

BERTELSMANN

Press Release

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Bertelsmann Strengthens Global Content Businesses with Acquisition of Simon & Schuster



- **Penguin Random House buys global publisher for \$2.175 billion**
- **Acquisition strengthens position in Group's second-largest market, the U.S**
- **Simon & Schuster is the publishing home to well-known authors such as Hillary Clinton, John Irving, Stephen King, and Bob Woodward**
- **Transaction expected to close during 2021**

Bertelsmann, the international media, services, and education company, is further expanding its global content businesses with the acquisition of the publishing house Simon & Schuster. Bertelsmann's global trade book publishing group, Penguin Random House, is purchasing the book publishing business from the media company ViacomCBS for \$2.175 billion. Simon & Schuster strengthens Bertelsmann's footprint globally, and particular in the U.S., its second-largest market. Simon & Schuster employs around 1,500 people worldwide and generated revenues of \$814 million in 2019. It publishes works from well-known authors and public figures including Hillary Clinton, John Irving, Stephen King, and Bob Woodward. The transaction is subject to regulatory approvals and is expected to close during 2021. Bertelsmann will pay the purchase price in cash from existing liquid funds. Simon & Schuster will continue to be managed as a separate publishing unit under the Penguin Random House umbrella. Jonathan Karp, President & CEO of Simon & Schuster, and Dennis Eulau, COO and CFO, will continue at the helm of the publishing house.

Thomas Rabe, Chairman & CEO of Bertelsmann, said: "Following the full acquisition of Penguin Random House in April this year, this purchase marks another strategic milestone in strengthening our global content businesses, which include Penguin Random House, the Fremantle TV production business, and the BMG music division. The book business has been part of Bertelsmann's identity since the founding of C. Bertelsmann Verlag more than 185 years ago and has lost none of its appeal to this day. Bertelsmann continues to be one of the world's leading creative companies with annual investments in content of around €6 billion.

"Bertelsmann will finance the acquisition of Simon & Schuster from existing cash resources. External borrowing is not necessary, thanks partly to the overall positive business development since the summer and the already completed sale of various businesses, investments and real-estate properties."

Markus Dohle, CEO Penguin Random House and a member of the Bertelsmann Executive Board, added: "Simon & Schuster is an extremely well-managed and extraordinarily attractive company with world-renowned authors, 2,000 new publications annually, and a catalog of 35,000 titles. We are very proud to welcome this esteemed company, founded in 1924, to our global publishing community. We share the same passion for books and reading and will work together to give our authors the greatest possible access to readers worldwide. Penguin Random House empowers its 320 publishers around the world with maximum creative and entrepreneurial freedom and will, of course, extend this to our new colleagues at Simon & Schuster."

Penguin Random House, comprising more than 320 imprints, employs approximately 10,000 people worldwide on six continents. The group publishes around 15,000 new books a year. On November 17, 2020, the first part of former U.S. President Barack Obama's memoirs, "A Promised Land" was

published to great success. The biggest-selling novel in the first half of 2020 was “Where the Crawdads Sing” by Delia Owens, which sold more than 1.6 million copies; this brings overall sales of the title in North America alone to more than 6.5 million copies across all formats since its publication in 2018. Michelle Obama’s memoir, published in November 2018, has sold 15 million copies to date.

J.P. Morgan Securities LLC acted as financial advisor, Davis Polk & Wardwell LLP as legal counsel and Arnold & Porter as regulatory counsel to Bertelsmann on the transaction.

Chronicle

1835

Carl Bertelsmann, a printer and bookbinder, founds C. Bertelsmann Verlag in 1835. The program during the first 100 years of the publisher’s history was dominated by the Protestant Christian tradition. The publishing program was gradually expanded to include philology, history and youth literature, as well as mission literature.

1928

Bertelsmann launches its fiction publishing program with “narrative literature” in Protestant magazines.

1933-1945

The publishing house’s conservative Christian tradition is increasingly linked with Nationalist Socialist ideology in its program and corporate culture. After the start of World War II, the publisher – as the largest supplier of books to the German Armed Forces – generates profits primarily with the sale of “Feldpost” army editions. A lawsuit concerning illegal procurement of paper stocks, and the mobilization of the entire German economy, led to the closure of C. Bertelsmann Verlag in 1944. Starting in 1999, an Independent Historical Commission under the direction of historian Saul Friedländer researched Bertelsmann’s history during the period of National Socialism. Its report on “Bertelsmann in the Third Reich” was published in 2002 by C. Bertelsmann Verlag.

from 1950

Bertelsmann founds the Lesering book club. Its success marks the beginning of a new era in the company’s history and creates the foundation for the company’s rise to become the global media, services and education group it is today.

