What drives us
Creativity & Entrepreneurship
Bertelsmann SE & Co. KGaA

First-class media content, services and education offerings
Market-leading positions in the core businesses of TV, books, magazines, music, services, print and education

International focus
A globally operating company with 117,000 employees in some 50 countries
The Executive Board

Thomas Rabe
Chairman and CEO of Bertelsmann and CEO of RTL Group

Markus Dohle
CEO of Penguin Random House

Immanuel Hermreck
Chief Human Resources Officer of Bertelsmann

Bernd Hirsch
CFO of Bertelsmann
The Group Management Committee (GMC)

Das GMC is composed of the members of the Bertelsmann Executive Board and select executives from the Bertelsmann Group.

Elmar Heggen
COO and Deputy CEO of RTL Group

Rolf Hellermann
CEO of Arvato Financial Solutions

Julia Jäkel
CEO of Gruner + Jahr

Dirk Kemmerer
CEO of Bertelsmann Printing Group

Kay Krafft
CEO of Bertelsmann Education Group

Annabelle Yu Long
CEO of Bertelsmann China Corporate Center and Managing Partner of Bertelsmann Asia Investments

Hartwig Masuch
CEO of BMG

Madeline McIntosh
CEO of Penguin Random House U.S.

Shobhna Mohn
Executive Vice President Growth Regions Strategy and Bertelsmann Investments

Gail Reback
Board Member Penguin Random House

Bernd Reichart
CEO of Mediengruppe RTL Deutschland

Frank Schirrmeister
CEO of Arvato Supply Chain Solutions

Karin Schlautmann
Executive Vice President Corporate Communications of Bertelsmann

Nicolas de Tavernost
Chairman of the Executive Board of Groupe M6
The Corporate Strategy – strategic framework

Four Strategic Priorities

1. Strengthening the Core
2. Digital Transformation
3. Growth Platforms
4. Growth Regions

Target Portfolio

Higher Growth
More Digital
More International
More Diversified

Financial Performance
What drives us
RTL Group –
A Leader across Broadcast, Content and Digital

€6,505m
Revenues

€1,402m
Operating EBITDA

15,975
Employees

Luxemburg
Headquarters

Broadcast
• 60 TV channels and 30 radio stations
• RTL Television in Germany, M6 in France, Antena 3 in Spain, RTL channels in the Netherlands, Belgium, Luxembourg, Croatia and Hungary

Content
• Fremantle is one of the biggest international developers and producers of a wide range of formats
  – Branches in 30 countries
  – Responsible for more than 12,700 hours of broadcast content per year
  – Sells more than 20,000 hours of programming worldwide each year

Digital
• Leading European media company in online video
• 8 VOD platforms
• Leading multi-platform networks (BroadbandTV, Divimove, United Screens)
• 300 YouTube channels from Fremantle
• Generates >41 billion online video views per month
• SpotX: Leading technology platform for the automated marketing of online video ads
# RTL Group – A Leader across Broadcast, Content and Digital

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Penguin Random House –
The world’s leading trade book publisher

- More than 275 editorially independent imprints across six continents
- More than 15,000 new books published worldwide per year
- Sells more than 600 million copies in print, audio and digital formats annually
- 481 titles on the “New York Times” bestseller lists in 2018, 69 of them at number one
- More than 80 Nobel Prize laureates
- Bertelsmann’s stake: 75 percent (25 percent owned by Pearson plc)

**Key Figures**

- **€3,424m** Revenues
- **€528m** Operating EBITDA
- **10,351** Employees
- **New York** Headquarters

- 40 imprints
- About 200 new books published monthly
- More than 60 million copies in print, audio and digital
### Penguin Random House – The world’s leading trade book publisher

#### Authors

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<th>Authors</th>
<th>Bestseller</th>
<th>Publishers</th>
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The world's leading trade book publisher.
Gruner + Jahr –
One of Europe’s Largest Magazine Publishers

• More than 500 magazines and digital offerings in more than 20 countries
• G+J stands for independent, credible content of the highest quality
• G+J products include brands such as “Stern,” “Geo,” “Brigitte,” “Essen & Trinken”, “Schöner Wohnen” and “Barbara”
• Territory, Germany’s largest communications agency for brand content, is a member of the G+J family
• G+J owns 59.9 percent of Motor Presse Stuttgart, one of the largest special-interest magazine publishers in Europe
Gruner + Jahr –
One of Europe’s Largest Magazine Publishers
BMG –
The world’s number 4 in music rights

