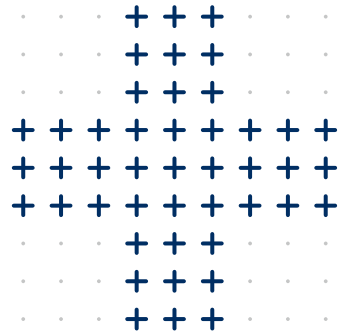


B



Building Alliances

BERTELSMANN

At a Glance
2019

Key Figures (IFRS)

in € millions	2019	2018	2017	2016	2015
Business Development					
Group revenues	18,023	17,673	17,190	16,950	17,141
Operating EBITDA	2,909	2,586	2,636	2,568	2,485
EBITDA margin in percent ¹⁾	16.1	14.6	15.3	15.2	14.5
Bertelsmann Value Added (BVA) ²⁾	89	121	163	180	180
Group profit	1,091	1,104	1,198	1,137	1,108
Investments ³⁾	1,270	1,434	1,103	1,240	1,259
Consolidated Balance Sheet					
Equity	10,445	9,838	9,127	9,895	9,434
Equity ratio in percent	38.2	38.8	38.5	41.6	41.2
Total assets	27,317	25,343	23,713	23,794	22,908
Net financial debt	3,364	3,932	3,479	2,625	2,765
Economic debt ⁴⁾	6,511	6,619	6,213	5,913	5,609
Leverage factor	2.6	2.7	2.5	2.5	2.4
Dividends to Bertelsmann shareholders	180	180	180	180	180
Distribution on profit participation certificates	44	44	44	44	44
Employee profit sharing	96	116	105	105	95

As of January 1, 2019, the new financial reporting standard IFRS 16 Leases was applied for the first time. In accordance with the transitional provisions of IFRS 16, prior-year comparatives have not been adjusted. Further details are presented in the section "Impact of New Financial Reporting Standards."

The figures shown in the table are, in some cases, so-called Alternative Performance Measures (APM), which are neither defined nor described in IFRS. Details are presented in the section "Alternative Performance Measures" in the Combined Management Report.

Rounding may result in minor variations in the calculation of percentages.

1) Operating EBITDA as a percentage of revenues.

2) Bertelsmann uses BVA as a strictly defined key performance indicator to evaluate the profitability of the operating business and return on investment.

Since the financial year 2018, Bertelsmann Value Added has been calculated excluding the Bertelsmann Investments division.

3) Taking into account the financial debt assumed, investments amounted to €1,276 million (2018: €1,461 million).

4) Net financial debt less 50 percent of the par value of the hybrid bonds plus pension provisions, profit participation capital and lease liabilities.

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.



www.bertelsmann.com

The Bertelsmann Divisions



RTL Group is a leader across broadcast, content and digital, with interests in 68 television channels, eight streaming platforms and 30 radio stations. RTL Group also produces content throughout the world and owns several rapidly growing digital video businesses. The television portfolio of Europe's largest broadcaster includes RTL Television in Germany, M6 in France, the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia and Hungary, and Antena 3 in Spain. The group's flagship radio station is RTL in France, and it also owns or has interests in other stations in France, Germany, Belgium, Spain and Luxembourg. RTL Group's content business, Fremantle, is one of the world's largest creators, producers and distributors of scripted and unscripted content. Combining the streaming services of its broadcasters (such as TV Now, 6play and Videoland) and the digital video businesses BroadbandTV, Divimove, United Screens and Fremantle's more than 300 YouTube channels, RTL Group has become the leading European media company in online video. RTL Group also owns the ad-tech businesses Smartclip and SpotX. RTL AdConnect is RTL Group's international sales house. Bertelsmann is the majority shareholder of RTL Group, holding more than 75 percent of its shares.

www.rtlgroup.com



Arvato is an internationally active services company that develops and implements innovative solutions for business customers from around the world. These include SCM solutions, financial services and IT services, which are continuously developed with a focus on innovations in automation and data/analytics. Globally renowned companies from a wide variety of industries – from telecommunications providers and energy providers to banks and insurance companies, e-commerce, IT and Internet providers – rely on Arvato's portfolio of solutions. Arvato is wholly owned by Bertelsmann. The services business also includes the Majorel group of companies, in which Bertelsmann owns 50 percent of shares.

www.arvato.com



Penguin Random House, the world's largest trade book publisher, is dedicated to its mission of fostering a universal passion for reading by connecting authors and their writing with readers everywhere. The company employs more than 10,000 people globally. With about 320 independent imprints and brands on six continents, Penguin Random House comprises adult and children's fiction and nonfiction print, with primarily English-, Spanish- and German-language trade book publishing businesses in more than 20 countries worldwide. With over 15,000 new titles, and more than 600 million print, audio and e-books sold annually, Penguin Random House's publishing lists include more than 80 Nobel Prize laureates and hundreds of the world's most widely read authors. Penguin Random House is wholly owned by Bertelsmann.

www.penguinrandomhouse.com
www.randomhouse.de



The **Bertelsmann Printing Group** unites Bertelsmann's printing activities. This includes the German offset printing companies Mohn Media, GGP Media and Vogel Druck, the Prinovis gravure printing operations in Germany and the United Kingdom, and the offset and digital printing plants Berryville Graphics, Coral Graphics and OPM in the United States. The group combines a wide range of print and service offerings. Campaign, DeutschlandCard and the Dialogue business are also part of Bertelsmann Printing Group. The Bertelsmann division also includes the advertising agency MBS, RTV Media Group and Sonopress. Bertelsmann Printing Group is wholly owned by Bertelsmann.

www.bertelsmann-printing-group.com



Gruner + Jahr is one of Europe's leading premium magazine publishers. Its products include established brands such as "Stern," "Geo," "Brigitte," "Essen & Trinken" and "Schöner Wohnen" – as well as younger brands including "Chefkoch," "Barbara," "Beef" and "11 Freunde." In total, Gruner + Jahr publishes around 500 print and digital media products across more than 20 countries. It also markets products and licenses such as the "Schöner Wohnen" Collection. Gruner + Jahr's activities focus primarily on Germany and France. In the latter, its French subsidiary Prisma Media boasts one of the widest audiences of any publishing company. Digital business makes up a quarter of sales, and is exhibiting continued strong growth. Indeed, the company's digital products lead the rankings in all publishing segments, from news to people to living. G+J also operates the international digital marketing platform AppLike and holds shares in online native advertising market leader Outbrain. Territory, Germany's largest communications agency for brand content, is a member of the G+J family. Other members include DDV Mediengruppe in Dresden ("Sächsische Zeitung"). G+J also holds a stake in Spiegel-Gruppe ("Spiegel," "Manager Magazin"). Gruner + Jahr is wholly owned by Bertelsmann.

www.guj.com



The **Bertelsmann Education Group** comprises Bertelsmann's educational activities. With digital education and service offerings focused in the health, technology and teacher education sectors, the group has set out to shape learning in the 21st century. To achieve this, the group seeks long-term partnerships with talented education entrepreneurs who share the same vision, mindset and values. Bertelsmann Education Group provides capital investment and industry and leadership expertise, as well as a broad network of international relationships, to help create outstanding companies of enduring value in education. The Bertelsmann Education Group is wholly owned by Bertelsmann.

www.bertelsmann-education-group.com



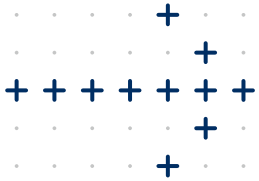
Founded in 2008, **BMG** is the world's fourth-biggest music publisher and the first new global player in the recordings business in decades. Creating competitive advantage with its core values of fairness, transparency and service, BMG offers the traditionally separate music publishing and recording rights under one roof, as well as production music, films and books. BMG's 19 offices across 12 core music markets represent more than three million songs and recordings, including many of the most renowned and successful catalogs, artists and songwriters in popular music history. With its multiplatform perspective, integrated technology platform and commitment to add value to their careers, BMG aims to be the best partner for artists and songwriters. BMG is wholly owned by Bertelsmann.

www.bmg.com



Bertelsmann Investments (BI), Bertelsmann's global venture capital arm, encompasses four funds: Bertelsmann Asia Investments (BAI), Bertelsmann India Investments (BII), Bertelsmann Brazil Investments (BBI) and Bertelsmann Digital Media Investments (BDMI, investing in the United States and Europe); as well as fund-of-fund investments in Southeast Asia and Africa, and funds with a focus on new technologies. So far, more than €1 billion has been invested in more than 250 innovative companies and funds through the Bertelsmann Investments division. The Bertelsmann Investments Digital Partners initiative facilitates collaboration between start-ups and all Bertelsmann divisions to drive the digitalization of the businesses.

www.bertelsmann-investments.com



Interactive Online Report

The Bertelsmann Annual Report can also be accessed online at:
ar2019.bertelsmann.com

As well as company information and an extensive financial section, the online report offers many extra features, including several videos, extracts and additional web links.

Contents

6	Letter from the CEO
8	Executive Board and Group Management Committee
10	The Four Strategic Priorities
11	The Four Strategic Goals
	Building Alliances
12	Interview with Thomas Rabe
16	Overview
18	Content
26	Advertising
30	Technology
36	Highlights 2019 – Overview
38	Media
48	Services
52	Education
54	Investments
56	The Bertelsmann Essentials
58	Culture @ Bertelsmann
62	Corporate Responsibility
64	Climate Neutral by 2030
66	Financial Calendar/Contact/Production Credits

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Thomas Rabe
Chairman and CEO of Bertelsmann

Dear Readers, Dear Friends of Bertelsmann,

Yet another revenue increase, operating EBITDA at record levels and Group profit of €1.1 billion are indicative of Bertelsmann's successful business performance in 2019. Group revenues exceeded the €18 billion mark. Besides Penguin Random House, our strategic growth businesses were the main contributors to this, with organic growth of seven percent. The growth businesses' contribution to Group revenues soared to 36 percent in 2019. Concurrently, Bertelsmann generated more than half its revenues from digital businesses for the first time. Countries outside Europe accounted for 30 percent of Group revenues; the lion's share was attributable to the United States, as the world's most important media market. So, in sum, in 2019 Bertelsmann once again became a faster-growing, more digital and more international company. Operating EBITDA reached a new record level of €2.9 billion in the 2019 financial year. And at €1.1 billion, Group profit exceeded the billion-euro mark for the fifth consecutive year. This gratifying business performance results from our strategy, which we continued to make considerable progress on implementing in 2019.

Strengthening the core: One of the key topics of 2019 was the establishment and expansion of alliances in the areas of content, advertising and technology. These initiatives create synergies and strengthen our core businesses in global competition. Successful examples are the Ad Alliance, Bertelsmann Tech & Data and the recently founded Bertelsmann Content Alliance. The latter unites all the Group's German content business – i.e., Mediengruppe RTL Deutschland, including RTL Radio Deutschland, UFA, Verlagsgruppe Random House, Gruner + Jahr and BMG. Meanwhile, RTL Group's family of channels gained viewer market shares in Germany and France, and further enhanced their position in the TV advertising markets. France's Groupe M6 expanded its business, among other things by acquiring the children's channel Gulli. A milestone in the strengthening of our core book business was the announcement of Bertelsmann's acquisition of full ownership in Penguin Random House, which will be completed in the second quarter of this year. Penguin Random House published the year's three biggest-selling adult books in the United States, including Michelle Obama's memoir "Becoming," which has sold 13 million copies worldwide since November 2018. The world's biggest trade book publisher expanded its position through acquisitions. At the beginning of 2019, the newly created global CRM company Majorel was launched. The Bertelsmann Printing Group reorganized its global printing business to strengthen collaboration between the printing companies.

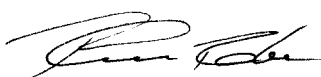
Digital transformation: RTL Group increased its digital revenues to €1.1 billion. Its streaming services TV Now in Germany and Videoland in the Netherlands registered 1.4 million paying subscribers, up 37 percent from the previous year. Penguin Random House generated growing revenues from audio downloads, the fastest-growing format for our book-publishing group. Applike, G+J's app marketing platform, grew both its revenues and its earnings. Founded just five years ago, it now reaches more than 50 million users in 30 countries. Arvato grew with services for customers in the e-commerce, IT and technology sectors. We also further enhanced the digital skills of our employees with a large number of online courses in a wide range of disciplines, and a comprehensive scholarship program for online degrees.

Expansion of growth platforms: Fremantle continued its strong performance with TV programs such as "American Gods," "The New Pope" and "American Idol." RTL Group consolidated its digital video businesses in Europe and, together with ProSiebenSat.1, founded the ad-booking platform d-force. BMG's recordings business outperformed the market. The music company expanded its services portfolio to include artist management. Arvato Supply Chain Solutions acquired additional new customers and expanded its international logistics network. Arvato Financial Solutions achieved growth in particular through the expansion of its pay-after-delivery solutions. Finally, the Education Group sponsored 50,000 Udacity online scholarships in the fields of cloud, data and artificial intelligence.

Expansion in growth regions: Bertelsmann Investments' global network of funds comprised about 230 investments at year-end. Around 80 new and follow-up investments were made in 2019. Bertelsmann Brazil Investments supported the IPO of the Brazilian education provider Afya.

As you can see, Bertelsmann remains on a growth path – together with its more than 126,000 employees worldwide, whom I would like to sincerely thank for their commitment and dedication. I would also like to thank you, dear readers, for your interest in our progress.

Kind regards,



The Bertelsmann Executive Board and Group Management Committee

The Bertelsmann Executive Board, together with selected executives from the Group, constitutes the Group Management Committee (GMC). Led by Thomas Rabe, the GMC reflects Bertelsmann's diversity and internationality, as well as its most important markets. The GMC advises and supports the Executive Board on important matters of corporate strategy and development, and other Group-wide topics.

