



**Pace plc Annual General Meeting**  
**22 April 2009**



BRINGING TECHNOLOGY HOME  
[www.pace.com](http://www.pace.com)

# Agenda

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- Company Update
- Business Performance and Market

## Milestones in 2008

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- **2008 was a successful year for Pace**
  - We delivered against the strategy laid out three years ago
  - We became Number 3 in the world
  - We acquired and integrated a new business
  - We achieved record results
  - We delivered growth for both the existing business and the new business
  - We were first to market with new technology: both new customer wins and long-term customers
  - We shaped the business with careful cost and currency management
  - We delivered superb growth in a tough economic environment
- In the last three years Pace has consistently exceeded market expectations and delivered uninterrupted profits growth
- On 3 March we proposed a dividend of 0.6p

## 2008 Performance Highlights

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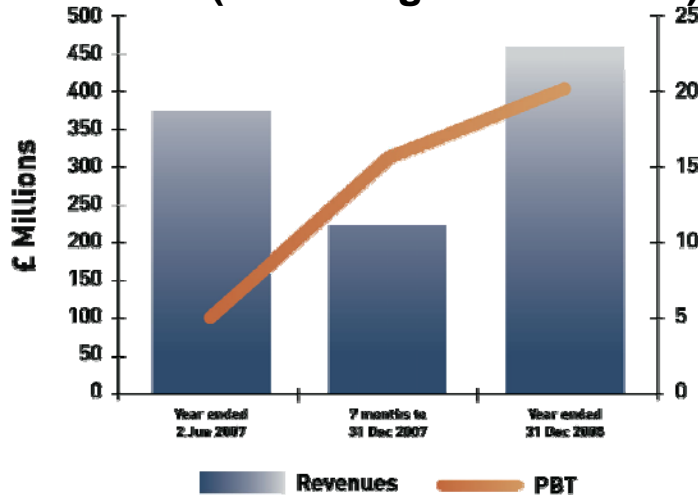


- Record revenues of £745m for the Group
  - 'Organic' Pace revenues increased to £452.6m
  - Pace France delivered a strong contribution with revenues of £292.9m
- Significant increase in adjusted profit before tax to £28.5m
- We have no debt, and a very healthy balance sheet with £37.7m net cash
- We significantly diversified our product range and now have over 100 customers
- Record shipments: 13.1m boxes delivered to customers around the world
- Continued growth in adjusted earnings per share to 7.8p

