

The Spirit to Create

Corporate Development and Strategy, Hartmut Ostrowski
Annual Press Conference, Bertelsmann AG, March 24, 2009 in Berlin

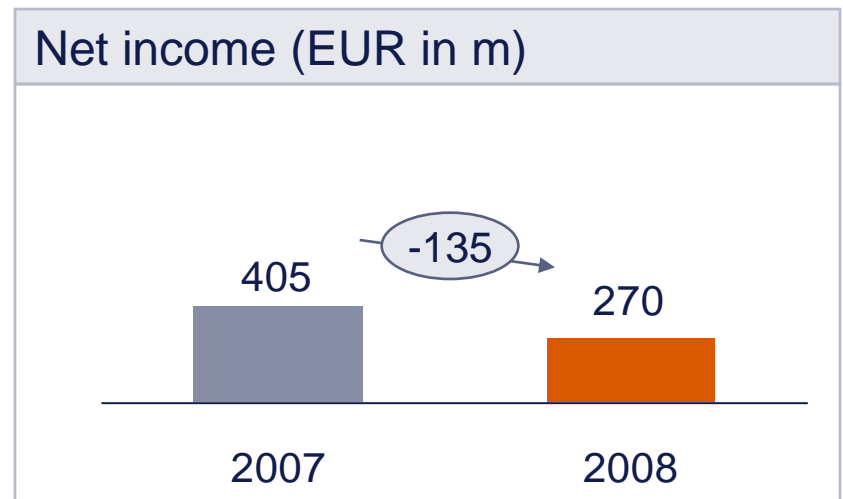
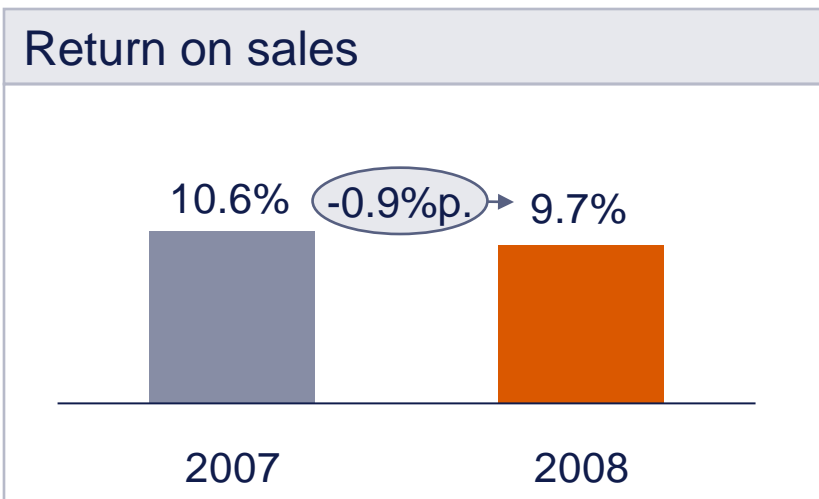
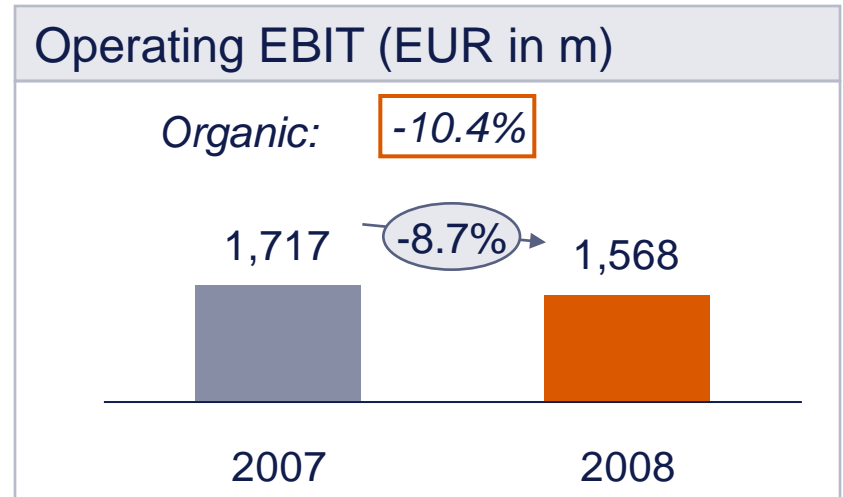
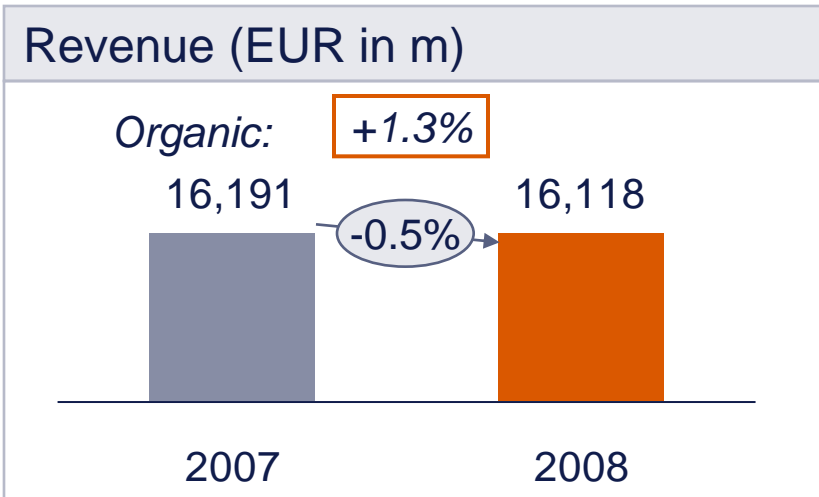
Corporate Development and Strategy

