Successful financial year 2016 –
Operating EBITDA at record high, further progress towards target portfolio

Business performance

• Organic growth, revenues €17.0bn

• Operating EBITDA of about €2.6bn at record level

• Group profit again exceeding €1bn

Strategy implementation

• Significant progress on all strategic priorities

• Further investments in digital and growth businesses

• Bertelsmann exhibits higher growth and becomes more digital, more international and more diversified
Business performance 2016
Group key figures –
Organic revenue growth, significantly improved EBITDA, Group profit exceeding €1bn

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic</td>
<td>17.1</td>
<td>17.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>+0.9%</td>
<td>-1.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating EBITDA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>14.5%</td>
<td>15.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group profit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,108</td>
<td>1,137</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

March 28, 2017 · Annual Press Conference
Long-term earnings development – Operating EBITDA at record level, highest Group profit in 10 years

Operating EBITDA
(in € bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating EBITDA (in € bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2.5</td>
</tr>
<tr>
<td>2011</td>
<td>2.2</td>
</tr>
<tr>
<td>2016</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Group profit
(in € bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Group profit (in € bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>0.4</td>
</tr>
<tr>
<td>2011</td>
<td>0.6</td>
</tr>
<tr>
<td>2016</td>
<td>1.1</td>
</tr>
</tbody>
</table>
Group profit –
Above prior year despite higher income tax expense

<table>
<thead>
<tr>
<th>in € m</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating EBITDA</td>
<td>2,485</td>
<td>2,568</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-613</td>
<td>-630</td>
</tr>
<tr>
<td>Special items</td>
<td>-191</td>
<td>-139</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,681</td>
<td>1,799</td>
</tr>
<tr>
<td>Financial result</td>
<td>-230</td>
<td>-244</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-346</td>
<td>-419</td>
</tr>
<tr>
<td>Earnings after taxes from</td>
<td>+3</td>
<td>+1</td>
</tr>
<tr>
<td>discontinued operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group profit</td>
<td>1,108</td>
<td>1,137</td>
</tr>
</tbody>
</table>

Major effects
- Further increase in operating EBITDA primarily due to TV, music and services businesses
- Lower burden from special items due to further improvement of portfolio profile and increased capital gains from fund activities
- Higher tax burden due to improved operating result and positive one-off effects in prior year
Operating free cash flow (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash conversion rate</td>
<td>83%</td>
<td>93%</td>
</tr>
<tr>
<td>Operating free cash flow</td>
<td>1,559</td>
<td>1,799</td>
</tr>
</tbody>
</table>

Equity (in € bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>12/31/15</th>
<th>12/31/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity ratio</td>
<td>41%</td>
<td>42%</td>
</tr>
<tr>
<td>Present value operating leases</td>
<td>9.4</td>
<td>9.9</td>
</tr>
</tbody>
</table>

Economic debt (in € bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>12/31/15</th>
<th>12/31/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic debt</td>
<td>5.6</td>
<td>5.9</td>
</tr>
<tr>
<td>Provisions for pensions</td>
<td>1.3</td>
<td>1.5</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>2.8</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Profit participation capital, equity credit hybrid bonds

Leverage Factor

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage Factor</td>
<td>2.4</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Target ≤2.5

Ratings

- Moody’s Investors Service: Baa1, stable
- S&P Global Ratings: BBB+, stable
Media businesses (1/2) –
RTL Group with record operating EBITDA, Penguin Random House affected by market factors

- Record earnings at Mediengruppe RTL Deutschland, Groupe M6
- Viewership record in France due to EURO 2016
- Successful productions (e.g. The Young Pope)
- Expansion digital advertising sales (e.g. acquisition Smartclip)

Growth
Organic
Reported

<table>
<thead>
<tr>
<th>Revenues (in € m)</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTL Group</td>
<td>6,237</td>
<td>6,029</td>
</tr>
</tbody>
</table>

Op. EBITDA (in € m)

<table>
<thead>
<tr>
<th>2015</th>
<th>1,405</th>
<th>1,355</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,405</td>
<td>1,355</td>
</tr>
</tbody>
</table>

EBITDA margin

<table>
<thead>
<tr>
<th>2015</th>
<th>22.5%</th>
<th>22.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>22.5%</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

