# Looking Forward

## Time capsule: my office, 3/12/20

#### FINANCIAL SCHEDULES

- 1 CONSOLIDATED FULL YEAR SUMMARY
- 2 2020 KEY ASSUMPTIONS
- 3 2020 OPPORTUNITIES AND RISKS
- 4 PAL BRIDGE 2019 ACTUAL VE 2020 FORECAST 1
- 5 TITLE COUNT
- 6 TOP TITLES 2019 ACTUAL & 2020 FORECAST 1
- // MAJOR TITLE WRITECHPS 2019 ACTUAL & 2020 FORECAST 1
- 8 2018 2020 OPERATING EXPENSE ANALYSIS
- 2016 2020 HEAD COUNT
- 10 2017 2020 PBL TOTAL RANDOM HOUSE, RH EXL OBAMA, OBAMA

PENGUIN RANDOM HOUSE - [RANDOM HOUSE]

2020 FORECAST 1

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SCHEDULE LISTING

#### How do I prepare to work from home?

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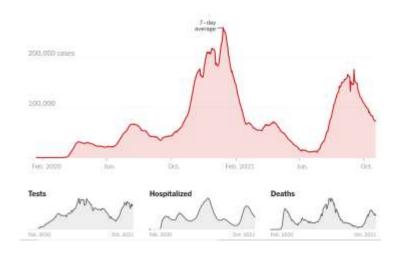
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# 2020 KEY ASSUMPTIONS 2020 OPPORTUNITIES AND RISKS

### How do I prepare to work from home?

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#### Temporarily out of stock. Order now and we'll deliver when available. Details ~





Strikes Global Shipping The pandemic has discupted international trade, driving up the cost of ahipping goods and adding a freah challenge to the global economic recovery.











## And yet...

# Surprise Ending for Publishers: In 2020, Business Was Good

## A good read: Independent booksellers survive the pandemic

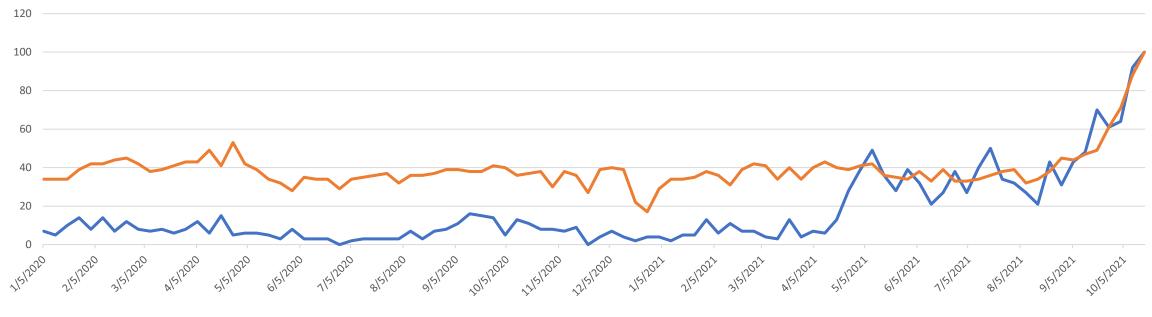
Some even thrive

'It's been a rollercoaster': how indie publishers survived - and thrived - in 2020

## Beyond the Pandemic, Libraries Look Toward a New Era

With a shift to online resources well underway, "the most trusted civic institutions" are in a good position to deal with the changing future.

