

22 September 2015

Trading Statement

Publishing Technology plc (AIM: PTO), ("Publishing Technology", the "Company" or the "Group") the AIM quoted leading provider of world-class software and services to the global publishing industry, today provides the following update to the market covering trading since the half year.

All the Group's divisions, other than advance, are either trading in line with or are ahead of expectations. Over two thirds of the sales base is stable or growing, reflecting the global appeal among publishers of the Group's products and services.

However, the Board has concluded, following their recent review of the sales position with regard to advance and its trading during the summer months, that the second half acceleration in sales will be substantially less than expected due to a number of key pipeline opportunities being delayed into 2016 and one pipeline opportunity has been lost. Although the Board believes that the advance division remains well placed for growth, the Company is now not expected to meet current market expectations and is expected to produce a loss for the year.

The Board continues to believe that group turnover will improve compared to 2014 and that performance at EBITDA level, although reduced from earlier expectations, will show a significant improvement on the prior year.

With the exception of the advance division, the Group is trading profitably and has a highly cash generative core business. Its fundamentals remain strong, with an established franchise providing software systems to blue chip global publishing companies.

As announced previously, the £9 million placing of new equity, completed earlier this year, has ensured that the Group is now debt free. However, the reduction in sales for the current year in advance combined with some additional cash consumption for working capital in the business will result in a reduced net cash position at year end compared with expectations. Though some further R&D spend will be required, investment in its new generation products is now largely complete.

In addition, after careful consideration, the Board wishes to announce that Michael Cairns has stepped down as CEO with immediate effect and will be

replaced as acting CEO by the Company's current Chief Technology Officer David Montgomery. The Board believes that David's technology skills, strong commercial focus and ability to execute fit perfectly with the Group's needs to drive sales, profits and shareholder value.

Non-Executive Chairman Martyn Rose has assumed the role of Executive Chairman with immediate effect in order to support the business during this transition period.

While the Board is disappointed by the lack of sales conversion in advance over the recent months and its impact on trading so far this year, it is taking decisive steps to address the performance of the business.

Martyn Rose, Executive Chairman of Publishing Technology, commented:

"While the performance of advance so far this year has been disappointing, we have taken prompt and decisive action to address the issue and the need to ensure that we have the right leadership to drive sales and profit. The Board believes that David Montgomery, with his extensive technology background, software track record and experience of working closely with our customers, is the right choice to take the Company forward.

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