

BERTELSMANN INTERIM RESULTS 2011

Investor Conference Call

August 31, 2011

Dr. Thomas Rabe, Member of the Executive Board and Chief Financial Officer, Bertelsmann AG

BERTELSMANN

Summary and highlights HY 2011 – **Results sustained high previous year levels**

HY 2011

- » **Performance** back on long-term growth path
- » **Revenues** in first half-year up 1.9 per cent (organic growth 2.4%), high **operating EBIT** level maintained, **net income** above previous year
- » **Cost and efficiency program** continued
- » **Business and financial profile** improved significantly, **target rating** regained (Baa1/BBB+)
- » High **cash conversion rate**

Group key figures H1 2011 – Top line growth, high profitability, strong operating free cash flow

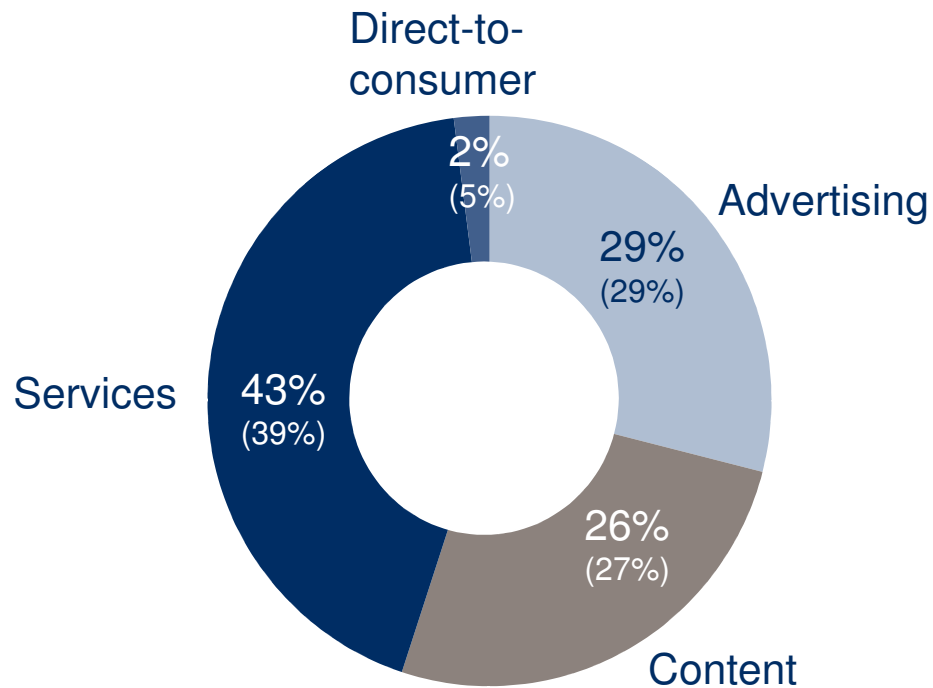
in € millions	H1 2010	Change	H1 2011
Revenues	7,028	1.9%	7,160
Operating EBIT ¹⁾	754	(17)	737
Net income	246	+23	269
BVA	82	+6	88
Operating free cash flow ²⁾	902	(245)	657
<i>Cash conversion rate²⁾</i>	<i>121%</i>	<i>(29)%-P.</i>	<i>92%</i>
	Dec 31, 2010	Change	H1 2011
Net financial debt	1,913	+105	2,018
Economic debt	4,915	(59)	4,856
<i>Leverage factor</i>	<i>2.3</i>	<i>-</i>	<i>2.3</i>

