

Entrepreneurship and Creativity



BERTELSMANN

At a Glance
2017

Key Figures (IFRS)

| in € millions | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|--------|--------|--------|--------|--------|
| Business Development | | | | | |
| Group revenues | 17,190 | 16,950 | 17,141 | 16,675 | 16,179 |
| Operating EBITDA | 2,636 | 2,568 | 2,485 | 2,374 | 2,311 |
| EBITDA margin in percent ¹⁾ | 15.3 | 15.2 | 14.5 | 14.2 | 14.3 |
| Bertelsmann Value Added (BVA) ²⁾ | 163 | 180 | 180 | 211 | 298 |
| Group profit | 1,198 | 1,137 | 1,108 | 572 | 885 |
| Investments ³⁾ | 1,776 | 1,262 | 1,293 | 1,601 | 1,997 |
| Consolidated Balance Sheet | | | | | |
| Equity | 9,119 | 9,895 | 9,434 | 8,380 | 8,761 |
| Equity ratio in percent | 38.5 | 41.6 | 41.2 | 38.9 | 40.9 |
| Total assets | 23,705 | 23,794 | 22,908 | 21,560 | 21,418 |
| Net financial debt | 3,479 | 2,625 | 2,765 | 1,689 | 681 |
| Economic debt ⁴⁾ | 6,213 | 5,913 | 5,609 | 6,039 | 4,216 |
| Leverage factor | 2.5 | 2.5 | 2.4 | 2.7 | 2.0 |
| Dividends to Bertelsmann shareholders | 180 | 180 | 180 | 180 | 180 |
| Distribution on profit participation certificates | 44 | 44 | 44 | 44 | 44 |
| Employee profit sharing | 105 | 105 | 95 | 85 | 101 |

Figures prior to 2016 are the most recently reported previous year's figures. The previous year's figures for Bertelsmann Value Added and Investments have been adjusted. Details are presented in the "Alternative Performance Measures" section in the Combined Management Report.

The figures shown in the table are, in some cases, so-called Alternative Performance Measures (APM), which are neither defined nor described in IFRS. Details are presented in the "Alternative Performance Measures" section in the Combined Management Report.

Rounding may result in minor variations in the calculation of percentages.

1) Operating EBITDA as a percentage of revenues.

2) Bertelsmann uses BVA as a strictly defined key performance indicator to evaluate the profitability of the operating business and return on investment. Bertelsmann Value Added is determined without taking into account the Bertelsmann Investments division and thus follows the definition applicable beginning in 2018.

3) Taking into account the financial debt assumed and payments from transactions with non-controlling interests without a change of control.

4) Net financial debt less 50 percent of the par value of the hybrid bonds plus pension provisions, profit participation capital and the present value of operating leases.

Our Global Success Story of Entrepreneurship and Creativity

Bertelsmann is a media, services and education company that operates in about 50 countries around the world. It includes the broadcaster RTL Group, the trade book publisher Penguin Random House, the magazine publisher Gruner + Jahr, the music company BMG, the service provider Arvato, the Bertelsmann Printing Group, the Bertelsmann Education Group and Bertelsmann Investments, an international network of funds. The company has 119,000 employees and generated revenues of €17.2 billion in the 2017 financial year. Bertelsmann stands for entrepreneurship and creativity. This combination promotes first-class media content and innovative service solutions that inspire customers around the world.



www.bertelsmann.com

Interactive Online Report

The Bertelsmann Annual Report can also be accessed online at: ar2017.bertelsmann.com

As well as company information and an extensive financial section, the online report offers many extra features, including several videos and extracts.

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Thomas Rabe
Chairman and CEO of Bertelsmann

Dear Readers, Dear Friends of Bertelsmann,

2017 was a good year for Bertelsmann. We again increased our revenues and results, and made further progress in executing our strategy. The goal is to give our company a faster-growing, more digital, more international and more diversified setup. This direction is documented in the present Annual Report.

Supported by organic growth of 1.7 percent, our revenues increased to €17.2 billion. The share of revenue generated by the growth businesses we established and expanded in recent years improved to 32 percent (previous year: 30 percent); organically, these businesses grew by 5 percent in 2017.

Operating EBITDA reached a new high at over €2.6 billion; earnings growth was achieved in particular by RTL Group, BMG and the Bertelsmann Education Group. At €1.2 billion, Group net income again exceeded the high level of the previous year.

One highlight of 2017 was the expansion of our shareholding in the world's largest trade book publishing group, Penguin Random House. The book publishing business has been part of our company's identity for more than 180 years. After this transaction, we now own strategic majorities in all our divisions.

To **strengthen our core** businesses, RTL Group's families of channels renewed key programming contracts – such as Formula 1 in Germany, and the broadcasts of the FIFA World Cup matches in France – and expanded its advertising market shares in both countries. Gruner + Jahr launched new magazines, such as "Hygge." Arvato renewed its contracts with important customers, and the Bertelsmann Printing Group's operations saw good capacity utilization over the course of the year.

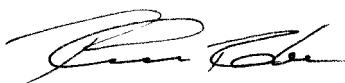
We continued to invest in the **digital transformation** of our businesses. RTL Group fully acquired the ad-tech provider SpotX and, with its overall digital activities, generated revenues of around €826 million in 2017, a year-on-year increase of 23 percent. Gruner + Jahr's digital revenues also saw considerable growth in its core markets, Germany and France. Arvato recorded growth in its services to clients in the digital domain. Bertelsmann's companies now reach more than 2.4 billion followers worldwide with their social media offerings.

Our **growth platforms** are now so strong that we will increasingly develop them organically in the future. Fremantle Media recorded international audience successes in 2017 with the series "American Gods." BMG acquired the BBR Music Group and signed renowned artists, and Arvato continued to expand its e-commerce and financial services. Our e-learning subsidiary Relias grew organically and through acquisitions, while the Udacity online education platform increased its number of students thanks to new Nanodegrees.

In our **growth regions**, our funds made various investments in innovative companies; Bertelsmann now owns stakes in more than 100 companies worldwide. In Brazil, Arvato increased its stake in the financial services provider Intervalor.

All these activities are an expression of the commitment and dedication of our employees around the world. Their entrepreneurial spirit and your creativity will continue to be the driving forces that empower us to continue on our successful path.

I look forward to your continued interest in our company's progress and performance.



The Bertelsmann Executive Board



Immanuel Hermreck

Bernd Hirsch

Thomas Rabe

Anke Schäferkordt

Markus Dohle

Thomas Rabe

Member of Bertelsmann's Executive Board since January 1, 2006.
Chairman and Chief Executive Officer of Bertelsmann, Gütersloh, since January 1, 2012.
Born on August 6, 1965, in Luxembourg.

Markus Dohle

Member of Bertelsmann's Executive Board since June 1, 2008.
Chief Executive Officer of Penguin Random House, New York.
Born on June 28, 1968, in Arnsberg (Germany).

Immanuel Hermreck

Member of Bertelsmann's Executive Board since January 1, 2015.
Chief Human Resources Officer of Bertelsmann, Gütersloh.
Born on March 22, 1969, in Rheda-Wiedenbrück (Germany).

Bernd Hirsch

Member of Bertelsmann's Executive Board since April 1, 2016.
Chief Financial Officer of Bertelsmann, Gütersloh.
Born on July 24, 1970, in Ellwangen (Germany).

Anke Schäferkordt

Member of Bertelsmann's Executive Board since April 19, 2012.
Chief Executive Officer of Mediengruppe RTL Deutschland, Cologne.
Born on December 12, 1962, in Lemgo (Germany).

The Bertelsmann Group Management Committee

The Group Management Committee (GMC) advises and supports the Executive Board on important issues of corporate strategy and development and other enterprise-wide topics. It is composed of the members of the Bertelsmann Executive Board and select executives from the Bertelsmann Group. The GMC reflects Bertelsmann's diversity and internationality, as well as its most important markets. It is led by Thomas Rabe.



Thomas Rabe
Chairman and Chief Executive Officer
of Bertelsmann



Markus Dohle
Chief Executive Officer
of Penguin Random House



Bert Habets
Chief Executive Officer
of RTL Group



Axel Hentrei
Chief Executive Officer
of Bertelsmann Printing Group



Immanuel Hermreck
Chief Human Resources Officer
of Bertelsmann



Bernd Hirsch
Chief Financial Officer
of Bertelsmann



Julia Jäkel
Chief Executive Officer
of Gruner + Jahr



Kay Krafft
Chief Executive Officer
of Bertelsmann Education Group



Andreas Krohn
Chief Executive Officer
of Arvato CRM Solutions



Annabelle Yu Long
Chief Executive Officer
of Bertelsmann China Corporate Center and
Managing Partner of Bertelsmann Asia Investments



Hartwig Masuch
Chief Executive Officer
of BMG



Madeline McIntosh
Chief Executive Officer
of Penguin Random House U.S.



