

# Bertelsmann Interim Results 2015

Investor Conference Call | August 31, 2015

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# Summary and highlights – Interim Results 2015

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## **Strong business performance**

- Revenues increased by 2.5 percent
- Operating EBITDA up 4.4 percent
- Group profit significantly improved

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## **Solid financial position**

- Financial flexibility increased through hybrid bond
- Target rating Baa1/BBB+ with stable outlook

3

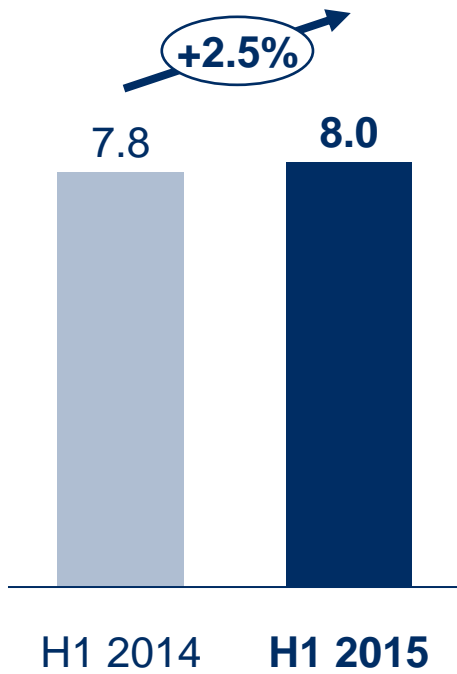
## **Strategy – Progress on all strategic priorities**

- Development of digital businesses and growth platforms as well as activities in international growth markets

