

Press Release

## **Bertelsmann improves 3<sup>rd</sup>-quarter result and group net income year on year**

Gütersloh, November 11, 2009 – The “2+5” program initiated by the Bertelsmann AG Executive Board, which centers on reducing costs and boosting efficiency, is increasingly showing an impact; the Group’s strict cost discipline is producing positive fiscal developments. In Q3/2009, the operating result grew by 14 percent year on year to €284 million (previous year: €249 million). This improved result was achieved with revenues that declined by 4.5 percent to €3.6 billion (previous year: €3.8 billion). Return on Sales amounted to 7.9 percent (previous year: 6.6 percent). Group net income for the period from July to September 2009 was €87 million (previous year: €15 million).

Hartmut Ostrowski, Chairman & CEO of Bertelsmann AG, observed: “Our third-quarter business performance was gratifying, particularly in the context of the economic crisis, to which Bertelsmann is responding resolutely. We are making good progress with the implementation of our ‘2+5’ program, as the increase in our result shows. We’re on the right path.”

The Bertelsmann Executive Board adopted the “2+5” program in spring 2009. It is based on two guidelines: a decentralized approach and delegation of responsibility, as well as continuity and value creation. The implementation of the five work packages in the program is advancing successfully, with the aim of stabilizing existing businesses, preserving liquidity and safeguarding the result. Their success is, shown among other things, in the now-tangible savings achieved under the cost and efficiency program, which has thus far exceeded €900 million for 2009. Another element in the program is the continuation of Bertelsmann’s solid, long-view financing policy.

Thomas Rabe, Chief Financial Officer of Bertelsmann, said: “Bertelsmann is in a comfortable liquidity position and has a balanced maturity profile. In the first nine months of the year, we achieved good operating cash flow. Our indicator of this, the Cash Conversion Rate, was at around 100 percent. In other words, we actually have every euro generated from our operations on our accounts. We expect to continue achieving good operating cash flow from operations during the fourth quarter.”

In the nine months of the year to date, Group revenues from continued operations came to €10.8 billion (previous year: €11.5 billion). This reflects a 6.6 percent organic decline in revenues. Operating EBIT amounted to €759 million (previous year: €934 million). Return on Sales for the first three quarters was 7.0 percent, after 8.1 percent in 2008. As a result of special items, especially during the second quarter, the Group incurred a net loss of €-246 million (previous year: €387 million).

**Key indicators for the 3<sup>rd</sup> Quarter (in € millions, continuing operations)**

	<b>Jul 1, 2009 – Sep 30, 2009</b>	<b>Jul 1, 2008 – Sep 30, 2008</b>
<b>Consolidated revenues</b>	<b>3,615</b>	<b>3,785</b>
<b>Operating EBIT</b>	<b>284</b>	<b>249</b>
<b>Return on Sales (ROS)</b>	<b>7.9 %</b>	<b>6.6 %</b>
<b>Group profit or loss</b>	<b>87</b>	<b>15</b>

**Overview of figures for the nine month of the year to date  
(in € millions, continuing operations)**

	<b>Jan 1, 2009 – Sep 30, 2009</b>	<b>Jan 1, 2008 – Sep 30, 2008</b>
<b>Consolidated revenues</b>	<b>10,813</b>	<b>11,505</b>
Operating EBIT of divisions	826	1,017
Corporate/Consolidation	(67)	(83)
<b>Operating EBIT</b>	<b>759</b>	<b>934</b>
Special items	(539)	(103)
<b>EBIT (earnings before interest and taxes)</b>	<b>220</b>	<b>831</b>
<b>Financial result</b>	<b>(293)</b>	<b>(327)</b>
<b>Earnings before taxes from continuing operations</b>	<b>(73)</b>	<b>504</b>
Income taxes	(173)	(32)
<b>Earnings after taxes from continuing operations</b>	<b>(246)</b>	<b>472</b>
<b>Earnings after taxes from discontinued operations</b>	<b>-</b>	<b>(85)</b>
<b>Group profit or loss</b>	<b>(246)</b>	<b>387</b>
attributable to: Share of profit of Bertelsmann shareholders	(305)	285
attributable to: Minority interest	59	102

Investments	527	698
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	<b>Balance as of Sep 30, 2009</b>	<b>Balance as of Dec 31, 2008</b>
Net financial debt	3,617	3,445
Economic debt*	6,990	6,627
Employees	102,618	107,154

The comparable figures of the prior period were adjusted.

\*Net financial debt plus provisions for pensions, profit-participation capital and present value of operating leases (continuing operations)

**About Bertelsmann AG**

Bertelsmann is an international media company encompassing television (RTL Group), book publishing (Random House), magazine publishing (Gruner + Jahr), media services (Arvato), and media clubs (Direct Group) in more than 50 countries. Bertelsmann's claim is to inspire people around the world with first-class media and communications offerings – entertainment, information and services – and occupy leading positions in its respective markets. The foundation of Bertelsmann's success is a corporate culture based on partnership, entrepreneurial spirit, creativity, and corporate responsibility. The company strives to bring creative new ideas to market and create value.

For further questions, please contact:

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