

Annual Financial Statements and Combined Management Report

Bertelsmann SE & Co. KGaA, Gütersloh

December 31, 2018

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Combined management report

Bertelsmann SE & Co. KGaA

Balance sheet as of December 31, 2018

Assets

		12/31/2018	Previous year
	Notes	€	€ million
Fixed assets			
Intangible assets			
Acquired patents and similar rights and licenses to such rights	(1)	10,168,243.41	1
Advance payments	(1)	107,269.27	-
		10,275,512.68	1
Tangible assets			
Land, rights equivalent to land, and buildings	(1)	324,773,037.12	312
Technical equipment and machinery	(1)	743,025.00	1
Other equipment, fixtures, furniture and office equipment	(1)	49,761,927.41	53
Advance payments and construction in progress	(1)	1,703,377.46	10
		376,981,366.99	376
Long-term financial assets			
Investments in affiliated companies	(1)	14,407,854,561.78	13,983
Loans to affiliated companies	(1)	1,179,039,301.30	1,267
Participations	(1)	3,800.00	-
Long-term securities	(1)	1,411,334,516.78	1,452
		16,998,232,179.86	16,702
		17,385,489,059.53	17,079
Current assets			
Receivables and other assets			
Accounts receivable from affiliated companies	(2)	4,106,509,350.99	3,474
Other assets	(2)	126,979,054.39	88
		4,233,488,405.38	3,562
Securities			
Other securities		1.00	-
Cash on hand and bank balances			
	(3)	230,275,611.36	520
		4,463,764,017.74	4,082
Prepaid expenses and deferred charges			
	(4)	20,973,501.95	21
Excess of plan assets over post-employment benefit liability			
	(5)	356,237.21	-
		21,870,582,816.43	21,182

Bertelsmann SE & Co. KGaA

Balance sheet as of December 31, 2018

Shareholders' equity and liabilities

	Notes	12/31/2018 €	Previous year € million
Shareholders' equity			
Subscribed capital	(6)	1,000,000,000.00	1,000
Capital reserve		2,600,000,000.00	2,600
Retained earnings			
Legal reserve		100,000,000.00	100
Other retained earnings	(7)	5,290,000,000.00	5,140
		5,390,000,000.00	5,240
Unappropriated income		640,850,615.24	665
		9,630,850,615.24	9,505
Provisions			
Provisions for pensions and similar obligations	(8)	330,041,222.00	301
Provisions for taxes		4,088,318.11	103
Other provisions	(9)	136,150,404.62	93
		470,279,944.73	497
Liabilities			
Bonds and promissory notes	(10), (11)	4,910,000,000.00	4,360
Liabilities to banks	(10)	152,556,292.26	209
Profit participation capital	(10), (12)	412,589,819.08	413
Trade payables	(10)	15,550,754.35	17
Liabilities to affiliated companies	(10)	6,164,182,306.12	6,072
Other liabilities	(10)	111,502,247.07	106
		11,766,381,418.88	11,177
Deferred income		3,070,837.58	3
		21,870,582,816.43	21,182

Bertelsmann SE & Co. KGaA

Income statement

for the financial year from January 1 to December 31, 2018

		2018	2017
	Notes	€	€ million
Revenues	(13)	115,213,591.14	105
Own cost capitalized		18,752.74	-
Other operating income	(14)	202,270,375.12	311
Cost of materials			
Cost of purchased services		-30,165,100.87	-28
Personnel costs	(15)		
Wages and salaries		-129,983,127.96	-113
Social security contributions and post-employment and other employee benefit costs		-45,354,872.29	-30
		-175,338,000.25	-143
Amortization, depreciation and write-downs			
Amortization and write-downs of intangible assets and depreciation and write-downs of tangible assets		-19,723,490.14	-17
Other operating expenses	(16)	-244,680,606.80	-194
Income from other participations	(17)		
Income from profit and loss transfer agreements		906,801,837.59	676
Income from participations		9,851,336.13	37
Expenses from loss assumption		-157,860,060.02	-26
		758,793,113.70	687
Interest income	(18)		
Income from other securities and long-term loans		53,835,695.03	11
Other interest and similar income		113,948,159.10	107
Other interest and similar expenses		-225,795,086.28	-198
		-58,011,232.15	-80
Write-downs of long-term financial assets	(19)	-127,806,625.11	-79
Taxes on income	(20)	-111,679,290.98	-197
Earnings after taxes		308,891,486.40	364
Other taxes		-2,743,216.54	-1
Net income		306,148,269.86	363
Income brought forward		484,702,345.38	462
Addition to other retained earnings		-150,000,000.00	-160
Unappropriated income		640,850,615.24	665

Bertelsmann SE & Co. KGaA

Notes to the financial statements for the financial year from January 1 to December 31, 2018

Principles and methods

Bertelsmann SE & Co. KGaA is based in Gütersloh. The company is registered in the Commercial Register held at Gütersloh District Court under number 9194.

Accounting principles

The annual financial statements and the management report combined with the Group management report of Bertelsmann SE & Co. KGaA pursuant to section 315 (5) HGB [German Commercial Code] in conjunction with section 298 (2) HGB have been prepared in accordance with the accounting principles of the German Commercial Code (HGB) for large corporations and the additional regulations of Germany's Stock Corporation Act (Aktiengesetz).

Balance sheet and income statement presentation

The balance sheet and the income statement comply basically with the presentation provisions specified in sections 266 and 275 HGB. The income statement has been prepared according to the nature of expense method.

Accounting and measurement policies

Intangible and tangible assets

The option to capitalize internally generated intangible assets was not exercised. Acquired fixed intangible assets as well as tangible assets are measured at cost. Amortization and depreciation rates and methods are based on the economic useful lives. Amortization and depreciation is applied using the straight-line or declining balance method, although assets acquired after December 31, 2007, are amortized or depreciated exclusively on a straight-line basis. Assets expected to suffer permanent impairment are written down to the lower fair value. Tangible assets whose cost is €800 or below are amortized or depreciated during the year of acquisition. Independently movable fixed assets that are subject to wear and tear at a cost of up to €250 are immediately reported as expenses.

Long-term financial assets, receivables and other assets

Financial assets are measured at cost, at their nominal value or the lower fair value. Any write-downs are reversed as soon as the reasons for the impairments no longer apply.

Receivables and other assets are generally stated at the nominal value or at the lower fair value on the balance sheet date.

The determination of the fair values of shares in affiliated companies as well as loans and receivables from affiliated companies is typically determined using the discounted cash flow method. Under this method, the future cash flows are discounted using the cost of capital calculated on an individual basis for the company to be measured. If the company holds shares in an affiliated company to which the company also has extended loans (loans to or receivables from affiliated companies), and if the carrying amount of this total equity and debt financing exposure exceeds the calculated fair value, the shares in affiliated companies are initially written down. If necessary, an impairment of loans to and/or receivables from affiliated companies is recorded subsequently.

Financial assets which are inaccessible to all other creditors and serve exclusively to fulfill pension obligations or other similar long-term obligations are measured at fair value in accordance with section 246 (2) sentence 2 of the German Commercial Code (Handelsgesetzbuch, HGB) and are offset against the underlying obligations. Any remaining surplus of assets shall be disclosed separately on the balance sheet under the item "Excess of plan assets over post-employment benefit liabilities."

Securities

Securities are carried at the lower of cost or market price on the balance sheet date.

Cash on hand and bank balances

Bank balances and cash on hand are carried at nominal value. Foreign currency holdings are carried at the applicable exchange rate on the balance sheet date.

Prepaid expenses and deferred charges

Payments made before the reporting date are reported as prepaid expenses if they represent expenses for a specific period after this date.

Excess of plan assets over post-employment benefit liabilities

A surplus of assets remaining after offsetting the assets measured at fair value in accordance with section 246 (2) sentence 2 HGB against the underlying pension obligations or similar long-term obligations is disclosed as an excess of plan assets over post-employment benefit liabilities.

Subscribed capital

Subscribed capital is recognized at the nominal amount.

Provisions

Provisions for pensions and similar obligations are measured using the projected unit credit method. The biometric calculations are based on the „Richttafeln 2018 G i. d. F. Oktober 2018“ in the version issued by the Heubeck-Richttafeln-GmbH in October 2018. The pension provisions are calculated on a lump-sum basis corresponding to a 15-year term at the average market interest rate of the last ten years specified by Deutsche Bundesbank. The calculation also reflects future-oriented measurement parameters such as the rate of salary increase, rate of pension increase and fluctuation.

The provisions for taxes and other provisions are measured according to a reasonable commercial assessment. They are measured at their respective settlement value. Future cost and price increases are taken into account where there are sufficient objective indications that they will arise. Provisions with a term of over one year are discounted at the average market interest rate for the last seven years corresponding to their remaining term. The applicable interest rate is published by Deutsche Bundesbank.

In order to fulfill certain obligations relating to employee pension plans and similar long-term obligations, the corresponding funds are invested in a pension plan reinsurance scheme, in securities and in restricted cash assets held in a trust arrangement. These are used solely to fulfill pension obligations and are not accessible to the other creditors. The pension plan reinsurance policy is used to cover amounts for higher pension provision. The pension plan reinsurance is measured at the capitalized value derived from the fund capital calculated at the end of the insurance period or at least derived from the guaranteed redemption value, where such a value has been agreed or derived from the budgeted fund capital. The securities are used to fulfill corresponding assurances to employees. Measurement is at fair value which equals the market price. Pension obligations – the amount of which is determined solely based on the fair value of securities – are recognized at the fair value of the securities in accordance with section 253 (1) sentence 3 HGB. The cash assets serving to fulfill obligations to employees are measured at their nominal value. In accordance with section 246 (2) sentence 2 HGB, plan assets have been offset against the underlying obligations. If offsetting results in a remaining surplus of assets, this amount shall be disclosed separately on the balance sheet under the item “Excess of plan assets over post-employment benefit liabilities.” If the fair value of the plan assets exceeds the historical cost, this portion is subject to a restriction on distribution in accordance with section 268 (8) HGB. In accordance with section 246 (2) sentence 2 HGB, expenses and income from discounting the obligations and from the corresponding assets are offset against each other.

Liabilities

Liabilities are stated at their settlement value.

Profit participation capital

The terms and conditions for the issued profit participation certificates provide for rules on the remuneration, repayment and termination of profit participation capital. These conditions do not meet the requirements for the presentation of profit participation rights as equity. For this reason, the profit participation capital is classified as liabilities and reported as a separate item under “Liabilities.” Remuneration for the contribution of profit participation capital is recognized as interest expenses and charged to net income.

Deferred income

Payments received before the reporting date is reported as deferred income if it represents income for a specific period after this date.

Deferred taxes

Deferred taxes arise from temporary differences between values recognized under commercial law and the corresponding values under tax law. Investments in partnerships are also taken into account for the purposes of determining deferred German corporation tax. Exercising the option under section 274 (1) sentence 2 HGB means waiving the recognition of net deferred tax assets. Deferred taxes are calculated for all the companies of the Bertelsmann SE & Co. KGaA consolidated tax group.

Assets held in trust

Security investments, other assets and cash and cash equivalents held in trust by Bertelsmann Pension Trust e. V. under the contractual trust arrangement (CTA) are, from an economic point of view, still treated as held by Bertelsmann SE & Co. KGaA. These trust assets do not meet the requirements for plan assets set forth in section 246 (2) sentence 2 HGB.

Currency translation

Foreign currency receivables with a remaining term of one year or less are measured at the mean exchange rate on the balance sheet date, and foreign currency receivables with a remaining term of over one year are measured at the mean exchange rate on the entry date or the lower mean rate on the balance sheet date, provided no hedging transactions have been entered into and recognized under hedge accounting criteria.

Liabilities denominated in foreign currencies with a remaining term of one year or less are recognized at the mean exchange rate on the balance sheet date, and all other liabilities denominated in foreign currencies are recognized at the mean exchange rate on the entry date or the higher mean rate on the balance sheet date, provided no hedging transactions have been entered into and recognized under hedge accounting criteria.

Notes on the balance sheet

1 Statement of changes in fixed assets

Cost	12/31/2017 € million	Additions € million	Disposals € million	Reclassifications € million	12/31/2018 € million
Intangible assets					
Acquired patents and similar rights and licenses to such rights	8	12	-	-	20
	8	12	-	-	20
Tangible assets					
Land, rights equivalent to land, and buildings	496	6	-	19	521
Technical equipment and machinery	21	-	-	-	21
Other equipment, fixtures, furniture and office equipment	88	3	-	-	91
Advance payments and construction in progress	10	10	-	-19	1
	615	19	-	-	634
Long-term financial assets					
Investments in affiliated companies	14,834	514	173	-	15,175
Loans to affiliated companies	1,289	-	149	-	1,140
Participations	-	-	-	-	-
Long-term securities	1,452	9	50	-	1,411
	17,575	523	372	-	17,726
	18,198	554	372	-	18,380

Amortization, depreciation and write-downs	12/31/2017 € million	Amortization depreciation and write-downs in 2018 € million	Other effects ¹⁾ € million	Reversals 2018 € million	Disposals € million	12/31/2018 € million	Carrying amounts	
							12/31/2018 € million	12/31/2017 € million
Intangible assets								
Acquired patents and similar rights and licenses to such rights	7	2	-	-	-	9	11	1
	7	2	-	-	-	9	11	1
Tangible assets								
Land, rights equivalent to land, and buildings	184	12	-	-	-	196	325	312
Technical equipment and machinery	20	-	-	-	-	20	1	1
Other equipment, fixtures, furniture and office equipment	35	6	-	-	-	41	50	53
Advance payments and construction in progress	-	-	-	-	-	-	1	10
	239	18	-	-	-	257	377	376
Long-term financial assets								
Investments in affiliated companies	851	128	-	90	122	767	14,408	13,983
Loans to affiliated companies	22	-	-54	-	7	-39	1,179	1,267
Participations	-	-	-	-	-	-	-	-
Long-term securities	-	-	-	-	-	-	1,411	1,452
	873	128	-54	90	129	728	16,998	16,702
	1,119	148	-54	90	129	994	17,386	17,079

¹⁾ Value adjustment through the hedged loans to affiliated companies with no impact on earnings with the meaning of Section 254 HGB

There were no changes to the full amount of depreciation, amortization or write-downs in connection with additions or reclassifications in the financial year 2018.

Write-downs of long-term financial assets in the financial year 2018 comprise write-downs to the lower fair value as a result of a permanent impairment.

The increase in investments in affiliated companies is attributable in the amount of €480 million to the carrying amount of the investment in Bertelsmann Capital Holding GmbH, Gütersloh. This increased due to a payment made by Bertelsmann SE & Co. KGaA in connection with the profit and loss transfer agreement between Bertelsmann Capital Holding GmbH, Gütersloh, and RTL Group Deutschland GmbH, Cologne. Disposals are mainly attributable to the contribution of shares in affiliated companies to the subsidiary Reinhard Mohn GmbH, Gütersloh.

The loans are loan receivables due from Bertelsmann, Inc., Wilmington, for financing this company's operations. The loan agreements have a term of more than one year. The disposals result from the repayment of a loan receivable due in the financial year 2018. The loans are full included in valuation units within the meaning of section 254 HGB.

The security investments are shares in various funds held and managed by Bertelsmann Pension Trust e.V. They are used to secure and fulfill pension obligations of Bertelsmann SE & Co. KGaA and selected subsidiaries.

2 Receivables and other assets

Among the receivables from affiliates, €2,886 million (previous year: €2,098 million) involves companies in Germany and €1,221 million (previous year: €1,376 million) involves companies abroad. These result from the financing of operating activities of subsidiaries. The increase in receivables from affiliated companies primarily concerns the receivables due from Reinhard Mohn GmbH, Gütersloh, for financing capital contributions to foreign subsidiaries.

As of December 31, 2018, other assets have a remaining term of less than one year. As of December 31, 2017, other assets amounting to €39 million had a remaining term of more than one year. Among the other assets, €2 thousand are held in trust subject to restricted access (previous year: €3 thousand).

3 Cash on hand and bank balances

€14 million of the cash and cash equivalents are held and managed in trust (previous year: €28 million).

4 Prepaid expenses and deferred charges

A debt discount of €13 million (previous year: €11 million) in accordance with section 250 (3) HGB is recognized in prepaid expenses and deferred charges. The debt discount stems from the bonds maturing in 2019, 2021, 2022, 2024, 2025, 2026 and 2032. The discount is amortized on a straight-line basis over the individual terms of the bonds.

5 Excess of plan assets over post-employment benefit liabilities

An excess of plan assets over post-employment benefit liabilities results from the surplus after offsetting the pension obligations and comparable long-term obligations against the corresponding plan assets. Further details can be found in the notes to pensions and similar obligations as well as other provisions.

6 Subscribed capital

The share capital in the amount of €1,000 million is divided into 83,760 no-par value registered shares.

7 Other retained earnings

Other retained earnings in the financial year 2018 were as follows:

	€
Balance as of 12/31/2017	5,140,000,000.00
Additions from 2018 net income	150,000,000.00
Balance as of 12/31/2018	5,290,000,000.00

8 Pensions and similar obligations

Pension expenses of €15 million were paid out in the financial year 2018.

Pension provisions were calculated using the average market interest rate specified by Deutsche Bundesbank of 3.21 percent p.a. (previous year: 3.68 percent p.a.). The calculation assumed a rate of salary increase of 2.25 percent p.a. (previous year: 2.25 percent p.a.) and a rate of pension increase of 1.0 to 1.5 percent p.a. (previous year: 1.0 to 1.5 percent p.a.). In addition, company-specific age-related fluctuation probabilities were taken into account.

The difference between the recognition of provisions based on the average market interest rate of the last ten financial years and the recognition of provisions based on the average market interest rate of the last seven financial years amounts to €48 million. This amount is blocked from distribution in accordance with section 253 (6) sentence 2 HGB.

In order to fulfill certain obligations relating to employee pension plans, the corresponding funds are invested in a pension plan reinsurance scheme, in securities and in restricted cash assets held in a trust arrangement. In accordance with section 246 (2) sentence 2 HGB, plan assets have been offset against the underlying obligations. The earnings of €351 thousand generated by the plan assets were netted against the expenses from the corresponding pension obligations in the amount of €351 thousand.

Offset amounts in accordance with section 246 (2) sentence 2 HGB:

	12/31/2018	Previous year
	€ million	€ million
Settlement value of liabilities	13	12
Fair value of plan assets	13	12
Difference	-	-
Acquisition costs of plan assets	10	9

9 Other provisions

The other provisions relate primarily to personnel costs of €48 million (previous year: €38 million) and an obligation of €44 million (previous year: €44 million) to service profit participation rights.

To guarantee claims arising from partial retirement and lifetime working time accounts, cash assets were transferred to a trustee. In accordance with section 246 (2) sentence 2 HGB, the provisions for lifetime working time accounts and the provisions for outstanding settlement amounts from partial retirement are offset against the corresponding plan assets. The earnings of €2 thousand generated by the plan assets were offset against the expenses resulting from plan assets totaling €110 thousand and the interest expenses from the corresponding pension obligations in the amount of €16 thousand. This resulted in a remaining expense amounting to €124 thousand.

Offset amounts in accordance with section 246 (2) sentence 2 HGB:

	12/31/2018	Previous year
	€ million	€ million
Settlement value of liabilities	2	3
Fair value of plan assets	2	3
Difference	-	-
Acquisition costs of plan assets	2	3

10 Liabilities

	Maturing in less than 1 year	Maturing after more than 1 year	of which maturing after more than 5 years	12/31/2018	Previous year	Maturing in less than 1 year	Maturing after more than 1 year	of which maturing after more than 5 years
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Bonds and promissory notes	310	4,600	3,250	4,910	4,360	200	4,160	2,500
Liabilities to banks	153	-	-	153	209	209	-	-
Profit participation capital	-	413	-	413	413	-	413	-
Trade payables	15	-	-	15	17	17	-	-
Liabilities to affiliated companies	6,164	-	-	6,164	6,072	6,072	-	-
Other liabilities	112	-	-	112	106	106	-	-
- for taxes	(35)	(-)	(-)	(35)	(46)	(46)	(-)	(-)
- for social security benefits	(1)	(-)	(-)	(1)	(1)	(1)	(-)	(-)
	6,754	5,013	3,250	11,767	11,177	6,604	4,573	2,500

Among the liabilities to affiliated companies, €5,558 million (previous year: €5,676 million) involve companies in Germany and €606 million (previous year: €396 million) involve companies abroad. These are financial liabilities.

The liabilities to affiliated companies include liabilities of €36 million (previous year: €29 million) to the general partner Bertelsmann Management SE, Gütersloh.

11 Bonds and promissory notes

The bonds and promissory notes are composed as follows:

Type	€ million	Maturity	Nominal interest in %
Promissory note	150	2/28/2019	0.110
Promissory note	60	5/4/2019	4.207
Floating rate note	100	11/18/2019	3-mon. EURIBOR +40 bps
Promissory note	100	12/1/2020	0.774
Bond	500	5/26/2021	0.250
Bond	750	8/2/2022	2.625
Bond	500	10/14/2024	1.750
Bond	750	9/29/2025	1.250
Promissory note	150	12/1/2025	1.787
Bond	500	4/27/2026	1.125
Bond	100	6/29/2032	3.700
Hybrid bond ¹⁾	650	4/23/2075	3.000
Hybrid bond ²⁾	600	4/23/2075	3.500

¹⁾ Bertelsmann has the right of first-time premature repayment in April 2023 for this tranche of the hybrid bond issued in April 2015; the nominal interest rate stated above has been fixed until this date.

²⁾ Bertelsmann has the right of first-time premature repayment in April 2027 for this tranche of the hybrid bond issued in April 2015; the nominal interest rate stated above has been fixed until this date.

In September 2018, Bertelsmann SE & Co. KGaA placed a publicly listed bond of €750 million with a term of seven years. The promissory note for €200 million due in June 2018 was repaid on time.

12 Profit participation capital

As of the balance sheet date, profit participation certificates with a nominal value of €301,324,177.75 were admitted to trading on the stock exchange. The nominal value of the profit participation capital consists of profit participation certificates of €284,339,810.00 issued in 2001 (ISIN DE 000 522 9942) and profit participation certificates of €16,984,367.75 issued in 1992 (ISIN DE 000 522 9900).

The participation certificates may only be terminated by the bearers, for the first time on June 30, 2017, and thereafter with effect at the end of every fifth financial year.

The terms of the 2001 participation certificates state that for each full financial year, 15 percent of the nominal value is paid if, after an adjustment for impairments of goodwill that negatively affect earnings, there is sufficient consolidated net income and net income of Bertelsmann SE & Co. KGaA, increased by any profits carried forward and reduced by any losses carried forward and contributions to the legal reserves. If the total return on capital of the Group in any one financial year is negative, the profit participation certificates absorb a share of the loss. The share of the loss is calculated as a percentage of the total negative return on capital relative to the nominal value of the profit participation certificates. Any such share in losses must be offset by shares in profits in subsequent years. In the event of liquidation or bankruptcy, repayment claims by the bearers of the profit participation certificates are subordinated to the claims of third-party creditors. The distribution on the 1992 profit participation certificates is based on the total return on capital employed for the Group, calculated according to section 4 of the terms of issue of the 1992 profit participation certificates.

Notes on the income statement

13 Revenues

Revenues are generated from the provision of services to subsidiaries (2018: €86 million, previous year: €81 million) and from leasing and rental (2018: €29 million, previous year: €24 million).

Revenues by region	2018	Previous year
	€ million	€ million
Germany	108	99
United States	2	2
Luxembourg	2	1
United Kingdom	1	1
France	1	1
Other less than €1 million	1	1
	115	105

14 Other operating income

	2018	Previous year
	€ million	€ million
Income from write-ups on shares in affiliated companies	90	125
Income from the disposal of fixed assets	43	30
Currency gains	42	100
Costs passed on	12	14
Income from the reversal of allowances for receivables from affiliated companies	6	26
Income from the reversal of provisions	3	9
Other income	6	7
	202	311

The write-ups were recognized on shares in Bertelsmann Inc., Wilmington (previous year: €120 million).

Of the other operating income, €9 million (previous year: €35 million) is attributable to earlier financial years. These relate primarily to income from the reversal of provisions and payments received on receivables impaired in previous years.

15 Personnel costs

Personnel expenses include expenses for pensions of €34 million (previous year: €19 million).

	of which permanent employees	temporary employees	2018	Previous year	of which permanent employees	temporary employees
Average number of employees during the year	851	43	894	901	850	51
– of which female employees	452	24	476	484	454	30
– of which male employees	399	19	418	417	396	21

16 Other operating expenses

	2018	Previous year
	€ million	€ million
Currency losses	71	14
Auditing, consulting and legal expenses	37	25
Rental and maintenance costs	34	29
Reimbursement of expenditures to the general partner Bertelsmann Management SE, Gütersloh	23	27
Loss from the disposal of fixed assets	20	-
Allocations	11	8
Other expenses	49	91
	245	194

17 Income from other participations

Income from profit and loss transfer agreements and investments as well as the expenses from loss assumption in each case results in full from affiliated companies.

Income from profit and loss transfer agreements stems primarily from the net income of Bertelsmann Capital Holding GmbH, Gütersloh. Bertelsmann Capital Holding GmbH, Gütersloh, contributes profits of €898 million (previous year €599 million).

18 Interest income

	2018	Previous year
	€ million	€ million
Income from other securities and long-term loans	54	11
- from affiliated companies	(38)	(11)
- from third parties	(16)	(-)
Other interest and similar income	114	107
- from affiliated companies	(109)	(102)
- from third parties	(5)	(5)
Interest and similar expenses	-226	-198
- to affiliated companies	(-7)	(-8)
- to third parties	(-219)	(-190)
	-58	-80

Of interest and similar expenses, €44 million (previous year: €44 million) is attributable to expenses for servicing the profit participation capital and €11 million (previous year: €12 million) to the accrued interest on long-term provisions.

19 Write-downs of long-term financial assets

The write-downs of long-term financial assets for the financial year 2018 of €PENDING million mainly pertain to shares in Media Communication S.A.S., Vendin-Le-Vieil (previous year: €67 million).

20 Taxes on income

Taxes on income (reimbursements negative)	2018	Previous year
	€ million	€ million
Corporate income tax for current year	62	95
Corporate income tax for previous years	-	3
Trade tax for current year	58	93
Trade tax for previous years	-9	6
	111	197

Deferred tax assets of Bertelsmann SE & Co. KGaA and its consolidated companies are primarily attributable to differences between valuations by accounting principles of the German Commercial Code (HGB) and tax valuations of intangible fixed assets and provisions. Deferred tax liabilities are formed mainly due to the difference in value of tangible assets and other receivables in the financial statements and their tax base.

An underlying tax rate of 31.0 percent for corporate income tax, solidarity tax surcharge and trade tax is used for the calculation of deferred taxes. Exercising the option under section 274 (1) sentence 2 HGB means waiving the recognition of net deferred tax assets.

Miscellaneous

Shares in investment funds

Shares held in German or comparable foreign investment funds as defined by section 1 of the German Capital Investment Code (KAGB) have a carrying amount of €1,335 million as of December 31, 2018. The fair value of €1,576 million exceeds the carrying amount by €241 million. Fixed-interest securities account for €1,267 million of the fair value, equities for €235 million, and cash and cash equivalents for €74 million. The articles of association stipulate that the investment funds be distributing, but it was agreed by special resolution that the disburseable profits from 2018 be reinvested in investment funds. The investment assets serve exclusively to hedge pension obligations to employees of Bertelsmann SE & Co. KGaA and selected subsidiaries.

Contingent liabilities

	12/31/2018	Previous year
	€ million	€ million
Liabilities from		
guarantees	950	955
guarantee agreements	269	378
	1,219	1,333

Guarantees stem primarily from rent guarantees totaling €830 million (previous year: €829 million) and guarantees for the repayment of loans from various Bertelsmann Group companies totaling €99 million (previous year: €126 million).

Bertelsmann SE & Co. KGaA entered into 35 (previous year: 54) contingent liabilities from guarantee agreements with no volume limit on behalf of affiliated companies. Of these, 6 (previous year: 11) are contingent liabilities to affiliated companies. In doing so, Bertelsmann SE & Co. KGaA provides assurance for the financial performance of the subsidiaries or the fulfillment of obligations arising from legal transactions of the subsidiaries.

Insofar as the assets held in trust by Bertelsmann Pension Trust e. V. are used to secure and fulfill pension obligations of selected subsidiaries, these consist of securities to cover third-party liabilities.

Bertelsmann SE & Co. KGaA enters into contingent liabilities only after carefully weighing the risks and only in connection with its own business activities or those of its affiliated companies. On the basis of a continuous risk assessment of the contingent liabilities entered into and taking into account all findings up to the preparation of the annual financial statements, Bertelsmann SE & Co. KGaA currently assumes that the obligations on which the contingent liabilities are based can be fulfilled by the respective principal debtors. For this reason, the risk of a claim arising from the contingent liabilities is considered to be unlikely on the basis of the credit rating of the primary debtor.

Other financial commitments

As of the reporting date, other financial commitments from credit lines granted to subsidiaries and not fully utilized at the reporting date amounted to €899 million (previous year: €994 million). Other financial commitments from rental and lease

agreements, licensing obligations and service acceptances came to €78 million (previous year €113 million). These related solely to commitments to third parties.

Derivatives/hedges

Nominal values ¹⁾	12/31/2018	Previous year
	€ million	€ million
Foreign exchange hedging transactions		
with affiliated companies	264	548
with third parties	2,338	2,543
Interest rate hedges		
with affiliated companies	-	-
with third parties	480	250
Cross-currency interest rate hedging transactions		
with affiliated companies	661	-
with third parties	1,752	834
Share option transactions		
with affiliated companies	-	-
with third parties	-	63
Commodity futures transactions		
with affiliated companies	1	-
with third parties	1	-
	5,497	4,238

¹⁾ The nominal value of foreign exchange hedging transactions is reported as the total of all underlying purchase and sale amounts for these transactions.

Fair values ²⁾	12/31/2018	Previous year
	€ million	€ million
Foreign exchange hedging transactions		
with affiliated companies	-3	+4
with third parties	+2	+28
Interest rate hedges		
with affiliated companies	-	-
with third parties	+3	-
Cross-currency interest rate hedging transactions		
with affiliated companies	+5	-
with third parties	-1	+39
Share option transactions		
with affiliated companies	-	-
with third parties	-	-5
Commodity futures transactions		
with affiliated companies	-1	-
with third parties	+1	-
	6	66

²⁾ The fair values for the foreign exchange hedging transactions show the balance of positive and negative fair values in each case.

Derivative financial transactions are used to manage the risks from interest rate, currency and commodity price fluctuations from the operations of the subsidiaries and from derivative financial transactions. The derivative financial transactions are foreign exchange hedging transactions, cross-currency interest rate hedging transactions, commodity futures transactions and interest rate hedges. Furthermore, share option transactions are entered into at times in order to reduce exchange rate risks from the security investments held in trust by Bertelsmann Pension Trust e. V. under the Contractual Trust Arrangement (CTA). In addition, risks from fluctuations in commodity prices from the subsidiaries' operating business are limited by entering into forward commodity transactions. The transactions are conducted only with banks with a high credit rating (investment grade). The derivatives' fair value is taken into account when assessing the risk of default and taken into consideration in the utilization of specified counterparty limits. Contracting and documentation are subject to strict internal controls. Allowances are made for the risks from the transactions as of the balance sheet date.

The derivatives have terms of up to ten years.

As of the balance sheet date, Bertelsmann SE & Co. KGaA exercised its option to form hedges in the following cases:

Bertelsmann SE & Co. KGaA uses offsetting foreign exchange hedging transactions and cross-currency interest rate hedging transactions to reduce the risks from changes in value arising from intercompany financing in foreign currencies. If the accounting requirements have been met, underlying and hedging transactions are consolidated into portfolio hedges and micro-hedges in order to cover the currency risk. Consolidation as micro-hedges took place in financial year 2018 and is only applied for intercompany financing in US dollars.

The critical terms match method was applied to determine the future effectiveness of the hedge relationship. Receivables in the amount of €2,176 million (previous year: €2,216 million) and liabilities totaling €110 million (previous year: €99 million) were hedged. The effective portion of the micro-hedge for hedging intercompany financing in foreign currencies will be

reported using the gross hedge presentation method, with no impact on earnings. This means that the offsetting changes in value from the hedged risks are recognized on the balance sheet on the basis of the hedged item and the hedging instrument. As a result, positive fair values of the transactions for hedging intercompany financing of €30 million (previous year: €62 million) and negative fair values of €33 million (previous year: €3 million) are reported under other assets/other provisions as of the reporting date. In the case of fair values of hedging instruments for intercompany financing in foreign currencies, the accrued interest component is shown separately. This means that as of December 31, 2018, interest income of €0.1 million (previous year: €1.0 million) and interest expenses of €9.8 million (previous year: €5.3 million) were accrued.

Derivatives are also used to hedge the interest and currency risks of subsidiaries. Foreign currency hedging transactions entered into with external counterparties and the offsetting foreign currency hedging transactions entered into with subsidiaries with a nominal value of €924 million (previous year €548 million) are also consolidated and included in portfolio hedges. These portfolio hedges are presented by foreign currency so that exclusively homogeneous risks are concentrated in each respective portfolio. This similarity among a portfolio's transactions means that changes in value during the term of the hedge offset each other. The portfolio hedges for hedging currency risks of the subsidiaries cover risks totaling €9 million (previous year: €7 million).

The critical terms match method is applied at the outset to demonstrate the prospective effectiveness of the hedge. The term of the hedge begins when the hedge is transacted. A sensitivity analysis is conducted to demonstrate the prospective effectiveness as of the balance sheet date. Hedges for covering currency risks of subsidiaries are still reported using the net hedge presentation method. This means that the offsetting changes in value from the hedged risks are not recognized. To the extent that the hedges with subsidiaries have different maturities than the transactions entered into with external counterparties, these are reported using the gross hedge presentation method with no impact on earnings. The changes in value during the term of the hedge offset each other in these cases as well.

The dollar offset method is applied to demonstrate the retrospective effectiveness of the hedge relationship for hedging the currency risks of subsidiaries and intercompany financing. This involves comparing the change in fair values of the underlying and hedge transactions from the start of the hedge to the balance sheet date. Any unrealized losses not fully offset by unrealized gains are reported as expenses by recognizing a provision for anticipated loss. No ineffective hedges were reported among the portfolio hedges and micro-hedges documented as of the balance sheet date.

Additional derivatives are used to hedge against fluctuations in commodity prices for subsidiaries. The hedges negotiated with external counterparties and the offsetting derivatives with subsidiaries of equal volume are accounted for as micro-hedges under hedge accounting. The changes in value of the transactions are mutually offsetting. Micro-hedged risks account for less than €1 million (previous year: <€1 million). The critical terms match method using the dollar offset method demonstrates both the prospective and retrospective effectiveness. The net hedge presentation method is used to account for the hedges covering fluctuations in commodity prices for the subsidiaries.

The fair values of forward exchange transactions to hedge currency risks arising from intercompany financing in foreign currencies were determined using the spot prices on the balance sheet date. The forward component is reported separately using the accrual method.

The fair values of forward exchange transactions to hedge currency risks of subsidiaries were determined using the spot prices on the balance sheet date, taking into account forward markdowns and markups for the remaining term of the transactions and discounted to the balance sheet date.

The fair values of interest rate swaps were determined by discounting the future cash flows based on the respective market interest rates and interest rate structure curves on the balance sheet date.

The fair values of interest rate hedges/foreign exchange hedging transactions were determined for the portion of the interest component in the same way as the fair value of interest rate swaps. For the currency component, the fair values were determined using the spot prices on the balance sheet date.

The fair value of forward commodity transactions was derived from the stock exchange listings published on the balance sheet date. Any mismatches to the standardized stock exchange contracts are reflected through interpolation or additions.

General partner

Bertelsmann Management SE, based in Gütersloh, is the general partner. Bertelsmann Management SE does not hold any shares in Bertelsmann SE & Co. KGaA. Bertelsmann Management SE has a share capital of €1.6 million. Management of Bertelsmann SE & Co. KGaA is the responsibility of the general partner. The general partner is reimbursed for all expenses associated with managing the company business, including the compensation of its board members and the income tax expense. These amounts are reported under other operating expenses.

Notifications in accordance with section 20 AktG

Mohn Beteiligungs GmbH notified the company that it holds more than one quarter of the shares. Furthermore, Johannes Mohn Gesellschaft mit beschränkter Haftung holds directly more than 50 percent and Reinhard Mohn Verwaltungsgesellschaft mit beschränkter Haftung holds indirectly more than 25 percent of the shares.

The Supervisory Board of Bertelsmann SE & Co. KGaA

Christoph Mohn

Chairman

Chairman of Reinhard Mohn Stiftung
Managing Director of Christoph Mohn Internet Holding GmbH

- Bertelsmann Management SE (Chairman)

Prof. Dr.-Ing. Werner J. Bauer

Vice Chairman

Former Executive Vice President of Nestlé AG, responsible for Innovation, Technology, Research and Development

- Bertelsmann Management SE (Vice Chairman)
- GEA-Group AG (until November 12, 2018)
- Nestlé Deutschland AG (Chairman)
 - Givaudan S.A. (Vice Chairman)
 - LONZA S.A.
 - SIG Combibloc Group AG (since September 27, 2018)

Kai Brettmann

Editorial Director Online, RTL Nord GmbH, Hamburg
Chairman of the RTL Group European Works Council
Chairman of the Corporate Works Council of Mediengruppe RTL Deutschland
Chairman of the Works Council of RTL Nord

Dr. Thomas Buberl (since January 16, 2018)

Chairman of the Executive Board of AXA S.A.

