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## An overview of the key financial figures

*Berlin (ots) -*

The international media company Bertelsmann achieved revenues of 20.04bn EUR in Fiscal Year 2000/01 (ended June 30, 2001). At 3.5bn EUR above the previous year's turnover (16.5bn EUR), this translates to a 21 percent increase. This growth is attributable to the first-time full-year consolidation of RTL Group (1.4bn EUR), as well as to acquisitions (1.4bn EUR) and exchange-rate effects (0.7bn EUR). Organic growth in companies including RTL Group, Bertelsmann Services Group (part of the media service provider Arvato), and Random House was offset by dwindling revenues at BMG.

Net income improved by 296m EUR or 44 percent to 968m EUR (PY: 672m EUR). Thanks to high capital gains, earnings before taxes, interest and amortization amounted to 3.16bn EUR; 1.39bn EUR or 79 percent above the previous year's figure of 1.77bn EUR. At 1.20bn EUR, the divisional result - i.e., ongoing operating results before Internet businesses and positive/negative one-off items - nearly reached the previous year's level of 1.25bn EUR. The Bertelsmann Value Added (BVA) for the group, which is equivalent to earnings before interest, taxes and amortization minus 15 percent capital costs, was improved by 139 percent to 1.31bn EUR (PY: 550m EUR).

### Divisional Revenues and Profits

Bertelsmann's corporate divisions - TV and Radio (RTL Group), Book (Random House), newspapers and magazines (Gruner + Jahr), music (BMG), specialist information (BertelsmannSpringer), Media Services (Arvato) and direct-to-customer businesses (DirectGroup) - all registered increases in revenue except BMG. In terms of profit, the television business provided a special highlight.

RTL Group with its 23 television channels and 17 radio stations in ten countries had revenues of 4.1bn EUR (PY: 1.7bn EUR; six months consolidation). Thus, including the takeover of Pearson TV (now: FremantleMedia), RTL's income rose by 32 percent in Bertelsmann's FY 2000/01. The group's major channels were able to defend their market-leading positions in audience and advertising share; meanwhile, the publicly traded company extended its strong market presence in the production and sports rights distribution sectors. Series, shows and other productions were sold to more than a hundred countries. The divisional result (EBITA) soared to a record value of 537m EUR, with a 13.2 percent return on sales (PY: 13.2 percent).

Random House, which is comprised of more than one hundred and fifty publishers worldwide, was able to broaden its position as the world's leading trade book publisher. Despite flat book markets in the US and Germany, Random House revenues climbed by 9.3 percent to 2.1bn EUR (comparable figure in the previous year: 1.9bn EUR). In the previous fiscal year, Bertelsmann's book ventures did business as Buch AG and included not only the popular publishers but also the clubs, which have since been assigned to DirectGroup Bertelsmann. This year, Random House Group publishers released approximately 8,000 new publications, numerous literary awards and an unprecedented number of bestsellers. The divisional result (EBITA) grew disproportionately to 180m EUR, while the return on sales was 8.7 percent (PY: 5.0 percent).

During the second half of the year, Gruner + Jahr, Europe's largest magazine publisher, was able to increase its revenues by 3.3 percent to 3.0bn EUR (PY: 2.9bn EUR), despite a steep decline in advertising. Successful magazine concepts underwent further

internationalization ("Capital" in Spain, "National Geographic" in the Netherlands, "Gala" in Russia and Poland). By acquiring the business titles "Inc." and "Fast Company", Gruner + Jahr rose to become one of the five top magazine publishers in the US market. Its flagship, "stern" magazine, was able to extend its leading position as the highest-reach weekly magazine in Germany, and the "Financial Times Deutschland", launched in Spring 2000, has become well established in the market. The economic and publishing successes were offset by the weak advertising market, a steep increase in paper prices and publishing investments, primarily in the US. These factors were responsible for bringing the divisional result (EBITA) down to 292m EUR. Return on sales was 9.6 percent (PY: 13.1).

The Bertelsmann Music Group (BMG), which owns more than 200 labels in 44 countries, looks back on a year of new beginnings. A new management team was installed, and its fields of business were restructured to focus on the company's core competencies: developing artists and promoting music. The music clubs became part of DirectGroup Bertelsmann, while the Storage Media division was assigned to the media service provider Arvato after the end of the fiscal year. During the period under review, BMG artists placed numerous titles in the charts and won more than a hundred awards; 16 performers alone each sold more than a million albums. Nevertheless, the turnover and profit figures reflect not only a challenging market environment, but structural weaknesses as well: revenues dwindled by 7.6 percent to 3.7bn EUR (comparable figure for last year: 4.0bn EUR), and the division had a negative result (EBITA) of five million EUR (previous year's return on sales: 5.6 percent). The new management plans to exploit the streamlined structure to bring about a revenue turnaround in the current fiscal year.

The professional-information division BertelsmannSpringer has strengthened its position as the unchallenged No. 1 in Germany, and as one of the leading international providers of scientific and specialist literature. Following the successful integration of Springer scientific publishing, the focus during the past fiscal year was on boosting the efficiency of the core businesses and on realigning the company's online activities. Revenues grew by 9.5 percent to 749m EUR (PY: 684m EUR); the divisional result (EBITA) came to 68m EUR. Return on sales amounted to 9.0 percent (PY: 9.3 percent).

The Arvato division showed a strong increase in revenues, stable profits and international expansion, all of them proof of the growing demand for networked media services. Revenues from its logistics ventures, customer care operations for major international clients and modern printing operations were up by 17 percent to 3.0bn EUR (PY: 2.5bn EUR), while the divisional result (EBITA) came to 186m EUR. Arvato's focus has been on continued internationalization with new sites in Great Britain, the Netherlands, Singapore, Australia and India, and the determined expansion of activities in France. The division's return on sales amounted to 6.2 percent (PY: 6.8 percent).

