

Pearson Plc (PSON:LN)



London
Stock Exchange

Consumer Discretionary/Publishing

Price: 622.80 GBX

Report Date: August 11, 2020

Business Description and Key Statistics

Pearson is engaged as a learning company. Co. provides content, assessment and digital services to schools, colleges and universities, as well as professional and vocational education to learners to help increase their skills and employability prospects. Co.'s content includes: Bug Club, a school phonics reading programme for children; and enVisionMATH2:0, a maths curriculum. Co.'s assessment includes its U.K. qualifications, which is an awarding body, offering both academic and vocational qualifications. Co.'s services include its online programme management, which partner with colleges and universities to extend the reach of their degree programmes by scaling online.

Website: www.pearson.com

ICB Industry: Consumer Discretionary

ICB Subsector: Publishing

Address: 80 Strand
London
GBR

Employees: 22,734

| | Current | YTY % Chg |
|---------------------------------------|-----------------|-----------|
| Revenue LFY (M) | 3,869 | -6.3 |
| Operating EPS LFY | 0.34 | -55.0 |
| Market Value (M) | 4,851 | |
| Shares Outstanding (000) | 778,841 | |
| Book Value Per Share | 5.54 | |
| EBITDA Margin % | 15.80 | |
| Net Margin % | 6.8 | |
| Long-Term Debt / Capital % | 26.7 | |
| Dividends and Yield TTM | 0.20 - 3.13% | |
| Payout Ratio TTM % | 55.9 | |
| 60-Day Average Volume (000) | 3,581 | |
| 52-Week High & Low | 875.00 - 423.50 | |
| Price / 52-Week High & Low | 0.71 - 1.47 | |

Price, Moving Averages & Volume



Pearson Plc is currently trading at 622.80 which is 11.3% above its 50 day moving average price of 559.44 and 9.9% above its 200 day moving average price of 566.67.

PSON:LN is currently 28.8% below its 52-week high price of 875.00 and is 47.1% above its 52-week low price of 423.50. Over the past 52-weeks, PSON:LN is down 23.8% while on a calendar year-to-date basis it is down 2.2%.

The Relative Strength Index (RSI) indicator for PSON:LN is currently 68.16. An RSI value of 70 and above is considered overbought and 30 and below oversold.

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Price Performance, Technical Indicators & Risk Metrics

| Price Performance | % Change | Difference vs FTSE 350 | Technical Indicators | |
|----------------------|----------|------------------------|-------------------------------|--------|
| 1-Day % | 2.30 | 0.62 | 50-Day Average Price | 559.44 |
| 1-Week % | 14.07 | 11.76 | Price / 50-Day Average | 1.11 |
| 4-Week % | 12.58 | 12.13 | 200-Day Average Price | 566.67 |
| 52-Week % | -23.81 | -10.57 | Price / 200-Day Average | 1.10 |
| Quarter-to-Date % | 8.16 | 7.52 | RSI - Relative Strength Index | 68.16 |
| Year-to-Date % | -2.23 | 16.06 | Risk Metrics | |
| Last Month % | -7.78 | -3.92 | Price Volatility | 27.78 |
| Last Quarter % | 4.20 | -5.32 | Sharpe Ratio | -0.09 |
| Last Calendar Year % | -32.12 | -46.29 | Sortino Ratio | -0.14 |

5-Year Price Performance vs. FTSE 350

Pearson Plc
FTSE 350 Index

Current: 0.54 CAGR: -11.7%
Current: 0.87 CAGR: -2.8%



Over the past five years, Pearson Plc's stock price is down 46.3% which is 33.3% below the FTSE 350 Index performance of -13.0% over the same period. Pearson Plc's cumulative annualized growth rate (CAGR) over the five year period has been -11.7% while that of the FTSE 350 Index has been -2.8%.

Over the past year, Pearson Plc's stock price performance of -23.8% has underperformed that of the FTSE 350 Index by 10.6%. On a year-to-date basis, Pearson Plc's stock price performance of -2.2% has underperformed the FTSE 350 Index by 16.1%.

