

PRESS RELEASE

Bertelsmann, With New Group Structure, Sets Strategic Priorities for Next Few Years

- **New Bertelsmann with eight divisions to be even faster growing, more digital and more international**
- **Four strategic priorities improve growth profile and determine course for the next few years**
- **Further expansion of digital and growth businesses planned**
- **Management Meeting with more than 500 participants in Gütersloh**

Gütersloh, June 9, 2016 – The international media, services and education company Bertelsmann is accelerating its development towards becoming a faster-growing, more digital and more international Group. A few months after introducing a new corporate structure with eight divisions, on Wednesday and Thursday the Bertelsmann Executive Board presented its strategy for the years ahead at its international Management Meeting. The strategy comprises four priorities where Bertelsmann has already achieved considerable progress in the past few years: strengthening the core businesses, transforming them to digital, establishing and developing growth platforms, and expanding into the growth regions of Brazil, China and India.

“The strategic framework we developed together four years ago still applies,” Bertelsmann Chairman and CEO Thomas Rabe told the more than 500 congress participants.

“Meanwhile, some megatrends affecting our business environment have intensified yet again: the speed of digitization and demographic change, for example. The measures we implemented in line with our four strategic priorities reflect these dynamics. Since 2012, we’ve seen a very successful business performance, and since the start of the year, we’ve been continuing Bertelsmann’s development with a new structure into eight divisions. The organizational side of the Group’s restructuring is complete. Now we are concentrating on making Bertelsmann an even faster-growing, more digital and more international company.”

At the Management Meeting, major strategic initiatives from all of the Group’s divisions were presented. Strengthening the core, for example, was exemplified by the merger of Penguin and Random House into the world’s largest book publisher, Gruner + Jahr’s successful launch of new magazines, and the pooling of all of Bertelsmann’s printing activities into the Bertelsmann Printing Group.

Representatives of all divisions also outlined the key elements in their businesses’ transformation to digital. RTL Group described its rise to become one of the world’s largest providers of online video, and Arvato gave insights into its work with the world’s leading IT

and high-tech companies. Bertelsmann's growth platforms also gave presentations. For example, BMG described its rise from startup to number four in the global music rights market, and the Bertelsmann Education Group gave details about building the education division into Bertelsmann's third mainstay alongside media and services. Bertelsmann Investments' activities played a key role in the presentation of Bertelsmann's expansion in the growth regions. Its portfolio currently unites investments in more than 100 up-and-coming young companies around the world.

Rabe pointed out that the successful implementation of the strategy over the past few years has already had a positive impact on Bertelsmann's growth profile. The revenue contribution of high-growth businesses has increased from 20 percent in 2011 to currently 28 percent, while revenues from structurally declining businesses were reduced from 16 percent to five percent in the same period.

"In the medium term, we aim to increase the contribution of high-growth businesses to Group revenues to over 40 percent," says Rabe. "Here, we are focusing especially on further strengthening our growth platforms, which we will press ahead with both organically and through acquisitions. Since 2011, we have invested more than three billion euros in digital and growth businesses. We intend to continue building on this as well as on our strong operational performance. In the long term, Bertelsmann is striving for annual revenues of 20 billion euros and Operating EBITDA of three billion euros – with a diversified portfolio capable of growing profitably on its own strength."

Rabe named ten mission-critical priorities that are to characterize Bertelsmann's work in the next five years, including strategy implementation; entrepreneurial continuity; HR work; a passion for creativity and innovation; new forms of partnership with companies and partners outside the Group; intensified cooperation between the divisions; and internal and external communications. Rabe concluded the Management Meeting by saying: "Bertelsmann is much further along in its development today than I would have expected at our Management Meeting four years ago. I very much look forward to continuing this success story together with more than 110,000 colleagues – and wish us all a lot of fun and every success on our shared journey."

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 117,000 employees and generated revenues of €17.1 billion in the 2015 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.

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