Pace plc

Preliminary financial results for the year ended 31 December 2013

04 March 2014

Pace preliminary results (for the year ended 31 December 2013)

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- Financial results
- Strategic Plan and business performance update
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Overview

Year of further recovery and expansion, continuing momentum from 2012

PayTV markets continue to perform well and demand for Pace's products and services remains strong

Significant further progress made against the Strategic Plan laid out in November 2011

Announced highly accretive acquisition of Aurora Networks, a leading provider of optical transport and access network solutions

Strong financial results:

- Group revenue $2,469.2m, 2.7% increase (2012: $2,403.4m)
- Group adjusted EBITA[1] $193.6m, 22.5% increase (2012: $158.1m)
- Group adjusted operating margin[1] of 7.8% (2012: 6.6%)
- Free cash flow of $209.0m, net cash position of $33.0m as at 31 December 2013 (31 December 2012: net debt of $163.3m)

Full year dividend 5.49c per share, a 22% increase (2012: 4.5c)

Clear plan and good line of sight to making further progress in 2014

[1] Adjusted is before the post-tax value of exceptional costs and the amortisation of other intangibles.

Financial results summary

Consolidated income statement (FY2013)

P&L $m	*Group 2012*	***Group 2013***	*variance*
Revenue	2,403.4	**2,469.2**	2.7%
Gross margin	433.0	**448.2**	3.5%
Gross margin %	18.0%	**18.2%**	0.2ppt
Overheads	(274.9)	**(254.6)**	(7.4%)
Adjusted[1] EBITA	158.1	**193.6**	22.5%
Operating margin[2] %	6.6%	**7.8%**	1.2ppt
Exceptional costs	(12.5)	**(12.2)**	(2.4%)
Amortisation of other intangibles	(51.8)	**(42.6)**	(17.8%)
Interest	(13.7)	**(8.0)**	(41.6%)
Profit before tax	80.1	**130.8**	63.3%
Tax	(21.7)	**(34.1)**	57.1%
Profit after tax	58.4	**96.7**	65.5%
Basic EPS (cents)	19.4c	**31.2c**	60.8%
Adjusted[1] basic EPS (cents)	35.1c	**44.3c**	26.2%
Dividend per share (cents)	4.50c	**5.49c**	22%

Revenue
- 2.7% increase driven by overall Media Server demand in North America

Gross margin
- Increased due to improved supply chain efficiency and mix of revenue in H2 2013

Overheads
- 5.8% decrease pre-IAS 38 due to restructuring and efficiency improvements, includes further investment in Software & Services R&D

Adjusted EBITA
- Operating margin up 1.2ppt to 7.8%

Exceptional costs
- Restructuring costs ($4.2m), costs associated with the Aurora acquisition ($6.9m) and other acquisition costs incurred in the year ($1.1m)