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

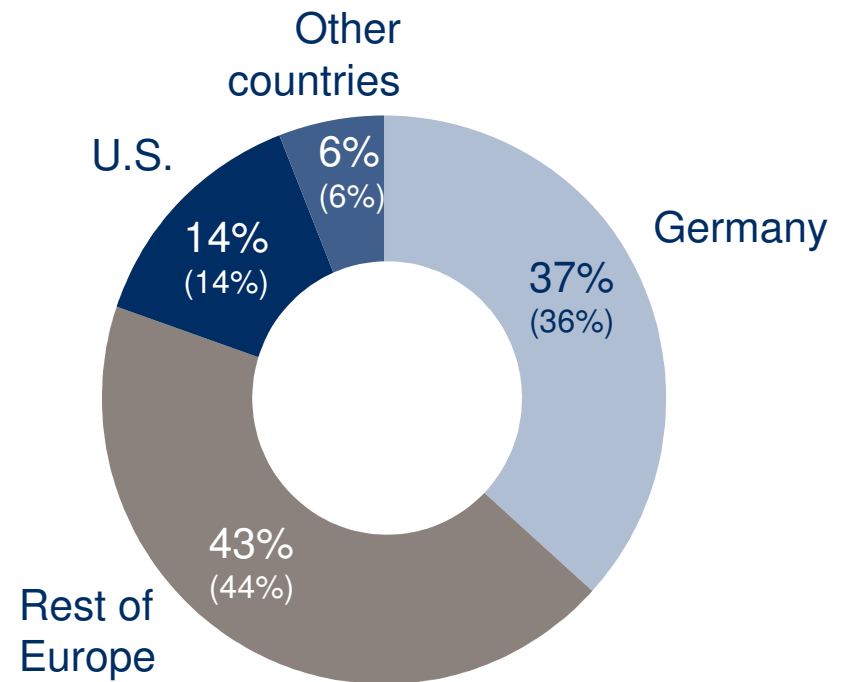
2) Adjusted for one-time effects

Bertelsmann HY 2011 – Revenues diversified by source and region

By sources HY 2011 (previous year)



By regions HY 2011 (previous year)



Divisions – All businesses with organic growth

Continuing operations

■ Previous year
(H1 2010)

■ Actual
(H1 2011)

