



## PENGUIN GROUP ANNOUNCES RECORD 2008 PROFITS

### Profits up 26% to a record £93 million, double digit margin achieved

London, 2 March 2009: Penguin Group, the international publishing company, today announced record profits of £93m for 2008, representing growth of 26% over the previous year. The company achieved a profit margin of 10.3%, meeting its commitment to a double digit margin in 2008. Sales rose 7% to £903m. This exceptional performance was achieved in spite of one of the most challenging retail environments in recent times.

The strengthening of the dollar in the course of the year boosted both the sales and the profits of the company in sterling terms but, even on an underlying basis, sales were up by 3% and profits showed growth of 4%. These numbers were all struck after a profit charge to reflect liquidity issues in the UK at the Woolworths Group.

The improved profitability was the result of a company-wide focus on margin improvement through operational efficiency, consistent and disciplined investment in author and product development and the development of a globally coordinated publishing organisation benefiting from worldwide scale.

These strong Penguin results were part of an excellent overall Pearson performance in 2008, <http://www.pearson.com/index.cfm?pageid=144&pressid=2998>

Penguin Group Chairman and Chief Executive, John Makinson, said: **“We are hugely proud of Penguin’s performance in 2008. In a very difficult market for consumer books, which deteriorated progressively during the year, Penguin achieved outstanding growth in sales and profit allowing us to meet our longstanding commitment to a double digit profit margin. This performance was underpinned by exceptional publishing around the world which we expect to continue in 2009.”**

Around the world, Penguin delivered a very strong performance in all its major markets recognised by an array of awards including Publisher of the Year awards in Canada and Australia and Trade Publisher of the Year in South Africa. Penguin US had one or more number one *New York Times* bestsellers 94 percent of the year, and was the industry leader in number one *New York Times* adult bestsellers across all formats.

In the UK, Penguin’s performance was driven by outstanding bestseller performance with 67 titles in the Bookscan top ten versus 52 last year. Sebastian Faulks’ *Devil May Care*, which became Penguin’s fastest selling fiction hardback in its history, and Marian Keyes’ *This Charming Man* were two of the biggest selling hardback novels across the industry in 2008 (3rd and 14<sup>th</sup> respectively on Bookscan). Penguin continued to dominate women’s fiction with top ten successes from Jane Green, Lizzie Noble, Jane Fallon, Julia Llewellyn, Lesley Pearse and Adele Parks.



On the non-fiction side, *Jamie's Ministry of Food* sold well over half a million copies through Bookscan, making him the second biggest publishing franchise of the last decade in the UK (after JK Rowling). Penguin published books that both anticipated the current economic situation (*The Black Swan* – a top ten bestseller) and that explain its origins, (JK Galbraith's *The Great Crash* which featured in Amazon's top 20 and sold almost 20,000 copies in 2008 despite being published in 1969, and more recently, Niall Ferguson's *The Ascent of Money*).

Penguin Classics had its best ever year with year on year growth of 15%. Revenue driving backlist initiatives included twenty new exclusive hardbacks for Waterstone's, a luxurious three-volume new translation of *The Arabian Nights* and a third series of *Great Ideas*. 2008 also saw the publication of Penguin Classics in Mandarin Chinese and Korean.

Penguin accounted for more than 12% of the **children's** publishing market. The Brands and Licensing division had a stand-out year with fantastic performances from their media franchises including *In the Night Garden* (5.8 million copies shipped to date), *Peppa Pig* (2.3 million copies), *Doctor Who* (4.7 million copies) and *Top Gear* (669,000 copies). Ladybird's *Baby Touch* series sold more than 1.3 million copies around the world. Puffin's successes included Eoin Colfer's *Artemis Fowl* which spent six weeks at number one and Cathy Cassidy's *Gingersnaps*, both outstripping sales of their previous titles, and Charlie Higson's fifth Young Bond novel, *By Royal Command*.

**DK** highlights included Brady Games which delivered very strong year on year growth benefiting in part from the release of *Grand Auto Theft IV*, DK International Product Licensing which grew sales by 8% and DK Digital Licensing which grew sales by 300% signing deals to provide DK content to companies such as satellite technology company Navteq and white board specialist Promethean. Publishing highlights included *Star Wars: The Clone Wars: The Visual Guide* and Dr Laura Berman's *Real Sex for Real Women*, both of which hit the *New York Times* bestseller lists, and *The Human Body Book* which sold 185,000 copies and is now published in twelve languages.

In **Travel** publishing, DK Eyewitness delivered a stand-out performance as the only major travel guide publisher to grow sales and market share in the UK. In February 2009 DK won the Gold Award for Best Guidebook series as voted by *Wanderlust* travel magazine readers. Rough Guides outperformed the market. Both brands combined had 120 titles that were the number one bestseller to that destination. In 2008 Penguin Travel signed deals with companies including Visa Europe and MSN to provide them with travel content.