- Management of Copyrights, recording and audiovisual rights in the Digital Age
- Rights to more than three million songs and recordings
- Represented in all major music markets
- Numerous international and domestic artists signed

€545m
Revenues

€122m
Operating EBITDA

834
Employees

Berlin
Headquarters
BMG –
The world’s number 4 in music rights

Artists (recording)  Artists (publishing)  Labels

BMG – The world’s number 4 in music rights
Arvato –
A leading international service provider

- Service portfolio: CRM services, supply chain management, financial services, IT services
- Developed more than 70 online shops for numerous international fashion brands
- 600 million customers serviced in customer loyalty systems
- More than 1.1 billion parcels delivered a year
- 1.6 million square meters of storage space are operated by Arvato Supply Chain Solutions worldwide
- 170 million online credit checks performed per year

€4.100m
Revenues

€377m
Operating EBITDA

67,464
Employees

Gütersloh
Headquarters
Bertelsmann Printing Group – Europe’s Biggest Printing Group

- Produces books, magazines, catalogues, brochures and calendars
- Gravure and offset printing plants in Germany and the UK and in the United States
- Offers services in the fields of media creation, replication and digital marketing solutions
- Together, Bertelsmann’s printing companies print about 1.6 million tons of paper a year
- Around 2 million books produced daily
- More than 3 billion brochures printed per year
Bertelsmann Education Group – Innovative online learning offers with global potential

- €258m Revenues
- €37m Operating EBITDA
- 2,033 Employees
- New York Headquarters

- Education as a global growth market with high overlap to Bertelsmann competencies (Content and service expertise)
- Bertelsmann Education Group focuses on vocational training in the health and technology sectors
- Group unites various educational companies:
  - RELIAS: leading US provider of e-learning in the healthcare sector
  - Udacity: Innovative e-learning provider with a focus on technology
  - HotChalk: Services for Universities in the United States
  - Alliant International University: US College of Health Care Professions and Humanities
Bertelsmann Investments –
Global fund network with trend scouting function for the Group

- Four internationally active funds for participation in emerging digital start-ups and in growth regions
- Investments in business areas of high relevance to Bertelsmann: digital media offers, services, e-commerce, FinTech, education
- Investments of approx. €800m via funds since 2012; returns of more than €400m

**BAI** Bertelsmann Asia Investments
Various investments in China, including NetEase Cloud Music

**BII** Bertelsmann India Investments
Strategic investments in India, including Pepperfry.com

**BBI** Bertelsmann Brazil Investments
Investments in several funds and directly invested companies, including Afferolab

**BDM** Bertelsmann Digital Media Investments
Various investments in the US, including FloSports

- >185 shareholdings in innovative companies
- 60 new investments in 2018
- Beijing, New Delhi, São Paulo, New York
Cultural Activities at Bertelsmann

Bertelsmann is engaged in a variety of cultural activities, both in Germany and internationally. Culture@Bertelsmann encompasses exhibitions, literary formats, concerts, and efforts to preserve Europe’s cultural heritage. This commitment is closely linked to Bertelsmann’s tradition and creative products.

**Culture@Bertelsmann**

- Silent film festival hosted by Bertelsmann and UFA
- Bertelsmann sponsors the restoration of important silent films by the Murnau Foundation
- Cooperation with ARTE in Berlin

**UFA FILMNACHTEN**

- Bertelsmann restores and digitizes artefacts from 200 years of Italian opera history
- Most valuable privately owned music archive in the world
- Archivio for all: Organization of international exhibitions, support of Berliner Operngruppe for opera performances, archive holdings are freely accessible online
- Silent film festival hosted by Bertelsmann and UFA
- Bertelsmann sponsors the restoration of important silent films by the Murnau Foundation
- Cooperation with ARTE in Berlin

**Exhibitions**

- Bau X Kunst – Construction Meets Art: Exhibition of paintings by Christopher Lehmpfuhl in the “Unter den Linden” U-Bahn construction site, Berlin
- Last Folio: Photography exhibitions about the last remnants of historical Jewish culture in Slovakia; in Berlin, São Paulo
Events@Bertelsmann

Bertelsmann Party

Once a year, Bertelsmann brings together politicians, writers, entertainers, film stars and other celebrities at its representative premises in Berlin for a world-class party. Hosts Thomas Rabe and Liz Mohn personally welcome every one of the 800 guests on the red carpet.

