

The Spirit to Create

Consolidated Financial Statements 2007 and Financing, Thomas Rabe
Annual Press Conference, Bertelsmann AG, March 18, 2008 in Berlin

Consolidated Financial Statements 2007 and Financing

Thomas Rabe

Group Key Figures – Revenue and result slightly below prior year, group net income impacted by special items

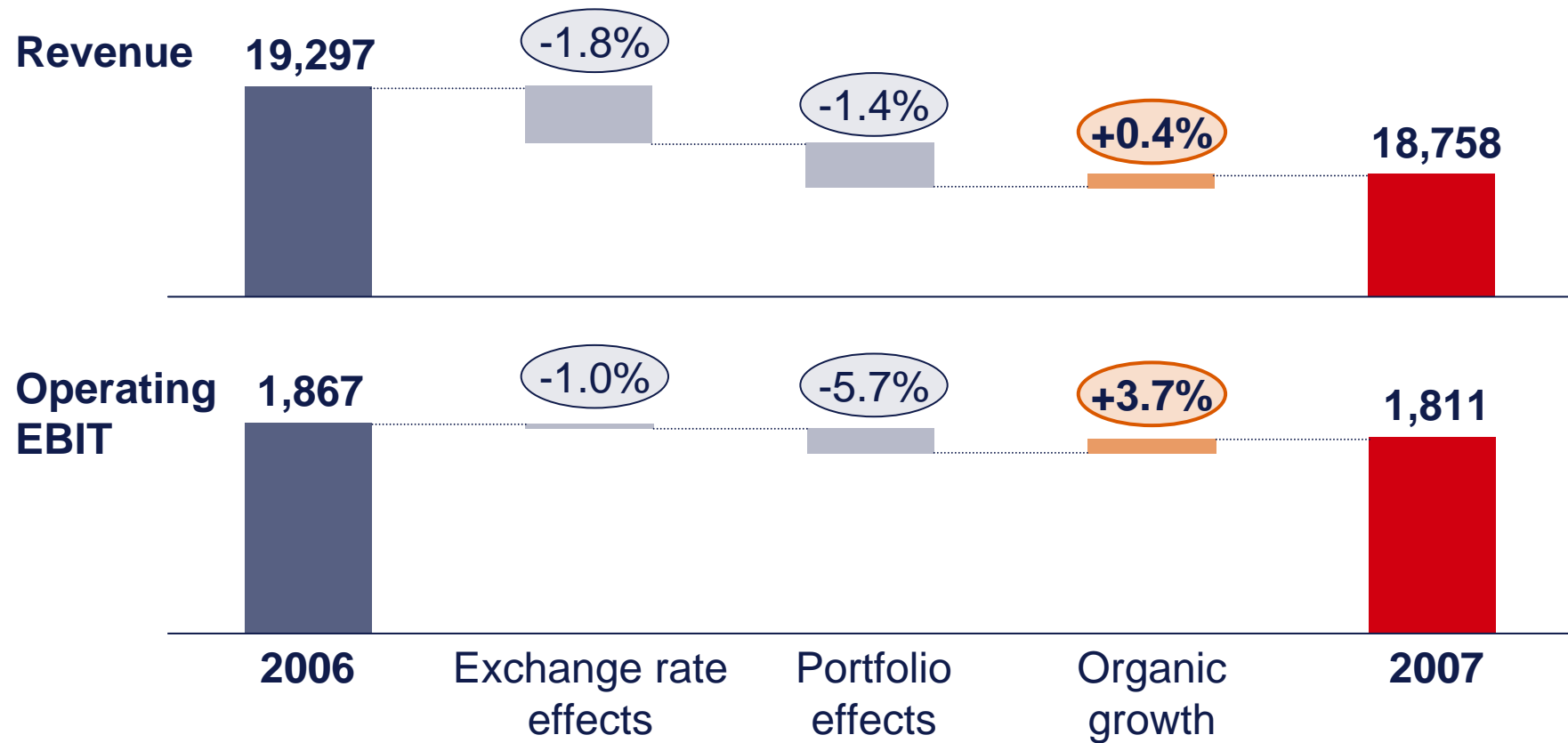
EUR in m

	2007	Change	2006
Revenue	18,758	-2.8%	19,297
Operating EBIT ¹⁾	1,811	-56	1,867
ROS	9.7%	±0.0%-p.	9.7%
Operating EBITDA	2,467	-81	2,548
Special items	-854	-2,015	1,161
Net income	405	-2,054	2,459

