

PRESS RELEASE

Bertelsmann achieves record result in first half of 2013

- **Good progress with Group reshaping**
- **€7.43 billion in Group revenues**
- **Record Operating EBIT at €768 million**
- **Group result exceeds €400 million for the first time in more than ten years**

Gütersloh, August 30, 2013 – The international media company Bertelsmann made good progress with its Group reshaping during the first half of 2013 while also generating a record operating profit.

Against the backdrop of a difficult market environment and several structurally declining businesses, Group revenue decreased slightly by 1.9 percent to €7.43 billion (H1 2012: €7.57 billion). In contrast, operating EBIT reached €768 million, a new record level (H1 2012: €730 million). RTL Group in Germany and the Random House book publishing group delivered particularly good performances. Return on Sales was in the double digits at 10.3 percent (H1 2012: 9.6 percent), while Group net income improved significantly to €419 million (H1 2012: €350 million), the highest it has been since 2002. The first six months also saw several special items, including a gain from the acquisition of full ownership in the music rights company BMG. The Bertelsmann Value Added (BVA), which measures the profit realized above and beyond the cost of capital, was €102 million for the first half (H1 2012: €90 million).

Thomas Rabe, Chairman & CEO of Bertelsmann, said: “The first six months of this year went well for Bertelsmann. Our operating profit reached record levels, and our return on sales was in the double digits, clearly demonstrating that Bertelsmann is reshaping the Group from a position of strength. We have made good progress on our four strategic priorities – strengthening the core, digital transformation, building growth platforms, and expanding our activities in growth regions. In recent months, the combination of Random House and Penguin into the world’s first truly global book publisher, the acquisition of the Gothia Financial Group, and the acquisition of full ownership in our music rights business BMG were milestones that will make Bertelsmann a faster growing, more digital and more international company. Overall, our total investments including assumed financial debt during the first six months of the year came to €1.6 billion. The successful public-trading placement of RTL Group shares gives us the leeway to further advance our Group reshaping.”

RTL Group significantly increased its operating result for the reporting period, despite declining TV ad sales markets across nearly all European countries; Random House surpassed last year's interim-period EBIT thanks to multiple international bestsellers. The magazine publisher Gruner + Jahr maintained its operating result at the prior year's level despite declining revenues in the international business. At Arvato, earnings were down slightly – due in part to acquisition costs – while revenues increased. Growth drivers included IT services, as well as services for international customers in the Internet and high-tech industries. While the operating result and revenues of Bertelsmann's gravure and international offset printers decreased due to the difficult market environment, revenues in the Corporate Investments department were boosted by the full consolidation of the music rights company BMG. The combination of Random House and Penguin completed on July 1st of this year, and the acquisition of the Gothia Financial Group by Arvato, have no impact on earnings yet.

Judith Hartmann, Chief Financial Officer at Bertelsmann, said: "The transactions of the past few months are testaments to the systematic implementation of our strategy. They will enable Bertelsmann's revenues and operating result to grow at the completion of the year. Given the comparatively low macroeconomic growth seen in the euro area, we are expecting organic growth to remain stable or slow down slightly. Our average return on sales will remain in the double digits."

Bertelsmann had 104,348 employees worldwide at June 30, 2013 (December 31, 2012: 104,286).

Divisions:

RTL Group

Highlights

- *With the acquisition of a stake in Broadband TV, RTL Group becomes a major player on YouTube, the first non-American broadcaster to become involved in the sector of fast-growing multi-channel networks.*
- *All new channels show growth in the first half: RTL Nitro is a hit with German television audiences, 6ter is popular in France and RTL Big Thrill now reaches 31 million households in India with its growing range of programs.*
- *Partnership sealed: Fremantle Media Kids & Family Entertainment to jointly develop and produce new children's formats with BBC Children's.*

Despite declining TV advertising markets in almost all European countries, the leading European entertainment network reported first-half revenues on a par with the previous first half-year at €2.8 billion (H1 2012: €2.8 billion). Operating EBIT rose significantly to €545 million (H1 2012: €498 million). While the German TV advertising market remained stable during the reporting period, France, the Netherlands, Belgium, Eastern Europe and especially Spain reported declines. These were largely compensated for by higher revenues from Mediengruppe RTL Deutschland and RTL Nederland, as well as the sale of rights to the Handball World Cup by UFA Sports.