- AXA Konzern AG (Chairman) (until April 27, 2018)
- Bertelsmann Management SE (since January 16, 2018)
 - AXA ASIA (until June 20, 2018)
 - AXA Equitable Holdings, Inc.
 - AXA Equitable Life Insurance Company
 - AXA Financial, Inc. (until May 16, 2018)
 - AXA Leben AG (until April 19, 2018)
 - AXA Versicherungen AG (until April 19, 2018)
 - AXA XL Group Ltd. (since September 12, 2018)
 - MONY Life Insurance Company of America

Murat Cetin (until February 28, 2018)

Chairman of the Works Council of Arvato Direct Services Dortmund GmbH
Chairman of the General Works Council of Arvato Services CRM2
Member of the Works Council of Bertelsmann SE & Co. KGaA

Helmut Gettkant (until May 14, 2018)

Chairman of the Corporate Works Council of Bertelsmann SE & Co. KGaA (until June 28, 2018)

Günter Göbel (since July 9, 2018)

Chairman of the Corporate Works Council of Bertelsmann SE & Co. KGaA (since June 28, 2018)

Ian Hudson

Chairman of the International Management Representative Committee of Bertelsmann SE & Co. KGaA

- Which? Limited

Bernd Leukert

Member of the Executive Board of SAP SE, responsible for Products and Innovation (until February 20, 2019)

- Bertelsmann Management SE
- Deutsches Forschungszentrum für Künstliche Intelligenz (DFKI) GmbH
- TomTom NV

Gigi Levy-Weiss

Angel investor

- Bertelsmann Management SE
- Beach Bum Ltd
- BrandShield Ltd.
- Caja Elastic Dynamic Solutions Ltd.
- Correlsense Ltd.
- Driveway Software Corporation
- Fusic Ltd.
- Global-e Online Ltd. (until March 1, 2018)
- Hola NFX UK, Ltd. (since May 15, 2018)
- IMA Ventures Ltd.
- Inception VR
- Jeeng Application Ltd.
- MarketsBook Ltd. (until January 1, 2018)
- Mov.AI Ltd. (since May 21, 2018)
- MyHeritage Ltd.
- Neta Eisenstein Management (2000) Ltd. (until October 18, 2018)
- NFX Capital UK, Ltd. (since July 3, 2018)
- Premium Domains Ltd.
- Seven Elements Studios INC. (until September 30, 2018)
- SimilarWeb
- SpeakEZ Ltd. (until November 11, 2018)
- Tectonic Labs Ltd. (since March 26, 2018)
- Touristic Services Ltd.
- TrustMed Ltd.
- Volunteer Directly Ltd.

Dr. Brigitte Mohn

Member of the Executive Board of Bertelsmann Stiftung

- Bertelsmann Management SE
- Phineo gAG
- Rhön-Klinikum AG
- Clue by Biowink GmbH
- Flytxt B.V. (until October 24, 2018)

Liz Mohn

Chairwoman of the Board of Bertelsmann Verwaltungsgesellschaft mbH (BVG)

Vice Chairwoman of the Executive Board of Bertelsmann Stiftung

- Bertelsmann Management SE

Hans Dieter Pötsch

Chairman of the Supervisory Board of Volkswagen AG

Chairman of the Executive Board/Chief Financial Officer, Porsche Automobil Holding SE

- AUDI AG, Ingolstadt
- Autostadt GmbH, Wolfsburg (Chairman until June 14, 2018)
- Bertelsmann Management SE
- Dr. Ing. h. c. F. Porsche AG
- TRATON SE, Munich (Chairman – incl. legal predecessor – since June 14, 2018)
- Wolfsburg AG
- Porsche Austria Gesellschaft m.b.H., Salzburg
- Porsche Holding Gesellschaft m.b.H., Salzburg
- Porsche Retail GmbH, Salzburg

Kasper Rorsted

Chairman of the Executive Board of Adidas AG

- Bertelsmann Management SE
- Nestlé S.A. (since April 12, 2018)

Christiane Sussieck

Chairwoman of the Corporate General Works Council of Bertelsmann SE & Co. KGaA
Vice Chairwoman of the Corporate Works Council of Bertelsmann SE & Co. KGaA

Bodo Uebber

Member of the Executive Board of Daimler AG
Finance & Controlling/Daimler Financial Services

- Bertelsmann Management SE
- Daimler Financial Services AG (Chairman)
 - BAIC Motor Corporation Ltd.
 - Delta Topco Ltd.
 - Mercedes-Benz Grand Prix Ltd.

- Membership of statutory domestic supervisory boards
 - Membership of comparable domestic and foreign supervisory bodies of business enterprises

Executive Board of Bertelsmann Management SE, the general partner

Thomas Rabe

Chairman

- Symrise AG ¹⁾ (Chairman)
- ACR – Advanced Customer Relation S.á.r.l. (since January 4, 2019)
- Bertelsmann, Inc. (Chairman) (until November 30, 2018)
- Bertelsmann Learning LLC (until November 30, 2018)
- Penguin Random House LLC (Chairman since January 1, 2018)
- Relias Learning LLC (until November 30, 2018)
- RTL Group S.A. (Chairman)

Markus Dohle

Chief Executive Officer of Penguin Random House

- Direct Group Grandes Obras S.L.
- Editora Schwarcz S.A.
- Frederick Warne & Co. LLC
- Golden Treasures LLC
- Penguin Random House Foundation, Inc.
- Penguin Random House Grupo Editorial S.A.U.
- Penguin Random House Grupo Editorial (USA) LLC
- Penguin Random House LLC
- Random House Children's Entertainment LLC
- Sasquatch Books LLC
- Sputnik 84, LLC

Immanuel Hermreck

Chief Human Resources Officer

- RTL Group S.A. (since January 1, 2019)

Bernd Hirsch

Chief Financial Officer

- Evotec AG, Hamburg ¹⁾
- Symrise AG ¹⁾ (since May 16, 2018)
- Bertelsmann Inc. (Chairman since November 30, 2018)
- Penguin Random House LLC
- RTL Group S.A.

Anke Schäferkordt (until December 31, 2018)

Managing Director of Mediengruppe RTL Deutschland GmbH (until December 31, 2018)

Managing Director of RTL Television GmbH (until December 31, 2018)

- BASF SE ¹⁾
- Groupe M6

- Membership of statutory domestic supervisory boards
- Membership of comparable domestic and foreign supervisory bodies of business enterprises

¹⁾ External mandates

Total remuneration of the Supervisory Board and Executive Board

Compensation of the Supervisory Board of Bertelsmann SE & Co. KGaA for the financial year 2018 amounted to €1,881,667 plus statutory value-added tax. Members of the Executive Board of Bertelsmann Management SE received total remuneration in the reporting period of €32,657,296, including €16,721,604 from Bertelsmann Management SE. Former members of the Executive Board of Bertelsmann Management SE and Bertelsmann AG and their surviving dependents received compensation of €9,667,046, including €5,664,329 from Bertelsmann Management SE and Bertelsmann SE & Co. KGaA. The provision for pension obligations to former members of the Executive Board of Bertelsmann Management SE and Bertelsmann AG amounts to €67,787,909 at Bertelsmann SE & Co. KGaA and Bertelsmann Management SE.

Fees to external auditors

Information on auditors' fees is provided in the consolidated financial statements of Bertelsmann SE & Co. KGaA, which include Bertelsmann SE & Co. KGaA as the parent company. Above all, the audit services listed in the consolidated financial statements include the fees for the review of the interim consolidated financial statements, the audit of the consolidated financial statements and the audit of the individual financial statements of Bertelsmann SE & Co. KGaA and its subsidiaries. The fees for other assurance services mainly comprise legally required or voluntarily commissioned confirmation services by the auditors. The fees for other services mainly include fees for project-related consulting services.

Significant events after the balance sheet date

Effective January 4, 2019, the global customer relationship management businesses of Bertelsmann and the Moroccan Saham Group were merged. Both partners hold 50 percent of the shares in the new company, which is one of the market leaders in Europe, Africa and the Middle East, with a strong presence in America and Asia.

Proposal for the appropriation of net retained profits

The general partner and the Supervisory Board of Bertelsmann SE & Co. KGaA will propose to the General Meeting that the remaining net retained profits of €640,850,615.24 million be appropriated as follows:

Dividends to shareholders	180,000,000.00	€
Carry forward to new financial year	460,850,615.24	
	640,850,615.24	

List of shareholders

The complete list of shareholders required under section 285 (11) HGB is attached as an annex to these notes.

Gütersloh, March 14, 2019

Bertelsmann SE & Co. KGaA
Represented by:
Bertelsmann Management SE, the general partner
Executive Board

.....
(Thomas Rabe)

.....
(Markus Dohle)

.....
(Immanuel Hermreck)

.....
(Bernd Hirsch)

Anteilsbesitz gem. § 285 und § 313 HGB für die Bertelsmann SE & Co. KGaA und den Bertelsmann Konzern zum 31. Dezember 2018
List of shareholdings according to § 285 and § 313 HGB for Bertelsmann SE & Co. KGaA and the Bertelsmann Group as per December 31, 2018

Nachfolgende Tabellen zeigen den Anteilsbesitz der Bertelsmann SE & Co. KGaA gem. § 285 Nr. 11 HGB und des Bertelsmann Konzerns gem. § 313 Abs. 2 HGB. Bei den Angaben zu den Werten von Eigenkapital und Ergebnis handelt es sich grundsätzlich um IFRS Werte. Fußnoten zu nachfolgenden Tabellen sind am Ende zusammengefasst. / The tables below show the shareholdings of the Bertelsmann SE & Co. KGaA according to Section 285 No. 11 of the German Commercial Code (HGB) and Bertelsmann Group according to section 313 (2) HGB. Information about equity and net result of the companies complies with International Financial Reporting Standards. Footnotes on the tables below are presented at the end.

I. Mutterunternehmen / Parent Company

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
Bertelsmann SE & Co. KGaA, Gütersloh				

**II. Im Konzernabschluss vollkonsolidierte Unternehmen sowie nach der Equity-Methode einbezogene Beteiligungen /
Fully consolidated companies and investments accounted for using the equity method included in the consolidated financial statements**

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
II.A. Vollkonsolidierte Tochterunternehmen / Fully consolidated Subsidiaries				
Argentinien / Argentina				
Fremantle Productions Argentina S.A., Buenos Aires	-62	5	100.00 %	75.73 %
Market Self S.A., Buenos Aires	390	31	85.00 %	64.11 %
Penguin Random House Grupo Editorial S.A., Buenos Aires	9,242	-1,442	100.00 %	75.43 %
Australien / Australia				
Better Way Records Pty Ltd	-76	-2	100.00 %	100.00 %
BMG AM International Pty Ltd, Surry Hills	-370	0	100.00 %	100.00 %
BMG AM Pty Ltd, Surry Hills	5,189	767	100.00 %	100.00 %
BMG Production Music (Australia) Pty Ltd, Surry Hills	-457	123	100.00 %	100.00 %
BMG Rights Management (Australia) Pty Ltd, Surry Hills	10,217	-2,462	100.00 %	100.00 %
Doctor Doctor Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Doctor Doctor Production Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
DRDR2 Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
DRDR2 Series Pty Ltd, St. Leonards	0	0	100.00 %	56.80 %
Easy Tiger Holdings Pty Ltd, St. Leonards	4,780	-882	75.00 %	56.80 %
Easy Tiger Productions Pty Ltd, Sydney	1,244	1,062	100.00 %	56.80 %
EME Productions No 2 Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Forum 5 Pty Ltd, Melbourne	0	0	100.00 %	75.73 %
FremantleMedia Australia Holdings Pty Ltd, St. Leonards	489	0	100.00 %	75.73 %
FremantleMedia Australia Pty Ltd, St. Leonards	29,496	5,513	100.00 %	75.73 %
Grundy Organization Pty Ltd, St. Leonards	317	0	100.00 %	75.73 %
Jack Irish Dead Point Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Jack Irish Series 2 Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Jack Irish Series 2 Pty Ltd, St. Leonards	316	315	100.00 %	56.80 %
Jack Irish Series Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Jack Irish Series Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Orient Pacific Music Pty Ltd, Surry Hills	243	-7	100.00 %	100.00 %
Origin Network Pty Ltd, Surry Hills	-13	0	100.00 %	100.00 %
Penguin Australia Pty Ltd, Docklands	0	0	100.00 %	75.00 %
Penguin Random House Australia Pty Ltd, Docklands	36,052	4,473	100.00 %	75.00 %
Rake 3 Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Rake 4 Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Rake 4 Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Rake 5 Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Rake 5 Pty Ltd, St. Leonards	364	364	100.00 %	56.80 %
RHA Holdings Pty Ltd, Melbourne	-1,346	0	100.00 %	75.00 %
SpotXchange Australia Pty Ltd, Sydney	340	-128	100.00 %	75.73 %
Sunshine Series Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Sunshine Series Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
The Broken Shore Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
The Broken Shore Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
The Principal Series Holdings Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
The Principal Series Pty Ltd, St. Leonards	-	-	100.00 %	56.79 % ¹
Belgien / Belgium				
Best of TV Benelux S.P.R.L., Brüssel	1,077	-389	100.00 %	18.64 %
Cobelfra S.A., Brüssel	9,508	7,859	100.00 %	33.39 %
E2C BVBA, Temse	-3,970	-27	100.00 %	100.00 %
FremantleMedia Belgium NV, Brüssel	3,099	80	100.00 %	75.73 %
Home Shopping Service Belgique S.A., Brüssel	714	548	100.00 %	36.55 %
Inadi S.A., Brüssel	2,846	504	100.00 %	33.39 %
IP Belgium S.A., Brüssel	111,699	6,841	100.00 %	49.82 %
Optilens SPRL, Jette	461	0	100.00 %	34.93 %
Radio Belgium Holding S.A., Brüssel	112,633	9,493	50.20 %	33.39 %
RTL Belgium S.A., Brüssel	4,063	1,828	65.99 %	49.82 %
RTL Group Services Belgium S.A., Ans	3,636	3,941	100.00 %	75.73 %
Unite 15 Belgique S.A., Brüssel	-	-	100.00 %	36.48 % ¹

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
Brasilien / Brazil				
Affero Lab Participacoes S.A., Rio de Janeiro	6,861	-4,037	84.23 %	84.23 %
Affero Lab Tecnologia e Aprendizado Ltda.	37	0	100.00 %	84.23 %
Affero Tecnologia em Conhecimento Ltda.	2,050	-514	100.00 %	84.23 %
Arvato Participacoes Ltda., Sao Paulo	16,337	-515	100.00 %	100.00 %
Arvato Servicos, Comercio e Industria Grafica Ltda., Sao Paulo	1,052	177	100.00 %	100.00 %
Bertelsmann Brasil Participacoes Ltda., Sao Paulo	773	74	100.00 %	100.00 %
BMG Rights Management Brasil Ltda., Sao Paulo	99	-394	100.00 %	100.00 %
Erste BBI Participacoes Ltda., Sao Paulo	25,728	-261	100.00 %	100.00 %
Escola de Saude Affero Lab Ltda.	0	-2	100.00 %	84.23 %
FremantleMedia Brazil Producao de Televisao Ltda., Sao Paulo	-659	-1,168	100.00 %	75.73 %
Intervalor Cobranca Gestao de Credito e Call Center Ltda., Sao Paulo	133	-1,765	100.00 %	81.51 %
Intervalor Holding S.A., Sao Paulo	741	-121	81.51 %	81.51 %
Intervalor Promocao de Vendas Ltda., Osasco	811	348	100.00 %	81.51 %
Motorpress Brasil Editora Ltda., Sao Paulo	-13	-52	92.80 %	55.59 %
Stylehaul Brasil Agenciamento de Midia Ltda, Sao Paulo	39	-20	100.00 %	75.73 %
Valorati Servicos de Cobranca Ltda., Sao Paulo	81	58	100.00 %	81.51 %
Chile				
Market Self Chile SpA, Santiago de Chile	-161	-350	100.00 %	64.11 %
Penguin Random House Grupo Editorial, S.A., Santiago de Chile	10,832	1,302	100.00 %	75.00 %
China				
Arvato Digital Services (Hangzhou) Co. Ltd., Hangzhou	156	-60	100.00 %	100.00 %
Arvato Digital Services (Shanghai) Co. Ltd., Shanghai	8,560	-1,093	100.00 %	100.00 %
Arvato Digital Services (Xiamen) Co. Ltd., Xiamen	537	1	100.00 %	100.00 %
Arvato Digital Services Limited, Hong Kong	1,830	-262	100.00 %	100.00 %
Arvato Digital Technology (Shenzhen) Co. Ltd., Shenzhen	-324	-13	100.00 %	100.00 %
Arvato Logistics (Shenzhen) Co. Ltd., Shenzhen	370	5	100.00 %	100.00 %
Arvato Services (Nanchang) Co. Ltd., Nanchang	506	-306	100.00 %	100.00 %
Arvato Services Hong Kong Limited, Tuen Mun	8,339	3,744	100.00 %	100.00 %
Arvato Supply Chain Management (Shanghai) Co. Ltd., Shanghai	306	-26	100.00 %	100.00 %
Beijing Beining Consulting Co. Ltd., Peking	5	309	100.00 %	100.00 %
Bertelsmann Equity Investment Fund Management (Shanghai) Co. Ltd., Shanghai	1,557	433	100.00 %	100.00 %
Bertelsmann Management (Shanghai) Co. Ltd., Shanghai	15,697	552	100.00 %	100.00 %
Bertelsmann-Arvato Commercial Services (Shanghai) Co. Ltd., Shanghai	-790	-1,668	100.00 %	100.00 %
BMG (Beijing) Music & Culture Co. Ltd., Peking	2,249	511	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (Hong Kong) Limited, Hong Kong	-230	-135	100.00 %	100.00 %
Boman (Beijing) Cultural Development Co. Ltd., Peking	-597	-104	100.00 %	100.00 %
Fremantle (Shanghai) Culture Media Co. Ltd., Shanghai	-829	-256	100.00 %	75.73 %
Fremantle Productions Asia Ltd., Hong Kong	749	3	100.00 %	75.73 %
Penguin Random House (Beijing) Culture Development Co. Ltd., Peking	1,874	-415	100.00 %	75.00 %
Penguin Random House (Hong Kong) Limited, Hong Kong	640	-14	100.00 %	75.00 %
Relias Learning (Beijing) Consulting Co. Ltd., Peking	-382	-514	100.00 %	100.00 %
Relias Online (Beijing) Consulting Co. Ltd., Peking	-356	-359	100.00 %	100.00 %
Shanghai Bertelsmann Commercial Services Co. Ltd., Shanghai	11,041	1,158	100.00 %	100.00 %
Shanghai Bertelsmann-arvato Information Services Co. Ltd., Shanghai	8,286	1,985	100.00 %	100.00 %
Shanghai Kaichang information technology Co. Ltd., Shanghai	-3,639	2,233	100.00 %	100.00 %
Cote d'Ivoire				
Phone Group Cote D'Ivoire S.A.R.L., Abidjan	3,163	1,978	100.00 %	60.00 %
Dänemark / Denmark				
Arvato Finance A/S, Kopenhagen	2,671	54	100.00 %	100.00 %
Blu A/S, Valby	6,162	2,038	100.00 %	75.73 %
Gothia A/S, Kopenhagen	592	240	100.00 %	100.00 %
Miso Estate ApS, Kopenhagen	-156	-26	100.00 %	38.62 %
Miso Film ApS, Kopenhagen	2,260	1,854	100.00 %	38.62 %
Miso Holding ApS, Kopenhagen	1,588	3,358	51.00 %	38.62 %
Deutschland / Germany				
"Alwa" Gesellschaft für Vermögensverwaltung mbH & Co. Grundstücksvermietung	68,235	7,651	100.00 %	93.98 %
"I 2 I" Musikproduktions- und Musikverlagsgesellschaft mbH, Köln	91	0	100.00 %	75.49 % ²
11 Freunde Verlag GmbH & Co KG, Berlin	170	1,270	51.00 %	51.00 %
3 C Deutschland GmbH, Heilbronn	1,447	91	100.00 %	100.00 %
Ad Alliance GmbH, Köln	43	0	100.00 %	75.49 % ²
adality GmbH, München	25	0	100.00 %	100.00 % ²
Antenne Niedersachsen GmbH & Co. KG, Hannover	6,674	2,588	63.00 %	39.12 % ²
Applike GmbH, Hamburg	24	0	100.00 %	100.00 % ²
arvato CRM Energy GmbH, Leipzig	447	0	100.00 %	100.00 % ²
arvato CRM Healthcare GmbH, Berlin	1,885	0	100.00 %	100.00 % ²
arvato CRM Nordhorn GmbH, Nordhorn	27	0	100.00 %	100.00 % ²
Arvato CRM Solutions GmbH, Gütersloh	2,530	0	100.00 %	100.00 % ²
arvato direct services Brandenburg GmbH, Brandenburg	18	0	100.00 %	100.00 % ²
arvato direct services Cottbus GmbH, Cottbus	-132	0	100.00 %	100.00 % ²
arvato direct services Dortmund GmbH, Dortmund	611	0	100.00 %	100.00 % ²
arvato direct services eiweiler GmbH, Heusweiler-Eiweiler	152	0	100.00 %	100.00 % ²
arvato direct services GmbH, Gütersloh	993	0	100.00 %	100.00 % ²
arvato direct services Münster GmbH, Münster	6	0	100.00 %	100.00 % ²

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arvato direct services Neubrandenburg GmbH, Neubrandenburg	-187	0	100.00 %	100.00 %	2
arvato direct services Potsdam GmbH, Potsdam	-88	0	100.00 %	100.00 %	2
arvato direct services Rostock GmbH, Rostock	32	0	100.00 %	100.00 %	2
arvato direct services Schwerin GmbH, Schwerin	29	0	100.00 %	100.00 %	2
arvato direct services Stralsund GmbH, Stralsund	1	0	100.00 %	100.00 %	2
arvato direct services Wilhelmshaven GmbH, Schortens	516	0	100.00 %	100.00 %	2
arvato distribution GmbH, Harsewinkel	8,430	0	100.00 %	100.00 %	2
arvato eCommerce Beteiligungsgesellschaft mbH, Gütersloh	4,249	0	100.00 %	100.00 %	2
arvato eCommerce Verwaltungsgesellschaft mbH, Gütersloh	90	0	100.00 %	100.00 %	2
arvato infoscore GmbH, Baden-Baden	61,103	0	100.00 %	100.00 %	2
arvato Logistics, Corporate Real Estate & Transport GmbH, Gütersloh	1,877	0	100.00 %	100.00 %	2
arvato media GmbH, Gütersloh	14,523	0	100.00 %	100.00 %	2
Arvato Payment Solutions GmbH, Verl	31,087	0	100.00 %	100.00 %	2
arvato print service Russland GmbH, Gütersloh	41,376	1,980	100.00 %	100.00 %	2
arvato SCM Consumer Products GmbH, Gütersloh	-723	0	100.00 %	100.00 %	2
Arvato SCM Kamen GmbH, Gütersloh	-1,636	0	100.00 %	100.00 %	2
Arvato SCM Solutions AG, Gütersloh	54	0	100.00 %	100.00 %	2
arvato services Chemnitz GmbH, Chemnitz	61	0	100.00 %	100.00 %	2
arvato services Dresden GmbH, Dresden	74	0	100.00 %	100.00 %	2
arvato services Essen GmbH, Essen	48	0	100.00 %	100.00 %	2
arvato services Gera GmbH, Gera	39	0	100.00 %	100.00 %	2
arvato services Leipzig GmbH, Leipzig	38	0	100.00 %	100.00 %	2
arvato services Rostock GmbH, Rostock	31	0	100.00 %	100.00 %	2
arvato services solutions GmbH, Gütersloh	-134	0	100.00 %	100.00 %	2
arvato services Suhl GmbH, Suhl	54	0	100.00 %	100.00 %	2
arvato systems GmbH, Gütersloh	6,964	0	100.00 %	100.00 %	2
arvato Systems perdata GmbH, Leipzig	5,230	0	100.00 %	100.00 %	2
arvato Systems S4M GmbH, Köln	5,833	0	100.00 %	100.00 %	2
arvato telco services Erfurt GmbH, Erfurt	46	0	100.00 %	100.00 %	2
AVE Gesellschaft für Hörfunkbeteiligungen mbH, Berlin	10,340	0	100.00 %	75.49 %	2
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG, Köln	4,964	180	100.00 %	75.49 %	
AZ Direct Beteiligungs GmbH, Gütersloh	401	0	100.00 %	100.00 %	2
AZ Direct GmbH, Gütersloh	1,132	0	100.00 %	100.00 %	2
AZ fundraising services GmbH & Co. KG, Gütersloh	-20	1,105	100.00 %	100.00 %	
BAG Business Information Beteiligungs GmbH, Gütersloh	297	0	100.00 %	100.00 %	2
BAI GmbH, Gütersloh	211,632	0	100.00 %	100.00 %	2
BDMI GmbH, Gütersloh	9,348	0	100.00 %	100.00 %	2
BePeople GmbH, Gütersloh	-195	0	100.00 %	100.00 %	2
Berliner Presse Vertrieb GmbH & Co. KG, Berlin	-209	1,360	84.50 %	84.50 %	
Bertelsmann Accounting Services GmbH, Gütersloh	670	0	100.00 %	100.00 %	2
Bertelsmann Accounting Services Schwerin GmbH, Schwerin	58	0	100.00 %	100.00 %	2
Bertelsmann Aviation GmbH, Gütersloh	970	0	100.00 %	100.00 %	2
Bertelsmann Capital Holding GmbH, Gütersloh	8,385,166	0	100.00 %	100.00 %	2
Bertelsmann China Holding GmbH, Gütersloh	-151,511	0	100.00 %	100.00 %	2
Bertelsmann Transfer GmbH, Gütersloh	-121	0	100.00 %	100.00 %	2
Bertelsmann Treuhand- und Anlagegesellschaft mit beschränkter Haftung, Gütersloh	26	0	100.00 %	100.00 %	2
BFS finance GmbH, Verl	16,112	0	100.00 %	100.00 %	2
BFS finance Münster GmbH, Münster	323	0	100.00 %	100.00 %	2
BFS health finance GmbH, Dortmund	8,588	0	100.00 %	100.00 %	2
BMG Production Music (Germany) GmbH, Berlin	25	0	100.00 %	100.00 %	2
BMG RIGHTS MANAGEMENT (Europe) GmbH, Berlin	187	0	100.00 %	100.00 %	2
BMG RIGHTS MANAGEMENT GmbH, Berlin	560,812	0	100.00 %	100.00 %	2
Campaign Services Neckarsulm GmbH, Neckarsulm	762	0	100.00 %	100.00 %	2
Campaign Services Offenbach GmbH, Frankfurt am Main	107	0	100.00 %	100.00 %	2
CBC Cologne Broadcasting Center GmbH, Köln	9,701	0	100.00 %	75.49 %	2
Chefkoch GmbH, Bonn	1,346	0	100.00 %	100.00 %	2
Chrysalis Music Holdings GmbH, Berlin	12,459	883	100.00 %	100.00 %	
COUNTDOWN MEDIA GmbH, Hamburg	727	0	100.00 %	100.00 %	2
CRM Holding GmbH, Gütersloh	47,476	0	100.00 %	100.00 %	2
DDV Druck GmbH, Dresden	318	0	100.00 %	60.00 %	2
DDV Immobilien GmbH, Dresden	11,780	7,471	60.00 %	60.00 %	
DDV Mediengruppe GmbH & Co. KG, Dresden	12,936	3,222	60.00 %	60.00 %	
DDV Technik GmbH, Dresden	93	0	100.00 %	60.00 %	2
Der Audio Verlag GmbH, Berlin	2,191	518	100.00 %	100.00 %	
Deutsche Medien-Manufaktur GmbH & Co. KG, Münster	8,331	7,749	50.00 %	50.00 %	
Deutsche Medien-Manufaktur Verwaltungs-GmbH, Münster	26	0	50.00 %	50.00 %	
DeutschlandCard GmbH, München	794	0	100.00 %	100.00 %	2
Die Mehrwertmacher GmbH, Dresden	607	178	100.00 %	60.00 %	
Digital Media Hub GmbH, Köln	-82	0	100.00 %	75.49 %	2
Direct Analytics GmbH, Gütersloh	370	64	100.00 %	100.00 %	
direct services Gütersloh GmbH, Gütersloh	1,184	0	100.00 %	100.00 %	2
DIVIMOVE GmbH, Berlin	-198	0	100.00 %	75.49 %	2
Dorling Kindersley Verlag GmbH, München	9,797	935	100.00 %	75.00 %	
DPV Deutscher Pressevertrieb GmbH, Hamburg	755	0	100.00 %	100.00 %	2
DPV Vertriebsservice GmbH, Hamburg	422	-67	100.00 %	100.00 %	
DPV Worldwide GmbH, Hamburg	-111	0	100.00 %	100.00 %	2
Dresden Information GmbH, Dresden	262	144	50.00 %	30.00 %	
Dresdner Chauffeur Service 8x8 GmbH, Dresden	-350	0	100.00 %	60.00 %	2
Dresdner Verlagshaus kaufmännische Dienste GmbH, Dresden	46	0	100.00 %	60.00 %	2
Eat the World GmbH, Berlin	35	0	100.00 %	100.00 %	2
Erste TD Gütersloh GmbH, Gütersloh	10,111	0	100.00 %	100.00 %	2
Erste WV Gütersloh GmbH, Gütersloh	7,376	0	100.00 %	100.00 %	2
European SCM Services GmbH, Gütersloh	1,223	0	100.00 %	100.00 %	2
FENUS Grundstücks-Vermietungsgesellschaft mbH, Stuttgart	2,598	10	100.00 %	59.90 %	
Fernwärme Gütersloh GmbH, Gütersloh	2,662	221	51.00 %	51.00 %	
FlexStorm GmbH, Gütersloh	1,878	68	100.00 %	100.00 %	

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FremantleMedia International Germany GmbH, Potsdam	30	0	100.00 %	75.49 %	2
Funkhaus Halle GmbH & Co. KG, Halle (Saale)	-5,304	745	61.38 %	43.94 %	
G+J Digital Products GmbH, Hamburg	244	0	100.00 %	100.00 %	2
G+J Digital Ventures GmbH, Berlin	1,429	0	100.00 %	100.00 %	2
G+J Electronic Media Sales GmbH, Hamburg	62	0	100.00 %	100.00 %	2
G+J Enterprise GmbH, Hamburg	25	0	100.00 %	100.00 %	2
G+J Food & Living GmbH & Co. KG, Hamburg	3,553	4,431	100.00 %	50.00 %	
G+J Immobilien GmbH & Co. KG, Hamburg	13,375	553	100.00 %	100.00 %	
G+J Innovation GmbH, Hamburg	193	0	100.00 %	100.00 %	2
G+J Lifestyle GmbH, Hamburg	25	0	100.00 %	100.00 %	2
G+J LIVING Digital GmbH, Hamburg	24	0	100.00 %	100.00 %	2
G+J Medien GmbH, Hamburg	605	0	100.00 %	100.00 %	2
G+J Parenting Media GmbH, Hamburg	2,157	481	100.00 %	100.00 %	
G+J Shop GmbH, München	496	0	100.00 %	100.00 %	2
G+J Vermietungsgesellschaft Sächsischer Verlag mbH, Dresden	3,852	0	100.00 %	100.00 %	2
G+J Wirtschaftsmedien Verwaltungen GmbH, Hamburg	37	0	100.00 %	100.00 %	2
G+J Zweite Grundstücksbeteiligungsgesellschaft München mbH, München	21,552	0	93.98 %	93.98 %	2
GGP Media GmbH, Pößneck	24,501	0	100.00 %	100.00 %	2
Global Assekuranz Vermittlungsgesellschaft mit beschränkter Haftung, Gütersloh	17	0	100.00 %	100.00 %	2
Grundstücksgesellschaft Vorsetzen 2 mbH, Hamburg	100	0	100.00 %	100.00 %	2
Gruner + Jahr Communication GmbH, Hamburg	26	0	100.00 %	100.00 %	2
Gruner + Jahr GmbH, Hamburg	205,787	36,403	100.00 %	100.00 %	
Henri-Nannen-Schule Hamburger Journalistenschule Gruner + Jahr - DIE ZEIT GmbH, Hamburg	26	0	95.00 %	95.00 %	2
HITRADIO RTL Sachsen GmbH, Dresden	1,084	0	86.53 %	65.32 %	2
Honey GmbH, Hamburg	345	-287	80.00 %	80.00 %	
infoNetwork GmbH, Köln	1,328	0	100.00 %	75.49 %	2
informa HIS GmbH, Wiesbaden	470	0	100.00 %	100.00 %	2
informa Solutions GmbH, Baden-Baden	67,479	0	100.00 %	100.00 %	2
infoscore Business Support GmbH, Baden-Baden	154	0	100.00 %	100.00 %	2
infoscore Consumer Data GmbH, Baden-Baden	6,390	0	100.00 %	100.00 %	2
infoscore Finance GmbH, Baden-Baden	3,572	0	100.00 %	100.00 %	2
infoscore Forderungsmanagement GmbH, Verl	14,385	0	100.00 %	100.00 %	2
infoscore Portfolio Management GmbH & Co. KG, Verl	25	0	100.00 %	100.00 %	
infoscore Portfolio Management II GmbH & Co. KG, Baden-Baden	27	0	100.00 %	100.00 %	
infoscore Portfolio Management International GmbH, Gütersloh	24	0	100.00 %	100.00 %	2
infoscore Tracking Solutions GmbH, Gütersloh	-1,656	0	100.00 %	100.00 %	2
inmediaONE GmbH, Gütersloh	7,566	0	100.00 %	100.00 %	2
Innominata Achte Vermögensverwaltungsgesellschaft mbH, Stuttgart	4,224	323	100.00 %	59.90 %	
IP Deutschland GmbH, Köln	4,607	0	100.00 %	75.49 %	2
IP Internationale Presse direct GmbH, Mörtelden-Walldorf	154	0	100.00 %	100.00 %	2
KURIER Direktservice Dresden GmbH, Dresden	105	0	100.00 %	60.00 %	2
KWS Kontowechsel Service GmbH, Schortens	67	0	100.00 %	100.00 %	2
Ligatus GmbH, Köln	7,613	0	100.00 %	100.00 %	2
LiquidM Technology GmbH, Berlin	4,122	625	100.00 %	100.00 %	
LV-Publikumsmedien GmbH & Co. KG, Münster	4,661	4,436	100.00 %	50.00 %	
Madsack Hörfunk GmbH, Hannover	2,782	172	24.90 %	18.80 %	
mbs Nürnberg GmbH, Nürnberg	9	0	100.00 %	100.00 %	2
Media Logistik GmbH, Dresden	5,707	2,485	51.00 %	30.60 %	
MEDIA SCORE Gesellschaft für Medien- und Kommunikationsforschung mbH, Köln	451	0	100.00 %	75.49 %	2
Mediengruppe RTL Deutschland GmbH, Köln	291,387	0	100.00 %	75.49 %	2
Mohn Media Energy GmbH, Gütersloh	1,090	0	100.00 %	100.00 %	2
Mohn Media Mohndruck GmbH, Gütersloh	23,254	0	100.00 %	100.00 %	2
Morgenpost Sachsen GmbH, Dresden	27	0	100.00 %	60.00 %	2
Motor Presse Stuttgart GmbH & Co. KG, Stuttgart	2,365	-2,516	59.90 %	59.90 %	
Motor Presse TV GmbH, Stuttgart	872	-1	51.00 %	30.55 %	
Motor-Presse International Verlagsgesellschaft Holding mbH, Stuttgart	14,431	0	100.00 %	59.90 %	2
MSP Medien-Service und Promotion GmbH, Hamburg	35	0	100.00 %	100.00 %	2
MVD Medien Vertrieb Dresden GmbH, Dresden	24	0	100.00 %	60.00 %	2
NETLETIX GmbH, München	170	0	100.00 %	75.49 %	2
Neue Spreeradio Hörfunkgesellschaft mbH, Berlin	-6,100	173	100.00 %	75.49 %	
Next Level Integration GmbH, Köln	4,500	0	100.00 %	100.00 %	2
NORDEICH TV Produktionsgesellschaft mbH, Hürth	271	0	100.00 %	75.49 %	2
n-tv Nachrichtenfernsehen GmbH, Köln	2,985	0	100.00 %	75.49 %	2
OBERÜBER KARGER Kommunikationsagentur GmbH, Dresden	243	180	51.00 %	30.60 %	
ORTEC Messe und Kongress GmbH, Dresden	280	1,220	51.00 %	30.60 %	
Penguin Books Deutschland GmbH, München	220	118	100.00 %	75.00 %	
PRINOVIS Ahrensburg Weiterverarbeitung und Logistik GmbH, Hamburg	-197	0	100.00 %	100.00 %	2
PRINOVIS GmbH & Co. KG, Hamburg	-286,553	-27,748	100.00 %	100.00 %	
Prinovis GmbH, Gütersloh	53,733	0	100.00 %	100.00 %	2
Prinovis Klebebindung GmbH, Nürnberg	3,903	0	100.00 %	100.00 %	2
PRINOVIS Service GmbH, Hamburg	-296	0	100.00 %	100.00 %	2
Print Service Gütersloh GmbH, Gütersloh	28	0	100.00 %	100.00 %	2
Probind Mohn media Binding GmbH, Gütersloh	-672	0	100.00 %	100.00 %	2
PSC Print Service Center GmbH, Oppurg	255	0	100.00 %	100.00 %	2
publimgd GmbH, Stuttgart	486	104	100.00 %	59.90 %	
Random House Audio GmbH, Köln	24	0	100.00 %	100.00 %	2
Redaktions- und Verlagsgesellschaft Bautzen/Kamenz mbH, Bautzen	251	193	55.00 %	33.00 %	
Redaktions- und Verlagsgesellschaft Döbeln mbH, Döbeln	123	98	55.00 %	33.00 %	
Redaktions- und Verlagsgesellschaft Elbland mbH, Meißen	109	83	52.00 %	31.20 %	
Redaktions- und Verlagsgesellschaft Freital/Pirna mbH, Freital	235	186	52.00 %	31.20 %	
Redaktions- und Verlagsgesellschaft Neißer mbH, Görlitz	186	161	52.00 %	31.20 %	
Reinhard Mohn GmbH, Gütersloh	888,911	0	100.00 %	100.00 %	2
Relias Learning GmbH, Berlin	130	0	100.00 %	100.00 %	2
rewards arvato services GmbH, München	38,965	3,495	100.00 %	100.00 %	
RM Achte Beteiligungsverwaltungs GmbH, Gütersloh	119,479	-133	100.00 %	100.00 %	
RM Buch und Medien Vertrieb GmbH, Gütersloh	1,651	0	100.00 %	100.00 %	2

