

Bertelsmann

Annual Results 2020

Investor Conference Call

March 30, 2021

Rolf Hellermann, Member of the Executive Board and CFO of Bertelsmann

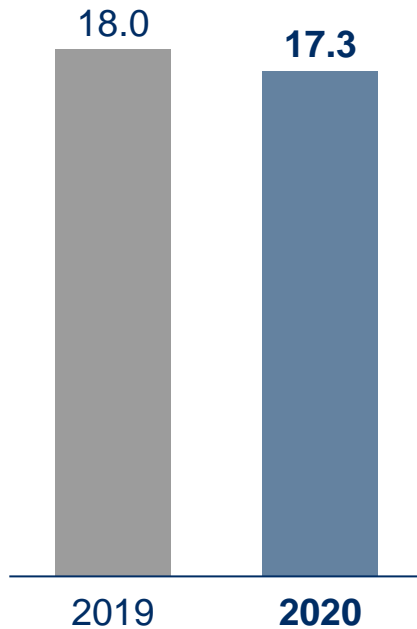
Bertelsmann FY 2020 – Highlights and key topics

1. **Strong business performance despite Covid-19** | Revenues of €17.3bn | Operating result +9% | Group profit of €1.5bn
2. **Excellent financial position** | Leverage factor at 1.9x, well below limit despite PRH step-up to 100% | Healthy maturity profile, high liquidity
3. **High cash flow** | Attractive cash conversion rate of 118% | Low net working capital | Reduction of net financial debt by more than €1.3bn
4. **Business profile** | Improved positioning due to S&S acquisition | Reduction of ad exposure | PRH, Arvato as substantial earning pillars
5. **Strategy** | Strategy refined in 2020 | Substantial progress achieved in all strategic priorities | Strong focus on organic growth continues
6. **Framework** | Tech & data | Upskilling | Cooperation & alliances
7. **Portfolio transformation** | Strong growth | High profitability | Digital | International | Diversified
8. **Outlook** | Market uncertainties remain | Robust portfolio | Moderate revenue growth | Stable EBITDA on comparable basis

Group key figures – Organic revenue decline of 1.7%, EBITDA >€3bn for the first time, Group profit €1.5bn

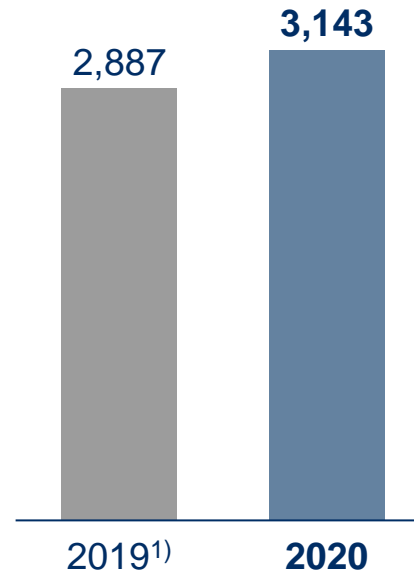
Revenues, in € billions

Reported	-4.1%
Organic	-1.7%

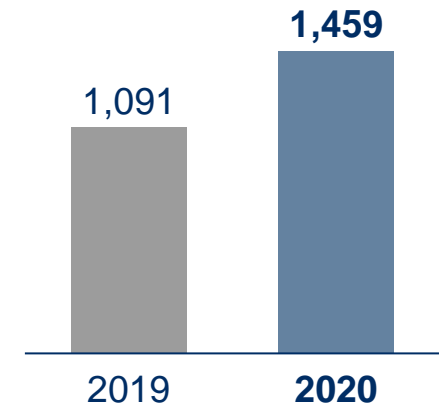


Operating EBITDA, in € millions

Margin	16.0%	18.2%
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Group profit, in € millions