# 2008 Results – Pace (excluding Pace France) and Pace France



## Pace (excluding Pace France)



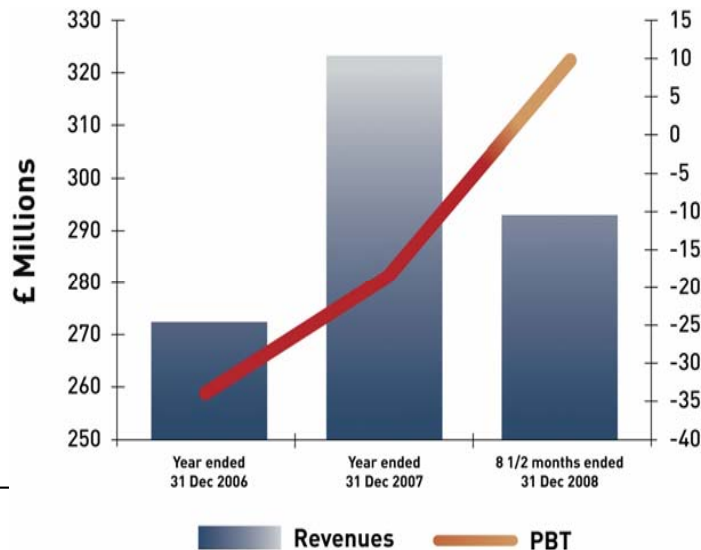
Volumes significantly increased to 7.2m

Revenue increasing from £386m to £452m

PBT increased from £6.1m to £20.1m

Customer base increase from 50+ to 80+

## Pace France



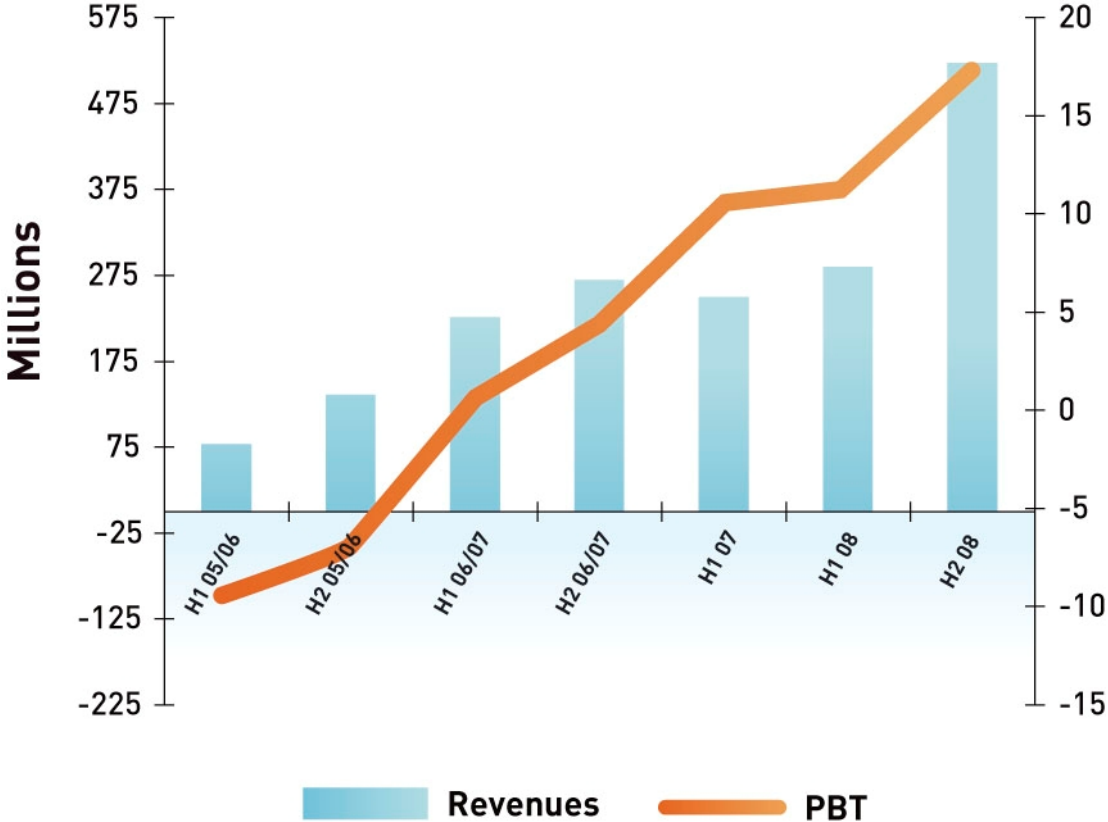
Volumes of 5.9 in 8 ½ months to 31 Dec 2008

Revenues increased from £275m to £293m in 8 ½ months to 31 Dec 2008

PBT increasing from loss of £34m to £8.4m in 8 ½ months to 31 Dec 2008

Added over 20 customers

# The Pace business has delivered uninterrupted growth



## 2009 Updates

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Since the start of 2009 Pace has delivered two trading updates:

- 3 March 2009 (Preliminary Results) – the Board significantly raised expectations for 2009 performance due to:
  - New business wins
  - Customary good order visibility
  - Foreign exchange management
  - Global operational synergies
- 7 April 2009 – the Board announced a very significant upgrade on performance expectations for 2009, due to:
  - Global product demand for digital and high definition products
  - Further orders from new and existing customers
  - Pace's improved market position, breadth of product offering and track record for innovation and delivery
  - Operational synergies and business efficiencies to improve margin performance across the Group



# Business Performance and Market



# Pace overview

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- Pace targets the global market for digital TV entertainment
- The Group specialises in set-top box technology for the digital TV market
- Pace is a world leader in the payTV sector, the most lucrative segment with highest barriers to entry
- Pace is a successful business and will continue to capitalise on the global transition to digital TV, HD and broadband entertainment due to its

- A strong and diverse customer base: over 100 long-term customers, including 50% of the worlds top 20 payTV operators\*
- Global scale that is enabling diversification and increasing operational strength
- Ability to consistently launch new product evolutions ahead of the competition
- Unmatched 20yrs+ industry experience