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RM Siebte Beteiligungsverwaltungs GmbH, Gütersloh	25	0	100.00 %	100.00 %
RTL Group Central & Eastern Europe GmbH, Köln	207,017	0	100.00 %	75.49 %
RTL Group Deutschland GmbH, Köln	2,805,075	0	100.00 %	75.49 %
RTL Group Deutschland Markenverwaltungs GmbH, Köln	1,120,852	0	100.00 %	75.49 %
RTL Group Financial Services GmbH, Potsdam	25	0	100.00 %	75.49 %
RTL Group Licensing Asia GmbH, Köln	25	0	100.00 %	75.49 %
RTL Group Services GmbH, Köln	11,914	223	100.00 %	75.49 %
RTL Group Vermögensverwaltung GmbH, Köln	3,035,098	0	100.00 %	75.73 %
RTL Hessen GmbH, Frankfurt am Main	60	0	100.00 %	75.49 %
RTL Hessen Programmfenster GmbH, Bad Vilbel	394	22	60.00 %	45.29 %
RTL interactive GmbH, Köln	9,975	0	100.00 %	75.49 %
RTL International GmbH, Köln	191	-174	100.00 %	75.49 %
RTL Journalistenschule GmbH, Köln	26	0	90.00 %	67.94 %
RTL Nord GmbH, Hamburg	66	0	100.00 %	75.49 %
RTL Radio Berlin GmbH, Berlin	2,111	0	100.00 %	75.49 %
RTL Radio Center Berlin GmbH, Berlin	5,781	0	100.00 %	75.49 %
RTL Radio Deutschland GmbH, Berlin	12,081	0	100.00 %	75.49 %
RTL Radio Luxemburg GmbH, Köln	25	0	100.00 %	75.49 %
RTL Radiovermarktung GmbH, Berlin	39	0	100.00 %	75.49 %
RTL Television GmbH, Köln	536,535	0	100.00 %	75.49 %
RTL WEST GmbH, Köln	73	0	75.00 %	56.62 %
rtv media group GmbH, Nürnberg	932	0	100.00 %	100.00 %
Sächsische Zeitung GmbH, Dresden	134	0	100.00 %	60.00 %
Saxo-Phon GmbH, Dresden	47	0	100.00 %	60.00 %
Sellwell GmbH & Co. KG, Hamburg	-198	42	70.00 %	70.00 %
Smart Shopping and Saving GmbH, Berlin	649	0	100.00 %	75.49 %
smartclip GmbH, Düsseldorf	632	0	100.00 %	75.61 %
Sonopress GmbH, Gütersloh	15,634	0	100.00 %	100.00 %
SPARWELT GmbH, Berlin	4,285	0	100.00 %	75.49 %
SpotX Deutschland GmbH, Köln	25	0	100.00 %	75.61 %
SpotX Europe GmbH, Düsseldorf	24,412	0	100.00 %	75.73 %
SSB Software Service und Beratung GmbH, München	54	0	100.00 %	100.00 %
stern Medien GmbH, Hamburg	39	0	100.00 %	100.00 %
stern.de GmbH, Hamburg	34	0	100.00 %	100.00 %
SZ-Reisen GmbH, Dresden	182	0	100.00 %	60.00 %
TAG24 NEWS Deutschland GmbH, Dresden	22	0	100.00 %	60.00 %
TERRITORY Content to Results GmbH, Hamburg	789	0	100.00 %	100.00 %
TERRITORY CTR GmbH, Gütersloh	54	0	100.00 %	100.00 %
TERRITORY EMBRACE GmbH, Bochum	2,744	0	100.00 %	100.00 %
TERRITORY MEDIA GmbH, München	16	0	100.00 %	100.00 %
TERRITORY webguerillas GmbH, München	2,395	0	100.00 %	100.00 %
TERRITORY webguerillas Nord GmbH, Berlin	317	0	100.00 %	100.00 %
trnd DACH GmbH, München	1,032	0	100.00 %	100.00 %
trnd International GmbH, München	1,831	0	100.00 %	100.00 %
trndnxt GmbH, München	101	0	100.00 %	100.00 %
trndsphere blue GmbH, München	56	0	100.00 %	100.00 %
UFA Distribution GmbH, Potsdam	-669	0	100.00 %	75.49 %
UFA Fiction GmbH, Potsdam	6,861	0	100.00 %	75.49 %
UFA Fiction Production GmbH, Potsdam	13	-12	100.00 %	75.73 %
UFA Film und Fernseh GmbH, Köln	4,515,672	0	100.00 %	75.49 %
UFA GmbH, Potsdam	1,324	0	100.00 %	75.49 %
Ufa Radio-Programmgesellschaft in Bayern mbH, Ismaning	10,401	0	100.00 %	75.49 %
UFA Serial Drama GmbH, Potsdam	330	0	100.00 %	75.49 %
UFA Show & Factual GmbH, Köln	541	0	100.00 %	75.73 %
Universum Film GmbH, München	23,957	0	100.00 %	75.49 %
Verlag RM GmbH, Gütersloh	-6,692	0	100.00 %	100.00 %
Verlagsgruppe Random House GmbH, Gütersloh	66,393	0	100.00 %	100.00 %
Verlegerdienst München GmbH, Gilching	4,698	0	100.00 %	100.00 %
VIVENO Group GmbH, Gütersloh	11,653	0	100.00 %	100.00 %
Vogel Druck und Medienservice GmbH, Höchberg	6,893	0	100.00 %	100.00 %
VOX Holding GmbH, Köln	339,382	0	100.00 %	75.49 %
VOX Television GmbH, Köln	26,610	0	99.70 %	75.26 %
VSG Schwerin - Verlagsservicegesellschaft mbH, Schwerin	26	0	100.00 %	100.00 %
webauto.de GmbH, Karlsruhe	-446	80	100.00 %	59.90 %
webmiles GmbH, München	-203	0	100.00 %	100.00 %
Estland / Estonia				
AFS IT Services Estonia OÜ, Tallinn	103	100	100.00 %	100.00 %
Arvato Services Estonia OÜ, Tallinn	2,402	1,012	100.00 %	100.00 %
Finnland / Finland				
Fremantlemedia Finland Oy, Helsinki	6,496	1,100	100.00 %	75.73 %
Gothia Oy, Helsinki	27,136	4,120	100.00 %	100.00 %
United Screens Finland Oy, Helsinki	-336	-121	100.00 %	75.49 %
Frankreich / France				
1.2.3. Productions SAS, Paris	300	-10	100.00 %	75.73 %
3media SARL, Pont-Sainte-Marie	2,432	1,243	100.00 %	100.00 %
ABDSF - Arvato Business Developpement Services France SAS, Paris	15,938	19,166	100.00 %	100.00 %
ACR - Advanced Customer Relation SARL, Paris	95,720	-4,280	100.00 %	100.00 %
AdVideum SAS, Gennevilliers	-148	-263	100.00 %	100.00 %
ALSF - Arvato Logistique Services France SARL, Atton	2,443	460	100.00 %	100.00 %
Altima Hosting SAS	420	123	100.00 %	36.55 %

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Anteles SARL, L'Isle-D'Espagnac	932	485	100.00 %	100.00 %
AQUITEL SAS, Chasseneuil du Poitou	1,152	278	100.00 %	100.00 %
Arvalife SAS, Vendin-le-Vieil	-8,269	-736	100.00 %	100.00 %
Arvato Services Healthcare France SAS, Chanteloup en Brie	4,811	846	100.00 %	100.00 %
ASCM - Arvato Supply Chain Management SAS, Chanteloup en Brie	2,611	1,698	100.00 %	100.00 %
ASCMDP - Arvato SCM Developement France SARL, Paris	992	3	100.00 %	100.00 %
ASE - Arvato Strategie & Expertises SARL, Paris	1,507	482	100.00 %	100.00 %
ASF - Arvato Services France SARL, Vendin-Le-Vieil	5,180	-7,740	100.00 %	100.00 %
BCE France SAS, Paris	-218	-276	100.00 %	75.49 %
Best of TV SAS, Boissy l'Aillerie	13,288	-3,659	50.99 %	18.64 %
BMG Production Music (France) SAS, Paris	-123	190	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (France) SARL, Paris	13,271	-375	100.00 %	100.00 %
Call Insurance SARL, Vendin-le-Vieil	444	262	60.00 %	60.00 %
Camaris SARL, Longuenesse	1,494	455	100.00 %	100.00 %
Canal Star SARL, Paris	2,047	-214	100.00 %	36.55 %
Cap2Call SARL, Chaumont	578	-38	100.00 %	100.00 %
Capdune SARL, Coudekerque-Branche	61	-1,013	100.00 %	100.00 %
Capital Productions SA, Neuilly-sur-Seine	721	205	100.00 %	36.55 %
Ceacom SARL, Le Havre	1,481	671	100.00 %	100.00 %
Cerise Media SAS, Tourcoing	-445	-2,297	100.00 %	100.00 %
Cometz SARL, Metz	3,212	643	100.00 %	100.00 %
CTAZ SAS, Paris	489	-38	51.00 %	18.64 %
Data Mailing SAS, Chanteloup en Brie	-9,819	-117	100.00 %	100.00 %
Divimove France SAS, Paris	-106	-109	100.00 %	75.49 %
Document Channel SAS, Paris	-5,857	-437	100.00 %	100.00 %
Duacom SARL, Douai	1,458	309	100.00 %	100.00 %
Edit TV/ W9 SNC, Neuilly-sur-Seine	-13,485	-353	100.00 %	36.55 %
Euracom SARL, Lingolsheim	159	-238	100.00 %	100.00 %
Euroroutage data marketing et logistique services SAS, Chanteloup en Brie	22,704	540	100.00 %	100.00 %
FM Graffiti SARL, Paris	1,086	64	100.00 %	36.55 %
Fontaram SAS, Paris	-724	77	51.00 %	38.62 %
Francis Dreyfus Music SARL, Paris	7,477	87	100.00 %	100.00 %
FremantleMedia France SAS, Issy-les-Moulineaux	16,843	-6,275	100.00 %	75.73 %
Gazoline SAS, Paris	1,516	-3	100.00 %	100.00 %
Gigasud SARL, Paris	-9	-1	100.00 %	36.55 %
GM6 SAS, Nanterre	-10,820	-3,657	100.00 %	36.55 %
Home Shopping Service SA, Rungis	25,844	17,639	100.00 %	36.49 %
ID (Information et Diffusion) SARL, Paris	-1,825	461	100.00 %	36.55 %
iGraal SAS, Boulogne-Billancourt	5,472	3,490	50.99 %	18.64 %
Immobiliere 46D SAS, Neuilly-sur-Seine	20,450	-548	100.00 %	36.55 %
Immobiliere M6 SAS, Neuilly-sur-Seine	26,515	1,833	100.00 %	36.50 %
infoscore SARL, Vendin-Le-Vieil	12	-34	100.00 %	100.00 %
Joikka SAS, Neuilly-sur-Seine	-639	-639	100.00 %	36.55 %
Kwai SAS, Paris	1,245	-835	51.00 %	38.62 %
Les Films de la Suane SARL, Neuilly-sur-Seine	-1,490	-50	100.00 %	36.55 %
Luxview SAS, Paris	-2,387	-911	95.56 %	34.93 %
M6 Bordeaux SAS, Neuilly-sur-Seine	124	19	100.00 %	36.55 %
M6 Communication SAS, Neuilly-sur-Seine	901	539	100.00 %	36.55 %
M6 Creations SAS, Neuilly-sur-Seine	5,869	1,176	100.00 %	36.55 %
M6 Developpement SAS, Neuilly-sur-Seine	-95	-80	100.00 %	36.55 %
M6 Diffusions SA, Neuilly-sur-Seine	320	171	100.00 %	36.55 %
M6 Distribution SAS, Neuilly-sur-Seine	10	-10	100.00 %	36.55 %
M6 Editions SA, Neuilly-sur-Seine	7,371	-68	100.00 %	36.55 %
M6 Evenements SA, Neuilly-sur-Seine	798	634	100.00 %	36.55 %
M6 Films SA, Neuilly-sur-Seine	1,441	707	100.00 %	36.55 %
M6 Foot SAS, Neuilly-sur-Seine	21,199	9,843	100.00 %	36.55 %
M6 Generation SAS, Neuilly-sur-Seine	-9,004	9,738	100.00 %	36.55 %
M6 Interactions SAS, Neuilly-sur-Seine	146,449	47,517	100.00 %	36.55 %
M6 Publicite SAS, Neuilly-sur-Seine	42,306	28,626	100.00 %	36.55 %
M6 Shop SAS, Neuilly-sur-Seine	-	-	100.00 %	36.48 %
M6 Studio SAS, Neuilly-sur-Seine	-4,654	1,182	100.00 %	36.55 %
M6 Thematique SAS, Neuilly-sur-Seine	80,858	18,448	100.00 %	36.55 %
M6 Web SAS, Neuilly-sur-Seine	54,817	13,217	100.00 %	36.55 %
Media Communication SAS, Vendin-Le-Vieil	261,041	23,351	100.00 %	100.00 %
Media Strategie SARL, Paris	-463	-132	100.00 %	36.55 %
Metropole Television SA, Neuilly-sur-Seine	538,726	156,842	48.42 %	36.55 %
Mirabelle SAS, Tourcoing	839	563	100.00 %	100.00 %
Mobvalue SAS, Gennevilliers	-1,609	-1,771	100.00 %	100.00 %
Mohn Media France SARL, Villepinte	48	32	100.00 %	100.00 %
MSCS - Moissy Supply Chain Services SARL, Moissy Cramayel	402	172	100.00 %	100.00 %
Nordcall SARL, Marcq-en-Baroeul	1,738	813	100.00 %	100.00 %
Paris Premiere SAS, Neuilly-sur-Seine	17,572	4,448	100.00 %	36.55 %
Pitcheo SARL, Tourcoing	0	-10	100.00 %	100.00 %
Porte Sud SARL, Mülhausen	-14	-8	100.00 %	36.55 %
Prisma Media SNC, Gennevilliers	-17,278	-15,142	100.00 %	100.00 %
Radio Golfe SARL, Paris	236	16	100.00 %	36.55 %
Recatch SAS, Nanterre	2,156	496	90.01 %	90.01 %
RTL AdConnect SA, Paris	2,264	562	100.00 %	75.49 %
RTL France Radio SAS, Neuilly-sur-Seine	58,978	788	100.00 %	36.55 %
SCI du 107, Neuilly-sur-Seine	3,636	106	100.00 %	36.55 %
SEDI TV - Teva SAS, Neuilly-sur-Seine	15,549	7,576	100.00 %	36.55 %
SMED SAS, Bussy Saint-Georges	5,493	-594	100.00 %	100.00 %
SNC Audiovisuel FF SAS, Neuilly-sur-Seine	-1,777	721	100.00 %	36.55 %
SNC Catalogue MC SAS, Neuilly-sur-Seine	5,240	187	100.00 %	36.55 %
SNDA SAS, Neuilly-sur-Seine	15,165	1,586	100.00 %	36.55 %
SociAddict SAS, Paris	-238	-92	100.00 %	18.64 %

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Societe Communication A2B, Paris	80	-1	100.00 %	36.55 %
Societe de Marketing direct et Logistique SMDL SARL, Saulcy-sur-Meurthe	354	121	100.00 %	100.00 %
Societe d'Exploitation Radio Chic SA, Paris	12,078	3,228	100.00 %	36.55 %
Societe Immobiliere Bayard d'Antin SA, Neuilly-sur-Seine	381,623	55,170	100.00 %	75.49 %
Societe Nouvelle de Cinematographie SA, Neuilly-sur-Seine	-865	-5,178	100.00 %	36.55 %
Societe Nouvelle de Distribution SA, Neuilly-sur-Seine	57,432	2,072	100.00 %	36.55 %
Societe Privée de Radiodiffusion Gibus Bourgogne SARL, Paris	-255	-148	100.00 %	36.55 %
Sodera SA, Paris	13,194	8,888	100.00 %	36.55 %
Soneo SARL, Maxeville	700	-3,040	100.00 %	100.00 %
SpotXchange France SAS, Paris	-258	-276	100.00 %	75.73 %
Studio 89 Productions SAS, Neuilly-sur-Seine	2,705	105	100.00 %	36.55 %
Tellis Telephone Limousin Services SARL, Favars	2,206	909	100.00 %	100.00 %
trnd SARL, Paris	-1,344	19	100.00 %	100.00 %
TV Presse Productions SAS, Issy-les-Moulineaux	-563	-442	100.00 %	75.73 %
Upload Productions SAS, Gennevilliers	242	145	100.00 %	100.00 %
Georgien / Georgia				
Arvato CRM Georgia LLC, Tiflis	2,005	1,237	100.00 %	100.00 %
Griechenland / Greece				
Fremantle Productions SA, Athen	1	0	100.00 %	75.73 %
Großbritannien / Great Britain				
AIR Records Limited, London	0	0	100.00 %	100.00 %
Arbie Productions Ltd., London	246	34	100.00 %	75.73 %
Arrow Books Limited, London	-	-	100.00 %	75.00 %
Arvato CRM Limited, London	-1,918	-2,497	100.00 %	100.00 %
Arvato Financial Solutions Limited, Glasgow	741	-1,893	100.00 %	100.00 %
Arvato Government Services Limited, London	-2,917	-49	80.10 %	80.10 %
Arvato Limited, London	16,532	3,261	100.00 %	100.00 %
Arvato Public Sector Services Limited, London	-679	1,113	100.00 %	80.10 %
Arvato SCM UK Limited, London	1,818	48	100.00 %	100.00 %
Arvato Systems UK & Ireland Limited, Cardiff	235	80	100.00 %	100.00 %
Barrie & Jenkins Limited, London	-	-	98.00 %	73.50 %
Bartlett Bliss Productions Limited, London	-	-	100.00 %	75.00 %
Bellew & Higon Publishers Limited, London	-	-	100.00 %	75.00 %
Bertelsmann Accounting Services Ltd., London	-67	-68	100.00 %	100.00 %
Bertelsmann Corporate Services Limited, London	30	30	100.00 %	100.00 %
Bertelsmann UK Limited, London	1,259,893	58,137	100.00 %	100.00 %
BMG Production Music (UK) Limited, London	82	-543	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (UK) Limited, London	156,909	37,082	100.00 %	100.00 %
BMG Rights Management Services (UK) Limited, London	450	455	100.00 %	100.00 %
BMG VM Music Limited, London	35,487	-240	100.00 %	100.00 %
Business Books Limited, London	-	-	100.00 %	75.00 %
Cavalcade Records Limited, London	0	0	100.00 %	100.00 %
Century Benham Limited, London	-	-	100.00 %	75.00 %
Century Hutchinson Limited, London	-	-	100.00 %	75.00 %
Century Hutchinson Publishing Limited, London	-	-	100.00 %	75.00 %
Century Publishing Co. Limited, London	-	-	100.00 %	75.00 %
Chatto and Windus Limited, London	-	-	100.00 %	75.00 %
Cherry Westfield Ltd, London	0	542	100.00 %	100.00 %
Children's Character Books Limited, London	1,112	-335	75.00 %	56.25 %
Chrysalis Copyrights Limited, London	0	6,525	100.00 %	100.00 %
Chrysalis Holdings Limited, London	0	0	100.00 %	100.00 %
Chrysalis Music Limited, London	0	46,552	100.00 %	100.00 %
CLT-UFA UK Radio Limited, London	0	0	100.00 %	75.49 %
Creole Records Limited, London	41	0	100.00 %	100.00 %
Deep East Music Limited, London	144	67	100.00 %	100.00 %
Dorling Kindersley Limited, London	-4,710	-6,273	100.00 %	75.00 %
Flaname 0 Limited, London	0	0	100.00 %	75.00 %
Flaname 1 Limited, London	0	0	100.00 %	75.00 %
Flaname 2 Limited, London	0	0	100.00 %	75.00 %
Flaname 3 Limited, London	0	0	100.00 %	75.00 %
Flaname 4 Limited, London	0	0	100.00 %	75.00 %
Flaname 5 Limited, London	0	0	100.00 %	75.00 %
Flaname 6 Limited, London	0	0	100.00 %	75.00 %
Flaname 7 Limited, London	0	0	100.00 %	75.00 %
Flaname 8 Limited, London	0	0	100.00 %	75.00 %
Frederick Warne & Co Limited, London	11,596	6,181	100.00 %	75.00 %
Fremantle (UK) Productions Limited, London	21	41	100.00 %	75.73 %
FremantleMedia Group Limited, London	567,755	7,417	100.00 %	75.73 %
FremantleMedia Limited, London	177,957	11,060	100.00 %	75.73 %
FremantleMedia Overseas Limited, London	393,995	-4	100.00 %	75.73 %
FremantleMedia Services Limited, London	0	0	100.00 %	75.73 %
G.W. Mills Limited, London	0	0	100.00 %	100.00 %
Grantham Book Services Limited, London	-	-	100.00 %	75.00 %
Hammond, Hammond and Company, Limited, London	-	-	100.00 %	75.00 %
Herbert Jenkins Limited, London	-	-	100.00 %	75.00 %
Hewrate Limited, London	0	-52	100.00 %	100.00 %
Hornall Brothers Music Limited, London	0	147	100.00 %	100.00 %
Hurst & Blackett Limited, London	-	-	100.00 %	75.00 %
Hutchinson & Co. (Publishers) Limited, London	-	-	100.00 %	75.00 %
Hutchinson Books Limited, London	-	-	100.00 %	75.00 %

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Hutchinson Childrens Books Limited, London	-	-	100.00 %	75.00 %	1
Infectious Music Limited, London	251	189	100.00 %	100.00 %	
Jackdaw Publications Limited, London	-	-	100.00 %	75.00 %	1
Jonathan Cape Limited, London	-	-	100.00 %	75.00 %	1
Ladybird Books Limited, London	4,779	1,745	100.00 %	75.00 %	
Loaded Records Limited, London	549	408	100.00 %	100.00 %	
Macrocom 1055 Limited, Glasgow	594	-2,226	100.00 %	100.00 %	
Mainstream Publishing Company (Edinburgh) Limited, Edinburgh	525	271	100.00 %	75.00 %	
Martin Secker and Warburg Limited, London	-	-	100.00 %	75.00 %	1
Men From The North Limited, London	9	0	100.00 %	100.00 %	
Minder Music Limited, London	0	0	100.00 %	100.00 %	
Mute Records Limited, London	5,938	285	100.00 %	100.00 %	
Oxford Street Studios Limited, London	0	0	100.00 %	100.00 %	
Penguin Books Limited, London	135,842	29,352	100.00 %	75.00 %	
Penguin Random House Limited, London	504,544	83,718	75.00 %	75.00 %	
Plane Tree Publishers Limited, London	-	-	100.00 %	75.00 %	1
Plangent Visions Music Limited, London	0	268	100.00 %	100.00 %	
Prestel Publishing Limited, London	1,081	84	100.00 %	100.00 %	
Prinovis UK Limited, London	-6,678	4,542	100.00 %	100.00 %	
Ram Records Limited, London	-561	0	100.00 %	100.00 %	
Random House Properties Limited, London	-	-	100.00 %	75.00 %	1
Random House Publishing Group Limited, London	-	-	100.00 %	75.00 %	1
Random House UK Ventures Limited, London	-	-	100.00 %	75.00 %	1
Relias Learning Ltd, London	-4,596	-1,693	100.00 %	100.00 %	
Rock Music Company Limited, London	0	0	100.00 %	100.00 %	
RTL Group Support Services Limited, London	1,699	-4	100.00 %	75.73 %	
Salspot Limited, London	330	4	100.00 %	75.00 %	
Sanctuary Copyrights Limited, London	0	0	100.00 %	100.00 %	
Sanctuary Records Group Limited, London	33,722	2,811	100.00 %	100.00 %	
Sinclair - Stevenson Limited, London	-	-	100.00 %	75.00 %	1
Skint Records Limited, London	0	0	100.00 %	100.00 %	
Snowdog Enterprises Limited, London	-41	-24	100.00 %	75.00 %	
Snowman Enterprises Limited, London	644	120	100.00 %	75.00 %	
SpotXchange Limited, London	340	-353	100.00 %	75.73 %	
Stage Three Music (Catalogues) Limited, London	85,478	834	100.00 %	100.00 %	
Stage Three Music Publishing Limited, London	85,815	-75	100.00 %	100.00 %	
Stanley Paul & Co Limited, London	-	-	100.00 %	75.00 %	1
StyleHaul UK Ltd., London	347	-564	100.00 %	75.73 %	
T. Werner Laurie, Limited, London	-	-	100.00 %	75.00 %	1
Talkback Productions Limited, London	0	0	100.00 %	75.73 %	
TalkbackThames UK Limited, London	0	0	100.00 %	75.73 %	
Thames Television Holdings Limited, London	0	3	100.00 %	75.73 %	
Thames Television Limited, London	0	0	100.00 %	75.73 %	
The Bodley Head Limited, London	-	-	100.00 %	75.00 %	1
The Book Service Limited, London	-	-	100.00 %	75.00 %	1
The Cresset Press Limited, London	-	-	100.00 %	75.00 %	1
The Echo Label Limited, London	1,019	2,588	100.00 %	100.00 %	
The Harvill Press Limited, London	-	-	100.00 %	75.00 %	1
The Hogarth Press Limited, London	-	-	100.00 %	75.00 %	1
The Random House Group Limited, London	186,417	33,481	100.00 %	75.00 %	
Tom Jones (Enterprises) Limited, London	0	0	99.00 %	99.00 %	
Touch Tones Music Limited, London	0	40	100.00 %	100.00 %	
Transworld Publishers Limited, London	-	-	100.00 %	75.00 %	1
trnd Ltd., London	0	763	100.00 %	100.00 %	
Trojan Recordings Limited, London	11	0	100.00 %	100.00 %	
UFA Fiction Limited, London	291	-25	100.00 %	75.49 %	
Union Square Music Limited, London	294	372	100.00 %	100.00 %	
Union Square Music Publishing Limited, London	0	0	100.00 %	100.00 %	
USM Copyrights Limited, London	0	201	100.00 %	100.00 %	
USM Copyrights Nazareth Limited, London	0	0	100.00 %	100.00 %	
Ventura Publishing Limited, London	928	368	100.00 %	75.00 %	
Villeston Limited, London	0	348	100.00 %	100.00 %	
Virgin Books Limited, London	5,031	391	100.00 %	75.00 %	
Woodlands Books Limited, London	7,302	73	85.00 %	63.75 %	
World Circuit Limited, London	12,205	-122	100.00 %	100.00 %	
Indien / India					
Bertelsmann Corporate Services India Private Limited, Neu-Delhi	1,081	199	100.00 %	100.00 %	
Bertelsmann Marketing Services India Private Limited, Neu-Delhi	6,089	-4,349	100.00 %	100.00 %	
Dorling Kindersley Publishing Private Limited, Neu-Delhi	4,452	422	100.00 %	75.00 %	
Fremantle India TV Productions Pvt Ltd, Mumbai	4,717	287	100.00 %	75.73 %	
Hind Pocket Books Private Limited, Neu-Delhi	28	14	100.00 %	75.00 %	
Penguin Random House India Private Limited, Neu-Delhi	8,860	999	100.00 %	75.00 %	
Ramyam Intelligence Lab Private Limited, Bangalore	-5,758	-1,430	100.00 %	100.00 %	
YoBoHo New Media Private Limited, Mumbai	8,732	1,894	87.59 %	36.67 %	
Indonesien / Indonesia					
PT Dunia Visitama IDN/PMA, Jakarta	-458	-312	100.00 %	75.73 %	
Irland / Ireland					
Arvato Finance Services Limited, Fairview	12,919	8,118	100.00 %	100.00 %	
Arvato Financial Solutions (Ireland) Limited, Dublin	-1,174	-1,675	100.00 %	100.00 %	
Arvato FS Ireland Limited, Dublin	-205	-205	100.00 %	100.00 %	

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Arvato SCM Ireland Limited, Balbriggan	8,100	5,033	100.00 %	100.00 %
Dublin Murder Productions Limited, Belfast	0	0	75.00 %	56.80 %
IFA Finance Designated Activity Company, Dublin	-99	84	100.00 %	100.00 %
IFA Securitisation Designated Activity Company, Dublin	10,111	11	100.00 %	100.00 %
Penguin Random House Ireland Limited, Dublin	165	70	100.00 %	75.00 %
Israel				
Abot Hameiri Communications Ltd., Tel Aviv	221	886	51.00 %	38.62 %
Italien / Italy				
Arvato Services Italia S.r.l., Grassobbio	1,489	1,127	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (ITALY) S.r.l., Mailand	9,365	1,876	100.00 %	100.00 %
Boats S.r.l., Rom	8	0	100.00 %	47.33 %
Divimove Italia S.r.l.	-218	-228	100.00 %	75.49 %
FremantleMedia Italia S.p.A., Rom	11,581	1,218	100.00 %	75.73 %
Istituto Italiano d'Arti Grafiche S.p.A., Bergamo	2,774	34	100.00 %	100.00 %
Offside S.r.l., Rom	182	-57	100.00 %	47.33 %
Quarto Piano S.r.l., Rom	14,612	-2,970	100.00 %	75.73 %
Ricordi & C. S.r.l., Mailand	747	-706	100.00 %	100.00 %
smartclip Italia S.r.l., Mailand	133	27	100.00 %	75.73 %
Societa Holding Industriale di Grafica S.p.A., Bergamo	4,315	3,154	100.00 %	100.00 %
trnd S.r.l., Bozen	18	-120	100.00 %	100.00 %
Wildside S.r.l., Rom	13,219	6,381	62.50 %	47.33 %
Japan				
Alliant Kyoiku Support Services GK	-223	-147	100.00 %	80.10 %
Arvato Digital Services Japan Co., Ltd., Tokyo	-138	58	100.00 %	100.00 %
Kanada / Canada				
AIS Assessment and Intelligence Systems, Inc., Montreal	1,566	237	100.00 %	100.00 %
Arvato Digital Services Canada, Inc., Saint John	266	-1,588	100.00 %	100.00 %
BMG Rights Management (Canada), Inc., Saint John	888	301	100.00 %	100.00 %
BroadbandTV Corporation, Vancouver	-23,597	-6,262	55.45 %	41.86 %
Comprehensive Neuroscience of Canada Limited	-60	-278	100.00 %	100.00 %
FremantleMedia Canada Inc., Montreal	34,278	-3	100.00 %	75.73 %
Ludia Inc., Montreal	29,358	6,751	100.00 %	75.73 %
Miso Film Canada Inc., Vancouver	17	0	100.00 %	38.62 %
Penguin Random House Canada Limited, Toronto	24,593	11,422	100.00 %	75.00 %
RTL Canada Ltd., Montreal	53,417	1,473	100.00 %	75.49 %
Kolumbien / Colombia				
Arvato Colombia S.A.S., Floridablanca	1,922	121	100.00 %	100.00 %
Arvato Services S.A.S., Bogota	249	-92	100.00 %	100.00 %
Distribuidora Penguin Random House S.A.S., Bogota	2,441	335	100.00 %	75.01 %
Penguin Random House Grupo Editorial S.A.S., Bogota	5,697	1,114	100.00 %	75.02 %
Kroatien / Croatia				
FremantleMedia Hrvatska d.o.o., Zagreb	1,245	-71	100.00 %	75.73 %
RTL Hrvatska d.o.o., Zagreb	4,129	1,807	100.00 %	75.49 %
RTL Music Publishing DOO, Zagreb	-292	-40	100.00 %	75.49 %
Lettland / Latvia				
SIA Arvato Systems Latvia, Riga	2	-12	100.00 %	100.00 %
Luxemburg / Luxembourg				
ACR - Advanced Customer Relation S.a r.l., Luxemburg	180,309	-231	100.00 %	100.00 %
B&CE S.A., Luxemburg	3,614	787	100.00 %	75.49 %
Bertelsmann Business Support S.a r.l., Luxemburg	1,730,609	26,109	100.00 %	97.57 %
Bertelsmann Luxembourg S.a r.l., Luxemburg	1,767,016	12,828	100.00 %	100.00 %
Broadcasting Center Europe International S.A., Luxemburg	6	-44	100.00 %	75.49 %
Broadcasting Center Europe S.A., Luxemburg	10,419	-1,439	100.00 %	75.49 %
CLT-UFA S.A., Luxemburg	3,308,939	610,497	99.73 %	75.49 %
Data Center Europe S.a r.l., Luxemburg	390	95	100.00 %	75.49 %
Duchy Digital S.A., Luxemburg	75	-1	100.00 %	75.49 %
European News Exchange S.A., Luxemburg	1,207	151	100.00 %	57.90 %
IP Luxembourg S.a r.l., Luxemburg	2,361	1,685	100.00 %	75.49 %
Luxradio S.a r.l., Luxemburg	2,229	1,003	75.00 %	56.62 %
Media Properties S.a r.l., Luxemburg	96,822	60	100.00 %	75.49 %
Media Real Estate S.A., Luxemburg	676	-492	100.00 %	75.49 %
RTL AdConnect International S.A., Luxemburg	5,611	348	100.00 %	75.49 %
RTL Belux S.A. & Cie SECS, Luxemburg	13,777	11,735	66.20 %	49.82 %
RTL Belux S.A., Luxemburg	154	54	66.00 %	49.82 %
RTL Group Germany S.A., Luxemburg	3,051,988	-200	100.00 %	75.49 %
RTL Group S.A., Luxemburg	5,707,504	510,782	75.89 %	75.73 %

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Malaysia				
AGT Productions Sdn Bhd, Johor Bahru	16	0	100.00 %	75.73 %
Arvato BPS Malaysia Sdn. Bhd., Kuala Lumpur	301	-16	100.00 %	100.00 %
Arvato Systems Malaysia Sdn. Bhd., Kuala Lumpur	522	673	100.00 %	100.00 %
Marokko / Morocco				
Phone Academy SARL, Casablanca	266	174	100.00 %	60.00 %
Phone Active SARL, Casablanca	15,810	15,588	100.00 %	60.00 %
Phone Assistance S.A., Casablanca	2,477	2,777	60.01 %	60.00 %
Phone Group S.A., Casablanca	14,257	13,020	60.00 %	60.00 %
Phone Outsourcing SARL, Casablanca	69	-202	100.00 %	60.00 %
Phone Serviplus S.A., Casablanca	196	170	60.01 %	60.00 %
Mexiko / Mexico				
Alliant International University-Campus Mexico, S.C.	-3,458	-240	100.00 %	81.10 %
Arist Servicios Educativos, S. de R.L. de C.V., Mexiko-Stadt	-544	1	100.00 %	100.00 %
Arvato de Mexico, S.A. de C.V., Mexiko-Stadt	13,206	103	100.00 %	100.00 %
FremantleMedia Mexico, S.A. de C.V., Mexiko-Stadt	1,630	-184	100.00 %	75.73 %
Grupo SL School of Medicine, S.A. de C.V.	714	0	83.89 %	68.03 %
Penguin Random House Grupo Editorial, S.A. de C.V., Mexiko-Stadt	19,339	3,128	100.00 %	75.00 %
Saint Luke School of Medicine, S.C.	-1,510	41	99.90 %	67.96 %
Neuseeland / New Zealand				
Penguin Random House New Zealand Limited, Rosedale	9,469	1,403	100.00 %	75.00 %
Niederländische Antillen / Netherlands Antilles				
Grundy International Operations Ltd, St. Johns	71	0	100.00 %	75.73 %
Niederlande / Netherlands				
8ball Music B.V., Laren	1,306	528	51.00 %	51.00 %
Adfactor B.V., Den Haag	1,994	850	60.00 %	45.29 %
Arvato Benelux B.V., Heijen	25,773	13,041	100.00 %	100.00 %
Arvato CRM Benelux B.V., Venlo	79	79	100.00 %	100.00 %
Arvato Finance B.V., Heerenveen	5,439	4,036	100.00 %	100.00 %
Arvato Finance International B.V., Heerenveen	-451	-249	100.00 %	100.00 %
Arvato Financial Solutions Benelux Holding B.V., Heerenveen	3,561	3,101	100.00 %	100.00 %
Bertelsmann Nederland B.V., Amsterdam	51,257	-8,005	100.00 %	100.00 %
BMG Production Music (Benelux) B.V., Hilversum	2,664	1,174	100.00 %	100.00 %
BMG RIGHTS MANAGEMENT (Benelux) B.V., Amsterdam	11,564	2,068	100.00 %	100.00 %
Divimove Nederland B.V.	26	26	100.00 %	75.49 %
Fiction Valley B.V., Hilversum	1,008	-19	100.00 %	75.73 %
FremantleMedia Netherlands B.V., Amsterdam-Duivendrecht	122,083	25,927	100.00 %	75.73 %
FremantleMedia Overseas Holdings B.V., Hilversum	-2,457	-1,883	100.00 %	75.73 %
Grundy International Holdings (I) B.V., Hilversum	36	0	100.00 %	75.73 %
Infoscore Nederland B.V., Heerenveen	-4,557	250	100.00 %	100.00 %
Livis B.V., Rotterdam	-32	-41	100.00 %	75.49 %
No Pictures Please Productions B.V., Amsterdam	190	205	75.00 %	56.80 %
Penguin Books Benelux B.V., Amsterdam	396	115	100.00 %	75.00 %
RTL DSP B.V., Hilversum	-129	-129	100.00 %	75.73 %
RTL Group Beheer B.V., Hilversum	1,089,310	51,130	100.00 %	75.73 %
RTL Live Entertainment B.V., Hilversum	3,096	32	100.00 %	75.49 %
RTL Nederland B.V., Hilversum	150,775	50,534	100.00 %	75.49 %
RTL Nederland Film Venture B.V., Hilversum	2,965	256	100.00 %	75.49 %
RTL Nederland Holding B.V., Hilversum	576,248	40,143	100.00 %	75.49 %
RTL Nederland Productions B.V., Hilversum	2,796	-477	100.00 %	75.49 %
RTL Nederland Ventures B.V., Hilversum	24,920	6,880	100.00 %	75.49 %
smartclip Benelux B.V., Amsterdam	-4,360	-68	100.00 %	75.61 %
SpotXchange Benelux B.V., Amsterdam	213	-1,198	100.00 %	75.61 %
The Entertainment Group B.V., Katwijk	2,902	5,310	100.00 %	75.49 %
Themakanalen B.V., Hilversum	1,780	1,681	75.00 %	56.62 %
trnd B.V., Amsterdam	0	-77	100.00 %	100.00 %
UC Investment B.V., Druten	3,109	-3	100.00 %	100.00 %
Norwegen / Norway				
Arvato Finance AS, Oslo	5,846	-2	100.00 %	100.00 %
FremantleMedia Norge AS, Oslo	1	234	100.00 %	75.73 %
Gothia AS, Oslo	7,144	3,130	100.00 %	100.00 %
Gothia Holding AS, Oslo	48,256	164	100.00 %	100.00 %
Miso Film Norge AS, Oslo	-154	-275	100.00 %	38.62 %
United Screens Norge AS, Oslo	-386	-321	100.00 %	75.49 %
Österreich / Austria				
1000PS Internet GmbH, Wien	351	302	76.00 %	45.52 %
Arvato Logistics Services GmbH, Wien	1,161	426	100.00 %	100.00 %
AZ Direct Österreich GmbH, Wien	2,022	294	100.00 %	100.00 %
Bertelsmann Österreich GmbH, Wien	58,564	3,291	100.00 %	100.00 %
Credify Informationsdienstleistungen GmbH, Wien	276	-278	60.00 %	60.00 %