Executive Board



Thomas Rabe
Chairman and Chief Executive Officer of Bertelsmann and Chief Executive Officer of RTL Group



Markus Dohle
Chief Executive Officer of Penguin Random House



Immanuel Hermreck
Chief Human Resources Officer of Bertelsmann



Bernd Hirsch
Chief Financial Officer of Bertelsmann

Group Management Committee



Elmar Heggen
Chief Operating Officer and Deputy Chief Executive Officer of RTL Group



Rolf Hellermann
Chief Executive Officer of Arvato Financial Solutions



Julia Jäkel
Chief Executive Officer of Gruner + Jahr



Dirk Kemmerer
Chief Executive Officer of
Bertelsmann Printing Group



Kay Krafft
Chief Executive Officer of
Bertelsmann Education Group



Annabelle Yu Long
Chief Executive Officer of Bertelsmann China
Corporate Center and Managing Partner of
Bertelsmann Asia Investments



Hartwig Masuch
Chief Executive Officer of BMG



Madeline McIntosh
Chief Executive Officer of
Penguin Random House U.S.



Shobhna Mohn
Executive Vice President Growth Regions
Strategy and Bertelsmann Investments



Gail Rebeck
Board Member Penguin Random House



Bernd Reichart
Chief Executive Officer of
Mediengruppe RTL Deutschland



Frank Schirrmeister
Chief Executive Officer of
Arvato Supply Chain Solutions



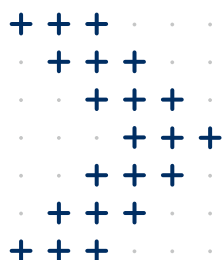
Karin Schlautmann
Executive Vice President
Corporate Communications of Bertelsmann



Nicolas de Tavernost
Chairman of the Executive Board of Groupe M6

The Four Strategic Priorities

Bertelsmann has since 2012 pursued four strategic priorities in transforming itself into a faster-growing, more digital, more international and more diversified company. In recent years, the company has invested more than €5.5 billion in digital and high-growth businesses and is pursuing their expansion with an increasing focus on organic growth. Along with this, Bertelsmann is increasingly opening new lines of business that benefit from digitalization, the growing demand for education and growing consumption in countries such as Brazil, China and India. At the core of the value creation of all its businesses, Bertelsmann relies especially on the innovative power of creativity, and spends more than €5 billion a year on video content, book rights and magazines, as well as catalog acquisitions and artist signings in the music sector.

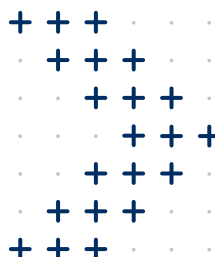


Strengthening the Core

Digital Transformation

Growth Platforms

Growth Regions



The Four Strategic Goals

Bertelsmann strives to create a faster-growing, more digital, more international and more diversified Group portfolio. Along with strengthening existing activities, this involves developing new lines of business and regional markets that ensure a broader overall revenue structure.

Higher Growth

Share of Group revenues contributed by growth businesses, in percent



More Digital



Digital revenue share in Group revenues, in percent



More International

Share of Group revenues generated outside Europe, in percent



More Diversified

Number of business divisions



Building Alliances

Interview with Thomas Rabe

Mr. Rabe, “Building Alliances” is the central theme of this Annual Report. More collaboration is one of eight priorities you have set for Bertelsmann. Why is this so important for Bertelsmann?

Because the world at Bertelsmann and around it is changing fundamentally. Inside the company, the generation of managers now responsible for the business believes sharing and teamwork are more important than ego and elbows. And no matter what business they work in, they all face the same big challenges: digitalization and competition with US tech giants. Specialized skills and size have become crucial factors. For us and our business, this means that we will not be able to win alone. We must overcome internal boundaries and work together, but also cooperate with external partners. In this way we gain size, relevance and expertise in the global competition. And it opens up entirely new possibilities for us.

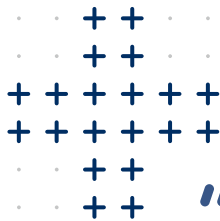
What kind of alliances are you thinking of here?

I see great potential for stronger collaboration in the three areas of content; in ad sales, booking and technology; and in new technologies and data. This may constitute partnerships, alliances or shareholdings – the form a collaboration ultimately takes will have to be decided on a case-by-case basis. We want to leverage synergies – while of course ensuring the corporate responsibility of the businesses involved.

Are there any promising examples of such alliances already?

Our prime example is the Ad Alliance, founded in 2017 by Mediengruppe RTL Deutschland and Gruner+Jahr. For decades, their marketers competed for the advertising budgets of the same customers. Today they jointly form Germany’s largest

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“We will not be able to win alone.”



ad marketer, with more and more partners joining, recently including Springer. In this way, the Ad Alliance reaches almost every household in Germany. Further examples are the netID login alliance, the automated advertising booking platform d-force that is jointly operated with ProSiebenSat.1, Bertelsmann Tech & Data and of course the Bertelsmann Content Alliance. For Bertelsmann, the Content Alliance is a big step – and it has already been immensely successful in its first year.

What makes the Bertelsmann Content Alliance so important for you?

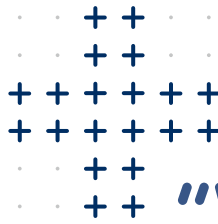
Prior to its founding in February 2019, Bertelsmann content companies had tended to cooperate on an ad-hoc basis. Today, the Bertelsmann Content Alliance pools collaboration among all the Group's German content businesses. Where appropriate, it jointly develops content, brands and businesses, and sets its own agenda. It presents artists and creative professionals with a unique range in which Bertelsmann invests €2 billion a year – and that's in Germany alone. When Mediengruppe RTL, RTL Radio Deutschland, UFA, Verlagsgruppe Random House, Gruner+Jahr and BMG join forces, as in the Bertelsmann Content Alliance, one thing is clear: this is unique in Germany. We can already see this in the Alliance's first successful projects such as Audio Now and Arctic Drift, whose stories we tell in this Annual Report.

Why are you calling for more collaboration in the area of data and technology?

Because Bertelsmann wants to become the technologically leading media, services and education company. We will use new technologies to further develop existing businesses and to build new ones. Bertelsmann must pool all its strengths, expertise and resources, and has formulated a Tech Agenda that focuses on three key areas of technology: cloud, data and artificial intelligence. Our newly founded Bertelsmann Technology and Data Advisory Board is in charge of mainstreaming the Tech Agenda and putting it into action. The Board promotes transparency, cooperation and exchange, as well as pooling technological expertise, platforms and resources across the Group.

In data and technology, specialist skills are a very important factor. How do you plan to ensure they are in place?

For one, we are awarding 50,000 scholarships as part of the Udacity Technology Scholarship Program, to enable people to be successful in the digital world – especially our own employees. Second, the Bertelsmann digital campaign is designed to get people to embrace digitalization, with its exciting changes, great opportunities and new possibilities. The response to the campaign and scholarship program has been tremendous. The digital campaign reached more than 30 million people in the fall, and more than 45,000 interested people from 180 countries around the world applied for the first 15,000 scholarships.



“We will consolidate and expand existing alliances.”

What are your next steps in matters of alliances and partnerships?

We will consolidate and expand existing alliances by winning new partners, including external ones, and by increasing the number of projects. The focus is still on Germany at this point, because all our divisions are represented there, and can therefore mutually gain valuable experience. But France, too, already has two successful alliances in place with Salto, the planned joint video-on-demand platform for commercial and public service television channels, lead-managed by Groupe M6; and the data and media alliance Gravity. RTL Nederland is planning to build an integrated advertising marketing network for the Dutch market, modeled on Germany’s Ad Alliance. The Dutch Ad Alliance will sell advertising for RTL Nederland, BrandDeli, Adfactor and Triade Media, and is open to other partners. We are also examining the possibility of setting up content alliances for our core markets of the United States, the United Kingdom and France.

2019 was an eventful year for Bertelsmann beyond the establishment of alliances and partnerships as well. What were the milestones?

Shortly before the end of the year we agreed to acquire the remaining shares in Penguin Random House. As its sole owner, we will expand the world’s largest book publishing group in the years ahead, through organic growth and acquisitions. The book business is part of Bertelsmann’s identity, and Penguin Random House is ideally positioned for further growth. The founding of Majorel was completed right at the beginning of

the year, in January 2019, when we created a global CRM company with our partner Saham. Another key moment of the year was the unveiling of the new Bertelsmann Essentials: “Creativity and Entrepreneurship.” They are the foundation and drivers of our success. They epitomize our aspiration to be the home for creative minds, and the company for entrepreneurs. The 2019 Employee Survey with its strong results once again confirmed just how greatly these Essentials are already put into action at Bertelsmann.

From Ortler to Große Zinne, you’ve personally scaled some challenging peaks in your second home of South Tyrol. Has Bertelsmann also reached a peak with the record results achieved in 2019?

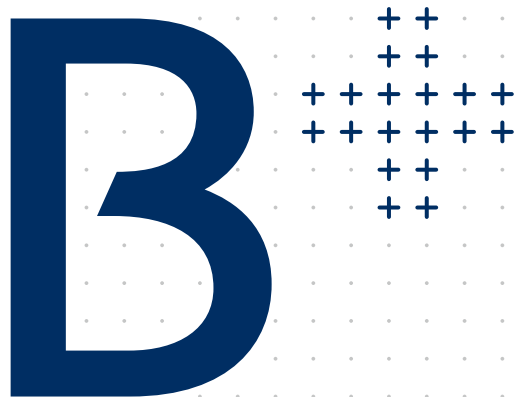
Our strategy has taken us to impressive new heights, as evidenced by the results for the 2019 financial year presented in this Annual Report. We are proud of that. But we can climb higher; we take a long-term view, and will continue to work on the company’s sustainable success in the next few years. We’re not there yet; it’s still a marathon. I have always compared Bertelsmann’s path to this – and as an avid runner I know what I’m talking about. That metaphor is more apt in other ways as well, because a peak would be followed by a descent. And there is definitely none in sight for Bertelsmann.

“We need to work together across in-house boundaries, as well as cooperate with external partners. We must be open to collaboration and partnership wherever it makes sense. Good precedents exist in the areas of content, advertising, data, technology and management resources.”

Thomas Rabe, at the Management Meeting 2019

Building Alliances

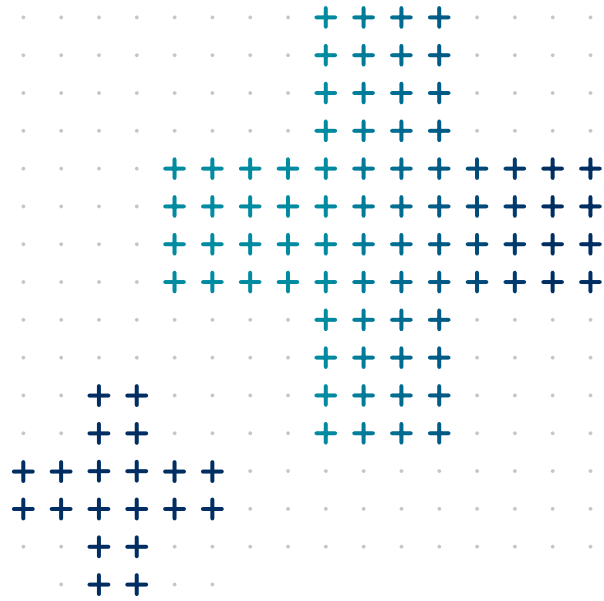
Pooling our strengths: by forming alliances both inside and outside the Group, Bertelsmann is creating the basis for a strong, comprehensive presence in the media content, marketing, data and technology sectors. The focus is currently on the German market, with other markets in sight.



Content



In Germany alone, Bertelsmann invests about €2 billion a year in its creative content. Globally, the figure exceeds €5 billion. Whether it's RTL Group or Penguin Random House, Gruner + Jahr or BMG, each of the Group's four major content divisions is a creative powerhouse in itself. Together, the four are unparalleled. In Germany they pooled and coordinated their strengths in the **Bertelsmann Content Alliance** in 2019. Similar content alliances will be launched in France and the United Kingdom in 2020. And partnerships with third parties such as **Salto** in France and **Loves TV** in Spain – the joint streaming platforms of the respective national TV leaders – are also part of the strategy, with Groupe M6 and Atresmedia, respectively, playing leading roles.



Advertising



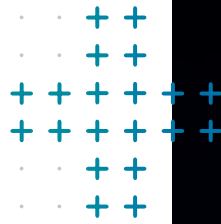
Advertising remains the largest contributor to media revenues – including digital. However, digitalization has fundamentally changed the possibilities, and hence the expectations, of advertisers: they want high reach, and therefore cross-media solutions and offerings from a single source. This is precisely what the **Ad Alliance** has guaranteed since 2017. Besides the Bertelsmann companies Mediengruppe RTL Deutschland and Gruner+Jahr, the Spiegel Group and Axel Springer are also on board. Together they offer advertising customers integrated concepts to raise attention for their brands or products across all media channels, from print to TV to digital. A similar advertising alliance is being created in the Netherlands involving RTL Nederland; and in Germany, **d-force**, a successful joint ad-booking platform from the marketers of Mediengruppe RTL Deutschland and ProSiebenSat.1, has already been added.

Technology



Bertelsmann aims to become the technologically leading media, services and education company in the fields of cloud, data and artificial intelligence. This can only be achieved if strengths, resources and expertise are pooled across the Group on one hand, and if Bertelsmann pursues a clear, coordinated technology agenda on the other. Since 2019, the **Technology and Data Advisory Board** has been responsible for ensuring both. With the **Bertelsmann Collaboration Platform**, the company is also creating the necessary basis for sharing IT applications with one another. In addition, there is **Gravity**, the French data and media alliance in which Groupe M6 and the G+J subsidiary Prisma Media have a stake, as well as the **netID** login alliance established by Mediengruppe RTL Deutschland, Gruner+Jahr, ProSiebenSat.1 and United Internet.

