

175
YEARS

OF BERTELSMANN
THE LEGACY FOR
OUR FUTURE

Group Results 2009 and Financing, Thomas Rabe
Annual Press Conference, Bertelsmann AG, March 23, 2010 in Berlin

Group Results 2009 and Financing

Thomas Rabe, Chief Financial Officer, Bertelsmann AG

Group key figures – High profitability, operating free cash flow and cash conversion rate above previous year, significant debt reduction

in € millions

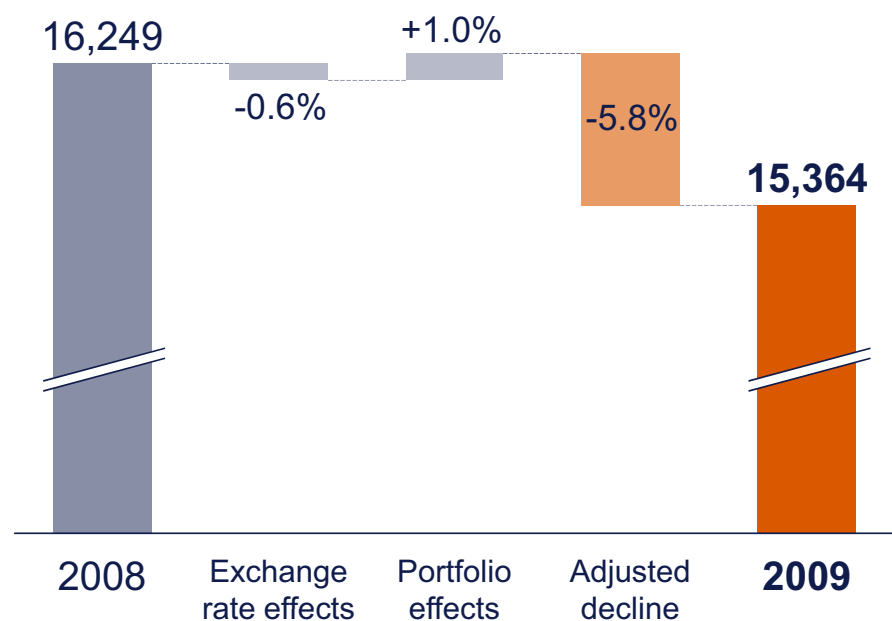
	2008	Change	2009
Revenues	16,249	-5.4%	15,364
Operating EBIT ¹⁾	1,575	-151	1,424
Net income	270	-235	35
Operating free cash flow ²⁾	1,624	+147	1,771
<i>Cash conversion rate²⁾</i>	<i>105%</i>	<i>+20% p.</i>	<i>125%</i>
Net financial debt	-3,445	+652	-2,793
Economic debt	-6,627	+603	-6,024
<i>Leverage factor</i>	<i>3.17</i>	<i>-0.02</i>	<i>3.15</i>

1) Earnings before interest, taxes and special items (especially impairments and restructuring expenses)

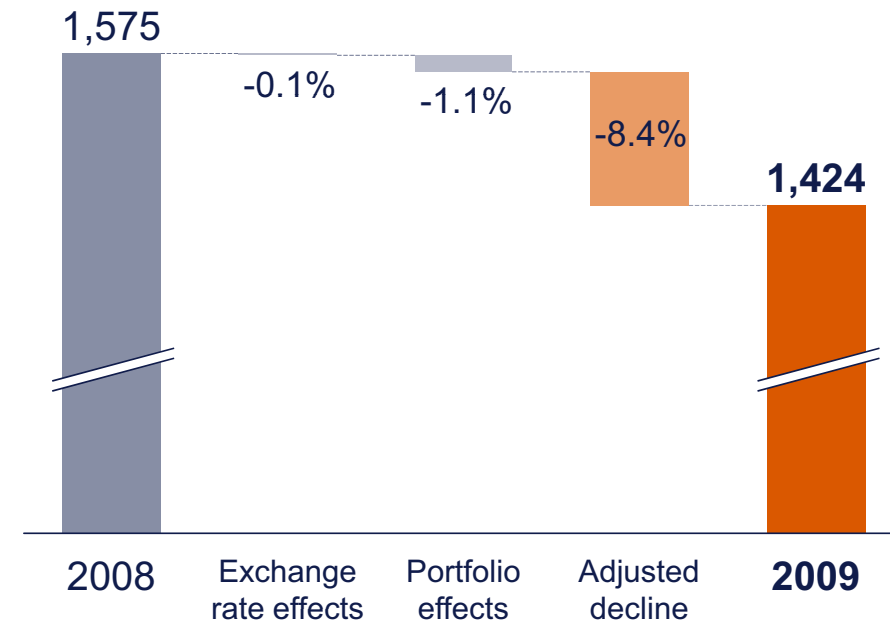
2) Adjusted for one-time effects

Organic growth – Decline in revenues and operating EBIT due to crisis

Revenues (in € millions)