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

Organic Growth – Revenue and operating EBIT above prior year (after adjustments)

EUR in m



Group Net Income – Significant decline due to special items

EUR in m

	2007	Change	2006
Operating EBIT of divisions	1,884	-60	1,944
Corporate/Consolidation	-73	+4	-77
Operating EBIT	1,811	-56	1,867
Special items	-854	-2,015	1,161
EBIT	957	-2,071	3,028
Financial result	-479	-90	-389
Income taxes	-73	+107	-180
Net income	405	-2,054	2,459
of which: Bertelsmann shareholders	216	-1,920	2,136
Minority interest	189	-134	323

Special Items – Significant impairments at Direct Group

EUR in m

	2007	2006
Bertelsmann Direct North America	-414	-14
Settlement of music publisher lawsuit	-245	-149
Prinovis	-131	-
Five	-123	-
IP cartel fine	-96	-
RTL NL	134	-
Other	21	-51
BMG MP	-	1,174
TPS	-	201
Total	-854	1,161

Bertelsmann Value Added – Increase in BVA due to lower invested capital

EUR in m

	2007	Change	2006
Operating EBIT	1,811	-56	1,867
./. Taxes (33%)	-598	+18	-616
NOPAT	1,213	-38	1,251
Ø Invested capital¹⁾	13,508	-869	14,377
X Cost of capital	8.0%		8.0%
Capital costs	-1,080	+70	-1,150
Bertelsmann Value Added (BVA)	133	+32	101

1) Including present value of operating leases

Cash Conversion Rate – High cash flow due to prudent investment policy

EUR in m

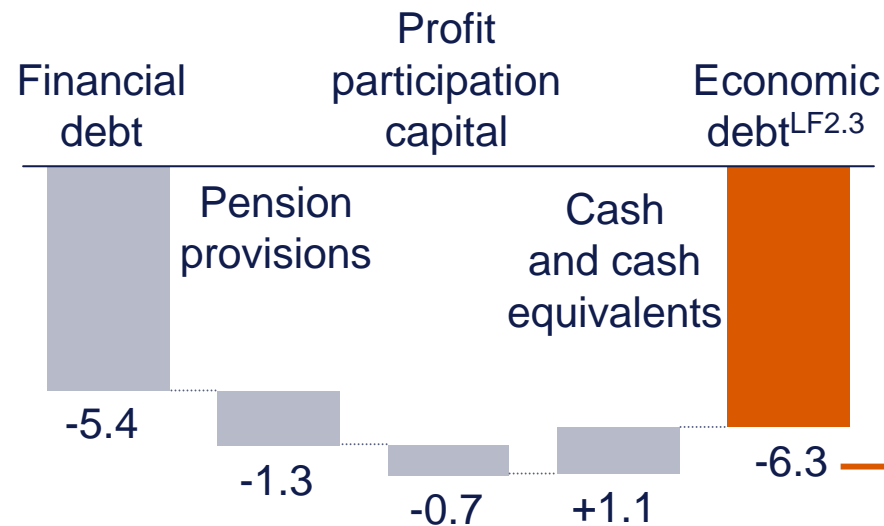
	2007	2006
Cash flow from operations	1,463	1,712
Income tax paid	491	301
Investments in intangible assets	-171	-154
Investments in property, plant and equipment	-463	-502
Proceeds from the sale of long-term assets ¹⁾	161	68
Payment for Napster settlement and IP cartel fine	317	46
Other effects	77	116
Operating free cash flow	1,875	1,587
One-time effects	-161	0
Op. free cash flow (without one-time effects)	1,714	1,587
Cash conversion rate	104%	85%²⁾
without one-time effects	95%	85% ²⁾