Over the past week, Pearson Plc's stock price performance of 14.1% has outperformed that of the FTSE 350 Index by 11.8%.

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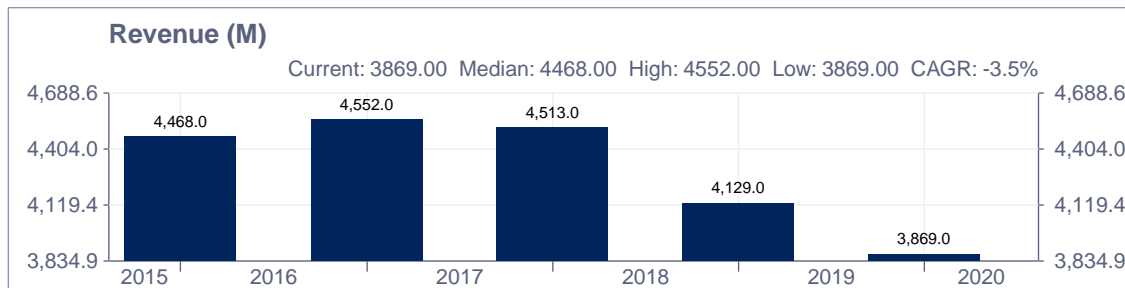
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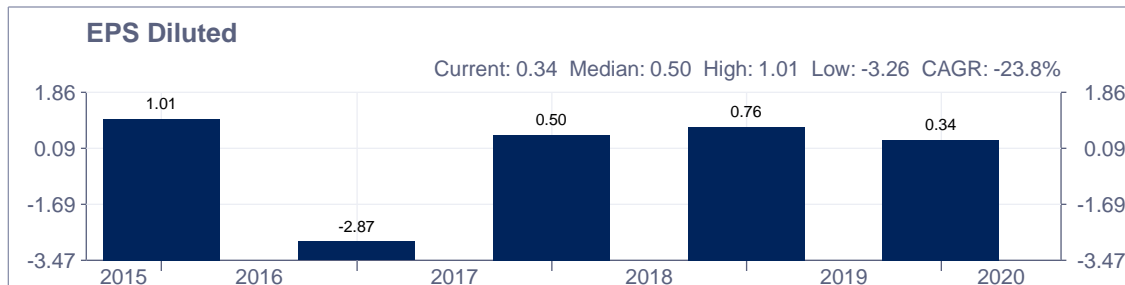
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Growth and Profitability Metrics

| Historical Growth | 3-Year | 5-Year | 10-Year | Profitability | Current | 5-Year Average | 10-Year Average |
|------------------------|--------|--------|---------|---------------------|---------|----------------|-----------------|
| Revenues % | -5.3 | -4.5 | -3.7 | Gross Margin % | 52.0 | 53.9 | 54.5 |
| Revenues Per Share % | -3.9 | -3.8 | -3.4 | EBITDA Margin % | 15.8 | 14.4 | 15.5 |
| EBITDA % | 24.3 | -4.0 | -4.4 | Pre-Tax Margin % | 4.6 | -10.1 | 0.2 |
| Operating EPS % | 999.9 | -10.1 | -4.4 | Net Margin % | 6.8 | -1.8 | 6.0 |
| Free Cash Flow % | 0.6 | -3.0 | -8.2 | Return on Equity % | 5.9 | -0.5 | 6.6 |
| Cash from Operations % | -3.5 | -4.1 | -7.7 | Return on Capital % | 4.9 | 0.0 | 5.0 |
| Book Value % | 1.3 | -5.5 | 0.2 | Return on Assets % | 3.4 | -0.2 | 3.4 |



Pearson Plc's cumulative annualized revenue growth rate over the charted period is -3.5%. This compares to revenue growth of -6.3% last fiscal year and cumulative annualized growth of -5.3% over the past 3 years.



Pearson Plc's cumulative annualized EPS growth rate over the charted period is -23.8%. This compares to EPS growth of -55.0% last fiscal year and cumulative annualized growth of 999.9% over the past 3 years.



