

PRESS RELEASE

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Bertelsmann Announces Record Operating Result in 2016 and Posts Profits in the Billions

- Strongest organic revenue growth in four years
- Operating EBITDA reaches record high of €2.57 billion
- Group profit of €1.14 billion at the highest level since 2006
- Revenue share of high-growth businesses increases to 30 percent
- Digital revenues rise to 44 percent of total revenue
- Revenues outside Europe rise to 28 percent

Berlin, March 28, 2017 – The transformation of Bertelsmann is paying off: In fiscal 2016, the international media, services and education company achieved its strongest organic revenue growth in four years, a record operating result, and profits that were once again in the billions. Last year, revenues remained virtually unchanged at €17.0 billion despite negative exchange rate and portfolio effects (previous year: €17.1 billion). Operating EBITDA rose to a record €2.57 billion (previous year: €2.49 billion), even though start-up losses were incurred for digital and new businesses. Despite a higher tax burden, Group profit once again exceeded the previous year's figure, rising to €1.14 billion (previous year: €1.11 billion).

The business figures reflect Bertelsmann's success in becoming a faster-growing, more digital, more international and more diversified company. Since 2012, the company has invested more than four billion euros in high-growth and digital businesses and has increased the **revenue share contributed by high-growth businesses** to 30 percent (2011: 20 percent). In the next few years this will increase to 40 percent. On the other hand, revenues from structurally declining businesses have fallen from 16 percent to around four percent in the last five years.

Bertelsmann's **revenues from digital activities**, which Bertelsmann is stating as a collective figure for the first time today, have also risen steadily since 2011, when the company generated 30 percent (€4.6 billion) of its revenues digitally. This figure rose to 44 percent, or €7.4 billion, in 2016. This rise in the digital revenue share includes all revenue categories, whether digital advertising, products, distribution, sales or customers. RTL Group, for example, is one of the world's leading providers of online video, Penguin Random House has a larger e-book portfolio than any other publishing group in the world, and Arvato is a global service provider to important high-tech corporations. Other business models such as BMG and the Bertelsmann Education Group are tailor-made for the digital age. In the coming years, the digital share of Group revenues is expected to rise to more than 50 percent.

Bertelsmann has also strengthened its **international presence** in recent years. In 2016, the Group generated 28 percent of its revenues outside Europe (2011: 20 percent). This means that in absolute terms, Bertelsmann's revenues outside Europe have risen by more than 50 percent since 2011. Besides Brazil, India and China, where Bertelsmann is active with its media, services and education businesses, the U.S. is a particular focus of the Group's

strategic activities. Bertelsmann aims to eventually generate around 30 percent of its revenues there.

Since the beginning of 2016, the strategic progress has also been visible in a **diversified Group structure** with eight divisions, for which Bertelsmann is announcing full-year figures for the first time today.

Thomas Rabe, Chairman and CEO of Bertelsmann, said: “Bertelsmann has changed considerably in recent years. Our business figures for 2016 make it clear once again that the Group restructuring is paying off – Bertelsmann is more profitable today than it has been in a long time. We have become visibly faster-growing, more digital, more international and more diversified, and we will continue this development. To this end, we will invest several billion euros in our high-growth and digital businesses by 2020. Besides Brazil, India and China, the United States is a particular focus in the international expansion of our businesses.”

Last year, Bertelsmann's revenues remained virtually unchanged at €17.0 billion despite negative exchange rate and portfolio effects (previous year: €17.1 billion). Organic growth was 0.9 percent, and was particularly positive at RTL Group (3.2 percent organic growth), Arvato (3.9 percent), BMG (12.8 percent) and Bertelsmann Education Group (15.9 percent).

Bertelsmann's operating EBITDA increased by 3.3 percent, or €83 million, to a new record level of €2.57 billion (previous year: €2.49 billion), despite start-up losses for digital and new businesses amounting to €71 million at the Bertelsmann Education Group and RTL Group alone. RTL Group, BMG, Arvato and the online education provider Relias Learning were among the drivers of this increase in earnings. At 15.1 percent (previous year: 14.5 percent), the EBITDA margin once again exceeded the high level of the previous year.

