

# Bloomsbury Publishing Plc



Interim Results  
Six months to 30 June 2007

# 2007 Summary



- **Signing of Bloomsbury's most important reference rights partnership to date for Finance: The Ultimate Resource with Qatar Financial Centre Authority**
- **Harry Potter 7 UK sales 17.6% ahead of HP6 sales as at 8<sup>th</sup> September – Nielsen BookScan**
- **Harry Potter 7 Export sales (Excl Canada) 31.4% ahead of HP6 sales as at 13<sup>th</sup> September**
- **4 electronic rights deals signed this year**
- **34 bestsellers in first half of the year**

# 2007 Financials



- Turnover up 36.5% to £51.41m (2006, £37.66m)
- Marketing & Distribution costs up 27.5% to £8.68m (2006, £6.81m)
- Administrative expenses up 11.1% £9.87m (2006, £8.88m)
- Operating profit up 7.6% to £3.25m (2006, £3.02m)
- Pre-tax profit down 8.5% to £3.86m (2006, £4.22m)
- Dividend up 6.1% to 0.70p for the half year (2006, 0.66p)
- Cash £13.32m (2006, £24.30m)

# Financial Summary

## Consolidated Balance Sheet



	2006 £m		2007 £m
Inventories	15.8	+44.3%	22.8
Receivables	49.2	+43.7%	70.7
Net cash	24.3	-45.3%	13.3
Total liabilities	21.7	+75.6%	38.1
Equity	89.3	+1.0%	90.2



# Cash Flow



	2006	2007
	£m	£m
<b>Net profit before tax</b>	<b>4.219</b>	<b>3.857</b>
<b>Other</b>	<b>0.535</b>	<b>0.894</b>
<b>Working capital</b>	<b>(19.340)</b>	<b>(13.500)</b>
<b>Investment income and finance costs</b>	<b>(1.204)</b>	<b>(0.606)</b>
<b>Cash used in operations</b>	<b>(15.790)</b>	<b>(9.373)</b>
<b>Tax paid</b>	<b>(2.278)</b>	<b>(0.155)</b>
<b>Net cash outflow from operating activities</b>	<b>(18.068)</b>	<b>(9.528)</b>
<b>Net cash (used) / generated from investing activities</b>	<b>(2.344)</b>	<b>0.503</b>
<b>Net cash used in financing activities</b>	<b>(1.946)</b>	<b>(1.940)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(22.358)</b>	<b>(10.965)</b>
<b>Cash and cash equivalents at end of period</b>	<b>31.117</b>	<b>13.323</b>

