

# Consolidated Financial Statements

## Consolidated Income Statement

in € millions	Notes	2017	2016 (adjusted)
Revenues	1	17,190	16,950
Other operating income	2	568	613
Cost of materials	14	(5,487)	(5,487)
Royalty and license fees		(1,547)	(1,462)
Personnel costs	3	(5,541)	(5,375)
Amortization/depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	4	(691)	(632)
Other operating expenses	5	(2,781)	(2,866)
Results from investments accounted for using the equity method	12	63	29
Impairment losses and reversals on investments accounted for using the equity method	12	(50)	(4)
Results from financial assets	6	(10)	(8)
Results from disposals of investments	13	182	41
<b>EBIT (earnings before interest and taxes)</b>		<b>1,896</b>	<b>1,799</b>
Interest income	7	14	13
Interest expenses	7	(134)	(146)
Other financial income	8	26	14
Other financial expenses	8	(125)	(125)
<b>Financial result</b>		<b>(219)</b>	<b>(244)</b>
Earnings before taxes from continuing operations		1,677	1,555
Income tax expense	9	(472)	(419)
<b>Earnings after taxes from continuing operations</b>		<b>1,205</b>	<b>1,136</b>
Earnings after taxes from discontinued operations		(7)	1
<b>Group profit or loss</b>		<b>1,198</b>	<b>1,137</b>
attributable to:			
Bertelsmann shareholders			
Earnings from continuing operations		783	685
Earnings from discontinued operations		(7)	1
<b>Earnings attributable to Bertelsmann shareholders</b>		<b>776</b>	<b>686</b>
Non-controlling interests			
Earnings from continuing operations		422	451
Earnings from discontinued operations		-	-
<b>Earnings attributable to non-controlling interests</b>		<b>422</b>	<b>451</b>

The figures from the previous year have been adjusted. Further details are presented in the section "Prior-Year Information."

## Consolidated Statement of Comprehensive Income

in € millions	Notes	2017	2016
Group profit or loss		1,198	1,137
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement component of defined benefit plans		176	(242)
Share of other comprehensive income of investments accounted for using the equity method		–	–
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met</b>			
Currency translation differences			
– changes recognized in equity		(445)	32
– reclassification adjustments for gains (losses) included in profit or loss		13	(4)
Available-for-sale financial assets			
– changes in fair value recognized in equity		17	73
– reclassification adjustments for gains (losses) included in profit or loss		(35)	–
Cash flow hedges			
– changes in fair value recognized in equity		(53)	26
– reclassification adjustments for gains (losses) included in profit or loss		(27)	(22)
Share of other comprehensive income of investments accounted for using the equity method		(8)	11
Other comprehensive income net of tax	18	(362)	(126)
Group total comprehensive income		836	1,011
attributable to:			
Bertelsmann shareholders		502	554
Non-controlling interests		334	457

## Consolidated Balance Sheet

in € millions	Notes	12/31/2017	12/31/2016
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	10	8,084	8,174
Other intangible assets	10	2,478	2,544
Property, plant and equipment	11	1,658	1,564
Investments accounted for using the equity method	12	952	1,041
Other financial assets	13	644	542
Trade and other receivables	15	87	76
Other non-financial assets	16	710	704
Deferred tax assets	9	920	1,007
		15,533	15,652
<b>Current assets</b>			
Inventories	14	1,664	1,685
Trade and other receivables	15	4,010	3,853
Other financial assets	13	67	112
Other non-financial assets	16	868	953
Current income tax receivables		120	66
Cash and cash equivalents	17	1,440	1,373
		8,169	8,042
Assets held for sale		3	100
		23,705	23,794
<b>Equity and liabilities</b>			
<b>Equity</b>	18		
Subscribed capital		1,000	1,000
Capital reserve		2,345	2,345
Retained earnings		4,491	4,527
Bertelsmann shareholders' equity		7,836	7,872
Non-controlling interests		1,283	2,023
		9,119	9,895
<b>Non-current liabilities</b>			
Provisions for pensions and similar obligations	19	1,685	1,999
Other provisions	20	126	136
Deferred tax liabilities	9	124	146
Profit participation capital	21	413	413
Financial debt	22	4,251	3,763
Trade and other payables	23	366	392
Other non-financial liabilities	23	391	362
		7,356	7,211
<b>Current liabilities</b>			
Other provisions	20	323	315
Financial debt	22	668	235
Trade and other payables	23	4,313	4,307
Other non-financial liabilities	23	1,709	1,657
Current income tax payables		214	166
		7,227	6,680
Liabilities related to assets held for sale		3	8
		23,705	23,794