Group profit reached its highest level in ten years and grew by 2.6 percent year-on-year to €1.14 billion (previous year: €1.11 billion) despite a higher tax burden. The positive development is due to the higher operating result as well as lower costs from special items compared to 2015.

Thomas Rabe emphasized that Bertelsmann had made significant progress on all four of its strategic priorities in 2016 – strengthening the core, digital transformation, expansion of growth platforms and expansion in growth regions.

The **core businesses**, for instance, were strengthened among other things by the further expansion of RTL Group's families of channels; Mediengruppe RTL Deutschland secured the broadcast rights for 28 German national soccer team matches. Penguin Random House achieved creative success worldwide. Its best-selling books included the thriller “The Girl on the Train” by Paula Hawkins and “Me Before You” and “After You” by Jojo Moyes. Gruner + Jahr formed Territory, Germany's leading content service provider, jointly founded Deutsche Medienmanufaktur together with the publisher Landwirtschaftsverlag, and established the Ad Alliance with Mediengruppe RTL Deutschland.

Bertelsmann also made progress in the **digital transformation** of its businesses last year. RTL Group's video-on-demand offers, web productions and channels, and multichannel networks generated a total of 274 billion online video views in 2016, an increase of 161 percent compared to the previous year. By taking over the online video marketer Smartclip, the Group strengthened its position as a marketer of digital video advertising in Europe. Penguin Random House expanded its e-book offerings to more than 128,000 titles.

In its core markets of Germany and France, Gruner + Jahr generated a high share of its revenues with digital services, expanded the digital advertising market, and took over one of France's leading digital video providers, Groupe Cerise. The "Stern", "Brigitte" and "Gala" websites also each generated record levels of traffic. Arvato grew as a service provider for IT and high-tech companies. Bertelsmann's various companies and editorial desks now collectively reach approximately 1.6 billion followers with their Twitter, Facebook, Google+ and YouTube accounts.

The expansion of **growth platforms** also went well. Fremantle Media strengthened its position with several new investments and acquisitions. Among other things, RTL Group subsidiary took over Abot Hameiri from Israel, which specializes in entertainment, scripted reality and drama. The Group was also successful internationally with various productions such as "Deutschland 83" and "The Young Pope." Among other things, BMG acquired a majority stake in the ARC Music publishing catalog and achieved one of the most prominent music-industry deals by signing "Pink Floyd" legend Roger Waters. Arvato SCM Solutions expanded its global logistics network and had a number of sales successes. The Arvato Financial Solutions division posted positive business development. In the education sector, Bertelsmann strengthened its subsidiary Relias Learning. The online education provider acquired six companies and expanded to Europe and China. The e-learning provider Udacity expanded its business internationally and now offers its "nanodegrees" in Germany, Brazil, China and India.

Bertelsmann also expanded its business activities in **growth regions** last year. Among other things, BMG in China widened its partnership with Alibaba Music, the music division of the well-known e-commerce platform. The Bertelsmann Asia Investments fund (BAI) invested in 27 new start-ups and made a positive contribution to **Group profit** with gains from disposals of shareholdings. In India and Brazil, too, Bertelsmann invested in several start-ups, including the Indian Fintech company Lendingkart and the Brazilian NRE Education Group.

Bertelsmann CFO Bernd Hirsch said: "We further strengthened the company's sound financial position last year. Bertelsmann has strong cash from operations, a high equity ratio, and stable ratings. This gives us the freedom to energetically advance the company's strategic transformation."

The continued expansion of the overall business again led to a high investment volume in 2016. Including financial debt assumed, Bertelsmann invested €1.2 billion (previous year: €1.3 billion). The Group's acquisitions included the online video market maker Smartclip, the digital media company Groupe Cerise, and various TV production, music and education businesses. Investments were also made in music catalogs and movie rights packages. In addition, Bertelsmann invested in 43 new start-ups last year. Since 2012 the company has invested more than €500 million in international start-ups through its four investment funds alone.

