

Bertelsmann Interim Results 2016

Investor Conference Call
August 31, 2016

Bernd Hirsch
Member of the Executive Board and CFO of Bertelsmann

Summary and highlights – Interim Results 2016

Group key figures

Revenues down 0.9 percent,
organic growth of 1.3 percent

Operating EBITDA up to €1,111 million
13.9% EBITDA margin

Group profit increased to
€482 million

Financial status

Leverage Factor above
target range due to higher
pensions

Target rating Baa1/BBB+
with stable outlook

Financial profile strengthened
through bond issuance,
comfortable liquidity position

Strategy

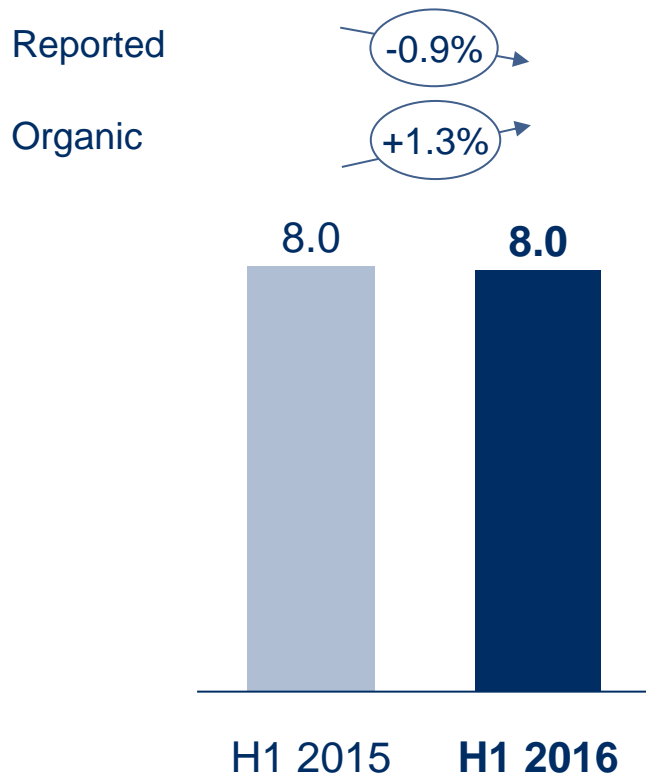
Significant progress on all
strategic priorities

Education business
established as third pillar

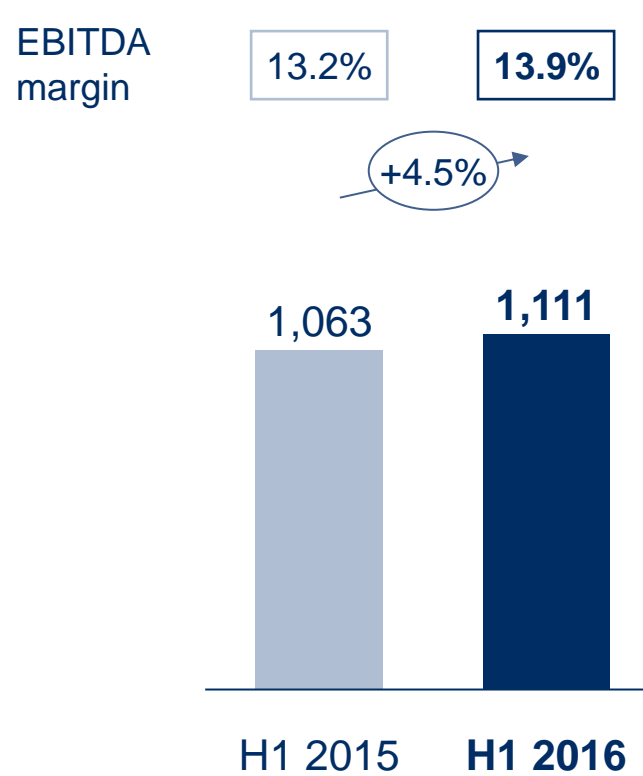
New Group structure from
2016 with eight divisions

Group key figures H1 2016 – Organic revenue growth, operating EBITDA on record level

