

PRESS RELEASE

Bertelsmann Plans Further Investments in Brazil, India and China

- **Top management firms up growth strategy at conference in Beijing**
- **Business portfolio in BIC countries increasingly focused on growth businesses**
- **Significant startup investments in all regions; further investments planned**
- **New offices opened in Beijing**

Gütersloh/Beijing, November 8, 2016 – Bertelsmann continues to invest in its strategic growth regions of Brazil, India and China (BIC countries): The portfolio in the three countries, which has been increasingly concentrated on growth businesses over the past few months, will be further expanded. Besides developing existing activities, the main focus will be on investing in media content and the education sector. About 60 executives from Europe, the United States, China, India and Latin America are meeting in Beijing this week to firm up the international media, services and education group’s strategic development in the BIC countries. On this occasion, Thomas Rabe, Chairman and CEO of Bertelsmann, opened the new Bertelsmann Corporate Center offices in China, from where the company’s activities in the country will be coordinated in future.

Bertelsmann has holdings in about 70 startups in the three countries through its network of funds. The Bertelsmann Asia investments (BAI) fund alone made a significant contribution to Bertelsmann’s Group net income through gains from asset sales amounting to €55 million during the first half of 2016. Beyond this, Bertelsmann has recently stepped up its investment in high-growth businesses in the three countries, including the corporate-training market leader Afferro lab and the financial services provider Intervalor in Brazil, and YoBoHo, a provider of digital video content for children, in India. Also, a year after its market entry in China, the music subsidiary BMG recently expanded to Brazil. Meanwhile, the Group withdrew from structurally declining businesses such as the replication business in Brazil. Accordingly, the proportion of fast-growing businesses in Brazil, India and China has increased markedly, while the share of businesses showing little growth was significantly reduced.

Thomas Rabe said: “As long-term investors, we firmly believe in the potential of our businesses in Brazil, India and China. Regional expansion is one of our four strategic priorities. We have clearly focused our activities in the BIC countries on growth businesses in recent years – and now have a setup that ensures our businesses there will make a significant contribution to the Group’s overall growth in the years ahead. We will support this through further investment, increasingly in cooperation with local partners. Bertelsmann

wants to be the partner of choice for businesses and creative people who want to expand in Brazil, India and China with their businesses and ideas. Our globally unique network of funds shows how successful we already are in this: In recent years we have directly invested in more than 70 startups in BIC countries, some of which are already valued at over a billion.”

Shobhna Mohn, Executive Vice President Growth Regions at Bertelsmann, added: “Today Bertelsmann is much more visible, faster-growing, and more digital in Brazil, India and China, and has established itself as a trusted partner. We will continue on this course and keep investing in building up our core business and expanding new activities. Demographic developments, a growing middle class and its growing purchasing power in all three countries are driving up the demand for digital media, services, and education. So we see good long-term conditions for continued strategic progress and growth in Brazil, India and China. The regular and close exchange between the managers of the divisions and the fund networks makes a very valuable contribution to this, as is clearly shown during our Growth Regions Conference in Beijing this year.”

Bertelsmann operates businesses in various industries in these countries and employs nearly 6,000 people there. One focus of the activities in the BIC countries is on investment in innovative startups. Since the beginning of the year, they have been pooled in the Bertelsmann Investments division. In Brazil, investments are focused in the field of higher education and online education; here, for example, Bertelsmann holds shares in Medcel, a provider of courses for medical students. Bertelsmann Asia investments (BAI) has invested in around 60 digital companies in China, including the market-leading social fashion network Meili and the leading fitness app, Keep. Since the fund’s inception, BAI has generated approximately \$194 million from divestments, making a significant contribution to Group net income. In India, Bertelsmann has invested in companies including Pepperfry, the leading online marketplace for furniture, the leading streaming service Saavn, and the university services provider iNurture, thereby creating strategic options for establishing digital business models in the country.

At the same time, Bertelsmann’s divisions have successful operations in Brazil, India and China. For instance, RTL Group’s production arm Fremantle Media develops regional versions of successful formats such as “Idol” and “Got Talent” in all three countries, as well as local formats. Penguin Random House is the largest English-language trade publisher in India, and a market leader in the Latin American book market. Arvato offers international and local customers services in all three countries, e.g. in customer relationship management (CRM) and supply chain management (SCM). BMG and the Bertelsmann Education Group, two of the Group’s growth platforms, are successively expanding their activities in Brazil, India and China.

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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