

Financial Statements and
Combined Management Report

Bertelsmann SE & Co. KGaA, Gütersloh

December 31, 2019

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Bertelsmann SE & Co. KGaA

Assets as of December 31, 2019

	Notes	12/31/2019	12/31/2018
		€	€ millions
Non-current assets			
Intangible assets			
Acquired industrial property rights and similar rights as well as licenses to such rights	1	8,060,833.06	11
		8,060,833.06	11
Property, plant and equipment			
Land, rights equivalent to land and buildings	1	311,348,314.91	325
Technical equipment and machinery	1	1,181,740.00	1
Other equipment, fixtures, furniture and office equipment	1	47,089,708.58	50
Advance payments and construction in progress	1	1,694,584.35	1
		361,314,347.84	377
Financial assets			
Investments in affiliated companies	1	14,959,860,201.07	14,408
Loans to affiliated companies	1	712,123,909.60	1,179
Investments	1	3,800.00	-
Non-current securities	1	1,252,130,921.61	1,411
		16,924,118,832.28	16,998
		17,293,494,013.18	17,386
Current assets			
Receivables and other assets			
Accounts receivable from affiliated companies	2	4,391,865,499.98	4,107
Other assets	2	147,936,623.69	127
		4,539,802,123.67	4,234
Securities			
Other securities		1.00	-
Cash on hand and bank balances			
	3	513,214,370.34	230
		5,053,016,495.01	4,464
Prepaid expenses and deferred charges			
	4	19,944,659.47	21
		22,366,455,167.66	21,871

Bertelsmann SE & Co. KGaA

Equity and liabilities as of December 31, 2019

	Notes	12/31/2019	12/31/2018
		€	€ millions
Equity			
Subscribed capital	5	1,000,000,000.00	1,000
Capital reserve		2,600,000,000.00	2,600
Retained earnings			
Legal reserve		100,000,000.00	100
Other retained earnings	6	5,485,000,000.00	5,290
		5,585,000,000.00	5,390
Retained earnings		663,471,013.25	641
		9,848,471,013.25	9,631
Provisions			
Provisions for pensions and similar obligations	7	356,883,428.00	330
Provision for taxes		194,158.23	4
Other provisions	8	213,345,021.50	136
		570,422,607.73	470
Liabilities			
Bonds and promissory notes	9, 10	4,600,000,000.00	4,910
Liabilities to banks	9	450.00	153
Profit participation capital	9, 11	412,589,819.08	413
Trade payables	9	12,325,312.29	15
Liabilities to affiliated companies	9	6,779,666,982.40	6,164
Other liabilities	9	138,964,234.04	112
		11,943,546,797.81	11,767
Deferred income		4,014,748.87	3
		22,366,455,167.66	21,871

Bertelsmann SE & Co. KGaA

Income statement

for the financial year from January 1 to December 31, 2019

	Notes	2019 €	2018 € millions
Revenues	12	112,838,921.19	115
Capitalized cost		8,348.00	–
Other operating income	13	188,863,066.54	202
Cost of materials			
Cost of purchased services		-30,620,740.41	-30
Personnel costs	14		
Wages and salaries		-123,968,023.61	-130
Social security contributions and post-employment and other employee benefit expenses		-47,037,512.56	-45
		-171,005,536.17	-175
Amortization, depreciation and write-downs			
Amortization of intangible assets and depreciation of tangible assets		-23,156,899.50	-20
Other operating expenses	15	-212,455,979.90	-245
Income from investments	16		
Income from profit and loss transfer agreements		705,290,631.40	907
Income from participations		3,464,843.39	10
Expenses from transfer of losses		-44,877,000.49	-158
		663,878,474.30	759
Interest income and interest expense	17		
Income from other securities and long-term loans		35,089,288.72	54
Other interest and similar income		159,779,825.54	114
Other interest and similar expenses		-261,988,290.77	-226
		-67,119,176.51	-58
Write-downs of long-term financial assets	18	-25,702.37	-128
Taxes on income	19	-60,268,466.58	-111
Earnings after taxes		400,936,308.59	309
Other taxes		-3,315,910.58	-3
Net income		397,620,398.01	306
Unappropriated retained earnings brought forward		460,850,615.24	485
Additions to other retained earnings		-195,000,000.00	-150
Retained earnings		663,471,013.25	641

Bertelsmann SE & Co. KGaA

Notes to the financial statements for the financial year from January 1 to December 31, 2019

Principles and methods

Bertelsmann SE & Co. KGaA is based in Gütersloh. The company is registered in the Commercial Register held at Gütersloh District Court under number 9194.

Accounting principles

The annual financial statements and the management report combined with the Group management report of Bertelsmann SE & Co. KGaA pursuant to section 315 (5) German Commercial Code (Handelsgesetzbuch, hereinafter HGB) in conjunction with section 298 (2) HGB have been prepared in accordance with the HGB accounting principles for large corporations and the additional regulations of Germany's Stock Corporation Act (Aktiengesetz, hereinafter AktG).

Balance sheet and income statement presentation

The balance sheet and the income statement comply basically with the presentation provisions specified in sections 266 and 275 HGB. The income statement has been prepared according to the nature of expense method.

Accounting and measurement policies

Intangible and tangible fixed assets

The option to capitalize internally generated intangible fixed assets was not exercised. Acquired intangible fixed assets as well as tangible fixed assets are measured at cost. Amortization and depreciation rates and methods are based on the economic useful lives. Amortization and depreciation is applied using the straight-line or declining balance method, although assets acquired after December 31, 2007, are amortized or depreciated exclusively on a straight-line basis. Assets expected to suffer permanent impairment are written down to the lower fair value. Tangible assets whose cost is €800 or below are amortized or depreciated in full in the year of acquisition. Independently movable fixed assets that are subject to wear and tear at a cost of up to €250 are immediately reported as expenses.

Long-term financial assets, receivables and other assets

Long-term financial assets are measured at cost, at their nominal amount or the lower fair value if impairment is expected to be permanent. Any write-downs are reversed as soon as the reasons for the impairments no longer apply.

Receivables and other assets are generally stated at the nominal amount or at the lower fair value on the balance sheet date.

The determination of the fair values of shares in affiliated companies as well as loans to and receivables from affiliated companies is typically determined using a discounted cash flow method. Under this method, the future cash flows are discounted using the cost of capital calculated on an individual basis for the company to be measured. If the company holds shares in an affiliated company to which the company has also extended loans (loans to or receivables from affiliated companies), and if the carrying amount of this total commitment from equity and debt financing exceeds the calculated fair value, the shares in affiliated companies are initially written down and then, if necessary, an impairment of loans to and/or receivables from affiliated companies is recorded subsequently.

Financial assets qualifying as plan assets which are inaccessible to all other creditors and serve exclusively to fulfill pension obligations or other similar long-term obligations are measured at fair value in accordance with section 246 (2) sentence 2 HGB and are offset against the underlying obligations. If offsetting results in a remaining surplus of assets, this amount shall be disclosed separately on the balance sheet under the item "Excess of plan assets over post-employment benefit liabilities." If the fair value of the plan assets exceeds the historical cost, this portion is sub-

ject to a restriction on distribution in accordance with section 268 (8) HGB. In accordance with section 246 (2) sentence 2 HGB, expenses and income from discounting the obligations and from the corresponding assets are offset against each other.

Securities

Securities are carried at cost or at the lower market price on the balance sheet date to the extent that for long-term securities the lower price is expected to be permanent.

Bank balances and cash on hand

Bank balances and cash on hand are carried at nominal amount. Foreign currency holdings are valued at the applicable exchange rate as of the balance sheet date.

Prepaid expenses and deferred charges

Payments made before the balance sheet date are reported as prepaid expenses if they represent expenses for a specific period after this date.

Subscribed capital

Subscribed capital is recognized at the nominal amount.

Provisions

Provisions for pensions and similar obligations are measured using the projected unit credit method. The biometric calculations are based on the 2018 G mortality tables in the version issued by the Heubeck Richttafeln GmbH in October 2018. The pension provisions are calculated on a lump-sum basis corresponding to a 15-year term at the average market interest rate of the last ten years specified by Deutsche Bundesbank. The calculation also reflects future-oriented measurement parameters such as the rate of salary increase, rate of pension increase and fluctuation.

The provisions for taxes and other provisions are measured according to a reasonable commercial assessment. They are measured at their respective settlement value. Future cost and price increases are taken into account where there are sufficient objective indications that they will arise. Provisions with a term of over one year are discounted at the average market interest rate for the last seven years corresponding to their remaining term. The applicable interest rate is published by the Deutsche Bundesbank.

In order to fulfill certain obligations relating to employee pension plans and similar long-term obligations, the corresponding funds are invested in a pension plan reinsurance scheme, in securities and in restricted cash assets held in a trust arrangement. These are used solely to fulfill pension obligations and are not accessible to the other creditors. The pension plan reinsurance policy is used to cover amounts for higher pension provision. The pension plan reinsurance is measured at the capitalized value derived from the fund capital calculated at the end of the insurance period or at least derived from the guaranteed redemption value, where such a value has been agreed or derived from the budgeted fund capital. The securities are used to fulfill corresponding assurances to employees. Measurement of securities is at fair value which equals the market price. Pension obligations – the amount of which is determined solely based on the fair value of securities – are recognized at the fair value of the securities in accordance with section 253 (1) sentence 3 HGB. The cash assets serving to fulfill obligations to employees are measured at their nominal value. In accordance with section 246 (2) sentence 2 HGB, plan assets have been offset against the underlying obligations.

Liabilities

Liabilities are stated at their settlement value.

Profit participation capital

The terms and conditions for the issued profit participation certificates provide for rules on the remuneration, repayment and termination of profit participation capital. These conditions do not meet the requirements for the presentation of profit participation rights as equity. For this reason, the profit participation capital is classified as liabilities and reported as a separate item under "Liabilities." Remuneration for the contribution of profit participation capital is recognized as interest expenses and charged to net income.

Deferred income

Payments received before the balance sheet date is reported as deferred income if it represents income for a specific period after this date.

Deferred taxes

Deferred taxes arise from temporary differences between carrying amounts recognized under commercial law and their tax base. Investments in partnerships are also taken into account for the purposes of determining deferred German corporation tax. In exercising the option under Section 274 (1) sentence 2 HGB, the excess tax asset is not recognized. Deferred taxes are calculated for all the companies of the Bertelsmann SE & Co. KGaA consolidated tax group.

Assets held in trust

Security investments, other assets and cash and cash equivalents held in trust by Bertelsmann Pension Trust e. V. under the double-sided trust agreement to secure pension obligations are, from an economic point of view, still treated as held by Bertelsmann SE & Co. KGaA. These trust assets do not meet the requirements for plan assets set forth in section 246 (2) sentence 2 HGB.

Currency translation

Foreign currency receivables with a remaining term of one year or less are measured at the mean exchange rate on the balance sheet date, and foreign currency receivables with a remaining term of over one year are measured at the mean exchange rate on the entry date or the lower mean rate on the balance sheet date, provided no hedging transactions have been entered into and recognized under hedge accounting criteria.

Liabilities denominated in foreign currencies with a remaining term of one year or less are recognized at the mean exchange rate on the balance sheet date, and all other liabilities denominated in foreign currencies are recognized at the mean exchange rate on the entry date or the higher mean rate on the balance sheet date, provided no hedging transactions have been entered into and recognized under hedge accounting criteria.

For information on hedge accounting, please refer to the section "Miscellaneous".

Notes on the balance sheet

1 Statement of changes in fixed assets

in € millions	12/31/2018	Additions	Cost Disposals	Reclassifications	12/31/2019
Intangible assets					
Acquired industrial property rights and similar rights as well as licenses to such rights	20	2	0	0	22
	20	2	0	0	22
Property, plant and equipment					
Land, rights equivalent to land and buildings	521	4	21	8	512
Technical equipment and machinery	21	0	0	0	21
Other equipment, fixtures, furniture and office equipment	91	3	1	0	93
Advance payments and construction in progress	1	9	0	-8	2
	634	16	22	0	628
Financial assets					
Investments in affiliated companies	15,175	504	14	0	15,665
Loans to affiliated companies	1,140	0	464	0	676
Non-current securities	1,411	15	174	0	1,252
	17,726	519	652	0	17,593
	18,380	537	674	0	18,243

in € millions	12/31/2018	Amortization, depreciation and write-downs				12/31/2019	Carrying amounts	
		Amortization, depreciation and write-downs	Other effects	Reversals of write-downs	Disposals		12/31/2019	12/31/2018
Intangible assets								
Acquired industrial property rights and similar rights as well as licenses to such rights	9	5	0	0	0	14	8	11
	9	5	0	0	0	14	8	11
Property, plant and equipment								
Land, rights equivalent to land and buildings	196	12	0	0	7	201	311	325
Technical equipment and machinery	20	0	0	0	0	20	1	1
Other equipment, fixtures, furniture and office equipment	41	6	0	0	1	46	47	50
Advance payments and construction in progress	0	0	0	0	0	0	2	1
	257	18	0	0	8	267	361	377
Financial assets								
Investments in affiliated companies	767	0	0	49	13	705	14,960	14,408
Loans to affiliated companies	-39	0	-13	0	-16	-36	712	1,179
Non-current securities	0	0	0	0	0	0	1,252	1,411
	728	0	-13	49	-3	669	16,924	16,998
	994	23	-13	49	5	950	17,293	17,386

There were no changes to the full amount of depreciation, amortization or write-downs in connection with additions or reclassifications in the financial year 2019

Write-downs of intangible assets in the amount of € 3 million were necessary.

The increase in investments in affiliated companies is attributable in the amount of €500 million to the carrying amount of the investment in Bertelsmann Capital Holding GmbH, Gütersloh. This increased due to a payment made by Bertelsmann SE & Co. KGaA in connection with the profit and loss transfer agreement between Bertelsmann Capital Holding GmbH, Gütersloh, and RTL Group Deutschland GmbH, Cologne.

Loans relate to loan receivables from Bertelsmann, Inc., Wilmington, to finance business activities of this company. The loan agreements have terms of more than one year. The disposals result from the repayment of loan receivables due in financial year 2019. The loans are fully included in hedging relationships as defined in section 254 HGB.

The security investments are shares in various funds held and managed by Bertelsmann Pension Trust e.V. They are used to secure and fulfill pension obligations of Bertelsmann SE & Co. KGaA and selected subsidiaries.

2 Receivables and other assets

Receivables from affiliated companies include €2,943 million (previous year: €2,886 million) companies in Germany and €1,449 million (previous year: €1,221 million) companies abroad. These result from the financing of operating activities of subsidiaries.

As of December 31, 2019 and December 31, 2018, receivables and other assets have a remaining term of less than one year. Of the other assets, €1 thousand are held in trust subject to restricted access (previous year: €2 thousand).

3 Cash on hand and bank balances

€171 million of the cash and cash equivalents are held and managed by a trustee (previous year: €14 million).

4 Prepaid expenses and deferred charges

A debt discount of €11 million (previous year: €13 million) in accordance with section 250 (3) HGB is recognized in prepaid expenses and deferred charges. The debt discount stems from the bonds maturing in 2021, 2022, 2024, 2025, 2026 and 2032. The discount is amortized on a straight-line basis over the individual terms of the bonds.

5 Subscribed capital

The share capital of €1,000 million is divided into 83,760 no-par value registered shares.

6 Other retained earnings

Other retained earnings in the financial year 2019 were as follows:

	€
12/31/2018	5,290,000,000.00
Additions from 2019 net income	195,000,000.00
12/31/2019	5,485,000,000.00

7 Pensions and similar obligations

Pension expenses of €16 million were paid out in the financial year 2019.

Pension provisions were calculated using the average market interest rate specified by Deutsche Bundesbank of 2.71 percent p.a. (previous year: 3.21 percent p.a.). The calculation assumed a rate of salary increase of 2.25 percent p.a. (previous year: 2.25 percent p.a.) and a rate of pension increase of 1.0 to 1.5 percent p.a. (previous year: 1.0 to 1.5 percent p.a.). In addition, company-specific age-related fluctuation probabilities were taken into account.

The difference between the recognition of provisions based on the average market interest rate of the last ten financial years and the recognition of provisions based on the average market interest rate of the last seven financial years amounts to €44 million. This amount is blocked from distribution in accordance with section 253 (6) sentence 2 HGB.

In order to fulfill certain obligations relating to employee pension plans, the corresponding funds are invested in a pension plan reinsurance scheme, in securities and in restricted cash assets held in a trust arrangement. In accordance with section 246 (2) sentence 2 HGB, plan assets have been offset against the underlying obligations. The earnings of €395 thousand generated by the plan assets were netted against the expenses from the corresponding pension obligations in the amount of €395 thousand.

Offset amounts in accordance with section 246 (2) sentence 2 HGB:

in € millions	12/31/2019	12/31/2018
Settlement value of liabilities	13	13
Fair value of plan assets	13	13
Acquisition costs of plan assets	10	10

8 Other provisions

Other provisions include personnel costs of €51 million (previous year: €48 million), negative market values from hedging transactions of €52 million (previous year: €33 million) and an obligation of €44 million (previous year: €44 million) to service profit participation rights.

To guarantee claims arising from partial retirement and lifetime working time accounts, cash assets were transferred to a trustee. In accordance with section 246 (2) sentence 2 HGB, the provisions for lifetime working time accounts and the provisions for outstanding settlement amounts from partial retirement are offset against the corresponding plan assets. The earnings generated by the plan assets were offset against the expenses resulting from plan assets and the interest expenses from the corresponding pension obligations. In financial year 2019, this resulted in expenses of €180 thousand comprising expenses generated by plan assets totaling €117 thousand and the interest expenses from the corresponding pension obligations in the amount of €63 thousand. No income was realized from plan assets in the financial year 2019.

Offset amounts in accordance with section 246 (2) sentence 2 HGB:

in € millions	12/31/2019	12/31/2018
Settlement value of liabilities	2	2
Fair value of plan assets	2	2
Acquisition costs of plan assets	2	2

9 Liabilities

in € millions	Up to 1 year	> 1 year	Of which > 5 years	12/31/2019
Bonds and promissory notes	100	4,500	2,750	4,600
Liabilities to banks	-	-	-	-
Profit participation capital	-	413	-	413
Trade payables	12	-	-	12
Liabilities to affiliated companies	6,780	-	-	6,780
Other liabilities	139	-	-	139
- thereof from taxes	(67)	-	-	(67)
- thereof for social security benefits	(1)	-	-	(1)
	7,031	4,913	2,750	11,944

in € millions	Up to 1 year	> 1 year	Of which > 5 years	12/31/2018
Bonds and promissory notes	310	4,600	3,250	4,910
Liabilities to banks	153	-	-	153
Profit participation capital	-	413	-	413
Trade payables	15	-	-	15
Liabilities to affiliated companies	6,164	-	-	6,164
Other liabilities	112	-	-	112
- thereof from taxes	(35)	-	-	(35)
- thereof for social security benefits	(1)	-	-	(1)
	6,754	5,013	3,250	11,767

Liabilities to affiliated companies include €6,093 million (previous year: €5,558 million) to domestic companies and €687 million (previous year: €606 million) to companies abroad. These are financial liabilities.

The liabilities to affiliated companies include liabilities of €18 million (previous year: €36 million) to the general partner Bertelsmann Management SE, Gütersloh.

10 Bonds and promissory notes

The bonds and promissory notes are composed as follows:

	€ millions	Maturity	nominal interest in %
Promissory notes	100	01.12.2020	0,774
Bond	500	26.05.2021	0,250
Bond	750	02.08.2022	2,625
Bond	500	14.10.2024	1,750
Bond	750	29.09.2025	1,250
Promissory notes	150	01.12.2025	1,787
Bond	500	27.04.2026	1,125
Bond	100	29.06.2032	3,700
Hybrid bond ¹⁾	650	23.04.2075	3,000
Hybrid bond ²⁾	600	23.04.2075	3,500

¹⁾ Bertelsmann has the right of first-time premature repayment in April 2023 for this tranche of the hybrid bond issued in April 2015; the nominal interest rate stated above has been fixed until this date.

²⁾ Bertelsmann has the right of first-time premature repayment in April 2027 for this tranche of the hybrid bond issued in April 2015; the nominal interest rate stated above has been fixed until this date.

11 Profit participation capital

As of the balance sheet date, profit participation certificates with a nominal value of €301,324,177.75 were admitted to trading on the stock exchange. The nominal value of the profit participation capital consists of profit participation certificates of €284,339,810.00 issued in 2001 (ISIN DE 000 522 9942) and profit participation certificates of €16,984,367.75 issued in 1992 (ISIN DE 000 522 9900).

The participation certificates may only be terminated by the bearers, for the first time on June 30, 2017, and thereafter with effect at the end of every fifth financial year.

The terms of the 2001 participation certificates state that for each full financial year, 15 percent of the nominal value is paid if, after an adjustment for impairments of goodwill that negatively affect earnings, there is sufficient consolidated net income and net income of Bertelsmann SE & Co. KGaA, increased by any profits carried forward and reduced by any losses carried forward and contributions to the legal reserves. If the total return on capital of the Group in any one financial year is negative, the profit participation certificates absorb a share of the loss. The share

of the loss is calculated as a percentage of the total negative return on capital relative to the nominal value of the profit participation certificates. Any such share in losses must be offset by shares in profits in subsequent years. In the event of liquidation or bankruptcy, repayment claims by the bearers of the profit participation certificates are subordinated to the claims of third-party creditors. The distribution on the 1992 profit participation certificates is based on the total return on capital employed for the Group, calculated according to section 4 of the terms of issue of the 1992 profit participation certificates.

Notes on the income statement

12 Revenues

Revenues are generated from the provision of services to subsidiaries (2019: €83 million, previous year: €86 million) and from leasing and rental (2019: €30 million, previous year: €29 million). The breakdown of revenues by region is presented in the following table:

in € millions	2019	2018
Germany	104	108
Luxemburg	4	2
United States	2	2
United Kingdom	1	1
France	1	1
Other less than €1 million	1	1
	113	115

13 Other operating income

in € millions	2019	2018
Income from disposal of fixed assets	82	43
Income from write-ups on shares in affiliated companies	49	90
Income from reversal of allowances for receivables to affiliated companies	28	6
Costs passed on	9	12
Currency gains	8	42
Income from reversal of provisions	5	3
Other income	8	6
	189	202

Of the write-ups, €44 million was recognized on shares in Bertelsmann Inc., Wilmington (previous year: €90 million).

Of the other operating income, €5 million (previous year: €9 million) is attributable to earlier financial years. These relate primarily to income from the reversal of provisions and payments received on receivables impaired in previous years.

14 Personnel costs

Personnel expenses include expenses for pensions of €36 million (previous year: €34 million). The following table shows the annual average number of employees by group:

	Thereof permanent employees	Thereof temporary employees	2019	Thereof permanent employees	Thereof temporary employees	2018
Average number of employees during the year	786	45	831	851	43	894
- thereof female employees	435	24	459	452	24	476
- thereof male employees	351	21	372	399	19	418

15 Other operating expenses

in € millions	2019	2018
Expenses from guarantee contracts	52	-
Currency losses	31	71
Rent and maintenance	22	34
Accounting, consulting and legal expenses	21	37
Reimbursement of expenditures to the general partner Bertelsmann Management SE, Gütersloh	20	23
Allocations	12	11
Loss from disposal of fixed assets	-	20
Other expenses	55	49
	213	245

Expenses from guarantee contracts result from a letter of comfort which has been issued to Prinovis GmbH & Co. KG, Hamburg.

16 Income from investments

Income from profit and loss transfer agreements and investments as well as the expenses from loss transfers in each case entirely result from affiliated companies.

Income from profit and loss transfer agreements stems primarily from the net income of Bertelsmann Capital Holding GmbH, Gütersloh. Bertelsmann Capital Holding GmbH, Gütersloh, contributes profits of €623 million (previous year €898 million).

17 Interest income

in € millions	2019	2018
Income from other securities and long-term loans	35	54
- thereof from affiliated companies	28	38
- thereof from third parties	7	16
Other interest and similar income	160	114
- thereof from affiliated companies	131	109
- thereof from third parties	29	5
Interest and similar expenses	-262	-226
- thereof to affiliated companies	-7	-7
- thereof to third parties	-255	-219
	-67	-58

Of interest and similar expenses, €44 million (previous year: €44 million) is attributable to expenses for servicing the profit participation capital and €11 million (previous year: €11 million) to the accrued interest on long-term provisions.

18 Write-downs of long-term financial assets

The write-downs of long-term financial assets for the financial year 2018 of €119 million mainly pertain to shares in Media Communication S.A.S., Vendin-Le-Vieil.

19 Taxes on income

in € millions	2019	2018
Trade tax current year	41	62
Trade tax prior years	-10	0
Corporate income tax including solidarity surcharge current year	35	58
Corporate income tax including solidarity surcharge prior years	-6	-9
	60	111

Deferred tax assets of Bertelsmann SE & Co. KGaA and its consolidated companies are primarily attributable to differences between valuations in accordance with HGB accounting principles and tax valuations of intangible fixed assets and provisions. Deferred tax liabilities are formed mainly due to the difference in value of tangible assets and other receivables in the financial statements and their tax base.

An underlying tax rate of 31.0 percent for corporate income tax, solidarity tax surcharge and trade tax is used for the calculation of deferred taxes. Exercising the option under section 274 (1) sentence 2 HGB means waiving the recognition of net deferred tax assets.

Miscellaneous

Shares in investment funds

Shares held in German or comparable foreign investment funds as defined by section 1 of the German Capital Investment Code (KAGB) have a carrying amount of €1,161 million as of December 31, 2019. The fair value of €1,538 million exceeds the carrying amount by €377 million. Fixed-interest securities account for €1,202 million of the fair value, equities for €245 million, and cash and cash equivalents for €91 million. The articles of association stipulate that the investment funds be distributed, but it was agreed by special resolution that the disbursable profits from 2019 be reinvested in investment funds. The investment assets serve exclusively to hedge pension obligations to employees of Bertelsmann SE & Co. KGaA and selected subsidiaries.

Contingent liabilities

in € millions	2019	2018
Guarantees	836	950
Liabilities from guarantee contracts	191	269
	1,027	1,219

Guarantees stem primarily from rent guarantees totaling €721 million (previous year: €830 million) and guarantees for the repayment of loans from various Bertelsmann Group companies totaling €90 million (previous year: €99 million).

Bertelsmann SE & Co. KGaA entered into 33 (previous year: 35) contingent liabilities from guarantee agreements with no volume limit on behalf of affiliated companies. Of these, 5 (previous year: 6) are contingent liabilities to affiliated companies. In doing so, Bertelsmann SE & Co. KGaA provides assurance for the financial performance of the subsidiaries or the fulfillment of obligations arising from legal transactions of the subsidiaries.

Insofar as the assets held in trust by Bertelsmann Pension Trust e. V. are used to secure and fulfill pension obligations of selected subsidiaries, these consist of securities to cover third-party liabilities.

Bertelsmann SE & Co. KGaA enters into contingent liabilities only after carefully weighing the risks and only in connection with its own business activities or those of its affiliated companies. On the basis of a continuous risk assessment of the contingent liabilities entered into and taking into account all findings up to the preparation of the annual financial statements, Bertelsmann SE & Co. KGaA currently assumes that the obligations on which the contingent liabilities are based can be fulfilled by the respective principal debtors. For this reason, the risk of a claim arising from the contingent liabilities is considered to be unlikely on the basis of the credit rating of the primary debtor.

Other financial commitments

As of the balance sheet date, other financial commitments from credit lines granted to subsidiaries and not fully utilized at the balance sheet date amounted to €1,464 million (previous year: €899 million). Other financial commitments from rental and lease agreements, licensing obligations and service acceptances came to €64 million (previous year €78 million). These related solely to commitments to third parties.

Derivatives/hedges

The following table shows the nominal volumes of hedging transactions. The nominal value of foreign exchange hedging transactions is reported as the total of all underlying purchase and sale amounts for these transactions.

in € millions	2019	2018
Foreign exchange hedging transactions		
- to affiliated companies	508	264
- to third parties	2,670	2,338
Interest rate hedges		
- to affiliated companies	-	-
- to third parties	480	480
Cross-currency interest rate hedging transactions		
- to affiliated companies	836	661
- to third parties	1,771	1,752
Commodity future transactions		
- to affiliated companies	-	1
- to third parties	-	1
	6,265	5,497

The following table shows the fair values of hedging transactions. For the foreign exchange hedging transactions, they show the balance of positive and negative fair values in each case.

in € millions	2019	2018
Foreign exchange hedging transactions		
- to affiliated companies	5	-3
- to third parties	9	2
Interest rate hedges		
- to affiliated companies	-	-
- to third parties	6	3
Cross-currency interest rate hedging transactions		
- to affiliated companies	32	5
- to third parties	-80	-1
Commodity future transactions		
- to affiliated companies	-	-1
- to third parties	-	1
	-28	6

Derivative financial transactions are used to manage the risks from interest rate, currency and commodity price fluctuations from the operations of the subsidiaries and from derivative financial transactions. The derivative financial transactions are foreign exchange hedging transactions, cross-currency interest rate hedging transactions, commodity futures transactions and interest rate hedges. In addition, risks from fluctuations in commodity prices from the subsidiaries' operating business are limited by entering into forward commodity transactions. The transactions are conducted only with banks with a high credit rating (investment grade). The derivatives' fair value is taken into account when assessing the risk of default and taken into consideration in the utilization of specified counterparty limits. Contracting and documentation are subject to strict internal controls. Allowances are made for the risks from the transactions as of the balance sheet date.

The derivatives have terms of up to nine years.

As of the balance sheet date, Bertelsmann SE & Co. KGaA exercised its option to form hedges in the following cases:

Bertelsmann SE & Co. KGaA uses offsetting foreign exchange hedging transactions and cross-currency interest rate hedging transactions to reduce the risks from changes in value arising from intercompany financing in foreign currencies. If the accounting requirements have been met, underlying and hedging transactions are consolidated into portfolio hedges and micro-hedges in order to cover the currency risk. Consolidation as micro-hedges took place in financial year 2019 and is only applied for intercompany financing in US dollars.

The critical terms match method was applied to determine the future effectiveness of the hedge relationship. Receivables in the amount of €1,877 million (previous year: €2,176 million) and liabilities totaling €154 million (previous year: €110 million) were hedged. The effective portion of the micro-hedge for hedging intercompany financing in foreign currencies will be reported using the gross hedge presentation method, with no impact on earnings. This means that the offsetting changes in value from the hedged risks are recognized on the balance sheet on the basis of the hedged item and the hedging instrument. As a result, positive fair values of the transactions for hedging intercompany financing of €11 million (previous year: €30 million) and negative fair values of €48 million (previous year: €33 million) are reported under other assets/other provisions as of the balance sheet date. In the case of fair values of hedging instruments for intercompany financing in foreign currencies, the accrued interest component is shown separately. This means that as of December 31, 2019, interest income of €0.7 million (previous year: €0.1 million) and interest expenses of €3.9 million (previous year: €9.8 million) were accrued.

Derivatives are also used to hedge the interest and currency risks of subsidiaries. Foreign currency hedging transactions entered into with external counterparties and the offsetting foreign currency hedging transactions entered into with subsidiaries with a nominal value of €1,344 million (previous year €924 million) are also consolidated and included in portfolio hedges. These portfolio hedges are presented by foreign currency so that exclusively homogeneous risks are concentrated in each respective portfolio. This similarity among a portfolio's transactions means that changes in value during the term of the hedge offset each other. The portfolio hedges for hedging currency risks of the subsidiaries cover risks totaling €38 million (previous year: €9 million).

The critical terms match method is applied at the outset to demonstrate the prospective effectiveness of the hedge. The term of the hedge begins when the hedge is transacted. A sensitivity analysis is conducted to demonstrate the prospective effectiveness as of the balance sheet date. Hedges for covering currency risks of subsidiaries are still reported using the net hedge presentation method. This means that the offsetting changes in value from the hedged risks are not recognized. To the extent that the hedges with subsidiaries have different maturities than the transactions entered into with external counterparties, these are reported using the gross hedge presentation method with no impact on earnings. The changes in value during the term of the hedge offset each other in these cases as well.

The dollar offset method is applied to demonstrate the retrospective effectiveness of the hedge relationship for hedging the currency risks of subsidiaries and intercompany financing. This involves comparing the change in fair values of the underlying and hedge transactions from the start of the hedge to the balance sheet date. Any unrealized losses not fully offset by unrealized gains are reported as expenses by recognizing a provision for anticipated loss. No ineffective hedges were reported among the portfolio hedges and micro-hedges documented as of the balance sheet date.

Additional derivatives are used to hedge against fluctuations in commodity prices for subsidiaries. The hedges negotiated with external counterparties and the offsetting derivatives with subsidiaries of equal volume are accounted for as micro-hedges under hedge accounting. The changes in value of the transactions are mutually offsetting. Micro-hedged risks account for less than €1 million (previous year: <€1 million). The critical terms match method using the dollar offset method demonstrates both the prospective and retrospective effectiveness. The net hedge presentation method is used to account for the hedges covering fluctuations in commodity prices for the subsidiaries.

The fair values of forward exchange transactions to hedge currency risks arising from intercompany financing in foreign currencies were determined using the spot prices on the balance sheet date. The forward component is reported separately using the accrual method.

The fair values of forward exchange transactions to hedge currency risks of subsidiaries were determined using the spot prices on the balance sheet date, taking into account forward markdowns and markups for the remaining term of the transactions and discounted to the balance sheet date.

The fair values of interest rate swaps were determined by discounting the future cash flows based on the respective market interest rates and interest rate structure curves on the balance sheet date.

The fair values of interest rate hedges/foreign exchange hedging transactions were determined for the portion of the interest component in the same way as the fair value of interest rate swaps. For the currency component, the fair values were determined using the spot prices on the balance sheet date.

The fair value of forward commodity transactions was derived from the stock exchange listings published on the balance sheet date. Any mismatches to the standardized stock exchange contracts are reflected through interpolation or additions.

General partner

The personally liable partner of the company is Bertelsmann Management SE based in Gütersloh. Bertelsmann Management SE does not hold any shares in Bertelsmann SE & Co. KGaA. Bertelsmann Management SE has a share capital of €1.6 million. The management of Bertelsmann SE & Co. KGaA is the responsibility of the general partner. The general partner is reimbursed for all expenses associated with managing the company business, including the compensation of its board members and the income tax expense. These amounts are reported under other operating expenses.

Notifications in accordance with section 20 AktG

Reinhard Mohn Verwaltungsgesellschaft mit beschränkter Haftung notified the company that it holds more than one quarter of the shares. Furthermore, Johannes Mohn Gesellschaft mit beschränkter Haftung holds directly more than 50 percent.

The Supervisory Board of Bertelsmann SE & Co. KGaA

Christoph Mohn

Chairman

Chairman of Reinhard Mohn Stiftung

Managing Director of Christoph Mohn Internet Holding GmbH

- Bertelsmann Management SE (Chairman)

Prof. Dr.-Ing. Werner J. Bauer

Vice Chairman

Former Executive Vice President of Nestlé AG for Innovation, Technology, Research and Development

- Bertelsmann Management SE (Vice Chairman)
 - o Givaudan S.A. (Vice Chairman)
 - o LONZA S.A.
 - o SIG Combibloc Group AG

Kai Brettmann

Editorial Director RTL Nord GmbH, Hamburg

Chairman of the RTL Group European Works Council

Chairman of the Mediengruppe RTL Deutschland Corporate Works Council

Chairman of the Works Council of RTL Nord

Dr. Thomas Buberl

Chief Executive Officer and Director, AXA S.A.

- Bertelsmann Management SE
 - o AXA XL Group Ltd. (until March 1, 2019)
 - o Equitable Holdings, Inc.
 - o Equitable Life Insurance Company
 - o MONY Life Insurance Company of America

Murat Cetin (until February 28, 2019)

Chairman of the Works Council of Arvato Direct Services Dortmund GmbH

Chairman of the General Works Council of Arvato Services CRM2

Chairman of the Corporate Works Council of Majorel Deutschland GmbH (since February 4, 2019)

Günter Göbel

Chairman of the Corporate Works Council of Bertelsmann SE & Co. KGaA

Ian Hudson (until April 30, 2020)

Chairman of the International Management Representative Committee of Bertelsmann SE & Co. KGaA (BMRC)

- o Which? Limited

Bernd Leukert

Member of the Executive Board (since January 1, 2020) for Technology, Data and Innovation of Deutsche Bank AG (Executive Director and Member of Management Board since September 1, 2019)

- Bertelsmann Management SE
- Deutsches Forschungszentrum für Künstliche Intelligenz (DFKI) GmbH (until April 1, 2019)
- o TomTom NV

Gigi Levy-Weiss

Angel investor

- Bertelsmann Management SE
- o Beach Bum Ltd.
- o BrandShield Ltd.
- o Caja Elastic Dynamic Solutions Ltd.
- o Constru Ltd. (since July 18, 2019)
- o Correlsense Ltd. (until April 15, 2019)
- o Driveway Software Corporation
- o Elmik Touristic Services Ltd.
- o Fusic Ltd. (until April 29, 2019)
- o Hip Mobility, Inc. (since January 24, 2019)
- o Hola NFX UK, Ltd (until December 8, 2019)
- o IMA Ventures Ltd.
- o Inception VR, Inc.

- o Inception VR (Israel) Ltd.
- o Inception VR (UK) Ltd.
- o Jeeng Application Ltd.
- o Landa Holdings, Inc. (since September 23, 2019)
- o Mov.AI Ltd.
- o MyHeritage Ltd.
- o NFX Capital UK, Ltd
- o Papaya Gaming Ltd. (since April 30, 2019)
- o Premium Domains Ltd.
- o Reach Digital Inc.
- o SimilarWeb
- o Tectonic Labs Ltd.
- o Theator Inc. (since August 5, 2019)
- o TrustMed Ltd.
- o Volunteer Directly Ltd.
- o Zengaming, Inc.

