

PRESS RELEASE

Bertelsmann significantly increases revenues and earnings in the first half of 2015

- **Strategic measures are paying off**
- **At €8.0 billion, Group revenues are at highest level since 2007**
- **Operating EBITDA of nearly €1.1 billion at record high**
- **Group net income up by more than 50 percent, to €398 million**
- **Further progress on all four strategic priorities**
- **Positive outlook for the full year**

Gütersloh, August 31, 2015 – Bertelsmann achieved strong growth in revenues, Operating EBITDA and Group net income in the first half of 2015. The international media, services and education company also made further progress in implementing its growth strategy.

First-half Group revenues from continuing operations grew by 2.5 percent year-on-year, from €7.8 billion to €8.0 billion, their highest level since 2007. The trade book publisher Penguin Random House achieved strong revenue growth, driven by numerous bestsellers as well as positive currency effects. The successful performance of Mediengruppe RTL Deutschland, RTL Group's digital businesses and Arvato's financial services also contributed to the increase in revenues, while the continued expansion of BMG and the development of the education business also had a positive effect. In this way, the Group more than compensated for a revenue decrease of nearly €300 million attributable to the withdrawal from structurally declining businesses. Operating EBITDA once again exceeded the high level of the previous year, reaching almost €1.1 billion, a new record high (H1 2014: €1.0 billion). In particular, the book-publishing business in the U.S., the German TV business, several service businesses, BMG, and the online education provider Relias Learning recorded improved results. On the other hand, there were startup losses for new businesses. The EBITDA margin was 13.2 percent (H1 2014: 13.0 percent). Group net income rose by nearly 55 percent, from €257 million in the same period last year to €398 million. This is attributable to the higher operating result, lower charges from special items, and a lower tax expense than in the first half of 2014.

Thomas Rabe, Chairman and CEO of Bertelsmann, said: "We are very satisfied with the development of the past months. Our revenues are the highest they have been since 2007, and the operating result is the best in Bertelsmann's history. This signifies how well we are progressing in making Bertelsmann a faster-growing, more digital and more international company. In the first half of 2015, we achieved further progress toward these goals; our education business has already taken clear shape. Our highly profitable core businesses form a strong foundation from which we are expanding into new growth areas. We will continue to invest in the months ahead to move forward on our path to becoming a 'New Bertelsmann'."

Rabe emphasized that Bertelsmann has made significant headway in all four strategic priorities – strengthening the core, digital transformation, development of growth platforms and expansion in growth regions – in the current year.

The continued successful integration of Penguin and Random House in recent months has particularly contributed to **strengthening the core**. Both book-publishing houses merged in 2013 under the entrepreneurial management of Bertelsmann. Gruner + Jahr expanded its range of magazines with new titles such as “Walden,” “Stern Crime” and “National Geographic Traveler.” The business units of the service provider Arvato received more entrepreneurial autonomy upon restructuring in July. In addition, Bertelsmann withdrew as planned from structurally declining businesses such as the club and direct marketing activities, and sold its printing plants in Spain. Other measures to increase the earnings of Bertelsmann's core businesses were also implemented.

Concurrently, Bertelsmann continued to invest in its **digital transformation**. RTL Group acquired the French online company Oxygem and in June set up the RTL Digital Hub. The digital businesses bundled there – including BroadbandTV, StyleHaul and the technology platform for online ads SpotXchange, which recently began operations in Europe – each posted double-digit revenue growth. In the same period, RTL Group's catch-up services, web productions and channels, as well as its multi-channel networks, generated a total of 42.5 billion online video views in the first six months of this year, a 171-percent year-on-year increase. Penguin Random House significantly expanded its e-book catalog to well over 100,000 titles. Gruner + Jahr expanded its digital business through organic growth as well as acquisitions, as well as by setting up a €50 million media fund. Arvato achieved further growth as a service provider for IT, high-tech and e-commerce companies. Collectively, Bertelsmann's various companies and editorial offices now have 900 million followers on Twitter, Facebook, Google+ and YouTube via their social media channels.

Bertelsmann expanded its **growth platforms**, among other steps, through Arvato's investment in the Brazilian financial services provider Intervalor. The education business, which is to become a third pillar alongside media and services in the long term, grew at a rapid pace. For example, in February, Bertelsmann invested in Alliant International University in the U.S., and in March, the company increased its stake in the U.S. education service provider Synergis Education. BMG expanded its activities, among other major actions, by taking over the U.S. rock label Rise Records and acquiring various rights catalogs.

