

Bloomsbury Publishing Plc

Six Month Results ended 31 August 2011



One Global Bloomsbury

Highlights



- Turnover up 16% to £44.9m (2010: £38.6m)
- Adjusted pre-tax profit up 52% to £2.2m (2010: £1.4m) *
- ebook sales up 564% to £2.5m (2010: £0.4m)
- Acquisition of Continuum International Publishing Group for £20.1m
- Appointment of new Group Finance Director, Wendy Pallot in April 2011
- Appointment of Managing Director, Emma Hopkin, of new Children's & Educational division in March 2011
- Relocation of group headquarters in August, with 250 UK staff now based in Bedford Square, London
- Purchase of National Archives list
- Acquisition of Absolute Press, the high quality cookery publisher

Highlights



- Launch of Reed's Nautical Online, sponsored by Aberdeen Asset Management
- Tax & Law licensing deals, including with Practical Law Company, worth £2.7m revenues
- Wisden licensing deal in India worth \$3.2m revenues (£2.0m)
- Contract with PricewaterhouseCoopers for Manual of Accounting
- Major TV tie-in with *River Cottage Veg Everyday!* by Hugh Fearnley-Whittingstall
- Strong prize performance of Bloomsbury list including Man Booker Prize Shortlist
- Successful reorganisation of the business into 4 worldwide publishing divisions and 3 worldwide service divisions as One Global Bloomsbury



Financial highlights

For the six months ended 31.8.11

- Turnover up 16% to £44.9m (2010: £38.6m)
- Increase in adjusted operating profit margin from 3.4% to 4.5%*
- Highlighted items of £1.8m (2010: £0.6m)
- Adjusted pre-tax profit up 52% to £2.2m (2010: £1.4m) *
- Adjusted basic EPS up 31% to 2.07p (2010: 1.58p) *
- Interim dividend increased by 10% to 0.89 pence per share (2010: 0.81p)
- Cash outflow from operating activities £0.9m (2010: outflow £2.4m)
- Cash £9.4m (28.2.2011: £36.9m) after outlay of £19.2m for Continuum



Financial summary

Six months consolidated income statement

	2011	2010
	£m	£m
Revenue	44.9	38.6
Gross profit	22.6	20.0
<i>Gross profit %</i>	<i>50.3%</i>	<i>52.0%</i>
Marketing and distribution costs	(7.5)	(6.7)
<i>Marketing and distribution costs %</i>	<i>16.6%</i>	<i>17.4%</i>
Adjusted administrative expenses *	(13.1)	(12.0)
<i>Adjusted administrative expenses % *</i>	<i>29.1%</i>	<i>31.1%</i>
Adjusted operating profit *	2.0	1.3
<i>Adjusted operating profit margin *</i>	<i>4.5%</i>	<i>3.4%</i>
Adjusted pre-tax profit *	2.2	1.4
Tax charge	0.1	0.3

* Before highlighted items



Financial summary

Gross margin – provisions and accrual

	2011	2010
	£m	£m
Royalties	5.7	4.4
<i>% Revenue</i>	<i>12.6%</i>	<i>11.3%</i>
Advances	1.5	1.4
<i>% Revenue</i>	<i>3.3%</i>	<i>3.6%</i>
Stock	1.2	0.9
<i>% Revenue</i>	<i>2.7%</i>	<i>2.2%</i>



Financial summary

Rights & Other Income

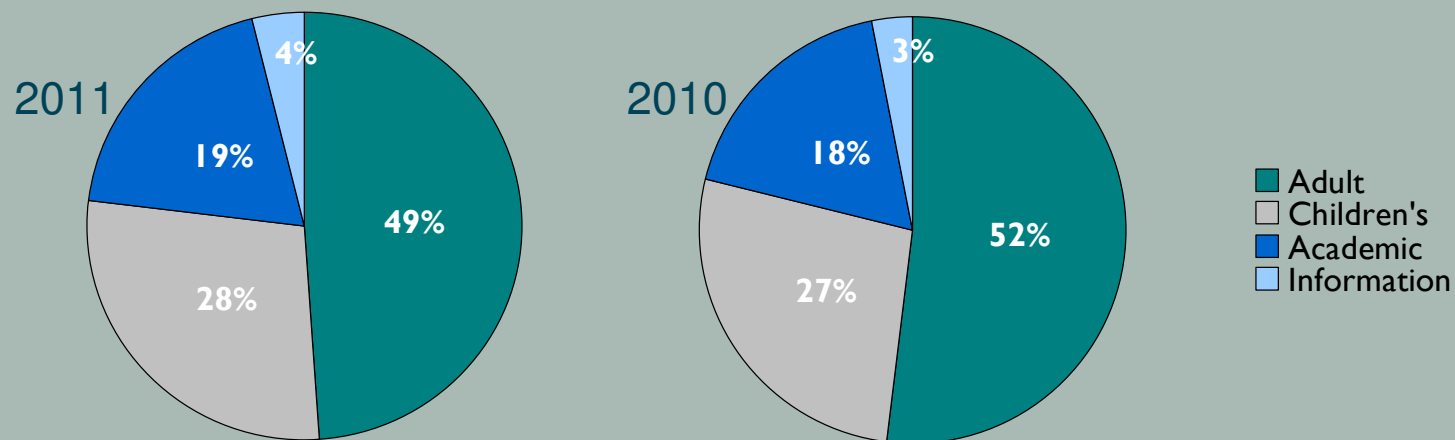
	2011	2010
	£m	£m
Revenue	3.6	3.0
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Contribution	2.9	2.4