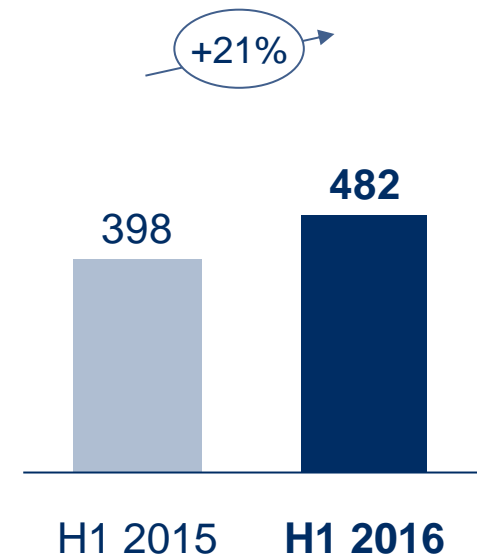
Revenues, in € billions



Operating EBITDA, in € millions



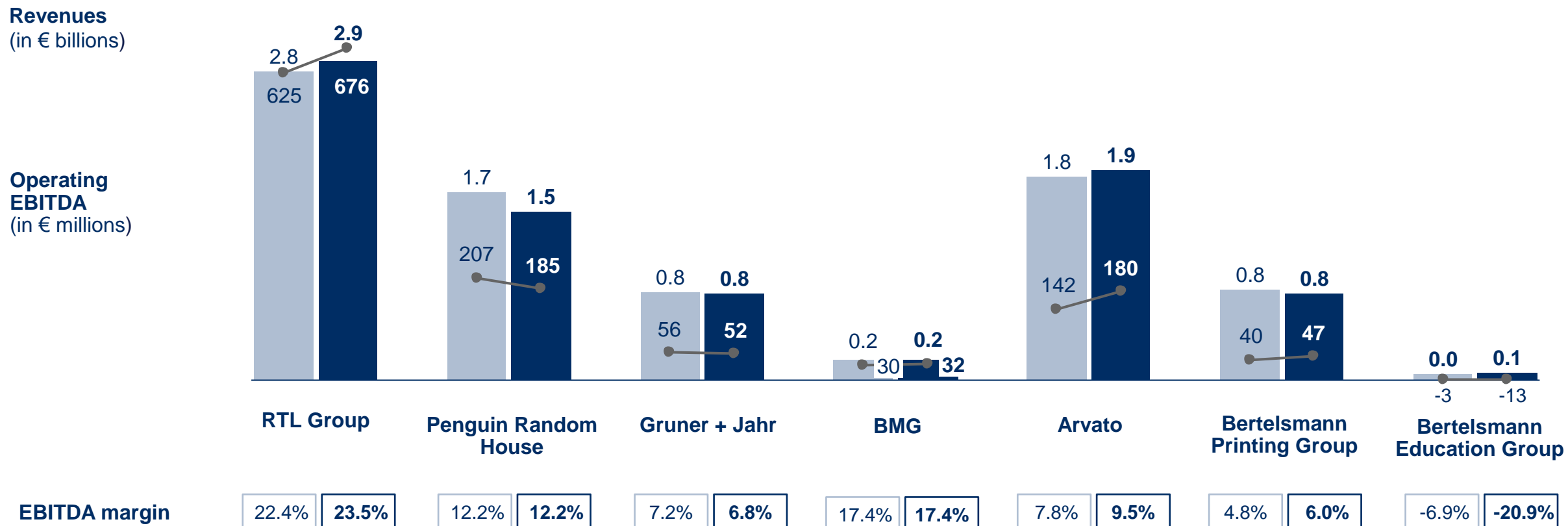
Group profit, in € millions



Divisions H1 2016 – Revenue growth at RTL Group, Arvato, Bertelsmann Education Group und BMG

