

Bertelsmann Interim Results 2014

Investor Conference Call | August 29, 2014

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

Summary and highlights – Interim Results 2014

1

Solid operating performance

- Significant increase of revenues by 6.7 percent
- Operating EBITDA remains at high level
- Group profit impacted by special items

2

Strong financial position

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

3

Strategy – Implementation continues apace

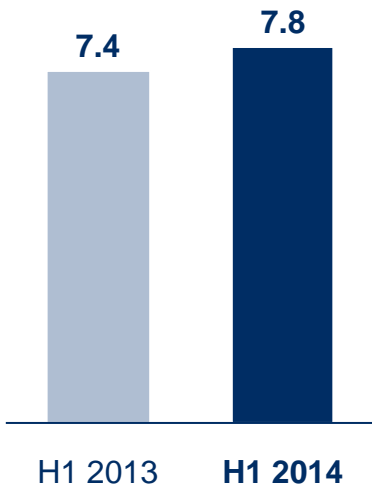
- Considerable progress along all four strategic directions

Group key figures H1 2014 – Significant revenue growth, Operating EBITDA above previous year, Group profit impacted by special items

Continuing operations, in € millions

Revenues (in € billions)

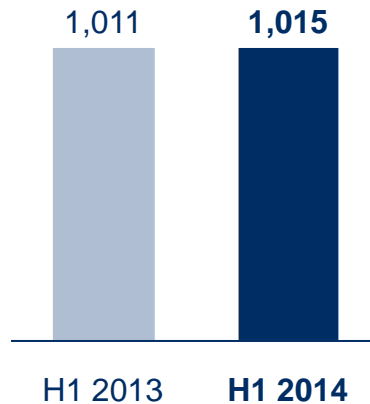
Reported $+6.7\%$
Organic -2.4%



Operating EBITDA

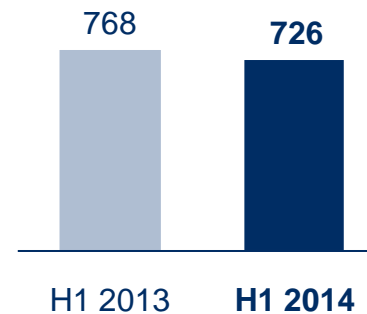
Op.-EBITDA margin

13.7% 12.9%



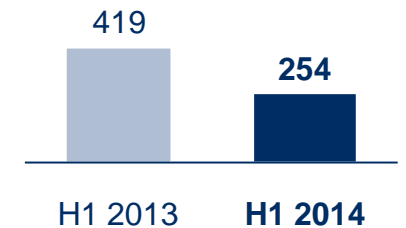
Operating EBIT

-5%



Group profit

-39%

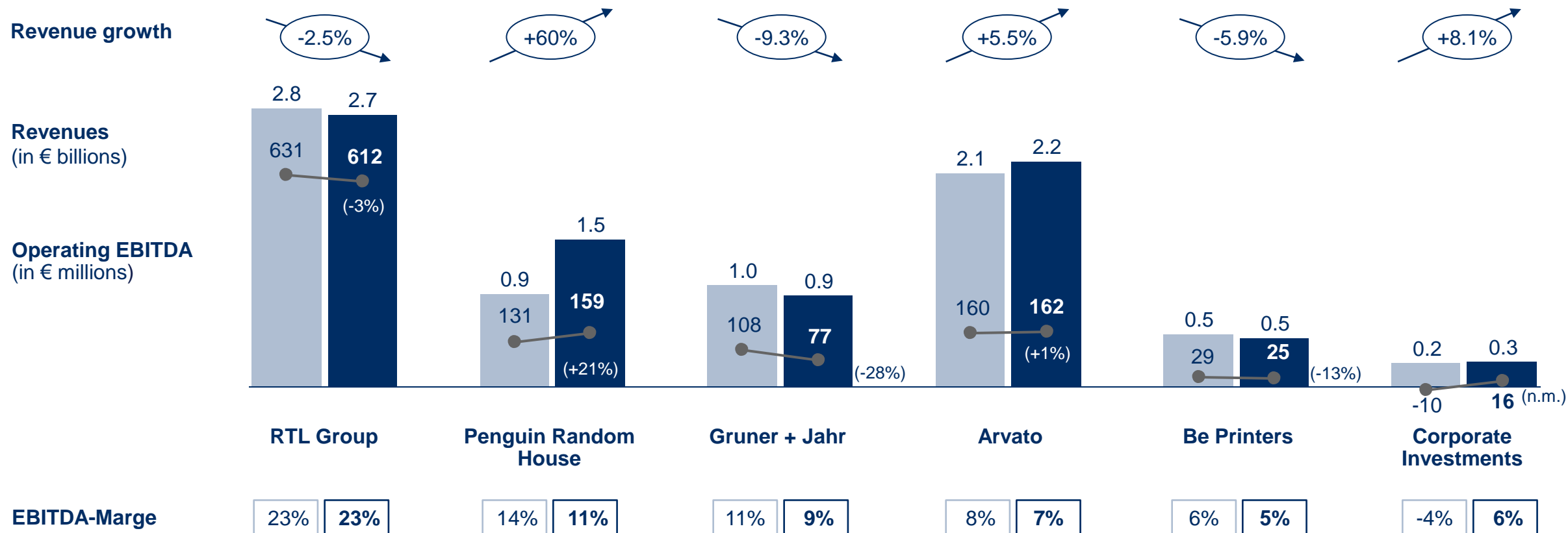