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

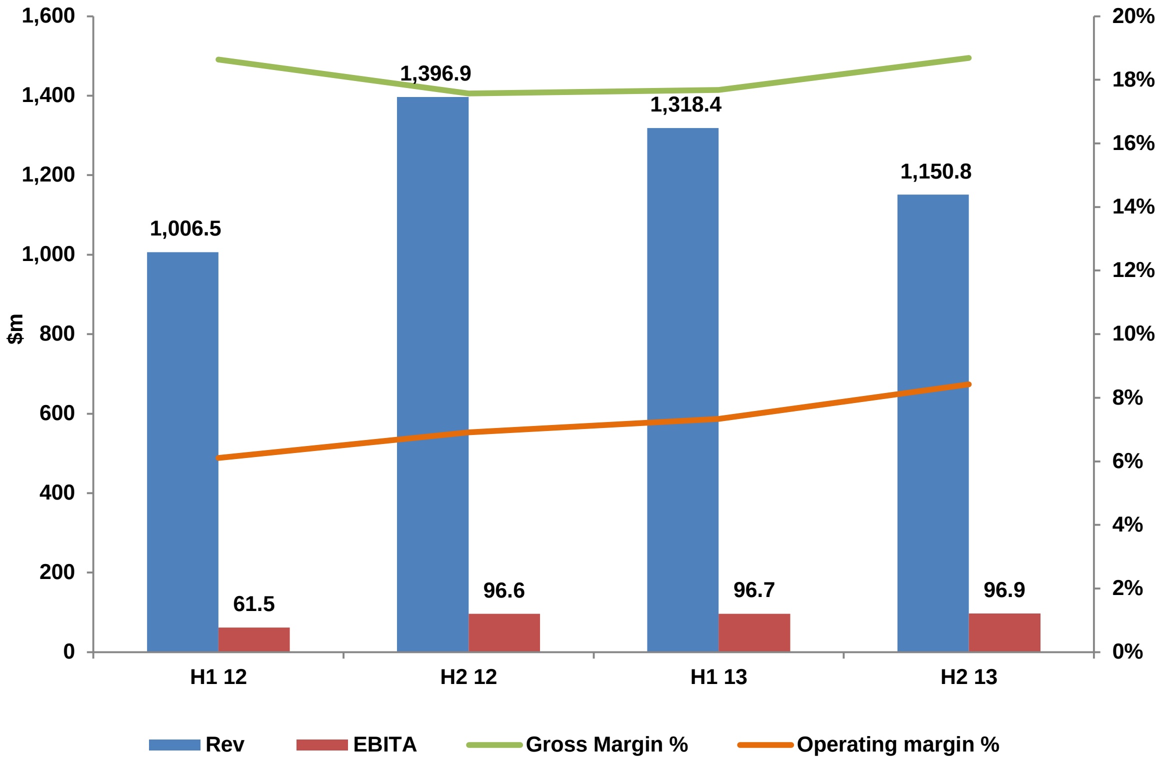
Tax
- Effective tax rate of 26.1% (2012: 27.1%)

Earnings per share
- Strong growth reflecting trading and operational improvement

Dividend
- 22% increase reflects confidence in outlook

[1] - Adjusted is before the post-tax value of exceptional costs and the amortisation of other intangibles.
[2] - Operating margin is adjusted EBITA as a percentage of revenue.

Income statement evolution over the last four halves



Revenue

- Reduction in H2 2013 reflects dual sourcing of satellite Media Servers in US

Gross margin

- 18.7% in H2 2013 vs 17.7% in H1 2013 due to improved mix plus procurement benefits

Adjusted EBITA

- Slightly improved EBITA in H2 2013 than H1 2013 despite $168m lower revenue

Operating margin

- Continued improvement due to increased operational efficiency and trading mix

Balance sheet (FY2013)

Balance sheet $m (Group)	*31 Dec 2012*	***31 Dec 2013***
Property, Plant & Equipment	62.8	**60.0**
Goodwill	337.9	**342.6**
Intangibles	166.2	**123.1**
Development expenditure	56.3	**64.4**
Inventories	182.1	**156.8**
Trade and other receivables	558.7	**468.7**
Trade and other payables	(631.8)	**(567.1)**
Net working capital	109.0	**58.4**
Current and deferred tax	(31.6)	**(42.3)**
Provisions	(77.2)	**(92.2)**
Net (debt) / cash	(163.3)	**33.0**
Net assets	460.1	**547.0**

Property, Plant & Equipment

- Capital expenditure includes equipment to support EMS transition

Development expenditure

- Lightly capitalised R&D, amortized quickly and closely aligned to margin projections
- 67% increase in product launches planned in 2014 compared to 2013

Net Working Capital

- Lower inventory as a result of improved controls in the business
- Debtor days increased by 7 days to 60 days due to customer mix
- Reduction in payables driven by phasing of activity. Payment terms for key suppliers now aligned; creditor days increased by 7 days to 90 days

