

PRESS RELEASE

Bertelsmann Grows Group profit by more than 25 percent to €1.3 Billion in 2023

- Revenues at previous year's record level of €20.2 billion
- Operating EBITDA adjusted at €3.1 billion
- Equity exceeds €15 billion
- Expansion of the Group strategy
- Boost investments of €1.4 billion

Gütersloh, March 26, 2024 – The annual revenues generated by the international media, services, and education company Bertelsmann exceeded the €20 billion mark for the second consecutive year. Thus, it remained at the previous year's record level despite the sale of the shares in the customer experience company Majorel in November 2023, and a challenging environment in the TV business.

Bertelsmann Chairman & CEO Thomas Rabe commented: "We look back on a good financial year 2023. We grew our Group profit by more than 25 percent to 1.3 billion euros. This put it above one billion euros for the ninth consecutive year. In a persistently challenging economic environment, Bertelsmann benefited from the broad positioning and growth impetus of our Boost strategy – in 2023 alone, our Boost investments amounted to €1.4 billion. Revenue growth, especially in our book publishing, music and education businesses, was offset especially by declining revenues from TV advertising."

At €20.2 billion, down by -0.4 percent, Bertelsmann's **Group revenues** remained stable year-on-year (previous year: €20.2 billion). Organic growth amounted to 0.8 percent.

Operating EBITDA adjusted, at €3.1 billion, remained at the previous year's high level (previous year: €3.2 billion). Earnings growth in Bertelsmann Education Group's education business, and Arvato Group's services businesses largely compensated for the decline in RTL Group's earnings.

At €1.3 billion, **Group profit** once again exceeded the billion-euro threshold, and was up €0.3 billion year-on-year (previous year: €1.1 billion). This was due in particular to the profit from the sale of the Majorel shares.

Bertelsmann's **equity** increased to €15.2 billion in the past financial year (previous year: €15.0 billion). This corresponds to an equity ratio of 46.5 percent (previous year: 45.8 percent).

In 2023, Bertelsmann continued to make good progress with its strategic growth priorities – **National Media Champions, Global Content, Global Services, Education**, and the **Investment Portfolio**.

Thomas Rabe emphasized: "In 2021 and 2022, Bertelsmann had to cancel four planned corporate transactions, three due to the opposition of the antitrust authorities. We subsequently found good alternative strategic solutions: Our French TV group Groupe M6 extended the broadcasting license for its main channel, announced an investment program

and ambitious growth targets for its streaming service M6+, and acquired the broadcasting rights for the 2026 and 2030 FIFA World Cups. In December 2023, RTL Group agreed to the sale of RTL Nederland to DPG Media for €1.1 billion combined with a comprehensive strategic partnership. Penguin Random House acquired a total of ten publishers in 2023, including a majority stake in the fast-growing U.S. publisher Sourcebooks. And finally, Bertelsmann sold its shares in the customer experience company Majorel to the market leader Teleperformance for around one billion euros.”

National Media Champions

RTL Group counted 5.6 million paying subscribers for its streaming services RTL+ in Germany and Hungary and M6+ in France, a 31-percent increase compared to the previous year. The channels RTL and Vox were the #1 and #2 most popular commercial channels in Germany and are the market leaders in the advertisers’ preferred demographic. By renewing the exclusive broadcasting and streaming rights for the UEFA Europa League and the UEFA Europa Conference League, RTL Deutschland secured attractive sports rights through 2027. RTL Hungary acquired the broadcasting rights for the UEFA Champions League for the first time, starting with the 2024/25 season.

Global Content

The video production company Fremantle scored great successes with its entertainment shows, films, series, and documentaries. Fremantle subsidiary Element Pictures scooped up eleven Academy Award nominations and won four Oscars for “Poor Things” starring Emma Stone. In all, Fremantle received 145 awards. Penguin Random House increased its stake in U.S. publisher Sourcebooks to 53 percent, and acquired the publishing assets of U.S. nonfiction publisher Callisto Media. Both are among the fastest-growing publishers in the U.S. One of the year’s biggest bestsellers in the U.S. was “Spare” by Prince Harry, where it sold more than three million copies, and six million sold worldwide by Penguin Random House and its affiliated publishers. Bertelsmann’s music subsidiary BMG made 30 catalog acquisitions and acquired the song catalog of the British rock and pop band The Hollies as well as a significant share of Paul Simon’s music holdings, including the rights to royalties from Simon & Garfunkel’s recordings.

Global Services

The logistics service provider Arvato opened three new distribution centers in the U.S., Spain, and Poland; Arvato Systems acquired new customers in the healthcare and energy sectors, and the financial services provider Riverty deepened its customer partnerships with EasyPark, among others. The global customer experience service provider Majorel, in which Bertelsmann owned a 39.5 percent stake, and which the Group fully consolidated for the first ten months of the year, also grew dynamically in the past financial year and further expanded its relationships with clients in the Internet/High-Tech, Banking/Insurance, Energy/Utilities and Tourism sectors, among others. At the beginning of November, the French company Teleperformance reported the completion of the voluntary public takeover bid for all Majorel shares it had announced at the end of April. Bertelsmann transferred its shares, and received a cash price of €685 million and around four percent of Teleperformance’s shares in return.