# Turnover Analysis by Geographic Segment



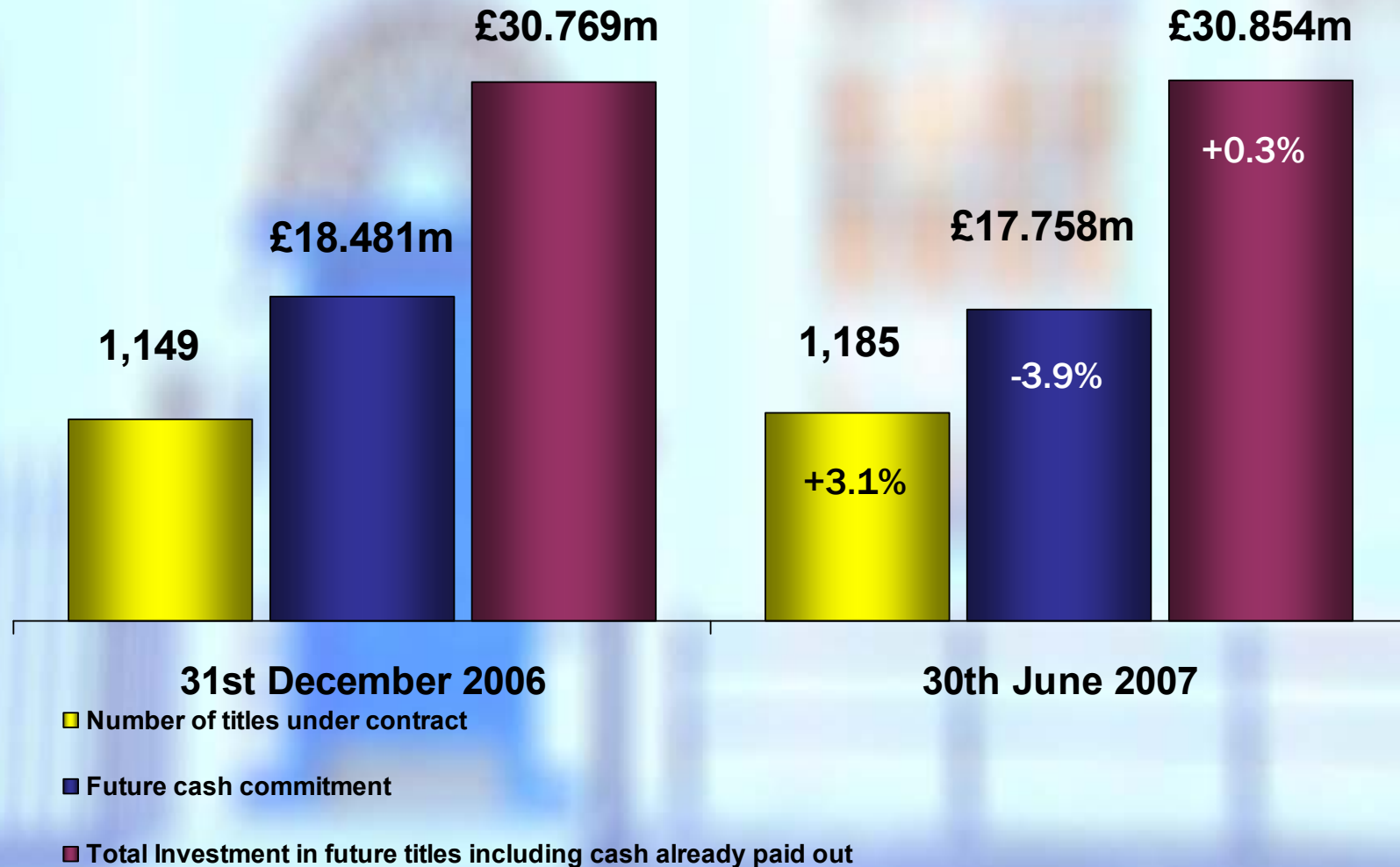
	2006 £m		2007 £m		% Change
UK	28.36	75.3 %	42.21	82.1 %	+48.8 %
North America	6.79	18.0 %	5.78	11.2 %	-14.9 %
Europe	2.51	6.7%	3.42	6.7 %	+36.3 %
Total	37.66	100 %	51.41	100 %	+36.5 %

# Operating Profit/(Loss) Analysis by Geographic Segment



	2006	2007
	£m	£m
UK	3.50	3.62
North America	(0.43)	(0.89)
Europe	0.02	0.60
Rights and other income profit (included in above)	1.08	1.44

# Investment In Future Years' Titles as at 30 June 2007





# Strategic Drivers



- **Generate content, particularly in new digital areas, and from television and film**
  - QFCA – Finance – The Ultimate Resource 2008 to 2014
  - Microsoft
  - Oxford University Press – Who's Who combined with OUP's Dictionary of National Biography to 2017
  - ProQuest – Whitaker's Almanack to 2011
- **Build new author relationships**
  - Austerity Britain: 1945 – 1951 by David Kynaston
  - How We Built Britain by David Dimbleby
- **Exploit our geographic reach**
  - Launch of Bloomsbury Press in America
  - Bloomsbury UK sourced titles generating bestsellers in Germany e.g. The Kite Runner, Restless

