

Annual Press Conference²⁰¹¹

Group Results 2010 and Financing, Thomas Rabe
Annual Press Conference, Bertelsmann AG, March 29, 2011 in Berlin

Group Results 2010 and Financing

Thomas Rabe, Chief Financial Officer, Bertelsmann AG

Group key figures – Significant revenue recovery, operating EBIT and Group profit clearly above previous year's level, leverage factor below 2.5

in € millions

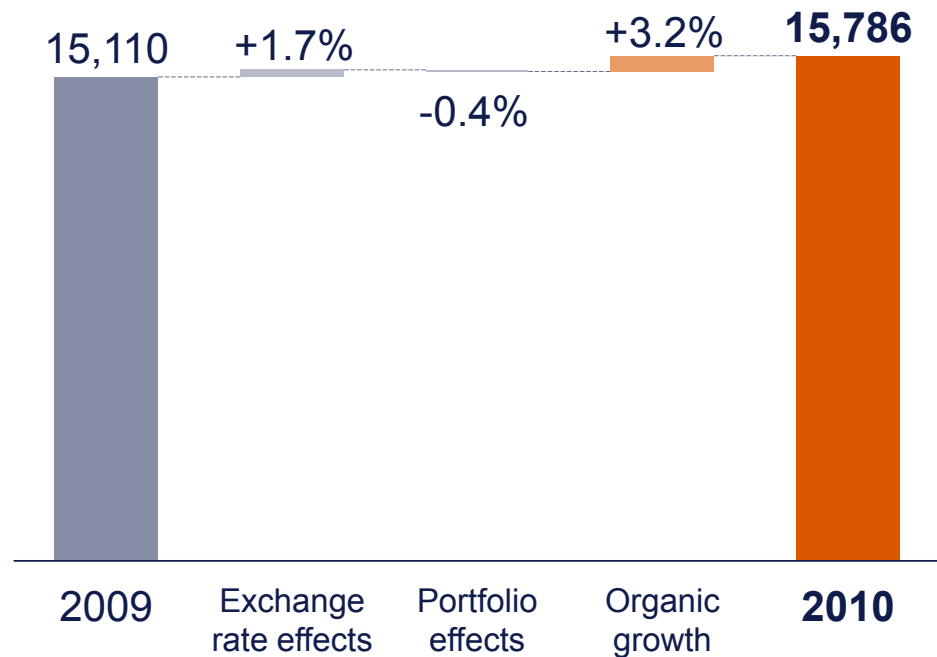
	2009	Change	2010
Revenues	15,110	+4.5%	15,786
Operating EBIT ¹⁾	1,438	+414	1,852
Operating EBITDA	2,000	+400	2,400
Group profit or loss	35	+621	656
Operating free cash flow ²⁾	1,771	+304	2,075
<i>Cash conversion rate²⁾</i>	<i>125%</i>	<i>-13% p.</i>	<i>112%</i>
Net financial debt	-2,793	+880	-1,913
Economic 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

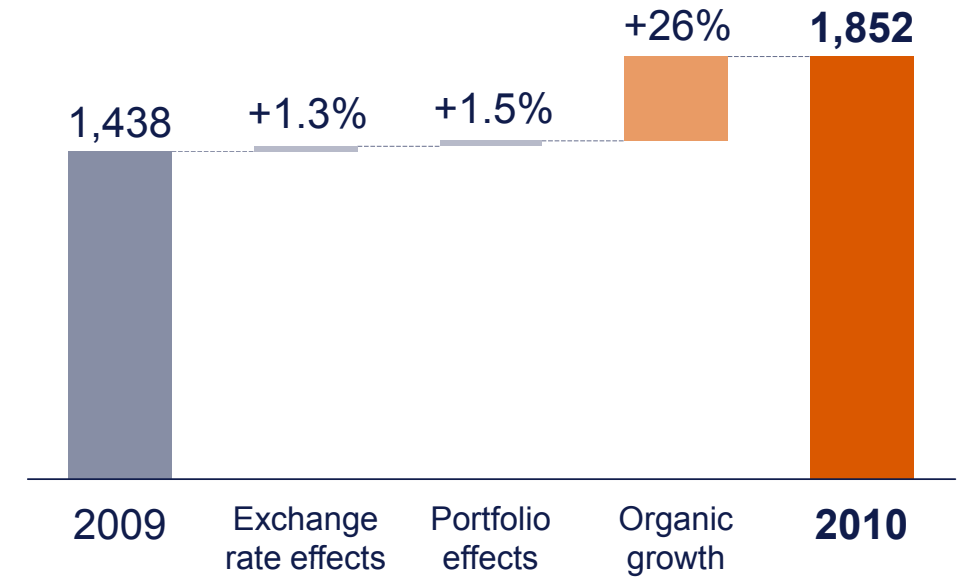
2) Adjusted for one-time effects, including discontinued operations

Organic growth – Disproportionately high increase in operating EBIT due to a stable cost base

Revenues (in € millions)



Operating EBIT (in € millions)



Group profit – Forecast of over €500 million significantly exceeded

in € millions

	2009	Change	2010
Operating EBIT divisions	1,519	+417	1,936
Corporate/Consolidation	-81	-3	-84
Operating EBIT	1,438	+414	1,852
Special items	-545	+189	-356
EBIT	893	+603	1,496
Financial result	-407	-131	-538
Income taxes	-249	+1	-248
Earnings after taxes from discontinued operations	-202	+148	-54
Group profit or loss	35	+621	656

