



PENGUIN'S FIRST HALF IS STEADY WITH A STRONG AUTUMN PROGRAMME TO COME

Sales: £368m

Profit: £21m

London 28 July 2003, Penguin Group's sales and profits for the first six months of the year are slightly down on the same period in 2002. In the UK, the Group's market share has held steady against the first six months of 2002, with an increase in non-fiction (from 10.8% Jan – June 2002 to 11.2% Jan – June 2003). Both Dorling Kindersley and Penguin have very strong second half programmes in the US and UK and we expect to finish the year ahead of 2002.

In the UK, Penguin has seen a strong bestseller performance, driven by an exceptionally high number of paperback non-fiction entries in the charts. Led by Michael Moore, whose sales of Stupid White Men have just past the one million mark, other impressive performers include Berlin by Antony Beevor, Ripe for the Picking by Annie Hawes, First Light by Geoffrey Wellum, Globalization and its Discontents by Joseph Stiglitz and Taking on the World by Ellen MacArthur. In hardback non-fiction, Claire Tomalin's Whitbread Prize winning biography of Samuel Pepys, An Unequal Life has remained in the bestseller charts for most of the first half and newcomer, Kevin Lewis has made a surprise entry, reaching number two, with his memoir The Kid. In fiction, Penguin two top selling women's writers, Marian Keyes and Jane Green reached number one, with Angels in paperback and Spellbound in hardback respectively. Indeed Penguin's key repeating authors all gained sales against their previous publications in the period including Marian Keyes, Jane Green, Nicci French, Lesley Pearse, Gervase Phinn, Elizabeth Buchan. At Puffin, Eoin Colfer's new title The Eternity Code reached number two in the children's bestseller list and the paperbacks of books one and two also continue to feature in the top ten.

Puffin and Penguin have seen their first half backlist figures boosted by sales of their forty-five titles of the BBC Big Read's Top 100. This promotion has helped reinforce the hugely successful relaunch of Penguin's black classics earlier in the spring. Sales of black classics in the UK have increased by 46% against the same period last year.

Ladybird had a good first half, performing ahead of last year. Rough Guides also performed well both at home and internationally, notably with its first edition of a new travel primer, First Time Around the World.

Travel was also a success story at DK. They celebrated the 10th anniversary of their Eyewitness Travel Guides with a huge uplift in sales in every territory around the world. In the UK sales increased by 24% year on year. In the US, where the relaunch is supported by a \$1 million marketing campaign throughout the year, sales are up 66%. This at a time when the overall market for travel is in downturn.

The Penguin Group is the leading travel publisher in the UK, across Rough Guides, DK and Penguin's Time Out guides, with 23% market share.



Other successes this half have been in DK's core categories: Gardening, with Monty Don's The Complete Gardener; health and fitness with bestselling author Matt Roberts' Fat Loss Plan, and the Judith Miller franchise continues to gain market share of the Antiques and Collectibles reference market. On the children's list, the four mini Robot Kits have been very strong, selling over 130,000 units. In Germany, DK Verlag has enjoyed success with Jamie Oliver's cookery titles and the latest title is due out in the autumn.

The group made good progress in streamlining back office operations during the period. In the UK, Penguin and Pearson Education now share operations for customer services and royalties in Harlow and the new joint distribution centre in Rugby is on schedule for go-live in April 2004. DK in the US has merged its back office with those of Penguin Group Inc (PGI) and switched over smoothly to SAP systems.

DK Designs, the collaborative venture between DK and Pearson Education, has now created thousands of pages applying the DK look and feel to the needs of the education market, with the Four Corners International Reading Programme on track for publication in Spring 2004.

Looking ahead to the second half of the year, both Penguin and DK have strong publishing programmes.

Christmas hardbacks to be published by Penguin this autumn include Michael Moore's new book, Dude! Where's my Country?, England's 1000 Best Houses by Simon Jenkins, the follow-up to his hugely successful England's 1000 Best Churches of four years ago. Michael Joseph will publish How Clean is Your House?, a tie-in to Channel 4's surprise hit reality TV show starring the formidable cleaning ladies Aggie Mackenzie and Kim Woodburn, and To the Baltic with Bob by Griff Rhys Jones, a charming travelogue by the television personality and comedian.

The second half also sees the publication of new books from Penguin's global blockbusters Tom Clancy and Clive Cussler, as well as from commercial and literary brand names Lisa Jewell, Lesley Pearce, Pat Barker and Helen Dunmore.

Last year's big hardback successes return in paperback in the coming season, all with top 10 potential, including: Keane: The Autobiography, Paxman's The Political Animal, Sue Townsend's Number 10, Kurt Cobain Journals and Land of the Living by Nicci French.

Puffin has its strongest list for some years this autumn. September 15 sees the global launch of The English Roses, the first of five picture books for children by Madonna, and in fiction, Puffin launches the exciting new talent of Zizou Corder, the mother and daughter partnership whose first novel Lionboy has already gripped the imagination of the media.

Ladybird has books to tie in with Ragdoll's latest children's hit 'Boohbah', currently showing on ITV. There are also high expectations for Disney/Pixar next release 'Finding Nemo' which had record-breaking US box office receipts earlier this year. Ladybird, Puffin and DK are all contributing to a co-ordinated tie-in programme.



Rough Guides has a big Christmas title, The Rough Guide to Lord of the Rings, published to tie in with the third Lord of the Rings movie, and a strong second half travel programme.

DK is looking forward to its best ever Christmas list. Tom Peters' brilliantly designed new business book, Reimagine is set to reinvent the genre around the world. In the US, America 24/7, is the blockbuster autumn title: a stunning, 304-page full-colour photographic book that captures more than 1200 images documenting the lives of people across the US in a single week. Other big titles for the autumn include Earth, the definitive family reference guide to our planet, an exhaustive pictorial history of The Grateful Dead and Rock and Pop, covering five decades of rock history and memorabilia. On the children's side, DK's publishing continues to be characterised by innovation and interactivity at Christmas. Adding to its market-leading range of Kits with three new titles, DK's star is set to be The Hit Kit, which shows children how to cut their own CDs. The e-Encyclopedia, published with Google, is a groundbreaking new style of reference book, which has over 1,000 actively managed live links, embedded in its pages. In November DK is to bring out The Big Read Book of Books to tie in with the culmination of the BBC's biggest ever book-based television series, in which Penguin has featured so strongly – The Big Read.

Anthony Forbes Watson, Chief Executive of Penguin Group in the UK commented, "In a difficult climate we've enjoyed notable successes along with a small increase in market share over the last six months. With many jewels in our autumn programme and the prospect of more bounce in the market as the year progresses, we are looking forward to an exciting Christmas season."

John Makinson, Penguin Chairman and Chief Executive added, "I'm very pleased with the overall strength of our publishing programmes around the world. Penguin Group has already made an excellent start to the second half, and in both the US and the UK we have one of our strongest lists ever. Despite sluggish consumer spending in a weakened economy, we expect to hit our targets for the full year."

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To read the full Pearson interim results press release please go to www.pearson.com