# Strategic Drivers

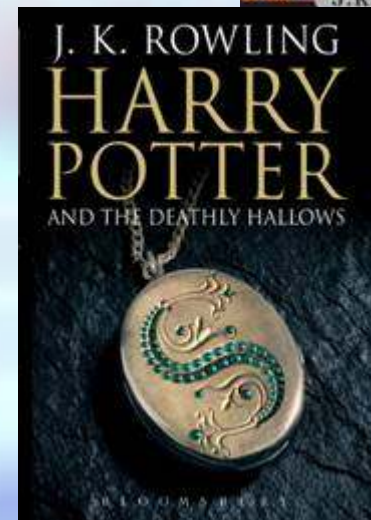
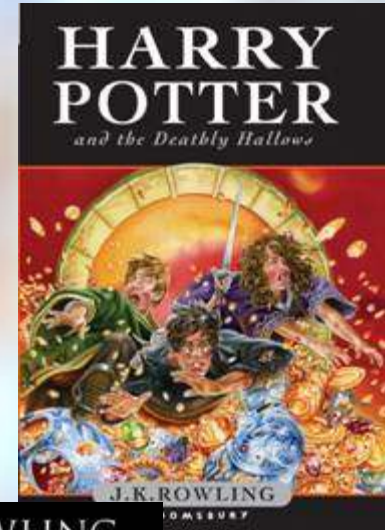


- **Building on the success of existing authors**
  - A Thousand Splendid Suns – Khaled Hosseini
  - JPod – Douglas Coupland
- **Pioneer web-based initiatives**
  - Look Inside
  - Books for electronic download
  - Community for readers, writers and publishers
- **Undertake acquisitions**
  - A&C Black, Methuen Drama, Walker, Berlin

# Children's Division



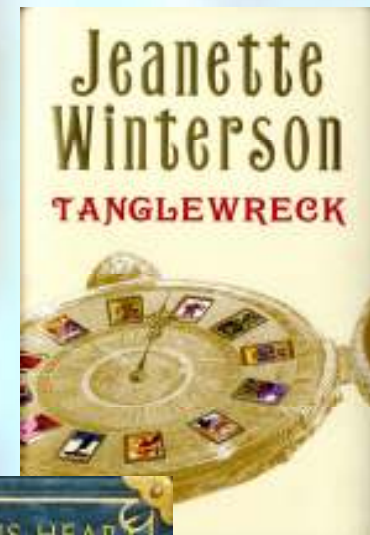
- **Harry Potter and the Deathly Hallows** breaks first day sales records of all previous books in the series
- Re-orders still coming through but will continue to monitor returns levels
- Flat market for children's books this year



# Children's Division



- New Government initiative to encourage secondary school boys to continue to read for pleasure – 14 of the 160 titles were Bloomsbury
- Tanglewreck – 2 part drama on the BBC at Christmas
- Film Magyk by Angie Sage to go into production this year

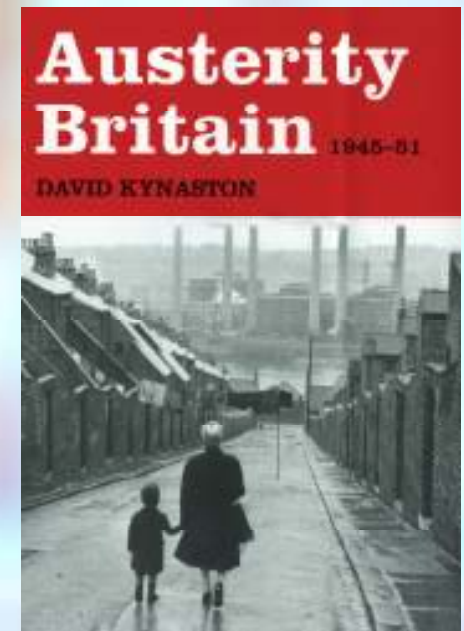




# Adult Division



- **Excellent start to the year**
  - Restless – William Boyd
  - Agent Zigzag – Ben MacIntyre
  - Austerity Britain: 1945-1951 – David Kynaston
  - A Thousand Splendid Suns – Khaled Hosseini
  - How We Built Britain – David Dimbleby
- **Some titles published in 2006 did not work as well as expected**
- **Returns of these have been quite high in 2007 and additional stock and advance provisions made**

