Development 2015 and Strategy implementation,
Executive Board of Bertelsmann Management SE
Annual Press Conference, March 22, 2016 in Berlin
Financial year 2015 – **Increase in revenues and operating EBITDA, Group profit above €1bn, education business as third pillar**

<table>
<thead>
<tr>
<th>Development 2015</th>
<th>Strategy implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong> at <strong>highest level</strong> since 2007</td>
<td>Significant progress on all strategic priorities</td>
</tr>
<tr>
<td><strong>Operating EBITDA</strong> at <strong>highest level</strong> since 2006</td>
<td><strong>Education business</strong> established as third pillar</td>
</tr>
<tr>
<td><strong>Group profit</strong> in excess of €1bn, at <strong>highest level</strong> since 2006</td>
<td><strong>New Group structure from 2016</strong> with eight business divisions</td>
</tr>
</tbody>
</table>
Development 2015
### Key financials Group 2015 –
*Highest revenues since 2007, highest operating EBITDA and Group profit since 2006*

<table>
<thead>
<tr>
<th>Revenues (in € bn)</th>
<th>Operating EBITDA (in € bn)</th>
<th>Group profit (in € m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>EBITDA margin</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>16.7</td>
<td>2,374</td>
</tr>
<tr>
<td>2015</td>
<td>17.1</td>
<td>2,485</td>
</tr>
</tbody>
</table>

- Revenues: +2.8%
- Operating EBITDA margin: 14.2% (2014) to 14.5% (2015)
- Group profit: +93.7%

Note: 2014 restated
RTL Group –
Increase in revenues and operating EBITDA, expansion of digital businesses

- Significant increase in revenues to more than €6bn, operating EBITDA on record level
- Mediapruegruppe RTL Deutschland again with best ever for revenues and operating EBITDA
- Strengthening and extension of leading market positions in core countries, expansion of families of channels
- Numerous creative successes, e.g. „Club der roten Bänder“
- Strengthening of production business
- Expansion of digital ad sales and online video business, creation of RTL Digital Hub

<table>
<thead>
<tr>
<th>Revenues (in € m)</th>
<th>Operating EBITDA (in € m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,808</td>
<td>1,334</td>
</tr>
<tr>
<td>+3.8%</td>
<td>+23.0%</td>
</tr>
<tr>
<td>6,029</td>
<td>1,355</td>
</tr>
<tr>
<td>2014</td>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
<td>2015</td>
</tr>
</tbody>
</table>
### Penguin Random House – Significant increase in revenues and earnings, successful integration

<table>
<thead>
<tr>
<th>Revenues (in € m)</th>
<th>Operating EBITDA (in € m)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EBITDA margin</td>
</tr>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>Revenues</td>
<td>3,324</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

- Strong growth in revenues, increase in margin due to integration savings, positive exchange rate effects
- Strong bestseller performance, including 584 “New York Times” bestsellers, among them “The Girl on the Train”, the most successful adult fiction debut of the decade
- Numerous literary awards, including Man Booker Prize and Pulitzer Prize
- Leading market position in core and emerging markets
- Integration largely completed
Gruner + Jahr – Transformation successfully continued, innovation promoted

<table>
<thead>
<tr>
<th>Revenues (in € m)</th>
<th>Operating EBITDA (in € m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td>1,747</td>
<td>1,538</td>
</tr>
</tbody>
</table>

- Revenue decline due to portfolio effects
- Stable organic revenues, stable circulation revenues, declining advertising revenues compensated by higher digital revenues
- G+J France with organic growth due to strong digital business
- Ongoing transformation with negative EBITDA impact
- Successful title launches such as “Barbara”, “Brigitte Wir” and “Stern Crime”
- Formation of Germany’s leading provider for content communications through the merger of Corporate Editors/Medienfabrik
- Acquisition of career portal Employour
Arvato –
Increase in revenues and earnings, new organizational structure

<table>
<thead>
<tr>
<th></th>
<th>Revenues (in € m)</th>
<th>Operating EBITDA (in € m)</th>
<th>EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td>+4.0%</td>
<td>4,662</td>
<td>4,847</td>
<td>384</td>
</tr>
</tbody>
</table>

- Revenue growth, stable margin level
- Focus on growth businesses, implementation of a new organization and leadership structure
- Profitable growth of Customer Relationship Management business based on new customers and transformation progress
- Strengthening of the position in the European market for SCM services for e-commerce players
- Expansion of Financial Solutions, investment in the Brazilian financial services provider Intervalor
Be Printers –
Strengthening of competitive position in structurally declining market

### Revenues (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>996</td>
<td>742</td>
<td>-25.5%</td>
</tr>
</tbody>
</table>

### Operating EBITDA (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA margin</td>
<td>6.4%</td>
<td>6.3%</td>
</tr>
</tbody>
</table>

