

A group of four diverse people (two women and two men) are sitting around a table in a meeting room, looking at laptops and talking. The background is a blurred office setting with warm lighting.

January Trading Update

Thursday
16 January, 2020



Pearson

Forward-looking Statements

Except for the historical information contained herein, the matters discussed in this statement include forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing, anticipated costs savings and synergies and the execution of Pearson's strategy, are forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in future. They are based on numerous assumptions regarding Pearson's present and future business strategies and the environment in which it will operate in the future.

There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside Pearson's control. These include international, national and local conditions, as well as competition. They also include other risks detailed from time to time in Pearson's publicly-filed documents and you are advised to read, in particular, the risk factors set out in Pearson's latest annual report and accounts, which can be found on its website (www.pearson.com/investors.html).

Any forward-looking statements speak only as of the date they are made, and Pearson gives no undertaking to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes to events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on such forward-looking statements.



12 months performance highlights

Financials

- **Guidance met with flat revenue and adjusted operating profit c.£590m¹**



76% of Pearson growing at 4% with strong performance in structural growth opportunities



12% decline in US Higher Education Courseware



Simplification on track. Balance sheet remains strong

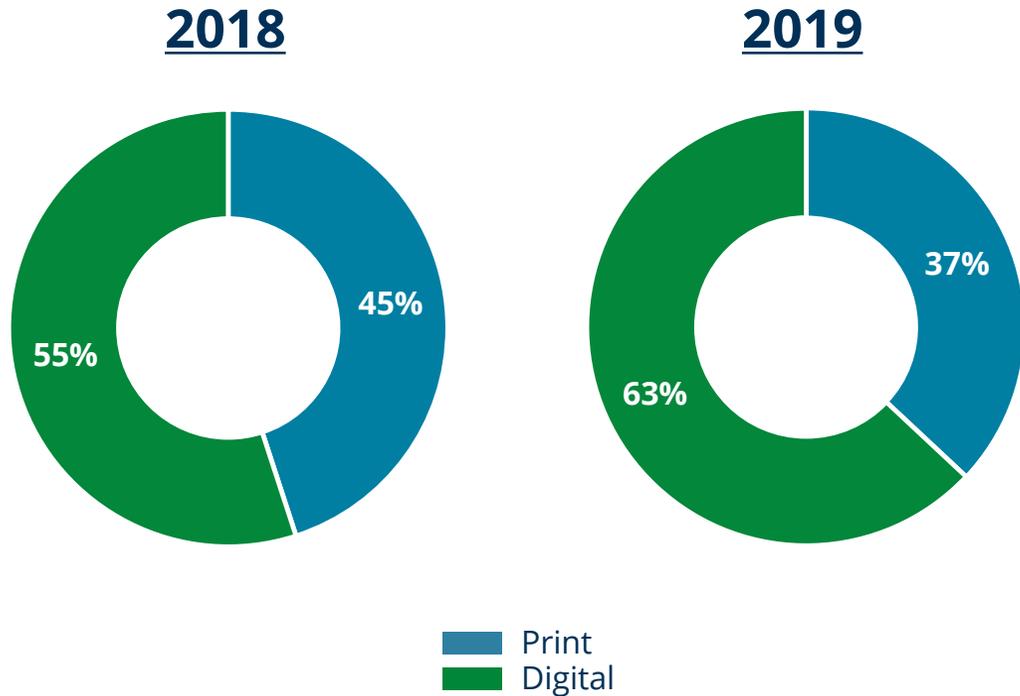


Share buyback commencing today

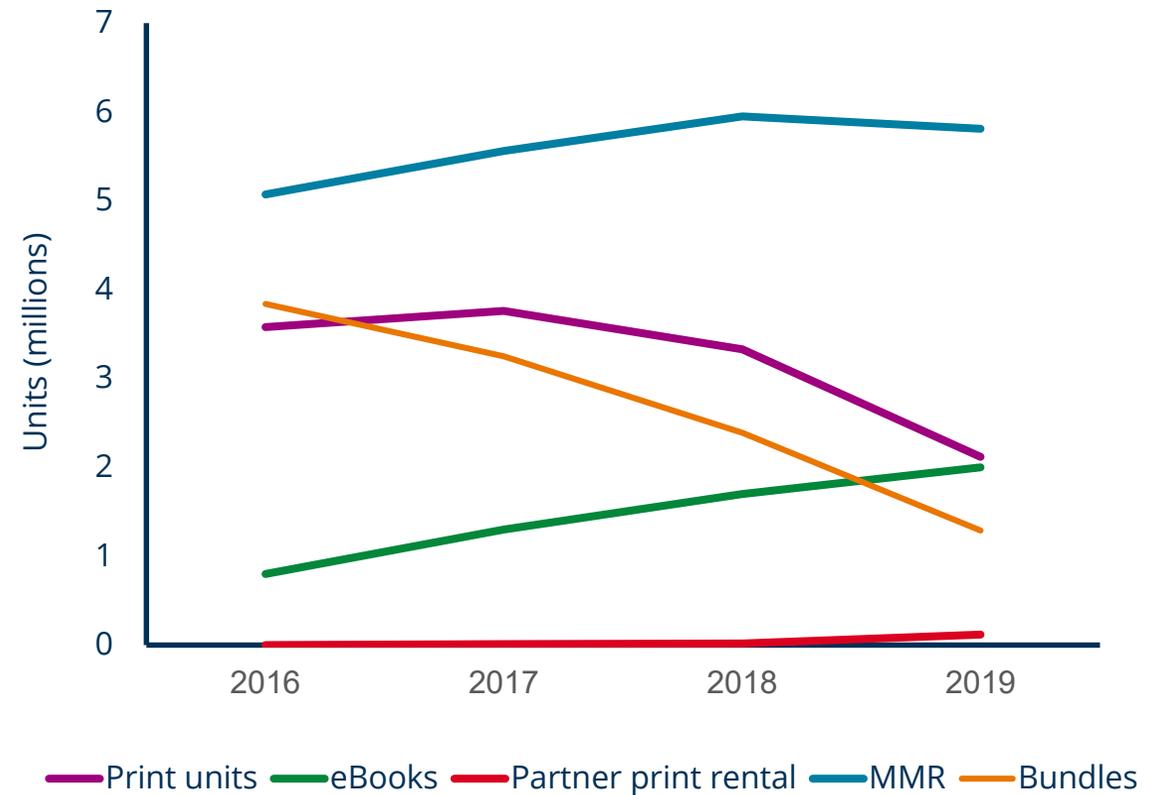
1. Based on December 2018 exchange rates. At 2019 average exchange rates the reported adjusted operating profit is c.£580m

Print and digital trends in US Higher Education Courseware

Print/Digital split



Mix shift by unit



2020 Global Learning Platform roadmap

Milestones

Jan 2020

- 20+ Revel Titles released
- GLP platform additional core services added
- Integration of Smart Sparrow

Fall 2020

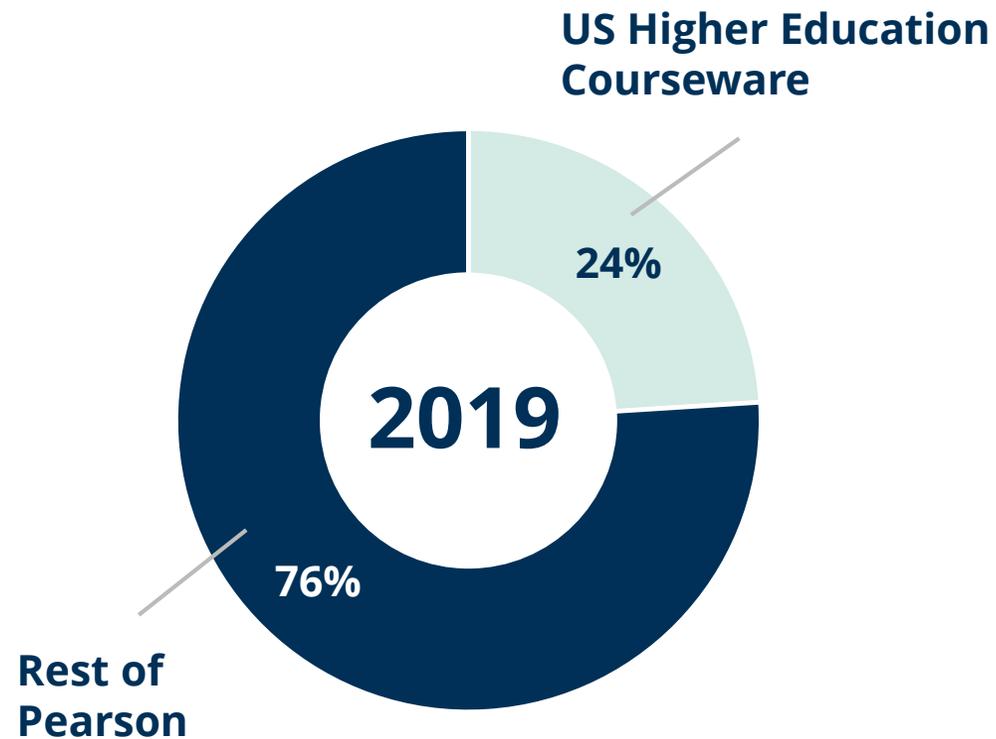
- **Next generation Pearson eBook launch.** Direct to Learner with expanded catalogue and new features – now platform based, more secure

