

Pearson PLC

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Pearson returns to sales growth, trims earnings guidance after sale

Pearson PLC's (LON:PSON) accelerated shift to digital products helped put the educational publisher on the front foot at the start of 2019.

Underlying revenue grew 2% in the first three months of the year, as the North American business lifted sales 2%, a return to growth after last year's 1% decline.

"We are off to a strong start to the year, having laid good foundations in 2018," said chief executive John Fallon, who expects sales to stabilise this year but underlying profits to increase as cost savings stacks up to an annualised £330m by the end of the year.

On track

The FTSE 100 group said it was still on track to hit its underlying operating profits target of £590-640m, after adjusting for the sale of its US K12 Courseware business at the end of the quarter, but this saw its earnings per share guidance cut to 53.5-59p from 55.5-61p.

North America, which represented two thirds of sales last year, benefitted from "good growth" in online programme management, virtual schools and professional certification was partially offset by a "slight decline" in revenue from US Higher Education Courseware, which is still expected to be flat-to-down 5% for the full year.

Revenues in the Core division, representing the UK, Australia and Italy and accounting for around a fifth of group turnover, were up 4%, helped by good growth in English academic tests and OPM as well as phasing in courseware in the UK and Europe.

Growth markets were flat, however, which was blamed on the timing of orders in China and Brazil.

Fallon said: "We continue to make progress against our strategic priorities, and we are bringing exciting new products and capabilities to market in 2019 which will continue to accelerate our move to digital."

Net debt was also trimmed to £0.5bn from £0.6bn a year ago on a pre-IFRS 16 basis, or £1.2bn under the new accounting rules.

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

Price: £8.89

Market Cap: £68.41 m

1 Year Share Price Graph



Share Information

Code: PSON

Listing: LSE

52 week	High	Low
	1030	764

Sector: Media

Website: www.pearson.com

Company Synopsis:

Pearson is an international media company with market-leading businesses in education, business information and consumer publishing.

action@proactiveinvestors.com

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