Building Alliances Content



BERTELSMANN CONTENT ALLIANCE

Mediengruppe RTL Deutschland, UFA, RTL Radio Deutschland, Verlagsgruppe Random House, Gruner+Jahr and the music company BMG inspire millions of people in Germany with their creative content every day. Together, they form the Bertelsmann Content Alliance. With the Alliance, Bertelsmann creates new formats and unique marketing opportunities. This makes the Bertelsmann Content Alliance an innovative and powerful partner for all creative professionals. In Germany alone, Bertelsmann invests about €2 billion annually in creative content. Worldwide, the total is more than €5 billion.

The Bertelsmann Content Alliance's first collective venture was the formation of the Audio Alliance, which develops and produces podcasts and audio-on-demand offerings, and publishes new products exclusively on its own platform, Audio Now.



For underwater research, access routes to the Arctic Ocean are created in the ice; e.g., to send ROVs – diving robots – under the ice.



“This expedition is unique, and so is our content. We’re offering listeners, readers and viewers a great lineup.”

Julia Jäkel, CEO of Gruner + Jahr and Chairwoman of the Bertelsmann Content Alliance Board



Bertelsmann Content Alliance Boards the “Polarstern”

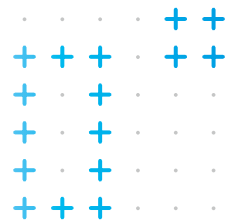
The preparations took a full decade – and in September 2019, the largest Arctic expedition in human history finally started. Organized by the Alfred Wegener Institute, Helmholtz Center for Polar and Marine Research (AWI), it involves the German icebreaker “Polarstern” drifting for one year through the ice deserts around the North Pole to investigate the Arctic climate system and its effects on the global climate. The Bertelsmann Content Alliance is on board as the expedition’s exclusive German-language media partner.

A camera team from UFA Show & Factual accompanied the expedition exclusively throughout the entire year. The resulting high-end documentary, “Arctic Expedition,” (working title) will air on ARD in fall 2020.



With increasing darkness, headlamps become even more important for work on the ice.

Gruner+Jahr sent a reporter to the (perhaps not so) “eternal ice” for six weeks; the G+J magazines “Stern,” “Geo,” “Geolino” and “P.M.” provided exclusive coverage. A photographer captured the expedition in pictures. Her unique photos have been published in G+J magazines, and will also be featured with previously unpublished shots in an international illustrated book to be published by Prestel Verlag, part of Verlagsgruppe Random House, in fall 2020. Verlagsgruppe will also publish the report of expedition leader Markus Rex through C. Bertelsmann Verlag, and a children’s book through cbj. The Audio Alliance is also accompanying the expedition, capturing exclusive audio content. The podcast “Arctic Drift – The Audio Logbook” takes listeners on a spectacular journey through the ice and provides auditory glimpses of life on board.



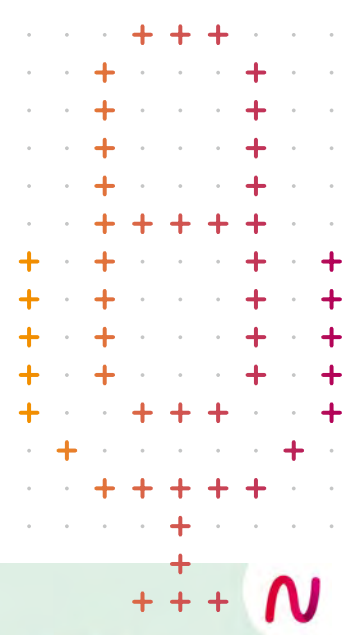
“The Arctic is the epicenter of global warming, with dramatic changes already occurring today.”

Markus Rex, Expedition Leader, MOSAiC (Multidisciplinary drifting Observatory for the Study of Arctic Climate), Alfred Wegener Institute



Pole Position in the Booming Podcast Market

One year after its founding, the Bertelsmann Content Alliance already commands a key position in the rapidly growing market for podcasts and audiobooks. In May 2019, it founded the Audio Alliance to produce podcasts with all interested Bertelsmann companies and external partners. Within just a few months more than 65 formats were created in Germany, generating millions of views. Audience favorites include the true crime podcast "Stern Crime – Spurensuche" ("Searching for Clues"), in which top investigators talk about their cases; the "Gute Zeiten, schlechte Zeiten" podcast ("Good Times, Bad Times"), which features the stars of the daily series looking back on the episodes of the previous week; and "So bin ich eben!" ("That's Just the Way I Am!") by psychologist and bestselling author Stefanie Stahl. The Audio Alliance now collaborates with Bertelsmann companies around the world, and also exclusively with top US producer Wondery.



Jetzt App downloaden!



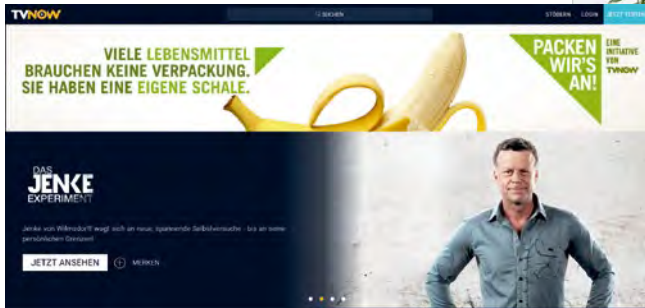


An advertisement for the Audio Now platform. At the top, a large white 'N' logo is set against a pink background. Below it, the text 'AUDIO NOW' is written in white. Underneath, a smaller line of text reads 'Deutschlands neue Plattform für exklusive Podcasts und die besten Audio-Serien.' The central part of the ad is a collage of various podcast and audio series covers, including 'DIE DIAGNOSE', 'WIEDER WAS GELERNT', 'Crime SPURENSUCHE', 'DEFFIS MONCHE', 'Ladylike', 'MESSI & RONALDO', and '#SEX BEWUSST'. A smartphone in the foreground displays the Audio Now app interface. A white circular callout with red text says 'Jetzt App downloaden!'. At the bottom, the text 'Hier hörst Du alles - kostenlos!' is displayed, followed by 'Laden im App Store' and 'JETZT BEI Google Play' buttons.

Bertelsmann also launched a user-friendly platform for distributing podcasts: Audio Now is open to publishers worldwide, and currently pools approximately 1,000 podcasts. These include popular formats such as “The Daily” from the “New York Times” and “Steingart’s Morning Briefing,” as well as podcasts and audio series from various ARD regional broadcasting stations, such as “Tagesschau in 100 Sekunden” (“News in 100 Seconds”), a daily roundup of the day’s news in 100 seconds.

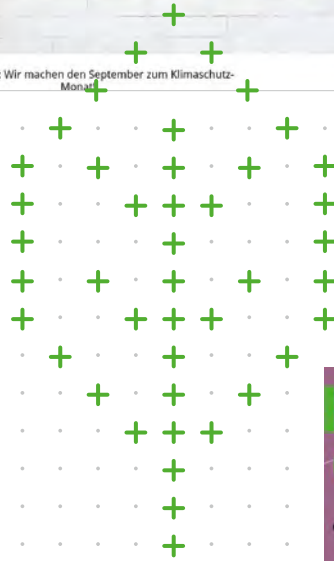
Audio Now not only offers audio fans a great variety of content, but also ensures transparent usage data for all publishers.

The Audio Now podcasts are marketed by the Ad Alliance. With this dovetailing of production through the Audio Alliance, distribution and analytics via Audio Now and monetization by the Ad Alliance, the Bertelsmann Content Alliance covers the entire value chain, and can develop the market with a high degree of independence from the US platforms.



“Do more for less plastic!”

Jenke von Wilmsdorff



“Let’s Tackle It!”

Climate change is one of the most pressing issues of our time – and the Bertelsmann Content Alliance is using its media reach to send out a clear signal. In September 2019, Mediengruppe RTL Deutschland, UFA, RTL Radio, Verlagsgruppe Random House and Gruner + Jahr spotlighted environmental and climate protection for a full month. Readers, users, listeners and viewers were introduced to the topic and shown how everyone can make a meaningful contribution under the heading “Let’s Tackle It!”



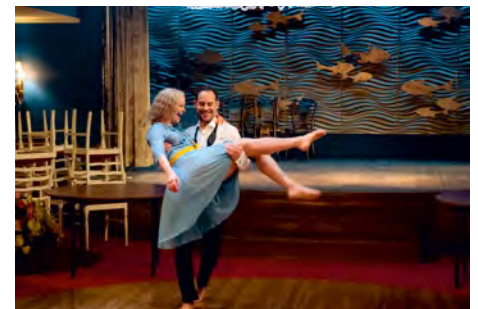
Gruner+Jahr published several magazines and specials, including the line extension “Brigitte Be Green.” The Audio Alliance produced a podcast on the topic of plastic-free living for Audio Now. UFA focused on the aspect of green production on its social media channels. Verlagsgruppe Random House launched a website that provides an overview of the many different books published on the subject of sustainability. Mediengruppe RTL initiated a week of action to call for responsible treatment of the environment. At “ntv,” all news, magazines and documentaries covered Sustainability Week. One highlight was the “Jenke Experiment” by extreme reporter Jenke von Wilmsdorff, who this time devoted himself to the topic of avoiding plastic waste.



Gruner+Jahr publishes magazines and specials on the topic of climate.

A representative study later showed that the collectively organized Climate Week was noticed by nearly half of all Germans age 14 and older, and made three out of four respondents aware that “we must live more consciously in the future.”

At the same time, the companies in the Bertelsmann Content Alliance participated in “be green,” Bertelsmann’s environmental management initiative. Presentations on recycling and upcycling, joint waste collection campaigns and workshops on waste avoidance served to promote environmental awareness among employees.



Merci, Cherie

In his career Udo Jürgens produced more than 50 albums with more than a thousand songs, which sold about 100 million copies. A music legend in the German-speaking world, Jürgens composed and sang with inexhaustible creativity, and his work continues to resonate to this day. The artist would have celebrated his 85th birthday on September 30, 2019 – a good occasion for the Bertelsmann Content Alliance companies to honor the great entertainer’s memory with special programs, magazines, a podcast and a box-office feature.

UFA Fiction made a movie of the popular musical “Ich war noch niemals in New York” (“I’ve never been to New York”), and Vox broadcast a four-hour documentary with some previously unpublished material. The Audio Alliance published an exclusive podcast about the life of the exceptional artist and performer on Audio Now. Gruner+Jahr’s people and lifestyle magazine “Gala” dedicated a large special issue to the entertainer. The Verlagsgruppe Random House imprint Limes Verlag published Udo Jürgens’ autobiographical novel “Der Mann mit dem Fagott” (“The Man with the Bassoon”), which has sold more than 225,000 copies to date.

Udo Jürgens felt a close connection to Bertelsmann throughout his life, so it was fitting for the Bertelsmann Content Alliance to pay a cross-media tribute to the music legend.





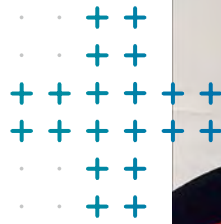
Ku'damm 56: The Musical

"Ku'damm 56" tells the story of Caterina Schöllack and her three daughters. The narrative centers on the middle daughter, Monika, who instead of looking for a suitable husband prefers to devote herself to her passion: rock 'n' roll. It is a story about revolution and emancipation, and about free love, first love and love late in life.

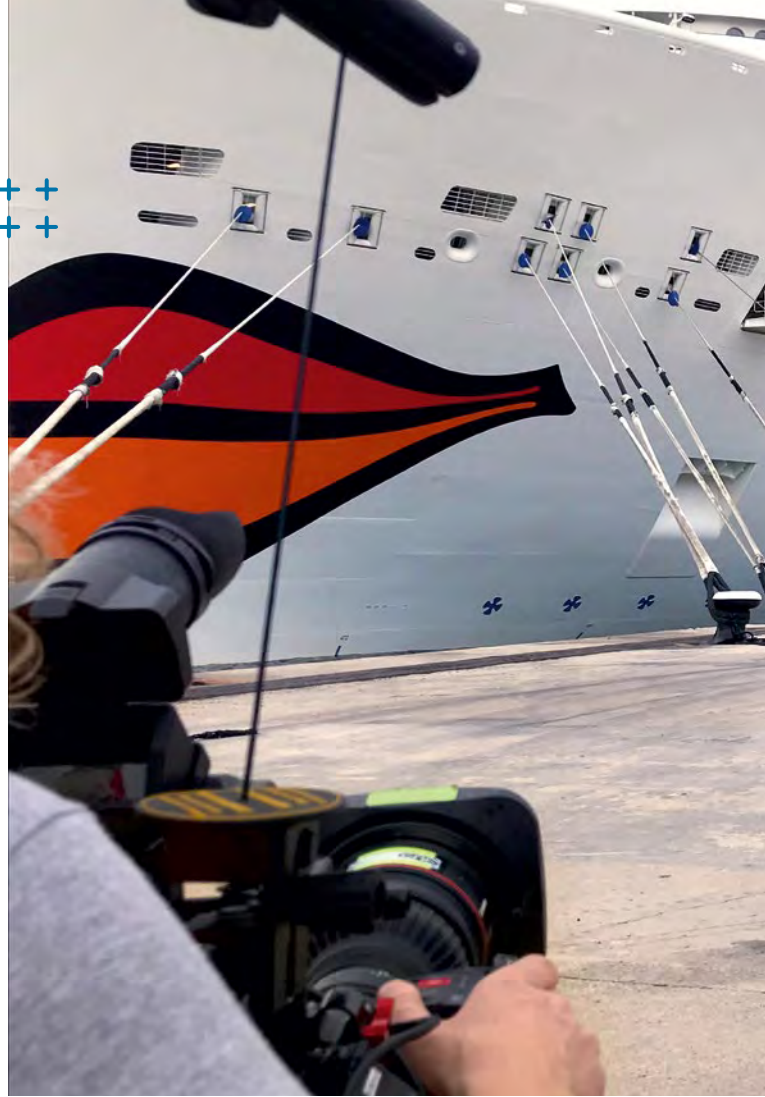
That is how TV audiences know the UFA production about the Galant dance school. The successful ZDF miniseries will now take to the stage – as a musical at the Theater des Westens in Berlin starting December 13, 2020. The libretto for the musical adaptation was penned by the award-winning screenwriter Annette Hess ("Weißensee," "Wir Kinder vom Bahnhof Zoo") and the creative producers and songwriters Ulf Leo Sommer and Peter Plate (Sarah Connor, Bibi and Tina, Max Raabe, Rosenstolz).

