Financial year 2019

March 24, 2020
Successful financial year 2019 –
Operating profit at record level, significant progress in strategy implementation

Business performance
- Increase in revenues to €18.0bn, digital share >50%
- Operating EBITDA of €2.9bn at record level
- Group profit above €1bn for the fifth consecutive time

Strategy implementation
- Core businesses strengthened, i.a. through agreed complete acquisition of Penguin Random House and start of the Bertelsmann Content Alliance
- Growth platforms expanded primarily organically (+7%)
Group key figures –
Revenues of €18bn, operating EBITDA of €2.9bn at record level

<table>
<thead>
<tr>
<th>Revenues in €bn</th>
<th>Operating EBITDA in €m</th>
<th>Group profit in €m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018: 17.7</td>
<td>2019: 18.0</td>
<td></td>
</tr>
<tr>
<td>Margin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018: 2,586</td>
<td>2019: 2,909(^1)</td>
<td></td>
</tr>
<tr>
<td>14.6%</td>
<td>16.1%</td>
<td></td>
</tr>
<tr>
<td>Group profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018: 1,104</td>
<td>2019: 1,091</td>
<td></td>
</tr>
</tbody>
</table>

1) Before new accounting standard IFRS 16 “Leases” (estimate): €2,634m

March 24, 2020 - Financial year 2019
Financial position –
Improved cash flow, significant reduction of net financial debt

**Cash conversion rate**

<table>
<thead>
<tr>
<th>Target</th>
<th>90–100%</th>
<th>91%</th>
<th>97%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Operating cash flow in € m**

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,284</td>
<td>1,611</td>
</tr>
</tbody>
</table>

**Economic debt in € bn**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net financial debt</td>
<td>-3.9</td>
<td>-3.4</td>
</tr>
<tr>
<td>Provisions for pensions</td>
<td>-1.7</td>
<td>-2.0</td>
</tr>
<tr>
<td>Other</td>
<td>-1.0</td>
<td>-1.2</td>
</tr>
<tr>
<td></td>
<td>-6.6</td>
<td>-6.5</td>
</tr>
</tbody>
</table>

**Ratings**

- Moody's Investors Service: Baa1
- S&P Global Ratings: BBB+

**Equity ratio**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>≥25%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>39%</td>
<td>38%</td>
</tr>
</tbody>
</table>

**Leverage Factor**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>≤2.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.7</td>
<td>2.6</td>
</tr>
</tbody>
</table>
Group strategy – Significant strategic progress in 2019

1. Strengthening the core
   - Foundation Majorel
   - Agreed complete acquisition Penguin Random House

2. Digital transformation
   - Implementation data and technology agenda
   - Expansion video on demand and ad tech offerings

3. Growth platforms
   - Organic growth

4. Growth regions
   - Expansion book publishing business organically and through acquisitions
   - Fund investments and initial public offering Afya

B Collaboration in the areas of content, advertising and technology
Building alliances –
Collaboration in the areas of content, advertising, and technology

Content

BERTELSMANN
CONTENT ALLIANCE

Creation and distribution of content across all media genres
Including 8,000 creative minds

Advertising

AdAlliance

Joint advertising marketing
Reaches 99% of the German population

d-force

Technology

Bertelsmann
TECH & DATA

Group-wide bundling of resources and know-how
Pursue of a coordinated tech agenda

netID gravit:
Target portfolio – Digital share above 50 percent for the first time

Share of Group revenues in %

**Higher growth**
- Growth businesses: 20% in 2011, 36% in 2019, ~40% target
- Stable businesses: 64% in 2011, 61% in 2019, ~60% target
- Structurally declining businesses: 16% in 2011, 3% in 2019, target

**More digital**
- Digital: 30% in 2011, 51% in 2019, >50% target
- Other: 70% in 2011, 49% in 2019, <50% target

**More international**
- Outside Europe: 20% in 2011, 30% in 2019, ~40% target
- Europe: 80% in 2011, 70% in 2019, ~60% target
## Impact Coronavirus – Bertelsmann well positioned in crisis

<table>
<thead>
<tr>
<th>Strong starting position</th>
<th>Active crisis management</th>
<th>Positive developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong balance sheet/high liquidity reserves</td>
<td>Clear <strong>Group-wide guidelines</strong>, esp. for protection of employees</td>
<td>Increase in <strong>audience ratings</strong>; high need for information</td>
</tr>
<tr>
<td>Businesses with strong market position</td>
<td><strong>Mitigation</strong> at all levels</td>
<td>Growing use of <strong>books</strong>, esp. digital formats (e-books, audiobooks)</td>
</tr>
<tr>
<td>High share of digital business models</td>
<td>Close <strong>monitoring of business and financial development</strong></td>
<td>Increased use of <strong>online offerings</strong></td>
</tr>
</tbody>
</table>

- **RTL Group**
- **Penguin Random House**
- **G&J**
- **BMG**
- **arvato Bertelsmann**
- **Bertelsmann Education Group**

*March 24, 2020 - Financial year 2019*
Impact Coronavirus –
Media businesses gain social relevance

Increase viewer by 4% and viewing time by 6% since start of crisis¹)

Doubled market share¹) and market leadership at information channels

Increase in sales and new subscriptions

Content businesses set example by jointly fighting against Corona

Media industry in coronavirus pandemic increasingly socially and systemically relevant

Part of critical infrastructure, continuity absolutely necessary

¹) Time period 12.03.-16.03.2020 compared to 13.02.-11.03.2020
Financial year 2019

March 24, 2020