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**YEARS**

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# Bertelsmann Interim Results 2010

Investor Conference Call

August 31, 2010

Dr. Thomas Rabe, Member of the Executive Board and Chief Financial Officer, Bertelsmann AG

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## Summary and highlights HY 2010 – **Significantly improved operating performance**

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### **HY 2010**

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- » **Recovery of advertising-funded** businesses, in particular TV
- » **Revenues** in first half-year up 3.9 per cent (organic growth 2.8%), record operating EBIT, **positive group result**
- » **Cost and efficiency program** contributes to profitability improvement
- » **Leading market positions** maintained or expanded
- » High cash conversion rate, significant **debt reduction**

## Group key figures H1 2010 – High profitability, strong operating free cash flow, significant debt reduction

in € millions	H1 2009	Change	H1 2010
Revenues	7,085	3.9%	<b>7,358</b>
Operating EBIT <sup>1)</sup>	497	+258	<b>755</b>
Group profit or loss	(333)	579	<b>246</b>
BVA	(131)	201	<b>70</b>
Operating free cash flow <sup>2)</sup>	529	+373	<b>902</b>
<i>Cash conversion rate<sup>2)</sup></i>	<i>115%</i>	<i>+6%-P.</i>	<b>121%</b>
	Dec 31, 2009	Change	H1 2010
Net financial debt	2,793	(11)	<b>2,782</b>
Economic debt	6,024	(8)	<b>6,016</b>
<i>Leverage factor</i>	<i>3.2</i>	<i>(0.4)</i>	<b>2.8</b>

