmann Education Group. The Group achieved organic growth of 1.7 percent, adjusted for exchange rate and portfolio effects. The exchange rate effects were -1.0 percent and the portfolio effects were 0.7 percent.

Revenues at RTL Group rose 2.2 percent to €6,373 million (previous year: €6,237 million). The organic growth was 1.8 percent. The positive development was mainly generated by the German and French TV businesses and the continued expansion of digital activities. Revenues at Penguin Random House remained stable at €3,359 million (previous year: €3,361 million). Negative exchange rate effects were largely offset by portfolio effects. At €1,513 million, Gruner + Jahr's revenues were down 4.2 percent year on year (previous year: €1,580 million). The organic growth was -1.6 percent. The revenue decline stems largely from the portfolio effects of disposals. Revenues at BMG increased by 21.8 percent to €507 million (previous year: €416 million) as a result of further acquisitions and organic business expansion. The organic growth was 18.5 percent. Revenues at Arvato rose 1.6 percent to €3,823 million (previous year: €3,763 million). The organic growth was 2.9 percent. This was primarily the result of the growth of business with new and existing customers at SCM Solutions. Revenues at Bertelsmann Printing Group fell 1.6 percent to €1,681 million (previous year: €1,709 million) due to market and exchange rate effects. The organic growth was -1.0 percent. Bertelsmann Education Group increased its revenues by 32.6 percent to €189 million (previous year: €142 million). The organic growth was 12.5 percent. The rise was primarily the result of the organic and acquisitive expansion of Relias. None of the investments of Bertelsmann Investments are fully consolidated.

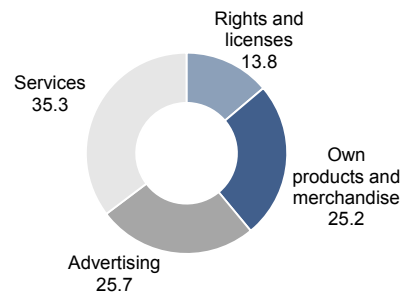
Revenue Breakdown



Consolidated Revenues by Region in percent



Revenues by Category in percent



There were only minor changes in the geographical breakdown of revenues compared to the previous year. The share of revenues generated in Germany was 34.0 percent compared to 34.6 percent in the previous year. The revenue share generated by France amounted to 13.4 percent (previous year: 13.2 percent). In the United Kingdom, the revenue share was 6.8 percent (previous year: 6.4 percent). The share of total revenues generated by the other European countries amounted to 18.7 percent compared to 18.3 percent in the previous year. The revenue share generated by the United States was 20.5 percent (previous year: 20.8 percent), and the other countries achieved a revenue share of 6.6 percent (previous year: 6.7 percent). This means that the share of total revenues generated by foreign business was 66.0 percent (previous year: 65.4 percent). Year on year, there was a slight change in the ratio of the four revenue sources (own products and merchandise, advertising, services, rights and licenses) to overall revenue.

The revenue share generated by the growth businesses increased to 32 percent overall (previous year: 30 percent), thanks to organic growth and acquisitions, while the revenue share of structurally declining businesses remained stable at 4 percent (previous year: 4 percent). The growth businesses comprise those activities that post continuous revenue increases due to sustained positive market factors and that have been identified as growth priorities as part of Group strategy. These include the digital businesses of RTL Group and Gruner + Jahr; the TV production, music business and service businesses in the Arvato divisions of SCM Solutions and Financial Solutions and Systems; the education business, and the fund activities. The structurally declining businesses comprise those activities that post sustained revenue losses due to market factors. These include in particular the gravure printing activities and the storage media replication business.

Results Breakdown

in € millions	2017	2016 (adjusted)
Operating EBITDA by division		
RTL Group	1,478	1,405
Penguin Random House	521	537
Gruner + Jahr	145	137
BMG	104	95
Arvato	320	356
Bertelsmann Printing Group	118	121
Bertelsmann Education Group	3	(17)
Bertelsmann Investments	(3)	–
Total operating EBITDA by division	2,686	2,634
Corporate/Consolidation	(50)	(66)
Operating EBITDA from continuing operations	2,636	2,568
Amortization/depreciation, impairments/reversals of intangible assets and property, plant and equipment not included in special items	(657)	(630)
Special items	(83)	(139)
EBIT (earnings before interest and taxes)	1,896	1,799
Financial result	(219)	(244)
Earnings before taxes from continuing operations	1,677	1,555
Income tax expense	(472)	(419)
Earnings after taxes from continuing operations	1,205	1,136
Earnings after taxes from discontinued operations	(7)	1
Group profit or loss	1,198	1,137
attributable to: Earnings attributable to Bertelsmannshareholders	776	686
attributable to: Earnings attributable to non-controlling interests	422	451

Operating EBITDA

Bertelsmann achieved a 2.7 percent increase in operating EBITDA to €2,636 million in the financial year 2017 (previous year: €2,568 million). In particular, RTL Group, BMG and Bertelsmann Education Group achieved a good earnings performance. The operating EBITDA includes start-up losses for digital and new businesses, which for Bertelsmann Education Group and RTL Group alone totaled €-69 million (previous year: €-71 million). The EBITDA margin increased to 15.3 percent (previous year: 15.2 percent).

Operating EBITDA at RTL Group rose 5.2 percent to €1,478 million (previous year: €1,405 million). In particular, Mediengruppe RTL Deutschland and Fremantle Media posted earnings increases. The earnings figure for RTL Group also includes a profit from the sale of buildings in Paris previously used by RTL Radio France. Operating EBITDA at Penguin Random House declined by 2.9 percent to €521 million (previous year: €537 million), particularly as a result of negative exchange rate effects. Gruner + Jahr's operating EBITDA increased by 6.2 percent to €145 million (previous year: €137 million). A strong rise in earnings at G+J Deutschland, attributable among other things to the development of digital businesses and positive portfolio effects from disposals, was contrasted by lower contributions to earnings in France. BMG's operating EBITDA rose by 9.5 percent to €104 million (previous year: €95 million), thanks to the continued development of the business. Operating EBITDA at Arvato declined by 10.1 percent to €320 million (previous year: €356 million). The lower earnings resulted primarily from a fall in the volume of CRM business within the telecommunications sector and from higher start-up losses for new businesses. Operating EBITDA at Bertelsmann Printing Group declined by 2.3 percent to €118 million (previous year: €121 million) due to the persistently declining print market and as a result of negative exchange rate effects. Operating EBITDA at Bertelsmann Education Group increased to €3 million (previous year: €-17 million). This is primarily attributable to the organic growth of Relias. This includes proportional start-up losses from Group investments that are not fully consolidated. None of the investments of Bertelsmann Investments are fully consolidated; therefore, in most cases no operating results are disclosed for this segment.

Special Items

Special items in the financial year 2017 totaled €-83 million compared to €-139 million in the previous year. They consist of reversals on impairments and impairment losses totaling €-100 million (previous year: €-26 million), adjustments of carrying amounts of assets held for sale of €-4 million (previous year: €-14 million), fair value remeasurement of investments of €15 million (previous year: €12 million), results from disposals of investments totaling €182 million (previous year: €41 million), and restructuring expenses and other adjustments totaling €-176 million (previous year: €-152 million) (see also the reconciliation of EBIT to operating EBITDA in the notes to the Consolidated Financial Statements). Results from disposals of investments were characterized by gains on disposals at Bertelsmann Investments.

EBIT

EBIT amounted to €1,896 million in the financial year 2017 (previous year: €1,799 million) after adjusting operating EBITDA for special items totaling €-83 million (previous year: €-139 million) and the amortization, depreciation, impairments and reversals of impairments on intangible assets and property, plant and equipment totaling €-657 million (previous year: €-630 million), which were not included in adjustments.

Group Profit or Loss

The financial result rose to €-219 million compared to the previous year's figure of €-244 million. The income tax expenses came to €-472 million compared to €-419 million in the previous year, in particular due to the improved earnings before taxes from continuing operations and due to burdens in connections with the US tax reform. The increased tax expense of €-472 million (previous year: €-419 million) resulted from. This produced earnings after taxes from continuing operations of €1,205 million (previous year: €1,136 million). Taking into account the earnings after taxes from discontinued operations of €-7 million (previous year: €1 million), this resulted in a Group profit of €1,198 million (previous year: €1,137 million). The share of Group profit held by non-controlling interests came to €422 million (previous year: €451 million). The share of Group profit held by Bertelsmann shareholders increased to €776 million (previous year: €686 million), particularly as a result of the shareholding increase in Penguin Random House. At the Annual General Meeting of Bertelsmann SE & Co. KGaA, an unchanged year-on-year dividend payout of €180 million will be proposed for the financial year 2017 (previous year: €180 million).

Net Assets and Financial Position

Financing Guidelines

The primary objective of Bertelsmann's financial policy is to achieve a balance between financial security, return on equity and growth. For this, Bertelsmann bases its financing policy on the requirements of a "Baa1/BBB+" credit rating and the associated qualitative and quantitative criteria. Credit ratings and capital market transparency make a considerable contribution to the company's financial security and independence.

In accordance with the Group structure, the capital allocation is made centrally by Bertelsmann SE & Co. KGaA, which provides the Group companies with liquidity and manages the issuance of guarantees and letters of comfort for them. The Group consists largely of a single financial unit, thereby optimizing capital procurement and investment opportunities.

Bertelsmann utilizes a financial control system employing quantitative financial targets concerning the Group's economic debt and, to a lesser extent, its capital structure. One of the financial targets is a dynamic leverage factor limited to the defined maximum of 2.5. As of December 31, 2017, the leverage factor of Bertelsmann was 2.5, (December 31, 2016: 2.5), which is in line with the previous year's level (see further explanation in the "Alternative Performance Measures" section).

As of December 31, 2017, economic debt increased to €6,213 million from €5,913 million in the previous year, due to an increase in net financial debt. The latter increase to €3,479 million (December 31, 2016: €2,625 million) is largely attributable to the financing of the

shareholding increase in Penguin Random House. Provisions for pensions and similar obligations fell to €1,685 million as of December 31, 2017 (December 31, 2016: €1,999 million) due to an increase in the interest rate.

Another financial target is the coverage ratio. This is calculated as the ratio of operating EBITDA (after modifications) to financial result, which is used to determine the leverage factor and is supposed to be above four. In the reporting period, the coverage ratio was 11.2 (previous year: 9.7). The Group's equity ratio was 38.5 percent (December 31, 2016: 41.6 percent), which remains significantly above the self-imposed minimum of 25 percent. The decline is attributable to the purchase price payments for increases in shareholdings in the companies that are already fully consolidated, Penguin Random House and SpotX, as well as from dividend distributions to non-controlling interests, which also include the special dividend paid to the co-shareholder as part of the shareholding increase in Penguin Random House.

Financial Targets

	Target	2017	2016
Leverage Factor: Economic debt/Operating EBITDA ¹⁾	≤ 2.5	2.5	2.5
Coverage Ratio: Operating EBITDA/Financial result ¹⁾	> 4.0	11.2	9.7
Equity ratio: Equity as a ratio to total assets (in percent)	≥ 25.0	38.5	41.6

1) After modifications.

Financing Activities

In May 2017, Bertelsmann placed a bond with a four-year term and an issue volume of €500 million. The bond, which is listed in Luxembourg, has a fixed 0.25 percent coupon. In addition, Bertelsmann issued in the form of private placements in July 2017 a bond in the amount of €50 million with a seven-year term and in August 2017 a promissory note in the amount of €150 million with a term of a year and a half. The proceeds from the placements were primarily used to finance the shareholding increase in Penguin Random House.

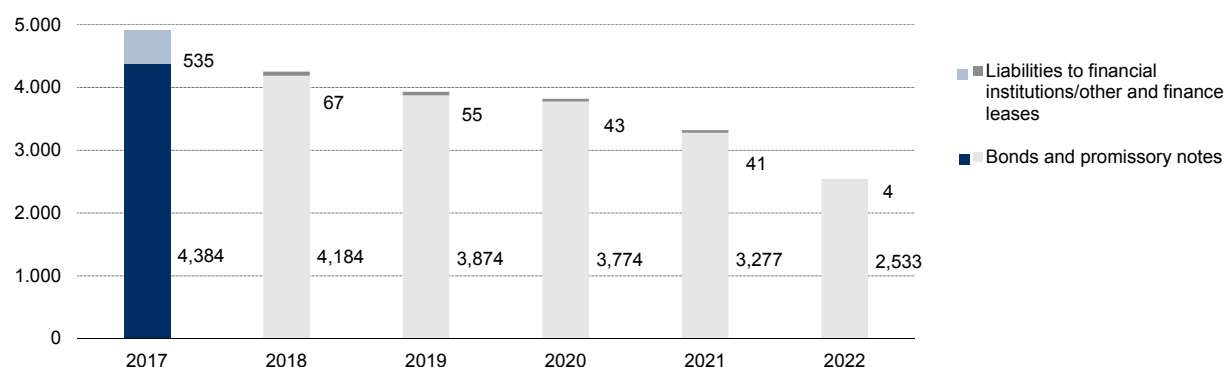
Rating

Bertelsmann has been rated by the rating agencies Moody's and Standard & Poor's (S&P) since 2002. The agency ratings facilitate access to the international capital markets and are therefore a key element of Bertelsmann's financial security. Bertelsmann is rated by Moody's as "Baa1" (outlook: stable) and by S&P as "BBB+" (outlook: stable). Both credit ratings are in the investment-grade category and meet Bertelsmann's target rating. Bertelsmann's short-term credit quality rating is "P-2" from Moody's and "A-2" from S&P.

Credit Facilities

As well as its existing liquidity, the Bertelsmann Group has access to a syndicated loan agreement with major international banks. This forms the backbone of the strategic credit reserve; Bertelsmann can utilize this with a term until 2021 to draw up to €1.2 billion of revolving funds in euros, US dollars and pounds sterling.

Maturity Structure of Financial Debt in € millions



Cash Flow Statement

In the reporting period, Bertelsmann generated net cash from operating activities of €1,642 million (previous year: €1,954 million). The Group's long-term operating free cash flow adjusted for non-recurring items was €1,822 million (previous year: €1,799 million), and the cash conversion rate was 92 percent (previous year: 93 percent); see also "Broadly Defined Performance Indicators" section. The cash flow from investing activities was €-797 million (previous year: €-1,081 million). This included investments in intangible assets, property, plant and equipment, and financial assets of €-890 million (previous year: €-962 million). The purchase price payments for consolidated investments (net of acquired cash and cash equivalents) were €-213 million (previous year: €-278 million). Proceeds from the sale of subsidiaries and other business units and from the disposal of other non-current assets were €343 million (previous year: €192 million). Cash flow from financing activities was €-755 million (previous year: €-793 million). Dividends paid to the shareholders of Bertelsmann SE & Co. KGaA remained unchanged at €-180 million (previous year: €-180 million). Dividends to non-controlling interests and further payments to partners in partnerships came to €-743 million (previous year: €-388 million). This figure includes a special dividend of €373 million paid to the co-shareholder as part of the shareholding increase in Penguin Random House. As of December 31, 2017, Bertelsmann had cash and cash equivalents of €1.4 billion (previous year: €1.4 billion).

Consolidated Cash Flow Statement (Summary)

in € millions	2017	2016
Cash flow from operating activities	1,640	1,954
Cash flow from investing activities	(797)	(1,081)
Cash flow from financing activities	(755)	(793)
Change in cash and cash equivalents	89	80
Exchange rate effects and other changes in cash and cash equivalents	(23)	(14)
Cash and cash equivalents on 1/1	1,376	1,310
Cash and cash equivalents on 12/31	1,442	1,376
Less cash and cash equivalents included within assets held for sale	(2)	(3)
Cash and cash equivalents on 12/31 (according to the consolidated balance sheet)	1,440	1,373

Off-Balance-Sheet Liabilities

The off-balance-sheet liabilities include contingent liabilities and other financial commitments, almost all of which result from operating activities conducted by the divisions. Off-balance sheet liabilities declined year on year. The off-balance-sheet liabilities in place as of December 31, 2017, had no significant negative effects on the Group's net assets, financial position and results of operation for the past or for the future financial year.

Investments

Total investments including financial debt acquired of €14 million (previous year: €6 million) amounted to €1.117 billion in the financial year 2017 (previous year: €1.244 billion). Investments according to the cash flow statement amounted to €1,103 million (previous year: €1,240 million). As in previous years, the majority of the €360 million investment in property, plant and equipment (previous year: €326 million) stemmed from Arvato. Investments in intangible assets came to €319 million (previous year: €388 million) and were primarily attributable to RTL Group for investments in film rights and to BMG for the acquisition of music catalogs. The sum of €211 million was invested in financial assets (previous year: €248 million). These include, in particular, the investments of Bertelsmann Investments. Purchase price payments for consolidated investments (less acquired cash and cash equivalents) totaled €213 million in the reporting period (previous year: €278 million) and were attributable, among other things, to BMG's acquisition of BBR Music Group.

Taking into account purchase price payments for increases in shareholdings in companies that are already fully consolidated, in particular for the shareholding increase in Penguin Random House and the acquisition of SpotX, the economic investments in the financial year 2017 increased to €1,776 million in total (previous year: €1,262 million). According to IFRS, these payments for increases in shareholdings

are classified as change in equity and allocated to cash flow from financing activities. From a company point of view, these payments are, in substance, comparable to purchase price payments for consolidated investments and are thus considered as investments.

