



Dr. Thomas Rabe
Chairman and CEO of Bertelsmann

Dear Readers, Dear Friends of Bertelsmann,

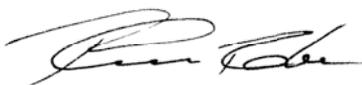
Bertelsmann's businesses performed well overall in the first half of 2014. Revenues reached €7.8 billion, their highest level in seven years, and at around €1 billion, operating EBITDA exceeded the previous year's high level. The transactions of the past 18 months significantly contributed to this: the combination of Penguin and Random House, the complete takeover of BMG and the acquisition of Gothia are bearing fruit and, in the long term, will help to ensure that Bertelsmann becomes a faster-growing, more digital and more international company.

In recent months, we also took important steps to put our corporate strategy into action, guided by our four strategic directions:

- We **strengthened our core**: for example, by launching new TV channels and acquiring the book publisher Santillana. At the same time, we addressed the downscaling of structurally declining businesses in the first half of the year, closing the Prinovis Itzehoe site, selling Brown Printing and announcing our withdrawal from the club businesses in Germany and Spain.
- We drove forward the **digital transformation** of our businesses. In the first half of 2014, RTL Group's online video sites registered more than three times the number of online video views seen in the first half of 2013, Penguin Random House advanced its market leadership in e-books and further expanded its portfolio, Gruner + Jahr acquired a majority stake in the video marketer Advideum and Arvato achieved growth with digital services for leading IT and high-tech companies.
- We also expanded our **growth platforms** in the first half of 2014 – both organically and through acquisitions. New additions to our portfolio include the e-commerce service provider Netrada, the TV production company 495 Productions and the music publishers Talpa, Hal David and Montana. We will strengthen our education business going forward – as a strategic investor in the University Ventures Fund II, as well as through direct investments – and will build it into a third mainstay of the Bertelsmann portfolio, alongside media and services.
- Progress was made in developing our **growth regions** as well. BMG now also operates in China, where our Bertelsmann Asia Investments fund has further expanded its portfolio and once again increased its value. In India, we invested in the e-commerce platform Pepperfry and a new digital fund. And in Brazil, we joined an investment partner in launching a venture capital fund.

So, Bertelsmann is programming for further growth, as is also demonstrated by RTL Group's recently announced majority takeover of the online video marketer SpotXchange. We will continue to leverage our strategic and financial room for maneuver – and I am delighted that you continue to take interest in and accompany us on this journey.

Yours sincerely,



Thomas Rabe