

PRESS RELEASE

Bertelsmann Reports Moderate Revenue Decline in First Quarter of 2020

- **Broad-based business portfolio and digital businesses mitigate effects of coronavirus crisis**
- **Revenues decline by 2.7 percent to €4.1 billion**
- **Growth businesses achieve revenue increase of 2.8 percent**
- **TV and streaming services expand their reach**
- **Financial soundness and liquidity reserves**
- **Economic forecast not possible given the current situation**

Gütersloh, April 30, 2020 – Bertelsmann delivered a satisfactory business performance in the first quarter of 2020, albeit increasingly affected since mid-March by the economic impact of the global coronavirus pandemic. The international media, services, and education company's revenues declined moderately by 2.7 percent to €4.1 billion in the first three months of the year. While the advertising-financed businesses were noticeably affected by the coronavirus situation, BMG, Arvato's services businesses, and the education businesses did well. Organically, Group revenues declined slightly by 2.1 percent. Bertelsmann's growth businesses recorded a 2.8 percent revenue increase. Their share in the Group's total revenues remained unchanged at 36 percent.

Bertelsmann Chairman & CEO Thomas Rabe said: "The 2020 business year, with the economic fallout from the coronavirus pandemic, will be a challenge. We started the year well, but have been feeling an increasing impact on our businesses since March. We took a number of measures early on to protect the health of our employees and safeguard our businesses. Bertelsmann's broad-based business portfolio is having a positive effect, as is the high proportion of digital businesses, which last fiscal year for the first time accounted for more than 50 percent of our total revenues. In crises such as these, our media businesses in particular are of high societal relevance and an integral part of the critical infrastructure. We inform and entertain millions of people every day."

"In our businesses, there are numerous examples of the contribution we are making to society in coping with the coronavirus pandemic: The companies of the Bertelsmann Content Alliance in Germany are supporting the fight against the spread of the virus under the heading 'Together against coronavirus'. Penguin Random House in the U.S. helps by donating books directly to underserved reader groups and those severely affected by isolation, and by supporting stationary bookstores through crowdfunding and reading campaigns. Arvato Supply Chain Solutions enables the rapid delivery of urgently needed medical supplies throughout Europe, and the online education company Udacity is offering free Nanodegree programs."

Highlights from the Divisions:

RTL Group recorded higher viewer market shares in Germany, France and the Netherlands. Comprehensive news coverage by its channels ensured record ratings and high reach. The number of paying subscribers for the streaming services TV Now and Videoland increased by 34 percent to 1.53 million.

Penguin Random House saw a rise in demand for children's and young adult books, and an increase in March in physical online sales. On April 1, Bertelsmann completed the acquisition of the remaining 25-percent stake from its co-shareholder Pearson after receiving all necessary antitrust approvals. So the world's largest trade book publisher is now a wholly owned subsidiary of Bertelsmann.

Gruner + Jahr registered higher newsstand sales and new subscriptions for his magazines. Numerous G+J brands launched new products and initiatives, including the #stayathomeandcook campaign by "Essen & Trinken" and "Chefkoch", and the podcasts "Geolino-Spezial – wir gegen Corona" (Geolino Special – Us vs. Corona) and "Die Stunde Null – Deutschlands Weg aus der Krise" (Zero Hour – Germany's Way Out Of The Crisis) with "Capital" editor-in-chief Horst von Buttlar.

BMG signed global recording deals with international artists including Jason Mraz and Aloe Blacc, and global publishing deals with Erika Ender and Patricia Kelly. In addition, BMG artists and songwriters, including Tame Impala, Francesco Gabbani, Huey Lewis and The News, and The Shires, celebrated significant chart success during the period.

Arvato achieved a positive development across all lines of business in the first quarter, and invested in the expansion and automation of its sites. Arvato Financial Solutions benefited from the continued growth of its purchase-on-account solution for a major customer.

The **Bertelsmann Printing Group** renewed several printing contracts, among others with Verlagsgruppe Random House, and won a new major customer for brochure printing.

The **Bertelsmann Education Group** saw increased demand for online learning services at Relias and Udacity.

As at March 31, **Bertelsmann Investments** held approximately 240 investments in companies and funds, mainly through its four international funds. In February, Bertelsmann Brasil Investments benefited from a successful partial exit of an indirect investment in the Brazilian education provider Afya.

Bernd Hirsch, Chief Financial Officer of Bertelsmann, added: "We adopted a raft of measures at an early stage to secure and increase the company's liquidity. Among other things, we successfully placed a €750 million Eurobond with a term of eight years. We also considerably increased our liquid assets with additional short-term measures. We will replace these with longer-term financing at the appropriate time and as needed, to further optimize Bertelsmann's financing costs and maturity profile. Against the backdrop of the fast-developing coronavirus crisis, the forecast for the 2020 financial year published in the Annual Report 2019 cannot be maintained. Nor is a reliable assessment of the further business development for 2020 possible at this time. We have taken numerous countermeasures in the area of costs and investments, but expect to see negative effects on our earnings situation in the months ahead."

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 126,000 employees and generated revenues of €18.0 billion in the 2019 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.

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