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G+J Holding GmbH, Wien	4,317	-96	100.00 %	100.00 %
Gruner + Jahr Verlagsgesellschaft m.b.H., Wien	2,269	1,963	100.00 %	100.00 %
infoscience austria gmbh, Wien	3,938	2,772	100.00 %	100.00 %
IP Österreich GmbH, Wien	2,706	1,841	50.00 %	37.74 %
RTL Group Austria GmbH, Wien	137	-14	100.00 %	75.49 %
Verlagservice für Bildungssysteme und Kunstobjekte Gesellschaft m.b.H. & Co. KG	321	13	100.00 %	100.00 %
Verlagservice für Bildungssysteme und Kunstobjekte Gesellschaft m.b.H., Wien	41	2	100.00 %	100.00 %
Peru				
Arvato Services S.A.C., Lima	2	-1	100.00 %	100.00 %
Penguin Random House Grupo Editorial S.A., Miraflores, Lima	1,188	153	100.00 %	75.00 %
Philippinen / Philippines				
Arvato Corp., Quezon City	14,042	7,351	100.00 %	100.00 %
Polen / Poland				
Administration Personnel Services Sp. z o.o., Warschau	385	403	100.00 %	100.00 %
Arvato Polska Sp. z o.o., Warschau	13,588	5,653	100.00 %	100.00 %
FremantleMedia Polska Sp. z o.o., Warschau	4,126	94	100.00 %	75.73 %
Nestrino Investments Sp. z o.o., Warschau	1	0	100.00 %	100.00 %
Portugal				
Arvato Services Portugal, Unipessoal, Lda., Lissabon	3,658	1,446	100.00 %	100.00 %
Bertelsmann Portuguesa, SGPS, Lda., Lissabon	1,623	-64	100.00 %	100.00 %
FremantleMedia Portugal SA, Amadora	2,796	939	100.00 %	75.73 %
Penguin Random House Grupo Editorial, Unipessoal, Lda., Lissabon	-703	-380	100.00 %	75.00 %
Rumänien / Romania				
Arvato Services SRL, Brasov	-766	-2,187	100.00 %	100.00 %
Arvato Systems IT SRL, Brasov	-182	13	100.00 %	100.00 %
Russland / Russia				
Arvato Rus LLC, Jaroslavl	7,316	3,508	100.00 %	100.00 %
OOO Jaroslawschij Poligraphitscheskij Kombinat, Jaroslavl	2,377	700	100.00 %	100.00 %
OOO Sonopress, Jaroslavl	462	51	100.00 %	100.00 %
Schweden / Sweden				
Arvato Finance AB, Varberg	29,486	4,648	100.00 %	100.00 %
Arvato Holding AB, Varberg	49,359	110	100.00 %	100.00 %
BMG Rights Management (Scandinavia) AB, Stockholm	15,267	-86	100.00 %	100.00 %
FremantleMedia Sverige AB, Stockholm	832	-66	100.00 %	75.73 %
Miso Film Sverige AB, Stockholm	148	-23	100.00 %	38.62 %
SHOC Media Agency AB, Stockholm	10	-4	100.00 %	75.73 %
smartclip Nordics AB, Stockholm	1,532	415	100.00 %	75.73 %
SpotX Nordics AB	8	3	100.00 %	75.73 %
U Screens AB, Stockholm	249	-1,708	100.00 %	75.49 %
Vidispine AB, Kista	1,101	591	100.00 %	100.00 %
Schweiz / Switzerland				
Arcadia Verlag AG, Zug	56,641	38,685	100.00 %	100.00 %
Arvato Systems Schweiz AG, Zug	-222	129	100.00 %	100.00 %
AZ Direct AG, Cham	1,486	480	100.00 %	100.00 %
Bertelsmann Asia Investments AG, Zug	246,046	70,011	100.00 %	100.00 %
infoscience AG, Schlieren	5,207	1,744	100.00 %	100.00 %
Media Select AG, Ittigen	574	0	100.00 %	100.00 %
Verlagservice Süd AG, Zug	221	-52	100.00 %	100.00 %
Senegal				
Phone Group Senegal S.A.R.L., Dakar	4,257	2,711	100.00 %	60.00 %
Singapur / Singapore				
Arvato Digital Services Pte. Ltd., Singapur	5,633	1,641	100.00 %	100.00 %
Fremantle Productions Asia Pte. Ltd., Singapur	-2,266	-81	100.00 %	75.73 %
Penguin Random House SEA Pte. Ltd., Singapur	-37	-37	100.00 %	75.00 %
RTL Group Asia Pte. Ltd., Singapur	-20,914	-362	100.00 %	75.73 %
SpotX Singapore Pte. Ltd., Singapur	-400	-546	100.00 %	75.73 %
Spanien / Spain				
Arvato Iberia, S.L.U., Madrid	288	18	100.00 %	100.00 %
Arvato Services Iberia, S.A.U., Madrid	20,145	-1,949	100.00 %	100.00 %
Arvato Services Spain, S.A.U., Alcalá de Henares	10,120	-65,333	100.00 %	100.00 %
Arvato Technical Information, S.L.U., Martorell	737	94	100.00 %	100.00 %
Bertelsmann Espana, S.L., Barcelona	17,492	-54,631	100.00 %	100.00 %
BMG Rights Management and Administration (Spain), S.L., Madrid	195	-148	100.00 %	100.00 %
Centro de Imposicion Palleja, S.L., Barcelona	3,753	1,126	100.00 %	100.00 %

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Direct Group Grandes Obras, S.L., Barcelona	948	325	100.00 %	75.00 %
Divimove Espana, S.L.	-240	-243	100.00 %	75.49 %
Fremantle de Espana, S.L., Madrid	-	-	99.60 %	75.42 %
FremantleMedia Espana, S.A., Madrid	-8,436	-588	100.00 %	75.73 %
Grupo Editorial Bertelsmann, S.L., Barcelona	7,538	-235	100.00 %	100.00 %
Penguin Books, S.A., Madrid	1,292	462	100.00 %	75.00 %
Penguin Random House Grupo Editorial, S.A.U., Barcelona	125,535	-8,865	100.00 %	75.00 %
Printer Industria Grafica Newco, S.L.U., Barcelona	1,532	-444	100.00 %	100.00 %
Qualytel Andalucia, S.A.U., Madrid	1,348	1,138	100.00 %	100.00 %
Qualytel Teleservices, S.A.U., Madrid	13,202	2,273	100.00 %	100.00 %
Team 4 Collection and Consulting, S.L.U., Madrid	1,879	430	100.00 %	100.00 %
THE REAL NETWORK DIALOGUE, S.L., Barcelona	222	50	100.00 %	100.00 %
Tria Global Service, S.L.U., Madrid	1,499	1,476	100.00 %	100.00 %
Südafrika / South Africa				
Penguin Random House South Africa (Pty) Ltd., Johannesburg	7,249	781	100.00 %	75.00 %
Random House Struik Proprietary Limited, Kapstadt	0	0	100.00 %	75.00 %
Verlag Automobil Wirtschaft (Pty) Ltd., Uitenhage	1,345	331	100.00 %	100.00 %
Südkorea / South Korea				
Penguin Random House Korea LLC, Seoul	-22	-37	100.00 %	75.00 %
Thailand				
Arvato Services (Thailand) Ltd., Bangkok	-726	-243	100.00 %	74.80 %
Thai B E Holding Ltd., Bangkok	-62	-23	49.80 %	49.80 %
Togo				
Phone Group Togo SARL, Lome	-320	-322	100.00 %	60.00 %
Tschechische Republik / Czech Republic				
Arvato Services Management Czech Republic s.r.o., Prag	-51	-22	100.00 %	100.00 %
Arvato Services k.s., Prag	2,464	-1,337	100.00 %	100.00 %
Türkei / Turkey				
Arvato Lojistik Dis Ticaret ve E Ticaret Hizmetleri Anonim Sirketi, Istanbul	4,222	1,592	100.00 %	100.00 %
Ligatus Iletisim Hizmetleri Anonim Sirketi, Istanbul	79	-357	100.00 %	100.00 %
Teleservice International Telefon Onarim ve Ticaret Limited Sirketi, Istanbul	1,223	-6,717	100.00 %	100.00 %
Ukraine				
Limited Liability Company "UC Real Estate", Charkiw	489	196	100.00 %	100.00 %
Ungarn / Hungary				
Home Shopping Service Hongrie SA, Budapest	-	-	100.00 %	36.48 %
Magyar RTL Televizio Zrt., Budapest	42,675	-10,561	100.00 %	75.49 %
R-Time Kft., Budapest	1,349	-8	100.00 %	75.49 %
RTL Holding Kft., Budapest	15,533	-6	100.00 %	75.49 %
RTL Services Kft., Budapest	689	262	100.00 %	75.49 %
trnd Central Eastern Europe Kft., Budapest	79	78	100.00 %	100.00 %
UFA Magyarorszag Kft., Budapest	2,241	816	100.00 %	75.49 %
Uruguay				
Ediciones B Uruguay S.A.	820	148	100.00 %	75.00 %
Penguin Random House Grupo Editorial S.A., Montevideo	2,098	724	100.00 %	75.04 %
USA				
495 Productions Holdings LLC, Burbank	-2,526	2,900	75.00 %	56.80 %
ACI Communications, Inc., Burbank	776	-91	100.00 %	75.73 %
Advanced Practice Strategies, Inc., Wilmington	10,146	5,511	100.00 %	100.00 %
AHC Media LLC, Norcross	19,799	-963	100.00 %	100.00 %
Alliant International University, Inc., Sacramento	-12,090	-4,120	80.10 %	80.10 %
Amygdala Records, Inc., Burbank	3,000	1,806	100.00 %	75.73 %
Arist Education System Fund LP, Wilmington	30,091	-32	100.00 %	100.00 %
Arist Education System LLC, Wilmington	85,780	441	100.00 %	100.00 %
Arvato BPS, Inc., Wilmington	2,501	171	100.00 %	100.00 %
Arvato Digital Services LLC, Wilmington	260,495	4,248	100.00 %	100.00 %
arvato Entertainment LLC, Wilmington	-1,179	722	100.00 %	100.00 %
Arvato Systems North America, Inc., Wilmington	-3,374	-777	100.00 %	100.00 %
Audigram Songs, Inc., Nashville	666	13	100.00 %	100.00 %
Berryville Graphics, Inc., Wilmington	65,131	2,349	100.00 %	100.00 %
Bertelsmann Accounting Services, Inc., Wilmington	-1,019	-410	100.00 %	100.00 %
Bertelsmann Digital Media Investments, Inc., Wilmington	9,948	-1,461	100.00 %	100.00 %
Bertelsmann Education Services LLC, Wilmington	24,305	-1,958	100.00 %	100.00 %
Bertelsmann Health & Human Science Education LLC, Wilmington	2,558	-32	100.00 %	100.00 %
Bertelsmann Learning LLC, Wilmington	493,617	-1,357	100.00 %	100.00 %
Bertelsmann PRH Finance, Inc., Wilmington	953,492	32,438	100.00 %	100.00 %
Bertelsmann Professional Learning LLC, Wilmington	457,825	-473	100.00 %	100.00 %

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Bertelsmann Publishing Group, Inc., Wilmington	1,144,174	150,044	85.71 %	85.71 %
Bertelsmann Ventures, Inc., Wilmington	32,599	1,163	100.00 %	100.00 %
Bertelsmann, Inc., Wilmington	1,450,986	169,561	100.00 %	100.00 %
Big Balls LLC, Burbank	-9,991	-1,160	95.00 %	71.95 %
BMG Audiovisual Productions LLC, Wilmington	-16	8	100.00 %	100.00 %
BMG Production Music, Inc., New York	2,265	-394	100.00 %	100.00 %
BMG Rights Management (US) LLC, Wilmington	24,488	-30,037	100.00 %	100.00 %
BroadbandTV (USA), Inc., New York	0	0	100.00 %	43.39 %
Care Management Technologies, Inc., Wilmington	-911	-1,522	100.00 %	100.00 %
Cathedral Technologies LLC, Burbank	855	286	100.00 %	56.80 %
CIP OCL Holdings, Inc.	231,135	0	100.00 %	100.00 %
Coral Graphic Services, Inc., New York	61,532	11,306	100.00 %	100.00 %
FCB Productions, Inc., Burbank	50,532	-1,292	100.00 %	75.73 %
Frederick Warne & Co. LLC, Wilmington	-	-	100.00 %	75.00 % ¹
Fremantle International, Inc., New York	-131	0	100.00 %	75.72 %
Fremantle Productions North America, Inc., Dover	636,055	2,699	100.00 %	75.73 %
Fremantle Productions, Inc., Burbank	103	0	100.00 %	75.73 %
FremantleMedia Latin America, Inc., Miami	-616	-45	100.00 %	75.73 %
FremantleMedia Licensing, Inc., New York	20	3,217	100.00 %	75.73 %
FremantleMedia North America, Inc., New York	174,812	34,302	100.00 %	75.73 %
Golden Treasures LLC, Wilmington	-1,641	-2	100.00 %	75.00 %
Good Games Live, Inc., Burbank	9,556	1,157	100.00 %	75.73 %
Haskell Studio Rentals, Inc., New York	101	225	100.00 %	75.73 %
HotChalk, Inc., Wilmington	9,907	-9,216	82.84 %	82.84 %
Lab SSJ USA, Inc.	23	-17	100.00 %	84.23 %
LiquidM, Inc., Wilmington	4,751	-20	100.00 %	100.00 %
Max Post, Inc., Burbank	3,585	1,233	100.00 %	75.73 %
Music Box Library, Inc., Burbank	-5,175	154	100.00 %	75.73 %
Offset Paperback Mfrs., Inc., Wilmington	17,717	954	100.00 %	100.00 %
OnCourse Learning Corporation, Wilmington	17,059	-3,666	100.00 %	100.00 %
Online HealthNow, Inc., Tallahassee	20,389	5,476	100.00 %	100.00 %
OP Services, Inc., Burbank	0	0	100.00 %	75.73 %
Original Productions, Inc., Burbank	8,243	2,699	100.00 %	75.73 %
Pajama Pants Productions LLC, Burbank	-26	-7	100.00 %	56.80 %
Penguin Random House Grupo Editorial (USA) LLC, Wilmington	-110	885	100.00 %	75.00 %
Penguin Random House LLC, Wilmington	-24,111	253,772	100.00 %	75.00 %
Prestel Publishing LLC, Wilmington	-3,408	-240	100.00 %	100.00 %
PRH Holdings, Inc., Wilmington	1,008,777	133,997	83.66 %	71.70 %
PRH Publications, Inc., Wilmington	1,136,236	85,621	100.00 %	78.71 %
R & B Music LLC, Los Angeles	105	2	50.00 %	50.00 %
Random House Children's Entertainment LLC, Wilmington	-5,165	-302	100.00 %	75.00 %
RediLearning Corp., Wilmington	5,611	1,530	100.00 %	100.00 %
Relias LLC, Sacramento	149,369	29,900	100.00 %	100.00 %
Rise Records, Inc., Salem	10,196	2,561	100.00 %	100.00 %
RTL US Holding, Inc., Wilmington	521,684	-1,051	100.00 %	75.73 %
Sasquatch Books LLC, Wilmington	1,034	241	100.00 %	75.00 %
SFLS, Inc., Wilmington	6,051	215	100.00 %	80.10 %
SND Films LLC, New York	219	-2	100.00 %	36.55 %
SND USA, Inc., Wilmington	971	0	100.00 %	36.55 %
SpotX, Inc., Wilmington	64,454	8,759	100.00 %	75.73 %
Sputnik 84 LLC, New York	43	46	100.00 %	75.00 %
Stern Magazine Corp., New York	4,588	290	100.00 %	100.00 %
Straightaway Health Careers, Inc., Wilmington	-5,035	-3,386	100.00 %	100.00 %
Studio Production Services, Inc., Burbank	16,394	3,209	100.00 %	75.73 %
StyleHaul Productions, Los Angeles	9	0	100.00 %	75.73 %
StyleHaul, Inc., Los Angeles	-25,849	-15,255	100.00 %	75.73 %
TCF Productions, Inc., Burbank	88	0	100.00 %	75.73 %
This is Hit, Inc., Nashville	32,228	7,119	100.00 %	100.00 %
Tiny Riot LLC, Dover	-4,098	-80	100.00 %	75.73 %
WhiteCloud Analytics, Inc., Wilmington	-1,111	-660	100.00 %	100.00 %
YoBoHo New Media, Inc., New York	25	-15	100.00 %	36.67 %

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II.B. Nach der Equity-Methode einbezogene Gemeinschaftsunternehmen / Joint ventures accounted for using the equity method					
Belgien / Belgium					
New Contact S.A., Brüssel	463	308	50.00 %	37.74 %	
Brasilien / Brazil					
FK LAB Tecnologias Educacionais S.A.	147	108	50.00 %	42.11 %	
Deutschland / Germany					
ABIS GmbH, Frankfurt am Main	33	0	100.00 %	49.00 %	²
bedirect GmbH & Co. KG, Gütersloh	-215	421	50.00 %	50.00 %	
Delta Advertising GmbH, München	34	0	100.00 %	36.99 %	²
Deutsche Post Adress Geschäftsführungs GmbH, Bonn	52	-9	49.00 %	49.00 %	
Deutsche Post Adress GmbH & Co. KG, Bonn	20,651	18,175	49.00 %	49.00 %	
Euro Transport Media Verlags- und Veranstaltungsgesellschaft mbH, Stuttgart	737	-299	40.00 %	23.96 %	
G+J NG Media GmbH & Co. KG, Hamburg	4,779	1,456	50.00 %	50.00 %	
MAIRDUMONT NETLETIX GmbH & Co. KG, Ostfildern	1,079	0	49.00 %	36.99 %	²
MAIRDUMONT NETLETIX Verwaltungs GmbH, Stuttgart	26	1	49.00 %	36.99 %	
Motor Presse Hearst GmbH & Co. KG Verlagsgesellschaft, Stuttgart	666	310	50.00 %	29.95 %	
RISER ID Services GmbH, Berlin	2,578	2,276	100.00 %	49.00 %	
RTL DISNEY Fernsehen Geschäftsführungs GmbH, Köln	95	1	100.00 %	37.74 %	
RTL DISNEY Fernsehen GmbH & Co. KG, Köln	25,383	0	50.00 %	37.74 %	²
Vogel Motor-Presse Procurement GmbH, Würzburg	117	5	50.00 %	29.95 %	
Frankreich / France					
Panora Services SAS, Paris	604	-148	50.00 %	18.28 %	
Serie Club SA, Neuilly-sur-Seine	2,534	999	49.99 %	18.28 %	
Niederlande / Netherlands					
Benelux Film Investments B.V., Schelluinen	5,127	1,130	50.00 %	37.74 %	
eHealth B.V., Utrecht	-10	-12	100.00 %	26.48 %	
Grundy Endemol Productions VOF, Hilversum	318	6,393	50.00 %	37.87 %	
NLZiet Coöperatief U.A., Hilversum	-9,855	-1,765	33.33 %	25.16 %	
Solvo B.V., Amsterdam	876	-550	35.08 %	26.48 %	
USA					
Think Music LLC, Wilmington	879	-252	50.00 %	50.00 %	
Vice Food LLC, Wilmington	-275	-1,039	30.00 %	22.72 %	

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II.C. Nach der Equity-Methode einbezogene assoziierte Unternehmen / Associates accounted for using the equity method					
Australien / Australia					
Jack Irish Dead Point Pty Ltd, St. Leonards	-	-	11.00 %	6.25 %	1
Rake 3 Pty Ltd, St. Leonards	-	-	11.00 %	6.25 %	1
Brasilien / Brazil					
Editora Schwarcz S.A., Sao Paulo	18,607	-2,503	45.00 %	33.75 %	
Cote d'Ivoire					
Life TV SA	6,268	-809	33.40 %	12.18 %	
Deutschland / Germany					
BCS Broadcast Sachsen GmbH & Co. KG, Dresden	1,642	1,232	55.00 %	35.93 %	
Mediengesellschaft Mittelstand Niedersachsen GmbH, Braunschweig	377	87	23.12 %	4.35 %	
nachrichtenmanufaktur GmbH, Berlin	1,981	289	25.10 %	18.95 %	
NiedersachsenRock 21 GmbH & Co. KG, Garbsen	3,086	1,635	29.83 %	15.25 %	
Radio Hamburg GmbH & Co. KG, Hamburg	7,957	7,027	29.17 %	22.02 %	
Radio NRW GmbH, Oberhausen	6,011	1,355	81.58 %	17.05 %	
RTL 2 Fernsehen Geschäftsführungs GmbH, Grünwald	837	415	35.90 %	27.10 %	
RTL 2 Fernsehen GmbH & Co. KG, Grünwald	63,708	51,811	36.54 %	27.10 %	
Screenworks Köln GmbH, Köln	450	243	49.89 %	37.66 %	
SPIEGEL-Verlag Rudolf Augstein GmbH & Co. KG, Hamburg	84,253	30,644	25.25 %	25.25 %	
Frankreich / France					
6&7 SAS, Paris	-996	-1,029	49.00 %	17.91 %	
Elephorm SAS, Lyon	1,486	198	34.00 %	12.43 %	
Quicksign SAS, Paris	1,028	145	24.14 %	8.82 %	
Stephane Plaza Franchise SAS, Levallois Perret	8,243	2,951	49.00 %	17.91 %	
Großbritannien / Great Britain					
Bend IT TV Limited, London	-809	-530	25.00 %	18.93 %	
Corona Television Limited, London	-1,268	0	25.00 %	18.93 %	
Dancing Ledge Productions Limited, London	33	-87	24.98 %	18.93 %	
Dr Pluto Films Limited, London	-543	-384	25.00 %	18.93 %	
Duck Soup Films Limited, Leeds	-618	-622	25.00 %	18.93 %	
Full Fat Television Limited, Cheltenham	-880	-563	24.81 %	18.93 %	
Label1 Television Limited, London	-255	-593	25.00 %	18.93 %	
Man Alive Entertainment Limited, London	-1,603	-501	25.00 %	18.93 %	
Naked Television Limited, Cheltenham	-1,929	-443	24.98 %	18.92 %	
Squawka Ltd, London	-170	0	34.77 %	26.33 %	
Wild Blue Media Limited, London	-582	-394	25.00 %	18.93 %	
Kanada / Canada					
UMI Mobile, Inc., Montreal	114	-1,121	31.40 %	23.78 %	
Luxemburg / Luxembourg					
Helios S.A., Esch an der Alzette	29	-1	49.00 %	36.99 %	
Niederlande / Netherlands					
Flinders B.V., Zaandam	4,153	-83	20.00 %	15.10 %	
HelloSparkle B.V., Den Haag	107	76	25.01 %	18.87 %	
Sarthro Travelbags B.V., Hardenberg	3,535	-20	23.08 %	17.42 %	
Schweiz / Switzerland					
Goldbach Audience (Switzerland) AG, Küsnacht	3,117	874	24.95 %	18.83 %	
Goldbach Media (Switzerland) AG, Küsnacht	26,485	26,764	22.96 %	17.33 %	
MF Group Factoring AG, St. Gallen	-1,507	-2,707	49.00 %	49.00 %	
Swiss Radioworld AG, Zürich	4,407	4,092	23.08 %	17.42 %	
Spanien / Spain					
Atresmedia Corporacion de Medios de Comunicacion, S.A., San Sebastian de los Rios	420,530	88,079	18.72 %	14.13 %	
USA					
CLYPD, Inc., Somerville	-10,522	-5,818	19.27 %	14.59 %	
Eureka Productions LLC, Camden	-2,862	433	25.00 %	18.93 %	
Inception VR, Inc., Wilmington	4,332	-3,193	16.90 %	12.76 %	
The Pet Collective LLC, Los Angeles	497	492	35.00 %	26.51 %	
Udacity, Inc., Wilmington	14,771	-43,178	19.14 %	19.14 %	
University Ventures Fund I BeCo-Investment, L.P., New York	13,775	2,371	100.00 %	100.00 %	
University Ventures Fund I, L.P., New York	47,719	-2,234	47.27 %	47.27 %	
University Ventures Fund II, L.P., Delaware	108,066	2,641	55.10 %	55.10 %	
VideoAmp, Inc., New York	4,614	-8,820	22.19 %	16.75 %	

III. Wegen untergeordneter Bedeutung nicht in den Konzernabschluss einbezogene Unternehmen / Companies excluded from consolidation due to negligible importance

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III.A. Nicht vollkonsolidierte Tochterunternehmen / Not fully consolidated subsidiaries				
Argentinien / Argentina				
Grundy Productions S.A., Buenos Aires	n/a	n/a	100.00 %	75.73 %
Belgien / Belgium				
G+J International Media Sales BVBA, Etterbeek	232	29	100.00 %	100.00 %
G+J IJMS BVBA, Gent	n/a	n/a	100.00 %	100.00 %
China				
G+J - CLIP (Beijing) Publishing Consulting Co. Ltd., Peking	-3,789	-22	80.21 %	80.21 %
Deutschland / Germany				
11 Freunde Verlag Verwaltungsgesellschaft mbH, Berlin	33	2	100.00 %	51.00 %
Antenne Niedersachsen Geschäftsführungs-GmbH, Hannover	47	1	100.00 %	39.12 %
APD Antenne Niedersachsen GmbH & Co. Produktions- und Distributions-KG, Han	512	75	100.00 %	39.12 %
BCS Broadcast Sachsen Verwaltungsgesellschaft mbH, Dresden	22	0	55.00 %	35.93 %
Berliner Presse Vertrieb Verwaltungs GmbH, Hamburg	33	1	100.00 %	100.00 %
DDV Beteiligungs GmbH, Dresden	27	12	100.00 %	60.00 %
DIPLOMA Grundstücks-Vermietungsgesellschaft mbH, Schönefeld	74	4	94.80 %	89.10 %
DirectSourcing Germany GmbH, München	27	0	100.00 %	100.00 %
Funkhaus Halle Komplementär-GmbH, Halle (Saale)	31	2	100.00 %	43.94 %
G+J Immobilien-Verwaltungs GmbH, Hamburg	88	1	100.00 %	100.00 %
GEO Verlags- und Vertriebsgesellschaft mbH, München	3	9	100.00 %	100.00 %
Motor Presse Stuttgart Verwaltungsgesellschaft mit beschränkter Haftung, Stuttgart	550	26	59.90 %	59.90 %
Motor Presse Venture GmbH, Stuttgart	325	-551	100.00 %	59.90 %
RTL AdConnect GmbH, Köln	1,402	293	100.00 %	75.49 %
RTL Lux GmbH, Berlin	25	0	100.00 %	75.49 %
Sellwell Verwaltungs GmbH, Hamburg	28	1	70.00 %	70.00 %
The Wave Hörfunk GmbH, Berlin	94	0	100.00 %	75.49 %
topac GmbH, Gütersloh	32	0	100.00 %	100.00 %
Frankreich / France				
G+J International Media Sales SARL, Vendin-le-Vieil	-7	-1	100.00 %	100.00 %
Gruner + Jahr International Services Marketing et Media SAS, Paris	91	42	100.00 %	100.00 %
Music Nancy FM SARL, Nancy	n/a	n/a	51.00 %	18.64 %
Paris Television SARL, Paris	73	-13	100.00 %	75.49 %
SCM-A SARL, Noyelles sous Lens	-9	-2	100.00 %	100.00 %
Societe Operatrice de Multiplex R4 SAS, Neuilly-sur-Seine	63	0	50.25 %	18.37 %
T-Commerce SAS, Neuilly-sur-Seine	1	-4	100.00 %	36.55 %
Großbritannien / Great Britain				
Allen Lane The Penguin Press Limited, London	150	0	100.00 %	75.00 %
Bantam Books Limited, London	1	0	100.00 %	75.00 %
Carousel Books Limited, London	0	0	100.00 %	75.00 %
Corgi Books Limited, London	0	0	100.00 %	75.00 %
Dorling Kindersley Vision Limited, London	0	0	100.00 %	75.00 %
Euston Films Limited, London	-10	0	100.00 %	75.73 %
Euston Films Productions Limited, London	n/a	n/a	100.00 %	75.73 %
Fremantle Group Pension Trustee Limited, London	n/a	n/a	100.00 %	75.73 %
Fremantle Limited, London	n/a	n/a	100.00 %	75.73 %
FremantleMedia Animation Limited, London	-1	0	100.00 %	75.73 %
Funfax Limited, London	-1,603	0	100.00 %	75.00 %
GJ International Media Sales Ltd., London	n/a	n/a	100.00 %	100.00 %
Gruner + Jahr Limited, London	n/a	n/a	100.00 %	100.00 %
Hamish Hamilton Limited, London	0	0	100.00 %	75.00 %
Hugo's Language Books Limited, London	456	0	100.00 %	75.00 %
Michael Joseph Limited, London	-1,416	0	100.00 %	75.00 %
Radio Luxembourg (London) Limited, London	0	0	100.00 %	75.49 %
Retort Productions Limited, London	n/a	n/a	100.00 %	75.73 %
RTL AdConnect UK Ltd, London	2,183	826	100.00 %	75.49 %
Screenpop Limited, London	95	0	100.00 %	75.73 %
Tamarind Limited, London	0	0	100.00 %	75.00 %
Thames Television Animation Limited, London	0	0	100.00 %	75.73 %
WH Allen General Books Limited, London	0	0	100.00 %	75.00 %
Irland / Ireland				
Affero Lab Ireland Ltd.	n/a	n/a	100.00 %	68.46 %
Italien / Italy				
C.D.C. S.p.A., Rom	n/a	n/a	80.00 %	60.39 %
G+J International Sales Italy S.r.l., Mailand	57	25	100.00 %	100.00 %
Ligatus S.r.l., Mailand	51	39	100.00 %	100.00 %

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RTL AdConnect S.r.l., Mailand	1.238	399	100.00 %	75.49 %
Kanada / Canada				
0971999 B.C. Ltd, Vancouver	n/a	n/a	100.00 %	41.86 %
TGN Game Communities Inc., Vancouver	n/a	n/a	100.00 %	41.86 %
VISO Online Video Productions Inc., Vancouver	n/a	n/a	100.00 %	41.86 %
Luxemburg / Luxembourg				
Media Assurances S.A., Luxemburg	1.192	1.054	100.00 %	75.49 %
Malaysia				
FremantleMedia Malaysia Sdn Bhd, Petaling Jaya	n/a	n/a	100.00 %	75.73 %
Mexiko / Mexico				
FremantleMedia Services, S. de R.L. de C.V., Mexiko-Stadt	n/a	n/a	100.00 %	75.73 %
Neuseeland / New Zealand				
Fremantle New Zealand Pty Limited, Auckland	n/a	n/a	100.00 %	75.73 %
Niederlande / Netherlands				
G+J Media Services B.V., Hilversum	40	22	100.00 %	100.00 %
M Nederland Holding B.V., Hilversum	15	0	75.00 %	56.62 %
RTL AdConnect B.V., Hilversum	n/a	n/a	100.00 %	75.73 %
Stichting Derdengelden infoscree Collection, Heerenveen *	382	0	0.00 %	0.00 %
Österreich / Austria				
Arvato Holding AG, Wien	n/a	n/a	100.00 %	100.00 %
Polen / Poland				
Refassa Investments Sp. z o.o., Warschau	n/a	n/a	100.00 %	100.00 %
Russland / Russia				
OOO Bertelsmann Kniga, Moskau	0	0	100.00 %	100.00 %
Schweiz / Switzerland				
Gruner + Jahr (Schweiz) AG, Zürich	527	189	100.00 %	100.00 %
Serbien / Serbia				
LTR mediji i komunikacije d.o.o. Beograd-Vracar, Belgrad	n/a	n/a	100.00 %	75.49 %
Spanien / Spain				
Ligatus, S.L., Madrid	53	24	100.00 %	100.00 %
Penguin Random House Edicion y Distribucion, S.L., Madrid	3	0	100.00 %	75.00 %
Südafrika / South Africa				
Dorling Kindersley Publishers (South Africa) Pty Ltd.	1	0	100.00 %	75.00 %
USA				
3 Doors Productions, Inc., Reno	n/a	n/a	100.00 %	75.73 %
495 Productions Services LLC, Delaware	n/a	n/a	100.00 %	56.80 %
American Idols Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Big Break Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Blue Orbit Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
DK Publishing LLC, Wilmington	n/a	n/a	100.00 %	75.00 %
Kickoff Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Little Pond Television, Inc., Santa Monica	n/a	n/a	100.00 %	75.73 %
Mad Sweeney Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Marathon Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Nonna's Productions LLC, Burbank	n/a	n/a	100.00 %	56.80 %
OCL Financial Services LLC, Wilmington	n/a	n/a	100.00 %	100.00 %
OCL Professional Education, Inc., Wilmington	n/a	n/a	100.00 %	100.00 %
OCL Real Estate LLC, Wilmington	n/a	n/a	100.00 %	100.00 %
P & P Productions, Inc., Delaware	n/a	n/a	100.00 %	75.73 %
RTL AdConnect, Inc., Wilmington	n/a	n/a	100.00 %	75.73 %
RTL NY, Inc., Wilmington	42	53	100.00 %	100.00 %
Terrapin Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
The Price Is Right Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
The Young Pope, Inc., New York	n/a	n/a	100.00 %	47.33 %
Tick Tock Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Triple Threat Productions, Inc., Burbank	n/a	n/a	100.00 %	75.73 %
Tundra Books of Northern New York, Inc., Plattsburgh	0	0	100.00 %	75.00 %
Wanderlust Productions, Inc., Wilmington	n/a	n/a	100.00 %	75.73 %

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Venezuela				
Ediciones B Venezuela, S.A., Caracas	55	0	100.00 %	75.00 %
Vereinigte Arabische Emirate / United Arab Emirates				
Fremantlemedia Enterprises FZ - LLC, Dubai	11	0	100.00 %	75.73 %

III.B. Nicht nach der Equity-Methode einbezogene Gemeinschaftsunternehmen / Joint ventures not accounted for using the equity method				
Belgien / Belgium				
Fun Radio Belgique S.A., Brüssel	n/a	n/a	50.00 %	18.57 %
Deutschland / Germany				
ARGE Maxity/DIG, Dresden	n/a	n/a	50.00 %	15.00 %
ASA Informationsdienste GmbH, Berlin	-35	-387	50.00 %	50.00 %
bedirect Verwaltungs GmbH, Gütersloh	104	5	50.00 %	50.00 %
Berliner Pool TV Produktionsgesellschaft mbH, Berlin	505	38	50.00 %	37.74 %
G+J NG Media Verwaltungsgesellschaft mbH, Hamburg	92	4	50.00 %	50.00 %
Motor Presse Hearst Verwaltungsgesellschaft mbH, Stuttgart	48	-1	50.00 %	29.95 %
MV Hoyerswerda-Weißwasser Zustellservice GmbH, Hoyerswerda	25	1	50.00 %	30.00 %
Nutzwerk GmbH, Dresden	80	26	50.00 %	30.00 %
scoyo GmbH, Hamburg	156	0	100.00 %	37.74 %
Vorratsgesellschaft Picassoplatz GmbH, Köln	112	0	100.00 %	37.74 %
Großbritannien / Great Britain				
CO92 The Film Limited, London	24	0	50.00 %	37.87 %
Euston Music Limited, London	n/a	n/a	50.00 %	37.87 %
Niederlande / Netherlands				
Dialogical B.V., Rotterdam	134	41	50.00 %	37.74 %
Österreich / Austria				
Adria Media Holding GmbH, Wien	760	-13	50.00 %	50.00 %