# Group key figures H1 2015 – Strong business performance; operating EBITDA at record high

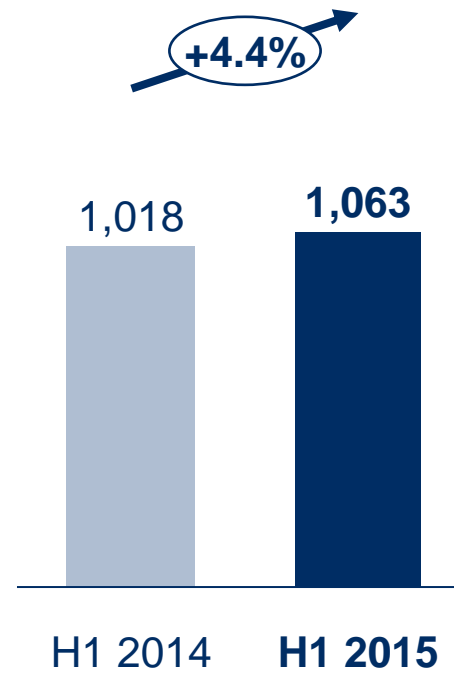
Continuing operations, in € millions

## Revenues (in € billions)

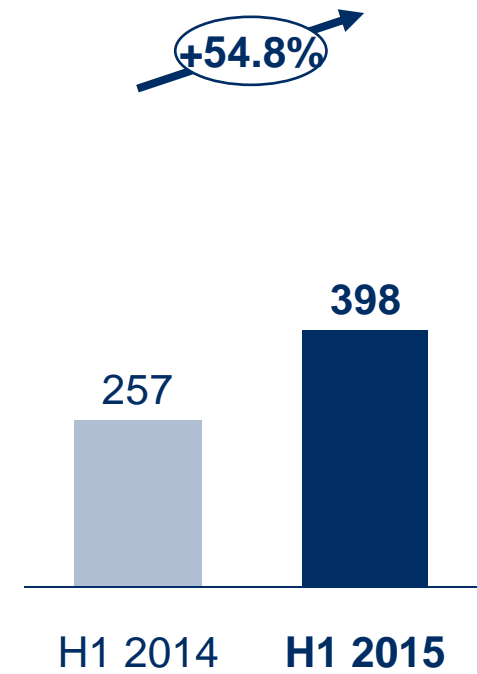


## Operating EBITDA

EBITDA margin **13.0%** **13.2%**



## Group profit

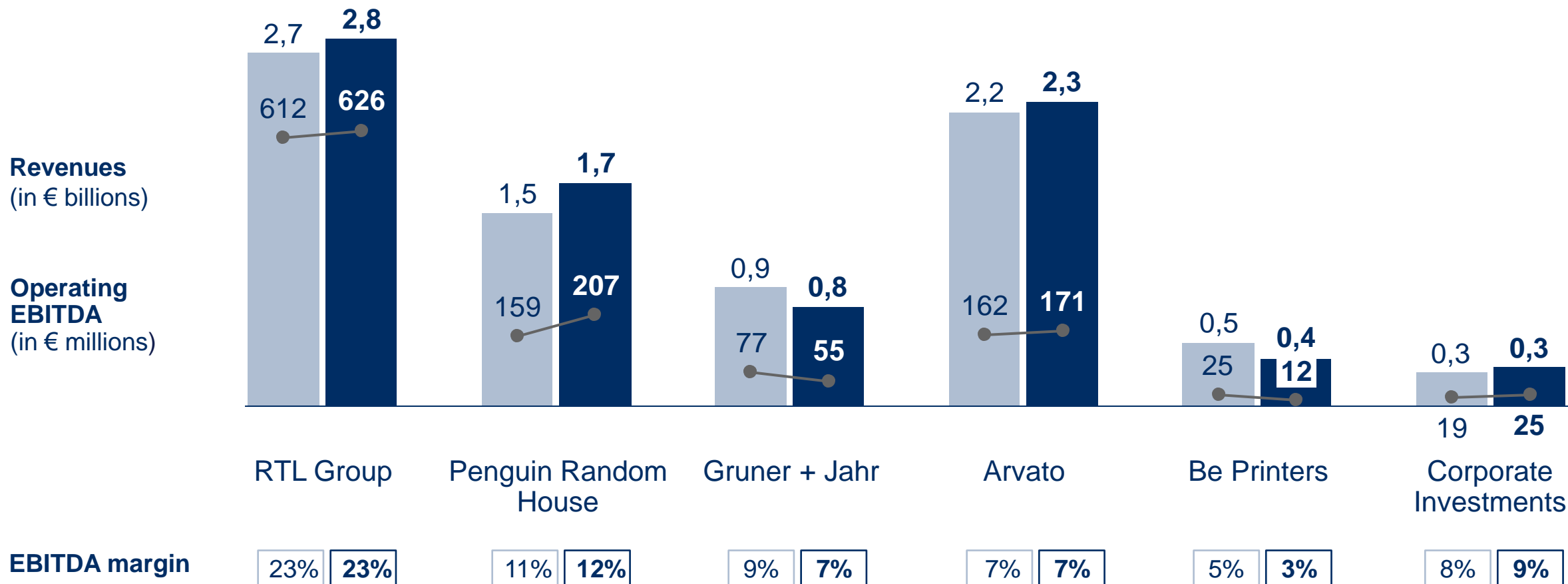


Note: 2014 restated

# Divisions H1 2015 – Revenues influenced by positive exchange rate effects; earnings growth at RTL, Penguin Random House, Arvato and Corporate Investments

Continuing operations

■ H1 2014 ■ H1 2015



Note: 2014 restated

## Group profit – Significantly above prior year due to lower burden from special items and increase in operating earnings

