

# Interim Results period ended 31 March 2020



Mark Cambridge – Chief Executive Officer  
Claire Smith – Group Finance Director

May 2020

- Revenue of £7.4m (2019: £9.5m)
- Gross margin affected by reduction in gaming, financial and vending revenues and change of product mix
- EBITDA of £1.0m (2019: £1.9m)
- PBT of £0.5m (2019: £1.4m)
- Corporation tax rate estimated at 14% (2019: 12%)
- Fully diluted EPS of 2.5p (2019: 7.4p)
- Net cash of £12.4m (30 September 2019: £13.1m), after dividend paid in period of £2.4m (H1 2019: £2.4m)
- No interim dividend proposed for 2020, due to COVID-19 uncertainties (2019: 7.6p)
- COVID-19 business interruption effects impacting H2 performance metrics

# Consolidated statement of comprehensive income



	Unaudited six months to 31 March 2020	Unaudited six months to 31 March 2019
Group revenue	<b>£7.4m</b>	£9.5m
Gross profit	<b>£2.2m</b>	£3.3m
Gross margin	<b>30.3%</b>	34.7%
Group trading profit	<b>£0.4m</b>	£1.4m
Trading margin	<b>5.7%</b>	14.2%
Net finance revenue/(costs)	<b>£0.1m</b>	£-
Profit before tax	<b>£0.5m</b>	£1.4m
Tax expense	<b>(£0.1m)</b>	(£0.2m)
Profit for period	<b>£0.4m</b>	£1.2m
Earnings per share (EPS)		
Basic	<b>2.5p</b>	7.4p
Diluted	<b>2.5p</b>	7.4p

# Statement of comprehensive income ZYTRONIC

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- Group revenue £7.4m (2019: £9.5m)
- Gross profit margin of 30.3% (2019: 34.7%)
  - Impacted by change in mix of sensors sold, with less large format sensors being invoiced, predominantly in gaming market
- Admin expenses of £1.7m (2019: £1.8m)
  - Controlled spend has benefited admin expenses over the period
- PBT of £0.5m (2019: £1.4m)
- Net effective tax rate estimated at 14% (2019: 12%)
  - Reduced by enhanced R&D tax credits and Patent Box relief claims on MPCT™ products
- Basic EPS of 2.5p (2019: 7.4p), fully diluted EPS of 2.5p (2019: 7.4p)
- No interim dividend proposed (2019: 7.6p)

# Consolidated statement of financial position



	Unaudited six months to 31 March 2020	Unaudited six months to 31 March 2019	Audited 12 months to 30 Sept 2019
Non-current assets	<b>£7.3m</b>	£8.0m	£7.7m
Current assets (less cash)	<b>£6.1m</b>	£7.8m	£7.2m
Cash	<b>£12.4m</b>	£12.1m	£13.1m
Total assets	<b>£25.8m</b>	£27.9m	£28.0m
Current liabilities	<b>(£1.5m)</b>	(£1.8m)	(£1.7m)
Non-current liabilities	<b>(£0.6m)</b>	(£0.6m)	(£0.5m)
Total liabilities	<b>(£2.1m)</b>	(£2.4m)	(£2.2m)
Net assets	<b>£23.7m</b>	£25.5m	£25.8m

# Consolidated cashflow statement



	Unaudited six months to 31 March 2020	Unaudited six months to 31 March 2019	Audited 12 months to 30 Sept 2019
Profit before tax	<b>£0.5m</b>	£1.4m	£3.1m
Depreciation and amortisation	<b>£0.6m</b>	£0.6m	£1.2m
Movement in working capital	<b>£0.9m</b>	(£1.7m)	(£1.1m)
Tax paid	<b>(£0.1m)</b>	£-	(£0.2m)
Net cash from operating activities	<b>£1.9m</b>	£0.2m	£2.8m
Net cashflow used in investing activities	<b>(£0.2m)</b>	(£0.4m)	(£0.6m)
Dividends	<b>(£2.4m)</b>	(£2.4m)	(£3.7m)
Net cashflow used in financing activities	<b>(£2.4m)</b>	(£2.4m)	(£3.7m)
Decrease in cash	<b>(£0.8m)</b>	(£2.6m)	(£1.5m)
Net cash	<b>£12.4m</b>	£12.1m	£13.1m

