



# Press Release

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## PENGUIN GROUP ANNOUNCES STRONG 2009 RESULTS

### **Excellent publishing across all divisions and territories underpins competitive performance in tough markets**

London, 1<sup>st</sup> March 2009: Penguin Group, the international publishing company, today announced its financial results for 2009 with sales of £1,002m and operating profit of £84m. This is the first time in the company's history that sales have exceeded the £1bn mark. On a headline basis, sales were up 11% (from £903m in 2008). Headline operating profit was down 10% (from £93m in 2008), although this included a one-off £9m charge relating to organisational changes in Penguin UK and DK. Excluding these charges, headline profit was in line with 2008, a significant achievement considering the economic environment. At constant exchange rates, sales were slightly down by 1% and operating profit down 17%, again primarily due to restructuring costs.

Every territory and division contributed to these results with competitive performances in the face of tough market conditions. Over the past five years, Penguin has demonstrated a record of strong financial performance with sales over the period increasing at an average rate of 6% and profit at 9% in headline terms. These Penguin results were part of an excellent overall Pearson performance in 2009 [<http://www.pearson.com/investors/our-news/?i=1232>].

Penguin Group Chairman and Chief Executive, John Makinson, said: **“Over the past year we have prepared Penguin for an exciting, if uncertain, digital future, while continuing to publish and sell great books in a very difficult consumer market. We have achieved these goals thanks to the skills and commitment of all our companies around the world, qualities that I expect will allow us to make further progress, commercially and creatively, in 2010.”**

Penguin's publishing strategy delivered around the world with a few notable themes:

- **Bestseller success across the Group:** Penguin enjoyed bestseller success around the world with a record number of *New York Times* bestsellers (243 with 30 hitting number one) in the US and, in the UK, Penguin had 46 Top Ten bestsellers. Bestsellers came from across a wide range of imprints highlighting the depth and breadth of Penguin's publishing around the world and included titles from debut authors such as *The Help* by Kathryn Stockett, which was named the *USA Today* Book of the Year and now has more than 1.7m copies in print, and *The Piano Teacher* by Janice Y.K. Lee in the US, and *Horse Boy* by Rupert Isaacson in the UK, plus well-established author brands such as Charlaine Harris, Nora Roberts, Jamie Oliver, Jeremy Clarkson and Marian Keyes.
- **Dominance in the non-fiction category:** Penguin authors such as Michael Pollan, Malcolm Gladwell and Antony Beevor enjoyed bestseller success while Ant and Dec's *Ooh! What a Lovely Pair* was the UK's bestselling celebrity memoir of 2009 and the second biggest selling hardback non-fiction title.



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- **Strength of backlist:** 2009 was a very strong year for backlist publishing with readers turning to well-trusted brands such as the Penguin Classics and evergreen children's brands such as *The Very Hungry Caterpillar*, which celebrated its 40<sup>th</sup> anniversary in 2009, and Winnie the Pooh - Penguin's Young Readers Group in the US published the first approved sequel *Return to the Hundred Acre Wood*. Penguin Australia's beautifully packaged Popular Penguins series sold extremely well passing the million copy mark.

Around the world Penguin picked up an array of **awards** including: Costa Novel of the Year (*Brooklyn*); *New York Magazine's* Novel of the Decade (*The Brief Wondrous Life of Oscar Wao* by Pulitzer Prize-winning author Junot Diaz); Book of the Year in the US and Exclusive Books Fiction Prize in South Africa (*The Help*); in Australia Penguin picked up the Publisher of the Year Award for a second consecutive year and Tim Winton picked up his fourth Miles Franklin Award (*Breath*); Penguin Canada's Alice Munro won the International Man Booker Prize and Penguin India achieved a clean sweep at the Golden Quill Awards (*Sea of Poppies* won Best Book and Best Book, Popular Choice and Nandan Nilekani's *Imagining India* won Best Book, Non Fiction).

2009 was an exciting year for the publishing industry in terms of **digital** developments with Penguin at centre stage. To date, Penguin has signed up as a partner with Sony, Amazon and Apple on the launch of their eReader devices. Penguin now has 14,000 eBook titles available and eBook sales were four times higher than in 2008. eBook sales are expected to continue to show strong growth in 2010, benefiting from the popularity of e-readers as well as new devices.