Due to the increase in consolidated net income, shareholders' equity of Bertelsmann increased again to €9.9 billion (previous year: €9.4 billion). The equity ratio was 41.6 percent (previous year: 41.2 percent).

Net financial debt decreased to €2.6 billion (previous year: €2.8 billion). However, the Group's broader economic debt increased to €5.9 billion as of December 31, 2016, after €5.6 billion in the previous year. This can be attributed mainly to an increase in pension reserves due to a lower discounting interest rate. Adjusted operating free cash flow amounted to €1.80 billion (previous year: €1.56 billion).

Bertelsmann's employees participate in the successes the Group has achieved: For the past financial year, they will receive profit participation totaling €105 million (previous year: €95 million).

In accordance with the terms governing the Bertelsmann 2001 profit participation certificate (ISIN DE0005229942), 15 percent on the nominal value is scheduled to be paid out on May 15, 2017. The payout for the 1992 profit participation certificate (ISIN DE0005229900) will be 8.09 percent (previous year: 7.99 percent).

Bernd Hirsch adds: "Thanks to our improved growth profile we are confident about the current financial year. We expect higher revenues as well as continued high operating profitability. Our net profit should exceed one billion euros for the third consecutive year."

Other key financials:

Special items

Special items were down to €-139 million in 2016 after the previous year's €-191 million. Besides lower restructuring expenses, Bertelsmann Investments made a positive contribution from gains from disposals of shareholdings.

Cash flow

In the reporting period, €1.95 billion (previous year: €1.60 billion) in net cash was generated from operating activities. The Group's long-term operating free cash flow adjusted for non-recurring items was €1.80 billion (previous year: €1.56 billion). The adjusted cash conversion rate was 93 percent (previous year: 83 percent).

Total assets

Total assets increased to €23.8 billion as of December 31, 2016 (previous year: €22.9 billion). Cash and cash equivalents increased to €1.4 billion (previous year: €1.3 billion). Equity saw an increase to €9.9 billion (previous year: €9.4 billion), raising the equity ratio to 41.6 percent (previous year: 41.2 percent).

Investments

Total investments including financial debt assumed were €1.2 billion (previous year: €1.3 billion). Acquisitions included the online video marketer Smartclip, the digital media company Groupe Cerise, and various TV production and education businesses. Other investments mainly involved property, plant and equipment at Arvato, the acquisition of film rights at RTL Group, and of music catalogs at BMG, as well as fund investments in various start-ups.

Employees

At the close of the financial year, Bertelsmann had 116,434 employees worldwide. In 2016, there were 1,225 people serving in trainee positions in Bertelsmann companies in Germany.

Divisions

RTL Group

RTL Group saw a positive business development, further growing its revenues and earnings. Sales rose by 3.5 percent to a new record level of €6.2 billion (previous year: €6.0 billion). This growth was fueled primarily by the fast-growing digital businesses, Mediengruppe RTL Deutschland and Groupe M6. Operating EBITDA also reached a new high, rising by 3.7 percent to €1.4 billion (previous year: €1.4 billion), driven by Groupe M6 and Mediengruppe RTL Deutschland. The increase at Groupe M6 was mainly due to a

positive effect from the gradual phase-out of the M6 Mobile contract. RTL Group's overall EBITDA margin was 22.5 percent (previous year: 22.5 percent). Most of the relevant European TV advertising markets developed positively.

Mediengruppe RTL Deutschland once again generated record revenues and operating EBITDA. Higher advertising income from the TV and digital businesses, the expansion of the online video marketing sector and higher platform revenues contributed to this growth. Although UEFA Euro 2016 and the Olympics were aired by public broadcasters, Mediengruppe RTL Deutschland's family of channels recorded a stable collective audience share of 28.4 percent (previous year: 28.4 percent) in the main target group, simultaneously increasing the company's lead over the largest commercial competitor to 3.1 percentage points (previous year: 1.7 percentage points).

