

175
YEARS



OF BERTELSMANN
THE LEGACY FOR
OUR FUTURE

Corporate Development and Strategy, Hartmut Ostrowski
Annual Press Conference, Bertelsmann AG, March 23, 2010 in Berlin

Corporate Development and Strategy

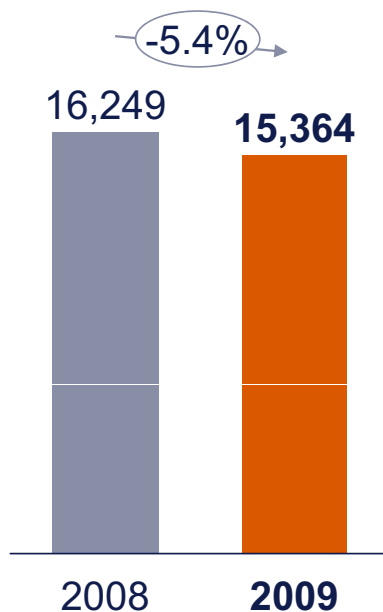
Hartmut Ostrowski, Chief Executive Officer, Bertelsmann AG

Bertelsmann 2009 – **All in all successful in a challenging year**

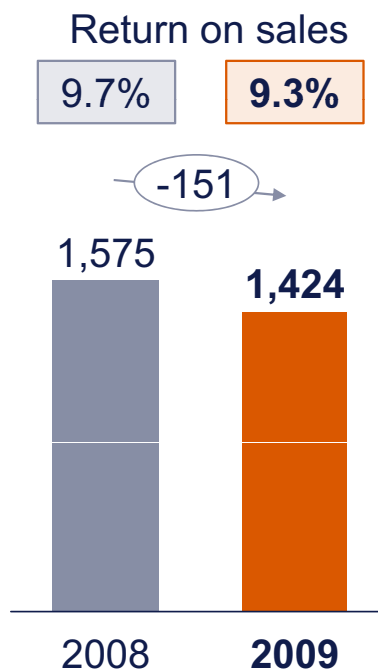
- 1** **Leading market positions** maintained or expanded
- 2** Despite **high investments** in core businesses **debt** further significantly **reduced**
- 3** **Cost-cutting and efficiency** measures of some €1 billion implemented
- 4** **Positive net income** realized despite impairments
- 5** **Focus 2010:** Continue **optimization**, review **portfolio**, prepare for **growth**

Bertelsmann 2009 – Decline in revenues due to crisis, high profitability, positive net income

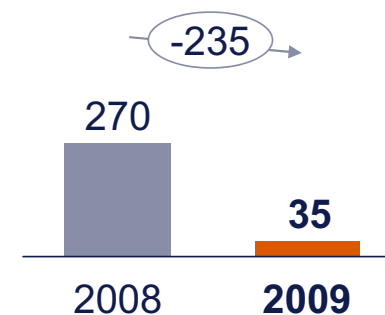
Revenues (in € millions)



Operating EBIT (in € millions)



Net income (in € millions)



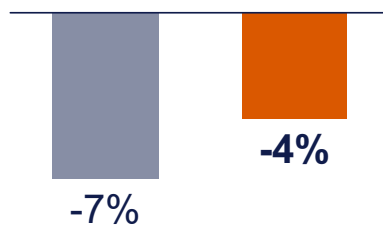
Group key figures – Significant recovery in second half-year

■ H1 2009 ■ H2 2009

Revenues (in € millions)

7,198 ↗ 8,166

**Delta
previous year**



Operating EBIT (in € millions)