Continuing operations

■ H1 2015 ■ H1 2016



Note: H1 2015 restated

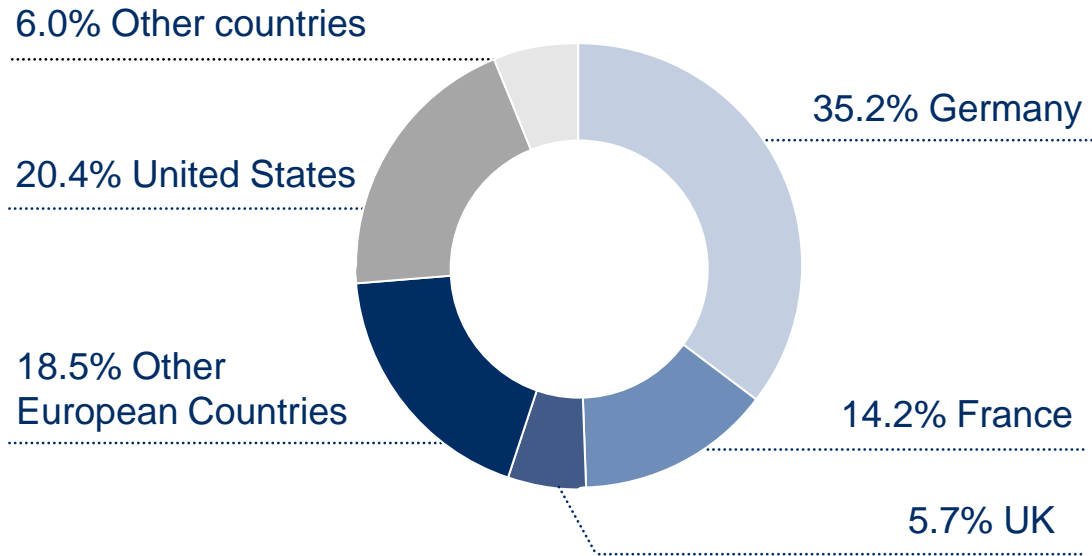
Group profit – Increased due to improved operating performance and lower special items

in € millions

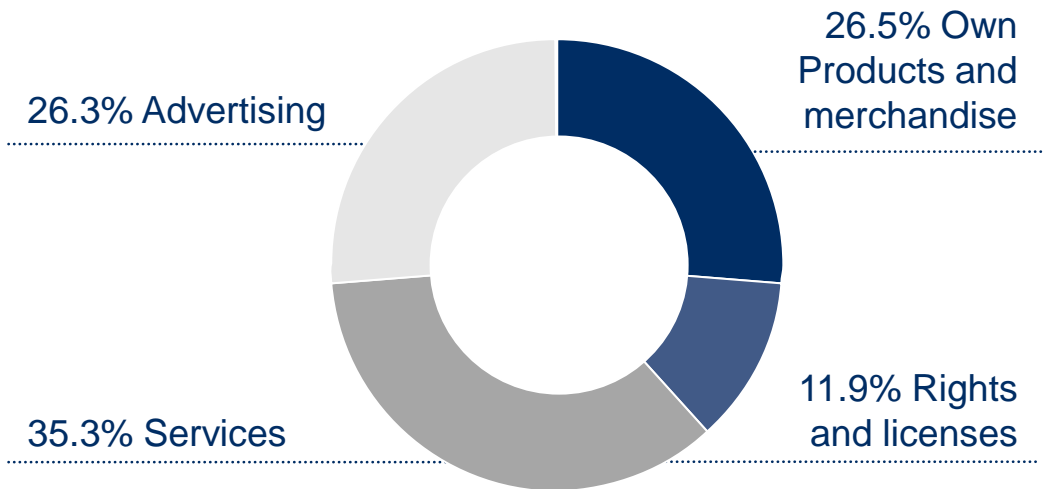
	H1 2015	H1 2016	Change	Commentary
Operating EBITDA	1,063	1,111	+48	Strong operating performance
Depreciation & Amortization	(292)	(306)	-14	
Special items	(101)	–	+101	Lower restructuring expenses and gains on disposals in the Bertelsmann Investments division
EBIT	670	805	+135	
Financial result	(119)	(117)	+2	
Income taxes	(156)	(206)	-50	Higher due to improved earnings, positive special effects in prior year
Earnings after taxes from discontinued operations	3	–	-3	
Group profit	398	482	+84	Improved operating performance and lower special items

