BLOOMSBURY PUBLISHING CAPITAL MARKETS DAY



13th July 2016



NIGEL NEWTON Chief Executive



BLOOMSBURY 2020

https://www.youtube.com/watch?v=Oas502sKYQo

AGENDA

- Introduction
- Why we are investing in Bloomsbury 2020
- The competitive landscape
- New Product Development
- Selling and Marketing
- Finance
- Conclusion





RICHARD CHARKIN

Executive Director

BLOOMSBURY ACADEMIC DIGITAL TEAM



Richard Charkin (OUP, Reed Elsevier, Macmillan and Institute of Phsyics)



Jonathan Glasspool (Cambridge University Press, Reed Elsevier)



Kathryn Earle (Berg Publishing)



Jenny Ridout (Media Technology Publisher, Reed Elsevier)



Pedja Pavlicic (Cengage)



Matt Kibble (Proquest)



Jacqueline Sells (Oxford University Press)



Jennifer Howell (Wiley Blackwell, Berg Publishing)



Jenny Cook (Pearson)





BLOOMSBURY 2020 Jonathan Glasspool

WHY BLOOMSBURY IS INVESTING IN GROWING ITS DIGITAL RESOURCES PORTFOLIO



- More sustainable revenues
- Export-driven
- Direct
- High price
- Proven knowledge of market
- Proof of delivery
- Exclusive IP
- Proven ability to secure partnerships
- Proven knowledge of licensing agreements
- Market scale

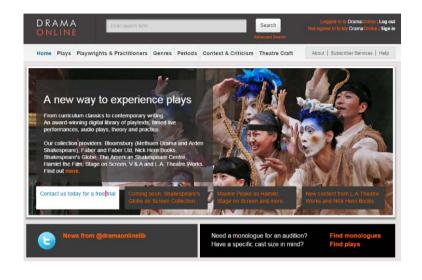


DIGITAL RESOURCES: OVERVIEW OF THE COMPETITIVE LANDSCAPE Matt Kibble

COMPETITIVE LANDSCAPE: OUR APPROACH











BLOOMSBURY'S DISTINCTIVE APPROACH



- Bespoke solutions for specialist users
- Subject focus in Arts & Humanities areas
- Unique content in diverse formats
- Specialist tools
- Content partnerships



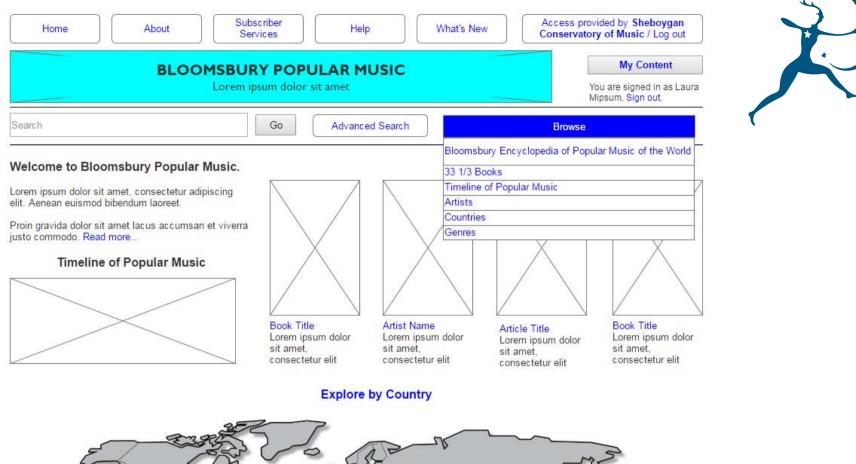
PRACTICAL PRODUCT DEMONSTRATION: BLOOMSBURY COLLECTIONS

Matt Kibble



HOW USER RESEARCH INFORMS NEW PRODUCT DEVELOPMENT

Matt Kibble





WHAT IS USER EXPERIENCE RESEARCH?



- Create wireframes 1 year before launch
- Talk to representative users:
 - Researchers, students & librarians
 - International
- One-hour one-to-one sessions
- Task-based
- Talk to users early & often:
 - Wireframes > mockups > prototypes

WHY DO USER EXPERIENCE RESEARCH?



- Get the product right first time
 - Control costs
 - Speed to market
- Get concrete feedback from economic buyers
 - Stimulate demand for early sales



DIGITAL RESOURCES: NEW PRODUCT DEVELOPMENT



CASE STUDY: DRAMA ONLINE

Jenny Ridout

DRAMA ONLINE A new way to experience plays









DRAMA ONLINE Market Need

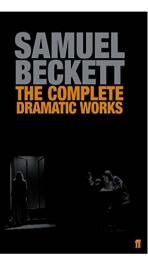


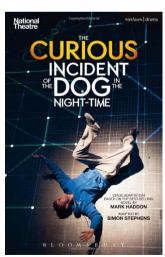
Market Need

- Demand for digital library resources
- Constant access
- Easily linked to from college networks
- Wider range of content (text, audio, video, image)









DRAMA ONLINE Growth – Partnership & Collections

2013

• Bloomsbury and Faber Play Collection (1000 plays)

2017

- Playwrights Canada Press and Aurora Metro Collection (300 plays)
- Bloomsbury scholarly works (300 titles)
 - Theatre Studies
 - Shakespeare Studies
 - Performing Arts

2015

- Nick Hern Books Play Collection (400 plays)
- L.A Theatre Works (400 audio plays)
- Films: Shakespeare's Globe, Maxine Peake's Hamlet, Stage on Screen etc.