in € millions

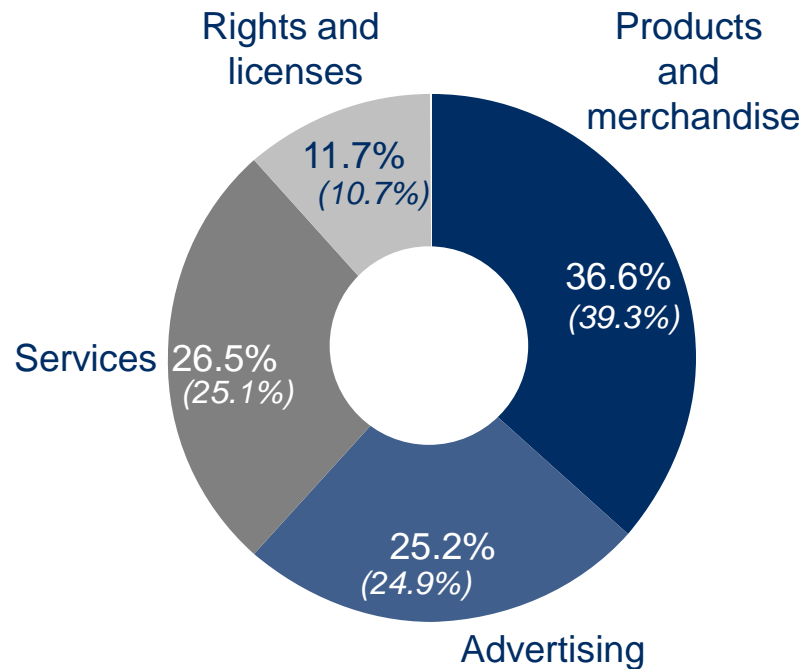
	H1 2014	H1 2015	Change abs.
<b>Operating EBITDA</b>	<b>1,018</b>	<b>1,063</b>	<b>+45</b>
Depreciation & Amortisation	(289)	(292)	(3)
<i>Restructuring/Other</i>	(82)	(118)	(36)
<i>Impairments/Reversals</i>	(98)	(5)	+93
<i>Capital Gains/Losses</i>	8	22	+14
Special items	(172)	(101)	+71
<b>EBIT</b>	<b>557</b>	<b>670</b>	<b>+113</b>
Financial result	(125)	(119)	+6
Income taxes	(178)	(156)	+22
Earnings after taxes from discontinued operations	3	3	±0
<b>Group profit</b>	<b>257</b>	<b>398</b>	<b>+141</b>

Note: 2014 restated

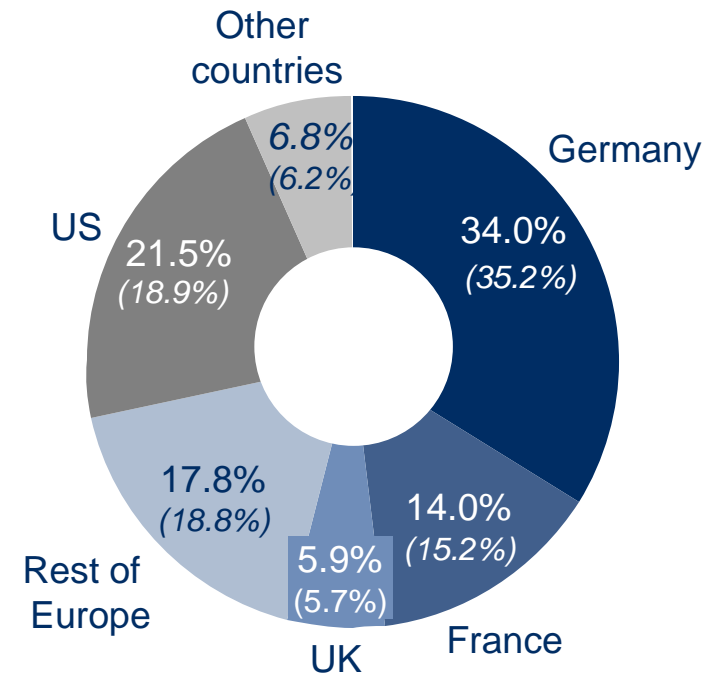
# Group key figures H1 2015 – Broad diversification by revenue sources and regions

Revenue share, continuing operations

Revenue sources in H1 2015 (previous year)