## Consolidated Cash Flow Statement

in € millions	2017	2016
Group earnings before interest and taxes	1,889	1,800
Taxes paid	(434)	(234)
Depreciation and write-ups of non-current assets	766	672
Results from disposals of investments	(176)	(42)
Gains/losses from disposals of non-current assets	(119)	(50)
Change in provisions for pensions and similar obligations	(84)	(55)
Change in other provisions	7	(20)
Change in net working capital	(225)	(175)
Fair value remeasurement of investments	(15)	(12)
Other effects	33	70
Cash flow from operating activities	1,642	1,954
– thereof discontinued operations	–	–
Investments in:		
– intangible assets	(319)	(388)
– property, plant and equipment	(360)	(326)
– financial assets	(211)	(248)
– purchase prices for consolidated investments (net of acquired cash)	(213)	(278)
Disposals of subsidiaries and other business units	4	(28)
Disposals of other fixed assets	339	220
Contribution to/withdrawals from defined benefit plans	(37)	(33)
Cash flow from investing activities	(797)	(1,081)
– thereof discontinued operations	–	–
Issues of bonds and promissory notes	697	694
Redemption of bonds and promissory notes	–	(786)
Proceeds from/redemption of other financial debt	282	59
Interest paid	(166)	(190)
Interest received	12	16
Dividends to Bertelsmann shareholders	(180)	(180)
Dividends to non-controlling interests and payments to partners in partnerships (IAS 32.18(b))	(743)	(388)
Change in equity	(657)	(18)
Cash flow from financing activities	(755)	(793)
– thereof discontinued operations	–	–
Change in cash and cash equivalents	90	80
Exchange rate effects and other changes in cash and cash equivalents	(24)	(14)
Cash and cash equivalents 1/1	1,376	1,310
Cash and cash equivalents 12/31	1,442	1,376
Less cash and cash equivalents included within assets held for sale	(2)	(3)
Cash and cash equivalents 12/31 (according to the consolidated balance sheet)	1,440	1,373

Details on the cash flow statement are presented in note 26 “Cash Flow Statement.”

## Change in Net Financial Debt

in € millions	2017	2016
Net financial debt at 1/1	(2,625)	(2,765)
Cash flow from operating activities	1,642	1,954
Cash flow from investing activities	(797)	(1,081)
Interest, dividends and changes in equity, additional payments (IAS 32.18(b))	(1,734)	(760)
Exchange rate effects and other changes in net financial debt	35	27
Net financial debt at 12/31	(3,479)	(2,625)

Net financial debt is the balance of the balance sheet positions “Cash and cash equivalents” and “Financial debt.”

## Consolidated Statement of Changes in Equity

	Subscribed capital	Capital reserve <sup>1)</sup>	Retained earnings				Bertelsmann shareholders' equity	Non-controlling interests	Total	
			Other retained earnings	Accumulated other comprehensive income <sup>2)</sup>						
				Currency translation differences	Available-for-sale financial assets	Cash flow hedges	Share of other comprehensive income of investments accounted for using the equity method			
in € millions										
Balance as of 1/1/2016	1,000	2,345	3,993	96	13	29	15	7,491	1,943	9,434
Group profit or loss	–	–	686	–	–	–	–	686	451	1,137
Other comprehensive income	–	–	(230)	17	72	3	6	(132)	6	(126)
Group total comprehensive income	–	–	456	17	72	3	6	554	457	1,011
Dividend distributions	–	–	(180)	–	–	–	–	(180)	(376)	(556)
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	16	–	–	–	–	16	9	25
Equity transactions with shareholders	–	–	(164)	–	–	–	–	(164)	(367)	(531)
Other changes	–	–	(9)	–	–	–	–	(9)	(10)	(19)
Balance as of 12/31/2016	1,000	2,345	4,276	113	85	32	21	7,872	2,023	9,895
Balance as of 1/1/2017	1,000	2,345	4,276	113	85	32	21	7,872	2,023	9,895
Group profit or loss	–	–	776	–	–	–	–	776	422	1,198
Other comprehensive income	–	–	170	(361)	(16)	(60)	(7)	(274)	(88)	(362)
Group total comprehensive income	–	–	946	(361)	(16)	(60)	(7)	502	334	836
Dividend distributions <sup>3)</sup>	–	–	(180)	–	–	–	–	(180)	(789)	(969)
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	(400)	52	–	–	1	(347)	(282)	(629)
Equity transactions with shareholders	–	–	(580)	52	–	–	1	(527)	(1,071)	(1,598)
Other changes	–	–	(11)	–	–	–	–	(11)	(3)	(14)
Balance as of 12/31/2017	1,000	2,345	4,631	(196)	69	(28)	15	7,836	1,283	9,119

1) The capital reserve mainly includes share premiums received from the issue of ordinary shares in excess of their par values.