Hartmut Ostrowski

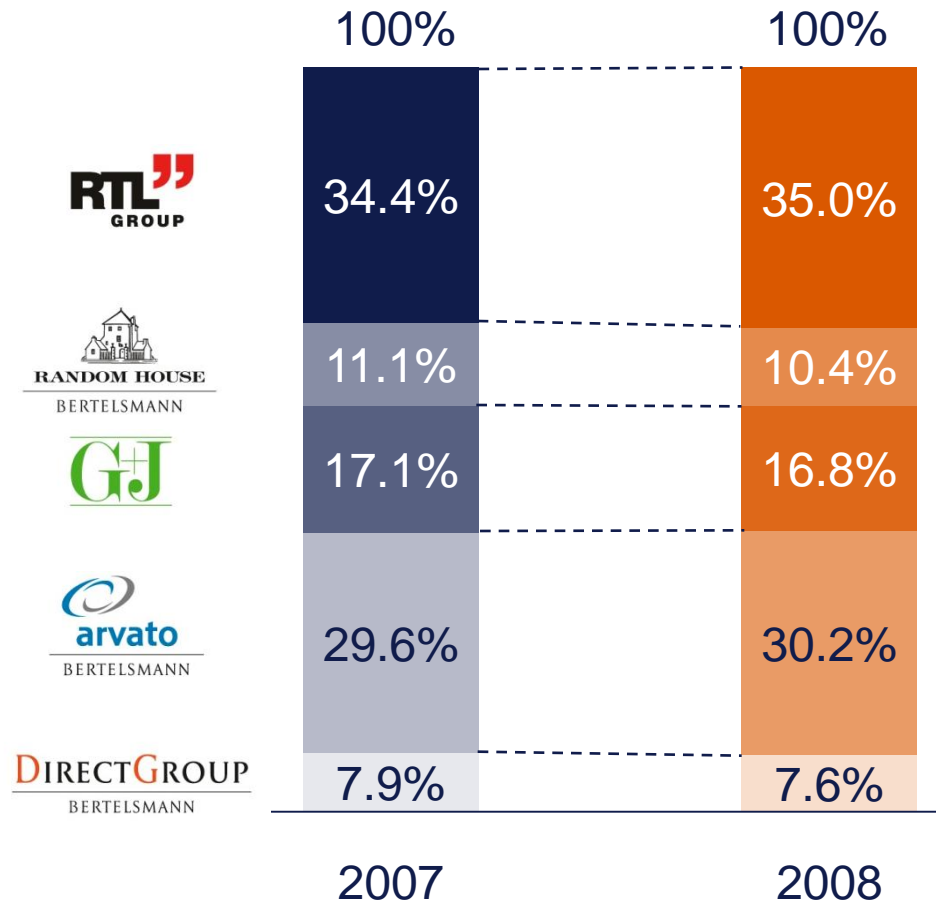
Bertelsmann 2008

- 1 Solid **operating performance**
- 2 **Organic growth** despite decline in some of our markets
- 3 Return on sales **at high level**
- 4 2008 **portfolio measures** completed on time
- 5 Structure of Bertelsmann **portfolio significantly improved**
- 6 Almost all businesses with leading **market positions**
- 7 Businesses **broadly diversified** by revenue source and region
- 8 Further **significant reduction of debt**
- 9 **Sound rating** maintained
- 10 Stable long-term **financing structure**, liquidity reserves established

Bertelsmann 2008 – Profitability remains at high level despite challenging economic environment



Revenue by division – **Stable structure,** **RTL Group and Arvato with highest contribution**



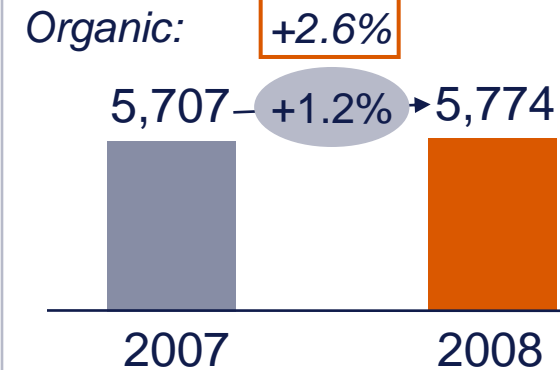
RTL Group – Revenue growth despite increasingly difficult TV and radio advertising markets



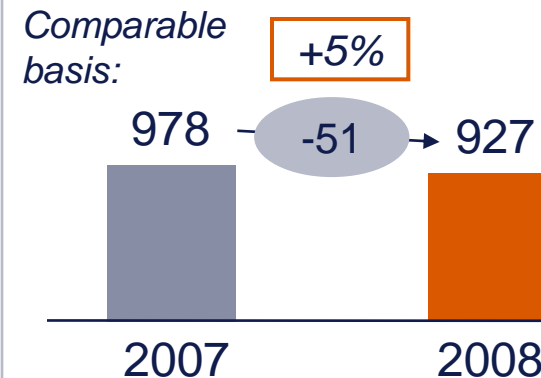
The leading European entertainment network

- Increase of operating profit on a comparable basis by 5%
- Germany: Leading market position enhanced
- FremantleMedia: Five consecutive years of revenue and profit growth, most successful TV-shows of 2008 in U.S. and U.K.
- Groupe M6: Audience record with EURO 2008, digital channel W9 profitable for first time
- Geographic expansion: Majority stake in Alpha Media Group in Greece acquired
- Online: Acquisition of German social network „Wer-kennt-wen.de“ and French Cyréalís Group

Revenue (EUR in m)



Operating EBIT (EUR in m)



Random House – Publishing successes in a difficult year

Global market leader in trade-book publishing

- Management changeover: Markus Dohle became Chairman and CEO of Random House June 1
- Decline in revenue primarily due to negative exchange rate effects
- Realignment of publishing and sales organizations in the U.S.
- More than 260 titles on New York Times bestseller lists in the U.S., including 25 at number one
- Dominated the Sunday Times bestseller lists in the UK and the Spiegel nonfiction bestseller list in Germany
- World's largest publisher of e-books (expand to 15,000 U.S. titles in 2009)