Note: H1 2013 figures restated due to first-time application of IFRS 11.

Divisions H1 2014 – Growth at Penguin Random House, Arvato and Corporate Investments

Continuing operations, in € millions

■ H1 2013 ■ H1 2014



Note: H1 2013 figures restated due to first-time application of IFRS 11.

Income statement – Decline in group profit due to RTL Hungary and positive special items in 2013

Continuing operations, in € millions

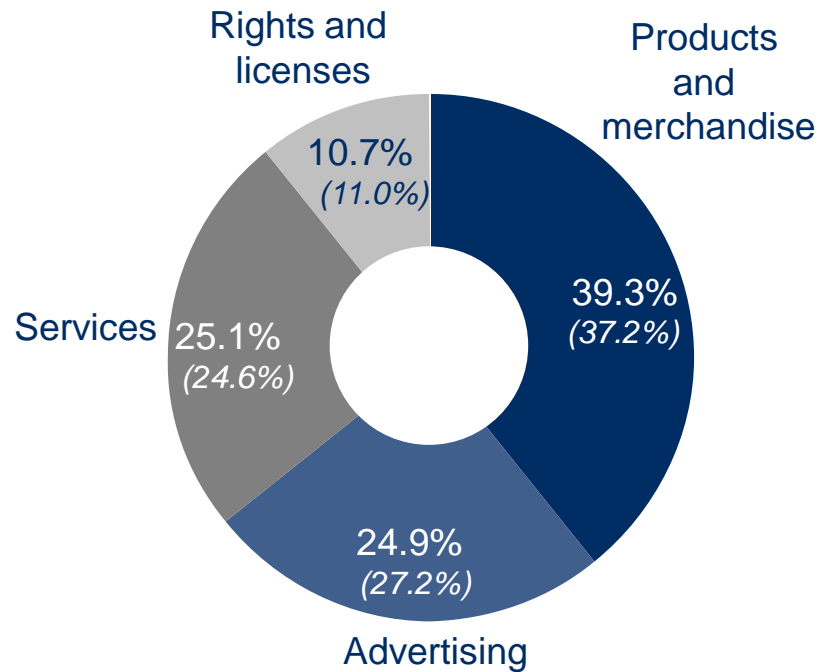
	H1 2013	H1 2014	Change in %	abs.
Operating EBITDA	1,011	1,015	+0%	+4
D&A	(243)	(289)	(19%)	(46)
Operating EBIT	768	726	(5%)	(42)
Special items	44	(172)	(<200%)	(216)
<i>thereof - Restructuring/other</i>	<i>(140)</i>	<i>(82)</i>	+41%	+58
<i>- Impairments/reversals</i>	<i>68</i>	<i>(98)</i>	(<200%)	(166)
<i>- Capital gains/losses</i>	<i>116</i>	<i>8</i>	(93%)	(108)
EBIT	812	554	(32%)	(258)
Financial result	(158)	(125)	+21%	+33
Income tax	(200)	(178)	+11%	+22
Earnings after taxes from discontinued operations	(35)	3	+109%	+38
Group profit	419	254	(39%)	(165)

Note: H1 2013 figures restated due to first-time application of IFRS 11.