In France, Groupe M6 increased its revenues primarily through higher income from TV advertising. The flagship channel M6 improved its average audience share to 16.0 percent (previous year: 15.4 percent), boosted among other things by the broadcast of 11 European Soccer Championship matches. RTL Nederland generated higher revenues, largely thanks to increased distribution revenues; operating EBITDA was down due to lower TV advertising revenues and higher costs.

Fremantle Media recorded a slight revenue decline due to negative currency effects, but increased its operating result thanks to higher earnings contributions from Asia and Fremantle Media International. The game show "Family Feud" was a big hit with audiences in the United States.

In 2016, RTL Group continued to invest in its three strategic pillars of broadcasting, content and digital. RTLplus became the most successful channel launch in recent years. In December 2016, the channel already had a market share of 0.9 percent in the target group of viewers aged 14 to 59. Fremantle Media acquired a majority holding in the production company Abot Hameiri and also bought stakes in Eureka Productions, Dr Pluto, Wild Blue Media and Dancing Ledge. The UFA fiction series "Deutschland 83" continued its international success with audiences and critics, as did the Wildside production "The Young Pope," which became the most popular premiere for a new series on Sky in Italy and launched on Canal+ as its number-one new international drama of 2016 in France.

Thanks to strong organic and acquisitive growth, the digital businesses for the first time contributed more than 10 percent to RTL Group's total revenues, having grown their revenues by 32 percent to €670 million. This was primarily due to BroadbandTV, StyleHaul and SpotX – the businesses bundled in the RTL Digital Hub – all of which saw dynamic growth. Mediengruppe RTL Deutschland strengthened its position in the digital advertising sector by acquiring a majority stake in the online video marketer Smartclip.

Penguin Random House

Penguin Random House delivered a strong bestseller performance in 2016, led by the multimillion-selling Paula Hawkins's thriller "The Girl on the Train" and the Jojo Moyes novels "Me Before You" and "After You." The group's business performance was impacted by the expected decline in e-book sales in the United States and the United Kingdom due mostly to new retail sales terms.

Including Verlagsgruppe Random House, the German publishing group wholly owned by Bertelsmann, Penguin Random House achieved a turnover of €3.4 billion in 2016 (previous year: €3.7 billion), reflecting a year-on-year decline of 9.6 percent. The revenue decline was mainly due to negative currency effects and portfolio changes, as well as lower sales of print and e-books. It was partly offset by fewer returns and positive developments in the audio

formats. The book group's operating EBITDA fell by 3.6 percent to €537 million (previous year: €557 million); higher savings from the integration process and lower other costs had a positive effect on earnings. The EBITDA margin was increased again to 16.0 percent (previous year: 15.0 percent).

In the United States, Penguin Random House publishers had 585 print and e-book titles on the "New York Times" bestseller lists last year, including 101 at number one. In addition to the novels by Hawkins and Moyes, the year's biggest sellers across print, audio and digital formats included John Grisham's "The Whistler," Colson Whitehead's "The Underground Railroad" and Paul Kalanithi's "When Breath Becomes Air." Multi-title Dr. Seuss classics sold more than 11 million copies.

In the United Kingdom, Penguin Random House published 40 percent of all top-10 titles on the "Sunday Times" weekly bestseller lists. Top sellers included Lee Child's "Night School," the classic children's books "The BFG" and "Matilda" by Roald Dahl, Jeff Kinney's "Wimpy Kid" series and Jamie Oliver's cookbooks, as well as the Hawkins and Moyes titles.

Penguin Random House Grupo Editorial benefited from rising e-book sales, a strong new-title list, and net savings from its merger integration. In Spain, the Group grew its market share; in Latin America, the business outperformed the market in a challenging macro-economic environment.