Investments by Division

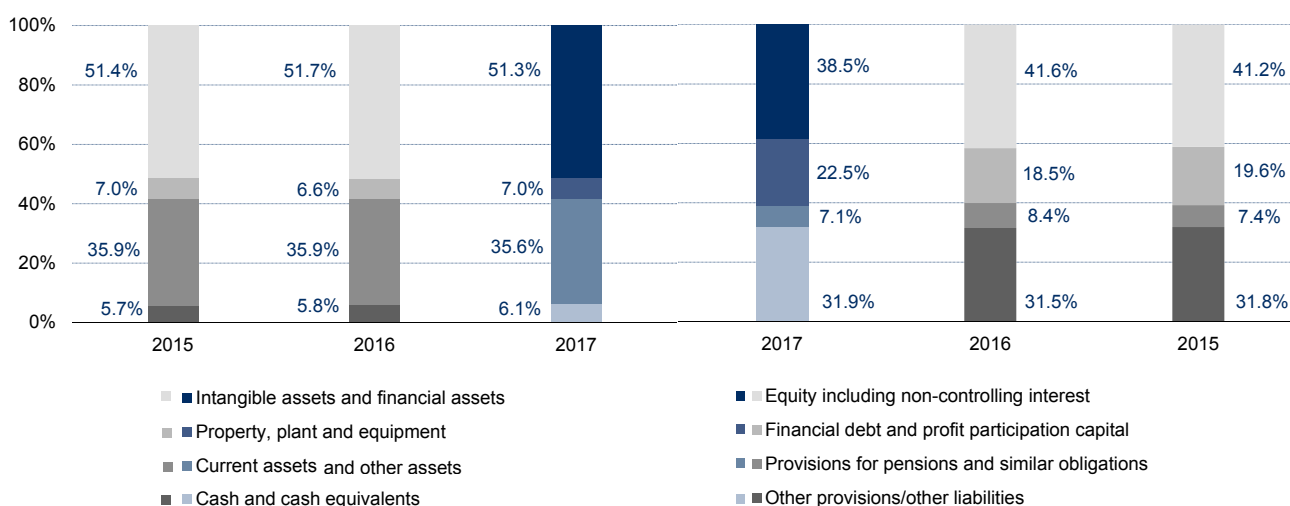
in € millions	2017	2016
RTL Group	308	353
Penguin Random House	80	36
Gruner + Jahr	38	112
BMG	157	183
Arvato	285	167
Bertelsmann Printing Group	40	49
Bertelsmann Education Group	78	175
Bertelsmann Investments	114	147
Total investments by division	1,100	1,222
Corporate/Consolidation	3	18
Total investments	1,103	1,240

Balance Sheet

Total assets amounted to €23.7 billion as of December 31, 2017 (previous year: €23.8 billion). Cash and cash equivalents amounted to €1.4 billion (previous year: €1.4 billion). Equity declined to €9.1 billion (previous year: €9.9 billion). The decline is primarily attributable to changes in equity due to the shareholding increase in Penguin Random House and the payment of a special dividend to the co-shareholder. This resulted in a decrease of the equity ratio to 38.5 percent (previous year: 41.6 percent). Equity attributable to Bertelsmann SE & Co. KGaA shareholders was €7.8 billion (previous year: €7.9 billion). Provisions for pensions and similar obligations fell to €1,685 million (previous year: €1,999 million) due to an increase in the interest rate. Gross financial debt increased to €4,919 million compared to €3,998 million as of December 31, 2016, due to the taking up of financial debt as reported in the “Financing Activities” section. Apart from that, the balance sheet structure remained largely unchanged from the previous year.

Balance sheet Assets

Liabilities



Profit Participation Capital

Profit participation capital had a par value of €301 million as of December 31, 2017, which is unchanged from the previous year. If the effective interest method is applied, the carrying amount of profit participation capital was €413 million as of December 31, 2017 (previous year: €413 million). The 2001 profit participation certificates (ISIN DE0005229942) account for 94 percent of par value of profit participation capital, while the 1992 profit participation certificates (ISIN DE0005229900) account for the remaining 6 percent.

The 2001 profit participation certificates are officially listed for trading on the Regulated Market of the Frankfurt Stock Exchange. Their price is listed as a percentage of par value. The lowest closing rate of the 2001 profit participation certificates in the financial year 2017 was 316.00 percent in January; their highest was 339.40 percent in November.

Under the terms and conditions of the 2001 profit participation certificates, the payout for each full financial year is 15 percent of par value, subject to the availability of sufficient Group profit and net income at the level of Bertelsmann SE & Co. KGaA. These conditions were met in the past financial year. Accordingly, a payout of 15 percent of the notional value of the 2001 profit participation certificates will also be made for the financial year 2017.

The 1992 profit participation certificates, approved for trading on the Regulated Market in Frankfurt, only have a limited cash trade due to their low volume. Payouts on the 1992 profit participation certificates are based on the Group's return on total assets. As the return on total assets for the financial year 2017 was 7.73 percent (previous year: 7.09 percent), the payout on the 1992 profit participation certificates for the financial year 2017 will be 8.73 percent of their notional value (previous year: 8.09 percent).

The payout distribution date for both profit participation certificates is expected to be May 15, 2018. Under the terms and conditions of the profit participation certificates, the auditors appointed by Bertelsmann SE & Co. KGaA are responsible for verifying whether amounts to be distributed have been calculated correctly. The auditors of both profit participation certificates provide confirmation of this.

Performance of the Group Divisions

RTL Group

RTL Group once again delivered a very gratifying business performance in 2017. The main drivers were Mediengruppe RTL Deutschland and the French Groupe M6, which managed to increase their advertising revenues in their respective stable TV advertising markets. Rapidly growing digital businesses also contributed to the positive business performance. RTL Group's ad-tech business was expanded by the full takeover of the online video ad-serving platform SpotX. SpotX and Smartclip started merging into an integrated ad-tech powerhouse. RTL Group expanded its presence on numerous online platforms as part of its "Total Video" strategy, and saw strong growth in online video views.

Against this backdrop, RTL Group's revenues increased by 2.2 percent to a record 6.4 billion (previous year: €6.2 billion). Operating EBITDA also reached a new record, rising 5.2 percent to €1.5 billion (previous year: €1.4 billion). A positive one-off effect from the sale of commercial real estate in France and a higher contribution to earnings from Mediengruppe RTL Deutschland and RTL Group's production arm Fremantle Media contributed to this. The EBITDA margin increased to 23.2 percent after 22.5 percent in the previous year.

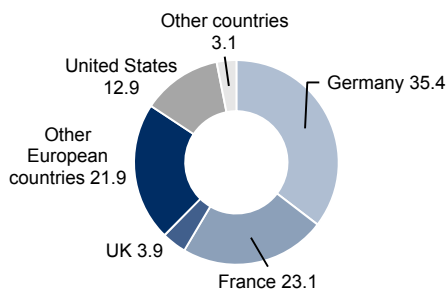
Mediengruppe RTL Deutschland once again ended the financial year with record revenues and earnings. This was fueled by higher advertising revenues from the TV and digital business, as well as growing platform revenues. The combined average audience share of the family of channels increased to 28.9 percent in the main target group (2016: 28.7 percent). At the same time, the group significantly widened its lead over its biggest commercial competitor to 4.5 percentage points (previous year: 3.4 percentage points).

In France, Groupe M6 grew its revenues with higher TV advertising revenues and the first-time consolidation of French cashback market leader iGraal. Earnings decreased slightly as the previous year's result had included the positive one-off effect from the gradual expiration of a mobile telephony agreement. RTL Group merged its French radio business, RTL Radio (France), with Groupe M6 in October, enabling a strengthening of its commercial offering as well as program and cost synergies. Groupe M6 achieved a combined TV audience share of 22.3 percent in the main target group (previous year: 22.2 percent). RTL Nederland recorded decreased advertising revenues during the reporting period, resulting in lower revenues and earnings.

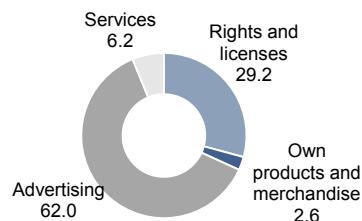
Fremantle Media reported slightly lower revenues for 2017 due to negative exchange rate effects, but increased its operating result as a result of higher profit contributions from North America and Europe. Its greatest creative successes included the fantasy series "American Gods," which was produced by Fremantle Media North America for the US cable channel Starz and has also been available to more than 200 territories since May 2017 through Amazon Prime Video, and UFA Fiction's historical drama series "Charité," produced for Das Erste in Germany.

RTL Group continued to invest in its three strategic pillars of broadcasting, content and digital and, in addition to taking full ownership of SpotX, acquired a minority stake in the Israeli virtual-reality company Inception. Mediengruppe RTL Deutschland secured important sports rights to Formula 1 motor racing and UEFA Europa League soccer matches.

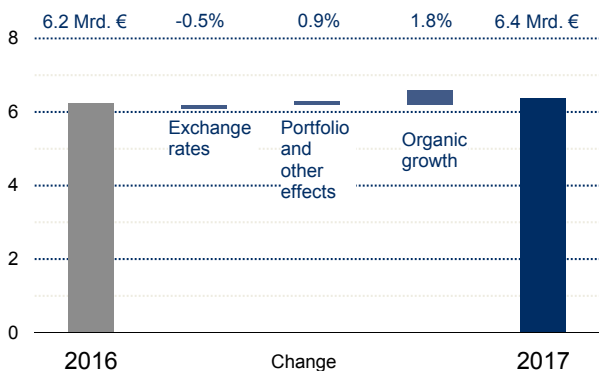
Consolidated Revenues by Region in percent



Revenues by Category in percent



Revenue Breakdown



Penguin Random House

For Penguin Random House, the 2017 financial year was dominated by changes in the ownership structure, a strong bestseller performance and an expansion of the business in the Spanish-language territories. Bertelsmann increased its shareholding in Penguin Random House to a strategic three-quarters majority in October by acquiring another 22 percent from co-shareholder Pearson, thereby strengthening its governance rights. The operating business benefited from hundreds of national and international bestsellers. "Wonder" by R.J.

Palacio, its biggest-selling title in 2017 in the United States, received additional impetus through a movie adaptation and sold close to five million copies in print, and e-book formats in its English-speaking territories. While print book revenues remained broadly stable overall, and e-book sales declined moderately, Penguin Random House again recorded strong growth in digital audiobooks. In 2017, the book group continued to expand its direct-to-consumer outreach to readers, and also acquired the world publishing rights for two books by former US President Barack Obama and former First Lady Michelle Obama.

Inclusive of Verlagsgruppe Random House, the German publishing group wholly owned by Bertelsmann, Penguin Random House achieved stable revenues of €3.4 billion in 2017 (previous year: €3.4 billion, -0.1 percent). Negative exchange rate effects were largely offset by portfolio effects. The book group's operating EBITDA declined by 2.9 percent to €521 million (previous year: €537 million) due to exchange rate effects. The EBITDA margin once again reached the high level of 15.5 percent (previous year: 16.0 percent).

In the United States, Penguin Random House publishers placed 461 titles on the "New York Times" bestseller lists last year, including 61 at number one. In addition to R.J. Palacio's "Wonder," the year's major successes included "Origin" by Dan Brown, "Camino Island" and "The Rooster Bar" by John Grisham and "Into the Water" by Paula Hawkins. Almost ten million copies of children's book classics by Dr. Seuss were sold.

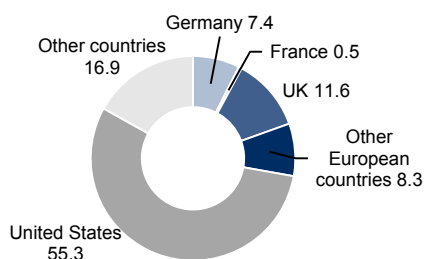
In the United Kingdom, Penguin Random House UK publishers recorded growth. Titles published by Penguin Random House UK publishers achieved a 43 percent share of The Sunday Times Top 10 weekly bestseller lists". Top sellers included "5 Ingredients" by Jamie Oliver, "Origin" by Dan Brown, and "Diary of a Wimpy Kid: The Getaway" by Jeff Kinney.

Penguin Random House Grupo Editorial also increased its revenues, benefitting from strong frontlist and backlist sales, which more than offset declining economic development in several Latin American countries. With the acquisition of Ediciones B in July, Penguin Random House Grupo Editorial enhanced its position as the largest publisher in the Latin America and its market position in Spain. Its bestselling titles in 2017 were "Una Columna de Fuego" (A Column of Fire) by Ken Follett and "Más allá del invierno" (In the Midst of Winter) by Isabel Allende.

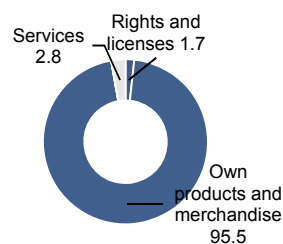
In Germany, notwithstanding the industry-wide impact of declining consumer traffic in bookstores, Verlagsgruppe Random House maintains its market-leading position. The publishing group had 401 titles on the "Spiegel" bestseller lists, including 22 at number one. "Die Geschichte der Bienen" (The History of Bees) by Maja Lunde was the bestselling book in Germany 2017.

Penguin Random House authors were honored with numerous major international literary awards. Kazuo Ishiguro, who is published by Penguin Random House, won the Nobel Prize in Literature. The publishing group's authors also received four Pulitzer Prizes, two Man Booker Awards, and a US National Book Award.

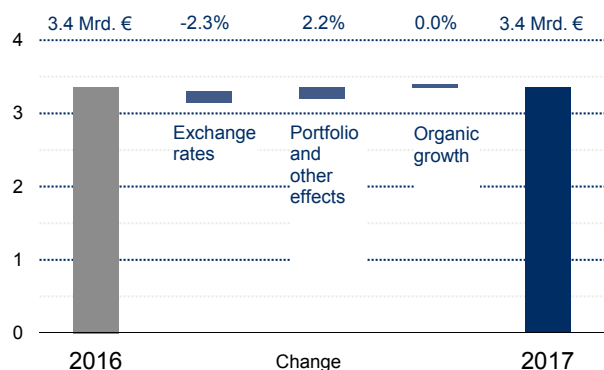
Consolidated Revenues by Region in percent



Revenues by Category in percent



Revenue Breakdown



Gruner + Jahr

Gruner + Jahr achieved a significantly higher operating result, attributable mainly to the growing German business. Revenues fell by 4.2 percent to €1.5 billion (previous year: €1.6 billion), due to portfolio adjustments, notably the sale of the publishing activities in Spain and Austria. However, growing digital revenues and new business, including new magazines, had a positive impact on earnings. Operating EBITDA improved by 6.2 percent to €145 million (previous year: €137 million), causing the EBITDA margin to rise to 9.6 percent (previous year: 8.7 percent).

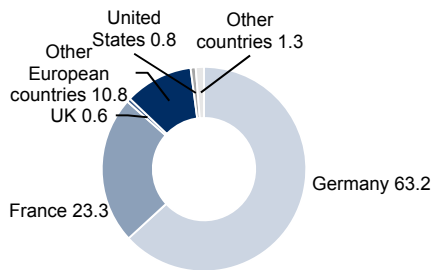
G+J grew both its revenues and earnings in Germany. The decline in the print ad-sales business, which was slight compared to the rest of the market, was offset by surging digital revenues. The German sales business also grew in total.

The fast-growing digital business was a major contributor to the good business performance in Germany. The digital share of total revenues in the German core market rose to over a quarter. The AppLike marketing platform, founded in 2016, experienced strong growth. G+J's most successful online offerings, such as the "Chefkoch" community and the journalistic flagships "Stern," "Gala," and "Brigitte" each achieved record reach and revenues in the 2017 financial year.

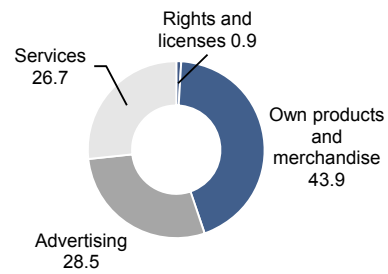
As in previous years, there were several new magazine launches in 2017, such as "Ideat," "Hygge," and "Cord." Another positive contributor were the activities of the AdAlliance jointly formed by RTL subsidiary IP Deutschland and G+J eMS, which develops cross-genre advertising concepts. "Der Spiegel" was added last year. The content communication agency Territory did well, and the DDV Media Group had a stable financial year in terms of revenues and earnings.

G+J France's business was dominated by moderate declines in revenues. The result fell sharply. In particular, the print advertising business and individual digital businesses came under pressure, including the digital video ad marketer "Advideum." The journalistic digital offerings of the classic magazine brands such as "Voici," "Gala," and "Femme actuelle" significantly increased their reach and sales, mainly due to growing revenues in the mobile and video segment. In sum, digital revenues rose year on year.