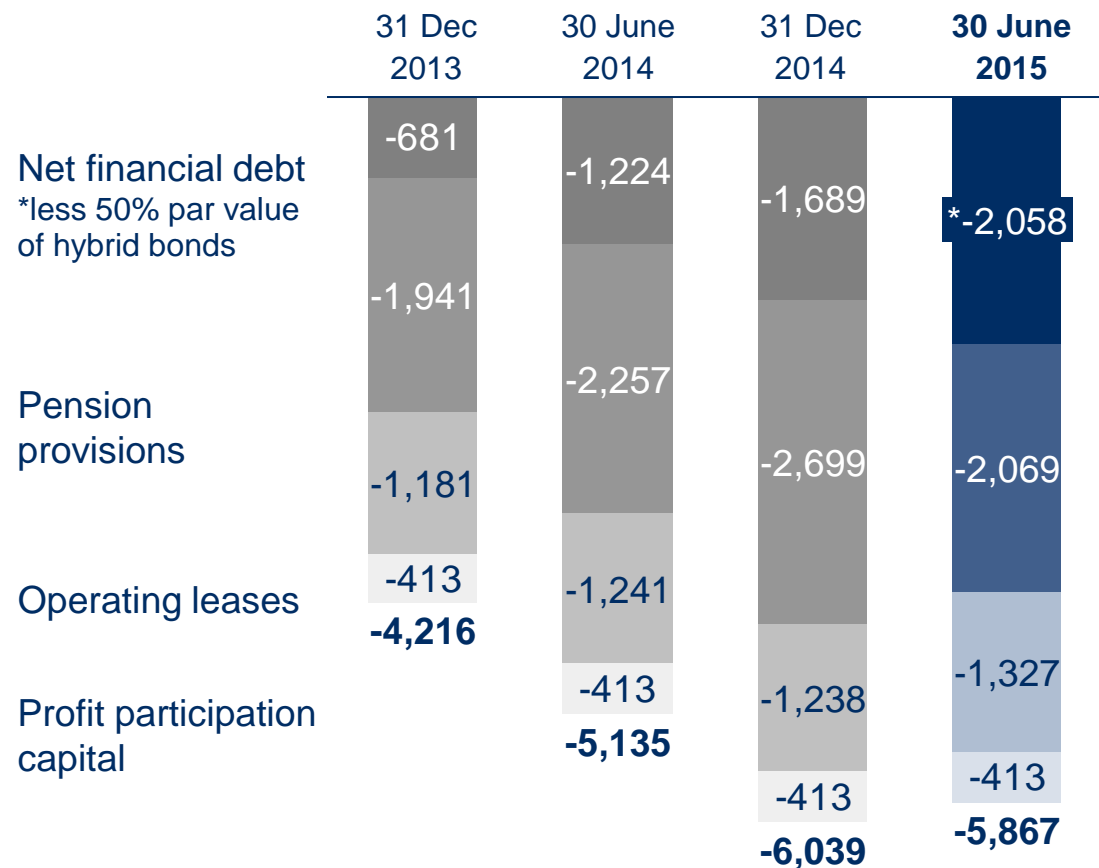


Regions in H1 2015 (previous year)



# Financial status H1 2015 – High equity ratio; financial flexibility increased through hybrid bonds

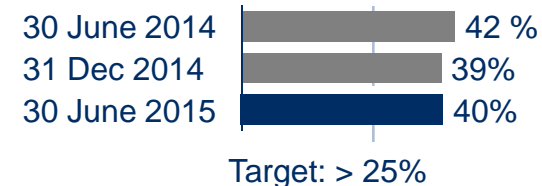
## Economic Debt (in € millions)



