

PRESS RELEASE

Bertelsmann Reports Record Operating Result after Nine Months of 2016

- **Further improvement of the growth profile**
- **Operating EBITDA rises €38 million, to record level of €1.63 billion**
- **EBITDA margin increases significantly, to 13.7 percent**
- **Group net income of €652 million exceeds prior-year figure by 13.8 percent**
- **Progress on all strategic priorities**

Gütersloh, 10 November 2016 – The international media, services and education company Bertelsmann has achieved a record operating result after nine months of its current fiscal year. Concurrently, the EBITDA margin improved year-on-year, and Group net income also showed another strong increase. Bertelsmann made further progress in its strategic priorities to become a faster growing, more digital and more international company.

Consolidated revenues were €12.0 billion during the reporting period (previous year: €12.2 billion). Adjusted for portfolio-related and exchange-rate effects, this reflects a 0.6 percent increase. The total revenue share contributed by high-growth businesses increased to 29 percent (previous year: 27 percent).

The operating result was once again at a record level. Despite start-up losses for digital and new business totaling €80 million, operating EBITDA as of September 30, 2016 was up by €38 million, to €1.63 billion, surpassing the previous year's record level. The TV, music and services businesses contributed significantly to this increase. The EBITDA margin was 13.7 percent, well above the previous year's 13.1 percent.

Thanks to the positive operating performance and lower special items, Group net income also increased considerably, by €79 million or 13.8 percent, to €652 million. The Group's digital funds pooled in the new Bertelsmann Investments division once again made a significant contribution to this, especially from Bertelsmann Asia Investments (BAI).

Thomas Rabe, Chairman and CEO of Bertelsmann, said: "Our positive business development has continued. An operating result at record levels, a significantly higher EBITDA margin, and higher Group net income in the year to date give us confidence for the full year 2016. Bertelsmann is more profitable than ever before. The various advances made in our four strategic priorities are paying off – Bertelsmann is now a faster growing, more digital and more international company than it was even a few years ago. We will continue resolutely on this path."

RTL Group grew its family of channels, further expanded its digital and production business, and made acquisitions including the online video marketer Smartclip. Mediengruppe RTL Deutschland also secured the broadcasting rights for 28 German national soccer team matches. Penguin Random House expanded its e-book portfolio to more than 115,000 titles, and had several bestsellers, including “The Girl on the Train” by Paula Hawkins and “Me Before You” by Jojo Moyes.

Gruner + Jahr launched new magazine titles and strengthened its digital businesses with acquisitions. In Territory, Gruner + Jahr also formed the largest provider of content communication services in Germany, and teamed up with Landwirtschaftsverlag in Münster to found Deutsche Medien-Manufaktur, which was consolidated for the first time in Q3 2016. BMG made a series of acquisitions and catalog purchases, including a majority stake in the ARC Music publishing catalog, and achieved one of the music industry’s most prominent deals by signing “Pink Floyd” legend Roger Waters.

The service businesses pooled in Arvato continued their international expansion in recent months by winning major customer contracts and the expansion of the global logistics network, achieving sales successes at Arvato Financial Solutions, and commissioning an Arvato SCM Solutions distribution center in Gennep, the Netherlands, which will serve customers in the high-tech, consumer goods and healthcare industries. The Bertelsmann Printing Group also successfully grew its customer base.

The online education provider Relias Learning expanded by acquiring Swank Healthcare, AHC Media, and Assessment & Intelligence Systems, a company specializing in training programs for home care. The e-learning provider Udacity expanded its business internationally, and now offers its “nanodegrees” in countries including Brazil, China, India and Germany.

In the past nine months, Bertelsmann has invested in more than 30 companies via its digital funds pooled in the new Bertelsmann Investments division. They include the budget-hotel marketplace Treebo in India, and the NRE Education Group, one of the largest medical university groups in Brazil.

Bertelsmann CFO Bernd Hirsch said: “We continue to shape the ongoing transformation of our Group from a sound financial position. Our cash flow from operations is strong, our equity ratio comfortable, and our ratings stable. We expect that our Group profit for the full year will once again exceed the one-billion mark.”

Overview of Figures (in € millions)

	Jan 1, 2016 - Sep 30, 2016	Jan 1, 2015 - Sep 30, 2015
Consolidated revenues	11,963	12,152
Operating EBITDA divisions	1,698	1,651
Corporate/Consolidation	-65	-56
Operating EBITDA	1,633	1,595
Special items	-77	-171
EBIT (Earnings before interest and taxes)	1.094	993
Financial result	-176	-186
Earnings before taxes from continuing operations	918	807
Income taxes	-267	-237
Earnings after taxes from continuing operations	651	570
Earnings after taxes from discontinued operations	1	3
Group profit	652	573

Investments (incl. acquired debt)	884	780
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	Balance as of Sep 30, 2016	Balance as of Dec 31, 2015
Economic debt	6,634	5,609

The comparable figures of the preceding period have been adjusted.

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 music company BMG, the service provider Arvato, the Bertelsmann Printing Group, the Bertelsmann Education Group, and Bertelsmann Investments, an international network of funds. The company has 117,000 employees and generated revenues of €17.1 billion in the 2015 financial year. Bertelsmann stands for creativity and entrepreneurship. This combination promotes first-class media content and innovative service solutions that inspire customers around the world.

For further questions, please contact:

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