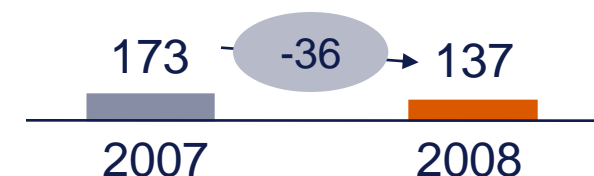
Revenue (EUR in m)

Organic:

-0.2%



Operating EBIT (EUR in m)



Gruner + Jahr – Strong media brands sustain their position in difficult economic environment



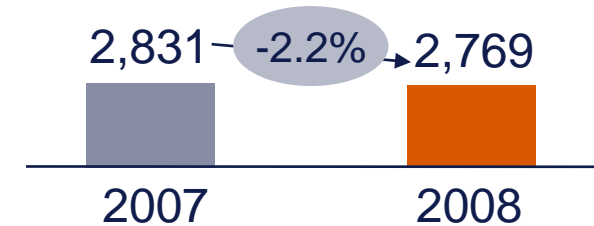
European magazine market leader

- Economic crisis burdens advertisement market
- Strong growth in online marketing and successful business diversification
- Growth markets and “Expand Your Brand” projects can only partly compensate for decline in revenue
- One-time special items from early crisis response plan burden EBIT
- Acquisition of remaining 50% of FTD and reorganization of business media in Germany
- European und American print market still challenging; Prinovis: closure of Darmstadt location

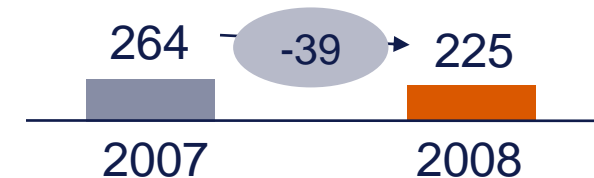
Revenue (EUR in m)

Organic:

-3.0%



Operating EBIT (EUR in m)



Arvato – Services business continues to be growth driver

Leading provider of media and communications services

Arvato Services

- Profitable growth, driven by ongoing outsourcing trend
- Market position in Europe strengthened through acquisition of Spanish call center operator Qualytel and service centers from Deutsche Telekom

Arvato Print

- Capacities expanded, market position strengthened
- Consolidation of gravure printing location structure

Arvato Digital Services

- Expansion of the services business, particularly towards being an integrated solutions provider for the IT industry

Revenue (EUR in m)

Organic:

+3.6%

4,917 → +1.5% → 4,993

2007

2008

Operating EBIT (EUR in m)

366 → +3 → 369

2007

2008

Direct Group – Concentration on European core markets

Media clubs, book retail and direct marketing

- Divestments in U.S., Asia, Netherlands and U.K.
- Stable revenues in Central, Western and Southern Europe, growth in Eastern Europe
- Decline in club member base and in willingness to commit to membership, especially in mature markets (Central, Western and Southern Europe)
- France: Clubs positive, retail challenging, full ownership of Chapitre.com online shop accomplished
- Germany: Again, positive result; strengthened diversification activities (e.g., travel)
- Strategy: Implementation of book value chain, increase of direct sales revenues

Revenue (EUR in m)

Organic: **-2.5%**



Operating EBIT (EUR in m)



