

PENGUIN GROUP HEADS TOWARDS A STRONG 2007

Penguin Group Reports 2007 First Half Operating Results

Underlying Sales Up 1 % and Underlying Profits Up 11%

London 30 July 2007, The Penguin Group today reported a positive start to the year with its operating results for the first half of 2007. Underlying sales for the first six months were up 1% over 2006 at the mid-point and underlying profits were up 11% over last year's first-half performance.

In the UK, Penguin was crowned Publisher of the Year at the British Books Award in May and the results for the first six months of the year lived up to that billing. There was a strong publishing performance across the board, with market share at 10.2% following an exceptionally strong 2006.

Penguin's bestseller performance saw 31 titles making it into the Nielsen Bookscan top ten list, with both established names and new writers hitting the charts. Marian Keyes' *Anybody Out There?* spent seventeen weeks in the top ten including two at number one. Jane Fallon's debut, *Getting Rid of Matthew* spent three weeks in the top ten at publication and this has now been selected for Richard and Judy's Summer Read, along with Kim Edward's *The Memory Keeper's Daughter*, which recently hit the number one spot. This book has been number one for Penguin in the US, Canada, and Australia also. Other fiction highlights included Marina Lewycka's follow-up to *A Short History of Tractors in Ukrainian*, *Two Caravans* and bestsellers from Clive Cussler. Penguin's strong non-fiction performance was driven by on-going sales of titles by both Jamie Oliver and Jeremy Clarkson. Other non-fiction highlights included: *Dunkirk* by Hugh Sebag-Montefiore and Griff Rhys-Jones' memoir *Semi-Detached*. On the children's side, Puffin has seen marked success with the new Young Bond thriller *Double or Die*, which started the year in the number one slot, the film tie-in edition of *Charlotte's Web* and Cathy Cassidy, who hit the top ten for the first time with her novel *Sundae Girl*. BBC Children's Books have had four Dr Who titles in the top twenty in the period.

DK had a promising start to 2007, with a strong performance globally. Highlights included *The Human Body Book*, which sold over 1,000 display units in the US in its first three months. In the UK, bestsellers in the first half were *Great British Menu Cookbook*, *Great British Village Show*, and Marcus Wareing's *How to Cook the Perfect...*, each of which hit the Top Ten Food and Drink Chart. DK's licensing programme saw good performances globally from the *Dr Who* and *Star Wars* 30th anniversary series.

The travel division ended the first six months number one in the travel and holiday guide book market with a 30% value share. DK travel is also number one in the highly competitive under £7.99 market. www.travel.dk.com launched in February and has won the Travel Mole Award for the best travel and holiday website. Rough Guides celebrated its 25th year in publishing with a major marketing and pr campaign

that reached over 60 million consumers. It has also launched a unique partnership with Motorola Razr phones, to provide travel information on mobile phones.

Penguin has continued to innovate and grow its digital activities during the first half. Visits to Penguin.co.uk have increased 12% compared to the same period last year whilst online sales volumes and revenue are up 46% and 22% respectively. Revenue from DK sites in both the US and UK are up 32%. Digital audio sales have increased eightfold (from a low base) in the first quarter alone. In addition, Penguin's website, www.penguin.co.uk, was recently judged best UK publisher site in *The Bookseller* and the Penguin blog, <http://thepenguinblog.typepad.co.uk> - now a year old - and Penguin's newly created MySpace page, www.myspace.com/penguinbooks both contribute to building awareness and brand loyalty amongst the online community. Having taken a lead into the virtual world of Second Life, Penguin's presence there is now well established.

As well as winning Publisher of the Year at the British Books Awards, Simon Prosser and Hamish Hamilton won Editor and Imprint of the Year and Penguin won best Marketing Campaign for the second consecutive year for its work on the bestseller *Freakonomics*. In other prize news, Penguin author Chinua Achebe was named winner of the prestigious Man Booker International Prize. Hisham Matar won the Commonwealth Writer's Prize and the Royal Society of Literature Ondaatje Prize for his first novel *In the Country of Men* whilst Peter Hennessy won Britain's pre-eminent award for political writing for his book *Having It So Good: Britain in the Fifties*. In addition, Naomi Alderman was named the Sunday Times Young Writer of the Year, Adam Tooze and Christopher Clark won two of the three Wolfson History Prizes and Marion Keyes carried off the Nibbie for Popular Fiction. Richard Hammond's *Can You Feel the Force?* won the Royal Society Junior Science Book Prize, a record 8th win for DK. Puffin author Meg Rosoff won the 2007 CILIP Carnegie Medal for her second novel, *Just in Case* and the Penguin and Puffin poet, Michael Rosen was named Britain's fifth Children's Laureate.