Organic
growth

+1.1%

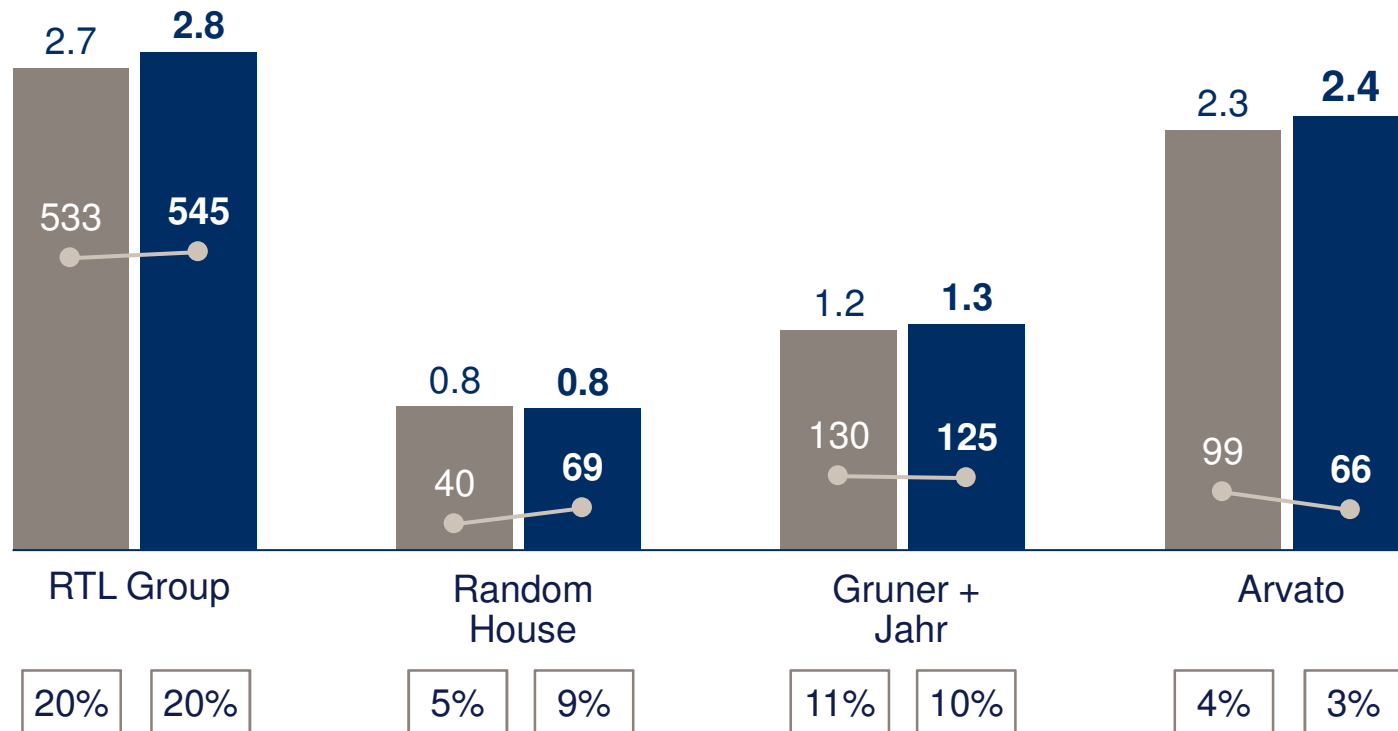
+2.4%

+2.9%

+4.4%

Revenues
(in € billions)

Operating
EBIT
(in € millions)



Group result – Net income increased, financial result normalized, tax expenses low

in € millions

	H1 2010	Change	H1 2011
Operating EBIT of divisions	802	+3	805
Corporate/consolidation	(48)	(20)	(68)
Operating EBIT	754	(17)	737
Special items	(30)	(30)	(60)
EBIT	724	(47)	677
Financial result	(315)	+120	(195)
Income taxes	(108)	-	(108)
Earnings from discontinued operations	(55)	(50)	(105)
Net income	246	+23	269

Cash flow – High cash conversion rate despite rise in operating investments

in € millions

	HY 2010	HY 2011
Cash Flow from operating activities	831	742
Cash Flow from investing activities	79	(337)
- <i>Investments</i>	(208)	(327)
- <i>Acquisitions & divestments</i>	(118)	(33)
- <i>Proceeds from disposal, other</i>	405	23
Cash Flow from financing activities	(1,646)	(774)
- <i>Dividends</i>	(301)	(396)
- <i>Interest paid/ received</i>	(180)	(121)
- <i>Change in financial debt</i>	(1,107)	(235)
- <i>Change in shareholders' equity</i>	(58)	(22)
Change in cash and cash equivalents	(736)	(369)
Cash Conversion Rate	121%	92%

Strategic priorities – Strengthening, development, expansion

Strengthening of core businesses

- Improve existing businesses and invest into their strengthening and expansion
- Exploit market opportunities consistently, in particular digitization

- **RTL Group:** Online platforms, acquisition of Netzathleten, Buienradar
- **Random House:** Development of E-Book-business, acquisition of Smashing Ideas
- **Gruner + Jahr :** Online-services, Corporate Publishing
- **Arvato:** E-Commerce

Development of portfolio

- Monitor businesses continuously
- Expand portfolio in existing business segments, particularly in geographical terms

- **Expansion into asian growth markets**
 - RTL Group: Joint Venture in India
 - G+J: Market entry in India
 - Arvato: development of a logistic network in China
- Increase of share of **RTL Group** in the **Netherlands, Croatia, Hungary**
- Sale of **Direct Group France** to Najafi Companies



Expansion into new growth segments

- Enter new growth segments through organic development of new businesses and through acquisitions

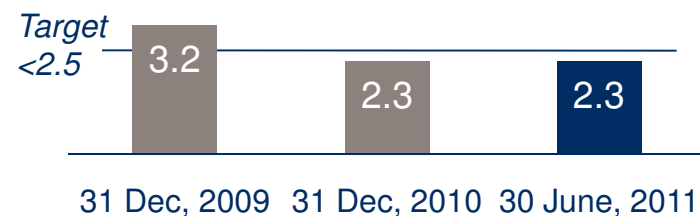
- **BMG:** Continuous development of business, investments in new catalogs and signings
- **BDMI and BAI:** New investments in Europa and Asia