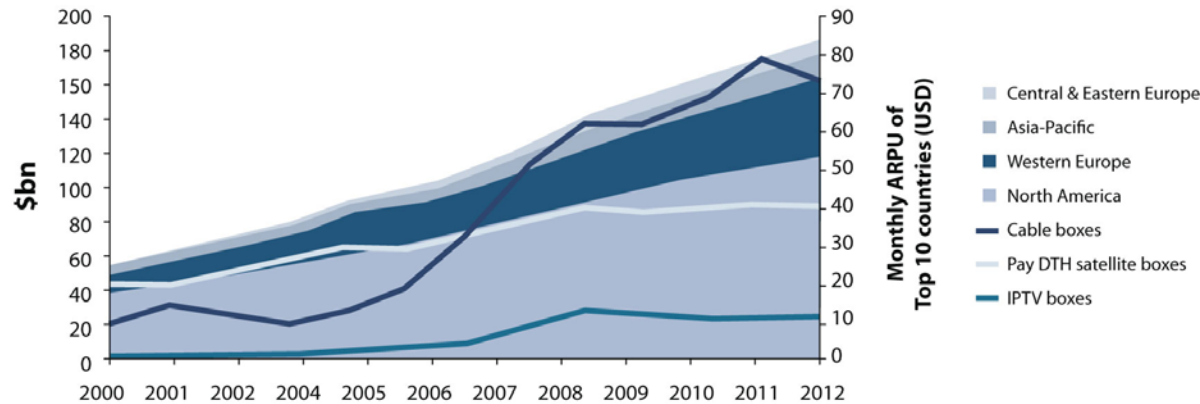


\* Screen Digest Jan 09 (data excludes non-addressable markets China & Japan)

# The payTV sector\*



- By 2013 global payTV revenues forecast to be \$222bn
- The global market for digital TV set-top boxes was valued at USD\$16bn in 2008 and is expected to be worth USD\$19bn in 2012
- Globally 631.5m products shipped since 2004: an additional 1.2bn expected to be shipped 2009 to 2013



Monthly ARPU of Top 10 countries (USD)

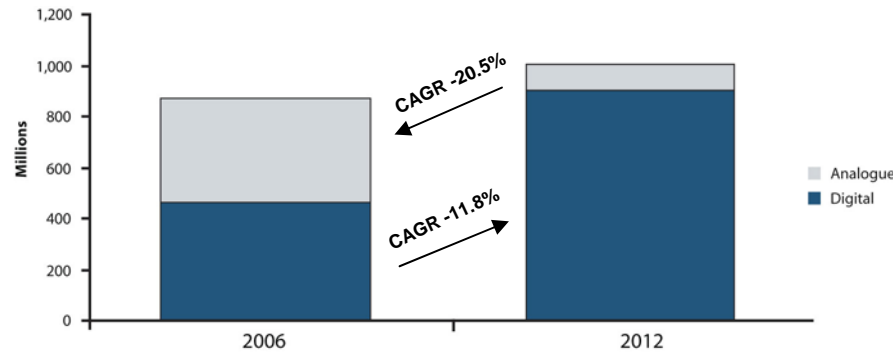
	2008		2013	
USA	66	USA	81	
Greece	58	UK	64	
Italy	55	Canada	61	
UK	54	Spain	55	
Spain	54	Italy	53	
Canada	53	Norway	49	
Norway	41	Greece	46	
Denmark	38	Ireland	46	
Ireland	37	Denmark	44	
Portugal	36	Portugal	40	

\*Screen Digest Jan 2009

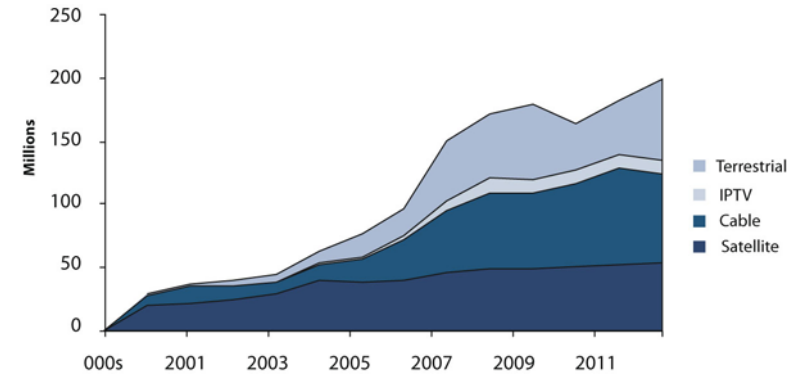
# Key market growth trends\*



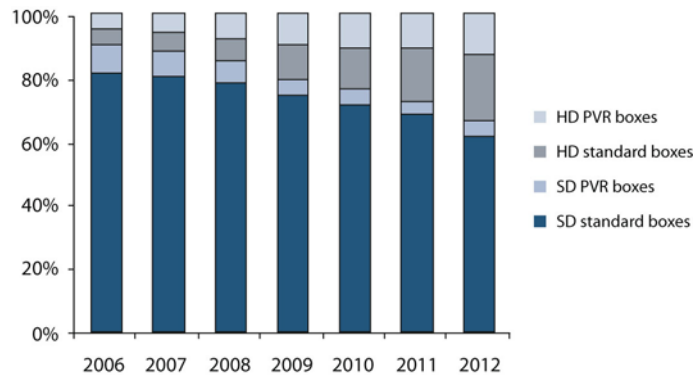
**Analogue to digital homes transition**  
The world is going digital



