

PRESS RELEASE

Bertelsmann Increases Group Profit to Nearly €700 Million at 2017 Nine-Month Mark

- **Revenues rise to €12.1 billion**
- **Growth businesses contribute 32 percent**
- **Operating EBITDA at new high of €1.6 billion**
- **Penguin Random House share increase completed in October**
- **Forecast for full year confirmed**

Gütersloh, November 9, 2017 – For the first nine months of 2017, Bertelsmann posted a positive business performance, with revenue growth and record operating EBITDA and Group profit.

The international media, services and education company increased its revenues by 1.3 percent year-on-year to €12.1 billion (previous year: €12.0 billion). Bertelsmann's strategic growth businesses were particularly instrumental in this development: RTL Group's digital activities continued their dynamic growth, increasing by around 30 percent to €560 million. The music company BMG grew by 29 percent; the Bertelsmann Education Group recorded growth of 38 percent. Overall, the share of total revenues contributed by the high-growth businesses increased to 32 percent (previous year: 29 percent).

Despite a positive special item in the amount of €43 million at RTL Group in the previous year, Operating EBITDA improved to a record €1.64 billion (previous year: €1.63 billion). The EBITDA margin remained on par with the previous year's high level at 13.5 percent (previous year: 13.7 percent). In the first nine months, start-up losses for digital and new business amounted to €54 million for RTL Group and the Bertelsmann Education Group alone.

Group profit increased to €694 million at September 30, surpassing the previous year's figure by 6.4 percent (previous year: €652 million). The result before sale of investments was therefore at a record level. With capital gains of €69 million, the Bertelsmann Asia Investments (BAI) fund once again made a high contribution to earnings.

Bertelsmann Chairman & CEO Thomas Rabe said: "The 2017 financial year continues to be very gratifying for Bertelsmann. We have stepped up our growth dynamic again, after nine months. The good business performance is accompanied by progress in the implementation of our strategy. With the share increase in Penguin Random House completed, we now own strategic majorities in all our divisions: 75 percent in RTL Group and Penguin Random House, 100 percent in all other divisions. Bertelsmann is increasingly becoming a faster-growing, more digital, more international, and more diversified company. We will continue on this path."

RTL Group continued to expand its digital and production businesses over the past few months and recently acquired full ownership of the Denver-based advertising technology company SpotX. To create a global monetization platform, the Group announced that it would merge SpotX and Smartclip by the end of 2018. In addition, RTL Group's businesses in the core markets of Germany and France significantly outperformed their respective TV advertising markets in the reporting period and showed particular growth in the third quarter.

In the first nine months of this year, 346 **Penguin Random House** titles made the “New York Times” bestseller lists, 45 of them at No.1. The international publishing group’s Spanish-language businesses were expanded by the acquisition of the Ediciones B publishing group.

Among other accomplishments, the publishing subsidiary **Gruner + Jahr** launched the new magazine “Hygge” and continued expanding the ad-tech company AppLike. Gruner + Jahr also accelerated its focus on the core markets Germany and France, and announced the sale of the Dutch offshoot Gruner + Jahr Media.

The Bertelsmann music subsidiary **BMG** made a number of acquisitions and catalog purchases, including the takeover of Immediate Music, a leading independent U.S. producer of original music for motion picture advertising and trailers, in September. BMG also signed Rock'n'Roll Hall of Fame member John Fogerty and Chrissie Hynde, founder of The Pretenders.

The service businesses grouped in the **Arvato** division were further strengthened amidst the acquisition of new clients and the renewal of key contracts. Arvato SCM Solutions expanded its logistics site in Gütersloh and continued to advance its international expansion in the U.S. and the Netherlands. Arvato Financial Solutions continued to expand its international business by acquiring a majority stake in the Brazilian financial services company Intervalor. Capacity utilization was good at the **Bertelsmann Printing Group** printing plants.

Within the **Bertelsmann Education Group**, the online education provider Relias further expanded its offerings and now has over 6,500 customers worldwide. The e-learning provider Udacity expanded its business with new nanodegree offerings, including one for self-driving cars. Currently, around 50,000 students are studying at Udacity.

The network of funds that comprise the **Bertelsmann Investments** division made more than 30 new and follow-up international investments, including in the Indian digital companies Treebo and Lendingkart. Overall, Bertelsmann Investments now holds more than 160 shareholdings.

Bernd Hirsch, Chief Financial Officer of Bertelsmann, added: “Bertelsmann will continue to pursue its conservative financing policy even after completing the Penguin Random House share increase in October 2017. We are confident about our further performance in the financial year and continue to expect increased revenues, continued high operating profitability, and Group profit of over one billion euros.”

Overview of Figures (in €millions)

	Jan 1, 2017 - Sep 30, 2017	Jan 1, 2016 - Sep 30, 2016
Revenues	12,119	11,963
Operating EBITDA divisions	1,672	1,698
Corporate / Consolidation	(33)	(65)
Operating EBITDA	1,639	1,633
Special items	(31)	(77)
EBIT (Earnings before interest and taxes)	1,127	1,094
Financial result	(154)	(176)
Earnings before taxes from continuing operations	973	918
Income taxes	(278)	(267)
Earnings after taxes from continuing operations	695	651
Earnings after taxes from discontinued operations	(1)	1
Group profit or loss	694	652

Investments (including financial debt assumed)	949	884
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	Balance as of 9/30/2017	Balance as of 12/31/2016
Economic debt	6,271	5,913

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 116,000 employees and generated revenues of €17.0 billion in the 2016 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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