



PENGUIN GROUP OFF TO A STRONG START IN 2006

Penguin Group Reports 2006 First Half Operating Results

Underlying Sales Up 2% to £387m and Profits Up 38% to £18m

London 31 July 2006, Penguin today announced a good start to the year thanks to strong publishing with sales and profits both up on the previous year. Sales for the period were £387m versus £353m last year and profits £18m versus £13m.

In the UK, Penguin's market share remained steady overall in a market that showed only modest growth in the period. In fiction particularly Penguin demonstrated outstanding growth of 15 per cent against market growth of just over 2 per cent. Penguin's bestseller performance in the first six months is better than ever with 43 titles making it into the Nielsen Bookscan top ten versus 35 in the same period in 2005. Penguin has been celebrating 60 years of classics publishing around the globe. In the UK the anniversary has seen a reinvigorated publishing programme with new series, formats, editions and translations coupled with a highly innovative consumer campaign. Sales of Penguin Classics are already up 50 per cent this year as a result. DK has had enduring bestseller success with *The Great British Menu* and the travel division has held onto its dominating market share of 23 per cent.

Penguin's strong bestseller performance this year was due largely to many outstanding paperback publications including, for non-fiction, Jeremy Clarkson's *The World According to Clarkson* and *I Know You Got Soul*, Dr Gillian McKeith's *Ultimate Health Plan*, Richard Benson's *The Farm*, *Freakonomics* by Steven Levitt and Stephen Dubner and Malcolm Gladwell's *Blink*. In the hardback list, Jamie Oliver's *Jamie's Italy* continued at number one at the start of the year; *The Great British Menu* from DK and James Lovelock's *The Revenge of Gaia* also charted for several weeks. In fiction, Marian Keyes' new hardback, *Anybody Out There?* was number one for four weeks and in the fiction paperback chart there were top ten bestsellers from key repeaters Jane Green, Nick Hornby, Clive Cussler and from newcomer Marina Lewycka, whose *A Short History of Tractors in Ukrainian* has been in the top ten since paperback publication in March. There have been more children's bestsellers than ever, with Charlie Higson's second Young Bond title, *Blood Fever*, staying in the number one spot for five weeks.

It's been a good first half for major prizes. Zadie Smith's *On Beauty* won the Orange Prize for Fiction. Debut writer Naomi Alderman won the Orange New Writers Prize for *Disobedience*. Penguin had two Whitbread category winners: Ali Smith's *The Accidental* and Hilary Spurling's biography of Matisse, *Matisse: The Master*, which went on to win the overall Whitbread Prize. Penguin scooped two prizes at the Crimewriters' Association Awards for *Mr Clarinet* by Nick Stone and for crime writer Jim Kelly. Claudia Roden's *Arabesque* won two of the most prestigious cookery awards, DK won best cookbook for children for Annabel Karmel's *Children's First Cookbook* at the Gourmet Voice Awards and



Michael Jackson won two food and drink prizes for his book *Whiskey*. Puffin titles won all three Red House Children's Awards.

DK's greatest success, after the bestselling *Great British Menu*, is *DIY* - a new entry into the market. This step-by-step guide was many years in the making and has already established itself well in its category. DK retains its number one position in the gardening market with 26 per cent share. The bestselling title for DK was the new *RHS Plants and Flowers Encyclopedia*. Parenting continues to be a strong area, with Miriam Stoppard's *Conception, Pregnancy and Birth* the most valuable book in the category for DK.

In Travel, DK introduced its new Pocket Map and Guide series in March and Rough Guides have had a new cover look this half.

There have been a number of digital innovations during the first half as Penguin, DK and Rough Guides all use online opportunities to reach a new generation of consumer, who want to receive information in a more personalised and convenient format, with added value. Both Penguin and Rough Guides now have a regular Podcast on their sites and Rough Guides have recently launched Podscrolls, an innovative way of sending sample travel content to iPods. DK launched DK Antiques and Collectables, a comprehensive, searchable website that allows visitors to value their own treasures. The first half of the year has also seen an increase in digital audio book and e-book sales - Penguin has more than 200 e-books available for sale from its website. There has been an increase in traffic and sales from both the DK and Penguin websites in the first six months of the year with sales from the sites up 49 per cent and 38 per cent respectively.

Looking ahead to the second half, there is a very strong Christmas line-up including: Jamie Oliver's new cook book, *Cook With Jamie* and a new hardback from Jeremy Clarkson, *And Another Thing*. The list continues with Victoria Beckham sharing her fashion secrets with her fans in *That Extra Half an Inch*; Ronnie Corbett's tribute to the best-loved comedy duo, The Two Ronnies, *And It's Goodnight From Him* - published a year after the death of Ronnie Barker, plus Jeremy Paxman's *On Royalty* and Sarah Bradford's explosive biography of Princess Diana. In fiction, there is a new Dick Francis novel – the first for four years, entitled *Under Orders* and a comic novel from Sue Townsend, *Queen Camilla*. On the children's side, Puffin have a book for young girls by Kylie Minogue, called *Kylie: The Showgirl Princess*, a new Artemis Fowl novel, *Artemis Fowl and the Lost Colony*, from Eoin Colfer and a range of new books and games from the now hugely successful *Charlie and Lola* franchise by Lauren Child.

From DK in the autumn, there is *Rainforest*, a remarkable reference book with photographs by Thomas Marent. For children, there is *Star Cooks*, a fun and healthy cookbook by celebrity chefs in aid of the charity FareShare and *Pick Me Up* – a whacky reinvention of the traditional encyclopedia.

The big news in the pre-school area is the forthcoming film of the life of Beatrix Potter, starring Renee Zellweger, which will drive sales of all Peter Rabbit and related titles for Warne in the run up to Christmas.

Press Release

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Penguin Chairman and Chief Executive, John Makinson commented, "This is a very strong set of results. The growth in profits rewards our continuous emphasis on publishing efficiency, but also reflects the extraordinary creative and commercial achievements of our authors. We have had more bestsellers than ever before in English speaking markets around the world, while Penguin authors have taken many of the most prestigious literary prizes on both sides of the Atlantic. In this, the 60th anniversary year of Penguin Classics, we are celebrating old writing, as well as new, and extending the Penguin brand in fresh and distinctive ways. Our investment in digital technology will bring this writing to the next generation of readers and is already opening up exciting opportunities for us. We look forward to the rest of the year with confidence."

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For further information please contact:

Joanna Prior on 020 7010 3250 or email: joanna.prior@penguin.co.uk