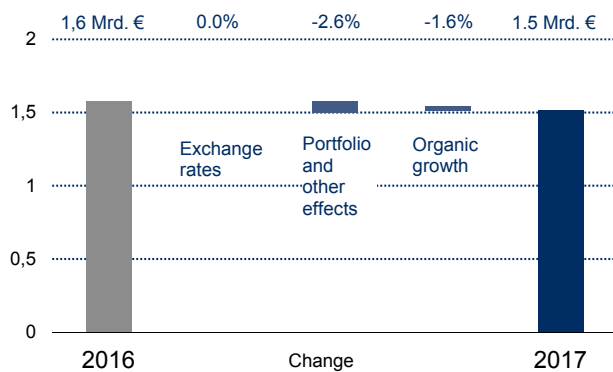
Consolidated Revenues by Region in percent



Revenues by Category in percent



Revenue Breakdown



BMG

Bertelsmann's music subsidiary BMG significantly grew its publishing and recorded-music business in 2017, expanded its scope to include audiovisual content, and continued its international expansion. BMG benefited from the acquisition of the country label BBR Music Group, from prominent artist signings and chart successes, and a continuing upturn in the recorded music industry fueled by streaming and new emerging markets.

BMG's revenues increased by 21.8 percent to €507 million (previous year: €416 million). This is attributable to higher revenues across all market segments and regions through organic growth and acquisition, especially in the recorded-music business and in the British, US and Australian publishing business. Operating EBITDA also increased due to organic and acquisition derived growth, rising by 9.5 percent to €104 million (previous year: €95 million). This development was driven by the recording business in the United States as well as by the publishing business in the United Kingdom and United States. The EBITDA margin was 20.5 percent (previous year: 22.8 percent).

BMG expanded its portfolio with a series of purchases and catalog acquisitions. In January, the company acquired the BBR Music Group, which includes the country music labels Broken Bow Records, Stoney Creek Records and Wheelhouse Records, as well as the music publisher Magic Mustang Music. The deal secures BMG a significant position in the country music capital of Nashville – and thus in the lucrative country music market. In September, Chrissie Hynde, founder and singer of the British rock band The Pretenders, entrusted her entire song catalog to BMG. In the recorded-music business, BMG added Nickelback, Morrissey, Avril Lavigne, Fergie, Kylie Minogue and the rapper Kontra K to its artist roster. Further expansion of the recorded music business was accompanied by a strong showing in music publishing, with BMG songwriters responsible for each of the top three songs in the Billboard Hot 100 for 13 consecutive weeks in summer 2017.

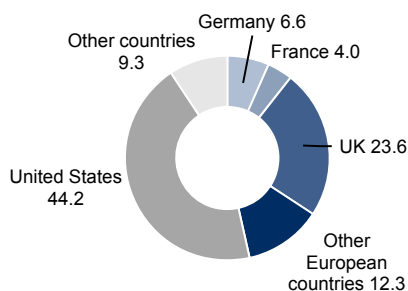
The company has strengthened its international footprint with enhanced representation in Canada and an expansion of its activities in China, including an innovative partnership with mobile social network Momo to develop Chinese talent with the help of BMG songwriters.

BMG extended the range of services it offers to artists with an entry into the movie and television business. Its first major production – a documentary about Joan Jett – was selected to premiere at the Sundance Film Festival. Moreover, BMG grouped its production music interests into a new international business unit, focused on commissioning and marketing the rights to music specifically produced for movies, radio, the internet, video games and advertising.

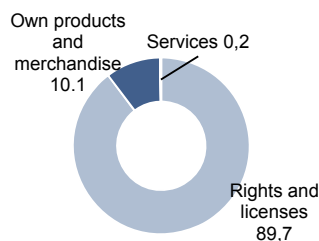
BMG concluded significant partnership agreements with several major entertainment providers in the reporting period. The company now manages the music publishing rights of RTL Group’s content production arm Fremantle Media, the streaming provider Netflix, and the production company Amblin Partners, founded by Hollywood legend Steven Spielberg.

BMG also developed a mobile application called myBMG, which gives artists and songwriters a 24/7 overview of their constantly updated royalty information.

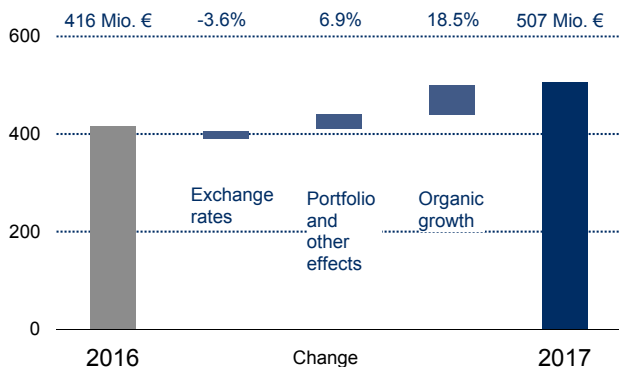
Consolidated Revenues by Region in percent



Revenues by Category in percent



Revenue Breakdown



Arvato

Arvato posted a stable revenue performance and a decline in the operating result in 2017. Arvato’s revenues rose by 1.6 percent to €3.8 billion (previous year: €3.8 billion). Especially due to challenges in individual markets and sectors as well as high start-up costs for new business, operating EBITDA in the reporting period was down by 10.0 percent to €320 million (previous year: €356 million). The EBITDA margin was 8.4 percent, after 9.5 percent in the previous year.

In July 2017, Bertelsmann Chairman and CEO Thomas Rabe and Bertelsmann CFO Bernd Hirsch took over the management of the Arvato division.

Revenues of the Solution Group Arvato CRM Solutions grew slightly in the financial year, but its earnings declined. The main reasons for this were declining business volumes in the telecommunications sector, start-up costs for new clients, and the expansion of business with

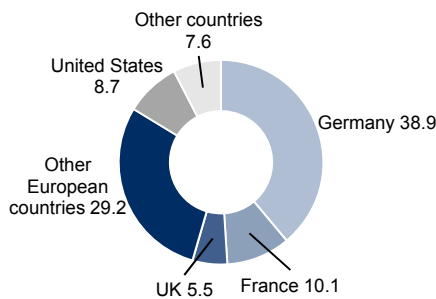
international companies from the IT/high-tech sector. The international network was expanded with the opening of new offices, including in the Philippines and Senegal.

Arvato SCM Solutions massively expanded its global logistics network in the past financial year, reflecting its good order-book situation. In Germany, the United States, France, Austria and Poland, new distribution centers took up operations and some existing sites were expanded, including in the Netherlands and Germany. The Solution Group also expanded its services businesses, primarily in the core sectors of e-commerce, fashion & beauty, and healthcare, and significantly strengthened its North American business by taking over US deliveries for a major high-tech client. The start-up costs for these new business activities impacted earnings.

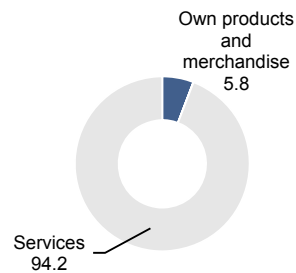
Arvato Financial Solutions' financial services businesses did well in terms of both revenues and earnings. Its continued positive business performance was fueled primarily by the steadily growing business in the core market of Germany. To expand the service portfolio in the innovative fintech sector, Arvato Financial Solutions began a collaboration with Solaris Bank. In addition, the shareholding in the Brazilian financial services company Intervalor was increased from 41.5 percent to 81.5 percent.

Demand for Arvato Systems' IT services remained high in 2017. To sustainably meet this demand, a nearshore site in Riga was opened, among other things. The expansion of business activities in the field of healthcare IT was successfully advanced, and further investments were made in emerging fields such as solutions for the smart-energy market and cloud services. In particular, the project costs for expanding the cloud capabilities had a negative impact on earnings.

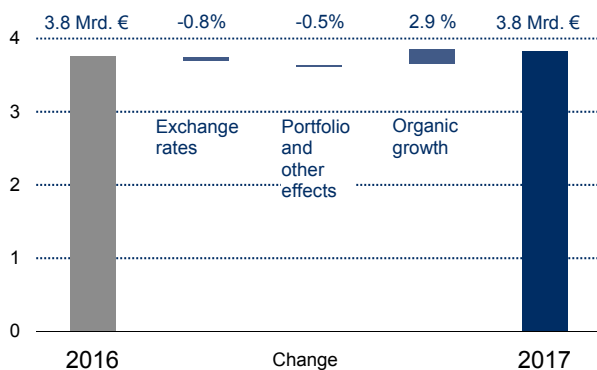
Consolidated Revenues by Region in percent



Revenues by Category in percent



Revenue Breakdown



Bertelsmann Printing Group

In the 2017 financial year, the Bertelsmann Printing Group recorded a slight decline in revenue to €1.7 billion (previous year: €1.7 billion, -1.6 percent) and in operating EBITDA, which dipped slightly by 2.3 percent to €118 million (previous year: €121 million). The reason for

these changes is the continuing decline in the printing market. At 7.0 percent, the Group's EBITDA margin is on par with the previous year's level of 7.1 percent.

The Bertelsmann Printing Group's offset printing business grew slightly in the 2017 financial year, and achieved a good result. Mohn Media was able to renew important customer contracts during the course of the year, including in the retail sector. GGP Media, a company specializing in print solutions for book publishers, successfully defended its position in a competitive market environment, as did the BPG subsidiary Vogel Druck, which specializes in magazines and catalogs with small to medium-size print runs.

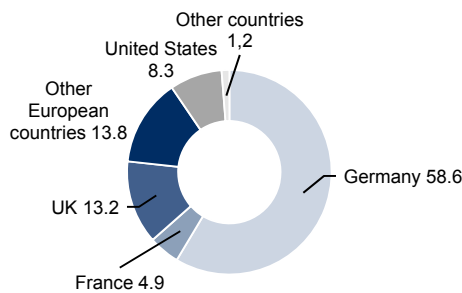
The gravure printing activities bundled in the Prinovis Group declined slightly overall due to difficult market conditions. In the United Kingdom, the business with the major customers acquired in 2016 was expanded. The German Prinovis sites suffered from chronic volume declines, especially in the magazine segment. This decline was countered by an extensive efficiency and cost reduction program, which was completed at the three German sites during the course of the year.

The Bertelsmann Printing Group's US printing companies faced intense competition in the book printing business. Significant declines in paperback production were at least partially offset by an expansion of the business outside the publishing sector. The US printers' operating results were below the previous year's level.

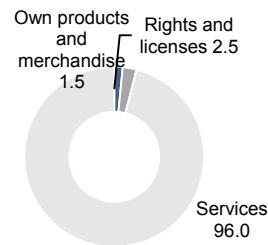
Revenues at Sonopress rose slightly despite difficult market conditions in Mexico. At the Gütersloh headquarters, the company once again bucked the overall market trend by increasing its production volumes, revenues and earnings. Among other things, this development is due to sales successes, also as a result of further market consolidation in Europe. During the year under review, Sonopress also further expanded the production of UHD Blu-ray discs.

The print-related marketing services businesses, which were assigned to the Bertelsmann Printing Group since January 2017, offer cross-channel communication services, especially for the retail segment. These businesses showed a stable overall development; among other things due to the expansion of digital direct-marketing solutions and the extension of important customer contracts.

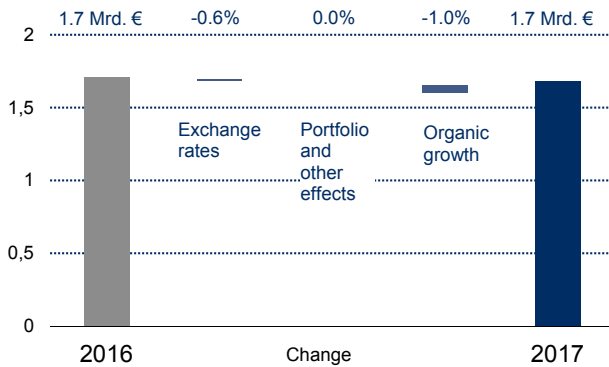
Consolidated Revenues by Region in percent



Revenues by Category in percent



Revenue Breakdown



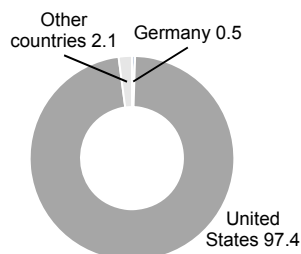
Bertelsmann Education Group

Bertelsmann's education holdings, pooled in the Bertelsmann Education Group, continued their expansion last year. With their focus on the e-learning (health and technology) and education services sectors, they recorded overall growth both in revenues and earnings during the reporting period. The revenues of Bertelsmann's fully consolidated companies increased significantly in the past financial year, by 32.6 percent to €189 million (previous year: €142 million). Operating EBITDA rose to €3 million (previous year: €-17 million), mainly due to the successful development of the e-learning provider Relias and lower start-up and transformation costs in other businesses. The EBITDA margin was 1.8 percent (previous year: -11.6 percent).

Relias, currently the most profitable business in the Bertelsmann Education Group, recorded significant growth, continued its expansion path during the reporting period, and grew both organically and through acquisitions. The company expanded its client base to more than 6,500 institutions, whose employees completed about 32.8 million online courses in 2017. Through the acquisition of the US company WhiteCloud Analytics, the Bertelsmann subsidiary further expanded its expertise in the fields of analytics and performance management, thereby expanding its existing business fields.

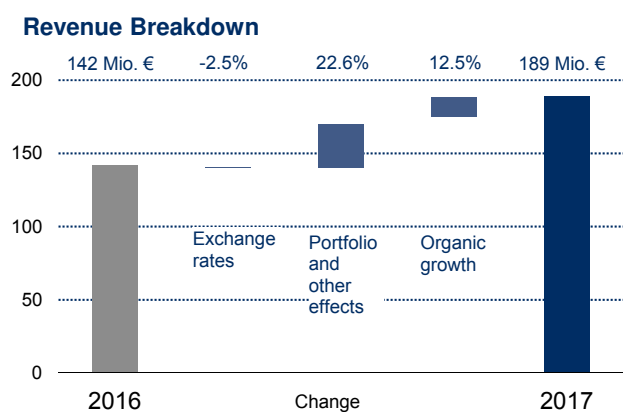
In collaboration with industry leaders, the online learning provider Udacity launched several new Nanodegree programs, focusing on in demand skills in innovative fields such as deep learning, digital marketing and software development for robotics. Udacity further expanded its international growth activities; the number of paying students on Udacity programs increased to approximately 50,000. Bertelsmann is one of Udacity's largest shareholders.

Consolidated Revenues by Region in percent



Revenues by Category in percent





Bertelsmann Investments

The Group's four funds that comprise the Bertelsmann Investments division further expanded their global network of shareholdings in international startups in 2017. Bertelsmann Asia Investments (BAI), Bertelsmann Brazil Investments (BBI), Bertelsmann India Investments (BII) and Bertelsmann Digital Media Investments (BDMI) made a total of more than 40 new investments while also completing several exits, so that Bertelsmann held shares in over 160 companies through its corporate funds at year-end. Across all funds, the focus was on investments in lines of business that are very relevant for the Group, such as digital media offerings, e-commerce services, fintech and education.

Bertelsmann Investments' business performance is essentially measured by EBIT, which at €141 million significantly exceeded the previous year's figure of €35 million. Capital gains from divestments once again made a positive contribution to Group net income in the past financial year.

In China, BAI made 29 new investments during the reporting period, and seven follow-on investments, including in the bike-sharing app Mobike and mobile commerce services provider SEE. For the first time, four BAI holdings went public in a single year: In 2017, the premium lifestyle platform Secoo, the fintech company Lexin, and the digital marketing platform iClick debuted on the New York technology exchange Nasdaq, and the online automobile retail transaction platform Yixin Group on the Hong Kong Stock Exchange.

In India, BII strengthened its education market activities by investing in the education company Eruditus Executive Education, which develops courses with global Ivy League universities. BII also made six follow-on investments, including in Treebo, a marketplace for budget hotels, and the fintech start-up Lendingkart, which brokers online loans to small and medium sized companies in more than 900 cities.

In Brazil, BBI continued the establishment of a university network focusing on healthcare education and training with its partner Bozano Investimentos, and increased its stake in Medcel, a provider of online preparatory courses for medical students.

During the reporting period, BDMI made eleven new investments, including in the video company Wibbitz and the charity platform Omaze. At the same time, the fund made several follow-on investments, including in the next-generation publisher Clique Media.

Through their work, all the funds helped to identify innovative and digital trends for the Group and further strengthen Bertelsmann's position as an attractive business partner. Since 2012, the four investment funds have collectively invested more than €600 million in future-oriented companies.

General Statement by Company Management on the Economic Situation

Over the financial year 2017, Bertelsmann's businesses posted positive overall development. The Group increased its revenues, operating EBITDA and Group profit year on year and in some cases exceeded the expectations expressed at the start of the year. Bertelsmann also made good progress with its transformation into a faster-growing, more digital, more international and more diversified Group.

Group revenues in the reporting period rose slightly by 1.4 percent to €17.2 billion from €17.0 billion in the previous year and were therefore in line with the estimates put forward (outlook in 2016 Annual Report: slight increase in revenues). The organic revenue growth was 1.7 percent. Operating EBITDA recorded a positive deviation from the outlook, increasing to €2,636 million from €2,568 million in the previous year (outlook in 2016 Annual Report: stable development), attributable among other things to a capital gain of €94 million from the sale of buildings in Paris. At €121 million, the BVA used for Group management was considerably below the previous year's figure of €147 million (outlook in 2016 Annual Report: strongly declining BVA). The expected development reflects the strong increase in the average level of capital invested, primarily due to investments, which overcompensated for the positive effect of an improved operating result.