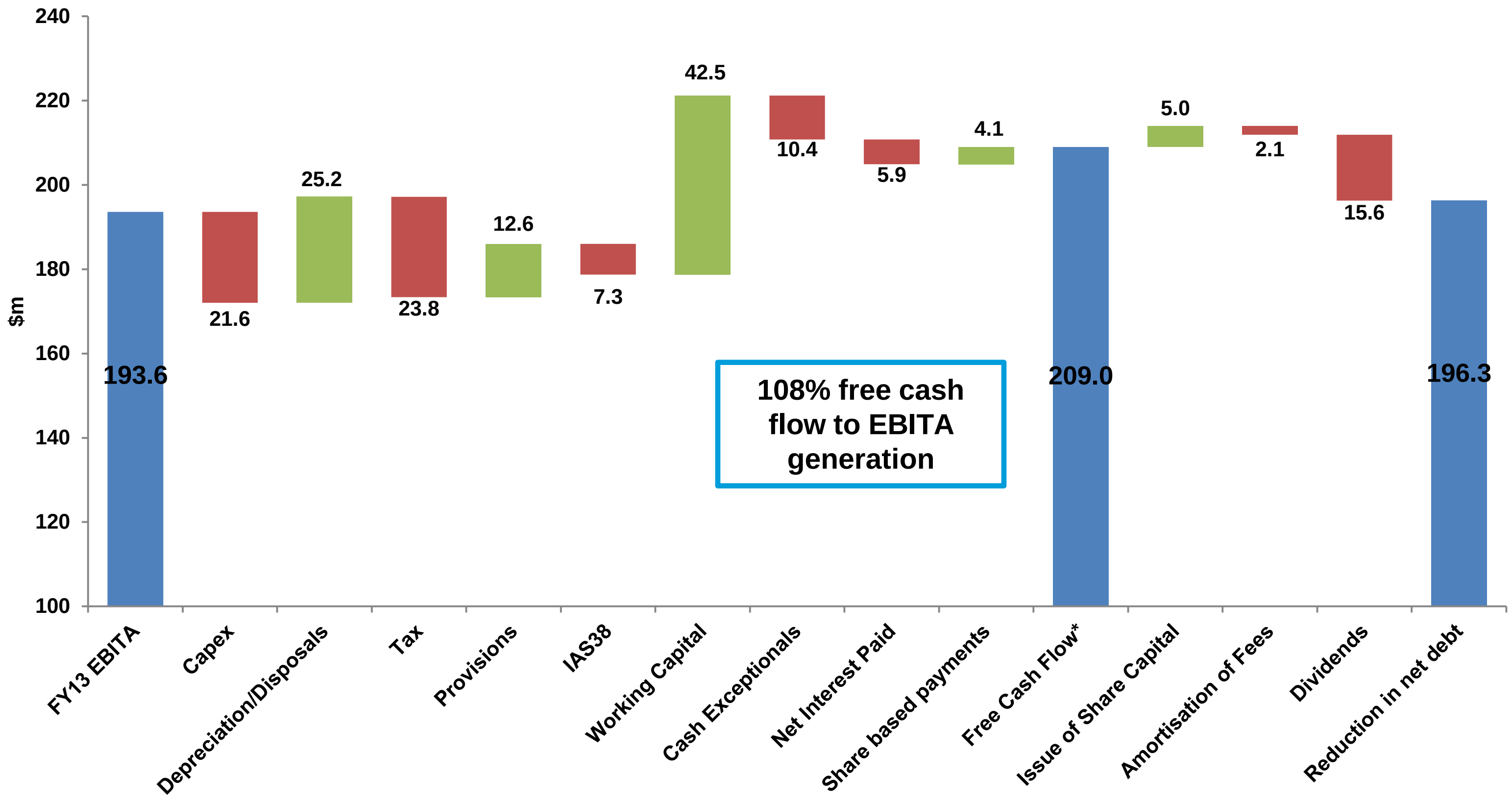
Provisions

- Amounts for royalties, future warranty claims and exceptional costs

Net debt

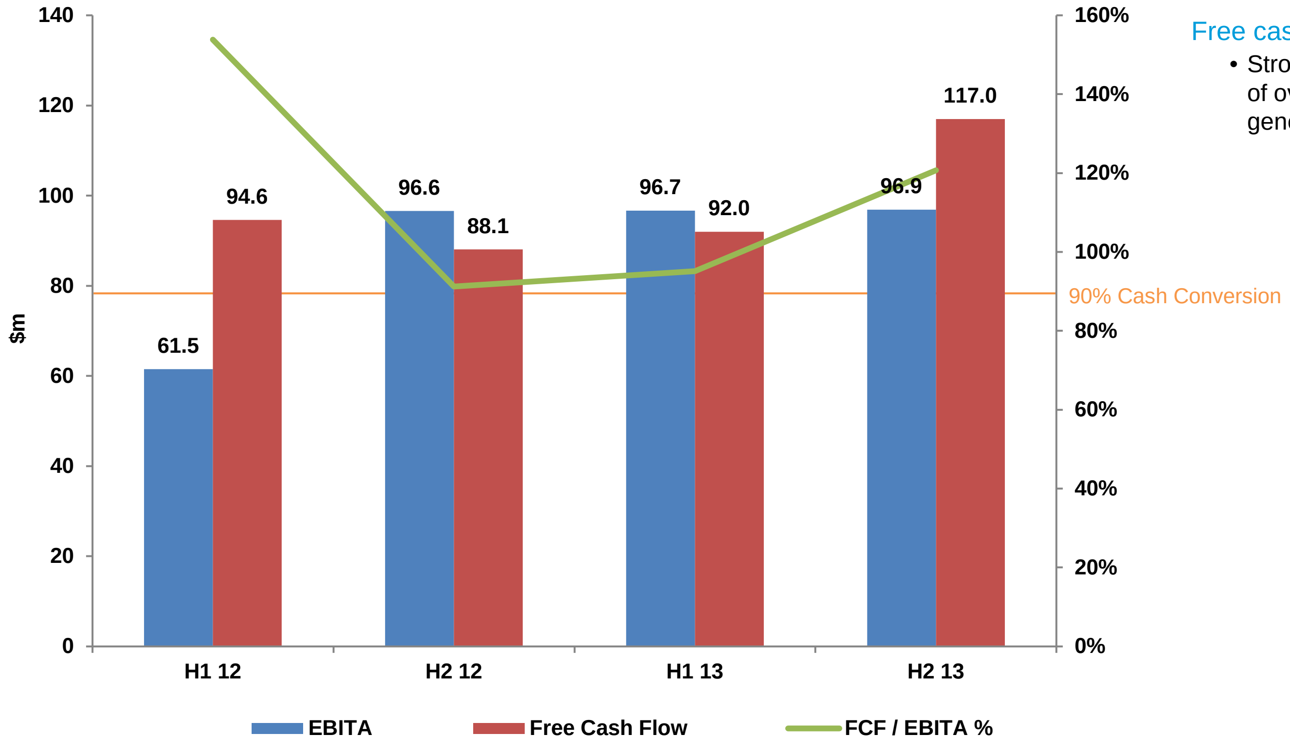
- $150m term loan repayments made in year

Cash flow (FY2013)



Notes: Term loan repayments in period of $150m 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.

Cash flow evolution over the last four halves



Free cash flow*

- Strong cash flow model in place – 4 halves of over 90% EBITA free cash flow generation

* 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

Opex efficiency improvement	• Underlying operating expenses* reduced by $16.2m (5.8%) whilst continuing to invest in Software and Services R&D and other growth opportunities • Continued focus on opportunities for further efficiencies across the business
Cost of Goods Sold (CoGS) improvement	• Completed rationalisation of the Electronic Manufacturing Services ("EMS") footprint, delivering significant operational and financial benefits in 2013 and beyond
Balance sheet and working capital improvement	• Strong cash flow generation (108% conversion of adjusted EBITA to free cash flow) reflecting well planned inventory management during the complex EMS transition and focused working capital and tax management • Repaid debt ahead of schedule and achieved net cash position of $33.0m (2012: net debt of $163.3m)

* Operating expenses excluding IAS 38 accounting, bonus accrual and one-off EMS transition costs.

