

THE PENGUIN GROUP DELIVERS GOOD SALES AND PROFIT GROWTH IN THE FIRST HALF

Sales up 23% to £402m and Operating Profit up 12%

London, 30 July 2001 – Sales for the Penguin Group are up by 23% for the first six months to £402m from £326m in the same period last year, a figure that includes £66m from Dorling Kindersley, acquired in May 2000. Operating profits are up 12% to £37m from £33m in Jan-June 2000. Penguin increased underlying revenues by 7% and profits by 7%. Penguin's first half performance reflects an outstanding number of bestsellers in the US and UK.

At Penguin in the UK sales are in line with expectations. The frontlist performance of adult and children's publishing has been very strong, underpinned by 31 Booktrack bestsellers* including *The Return of the Naked Chef* by Jamie Oliver, *How to Be Good* by Nick Hornby and *Dazzler* by Darren Gough in hardback and *White Teeth* by Zadie Smith, *English Passengers* by Matthew Kneale, *Sushi for Beginners* by Marian Keyes and *Extra Virgin* by Annie Hawes in paperback. Puffin have also had an excellent half year with *Artemis Fowl* by Eoin Colfer taking the Potter dominated children's market by storm in April. Their relaunch of Roald Dahl with new jackets and a TV advertising campaign resulted in an extraordinary 230% growth in sales for the first six months. Puffin author Beverley Naidoo won the Carnegie Medal for her novel *The Other Side of Truth* and the children's nonfiction bestseller lists have been dominated by Puffin titles including *Text Me*, *Robot Wars* and *Chinese Cinderella* by Adeline Yen Mah.

Sales from the backlist have been softer and this has had a particular impact on DK where sales are down. The integration of DK into Penguin is on schedule with all DK's supply chain functions integrated in the UK and with DK and Penguin Putnam working closely in the US to strengthen DK's local operations. Penguin and DK have moved into one central London office and there is renewed focus on and investment in new publishing projects for the future. DK is on track to break even at year end.

Looking ahead to the second half, DK launches *Animal*, the ultimate guide to the world's wildlife and Bill Wyman's *Blues Odyssey* – a new generation of titles that will move on DK's unique brand of illustrated reference publishing. Penguin's publishing programme looks very strong too with a new Jamie Oliver, *Happy Days with the Naked Chef* and *Learning to Fly* by Victoria Beckham both on sale in September. There is also Tom Clancy's *The Bear and the Dragon* in paperback, new novels from Lisa Jewell, Jane Green, and Jim Crace, Volume two of Paddy Ashdown's *Diaries* and the paperback of Ian Kershaw's *Hitler 1936–45: Nemesis*.

Anthony Forbes Watson, CEO of the Penguin Group (UK) said: "Penguin and Puffin have had a tremendous frontlist first half and have some strong autumn titles coming up. DK is about a year behind in its recovery owing to weak backlist performance.

but investment in our frontlist is well under way and we will start to see the fruits of this in the autumn and next spring.”

Anthony Forbes Watson and David Wan are available for comment

* Bestsellers are defined by the Booktrack figures as they appear in the Bookseller

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