In Germany, Verlagsgruppe Random House maintained its market-leading position. The publishing group had 379 titles on the "Spiegel" bestseller lists, including 17 at number one. Its bestselling authors included Jonas Jonasson, Charlotte Link and Juli Zeh.

Numerous Penguin Random House authors won internationally renowned awards last year, including Pulitzer Prizes for General Nonfiction, History, and Autobiography and the National Book Award for Fiction.

Bertelsmann owns 53 percent of shares in Penguin Random House; Pearson 47 percent.

Gruner + Jahr

Despite expenditure on the transformation to digital, Gruner + Jahr achieved an earnings turnaround by improving its operating profit year on year. Revenues dipped 1.9 percent to €1.6 billion (previous year: €1.6 billion), impacted both by the general trend in the print advertising and sales market and by changes to the portfolio, including in Austria and Spain. However, the growth in digital revenues nearly compensated for these organic and portfolio-driven effects. Overall, the digital share of total revenues in the core markets of Germany and France increased strongly. Operating EBITDA improved by 4.6 percent to €137 million (previous year: €131 million), driven mainly by the businesses in Germany. Against this backdrop, the EBITDA margin rose to 8.7 percent (previous year: 8.1 percent).

Thanks to further investments, G+J improved its revenues as well as its results in Germany. Print advertising sales were nearly stable, while sales revenues rose slightly. G+J Germany's digital revenues saw strong growth. This dynamic development was fueled by significantly higher ad sales for the brand websites, as well as the performance marketer Ligatus. Beyond this, there were in-house developments – such as the AppLike marketing platform – as well as purchases, including Ligatus's acquisition of the tech company LiquidM. The three largest G+J websites – "Stern", "Gala" and "Brigitte" – each achieved record reach. G+J Germany also launched the multichannel video network Club of Cooks and expanded its e-commerce activities with the "Schöner Wohnen" shop.

New titles launched during the last two years – including “Barbara” and “Stern Crime” – and the Deutsche Medien-Manufaktur offerings also contributed to the revenue growth. The subsidiary co-founded with the Landwirtschaftsverlag publishing company began its work and successfully launched two new magazines: “Essen & Trinken mit Thermomix” and “Wolf.”

During the reporting period, G+J formed Germany’s largest content communication service provider: Territory. Through investments into ventures such as the Webguerillas digital agency, Territory contributed to G+J Germany’s revenue growth, as did Deutscher Pressevertrieb, which consolidated its market position by acquiring Axel Springer Vertriebservice. The DDV Media Group also grew its revenues and results as it expanded its new businesses.

G+J EMS teamed up with the RTL subsidiary IP Deutschland to form the Ad Alliance. Under this umbrella, the marketing agents will develop cross-genre concepts, meaning that the two Bertelsmann subsidiaries now reach 99 percent of the German population in high-end journalistic environments with their portfolios.

In France, Prisma Media’s revenues and earnings remained largely stable. Declines in the print division were nearly entirely offset by the digital business, which increased its revenues significantly. By acquiring Groupe Cerise, Prisma Media took over an international digital media company with high growth potential, while also securing the market leadership in terms of video reach among the country’s publishing companies.

BMG

Bertelsmann’s music subsidiary BMG saw sustained growth in the publishing and recorded music business and continued its internationalization. Revenues rose by 12.2 percent to €416 million (previous year: €371 million), both organic and acquisitive. This development was driven by the publishing business in the United Kingdom, Australia and continental Europe; a strong recorded music business in continental Europe, the United States and the United Kingdom; and the worldwide increase in revenue from streaming offerings. Operating EBITDA rose by 13.1 percent to €95 million (previous year: €84 million), thanks to the development in the United Kingdom and the United States. The EBITDA margin increased to 22.8 percent (previous year: 22.6 percent).

BMG strengthened its international presence, opening branches in Australia and Brazil. In all, BMG now has operations in countries that account for 75 percent of the global music market. Only a few months after its market entry in Australia, BMG concluded its takeover of the music operations of Alberts, one of the country’s foremost music companies. In China, BMG expanded its collaboration with the Alibaba Music Group to make it easier for international artists to access to the country’s digital music platforms.