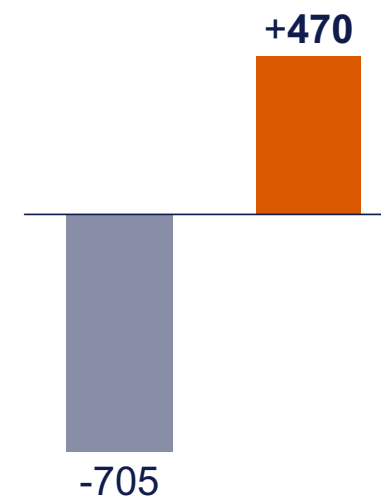
475 ↗ 949

ROS 7% ↗ 12%



Net income (in € millions)

-333 ↗ 368



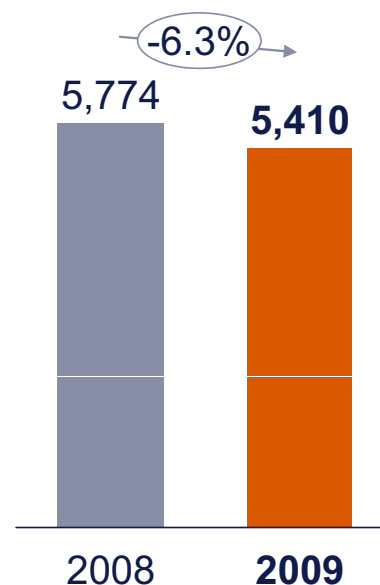
RTL Group – High profitability, increased audience shares, investments in future growth businesses, significant cost reduction



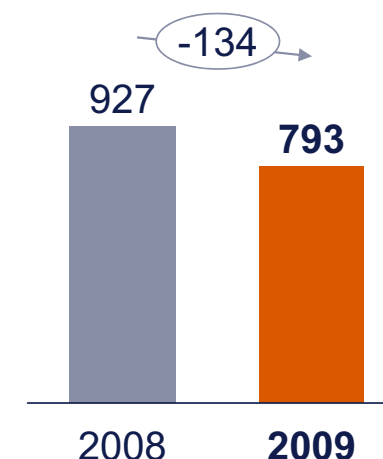
The leading European entertainment network

- » Double-digit declines of European advertising markets
- » Nearly all RTL families of channels gained audience shares despite high cost savings
- » Growing or stable operating EBIT margins at RTL Germany, M6, Fremantle Media, RTL Netherlands and RTL Belgium
- » Fremantle Media again with results on record level
- » Investments in future growth businesses: digital channels, video on demand, content production

Revenues (in € millions)



Operating EBIT (in € millions)



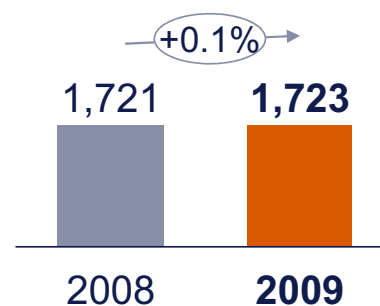
Random House – Major publishing successes, market leader in e-books



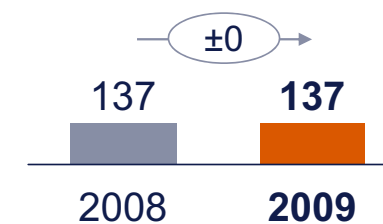
Global market leader in trade-book publishing

- » Stable revenues and operating EBIT despite global recession and weak consumer confidence in core markets
- » “The Lost Symbol” by Dan Brown sold almost 8 million, the millennium trilogy by Stieg Larsson sold more than 7 million copies
- » Triple-digit year-on-year increase of global e-book revenues
- » 238 titles on New York Times bestseller lists, including 28 titles at number one

Revenues (in € millions)



Operating EBIT (in € millions)



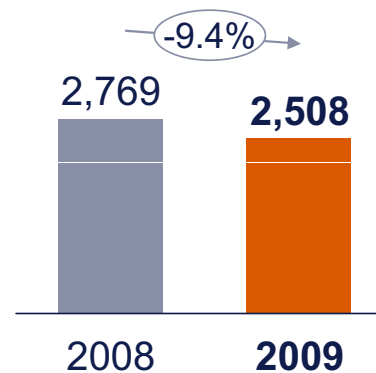
Gruner + Jahr – Successful adaptation to changed market conditions