Gail Rebeck
Board Member
Penguin Random House



Anke Schäferkordt
Chief Executive Officer
of Mediengruppe RTL Deutschland



Frank Schirrmeister
Chief Executive Officer
of Arvato SCM Solutions



Karin Schlautmann
Executive Vice President Corporate Communications
of Bertelsmann



Nicolas de Tavernost
Chairman of the Executive Board
of Groupe M6

The Four Strategic Priorities

Bertelsmann pursues four strategic priorities in transforming itself into a faster-growing, more digital, more international and more diversified company. In recent years, the company invested more than €4.6 billion in digital and high-growth businesses, and is pursuing their expansion with an increasing focus on organic growth. Along with this, Bertelsmann is increasingly opening new lines of business that benefit from digitization, the growing demand for education and growing consumption in countries such as Brazil, China and India. At the core of the value creation of all its businesses, Bertelsmann focuses especially on the innovative power of creativity.

Strengthening the Core

Digital Transformation

Building and Developing Growth Platforms

- Digital businesses of RTL Group
- Fremantle Media
- Digital businesses of Gruner + Jahr
- BMG
- Arvato SCM Solutions
- Arvato Financial Solutions
- Bertelsmann Education Group
- Bertelsmann Investments

Growth Regions

especially Brazil, China and India

The Four Strategic Goals

Bertelsmann strives to create a faster-growing, more digital, more international and more diversified Group portfolio. Besides strengthening existing activities, this involves stepping up the development of new lines of business and regional markets that ensure a broader overall revenue structure.

Higher Growth

Share of Group revenues contributed by growth businesses



More Digital

Digital revenue share in Group revenues



More International

Share of Group revenues generated outside Europe



More Diversified

Number of business divisions



Interview with Thomas Rabe

“Bertelsmann is growing by its own strength again.”

Mr. Rabe, Bertelsmann is pursuing the four strategic goals of becoming a faster, more digital, more international and more diversified company. What progress did you make on this in 2017?

We again made significant progress. Our growth businesses – Fremantle Media, the digital activities of RTL Group and G+J, BMG, Arvato SCM, Arvato Financial Solutions and the Bertelsmann Education Group – collectively achieved organic growth of 5 percent in 2017. They now contribute about one-third of our total revenues. In 2011, it was 20 percent. So, we are improving by about two percentage points a year. In the medium term, the share these businesses contribute to our Group revenues should rise to 40 percent.

Meanwhile, we reduced the revenue share attributable to structurally declining businesses from 16 percent (2011) to around 4 percent. Overall, Bertelsmann's organic growth has improved steadily in recent years. Bertelsmann is growing by its own strength again.

What about the other goals?

The revenue share generated by our digital activities increased to 46 percent in 2017. Here, we'd like to get to over 50 percent in the coming years, so the target is already in sight.

We generated 27 percent of our revenues outside Europe last year, a 20 percent improvement over 2011.

And our structure with eight divisions demonstrates that we have become much more diversified. In the past few years, we've added new lines of business such as education. Since the shareholding increase in Penguin Random House to a three-quarters majority last October, we own majorities in all of our businesses: 75 percent of RTL Group and Penguin Random House, and 100 percent of all other divisions.

“Creativity is more important than ever in the age of digitization.”

You mention last year’s Penguin Random House transaction – how important is the book business for Bertelsmann?

The book business has been part of our company’s identity for more than 180 years. Bertelsmann has the most diversified creative offer of any company in the world – and the book business stands as a symbol for this. Penguin Random House publishes about 15,000 new books a year, and we have a large number of Nobel Prize winners and renowned authors on our roster such as Dan Brown, Margaret Atwood, Salman Rushdie and the Obamas.

How important is creativity in this age of data and algorithms?

I firmly believe that creativity is more important than ever in the age of digitization. Bertelsmann spends more than five billion euros a year on creative offers of all kinds, including videos, books, magazines, music and services. Simply put, creativity is the foundation of our businesses.

Digitization makes it possible to reach a global audience with our services. For example, the series “American Gods” from our subsidiary Fremantle Media has been broadcast on Amazon Prime in more than 200 countries. It is important that we expand our digital know-how, most recently through 15,000 scholarships for data analysis courses offered by the Udacity online education platform.

What do you think makes Bertelsmann's creative offering so special?

Its diversity and its reach. We deliver the full spectrum of media, services for business clients and educational offerings under a single umbrella. We reach more than one billion people worldwide every day. No other company offers that.

And what are the factors behind Bertelsmann’s success?

First and foremost, our corporate culture, and in particular, entrepreneurship and creativity, the strong local leadership of our businesses, our long-view approach and the relationships we have developed with creative professionals over the years.



Bertelsmann

Successful All Over the World

A faint, light gray outline of a world map is visible in the background, centered behind the main text.

Every day,
we reach
one billion
around the world



more than
people

B

Media

Inspiring People with Creativity



> 20,000

hours of programming are distributed by RTL Group in more than 200 countries every year

> 15,000

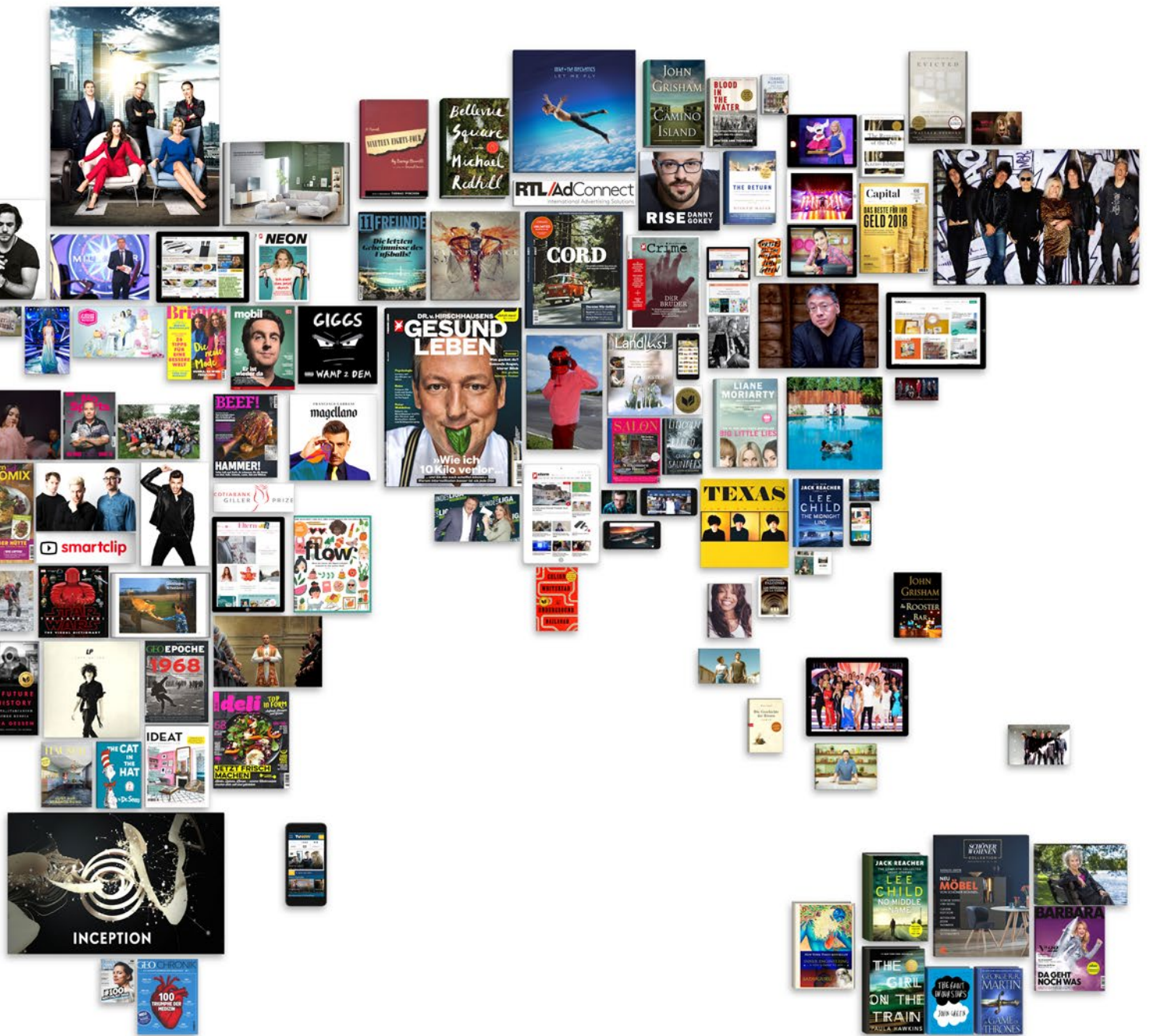
new books and e-books are published by Penguin Random House annually