Special items – Lower restructuring expenses

in € millions	2009	2010
Impairments	-362	-271
Direct Group France	-	-154
Alpha Media Group, RTL Group	-66	-49
Arvato Print	-56	-45
Prinovis (100%)	-111	-
Qualytel, Arvato	-36	-
Other	-93	-23
Restructuring and severance payments	-196	-62
RTL Group	-25	-
Random House	-16	-2
Gruner + Jahr	-60	-6
Arvato	-38	-29
Direct Group	-18	-10
Corporate	-23	-
Prinovis (100%)	-16	-15
Other special items	-	-22
Capital gains and losses	13	-1
Special items	-545	-356

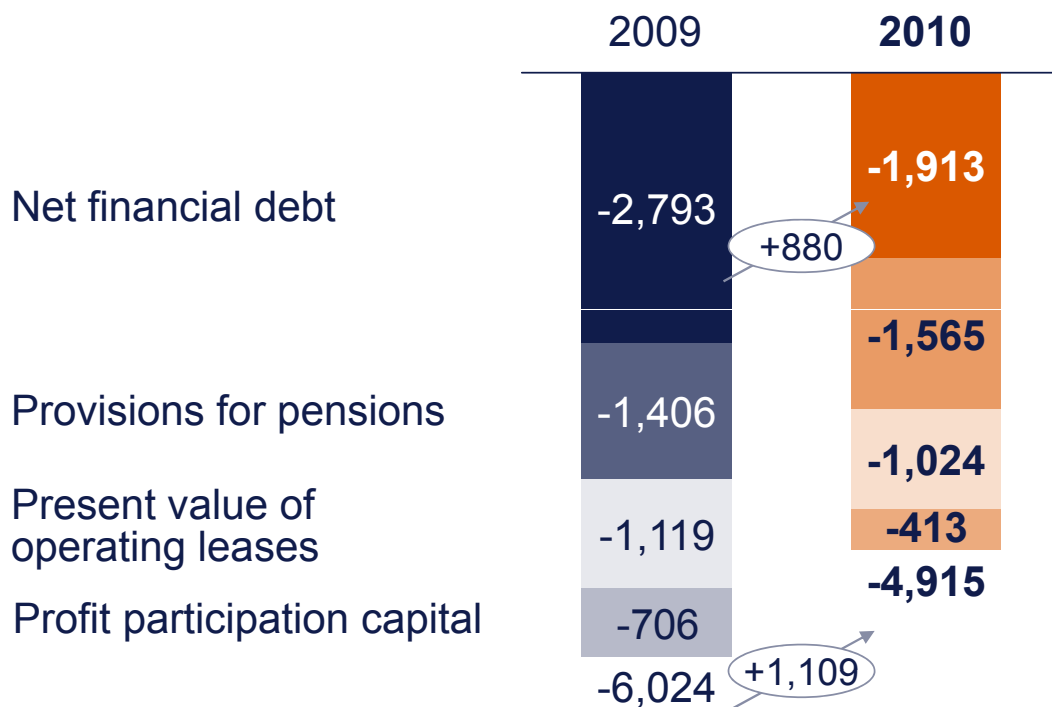
Cash flow – Operating free cash flow over €2 billion for the first time, cash conversion rate remains above 100 percent

in € millions

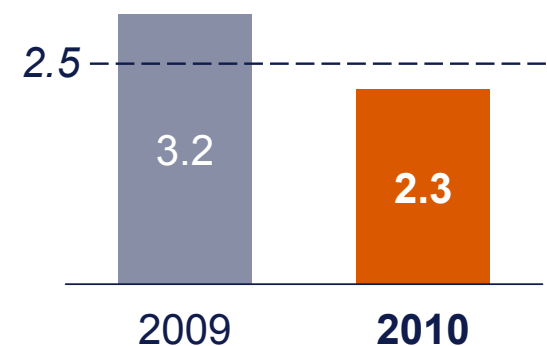
	2009	2010
Cash flow from operating activities	1,777	2,052
Taxes paid	230	373
Investments in intangible and tangible assets	-448	-458
Proceeds from the disposal of intangible and tangible assets	35	55
Restructuring payments	169	81
Operating free cash flow	1,763	2,103
One-time effects	8	-28
Operating free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

Financial situation – Significant debt reduction, net financial debt below €2 billion

Economic debt (in € millions)



Leverage factor



Rating

STANDARD
& POOR'S

- BBB
- Stable outlook



- Baa2
- Stable outlook

Corporate initiatives – Expansion of **BMG**, further investments in start-ups, growth in **China and India**

BMG

- » Successful expansion of the **music rights business** with KKR
- » Presence in **eight music markets**, rights to over **300,000 songs**
- » Continuation of **accelerated business expansion** through acquisitions and organic growth
- » **Aim:** Establish one of the world's largest music rights companies

BDMI/ BAI

- » Further **investments** in start-ups
- » **2010:** Acquisition of three new participations, several follow-up investments, one divestment, one IPO (NYSE)

China/ India

- » **Profitable growth** of all businesses in 2010
- » Establishment of **Corporate Center India** in 2011

Summary and outlook – **Successful in 2010, growth and higher Group profit expected in 2011**

2010

- » One of the **most successful** years in the history of Bertelsmann
- » Strong **operating performance** and more favorable economic environment
- » Key **operating figures** at record level
- » Further **debt reduction, leverage factor** significantly below the defined threshold

Outlook 2011

- » Further growth of **global economy** expected
- » Moderate **revenue growth**
- » **Operating EBIT** in line with the high previous year's level
- » Further increase in **Group profit**
- » **Leverage factor** will remain below 2.5