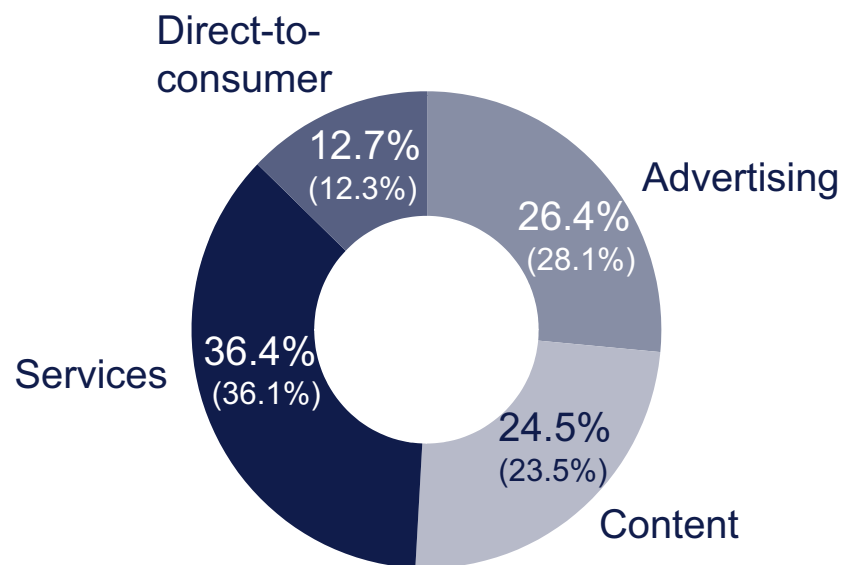


Operating EBIT (in € millions)

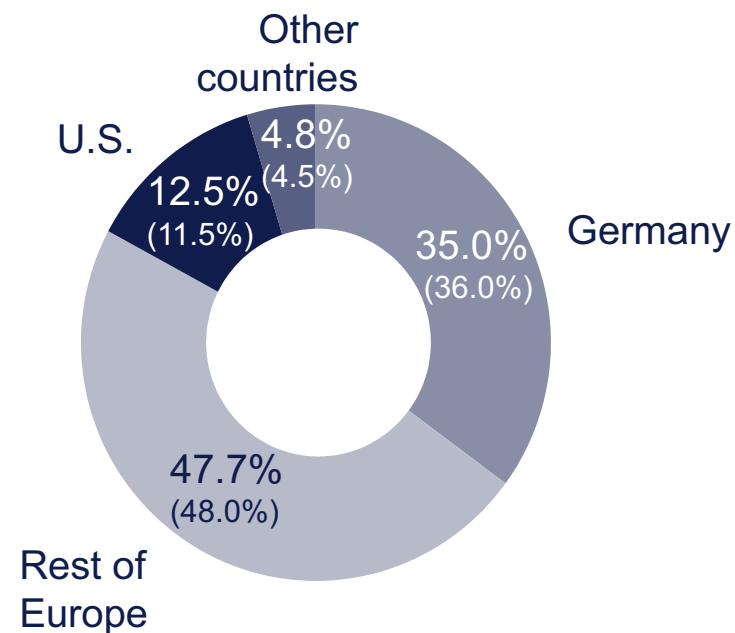


Bertelsmann 2009 – Revenues diversified by source and region

Revenue sources 2009 (previous year)



Regions 2009 (previous year)



Net income – Group profit despite high special items and normalized tax expenses

in € millions

	2008	Change	2009
Operating EBIT of divisions	1,687	-181	1,506
Corporate/consolidation	-112	+30	-82
Operating EBIT	1,575	-151	1,424
Special items	-676	-54	-730
EBIT	899	-205	694
Financial result	-429	+5	-424
Income taxes	-54	-181	-235
Earnings from discontinued operations	-146	+146	-
Net income	270	-235	35