500

magazines and websites are published by Gruner + Jahr in more than 20 countries

> 2,500,000

song rights are administered by BMG



First-Class Media Offerings for Worldwide Inspiration



RTL Group is a leader across broadcast, content and digital, with interests in 56 television channels and 31 radio stations, content production throughout the world, and rapidly growing digital video businesses. The television portfolio of RTL Group includes RTL Television in Germany; M6 in France; the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia and Hungary; and Antena 3 in Spain. The Group's flagship radio station is RTL in France, and it also owns or has interests in other stations in France, Germany, Belgium, the Netherlands, Spain and Luxembourg. Fremantle Media is one of the largest international creators, producers and distributors of multi-genre content outside the United States. Combining the on-demand services of its broadcasters, the multi-platform networks BroadbandTV, StyleHaul, Divimove, United Screens and Fremantle Media's 296 YouTube channels, RTL Group has become the leading European media company in online video. RTL Group also owns the advanced video ad-serving platform SpotX. Bertelsmann is the majority shareholder of RTL Group, holding 75 percent of its shares.

www.rtlgroup.com

Penguin
Random
House

With more than 250 imprints and brands on six continents, over 15,000 new titles, and more than 600 million print, audio and e-books sold annually, **Penguin Random House** is the world's leading trade book publisher. Penguin Random House is committed to publishing adult and children's fiction and nonfiction print editions and is a pioneer in digital publishing. Its book brands include storied imprints such as Doubleday, Viking and Alfred A. Knopf (United States); Ebury, Hamish Hamilton and Jonathan Cape (United Kingdom); Plaza & Janés and Alfaguara (Spain); Sudamericana (Argentina); and the international imprint DK. Its publishing lists include more than 60 Nobel Prize laureates and hundreds of the world's most widely read authors. Penguin Random House is dedicated to the mission of nourishing a universal passion for reading by connecting its authors and their writing with readers everywhere. Bertelsmann owns 75 percent of shares in Penguin Random House; Pearson owns 25 percent.

www.penguinrandomhouse.com

The German-language **Verlagsgruppe Random House** in Munich, with renowned publishers such as Goldmann and Heyne, is not part of Penguin Random House from a legal point of view, but is under the same corporate management and is part of the Penguin Random House division.

www.randomhouse.de



Gruner + Jahr creates media products for the digital society. With around 500 magazines and digital offerings in more than 20 countries, Gruner + Jahr is one of Europe's biggest magazine publishers. Its core markets are Germany and France. In France, G+J operates the country's leading bi-medial magazine publisher, Prisma Media. In Germany, G+J's major magazine brands, including "Stern," "Geo" and "Brigitte," are part of the publishing house. More than a dozen new titles, including "Flow," "Beef" and "Barbara," underscore G+J's position as an innovation leader in the magazine business. In the rapidly growing digital market, the Hamburg publishing house's journalistic websites command leading positions in the women's, family, people, living, food, popular science and news segments. G+J also operates high-traffic online communities including Chefkoch and Urbia, and its growing e-commerce business includes the "Schöner Wohnen" shop. Ligatus gives G+J a leading position in the European market for native advertising, while the G+J subsidiary Territory leads the market in content-driven communications. G+J owns majority stakes in the special-interest publisher Motor Presse Stuttgart and the DDV Mediengruppe in Dresden. Gruner + Jahr is wholly owned by Bertelsmann.

www.guj.com

BMG

BMG is the first new international music company of the streaming age, designed to help contemporary rock and pop artists and songwriters efficiently manage their music-related rights, ranging from songs and recordings to books and, increasingly, video assets. Creating a new competitive advantage with its core values of Fairness, Transparency and Service, BMG offers the traditionally separate music publishing and recording rights off the same state-of-the-art platform internationally. BMG's 14 offices across 12 core music markets now represent more than 2.5 million songs and recordings, including many of the most renowned and successful catalogs and artists in popular music history. BMG is wholly owned by Bertelsmann.

www.bmg.com

Media

Highlights 2017



Epic Battles of the Gods and Apocalypse Fascinate Viewers

Around the world, RTL Group's production arm, Fremantle Media, pushes into high-quality drama production to meet the growing demand from broadcasters and streaming platforms. One such production that is celebrated by critics and audiences alike is "American Gods," a visually stunning fantasy series about an epochal rivalry between old and new gods. The series, produced by Fremantle Media North America, premiered on the US pay-TV channel Starz in April 2017 and has since been available internationally via the Amazon Prime Video streaming service. Starz announced in May 2017 that there will be a second season. From the British Fremantle Media label Euston Films comes another high-quality production that broadcasters all over the world are interested in: the pre-apocalyptic crime series "Hard Sun."



"Die Höhle der Löwen" Brings Vox Prime-Time Success

Germany loves its company founders – and the show "Die Höhle der Löwen" ("Dragons' Den") on the German TV channel Vox. Viewers from all over Germany tune in to cheer on aspiring entrepreneurs when they present their innovative business ideas to prominent investors and compete for financing. Vox regularly captures prime-time market leadership with its signature format. An important success for the channel, which celebrated its 25th anniversary in January 2018, has worked its way up from the second tier thanks to its strong local productions. In terms of total audience, Vox placed itself in front of competitor ProSieben for the second year in a row in 2017.



Moving Times for the Broadcasting Family

In fall 2017, RTL Group gave itself a new setup in France, fully integrating its market-leading radio family, led by the popular station RTL Radio, into Groupe M6. The merger gives Groupe M6 an unparalleled portfolio of TV and radio programs, digital offers and diversification businesses in the French market. The strategic move turns the expanded Groupe M6 into a powerhouse of diversity and creativity, and makes it the first choice for journalists, creative talent and presenters in the French media landscape. The editorial independence of the radio stations and TV channels remains untouched.



Venturing into Virtual Realities

RTL Group has expanded its entertainment offering into virtual dimensions. In July 2017, the company became the largest investor in the Israeli start-up Inception, acquiring a good 15 percent of the company. Inception has already made a name for itself on the market with virtual filters and other innovative virtual reality functions. Going forward, the young company, which has offices in Tel Aviv, London, New York and Los Angeles, will add a whole new level of experience to RTL Group's "Total Video" universe: virtual reality. The VR market is forecast to grow dramatically over the next few years. While in 2016 an estimated two million VR glasses were in use worldwide, the market researchers from Future Source estimate that this number is likely to exceed 80 million by 2021 – not including the cheaper cardboard headsets. The Inception app has already become one of the top five VR video apps.





Nobel Prize in Literature Goes to Penguin Random House Author Kazuo Ishiguro

It is arguably the highest honor that can be bestowed upon an author: the Nobel Prize in Literature. In 2017, Penguin Random House author Kazuo Ishiguro received the momentous call from the prize judges in Stockholm. In their citation, the judges wrote that the novels by the Briton of Japanese descent, including his most famous work, "The Remains of the Day," are "of great emotional force." For Ishiguro himself, the Nobel Prize was "totally unexpected news," and his publishers at Penguin Random House were likewise elated. Ishiguro is one of more than 60 Nobel Prize laureates who have been published by Penguin Random House imprints in past decades. His Nobel was not the year's only major international literary award for the publishing group: in 2017, its authors won four Pulitzers, two Man Booker awards and a US National Book Award.



Kazuo Ishiguro



Barack Obama

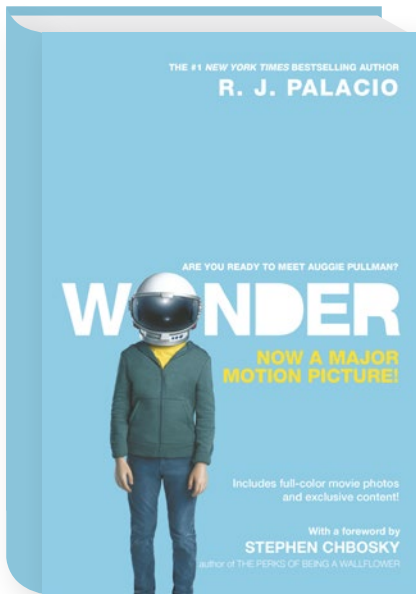


Yes, We Can! And We Will, around the World

The news is a drumroll heard far beyond the literary world: in late February 2017, Markus Dohle, CEO of Penguin Random House, announced that the book publishing group had acquired the world rights to two books by the former US President Barack Obama and former US First Lady Michelle Obama. This was followed by news that Crown Publishing Group will continue to be the Obamas' publisher in the United States and Canada. In all, their books will be published in 24 languages around the world. The two books Barack Obama previously published with Crown – "Dreams from My Father" (2004) and "The Audacity of Hope" (2006) – sold millions of copies, and Mrs. Obama's "American Grown" (2012) was a number-one bestseller. The Obamas' forthcoming books are among the most anticipated by readers worldwide.