## But some things just keep getting harder



Google searches: 2020-2021



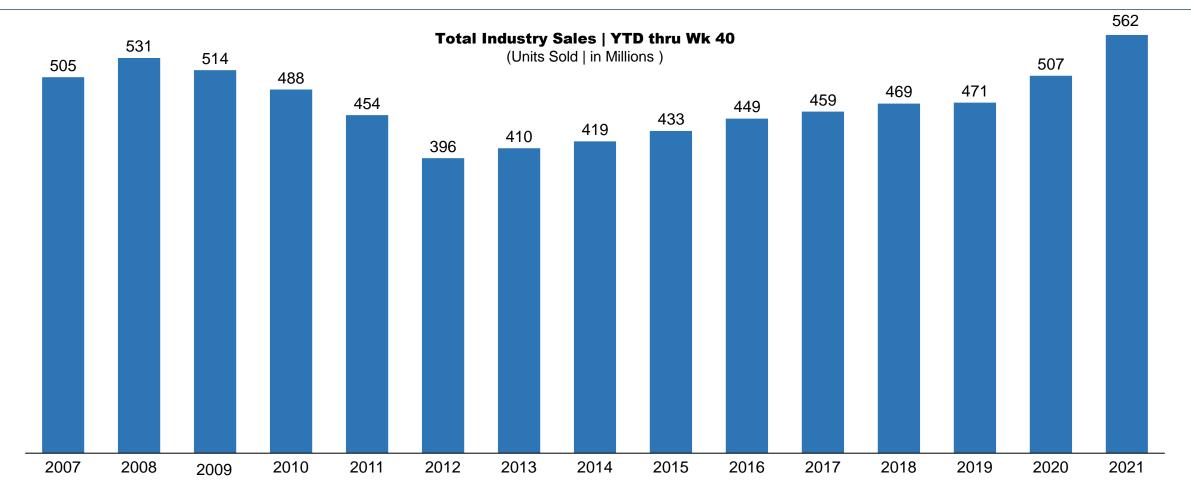




## What is happening?

## Where are we going?

#### 1) Demand at historic high



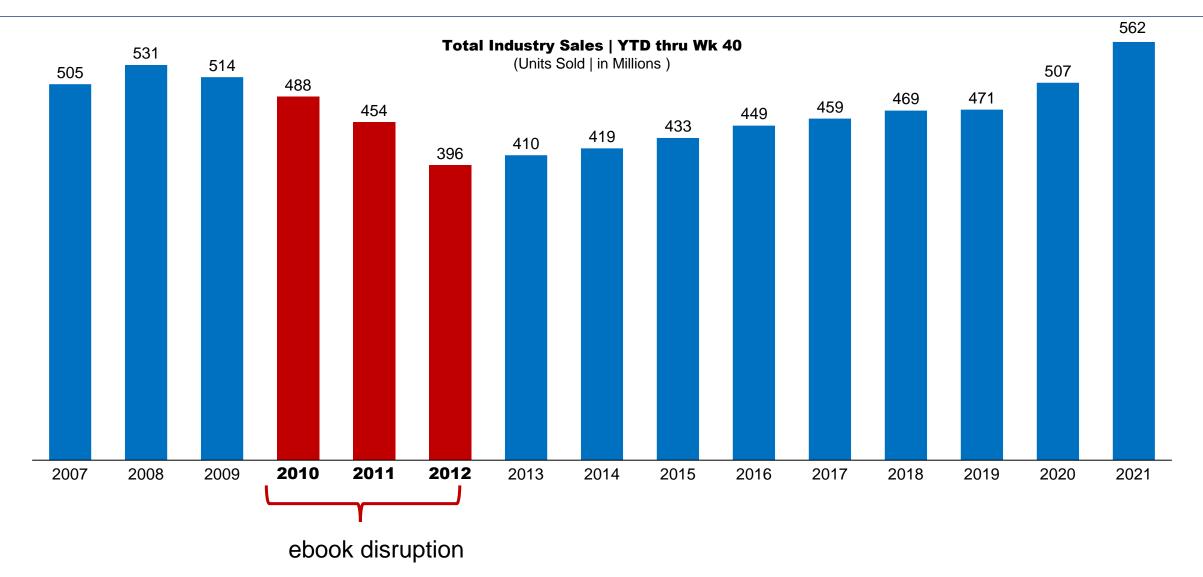
Bookscan POS