Education

The Bertelsmann Education Group benefited from Afya’s dynamic growth. The Nasdaq-listed education company is a leading provider of medical education and training, as well as digital solutions for doctors in Brazil. Besides the organic expansion of its business, Afya continued its acquisition strategy, purchasing two medical universities. The acquisition increased the number of medical student seats at Afya to 3,163 per year. This means that around 21,500 medical students are currently enrolled at Afya’s universities. In addition, the e-learning provider Relias, which specializes in education and training in the healthcare sector, and the

vocationally oriented Alliant International University expanded its portfolios and also increased the number of customers, and students.

Investments

Bertelsmann Investments made 35 new and 16 follow-on investments in companies and funds in the past financial year, bringing the total number of its active investments to 363. 69 of these are investments in AI-focused companies. Bertelsmann Next is driving the development of new growth industries and lines of businesses and strengthened its commitment in 2023, particularly in the Digital Health business, through various direct and follow-on investments, and in the HR Tech business area, through acquisitions such as Studyflix, the largest career platform for pupils and students in German-speaking countries. Since the start of its fund activities in 2006, around €1.9 billion has been invested in some 500 innovative companies and funds through the network of funds, and Bertelsmann Next's activities.

In order to position the Group well for the future, Bertelsmann is expanding its corporate strategy, and intends to drive growth in four directions in the future.

Thomas Rabe says: "We have already invested 3.9 billion euros in our Boost plans since 2021. The target is a total of five to seven billion euros by the end of 2026. The second thrust of our strategy, 'Next', is about building up new lines of business with a long-term revenue potential of around one billion euros. We see great opportunities here, particularly in the digital healthcare business in the U.S. The third thrust, 'Breakout', is about expanding existing businesses and extending their value chains by merging with other companies, for example in the education sector. And the fourth thrust, 'Regional Boost', is about expanding our businesses in particularly promising regions. In addition to the U.S., which will contribute the highest share of our Group revenues in a few years' time, the focus is on Brazil, Mexico and India."

Rolf Hellermann, Bertelsmann's Chief Financial Officer, says: "Bertelsmann's financial position is solid. For the current financial year 2024, we expect a moderate increase in revenues and earnings in our continuing operations. Due to the already completed sale of Majorel, and the planned sales of RTL Nederland and DDV Mediengruppe, we expect to see a sharp decline in revenues and earnings."

Thomas Rabe continues: "Due to the sale of Majorel and the planned sale of RTL Nederland, we are adjusting our revenues and earnings targets for 2026, and now expect Group revenues of around 21 billion euros, and operating EBITDA adjusted to around 3.4 billion euros. This does not include potential growth from Breakout-investments and regional boosts. The sale of Majorel and planned sale of RTL Nederland provides us with considerable additional funds for investments and growth."

Bertelsmann employees will receive profit shares and bonuses totaling € 74 million for the past financial year 2023 (previous year: € 63 million).

For Bertelsmann Profit-Participation Certificate 2001 (ISIN DE0005229942), another dividend of 15 percent of the base amount is expected to be distributed on May 7, 2024 in accordance with the terms and conditions of the profit participation certificate. The distribution for the 1992 profit participation certificate (ISIN DE0005229900) will be 6.01 percent (previous year: 5.18 percent).

Other Key Financials at a Glance:

Special items

Special items from continuing operations in the 2023 financial year amounted to €-88 million (previous year: €-562 million).

Leverage factor

At 1.8 (previous year: 1.8), the leverage factor remained well below the defined upper limit of 2.5 in the reporting period.

Cash flow

Cash flow from operating activities amounted to €1.9 billion (previous year: €1.4 billion).

Total assets

Total assets as of December 31, 2023 decreased to €32.6 billion (previous year: €32.8 billion). Cash and cash equivalents amounted to €3.0 billion (previous year: €3.2 billion).

Employees

At the end of FY 2023, the Group employed 80,418 people worldwide (previous year: 164,691). The lower headcount is primarily due to the sale and deconsolidation of Majorel.

Overview of Figures (in € millions)

	2023	2022
Group revenues	20,169	20,245
Operating EBITDA adjusted divisions	3,258	3,311
Corporate / Consolidation	140	119
Operating EBITDA adjusted Continuing Operations	3,119	3,192
Special items	-88	-562
Financial result	-337	-258
Earnings before taxes Continuing Operations	1,563	1,295
Income tax expense	-237	-246
Earnings after taxes from Continuing Operations	1,326	1,049
Earnings after taxes from Discontinued Operations	-	3
Group profit	1,326	1,052

Economic investments*	1,583	2,168
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	Balance as of 12/31/2023	Balance as of 12/31/2022
Economic debt	4,713	4,785

Division (in € millions)	Revenues		Operating EBITDA adj.	
	2023	2022	2023	2022
RTL Group	6,854	7,224	1,173	1,323
Penguin Random House	4,532	4,223	664	666
BMG	905	866	194	195
Arvato Group	5,476	5,564	895	877
Bertelsmann Marketing Services	1,317	1,572	29	21
Bertelsmann Education Group	876	622	283	192
Bertelsmann Investments**	432	411	21	37
Total Divisions	20,392	20,482	3,258	3,311
Corporate / Consolidation	-223	-237	-140	-119
Total Group	20,169	20,245	3,119	3,192

* After accounting for the financial liabilities assumed and purchase price payments for increases in shares in subsidiaries already fully consolidated.

**The venture capital organizations of Bertelsmann Investments is mainly managed on the basis of EBIT. Bertelsmann Investments' EBIT was €-219 million (previous year: €-51million).

About Bertelsmann

Bertelsmann is a media, services and education company with more than 80,000 employees 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 generated revenues of €20.2 billion in the 2023 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.

www.bertelsmann.com

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