

PRESS RELEASE

Bertelsmann Acquires Full Ownership of Penguin Random House

- Bertelsmann to become sole owner of the world's biggest trade publishing group
- Acquisition of 25-percent stake from co-shareholder Pearson for US\$ 675 million
- Closing expected in the second quarter of 2020
- Verlagsgruppe Random House becomes part of Penguin Random House
- Bertelsmann CEO Thomas Rabe: "A milestone for Bertelsmann"

Gütersloh, New York, London, December 18, 2019 – The international media, services, and education company Bertelsmann is to become the sole owner of Penguin Random House, the world's largest trade publishing group. Bertelsmann will acquire the remaining 25-percent stake now held by its British co-shareholder Pearson, increasing its own stake to 100 percent. The purchase price for the share package is \$675 million. The acquisition of shares is subject to the necessary official approvals. The transaction is expected to close in the 2nd quarter of 2020. Germany's Verlagsgruppe Random House, which is wholly owned by Bertelsmann will become part of Penguin Random House. Once regulatory approvals have been obtained, the New York-based book publishing group will be comprised of more than 300 individual publishing imprints on six continents.

Thomas Rabe, Chairman and CEO of Bertelsmann and Chairman of the Board of Directors at Penguin Random House, said: "The increase to 100 percent is a milestone for Bertelsmann. We will become the sole owner of the world's biggest trade publishing group, which sets standards with its creative diversity, global marketing power, and commercial strength. We will continue to expand Penguin Random House in the coming years, through organic growth and acquisitions. The book business is part of Bertelsmann's identity. For us and our shareholders, the transaction is commercially attractive, as the share of Bertelsmann's shareholders in group profit will increase by more than €70 million per year."

Bertelsmann and Pearson had originally combined their respective Random House and Penguin Group book-publishing businesses in 2013. Bertelsmann initially held 53 percent of the new company Penguin Random House, and Pearson 47 percent. In 2017, Bertelsmann increased its stake to 75 percent. Penguin Random House currently comprises around 275 individual publishers; a further 47 book publishing imprints belong to the Munich-based Verlagsgruppe Random House. In 2018, Bertelsmann's book division generated total revenues of €3.4 billion and an operating profit of €528 million. In 2018, 481 Penguin Random House titles made the "New York Times" bestseller lists, 69 of them rising to number one.

Thomas Rabe continued: “Penguin Random House has performed extremely well since the combination and has exceeded all expectations from the merger. With subsequent further acquisitions, such as Alfaguara and Salamandra in Latin America and Spain, the book publishing group has further expanded its global presence in leading markets. With the publication of Michelle Obama’s memoir “Becoming,” which was simultaneously published in 45 languages just over a year ago, Penguin Random House impressively demonstrated its international capabilities and reach as a partner for authors. We are very proud that this important business will now be wholly owned by Bertelsmann. I would like to thank our co-shareholder Pearson for their excellent collaboration at all levels over the past years.”

Markus Dohle, CEO of Penguin Random House and a member of the Bertelsmann Executive Board, emphasized: “The full acquisition of Penguin Random House is a testament to Bertelsmann’s belief in the future of books and reading, as well as their trust in our colleagues around the world to be able to grow our company over the next several years. We are extremely well positioned to continue to take advantage of both organic and acquisitive growth opportunities in existing and new markets globally. I’m personally very excited to welcome the colleagues and authors of Germany’s Verlagsgruppe Random House into our global community of publishing imprints at Penguin Random House. With Bertelsmann bringing all of us together, we will further enhance our shared strengths.”

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 combines 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, John Irving, 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 und 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. Through acquisitions, Penguin Random House subsequently becomes the number one in the Spanish-language literature market, among others. The group's numerous bestsellers include: "50 Shades of Grey," "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 the world's only 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.

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 117,000 employees and generated revenues of €17.7 billion in the 2018 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.

Follow us on



For further questions, please contact:

Bertelsmann SE & Co. KGaA

Andreas Grafemeyer
Senior Vice President Media Relations
Phone: +49 5241 80-2466
andreas.grafemeyer@bertelsmann.de