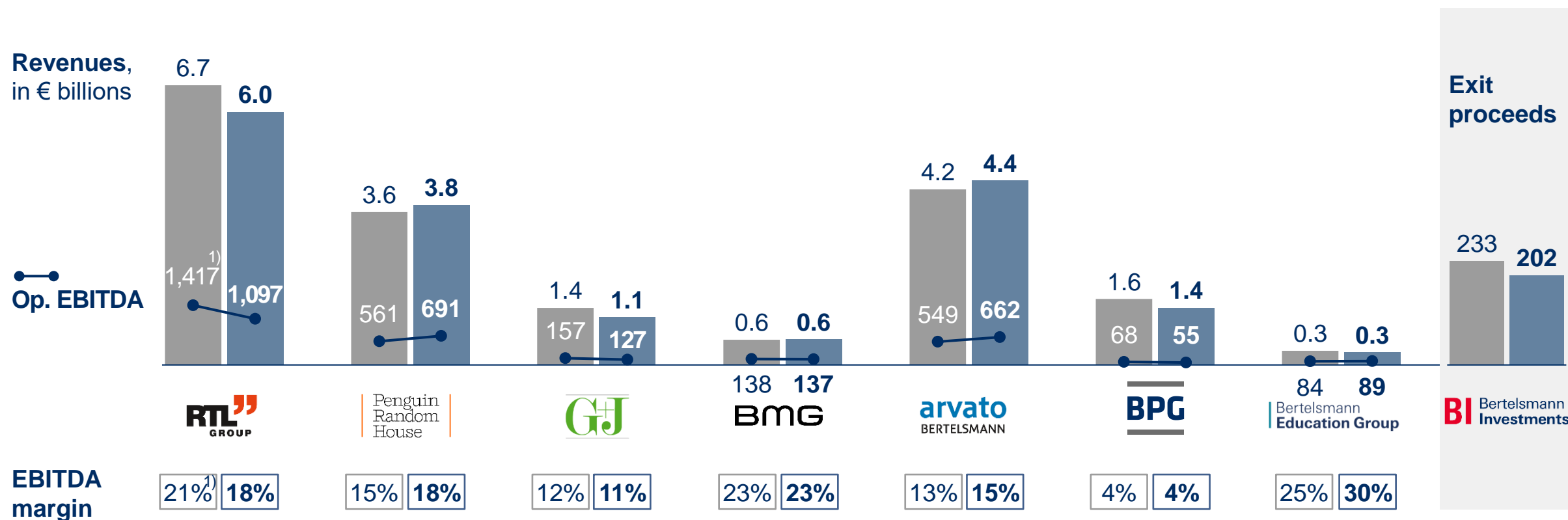


1) Restated

Divisions – Strong growth at PRH and Arvato, Covid-driven declines in ad and print businesses

in € millions

2019 2020



1) Restated

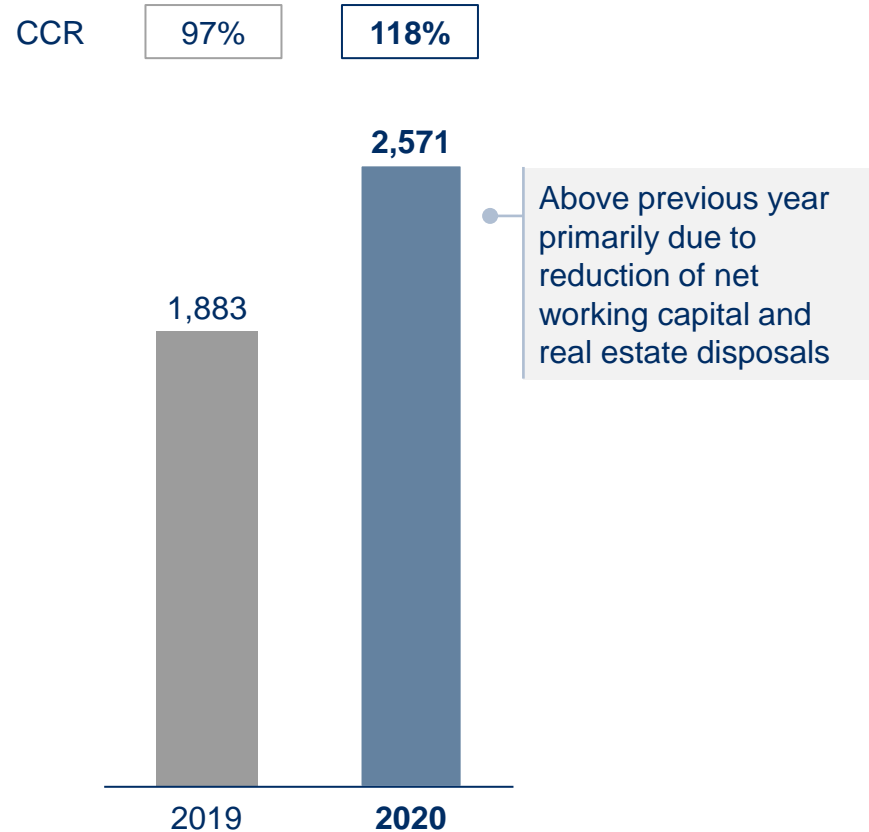
Group profit – Exceeds billion-euro mark for the sixth consecutive year

