



## 2010 Interim Results

Presented by:

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Denis Mullan, Finance Director

May 2010

## Agenda

- Summary
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  - Operational
- Operational Overview
  - ATM Overview
  - Touch Sensor Overview
    - ZYPOS® Sensors
    - Non-ATM ZYTOUCH® Sensors
- Financials
  - Group Profit & Loss Account
  - Group Balance Sheet & Cashflow
- Strategy & Prospects
- Appendices



MRI (USA)  
Way2Order kiosk

## Financial Summary

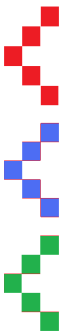
	Half Year ended 31 March	
	2010 £'m	2009 £'m
Turnover	8.20	7.98
Gross Profit	2.60	2.67
Gross Profit Margin	31.7%	33.4%
Operating Profit	1.12	1.09
Profit before taxation	1.06	1.05
EPS (pence)	5.4p	5.2p
Dividend (pence)	2.0p	1.2p

- Turnover increased 3% to £8.20m
- Operating Profit increased 3% to £1.12m
- EPS increased by 4% to 5.4p
- Interim dividend increased 67% to 2.0p



## Operational Summary

- Order intake up by 16% to £9.71m (2009 : £8.38m)
- Export sales increased to 89% (2009: 86%)
  - EMEA remained highest export region at 52% (2009: 50%)
  - APAC 2<sup>nd</sup> highest, followed by Americas (reversal of 2009)
    - Switch in ATM production from Americas to APAC
- ZYPOS unit sales increased by 9%
- Total touch unit sales increased by 5%
- Representation/distribution network strengthened
  - China, Italy, Brazil and Florida, USA; South Africa in May
- Smooth handover of Chairmanship



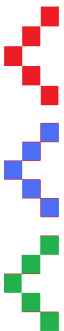


ZeykoAD (South Korea)  
Digital Signage

## Operational Overview



Advantech (Taiwan)  
Digital Signage



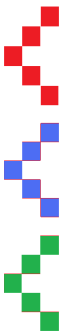
## ATM Overview

- Total ATM unit sales were 1,870 units (3%) lower than peak of H1 2009
- ATM Touch units 17% of total unit sales (2009 : 19%)
  - Sales of ATM Touch units 1,023 units (9%) lower than H1 2009
    - APAC region trebled to 5,300 units
    - EMEA region reduced by 30% to 3,022 units
    - Americas region approximately halved to 2,469 units
    - UK now negligible with nearly all supply offshore
- NCR – PersonaS™ range obsolete from December 2009
  - SelfServ™ range 84% of NCR unit production (2009 : 42%)
    - Change in product designs from January 2010 onwards