Penguin Random House

Bookscan POS

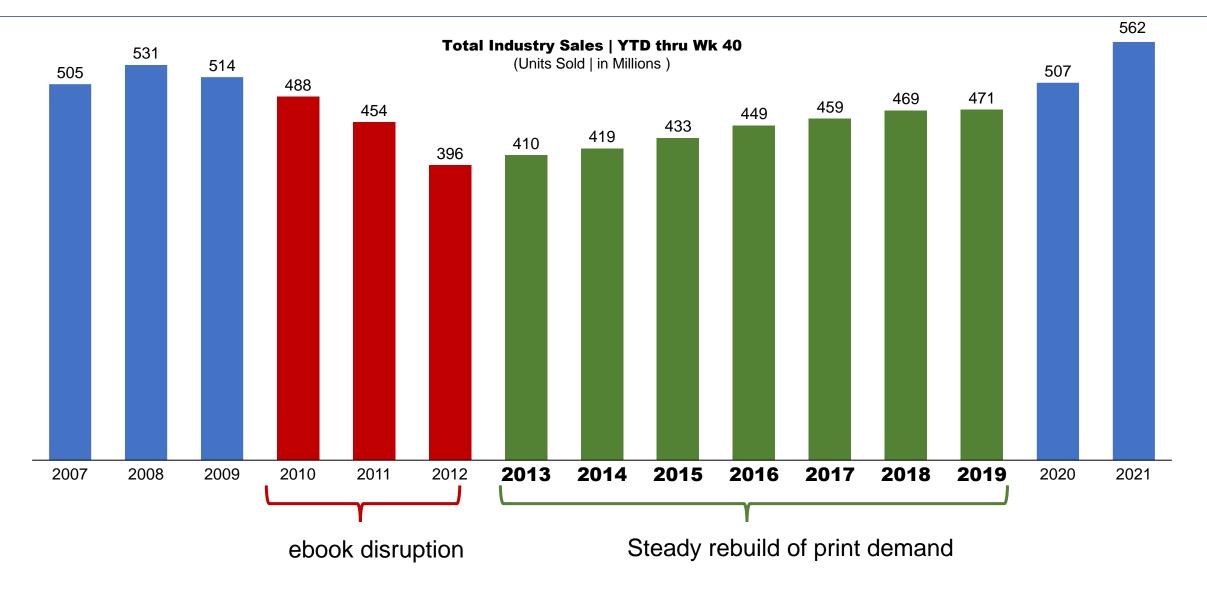
Penguin Random House

#### What's happening? **1) Demand at historic high**



**Bookscan POS** 

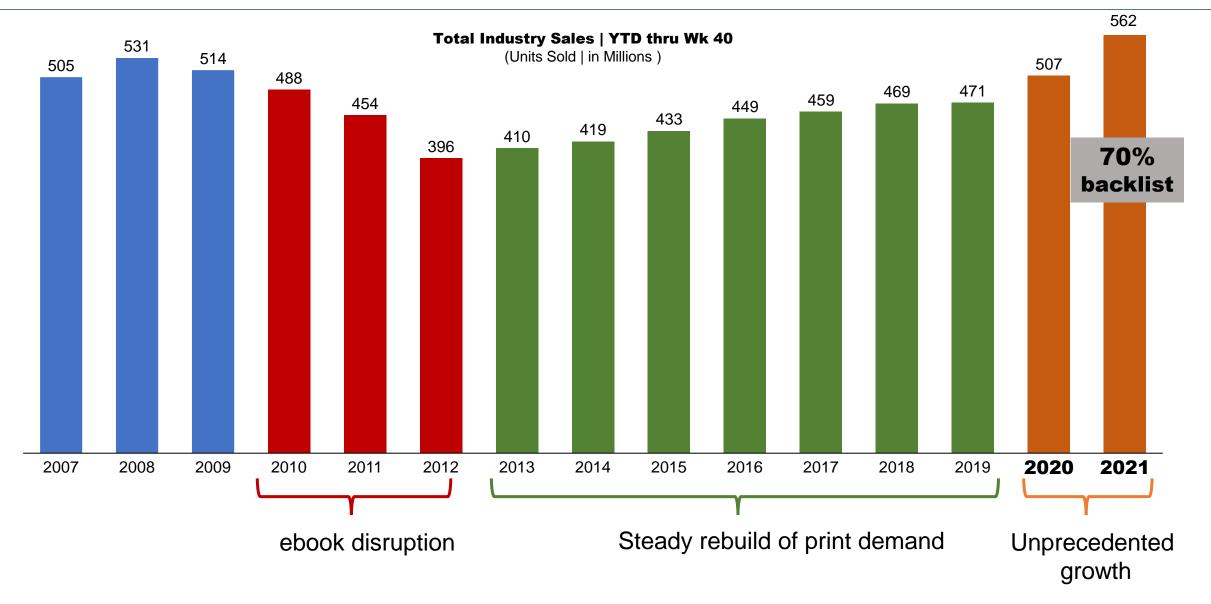
#### What's happening? 1) Demand at historic high