III.C. Nicht nach der Equity-Methode einbezogene assoziierte Unternehmen / Associates not accounted for using the equity method				
Belgien / Belgium				
maRadio.be, Brüssel	33	0	26.67 %	8.91 %
Brasilien / Brazil				
BR Education Ventures FIP	0	-382	31.40 %	31.40 %
Bozano Educacional II FIP, Rio de Janeiro	n/a	n/a	40.00 %	40.00 %
China				
Beijing 352 Environmental Protection Technology Co., Ltd., Peking	n/a	n/a	15.23 %	15.23 %
Beijing Yi Jiu Pi E-commerce Co., Ltd., Peking	n/a	n/a	10.74 %	10.74 %
Beijing Yiheng Chuangyuan Technology Co., Ltd., Peking	n/a	n/a	10.79 %	10.79 %
Deutschland / Germany				
AdAudience GmbH, München	1,920	346	33.33 %	29.25 %
ADD Allgemeine Druckdienstleistungen GmbH, Gütersloh	746	9	48.00 %	48.00 %
adjoee GmbH, Hamburg	1	0	80.00 %	80.00 %
Bidmanagement GmbH, Berlin	0	21	21.35 %	21.35 %
Chemnitzverlag Sachsen GmbH, Monschau	0	24	25.00 %	15.00 %
Deutscher Fernsehpreis GmbH, Köln	93	-62	25.00 %	18.87 %
EnID - European netID Foundation, Montabaur	n/a	n/a	33.33 %	25.16 %
FF Performance One GmbH, Berlin	0	0	42.00 %	42.00 %
Gesellschaft für integrierte Kommunikationsforschung mbH & Co. KG, München	3,018	894	20.00 %	20.00 %
Hanseatische Print & Medien Inkasso GmbH, Seevetal	223	716	49.00 %	49.00 %
Leipziger Wochenkurier Verlagsgesellschaft mbH & Co. Kommanditgesellschaft, Leipzig	104	-7	37.45 %	22.47 %
Leipziger Wochenkurier Verlagsgesellschaft mbH, Leipzig	30	1	37.45 %	22.47 %
LOG Logistik GmbH, Nürnberg	371	100	46.08 %	46.08 %
manager magazin Verlagsgesellschaft mit beschränkter Haftung, Hamburg	5,942	2,144	24.90 %	24.90 %
Medienvertrieb Görlitz-Niesky GmbH, Görlitz	52	27	25.10 %	15.06 %
Medienvertrieb Löbau-Zittau GmbH, Löbau	66	40	25.10 %	15.06 %
Medienvertrieb Meißen GmbH, Meißen	81	48	25.10 %	15.06 %
Medienvertrieb Riesa GmbH, Riesa	99	74	25.10 %	15.06 %
MV Bautzen Zustellservice GmbH, Bautzen	44	18	25.10 %	15.06 %
MV Dresden Zustellservice GmbH, Dresden	46	12	25.10 %	15.06 %

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
MV Freital Zustellservice GmbH, Freital	59	33	25.10 %	15.06 %
MV Kamenz Zustellservice GmbH, Kamenz	59	33	25.10 %	15.06 %
MV Pirna Zustellservice GmbH, Pirna	50	24	25.10 %	15.06 %
NG Buchverlag GmbH, München	1,781	56	49.00 %	24.50 %
NiedersachsenRock 21 Beteiligungs GmbH, Garbsen	78	4	29.83 %	15.25 %
Rudolf Augstein Gesellschaft mit beschränkter Haftung, Hamburg	392	1,443	25.50 %	25.50 %
Skoobe GmbH, München	897	-821	25.00 %	25.00 %
SQL Service GmbH, Wuppertal	n/a	n/a	25.10 %	18.95 %
tolino media GmbH & Co. KG, München	755	-8	33.33 %	33.33 %
tolino media Verwaltungs GmbH, München	62	1	33.33 %	33.33 %
Verfahrensabwicklungs 85 IN 7/18 GmbH, Münster	3,900	-2,204	15.00 %	15.00 %
Frankreich / France				
2 CED SAS, Haute-Goulaine	n/a	n/a	23.29 %	8.51 %
Alliance gravity SARL	n/a	n/a	23.50 %	16.52 %
Großbritannien / Great Britain				
Bounce! Sales & Marketing Limited, London	171	12	30.00 %	22.50 %
Fintech Innovation Program Limited, London	387	95	20.00 %	20.00 %
Wide-Eyed Entertainment Limited, London	n/a	n/a	23.75 %	17.99 %
Indien / India				
authorGEN Technologies Private Limited, Mohali	-1,406	-627	23.24 %	23.24 %
Relevant e-solutions Private Limited, Haryana	3,430	-1,723	7.61 %	7.61 %
BigFoot Retail Solutions Private Limited, Neu-Delhi	n/a	n/a	33.83 %	33.83 %
India Property Online Private Limited, Chennai	n/a	n/a	37.65 %	37.65 %
i-Nurture Education Solutions Private Limited, Bangalore	n/a	n/a	34.77 %	34.77 %
Lendingkart Technologies Private Limited, Ahmedabad	n/a	n/a	17.34 %	17.34 %
Ruptub Solutions Private Limited, Bangalore	n/a	n/a	13.45 %	13.45 %
Kanada / Canada				
Vemba Corporation, Toronto	3,186	-2,635	12.84 %	12.84 %
Kaimaninseln / Cayman Islands				
Gangwei Network Technology Inc., Grand Cayman	n/a	n/a	17.87 %	17.87 %
Haizhi Holding Inc., Grand Cayman	9,124	-9,361	10.92 %	10.92 %
HLJK Information & Technology Cayman Inc., Grand Cayman	0	-1,066	12.12 %	12.12 %
Hooma Hooma Technology Limited, Grand Cayman	0	-2,682	21.70 %	21.70 %
KangSeed Technology Ltd., Grand Cayman	0	110	21.65 %	21.65 %
Meixin Global Inc.	0	-1,916	19.43 %	19.43 %
Mioji Group Limited, Grand Cayman	191	-3,238	8.76 %	8.76 %
Penguin Guide Inc., Grand Cayman	898	-67	16.34 %	16.34 %
Qianye (Cayman) Ltd., Grand Cayman	0	-425	12.12 %	12.12 %
The Look Limited, Grand Cayman	n/a	n/a	15.06 %	15.06 %
Velocious Technologies Inc., Grand Cayman	0	-1,235	7.82 %	7.82 %
Vnision International Limited, Grand Cayman	0	-876	13.40 %	13.40 %
Weplanter (Cayman) Limited, Grand Cayman	n/a	n/a	12.92 %	12.92 %
Wish Wood Holdings Limited, Grand Cayman	n/a	n/a	18.18 %	18.18 %
Xianlife Limited	39,574	-5,113	11.31 %	11.31 %
Xiaobu Holdings Inc., Grand Cayman	0	-743	18.04 %	18.04 %
Yueranzhishang Holding Limited, Grand Cayman	0	-1,730	14.34 %	14.34 %
Agricultural Services Limited, Grand Cayman	n/a	n/a	12.32 %	12.32 %
Bigo Inc., Grand Cayman	n/a	n/a	6.87 %	6.87 %
INCAR Inc., Grand Cayman	n/a	n/a	10.75 %	10.75 %
Know Box Limited, Grand Cayman	n/a	n/a	5.19 %	5.19 %
moKredit Inc., Grand Cayman	n/a	n/a	17.09 %	17.09 %
See Mobile Technology, Grand Cayman	n/a	n/a	9.92 %	9.92 %
TrendSutra Cayman Holdings Limited, Grand Cayman	n/a	n/a	22.18 %	22.18 %
TuanChe Limited, Grand Cayman	n/a	n/a	11.44 %	11.44 %
Zaozuo Zaohua ZWORKS Ltd., Grand Cayman	n/a	n/a	11.26 %	11.26 %
Kroatien / Croatia				
INEO d.o.o., Cakovec	159	47	25.50 %	19.25 %
Luxemburg / Luxembourg				
Radiolux S.A., Differdingen	-268	-205	25.00 %	18.87 %
Mauritius				
Kaizen Private Equity, limited life public company limited by shares, Ebene	33,098	3,589	19.43 %	19.43 %
Niederlande / Netherlands				
Bedrock B.V., Amsterdam	-222	-209	30.00 %	22.72 %
Ushi Film Organization B.V., Amsterdam	n/a	n/a	33.33 %	25.16 %

Name und Sitz der Gesellschaft - Name and place of the company	Eigenkapital - Equity (T€)	Ergebnis - Result (T€)	Direkte Beteiligung durch Konzerngesellschaft(en) - Direct share by group company / companies	Konzernanteil - Group share
Österreich / Austria				
tele-Zeitschriftenverlagsgesellschaft m.b.H., Wien	125	4	24.90 %	24.90 %
tele-Zeitschriftenverlagsgesellschaft m.b.H. & Co. KG, Wien	960	697	24.90 %	24.90 %
Singapur / Singapore				
Eruditus Learning Solutions Pte. Ltd., Singapur	n/a	n/a	17.37 %	17.37 %
Thailand				
FremantleMedia (Thailand) Co. Limited, Bangkok	n/a	n/a	49.00 %	37.10 %
USA				
Boostr, Inc., Wilmington	700	-165	11.00 %	11.00 %
BV Capital Fund II-A, L.P., Dover	403	-23	99.00 %	99.00 %
Dynamic Graphic Engraving, Inc., Horsham	65	-85	25.00 %	25.00 %
Mojiva, Inc., New York	n/a	n/a	30.05 %	30.05 %
Monashees Capital V, L.P., Wilmington	19,301	0	33.33 %	33.33 %
SecuredTouch, Inc., Wilmington	326	-1,491	23.37 %	23.37 %
Synergis Education, Inc., Wilmington	n/a	n/a	30.92 %	25.61 %

1 = Vorkonsolidiert / preconsolidated

2 = Ergebnisabführungsvertrag / profit and loss transfer agreement

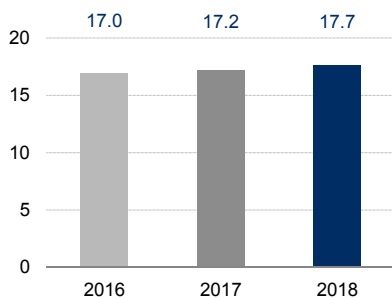
* = Beherrschung bei nicht vorliegender Kapitalbeteiligung nach IFRS 10 / control without equity investment according to IFRS 10

Combined Management Report

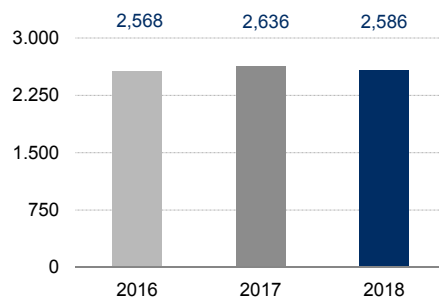
Financial Year 2018 in Review

Bertelsmann can look back on a successful year in 2018. Group revenues rose by 2.8 percent to €17.7 billion (previous year: €17.2 billion). Organic growth increased to 2.7 percent (previous year: 1.7 percent) due to growth at RTL Group, Penguin Random House, BMG, Arvato and the Bertelsmann Education Group. The revenue share generated by the strategic growth businesses increased to 34 percent (previous year: 32 percent). At €2,586 million, operating EBITDA was once again at a high level. Operating EBITDA in the previous year was €2,636 million and included substantial capital gains from real estate transactions. Earnings growth at Penguin Random House, BMG, Arvato and the Bertelsmann Education Group was offset by declining earnings at Bertelsmann Printing Group in particular. The EBITDA margin went down from 15.3 percent in the previous year to 14.6 percent. Group profit was once again high, at €1,104 million, compared with €1,198 million in the same period in the previous year. For 2019, Bertelsmann again expects positive business performance.

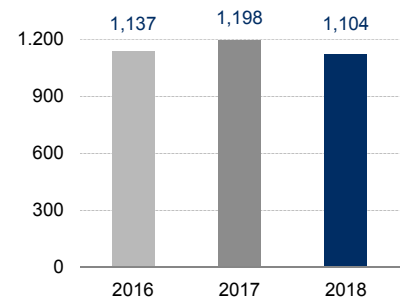
Revenues in € billions



Operating EBITDA in € millions



Group profit in € millions



- Revenue growth of 2.8 percent, organic growth of 2.7 percent
- Revenue increases at RTL Group, Penguin Random House, BMG, Arvato and Bertelsmann Education Group
- Organic revenue growth in growth businesses
- Decrease in operating EBITDA by 1.9 percent to €2,586 million
- Previous-year figure included capital gains from real estate transactions
- Decline in EBITDA margin to 14.6 percent compared with 15.3 percent in the same period in the previous year
- Group profit exceeds billion-euro mark for the fourth consecutive year
- Decline due to the lower operating result and greater impacts from special items
- Lower tax expense

Fundamental Information about the Group

In this Management Report, the Group is using the option to combine the Group Management Report and the Management Report of Bertelsmann SE & Co. KGaA. This Combined Management Report outlines the business performance, including the business result and the position of the Bertelsmann Group and Bertelsmann SE & Co. KGaA. Information about Bertelsmann SE & Co. KGaA in accordance with the German Commercial Code (HGB) will be detailed in a separate section. The Combined Management Report will be published instead of the Group Management Report within the Bertelsmann Annual Report.

Corporate Profile

Bertelsmann operates in the core business fields of media, services and education in around 50 countries worldwide. The geographic core markets are Western Europe – in particular, Germany, France and the United Kingdom – and the United States. In addition, Bertelsmann is strengthening its involvement in growth markets such as Brazil, India and China. The Bertelsmann divisions are RTL Group (television), Penguin Random House (books), Gruner + Jahr (magazines), BMG (music), Arvato (services), Bertelsmann Printing Group (printing), Bertelsmann Education Group (education) and Bertelsmann Investments (funds).

Bertelsmann SE & Co. KGaA is a publicly traded but unlisted partnership limited by shares. As a Group holding company, it exercises central corporate functions such as the specification and development of the Group's strategy, capital allocation, financing and management development. Internal corporate management and reporting follow the Group's organizational structure, which consists of the operating divisions and Corporate.

RTL Group is, based on revenue, one of the leading television groups in the broadcasting, content and digital business with interests in 60 television channels, eight video-on-demand platforms, 30 radio stations and content production throughout the world. The television portfolio includes RTL Television in Germany, M6 in France and the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia and Hungary, as well as a stake in Atresmedia in Spain. Fremantle, the production unit of RTL Group, is one of the largest international creators, producers and distributors of a wide range of formats outside the United States. RTL Group is active in the area of online video with the on-demand services of its broadcasters; the multiplatform networks BroadbandTV, StyleHaul, Divimove and United Screens; and Fremantle's over 300 YouTube channels. Furthermore, RTL Group owns SpotX, a programmatic video advertising platform. The publicly traded RTL Group S.A. is listed on the German MDAX index.

Penguin Random House is, based on revenue, the world's largest trade book publisher, with nearly 275 imprints across six continents. Its well-known book brands include Doubleday, Viking and Alfred A. Knopf (United States); Ebury, Hamish Hamilton and Jonathan Cape (United Kingdom); Plaza & Janés and Alfaguara (Spain); Sudamericana (Argentina); and the international imprint DK. Germany's Verlagsgruppe Random House, which includes illustrious publishing houses such as Goldmann and Heyne, is not part of Penguin Random House from a legal point of view, but is under the same corporate management and is part of the Penguin Random House division. Each year Penguin Random House publishes about 15,000 new titles and sells around 600 million print books, e-books and audiobooks.

Gruner + Jahr is one of Europe's leading premium magazine publishers. Its magazine portfolio includes established brands such as "Stern," "Brigitte" and "Geo"; young brands like "Barbara," "Beef" and "Chefkoch"; and the French magazine publisher Prisma Media. It also has products and licenses such as the "Schöner Wohnen" furniture collection and digital offerings in all publishing segments. In digital marketing G+J operates international platforms such as AppLike. Territory, Germany's largest communication agency for brand content, is also part of G+J. In addition, G+J holds majority stakes in Motor Presse Stuttgart and in DDV Mediengruppe in Saxony, and holds a stake in Spiegel-Gruppe.

BMG is an international music company with 15 offices in 12 music markets, now representing more than three million songs and recordings, including the catalogs of Alberts Music, Broken Bow Music Group, Bug, Cherry Lane, Chrysalis, Mute, Primary Wave, Sanctuary and Trojan, among others.

Arvato develops and implements innovative solutions for customers in a wide range of sectors in over 40 countries for all kinds of business processes. These comprise Customer Relationship Management (CRM), Supply Chain Management (SCM), Financial Solutions and IT Services.

The Bertelsmann Printing Group unites Bertelsmann's printing activities. This includes German offset printing companies such as Mohn Media, the Prinovis gravure printing operations in Germany and the United Kingdom, and the offset and digital printing plants in the United States. In addition, various digital marketing services are offered, with a focus on data-driven multichannel marketing, campaign management and customer loyalty. The Bertelsmann Printing Group also includes the storage media producer Sonopress.

Bertelsmann Education Group comprises Bertelsmann's education activities. The digital education and service offerings are primarily in the healthcare and technology sectors, as well as in the university education area. The education activities include the online education providers Relias and Udacity, as well as the US university services provider HotChalk.

Bertelsmann Investments bundles Bertelsmann's global start-up investments. The activities are focused on the strategic growth markets of Brazil, China, India and the United States. Investments are made through the funds Bertelsmann Brazil Investments (BBI), Bertelsmann Asia Investments (BAI), Bertelsmann India Investments (BII) and Bertelsmann Digital Media Investments (BDMI).

Regulatory Environment

Bertelsmann has television and radio operations in several European countries that are subject to regulation. In Germany, for example, the media is subject to oversight by the Commission on Concentration in the Media. Bertelsmann Group companies occupy leading market positions in many lines of business and may therefore have limited potential for growth through acquisition due to antitrust legislation. Moreover, some education activities are subject to regulatory provisions of government authorities and accreditation bodies.

Because its profit participation certificates and bonds are publicly listed, Bertelsmann is required to comply with capital market regulations applicable to publicly traded companies.

Shareholder Structure

Bertelsmann SE & Co. KGaA is an unlisted partnership limited by shares. Three foundations (Bertelsmann Stiftung, Reinhard Mohn Stiftung and BVG-Stiftung) indirectly hold 80.9 percent of Bertelsmann SE & Co. KGaA shares, with the remaining 19.1 percent held indirectly by the Mohn family. Bertelsmann Verwaltungsgesellschaft (BVG) controls all voting rights at the General Meeting of Bertelsmann SE & Co. KGaA and Bertelsmann Management SE (general partner).

Strategy

Bertelsmann aims to achieve a faster-growing, more digital, more international and more diversified Group portfolio. Businesses in which Bertelsmann invests should have long-term stable growth, global reach, sustainable business models, high market-entry barriers and scalability. The rapidly expanding education business is being developed into the third earnings pillar alongside the media and service businesses. The Group strategy comprises four strategic priorities: strengthening the core businesses, driving the digital transformation forward, developing growth platforms and expanding into growth regions. In the financial year 2018, steady efforts continued to focus on implementing the strategy in line with these priorities.

As part of strengthening core businesses, RTL Group invested in local and exclusive content that enhances both linear and non-linear services, and intensified its focus on own productions. "Becoming" by Michelle Obama was the most important publication of the year for Penguin Random House, published simultaneously in all of its markets. With new magazines such as "Guido," "JWD" and "Dr. v. Hirschhausen's Stern Gesund Leben," Gruner + Jahr continued to build media products around famous personalities. In the reporting period, Gruner + Jahr completed its focus on the core markets of Germany and France. The successful merging as of 2019 of CRM

activities at Bertelsmann and the Saham Group continues the strategic development of Arvato's CRM businesses. The new Group Majorel will push the continued expansion of the global presence and digital transformation of the service portfolio in coming years.

As part of the digital transformation, RTL Group expanded its video-on-demand offerings, for example with the relaunch of TV Now in Germany, and merged the online advertising marketers SpotX and SmartClip. In France, Groupe M6, together with partners, plans to create a joint online video platform, which aims to provide French television programming of all formats and all genres, live or on demand. Germany's Verlagsgruppe Random House acquired the audiobook publisher DAV, thereby strengthening its offerings in the growing audiobook market. Gruner + Jahr continued to expand the app discovery platform AppLike, and Arvato grew its service business with customers from the IT and tech industries.

In the area of growth platforms, the RTL Group production unit Fremantle profited from the return of "American Idol," and produced new series such as "My Brilliant Friend" and "Deutschland 86." BMG's acquisitions included the world music label World Circuit Records, and BMG signed a global publishing agreement with former Beatles drummer Ringo Starr. Arvato continued to organically expand its logistics and financial services activities. In addition, Arvato invested in the Israeli fintech start-up Secured Touch. The education business bundled in the Bertelsmann Education Group was further strengthened by the acquisition of the US online education provider OnCourse Learning. The company provides digital corporate and advanced training courses, particularly to clients in the healthcare sector. The Bertelsmann Education Group also acquired a majority stake in the US university services provider HotChalk.

In the growth regions, Bertelsmann further expanded its global network of investments in digital companies, making multiple new and follow-on investments worldwide through the funds grouped under Bertelsmann Investments. For example, Bertelsmann Asia Investments (BAI) invested in the Chinese music streaming platform NetEase Cloud Music and increased its investments in the financial service provider Linklogis and the e-commerce platform Club Factory. At the same time, BAI successfully divested a number of stakes, including shares in the dating app Tantan. Bertelsmann Brazil Investments (BBI) successfully acquired a majority stake in Affero Lab, a corporate training service provider in Brazil. In addition, Penguin Random House announced the increase of its stake in the Brazilian publisher Companhia das Letras. In India, Bertelsmann India Investments (BII) invested in the direct-to-consumer food platform Licious and increased its investment in the social media portal Roposo. Furthermore, Penguin Random House expanded its local offerings in India by acquiring the publisher Hind Pocket Books.

Bertelsmann will continue to push ahead with its ongoing transformation in 2019 in line with the four strategic priorities. Compliance with and achievement of the strategic development priorities are continuously examined by the Executive Board at the divisional level through regular meetings of the Strategy and Business Committee and as part of the annual Strategic Planning Dialogue between the Executive Board and the Supervisory Board. In addition, relevant markets and the competitive environment are analyzed on an ongoing basis in order to draw conclusions concerning the further development of the Group's strategy. The Executive Board is also supported by the Group Management Committee (GMC) on issues of corporate strategy and development. This Committee is composed of executives representing key businesses, countries and regions and select Group-wide functions.

The Group's content-based and entrepreneurial creativity is also very important for the implementation of its strategy. Bertelsmann will therefore continue to invest in the creative core of its businesses. Simultaneously, innovation competence is very important for Bertelsmann and is a key strategic component (see the section "Innovations").

Value-Oriented Management System

Bertelsmann's primary objective is continuous growth of the company's value through a sustained increase in profitability with efficient capital investment at the same time. To manage the Group, Bertelsmann has been using a value-oriented management system for many years, which focuses on revenues, operating earnings and optimal capital investment. For formal reasons, Bertelsmann makes a distinction between strictly defined and broadly defined operational performance indicators.

Strictly defined operational performance indicators, including revenues, operating EBITDA and Bertelsmann Value Added (BVA), are used to directly assess current business performance and are correspondingly used in the outlook. These are distinguished from performance

indicators used in the broader sense, which are partially derived from the above-mentioned indicators or are strongly influenced by these. These include the EBITDA margin and the cash conversion rate. The financial management system, with defined internal financing targets, is also part of the broadly defined value-oriented management system. Details of the expected development of performance indicators used in the broader sense are provided as additional information and are not included in the outlook.

To explain the business performance and to control and manage the Group, Bertelsmann also uses alternative performance measures that are not defined in accordance with IFRS (more details are given in the section “Alternative Performance Measures”).

Strictly Defined Operational Performance Indicators

To control and manage the Group, Bertelsmann uses revenues, operating EBITDA and BVA as performance indicators. Revenue is used as a growth indicator of businesses. Group revenues in the financial year 2018 rose by 2.8 percent to €17.7 billion (previous year: €17.2 billion). The organic growth was 2.7 percent.

A key performance indicator for measuring the profitability of the Bertelsmann Group and the divisions is the operating EBITDA. Operating EBITDA increased to €2,586 million (previous year: €2,636 million) in the reporting period.

Bertelsmann uses BVA for assessing the profitability of operations and return on invested capital. BVA measures the profit realized above and beyond the appropriate return on invested capital. At €121 million, BVA in the financial year 2018 was below the previous year's figure of €163 million. This trend was caused by a lower operating result and the impact of above-average invested capital.

Broadly Defined Performance Indicators

To assess business development, other performance indicators are used that are partially derived from revenues and operating EBITDA or are strongly influenced by these figures.

The cash conversion rate serves as a measure of cash generated from business activities, which should be between 90 percent and 100 percent as a long-term average. In the financial year 2018, the Cash Conversion Rate was 91 percent (previous year: 92 percent).

The EBITDA margin is used as an additional criterion for assessing business performance. In the financial year 2018, the EBITDA margin of 14.6 percent was below the previous year's level of 15.3 percent.

Bertelsmann's financial management and controlling system is defined by the internal financial targets outlined in the section “Net Assets and Financial Position.” These financing principles are pursued in the management of the Group and are included in the broadly defined value-oriented management system.

The non-financial performance indicators (employees, corporate responsibility and similar topics) are not included in the broadly defined value-oriented management system. As they can only be measured to a limited extent, it is not possible to make any clear quantifiable statements concerning interrelated effects and value increases. For this reason, the non-financial performance indicators are not used for the management of the Group.

Non-Financial Performance Indicators

The following section describes the non-financial performance indicators at Bertelsmann. For more information about the organization, management and key topics of corporate responsibility, please refer to the section “Combined Non-Financial Statement.”

Employees

At the end of the financial year 2018, the Group had 117,220 employees worldwide. In 2018, there were 1,279 people serving in trainee positions in Bertelsmann companies in Germany.

The purpose of the human resources (HR) strategy is to support the implementation of the Group's strategy. In 2018, the main focus was again on the further development and training of employees. This included a comprehensive adaptation of the central talent management processes and tools, including the expansion of talent pools and digital learning.

Continuous employee training is the basis of a company's future economic success. In view of this, the training courses offered by Bertelsmann University have been further digitized and expanded. Furthermore, at the end of 2018, over 92,000 employees in 48 countries were able to access training courses on the Group-wide digital "peoplenet" HR IT platform.

Supporting dialogue between the employee representatives and dialogue with Bertelsmann management are also very important. At the Group Dialogue Conference in December 2018, future work developments were discussed. In addition, together with the disabled persons councils, an Inclusion Action Plan was prepared to improve participation of disabled persons in the working environment, and is slated to be adopted in 2019.

Continuing to develop the corporate culture is another priority of the HR strategy. In 2018, the Group continued to revise the Bertelsmann Essentials (company values) in accordance with the Sense of Purpose.

Bertelsmann has been one of the pioneers in profit sharing since 1970. Accordingly, in 2018, a total of €105 million of the 2017 profit was distributed to employees across the Group (previous year: €105 million).

Corporate Responsibility

The aim of corporate responsibility (CR) at Bertelsmann is to bring the economic interests in line with the Group's social and ecological concerns as part of a dialogue with all relevant stakeholders.

In view of this, the Bertelsmann CR Council continued its cross-divisional dialogue and the strategic further development of significant Group-wide CR topics in 2018. The focus was on topics of particular relevance relating to employee and social concerns, respect for human rights, the fight against corruption and bribery, and environmental concerns. Bertelsmann made donations and was involved in funding initiatives in the areas of education, culture, science and creativity.

Innovations

Businesses invest in the research and development of new products in order to ensure their long-term competitiveness. The media sector has a similar imperative to create innovative media content and media-related products and services in a rapidly changing environment. This means that instead of conventional research and development activities, Bertelsmann views the company's own innovative power as particularly important for business development. The long-term success of the Group depends heavily on product innovations, investing in growth markets and integrating new technologies. Furthermore, innovative expertise is very important for strategy implementation.

Bertelsmann relies on innovation and growth in core operations and new business fields. The key success factors of Bertelsmann's innovation management include continuously following cross-industry trends and observing new markets. At the Group level, Bertelsmann works with the divisions to continuously identify and implement innovative business strategies. Alongside market-oriented activities, support is given to Group-wide initiatives that actively promote knowledge transfer and collaboration. At regular innovation forums, executives meet with internal and external experts to examine success factors for innovation and creativity. Furthermore, cooperation is strengthened with increased collaboration among the divisions. The marketer IP Deutschland and G+J EMS have combined their capabilities into the "Ad Alliance" and have been providing them to advertising clients and media agencies since 2017. In addition, on February 1, 2019,

Bertelsmann launched the new “Bertelsmann Content Alliance” in Germany, a cooperation between all content businesses in the Group for developing and marketing mutual formats across divisions.

The innovations at RTL Group focus on three core topics: continuously developing new, high-quality TV formats; using all digital means of distribution; and expanding diverse forms of advertising sales and monetization. RTL Group’s “New Frontiers” transformation process introduced in 2018 is aimed at fostering organic growth, thereby fostering creativity and innovative strength. Mediengruppe RTL Deutschland relaunched its video-on-demand platform TV Now in 2018. This relaunch comprises a new platform and additional exclusive content, such as Online First formats. One example of a fictional “TV Now Original” is “M – Eine Stadt sucht einen Mörder” (“M – A City Hunts a Murderer”). Furthermore, RTL Group established the “Creative Reality Fund,” an innovation competition within the company for tapping additional potential in virtual and augmented reality technologies for its own media services. Synergy committees are used for regularly exchanging information and knowledge within RTL Group.

Innovation at Penguin Random House is intended on the one hand to extend the reach of its books and create a relationship with readers at scale, and on the other hand, to utilize modern technologies and introduce new formats. One example of innovative reader involvement is the partnership between Penguin Random House and Inception, a virtual reality and augmented reality (AR) specialist. As part of this partnership, the Bookful app was developed for accessing classic children’s books and nonfiction for young readers and bringing illustrations to life for selected titles with the assistance of AR technologies. Young readers can interact with the figures in a story, and in so doing, intensify their learning and comprehension. Penguin Random House also launched a voice skill called Good Vibes, which Amazon Alexa builds on with inspirational short excerpts from popular books and quotes from bestselling authors. The company is also targeting new audiences in other innovative ways, such as the “Penguin Minis” series format – pocket-sized, full-length books that can easily fit in the palm of a hand – introduced to the American market with titles by bestselling author John Green.

The innovations at Gruner + Jahr included developing new magazines and expanding the brand business. Positive business performance of the marketing platform AppLike and increased digital offerings of the classic magazine brands of Prisma Media contributed to additional growth in the digital business. G+J also launched innovative magazines. In addition to the gourmet magazine “B-Eat,” G+J created the personality magazine genre with “Boa,” “Guido,” “JWD” and “Dr. v. Hirschhausen’s Stern Gesund Leben.” G+J further expanded its brands with the opening of the first “Beef!” restaurant, the expansion of the “Schöner Wohnen” licensing business and further development of “Eat the World,” a culinary-cultural city tour operator.

Innovation at BMG is based on the company’s five strategic pillars: focusing on growth markets; expanding and diversifying its repertoire; expanding global presence; and relentlessly delivering on its core values of fairness, transparency and service while retaining its competitive approach to costs. A key innovation in 2018 was the expansion of the royalties app myBMG, which is now available not only to songwriters but also to artists represented by BMG. Further innovations included the historic blues project “Confessin’ The Blues” created together with the Rolling Stones, the 50-year anniversary celebration for Trojan Records and the Joan Jett documentary “Bad Reputation.”

All four business areas at Arvato introduced innovations, with a strong focus on the use of innovative technologies and on design, as well as creating new services or enhancing existing solutions. Among others, analytics, machine learning and chatbots were used to continue automation of customer communication processes and to optimize end-customer service. Its acquisition of 3C Deutschland GmbH has enabled Arvato Financial Solutions to offer a fully automated and digitalized claims management process for car insurance. Solution Group SCM Solutions has continued to develop business intelligence solutions along the supply chain, and Arvato Systems has expanded its innovative cloud services and cloud management portfolio.

Innovations at the Bertelsmann Printing Group included the optimization of existing processes with new technologies and creating innovative products and services. For example, in gravure printing technical innovations were integrated into the production process, making one-step manufacture of products with a wrapper possible. GGP Media expanded its innovative online platform P3, which is used for ordering small printings, to include a completely digital process. Offset printing continued to expand its 3D scanning products and launched a division-spanning project to automate and standardize internal processes with the help of IT. Furthermore, an innovation board was launched in mid-2018 to coordinate innovation topics across divisions.

The innovations at Bertelsmann Education Group mainly consist of the further development of digital and customized education offerings and the expansion of existing business areas. Relias continued to strengthen teaching products for medical personnel in emergency care by acquiring the US online education provider OnCourse Learning. At the same time, Relias developed solutions for providing more data-based support to customers in the healthcare sector in improving performance within companies. Udacity developed new Nanodegree programs, also in the area of artificial intelligence, thus setting further standards in student qualifications for future technology jobs.

Report on Economic Position

Corporate Environment

Overall Economic Developments

In 2018 the global economy maintained its economic momentum from the previous year, yet the pace slowed somewhat. Real GDP increased by 3.7 percent compared to 3.8 percent in 2017. However, differences between countries in terms of economic growth increased in 2018. Monetary tightening in the United States affected international capital flows, which dampened economic expansion in emerging countries.

The eurozone was not able to maintain the previous year's high growth rate. Real GDP grew by 1.8 percent in 2018 compared to 2.4 percent in the previous year. A drop in demand from abroad as well as several country- and sector-specific factors had the greatest negative impact on GDP.

The expansion of the German economy was weaker in 2018. Real GDP grew by 1.4 percent compared to 2.2 percent in the previous year. The economic upswing also slowed down in France. Real GDP growth was 1.5 percent in 2018 compared to 2.3 percent in 2017. The UK economy grew only slightly against the backdrop of Brexit negotiations. Real GDP grew by 1.4 percent compared to 1.8 percent in the previous year.

In the United States, the economy expanded more rapidly. Real GDP growth was 2.9 percent in 2018 compared to 2.2 percent in 2017. Major contributors to this growth were the positive employment situation and its impact on consumer expenditures.

Developments in Relevant Markets

The following analysis focuses on markets and regions that are of a sufficient size and are strategically important from a Group perspective.

Growth in European TV advertising markets was mixed in 2018. TV advertising markets grew slightly in France and moderately in the Netherlands, whereas the German market showed a slight decrease and Belgium showed a moderate drop. Spanish and Hungarian TV advertising markets were stable.

The markets for printed books achieved slightly positive growth overall in 2018. Sales of printed books in the United States showed moderate growth and in the United Kingdom sales grew slightly, while the Spanish-language market and the German market for printed books were stable. Publisher sales of e-books declined moderately in the United States and in the United Kingdom. The market for audiobooks continued to grow strongly in the United States and the United Kingdom.

The magazine markets in Germany and France in 2018 were characterized by strongly declining print advertising business and significantly declining circulation business, while the digital business in Germany posted strong growth.

The global music markets in 2018 reported moderate growth in the publishing rights segment. The recording rights market segment grew significantly.

The key service markets for Arvato, namely Customer Relationship Management, Supply Chain Management, Financial Solutions and IT, saw moderate to significant growth.

The European offset printing markets declined moderately in 2018, while the European gravure printing markets declined significantly. The development of the North American book printing market was stable over the same period.

The education markets in the United States continued to grow strongly overall in 2018 in the market segments where Bertelsmann is involved – namely, e-learning in the areas of healthcare and technology, and university education in the university and services areas.

Significant Events in the Financial Year

On January 16, 2018, Thomas Buberl was appointed as a new member of the Supervisory Board of Bertelsmann SE & Co. KGaA with immediate effect.

On January 9, 2018, Günter Göbel was appointed as Employee Representative to the Supervisory Board of Bertelsmann SE & Co. KGaA with immediate effect. As the new Chairman of the Corporate Works Council, he replaced Helmut Gettkant, who left the Supervisory Board at the end of the ordinary Annual General Meeting.

In September 2018, Bertelsmann and the Saham Group in Morocco announced the merger of their global CRM businesses. This merger serves to promote the development of Arvato's CRM business.

In November 2018, the Bertelsmann Education Group acquired full ownership of the US online education provider OnCourse Learning from the private equity company CIP Capital. The company provides digital corporate and advanced training courses to clients in the healthcare and financial services sectors. The acquisition of OnCourse Learning serves the further expansion of the education business and in particular strengthens the activities of Relias, a business of the Bertelsmann Education Group.

In late 2018, Groupe M6 (part of RTL Group) sold its majority stake in the French soccer club Girondins de Bordeaux to GACP, a US investment fund.

Anke Schäferkordt resigned from the Executive Board of Bertelsmann Management SE effective December 31, 2018.

Results of Operations

The following analysis of earnings performance relates to continuing operations as of December 31, 2018. Please refer to the section "Performance of the Group Divisions" for a more detailed picture of the results of operations.

Revenues by Division

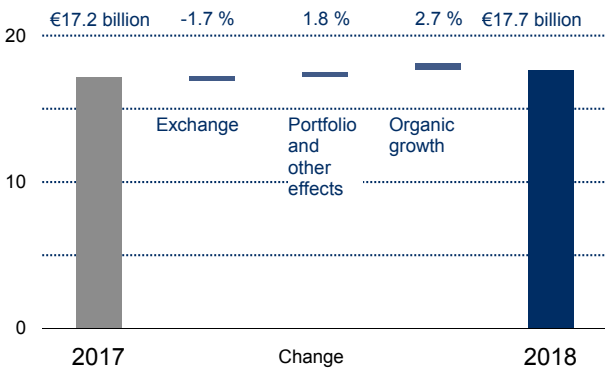
in € millions	2018			2017		
	Germany	Other countries	Total	Germany	Other countries	Total
RTL Group	2,168	4,337	6,505	2,266	4,107	6,373
Penguin Random House	257	3,167	3,424	250	3,109	3,359
Gruner + Jahr	948	492	1,440	964	549	1,513
BMG	34	511	545	33	474	507
Arvato	1,630	2,470	4,100	1,521	2,302	3,823
Bertelsmann Printing Group	966	673	1,639	957	724	1,681
Bertelsmann Education Group	1	257	258	1	188	189
Bertelsmann Investments	0	12	12	–	–	–
Total divisional revenues	6,004	11,919	17,923	5,992	11,453	17,445
Corporate/Consolidation	(145)	(105)	(250)	(152)	(103)	(255)
Continuing operations	5,859	11,814	17,673	5,840	11,350	17,190

Revenue Development

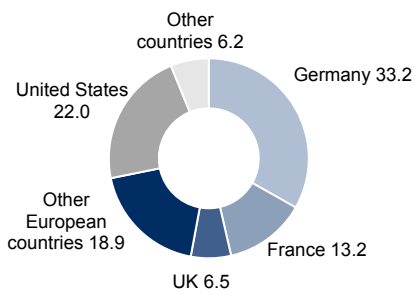
Group revenues in the financial year 2018 rose by 2.8 percent to €17.7 billion (previous year: €17.2 billion). Revenue increases were recorded by RTL Group, Penguin Random House, BMG, Arvato and Bertelsmann Education Group. The Group achieved organic growth of 2.7 percent, adjusted for exchange rate, portfolio and other effects. Exchange rate effects were 1.7 percent; portfolio and other effects were 1.8 percent. Other effects were largely changes in reported revenue due to the new IFRS 15 (further details are presented in the notes to the Consolidated Financial Statements in the section “Impact of New Financial Reporting Standards”).