The musical was produced by BMG and UFA. From TV miniseries to musical – yet another example of how the Bertelsmann Content Alliance is expanding creative content across media genres, growing both its reach and its relevance.

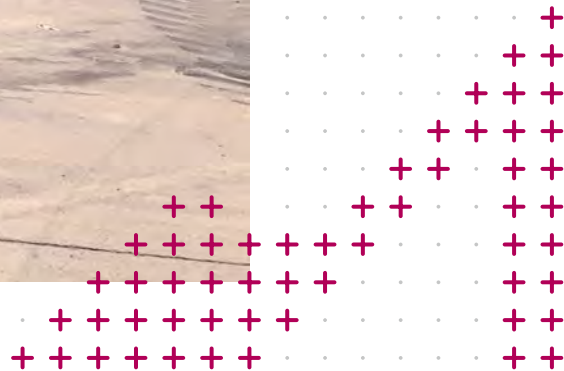
Building Alliances Advertising



Ad Alliance is an expert partner for advertising clients and media agencies for creating and orchestrating cross-media advertising campaigns. It serves the growing demand for cross-media marketing offers, and combines the expertise of strong media partners: IP Deutschland, G+J eMS, Smartclip and Spiegel Media (marketed by the Ad Alliance under its own name), and Media Impact (the Ad Alliance acts as a service provider) – a high-quality portfolio of TV, print, online and mobile. As a result, the Ad Alliance serves special productions across all platforms. Besides concept creation, it offers technical solutions ranging from automated marketing to data-driven ad serving. Together, the Ad Alliance reaches 99 percent of the German population.



Star designer and TV host Guido Maria Kretschmer.

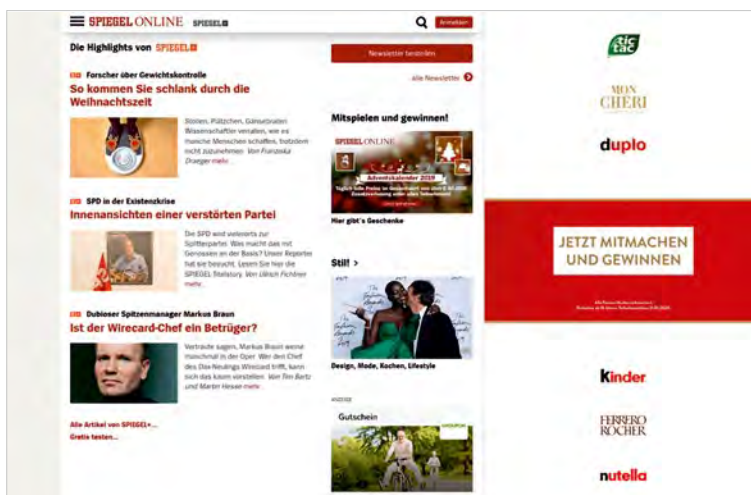


“Shopping Queen” on AIDA

The Vox series “Shopping Queen,” featuring the star designer Guido Maria Kretschmer, is one of Germany’s most popular TV shows. At the beginning of 2019, the Ad Alliance harnessed this popularity to launch a wide-ranging campaign for its advertising partner AIDA Cruises. For the first time, the battle for the best outfit took place on the high seas. The contestants and their judge spent a week on the cruise ship AIDAprima, which was spotlighted in an entertaining and credible way on the show. The “Shopping Queen” special was advertised on Vox and in Gruner + Jahr print titles, including “Guido” magazine. The AIDAnova, the newest cruise ship in the AIDA fleet, was always pictured in the motifs. AIDA Cruises, an Ad Alliance client, was delighted with this “wonderful presentation of the AIDA worlds” and the effective cross-media, high-reach marketing campaign.

“All Germans Roadblock” for Maximum Online Presence

30 million page views a day, bookable all at once: with the “All Germans Roadblock,” the Ad Alliance and its partner Media Impact launched an advertising product offering maximum daily digital reach. It involved online ads appearing simultaneously on the highest-reach websites of German media, such as “Spiegel,” “ntv,” “Stern,” “Bild,” “Computer Bild” and “Welt.” Toward the end of the year, the confectionery manufacturer Ferrero became the first customer to use it, with the “Ferrero Millionen Memory” prize giveaway. The streaming provider Spotify also chose the “All Germans Roadblock.”





Into the Jungle with Brand-New Advertising Formats of the Ad Alliance

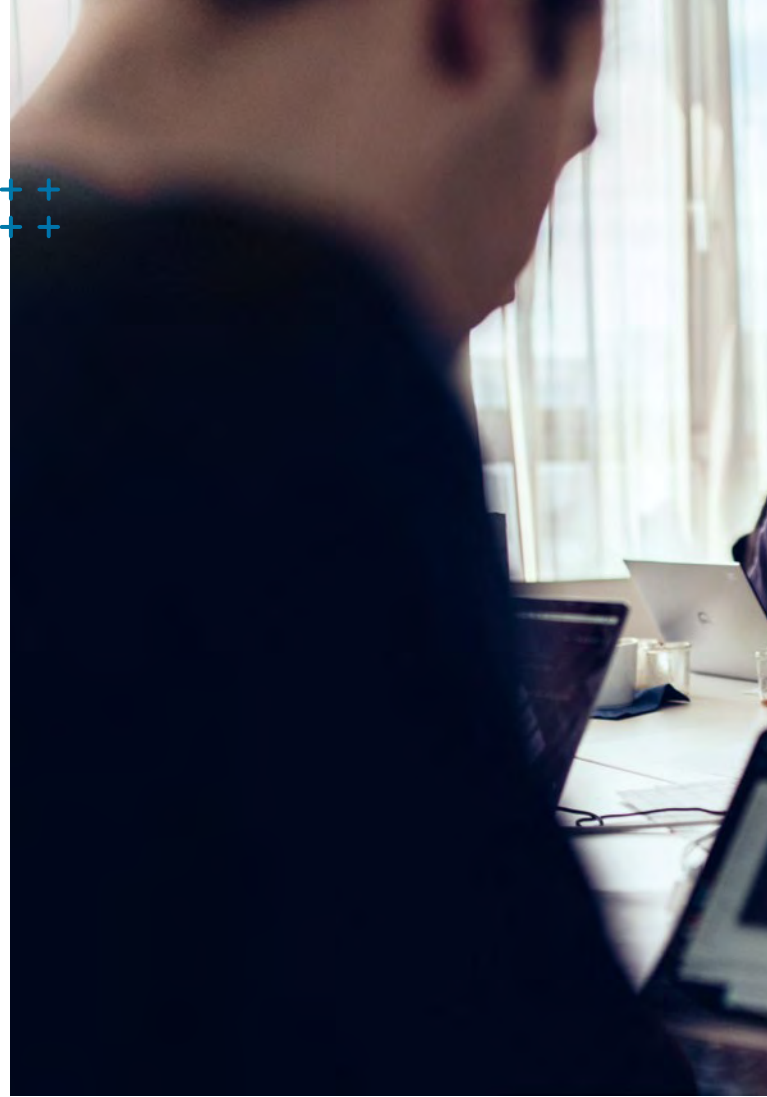
While the show's candidates competed for the "Jungle Crown," advertisers – with the help of the Ad Alliance – presented their products in unusual, special advertising formats, some of them brand-new. For example, the confectionery manufacturer Hosta, which made its advertising debut on "Ich bin ein Star – Holt mich hier raus!" ("I'm a Celebrity – Get Me Out of Here!"); the Ad Alliance concept for Hosta included two special advertising formats created especially for the customer: the "Animated-Icon-to-Cut-in" and the "Phone Voting Switch." The well-known brands Mr. Tom and Nippon were harmoniously embedded into the current show, with slogans such as "I'm a Celebrity – Tear Me Up!" and direct references to the live action. For example, one ad started with the stars familiar from the jungle show flying across the screen as animations. During the telephone voting, too, the campers' phone numbers were visually adapted to the concept. This creative advertising integration set it off from the TV show, and created an ideal stage for the confectionery manufacturer's products.

Building Alliances Technology



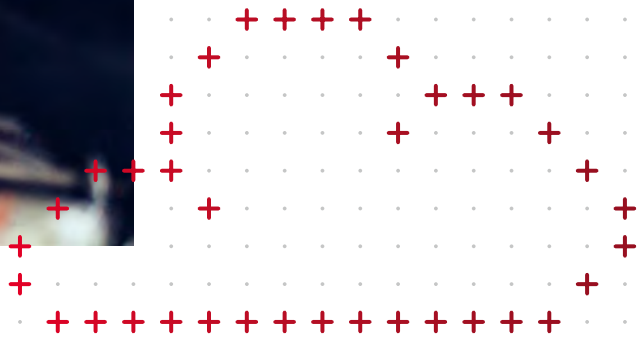
Bertelsmann
TECH & DATA

Cloud, data, artificial intelligence – these are the key technological areas the new Bertelsmann Tech Agenda focuses on. The core task of the Technology and Data Advisory Board is to mainstream the Tech Agenda. It strategically sets the tone for Bertelsmann in matters of technology and data, while at the same time ensuring transparency and exchange, pooling know-how, jointly solving challenges and initiating cross-divisional projects. The goal is to promote a tech-friendly and forward-looking environment at Bertelsmann.



Global Sharing in the “Data Exchange” Network

The “Data Exchange” initiative brings together data specialists from all Bertelsmann divisions. They share their expertise, coordinate priorities in matters of the cloud, data and artificial intelligence (AI), and plan cross-divisional projects. At meetings and hackathons, they also discuss very specific use cases for Bertelsmann, such as AI-controlled analyses, voice-controlled search functions for video content, and automated podcast listening recommendations. The network of experts now has more than 400 members worldwide and meets regularly in Europe and the United States.



The members of the Technology and Data Advisory Board.



The participants of the first round of the “Bertelsmann Median Data Science Program.”

Tomorrow’s Data Scientists

Bertelsmann’s “Median Data Science Program” addresses prospective data specialists from leading universities in hopes of recruiting them to help implement the Group’s tech agenda. Bertelsmann offers young talents with a passion for data science, statistics, applied mathematics, physics and IT an ambitious, internationally oriented career program that runs for 15 months. Those who qualify get to know at least three projects in various corporate divisions alongside Bertelsmann’s data professionals, and can play an active role in the projects. The first five tech talents successfully completed the trainee program in 2019.

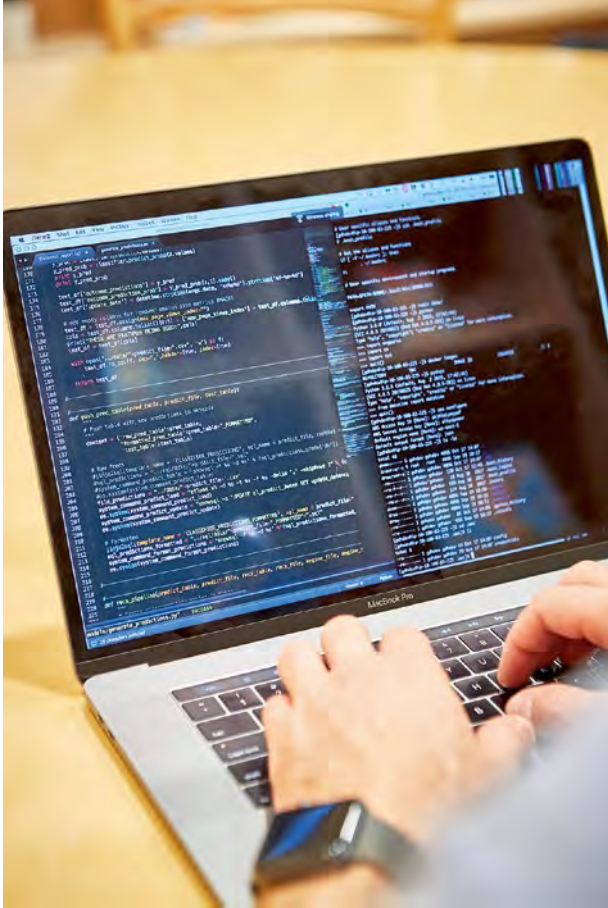
The path to the cloud is a focus topic in the Bertelsmann Technology Heatmap.

A Cloud-Based Marketplace for More Collaboration

Cloud solutions help Bertelsmann optimize workflows and IT structures by achieving closer collaboration on data analysis tools and software development across the Group. The central point of contact is the cloud-based “Bertelsmann Collaboration Platform,” which serves as a marketplace for sharing technical solutions. Here, IT solutions that have proved helpful in one company can be presented and shared across the Group.



The “Bertelsmann Collaboration Platform” already contains applications relating to artificial intelligence.



Artificial intelligence dynamically adjusts the prices of 80 percent of the digital catalog.

