



Press Release

PENGUIN ANNOUNCES HALF-YEAR RESULTS

Record UK sales despite challenging trading conditions

London, 29th July 2011: Penguin, the international publishing company, today announced its results for the first half of 2011. The company has made a strong and competitive start to the year in spite of major retail disruption in its key markets. Sales were level in underlying terms at £457m against 2010. Profit performance was particularly impressive showing underlying growth of 13% to £42m, the result of an increased emphasis on product and channel profitability, the widespread adoption of digital technologies and the continuing benefit of a restructuring programme undertaken in 2009.

These results were part of Pearson's half-year announcement. For the Pearson press release click here: <http://www.pearson.com/media-1/announcements/?i=1460>

Penguin Chairman and CEO John Makinson, said: **“The past six months have represented a watershed for book publishers and book retailers alike. The rapid penetration of digital devices and content, coupled with the severe pressure on physical booksellers, have presented the whole industry with unprecedented challenges. I am delighted that, thanks to the quality of its publishing, Penguin has been able to maintain its sales and further strengthen its margins during these turbulent times.”**

Global highlights for the first half included:

- **Market share gains:** Penguin gained market share in the UK and Australia, two of its major territories. In the UK it grew from 10.2% to 11.7%, while in Australia it grew by half a percentage point in a market that was severely impacted by the bankruptcy of the REDgroup, the country's largest retailer, in February.
- **New sources of revenue:** The US business performed solidly and continued to lead Penguin in its adaptation to dramatic industry shifts through its successful eBook programme, the development of new digital platforms and by pursuing new sources of revenue to mitigate challenges faced by physical retailing and, in particular, the disruption caused by the bankruptcy of Borders, the country's second largest retailer.



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- **Continued success at DK:** DK had an excellent first half posting good sales growth on top of a successful 2010. The LEGO® publishing programme continued to drive sales with core reference and pre-school also performing well. The global travel publishing market remains challenging.
- **Bestseller success** around the world in the first-half of 2011:
 - In the **UK**, Penguin published 46 bestsellers including paperbacks of its big Christmas hits such as Stephen Fry, Dawn French and Michael McIntyre, as well as Jamie Oliver's *30 Minute Meals* and Marian Keyes' *The Brightest Star in the Sky*, the top and third bestselling titles respectively across the industry in the first half. The Children's division has dominated the bestseller charts with its phenomenally successful *Wimpy Kid* series.
 - The **US** published a record 157 bestsellers, including some of the biggest selling books by authors such as Charlaine Harris and Nora Roberts, both of whom have now sold more than a million eBooks, as has Kathryn Stockett's *The Help*. Ron Chernow's *Washington: A Life* won the Pulitzer Prize and Peter Bognanni's *House of Tomorrow* won the *Los Angeles Times* First Fiction Award.
 - In **Australia**, Penguin had two of the top five industry bestsellers with Jamie Oliver's *30 Minute Meals* and Jeff Kinney's *The Ugly Truth*, part of the *Wimpy Kid* series.
 - In **Canada**, Kathryn Stockett's *The Help* has held the number one spot on the *Globe and Mail* bestseller list for seven weeks and the paperback of Neil Pasricha's *The Book of Awesome* has notched up 15 weeks on the bestseller list with 12 at number one.
 - **DK's** bestsellers continued with *LEGO® Harry Potter: Building the Magical World* hitting number one on the *New York Times* bestseller list and *LEGO® Star Wars: The Visual Dictionary* staying on the list for the entire first half totting up a total of 76 weeks.
- **Growth in digital sales:** eBook sales grew 130% and now represent 14% of Penguin revenues worldwide.
- **Continued investment in digital:** The company continued to invest in digital innovation launching a second *BabyTouch* app, an amplified edition of Jack Kerouac's *On the Road* which outsold the Bible in its launch week and DK's Miriam Stoppard *Pregnancy* app in the



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first half of the year. Penguin continues to lead the industry in the direct-to-consumer space announcing a number of significant initiatives in the first half of the year including Book Country, a community of writers helping writers, and Bookish and aNobii, new digital platforms for readers in the US and the UK respectively. The Penguin eSpecials programme comprising short works in digital form has grown substantially and will have tripled in size by the end of the year.

- **Strong growth in India:** India had an excellent first half with over 20% market share driven by a creative publishing programme, a strong direct sales business (selling over 600,000 copies in the first six months of the year) and helped by an underlying improvement in the economy. It also launched its first app in March.
- **Global launch of Penguin merchandise:** Penguin extended its merchandise line designed to offer retailers book-related product and to raise awareness of the Penguin brand around the world.

