

# Bloomsbury Publishing Plc



2006 Annual Results

# 2006 Summary



- Challenging year
  - Tough pre-Christmas trading for Bloomsbury with smaller bestsellers and budgeted rights deals not completed in 2006
- Strong individual performances
- Taking on key commissioning editors to increase future rate of organic growth which has increased cost base
- Building value back into the business
- Defined strategy for future development

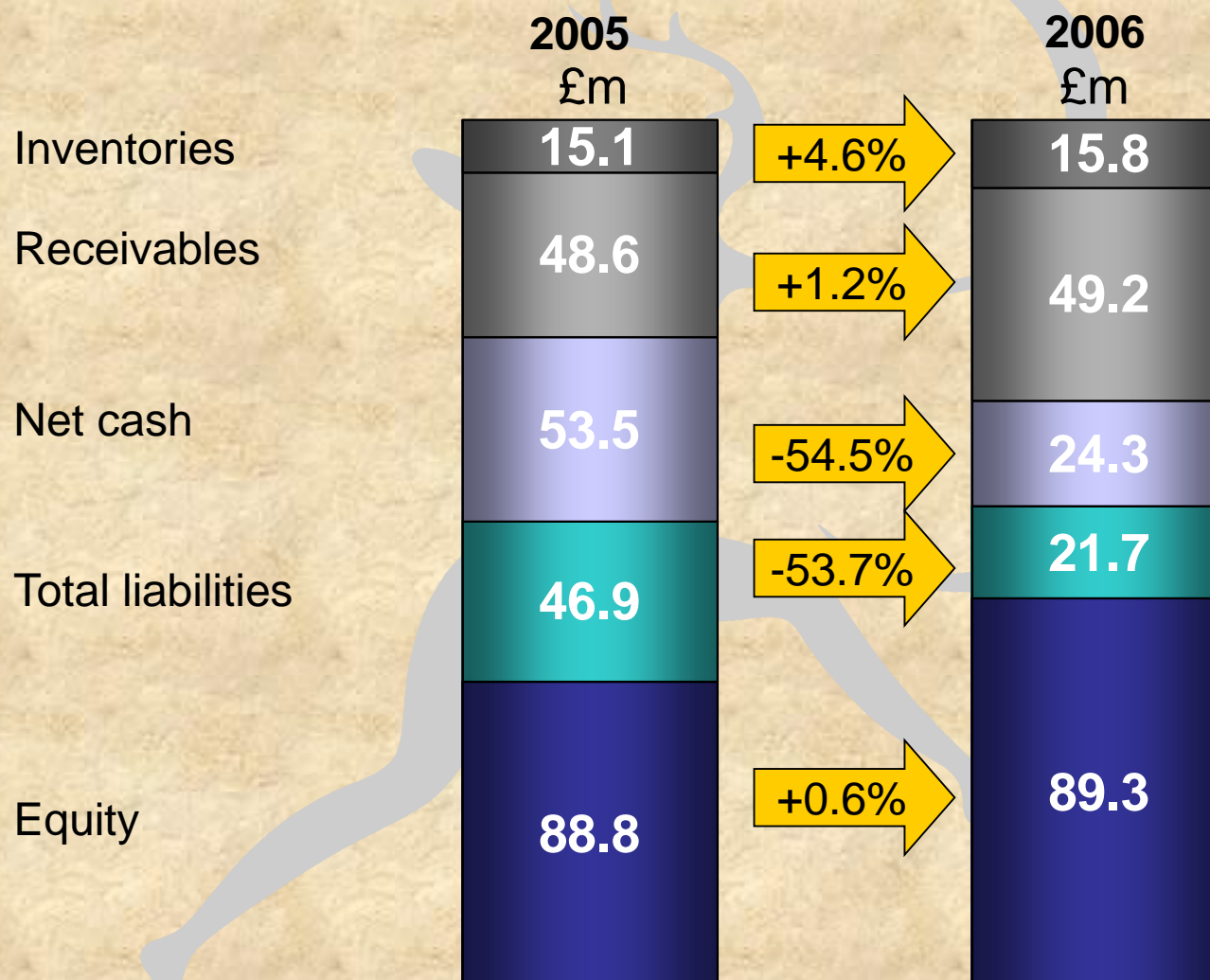
# 2006 Financials



- Turnover £74.77.m (2005, £109.11m)
- Marketing & Distribution costs £14.35m (2005, £18.11m)
- Administrative expenses £18.31m (2005, £18.68m)
- Pre-tax profit £5.20m (2005, £20.13m)
- Basic earnings per share 4.99p (2005, 20.30p)
- Total dividend 3.66p for the year (2005, 3.60p)
- Cash £24.30m (2005, £53.51m)

