

Bertelsmann Interim Results 2013

Investor Conference Call
August 30, 2013

Judith Hartmann
Member of the Executive Board and Chief Financial Officer of Bertelsmann

Summary and highlights – Interim Results 2013

1

Strong operating performance

- Operating EBIT at record level
- Return on sales of 10.3%

2

Solid financial position

- In line with all financial targets
- Comfortable liquidity position
- Target rating Baa1/BBB+ with stable outlook

3

Significant progress in strategy implementation

- Penguin Random House merger, full takeover of BMG, acquisition of Gothia
- Successful placement of RTL Group shares improved financial flexibility

Group key figures H1 2013 – Operating EBIT at record level, double-digit return on sales

Continuing operations, in € millions

■ H1 2012

■ H1 2013

Revenues (in € billions)

Operating EBITDA

Operating EBIT

Group profit

Reported

Organic

-1.9%

-2.0%

ROS

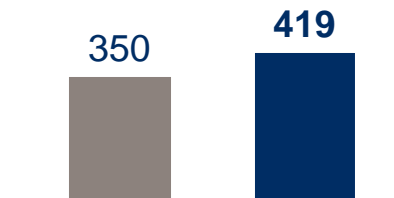
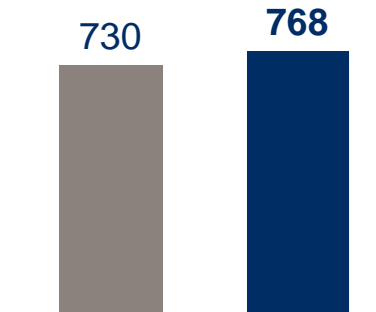
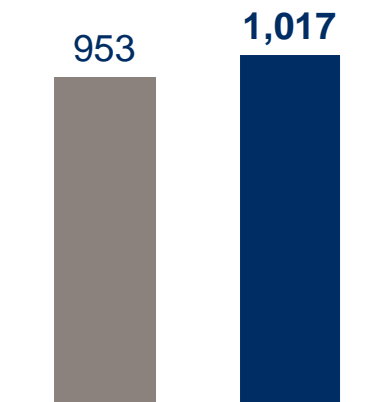
9.6%

10.3%

+6.7%

+5.2%

+19.7%



Divisions – Increase in operating EBIT at RTL Group, Random House and Gruner + Jahr

Continuing operations, in € millions

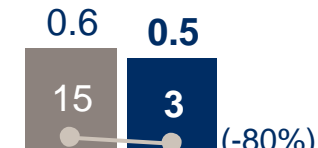
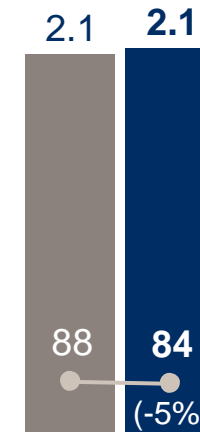
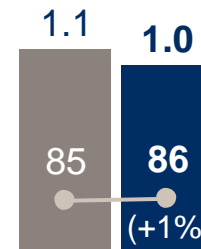
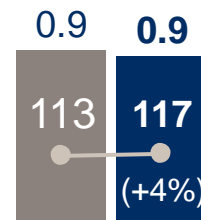
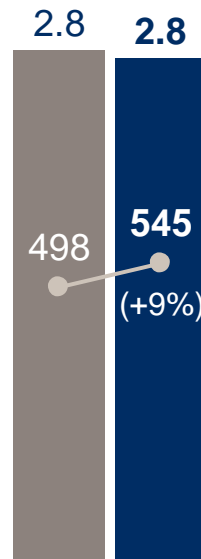
■ H1 2012

■ H1 2013

Organic



Revenues
(in € billions)



Operating EBIT
(in € millions)