Revenues at RTL Group rose 2.1 percent to €6,505 million (previous year: €6,373 million). The organic growth was 3.1 percent. The primary growth contributors were the rapidly growing digital business, the content production arm Fremantle and RTL Nederland. Revenues at Penguin Random House rose 1.9 percent to €3,424 million (previous year: €3,359 million). The organic growth was 1.3 percent. Exchange rate effects had a negative impact, while changes in revenue reporting had a beneficial impact on revenues. At €1,440 million, Gruner + Jahr’s revenues were down 4.8 percent year on year (previous year: €1,513 million). The organic growth was 0.4 percent. The lower revenue level is largely attributable to portfolio adjustments, which have in the meantime been completed. This was offset by revenue growth of the digital, agency and press distribution businesses. BMG revenues increased by 7.5 percent to €545 million (previous year: €507 million) due to continued expansion of business. The organic growth was 7.8 percent. Revenues at Arvato rose 7.2 percent to €4,100 million (previous year: €3,823 million). The organic growth was 5.6 percent. The increase stemmed in particular from positive business development in the SCM and Financial Solutions divisions and from changes in reporting revenue. Revenues at Bertelsmann Printing Group fell 2.5 percent to €1,639 million (previous year: €1,681 million) due to market effects. The organic growth was -4.2 percent. Bertelsmann Education Group increased its revenues by 36.4 percent to €258 million (previous year: €189 million). The organic growth was 13.9 percent. The rise was primarily the result of the first-time consolidation of HotChalk and the organic expansion of Relias. Bertelsmann Investments’ stakes are generally not consolidated, so there is usually no revenue reported for this division.

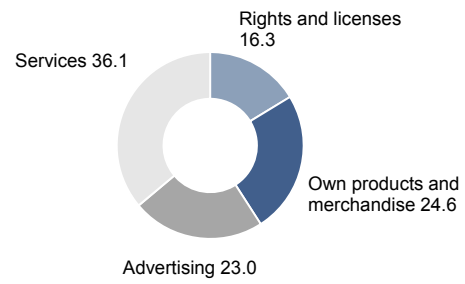
Revenue Breakdown



Consolidated Revenues by Region in percent



Consolidated Revenues by Category in percent



The revenue share generated by the growth businesses increased to 34 percent overall (previous year: 32 percent), thanks to organic growth and acquisitions, while the revenue share of structurally declining businesses remained stable at 4 percent (previous year: 4 percent). The growth businesses comprise those activities that post continuous revenue increases due to sustained positive market factors and that have been identified as growth priorities as part of Group strategy. These include the digital businesses of RTL Group and Gruner + Jahr; the TV production, music business and service businesses in the Arvato divisions of SCM Solutions and Financial Solutions and Systems; and the education business. The structurally declining businesses comprise those activities that post sustained revenue losses due to market factors. These include in particular the gravure printing activities and the storage media replication business.

There were only minor changes in the geographical breakdown of revenues compared to the previous year. The share of revenues generated in Germany was 33.2 percent compared to 34.0 percent in the previous year. The revenue share generated by France amounted to 13.2 percent (previous year: 13.4 percent). In the United Kingdom, the revenue share was 6.5 percent (previous year: 6.8 percent). The share of total revenues generated by the other European countries amounted to 18.9 percent compared to 18.7 percent in the previous year. The revenue share generated by the United States was 22.0 percent (previous year: 20.5 percent), and the other countries achieved a revenue share of 6.2 percent (previous year: 6.6 percent). This means that the share of total revenues generated by foreign business was 66.8 percent (previous year: 66.0 percent). Year on year, there was a slight change in the ratio of the four revenue sources (own products and merchandise, services, advertising, rights and licenses) to overall revenue.

Results Breakdown

in € millions	2017	2017
Operating EBITDA by division		
RTL Group	1,402	1,478
Penguin Random House	528	521
Gruner + Jahr	140	145
BMG	122	104
Arvato	377	320
Bertelsmann Printing Group	85	118
Bertelsmann Education Group	37	3
Bertelsmann Investments	(3)	(3)
Total operating EBITDA by division	2,688	2,686
Corporate/Consolidation	(102)	(50)
Operating EBITDA from continuing operations	2,586	2,636
Amortization/depreciation, impairments/reversals of intangible assets and property, plant and equipment not included in special items	(670)	(657)
Special items	(296)	(83)
EBIT (earnings before interest and taxes)	1,620	1,896
Financial result	(216)	(219)
Earnings before taxes from continuing operations	1,404	1,677
Income tax expense	(301)	(472)
Earnings after taxes from continuing operations	1,103	1,205
Earnings after taxes from discontinued operations	1	(7)
Group profit or loss	1,104	1,198
attributable to: Earnings attributable to Bertelsmann shareholders	753	776
attributable to: Earnings attributable to non-controlling interests	351	422

Operating EBITDA

Bertelsmann achieved operating EBITDA of €2,586 million in the financial year 2018 (previous year: €2,636 million). The 1.9 percent drop is attributable to negative exchange rate effects and capital gains for real estate sales realized in the previous year. BMG, Arvato and Bertelsmann Education Group posted substantially improved earnings. The EBITDA margin decreased to 14.6 percent (previous year: 15.3 percent).

Operating EBITDA at RTL Group was down 5.1 percent to €1,402 million (previous year: €1,478 million). The previous year's value included a high capital gain from the sale of commercial buildings. Without this effect, the increase was 1.3 percent, driven by higher contributions from RTL Belgium, Groupe M6 and Fremantle. Operating EBITDA at Penguin Random House rose by 1.3 percent to €528 million (previous year: €521 million). Gruner + Jahr's operating EBITDA decreased by 3.4 percent to €140 million (previous year: €145 million) due to declining advertising and circulation revenues in the core businesses in Germany and France. BMG's operating EBITDA increased by 17.3 percent to €122 million (previous year: €104 million), attributable to continued business expansion. Arvato achieved operating EBITDA of €377 million (previous year: €320 million). The strong increase of 17.8 percent reflects improved earnings in all four business areas. Operating EBITDA at Bertelsmann Printing Group declined by 28.0 percent to €85 million (previous year: €118 million) due to declining volumes and the persistent pressure on prices. Operating EBITDA at Bertelsmann Education Group increased significantly to €37 million (previous year: €3 million). Relias in particular posted high earnings growth. Bertelsmann Investments' stakes are generally not consolidated, so that in most cases no operating results are disclosed for this division.

Special Items

Special items in the financial year 2018 totaled €-296 million compared to €-83 million in the previous year. They consist of impairment losses amounting to €-175 million (previous year: €-100 million), results from disposals of investments and remeasurements totaling

€157 million (previous year: €193 million), as well as restructuring expenses and other adjustments totaling €-278 million (previous year: €-176 million). The increase in restructuring expenses is due primarily to adjustments related to strategic reorientation of the CRM activities (see also the reconciliation of EBIT to operating EBITDA in the notes to the Consolidated Financial Statements).

EBIT

EBIT amounted to €1,620 million in the financial year 2018 (previous year: €1,896 million) after adjusting operating EBITDA for special items totaling €-296 million (previous year: €-83 million), and the amortization, depreciation, impairments and reversals of impairments on intangible assets and property, plant and equipment totaling €-670 million (previous year: €-657 million), which were not included in adjustments.

Group Profit or Loss

The financial result was €-216 million, compared with the previous year's amount of €-219 million. The decrease in income tax expense from €-472 million in the previous year to €-301 million was basically the result of the lower earnings before taxes and the measurement of deferred taxes. This produced earnings after taxes from continuing operations of €1,103 million (previous year: €1,205 million). Taking into account the earnings after taxes from discontinued operations of €1 million (previous year: €-7 million), this resulted in Group profit of €1,104 million (previous year: €1,198 million). The share of Group profit attributable to non-controlling interests came to €351 million (previous year: €422 million). The share of Group profit attributable to Bertelsmann shareholders was €753 million (previous year: €776 million). At the Annual General Meeting of Bertelsmann SE & Co. KGaA, an unchanged year-on-year dividend payout of €180 million will be proposed for the financial year 2018 (previous year: €180 million).

Net Assets and Financial Position

Financing Guidelines

The primary objective of Bertelsmann's financial policy is to achieve a balance between financial security, return on equity and growth. For this, Bertelsmann bases its financing policy on the requirements of a "Baa1/BBB+" credit rating and the associated qualitative and quantitative criteria. Credit ratings and capital market transparency make a considerable contribution to the company's financial security and independence.

In accordance with the Group structure, the capital allocation is made centrally by Bertelsmann SE & Co. KGaA, which provides the Group companies with liquidity and manages the issuance of guarantees and letters of comfort for them. The Group consists largely of a single financial unit, thereby optimizing capital procurement and investment opportunities.

Bertelsmann utilizes a financial control system employing quantitative financial targets concerning the Group's economic debt and, to a lesser extent, its capital structure. One of the financial targets is a dynamic leverage factor limited to the defined maximum of 2.5. As of December 31, 2018, the leverage factor of Bertelsmann was 2.7, higher than the previous year's level (December 31, 2017: 2.5). This was attributable mainly to an increase in net financial debt due to the acquisition of the US online education provider OnCourse Learning in the fourth quarter of 2018 (see further explanation in the section "Alternative Performance Measures").

As of December 31, 2018, economic debt increased to €6,619 million from €6,213 million in the previous year due to an increase in net financial debt to €3,932 million (December 31, 2017: €3,479 million). In contrast, the present value of obligations from operating leases decreased to €1,161 million (December 31, 2017: €1,261 million), particularly due to the sale of the French soccer club Girondins de Bordeaux. Provisions for pensions and similar obligations rose to €1,738 million as of December 31, 2018 (December 31, 2017: €1,685 million), primarily due to a decrease in the measurement of plan assets.

Another financial target is the coverage ratio. This is calculated as the ratio of operating EBITDA, used to determine the leverage factor, to financial result and should exceed 4x. In the reporting period, the coverage ratio was 11.1 (previous year: 11.2). The Group's equity ratio rose to 38.8 percent (December 31, 2017: 38.5 percent), which remains significantly above the self-imposed minimum of 25 percent.

Financial Targets

	Target	2018	2017
Leverage Factor: Economic debt/Operating EBITDA ¹⁾	≤ 2.5	2.7	2.5
Coverage Ratio: Operating EBITDA/Financial result ¹⁾	> 4.0	11.1	11.2
Equity ratio: Equity as a ratio to total assets (in percent)	≥ 25.0	38.8	38.5

1) After modifications.

Financing Activities

In the reporting period a promissory note was repaid that was due in June. Furthermore, in September 2018, Bertelsmann placed a bond with a seven-year term and an issue volume of €750 million. The bond, which is listed in Luxembourg, has a fixed 1.25 percent coupon. The proceeds from the bond were primarily used to finance the acquisition of OnCourse Learning, the US online education provider.

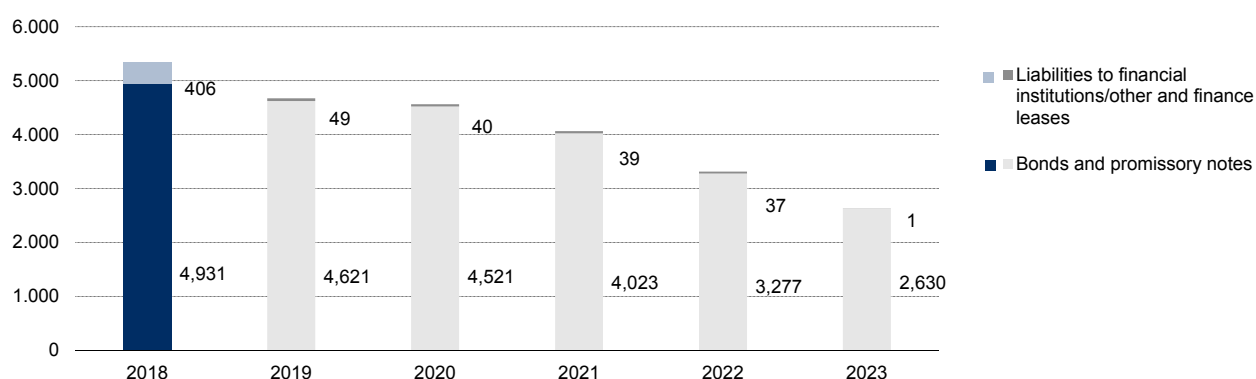
Rating

Bertelsmann has been rated by the rating agencies Moody's and Standard & Poor's (S&P) since 2002. The agency ratings facilitate access to the international capital markets and are therefore a key element of Bertelsmann's financial security. Bertelsmann is rated by Moody's as "Baa1" (outlook: stable) and by S&P as "BBB+" (outlook: stable). Both credit ratings are in the investment-grade category and meet Bertelsmann's target rating. Bertelsmann's short-term credit quality rating is "P-2" from Moody's and "A-2" from S&P.

Credit Facilities

In addition to available liquidity, the Bertelsmann Group has access to a syndicated loan agreement with major international banks. This forms the backbone of the strategic credit reserve; Bertelsmann can utilize this with a term until 2021 to draw up to €1.2 billion of revolving funds in euros, US dollars and pounds sterling.

Maturity Structure of Financial Debt in € millions



Cash Flow Statement

In the reporting period, Bertelsmann generated net cash from operating activities of €1,437 million (previous year: €1,605 million). The Group's long-term operating free cash flow adjusted for non-recurring items was €1,753 million (previous year: €1,822 million), and the cash conversion rate was 91 percent (previous year: 92 percent); see also the section "Broadly Defined Performance Indicators." The

cash flow from investing activities was €-1,130 million (previous year: €-760 million). This included investments in intangible assets, property, plant and equipment, and financial assets of €-878 million (previous year: €-890 million). The purchase price payments for consolidated investments (net of acquired cash and cash equivalents) were €-556 million (previous year: €-213 million). Proceeds from the sale of subsidiaries and other business units and from the disposal of other non-current assets were €304 million (previous year: €343 million). Cash flow from financing activities was €-372 million (previous year: €-755 million). Dividends paid to shareholders of Bertelsmann SE & Co. KGaA remained unchanged at €-180 million (previous year: €-180 million). Dividends to non-controlling interests and further payments to partners in partnerships came to €-356 million (previous year: €-743 million). This includes a special dividend of €57 million (previous year: €373 million) as part of the increase of the shareholding in Penguin Random House. As of December 31, 2018, Bertelsmann had cash and cash equivalents of €1.4 billion (previous year: €1.4 billion).

Consolidated Cash Flow Statement (Summary)

in € millions	2018	2017
Cash flow from operating activities	1,437	1,605
Cash flow from investing activities	(1,130)	(760)
Cash flow from financing activities	(372)	(755)
Change in cash and cash equivalents	(65)	90
Exchange rate effects and other changes in cash and cash equivalents	28	(24)
Cash and cash equivalents on 1/1	1,442	1,376
Cash and cash equivalents on 12/31	1,405	1,442
Less cash and cash equivalents included within assets held for sale	–	(2)
Cash and cash equivalents on 12/31 (according to the consolidated balance sheet)	1,405	1,440

Off-Balance-Sheet Liabilities

The off-balance-sheet liabilities include contingent liabilities and other financial commitments, almost all of which result from operating activities conducted by the divisions. Off-balance-sheet liabilities declined moderately year on year. The existing off-balance-sheet liabilities as of December 31, 2018, had no significant negative effects on the Group's net assets, financial position and results of operation for the past or future financial year.

Investments

Total investments including financial debt acquired of €27 million (previous year: €14 million) amounted to €1,461 million in the financial year 2018 (previous year: €1,117 million). Investments according to the cash flow statement amounted to €1,434 million (previous year: €1,103 million). As in previous years, the majority of the €325 million investment in property, plant and equipment (previous year: €360 million) stemmed from Arvato. Investments in intangible assets came to €295 million (previous year: €319 million) and were primarily attributable to RTL Group for investments in film rights and to BMG for the acquisition of music catalogs. The sum of €258 million was invested in financial assets (previous year: €211 million). These include, in particular, the investments of Bertelsmann Investments. Purchase price payments for consolidated investments (less acquired cash and cash equivalents) totaled €556 million in the reporting period (previous year: €213 million) and were attributable, among other things, to the acquisition of the US online education provider OnCourse Learning.

Investments by Division

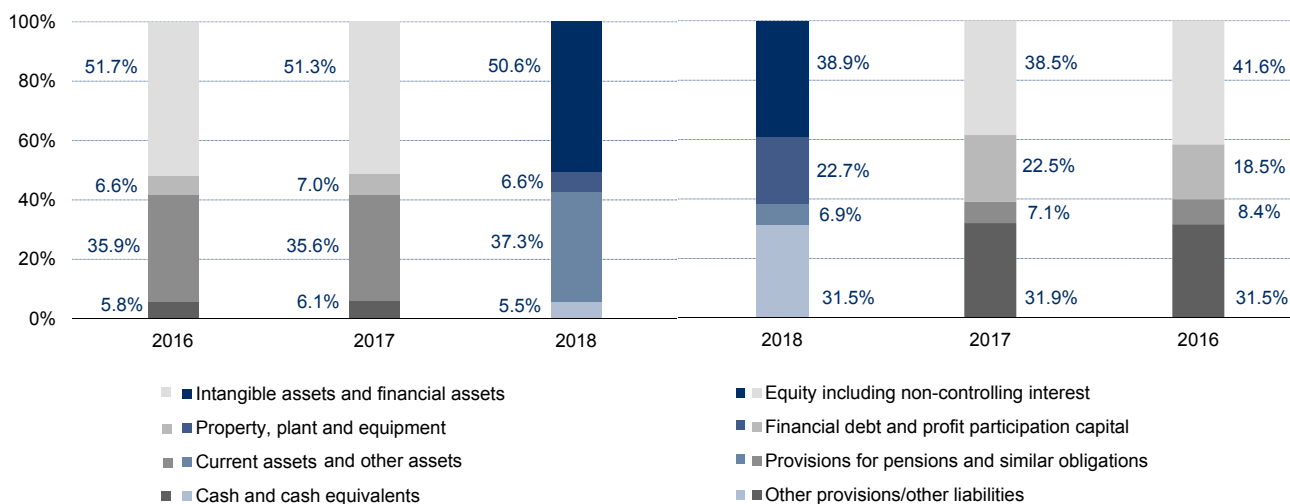
in € millions	2018	2017
RTL Group	262	308
Penguin Random House	43	80
Gruner + Jahr	54	38
BMG	107	157
Arvato	233	285
Bertelsmann Printing Group	36	40
Bertelsmann Education Group	484	78
Bertelsmann Investments	202	114
Total investments by division	1,421	1,100
Corporate/Consolidation	13	3
Total investments	1,434	1,103

Balance Sheet

Total assets amounted to €25.3 billion as of December 31, 2018 (previous year: €23.7 billion). Cash and cash equivalents amounted to €1.4 billion (previous year: €1.4 billion). Equity increased to €9.8 billion (previous year: €9.1 billion). This resulted in an increase of the equity ratio to 38.8 percent (previous year: 38.5 percent). Equity attributable to Bertelsmann SE & Co. KGaA shareholders was €8.5 billion (previous year: €7.8 billion). Provisions for pensions and similar obligations increased slightly to €1,738 million (December 31, 2017: €1,685 million). Gross financial debt increased to €5,337 million compared to €4,919 million as of December 31, 2017, due to the taking up of financial debt as reported in the section "Financing Activities." Apart from that, the balance sheet structure remained largely unchanged from the previous year.

Balance sheet Assets

Liabilities



Profit Participation Capital

Profit participation capital had a par value of €301 million as of December 31, 2018, which is unchanged from the previous year. If the effective interest method is applied, the carrying amount of profit participation capital was €413 million as of December 31, 2018 (previous year: €413 million). The 2001 profit participation certificates (ISIN DE0005229942) account for 94 percent of par value of profit participation capital, while the 1992 profit participation certificates (ISIN DE0005229900) account for the remaining 6 percent.

The 2001 profit participation certificates are officially listed for trading on the Regulated Market of the Frankfurt Stock Exchange. Their price is listed as a percentage of par value. The lowest closing rate of the 2001 profit participation certificates in the financial year 2018 was 316.00 percent in October; their highest was 352.85 percent in January.

Under the terms and conditions of the 2001 profit participation certificates, the payout for each full financial year is 15 percent of par value, subject to the availability of sufficient Group profit and net income at the level of Bertelsmann SE & Co. KGaA. These conditions were met in the past financial year. Accordingly, a payout of 15 percent of the notional value of the 2001 profit participation certificates will also be made for the financial year 2018.

The 1992 profit participation certificates, approved for trading on the Regulated Market in Frankfurt, only have a limited cash trade due to their low volume. Payouts on the 1992 profit participation certificates are based on the Group's return on total assets. As the return on total assets for the financial year 2018 was 6.83 percent (previous year: 7.73 percent), the payout on the 1992 profit participation certificates for the financial year 2018 will be 7.83 percent of their notional value (previous year: 8.73 percent).

The payout distribution date for both profit participation certificates is expected to be May 22, 2019. Under the terms and conditions of the profit participation certificates, the auditors appointed by Bertelsmann SE & Co. KGaA are responsible for verifying whether amounts to be distributed have been calculated correctly. The auditors of both profit participation certificates provide confirmation of this.

Performance of the Group Divisions

RTL Group

In 2018, RTL Group once again achieved record-level revenues; operating EBITDA decreased against the backdrop of high gains from disposals of buildings in the previous year, but increased on a comparable basis. As part of its Total Video strategy, RTL Group expanded its video-on-demand (VoD) services, primarily in Germany, France and the Netherlands, and saw a significant increase in subscriber numbers. At the same time, the group invested more in in-house productions and high-quality content for international distribution. Online video views on RTL Group's various digital platforms increased markedly in the year under review, to a total of 497 billion (previous year: 420 billion).

Despite negative exchange-rate effects, RTL Group's revenues rose by 2.1 percent to a new record level of €6.5 billion (previous year: €6.4 billion). The rapidly growing digital business, the content production arm Fremantle and RTL Nederland were the primary growth contributors. Digital revenues, which mainly comprise revenues from multiplatform networks, VoD offerings and ad-tech businesses, increased to €985 million in the year under review (previous year: €826 million) and thus contributed 15.1 percent (previous year: 13.0 percent) to RTL Group's total revenues. Operating EBITDA fell by 5.1 percent to €1.4 billion in 2018, after €1.5 billion in the previous year. Excluding the previous year's capital gain on disposal, the increase was 1.3 percent. The EBITDA margin was 21.5 percent, following 23.2 percent in the previous year.

Mediengruppe RTL Deutschland's revenues and earnings remained on a high level, although they slightly softened over the previous year. The declining German TV advertising market, but also major sports events such as the soccer World Cup and the Olympic Winter Games, all of which were broadcast on public television, contributed to this development. The family of channels' combined average audience share in the main target group was 27.5 percent (previous year: 28.9 percent). At the end of 2018, Mediengruppe RTL relaunched its VoD service TV Now, which increasingly offers local, exclusive content and online-first formats. Mediengruppe RTL Deutschland teamed up with partners to launch the European NetID Foundation and with it a single log-in standard.

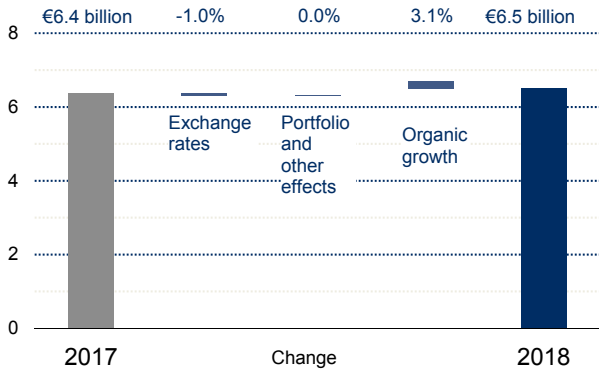
In France, Groupe M6's revenues were down slightly on the previous year, while operating EBITDA increased. In particular, M6 Web and a capital gain from the transfer of Girondins de Bordeaux players contributed to the increase in earnings. The soccer club was sold at the end of the year. Groupe M6 achieved a combined TV audience share of 21.4 percent in the main target group (previous year: 22.3 percent). In the summer of 2018, Groupe M6, together with partners, announced a joint online video platform called Salto.

RTL Nederland recorded higher advertising revenues in 2018, as well as growth in its subscription VoD platform Videoland and other digital businesses. Revenues and earnings of RTL Nederland increased.

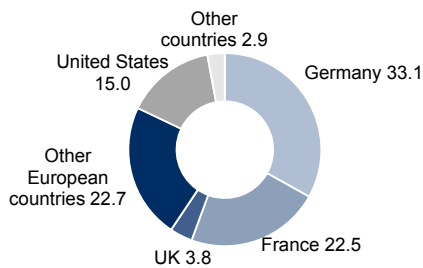
Fremantle reported substantial growth for 2018, driven by strong business performance in North America and Germany. The company was successful with numerous drama series such as “My Brilliant Friend” and “Deutschland 86,” which met with great interest from international audiences.

On January 1, 2018, Bert Habets took over as sole CEO of RTL Group.

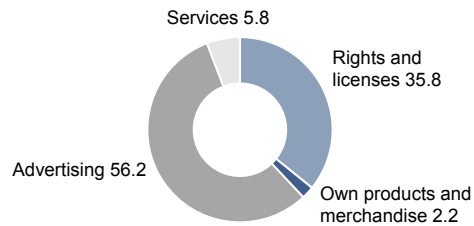
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Penguin Random House

Penguin Random House recorded organic revenue growth of 1.3 percent in the 2018 financial year. Negative exchange rates effects were more than offset by a strong bestseller performance, acquisitions and growth in digital audio downloads.

Including Verlagsgruppe Random House, the German publishing group wholly owned by Bertelsmann, the division increased its revenues by 1.9 percent to €3.4 billion in 2018 (previous year: €3.4 billion). The book group’s operating EBITDA increased by 1.3 percent to €528 million (previous year: €521 million). The EBITDA margin was once again high, at 15.4 percent (previous year: 15.5 percent).

The strongest growth drivers were audiobooks, which grew substantially in all the core markets, as well as the publication of former US First Lady Michelle Obama’s memoir “Becoming.” The book, which was launched simultaneously in 31 languages in mid-November 2018 under the direction of Crown Publishing, stormed the bestseller lists and sold more than seven million copies across all formats in the six weeks to the end of the year.

Penguin Random House announced the increase of its stake in the Brazilian publishing house Companhia das Letras to 70 percent. The publishing portfolio was also expanded with the acquisition of the nonfiction publisher Rodale Books in the United States and the Hindi-language paperback publisher Hind Pocket Books in India. In Singapore, the group established its new Penguin Random House South East Asia unit. Penguin Random House also invested in the expansion of direct relationships with readers and continued to optimize its retail supply chain.

In the United States, the book publishing group placed 481 titles on the “New York Times” bestseller lists last year, 69 at number one. Besides the top title, “Becoming” by Michelle Obama, major sellers included “The President Is Missing” by Bill Clinton and James Patterson, “12 Rules for Life” by Jordan B. Peterson and “The Reckoning” by John Grisham. More than 11 million copies of children’s book classics by Dr. Seuss were sold.

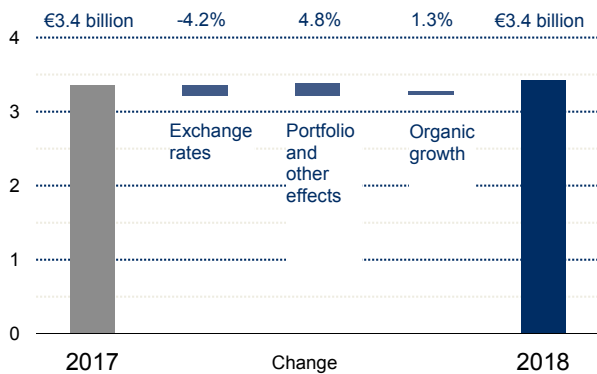
Penguin Random House UK recorded stable revenues in 2018, with growth in digital formats and license revenues. The group’s British imprints published 39 percent of the Top 10 titles on the “Sunday Times” weekly bestseller lists. The year’s bestsellers included “Becoming” by Michelle Obama and “12 Rules for Life” by Jordan B. Peterson, as well as “Jamie Cooks Italy” by Jamie Oliver and “Diary of a Wimpy Kid: The Meltdown” by Jeff Kinney.

Penguin Random House Grupo Editorial increased its revenues in 2018 and expanded its children’s book and audiobook offering for the Spanish-speaking world. Its bestselling titles were “La desaparición de Stephanie Mailer” by Joël Dicker, “Tú no matarás” by Julia Navarro and “Sabotaje” by Arturo Pérez Reverte.

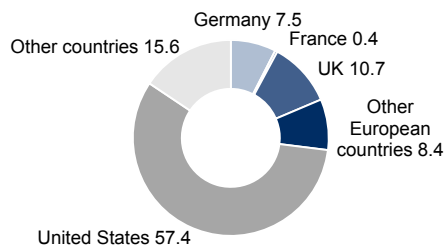
In Germany, Verlagsgruppe Random House maintained its market-leading position, growing both its revenues and earnings. The publishing group had 386 titles on the “Spiegel” bestseller lists, including 20 at number one. Their top-selling title was Michelle Obama’s memoir, “Becoming.” In 2018, the publishing group purchased Der Audio Verlag, thereby expanding its audiobook publishing program.

Numerous Penguin Random authors won prestigious awards, including Michael Ondaatje, who received the Golden Man Booker Prize for “The English Patient” as the best work of fiction among the 50 Man Booker Prize winners through five decades.

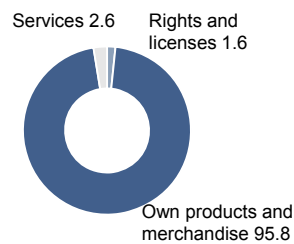
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Gruner + Jahr

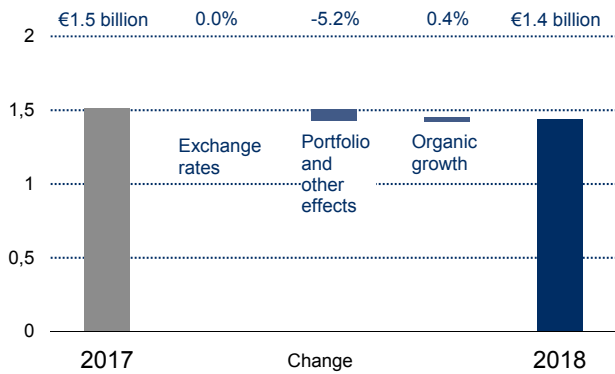
Gruner + Jahr continued its transformation. Revenues declined to €1.4 billion (previous year: €1.5 billion) due to portfolio adjustments; organically, revenues remained stable at the previous year's level. The digital revenue share was further expanded in the core countries. At €140 million (previous year: €145 million), operating EBITDA was moderately below the previous year. The EBITDA margin improved to 9.7 percent (previous year: 9.6 percent).

G+J once again grew both its revenues and earnings in Germany. The decline in the print advertising business and newsstand sales, which was moderate compared to the rest of the market, was offset by strong digital growth, the expansion of the licensing business and new magazine businesses. Territory, the agency for content-driven communications, strongly increased its revenues and earnings.

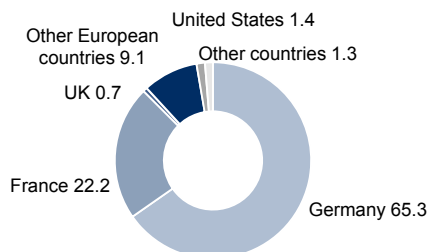
The growing digital business also made a major contribution to the good business performance in Germany. In the German core market, the digital share of total revenues rose to around 29 percent. This increase was mainly driven by the strong performance of the AppLike marketing platform, which more than doubled its revenues. Other positive contributors were the expansion of the licensing business, including at "Schöner Wohnen," and the growth of "Eat the World." In addition, G+J launched several innovative new magazines in 2018. Along with the gourmet magazine "B-Eat," G+J shaped and enriched the personality magazine genre with the addition of "Guido" and "Dr. v. Hirschhausen's Stern Gesund Leben." DDV Mediengruppe generated revenues on par with the previous year.

G+J France's business recorded a sharp drop in overall revenues and earnings. Besides the sale of the title "VSD," this was primarily due to the digital marketing platforms. The brand business, on the other hand, increased its earnings considerably despite declining print revenues. The digital offerings of the classic magazine brands – for example, "Voici," "Gala" and "Télé Loisirs" – again recorded high growth in revenues and earnings.

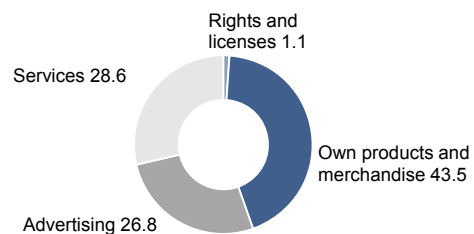
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



BMG

In 2018, 10 years after the new BMG opened for business, Bertelsmann's music subsidiary continued to see significant growth in its revenues and results, especially in its core markets: the United States, the United Kingdom and Germany. After years of growth mainly through acquisition, the focus increasingly shifted to organic growth. BMG benefited in particular from the expansion of its recordings business, which grew strongly during the reporting year; the music publishing business also recorded continuing growth. BMG artists and songwriters had numerous hits in the single and album charts in 2018.

Despite negative exchange rate effects, BMG's revenues increased by 7.5 percent to €545 million (previous year: €507 million). This was mainly due to organic growth. Operating EBITDA rose disproportionately by 17.3 percent to €122 million (previous year: €104 million), boosted by the increase in revenues and economies of scale. The EBITDA margin rose to 22.5 percent (previous year: 20.5 percent).

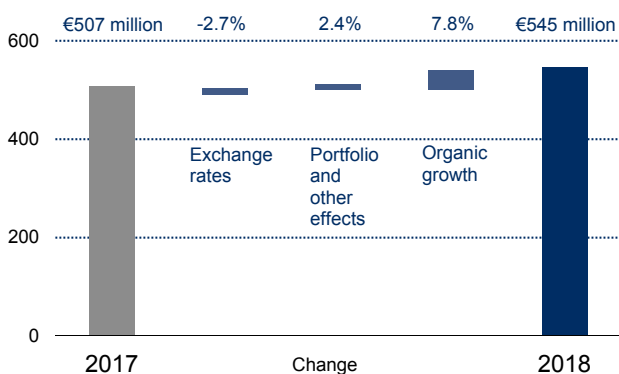
In the recordings business, where market growth is being driven by streaming, BMG was successful with artists including Lil Dicky, Jason Aldean, Kylie Minogue, The Prodigy and Kontra K, all with number-one albums or singles. BMG signed new contracts with artists including Dido, Marianne Faithfull, Lenny Kravitz and Adel Tawil. Keith Richards, whose publishing interests have been represented by BMG since 2013 along with Mick Jagger's, additionally signed a worldwide contract for his solo recordings. BMG acquired the world music label World Circuit Records and the US hip-hop and rap label RBC Records.

In the music publishing business, world tours by artists including Roger Waters and The Rolling Stones contributed to higher collections, as did BMG's administration of the Fremantle music catalog. Successful releases of works by songwriters including Jason Evigan, Bebe Rexha, George Ezra, Jess Glynne and The BossHoss added to business growth. Among the most prominent music publishing signings were Ringo Starr and JuiceWRLD. Lenny Kravitz and Yusuf a.k.a. Cat Stevens renewed their contracts with the company. BMG songwriters contributed to three of the five biggest summer hits on US radio.

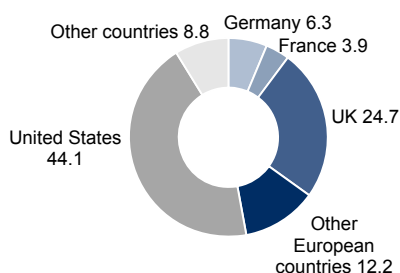
BMG Production Music, which provides music specifically for movies, video games and advertising, was expanded and now has a presence in eight territories thanks to new offices in Singapore and Hong Kong.

BMG's growing films business developed successfully with highlights including US distributor Magnolia Pictures acquiring North American rights to BMG's first major film production, a documentary about rock singer Joan Jett ("Bad Reputation"). In the books business, the number of titles published by BMG doubled compared to 2017, and included the illustrated books "Johnny Cash at Folsom and San Quentin" and "Dreaming of Dylan."

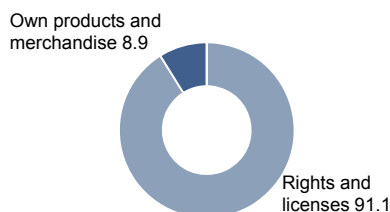
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Arvato

Arvato recorded a very strong business performance in 2018. Revenues from Bertelsmann's service businesses rose by 7.2 percent to €4.1 billion (previous year: €3.8 billion), and operating EBITDA improved by 17.8 percent to €377 million (previous year: €320 million). In particular, the drivers behind this extremely positive performance were the services provided for customers in high-tech and fashion by Arvato SCM Solutions, Arvato Financial Solutions' financial services businesses and Arvato Systems' innovative IT solutions. Arvato's EBITDA margin improved to 9.2 percent from 8.4 percent in the previous year.

After Bertelsmann had indicated at the end of January 2018 that it was reviewing strategic options for Arvato's CRM business, in September 2018 it was announced that Bertelsmann and Morocco's Saham Group were planning to merge their global CRM businesses. The new group of companies, Majorel, which took up operations on January 4, 2019, is one of the market leaders in Europe, Africa and the Middle East, and has a strong presence in America and Asia.

Arvato CRM Solutions' service businesses delivered a satisfactory overall performance in 2018, contributing to Arvato's revenue and earnings growth. The main growth driver was the expansion of the business with large, international clients in the high-tech and e-commerce sectors. In Germany, the contract with a large mobile service provider was renewed, and the global site network was built up and expanded.