Dr. Brigitte Mohn

Member of the Executive Board of the Bertelsmann Stiftung

- Bertelsmann Management SE
- Phineo gAG
- Rhön-Klinikum AG
- Stiftung RTL – Wir helfen Kindern e.V. (since April 1, 2019)
- o Clue by Biowink GmbH

Liz Mohn

Chairwoman of the Board of Bertelsmann Verwaltungsgesellschaft mbH (BVG)

Vice Chairwoman of the Executive Board of Bertelsmann Stiftung

- Bertelsmann Management SE

Hans Dieter Pötsch

Chairman of the Supervisory Board of Volkswagen AG

Chairman of the Executive Board/Chief Financial Officer of Porsche Automobil Holding SE

- AUDI AG, Ingolstadt
- Autostadt GmbH, Wolfsburg
- Bertelsmann Management SE
- Dr. Ing. h.c.F. Porsche AG
- TRATON SE, Munich (Chairman)
- Wolfsburg AG
 - o Porsche Austria Gesellschaft m.b.H., Salzburg
 - o Porsche Holding Gesellschaft m.b.H., Salzburg
 - o Porsche Retail GmbH, Salzburg

Kasper Rorsted (until March 31, 2019)

Chairman of the Executive Board of Adidas AG

- Bertelsmann Management SE (until March 31, 2019)
 - o Nestlé S.A.

Christiane Sussieck

Chairwoman of the Corporate General Works Council of Bertelsmann SE & Co. KGaA

Vice Chairwoman of the Corporate Works Council of Bertelsmann SE & Co. KGaA

Bodo Uebber

Former Member of the Executive Board of Daimler AG

Finance & Controlling / Daimler Financial Services

- Adidas AG (since May 9, 2019)
- Bertelsmann Management SE
- Daimler Financial Services AG (Chairman) (until May 22, 2019)
 - o BAIC Motor Corporation Ltd. (until May 22, 2019)
 - o Delta Topco Ltd. (until May 22, 2019)
 - o Mercedes-Benz Grand Prix Ltd. (until May 22, 2019)
- Membership on statutory domestic supervisory boards
 - o Membership on comparable domestic and foreign supervisory bodies of business enterprises

Executive Board of Bertelsmann Management SE, the general partner

Thomas Rabe

Chairman

- Adidas AG (since May 9, 2019)
- Symrise AG ¹⁾ (Chairman until August 7, 2019, member until December 31, 2019)
 - o Majorel Group Luxembourg S.A. (formerly: ACR - Advanced Customer Relation S.à r.l.) (since January 4, 2019)
 - o Penguin Random House LLC (Chairman)
 - o RTL Group S.A. (Chairman) (until March 31, 2019)

Markus Dohle

Chief Executive Officer, Penguin Random House

- o Direct Group Grandes Obras S.L.
- o Editora Schwarcz S.A.
- o Frederick Warne & Co. LLC
- o Golden Treasures LLC
- o Penguin Random House Foundation, Inc.
- o Penguin Random House Grupo Editorial S.A.U.
- o Penguin Random House Grupo Editorial (USA) LLC
- o Penguin Random House LLC
- o Random House Children's Entertainment LLC
- o Sasquatch Books LLC
- o Sputnik 84, LLC

Immanuel Hermreck

Chief Human Resources Officer

- o RTL Group S.A. (since January 1, 2019)

Bernd Hirsch

Chief Financial Officer

- Evotec AG, Hamburg ¹⁾ (until June 19, 2019)
- Symrise AG ¹⁾
 - o Bertelsmann, Inc. (Chairman)
 - o Penguin Random House LLC
 - o RTL Group S.A.

- Membership on statutory domestic supervisory boards
 - o Membership on comparable domestic and foreign supervisory bodies of business enterprises
- ¹⁾ External mandates

Total remuneration of the Supervisory Board and Executive Board

Compensation of the Supervisory Board of Bertelsmann SE & Co. KGaA for the financial year 2019 amounted to €1,727,667 plus statutory value-added tax. Members of the Executive Board of Bertelsmann Management SE received total remuneration in the reporting period of €26,381,799, including €16,319,406 from Bertelsmann Management SE. Former members of the Executive Board of Bertelsmann Management SE and Bertelsmann AG and their surviving dependents received compensation of €5,789,051, including €5,393,417 from Bertelsmann Management SE and Bertelsmann SE & Co. KGaA. The provision for pension obligations to former members of the Executive Board of Bertelsmann Management SE and Bertelsmann AG amounts to €74,441,292 at Bertelsmann SE & Co. KGaA and Bertelsmann Management SE.

Fees to external auditors

Information on auditors' fees is provided in the consolidated financial statements of Bertelsmann SE & Co. KGaA, which include Bertelsmann SE & Co. KGaA as the parent company. Above all, the audit services listed in the consolidated financial statements include the fees for the review of the interim consolidated financial statements, the audit of the consolidated financial statements and the audit of the individual financial statements of Bertelsmann SE & Co. KGaA and its subsidiaries. The fees for other assurance services mainly comprise legally required or voluntarily commissioned confirmation services by the auditors. The fees for other services mainly include fees for project-related consulting services.

Events after the Reporting Period

On the basis of an agreement dated February 25, 2020, Bertelsmann SE & Co. KGaA granted Prinovis GmbH & Co. KG a credit line of up to €100 million until June 30, 2021. Upon drawdown, measurement of the resulting loan receivable requires an evaluation that includes assessing the development of the business operations of Prinovis GmbH & Co. KG, Hamburg.

In March 2020, Bertelsmann agreed a €675 million syndicated credit facility with a term of up to 18 months. This credit line can be drawn down by Bertelsmann SE & Co. KGaA by means of variable-interest loans in euros and U.S. dollars based on EURIBOR and LIBOR, respectively, and is used for general corporate financing as well as to cover short-term financing requirements in connection with the acquisition of the remaining shares in Penguin Random House.

Proposal for the appropriation of net retained profits

The general partner and the Supervisory Board of Bertelsmann SE & Co. KGaA will propose to the General Meeting that the remaining net retained profits of €663,471,013.25 million be appropriated as follows:

	€
Dividends to shareholders	180,000,000.00
Carry forward to new financial year	483,471,013.25
	663,471,013.25

List of shareholders

The complete list of shareholders required under section 285 (11) HGB is attached as an annex to these notes.

Gütersloh, March 16, 2020

Bertelsmann SE & Co. KGaA

Represented by:

Bertelsmann Management SE, the general partner

Executive Board

.....
(Thomas Rabe)

.....
(Markus Dohle)

.....
(Immanuel Hermreck)

.....
(Bernd Hirsch)

Anteilsbesitz gem. § 285 und § 313 HGB für die Bertelsmann SE & Co. KGaA und den Bertelsmann Konzern zum 31. Dezember 2019
List of shareholdings according to § 285 and § 313 HGB for Bertelsmann SE & Co. KGaA and the Bertelsmann Group as per December 31, 2019

Nachfolgende Tabellen zeigen den Anteilsbesitz der Bertelsmann SE & Co. KGaA gem. § 285 Nr. 11 HGB und des Bertelsmann Konzerns gem. § 313 Abs. 2 HGB. Bei den Angaben zu den Werten von Eigenkapital und Ergebnis handelt es sich grundsätzlich um IFRS Werte. Fußnoten zu nachfolgenden Tabellen sind am Ende zusammengefasst. / The tables below show the shareholdings of the Bertelsmann SE & Co. KGaA according to Section 285 No. 11 of the German Commercial Code (HGB) and Bertelsmann Group according to section 313 (2) HGB. Information about equity and net result of the companies complies with International Financial Reporting Standards. Footnotes on the tables below are presented at the end.

I. Mutterunternehmen / Parent Company

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
Bertelsmann SE & Co. KGaA, Gütersloh				

**II. Im Konzernabschluss vollkonsolidierte Unternehmen sowie nach der Equity-Methode einbezogene Beteiligungen /
Fully consolidated companies and investments accounted for using the equity method included in the consolidated financial statements**

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
II.A. Vollkonsolidierte Tochterunternehmen / Fully consolidated Subsidiaries				
Ägypten / Egypt				
Eclipse Technologies for Business Services S.A.E., Kairo	1,568	-12	100.00 %	50.00 %
Egyptian Call Center Operators S.A.E., Gizeh	8,511	703	100.00 %	50.00 %
International Company for Administrative and Human Development S.A.E., Kairo	599	52	100.00 %	50.00 %
Argentinien / Argentina				
Fremantle Productions Argentina S.A., Buenos Aires	0	51	100.00 %	76.01 %
Market Self S.A., Buenos Aires	265	26	85.00 %	64.11 %
Penguin Random House Grupo Editorial S.A., Buenos Aires	5,773	-72	100.00 %	75.43 %
Armenien / Armenia				
Majorel Armenia LLC, Jerewan	-582	-586	100.00 %	50.00 %
Australien / Australia				
Better Way Records Pty Ltd, Surry Hills	-79	-1	100.00 %	100.00 %
BMG AM International Pty Ltd, Surry Hills	-375	0	100.00 %	100.00 %
BMG AM Pty Ltd, Surry Hills	6,159	891	100.00 %	100.00 %
BMG Production Music (Australia) Pty Ltd, Surry Hills	-445	19	100.00 %	100.00 %
BMG Rights Management (Australia) Pty Ltd, Surry Hills	7,352	-2,990	100.00 %	100.00 %
Easy Tiger Holdings Pty Ltd, St. Leonards	4,771	109	75.00 %	56.83 %
Easy Tiger Productions Pty Ltd, Sydney	1,350	137	100.00 %	56.83 %
Forum 5 Pty Ltd, Melbourne	0	0	100.00 %	75.77 %
FremantleMedia Australia Holdings Pty Ltd, St. Leonards	477	0	100.00 %	75.77 %
FremantleMedia Australia Pty Ltd, St. Leonards	28,441	1,753	100.00 %	75.77 %
Grundy Organization Pty Ltd, St. Leonards	309	0	100.00 %	75.77 %
Orient Pacific Music Pty Ltd, Surry Hills	277	31	100.00 %	100.00 %
Origin Network Pty Ltd, Surry Hills	-13	0	100.00 %	100.00 %
Penguin Australia Pty Ltd, Docklands	0	0	100.00 %	75.00 %
Penguin Random House Australia Pty Ltd, Docklands	34,097	5,987	100.00 %	75.00 %
RHA Holdings Pty Ltd, Melbourne	-1,365	0	100.00 %	75.00 %
SpotXchange Australia Pty Ltd, Sydney	-187	-520	100.00 %	75.77 %
The Broken Shore Holdings Pty Ltd, St. Leonards	-	-	100.00 %	57.01 %
The Broken Shore Pty Ltd, St. Leonards	-	-	100.00 %	57.01 %
Belgien / Belgium				
Best of TV Benelux S.P.R.L., Brüssel	1,183	106	100.00 %	18.75 %
Cobelfra S.A., Brüssel	10,198	8,734	100.00 %	33.52 %
E2C BVBA, Temse	-3,997	-27	100.00 %	100.00 %
Freecaster BVBA, Naninne	108	-69	100.00 %	75.77 %
FremantleMedia Belgium NV, Brüssel	3,285	186	100.00 %	75.77 %
Home Shopping Service Belgique S.A., Brüssel	85	-89	100.00 %	36.77 %
Inadi S.A., Brüssel	2,077	336	100.00 %	33.52 %
IP Belgium S.A., Brüssel	120,295	8,735	100.00 %	50.01 %
Optilens SPRL, Jette	460	-1	100.00 %	36.77 %
Radio Belgium Holding S.A., Brüssel	112,616	8,983	50.20 %	33.52 %
RTL Belgium S.A., Brüssel	4,687	3,736	65.99 %	50.01 %
RTL Group Services Belgium S.A., Ans	2,611	2,920	100.00 %	76.01 %
Unite 15 Belgique S.A., Brüssel	-	-	100.00 %	36.77 %
Brasilien / Brazil				
Afferro Lab Participacoes S.A., Rio de Janeiro	8,157	-3,524	100.00 %	97.60 %
Afferro Tecnologia em Conhecimento Ltda.	1,506	-523	100.00 %	97.60 %
Arvato Participacoes Ltda., Sao Paulo	16,128	-741	100.00 %	97.60 %
Arvato Servicos, Comercio e Industria Grafica Ltda., Sao Paulo	434	-52	100.00 %	100.00 %
Bertelsmann Brasil Participacoes Ltda., Sao Paulo	807	46	100.00 %	100.00 %
BMG Rights Management Brasil Ltda., Sao Paulo	3,695	-397	100.00 %	97.60 %
Editora Bonifacio Ltda., Sao Paulo	17	16	99.99 %	52.49 %

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
Editora Claro Enigma Ltda., Sao Paulo	110	82	100.00 %	52.50 %
Editora Fontanar Ltda., Rio de Janeiro	22	19	100.00 %	52.50 %
Editora Pequena Zahar Ltda., Rio de Janeiro	-1	-3	100.00 %	52.50 %
Editora Reviravolta Ltda., Sao Paulo	40	34	99.99 %	52.49 %
Editora Schwarcz S.A., Sao Paulo	24,343	4,557	70.00 %	52.50 %
Erste BBI Participacoes Ltda., Sao Paulo	28,534	-111	100.00 %	97.60 %
ERSTE WV FUNDO DE INVESTIMENTO MULTIMERCADO CREDITO PRIVADO	176,814	66,881	100.00 %	100.00 %
FremantleMedia Brazil Producao de Televisao Ltda., Sao Paulo	74	-709	100.00 %	76.01 %
Intervalor Cobranca Gestao de Credito e Call Center Ltda., Sao Paulo	-2,964	-3,163	100.00 %	79.55 %
Intervalor Holding S.A., Sao Paulo	817	90	81.51 %	79.55 %
Intervalor Promocao de Vendas Ltda., Osasco	659	121	100.00 %	79.55 %
Jorge Zahar Editor Ltda., Rio de Janeiro	1,331	354	100.00 %	52.50 %
Stylehaul Brasil Agenciamento de Midia Ltda, Sao Paulo	0	-11	100.00 %	75.77 %
Valorati Servicos de Cobranca Ltda., Sao Paulo	98	19	100.00 %	79.55 %
Chile				
Market Self Chile SpA, Santiago de Chile	-363	-215	100.00 %	64.11 %
Penguin Random House Grupo Editorial, S.A., Santiago de Chile	11,013	572	100.00 %	75.00 %
China				
Arvato Digital Services (Hangzhou) Co. Ltd., Hangzhou	169	12	100.00 %	100.00 %
Arvato Digital Services (Shanghai) Co. Ltd., Shanghai	8,310	-313	100.00 %	100.00 %
Arvato Digital Services (Xiamen) Co. Ltd., Xiamen	544	3	100.00 %	100.00 %
Arvato Digital Services Limited, Hong Kong	1,449	-425	100.00 %	100.00 %
Arvato Digital Technology (Shenzhen) Co. Ltd., Shenzhen	-339	-12	100.00 %	100.00 %
Arvato Logistics (Shenzhen) Co. Ltd., Shenzhen	374	1	100.00 %	100.00 %
Arvato Services (Nanchang) Co. Ltd., Nanchang	508	-2	100.00 %	100.00 %
Arvato Services Hong Kong Limited, Tuen Mun	11,301	2,741	100.00 %	100.00 %
Arvato Supply Chain Management (Shanghai) Co. Ltd., Shanghai	307	-1	100.00 %	100.00 %
Bertelsmann Equity Investment Fund Management (Shanghai) Co. Ltd., Shanghai	1,926	362	100.00 %	100.00 %
Bertelsmann Management (Guizhou) Co. Ltd., Shanghai	0	0	100.00 %	100.00 %
Bertelsmann Management (Shanghai) Co. Ltd., Shanghai	16,157	354	100.00 %	100.00 %
Bertelsmann-Arvato Commercial Services (Shanghai) Co. Ltd., Shanghai	-731	65	100.00 %	100.00 %
BMG (Beijing) Music & Culture Co. Ltd., Peking	2,020	-247	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (Hong Kong) Limited, Hong Kong	-1,154	-915	100.00 %	100.00 %
Boman (Beijing) Cultural Development Co. Ltd., Peking	-335	268	100.00 %	100.00 %
Fremantle (Shanghai) Culture Media Co. Ltd., Shanghai	-968	-137	100.00 %	75.77 %
Fremantle Productions Asia Ltd., Hong Kong	764	1	100.00 %	76.01 %
Penguin Random House (Beijing) Culture Development Co. Ltd., Peking	1,726	-163	100.00 %	75.00 %
Penguin Random House (Hong Kong) Limited, Hong Kong	641	-14	100.00 %	75.00 %
Relias Learning (Beijing) Consulting Co. Ltd., Peking	-1,047	-670	100.00 %	100.00 %
Relias Online (Beijing) Consulting Co. Ltd., Peking	-623	-267	100.00 %	100.00 %
Shanghai Bertelsmann Commercial Services Co. Ltd., Shanghai	10,920	-200	100.00 %	100.00 %
Shanghai Bertelsmann-arvato Information Services Co. Ltd., Shanghai	12,735	4,439	100.00 %	100.00 %
Shanghai Kaichang information technology Co. Ltd., Shanghai	-3,688	-24	100.00 %	100.00 %
Cote d'Ivoire				
Majorel Cote D'Ivoire S.A.R.L., Abidjan	3,317	854	100.00 %	50.00 %
Dänemark / Denmark				
Arvato Finance A/S, Kopenhagen	2,576	-93	100.00 %	100.00 %
Blu A/S, Valby	8,199	2,045	100.00 %	75.77 %
Gothia A/S, Kopenhagen	863	271	100.00 %	100.00 %
Miso Estate ApS, Kopenhagen	-176	-21	100.00 %	76.01 %
Miso Film ApS, Kopenhagen	2,504	246	100.00 %	76.01 %
Miso Holding ApS, Kopenhagen	1,587	0	100.00 %	76.01 %
Deutschland / Germany				
"Alwa" Gesellschaft für Vermögensverwaltung mbH & Co. Grundstücksvermietung	64,910	7,652	100.00 %	93.98 %
"I 2 I" Musikproduktions- und Musikverlagsgesellschaft mbH, Köln	27	0	100.00 %	75.77 %
11 Freunde Verlag GmbH & Co KG, Berlin	146	421	51.00 %	51.00 %
3 C Deutschland GmbH, Heilbronn	2,032	0	100.00 %	100.00 %
adality GmbH, München	27	0	100.00 %	100.00 %
Ad Alliance GmbH, Köln	13	0	100.00 %	75.77 %
Anaconda Verlag GmbH, Köln	1,208	43	100.00 %	100.00 %
Antenne Niedersachsen GmbH & Co. KG, Hannover	7,180	3,094	63.00 %	39.27 %
Applike GmbH, Hamburg	41	0	100.00 %	100.00 %
arvato CRM Healthcare GmbH, Berlin	864	0	100.00 %	100.00 %
arvato direct services GmbH, Gütersloh	-1,346	0	100.00 %	100.00 %
arvato distribution GmbH, Harsewinkel	1,977	0	100.00 %	100.00 %
arvato eCommerce Beteiligungsgesellschaft mbH, Gütersloh	4,078	0	100.00 %	100.00 %
arvato eCommerce Verwaltungsgesellschaft mbH, Gütersloh	87	0	100.00 %	100.00 %
arvato infoscree GmbH, Baden-Baden	61,321	0	100.00 %	100.00 %
arvato Logistics, Corporate Real Estate & Transport GmbH, Gütersloh	1,243	0	100.00 %	100.00 %
arvato media GmbH, Gütersloh	8,491	0	100.00 %	100.00 %
Arvato Payment Solutions GmbH, Verl	80,858	0	100.00 %	100.00 %
arvato print service Russland GmbH, Gütersloh	43,485	2,257	100.00 %	100.00 %
arvato SCM Consumer Products GmbH, Gütersloh	-438	0	100.00 %	100.00 %
Arvato SCM Kamen GmbH, Gütersloh	-470	0	100.00 %	100.00 %
arvato services Dresden GmbH, Dresden	26	0	100.00 %	100.00 %
arvato services Gera GmbH, Gera	26	0	100.00 %	100.00 %

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arvato services Leipzig GmbH, Leipzig	26	0	100.00 %	100.00 %	2
arvato services solutions GmbH, Gütersloh	-620	0	100.00 %	100.00 %	2
arvato services Suhl GmbH, Suhl	26	0	100.00 %	100.00 %	2
Arvato Supply Chain Solutions SE, Gütersloh	697	0	100.00 %	100.00 %	2
arvato systems GmbH, Gütersloh	799	0	100.00 %	100.00 %	2
arvato Systems perdata GmbH, Leipzig	6,315	0	100.00 %	100.00 %	2
arvato Systems S4M GmbH, Köln	5,189	0	100.00 %	100.00 %	2
Audio Alliance GmbH, Berlin	28	0	100.00 %	100.00 %	2
AVE Gesellschaft für Hörfunkbeteiligungen mbH, Berlin	10,207	0	100.00 %	75.77 %	2
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG, Köln	4,797	166	100.00 %	75.77 %	2
AZ Direct Beteiligungs GmbH, Gütersloh	401	0	100.00 %	100.00 %	2
AZ Direct GmbH, Gütersloh	-229	0	100.00 %	100.00 %	2
AZ fundraising services GmbH & Co. KG, Gütersloh	-132	1,305	100.00 %	100.00 %	2
BAG Business Information Beteiligungs GmbH, Gütersloh	297	0	100.00 %	100.00 %	2
BAI GmbH, Gütersloh	155,397	0	100.00 %	100.00 %	2
BDMI GmbH, Gütersloh	9,363	0	100.00 %	100.00 %	2
BePeople GmbH, Gütersloh	-657	0	100.00 %	100.00 %	2
Berliner Presse Vertrieb GmbH & Co. KG, Berlin	-1,673	6,431	84.50 %	84.50 %	
Bertelsmann Accounting Services GmbH, Gütersloh	-1,362	0	100.00 %	100.00 %	2
Bertelsmann Accounting Services Schwerin GmbH, Schwerin	42	0	100.00 %	100.00 %	2
Bertelsmann Aviation GmbH, Gütersloh	776	0	100.00 %	100.00 %	2
Bertelsmann Capital Holding GmbH, Gütersloh	8,733,964	0	100.00 %	100.00 %	2
Bertelsmann China Holding GmbH, Gütersloh	-130,398	0	100.00 %	100.00 %	2
Bertelsmann Transfer GmbH, Gütersloh	-631	0	100.00 %	100.00 %	2
Bertelsmann Treuhand- und Anlagegesellschaft mit beschränkter Haftung, Gütersloh	26	0	100.00 %	100.00 %	2
BFS finance GmbH, Verl	98,389	0	100.00 %	100.00 %	2
BFS finance Münster GmbH, Münster	1,614	0	100.00 %	100.00 %	2
BFS health finance GmbH, Dortmund	8,605	0	100.00 %	100.00 %	2
BMG Production Music (Germany) GmbH, Berlin	54	0	100.00 %	100.00 %	2
BMG RIGHTS MANAGEMENT (Europe) GmbH, Berlin	141	0	100.00 %	100.00 %	2
BMG RIGHTS MANAGEMENT GmbH, Berlin	560,779	0	100.00 %	100.00 %	2
Campaign Services Neckarsulm GmbH, Neckarsulm	845	0	100.00 %	100.00 %	2
Campaign Services Offenbach GmbH, Frankfurt am Main	88	0	100.00 %	100.00 %	2
CBC Cologne Broadcasting Center GmbH, Köln	9,226	0	100.00 %	75.77 %	2
Chefkoch GmbH, Bonn	1,275	0	100.00 %	100.00 %	2
Chrysalis Music Holdings GmbH, Berlin	12,781	322	100.00 %	100.00 %	
COUNTDOWN MEDIA GmbH, Hamburg	750	0	100.00 %	100.00 %	2
CRM Holding GmbH, Gütersloh	47,476	0	100.00 %	50.00 %	2
DDV Druck GmbH, Dresden	246	0	100.00 %	60.00 %	2
DDV Immobilien GmbH, Dresden	11,775	466	60.00 %	60.00 %	
DDV Mediengruppe GmbH & Co. KG, Dresden	12,795	7,951	60.00 %	60.00 %	
DDV Technik GmbH, Dresden	76	0	100.00 %	60.00 %	2
Der Audio Verlag GmbH, Berlin	2,186	0	100.00 %	100.00 %	2
Deutsche Medien-Manufaktur GmbH & Co. KG, Münster	10,283	9,411	50.00 %	50.00 %	
Deutsche Medien-Manufaktur Verwaltungs-GmbH, Münster	25	-1	50.00 %	50.00 %	
DeutschlandCard GmbH, München	751	0	100.00 %	100.00 %	2
Die Mehrwertmacher GmbH, Dresden	738	131	100.00 %	60.00 %	
Digital Media Hub GmbH, Köln	-45	0	100.00 %	75.77 %	2
Direct Analytics GmbH, Gütersloh	307	23	100.00 %	100.00 %	
direct services Gütersloh GmbH, Gütersloh	-1,323	0	100.00 %	100.00 %	2
DIVIMOVE GmbH, Berlin	-199	0	100.00 %	75.77 %	2
Dorling Kindersley Verlag GmbH, München	11,067	1,304	100.00 %	75.00 %	
DPV Deutscher Pressevertrieb GmbH, Hamburg	-1,423	0	100.00 %	100.00 %	2
Dresden Information GmbH, Dresden	237	94	50.00 %	30.00 %	
Dresdner Chauffeur Service 8x8 GmbH, Dresden	-348	0	100.00 %	60.00 %	2
Dresdner Verlagshaus kaufmännische Dienste GmbH, Dresden	36	0	100.00 %	60.00 %	2
Eat the World GmbH, Berlin	40	0	100.00 %	100.00 %	2
Erste TD Gütersloh GmbH, Gütersloh	10,111	0	100.00 %	100.00 %	2
Erste WV Gütersloh GmbH, Gütersloh	90,250	0	100.00 %	100.00 %	2
European SCM Services GmbH, Gütersloh	466	0	100.00 %	100.00 %	2
Fernwärme Gütersloh GmbH, Gütersloh	2,661	219	51.00 %	51.00 %	
FlexStorm GmbH, Gütersloh	1,859	-19	100.00 %	100.00 %	
FremantleMedia International Germany GmbH, Potsdam	30	0	100.00 %	75.77 %	2
Funkhaus Halle GmbH & Co. KG, Halle (Saale)	-5,476	-172	61.38 %	44.10 %	
GGP Media GmbH, Pößneck	24,573	0	100.00 %	100.00 %	2
G+J Digital Ventures GmbH, Berlin	1,519	0	100.00 %	100.00 %	2
G+J Electronic Media Sales GmbH, Hamburg	4	0	100.00 %	100.00 %	2
G+J Enterprise GmbH, Hamburg	26	0	100.00 %	100.00 %	2
G+J Food & Living GmbH & Co. KG, Hamburg	3,194	3,918	100.00 %	50.00 %	
G+J Immobilien GmbH & Co. KG, Hamburg	13,303	507	100.00 %	100.00 %	
G+J Innovation GmbH, Hamburg	27	0	100.00 %	100.00 %	2
G+J Lifestyle GmbH, Hamburg	26	0	100.00 %	100.00 %	2
G+J LIVING Digital GmbH, Hamburg	23	0	100.00 %	100.00 %	2
G+J Medien GmbH, Hamburg	3,257	0	100.00 %	100.00 %	2
G+J Vermietungsgesellschaft Sächsischer Verlag mbH, Dresden	3,837	0	100.00 %	100.00 %	2
G+J Wirtschaftsmedien Verwaltungs GmbH, Hamburg	36	0	100.00 %	100.00 %	2
G+J Zweite Grundstücksbeteiligungsgesellschaft München mbH, München	21,553	0	93.98 %	93.98 %	2
Global Assekuranz Vermittlungsgesellschaft mit beschränkter Haftung, Gütersloh	25	0	100.00 %	100.00 %	2
Grundstücksgesellschaft Vorsetzen 2 mbH, Hamburg	101	0	100.00 %	100.00 %	2
Gruner + Jahr Communication GmbH, Hamburg	27	0	100.00 %	100.00 %	2
Gruner + Jahr GmbH, Hamburg	203,261	42,917	100.00 %	100.00 %	2
Henri-Nannen-Schule Gruner+Jahr/DIE ZEIT GmbH, Hamburg	27	0	95.00 %	95.00 %	2
HITRADIO RTL Sachsen GmbH, Dresden	1,574	0	86.53 %	65.56 %	2
Honey GmbH, Hamburg	92	-252	100.00 %	100.00 %	2
infoNetwork GmbH, Köln	619	0	100.00 %	75.77 %	2
informa HIS GmbH, Wiesbaden	386	0	100.00 %	100.00 %	2

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informa Solutions GmbH, Baden-Baden	68,930	0	100.00 %	100.00 %	2
infoscore Business Support GmbH, Baden-Baden	152	0	100.00 %	100.00 %	2
infoscore Consumer Data GmbH, Baden-Baden	6,323	0	100.00 %	100.00 %	2
infoscore Finance GmbH, Baden-Baden	6,506	0	100.00 %	100.00 %	2
infoscore Forderungsmanagement GmbH, Verl	12,715	0	100.00 %	100.00 %	2
infoscore Portfolio Management GmbH & Co. KG, Verl	26	0	100.00 %	100.00 %	
infoscore Portfolio Management II GmbH & Co. KG, Baden-Baden	26	-1	100.00 %	100.00 %	
infoscore Portfolio Management International GmbH, Gütersloh	21	0	100.00 %	100.00 %	2
infoscore Tracking Solutions GmbH, Gütersloh	-1,942	0	100.00 %	100.00 %	2
inmediaONEJ GmbH, Gütersloh	5,674	0	100.00 %	100.00 %	2
IP Deutschland GmbH, Köln	1,462	0	100.00 %	75.77 %	2
KURIER Direktservice Dresden GmbH, Dresden	96	0	100.00 %	60.00 %	2
KWS Kontowechsel Service GmbH, Schortens	36	0	100.00 %	50.00 %	2
LiquidM Technology GmbH, Berlin	2,597	-543	100.00 %	100.00 %	
LV-Publikumsmedien GmbH & Co. KG, Münster	4,192	5,197	100.00 %	50.00 %	
Madsack Hörfunk GmbH, Hannover	2,299	209	24.90 %	18.87 %	
Majorel Berlin GmbH, Berlin	-180	0	100.00 %	50.00 %	2
Majorel Brandenburg GmbH, Brandenburg	16	0	100.00 %	50.00 %	2
Majorel Chemnitz GmbH, Chemnitz	-1,119	0	100.00 %	50.00 %	2
Majorel Cottbus GmbH, Cottbus	-150	0	100.00 %	50.00 %	2
Majorel Deutschland GmbH, Gütersloh	-5,655	0	100.00 %	50.00 %	2
Majorel Dortmund GmbH, Dortmund	-441	0	100.00 %	50.00 %	2
Majorel Energy GmbH, Leipzig	451	0	100.00 %	50.00 %	2
Majorel Erfurt GmbH, Erfurt	-589	0	100.00 %	50.00 %	2
Majorel Essen GmbH, Essen	-1,135	0	100.00 %	50.00 %	2
Majorel Münster GmbH, Münster	-13	0	100.00 %	50.00 %	2
Majorel Neubrandenburg GmbH, Neubrandenburg	-1,820	0	100.00 %	50.00 %	2
Majorel Nordhorn GmbH, Nordhorn	37	0	100.00 %	50.00 %	2
Majorel Real Estate GmbH, Gütersloh	69	44	100.00 %	50.00 %	
Majorel Rostock I GmbH, Rostock	-961	0	100.00 %	50.00 %	2
Majorel Rostock II GmbH, Rostock	20	0	100.00 %	50.00 %	2
Majorel Saarbrücken GmbH, Saarbrücken	79	0	100.00 %	50.00 %	2
Majorel Schwerin GmbH, Schwerin	-155	0	100.00 %	50.00 %	2
Majorel Stralsund GmbH, Stralsund	-279	0	100.00 %	50.00 %	2
Majorel Wilhelmshaven GmbH, Schortens	-366	0	100.00 %	50.00 %	2
Mambo-Plak GmbH, Dresden	457	201	75.00 %	45.00 %	
mbs Nürnberg GmbH, Nürnberg	-104	0	100.00 %	100.00 %	2
MEDIA Logistik GmbH, Dresden	5,433	2,226	51.00 %	30.60 %	
MEDIASCORE Gesellschaft für Medien- und Kommunikationsforschung mbH, Köln	447	0	100.00 %	75.77 %	2
Mediengruppe RTL Deutschland GmbH, Köln	292,139	0	100.00 %	75.77 %	2
Mohn Media Energy GmbH, Gütersloh	1,030	0	100.00 %	100.00 %	2
Mohn Media Mohndruck GmbH, Gütersloh	3,665	0	100.00 %	100.00 %	2
Morgenpost Sachsen GmbH, Dresden	22	0	100.00 %	60.00 %	2
MSP Medien-Service und Promotion GmbH, Hamburg	35	0	100.00 %	100.00 %	2
MVD Medien Vertrieb Dresden GmbH, Dresden	25	0	100.00 %	60.00 %	2
NETLETIX GmbH, München	168	0	100.00 %	75.77 %	2
Neue Spreeradio Hörfunkgesellschaft mbH, Berlin	-5,474	625	100.00 %	75.77 %	
Next Level Integration GmbH, Köln	8,085	0	100.00 %	100.00 %	2
n-tv Nachrichtenfernsehen GmbH, Köln	1,231	0	100.00 %	75.77 %	2
OBERÜBER KARGER Kommunikationsagentur GmbH, Dresden	198	150	51.00 %	30.60 %	
ORTEC Messe und Kongress GmbH, Dresden	400	1,285	51.00 %	30.60 %	
Penguin Books Deutschland GmbH, München	215	113	100.00 %	75.00 %	
PRINOVIS Ahrensburg Weiterverarbeitung und Logistik GmbH, Hamburg	-468	0	100.00 %	100.00 %	2
PRINOVIS GmbH & Co. KG, Hamburg	-382,548	-58,704	100.00 %	100.00 %	
Prinovis GmbH, Gütersloh	53,733	0	100.00 %	100.00 %	2
Prinovis Klebebindung GmbH, Nürnberg	4,172	0	100.00 %	100.00 %	2
PRINOVIS Service GmbH, Hamburg	-937	0	100.00 %	100.00 %	2
Print Service Gütersloh GmbH, Gütersloh	-3	0	100.00 %	100.00 %	2
Probind Mohn media Binding GmbH, Gütersloh	-4,707	0	100.00 %	100.00 %	2
PSC Print Service Center GmbH, Oppurg	228	0	100.00 %	100.00 %	2
Random House Audio GmbH, Köln	19	0	100.00 %	100.00 %	2
Redaktions- und Verlagsgesellschaft Bautzen/Kamenz mbH, Bautzen	414	314	55.00 %	33.00 %	
Redaktions- und Verlagsgesellschaft Döbeln mbH, Döbeln	150	125	55.00 %	33.00 %	
Redaktions- und Verlagsgesellschaft Elbland mbH, Meißen	322	237	52.00 %	31.20 %	
Redaktions- und Verlagsgesellschaft Freital/Pirna mbH, Freital	278	171	52.00 %	31.20 %	
Redaktions- und Verlagsgesellschaft Neiß mbH, Görlitz	451	428	68.00 %	40.80 %	
Reinhard Mohn GmbH, Gütersloh	888,601	0	100.00 %	100.00 %	2
Relias Learning GmbH, Berlin	157	0	100.00 %	100.00 %	2
rewards arvato services GmbH, München	38,117	0	100.00 %	100.00 %	2
RM Achte Beteiligungsverwaltungs GmbH, Gütersloh	159,371	10,881	100.00 %	50.00 %	
RM Buch und Medien Vertrieb GmbH, Gütersloh	-3,794	0	100.00 %	100.00 %	2
RTL AdConnect GmbH, Köln	891	753	100.00 %	75.77 %	
RTL Group Central & Eastern Europe GmbH, Köln	206,998	0	100.00 %	75.77 %	2
RTL Group Deutschland Markenverwaltungs GmbH, Köln	1,171,763	0	100.00 %	75.77 %	2
RTL Group Financial Services GmbH, Potsdam	25	0	100.00 %	75.77 %	2
RTL Group GmbH, Köln	2,804,993	0	100.00 %	75.77 %	2
RTL Group Licensing Asia GmbH, Köln	25	0	100.00 %	75.77 %	2
RTL Group Services GmbH, Köln	12,160	246	100.00 %	75.77 %	
RTL Group Vermögensverwaltung GmbH, Köln	3,035,098	0	100.00 %	76.01 %	2
RTL Hessen GmbH, Frankfurt am Main	62	0	100.00 %	75.77 %	2
RTL Hessen Programmfenster GmbH, Bad Vilbel	419	25	60.00 %	45.46 %	
RTL interactive GmbH, Köln	9,723	0	100.00 %	75.77 %	2
RTL International GmbH, Köln	169	-21	100.00 %	75.77 %	
RTL Journalistenschule GmbH, Köln	26	0	90.00 %	68.19 %	2
RTL Nord GmbH, Hamburg	52	0	100.00 %	75.77 %	2
RTL Radio Berlin GmbH, Berlin	2,111	0	100.00 %	75.77 %	2