RTL Group

Random House

Gruner + Jahr

Arvato

Be Printers

ROS

18% 20%

12% 13%

8% 8%

4% 4%

3% 1%

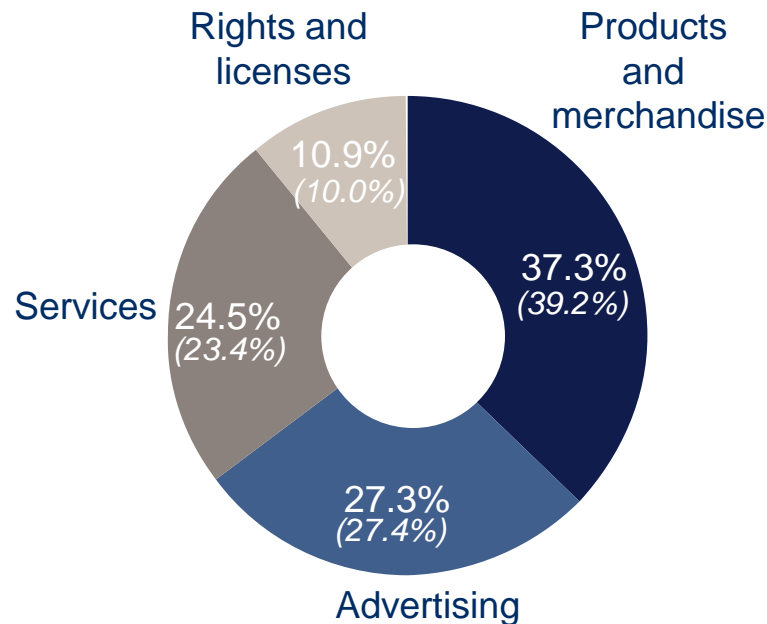
Income statement – Positive effects from revaluation offset expenses from the planned reduction of businesses

in € millions	H1 2012	H1 2013	Change	
			in %	abs.
Operating EBIT	730	768	+5%	+38
Special items,	-19	+44	>+200%	+63
thereof - <i>Restructuring/Others</i>	-27	-140	<-200%	-113
- <i>Impairments</i>	-15	+68	>+200%	+83
- <i>Capital Gains/Losses</i>	+23	+116	>+200%	+93
EBIT	711	812	+14%	+101
Financial result	-201	-158	+21%	+43
Income tax	-159	-200	-26%	-41
Earnings after taxes from discontinued operations	-1	-35	n.m.	-34
Group profit	350	419	+20%	+69

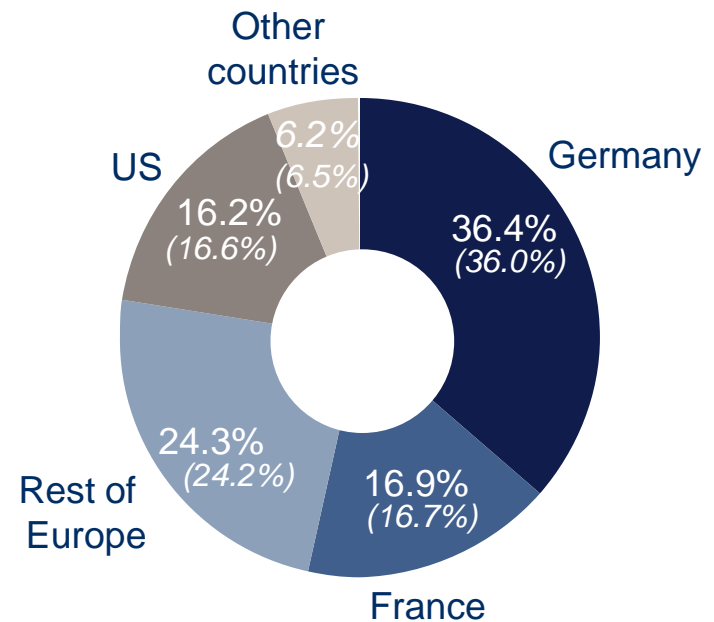
Group key figures H1 2013 – Broad diversification by revenue source and region, composition nearly unchanged

Revenue share, continuing operations

Revenue sources in H1 2013 (previous year)