Financial status – Financial metrics in line with internal targets: leverage factor of 2.3, rating upgrade

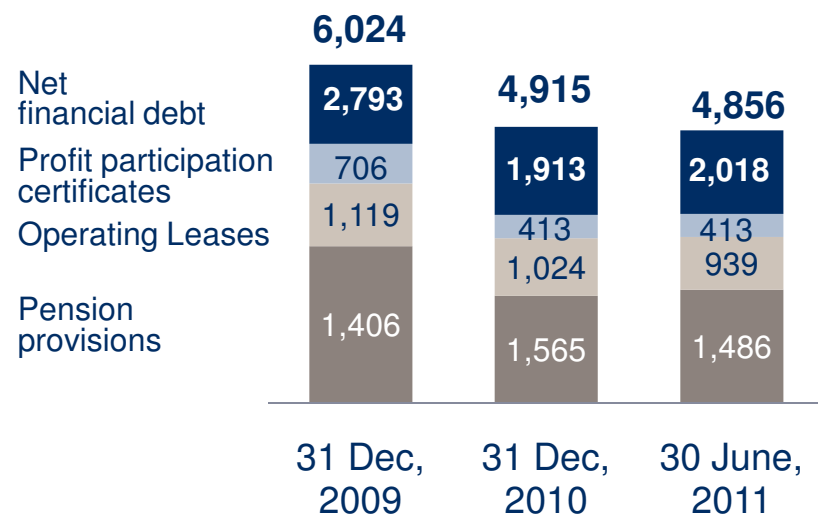
Rating

	<ul style="list-style-type: none"> • BBB+ • Outlook stable
	<ul style="list-style-type: none"> • Baa1 • Outlook stable

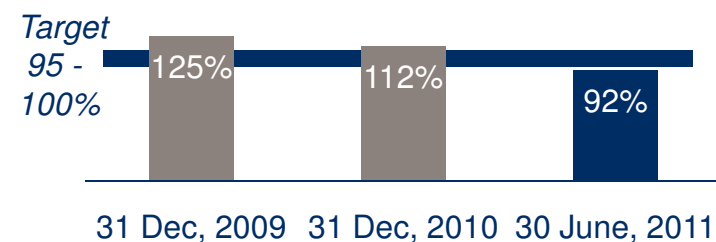
Leverage Factor



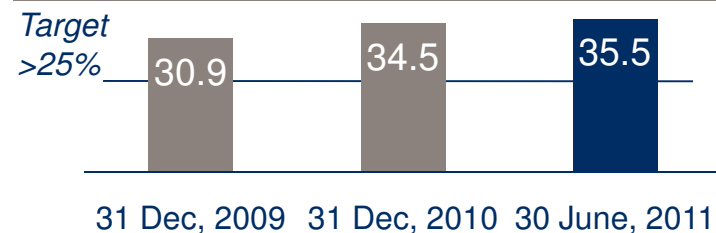
Economic debt (in € millions)



