

PRESS RELEASE

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Bertelsmann Accelerates Growth and Generates Over One Billion in Profits in 2018

- Revenues rise to €17.7 billion, highest since 2007
- Growth platforms generate organic revenue growth of 10 percent
- Digital revenues at nearly 50 percent
- Operating EBITDA on a comparable basis above previous year's level
- Group profit more than €1 billion for the fourth time in a row
- Michelle Obama's memoir "Becoming" sells nearly 10 million copies to date
- Global CRM company Majorel created; education business expanded
- Approx. €300 million invested via funds since 2012; returns of more than €400 million
- Expenditure on creative content at around €6 billion per year
- Further revenue growth and high operating profitability expected

Gütersloh, March 26, 2019 – Bertelsmann further accelerated its growth last year: Driven by the positive development of its digital businesses and creative successes such as Michelle Obama's memoir "Becoming," in 2018 the Group recorded its strongest organic growth in six years. Strategic milestones included the creation of Majorel, a global CRM group, and the continued expansion of the education business. The international media, services, and education company expects continued growth in the current year.

Bertelsmann's revenues for 2018 rose to its highest level since 2007, up by 2.8 percent year-on-year to €17.7 billion (previous year: €17.2 billion) – despite negative exchange-rate effects. The main drivers were RTL Group, which posted a new revenue record, Penguin Random House, BMG, Arvato, and the Bertelsmann Education Group. Organic growth was 2.7 percent. The Group's growth platforms – in particular the digital activities of RTL Group and Gruner + Jahr, Fremantle, BMG, Arvato SCM, Arvato Financial Solutions, and Bertelsmann Education Group – grew organically by 10 percent.

At €2.59 billion, operating EBITDA almost reached the record level of the previous year (€2.64 billion), when Bertelsmann benefited from gains on real-estate sales. On a like-for-like basis, operating profit increased by 4.5 percent or €112 million. In addition to Penguin Random House, BMG, and the Bertelsmann Education Group, the services subsidiary Arvato, which recorded significant earnings growth, developed particularly well.

For the fourth consecutive year, Group profit exceeded the billion-euro mark. At €1.1 billion, it was slightly below the prior-year figure due to higher negative special items. The fund activities pooled in the Bertelsmann Investments division once again made a significant contribution to earnings.

Bertelsmann Chairman and CEO Thomas Rabe said: “2018 was a successful business year for Bertelsmann. We became a faster-growing, more digital, and more international Group. Organic growth is higher than it has been for years, and nearly half of our revenues came from digital activities. Both of these factors demonstrate how far we have come with the Group’s transformation.”

Rabe continued: “This positive development is an expression of various important decisions taken in recent years: RTL Group invested early in the online video and ad-tech business, and is steadily expanding its video-on-demand offerings. Penguin Random House, the world’s largest trade publishing group, demonstrated the company’s unique creative, sales, and marketing power with its globally coordinated release of ‘Becoming.’ Arvato’s outstanding results in the past financial year show that the division’s strategic realignment is a success. A strategic milestone last year in this connection was the announcement of the long-term partnership with the Saham Group in the CRM sector. Our Education division, which we once again massively strengthened with the acquisition of OnCourse Learning last year, also saw a positive development. We will continue to forge ahead with Bertelsmann’s transformation and growth in 2019.”

The **revenue contribution of high-growth businesses** was 34 percent last year (2011: 20 percent). In the next few years it is expected to rise to more than 40 percent. Meanwhile, the share of revenues attributable to structurally declining businesses has fallen from 16 percent in 2011 to around four percent in 2018.

The **revenue share attributable to the Group’s digital activities** increased to 49 percent last year (2011: 30 percent). As a result, Bertelsmann now generates close to half of its total revenues digitally.

The **share of revenues generated outside Europe** last year was 28 percent (2011: 20 percent). In addition to China, India, and Brazil, Bertelsmann’s regional expansion will primarily focus on the United States, Bertelsmann’s second-largest market. Bertelsmann also will increasingly explore future investments in Latin America, Africa and Southeast Asia.

Thomas Rabe emphasized that in 2018 Bertelsmann continued to make progress on its four strategic priorities – strengthening the core, digital transformation, expansion of growth platforms, and expansion in growth regions.