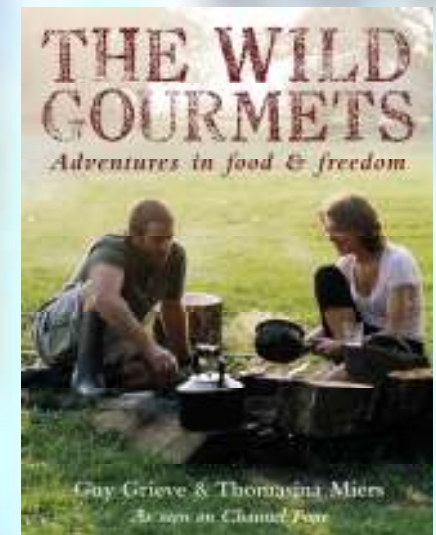




# Adult Division



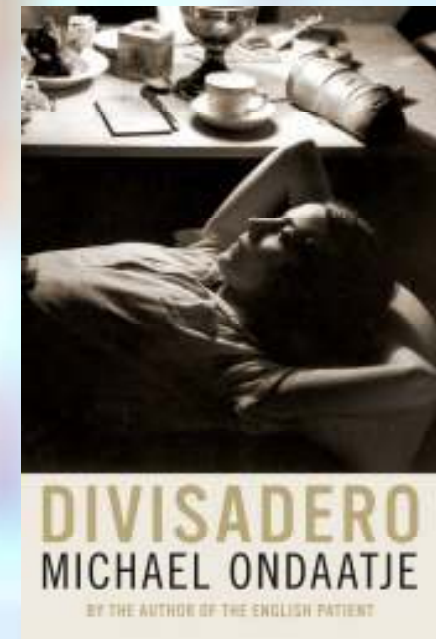
- Cookery list is building well with books this year from well known TV personalities
  - Hugh Fearnley-Whittingstall
  - Fergus Henderson
  - Anthony Bourdain
  - Heston Blumenthal
  - Sarah Raven
- TV tie-ins have proved extremely successful this year
  - The Truth About Food
  - Don't Die Young
  - How We Built Britain
- Tie-in with TV series Wild Gourmets later this year



# Adult Division



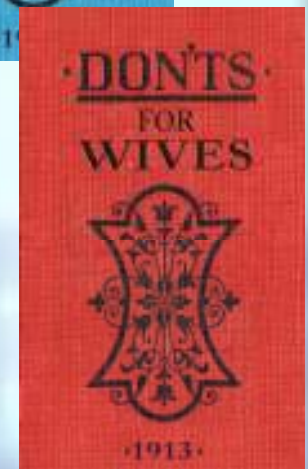
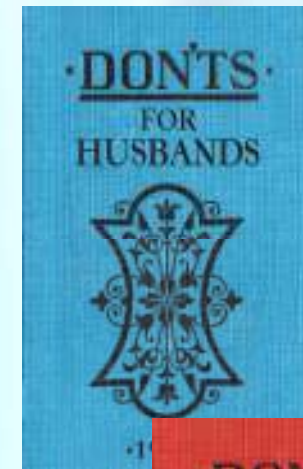
- **Excellent list for the second half of the year**
  - Michael Ondaatje
  - Sophie Dahl
  - Douglas Coupland
  - Who's Who
  - Reed's Nautical Almanac
- **The Kite Runner – Film to be released in January 2008**
- **Identifying future publishing trends is key to the continued organic growth of the division**



# Reference Division



- Good performance in the first half of 2007
- A&C Black celebrated its 200<sup>th</sup> anniversary
- The operation is benefiting from increased demand for electronic content through licensing of its Intellectual properties
- Publishing program
  - Annuity style publishing of many titles on list
  - Significantly lower advance investment
  - Sales are easier to predict
  - Strong underlying cashflow generation