# Financial Summary

## Consolidated Balance Sheet



# Cash Flow



	2005	2006
	£m	£m
<b>Net profit before tax</b>	<b>20.127</b>	<b>5.196</b>
Other	0.668	1.347
Working capital	11.665	(24.779)
Investment income and finance costs	(1.321)	(1.687)
<b>Cash generated/(used in) operations</b>	<b>31.139</b>	<b>(19.923)</b>
Tax paid	(5.898)	(5.195)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>25.241</b>	<b>25.118</b>
Net cash generated/ (used in) investing activities	0.124	(2.064)
Net cash used in financing activities	(0.985)	(1.922)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>24.380</b>	<b>(29.104)</b>
<b>Cash and cash equivalents at end of period</b>	<b>53.511</b>	<b>24.304</b>



# Turnover Analysis by Geographic Segment



	2005		2006		% Change
	£m		£m		
UK	92.62	63 %	53.88	37 %	-41.8 %
North America	11.03	25 %	15.01	44 %	+36.1 %
Europe	5.46	12 %	5.88	19 %	+7.5 %
Total	109.11	100 %	74.77	100 %	-31.5 %

# Operating Profit/(loss) Analysis by Geographic Segment



	2005 £m	2006 £m
UK	17.86	3.72
North America	0.48	(0.26)
Europe	0.64	0.20
Rights and other income (included in the above)	3.80	4.82

# Turnover Analysis by Publishing Category



	2005		2006		% Change
	£m		£m		
Children's	69.01	85 %	27.37	72 %	-60.3 %
Adult	27.47	10 %	32.67	20 %	+18.9 %
Reference	12.63	5 %	14.73	8 %	+16.6 %
Total	109.11	100 %	74.77	100 %	-31.5 %



# Contribution to Divisional Operating Profit before Admin Expenses by Publishing Category



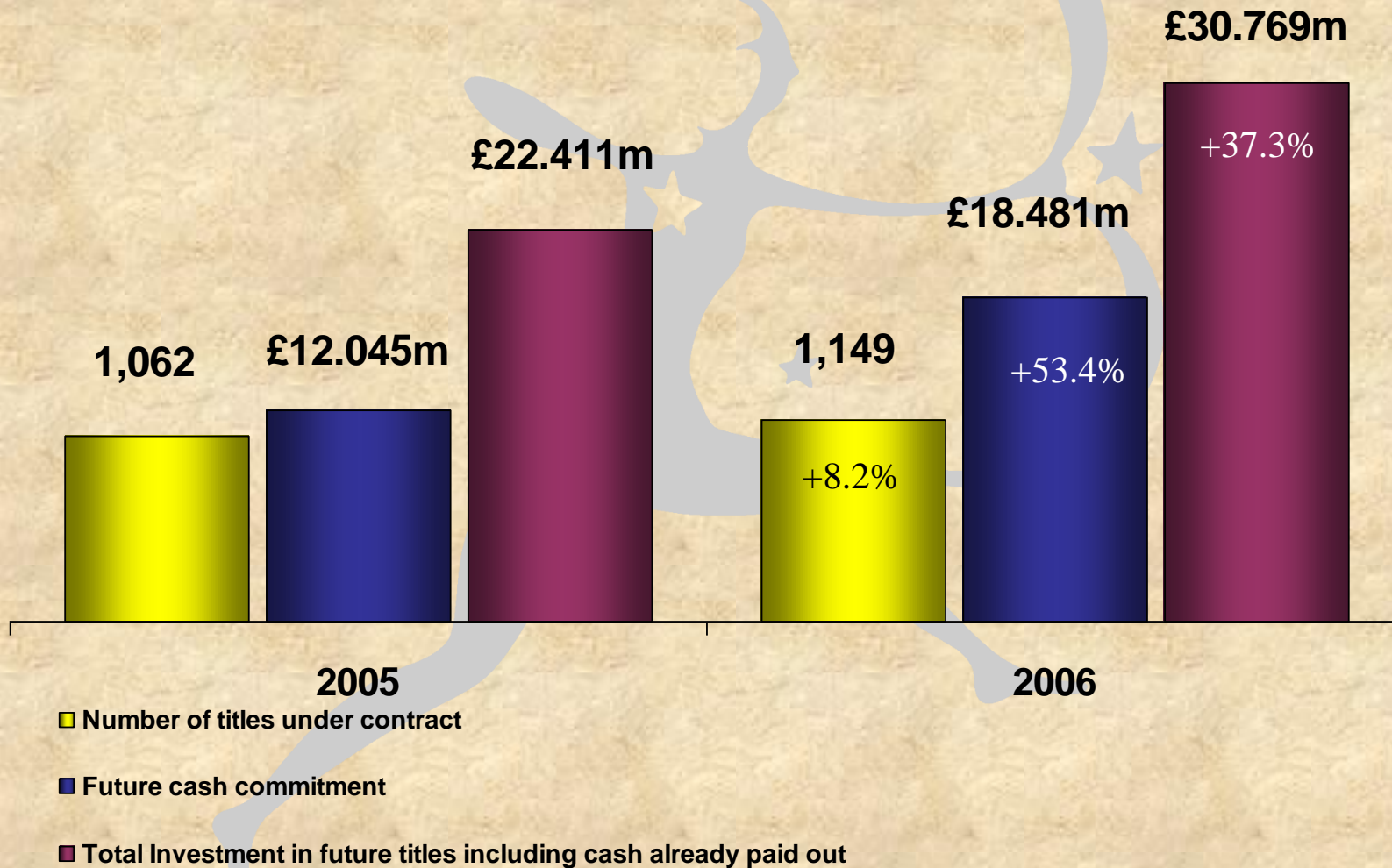
	2005	2006
	£m	£m
Adult	9.61	9.10
Children's	25.30	9.39
Reference	2.57	3.33