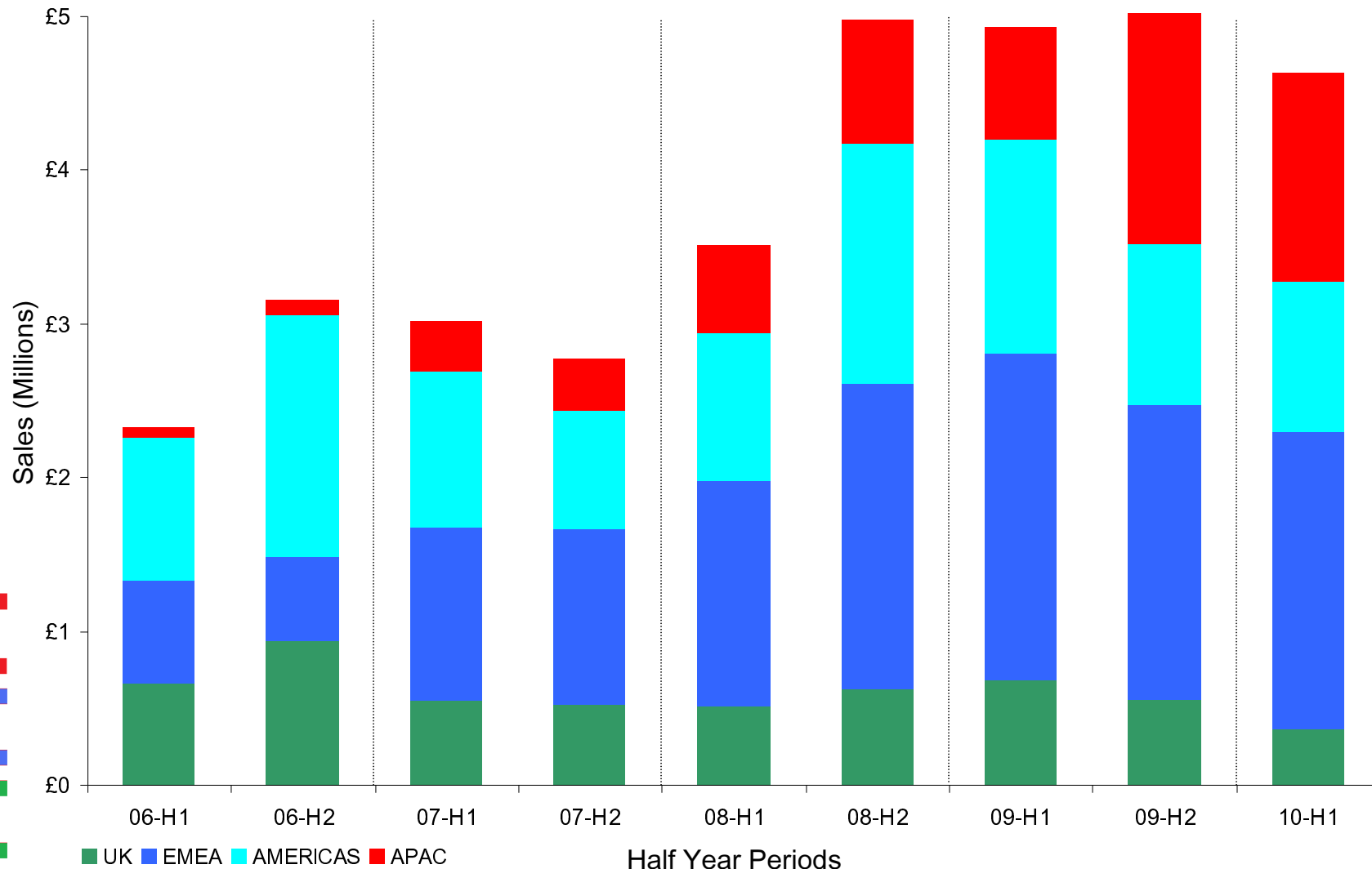


## Touch Sensor Overview

- Touch export sales 92% (2009 : 86%)
- Total touch sensor unit sales increased by 1,470 units (5%)
  - ZYPOS unit sensor sales increased by 1,337 units (9%)
  - ZYTOUCH unit sensor sales increased by 338 units (2%)
- Touch turnover decreased 6% to £4.63m (2009 : £4.93m)
  - Product mix change in ZYPOS, gaming not dominant
  - ATM ZYTOUCH product mix continues to change;
    - NCR PersonaS to lower priced SelfServ
      - SelfServ range 94% of unit production for NCR (2009 : 60%)
    - NCR SelfServ migrates to ZYBRID designs from March 2010



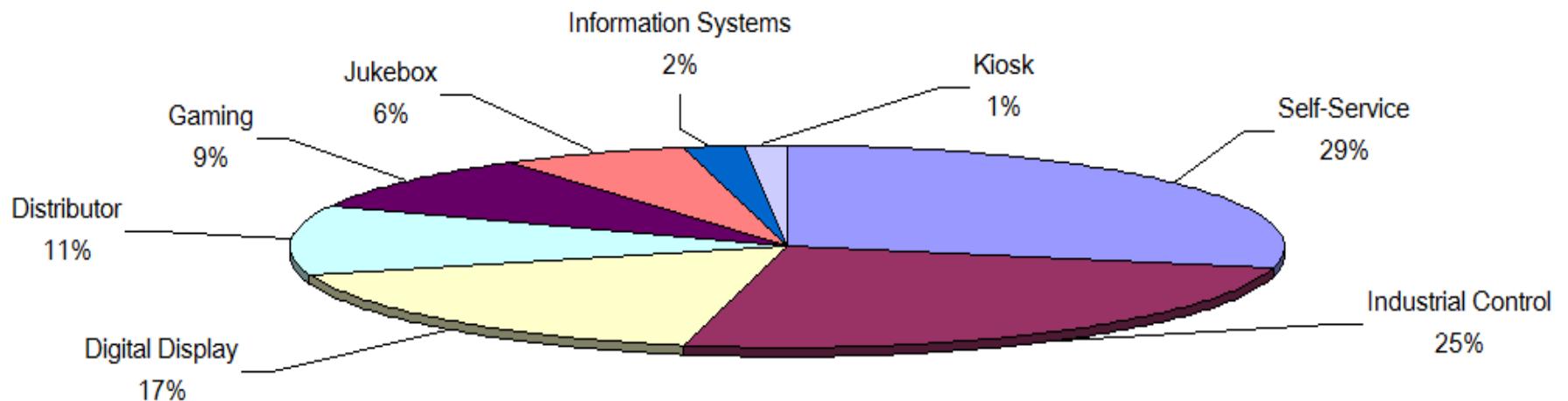
## Regionalised Half Year Touch Sensor Sales





