



Thomas Rabe
Chairman and CEO of Bertelsmann

Dear Readers, Dear Friends of Bertelsmann,

Bertelsmann continued its positive business performance in the first half of 2019: We made further progress in implementing our strategy and improving our growth profile.

A glance at our key indicators for the first six months of the year illustrates this: At €8.6 billion, our revenues reached their highest level in 12 years. Our growth is increasingly organic. Our growth businesses are a major contributor to this: Collectively, they organically grew their revenues by 10.6 percent to €3.1 billion, and thus generate around 35 percent of our total revenues.

Our operating EBITDA improved significantly to a record level of nearly €1.3 billion. Almost all of our divisions achieved growth, with Penguin Random House and Arvato leading the way.

At €502 million, our Group profit once again exceeded the half-billion-euro mark.

In short, our strategy, which we are pursuing with creativity and entrepreneurship, is bearing fruit. In recent months, we have made further progress on every one of our strategic priorities. Here are just a few highlights:

Strengthening the core: In France, the RTL Group subsidiary Groupe M6 signed an agreement to acquire the children's channel Gulli. Penguin Random House placed 191 titles in the "New York Times" bestseller lists, 21 of them at number one. Gruner + Jahr continued its strategy of building media products around well-known personalities with the new nature magazine "Wohllebens Welt," which features bestselling author Peter Wohlleben. Majorel, the customer-relationship-management company founded at the beginning of the year by Bertelsmann and the Saham Group, had a successful first half of the year. And the Bertelsmann Printing Group has reorganized its global printing business to further strengthen collaboration among the Group's individual companies.

Digital transformation: RTL Group increased its digital revenues in the first half of the current year by 21 percent to €513 million (H1 2018: €424 million). The Group had 1.2 million paying subscribers to its video-on-demand platforms TV Now in Germany and Videoland in the Netherlands at the half-year mark – an increase of 46.2 percent within a year. Gruner + Jahr increased its digital share of total revenues in its core markets of Germany and France to 34 percent. Bertelsmann now reaches around 3.1 billion followers with its social media offerings.

Growth platforms: Fremantle’s successes in the first half included the second season of the drama series “American Gods” and the talent show “America’s Got Talent: The Champions.” BMG continued to benefit from growing global demand for music streaming and further strengthened its position by signing new artists like Richard Marx and acquiring catalogs. Arvato further expanded its logistics and financial services activities. The Bertelsmann Education Group also grew significantly; our e-learning subsidiary Relias, for example, increased its customer base to around 11,200 institutions.

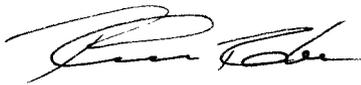
Expansion in growth regions: Our company expanded its global network of startups and funds to 208 shareholdings; Bertelsmann Asia Investments alone made 23 new and follow-up investments in the reporting period. In recent years, Bertelsmann has invested around €1 billion euros in young digital companies and funds through its four funds. The total financial returns to date exceed €600 million. In Brazil, Bertelsmann acquired full ownership of Afferolab, one of the country’s largest providers of corporate training.

We have also stepped up our collaboration activities – both within our Group and with external partners. Examples include the Bertelsmann Content Alliance, launched in February, which creates comprehensive offerings for creative professionals in Germany, and our growing ad-sales alliance, the Ad Alliance. We will continue to work on expanding these partnerships in the months ahead.

At the same time, we will focus even more intensively than before on strengthening our tech skills, especially in the fields of cloud, data and artificial intelligence. We want to become the technologically leading media, services and education company.

I am confident that we will continue on our successful path and very much welcome your continued interest in us!

Yours,



Thomas Rabe