

The Spirit to Create

Consolidated Financial Statements 2008 and Financing, Thomas Rabe
Annual Press Conference, Bertelsmann AG, March 24, 2009, Berlin

Consolidated Financial Statements 2008 and Financing

Thomas Rabe

Group key figures – Stable revenues, net income impacted by special items

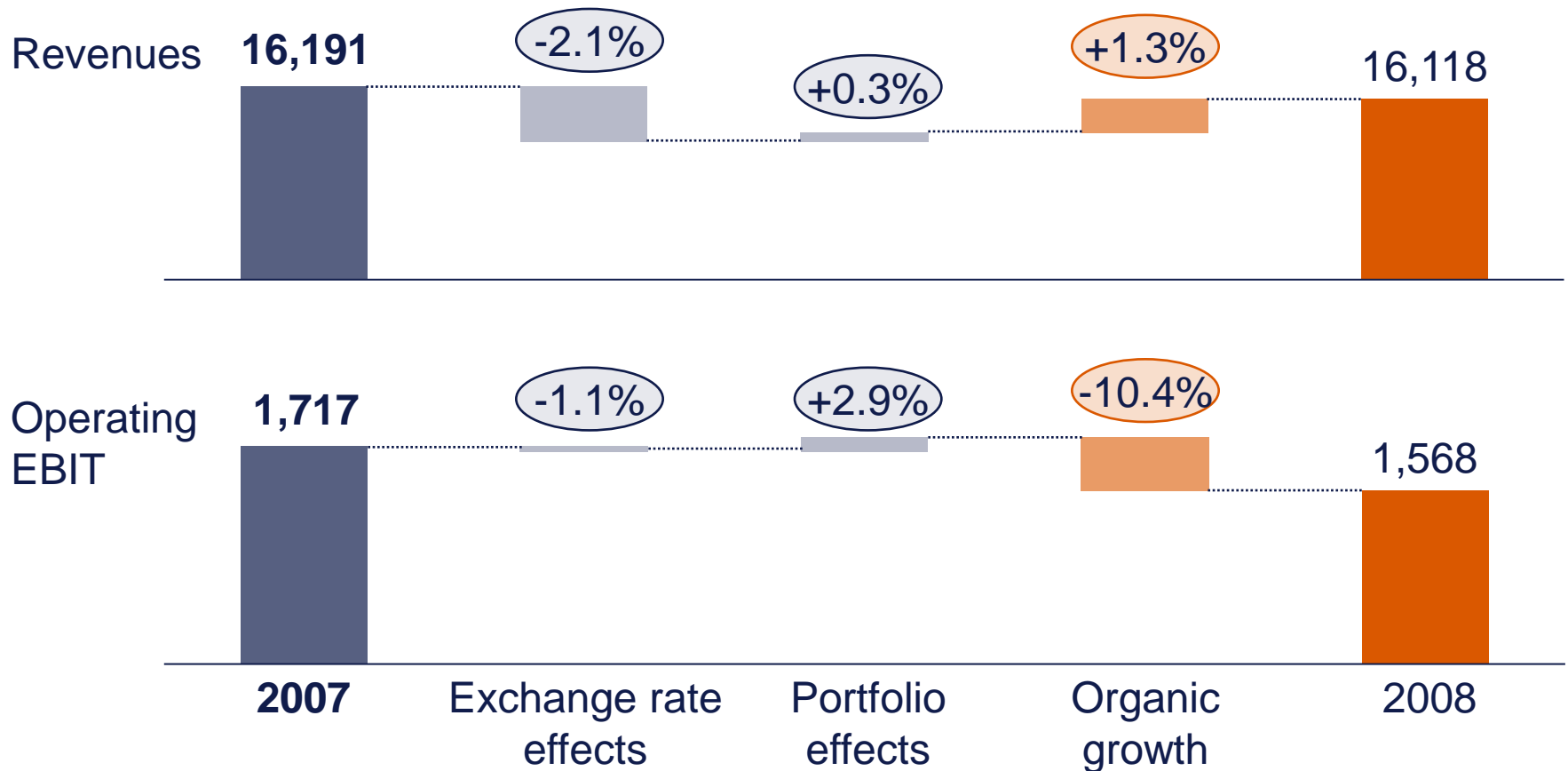
EUR in m

	2008	Change	2007
Revenues	16,118	-0.5%	16,191
Operating EBIT ¹⁾	1,568	-149	1,717
Return on sales	9.7%	-0.9% p.	10.6%
Operating EBITDA	2,130	-162	2,292
Special items	-676	-267	-409
Net income	270	-135	405