By end of 2020

- **Revel: Improved UX and Feature parity of Revel on GLP.** Targeting additional 300+ Revel titles on GLP with improved UX
- **MyLab/Mastering/Revel 2021 'Digital First' titles in full production**
- **MyLab/Mastering (MLM) - plan & build for MLM 2.0.** Student/instructor assignment and homework designs for launch in 2021
- Incorporate Rio capability into MyMathLab

Foundations laid for future growth, simplification on track

Revenue Mix



Simplification

c.2,500 applications decommissioned

81 data centres closed

1 ERP system running 80% of Group revenue

30 net reduction in global property portfolio

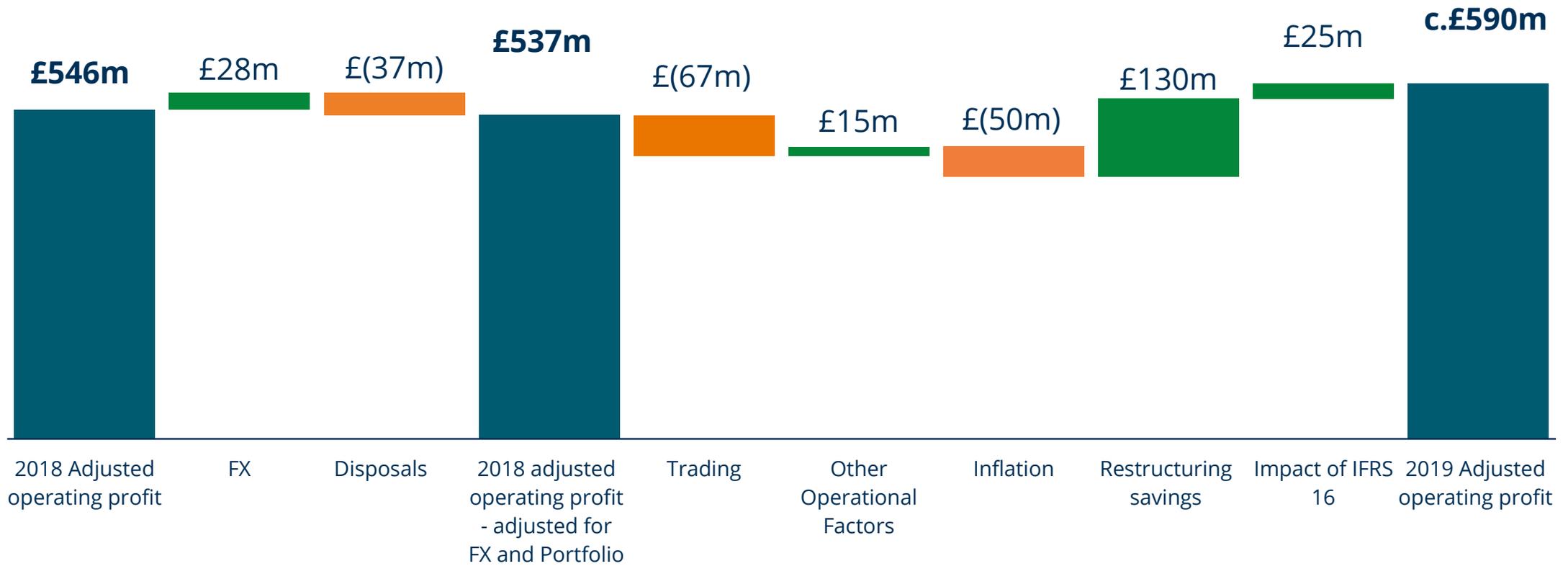
16 new global, scalable, cloud-based platforms built