The increase in operating EBIT was also primarily due to Mediengruppe RTL Deutschland. Despite lower revenues, Fremantle Media reported higher operating EBIT, largely due to continuing cost reduction measures and increased earnings in North America and the Asia-Pacific region. All of RTL Group's other major business units achieved stable operating profits despite the difficult economic conditions. RTL Group was able to maintain its leading positions in the various audience markets. In the first half of the year, Mediengruppe RTL Deutschland scored an audience share of 31.2 percent in its main target group, which was stable year on year. Gains at Vox, RTL II and RTL Nitro more than offset the lower audience shares of the main channel RTL Television. In France, the Groupe M6 family of channels reported a slightly lower audience share. 6ter, the new channel launched in December 2012, showed a positive development. The Dutch family of channels based around RTL 4 achieved the same market share as in the prior year. RTL Group's online platforms and mobile applications continued to see dynamic growth. In June 2013, RTL Group announced the acquisition of a 57.5 percent stake in the Broadband TV multi-channel network. RTL Group shares have been listed on the Prime Standard of the Frankfurt Stock Exchange following a placement by Bertelsmann at the end of April 2013 – in addition to their listings in Luxembourg and Brussels. In June, the share was added to the SDAX index.

Random House

Highlights

- *Global publishing group Penguin Random House is established on July 1, 2013 following extensive, diligent internal preparation on all sides during the half-year.*
- *Random House achieves all-time record half-year EBIT.*
- *Dan Brown's #1 bestselling "Inferno" sells more than 4 million copies, mid-May to June 30, in all English-language territories.*

For Random House, the first half of the year was dominated by a robust bestseller business across its divisions worldwide, led by the multi-million-copy fiction success of Dan Brown, amid preparations for the merger with Penguin to create Penguin Random House on July 1, 2013. At €915 million, Random House revenues were among its highest ever for a half-year, slightly lower than the "Fifty Shades" trilogy-enhanced prior half-year (H1 2012: €947 million). Operating EBIT soared to a mid-year record of €117 million (H1 2012: €113 million). In the United States, Random House placed 142 titles on the "New York Times" bestseller lists during the reporting period. The biggest success was Dan Brown's new novel "Inferno," with first-week sales of more than one million copies in North America, and four million hardcover and digital editions sold in the English-language territories during the reporting period. Sheryl Sandberg's "Lean In," "Gone Girl" by Gillian Flynn, and "Wonder" by RJ Palacio were also hugely successful. Demand for the Random House English-, German- and Spanish-language versions of E L James's "Fifty Shades" trilogy continued to be strong, with more than five million print, audio and e-books sold in this half-year. In the UK the Random House Group notably increased its share of titles on the "Sunday Times" national bestseller lists, with "Inferno" the half-year's number one seller. Germany's Verlagsgruppe Random House had an outstanding first half-year, and saw strong growth in e-books during the first half of the year, with digital now accounting for more than 10 percent of its revenues. At the publishing group Random House Mondadori, fully consolidated since the buy-out of its joint venture partner in December 2012, a broad range of Spanish-language bestsellers and a solid business performance in Latin America offset the continued weak book business in Spain.

Random House has expanded its worldwide e-book portfolio to 52,000 titles, and has strategically invested in the development of new digital marketing tools and data analytics to further improve the dialog between readers and authors, and the sales potential for their books.

Gruner + Jahr

Highlights

- *G+J Deutschland revitalizes its big flagship magazines “Stern,” “Brigitte,” “Gala” and “Capital.”*
- *G+J launches numerous new digital formats for the German market and invests in commerce businesses in the food and family segments.*
- *In France, Prisma Media advances the digital transformation of its established brands with new apps in the women’s and TV sectors.*

