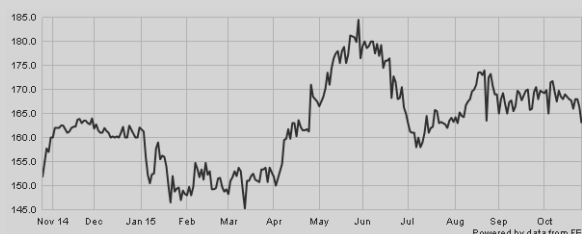




Key Statistics

Code	: BMY
Listing	: LSE
Sector	: Consumer Publishing
Market Cap	: £124.88m
Share in issue	: 75.00m
Current Price	: 167.75p
12 month High/Low:	: 184.50p/145.25p

Stock Performance



Source: InvestEgate

Financials

£'m	2015A *	2014A	2013A	2012A
Revenue	111.13	109.50	98.48	97.40
PBT	9.60	9.51	9.76	8.14
Profit	8.75	7.70	7.47	3.37

Source: Bloomsbury Publishing Annual Results

* February year end

Company description

Bloomsbury Publishing Plc is a worldwide publisher. The Company has publishing offices in London, New York, New Delhi and Sydney. The Company operates in four publishing divisions: Adult, Children's & Educational, Academic & Professional and Information. These divisions derive their revenue from book publishing, sale of publishing and distribution rights, management and other publishing services.

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You're a Wizard Harry!

It seems like an eternity has passed since J.K. Rowling published the seventh and final book in the Harry Potter series, nevertheless that hasn't stopped Bloomsbury Publishing reissuing the novels with new covers and in illustrated versions. But has that done the trick? Well the jury is out and Bloomsbury has seen a 13% increase in interim revenues to £52.7m for six months ended 31 August 2015, albeit not all the revenue is from the Harry Potter franchise. New York Times and USA Today bestselling author Sarah J. Maas, Khaled Hosseini and celebrity chef Hugh Fearnley-Whittingstall are just some of the other names on the publishing list who have enjoyed success.

- **Literary excellence**
- **Beautiful design**
- **Marketing Innovation**
- **Digital growth**
- **Growing backlist**
- **Balancing consumer and non-consumer revenue**
- **Strong balance sheet**

The company has been consolidating for some time and it is now starting to bear fruit. The US offices have now been merged into one, the relocation/consolidation of several UK offices into one London office and the restructuring of the group into four divisions each with their own Managing Director are now starting to show more stable and diversified managed programmes, whilst retaining the more traditional staples (children, fiction and non-fiction) is starting to reap rewards. Hats off to the management!

Bloomsbury has begun encroaching on one of the fastest growing markets in the world, India. The country is one of the largest English speaking populations and an increasing number of highly educated readers of English, thus reducing the company's reliance on the UK markets.

For disclosures, refer to the Disclosure Section

Business

Bloomsbury Publishing is a leading independent publishing house founded in 1986. It has offices in London, New York, Sydney and Delhi, with Bloomsbury Publishing operating in four divisions:

- **Bloomsbury Academic and Professional** – Bloomsbury Academic specialises in the humanities and social sciences and publishes over 1,000 books and digital services each year. Bloomsbury Professional leads in UK law, tax and accountancy. The division won the Bookseller Industry Award for Academic, Educational & Professional Publisher of the Year 2013 and 2014. They also won the IPG awards for Independent Publisher of the Year and Academic & Professional Publisher of the Year 2013. (Revs £14.4m (27%) / Example Publications: Winston Churchill Archive, Methuen Drama, and Arden Shakespeare).
- **Bloomsbury Information** – includes a number of information databases for electronic as well as print publications. Bloomsbury also provides management services for Bloomsbury Qatar Foundation Publishing, a division of the Qatar Foundation and Bloomsbury Qatar Foundation Journals. (Revs £1.5m (3%) / Example Publications: The Encarta World English Dictionary, Business: The Ultimate Resource).
- **Bloomsbury Adult Publishing** – Sales were up 6% to £20.4m compared to the same period last year of £19.3m; key titles included Jonathan Strange & Mr Norrell TV tie in edition by Susanna Clarke, Miss Carter's war by Sheila Hancock and The Grantchester Mysteries by James Runcie. The acquisition of Osprey contributed £3.2m in revenue and £0.3m in profit. (Rev £20.4m (39%) / Example Authors: James Runcie, Khaled Hosseini, William Boyd).
- **Bloomsbury Children's Publishing** – Revenue was up 45% on the same period last year and profit up 58%, good sales were reported of the Harry Potter titles, Paper Towns by John Green, 6 Sarah J. Maas titles and 9 Neil Gaiman fiction titles. (Revs £16.2m (31%) / Example Customers: J.K. Rowling, Sarah J Maas, Neil Gaiman).

Acquisitions

Acquisitions have been a key component of Bloomsbury's strategy and growth. The company have focused on acquiring specialists publishing houses and integrating them under the Bloomsbury name.