Elsewhere in the world, Penguin has shown a very strong start to the year. In the US, Penguin Group (USA) out-performed its previous *New York Times* bestseller performance and held a number one position 70% of the time, including such blockbuster phenomena as *A Thousand Splendid Suns* by Khaled Hosseini, *The Assault on Reason* by Al Gore, and *Eat, Pray, Love* by Elizabeth Gilbert. Penguin has turned in a brilliant performance in international markets which is expected to continue for the remainder of the year. Sales in Australia, New Zealand, South Africa, Canada, Europe and Asia have exceeded expectations. The UK and US lists have travelled well and local publishing in key markets has powered ahead. Australian sales have grown more than 50% faster than the market and South Africa is, once again, showing sales growth above 20% on the previous year. Penguin India is celebrating its twentieth anniversary in 2007 and its strong first half included a clean sweep of the Crossword Awards, India's biggest book awards, with Penguin India books winning in all major categories.

Penguin's publishing programme is heavily weighted to the second half. The period has already begun very well with *Memory Keeper's Daughter* going to number one on the paperback fiction list and *The Great Big Glorious Book for Girls* entering the chart at number three. Looking ahead, Penguin has a very strong line-up for the Christmas season leading with Jamie Oliver's latest *At Home with Jamie*, and a new

hardback by Jeremy Clarkson, *Don't Stop Me Now*. Alongside these comes Jools Holland's autobiography and Channel 4's diet sensation, *Cook Yourself Thin*. Allen Lane non-fiction includes *The Age of Turbulence* by Alan Greenspan, for which we have world volume rights, Naomi Klein's *The Shock Doctrine* and Steven Pinker's *The Stuff of Thought*. Fiction highlights include new novels from Dick Francis, Jonathan Coe, Jane Green, Lesley Pearse, and Clive Cussler. On the children's side, Puffin's Christmas programme is headed up by *Slam*, a new book from Nick Hornby and his first written for teenagers. Other leads include the latest Young Bond *Hurricane Gold*, new novels from Cathy Cassidy and Meg Rosoff, a new range of the popular *Charlie and Lola* series and a graphic novelisation of the number one bestseller *Artemis Fowl*.

There is a focus on innovation and exciting new formats at DK this Christmas, with some big reference gift books such as *Reef*, *Bird* and *The Sports Book*, which features an astroturf cover. For children, there is *Dinosaurium*, containing ten little books inside a large one and *Alive*, which has a pop-up beating heart and a light-up brain cover. DK has also secured books by two key author brands: Morimoto (the Iron Chef on US television) and Ricky Gervais' side-kick, Karl Pilkington for the UK.

Both DK and Rough Guide have strong Christmas travel titles with DK's *Where to Go When* and Rough Guide's *How to Make the Most of Your Time on Earth*.

BradyGames continues to be the world's leading publisher of strategy guides. Its guide for the *World of Warcraft: Burning Crusade* has sold almost half a million copies worldwide since publication in February and, coming this autumn, is a guide to *Grand Theft Auto IV*.

The Brands and Licensing division expects a strong second half with its tie-in programme for the new Harry Potter film and Dr Who. Ladybird has a big Christmas retro gift title, *Boys and Girls*, which is supported by a range of vintage Ladybird branded merchandise, including cards, stationery and deck chairs.

Around the world Penguin is looking forward to a strong second half. In the US, Penguin Group (USA)'s Fall list features such highly anticipated titles as *The Age of Turbulence* by Alan Greenspan, *Book of the Dead* by Patricia Cornwell, *T is for Trespass* by Sue Grafton, *Home to Holly Springs* by Jan Karon, *World Without End* by Ken Follett, and *Slam* by Nick Hornby. In India, as well as having a strong local publishing programme for the rest of the year, Penguin represents Bloomsbury and so the second half has begun with the distribution of JK Rowling's *Harry Potter and the Deathly Hallows*. Penguin Group is also distributing the title in continental Europe (with the exception of Germany) and in China.

Penguin Group Chairman and Chief Executive, John Makinson said, **“We are delighted with Penguin's performance so far in 2007. It's been a testing period for chain bookstores, but we continue to see good growth in online sales and the supermarket channels in the UK. The consistent quality of our publishing has allowed us to maintain progress in sales, while the double digit growth in our underlying profits reflects continued success in the management of our cost base. There is more to come in the second half. A long list of great authors and titles should ensure continued growth and success.”**

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