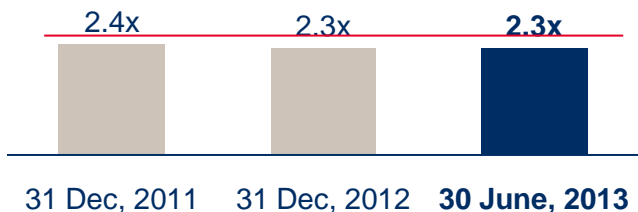


Regions in H1 2013 (previous year)

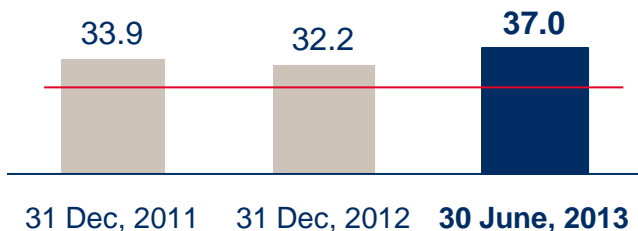


Financial Status – Solid financial position, all targets met

Leverage Factor < 2.5x



Equity Ratio > 25%



Rating

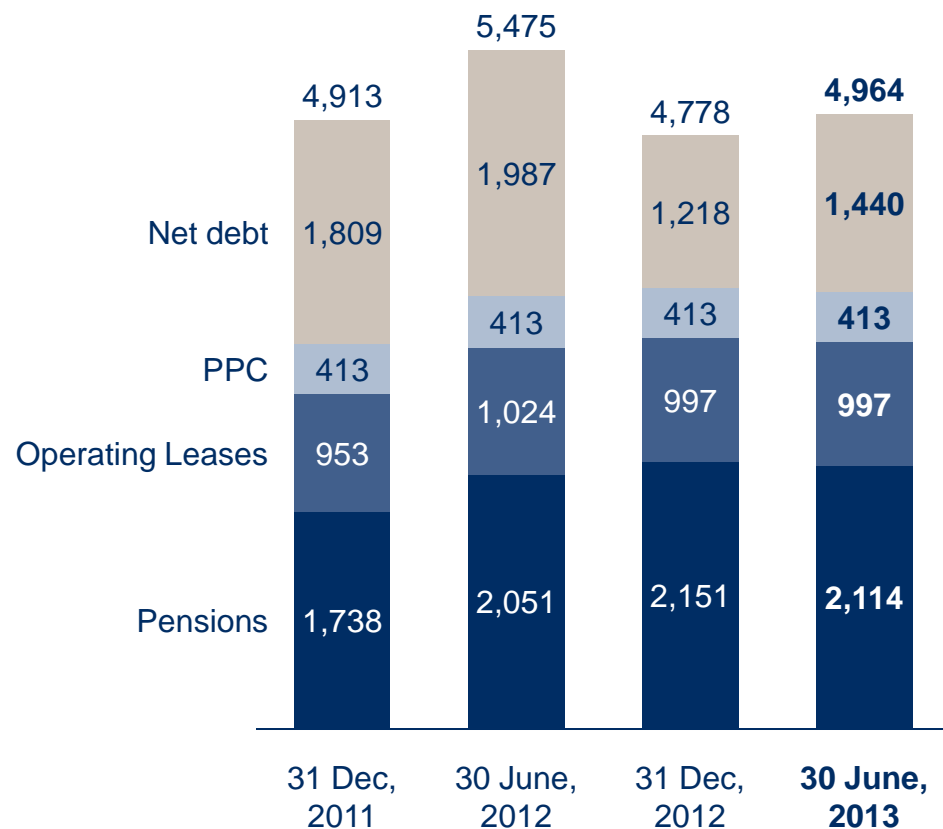


- **Baa1**, outlook: stable



- **BBB+**, outlook: stable

Economic debt (in € millions)