in € millions	2019	2020	Change	Comment
Operating EBITDA¹⁾	2,887	3,143	+256	Including real estate disposals
Depreciation and amortization ¹⁾	-908	-918	-10	
Restructuring/other adjustments	-293	-214	+79	Lower restructuring expenses especially at BPG
Impairments/reversals	-94	-204	-110	Increase partly due to G+J D impairment
Capital gains/losses and FV remeasurements	233	469	+236	High capital gains from divestments, especially at Arvato und RTL Group
∑ Special items	-154	51	+205	
EBIT	1,825	2,276	+451	
Financial result	-309	-339	-30	Increased interest expenses due to additional financing
Income taxes	-426	-478	-52	Tax expense affected by higher operating results
Earnings after taxes from discontinued operations	1	-	-1	
Group profit	1,091	1,459	+368	

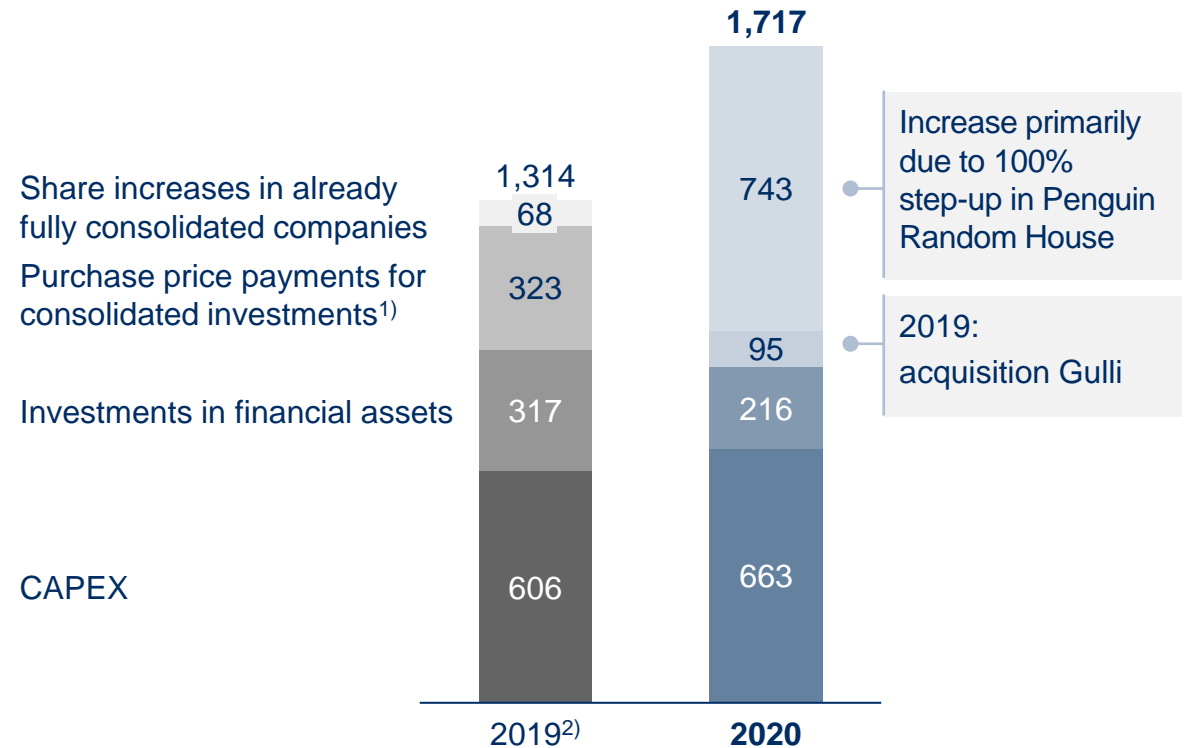
1) 2019 restated

Further Group key figures – High cash flows from operations, only modest investments in M&A apart from PRH

Operating Free Cash Flow, in € millions



Economic investments, in € millions

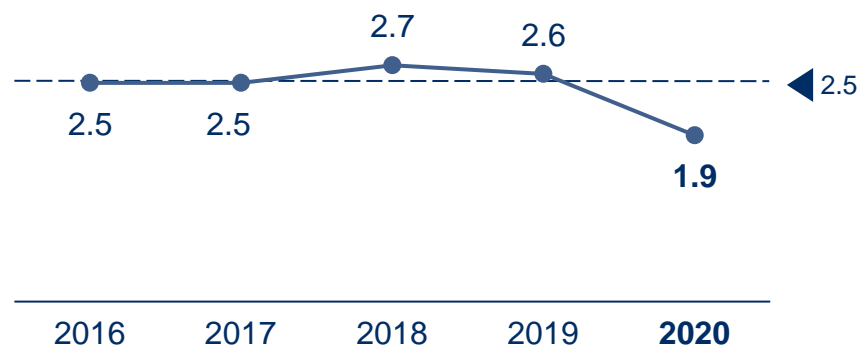


1) Taking into account financial debt assumed 2) Restated

Financial status – Net financial debt substantially decreased, leverage factor well below limit