## ZYPOS Sensors

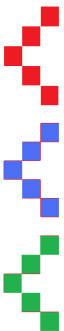
- Market Segmentation
  - Sales by region – 39% EMEA (ex UK), 28% Americas, 18% APAC & 15% UK
  - Self-service applications accounted for 29% of ZYPOS sales (4% : 2009)
  - Gaming sector unit volume decreased by 58%; evidence of strengthening in H2
  - Continuing 2010 growth from self-service, vending, digital displays & ATM switch





## Non-ATM ZYTOUCH Sensors

- Represents 11% of total sales
- Market Segmentation
  - Sales by region – 79% EMEA (ex UK), 8% APAC, 7% Americas & 6% UK
  - 30% growth in units supplied (1,772 units)
  - 34% growth in turnover (£0.24m)
    - Petrol forecourt Keypad unit demand increased by 195%
    - Recovery in demand from key European distributor (up 54%)
- Future business reliant on niche product developments
  - Extreme ruggedised applications
  - Inclusion of specialised filter materials



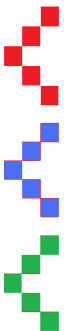


ZeykoAD (South Korea)  
Digital Signage in Japan

## Financials



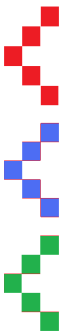
Infinitus (Slovenia)  
POI Kiosk





## Group Profit & Loss Account

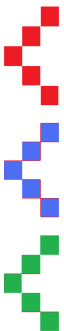
- Gross profit margin 31.7% (2009: 33.4%)
  - Change of sales mix; fewer high premium touch sensor sales
- Adapting pricing in management of large accounts
- Admin expenses decreased £0.09m to £1.39m
  - Savings from property acquisitions; tight control of overheads
- Currency protection
  - Continue with natural hedging
  - Balance sheet protected by closing monthly positions
- Basic EPS increased by 4% to 5.4p (2009: 5.2p)
- Interim dividend increased 67% to 2.0p (2009: 1.2p)





## Group Balance Sheet & Cashflow

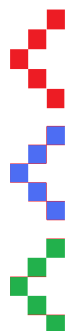
- Tangible and intangible capex additions of £0.41m & £0.06m respectively
  - Depreciation & amortisation charges £0.49m
- Increase in net working capital of £0.20m
  - Inventories decreased marginally
  - Trade & other receivables increased by £0.16m
  - Trade & other payables decreased by £0.06m





## Group Balance Sheet & Cashflow (cont'd)

- Cash balances at 31 March 2010 were £0.04m (Sept 2009: £0.11m)
- Payment of final dividend in February 2010 of £0.56m (2009: £0.44m)
- Debt repayments £0.43m (2009: £0.29m) and taxation £0.31m (2009: nil)
- Loans / HP : £3.24m (2009: £1.60m), including £2.25m 10 year mortgage (June 2009)
- Net cashflow from operating activities decreased to £1.12m (2009: £1.40m)
- Net gearing decreased to 27% (Sept 2009: 31%)
- Significant headroom in unused facilities
  - Overdraft £0.58m and 3 year revolver £2.00m
- PBSE – receipt of grant of £0.54m related to ZYPOS development since 2005
- Growth in distributable reserves to £3.66m from £3.37m in September 2009



