

PRESS RELEASE

Bertelsmann Grows its Revenues to Nearly €10 Billion in First Half of 2023

- Revenue growth of 4.5 percent to €9.7 billion
- Operating EBITDA continues high at €1.3 billion
- Group restructuring pays off in challenging environment
- BMG, Arvato Group and Education Group deliver strong performance
- Progress across all five strategic growth priorities
- €3.3 billion already invested in the Boost strategy since 2021

Gütersloh, August 30, 2023 – Bertelsmann continued its growth in the first half of 2023 and continues to expect a good overall business performance for the year as a whole. The international media, services, and education company achieved record Group revenues with continued high profitability despite streaming investments, with an operating result (Operating EBITDA) exceeding €1 billion and Group profit of €260 million. BMG, Arvato Group and Bertelsmann Education Group in particular contributed to this development with increases in revenues and earnings. Boost investments totaling €3.3 billion have been made across all divisions since 2021, including €0.8 billion in the first half of 2023 alone.

Bertelsmann’s **Group revenues** increased by 4.5 percent year-on-year to a record €9.7 billion (H1 2022: €9.3 billion). Organic revenue growth was 2.3 percent.

At €1,275 million (H1 2022: €1,429 million), **operating EBITDA** remained at a high level, albeit below the prior-year figure. RTL Group in particular recorded a decline in its operating result due to weak TV advertising markets and higher streaming investments. BMG, Arvato Group, and Bertelsmann Education Group achieved earnings growth in the double-digit millions partly as a result of the Boost investments. In the first half of the year, Bertelsmann paid out inflation compensation bonuses to employees in the mid-eight-figure range.

Group profit amounted to €260 million (H1 2022: €492 million), lower than in the previous year. Reasons included the lower operating result and various restructuring measures, such as the realignment of the publishing division at RTL Deutschland, the realignment of the U.S. business at Penguin Random House, and the gravure site closures at Bertelsmann Marketing Services.

Bertelsmann Chairman & CEO Thomas Rabe said: “We look back on a good first half of 2023 and are happy with Bertelsmann’s business performance. The Group’s transformation, with the establishment of new businesses and, above all, our Boost strategy, is increasingly making itself felt. And so, despite a difficult macroeconomic environment, our company posted record revenues and a high operating result.”

Strategically, Bertelsmann made the following progress along its five growth priorities in the first six months of the current financial year 2023:

National Media Champions

Among the national media champions, RTL Group achieved significant growth in its streaming business. The number of paying subscribers to the streaming services RTL+ in Germany and Hungary and Videoland in the Netherlands rose by 34 percent to more than six million. RTL Deutschland's channels grew in the audience market, further extending their market leadership. In February 2023, RTL Deutschland announced a realignment of its publishing operations to focus in the future on core brands such as Stern, Geo, Brigitte and Gala. Several publishing brands outside the core business were put up for sale, already sold or discontinued. RTL Deutschland secured attractive sports rights until 2027 by extending the exclusive broadcasting and streaming rights for the UEFA Europa League and the UEFA Europa Conference League. RTL Hungary acquired the broadcasting rights for the UEFA Champions League for the first time, starting with the 2024/25 season. In addition, preparations for the start of the NFL game season on RTL Deutschland and the launch of the multimedia app RTL+ were underway in the first half of 2023.

Global content

Bertelsmann invested in the further expansion of its global content businesses. The video production company Fremantle was once again very successful in the entertainment sector with leading entertainment shows in the U.K. and the U.S., as well as with films, series, and documentaries. It also signed first-look deals with Oscar-nominated producers Edward Berger and Amy Berg. In the U.S., Penguin Random House increased its stake in the publisher Sourcebooks to a majority interest, and in so doing acquired the publishing assets of the nonfiction publisher Callisto Media. Both are among the fastest-growing publishers in the U.S. In May, Penguin Random House Grupo Editorial acquired Barcelona-based Roca Editorial, one of Spain's leading independent publishers. Bertelsmann's music subsidiary BMG made 15 acquisitions, including the song catalog of British rock and pop band The Hollies, and a significant share of Paul Simon's music interests, including the rights to royalties from Simon & Garfunkel's recordings.

Global services

The network of locations in Arvato's global services and logistics business was expanded by a total of 120,000m² through the construction of new distribution centers and the expansion of existing ones, especially in the United States and Poland. In addition, Arvato acquired new customers in the healthcare, tech, and fashion sectors. The financial services provider Riverty advanced its development of new and existing business models, including services related to "Mobility-as-a-Service" and "Instore Buy Now Pay Later" solutions. The IT services provider Arvato Systems entered into new partnerships with companies from the energy and utilities sectors, among others. On April 26, the French company Teleperformance announced its intention to acquire all shares in the global customer experience company Majorel. Bertelsmann responded by communicating that it would accept the planned takeover offer for its shares, which amount to 39.5 percent. The takeover is pending an antitrust review. The purchase price for 100 percent of shares in Majorel would be around €3 billion. Bertelsmann's marketing and print businesses have been operating under the new name Bertelsmann Marketing Services since April, and now also include the content agency Territory.

