

Parity Group plc

Investor Presentation

Preliminary Results 2011



Strategic Plan Review

June - December 2010

- Cost cutting and business redirection
- New banking deal
- New strategic direction

2011

- Raise £6.4m for working capital and investment
- Restructure Board and invest in top management
- Stabilise the business and move into positive EBITDA
- Invest in new strategy for current business

2012

- Grow revenues
- Improve profitability
- Move into the Digital Agency world
- Increase emerging technology skills

2013

- Good business in strategic markets
- Creative Technology divisions
 - Digital Agency
 - Systems Integration
- Human Resources divisions
 - Resources
 - Talent Management



Headline Numbers

- Revenues down 14% on 2010, at £80m

Group

- Divisional Contribution up to £5.8m (2010 : £4.5 m)
- Adjusted EBITDA positive at £0.36m (2010 : £1.98m loss)
- Net borrowings decrease to £1.3m (2010 : £6.1m)
- Cash balances £5.2m (2010 : £0.2m)
- Central costs down to £4.8m (2010 : £6.5m)
- Exceptional items on property and IT restructure £1.4m (2010 : £2.1m)
- Group Loss After Tax £2.3m (2010 : loss £6.1m)
- Ongoing savings of £0.5m achieved by transitioning the company IT in-house

Divisional Results

- Resources contribution £3.51m (2010: £4.08m)
- Systems contribution £1.86m (2010: loss £0.07m)
- Talent Management contribution £0.46m (2010: £0.54m)



Headline News

- All divisions generated positive contribution
- Parity Resources increases contractor numbers placed by over 10% in the last six months of 2011
- Parity Talent Management
 - Renews its contract with the Northern Ireland Government
 - Wins its first contract with a GB university
- Parity Systems announces new OneParity virtual workforce service offering
- IT systems moves in-house with significant cost savings
- Invest NI sponsors Parity's new Belfast emerging technology TechLab
- After difficult 18 months of cost saving and redirection, can now focus on exciting digital media strategy



Financial Summary

Divisional Performance

	Revenue		Contribution	
	2011 £000	2010 £000	2011 £000	2010 £000
Resources	68,662	78,117	3,506	4,075
Systems	9,209	12,078	1,862	(68)
Talent Management	2,271	2,768	461	542
Total	80,142	92,963	5,829	4,549

Continued focus being applied to direct overheads and contract profitability levels has resulted in £1.28m increase in divisional contribution .

Resources

- Revenue down 12.1% but contractor numbers grown steadily in second half and
- Segmental contribution held stable at 5.1%
- Contractor margins held stable

Systems

- Revenue down 23.7% but focused on higher margin work
- Good performance from long standing customers
- Segmental contribution increased to 20.2% - loss last year
- Exited loss making fixed price contracts

Talent Management

- Revenue down 17.9% but significant recent contract wins
- Segmental contribution increased to 20.3% - (2010: 19.6%)



Financial Summary

Income Statement

	Parity Group	
	2011 £000	2010 £000
Revenue	80,452	93,162
Segmental contribution	5,829	4,549
Central costs	(4,826)	(6,525)
Investment costs	(688)	-
Adjusted EBITDA	356	(1,976)
Depreciation and amortisation	(537)	(636)
Share based payments	(177)	(30)
Non-recurring items	(1,437)	(2,138)
Finance income	770	773
Finance costs	(1,124)	(1,236)
Loss before tax (continuing operations)	(2,149)	(5,243)

- Revenue down 13.6%
- Segmental contribution increased by 28.1%
- Central costs decreased by 26%
- Adjusted EBITDA now positive
- Non-recurring items – generate future savings

Adjusted EBITA is the statutory measure before non recurring items and share based payments



Financial Summary

Balance Sheet

	Parity Group	
	2011	2010
Intangible assets	5,547	5,796
Tangible assets	593	870
Available for sale financial assets		134
Deferred tax	1,384	1,498
Trade and other receivables	12,655	15,037
Cash and cash equivalents	5,241	245
Asset based lending (ABL) financing	(6,504)	(6,354)
Trade and other payables	(8,783)	(11,385)
Provisions	(1,947)	(2,083)
Retirement plan liability	(2,467)	(2,425)
Net Assets	5,719	1,333

