



**Thomas Rabe**  
Chairman and CEO of Bertelsmann

## Dear Readers, Dear Friends of Bertelsmann,

Bertelsmann was extremely successful in the first half of 2021. Revenues grew in the double-digit range and were significantly above the previous year and pre-Corona levels. Our operating result set a new record, and Group profit was the highest in 19 years.

Bertelsmann's consolidated revenues increased by 10.7 percent year on year to €8.7 billion. Organic growth was 16.6 percent, and 7.1 percent compared to the pre-Corona year 2019. Operating EBITDA improved significantly to €1.4 billion compared to €1.0 billion in the first half of 2020 – a new record. At €1.4 billion, net profit already exceeded the €1 billion threshold after six months of the current financial year, the highest figure since 2002.

While delivering this strong business performance, Bertelsmann also advanced the implementation of its five strategic growth priorities, with the following highlights.

### **National Media Champions**

RTL Group and Groupe Bouygues jointly announced the merger of Groupe M6 and Groupe TF1. The deal is expected to close by the end of 2022. The aim is to create a new French media group with a diversified TV, radio, content production and tech portfolio. Similar plans are underway in the Netherlands, where RTL Group and Talpa Network announced their merger in June. The streaming services TV Now in Germany and Videoland in the Netherlands increased their subscriber base by 72 percent to a combined total of more than 3 million paying subscribers. In August, the merger of RTL Deutschland and Gruner + Jahr was announced.

## Global Content

Penguin Random House's acquisition of the Simon & Schuster publishing group, agreed in November 2020, received antitrust clearance from the UK Competition & Markets Authority (CMA) in May. The US regulatory review is ongoing. The Spanish-language book publishing business Penguin Random House Grupo Editorial strengthened its position in the children's, young-adult and Catalan-language book sectors with publishing acquisitions. Barack Obama's "A Promised Land" sold 750,000 copies across all formats in North America in the first half of the year, bringing total sales since publication to almost 5 million copies in North America, and more than 8 million copies worldwide. Penguin Random House also announced the upcoming publications of "Renegades: Born in the USA" by Barack Obama and Bruce Springsteen, and the memoir of Prince Harry, the Duke of Sussex. The production company Fremantle completed three acquisitions or share increases in the first half of the year, and also achieved organic growth of more than 30 percent. In addition, as part of its growth plan, a new Global Factual unit was established to further expand the business with high-quality documentaries. Fremantle is expected to generate annual revenues of €3 billion by the end of 2025. In March 2021, Bertelsmann's music subsidiary BMG and the private equity firm KKR announced an alliance for the acquisition of major music rights packages.

## Global Services

Bertelsmann's global services activities, which are pooled in the Arvato division, again developed dynamically. Arvato Supply Chain Solutions benefited in particular from growth in the IT/tech, consumer products and healthcare sectors, Arvato Financial Solutions in the "pay-after-delivery" segment. Microsoft recognized the IT service provider Arvato Systems as a top partner with 16 gold recognitions and one silver recognition. The global customer experience company Majorel grew significantly in the first half of the year, driven by business with global customers. The Bertelsmann Printing Group enhanced its position in the US with the integration of two production sites acquired in 2020.

## Online Education

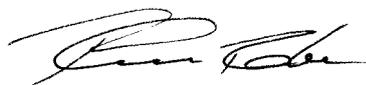
The online courses offered by the e-learning provider Relias and by Alliant International University continued to be in high demand. The online education provider Udacity, in which Bertelsmann owns a stake, also saw growing interest in its Nanodegree courses. In August, Bertelsmann completed the acquisition of 25 percent of the capital shares and 46 percent of the voting rights in the Nasdaq-listed education company Afya in Brazil. This acquisition, which significantly expands Bertelsmann's footprint in the Brazilian education market, has a volume of around €500 million.

## Investment Portfolio

Bertelsmann Investments made 46 new and follow-on investments in the past half-year, mostly via the Bertelsmann Asia Investments (BAI) and Bertelsmann Digital Media Investments (BDMI) funds. In addition, nine exits were completed; Bertelsmann Investments had a total net of 269 holdings as of June 30, 2021.

We expect this positive business performance to continue for the full year 2021. Bertelsmann expects higher revenues overall, continued high operating profitability and Group profit of close to €2 billion.

Yours,



Thomas Rabe