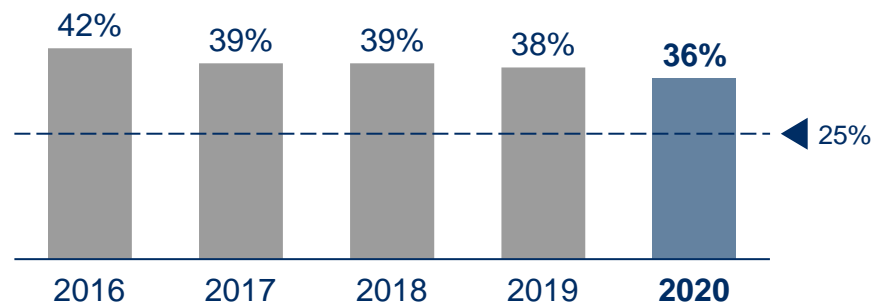
Leverage factor ≤ 2.5x

$\frac{\text{Economic debt}}{\text{Operating EBITDA}^{1)}$



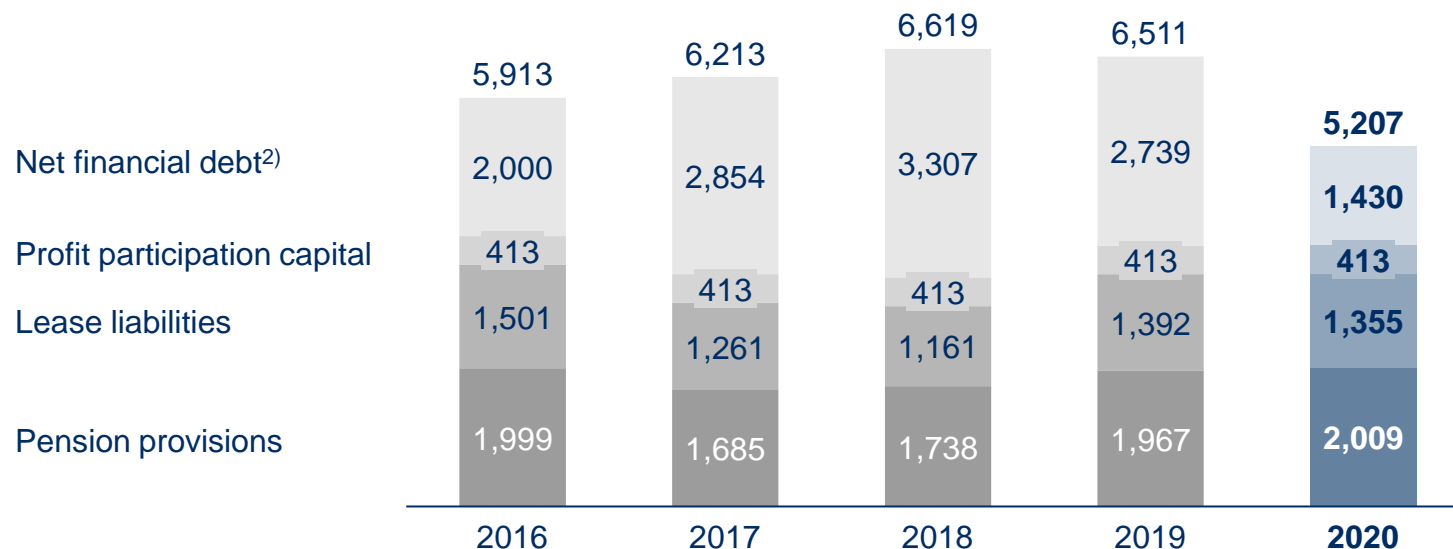
Equity ratio ≥ 25%

$\frac{\text{Equity}}{\text{Total assets}}$