The magazine publisher achieved first-half revenues of €1.0 billion after €1.1 billion in H1 2012. This is attributable to the partial closure of G+J Business Media at the end of 2012 as well as to declining revenues in the international business. Operating EBIT was maintained on a par with the previous year at €86 million (H1 2012: €85 million). The ad sales market for popular magazines in Germany and France developed positively, while sales revenues declined slightly in most of the countries where G+J has operations. The G+J Supervisory Board appointed Julia Jäkel as CEO of the company. Further to this, Gruner + Jahr’s Executive Board and responsibilities were reshuffled to create overarching areas of responsibilities. The new Executive Board will focus on transforming the traditional magazine publisher into a modern, much more digital house of content. G+J Deutschland recorded positive business development overall in the first half, especially due to the good performance of its main magazine titles in the ad sales market. There was significant work on titles such as “Stern,” “Brigitte,” “Capital” and “Gala,” and investments were made here as well. Digital revenues developed just as positively, on the product side as well as in digital marketing. The international businesses reported differing progress depending on macroeconomic conditions. In Spain and Austria, revenues and earnings were down on the previous year. France also reported a decline in revenues, but was able to increase earnings year on year. Prisma Media made targeted investments in the digitization of important magazine brands. In China, lower economic growth and changed conditions caused a decline in advertising revenues. In July 2013, Gruner + Jahr completed the sale of its Polish publishing operations, G+J Polska, to Burda International in order to focus on its core markets. Dresdner Druck- und Verlagshaus saw largely stable revenues and earnings. The US printing business Brown Printing managed to slightly increase its operating EBIT despite a decline in revenues.

Arvato

Highlights

- *Arvato acquires the international Gothia Financial Group and becomes a leading provider of integrated financial services in Europe.*
- *Expansion of government services businesses in the UK through the acquisition of a British Department for Transport shared service center.*
- *Arvato’s services businesses in China and Turkey report dynamic growth.*

The global business process outsourcing provider Arvato increased its first-half revenues slightly to €2.1 billion (H1 2012: €2.1 billion), while operating EBIT was down slightly year on year to €84 million after €88 million. Operating profit reflects such things as acquisition costs and set-up costs for newly acquired clients in the supply chain management and e-commerce business. There has been a change in leadership at the head of Arvato: Achim Berg has led the group as CEO since April 2013. Growth drivers during the period under review included Arvato Systems as well as services for international customers in the internet and high-tech industries. The global revenues from storage media replication continued to decline during the reporting period, as expected. Arvato improved its position in key growth markets and industries in the first half of the year. In China, the services business continued to develop rapidly, and in Turkey as well, existing relationships were strengthened and new customers were acquired. With its takeover of the international Gothia Financial Group, completed in mid-June 2013, Arvato has systematically invested in a growth market while also advancing the internationalization of its financial services business.

Be Printers

Highlights

- *Berryville Graphics in the United States prints 1.2 million copies of Dan Brown's new bestseller "Inferno."*
- *The offset printing company Rotocobrhi is at full capacity despite adverse market conditions in Spain.*
- *Prinovis Germany's sales organization is given a new management and a more effective structure.*

Bertelsmann's international gravure and offset printers generated revenues of €512 million in a difficult market environment during the reporting period, after €565 million in the same period last year. Operating EBIT declined to €3 million (H1 2012: €15 million). Prinovis, the gravure printing arm, increased the productivity of its German sites while also realizing savings in the cost of personnel and materials. High reserves for restructuring costs were formed for the planned closure of the Itzehoe site in 2014, which, as a special item, are not recognized in operating EBIT. The fire at a gravure press in Dresden led to constraints on production, but Prinovis received an insurance payout for the machine. As a special item, this is not reported in operating EBIT. In the UK, Prinovis recorded a decline in revenues and earnings due to lower order volumes from a major customer. Be Printers Americas gained new major customers through cross-site and cross-media production concepts ("one-stop shop"); several existing customers extended their contracts. At the same time, it improved cost structures and productivity at several sites. Be Printers Southern Europe recorded lower volumes, further price declines and lower earnings in illustration printing due to macroeconomic developments in Italy and Spain. The management countered this with revenue and cost measures and set the course for further improvements in the second half of the year. A merger of the calendar business in Italy and Germany improved productivity and competitiveness. Despite adverse market conditions in Spain, the Spanish Rotocobrhi offset printing plant operated at full capacity during the period under review.

