



## **Bertelsmann Acquires Full Ownership of Music Company BMG**

March 1, 2013

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- KKR sells its stake following successful build-up
- BMG has been jointly developed into a leading global music company
- Bertelsmann strengthens its growth area of music rights management

Gütersloh / New York, March 1, 2013 – Bertelsmann, the international media group, is taking full ownership of the innovative music rights management company BMG by acquiring the shares currently held by Kohlberg Kravis Roberts & Co. (KKR), and will continue to develop BMG as a wholly owned subsidiary. The transaction, which is subject to regulatory approval, is scheduled to close during the first half of this year. The parties have agreed to keep the financial details of the transaction confidential. BMG administers the rights to more than one million songs, including works by such artists as Bruno Mars, Duran Duran, Gossip, Johnny Cash, and Will.i.am. It also represents the master rights (composition and recording) of artists who include Brian Ferry, Nena and Anastacia.

Bertelsmann Chairman & CEO Thomas Rabe said: “This is a great day for Bertelsmann: We are bringing the music home to our group. A few years after our exit from the traditional music business, in association with KKR, we have succeeded in building the world’s fourth-largest music rights management business.” Rabe emphasized that KKR has been a good partner. “Our partnership made it possible for BMG to take advantage of consolidation opportunities and to rapidly advance the organic expansion of the business. I thank them for an excellent collaboration.”

Taking full ownership of BMG is an important step in putting Bertelsmann’s growth strategy into practice, Rabe explained. “We are happy to have BMG as our own company again. CEO Hartwig Masuch and his team deserve our thanks for the passion and know how they brought to developing a small creative nucleus into a powerhouse that provides the right answers to the challenges of the music industry in this digital age.”

Johannes Huth, Head of KKR Europe, said: “Our innovative partnership with Bertelsmann, which combined the professional expertise of a global media company with the financial strength, network and business-building expertise of KKR, was a complete success. We explored new business approaches with Bertelsmann; BMG did pioneering work in the music rights market with its digital, service-focused business approach. The model of a ‘growth and build’ partnership between a corporate group and KKR is bound to be seen more often in the future.”

Thomas Hesse, who as President, Corporate Development and New Businesses, at Bertelsmann is responsible for BMG, added: “The BMG success story is impressive. The company works with a lean organization, a management with an excellent network, and a deep understanding of the needs of artists, songwriters and copyright holders in the digital age. We will operate this business long-term to actively expand it.”

Hartwig Masuch, CEO of BMG, said: “For BMG, this is a return home. Being a subsidiary of one of the world’s leading media companies opens up more fields of cooperation for us and our customers in the future, and we look forward to many new, long-term development opportunities. The worldwide increase in the use of music, and the emergence of new digital business models offer a variety of opportunities that we will actively explore. We are grateful to KKR for always sharing our vision of an alternative, service-oriented company in the music rights market, and for actively supporting us with their team these past three and a half years. Without KKR, this development would not have been possible.”

Philipp Freise, Head of KKR’s European media business, added, “BMG has delivered an outstanding performance since it was founded, and has exceeded our original expectations. Together with Bertelsmann, we systematically supported BMG’s international expansion. As we had hoped, today, BMG is one of the world’s leading music rights management companies and very well positioned to continue writing its success story under the proven leadership of Bertelsmann.”

BMG, with headquarters in Berlin and a presence in eight core countries, is highly profitable on an operating result level. Numerous renowned artists are signed to the company, which in recent years has acquired several rights catalogs and labels from the United States, UK, Germany and France. BMG will be fully consolidated within Bertelsmann after antitrust clearance has been received. Hartwig Masuch will remain CEO. J.P. Morgan served as Bertelsmann’s financial advisor in the share buyback, while KKR was advised by Citigroup.

### **About Bertelsmann**

Bertelsmann is an international media company whose core divisions encompass television (RTL Group), book publishing (Random House), magazine publishing (Gruener + Jahr), services (Arvato), and printing (Be Printers) in some 50 countries. In 2011, the company’s businesses, with their more than 100,000 employees, generated revenues of €15.3 billion. Bertelsmann stands for a combination of creativity and entrepreneurship that empowers the creation of first-rate media, communications, and service offerings to inspire people around the world and to provide innovative solutions for customers.

[www.bertelsmann.com](http://www.bertelsmann.com)

#### **About KKR**

Founded in 1976 and led by [Henry Kravis](#) and [George Roberts](#), KKR is a leading global investment firm with \$75.5 billion in assets under management as of December 31, 2012. With offices around the world, KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR seeks to create value by bringing operational expertise to its portfolio companies and through active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with fund investors through its client relationships and capital markets platform. KKR & Co. L.P. is publicly traded on the New York Stock Exchange (NYSE: KKR), and "KKR," as used in this release, includes its subsidiaries, their managed investment funds and accounts, and/or their affiliated investment vehicles, as appropriate.

[www.kkr.com](http://www.kkr.com)

#### **About BMG**

BMG is an international group of music companies focused on the management of music rights. BMG covers the entire range of rights administration, development, and exploitation, placing the needs of songwriters and artists at the core of its business model. Since its founding in 2008, BMG has established a presence in eight core music markets and represents the rights of more than a million songs and recordings including Crosstown, Cherry Lane, Stage Three, Evergreen, Chrysalis and Bug in addition to a number of signed prominent artists and songwriters. The company trades under the name BMG Chrysalis in the United States of America, the United Kingdom and Sweden following the acquisition of Chrysalis plc.

[www.bmg.com](http://www.bmg.com)

For further questions, please contact:

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