The direct-to-customer businesses bundled in the newly created DirectGroup include Bertelsmann's book clubs, music clubs and e-commerce activities. While the book clubs are currently being outfitted with a modern IT system, the music clubs have benefited from the acquisition of the US online music vendor CDNOW. Together, the music clubs and CDNOW now form the world's biggest music retailer, to be complemented at a later date by file-sharing services. Revenues generated by DirectGroup companies, including all e-commerce ventures (and especially BOL), were up by 19 percent to 3.8bn EUR (comparable figure for the previous year: 3.2bn EUR). Not including the Internet ventures, the divisional result (EBITA) was at minus 54m EUR.

Internet start-up losses have peaked

The Internet has now been integrated into all divisions. In the period under review, startup losses incurred by the Internet ventures

add up to 888m EUR (previous year's multimedia expenditure: 261m EUR) and therewith have reached the peak. The largest items are 499m EUR for DirectGroup, which bundles Bertelsmann's e-commerce businesses, Gruner + Jahr (98m EUR), the RTL Group (51m EUR) and Arvato (42m EUR). A number of measures, including the integration of the online media seller BOL into the book clubs and of CDNOW into the music clubs, and the increasing success of RTL New Media in the market will considerably reduce start-up losses during the following fiscal year.

#### High gains from AOL Europe and mediaWays

Bertelsmann achieved capital gains of 3.2bn EUR from the sale of the Internet network and services provider mediaWays to Telefónica, and the partial sale of holdings in the Internet service provider AOL Europe. Under the terms of the agreement, the balance of the sales proceeds is expected in the year 2002. In all, the capital gains realized during the period under review total 3.5bn EUR (PY: 836m EUR).

One-off expenditures of 538m EUR were largely comprised of costs for restructuring BMG, expenditures for the Corporate Center as the group-wide "PC4All!" campaign (free Internet PCs for all employees) and Bertelsmann's EXPO presence, along with costs for restructuring DirectGroup, in particular for a new IT system throughout the clubs.

#### Record capital expenditures for continued growth

During FY 2000/01, Bertelsmann's capital expenditures hit a new record at 3.27bn EUR, or 59 percent more than last year's figure of 2.05bn EUR. Of this, 1.84bn EUR was invested in acquisitions of holdings and financial assets - such as Gruner + Jahr's acquisition of magazines and the takeover of CDNOW in the US as well as the purchase of shares in Antena 3 in Spain - and 442m EUR was expended on intangible assets such as movie and publishing rights. Tangible assets, including the modernization of operating facilities at Arvato and Gruner + Jahr, accounted for capital expenditures totaling 986m.

#### Balance sheet total up again

At the end of the fiscal year, the group had total assets of 17.6bn EUR, 20 percent more than last year. The increase is attributable primarily to the acquisitions mentioned above, to the merger with Pearson TV (FremantleMedia), and the upsurge in liquid assets. Intangible assets, in particular the various companies' goodwill, now amount to 4.2bn EUR (PY: 3.9bn EUR). The net financial debt - i.e. the financial debt balanced against liquid assets - dwindled by 12 percent to 1.88bn EUR (PY: 2.15bn EUR). Capital resources were at 4.4bn EUR, 22 percent above the previous year's figure of 3.6bn EUR. At 25.3 percent, the equity ratio is slightly above the previous year's level of 24.8 percent.

Cash flow amounted to 672m EUR (PY: 1.32bn EUR). This does not take into account the fact that Bertelsmann's management acts on the principle of financing Internet startup losses from capital gains realized on divestitures. Thus, the cash flow is strained by Internet start-up losses and all special items such as costs for restructuring core businesses, but does not reflect compensatory influx of funds such as the gains realized by selling the AOL Europe and mediaWays holdings, which were set aside to cover start-up losses.

#### 18.4 percent return on profit-participation certificates

FY 2000/01 saw a 17.4 percent return on assets, resulting in a estimated distribution of 18.4 percent of the basic amount both for the new profit-participation certificates 2001 and for the profit-participation certificates that were not swapped, for which the old dividend rules still apply. Thus, for the first time since the profit-participation certificates were introduced on the stock market in 1986, the target distribution of 15 percent has been exceeded. An estimated 95m EUR will be distributed on October 16, 2001.

The profit-participation capital was switched from DM to Euro in Spring 2001. Bertelsmann had also offered investors the option of trading in their existing profitparticipation certificates for profit-participation certificates with partially changed conditions - in particular with new dividend regulations. More than 90 percent of investors took advantage of the offer.

#### Bertelsmann adds more employees

At the end of the Fiscal Year, Bertelsmann employed 82,162 people; 5,905 employees or eight percent more than the year before (76,257 employees). Acquisitions and newly consolidated companies (FremantleMedia) added 3,861 employees, while ongoing operations created 2,044 new jobs. The media service provider Arvato (e.g. the Services Group) registered the strongest job growth, adding 1,791 jobs during the period under review. At the end of the Fiscal Year, Bertelsmann had 784 trainees.

#### Chart in EUR

Revenues	20.04 bn
Foreign revenues	13.90 bn
Group earnings before interest, taxes and amortizations	3.16 bn
Divisional earnings (EBITA)	1.20 bn
Net income	968 m
Capital expenditures	3.27 bn
- Investments in tangible assets	1.84 bn
- Investments in intangible assets	442 m
- Acquisition of holdings/financial assets	986 m
Amortization of goodwill	1.66 bn
Cash Flow	672 m
Total assets	17.55 bn
Fixed assets	8.45 bn
Liquid assets	826 m
Equity	4.44 bn
Income taxes	1.32 bn

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