

PRESS RELEASE

Bertelsmann Achieves Record Operating Result in First Half of 2021

- Revenues, at €8.7 billion, are significantly above prior-year and pre-Corona levels
- Organic growth of more than 16 percent vs. 2020 and 7 percent vs. 2019
- Operating EBITDA reaches record level of €1.4 billion
- Group profit up by €880 million to €1.4 billion
- Progress on all five strategic growth priorities
- Full-year guidance raised

Gütersloh, August 31, 2021 – Bertelsmann closed the first half of 2021 with a record operating result (Operating EBITDA) of €1.4 billion. The international media, services, and education company generated revenues significantly above the previous year’s and pre-Corona levels, as well as its highest Group result in 19 years. Four of the eight business units each recorded double-digit organic growth rates. For the full year, the company expects its business to continue to develop positively and anticipates Group profit of close to two billion euros.

Bertelsmann’s first-half **consolidated revenues** increased by 10.7 percent over the previous year to €8.7 billion (H1 2020: €7.8 billion). Organic growth was 16.6 percent year-on-year, and 7.1 percent compared to the pre-Corona year 2019. The RTL Group, Penguin Random House, Gruner + Jahr, and Arvato divisions each recorded double-digit organic-growth rates.

Operating EBITDA improved significantly to €1.4 billion (H1 2020: €1.0 billion), marking a new record. RTL Group, Penguin Random House and Arvato once again proved to be the strongest earnings pillars in the Bertelsmann Group.

At €1.4 billion, **group profit** already exceeded the billion-euro threshold after six months of the current financial year, the highest figure since the Group’s sale of its AOL Europe shares in 2002. Besides the positive earnings trend, this increase was also due to gains on disposals.

Bertelsmann Chairman & CEO Thomas Rabe commented: “The first half of 2021 went very well for Bertelsmann. In particular, our three major revenue mainstays, RTL Group, Penguin Random House, and Arvato, saw significant gains. The Bertelsmann Investments portfolio increased in value and made a high contribution to earnings. We made good progress in executing our strategy: With the planned merger of our French TV subsidiary Groupe M6 with Groupe TF1, and of RTL Nederland with Talpa, as well as with the planned merger of RTL Deutschland and Gruner + Jahr, we have made great strides in creating national media champions. Bertelsmann is a key driver of consolidation in Europe’s media markets in the competition with the global tech platforms.”

Strategically, Bertelsmann made significant progress along its five growth priorities in the first six months of the current financial year:

National Media Champions

RTL Group and Groupe Bouygues jointly announced an agreement on the planned merger of Groupe M6 and Groupe TF1. The deal is expected to close by the end of 2022. The aim is to create a new French media group with a diversified TV, radio, content production, and tech portfolio. Similar plans are underway in the Netherlands: Here, RTL Group and Talpa Network announced their merger in June. The streaming services TV Now in Germany and Videoland in the Netherlands increased their subscriber base by 72 percent to a combined total of more than three million paying subscribers. In August, the merger of RTL Deutschland and Gruner + Jahr was announced.

Global Content

Penguin Random House's acquisition of the Simon & Schuster publishing group, agreed in November 2020, received antitrust clearance from the U.K. Competition & Markets Authority (CMA) in May. The U.S. regulatory review is ongoing. Its Spanish-language book publishing business Penguin Random House Grupo Editorial strengthened its position in the children's and young adult book sector with publishing acquisitions. Barack Obama's "A Promised Land" sold 750,000 copies across all formats in North America in the first half of the year, bringing total sales since publication to almost five-million copies in North America, and more than eight-million copies worldwide. Penguin Random House also announced the upcoming publications of "Renegades: Born in the U.S." by Barack Obama and Bruce Springsteen, and the memoir of Prince Harry, The Duke of Sussex. The production company Fremantle announced three acquisitions or share increases in the first half of the year, and also achieved organic growth of more than 30 percent. In addition to this, as part of its growth plan a new Global Factual unit was established to further expand the business with high-quality documentaries. Fremantle is expected to generate annual revenues of €3 billion by the end of 2025. In March 2021, Bertelsmann's music subsidiary BMG and the private equity firm KKR announced an alliance for the acquisition of major music rights packages.

