

Bertelsmann Annual Results 2010 Investor Conference Call

March 29, 2011

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

Summary and highlights – **Operating performance significantly improved**

FY 2010

- » **Recovery of advertising** markets, in particular TV
- » **Revenues up** by 4.5 percent, **organic growth** >3 percent
- » **Record Operating EBIT** of € 1.9bn, **Group profit** € 656m
- » **EBITDA Margin** 15.2 percent, **Return on Sales** 11.7 percent
- » High **cash conversion rate**, **operating free cash flow** of € 2.1bn, **significant debt reduction**
- » **Leverage factor** of 2.3 times EBITDA
- » **Business** and **financial risk profile** significantly improved over the past two years

Group key figures – Significant revenue growth, key figures at record level

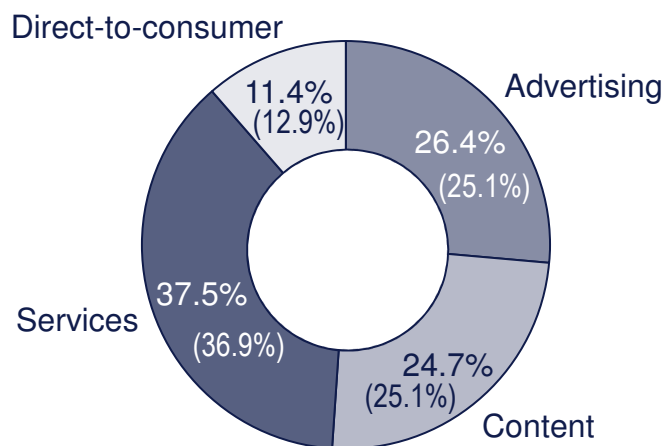
in € millions	2009	Change	2010
Revenues	15,110	+4.5%	15,786
Operating EBIT ¹⁾	1,438	+414	1,852
Operating EBITDA	2,000	+400	2,400
Group profit or loss	35	+621	656
BVA	50	+321	371
Operating free cash flow ²⁾	1,771	+304	2,075
<i>Cash conversion rate²⁾</i>	<i>125%</i>	<i>-13%-P.</i>	<i>112%</i>
Net financial debt	-2,793	880	-1,913
Economic debt	-6,024	1,109	-4,915
<i>Leverage factor</i>	<i>3.2</i>	<i>-0.9</i>	<i>2.3</i>