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RTL Radio Center Berlin GmbH, Berlin	5,701	0	100.00 %	75.77 %	2
RTL Radio Deutschland GmbH, Berlin	11,925	0	100.00 %	75.77 %	2
RTL Radio Luxemburg GmbH, Köln	25	0	100.00 %	75.77 %	2
RTL Radiovermarktung GmbH, Berlin	39	0	100.00 %	75.77 %	2
RTL STUDIOS GmbH, Köln	321	0	100.00 %	75.77 %	2
RTL Television GmbH, Köln	510,688	0	100.00 %	75.77 %	2
RTL WEST GmbH, Köln	73	0	75.00 %	56.83 %	2
rtv media group GmbH, Nürnberg	700	0	100.00 %	100.00 %	2
Sächsische Zeitung GmbH, Dresden	130	0	100.00 %	60.00 %	2
Saxo-Phon GmbH, Dresden	92	0	100.00 %	60.00 %	2
Sellwell GmbH & Co. KG, Hamburg	-357	61	100.00 %	100.00 %	2
smartclip Deutschland GmbH, Köln	644	0	100.00 %	75.89 %	2
smartclip Europe GmbH, Düsseldorf	24,224	0	100.00 %	76.01 %	2
Sonopress GmbH, Gütersloh	6,449	0	100.00 %	100.00 %	2
SPARWELT GmbH, Berlin	4,316	0	100.00 %	75.77 %	2
SSB Software Service und Beratung GmbH, München	2	0	100.00 %	100.00 %	2
stern.de GmbH, Hamburg	34	0	100.00 %	100.00 %	2
stern Medien GmbH, Hamburg	95	0	100.00 %	100.00 %	2
SZ-Reisen GmbH, Dresden	41	0	100.00 %	60.00 %	2
TAG24 NEWS Deutschland GmbH, Dresden	14	0	100.00 %	60.00 %	2
TERRITORY Content to Results GmbH, Hamburg	863	0	100.00 %	100.00 %	2
TERRITORY EMBRACE GmbH, Bochum	2,764	0	100.00 %	100.00 %	2
TERRITORY MEDIA GmbH, München	3	0	100.00 %	100.00 %	2
TERRITORY webguerillas GmbH, München	2,373	0	100.00 %	100.00 %	2
TERRITORY webguerillas Nord GmbH, Hamburg	321	0	100.00 %	100.00 %	2
trnd DACH GmbH, München	1,061	0	100.00 %	100.00 %	2
trnd International GmbH, München	1,863	0	100.00 %	100.00 %	2
trndnxt GmbH, München	102	0	100.00 %	100.00 %	2
trndsphere blue GmbH, München	57	0	100.00 %	100.00 %	2
UFA Distribution GmbH, Potsdam	23	0	100.00 %	75.77 %	2
UFA Fiction GmbH, Potsdam	4,529	0	100.00 %	75.77 %	2
UFA Fiction Production GmbH, Potsdam	2,920	0	100.00 %	75.77 %	2
UFA Film und Fernseh GmbH, Köln	4,515,049	0	100.00 %	75.77 %	2
UFA GmbH, Potsdam	546	0	100.00 %	75.77 %	2
Ufa Radio-Programmgesellschaft in Bayern mbH, Ismaning	9,631	0	100.00 %	75.77 %	2
UFA Serial Drama GmbH, Potsdam	356	0	100.00 %	75.77 %	2
UFA Show & Factual GmbH, Köln	518	0	100.00 %	75.77 %	2
Verlag RM GmbH, Gütersloh	-6,856	0	100.00 %	100.00 %	2
Verlagsgruppe Random House GmbH, Gütersloh	62,816	0	100.00 %	100.00 %	2
Verlegerdienst München GmbH, Gilching	4,805	0	100.00 %	100.00 %	2
VIVENO Group GmbH, Gütersloh	11,425	0	100.00 %	100.00 %	2
Vogel Druck und Medienservice GmbH, Höchberg	6,469	0	100.00 %	100.00 %	2
VOX Holding GmbH, Köln	339,382	0	100.00 %	75.77 %	2
VOX Television GmbH, Köln	24,365	0	99.70 %	75.54 %	2
VSG Schwerin - Verlagsservicegesellschaft mbH, Schwerin	25	0	100.00 %	100.00 %	2
webmiles GmbH, München	24	0	100.00 %	100.00 %	2
Estland / Estonia					
AFS IT Services Estonia OÜ, Tallinn	446	343	100.00 %	100.00 %	
Majorel Estonia OÜ, Tallinn	2,562	160	100.00 %	50.00 %	
Finnland / Finland					
Fremantlemedia Finland Oy, Helsinki	5,796	1,300	100.00 %	75.77 %	
Gothia Oy, Helsinki	30,922	3,786	100.00 %	100.00 %	
United Screens Finland Oy, Helsinki	-632	-296	100.00 %	75.77 %	
Frankreich / France					
1.2.3. Productions SAS, Paris	293	-8	100.00 %	75.77 %	
3media SARL, Pont-Sainte-Marie	1,143	-89	100.00 %	50.00 %	
ACR France SARL, Paris	113,687	17,967	100.00 %	50.00 %	
AdVideum SASU, Gennevilliers	-2,517	-2,369	100.00 %	100.00 %	
ALSF - Arvato Logistique Services France SARL, Atton	2,231	389	100.00 %	100.00 %	
Anteles SARL, L'Isle-D'Espagnac	891	260	100.00 %	50.00 %	
AQUITEL SAS, Chasseneuil du Poitou	711	59	100.00 %	50.00 %	
Arvalife SAS, Vendin-le-Vieil	-9,227	-959	100.00 %	50.00 %	
Arvato Services Healthcare France SAS, Chanteloup en Brie	2,117	-1,194	100.00 %	100.00 %	
ASCM - Arvato Supply Chain Management SAS, Chanteloup en Brie	1,140	29	100.00 %	100.00 %	
ASCMDF - Arvato SCM Development France SARL, Chanteloup en Brie	1,209	217	100.00 %	100.00 %	
BCE France SAS, Paris	-339	-120	100.00 %	75.77 %	
Bedrock SAS, Neuilly-sur-Seine	-931	8,089	100.00 %	36.77 %	
Best of TV SAS, Boissy l'Aillier	13,930	647	50.99 %	18.75 %	
BMG Production Music (France) SAS, Paris	-19	104	100.00 %	100.00 %	
BMG RIGHTS MANAGEMENT (France) SARL, Paris	10,600	-2,531	100.00 %	100.00 %	
Call Insurance SARL, Vendin-le-Vieil	699	255	100.00 %	50.00 %	
Camaris SARL, Longuenesse	1,562	668	100.00 %	50.00 %	
Canal Star SARL, Paris	1,677	-371	100.00 %	36.77 %	
Cap2Call SARL, Chaumont	939	361	100.00 %	50.00 %	
Capdune SARL, Coudekerque-Branche	-774	-834	100.00 %	50.00 %	
Capital Productions SA, Neuilly-sur-Seine	1,404	1,016	100.00 %	36.77 %	
Ceacom SARL, Le Havre	1,473	592	100.00 %	50.00 %	
Cerise Media SASU, Tourcoing	-14	882	100.00 %	100.00 %	
Cometz SARL, Metz	1,386	-1,177	100.00 %	50.00 %	
CTZAZ SAS, Paris	683	194	51.00 %	18.75 %	

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Divimove France SAS, Paris	-631	-525	100.00 %	75.77 %
Document Channel SAS, Paris	-5,266	-408	100.00 %	50.00 %
Duacom SARL, Douai	1,040	382	100.00 %	50.00 %
Edit TV/ W9 SNC, Neuilly-sur-Seine	-13,075	401	100.00 %	36.77 %
Euracom SARL, Lingolsheim	-5	-164	100.00 %	50.00 %
Euroroutage data marketing et logistique services SAS, Chanteloup en Brie	13,467	924	100.00 %	100.00 %
FM Graffiti SARL, Paris	1,103	17	100.00 %	36.77 %
Fontaram SAS, Paris	-1,599	-875	51.00 %	38.77 %
Francis Dreyfus Music SARL, Paris	7,136	55	100.00 %	100.00 %
Freecaster France SARL, Paris	-37	-83	100.00 %	75.77 %
FremantleMedia France SAS, Issy-les-Moulineaux	16,767	18	100.00 %	75.77 %
Gigasud SARL, Paris	-10	-1	100.00 %	36.77 %
GM6 SAS, Nanterre	-13,359	-2,534	100.00 %	36.77 %
Home Shopping Service SA, Rungis	8,001	-2,868	100.00 %	36.77 %
ID (Information et Diffusion) SARL, Paris	-4,649	-2,323	100.00 %	36.77 %
iGraal SAS, Boulogne-Billancourt	15,006	5,754	100.00 %	36.77 %
Immobiliere 46D SAS, Neuilly-sur-Seine	20,156	-294	100.00 %	36.77 %
Immobiliere M6 SAS, Neuilly-sur-Seine	26,714	1,879	100.00 %	36.77 %
infoscore SARL, Vendin-Le-Vieil	-107	-119	100.00 %	100.00 %
Jeunesse Thematiques SAS, Paris	22,275	3,035	100.00 %	36.77 %
Jeunesse TV SAS, Paris	23,256	8,881	100.00 %	36.77 %
Joikka SAS, Neuilly-sur-Seine	-3,506	-2,863	100.00 %	36.77 %
Kwai SAS, Paris	3,585	3,040	51.00 %	38.77 %
Luxview SAS, Paris	-1,699	-419	100.00 %	36.77 %
M6 Bordeaux SAS, Neuilly-sur-Seine	120	4	100.00 %	36.77 %
M6 Communication SAS, Neuilly-sur-Seine	842	501	100.00 %	36.77 %
M6 Creations SAS, Neuilly-sur-Seine	9,023	3,193	100.00 %	36.77 %
M6 Developpement SAS, Neuilly-sur-Seine	-85	12	100.00 %	36.77 %
M6 Diffusions SA, Neuilly-sur-Seine	469	148	100.00 %	36.77 %
M6 Digital Services SAS, Neuilly-sur-Seine	57,175	8,893	100.00 %	36.77 %
M6 Distribution Digital SASU, Neuilly-sur-Seine	37,875	22,326	100.00 %	36.77 %
M6 Editions SA, Neuilly-sur-Seine	7,441	92	100.00 %	36.77 %
M6 Evenements SA, Neuilly-sur-Seine	85	11	100.00 %	36.77 %
M6 Films SA, Neuilly-sur-Seine	1,405	-22	100.00 %	36.77 %
M6 Foot SAS, Neuilly-sur-Seine	19,733	-1,466	100.00 %	36.77 %
M6 Generation SAS, Neuilly-sur-Seine	-29	8,984	100.00 %	36.77 %
M6 Hosting SAS	702	282	100.00 %	36.77 %
M6 Interactions SAS, Neuilly-sur-Seine	117,796	22,712	100.00 %	36.77 %
M6 Publicite SAS, Neuilly-sur-Seine	43,006	25,677	100.00 %	36.77 %
M6 Shop SAS, Neuilly-sur-Seine	-10	-4	100.00 %	36.77 %
M6 Studio SAS, Neuilly-sur-Seine	-3,087	1,567	100.00 %	36.77 %
M6 Thematique SAS, Neuilly-sur-Seine	77,275	11,400	100.00 %	36.77 %
MBD - Majorel Business Developpement SAS, Paris	8,871	7,434	100.00 %	50.00 %
Media Communication SAS, Vendin-Le-Vieil	283,547	22,506	100.00 %	100.00 %
Media Strategie SARL, Paris	-494	-30	100.00 %	36.77 %
Metropole Television SA, Neuilly-sur-Seine	584,869	178,892	48.53 %	36.77 %
Mobvalue SAS, Gennevilliers	-2,270	-661	100.00 %	100.00 %
Mohn Media France SARL, Villepinte	121	72	100.00 %	100.00 %
MSCS - Moissy Supply Chain Services SARL, Moissy Cramayel	563	310	100.00 %	100.00 %
MSE - Majorel Strategie & Expertises SARL, Paris	797	40	100.00 %	50.00 %
Nordcall SARL, Marçq-en-Baroeul	1,059	321	100.00 %	50.00 %
Paris Premiere SAS, Neuilly-sur-Seine	19,677	5,061	100.00 %	36.77 %
Pitcheo SARL, Tourcoing	6	6	100.00 %	100.00 %
Porte Sud SARL, Mülhausen	-16	-2	100.00 %	36.77 %
Prisma Media SNC, Gennevilliers	-34,500	-5,002	100.00 %	100.00 %
Radio Golfe SARL, Paris	257	21	100.00 %	36.77 %
RTL AdConnect SA, Paris	2,878	1,114	100.00 %	75.77 %
RTL France Radio SAS, Neuilly-sur-Seine	63,470	4,492	100.00 %	36.77 %
SCI du 107, Neuilly-sur-Seine	3,843	207	100.00 %	36.77 %
SEDI TV - Teva SAS, Neuilly-sur-Seine	15,353	7,822	100.00 %	36.77 %
SMED SAS, Bussy Saint-Georges	4,602	-891	100.00 %	100.00 %
SNDA SAS, Neuilly-sur-Seine	13,772	-43	100.00 %	36.77 %
SociAddict SAS, Paris	-618	-380	100.00 %	18.75 %
Societe Communication A2B SARL, Paris	80	0	100.00 %	36.77 %
Societe d'Exploitation Radio Chic SA, Paris	14,149	4,096	100.00 %	36.77 %
Societe Immobiliere Bayard d'Antin SA, Neuilly-sur-Seine	425,699	56,853	100.00 %	75.77 %
Societe Nouvelle de Distribution SA, Neuilly-sur-Seine	51,233	7,969	100.00 %	36.77 %
Societe Privee de Radiodiffusion Gibus Bourgogne SARL, Paris	-384	-129	100.00 %	36.77 %
Sodera SA, Paris	13,239	6,620	100.00 %	36.77 %
Soneo SARL, Maxeville	-700	-1,400	100.00 %	50.00 %
SpotXchange France SAS, Paris	-958	-700	100.00 %	75.77 %
Studio 89 Productions SAS, Neuilly-sur-Seine	3,261	586	100.00 %	36.77 %
Tellis Telephone Limousin Services SARL, Favars	2,408	203	100.00 %	50.00 %
trnd SARL, Paris	-1,314	30	100.00 %	100.00 %
TV Presse Productions SAS, Issy-les-Moulineaux	-1,133	-570	100.00 %	75.77 %
Upload Productions SASU, Gennevilliers	847	734	100.00 %	100.00 %
yzee - services SARL, Vendin-Le-Vieil	2,078	-3,102	100.00 %	50.00 %
Georgien / Georgia				
Majorel Georgia LLC, Tiflis	2,521	601	100.00 %	50.00 %
Griechenland / Greece				
Fremantle Productions SA, Athen	1	0	100.00 %	75.77 %

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Großbritannien / Great Britain				
AIR Records Limited, London	0	0	100.00 %	100.00 %
Arbie Productions Ltd., London	321	54	100.00 %	75.77 %
Arrow Books Limited, London	-	-	100.00 %	75.00 % ¹
Arvato CRM Limited, London	-4,841	-2,738	100.00 %	100.00 %
Arvato Financial Solutions Limited, Glasgow	1,940	-1,724	100.00 %	100.00 %
Arvato Government Services Limited, London	-3,119	-51	100.00 %	100.00 %
Arvato Limited, London	21,799	4,503	100.00 %	100.00 %
Arvato Public Sector Services Limited, London	39	730	100.00 %	100.00 %
Arvato SCM UK Limited, London	1,673	-231	100.00 %	100.00 %
Arvato Systems UK & Ireland Limited, Cardiff	347	97	100.00 %	100.00 %
Barrie & Jenkins Limited, London	-	-	98.00 %	73.50 %
Bartlett Bliss Productions Limited, London	-	-	100.00 %	75.00 % ¹
Bellew & Higon Publishers Limited, London	-	-	100.00 %	75.00 % ¹
Bertelsmann Accounting Services Ltd., London	-253	-178	100.00 %	100.00 %
Bertelsmann Corporate Services Limited, London	64	31	100.00 %	100.00 %
Bertelsmann UK Limited, London	1,372,871	46,742	100.00 %	100.00 %
BMG Production Music (UK) Limited, London	412	316	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (UK) Limited, London	175,535	10,237	100.00 %	100.00 %
BMG Rights Management Services (UK) Limited, London	924	438	100.00 %	100.00 %
BMG VM Music Limited, London	0	-1,197	100.00 %	100.00 %
Business Books Limited, London	-	-	100.00 %	75.00 % ¹
Caterpillar Books Ltd, London	3,896	1,110	100.00 %	75.00 %
Cavalcade Records Limited, London	0	0	100.00 %	100.00 %
Century Benham Limited, London	-	-	100.00 %	75.00 % ¹
Century Hutchinson Limited, London	-	-	100.00 %	75.00 % ¹
Century Hutchinson Publishing Limited, London	-	-	100.00 %	75.00 % ¹
Century Publishing Co. Limited, London	-	-	100.00 %	75.00 % ¹
Chatto and Windus Limited, London	-	-	100.00 %	75.00 % ¹
Children's Character Books Limited, London	950	-213	75.00 %	56.25 %
Chrysalis Copyrights Limited, London	0	0	100.00 %	100.00 %
Chrysalis Holdings Limited, London	0	0	100.00 %	100.00 %
Chrysalis Music Limited, London	0	0	100.00 %	100.00 %
CLT-UFA UK Radio Limited, London	0	0	100.00 %	75.77 %
Creole Records Limited, London	43	0	100.00 %	100.00 %
Deep East Music Limited, London	0	-7	100.00 %	100.00 %
Dorling Kindersley Limited, London	-8,327	-3,271	100.00 %	75.00 %
Euston Films Productions Limited, London	702	667	100.00 %	75.77 %
Flaname 0 Limited, London	1	1	100.00 %	75.00 %
Flaname 1 Limited, London	3	3	100.00 %	75.00 %
Flaname 2 Limited, London	2	2	100.00 %	75.00 %
Flaname 3 Limited, London	2	2	100.00 %	75.00 %
Flaname 4 Limited, London	2	2	100.00 %	75.00 %
Flaname 5 Limited, London	2	2	100.00 %	75.00 %
Flaname 6 Limited, London	2	2	100.00 %	75.00 %
Flaname 7 Limited, London	2	2	100.00 %	75.00 %
Flaname 8 Limited, London	2	2	100.00 %	75.00 %
Frederick Warne & Co Limited, London	6,719	3,810	100.00 %	75.00 %
Fremantle (UK) Productions Limited, London	0	2,919	100.00 %	75.77 %
FremantleMedia Group Limited, London	613,706	7,502	100.00 %	75.77 %
FremantleMedia Limited, London	176,592	10,569	100.00 %	75.77 %
FremantleMedia Overseas Limited, London	423,588	6	100.00 %	75.77 %
FremantleMedia Services Limited, London	0	0	100.00 %	75.77 %
G.W. Mills Limited, London	0	0	100.00 %	100.00 %
Grantham Book Services Limited, London	-	-	100.00 %	75.00 % ¹
Hammond, Hammond and Company, Limited, London	-	-	100.00 %	75.00 % ¹
Herbert Jenkins Limited, London	-	-	100.00 %	75.00 % ¹
Hurst & Blackett Limited, London	-	-	100.00 %	75.00 % ¹
Hutchinson & Co. (Publishers) Limited, London	-	-	100.00 %	75.00 % ¹
Hutchinson Books Limited, London	-	-	100.00 %	75.00 % ¹
Hutchinson Childrens Books Limited, London	-	-	100.00 %	75.00 % ¹
Infectious Music Limited, London	444	174	100.00 %	100.00 %
Jackdaw Publications Limited, London	-	-	100.00 %	75.00 % ¹
Jonathan Cape Limited, London	-	-	100.00 %	75.00 % ¹
Ladybird Books Limited, London	3,688	414	100.00 %	75.00 %
Little Tiger Group Limited, London	1,656	0	100.00 %	75.00 %
Little Tiger Press Limited, London	8,507	978	100.00 %	75.00 %
Loaded Records Limited, London	577	342	100.00 %	100.00 %
Macrocom 1055 Limited, Glasgow	0	0	100.00 %	100.00 %
Mainstream Publishing Company (Edinburgh) Limited, Edinburgh	703	146	100.00 %	75.00 %
Majorel UK Limited, Slough	-403	-391	100.00 %	50.00 %
Martin Secker and Warburg Limited, London	-	-	100.00 %	75.00 % ¹
Men From The North Limited, London	10	0	100.00 %	100.00 %
Minder Music Limited, London	0	0	100.00 %	100.00 %
Mute Records Limited, London	5,868	491	100.00 %	100.00 %
Oxford Street Studios Limited, London	0	0	100.00 %	100.00 %
Penguin Books Limited, London	153,619	48,281	100.00 %	75.00 %
Penguin Random House Limited, London	418,143	83,453	75.00 %	75.00 %
Plane Tree Publishers Limited, London	-	-	100.00 %	75.00 % ¹
Prestel Publishing Limited, London	1,285	144	100.00 %	100.00 %
Prinovis UK Limited, London	-4,703	2,247	100.00 %	100.00 %
Ram Records Limited, London	380	86	100.00 %	100.00 %
Random House Properties Limited, London	-	-	100.00 %	75.00 % ¹
Random House Publishing Group Limited, London	-	-	100.00 %	75.00 % ¹
Random House UK Ventures Limited, London	-	-	100.00 %	75.00 % ¹

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Relias Learning Ltd, London	-5,559	-704	100.00 %	100.00 %
Rock Music Company Limited, London	0	0	100.00 %	100.00 %
RTL Group Support Services Limited, London	1,987	149	100.00 %	76.01 %
Salspot Limited, London	294	-51	100.00 %	75.00 %
Sanctuary Copyrights Limited, London	0	0	100.00 %	100.00 %
Sanctuary Records Group Limited, London	35,508	3,469	100.00 %	100.00 %
Sinclair - Stevenson Limited, London	-	-	100.00 %	75.00 %
Skint Records Limited, London	0	0	100.00 %	100.00 %
Snowdog Enterprises Limited, London	374	404	100.00 %	75.00 %
Snowman Enterprises Limited, London	307	97	100.00 %	75.00 %
SpotXchange Limited, London	23,750	22,209	100.00 %	75.77 %
Stage Three Music (Catalogues) Limited, London	0	151	100.00 %	100.00 %
Stage Three Music Publishing Limited, London	0	8,326	100.00 %	100.00 %
Stanley Paul & Co Limited, London	-	-	100.00 %	75.00 %
Stripes Publishing Limited, London	1,489	270	100.00 %	75.00 %
StyleHaul UK Ltd., London	-1,068	-1,369	100.00 %	75.77 %
T. Werner Laurie, Limited, London	-	-	100.00 %	75.00 %
Talkback Productions Limited, London	0	0	100.00 %	75.77 %
TalkbackThames UK Limited, London	0	0	100.00 %	75.77 %
Thames Television Holdings Limited, London	0	0	100.00 %	75.77 %
Thames Television Limited, London	0	0	100.00 %	75.77 %
The Bodley Head Limited, London	-	-	100.00 %	75.00 %
The Book Service Limited, London	-	-	100.00 %	75.00 %
The Cresset Press Limited, London	-	-	100.00 %	75.00 %
The Echo Label Limited, London	2,517	12,795	100.00 %	100.00 %
The Harvill Press Limited, London	-	-	100.00 %	75.00 %
The Hogarth Press Limited, London	-	-	100.00 %	75.00 %
The Random House Group Limited, London	158,719	32,406	100.00 %	75.00 %
Tom Jones (Enterprises) Limited, London	0	0	99.00 %	99.00 %
Transworld Publishers Limited, London	0	-	100.00 %	75.00 %
Trojan Recordings Limited, London	11	0	100.00 %	100.00 %
UFA Fiction Limited, London	312	-1	100.00 %	75.77 %
Union Square Music Limited, London	844	518	100.00 %	100.00 %
USM Copyrights Limited, London	0	0	100.00 %	100.00 %
USM Copyrights Nazareth Limited, London	0	0	100.00 %	100.00 %
Ventura Publishing Limited, London	575	182	100.00 %	75.00 %
Virgin Books Limited, London	5,654	353	100.00 %	75.00 %
Woodlands Books Limited, London	8,871	1,157	85.00 %	63.75 %
World Circuit Limited, London	11,723	64	100.00 %	100.00 %
Yospace Enterprises Limited, Staines-upon-Thames	-497	-6	100.00 %	75.77 %
Yospace Technologies Limited, Staines-upon-Thames	3,948	1,592	100.00 %	75.77 %
Indien / India				
Bertelsmann Corporate Services India Private Limited, Neu-Delhi	1,260	214	100.00 %	100.00 %
Dorling Kindersley Publishing Private Limited, Neu-Delhi	5,050	646	100.00 %	75.00 %
Fremantle India TV Productions Pvt Ltd, Mumbai	5,158	322	100.00 %	76.01 %
Hind Pocket Books Private Limited, Neu-Delhi	31	3	100.00 %	75.00 %
Majorel India Private Limited, Neu-Delhi	13,926	-1,812	100.00 %	50.00 %
Penguin Random House India Private Limited, Neu-Delhi	10,286	1,691	100.00 %	75.00 %
Ramyam Intelligence Lab Private Limited, Bangaluru	-6,794	-1,099	100.00 %	50.00 %
YoBoHo New Media Private Limited, Mumbai	8,553	2,326	100.00 %	41.72 %
Indonesien / Indonesia				
PT Dunia Visitama IDN/PMA, Jakarta	-311	182	100.00 %	76.01 %
Irland / Ireland				
Arvato Financial Solutions (Ireland) Limited, Dublin	-987	187	100.00 %	100.00 %
Arvato FS Ireland Limited, Dublin	-164	41	100.00 %	100.00 %
Arvato SCM Ireland Limited, Balbriggan	4,016	916	100.00 %	100.00 %
Dublin Murder Productions Limited, Belfast	0	0	75.00 %	56.83 %
IFA Finance Designated Activity Company, Dublin	-1,519	-1,419	100.00 %	100.00 %
IFA Securitisation Designated Activity Company, Dublin	10,213	102	100.00 %	100.00 %
Majorel Ireland Limited, Fairview	12,002	2,183	100.00 %	50.00 %
Penguin Random House Ireland Limited, Dublin	223	114	100.00 %	75.00 %
Israel				
Abot Hameiri Communications Ltd., Tel Aviv	902	638	51.00 %	38.77 %
Italien / Italy				
Arvato Services Italia S.r.l., Grassobbio	2,765	1,576	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (ITALY) S.r.l., Mailand	9,555	1,975	100.00 %	100.00 %
Boats S.r.l., Rom	5	-2	100.00 %	47.36 %
Divimove Italia S.r.l.	-260	-218	100.00 %	75.77 %
FremantleMedia Italia S.p.A., Rom	11,633	53	100.00 %	75.77 %
Istituto Italiano d'Arti Grafiche S.p.A., Bergamo	2,724	-51	100.00 %	100.00 %
Majorel Italy S.r.l., Mailand	392	241	100.00 %	50.00 %
Offside S.r.l., Rom	203	21	100.00 %	47.36 %
Quarto Piano S.r.l., Rom	21,633	446	100.00 %	75.77 %
Ricordi & C. S.r.l., Mailand	675	-622	100.00 %	100.00 %
smartclip Italia S.r.l., Mailand	170	38	100.00 %	76.01 %
Societa Holding Industriale di Grafica S.p.A., Bergamo	5,011	696	100.00 %	100.00 %

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The Apartment S.r.l.	12	-28	100.00 %	75.77 %
Wildside S.r.l., Rom	18,481	5,057	62.50 %	47.36 %
Japan				
Alliant Kyoiku Support Services GK	-332	-102	100.00 %	99.48 %
Arvato Digital Services Japan Co., Ltd., Tokyo	163	304	100.00 %	100.00 %
SpotX Japan GK, Tokyo	-343	-382	100.00 %	75.77 %
Kanada / Canada				
AIS Assessment and Intelligence Systems, Inc., Montreal	2,373	685	100.00 %	100.00 %
BMG Rights Management (Canada), Inc., Saint John	1,896	930	100.00 %	100.00 %
BroadbandTV Corporation, Vancouver	-32,422	-8,106	54.88 %	41.72 %
FremantleMedia Canada Inc., Montreal	35,454	1	100.00 %	75.77 %
FremantleMedia Canada No 2 Inc., Vancouver	-24	6	100.00 %	75.77 %
Ludia Inc., Montreal	35,199	4,788	100.00 %	75.77 %
Majorel Canada, Inc., Saint John	-328	-600	100.00 %	50.00 %
Penguin Random House Canada Limited, Toronto	21,365	8,163	100.00 %	75.00 %
RTL Canada Ltd., Montreal	55,896	1,553	100.00 %	75.77 %
Kolumbien / Colombia				
Distribuidora Penguin Random House S.A.S., Bogota	2,891	445	100.00 %	75.01 %
Majorel Colombia S.A.S., Bogota	242	-8	100.00 %	50.00 %
Majorel Bucaramanga S.A.S., Floridablanca	1,680	165	100.00 %	50.00 %
Penguin Random House Grupo Editorial S.A.S., Bogota	4,855	2,111	100.00 %	75.02 %
Kroatien / Croatia				
FremantleMedia Hrvatska d.o.o., Zagreb	511	-53	100.00 %	75.77 %
RTL Hrvatska d.o.o., Zagreb	5,443	1,210	100.00 %	75.77 %
RTL Music Publishing DOO, Zagreb	-709	-419	100.00 %	75.77 %
Lettland / Latvia				
SIA Arvato Systems Latvia, Riga	195	193	100.00 %	100.00 %
Luxemburg / Luxembourg				
B&CE S.A., Luxemburg	1,696	-19	100.00 %	75.77 %
Bertelsmann Business Support S.a r.l., Luxemburg	1,982,536	9,481	100.00 %	97.60 %
Bertelsmann Luxembourg Investments S.a r.l., Luxemburg	48,025	-534	100.00 %	97.60 %
Bertelsmann Luxembourg S.a r.l., Luxemburg	2,008,276	41,260	100.00 %	100.00 %
Broadcasting Center Europe International S.A., Luxemburg	-28	-33	100.00 %	75.77 %
Broadcasting Center Europe S.A., Luxemburg	6,368	-2,106	100.00 %	75.77 %
CLT-UFA S.A., Luxemburg	4,016,648	770,709	99.73 %	75.77 %
Data Center Europe S.a r.l., Luxemburg	491	102	100.00 %	75.77 %
Duchy Digital S.A., Luxemburg	74	-1	100.00 %	75.77 %
European News Exchange S.A., Luxemburg	1,318	153	100.00 %	58.11 %
IP Luxembourg S.a r.l., Luxemburg	3,695	1,834	100.00 %	75.77 %
Luxradio S.a r.l., Luxemburg	2,471	902	100.00 %	75.77 %
Majorel Group Luxembourg S.A., Luxemburg	274,446	-538	50.00 %	50.00 %
Media Properties S.a r.l., Luxemburg	96,483	63	100.00 %	75.77 %
Media Real Estate S.A., Luxemburg	173	-503	100.00 %	75.77 %
RTL AdConnect International S.A., Luxemburg	5,808	598	100.00 %	75.77 %
RTL Belux S.A. & Cie SECS, Luxemburg	8,887	5,173	66.20 %	50.01 %
RTL Belux S.A., Luxemburg	174	21	66.00 %	50.01 %
RTL Group Germany S.A., Luxemburg	3,052,184	188	100.00 %	75.77 %
RTL Group S.A., Luxemburg	5,618,788	374,401	76.17 %	76.01 %
Malaysia				
AGT Productions Sdn Bhd, Johor Bahru	16	0	100.00 %	75.77 %
Arvato Systems Malaysia Sdn. Bhd., Kuala Lumpur	957	494	100.00 %	100.00 %
Majorel Malaysia Sdn. Bhd., Kuala Lumpur	832	517	100.00 %	50.00 %
Malta				
Eclipse Holdings Limited, Floriana	2,253	-171	100.00 %	50.00 %
Marokko / Morocco				
Majorel Academy SARL, Casablanca	337	67	100.00 %	50.00 %
Majorel Africa S.A., Casablanca	19,793	19,681	100.00 %	50.00 %
Phone Active SARL, Casablanca	15,953	16,494	100.00 %	50.00 %
Phone Outsourcing SARL, Casablanca	1,224	1,149	100.00 %	50.00 %
Mexiko / Mexico				
Alliant International University-Campus Mexico, S.C.	791	246	100.00 %	99.48 %
Arist Servicios Educativos, S. de R.L. de C.V., Mexiko-Stadt	-579	-1	100.00 %	99.48 %
Arvato de Mexico, S.A. de C.V., Mexiko-Stadt	12,745	-1,168	100.00 %	50.00 %
FremantleMedia Mexico, S.A. de C.V., Mexiko-Stadt	3,040	1,252	100.00 %	76.01 %
Grupo SL School of Medicine, S.A. de C.V.	759	0	82.76 %	82.33 %
Penguin Random House Grupo Editorial, S.A. de C.V., Mexiko-Stadt	23,791	3,306	100.00 %	75.00 %

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Saint Luke School of Medicine, S.C.	-2,043	267	99.90 %	82.25 %
Neuseeland / New Zealand				
Penguin Random House New Zealand Limited, Auckland	9,246	1,929	100.00 %	75.00 %
Niederländische Antillen / Netherlands Antilles				
Grundy International Operations Ltd, St. Johns	72	0	100.00 %	76.01 %
Niederlande / Netherlands				
8ball Music B.V., Laren	1,510	554	51.00 %	51.00 %
Adfactor B.V., Den Haag	1,687	693	60.00 %	45.46 %
Arvato Benelux B.V., Heijen	42,230	16,461	100.00 %	100.00 %
Arvato Finance B.V., Heerenveen	10,539	5,100	100.00 %	100.00 %
Arvato Finance International B.V., Heerenveen	281	-67	100.00 %	100.00 %
Arvato Financial Solutions Benelux Holding B.V., Heerenveen	3,465	-96	100.00 %	100.00 %
Bertelsmann Nederland B.V., Amsterdam	51,421	163	100.00 %	100.00 %
BMG Production Music (Benelux) B.V., Hilversum	2,370	706	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (Benelux) B.V., Amsterdam	8,878	2,314	100.00 %	100.00 %
BrandDeli B.V., Amsterdam	31	-3	100.00 %	75.77 %
BrandDeli C.V., Amsterdam	-6,985	-7,015	100.00 %	75.77 %
Divimove Nederland B.V., Amsterdam	406	380	100.00 %	75.77 %
EMEA CRM hub Netherlands B.V., Venlo	95	95	100.00 %	50.00 %
Fiction Valley B.V., Hilversum	594	-413	100.00 %	76.01 %
FM Productions B.V., Amsterdam	243	243	100.00 %	75.89 %
Format Creation Group B.V., Hilversum	-426	-426	100.00 %	76.01 %
FremantleMedia Netherlands B.V., Amsterdam-Duivendrecht	145,589	23,506	100.00 %	76.01 %
FremantleMedia Overseas Holdings B.V., Hilversum	-6,016	-3,559	100.00 %	76.01 %
Grundy International Holdings (I) B.V., Hilversum	32	-5	100.00 %	76.01 %
Infoscore Nederland B.V., Heerenveen	-4,367	189	100.00 %	100.00 %
Majorel Benelux B.V., Venlo	9,968	-4,110	100.00 %	50.00 %
Majorel Holding Nederland B.V., Venlo	14,957	957	100.00 %	50.00 %
No Pictures Please Productions B.V., Amsterdam	301	111	100.00 %	76.01 %
Penguin Books Benelux B.V., Amsterdam	323	145	100.00 %	75.00 %
RTL AdConnect B.V., Hilversum	356	207	100.00 %	76.01 %
RTL DSP B.V., Hilversum	-206	-77	100.00 %	76.01 %
RTL Group Beheer B.V., Hilversum	1,038,057	-1,253	100.00 %	76.01 %
RTL Nederland B.V., Hilversum	128,179	28,736	100.00 %	75.77 %
RTL Nederland Film Venture B.V., Hilversum	3,063	97	100.00 %	75.77 %
RTL Nederland Holding B.V., Hilversum	578,998	52,749	100.00 %	75.77 %
RTL Nederland Ventures B.V., Hilversum	29,491	-1,368	100.00 %	75.77 %
SpotX Benelux B.V., Amsterdam	-59	83	100.00 %	75.89 %
The Entertainment Group B.V., Katwijk	779	-2,123	100.00 %	75.77 %
Themakanalen B.V., Hilversum	1,347	1,307	75.00 %	56.83 %
UC Investment B.V., Druten	5,408	2,300	100.00 %	100.00 %
Norwegen / Norway				
Arvato Finance AS, Oslo	7,163	50	100.00 %	100.00 %
FremantleMedia Norge AS, Oslo	101	102	100.00 %	75.77 %
Gothia AS, Oslo	11,727	4,529	100.00 %	100.00 %
Gothia Holding AS, Oslo	49,240	572	100.00 %	100.00 %
Miso Film Norge AS, Oslo	1,008	1,181	100.00 %	76.01 %
Österreich / Austria				
Arvato Logistics Services GmbH, Wien	1,390	630	100.00 %	100.00 %
AZ Direct Österreich GmbH, Wien	1,596	-12	100.00 %	100.00 %
Bertelsmann Österreich GmbH, Wien	57,135	-1,272	100.00 %	100.00 %
Credify Informationsdienstleistungen GmbH, Wien	655	261	60.00 %	60.00 %
Eat the World GmbH, Wien	-28	-63	100.00 %	100.00 %
G+J Holding GmbH, Wien	2,708	-1,609	100.00 %	100.00 %
Gruner + Jahr Verlagsgesellschaft m.b.H., Wien	498	197	100.00 %	100.00 %
infoscore austria gmbh, Wien	3,901	2,763	100.00 %	100.00 %
IP Österreich GmbH, Wien	2,012	842	50.00 %	37.89 %
RTL Austria GmbH, Wien	139	3	100.00 %	75.77 %
Verlagsservice für Bildungssysteme und Kunstobjekte Gesellschaft m.b.H. & Co. K	388	67	100.00 %	100.00 %
Verlagsservice für Bildungssysteme und Kunstobjekte Gesellschaft m.b.H., Wien	43	2	100.00 %	100.00 %
Peru				
Arvato Services S.A.C., Lima	2	0	100.00 %	50.00 %
Penguin Random House Grupo Editorial S.A., Miraflores, Lima	1,702	468	100.00 %	75.00 %
Philippinen / Philippines				
Majorel Philippines Corp., Quezon City	15,597	6,656	100.00 %	50.00 %
Polen / Poland				
Administration Personnel Services Sp. z o.o., Warschau	567	562	100.00 %	50.00 %
Arvato Polska Sp. z o.o., Warschau	12,475	5,545	100.00 %	100.00 %
FremantleMedia Polska Sp. z o.o., Warschau	4,325	174	100.00 %	75.77 %
Majorel Polska Sp. z o.o., Warschau	4,342	918	100.00 %	50.00 %