Pearson Plc's net profit margin last fiscal year of 6.8% is 8.6% above the period's mean net margin of -1.8%. During the charted period, the observed net profit margin high and low were 18.4% and -51.3% respectively.



Pearson Plc's return on equity of 5.9% is 6.5% above the period's mean return on equity of -0.6%. During the charted period, the observed ROE high and low were 14.5% and -39.6% respectively.

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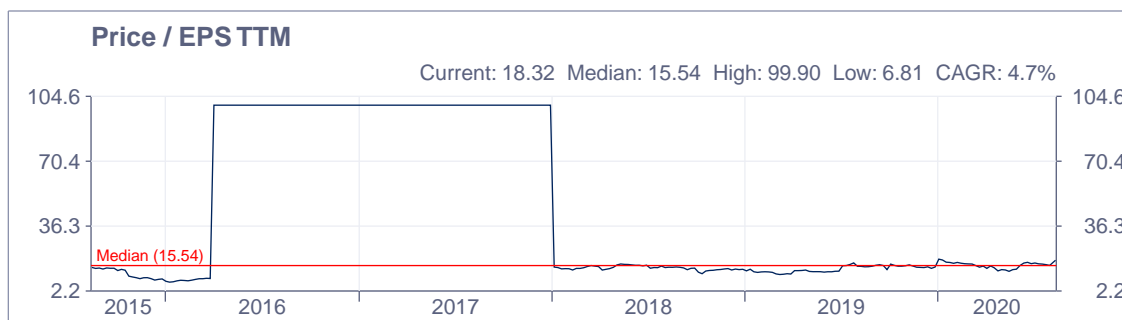
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Valuation Metrics

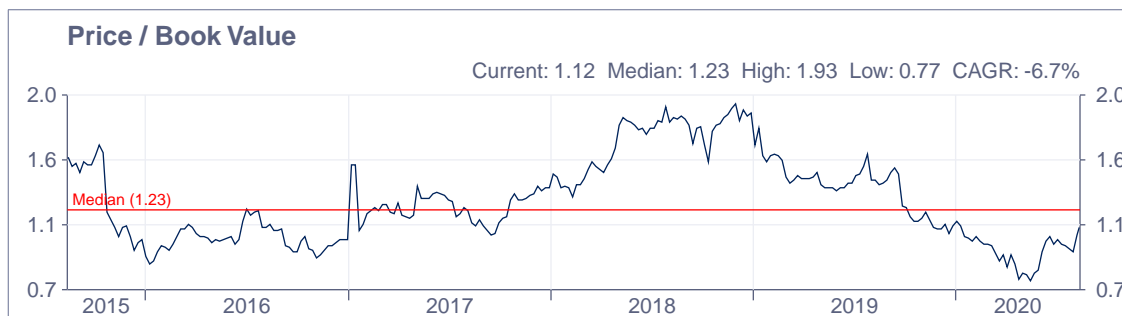
| | Current | 5-Year Median | 10-Year Median | | Current | 5-Year Median | 10-Year Median |
|-----------------------------|---------|---------------|----------------|---------------------------|---------|---------------|----------------|
| Price / EPS TTM | 18.3 | 15.5 | 15.9 | Earnings Yield % | 7.34 | 6.54 | 6.37 |
| Price / Sales | 1.3 | 1.4 | 1.6 | Free Cash Flow Yield % | 6.48 | 4.69 | 5.13 |
| Price / Operating Cash Flow | 7.4 | 7.8 | 8.4 | Dividend Yield % | 3.13 | 5.37 | 3.73 |
| Price / Book Value | 1.1 | 1.2 | 1.6 | Enterprise Value / EBITDA | 10.0 | 10.7 | 11.2 |



Pearson Plc is trading at 18.32 times its EPS generated during the latest fiscal year. This multiple is above the historically observed median of 15.54, while high and low observations have been 99.90 and 6.81.



Pearson Plc is trading at a Price to Sales ratio of 1.25 based on sales generated during the latest fiscal year. This ratio is below the historically observed median ratio of 1.42, while high and low observations have been 2.17 and 0.86.



