

Consolidated Financial Statements

Consolidated Income Statement

in € millions	Notes	2019	2018
Revenues	1	18,023	17,673
Other operating income	2	455	473
Cost of materials	13	(5,663)	(5,535)
Royalty and license fees		(1,580)	(1,593)
Personnel costs	3	(5,645)	(5,658)
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	4	(1,051)	(847)
Other operating expenses	5	(2,877)	(2,954)
Results from investments accounted for using the equity method	11	124	57
Impairment and reversals on investments accounted for using the equity method	11	(51)	(2)
Results from disposals of investments		90	6
EBIT (earnings before interest and taxes)		1,825	1,620
Interest income	6	13	15
Interest expenses	6	(117)	(115)
Other financial income	7	24	27
Other financial expenses	7	(229)	(143)
Financial result		(309)	(216)
Earnings before taxes from continuing operations		1,516	1,404
Income tax expense	8	(426)	(301)
Earnings after taxes from continuing operations		1,090	1,103
Earnings after taxes from discontinued operations		1	1
Group profit or loss		1,091	1,104
attributable to:			
Bertelsmann shareholders			
Earnings from continuing operations		728	752
Earnings from discontinued operations		1	1
Earnings attributable to Bertelsmann shareholders		729	753
Non-controlling interests			
Earnings from continuing operations		362	351
Earnings from discontinued operations		–	–
Earnings attributable to non-controlling interests		362	351

Consolidated Statement of Comprehensive Income

in € millions	Notes	2019	2018
Group profit or loss		1,091	1,104
Items that will not be reclassified subsequently to profit or loss			
Remeasurement component of defined benefit plans		(224)	(60)
Changes in fair value of equity instruments		(2)	3
Share of other comprehensive income of investments accounted for using the equity method		(1)	–
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences			
– changes recognized in other comprehensive income		78	94
– reclassification adjustments to profit or loss		6	20
Cash flow hedges			
– changes in fair value recognized in other comprehensive income		8	23
– reclassification adjustments to profit or loss		(3)	2
Share of other comprehensive income of investments accounted for using the equity method		(4)	(2)
Other comprehensive income net of tax	17	(142)	80
Group total comprehensive income		949	1,184
attributable to:			
Bertelsmann shareholders		602	816
Non-controlling interests		347	368

Consolidated Balance Sheet

in € millions	Notes	12/31/2019	12/31/2018 (adjusted)
Assets			
Non-current assets			
Goodwill	9	8,537	8,427
Other intangible assets	9	2,436	2,590
Property, plant and equipment and right-of-use assets	10	2,935	1,670
Investments accounted for using the equity method	11	652	658
Minority stakes and other financial assets	12	1,320	1,143
Trade and other receivables	14	89	59
Other non-financial assets	15	922	851
Deferred tax assets	8	1,087	1,051
		17,978	16,449
Current assets			
Inventories	13	1,745	1,735
Trade and other receivables	14	4,523	4,443
Other financial assets	12	63	71
Other non-financial assets	15	1,092	1,002
Current income tax receivables		178	156
Cash and cash equivalents	16	1,636	1,405
		9,237	8,812
Assets held for sale		102	82
		27,317	25,343
Equity and liabilities			
Equity	17		
Subscribed capital		1,000	1,000
Capital reserve		2,345	2,345
Retained earnings		5,509	5,129
Bertelsmann shareholders' equity		8,854	8,474
Non-controlling interests		1,591	1,364
		10,445	9,838
Non-current liabilities			
Provisions for pensions and similar obligations	18	1,967	1,738
Other provisions	19	178	135
Deferred tax liabilities	8	95	127
Profit participation capital	20	413	413
Financial debt	21	4,612	4,638
Lease liabilities	22	1,116	32
Trade and other payables	23	363	353
Other non-financial liabilities	23	379	395
		9,123	7,831
Current liabilities			
Other provisions	19	214	299
Financial debt	21	388	660
Lease liabilities	22	276	7
Trade and other payables	23	4,840	4,718
Other non-financial liabilities	23	1,908	1,839
Current income tax payables		78	88
		7,704	7,611
Liabilities related to assets held for sale		45	63
		27,317	25,343

The figures from the previous year have been adjusted. Further details are presented in the section "Acquisitions and Disposals."

Upon initial application of IFRS 16, lease liabilities are reported separately. As of December 31, 2018, only the amounts accounted for under finance leases in accordance with IAS 17 are reported.