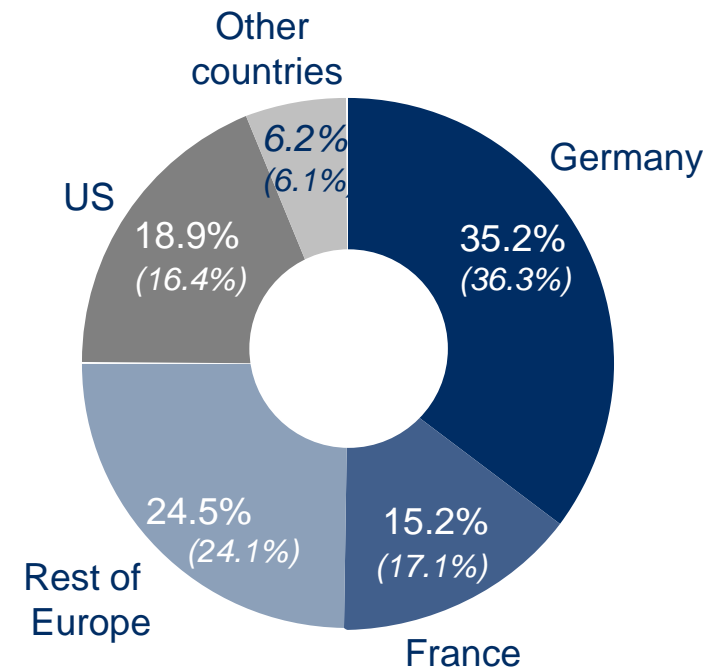
Group key figures H1 2014 – Broad diversification by revenue sources and regions

Revenue share, continuing operations

Revenue sources in H1 2014 (previous year)



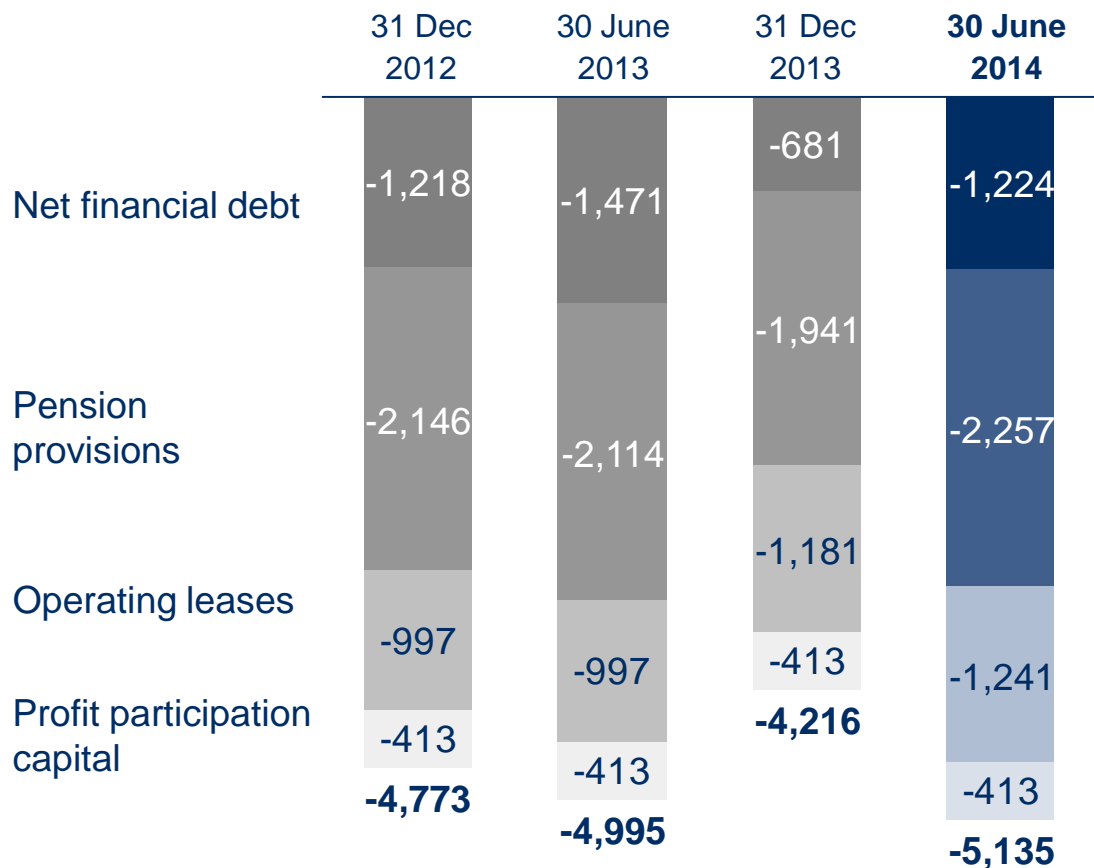
Regions in H1 2014 (previous year)



Note: H1 2013 figures restated due to first-time application of IFRS 11.