The above includes subsidiary rights, electronic database income, income derived from third party agencies, licensing and management contracts



Revenue

by publishing category



	2011 £m	2010 £m	% Change
Adult	22.1	20.0	+10.5%
Children's & Educational	12.6	10.6	+18.8%
Academic & Professional	8.7	6.9	+25.9%
Information	1.5	1.1	+37.7%
Total	44.9	38.6	+16.3%

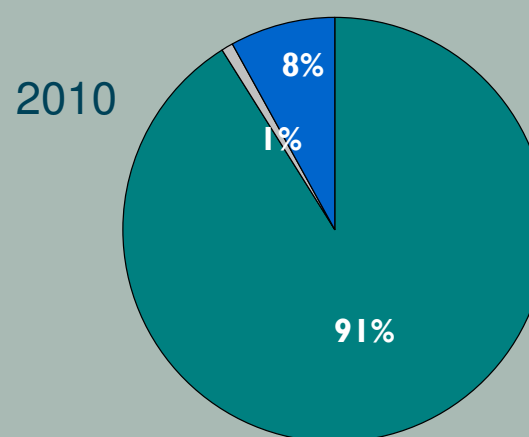
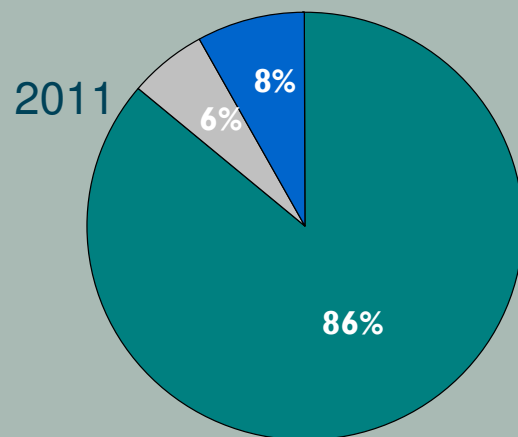


Divisional contribution by publishing category

	2011	2010
	£m	£m
Adult	6.1	6.5
Children's & Educational	3.9	3.6
Academic & Professional	3.9	2.3
Information	1.2	0.9
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Contribution before administrative expenses	15.1	13.3
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Revenue by type



- Print sales
- E-book sales
- Other income

	2011 £m	2010 £m
Print sales	38.8	35.2
ebook sales	2.5	0.4
Other income	3.6	3.0
Total	44.9	38.6



Financial summary

Consolidated balance sheet

	31 August	28 February	
	2011	2011	
	£m	£m	
Non-current assets	58.5	39.8	+46.9%
Inventories	21.8	18.3	+18.7%
Receivables	54.8	48.7	+12.5%
Net cash	9.4	36.9	-74.4%
Total liabilities	(37.1)	(31.9)	+16.3%
Equity	*107.4	111.8	-4.0%

* Includes the effect of purchase of £2.1m of shares for the Employee Benefit Trust, Dividends of £2.8m & Highlighted Items of £1.8m.



Financial summary

Returns provision

	31 August 2011 £m	28 February 2011 £m
Trade receivables *	28.7	27.9
Returns provision	4.9	6.5
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Net trade receivables	23.8	21.4

* Net of bad debt provision

Cash flow



	2011 £m	2010 £m
Working capital	(2.3)	(3.9)
Net cash used in operating activities	(0.9)	(2.4)
Net cash used in investing activities	*(21.7)	(0.5)
Net cash used in financing activities	(4.8)	(2.9)
Net decrease in cash and cash equivalents	(27.4)	(5.8)
Cash and cash equivalents at end of period	9.4	33.5

* Includes the purchase of Continuum for net cash of £19.2m.

