Pace plc Interim Results for the six months ended 30 June 2011

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26 July 2011

Pace on track to meet revised May 2011 guidance
Pace, a leading developer of technologies, products and services for global broadband and broadcast markets, announces its results for the six months ended 30 June 2011.

Financial Highlights[1]

- On track to meet revised May 2011 guidance
- Revenues increased 21% to $1,187.1m (six months ended 30 June 2010: $978.2m)
  - Increase acquisition-related; organic revenue down 3.5%

- Gross margin 19.0% (six months ended 30 June 2010: 18.6%)
  - Organic gross margin 15.6% (six months ended 30 June 2010: 18.5%)
  - Acquisitions gross margin 31.7% (pro forma six months ended 30 June 2010: 27.5%)

- Profit before interest, tax, and amortisation (EBITA) $68.4m, giving return on sales of 5.8% (six months ended 30 June 2010: $73.3m, return on sales 7.5%)
- Basic EPS of 7.1c (six months ended 30 June 2010: 16.5c), with adjusted[2] basic EPS of 14.2c (six months ended 30 June 2010: 17.4c)[4]
- Interim dividend increased to 1.25c (six months ended 30 June 2010: 1.12c)
- Net debt at $293.2m (at 31 December 2010: $311.1m)

Operating Highlights

- - Inventory management has been normalised, with the majority of the financial impact absorbed in H1
  - The Networks business has been re-sized and is no longer loss-making
  - Impact of the Japanese Tsunami on potential availability of components has been largely mitigated; however a small number of at-risk components remain
  - Initial corrective measures have been implemented to address the profitability levels in Pace Europe

- Acquisition-related synergies were achieved earlier and are greater than anticipated
- Strategic review announced June 2011 underway; aiming to conclude around the time of the Group's Q3 IMS

Commenting on the results, Neil Gaydon, Chief Executive Officer, said:
"Our first half results put Pace on track to meet its revised May 2011 profit guidance[3] of $150-170m for FY 2011. Progress is being made on each of the issues identified in May, and we continue to

address those issues not fully resolved, particularly in Pace Europe.

"Acquisition-related synergies have been achieved ahead of plan. Additionally, this period has seen continued free cash flow generation, leading to a reduced net debt position of $293.2m.

"The strategic review announced last month is underway, with focus on Pace's strategy and opportunities for business improvements, aiming to conclude around the time of the Group's Q3 IMS."

Outlook

Given the Group's first half performance, including corrective actions identified and implemented, the Board reaffirms its May profit guidance of $150-170m for Full Year 2011.

[1] Please note that the presentational currency changed to the US dollar as from 1 January 2011
[2] After adding back amortisation of other intangibles
[3] Profit guidance relates to EBITA (after adding back of amortisation of other intangibles)
[4] Updated on the Correction to Interim Results released on 27 July 2011

Please download the full Interim Results statement fromwww.pace.com/companyreports

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Pace's Interim Results Presentation to Analysts will be held at the offices of The Royal Bank of Scotland plc at 250 Bishopsgate, London EC2M 4AA, commencing at 8.45am.

This Interim Results Presentation will also be available via live audio webcast, commencing at 8.45am.

To register for this audio webcast, please go to: http://www.pace.com/ir orhttp://cache.cantos.com/webcast/static/ec2/4000/5275/5345/9288/Lobby/default.htm