

PRESS RELEASE

Bertelsmann Expands Activities in Growth Regions

- **Further investments planned in BIC countries, Latin America, Africa and Southeast Asia**
- **Increase of stake in renowned Brazilian book publishing group Companhia das Letras announced**
- **Top management concretizes growth strategy at Rio de Janeiro conference**

Gütersloh/Rio de Janeiro, November 5, 2018 – Bertelsmann is expanding the focus of its strategic growth regions. Beyond the BIC nations (Brazil, India, and China), selected investments in countries in Latin America, Africa and Southeast Asia will increasingly be considered in future. This is one result of Bertelsmann’s third Growth Regions Conference, which brought together some 50 executives from the international media, services and education company in Rio de Janeiro this week to discuss strategy.

Besides expanding existing growth businesses, the focus in these regions is on investments in the media, services and education sectors. A few weeks ago, Bertelsmann announced its intention to merge its Customer Relationship Management businesses with Morocco’s Saham Group; the resulting company will have leading market positions in Europe, Africa and the Middle East and a strong presence in Asia. At the conference, Penguin Random House also announced that it would increase its stake in the Brazilian publishing house Companhia das Letras to 70 percent. The Bertelsmann subsidiary thereby consolidates its position as Latin America’s leading book publishing group. With the establishment of the new company Penguin Random House South East Asia next year, the Group will also strengthen its activities in Brunei, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, and Vietnam.

Bertelsmann Chairman & CEO Thomas Rabe said: “Bertelsmann is becoming ever stronger, more digital, more international, and more diversified. The activities in our strategic growth regions contribute significantly to this. Demand for creative and educational offers is growing rapidly in Brazil, India and China, but also in many other countries. We intend to meet this demand. Our recently concluded partnership with the Saham Group provides us with a key to the previously neglected growth markets of the African continent. Many of our businesses are already active in Latin America and Southeast Asia, and we plan to expand these activities even more strongly than before.”

Bertelsmann has already significantly increased its share of fast-growing businesses in the BIC nations over the past few years. The RTL Group subsidiary Fremantle produces local versions of global hit shows such as “Got Talent” in all three countries, BMG is active both in China and Brazil, Arvato is one of Brazil’s leading financial service providers, and the education providers Relias and Udacity are gradually expanding internationally.

Beyond this, one strategic focus in the three countries is on fund investments in innovative digital companies; through its network of funds, Bertelsmann holds investments in 122 start-ups in the BIC states alone.

In **Brazil**, Bertelsmann's investments are focused on building a professional-training network in the healthcare sector. Here, Bertelsmann indirectly holds shares in the NRE Education Group, one of the country's largest university groups specializing in healthcare. Since April of this year, Bertelsmann has also been the majority shareholder of Affero Lab, a leading provider of corporate training.

In **China**, Bertelsmann Asia Investments (BAI) has invested in more than 90 digital companies, many of which are also backed by Alibaba or Tencent, the country's two largest IT groups. Since its inception, the fund has raised more than €370 million from disposals, contributing significantly to Bertelsmann's consolidated earnings/group net income. Ten BAI investments have gone public since the fund was launched in 2008, including the electronics manufacturer Xiaomi this year.

Bertelsmann is using its local fund in **India** to create strategic options for building digital business models. The Group has holdings in Pepperfry, the country's leading online marketplace for furniture, and in the corporate training company Eruditus Executive Education.

Shobhna Mohn, Executive Vice President Growth Regions Strategy and Bertelsmann Investments, added: "Through its corporate divisions as well as its corporate funds, Bertelsmann has established itself in Brazil, India and China as a trusted partner with strong businesses. In the long-term, these are excellent conditions for further growth. At the same time, our successful strategy in the BIC states forms an outstanding basis for us to increasingly expand into further growth regions now. The close exchange between the top executives of the respective countries and divisions is extremely valuable in this connection. Our Growth Regions Conference in Rio de Janeiro provided yet further proof of this."

About Bertelsmann

Bertelsmann is a media, services and education company that operates in about 50 countries around the world. It includes the broadcaster RTL Group, the trade book publisher Penguin Random House, the magazine publisher Gruner + Jahr, the music company BMG, the service provider Arvato, the Bertelsmann Printing Group, the Bertelsmann Education Group and Bertelsmann Investments, an international network of funds. The company has 119,000 employees and generated revenues of €17.2 billion in the 2017 financial year. Bertelsmann stands for entrepreneurship and creativity. This combination promotes first-class media content and innovative service solutions that inspire customers around the world.

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