

Financial highlights

In financial terms, Pearson's goal is to achieve sustainable growth on three key financial goals – earnings, cash and return on invested capital, and reliable cash returns to our investors through healthy and growing dividends. Over the past five years, we have produced consistent and considerable growth on all measures. In 2012, though we performed well competitively in tough market conditions, headline earnings and cash were lower than the previous year. Our return on invested capital was level at 9.1% and we are proposing a 7% dividend increase.

	2012 £m	2011 £m	HEADLINE GROWTH	CER GROWTH	UNDERLYING GROWTH
Business performance*					
Sales	6,112	5,862	4%	5%	(1)%
Adjusted operating profit	936	942	(1)%	1%	(2)%
Adjusted earnings per share	84.2p	86.5p	(3)%		
Operating cash flow	788	983	(20)%		
Free cash flow	657	772	(15)%		
Free cash flow per share	81.7p	96.5p	(15)%		
Return on invested capital	9.1%	9.1%	–		
Net debt	(918)	(499)	(84)%		
Statutory results					
Sales	5,059	4,817	5%		
Operating profit	515	1,118	(54)%		
Profit before tax	434	1,047	(59)%		
Basic earnings per share	40.5p	119.6p	(66)%		
Cash generated from operations	916	1,093	(16)%		
Dividend per share	45.0p	42.0p	7%		

*Total business (Includes Penguin, which is discontinued in our statutory accounts.)

Note

Pearson's 2011 statutory results include a £412m profit on the sale of our 50% stake in FTSE International. The 2012 statutory results include £113m in closure costs related to Pearson in Practice.

Throughout this document:

- Growth rates are stated on a constant exchange rate (CER) basis unless otherwise stated. Where quoted, underlying growth rates exclude both currency movements and portfolio changes. Sales and operating profit are stated on a continuing basis, unless otherwise stated.
- The 'business performance' measures are non-GAAP measures and reconciliations to the equivalent statutory heading under IFRS are included in notes 2, 8 and 34 to the annual report.

2012 SALES

£6.1bn
+5%

2012 ADJUSTED OPERATING PROFIT

£936m
+1%

OUR FIVE-YEAR RECORD

Average annual growth in headline terms 2007–2012

Adjusted earnings per share

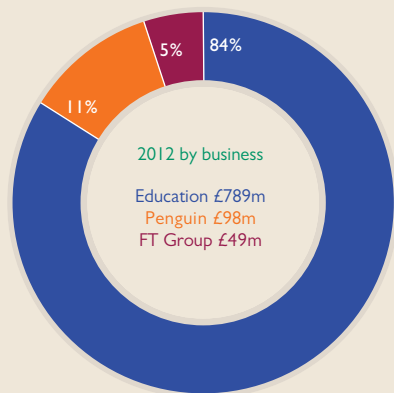
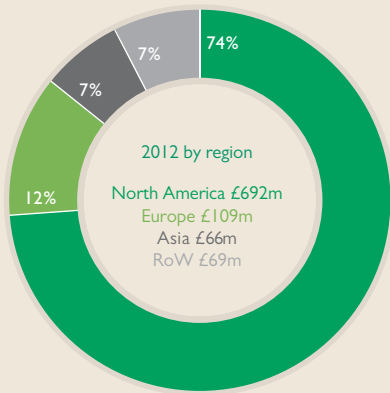
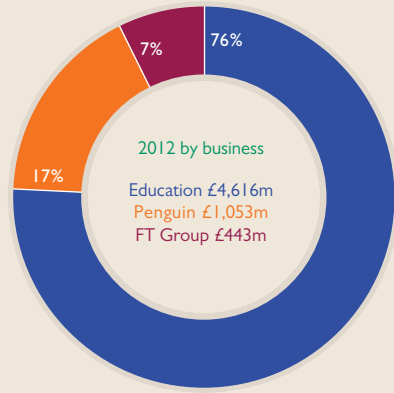
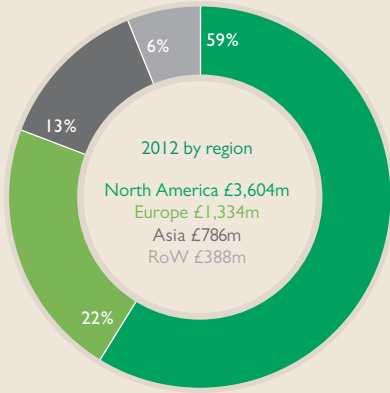
+13%

Operating cash flow

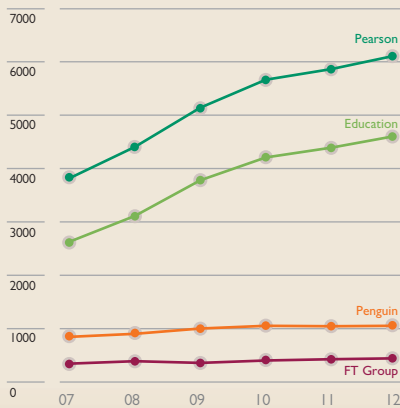
+3%

Dividend

+7%



Sales £m



Adjusted operating profit £m