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

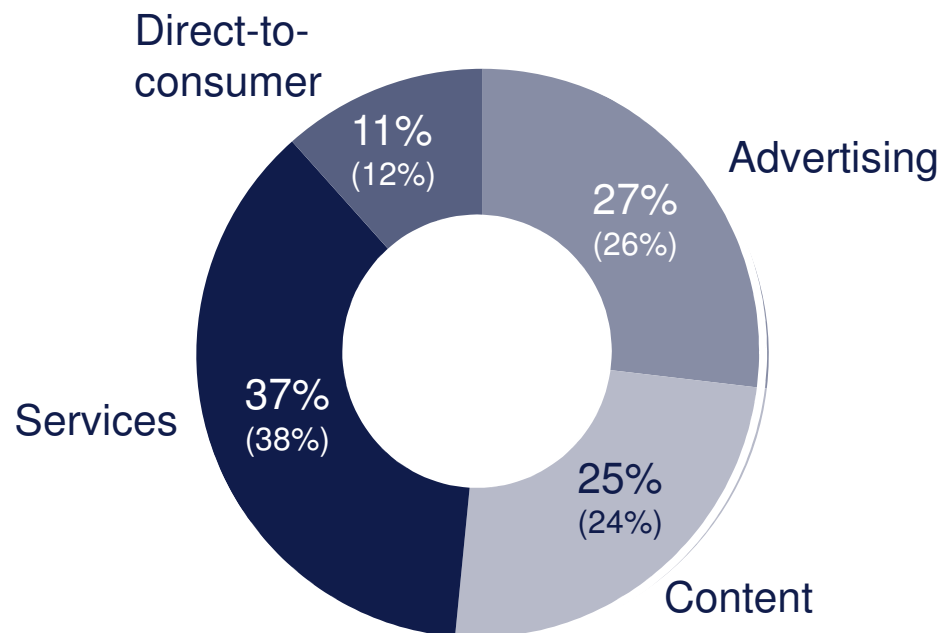
2) Adjusted for one-time effects

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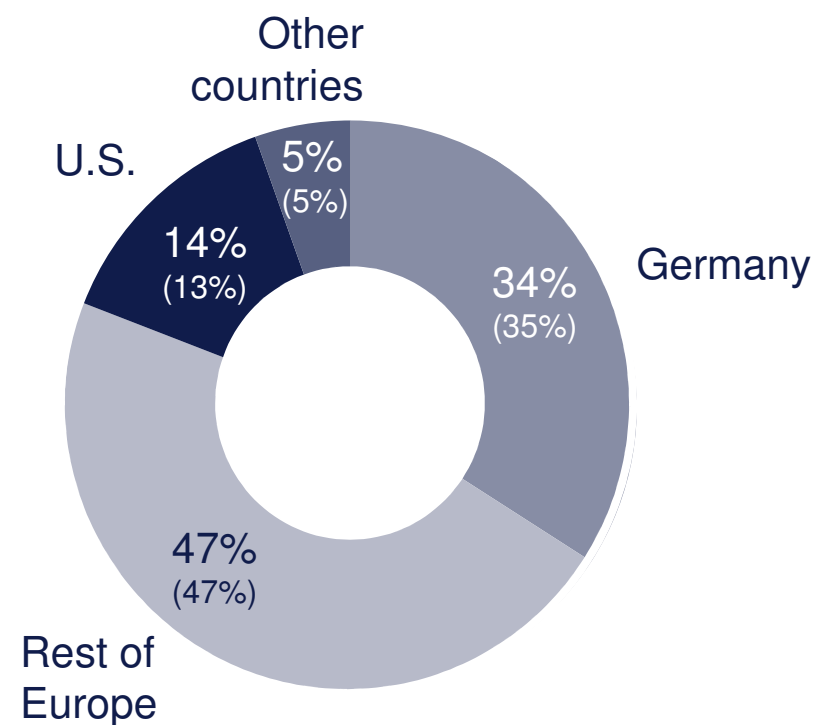
## Bertelsmann HY 2010 – Revenues diversified by source and region

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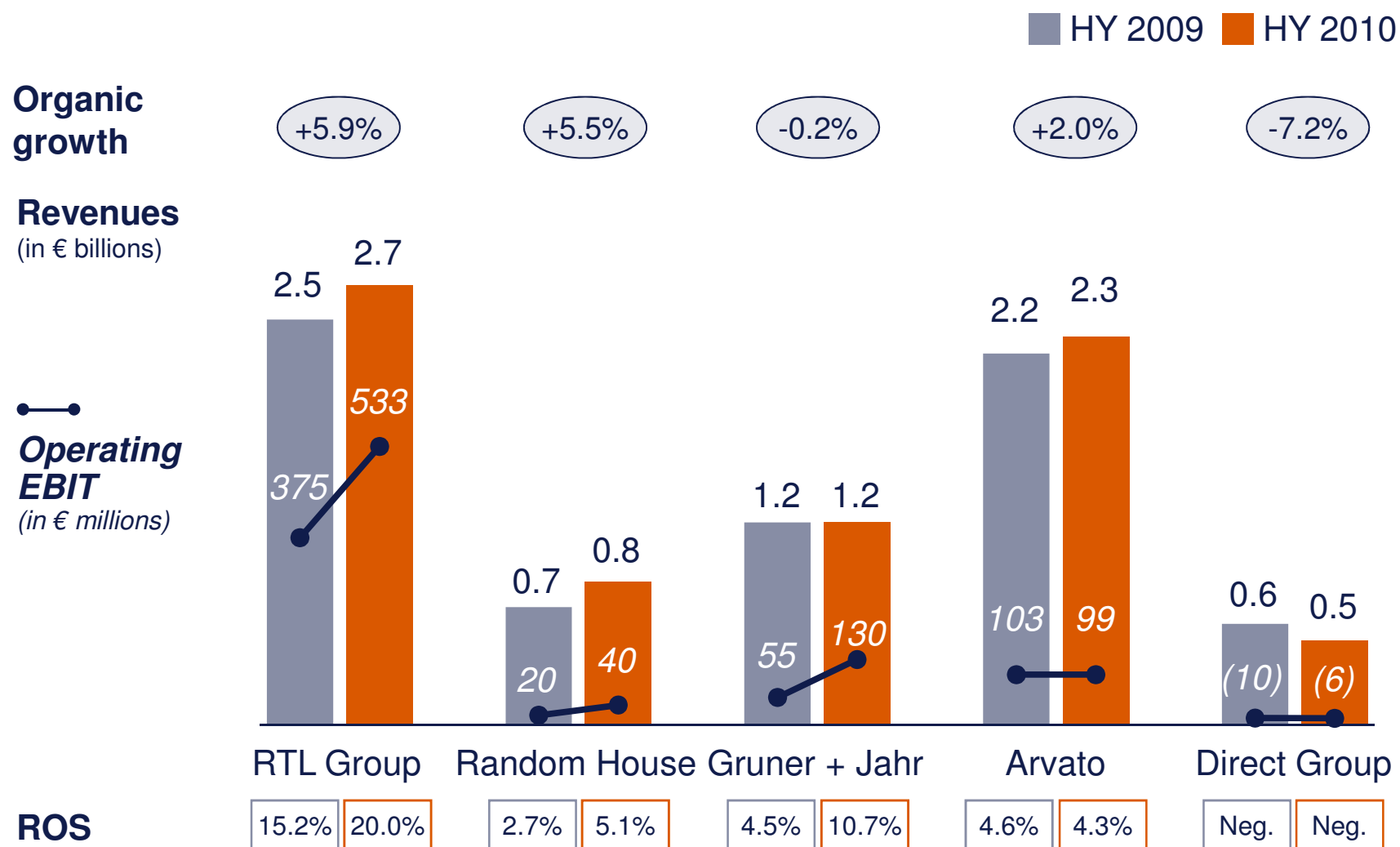
**By sources HY 2010** (previous year)