Financial Status – Short-term maturities require no refinancing

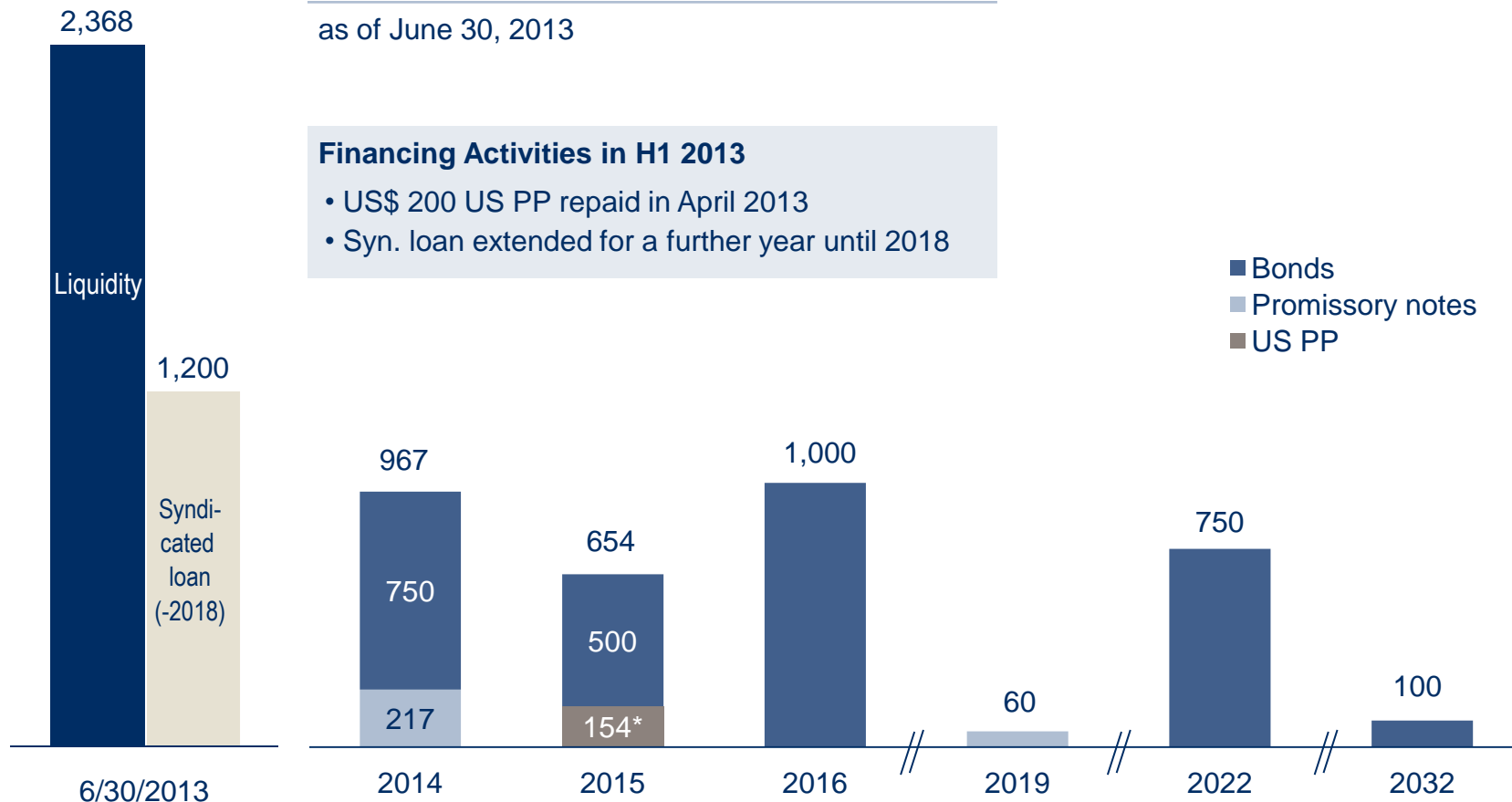
in € millions

Maturity profile (capital market financing)

as of June 30, 2013

Financing Activities in H1 2013

- US\$ 200 US PP repaid in April 2013
- Syn. loan extended for a further year until 2018