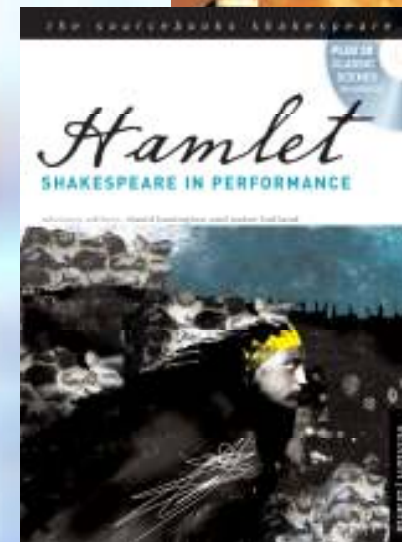
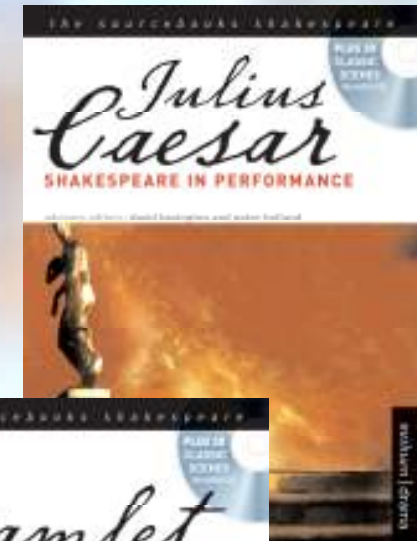




# Reference Division



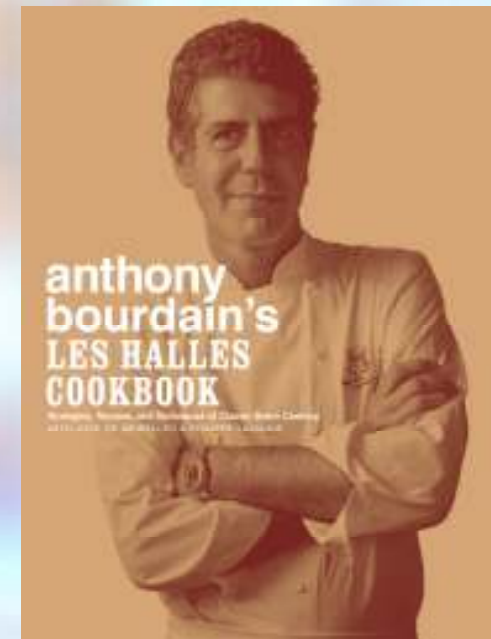
- Methuen Drama acquisition performing well
  - Increased sales and marketing activity is increasing sales of existing books
  - New publications under the imprint are also performing well
  - Backlist re-packaging and re-issues are also increasing the rate of sale



# Bloomsbury USA



- Revenues £5.78m (2006, £6.79m)
- Higher than expected book returns
- Increased advance and stock provisioning as a result
- Staff reductions have been made and will be reviewed again this year
- Operating loss £0.89m (2006, operating loss £0.43m)





# Bloomsbury USA / Walker



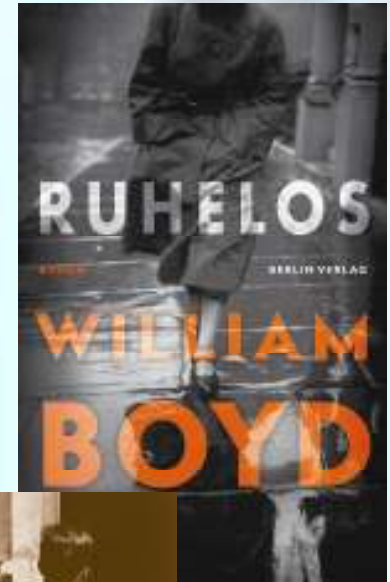
- Improving future profitability
  - Continued review and reduction of operating costs
  - New imprint Bloomsbury Press with a full publishing program in 2008
  - Increased focus on non-trade outlets where sales are made firm
  - Build critical mass through bolt-on acquisitions