Michelle Obama



Penguin
Random
House

Extraordinary Children’s Books

With almost five million copies sold in 2017 and a total of 121 weeks at number one on the “New York Times” bestseller lists since its publication in 2012, a movie adaptation lends new impetus to the popularity of the young-adult novel “Wonder” by R.J. Palacio. The story of 10-year-old Auggie, who was born with a facial difference and now has to newly cope with the ups and downs of everyday school life, continues to captivate readers. The new interest in “Wonder,” and the related books Ms. Palacio created, also extends to licensed merchandise such as apparel and stationery, and to classroom materials.

The publishing group’s broad range of successful children’s books in its major markets helped Penguin Random House achieve an increase in profits for 2017. For another example, the famous animated piglet “Peppa Pig” is hugely popular in China, where Penguin Random House sells 3.75 million books from the eponymous children’s book series in a single year.



Love of Experimentation Leads to New Diversity of Titles

Gruner + Jahr is continually innovating: classic magazine brands are given line extensions and expanded to include event series or shopping sites. In the digital realm, not a month goes by without new business ideas tying in to exciting content and its marketing. In 2017, the publishing courage that kept G+J launching new titles against industry trends got the most attention. For instance, the G+J subsidiary Deutsche Medien-Manufaktur launched the feel-good magazine “Hygge – Einfach glücklich sein” (roughly: “The Joy of Simplicity”) on Mid-summer’s Eve, catering to people’s yearnings for happiness and a sense of security. Also, the men’s magazine “Cord” and the interior design magazine “Ideat” immediately found fan-bases and became regular publications. G+J even had to order a second printing of the first issue of “Dr. v. Hirschhausen’s Stern Gesund leben.” The debut issue of the health magazine, published with a print run of 200,000 copies, sold out after just a few days.





Worldwide Growth

With five new countries added in 12 months, Gruner + Jahr's app marketing platform AppLike saw rapid growth in 2017. The Hamburg-based in-house start-up, which now generates most of its revenue outside Germany, analyzes the usage behavior of Android users. Based on this, the platform recommends apps to match user interests. In addition, AppLike also serves as a mobile customer loyalty program, using linked user profiles to allow app publishers to deliver targeted advertising. The concept sells well on both sides, as the ad-tech company is now active in 17 countries around the world.



Advertising Alliance Grows

In September, the Ad Alliance founded by Gruner + Jahr and Mediengruppe RTL Deutschland in 2016 added Spiegel Media, the marketing organization of the Spiegel Group, as a strategic partner. This instantly added the renowned German media brands "Der Spiegel," "Spiegel Online," "Manager Magazin" and "Harvard Business Manager" to the portfolio. With the Ad Alliance, the marketers G+J eMS, IP Deutschland, Smartclip and now Spiegel Media cater to the increasing demand for comprehensive, cross-genre marketing solutions. They offer advertising-enabled customers innovative solutions across all types of media, thereby bundling reach in high-quality journalistic environments.



Dustin Lynch

BMG

Taking Country Music to the World

In the world of country music, there have been few more notable independent labels than the BBR Music Group. In January, BMG acquired the historic label group in its largest single acquisition in the recorded music business since it was founded in 2008. "BMG's culture is so close to the core values the BBR Music Group was built on," says Jon Loba, Executive Vice President of the Nashville-based company. "Being a part of BMG will open up incredible new opportunities for our artists, songwriters and staff." BBR Music Group owns well-known labels such as Broken Bow Records, Stoney Creek Records and the music publisher Magic Mustang Music, and produces music for country artists including Jason Aldean, Trace Adkins, Dustin Lynch and Randy Houser. Already these artists are benefiting from BMG's international reach and the Bertelsmann subsidiary's extensive resources.



BMG

China: In the Charts with the “BMG Soundlab”

BMG has been represented for some time in the emerging music market of China, and in the summer of 2017, the music company launched a collaboration there that is seen as an innovative trial run for working with social media stars. Users of Momo, one of China’s largest mobile social networks, voted on Momo’s live-streaming platform which singers they thought had the greatest star potential. The best were then invited to a workshop in Los Angeles to work in the “BMG Soundlab” with some of BMG’s globally successful songwriters, with a view to success even beyond China. A smaller-scale precursor project had exactly this effect when Kris Wu, a former member of the Korean-Chinese boy band EXO, produced the song “Juice,” which briefly rose to number one on iTunes in the United States – a rare example of a Chinese artist achieving chart success in the United States.



Joan Jett

BMG

Music for the Eyes

She is considered one of the most influential figures in the history of rock music: singer Joan Jett. At BMG, she is at the vanguard of a move into a new line of business: the production of music films. The movie “Bad Reputation” about the life of Ms. Jett premiered at the end of 2017 at the renowned Sundance Film Festival in the United States. BMG CEO Hartwig Masuch sees the music film business as a strategic extension of BMG’s services: “Video content is an increasingly relevant addition to what BMG offers artists and songwriters alongside our music publishing and recordings businesses.” In the digital age, music is increasingly a visual medium, he adds. Three more productions are already in the pipeline.

B Services

At Your Service, 24/7



1,600,000
square meters of storage space are operated by Arvato SCM Solutions worldwide

170,000,000
credit checks are performed annually by Arvato Financial Solutions

1,600,000,000
kilograms of paper are processed by the Bertelsmann Printing Group per year

9 00

Customer communication

Marketing services

Digital commerce

Innovations

Mail order

Livechat Onsite targeting Multi-partner bonus program

Arvato

Multi-cloud service integrator

Bertelsmann Printing Group

Accounting

Multichannel marketing

Video interaction

Display advertising

Sonopress

RTV Media Group

Print on demand

Omnichannel commerce

Order-to-cash solutions

Arvato Systems

Consulting

Replication

GGP Media

Track & Trace

Print management

Collection

Channel diversity

Smart energy platform

Insurance

Social media

15 00

Large media

AfterPay

12 30

Vogel
Druck

Archiving

Cloud consulting

Supplements

OPM

Business process management

Customer experience

Financial services

Prinovis

AZ Direct

Predictive analytics

Transformation

Publishing solutions

Customer satisfaction

Customer-centric retailing

Process optimizations

Customer insights

Transport management

Innovative Solutions for Customers Around the World

arvato BERTELSMANN

Arvato is an international service provider. More than 70,000 employees develop and realize innovative solutions for business customers from all over the world, including CRM, SCM, finance and IT solutions. Enterprises representing many different industries rely on Arvato's integrated solution portfolio – from telecommunication firms to energy suppliers, banks, e-commerce retailers, IT companies and Internet providers. Arvato is wholly owned by Bertelsmann.

www.arvato.com

Bertelsmann Printing Group

The **Bertelsmann Printing Group** unites all of Bertelsmann's printing activities. This includes the German offset printing companies Mohn Media, GGP Media and Vogel Druck, the Prinovis gravure printing operations in Germany and the United Kingdom, and the offset and digital printing plants Berryville Graphics, Coral Graphics and OPM in the United States. The Group combines a wide range of print and service offers – from prepress services and printing to mailings and distribution of a variety of different print products including magazines, books, phone books, catalogs and brochures. Campaign, DeutschlandCard and the Dialogue business are also part of Bertelsmann Printing Group. The Bertelsmann division with more than 8,000 employees also includes the advertising agency MBS, RTV Media Group and the replication specialist Sonopress. Bertelsmann Printing Group is wholly owned by Bertelsmann.

www.bertelsmann-printing-group.com

Services

Highlights 2017

arvato
BERTELSMANN

Faster Growth Fueled by Fintech

Payment methods, financing, digital banking – anyone who wants to successfully do business online needs user-friendly financial technology. The Berlin-based start-up Solaris Bank provides digital companies with a platform for processing banking transactions and marketing their own financial products. In March 2017, Arvato Financial Solutions invested a double-digit million sum in Solaris Bank. As a leading provider of cross-border digital financial transactions, the Arvato subsidiary thereby secured a technological edge and strengthened its ability to serve its multinational clients.



arvato
BERTELSMANN

Logistics Network Grows Internationally

Arvato SCM Solutions expanded its global logistics network by 10 new sites in 2017 to support clients from a variety of industries in expanding and internationalizing their businesses. Three warehouses in the United States and the Netherlands were built for a leading customer in the high-tech segment – in a record time of only six months. The total warehouse floor space is 150,000 square meters (over 1.6 million square feet). The new facilities are equipped with state-of-the-art warehouse automation technology that integrates all processes along the supply chain. Arvato SCM Solutions sets new standards in the industry with this solution. In all, Arvato's supply chain management division operates 70 sites in 20 countries, almost all of them with scalable infrastructure.