Pearson Plc is trading at a Price to Book ratio of 1.12 based on book value at the latest fiscal year end. This ratio is below the historically observed median of 1.23, while high and low observations have been 1.93 and 0.77.



Pearson Plc has a Free Cash Flow Yield of 6.48% based on free cash flow generated during the latest fiscal year. This value is above the historically observed median yield of 4.69%, while high and low observations have been 9.49 and 1.72.

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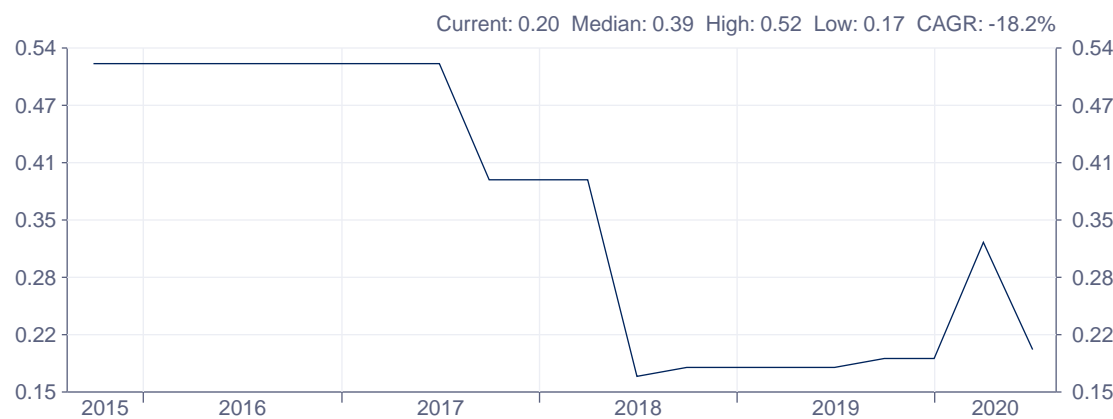
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Dividends Data

| Dividends Per Share TTM | 0.20 | Payout Ratio TTM % | 55.88% | Dividend Yield TTM % | 3.13% |
|-------------------------|------------|--------------------|--------------|----------------------|---------------|
| Rate | Ex Date | Record Date | Payment Date | Currency | Note |
| 0.135 | 26-03-2020 | 27-03-2020 | 07-05-2020 | GBP | FINAL GROSS |
| 0.060 | 15-08-2019 | 16-08-2019 | 13-09-2019 | GBP | INTERIM GROSS |
| 0.130 | 04-04-2019 | 05-04-2019 | 10-05-2019 | GBP | FINAL GROSS |
| 0.055 | 16-08-2018 | 17-08-2018 | 14-09-2018 | GBP | INTERIM GROSS |
| 0.120 | 05-04-2018 | 06-04-2018 | 11-05-2018 | GBP | FINAL GROSS |
| 0.050 | 17-08-2017 | 18-08-2017 | 15-09-2017 | GBP | INTERIM GROSS |
| 0.340 | 06-04-2017 | 07-04-2017 | 12-05-2017 | GBP | FINAL GROSS |
| 0.180 | 18-08-2016 | 19-08-2016 | 16-09-2016 | GBP | INTERIM GROSS |
| 0.340 | 07-04-2016 | 08-04-2016 | 06-05-2016 | GBP | FINAL GROSS |
| 0.180 | 13-08-2015 | 14-08-2015 | 11-09-2015 | GBP | INTERIM NET |
| 0.340 | 02-04-2015 | 07-04-2015 | 01-05-2015 | GBP | FINAL NET |
| 0.170 | 13-08-2014 | 15-08-2014 | 12-09-2014 | GBP | INTERIM NET |

Dividend Growth and Yield

Dividends Per Share TTM



Pearson Plc's trailing 12-month dividend per share is 0.20 and its dividend has grown at a cumulative annualized rate of -18.2% over the charted period. This compares to dividend growth of 5.40% over the past year and cumulative annualized growth of -27.90% over the past 3 years.