## Leverage Factor



## Equity Ratio (in %)



## Rating

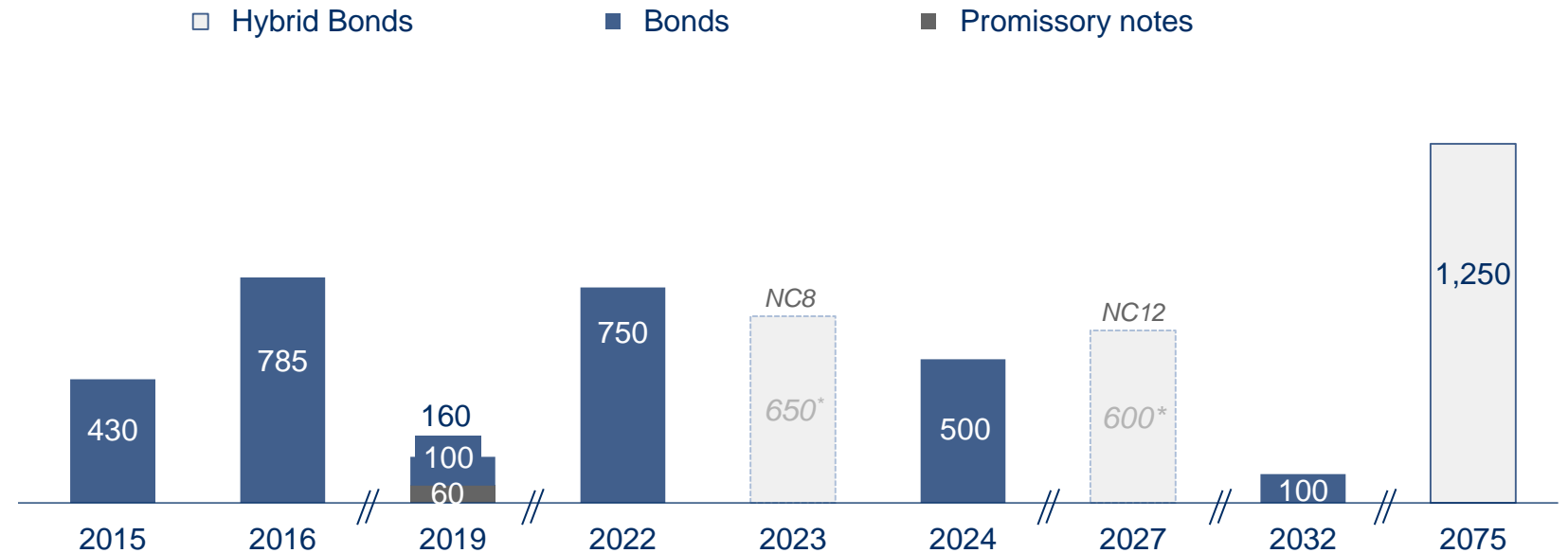
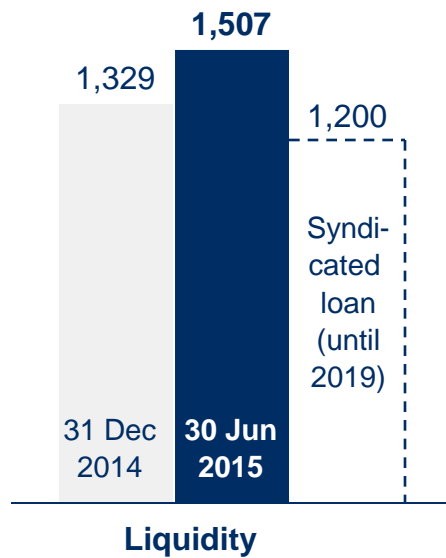
<b>MOODY'S</b>	Baa1, outlook: stable
<b>STANDARD &amp; POOR'S</b>	BBB+, outlook: stable

# Financial status H1 2015 – Issuance of hybrid bonds in April 2015 has strengthened financial profile and extended maturity profile

in € millions

## Financing Activities in H1 2015

Apr 2015: Issuance of two hybrid bonds with a total volume of €1.25bn, tenure of 60yrs, NC8/12



\* For illustrative purposes only.



# Group strategy – Development of digital businesses and growth platforms as well as activities in international growth markets

	2013	2014	2015	Key developments first half of 2015
<b>1</b> Strengthening the core				<ul style="list-style-type: none"> <li>• US book publishing and German TV business showing strong performance</li> <li>• PRH integration showing very good progress</li> <li>• Profitability improvement program</li> <li>• Run-down of structurally declining businesses</li> </ul>
<b>2</b> Digital transformation				<ul style="list-style-type: none"> <li>• Increase of online video views against prior year by more than 170%</li> <li>• PRH global market leader in e-books</li> <li>• Gruner + Jahr with organic and acquisitive growth of digital business</li> </ul>
<b>3</b> Growth platforms				<ul style="list-style-type: none"> <li>• Expansion of education business: Acquisition Alliant, expansion Relias, investment Synergis</li> <li>• BMG with further catalog acquisitions/signings</li> <li>• Expansion of financial solutions business</li> </ul>
<b>4</b> Growth regions				<ul style="list-style-type: none"> <li>• Brazil: Significant expansion of education business, market entry financial solutions</li> <li>• China: Further investments, value creation</li> <li>• India: More investments</li> </ul>

# Outlook full year 2015 – Further increase in revenues and operating EBITDA

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## Business performance

- Slight revenue growth
- Moderate increase in operating EBITDA

## Strategy

- Rapid transformation into a faster-growing, more digital and more international company
- Building education as a third pillar alongside media and services
- Strong business performance based on successful strategy implementation

Q&A