1) Net of proceeds from the sale of financial assets 2) Adjusted

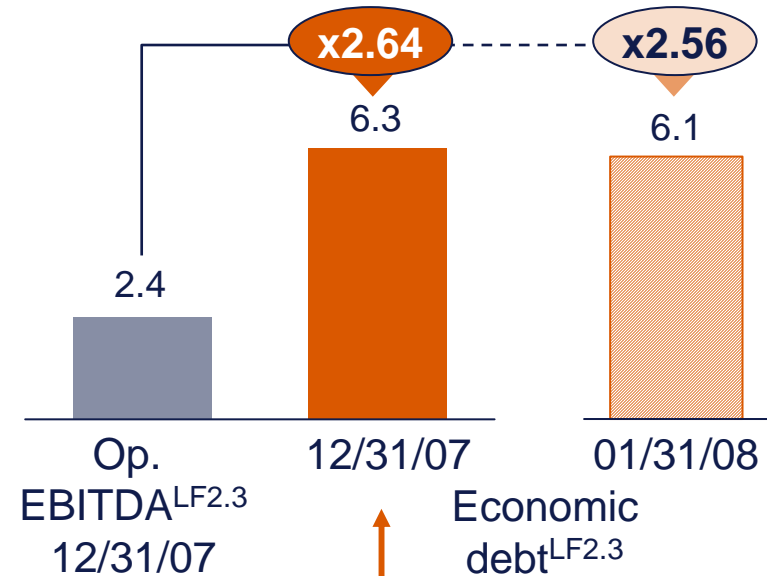
Leverage Factor^{LF2.3} – Financing target based on old definition

Economic debt^{LF2.3}

12/31/07



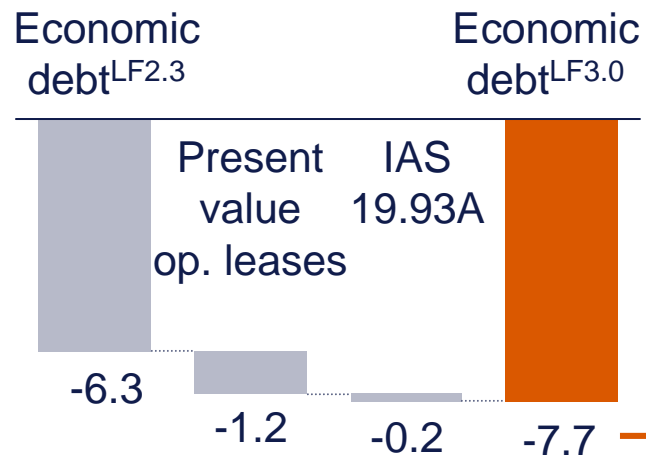
Leverage factor^{LF2.3}



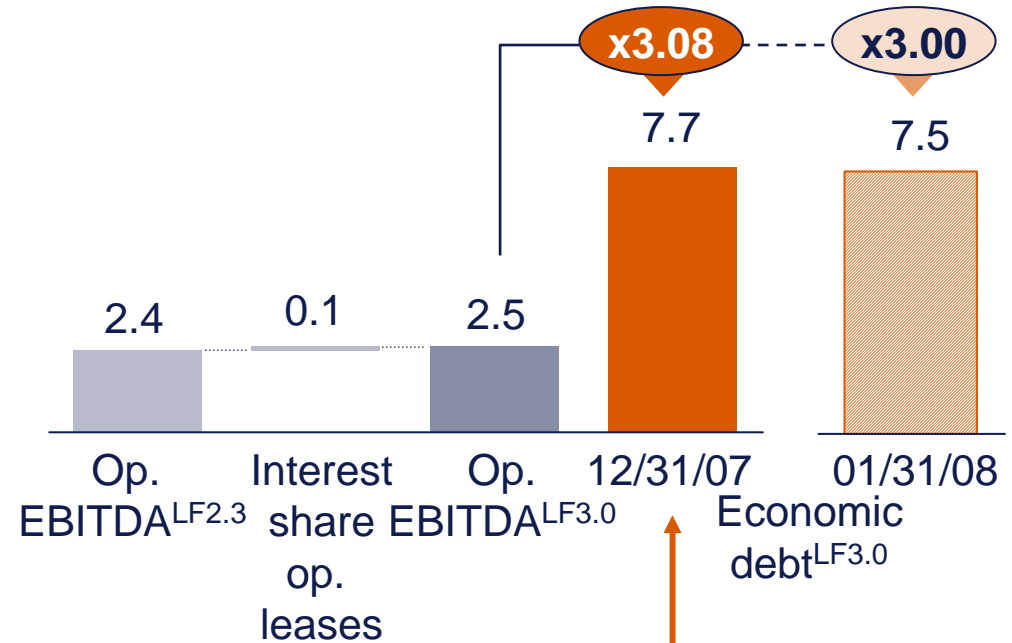
Leverage Factor^{LF3.0} – New definition of leverage factor in line with rating agencies' view