Penguin continued to lead the way in digital innovation with initiatives such as the Amazon Breakthrough Novel Award and From the Publisher's Office, Penguin's own network of exclusive online programming, in the US, and We Make Stories, a unique set of digital tools for children to create, print and share a variety of innovative story forms, in the UK. Penguin continued to experiment with eBook publishing, extending its range of eSpecials and Enriched eBooks and apps including *The Left Hand of God*, which offered UK readers a free sample of the first three chapters and hit the number one spot on the free books app on iTunes. DK launched 20 Top 10 Travel apps on iTunes and Rough Guides launched 200 travel apps for Vodafone users. In the US, Penguin offered a free Mad Libs app that has been downloaded 1.8m times and ranks number one on the free entertainment list.

In the **UK**, Penguin had 46 Top Ten bestsellers. Penguin Children's had a remarkable year both in backlist and frontlist. Both Puffin and Ladybird grew by double digits with success across both lists and particularly strong backlist performance with brands such as Roald Dahl's *Fantastic Mr Fox* benefiting from a successful film tie-in. Jeff Kinney's *Diary of a Wimpy Kid* series was spectacularly successful. Ladybird enjoyed excellent licensing performances with Peppa Pig and Club Penguin as well as solid backlist sales of the bestselling Baby Touch brand. Frederick Warne also had a good year driven by increased Spot sales in anticipation of the 30<sup>th</sup> anniversary in January 2010.

On the adult side, Penguin Press enjoyed its most successful year to date with sales up 14% on 2008. Penguin enjoyed great success with authors such as Malcolm Gladwell (*Outliers, What the Dog Saw*) and Steven Levitt and Stephen Dubner (*Superfreakonomics*). Penguin Classics had another record-breaking year with sales up 10% on 2008 led by the



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spectacular publication of Vladimir Nabokov's *The Original of Laura* and an anniversary deluxe edition of *The Origin of Species* with a cover designed by Damien Hirst.

Penguin General, and particularly its Viking imprint, had a very strong year for hardbacks in 2009; Antony Beevor's *D-Day* was the number one non-fiction bestseller for eight weeks and spent 14 weeks in the Top Ten, shipping almost 200,000 hardbacks; *Brooklyn* by Colm Tóibín won the Costa Novel of the Year award and was longlisted for the Man Booker prize; *Horse Boy* by Rupert Isaacson was a Top Ten bestseller; and Nick Hornby's *Juliet Naked* hit the Top Ten on publication at the end of the year. In the backlist, *The Reluctant Fundamentalist* continued to sell well (430,000 copies to date) as did Stephen Toltz's *A Fraction of the Whole*.

Michael Joseph had an excellent 2009 with eight Top Ten bestsellers on the hardback fiction chart including Marian Keyes' *The Brightest Star in the Sky*, *Girl Friday* by Jane Green and two Clive Cussler titles. Ant and Dec's *Ooh! What a Lovely Pair* was the UK's bestselling celebrity memoir of 2009 and the second biggest selling hardback non-fiction title selling around 310,000 copies. Marian Keyes' *This Charming Man* was the UK's biggest selling paperback fiction title (almost 500,000 copies sold).

**DK** faced a very tough illustrated reference and travel market in 2009 though there were signs of recovery towards the end of the year. Publishing highlights included DK's successful publishing partnership with Lego with almost 200,000 copies of *Lego Star Wars Visual Dictionary* sold; a new edition of the perennial bestseller the *First Aid Manual* selling over 400,000 copies; a further 130,000 copies of one of DK's strongest performing backlist titles *The Human Body Book*; and Brady Games sold 100,000 copies of *The WWE Encyclopaedia* and over 330,000 copies over two editions of *Call of Duty: Modern Warfare 2*.

In digital, DK launched 20 £4.99 Top 10 Travel apps on iTunes and Rough Guides launched 200 travel apps for Vodafone users. DK signed a number of content licensing deals with companies such as Visa and Doctissimo, one of France's biggest health websites, to provide content to help build their online offering.

Following the UK reorganisation announced in July, DK is in the process of refocusing its publishing to a more limited range of titles, reducing costs and innovating in the digital space. While the management of DK and its publishing is remaining in London, the process of transferring some aspects of the publishing process to DK's existing publishing centre in New Delhi has begun with more than 50 new staff recruited and a move to a new and larger office planned for later this month.