Strategic goals – Important decisions taken in 2008

- » Take the Lead
- » Go for Growth
- » Create Value

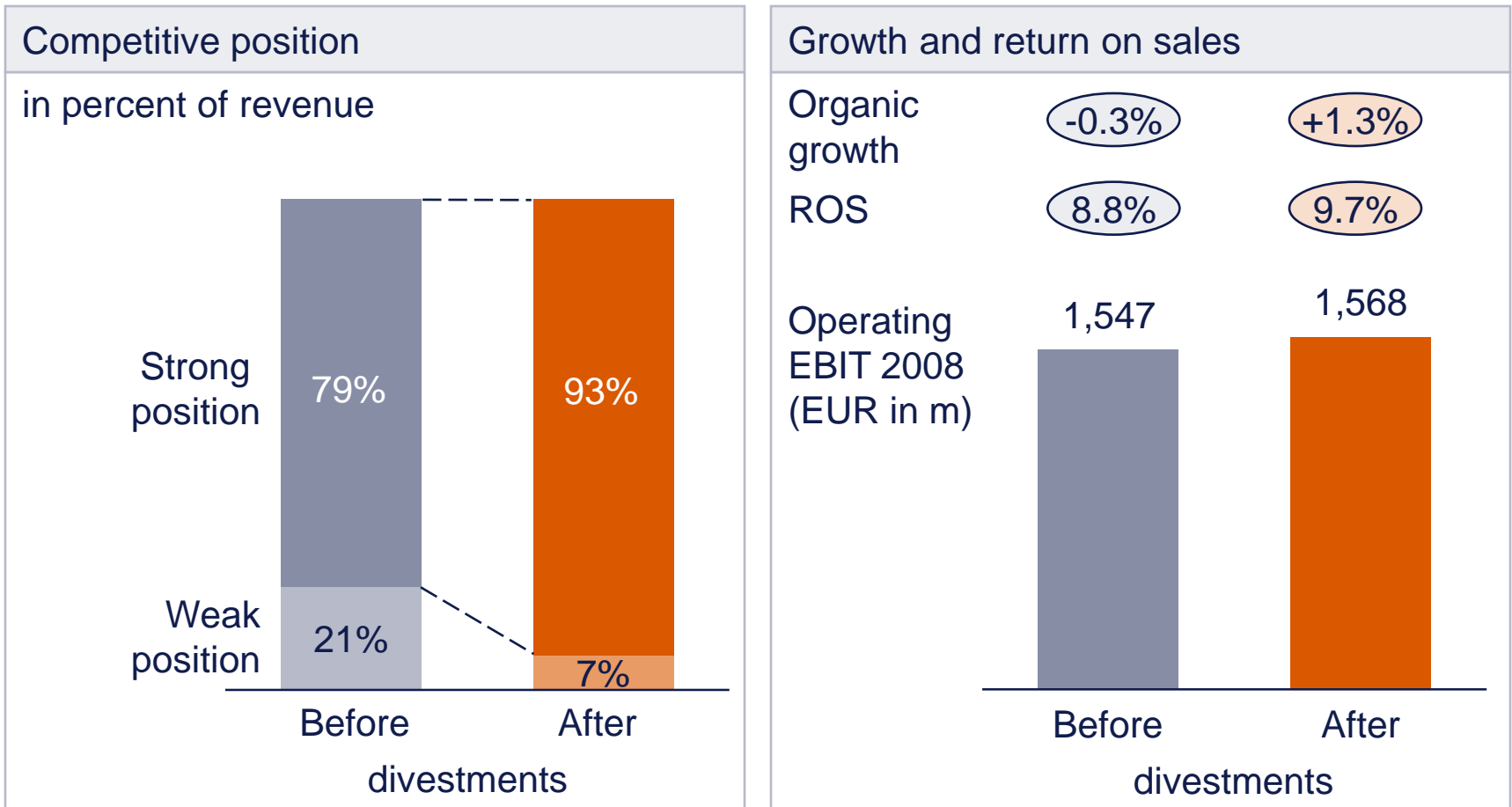
Important leadership positions replaced,
talent management improved