1) After modifications 2) Less 50% par value of hybrid bonds

Economic debt, in € millions



Credit rating

MOODY'S
INVESTORS SERVICE

Baa2, outlook: stable

S&P Global
Ratings

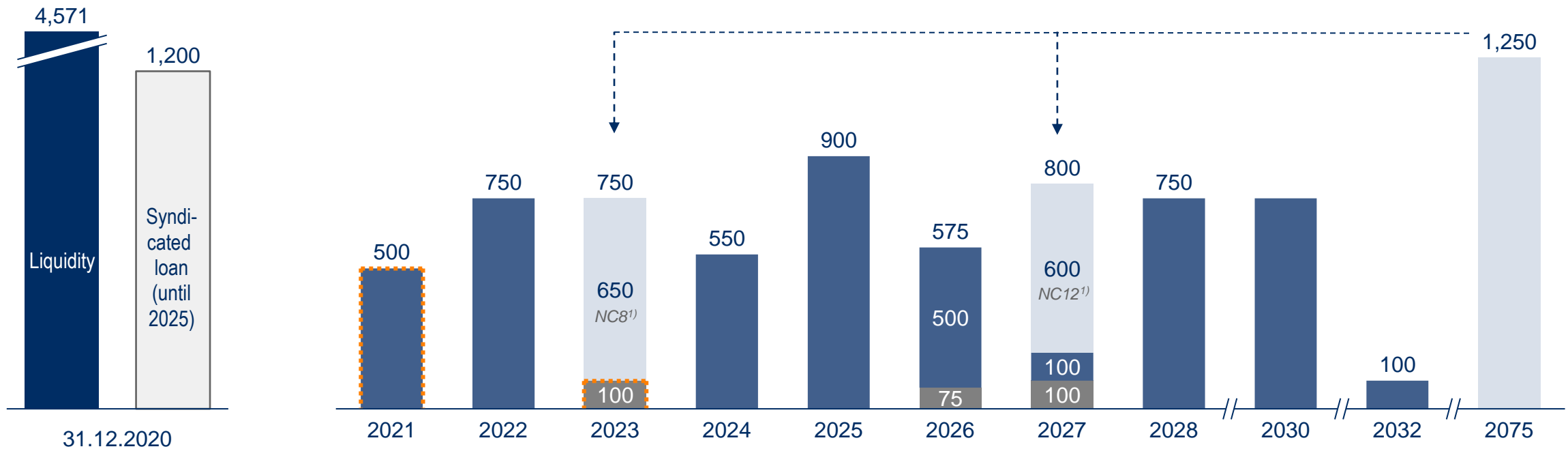
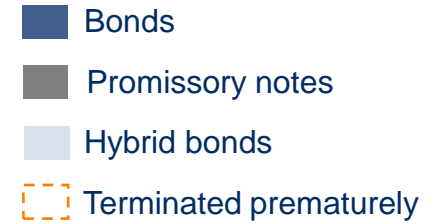
BBB, outlook: stable