The logistics services business within the SCM Solution Group experienced strong organic growth during the reporting period – especially as a result of new orders and clients gained in the fashion, high-tech and healthcare sectors in the previous year. In addition, important master contracts with customers were renewed. The existing worldwide network of locations was enhanced with the opening of new distribution centers and the expansion of existing ones.

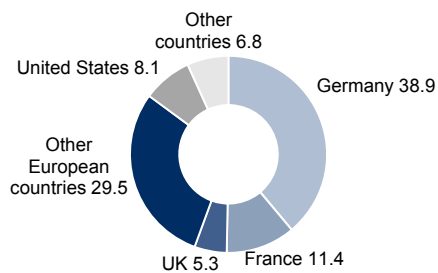
The financial services businesses bundled in Arvato Financial Solutions also developed positively during the reporting period. Revenues and earnings were up year on year. This was mainly supported by a good business performance in the GSA region. 3C Deutschland GmbH was acquired in the first half of 2018 with the aim of expanding and further automating the existing range of solutions for the German automotive insurance industry.

The IT services provider Arvato Systems grew organically and profitably in the reporting period. Business with its proprietary software solutions was successfully expanded and further developed, among other things with the addition of a major client from the United States. The IT services provider also made significant progress in transforming its existing business models, and was able to win numerous customer orders, especially in the fast-growing cloud business.

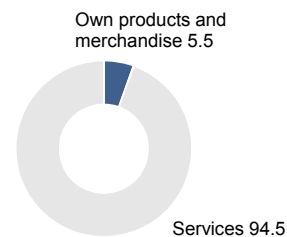
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Bertelsmann Printing Group

The Bertelsmann Printing Group faced a very challenging market environment in the 2018 financial year: Paper price increases in particular led to restraint on the part of many customers. Against this backdrop, the Group recorded a -2.5 percent decline in revenues to €1,639 million (previous year: €1,681 million). Operating EBITDA shrank to €85 million (previous year: €118 million). The EBITDA margin amounted to 5.2 percent (previous year: 7.0 percent).

The Bertelsmann Printing Group's offset printing business did well in the 2018 financial year, despite a declining market. In the course of the year, Mohn Media was able to renew important customer contracts. GGP Media, the company specializing in print solutions for book publishers, posted slightly lower revenues than in the previous year due to weaker demand from several key customers. The BPG subsidiary Vogel Druck, which specializes in magazines and catalogs with small to medium-size print runs, was able to win new reference customers.

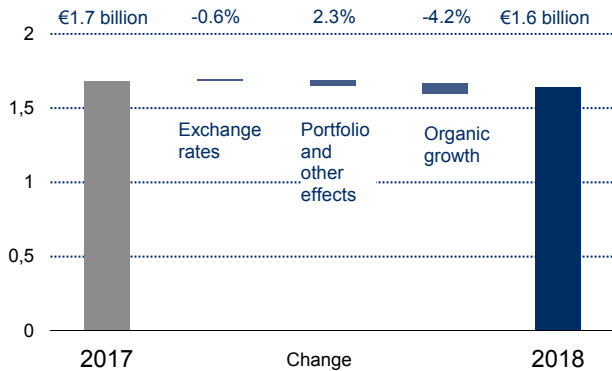
The gravure printing activities bundled in the Prinovis Group declined sharply in Germany during the reporting period, due to significantly lower volumes in mail-order and magazine publishing, and its revenues and EBITDA were significantly lower than in the previous year. The Group's gravure printing business in the United Kingdom developed as expected, despite challenging market conditions.

Demand in the US market was likewise subdued, especially in the first half of 2018; as a result, the business activities of the Bertelsmann Printing Group's US printing plants also declined. Contracts with two important major customers were secured long-term.

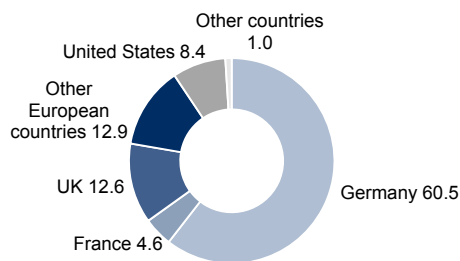
As expected, revenues in storage media replication fell against the backdrop of a declining market. Sonopress was able to gain market share with the acquisition of two major customers.

The print-related marketing services businesses assigned to the Bertelsmann Printing Group offer cross-channel communication services, in particular for the retail, e-commerce and advertising sectors. These businesses developed positively; among other things, new customers were acquired and important contracts renewed in the business segments of campaign management and the DeutschlandCard multi-partner program. DeutschlandCard celebrated its 10th anniversary in the first half of 2018.

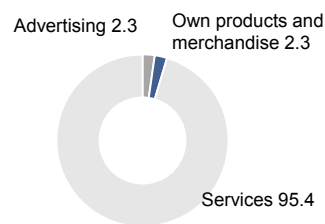
Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Bertelsmann Education Group

Driven by the rising demand for educational services, the Bertelsmann Education Group's activities saw continued growth in 2018. The Group markedly increased its revenues and operating result, and all of the division's companies continued the strategic development of their educational and service offerings.

Revenues from education businesses grew significantly in the 2018 financial year, rising by 36.4 percent to €258 million (previous year: €189 million). The full consolidation of the university services provider HotChalk, the continued growth of the e-learning provider Relias and the acquisition of the US education company OnCourse Learning were major contributors to this. As a result, the Bertelsmann Education Group's operating EBITDA improved significantly to €37 million (previous year: €3 million). The EBITDA margin was 14.5 percent (previous year: 1.8 percent).

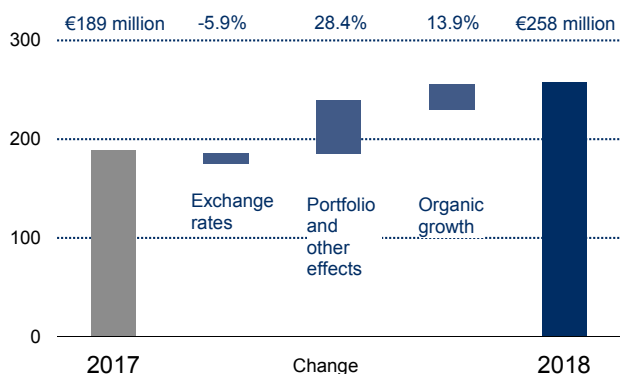
The Bertelsmann subsidiary Relias achieved double-digit organic growth during the reporting period and expanded its client base to more than 8.400 institutions whose employees enrolled in about 37.2 million online courses in 2018. In November, Bertelsmann acquired full ownership of the US online education provider OnCourse Learning from the private equity firm CIP Capital. It integrated the firm's healthcare training division into Relias, thereby significantly expanding the latter's acute-care activities.

The online learning provider Udacity further developed its range of courses and introduced new Nanodegree programs in fields including artificial intelligence. It also continued expanding its B2B business; at the end of 2018, more than 50 corporate clients were using Udacity services. Bertelsmann owns a significant stake in the Silicon Valley-based company.

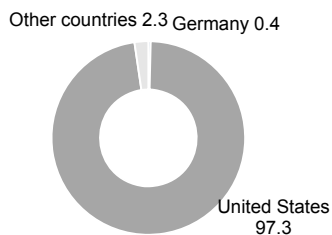
During the period under review, the Bertelsmann Education Group also acquired a majority stake in HotChalk, a US provider of education technology services. The company recorded a significant increase in earnings and significantly expanded its partnership with its largest customer. The number of students enrolled in courses supported by HotChalk also rose.

Alliant International University, which specializes in psychology and education, recorded an increase in the number of students in the past year and continued building its digital learning portfolio.

Revenue Breakdown



Revenues by Region in percent (without intercompany revenues)



Revenues by Category in percent



Bertelsmann Investments

In the 2018 financial year, Bertelsmann Investments once again expanded its global network of shareholdings in innovative start-ups. Bertelsmann Asia Investments (BAI), Bertelsmann Brazil Investments (BBI), Bertelsmann India Investments (BII) and Bertelsmann Digital Media Investments (BDMI) made approximately 60 new and follow-on investments during the reporting period. At the same time, the funds exited from several shareholdings. As a result, at year-end Bertelsmann held shares in 189 companies through its corporate funds.

Bertelsmann Investments once again made a significant positive contribution to Group profit in the year under review, primarily due to increases in the value of investments and gains on disposals. EBIT amounted to €96 million (previous year: €141 million).

BAI made 23 new investments, including the Chinese music streaming platform NetEase Cloud Music. Follow-on investments were made in 16 companies, including the fitness app Keep and the supply chain financing service provider Linklogis. As in 2017, four BAI holdings went public in the period under review: the used-car portal Tuanche, the discount platform Meituan Dianping, the fashion e-commerce platform Mogu, and the tech company Xiaomi, in which the fund owns an indirect stake. In the 10 years of its existence, BAI has supported the IPOs of 10 shareholdings.

In Brazil, additional investments were made in the focus area of education. In April, Bertelsmann acquired a majority stake in Affero Lab, one of the country's leading providers of corporate training, through BBI and further increased this shareholding in December. The group also expanded its education network in the healthcare sector in partnership with Crescera Investimentos.

During the reporting period, BII acquired stakes in the Indian company Licious, a direct-to-consumer food platform, and in the logistics platform Lets Transport. Follow-on investments were also made in the social media portal Roposo and in Eruditus Executive Education, a continuing training company that develops courses in partnership with international Ivy League colleges. In addition, BII successfully managed its first two divestments, from Saavn and IndiaProperty.

BDMI made 17 new and follow-on investments, including in the network FloSports, which specializes in live broadcasts of sporting events.

Since 2012, the four funds have invested nearly €800 million in digital companies. Returns from the disposal of investments amounted to more than €400 million in the same period.

General Statement by Company Management on the Economic Situation

Over the financial year 2018, Bertelsmann's businesses posted overall positive development. The Group improved its growth profile with the continuing organic and acquisitive expansion of its growth platforms. Bertelsmann also systematically continued its transformation into a faster-growing, more digital, more international and more diversified Group.

Group revenues in the reporting period rose moderately by 2.8 percent to €17.7 billion from €17.2 billion in the previous year and were therefore in line with estimates (outlook in 2017 Annual Report: moderate increase in revenues). Organic growth was 2.7 percent. Operating EBITDA at €2.586 billion was only slightly below (by 1.9 percent) the previous year's high figure of €2,636 million, which included material capital gains resulting from strategic real estate transactions (outlook in the 2017 Annual Report: moderate decline in operating EBITDA). At €121 million, the BVA used for Group management was strongly below the previous year's figure of €163 million (outlook in 2017 Annual Report: strongly declining BVA). The development reflects the increase in the average level of capital invested and the lower operating result.

In the financial year 2018, steady efforts continued to focus on implementing the strategy. In addition to the focus at RTL Group on local content and in-house productions and on new magazines at Gruner + Jahr, the merging of CRM businesses at Bertelsmann and the Saham Group, effective as of 2019, made a contribution to strengthening core businesses. As part of the digital transformation, RTL Group continued to expand its video-on-demand offerings and also merged the online advertising marketers SpotX and SmartClip. Verlagsgruppe Random House strengthened its offerings in the audio market with the acquisition of the audiobook publisher DAV, and Gruner + Jahr continued to develop the app discovery platform AppLike. Growth platforms were expanded, especially in the area of education with the acquisition of the US online education provider OnCourse Learning and the acquisition of a majority stake in the US university services provider HotChalk. Bertelsmann also made progress in China, India and Brazil with a number of new and follow-on investments through the funds grouped under Bertelsmann Investments.

Net assets and financial position remain solid despite the increased economic debt. As a result of the acquisition of OnCourse Learning in the fourth quarter of 2018, the leverage factor during the reporting period was 2.7, above the previous year's level. The maturity profile of the capital market financings was further optimized through the issue made in the financial year 2018. As of December 31, 2018, the cash and cash equivalents reported at €1.4 billion (December 31, 2017: €1.4 billion) represent sufficient liquidity. The ratings agencies Moody's and S&P continued to rate Bertelsmann as "Baa1" and "BBB+," respectively, with a stable outlook.

Alternative Performance Measures

In this Combined Management Report, the following Alternative Performance Measures, which are not defined in accordance with IFRS, are used to explain the results of operations and/or net assets and financial position. These should not be considered in isolation but as complementary information for evaluating Bertelsmann's business situation and are differentiated in terms of strictly defined and broadly defined key performance indicators, in the same way as the value-oriented management system.

Organic revenue growth

in percent	2018	2017
Organic revenue growth	2.7	1.7
Exchange rate effects	(1.7)	(1.0)
Portfolio and other effects	1.8	0.7
Reported organic revenue growth	2.8	1.4

The organic growth is calculated by adjusting the reported revenue growth for the impact of exchange rate effects, corporate acquisitions and disposals as well as other effects. When determining the exchange rate effects, the functional currency that is valid in the respective country is used. The other effects include changes in methods and reporting, for example. These chiefly involve changes in presentation in the income statement due to application of the new IFRS 15 (further details are presented in the notes to the Consolidated Financial Statements in the section "Impact of New Financial Reporting Standards").

Operating EBITDA

in € millions	2018	2017
EBIT (profit or loss before interest and taxes)	1,620	1,896
Special items	296	83
attributable to: RTL Group	107	10
attributable to: Penguin Random House	44	39
attributable to: Gruner + Jahr	77	48
attributable to: BMG	12	10
attributable to: Arvato	95	28
attributable to: Bertelsmann Printing Group	5	5
attributable to: Bertelsmann Education Group	50	50
attributable to: Bertelsmann Investments	(101)	(144)
attributable to: Corporate/Consolidation	7	37
Amortization/depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	847	691
Adjustments on amortization/depreciation, impairment losses and reversals on intangible assets and property, plant and equipment included in special items	(177)	(34)
Operating EBITDA	2,586	2,636

Operating EBITDA is determined as earnings before interest, tax, depreciation, amortization and impairment losses and is adjusted for special items. The adjustments for special items serve to determine a sustainable operating result that could be repeated under normal economic circumstances and is not affected by special factors or structural distortions. These special items primarily include impairment losses and reversals of impairment losses, fair value measurements, restructuring expenses and/or results from disposals of investments. This means that operating EBITDA is a meaningful performance indicator. Disposal effects of strategic real estate transactions are not included in the special items.

BVA

in € millions	2018	2017
Operating EBITDA	2,586	2,636
Amortization/depreciation, impairments/reversals of intangible assets and property, plant and equipment not included in special items	(670)	(657)
Operating EBIT	1,916	1,979
Flat taxes (33 percent)	(632)	(653)
NOPAT (Net Operating Profit After Tax)	1,284	1,326
Average invested capital	15,296	15,063
Cost of capital (8 percent)	1,224	1,205
Correction Bertelsmann Investments	61	42
BVA	121	163

BVA measures the profit realized above and beyond the appropriate return on invested capital. This form of value orientation is reflected in strategic investment, portfolio planning and the management of Group operations and, together with qualitative criteria, provides the basis for measuring the variable portion of management remuneration. BVA is calculated as the difference between net operating profit after tax (NOPAT) and the cost of capital. NOPAT is calculated on the basis of operating EBITDA. NOPAT, which is used to calculate BVA, is determined by deducting depreciation and amortization, provided that they are not included in special items, and a flat 33 percent tax. Cost of capital is the product of the weighted average cost of capital (WACC) and the average level of capital invested. The uniform WACC after taxes is 8 percent. The average invested capital is calculated quarterly on the basis of the Group's operating assets less non-interest-bearing operating liabilities. In addition, 66 percent of the net present value of the operating leases plus other commitments from technical broadcasting facilities are included in the calculation of invested capital. BVA is determined without taking into account the Bertelsmann Investments division since business performance is represented primarily on the basis of EBIT. Accordingly, the method does not include a NOPAT contribution from this division. To maintain consistency, the invested capital will be adjusted for the Bertelsmann Investment division; hence, capital costs will be neutralized.

Cash Conversion Rate

in € millions	2018	2017
Cash flow from operating activities	1,437	1,605
Income taxes paid	534	434
Change in provisions for pensions and similar obligations	113	121
Investments in intangible assets and property, plant and equipment (less proceeds from the sale of non-current assets)	(529)	(489)
Further adjustments	198	151
Operating free cash flow	1,753	1,822
Operating EBITDA	2,586	2,636
Amortization/depreciation, impairments/reversals of intangible assets and property, plant and equipment not included in special items	(670)	(657)
Operating EBIT	1,916	1,979
Cash Conversion Rate (in percent)	91	92
Operating free cash flow / Operating EBIT		

The cash conversion rate serves as a measure of cash generated from business activities and is calculated as the ratio of operating free cash flow to operating EBIT. The operating free cash flow is determined on the basis of the cash flow from operating activities as reported in the consolidated cash flow statement, whereby the impact of paid income taxes and the change in provisions for pensions and similar obligations on cash flow from operating activities is offset. Operating free cash flow is also reduced by investments in intangible assets and property, plant and equipment or, if applicable, increased by proceeds from the sale of non-current assets. Further adjustments are made to ensure an allocation of capital flows to the relevant periods and to offset the impact of payment flows resulting from special items on the operating free cash flow in a way that is methodically consistent with the operating EBITDA. Further adjustments in the financial year 2018 mainly reflected the impact of restructuring measures on payments. The operating EBITDA is used to calculate the

operating EBIT by deducting amortization and depreciation, provided that these are not included in special items. The Group aims to maintain a cash conversion rate of 90 percent to 100 percent as a long-term average.

Economic Debt

in € millions	2018	2017
Gross financial debt	5,337	4,919
Less cash and cash equivalents	(1,405)	(1,440)
Net financial debt	3,932	3,479
Less 50 percent of the par value of the hybrid bonds	(625)	(625)
Provisions for pensions	1,738	1,685
Profit participation capital	413	413
Net present value of operating leases	1,161	1,261
Economic debt	6,619	6,213

Net financial debt is calculated on the basis of gross financial debt, which comprises the balance sheet items current and non-current financial debt minus cash and cash equivalents. Economic debt is defined as net financial debt less the 50 percent par value component of the hybrid bonds plus provisions for pensions, profit participation capital and the net present value of operating leases. In calculating economic debt, the hybrid bonds are accounted for at 50 percent as both bonds are classified by the rating agencies as 50 percent equity. Economic debt is modified for the purposes of calculating the leverage factor.

Leverage Factor

in € millions	2018	2017
Economic debt	6,619	6,213
Modifications	136	125
Economic debt ^{LF}	6,755	6,338
Operating EBITDA	2,586	2,636
Modifications	(108)	(99)
Operating EBITDA ^{LF}	2,478	2,537
Leverage Factor:	2.7	2.5
Economic debt ^{LF} / Operating EBITDA ^{LF}		

One of the financial targets is a dynamic leverage factor calculated as the ratio of economic debt to operating EBITDA; this factor should not regularly exceed the defined maximum of 2.5. In determining the leverage factor, the economic debt and the operating EBITDA are modified to enable financial management that corresponds to the Group's structure and its tolerable indebtedness. The modifications in regard to the economic debt largely relate to cash and cash equivalents, which are tied up in the Group while the modifications in regard to the operating EBITDA address the Group's structure and its co-shareholder shares. The leverage factor determined in this way is thus always more conservative than the figure that would be obtained using only the items recognized in the balance sheet.

Significant Events after the Balance Sheet Date

Effective January 4, 2019, all worldwide Customer Relationship Management businesses at Bertelsmann and the Saham Group in Morocco were merged. Each partner holds 50 percent of the shares in the new company Majorel, which is one of the market leaders in Europe, Africa and the Middle East, and has a strong presence in America and Asia. The contribution of the CRM businesses from Saham is recognized in the Bertelsmann Consolidated Financial Statements as a business combination within the meaning of IFRS 3 and will be fully consolidated by Bertelsmann Group from the financial year 2019 onwards.

On February 1, 2019, Groupe M6 (part of RTL Group) announced its plans to acquire the TV activities of Groupe Lagardère. The two French companies are conducting exclusive negotiations. As a result of this transaction, Groupe M6 would expand its family of channels with the market leader in French children's television, Gulli, among other things.

Risks and Opportunities

Risk Management System

The purpose of the Bertelsmann risk management system (RMS) is the early identification and evaluation of, as well as response to, internal and external risks. The internal control system (ICS), an integral component of the RMS, monitors the effectiveness of the risk response measures that have been implemented. The aim of the RMS is to identify, at an early stage, material risks to the Group so that risk response measures can be taken and controls implemented. Risks are possible future developments or events that could result in a negative deviation from the outlook or objectives for Bertelsmann. In addition, risks can negatively affect the achievement of the Group's strategic, operational, reporting and compliance-related objectives and its reputation.

The risk management process is based on the internationally accepted frameworks of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Enterprise Risk Management – Integrated Framework and Internal Control – Integrated Framework, respectively) and is organized in subprocesses of identification, assessment, response, control, communication and monitoring. A major element of risk identification is a risk inventory that lists significant risks year by year, from the profit center level upward. These risks are aggregated step by step at the division and Group levels. This ensures that risks are registered where their impact would be felt. There is also a Group-wide reassessment of critical risks every six months and quarterly reporting in case the risk situation has changed. Ad hoc reporting requirements ensure that significant changes in the risk situation during the course of the year are brought to the attention of the Executive Board. The risks are compared to risk management and control measures to determine the net risk position. Both one- and three-year risk assessment horizons are applied to enable the timely implementation of risk response measures. The basis for determining the main Group risks is the three-year period, similar to medium-term corporate planning. Risk assessment is the product of the estimated negative impact on Group free cash flow should the risk occur and the estimated probability of occurrence. Risk monitoring is conducted by Group management on an ongoing basis. The RMS, along with its component ICS, is constantly undergoing further development and is integrated into ongoing reporting to the Bertelsmann Executive Board and Supervisory Board. Corporate Risk Management Committee meetings are convened at regular intervals to ensure compliance with statutory and internal requirements.

The Group auditors inspect the risk early-warning system for its capacity to identify developments early on that could threaten the existence of Bertelsmann SE & Co. KGaA according to section 91(2) of Germany's Stock Corporation Act (AktG) and then report their findings to the Supervisory Board of Bertelsmann SE & Co. KGaA. Corporate Audit conducts ongoing reviews of the adequacy and functional capability of the RMS in all divisions apart from RTL Group. RTL Group's RMS is evaluated by the respective internal auditing department and by the external auditor. Any issues that are identified are promptly remedied through appropriate measures. The Bertelsmann Executive Board defined the scope and focus of the RMS based on the specific circumstances of the company. However, even an appropriately designed and functional RMS cannot guarantee with absolute certainty that risks will be identified and controlled.

Accounting-Related Risk Management System and Internal Control System

The objectives of the accounting-related RMS and ICS are to ensure that external and internal accounting are proper and reliable in accordance with applicable laws and that information is made available without delay. Reporting should also present a true and fair view of Bertelsmann's net assets, financial position and results of operation. The following statements pertain to the Consolidated Financial Statements (including the notes to the sections "Consolidated Financial Statements" and "Combined Management Report"), interim reporting and internal management reporting.

The ICS for the accounting process consists of the following areas: The Group's internal rules for accounting and the preparation of financial statements (e.g., IFRS manual, guidelines and circulars) are made available without delay to all employees involved in the accounting process. The Group financial statements are prepared in a reporting system that is uniform throughout the Group. Extensive automatic system controls ensure the consistency of the data in the financial statements. The system is subject to ongoing development

through a documented change process. Systematized processes for coordinating intercompany transactions serve to prepare the corresponding consolidation steps. Circumstances that could lead to significant misinformation in the Consolidated Financial Statements are monitored centrally by employees of Bertelsmann SE & Co. KGaA and by RTL Group (for the preconsolidated subgroup) and then verified by external experts as required. Central contact persons from Bertelsmann SE & Co. KGaA and the divisions are also in continuous contact with local subsidiaries to ensure IFRS-compliant accounting as well as compliance with reporting deadlines and obligations. These preventive measures are supplemented by specific controls in the form of analyses by the Corporate Financial Reporting department of Bertelsmann SE & Co. KGaA and RTL Group (for the preconsolidated subgroup). The purpose of such analyses is to identify any remaining inconsistencies. The controlling departments at the Group and division levels are also integrated into the internal management reporting. Internal and external reporting are reconciled during the quarterly segment reconciliation process. The further aim in introducing a globally binding control framework for the decentralized accounting processes is to achieve a standardized ICS format at the level of the local accounting departments of all fully consolidated Group companies. The findings of the external auditors, Corporate Audit and the internal auditing department of RTL Group are promptly discussed with the affected companies and solutions are developed. An annual self-assessment is conducted to establish reporting on the quality of the ICS in the key fully consolidated Group companies. The findings are discussed at the divisional level. Like the RMS, each ICS cannot guarantee with absolute certainty that significant misinformation in the accounting process can be prevented or identified.

Corporate Audit and the internal auditing department of RTL Group evaluate the accounting-related processes as part of their auditing work. As part of the auditing process, the Group auditor also reports to the Audit and Finance Committee of the Bertelsmann SE & Co. KGaA Supervisory Board about any significant vulnerabilities of the accounting-related ICS that were identified during the audit and the findings regarding the risk early-warning system.

Major Risks to the Group

Bertelsmann is exposed to a variety of risks. The major risks to Bertelsmann identified in the risk reporting are listed in order of priority in the table below. Details on information security risks can be found in a separate chapter further below. In line with the level of possible financial loss, the risks are classified as low, moderate, significant, considerable or endangering for the purposes of risk tolerability. The risk inventory carried out did not identify any risks that would be classified as considerable or endangering.

Overview of Major Risks to the Group

Priority	Type of risk	Risk Classification				
		Low	Moderate	Significant	Considerable	Endangering
1	Audience and market share			■		
2	Customer risks			■		
3	Changes in market environment			■		
4	Pricing and discounting			■		
5	Supplier risks			■		
6	Cyclical development of economy			■		
7	Legal and regulatory risks		■			
8	Employee-related risks		■			
9	Financial market risks	■				
10	Technological challenges	■				

Risk classification (potential financial loss in three-year period): low: < €50 million, moderate: < €100 million, significant: < €250 million, considerable: < €500 million, endangering: > €500 million.

■ Existing risks

Given the diversity of the businesses in which Bertelsmann is active and the corresponding diversity of risks to which the various divisions are exposed, the key strategic and operational risks to the Group that have been identified are specified below. Risks from acquisitions and information security risks were identified as the primary risks and are therefore described separately. This is followed by an outline of legal and regulatory risks and financial market risks. These risks are largely managed at the corporate level.

Strategic and Operational Risks

The expansion of the global economy slowed somewhat in 2018. Looking forward it is expected that economic growth will return to normal. Nonetheless, Bertelsmann's business development is still subject to certain risks. In particular, a disorderly withdrawal of the United Kingdom from the EU or further escalation of international trade conflicts could adversely impact Bertelsmann's economic environment and thus increase the risk from economic developments. Since the Brexit decision, Bertelsmann has been continuously monitoring the exit process to identify any risks at an early stage. A Group-wide Brexit Taskforce was established to coordinate information. In the short to medium term, other significant Group risks include loss of audience and market share, customer risks, changes in the market environment, pricing and margin risks, supplier relationship risks and risks associated with economic development. How these risks develop depends to a large extent on changes in customer behavior due to factors such as the continued digitization of media, the development and implementation of products and services by competitors, bad debt losses, and default and interference along the production chains in individual sectors, such as IT. Legal and regulatory risks as well as employee-related risks are moderate risks for Bertelsmann, while financial market risks and risks from future technological challenges in the three-year period under review are classified as low.

Increasing competition and constant change, particularly in the digital environment, are resulting in a stronger fragmentation of RTL Group's markets as audiences will have more choice (e.g., through online platforms) and, at the same time, the market-entry barriers are being lowered. The possible risks of this for RTL Group are decreasing audience and advertising market shares of its advertising-financed channels and therefore, ultimately, lower revenues. To counter these risks, RTL Group is continuously revising and developing the channels and program strategies. By linking traditional, linear offerings with new digital business models and by strengthening existing investments in the online video market and in advertising technologies, RTL Group counters risks from digitization while actively influencing this development. Increasing competition in the area of program acquisition and TV production and the growing dependence on individual production companies, coupled with the risk of potential cost increases, could also impact RTL Group's ability to generate revenues. This risk is being reduced by expanding the program share of in-house productions – in particular local content. Furthermore, economic development directly impacts the TV advertising markets and therefore RTL Group's revenue. This risk is being countered by focusing on developing non-advertising revenue streams, for example, distribution revenues from platform operators. To reduce the risk of customer losses, the aim is to establish long-term customer relationships.

Falling e-book sales constitute one risk for Penguin Random House, triggered in particular by falling sales prices. Declining revenues from physical books, due to declining sales volumes in brick-and-mortar book retail, is another risk. Penguin Random House is countering these risks by introducing differentiated pricing, increasing online sales of physical books, and continuously examining alternative selling and marketing options. Any risk of bad debt loss is being limited through debtor management and in some cases through credit insurance. In addition to the risk of cost increases, Penguin Random House is finding itself exposed to risks from general economic uncertainty, which could lead to lower sales. The risks are addressed through careful management of supplier relationships and innovative marketing activities and by maintaining a flexible cost structure that allows for a quick response in the event of an economic downturn.

The risk of a deterioration of the overall economic environment and the resulting declines in advertising and circulation revenues as well as the continuously changing conditions in the digital business represent significant challenges for Gruner + Jahr. A changing market environment, marked by product innovations and increased consolidation of agencies and marketers, is confronted with a widespread decrease in demand for print products, which as a result of pressure on prices and conditions can lead to lower margins. Furthermore, there is the risk of losing key customers as advertising customers could switch to other media, notably digital media. The risks are being countered by cost and customer management; the development of new, in particular digital, forms of offerings; and product, price and quality improvements.

Risks that affect BMG primarily concern the client portfolio (extending contracts with artists/authors and distribution partners), its monetization (physical and digital distribution partners), corporate growth (integration of acquisitions) and the scalability of the company (including technical platform and organization). Market risks are addressed through high revenue diversification (clients/catalogs, business segments, regions) and contractual protection clauses (securing the recouping of advances).

Arvato sees itself as particularly exposed to risks from customer and supplier relationships. The potential loss of key customers is being countered through contracts offering comprehensive service packages with simultaneously flexible cost structures. On the supplier side

there are risks associated with the availability of services. Countermeasures include an active exchange with existing suppliers and entering into long-term framework agreements. Technological trends arising from digitization and ongoing automation could in some cases damage the business model and competitiveness in individual customer segments. New competitors entering the market could intensify the competitive pressure and lead to lower margins. By developing the range of services, the aim is to improve the competitive position and to increase customer loyalty through integrated solutions. A worsening of the economic environment could result in declining revenues and thus lower margins, which would necessitate cost-cutting measures and capacity downsizing. Broad diversification across regions and sectors helps to reduce this risk.

For Bertelsmann Printing Group, customer risks are the most significant risks. In addition, price and margin pressures result from a market environment that is characterized by over-capacity. Along with the dependence on a handful of suppliers, there are further risks on the supplier side associated with rising raw material prices – particularly for paper. Furthermore, deterioration in the economic environment also may lead to declining circulations. Similarly, the increasing use of digital media is accelerating the decline in circulation, particularly in the magazine segment. These risk minimization strategies are based, in particular, on the expansion of innovative print services, constantly optimizing cost structures and monitoring markets on an ongoing basis.

For the Bertelsmann Education Group, increasing competition with other online providers, particularly in the US healthcare market, can lead to growing price and margin pressure and impact the planned growth targets. These risks are being countered in particular through strategic partnerships and marketing measures.

The key risks for Bertelsmann Investments consist of falling portfolio valuations and a lack of exit opportunities. These risks are being addressed through a standardized investment process and continuous monitoring of investments.

The increasing pace of change in the markets and in Bertelsmann's business segments means that employees will need to be more willing and able to adapt in the future. There are also continuing demographic risks that impact the recruitment, development and retention of talent as a result of shifts in the age distribution of the workforce. To counteract this, employees are being offered further individual education, comprehensive health programs, a competitive salary and flexible working models. Bertelsmann is also enhancing its talent management by pushing forward on digitization of the recruiting process and making it easier for employees to switch jobs within the Group by harmonizing processes and structures.

Acquisition-Related Risks

The Group strategy focuses on acquisitions of businesses and organic growth. The risk of potential mistakes when selecting investments and the allocation of investment funds is limited by means of strict investment criteria and processes. Acquisitions present both opportunities and risks. For example, integration into the Group requires one-time costs that are usually offset by increased benefits in the long term, thanks to synergy effects. The risks here are that the integration costs may be higher than expected or the predicted level of synergies may not materialize. The integration processes are therefore being monitored by management on an ongoing basis.

Information Security Risks

For Bertelsmann, the ability to provide information in a timely, complete, error-free and confidential way and to process it without disruptions is crucial to its success, and is becoming increasingly important. The hurdles to this ability are internal processes that are often not yet standardized, comparatively fragmented IT system landscapes and, as digitization of business progresses, a bigger playing field for cybercrime whose players are becoming more and more professional. Bertelsmann has addressed this tougher operating environment at the management level by operating an Information Security Management System (ISMS, based on ISO 27001) for structured management of cyber risks across the Group and to monitor compliance with minimum Group standards. In order to have access both to modern cybersecurity technologies and to specialist expertise in emergencies, Bertelsmann maintains a network of external partners and is a member of the German Cyber Security Organization (Deutsche Cyber-Sicherheitsorganisation: DCSO). Furthermore, Bertelsmann has also responded to the increased threat by introducing specific measures, such as a Group-wide platform to identify gaps and security issues in all systems worldwide that are connected to the Internet. An indicative assessment of risks to information security was conducted

in the fiscal year 2018 on the basis of the method used to assess operative Group risks. The results indicate that information security risks are moderate, analogous to the categorization of major Group risks.

Legal and Regulatory Risks

Bertelsmann, with its worldwide operations, is exposed to a variety of legal and regulatory risks concerning, for example, litigation or varying interpretations of tax assessment criteria. Bertelsmann has television and radio operations in several European countries that are subject to regulation. In Germany, for example, the media is subject to oversight by the Commission on Concentration in the Media. Bertelsmann Group companies occupy leading market positions in many lines of business and may therefore have limited potential for growth through acquisition due to antitrust legislation. Moreover, the education activities are subject to regulatory provisions of government authorities and accreditation bodies. Other risks include litigation relating to company acquisitions and disposals, which mainly relate to different interpretations of contract components, as well as increased data protection regulations leading to growing challenges, especially for data-based business models. These risks are being continuously monitored by the relevant divisions within the Group.

Several subsidiaries of RTL Group are being sued by the broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf, Germany, seeking disclosure of information to substantiate a possible claim for damages. The proceedings follow the imposition of a fine in 2007 by the German Federal Cartel Office for abuse of market dominance with regard to discount scheme agreements (“share deals”) granted by IP Deutschland GmbH and SevenOne Media GmbH to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the district court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL 2 filed a motion claiming that the expert was not impartial. IP Deutschland has rejected the motion for lack of impartiality as unfounded. The court has not made a decision. Similar proceedings from other small broadcasters, initiated in different courts, were unsuccessful or have been withdrawn.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio’s results by encouraging his listeners to give favorable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as of September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio’s audience results in its published surveys, alleging the existence of a “halo effect.” Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie’s assessment of the alleged halo effect, and the judicial expert’s final report is expected in the second quarter of 2019. As of September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition, but this procedure is suspended until the end of the judicial expertise. In the meantime, four of the six claimants withdrew their claim from the proceedings.

On 22 February 2018, the Spanish Competition Authority (“CNMC”) communicated to Atresmedia the opening of a proceeding for sanctions in relation to possible practices restricting competition prohibited by article 1 of the Spanish Competition Act. On 6 February 2019, the CNMC notified the Statement of Objections in which it assumes proven that specific commercial practices by Atresmedia are restrictive of competition. The directors of Atresmedia and their legal advisors take the view that the aforesaid Statement of Objections is not sufficiently founded and have confidence in a positive outcome for Atresmedia, either during the administrative proceeding or in court proceeding in the event that the CNMC will take a decision imposing sanctions.

Foreign direct investments in the People’s Republic of China are subject to a number of regulatory restrictions. To satisfy local requirements, some of Bertelsmann’s activities in China are held as so-called VIE structures. These types of arrangements are standard market practice for investments in China. However, these structures are rarely the subject of legal disputes in China, which means that there is a certain risk that it will not be possible to safeguard VIE structures through the courts, particularly if the People’s Republic changes its policies toward investments by foreigners (particularly in respect to VIE structures) or if courts and authorities change their case law or administrative practice. The draft “PRC Foreign Investment Law” of 2015 was reworked in December 2018 by the Chinese Ministry of Commerce in view of the US-China trade conflict and equal treatment of foreign investors in China. In contrast to the draft of 2015, this version no longer refers to VIE structures, and some commentators assume that VIE structures will accordingly continue to be unregulated.

If provisions of this law are infringed, all income could be seized from forbidden or also only restricted investments. Other commentators presume that the Chinese government would treat (only) Chinese companies in critical industries as foreign companies, despite their VIE structure. Further developments in this legislative process are being keenly observed by local Bertelsmann lawyers and their advisors in cooperation with the Corporate Legal Department in order to anticipate the effects of the law as early as possible. This affects companies within Fremantle, BMG, Arvato and the Bertelsmann Education Group, as well as investments by Bertelsmann Asia Investments (BAI).

Aside from the matters outlined above, no further significant legal and regulatory risks to Bertelsmann are apparent at this time.