IT Solutions for the E-Health Sector

E-health is emerging as a growth area for the IT specialist business Arvato Systems. For one, the company will continue to be responsible for the central telematics infrastructure behind Germany's electronic health card. In 2017, the operating company Gematik renewed its contract with Arvato Systems. The IT experts now also help pharmaceutical manufacturers and national verification systems combat counterfeit medicines in 14 countries with proprietary serialization solutions.



Reading Your Every Wish from the Data

From analytics to chatbots and artificial intelligence, the megatrends of the digital transformation will permanently change customer communications. Recognizing this, Arvato CRM Solutions is systematically leveraging these new technical possibilities to offer customers an even better service experience, including the ability to predict their needs. The acquisition of the Indian IT specialist Ramyam in early 2017 accelerates the company's transformation from mere service provider to integrated provider of technology solutions. The Bangalore-based company employs about 100 people and is regarded as one of the most innovative providers of data analysis and usage. The technology used is capable of merging data from many different sources and in a variety of formats, and filtering and analyzing it for quality and relevance. To predict customer needs, Ramyam also creates comprehensive customer profiles based on all actions taken by the customer on the various communications channels.



Good Things Come in Threes

In February 2017, Mohn Media commissioned a third 96-page offset press to further expand its brochure business with retail customers – a business that has grown significantly in recent years. In addition, four other high-performance presses are used in brochure production, so as to fulfill all of the retail customers' requirements on time and at the highest quality. As a result of the strategic upgrade, Europe's leading printing plant now has three of the world's largest offset presses at its Gütersloh premises.



Weekend Supplements Ensure High Capacity Utilization

Some 40,000 copies come rushing off the printing press each hour when the gravure specialist Prinovis UK produces the Sunday supplement to the “Daily Mail.” Since 2016, “Weekend” has been one of five new weekend titles printed by Prinovis in Liverpool. This supplement alone accounts for 2.5 million of the total print run of six million copies a week, because not only the publisher of the Daily Mail Group, but also that of the “Daily Telegraph” has several weekend titles produced at the big Liverpool printing plant. The large orders from the two newspapers and other new customers ensured a significantly increased production volume in 2017 – against a declining market trend.



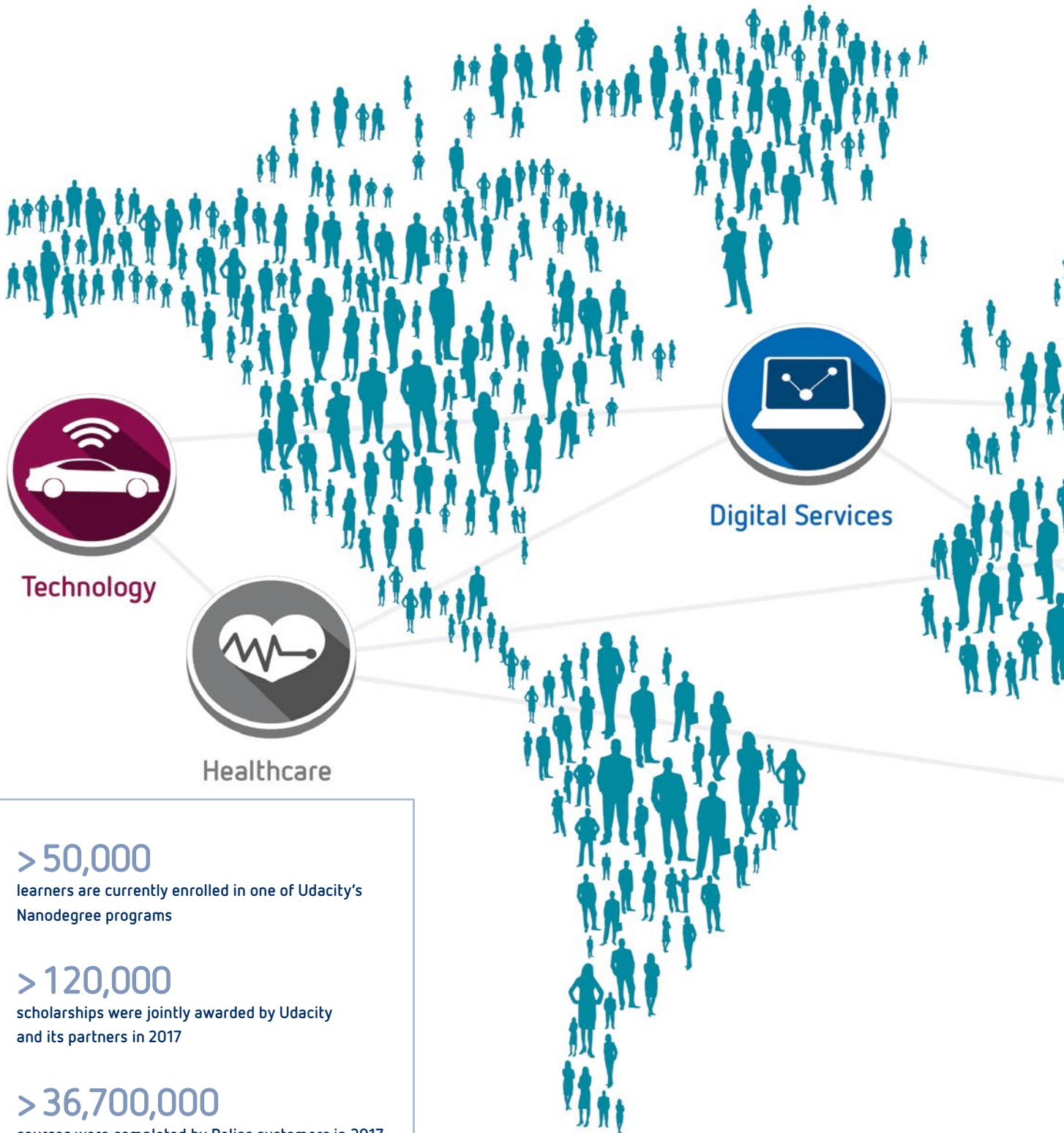
Boom in High-Resolution Storage Media

Worldwide demand for Ultra HD Blu-ray discs with storage capacities of up to 100 gigabytes is on a steady rise – reason enough for the service provider Sonopress, part of the Bertelsmann Printing Group, to expand its production capacity for high-resolution storage media. In fall 2017, a second UHD-100 machine was commissioned at the company’s headquarters in Gütersloh. Almost simultaneously, the five millionth next-generation disc came off the production line. Clients that are increasingly having UHDs produced at Sonopress include international companies such as Hollywood Studios Warner Bros. and Universal Pictures International, as well as domestic distributors like Concord Home Entertainment and Highlight Constantin.

B

Education

Global Education for the 21st Century



> 50,000

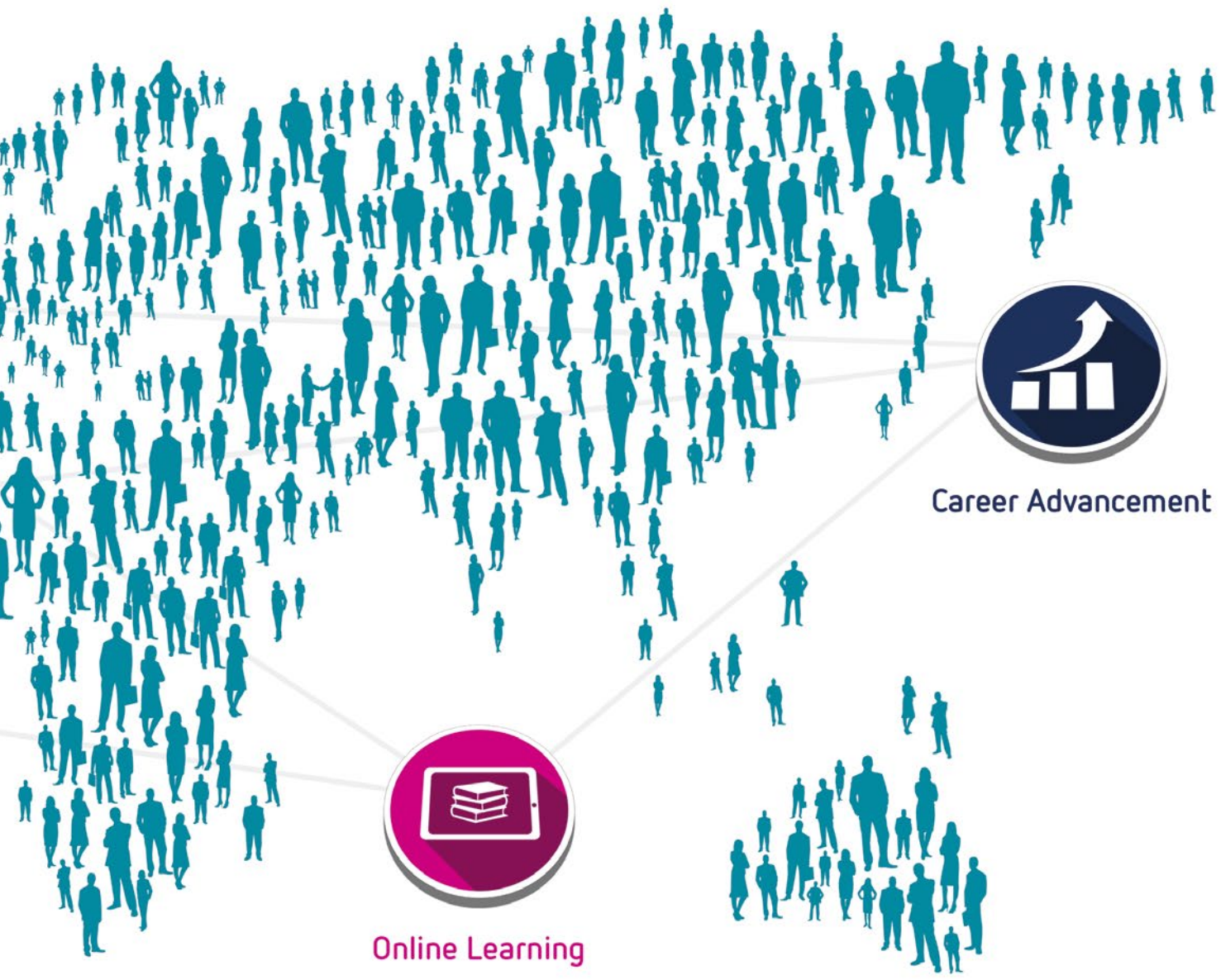
learners are currently enrolled in one of Udacity's Nanodegree programs