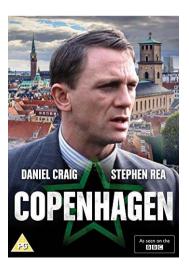


2016

- The Hollow Crown Shakespeare Films Series 1 and 2
- BBC Drama Film
 Collection









PRACTICAL PRODUCT DEMONSTRATION: BLOOMSBURY FASHION CENTRAL

Jacqueline Sells

BLOOMSBURY FASHION CENTRAL

EDUCATION AND RESEARCH AT THE CUTTING EDGE™

SUBSCRIPTION PRODUCTS



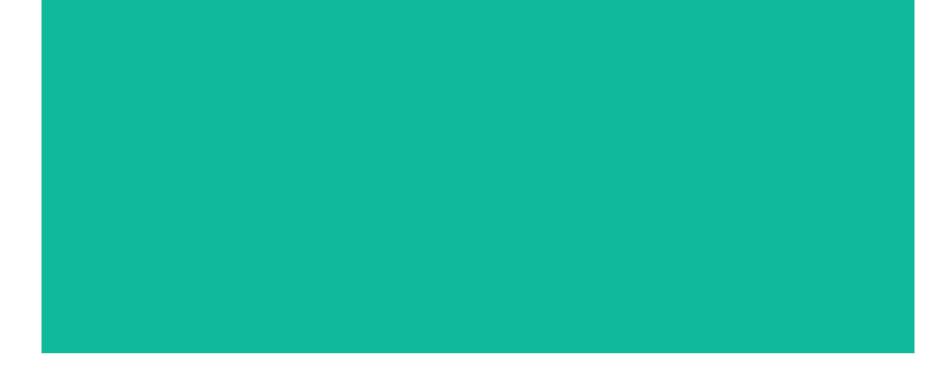


FASHION PHOTOGRAPHY ARCHIVE



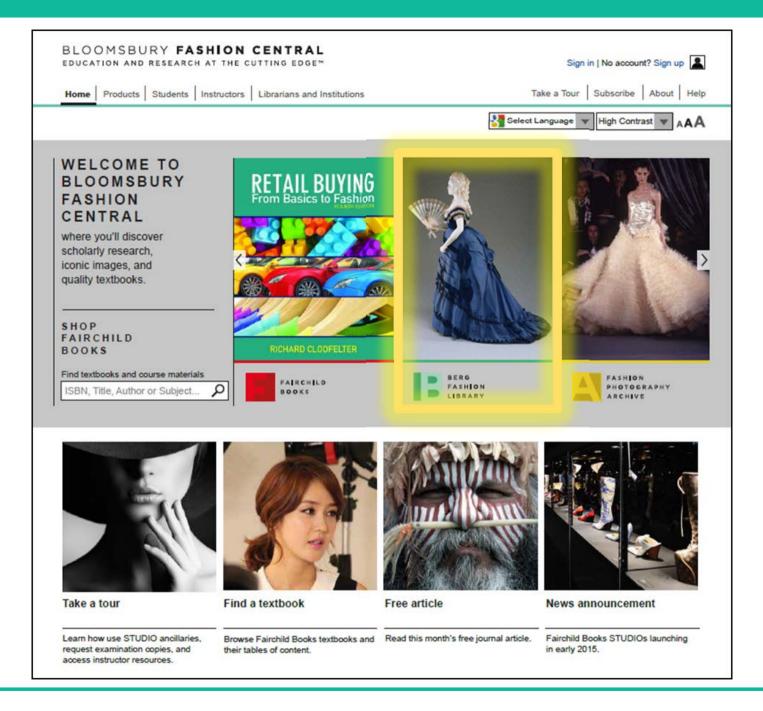
- All content in one handy place for single access control – library friendly
- Subscription products all fully cross-searchable / interoperable
- The whole is greater than the sum of its parts

The BFC Value Proposition



BERG FASHION LIBRARY

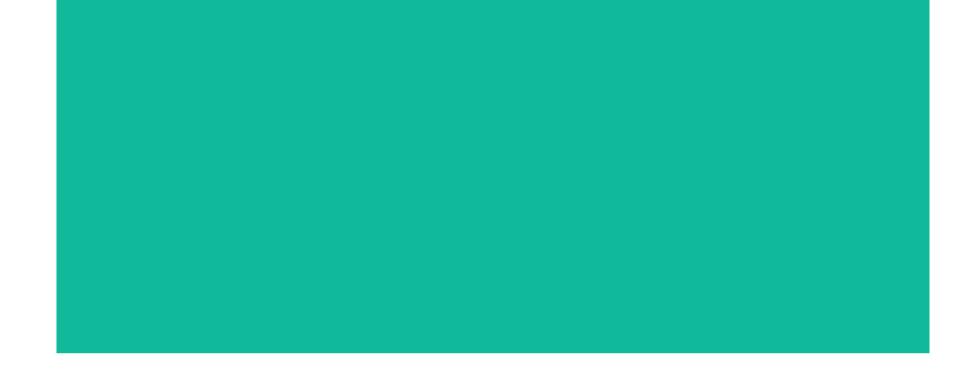
Links to Fairchild Books and Fashion Photography Archive Fully Cross-Searchable



- NEW to Berg Fashion Library
- Accurate exhibition data for researchers
- Images of highlights and key pieces
- Curator comments
- Provided by top international museums