Education

Within the Bertelsmann Education Group, Afya, a leading provider for medical education, training and digital solutions for healthcare professionals in Brazil, continued its growth, driven by higher revenues from tuition and growing student numbers. In addition, there were effects from the acquisition of two medical schools, UNIT Alagoas and FITS Jaboatão dos Guararapes. The acquisition increases the number of medical student places at Afya to 3,163 per cohort. This means that there are currently around 21,000 medical students studying at Afya universities. The learning platform operated by Relias, U.S. leader in online education and training for healthcare professionals, was named Platform of the Year at the EdTech Breakthrough Awards. In April, Alliant University, which specializes in psychology, nursing and teaching programs, opened the new Alliant School of Nursing and Health Sciences in Phoenix, United States, and launched a new Master's degree program in social work.

Investment Portfolio

Bertelsmann Investments (BI) made 18 new and nine follow-on investments in the reporting period through its four investment funds and the Bertelsmann Next division. BI has invested a total of around €1.7 billion in companies and funds to date. The active portfolio consisted of 361 investments as of the reporting date. Through the Bertelsmann Next division, BI invested in the healthcare companies Patient21, DeepC and LighthouseAI. Investments and capital commitments of just under €70 million have already been made in the digital health area since the division was established.

Rolf Hellermann, Bertelsmann's Chief Financial Officer, said: "Bertelsmann expects a positive overall business performance for the full year. We are sharpening our outlook for 2023 and – before any effects of the planned sale of our Majorel shares – expect revenues to increase moderately, while the operating profit is still expected to remain stable."

Thomas Rabe added: "Since 2021, we have already invested €3.3 billion in our Boost strategy. We will continue to implement our Boost plans despite a challenging environment, and to invest five to seven billion euros by 2026, to bring Bertelsmann to an even higher revenues and earnings level."

Figures at a Glance (in € millions)

in € millions	1. half year 2023	1. half year 2022
Group revenues	9,705	9,290
Operating EBITDA divisions	1,352	1,497
Corporate/Consolidation	(77)	(68)
Operating EBITDA	1,275	1,429
EBIT (earnings before financial result and taxes)	509	840
Financial result	(158)	(161)
Earnings before taxes	351	679
Income taxes	(91)	(187)
Group profit or loss	260	492

Economic investments ¹	842	1,115
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	Booth 06/30/2023	Booth 12/31/2022
Economic debt	6,014	4,785

Division	Group revenues		Operating EBITDA	
	1. half year 2023	1. half year 2022	1. half year 2023	1. half year 2022
in € millions				
RTL Group	3,109	3,276	376	610
Penguin Random House	2,098	1,916	258	257
BMG	414	371	90	73
Arvato Group	2,873	2,639	473	446
Bertelsmann Marketing Services	689	757	8	14
Bertelsmann Education Group	430	231	141	74
Bertelsmann Investments ²	205	211	7	23
Total Divisions	9,818	9,401	1,353	1,497
Corporate/Consolidation	(113)	(111)	(78)	(68)
Total Group	9,705	9,290	1,275	1,429

The prior-year figures for Bertelsmann Marketing Services (formerly Bertelsmann Printing Group), Bertelsmann Investments and Corporate have been adjusted. The Arvato division was renamed Arvato Group.

¹After taking into account financial liabilities assumed and purchase price payments for share increases in subsidiaries already fully consolidated.

²The business development/performance of Bertelsmann Investments' venture capital organization is mainly managed on the basis of EBIT. Bertelsmann Investments' EBIT was -€36 million (H1 2022: €29 million).

About Bertelsmann

Bertelsmann is a media, services and education company that operates in about 50 countries around the world. It includes the entertainment group RTL Group, the trade book publisher Penguin Random House, the music company BMG, the service provider Arvato Group, Bertelsmann Marketing Services, the Bertelsmann Education Group and Bertelsmann Investments, an international network of funds. The company has 165,000 employees worldwide and generated revenues of €20.2 billion in the 2022 financial year. Bertelsmann stands for creativity and entrepreneurship. This combination promotes first-class media content and innovative service solutions that inspire customers around the world. Bertelsmann aspires to achieve climate neutrality by 2030.

www.bertelsmann.com

Bertelsmann online



Enquiries:

Bertelsmann SE & Co. KGaA

Jan Hölkemann

Spokesperson / Communications Content Team

Phone: +49 5241 80-89923

jan.hoelkemann@bertelsmann.de