> 120,000

scholarships were jointly awarded by Udacity and its partners in 2017

> 36,700,000

courses were completed by Relias customers in 2017



Career Advancement

Online Learning

Online Education with a Focus on Health and Technology

Bertelsmann Education Group

The **Bertelsmann Education Group** encompasses Bertelsmann's education businesses. The group is shaping professional learning in the 21st century with digital education and service offerings focused on the healthcare and technology sectors, and it draws on Bertelsmann's resources and global network. The Bertelsmann Education Group is wholly owned by Bertelsmann.

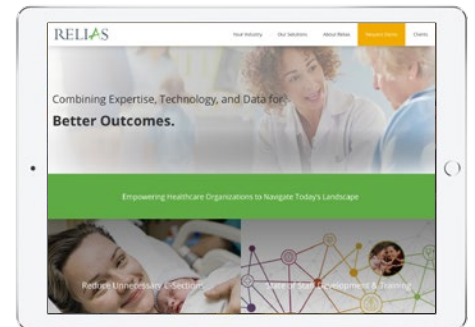
www.bertelsmann-education-group.com

Education Highlights 2017

Bertelsmann
Education Group

International Expansion

In January 2017, the online education provider Relias launched business operations in China, beginning the next chapter of its international expansion alongside Bertelsmann. A notable senior care company and a leading private hospital network in China, among others, became the Bertelsmann subsidiary's first clients. The e-learning provider also made progress in its other overseas markets. In Germany, Relias first presented itself to a large audience as a sponsor of "Deutscher Pflgeetag," the German nursing expo in Berlin. More than 80 hospitals used Relias Germany's compliance training last year. In the United Kingdom, the company expanded its customer base and contributed an online training program to the Zero Suicide Alliance, which works to combat the nation's high suicide rate.



Bertelsmann
Education Group

New Headquarters for Relias

In August 2017, the online education provider Relias announced construction of a new corporate headquarters. The new HQ will be ready for move-in in spring 2019 and will provide optimal conditions for the 400 employees at the growing company's home base. Geographically, Relias is staying within North Carolina's "Triangle," a region where the Bertelsmann subsidiary's neighbors include numerous universities, research facilities and innovative high-tech companies. The company also has offices in Boston, St. Louis and Boise, as well as international offices in the United Kingdom, China and Germany. At the end of 2017, the company had 700 employees.





Bertelsmann
Education Group

Advancing into New Lines of Business

In June 2017, the online education provider Relias, part of the Bertelsmann Education Group, took over the US company WhiteCloud Analytics, which focuses on data analytics in the healthcare sector. The acquisition of the company, which was founded in 2009, allows Relias to complement its e-learning offerings with in-depth data analytics and performance management tools. The Bertelsmann subsidiary has thus expanded its expertise in order to support companies in the healthcare sector at facilitating data-driven performance improvements. The acquisition continues the company's expansionist course – WhiteCloud is Relias's seventh acquisition since March 2016.





Bertelsmann
Education Group

Soar into the Future with Udacity

For centuries, great thinkers have found inspiration in the skies. Today, we are on the cusp of a new era that will redefine our entire concept of aerial innovation. Since 2017, the online education platform Udacity has developed curricula and projects in aerospace engineering and autonomous flight in collaboration with instructors from MIT, the Swiss Federal Institute of Technology and the University of Toronto. In 2017, Udacity announced the Flying Car Nanodegree program, where working professionals can learn the skills needed for a career in developing autonomous flight systems. The program is one of Udacity's 12 new Nanodegree programs launched last year, thereby significantly expanding its offerings. In total, the Silicon Valley company now offers learners more than 20 different professional training options in the areas of digital marketing, data science and machine learning.



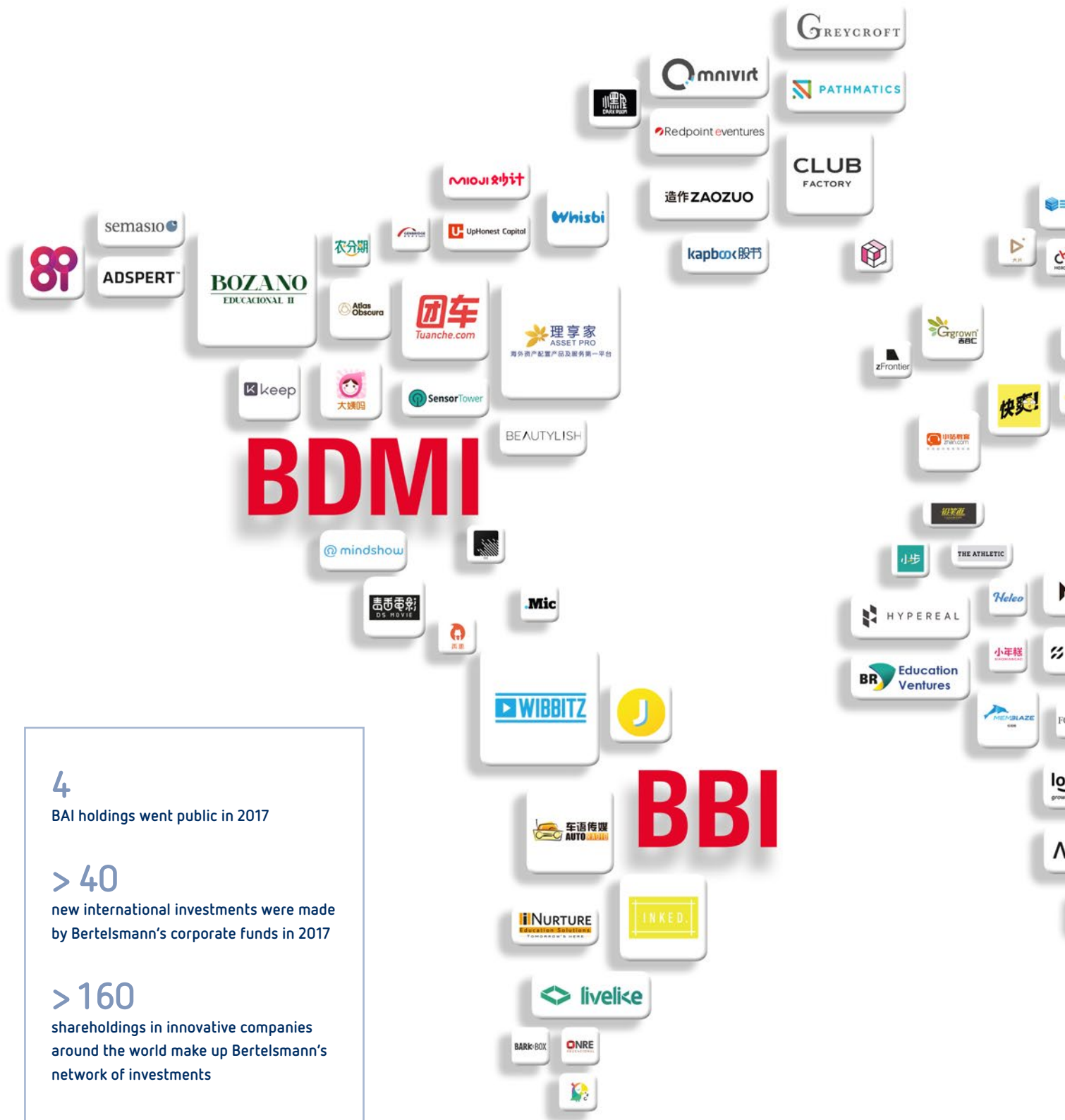
Bertelsmann
Education Group

Udacity Launches in MENA

Udacity ended 2017 with more than eight million enrolled students across free and paid courses, up from five million at the end of 2016. Much of this growth came from international expansion. Today, Udacity, in which Bertelsmann owns a significant stake, has students in nearly every country in the world and operations in seven different countries. The company has teams on the ground in Cairo and Riyadh, and its newest office is in Dubai. Udacity sees incredible opportunity in the region: 60 percent of the population is under the age of 25, and this generation is among the most digitally connected populations in the world. And yet, youth unemployment is twice as high as the world average. This represents a chance to transform an entire region by connecting the desire to learn with the opportunities to succeed.