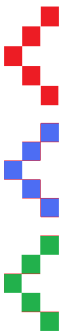


The Coca-Cola Company (USA)  
Freestyle® drinks fountain

## Strategy & Prospects



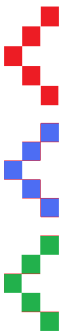
Springboard (Canada)  
Self-service units





## Strategy

- Drive PCT™ into global marketplace, increasing applications profile
  - Continue to increase distribution and representation network
    - Mexico and China (regional)
  - Development of emerging market opportunities
    - Digital signage driven predominantly by APAC region
    - Vending and dispensing equipment
- R&D development programmes
  - Release of ZXY100 series controller
  - Chipset integration
  - Driver software development



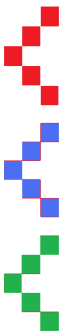




## Summary & Prospects

- Good financial performance in a challenging economic climate
- Good operating cash generation; boosted by subsequent grant receipt
- Progressive growth in dividends
- Effective implementation of succession planning
- Continual widening of industrial and geographical customer base
- Strong growth in order book of 16% to £9.71m (2009 : £8.38m)
- Future benefits from recent intro of ZXY100 series controller & other R&D devs
- Coca-Cola Freestyle™ and white goods sector on schedule to impact 2010/2011
- Touch market predicts 6 years of compound growth at 13.4% until 2015

source Displaysearch May '09 Touch Market Analysis Report



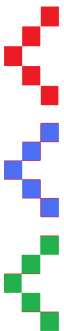


Indago™, ACE Interactive's  
Video Lottery Terminal

## Appendices



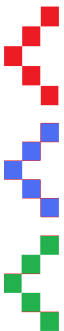
NSM (UK)  
Video Jukebox



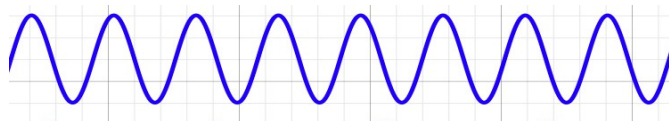
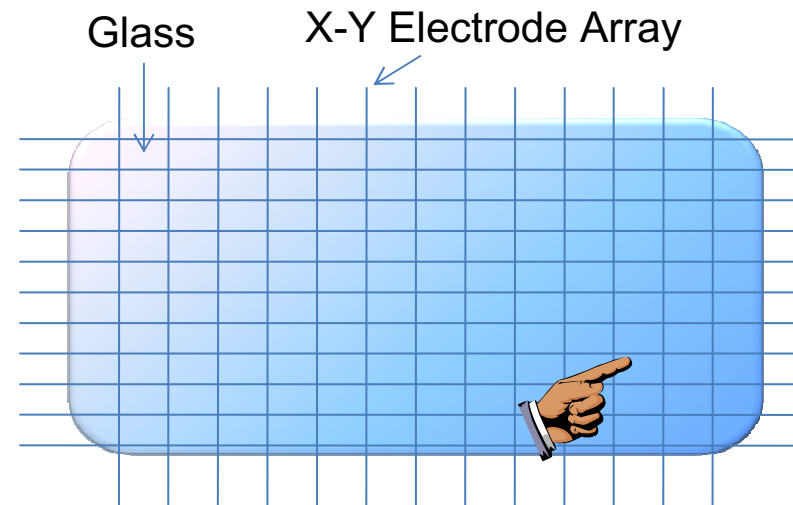
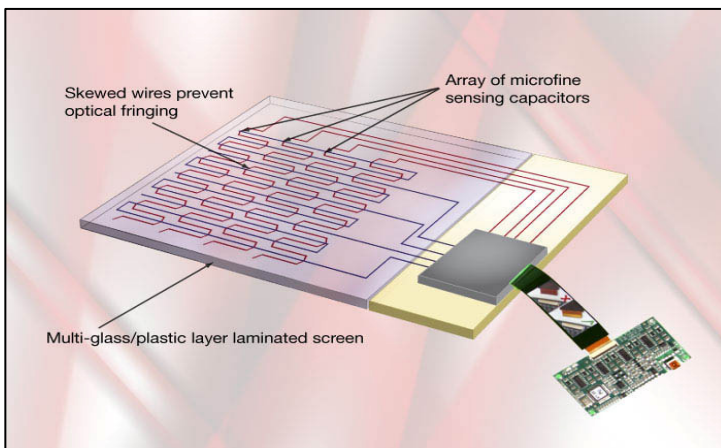


