

# Acquisition of Simon & Schuster

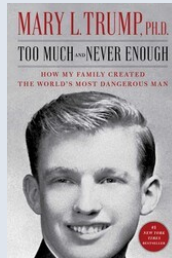
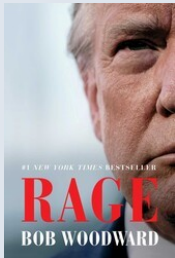
November 25, 2020

# Overview – Simon & Schuster is an attractive company in a growing industry

## Simon & Schuster at a Glance

- **Leading U.S. trade publisher** with ~1,500 employees
- **Highly profitable** with revenues of **US\$ 814m** (2019)
- **Well-known authors, strong rights catalog** and **highly talented publishing team**

### Bestsellers in 2020



57

Pulitzer Prizes

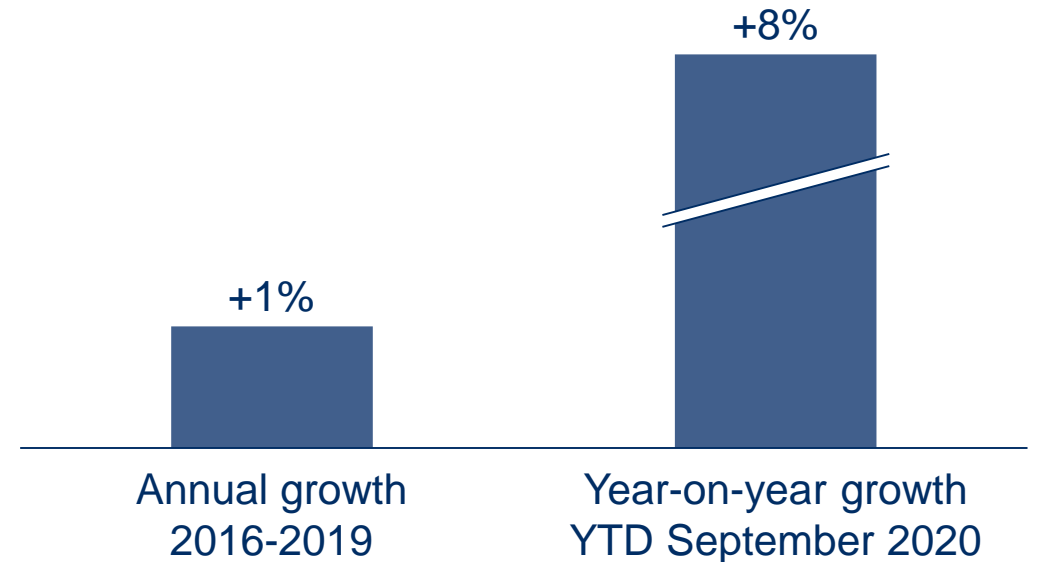
18

National  
Book Awards

9

Grammy  
Awards

## Development of U.S. trade publisher revenues<sup>1)</sup>



- **Book business resilient and growing**
- **Continued future growth** expected (e.g., due to growing target audience and incremental growth in digital audiobooks)

1) Source: AAP Statshot

# Strategic Rationale – Consistent with Bertelsmann’s Strategic Goals


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## Bertelsmann’s strategic goals (selected)

## Strategic fit with Simon & Schuster

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### Expand global content business

- **Penguin Random House main pillar** of Bertelsmann’s **global content business** alongside BMG and Fremantle
  - **Significant expansion** of PRH’s **content portfolio**
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### Expand U.S. business

- **Simon & Schuster** with **strong U.S. focus** (85% of revenues)
  - Further **regional diversification** of **Bertelsmann’s portfolio**
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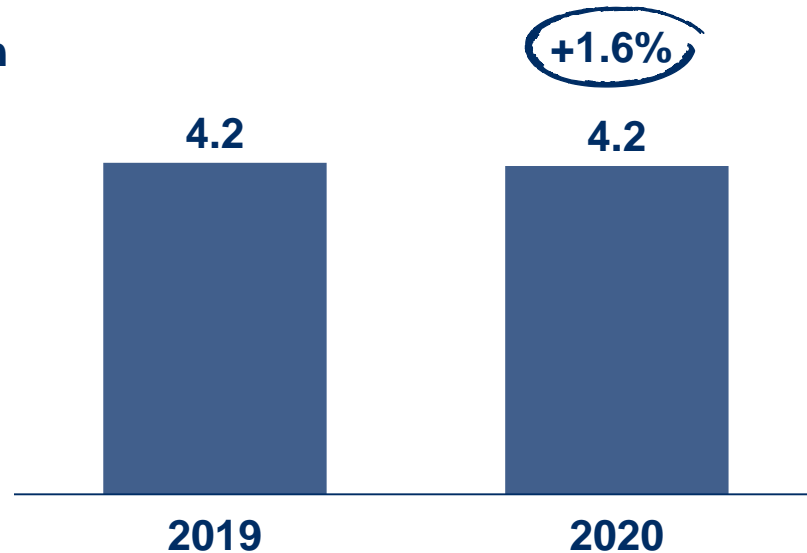
# Financing of the Transaction – Unproblematic due to positive business performance and high liquidity