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

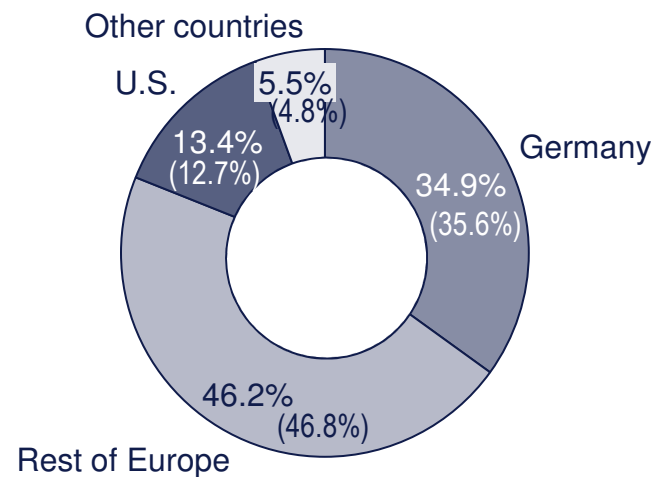
2) Adjusted for one-time effects

Group key figures – Revenues diversified by source and region

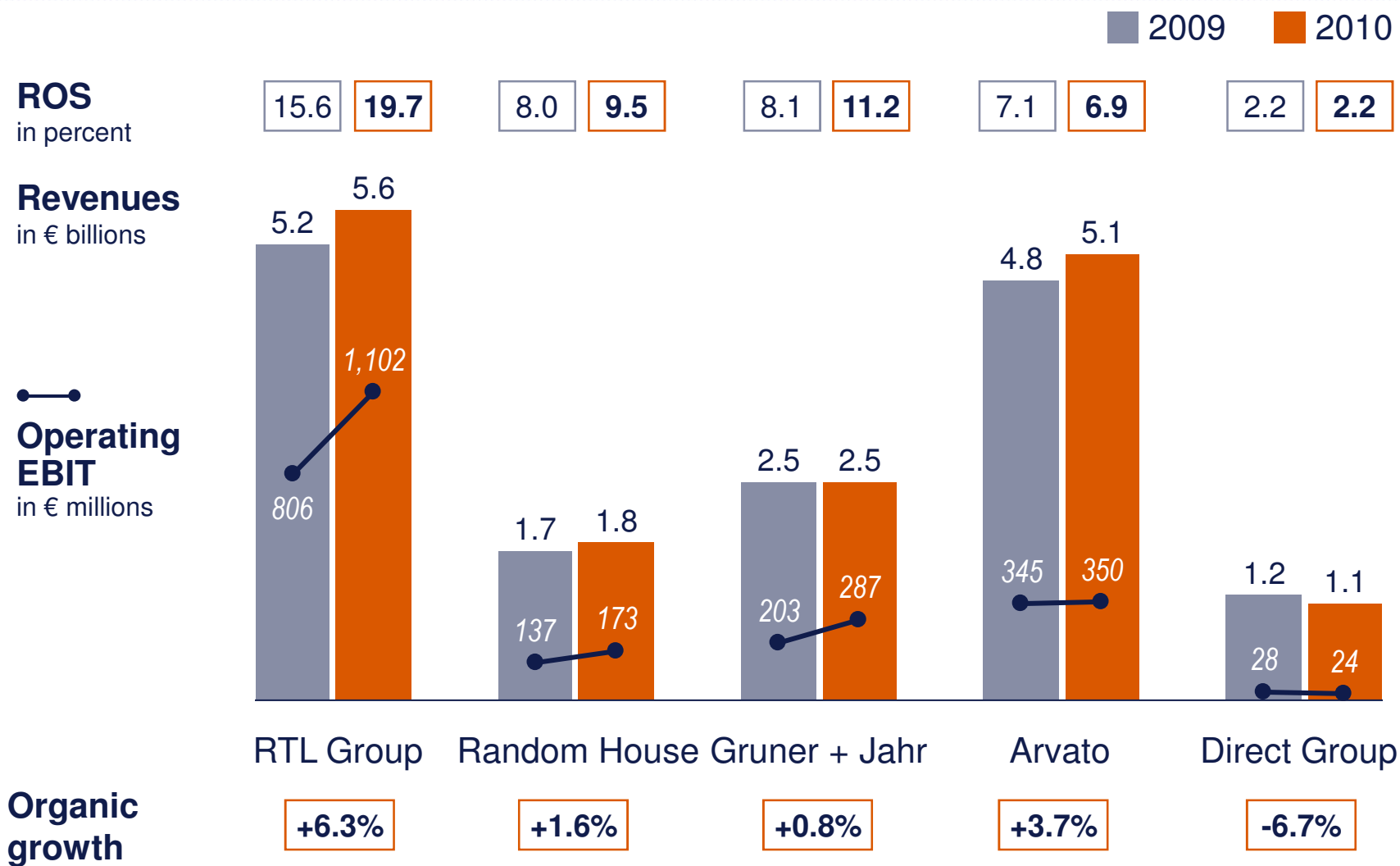
Revenue sources 2010 (previous year)



Revenue by regions 2010 (previous year)



Divisions – High profitability, growth in all divisions except Direct Group



Group profit – High group profit due to better performance and lower level of special items

