

Consolidated Financial Statements

Consolidated Income Statement

in € millions	Notes	2016	2015
Revenues	1	16,950	17,141
Other operating income	2	613	575
Changes in inventories		248	258
Own costs capitalized		34	31
Cost of materials		(5,769)	(5,730)
Royalty and license fees		(1,462)	(1,513)
Personnel costs	3	(5,375)	(5,430)
Amortization/depreciation, impairment losses and reversals of intangible assets and property, plant and equipment	4	(632)	(616)
Other operating expenses	5	(2,866)	(3,064)
Results from investments accounted for using the equity method	12	29	28
Impairment losses and reversals on investments accounted for using the equity method		(4)	(23)
Results from financial assets	6	(8)	-
Results from disposals of investments	13	41	24
EBIT (earnings before interest and taxes)		1,799	1,681
Interest income	7	13	20
Interest expenses	7	(146)	(142)
Other financial income	8	14	22
Other financial expenses	8	(125)	(130)
Financial result		(244)	(230)
Earnings before taxes from continuing operations		1,555	1,451
Income tax expense	9	(419)	(346)
Earnings after taxes from continuing operations		1,136	1,105
Earnings after taxes from discontinued operations		1	3
Group profit or loss		1,137	1,108
attributable to:			
Bertelsmann shareholders			
Earnings from continuing operations		685	674
Earnings from discontinued operations		1	3
Earnings attributable to Bertelsmann shareholders		686	677
Non-controlling interests			
Earnings from continuing operations		451	431
Earnings from discontinued operations		-	-
Earnings attributable to non-controlling interests		451	431

Consolidated Statement of Comprehensive Income

in € millions	Notes	2016	2015
Group profit or loss		1,137	1,108
Items that will not be reclassified subsequently to profit or loss			
Remeasurement component of defined benefit plans		(242)	282
Share of other comprehensive income of investments accounted for using the equity method		–	–
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Currency translation differences			
– changes recognized in equity		32	276
– reclassification adjustments for gains (losses) included in profit or loss		(4)	(2)
Available-for-sale financial assets			
– changes in fair value recognized in equity		73	(4)
– reclassification adjustments for gains (losses) included in profit or loss		–	–
Cash flow hedges			
– changes in fair value recognized in equity		26	23
– reclassification adjustments for gains (losses) included in profit or loss		(22)	(17)
Share of other comprehensive income of investments accounted for using the equity method		11	–
Other comprehensive income net of tax	18	(126)	558
Group total comprehensive income		1,011	1,666
attributable to:			
Bertelsmann shareholders		554	1,164
Non-controlling interests		457	502

Consolidated Balance Sheet

in € millions	Notes	12/31/2016	12/31/2015
Assets			
Non-current assets			
Goodwill	10	8,174	7,895
Other intangible assets	10	2,544	2,522
Property, plant and equipment	11	1,564	1,605
Investments accounted for using the equity method	12	1,041	945
Other financial assets	13	542	405
Trade and other receivables	15	76	146
Other non-financial assets	16	704	640
Deferred tax assets	9	1,007	961
		15,652	15,119
Current assets			
Inventories	14	1,685	1,661
Trade and other receivables	15	3,853	3,707
Other financial assets	13	112	113
Other non-financial assets	16	953	858
Current income tax receivables		66	140
Cash and cash equivalents	17	1,373	1,310
		8,042	7,789
Assets held for sale		100	–
		23,794	22,908
Equity and liabilities			
Equity	18		
Subscribed capital		1,000	1,000
Capital reserve		2,345	2,345
Retained earnings		4,527	4,146
Bertelsmann shareholders' equity		7,872	7,491
Non-controlling interests		2,023	1,943
		9,895	9,434
Non-current liabilities			
Provisions for pensions and similar obligations	19	1,999	1,709
Other provisions	20	136	122
Deferred tax liabilities	9	146	160
Profit participation capital	21	413	413
Financial debt	22	3,763	3,075
Trade and other payables	23	392	375
Other non-financial liabilities	23	362	375
		7,211	6,229
Current liabilities			
Other provisions	20	315	346
Financial debt	22	235	1,000
Trade and other payables	23	4,307	4,276
Other non-financial liabilities	23	1,657	1,529
Current income tax payables		166	94
		6,680	7,245
Liabilities related to assets held for sale		8	–
		23,794	22,908

