

Share Review

In Andrew's Portfolio :PACE MICRO TECH Plc [PIC.L] 28 April 2014 3.71

Pace Micro Plc is engaged in the developing, designing and distribution of technologies, products and services for managed subscription television, telephony and broadband services and the provision of engineering design and software applications to its customers. The Company also provides related support services including systems integration and customer care centers. The Company operates in two segments: Pace Americas, Pace International and other. Its products include high definition set-top boxes, personal video recorders, digital cable set-top boxes, media gateways, and MPEG set-top boxes. **Company Facts**

EPIC PIC	Cap \$1.41Bn	Sector - Tech	Exchange LSE	GB Sterling £	FTSE 250
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- A world leader in technologies, products and services for the broadcast and broadband industries.
- Pace is a leading technology developer for pay TV and broadband service providers.
- Are the global market leader in set-top boxes and **the US number one in residential gateways.**
- Delivery of Internet video through pay TV set-top boxes or directly from the cloud.
- A company at the forefront of the revolution in digital TV technology
- Pace's high-quality, advanced gateway hardware and industry-leading wireless performance has seen it have more customers, across more markets and with more products than any of its peer competitors.
- Has first mover advantage into the exciting world of 3DTV. 3D that represents the next big step forward after HD. Pace is at the forefront in the advanced set-top boxes enabling delivery of 3D services.
- Its Business model focuses on Solution delivery, Customer care and Services
- A Global brand that has customer relations in America, Europe, Asia and Far East and Australia.
- Pace's global customer base includes many of the world's leading operators in cable, satellite, IPTV including AT&T, SKY, BT, Telefonica, Telstra, Digital plus, Viasat, Cable Television.
- Pace has developed strong and long-lasting relationships with key conditional access, middleware and silicon technology partners around the world.
- Strategic acquisition. On January 6, 2014 Pace completed the acquisition of Aurora Networks for \$310m in October 2013. Aurora Networks is the leading innovator of advanced, next-generation optical transport and access systems for broadband networks that support the convergence of video, data and voice applications.
- PACE has industry lead technology and software partners including Intel, HDMI, Sigma, ES3, Minerva.
- Year on year share performance increase 89.8% [2 April 13 £2.41 2 April 14 £4.58]

Recent News – Chief Executive Officer Michael Pulli on 1 April announced he had increased his interest in the subscription television, telephony and broadband services technology design group. FTSE 250-listed Pace a week earlier the group posted a 2.7% rise in annual revenue to \$2.46bn. The company achieved adjusted earnings before interest, tax and amortization (EBITA) of \$194.6m in the year through December 2013, up 22.5% on 2012, driven by demand for pay TV hardware. During the period the group worked to cut operating expenses by \$16.2m as part of its transformation, helping to boost profit after tax by 65.6% to \$96.7m.

FUNDAMENTAL ANALYSIS

Company Statements: [Pace Factsheet](#) : [Investors presentation 2014](#) : [Trading Update](#)

From 2013 annual A/cs	31 Dec 2012 \$m	31 Dec 2013 \$m	Move %
Revenue	2,403.4	2,469.2	2.7
Operating Profit	93.8	130.8	47.9
Profit before Tax	68.4	96.7	41.4
EP Basic	31.2	109.4	350.6
Total Assets	1,400.4	1,248.9	33.4
Total Equity	410.0	547	13.6
Current Ratio	0.78	0.52	(0.33)
Earnings Per Share	19.4c	31.2c	60.8

TECHNICAL ANALYSIS -(Reassessed) Moving Averages give a good indication of the vitality of the share in the long run. In recent weeks the share price has fallen from its high on 17th March of £4.80. The consequence of which has seen the price fall below both its 20 and 50 day moving average. This is a sign of weakness in the potential short term opportunity for growth. Since March 2012, the share price had been rising and from January 2014 it had shown upside enthusiasm but recent share price performance has seen the price heading towards a 50% Fibonacci retracement level. The sharp decline in the price is evidence of a pull back/retracement with a head and shoulders pattern being to emerge. The previous short term momentum in this share would seem to be faltering. The retracement could be a sign to snap up a bargain or further falls in the share price could not be ruled out. Hobson's choice! The revised last month candlestick has seen bearish candlesticks being the norm. The Dragonfly Doji candlestick on the 14 April may be evidence that artificial support level of £3.80 has been reached with buyers forcing the price up to its days opening. If the share price falls further and begins to enter stop loss territory, I may need to reassess holding this share to prevent further losses. I decided to acquire 519 Shares on 2 April at £4.47 based on the general long term upside momentum, a past year increase of 89.8% and PACE's entry into the new TV supplier arena as market leader The FT gives the share a 1.14 Beta rating suggesting that it moves in line with stock market direction. ***Please note this analysis is not advice but interpretation of potential market moves. Past performance is no guide to the future*** . First Share Reviewed on 2 April 2014 £4.47. Current Price 25 April £3.71



Pace Ltd Last Month Candlestick