Strengthening the core: In sum, RTL Group’s families of channels maintained their position in the most important TV advertising markets. Penguin Random House placed 481 titles on “The New York Times” weekly bestseller lists. The most successful book of the year was Michelle Obama’s “Becoming,” which has sold nearly 10 million copies, just in the company’s English-, Spanish- and German-language territories to date. Other top titles included “The President is Missing” by Bill Clinton and James Patterson, and “12 Rules for Life” by Jordan B. Peterson. The Group acquired the audiobook publisher DAV in Germany, and Rodale Books in the U.S. Gruner + Jahr launched five new magazines in Germany, including “Guido.” The Ad Alliance, operated jointly with Mediengruppe RTL Deutschland, developed successfully. At the beginning of 2019, Arvato completed the combination of its CRM businesses with those of Morocco’s Saham Group. The new Majorel Group of companies employs around 48,000 people in 28 countries and generates annual revenues of €1.2 billion. The Bertelsmann Printing Group renewed several printing contracts, among them with “Spiegel” magazine.

Digital transformation: RTL Group accelerated the expansion of its video-on-demand activities and relaunched the streaming service TV Now in Germany and other countries. The

combination of SpotX and Smartclip created a leading digital ad sales platform. Penguin Random House expanded its e-book publishing program and recorded growing audiobook revenues. Gruner + Jahr's increased its digital revenues in Germany, partly thanks to the growth of the Applike app discovery platform. Arvato recorded strong growth with services for customers in the IT and tech industries. With their social media offerings, Bertelsmann companies now reach around 2.9 billion followers worldwide.

Growth platforms: Last year, Fremantle benefited from the return of the "American Idol" format and enjoyed international success with series such as "My Brilliant Friend." BMG acquired the music production companies Big Bang & Fuzz and World Circuit, and signed new artists including former Beatles drummer Ringo Starr, Lenny Kravitz, and Yusuf a.k.a. Cat Stevens. Arvato further expanded its SCM and financial services activities. In the education sector, Bertelsmann strengthened its e-learning subsidiary Relias by acquiring OnCourse Learning, one of Bertelsmann's largest transactions in the U.S. in recent years. The online learning provider Udacity expanded its business with corporate customers, and introduced new Nanodegrees on topics such as artificial intelligence.

Growth regions: In 2018, the Group made around 60 new and follow-on investments in young digital companies through its four Venture Capital funds Bertelsmann Asia Investments (BAI), Bertelsmann Brazil Investments (BBI), Bertelsmann India Investments (BII) and Bertelsmann Digital Media Investments (BDMI). Thus, at year-end, Bertelsmann held shares in 189 companies around the world via its funds. Since 2012, the Group has invested around €800 million in young companies through BAI, BBI, BII, and BDMI. During the same period, returns of more than €400 million were generated through divestments. Bertelsmann also strengthened its presence in Brazil last year by acquiring a majority stake in Afferolab, a corporate-training provider, and by increasing its stake in the renowned book publisher Companhia das Letras, effective the beginning of 2019. In India, Penguin Random House acquired the Hindi-language book publisher Hind Pocket Books. The publishing group also expanded into Southeast Asia. BMG grew its activities with signings of local artists in Brazil and China.

Thomas Rabe: "Our responses to competition from the global tech platforms continue to be of high strategic importance for us in the current year. We spend around €6 billion annually on creative content. Our customers are offered high-reach advertising environments, providing brand safety. The focus is on strengthening our tech skills, especially in the areas of Cloud, Data, and Artificial Intelligence. There are numerous specific ways we use these in the Group, and we will massively expand them in the years ahead. In addition, we are striving even more intensively than before for strategic alliances. Within the Group, for example, we created the Bertelsmann Content Alliance in Germany at the beginning of this year, encouraged by our positive experience with the Ad Alliance. It will enable us to further expand our position as the leading content provider in Germany. Together we will create new content and open up unique development and marketing prospects for creative talents. We are also open to external partnerships. Where appropriate, we also work closely with the tech platforms, campaign for a fair, up-to-date regulatory framework, and strengthen our corporate culture, especially creativity and entrepreneurship."

Bertelsmann's investment volume increased in 2018 due to the continued business expansion. Total investments, including assumed financial liabilities, amounted to just under €1.5 billion (previous year: €1.1 billion). In addition to the acquisition of OnCourse Learning, investments were made in property, plant and equipment, film rights, and music catalogs.