Sale of low growth and low profitability
businesses

Market opportunities in core markets
seized

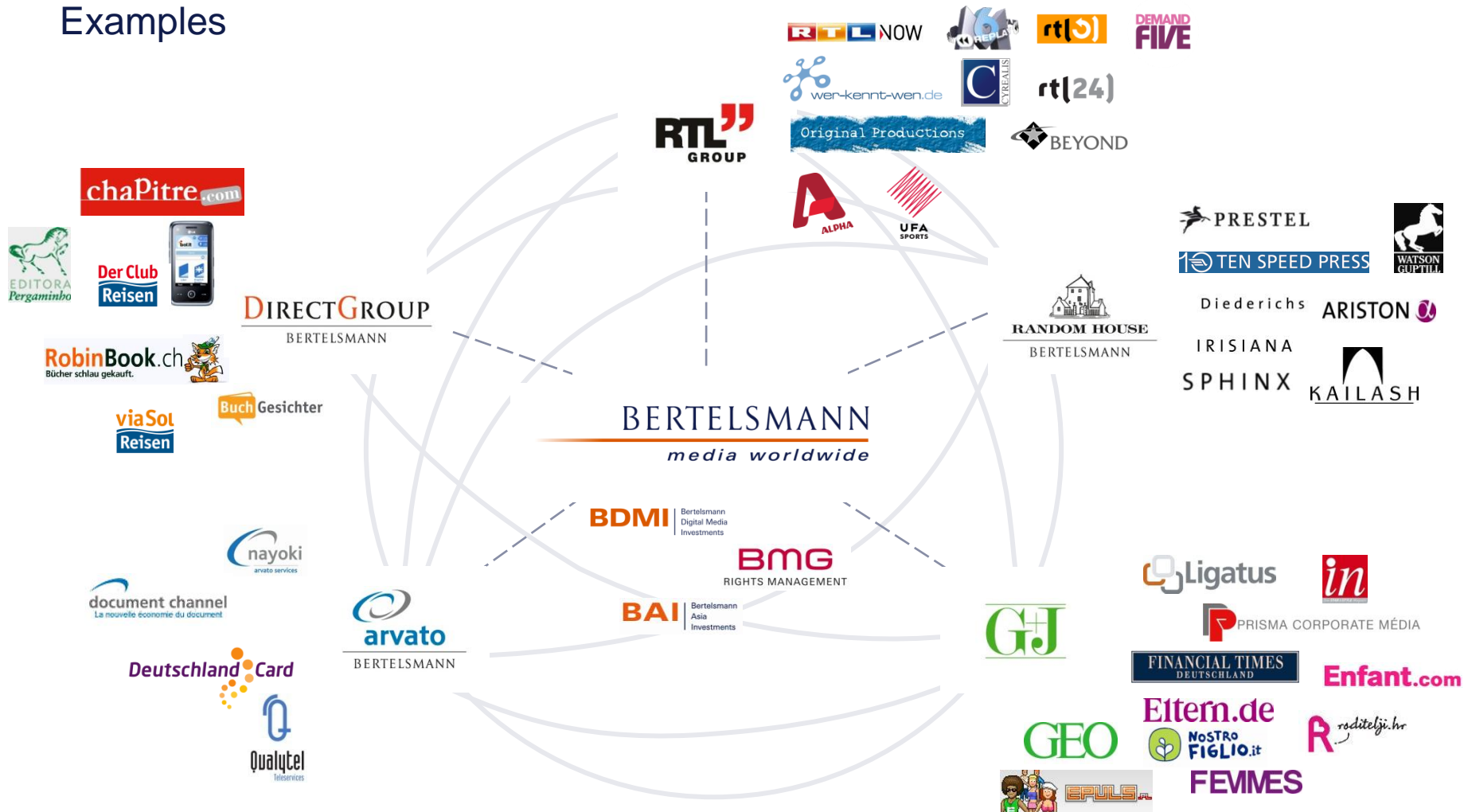
Optimization programs in all divisions
initiated on time

Strategic situation – Competitive position and operating performance significantly improved