in € millions

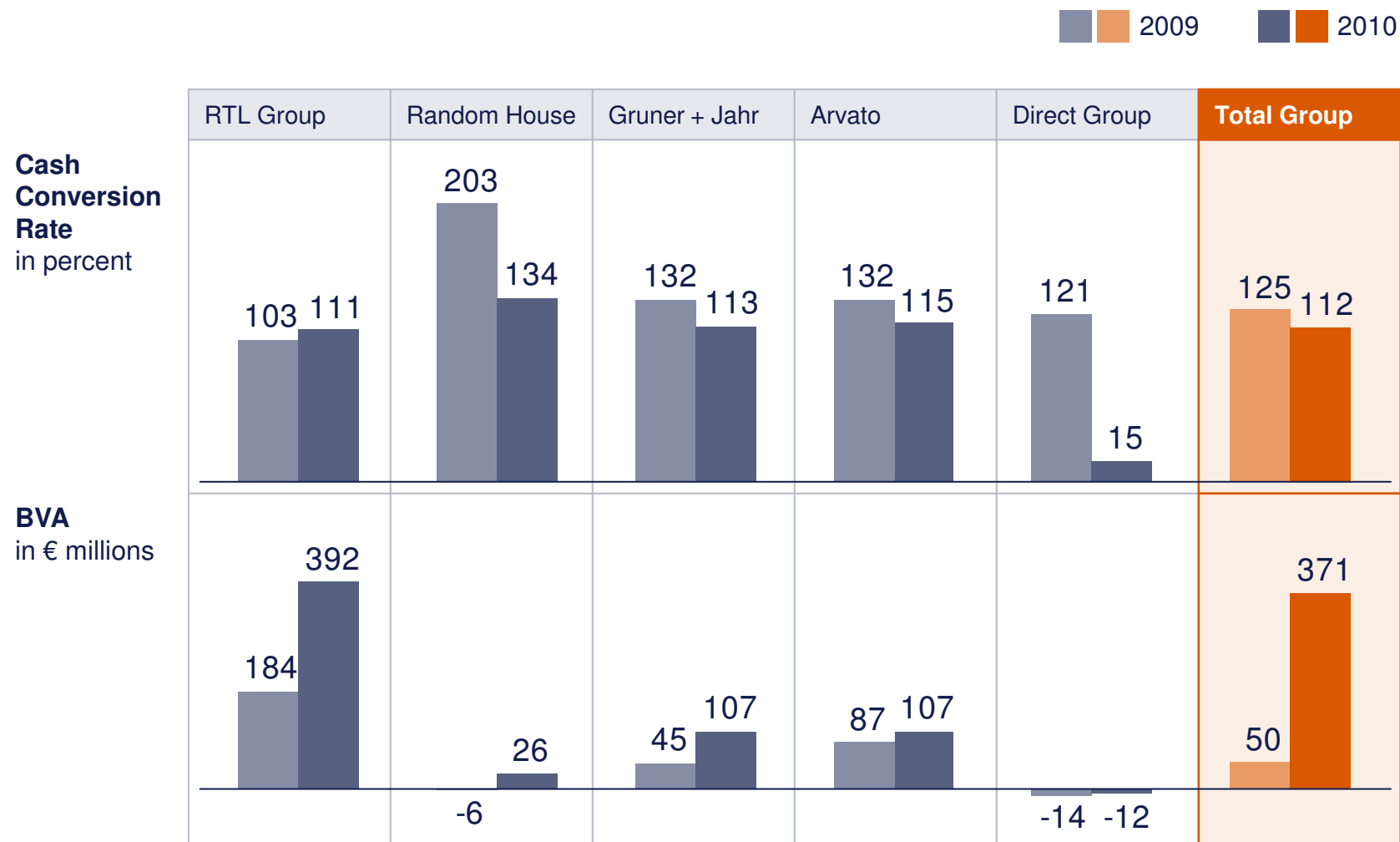
	2009	Change	2010
Operating EBIT of divisions	1,519	+417	1,936
Corporate/consolidation	-81	-3	-84
Operating EBIT	1,438	+414	1,852
Special items	-545	+189	-356
<i>Thereof - Restructuring costs</i>	<i>-196</i>	<i>+134</i>	<i>-62</i>
<i>- Impairments</i>	<i>-362</i>	<i>+91</i>	<i>-271</i>
<i>- Others</i>	<i>-</i>	<i>-</i>	<i>-22</i>
<i>- Capital gains/losses</i>	<i>13</i>	<i>-14</i>	<i>-1</i>
EBIT	893	+603	1,496
Financial result	-407	-131	-538
Income taxes	-249	+1	-248
Earnings from discontinued operations	-202	+148	-54
Group profit or loss	35	+621	656