Consolidated Cash Flow Statement

in € millions	2016	2015
Group earnings before interest and taxes	1,800	1,684
Taxes paid	(234)	(286)
Depreciation and write-ups of non-current assets	672	656
Results from disposals of investments	(42)	(27)
Change in provisions for pensions and similar obligations	(55)	(45)
Change in other provisions	(20)	(104)
Change in net working capital	(175)	(201)
Fair value remeasurement of investments	(12)	(82)
Other effects	20	5
Cash flow from operating activities	1,954	1,600
– thereof discontinued operations	–	–
Investments in:		
– intangible assets	(388)	(349)
– property, plant and equipment	(326)	(297)
– financial assets	(248)	(447)
– purchase prices for consolidated investments (net of acquired cash)	(278)	(166)
Cash receipts for disposal of subsidiaries and other business units	(28)	2
Cash receipts from disposal of other fixed assets	220	161
Contribution to/withdrawals from defined benefit plans	(33)	(689)
Cash flow from investing activities	(1,081)	(1,785)
– thereof discontinued operations	–	–
Proceeds from bonds and promissory notes	694	1,490
Redemption of bonds and promissory notes	(786)	(430)
Proceeds from/redemption of other financial debt	59	(155)
Interest paid	(190)	(156)
Interest received	16	11
Dividends to Bertelsmann shareholders	(180)	(180)
Dividends to non-controlling interests and payments to partners in partnerships (IAS 32.18b)	(388)	(450)
Change in equity	(18)	(8)
Cash flow from financing activities	(793)	122
– thereof discontinued operations	–	–
Change in cash and cash equivalents	80	(63)
Exchange rate effects and other changes in cash and cash equivalents	(14)	42
Cash and cash equivalents 1/1	1,310	1,331
Cash and cash equivalents 12/31	1,376	1,310
Less cash and cash equivalents included within assets held for sale	(3)	–
Cash and cash equivalents 12/31 (according to the consolidated balance sheet)	1,373	1,310

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

Change in Net Financial Debt

in € millions	2016	2015
Net financial debt at 1/1	(2,765)	(1,689)
Cash flow from operating activities	1,954	1,600
Cash flow from investing activities	(1,081)	(1,785)
Interest, dividends and changes in equity, additional payments (IAS 32.18b)	(760)	(783)
Exchange rate effects and other changes in net financial debt	27	(108)
Net financial debt at 12/31	(2,625)	(2,765)

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

Consolidated Statement of Changes in Equity

	Sub- scribed capital	Capital reserve ¹⁾	Retained earnings				Bertels- mann share- holders' equity	Non-con- trolling interests	Total	
			Other retained earnings	Cumulated other comprehensive income ²⁾						
				Currency transla- tion dif- ferences	Available- for-sale financial assets	Cash flow hedges	Share of other com- prehensive income of investments accounted for using the equity method			
in € millions										
Balance as of 1/1/2015	1,000	2,345	3,256	(117)	16	21	13	6,534	1,846	8,380
Group profit or loss	–	–	677	–	–	–	–	677	431	1,108
Other comprehen- sive income	–	–	269	213	(3)	6	2	487	71	558
Group total compre- hensive income	–	–	946	213	(3)	6	2	1,164	502	1,666
Dividend distributions	–	–	(180)	–	–	–	–	(180)	(440)	(620)
Changes in owner- ship interests in subsidiaries that do not result in a loss of control	–	–	(26)	–	–	2	–	(24)	20	(4)
Equity transactions with shareholders	–	–	(206)	–	–	2	–	(204)	(420)	(624)
Other changes	–	–	(3)	–	–	–	–	(3)	15	12
Balance as of 12/31/2015	1,000	2,345	3,993	96	13	29	15	7,491	1,943	9,434
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 comprehen- sive income	–	–	(230)	17	72	3	6	(132)	6	(126)
Group total compre- hensive income	–	–	456	17	72	3	6	554	457	1,011
Dividend distributions	–	–	(180)	–	–	–	–	(180)	(376)	(556)
Changes in owner- ship 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

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, 2016, a total of €3 million relates to assets classified as held for sale in accordance with IFRS 5. As of December 31, 2015, no significant amounts relate to assets classified as held for sale in accordance with IFRS 5.