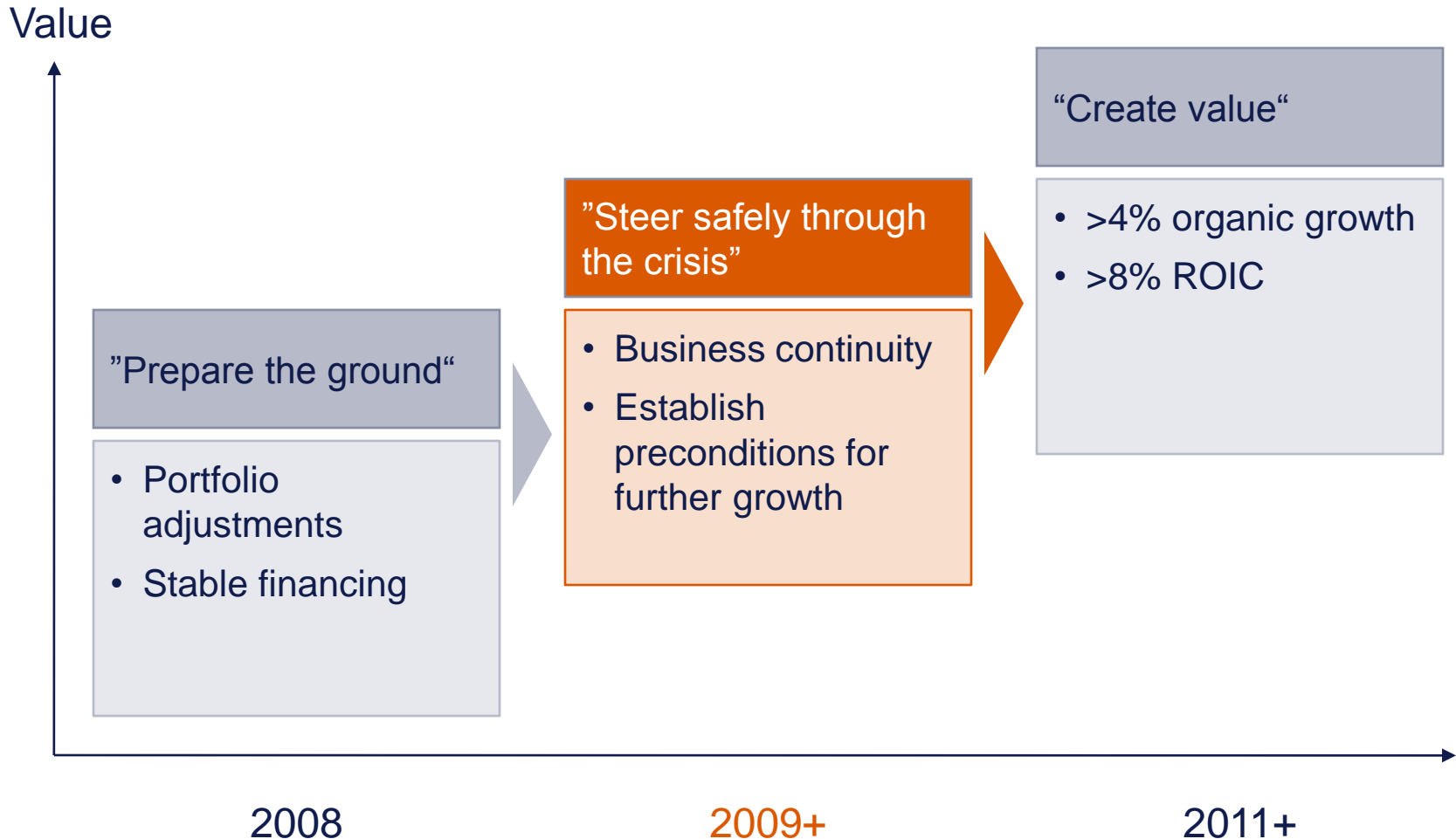


Acquisitions und innovations – Market opportunities in core markets seized

Examples

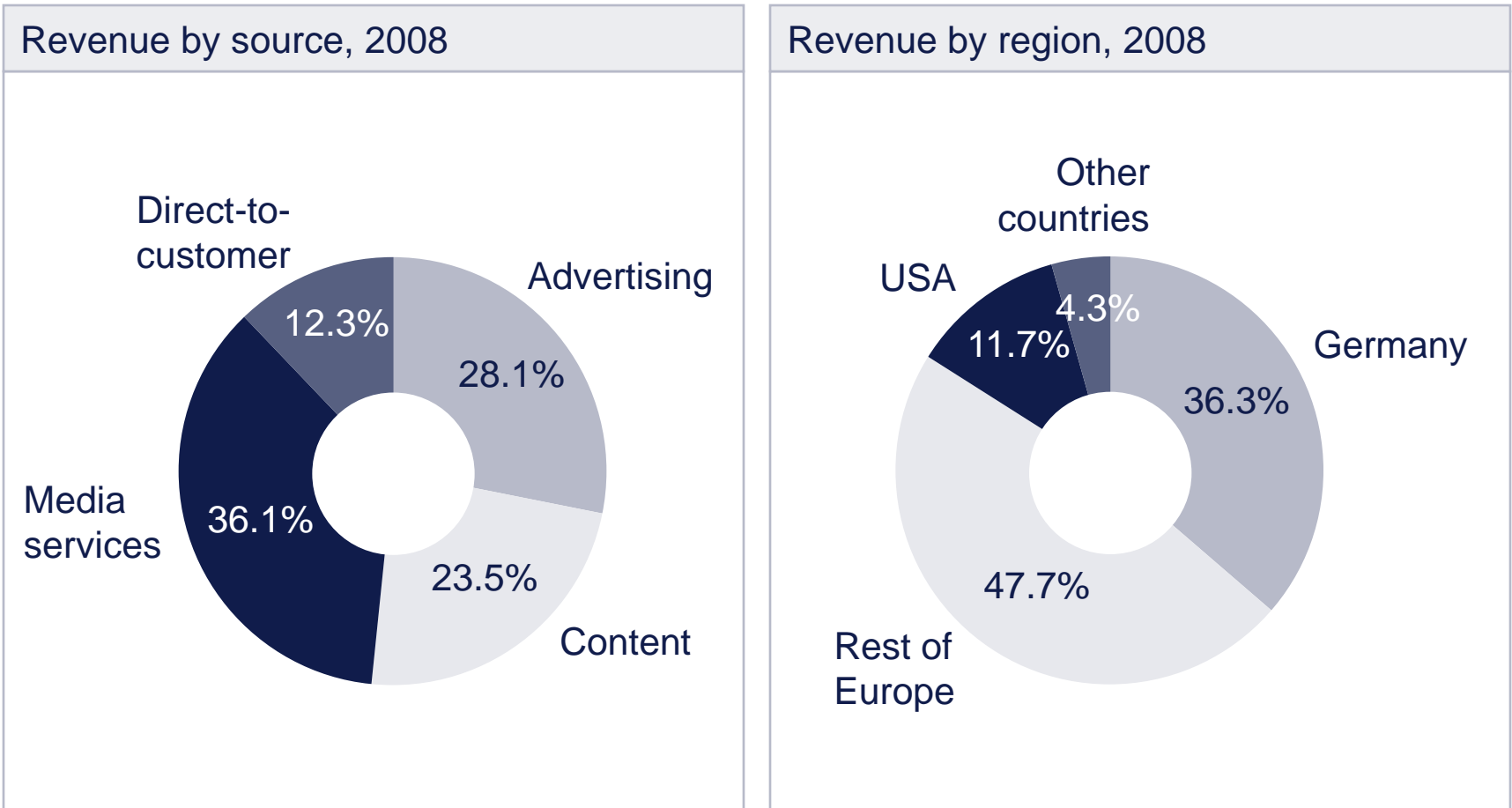


Group development – Economic downturn calls temporarily for new strategic priorities



Bertelsmann 2008 – Broadly diversified by revenue source and region

in percent



The Spirit
to Create

BERTELSMANN

media worldwide

Summary 2008

- » Solid operating performance, high profitability
 - » Divestments improve growth and return on sales
 - » Competitive position of businesses strengthened
 - » Optimization programs in all divisions initiated
-