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

<table>
<thead>
<tr>
<th>Revenues, in € billions</th>
<th>Operating EBITDA, in € millions</th>
<th>Group profit, in € millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported</td>
<td>-4.1%</td>
<td>Margin: 16.0%</td>
</tr>
<tr>
<td>Organic</td>
<td>-1.7%</td>
<td>18.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>18.0</td>
<td>17.3</td>
<td>2,887</td>
<td>3,143</td>
<td>1,459</td>
<td>1,091</td>
</tr>
</tbody>
</table>

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

in € millions

Revenues, in € billions

Op. EBITDA

EBITDA margin

1) Restated

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RTL Group</td>
<td>1,417</td>
<td>1,097</td>
<td>157</td>
<td>127</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>Penguin Random House</td>
<td>561</td>
<td>691</td>
<td>138</td>
<td>137</td>
<td>15%</td>
<td>18%</td>
</tr>
<tr>
<td>G+J</td>
<td>3.6</td>
<td>3.8</td>
<td>0.6</td>
<td>0.6</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>BMG</td>
<td>1,417</td>
<td>1,097</td>
<td>157</td>
<td>127</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>arvato</td>
<td>691</td>
<td>662</td>
<td>549</td>
<td>662</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>BPG</td>
<td>1.4</td>
<td>1.4</td>
<td>68</td>
<td>55</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Exit proceeds</td>
<td></td>
<td></td>
<td>233</td>
<td>202</td>
<td>84</td>
<td>89</td>
</tr>
<tr>
<td>Bertelsmann Education Group</td>
<td></td>
<td></td>
<td>0.3</td>
<td>0.3</td>
<td>25%</td>
<td>30%</td>
</tr>
</tbody>
</table>

1) Restated
### Group profit – Exceeds billion-euro mark for the sixth consecutive year

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

\(^1\) 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Free Cash Flow, in € millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1,883</td>
</tr>
<tr>
<td>2020</td>
<td>2,571</td>
</tr>
</tbody>
</table>

Economic investments, in € millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Economic investments, in € millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1,314 (68)</td>
</tr>
<tr>
<td>2020</td>
<td>1,717</td>
</tr>
</tbody>
</table>

- **Share increases in already fully consolidated companies**: 1,314 (68)
- **Purchase price payments for consolidated investments**:
  - 2019: 323
  - 2020: 743
- **Investments in financial assets**: 317
- **CAPEX**: 606
- **Increase primarily due to 100% step-up in Penguin Random House**: 95
- **2019: acquisition Gulli**: 216

Above previous year primarily due to reduction of net working capital and real estate disposals

1) Taking into account financial debt assumed  2) Restated
Financial status –
Net financial debt substantially decreased, leverage factor well below limit

Leverage factor ≤ 2.5×
- 2016: 2.5
- 2017: 2.5
- 2018: 2.7
- 2019: 2.6
- 2020: 1.9

Equity ratio ≥ 25%
- 2016: 42%
- 2017: 39%
- 2018: 39%
- 2019: 38%
- 2020: 36%

Economic debt, in € millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Net financial debt (2)</th>
<th>Profit participation capital</th>
<th>Lease liabilities</th>
<th>Pension provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2,000</td>
<td>413</td>
<td>1,501</td>
<td>1,999</td>
</tr>
<tr>
<td>2017</td>
<td>2,854</td>
<td>413</td>
<td>1,261</td>
<td>1,685</td>
</tr>
<tr>
<td>2018</td>
<td>3,307</td>
<td>413</td>
<td>1,161</td>
<td>1,738</td>
</tr>
<tr>
<td>2019</td>
<td>2,739</td>
<td>413</td>
<td>1,392</td>
<td>1,967</td>
</tr>
<tr>
<td>2020</td>
<td>6,511</td>
<td>413</td>
<td>1,355</td>
<td>2,009</td>
</tr>
</tbody>
</table>

Economic debt = Operating EBITDA(A) × Financial status
- Net financial debt: substantially decreased
- Leverage factor: well below limit

Credit rating
- Baa2, outlook: stable
- BBB, outlook: stable

1) After modifications 2) Less 50% par value of hybrid bonds
Financial status – Secured liquidity during pandemic via loans and capital market instruments, excellent liquidity position, bond maturities prefinanced

**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

**in € millions**

| Year   | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 | 2055 | 2056 | 2057 | 2058 | 2059 | 2060 | 2061 | 2062 | 2063 | 2064 | 2065 | 2066 | 2067 | 2068 | 2069 | 2070 | 2071 | 2072 | 2073 | 2074 | 2075 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 31.12.2020 | 4,571 | 1,200 | 500  | 750  | 750  | 650  | 555  | 900  | 575  | 500  | 750  | 800  | 600  | NC12 | 1,200 | 4,571 | 1,200 | 500  | 750  | 750  | 650  | 555  | 900  | 575  | 500  | 750  | 800  | 600  | NC12 | 1,200 | 4,571 | 1,200 | 500  | 750  | 750  | 650  | 555  | 900  | 575  | 500  | 750  | 800  | 600  | NC12 | 1,200 | 4,571 | 1,200 | 500  | 750  | 750  | 650  | 555  | 900  | 575  | 500  | 750  | 800  | 600  | NC12 | 1,200 | 4,571 | 1,200 | 500  | 750  | 750  | 650  | 555  | 900  | 575  | 500  | 750  | 800  | 600  | NC12 | 1,200 | 4,571 | 1,200 | 500  | 750  | 750  | 650  | 555  | 900  | 575  | 500  | 750  | 800  | 600  | NC12 | 1,200 | 4,571 | 1,200 | 500  | 750  | 750  | 650  | 555  | 900  | 575  | 500  | 750  | 800  | 600  | NC12 | 1,200 | 4,571 | 1,200 |

1) Indication of first call date, for illustrative purposes only
Group strategy – 
Growth along five strategic priorities

1. National media champions
2. Global content
3. Global services
4. Online education
5. Investment portfolio

Strategic growth priorities

Target portfolio

- Strong growth
- High profitability
- Digital
- International
- Diversified

Framework

- Tech & data
- Upskilling
- Cooperation & alliances
Achievements 2020 –
Substantial progress in all strategic priorities

1. National media champions
   - Expansion of video on demand
     - Agreement on 100% step-up
   - Expansion of digital offering

2. Global content
   - Expansion of drama productions
     - 100% step-up + Agreement on acquisition
   - Growth with music streaming

3. Global services
   - Organic growth +6%
   - Major client wins
   - Partnership in risk management business

4. Online education
   - Investments in new products and technologies
   - Expansion of online offering
   - Growth with B2B clients

5. Investment portfolio
   - Expansion to ~260 investments
   - Shareholdings in 15 unicorns
   - Investments since launch €>1.3bn
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

Investor Conference Call
March 30, 2021
Rolf Hellermann, Member of the Executive Board and CFO of Bertelsmann