B Investments

A Global Partner for Innovative Founders



4
BAI holdings went public in 2017

> 40
new international investments were made by Bertelsmann's corporate funds in 2017

> 160
shareholdings in innovative companies around the world make up Bertelsmann's network of investments



Strategic Investments in New Ideas

BI Bertelsmann Investments

Bertelsmann Investments unites Bertelsmann's start-up investments around the world. In focus of its activities are the strategic growth regions Brazil, China, India and the United States. Shareholdings are acquired through the strategic investment funds Bertelsmann Brazil Investments (BBI), Bertelsmann Asia Investments (BAI), Bertelsmann India Investments (BII) and Bertelsmann Digital Media Investments (BDMI). Bertelsmann owns stakes in more than 160 innovative companies via these funds.

www.bertelsmann-investments.com

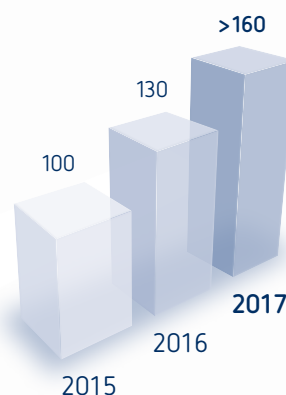
Investments

Highlights 2017



Global Start-Up Network Expanded

Bertelsmann continues to expand its global network of start-up investments. During 2017, the Group made more than 40 new investments around the world through the four funds of Bertelsmann Investments. The majority of the start-ups operate in business areas that are highly relevant for the Group, including innovative media offerings, e-commerce, fintech and education services. Its holdings help Bertelsmann strengthen its activities, particularly in the strategic growth regions of China, India and Brazil, and to lay the foundation for the transfer of knowledge about digital trends and promising markets. All in all, at the end of 2017, Bertelsmann held more than 160 investments via its local funds.



Number of investments via corporate funds

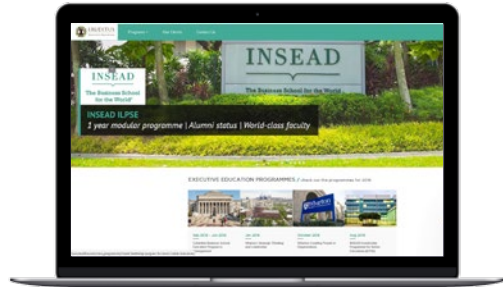




Worldwide Education and Training

The higher education sector is a strategic growth platform for Bertelsmann – and accordingly an investment focus of the company's corporate funds.

In 2017, Bertelsmann further expanded its presence in India and strengthened its activities on the subcontinent through strategic investments in the higher education sector. Through the Bertelsmann India Investments (BII) fund, the Group acquired a stake in Eruditus Executive Education – a company that develops executive education programs in partnership with prestigious universities such as Columbia, Harvard and Wharton. Bertelsmann thus complements its existing investments, iNurture and WizIQ, in the Indian education market.



Bertelsmann also expanded its educational activities in Brazil. In 2017, together with the Bozano Investment Fund, the Group increased its stake in the online education provider Medcel via the Bertelsmann Brazil Investments (BBI) fund. Medcel helps medical students qualify for their specialization. More than 15,000 users have now prepared for their exams with the help of about 2,000 hours of professionally produced video content and a comprehensive online library. Brazil's NRE Education Group, a university group focused on medicine and healthcare in which Bertelsmann has a shareholding, expanded its activities last year and opened a new university.



Videos Thanks to Artificial Intelligence

More and more news portals around the world use video. The start-up Wibbitz benefits from this boom, as the Israeli-American company's innovative software uses artificial intelligence to convert texts into videos in seconds. Wibbitz specializes in the production of short news clips. At the end of October, Bertelsmann led a \$20 million round of financing for the young company through its Bertelsmann Digital Media Investments (BDMI) fund. Urs Cete, Managing Partner of BDMI, says: "The demand for video will continue to grow, and BDMI is accordingly excited to support Wibbitz as it pursues its further expansion." Wibbitz's customers include renowned media companies such as Bloomberg, Reuters and Forbes.



BAI Bertelsmann
Asia
Investments

Around the World by Bicycle

From China into the world: the start-up Mobike, in which Bertelsmann Asia Investments (BAI) increased its stake in 2017, is rapidly driving forward the internationalization of its bike-sharing service. As of November, the Bertelsmann portfolio company was represented in Germany for the first time – in Berlin, its 200th city worldwide. Shortly before, Mobike – which was awarded the United Nations’ highest environmental honor at the UN Environment Assembly in 2017 – started in Australia, as well as in the Netherlands, Italy, Britain and the United States. The result of Mobike’s expansion: the young company reached a billion-dollar market potential.

BAI Bertelsmann
Asia
Investments

Four IPOs

In 2017, the Bertelsmann Asia Investments (BAI) fund supported the initial public offerings of four of its holdings. It all began with the premium lifestyle platform Secoo on New York’s Nasdaq (photo) in September, followed in November by the online automobile retail transaction platform Yixin Group’s listing on the Hong Kong Stock Exchange. At the end of the year, two more BAI holdings were floated on the Nasdaq: the fintech company Lexin and the digital marketing platform iClick. Altogether, seven BAI holdings have gone public to date.



Corporate Responsibility

It is our mission to demonstrate responsible conduct in our business – toward our employees, in society and in our treatment of the environment. This is an essential component of our corporate culture at Bertelsmann.

Strategic Development

Bertelsmann is continuously working on the strategic development of its corporate responsibility (CR) management. This involves Group-wide objectives, interdivisional coordination, collaboration and transparency concerning non-financial data. In 2017, such steps included the adoption of Group-wide environmental objectives. Additionally, within the scope of a CR relevance analysis, over 150 representatives of all relevant external stakeholder groups and internal executives were involved in the assessment of 21 selected CR topics.

Organization

In the Bertelsmann Corporate Responsibility Council, headed by the Chief Human Resources Officer, high-ranking representatives from the Group's operational divisions meet regularly to promote the strategic development of CR at Bertelsmann. At the Group level, the Corporate Responsibility & Diversity Management department coordinates and supports the work of the CR Council as a staff function of the CHRO. Within the decentralized Bertelsmann structure, CR projects and measures are implemented by the individual divisions and companies.

Integrity & Compliance

Bertelsmann has established a comprehensive "Integrity & Compliance" program. Based on the Bertelsmann Essentials, the cornerstone document is the Bertelsmann Code of Conduct, which sets out the commitment to ethical and lawful conduct for all employees. Further guidelines have been issued on key topics, such as anticorruption, antitrust law, foreign trade and business partner compliance. Employees are extensively trained and advised in these areas, and compliance violations are not tolerated. Suspected violations are promptly investigated, and confirmed violations are resolved immediately. The effectiveness of the program is ensured by regular evaluation and risk-oriented adjustments.

Further information on corporate responsibility at Bertelsmann and the Corporate Responsibility Report 2016 is available online at:

www.bertelsmann.com/responsibility

Highlights 2017

be green Day

Bertelsmann employees at 84 locations in 20 countries took part in the Group-wide “be green Day 2017,” hosting local campaigns to raise awareness for climate and environmental protection – a new record. The day focused on issues such as recycling, new mobility concepts, CO₂ reduction and paper.



be green Day at the Phone Group North Africa (Morocco).



Participant of an inclusion workshop.

Exemplary Integration of People with Disabilities

Groupe M6 receives the “Prix de l’Innovation RSE 2017” (CSR Innovation Award) in honor of their exemplary integration of employees with disabilities. The award – organized by Cercle Humania – specifically acknowledged the innovative ways in which the company was demonstrating its social responsibility. According to the awarding organization, this applied most notably to Groupe M6’s efforts to raise employee awareness concerning issues faced by colleagues with disabilities.