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Portugal				
FremantleMedia Portugal SA, Amadora	2,962	1,105	100.00 %	75.77 %
Majorel Corporate Portugal, SGPS, Lda., Lissabon	1,497	-126	100.00 %	50.00 %
Majorel Portugal, Unipessoal, Lda., Lissabon	4,099	441	100.00 %	50.00 %
Penguin Random House Grupo Editorial, Unipessoal, Lda., Lissabon	-858	-152	100.00 %	75.00 %
Rumänien / Romania				
Arvato Systems IT SRL, Brasov	-133	45	100.00 %	100.00 %
MSE - Majorel Strategy & Expertise SRL, Brasov	-333	-847	100.00 %	50.00 %
Russland / Russia				
Arvato Rus LLC, Jaroslavl	12,088	5,080	100.00 %	100.00 %
OOO Jaroslavskij Poligraphitscheskij Kombinat, Jaroslavl	2,601	790	100.00 %	100.00 %
OOO Lti Vostok, Moskau	2,886	713	100.00 %	36.77 %
OOO Sonopress, Jaroslavl	389	-135	100.00 %	100.00 %
Saudi-Arabien / Saudi Arabia				
Pioneers Outsourcing Company Limited, Riad	11,363	1,587	70.00 %	35.00 %
Schweden / Sweden				
Arvato Finance AB, Varberg	32,595	3,605	100.00 %	100.00 %
Arvato Holding AB, Varberg	48,631	177	100.00 %	100.00 %
BMG Rights Management (Scandinavia) AB, Stockholm	15,299	309	100.00 %	100.00 %
FremantleMedia Sverige AB, Stockholm	942	124	100.00 %	75.77 %
Miso Film Sverige AB, Stockholm	368	220	100.00 %	76.01 %
SHOC Media Agency AB, Stockholm	5	-5	100.00 %	76.01 %
smartclip Nordics AB, Stockholm	984	-512	100.00 %	76.01 %
SpotX Nordics AB	-223	-227	100.00 %	76.01 %
U Screens AB, Stockholm	3,585	-3,811	100.00 %	75.77 %
United Screens Music AB, Stockholm	138	-624	100.00 %	75.77 %
Vidispine AB, Kista	1,666	578	100.00 %	100.00 %
Schweiz / Switzerland				
Arcadia Verlag AG, Zug	132,287	117,426	100.00 %	100.00 %
Arvato Systems Schweiz AG, Zug	-164	213	100.00 %	100.00 %
AZ Direct AG, Cham	1,240	-262	100.00 %	100.00 %
Bertelsmann Asia Investments AG, Zug	49,708	-100,544	100.00 %	100.00 %
infoscore AG, Schlieren	6,134	1,837	100.00 %	100.00 %
Media Select AG, Ittigen	597	1	100.00 %	100.00 %
Verlagservice Süd AG, Zug	134	-92	100.00 %	100.00 %
Senegal				
Majorel Senegal SUARL, Dakar	5,041	2,583	100.00 %	50.00 %
Singapur / Singapore				
Arvato Digital Services Pte. Ltd., Singapur	3,071	563	100.00 %	100.00 %
Fremantle Productions Asia Pte. Ltd., Singapur	-2,433	-90	100.00 %	75.77 %
Penguin Random House SEA Pte. Ltd., Singapur	-148	-109	100.00 %	75.00 %
RTL Group Asia Pte. Ltd., Singapur	38	-298	100.00 %	76.01 %
SpotX Singapore Pte. Ltd., Singapur	-1,330	-904	100.00 %	75.77 %
Spanien / Spain				
Arvato Services Spain, S.A.U., Alcalá de Henares	9,967	236	100.00 %	100.00 %
Arvato Technical Information, S.L.U., Martorell	750	13	100.00 %	100.00 %
Bertelsmann Espana, S.L., Barcelona	18,808	1,316	100.00 %	100.00 %
BMG Rights Management and Administration (Spain), S.L., Madrid	247	52	100.00 %	100.00 %
Centro de Imposicion Palleja, S.L., Barcelona	3,398	-355	100.00 %	100.00 %
Direct Group Grandes Obras, S.L., Barcelona	1,137	189	100.00 %	75.00 %
Divimove Espana, S.L., Madrid	-492	-252	100.00 %	75.77 %
Fremantle de Espana, S.L., Madrid	-	-	99.60 %	75.47 % ¹
FremantleMedia Espana, S.A., Madrid	-8,625	-189	100.00 %	75.77 %
Grupo Editorial Bertelsmann, S.L., Barcelona	6,585	-953	100.00 %	100.00 %
Majorel Iberia, S.L., Madrid	213	-75	100.00 %	50.00 %
Majorel QA Solutions, S.A., Madrid	1,321	1,105	100.00 %	50.00 %
Majorel SP Solutions, S.A., Madrid	15,317	2,988	100.00 %	50.00 %
Majorel Systems Spain, S.A.U., Madrid	20,418	273	100.00 %	50.00 %
Majorel Tria, S.L., Madrid	1,262	1,174	100.00 %	50.00 %
Penguin Books, S.A., Madrid	1,396	105	100.00 %	75.00 %
Penguin Random House Grupo Editorial, S.A.U., Barcelona	119,136	9,577	100.00 %	75.00 %
Printer Industria Grafica Newco, S.L.U., Barcelona	411	-1,120	100.00 %	100.00 %
Team 4 Collection and Consulting, S.L.U., Madrid	1,590	142	100.00 %	100.00 %
THE REAL NETWORK DIALOGUE, S.L., Barcelona	196	-26	100.00 %	100.00 %
Südafrika / South Africa				
Penguin Random House South Africa (Pty) Ltd., Johannesburg	6,887	504	100.00 %	75.00 %

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Random House Struik Proprietary Limited, Kapstadt	0	0	100.00 %	75.00 %
Verlag Automobil Wirtschaft (Pty) Ltd., Uitenhage	1,669	259	100.00 %	100.00 %
Südkorea / South Korea				
Penguin Random House Korea LLC, Seoul	-96	-73	100.00 %	75.00 %
Thailand				
Arvato Services (Thailand) Ltd., Bangkok	-997	-184	100.00 %	100.00 %
Thai B E Holding Ltd., Bangkok	-91	-20	99.60 %	99.60 %
Togo				
Phone Group Togo SARL, Lome	32	353	100.00 %	50.00 %
Tschechische Republik / Czech Republic				
Arvato Services Management Czech Republic s.r.o., Prag	-70	-18	100.00 %	100.00 %
Arvato Services k.s., Prag	906	-1,572	100.00 %	100.00 %
Türkei / Turkey				
Arvato Lojistik Dis Ticaret ve E Ticaret Hizmetleri Anonim Sirketi, Istanbul	9,077	1,597	100.00 %	100.00 %
Ungarn / Hungary				
Magyar RTL Televizio Zrt., Budapest	60,509	3,355	100.00 %	75.77 %
R-Time Kft., Budapest	709	-9	100.00 %	75.77 %
RTL Services Kft., Budapest	9,432	1,279	100.00 %	75.77 %
trnd Central Eastern Europe Kft., Budapest	47	-44	100.00 %	100.00 %
UFA Magyarorszag Kft., Budapest	2,084	589	100.00 %	75.77 %
Uruguay				
Ediciones B (Uruguay) S.A.	686	78	100.00 %	75.00 %
Penguin Random House Grupo Editorial S.A., Montevideo	1,804	354	100.00 %	75.04 %
USA				
495 Productions Holdings LLC, Burbank	633	3,179	75.00 %	56.83 %
ACI Communications, Inc., Burbank	861	72	100.00 %	75.77 %
Alliant International University, Inc., Sacramento	-8,369	-2,873	100.00 %	99.48 %
Amygdala Records, Inc., Burbank	4,744	1,683	100.00 %	75.77 %
Arist Education System Fund LP, Wilmington	30,635	-35	100.00 %	99.48 %
Arist Education System LLC, Wilmington	85,185	-2,250	100.00 %	99.48 %
Arvato Digital Services LLC, Wilmington	287,612	22,336	100.00 %	100.00 %
arvato Entertainment LLC, Wilmington	-1,540	-121	100.00 %	100.00 %
Arvato Systems North America, Inc., Wilmington	-3,684	-245	100.00 %	100.00 %
Audigram Songs, Inc., Nashville	694	15	100.00 %	100.00 %
Berryville Graphics, Inc., Wilmington	67,654	900	100.00 %	100.00 %
Bertelsmann Accounting Services, Inc., Wilmington	-1,386	-349	100.00 %	100.00 %
Bertelsmann Digital Media Investments, Inc., Wilmington	8,633	-1,511	100.00 %	100.00 %
Bertelsmann Education Services LLC, Wilmington	23,759	-1,016	100.00 %	100.00 %
Bertelsmann Health & Human Science Education LLC, Wilmington	2,572	-35	99.48 %	99.48 %
Bertelsmann Learning LLC, Wilmington	632,374	-297	100.00 %	100.00 %
Bertelsmann PRH Finance, Inc., Wilmington	1,002,781	31,033	100.00 %	100.00 %
Bertelsmann Publishing Group, Inc., Wilmington	1,326,509	62,605	85.71 %	85.71 %
Bertelsmann Ventures, Inc., Wilmington	34,474	1,251	100.00 %	100.00 %
Bertelsmann, Inc., Wilmington	1,334,936	-150,423	100.00 %	100.00 %
Big Balls LLC, Burbank	-9,473	679	95.00 %	71.98 %
BMG Audiovisual Productions LLC, Wilmington	-46	-30	100.00 %	100.00 %
BMG Production Music, Inc., New York	4,035	1,731	100.00 %	100.00 %
BMG Rights Management (US) LLC, Wilmington	-5,868	-30,058	100.00 %	100.00 %
BroadbandTV (USA), Inc., New York	126	125	100.00 %	41.72 %
Cathedral Technologies LLC, Burbank	1,021	151	100.00 %	56.83 %
Coral Graphic Services, Inc., New York	72,613	9,986	100.00 %	100.00 %
FCB Productions, Inc., Burbank	49,548	-1,812	100.00 %	75.77 %
Frederick Warne & Co. LLC, Wilmington	-	-	100.00 %	75.00 %
Fremantle Productions North America, Inc., Dover	596,492	-49,799	100.00 %	75.77 %
Fremantle Productions, Inc., Burbank	105	0	100.00 %	75.77 %
FremantleMedia Latin America, Inc., Miami	-633	-7	100.00 %	75.77 %
FremantleMedia Licensing, Inc., New York	0	5,873	100.00 %	75.77 %
FremantleMedia North America, Inc., New York	245,020	69,156	100.00 %	75.77 %
Golden Treasures LLC, Wilmington	-1,757	-85	100.00 %	75.00 %
Good Games Live, Inc., Burbank	10,818	1,096	100.00 %	75.77 %
Haskell Studio Rentals, Inc., New York	400	295	100.00 %	75.77 %
HotChalk, Inc., Wilmington	5,482	-4,843	82.84 %	82.84 %
LiquidM, Inc., Wilmington	4,820	-22	100.00 %	100.00 %
Majorel USA, Inc., Wilmington	-1,835	-4,395	100.00 %	50.00 %
Max Post, Inc., Burbank	4,545	894	100.00 %	75.77 %
Music Box Library, Inc., Burbank	-5,184	77	100.00 %	75.77 %
OCL Professional Education, Inc., Wilmington	7,957	7,976	100.00 %	100.00 %
Offset Paperback Mfrs., Inc., Wilmington	15,680	-2,383	100.00 %	100.00 %
OP Services, Inc., Burbank	0	0	100.00 %	75.77 %
Original Productions, Inc., Burbank	9,137	751	100.00 %	75.77 %

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Pajama Pants Productions LLC, Burbank	86	112	100.00 %	56.83 %
Penguin Random House Grupo Editorial (USA) LLC, Wilmington	815	984	100.00 %	75.00 %
Penguin Random House LLC, Wilmington	328,475	261,411	100.00 %	75.00 %
Prestel Publishing LLC, Wilmington	-3,459	15	100.00 %	100.00 %
PRH Holdings, Inc., Wilmington	1,176,465	56,607	83.66 %	71.70 %
PRH Publications, Inc., Wilmington	1,234,313	23,816	100.00 %	78.71 %
R & B Music LLC, Los Angeles	109	2	50.00 %	50.00 %
Random House Children's Entertainment LLC, Wilmington	-4,346	921	100.00 %	75.00 %
Relias LLC, Wilmington	87,030	130,673	100.00 %	100.00 %
Rise Records, Inc., Salem	12,449	2,062	100.00 %	100.00 %
RTL US Holding, Inc., Wilmington	275,994	-252,619	100.00 %	75.77 %
Sasquatch Books LLC, Wilmington	1,049	-5	100.00 %	75.00 %
SFLS, Inc., Wilmington	6,419	253	100.00 %	99.48 %
SND Films LLC, New York	218	-5	100.00 %	36.77 %
SND USA, Inc., Wilmington	987	0	100.00 %	36.77 %
SpotX, Inc., Wilmington	71,119	6,103	100.00 %	75.77 %
Sputnik 84 LLC, New York	-991	-1,037	100.00 %	75.00 %
Stern Magazine Corp., New York	4,876	200	100.00 %	100.00 %
Studio Production Services, Inc., Burbank	19,699	3,011	100.00 %	75.77 %
StyleHaul, Inc., Wilmington	-1,392	20,240	100.00 %	75.77 %
TCF Productions, Inc., Burbank	90	0	100.00 %	75.77 %
This is Hit, Inc., Nashville	41,088	8,261	100.00 %	100.00 %
Tiny Riot, Inc., Dover	-4,261	-95	100.00 %	75.77 %
YoBoHo New Media, Inc., New York	21	-5	100.00 %	41.72 %

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II.B. Nach der Equity-Methode einbezogene Gemeinschaftsunternehmen / Joint ventures accounted for using the equity method					
Belgien / Belgium					
New Contact S.A., Brüssel	559	96	50.00 %	37.89 %	
Brasilien / Brazil					
FK LAB Tecnologias Educacionais S.A.	368	227	50.00 %	48.80 %	
Deutschland / Germany					
ABIS GmbH, Frankfurt am Main	35	0	100.00 %	49.00 %	²
bedirect GmbH & Co. KG, Gütersloh	-649	570	50.00 %	50.00 %	
Delta Advertising GmbH, München	34	0	100.00 %	37.13 %	²
Deutsche Post Adress Geschäftsführungs GmbH, Bonn	75	23	49.00 %	49.00 %	
Deutsche Post Adress GmbH & Co. KG, Bonn	22,074	17,660	49.00 %	49.00 %	
d-force GmbH, Freiburg im Breisgau	815	115	50.00 %	37.89 %	
G+J NG Media GmbH & Co. KG, Hamburg	514	1,285	50.00 %	50.00 %	
MAIRDUMONT NETLETIX GmbH & Co. KG, Ostfildern	599	0	49.00 %	37.13 %	²
MAIRDUMONT NETLETIX Verwaltungs GmbH, Stuttgart	26	0	49.00 %	37.13 %	
RISER ID Services GmbH, Berlin	2,585	2,371	100.00 %	49.00 %	
RTL DISNEY Fernsehen Geschäftsführungs GmbH, Köln	95	0	100.00 %	37.89 %	
RTL DISNEY Fernsehen GmbH & Co. KG, Köln	27,558	0	50.00 %	37.89 %	²
Skyline Medien GmbH, Berlin	-1,543	609	49.87 %	37.81 %	
Frankreich / France					
Panora Services SAS, Paris	787	183	50.00 %	18.38 %	
Extension TV SA, Neuilly-sur-Seine	2,209	676	49.99 %	18.38 %	
Niederlande / Netherlands					
Benelux Film Investments B.V., Schelluinen	6,186	1,052	50.00 %	37.89 %	
eHealth B.V., Utrecht	43	53	35.08 %	26.58 %	
Grundy Endemol Productions VOF, Hilversum	318	4,853	50.00 %	38.01 %	
NLZiet Coöperatief U.A., Hilversum	-12,139	-2,284	33.33 %	25.26 %	
USA					
Vice Food LLC, Wilmington	-1,602	-1,314	30.00 %	22.73 %	

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
II.C. Nach der Equity-Methode einbezogene assoziierte Unternehmen / Associates accounted for using the equity method				
Deutschland / Germany				
BCS Broadcast Sachsen GmbH & Co. KG, Dresden	750	341	55.00 %	36.06 %
Mediengesellschaft Mittelstand Niedersachsen GmbH, Braunschweig	308	127	23.12 %	4.36 %
nachrichtenmanufaktur GmbH, Berlin	1,988	207	25.10 %	19.02 %
NiedersachsenRock 21 GmbH & Co. KG, Garbsen	3,249	2,018	29.83 %	15.30 %
Radio Hamburg GmbH & Co. KG, Hamburg	7,532	6,282	29.17 %	22.10 %
Radio NRW GmbH, Oberhausen	8,366	2,355	100.00 %	17.11 %
RTL 2 Fernsehen Geschäftsführungs GmbH, Grünwald	759	337	35.90 %	27.20 %
RTL 2 Fernsehen GmbH & Co. KG, Grünwald	59,909	47,266	36.54 %	27.20 %
Screenworks Köln GmbH, Köln	719	468	49.89 %	37.80 %
SPIEGEL-Verlag Rudolf Augstein GmbH & Co. KG, Hamburg	91,051	34,034	25.25 %	25.25 %
SQL Service GmbH, Wuppertal	758	331	50.00 %	37.89 %
Frankreich / France				
Elephorm SAS, Lyon	1,343	-144	34.00 %	12.50 %
Quicksign SAS, Paris	1,439	695	23.90 %	8.79 %
Salto Gestion SAS	12	3	33.33 %	12.25 %
Salto SNC	1,311	-1,689	33.33 %	12.25 %
Stephane Plaza Franchise SAS, Levallois Perret	10,415	4,989	49.00 %	18.02 %
Wild Buzz Agency SAS, Paris	592	622	40.00 %	14.71 %
Großbritannien / Great Britain				
Bend IT TV Limited, London	-199	639	25.00 %	18.94 %
Dancing Ledge Productions Limited, London	-350	-366	24.98 %	18.94 %
Dr Pluto Films Limited, London	-545	38	25.00 %	18.94 %
Duck Soup Films Limited, Leeds	-1,158	-468	25.00 %	18.94 %
Full Fat Television Limited, Cheltenham	-874	70	24.81 %	18.94 %
Label1 Television Limited, London	-838	-535	25.00 %	18.94 %
Man Alive Entertainment Limited, London	-827	854	25.00 %	18.94 %
Naked Television Limited, Cheltenham	-1,587	465	24.98 %	18.93 %
Squawka Ltd, London	-183	0	34.77 %	26.34 %
Wild Blue Media Limited, London	-635	-8	25.00 %	18.94 %
Kanada / Canada				
UMI Mobile, Inc., Montreal	-22	-138	31.40 %	23.79 %
Vemba Corporation, Toronto	806	-819	23.52 %	20.93 %
Katar / Qatar				
Ecco Gulf WLL, Doha	3,175	1,288	49.00 %	24.50 %
Luxemburg / Luxembourg				
Heliovos S.A., Esch an der Alzette	1,115	-3	49.00 %	37.13 %
Niederlande / Netherlands				
E-Health & Safety skills B.V., Maarssen	3,702	469	49.00 %	37.13 %
Flinders B.V., Zaandam	3,570	-583	20.00 %	15.15 %
HelloSparkle B.V., Den Haag	228	121	25.01 %	18.94 %
Sarthro Travelbags B.V., Hardenberg	3,114	-421	25.00 %	18.94 %
Schweiz / Switzerland				
Goldbach Audience (Switzerland) AG, Küsnacht	2,169	657	24.95 %	18.90 %
Goldbach Media (Switzerland) AG, Küsnacht	26,169	26,402	22.96 %	17.39 %
MF Group Factoring AG, St. Gallen	-203	1,657	49.00 %	49.00 %
Swiss Radioworld AG, Zürich	4,748	2,384	22.96 %	17.49 %
Spanien / Spain				
Atresmedia Corporacion de Medios de Comunicacion, S.A., San Sebastian de los Rios	440,042	120,096	18.71 %	14.18 %
USA				
Eureka Productions LLC, Camden	-2,221	743	25.00 %	18.94 %
Inception VR, Inc., Wilmington	1,644	-4,994	16.14 %	12.27 %
Sourcebooks LLC, Naperville	13,513	7,407	45.00 %	33.75 %
The Immigrant LLC	2,340	-86	25.00 %	18.94 %
The Pet Collective LLC, Los Angeles	-73	-574	35.00 %	26.52 %
Udacity, Inc., Wilmington	-1,544	-22,174	19.00 %	19.00 %
University Ventures Fund I BeCo-Investment, L.P., New York	15,488	1,458	100.00 %	100.00 %
University Ventures Fund I, L.P., New York	56,461	6,280	47.27 %	47.27 %
University Ventures Fund II, L.P., Delaware	170,275	95,558	55.10 %	55.10 %
VideoAmp, Inc., New York	23,958	-23,052	15.09 %	11.43 %

III. Wegen untergeordneter Bedeutung nicht in den Konzernabschluss einbezogene Unternehmen / Companies excluded from consolidation due to negligible importance

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III.A. Nicht vollkonsolidierte Tochterunternehmen / Not fully consolidated subsidiaries				
Argentinien / Argentina				
Grundy Productions S.A., Buenos Aires	n/a	n/a	100.00 %	76.01 %
Belgien / Belgium				
G+J ijMS BVBA, Gent	0	0	100.00 %	100.00 %
Deutschland / Germany				
11 Freunde Verlag Verwaltungsgesellschaft mbH, Berlin	35	2	100.00 %	51.00 %
Antenne Niedersachsen Geschäftsführungs-GmbH, Hannover	50	3	100.00 %	39.27 %
APD Antenne Niedersachsen GmbH & Co. Produktions- und Distributions-KG, Han	512	52	100.00 %	39.27 %
ASA Informationsdienste GmbH, Berlin	0	14	100.00 %	100.00 %
BCS Broadcast Sachsen Verwaltungsgesellschaft mbH, Dresden	22	0	55.00 %	36.06 %
Berliner Presse Vertrieb Verwaltungs GmbH, Hamburg	34	1	100.00 %	100.00 %
DDV Beteiligungs GmbH, Dresden	28	1	100.00 %	60.00 %
DIPLOMA Grundstücks-Vermietungsgesellschaft mbH, Schönefeld	78	4	94.80 %	89.10 %
Funkhaus Halle Komplementär-GmbH, Halle (Saale)	33	2	100.00 %	44.10 %
G+J Immobilien-Verwaltungs GmbH, Hamburg	89	1	100.00 %	100.00 %
GEO Verlags- und Vertriebsgesellschaft mbH, München	0	-10	100.00 %	100.00 %
NOW GmbH, Gütersloh	25	0	100.00 %	100.00 % ²
RM Elfte Beteiligungsverwaltungs GmbH, Gütersloh	25	0	100.00 %	100.00 % ²
RM Zwölfte Beteiligungsverwaltungs GmbH, Gütersloh	n/a	n/a	100.00 %	100.00 % ²
RTL Lux GmbH, Berlin	25	0	100.00 %	75.77 %
Sellwell Verwaltungs GmbH, Hamburg	30	1	100.00 %	100.00 %
The Wave Hörfunk GmbH, Berlin	94	0	100.00 %	75.77 %
topac GmbH, Gütersloh	32	0	100.00 %	100.00 % ²
W.S.D. Apps GmbH, Hamburg	n/a	n/a	100.00 %	100.00 %
Frankreich / France				
G+J International Media Sales SARL, Vendin-le-Vieil	-9	-1	100.00 %	100.00 %
Music Nancy FM SARL, Nancy	-51	-22	51.00 %	18.75 %
Paris Television SARL, Paris	52	-20	100.00 %	75.77 %
SCM-A SARL, Noyelles sous Lens	9	0	100.00 %	100.00 %
Societe Operatrice de Multiplex R4 SAS, Neuilly-sur-Seine	63	0	50.25 %	18.48 %
Großbritannien / Great Britain				
Allen Lane The Penguin Press Limited, London	158	0	100.00 %	75.00 %
Bantam Books Limited, London	1	0	100.00 %	75.00 %
Carousel Books Limited, London	0	0	100.00 %	75.00 %
Corgi Books Limited, London	0	0	100.00 %	75.00 %
Dorling Kindersley Vision Limited, London	0	0	100.00 %	75.00 %
Euston Films Limited, London	-11	0	100.00 %	75.77 %
Fremantle Group Pension Trustee Limited, London	n/a	n/a	100.00 %	75.77 %
Fremantle Limited, London	n/a	n/a	100.00 %	75.77 %
FremantleMedia Animation Limited, London	-1	0	100.00 %	75.77 %
Funfax Limited, London	-1,685	0	100.00 %	75.00 %
GJ International Media Sales Ltd., London	0	0	100.00 %	100.00 %
Gruner + Jahr Limited, London	n/a	n/a	100.00 %	100.00 %
Hamish Hamilton Limited, London	0	0	100.00 %	75.00 %
Hugo's Language Books Limited, London	479	0	100.00 %	75.00 %
Michael Joseph Limited, London	-1,488	0	100.00 %	75.00 %
Radio Luxembourg (London) Limited, London	0	0	100.00 %	75.77 %
Retort Productions Limited, London	n/a	n/a	100.00 %	75.77 %
RTL AdConnect UK Ltd, London	2,152	363	100.00 %	75.77 %
Screenpop Limited, London	0	-97	100.00 %	75.77 %
Tamarind Limited, London	0	0	100.00 %	75.00 %
Thames Television Animation Limited, London	0	0	100.00 %	75.77 %
WH Allen General Books Limited, London	0	0	100.00 %	75.00 %
Italien / Italy				
C.D.C. S.p.A., Rom	n/a	n/a	80.00 %	60.62 %
G+J International Sales Italy S.r.l., Mailand	82	25	100.00 %	100.00 %
RTL AdConnect S.r.l., Mailand	1,020	-38	100.00 %	75.77 %
Kanada / Canada				
0971999 B.C. Ltd, Vancouver	n/a	n/a	100.00 %	41.72 %
1189065 B.C. Ltd, Vancouver	n/a	n/a	100.00 %	41.72 %
ITGN Game Communities Inc., Vancouver	n/a	n/a	100.00 %	41.72 %
VISO Online Video Productions Inc., Vancouver	n/a	n/a	100.00 %	41.72 %
Kroatien / Croatia				
INEO d.o.o., Cakovec	146	34	100.00 %	75.77 %

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Luxemburg / Luxembourg				
Media Assurances S.A., Luxemburg	1,270	1,132	100.00 %	75.77 %
Malaysia				
FremantleMedia Malaysia Sdn Bhd, Petaling Jaya	n/a	n/a	100.00 %	75.77 %
Mexiko / Mexico				
FremantleMedia Services, S. de R.L. de C.V., Mexiko-Stadt	110	173	100.00 %	76.01 %
Neuseeland / New Zealand				
Fremantle New Zealand Pty Limited, Auckland	n/a	n/a	100.00 %	75.77 %
Niederlande / Netherlands				
M Nederland Holding B.V., Hilversum	14	0	75.00 %	56.83 %
Stichting Derdengelden infocore Collection, Heerenveen *	2	0	0.00 %	0.00 %
Polen / Poland				
Refassa Investments Sp. z o.o., Warschau	5	0	100.00 %	100.00 %
Russland / Russia				
OOO Bertelsmann Kniga, Moskau	0	0	100.00 %	100.00 %
Schweiz / Switzerland				
Gruner + Jahr (Schweiz) AG, Zürich	678	127	100.00 %	100.00 %
Serbien / Serbia				
LTR mediji i komunikacije d.o.o. Beograd-Vracar, Belgrad	n/a	n/a	100.00 %	75.77 %
Spanien / Spain				
Penguin Random House Edicion y Distribucion, S.L., Madrid	3	0	100.00 %	75.00 %
Südafrika / South Africa				
Dorling Kindersley Publishers (South Africa) Pty Ltd.	1	0	100.00 %	75.00 %
USA				
3 Doors Productions, Inc., Reno	n/a	n/a	100.00 %	75.77 %
495 Productions Services LLC, Delaware	n/a	n/a	100.00 %	56.83 %
American Idols Productions, Inc., Burbank	n/a	n/a	100.00 %	75.77 %
Big Break Productions, Inc., Burbank	n/a	n/a	100.00 %	75.77 %
Blue Orbit Productions, Inc., Burbank	n/a	n/a	100.00 %	75.77 %
DK Publishing LLC, Wilmington	n/a	n/a	100.00 %	75.00 %
Fremantle International, Inc., New York	n/a	n/a	100.00 %	75.77 %
Kickoff Productions, Inc., Burbank	n/a	n/a	100.00 %	75.77 %
Little Pond Television, Inc., Santa Monica	n/a	n/a	100.00 %	75.77 %
Mad Sweeney Productions, Inc., Burbank	n/a	n/a	100.00 %	75.77 %
Marathon Productions, Inc., Burbank	n/a	n/a	100.00 %	75.77 %
Nonna's Productions LLC, Burbank	n/a	n/a	100.00 %	56.83 %
P & P Productions, Inc., Delaware	n/a	n/a	100.00 %	75.77 %
RTL AdConnect, Inc., Wilmington	n/a	n/a	100.00 %	75.77 %
RTL NY, Inc., Wilmington	139	96	100.00 %	100.00 %
Terrapin Productions, Inc., Burbank	n/a	n/a	100.00 %	75.77 %
The Price Is Right Productions, Inc., Burbank	n/a	n/a	100.00 %	75.77 %
The Young Pope, Inc., New York	n/a	n/a	100.00 %	47.36 %
Tick Tock Productions, Inc., Burbank	n/a	n/a	100.00 %	75.77 %
Triple Threat Productions, Inc., Burbank	n/a	n/a	100.00 %	75.77 %
Tundra Books of Northern New York, Inc., Plattsburgh	0	0	100.00 %	75.00 %
Wanderlust Productions, Inc., Wilmington	0	0	100.00 %	75.77 %
Venezuela				
Ediciones B Venezuela, S.A., Caracas	0	0	100.00 %	75.00 %
Vereinigte Arabische Emirate / United Arab Emirates				
Fremantlemedia Enterprises FZ - LLC, Dubai	12	0	100.00 %	75.77 %

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III.B. Nicht nach der Equity-Methode einbezogene Gemeinschaftsunternehmen / Joint ventures not accounted for using the equity method				
Belgien / Belgium				
Fun Radio Belgique S.A., Brüssel	1,050	414	50.00 %	18.66 %
Deutschland / Germany				
Arbeitsgemeinschaft DIG/Maxity, Dresden	2	0	50.00 %	15.00 %
bedirect Verwaltungs GmbH, Gütersloh	109	5	50.00 %	50.00 %
Berliner Pool TV Produktionsgesellschaft mbH, Berlin	561	57	50.00 %	37.89 %
G+J NG Media Verwaltungsgesellschaft mbH, Hamburg	96	4	50.00 %	50.00 %
MV Hoyerswerda-Weißwasser Zustellservice GmbH, Hoyerswerda	26	1	50.00 %	30.00 %
Nutzwerk GmbH, Dresden	64	34	50.00 %	30.00 %
scoyo GmbH, Hamburg	156	0	100.00 %	37.89 %
Vorratsgesellschaft Picassoplatz GmbH, Köln	112	0	100.00 %	37.89 %
Großbritannien / Great Britain				
CO92 The Film Limited, London	33	0	50.00 %	37.89 %
Euston Music Limited, London	n/a	n/a	50.00 %	37.89 %
Niederlande / Netherlands				
Dialogical B.V., Rotterdam	154	20	50.00 %	37.89 %
Österreich / Austria				
Adria Media Holding GmbH, Wien	93	-7	50.00 %	50.00 %

III.C. Nicht nach der Equity-Methode einbezogene assoziierte Unternehmen / Associates not accounted for using the equity method				
Belgien / Belgium				
maRadio.be, Brüssel	31	-2	26.67 %	8.94 %
Brasilien / Brazil				
BR Education Ventures FIP	7,638	-520	31.40 %	31.40 %
Crescera Educacional II FIP, Rio de Janeiro	116,570	-1,817	40.00 %	40.00 %
China				
Beijing 352 Environmental Protection Technology Co., Ltd., Peking	15,212	-4,243	15.23 %	15.23 %
Beijing Yi Jiu Pi E-commerce Co., Ltd., Peking	220,628	-10,988	7.68 %	7.68 %
Beijing Yiheng Chuangyuan Technology Co., Ltd., Peking	8,609	1,006	10.79 %	10.79 %
Deutschland / Germany				
adjo GmbH, Hamburg	25	0	80.00 %	80.00 % ²
Bidmanagement GmbH, Berlin	0	21	21.35 %	21.35 %
Chemnitzverlag Sachsen GmbH, Monschau	0	24	25.00 %	15.00 %
Deutscher Fernsehpreis GmbH, Köln	57	-36	25.00 %	18.94 %
EnID - European netID Foundation, Montabaur	n/a	n/a	33.33 %	25.26 %
FF Performance One GmbH, Berlin	0	0	54.10 %	54.10 %
Gesellschaft für integrierte Kommunikationsforschung mbH & Co. KG, München	2,704	887	20.00 %	20.00 %
Hanseatische Print & Medien Inkasso GmbH, Seevetal	104	764	49.00 %	49.00 %
Leipziger Wochenkurier Verlagsgesellschaft mbH & Co. Kommanditgesellschaft, Leipzig	94	-10	37.45 %	22.47 %
Leipziger Wochenkurier Verlagsgesellschaft mbH, Leipzig	30	0	37.45 %	22.47 %
LOG Logistik GmbH, Nürnberg	510	139	46.08 %	46.08 %
manager magazin Verlagsgesellschaft mit beschränkter Haftung, Hamburg	5,220	1,422	24.90 %	24.90 %
Medienvertrieb Görlitz-Niesky GmbH, Görlitz	45	19	25.10 %	15.06 %
Medienvertrieb Löbau-Zittau GmbH, Löbau	38	12	25.10 %	15.06 %
Medienvertrieb Meißen GmbH, Meißen	59	26	25.10 %	15.06 %
Medienvertrieb Riesa GmbH, Riesa	46	21	25.10 %	15.06 %
MV Bautzen Zustellservice GmbH, Bautzen	36	10	25.10 %	15.06 %
MV Dresden Zustellservice GmbH, Dresden	45	11	25.10 %	15.06 %
MV Freital Zustellservice GmbH, Freital	58	32	25.10 %	15.06 %
MV Kamenz Zustellservice GmbH, Kamenz	56	30	25.10 %	15.06 %
MV Pirna Zustellservice GmbH, Pirna	40	15	25.10 %	15.06 %
NG Buchverlag GmbH, München	1,705	-76	49.00 %	24.50 %
NiedersachsenRock 21 Beteiligungs GmbH, Garbsen	38	4	29.83 %	15.30 %
Rudolf Augstein Gesellschaft mit beschränkter Haftung, Hamburg	295	1,803	25.50 %	25.50 %
Skoobe GmbH, München	5,388	-477	25.00 %	25.00 %
Verfahrensabwicklungs 85 IN 7/18 GmbH, Münster	1,022	-2,878	15.00 %	15.00 %
Frankreich / France				
Alliance gravity SARL	46	-1,106	23.50 %	16.52 %
Societe Operatrice Du Multiplex-M1 SAS, Nanterre	n/a	n/a	25.00 %	9.19 %

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Großbritannien / Great Britain				
Bounce! Sales & Marketing Limited, London	222	41	30.00 %	22.50 %
Fintech Innovation Program Limited, London	446	59	20.00 %	20.00 %
Wide-Eyed Entertainment Limited, London	n/a	n/a	23.75 %	18.00 %
Indien / India				
BigFoot Retail Solutions Private Limited, Neu-Delhi	1,734	-1,086	33.83 %	33.83 %
i-Nurture Education Solutions Private Limited, Bangalore	478	-453	34.77 %	34.77 %
Lendingkart Technologies Private Limited, Ahmedabad	76,218	-6,208	11.60 %	11.60 %
Relevant e-solutions Private Limited, Haryana	2,618	-9,202	7.61 %	7.61 %
Ruptub Solutions Private Limited, Bangalore	7,465	-15,523	13.45 %	13.45 %
Kaimaninseln / Cayman Islands				
Agricultural Services Limited, Grand Cayman	-21,504	-15,249	12.32 %	12.32 %
Bufan Investment Cayman Limited	n/a	n/a	20.00 %	20.00 %
Buzzbit Inc.	n/a	n/a	22.22 %	22.22 %
Gangwei Network Technology Inc., Grand Cayman	n/a	n/a	17.87 %	17.87 %
Haizhi Holding Inc., Grand Cayman	5,225	-115	10.92 %	10.92 %
HLJK Information & Technology Cayman Inc., Grand Cayman	386	-1,317	12.12 %	12.12 %
Hooma Hooma Technology Limited, Grand Cayman	0	-2,829	21.70 %	21.70 %
INCAR Inc., Grand Cayman	n/a	n/a	10.75 %	10.75 %
KangSeed Technology Ltd., Grand Cayman	-6,075	-3,738	21.65 %	21.65 %
Know Box Limited, Grand Cayman	17,736	-47,435	5.19 %	5.19 %
Meixin Federation Group Inc.	18,878	-238	14.72 %	14.72 %
Mioji Group Limited, Grand Cayman	2,831	-15,307	8.76 %	8.76 %
Mi Ritao Inc.	n/a	n/a	23.53 %	23.53 %
moKredit Inc., Grand Cayman	n/a	n/a	17.09 %	17.09 %
Penguin Guide Inc., Grand Cayman	609	-206	16.34 %	16.34 %
Qianye (Cayman) Ltd., Grand Cayman	-1,677	-759	12.12 %	12.12 %
See Mobile Technology, Grand Cayman	29,319	0	9.92 %	9.92 %
Tapai Inc., Grand Cayman	2,306	0	11.34 %	11.34 %
The Look Limited, Grand Cayman	1,647	-1,550	15.06 %	15.06 %
TrendSutra Cayman Holdings Limited, Grand Cayman	14,678	-23,255	22.18 %	22.18 %
Velocious Technologies Inc., Grand Cayman	-347	-1,223	7.82 %	7.82 %
Vnision International Limited, Grand Cayman	0	-2,347	13.40 %	13.40 %
Weplanter (Cayman) Limited, Grand Cayman	n/a	n/a	12.92 %	12.92 %
Wothing (Cayman) Limited, Grand Cayman	n/a	n/a	26.32 %	26.32 %
Wish Wood Holdings Limited, Grand Cayman	n/a	n/a	18.18 %	18.18 %
Xianlife Limited	34,756	-20,014	5.93 %	5.93 %
Xiaobu Holdings Inc., Grand Cayman	4,555	-4,019	18.04 %	18.04 %
Yueranzhishang Holding Limited, Grand Cayman	2,624	-3,833	14.34 %	14.34 %
Zaozuo Zaohua ZWORKS Ltd., Grand Cayman	12,507	-6,403	11.26 %	11.26 %
Luxemburg / Luxembourg				
Radiolux S.A., Differdingen	-160	108	25.00 %	18.94 %
Mauritius				
Kaizen Private Equity, limited life public company limited by shares, Ebene	24,729	0	20.10 %	20.10 %
Niederlande / Netherlands				
Bedrock B.V., Amsterdam	n/a	n/a	30.00 %	22.80 %
Ushi Film Organization B.V., Amsterdam	n/a	n/a	33.33 %	25.26 %
Österreich / Austria				
tele-Zeitschriftenverlagsgesellschaft m.b.H., Wien	129	4	24.90 %	24.90 %
tele-Zeitschriftenverlagsgesellschaft m.b.H. & Co. KG, Wien	648	345	24.90 %	24.90 %
Singapur / Singapore				
Eruditus Learning Solutions Pte. Ltd., Singapur	9,948	-8,442	18.39 %	18.39 %
Thailand				
FremantleMedia (Thailand) Co. Limited, Bangkok	n/a	n/a	49.00 %	37.12 %
USA				
Boostr, Inc., Wilmington	432	-2,212	11.00 %	11.00 %
BV Capital Fund II-A, L.P., Dover	411	-24	99.00 %	99.00 %
Dynamic Graphic Engraving, Inc., Horsham	67	-245	25.00 %	25.00 %
Mojiva, Inc., New York	n/a	n/a	30.05 %	30.05 %
Monashees Capital V, L.P., Wilmington	17,999	-21	33.33 %	33.33 %
SecuredTouch, Inc., Wilmington	5,149	-2,985	23.37 %	23.37 %
Synergis Education, Inc., Wilmington	n/a	n/a	30.92 %	25.61 %

1 = Vorkonsolidiert / preconsolidated

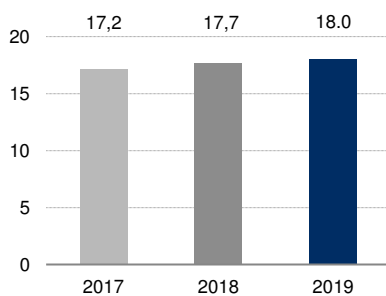
2 = Ergebnisabführungsvertrag / profit and loss transfer agreement

Combined Management Report

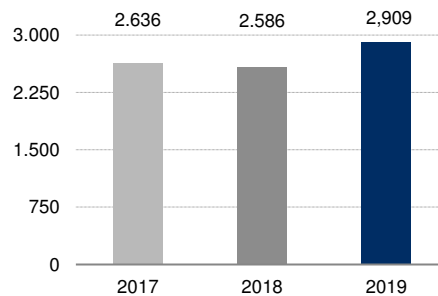
Financial Year 2019 in Review

Bertelsmann reported successful business performance in the financial year 2019, with continued organic growth and high operating profit. Group revenues rose 2.0 percent to €18.0 billion (previous year: €17.7 billion), with organic growth of 1.2 percent. In addition to the book publishing business, the Group's strategic growth platforms were the main contributors to this, especially Fremantle, Arvato Supply Chain Solutions, the digital businesses of RTL Group, BMG, Arvato Systems and the digital businesses of Gruner + Jahr. Operating EBITDA increased to €2,909 million (previous year: €2,586 million). In addition to the positive business performance, the significant increase is also attributable to the initial application of the new IFRS 16 Leases financial reporting standard. As a result, the EBITDA margin rose to 16.1 percent (previous year: 14.6 percent). Group profit was once again high, at €1,091 million, compared with €1,104 million in the previous year. Bertelsmann anticipates positive business performance for 2020 as well.