**By regions HY 2010** (previous year)



# Divisions – Recovery of advertising-funded businesses, high profitability



## Group result – High Group profit, low level of special items and reduced tax expenses

in € millions

	H1 2009	Change	H1 2010
Operating EBIT of divisions	543	+253	796
Corporate/consolidation	(46)	+5	(41)
<b>Operating EBIT</b>	<b>497</b>	<b>+258</b>	<b>755</b>
Special items	(290)	+260	(30)
<b>EBIT</b>	<b>207</b>	<b>+518</b>	<b>725</b>
Financial result	(200)	(117)	(317)
Income taxes	(135)	+26	(109)
Earnings from discontinued operations	(53)	(152)	(205)
<b>Group profit or loss</b>	<b>(333)</b>	<b>+579</b>	<b>246</b>

## Cash flow – High operating cash flow, high proceeds from disposals, cash conversion rate above 2009

in € millions

	HY 2009	HY 2010
<b>Cash Flow from operating activities</b>	<b>546</b>	<b>831</b>
<b>Cash Flow from investing activities</b>	<b>(290)</b>	<b>79</b>
- Investments	(251)	(208)
- Acquisitions & divestments	(121)	(118)
- Proceeds from disposal, other	91	405
- Contribution to/withdrawals from pension plans	(9)	-
<b>Cash Flow from financing activities</b>	<b>(516)</b>	<b>(1,646)</b>
- Dividends	(268)	(301)
- Interest paid/ received	(178)	(180)
- Change in financial debt	(76)	(1.107)
- Change in shareholders' equity, other	6	(58)
<b>Change in cash and cash equivalents</b>	<b>(260)</b>	<b>(736)</b>
Cash Conversion Rate	115%	121%

