



**Interim Management Statement**

Released : 23 Apr 2015  
RNS Number : 0586L  
Pace PLC  
23 April 2015

**Pace plc: Interim Management Statement**

**Saltaire, UK, 23 April 2015:** Pace plc ("Pace", the "Group"), a leading global developer of technologies and products for PayTV and broadband service providers, today announces its Interim Management Statement for the period 1 January 2015 to 22 April 2015.

At its Annual General Meeting scheduled to take place today, Allan Leighton, Chairman, will say:

"On 22 April 2015 the Board of Pace reached an agreement with Arris Group, Inc. ("Arris") regarding the terms of a recommended cash and shares combination of Pace with Arris. While the Board believes that Pace is strongly positioned to continue to execute its strategy in the medium and long term, we also believe that the proposed transaction substantially recognises that potential as well as giving our shareholders the opportunity to share in the future success of the combined group. The combination of the complementary Arris and Pace businesses will create a platform for future growth above and beyond our standalone potential. We believe this is a great fit for both companies, our employees, customers and trading partners.

I am pleased to report that Pace has made a good start to the new financial year. In line with our expectations, revenue in the period was higher than the same period in 2014 and forecast demand across all markets and product segments Pace operates in is building as the year progresses. As previously communicated, revenue will be stronger in H2 2015 than H1 2015, similar to 2014.

Gross margins in the period were ahead of Q1 2014 due to the positive impact of improved revenue mix and on-going procurement benefits.

The improved revenue, higher gross margins and lower costs contributed to increased profitability in the period compared to Q1 2014.

We continue to focus on the execution of our Strategic Plan and have made further headway in the period:

- **Continue to Transform Core Economics:** Underlying operating costs continue to trend down reflecting ongoing improvements in operating efficiency.
- **PayTV Hardware Leadership:**
  - Liberty Global has launched its advanced Horizon TV user experience based on Pace developed set-top boxes at UPC Poland.
  - The Pace developed DStv Explora High Definition Personal Video Recorder for Multichoice has been selected as the 2015 Satellite Television Product of the Year in South Africa by Nielsen, a leading global information and measurement company.
- **Widen out into Software, Networks, Services and Integrated Solutions:**
  - Foxtel, the leading subscription television provider in Australia has launched its leading edge iQ3 solution consisting of Pace hardware and Pace Elements software.
  - Further progress has been made in the development of the Pace Elements Software Platform with two more customers due to launch an integrated solution of Pace hardware and Pace Elements software in 2015.

The Group will be announcing its half year results for the six month period ending 30 June 2015 on 28 July 2015."

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