Cash

Placing raised £6.4m – retained at year end £5.2m

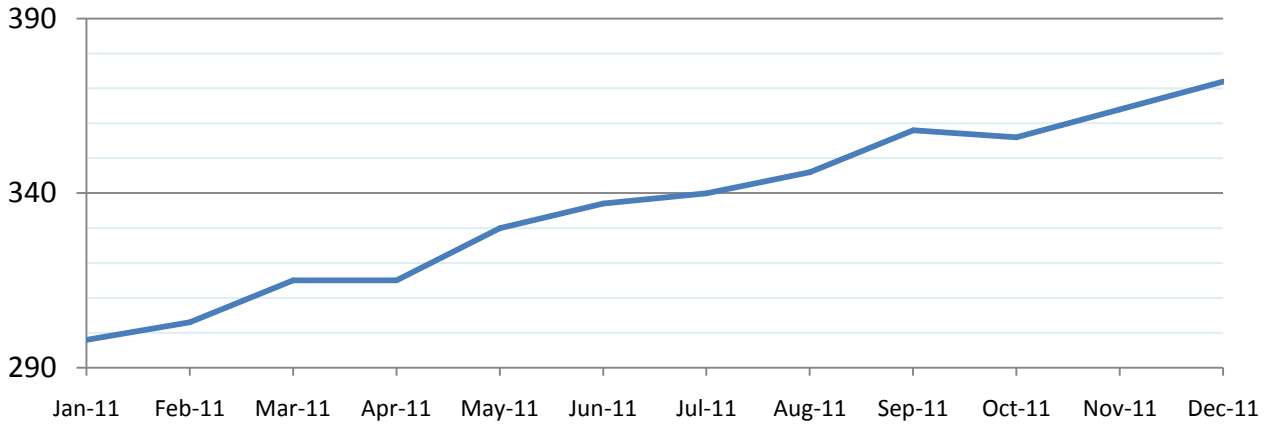
- Underlying business now generates small but positive cash flow
- Strong debt collection record – debtor days 26 (2010: 31 days)
- Maintained ABL levels
- All re-scheduled creditors from 2010, early 2011 cleared
- Included funding onerous leases costs of £0.8m



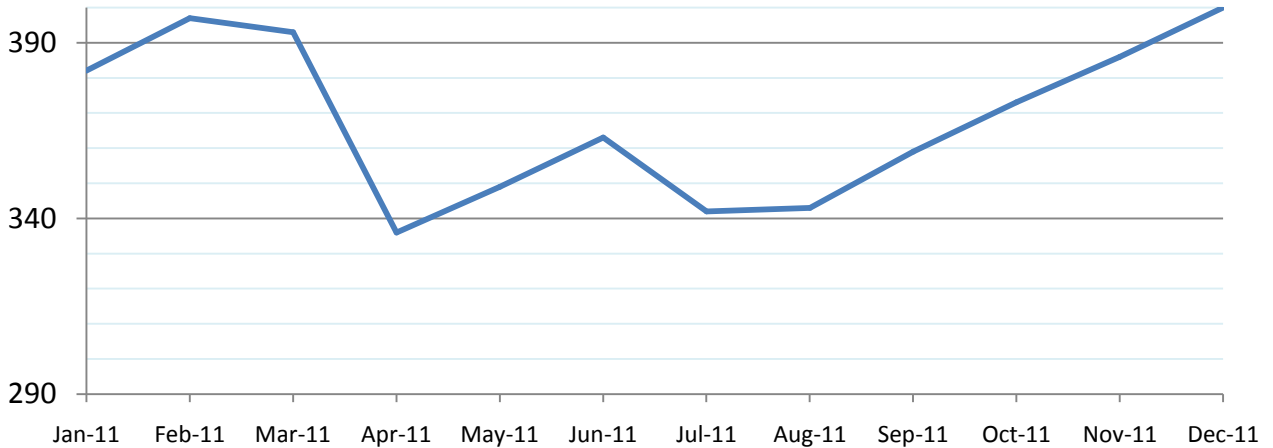
Parity Resources Highlights

- Contractor numbers have grown by 10% in second half of 2011
- Opened new London Office
- Significant growth in Private Sector

Private Sector Contractors



Public Sector Contractors



Parity Resources

New Clients 2011



Parity Systems Highlights

- Key clients continue to spend (BAT; Charity Commission; MOD etc)
- One year extension to the existing framework agreement for BAT.
- Exit from all unprofitable fixed price contracts
- Our market focus shifted to Business Intelligence in 2011
- We have Gold partner status with Microsoft, Oracle and Adobe.
- New Tech Lab opened in Belfast with Invest NI funding