1968

Eleven separate Bertelsmann publishing companies are organizationally grouped into Verlagsgruppe Bertelsmann (from 2001: Verlagsgruppe Random House).

1977

Bertelsmann considerably expands its book business by taking over Goldmann Verlag and acquiring stakes in the publishers Plaza y Janes (Spain) and Bantam Books (U.S.).

1986

Bertelsmann buys the American publisher Doubleday and a year later groups its U.S. publishers into the Bantam Doubleday Dell Publishing Group.

1998

Bertelsmann acquires the American publisher Random House, with an author roster including Truman Capote, Philip Roth, John Le Carré, Michael Crichton, Salman Rushdie, Anne Rice, and Margaret Atwood. The group is merged with Bantam Doubleday Dell. From 2001, Random House becomes the umbrella for Bertelsmann’s global book publishing activities.

2013

On July 1, Bertelsmann and Pearson combine their book publishing businesses – Random House and Penguin Group – into the world’s biggest trade publishing group. Bertelsmann is the majority owner of the merged company Penguin Random House, with a 53-percent stake, while Pearson owns 47 percent. The group’s various bestsellers include: “50 Shades of Gray,” “The Girl on the Train,” and the “Game of Thrones” series. Penguin Random House author Alice Munro wins the 2013 Nobel Prize in Literature. In all, more than 70 Penguin Random House authors are Nobel laureates.

2017

Bertelsmann acquires another 22 percent of the shares in Penguin Random from co-shareholder Pearson, to achieve its strategic target holding in a global trade publishing group.

2020

Bertelsmann increases its stake in Penguin Random House to 100 percent and becomes sole owner of the world’s largest trade publishing group.

Bertelsmann signs a deal to buy Simon & Schuster and plans to integrate it under the Penguin Random House umbrella. Upon closing the book publishing business will become Bertelsmann’s second-largest division after RTL Group.

About Bertelsmann

Bertelsmann is a media, services and education company that operates in about 50 countries around the world. It includes the broadcaster RTL Group,

the trade book publisher Penguin Random House, the magazine publisher Gruner + Jahr, the music company BMG, the service provider Arvato, the Bertelsmann Printing Group, the Bertelsmann Education Group and Bertelsmann Investments, an international network of funds. The company has 126,000 employees and generated revenues of €18.0 billion in the 2019 financial year. Bertelsmann stands for creativity and entrepreneurship. This combination promotes first-class media content and innovative service solutions that inspire customers around the world. Bertelsmann aspires to achieve climate neutrality by 2030.

About Penguin Random House

Penguin Random House, the world's largest trade book publisher, is dedicated to its mission of nourishing a universal passion for reading by connecting authors and their writing with readers everywhere. The company, which employs more than 10,000 people globally, was formed on July 1, 2013, by Bertelsmann and Pearson. As of April 1, 2020, Bertelsmann is full owner of the company. With more than 300 imprints and brands on six continents, Penguin Random House comprises adult and children's fiction and nonfiction print and digital English- German- and Spanish-language trade book publishing businesses in more than 20 countries worldwide. With over 15,000 new titles, and more than 600 million print, audio and eBooks sold annually, Penguin Random House's publishing lists include more than 80 Nobel Prize laureates and hundreds of the world's most widely read authors.

About Simon & Schuster

Simon & Schuster, a ViacomCBS Company, is a global leader in general interest publishing, dedicated to providing the best in fiction and nonfiction for readers of all ages, and in all printed, digital and audio formats. Its distinguished roster of authors includes many of the world's most popular and widely recognized writers, and winners of the most prestigious literary honors and awards. It is home to numerous well-known imprints and divisions such as Simon & Schuster, Scribner, Atria Books, Gallery Books, Adams Media, Simon & Schuster Children's Publishing and Simon & Schuster Audio and international companies in Australia, Canada, India and the United Kingdom, and proudly brings the works of its authors to readers in more than 200 countries and territories. For more information visit website at www.simonandschuster.com  (<http://www.simonandschuster.com>)

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