Special items – High impairments and restructuring expenses

in € millions	2008	2009
Impairments/other	-533	-548
RTL Group	-377	-255
Arvato	-52	-153
Gruner + Jahr	-11	-103
Direct Group	-71	-9
Random House	-11	5
Other	-11	-33
Restructuring	-141	-195
Gruner + Jahr	-45	-67
Arvato	-10	-46
RTL Group	-32	-34
Direct Group	-14	-18
Random House	-40	-6
Other	-	-24
Capital gains/losses	-2	13
Special items	-676	-730

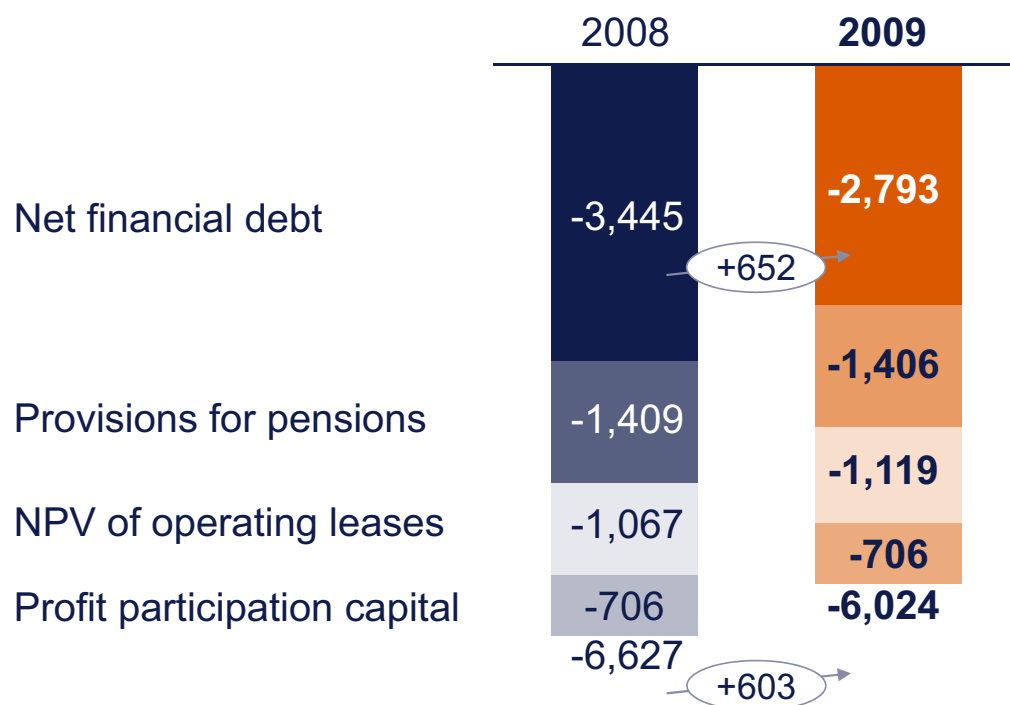
Cash flow – High operating cash flow, cash conversion rate significantly above previous year

in € millions

	2008	2009
Cash flow from operating activities	1,789	1,777
Income taxes paid	231	230
Investments in intangible assets and property, plant and equipment	-627	-448
Proceeds from disposal of intangible assets and PPE	69	35
Payment for Napster and IP settlements	115	-
Restructuring payments	77	169
Operating free cash flow	1,654	1,763
One-time effects	-30	8
Operating free cash flow (adjusted for one-time effects)	1,624	1,771
Cash conversion rate (adjusted for one-time effects)	105%	125%

Financial status – Significant reduction of economic debt

Economic debt (in € millions)