The Group also further strengthened its footprint in **growth regions**. Many businesses expanded their operations in Brazil, China and India. For instance, the Bertelsmann Asia Investment (BAI) fund invested in more companies than ever in the first six months of this year. The market value of the BAI portfolio also increased considerably. BMG entered the market in China by signing a comprehensive sales agreement with the e-commerce company Alibaba. In Brazil, Bertelsmann made significant progress in developing its education business: The company invested in Affero Lab, the market leader in corporate training, and in July, also participated as an anchor investor in a new fund focusing on investments in the field of medical education in Brazil. In India, Bertelsmann again invested in Pepperfry, a leading online marketplace for furniture, as well as in the music streaming service Saavn.

During the reporting period, RTL Group benefited especially from good business in Germany and from the expansion of its digital activities. Penguin Random House achieved significant currency-related revenue growth and placed numerous titles in the international bestseller lists. With more than 4.5 million copies sold, Paula Hawkins' debut novel "The Girl on the Train" was the best-selling hardcover of the half-year. Gruner + Jahr posted a decline in revenues and earnings due to divestments and the general development of the advertising market. However, circulation revenues increased in its main market of Germany – in part because of new magazine titles. At the same time, Gruner + Jahr invested heavily in its digital businesses, which have been significantly expanded, especially in Germany and France. Arvato expanded existing customer relationships and acquired new customers both in Germany and internationally, especially in financial solutions and CRM. As a result, its revenues and operating result increased. In contrast, the revenues and operating EBITDA of the Be Printers division, in which Bertelsmann's gravure and offset printing plants are pooled, decreased due to the disposal of various operations, declining print runs, and price pressure. Bertelsmann Corporate Investments recorded a significantly positive development overall, especially due to the continued expansion of BMG and the education business.

Bertelsmann CEO Thomas Rabe added: "Bertelsmann is in excellent financial shape. Our businesses' high level of profitability gives us scope for investment, which we further enhanced by issuing two hybrid bonds in April. If there is no downturn in the global economy, we expect higher revenues and operating EBITDA for the full year due to the ongoing transformation of our Group. In the medium term, we intend to significantly increase Group net income towards 1 billion euros."

At June 30, 2015, Bertelsmann employed 119,019 people worldwide (December 31, 2014: 112,037).

Divisions:

RTL Group

Highlights

- *Stronger together: RTL Group pools its key online video companies, such as BroadbandTV, StyleHaul and SpotXchange, in "RTL Digital Hub."*
- *Produced by Fremantle Media for RTL Television, sold internationally, hailed by critics: "Deutschland 83" celebrates its debut in the US; six countries follow.*
- *The second season of "Sing meinen Song" generates excellent viewer ratings, a huge social-media buzz and chart successes for VOX in Germany.*

The leading European entertainment network recorded a positive first-half performance. RTL Group's revenues increased by 3.8 percent to €2.8 billion (H1 2014: €2.7 billion), thanks to strongly increasing revenue at Mediengruppe RTL Deutschland, growing digital revenue and favorable exchange rate effects. Operating EBITDA increased by 2.3 percent to €626 million (H1 2014: €612 million), mainly driven by higher earnings contributions from Mediengruppe RTL Deutschland as well as from RTL Hungary. The earnings development at RTL Hungary includes a positive effect from the partial reclaim of taxes paid on advertising revenues in 2014. Europe's TV advertising markets presented a mixed picture during the reporting period. Most of RTL Group's families of TV channels outperformed their respective markets. RTL Group defended its leading positions in viewer markets in the core countries. Mediengruppe RTL Deutschland's audience share decreased slightly in the main commercial target group. However, RTL Television remained the clear number one in the 14-to-59 demographic. In France, the flagship channel M6 recorded a slightly lower audience share. Meanwhile, the digital channel 6ter continued its positive development.