Penguin UK had an outstanding first-half, its best since TCM records began in 2001. Building on its spectacular 2010 performance, it grew sales by 11% in a market that was down 3% and market share to 11.7% (up from 10.2%). While these numbers reflect a solid performance across the company, sales growth was largely driven by the Children's division and Michael Joseph.

Penguin Children's was recently named Children's Publisher of the Year at the industry awards in February. The *Wimpy Kid* series was a publishing sensation, accounting for five of the top ten bestsellers across the UK publishing industry in the first half. Other brands which excelled in the first half of the year included Puffin's Rick O'Riordan's *Percy Jackson* titles and Alex Scarrow's *Time Riders* series, as well as popular licensing brands such as Moshi Monsters and Club Penguin. Penguin intends to build on this success with the recent creation of a new group, Media and Entertainment, to grow Penguin's share of the children's licensing market. The division continued to invest in digital development launching a second *BabyTouch* app. *The Telegraph* named Penguin Children's apps the top three apps for kids with *BabyTouch* at number one, *Peppa Pig Stars* at number two and *Spot Starts School* number three.

Michael Joseph had an outstanding first half driven by the bestselling paperbacks of some of its big Christmas titles including Stephen Fry's *The Fry Chronicles*, Dawn French's *A Tiny Bit*



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Marvellous and Michael McIntyre's *Life and Laughing*, the bestselling celebrity book across the industry in the first half. Jamie Oliver continued to top the bestseller list with his already record-breaking *30 Minute Meals* staying at number one for an astonishing 32 weeks. Unsurprisingly, *30 Minute Meals* was the top-selling title across the industry in the first half with Marian Keyes' *The Brightest Star in the Sky*, the third. Michael Joseph made headlines in February when it became the first imprint (and Penguin the first publisher) to score number ones across all four bestseller lists (*30 Minute Meals* was the bestselling hardback non-fiction title, *Jamie's Monster Bake Sale* the top selling paperback non-fiction title, Marian Keyes' *The Brightest Star in the Sky* was the number one bestselling paperback fiction title and Lesley Pearce's *Belle* number one in the fiction hardback chart).

Penguin General's standout titles in the first half were Kathryn Stockett's *The Help* which has now sold 550,000 copies and Sarah Blake's *The Postmistress* which has sold more than 130,000 copies since publication in February. **Penguin Press** enjoyed success with Niall Ferguson's *Civilization*, Michael Lewis' *The Big Short* and the ongoing sales of Neil Macgregor's *History of the World In A Hundred Objects*.

DK thrived in the first half, growing worldwide sales and building on a highly successful 2010. Its licensing business showed vigorous recovery in markets such as Brazil, Japan, China and Central and Eastern Europe. In the UK, DK continued to outperform a tough market growing Adult sales by 5% in a market that was down and Children's sales by 34% in a market that was down 6%. DK Eyewitness Travel was the best performing travel publisher in the Atlases, Maps and Travel and Holiday Guides categories. The global travel publishing market continues to be challenging.

The popularity of DK's LEGO® titles continued with *LEGO® Harry Potter: Building the Magical World* hitting number one on the *New York Times* Children's Picture Book Bestseller list in June. *LEGO® Star Wars: The Visual Dictionary* has now been on the bestseller list for 76 weeks and counting. Other titles which performed notably well in the first half include *MasterChef at Home* and Brady Games' *LA Noire Signature Series Guide*.

DK continued its investment in digital launching Miriam Stoppard's *Pregnancy*, its first non-travel app, and the Travel division made their 14 apps available on the Android platform. In the autumn,



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DK will launch its most complex and ambitious app to date for *The Human Body*, one of its bestselling backlist titles.

Looking ahead to the second half of the year, Penguin UK has an impressive publishing line-up with titles from authors including Rob Brydon, Lee Evans, Jamie Oliver, Jeremy Clarkson, Michael Lewis, Brian Cox, Michael Moore, Jeremy Paxman and Clare Tomalin in Adult and Jeff Kinney, Charlie Higson, Richelle Mead, David Almond and Eric Carle in Children's. In the US, Penguin will publish titles from bestselling authors including Patricia Cornwell, Sue Grafton, Niall Ferguson and Bill Maher. DK will launch the *LEGO® Ideas Book*, *MasterChef Kitchen Bible*, *Alien Robot Kit* and *The Human Body* app.

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