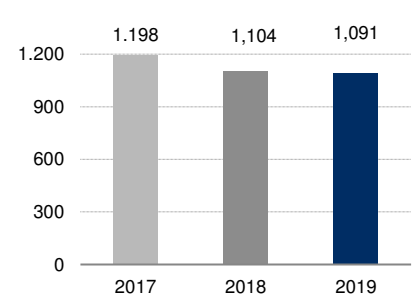
Revenues in € billions



Operating EBITDA in € millions



Group Profit in € millions



- Revenue growth of 2.0 percent, continued organic growth of 1.2 percent
- Continued expansion of growth businesses with strong organic revenue growth
- Increase in operating EBITDA to €2,909 million, attributable in part to the new financial reporting standard, on a comparable basis above the high prior-year level
- EBITDA margin of 16.1 percent, compared to 14.6 percent during the same period last year
- Group profit exceeding billion-euro mark for the fifth consecutive year
- Continued high profit contribution from fund activities of Bertelsmann Investments

Fundamental Information about the Group

In this Management Report, the Group is using the option to combine the Group Management Report and the Management Report of Bertelsmann SE & Co. KGaA. This Combined Management Report outlines the business performance, including the business result and the position of the Bertelsmann Group and Bertelsmann SE & Co. KGaA. Information about Bertelsmann SE & Co. KGaA in accordance with the German Commercial Code (HGB) will be detailed in a separate section. The Combined Management Report will be published instead of the Group Management Report within the Bertelsmann Annual Report.

Corporate Profile

Bertelsmann operates in the core business fields of media, services and education in around 50 countries worldwide. The geographic core markets are Western Europe – in particular, Germany, France and the United Kingdom – and the United States. In addition, Bertelsmann is strengthening its involvement in growth markets such as Brazil, India and China. The Bertelsmann divisions are RTL Group (video), Penguin Random House (books), Gruner + Jahr (magazines), BMG (music), Arvato (services), Bertelsmann Printing Group (printing), Bertelsmann Education Group (education) and Bertelsmann Investments (funds).

Bertelsmann SE & Co. KGaA is a publicly traded but unlisted company limited by shares. As a group holding company, it exercises key corporate functions such as the definition and further development of group strategy, capital allocation, financing and management. Internal corporate management and reporting follow the Group's organizational structure, which consists of the operating divisions and Corporate.

RTL Group is, based on revenue, one of the leading television groups in the broadcasting, content and digital business, with interests in 68 television channels, eight streaming services, 30 radio stations, and global content production companies and digital businesses. The television portfolio includes RTL Television in Germany, M6 in France and the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia and Hungary, as well as a stake in Atresmedia in Spain. RTL Group's content business, Fremantle, is one of the largest international creators, producers and distributors of scripted and unscripted content in the world. RTL Group is active in the area of online video with the streaming services of its broadcasters (including TV Now, 6play and Videoland); the digital video networks BroadbandTV and Divimove; and Fremantle's over 300 YouTube channels. RTL Group also owns the ad-tech companies Smartclip and SpotX. RTL AdConnect is RTL Group's international advertising sales house. RTL Group is a listed company and a member of the MDAX.

Penguin Random House is, based on revenue, the world's largest trade book publisher, with more than 300 imprints across six continents. Its well-known book brands include Doubleday, Riverhead, Viking and Alfred A. Knopf (United States); Ebury, Hamish Hamilton and Jonathan Cape (United Kingdom); Plaza & Janés and Alfaguara (Spain); Sudamericana (Argentina); and the international imprint DK. Germany's Verlagsgruppe Random House, which includes illustrious publishing houses such as Goldmann and Heyne, is not part of Penguin Random House from a legal point of view, but is under the same corporate management and is part of the Penguin Random House division. Each year Penguin Random House publishes about 15,000 new titles and sells around 600 million print books, e-books and audiobooks.

Gruner + Jahr is one of Europe's leading premium magazine publishers. Its magazine portfolio includes established brands such as "Stern," "Brigitte" and "Geo"; young brands like "Barbara," "Guido" and "Wohllibens Welt"; and the French magazine publisher Prisma Media. It also has products and licenses such as the "Schöner Wohnen" furniture collection and digital offerings in all publishing segments. In digital marketing, G+J operates international platforms such as AppLike, and has a stake in the global leader of native advertising, Outbrain. The G+J enterprise Territory is one of the leading communication agencies in Germany and the leading content communications provider in Europe. In addition, G+J holds the majority stake in DDV Mediengruppe in Saxony, and a stake in Spiegel-Gruppe.

BMG is an international music company with 19 offices in 12 core music markets, now representing more than three million songs and recordings, including the catalogs of Alberts Music, Broken Bow Music Group, Bug, Cherry Lane, Chrysalis, Mute, Primary Wave, Sanctuary and Trojan, as well as thousands of famous artists and songwriters.

Arvato is an international service provider that develops and implements custom-made solutions for all kinds of business processes, for customers in a wide range of sectors in more than 40 countries. These comprise Supply Chain Solutions (SCS), Financial Solutions and IT Services. The service business also includes the Majorel group, in which Bertelsmann holds a 50 percent stake.

Bertelsmann Printing Group unites Bertelsmann's printing activities. They include all the Company's gravure and offset printing companies in Germany, the United Kingdom and the United States. In addition, various digital marketing services are offered, with a focus on data-driven multichannel marketing, campaign management and customer loyalty. Bertelsmann Printing Group also includes the storage media producer Sonopress, the specialty printer Topac and the multipartner program DeutschlandCard.

Bertelsmann Education Group comprises Bertelsmann's education activities. The digital education and service offerings are primarily in the healthcare and technology sectors, as well as in the university education area. The education activities include the online education provider Relias and a stake in Udacity, as well as the US university services provider HotChalk.

Bertelsmann Investments comprises Bertelsmann's global start-up investments. The activities are focused on the strategic growth markets of Brazil, China, India and the United States. Investments are largely made through the funds Bertelsmann Brazil Investments (BBI), Bertelsmann Asia Investments (BAI), Bertelsmann India Investments (BII) and Bertelsmann Digital Media Investments (BDMI).

Regulatory Environment

Bertelsmann has television and radio operations in several European countries that are subject to regulation. In Germany, for example, the media is subject to oversight by the Commission on Concentration in the Media. Bertelsmann Group companies occupy leading market positions in many lines of business, and may therefore have limited potential for growth through acquisition due to antitrust legislation. Moreover, some education activities are subject to regulatory provisions of government authorities and accreditation bodies.

Because its profit participation certificates and bonds are publicly listed, Bertelsmann is required to comply with capital market regulations applicable to publicly traded companies.

Shareholder Structure

Bertelsmann SE & Co. KGaA is an unlisted partnership limited by shares. Three foundations (Bertelsmann Stiftung, Reinhard Mohn Stiftung and BVG-Stiftung) indirectly hold 80.9 percent of Bertelsmann SE & Co. KGaA shares, with the remaining 19.1 percent held indirectly by the Mohn family. Bertelsmann Verwaltungsgesellschaft (BVG) controls all voting rights at the General Meeting of Bertelsmann SE & Co. KGaA and Bertelsmann Management SE (general partner).

Strategy

Bertelsmann aims to achieve a fast-growing, digital, international and diversified Group portfolio. Businesses in which Bertelsmann invests should have long-term stable growth, global reach, sustainable business models, high market-entry barriers and scalability. The rapidly expanding education business is being developed into the third earnings pillar alongside the media and service businesses. The Group strategy comprises four strategic priorities: strengthening the core businesses; digital transformation; expanding growth platforms; and expanding into growth regions. In the financial year 2019, steady efforts continued to focus on implementing strategy in line with these priorities.

Strengthening the core businesses included both organic successes and important strategic acquisitions. RTL Group expanded its broadcasting lineup in France, and acquired free-to-air children's channel Gulli and five pay-TV channels from Lagardère. In Germany, VOXup is a new linear channel providing a versatile array of familiar Vox formats, free-TV premieres and new in-house productions. At the end of the 2019 financial year, Bertelsmann announced the planned acquisition of the remaining shares in Penguin Random House

held by co-owner Pearson. This makes Bertelsmann the sole shareholder of the world's largest trade book publisher. In addition, Penguin Random House increased its share in the book publishing business, with continued organic growth and also through acquisitions that include the British children's book publisher Little Tiger Group and a shareholding in the US publisher Sourcebooks. Gruner + Jahr enlarged its personality magazine portfolio with a cooperation between "Brigitte" and the psychotherapist and best-selling author Stefanie Stahl. At the beginning of 2019, Bertelsmann and the Saham Group completed the merger of their global CRM businesses under a newly formed company, Majorel. The global print businesses of Bertelsmann Printing Group were restructured organizationally. The new cross-division structure is based on a "single-company approach." Another emphasis in the reporting period was strengthening collaborations and alliances – for example, the Bertelsmann Content Alliance in the content business and the Ad Alliance in advertising and marketing.

The digital transformation progressed as digital businesses were continually expanded. RTL Group reported not only an increase in paying subscribers for its streaming services, but also an increase in viewing time on the platforms TV Now in Germany and Videoland in the Netherlands. In France, the RTL Group company Groupe M6 is developing a technical platform for Salto – the pay streaming service it operates with TF1 and France Télévisions, to be launched in 2020. Gruner + Jahr launched "Stern Crime Plus," its first paying subscriber model for digital journalism. Bertelsmann Content Alliance initiated Audio Alliance to increase its audio offers, and started producing podcasts and distributing new podcasts on its Audio Now platform.

The Group's growth platforms were expanded further and recorded overall significant organic growth. Fremantle is continuing its drama productions with the second season of drama series "American Gods," and was successful with formats such as "America's Got Talent: The Champions" in the United States and the second season of the UFA production "Charité" in Germany. BMG expanded its presence in Asia by opening a branch in Hong Kong and reported successful publications of artists like Kylie Minogue and Jason Aldean in the recordings business, and Bring Me The Horizon, Juice WRLD and Lewis Capaldi in the music publishing business. New or expanded agreements were signed in the recordings business – for example, with the singers Richard Marx and Natalie Imbruglia and the band Seead; and in the music publishing business with Neil Finn of Crowded House, Cage The Elephant, and Mick Jagger and Keith Richards of the Rolling Stones. Arvato Supply Chain Solutions attracted many new customers, and Arvato Financial Solutions initiated the creation of the pay-after-delivery business and a new digital "Know Your Customer" platform to offer companies and banks a powerful tool. Arvato Systems continued to expand its portfolio of IP-based solutions by introducing a serialization solution for prescription medication as well as starting a VPN access service. In the online education segment, Relias continued to expand its customer base and integrated the healthcare division of OnCourse Learning, a company acquired last year. Bertelsmann announced that it will provide around 50,000 scholarships for classes provided by the US-based online university Udacity in the areas of the cloud, data and artificial intelligence as part of the continuing digital education campaign "#50000Chancen."

Bertelsmann expanded its global network of startup investments in growth regions and made around 80 new and follow-up investments during the reporting period. At the end of 2019, Bertelsmann Investments held some 230 investments in young companies and funds, mainly through its four international funds. During the reporting period, Bertelsmann Asia Investments (BAI) included the e-commerce platform Ding Dong Fresh, with which customers can order fresh groceries and have them delivered to their home. Furthermore, this fund was successful in several exits, including the sale of all the shares in the tech company Bigo. Bertelsmann India Investments (BII) invested in the online loan market platform Rupeek, which is currently focused on issuing loans with gold as collateral. In Brazil, Bertelsmann acquired 100 percent of Afferolab, one of the country's largest corporate training providers. In addition, Bertelsmann Brazil Investments (BBI) assisted in preparing the successful IPO of Afya, a Brazilian education company. Bertelsmann holds a stake in Afya via a fund participation with its partner Crescera Investimentos. Penguin Random House expanded its presence in South America with its acquisition of the publishing group Ediciones Salamandra, operating in Spain and Latin America, and by purchasing the literature and educational publisher Editor Zaher in Brazil through Companhia das Letras.

Bertelsmann will continue to push ahead with its ongoing transformation in 2020, in line with the four strategic priorities. Compliance with and achievement of the strategic development priorities are continuously examined by the Executive Board at the divisional level, through regular meetings of the Strategy and Business Committee and as part of the annual Strategic Planning Dialogue between the Executive Board and the Supervisory Board. In addition, relevant markets and the competitive environment are analyzed on an ongoing basis in order to draw conclusions concerning the further development of the Group's strategy. The Executive Board is also supported by the Group Management Committee (GMC) on issues of corporate strategy and development. This Committee is composed of executives representing key businesses, countries and regions, and select Group-wide functions.

The Group's content-based and entrepreneurial creativity is also very important for the implementation of its strategy. Bertelsmann will therefore continue to invest in the creative core of its businesses. Simultaneously, innovation competence is very important for Bertelsmann and is a key strategic component (see the section "Innovations").

Value-Oriented Management System

Bertelsmann's primary objective is continuous growth of the company's value, through a sustained increase in profitability with efficient capital investment at the same time. To manage the Group, Bertelsmann has been using a value-oriented management system for many years, which focuses on revenues, operating earnings and optimal capital investment. For formal reasons, Bertelsmann makes a distinction between strictly defined and broadly defined operational performance indicators.

Strictly defined operational performance indicators, including revenues, operating EBITDA and Bertelsmann Value Added (BVA), are used to directly assess current business performance and are correspondingly used in the outlook. These are distinguished from performance indicators used in the broader sense, which are partially derived from the above-mentioned indicators or are strongly influenced by them. These include the EBITDA margin and the cash conversion rate. The financial management system, with defined internal financing targets, is also part of the broadly defined value-oriented management system. Details of the expected development of performance indicators used in the broader sense are provided as additional information and are not included in the outlook.

To explain the business performance, and to control and manage the Group, Bertelsmann also uses alternative performance measures that are not defined in accordance with IFRS (more details are given in the section "Alternative Performance Measures").

Strictly Defined Operational Performance Indicators

To control and manage the Group, Bertelsmann uses revenues, operating EBITDA and BVA as performance indicators. Revenue is used as a growth indicator of businesses. Group revenues in the financial year 2019 rose by 2.0 percent to €18.0 billion (previous year: €17.7 billion). The organic growth was 1.2 percent.

A key performance indicator for measuring the profitability of the Bertelsmann Group and the divisions is operating EBITDA. Operating EBITDA increased in the reporting period to €2,909 million (previous year: €2,586 million), due in part to the initial application of the new standard IFRS 16 Leases.

Bertelsmann uses BVA for assessing the profitability of operations and return on invested capital. BVA measures the profit realized above and beyond the appropriate return on invested capital. At €89 million, BVA in the financial year 2019 was below the previous year's figure of €121 million.

Broadly Defined Performance Indicators

To assess business development, other performance indicators are used that are partially derived from revenues and operating EBITDA or are strongly influenced by these figures.

The cash conversion rate serves as a measure of cash generated from business activities, which should be between 90 percent and 100 percent as a long-term average. In the financial year 2019, the Cash Conversion Rate was 97 percent (previous year: 91 percent).

The EBITDA margin is used as an additional criterion for assessing business performance. In the financial year 2019, the EBITDA margin of 16.1 percent was above the previous year's level of 14.6 percent. Initial application of IFRS 16 had a correspondingly positive impact.

Bertelsmann's financial management and controlling system is defined by the internal financial targets outlined in the section "Net Assets and Financial Position." These financing principles are pursued in the management of the Group and are included in the broadly defined value-oriented management system.

The non-financial performance indicators (employees, corporate responsibility and similar topics) are not included in the broadly defined value-oriented management system. As they can still only be measured to a limited extent, it is not possible to make any clear quantifiable statements concerning interrelated effects and value increases. For this reason, the non-financial performance indicators have not yet been used for management of the Group.

Non-Financial Performance Indicators

The following section refers to the non-financial performance indicators at Bertelsmann. For more information about the organization, management and key topics of corporate responsibility, please refer to page 41 et seq. of the section "Combined Non-Financial Statement."

Employees

At the end of the financial year 2019, the Group had 126,447 employees worldwide. In 2019, there were 1,235 people serving in trainee positions in Bertelsmann companies in Germany.

The personnel department strengthened talent management processes and instruments. In particular, by 2021, one-third of top and senior management positions across all divisions should be occupied by women.

The Bertelsmann Essentials (corporate values) were communicated, and an inaugural digital employee survey was conducted across the Group to evaluate their implementation. The Group plans to conduct the survey biennially from 2019 onward.

Furthermore, the digital curriculum of Bertelsmann University was expanded. At the end of 2019, over 91,000 employees in 57 countries were able to access training courses on the Group-wide digital "peoplenet" HR IT platform.

At the Group Dialogue Conference in December 2019, employee representatives and company representatives discussed future methods of cooperation and current trends.

After adopting the Inclusion Action Plan to improve participation of disabled persons in the working environment, implementation was launched at the German sites, working together with representatives for disabled persons.

Bertelsmann has been one of the pioneers in profit sharing since 1970. Accordingly, in 2019, a total of €116 million of the 2018 profit was distributed to employees across the Group (previous year: €105 million).

Innovations

Businesses invest in the research and development of new products in order to ensure their long-term competitiveness. The media sector has a similar imperative to create innovative media content and media-related products and services in a rapidly changing environment. This means that instead of conventional research and development activities, Bertelsmann views the company's own innovative power as particularly important for business development. The long-term success of the Group depends heavily on product innovations, investing in growth markets and integrating new technologies. Furthermore, innovative expertise is very important for strategy implementation.

Bertelsmann relies on innovation and growth in core operations and new business fields. The key success factors of Bertelsmann's innovation management include continuously following cross-industry trends and observing new markets. At the Group level, Bertelsmann works with the divisions to continuously identify and implement innovative business strategies. Alongside market-oriented activities, support is given to Group-wide initiatives that actively promote knowledge transfer and collaboration. At regular innovation forums,

executives meet with internal and external experts to examine success factors for innovation and creativity. Furthermore, cooperation is strengthened with increased collaboration among the divisions. For example, the marketer IP Deutschland, G+J eMS and other partners have combined their capabilities into the Ad Alliance, and provide them to advertising clients and media agencies. In the reporting period, Bertelsmann also launched the new Bertelsmann Content Alliance in Germany, a cooperation between all content businesses in the Group for developing and marketing mutual formats across divisions.

The innovations at RTL Group focus on three core topics: continuously developing new, high-quality TV formats; using all digital means of distribution; and expanding diverse forms of advertising sales and monetization. RTL Group established, for example, the Format Creation Group (FC Group) that meets the high demand for exclusive content by developing innovative format ideas and intellectual property fully owned and controlled by RTL Group. FC Group develops factual entertainment formats and reality shows exclusively for RTL broadcasters and streaming services, reflecting their needs in the local markets. Groupe M6 is developing the tech platform for the pay streaming service Salto, to be launched in 2020. Salto is a project of the two main commercial French television companies, Groupe TF1 and Groupe M6, as well as the public broadcaster France Télévisions. Salto's tech platform will also be used by RTL Group broadcasters and is open to other broadcasting partners. In Germany, Mediengruppe RTL Deutschland together with ProSiebenSat.1 launched the joint venture d-force which aims to boost addressable television and online video advertising in Germany.

Innovations at Penguin Random House aim to promote a culture throughout the entire company that is driven by readers. The innovative approach starts with understanding the tastes and preferences of readers, using data and new insights to create a unique brand experience for them. In order to enhance the reader's buying experience, the US publisher introduced Reader Rewards, a customer loyalty program that rewards consumers for purchasing and reading books. Studies indicate that many millennials prefer to experience things rather than buy material goods. For this reason, Penguin Random House held its first own-book fair, "Book Fair for Grown Ups!" in New York. The event, modeled after a school book fair and aimed at young adults, was very popular with participants and on social media. One example of the company's expertise in handling data with the goal of reaching a broader audience is the Global Data Hub. The Hub is a global data project that allows for optimal use of data to assist the various Penguin Random House companies in decision-making and to help authors reach as many readers as possible with their books.

Innovations at Gruner + Jahr included, in particular, launching new magazines and developing digital journalistic pay models, as well as promoting sustainable alliances, most importantly the Bertelsmann Content Alliance. The positive business performance of the marketing platform Applike and the increase in digital offerings of the classic magazine brands of Prisma Media contributed to additional growth in the digital business. "Wohllebens Welt" was an addition to the successful personality magazine segment, and the magazine "Brigitte Be Green" addressed the social trend toward sustainability. G+J created its first successful paid-content products with "Stern Crime Plus" and "Stern Plus." Together with the Bauer Media Group, G+J created the new platform "Der Medienvertrieb" for newspaper marketing.

Innovation at BMG is based on the company's five strategic pillars: focusing on growth markets; expanding and diversifying its repertoire; expanding global presence; and relentlessly delivering on its core values of fairness, transparency, and service while retaining its competitive approach to costs. One major innovation in 2019 was the update to the mobile BMG customer portal, myBMG, which can now display songwriters' data from the Synch area and license updates as well as provide complete transparency regarding licensing information. Other innovations include the new edition of Keith Richards' classic first solo album, "Talk is Cheap," for its 30th anniversary as a high-end product; expanding the service portfolio to include artist management; the creation of "Modern Recordings," a label for new classical, jazz and electronic music; the Grammy-nominated documentary on David Crosby titled "Remember My Name"; and a dynamic rebranding of BMG Production Music.

Innovation was achieved in the four divisions of Arvato. All four divisions are using their innovative activities to pursue the goal of enhancing existing solutions or designing and creating new services. Arvato Supply Chain Solutions invested in automation projects in 2019; for example, in the Netherlands, launching one of the largest autostore warehouse systems in Europe. Under the name "cinfoni," Arvato Financial Solutions continued to develop a new platform solution that greatly lightens the burden on banks and businesses regarding the complex handling of strictly regulated KYC-relevant company data and documents. The IT services provider Arvato Systems founded "AI Competence Cluster," further expanding its competency in the field of applied artificial intelligence, and Majorel provided additional impetus to the digital transformation of customer communication with machine learning and chatbots.

Innovations at Bertelsmann Printing Group in 2019 included optimizing existing processes with new technologies, and creating innovative products and services. Prinovis in Liverpool developed an innovative packing system for print products that substitutes plastic wrap with paper banderoles. At Mohn Media, virtual and augmented reality were tested for use in training and continued education, and Topac, which offers highly innovative packaging systems, was a successful entry into the promising sustainable packaging market. In addition, companies in the area of digital marketing established several innovative services in the market that involve highly individualized customer contact.

The innovations at Bertelsmann Education Group mainly consisted of developing digital and customized education offerings. For example, in the healthcare sector Relias employs health experts (including doctors, nurses and therapists) to develop a training library for training specific skills to clinic and nursing home personnel. Data analyses are used more and more frequently to determine training success and to ensure that proper techniques are used in treating patients with certain illnesses. In the technology segment, Udacity was able to expand its products for companies – among other things, in the areas of data science and artificial intelligence. For example, employees learn about new technologies in Nanodegree programs and help their companies discover new uses for digitalization and automation.

Report on Economic Position

Corporate Environment

Overall Economic Developments

Economic growth slowed in 2019. Real GDP increased by 3.0 percent compared to 3.7 percent in 2018. The slowdown in industry and global trade still has an effect. The economies in developed countries in particular continued to slow down, whereas the economic situation in many emerging countries stabilized. In addition, the global economy was negatively impacted by the worsening of the trade conflict between China and the United States.

In Europe the economy slowed down. Real GDP grew by 1.2 percent compared to 1.8 percent in 2018. Sluggish industry growth ultimately also affected the service sector, which had been recording robust growth for a long period.

Global economic slowdown affected the German economy. Real GDP grew by only 0.6 percent compared to 1.5 percent in the previous year. In contrast, the French economy maintained its growth trajectory. The smaller dependency on exports compared with Germany is a positive factor for growth. Real GDP growth was 1.2 percent in 2019 compared to 1.7 percent in 2018. Economic growth in the United Kingdom remained stable, with an increase of 1.4 percent compared to 1.3 percent in the previous year.

After a slight weakness mid-year in the United States real GDP grew by 2.3 percent in 2019 compared to 2.9 percent in 2018.

Developments in Relevant Markets

The following analysis focuses on markets and regions that are of a sufficient size and are strategically important from a Group perspective.

The development in European TV advertising markets was mixed in 2019, yet was slightly down overall. TV advertising markets grew significantly in Hungary and remained stable in the Netherlands, whereas the French TV advertising markets showed a slight decrease, in Belgium and Germany a moderate drop, and in Spain a significant decline. The streaming markets in Germany, France and the Netherlands showed strong growth.

The markets for printed books achieved slightly positive growth overall in 2019. Revenue from printed books reported slight growth in all relevant markets. Publisher sales of e-books declined moderately in the United States and the United Kingdom, whereas the markets for audiobooks continued to grow strongly.

The magazine markets in Germany and France in 2019 were characterized by strongly declining print advertising business and moderately declining circulation business in Germany, as well as a significant decline in the circulation business in France, while the digital business in Germany and France posted strong growth.

The global music markets in 2019 reported moderate growth in the publishing segment. The recording market segment grew significantly.

The key service markets for Arvato, namely Customer Relationship Management, Supply Chain Solutions (SCS), Financial Solutions and IT, saw moderate to significant growth.

The European offset printing markets declined moderately in 2019, while the European gravure printing markets declined significantly. The development of the North American book printing market declined moderately over the same period.

In 2019, the education markets in the United States exhibited moderate to strong growth in the market segments where Bertelsmann is involved – namely, training in healthcare, e-learning in the technology area, and university education in the university and services areas.

Significant Events in the Financial Year

Effective January 4, 2019, all worldwide Customer Relationship Management businesses at Bertelsmann were merged with those of the Saham Group in Morocco. Each partner holds 50 percent of the shares in the new company, Majorel, controlled by Bertelsmann. Majorel is a consolidated Bertelsmann Group company.

Kasper Rorsted, CEO of adidas AG, resigned from the Supervisory Board of Bertelsmann effective March 31, 2019.

As of April 1, 2019, Penguin Random House acquired the British children's publishing company Little Tiger Group, thus expanding its position in the English-language children's and young adult book segment.

The RTL Group's Board of Directors appointed Thomas Rabe as Chief Executive Officer of RTL Group effective April 1, 2019. In addition, Thomas Rabe is also Chairman and CEO of Bertelsmann.

Mediengruppe RTL Deutschland completed the sale of its subsidiary Universum Film to the investor KKR in April 2019.

As part of a strategic realignment of its print businesses, Bertelsmann resolved to close the Prinovis site in Nuremberg as of April 30, 2021. The objective of this is to significantly reduce the massive overcapacity in gravure printing in order to offset advancing price erosion in the gravure printing line of business.

In May and June 2019, the business units belonging to OnCourse Learning for the financial services and real estate divisions were sold separately to investors. The OnCourse Learning online training division for healthcare was integrated into the Bertelsmann Education subsidiary Relias.

In July and August 2019, the media and competition authorities in France approved a joint pay streaming service provided by France Télévisions, TF1 and Groupe M6 (part of RTL Group). The Salto platform is planned to launch in 2020, and will combine the entire programme offers by these channels as well as exclusive content and make them available to users in a subscription model.

In September 2019, Groupe M6 (part of RTL Group) completed the acquisition of Groupe Lagardère's television business. As a result, Groupe M6 expanded its family of channels with the French market leader in children's television, Gulli. The digital free-to-air channel for children has a strong presence in linear and non-linear television, and is one of the most successful children's brands in France.

At the end of December 2019, Bertelsmann announced that it would take over 100 percent of Penguin Random House, as planned. When it acquires the 25 percent share owned by co-owner Pearson for USD \$675 million, Bertelsmann will become the sole owner of the publishing group. This acquisition is subject to approval required from the authorities. The transaction is expected to be completed from the second quarter of 2020.

Results of Operations

The following analysis of earnings performance relates to continuing operations as of December 31, 2019. Please refer to the section "Performance of the Group Divisions" for a more detailed picture of the results of operations.

Revenues by Division

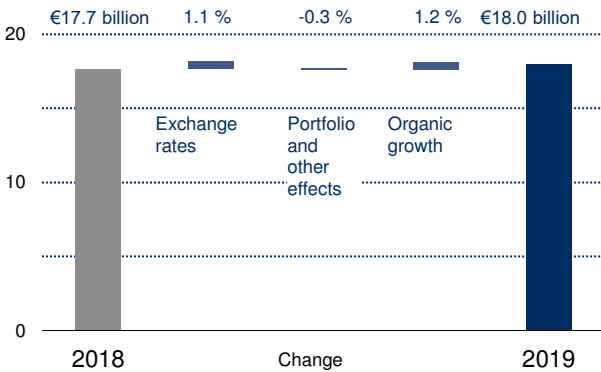
in € millions			2019			2018
	Germany	Other countries	Total	Germany	Other countries	Total
RTL Group	2,138	4,513	6,651	2,168	4,337	6,505
Penguin Random House	265	3,371	3,636	257	3,167	3,424
Gruner + Jahr	913	442	1,355	948	492	1,440
BMG	46	554	600	34	511	545
Arvato	1,697	2,478	4,175	1,630	2,470	4,100
Bertelsmann Printing Group	948	620	1,568	966	673	1,639
Bertelsmann Education Group	2	331	333	1	257	258
Bertelsmann Investments	0	13	13	0	12	12
Total divisional revenues	6,009	12,322	18,331	6,004	11,919	17,923
Corporate/Consolidation	(203)	(105)	(308)	(145)	(105)	(250)
Continuing operations	5,806	12,217	18,023	5,859	11,814	17,673

Revenue Development

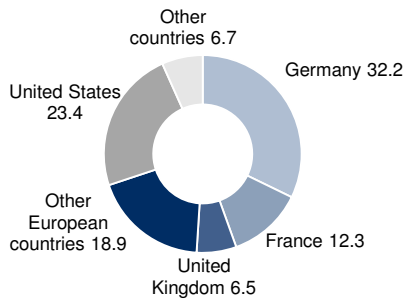
Group revenues in the financial year 2019 rose by 2.0 percent to €18.0 billion (previous year: €17.7 billion). Revenue increases were recorded in particular by RTL Group, Penguin Random House, BMG, Arvato and Bertelsmann Education Group. The Group achieved organic growth of 1.2 percent. At the same time, the strong organic growth of strategic growth businesses was dampened by structurally declining businesses. Exchange rate effects were 1.1 percent; portfolio and other effects were -0.3 percent.

Revenues at RTL Group rose 2.2 percent to €6,651 million (previous year: €6,505 million). The organic growth was 2.4 percent. The primary growth contributors were RTL Group's content business Fremantle and the Group's the digital businesses. Revenues at Penguin Random House rose 6.2 percent to €3,636 million (previous year: €3,424 million). The organic growth was 1.5 percent. Both the exchange rate and portfolio effects due to acquisitions had a positive impact on revenues. At €1,355 million, Gruner + Jahr's revenues were down 5.9 percent year on year (previous year: €1,440 million). The organic growth was -0.3 percent. The lower revenue level is largely attributable to portfolio adjustments, which have been completed in the meantime. BMG revenues increased by 10.1 percent to €600 million (previous year: €545 million) due to continued expansion of the business. The organic growth was 6.9 percent. Revenues at Arvato rose 1.8 percent to €4,175 million (previous year: €4,100 million). The organic growth was 2.3 percent. The increase stemmed in particular from positive business development in the SCM and Financial Solutions divisions. Revenues at Bertelsmann Printing Group fell 4.3 percent to €1,568 million (previous year: €1,639 million) due to market effects. The organic growth was -4.9 percent. Bertelsmann Education Group increased its revenues by 29.4 percent to €333 million (previous year: €258 million). The organic growth was 4.0 percent. Revenue growth was due to organic growth, and in particular due to portfolio effects. The investments of Bertelsmann Investments are generally not consolidated, so revenue is not usually reported for this division.

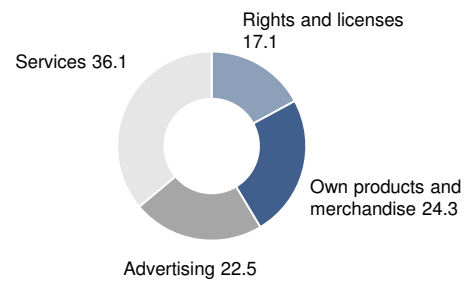
Revenue Breakdown



Consolidated Revenues by Region in percent



Consolidated Revenues by Category in percent



The revenue share generated by the growth businesses increased to 36 percent overall (previous year: 34 percent), thanks to organic growth and acquisitions, while the revenue share of structurally declining businesses decreased to 3 percent (previous year: 4 percent). The growth businesses comprise those activities that post continuous revenue increases due to sustained positive market factors and that have been identified as growth priorities as part of the Group's strategy. These include the digital businesses of RTL Group and Gruner + Jahr; the TV production, music business and service businesses in the Arvato divisions of SCM Solutions and Financial Solutions and Systems; and the education business. The structurally declining businesses comprise those activities that post sustained revenue losses due to market factors. These include in particular the gravure printing activities and the storage media replication business.

There were only minor changes in the geographical breakdown of revenues compared to the previous year. The share of revenues generated in Germany was 32.2 percent compared to 33.2 percent in the previous year. The revenue share generated by France amounted to 12.3 percent (previous year: 13.2 percent). In the United Kingdom, the revenue share was 6.5 percent (previous year: 6.5 percent). The share of total revenues generated by the other European countries amounted to 18.9 percent compared to 18.9 percent in the previous year. The revenue share generated by the United States was 23.4 percent (previous year: 22.0 percent), and the other countries achieved a revenue share of 6.7 percent (previous year: 6.2 percent). This means that the share of total revenues generated by foreign business was 67.8 percent (previous year: 66.8 percent). Year on year, there was a slight change in the ratio of the four revenue sources (own products and merchandise, services, advertising, rights and licenses) to overall revenue.