The Dutch family of channels around the main flagship RTL 4 was able to increase its audience share in prime time. RTL Group's content production arm, Fremantle Media, generated slightly higher revenues in the first half of the year, mainly due to positive exchange rate effects. Its operating result was down, mainly due to lower earnings contributions from Germany and the "American Idol" format. In the digital domain, RTL Group continued its dynamic growth thanks to its online platforms, mobile applications and YouTube activities. The total number of online video views reached 42.5 billion – a 171 percent increase compared to the first half of 2014. The companies bundled in the RTL Digital Hub, founded in June – BroadbandTV, StyleHaul and SpotXchange – each reported high double-digit revenue growth rates.

Penguin Random House

Highlights

- *Paula Hawkins's debut novel "The Girl on the Train" sells over 4.5 million copies – more than any other bestseller during the first half of the year.*
- *"Grey," the new book by E. L. James, enjoys record sales, surpassing 3.5 million print, audio and e-book copies sold in the US and UK in its first two publication weeks.*
- *The legendary Penguin Classics imprint is launched in Spain and Latin America as Penguin Clásicos.*

For Penguin Random House, the first half of 2015 was characterized by a strong fiscal performance, bolstered by a diverse lineup of bestselling titles. The merging of structures, processes and functions of the Penguin and Random House businesses, which combined on July 1, 2013, also continued on course during this period. Bertelsmann holds a 53 percent stake in the world's leading trade book publisher; Pearson owns 47 percent of the shares. Including Verlagsgruppe Random House in Germany, which is wholly owned by Bertelsmann, the book group's revenues during the reporting period totaled €1.7 billion (H1 2014: €1.5 billion), representing an increase of 16.2 percent, mainly due to exchange rate effects. Operating EBITDA was €207 million, an increase of 30.2 percent over the previous year (H1 2014: €159 million). With more than 4.5 million copies sold, Paula Hawkins's debut novel "The Girl on the Train" was the half-year's top-selling title. "Grey," a new volume in E. L. James's "Fifty Shades" series, was the fastest-debating trade paperback ever in the US and UK, selling more than 3.5 million copies in the first two weeks after its release. In the US, Penguin Random House placed 306 titles on the "New York Times" bestseller lists during the first half of the year, 38 of them at number one. In addition to "The Girl on the Train" and "Grey," top-selling Young Readers titles for the company included "Paper Towns" and other works by John Green, "Wonder" by R. J. Palacio, as well as books from Dr. Seuss, B. J. Novak, and James Dashner. In the UK, 38 percent of the titles on the "Sunday Times" bestseller lists were published by Penguin Random House's UK imprints. The publishing group's bestselling book was "Grey"; other leading bestsellers included "To Kill a Mockingbird" by Harper Lee and "Diary of a Wimpy Kid: The Long Haul" by Jeff Kinney. At Penguin Random House Grupo Editorial, an excellent performance in Latin America and double-digit growth in e-book sales more than offset the ongoing challenges in the Spanish book market. Substantial progress was made on integrating the Spanish- and Portuguese-language publishing activities of Santillana Ediciones Generales, acquired last year. Verlagsgruppe Random House in Germany recorded a near-stable first half in 2015, placing 212 titles on the "Spiegel" bestseller lists. All of Penguin Random House's divisions also invested in increasing the reach of their digital content through digital marketing and a variety of other outlets, platforms and partnerships. Several of the group's books won prestigious literary awards, including the Pulitzer Prize for Biography: "The Pope and Mussolini" by David I. Kertzer.

Gruner + Jahr

Highlights

- *Portfolio expansion: G+J launches the innovative new titles “Walden,” “Stern Crime” and “National Geographic Traveler.”*
- *Digital business strengthens with the purchase of holdings in the online shop Danato and the food vertical Delinero, and a partnership with the publishing platform Blendle.*
- *G+J provides 50 million euros of investment funds and media services for startups, especially in the Living, Food & Family and Ad Tech sectors.*