## Background to Zytronic

- Established in 1942, manufacturing gas mask lenses
- In 2000, re-named “Zytronic”, undertakes IPO and lists on AIM in July
- Competitive advantage based on technological development and innovation
- Facilities include three manufacturing units totaling 80,000ft<sup>2</sup> for all products
- Manufacturer of ZYTOUCH®, ZYPOS®, ZYBRID®, ZYSWITCH®, ZYFILM® and ZYPROFILM® patented Projected Capacitive Technology (PCT™) touch sensors
- Long established world leader in the development and manufacture of optical filters and glass composites for electronic displays



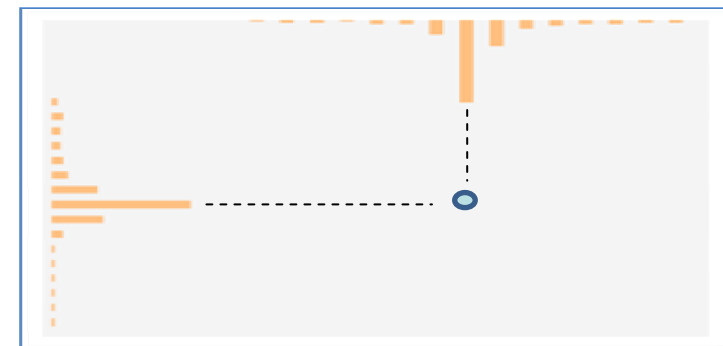
# What is Zytronic's Projected Capacitive Technology



Electrodes Oscillate at known Frequency



Applied Finger Changes Electrode Oscillation Frequency due to Body Capacitance

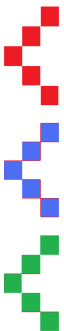


Peaks in Frequency Change determine position of touch.



## Review of Touch Sensor Products

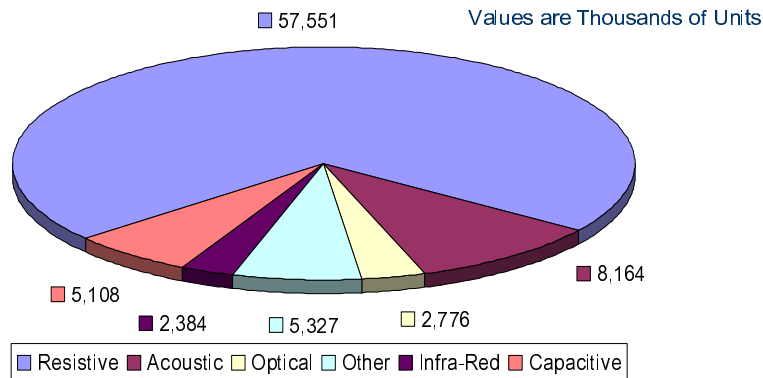
- ZYTOUCH - 2+ glass layer construction, PCT™ sensing array embedded in-between. Primary applications; ATM's, external information kiosks, ticketing machines etc.
- ZYPOS - single standardised glass layer construction, PCT sensing array embedded at rear, encapsulated with PET film cover (customised constructions – ZYBRID). Primary applications; gaming machines, internal signage, vending machines etc.
- ZYFILM & ZYPROFILM - All film constructions, PCT sensing array embedded between layers of films. Primary application; shop window advertising etc
- ZYSWITCH - PCT switch array in glass or plastic to replace plastic membrane switches and manual switches. Primary applications; PIN pads, single selection points in gaming machines etc.