Among the most important clients newly signed to BMG during the fiscal year was Pink Floyd founder and songwriter Roger Waters. BMG now represents Waters’s publishing interests in the Pink Floyd catalog, which includes the titles “Money,” “Another Brick in the Wall” and “Comfortably Numb”. Artists including Pitbull, Jamiroquai and Robin Schulz also chose to have BMG represent their publishing rights going forward. In the recorded music business, BMG signed artists including Blink-182, Nickelback, Rick Astley, A Perfect Circle and Max Giesinger.

Furthermore, BMG strengthened its portfolio through a series of acquisitions and catalog acquisitions. In the United Kingdom, for example, the acquisition of a majority stake in the ARC Music publishing catalog secured the rights to songs by artists including Chuck Berry, the Beach Boys and John Lee Hooker. Here, the company also expanded its business with

the acquisition of Blondie's catalog and acquired a publishing catalog from the BBC. BMG also largely completed the consolidation of its worldwide distribution of digital and physical recorded music.

Many BMG contract partners celebrated creative successes in 2016. In publishing, BMG songwriters helped international artists like Beyoncé, Lady Gaga, Rihanna and David Guetta storm the charts. BMG also benefited from the success of its clients, including Frank Ocean, Robbie Williams, DJ Snake, Kings of Leon and Mick Jagger and Keith Richards from the Rolling Stones. The company's continued expansion of its recorded music business was accompanied by chart-topping releases – BMG went to the top of the UK charts with Rick Astley's album "50" and to number one in both the United States and Britain with the album "California" by Blink-182.

Arvato

Arvato recorded a very positive business performance in 2016, with nearly all Solution Groups growing their revenues and results. Arvato's revenues rose by 1.4 percent to €3.8 billion (previous year: €3.8 billion). Despite economic challenges in a few markets, operating EBITDA increased by 14.7 percent to €359 million (previous year: €313 million); all Solution Groups contributed to this. The EBITDA margin improved to 9.4 percent, after 8.3 percent in the previous year.

Effective January 1, 2016, the printing and replication businesses that were previously part of Arvato were transferred to the newly created Bertelsmann Printing Group. At the same time, the communications agency Medienfabrik was assigned to Gruner + Jahr. The reorganization served to strengthen the focus on services within the Arvato Solution Groups, which first showed an impact in the 2016 reporting year.

Arvato CRM Solutions significantly increased both its revenues and earnings in the 2016 financial year. This growth was fueled mainly by new customer acquisitions in the core business areas of IT/Internet and Tourism and the further internationalization of the business. A service center that can accommodate around 1,400 employees was opened in Gurgaon, India.

Arvato SCM Solutions massively expanded its European logistics network, reflecting its excellent order situation. Among other things, a new distribution center in Gennepe, the Netherlands, was put into operation, the cornerstone was laid for the building of a new site in Dorsten and the logistics site at the Gütersloh headquarters was expanded. Beyond this, the Solution Group expanded its services businesses in sectors such as e-commerce, fashion & beauty, and healthcare. Moreover, it significantly strengthened its North American business by taking over deliveries to the United States for a major high-tech client.

Arvato Financial Solutions, the financial services businesses arm, also reported positive revenues and earnings. This solid business performance was mainly due to the provision of Business Process Outsourcing (BPO) services for international customers, the further rollout of the subsidiary AfterPay in Europe and a steadily growing business in the core market of Germany. To further consolidate its power to innovate, Arvato Financial Solutions opened an IT development and innovation center in Tallinn, Estonia, and set up a robotics lab in Dublin, Ireland.

Arvato Systems generated a consistently high demand for IT services and further accelerated its specialization in the core industries of Commerce, Media and Utilities by optimizing the portfolio while also investing in emerging fields such as cloud infrastructure.