# Financial status – Significant reduction of economic debt

## Rating

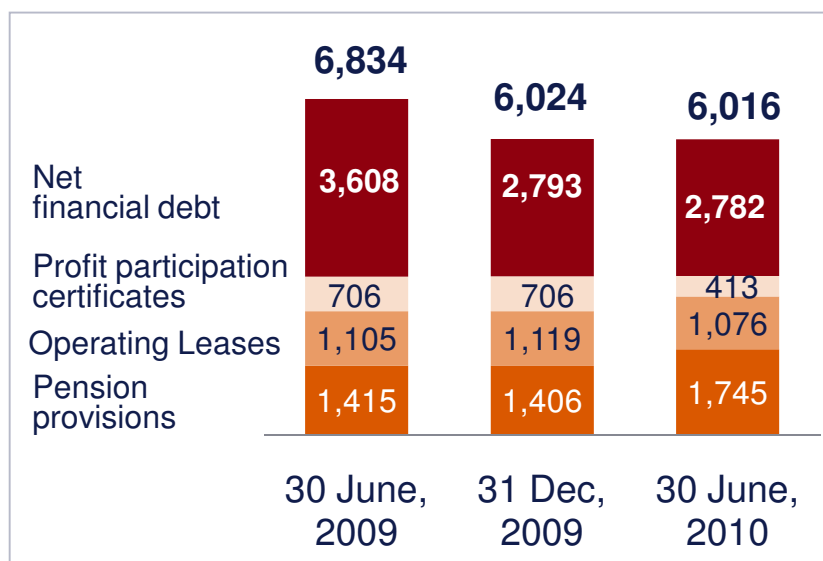
STANDARD  
& POOR'S

- BBB
- Outlook stable

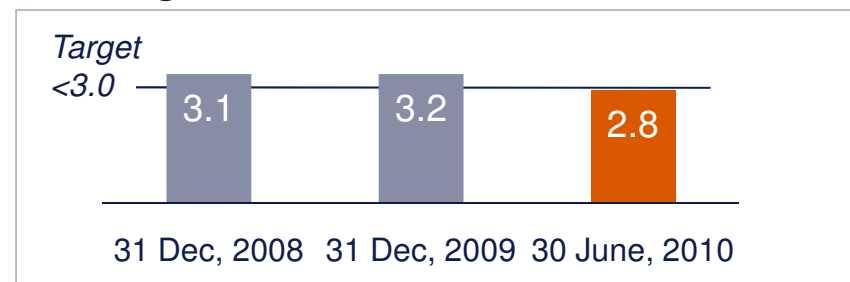


- Baa2
- Outlook stable

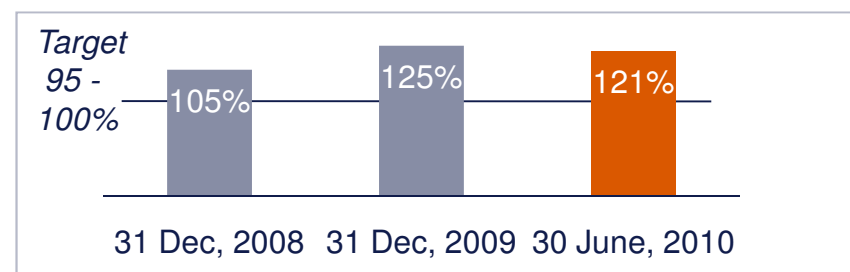
## Economic debt (in € millions)