# Titles Published by Category



			% Change
<b><u>Children's</u></b>	<b>2005</b>	<b>2006</b>	
New titles published in year -	286	408	+43%
Backlist titles in print -	1,582	1,868	+18%
Total Children's titles in print	1,868	2,276	← +22%
<b><u>Adult</u></b>	<b>2005</b>	<b>2006</b>	
New titles published in year -	488	579	+19%
Backlist titles in print -	3,345	3,833	+15%
Total Adult titles in print	3,833	4,412	← +15%
<b><u>Reference</u></b>	<b>2005</b>	<b>2006</b>	
New titles published in year -	305	310	+2%
Backlist titles in print -	3,042	4,095	+35%
Total Reference titles in print	3,347	4,405	← +32%
Grand total of titles in print	9,048	11,093	← +23%

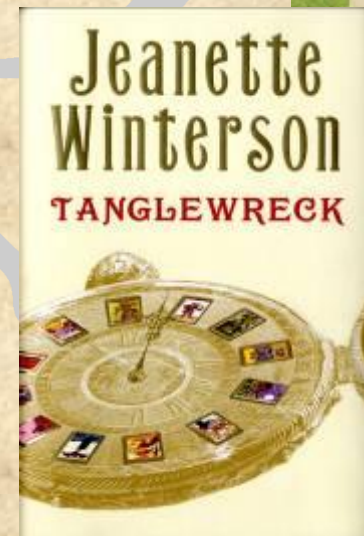
# Investment In Future Years' Titles as at 31 December



# Children's Division



- Revenues £27.37m (2005, £69.01m) - with HP6 HB published in 2005
- Contribution to Admin expenses £9.39m (2005, £25.30m)
- Rights sales very active in the list
  - The Declaration – 11 countries
  - Larklight – 12 countries plus film
  - Tanglewreck – 17 countries
  - If Minds had Toes – 14 countries