- Exchange rate and portfolio effects, changed e-book sales terms
- Leading market positions in core and emerging markets
- Numerous bestsellers (e.g. 585 “New York Times” bestsellers)
- Various literary awards (including three Pulitzer Prizes)
Media businesses (2/2) –
Gruner + Jahr with EBITDA increase, BMG with significant growth

- Digital growth exceeds decline in print advertising revenues
- Earnings and margin increase despite ongoing transformation
- G+J Germany with revenue growth
- Focus on core markets through portfolio measures

<table>
<thead>
<tr>
<th></th>
<th>Organic</th>
<th>Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (in € m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1,611</td>
<td>131</td>
</tr>
<tr>
<td>2016</td>
<td>1,580</td>
<td>137</td>
</tr>
<tr>
<td>Op. EBITDA (in € m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>131</td>
<td>84</td>
</tr>
<tr>
<td>2016</td>
<td>137</td>
<td>95</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>8.1%</td>
<td>22.6%</td>
</tr>
</tbody>
</table>

Note: 2015 restated

- Growth driven by further catalog purchases and acquisitions
- Various signings with artists/composers and creative successes
- Significant increase in streaming revenues
- International expansion and development of partnerships
Services businesses –
Revenue and earnings increase at Arvato, robust development of Bertelsmann Printing Group

<table>
<thead>
<tr>
<th>Growth</th>
<th>Organic</th>
<th>Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (in € m)</td>
<td>+3.9%</td>
<td>+1.4%</td>
</tr>
<tr>
<td>Op. EBITDA (in € m)</td>
<td>313</td>
<td>359</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>8.3%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>arvato</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Revenues (in € m)</td>
</tr>
<tr>
<td>Op. EBITDA (in € m)</td>
</tr>
<tr>
<td>EBITDA margin</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth</th>
<th>Organic</th>
<th>Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (in € m)</td>
<td>-4.0%</td>
<td>-6.9%</td>
</tr>
<tr>
<td>Op. EBITDA (in € m)</td>
<td>124</td>
<td>118</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>7.1%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bertelsmann Printing Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Revenues (in € m)</td>
</tr>
<tr>
<td>Op. EBITDA (in € m)</td>
</tr>
<tr>
<td>EBITDA margin</td>
</tr>
</tbody>
</table>

- CRM Solutions: International business expansion, new customers
- SCM Solutions: Expansion logistics network and growth industries
- Financial Solutions: Positive business development, innovation
- Systems: Focus on industries commerce, media and utilities

Note: 2015 restated

- Revenue decrease due to divestments and market decline
- Earnings remaining at high level due to efficiency measures
- Print: Extension of existing customer contracts, new customers
- Replication: Sales successes and UHD Blu-ray production
Education and fund businesses –
Strong growth at Education Group, Bertelsmann Investments successful innovation platform

- Relias Learning: Expansion via organic growth and acquisitions
- Udacity: New nanodegrees, international expansion
- HotChalk: Strengthening of partnerships with US universities
- Alliant: Continued transformation

Note: 2015 restated

<table>
<thead>
<tr>
<th>Revenues (in € m)</th>
<th>Op. EBITDA (in € m)</th>
<th>EBIT (in € m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015  110</td>
<td>-5</td>
<td>-14</td>
</tr>
<tr>
<td>2016  142</td>
<td>-17</td>
<td>35</td>
</tr>
</tbody>
</table>

• 43 new and several follow-on investments
• Investments e. g. in fintech, online services and VR
• Successful exits, significant positive EBIT contribution
• Trendscouting for the Group
Strategy implementation
Group strategy – Strategic framework

**Strategic priorities**

1. Strengthening the core
2. Digital transformation
3. Growth platforms
4. Growth regions

**Target portfolio**

- Higher growth
- More digital
- More international
- More diversified

Financial performance
Group strategy – Strategic framework

Strategic priorities

1. Strengthening the core
2. Digital transformation
3. Growth platforms
4. Growth regions

Target portfolio

- Higher growth
- More digital
- More international
- More diversified

Financial performance
Strengthening the core –
World’s largest trade book publisher