Results Breakdown

in € millions	2019	2018
Operating EBITDA by division		
RTL Group	1,439	1,402
Penguin Random House	561	528
Gruner + Jahr	157	140
BMG	138	122
Arvato	549	377
Bertelsmann Printing Group	68	85
Bertelsmann Education Group	84	37
Bertelsmann Investments	(1)	(3)
Total operating EBITDA by division	2,995	2,688
Corporate/Consolidation	(86)	(102)
Operating EBITDA from continuing operations	2,909	2,586
Amortization/depreciation, impairments/reversals of intangible assets and property, plant and equipment not included in special items	(930)	(670)
Special items	(154)	(296)
EBIT (earnings before interest and taxes)	1,825	1,620
Financial result	(309)	(216)
Earnings before taxes from continuing operations	1,516	1,404
Income tax expense	(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: Earnings attributable to Bertelsmann shareholders	729	753
attributable to: Earnings attributable to non-controlling interests	362	351

Operating EBITDA

Bertelsmann achieved operating EBITDA of €2,909 million in the financial year 2019 (previous year: €2,586 million). The increase of 12.5 percent is basically attributable to method effects caused by applying the new IFRS 16 Leases financial reporting standard (+€274 million). In particular Gruner + Jahr, BMG, Arvato and Bertelsmann Education Group posted a substantial percentage growth in earnings. The EBITDA margin rose to 16.1 percent (previous year: 14.6 percent).

Initial application of the new IFRS 16 Leases financial reporting standard had a positive impact on operating EBITDA at all divisions. Operating EBITDA at RTL Group was up 2.7 percent to €1,439 million (previous year: €1,402 million), due especially to an increased profit contribution from Fremantle. Operating EBITDA at Penguin Random House rose by 6.2 percent to €561 million (previous year: €528 million). Operating EBITDA at Gruner + Jahr increased by 12.1 percent to €157 million (previous year: €140 million). BMG's operating EBITDA increased by 12.7 percent to €138 million (previous year: €122 million), also attributable to continued business expansion. Arvato achieved operating EBITDA of €549 million (previous year: €377 million). The strong growth of 45.7 percent also resulted from noticeable organic growth, especially in the Supply Chain Solutions (SCS) business area. Operating EBITDA at Bertelsmann Printing Group declined by 19.6 percent to €68 million (previous year: €85 million) due to declining volumes and the persistent pressure on prices. Operating EBITDA at Bertelsmann Education Group increased significantly to €84 million (previous year: €37 million). This was due to portfolio effects and organic profit growth, especially at Relias. The investments of Bertelsmann Investments are generally not consolidated, so operating earnings are not usually reported for this division.

Special Items

Special items in the financial year 2019 totaled €-154 million compared to €-296 million in the previous year. They consist of impairments on goodwill and other intangible assets with indefinite useful lives amounting to €-27 million (previous year: €-173 million), impairments on

investments accounted for using the equity method amounting to €-51 million (previous year: €-2 million), impairments on other financial assets at amortized cost amounting to €-9 million (previous year: –), adjustments of carrying amounts of assets held for sale of €-7 million (previous year: €-6 million), results from disposals of investments amounting to €90 million (previous year: €6 million), fair value measurement of investments amounting to €143 million (previous year: €157 million), as well as restructuring expenses and other special items totaling €-293 million (previous year: €-278 million). The increase in restructuring expenses is largely attributable to cutting back the gravure printing business.

EBIT

EBIT amounted to €1,825 million in the financial year 2019 (previous year: €1,620 million), after adjusting operating EBITDA for special items totaling €-154 million (previous year: €-296 million) and the amortization, depreciation, impairments and reversals of impairments on intangible assets, property, plant and equipment and right-of-use assets totaling €-930 million (previous year: €-670 million), which were not included in the special items.

Group Profit

The financial result was €-216 million, compared with the previous year's amount of €-309 million. The deviation is attributable to the first time adoption of the interest accrual effects of lease liabilities due to the initial application of IFRS 16, as well as to effects from the market valuation of derivatives used to secure internal Group transactions. The tax expense of €-426 million reached a normalized level compared to €-301 million in the previous year, primarily due to a decrease in positive valuation effects of deferred taxes. This produced earnings after taxes from continuing operations of €1,090 million (previous year: €1,103 million). Taking into account the earnings after taxes from discontinued operations of €1 million (previous year: €1 million), this resulted in Group profit of €1,091 million (previous year: €1,104 million). The share of Group profit attributable to non-controlling interests came to €362 million (previous year: €351 million). The share of Group profit attributable to Bertelsmann shareholders was €729 million (previous year: €753 million). At the Annual General Meeting of Bertelsmann SE & Co. KGaA, an unchanged year-on-year dividend payout of €180 million will be proposed for the financial year 2019.

Net Assets and Financial Position

Financing Guidelines

The primary objective of Bertelsmann's financial policy is to achieve a balance between financial security, return on equity and growth. For this, Bertelsmann bases its financing policy on the requirements of a "Baa1/BBB+" credit rating and the associated qualitative and quantitative criteria. Credit ratings and capital market transparency make a considerable contribution to the company's financial security and independence.

In accordance with the Group structure, the capital allocation is made centrally by Bertelsmann SE & Co. KGaA, which provides the Group companies with liquidity and manages the issuance of guarantees and letters of comfort for them. The Group consists largely of a single financial unit, thereby optimizing capital procurement and investment opportunities.

Bertelsmann utilizes a financial control system employing quantitative financial targets concerning the Group's economic debt and, to a lesser extent, its capital structure. One of the financial targets is a dynamic leverage factor limited to the defined maximum of 2.5. As of December 31, 2019, the leverage factor of Bertelsmann was 2.6, lower than the previous year's level (December 31, 2018: 2.7). Due to a high operating release of funds, net financial debt decreased. This was counteracted by the increase in pension provisions due to the lower discount rate and the increase in the present value of lease liabilities resulting from IFRS 16. Both of these effects caused the leverage factor limit to be exceeded (see further explanation in the section "Alternative Performance Measures"). Assuming that the discount interest rate did not change from the previous year, the leverage factor would have been below 2.4 as of December 31, 2019.

As of December 31, 2019, economic debt decreased to €6,511 million from €6,619 million in the previous year, due to a decrease in net financial debt to €3,364 million (December 31, 2018: €3,932 million). In contrast, the recognized lease liabilities increased (method effect of IFRS 16) to €1,392 million (December 31, 2018/net present value of operating leases: €1,161 million). Provisions for pensions and similar obligations rose to €1,967 million as of December 31, 2019 (December 31, 2018: €1,738 million), primarily due to a decrease in the discount interest rate.

Another financial target is the coverage ratio. This is calculated as the ratio of operating EBITDA, used to determine the leverage factor, to financial result and should exceed four. In the reporting period, the coverage ratio was 8.5 (previous year: 11.1). The Group's equity ratio was 38.2 percent (December 31, 2018: 38.8 percent), which remains significantly above the self-imposed minimum of 25 percent.

Financial Targets

	Target	2019	2018
Leverage Factor: Economic debt/Operating EBITDA ¹⁾	≤ 2.5	2.6	2.7
Coverage ratio: Operating EBITDA/Financial result ¹⁾	> 4.0	8.5	11.1
Equity ratio: Equity as a ratio to total assets (in percent)	≥ 25.0	38.2	38.8

1) After modifications.

Financing Activities

A promissory note for €150 million due in February 2019, a promissory note for €60 million due in May 2019, and a floating-rate note for €100 million due in November 2019 were repaid in the reporting period. In July 2019, Bertelsmann placed a promissory note for €75 million with a seven-year term of which €65 million have fixed interest rates and €10 million have variable interest rates. Additionally, the syndicated loan with 15 banks previously maturing in 2021 was renewed early in July 2019. Bertelsmann can utilize this with a term until 2024 to draw up to €1.2 billion of revolving funds.

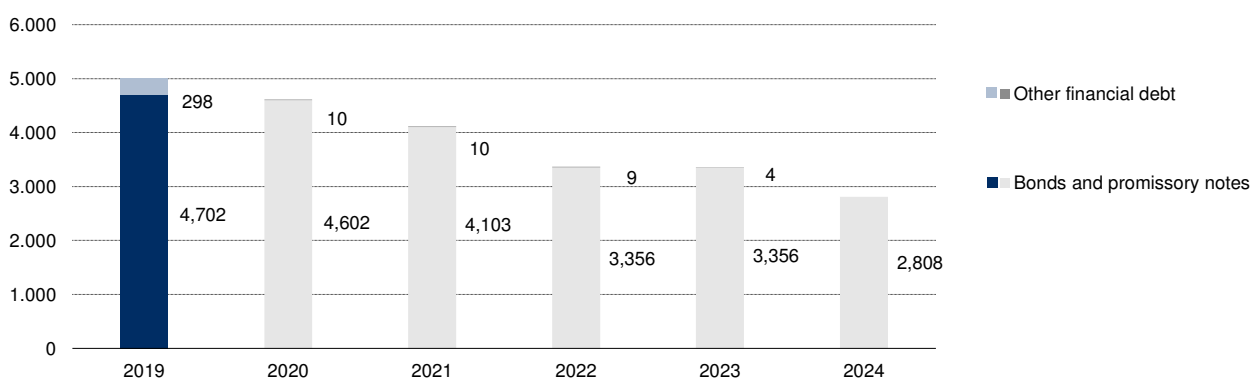
Rating

Bertelsmann has been rated by the rating agencies Moody's and Standard & Poor's (S&P) since 2002. The issuer ratings facilitate access to the international capital markets and are therefore a key element of Bertelsmann's financial security. Bertelsmann is rated by Moody's as "Baa1" (outlook: negative) and by S&P as "BBB+" (outlook: stable). Both credit ratings are in the investment-grade category and meet Bertelsmann's target rating. Bertelsmann's short-term credit quality rating is "P-2" from Moody's and "A-2" from S&P.

Credit Facilities

In addition to available liquidity, the Bertelsmann Group has access to a syndicated loan agreement with 15 banks. This forms the backbone of the strategic credit reserve; Bertelsmann can utilize this with a term until 2024 to draw up to €1.2 billion of revolving funds in euros, US dollars and pounds sterling.

Maturity Structure of Financial Debt in € millions



Cash Flow Statement

In the reporting period, Bertelsmann generated net cash from operating activities of €2,090 million (previous year: €1,437 million). The Group's long-term operating free cash flow adjusted for non-recurring items was €1,883 million (previous year: €1,753 million), and the cash conversion rate was 97 percent (previous year: 91 percent); see also the section "Broadly Defined Performance Indicators." The cash flow from investing activities was €-712 million (previous year: €-1,130 million). This included investments in intangible assets, property, plant and equipment, and financial assets of €-953 million (previous year: €-878 million). The purchase price payments for consolidated investments (net of acquired cash and cash equivalents) were €-317 million (previous year: €-556 million). Proceeds from the sale of subsidiaries and other business units and from the disposal of other non-current assets were €558 million (previous year: €304 million). Cash flow from financing activities was €-1,128 million (previous year: €-372 million). Dividends paid to shareholders of Bertelsmann SE & Co. KGaA remained unchanged at €-180 million (previous year: €-180 million). Dividends to non-controlling interests and further payments to partners in partnerships came to €-263 million (previous year: €-356 million). As of December 31, 2019, Bertelsmann had cash and cash equivalents of €1.6 billion (previous year: €1.4 billion).

Consolidated Cash Flow Statement (Summary)

in € millions	2019	2018
Cash flow from operating activities	2,090	1,437
Cash flow from investing activities	(712)	(1,130)
Cash flow from financing activities	(1,128)	(372)
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

Off-Balance-Sheet Liabilities

The off-balance-sheet liabilities include contingent liabilities and other financial commitments, almost all of which result from operating activities conducted by the divisions. Off-balance-sheet liabilities declined year on year in particular due to the initial application of the new IFRS 16 accounting standard. The existing off-balance-sheet liabilities as of December 31, 2019, had no significant negative effects on the Group's net assets, financial position and results of operation for the past or future financial year.

Investments

Total investments including acquired financial debt of €6 million (previous year: €27 million) amounted to €1,276 million in the financial year 2019 (previous year: €1,461 million). Investments according to the cash flow statement amounted to €1,270 million (previous year: €1,434 million). As in previous years, the majority of the €323 million investments in property, plant and equipment (previous year: €325 million) stemmed from Arvato. Investments in intangible assets came to €313 million (previous year: €295 million) and were primarily attributable to RTL Group for investments in film rights and to BMG for the acquisition of music catalogs. The sum of €317 million was invested in financial assets (previous year: €258 million). These include in particular the investments of Bertelsmann Investments. Purchase price payments for consolidated investments (less acquired cash and cash equivalents) totaled €317 million in the reporting period (previous year: €556 million) and were attributable in part to the acquisition of the TV activities of Groupe Lagardère.

Investments by Division

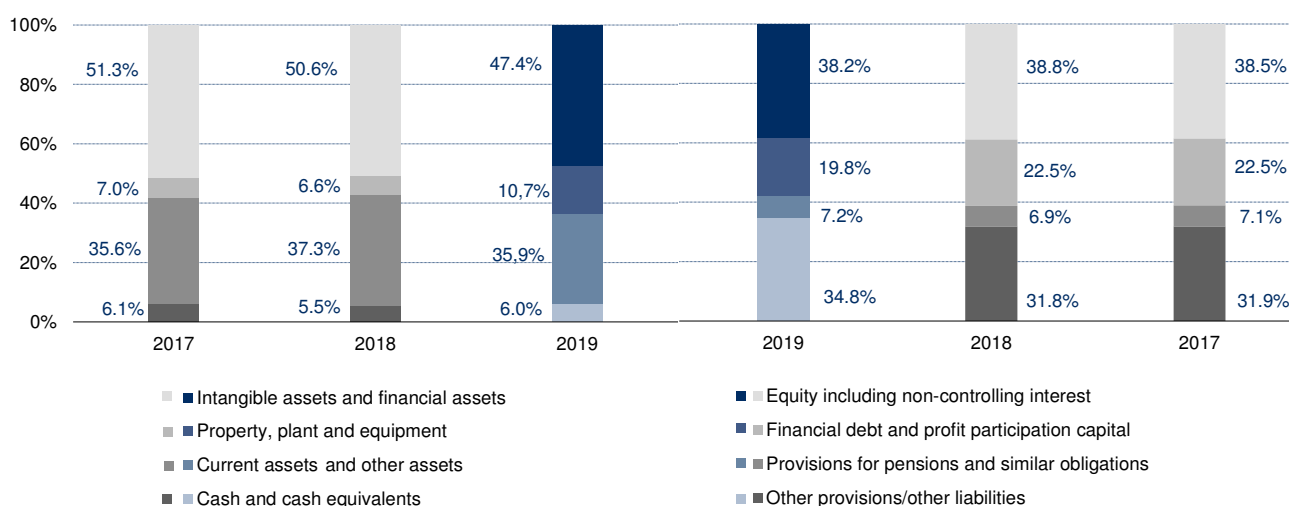
in € millions	2019	2018
RTL Group	481	262
Penguin Random House	124	43
Gruner + Jahr	31	54
BMG	80	107
Arvato	216	233
Bertelsmann Printing Group	45	36
Bertelsmann Education Group	25	484
Bertelsmann Investments	260	202
Total investments by division	1,262	1,421
Corporate/consolidation	8	13
Total investments	1,270	1,434

Balance Sheet

Total assets amounted to €27.3 billion as of December 31, 2019 (previous year: €25.3 billion). Cash and cash equivalents amounted to €1.6 billion (previous year: €1.4 billion). Equity increased to €10.4 billion (previous year: €9.8 billion). This resulted in an equity ratio of 38.2 percent (previous year: 38.8 percent). Equity attributable to Bertelsmann SE & Co. KGaA shareholders was €8.9 billion (previous year: €8.5 billion). Provisions for pensions and similar obligations increased to €1,967 million (previous year: €1,738 million). Gross financial debt decreased to €5,000 million compared to €5,337 million as of December 31, 2018. Apart from that, the balance sheet structure remained largely unchanged from the previous year.

Balance sheet Assets

Liabilities



Profit Participation Capital

Profit participation capital had a par value of €301 million as of December 31, 2019, which is unchanged from the previous year. If the effective interest method is applied, the carrying amount of profit participation capital was €413 million as of December 31, 2019 (previous year: €413 million). The 2001 profit participation certificates (ISIN DE0005229942) account for 94 percent of par value of profit participation capital, while the 1992 profit participation certificates (ISIN DE0005229900) account for the remaining 6 percent.

The 2001 profit participation certificates are officially listed for trading on the Regulated Market of the Frankfurt Stock Exchange. Their price is listed as a percentage of par value. The lowest closing rate of the 2001 profit participation certificates in the financial year 2019 was 318.50 percent in January; their highest in the 2019 financial year was 353.40 percent in December.

Under the terms and conditions of the 2001 profit participation certificates, the payout for each full financial year is 15 percent of par value, subject to the availability of sufficient Group profit and net income at the level of Bertelsmann SE & Co. KGaA. These conditions were met in the past financial year. Accordingly, a payout of 15 percent of the notional value of the 2001 profit participation certificates will also be made for the financial year 2019.

The 1992 profit participation certificates, approved for trading on the Regulated Market in Frankfurt, only have a limited cash trade due to their low volume. Payouts on the 1992 profit participation certificates are based on the Group's return on total assets. As the return on total assets for the financial year 2019 was 6.36 percent (previous year: 6.83 percent), the payout on the 1992 profit participation certificates for the financial year 2019 will be 7.36 percent of their notional value (previous year: 7.83 percent).

The payout distribution date for both profit participation certificates is expected to be May 11, 2020. Under the terms and conditions of the profit participation certificates, the auditors appointed by Bertelsmann SE & Co. KGaA are responsible for verifying whether amounts to be distributed have been calculated correctly. The auditors of both profit participation certificates provide confirmation of this.

Performance of the Group Divisions

RTL Group

RTL Group once again grew its revenues to a new record level in 2019, mainly driven by Fremantle's expanding production business and the group's digital businesses. Operating EBITDA also increased based on accounting method effects and Fremantle's strong performance, despite higher costs for programming and streaming services. RTL Group rapidly expanded its streaming services in the European core markets. In Germany in particular, the group strengthened its market presence through alliances within and outside the Bertelsmann Group, primarily in the areas of advertising sales, technology and content.

RTL Group's revenues rose 2.2 percent to €6.7 billion (previous year: €6.5 billion), reaching a new peak. At €1.1 billion (previous year: €985 million), 16.1 percent (previous year: 15.1 percent) of total revenues were attributable to digital businesses such as digital advertising, streaming and advertising technology. Operating EBITDA increased by 2.7 percent to €1,439 million (previous year: €1,402 million), and the EBITDA margin was 21.6 percent (previous year: 21.5 percent).

At year-end, RTL Group had more than 1.44 million paying subscribers to its streaming platforms TV Now in Germany and Videoland in the Netherlands. This represents a 37 percent year-on-year increase. In France, approval was granted by the antitrust authorities to Salto, Groupe M6's joint streaming service with TF1 and France Télévisions, which is scheduled to launch in 2020.

Mediengruppe RTL Deutschland operated in a declining TV advertising market in 2019, but was able to partially compensate for lower advertising revenues with increased streaming and platform revenues. Earnings declined against a background of higher costs for sports content and the expansion of TV Now. The family of channels' combined audience share increased to 28.1 percent (previous year: 27.5 percent) in the main target group. The market-leading flagship channel RTL Television did especially well, increasing its audience share for the first time since 2011.

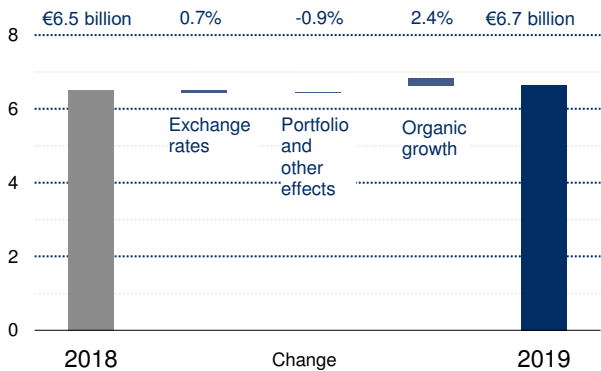
In France, Groupe M6's revenues fell slightly, while earnings remained stable. The decrease in revenue was mainly due to the sale of the soccer club Girondins de Bordeaux in 2018, which was almost completely compensated by higher TV ad sales following the acquisition of Lagardère's TV operations in September 2019. With this acquisition, which included France's leading children's TV channel, Gulli, Groupe M6 further strengthened its market position and profitability. As a result, Groupe M6 increased its combined audience share in the key target group to 22.8 percent (previous year: 21.4 percent). At RTL Nederland, revenues and earnings declined despite a positive performance by the streaming business.

The production business Fremantle grew strongly: Revenues and operating EBITDA increased at double-digit rates. This was driven by new seasons of successful series and show formats in the United States, as well as a thriving business at the German production subsidiary UFA.

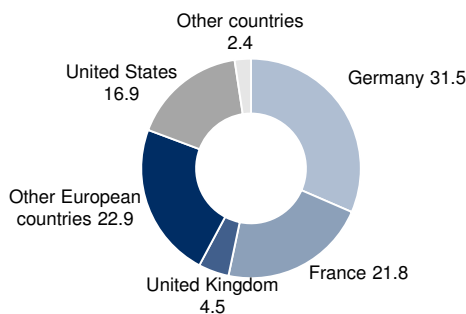
RTL Group contributed to the Bertelsmann Content Alliance in Germany with numerous projects and expanded its group-wide audio business. The German Ad Alliance gained additional partners. In the field of advertising technology, the activities of the RTL Group subsidiaries Smartclip and SpotX were strategically realigned.

RTL Group created a leading European digital studio by combining Divimove and United Screens. The digital video network StyleHaul was discontinued in 2019.

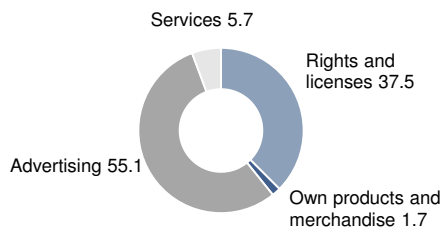
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Penguin Random House

Penguin Random House saw significant growth in 2019 thanks to numerous bestsellers and market share gains in several markets. Including Germany’s Verlagsgruppe Random House, Penguin Random House increased its revenues by 6.2 percent to €3.6 billion (previous year: €3.4 billion). Operating EBITDA increased by 6.2 percent to €561 million (previous year: €528 million), also due to the initial application of the new IFRS 16 accounting standard. At 15.4 percent, the EBITDA margin once again reached a high level (previous year: 15.4 percent). In December, Bertelsmann announced its acquisition of full ownership of Penguin Random House.

Penguin Random House published the three biggest-selling adult titles of the year in the largest book market, the United States: “Where the Crawdads Sing” by Delia Owens sold over four million copies across all formats; Tara Westover’s autobiographical debut “Educated” and Michelle Obama’s “Becoming” each sold more than two million copies. Published in 46 languages, the memoir by the former U.S. First Lady has sold 13 million copies worldwide since its November 2018 publication.

Audiobooks were a growth driver once again, with revenue increases in the double-digit percentiles in most markets. Penguin Random House strengthened its portfolio by acquiring several publishers, including the Little Tiger Group in the United Kingdom, a stake in the leading U.S. independent publisher Sourcebooks, Ediciones Salamandra in Spain, and the global publishing rights for the prolific bestselling children’s author Eric Carle (“The Very Hungry Caterpillar”).

In the United States, Penguin Random House placed 496 titles on the “New York Times” bestseller lists, 61 at number one. Additional number-one bestselling titles for the group were “The Water Dancer” by Ta-Nehisi Coates, “The Testaments” by Margaret Atwood and “The Guardians” by John Grisham. Dr. Seuss’ children’s book classics sold more than 10 million copies.

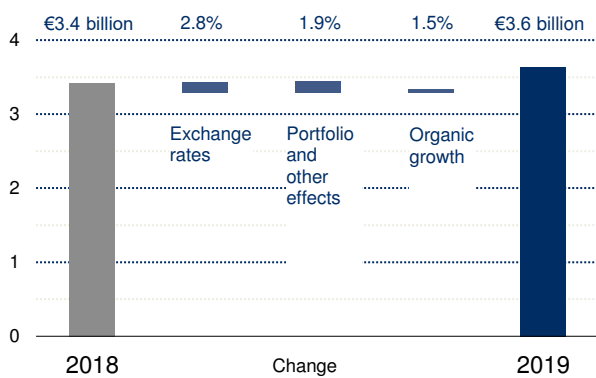
Penguin Random House UK also had a very strong publishing performance and revenue grew significantly. The publishers placed 43 percent of all the titles on the “Sunday Times” bestseller lists. Their top-selling titles included “Veg” by Jamie Oliver, “Becoming” by Michelle Obama and “The Testaments” by Margaret Atwood. The publishing group increased its market share, strengthened its international sales and expanded its audio business.

Penguin Random House Grupo Editorial improved its market position in the Spanish-speaking world with positively performing businesses and acquisitions; revenues showed strong growth. Its biggest bestsellers were “Sinceramente” by Cristina Fernández de Kirchner, “Sidi” by Arturo Pérez-Revert, and “Largo Pétalo de Mar” by Isabel Allende.

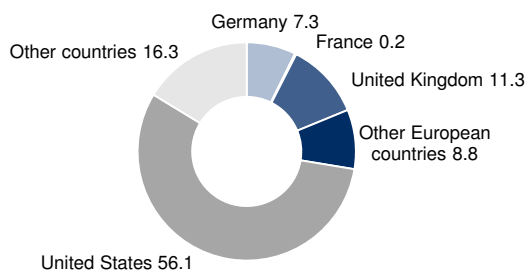
Munich-based Verlagsgruppe Random House enhanced its market-leading position with a strong bestseller performance and rising backlist revenues. It placed 414 titles on the “Spiegel” bestseller lists, 23 of them at #1. The year’s top-selling titles were “Die Sonnenschwester” by Lucinda Riley, “Der Ernährungskompass” by Bas Kast and “Die Suche” by Charlotte Link.

Numerous Penguin Random House authors won prestigious awards, including Olga Tokarczuk, the Nobel Prize winner in Literature; Abhijit Banerjee and Esther Duflo, who were awarded the Nobel Prize in Economic Sciences; Saša Stanišić, who won the German Book Prize; and Margaret Atwood and Bernardine Evaristo, who together won the 2019 Booker Prize.

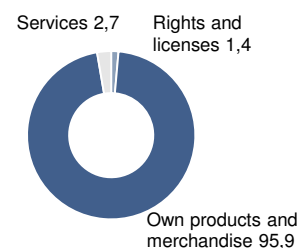
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Gruener + Jahr

Gruener + Jahr successfully continued its transformation in 2019. Revenues remained organically stable at the previous year's level, operating EBITDA rose sharply by 12.1 percent to €157 million (previous year: €140 million) and the EBITDA margin improved to 11.6 percent (previous year: 9.7 percent). The reasons for this are share gains in the declining advertising market through the Ad Alliance in Germany, the initial application of IFRS 16 and the growing digital business in Germany and France. Against a backdrop of continued portfolio measures, reported sales declined by 5.9 percent to €1.4 billion (previous year: €1.4 billion). The special-interest publishing house Motor Presse Stuttgart was sold, and the digital marketing platform Ligatus was integrated into Outbrain, the world market leader in native advertising.

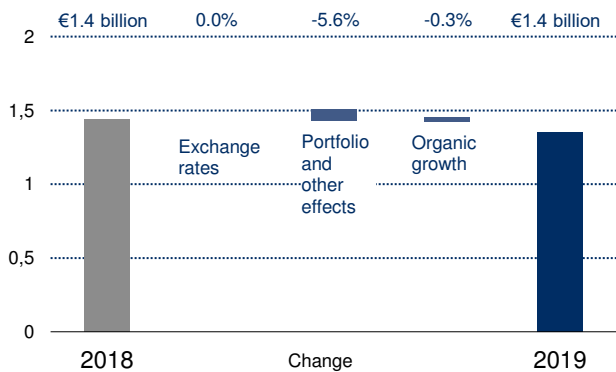
In its core countries, G+J once again significantly increased the digital revenue contribution. It now stands at 33 percent (previous year: 27 percent). One growth driver was the AppLike marketing platform, which posted strong increases in both revenues and earnings. Meanwhile, the digital offerings of the magazine brands in Germany and France also saw strong increases in revenues and earnings.

Other reasons for the strong increase in earnings in Germany, besides the merger of Ligatus into Outbrain and the growing digital business, were innovative magazine launches such as "Barbara," as well as some classic segments like popular-science magazines (e.g., "Geo") and the cheaper production of magazines. This more than compensated for the market-driven decline in newsstand and print-ad sales.

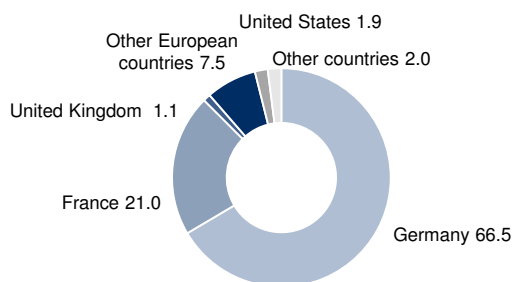
G+J France's earnings were well above the previous year. This was due to, among other things, the digital businesses' earnings performance. DDV Mediengruppe was able to slightly increase its revenues; its result was below the previous year, due to cost factors among other things. Territory, Europe's leading content communication provider, reported year-on-year declines in revenues and earnings.

As part of the Bertelsmann Content Alliance, G+J took on a leading role in managing the collaboration of all Bertelsmann's content businesses. Initial cross-divisional joint formats such as the MOSAiC Arctic expedition and Crime Day were developed and successfully marketed.

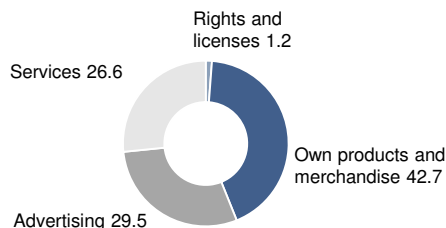
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



BMG

In 2019, Bertelsmann's music subsidiary BMG continued to record significant increases in revenues and operating profit, driven by organic growth, especially in the recordings business but also in publishing. Revenues increased by 10.1 percent to €600 million (previous year: €545 million), while operating EBITDA rose by 12.7 percent to €138 million (previous year: €122 million). The EBITDA margin therefore increased to 23.0 percent (previous year: 22.5 percent). The share of BMG's total revenues attributable to digital formats rose to 56 percent in the past financial year (previous year: 52 percent), reflecting continuing growth in the streaming sector.

In the recordings business, BMG outpaced the market's growth in key territories such as the United Kingdom, where album sales were up nearly 12 percent in a declining market, and the United States, where its music streaming business grew 62 percent, nearly three times as much as the industry as a whole. Successful releases by renowned artists such as Jason Aldean, Blanco Brown, Keith Richards, Dido, The Cranberries, Andy Grammer, AJR and Lil Dicky had a positive effect on the recordings business. Number-one albums included releases from Kylie Minogue, Jack Savorett and Kontra K. BMG signed new record contracts with The Shires, Natalie Imbruglia, Rufus Wainwright, KSI, Huey Lewis & The News, Sееed and Richard Marx, among others. Country star Jason Aldean renewed his contract to be represented worldwide by BMG.

For the first time since the company was re-founded in 2008, BMG launched a new label imprint, Modern Recordings. It is aimed at fans of jazz, new classical and electronic music.

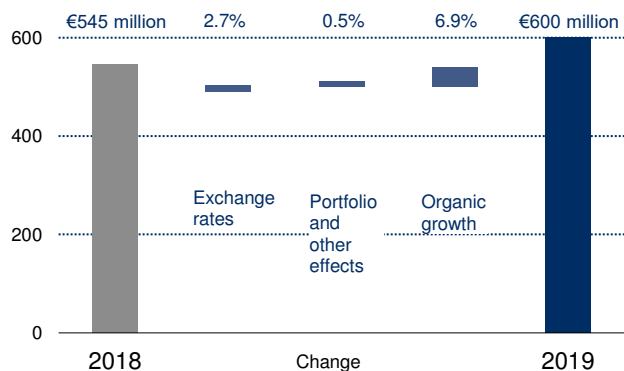
In the publishing business, BMG's distinctive focus on established artists such as AC/DC, Mick Jagger and Keith Richards of the Rolling Stones, Roger Waters and Steven Tyler of Aerosmith continued to pay off. In the year under review, they made significant contributions to revenues. Number-one albums included the work of Bring Me The Horizon, Juice WRLD, 21 Savage and Johannes Oerding. Singer/songwriter Lewis Capaldi not only scored a number-one album but also a Grammy-nominated number-one single ("Someone You Loved"). Among the most prominent signings were Neil Finn from Crowded House, Cage The Elephant, KSI, LOCASH and AnnenMayKantereit. Mick Jagger and Keith Richards renewed and expanded their contracts with BMG. Kontra K will also be represented on the publishing side from now on, beyond his existing recordings deal.

BMG continued to expand its production music, film and book businesses, and added artist management to its services portfolio, entering into a partnership with Shelter Music Group. Highlights in the film sector included the documentary "Remember My Name" about David Crosby, which was screened at the Sundance Festival 2019 and later scored a Grammy nomination for Best Music Film.

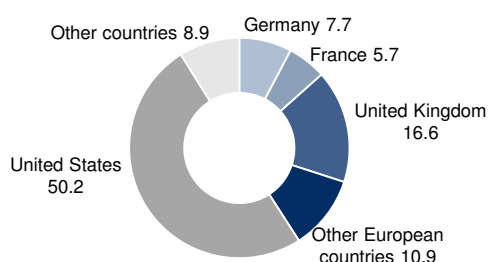
BMG strengthened its collaboration with Bertelsmann subsidiaries in the areas of TV, audio and film production, books and magazines. The Bertelsmann Content Alliance aims to develop and market media content and formats Group-wide.

BMG opened an office in Hong Kong to strengthen its presence in the Asian market. It also expanded its business in Latin America and Canada, bringing its total number of international offices to 19.

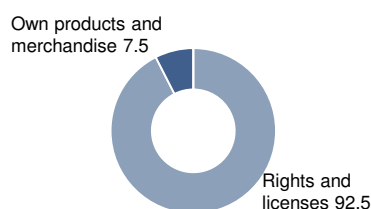
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Arvato

The group's services activities, pooled in the Arvato division, continued their positive development in 2019. The company's business operations significantly increased both revenues and operating profit. Revenues grew by 1.8 percent to €4.2 billion (previous year: €4.1 billion), while operating EBITDA increased by 45.7 percent to €549 million (previous year: €377 million). This positive business performance was driven mainly by the strong organic growth of the IT, logistics and financial services businesses and the initial application of IFRS 16. Arvato's EBITDA margin was 13.2 percent (previous year: 9.2 percent).

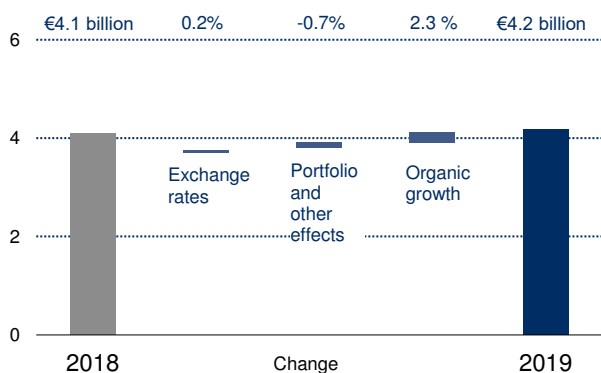
In January, Bertelsmann and Morocco's Saham Group completed the merger of their global CRM businesses. The two partners each own a 50 percent stake in the new company, which will operate globally as Majorel and be fully consolidated at Bertelsmann. Majorel saw a positive business performance last year. The international service center organization grew significantly, especially outside the European Union, with the opening of additional sites in Togo (Lomé), Armenia (Yerevan) and Georgia (Tbilisi and Kutaisi).

The logistics services businesses at Arvato Supply Chain Solutions showed strong and profitable growth in the year under review. It was driven mainly by the establishment of new businesses as well as the expansion of existing ones, particularly with customers in the growth areas of consumer products, healthcare and high-tech. The global network of locations was further expanded by opening new distribution centers and expanding existing ones, including in Germany, Poland and Hong Kong.

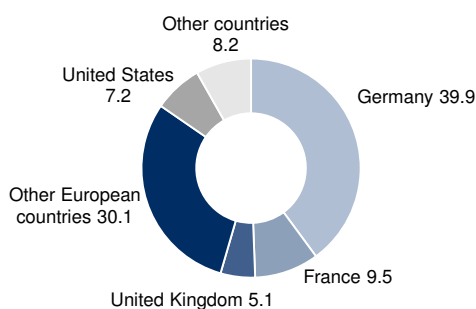
Likewise, revenues and operating profit at Arvato Financial Solutions (AFS) developed positively in the reporting period, exceeding the previous year's results. This development was primarily supported by a steeply positive business trend in the receivables management segment in the GSA region. For example, a comprehensive purchase-to-bill solution was successfully implemented for the customers of a leading international e-commerce marketplace. In the B2B finance area, a new service was developed to make it easier to customize the compilation of regulatory data, validate it and make this data available online.

The IT services provider Arvato Systems grew organically and profitably in the period under review. On one hand, this was due to serialization solutions in the healthcare sector, which were implemented in various European countries. And on the other hand, new customers and contract renewals in the energy, healthcare, retail and media sectors provided positive momentum. In the emerging field of multi-cloud services, Arvato Systems was able to expand its comprehensive cloud portfolio and further strengthen its position as a service provider through a partnership with Google Cloud Platform (GCP).

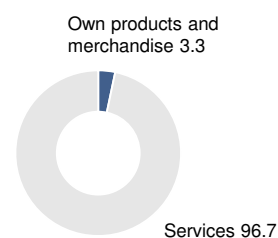
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Bertelsmann Printing Group

The Bertelsmann Printing Group (BPG), which primarily operates in Europe and the United States, was confronted with a challenging market environment in the past financial year. In the Magazine segment, the decline in circulation continued to intensify across all categories. In the Catalog segment, large-volume projects in particular were under severe cost pressure. Orders in the Brochure segment declined slightly in the 2019 financial year. Overall, group revenues were down 4.3 percent year on year to just under €1.6 billion (previous year: €1.6 billion). Operating EBITDA declined significantly, by 19.6 percent to €68 million (previous year: €85 million). The EBITDA margin was 4.4 percent (previous year: 5.2 percent).