Bertelsmann Printing Group

Since January 1, 2016, all of Bertelsmann's global offset and gravure printing activities, and several other service and production businesses, have been grouped in the Bertelsmann Printing Group (BPG). The newly created division enjoyed a successful year in an overall challenging market and made progress on key integration issues.

In the 2016 financial year, the Group saw revenues fall by 6.9 percent to €1,624 million (previous year: €1,744 million). This is mainly attributable to the sale of the Spanish printing operations in April 2015 and the closure of Sonopress USA in February 2016. Owing to a persistently declining print market and as a result of divestments, operating EBITDA declined by 4.8 percent to €118 million (previous year: €124 million). At 7.3 percent, the Group's EBITDA margin remained near the previous year's level (previous year: 7.1 percent).

BPG's offset printing business remained virtually stable in financial year 2016, at a good earnings level. Mohn Media renewed important customer contracts in the retail segment during the year. GGP Media, a company that specializes in print solutions for book publishers, maintained its position in a competitive market environment, and Vogel Druck, a BPG subsidiary specializing in magazines and catalogs with small to medium-size print runs, won new reference customers.

The gravure printing activities bundled in the Prinovis Group developed positively overall. Two major new customers were attracted in the United Kingdom. These new orders will contribute to the long-term capacity utilization of the Liverpool site. Despite persistent price pressure, the German Prinovis sites recorded a solid business performance.

BPG's US printers continued to face an intensely competitive situation in the book-printing business. Declines in pocket book production were offset by the acquisition of a major customer in the publishing sector and by expanding the business to new sectors with innovative print products. The US printers' operating result was above the previous year's level.

Revenues at Sonopress declined as expected due to the closure of the US site in Weaverville, North Carolina. Meanwhile, at the Gütersloh headquarters, the company bucked the overall market trend by increasing its production volumes, revenues and earnings against the general market trend. In the spring, Sonopress became one of the first companies in the world to introduce fully automated production of UHD Blu-ray discs. By the end of 2016, it had produced more than two million copies of the high-resolution storage media.

Bertelsmann Education Group

Bertelsmann's education holdings, grouped into the Bertelsmann Education Group, continued their expansion last year. The fully consolidated companies in the Education Group, which has been an independent business division since January 1, 2016, delivered a positive performance, generating a revenue increase of 28.9 percent to €142 million (previous year: €110 million). Operating EBITDA fell to €-17 million (previous year: €5 million), mainly due to scheduled start-up losses for the further business expansion of the Group's holdings in the online education services provider HotChalk and the online learning provider Udacity, both acquired in late 2015.

The e-learning provider Relias Learning, currently Bertelsmann's most profitable education business, recorded significant growth, both organically and through acquisitions. The Bertelsmann subsidiary expanded its customer base from around 4,500 to more than 5,500 institutions, advanced various innovations to improve its products and expanded its business activities to new markets, including the United Kingdom, Germany and China. In addition,

Relias made six acquisitions during the reporting period, among other things entering the market for acute care training by fully acquiring the US training companies Swank HealthCare and AHC Media.

Udacity expanded the internationalization of its business and is now active in Brazil, India and Germany. The company introduced five new “nanodegrees” during the reporting period, including its program for Self-Driving Car Engineers.

HotChalk continued its partnerships with universities in the United States, supporting them in offering their courses to the digital world. Several thousand students at seven universities are currently enrolled in programs supported by HotChalk.

Alliant International University, which specializes in psychology, recorded rising revenues in the 2016 financial year. The university continued its transformation and began building a range of digital courses.

Bertelsmann Investments

The Group’s four strategic investment funds, forming the division Bertelsmann Investments since January 1, 2016, further expanded their shareholdings in international start-ups during the year. Bertelsmann Asia Investments (BAI), Bertelsmann Brazil Investments (BBI), Bertelsmann India Investments (BII) and Bertelsmann Digital Media Investments (BDMI) made a total of 43 new investments, so that Bertelsmann held shares in 138 companies through the funds at the end of the year.

