

Parity Group PLC

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Parity shares under the cosh after losing staffing contract with Scottish government

Parity Group PLC (LON:PTY) shares plunged after the recruitment and tech consultancy said the Scottish government has decided against renewing a staff placement contract.

The company will continue to generate revenue from the existing staff placements it has made under the contract for the next two financial years but will not make any new placements.

READ: Parity plunges as it issues profit warning amid large contract delay

Parity said while the contract has been "significant" in revenue terms, it has provided "relatively low" margins.

The revenues lost from the loss of the contract will be offset by costs savings from no longer carrying out the work under the agreement with the government.

For this reason, it does not expect a "material impact" on profits.

Parity continues to expect to meet market forecasts for profit in the current financial year.

However, the firm expects revenue will be 10% lower than analysts' estimates.

"In the longer term the end of this contract will improve the group's net margin performance albeit from a lower level of revenue, consistent with the longer term direction of travel for Parity," it said.

Matthew Bayfield, who was appointed chief executive in January, will announce his new strategy for the business at the full-year results on April 16.

Parity issued a profit warning in November after a delay in the extension of a large contract continued into the second half.

Price: 10.2

Market Cap: £10.47 m

1 Year Share Price Graph



February 2018 August 2018 February 2019

Share Information

Code: PTY

Listing: LSE

52 week High Low
12.5 4.5

Sector: Software & services

Website: www.parity.net

Company Synopsis:

Parity helps organisations find the right people, skills and data to support confident data-led business decisions. Specifically, we advise on data and we provide access to skills either as a managed service, through resourcing in the contract or permanent market or as part of a learning and development programme.

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