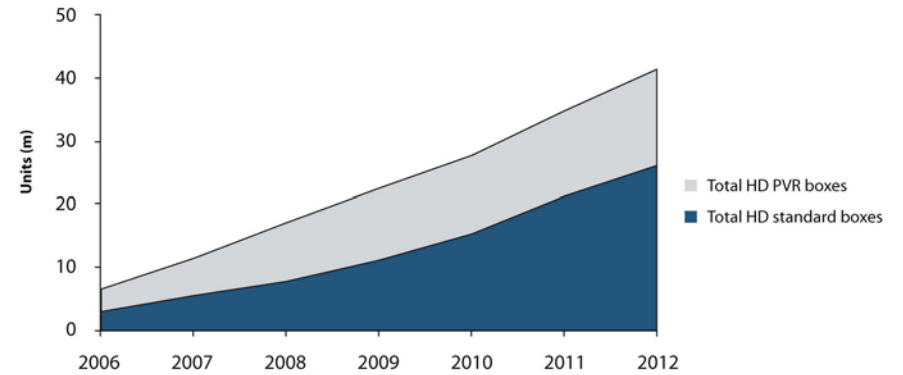
**The global market for digital TV by STB platform**  
Pace is skilled across all platforms



**The global market by STB type**  
Demand for advanced products will grow



**The growth of high definition**  
HD PVR is the must have option



\*Screen Digest Jan 2009

# Competitive position



- Pace has built a world leading position in the digital set-top box market
- Competition limited to six major players
- The payTV sector has high technical barriers to entry
- Due to the specialist nature of the product & payTV market, all major CE manufacturers have exited
- Pace has global scale, moving from 8 to 3 in worldwide rankings



