

Parity Group plc

Investor Presentation

Interim Results 2012



Headlines

In the 30th June 2012 Half Yearly Financial Report, Philip Swinstead said:

“It is encouraging in this difficult climate to see the Group’s revenue increasing significantly for the first time in five years and a return to underlying profitability. We maintain our concentration on improving shareholder value, and will continue to progress our digital media strategy in a careful, considered manner suitable for the current economic climate.”

- Group Revenues increased to £42.86m up 5% on the first half of 2011
- Group Profit before tax and transaction costs recovered to £0.32m (2011 : £0.37m loss)
- Acquisition of Inition Limited in May 2012
- Divisional Contribution increased to £3.01m (2011: £2.82m)
- Investment programme continues with a first half cost of £355k
- Current trading is in line with the Board’s expectations



Financial Summary

Income Statement

6 months to 30th June 2012

	Resources	Systems	TMS	Initiation	Total	Total 2011
	£000	£000	£000	£000	£000	£000
Revenue	38,274	3,419	936	233	42,862	40,798
Contribution	2,157	562	252	46	3,017	2,820
Central costs					(2,242)	(2,476)
Adjusted EBITDA before investment costs					775	344
Investment costs					(355)	(195)
Adjusted EBITDA after investment costs					420	149
Depreciation and amortisation					(254)	(277)
Share based payment					(69)	(94)
Non recurring items					411	52
Net finance costs					(184)	(197)
Profit before transaction costs					324	(367)
Transaction costs					(568)	-
Loss after transaction costs					(244)	(367)



Income Statement Headlines

- Revenue up 5%
- Segmental Contribution up 7%
- Central costs down by 9%
- Investment in new initiatives continues
- Adjusted EBITDA up 180%
- Return to profit before tax and transaction costs



Financial Summary

Balance Sheet

	6 months to 30 th June 2012	6 months to 30 th June 2011
Intangible assets	8,593	5,671
Tangible assets	611	727
Deferred tax	1,294	1,487
Trade and other receivables	14,180	14,861
Cash and cash equivalents	3,121	6,678
Asset based lending (ABL) financing	(7,065)	(7,797)
Trade and other payables	(11,453)	(10,161)
Provisions	(1,310)	(1,606)
Retirement plan liability	(3,004)	(2,648)
Net Assets	4,967	7,212

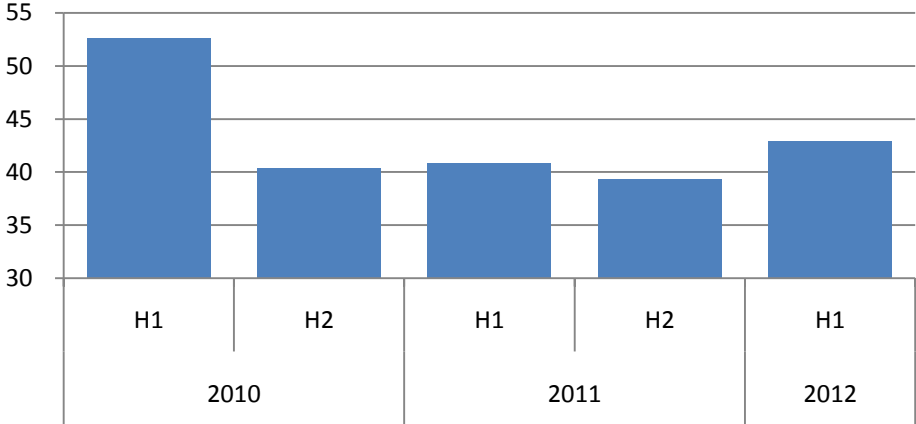
- Increase in intangibles due to acquisition of Inition
- Underlying business generates small but positive cash flow
- Increase in net debt due mainly to:
 - Acquisition of Inition
 - Computacenter termination payment
 - Pension deficit payments
 - Legacy property payments
- Trade and other payables includes £1m deferred consideration for Inition



Parity Group

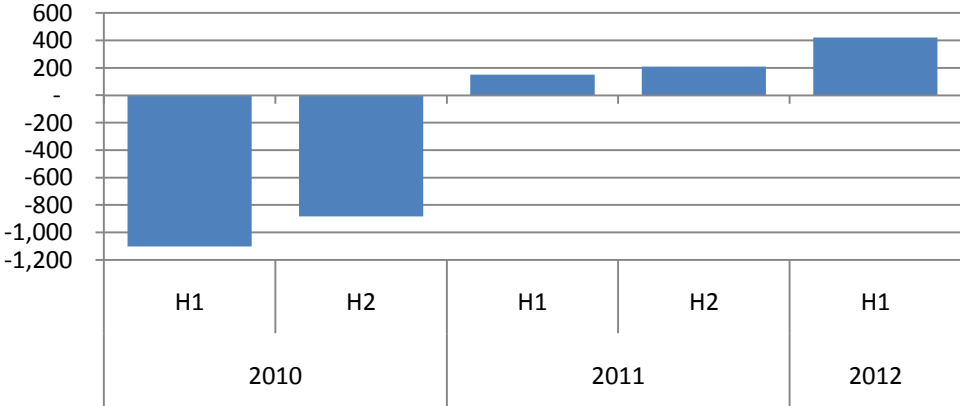
First significant increase in revenue for many years

Revenue in Millions



Fifth consecutive period of EBITDA growth

Adjusted EBITDA in £000's



Human Resources

Resources

- Growth in revenue, contractor numbers, contribution and forward order book on H1 and FY 2011
- Working with Parity Talent Management to develop new market offerings
- Public/Private sector numbers now 50/50
- 36 new clients in 2012

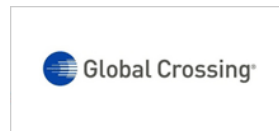
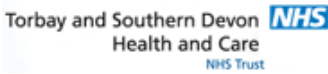
Talent Management

- FastStream and Intro contracts renewed
- Growth month on month in 2012 after slow start
- Improved divisional contribution margin over 2011
- 12 new clients in 2012



Resources

New clients in 2012



Talent Management

New clients in 2012



Digital Solutions

Systems and Tech Lab

- Skills aligned to new digital strategy
- New contract for Business Intelligence in Northern Ireland
- Core business continues to meet expectations
- First Phase of project with Invest NI successfully completed
- Move to new offices in Belfast Technology Park
- Several prospects identified for IP development

Inition

- Integration proceeding well
- Achieving revenue and contribution targets
- Healthy order book
- Good client portfolio



Digital Solutions Clients