Dividend Yield TTM %



Pearson Plc's current dividend yield is 3.13% based on trailing 12 month dividends. The current yield is below the historically observed median of 5.38% and, over the charted time period, the observed high yield has been 9.15% and the observed low yield has been 1.70%.

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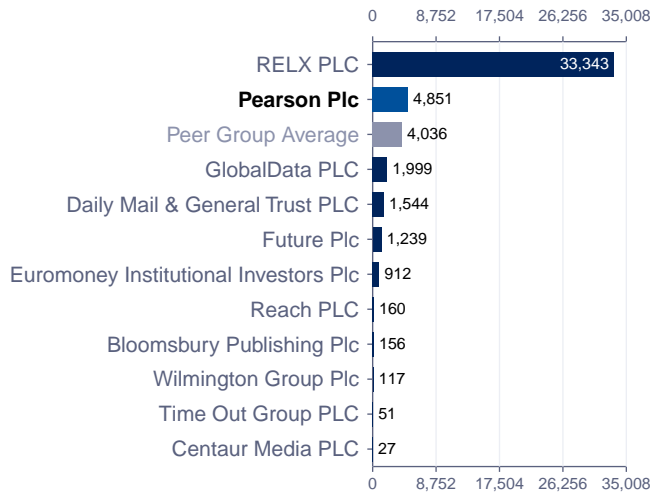
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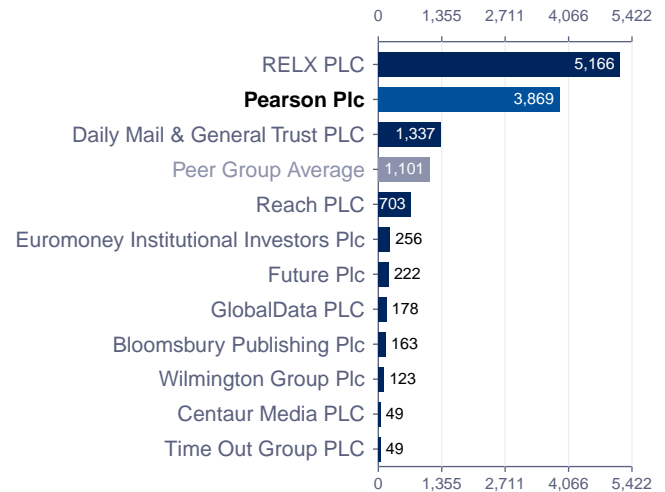
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Subsector Peer Comparisons

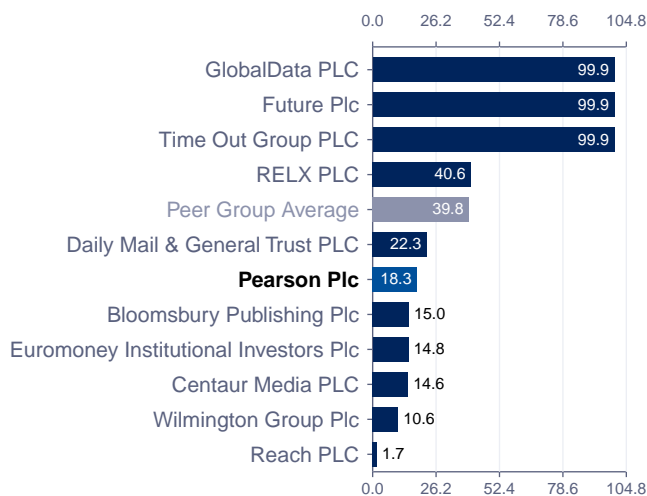
Market Value (M)