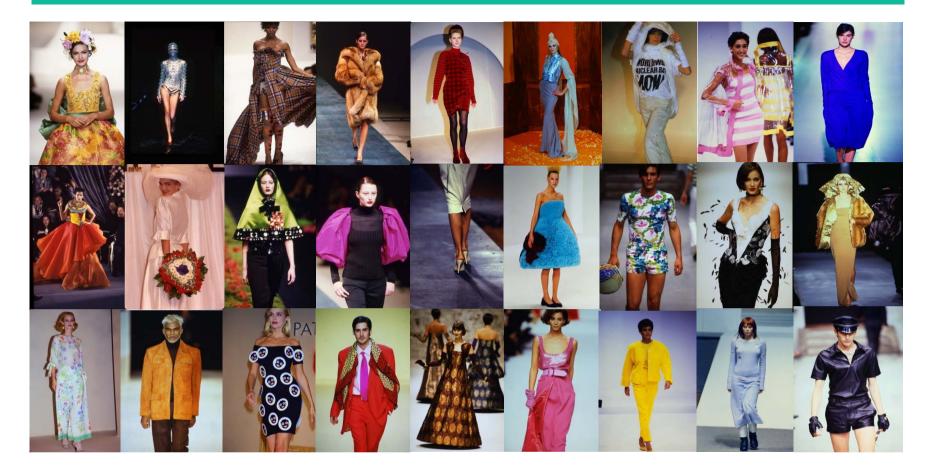
EXHIBITIONS ARCHIVE





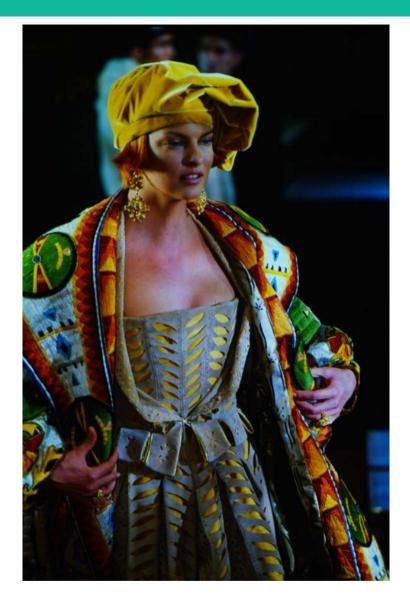
FASHION PHOTOGRAPHY ARCHIVE

Launching Summer 2016



Womenswear Menswear Couture Ready-To-Wear

600,000+ IMAGES

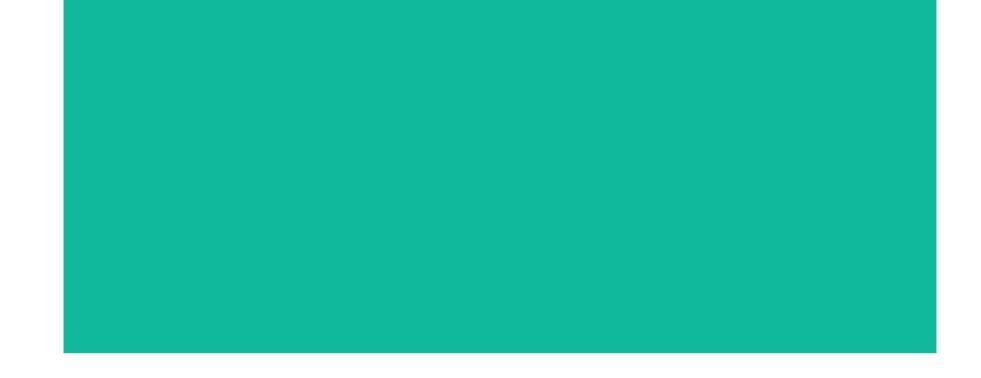


House: Christian Dior Label: Dior Couture Designer: John Galliano Season/Year: Fall/Winter 1998 Place: Paris Photographer: Niall McInerney People: Linda Evangelista Garments: dresses, jackets, coats – pelisses, accessories – cap, earrings, rings Colors: yellow, white, grey, green, orange, red, blue, gold Themes: historical dress, tribal

Related images



RICH AND ACCURATE DATA





FAIRCHILD BOOKS LIBRARY

Launching Summer 2016

- Features approx. 140 Fashion Studies Textbooks – <u>available as subscriptions for</u> <u>libraries</u>
- Simultaneous multi-user access tremendous value for money
- STUDIOs: Rich online ancillaries featuring timeline, videos, quizzes, flashcards



