

Penguin

£ millions	2008	2007	CER growth	Underlying growth
Sales	903	846	0%	3%
Adjusted operating profit	93	74	4%	4%

Overview

Penguin is one of the most famous brands in book publishing, known around the world for the quality of its publishing and its consistent record of innovation.

Over the past five years, Penguin's sales have increased at an average rate of 4% and profits at 14% – the result of a plan to generate significant and consistent margin improvement. That plan had four major parts:

1. Investing consistently and in a disciplined way in author and product development;
2. Developing a globally co-ordinated publishing organisation, benefiting from worldwide scale and rapid rates of growth in literacy, education and demand for books in emerging markets;
3. Innovating with digital technologies to provide new reading experiences, new ways to market and sell books, and more efficient means of production, storage and distribution of content;
4. Becoming a more efficient organisation, focusing on margin progression, working capital discipline and cash generation.

In 2008, those initiatives helped Penguin reach its target of double digit margins, even in tough conditions for book publishers and booksellers and after additional bad debt provisions. Headline growth includes the impact of increased transactional foreign exchange gains. Looking ahead, Penguin's strategy involves further investment in publishing in both established and emerging markets, and in continued digital innovation, as it seeks to build on its strong competitive position and accelerate sales growth.

Strong publishing in all markets; top awards in the US, Australia, Canada and India

Highlights in 2008 include:

In the US, Penguin had a number one *New York Times* bestseller for 49 weeks of the year, including Patricia Cornwell's *Scarpetta*, Eckhart Tolle's *A New Earth* and Greg Mortenson's *Three Cups of Tea*.

Penguin authors won the major industry awards. Junot Díaz won The Pulitzer Prize for Fiction and the National Book Critics Circle Award for Fiction for *The Brief Wondrous Life of Oscar Wao*, and Barton Gellman won the Pulitzer Prize for National Reporting.

In the UK, Penguin had 67 top ten bestsellers versus 52 in 2007, according to BookScan. The #1 bestseller *Devil May Care*, the new James Bond novel by Sebastian Faulks, was the fastest-selling hardback fiction title in Penguin UK's history and the third-bestselling in the UK in 2008. Other bestsellers included *This Charming Man* by Marian Keyes, *The Beach House* by Jane Green and *Jamie's Ministry of Food* by Jamie Oliver. Penguin UK also published many more paperback originals, including Judith O'Reilly's *A Wife in the North*.

In Australia, Penguin was named Publisher of the Year at the Australian Book Industry Awards (and won four of the seven awards for individual books), and grew sales ahead of its markets with bestsellers including titles from Australian authors Bryce Courtenay and Tim Winton alongside international authors Marian Keyes and Eckhart Tolle.

In Canada, Penguin was named Publisher of the Year by the Canadian Booksellers Association and won the 2008 Scotiabank Giller Award for *Through Black Spruce* by Joseph Boyden. Bestsellers included titles by John Ralston Saul, Niall Ferguson, Patricia Cornwell and Clive Cussler.

In India, Penguin is the largest English Language trade publisher and continued its strong publishing record with authors such as Shobhaa De, Amitav Ghosh and Nandan Nilekani. It also won the major English language prizes in India's national book awards.

To capitalise on Penguin's global presence and growth opportunities in international markets, Penguin launched the Hamish Hamilton literary fiction imprint in Australia and the Allen Lane non-fiction imprint in India.

In 2009, Penguin will publish major new books including titles by David Plouffe, Barack Obama's campaign manager; Nick Hornby; Sue Grafton; Clive Cussler; Greg Mortenson; LeBron James; Jamie Oliver, Eoin Colfer (with his new addition to Douglas Adams's *Hitchhikers* series); and David Benedictus (with the first authorised Winnie the Pooh sequel).

Leading in digital innovation

Highlights in 2008 include:

Penguin's eBook publishing and sales expanded significantly in 2008, with nearly five-fold growth in eBook sales in the US. Penguin worldwide now has about 8,500 eBook titles available, more than double the number available in 2007.

Penguin US launched an Enriched Classics series with Jane Austen's *Pride and Prejudice*, which debuted in the top 10 on the Amazon Kindle bestseller list. The series is now sold via online stores on both Amazon.com and Penguin.com.

Traffic for all Penguin's websites increased 37% to 17 million unique users. Penguin US was the first publisher to create an iPhone application for optimal viewing of the Penguin website on mobile devices.

Penguin in partnership with match.com launched a UK dating website which received more than 120,000 visits and 1,300 registrations in the first five weeks alone.

 Learn more at www.penguindating.co.uk

Penguin had great success at the New Media Age Effectiveness Awards for www.blogapenguinclassic.com, an online forum where readers blog about many of the best books ever written.

 Learn more at www.blogapenguinclassic.com

Penguin also launched www.penguin.co.uk/tasters, which allows readers to download and sample the first chapters of all Penguin's latest novels for free.

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Penguin key performance measures

US bestsellers

Bestsellers (no.)

08 229

07 164

The number of Penguin books entering the Top Ten bestsellers list in the US (*New York Times*).

UK bestsellers

Bestsellers (no.)

08 67

07 52

The number of Penguin books entering the Top Ten bestsellers list in the UK (BookScan Top Ten).

eBooks sold

Units sold (no.)

08 1,105,974

07 202,806

The number of eBooks sold by Penguin Group.