In April 2019, Bertelsmann reorganized the BPG. Since then a new, cross-divisional organizational structure has been implemented in Germany, Switzerland and Austria (BPG GSA), and collaboration between the individual printing companies in the group has been stepped up significantly. In April, it was announced that production capacities in the gravure printing business would be greatly reduced by closing Prinovis's Nuremberg site in spring 2021.

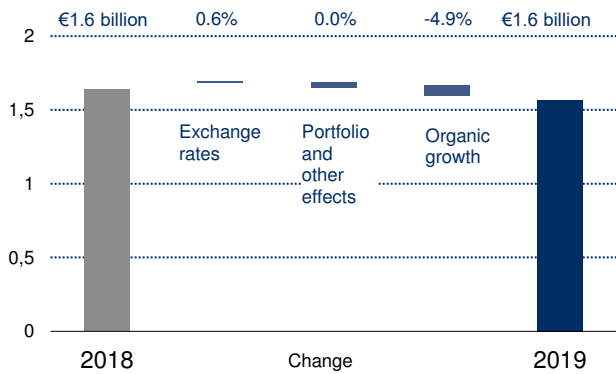
The printing businesses in BPG GSA recorded a decline in revenue and operating profit in 2019. Europe's leading offset printing company Mohn Media was down year on year, in particular due to lower capacity utilization in the catalog and book business. The gravure operations

pooled in the Prinovis Group once again declined in the reporting period, against the backdrop of very difficult market conditions. The group's direct-marketing activities once again increased their revenues and earnings in the past financial year. The multi-partner rewards program DeutschlandCard also recorded a very positive performance.

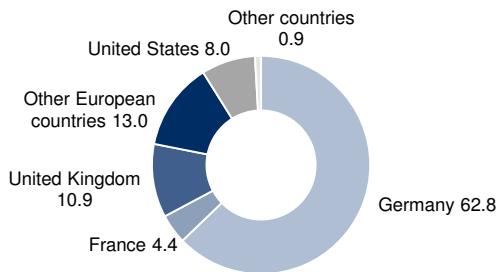
The group's printing activities in the United Kingdom recorded a slight decline in operating profit. At the Liverpool site, the first offset printing press started operation in spring 2019. Meanwhile, the printing businesses in the United States recorded significant revenue and earnings losses in 2019. The reason for this was massive reductions in circulation by publishing customers and clients in the healthcare sector.

Against the backdrop of a market that continued to slow down significantly, revenues at the storage media manufacturer Sonopress declined, as was expected. The Topac packaging printing company, which is part of the Sonopress Group, successfully entered the market for sustainable food packaging during the past financial year.

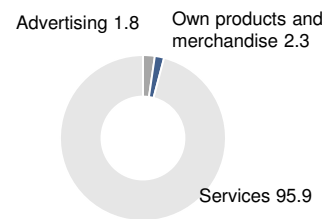
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Bertelsmann Education Group

The group's education businesses, which are pooled in the Bertelsmann Education Group, recorded significant growth in the 2019 financial year. Operating profit more than doubled. The division benefited from ongoing high demand for digital educational services in the areas of health, educational theory and technology.

Bertelsmann Education Group revenues increased by 29.4 percent to €333 million (previous year: €258 million). Organic and acquisition-related growth at the e-learning provider Relias, the expansion of the online business at Alliant International University, and positive currency effects all contributed to this result. Operating EBITDA improved to €84 million (previous year: €37 million). The EBITDA margin was 25.2 percent (previous year: 14.5 percent).

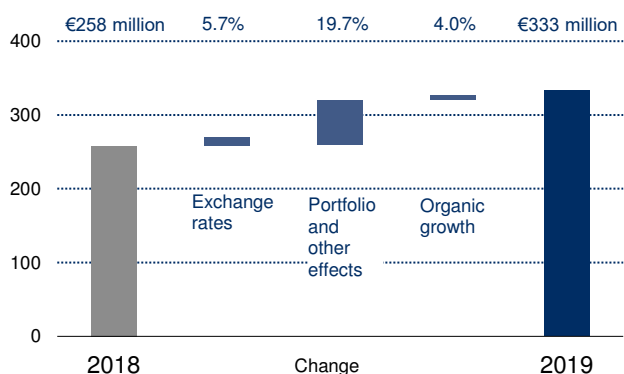
The e-learning provider Relias, which specializes in online continuing education and training for the healthcare sector, increased its customer base to around 11,200 institutions in 2019. During the course of the year, the healthcare division of the educational provider OnCourse Learning, acquired in 2018, was fully integrated into Relias. The OnCourse divisions for training in financial services and real estate were sold separately.

Alliant International University, specializing in psychology and education, continued to expand its online enrollments. Alliant also introduced a new Student Information System that allows students to plan and manage their academic career entirely online.

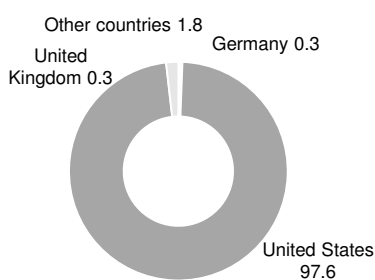
The online learning platform Udacity, in which Bertelsmann holds a significant stake, further developed its range of courses in the technology vertical and introduced new Nanodegrees for data engineering, cloud computing and artificial intelligence. Udacity continued to expand its business with corporate customers.

In 2019, Bertelsmann launched a three-year global education initiative that will provide 50,000 tech scholarships for Udacity courses in the fields of cloud, data and artificial intelligence. Around 46,000 applications from all over the world were submitted for the first round comprising 15,000 scholarships. The courses started in October.

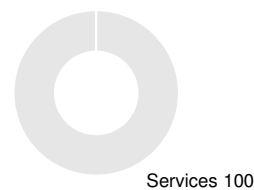
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Bertelsmann Investments

In the 2019 financial year, Bertelsmann Investments (BI) expanded its global network of holdings in innovative young companies and extended its regional focus to Africa and Southeast Asia. BI made a total of roughly 80 new and follow-on investments during the reporting period. At the same time, it completed several exits, so that by year-end the Bertelsmann Investments portfolio comprised around 230 investments.

Bertelsmann Investments once again made a noticeable contribution to the Group's results, mainly through increases in the value of its holdings and through disposals. EBIT amounted to €107 million (previous year: €96 million).

Bertelsmann Asia Investments (BAI) remains the largest and most active fund in the division, and made 28 new investments, including in the e-commerce platform Tongcheng Life, the online delivery service Ding Dong Fresh and Tomato Mart, an online and offline food retailer. Follow-up investments were made in 13 companies, including Club Factory, a multinational e-commerce platform. With the sale of its stake in the social media platform Bigo Live to the Chinese company YY, BAI also realized the largest exit in the fund's history in 2019. In addition, BAI sold its holdings in the bike-sharing service provider Hellobike, the social network Momo and other investments.

In July, Afya completed a successful IPO on the NASDAQ in New York. The educational network in the healthcare segment, which was jointly formed by Bertelsmann Brazil Investments (BBI) and its partner Crescera Investimentos, was created by merging NRE Educacional, Medcel and other holdings. BBI continues to hold an indirect stake in Afya via Crescera's Bozano Educacional II fund. With around 36,000 students, the company is the largest provider of its kind in Brazil; its portfolio includes various medical education and training programs. BBI also recorded a successful exit from its investment in Jusbrasil.

Bertelsmann India Investments (BII) invested in the agricultural technology start-up Agrostar and in Rupeek, an online platform for loans to private individuals. It also made follow-up investments in the Fintech company Lendingkart and in Licious, a direct-to-consumer platform for food.

Bertelsmann Digital Media Investments (BDMI) made 20 new investments in 2019, primarily in the United States. BDMI also participated in follow-up investment rounds for 14 fledgling companies, including FloSports, a subscription service for sports media. This was offset by exits from two investments: shares in the food community Food52 and in Crowdtwist, a cloud-based customer loyalty service provider, were sold.

Apart from this, BI participated in several funds in new regions and thematic fields for the first time in 2019. They include Partech Africa and Blossom Capital 1, based in London.

Since 2012, Bertelsmann has invested more than €1 billion in digital companies through its funds; during the same period, returns from the sale of investments have exceeded €600 million.

General Statement by Company Management on the Economic Situation

Over the financial year 2019, Bertelsmann's businesses posted overall positive development. The Group improved its growth profile with the continuing organic and acquisitive expansion of its growth platforms. Bertelsmann also systematically continued its transformation into a fast-growing, digital, international and diversified Group.

Group revenues in the reporting period rose by 2.0 percent to €18.0 billion from €17.7 billion the previous year, and were therefore marginally lower than estimates (outlook in the 2018 Annual Report: moderate increase in revenues). This was primarily due to largely unplanned portfolio effects caused by divestments at Gruner + Jahr, Arvato and the Bertelsmann Education Group. The organic revenue growth was 1.2 percent. Operating EBITDA also increased strongly due to the initial application of the new IFRS 16 Leases accounting standard, by 12.5 percent to €2,909 million, from €2,586 million in the previous year (outlook in the 2018 Annual Report: strong increase in operating EBITDA due to IFRS 16; without IFRS 16, stable to slight growth in operating EBITDA). At €89 million, the BVA used for Group management was strongly below the previous year's figure of €121 million (outlook in the 2018 Annual Report: strongly declining BVA). The development reflects the increase in the average level of capital invested.

In the financial year 2019, steady efforts continued to focus on implementing the strategy. Important strategic acquisitions – for example, the French children's TV station Gulli, the UK children's book publisher Little Tiger Group and the pending complete takeover of Penguin Random House – contributed to strengthening the core businesses. Furthermore, another emphasis in the reporting period was placed on strengthening collaborations and alliances; for example, the Bertelsmann Content Alliance in the content business and the Ad Alliance in advertising marketing. In the context of the digital transformation, Bertelsmann Content Alliance initiated Audio Alliance to increase its audio offers and started producing podcasts and distributing new podcasts on the Audio Now platform. The growth platforms were further

expanded; in particular, the TV production business was successful with the new formats. Bertelsmann also made progress in China, India and Brazil, with a number of new and follow-on investments through the funds grouped under Bertelsmann Investments.

Net assets and financial position remain solid. The leverage factor of Bertelsmann was 2.6, slightly lower than the previous year's level (December 31, 2018: 2.7). As of December 31, 2019, the cash and cash equivalents, reported at €1.6 billion (December 31, 2018: €1.4 billion), represent sufficient liquidity. The ratings agencies Moody's and S&P continued to rate Bertelsmann as "Baa1" and "BBB+". The outlook is rated stable by S&P and negative by Moody's.

Alternative Performance Measures

In this Combined Management Report, the following Alternative Performance Measures, which are not defined in accordance with IFRS, are used to explain the results of operations and/or net assets and financial position. These should not be considered in isolation but as complementary information for evaluating Bertelsmann's business situation, and they are differentiated in terms of strictly defined and broadly defined key performance indicators, in the same way as in the value-oriented management system.

Organic Revenue Growth

in percent	2019	2018
Organic revenue growth	1.2	2.7
Exchange rate effects	1.1	(1.7)
Portfolio effects and other effects	(0.3)	1.8
Reported revenue growth	2.0	2.8

The organic growth is calculated by adjusting the reported revenue growth for the impact of exchange rate effects, corporate acquisitions and disposals, as well as other effects. When determining the exchange rate effects, the functional currency that is valid in the respective country is used. The other effects include changes in methods and reporting, for example.

Operating EBITDA

in € millions	2019	2018
EBIT (earnings before interest and taxes)	1,825	1,620
Special items	154	296
attributable to: RTL Group	(4)	107
attributable to: Penguin Random House	13	44
attributable to: Gruner + Jahr	65	77
attributable to: BMG	12	12
attributable to: Arvato	19	95
attributable to: Bertelsmann Printing Group	96	5
attributable to: Bertelsmann Education Group	58	50
attributable to: Bertelsmann Investments	(109)	(101)
attributable to: Corporate/Consolidation	4	7
Amortization/depreciation, impairment and reversals on intangible assets and 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	2,909	2,586

Operating EBITDA is determined as earnings before interest, tax, depreciation, amortization, and impairment losses and reversals, and is adjusted for special items. The adjustments for special items serve to determine a sustainable operating result that could be repeated under normal economic circumstances and is not affected by special factors or structural distortions. These special items primarily include impairment losses and reversals of impairment losses, fair value measurements, restructuring expenses and/or results from disposals of investments. This means that operating EBITDA is a meaningful performance indicator.

BVA

in € millions	2019	2018
Operating EBITDA	2,909	2,586
Amortization/depreciation, impairments/reversals of intangible assets, property, plant and equipment, and right-of-use assets not included in special items	(930)	(670)
Operating EBIT	1,979	1,916
Flat taxes (33 percent)	(653)	(632)
NOPAT (Net Operating Profit After Tax)	1,326	1,284
Average invested capital	16,434	15,294
Cost of capital (8 percent)	1,315	1,224
Correction Bertelsmann Investments	78	61
BVA	89	121

BVA measures the profit realized above and beyond the appropriate return on invested capital. This form of value orientation is reflected in strategic investment, portfolio planning and the management of operations and, together with qualitative criteria, provides the basis for measuring the variable portion of management remuneration. BVA is calculated as the difference between net operating profit after tax (NOPAT) and the cost of capital. NOPAT is calculated on the basis of operating EBITDA. NOPAT, which is used to calculate BVA, is determined by deducting depreciation and amortization, provided that they are not included in special items, and a flat 33 percent tax (as of financial year 2020: 30 percent). Cost of capital is the product of the weighted average cost of capital (WACC) and the average level of capital invested. The uniform WACC after taxes is 8 percent. The average invested capital is calculated quarterly on the basis of the Group's operating assets less non-interest-bearing operating liabilities. Upon the adoption of the new financial reporting standard IFRS 16, the right-of-use assets from leases, which had previously been recorded as the present value of the operating lease, have been included on the balance sheet since the financial year 2019 and are thus considered part of invested capital. BVA is determined without taking into account the Bertelsmann Investments division, since business performance is represented primarily on the basis of EBIT. Accordingly, the method does not include a NOPAT contribution from this division. To maintain consistency, the invested capital will be adjusted for the Bertelsmann Investment division; hence, capital costs will be neutralized.

Cash Conversion Rate

in € millions	2019	2018
Cash flow from operating activities	2,090	1,437
Income taxes paid	424	534
Change in provisions for pensions and similar obligations	95	113
Investments in intangible assets and property, plant and equipment (less proceeds from the sale of non-current assets)	(611)	(528)
Lease payments	(288)	n/a
Further adjustments	173	197
Operating free cash flow	1,883	1,753
Operating EBITDA	2,909	2,586
Amortization/depreciation, impairments/reversals of intangible assets, property, plant and equipment, and right-of-use assets not included in special items	(930)	(670)
Operating EBIT	1,979	1,916
Cash Conversion Rate (in percent)		
Operating free cash flow/Operating EBIT	97	91

The cash conversion rate serves as a measure of cash generated from business activities, and is calculated as the ratio of operating free cash flow to operating EBIT. The operating free cash flow is determined on the basis of the cash flow from operating activities as reported in the consolidated cash flow statement, whereby the impact of paid income taxes and the change in provisions for pensions and similar obligations on cash flow from operating activities is offset. Operating free cash flow is also reduced by investments in intangible assets

and property, plant and equipment as well as lease payments, increased by proceeds from the sale of non-current assets. Further adjustments are made to ensure an allocation of capital flows to the relevant periods, and to offset the impact of payment flows resulting from special items on the operating free cash flow in a way that is methodically consistent with operating EBITDA. Operating EBITDA is used to calculate operating EBIT by deducting amortization and depreciation, provided that these are not included in special items. The Group aims to maintain a cash conversion rate of 90 percent to 100 percent as a long-term average.

Economic Debt

in € millions	2019	2018
Net financial debt	5,000	5,337
Less cash and cash equivalents	(1,636)	(1,405)
Net financial debt	3,364	3,932
Less 50 percent of the par value of the hybrid bonds	(625)	(625)
Pension provisions	1,967	1,738
Profit participation capital	413	413
Net present value of operating leases	n/a	1,161
Lease liabilities	1,392	n/a
Economic debt	6,511	6,619

Net financial debt is calculated on the basis of gross financial debt, which comprises the balance sheet items current and non-current financial debt, minus cash and cash equivalents. Economic debt is defined as net financial debt less the 50 percent par value component of the hybrid bonds plus provisions for pensions, profit participation capital and lease liabilities (previous year: net present value of operating leases). In calculating economic debt, the hybrid bonds are accounted for at 50 percent, as both bonds are classified by the rating agencies as 50 percent equity. Economic debt is modified for the purposes of calculating the leverage factor.

Leverage Factor

in € millions	2019	2018
Economic debt	6,511	6,619
Modifications	250	136
Economic debt ^{LF}	6,761	6,755
Operating EBITDA	2,909	2,586
Modifications	(291)	(108)
Operating EBITDA ^{LF}	2,618	2,478
Leverage Factor:		
Economic debt ^{LF} /Operating EBITDA ^{LF}	2.6	2.7

One of the financial targets is a dynamic leverage factor calculated as the ratio of economic debt to operating EBITDA; this factor should not regularly exceed the defined maximum of 2.5. In determining the leverage factor, the economic debt and the operating EBITDA are modified to enable financial management that corresponds to the Group's structure. Modifications were adjusted and simplified in the 2019 financial year, also with respect to the initial application of IFRS 16. The modifications in regard to the economic debt largely relate to cash and cash equivalents, which are tied up in the Group, while the modifications in regard to the operating EBITDA address the Group's structure and its co-shareholder shares. The leverage factor determined in this way is thus always more conservative than the figure that would be obtained using only the items recognized in the balance sheet.

Significant Events after the Balance Sheet Date

In March 2020, Bertelsmann secured a syndicated credit facility in the amount of €675 million with a maturity of up to 18 months. This credit facility can be used by Bertelsmann SE & Co. KGaA in the form of variable rate loans denominated in euros and US dollars, on the basis of EURIBOR or LIBOR. This facility serves the purpose of corporate financing in general as well as short-term financing requirements in connection with the acquisition of the remaining shares in Penguin Random House.

Risks and Opportunities

Risk Management System

The purpose of the Bertelsmann risk management system (RMS) is the early identification and evaluation of, as well as response to, internal and external risks. The internal control system (ICS), an integral component of the RMS, monitors the effectiveness of the risk response measures that have been implemented. The aim of the RMS is to identify, at an early stage, material risks to the Group so that risk response measures can be taken and controls implemented. Risks are possible future developments or events that could result in a negative deviation from the outlook or objectives for Bertelsmann. In addition, risks can negatively affect the achievement of the Group's strategic, operational, reporting and compliance-related objectives and its reputation.

The risk management process is based on the internationally accepted frameworks of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Enterprise Risk Management – Integrated Framework and Internal Control – Integrated Framework, respectively) and is organized in the subprocesses of identification, assessment, response, control, communication and monitoring. A major element of risk identification is a risk inventory that lists significant risks year by year, from the profit-center level upward. These risks are aggregated step by step at the division and Group levels. This ensures that risks are registered where their impact would be felt. There is also a Group-wide reassessment of critical risks every six months, and quarterly reporting in case the risk situation has changed. Ad hoc reporting requirements ensure that significant changes in the risk situation during the course of the year are brought to the attention of the Executive Board. The risks are compared to risk management and control measures to determine the net risk position. Both one- and three-year risk assessment horizons are applied to enable the timely implementation of risk response measures. The basis for determining the main Group risks is the three-year period, similar to medium-term corporate planning. Risk assessment is the product of the estimated negative impact on Group free cash flow should the risk occur, and the estimated probability of occurrence. Risk monitoring is conducted by Group management on an ongoing basis. The RMS, along with its component ICS, is constantly undergoing further development and is integrated into ongoing reporting to the Bertelsmann Executive Board and Supervisory Board. Corporate Risk Management Committee meetings are convened at regular intervals to ensure compliance with statutory and internal requirements.

The Group auditors inspect the risk early-warning system for its capacity to identify developments early on that could threaten the existence of Bertelsmann SE & Co. KGaA according to section 91(2) of Germany's Stock Corporation Act (AktG) and then report their findings to the Supervisory Board of Bertelsmann SE & Co. KGaA. Corporate Audit conducts ongoing reviews of the adequacy and functional capability of the RMS in all divisions apart from RTL Group. RTL Group's RMS is evaluated by the respective internal auditing department and by the external auditor. Any issues that are identified are promptly remedied through appropriate measures. The Bertelsmann Executive Board defined the scope and focus of the RMS based on the specific circumstances of the company. However, even an appropriately designed and functional RMS cannot guarantee with absolute certainty that risks will be identified and controlled.

Accounting-Related Risk Management System and Internal Control System

The objectives of the accounting-related RMS and ICS are to ensure that external and internal accounting are proper and reliable in accordance with applicable laws, and that information is made available without delay to the various recipients. Reporting should also present a true and fair view of Bertelsmann's net assets, financial position and results of operation. The following statements pertain to the Consolidated Financial Statements (including the Notes to the Consolidated Financial Statements and the Combined Management Report), interim reporting and internal management reporting.

The ICS for the accounting process consists of the following areas. The Group's internal rules for accounting and the preparation of financial statements (e.g., IFRS manual, guidelines and circulars) are made available without delay to all employees involved in the accounting process. The Consolidated Financial Statements are prepared in a reporting system that is uniform throughout the Group. Extensive automatic system controls ensure the consistency of the data in the financial statements. The system is subject to ongoing development through a documented change process. Systematized processes for coordinating intercompany transactions serve to prepare the corresponding consolidation steps. Circumstances that could lead to significant misinformation in the Consolidated Financial Statements are monitored centrally by employees of Bertelsmann SE & Co. KGaA and by RTL Group (for the preconsolidated subgroup), and then verified by external experts as required. Central contact persons from Bertelsmann SE & Co. KGaA and the divisions are also in continuous contact with local subsidiaries to ensure IFRS-compliant accounting as well as compliance with reporting deadlines and obligations. These preventive measures are supplemented by specific controls in the form of automated and manual analyses by the Corporate Financial Reporting department of Bertelsmann SE & Co. KGaA and RTL Group (for the preconsolidated subgroup). The purpose of such analyses is to identify any remaining inconsistencies. The controlling departments at the Group and division levels are also integrated into the internal management reporting. Internal and external reporting are reconciled during the quarterly segment reconciliation process. The further aim in introducing a globally binding control framework for the decentralized accounting processes is to achieve a standardized ICS format at the level of the local accounting departments of all fully consolidated Group companies. The findings of the external auditors, Corporate Audit and the internal auditing department of RTL Group are promptly discussed with the affected companies, and solutions are developed. An annual self-assessment is conducted to establish reporting on the quality of the ICS in the key fully consolidated Group companies. The findings are discussed at the divisional level. Like the RMS, each ICS cannot guarantee with absolute certainty that significant misinformation in the accounting process can be prevented or identified.

Corporate Audit and the internal auditing department of RTL Group evaluate the accounting-related processes as part of their auditing work. As part of the auditing process, the Group auditor also reports to the Audit and Finance Committee of the Bertelsmann SE & Co. KGaA Supervisory Board about any significant vulnerabilities of the accounting-related ICS that were identified during the audit, and the findings regarding the risk early-warning system.

Major Risks to the Group

Bertelsmann is exposed to a variety of risks. The major risks to Bertelsmann identified in the risk reporting are listed in order of priority in the table below. Details on information security risks can be found in a separate chapter further below. In line with the level of possible financial loss, the risks are classified as low, moderate, significant, considerable or endangering, for the purposes of risk tolerability. The risk inventory carried out did not identify any risks that would be classified as considerable or endangering.

Overview of Major Risks to the Group

Priority	Type of risk	Risk Classification				
		Low	Moderate	Significant	Considerable	Endangering
1	Pricing and discounting			■		
2	Legal and regulatory risks			■		
3	Changes in market environment			■		
4	Customer risks			■		
5	Audience and market share			■		
6	Cyclical development of economy			■		
7	Supplier risks		■			
8	Employee-related risks		■			
9	Financial market risks	■				
10	Technological challenges	■				

Risk classification (potential financial loss in three-year period): low: < €50 million, moderate: < €100 million, significant: < €250 million, considerable: < €500 million, endangering: > €500 million.

■ Existing risks

Given the diversity of the businesses in which Bertelsmann is active, and the corresponding diversity of risks to which the various divisions are exposed, the key strategic and operational risks to the Group that have been identified are specified below. Risks from acquisitions and information security risks were identified as the primary risks, and are therefore described separately. This is followed by an outline of legal and regulatory risks and financial market risks. These risks are largely managed at the corporate level.

Strategic and Operational Risks

Economic growth slowed in 2019. Real GDP increased by 3.0 percent, compared to 3.7 percent in 2018. The slowdown in industry and global trade still has an effect. The economies in developed countries in particular continued to slow down, whereas the economic situation in many emerging countries stabilized. In addition, the global economy was negatively impacted by the worsening of the trade conflict between China and the United States. Bertelsmann's business development is also subject to certain risks. Uncertainty regarding the future trade agreements to be negotiated after the United Kingdom's impending exit from the EU, or further escalation of international trade conflicts could adversely impact Bertelsmann's economic environment. Bertelsmann is monitoring the exit process to identify any risks at an early stage and, where necessary, take measures. Furthermore, the spread of the Covid-19 virus is associated with risks in global macroeconomic developments which could potentially also have negative effects on Bertelsmann's businesses. In the short to medium term, significant Group risks include pricing and margin risks, legal and regulatory risks, changes in the market environment, customer risks and a loss of audience and market share, as well as risks associated with economic development. How these risks develop depends to a large extent on changes in customer behavior due to factors such as the continued digitization of media, the development and implementation of products and services by competitors, bad debt losses, and default and interference along the production chains in individual sectors such as IT. Supplier and employee-related risks are moderate risks for Bertelsmann, while financial market risks and risks from future technological challenges in the three-year period under review are classified as low.

Increasing competition and constant change, particularly in the digital environment, are resulting in a stronger fragmentation of RTL Group's markets as audiences will have more choice (for example, through online platforms) and, at the same time, the market-entry barriers are being lowered. The possible risks of this for RTL Group are decreasing audience and advertising market shares of its advertising-financed channels and therefore, ultimately, lower revenues. To counter these risks, RTL Group is continuously revising and developing the channels and program strategies. By linking traditional, linear offerings with new digital business models, and by strengthening existing investments in the online video market and in advertising technologies, RTL Group counters risks from digitization while actively influencing this development. Increasing competition in the area of program acquisition and TV production, and the growing dependence on individual production companies, coupled with the risk of potential cost increases, could also impact RTL Group's ability to generate revenues. This risk is being reduced by expanding the program share of in-house productions – in particular local content. Furthermore, economic development directly impacts the TV advertising markets and therefore RTL Group's revenue. This risk is being countered by focusing on cost reduction programs, but also on developing non-advertising revenue streams, for example, distribution revenues from platform operators. To reduce the risk of customer losses, advertising packages with cooperation partners are offered, as well as pursuing the basic aim of establishing long-term customer relationships.

Falling e-book sales, and the possibility of price concessions in the audiobook segment due to a change in market conditions, constitute risks for Penguin Random House. Another risk attributable to the changing retail landscape is declining sales volumes in brick-and-mortar book retail. Penguin Random House is countering these risks by introducing differentiated pricing, increasing online sales of physical books and audiobooks, and continuously examining alternative selling and marketing options. Any risks of bad-debt loss are being limited through debtor management, and in some cases through credit insurance. In addition to the risk of cost increases, Penguin Random House is finding itself exposed to risks from general economic uncertainty, which could lead to lower sales. The risks are addressed through careful management of supplier relationships and innovative marketing activities, and by maintaining a flexible cost structure that allows for a quick response in the event of an economic downturn.

The risk of a deterioration of the overall economic environment and the resulting declines in advertising and circulation revenues, as well as the continuously changing conditions in the digital business, represent significant challenges for Gruner + Jahr. A changing market environment, marked by product innovations and increased consolidation of agencies and marketers, is confronted with a widespread decrease in demand for print products, which as a result of pressure on prices and conditions can lead to lower margins. Furthermore,

there is the risk of losing key customers as advertising customers could switch to other media, notably digital media. Due to these developments, subsequent risks such as imminent bad-debt losses or service limitations are possible, because service providers in the areas of distribution or manufacturing could restrict or discontinue their products. The risks are being countered by cost and customer management; the development of new – in particular, digital – forms of offerings; product, price and quality improvements; and developing alternative scenarios and solution scenarios.

Risks that affect BMG primarily concern the client portfolio (extending contracts with artists/authors and distribution partners), its monetization (physical and digital distribution partners), corporate growth (integration of new businesses) and the scalability of the company (including technical platform and organization). Market risks are addressed through high revenue diversification (clients/catalogs, business segments, regions) and contractual protection clauses (securing the recouping of advances).

Arvato sees itself as particularly exposed to risks from customer and supplier relationships. The potential loss of key customers is being countered through contracts offering comprehensive service packages with simultaneously flexible cost structures. On the supplier side there are risks associated with the availability of services. Countermeasures include an active exchange with existing suppliers and entering into long-term framework agreements. New competitors entering the market could intensify the competitive pressure and lead to lower margins. By developing the range of services, the aim is to improve the competitive position and increase customer loyalty through integrated solutions. Technological trends arising from digitization and ongoing automation could in some cases damage the business model and competitiveness in individual customer segments. A worsening of the economic environment could result in declining revenues and thus lower margins, which would necessitate cost-cutting measures and capacity downsizing. Broad diversification across regions and sectors helps to reduce this risk.

For Bertelsmann Printing Group, customer risks are the most significant risks. In addition, price and margin pressure results from a market environment that is characterized by over-capacity. Furthermore, deterioration in the economic environment also may lead to declining circulations. There are risks on the supplier side associated with rising raw material prices – particularly for paper, color and energy. Similarly, the increasing use of digital media is accelerating the decline in circulation, particularly in the magazine segment. These risk minimization strategies are based, in particular, on the expansion of innovative print services, constantly optimizing cost structures and monitoring markets on an ongoing basis.

For Bertelsmann Education Group, increasing competition from other training providers, particularly in the US healthcare market, could lead to growing price and margin pressure and negatively impact the planned growth targets. These risks are being countered in particular through strategic partnerships, long-term customer agreements and marketing measures.

The key risks for Bertelsmann Investments consist of falling portfolio valuations and a lack of exit opportunities. These risks are being addressed through a standardized investment process and continuous monitoring of investments.

The increasing pace of change in the markets and in Bertelsmann's business segments means that employees will need to be more willing and able to adapt in the future. There are also continuing demographic risks that impact the recruitment, development and retention of talent as a result of shifts in the age distribution of the workforce. To counteract this, employees are being offered further individual education, comprehensive health programs, a competitive salary and flexible working models. Bertelsmann is also enhancing its talent management by pushing forward on digitizing the recruiting process and making it easier for employees to switch jobs within the Group by harmonizing processes and structures.

Acquisition-Related Risks

The Group strategy focuses on acquisitions of businesses and organic growth. The risk of potential mistakes when selecting investments and allocating investment funds is limited by means of strict investment criteria and processes. Acquisitions present both opportunities and risks. For example, integration into the Group requires one-time costs that are usually offset by increased benefits in the long term, thanks to synergy effects. The risks here are that the integration costs may be higher than expected or the predicted level of synergies may not materialize. The integration processes are therefore being monitored by management on an ongoing basis.

Information Security Risks

For Bertelsmann, the ability to provide information in a timely, complete, error-free and confidential way, and to process it without disruptions, is crucial to its success and is becoming increasingly important. Bertelsmann has addressed this tougher operating environment at the management level by operating an Information Security Management System (ISMS, based on ISO 27001) for structured management of cyber risks across the Group and to monitor compliance with minimum Group standards. In order to have access to both modern cyber security technologies and specialist expertise in emergencies, Bertelsmann maintains a network of external partners and is a member of the German Cyber Security Organization (Deutsche Cyber-Sicherheitsorganisation: DCSO). Furthermore, Bertelsmann addresses the increased risk with specific measures that directly strengthen resilience in cyber security – for example, with the Group-wide introduction of Security Operations Centers and authentication technologies. An indicative assessment of risks to information security was conducted in the fiscal year 2019 on the basis of the method used to assess operative Group risks. The results indicate that information security risks are moderate, analogous to the categorization of major Group risks.

Legal and Regulatory Risks

Bertelsmann, with its worldwide operations, is exposed to a variety of legal and regulatory risks concerning, for example, litigation or varying interpretations of tax assessment criteria. Bertelsmann has television and radio operations in several European countries that are subject to regulation. In Germany, for example, the media is subject to oversight by the Commission on Concentration in the Media. Bertelsmann Group companies occupy leading market positions in many lines of business, and may therefore have limited potential for growth through acquisition due to antitrust legislation. Moreover, education activities are subject to regulatory provisions of government authorities and accreditation bodies. Other risks include litigation relating to company acquisitions and disposals, as well as increased data protection regulations leading to growing challenges, especially for data-based business models. These risks are being continuously monitored by the relevant divisions within the Group.

Several subsidiaries of RTL Group are being sued by the broadcaster RTL 2 Fernsehen GmbH & Co KG and its sales house El Cartel Media GmbH & Co KG before the regional court in Düsseldorf, Germany, seeking disclosure of information to substantiate a possible claim for damages. The proceedings follow the imposition of a fine in 2007 by the German Federal Cartel Office for abuse of market dominance with regard to discount scheme agreements (share deals) granted by IP Deutschland GmbH and SevenOne Media GmbH to media agencies. The German Federal Cartel Office argued that these discounts would foreclose small broadcasters from the advertising market. In 2014, the district court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL 2 Fernsehen GmbH & Co KG filed a motion claiming that the expert was not impartial, with the aim of getting the court to obtain a new expert opinion. IP Deutschland has rejected the motion of lack of impartiality as unfounded. In May 2019, the court announced it would give the expert the opportunity to comment on the motion of lack of impartiality, and to then draw up a list of questions by the end of July 2019. This has not yet been done. The court case will continue. Similar proceedings from other small broadcasters, initiated in different courts, were unsuccessful or have been withdrawn.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's results by encouraging his listeners to give favorable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as of September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a "halo effect". Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged halo effect. The judicial expert issued in September 2019 his final report which confirmed the 'halo effect' but assessed that Fun Radio's results were over-corrected. As of September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition, but this procedure was suspended until the end of the judicial expertise and will restart in the course of first quarter of 2020. In the meantime, four of the six claimants withdrew their claim from the proceedings.

On 22 February 2018, the Spanish Competition Authority (CNMC) communicated to Atresmedia the opening of a proceeding for sanctions in relation to possible practices restricting competition prohibited by article 1 of the Spanish Competition Act. On 6 February 2019, the CNMC notified the Statement of Objections in which it assumes proven that specific commercial practices by Atresmedia are restrictive of competition. On 28 May 2019, the department of the competition authority responsible for the investigation submitted a proposal for a decision which included a proposed fine of €49.2 million. Atresmedia submitted its observations on the proposed decision on 28 June 2019. On 12 November 2019, the CNMC Board took its decision and imposed a fine of €38.2 million. On 10 January 2020, Atresmedia filed an application for judicial review against the decision with the competent court. Atresmedia remains convinced that the decision made by the CNMC is not sufficiently justified and expects a positive outcome. The prospects of success are based, inter alia, on the outdated definition of the advertising market used by CNMC.

Foreign investments in the People's Republic of China are subject to regulatory restrictions. To satisfy local requirements, some of Bertelsmann's activities in China are held as so-called VIE structures. These types of arrangements are standard market practice for investments in China. However, these structures are rarely the subject of legal disputes in China, which means that there is a certain risk that it will not be possible to safeguard VIE structures through the courts, particularly if the People's Republic changes its policies toward investments by foreigners (particularly in respect to VIE structures) or if courts and authorities change their case law or administrative practice. The law passed in May 2019 by the People's Republic of China regarding foreign investment (PRC Foreign Investment Law: FIL) entered into force on January 1, 2020. This FIL replaces existing laws on the regulation of foreign investment in China. This affects companies that are wholly owned by foreign companies, Chinese-foreign contractual joint ventures, and Chinese-foreign equity joint ventures. During the legislative process, VIE structures were to be made equivalent to those of all other foreign direct investment. However, in the FIL as adopted, VIE structures are no longer a topic, so that it is expected that this structure will retain its status quo, meaning that it will fall under the unregulated area. Furthermore, the FIL requires fair access to the market and equal treatment of foreign investment companies, and stipulates that these companies' corporate governance is subject to Chinese company law, with a transition period of five years. The Implementing Regulations announced by the Chinese State Council on December 31, 2019, entered into force on January 1, 2020. They contain detailed provisions regarding protection and equal treatment of foreign investments, publishing obligations and the five-year transition period. Local Bertelsmann legal advisors are closely observing implementation of the FIL and its implementing regulations, and will take any steps necessary and conduct procedures to remain compliant with the law. This affects companies within Fremantle, BMG, Arvato and Bertelsmann Education Group, as well as investments by Bertelsmann Asia Investments (BAI).

Aside from the matters outlined above, no further significant legal and regulatory risks to Bertelsmann are apparent at this time.