In the financial year 2017, the Executive Board continued to focus on the four strategic priorities: strengthening the core businesses, driving the digital transformation forward, developing growth platforms and expanding into growth regions. For example, the core businesses were strengthened in particular through the merger of RTL Radio France and Groupe M6, the shareholding increase in Penguin Random House to 75 percent, and Gruner + Jahr's ongoing focus on the core markets in Germany and France. The Group also pushed forward with the digital transformation at RTL Group through the full takeover of SpotX and strong growth in the online video segment at RTL Group, among other things. The expansion of the growth platform BMG includes the acquisition of the company BBR Music Group and other investments and artist signings. In education, Relias continued to expand its business organically and through the acquisition of WhiteCloud Analytics. Further new and follow-up investments were made in the growth regions.

Net assets and financial position remain solid despite the increased economic debt. Despite the financing of the shareholding increase in Penguin Random House, the leverage factor during the reporting period was 2.5, which is in line with the previous year's level. As of December 31, 2017, the cash and cash equivalents reported at €1.4 billion (December 31, 2016: €1.4 billion) represent sufficient liquidity. The ratings agencies Moody's and S&P continued to rate Bertelsmann as "Baa1" and "BBB+," respectively, with a stable outlook. Overall, Bertelsmann ended the financial year 2017 with a successful performance and has a solid financial basis.

Alternative Performance Measures

In this Combined Management Report, the following Alternative Performance Measures, which are not defined in accordance with IFRS, are used to explain the results of operations and/or net assets and financial position. These should not be considered in isolation but as complementary information for evaluating Bertelsmann's business situation and are differentiated in terms of strictly defined and broadly defined key performance indicators, in the same way as the value-oriented management system.

Organic revenue growth

in percent	2017	2016
Organic revenue growth	1.7	0.9
Exchange rate effects	(1.0)	(1.3)
Portfolio and other effects	0.7	(0.7)
Reported organic revenue growth	1.4	(1.1)

The organic growth is calculated by adjusting the reported revenue growth for the impact of exchange rate effects and corporate acquisition and disposals. When determining the exchange rate effects, the functional currency that is valid in the respective country is used. The other effects include changes in methods, for example.

Operating EBITDA

in € millions	2017	2016
EBIT (earnings before interest and taxes)	1,896	1,799
Amortization/depreciation, impairments/reversals of intangible assets and property, plant and equipment	691	632
Amortization/depreciation, impairments/reversals of intangible assets and property, plant and equipment not included in special items	-34	(2)
Special items	83	139
attributable to: RTL Group	10	(7)
attributable to: Penguin Random House	39	38
attributable to: Gruner + Jahr	48	30
attributable to: BMG	10	8
attributable to: Arvato	28	51
attributable to: Bertelsmann Printing Group	5	7
attributable to: Bertelsmann Education Group	50	17
attributable to: Bertelsmann Investments	-144	(35)
attributable to: Corporate/Consolidation	37	30
Operating EBITDA	2,636	2,568

Operating EBITDA is determined as earnings before interest, tax, depreciation, amortization and impairment losses and is adjusted for special items. The adjustments for special items serve to determine a sustainable operating result that could be repeated under normal economic circumstances and is not affected by special factors or structural distortions. These special items primarily include impairment losses and reversals of impairment losses, remeasurements, restructuring expenses and/or results from disposals of investments. This means that operating EBITDA is a meaningful performance indicator. Disposal effects of strategic real estate transactions are not included in the special items.

BVA

in € millions	2017	2016 (adjusted)
Operating EBITDA	2,636	2,568
Amortization/depreciation, impairments/reversals of intangible assets and property, plant and equipment not included in special items	-657	(630)
Operating EBIT	1,979	1,938
Flat taxes (33 percent)	-653	(640)
NOPAT (Net Operating Profit After Tax)	1,326	1,298
Average invested capital	15,062	14,383
Cost of capital (8 percent)	1,205	1,151
BVA	121	147
Correction BVA Bertelsmann Investments	42	33
BVA (as of 2018 used methodology)	163	180

BVA measures the profit realized above and beyond the appropriate return on invested capital. This form of value orientation is reflected in strategic investment, portfolio planning and the management of Group operations, and, together with qualitative criteria, provides the basis for measuring the variable portion of management remuneration. BVA is calculated as the difference between net operating profit after tax (NOPAT) and the cost of capital. NOPAT is calculated on the basis of operating EBITDA. NOPAT is determined by deducting depreciation and amortization, provided that they are not included in special items, and a flat 33 percent tax. Cost of capital is the product of the weighted average cost of capital (WACC) and the average level of capital invested. The uniform WACC after taxes is 8 percent. The average invested capital is calculated quarterly on the basis of the Group's operating assets less non-interest-bearing operating liabilities. In addition, 66 percent of the net present value of the operating leases is considered in the calculation of invested capital plus other commitments from technical broadcasting facilities. BVA is determined from financial year 2018 onward without taking into account the Bertelsmann Investments division. Bertelsmann Investments' business performance is essentially measured by EBIT and therefore

no NOPAT contribution occurs for this division. For consistency reasons, the invested capital will be adjusted for the Bertelsmann Investment division; hence capital costs will be neutralized.

Cash Conversion Rate

in € millions	2017	2016
Cash flow from operating activities	1,642	1,954
Income taxes paid	434	234
Change in provisions for pensions and similar obligations	84	55
Investments in intangible assets and property, plant and equipment (less proceeds from the sale of non-current assets)	(489)	(610)
Further adjustments	151	166
Operating free cash flow	1,822	1,799
Operating EBITDA	2,636	2,568
Amortization/depreciation/impairments/reversals of intangible assets and property, plant and equipment not included in special items	657	630
Operating EBIT	1,979	1,938
Cash Conversion Rate (in percent)	92	93
Operating free cash flow / Operating EBIT		

The cash conversion rate serves as a measure of cash generated from business activities and is calculated as the ratio of operating free cash flow to operating EBIT. The operating free cash flow is determined on the basis of the cash flow from operating activities as reported in the consolidated cash flow statement, whereby the impact of paid income taxes and the change in provisions for pensions and similar obligations on cash flow from operating activities is offset. Operating free cash flow is also reduced by investments in intangible assets and property, plant and equipment or, if applicable, increased by proceeds from the sale of non-current assets. Further adjustments are made to ensure an allocation of capital flows to the relevant periods and to offset the impact of payment flows resulting from special items on the operating free cash flow in a way that is methodically consistent with the operating EBITDA. Further adjustments in the financial year 2017 mainly reflected the impact of restructuring measures on payments. The operating EBITDA is used to calculate the operating EBIT by deducting amortization and depreciation, provided that these are not included in special items. The Group aims to maintain a cash conversion rate of 90 percent to 100 percent as a long-term average.

Economic Debt

in € millions	2017	2016
Gross financial debt	4,919	3,998
Less cash and cash equivalents	(1,440)	(1,373)
Net financial debt	3,479	2,625
Less 50 percent of the par value of the hybrid bonds	(625)	(625)
Provisions for pensions	1,685	1,999
Profit participation capital	413	413
Net present value of operating leases	1,261	1,501
Economic debt	6,213	5,913

Net financial debt is calculated on the basis of gross financial debt, which comprises the balance sheet items current and non-current financial debt minus cash and cash equivalents. Economic debt is defined as net financial debt less the 50 percent par value component of the hybrid bonds plus provisions for pensions, profit participation capital and the net present value of operating leases. In calculating economic debt, the hybrid bonds are accounted for at 50 percent as both bonds are classified by the rating agencies as 50 percent equity. Economic debt is modified for the purposes of calculating the leverage factor.

Leverage Factor

in € millions	2017	2016
Economic debt	6,213	5,913
Modifications	125	199
Economic debt ^{LF}	6,338	6,112
Operating EBITDA	2,636	2,568
Modifications	(99)	(101)
Operating EBITDA ^{LF}	2,537	2,467
Leverage Factor		
Economic debt ^{LF} / Operating EBITDA ^{LF}	2.5	2.5

One of the financial targets is a dynamic leverage factor calculated as the ratio of economic debt to operating EBITDA and limited to the defined maximum of 2.5. In determining the leverage factor, the economic debt and the operating EBITDA are modified to enable financial management that corresponds to the Group's structure and its tolerable indebtedness. The modifications in regard to the economic debt largely relate to cash and cash equivalents, which are tied up in the Group while the modifications in regard to the operating EBITDA address the Group's structure and its co-shareholder shares. The leverage factor determined in this way is thus always more conservative than the figure that would be obtained using only the items recognized in the balance sheet.

Significant Events After the Balance Sheet Date

On January 16, 2018, Thomas Buberl was appointed as a new member of the Supervisory Board of Bertelsmann SE & Co. KGaA with immediate effect.

At the end of January 2018, Bertelsmann announced that it was looking at various options for the further development of Arvato CRM Solutions. The options include partnerships and the complete or partial sale of the CRM businesses. The process will not include Arvato's CRM business in French-speaking countries, which in the future will be managed by Bertelsmann. The process will take several months to complete.

Risks and Opportunities

Risk Management System

The purpose of the Bertelsmann risk management system (RMS) is the early identification and evaluation of, as well as response to, internal and external risks. The internal control system (ICS), an integral component of the RMS, monitors the effectiveness of the risk response measures that have been implemented. The aim of the RMS is to identify, at an early stage, material risks to the Group so that risk response measures can be taken and controls implemented. Risks are possible future developments or events that could result in a negative deviation from outlook or objective for Bertelsmann. In addition, risks can negatively affect the achievement of the Group's strategic, operational, reporting and compliance-related objectives and its reputation.

The risk management process is based on the internationally accepted frameworks of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Enterprise Risk Management – Integrated Framework and Internal Control – Integrated Framework, respectively) and is organized in subprocesses of identification, assessment, response, control, communication and monitoring. A major element of risk identification is a risk inventory that lists significant risks year by year, from the profit center level upward. These risks are aggregated step by step at the division and Group levels. This ensures that risks are registered where their impact would be felt. There is also a Group-wide reassessment of critical risks every six months and quarterly reporting in case the risk situation has changed. Ad hoc reporting requirements ensure that significant changes in the risk situation during the course of the year are brought to the attention of the Executive Board. The risks are compared to risk management and control measures to determine the net risk position. Both one- and

three-year risk assessment horizons are applied to enable the timely implementation of risk response measures. The basis for determining the main Group risks is the three-year period, similar to medium-term corporate planning. Risk assessment is the product of the estimated negative impact on Group free cash flow should the risk occur and the estimated probability of occurrence. Risk monitoring is conducted by Group management on an ongoing basis. The RMS, along with its component ICS, is constantly undergoing further development and is integrated into ongoing reporting to the Bertelsmann Executive Board and Supervisory Board. Corporate and Divisional Risk Management Committee meetings are convened at regular intervals to ensure compliance with statutory and internal requirements.

The Group auditors inspect the risk early-warning system for its capacity to identify developments early on that could threaten the existence of Bertelsmann SE & Co. KGaA according to section 91(2) of Germany's Stock Corporation Act (AktG) and then report their findings to the Supervisory Board of Bertelsmann SE & Co. KGaA. Corporate Audit conducts ongoing reviews of the adequacy and functional capability of the RMS in all divisions apart from RTL Group. RTL Group's RMS is evaluated by the respective internal auditing department and by the external auditor. Any issues that are identified are promptly remedied through appropriate measures. The Bertelsmann Executive Board defined the scope and focus of the RMS based on the specific circumstances of the company. However, even an appropriately designed and functional RMS cannot guarantee with absolute certainty that risks will be identified and controlled.

Accounting-Related Risk Management System and Internal Control System

The objectives of the accounting-related RMS and ICS are to ensure that external and internal accounting are proper and reliable in accordance with applicable laws and that information is made available without delay. Reporting should also present a true and fair view of Bertelsmann's net assets, financial position and results of operation. The following statements pertain to the Consolidated Financial Statements (including the "Notes" to the "Consolidated Financial Statements" and "Combined Management Report" sections), interim reporting and internal management reporting.

The ICS for the accounting process consists of the following areas: The Group's internal rules for accounting and the preparation of financial statements (e.g., IFRS manual, guidelines and circulars) are made available without delay to all employees involved in the accounting process. The Group financial statements are prepared in a reporting system that is uniform throughout the Group. Extensive automatic system controls ensure the consistency of the data in the financial statements. The system is subject to ongoing development through a documented change process. Systematized processes for coordinating intercompany transactions serve to prepare the corresponding consolidation steps. Circumstances that could lead to significant misinformation in the Consolidated Financial Statements are monitored centrally by employees of Bertelsmann SE & Co. KGaA and by RTL Group (for the preconsolidated subgroup) and then verified by external experts as required. Central contact persons from Bertelsmann SE & Co. KGaA and the divisions are also in continuous contact with local subsidiaries to ensure IFRS-compliant accounting as well as compliance with reporting deadlines and obligations. These preventive measures are supplemented by specific controls in the form of analyses by the Corporate Financial Reporting department of Bertelsmann SE & Co. KGaA and RTL Group (for the preconsolidated subgroup). The purpose of such analyses is to identify any remaining inconsistencies. The controlling departments at the Group and division levels are also integrated into the internal management reporting. Internal and external reporting are reconciled during the quarterly segment reconciliation process. The further aim in introducing a globally binding control framework for the decentralized accounting processes is to achieve a standardized ICS format at the level of the local accounting departments of all fully consolidated Group companies. The findings of the external auditors, Corporate Audit and the internal auditing department of RTL Group are promptly discussed with the affected companies and solutions are developed. An annual self-assessment is conducted to establish reporting on the quality of the ICS in the key fully-consolidated Group companies. The findings are discussed at the divisional level. Like the RMS, each ICS cannot guarantee with absolute certainty that significant misinformation in the accounting process can be prevented or identified.

Corporate Audit and the internal auditing department of RTL Group evaluate the accounting-related processes as part of their auditing work. As part of the auditing process, the Group auditor also reports to the Audit and Finance Committee of the Bertelsmann SE & Co. KGaA Supervisory Board about any significant vulnerabilities of the accounting-related ICS that were identified during the audit and the findings regarding the risk early-warning system.

Major Risks to the Group

Bertelsmann is exposed to a variety of risks. The major risks to Bertelsmann identified in the risk reporting are listed in order of priority in the table below. In line with the level of possible financial loss, the risks are classified as low, moderate, significant, considerable or endangering, for the purposes of risk tolerability. The risk inventory carried out did not identify any risks that would be classified as considerable or endangering.

Overview of Major Risks to the Group

Priority	Type of risk	Risk Classification				
		Low	Moderate	Significant	Considerable	Endangering
1	Pricing and discounting			■		
2	Changes in market environment			■		
3	Customer risks			■		
4	Audience and market share			■		
5	Supplier risks			■		
6	Cyclical development of economy			■		
7	Employee-related risks		■			
8	Legal and regulatory risks		■			
9	Financial market risks	■				
10	Technological challenges	■				

Risk classification (potential financial loss in three-year period): low: < €50 million, moderate: < €100 million, significant: < €250 million, considerable: < €500 million, endangering: > €500 million.

■ Existing risks

Given the diversity of the businesses in which Bertelsmann is active and the corresponding diversity of risks to which the various divisions are exposed, the key strategic and operational risks to the Group that have been identified are specified below. Risks from acquisitions and information security risks were identified as the primary risks and are therefore described separately. This is followed by an outline of legal and regulatory risks and financial market risks. These risks are largely managed at the corporate level.

Strategic and Operational Risks

The growth of the global economy noticeably accelerated in 2017. This level of growth is expected to continue in 2018. Bertelsmann's business development is still subject to risks. In particular, the unclear conditions of Brexit and the associated uncertainty could adversely impact Bertelsmann's economic environment and thus increase the risk from economic developments. Since the Brexit decision, Bertelsmann had been continuously monitoring the exit process to identify any risks at an early stage. Among other things, a Brexit Taskforce was established to coordinate information and develop action plans. In the short to medium term, other significant Group risks include pricing and discounting risks, changes in the market environment, customer risks, loss of audience and market share, supplier relationship risks and risks associated with economic development. How these risks develop depends, among other things, to a large extent on changes in customer behavior due to factors such as the continued digitization of media, the development and implementation of products and services by new or existing competitors, bad debt losses and default and interference along the production chains in individual sectors, such as IT. Employee-related and legal and regulatory risks are moderate risks for Bertelsmann, while financial market risks and risks from future technological challenges in the three-year period under review are classified as low.

Increasing competition and constant change, particularly in the digital environment, are resulting in a stronger fragmentation of RTL Group's markets as audiences will have more choice (e.g., through online platforms) and, at the same time, the market-entry barriers are being lowered. The possible risks of this for RTL Group are decreasing audience and advertising market shares of its advertising-

financed channels and therefore, ultimately, lower revenues. To counter these risks, RTL Group is continuously revising and developing the channels and program strategies – for example, by establishing complementary families of channels and constantly adapting these to international program trends. RTL Group is addressing the risks associated with digitization and is actively helping to shape this trend through a range of investments in the fast-growing online video market and in advertising technology. Increasing competition in the area of program acquisition and TV production and the growing dependence on individual production companies, coupled with the risk of potential cost increases, could also impact RTL Group's ability to generate revenues. This risk is being reduced by expanding the program share of own productions – in particular local content – and signing long-term contracts with major content providers. Furthermore, economic development directly impacts the TV advertising markets and therefore RTL Group's revenue. This risk is being countered by focusing on developing non-advertising revenue streams such as distribution revenues from platform operators. To reduce the risk of customer losses, active customer relationship management has been established.