Cash Conversion in %



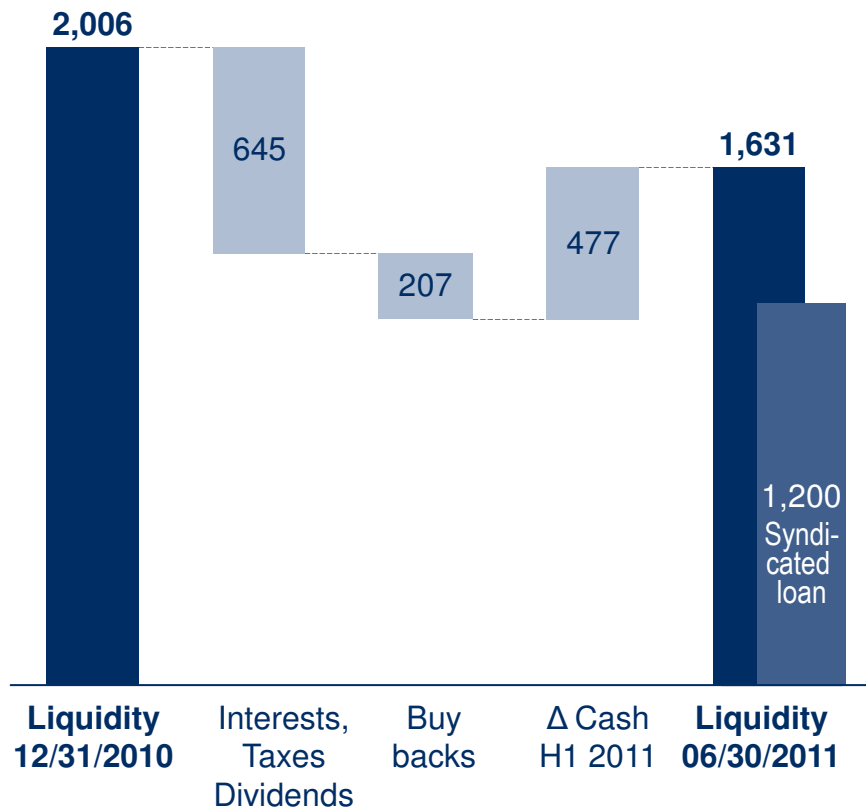
Equity Ratio in %



Liquidity – Comfortable liquidity position cover maturities until 2014, € 1.2bn Syndicated loan renewed until 2016 plus 1+1 yrs

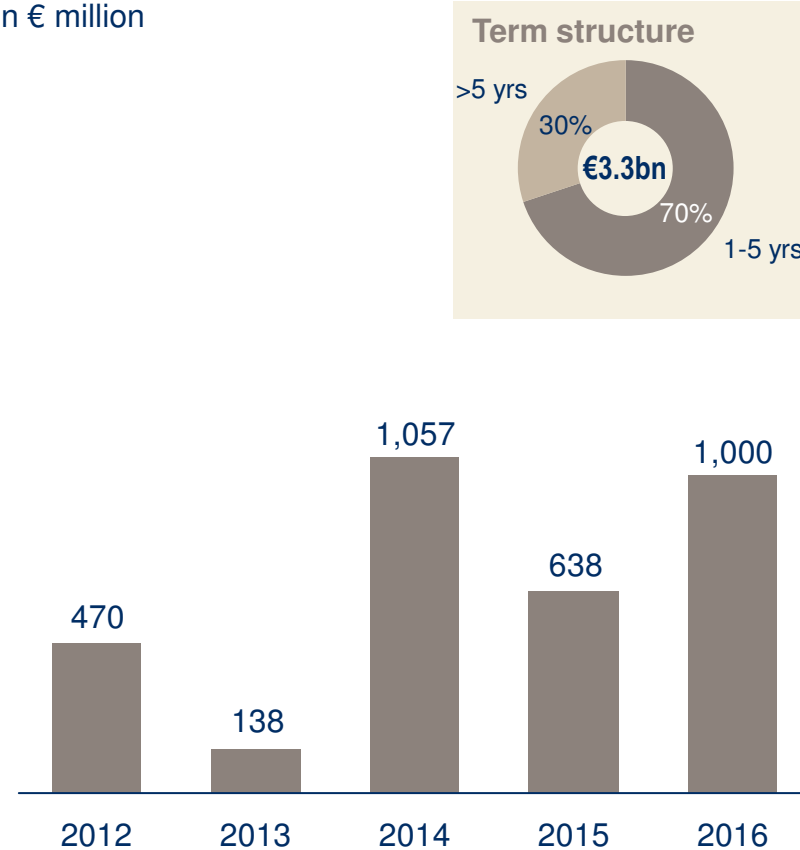
Development of liquidity

in € million



Maturity profile capital market financing

in € million



Outlook – **Cautiously optimistic for 2011**

Outlook FY 2011

- » High degree of **uncertainty in the economic development** for H2 2011
- » Moderate **revenue** growth, **return on sales** of over **10 percent**
- » **Operating EBIT** slightly below previous year due to higher prices (e.g. raw materials)
- » **Net income** to remain **above previous year**, lower one-time effects
- » Continued **optimization** of core businesses and portfolio

Q&A-SESSION

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