



Thomas Rabe
Chairman and CEO of Bertelsmann

Dear Readers, Dear Friends of Bertelsmann,

The first half of 2020 was dominated by the coronavirus pandemic, which, since its outbreak in China, has been a challenge for us as a globally active company. Bertelsmann accepted the challenge, and our measures to counter the economic effects of the pandemic are bearing fruit. We have increased our reach and market share in the TV market and expanded our growth businesses. We have partially offset the decline in advertising revenues through our countermeasures, thanks to the diversified positioning of our Group's portfolio and the high proportion of digital business models. Book publishing, the music business, Arvato's services businesses and the education business have proven to be particularly robust. The first signs of stabilization are also emerging: Ad bookings at RTL Group are picking up again, and the advertising markets are showing signs of recovery.

Specifically, Bertelsmann generated revenues of €7.8 billion in the first six months of 2020, compared to €8.6 billion in the same period last year, and operating EBITDA of over €1 billion. Net income amounted to €488 million. In the first six months of 2019, the figure was €502 million.

Bertelsmann took effective measures against the pandemic all over the world, early on and at every level. Every effort was made to protect employees. About 70 percent of employees worked productively from home; concurrently, strict hygiene standards were introduced at the plants and distribution centers. In the course of taking countermeasures, the Executive Board secured Bertelsmann's liquidity. To reduce the outflow of funds, cost measures were initiated and investments reduced without impairing the substance of the businesses. At the same time, the Annual General Meeting of Bertelsmann resolved to suspend dividend payments in fiscal year 2020. In sum, Bertelsmann is creatively, operationally and financially well prepared for a post-pandemic world.

All economic challenges notwithstanding, the first half of 2020 was a time of strategic progress. To **strengthen our core**, we fully acquired Penguin Random House – another milestone in the almost 200-year history of the book business at Bertelsmann. RTL Group gained market share in its core markets, and the internationalization of the Bertelsmann Content Alliance was further advanced.

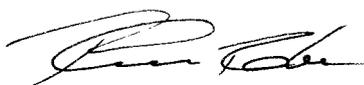
As the **digital transformation** of our businesses continued, the RTL streaming services TV Now in Germany and Videoland in the Netherlands recorded a 45 percent increase in paying subscribers to 1.77 million. At Penguin Random House, the digital availability of most books, newly expanded digital formats for its authors, and digitally strengthened state-of-the-art book distribution proved to be a competitive advantage in times of lockdowns to meet the growing demand for books. Throughout the Group, the technical prerequisites for working from home were established.

Among our **growth platforms**, BMG recorded organic growth of 4 percent, thanks to the increase in music streaming. Arvato Supply Chain Solutions grew its global network of locations by opening new distribution centers and expanding existing ones in locations including the United States, Russia and Turkey. In May, the information service provider Experian acquired a majority stake in Arvato Financial Solutions' risk-management business in order to strengthen its joint market position. Our education business benefited from the increased demand for online training and education.

Our network of holdings, primarily in the **growth regions**, grew to more than 240 companies and funds. Alongside 15 new investments through the BAI and BDMI funds, there were also divestments or partial sales of individual holdings.

We will continue on the course set in the first half of 2020 so that we can successfully complete the year.

Yours,



Thomas Rabe