Pace plc

Preliminary financial results for the year ended 31 December 2012

05 March 2013

Pace interim results (for the year ended 31 December 2012)

Overview

Financial results

Strategic Plan and business performance update

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Overview

2012 has been year of stabilisation and recovery

PayTV market remains resilient and demand for Pace's products and services continues to be strong

Significant progress on execution of Strategic Plan:

- Operational performance and efficiency significantly improved, with opportunity for further improvements in 2013 and beyond
- Leading the market in the evolution to next generation Media Servers
- Building further momentum with key wins and deployments of our software and services assets

Strong financial results:

- Group revenue $2,403.4m, 4.1% increase (2011: $2,309.3m)
- Group adjusted EBITA* $158.1m, 11.8% increase (2011: $141.4m)
- Group adjusted operating margin* of 6.6%, 7.3% Pre-HDD (2011: 6.1%, 6.4% Pre-HDD)
- Net debt reduction of 49.2% to $163.3m (2011: $321.7m)
- Full year dividend of 4.50c, 20.0% increase (2011: 3.75c)

Clear plan and good line of sight to making further progress in 2013

* Adjusted is before exceptional costs and amortisation of other intangibles

Summary financial results

Consolidated income statement (FY2012)

P&L $m	*Group 2011*	***Group 2012***	*variance*	*PreHDD variance*
Revenue	2,309.3	**2,403.4**	4.1%	5.7%
Gross margin	443.3	**433.0**	(2.3%)	0.9%
Gross margin %	19.2%	**18.0%**	(1.2)ppt	(0.9)ppt
Overheads	301.9	**274.9**	(8.9%)	(8.9%)
Adjusted* EBITA	141.4	**158.1**	11.8%	20.6%
Adjusted* EBITA margin %	6.1%	**6.6%**	0.5ppt	0.9ppt
Exceptional costs	(12.7)	**(12.5)**		
Amortisation of other intangibles	(55.7)	**(51.8)**		
Interest	(18.3)	**(13.7)**		
Profit before tax	54.7	**80.1**		
Tax	(15.9)	**(21.7)**		
Profit after tax	38.8	**58.4**		
Basic EPS (cents)	13.2c	**19.4c**		
Adjusted* basic EPS (cents)	29.7c	**35.1c**		
Dividend per share (cents)	3.75c	**4.50c**		

Revenue
- 4.1% increase largely due to Media Server demand in North America

Gross margin
- Decreased due to HDD supply issues and mix of revenue

Impact of HDD supply issues in 2012
- Revenue impact of $76.8m and GM / EBITA impact of $23.1m all in H1

Overheads
- 10.6% decrease pre-IAS 38 due to restructuring and efficiency improvements, includes increased investment in S&S R&D

Adjusted EBITA
- Underlying adjusted EBITA margin up 0.9ppt to 7.3%

Exceptional costs
- Change in Directors ($1.4m), restructuring costs ($7.6m), costs associated with the proposal to acquire Motorola Home business ($3.5m)

Interest
- Decreased due to reduction in net debt during the year

Tax
- Effective tax rate of 27.1% (2011: 29.1%)

Dividend
- 20.0% increase to reflect confidence in outlook and progressive dividend policy

* Adjusted basic EPS is based on earnings before the post-tax value of exceptional costs and the amortisation of other intangibles.

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Balance sheet (FY2012)

Balance sheet $m (Group)	*31 Dec 2011*	***31 Dec 2012***
Property, Plant & Equipment	63.0	**62.8**
Goodwill	335.6	**337.9**
Intangibles	218.0	**166.2**
Development expenditure	53.9	**56.3**
Inventories	150.0	**182.1**
Trade and other receivables	402.3	**558.7**
Trade and other payables	(370.2)	**(629.7)**
Net working capital	182.1	**111.1**
Current and deferred tax	(33.5)	**(31.6)**
Provisions	(56.6)	**(67.5)**
Other *	(33.7)	**(11.8)**
Net (debt) / cash	(321.7)	**(163.3)**
Net assets	407.1	**460.1**