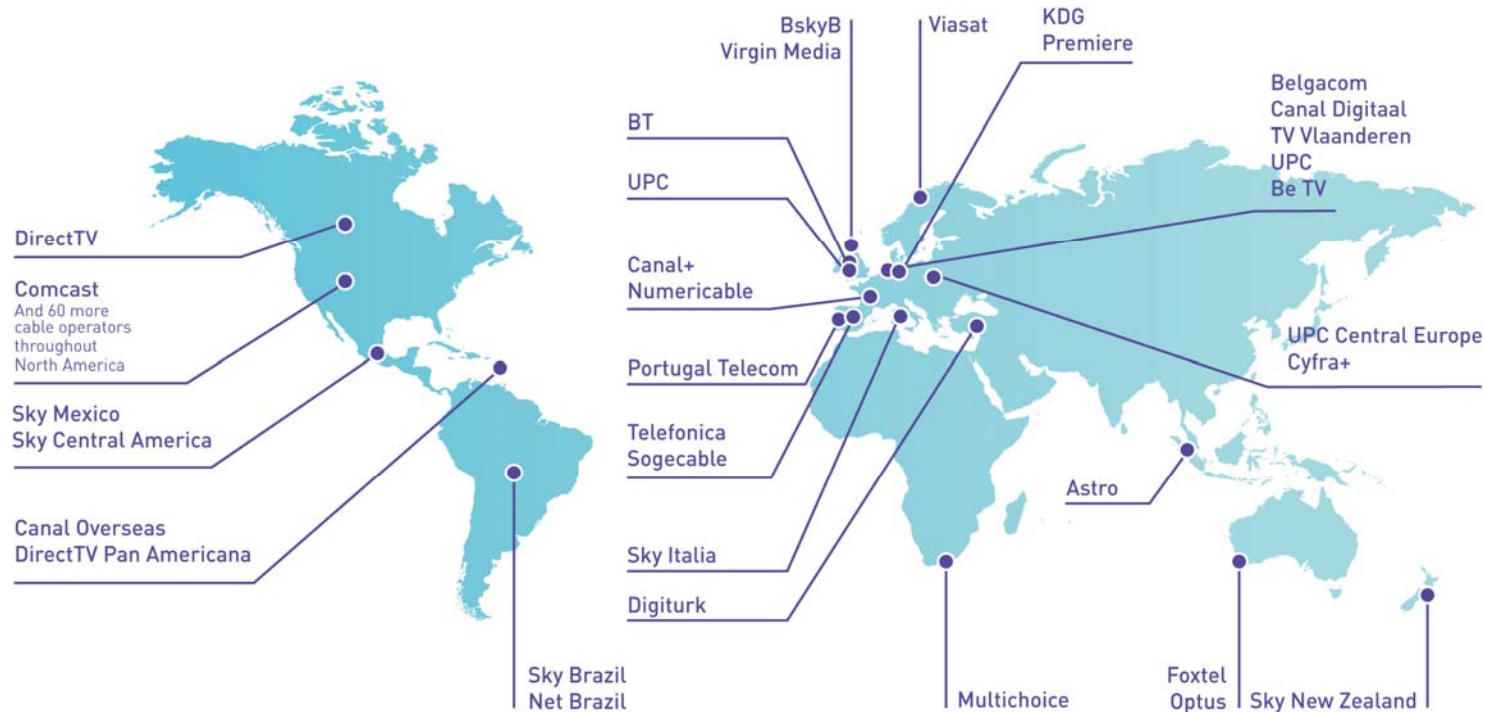
## Number 3 Globally

Rank 2007	Company	2007 Share	Rank 2006	2006 Share
1	Thomson	11.1%	1	11.5
2	Motorola	10.3%	2	8.3%
3	Pace	7.7%	8	3.2%
4	Echostar	5.4%	11	2.6%
5	Tongda	4.5%	3	5.1%

## Number 1 in Europe

Rank	Company	2007 Share
1	Pace	16.8%
2	Thomson	9.4%
3	Humax	5.2%
4	Sagem	4.6%
5	Samsung	3.7%

# Pace's globally diverse customer base of major payTV media giants



**Pace has more customers, across more markets, with more products than any of its competitors**

**Most of Pace's customers relationships are long-term & in-depth**

- Pace has worked with Sky & Canal+ for over 20 years
- Pace was digital launch supplier for Foxtel in Australia in 2005 and has since become sole supplier
- Comcast in the US has been with Pace since 2000

## Review of 2008: Products Launched

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- Pace has an unrivalled number of leading payTV operator customers
- During 2008 Pace launched a series of high profile products
  - Over 20 HD PVR products
  - Digital Cable Adapter for Comcast
- Pace shipped products to operators in all major digital TV markets
  - 4.7m set top boxes sold into EMEA
  - 1.1m set top boxes sold into APAC
  - 7.3m set top boxes sold into Americas
- Pace has been first to market with many new technologies, which has enabled Pace to establish and exploit industry leadership

# Pace delivered 20 HD PVR products in 2008



**UPC – satellite for Netherlands**



**Sky Italia – satellite**



**Multichoice – satellite for South Africa**



**CYFRA+ – satellite for Poland**



**Canal Digital – satellite for Nordic markets**



**Viasat – satellite for Scandinavia**



**Tahoe – for US cable markets**



**DIGITAL+ – satellite for Spain**



**UPC – Cable for Netherlands**



**Foxtel iQ – cable & satellite variants for Australia**



**Sky+ HD for the UK**



**Digiturk – satellite for Turkey**



**BT Vision V-box, Hybrid IPTV product for UK**



**Sky New Zealand – satellite**



**Le Cube for Canal+ – hybrid satellite**



**Aspen – two variants for US cable markets**



**Portugal TELECOM Satellite**



**DirecTV – satellite for the US**

## The payTV industry drives the landmark changes in how we watch TV

- From four channels to multichannel analogue cable and satellite
- 500 channels of digital TV with a programme guide
- Interactivity
- Personal video recorders
- High definition MPEG-4
- High definition PVR

## The next major industry evolutions will encompass

- Hybrid High definition PVR
- Whole home networked solutions
- ...3-D??



# Pace Networks – further company diversification



- Pace Networks: MultiDweller™
  - New Pace market in infrastructure sector for higher value, higher margin equipment
  - Enables access to triple-play services (TV, broadband, voice) on existing cabling in apartment blocks with 'no new wires'
- Enables payTV operators to target apartment blocks e.g 50% of EMEA households are in multi-dwelling units
- Five product versions to hit all major operator opportunities
- Serious interest from hospitality industry and product already tested for hotels
- Competitive landscape
  - Pace has a relatively unique proposition – working with existing [often very old] wiring
  - Other solutions demand new cabling (CAT-5 or ethernet), are proprietary, large scale only and relatively expensive
- First customer announcement imminent, volume ramp-up starting Q2 2009



## In Summary

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- **2008 was a record year for Pace**
- **Pace has significantly raised expectations for 2009 performance**
- **The Board is confident in Pace's ability to meet its current market expectations**

# Great products to our customers every time.



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