1) Earnings from continuing operations before interest, taxes and special items
(primarily impairments and restructuring expenses)

Organic growth – Revenues increased by 1.3% when adjusted for exchange rate and portfolio effects

EUR in m



Net income – Higher level of special items, elimination of burdens attributable to discontinued operations

EUR in m

	2008	Change	2007
Operating EBIT divisions	1,680	-119	1,799
Corporate/Consolidation	-112	-30	-82
Operating EBIT	1,568	-149	1,717
Special items	-676	-267	-409
EBIT	892	-416	1,308
Financial result	-427	+31	-458
Income tax	-52	-2	-50
Result from discontinued operations	-143	+252	-395
Net income	270	-135	405
of which: Bertelsmann shareholders	142	-74	216
Minority interest	128	-61	189

Special items – Higher impairments and restructuring expenses

EUR in m

	2008	2007
Impairments	-502	-246
• Five, RTL Group	-337	-123
• Direct Group French Speaking, Portugal	-71	
• Radio Germany, RTL Group	-34	
• Other	-60	-123
Capital gains/losses	-1	238
Additional special items	-173	-401
• Random House	-51	-
• Gruner + Jahr	-35	-
• RTL Group	-32	-
• Prinovis	-20	-61
• Other	-35	-340
Special items	-676	-409

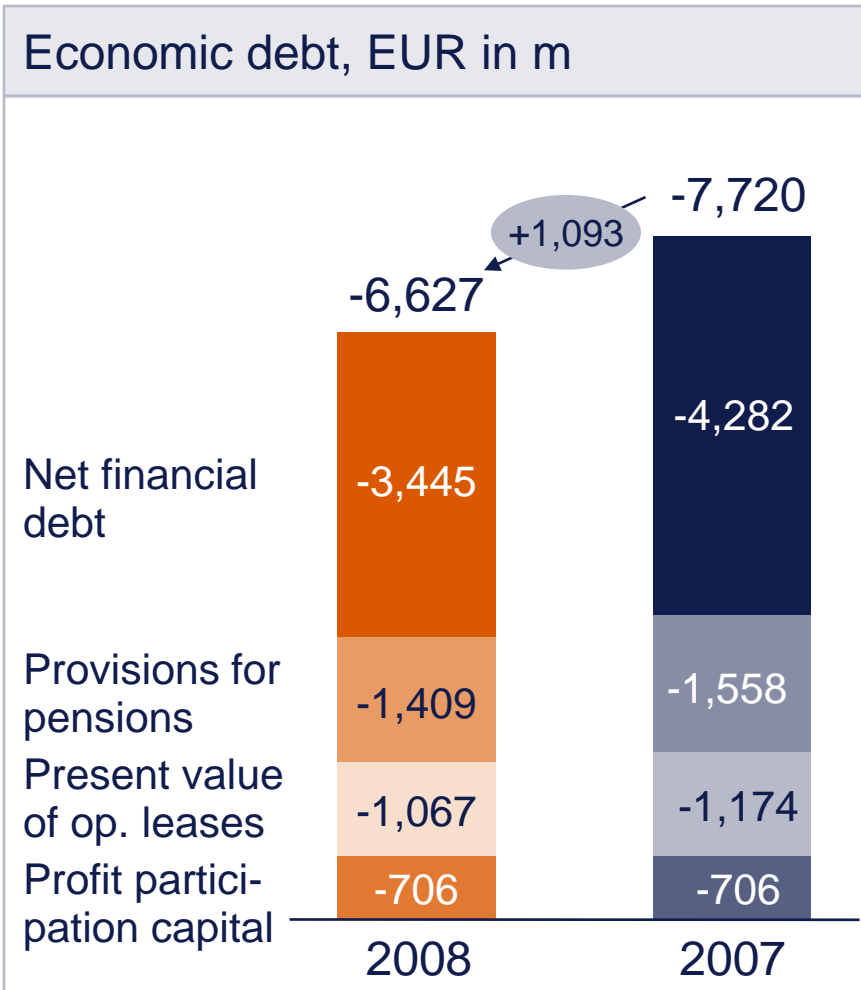
Cash flow – Cash conversion rate at record level