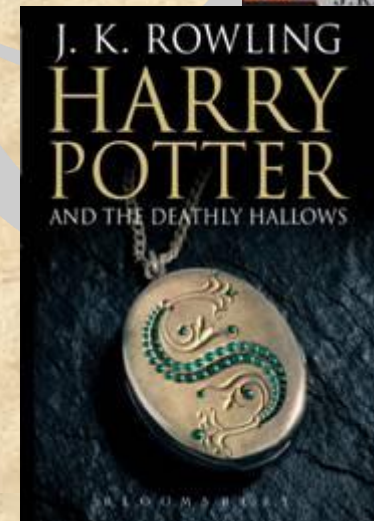
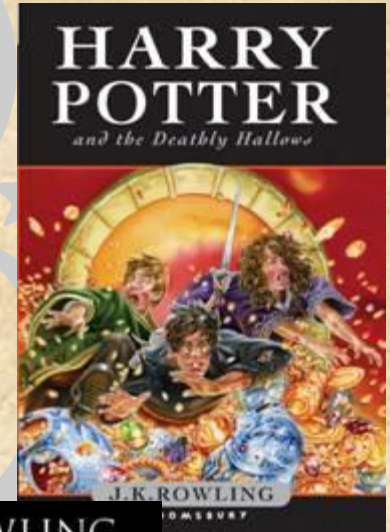




# Children's Division



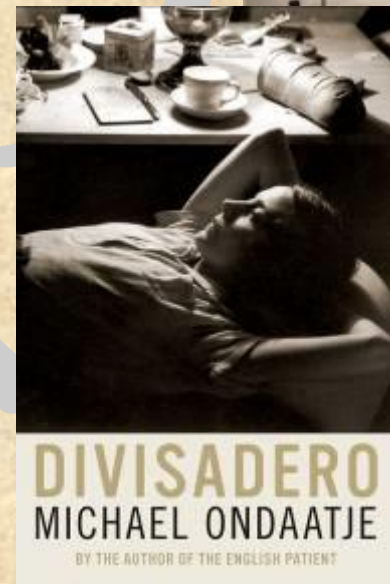
- Strong list for 2007
- Harry Potter and the Deathly Hallows – July
- Film – Harry Potter and the Order of the Phoenix – July
- Small Steps paperback by Louis Sachar – author of Holes





# Adult Division

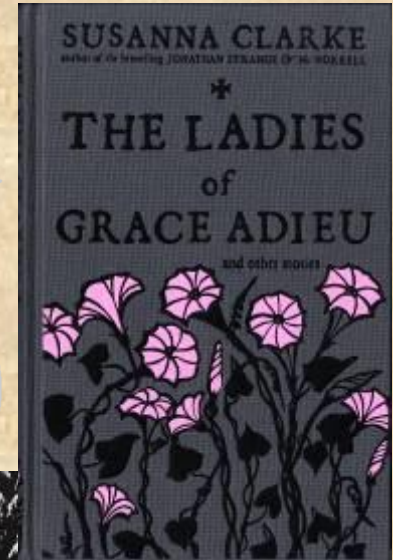
- Revenues £32.67m (2005, £27.47m)
- Contribution to Admin expenses £9.10m (2005, £9.61m)
- Contribution rate down due to
  - higher royalty and advance costs in UK and US
  - Retail margin pressure
- Strong list for 2006
- Smaller Christmas bestsellers than expected



# Adult Division



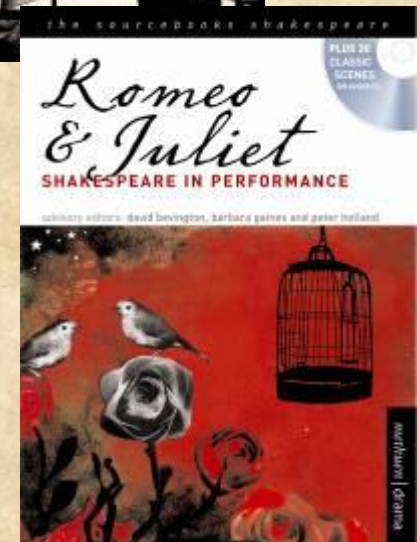
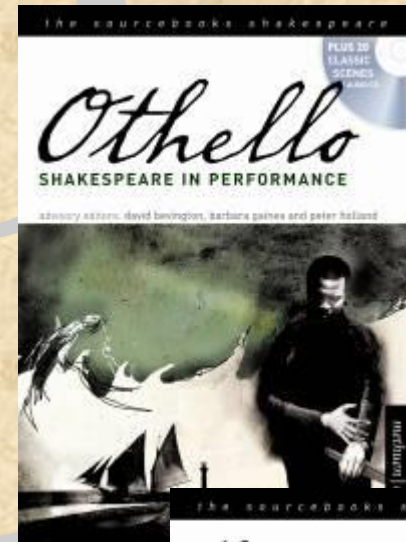
- Strong investment in publishing program going forward
- Superb stable of authors
- Will be monitoring cost base to maximise operating margin
- 2007 has got off to a good start with the success of Restless
  - Demonstrates international publishing strategy is working well
  - Book published in all three major territories
  - William Boyd a bestseller in Germany as well as in the UK for the first time
- Emphasis on identifying next big authors for the future