PRACTICAL PRODUCT DEMONSTRATION: BLOOMSBURY PROFESSIONAL ONLINE

Steve Savory

BLOOMSBURY PROFESSIONAL ONLINE

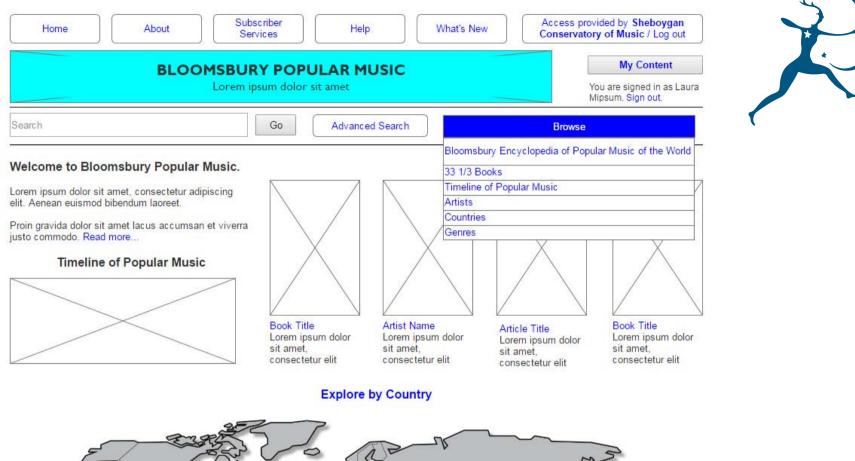


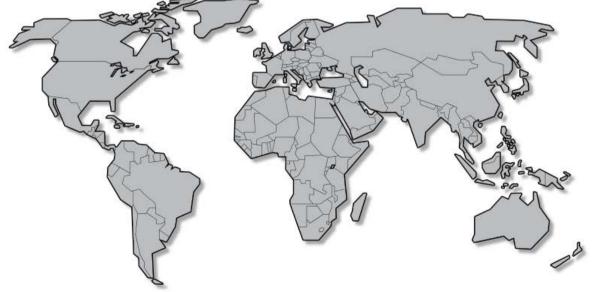
- Weblink: <u>www.bloomsburyprofessionalonline.com</u>
- Username: bloomsbury137
- Password: bloomsbury137
- For 48 hours only



HOW USER RESEARCH INFORMS NEW PRODUCT DEVELOPMENT

Matt Kibble





WHAT IS USER RESEARCH?



- Create wireframes 1 year before launch
- Sit down with representative users:
 - Researchers, students & librarians
 - International
- One-hour one-to-one sessions
- Task-based
- Repeat during development & before launch (prototypes)

WHY DO USER RESEARCH?



- Prioritise requirements
 - Get the product right first time
 - Keep development costs down
- Get concrete feedback from economic buyers
 - Stimulate demand for early sales



FUTURE PUBLISHING PLAN: PRODUCT PIPELINE

Matt Kibble & Jonathan Glasspool

BLOOMSBURY POPULAR MUSIC



Encyclopedia of Popular Music of the World (14 vols)

- Unique scholarly content on modern urban popular music
- 200+ countries
- Entries on cities, districts, genres, instruments, media

BLOOMSBURY ENCYCLOPEDIA OF POPULAR MUSIC OF THE WORLD



VOLUME X GENRES: MIDDLE EAST AND NORTH AFRICA

BLOOMSBURY

BLOOMSBURY POPULAR MUSIC

- **33 1/3:** 120+ volumes of indepth commentary on landmark albums
- **33 1/3 Global:** new series focusing on albums from Brazil, Cuba, Japan ...
- New titles added each year

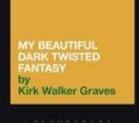
Features

- Artist pages
- Interactive map
- Timeline of Popular Music



-10

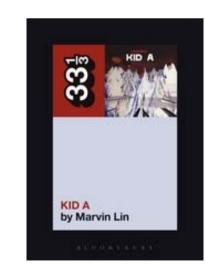
RLOOMSEURT



->>

PARALLEL LINES

by Kembrew McLeod







BLOOMSBURY DESIGN LIBRARY



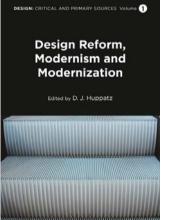
- 10 million words
- World History of Design (2 vols)
- Bloomsbury Encyclopedia of Design (3 vols)
- Encyclopedia of Asian Design (4 vols)
- Design: Critical & Primary Sources (4 vols)
- 50+ eBooks
- Image collections from museums & archives



DESIGN FOR SUSTAINABILITY

EDITED BY STUART WALKER MILL AND MCGUES GARD HELD









DIGITAL RESOURCES: SALES

Jacqueline Sells

CUSTOMERS



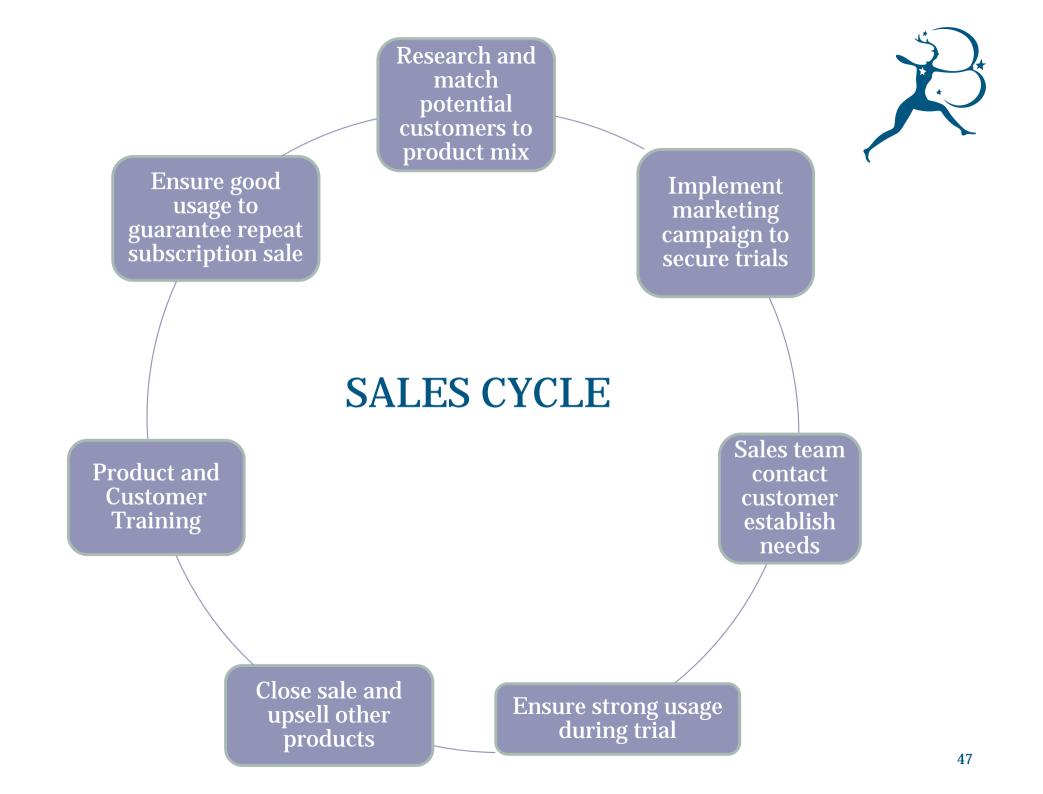
Groups of Customers

- Librarians
- Academics
- Students

Routes to sell:

