Pace plc

Interim financial results for the period ended 30 June 2012

24 July 2012

Pace interim results (for the 6 months ended 30 June 2012)

- Overview
- Financial results
- Business performance and strategic plan update
- Outlook
- Questions

Overview

Encouraging start to 2012; recovery is underway

Significant progress on execution of Strategic Plan:

- Leading the market in the evolution to next generation Media Servers
- Widening out into software and services gaining momentum
- Operational performance and efficiency significantly improved

Managed through HDD supply disruption – $23.1m EBITA impact in H1; c. $4m estimate in H2

Our results:

- Group revenue $1,006.5m ($1,083.3m Pre-HDD)
- Group adjusted EBITA* $61.6m ($84.7m Pre-HDD)
- Group adjusted operating margin of 6.1% (7.8% Pre-HDD)
- Net debt reduction of $78.4m (24.4%)

Clear visibility on revenues in H2 and management remains firmly focused on execution and continuing to create a leaner, more profitable business

Full Year earnings guidance increased: greater than 7% underlying operating margin on flat revenue and reduced HDD impact. Interim dividend up 15%.

* Adjusted is before exceptional costs and amortisation of other intangibles

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Summary financial results

Consolidated income statement (H1 2012)

P&L $m	*Group H1 2011*	***Group H1 2012***	*variance*	*PreHDD variance*
Revenue	1,187.1	**1,006.5**	(15.2%)	(8.7%)
Gross margin	225.6	**187.6**	(16.8%)	(7.1%)
Gross margin %	19.0%	**18.6%**	(0.4)	0.4
Overheads	157.2	**126.0**	(19.8%)	(19.8%)
Adjusted* EBITA	68.4	**61.6**	(9.9%)	23.8%
Adjusted* EBITA margin %	5.8%	**6.1%**	0.3	2.0
Amortisation of other intangibles	(29.1)	**(27.1)**		
Exceptional costs	0	**(4.4)**		
Interest	(9.9)	**(8.7)**		
Profit Before Tax	29.4	**21.4**		
Tax	(8.5)	**(6.1)**		
Profit After Tax	20.9	**15.3**		
Basic EPS (cents)	7.1c	**5.1c**		
Adjusted* Basic EPS (cents)	14.2c	**12.8c**		
Dividend per share (cents)	1.25c	**1.44c**		

Revenue
- HDD supply disruption impact, reduction in low-end volume in Latam and USA shipments down ahead of Media Server rollout in to H2

Gross margin
- Underlying gross margin % up to 19.4%

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

Overheads
- 13.5% decrease pre-IAS38 due to reorganisation and opex savings

Adjusted EBITA
- Underlying adjusted EBITA margin up to 7.8%

Exceptional costs
- $4.4m charge to refresh Executive Management team and support delivery of overhead savings

Interest
- Reduction in net debt

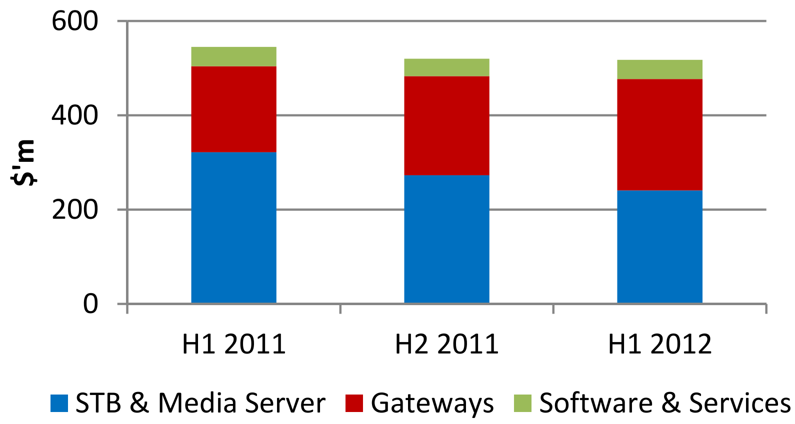
Tax
- Effective tax rate of 28.1%

Dividend
- 15% increase in line with progressive dividend policy and improved outlook