EUR in m


	2008	2007
Cash flow from operating activities	1,789	1,463
Taxes paid	231	491
Investments in intangible assets and property, plant and equipment	-627	-634
Proceeds from disposal of non-current assets	69	161
Payment of Napster settlement and IP cartel fine	115	317
Restructuring payments	77	77
Operating free cash flow	1,654	1,875
One-time effects	-30	-161
Operating free cash flow (excl. one-time effects)	1,624	1,714
Cash conversion rate (excl. one-time effects)	105%	95%
Including one-time effects	107%	104%

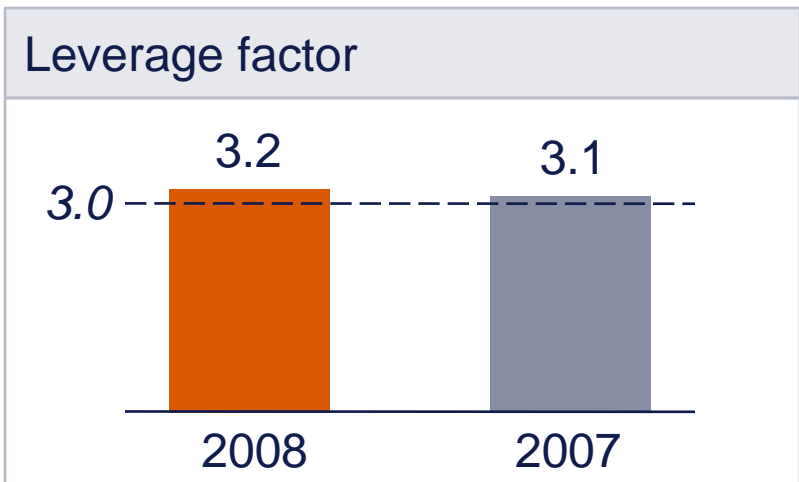
Figures including discontinued operations

Financial situation – Significant reduction of economic debt, sound credit rating