Financial status – Secured liquidity during pandemic via loans and capital market instruments, excellent liquidity position, bond maturities prefinanced

in € millions

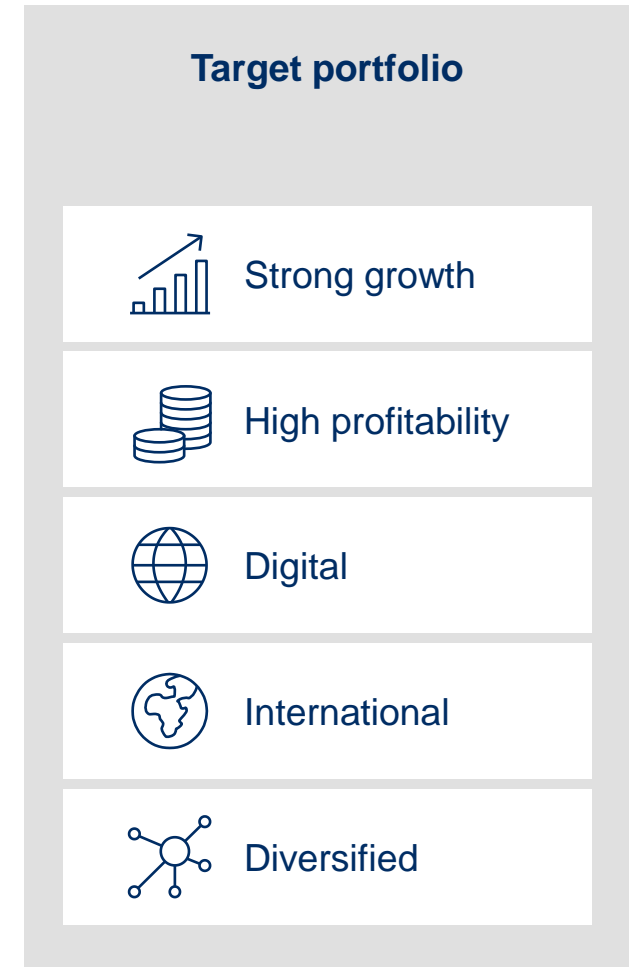
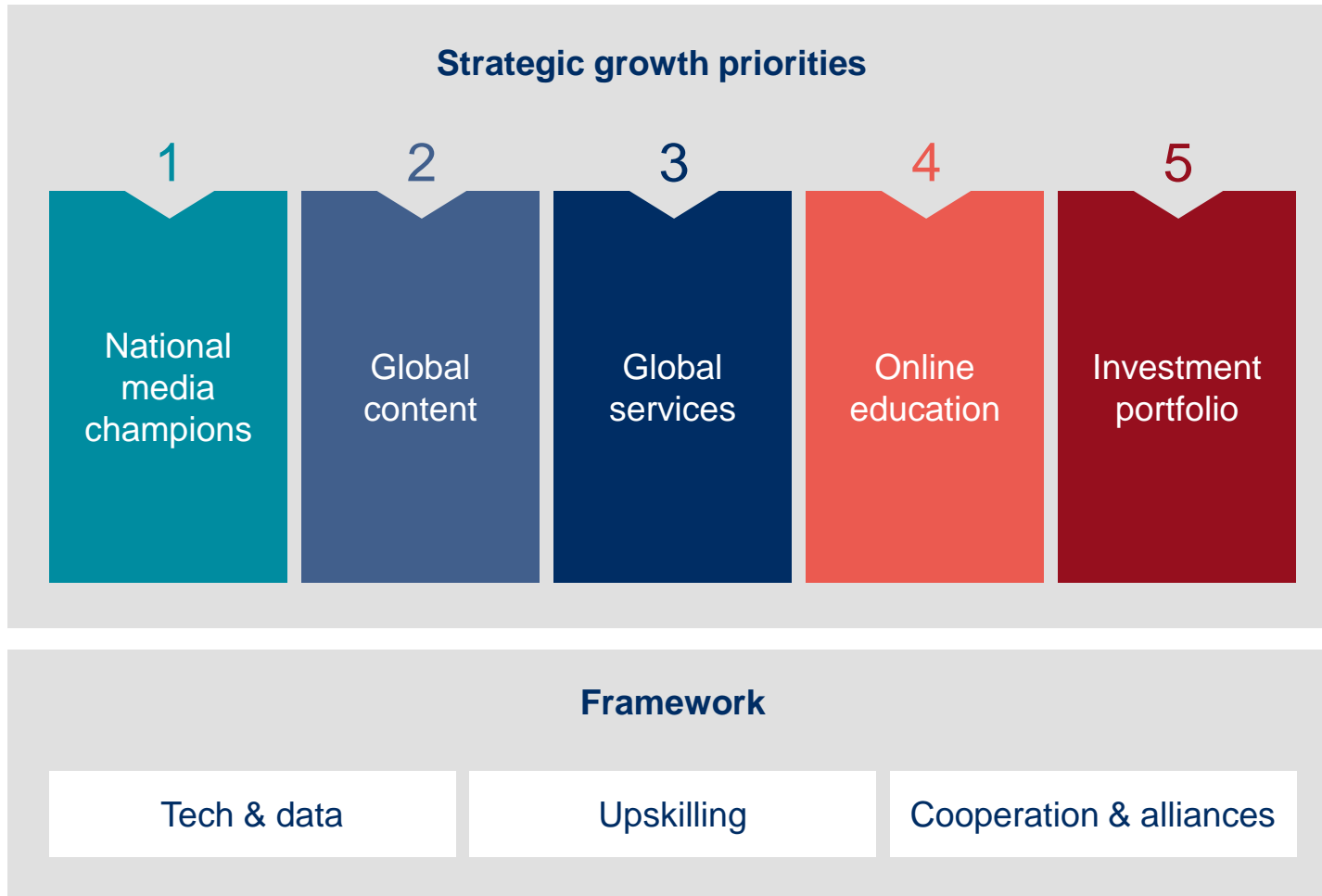
Financing activities FY 2020

- Placement of in total €1.5bn bonds
- Placement of in total €250m promissory note (repaid €50m)
- Placement of in total €350m private placements (repaid €250m)
- Redemption of €100m promissory note in December



1) Indication of first call date, for illustrative purposes only

Group strategy – Growth along five strategic priorities



Achievements 2020 – Substantial progress in all strategic priorities



Summary and outlook – Successful financial year 2020, focus 2021 on growth and future-oriented investments

2020

Key developments

- Covid-19 impact fully compensated
- EBITDA at record high and €>3bn for the first time
- Group profit of €1.5bn
- Growth priorities refined

2021

Outlook

- Moderate revenue growth
- Strong decline in Operating EBITDA but stable on a comparable basis
- Earnings-effective investments of €~250m in new businesses and technologies

Q&A Session

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