- Direct to budget holders
- Consortia
- Academic distributors





CUSTOMERS - REQUIREMENTS



- 1. Digital Rights Management
- 2. Hosting fees
- 3. Regular and robust updates
- 4. High increase in journals pricing
- 5. Discoverability
- 6. Usage statistics
- 7. Evidence based acquisition and demand driven acquisition
- 8. Accessibility standards
- 9. Maintaining access

SUCCESS STORIES



Verse levele Feet Aster contenants library	0100 000	Bloomsbury
Very large East Asian university library	£168,000	Collections
		Bloomsbury
Large Canadian university	£80,000	Collections
		Bloomsbury
East Coast US academic library	£77,000	Collections
Large UK research university	£33,764	Drama Online







DIGITAL RESOURCES: MARKETING

Jenny Howell

MARKETING TO LIBRARIANS



51





Marketing Channels: Libraries

- Sales collateral
- Library conferences
- **Electronic**: library emails; listservs; librarian site
- **Print**: catalogues; adverts and reviews in library press
- Promote **platform** and **brand**



MARKETING TO ACADEMICS

DRAMAONLINE

1,900+ plays | visual aids| use it | <u>recommend it</u>

Great news! You now have access to over 1,500 playtexts, 350 audio plays* and 80+ hours of video* from leading theatre publishers and companies including Shakespeare's Globe.

Content highlights:

- Leading scholarly editions from The Arden Shakespeare
- Realist works from Ibsen and Chekhov
- Major foreign works in translation from Bertolt Brecht, Luigi Pirandello, Eduardo De Filippo, Frank Wedekind and more
- Comic masterpieces from Oscar Wilde and Noël Coward
- Modern classics from David Mamet, Tom Stoppard, Harold Pinter, Caryl Churchill, Simon Stephens, Alan Ayckbourn, Mark

Ravenhill, Brian Friel, John Osborne, Christopher Hampton, Alan Bennett, Willy Russell and David Hare

- Video plays from Shakespeare's Globe Theatre
- Audio plays from L.A. Theatre Works

More information on Drama Online »

Take a virtual tour and learn how to use all the playtext features including Word and Speech Graph and Character Grid.

Start searching now »



Marketing Channels: Academics

- **Usage**: drive traffic to content via email and web (links, SEO); institutional campaigns
- Drive **recommendations**; enlist authors
- Help **librarian** e.g. welcome pack
- Promote **content**





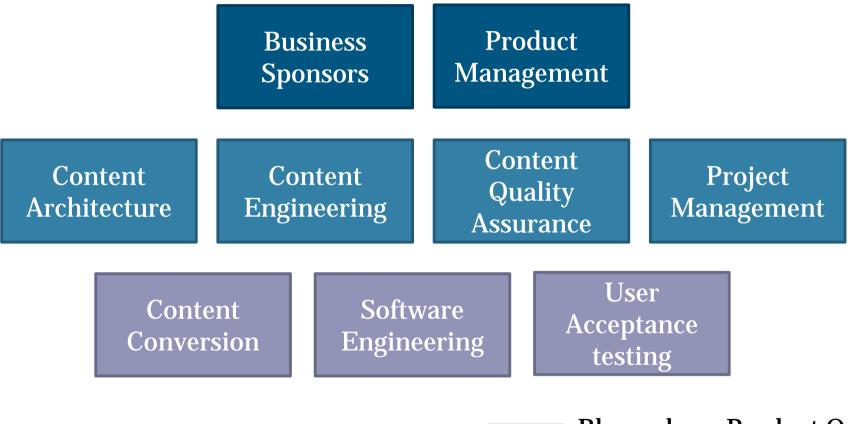


DIGITAL RESOURCES: TECHNOLOGY

Pedja Pavlicic

CURRENT TEAM

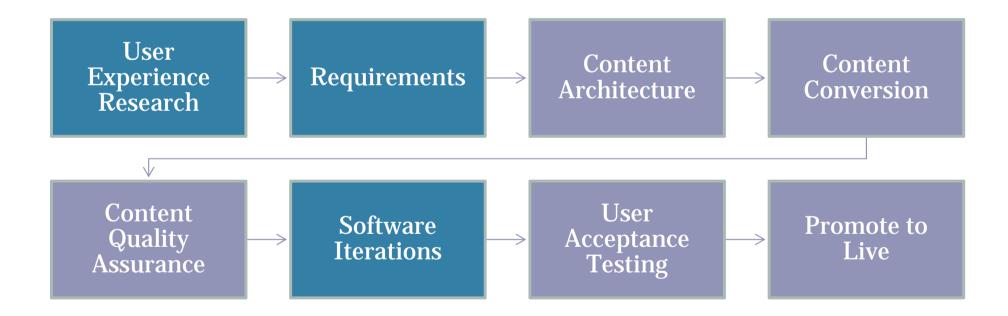




Bloomsbury Product Owners
Bloomsbury Digital Team
External vendor services

CURRENT PRODUCT DELIVERY PROCESS





OBJECTIVES

- Potential to deliver 10 products per year
- Drive the delivery costs down
- Keep innovating across product portfolio