Economic debt^{LF3.0}

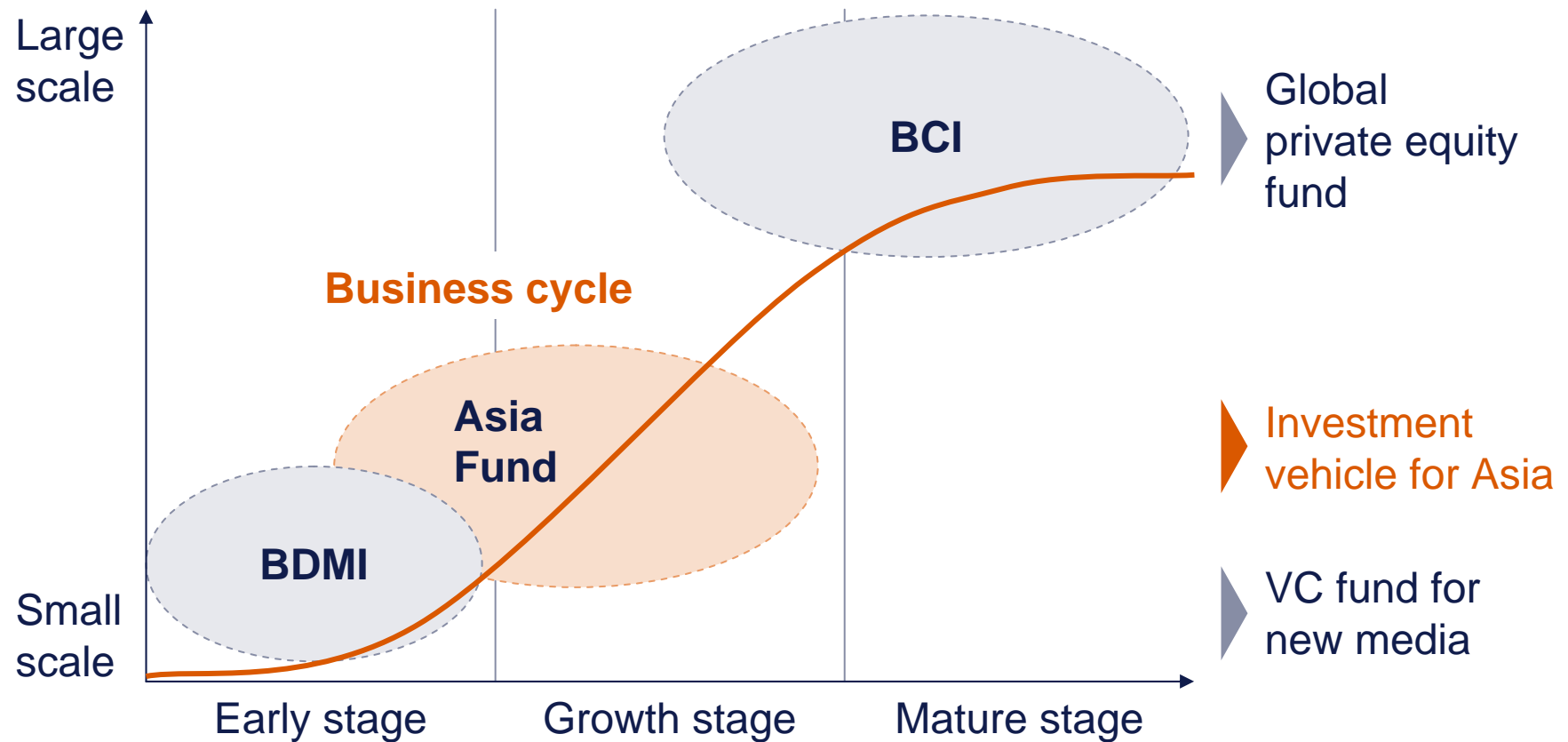
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Leverage factor^{LF3.0}



Bertelsmann Investment Funds – Funds provide additional investment options



Outlook 2008 –
Moderate growth, higher group net income

Revenue	Moderate increase in revenue (adjusted for portfolio and exchange rate effects)
Operating EBIT	ROS ~10 percent
Operating free cash flow	Cash conversion rate above 95 percent
Net income	Significant increase over 2007