Rating

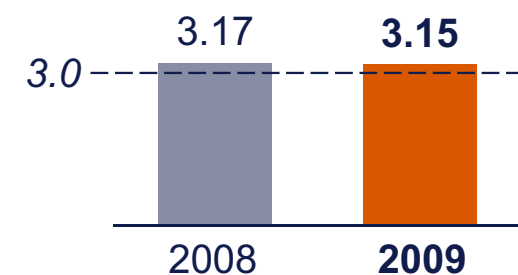
STANDARD
& POOR'S

- BBB
- Outlook stable



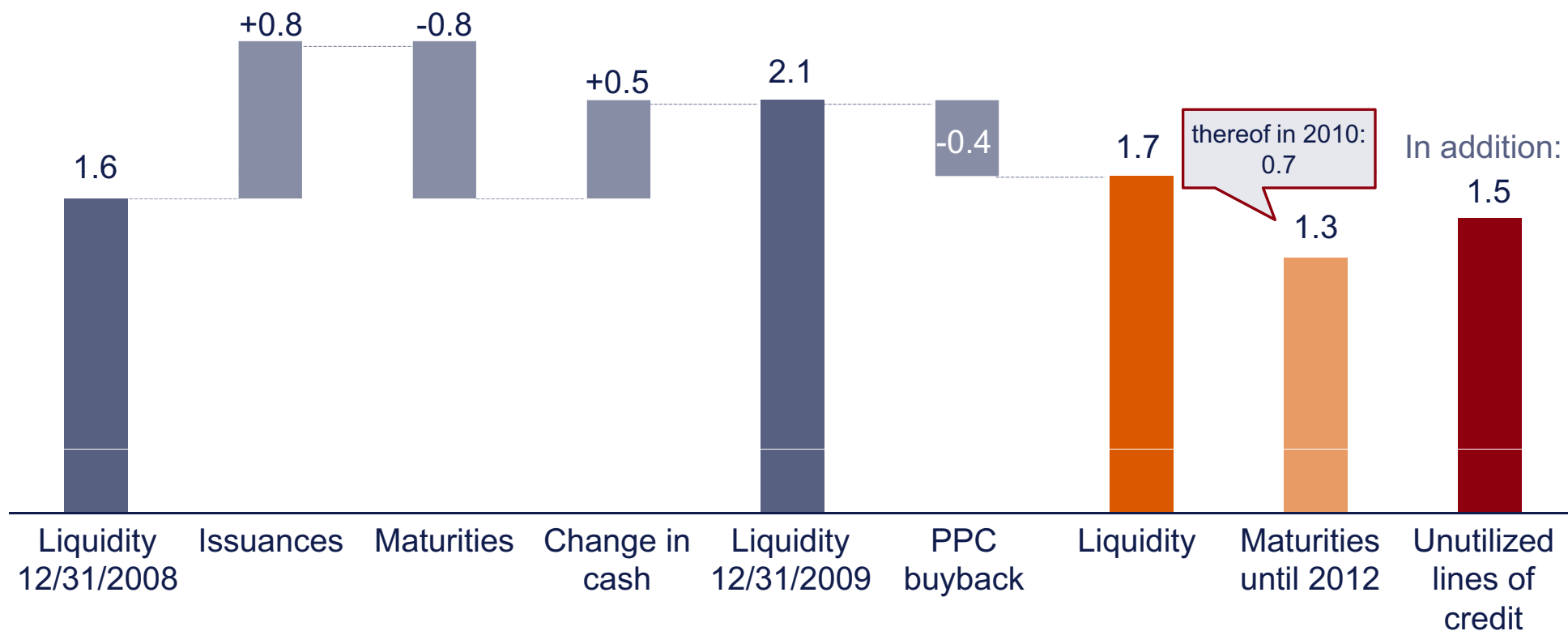
- Baa2
- Outlook stable

Leverage factor



Liquidity – Liquidity already covers maturities until 2012

in € billions




Profit participation capital – Declining attractiveness as a financing instrument

History of profit participation capital

- 
- 1986 • Treated as equity, issued for profit-sharing purposes, listing on stock market
 - 2001 • IFRS implemented, treated as liability
 - 2003 • New profit-sharing policy
 - from 2017 • Redemption option for investors

Reasons for buyback

- 
- Simplification of capital structure
 - Relatively high interest costs
 - High liquidity position
 - Debt redemption
 - High maintenance, need for explanation outside of Germany

Summary and outlook – **Successful in 2009, stabilization expected in 2010**

2009

- » All in all **successful** in a challenging year
- » **Leading market positions** maintained or expanded
- » **Cost-cutting measures** of some €1 billion
- » **Earnings** in second half-year **above previous year, positive net income**
- » High cash conversion rate, significant **debt reduction**

Outlook 2010

- » Economic **stabilization**
- » Continued **optimization** of core businesses, continued portfolio review
- » **Revenues** and **operating EBIT** at previous year's level, significant increase in **net income**
- » Focus on **cash flow**, continued **debt reduction**