Elsewhere around the world, highlights included:

- In **Ireland**, after only seven years of trading, Penguin Ireland finished the largest trade publisher thanks to bestseller successes including Ross O'Carroll-Kelly and debut novelist Amy Huberman.
- In the **US**, Penguin achieved more *New York Times* bestsellers, placed more books at number one, and had more weeks on the *New York Times* bestsellers lists than ever before. Its imprint G. P. Putnam's Sons delivered



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more hardcover bestsellers than any other imprint and the Group was the industry leader in *New York Times* mass market bestsellers. It also led the industry in maximizing the success of multi-million-selling authors, including Charlaine Harris (11 *New York Times* bestsellers), Nora Roberts (ten *New York Times* bestsellers), and Greg Mortensen, who made publishing history with three simultaneous number one *New York Times* bestsellers in one week with three different editions of *Three Cups of Tea*. The Penguin Young Readers Group achieved significant growth and accomplished new levels of success driven by Sarah Dessen's *Along for the Ride* and Jay Asher's *Thirteen Reason's Why*, and also expanded a popular trade paperback series, Richelle Mead's *Vampire Academy*, into the hardcover market (more than 2.3 million copies of all editions in print). In addition, Penguin announced its partnership with Companhia das Letras, one of Brazil's most prestigious publishing houses, to publish Penguin Classics in Brazil, becoming the first English language publisher to publish classics in Portuguese, with the initial list of titles to launch in 2010.

- Penguin **Australia** was awarded the Publisher of the Year Award for a second year and its distribution arm, United Book Distributors, was awarded Distributor of the Year, at the Australian Book Industry Awards. Publishing highlights included the hugely successful Popular Penguin series, which has now sold a million copies, and bestsellers including Tim Winton's *Breath*, Bryce Courtenay's *The Story of Danny Dunn* and Clive Cussler's *Spartan Gold* which hit number one.
- Penguin **Canada** had a very strong year thanks to the continuing success of *Eat, Pray, Love* which has been on the *Globe and Mail* bestseller list for over 130 weeks and *Three Cups of Tea* (over 90 weeks). Penguin received a record nine nominations from the Canadian Booksellers' Association.
- In **India**, Penguin had a very strong second half, after a slow start to the year, driven by titles such as Nandan Nilekani's *Imagining India* and N.R. Narayana Murthy's *A Better India, a Better World*. Penguin also launched e-commerce on its website through a partnership with Indiaplaza, India's largest online retailer.
- Penguin **South Africa** had a spectacular year gaining significant market share driven by bestselling authors such as John van de Ruit of *Spud* fame and celebrity chef Justin Bonello.
- Penguin **China** became the first international publisher to make its front and backlist English language publishing available in eBook form to readers in China through a partnership with Apabi Group. It also announced a new publishing programme highlighting writing about and from China with the first books publishing in April 2010.
- Penguin extended its global publishing with the roll-out of the Hamish Hamilton imprint in Australia, Canada, and India.

In 2010 Penguin celebrates its 75<sup>th</sup> anniversary and Puffin its 70<sup>th</sup> anniversary. Both birthdays will be celebrated with high-profile campaigns and special publishing including the Penguin Decades, a new series of iconic modern classics. Penguin has a very strong publishing line up for 2010:

- On the adult side, major books from authors including: John le Carré, Joshua Ferris, Orlando Figes, Stephen Fry, Dawn French, Michael McIntyre, Ellen MacArthur and Jamie Oliver in the UK and Barbra Streisand, Ken Follett, Henry Kissinger, Patricia Cornwell, Terry McMillan, Nathaniel Philbrick, Nora Roberts, Charlaine Harris and Jan Karon in the US.



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- In children's, major titles will come from brands including the Moomins, *Diary of a Wimpy Kid*, Percy Jackson and Roald Dahl for Puffin; Peppa Pig and Club Penguin as well as an exciting new range of sound books for Ladybird; Spot's 30<sup>th</sup> anniversary range for Frederick Warne and Doctor Who for BBC Children's. In the US, Penguin's Young Readers Group will publish the highly anticipated fifth and sixth instalments of the bestselling *Vampire Academy* series as well as titles from Mike Lupica, John Flanagan and Jan Brett. Additionally, Penguin Young Readers Group just acquired number one international bestselling author John Grisham's first-ever children's book series. *Theodore Boone: Kid Lawyer*, the first book in the series, will be published in May 2010, with the second book in the series to be published in 2011.
- DK will be publishing new titles from bestselling authors Annabel Karmel and Penelope Leach; major new 'category killer' titles including *The Natural History Book* in partnership with the Smithsonian Institute, and *The Complete Human Body Book*; and Lego and Star Wars licensing titles. DK Children's highlights include *What You Need to Know*, a completely new take on information using infographics, and *Who's in Charge*, a book on politics fronted by Andrew Marr. DK Travel will launch a new series, *DK Eyewitness Backroads*, touring guides taking travellers off the beaten track, and *Where to Go When Britain* and *Where to Go When Italy*. Rough Guides will publish *The Rough Guide to Camping in Britain* and *Make The Most of Your Time on Earth* (2<sup>nd</sup> edition).

**Ends**