Leading market positions

15,000 new titles annually
with 250 imprints

2m books sold each day
in more than 100 countries

Global strategic principles

Author-focused
Service-oriented
Reader-centric

Strong bestseller performance
Digital transformation – Main driver of revenue diversification

Further diversification of revenue base
Revenue split 2016

- TV advertising: €6.2bn
  - Digital advertising, products, customers: 48%
  - Content: 21%
  - Other: 12%
  - Platform revenues: 11%
- Radio advertising: 5%

Growth with digital advertising, products and customers
Revenues (in € m)
2014 2015 2016
295 508 670

+32%

Increasing digital distribution in European core markets
Share of digital TV signal distribution
2014 2015 2016
85% 90% >95%¹

¹) Estimate
Digital transformation – Strong position across all parts of video value chain

Growing exclusive content

Locally produced programs of TV channels with full stack of distribution rights

Fremantle Media with productions for linear and non-linear offerings

Original online content

Distributed to all platforms

Leading catch-up TV services in Europe

Leading global multi-channel network on YouTube¹)

Monetization via leading ad stack

Leading TV sales houses in Europe

Among Top 5 global video ad exchanges

Germany’s leader in addressable TV

Experts in programmatic TV and cross-screen ad buying

¹) According to comScore in December 2016
### Growth platforms – Investments in innovation and international expansion

<table>
<thead>
<tr>
<th>Arvato SCM Solutions</th>
<th>Arvato Financial Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth</strong></td>
<td><strong>Innovation</strong></td>
</tr>
<tr>
<td>• E-Commerce for consumer products</td>
<td>• Omni-channel</td>
</tr>
<tr>
<td>• Healthcare</td>
<td>• Digital agency services</td>
</tr>
<tr>
<td>• Hightech</td>
<td>• Business intelligence</td>
</tr>
<tr>
<td><strong>Select clients</strong></td>
<td></td>
</tr>
<tr>
<td>1&amp;1</td>
<td>Beiersdorf</td>
</tr>
<tr>
<td>Liberty Global</td>
<td>Cardinal Health</td>
</tr>
<tr>
<td>s.Oliver</td>
<td>Sony Interactive Entertainment</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Growth platforms –
Expansion of BMG through organic growth and acquisitions

Organic growth

New artists

Market growth esp.
through streaming

Investments

Market entries
and expansions

Creative and commercial successes

19 Grammys (US)
19 Echos (GER)
12 BUMA awards (NL)
1 Sanremo award (IT)

“50” by Rick Astley
#1 album in UK

“California” by Blink-182
#1 album in US and UK
Growth platforms – Innovative online education offerings with global potential

E-learning in the healthcare sector

E-learning in the technology sector

Online services for universities

Higher education

Further expansion Relias Learning

Platform acquisition

Internationalization

2014 2015 2016 2017

Significant double-digit revenue growth

Expansion of core business

Entry into adjacent segments
Growth regions – Expansion of existing activities, additional investments in digital and education businesses

**China**
- **BMG**
  - Extension partnership agreement with Alibaba
- **Education Group**
  - Market entry Relias Learning and Udacity
- **Bertelsmann Investments**
  - New and follow-on investments, capital gains

**India**
- **BMG**
  - Market entry
- **Education Group**
  - Market entry Udacity
- **Bertelsmann Investments**
  - New investments in education sector with focus on healthcare
- **Arvato**
  - Acquisition of IT analytics company Ramyam
- **Bertelsmann Investments**
  - New and follow-on investments in digital business models

**Brazil**
- **Bertelsmann Investments**
  - New and follow-on investments in digital business models

---

**Notes:**
- BMG
- Education Group
- Bertelsmann Investments
Group strategy –
Considerable investment in digital and growth businesses to further improve Group profile

Investments in digital and growth businesses since 2011

€4.1bn
Group strategy –
Further progress in implementing HR strategy

- **Learning**
  Digital learning portfolio with more than 10,000 online courses

- **Digitization**
  More than 80,000 employees in 31 countries with access to online platform peoplenet

- **Talent Management**
  Internal placement rate of 80% in Top and Senior Management

- **Sense of Purpose**
  To Empower. To Create. To Inspire.