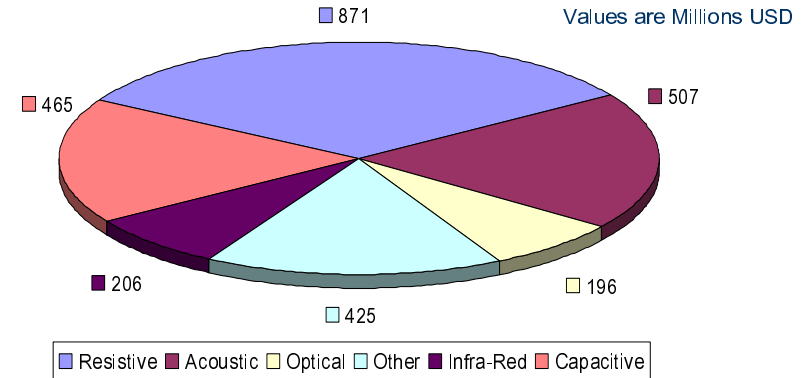


## Competitive Touch Sensor Market Analysis

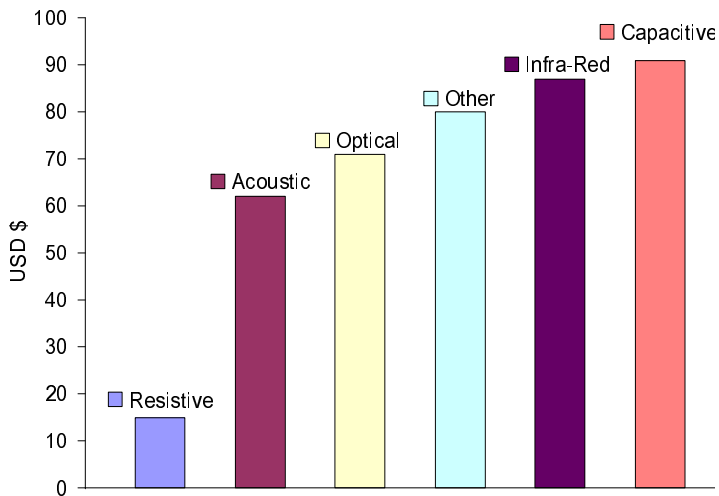
### Market Segmentation by Technology Type



### Market Segmentation by Technology Value



### Average Sales Price (\$) - Technology Type



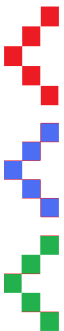
- Data represents 2012 market forecast, for panel sizes > 10"
- Projected Capacitance is included within the Capacitive data.
- 'Other' includes: In-cell, Digitiser and Emerging
- Acoustic includes: Surface and Dispersive technologies



## Competitive Touch Sensor Market Analysis (cont'd)

DISPLAYSEARCH - May '09 Touch Market Analysis Report, states:

- Projected Capacitance Sensing (PCS) biggest growth touch interface technology
- PCS market competition driven by integrated circuit (IC) manufacturers - Cypress, Synaptics, Atmel, etc in conjunction with ITO coated film and glass suppliers.
- 25 competitive PCS solution providers emerge for mobile, handheld, netbooks etc
- Some companies release ITO based PCS prototype solutions up to 15", using multiple IC's
- Zytronic accepted as solution provider for emerging digital signage market, >46"
- Zytronic sensors are only commercially available PCS wire based glass solutions > 6" sizes





## Competitive Touch Sensor Market Analysis (cont'd.)

		<div>Excellent</div> <div>Good</div> <div>Fair</div> <div>Poor</div>			
		Optical Performance			
		Transmission	Haze/Clarity	Colour Purity	Reflectance
		Environmental			
		Vandal Resist	Durability	Impact Resist	Shock/Vib
		Chemical Resist	Dust/Water Resist	Scratch Resist	
		Touch			
		Multi-Touch	Resolution	Speed	Surface Immunity
		Stability	Palm Reject		
		Mechanical			
		Edge Sealed	Inactive Area	Small Displays	Medium Displays
		Large Displays	Cost		
		Input			
		Gloved Hand	Pen, etc		
Resistive		<div></div>	<div></div>	<div></div>	<div></div>
Infra-Red		<div></div>	<div></div>	<div></div>	<div></div>
Acoustic		<div></div>	<div></div>	<div></div>	<div></div>
Surface Capacitive		<div></div>	<div></div>	<div></div>	<div></div>
ZYTRONIC		<div></div>	<div></div>	<div></div>	<div></div>