Group key figures H1 2016 – Diverse revenue base across regions and category

Revenue by region



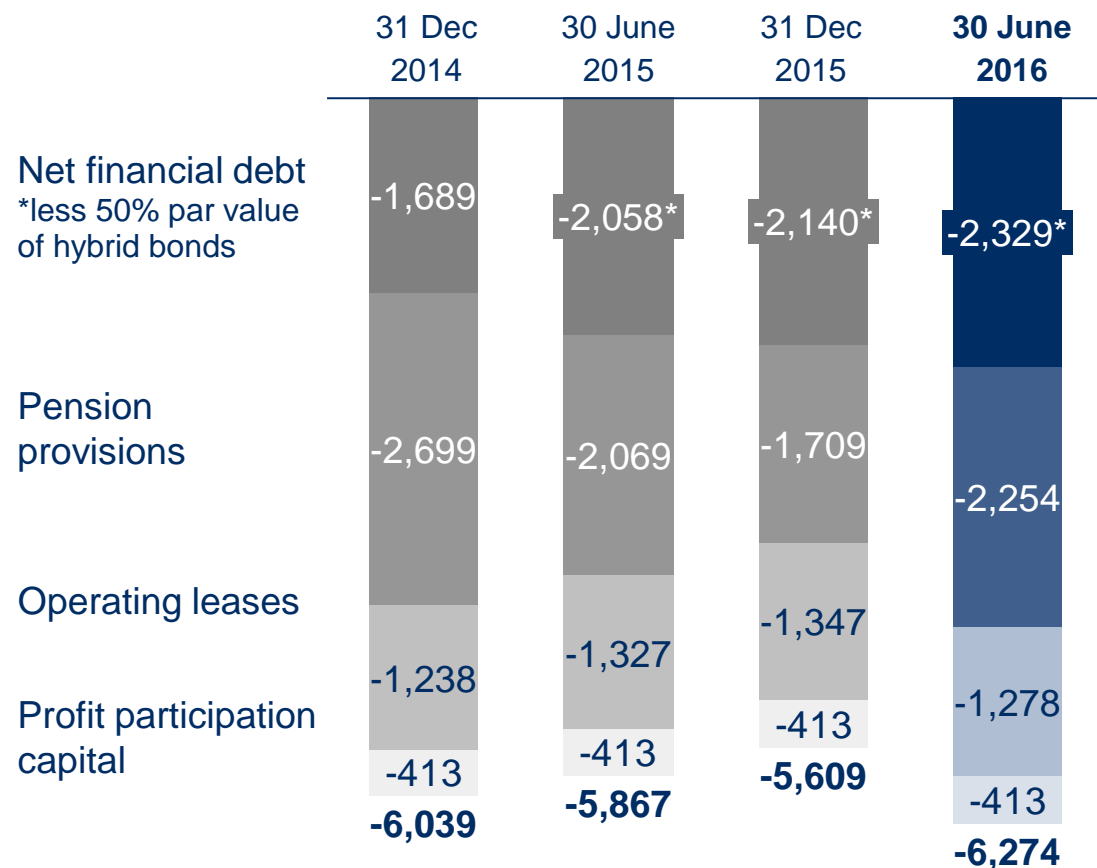
Revenues by category



Revenue share H1 2016, continuing operations

Financial status H1 2016 – Leverage Factor above target due to increased pensions obligations

Economic Debt (in € millions)



Leverage Factor



Equity Ratio (in %)



Credit Rating

MOODY'S	Baa1, outlook: stable
STANDARD & POOR'S RATINGS SERVICES <small>McGRAW HILL FINANCIAL</small>	BBB+, outlook: stable

