



## ***PENGUIN GROUP ANNOUNCES GROWTH IN 2005 RESULTS***

***Sales: £804m Operating Profit £60m***

London 27 February 2006, Penguin Group today announced its operating results for the year ending December 31 2005. Revenues and operating profits were up on the previous year thanks to outstanding publishing around the world supported by a strong operational performance. Group sales were up from £786 in 2004 to £804m in 2005 and profits up from £52m last year to £60m this year, showing underlying growth of 1% and 4% respectively.

### **Strong market share growth in the UK**

Penguin in the UK had a very good year, with sales through the TCM (Nielsen Bookscan) growing by 8.3% on 2004, giving the company a market share of 10.6% - retaining its third position behind Random House Group and Hachette Livre UK. By category, Penguin took number one position in non-fiction from Hachette in 2005 with a 6.3% sales growth and a value market share of 10.5%. This growth was driven by the very strong non-fiction Christmas list and also by an 8.5% rise in the value of Rough Guides. The group's share of the travel market grew in 2005 by 3%. In adult fiction, the overall market grew by just 2% in value terms yet Penguin's share was three times this. In the children's market, Penguin was number one by volume, showing year-on-year growth of 20%, giving the group a volume share of 16%, double that of Bloomsbury (with Harry Potter) in second place.

### **Number one at Christmas**

Penguin had a particularly strong finish to the year, thanks to the outstanding performance of a handful of Christmas bestsellers. *Jamie's Italy* was number one, with 154,000 sales recorded through Bookscan in Christmas week alone. Jeremy Clarkson's *The World According to Clarkson* stayed at number 1 or 2 in the paperback non-fiction chart for 32 weeks and took pole position in the paperback fastsellers of the year chart (Guardian, Jan 13 2006). Gloria Hunniford's memoir of her daughter, *Next to You*, sold more than 600,000 copies by year end. These plus many other notable Christmas books such as *The Meaning of Tingo* and *The Lore of the Land* (Penguin Press) and *The Princess and the Pea* (Puffin) meant that Penguin was the number one publisher by revenue in the final weeks of the year. At DK in the US, *Star Wars - the Ultimate Visual Guide* was a New York Times Bestseller for three weeks in December.

### **More bestsellers than ever**

Penguin had 54 titles featuring in the top ten (Nielsen Bookscan) in 2005 versus 49 in the previous year. Gillian McKeith's two books, *You are What You Eat* and the follow-up *Cookbook* both went to number one and stayed in the top ten for a total of 32 weeks. Sales of these two combined titles were more than a million in the year. *Jamie's Dinners* stayed top ten for more than half the year, being displaced only by his new book *Jamie's Italy*. His wife, Jools Oliver spent 14 weeks in the charts with *Minus Nine to One* and Penguin Press enjoyed sustained success with Levitt and Dubner's economics title *Freakonomics*. DK had top ten bestsellers in Ian Marber's *Food Doctor Everyday Diet*, *Mary Berry's Complete Cookbook* and the *RHS Garden Plants and Flowers*. Rough Guides too had a chart entry during the year with *The Rough Guide to the Da Vinci Code*. Penguin had more fiction bestsellers in both paperback and hardback in 2005 than ever before, with established brands



such as Marian Keyes, Jane Green, Sue Townsend, Clive Cussler, Nick Hornby and Lesley Pearce featuring, as well as new authors such as Jilliane Hoffman, PJ Tracy and Karen Joy Fowler. On the children's bestseller list, the Group had an exceptional 14 books in the charts during the year including the film tie-in books for *Charlie and the Chocolate Factory*, a strong hardback performance from Eoin Colfer's latest *Artemis Fowl* title and the hugely successful launch of the Young Bond series, *SilverFin* by Charlie Higson. Penguin Ireland had more books in the Irish-published top 25 than any other publisher – including the number one fiction title, *The Curious Incident of the Dog in the Nightdress* by Ross O'Carroll Kelly and three of the top seven sports books. Frederick Warne's Fairyopolis stormed on to the New York Times bestseller list.

## Numerous Prizes

The strength of Penguin's literary publishing was highlighted by the fact we had two out of six titles on the Man Booker Shortlist, Ali Smith's *The Accidental* and Zadie Smith's *On Beauty*. Ali Smith went on to win the Whitbread Novel of the Year. Hilary Spurling won the Whitbread Biography of the Year for *Matisse the Master*, and went on to win the overall Whitbread Prize in January 2006. Marina Lewycka's novel *A Short History of Tractors in Ukrainian* was one of the most successful debuts of the year. It sold almost 100,000 copies in hardback and trade paperback, was shortlisted for the Orange Prize for Fiction and won both the Bollinger Everyman Prize and the Saga Wit Award. In non-fiction, Penguin Press titles won all three of the Wolfson history prizes, NAM Rodger's *Command of the Ocean* won The British Academy Prize and the Duke of Westminster's Medal for Military History and Thomas Friedman's *The World is Flat* won the inaugural FT/Goldman Sachs business book prize. For its ground-breaking type-led jacket design, Penguin's *Great Ideas* series won and was short-listed for many awards in 2005 including The Design Awards and *Creative Review's* Annual Best in Book Award. Both travel brands won industry awards in 2005: DK Eyewitness won the *Guardian/ObsERVER* Travel Award for the second year running and Rough Guides won the BAA/Expedia travel award. At DK more titles won or were shortlisted for awards than in any previous year. They won the Aventis Junior Prize for Science Books for the fourth time in five years for *What Makes Me Me* by Robert Winston and *The DK Children's Cookbook* won the Right Start Best Toy Award. Ladybird won the Practical Preschool Silver Award for the *Baby Touch Playbook*.