# Berlin Verlag



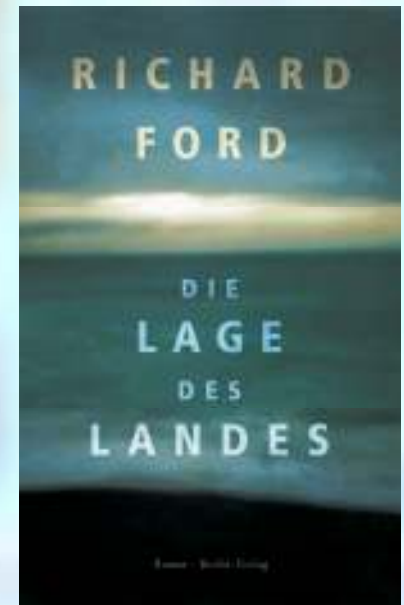
- Turnover £3.42m (2006, £2.51m)
- 2007 operating profit boosted by sales commissions on HP7 HB
- Profit in 2007 £0.61m (2006, £0.02m)
- Operation continuing to benefit from UK originated titles
  - Restless
  - The Kite Runner



# Berlin Verlag



- **Strong publishing program for second half of the year**
  - A Thousand Splendid Suns
  - The Declaration
  - The Lay of The Land
- **Good publishing list in place for 2008**

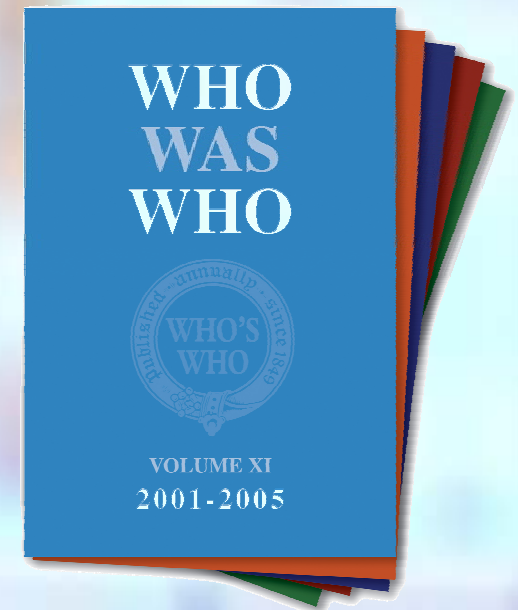


# Electronic Media

## Long-term revenue generation



- Electronic deals completed on licensing existing and new IP
- Long-term agreements and revenue generation up to ten years
- Agreement with OUP
  - Use of 32,000 current entries of Who's Who
  - Use of 100,000 entries of Who Was Who
  - ODNB has 55,000 biographies
  - 182,000 entries with full search functionality
- Microsoft relationship





# Electronic Media



## Long-term revenue generation

- Renewed agreement to 2011 with ProQuest for Whitaker's Almanack database
- Signing of Bloomsbury's most important reference rights partnership to date for *Finance: The Ultimate Resource* with Qatar Financial Centre Authority Qatar Financial Centre Authority
  - Contract value £7m to be recognised from 2008 to 2014
  - International database to be launched in late 2009
  - Targeted at the global financial community
  - Free access to finance professionals worldwide



# Electronic Media

## Long-term revenue generation



- Online resource supported by a series of print products
- Aim to become a globally recognised print and online first point of reference
- Increasing demand for online content
- Other major databases at concept stage

# Current Trading and Outlook



- 2007 has got off to a good start
- Building critical mass of digital content
- We are carrying out a detailed review of the Group's overheads
- Strong balance sheet going forward



# **Milestones since 2006 Preliminary Statement on 3rd April 2007**



- OUP Who's Who deal 17<sup>th</sup> May 2007**
- Microsoft deal 23<sup>rd</sup> May 2007**
- Proquest Whitaker's Almanack deal 17<sup>th</sup> July 2007**
- Harry Potter 7 beats all records 21<sup>st</sup> July 2007 to date**
- QFCA Finance Database deal 3<sup>rd</sup> August 2007**
- Jeremy Wilson announced as non-executive Chairman 5<sup>th</sup> September 2007**

# Bloomsbury Publishing Plc