Notes

Segment Information (Continuing Operations)

in € millions	RTL Group		Penguin Random House		Gruener + Jahr		BMG		Arvato	
	2016	2015	2016	2015	2016	2015 (adjusted)	2016	2015 (adjusted)	2016	2015 (adjusted)
Revenues from external customers	6,228	6,020	3,360	3,715	1,554	1,585	413	369	3,777	3,711
Intersegment revenues	9	9	1	2	26	26	3	2	61	72
Divisional revenues	6,237	6,029	3,361	3,717	1,580	1,611	416	371	3,838	3,783
Operating EBITDA	1,405	1,355	537	557	137	131	95	84	359	313
EBITDA margin ¹⁾	22.5%	22.5%	16.0%	15.0%	8.7%	8.1%	22.8%	22.6%	9.4%	8.3%
Impairment (-)/reversals (+) on intangible assets and property, plant and equipment	(3)	3	–	–	–	–	–	–	(9)	(4)
Results from investments accounted for using the equity method	67	57	–	(1)	4	5	–	–	9	10
Invested capital	6,649	6,483	2,431	2,356	724	602	1,864	1,792	1,374	1,342

The figures from the previous year have been adjusted. Further details on the adjustment to 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 €35 million (previous year: €-14 million).

Reconciliation to Operating EBITDA (Continuing Operations)

in € millions	2016	2015
EBIT from continuing operations	1,799	1,681
Special items		
– impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations	–	–
– adjustment to carrying amounts on assets held for sale	14	–
– impairment on other financial assets	22	17
– impairment losses and reversals on investments accounted for using the equity method	4	23
– results from disposals of investments	(41)	(24)
– fair value remeasurement of investments	(12)	(82)
– restructuring and other special items	152	257
Amortization/depreciation, impairment losses and reversals of intangible assets and property, plant and equipment	632	616
Adjustments on amortization/depreciation, impairment losses and reversals of intangible assets and property, plant and equipment included in special items	(2)	(3)
Operating EBITDA from continuing operations	2,568	2,485

	Bertelsmann Printing Group		Bertelsmann Education Group		Bertelsmann Investments ²⁾		Total divisions		Corporate		Consolidation		Continuing operations	
	2016	2015 (adjusted)	2016	2015 (adjusted)	2016	2015 (adjusted)	2016	2015 (adjusted)	2016	2015 (adjusted)	2016	2015 (adjusted)	2016	2015
	1,426	1,514	142	110	–	–	16,900	17,024	50	117	–	–	16,950	17,141
	198	230	–	–	–	1	298	342	31	30	(329)	(372)	–	–
	1,624	1,744	142	110	–	1	17,198	17,366	81	147	(329)	(372)	16,950	17,141
	118	124	(17)	(5)	–	1	2,634	2,560	(62)	(76)	(4)	1	2,568	2,485
	7.3%	7.1%	-11.6%	-4.1%	n/a	n/a	15.3%	14.7%	n/a	n/a	n/a	n/a	15.1%	14.5%
	(1)	(2)	–	–	–	–	(13)	(3)	–	–	–	(1)	(13)	(4)
	–	–	(32)	(23)	(18)	(21)	30	27	–	–	(1)	1	29	28
	279	272	1,053	905	466	367	14,840	14,119	115	82	(19)	(24)	14,936	14,177

Information about Geographical Areas (Continuing Operations)

in € millions	Germany		France		United Kingdom		Other European countries		United States		Other countries		Continuing operations	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenues from external customers	5,858	5,817	2,242	2,260	1,078	1,143	3,102	3,041	3,532	3,700	1,138	1,180	16,950	17,141
Non-current assets ¹⁾	3,175	3,031	1,204	1,131	1,343	1,441	3,159	3,196	3,177	3,017	224	206	12,282	12,022

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	
	2016	2015 (adjusted)	2016	2015	2016	2015 (adjusted)	2016	2015	2016	2015
Revenues from external customers	4,602	4,990	4,384	4,237	5,767	5,774	2,197	2,140	16,950	17,141

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