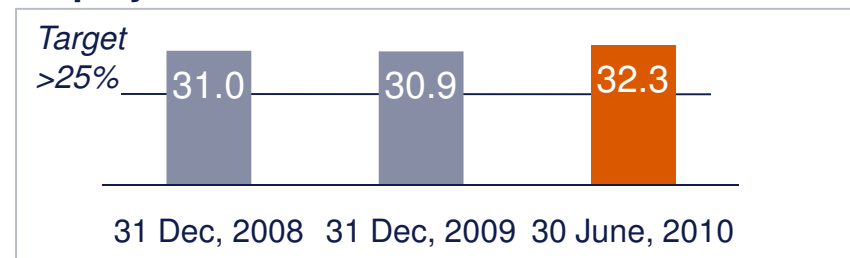
## Leverage Factor



## Cash Conversion in %

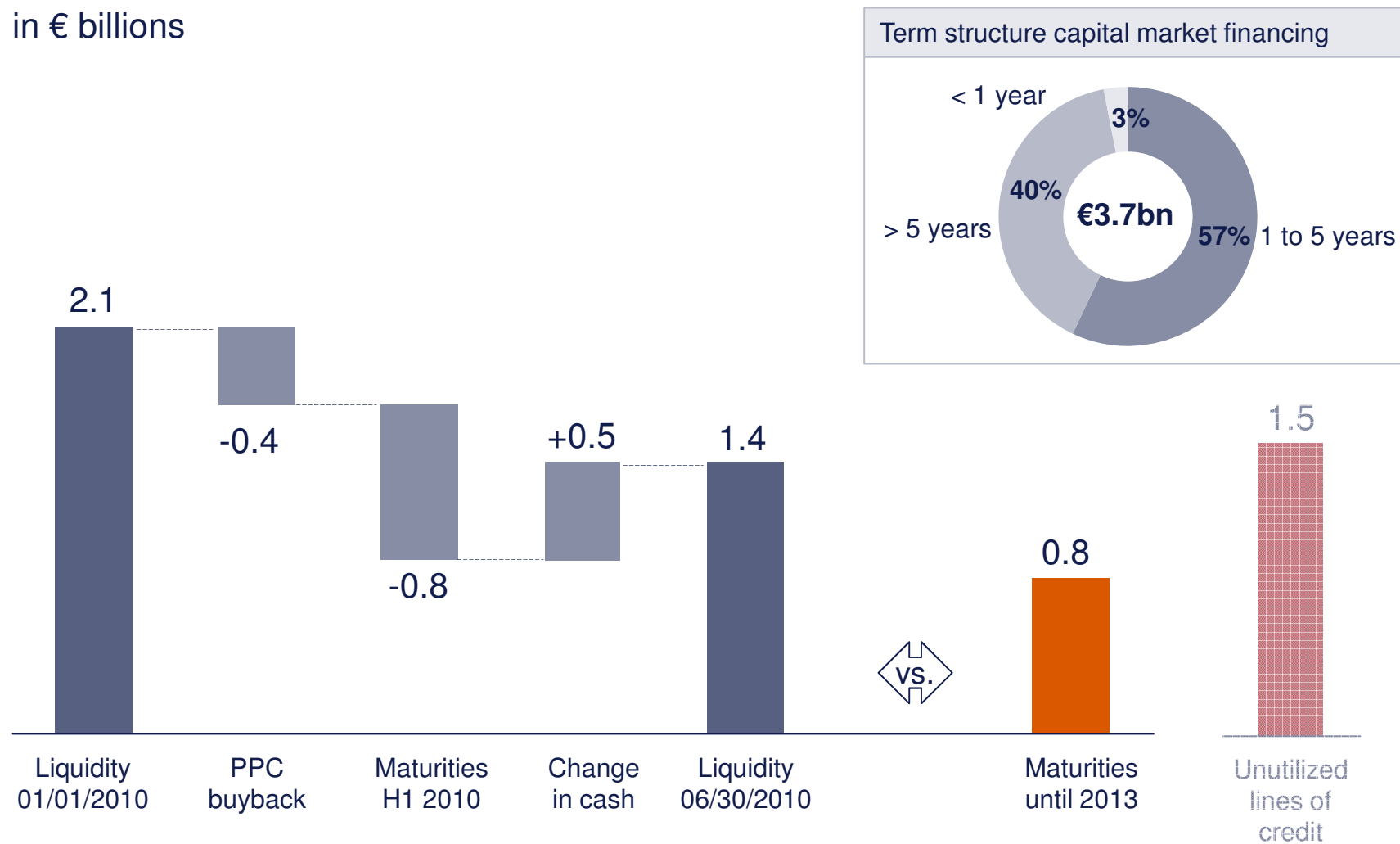


## Equity Ratio in %



# Liquidity – Comfortable liquidity position

in € billions



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## Outlook – **Continued stabilization expected in 2010**

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### **Outlook FY 2010**

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- » Economic **stabilization**
- » **Revenues** and **operating EBIT** above previous year
- » Continued **optimization** of core businesses and portfolio review
- » **Return on sales** in the range of **10 percent**
- » **Group profit** to exceed **€500** million
- » Focus on **cash flow**, **Leverage Factor** expected to be below **current level**

# Q&A-Session

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