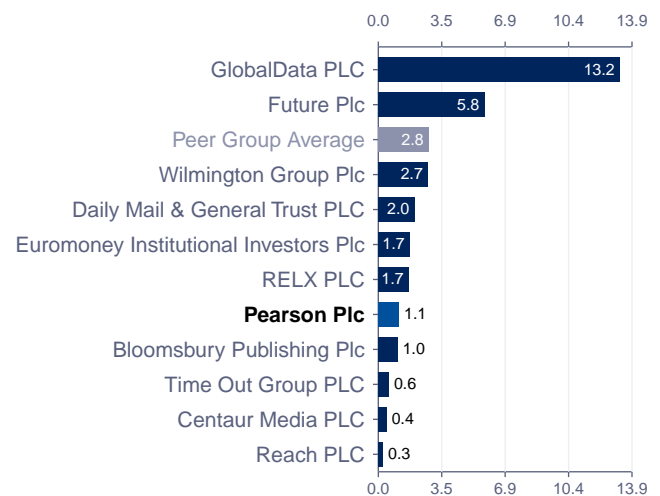
Revenue LFY (M)



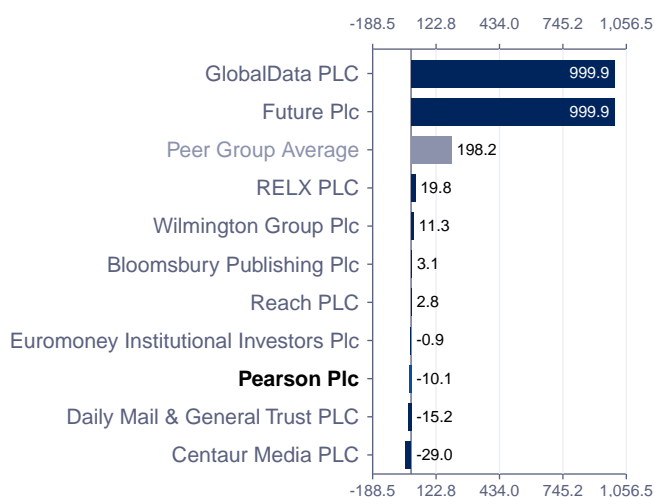
Price / EPS TTM



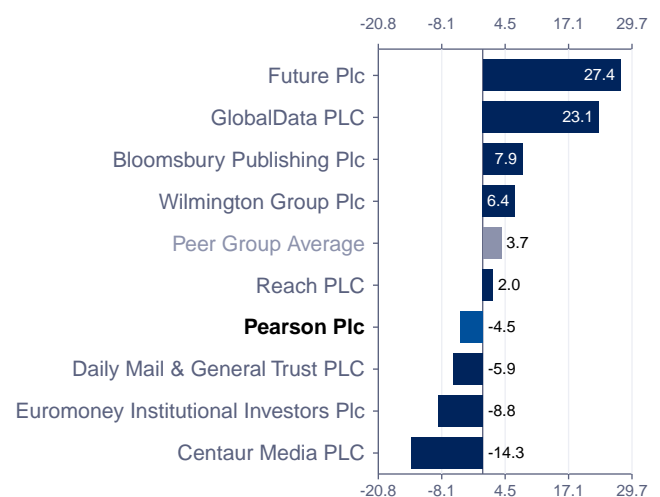
Price / Book Value



EPS 5-Year Growth Rate %



Revenue 5-Year Growth Rate %



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Abbreviations:

| | |
|---------------|---|
| CAGR | - Cumulative annual growth rate. |
| EBIT | - Earnings before interest and taxes. |
| EBITDA | - Earnings before interest, taxes, depreciation & amortization. |
| LFY | - Last fiscal year |
| M | - Million |
| LON | - London Stock Exchange |

Definitions:

Market Value - Weekly Price times latest Shares Outstanding times any applicable ADR factor.

Revenue - Sum of the last four quarters of Revenues.

Revenue Per Share - Sum of the last four quarters of Total Revenue divided by Weighted Average Shares Outstanding.

Operating EPS LFY - EPS excluding non-recurring, non-operating items, fiscal year aligned TTM value.

60-Day Average Volume (000) - The average of the last 60 daily volume values in thousands of shares.

Price 52-Week High - The high closing price from the last 52 weeks of daily closing prices.

Price 52-Week Low - The low closing price from the last 52 weeks of daily closing prices.

Price / 52-Week High - Latest price divided by the high price from the past 52 weeks of daily closing prices.