Property, Plant & Equipment

- Capital expenditure being tightly managed, 2012 reflects a normalised level

Development expenditure

- Lightly capitalised R&D amortized quickly
- Increase in assets in 2012 reflects investment in next generation products

Net Working Capital

- Inventory controls strengthened; tight alignment to confirmed revenue and mix improved
- Receivables controls improved; debtor days reduced by 8 days to 53 days, mainly due to customer mix
- Payables normalised from low position at Dec 2011; reflect moving supplier terms to match Pace's working capital cycle

Provisions

- Amounts for royalties and future warranty claims

Other

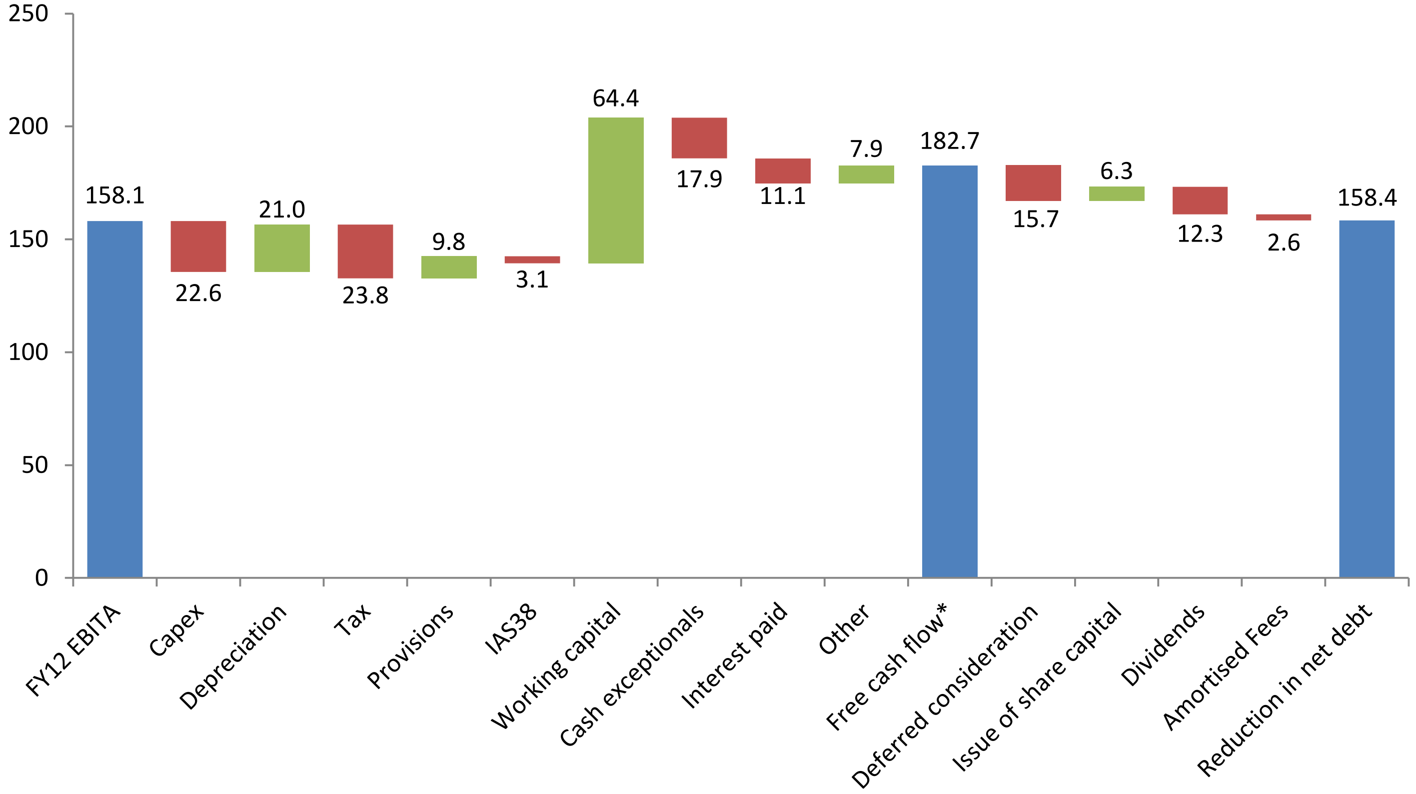
- Reduced following payment of remaining Latens acquisition deferred consideration
- Balance relates primarily to exceptional costs