Global Services

Bertelsmann's global services activities, which are pooled in the Arvato division, again developed dynamically. Arvato Supply Chain Solutions benefited in particular from growth in the IT/Tech, Consumer Products and Healthcare sectors, Arvato Financial Solutions in the "Pay after Delivery" segment. Microsoft recognized the IT service provider Arvato Systems as a top partner with 16 gold competencies and one silver competency. The global customer experience (CX) company Majorel grew significantly in the first half of the year driven by business with global customers. The Bertelsmann Printing Group enhanced its position in the U.S. with the integration of two production sites acquired in 2020.

Online Education Businesses

The online courses offered by the e-learning provider Relias and by Alliant International University continued to be in high demand. The online education provider Udacity, in which Bertelsmann owns a stake, also saw growing interest in its Nanodegree courses. In August, Bertelsmann completed the acquisition of 25 percent of the capital shares and 46 percent of the voting rights in the Nasdaq-listed education company Afya in Brazil. The acquisition, which significantly expands Bertelsmann's footprint in the Brazilian education market, has a volume of around €500 million.

Thomas Rabe also announced: "In September, together with Udacity, we will continue our three-year #50000Chancen campaign. In the second round of the Udacity Technology Scholarship Program, more than 60,000 people from 188 countries applied for one of the 15,000 places. Starting in September, another 15,000 spots will be available to applicants."

Investment Portfolio

Bertelsmann Investments made 46 new and follow-on investments in the past half-year, mostly via the Bertelsmann Asia Investments (BAI) and Bertelsmann Digital Media Investments (BDMI) funds. In addition, nine exits were completed, so that Bertelsmann Investments had a total of 269 holdings as of June 30, 2021.

Looking ahead to the second half of the financial year 2021, Bertelsmann's Chief Financial Officer Rolf Hellermann said: "The excellent business performance in the first half of 2021 and our diversified business portfolio further strengthen our very solid financial position. Accordingly, we are optimistic for the full year. We continue to expect higher revenues and are raising our earnings guidance. We expect a significant to strong increase in operating EBITDA on a comparable basis and Group profit of close to two-billion euros."

Overview of Figures (in € millions)

	Jan 1, 2021 – Jun 30, 2021	Jan 1, 2020 – Jun 30, 2020
Revenues	8,691	7,848
Operating EBITDA divisions	1,478	1,014
Corporate / Consolidation	(61)	(20)
Operating EBITDA	1,417	994
EBIT (Earnings before interest and taxes)	1,929	805
Financial result	(155)	(184)
Earnings before taxes	1,774	621
Income taxes	(406)	(133)
Group profit or loss	1,368	488

Investments (including financial debt assumed)	573	456
--	-----	-----

	Balance as of Jun 30, 2021	Balance as of Dec 31, 2020
Economic debt	4,432	5,207

Division (in € millions)	Revenues		Operating EBITDA	
	Jan 1, 2021 – Jun 30, 2020	Jan 1, 2020 – Jun 30, 2020	Jan 1, 2021 – Jun 30, 2021	Jan 1, 2020 – Jun 30, 2020
RTL Group	3,014	2,652	583	367
Penguin Random House	1,804	1,627	324	209
Gruener + Jahr	548	524	57	28
BMG	296	282	50	49
Arvato	2,436	2,095	400	305
Bertelsmann Printing Group	624	650	26	19
Bertelsmann Education Group	136	158	44	40
Bertelsmann Investments*	3	5	(6)	(3)
Total Divisions	8,861	7,993	1,478	1,014
Corporate / Consolidation	(170)	(145)	(61)	(20)
Total Group	8,691	7,848	1,417	994

* The business development of Bertelsmann Investments is determined primarily based on EBIT. EBIT totaled €188 million (H1 2020: €23 million).

About Bertelsmann

Bertelsmann is a media, services and education company that operates in about 50 countries around the world. It includes the broadcaster RTL Group, the trade book publisher Penguin Random House, the magazine publisher Gruner + Jahr, the music company BMG, the service provider Arvato, the Bertelsmann Printing Group, the Bertelsmann Education Group and Bertelsmann Investments, an international network of funds. The company has around 130,000 employees and generated revenues of €17.3 billion in the 2020 financial year. Bertelsmann stands for creativity and entrepreneurship. This combination promotes first-class media content and innovative service solutions that inspire customers around the world. Bertelsmann aspires to achieve climate neutrality by 2030. In 2021, Bertelsmann commemorates the 100th birthday of Reinhard Mohn, the Group's late post-war founder and longtime Chairman and CEO.

Bertelsmann online



Enquiries:

Bertelsmann SE & Co. KGaA

Jan Hölkemann

Spokesperson / Communications Content Team

Phone: +49 5241 80-89923

jan.hoelkemann@bertelsmann.de