ROSENBALL

Every two years, Liz Mohn, founder and president of the German Stroke Foundation, hosts the Rosenball charity gala in Berlin. Many millions of euros have already been raised in this way to help combat strokes. Around 600 guests enjoy a glamorous evening with live shows, dancing, and a raffle.
Backup
Financial year 2018 – High organic revenue growth, EBITDA of €2.6bn, Group profit again above €1bn

<table>
<thead>
<tr>
<th></th>
<th>Revenues in € bn</th>
<th>Operating EBITDA in € m</th>
<th>Group profit in € m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Reported</td>
<td>+2.7%</td>
<td>+112</td>
<td>-50</td>
</tr>
<tr>
<td>Reported</td>
<td>+2.8%</td>
<td></td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Operating EBITDA</th>
<th>Group profit</th>
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<tbody>
<tr>
<td>2017</td>
<td>17.2</td>
<td>2,636</td>
<td>1,198</td>
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<tr>
<td>2018</td>
<td>17.7</td>
<td>2,586</td>
<td>1,104</td>
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1) Before exchange rate effects, portfolio effects and gains from major real estate disposals in financial year 2017
### Group strategy – Major strategic moves of recent years

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<tr>
<td><strong>1</strong></td>
<td>“Total video“ investments</td>
<td>Invested early into online video and ad tech</td>
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<tr>
<td><strong>2</strong></td>
<td>Merger Penguin/Random House</td>
<td>Created world’s leading trade book publishing group</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Relaunch of music business</td>
<td>Built music business with revenues &gt;€500m from scratch</td>
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<tr>
<td><strong>4</strong></td>
<td>Arvato realignment</td>
<td>Established 4 profitable and growing solution groups</td>
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<tr>
<td><strong>5</strong></td>
<td>CRM partnership with Saham</td>
<td>Created CRM group with revenues of €1.2bn</td>
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<tr>
<td><strong>6</strong></td>
<td>Education business ramp up</td>
<td>Built highly profitable e-learning offering</td>
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<tr>
<td><strong>7</strong></td>
<td>Fund activity in China</td>
<td>Almost tripled expected portfolio value</td>
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<tr>
<td><strong>8</strong></td>
<td>Strategic alliances</td>
<td>Established advertising, data and content alliances</td>
</tr>
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</table>
Growth platforms – Revenues of around €6bn and organic growth of 10%, further significant progress in 2018

Revenues, in € bn

- BMG
- Financial Solutions
- SCM Solutions
- arvato
- RTL Group
- Bertelsmann Investments

Investments >€5.0bn

Highlights 2018

- BMG: Numerous artist signings and chart successes
- arvato SCM Solutions: Growth with customers from fashion, high tech and healthcare sectors
- arvato Financial Solutions: Acquired insurance services provider 3C Deutschland
- OnCourse Learning: Acquired US online education provider

2011

2018

5.9

3.2
Growth regions –
Expanded activities in BIC and other growth regions

Highlights 2018 (examples)

- Market entry SpotX in South East Asia
- Expansion in Brazil and South East Asia
- Expansion in Brazil and China through local artist signings
- New CRM group with relevant presence in growth regions
- Udacity with growth in China and India

- Built and expanded education business with partner Crescera Investimentos
- 2018: acquired majority in Afferolab

- Invested into digital business models (education, media, e-commerce)
- 2018: 4 new and follow-on investments

- 134 participations, 18 exits and 10 IPOs overall
- 2018: 39 new and follow-on investments (e.g. NetEase Cloud Music, Keep)

189 participations at the end of 2018
Invested around €800m since 2012
Proceeds already in excess of €400m

1) All numbers including BDMI
Competitive environment – **Strengthening content portfolio as one response to competition with global tech platforms**

1. **Invest in premium content**
2. Provide brand safe reach
3. Build up own digital businesses and capabilities
4. Cooperate across the Group
5. Establish strategic alliances
6. Work with platforms
7. Push for regulatory level playing field
8. Strengthen creativity and entrepreneurship

Content spend of around €6bn per year