2020 APPROACH

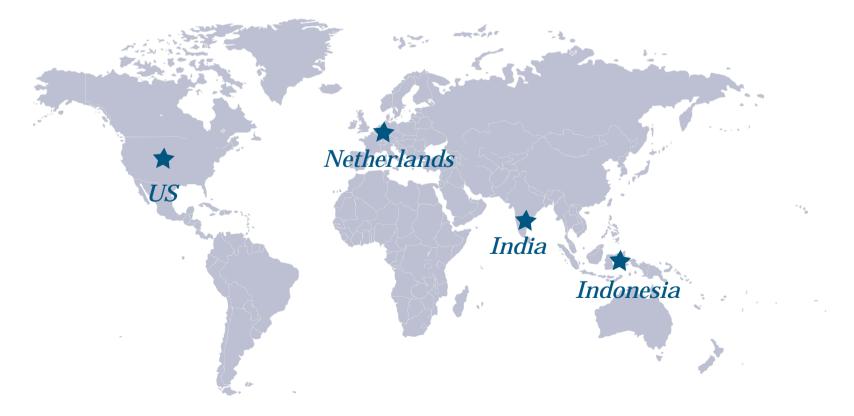
- Define content formats for the 5 year publishing roadmap
- Define best of breed user experience for those
- Define corresponding content architecture
- Build the platform which supports flexible product configuration
- Eliminate software development dependencies from product delivery process
- New content workflow & tools



TECHNOLOGY PARTNER

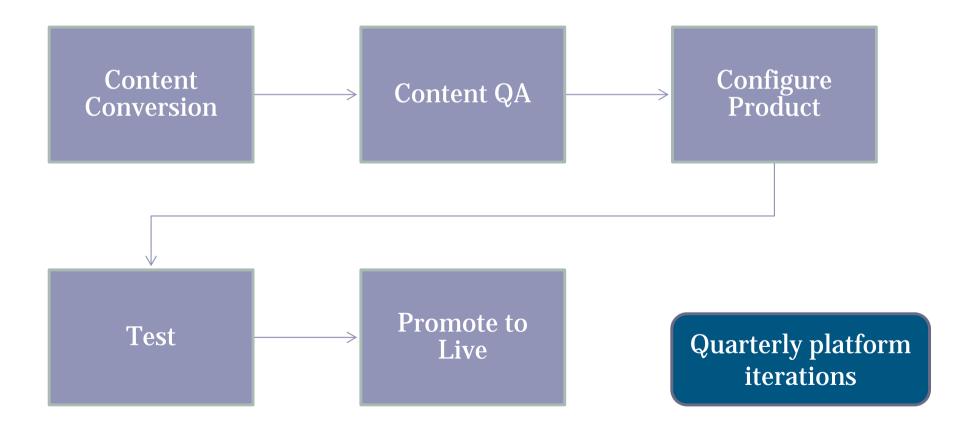


- <u>http://www.photon.in/</u>
- Digital innovation partner for 34% of Fortune 100
- Expertise across publishing, finance, retail, IT, pharma...
- 3,600 engineers in US, India, Indonesia, Netherlands
- Currently serving 150M consumer digital touchpoints every day



2020 PRODUCT DELIVERY PROCESS





CURRENT STATUS

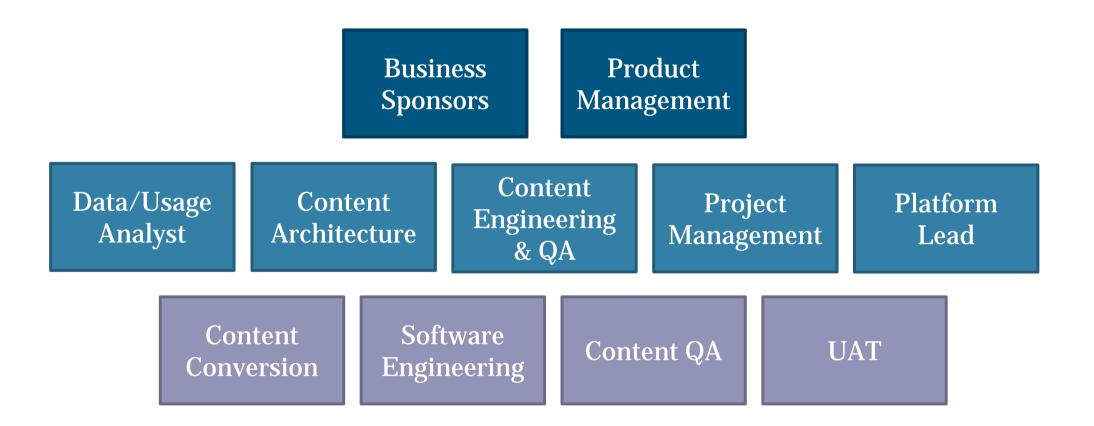
Current Status

- Platform design state complete
- Currently in the first sprint
- First product launch December 2016
- Content workflow business process analysis December 2016
- Second product launch February 2017
- Product roadmap ready March 2017
- Up-skilled content QA team to do content engineering
- Currently on schedule, budget and scope