Penguin Random House UK Publishes First Creative Responsibility Report

Penguin Random House UK publishes its first-ever report, setting out progress made in 2016 toward its 2020 goals across four focus areas: reading, community, inclusion and sustainability. Highlights include removing the need for a university degree from all jobs, donating 89,000 books to charity and sourcing 93 percent of paper from Forest Stewardship Council (FSC) certified sources. More than 400 employees are involved with the various activities in the reporting period.

#FightForOurWrite

Gruner + Jahr welcomes the G20 heads of state with a campaign for freedom of expression and freedom of the press. With four large posters on the front of the publisher's building and a multilingual social media campaign, the Bertelsmann subsidiary highlights violations of press law and advocated for freedom of media reporting.



Wolfram Kons, presenter of the RTL-Spendenmarathon

RTL-Spendenmarathon

During the 22nd RTL-Spendenmarathon – the primary fundraising format of Mediengruppe RTL Deutschland, which is presented by Wolfram Kons and broadcast November 23–24, 2017 – a total of €9,188,527 is raised for children in need in Germany and throughout the world. The funds will be used to open three new RTL Kinderhäuser (RTL Children's Homes), among other things.



EEF National Awards Ceremony

Prinovis UK Awarded for Its Environmental Achievements

For its efforts to improve its environmental performance, Prinovis UK is awarded gold in the “Environmental Achievement” category at the regional EEF Future Manufacturing Awards. The Bertelsmann Printing Group subsidiary was runner-up in the national contest. The award recognizes manufacturers and supply chain firms that have made an enormous effort to improve their overall environmental performance and to enhance sustainability.

Health Week in India

To celebrate World Health Day, the Bertelsmann India Investments and Corporate Center, Arvato India, Penguin Random House India, DK India, Fremantle Media India and the production company YoBoHo New Media India jointly organize a health week featuring a broad range of offerings for employees on the themes of fitness, nutrition and wellness. The health week is the first project implemented by the Corporate Responsibility Committee in India. The committee is created in 2017 and includes representatives from each Bertelsmann division in India. Together, they work to implement CR projects across all Indian divisions.



Blood donation at Arvato India as part of the health week.

Culture @ Bertelsmann

For more than 180 years, Bertelsmann has offered authors and artists a platform for producing creative content and making it accessible to a wide audience. This creativity entertains and inspires millions of people, every day and all over the world.

That is why Bertelsmann partners with creative professionals to advance numerous cultural projects in the fields of literature, film, music and the arts. The preservation and protection of creative works was and remains part of the company's history. Bertelsmann therefore sponsors historical and cultural projects that support this concern at various levels.

Culture @ Bertelsmann is closely linked to Bertelsmann's tradition and creative products, for creativity is an engine of diversity and innovation, both in business and in society.



The Berlin premiere of "Stiffelio."

Music

Ricordi Archive

The Archivio Storico Ricordi is regarded as one of the world's most important music collections. The archive includes the estate of the Ricordi publishing house, which was founded in Milan in 1808 and acquired by Bertelsmann in 1994.

In February 2017, about 1,200 guests in Berlin witness a sold-out performance of "Stiffelio," an opera by Giuseppe Verdi that was long believed to have been lost. The Ricordi music archive was able to contribute essential fragments of the score and original correspondence for the reconstruction of the original version of "Stiffelio." The delighted audience rewarded the Berliner Operngruppe, which specializes in rare works and is conducted by Felix Krieger, with enthusiastic applause, loud calls of "bravo," and standing ovations.

Film

UFA Film Nights



“Metropolis” at the UFA Film Nights in Berlin.

The UFA Film Nights are an international success story. Since 2012, Bertelsmann and UFA have presented screenings of selected silent movies with live musical accompaniment. Having started in Berlin, UFA Film Nights now also take place in Brussels, Paris, Madrid and New York. Well-known musicians, renowned orchestras and international DJs ensure unique film experiences that effortlessly overcome language and age barriers.

In the summer of 2017, “Metropolis,” one of the old UFA’s most influential – and costliest – productions ever, is on the program. Directed by Fritz Lang, this story about the conflict between an industrial elite and a repressed working class set in a distant future is regarded as the “mother of all sci-fi movies.”

Literature

The Blue Sofa

To date, nearly 2,500 writers have taken a seat on the colorful couch to present their latest works at Germany’s major book fairs. In addition, there are also “Blue Sofa” events in other places and on other occasions. For 17 years, the Blue Sofa partners – Bertelsmann, Deutschlandfunk Kultur, and ZDF – have presented the most important authors, and their books, on this literary lounge chair.

Two weeks before the Frankfurt Book Fair 2017, the Blue Sofa makes a stop at Bertelsmann Unter den Linden 1 in Berlin to get the audience in the mood for this year’s guest of honor, France, with award-winning authors. More than 150 guests from politics, culture and the media come to watch the presentations and discussions.



The Blue Sofa in Unter den Linden 1.

Culture

Week of Cabaret Arts



Singer/songwriter Y’akoto

For five days every summer, Dreiecksplatz in Gütersloh is transformed into a place of cultural encounters, where different musical styles meet. “Woche der kleinen Künste” (“Week of Cabaret Arts”) is organized by the Kulturgemeinschaft Dreiecksplatz. Bertelsmann regularly supports the program by bringing artists from its music company BMG to the stage.

In July 2017, the German-Ghanaian singer/songwriter Y’akoto thrills the audience in Gütersloh. About 3,000 people a day gather on Dreiecksplatz during cabaret week.

Bertelsmann Essentials

The Bertelsmann Essentials convey the goals and basic values of our company's employees, executives and shareholders and build on the Corporate Constitution. It is the responsibility of our executives to spread and epitomize these values and to serve as role models. The Bertelsmann Essentials reflect the common understanding of our corporate culture and are subject to constant review, revision and improvement.

Our Mission

Bertelsmann is a media, services and education company. We provide information, entertainment and media services to inspire people's daily lives. We aspire to make a valuable contribution to society. We strive to be leaders in our markets and achieve returns on capital employed that guarantee growth and continuity of our corporation. Our joint efforts focus on creative content and customer relations. We seek to provide working conditions that are equitable and motivating for our employees. We commit ourselves to ensuring the continuity and ongoing progress of our corporation.

Our Commitment

We expect everyone at Bertelsmann to adhere to this mission and these core values.

Our Core Values

Creativity

We provide a home for artists, authors and creative talents in all of our fields of business, promoting their creative development and commercial success. We strive for the protection of intellectual property on a worldwide basis. We promote artistic freedom and freedom of thought, the protection of democracy and human rights, and the respect of traditions and cultural values. Consequently, the content we provide reflects a wide range of viewpoints and opinions. Continuous innovation and improvement, guided by customer needs and interests, are the cornerstones of our success.

Entrepreneurship

The principle of decentralization is at the heart of Bertelsmann's management philosophy. It enables our employees to act with flexibility, responsibility, efficiency and entrepreneurial freedom. Our operating businesses are run by managers who act as entrepreneurs: They enjoy considerable independence and bear full responsibility for the performance of their companies. Our executives act not only in the best interests of their individual businesses, but are also committed to the interests of the Group as a whole.

Partnership

Our corporate culture is based on a mutually beneficial partnership between our employees and the company. Motivated individuals who identify with the company and its values are the driving force behind quality, efficiency, innovation and growth within our corporation. The hallmarks of our participatory leadership approach are mutual trust and respect as well as the principle of delegation of responsibilities. Our employees enjoy autonomy to the greatest extent possible. They receive comprehensive information and participate in decision making and our financial success. We are committed to the professional development of our employees and seek to provide long-term employment.

Citizenship

The continuity and development of Bertelsmann as an independent entity is ensured by the Bertelsmann Verwaltungsgesellschaft's (Bertelsmann Management Company's) control of the majority of voting rights. In the view of our shareholders, the possession of property creates an obligation to the community. They believe that, in a market economy, a corporation derives its legitimacy from making a valuable contribution to society. The work of the Bertelsmann Stiftung – to which the majority of Bertelsmann shares has been contributed – is also guided by this principle. Our businesses are managed in accordance with the spirit and the letter of the law. They maintain high standards of ethical conduct and act responsibly toward society and the environment.

Financial Calendar

May 15, 2018

Payout of dividends on profit participation certificates for the 2017 financial year

May 17, 2018

Announcement of figures for the first three months of 2018

August 30, 2018

Announcement of figures for the first half of 2018

November 8, 2018

Announcement of figures for the first nine months of 2018

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www.bertelsmann.com

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Visualization

Joker Productions GmbH, Cologne

Photography

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Print

Mohn Media Mohndruck GmbH, Gütersloh



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The FSC® logo identifies products which contain wood from well-managed forests certified in accordance with the rules of the Forest Stewardship Council®.



Innovative use of combined heat and power technology when printing this product reduced CO₂ emissions by up to 52% in comparison to conventional methods in Germany.

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