

Bertelsmann Education Strategy

Group strategy – Four strategic directions to transform business portfolio for sustainable growth; Education identified as strategic growth sector

Target portfolio characteristics

Higher growth

More digital

More international

Strategic priorities

1

Strengthening the core

- Ensure continuous creative success and market share gains
- Consolidate businesses and sustain high profitability

2

Digital transformation

- Digitize existing businesses
- Develop new, digital opportunities

3

Growth platforms

- Focus investments on themes that promise sustainable growth and value creation, e.g. **Education**, Music Rights, TV Production, Financial Services

4

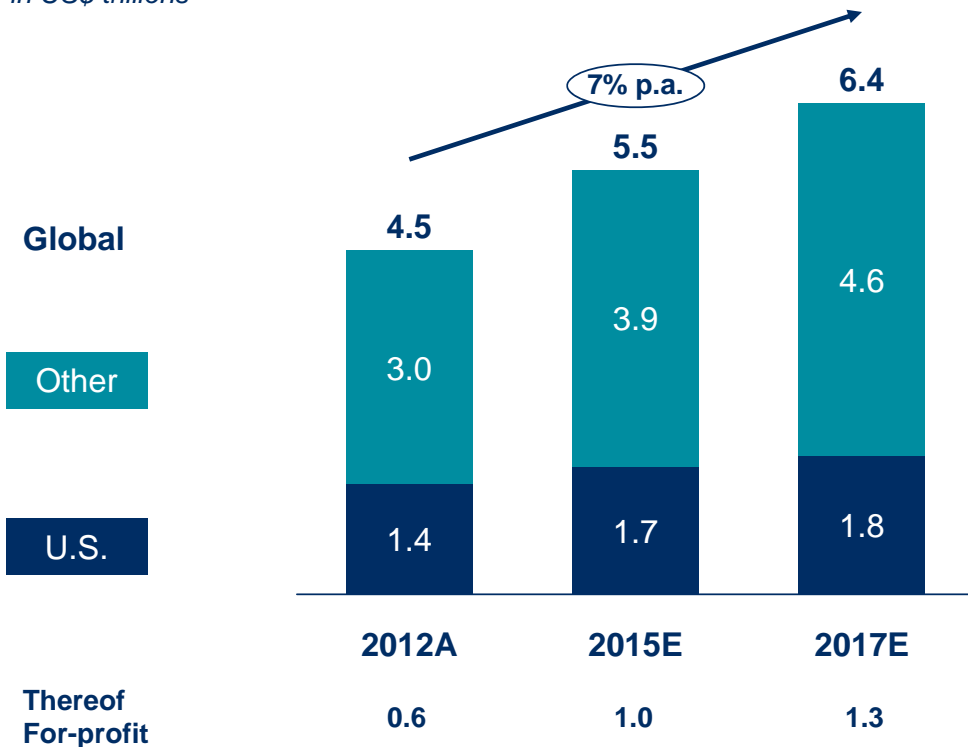
Growth regions

- Increase presence in regions with sustainably high growth
- Current focus on Brazil, India and China (BIC)

Education is a global megatrend – Education represents a large and growing market

Global education market

in US\$ trillions



Source: GSV Factbook, 2015 and 2017 estimated

Growth drivers

- Increasing educational requirements in a knowledge society
- Emerging markets growth / emerging middle class
- Increasing availability and affordability of education via online delivery
- Massive expansion of private education offerings
- Favourable economics of education investments

Proximity to Bertelsmann – **Bertelsmann's skillset and investment principles fit well with Education**

1

The education business requires a great deal of expertise in content as well as services.

2

Educational institutions prefer the long-term commitment of a private partner who takes a strategic approach.

3

Bertelsmann's entrepreneurial approach is a key success factor in a diversified education market.

4

The geographical specifics of the education business call for local management teams – a principle that Bertelsmann has long put into practice.