Falling e-book sales constitute one risk for Penguin Random House, triggered in particular by falling sales prices and changes to the sales conditions for e-books. Declining sales from physical books, due to declining sales figures and increasing margin pressure in brick-and-mortar book retail, is another risk. Penguin Random House is countering these risks by introducing differentiated pricing, increasing online sales of physical books and continuously examining alternative marketing options. Any risk of bad debt loss is being limited through debtor management and in some cases through credit insurance. In addition, Penguin Random House is finding itself exposed to the risk of cost increases. There are also risks from general economic uncertainty, which could lead to lower sales. Management controls these risks through careful management of supplier relationships and by maintaining a flexible cost structure that allows for a quick response in the event of an economic downturn.

For Gruner + Jahr, besides the risk of a deterioration of the overall market environment and the resulting declines in advertising and circulation revenues, supplier risks represent significant challenges. A changing market environment with price pressure and declining revenues as a result of further concentration in the agency market and more aggressive advertising conditions may lead to falling margins. Furthermore, there is the risk of losing key customers as advertising customers could switch to other media, notably digital media. In France, the ongoing restructuring efforts for the service provider Presstalis could result in higher costs for the publishing houses. Currently the large publishing houses are engaged in negotiations with government representatives over the extent of their share in the restructuring of Presstalis. The risks are being countered by active cost and customer management; development of new, in particular digital, forms of offerings and product, price and quality improvements. Through association work, the Group is responding to the advertising restrictions discussed at the EU level (e.g., car advertising), which could lead to declining advertising revenues.

Risks that affect BMG primarily concern the business structure (including artists/authors and distribution partners), corporate growth (including acquisitions and integrations) and the scalability of the company (including technical platform and organization). Market risks are addressed through high revenue diversification (clients/catalogs, business segments, regions) and contractual protection clauses (securing the recouping of advances).

Arvato sees itself as particularly exposed to risks from customer and supplier relationships. The potential loss of key customers is being countered through contracts offering comprehensive service packages with simultaneously flexible cost structures. On the supplier side there are risks associated with the quality and availability of goods and services. The same applies to procurement and labour costs where these cannot be passed on to customers. Countermeasures include an active exchange with existing suppliers, entering into long-term framework agreements and monitoring the supplier market. Technological trends arising from the digitization and ongoing automation could in some cases damage the business model and competitiveness in individual customer segments. New competitors entering the market could intensify the competitive pressure and lead to lower margins. By developing the range of services, the aim is to improve the competitive position and to increase customer loyalty through integrated solutions. A worsening of the economic environment could result in declining revenues and thus lower margins, which would necessitate cost-cutting measures and capacity downsizing. Broad diversification across regions and sectors helps to reduce this risk.

For Bertelsmann Printing Group, customer risks are the most significant risks. In addition, price and margin pressures result from a market environment that is characterized by overcapacity and existing trends toward consolidation. As well as the dependence on a handful of suppliers, there are further risks on the supplier side associated with rising raw material prices – particularly for paper – and with the quality of the raw materials purchased. Furthermore, deterioration in the economic environment also may lead to declining circulations. Similarly,

the increasing use of digital media is accelerating the decline in circulation, particularly in the magazine segment. These risk minimization strategies are based, in particular, on the expansion of innovative print services, constantly optimizing cost structures and monitoring markets on an ongoing basis.

For the Bertelsmann Education Group, increasing competition with other online providers, particularly in the US healthcare market, can lead to growing price and margin pressure and impact the planned growth targets. These risks are being countered in particular through strategic partnerships and marketing measures.

The key risks for Bertelsmann Investments consist of falling portfolio valuations and a lack of exit opportunities. These risks are being addressed through a standardized investment process and continuous monitoring of investments.

The increasing pace of change in the markets and in Bertelsmann's business segments means that employees will need to be more willing and able to adapt in the future. There are also continuing demographic risks that impact the recruitment, development and retention of talent as a result of shifts in the age distribution of the workforce. To counteract this, employees are being offered further individual education, comprehensive health programs, a competitive salary and flexible working models. Bertelsmann is also extending its recruitment measures and making it easier for employees to switch jobs within the Group by harmonizing processes and structures.

Acquisition-Related Risks

The Group strategy focuses on acquisitions of businesses and organic growth. The risk of potential mistakes when selecting investments and the allocation of investment funds is limited by means of strict investment criteria and processes. Acquisitions present both opportunities and risks. For example, integration into the Group requires one-time costs that are usually offset by increased benefits in the long term, thanks to synergy effects. The risks here are that the integration costs may be higher than expected or the predicted level of synergies may not materialize. The integration processes are therefore being monitored by management on an ongoing basis.

Information Security Risks

For a global media company like Bertelsmann, the reliability and security of information technology are crucial – and a competitive edge. The ability to provide and process information in a timely, comprehensive, error-free and confidential way is crucial to Bertelsmann's success. Challenges arise, on the one hand, from the many non-standardized internal processes and comparatively fragmented IT system landscapes and on the other hand from external potential risks such as cyber attacks, which are still increasing dramatically in the market and competitive environment. Bertelsmann has responded to the stricter regulatory conditions at management level with an information security management system (ISMS, based on industry standard ISO 27001), that was introduced across the Group in 2014. This includes regular and structured monitoring of compliance with Group regulations and systematic recording of information security risks and deriving appropriate mitigation measures. Bertelsmann has also responded to the stricter regulatory conditions by introducing specific measures that have a direct impact on IT security. Notable examples include measures to increase email security within the Group and to increase employee awareness of spoof emails (known as phishing). Other important measures include the establishment of an ecosystem of external partners – among other things to gain access to state-of-the-art cyber security technologies – and membership of the German cyber security organization (DCSO) to promote professional dialogue with other major German companies. In addition, a Group-wide platform has been introduced for measuring and comparing the level of security of all linked systems worldwide and to identify security incidents on these systems.

Legal and Regulatory Risks

Bertelsmann, with its worldwide operations, is exposed to a variety of legal and regulatory risks concerning, for example, litigation or varying interpretations of tax assessment criteria. Bertelsmann has television and radio operations in several European countries that are subject to regulation. In Germany, for example, the media is subject to oversight by the Commission on Concentration in the Media. Bertelsmann Group companies occupy leading market positions in many lines of business and may therefore have limited potential for growth through acquisition due to antitrust legislation. Moreover, the education activities are subject to regulatory provisions of government

authorities and accreditation bodies. Other risks include litigation relating to company acquisitions and disposals, which mainly relate to different interpretations of contract components. These risks are being continuously monitored by the relevant divisions within the Group.

Several subsidiaries of the Group are being sued by broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf in Germany seeking disclosure of information in order to substantiate a possible claim for damages. The proceedings succeed the imposition of a fine in 2007 by the German Federal Cartel Office for the abuse of market dominance with regard to discount scheme agreements (“share deals”) IP Deutschland GmbH and SevenOne Media GmbH granted to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. It is assumed that the court will render its judgment in the second half of 2018. This judgment will be open to appeal. Similar proceedings of other small broadcasters initiated in different courts were unsuccessful or have been withdrawn.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio’s audience results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as from September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio’s audience results in its published surveys, alleging the existence of a “halo effect”. Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie’s assessment of the alleged “halo effect”. In any case, as from September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition. However, in the meantime, two of the claimants withdrew their claim and from the proceedings. The rest of the procedure is currently still ongoing.

Foreign direct investments in the People’s Republic of China are subject to a number of regulatory restrictions. To satisfy local requirements, some of Bertelsmann’s activities in China are owned by trust structures. Agreements have been signed with these trust structures to secure Bertelsmann’s rights. These types of arrangements (known as “VIE” structures) are standard market practice for investments in China. However, these structures are rarely the subject of legal disputes in China, which means that there is a certain risk that it will not be possible to safeguard VIE structures through the courts particularly if the People’s Republic changes its policies toward investments by foreigners (particularly in respect to VIE structures) or if courts and authorities change their case law or administrative practice. In 2015 the “PRC Foreign Investment Law” was revised by the Chinese Ministry of Economic Affairs and is now being discussed politically. The current draft stipulates that foreign investments in China shall be regulated via a “negative list” which will count the limited number of possible investments and those that are prohibited in particular industries and will also include a ban on VIE structures. In the past, however, such harsh measures have only been reported in exceptional cases. By contrast, observers are anticipating solutions that will only have a minor impact on the Chinese economy. This affects companies within Fremantle Media, BMG, Arvato and the Bertelsmann Education Group as well as investments by Bertelsmann Asia Investments (BAI).

Aside from the matters outlined above, no further significant legal and regulatory risks to Bertelsmann are apparent at this time.

Financial Market Risks

As an international corporation, Bertelsmann is exposed to various forms of financial market risk, especially interest rate and currency risks. These risks are largely controlled by the Central Financial Department on the basis of guidelines established by the Bertelsmann Executive Board. Derivative financial instruments are used solely for hedging purposes. Bertelsmann mainly uses currency derivatives to hedge existing foreign currency risks from intercompany financing and operating liabilities. Some firm commitments denominated in foreign currency are partially hedged when they are made, with the hedged amount being adapted over time. A number of subsidiaries are based outside the eurozone. The resulting translation risk to the leverage factor is managed based on economic debt in relation to operating EBITDA (leverage factor). Bertelsmann’s long-term focus is on the maximum leverage factor permitted for the Group. Foreign currency translation risks arising from net investments in foreign entities are not hedged. The cash flow risk from interest rate changes is centrally monitored and controlled as part of interest rate management. The aim is to achieve a balanced ratio of different fixed interest rates through the selection of appropriate maturity periods for the originated financial assets and liabilities affecting liquidity and through the

ongoing use of interest rate derivatives. The liquidity risk is regularly monitored on the basis of the budget planning. The syndicated loan and appropriate liquidity provisions form a sufficient risk buffer for unplanned payments. Counterparty risks exist in the Group in respect to invested cash and cash equivalents and in an amount equivalent to the positive fair value from existing derivatives and are exclusively conducted with a defined group of banks with an impeccable credit rating. Within the guidelines, a risk limit specified by the Bertelsmann Executive Board has been issued for financial assets and derivatives for each counterparty. Compliance with this limit is regularly monitored by the Central Financial Department. The guidelines concerning the investment of cash and cash equivalents are continuously monitored and extended if necessary. Financial investments are made on a short-term basis so that the investment volume can be reduced if the credit rating changes. Overall, the financial market risks are estimated as low.

General Statement on the Risk Situation

The risks identified in the financial year 2017 are not endangering. Neither are there any substantial risks discernible that could threaten the existence of the Group.

The overall risk situation is slightly above the previous year's level. The major risks to the Group have not changed compared to the previous year. In particular, pricing and discounting risks, a changing market environment and customer and supplier relationship risks, and volatile economic development still constitute the key Group challenges. However, as a result of the diversification of Group businesses, there are no concentration risks stemming from dependency on individual business partners or products in either procurement or sales. The Group's financial position is solid, with liquidity needs covered by existing liquidity and available credit facilities.

Opportunity Management System

An efficient opportunity management system enables Bertelsmann to secure its corporate success in the long term and to exploit potential in an optimal way. Opportunities are possible future developments or events that could result in a positive deviation from outlook or objective for Bertelsmann. The opportunity management system, like the RMS, is an integral component of the business processes and company decisions. During the strategy and planning process, significant opportunities are determined each year from the profit center level upward, and then aggregated step by step at the division and Group levels. By systematically recording them on several reporting levels, opportunities that arise can be identified and exploited at an early stage. This also creates an interdivisional overview of Bertelsmann's current opportunities. A review of major changes in opportunities is conducted at the divisional level every six months. In addition, the largely decentralized opportunity management system is coordinated by central departments in the Group to derive synergies through targeted cooperation in the individual divisions. The interdivisional experience transfer is reinforced by regular meetings of the GMC.

Opportunities

While the above-mentioned opportunities associated with positive development may be accompanied by corresponding risks, certain risks are entered into in order to be able to exploit potential opportunities. This link to the key Group risks offers strategic, operational, legal, regulatory and financial opportunities for Bertelsmann.

Strategic opportunities can be derived primarily from the Group's four strategic priorities. Strengthening core businesses, driving forward the digital transformation, developing growth platforms and expanding in growth regions constitute the most important long-term growth opportunities for Bertelsmann (see the "Strategy" section). In particular, there are opportunities in some cases for exploiting synergies as a result of the strategic portfolio expansions. There are individual operating opportunities in the individual divisions in addition to the possibility of more favorable economic development.

For RTL Group, a better-than-expected development of the TV advertising markets and higher audience and advertising market shares are major opportunities. Furthermore, the increasing digitization and fragmentation of the media landscape are opening up opportunities. Professionally produced content can be distributed across multiple platforms nationally and internationally. New revenue streams could be generated by exploiting existing TV content across different platforms and by creating native digital content. Also, with an increased presence in the digital sector, RTL Group could increase online video advertising sales on all devices and TV platforms and establish pay models in the on-demand business. In this way, new advertising sales could be generated through the offering of new

interactive or targeted forms of advertising (HbbTV, IPTV or mobile television). As an established content producer with a global presence, RTL Group could further expand its digital distribution through multichannel networks and digital streaming platforms.

Penguin Random House is the world's largest trade book publisher. Its position enables the publishing group to attract new authors and book projects to potentially grow its market share. The group is well positioned to invest in emerging and multilingual markets to take advantage of increasing interest in long-form reading, and to thereby offer its content to the widest possible readership. The digital evolution transforming book markets offers the potential for new product development and for broader and more efficient marketing channels. Digital enhancements could make books more widely appealing, while new online tools and platforms can expand and enhance author engagement with the audience.

For Gruner + Jahr, better development of the advertising and sales markets represents significant opportunities. The transformation is providing further opportunities due to the development of new businesses related to the published brands. There are opportunities for growth, particularly in the development and expansion of digital activities and in cooperation with other publishers and marketers. There are also opportunities for developing additional services, such as commerce and paid services. In terms of marketing, G+J could gain new customers through new forms of advertising in the online, mobile and video media channels.

BMG anticipates further growth opportunities both through additional signings of artists and songwriters and through further takeovers of music rights catalogs, which could be managed on the existing platform at marginal cost. The accelerated market penetration of music streaming services also offers the opportunity for expansion of the recorded music and music publishing markets at an international level.

At Arvato, interdivisional cooperation and major projects can provide additional opportunities for acquiring new customers. The global e-commerce market will continue its dynamic growth over the next few years. Arvato could participate significantly in this growth through new services, particularly those offered by the Solution Groups SCM and Financial Solutions. Further growth opportunities from the ongoing digitization lie in the development of innovative IP-based and cloud-based IT services.

The Bertelsmann Printing Group businesses may decline less steeply through additional volumes of existing and new customers. This would provide opportunities from the targeted servicing of market segments that are still growing. There could also be a further consolidation of competitors, which could result in an additional strengthening of Bertelsmann Printing Group's own market position.

The education business is being developed as Bertelsmann's third earnings pillar, alongside the media and service businesses. A further shift away from the traditional classroom-based delivery methods toward online and skill-based training could offer further growth opportunities for the education business. The growing online education market also offers organic growth opportunities for Bertelsmann Education Group businesses. Relias has the potential to grow through the expansion of employee assessment and data analytics products, and through internationalization. Owing to the lack of skilled workers and the ongoing demand for further education in the technology sector, Udacity has opportunities to develop into a premium brand in the area of IT and technology training.

For the Bertelsmann Investments fund activities, there is the opportunity to realize higher-than-expected profits, thanks to increasing portfolio valuations or through the disposal of investments.

The current innovation efforts detailed in the "Innovations" section offer further potential opportunities for the individual divisions.

Other opportunities could arise from changes to the legal and regulatory environment.

The financial opportunities are largely based on a favorable development of interest and exchange rates from Bertelsmann's point of view.

Outlook

Anticipated Overall Economic Development

Bertelsmann anticipates that economic conditions will develop as follows in 2018. The solid global economic growth will continue. The Kiel Institute for the World Economy (IfW) estimates that global production will increase by 3.9 percent in 2018, compared to 3.8 percent in 2017. The increases in growth are expected to be spread evenly across industrial and emerging countries. Risks to the global economy arise in particular from the financial environment and from uncertainties over a possible normalization of monetary policy.

The economic upturn in the eurozone is set to continue. It is therefore expected that the increase in real GDP in 2018 of 2.3 percent will be similar to last year. The economic recovery in Germany is expected to continue over the coming year. This positive outlook is based on a consumer climate that is likely to remain good, coupled with increasing investment activity. The IfW expects GDP to grow by 2.5 percent in real terms. The growth rate in France is expected to be 2.0 percent in real terms. In the United Kingdom the growth of real GDP is likely to remain relatively modest at just 1.4 percent. The subdued growth expectations reflect the significant uncertainty over the outcome of the Brexit negotiations and future economic relations. Moreover, the devaluation of the local currency after the referendum on EU membership is having an increasingly adverse effect on the consumer climate. For the United States, real economic growth of 2.5 percent is expected.