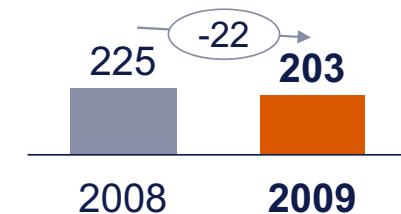
European magazine market leader

- » Operating EBIT well maintained
- » Consistent countermeasures with short-term cost effects
- » Long-term restructuring measures to ensure sustainable profitability of publishing house
- » Accelerated structural transformation resulting in high one-time expenses
- » Expansion of core businesses in China, digital businesses and corporate publishing

Revenues (in € millions)



Operating EBIT (in € millions)



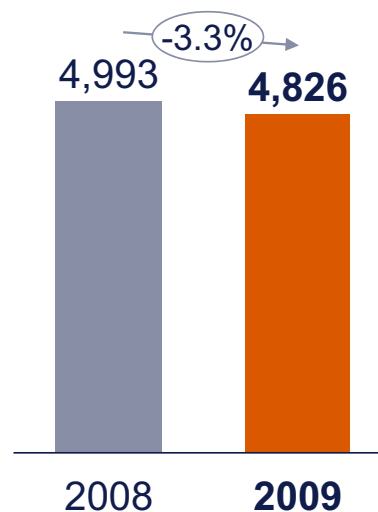
Arvato – Expansion toward integrated solutions provider



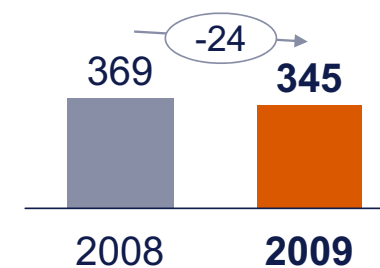
Leading provider of media and communications services

- » Continued growth of service activities by expansion of value chain
- » Successful positioning as provider of digital services
- » Printing activities in Germany and U.S. well maintained in difficult market environment
- » Strengthening of market position in replication business
- » Comprehensive cost-cutting measures implemented in all areas

Revenues (in € millions)



Operating EBIT (in € millions)

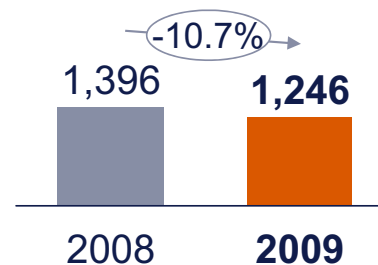


Direct Group – Stable earnings, progress in restructuring of club businesses

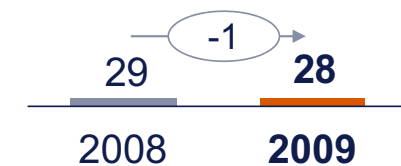
Media clubs, book retail & direct marketing

- » Club businesses: restructuring advanced, but decline in member base in all markets
- » Book retail: revenue growth in Portugal and Spain despite crisis; in France, revenues stabilized through integration of online channel
- » Expansion of online businesses and development of a digital content strategy
- » Extensive cost and structural measures successfully implemented

Revenues (in € millions)



Operating EBIT (in € millions)



“2+5” program –

Focus 2010: Continue optimization, review portfolio, prepare for growth



2 guidelines + 5 key approaches

1 Decentralization and delegation of responsibility

2 Continuity and value creation

1 » Safeguard financing

2 » Optimize operations

3 » Develop leadership

4 » Review portfolio

5 » Utilize growth potential

Growth businesses – Divisions respond with individual strategies to market trends



- » Investments in digital TV, online, content production
- » “Move with the audience”

- » Utilize opportunities of digitalization

- » Expand core business

- » “From product to solution”
- » Enter new growth areas

- » Develop non-media and online content