# Reference Division



- Revenues £14.73m (2005, £12.63m)
- Contribution to Admin expenses £3.33m (2005, £2.57m)
- Electronic reference database deals timing
- Electronic licensing deal on Business with major US web company
- Methuen Drama acquisition
  - Fully integrated into existing Theatre and Drama list
  - Programme to update and re-issue backlist titles already underway
  - Revenues building well

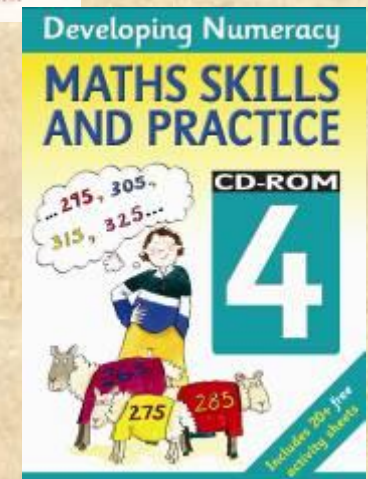




# Reference Division



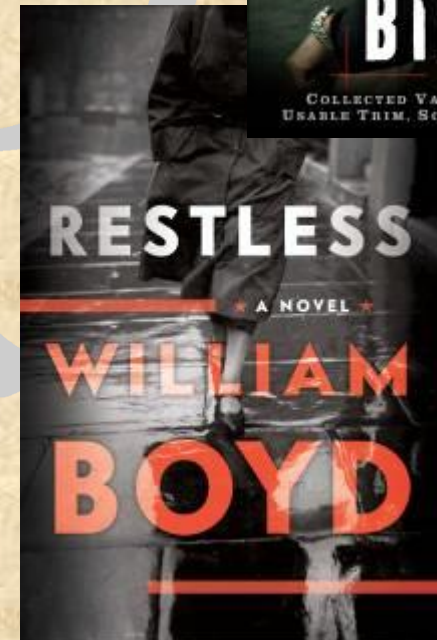
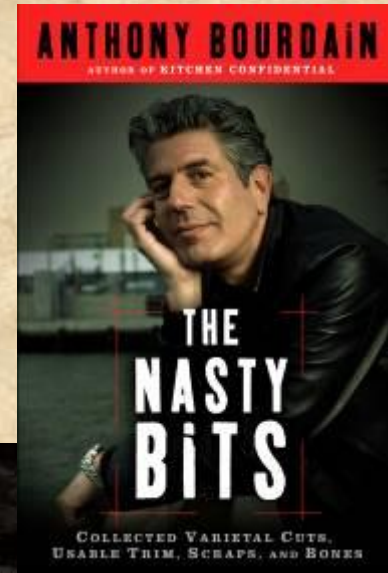
- Prospects for 2007 good
- Growth predicted for Methuen Drama
  - Shakespeare in Performance series added
- Strong list
  - Left for Dead
  - Young Wisden
  - Stolen
- Launch of new range of educational books to fit newly revised Primary National Curriculum



# Overseas Development Bloomsbury USA



- Revenues £15.01m (2005, £11.03m)
- Continued investment in future organic growth
  - Upward pressure in author advances
  - New commissioning editors
  - Additional office space
- Operating loss £0.26m (2005, operating profit, £0.48m)