There have been six successful acquisitions in five years, which has sharply refined the integration process allowing the Company to grow well organically:

- **Acquisition of Osprey Publishing Limited (Dec 2014) for £4.6m** - Oxford based military, heritage and natural history publisher.
- **Acquisition of Hart Publishing Ltd (Sep 2013) for £6.5m** - Oxford based legal publisher.
- **Acquisition of Applied Visual Arts Publishing (Jul 2012) for £1.73m** - Creative publishers for the applied digital arts.
- **Acquisition of Fairchild Books (Apr 2012) for \$6.5m** - Publisher of textbooks and education resources for students of fashion, merchandising, retailing and interior design.
- **Acquisition of Continuum International Publishing Group (Jul 2011) for £20.1m** - International academic and professional publisher with a small trade list.
- **Acquisition of Bristol Classical Press (Nov 2010)** - New scholarly research in Archaeology, Classics, Ancient History and Ancient Philosophy

Management

Nigel Newton - Chief Executive

After working at Macmillan Publishers, he joined Sidgwick & Jackson. He left Sidgwick in 1986 to start Bloomsbury. Bloomsbury floated on The London Stock Exchange in 1994, Nigel also serves as Chairman of the British Library Trust, President of Book Aid International, Chairman of the Charleston Trust, Trustee of the Catholic Trust of England & Wales, member of the Man Booker Prize Advisory Committee, Trustee of the International Institute for Strategic Studies, past Chair of World Book Day (2006), past member of the Publishers Association Council, past Chairman of Selwyn College, Cambridge Alumni Association and Member of the Visiting Committees of Cambridge University Library and Qatar University Library.

Wendy Pallot - Group Finance Director

She was Group Finance Director for GCap Media Plc, the UK's leading commercial radio operator which was listed on the UK main market, from 2005 until its sale in 2008. She was Group Finance Director of GWR Group plc, a leading UK listed radio operator, from 2001 until its merger with

Capital Radio plc in 2005 to form GCap Media Plc. Wendy Pallot is the chair and one of the co-founding directors of a company operating a number of local radio stations. She is also a Governor of the Central School of Ballet.

Sir Anthony Salz - Chairman

Joined the Bloomsbury Board as an Independent Non-Executive Director in August 2013 and was appointed as Chairman on joining. He is an Executive Vice Chairman of Rothschild and a director of NM Rothschild & Sons Limited. He joined Rothschild in 2006 after 30 years as a corporate lawyer with Freshfields, the last 10 years as the Senior Partner.

Richard Charkin - Executive Director

Joined the Bloomsbury Board as an Executive Director in October 2007. He began his career in 1972 as Science Editor of Harrap & Co. He has since held senior roles at Pergamon Press, Oxford University Press, Reed International/Reed Elsevier, Current Science Group and has been Chief Executive of Macmillan Publishers Limited and Executive Director of Verlagsgruppe Georg von Holtzbrinck.

Jonathan Glasspool - Executive Director

Appointed to the Bloomsbury Board in July 2015. He joined Bloomsbury in 1999 and is Managing Director of Bloomsbury's Academic & Professional publishing division. Jonathan is Chair of the Industry Advisory Board at Oxford Brookes University, a Trustee of Publishing Training Centre, and is a Member of the Commercial Board of the ICAEW and the Academic & Professional Board of the Publisher's Association.

Outlook

As well as *Harry Potter and the Philosopher's Stone: Illustrated Edition* by J. K. Rowling, Bloomsbury's strong second-half list includes *Sweet Caress* by William Boyd, *Tom's Table* by Tom Kerridge, *River Cottage: Love Your Leftovers* by Hugh Fearnley-Whittingstall, the fourth book in the Throne of Glass series by Sarah J. Maas, *Queen of Shadows* and Adam Sisman's long-awaited biography of John Le Carré.

The company is targeting significant Rights & Services contracts for H2 that are not yet contracted. Results continue to be H2 weighted because of the important of Christmas trade sales and academic peak in October.

Bloomsbury's digital product launches continue with further services within Bloomsbury Fashion Central being launched later this financial year. This includes the Fashion Photography Archive, an updated Berg Fashion Library and a new digital service for Fairchild Books. The Group has a very strong digital service pipeline for the next three years, following significant commissioning activity in the period.

Key Fundamentals

Year Ending	Revenue (£m)	Pre-tax (£m)	EPS (p)	P/E	Div	Yield
28/02/2015	111.13	9.60	14.78	10.1	6.10p	4.1%
28/02/2014	109.50	9.48	12.98	13.6	5.82p	3.3%
28/02/2013	98.48	9.85	13.55	7.7	5.50p	5.3%

Forecast

Year Ending	Revenue (£m)	Pre-tax (£m)	EPS (p)	P/E	Div	Yield
29/02/2016	118.48	13.06	14.09	11.9	6.34p	3.8%
28/02/2017	122.85	13.71	14.54	11.6	6.63p	3.9%

Conclusion

This is a profitable company but one which is nevertheless growing very rapidly in a market that is almost limitless. The management have proved they can grow the business both organically and through acquisition. Bloomsbury is a reliable performer and it is very astonishing that none of the big-timers have been attracted to have a piece of the pie.