Investment focus – Three highly attractive target segments identified in large and growing market; revenue target of €1bn

3 target segments

E-learning – corporate and consumer

- ✓ US\$10bn corporate and US\$9bn consumer market globally with strong growth
- ✓ Highly fragmented and profitable market with EBITDA margins of >25%

University – health and human sciences

- ✓ US\$115bn market in US/Americas/LatAm with strong growth
- ✓ Highly fragmented and profitable market with EBITDA margins of up to 30%

Services – higher education

- ✓ US\$1bn market in US with strong growth forecast of 20% p.a.
- ✓ EBITDA margins of up to 25%

Market size

US\$19bn
(globally)

US\$160bn
(globally)

US\$1bn
(US)

Bertelsmann's overall revenue target

€1
billion

Current investments – Currently two industry verticals, target segments complement each other; growth opportunities in emerging markets

	E-learning	University	Services
Current verticals	 Continuing education training for health and human sciences	 Global network of health and human sciences universities  psychology/forensic	
		 Online technology courses for individuals and B2B customers	
Emerging markets	     		
Venture Capital	 Incubation of ideas / focus: Higher Education		

 Ownership 100%

E-learning – Platform: Relias Learning is a leading e-learning provider for US healthcare institutions



Senior Care
Behavioral Health
Disabilities
Therapy








Yes or No:
An employee does not cut up a client's food as prescribed in their support plan and chokes. Is this an example of abuse or neglect?

Yes
 No

Yes, this is an example of neglect. The employee disregarded specific instructions that are necessary for the individual's well-being.

Signs of Abuse

You may not be sure whether abuse is taking place. Abuse can be very hard to detect. Any injury of unknown origin could be the result of abuse and should be reported. Some examples might include:




Genetic Disorders

Explore other genetic causes of intellectual disability. Click on each chromosome number to find out more about the genetic abnormalities at the root of each one.

5 7 12 15

Phenylketonuria (PKU): PKU is a metabolic disorder caused by a mutation on chromosome 12 that affects how the body breaks down protein. When it is not identified, it results in serious brain damage, so babies are routinely tested for PKU immediately after birth.



The might be carrier too. That's probably because there isn't any allele with...

Think you know what to do? Put your feet in an empty room like a "time out" to deal with it in the service area?

It looks like you've learned to "smell the dinner"!

OK, I got it.

Profile

- **Leading US provider** of compliance, professional development and **continuing education training for health and human services industry**
- **Core segments** of **senior care, behavioral health**; expansion opportunities in acute care, physician practices as well as ancillary verticals
- **Acquisitions opportunities** worldwide, international growth potential
- Proprietary content library of over **2,500 courses**, with **25 million course completions** in 2014
- More than **4,000 B2B customers** with **>2 million users**
- Back-to-back recognition on the **Inc. 5000 list** of the **fastest growing companies in the US**

University – Platform: Arist to develop network of healthcare universities in the US and Latin America



TRANSFORMING GLOBAL HEALTHCARE THROUGH HEALTH SCIENCES EDUCATION



Profile

- Arist is building a **global network of health and human sciences universities**
- The **US health and human sciences education** market is \$15 billion large and expected to grow by 7% p.a., **driven by a growing and aging population**
- **Not enough medical school capacity** for either students who want to enroll, or to fill the supply to meet employer needs
- Focus on brands in the education market that provide students with a **good return on investment**
- **Distribute digitized learning through campuses**, online and clinical simulation

Alliant University – Highly reputed health and human science university, focusing on graduate studies in psychology and forensics



Profile

- **Leading HHS university in the U.S.**, offering graduate studies in psychology, forensics, education, business, and law
- Total **student base in 2014: 3,700**, (2,300 enrolled in psychology and forensics)
- APA accredited programs, highest accreditation in psychology in the U.S.
- 80-year history in psychology education sector
- Operating **seven locations in California and three international** campuses in Mexico, Tokyo, Hong Kong
- Primarily providing **degrees at the doctorate (70%) and master (23%) level**, bachelor (6%), and certificates (1%)

International growth potential

- **Develop existing Alliant locations** in Mexico, Tokyo, Hong Kong
- Initial focus on health and human sciences **universities in the US and Latin America**
- Opportunistic investments in **other emerging markets**

Group target profile –
Diversified group with three pillars and sustainable growth

BERTELSMANN



Media



Services



Education