Build on position as a world leader in PayTV hardware

Set-top boxes

Global #1 in 2012 by volume[1]

Updates:

Customers:

(amongst 160 of the worlds leading PayTV operators)

Media servers

Global #1 in 2012 by volume[2]

Updates:

Customers:

(amongst 10 of the worlds leading PayTV operators)

Gateways

Global #1 in 2012 for Telco GWs by value[3]

Updates:

Customers:

(amongst 25 of the world's leading ISPs)

* Aurora Customers

1. By volume (2012): IHS Set-Top Box Market Monitor report for H1 2013.
2. By volume (2012): IHS Multimedia Home Gateways: The future of the digital home.
3. By value (2012): Infonetics Broadband CPE and Subscribers Report 4Q 2012.

Widen out into software, services and integrated solutions

Elements software platform
Deployed to over 3.3 million devices

Updates:

Customers:

India Cable including:

Latens content protection
Over 3.2 million devices protected

Updates:

Over 52% growth in LTM

From zero to over 1 million devices protected by Universal Rights Management (URM) solution in LTM

Key wins in emerging markets

Customers:

50 NA IOCs including:

India Cable including:

ECO Service Management & next generation customer care
Over 30 million devices managed

Updates:

Customers:

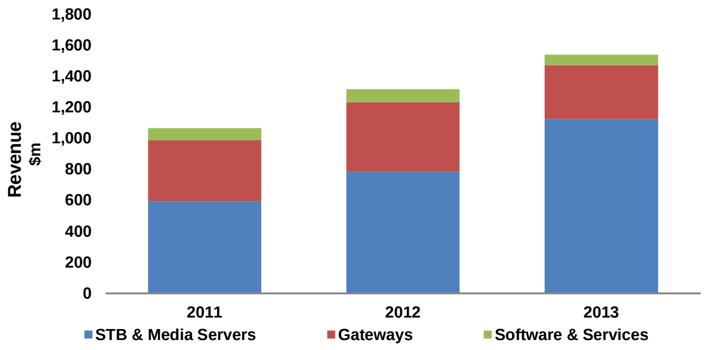
* Aurora Customers

Integration with Aurora progressing well

- Leading developer and manufacturer of advanced, next-generation Optical Transport and Access Network solutions for broadband networks that support the convergence of video, data and voice applications
- Highly profitable and growing business with blue chip customer base and market leading positions, serving over 200 customers in 50 countries, including all of the top 10 cable operators in the US
- Positions Pace to support operators' and consumers' constant demand for cost effective delivery of ever increasing bandwidth
    - Creates deeper and more embedded relationships with key customers
    - Innovative and disruptive approach to distributed Converged Cable Access Platform and Fibre Deep solutions
- Integration progressing well and Aurora trading in-line with expectations
    - Good start made in 2014
    - Confident that the integration of Aurora will be complete by the end of Q2 2014
    - Highly confident that the expected synergies will be achieved; $4m realised in 2014 at a one-off cost of $4m and $8m run-rate saving realised in 2015 at no additional cost

Regional performance – North America and Latin America

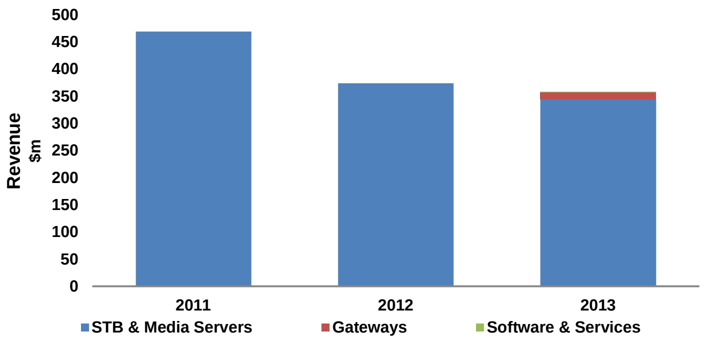
North America



STB & Media Server mix (by volume)	2011	2012	2013
Media Server	2%	14%	28%
Client	0%	19%	36%
HD including HDPVR	33%	26%	27%
SD including SDPVR	7%	0%	0%
DTA	58%	41%	9%