Digital Developments



- Significant growth in Bloomsbury's ebook sales up 564% to £2.5m (2010: £0.4m)
- 90% of Group titles available digitally
- Digital communities include:
 - Bloomsbury Professional online: Irish tax and law
 - Bloomsbury Professional online: UK Tax Service
 - Reed's Nautical Online
 - Wisden Extra online magazine
 - Writers' & Artists' Yearbook online
 - Berg Fashion Library

Academic & Professional division

Overview



- Total turnover up 26% to £8.7m. US turnover up 189% excl. Continuum.
- Operating profit before highlighted items, up by £0.4m to £0.9m.
- Acquisition in July of Continuum International Publishing: Creation of a leading global academic publishing division
- Purchase of The National Archives list
- Drama Online: Methuen Drama project with Faber & Faber
- Contract to publish PwC Manual of Accounting
- Licensing deal with Practical Law Company
- Bloomsbury Professional online tax & law services launched
- Continued growth of Berg Fashion Library

Academic & Professional division

Acquisition of Continuum



- Continuum delivers:
 - critical mass to the Academic & Professional division
 - market leading position in theology, European philosophy and pedagogy
 - 7,000 backlist titles
 - growth in American academic sales
 - increased percentage of more stable academic revenues
- Cash consideration £19.2m (net of £0.9m cash in Continuum on acquisition)
- Immediately earnings enhancing
- Synergies on track (>£1m pa in first full year)

Adult division



- Turnover up 10.5% to £22.1m. Operating profit before highlighted items down from £0.4m to £37,000, including German losses
- Best sellers in the first half of the year:
 - *The Finkler Question* – Howard Jacobson
 - *River Cottage Veg Everyday!* – Hugh Fearnley-Whittingstall
 - *Eat Pray Love* – Elizabeth Gilbert
 - *Wisden 2011*
- Acquisition of Absolute Press
- Public Library online now serving 25.6m people
- Bloomsbury Reader launched
- Digital launches: Reed's Nautical, Wisden Extra magazine, Writers' & Artists' Yearbook
- New marketing team in the US
- Australian team success at Sydney Writers' Festival

Adult division



- 9 Prize winners and 2 books shortlisted for the Man Booker Prize for Fiction/The Orange Prize:
 - Samuel Johnson Prize for Non Fiction - *Mao's Great Famine*
 - IMPAC Dublin Award - *Let The Great World Spin*
 - Novel of the Year Award at the Spear's Book Awards - *Other People's Money*
 - Melissa Nathan Award for Comedy Romance
 - Waverton Good Read Award – *Major Pettigrew's Last Stand*
 - Commonwealth Writers' Prize Best Book - *The Memory of Love*
 - Hessel-Tiltman Prize - *The Rise and Fall of Ancient Egypt*
 - Andre Simon Food and Drink Book Awards - *The Flavour Thesaurus*
 - Food Book Award - *The Flavour Thesaurus*
 - Shortlist for The Orange Prize - *The Memory of Love*
 - Shortlist for The Man Booker Prize - *Pigeon English*

Children's & Educational division



- Turnover up 19% to £12.6m. Operating profit before highlighted items, up by £0.4m to £0.6m
- Best sellers in the first half of the year:
 - *Harry Potter* box sets by JK Rowling
 - *Chain Reaction* by Simone Elkeles
- 3 Prize winners and 2 books shortlisted:
 - Historical Association's Young Quills Book Award - *The Sacred Scarab*
 - Royal Mail Scottish Book Award in Feb 2011 – *Grass*
 - Leeds Book Award - *Mortlock*
 - Shortlisted for the Waterstone's Children's Book Prize – *Mortlock*
 - Shortlisted for the Waterstone's Children's Book Prize and the Young Muslim Writers Award – *A Beautiful Lie*
- Film tie-in publishing world rights for Aardman adventure *The Pirates! In An Adventure with Scientists*.

Bloomsbury Information



- Turnover up 38% to £1.5m. Operating profit before highlighted items, up by £0.2m to £0.5m
- New dedicated Business Development team
- Bloomsbury Qatar Foundation management services contract continues successfully
- Growing readership of academic journal Qscience.com
- Launch in October 2011 of *Slow Finance* by Gervais Williams, the award winning fund manager

Current Trading and Outlook



- Good UK and US trading continues
- Wisden licensing deal in India signed in October worth \$3.2m (£2.0m)
- Other major deals in pipeline
- Strong list for second half
 - *River Cottage Veg Everyday!* – Hugh Fearnley-Whittingstall
 - *Heston at Home* – Heston Blumenthal
 - *Pigeon English* – Stephen Kelman
 - *The Wombles* – Elizabeth Beresford
- Harry Potter franchise going from strength to strength
- ebook revenues continue to grow very strongly
- Trading in line with management's expectations



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