Financial Market Risks

As an international corporation, Bertelsmann is exposed to various forms of financial market risk, especially interest rate and currency risks. These risks are primarily monitored centrally by the Finance Department on the basis of guidelines set up by the Executive Board. Derivative financial instruments are used solely for hedging purposes. Bertelsmann uses currency derivatives mainly to hedge existing foreign currency risks from intercompany financing and operating liabilities. Some firm commitments denominated in foreign currency are partially hedged when they are made, with the hedged amount being adapted over time. A number of subsidiaries are based outside the eurozone. The resulting translation risk to the leverage factor (ratio of economic debt to operating EBITDA) is managed by aligning the leverage factors for the USD and GBP in the long-term with the maximum permitted for the Group. Foreign currency translation risks arising from net investments in foreign entities are not hedged. The cash flow risk from interest rate changes is centrally monitored and controlled as part of interest rate management. The aim is to achieve a balanced ratio of different fixed interest rates through the selection of appropriate maturity periods for the originated financial assets and liabilities affecting liquidity, and through the ongoing use of interest rate derivatives. The liquidity risk is regularly monitored on the basis of the budget planning. The syndicated loan and appropriate liquidity provisions form a sufficient risk buffer for unplanned payments. Counterparty risks exist in the Group in respect to invested cash and cash equivalents, as well as in case a counterparty to derivative transactions defaults. Transactions involving money market securities and other financial instruments are exclusively conducted with a defined group of banks with high credit ratings. Within the guidelines, a risk limit specified by the Bertelsmann Executive Board has been issued for financial assets and derivatives for each counterparty. Compliance with this limit is regularly monitored by the Finance Department. The guidelines concerning the investment of cash and cash equivalents

are continuously monitored and extended if necessary. Financial investments are made on a short-term basis, so that the investment volume can be reduced if the credit rating changes. There were no substantial changes over the previous year in financial market risks, and therefore they can still be estimated as low.

General Statement on the Risk Situation

The risks identified in the financial year 2019 are not endangering. Neither are there any substantial discernible risks that could threaten the existence of the Group.

The overall risk situation is slightly below the previous year's level. The major risks to the Group have not changed compared to the previous year. In particular, pricing and margin risks, legal and regulatory risks and risks from a changing market environment, as well as risks in connection with customer relationships and possible loss of audience and market share at RTL Group still constitute the key challenges. However, as a result of the diversification of Group businesses, there are no concentration risks stemming from dependency on individual business partners or products in either procurement or sales. The Group's financial position is solid, with liquidity needs covered by existing liquidity and available credit facilities.

Opportunity Management System

An efficient opportunity management system enables Bertelsmann to secure its corporate success in the long term, and to exploit potential in an optimal way. Opportunities are possible future developments or events that could result in a positive deviation from the outlook or objectives for Bertelsmann. The opportunity management system is, like the RMS, an integral component of business processes and company decisions. During the strategy and planning process, significant opportunities are determined each year from the profit-center level upward, and then aggregated step by step at the division and Group levels. By systematically recording them on several reporting levels, opportunities that arise can be identified and exploited at an early stage. This also creates an interdivisional overview of Bertelsmann's current opportunities. A review of major changes in opportunities is conducted at the division level every six months. In addition, the largely decentralized opportunity management system is coordinated by central departments in the Group in order to derive synergies through targeted cooperation in the individual divisions. The interdivisional experience transfer is reinforced by regular meetings of the GMC.

Opportunities

While the above-mentioned opportunities associated with positive development may be accompanied by corresponding risks, certain risks are entered into in order to be able to exploit potential opportunities. This link to the key Group risks offers strategic, operational, legal, regulatory and financial opportunities for Bertelsmann.

Strategic opportunities can be derived primarily from the Group's four strategic priorities. Strengthening core businesses, driving forward the digital transformation, developing growth platforms and expanding in growth regions constitute the most important long-term growth opportunities for Bertelsmann (see the section "Strategy"). In particular, there are opportunities in some cases for exploiting synergies as a result of the strategic portfolio expansions. There are individual operating opportunities in the individual divisions, in addition to the possibility of more favorable economic development.

For RTL Group, a better-than-expected development of the TV advertising markets, as well as higher audience and advertising market shares, are major opportunities. Furthermore, the increasing digitization and fragmentation of the media landscape are opening up opportunities. Professionally produced content can be distributed across multiple platforms nationally and internationally. New revenue streams could be generated by exploiting existing TV content across different platforms, and by creating native digital content. Also, the increased presence in the digital sector provides opportunities for online video advertising sales on all devices and platforms, and growing subscriber-based revenues in the on-demand business. Other opportunities can be found in target-group marketing of the Group's own inventory (addressable advertising) and advertising technology products for third parties. In addition, stepping up distribution of new technologies such as UHD/4K could contribute to greater revenue growth in the platform business.

Penguin Random House is the world's largest trade book publisher. Its position enables the publishing group to attract new authors and book projects to potentially grow its market share. The group is well positioned to invest in new markets and diverse content worldwide to take advantage of increasing interest in long-form reading, and to thereby offer its content to the widest possible readership. In general, the digital evolution transforming book markets offers the potential for new product development, and broader and more efficient marketing channels as well as better accessibility to the backlist. Digital audiobooks are experiencing growth worldwide, while new technologies could make books more appealing and bring book content to wider audiences. New online tools and platforms are expanding opportunities for author engagement with readers.

For Gruner + Jahr, a better development of the advertising and sales markets represents significant opportunities. The transformation is providing further opportunities due to the development of new businesses related to the published brands. There are opportunities for growth, particularly in the development and expansion of digital activities and in cooperation with other publishers and marketers. In terms of marketing, G+J could gain new customers through new forms of advertising in the online, mobile and video media channels.

BMG's focus is on organic growth through the signing of additional artists and songwriters. There may also be opportunities for selective acquisitions of music catalogs. The growing market penetration of subscription-based music streaming services offers significant opportunities to expand the recorded-music and music-publishing markets internationally.

At Arvato, interdivisional cooperation and major projects can provide additional opportunities for acquiring new customers. The global e-commerce market will continue its dynamic growth over the next few years. Arvato could participate significantly in this growth through new services, particularly those offered by the Supply Chain Solutions and Financial Solutions areas. Further growth opportunities from ongoing digitization lie in the development of innovative IP-based and cloud-based IT services.

Bertelsmann Printing Group businesses may decline less steeply through additional volumes of existing and new customers. Furthermore, increased consolidation in the market could result in an additional strengthening of Bertelsmann Printing Group's own competitive position.

The education business is being developed as Bertelsmann's third earnings pillar, alongside the media and service businesses. A further shift away from traditional classroom-based delivery methods toward online and skill-based training could offer further growth opportunities for the education business. The growing online education market also offers organic growth opportunities for Bertelsmann Education Group businesses. For example, Relias has the potential to grow through the expansion of employee assessment and data analytics products, and through internationalization. Owing to the lack of skilled workers and the ongoing demand for further education in the technology sector, the stake in Udacity provides the opportunity to become a premium brand in the area of IT and technology training.

For Bertelsmann Investments fund activities, there is the opportunity to realize higher-than-expected profits, thanks to increasing portfolio valuations or through the disposal of investments.

The current innovation efforts detailed in the section "Innovations" offer further potential opportunities for the individual divisions.

Other opportunities could arise from changes to the legal and regulatory environment.

The financial opportunities are largely based on a favorable development of interest and exchange rates from Bertelsmann's point of view.

Outlook

Anticipated Overall Economic Development

Bertelsmann anticipates that economic conditions will develop as follows in 2020. The global economy will stagnate at the weak prior-year level. The Kiel Institute for the World Economy (IfW) estimates in its outlook from December 2019 that global production will increase by 3.1 percent in 2020, compared to 3.0 percent in 2019. Existing trade uncertainties continue to pose risks to the global economy. In addition, it is currently difficult to predict the concrete impact of the spreading Covid-19 virus on the global economy.*

*In its spring forecast published in March 2020, the IfW revised growth expectations for the eurozone, among other things, and anticipates that the Covid-19 virus will cause a sharp downturn in the economy followed by a subsequent strong recovery.

In the eurozone, the economic upturn is expected to continue, even if there are risks of a downturn. The IfW estimates real economic growth of 1.2 percent in 2020. The IfW also expects GDP for Germany to grow by 1.1 percent in real terms. The growth rate in France is expected to be 1.4 percent in real terms. For the United Kingdom, GDP is expected to rise by 0.6 percent in real terms in 2020. Economic momentum in the United States is gradually slowing down. For 2020, real economic growth of only 1.5 percent is expected.

Anticipated Development in Relevant Markets

The worldwide media industry is primarily influenced by global economic developments and the resulting growth dynamic. The continued trend toward digitization of content and distribution channels, changes in media usage and the increasing influence of emerging economies will continue to present risks and opportunities in the years to come. Through the intended transformation of the Group portfolio in line with the four strategic priorities, Bertelsmann expects to benefit to an increasing extent from the resulting opportunities. Through its businesses, Bertelsmann operates in a variety of different markets and regions whose developments are subject to a range of factors and that do not respond in a linear fashion to overall economic tendencies. The following takes into account only those markets and regions that are large enough to be relevant for forecasting purposes, and whose expected development can be appropriately aggregated and evaluated or that are strategically important from a Group perspective.

Overall stable development of European TV advertising markets is expected in 2020, as well as strong growth of the streaming markets in Germany, France and the Netherlands. In the book markets, an overall stable development is expected. In the magazine business, a continuation of the strong decline in the print advertising markets in Germany and France, as well as a moderate decline in the circulation market in Germany and a significant decline in France, is expected in 2020, while continued strong growth is expected in the digital segment in Germany and France. For 2020, continuing moderate growth of the global music market is expected in the publishing rights segment. At the same time, significant growth is anticipated in the recording rights segment. Service markets will likely show moderate growth in 2020. The gravure printing market in 2020 is likely to show an ongoing strong decline. Continued moderate decline is expected for the offset market in Europe, while the book printing market in North America is also expected to continue its moderate downward trend. Overall, sustained moderate to strong growth is anticipated for the relevant US education markets.

Expected Business Development

The following expectations are based on the assumption of a gradual normalization of the overall economic situation, and an assumption that most of the forecasted market developments and the economic predictions of the research institutions will be realized.

For the financial year 2020, Bertelsmann anticipates that business development will be driven by the stable European TV advertising and book markets, and by growing service and music markets. The growth stimuli created through strategic portfolio expansions will continue to have a positive impact on Bertelsmann's growth profile.

In addition to the assumed market developments, the predicted economic developments in the geographic core markets of Western Europe and the United States are the basis of the expected business development. With revenue and earnings share within the eurozone currently expected at around two-thirds, the extent of growth is above all based on the forecasted real and nominal economic development in this economic zone. The IfW therefore predicts that GDP in the eurozone will increase by 1.2 percent in real terms, while the International Monetary Fund expects growth of 1.3 percent for 2020. In view of these economic expectations, Bertelsmann expects Group revenues to show a slight increase in the financial year 2020. Operating EBITDA is expected to remain stable or decline slightly in the financial year 2020. This is due primarily to greater expenses for the digital transformation, for example in the streaming segment (video on demand) of RTL Group, as well as investments in IT infrastructure and new technologies. The average level of capital invested will continue to increase as a result of acquisitions made, as well as continued investment in growth businesses. Compensating effects from earnings contributions are not expected to materialize for some time. Against this backdrop, a strong decline in BVA is still expected for the Group. These expectations are based on operational planning and the medium-term outlook for the corporate divisions, assuming that exchange rates remain constant.

At present, the expected performance of any individual unit of key significance for the Bertelsmann Group is not expected to deviate significantly from that of the Group.

Depending on how the economy develops, Bertelsmann does not currently anticipate interest rate changes to have any material impact on the average financing costs of medium- to long-term financing. The liquidity situation in the forecast period is expected to be sufficient.

These forecasts are based on Bertelsmann's business strategy, as outlined in the section "Corporate Profile." In general, the forecasts reflect careful consideration of risks and opportunities. All statements concerning potential economic and business developments represent opinions advanced on the basis of the information that is currently available. Should underlying assumptions fail to apply and/or further risks arise, actual results may differ from those expected. Accordingly, no assurances can be provided concerning the accuracy of such statements.

Notes to the Financial Statements of Bertelsmann SE & Co. KGaA (in accordance with HGB, German Commercial Code)

In addition to the Group reporting, the business development of Bertelsmann SE & Co. KGaA is outlined below. Bertelsmann SE & Co. KGaA is the parent company and group holding company of the Bertelsmann Group. As a group holding company, it exercises key corporate functions such as the definition and further development of group strategy, capital allocation, financing and management. There are also service functions for individual divisions within the Corporate Center. Furthermore, it is the controlling company of the tax group for most of the domestic subsidiaries. The position of Bertelsmann SE & Co. KGaA is essentially determined by the business success of the Bertelsmann Group.

The Annual Financial Statements of Bertelsmann SE & Co. KGaA, in contrast to the Consolidated Financial Statements, have not been prepared in accordance with the International Financial Reporting Standards (IFRS), but in accordance with the regulations of the German Commercial Code (HGB) and the supplementary regulations of the German Stock Corporation Act (AktG).

Results of Operations of Bertelsmann SE & Co. KGaA

Income Statement of Bertelsmann SE & Co. KGaA in accordance with HGB

in € millions	2019	2018
Revenues	113	115
Other operating income	189	202
Cost of materials	(31)	(30)
Personnel costs	(171)	(175)
Amortization, depreciation and write-downs	(23)	(20)
Other operating expenses	(213)	(245)
Income from other participations	664	759
Interest income	(67)	(58)
Write-downs of long-term financial assets	—	(128)
Taxes on income	(60)	(111)
Earnings after taxes	401	309
Other taxes	(3)	(3)
Net income	398	306
Income brought forward	461	485
Transfer to retained earnings	(195)	(150)
Unappropriated income	664	641

The results of operations of Bertelsmann SE & Co. KGaA will continue to be significantly affected by the amount of income from other participations, due to Bertelsmann SE & Co. KGaA's role as the parent company of the Bertelsmann Group. The increase in net income to €398 million (previous year: €306 million) is primarily attributable to the nearly completed write-downs of long-term financial assets in the 2019 financial year as well as the reduction in taxes on income and earnings. In contrast to this, the decline in income from participations impacted net income.

Other operating income decreased slightly year on year, to €189 million (previous year: €202 million). The decrease in other operating expenses from €245 million to €213 million is primarily attributable to an improved foreign currency results and lower losses from the disposal of long-term assets. This was counteracted by reporting expenses from warranty contracts.

Income from participations is primarily affected by the amount of income from a profit and loss transfer agreement with Bertelsmann Capital Holding GmbH, Gütersloh. Mainly as a result of the change in the dividends policy of RTL Group S.A. Luxembourg, the amount of income coming from the profit and loss transfer agreement with this company dropped by €275 million. This decline was partially compensated by the increase in income coming from the profit and loss transfer agreements of other subsidiaries.

Write-downs of long-term financial assets in the previous year mainly pertain to write-downs of shares in Media Communication S.A.S., Vendin-Le-Vieil.

The taxes on income decreased to €-60 million in the 2019 financial year (previous year: €-111 million) as a result of lower taxable income of the tax group.

Net Assets and Financial Position of Bertelsmann SE & Co. KGaA

Balance Sheet of Bertelsmann SE & Co. KGaA in accordance with HGB (Summary)

in € millions	12/31/2019	12/31/2018
Assets		
Fixed assets		
Intangible and tangible assets	369	388
Long-term financial assets	16,924	16,998
	17,293	17,386
Current assets		
Receivables and other assets	4,541	4,234
Securities, cash and cash equivalents	513	230
	5,054	4,464
Prepaid expenses and deferred charges	20	21
	22,367	21,871
Shareholders' equity and liabilities		
Shareholders' equity	9,849	9,631
Provisions	570	470
Liabilities	11,944	11,767
Deferred income	4	3
	22,367	21,871

The total assets of Bertelsmann SE & Co. KGaA increased from €21,871 million in the previous year to €22,367 million. A high ratio of equity (44 percent) and long-term financial assets (76 percent) to total assets continues to dictate the performance of the net assets and financial position.

The change in long-term financial assets is attributable to the opposing trends in investments in affiliated companies with an increase of €552 million on one hand, and a decrease of €467 million in loans to affiliates, and a decrease of €159 million in securities on the other hand. Investments in affiliated companies increased due to the contributions to Bertelsmann Capital Holding GmbH, Gütersloh, in the amount of €500 million. Loans to affiliated companies decreased as a result of timely repayment of loans. The increase in receivables and other assets is largely related to the repayment of loans.

The equity increased by €398 million as a result of the net income of the reporting year, and decreased by €180 million as a result of distributions to shareholders. The increase in liabilities to €11,944 million (previous year: €11,767 million) includes liabilities to affiliated companies in the amount of €616 million. The decrease of €310 million in bonds and promissory notes is attributable to timely repayment of two promissory notes and a floating-rate note.

Risks and Opportunities for Bertelsmann SE & Co. KGaA

As Bertelsmann SE & Co. KGaA is largely linked to the Bertelsmann Group companies, among other things through the financing and guarantee commitments, as well as through direct and indirect investments in the subsidiaries, the situation of Bertelsmann SE & Co. KGaA in terms of risks and opportunities is primarily dependent on the risks and opportunities of the Bertelsmann Group. In this respect, the statements made by corporate management concerning the overall assessment of the risks and opportunities also constitute a summary of the risks and opportunities of Bertelsmann SE & Co. KGaA (see the section “Risks and Opportunities”).

Outlook for Bertelsmann SE & Co. KGaA

As the parent company of the Bertelsmann Group, Bertelsmann SE & Co. KGaA receives from its subsidiaries dividend distributions and income or expenses from profit and loss transfer agreements, as well as income from services provided to its subsidiaries. Consequently, the performance of Bertelsmann SE & Co. KGaA is primarily determined by the business performance of the Bertelsmann Group (see the section “Outlook”).

Dependent Company Report (Statement in accordance with Section 312 of the German Stock Corporation Act (AktG))

The Executive Board of Bertelsmann Management SE, as general partner of Bertelsmann SE & Co. KGaA, has submitted a voluntary report to the Supervisory Board of Bertelsmann SE & Co. KGaA in accordance with sections 278 (3) and 312 (1) of the German Stock Corporation Act, in which it outlines its relationships with affiliated companies for the financial year 2019. The Executive Board hereby declares that Bertelsmann SE & Co. KGaA received adequate consideration in return for each and every legal transaction under the circumstances known at the time the transactions were undertaken.

Combined Non-Financial Statement

The following information relates to Bertelsmann SE & Co. KGaA and the Bertelsmann Group (“Bertelsmann”) with its incorporated, fully consolidated subsidiaries (“subsidiaries”) in accordance with section 315c of the HGB, in conjunction with sections 289b to 289e of the HGB.

Bertelsmann operates in the core business fields of media, services and education in around 50 countries (see the section “Company Profile”). Responsible conduct – toward employees, in society, in business and in dealing with the environment – is firmly anchored in Bertelsmann’s corporate culture. In its corporate responsibility management, Bertelsmann pursues the goal of reconciling commercial interests with social and environmental concerns, within the Group and beyond.

Identifying relevant topics and the concept descriptions in this non-financial statement are oriented toward the standards (2016) of the Global Reporting Initiative (102 and 103). In addition, voluntary reporting based on the GRI Standards (2016; in accordance: "core" option) will be published by the middle of the financial year.

Company Principles and Guidelines

The prerequisites for a corporate culture in which employees, management and shareholders work together successfully, respectfully and in a spirit of trust are common goals and shared values. These are set forth in the corporate constitution as well as in the newly created Bertelsmann Essentials "Creativity & Entrepreneurship," which were introduced in 2019. Furthermore, the Bertelsmann Code of Conduct – as a binding guideline – defines standards for law-abiding and ethically responsible conduct within the company and toward business partners and the public.

Bertelsmann's actions are also determined by external guidelines. The company largely follows the recommendations of the German Corporate Governance Code for good and responsible corporate governance, and the OECD Guidelines for Multinational Enterprises. Bertelsmann is committed to the principles of the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization core labor standards. A member of the United Nations Global Compact, Bertelsmann supports the Agenda 2030 of the UN.

Corporate Responsibility Management Organization

The advisory body for the strategic development of corporate responsibility at Bertelsmann is the Corporate Responsibility (CR) Council. The CR Council, which is made up of the Chief Human Resources Officer (CHRO) and representatives from the corporate divisions, focuses on Group-wide CR topics in line with the corporate strategy and the cross-divisional coordination of CR activities within the Group.

At the Group level, the Corporate Responsibility & Diversity Management department coordinates and supports the work of the CR Council in close cooperation with the other Group functions. Within the Bertelsmann corporate structure, the local management teams are responsible for implementing corporate responsibility through specific CR measures and projects. The corporate divisions and companies have their own structures and processes in place for this, in accordance with local requirements.

Topics

To identify key CR topics, Bertelsmann carries out regular CR relevance analyses. For each analysis, the company conducts a survey of internal and external stakeholders; the external stakeholders estimate the impact of Bertelsmann's business activity on the topics, while the internal stakeholders assess their business relevance. This makes it possible to identify topics of relevance to Bertelsmann relating to environmental, social and employee matters, and respect for human rights, anti-corruption and bribery matters as well as environmental matters. These topics are analyzed within the company boundaries, unless otherwise stated. The CR relevance analysis of 2018 was confirmed in 2019.

CR topics, including non-financial performance indicators, are not directly relevant to business, and are accordingly not part of Bertelsmann's value-oriented management system. Due to currently limited measurability, no directly quantifiable statements can be made regarding relevant interdependencies and value increases for the Group. For this reason, the non-financial performance indicators are not used for the management of the Group (see the section "Value-Oriented Management System").

Risks

A number of risks associated with CR topics are relevant for Bertelsmann. These risks can arise from the company's own business activities or from its business relationships, and can affect the company or its environment and stakeholders.

For the non-financial matters defined in the German Commercial Code – social and employee matters, anti-corruption and bribery matters, respect for human rights and environmental matters – no significant risks were identifiable as part of the 2019 reporting. For more information on the relevant risks, please see the section “Risks and Opportunities.”

Employee Matters

Motivated employees ensure long-term quality, innovation and growth. HR work at Bertelsmann is therefore based on the company's cooperative identity as codified in the corporate constitution and the Bertelsmann Essentials. Supplementary regulations are specified in the Bertelsmann Code of Conduct and the Executive Board guidelines on HR work. The CHRO is primarily responsible for dealing with employee matters within the company. He works closely with the HR managers from the corporate divisions, who report directly to him via a dotted-line concept. The focus of his work includes setting the strategic HR agenda, aligning management development with the Group's strategic priorities, Group-wide learning, standardizing and providing IT support for important HR processes, developing the corporate culture, and implementing corporate responsibility in the Group. In 2019, measures were taken to address the following topics.

Participation

Bertelsmann sees continual dialogue between employees and company management as a fundamental prerequisite to the company's success. Although Bertelsmann, as a media company, is free to determine its political direction as defined in the German Works Constitutions Act (Tendenzschutz) and therefore is not subject to statutory co-determination in the Supervisory Board, the company nevertheless makes four positions on the Supervisory Board of Bertelsmann SE & Co. KGaA available to employees on a voluntary basis; three of these are works council members and one is a member of the Bertelsmann Management Representative Committee. In addition, managers, general workforce, employees with disabilities and trainees all have platforms for exchanging ideas, advancing topics and voicing their concerns. For example, the Bertelsmann Group Dialogue Conference is an event where the CEO, CHRO and members of the Corporate Works Council can exchange ideas. In 2019, cross-divisional work groups developed new dialogue formats for employee representatives and management groups, in order to further enhance social partnership. Employees are also involved in the development and improvement of working conditions through standardized HR interview tools (Performance and Development Dialogue, Agreements on Objectives, Team Talk), as well as Group-wide employee surveys. In 2019, for the first time the international employee survey was conducted exclusively online.

Learning

Highly qualified employees are needed to overcome major challenges such as the Group's increasingly international focus, the digital transformation of media and services, and demographic change. By providing opportunities for lifelong learning, Bertelsmann helps secure the long-term employability of its employees. With four different campuses – Strategy, Leadership, Function and Individual – Bertelsmann University is the central learning organization within the company. The most important measures implemented in 2019 included the further development of international programs in the areas of leadership, strategy and transformation, and – in the context of focusing on our corporate values of creativity and entrepreneurship – formats on the topics of creativity, innovation and entrepreneurship. The three-year Udacity scholarship program, with around 50,000 scholarships, further strengthened the technology focus on the areas of data, cloud and artificial intelligence. In addition, the training and courses offered by Bertelsmann in Germany were continually expanded. New content was included, modern learning environments were created, and teachers were given suitable further qualification.

Diversity

For Bertelsmann, the diversity and differences in its workforce are prerequisites for creativity, innovation and long-term business success. This is conveyed in the Bertelsmann Essentials. The diversity strategy is implemented by the Corporate Responsibility & Diversity Management department, with support from a Group-wide working group. The focus is on the following dimensions: gender, disabilities, sexual orientation and identity, nationality and ethnic origin, as well as generational differences. The Group Management Committee,

which at the end of 2019 consisted of 16 members (previous year: 18), included at that time six women (previous year: 6) and six nationalities (previous year: 7). To enhance diversity at the management levels, Bertelsmann aims to achieve the goal of having women occupy one-third of positions in top and senior management across all divisions by the end of 2021. To fulfil this target in top and senior management, the targeted proportion of women in the respective Group-wide talent pools was set at one-third, and was increased to 50 percent in the career development pool. These targets were reached in 2019 for all three talent pools. Furthermore, in 2019 the Bertelsmann Inclusion Action Plan (2019–2024) was rolled out in the German companies.

Health

With a view to designing a health-promoting work environment and preventing work-related risks of disease, Bertelsmann is expanding a systematic health management system at German locations. Bertelsmann Health Management has been put in charge of supervising and coordinating the Germany-wide health strategy and associated activities, in conjunction with a cross-functional strategy group. The cross-divisional “Health Community,” which is comprised of health experts, works council chairs, HR managers and representatives for employees with disabilities, plays a key role here. Through targeted networking, it also helps reinforce uniform standards for all German locations. In 2019, advising on health topics was expanded by testing workshop formats and analysis tools in selected Bertelsmann companies.

Fair Working Conditions

At Bertelsmann, remuneration issues are an essential part of the topic of fair working conditions. The policy is to establish consistent and transparent remuneration structures in the Group. The design of the compensation system is intended to ensure that remuneration is driven by market, function and performance, taking into account business-specific characteristics. Employee profit sharing at Bertelsmann and many of its subsidiaries in Germany is based on the same criteria as those used to calculate variable remuneration components for Executive Board members and executives. A number of additional subsidiaries in Germany and abroad have similar success and profit-sharing models adapted to local requirements. In 2019, a total of €116 million of the 2018 profit was distributed as part of such schemes.

Social Matters

Creative Independence

Bertelsmann stands for editorial and journalistic independence, as well as for freedom of the press and artistic license. Bertelsmann publishes a wide variety of opinions and positions. These basic principles for business activities are set forth in the Bertelsmann Code of Conduct. Bertelsmann interprets this independence in two directions: inside the company, it means that our management does not attempt to influence the decisions of artists, editors and program managers, or to restrict their artistic or editorial freedom. In accordance with the Bertelsmann “Editor-in-Chief Principle,” editorial decisions are the sole responsibility of the content managers. To the outside, this means that the company does not capitulate to political or economic influence in its coverage, and complies with existing laws regarding the separation of editorial content and commercial advertising. The result is that the company expects careful research, qualitative reporting and transparency in case of errors. Sound journalism creates a counterweight to fake news and online disinformation. In addition to the Bertelsmann Code of Conduct, many subsidiaries and their editors and creative departments in 2019 continued to implement their own statutes and rules to safeguard editorial and artistic independence in their day-to-day business, and to develop these further where necessary. These statutes focus primarily on duties of care, respect for privacy, and dealing with the representation of violence and the protection of minors.

Content Responsibility

Bertelsmann reflects on the repercussions of the content it produces and distributes, to protect the rights and interests of media users, customers and third parties as far as possible. Overriding principles and guidelines of media ethics are set by national and international laws governing the press, broadcasting and multimedia; by voluntary commitments to external guidelines such as the ethics codes of national press councils; and within the company by the Bertelsmann Code of Conduct and editorial statutes. In accordance with these principles and guidelines, Bertelsmann’s editorial staff are committed to, among other things, “respecting privacy and the responsible

treatment of information, opinion and images.” Cross-division verification teams provide their expertise in discerning between authentic and manipulated photos and videos, or those taken out of context. In accordance with the “Editor-in-Chief Principle,” the responsibility for media content lies solely with the content managers in the local editorial teams and creative departments.

In the area of youth media protection, content is monitored at Bertelsmann in accordance with different restrictions for each medium and region to see if it could adversely affect the development of children or young people. In this case, various restrictions come into force, such as broadcasting time restrictions or content and/or product labels. Through voluntary labeling systems, Bertelsmann sometimes goes beyond the existing European and national regulations, particularly in the area of audiovisual media. Other specifications relating to content responsibility are agreed to through supplementary statutes at the divisional, company and editorial level.

Customer Data Protection

Bertelsmann attaches great importance to protecting customer data. This includes safeguarding the personal data of company customers, as well as personal data provided to Bertelsmann by its business partners regarding their customers. The objective of customer data protection is to protect an individual’s right to determine who has what knowledge about the individual, and when. This also means that personal information, or information that could identify a person, must be handled in accordance with legal requirements and adequately protected against unauthorized access. In addition to the Bertelsmann Code of Conduct, customer data protection within the company is regulated by Executive Board guidelines on the topics of information security and IT risk management.

The Executive Board Guideline on Data Protection reflects the basic data-protection legal framework at Bertelsmann Group based on the European Union’s General Data Protection Regulation (GDPR), and is designed to ensure consistent data protection management across the Bertelsmann Group. A Group-wide data protection management system addresses in particular implementation of the documentation and accountability obligations under GDPR.

Responsibility for customer data protection rests with the management of the individual subsidiaries. To ensure compliance with data protection laws, the subsidiaries in Germany have a data protection organization consisting of central data protection officers and local data protection coordinators. The latter report to the local management, as well as annually or on an event-driven basis to the central data protection officers, who in turn report to the Bertelsmann Executive Board. A similar organization exists in subsidiaries outside Germany. An information security management system (ISMS) based on industry-standard ISO 27001 creates the technical and organizational framework for confidential data processing. The ISMS features a regular and structured survey of relevant processes and procedures, to ensure compliance with statutory information security requirements, a systematic recording of risks and derivation, and control of related mitigation measures.

Protecting Intellectual Property

Bertelsmann’s businesses develop, produce, transfer, license and sell products and services that are protected as intellectual property. For Bertelsmann, the protection of intellectual property rights is the foundation of its business success. For this reason, the company is committed to a high level of global copyright protection worldwide, and fair competition in the digital market. The Group-wide Taskforces Copyright, with representatives from the relevant corporate divisions, monitor current developments in copyright and develop joint positions – for example, on EU copyright law.

Respect for Human Rights

Through its corporate principles and its voluntary commitment to external guidelines, Bertelsmann is committed to respecting and protecting human rights within the company and in its business relationships. For this reason, the Bertelsmann Executive Board established an Integrity & Compliance program and appointed a Corporate Compliance Committee (CCC). The CCC submits an annual Compliance Report to the Bertelsmann Executive Board and the Audit and Finance Committee. The Integrity & Compliance (I&C)

department was created to manage the ongoing day-to-day work, and is subordinated to the CCC in the organization. I&C supports the CCC in fulfilling its tasks and makes suggestions for necessary improvements to the I&C program. I&C ensures that employees worldwide are made aware of the key legal provisions and internal company guidelines, including those concerning the respect for human rights, and it implemented the training and communication measures necessary for this in 2019.

Respect for human rights within the supply chain is also expressly stipulated by the Bertelsmann Code of Conduct and the Supplier Code of Conduct. This includes a ban on child and coercive labor and a ban on discrimination and intimidation, and it reaffirms the right to freedom of association and the right to engage in collective bargaining.

In addition, individual subsidiaries and Bertelsmann itself issued statements in 2019 in accordance with the “UK Modern Slavery Act” that condemn all forms of modern slavery, coercive and child labor, and exploitation and discrimination, and present measures to prevent these human rights violations. These statements are revised each year (if required). Infringements of these principles can be reported by Bertelsmann employees and by third parties using the existing compliance management systems.

In terms of anti-discrimination, contact persons for Germany’s “General Equal Treatment Act” (AGG) have been appointed at all German locations. Employees can contact them in the event of suspected breaches of said act. The employees are informed of their rights under the AGG and given corresponding training through a wide range of communication channels. The topic of anti-discrimination was addressed in a Group-wide e-learning program designed to build employee awareness of the issue and advise them of their rights. These and other international activities were continually refined and expanded in 2019.

Anti-Corruption and Bribery Matters

Both the Bertelsmann Code of Conduct and the Bertelsmann Executive Board Guideline on anti-corruption and integrity expressly prohibit all forms of corruption and bribery. This prohibition also applies to all third parties that work for, with or on behalf of Bertelsmann, as stipulated in the Supplier Code of Conduct. Along with instructions for dealing with officials, and guidelines for the granting or accepting of gifts in the context of business relations, the Anti-corruption and Integrity Guideline prescribes appropriate due diligence processes in dealing with third parties. An appropriate due diligence review is carried out for each individual risk profile through a corresponding risk classification. This Executive Board guideline also describes the channels for reporting suspected violations and seeking advice, as well as other prevention and control measures. The Executive Board guideline for dealing with alleged compliance violations anchors an obligation to report suspected violations of the prohibition of corruption to the Bertelsmann Corporate Center. The topic of corruption prevention is globally managed and further developed by the I&C department. One of the most important measures in 2019 was advising and training executives and employees on anti-corruption and the continued Group-wide rollout of the new e-learning program on this topic, conceived in 2017.

Fair Competition and Antitrust Law

Bertelsmann is committed to the principle of fair competition, and condemns antitrust violations and anticompetitive behavior. The company acts against any contravention that becomes known, and consults internal or external experts on antitrust and competition issues. The Bertelsmann Executive Board has approved a “Group Guideline for Compliance with Antitrust Regulations.” There is an obligation to report any antitrust violations. The Corporate Legal Department offers antitrust training programs to corporate divisions and the management and employees of these divisions. A comprehensive compulsory training program for employees working in antitrust-related areas, which was also implemented in 2019, is intended to identify antitrust risks at an early stage and prevent antitrust violations.

Environmental Matters

Bertelsmann aims to become climate neutral by 2030. This goal was adopted in December 2019 by the Executive Board, and is aligned with a Group-wide guideline adopted in the same year, the Bertelsmann Energy and Climate Policy. The Group-wide environmental efforts include not only the company’s own sites, but also relevant parts of the supply chain – for example, paper suppliers, external printers and

energy suppliers. Operational responsibility for energy and environmental management, as well as for implementing measures, rests with the management of the individual companies. The international “be green” working group with representatives from the Bertelsmann corporate divisions again provided a platform for cross-divisional exchange on environmental topics in 2019. The cooperation will focus on increasing the use of paper from certified or recycled sources, and reducing greenhouse gas emissions related to the sites, mobility and products. Experts in the “be green” work group also coordinate an annual environmental survey, conducted Group-wide for the first time on the basis of an IT-based environmental platform.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements of the Bertelsmann SE & Co. KGaA give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the combined management report includes a fair review of the development and performance of the business and the position of the Bertelsmann Group and Bertelsmann SE & Co. KGaA, together with a description of the principal opportunities and risks associated with the expected development of the Bertelsmann Group and Bertelsmann SE & Co. KGaA.

Gütersloh, March 16, 2020

Bertelsmann SE & Co. KGaA
Represented by:
Bertelsmann Management SE, the personally liable partner
The Executive Board

.....
(Thomas Rabe)

.....
(Markus Dohle)

.....
(Immanuel Hermreck)

.....
(Bernd Hirsch)

INDEPENDENT AUDITOR'S REPORT

To Bertelsmann SE & Co. KGaA, Gütersloh

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Bertelsmann SE & Co. KGaA, Gütersloh, which comprise the balance sheet as at December 31, 2019, and the statement of profit and loss for the financial year from January 1 to December 31, 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bertelsmann SE & Co. KGaA, which is combined with the group management report, including the non-financial statement pursuant to § [Article] 289b Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and § 315b Abs. 1 HGB, for the financial year from January 1 to December 31, 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1 to December 31, 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional

law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

- ① Recoverability of shares in affiliated companies and loans to and receivables from affiliated companies (total exposure)

Our presentation of this key audit matter has been structured as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matter:

- ① Recoverability of shares in affiliated companies and loans to and receivables from affiliated companies (total exposure)

- ① Matter and issue

Shares in affiliated companies of € 14,960 million (66.9 % of total assets) and loans to affiliated companies of € 712 million (3.2 % of total assets) are reported under the "Financial assets" balance sheet item in the Company's annual financial statements. In addition, receivables from affiliated companies of € 4,392 million (19.6 % of total assets) are reported under "Receivables and other assets". Together, the carrying amount of the total exposures amounts to € 20,064 million (89.7 % of total assets).

Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. Loans to and receivables from affiliated companies are carried at the lower of their nominal amount or fair value.

The fair values are generally calculated based on present values of the expected future cash flows according to the planning projections prepared by the executive directors using discounted cash flow models. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The cash flows are discounted using individually determined costs of capital for the relevant affiliated companies. On the basis of the values determined and supplementary documentation, write-downs amounting in total to € 7 million and reversals of write-downs amounting in total to € 77 million were required for the fiscal year.

The outcome of these valuation exercises is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the discount rates and rates of growth employed. The valuations are thus subject to material uncertainty. Against this background and due to the highly complex nature of the valuations and their material significance for the Company's net assets and results of operations, this matter was of particular significance in the context of our audit.

② Audit approach and findings

As part of our audit, we reviewed the methodology employed for the purposes of the valuation exercise, among other things. In particular, we assessed whether the fair values had been appropriately determined using a discounted cash flow model in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rates applied can have a material impact on the calculated values, we focused our testing in particular on the parameters used to determine the discount rates applied, and evaluated the measurement model.

In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of properly measuring the shares in affiliated companies and the loans to and receivables from affiliated companies.

③ Reference to further information

The Company's disclosures on the shares in affiliated companies and loans to affiliated companies are contained in section 1 and on the receivables from affiliated companies in section 2 of the notes to the financial statements.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 21, 2019. We were engaged by the supervisory board on July 4, 2019. We have been the auditor of Bertelsmann SE & Co. KGaA, Gütersloh, without interruption since the financial year 2011.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christian Landau.

Bielefeld, March 16, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Christian Landau
Wirtschaftsprüfer
(German Public Auditor)

sgd. Volker Voelcker
Wirtschaftsprüfer
(German Public Auditor)