

PRESS RELEASE

Bertelsmann Increases Nine-month Group revenues to Highest Level Since 2007

- **Revenues rise to €12.4 billion**
- **Organic growth improves to 2.6 percent**
- **High-growth businesses with organic revenue growth of 10 percent to €4.2 billion**
- **Operating EBITDA before negative exchange rate effects exceeds high prior-year level**
- **Bertelsmann plans leading CRM company with Saham and continues expansion of Education Group with acquisition of OnCourse Learning**
- **Full-year forecast confirmed**

Gütersloh, November 8, 2018 – After nine months of 2018, the international media, services, and education company Bertelsmann continues to record a positive business performance, with revenue growth and operating EBITDA at a high level.

Despite negative exchange rate effects, Group revenue had increased by 2.4 percent year-on-year at the end of September 2018 to €12.4 billion (previous year: €12.1 billion), the highest level since 2007. Organic growth improved to 2.6 percent. The Group's high-growth businesses recorded a 10-percent organic increase in revenues to €4.2 billion.

Bertelsmann's growth platforms include the digital businesses of RTL Group and of Gruner + Jahr, Fremantle, BMG, Arvato's logistics and financial services activities, and the Bertelsmann Education Group.

Operating EBITDA remained high at €1.62 billion (previous year: €1.64 billion). Excluding negative exchange rate effects, Operating EBITDA was about one percent above the prior-year value. Arvato's performance had a particularly positive effect, while the Bertelsmann Printing Group negatively impacted earnings. In addition, the prior-year result had been positively influenced by the sale of a property. The EBITDA margin was 13.1 percent (previous year: 13.5 percent). At €671 million, Bertelsmann once again achieved very high Group profit (previous year: €694 million).

Bertelsmann Chairman & CEO Thomas Rabe said: "The 2018 financial year is going well for Bertelsmann. Our growth profile improved further. For instance, we achieved a 10-percent increase in revenues from our high-growth businesses under our own steam. This positive business performance is accompanied by major progress in the execution of our strategy in recent months. We are opening a new chapter for our CRM business at Arvato and are entering into a long-term partnership with Saham. The newly formed group will occupy leading market positions in Europe, Africa, and the Middle East, combined with a strong presence in America and Asia. In addition, the acquisition of OnCourse Learning will massively strengthen our educational activities in the U.S."

In September, Bertelsmann announced the combination of major parts of **Arvato's** customer relationship management (CRM) businesses with Saham's activities. The new company will be fully consolidated by Bertelsmann and will generate revenues of around €1.2 billion with approximately 48,000 employees in 25 countries. The completion of the transaction is subject to regulatory approvals and the consultation process with employee representatives. The new company is expected to be formed by January 2019.

RTL Group continued to record a positive business performance. The positive performance of Fremantle and growing digital businesses especially contributed to this. The Group's families of channels in its core markets of Germany, France, and the Netherlands were largely able to maintain their positions in the TV advertising markets. The online video platform "Videoland," part of RTL Nederland, recorded a three-digit percentage increase in paying subscribers.

In the United States, **Penguin Random House** had 373 titles on the "New York Times" bestseller lists in the first nine months of the year, 50 of them at number one. In Germany, Verlagsgruppe Random House acquired the audiobook publisher DAV, thus expanding its offering in the fast-growing audio market.

Gruner + Jahr continued to focus on its core markets of Germany and France. The expansion of the content communication provider Territory and the in-house start-up AppLike had a positive effect. In September, the publishing subsidiary presented its plans for a new publishing building in Hamburg's HafenCity; the move-in is planned for 2021.

BMG was able to complete a number of catalog purchases and signings, including an exclusive worldwide record deal with Swiss pop and soul singer Stefanie Heinzmann. BMG also released U.S. superstar Lenny Kravitz's new album "Raise Vibration" in September.

The **Bertelsmann Printing Group** operated in a difficult market environment. The German gravure printing business in particular suffered from further declines in volumes and rising paper prices. Meanwhile, Europe's leading offset printer Mohn Media recorded a good performance.

The **Bertelsmann Education Group** is being further expanded. In September, Bertelsmann announced that it would acquire full ownership of the U.S. online education provider OnCourse Learning. The company provides digital corporate and advanced training courses for the healthcare and financial services industries.

Bertelsmann Investments made more than 40 new and follow-on investments, as well as a number of successful exits through its international funds. As of September 30, 2018, Bertelsmann owned 185 shareholdings via its funds, more than half of them via Bertelsmann Asia Investments (BAI).

Bernd Hirsch, Chief Financial Officer of Bertelsmann, said: "We are pleased with the positive business performance over the past nine months. For the full year, we continue to expect higher revenues, continued high operating profitability, and Group net profit of above one billion euros. We want our leverage factor, which currently stands at approx. 2.7, to reach the target value of no more than 2.5 again in the course of the coming financial year. With this in mind, we are currently being very selective about investments."

Figures at a Glance (in EUR millions)

	1 Jan 2018 - 30 Sep 2018	1 Jan 2017 - 30 Sep 2017
Group revenues	12,407	12,119
Operating EBITDA divisions	1,695	1,672
Corporate / Consolidation	(71)	(33)
Operating EBITDA	1,624	1,639
Special items	(53)	(31)
EBIT (Earnings before interest and taxes)	1,088	1,127
Financial result	(161)	(154)
Earnings before taxes from continuing operations	927	973
Income taxes	(256)	(278)
Earnings after taxes from continuing operations	671	695
Earnings after taxes from discontinued operations	-	(1)
Group profit	671	694

Investments (including financial debt assumed)	726	949
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	Balance as of 30 Sep 2018	Balance as of 31 Dec 2017
Economic debt	6,751	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.

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