Financial status H1 2014 – Strong financial position, all targets met or exceeded

Economic Debt (in € millions)



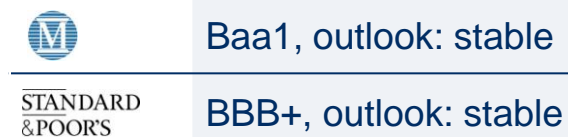
Leverage Factor



Equity Ratio (in %)



Rating



Note: H1 2013 figures restated due to first-time application of IFRS 11.

Financial status H1 2014 – Solid liquidity position, no further maturities in 2014

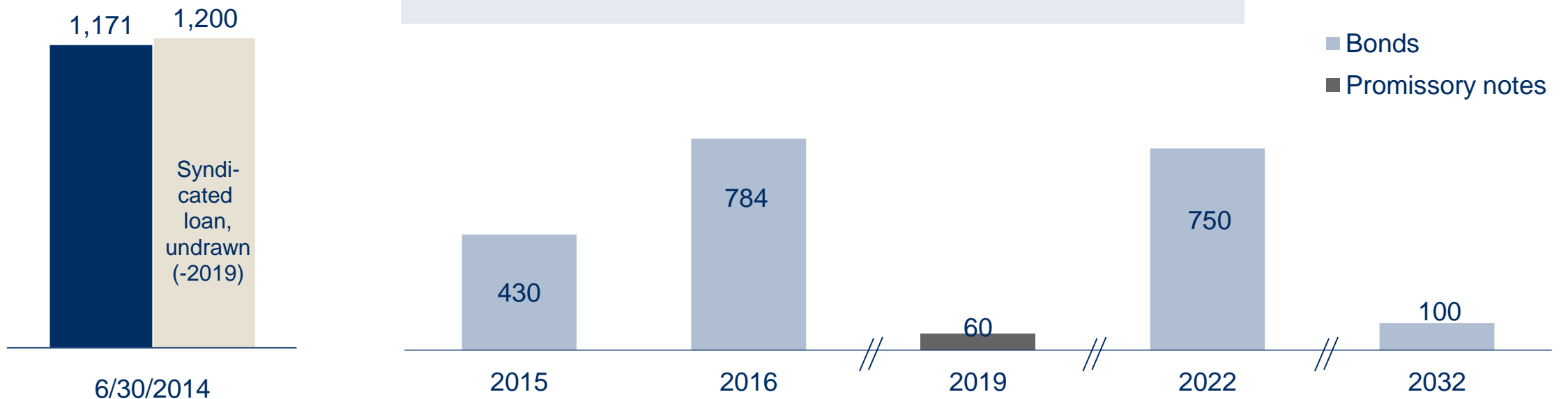
in € millions

Maturity profile (capital market financing)

as of June 30, 2014

Financing Activities in H1 2014

- €750m Bond repaid in January 2014
- €187m Promissory notes repaid in February 2014
- €30m Promissory notes repaid in March 2014
- Syn. loan prematurely renewed in July 2014 until 2019



Successful strategy execution – Significant steps along strategic directions

	2013	2014	▶ Key developments
1 Strengthening the Core			<ul style="list-style-type: none"> • Enhancing market positions • Organizational realignment • Downscaling of structurally declining businesses
2 Digital Transformation			<ul style="list-style-type: none"> • Expanding digital content and services
3 Growth Platforms			<ul style="list-style-type: none"> • Investments in growth platforms
4 Growth Regions			<ul style="list-style-type: none"> • Expansion of local footprint • BAI with significant returns

Outlook for full year 2014 – Continued growth, strategic and financial room for maneuver

Economy and market environment

- Recovery in euro zone slow due to debt crisis, gradual improvement in the US
- Increase in geopolitical risks

Group key figures

- Significant revenue increase due to portfolio expansion
- Stable Operating EBITDA
- Stable to slightly decreasing Operating EBIT

Strategy

- Financial leeway for execution of strategic priorities – investments of several billion euros in the years ahead
- Build the Education sector as third pillar alongside Media and Services

Q&A