Net debt

- Decreased 49.2%; 1.9x to 0.9x Net debt / Adjusted EBITDA
- $75m term loan repayments made in year

* Creditors for exceptional costs have been reclassified from the presentation format in the statutory Balance Sheet into Other

Cash flow (FY2012)



Notes: Term loan repayments in period of $75m not shown as there is an offsetting movement between net debt & cash
Cash movement in working capital and provisions excludes re-translation of items denominated in foreign currencies
*Free cash flow is calculated as cash flow before proceeds from issue of shares, dividends, acquisition cash flows and debt repayment / draw down

Strategic Plan and business performance update

Transform core economics

1 Opex efficiency improvement	• Underlying operating expenses* reduced by 10.6% whilst continuing to invest in software and services R&D • Continued focus on opportunities for further efficiencies across the business
2 COGS improvement	• Managed well through Hard Disk Drive (“HDD”) supply disruption • Electronics Manufacturing Services (“EMS”) footprint consolidation underway – to be completed by end H1 2013 • Continued reduction and improvement of Approved Vendor List (“AVL”); reduced no. of vendors by more than 12% and leveraging EMS partner relationships • Focus on smart engineering, leveraging innovation and scale; first common Americas / International platform built
3 Balance Sheet and Working Capital improvement	• Strengthened inventory control; tight alignment to confirmed revenue, better mix, increased stock turns by 19.2% • Strong cashflow of $182.7m, 115.6% of adjusted EBITA, reflecting re-alignment of working capital cycle

* Excluding the impact of IAS 38 adjustments

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Build on position as a world leader in PayTV Hardware

Reconfirmed as Global #1 for STB* and #1 for Residential Gateways**

Notable wins and developments in 2012:

- **DIRECTV**: HR44 Genie™ Media Server and C41 mini Genie™ Client approved for production
- **Comcast xfinity**: XG5 Media Server and Xi3 Client Developed
- **TiVo**: Global partnership and field trials underway
- **MTS**: VDSL Gateways
- **DIRECTV**: HR34 Media Server and C31 Client
- **Comcast xfinity**: XG1 Media Server
- **telenet, FOXTEL, Get**: Media Server

Source: *By volume (2011): IMS Research The World Market for Digital Set-top Boxes & iDTVs – 2012 Edition
**By value (2011): Infonetics Broadband CPE and Subscribers Report 2Q 2012

Widen out into Software, Services and Integrated Solutions

Key wins and deployments across all areas of our software and services offerings with a strong pipeline into 2013

Notable wins and deployments in 2012:

ECO Service Management

Whole Home Solution (Media Server, Elements, SI)

68% Subscriber growth in 2012

Advanced Hybrid DTT Solution (STB, Elements)

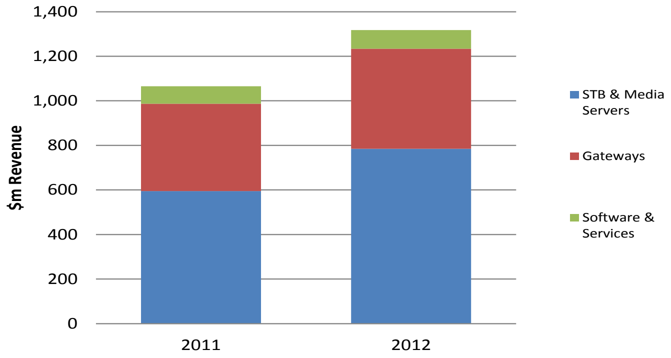
India Cable Solution (STB, Elements, Latens CAS)