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

Regional performance – North America and Latin America

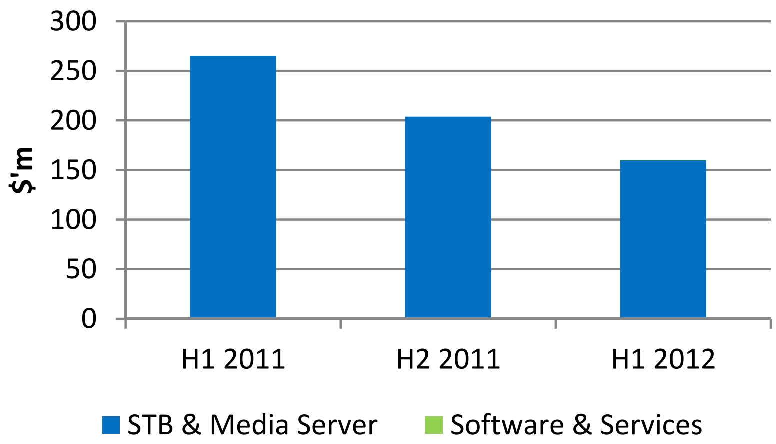
North America



STB mix (by volume)	H1 2011	H1 2012
HDPVR	2%	6%
HD	34%	29%
SD including SDPVR	12%	5%
DTA	52%	60%

- Slightly up pre-HDD impact
- STB revenue reduced in H1 ahead of Media Server roll out in H2
- Strong Gateways growth

Latin America

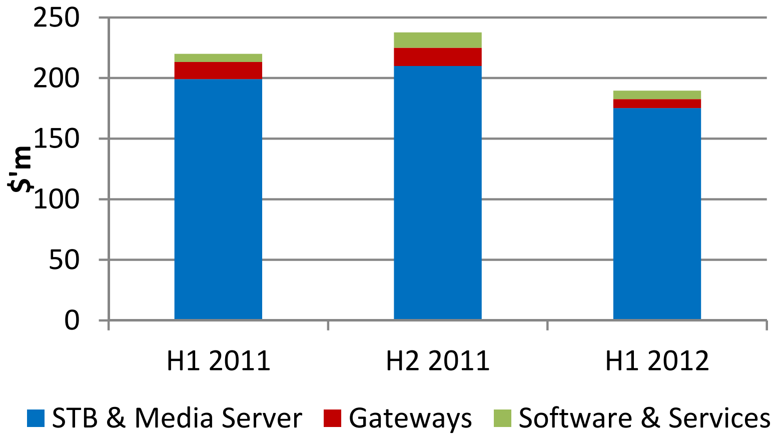


STB mix (by volume)	H1 2011	H1 2012
HDPVR	11%	17%
HD	11%	42%
SD including SDPVR	78%	41%

- Down 31% pre-HDD impact
- Reduction in low-end product volume

Regional performance – Europe and RoW

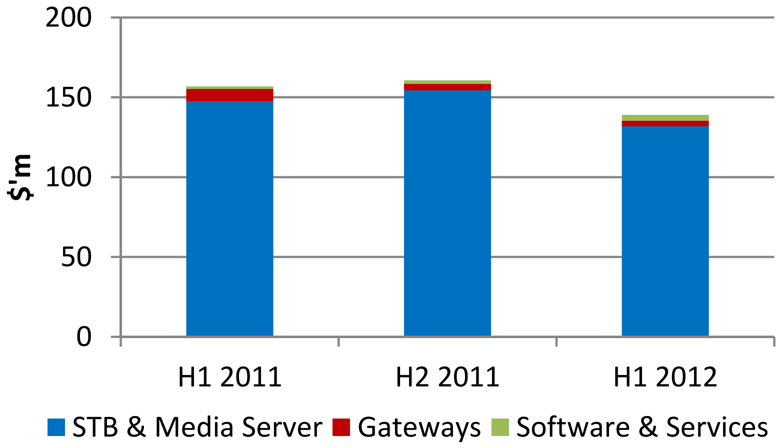
Europe



STB mix (by volume)	H1 2011	H1 2012
HDPVR	33%	34%
HD	62%	64%
SD including SDPVR	5%	2%

- Down 10% pre-HDD impact
- H1 2012 impacted by lower win rate of new products in 2011

RoW



STB mix (by volume)	H1 2011	H1 2012
HDPVR	70%	50%
HD	13%	40%
SD including SDPVR	17%	10%

- Flat pre-HDD impact
- HDD impact primarily around delaying of marketing initiatives by operators into H2

Balance sheet (H1 2012)