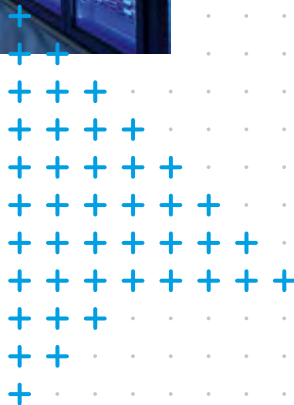
Book Meets High-Tech

At first glance, printed books don't necessarily have much to do with digital data networks – and yet topics such as the cloud and artificial intelligence are increasingly becoming success factors for publishers as well. For example, books – whether printed books, e-books or audiobooks – can be given optimal placement in online shops by using metadata such as keywords. Efficient data analysis and the use of artificial intelligence are of crucial value for title marketing at Penguin Random House as well. Since 2019, all the Group's publishers have been able to use the cloud-based "Global Data Hub" platform for even better integration of intelligent data and IT solutions into the publishing business.

With these and other initiatives, Penguin Random House has attained the rank and reputation of being the undisputed tech leader in the book industry. Downstream from the creative process on the part of the publishing house's authors and editors, the books' pricing in online bookstores, as well as storage, distribution and shipping, are now managed worldwide by sophisticated IT.



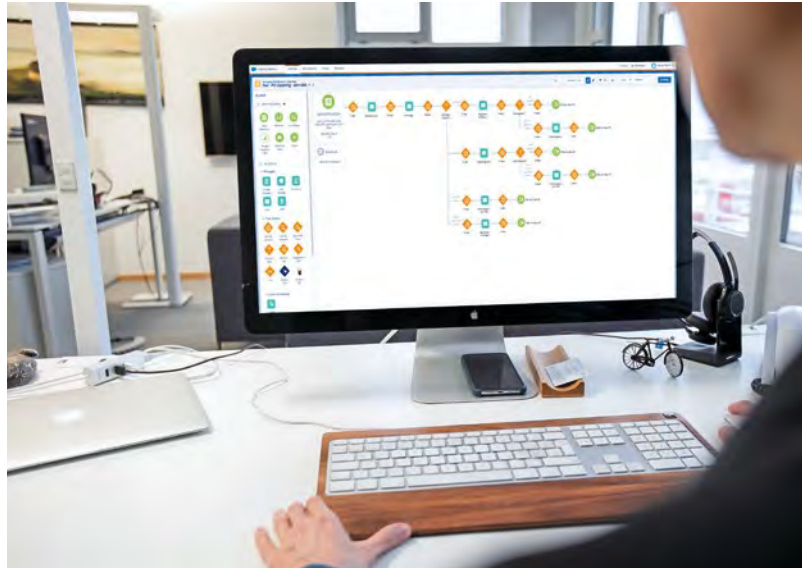
The platform also supports companies who want to do business with large volumes of data.



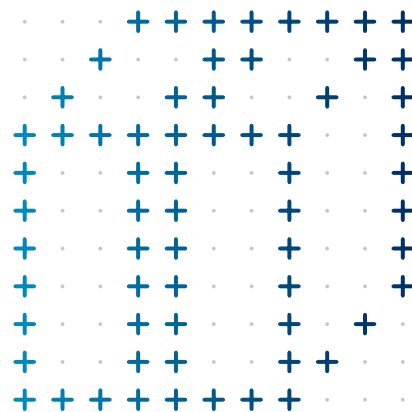
Big Data for More Subscriptions

A “Brigitte” reader who listens to crime-thriller podcasts and has repeatedly entered competitions to win trips to Sylt might well be interested in a “Stern Crime” subscription or the “Geo” calendar “Germany’s Most Beautiful Landscapes.” The media company’s sales experts are relying on cloud-based systems and artificial intelligence to ensure that the publishing house’s customers receive precisely such targeted suggestions for other Gruner + Jahr products.

Since 2019, Gruner + Jahr has worked with the cloud computing provider Salesforce to analyze existing customer data in compliance with the GDPR, using networked cloud systems for such purposes as marketing, campaign and recommendation management. This involves planning various possibilities for further interaction in advance, starting from a given contact point. In the next step, cross-media advertising measures are then automatically played out. From custom shop offers to bespoke customer service conversations, this makes it possible to improve both customer satisfaction and the likelihood of a purchase.



In the “Marketing Cloud,” every plausible step of a so-called “Multichannel Customer Journey” can be planned, automated and – depending on the customer’s behavior – played out.



Know in advance how many packages roll round: with the help of algorithms it’s possible to calculate forecasts of order volumes, among other things.



At the Top of the Supply Chain Data Mountain

Arvato Supply Chain Solutions uses the advantages of data analysis and artificial intelligence to increase the efficiency, speed and cost-effectiveness of logistics processes. Two data science teams retroactively analyze all data generated along the value chain – by end customers, clients, suppliers and transport service providers – for possible weak points.

It may be noticed, for example, that a product offered online is ordered frequently, but repeatedly returned due to a misleading item description. Such a weakness can be quickly remedied manually – but given the 950 million shipped items and more than 10 million returns that pass through Arvato's logistics sites each year, the potential of such automated improvements becomes clear.

If a customer orders the identical dress in two different sizes, there is a high probability that one of them will be returned. Algorithms recognize such patterns and help subsequently optimize process chains, routes in the warehouse, storage space and personnel requirements.



The European netID Foundation's netID is a neutral login standard that allows Internet users to conveniently log in to various websites using one central account. The netID account lets them easily and securely manage their personal information and consents in one central place. Transparency and data protection are always the main focus. The European netID Foundation was established by Mediengruppe RTL Deutschland, ProSiebenSat.1 and United Internet. Today, many other partners, including Gruner + Jahr, "Süddeutsche Zeitung" and the DPD parcel delivery service, use netID.

As an independent body, the European netID Foundation supports Internet offers across all industries in implementing the new European data protection legislation, and thus offers a European login alternative to international offers.

Highlights 2019

Overview

+++++ **BERTELSMANN** +++++



+++++ **Media** +++++

arvato
BERTELSMANN

Bertelsmann
Printing Group

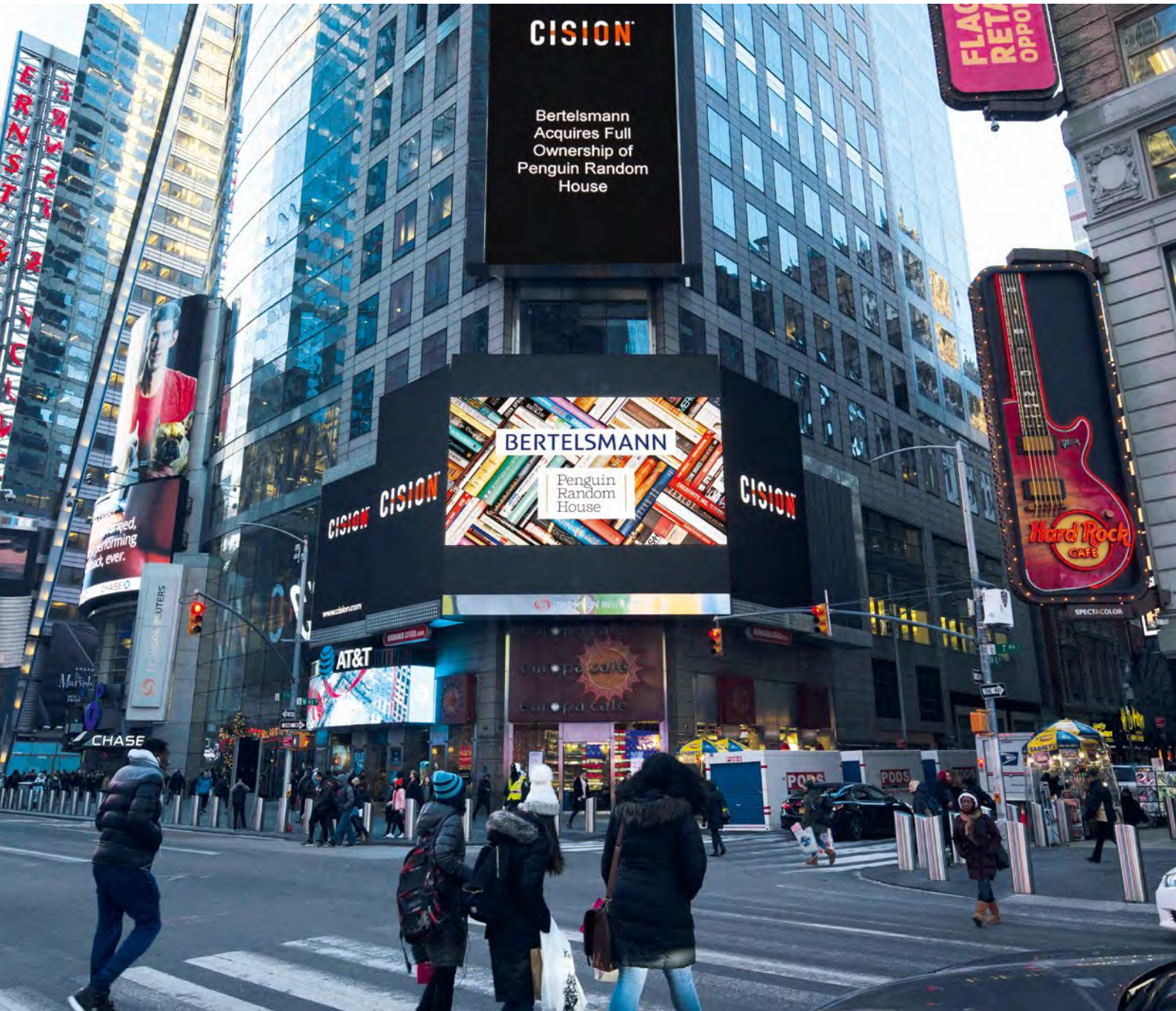
Bertelsmann
Education Group

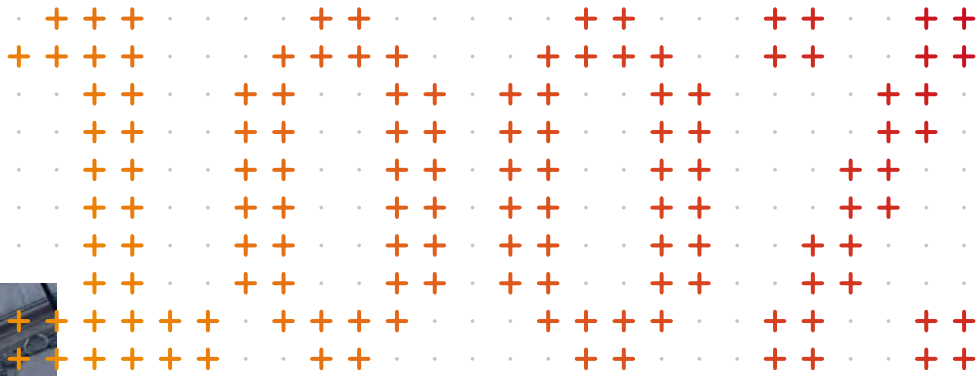
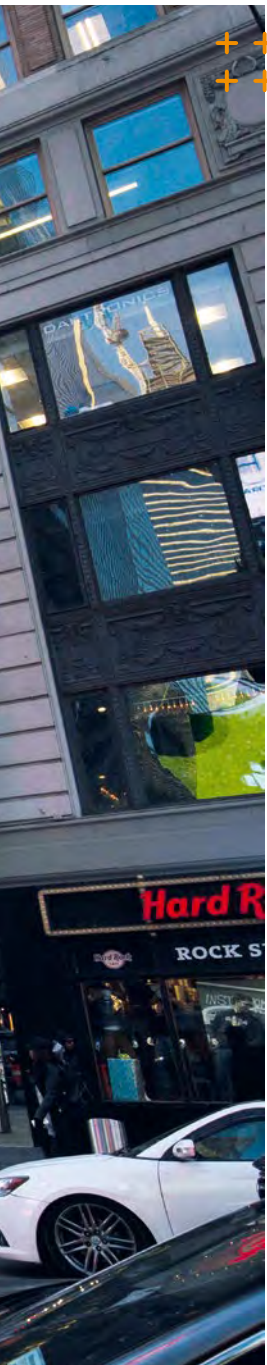
BI Bertelsmann
Investments

++++ Services +++ Education ++ Investments ++

Highlights 2019

Media





BERTELSMANN

Bertelsmann Acquires Full Ownership of Penguin Random House

Nearly 185 years after the printer Carl Bertelsmann printed his first book in Gütersloh, today's global corporation Bertelsmann marked a milestone in the expansion of its book business. At the end of 2019, the company announced the acquisition of the last 25 percent of Penguin Random House from the Pearson Group – a step that makes Bertelsmann the sole owner of by far the world's largest trade publishing group. When Verlagsgruppe Random House in Germany, which was previously managed separately, joins the Group after the transaction is completed, Penguin Random House will unite more than 320 editorially independent publishers, a unique diversity of renowned authors, and global marketing power under its roof.

>600M

books, e-books and audiobooks
sold per year

>15,000

new releases worldwide
per year



TV Now – Germany’s Main Streamer

About a year after the relaunch of TV Now, Mediengruppe RTL Deutschland’s platform is by far the strongest German streaming service on the market, with rapidly growing subscriber numbers and several million unique users every month. The offering, which has a clear focus on local content for a broad audience, currently comprises around 34,000 program hours in various genres, from shows and love reality to sports, documentaries and fiction. This includes TV Now Originals such as the first gay dating show, “Prince Charming,” which even won the renowned Grimme Prize in spring 2020, and “M – Eine Stadt sucht einen Mörder” (“M – A City Hunts a Murderer”), as well as TV highlights such as “The Bachelor” and “GZSZ” (“Good Times, Bad Times”) on pre-TV. Besides exclusive pre-releases of popular series and a range of reality and show formats, the platform primarily offers German original productions.



Groupe M6 Expands its TV Offerings for Families

In September, France’s Groupe M6 acquired Groupe Lagardère’s TV activities, becoming the market leader in media offerings for children and families. The jewel in the Lagardère package was Gulli, the country’s best-known free-to-air children’s channel, which also offers the popular streaming services Gulli Replay and Gulli Max. Groupe M6 also acquired several pay-TV channels with children’s and music programs, as well as multiple online video platforms and Gulli’s international activities in French-speaking Africa, the Middle East and Russia. The group not only added nearly €100 million in annual revenues, but also strengthened its position in TV advertising and streaming.