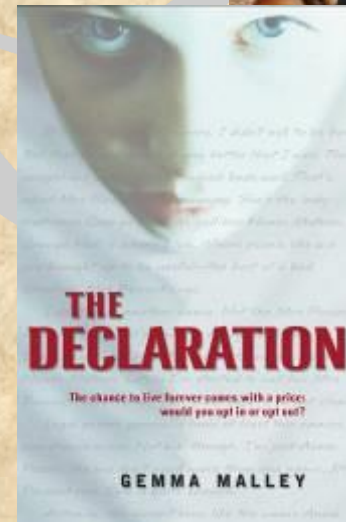




# Overseas Development Bloomsbury USA / Walker



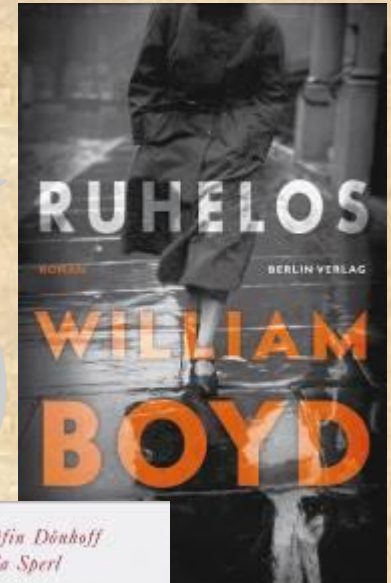
- New imprint started during 2006
  - Focus on History, Science, Economics and Business
  - First publications end of 2007
- Strong publishing programme for 2007
  - Princess Academy
  - No Reservations
  - Gone Wild – Caldecott Prize



# Overseas Development Berlin Verlag



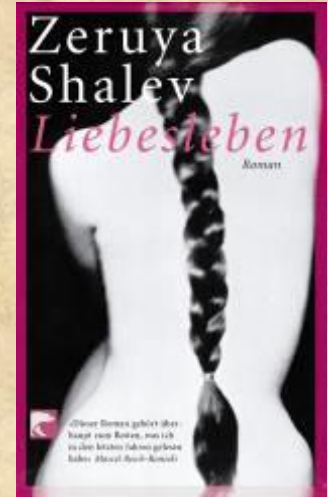
- Turnover £5.88m (2005, £5.47m)
- 2005 operating profit boosted by sales commissions on HP6 HB.
- Profit in 2006 £0.20m (2005, £0.64m)
- Operation continuing to benefit from UK originated titles
  - Schott's Almanac 2007
  - The Kite Runner



# Overseas Development Berlin Verlag



- Ongoing program of supplier cost reductions
- German book market consolidating with book selling chains gaining market share
- Changing business practices such as increased publication dates is helping to position a greater number of lead titles more successfully
- Strong 2007 list
- Great start to 2007 with Restless in the bestseller list
- Second Novel from author of The Kite Runner





# Electronic future



- Increasing number of electronic deals to existing and new IP
- Broadens base on which publishing assets are monetized
- Digitisation of content
  - Industry dynamics changing
  - Potential to expand distribution of our content
  - Monetize content in new ways
  - More efficient working capital management

# Electronic future



- Reading Community Website
  - Online community space for books
  - Small initial investment
  - Third party funding
  - Launch 2007/08
- Finance Database
  - Highly innovative database
  - Pre-eminent source of up-to-date financial advice
  - Targeted at the global financial community
  - In talks with third parties to monetize property
- Bloomsbury.com
  - 7.5 million visitors and over 50 million page hits in 2006
  - Monetizing site
  - Direct sales of books from site



# TV/ Film



- Can provide significant revenue streams through rights or increased book sales
- Success of TV tie-ins
  - The Truth about Food
  - Don't Die Young
  - How We Built Britain
- Larklight – Major film deal brokered by CAA

