

PRESS RELEASE

# Bertelsmann Increases Revenue to Highest Level in Seven Years

- Revenues for the first nine months up by 4.3 percent to €11.82 billion
- Operating EBITDA increases to €1.48 billion year-on-year
- Major progress in strategy implementation

Gütersloh, November 13, 2014 – The international media and services company Bertelsmann reports a positive business performance for the first nine months of 2014. Revenues at September 30, 2014 were up 4.3 percent year-on-year to €11.82 billion (previous year: €11.33 billion), reaching their highest level in seven years. At €1.48 billion, Operating EBITDA exceeded the high level of the previous year (previous year: €1.46 billion). The strategic transactions of the past 18 months contributed significantly to these increases – including the combination of Penguin and Random House, Arvato's takeover of the financial services company Gothia and the e-commerce service provider Netrada, and the acquisition of full ownership in the music rights company BMG. The EBITDA margin was 12.5 percent (previous year: 12.9 percent).

Bertelsmann's Chairman & CEO Thomas Rabe said: "We are very happy with the financial year to date. Overall, we have exceeded our expectations: Bertelsmann is growing, is very profitable, and is making good progress in the implementation of its strategy. For instance, a few weeks ago we entered the U.S. e-learning market with the purchase of Relias Learning. We will resolutely continue on our course to ensure that Bertelsmann becomes a faster growing, more digital and more international company long-term."

Bertelsmann **strengthened its core** in the current fiscal year, among other things with the full takeover of the magazine publisher Gruner + Jahr, which was concluded on November 1, and the acquisition of the book publisher Santillana. Several structurally declining businesses were sold, including the Brown Printing Company in the U.S., Be Printers' Italian printing plants, and the Club businesses in Spain and the Czech Republic; others were downscaled as planned, for example the direct-to-customer businesses in Germany.

To support its **digital transformation**, RTL Group acquired a majority stake in SpotXchange, the online video advertising platform, and increased its shareholding in the multichannel network StyleHaul to over 93 percent. Penguin Random House enhanced its market leadership in e-books, Gruner + Jahr acquired the French online video marketer Advideum, and Arvato achieved growth with services for IT/high-tech companies and e-commerce services.

Bertelsmann took a big step in **expanding its growth platforms** with the takeover of the U.S. online education provider Relias Learning, which was completed at the beginning of November. In the long term, Bertelsmann aims to establish education as a third pillar of revenues alongside media and services. RTL Group's production arm Fremantle Media acquired a majority stake in the TV production company 495 Productions, Arvato bought up the e-commerce service provider Netrada, and BMG took over the publishers Talpa and Union Square as well as the Montana and Hal David rights catalogs.

As part of the Group's **expansion in growth regions**, the Bertelsmann Asia Investments fund in China expanded its portfolio of digital businesses and generated significant increases in value. In India, Bertelsmann invested in the e-commerce platform Pepperfry and the education service provider iNurture, among others. And Bertelsmann teamed up with a Brazilian investment company to establish a new venture capital fund focused on technologies in the Brazilian education sector.

Group profit amounted to €285 million at September 30, 2014. This was below the previous year's figure of €623 million, which reflected positive special effects from BMG and RTL Group's investment in the Spanish TV group Atresmedia. An impairment loss on RTL Group's TV activities in Hungary, where the parliament passed a special tax on advertising in the summer, negatively impacted the 2014 figure. There were also losses from the sale of the Be Printers' Italian printing plants and the Club businesses in Spain, as well as costs for the integration of Penguin and Random House and for downscaling the direct-to-customer businesses in Germany.

Judith Hartmann, Chief Financial Officer of Bertelsmann, added: "Bertelsmann is in good shape, both operationally and financially. This places us in a good position from which we can drive our company's transformation, in line with our four strategic priorities. In order to further advance our strategic position we will continue to invest, with a clear focus on businesses that meet our investment criteria."

## Overview of Figures (in €millions)

|  | January 1, 2014 –<br>September 30,<br>2014 | January 1, 2013 –<br>September 30,<br>2013 |
|--|--|--|
| <b>Consolidated revenues (continuing operations)</b>     | <b>11,817</b>                              | <b>11,333</b>                              |
| Operating EBITDA divisions                               | 1,539                                      | 1,519                                      |
| Corporate Center / Consolidation                         | (61)                                       | (55)                                       |
| <b>Operating EBITDA</b>                                  | <b>1,478</b>                               | <b>1,464</b>                               |
| Special items  | (314)                                      | 25   |
| <b>EBIT (Earnings before interest and taxes)</b>         | <b>732</b>                                 | <b>1,118</b>                               |
| Financial result   | (233)                                      | (229)                                      |
| <b>Earnings before taxes from continuing operations</b>  | <b>499</b>                                 | <b>889</b>                                 |
| Income taxes   | (217)                                      | (232)                                      |
| <b>Earnings after taxes from continuing operations</b>   | <b>282</b>                                 | <b>657</b>                                 |
| <b>Earnings after taxes from discontinued operations</b> | <b>3</b>                                   | <b>(34)</b>                                |
| <b>Group profit</b>                                      | <b>285</b>                                 | <b>623</b>                                 |

|   |     |       |
|---|-----|-------|
| Investments (incl. acquired financial debt) | 861 | 1,795 |
|---|-----|-------|

|                    | Balance as of<br>September 30,<br>2014 | Balance as of<br>September 30,<br>2013 |
|--------------------|--|--|
| Net financial debt | 1,666                                  | 1,451                                  |

|   | Balance as of<br>September 30,<br>2014 | Balance as of<br>December 31,<br>2013 |
|---|--|---------------------------------------|
| Employees (in absolute numbers,<br>continuing operations) | 111,320                                | 111,099                               |

The prior-year figures were adjusted due to the first-time application of IFRS 11 “Joint Arrangements”.

**About Bertelsmann**

Bertelsmann is an international media company whose core divisions encompass television (RTL Group), book publishing (Penguin Random House), magazine publishing (Gruner + Jahr), services (Arvato), and printing (Be Printers) in some 50 countries. In 2013, the company's businesses, with their more than 111,000 employees, generated revenues of €16.4 billion. Bertelsmann stands for a combination of creativity and entrepreneurship that empowers the creation of first-rate media, communications, and service offerings to inspire people around the world and to provide innovative solutions for customers.

For further questions, please contact:

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