Financial Market Risks

As an international corporation, Bertelsmann is exposed to various forms of financial market risk, especially interest rate and currency risks. These risks are largely controlled by the Central Financial Department on the basis of guidelines established by the Bertelsmann Executive Board. Derivative financial instruments are used solely for hedging purposes. Bertelsmann mainly uses currency derivatives to hedge existing foreign currency risks from intercompany financing and operating liabilities. Some firm commitments denominated in foreign currency are partially hedged when they are made, with the hedged amount being adapted over time. A number of subsidiaries are based outside the eurozone. The resulting translation risk to the leverage factor is managed based on economic debt in relation to operating EBITDA (leverage factor). Bertelsmann's long-term focus is on the maximum leverage factor permitted for the Group. Foreign currency translation risks arising from net investments in foreign entities are not hedged. The cash flow risk from interest rate changes is centrally monitored and controlled as part of interest rate management. The aim is to achieve a balanced ratio of different fixed interest rates through the selection of appropriate maturity periods for the originated financial assets and liabilities affecting liquidity and through the ongoing use of interest rate derivatives. The liquidity risk is regularly monitored on the basis of the budget planning. A syndicated loan and appropriate liquidity provisions form a sufficient risk buffer for unplanned payments. Counterparty risks exist in the Group in respect to invested cash and cash equivalents and in an amount equivalent to the positive fair value from existing derivatives and are exclusively conducted with a defined group of banks with an impeccable credit rating. Within the guidelines, a risk limit specified by the Bertelsmann Executive Board has been issued for financial assets and derivatives for each counterparty. Compliance with this limit is regularly monitored by the Central Financial Department. The guidelines concerning the investment of cash and cash equivalents are continuously monitored and extended if necessary. Financial investments are made on a short-term basis so that the investment volume can be reduced if the credit rating changes. Overall, the financial market risks are estimated as low.

General Statement on the Risk Situation

The risks identified in the financial year 2018 are not endangering. Neither are there any substantial risks discernible that could threaten the existence of the Group.

The overall risk situation is slightly below the previous year's level. The major risks to the Group have not changed compared to the previous year. In particular, possible loss of audience and market share at RTL Group, a changing market environment, pricing and discounting risks, customer and supplier relationship risks, and volatile economic development still constitute the key Group challenges. However, as a result of the diversification of Group businesses, there are no concentration risks stemming from dependency on individual business partners or products in either procurement or sales. The Group's financial position is solid, with liquidity needs covered by existing liquidity and available credit facilities.

Opportunity Management System

An efficient opportunity management system enables Bertelsmann to secure its corporate success in the long term and to exploit potential in an optimal way. Opportunities are possible future developments or events that could result in a positive deviation from outlook or objective for Bertelsmann. The opportunity management system, like the RMS, is an integral component of the business processes and company decisions. During the strategy and planning process, significant opportunities are determined each year from the profit center level upward, and then aggregated step by step at the division and Group levels. By systematically recording them on several reporting levels, opportunities that arise can be identified and exploited at an early stage. This also creates an interdivisional overview of

Bertelsmann's current opportunities. A review of major changes in opportunities is conducted at the divisional level every six months. In addition, the largely decentralized opportunity management system is coordinated by central departments in the Group in order to derive synergies through targeted cooperation in the individual divisions. The interdivisional experience transfer is reinforced by regular meetings of the GMC.

Opportunities

While the above-mentioned opportunities associated with positive development may be accompanied by corresponding risks, certain risks are entered into in order to be able to exploit potential opportunities. This link to the key Group risks offers strategic, operational, legal, regulatory and financial opportunities for Bertelsmann.

Strategic opportunities can be derived primarily from the Group's four strategic priorities. Strengthening core businesses, driving forward the digital transformation, developing growth platforms and expanding in growth regions constitute the most important long-term growth opportunities for Bertelsmann (see the section "Strategy"). In particular, there are opportunities in some cases for exploiting synergies as a result of the strategic portfolio expansions. There are individual operating opportunities in the individual divisions in addition to the possibility of more favorable economic development.

For RTL Group, a better-than-expected development of the TV advertising markets and higher audience and advertising market shares are major opportunities. Furthermore, the increasing digitization and fragmentation of the media landscape are opening up opportunities. Professionally produced content can be distributed across multiple platforms nationally and internationally. New revenue streams could be generated by exploiting existing TV content across different platforms and by creating native digital content. Also, with an increased presence in the digital sector, RTL Group could increase online video advertising sales on all devices and TV platforms and establish pay models in the on-demand business. In this way, new advertising sales could be generated through the offering of new interactive or targeted forms of advertising (HbbTV, IPTV or mobile television). As an established content producer with a global presence, RTL Group could further expand its digital distribution through multiplatform networks and digital streaming platforms.

Penguin Random House is the world's largest trade book publisher. Its position enables the publishing group to attract new authors and book projects to potentially grow its market share. The group is well positioned to invest in new markets and diverse content worldwide to take advantage of increasing interest in long-form reading, and to thereby offer its content to the widest possible readership. The digital evolution transforming book markets offers the potential for new product development and for broader and more efficient marketing channels. Digital audiobooks are experiencing growth worldwide while new technologies could make books more appealing and bring book content to wider audiences. New online tools and platforms are expanding opportunities for author engagement with readers.

For Gruner + Jahr, a better development of the advertising and sales markets represents significant opportunities. The transformation is providing further opportunities due to the development of new businesses related to the published brands. There are opportunities for growth, particularly in the development and expansion of digital activities and in cooperation with other publishers and marketers. In terms of marketing, G+J could gain new customers through new forms of advertising in the online, mobile and video media channels.

BMG's focus is on organic growth through the signing of additional songwriter and artist clients. There may also be opportunities for selective acquisitions of music rights catalogs. The growing market penetration of subscription-based music streaming services offers significant opportunities to expand the recorded music and music publishing market internationally.

At Arvato, interdivisional cooperation and major projects can provide additional opportunities for acquiring new customers. The global e-commerce market will continue its dynamic growth over the next few years. Arvato could participate significantly in this growth through new services, particularly those offered by the Solution Groups SCM and Financial Solutions. Further growth opportunities from the ongoing digitization lie in the development of innovative IP-based and cloud-based IT services.

The Bertelsmann Printing Group businesses may decline less steeply through additional volumes of existing and new customers. There could also be a further consolidation of competitors, which could result in an additional strengthening of Bertelsmann Printing Group's own market position.

The education business is being developed as Bertelsmann's third earnings pillar, alongside the media and service businesses. A further shift away from traditional classroom-based delivery methods toward online and skill-based training could offer further growth opportunities for the education business. The growing online education market also offers organic growth opportunities for Bertelsmann Education Group businesses. For example, Relias has the potential to grow through the expansion of employee assessment and data analytics products, and through internationalization. Owing to the lack of skilled workers and the ongoing demand for further education in the technology sector, Udacity has an opportunity to become a premium brand in the area of IT and technology training.

For Bertelsmann Investments fund activities, there is the opportunity to realize higher-than-expected profits, thanks to increasing portfolio valuations or through the disposal of investments.

The current innovation efforts detailed in the section "Innovations" offer further potential opportunities for the individual divisions.

Other opportunities could arise from changes to the legal and regulatory environment.

The financial opportunities are largely based on a favorable development of interest and exchange rates from Bertelsmann's point of view.

Outlook

Anticipated Overall Economic Development

Bertelsmann anticipates that economic conditions will develop as follows in 2019. The global economy is expected to continue to grow in 2019, although less strongly than in the previous year. Due to the higher utilization of overall capacities in most economies, slower growth is anticipated. The Kiel Institute for the World Economy (IfW) estimates that global production will increase by 3.4 percent in 2019, compared to 3.7 percent in 2018. Risks to economic development are present especially in the eurozone, due to the looming disorderly withdrawal of the United Kingdom from the EU. In addition, the insecurity caused by a possible escalation of international trade conflicts impacts the outlook.

In the eurozone, the economic upturn will probably continue, although somewhat less dynamically. The IfW estimates real economic growth of 1.7 percent in 2019. The IfW also expects GDP for Germany to grow by 1.7 percent in real terms. The growth rate in France is expected to be 1.4 percent in real terms. For the United Kingdom, GDP is expected to rise at a slower pace: by 1.0 percent in real terms in 2019. For the United States, real economic growth of 2.5 percent is expected, thanks to the continuing solid economic momentum.

Anticipated Development in Relevant Markets

The worldwide media industry is primarily influenced by global economic developments and the resulting growth dynamic. The continued trend toward digitization of content and distribution channels, changes in media usage and the increasing influence of emerging economies will continue to present risks and opportunities in the years to come. Through the intended transformation of the Group portfolio in line with the four strategic priorities, Bertelsmann expects to benefit to an increasing extent from the resulting opportunities. Through its businesses, Bertelsmann operates in a variety of different markets and regions whose developments are subject to a range of factors and that do not respond in a linear fashion to overall economic tendencies. The following takes into account only those markets and regions that are large enough to be relevant for forecasting purposes and whose expected development can be appropriately aggregated and evaluated or that are strategically important from a Group perspective.

For 2019, the European TV advertising markets are expected to remain stable or to grow slightly. In the book markets, an overall stable development is expected. In the magazine business, the strong decline in the print advertising and the significant decline in circulation markets in Germany and France will persist in 2019, while continued strong growth is expected in the digital segment in Germany. For 2019, continuing moderate growth of the global music market is expected in the publishing rights segment. At the same time, significant growth is anticipated in the recording rights segment. In 2019, the services markets are demonstrating growth similar to the previous year,

as expected. The gravure printing market in 2019 is likely to show an ongoing significant decline. Continued moderate decline is expected for the offset market in Europe, while the book printing market in North America is expected to continue its stable development. Overall, sustained strong growth is anticipated for the relevant US education markets.

Expected Business Development

The following expectations are based on the assumption of a gradual normalization of the overall economic situation and an assumption that most of the forecasted market developments and the economic predictions of the research institutions will be realized.

For the financial year 2019, Bertelsmann anticipates that business development will be driven by the stable European TV advertising and book markets, and by growing service and music markets. The growth stimuli created through strategic portfolio expansions will continue to have a positive impact on Bertelsmann's growth profile.

In addition to the assumed market developments, the predicted economic developments in the geographic core markets of Western Europe and the United States are the basis of the expected business development. With revenue and earnings share within the eurozone currently expected at around two-thirds, the extent of growth is above all based on the forecasted real and nominal economic development in this economic zone. The IfW therefore predicts that GDP in the eurozone will increase by 1.7 percent in real terms and that the International Monetary Fund will increase by 1.6 percent for 2019. In view of these economic expectations, Bertelsmann expects Group revenues to show a moderate increase in the financial year 2019. Operating EBITDA is expected to grow strongly in the financial year 2019. Application of the new IFRS 16 Leases will have a substantial effect on EBITDA (further details are presented in the notes to the Consolidated Financial Statements in the section "Impact of New Financial Reporting Standards"). Excluding this effect, a stable to slightly increasing performance is expected for the operating EBITDA. The average level of capital invested will continue to increase in the financial year 2019 as a result of acquisitions made, the organic expansion of growth businesses and the effects of the new IFRS 16. Compensating effects from earnings contributions are not expected to materialize for some time. Consequently, a strong fall in BVA is still expected for the Group. These expectations are based on operational planning and the medium-term outlook for the corporate divisions, assuming that exchange rates remain constant.

At present, the expected performance of any individual unit of key significance for the Bertelsmann Group is not expected to deviate significantly from that of the Group.

Depending on how the economy develops, Bertelsmann does not currently anticipate interest rate changes to have any material impact on the average financing costs of medium- to long-term financing. The liquidity situation in the forecast period is expected to be sufficient.

These forecasts are based on Bertelsmann's business strategy, as outlined in the section "Corporate Profile." In general, the forecasts reflect careful consideration of risks and opportunities. All statements concerning potential economic and business developments represent opinions advanced on the basis of the information that is currently available. Should underlying assumptions fail to apply and/or further risks arise, actual results may differ from those expected. Accordingly, no assurances can be provided concerning the accuracy of such statements.

Notes to the Financial Statements of Bertelsmann SE & Co. KGaA (in accordance with HGB, German Commercial Code)

In addition to the Group reporting, the business development of Bertelsmann SE & Co. KGaA is outlined below. Bertelsmann SE & Co. KGaA is the parent company and group holding company of the Bertelsmann Group. As a group holding company, it exercises key corporate functions such as the definition and further development of group strategy, capital allocation, financing and management. There are also service functions for individual divisions within the Corporate Center. Furthermore, it is the controlling company of the tax group for most of the domestic subsidiaries. The position of Bertelsmann SE & Co. KGaA is essentially determined by the business success of the Bertelsmann Group.

The Annual Financial Statements of Bertelsmann SE & Co. KGaA, in contrast to the Consolidated Financial Statements, have not been prepared in accordance with the International Financial Reporting Standards (IFRS) but in accordance with the regulations of the German Commercial Code (HGB) and the supplementary regulations of the German Stock Corporation Act (AktG).

Results of Operations of Bertelsmann SE & Co. KGaA

Income Statement of Bertelsmann SE & Co. KGaA in accordance with HGB

in € millions	2018	2017
Revenues	115	105
Other operating income	202	311
Cost of materials	(30)	(28)
Personnel costs	(175)	(143)
Amortization, depreciation and write-downs	(20)	(17)
Other operating expenses	(245)	(194)
Income from other participations	759	687
Interest income	(58)	(80)
Write-downs of long-term financial assets	(128)	(79)
Taxes on income	(111)	(198)
Earnings after taxes	309	364
Other taxes	(3)	(1)
Net income	306	363
Income brought forward from previous year	485	462
Transfer to retained earnings from net income	(150)	(160)
Unappropriated income	641	665

The results of operations of Bertelsmann SE & Co. KGaA will continue to be significantly affected by the amount of income from other participations, due to Bertelsmann SE & Co. KGaA's role as the parent company of the Bertelsmann Group. The decrease in net income to €306 million (previous year: €363 million) is primarily attributable to lower other operating income and higher write-downs of long-term financial assets. In contrast, higher income from other participations and lower taxes on income impacted net income favorably.

Other operating income decreased by €109 million as a result of lower write-ups recognized on the shares in Bertelsmann Inc., Wilmington, and lower currency gains. The increase of €194 million in other operating expenses to €245 million is primarily attributable to higher currency losses.

Given that expenses from loss assumption have increased, the trend in the income from participations from €687 million in the previous year to €759 million in 2018 is primarily attributable to higher income from profit and loss transfer agreements. Firstly, these changes are related to changes in the income from participations recognized by subsidiaries. Secondly, the income from subsidiaries is negatively impacted by non-recurring expenses in the 2018 financial year.

The higher write-downs of long-term financial assets mainly pertain to write-downs of shares in Media Communication S.A.S., Vendin-Le-Vieil.

The taxes on income decreased to €111 million in the 2018 financial year (previous year: €198 million) as a result of lower taxable income of the tax group.

Net Assets and Financial Position of Bertelsmann SE & Co. KGaA

Balance Sheet of Bertelsmann SE & Co. KGaA in accordance with HGB (Summary)

in € millions	12/31/2018	12/31/2017
Assets		
Fixed assets		
Intangible and tangible assets	388	377
Long-term financial assets	16,998	16,702
	17,386	17,079
Current assets		
Receivables and other assets	4,234	3,562
Securities, cash and cash equivalents	230	520
	4,464	4,082
Prepaid expenses and deferred charges	21	21
	21,871	21,182
Shareholders' equity and liabilities		
Shareholders' equity	9,631	9,505
Provisions	470	498
Liabilities	11,767	11,177
Deferred income	3	2
	21,871	21,182

The total assets of Bertelsmann SE & Co. KGaA increased slightly from €21,182 million to €21,871 million. A high ratio of equity (44 percent) and long-term financial assets (78 percent) to total assets continues to dictate the performance of the net assets and financial position.

The increase in long-term financial assets is due in part to contributions paid to subsidiaries in the amount of €514 million, which are primarily related to Bertelsmann Capital Holding GmbH, Gütersloh. This was partly offset by the repayment of a loan in the amount of €142 million by Bertelsmann, Inc., Wilmington. The increase in receivables and other assets is related to the financing of capital contributions to subsidiaries by Reinhard Mohn GmbH, Gütersloh.

The equity increased as a result of the net income of the reporting year by €306 million and decreased by €180 million as a result of distributions to shareholders. The increase in liabilities to €11,767 million (previous year: €11,177 million) includes €550 million from bonds and promissory notes as a result of issuing one new bond and the repayment of a promissory note.

Risks and Opportunities for Bertelsmann SE & Co. KGaA

As Bertelsmann SE & Co. KGaA is largely linked to the Bertelsmann Group companies, among other things through the financing and guarantee commitments, as well as through direct and indirect investments in the subsidiaries, the situation of Bertelsmann SE & Co. KGaA in terms of risks and opportunities is primarily dependent on the risks and opportunities of the Bertelsmann Group. In this respect, the statements made by corporate management concerning the overall assessment of the risks and opportunities also constitute a summary of the risks and opportunities of Bertelsmann SE & Co. KGaA (see the section "Risks and Opportunities").

Outlook for Bertelsmann SE & Co. KGaA

As the parent company of the Bertelsmann Group, Bertelsmann SE & Co. KGaA receives from its subsidiaries dividend distributions and income or expenses from profit and loss transfer agreements, as well as income from services provided to its subsidiaries. Consequently,

the performance of Bertelsmann SE & Co. KGaA is primarily determined by the business performance of the Bertelsmann Group (see the section “Outlook”).

Dependent Company Report (statement in accordance with Section 312 of the German Stock Corporation Act (AktG))

The Executive Board of Bertelsmann Management SE, as general partner of Bertelsmann SE & Co. KGaA, has submitted a voluntary report to the Supervisory Board of Bertelsmann SE & Co. KGaA in accordance with sections 278 (3) and 312 (1) of the German Stock Corporation Act, in which it outlines its relationships with affiliated companies for the financial year 2018. The Executive Board hereby declares that Bertelsmann SE & Co. KGaA received adequate consideration in return for each and every legal transaction under the circumstances known at the time the transactions were undertaken.

Combined Non-Financial Statement

The following information relates to Bertelsmann SE & Co. KGaA and the Bertelsmann Group (“Bertelsmann”) with its incorporated, fully consolidated subsidiaries (“subsidiaries”) in accordance with sections 315b and 315c of the HGB in conjunction with sections 289b to 289e of the HGB.

Bertelsmann operates in the core business fields of media, services and education in around 50 countries (cf. section “Company Profile”). Responsible conduct – in business, toward employees, in society and in dealing with the environment – is firmly anchored in Bertelsmann’s corporate culture. In its corporate responsibility management, Bertelsmann pursues the goal of reconciling commercial interests with social and environmental concerns within the Group and beyond.

For the purpose of identifying relevant topics and describing concepts, the GRI Standards 2016 specified by the Global Reporting Initiative (in particular standards 102 and 103) were used to produce the Group Non-Financial Statement. In addition, voluntary CR-reporting based on the GRI Standards (2016; Option “core”) will be published by the middle of the financial year.

Company Principles and Guidelines

The prerequisites for a corporate culture in which employees, management and shareholders work together successfully, respectfully and in a spirit of trust are common goals and shared values. These are enshrined in the corporate constitution and in the Bertelsmann Essentials. Furthermore, the Bertelsmann Code of Conduct – as a binding guideline – defines standards for law-abiding and ethically responsible conduct within the company and toward business partners and the public. The sense of purpose embodied in the triad “To Empower. To Create. To Inspire.” also provides orientation for the company’s staff and partners.

Bertelsmann’s actions are also determined by external guidelines. The company largely follows the recommendations of the German Corporate Governance Code for good and responsible corporate governance, and the OECD Guidelines for Multinational Enterprises. Bertelsmann is committed to the principles of the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization core labor standards. Bertelsmann has been a signatory of the United Nations Global Compact since 2008.

Corporate Responsibility Management Organization

The advisory body for the strategic development of corporate responsibility at Bertelsmann is the CR Council. The CR Council, which is made up of the Chief Human Resources Officer (CHRO) and representatives from the corporate divisions, focuses on the Group-wide CR objectives in line with the corporate strategy and the cross-divisional coordination of CR activities within the Group.

At the Group level, the Corporate Responsibility & Diversity Management department coordinates and supports the work of the CR Council in close cooperation with the other Group functions. Within the decentralized Bertelsmann corporate structure, the local management teams are responsible for implementing corporate responsibility through specific CR measures and projects. The corporate divisions and companies have their own structures and processes in place for this, in accordance with local requirements.

Topics

To identify key CR topics, Bertelsmann carries out regular CR relevance analyses. The current analysis was finalized in early 2018. For this analysis, the company conducted a survey of internal and external stakeholders. The external stakeholders estimated the impact of Bertelsmann's business activity on the topics, while the internal stakeholders assessed their business relevance. This made it possible to identify topics of relevance to Bertelsmann relating to environmental, social and employee matters, and respect for human rights, anti-corruption and bribery matters. These topics are analyzed within the company boundaries, unless otherwise stated.

CR topics, including non-financial performance indicators, are not directly relevant to business, and are accordingly not part of Bertelsmann's value-oriented management system. Due to currently only limited measurability, no directly quantifiable statements can be made regarding relevant interdependencies and value increases for the Group. For this reason, the non-financial performance indicators are not used for the management of the Group (cf. section "Value-Oriented Management System").

Risks

A number of risks associated with CR topics is relevant for Bertelsmann. These risks can arise from the company's own business activities or from its business relationships, and can affect the company or its environment and stakeholders.

For the non-financial matters defined in the German Commercial Code – social and employee matters, anti-corruption and bribery matters, respect for human rights and environmental matters – no significant risks were identifiable as part of the 2018 reporting.

For more information on the relevant risks, please see the section "Risks and Opportunities."

Employee Matters

Motivated employees ensure long-term quality, innovation and growth. HR work at Bertelsmann is therefore based on the company's cooperative identity as codified in the corporate constitution and the Bertelsmann Essentials. Supplementary regulations are specified in the Bertelsmann Code of Conduct and the Executive Board guidelines on HR work. The CHRO is primarily responsible for dealing with employee matters within the company. He works closely with the HR managers from the corporate divisions who report directly to him via a dotted-line concept. The focus of his work includes setting the strategic HR agenda, continual development of company partnerships, aligning management development with the Group's strategic priorities, managing recruitment and compensation processes for key Group positions, and standardizing and providing IT support for important HR processes. In 2018, measures were taken to address the following topics.

Participation

Bertelsmann sees continual dialogue between employees and company management as a fundamental prerequisite to the company's success. Although Bertelsmann, as a media company, is free to determine its political direction as defined in the German Works Constitutions Act (Tendenzschutz) and therefore is not subject to statutory co-determination in the Supervisory Board, company employees nevertheless nominate five members to serve on the Supervisory Board of Bertelsmann SE & Co. KGaA on a voluntary basis: four of these are works council members and one is a member of the Bertelsmann Management Representative Committee. In addition, managers, general workforce, employees with disabilities and trainees all have platforms for exchanging ideas, advancing topics and voicing their concerns. The Bertelsmann Group Dialogue Conference is an event where the CEO, CHRO and members of the Corporate Works Council can exchange ideas. Employees are also involved in the development and improvement of working conditions through standardized HR interview tools (Performance and Development Dialogue, Agreements on Objectives, Team Talk), as well as Group-wide employee surveys. In 2018 the company pressed ahead on digitization and focus of employee surveys and made preparations for the next survey in 2019.

Learning

Highly trained employees are needed to overcome major challenges such as the Group's increasingly international focus, the digital transformation of media and services, and demographic change. By providing opportunities for lifelong learning, Bertelsmann helps to secure the long-term employability of its employees. With four different campuses – Strategy, Leadership, Function and Individual – Bertelsmann University is the central learning organization within the company. The most important measures implemented in 2018 included the further development of international programs in the areas of leadership, strategy and transformation, and formats on the topics of creativity and entrepreneurship. In addition to developing new HR programs, an international scholarship program in data science was introduced in 2018. Content of the training and courses offered by Bertelsmann in Germany was expanded to include new challenges in the workplace.

Diversity

For Bertelsmann, diversity of its workforce is a prerequisite for creativity, innovation and long-term business success. The Bertelsmann Diversity Statement adopted in 2018 also emphasized this stance. The diversity strategy is implemented by the Corporate Responsibility & Diversity Management department with support from a Group-wide working group. The focus is on "Gender," "Generations" and "Nationality." The Group Management Committee, which currently consists of 18 members (previous year: 17), includes six women (previous year: 6) and seven nationalities (previous year: 6). To further increase diversity at the management levels, Bertelsmann has sought since 2017 to increase the percentage of women in the talent pools to one-third (Top Management Pool, Senior Management Pool, Career Development Pool). Additional topics are inclusion and sexual orientation and identity. As part of this initiative, work began in 2018 to create a Bertelsmann Inclusion Action Plan and to roll out diversity training courses.

Health

With a view to designing a health-promoting work environment and preventing work-related risks of disease, Bertelsmann is expanding a systematic health management system at German locations. Bertelsmann Health Management has been put in charge of supervising and coordinating the Germany-wide health strategy and associated activities, in conjunction with a cross-functional strategy group. The cross-divisional "Health Community," which is comprised of health experts, works council chairs, Supervisory Board members, HR managers and representatives for employees with disabilities, plays a key role here. Through targeted networking, it also helps to reinforce uniform standards for all German locations. In 2018, another working group was created to accelerate the implementation of health management in the companies.

Fair Working Conditions

At Bertelsmann, remuneration issues are an essential part of the topic of fair working conditions. The policy is to establish consistent and transparent remuneration structures in the Group. The design of the compensation system is intended to ensure that remuneration is driven by market, function and performance, taking into account business-specific characteristics. Employee profit sharing in Germany is based on the same criteria as those used to calculate variable remuneration components for Executive Board members and executives. This includes Bertelsmann and subsidiaries based in Germany, with the exception of RTL Group and Gruner + Jahr. These and many foreign subsidiaries have similar success and profit-sharing models adapted to local requirements. In 2018, a total of €105 million of the 2017 profit was distributed as part of such schemes.

Social Matters

Corporate citizenship is one of the Bertelsmann Essentials and is thus firmly anchored in Bertelsmann's corporate culture. As a good corporate citizen, Bertelsmann is committed to contributing to society and implemented measures in the following areas in 2018.

Creative Independence

Bertelsmann stands for editorial and journalistic independence as well as for freedom of the press and artistic license. Bertelsmann publishes a wide variety of opinions and positions. These basic principles for business activities are set forth in the Bertelsmann Code of Conduct. Bertelsmann interprets this independence in two directions: Inside the company, it means that our management does not attempt to influence the decisions of artists, editors and program managers, or to restrict their artistic or editorial freedom. In accordance with the Bertelsmann "Editor-in-chief Principle," editorial decisions are the sole responsibility of the content managers. To the outside, this means that the company does not capitulate to political or economic influence in its coverage, and complies with existing laws regarding the separation of editorial content and commercial advertising. The result is that the company expects careful research and qualitative reporting, unaffected by fake news and online disinformation. In addition to the Bertelsmann Code of Conduct, many subsidiaries and their editors and creative departments in 2018 continued to implement their own statutes and rules to safeguard editorial and artistic independence in their day-to-day business and to develop these further where necessary. These statutes focus primarily on duties of care, respect for privacy, and dealing with the representation of violence and the protection of minors.

Content Responsibility

Bertelsmann reflects on the repercussions of the content it produces and distributes to protect the rights and interests of media users, customers and third parties as far as possible. Overriding principles and guidelines of media ethics are set by national and international laws governing the press, broadcasting and multimedia; by voluntary commitments to external guidelines such as the ethics codes of national press councils; and within the company by the Bertelsmann Code of Conduct and editorial statutes. In accordance with these principles and guidelines, Bertelsmann's editorial staff are committed to, among other things, "respecting privacy and the responsible treatment of information, opinion and images." In accordance with the "Editor-in-chief Principle," the responsibility for media content lies solely with the content managers in the local editorial teams and creative departments.

In the area of youth media protection, content is monitored at Bertelsmann in accordance with different restrictions for each medium and region to see if it could adversely affect the development of children or young people. In this case, various restrictions come into force, such as broadcasting time restrictions or content and/or product labels. Through voluntary labeling systems Bertelsmann sometimes goes beyond the existing European and national regulations, particularly in the broadcasting industry. Other specifications relating to content responsibility are agreed through supplementary statutes at divisional, company and editorial level.

Customer Data Protection

Bertelsmann attaches great importance to protecting customer data. This includes safeguarding the personal data of individual customers, as well as information about customers that is provided to Bertelsmann by its business partners. The objective of customer data protection

is to protect an individual's right to determine who acquires what knowledge about them, and when. This also means that personal information, or information that could identify a person, must be handled in accordance with legal requirements and adequately protected against unauthorized access. In addition to the Bertelsmann Code of Conduct, customer data protection within the company is regulated by Executive Board guidelines on the topics of information security and IT risk management.

The Executive Board Guideline on Data Protection addresses the data protection framework conditions at Bertelsmann Group based on the European Union's General Data Protection Regulation (GDPR), which went into effect on May 25, 2018, and is designed to ensure consistent data protection management across the Bertelsmann Group. A data protection management system has been in place since 2017. It addresses in particular implementation of the documentation and accountability obligations under GDPR, as well as regulations concerning governance obligations.

Responsibility for customer data protection is decentralized and rests with the management of the individual subsidiaries. To ensure compliance with local laws governing customer data protection, the subsidiaries in Germany have a data protection organization consisting of central data protection officers and local data protection coordinators. The latter report to the local management, as well as annually or on an event-driven basis to the central data protection officers, who in turn report to the Bertelsmann Executive Board. A similar organization exists in subsidiaries outside Germany. An information security management system (ISMS) based on industry-standard ISO 27001 creates the technical framework for confidential data processing. The ISMS features a regular and structured survey to ensure compliance with statutory information security requirements, a systematic recording of risks and the derivation of related mitigation measures.

Protecting Intellectual Property

Bertelsmann's businesses develop, produce, transfer, license, and sell products and services that are protected as intellectual property. For Bertelsmann, the protection of intellectual property rights is the foundation of its business success. For this reason, the company is committed to a high level of global copyright protection worldwide and in the digital world. The Group-wide Taskforce Copyright, with representatives from the relevant corporate divisions, supports current developments in copyright and summarizes its positions in the form of joint papers.

Respect for Human Rights

Through its corporate principles and its voluntary commitment to external guidelines, Bertelsmann is committed to respecting and protecting human rights within the company and in its business relationships. For this reason, the Bertelsmann Executive Board established an Integrity & Compliance program and appointed a Corporate Compliance Committee (CCC). The CCC submits an annual Compliance Report to the Bertelsmann Executive Board and the Audit and Finance Committee. The Integrity & Compliance (I&C) department was created to manage the ongoing day-to-day work and is subordinated to the CCC in the organization. I&C supports the CCC in fulfilling its tasks and makes suggestions for necessary improvements to the I&C program. I&C ensures that employees worldwide are made aware of the key legal provisions and internal company guidelines, including those concerning the respect for human rights, and it implemented the training and communication measures necessary for this in 2018.

Respect for human rights, also within the supply chain, is expressly stipulated by the Bertelsmann Code of Conduct and the Supplier Code of Conduct. This includes the ban on child and coercive labor and the ban on discrimination and intimidation, and it reaffirms the right to freedom of association and the right to engage in collective bargaining. In addition, individual subsidiaries and Bertelsmann itself issued statements in 2018 in accordance with the "UK Modern Slavery Act" that condemn all forms of modern slavery, coercive and child labor, and exploitation and discrimination, and present measures to prevent these human rights violations. These statements are revised each year (if required). At Bertelsmann, violations of this principle may be reported by employees and by third parties via the reporting channels within the existing compliance management system.

In terms of anti-discrimination, contact persons for Germany's "General Equal Treatment Act" (AGG) have been appointed at all German locations. Employees can contact them in the event of suspected breaches of said act. The employees are informed of their rights under the AGG and given corresponding training through a wide range of communication channels. The topic of anti-discrimination was addressed in a Group-wide e-learning program designed to build employee awareness of the issue and advise them of their rights. These activities were continually refined and expanded in 2018.

Anti-corruption and Bribery Matters

Both the Bertelsmann Code of Conduct and the Bertelsmann Executive Board Guideline on Anti-corruption and Integrity expressly prohibit all forms of corruption and bribery. This prohibition also applies to all third parties that work for, with or on behalf of Bertelsmann, as stipulated in the Supplier Code of Conduct. Along with instructions for dealing with officials, and guidelines for the granting or accepting of gifts in the context of business relations, the Anti-corruption and Integrity Guideline prescribes appropriate due diligence processes in dealing with third parties. An appropriate due diligence review is carried out for each individual risk profile through a corresponding risk classification. This Executive Board guideline also describes the channels for reporting suspected violations and seeking advice, as well as other prevention and control measures. The Executive Board guideline for dealing with alleged compliance violations anchors an obligation to report suspected violations of the prohibition of corruption to the Bertelsmann Corporate Center. The topic of corruption prevention is globally managed and further developed by the I&C department. One of the most important measures in 2018 was advising and training executives and employees on anti-corruption and the continued Group-wide rollout of the new e-learning program on this topic conceived in 2017.

Fair Competition and Antitrust Law

Bertelsmann is committed to the principle of fair competition and condemns antitrust violations and anticompetitive behavior. The company acts against any contravention and consults internal or external experts on antitrust and competition issues. The Bertelsmann Executive Board has approved a "Group Guideline for Compliance with Antitrust Regulations." There is an obligation to report any antitrust violations. The Corporate Legal Department offers antitrust training programs to corporate divisions and the management and employees of these divisions. A comprehensive compulsory training program for employees working in antitrust-related areas, which was also implemented in 2018, is intended to identify antitrust risks at an early stage and to prevent antitrust violations.

Environmental Matters

The Bertelsmann Environmental Policy and the Bertelsmann Paper Policy provide guidelines for Group-wide responsible use of natural resources and environmentally friendly energy and material procurement. The environmental commitment extends beyond the individual locations to the supply chain, in particular by selecting and influencing paper suppliers and energy firms. Operational responsibility for energy and environmental management, as well as for implementing measures is decentralized and rests with the management of the individual companies. The international "be green" Working Group with representatives from the Bertelsmann corporate divisions again provided a platform for cross-divisional exchange on environmental topics in 2018. The cooperation will focus on increasing the use of paper from certified or recycled sources and reducing greenhouse gas emissions from the consumption of energy, heat and fuels. Experts from the "be green" Working Group also coordinate the annual collection of key environmental figures, which creates transparency about impacts on the environment and climate and Bertelsmann's environmental performance, and enable the management to derive measures for improvement. In 2018, in parts of the Group, the annual environmental data collection was conducted for the first time with an IT-supported environmental platform, and preparations were made for a rollout in other divisions. The Group-wide environmental key figures are published on the Bertelsmann website.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements of the Bertelsmann SE & Co. KGaA give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the combined management report includes a fair review of the development and performance of the business and the position of the Bertelsmann Group and Bertelsmann SE & Co. KGaA, together with a description of the principal opportunities and risks associated with the expected development of the Bertelsmann Group and Bertelsmann SE & Co. KGaA.

Gütersloh, March 14, 2019

Bertelsmann SE & Co. KGaA
Represented by:
Bertelsmann Management SE, the personally liable partner
The Executive Board

.....
(Thomas Rabe)

.....
(Markus Dohle)

.....
(Immanuel Hermreck)

.....
(Bernd Hirsch)

INDEPENDENT AUDITOR'S REPORT

To Bertelsmann SE & Co. KGaA, Gütersloh

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Bertelsmann SE & Co. KGaA, Gütersloh, which comprise the balance sheet as at December 31, 2018, and the statement of profit and loss for the financial year from January 1 to December 31, 2018, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Bertelsmann SE & Co. KGaA - which is combined with the group management report - including the non-financial group statement pursuant to Section 289b (1) HGB and Section 315b (1) HGB, for the financial year from January 1 through December 31, 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the net assets and financial position of the Company in accordance with [German] principles of proper accounting as of December 31, 2018, as well as its results of operations for the financial year from January 1 to December 31, 2018 and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with the German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial

and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2018. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

- ① Recoverability of shares in affiliated companies and loans to and receivables from affiliated companies (total exposure)

Our presentation of this key audit matter has been structured in each case as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matter:

①

- ① Matter and issue

Shares in affiliated companies of EUR 14,408 million (65.9 % of total assets) and loans to affiliated companies of EUR 1,179 million (5.4 % of total assets) are reported under the "Financial assets" balance sheet item in the Company's annual financial statements. In addition, receivables from affiliated companies of EUR 4,107 million (18.8 % of total assets) are reported under "Receivables and other assets". Together, the carrying amount of the total exposures amounts to EUR 19,694 million (90.0 % of total assets).

Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. Loans to and receivables from affiliated companies are carried at the lower of their nominal amount or fair value.

The fair values are generally calculated based on present values of the expected future cash flows according to the planning projections prepared by the executive directors using discounted cash flow models. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The cash flows are discounted using individually determined costs of capital for the relevant affiliated companies. On the basis of the values determined and supplementary documentation, write-downs amounting in total to EUR 129 million and reversals of write-downs amounting in total to EUR 95 million were required for the fiscal year.

The outcome of these valuation exercises is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the discount rates and rates of growth employed. The valuations are thus subject to material uncertainty. Against this background and due to the highly complex nature of the valuations and their material significance for the Company's net assets and results of operations, this matter was of particular significance in the context of our audit.

② Audit approach and findings

As part of our audit, we reviewed the methodology employed for the purposes of the valuation exercise, among other things. In particular, we assessed whether the fair values had been appropriately determined using a discounted cash flow model in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key planning value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rates applied can have a material impact on the calculated values, we also focused our testing in particular on the parameters used to determine the discount rates applied, and evaluated the measurement model.

In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of properly measuring the shares in affiliated companies and the loans to and receivables from affiliated companies.

③ Reference to further information

The Company's disclosures on the shares in affiliated companies and loans to affiliated companies are contained in section 1 and on the receivables from affiliated companies in section 2 of the notes to the annual financial statements.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements which comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Re-

quired Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual financial statements and the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements and the management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 14, 2018. We were engaged by the supervisory board on August 29, 2018. We have been the auditor of Bertelsmann SE & Co. KGaA, Gütersloh, without interruption since the financial year 2011.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christian Landau.

Bielefeld, March 14, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Christian Landau
Wirtschaftsprüfer
(German Public Auditor)

sgd. Volker Voelcker
Wirtschaftsprüfer
(German Public Auditor)