Equity increased to €9.8 billion in the past financial year (previous year: €9.1 billion). The equity ratio rose to 38.8 percent (previous year: 38.5 percent).

Net financial debt rose to €3.9 billion (previous year: €3.5 billion), primarily due to the acquisition of OnCourse Learning in Q4 2018. The broader economic debt amounted to €6.6 billion as of December 31, 2018 (previous year: €6.2 billion). Adjusted operating free cash flow amounted to €1.8 billion (previous year: €1.8 billion).

Bertelsmann employees will receive profit-participation totaling €116 million for the past fiscal year (previous year: €105 million).

In accordance with the terms governing the Bertelsmann 2001 profit participation certificate (ISIN DE0005229942), 15 percent on the nominal value is scheduled to again be paid out on May 22, 2019. The payout for the 1992 profit participation certificate (ISIN DE0005229900) will be 7.83 percent (previous year: 8.73 percent).

Bernd Hirsch, Bertelsmann's Chief Financial Officer, said: "Bertelsmann's financial position is solid. We had a good start to this year and, in the first few months of 2019, have already significantly reduced our leverage factor, a dynamic indicator of debt. We are confident for the full year and expect to see higher revenues and continued high operating profitability. Our Group profit should exceed the billion-euro mark for the fifth time in a row."

Other key financials:

Special items

Special items in the 2018 financial year amounted to €-296 million (previous year: €-83 million). Among other things, the increase is attributable to higher restructuring and project costs in connection with the strategic realignment of the CRM activities.

Cash flow

In the reporting period, €1.44 billion (previous year: €1.61 billion) in net cash was generated from operating activities. The adjusted operating free cash flow was €1.75 billion (previous year: €1.82 billion). The adjusted cash conversion rate was 91 percent (previous year: 92 percent).

Total assets

Total assets increased to €25.3 billion (previous year: €23.7 billion) as of December 31, 2018. Cash and cash equivalents amounted to €1.4 billion (previous year: €1.4 billion). Equity rose to €9.8 billion (previous year: €9.1 billion). The equity ratio was 38.8 percent (previous year: 38.5 percent).

Investments

Total capital expenditure, including debt assumed as part of acquisitions, increased to €1.46 billion in the financial year (previous year: €1.12 billion). During the period under review, Bertelsmann's acquisitions included the U.S. online education provider OnCourse Learning. Investments were also made in property, plant and equipment at Arvato, the acquisition of film rights at RTL Group, and of music catalogs at BMG.

Employees

At the end of the 2018 financial year, Bertelsmann employed 117,220 people worldwide. In 2018, 1,279 people were completing apprenticeships at Bertelsmann companies in Germany.

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, RTL 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.

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.

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.

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.”

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.

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 multipartner program. DeutschlandCard celebrated its 10th anniversary in the first half of 2018.

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.

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 in 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 Afferolab, 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.

Overview of figures (in €millions)

	2018	2017
Revenues	17,673	17,190
Operating EBITDA divisions	2,688	2,686
Corporate / consolidation	(102)	(50)
Operating EBITDA continuing operations	2,586	2,636
Special items	(296)	(83)
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

Total investments (including financial debt assumed)	1,461	1,117
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	Balance as of 12/31/2018	Balance as of 12/31/2017
Economic debt	6,619	6,213

Division	Revenues		Operating EBITDA	
	2018	2017	2018	2017
(in € millions)				
RTL Group	6,505	6,373	1,402	1,478
Penguin Random House	3,424	3,359	528	521
Gruener + Jahr	1,440	1,513	140	145
BMG	545	507	122	104
Arvato	4,100	3,823	377	320
Bertelsmann Printing Group	1,639	1,681	85	118
Bertelsmann Education Group	258	189	37	3
Bertelsmann Investments*	12	-	(3)	(3)
Total divisions	17,923	17,445	2,688	2,686
Corporate / consolidation	(250)	(255)	(102)	(50)
Total Group	17,673	17,190	2,586	2,636

*The business development of Bertelsmann Investments is determined primarily on the basis of EBIT. EBIT amounted to €96 million (previous year: €141million).

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 117,000 employees and generated revenues of €17.7 billion in the 2018 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.

Follow us on



For further questions, please contact:

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