FUTURE TEAM



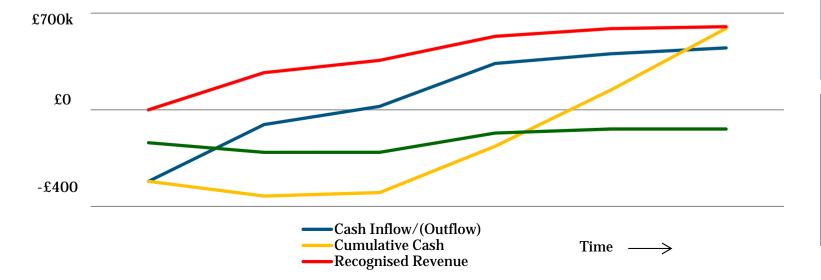




DIGITAL RESOURCES: FINANCE Jenny Cook

ILLUSTRATIVE LIFE CYCLE

Investment Profile							
£000£	Yr O	Yr1	Yr 2	Yr 3	Yr4	Yr5	Total
<u>Cash:</u>							
Cash billings		264	288	400	430	450	1,832
Direct Cost	(10)	(40)	(40)	(40)	(40)	(40)	(210)
Fixed Overhead	(160)	(180)	(180)	(80)	(60)	(60)	(720)
CAPEX	(200)	(120)	(50)	(40)	(40)	(30)	(480)
Cash Inflow/(Outflow)	(370)	(76)	18	240	290	320	422
Profit:							
Recognised Revenue		192	256	380	420	430	1,678
Direct Cost	(10)	(40)	(40)	(40)	(40)	(40)	(210)
Fixed Overhead	(160)	(180)	(180)	(80)	(60)	(60)	(720)
Amortisation		(64)	(77)	(90)	(110)	(139)	(480)
Contribution	(170)	(92)	(41)	170	210	191	268



Content & Development costs capitalised

Low incremental costs post launch

Increased contribution as product matures

Revenues recognised over life of subscription

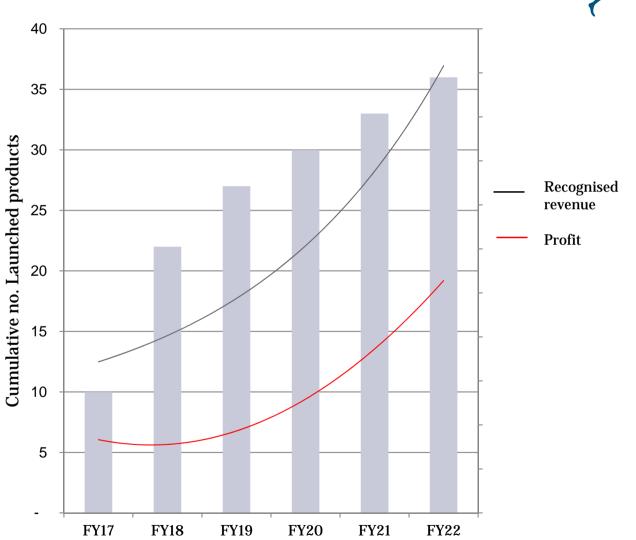
FINANCIAL HIGHLIGHTS



Target Revenues £15m and profits £5m in 2021/22

Cash payback in fourth full year 2020/21

Peak net incremental investment £2m in 2017/18



Illustrative Digital Resource Profile



KEY ASSUMPTIONS

Key assumptions factored into the Project 2020 Financial Model:

- Individual product sign-off process
- Revenue
 - No. Products
 - One-time purchase vs. subscription
- Costs
 - Headcount
 - Product Development
- Capital Spend



UPDATE: BLOOMSBURY CONSUMER DIVISION

Emma Hopkin



Consumer Book Market in the UK and US 2015



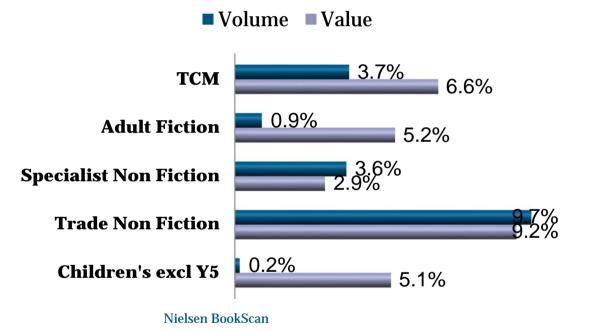
MARKET GROWTH SEEN ACROSS MOST TERRITORIES EXCEPT FLIROPE - DRINT ONLY



UK MARKET - BROAD SECTOR YoY CHANGES – PRINT ONLY



Percent Change - 2014 vs 2015 (52 weeks)



US BOOK INDUSTRY – CENSUS BUREAU



<u>2015 vs 2014</u>

- Bookstore sales rose 2.5% to \$11.17bn up from \$10.89bn in 2014
- Retail segment sales rose 1.4% in 2015 vs 2014



US MARKET – NIELSEN BOOKSCAN UNITS – PRINT ONLY 2015

2015 total Bookscan units sold: 664,989,000

- Retail 557,341,000 (+7%)
- Mass Merch/Other 107,648,000 (-7%)

2014 total Bookscan units sold: 635,093,000

- Retail 518,901,000 (+3%)
- Mass Merch/Other 116,191,000 (-2%)

Nielsen BookScan

#1 IN US MARKET – PRINT ONLY 2015



#1 Adult fiction title vs last year

–Go Set a Watchman 1,606,456 units vs. Gone Girl TP 962,797

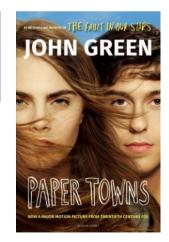
#1 Adult non-fiction title vs last year

-Life Changing Magic of Tidying Up 1,175,998 units vs. Killing Patton 1,190,152

#1 Kids title vs last year

-Wimpy Kid #10: 1,515,913 units vs. Fault in Our Stars TP: 1,813,574

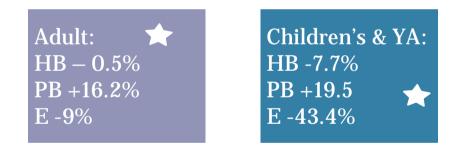
Nielsen BookScan





US MARKET - AAP SNAPSHOT 2015 VS 2014 (\$M)