*Early redemption on August 30, 2013 announced in July 2013

Group strategy – Long-term transformation of the Group progressing

Target portfolio

Higher growth

More digital

More international



Strategic priorities

1

Strengthening
the core

2

Digital
transformation

3

Growth
platforms

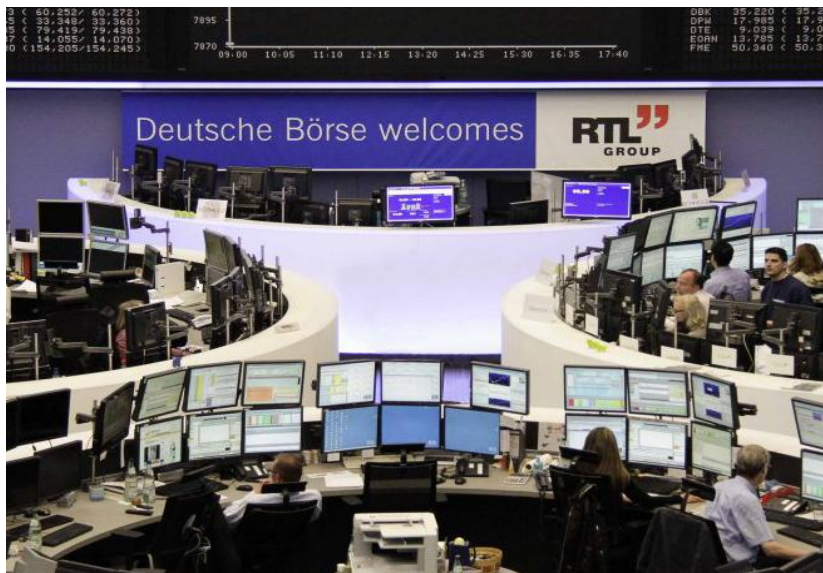
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Growth
regions

Group financing – Successful placement of RTL Group shares improved financial flexibility

Public offering of RTL Group shares

- **Reduced shareholding** in RTL Group via **public offering**
- Shares listed on **Frankfurt Stock Exchange** since April 30, 2013, additional listings in **Luxembourg** and **Brussels**
- **Largest media IPO** since July **2004** and one of the largest IPO in Germany since 2007
- Bertelsmann retains **qualified majority shareholding >75%**



Improvement of financial flexibility

- One of the largest capital market transactions of Bertelsmann
- Sale of **23.5 million shares** at a price of **€55.50 per share**
- Transaction corresponds to a placement volume of **€1.3 billion**
- Proceeds from the sale of shares will be **used to implement the Group strategy** with its four key priorities

Implementation of strategy – Significant progress



- Bertelsmann and Pearson **complete merger**
- World's largest book publishing group
- **Unique global reach** and significant presence in **emerging markets**
- Bertelsmann as **majority shareholder** holds 53%
- Antitrust approval and **closing successfully** completed
- Integration process started



- **Full takeover** of BMG after acquisition of remaining shares held by KKR
- Acquisition and successful integration of **Virgin, Mute and Sanctuary**
- Major chart-topping and awards
- New signings, such as Mick Jagger & Keith Richards
- **Digital** business model
- No. 4 in the market



- Acquisition of Gothia **strengthens market position** for integrated financial services
- Creation of an **innovative financial services provider** that offers its integrated payment handling solutions to clients **all over Europe**
- **Largest transaction** in Arvato's history
- No. 3 in the rapidly growing financial services market

Outlook Financial Year 2013 – Outlook confirmed

Economic and market environment

- Global economic growth rate expected on prior-year level
- Risks in the euro zone still exist, moderate growth of US economy expected
- Economic environment partially challenging for some Bertelsmann businesses

Group key figures

- Growth by acquisitions
- Organic basis unchanged: stable to slight decline
- Operating EBIT above prior year
- Double-digit return on sales

Q&A