Gruner + Jahr continued its strategic transformation. Due to divestitures during the same period last year – including Brown Printing in the US and the Entertainment Media publishing company in Germany – as well as the general development of the advertising market, G+J's first-half revenues decreased by -17.2 percent to €752 million in 2015 (H1 2014: €908 million). Meanwhile, Gruner + Jahr increased its revenues from digital activities in the core markets of Germany and France. As a result of overall declining revenues and continued high expenses for the digital transformation, operating EBITDA decreased by -28.6 percent to €55 million (H1 2014: €77 million). Lower advertising revenues in the print sector, along with changes to its portfolio, caused a revenue decline at G+J Germany. However, circulation revenues and the digital business both developed positively. G+J invested in the expansion of its magazine portfolio (“Walden,” “Stern Crime,” “National Geographic Traveler”) as well as in digital activities. For instance, the company acquired the specialized gift-ideas e-commerce provider Danato, fully acquired the food platform Delinero, and provided €50 million of investment funds and media performance for future startups. G+J also signed an exclusive strategic partnership with the Dutch startup Blendle to develop new mobile products for innovative publishing opportunities. Motor Presse Stuttgart improved its results, thanks to cost-cutting measures and higher advertising revenues in Germany. Dresdner Druck- und Verlagshaus recorded higher revenues thanks to good ad sales and successful additional businesses, such as travel and trade fairs. However, the result was lower. The international businesses saw an overall dip year-on-year. In Austria, Spain and China, revenues and earnings were down – partly due to changes in the consolidation scope. In France, G+J managed to keep its revenues stable. Prisma Media's digital business in France grew significantly, fueled by – among other factors – the successful performance of the video marketer Advideum. G+J further expanded its digital activities by acquiring the software provider Recatch. On July 1, 2015, G+J withdrew from the Italian market due to lack of strategic prospects, selling back its 50 percent stake in the joint venture Gruner + Jahr/Mondadori.

Arvato

Highlights

- *Arvato enters the attractive Latin American market for financial services by buying a stake in the Brazilian financial-services provider Intervalor.*
- *The e-commerce growth platform expands internationally.*
- *New digital services are introduced to further improve customer communications.*

Arvato improved its revenues as well as its operating result. The international service provider's revenues increased by 3.7 percent year on year to €2.3 billion (H1 2014: €2.2 billion), and operating EBITDA was €171 million, up by 5.6 percent compared to the first half of 2014 (H1 2014: €162 million). The financial services operations bundled at Arvato Financial Solutions achieved profitable growth during the reporting period.

This was supported mainly by a positive business development in Scandinavia and German-speaking countries. As a result of the 40 percent stake in the Brazilian financial services provider Intervalor completed on June 1, 2015, Arvato entered the Latin American financial services market. The services businesses in the area of Arvato CRM also contributed to the increase in sales and earnings due to higher volumes with existing customers and an improved cost structure. Apart from traditional telephone advisory services, the focus was primarily on the expansion of digital communication channels and self-service solutions, where customers are able to independently seek advice and support. The logistics services businesses at Arvato SCM were able to expand existing national and international customer relations, and projects with new customers were implemented. Sales and earnings were stable. The IT services business provider Arvato Systems recorded a constantly high demand for solutions in relation to application development and system integration. Revenues improved, while earnings development was impacted by start-up losses for a large project. Arvato's print businesses were almost stable in the first half. Especially Mohn Media, Europe's leading offset print business, continued to expand its operations as the company was awarded two large magazine contracts. The production capacities and the range of services offered were expanded. Meanwhile, revenues from storage media replication continue to decline as expected.

Be Printers

Highlights

- *State-of-the-art offset technology at Prinovis Dresden allows for an extended range of services, such as short runs in top print quality.*
- *Prinovis in Liverpool is awarded the international quality label in Bronze by "Investors in People."*
- *Be Printers renews key printing contracts with major customers.*

The Be Printers division, in which Bertelsmann has pooled its European gravure printing activities and international offset and digital printers, recorded a -24.9 percent decline in revenues to €362 million (H1 2014: €482 million). Besides the sale of the Italian printing business on September 30, 2014, and the Spanish printing activities on April 30, 2015, the decrease also resulted from declining print runs and continuing price pressure. First-half operating EBITDA halved to €12 million, after €25 million the previous year. The European gravure printing company Prinovis expanded its range of services to accommodate lower print runs, additional formats and short-notice deadlines by putting two offset printing presses into operation in Dresden. In addition, the company was able to renew several print contracts with key customers. However, due to lower order volumes overall, Prinovis recorded significant year-on-year declines in revenues and earnings. Be Printers' US printing plants benefited from a stable order situation in book printing and were also able to increase their revenues by expanding the business with innovative print products for other sectors. During the reporting period, Be Printers also pressed ahead with focusing the business on the company's core markets. At the end of April 2015, the company sold the two Spanish printers, Rotocobrhi in Madrid and Eurohueco in Barcelona, to the British print investor Walstead Capital.