Cash flow – High operating cash flow in line with profitability

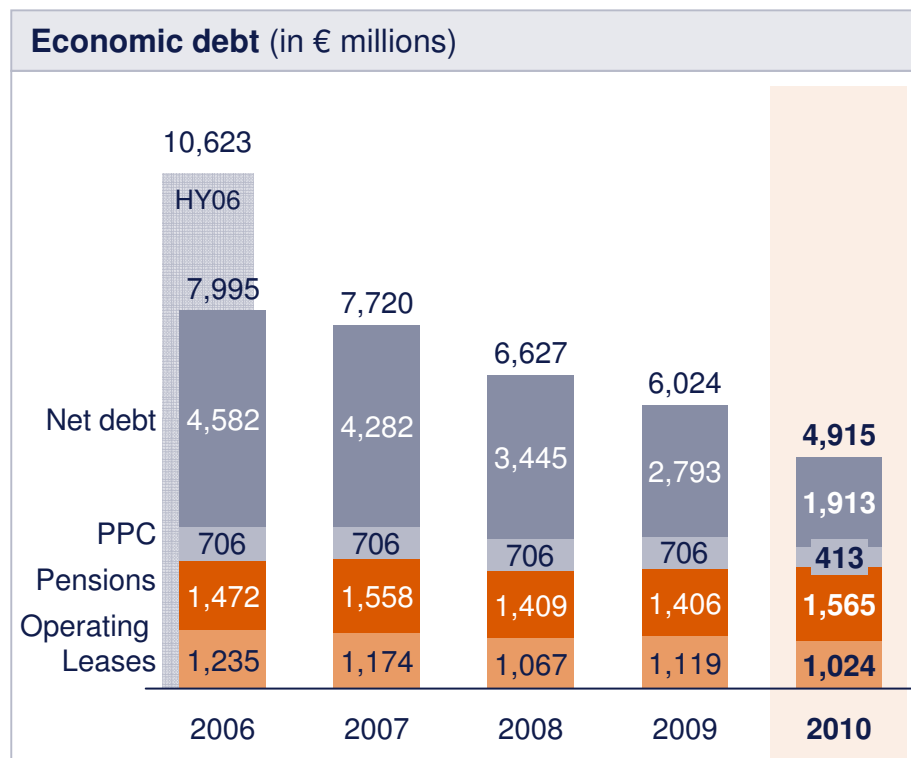
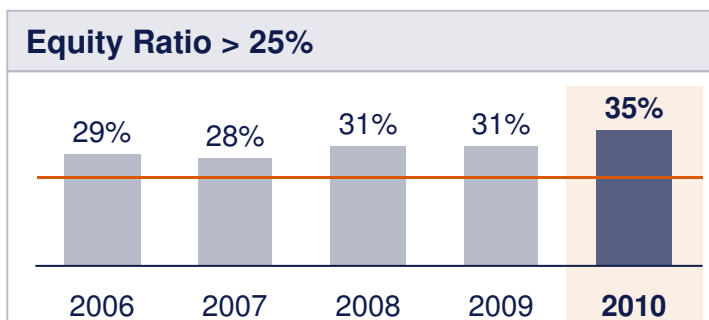
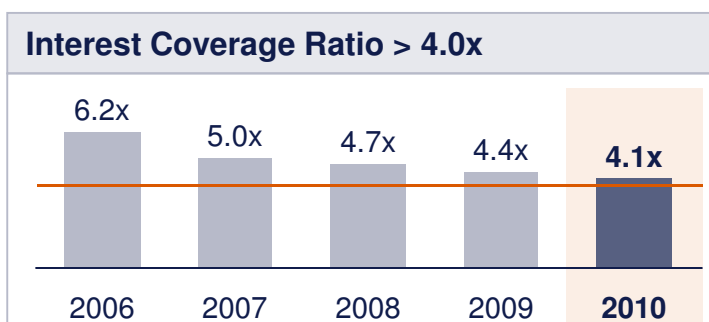
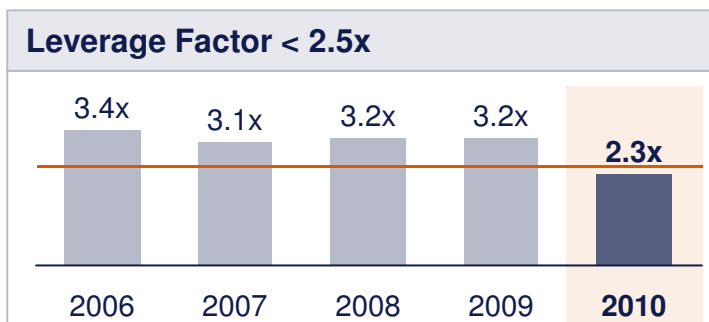
in € millions

	2009	2010
Cash flow from operating activities	1,777	2,052
Taxes paid	230	373
Investments in intangible and tangible assets	-448	-458
Proceeds from the disposal of intangible and tangible assets	35	55
Restructuring payments	169	81
Operating free cash flow	1,763	2,103
One-time effects	8	-28
Operating free cash flow (adjusted for one-time effects)	1,771	2,075
Cash conversion rate (adjusted for one-time effects)	125%	112%

Divisional CCR, BVA – High cash conversion rate throughout the group, Group BVA substantially improved



