

28 November, 2013

Publishing Technology plc
("Publishing Technology", "the Group" or "the Company")

Trading Update

Publishing Technology plc (AIM: PTO.L), the AIM quoted, leading provider of content systems, audience development and content delivery software and services to international publishers, information providers and academic institutions, announces that as a result of delayed completion of some very large and complex new product projects and additional research and development initiatives it expects its results for the year ending 31 December 2013 to be below market expectations and similar to the prior year.

Research and development expenditure, which has been running at around £3m per annum in each of the last few years, is written off in the period in which it is incurred leaving no capitalised development expenditure to impact future profits. The expected reduction in research and development expenditure in 2013 has been delayed as the Group brought forward some future planned investments, a significant one being the incorporation of HTML5, the now globally accepted web delivery standard. Undertaking this work removes one of the main obstacles to *advance* namely delivery for Apple Mac users who are widespread in publishing, increases cloud based options for *advance*, and allows the Company to provide "responsive design" (one web site any device) solutions for our online platforms,

This additional expenditure and the knock on effect on revenue and profits in 2013 does not impact the Group's strategy or its expectations for 2014. The outlook for 2014 remains a steady improvement in recurring revenue from new products and services, and a decline in the rate of investment in research and development.

Recurring revenues in 2014 are expected to be boosted from the current implementations and recent and upcoming go lives in both *pub2web* and *advance* divisions.

Within the *advance* division, major implementations are on-going with HarperCollins, Egmont, Rosen, Thieme and Turpin. Both Rosen and Thieme are implementing the entire *advance* suite and having deployed the first two modules, both are due to go live on the final 'order to cash' (OtC) component early in 2014. As well as undertaking ongoing work, the Group is in discussions to significantly expand the *advance* system for an existing *advance* customer and there is a healthy pipeline of major new opportunities.

In the *pub2web* division, the Group recently launched two significant new live clients, the American Institute of Physics Publishing (AIPP) which is now live on its new "Scitation" platform, a very significant research resource in this field of publishing, and the American Society of Microbiologists (ASM) which has launched its books platform with journals expected to follow in early 2014. New sites also included a French language e-book platform for Numerique Premium and a platform for Dutch publisher John Benjamins. The *pub2web* division has also recently launched improved and upgraded versions of the platform for Brill publishers, the OECD and the Institute of Engineering Technology (IET).

The Group is well positioned for 2014 and beyond as a result of the increased recurring revenue from maintenance, hosting and managed services referred to above and the additional research and development spend in 2013 which has created earlier than expected a more robust product set with a wider application which should require less development during future implementations.

The Vista division exceeded expectations in 2013 with the implementation at SAGE continuing into its second phase and new annual and multi-year deals being signed with long term customers, further underlining the importance and longevity of the Vista business.

PCG revenue and margin is expected to improve against 2012 in telemarketing and content sales and in the first full year of selling Churchill Archive and Drama Online for Bloomsbury it has exceeded expectations.

The joint venture in China is set to deliver an operating profit in 2013 in only its second year of operation on revenue more than double that of 2012. In addition the pipeline of business is strengthening with interest in the *advance* suite of products as well as *pub2web* and *ingentaconnect*. Trading in China is not without risk, but the Board believes that there are valuable opportunities for the Group in this market and the joint venture can achieve healthy growth and profits in the next 3 years.

The Board is aware of certain speculation and comment regarding takeover discussions involving the Company. However, the Board wishes to take this opportunity to announce that the Company has not received any approach, either formally or informally, regarding a potential takeover of the Company and therefore no such discussions have taken place.

George Lossius, CEO at Publishing Technology, commented:

“There are an exciting number of on-going or newly live projects internationally which I believe will create a step change in our business in the year to come. Whilst the outcome for 2013’s revenue and profit is disappointing in the short term, I believe the additional investments made in the products to keep apace with industry changes, and the lessons learned on the very large and complex *pub2web* implementations will prove to be invaluable for the Group going forward.”

For further information please contact:

Publishing Technology plc
Alan Moug / George Lossius
Tel: +44 (0) 1865 397 800

Westhouse Securities Limited
Tom Griffiths
Tel: +44 (0) 20 7601 6100

End