

PRESS RELEASE

Bertelsmann Shows Revenue Increase after Third Quarter of 2023, Surpassing Prior-Year High

- Revenues of € 14.6 billion after nine months
- EUR 1.1 billion invested in Boost strategy in 2023
- Full-year outlook: “Expecting a positive business performance overall.”

Gütersloh, November 08, 2023 – Bertelsmann’s Group revenues increased by 1.9 percent to €14.6 billion in the reporting period (previous year: €14.4 billion). Organic growth amounted to 0.8 percent. The main contributors to this growth were Penguin Random House, BMG, the Arvato Group’s services businesses and the Bertelsmann Education Group. The significant increase in revenues from these businesses more than compensated for the lower revenues in the TV business, which were partly due to weaker TV advertising markets.

Bertelsmann Chairman & CEO Thomas Rabe said: “Despite an overall social situation that continues to be challenging, a circumstance that is particularly felt in our TV advertising business, we have achieved a new revenue record. The Group’s broad positioning and our Boost strategy are increasingly showing their effect. Our Boost investments alone amounted to EUR 1.1 billion in the 2023 financial year to date.”

Bertelsmann will invest five to seven billion euros by 2026 to take its businesses to an even higher revenue and earnings level. Since 2021, € 3.6 billion have already been invested under the Boost strategy.

Highlights from the divisions:

RTL Group recorded a 6.9 percent decline in revenues, mainly due to a significantly weaker advertising market environment and lower revenues in the production business. Meanwhile, streaming revenues developed very positively, increasing by 21 percent, fueled by strong growth in the number of subscriptions. By the end of September 2023, RTL Group had 6.2 million paying subscribers for its streaming services RTL+ in Germany and Hungary, and Videoland in the Netherlands, an increase of 30 percent compared to the end of September last year.

Penguin Random House’s top-selling title, and the bestselling book across the publishing industry, for the first nine months of 2023 was “Spare” by Prince Harry. Other major successes included “Lessons in Chemistry” by Bonnie Garmus, Peter Attia’s “Outlive”, and “Atomic Habits” by James Clear. New bestsellers in the third quarter include picture books by Matthew McConaughey and Amanda Gorman. In October, Penguin Random House published Arnold Schwarzenegger’s #1 bestselling “Be Useful: Seven Tools For Life”, followed by the publication of Barbra Streisand’s memoir “My Name Is Barbra” in November.

BMG achieved significant growth and announced that it would handle itself the digital distribution of its artists' music in the future. BMG expanded its stake in the music interests of Eurodance chart-toppers Snap! and took over the recordings catalog of the Australian rock band Jet. New contracts were signed with global superstar Jennifer Lopez (recordings and publishing) and the legendary Sex Pistols (publishing). The most successful releases in the publishing sector include projects by the Rolling Stones as well as recordings from Jelly Roll, Kylie Minogue, and Jason Aldean.

Arvato Group continued its positive performance in the third quarter, opening two large new distribution centers in the U.S. and Spain, Arvato Systems acquired new customers in the media and energy sectors, and Riverty intensified its partnership with Berlin's public transport operator Berliner Verkehrsbetriebe. In April 2023, Teleperformance announced its intention to acquire all shares in Majorel by way of a voluntary takeover bid. Bertelsmann announced that it would accept the planned takeover bid for its Majorel shares.

Bertelsmann Marketing Services faced difficult market conditions in the printing businesses, and a further weakening of demand across nearly all segments. In contrast, the Group's marketing businesses continued to grow despite declining advertising budgets.

Bertelsmann Education Group benefited from the continued favorable market developments for online education and training in the healthcare sector. Alliant opened its new nursing campus in Phoenix, Arizona (USA), and Afya completed the acquisition of two medical schools in Brazil, UNIT Alagoas and FITS Jaboaão dos Guararapes. This increases Afya's number of medical students to more than 20,000 as of September 2023.

Bertelsmann Investments (BI) has made 40 new and follow-on investments since the beginning of the year and had 370 holdings in companies and funds at the end of September. In the Bertelsmann Next unit, €90 million has been invested in the digital healthcare market since 2022; in the reporting period, this included the AI start-up Quant Health. BI also strengthened its Bertelsmann Next company EMBRACE, in particular, through the acquisition of Studyflix, the largest free online learning and career platform for pupils and students in German-speaking countries.

Rolf Hellermann, Chief Financial Officer of Bertelsmann, said: "Overall, we expect a positive business performance for the full year 2023. On a like-for-like basis, we continue to expect a moderate increase in Group revenues and a stable operating result overall. Due to the absence of Majorel's contribution to the Group's revenues and operating result as of November, following the sale of our shareholding, we expect revenues to remain stable year-on-year, and operating EBITDA to decline slightly."

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.

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