

PRESS RELEASE

Bertelsmann Grows Again in Q3 2020, Achieving Organic Growth of 1.6 percent

- **Group successfully combats economic effects of the Corona pandemic**
- **Broad positioning and high proportion of digital business models have a positive effect**
- **Penguin Random House, BMG, and Arvato grow organically**
- **Recovery in the advertising markets**
- **Confidence for the 4th quarter**

Gütersloh, November 12, 2020 – In the third quarter of 2020, Bertelsmann again achieved slight organic growth, further stabilizing its business during the Corona pandemic. This has significantly slowed the revenue decline in the year to date. The Group continues to benefit from the broad positioning of its corporate portfolio and high proportion of digital business models. Book publishing, the music business, Arvato’s services, and the education business once again proved to be particularly robust. The advertising markets also recovered in the third quarter.

Bertelsmann’s revenues softened by 6.3 percent to €12.0 billion (previous year: €12.8 billion) in the period from January to September. Adjusted for portfolio and exchange rate effects, the decline in revenues was 4.8 percent. At the end of the first half of 2020, revenues had declined by 8.9 percent (organic: 7.9 percent). In the third quarter, the company recorded organic revenues growth of 1.6 percent.

Thomas Rabe, Chairman and CEO of Bertelsmann, said: “The economic repercussions of the global Corona pandemic continue to be felt. But we have managed to further strengthen Bertelsmann’s businesses. The figures for the third quarter show a clear upward trend and make us confident for the important fourth quarter.”

Highlights from the divisions:

RTL Group registered 1.79 million paying subscribers for its streaming services (the pay services TV Now in Germany and Videoland in the Netherlands), a 32-percent increase over the previous year. Streaming revenues from TV Now and Videoland increased by 24 percent year-on-year.

Penguin Random House announced the publication of the first volume of Barack Obama’s Presidential memoirs for November 17, 2020. The book publishing group also had numerous top-selling titles on the New York Times bestseller lists in the first nine months of 2020, including “Where the Crawdads Sing” by Delia Owens; “Untamed” by Glennon Doyle; “How To Be An Antiracist” by Ibram X. Kendi; and “Caste” by Isabel Wilkerson.

Gruner + Jahr continued its podcast offensive, including with the Capital podcast “Meine erste Million” (My First Million) and the Stern podcasts “Die Boss – Macht ist weiblich” (The Female Boss – Power is Female) and “Vater. Tochter. Weltgeschehen” (Father. Daughter. World Affairs.) As part of the Bertelsmann Content Alliance’s Sustainability Weeks, 21 G+J brands encouraged people to embrace a sustainable and conscious lifestyle in print, online, and podcast offerings under the motto “Packen wir’s an” (Let’s Do It).

BMG artist and songwriter clients including Juice WRLD, KSI, Conkarah, LP, Blanco Brown, Black Sabbath, Lewis Capaldi, Caroline Ailin and Kontra K scored significant sales success during the period. BMG has agreed a strategic partnership with French Ligue 1 soccer club Olympique de Marseille, including the launch of OM Records, a new label for hip-hop, rap, and R&B.

Arvato Supply Chain Solutions continues to see strong demand for its services, particularly in the area of e-commerce. Arvato Financial Solutions is launching a platform for consumer-oriented collection management under the Paigo brand, and the IT experts at Arvato Systems have successfully expanded business activities in the future-oriented fields of artificial intelligence (AI) and cloud computing.

The **Bertelsmann Printing Group** successfully stood firm against the challenging situation in the print market – which became even more acute in the wake of the Corona pandemic – with the introduction of the “Modernizing Mohn Media” strategic project and other initiatives to increase competitiveness.

The **Bertelsmann Education Group** recorded an overall increase in demand for online learning services. The group also continued its “#50000Chances” digital training initiative with Bertelsmann, with which they aim to counteract the shortage of skilled workers in the IT sector. Once again, tens of thousands of people from a total of 180 countries applied for scholarships in the areas of in the fields of Cloud, Data, and Artificial Intelligence.

At the end of September, **Bertelsmann Investments** held 244 investments in startup companies and funds through its international fund structures. In the period under review, the funds made 46 new and follow-on investments, and also realized eight exits.

Bernd Hirsch, Bertelsmann’s Chief Financial Officer, said: “Given our active Corona countermeasures and the prospect of a strong final quarter, we can be increasingly optimistic about our results for the full year 2020.”

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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