Consolidated Cash Flow Statement

in € millions	2019	2018
Group earnings before interest and taxes	1,825	1,621
Taxes paid	(424)	(534)
Depreciation and write-ups of non-current assets	1,118	855
Results from disposals of investments	(90)	(7)
Gains/losses from disposals of non-current assets	(3)	(62)
Change in provisions for pensions and similar obligations	(95)	(113)
Change in other provisions	(3)	(20)
Change in net working capital	(34)	(178)
Fair value measurement of investments	(143)	(157)
Other effects	(61)	32
Cash flow from operating activities	2,090	1,437
– thereof discontinued operations	–	–
Investments in:		
– intangible assets	(313)	(295)
– property, plant and equipment	(323)	(325)
– financial assets	(317)	(258)
– purchase prices for consolidated investments (net of acquired cash)	(317)	(556)
Disposals of subsidiaries and other business units	228	113
Disposals of other fixed assets	330	191
Cash flow from investing activities	(712)	(1,130)
– thereof discontinued operations	1	1
Issues of bonds and promissory notes	75	942
Redemption of bonds and promissory notes	(309)	(400)
Proceeds from/redemption of other financial debt	(67)	(160)
Redemption of lease liabilities ¹⁾	(247)	(8)
Interest paid	(260)	(196)
Interest received	25	27
Dividends to Bertelsmann shareholders	(180)	(180)
Dividends to non-controlling interests and payments to partners in partnerships (IAS 32.18(b))	(263)	(356)
Change in equity	81	(59)
Other effects	17	18
Cash flow from financing activities	(1,128)	(372)
– thereof discontinued operations	–	–
Change in cash and cash equivalents	250	(65)
Exchange rate effects and other changes in cash and cash equivalents	(12)	28
Cash and cash equivalents on 1/1	1,405	1,442
Cash and cash equivalents on 12/31	1,643	1,405
Less cash and cash equivalents included within assets held for sale	(7)	–
Cash and cash equivalents on 12/31 (according to the consolidated balance sheet)	1,636	1,405

1) The figure for the comparative period includes exclusively principal payments for leases previously accounted for under finance leases in accordance with IAS 17.

Changes in Net Liabilities Arising from Financing Activities

in € millions	2019	2018
Net liabilities arising from financing activities on 1/1 ¹⁾	(5,262)	(3,479)
Cash flow from operating activities	2,090	1,437
Cash flow from investing activities	(712)	(1,130)
Interest, dividends and changes in equity, additional payments (IAS 32.18(b))	(597)	(764)
Exchange rate effects and other changes in net liabilities arising from financing activities	(275)	4
Net liabilities arising from financing activities on 12/31	(4,756)	(3,932)

Net liabilities arising from financing activities are the balance of the balance sheet positions “Cash and cash equivalents,” “Financial debt” and “Lease liabilities.”

1) As a result of the initial application of IFRS 16, net liabilities arising from financing activities include lease liabilities amounting to €1,330 million as of January 1, 2019, which were previously classified as operating leases. As of January 1, 2018, and as of December, 31, 2018, the amounts accounted for under finance leases in accordance with IAS 17 are included in this item.

Consolidated Statement of Changes in Equity

	Subscribed capital	Capital reserve ¹⁾	Retained earnings						Bertelsmann shareholders' equity	Non-controlling interests	Total
			Other retained earnings	Accumulated other comprehensive income ²⁾							
			Exchange differences	Available-for-sale financial assets	Fair value reserve	Cash flow hedges	Share of other comprehensive income of investments accounted for using the equity method				
in € millions											
Balance on 1/1/2018	1,000	2,345	4,631	(196)	69	n/a	(22)	15	7,842	1,285	9,127
Adjustment	–	–	59	–	(69)	10	–	(8)	(8)	(3)	(11)
Balance on 1/1/2018 ³⁾	1,000	2,345	4,690	(196)	n/a	10	(22)	7	7,834	1,282	9,116
Group profit or loss	–	–	753	–	n/a	–	–	–	753	351	1,104
Other comprehensive income	–	–	(67)	110	n/a	3	19	(2)	63	17	80
Group total comprehensive income	–	–	686	110	n/a	3	19	(2)	816	368	1,184
Dividend distributions	–	–	(180)	–	n/a	–	–	–	(180)	(293)	(473)
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	6	1	n/a	–	–	–	7	(8)	(1)
Equity transactions with shareholders	–	–	(174)	1	n/a	–	–	–	(173)	(301)	(474)
Other changes	–	–	(2)	–	n/a	(1)	–	–	(3)	15	12
Balance on 12/31/2018	1,000	2,345	5,200	(85)	n/a	12	(3)	5	8,474	1,364	9,838
Balance on 1/1/2019	1,000	2,345	5,200	(85)	n/a	12	(3)	5	8,474	1,364	9,838
Adjustment	–	–	(38)	–	n/a	–	–	–	(38)	(12)	(50)
Balance on 1/1/2019 ⁴⁾	1,000	2,345	5,162	(85)	n/a	12	(3)	5	8,436	1,352	9,788
Group profit or loss	–	–	729	–	n/a	–	–	–	729	362	1,091
Other comprehensive income	–	–	(205)	80	n/a	(2)	4	(4)	(127)	(15)	(142)
Group total comprehensive income	–	–	524	80	n/a	(2)	4	(4)	602	347	949
Dividend distributions	–	–	(180)	–	n/a	–	–	–	(180)	(254)	(434)
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	(13)	8	n/a	–	–	–	(5)	126	121
Equity transactions with shareholders	–	–	(193)	8	n/a	–	–	–	(185)	(128)	(313)
Other changes	–	–	3	–	n/a	(2)	–	–	1	20	21
Balance on 12/31/2019	1,000	2,345	5,496	3	n/a	8	1	1	8,854	1,591	10,445