Parity wins contract to provide technical support to DII Battlespace Maritime team

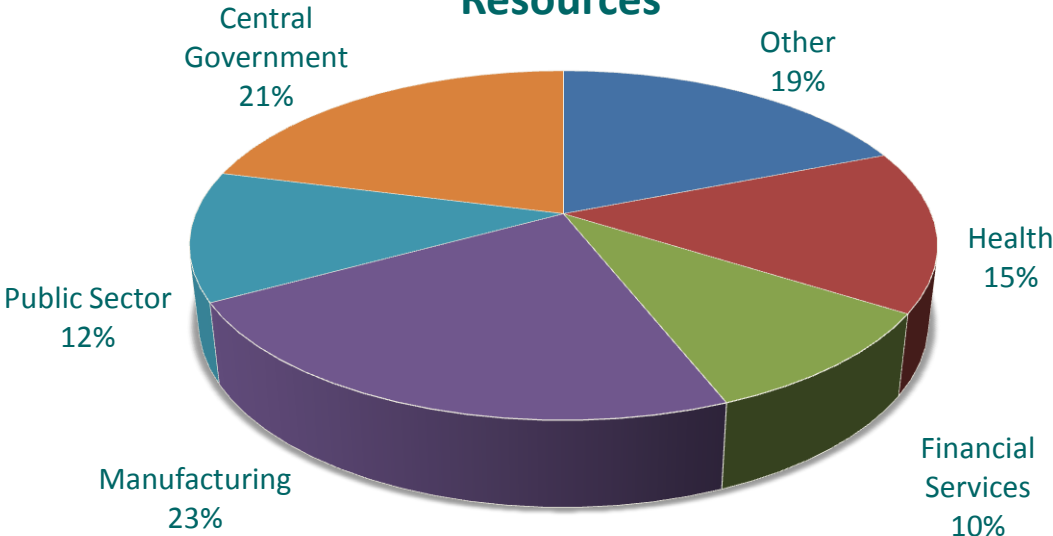
Talent Management Highlights

- Entry into GB market – Sheffield Hallam University win
- Established presence in Higher Education/Further Education marketplace
- INTRO rebid win (Northern Ireland)
- Positioning for Fast Stream contract rebid
- Contract wins with BBC, Houghtons, BT, BE Aerospace

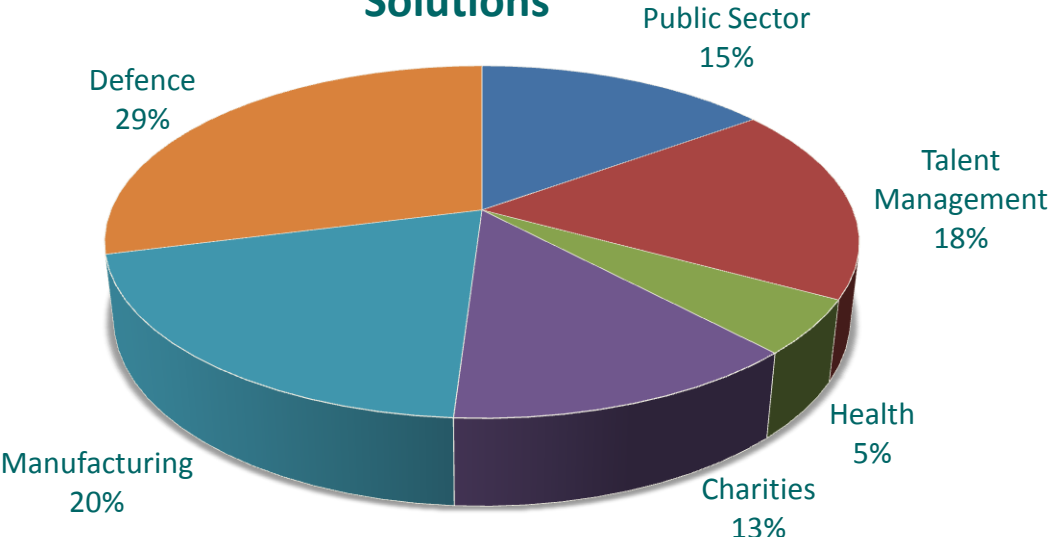


Revenue Split by Sector

Resources



Solutions



Parity Businesses in 2013