Penguin Random

House

#### 1) Demand at historic high



Bookscan POS

Penguin Random

House



What's happening?

#### 2) Supply at historic low

## **Printing & binding capacity:**

Sestimated 21% drop in the US since 2010

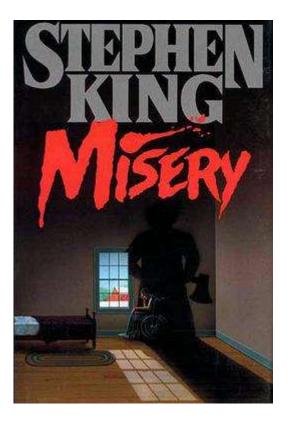
#### Labor market:

Extremely difficult to retain full crew even when machines are ready to go.

## **Global freight clog:**

> weakens China as alternate solution

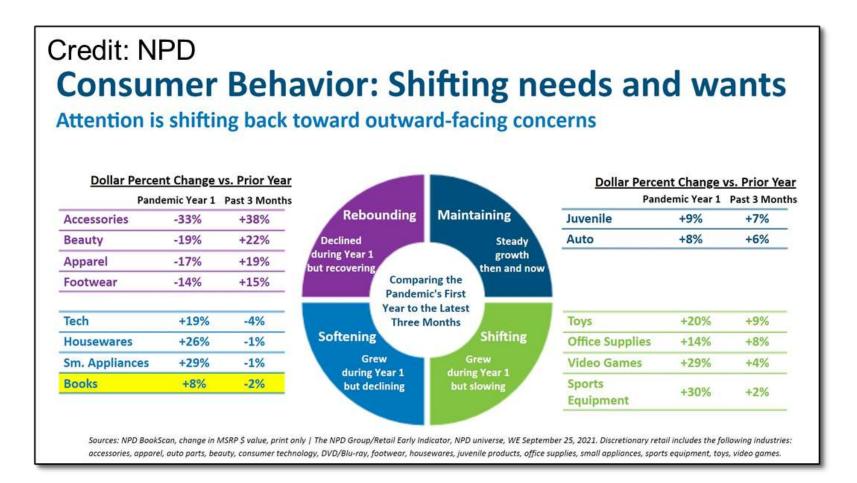
## Mismatched supply & demand =



## What we all want to know:

- How will consumers & publishers act post pandemic?
- How can we make things work better for all of us?

## **Trying to predict consumer behavior**



## **Consumer demand likely to remain high**

- 1. Population growth
- 2. Multigenerational attachment to print format
- 3. Growth of adult & YA fiction sales a sign of strong long-term habit.
- 4. Books as easy social identifiers (for consumers)& brand extenders (for celebrities)

# Publishing demand will remain high

- new releases
- backlist
- small/midsized players and startups as well as lead players
- company configurations won't impact demand

# How can we work better together?

Penguin Random House From our side of the table:

- Can we improve forecasting?
- Can we smooth demand over the year by pulling more printing into spring?
- How do we better protect frontlist reprints (support for the books that surprise us)?
- How can we more efficiently manage the impact of smaller books in your processes?
- Where can we find reliable, high quality new capacity?
- How can we help you?

## Thank you!