Financial status – All key ratios met, significant debt reduction in FY 2010



STANDARD
& POOR'S

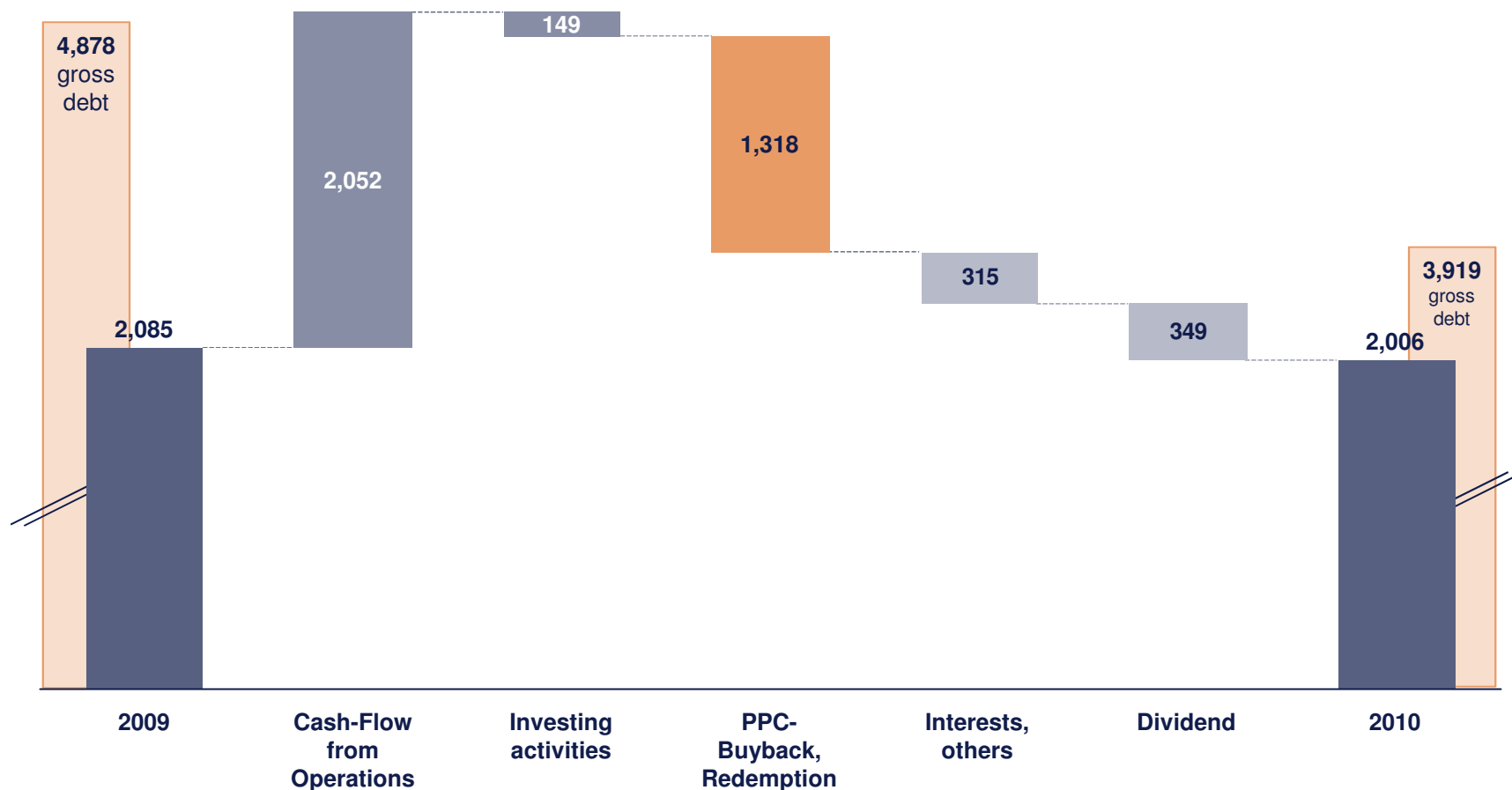


- BBB, stable Outlook

- Baa2, stable Outlook

Financial status – High liquidity position despite redemptions

in € millions



Sufficient liquid funds for maturities in 2012 (476 €m), 2013 (200 \$m) and 2014 (1,245 €m)

Outlook – **Continued stabilization expected in 2011**

Outlook 2011

- » Economic **stabilization**
- » **Revenues** above previous year
- » Continued **optimization** of core businesses and portfolio review
- » **Return on sales** in the range of **11 percent**
- » **Group profit** to exceed previous year's level
- » Focus on **cash flow** and **target rating**

Q&A-Session

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