- Growth driven largely by Media Server demand from major customers
- Gateway revenues impacted by dual-sourcing at major customer

Latin America

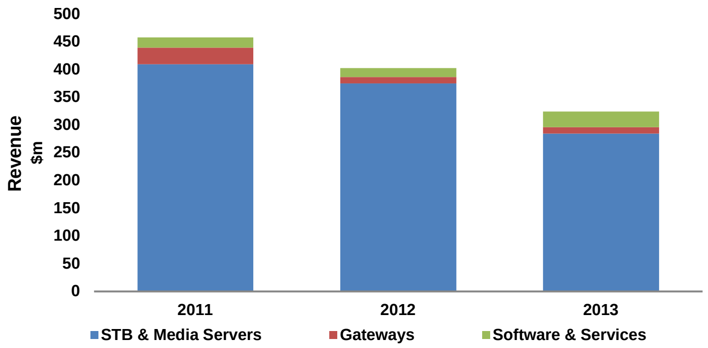


STB & Media Server mix (by volume)	2011	2012	2013
HDPVR	12%	13%	12%
HD	10%	49%	48%
SD including SDPVR	78%	38%	40%

- Serving 8 of the top 10 operators in the region
- Strong market share despite competitive pressures
- Wins in the period in all product areas; STB, Gateways and Elements

Regional performance – Europe and RoW

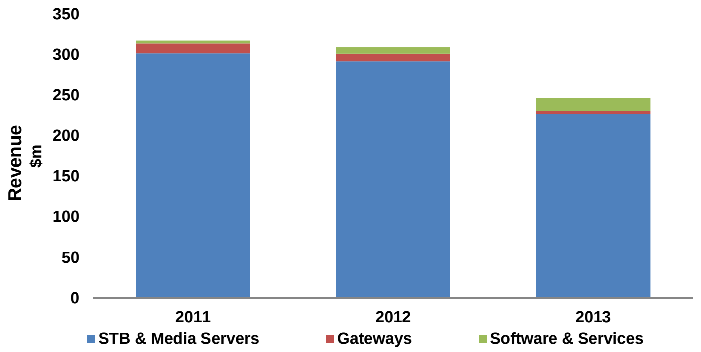
Europe



STB & Media Server mix (by volume)	2011	2012	2013
Media Server	0%	0%	3%
HDPVR	35%	40%	34%
HD	61%	59%	62%
SD including SDPVR	4%	1%	1%

- Profit growth despite revenue down
- Lack of win rate in 2011 continues to affect revenue
- Wins in the period at new and existing customers expected to drive improvement from H2 2014

RoW



STB & Media Server mix (by volume)	2011	2012	2013
HDPVR	62%	51%	64%
HD	16%	31%	18%
SD including SDPVR	22%	18%	18%

- Profit growth despite revenue down
- Reduced demand in major customers ahead of new product launches in H2 2013 and 2014
- Wins in the period with long term customers

Outlook

Outlook for 2014

1. Considerable progress has been made in delivering on our strategy in 2013 and there remains further opportunity in 2014 to develop and improve the performance of the Company

2. The Board is confident that the Group (including Aurora) will make further progress in 2014:
    - Revenues for 2014 expected to be c. $2.7bn
    - Operating Margin for 2014 is expected to be c. 8.5%
    - Strong cash flow will continue, and Pace expects to generate in excess of $185m of free cash flow

Pace