2) Thereof, as of December 31, 2017, no significant amounts (December 31, 2016: €3 million) relate to assets classified as held for sale in accordance with IFRS 5.

3) The increased level of dividend distributions to non-controlling interests compared with the previous year includes a special dividend distribution to the co-shareholder in Penguin Random House in the amount of €430 million. Further details are presented in note 12 "Interests in Other Entities."

## Notes

### Segment Information (Continuing Operations)

	RTL Group		Penguin Random House		Gruener + Jahr		BMG		Arvato	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016 (adjusted)
in € millions										
Revenues from external customers	6,358	6,228	3,359	3,360	1,493	1,554	504	413	3,754	3,693
Intersegment revenues	15	9	–	1	20	26	3	3	69	70
Divisional revenues	6,373	6,237	3,359	3,361	1,513	1,580	507	416	3,823	3,763
Operating EBITDA	1,478	1,405	521	537	145	137	104	95	320	356
EBITDA margin <sup>1)</sup>	23.2%	22.5%	15.5%	16.0%	9.6%	8.7%	20.5%	22.8%	8.4%	9.5%
Impairment (-)/reversals (+) on intangible assets and property, plant and equipment	(3)	(3)	–	–	(32)	–	–	–	(2)	(9)
Results from investments accounted for using the equity method	69	67	–	–	8	4	–	–	9	9
Invested capital	6,564	6,649	2,309	2,431	690	724	1,816	1,864	1,673	1,442

The figures from the previous year have been adjusted. Further details on the adjustment of previously published information are presented in note 27 "Segment Reporting."

1) Operating EBITDA as a percentage of revenues.

2) The business development of Bertelsmann Investments is determined primarily on the basis of EBIT. EBIT amounted to €141 million (previous year: €35 million).

### Reconciliation to Operating EBITDA (Continuing Operations)

in € millions	2017	2016
EBIT from continuing operations	1,896	1,799
Special items		
– impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations	30	–
– adjustment to carrying amounts on assets held for sale	4	14
– impairment on other financial assets	20	22
– impairment losses and reversals on investments accounted for using the equity method	50	4
– results from disposals of investments	(182)	(41)
– fair value remeasurement of investments	(15)	(12)
– restructuring and other special items	176	152
Amortization/depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	691	632
Adjustments on amortization/depreciation, impairment losses and reversals on intangible assets and property, plant and equipment included in special items	(34)	(2)
Operating EBITDA from continuing operations	2,636	2,568

	Bertelsmann Printing Group		Bertelsmann Education Group		Bertelsmann Investments <sup>2)</sup>		Total divisions		Corporate		Consolidation		Continuing operations	
	2017	2016 (adjusted)	2017	2016	2017	2016	2017	2016 (adjusted)	2017	2016	2017	2016 (adjusted)	2017	2016
	1,498	1,510	189	142	–	–	17,155	16,900	35	50	–	–	17,190	16,950
	183	199	–	–	–	–	290	308	39	31	(329)	(339)	–	–
	1,681	1,709	189	142	–	–	17,445	17,208	74	81	(329)	(339)	17,190	16,950
	118	121	3	(17)	(3)	–	2,686	2,634	(53)	(62)	3	(4)	2,636	2,568
	7.0%	7.1%	1.8%	-11.6%	n/a	n/a	15.4%	15.3%	n/a	n/a	n/a	n/a	15.3%	15.2%
	–	(1)	–	–	–	–	(37)	(13)	–	–	–	–	(37)	(13)
	–	–	(16)	(32)	(6)	(18)	64	30	–	–	(1)	(1)	63	29
	172	211	904	1,053	576	466	14,704	14,840	99	115	(36)	(19)	14,767	14,936

### Information by Geographical Areas (Continuing Operations)

in € millions	Germany		France		United Kingdom		Other European countries		United States		Other countries		Continuing operations	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues from external customers	5,840	5,858	2,306	2,242	1,169	1,078	3,212	3,102	3,526	3,532	1,137	1,138	17,190	16,950
Non-current assets <sup>1)</sup>	3,231	3,175	1,180	1,204	1,324	1,343	3,291	3,159	2,947	3,177	247	224	12,220	12,282

1) Non-current assets comprise property, plant and equipment and intangible assets (including goodwill).  
Details on segment reporting are presented in note 27 "Segment Reporting."

### Information on Revenue Sources (Continuing Operations)

in € millions	Own products and merchandise		Advertising		Services		Rights and licenses		Continuing operations	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues from external customers	4,335	4,602	4,406	4,384	6,073	5,767	2,376	2,197	17,190	16,950