Corporate Investments

Highlights

- *Shortly after its full acquisition by Bertelsmann, BMG signs rock legends Mick Jagger and Keith Richards of the Rolling Stones.*
- *Bertelsmann's education business grows with innovative educational offers in the United States.*
- *Digital funds expand their investment portfolios: BDMI and BAI bank on ventures of the future including the fashion video network Stylehaul and the Chinese shopping portal Mogujie.*

Corporate Investments reported first-half revenues of €250 million (H1 2012: €227 million) and an operating loss of €-27 million (H1 2012: €-27 million). This reflects the full consolidation of the BMG music rights company on March 30, 2013, and at the same time the decline of the club and direct marketing business. In the reporting period, Bertelsmann acquired all outstanding shares of BMG and now manages the company as a 100 percent subsidiary. During the course of the first half-year, following antitrust clearance, the catalogs of Mute, Virgin/Famous and Sanctuary, with numerous timeless hits in their portfolios, were acquired. BMG also signed new contracts with several famous artists, including Mick Jagger and Keith Richards of the Rolling Stones at the end of June 2013. In the education sector, Bertelsmann made particular progress with its US holdings Synergis and University Now. The educational services provider Synergis gained several more universities as partners, while the online degree programs offered by University Now were state-accredited for another five years and the number of enrolled students continued to rise. The BDMI fund for worldwide digital investments and the BAI fund for investments in promising Asian companies acquired new holdings, including the online video network Stylehaul. The club and direct marketing businesses underwent further downscaling. Inmediaone's direct marketing operations are to be discontinued by mid-2014, while the bookselling business of the associated publisher Wissenmedia will be discontinued at the end of 2013. The Corporate Center primarily managed and supported two major transactions during the first half-year: the successful placement of RTL Group shares on the Frankfurt Stock Exchange and the merger of Penguin and Random House. Furthermore, a multi-year project was launched to identify potential for optimization in the fields of IT and IT purchasing, HR and the various finance functions.

Overview of figures (in €millions)

	January 1, 2013 – June 30, 2013	January 1, 2012 – June 30, 2012
Group revenues (from continuing operations)	7,431	7,572
Operating EBIT by division	808	772
Corporate Center / Consolidation	(40)	(42)
Operating EBIT (from continuing operations)	768	730
Special items	44	(19)
EBIT (earnings before interest and taxes)	812	711
Financial result	(158)	(201)
Earnings before taxes from continuing operations	654	510
Income taxes	(200)	(159)
Earnings after taxes from continuing operations	454	351
Earnings after taxes from discontinued operations	(35)	(1)
Group profit or loss	419	350
Thereof: Earnings attributable to Bertelsmann shareholders	306	276
Thereof: Earnings attributable to non-controlling interests	113	74

Investments ¹⁾	930	299
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	Balance as of June 30, 2013	Balance as of December 31, 2012
Net financial debt	1,440	1,987
Economic debt ²⁾	4,964	4,778
Employees (in absolute numbers) (from continuing operations)	104,348	104,286

The corresponding figures for the previous period have been adjusted in accordance with IFRS 5.

¹⁾ After consideration of assumed financial debt investments amounted to €1,592 million (H1 2012: €299 million).

²⁾ Net financial debt plus provisions for pensions, profit participation capital and present value of operating leases (continuing operations).

Division*	Revenues		Operating EBIT	
	January 1, - June 30, 2013	January 1, - June 30, 2012	January 1, - June 30, 2013	January 1, - June 30, 2012
RTL Group	2,779	2,819	545	498
Random House	915	947	117	113
Gruner + Jahr	1,025	1,111	86	85
Arvato	2,123	2,092	84	88
Be Printers	512	565	3	15
Corporate Investments	250	227	(27)	(27)
Total Divisions	7,604	7,761	808	772
Corporate/Consolidation	(173)	(189)	(40)	(42)
Total Group	7,431	7,572	768	730

* continuing operations

About Bertelsmann

Bertelsmann is an international media company whose core divisions encompass television (RTL Group), book publishing (Penguin Random House), magazine publishing (Gruner + Jahr), services (Arvato), and printing (Be Printers) in some 50 countries. In 2012, the company's businesses, with their more than 100,000 employees, generated revenues of €16.1 billion. Bertelsmann stands for a combination of creativity and entrepreneurship that empowers the creation of first-rate media, communications, and service offerings to inspire people around the world and to provide innovative solutions for customers.

For further questions, please contact:

Bertelsmann SE & Co. KGaA

Andreas Grafemeyer

Senior Vice President Media Relations

Phone: +49 – 52 41 / 80 24 66

andreas.grafemeyer@bertelsmann.de