Anticipated Development in Relevant Markets

The worldwide media industry is primarily influenced by global economic developments and the resulting growth dynamic. The continued trend toward digitization of content and distribution channels, changes in media usage and the increasing influence of emerging economies will continue to present risks and opportunities in the years to come. Through the intended transformation of the Group portfolio in line with the four strategic priorities, Bertelsmann expects to benefit to an increasing extent from the resulting opportunities. Through its businesses, Bertelsmann operates in a variety of different markets and regions whose developments are subject to a range of factors and that do not respond in a linear fashion to overall economic tendencies. The following takes into account only those markets and regions that are large enough to be relevant for forecasting purposes and whose expected development can be appropriately aggregated and evaluated or that are strategically important from a Group perspective.

For 2018 the European TV advertising markets are expected to remain stable or grow at a moderate rate, apart from the Netherlands where a moderate decline is anticipated. In the book markets, an overall stable development is expected. In the magazine business, the strong decline in the print advertising and circulation markets in Germany and France will persist in 2018, while continued strong growth is expected in the digital segment. For 2018, continuing moderate growth of the global music market is expected in the publishing rights segment. At the same time, significant growth is anticipated in the recording rights segment. In 2018, the services markets are expected to achieve growth similar to the previous year. The gravure printing market in 2018 is likely to show an ongoing significant decline. Continued stable development is expected however for the offset market in Europe and the book printing market in North America. Overall, sustained strong growth is anticipated for the relevant US education markets.

Expected Business Development

The global economy is on a moderate growth path. However, economic prospects continue to be subject to certain risks. The following expectations are therefore based on the assumption that the recovery of the overall economic situation will continue and that most of the forecasted market developments and the economic predictions of the research institutions will be realized.

For the financial year 2018, Bertelsmann anticipates that business development will be driven by the stable to slightly positive market expectations for the European TV advertising markets, by stable book markets, and by continuously growing service and music markets. The growth stimuli created through strategic portfolio expansions will continue to have a positive impact on Bertelsmann's growth profile.

In addition to the assumed market developments, the predicted economic developments in the geographic core markets of Western Europe and the United States are the basis of the expected business development. With revenue and earnings share within the eurozone expected at around two-thirds, the extent of growth is above all based on the forecasted real and nominal economic development in this

economic zone. The IfW therefore predicts that GDP in the eurozone will increase by 2.3 percent in real terms and that the International Monetary Fund will increase by 2.2 percent for 2018. In view of these economic expectations, Bertelsmann expects Group revenues to show a moderate increase in the financial year 2018. Not including the capital gains from strategic real estate transactions realized for the financial year 2017, stable development of operating EBITDA is anticipated for the financial year 2018. If these gains are included, however, operating EBITDA is expected to decline moderately in the financial year 2018. The average level of capital invested will continue to increase in the financial year 2018 as a result of acquisitions made and the organic expansion of growth businesses. Compensating effects from earnings contributions are not expected to materialize for some time. Consequently, a strong fall in BVA is still expected for the Group. The same applies for BVA calculated by from financial year 2018 onward implemented methodology. These expectations are based on operational planning and the medium-term outlook for the corporate divisions, assuming that exchange rates remain constant.

At present, the expected performance of any individual unit of key significance for the Bertelsmann Group is not expected to deviate significantly from that of the Group.

Depending on how the economy develops, Bertelsmann does not currently anticipate interest rate changes to have any material impact on the average financing costs of medium- to long-term financing. The liquidity situation in the forecast period is expected to be sufficient.

These forecasts are based on Bertelsmann's business strategy, as outlined in the "Corporate Profile" section. In general, the forecasts reflect careful consideration of risks and opportunities. All statements concerning potential economic and business developments represent opinions advanced on the basis of the information that is currently available. Should underlying assumptions fail to apply and/or further risks arise, actual results may differ from those expected. Accordingly, no assurances can be provided concerning the accuracy of such statements.

Notes to the Financial Statements of Bertelsmann SE & Co. KGaA (in accordance with HGB, German Commercial Code)

In addition to the Group reporting, the business development of Bertelsmann SE & Co. KGaA is outlined below. Bertelsmann SE & Co. KGaA is a parent company and a management holding company of the Bertelsmann Group. Its tasks include management functions for the Bertelsmann Group as well as the management of its investments and financing. There are also service functions for individual divisions within the Corporate Center. It also bears the tax liability for most of the subsidiaries in Germany. The position of Bertelsmann SE & Co. KGaA is essentially determined by the business success of the Bertelsmann Group.

The Annual Financial Statements of Bertelsmann SE & Co. KGaA, in contrast to the Consolidated Financial Statements, have not been prepared in accordance with the International Financial Reporting Standards (IFRS) but in accordance with the regulations of the German Commercial Code (HGB) and the supplementary regulations of the German Stock Corporation Act (AktG).

Results of Operations of Bertelsmann SE & Co. KGaA

Income Statement of Bertelsmann SE & Co. KGaA in accordance with HGB

in € millions	2017	2016
Revenues	105	104
Other operating income	311	180
Cost of materials	(28)	(26)
Personnel costs	(143)	(134)
Amortization, depreciation and write-downs	(17)	(16)
Other operating expenses	(194)	(188)
Income from other participations	687	857
Interest income	(80)	(131)
Write-downs of long-term financial assets	(79)	(59)
Taxes on income	(198)	(131)
Earnings after taxes	364	456
Other taxes	(1)	-6
Net income	363	450
Income brought forward from previous year	462	402
Transfer to retained earnings from net income	(160)	(210)
Unappropriated income	665	642

The results of operations of Bertelsmann SE & Co. KGaA will continue to be significantly affected by the amount of income from other participations, due to that company's role as the parent company of the Bertelsmann Group. The decrease in net income to €363 million (previous year: €450 million) is primarily attributable to the lower income from other participations and higher tax expenses. This development was partially offset by higher other operating income.

The increase in other operating income is attributable to increased write-ups recognized on the shares in Bertelsmann Inc., Wilmington, of €67 million and currency gains.

The downward trend in the income from participations from €857 million to €687 million is primarily attributable to income from profit and loss transfer agreements. Firstly, this development is the result of the absence of the positive special effects of the 2016 financial year in connection with the new accounting rules of the law "Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften". Secondly, the income from subsidiaries is negatively impacted by write-downs of long-term financial assets in the 2017 financial year.

In addition to higher taxable income, the increase in tax expenses from €131 million to €198 million is the result of the complete use of the corporate income tax loss carryforward in the previous year.

Net Assets and Financial Position of Bertelsmann SE & Co. KGaA

Balance Sheet of Bertelsmann SE & Co. KGaA in accordance with HGB (Summary)

in € millions

	12/31/2017	12/31/2016
Assets		
Fixed assets		
Intangible and tangible assets	377	358
Financial assets	16,702	14,714
	17,079	15,072
Current assets		
Receivables and other assets	3,562	4,067
Securities, cash and cash equivalents	520	326
	4,082	4,393
Prepaid expenses and deferred charges	21	17
	21,182	19,482
Liabilities		
Equity	9,505	9,322
Provisions	498	484
Liabilities	11,177	9,673
Deferred income	2	3
	21,182	19,482

The total assets of Bertelsmann SE & Co. KGaA increased from €19,482 million to €21,182 million. A high ratio of equity (45 percent) and long-term financial assets (79 percent) to total assets continues to dictate the performance of the net assets and financial position.

The increase in long-term financial assets of €1,267 million concerns the medium- and long-term loans granted to Bertelsmann, Inc., Wilmington, which are presented as loans to affiliated companies. To a significant degree, the loans granted are the result of converting short-term receivables due from Bertelsmann, Inc., Wilmington. The receivables due from affiliated companies decreased by a corresponding amount compared to the previous year. In addition, the carrying amount of investments in affiliated companies increased by €588 million mainly in connection with the contributions to subsidiaries. In the 2017 financial year, contributions are primarily concerning Bertelsmann Capital Holding GmbH, Gütersloh and the Gruner + Jahr GmbH & Co KG, Hamburg.

The equity increased as a result of the net income of the reporting year by €363 million and decreased by €180 million as a result of distributions to shareholders. The increase in liabilities by €1,504 million includes €650 million from bonds and promissory notes as a result of issuing one new bond and one new promissory note. In addition, liabilities to affiliated companies increased by €633 million. The amount of the loans granted by subsidiaries to Bertelsmann SE & Co. KGaA is affected by the development of the financial position of these subsidiaries.

Risks and Opportunities for Bertelsmann SE & Co. KGaA

As Bertelsmann SE & Co. KGaA is largely linked to the Bertelsmann Group companies, among other things through the financing and guarantee commitments as well as through direct and indirect investments in the subsidiaries, the situation of Bertelsmann SE & Co. KGaA in terms of risks and opportunities is primarily dependent on the risks and opportunities of the Bertelsmann Group. In this respect, the statements made by corporate management concerning the overall assessment of the risks and opportunities also constitute a summary of the risks and opportunities of Bertelsmann SE & Co. KGaA (see the “Risks and Opportunities” section).

Outlook for Bertelsmann SE & Co. KGaA

As the parent company of the BertelsmannGroup, Bertelsmann SE & Co. KGaA receives dividend distributions from its subsidiaries as well as income from services provided to them. Consequently, the performance of Bertelsmann SE & Co. KGaA is primarily determined by the business performance of the BertelsmannGroup (see the “Outlook” section).

Dependent Company Report (Statement in accordance with Section 312 of the German Stock Corporation Act (AktG))

The Executive Board of Bertelsmann Management SE, as general partner of Bertelsmann SE & Co. KGaA, has submitted a voluntary report to the Supervisory Board of Bertelsmann SE & Co. KGaA in accordance with sections 278 (3) and 312 (1) of the German Stock Corporation Act, in which it outlines its relationships with affiliated companies for the financial year 2017. The Executive Board hereby declares that Bertelsmann SE & Co. KGaA received adequate consideration in return for each and every legal transaction under the circumstances known at the time that the transactions were undertaken.

Combined Non-financial Statement

The following information relates to Bertelsmann SE & Co. KGaA and the Bertelsmann Group (“Bertelsmann”) with its incorporated, fully consolidated subsidiaries (“subsidiaries”).

Bertelsmann operates in the core business fields of media, services and education in around 50 countries (cf. section “Company Profile”). Responsible conduct – in business, toward employees, in society and in dealing with the environment – is firmly anchored in Bertelsmann’s corporate culture. In its corporate responsibility management, Bertelsmann pursues the goal of reconciling its economic interests with social and environmental concerns within the Group and beyond.

To identify relevant topics and describe concepts, the GRI Standards 2016 specified by the Global Reporting Initiative (in particular standards 102 and 103) were used to produce the Group Non-Financial Statement. In addition, a voluntary CR report based on the GRI Standards (2016; Option “core”) will be published by the middle of the financial year.

Company Principles and Guidelines

The prerequisites for a corporate culture in which employees, management and shareholders work together successfully, respectfully and in a spirit of trust are common goals and shared values. These are enshrined in the corporate constitution and in the four Bertelsmann Essentials: partnership, entrepreneurship, creativity and corporate citizenship. Furthermore, the Bertelsmann Code of Conduct – as a binding guideline – defines standards for law-abiding and ethically responsible conduct within the company and toward business partners and the public. The sense of purpose embodied in the triad “To Empower. To Create. To Inspire.” also provides orientation for the company’s staff and partners. Bertelsmann’s actions are also determined by external guidelines. The company largely follows the recommendations of the German Corporate Governance Code for good and responsible corporate governance and the OECD Guidelines

for Multinational Enterprises. Bertelsmann is committed to the principles of the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization core labor standards. Since 2008, Bertelsmann has also supported the 10 principles of the United Nations Global Compact as an active participant.

Corporate Responsibility Management

Organization

The advisory body for the strategic development of corporate responsibility at Bertelsmann is the CR Council. The CR Council is made up of the Chief Human Resources Officer (CHRO) and representatives from the corporate divisions and focuses on the Group-wide CR objectives in line with the corporate strategy and the cross-divisional coordination of CR activities within the Group.

At the Group level, the Corporate Responsibility & Diversity Management department coordinates and supports the work of the CR Council in close cooperation with the other Group functions. Within the decentralized Bertelsmann corporate structure, the local management teams are responsible for implementing corporate responsibility through specific CR measures and projects. The corporate divisions and companies have their own structures and processes in place for this, in accordance with local requirements.

Topics

To identify key CR topics, Bertelsmann carries out regular CR relevance analyses. In 2017, the company conducted a survey of internal and external stakeholders. The external stakeholders estimated the impact of Bertelsmann's business activity on the topics, while the internal stakeholders assessed their business relevance. This made it possible to identify topics of relevance to Bertelsmann relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. The topics are analyzed within the company boundaries, unless otherwise stated.

Corporate responsibility topics, including non-financial performance indicators, are not part of Bertelsmann's value-oriented management system. Due to limited measurability, no directly quantifiable statements can be made regarding relevant interdependencies and value increases for the Group. For this reason, the non-financial performance indicators are not used for the management of the Group (cf. section "Value-Oriented Management System").

Risks

A number of risks associated with CR topics are relevant for Bertelsmann. These risks can arise from the company's own business activities or from its business relationships, and can affect the company or its environment and stakeholders.

For the non-financial matters defined in the German "CSR Directive Implementation Act" – environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters – no significant risks were reported as part of the 2017 reporting.

For an analysis of the risks that are relevant for Bertelsmann, please see the "Risks and Opportunities" section.

Employee Matters

Motivated employees ensure long-term quality, innovation and growth. HR work at Bertelsmann is therefore based on the company's cooperative identity as codified in the corporate constitution and the Bertelsmann Essentials. Supplementary regulations are specified in Executive Board guidelines on HR work. The CHRO is primarily responsible for dealing with employee matters within the company. He works closely with the HR managers from the corporate divisions who report directly to him via a dotted-line concept. This cooperation is supported by other bodies such as the HR Committee, consisting of the CHRO and representatives from the corporate divisions and the HR Country Coordination Meetings (with the HR managers of the largest subsidiaries – or the subsidiaries with the largest number of

employees in the region in question). Divisional Nomination & Compensation Committees decide on the implementation of remuneration and staffing policies in the respective areas of responsibility. In 2017, measures were taken to address the following topics.

Participation

Bertelsmann sees continual dialogue between employees and company management as a fundamental prerequisite to the company's success. As a media company, Bertelsmann is free to determine its political direction as defined in the German Works Constitutions Act (Tendenzschutz) and in this respect is not subject to statutory codetermination within the Supervisory Board. Nevertheless, the employees have five members serving on the Supervisory Board of Bertelsmann SE & Co. KGaA on a voluntary basis: four of these are works council members and one is a member of the Bertelsmann Management Representative Committee. In addition, managers, general workforce, employees with disabilities and trainees all have platforms for exchanging ideas, advancing topics and voicing their concerns. The Bertelsmann Group Dialogue Conference is an event where the CEO, CHRO and members of the Corporate Works Council can exchange ideas. Employees are also involved in the development and improvement of working conditions through standardized HR interview tools (Performance and Development Dialogue, Agreements on Objectives, Team Talk), as well as employee surveys. In 2017, measures were derived at corporate, divisional and Group level from the employee survey conducted in the previous year.

Learning

Highly trained employees are needed to overcome major challenges such as the Group's increasingly international focus, the digital transformation of the media and service landscape, and demographic change. By providing opportunities for lifelong learning, Bertelsmann helps to secure the long-term employability of its employees. With four different campuses – Strategy, Leadership, Function and Individual – Bertelsmann University is the central learning organization within the company. The most important measures implemented in 2017 included the further development of international programs in the areas of leadership, strategy and creativity, and holding strategic summits for the Group-wide finance, HR and IT community. In addition, 2017 saw the launch of a global Data Science Initiative and the continued integration of digital learning content in the various training and degree courses that Bertelsmann offers in Germany.

Diversity

For Bertelsmann, diversity of its workforce is a prerequisite for creativity, innovation and long-term business success. The diversity strategy focuses on the aspects of gender, generations and nationality. The proportion of women in Bertelsmann talent pools (top management, senior management, career development) shall be increased. This was already considered in the 2017 talent pool nominations. The diversity strategy is implemented by the Corporate Responsibility & Diversity Management department with support from a Group-wide Diversity Working Group. In 2017, the primary focus was on realizing the recommendations from the Bertelsmann Diversity Conference 2016. These included piloting diversity training, management qualifications from Bertelsmann University and taking into account diversity aspects in Corporate Talent Management.

Health

With a view to designing a health-promoting work environment and preventing work-related risks of disease, Bertelsmann is expanding a systematic health management system at German locations. Bertelsmann Health Management has been put in charge of supervising and coordinating the Germany-wide health strategy and associated activities, in conjunction with a cross-functional strategy group. The cross-divisional "Health Community," which is comprised of health experts, works council chairs, Supervisory Board members, HR managers and representatives for employees with disabilities, plays a key role here. Through targeted networking, it also helps to reinforce uniform standards that Bertelsmann Health Management is seeking to apply to all German locations. In the medium term, the internationalization of Bertelsmann Health Management shall continue.