#### Notes:
- Decline in revenues and earnings due to sale of printing plants in Italy, Spain and Colombia as well as market-induced volume and price decreases
- Stable margin development through ongoing efficiency initiatives
- Acquisition of remaining shares in Prinovis
- Since January 1, 2016 Be Printers part of Bertelsmann Printing Group
Group profit 2015 –
Significant increase to more than €1bn, 9-year high

Group profit 2015 (in € m)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value (€ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating EBITDA</td>
<td>2,485</td>
</tr>
<tr>
<td>Depreciation/amortization</td>
<td>-613</td>
</tr>
<tr>
<td>Special items</td>
<td>-191</td>
</tr>
<tr>
<td>Financial result</td>
<td>-230</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-346</td>
</tr>
<tr>
<td>Earnings after taxes from disc. ops.</td>
<td>+3</td>
</tr>
<tr>
<td>Group profit</td>
<td>1,108</td>
</tr>
</tbody>
</table>

Highest Group profit in 9 years (in € m)

- 2007: €613
- 2015: €1,108

Highest Group profit in 9 years
### Financial position 2015 – Investments on high level, economic debt lowered

#### Investments (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1,601</td>
</tr>
<tr>
<td>2015</td>
<td>1,281</td>
</tr>
</tbody>
</table>

#### Economic debt (in € bn)

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension provisions</td>
<td>2.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>1.7</td>
<td>2.8</td>
</tr>
<tr>
<td>Other economic debt</td>
<td>6.0</td>
<td>5.6</td>
</tr>
</tbody>
</table>

#### Leverage Factor

- **2014**: 2.7
- **2015**: 2.4
- Target < 2.5

#### Rating

- **Moody’s**
  - **Baa1, stable**
  - **BBB+, stable**
Strategy implementation
Group strategy –
Continuation of successful transformation and growth strategy

Target portfolio

Higher growth
More digital
More international

Strategic priorities

1. Strengthening the core
2. Digital transformation
3. Growth platforms
4. Growth regions
Strengthening the core – World's largest trade book publisher

- 250 imprints
- >15,000 new releases p.a.
- ~800 million books sold p.a.
- in over 100 countries
Strengthening the core – Successful integration and implementation of innovation strategy

Integration
- Systems
- Processes
- Culture

International

Innovation
- Author-focused
- Service-oriented
- Reader-centric
Strengthening the core – Passion for authors and books as most important success factor
Digital transformation –
Digital business as key driver of revenue growth

Further diversification of revenues …

RTL Group revenue split (in %)

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV advertising</td>
<td>49%</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>Content</td>
<td>22%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Digital</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Other diversification</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Radio advertising</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Platform revenues</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

… due to dynamic digital business

Digital revenues RTL Group (in € m)

- Non-advertising:
  - 2013: 233 €m
  - 2014: 295 €m
  - 2015: 508 €m

- Advertising:
  - 2013: 0 €m
  - 2014: 0 €m
  - 2015: 0 €m

(Revenue in €bn: 6bn)
Digital transformation – RTL Group global online video powerhouse

Strong growth of viewing …

<table>
<thead>
<tr>
<th>Year</th>
<th>Video views RTL Group (in bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>17</td>
</tr>
<tr>
<td>2014</td>
<td>36</td>
</tr>
<tr>
<td>2015</td>
<td>105</td>
</tr>
</tbody>
</table>

… due to expansion of digital portfolio

- Europe’s leading media company in online video
- Leading global multi-channel network on YouTube
- Global online video ad sales

1) #1 global MCN by video views in January 2016, Socialblade, excluding music services
### Growth platforms – Leader in the European market for fashion e-commerce services

#### Growth drivers market for e-commerce services
- Continuous growth in e-commerce
- Increasing importance of cross-border e-commerce activities
- Omni-channel as the essential new customer need

#### Portfolio of clients with strong brands
- ESPRIT
- TOM TAILOR
- CA
- TOMMY HILFIGER
- Marc O’Polo
- Tamaris
- BRAX

#### Activities 2015
- Start of operation distribution center Hannover-Messe
- Renowned new clients, among others

#### Outlook
- Continuation of the growth path/expansion of the customer portfolio
- Building of a distribution center in the Ruhr area
- Investments in omni-channel and mobile
### Growth platforms – Expansion of Financial Solutions to Brazil, advancement in Payment segment

#### Growth drivers market for financials services

- Continuous growth in e-commerce
- Increasing importance of cross-border e-commerce activities
- Increasing relevance of alternative payment methods (e.g. mobile payment)
- Continuous outsourcing trend for finance & accounting services

#### Investment in Intervalor

- Leading provider of financial services in Brazil
- Important step in internationalizing the business
- Option to increase the investment

#### Outlook

- Advancement of solutions portfolio through continuous innovation
- Expansion of international activities through cross-country and cross-solution line cooperation

#### Advancement Payment segment

- Pan-European brand roll-out of Afterpay
- Europe-wide harmonization and standardization of systems/processes
- Development of new solutions
Growth platforms – Expansion of BMG through organic growth and acquisitions