Balance sheet $m (Group)	*31 Dec 2011*	***30 Jun 2012***
Property, Plant & Equipment	63.0	**58.7**
Goodwill	335.6	**331.3**
Intangibles	218.0	**191.2**
Development expenditure	53.9	**61.1**
Inventories	150.0	**160.5**
Trade and other receivables	402.3	**414.7**
Trade and other payables	(370.2)	**(452.6)**
Net working capital	182.1	**122.5**
Current and deferred tax	(33.5)	**(34.1)**
Provisions	(56.6)	**(58.4)**
Other *	(33.7)	**(14.0)**
Net (debt) / cash	(321.7)	**(243.3)**
Net assets	407.1	**415.1**

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

Property, Plant & Equipment

- Capital expenditure being tightly managed, normalised level lower than current depreciation charge

Development expenditure

- Lightly capitalised R&D amortized quickly
- Build in H1 2012 reflects investment in next generation products and timing of product launches

Net Working Capital

- Inventory controls strengthened; mix improved
- Payables normalised from low position at Dec 2011; reflect moving supplier terms to match Pace’s working capital cycle
- Overall net working capital benefit expected in 2012

Provisions

- Amounts for royalties and future warranty claims

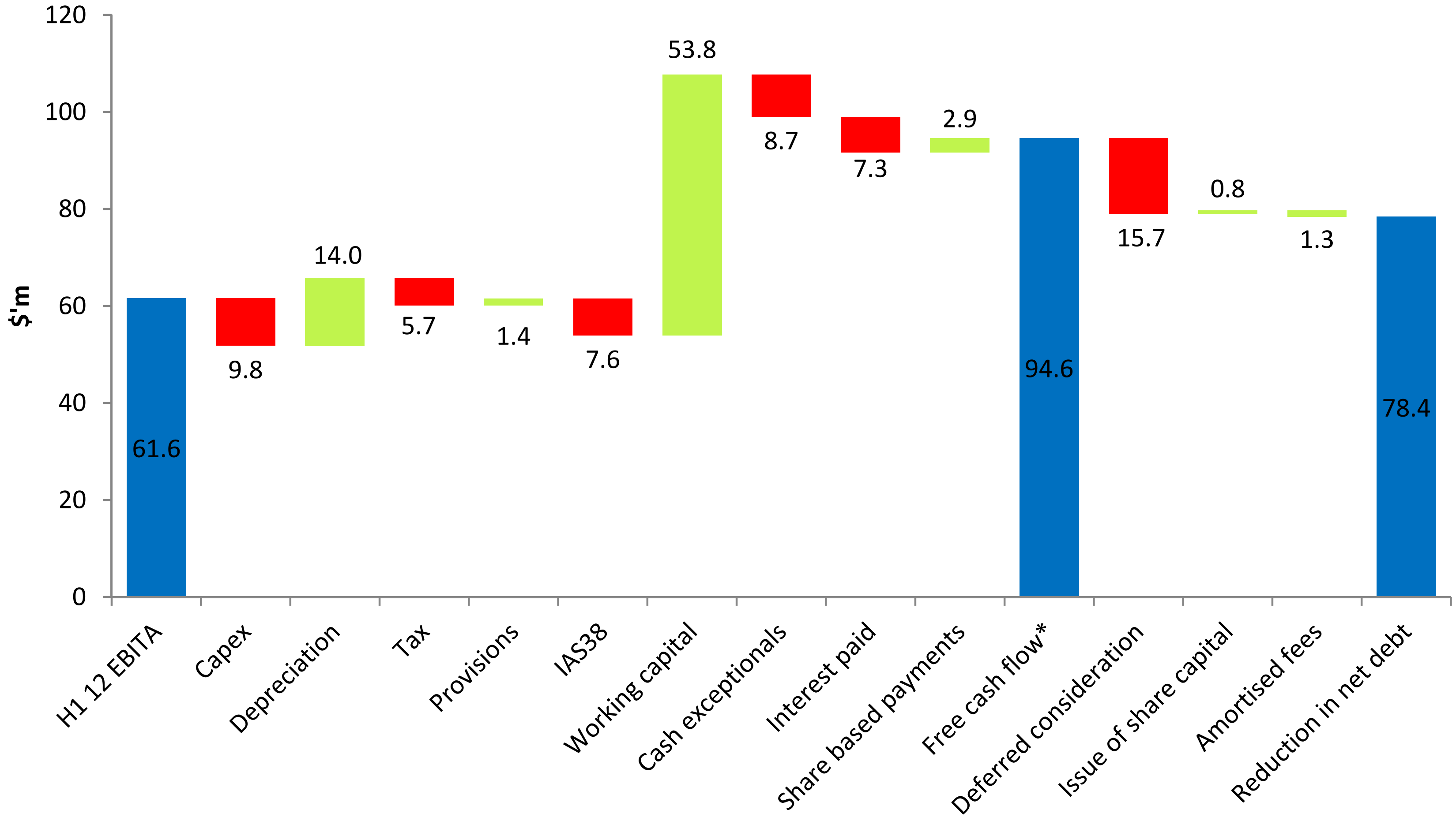
Other

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

Net debt

- Decreased by $78.4m
- $37.5m term loan repayment made

Cash flow (H1 2012)