## Celebrating 70 Years

2005 marked Penguin's 70<sup>th</sup> Birthday and saw the publication of 70 original paperback titles alongside a biography of founder Allen Lane, *Penguin Special*, and a book on the company's design heritage, *Penguin by Design*. Sales of these titles generated significant turnover, but more importantly the vast media attention for the anniversary positioned Penguin emphatically as people's favourite book brand, not only in Britain, but around the world. In November, Penguin was named British Brand of the Year at the Walpole Awards, beating Duchy Originals, Mulberry, Freeplay and Green & Black.

## Innovations across the group

In 2005, Penguin continued its work promoting its brand, books and authors to an online audience. The Penguin websites had their best ever year; online sales, visits and visitors grew a massive 195%, 40% and 27% respectively on [www.penguin.co.uk](http://www.penguin.co.uk) with an equally impressive growth of 90%, 58% and 45% for the same metrics on [www.uk.dk.com](http://www.uk.dk.com). Penguin



was the first publisher in the UK to launch both online stock alert functionality and its own Podcast, the Christmas edition of which was third only to Ricky Gervais and Chris Moyles in the iTunes UK Top 100. The company was shortlisted for a Revolution Award ('Best Brand Building using Digital Channels') for Penguin Remixed and the Penguin Podcast; received a 'Highly Commended' at the 2005 NMA Effectiveness Awards for the Penguin Online Catalogues website (Best Business to Business); and the 70th Birthday celebration website, [www.happybirthdaypenguin.com](http://www.happybirthdaypenguin.com), is currently on the shortlist for the 2006 Design Week.

## **A strong start to the year**

2006 has begun very well across the group. At Penguin, strong sales have come from the two Richard and Judy Bookclub titles, Nicole Kraus's *The History of Love* and Richard Benson's *The Farm*, which went to number one in the paperback non-fiction chart. Dr Gillian McKeith's new book, *The Ultimate Health Plan* has also been number one. In hardback non-fiction, *The Revenge of Gaia* by James Lovelock has been top ten for three weeks and on the children's list, *BloodFever* by Charlie Higson has been number one for 5 consecutive weeks. Penguin Classics celebrates 60 years in 2006 and kicked off the year with the launch of a new range of classics called Reds. This new series aims to reach a new audience for classics through its format (A) and packaging (contemporary). An initial list of 30 books was launched in January with further books coming into the series throughout the year. DK Eyewitness Travel successfully launched a new format of a pocket map and guide, and together DK and Rough Guides started 2006 with their highest ever travel market share of 22%.

## **Looking forward to more success in 2006**

Looking further ahead, there is a very strong publishing programme across the group. Penguin's Christmas programme includes new books by Jamie Oliver, Jeremy Clarkson, Jeremy Paxman and Sue Townsend and, from Puffin, a new *Artemis Fowl* by Eoin Colfer and books by Madonna, Julie Andrews and Kylie Minogue. At DK, in April *The Great British Menu* will tie in with a massive TV series and in September *Rainforest* will be the big illustrated mould-breaking title of the season. On the children's side DK will publish an innovative new children's encyclopedia called *Pick Me Up*, a cook book for Fairshare charity, *Star Cooks*, featuring recipes created by top chefs and a book to make physics fun called *Can you Feel the Force?* by Richard Hammond. Rough Guides will follow the success of their guide to the ipod with *Rough Guides to Blogging and Ebay* and DK Eyewitness Travel will launch a new website later this year. The highlight at Warne will be the autumn launch of the Beatrix Potter, *Potteropolis*.

Penguin Chairman and CEO, John Makinson said, "The market for consumer books is both challenging and exciting. Last year we rose to the challenge, delivering more sales for our authors and more profits for our shareholders. We have made a good start to 2006 and at this early stage feel confident about our prospects for the year. In the UK, we needed to prove that we were back on track after the previous year's distribution problems. We did just that, and more, restoring service to our customers, celebrating our 70<sup>th</sup> birthday with publishing panache, and finishing the year with a torrent of bestsellers."

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# Press Release

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To view the Pearson Preliminary Results for 2005 please go to <http://www.pearson.com/>