Prince Charming: Nicolas Puschmann.



Creative Lab for Original Productions

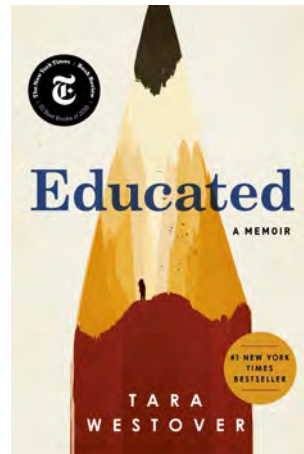
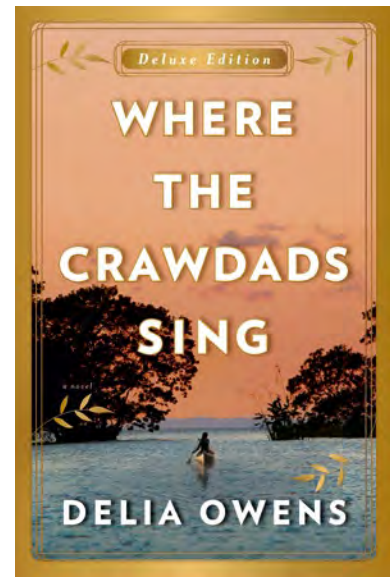
Exclusive content – fully owned and controlled – is a key currency in the broadcasting and streaming business, strengthening the brand and attracting viewers. There were many advantages to RTL Group setting up another creative unit, and in July the Format Creation Group (FC Group) launched in Hilversum, to develop innovative concepts and non-scripted formats exclusively for the Group's various broadcasters and streaming services. An international team of outstanding creative professionals is dedicated mainly to developing new factual-entertainment formats and reality shows geared to the requirements of domestic markets.



Penguin
Random
House

A Strong Bestseller Year for Penguin Random House

Penguin Random House once again demonstrated its sure instinct for bestsellers: the three top bestselling adult titles of the year in the United States were all by women who entrusted their stories to Penguin Random House for publication. Delia Owens' richly atmospheric novel "Where the Crawdads Sing" sold four million copies in print, e-book and audiobook formats in the world's largest book market. The other bestselling titles, each with more than two million copies sold, were Tara Westover's "Educated," which describes the author's escape from the strictness of a Mormon upbringing to attend the world's best universities, and Michelle Obama's memoir "Becoming," which continues to be loved by readers.

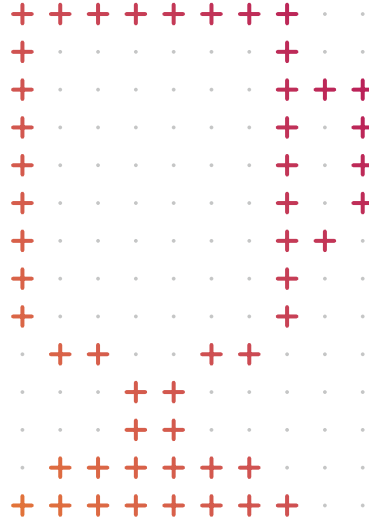


Penguin
Random
House

Expansion of Key Market Segments

Penguin Random House expanded its portfolio in growth markets and promising market segments with a series of acquisitions and investments. For example, Grupo Editorial increased its worldwide Spanish-language market share to the number one position with its acquisition of Ediciones Salamandra. In Brazil, Companhia das Letras acquired Zahar, a publisher widely recognized for its educational publications and children's books. The purchase of Little Tiger Group expanded the company's reach in the British children's and young adults book sectors. The acquisition of a 45 percent stake in the leading independent US publisher Sourcebooks was also promising; the fast-growing publisher is known for its innovative, market-informed and data-driven publishing approach.





Olga Tokarczuk received the Nobel Prize in Literature; Saša Stanišić was honored with the German Book Prize.



Penguin
Random
House

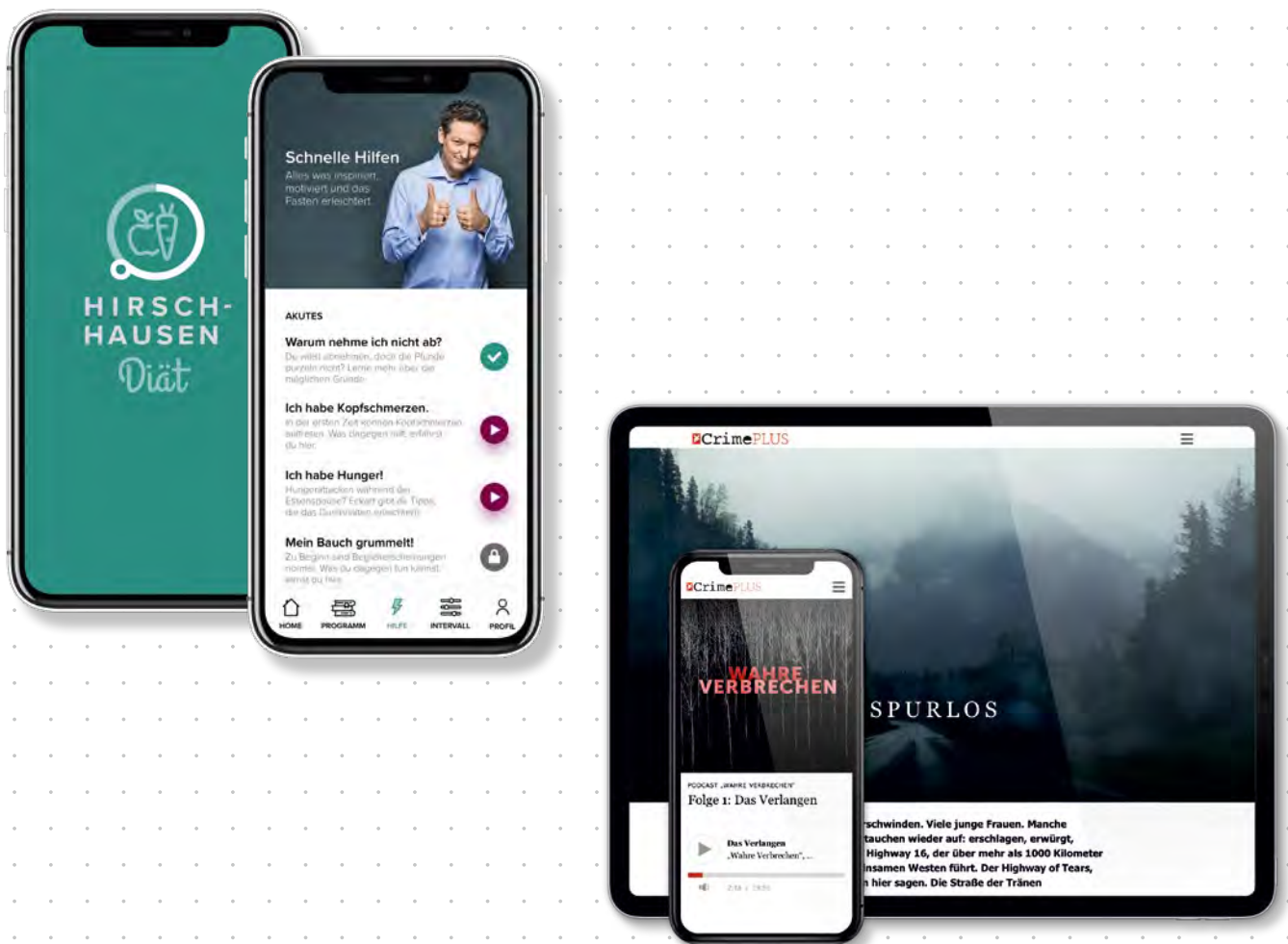
Multiple Awards for Penguin Random House Authors

2019 was an extremely successful year for Penguin Random House authors, with three of them winning Nobel Prizes; Polish bestselling author Olga Tokarczuk was retroactively awarded the 2018 Nobel Prize in Literature, and Abhijit Banerjee and Esther Duflo won the Nobel Prize in Economic Sciences. The UK Booker Prize was shared by two Penguin Random House authors: Margaret Atwood for her novel “The Testaments,” and Bernardine Evaristo for “Girl, Woman, Other.” And Verlagsgruppe Random House author Saša Stanišić accepted the German Book Prize for his outstanding novel “Herkunft” (“Origins”) at the opening of the Frankfurt Book Fair.



A Digital Home for Fans of Crime and Diets

Whether it's news or true crime you're looking for, history topics or diet coaching, Gruner + Jahr has expanded its digital publishing range to include new paid-content products. Content from the best-known G+J brands have been innovatively prepared and presented in multimedia formats, as in the case of "Stern," which has launched the subscription offshoots "Stern Plus" and "Stern Crime Plus." The latter offers crime fans real audio and video recordings of victims, perpetrators and investigators; reporters provide insights into the background of the stories. "Geo Epoche" has also launched an online archive to mark its 20th anniversary, and Dr. Eckart von Hirschhausen's tips on intermittent fasting are now available in the "Hirschhausen Diet" app, including audio coaching.





“Wohllebens Welt” – A Guide through Nature

Gruner + Jahr is already represented in the personality magazine segment with strong brands such as “Barbara” and “Guido.” In April, it added a magazine to the popular-science suite “Geo” that not only has a well-known figurehead, but also caters to a primal longing shared by many people. In “Wohllebens Welt” (“Wohlleben’s World”), the forest ranger and bestselling author Peter Wohlleben (“The Hidden Life of Trees”) takes his readers out into nature and guides them knowledgeably through the animal and plant kingdoms. Complex biological relationships are explained in a clear and exciting way, even for non-experts. In an increasingly fast-paced world, the magazine is intended to encourage people to experience nature again while also raising awareness of the need to protect the natural world.

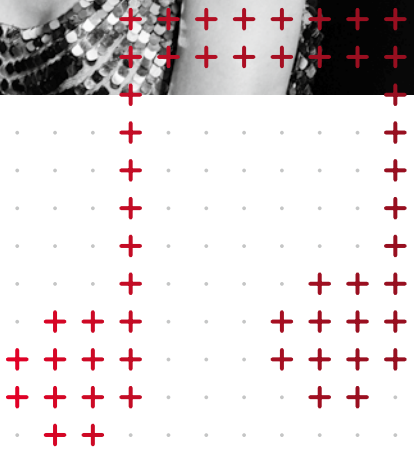


Real Crime and Exciting Time Travel for Podcast Lovers

Gruner+Jahr was right on trend with its broad range of podcasts. Last year, its creative think tank launched a total of 20 new formats that entice listeners with a colorful mix of topics ranging from comedy and lifestyle to crime and medicine. Especially popular among podcast fans are true-crime formats such as the “Stern Crime” podcast “Spurensuche” (“Searching for Clues”), in which investigators talk about the challenges of their most exciting criminal cases. Meanwhile, the “Geo Epoche” podcast “Verbrechen der Vergangenheit” (“Crimes of the Past”) offers exciting journeys through time, with topics including Ötzi the Iceman and former drug lord Pablo Escobar.



Kylie Minogue, Lewis Capaldi
and Blanco Brown
(clockwise from top left).



BMG

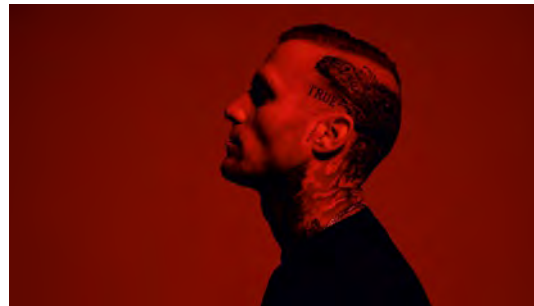
Recordings Business Grows Organically and Outgrows the Market

BMG's recordings business outpaced the market's growth in key territories in 2019. In the United Kingdom, album sales by BMG artists showed double-digit growth in a declining overall market, and in the United States, BMG's streaming revenues grew three times faster than the industry as a whole. Successful releases included albums by Kylie Minogue, Blanco Brown, Keith Richards, Jason Aldean, Dido, AJR, Kontra K and Seeed. In the publishing business, BMG enjoyed substantial success with established songwriters including AC/DC, Steven Tyler, Roger Waters and Johannes Oerding, as well young songwriters such as 21 Savage and Lewis Capaldi who topped the charts internationally.

BMG

Important Artists and Songwriters Expand Their Contracts

BMG stands for a strongly artist-oriented approach that attracts a lot of stars and newcomers. The company signed numerous new contracts with artists and songwriters from all over the world during the financial year, and also extended and expanded others. Award-winning country star Jason Aldean renewed his contract to be represented worldwide by BMG. Rock legends Keith Richards and Mick Jagger extended their publishing contracts with BMG. German rapper Kontra K, British singer Kamille and folk band Mighty Oaks will henceforth be represented by BMG in both recordings and publishing. New contracts were also signed by Rufus Wainwright, Natalie Imbruglia, KSI, Zac Brown Band, Seeeed and Cage The Elephant, among others.



Cage The Elephant, Kontra K and Jason Aldean (top to bottom).



BMG

New Focus on Artist Management

BMG continued to add new service options in 2019, and will from now on also offer artist management in addition to its services in music publishing and recordings, production music, music-related films and books. For this new service, the company partnered with US company Shelter Music Group. BMG is continuously developing its structures, processes and network in order to be the best partner for artists and songwriters – adding value to their careers and offering them better deal terms, while at the same time maintaining its core values of fairness, transparency and service.