Notes: Term loan repayments in period of $37.5m not shown as there is an offsetting movement between net debt & cash
Cash movement in working capital 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

Update on HDD supply disruption impact on Pace

Previous estimate was a $25m - $35m EBITA impact in 2012

Actual H1 impact is $76.8m Revenue and $23.1m EBITA

- Strong operational focus and close co-operation with customers has minimised impact
- Success in cross qualifying HDDs across other suppliers
- Increased certainty following recent commercial negotiations

Higher equilibrium pricing for the foreseeable future

c. $4m EBITA impact estimated in H2

Business Performance and Strategic Plan Update

First 6 months

New Executive Management team in place and working well together; empowered previously hidden talent

“Steadied the Ship” - accountability culture established and absolute focus on:

- Productivity and efficiency
- Improved profitability and strong cash generation

Tightened management policies, processes and governance from Corporate across Pace Group

Leveraged best practice from SBUs across organisation – technology, engineering, sales effectiveness

Executing to the Strategic Plan - building momentum

Delivering our strategy*

Grow a broader platform across hardware, software and services

3-year strategic intent

1. Transform Core Economics

- **Significantly improve efficiency of our core business through:**
  - Opex efficiency savings
  - Supply chain (SC) Fast-Forward
  - Commercial Excellence
  - End-to-End Design Transformation

2. Build on our position as world leader in PayTV hardware

- **Build on our position as a world leading PayTV hardware company, across:**
  - Set-top box solutions
  - Media server solutions
  - Gateway solutions

3. Widen out into software, services and integrated solutions

- **Widen out into software, services and integrated solutions, focusing on**
  - Next generation content security
  - Integrated solutions
  - Proactive customer care

5-year strategic intent

- **Build on software and service platforms to become a leading provider of user experience and customer management solutions**
- **Leverage leading-edge position across hardware and software to drive next wave of innovation**

* Strategic Review communicated at Q4 2011 IMS on 17th November

Transform Core Economics

1 Opex efficiency savings

- Good progress made against targeted 10% productivity gain in 2012 (reduction in Opex)
- Corporate restructure completed in April 2012
- Continued focus on opportunities for further efficiencies

2 Supply chain (SC) Fast-Forward

- Working with Electronics Manufacturing Services ("EMS") partners to align terms to working capital cycle
- Tighter control on inventory management KPIs – stock turns increased by 19.5%
- Tender process to consolidate EMS footprint underway

3 Commercial Excellence

- Approved Vendor List ("AVL") consolidated and reduced with further improvement to be made
- Optimised component selection in place between Engineering and Procurement
- Cost of Goods ("COGS") reduction underway - substantial value targeted beyond 2012

4 End-to-End Design Transformation

- Technology / roadmap / QA forums now embedded across SBUs increasing innovation and smart engineering
- Reduced duplication and Time-to-Market ("TTM") as platforms now being leveraged across SBUs
- More efficiency and effectiveness to be gained

Build on position as a World Leader in PayTV Hardware

Reconfirmed as Global #1 for STB* and #2 for Residential Gateways**

Notable wins or deployments in H1 2012:

DIRECTV	Comcast Xfinity	Telenet	Foxtel
HR34 Media Server and C30 Client	X1 Media Server	Media Server	Media Server

Source: * IMS Research The World Market for Digital Set-top Boxes & iDTVs – 2011 Edition
** Infonetics Broadband CPE and Subscribers Report 4Q2011

Widen Out into Software, Services and Integrated Solutions

Notable wins or deployments in H1 2012:

Advanced Hybrid DTT Solution (STB, Elements)	India Cable Solution (STB, Elements, CAS)	Latens Conditional Access	Helium Gateway Software

Outlook for 2012

Recovery well underway, firmly focused on execution and continuing to create a leaner, more profitable business

Outlook for the rest of the year improved:

- Clear visibility to flat revenues before the impact of HDD supply issues
- Greater than 7% underlying EBITA margin
- HDD impact lower at c.$27m (H1: $23.1m, H2 c.$4m)

Strong cash flow generation will continue in 2012

Pace