

PRESS RELEASE

Bertelsmann Accelerates its Revenue Growth in First Quarter of 2018

- Revenues rise to **€3.99 billion**
- Organic growth improves to **2.7 percent**
- High-growth businesses show organic revenue growth of **7.9 percent**
- Operating EBITDA before negative exchange-rate effects up year-on-year
- Group profit at **€172 million**
- Strategic progress across all corporate divisions
- Full-year forecast confirmed

Gütersloh, May 17, 2018 – Bertelsmann stepped up its growth course in the first quarter of the year. Fueled by the positive development of its digital and high-growth businesses, the company recorded a revenue increase despite high negative exchange-rate effects – in particular due to the weakness of the U.S. dollar. The international media, services and education company's organic growth improved to 2.7 percent.

Group revenue increased by 1.3 percent to €3.99 billion (previous year: €3.94 billion), the highest first-quarter revenues in ten years. Exchange-rate effects had a negative impact amounting to €145 million; Bertelsmann generated around 20 percent of its revenues in the United States. The Group's high-growth businesses saw an organic revenue increase of 7.9 percent and generated 32 percent of total revenues. Especially strong growth was achieved at the music subsidiary BMG (17 percent organic growth), Arvato (six percent) and the Bertelsmann Education Group (21 percent).

Operating EBITDA was €473 million (previous year: €482 million). Adjusted for exchange rate effects, operating earnings exceeded the previous year's figure by €8 million. Losses at the French soccer club Girondins de Bordeaux – a subsidiary of Groupe M6 – were up by €11 million year-on-year. Both Arvato and the Bertelsmann Education Group posted earnings growth. The EBITDA margin was 11.8 percent (previous year: 12.2 percent).

At €172 million (previous year: €198 million), Bertelsmann's Group profit was at a high level. The decline compared with the previous period is primarily attributable to negative special items and exchange rate effects. The fund activities pooled in the Bertelsmann Investments division once again made a positive contribution to earnings. The Group's financial income and tax income both improved year on year.

Thomas Rabe, Chairman and CEO of Bertelsmann, said: "Bertelsmann is growing faster under its own steam than it has for a long time. The strategic expansion of our high-growth businesses is becoming increasingly noteworthy. They now account for around a third of our Group revenues. We are increasingly focusing on organic growth and investing heavily in our businesses. In the first few months of 2018, we continued to work to make Bertelsmann a faster-growing, more digital, more international, and more diversified company. We have made a good start to the current year and are confident that we will achieve our full-year targets."

Bertelsmann has made a series of strategic advances in recent months: RTL Group increased its TV advertising revenues in its core markets of Germany, France and the Netherlands during the reporting period. The group's digital revenues increased to €190 million in the first quarter (previous year: €178 million).

Penguin Random House delivered a strong bestseller performance and acquired the U.S. nonfiction imprint Rodale Books in January. The publishing group announced that the memoirs of former U.S. First Lady Michelle Obama will be simultaneously published in 24 languages on November 13, 2018.

Gruner + Jahr's digital businesses once again recorded growth in its core markets of Germany and France. Gruner + Jahr also launched new magazines including "JWD" and "Dr. v. Hirschhausen's Stern Gesund Leben."

In April, BMG acquired the Australian production music company Big Bang & Fuzz and signed an exclusive worldwide publishing contract with former Beatles drummer Ringo Starr.

Bertelsmann's services division Arvato renewed framework contracts with key customers – including Daimler and Facebook – and further expanded its logistics and financial services activities. As one example, Arvato acquired a stake in the Israeli fintech start-up Secured Touch. Bertelsmann announced that it would review strategic options for the development of its CRM activities outside the French-speaking territories.

The Bertelsmann Printing Group renewed several print contracts, including for the news magazine "Der Spiegel."

Bertelsmann's e-learning subsidiary Relias recorded double-digit organic growth and expanded its customer base to more than 8,300 institutions. The Bertelsmann Education Group acquired a majority stake in the U.S. university services provider HotChalk, and the corporate training platform Udacity, in which Bertelsmann owns a stake, launched new nanodegrees, including in the field of artificial intelligence.

Bertelsmann invested in innovative companies through its international funds. For instance, Bertelsmann Asia Investments (BAI) invested in companies including the Chinese car-sharing service provider Dadao, and participated in a new round of financing for the e-commerce platform Club Factory. In April, Bertelsmann Brazil Investments (BBI) became the majority shareholder of Affero Lab in Brazil.

Bernd Hirsch, Chief Financial Officer of Bertelsmann, said: "Given our solid financial position, we are optimistic for the full year. As before, we expect higher revenues and continued high operating profitability in 2018. Our net profit should once again exceed one billion euros."

Key Financials (in €millions)

	Jan 1, 2018 – Mar 31, 2018	Jan 1, 2017 – Mar 31, 2017
Group revenues (continuing operations)	3,992	3,940
Operating EBITDA divisions	494	505
Corporate / Consolidation	(21)	(23)
Operating EBITDA	473	482
Special items	(15)	3
Financial result	(48)	(50)
Earnings before taxes from continuing operations	253	283
Income taxes	(81)	(84)
Earnings after taxes from continuing operations	172	199
Earnings after taxes from discontinued operations	--	(1)
Group profit	172	198

Investments (including financial debt assumed)	271	365
--	-----	-----

	Balance as of 31 Mar 2018	Balance as of 31 Dec 2017
Economic debt	6,260	6,213

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 119,000 employees and generated revenues of €17.2 billion in the 2017 financial year. Bertelsmann stands for entrepreneurship and creativity. This combination promotes first-class media content and innovative service solutions that inspire customers around the world.

For further questions, please contact:

Bertelsmann SE & Co. KGaA

Andreas Grafemeyer
Senior Vice President Media Relations
Phone: +49 5241 80-2466
andreas.grafemeyer@bertelsmann.de