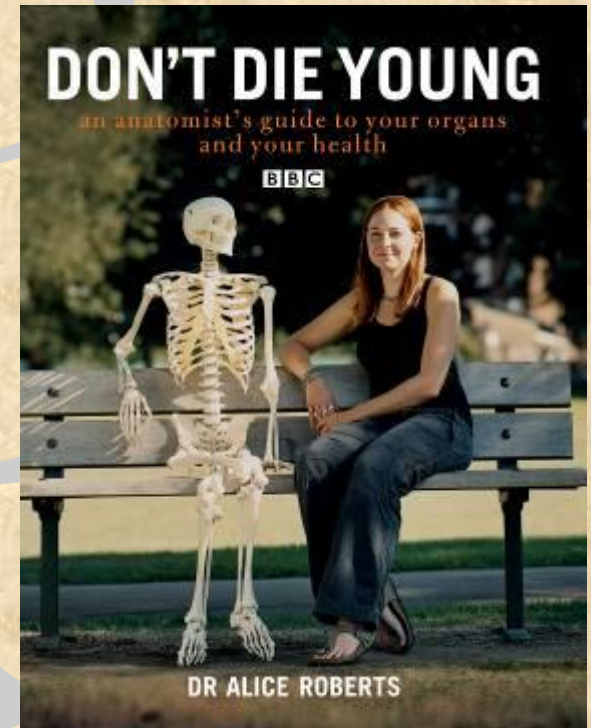
**THE  
TRUTH  
ABOUT  
FOOD**



# TV/ Film



- Continually looking at ways of improving revenue generating capabilities of our IP
- Setting up preferred partner arrangements with UK TV and production companies
  - We sub license TV/Film rights
  - We acquire publishing rights to future programs
  - Generates a greater flow of rights in both directions



# Acquisition criteria



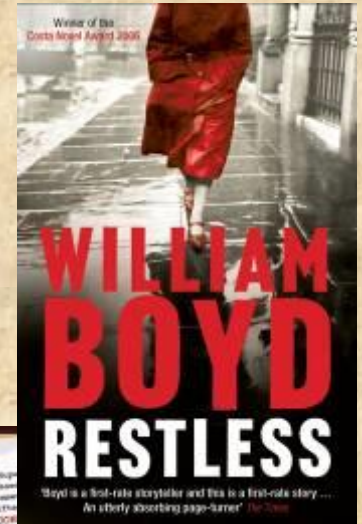
- Company acquisitions are very much part of our post HP growth strategy
  - It must be an established operation
  - It must be core to Bloomsbury's existing business segments and therefore complement existing operations
  - The management of Bloomsbury must be able to add value
  - There must be minimal distraction from existing operations
  - Synergistic benefits to the group



# Current Trading and Outlook



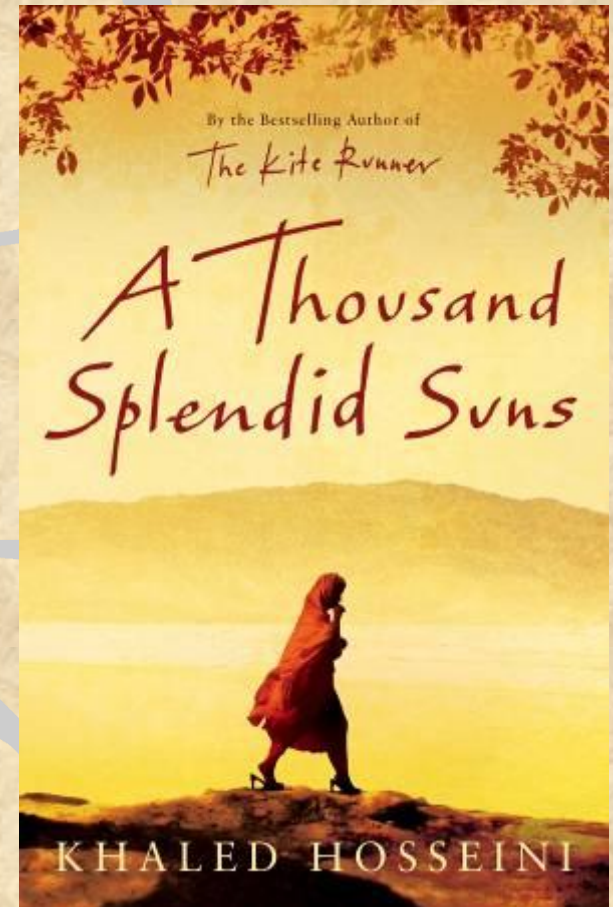
- Current trading
  - 2007 has got off to a good start which is in line with Board's expectations
  - Current bestsellers
    - Restless
    - Agent Zigzag
    - The Escape
    - Gone Wild
- Excellent publishing program for 2007
  - Harry Potter and the Deathly Hallows
  - Restless by William Boyd
  - A Thousand Splendid Suns by Khaled Hosseini
- We are monitoring cost base to maximise operating margins going forward



# Current Trading and Outlook



- Company acquisitions complementing existing divisions and geography are very much part of our growth strategy
- Focus on identifying new authors for future bestsellers
- Continued focus on new electronic revenues
- Changes in dynamics of our industry will provide opportunities
- Strong balance sheet going forward





# Future Strategy



- Author relationships and content creation
- Ongoing revenues
- Geographic leverage
- Content monetisation
- Web-based initiatives
- Acquisitions