Fair Working Conditions

At Bertelsmann, remuneration issues are an essential part of the topic of fair working conditions. The policy is to establish consistent and transparent remuneration structures in the Group. The design of the compensation system is intended to ensure that remuneration is driven by market, function and performance, taking into account business-specific characteristics. Employee profit sharing in Germany is based on the same criteria as those used to calculate variable remuneration components for Executive Board members and executives. This includes Bertelsmann and subsidiaries based in Germany, except RTL Group and Gruner + Jahr. These and many foreign subsidiaries have similar success and profit-sharing models adapted to local requirements. In 2017, a total of €105 million of the 2016 profits was distributed as part of such schemes.

Social Matters

Corporate citizenship is one of the Bertelsmann Essentials and is thus firmly anchored in Bertelsmann's corporate culture. As a good corporate citizen, Bertelsmann is committed to contributing to society and implemented measures in the following areas in 2017.

Press Freedom

Bertelsmann stands for the freedom of the press and therefore a wide variety of opinions and positions. The Bertelsmann Code of Conduct defines freedom of speech and opinion and creative independence as a basic principle of the Group's business activities. Bertelsmann interprets this independence in two directions: Inside the company, it means that our management does not attempt to influence the decisions of artists, editors and program managers, or to restrict their artistic or editorial freedom. In accordance with the Bertelsmann "Editor-in-chief Principle," editorial decisions are the sole responsibility of the program managers. To the outside, this means that the company does not capitulate to political or economic influence in its journalistic coverage, and complies with existing laws regarding the separation of editorial content and commercial advertising. In addition to the Bertelsmann Code of Conduct, many companies and editors in 2017 continued to implement separate statutes to safeguard journalistic independence in their day-to-day business and to develop these further where necessary. These statutes focus primarily on journalistic and editorial duties of care, respect for privacy, and dealing with the representation of violence and the protection of minors.

Content Responsibility

Bertelsmann reflects on the repercussions of the content it produces and distributes to protect the rights and interests of media users and customers as far as possible. Overriding principles and guidelines of media ethics are set by national and international laws governing the press, broadcasting and multimedia; by voluntary commitments to external guidelines such as the ethics codes of national press councils; and within the company by the Bertelsmann Code of Conduct and editorial statutes. With it, Bertelsmann's editorial staff are committed to, among other things, "respecting privacy and the responsible treatment of information, opinion and images." In accordance with the "Editor-in-chief Principle," the responsibility for media content lies solely with the program managers in the local editorial teams.

In the area of youth media protection, content is monitored at Bertelsmann in accordance with different circulations for each medium and region to see if it could adversely affect the development of children or young people. Various restrictions come into force, such as broadcasting time restrictions or labeling content and/or products. Through voluntary labeling systems, Bertelsmann sometimes goes beyond the existing European and national regulations, particularly in the broadcasting industry. Other specifications relating to content responsibility are agreed through supplementary statutes at the divisional, company and editorial level.

Customer Data Protection

Bertelsmann attaches great importance to protecting customer data. This includes safeguarding the personal data of individual customers, as well as information about customers that is provided to Bertelsmann by its business partners. The objective of customer data protection is to protect an individual's right to determine who acquires what knowledge about them, and when. This also means that personal information, or information that could identify a person, must be handled in accordance with legal requirements and adequately protected

against unauthorized access. In addition to the Bertelsmann Code of Conduct, customer data protection within the company is regulated by Executive Board guidelines on the topics of information security and IT risk management.

The Executive Board Guideline on Data Protection addresses the data protection framework conditions at Bertelsmann Group based on the General Data Protection Regulation (GDPR), which will be applicable from May 25, 2018, and is designed to ensure consistent data protection management across the Bertelsmann Group. To support this, a data protection management system was rolled out across the Group in the third quarter 2017. It addresses the documentation and accountability obligations under GDPR, as well as regulations concerning governance obligations.

Responsibility for customer data protection is decentralized and rests with the management of the individual subsidiaries. To ensure compliance with local laws governing customer data protection, the subsidiaries in Germany have a data protection organization consisting of central data protection officers and local data protection coordinators. The latter report to the local management, as well as annually or on an event-driven basis to the central data protection officers, who in turn report to the Bertelsmann Executive Board. A similar organization exists in subsidiaries outside Germany. An information security management system (ISMS) based on industry standard ISO 27001 creates the technical framework for confidential data processing. The ISMS features a regular and structured survey to ensure compliance with statutory information security requirements, a systematic recording of risks and the derivation of related mitigation measures.

Protecting Intellectual Property

Bertelsmann's businesses develop, produce, transfer, license, and sell products and services that are protected as intellectual property. For Bertelsmann, the protection of intellectual property rights is the foundation of its business success. For this reason, the company is committed to a high level of global copyright protection worldwide and in the digital world. The Group-wide Taskforce Copyright, with representatives from the relevant corporate divisions, supports current developments in copyright and summarizes its positions in the form of joint papers.

Respect for Human Rights

Through its corporate principles and its voluntary commitment to external guidelines, Bertelsmann is committed to respecting and protecting human rights within the company and in its business relationships. For this reason, the Bertelsmann Executive Board established an "Integrity & Compliance" program and appointed a Corporate Compliance Committee (CCC). The CCC submits an annual Compliance Report to the Bertelsmann Executive Board and the Audit and Finance Committee. The Integrity & Compliance (I&C) department was created to manage the ongoing day-to-day work and is subordinated to the CCC in the organization. I&C supports the CCC in fulfilling its tasks and makes suggestions for necessary improvements to the I&C program. I&C ensures that employees worldwide are made aware of the key legal provisions and internal company guidelines, including those concerning the respect for human rights, and it implemented the training and communication measures necessary for this in 2017.

Respect for human rights, particularly in respect to employees and within the supply chain, is expressly stipulated by the Bertelsmann Code of Conduct and the Supplier Code of Conduct. This includes the ban on child and coercive labor and the ban on discrimination and intimidation, and it reaffirms the right to freedom of association and the right to engage in collective bargaining. In addition, individual subsidiaries and Bertelsmann itself issued statements in 2017 in accordance with the "UK Modern Slavery Act" that condemn all forms of modern slavery, coercive and child labor, and exploitation and discrimination, and present measures to prevent these human rights violations. These statements are revised each year (as required). At Bertelsmann, violations of this principle may be reported by employees and by third parties via the reporting channels within the existing compliance management system. In terms of antidiscrimination, contact persons for Germany's "General Equal Treatment Act" (AGG) have been appointed at all German locations. Employees can contact them in the event of suspected breaches of said act. The employees are informed of their rights under AGG and given corresponding training through a wide range of communication channels. The topic of antidiscrimination was addressed in a Group-wide e-learning program designed to build employee awareness of the issue and advise them of their rights.

Anti-corruption and Bribery Matters

Both the Bertelsmann Code of Conduct and the Bertelsmann guidelines expressly prohibit all forms of corruption and bribery. This prohibition also applies to all third parties that work for, with or on behalf of Bertelsmann, as stipulated in the Supplier Code of Conduct. Along with instructions for dealing with officials, and guidelines for the granting or accepting of gifts in the context of business relations, the anti-corruption and integrity guideline prescribes appropriate due diligence processes in dealing with third parties. An appropriate due diligence review is carried out for each individual risk profile through a corresponding risk classification. This Executive Board guideline also describes the channels for reporting suspected violations and seeking advice, as well as other prevention and control measures. The Executive Board guideline for dealing with alleged compliance violations anchors an obligation to report suspected violations of the prohibition of corruption to the Bertelsmann Corporate Center. The topic of corruption prevention is globally managed and further developed by the I&C department. One of the most important measures in 2017 was advising and training executives and employees on anticorruption and the design and initiation of the Group-wide roll-out of a new e-learning program on this topic.

Fair Competition and Antitrust Law

Bertelsmann is committed to the principle of fair competition and condemns antitrust violations and anticompetitive behavior. The company acts against any contravention and consults internal or external experts on antitrust and competition issues. The Bertelsmann Executive Board has approved a "Group Guideline for Compliance with Antitrust Regulations." There is an obligation to report any antitrust violations. The Corporate Legal Department offers antitrust training programs to corporate divisions and the management and employees of these divisions. A comprehensive compulsory training program for employees working in antitrust-related areas, which was also implemented in 2017, is intended to identify antitrust risks at an early stage and to prevent antitrust violations.

Environmental Matters

The Bertelsmann Environmental Policy and the Bertelsmann Paper Policy provide the framework for the responsible use of natural resources throughout the Group, as well as environmentally friendly energy and material procurement. The environmental commitment extends beyond the individual locations to the supply chain, in particular by influencing paper suppliers and energy firms. Operational responsibility for energy and environmental management and for implementing the measures adopted in 2017 is decentralized and rests with the management of the individual companies. An international "Be Green" Working Group with representatives from the Bertelsmann corporate divisions again provided a platform for cross-divisional exchange on environmental topics in 2017. In the medium term, the cooperation will focus on increasing the use of paper from certified or recycled sources and reducing greenhouse gas emissions from the consumption of energy, heat and fuels. Experts from the "Be Green" Working Group also coordinate the annual collection of environmental key figures, which not only create transparency about impacts on the environment and climate as well as about Bertelsmann's environmental performance, but also enable the management to derive measures for improvement. The Group-wide environmental key figures are published on the Bertelsmann website.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements of the Bertelsmann SE & Co. KGaA give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the combined management report includes a fair review of the development and performance of the business and the position of the Bertelsmann Group and Bertelsmann SE & Co. KGaA, together with a description of the principal opportunities and risks associated with the expected development of the Bertelsmann Group and Bertelsmann SE & Co. KGaA.

Gütersloh, March 9, 2018

Bertelsmann SE & Co. KGaA
Represented by:
Bertelsmann Management SE, the personally liable partner
The Executive Board

.....
(Dr. Thomas Rabe)

.....
(Markus Dohle)

.....
(Dr. Immanuel Hermreck)

.....
(Bernd Hirsch)

.....
(Anke Schäferkordt)

INDEPENDENT AUDITOR'S REPORT

To Bertelsmann SE & Co. KGaA, Gütersloh

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Bertelsmann SE & Co. KGaA, Gütersloh, which comprise the balance sheet as at December 31, 2017, and the statement of profit and loss for the financial year from January 1 to December 31, 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Bertelsmann SE & Co. KGaA, which is combined with the group management report, including the non-financial statement pursuant to § [Article] 289b Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and § 315b Abs. 1 HGB for the financial year from January 1 to December 31, 2017.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2017, and of its financial performance for the financial year from January 1 to December 31, 2017, in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz 1 HGB¹, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are

¹ § 322 Abs. 3 Satz [sentence] 1 HGB

further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2017. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

- ① Recoverability of shares in affiliated companies and loans to and receivables from affiliated companies (total exposure)

Our presentation of this key audit matter has been structured as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matter:

- ① Recoverability of shares in affiliated companies and loans to and receivables from affiliated companies (total exposure)

- ① Matter and issue

Shares in affiliated companies of EUR 13,983 million (66.0 % of total assets) and loans to affiliated companies of EUR 1,267 million (6.0 % of total assets) are reported under the "Financial assets" balance sheet item in the Company's annual financial statements. In addition, receivables from affiliated companies of EUR 3,474 million (16.4 % of total assets) are reported under "Receivables and other assets". Together, the carrying amount of the total exposures amounts to EUR 18,724 million (88.4 % of total assets).

Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. Loans to and receivables from affiliated companies are carried at the lower of their nominal amount or fair value.

If it is not possible to derive the fair values from quoted prices, the respective fair values are calculated using a discounted cash flow model as the present values of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The cash flows are discounted using individually determined costs of capital for the relevant affiliated companies. On the basis of the values determined and supplementary documentation, write-downs amounting in total to EUR 93 million and reversals of write-downs amounting in total to EUR 151 million were required for the fiscal year.

The outcome of these valuation exercises is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the discount rates and rates of growth employed. The valuations are thus subject to material uncertainty. Against this background and due to the highly complex nature of the valuations and their material significance for the Company's net assets and results of operations, this matter was of particular significance in the context of our audit.

② Audit approach and findings

As part of our audit, we reviewed the methodology employed for the purposes of the valuation exercise, among other things. In particular, we assessed whether the fair values had been appropriately determined using a discounted cash flow model in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key planning value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rates applied can have a material impact on the calculated values, we also focused our testing in particular on the parameters used to determine the discount rates applied, and evaluated the measurement model.

In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of properly measuring the shares in affiliated companies and the loans to and receivables from affiliated companies.

③ Reference to further information

The Company's disclosures on the shares in affiliated companies and loans to affiliated companies are contained in section 1 and on the receivables from affiliated companies in section 2 of the notes to the annual financial statements.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required

Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 12, 2017. We were engaged by the supervisory board on August 30, 2017. We have been the auditor of the Bertelsmann SE & Co. KGaA, Gütersloh, without interruption since the financial year 2011.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christian Landau.

Bielefeld, March 12, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Werner Ballhaus
Wirtschaftsprüfer
(German Public Auditor)

sgd. Christian Landau
Wirtschaftsprüfer
(German Public Auditor)

Report of the Supervisory Board



Christoph Mohn

Chairman of the Supervisory Board of Bertelsmann SE & Co. KGaA

Dear shareholders,

The expansion of the world economy accelerated noticeably during the financial year 2017. Growth varied, however, in markets that are relevant to Bertelsmann's businesses. For instance, the TV advertising markets in Germany, France and Spain showed largely stable development, while those in the Netherlands and Belgium saw a significant decline. The relevant markets for printed books in the English- and Spanish-language segments achieved stable to moderate growth, and the German-language segment saw a slight decline. Publishing sales of e-books in the United States and the United Kingdom fell, while the markets for audio downloads grew strongly. The magazine markets in Germany and France were characterized by significantly to strongly declining print advertising and circulation business; the corresponding digital businesses, however, posted strong growth. The global music markets for publishing and recording rights and the related service markets continued to show positive development, with moderate to significant growth. The European offset printing markets remained stable overall, while the gravure printing markets once again declined significantly. The education markets that are relevant to Bertelsmann in the e-learning, education services and university education segments again posted strong growth overall. In this diverse market environment, the Bertelsmann Group again increased its operating result and further boosted its organic revenue growth. The revenue share represented by growth businesses increased further in the financial year 2017.

In the reporting period, the Supervisory Board of Bertelsmann SE & Co. KGaA again diligently fulfilled the duties incumbent upon it by law and under the articles of association and bylaws. Its members regularly advised and monitored the personally liable partner, Bertelsmann Management SE, represented by its Executive Board, in the task of managing and directing the company's operations. This report covers the activities of the Supervisory Board of Bertelsmann SE & Co. KGaA. The activities of the Supervisory Board of Bertelsmann Management SE, which in turn serves as the Supervisory Board of the personally liable partner of Bertelsmann SE & Co. KGaA, are not the subject of this report.

Advising and Monitoring the Executive Board of Bertelsmann Management SE

As part of its advisory and monitoring activities, the Supervisory Board of Bertelsmann SE & Co. KGaA was directly involved in important company decisions and transactions at an early stage and discussed and reviewed these at length on the basis of reports from the Executive Board.

The personally liable partner, represented by the Executive Board of Bertelsmann Management SE, provided the Supervisory Board with regular, prompt and comprehensive written and verbal reports on all significant issues of strategy, planning, business performance, intended business policies and other fundamental management issues. A wide range of topics and projects were presented for discussion at the meetings of the Supervisory Board. Reporting of the Executive Board concerned, but was not limited to, the position and development of the company, especially the current business and financial position, and material business transactions, particularly major planned investments and divestments. Instances where business performance deviated from official projections and targets were discussed in detail with the Supervisory Board, which reviewed these matters on the basis of the documentation submitted. The Supervisory Board obtained regular information concerning financial debt levels. The Supervisory Board also focused on the risk situation and risk management. The internal control system, risk management system, internal auditing system, and corporate governance and compliance developments at Bertelsmann were the subjects of regular reports and discussions. The Executive Board and the Supervisory Board report jointly on corporate governance and compliance at Bertelsmann on pages 136–138.

Supervisory Board Plenary Meeting

In the plenary meetings, the Supervisory Board of Bertelsmann SE & Co. KGaA regularly heard reports from the Executive Board on the current business and financial position of the Group and of the individual divisions. They also heard reports on Group planning and material business transactions, particularly major planned investments and divestments. The Supervisory Board Chairman, who at the same time is the Chairman of the Supervisory Board of Bertelsmann Management SE, reported regularly and comprehensively to the plenary session of the Supervisory Board concerning the topics and the progress of discussions in the Supervisory Board of Bertelsmann Management SE. The Supervisory Board was kept regularly informed of the status of the implementation of the Group's strategy by the Executive Board. During a full-day meeting with the Bertelsmann Management SE Executive Board, the Bertelsmann SE & Co. KGaA Supervisory Board discussed fundamental issues of strategic Group development. To the extent stipulated by law and the articles of association or bylaws, the plenary meeting made the necessary decisions. In the financial year 2017, the Supervisory Board met for four meetings and met with the Executive Board for one strategy retreat.

The first meeting of the Supervisory Board on January 26, 2017, focused on discussing and passing resolutions concerning the Group budget for 2017 and on the report on the current business and financial situation. The Supervisory Board also addressed the results of the evaluation that was conducted of its work in 2016, thereby fulfilling the requirements of the German Corporate Governance Code and the bylaws concerning the regular performance of an evaluation. The results of the evaluation that were addressed by the Supervisory Board during their meeting are indicative of a very effective and critically constructive culture of dialogue and cooperation. There was no indication of a general need for action or change. Individual suggestions were implemented.