Price / 52-Week Low - Latest price divided by the low price from the past 52 weeks of daily closing prices.

50-Day Average Price - Mean of last 50 daily closing prices.

200-Day Average Price - Mean of last 200 daily closing prices.

Price / 50-Day Average Price - Latest closing price divided by mean of last 50 daily closing prices, as a percentage.

Price / 200-Day Average Price - Latest closing price divided by mean of last 200 daily closing prices, as a percentage.

Relative Strength Index - Relative Strength Index or RSI measures the magnitude of gains over a given time period against the magnitude of losses over that period. The equation is $RSI = 100 - 100 / (1 + RS)$ where $RS = (\text{total gains} / n) / (\text{total losses} / n)$ and $n = \text{number of RSI periods}$. In this item, 14 days is used and one year of daily prices are considered. A value of 30 or below may imply oversold and 70 or above may imply overbought.

Price Volatility - The standard deviation of the last 20 days of daily closing prices.

Sharpe Ratio - The 5 year average of the excess monthly return over the risk - free rate(1 - month T - bill) over the 5 year standard deviation of the same series.

Sortino Ratio - The same calculation as the Sharpe Ratio but with positive excess returns set to zero for the standard deviation denominator, so only negative volatility weighs in.

Dividends Per Share TTM - Sum of the last four quarters of Dividends Per Share.

Payout Ratio - Dividends Per Share TTM divided by Operating EPS TTM.

Dividend Yield TTM % - Sum of the last four quarter of Dividends Per Share divided by Weekly Price.

EBITDA - Sum of the last four quarters of EBITDA (Operating Income + Depreciation & Amortization).

Free Cash Flow - Sum of the last four quarters Net Cash from Operations minus Capital Expenditures (Purchase of Property, Plant & Equipment), from the Cash Flow Statement.

Book Value - Total Common Equity last quarter divided by Shares Outstanding last quarter.

Book Value Per Share - Total Common Equity last quarter divided by Shares Outstanding last quarter.

Gross Margin % - Sum of the last four quarters Gross Profit divided by the sum of the last four quarters Revenues.

EBITDA Margin % - Sum of the last four quarters EBITDA divided by the sum of the last four quarters Revenues.

Pre-Tax Margin % - Sum of the last four quarters of Earnings Before Taxes divided by sum of the last four quarters Revenues.

Net Profit Margin % - Sum of the last four quarters of Operating EPS divided by sum of the last four quarters Revenues Per Share.

Return on Equity % - Sum of the last four quarters of Operating EPS divided by the average of the last four quarters Book Value.

Return on Capital % - Sum of the last four quarters of Operating EPS divided by the average of the last four quarters Total Capital Per Share.

Return on Assets % - Sum of the last four quarters of Operating EPS divided by the average of the last four quarters Total Assets Per Share.

Price / EPS TTM - Weekly Price divided by the sum of the last four quarters of Operating EPS (capped at 99.9).

Price / Sales - Weekly Price divided by Revenues Per Share TTM.

Price / Book Value - Weekly Price divided by Book Value Per Share last quarter. Book Value Per Share is Total Common Equity last quarter divided by Shares Outstanding last quarter (capped at 49.9).

Free Cash Flow Yield % - Free Cash Flow Per Share TTM divided by Weekly Price.

Enterprise Value - Market Value plus Total Debt last year plus Preferred Equity last year minus Cash & Cash Equivalents last year.

Enterprise Value / Sales - Enterprise Value divided by the sum of the last four quarters of Revenue.

Enterprise Value / EBITDA - Enterprise Value divided by EBITDA TTM.

Enterprise Value / EBIT - Enterprise Value divided by trailing four quarters of Operating Income.

Enterprise Value / Free Cash Flow - Enterprise Value divided by the sum of the last four quarters of Free Cash Flow.

Russell 1000 Index - The largest 1,000 stocks by market cap, the index comprehensively covers the US large cap universe.

EPS 5-Year Growth Rate % is capped at 999.9%.

Revenue 5-Year Growth Rate % is capped at 999.9%.

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