Highlights 2019

Services



Google Cloud Platform

Arvato Systems Commits to the Cloud

Cloud solutions are a megatrend in the transformation to digital – which makes them an important business area for technology services provider Arvato Systems as it supports its business customers on their path toward the cloud. After Amazon Web Services and Microsoft Azure, the provider Google Cloud Platform was added as a partner in 2019. Arvato Systems thus continues resolutely on its own path as a multicloud provider and, in working with Google’s cloud experts, can now support its customers even better in integrating cloud services. With Amazon, Microsoft and Google, the industry’s three most important players – known as hyper-scalers in the cloud business – are now on board.



The Future of Warehouse Logistics is Automated

Arvato Supply Chain Solutions has systematically invested in automation, to optimize its processes through the strategic use of business intelligence and data science at logistics centers. In fall 2019, a fully automated warehouse went into operation in Gennep, the Netherlands, for an international customer in the cosmetics industry. The new auto-store system is the first in the world to be able to automatically handle the storage of hazardous substances; in the cosmetics industry these include highly flammable nail polish removers and deodorant sprays. Since the beginning of 2020, a driverless transport system has also been in use at the Arvato site in Harsewinkel: intelligent industrial trucks, affectionately named after superheroes like The Hulk and Batman by the workforce, transport the pallets, increasing both process efficiency and quality. The high-precision automated transport system, which can navigate down to the millimeter, will soon be used at other locations as well.





cinfoni Ensures Secure Data Transfer

As part of their strategic partnership, Arvato Financial Solutions and Swiss Post want to jointly develop a platform for sharing regulatory data in compliance with a new industry standard. The rationale behind the new suite of solutions, known as cinfoni (Customer Information Network Intelligence) will include, among other things, the EU Commission's tightened regulations to prevent money laundering and terrorist financing. These have engendered immense additional work and expense for banks and companies alike. cinfoni will provide a solution that automates the highly complex handling of strictly regulated data, considerably reducing the workload for banks and companies.



Majorel CEO Thomas Mackenbrock and Oliver Carlsen, Majorel CEO Germany and Eastern Europe.



Majorel on Track for Success

The newly forged Majorel group of companies, a merger of Arvato CRM Solutions and Morocco's Saham Group, had an exciting and successful first year. In September, just a few months after the transaction was completed, Majorel's new name, mission and brand identity were presented, and the business was already running at full speed worldwide. The top priorities for the service provider with 48,000 employees in 29 countries: deliver first-class, increasingly digital CRM services for companies in key industries, and expand its customer portfolio. The company grew internationally, especially outside the European Union, with new sites in Morocco, Armenia and Togo. Globally, Majorel occupies leading market positions in Europe, Africa and the Middle East, combined with a strong presence in America and Asia.

**Bertelsmann
Printing Group**

“One Company”: A New Structure for the Bertelsmann Printing Group

Bertelsmann gave its printing business a new organizational structure, creating the basis for more intensive cooperation between the individual companies in the Bertelsmann Printing Group. In the future, these companies will develop markets jointly and, in the new structure, accelerate their development into a data-driven, integrated provider of print and marketing services. Among other things, the businesses for Germany, Austria and Switzerland (DACH region) are now coordinated on an overarching basis.



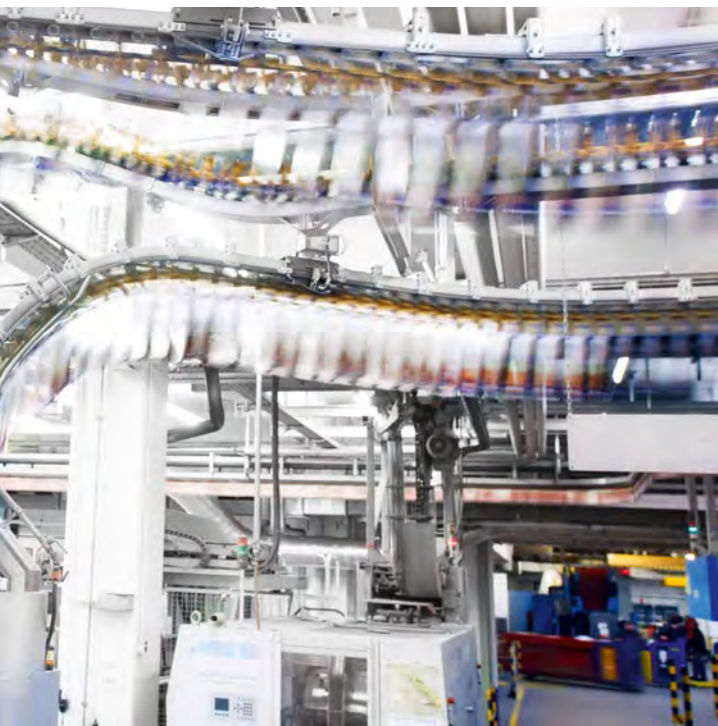
**Bertelsmann
Printing Group**

Major Order in Brochure Printing Secured Long-Term

Toward the end of the year, Mohn Media scored a major sales success in the high-circulation brochure business, convincing its largest brochure customer in supermarket retailing to renew their contract for several European markets – not by one year as in previous years, but by up to three years. In addition, print volumes for Belgium, which the customer had cancelled in 2018, were brought back to Mohn Media. This secured the company an order with a total volume of seven billion brochures.



Teamwork at Mohn Media: In the brochure sector, distribution, administration and production work hand in hand.



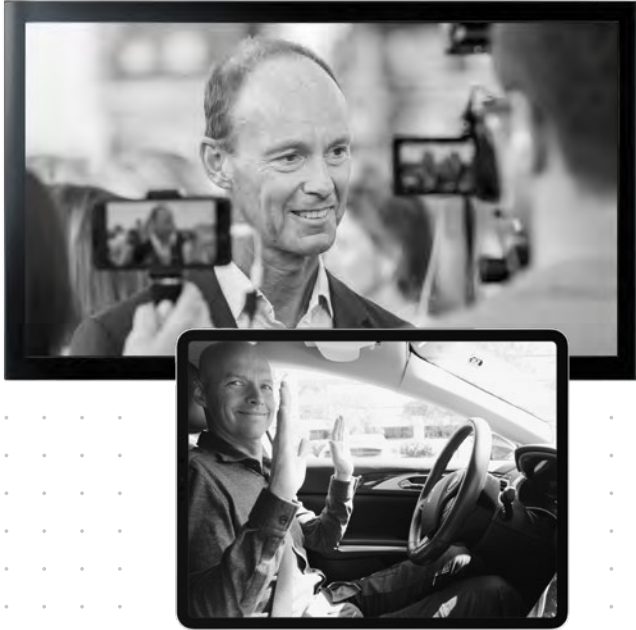
**Bertelsmann
Printing Group**

DeutschlandCard App Surpasses the Three-Million Mark

The multipartner rewards program DeutschlandCard is among Germany’s highest-reach marketing platforms – in digital as well. In the 2019 financial year, the app for the program, which is part of the Bertelsmann Printing Group, exceeded three million downloads for the first time. The app was actively used about one million times per month. Besides the integrated e-coupons, the program’s marketing promotions are particularly popular. The cross-partner campaign “Dreh durch vor Freude” (“Spinning for Joy”) was also played heavily on the program’s digital channels, and was additionally boosted with gamification elements such as a microgame in the DeutschlandCard app. For participating companies, DeutschlandCard is an important tool for analyzing consumer needs and incorporating them into effective, targeted communications.

Highlights 2019

Education



BERTELSMANN

#50000chances: Bertelsmann Gives Away Udacity Scholarships

In March, Bertelsmann announced a global education initiative to address the shortage of skilled workers in the digital economy. 50,000 scholarships for courses offered by the online learning platform Udacity, in the fields of cloud, data and artificial intelligence, will be awarded within three years. The first 15,000 scholarship holders, selected from 45,600 applications from six continents, started the program in October 2019. The lively response is attributable to an extensive image campaign Bertelsmann launched under the hashtag #50000chances. TV commercials, print and online ads, social media and a dedicated landing page all highlighted the increasing importance of technological expertise.

Bertelsmann
Education Group

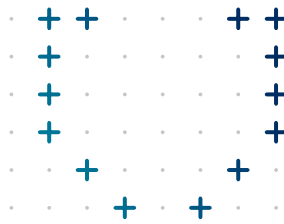
Udacity Goes from Success to Success with Nanodegrees

The online continuing education platform Udacity, in which Bertelsmann owns a major stake, now has more than 10 million students enrolled in its programs worldwide. The “University of Silicon Valley” offers digital learning in key areas such as data analysis, cloud computing, artificial intelligence and robotics – knowledge that is urgently needed as many industries’ digitalization progresses. More tech courses, 14 new Nanodegree programs and a School of Cloud Computing were added in 2019. The offer especially appeals to companies that want to provide their staff with advanced training.



Relias Continues Expanding its Extensive Course Library

Relias, the US-based continuing education specialist, struck a chord with its broadly diversified range of healthcare training and education. To keep up with the demand for specialized healthcare providers, Relias has continued to grow its course library – the largest in the US healthcare sector – since its 2018 acquisition of OnCourse Learning. Additions such as suicide prevention, maternal mortality reduction, wound care and documentation of nursing activities have helped Relias’ 11,000 client organizations and more than five million users worldwide develop highly reliable care teams to reduce variations in care and deliver better clinical and financial outcomes. In doing so, Relias continues to advocate for the highest quality and safety standards across the entire continuum of care.



A Digital Information System to Simplify Students’ Lives

Alliant International University, which specializes in psychology and education, expanded its online campus in 2019, showing continuous growth in its number of online students. The Education Group subsidiary also introduced a new Student Information System that allows people to manage their entire academic careers online. Students from across the country can now efficiently organize and view all deadlines, courses, exam results, room allocations and online exercises centrally.



Andy Vaughn (left), President of Alliant International University, speaking with students.

Highlights 2019

Investments



BI Expands its Network and Focus

Bertelsmann Investments (BI) expanded its portfolio of start-ups and funds to a total of 230 holdings in 2019, with an increasing focus on new growth regions such as Southeast Asia and Africa. One example is the holding in the Partech Africa fund, which invests in African technology start-ups. In Europe as well, tech start-ups were the focus of the BI network's expansion – as in the investment in Blossom Capital 1, a fund that invests primarily in European companies from the financial services, cybersecurity and infrastructure sectors.



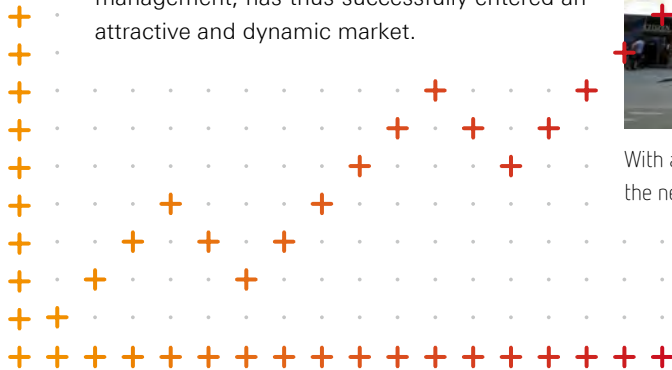
Tidjane Dème (left) and Cyril Collon, heads of the investment fund Partech Africa.

Education Provider Impresses BBI and the Stock Exchange

Bertelsmann Brazil Investments (BBI) celebrated the successful IPO of a prominent investment in 2019: the Brazilian continuing education company Afya Education successfully debuted on the New York Nasdaq in July amid a shower of confetti. The educational provider specializes in medical education and training programs, and is the largest of its kind in Brazil with around 36,000 students. Bertelsmann Investments holds an indirect stake in the up-and-coming company via a fund investment with its partner Crescera Investimentos. BBI, in cooperation with co-shareholders and the Afya management, has thus successfully entered an attractive and dynamic market.



With a large advertisement at its building in New York's Times Square, Nasdaq welcomes the newcomer Afya.



哈啰出行



Bertelsmann Asia Investments Score Record Returns

In 2019, Bertelsmann Asia Investments (BAI) generated more than €200 million in proceeds from the sale of former holdings, a BAI record. Most of this sum came from the sale of shares in the live-streaming and short-video platform Bigo. The platform, in which BAI first invested in 2015, rapidly developed into one of the most successful video platforms in Southeast Asia, India and the Middle East with the apps Bigo Live, Likee and IMO. BAI's shares in the Chinese bike-sharing service provider Hellobike and the social network Momo were also successfully sold.

The Bertelsmann Essentials

Our Origins and Shareholders

Bertelsmann was founded in 1835 by Carl Bertelsmann. It remains a privately-held company with the majority of shares donated to a not-for-profit foundation – the Bertelsmann Stiftung.

Our Sense of Purpose

To empower, to create and to inspire is the purpose of our work. This provides direction to our managers and employees and informs our relationship with customers, partners and society at large. It guides all of our work as an international media, services and education company.

Our Essentials

In a rapidly changing world, how we do things has never been more important. Our core values guide everything we do. Strong individually, it is how “Creativity and Entrepreneurship” work together that makes them powerful and true to our Bertelsmann culture of participation and partnership.

Creativity

Creativity is vital to us. We celebrate and nurture creativity: encouraging the critical and imaginative thinking that challenges convention and unlocks opportunity. Our minds are open and curious and we encourage and develop the passionate pursuit of fragile ideas. We know that experimentation is part of the creative process and that innovation best serves our customers and markets. Diversity is crucial. We actively seek out different viewpoints and encourage communication and collaboration.

Entrepreneurial freedom provides us with the vision and courage to take risks, the decisiveness and perseverance to get things done, and to be accountable for our actions. Because we act responsibly, we can be proud of our entrepreneurial achievements. We never lose sight of our customers. Mutual respect and trust between every colleague and partner is crucial. Collaborating makes us all stronger. We invest in our people, empower them and provide fair working conditions. We're mindful of the impact we have on society and environment, and we seek to make a positive difference.