Worldwide, the Penguin Group saw strong competitive performances in every market. In the US, Penguin had a very strong year in 2008, exceeding its full-year targets and outperforming the overall market. Led by Eckhart Tolle's *A New Earth*, Greg Mortenson's *Three Cups of Tea* and Patricia Cornwell's *Scarpetta*, Penguin US had one or more number one *New York Times* bestsellers 94% of the year, and was the industry leader in number one *New York Times* adult bestsellers across all formats. Two Penguin authors were awarded Pulitzer Prizes in 2008: Junot Diaz won the Pulitzer Prize for Fiction and Barton Gellman was awarded the Pulitzer Prize for National Reporting. Penguin US also continued digital innovation and had a string of new hits from its Young Readers division, including new bestsellers from Sarah Dessen and John Green, which attracted a record number of young readers online. Looking ahead to 2009, Penguin US has an exceptional publishing list.



In **Australia**, Penguin grew sales ahead of the industry and was named Publisher of the Year at the Australian Book Industry awards and won four of the seven awards for individual titles. Bestsellers included local authors Bryce Courtenay and Tim Winton alongside international authors Marian Keyes and Eckhart Tolle. 2008 saw the launch of the hugely successful Popular Penguins range and the Hamish Hamilton imprint in Australia, home to, amongst others, Man Booker-nominated Steve Toltz. In **Canada**, Penguin also took home the Publisher of the Year award and the prestigious 2008 Scotiabank Giller award for Joseph Boyden's *Through Black Spruce*. In **India** Penguin, the largest English-language publisher, grew sales and won almost all the major awards including the Vodafone Crossword award for Best Book fiction for *A Girl and A River* by Usha K R and Best Book non-fiction for *The Last Mughal* by William Dalrymple. The launch of the Allen Lane imprint in India was spearheaded by the publication of founder and chairman of Infosys Nandan Nilekani's *Imagining India*. Penguin **South Africa** grew sales well ahead of the industry and was named Trade Publisher of the Year.

Penguin made huge **digital** strides in 2008. The sales of eBooks increased fivefold and, worldwide, Penguin now has 8,500 eBook titles available including its Enriched eBook Series. Penguin continued to lead the way in digital innovation becoming the first publisher to launch an iPhone application (in the US), a dating website ([www.penguindating.co.uk](http://www.penguindating.co.uk)) and winning a *New Media Age* Effectiveness Award for Best Entertainment Website for [www.blogapenguinclassic.com](http://www.blogapenguinclassic.com) and *New Media Age*'s Special Award for Innovation 2008 for its much acclaimed teen community website [www.spinebreakers.co.uk](http://www.spinebreakers.co.uk). Penguin continued to grow its presence online with traffic to Penguin Group websites around the world increasing by 37% to 17 million unique users.

**2009** has started well in the UK with Jamie Oliver occupying the top slots from the start with both *Ministry of Food* and his Red Nose Day tie-in title. Catherine Alliott's *The Secret Life of Evie Hamilton* and Adele Parks' *Tell Me Something* both appeared in the top ten fiction lists. Looking ahead, Penguin has a stellar publishing line-up in the UK including:

In **non-fiction**, Antony Beevor's *DDay*, Ant and Dec's autobiography, *Tickling the English* by comedian Dara O'Briain, *Christianity* by prize-winning historian Diarmaid McCulloch to tie in with a six-part television series, *Defence Of The Realm* - the official biography of MI5 and *Superfreakonomics*, the follow-up to the bestselling *Freakonomics* by Steven Levitt and Stephen Dubner. Plus a new cookery book by Jamie Oliver, *Jamie's America* and a new Jeremy Clarkson hardback.

The **hardback fiction** list is equally strong with Eoin Colfer's Hitchhiker sequel *And Another Thing*, a new Adrian Mole from Sue Townsend and new novels from Nick Hornby, Dick and Felix Francis, Marian Keyes, Jane Green and Clive Cussler.

Big **paperbacks** include *Devil May Care*, by Sebastian Faulks, *This Charming Man* by Marian Keyes, *Private Patient* by PD James, *The Believers* by Zoe Heller and three novels from Clive Cussler.

# Press Release

[www.penguin.co.uk/pressoffice](http://www.penguin.co.uk/pressoffice)



In **children's**: there are new publishing licenses with Formula 1, Club Penguin and Dragons Den from the Brands and Licensing division, as well as *The Darksmith Legacy*, a ten-part series that invites readers to use codes within the books to gain access to games and activities online. At Puffin, there are new books from Cathy Cassidy, Lauren Child, Meg Rosoff and Charlie Higson, as well as two new titles in the *Diary of a Wimpy Kid* series (6 million copies already sold by Amulet Books in the US) and a range of publishing to mark the 40<sup>th</sup> anniversary of *The Very Hungry Caterpillar*.

For **DK**: highlights include *War*, *Science* and *Cook Express* on the adult list and *The Vampire Book*, *Open Me Up* and *Ask Me Anything* for children. In Travel, key titles include *Bed in a Tree and other Amazing Hotels from Around the World*; *The Road Less Travelled*; *Clean Breaks: 500 New Ways to See the World* and *Earthbound: A Rough Guide to the World in Pictures*.

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