Continued business expansion

Creative and commercial successes

First #1 album in US with Janet Jackson's *Unbreakable*
Mark Ronson ft. Bruno Mars *Uptown Funk* longest-running #1 of 2015

19 GRAMMYS (84 Nominations)
7 BRIT Awards (15 Nominations)
57 ECHO Nominations

World’s 4th largest player in music rights
Offices in 11 core markets
Represents >2.5m music rights
### Growth platforms – Education businesses and organization set up; revenue target €1bn

#### Anchor investments made

<table>
<thead>
<tr>
<th>Platform</th>
<th>Activity</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>RELIAS LEARNING</td>
<td>E-learning in the healthcare sector</td>
<td>2014</td>
</tr>
<tr>
<td>Udacity</td>
<td>E-learning in the technology sector</td>
<td>2014/2015</td>
</tr>
<tr>
<td>HotChalk</td>
<td>Online services for universities</td>
<td>2015</td>
</tr>
</tbody>
</table>

#### Grouping of activities in the Bertelsmann Education Group

Innovative online education offerings with global potential

#### Favorable megatrends

- Knowledge society
- Private educational offerings
- Demand in emerging markets
- Access through online offerings
Growth regions – **Expansion of existing activities; investments in digital businesses and education; revenue target €1bn**

**Brazil**
- Jusbrasil
- Education Ventures
- Penguin Random House
- arvato
- BII
- Intervalor
- BAI
- Bidu
- BOZANO
- Affero Lab

**India**
- RTL Group
  - Investment in a multi-channel network to strengthen the digital businesses
- YoBoHo
- Kraftly
- Karthick
- Pepperfry
- WizIQ
- saavn

**China**
- Corporate Investments
  - BAI with 18 new investments – more than in any other year before; significant increase of market value indications
- Corporate Investments
  - BII investments in digital business models (follow-on investments and new investments)

**Arvato**
- Investment in financial services provider Intervalor

**Corporate Investments**
- BII investments in education
Group strategy –
HR as success factor for transformation of Bertelsmann

**Talent Management**
Attractive employer, systematic development and retention of executives and talent

**Diversity**
Creativity through diversity

**Learning**
Extensive learning offerings for all employees with priority for „digital first“

**Digitization**
All employees connected to Group-wide IT platform by end of 2016

**Partnership**
Transforming the company responsibly together with our employees
Group strategy –
Investments in excess of €3bn into digital and growth businesses since 2011

2011

2015
Group strategy – Continuous improvement of growth profile

Revenues development

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2014</th>
<th>2015</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth businesses</td>
<td>20%</td>
<td>25%</td>
<td>28%</td>
<td>&gt;40%</td>
</tr>
<tr>
<td>Stable businesses</td>
<td>64%</td>
<td>67%</td>
<td>67%</td>
<td>~55%</td>
</tr>
<tr>
<td>Structurally declining businesses</td>
<td>16%</td>
<td>8%</td>
<td>5%</td>
<td>&lt;5%</td>
</tr>
</tbody>
</table>

Strategic priorities

- Organic growth and acquisitions
- Securing market positions and high profitability; continued digital transformation
- Strengthening market positions, transformation or withdrawal
Group strategy –
The new Bertelsmann

BERTELSMANN

RTL
GROUP

Penguin
Random
House

GJ

BMG

arvato
BERTELSMANN

Bertelsmann
Printing Group

Bertelsmann
Education Group

BI
Bertelsmann
Investments
Group strategy –
The new Bertelsmann

- 57 television channels, 31 radio stations
- >10,000 produced hours p.a.
- 105 billion online video views
- 250 imprints worldwide
- ~800 million books sold
- 584 New York Times bestsellers in 2015
- >500 media activities, magazines, digital offerings
- >130 awards for journalists and authors
- #4 worldwide in music rights management (11 markets)
- >70,000 songwriters and artists under contract
- Numerous high-tech clients
- Broad services portfolio with presence in 39 countries
- #1 fashion e-commerce EU
- #1 printing in Europe
- 1.6 million tons of printed paper p.a.
- >20 locations worldwide
- >28m courses p.a. (Relias)
- Graduates in 168 countries (Udacity)
- 6,600 students (HotChalk)
- Global fund network
- >100 participations in start-ups
- 30 new investments 2015
## Group strategy –
Further increase in revenues and profits

### The new Bertelsmann

<table>
<thead>
<tr>
<th></th>
<th>Media</th>
<th>Services</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTL Group</td>
<td>arvato</td>
<td>Bertelsmann Education Group</td>
<td></td>
</tr>
<tr>
<td>Penguin Random House</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BMG</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Outlook 2016

- Higher revenues
- Continued high operating profitability
- Group profit remaining in excess of €1bn

### Ambition level

- **>€20bn**
  - Revenues
- **>15%**
  - EBITDA margin