Corporate Investments/Corporate Center

Highlights

- *BMG continues its expansion course through acquisitions and new service offers.*
- *The education business expands, with the acquisition of Alliant International University and other education investments in Brazil and the US.*

- *New investments in growth markets: Bertelsmann banks on burgeoning enthusiasm for e-commerce in India and Brazil's high demand for education.*

Corporate Investments saw a distinctly positive development in the first half of 2015. Revenues increased by 17.3 percent to €298 million (H1 2014: €254 million) and operating EBITDA by 31.6 percent to €25 million (H1 2014: €19 million). The continued expansion of the music company BMG contributed to this, as well as the expansion of the education business on the revenues side. BMG expanded its publishing and recording business and enhanced the management of audiovisual rights as its third mainstay. The company acquired Rise Records, a label specializing in rock and metal; the Verse Music Group; and the Buddy Holly catalog in the US, as well as the publishers Minder Music in Britain and Tipping Music in France. BMG signed new contracts with renowned artists, including Dave Stewart, Janet Jackson and Marco Mengoni. In China, BMG signed an extensive distribution agreement with the digital division of the Alibaba e-commerce group. In education, at the beginning of the year, Bertelsmann invested in Alliant International University – with campuses in the US, Mexico and Asia – with a view to gradually building a network of universities in the fields of medicine and human sciences. In Brazil, the company invested in Affero Lab, the country's market leader in corporate training; in the United States it increased its shareholding in the university-services provider Synergis Education. The investment fund BDMI, which invests in digital companies mainly in the US, and the BAI fund, which specializes in promising companies in China, bought several new holdings. In Brazil, Bertelsmann and Bozano Investimentos jointly set up a new fund focused on high-growth education companies in July 2015. In India, the group expanded its shareholding in Pepperfry, the leading online marketplace for furniture. The last branches of Der Club Bertelsmann closed their doors in March 2015. The club business in the German-speaking territories will be entirely discontinued by the end of the year. The Corporate Center supported the implementation of the corporate strategy in Bertelsmann's growth markets and growth platforms. In addition, it worked with the divisions to advance the multiyear Operational Excellence program to optimize business support processes in the areas of HR, finance/accounting, IT and sourcing. Among other things, the creation of a global network of Accounting Shared Services Centers was agreed.

Overview of Figures (in €millions)

	Jan 1, 2015 to June 30, 2015	Jan 1, 2014 to June 30, 2014 (adjusted)
Consolidated revenues	8,040	7,846
Operating EBITDA divisions	1,096	1,054
Corporate Center / Consolidation	(33)	(36)
Operating EBITDA	1,063	1,018
Special items	(101)	(172)
EBIT (Earnings before interest and taxes)	670	557
Financial result	(119)	(125)
Earnings before taxes from continuing operations	551	432
Income taxes	(156)	(178)
Earnings after taxes from continuing operations	395	254
Earnings after taxes from discontinued operations	3	3
Group profit	398	257

Investments (incl. acquired debt)	515	469
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	Balance as of June 30, 2015	Balance as of Dec 31, 2014
Economic debt	5,867	6,039
Employees (in absolute numbers)	119,019	112,037

Division*	Revenues		Operating EBITDA	
	Jan 1, – June 30, 2015	Jan 1, – June 30, 2014	Jan 1, – June 30, 2015	Jan 1, – June 30, 2014 (adjusted)
(in € millions)				
RTL Group	2,788	2,687	626	612
Penguin Random House	1,697	1,461	207	159
Gruner + Jahr	752	908	55	77
Arvato	2,313	2,230	171	162
Be Printers	362	482	12	25
Corporate Investments	298	254	25	19
Total Divisions	8,210	8,022	1,096	1,054
Corporate Center/ Consolidation	(170)	(176)	(33)	(36)
Total Group	8,040	7,846	1,063	1,018

* continuing operations

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 service providers Arvato and Be Printers, the music company BMG and the e-learning provider Relias Learning. The company has more than 112,000 employees and generated revenues of €16.7 billion in financial year 2014. Bertelsmann stands for creativity and entrepreneurship. This combination promotes the creation of first-class media content and innovative service solutions that inspire customers around the world.

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