At the following meeting on March 22, 2017, the Executive Board reported, in particular, on the current business situation and on progress that had been made in implementing the Group strategy. A further agenda item was the Annual and Consolidated Financial Statements for 2016. At the recommendation of the Audit Committee and after discussion with the auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), the Supervisory Board approved the Annual and Consolidated Financial Statements for the financial year 2016 and the Combined Management Report of Bertelsmann SE & Co. KGaA. The proposal of the personally liable partner for the appropriation of net income was also

approved. Furthermore, the Supervisory Board followed the recommendations of the Audit and Finance Committee for the appointment of the auditor for the financial year 2017 and for the interim report, and resolved upon its corresponding proposal to the Annual General Meeting. As part of a topic report, the Supervisory Board also discussed the results of the worldwide Group employee survey that was conducted in 2016.

As usual, the annual Strategic Planning Dialogue between the Executive Board and the Supervisory Board took place as part of the summer meeting of the Supervisory Board on July 12 and 13, 2017. The Supervisory Board was first able to get a current impression of the status of strategy implementation and the progress made in the transformation of the Group portfolio since the last Strategic Planning Dialogue with the objective of increasing the Group's growth and making it more digital, more international and more diversified. The Supervisory Board also focused on data-based business potential, innovative Group business activities, and the topics of automation and artificial intelligence. Moreover, the Supervisory Board discussed the further developed strategy for the transformation of the Group, which includes the HR strategy. The key points of the four strategic priorities remain clearly defined: strengthening the core businesses, driving the digital transformation forward, developing growth platforms and expanding businesses in the growth regions. Bertelsmann is based on three pillars: media, services and education. The present Group structure, consisting of eight divisions, is an expression of the strategy to diversify the Group's portfolio and is aimed at securing the continuity of the company in the long term. The Group is again generating better organic growth with an increasing share of revenue represented by growth businesses and a decline in the share represented by structurally declining businesses. The Supervisory Board considers that the Group is in a more robust position and is well placed to meet the challenges of the future, thanks to its broader structure and reduced dependence on economic trends.

In the last Supervisory Board meeting of the financial year, on October 19, 2017, the Supervisory Board again addressed the business and financial position of the Group and was given a report on the outlook for the overall financial year by the Executive Board. The topics of integrity management and artificial intelligence were also discussed. The Supervisory Board focused chiefly on RTL Group's video-on-demand strategy in this meeting.

The Supervisory Board Chairman maintained ongoing contact with the Executive Board outside the framework of Supervisory Board meetings, in particular with the Executive

Board Chairman, in order to stay abreast of the current business situation and significant transactions. All Supervisory Board members attended at least half of the Supervisory Board meetings convened. No potential conflicts of interest arose on the Supervisory Board. The Supervisory Board addressed the German Corporate Governance Code and Bertelsmann's compliance therewith. A joint report by the Supervisory and Executive Boards of Bertelsmann Management SE on corporate governance within the company is provided on pages 136–138 of this Annual Report. As an unlisted company, Bertelsmann does not issue a formal declaration of compliance as per section 161 of the German Stock Corporation Act.

Audit of the Annual and Consolidated Financial Statements for the Financial Year 2017

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt, audited the Annual and Consolidated Financial Statements produced by the Bertelsmann Management SE Executive Board and the Bertelsmann SE & Co. KGaA Group Management Report, which is combined with the company's management report for the financial year January 1 through December 31, 2017. Each report received an unqualified auditor's opinion. The Annual Financial Statements were produced in accordance with the German Commercial Code (HGB), and the Consolidated Financial Statements of Bertelsmann SE & Co. KGaA were produced in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union in line with section 315a HGB. The auditor was mandated by the Supervisory Board's Audit and Finance Committee to audit the Annual Financial Statements and Consolidated Financial Statements in accordance with the Annual General Meeting resolution. The auditor performed the audit in observance of German accepted auditing principles established by the German Institute of Independent Auditors (IDW). The auditor was additionally instructed to audit the risk early-warning system at Bertelsmann SE & Co. KGaA, which it found to be satisfactory in terms of section 91 (2) AktG (German Stock Corporation Act). The provisional results of the Key Audit Matters were discussed with the auditor in a video conference on March 8, 2018. The auditor of the Annual Financial Statements promptly submitted the audit reports and the other financial statement documents to all members of the Supervisory Board by the specified deadline in advance of the financial review meeting. On March 20, 2018, the auditor attended the financial review meetings of both the Audit and Finance Committee and the plenary session of the Supervisory Board, where he gave an extensive report and answered questions. He was able to confirm that, in the course of the audit, no significant weaknesses had been identified in the accounting-related internal control system. The Audit and

Finance Committee discussed the Annual Financial Statements documents and audit reports in detail. The findings of the auditor of the Annual Financial Statements were carefully reviewed in an internal audit of the Annual and Consolidated Financial Statements. The Audit and Finance Committee also examined in detail the non-financial reporting of the Executive Board, which was presented for the first time as a Combined Non-Financial Statement in a separate section of the Management Report, to ensure that it was lawful, proper and appropriate. The Audit and Finance Committee reported comprehensively to the plenary session of the Supervisory Board concerning the audit of the Annual and Consolidated Financial Statements, the Combined Non-Financial Statement and the audit reports.

On March 20, 2018, the plenary session of the Supervisory Board reviewed and discussed the Annual Financial Statements, Consolidated Financial Statements and Combined Management Report in detail, taking into account the recommendations of the Audit and Finance Committee and those contained in the audit reports and following further discussion with the auditor. The Supervisory Board concurred with the audit findings. After its own final scrutiny of the Annual and Consolidated Financial Statements and the Combined Management Report, the Supervisory Board – acting in accordance with the Audit and Finance Committee's recommendation – raised no objections. The financial statements produced by the Bertelsmann Management SE Executive Board were thus approved. Furthermore, the Supervisory Board itself examined the above-mentioned Combined Non-Financial Statement of the Executive Board to ensure that it was lawful, proper and appropriate and, in accordance with the Audit and Finance Committee's recommendation, raised no objections. Moreover, the Supervisory Board approved the Report of the Supervisory Board for the Annual General Meeting and the Corporate Governance Report, as well as its resolution proposals concerning the agenda items for the ordinary Annual General Meeting on May 14, 2018. The Supervisory Board has furthermore reviewed the Bertelsmann Management SE Executive Board proposal as to the amount of net retained earnings for appropriation to shareholders and concurs with said proposal. The amount of the dividend proposed by the Executive Board of Bertelsmann Management SE is appropriate, in the view of the Supervisory Board, in consideration of the level of Group profit, the economic environment, the company's economic situation and the interests of the shareholders.

Supervisory Board Audit and Finance Committee

Within its sphere of responsibility, the Supervisory Board of Bertelsmann SE & Co. KGaA established an Audit and Finance

Committee to perform its tasks efficiently. The Audit and Finance Committee has four members, and the Chair of the Supervisory Board does not lead this committee. The Chair of the Audit and Finance Committee is Bodo Uebber.

The German Corporate Governance Code stipulates that the Chair of the Audit and Finance Committee is independent for the purposes of the code requirements and has special knowledge and experience in the application of accounting standards and internal control procedures. Overall, the members of the Audit and Finance Committee are familiar with the sector in which Bertelsmann SE & Co. KGaA operates.

In particular, and in accordance with its mandate, the Audit and Finance Committee discussed issues of corporate financing, financial planning, fiscal policy and individual negative deviations of the performance of Group businesses from budgeted performance. The Committee also extensively addressed the accounting process and monitored the effectiveness and functional capability of the risk monitoring and risk management system, the internal control system and the internal audit system. It also requested regular reports from the Head of Corporate Audit and Consulting. Furthermore, the Committee addressed issues relating to compliance, in particular the effectiveness and proper functioning of the compliance management system. In addition, the Audit and Finance Committee reviewed at length the implementation of the Audit Reform Act, the issue of cybersecurity and the EU General Data Protection Regulation (GDPR) at Bertelsmann.

In the course of addressing structural issues during the financial year, one area of focus was the auditing process. The Audit and Finance Committee concerned itself with the auditor's auditing procedures and auditing tools, discussed the anticipated Key Audit Matters and specified the focal points of the audit. The Committee also addressed future non-financial reporting and was informed about the implementation of new IFRS standards at Bertelsmann. The Audit and Finance Committee was also presented with a report on the potential implications of Brexit for the Group.

A further focus was the auditing of the Annual Financial Statements and the Consolidated Financial Statements (see also the "Audit of the Annual and Consolidated Financial Statements" section above). The Chair of the Audit and Finance Committee discussed the provisional findings from the audit of the Annual and Consolidated Financial Statements at length with the auditor on an ongoing basis before the financial review meeting that took place on March 22, 2017. In this role, the Committee also addressed the independence and

additional services performed by the auditor. There was no indication of grounds for exclusion or a risk to independence. The 2017 Interim Report was extensively discussed with the Committee prior to its publication on August 30, 2017.

The Audit and Finance Committee of Bertelsmann SE & Co. KGaA met four times during the reporting period 2017. The Chairman of the Audit and Finance Committee or his representative kept the plenary session of the Supervisory Board continuously updated about the work of the Committee through regular reports. Department heads, such as those from the Corporate Financial Reporting, Corporate Taxation and Corporate Legal departments, were represented during the discussion of individual agenda items. In addition, the Chair of the Audit Committee regularly held individual meetings with the responsible auditors.

Changes in the Executive Board of Bertelsmann Management SE and in the Supervisory Board, Objectives for the Composition of the Supervisory Board

The business of Bertelsmann SE & Co. KGaA is managed by its personally liable partner, Bertelsmann Management SE, represented by its Executive Board. The past financial year saw the following change to the Executive Board of Bertelsmann Management SE: the appointment of Fernando Carro de Prada as a member of the Executive Board of Bertelsmann Management SE ended on July 13, 2017, on the best of terms and by mutual agreement with Fernando Carro de Prada. The Supervisory Board would like to thank Fernando Carro de Prada for many years of excellent and trusting cooperation. The financial year 2017 also saw changes to the Supervisory Board of Bertelsmann Management SE. On January 27, 2017, in an extraordinary General Meeting of Bertelsmann SE & Co. KGaA, Bernd Leukert, member of the Executive Board of SAP SE, Walldorf, was elected as a member of the Supervisory Board. With the end of the ordinary Annual General Meeting of Bertelsmann SE & Co. KGaA on May 12, 2017, the term of office of Supervisory Board members Prof. Dr.-Ing. Joachim Milberg, Dr. Brigitte Mohn, Elisabeth (Liz) Mohn, Hans Dieter Pötsch, Kasper Rorsted and Bodo Uebber came to an end. Dr. Brigitte Mohn, Elisabeth (Liz) Mohn, Hans Dieter Pötsch, Kasper Rorsted and Bodo Uebber were re-elected to the Supervisory Board at the Annual General Meeting in May 2017. The Supervisory Board would like to thank Prof. Dr.-Ing. Joachim Milberg for many years of excellent and trusting cooperation. Longstanding Supervisory Board member Dr. Wulf Bernotat passed away unexpectedly on August 27, 2017. The Supervisory Board will honor his memory. On January 16, 2018, Dr. Thomas Buberl, CEO of AXA S.A., was elected to serve

on the Supervisory Board. At present, all 10 members of the Supervisory Board of Bertelsmann Management SE are also members of the currently 15-strong Supervisory Board of Bertelsmann SE & Co. KGaA.

The "Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector Act" does not apply to the Supervisory Board of Bertelsmann SE & Co. KGaA as it is an unlisted company. However, the Supervisory Board does support the aim of the act. From a strategic point of view, the Supervisory Board also aims to properly fulfill its monitoring and consulting function by ensuring diversity among its members. The Supervisory Board shall not at this time, however, set any target quota for women on the Supervisory Board. It firmly believes that within the company suitable measures have been taken in the area of succession planning, management development and the selection processes to ensure the equal participation of men and women on an ongoing basis. In the Supervisory Board, the aim is to ensure that the existing proportion of women will not be reduced when new members are appointed. Ideally, the backgrounds of new members will show links to Bertelsmann's growth regions and markets. (See also the "Diversity in Practice" section in the Corporate Governance Report from page 137.) Apart from the three representatives of the Mohn family and the five employee representatives, the Supervisory Board of Bertelsmann SE &

Co. KGaA consists exclusively of independent Supervisory Board members. The Supervisory Board recognizes the intention of the Government Commission on the German Corporate Governance Code in its call for a specification of targets for an age limit and a standard limit for length of service on the Supervisory Board. In view of Bertelsmann's particular shareholder structure and the age limit regulations already contained in the company's articles of association, the Supervisory Board does not feel it is necessary or appropriate to introduce further or more extensive specifications on age limit and length of service at Bertelsmann.

The Supervisory Board would like to express its gratitude for the great dedication and commendable performance of the Executive Board during the financial year 2017. The Supervisory Board also wishes to thank all employees of the Bertelsmann Group and its corporate management for their commitment and contribution to a successful financial year 2017.

Gütersloh, March 20, 2018



Christoph Mohn
Chairman of the Supervisory Board

Report on equal treatment and equal pay in 2016

For Bertelsmann, diversity of its workforce is a prerequisite for creativity, innovation and long-term business success. Heterogeneity contributes to diverse perspectives – and has a positive impact on business processes and decisions. A diverse workforce also positively impacts employees' motivation and performance. At Bertelsmann, measures aimed at promoting women are reflected in the framework of general activities to increase the diversity of the workforce.

Principles and responsibilities

The objective of the law on the enforcement of equal pay for men and women for work of equal value is enshrined in various company guidelines on value orientation, including in our fundamental values, the Bertelsmann Essentials: "We aim to create a fair and motivating work environment."

In its Code of Conduct, Bertelsmann stipulates that decisions with respect to hiring, promoting and taking disciplinary measures must be administered free from any illegal discriminatory practices. Bertelsmann does not tolerate discrimination against employees or applicants for employment because of gender, pregnancy, marital or parental status, sexual orientation or any other characteristic specified under applicable anti-discrimination law or company policy. The Code of Conduct also requires compliance with statutory regulations to ensure fair working conditions, including those on payment and working times. Bertelsmann also expects this of its business partners through the Supplier Code of Conduct. Internal guidelines on staffing policy also serve as an orientation in dealing with the issue of diversity. Diversity in team composition is one important criterion to be considered when making staffing decisions.

The work areas relevant for ensuring compliance with the Transparency of Remuneration Act (EntgTranspG) – remuneration, corporate responsibility & diversity management, learning, talent management and Ethics & Compliance – report directly to the Executive Board.

Implementation within the Group

Remuneration: The Nomination and Compensation Committee implements remuneration and staffing policy. Bertelsmann's remuneration policy is to establish consistent and transparent remuneration structures in the Group. The design of the compensation system is intended to ensure that remuneration is driven exclusively by market, function and performance, and is therefore gender neutral. If there are explicit job, function and role descriptions, or if a role is linked to a certain remuneration, these shall also be defined as gender neutral. In comparable roles and given the same performance, men and women have the same potential earnings.

An analysis of the earnings structure will be conducted, as well as one of the remuneration review process. Initial conceptual considerations have already begun. Going forward, these topics will continue to be handled with high priority, and preparations are underway for their implementation.

Corporate Responsibility & Diversity Management: Among other things, the diversity strategy focuses on the topic of gender distribution and therefore contributes to forming awareness within the Group. In particular, the aim is to increase the ratio of women in management. Results of promoting diversity in 2016 include the further development of indicators to measure and depict gender distribution in the Group. Developed as a result of the Bertelsmann Diversity Conference in 2016, top management's recommended measures are still being implemented. Measures implemented with a focus on learning include the concept development for management training sessions on handling unconscious tendencies/stereotypes and adding the topic of diversity to leadership training.

In addition, the company offers its employees a range of options to improve the work-life balance and for flexible work arrangements. Some of these extensively used options include: home offices and sabbaticals, individualized part-time working arrangements, reserved places at nearby day care centers and the services subsidized by Bertelsmann provided by PME-Familienservice GmbH ranging from child care to adult care.

Talent management: Talent management also ranks highly as a contributor to improving diversity in the top and senior management levels. Besides specifically promoting a wide range of backgrounds in personal experiences which is crucial in staffing, talent management also contributes to making diversity in the Group transparent. In its target groups of top management and senior management, it tracks the characteristic of gender which is relevant in making recruiting and staffing decisions. The

proportion of women in Bertelsmann talent pools (Top Management, Senior Management, Career Development) shall be increased to one-third in each case. This was already considered in the 2016 talent pool nominations.

Ethics & Compliance: Brochures and posters inform the workforce of their rights under Germany's General Equal Treatment Act (AGG). Moreover, the appointed AGG contact persons receive in-depth training each year by Ethics & Compliance. Similarly, employees receive training on the topic of anti-discrimination (specifically the illegality of discrimination based on gender) during a mandatory e-learning session on the Code of Conduct. Employees and third parties have access to various channels for reporting complaints. Ethics & Compliance follows up adequately on all complaints and takes corrective action, if any is necessary, in a timely manner.

Information on the number of employees

In the 2016 financial year, the average number of employees of Bertelsmann SE & Co. KGaA can be broken down as follows:

	Male	Female
Number of employees	449	493
– full-time employees	435	337
– part-time employees	14	156