C.£1bn of costs removed since 2013

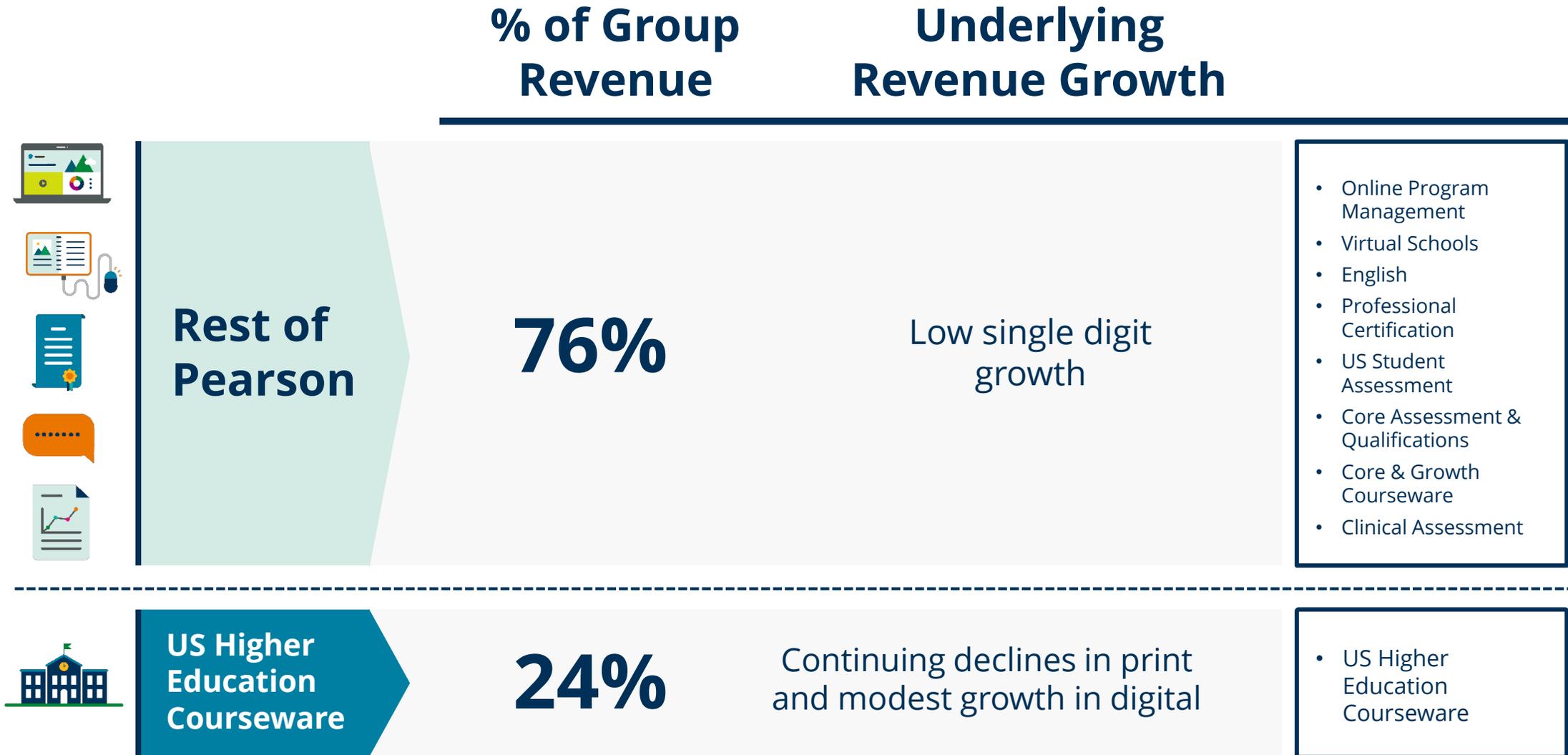
Sales

£m	<i>Underlying growth</i>
North America	(3%)
Core	5%
Growth	4%
Total sales	0%

2019 profit movement



2020 guidance



2020 guidance

Full Year 2020 Guidance	Lower	Upper
Adjusted operating profit ¹	£500m	£580m
Finance charge		c.£50m
Tax rate		c.19%
Adjusted EPS [†]	46.5p	55.0p

FX Sensitivity

A 5c movement in the US Dollar has a c.2.0p - 2.5p impact on EPS

Dividends

Progressive and sustainable

Updated reporting structure for 2020

At our preliminary results we will be updating our reporting structure to more closely align to our product segments.

Segment	<i>Business unit</i>
Global Online Learning	<i>OPM, Connections</i>
Global Assessment	<i>Pearson Vue, US Student Assessment, US Clinical Assessment</i>
International	<i>Core and Growth excluding online learning, and including UK Qualifications & Courseware, English</i>
North American Courseware	<i>US Higher Education Courseware, Canadian Courseware</i>
Back office functions	

ALWAYS LEARNING