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

2) As of December 31, 2019, €4 million related to assets classified as held for sale in accordance with IFRS 5. As of December 31, 2018, no significant amounts related to assets classified as held for sale in accordance with IFRS 5.

3) The adjustments resulted from the initial application of the financial reporting standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers as of January 1, 2018.

4) The adjustments result from the initial application of the financial reporting standard IFRS 16 Leases as of January 1, 2019. In accordance with the transitional provisions of IFRS 16, prior-year comparatives have not been adjusted.

Notes

Segment Information (Continuing Operations)

in € millions	RTL Group		Penguin Random House		Gruener + Jahr		BMG		Arvato	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues from external customers	6,586	6,494	3,636	3,424	1,319	1,420	597	542	4,112	4,033
Intersegment revenues	65	11	–	–	36	20	3	3	63	67
Divisional revenues	6,651	6,505	3,636	3,424	1,355	1,440	600	545	4,175	4,100
Operating EBITDA	1,439	1,402	561	528	157	140	138	122	549	377
EBITDA margin ¹⁾	21.6%	21.5%	15.4%	15.4%	11.6%	9.7%	23.0%	22.5%	13.2%	9.2%
Impairment (-)/reversals (+) on intangible assets, property, plant and equipment and right-of-use assets	(3)	(105)	–	–	(1)	(46)	–	–	(9)	(6)
Results from investments accounted for using the equity method	64	58	2	(2)	10	9	–	–	10	7
Invested capital	6,735	6,438	2,582	2,370	619	667	1,927	1,885	1,894	1,619

Further details on segment reporting are presented in note 27 "Segment Reporting."

1) Operating EBITDA in percent of revenues.

2) The business development of Bertelsmann Investments is determined primarily on the basis of EBIT. EBIT amounted to €107 million (previous year: €96 million).

Reconciliation to Operating EBITDA (Continuing Operations)

in € millions	2019	2018
EBIT from continuing operations	1,825	1,620
Special items		
– impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations	27	173
– adjustment to carrying amounts on assets held for sale	7	6
– impairment (+)/reversals (-) on other financial assets at amortized cost	9	–
– impairment (+)/reversals (-) on investments accounted for using the equity method	51	2
– results from disposals of investments	(90)	(6)
– fair value measurement of investments	(143)	(157)
– restructuring and other special items	293	278
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	1,051	847
Adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items	(121)	(177)
Operating EBITDA from continuing operations	2,909	2,586

Bertelsmann Printing Group		Bertelsmann Education Group		Bertelsmann Investments ²⁾		Total divisions		Corporate		Consolidation		Continuing operations	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
1,405	1,468	333	257	13	12	18,001	17,650	22	23	-	-	18,023	17,673
163	171	-	1	-	-	330	273	34	32	(364)	(305)	-	-
1,568	1,639	333	258	13	12	18,331	17,923	56	55	(364)	(305)	18,023	17,673
68	85	84	37	(1)	(3)	2,995	2,688	(86)	(95)	-	(7)	2,909	2,586
4.4%	5.2%	25.2%	14.5%	-4.6%	-25.8%	16.3%	15.0%	n/a	n/a	n/a	n/a	16.1%	14.6%
(14)	(3)	(101)	(25)	-	-	(128)	(185)	-	-	(1)	2	(129)	(183)
-	-	39	(5)	-	(10)	125	57	-	-	(1)	-	124	57
106	187	1,292	1,422	1,059	899	16,214	15,487	136	124	2	(21)	16,352	15,590

Information by Geographical Area (Continuing Operations)

in € millions	Germany		France		United Kingdom		Other European countries		United States		Other countries		Continuing operations	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues from external customers	5,806	5,859	2,213	2,336	1,180	1,152	3,413	3,336	4,211	3,896	1,200	1,094	18,023	17,673
Non-current assets ¹⁾	3,461	3,220	1,337	1,092	1,362	1,301	3,481	3,267	3,841	3,530	426	277	13,908	12,687

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

Information on Revenue Sources (Continuing Operations)

in € millions	Own products and merchandise		Services		Advertising		Rights and licenses		Continuing operations	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues from external customers	4,385	4,349	6,508	6,375	4,043	4,061	3,087	2,888	18,023	17,673