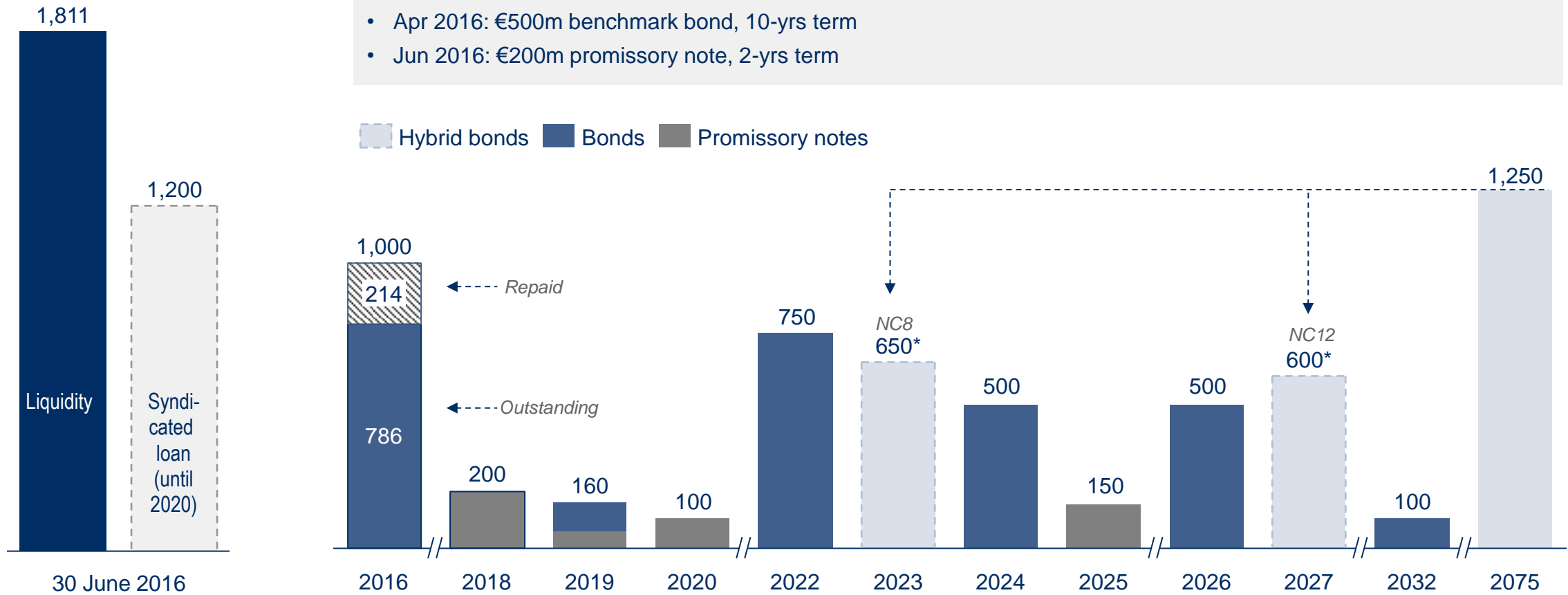
Financial status H1 2016 – Issuance of bond and promissory note extended maturity profile

in € millions

Financing Activities in H1 2016

- Apr 2016: €500m benchmark bond, 10-yrs term
- Jun 2016: €200m promissory note, 2-yrs term

Hybrid bonds Bonds Promissory notes



*For illustrative purposes only.

Group strategy – Faster-growing, more digital and more international Group portfolio

	2013	2014	2015	2016
1 Strengthening the core	<p>Reorganisation</p>	<p>Implementation profitability improvement program</p>	<p>Reorganization</p>	
2 Digital transformation				
3 Growth platforms				
4 Growth regions			<p>Cooperation</p>	

Key developments first half of 2016

- Expanded families of channels
- Newly-formed Bertelsmann Printing Group
- Foundation of Territory, Germany's largest provider of content communication
- RTL Group: Extended digital advertising marketing
- PRH global market leader in e-books
- Gruner + Jahr with organic and acquisitive growth of digital business
- Fremantle Media: Acquisitions in UK and Israel
- BMG: further catalog acquisitions/signings
- Relias Learning with strong growth and international expansion
- China: Further investments, value creation
- India: More investment
- Brazil: Market entry BMG, expansion of education business

Outlook full year 2016 – Further increase in revenues and stable operating EBITDA

Market development

- Global economic growth, increased uncertainty
- Mixed market conditions

Group development

- Slight revenue growth
- Stable operating EBITDA

Q&A-Session

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