



# Pearson investment case

Pearson is the world's lifelong learning company. Our purpose is to help people realise the life they imagine through learning.

# Our strengths & market opportunities

At Pearson we do three things:



We create and curate learning content



We distribute content digitally and physically



We build and verify skills

We hold leadership positions in a large and growing global addressable market. We have also identified another set of segments, where we already have presence, or that provide a close adjacency, where we are confident we can build a strong position.

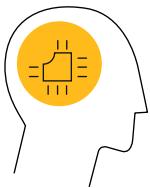
**\$15bn | 2%**

Core US market value and growth



**\$80bn | 5%+**

Core and Adjacent US market value and growth



Significant demographic shifts and rapid advances in generative AI will be important drivers of change in education and work over the coming years, supporting this market growth and playing to Pearson's strengths in assessment and verification.

"

The Pearson investment proposition provides diversified access to the growing learning market, strong financials, and highly rated planet, people and product credentials

Sally Johnson, CFO

### Leading market positions, products and services and deep and trusted relationships

Pearson is a well-diversified business with leading positions in our chosen markets. We have trusted learning products and services built on deep insight into how people learn and we benefit from an extensive network of trusted relationships with authors, institutions, educators, policy makers, students and companies.

### Strong track record of attractive returns for shareholders

Disciplined execution of our strategy has enabled us to deliver a revenue CAGR of 6%\* and margin enhancement of 6% (2020-2023), enabling us to return over £1bn to shareholders.



\*Underlying and excluding OPM and Strategic Review businesses



## Our strategic priorities

We now see four main areas of opportunity for Pearson:

1

### Targeted Market Expansion

Targeted expansion into larger and faster growing adjacent segments of the learning market where we are confident we can build a strong position.

2

### Driving performance in the Core Business

We will continue to unlock opportunities across each of our businesses to deliver better products with greater efficiency.

3

### Execution Synergies

We will realise opportunities for revenue and margin synergies across our businesses from a) product and service bundling, b) a modern approach to software and product development, and c) a focus on strategic partnerships.

4

### Medium Term Growth Vectors

We have identified two growth areas in which we are well positioned to thrive given our strengths, IP and relationships.



Early  
Careers



Enterprise  
Skilling

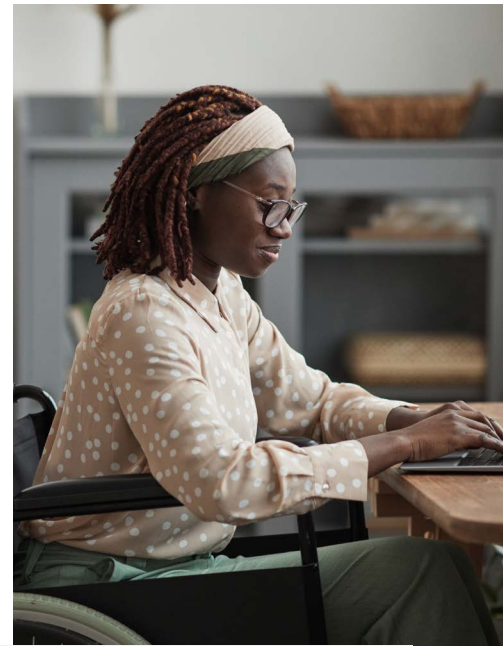


# Our financial outlook

We have sustained growth potential with a robust balance sheet and targeted capital allocation

We will realise these opportunities through a targeted approach to capital allocation – focused on opportunities in the higher growth segments of the markets which we serve and with a selective and disciplined approach to M&A – a deep focus on product innovation, and fostering a performance culture which will underpin strong execution.

We expect this to deliver **sustained and attractive shareholder returns**, with expectations of:



**Mid-single digit**

underlying sales CAGR

**40bps**

average annual margin growth from 2025

**90-100%**

free cash conversion

## ESG (or Responsible Business Framework)

As the world's lifelong learning company, creating a more sustainable world is a natural part of everything we do. Learning impacts all aspects of an individual's life. Creating a ripple effect with expansive outcomes. For instance, we know that with every extra year of education, there is a 2% reduction in mortality risks. Learning itself is the greatest force for change in our world and helping people gain knowledge and skills is, inherently, a way to improve our planet and our society. Helping people realise the life they imagine through learning requires putting our customers first and creating a positive impact for all our stakeholders through the implementation of our ESG framework:

- **Driving learning for everyone with our products:** We ensure the development of safe, secure, and responsible AI-enabled commercial products and services and regularly update and strengthen our data privacy and security systems.
- **Empowering our people to make a difference:** Our goal is to be a world class place to work, offering an inclusive environment where everyone can leverage their strengths to drive high performance.
- **Leading responsibly for a better planet:** We recognise our responsibility to reduce our environmental impact and to make progress against our emissions reduction, and net zero commitments.

Pearson is rated AA by MSCI for ESG, and have a negligible risk rating provided by Sustainalytics. We are also a member of the S&P Sustainability Yearbook as part of its annual Corporate Sustainability Assessment and included in the Dow Jones Sustainability Indexes and FTSE 4 Good indexes. Our Annual Report is also in alignment with various reporting frameworks such as GRI, SASB and TCFD.