Genre	2015	2014	Variance
Adult	4943.6	4835.8	+2.2
Children's	1708	1764	-3.2



AAP Snapshot – Association of American Publishers Snapshot December 2015



UK MARKET - PA SALES MONITORS Q4 2015 (£M)

Genre	2015	2014	Variance
Fiction	505.7	515.9	-2.0
Non-Fiction	626.5	578.1	+8.4
Children's	256.2	285.2	-10.2

Print Fiction (hardback) +0.8 Print NF (paperback) +8.7 Print NF (hardback) +17.1 F fiction -7%

Children's: Print - 4.2% E -30.2%

Publishers Assocation Yearbook 2015

BLOOMSBURY BRAND VALUES



"An independent publishing house providing a bespoke service to the author" Times 1986

D TO	Times 15
RTS	
	PUBLISHING
	Bloomsbury group
1	The telephone call was mysterious but quite transformation of the second by its voice to a lonely London botch room. I arrived proma hotel room, I arrived proma hotel room, I arrived proma hotel a case for Xenophon Libris of a case for Xenophon Libris of a table Around which at A few minutes later, led it. A few most exciting new publishing but a total discrive names the the trade, I was to witness the unveiling of what could be the most acting new publishing Bloomsbury Publishing appearance at a time when small successful publishing bike Hamin Hamilton. The Bodley Head, Salamation. File Manin Hamilton and the Galder Jack K & Alarton? Bloomsburys station and the publishing the Hamin Hamilton and the trade, I was to witness the unveiling of what could be the small successful publishing blager organizations. File Manin Hamilton and the Galder Jack K & Alarton? Bloomsburys stations. File Manin Hamilton and the Galder Jack K & Alarton? Bloomsburys station with the about the packager responsible for The fankler in our differed responsed and Michael Joseph have bear ondonged originations. Filow founding directs follow flounding directs round this table. They are Liz Calder Lark K & Alarton? Bloomsburys statistics for the dations. Filow flouring the statistics follow flouring directs follow flouring directs
	Newton sees Bloomsbury as X. Libris

BLOOMSBURY BRAND VALUES



Independent:

- Opportunistic
- Versatile
- Ebullient/active

Quality: • Literary excellence

Award winning design

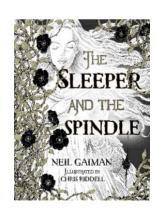
- Author loving
- Creative and innovative

CONSUMER PUBLISHING STRATEGY



- Global taking advantage of our structure
- Brand values
- Author care
- Direct to consumer engaging the reader
- Best practice with system and structural efficiencies









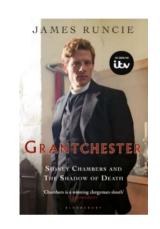


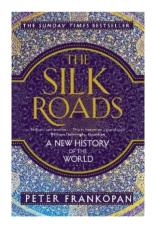


ADULT STRATEGY



- Global structure and transatlantic relationship
- Rigour into acquisition strategy targeting growth
- Fresh talent coming to UK team
- Focus on Crime and Literary Fiction
- Brand management pick the winners and exploit the silverware
- Introduce illustrated non fiction publishing
- List focus leading to publishing fewer books

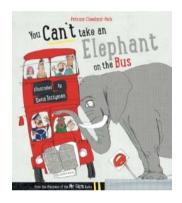


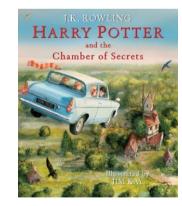


CHILDREN'S STRATEGY



- Harry Potter publishing programme continues – 20th anniversary of Harry Potter and the Philosopher's Stone June 2017
- Continued rigorous acquisition strategy
- Growth of brands
- Outright acquisition of copyright in content and illustration
- New partnerships
- Beyond the Book

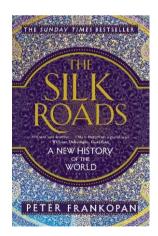


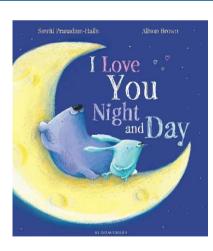


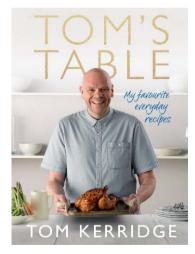
CONSUMER PUBLISHING - CONCLUSIONS



- Positive market place
- New talent and management new acquisition strategy and focus
- Direct to consumer direct opportunities to the market











BREXIT AND BLOOMSBURY

Nigel Newton

BREXIT AND BLOOMSBURY



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- Strong overseas currency revenues
- Less susceptible to macroeconomic cycles
- Not exposed to banking or property
- 2020 growth plan heavily focused on US market
- Good post-Brexit publishing retail sales

- UK macro uncertainty
- Overseas print prices



KEY EXAMPLES OF LONG TERM VALUE OF BLOOMSBURY IP

- Harry Potter
- Drama Online
- Bloomsbury Professional Online
- Methuen Drama
- Khaled Hosseini
- Sarah J Maas

Generated £472,000,000 of cumulative revenue life to date



CONCLUSION

QUESTIONS

INVESTOR RELATIONS CONTACTS



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<i>Wendy Pallot</i> Group Finance Director	Bell Pottinger
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