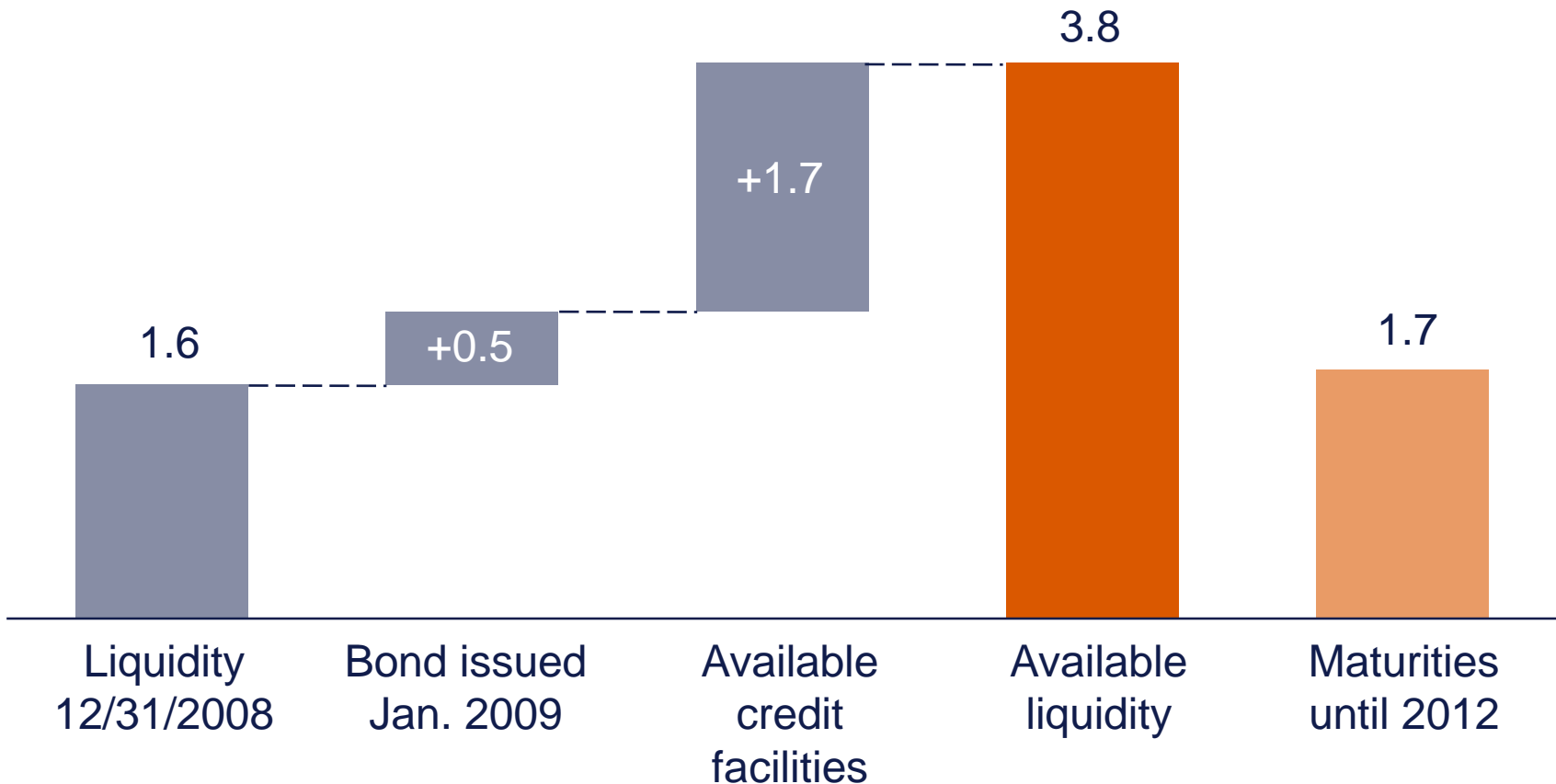
Rating

<u>STANDARD & POOR'S</u>	<ul style="list-style-type: none"> • BBB+ • Negative outlook
	<ul style="list-style-type: none"> • Baa1 • Stable outlook



Liquidity – Maturities until 2012 covered by already available liquidity

EUR in bn



Bertelsmann funds – Separate investment vehicles with different goals and structures

	Investment focus	Current investments
<p>BDMI Bertelsmann Digital Media Investments</p> <p>» Early stage digital media/ services startups</p>	<ul style="list-style-type: none"> • Global content licensing/aggregation • Brand presentation and e-commerce • Mobile advertising • Interactive entertainment • Gaming • ... 	
<p>BAI Bertelsmann Asia Investments</p> <p>» Growth investments in China</p>	<ul style="list-style-type: none"> • Online education • Offline and online advertising models • Online community and e-commerce • ... 	

Bertelsmann in China – Strong basis for future growth

	<ul style="list-style-type: none"> • Corporate Center since 2006 • Discontinuation of Direct Group activities in 2008 • Start of Bertelsmann Asia Investment Fund in 2008 	
	<ul style="list-style-type: none"> • Investment in Boda joint venture since 2006: leading positions in women's, fashion, beauty and living segments • Asia's leading women's website with more than 800m page impressions per month 	
	<ul style="list-style-type: none"> • End-to-end business process outsourcing solutions • Integrated full service provider for IT/high-tech industry 	
	<ul style="list-style-type: none"> • Licensing of global TV formats • Co-production of successful shows with leading Chinese TV stations 	

Summary 2008 and outlook 2009 – **Solid performance in 2008, low visibility for 2009**

2008

- Sound **profitability**
- Strong **cash conversion**
- Stable **ratings**
- High **liquidity reserves** and available **credit lines**
- Completion of 2008 **portfolio adjustments**

Outlook 2009

- Challenging **economic environment**
- Group focus on **liquidity** and **business continuity**
- No specific **outlook**