Latens Conditional Access Software

Helium Gateway Software

Regional performance – North America and Latin America

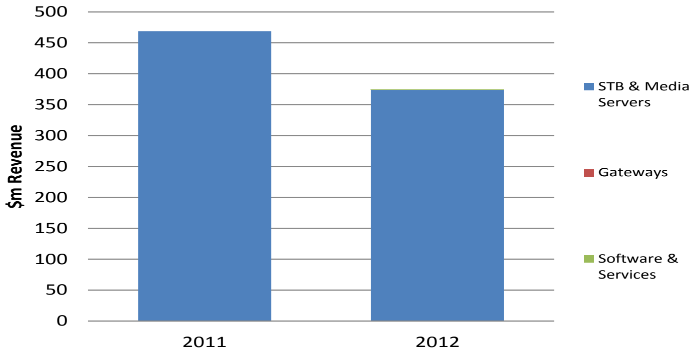
North America



STB mix (by volume)	2011	2012
Media Server	0%	14%
Client	0%	19%
HD including HDPVR	35%	26%
SD including SDPVR	7%	0%
DTA	58%	41%

- 23.7% growth driven largely by Media Server demand from major customers
- Gateway revenues increased 14.5%
- Software & Services revenues increased 7.2%

Latin America

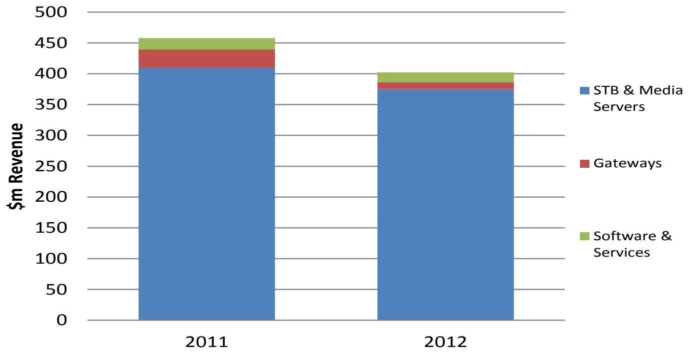


STB mix (by volume)	2011	2012
HDPVR	12%	13%
HD	10%	49%
SD including SDPVR	78%	38%

- Double digit profit increase, despite 20.2% revenue decrease
- Serving 8 of the 10 largest PayTV providers in region
- Making good progress with wider portfolio

Regional performance – Europe and RoW

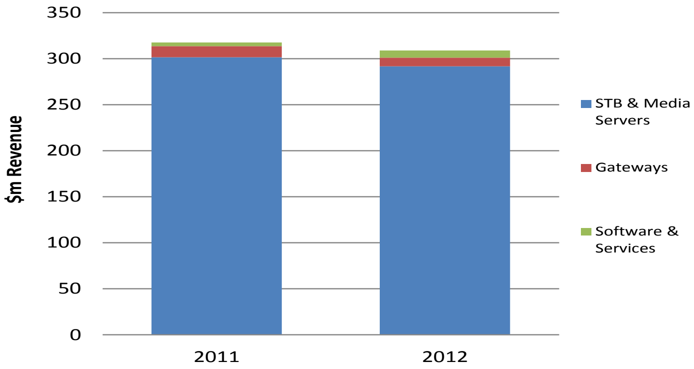
Europe



STB mix (by volume)	2011	2012
HDPVR	35%	40%
HD	61%	59%
SD including SDPVR	4%	1%

- Down 12.1% Y-o-Y
- Impacted by lower win rate of new products in 2011
- Key wins in 2012 in new and existing customers

RoW



STB mix (by volume)	2011	2012
HDPVR	62%	51%
HD	16%	31%
SD including SDPVR	22%	18%

- Down 2.7% Y-o-Y largely due to H1 HDD supply disruption
- Media Server and integrated solutions gaining traction

Outlook

Outlook for 2013

1. Considerable progress has been made in delivering on our strategy in 2012; further opportunity in 2013 to develop and improve the performance of the Company

2. The PayTV market remains resilient and the demand for our products and services continues to be encouraging:
    - Media Server upgrade cycle continues in North America and other markets
    - Increasing opportunities for software, services and integrated solutions

3. Going into 2013, Pace has a clear plan and good line of sight to making further progress in the business:
    - Revenues for 2013 expected to be broadly in-line with 2012
    - Operating Margin for 2013 is expected to be c.7.5%
    - Strong cash flow will continue, and Pace expects to be in a positive cash position at the end of 2013

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