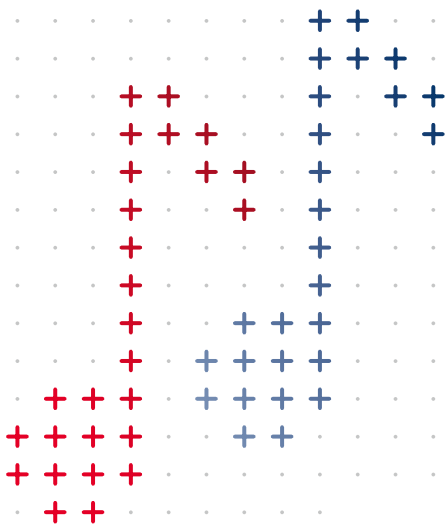


Entrepreneurship

Culture @ Bertelsmann

Bertelsmann is engaged in a variety of cultural initiatives, both in Germany and internationally. The Group's Culture@Bertelsmann activities comprise exhibitions, literary formats and concerts, as well as efforts to preserve Europe's cultural heritage.

Culture@Bertelsmann is closely linked to Bertelsmann's tradition and creative products – because creativity is an engine for diversity and innovation, both in the company and in society.



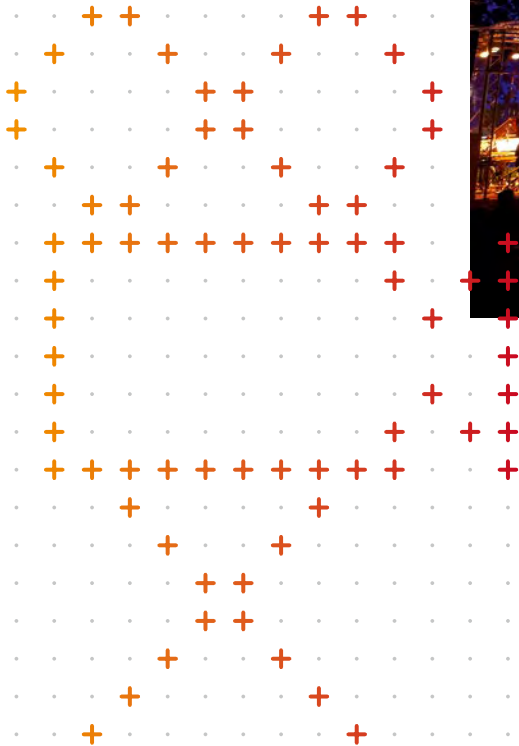
With this exhibition in the Morgan Library, Bertelsmann fulfilled its promise to make the treasures of the world-famous Ricordi Archive accessible to people around the world.

Music

New York Loves Verdi ... and the Ricordi Archive

Starting in September 2019, rare testimonies of Italian opera history from the Milan Ricordi Archive were shown for the first time in the United States. By the end of the year, the exhibition "Verdi: Creating Otello and Falstaff – Highlights from the Ricordi Archive" at the Morgan Library & Museum in New York attracted more than 70,000 music fans, including Bertelsmann CEO Thomas Rabe and Penguin Random House CEO Markus Dohle. The show, co-created by Bertelsmann as owner of the archive, traced the genesis of Verdi's last two operas, "Otello" and "Falstaff," using original scores, libretti, selected correspondence, stage sets and figurines – much to the delight of New Yorkers as well as the press, who called it a "treasure trove for Verdi lovers" and a "gem of an exhibition."

Film heritage meets world cultural heritage: UFA Film Nights stylishly screened legendary silent films on Berlin's Museum Island.



Film

UFA Film Nights: A Journey Back in Time to the Roaring 1920s

A clear night sky, a film orchestra or DJ, and a masterpiece of the silent film era projected against an architecturally attractive backdrop – UFA Film Nights have gained a loyal following with this concept. In 2019, a thousand film fans once again flocked to Berlin's Museum Island on three consecutive evenings to embark on a journey back in time. Bertelsmann and UFA kicked off the Film Nights by presenting Richard Oswald's "Eine tolle Nacht" ("A Crazy Night"; 1926/27), a mad ramble through the wild Berlin of the 1920s, followed by Fritz Lang's visionary "Frau im Mond" ("Woman in the Moon"; 1929) and Ernst Lubitsch's revolutionary epic "Madame Dubarry" (1919). Celebrity DJ Jeff Mills provided a musical highlight. Later in the year, UFA Film Nights also drew large crowds in Brussels.



Bertelsmann and the Berliner Operngruppe once again presented a musical rarity from the Group's own Ricordi Archive: Puccini's "Edgar."

Music

An Impressive Setting for Puccini's Early Opus "Edgar"

"Edgar," Giacomo Puccini's second opera, initially flopped upon its premiere at La Scala in Milan in 1889. However, the piece about love, fidelity and betrayal was then revised several times by the highly talented young composer at the insistence of his publisher, Ricordi. It wasn't until the final version of 1905 that the work and its creator finally won international recognition. Bertelsmann and the Berliner Operngruppe, led by conductor Felix Krieger, presented this version to a Berlin audience for the first time in February 2019, thereby continuing their series of performances of rare operas from the Ricordi Archive in Milan. In preparation for the performance, Krieger traveled to Milan specifically to study the original documents on "Edgar."

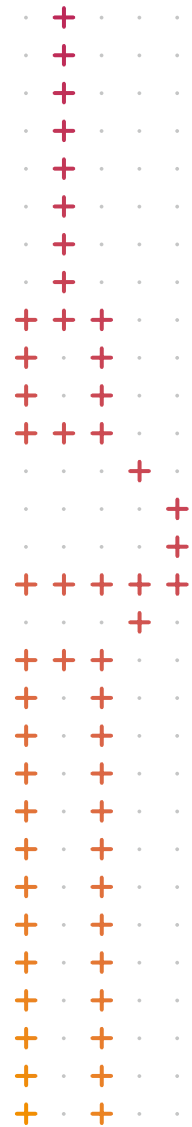


"Konfettinacht, 2007." The picture by Berlin photographer Carolin Saage was one of the highlights of the exhibition at C/O Berlin.

Art

"No Photos on the Dance Floor!"

At the "No Photos on the Dance Floor!" exhibition in the fall of 2019, the C/O Berlin gallery presented spectacular photos, videos and sounds from 30 years of Berlin club culture. These exhibits documented how, since the fall of the Berlin Wall, young creatives, techno fans and night owls from East and West have flocked to the clubs to live it up and celebrate "far from the daily routine and common sense." Bertelsmann supported the show, which quickly turned out to be a crowd-puller. The Group's support was natural considering its music subsidiary BMG represents well-known artists from the Berlin scene. Prestel, an art book publisher from Munich owned by Bertelsmann, published the book accompanying the exhibition.



More than 170 authors took a seat on the Blue Sofa in 2019 – 95 of them at the Leipzig Book Fair alone.

Literature

Literary Speed-Dating on the Blue Sofa

The Blue Sofa – one of Germany's most successful literary formats, and hosted by Bertelsmann, ZDF, Deutschlandfunk Kultur and 3sat – was all but ubiquitous in 2019. At the Leipzig and Frankfurt Book Fairs and accompanying reading festivals, stars and newcomers of the literary scene met every half hour to talk about their new books on the iconic blue piece of furniture. The discussions were sometimes profound, sometimes exciting, mostly personal and always revealing. And once again everyone was there, from Nobel Literature Laureate Olga Tokarczuk to former German President Joachim Gauck; from crime-thriller star Sebastian Fitzek to audience-favorites-turned-authors like Thomas Gottschalk and the YouTube stars "Die Lochis." The Blue Sofa also made an appearance at the Goethe-Institut's cultural symposium in Weimar in June, as well as twice at the Gütersloh Theater with Dörte Hansen and Elke Heidenreich as guests. It also served as the venue for an "Architecture Summit" in the new James Simon Gallery on Berlin's Museum Island in November.

Corporate Responsibility

We strive to act responsibly and entrepreneurially – in our business environment, with our employees, in society and toward the environment. This is an integral part of the Bertelsmann Essentials “Creativity and Entrepreneurship.”

Bertelsmann continually examines the strategic development of its corporate responsibility (CR). This involves matters of anchoring CR in the organization, cross-divisional coordination and collaboration, and transparency regarding the main topics prioritized for the Group, its divisions and companies. The Bertelsmann Corporate Responsibility Council, headed by the Chief HR Officer, regularly brings together high-ranking representatives of the operating divisions. Together, they advance the strategic development of CR at Bertelsmann. At Group level, the Corporate Responsibility & Diversity Management Department coordinates and supports the CR Council’s work, reporting to the Group’s Chief HR Officer. At Bertelsmann, CR projects and measures are implemented in a decentralized manner by the divisions and companies.

Integrity & Compliance

Bertelsmann has established an extensive Integrity & Compliance program. Based on the Bertelsmann Essentials, the document underlying it is the Bertelsmann Code of Conduct, which codifies mandatory ethical and lawful conduct for all employees. More detailed guidelines have been issued on key issues such as anti-corruption, antitrust law, foreign trade and compliance by business partners. Employees are fully trained and advised, and compliance violations are not tolerated. Suspected infringements are promptly investigated, and any infringements are immediately remedied. The effectiveness of the program is ensured by regular evaluations and risk-oriented adjustments.

Further information on corporate responsibility at Bertelsmann, and the annual reporting, can be found online at www.bertelsmann.com/corporate-responsibility

Highlights 2019

Bertelsmann Publishes “Action Plan: Inclusion”

Bertelsmann published “Action Plan: Inclusion” in 2019. It will provide the basis for minimizing barriers and maximizing accessibility for all employees with disabilities at Bertelsmann’s German companies by 2024, so they can contribute their full potential to the company’s success.



Record Result for “RTL-Spendenmarathon”

Mediengruppe RTL Deutschland’s telethon “RTL-Spendenmarathon 2019” raised €11,491,418 – the highest sum since the charity show began. The funds will be used, for example, to equip children’s palliative care centers and hospitals in Germany, and to set up centers to guard against child labor in Bangladesh. Mediengruppe RTL Deutschland carries the costs of the charity format, so that all the funds raised can be used in full for the domestic and international children’s relief projects.



Wolfram Kons, presenter of the “RTL-Spendenmarathon.”

Children’s Book Portal for Teachers

Penguin Random House Education has launched a new book portal, PRHElementaryEd.com, where teachers can now find more than 20,000 children’s books. The website provides title summaries as well as text excerpts and teaching materials to help educators facilitate their lesson planning – all to promote literacy and the joy of reading among schoolchildren. It is one of the first projects launched in the United States based on consultation with the PRH Elementary Education Teacher Advisory Board.



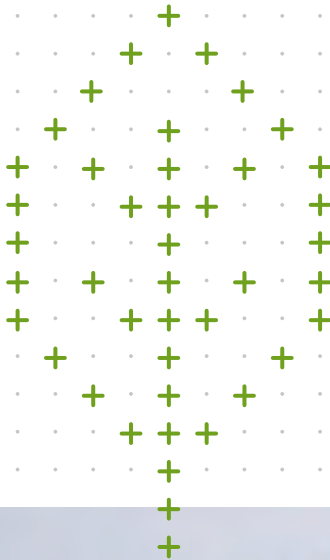
Climate Neutral by 2030

In 2030 Bertelsmann will be a climate-neutral company. By then, the Group aims to have halved the greenhouse gas emissions generated at its sites, by the manufacture of its products and by the mobility of its employees; the remaining emissions will be offset. Bertelsmann will also support its business customers in reducing product-related emissions.

50 percent
reduction in greenhouse
gas emissions

>500,000
tons of CO₂ eliminated

100 percent
green electricity

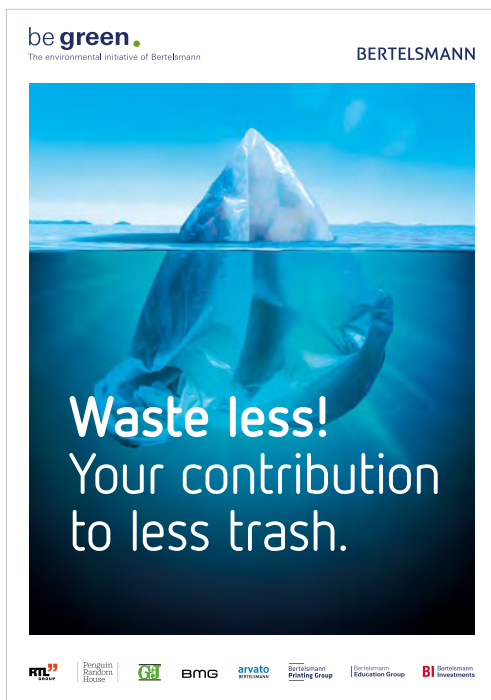


Climate Neutral by
2030



Thomas Rabe and Immanuel Hermreck.

Highlights 2019



“be green Day” Campaign Sets New Record

This year, employees from 26 countries – more than ever before – sent out a signal for the protection of the environment and climate by taking part in the Group-wide “be green Day” campaign. At 88, the number of sites where employees took part in the campaign also exceeded that of 2017. From Norway to Chile and Canada to New Zealand, numerous creative activities were organized around the slogan “Waste less! Your contribution to less trash.” Activities ranging from workshops on upcycling to “plogging” groups to collective tree-planting served to demonstrate the employees’ commitment to the topic.

Countering Plastic with Cardboard

The Bertelsmann subsidiary Topac has offered sustainable alternatives to plastic packaging in food retailing since 2019. Its new cardboard-based concept reduces the plastic content of packaging by up to 70 percent. In this way, the company makes a contribution to reducing plastic waste in retail.



Sven Deutschmann (left) and Christian Knehans (right) inspect the production tools for food packaging together with a customer.

Financial Calendar

May 14, 2020

Announcement of figures for the first three months of 2020

September 1, 2020

Announcement of figures for the first half of 2020

November 12, 2020

Announcement of figures for the first nine months of 2020

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The Annual Report and current information about Bertelsmann are also posted on:

www.bertelsmann.com



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The Annual Report is also available in German.



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