Across all countries, the focus was on investments in start-ups with innovative business models, for example, in the Fintech sector. All funds contributed to identifying digital trends that are important for the Group, supporting the portfolio companies with the further development of innovative business models and further strengthening Bertelsmann’s position as an attractive partner. Since 2012, the four investment funds have collectively invested more than €500 million in international start-ups.

The business performance of Bertelsmann Investments is largely measured by EBIT, which increased to €35 million (previous year: €-14 million) in 2016. Capital gains from divestments – above all at BAI – made a positive contribution to Group profit.

In China, BAI made 27 new investments during the reporting period and several follow-up investments in existing portfolio companies. Many of BAI’s portfolio companies provide online services to the country’s growing middle class, including the fitness app Keep, the dating platform Tantan, the bike-sharing app Mobike and the Fintech company Yixin Capital. For the first time since the fund was established, the 2016 exit proceeds exceeded the investments during the year.

In India, Bertelsmann also further expanded its activities. BII invested in the fashion network Roposo, the Fintech company Lendingkart and Treebo, a technology-enabled branded budget hotel chain. In addition, BII participated in follow-up investments for existing portfolio companies such as the university services provider iNurture and Pepperfry, an online marketplace for furniture.

In Brazil, BBI further pursued the Group’s entry into the education business with a focus on healthcare. Together with its strategic partner Bozano Investimentos, the fund purchased stakes in NRE Education Group, a network of medical universities, and in Medcel, a provider of online preparatory courses for aspiring residents.

In the financial year 2016, BDMI invested, among other things, in the online video network FloSports. The fund focused on the virtual reality sector, where it invested in US companies such as 8i and Visionary VR, and German start-up Splash.

Overview of figures (in €millions)

	2016	2015
Revenues	16,950	17,141
Operating EBITDA divisions	2,634	2,560
Corporate / consolidation	(66)	(75)
Operating EBITDA continuing operations	2,568	2,485
Special items	(139)	(191)
Financial result	(244)	(230)
Earnings before taxes from continuing operations	1,555	1,451
Income taxes	(419)	(346)
Earnings after taxes from continuing operations	1,136	1,105
Earnings after taxes from discontinued operations	1	3
Group profit or loss	1,137	1,108

Investments (including financial debt assumed)	1,244	1,281
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	Balance as of 12/31/2016	Balance as of 12/31/2015
Economic debt	5,913	5,609

The figures from the previous year have been adjusted.

Division (in € millions)	Revenues		Operating EBITDA	
	2016	2015	2016	2015
RTL Group	6,237	6,029	1,405	1,355
Penguin Random House	3,361	3,717	537	557
Gruner + Jahr	1,580	1,611	137	131
BMG	416	371	95	84
Arvato	3,838	3,783	359	313
Bertelsmann Printing Group	1,624	1,744	118	124
Bertelsmann Education Group	142	110	(17)	(5)
Bertelsmann Investments*	-	1	-	1
Total divisions	17,198	17,366	2,634	2,560
Corporate / consolidation	(248)	(225)	(66)	(75)
Total Group	16,950	17,141	2,568	2,485

The figures from the previous year have been adjusted.

*The business development of Bertelsmann Investments is determined primarily on the basis of EBIT. EBIT amounted to €35 million (previous year: €14 million).

About Bertelsmann

Bertelsmann is a media, services and education company that operates in about 50 countries around the world. It includes the broadcaster RTL Group, the trade book publisher Penguin Random House, the magazine publisher Gruner + Jahr, the music company BMG, the service provider Arvato, the Bertelsmann Printing Group, the Bertelsmann Education Group and Bertelsmann Investments, an international network of funds. The company has 116,000 employees and generated revenues of €17.0 billion in the 2016 financial year. Bertelsmann stands for creativity and entrepreneurship. This combination promotes first-class media content and innovative service solutions that inspire customers around the world.

For further questions, please contact:

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