Condensed Consolidated Interim Income Statement for the six months ended 31 August 2015

	6 months ended	6 months ended	Year ended
	31-Aug-15	31-Aug-14	28-Feb-14
	£'000	£'000	£'000
Revenue	52,678	46,580	111,125
Cost of sales	-24,000	-20,499	-47,800
Gross profit	28,678	26,081	63,325
Marketing and distribution costs	-7,808	-6,896	-15,519
Administrative expenses	-20,521	-18,696	-38,154
Operating profit before highlighted items	1,868	1,689	12,127
Highlighted items	-1,519	-1,200	-2,475
Operating profit	349	489	9,652
Finance income	5	21	46
Finance costs	-12	-1	-94
Profit before taxation and highlighted items	1,861	1,709	12,079
Highlighted items	-1,519	-1,200	-2,475
Profit before taxation	342	509	9,604
Taxation	-69	-97	-856
Profit for the period attributable to owners of the Company	273	412	8,748
Earnings per share attributable to owners of the Company			
Basic earnings per share	0.37p	0.56p	11.94p
Diluted earnings per share	0.36p	0.56p	11.90p

Sources: Bloomsbury Publishing Interim Results

Condensed Consolidated Interim Statement of Financial Position as at 31 August 2015

	31 August 2015 £'000	31 August 2015 £'000	28 February 2015 £'000
Assets			
Goodwill	41,717	39,537	41,508
Other intangible assets	22,016	21,290	22,578
Property, plant and equipment	2,654	3,029	2,833
Deferred tax assets	3,547	2,053	3,607
Total non-current assets	69,934	65,909	70,526
Inventories	30,575	29,510	29,235
Trade and other receivables	60,888	54,376	61,700
Cash and cash equivalents	3,516	2,752	10,021
Total current assets	94,979	86,638	100,956
Total assets	164,913	152,547	171,482
Liabilities			
Retirement benefit obligations	159	179	227
Deferred tax liabilities	3,108	3,165	3,119
Other payables	1,135	311	886
Provisions	43	420	482
Total non-current liabilities	4,445	4,075	4,714
Trade and other payables	32,078	31,015	37,250
Loans and borrowing	2,600	-	2,500
Current tax liabilities	613	554	2,841
Provisions	434	23	23
Total current liabilities	35,725	31,592	42,614
Total liabilities	40,170	35,667	47,328
Net assets	124,743	116,880	124,154
Equity			
Share capital	938	924	938
Share premium	39,388	39,388	39,388
Translation reserve	3,870	2,103	3,829
Other reserves	6,298	3,708	6,056
Retained earnings	74,249	70,757	73,943
Total equity attributable to owners of the Company	124,743	116,880	124,154

Sources: Bloomsbury Publishing Interim Results

Condensed Consolidated Interim Statement of Cash Flow for six months ended 31 August 2015

	6 months ended 31 August 2015 £'000	6 months ended 31 August 2015 £'000	Year ended 28 February 2015 £'000
Cash flows from operating activities			
Profit before taxation	342	509	9,604
Finance income	-5	-21	-46
Finance costs	12	1	94
Operating profit	349	489	9,652
Adjustments for:			
Depreciation of property, plant and equipment	333	329	660
Amortisation of intangible assets	1,931	1,526	3,259
Loss on sale of property, plant and equipment	-	4	8
Share-based payment charges	281	344	496
	2,894	2,692	14,075
Increase in inventories	-1,620	-4,141	-2,443
Decrease in trade and other receivables	1,207	2,113	272
Decrease in trade and other payables	-5,124	-2,916	-246
Cash (used in)/generated from operating activities	-2,643	-2,252	11,658
Income taxes paid	-2,261	-983	-1,410
Net cash (used in)/generated from operating activities	-4,904	-3,235	10,248
Cash flows from investing activities			
Purchase of property, plant and equipment	-159	-225	-274
Purchase of businesses, net of cash acquired	-30	-2,384	-5,325
Purchases of intangible assets	-1,389	-1,487	-3,562
Proceeds from sale of property, plant and equipment	-	7	6
Interest received	5	21	26
Net cash used in investing activities	-1,573	-4,068	-9,129
Cash flows from financing activities			
Equity dividends paid	-	-	-4,276
Proceeds from exercise of share options	-	-	115
Drawdown of borrowing	100	-	2,500
Interest paid	-12	-1	-68
Net cash generated from/(used in) financing activities	88	-1	-1,729
Net decrease in cash and cash equivalents	-6,389	-7,304	-610
Cash and cash equivalents at beginning of period	10,021	10,037	10,037
Exchange (loss)/gain on cash and cash equivalents	-116	19	594
Cash and cash equivalents at end of period	3,516	2,752	10,021

Sources: Bloomsbury Publishing Interim Results

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