- **Corporate Responsibility**
  Business-related initiatives in accordance with stakeholder interest

- **Employee Survey**
  Participation rate of 89% worldwide
Group strategy – Strategic framework

Strategic priorities

1. Strengthening the core
2. Digital transformation
3. Growth platforms
4. Growth regions

Target portfolio

- Higher growth
- More digital
- More international
- More diversified

Financial performance
Group strategy: target portfolio – Higher growth

Share of Group revenues in %

<table>
<thead>
<tr>
<th>Group (in € bn)</th>
<th>2011</th>
<th>2016</th>
<th>~2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth businesses</td>
<td>15.3</td>
<td>17.0</td>
<td>~20.0</td>
</tr>
<tr>
<td>Stable businesses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structurally declining businesses</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Increasing revenue share of growth businesses:

- Organic revenue increase of growth businesses 2016: 6%
Group strategy: target portfolio – More digital

Share of Group revenues in %

<table>
<thead>
<tr>
<th>Group (in € bn)</th>
<th>2011</th>
<th>2016</th>
<th>~2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising, products, sales, customers</td>
<td>13%</td>
<td>25%</td>
<td>&gt;50%</td>
</tr>
<tr>
<td>Distribution</td>
<td>17%</td>
<td>19%</td>
<td>&lt;50%</td>
</tr>
<tr>
<td>Other</td>
<td>70%</td>
<td>56%</td>
<td></td>
</tr>
</tbody>
</table>

Digital revenues 2016 (in € bn) | Growth since 2011

- Advertising: 0.6 -> 3.4×
- Products: 1.5 -> 2.4×
- Sales: 0.8 -> 2.1×
- Customers: 1.3 -> 1.6×
- Distribution: 3.2 -> 1.2×
- Group: 7.4 -> 1.6×
Group strategy: target portfolio – More international

Share of Group revenues in %

<table>
<thead>
<tr>
<th>Group (in € bn)</th>
<th>2011</th>
<th>2016</th>
<th>~2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other countries</td>
<td>15.3 (6%)</td>
<td>17.0 (7%)</td>
<td>~20.0 (~10%)</td>
</tr>
<tr>
<td>US</td>
<td>14%</td>
<td>21%</td>
<td>~30%</td>
</tr>
<tr>
<td>Europe</td>
<td>80%</td>
<td>72%</td>
<td>~60%</td>
</tr>
</tbody>
</table>

- Increased focus on countries with higher growth potential
- Revenues outside of Europe increased by more than 50% since 2011
- Expansion of US activities via organic growth and acquisitions along all three pillars

Media | Services | Education
Group strategy: target portfolio –
More diversified
Group strategy –
Strategic framework

Strategic priorities

1. Strengthening the core
2. Digital transformation
3. Growth platforms
4. Growth regions

Target portfolio

Higher growth
More digital
More international
More diversified

Financial performance
Group strategy: financial performance –
Significant revenue and operating EBITDA growth despite divestments

in € bn

1) Including effects from IFRS 11 changes
Penguin Random House – Successful combination, Bertelsmann open to increase its stake

Objectives of the combination: Integration, innovation, internationality

Combination (06/2013)

BERTELSMANN

100%

POSSIBLE STAKE INCREASE (2017+)

• Book publishing business creating sense of identity for Bertelsmann for more than 180 years, oldest core business
• Open to increase stake, provided financial terms are fair
• Option of minority stake held by long-term oriented partner

Integration (2013–2016)

• Entrepreneurial and creative success story:
  – Expansion of leading market positions in core and emerging markets
  – Creative successes
• Integration completed successfully:
  – Significant synergies
  – Strong operating performance

BERTELSMANN

47%

Penguin Random House

53%

Pearson

Penguin Random House

47%

BERTELSMANN

53%

Penguin Random House

100%

BERTELSMANN

53%

Penguin Random House

100%

BERTELSMANN

53%

Penguin Random House

100%
Summary and outlook –
Successful business and portfolio development, further improvement envisaged

2016

Business performance
- Organic growth
- Record operating EBITDA
- Group profit above €1bn
- Solid financial position

Strategy implementation
- Higher growth
- More digital
- More international
- More diversified

2017

Outlook
- Higher revenues
- Continued high operating profitability
- Group profit remaining in excess of €1bn
- Further progress towards target portfolio