## Business Performance Bertelsmann

Q3, in € billions

Organic growth

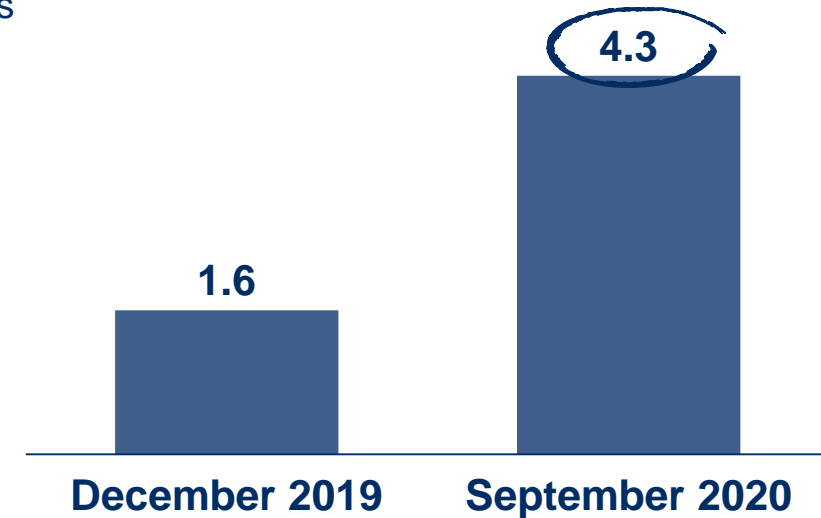
Revenues



- **Diversified business portfolio**
- **High share of digital business models**
- Most recently **significant recovery in TV ad sales**
- **Confidence for 4<sup>th</sup> quarter**

## Liquidity Situation Bertelsmann

Liquid funds,  
in € billions



- **Massive Covid countermeasures**
- **Financing measures** to secure liquidity
- **Financing of transaction** from **existing liquid funds possible**

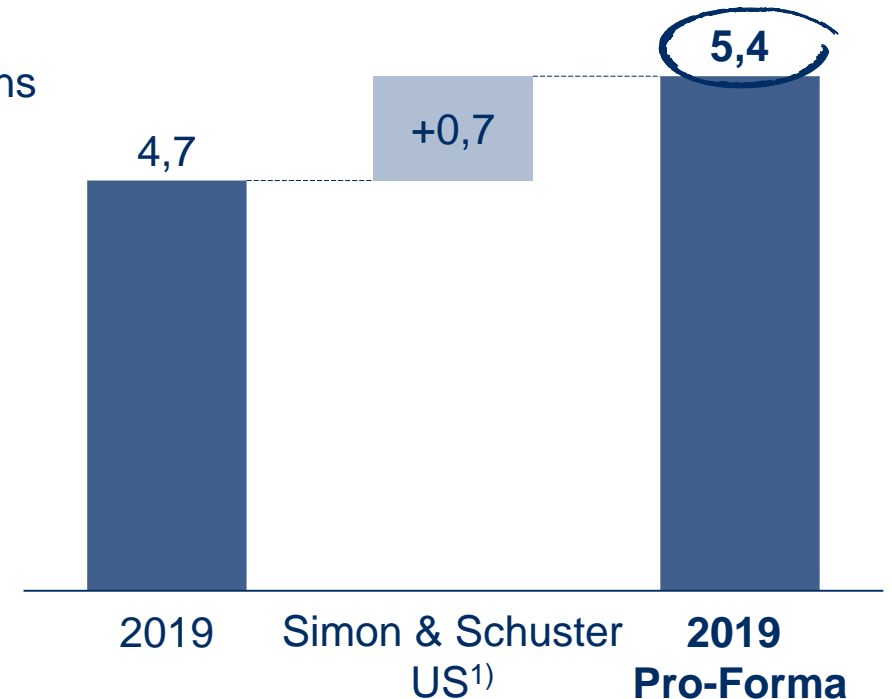
# Bertelsmann in the U.S. – Nearly all divisions have operations in the U.S.; Revenues > US\$ 5 bn with Simon & Schuster

## Bertelsmann divisions with US presence



## Bertelsmann U.S. Key Figures

Revenue,  
in US\$ billions



Employees,  
in thousands



1) Revenue and employee figures relate to Simon & Schuster's U.S. business only; 85% of total revenues in 2019 (814 Mio. US\$)