# Statement of financial position & cashflow

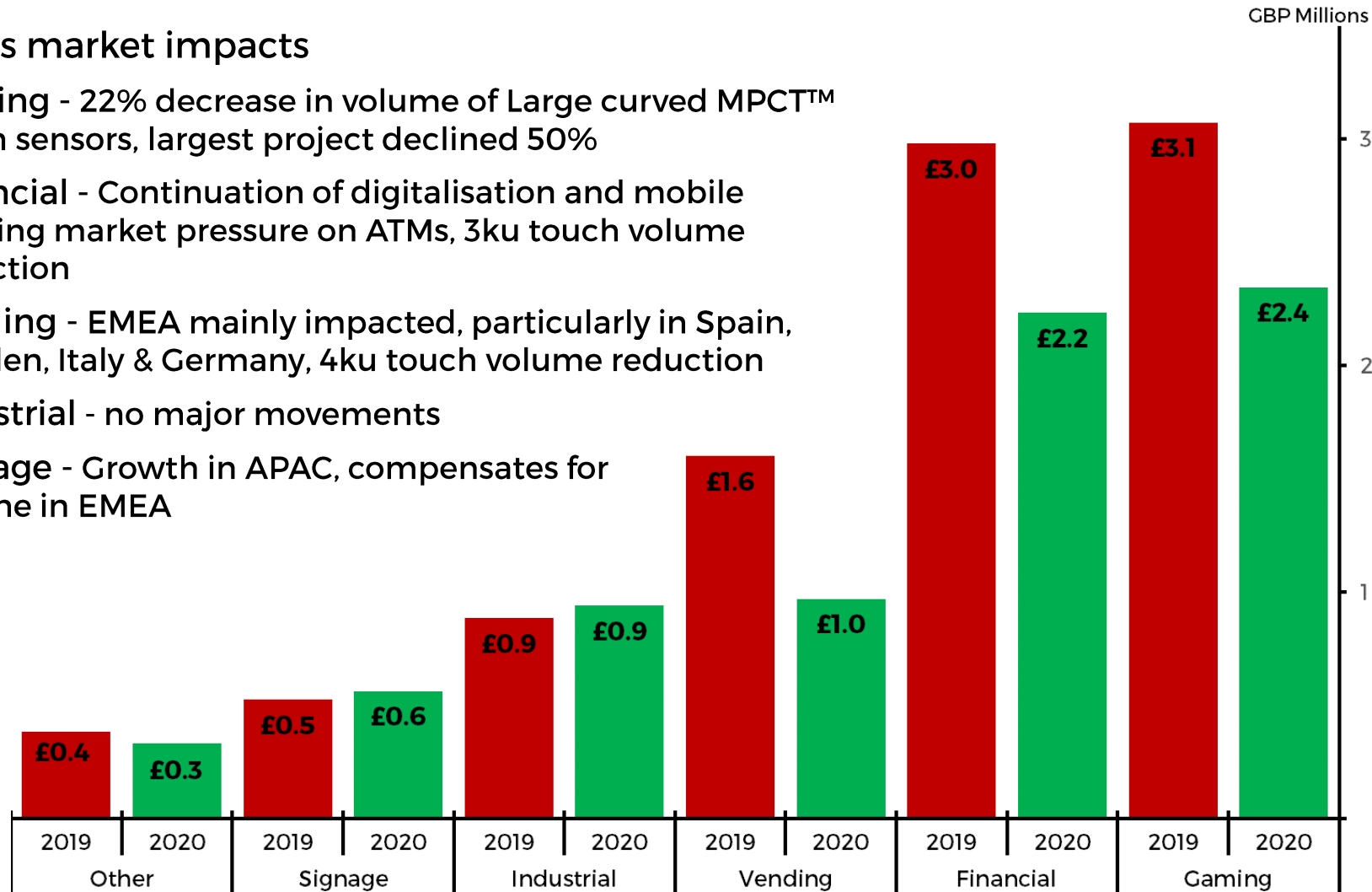
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- Group statement of financial position continues to be strong with reported cash of £12.4m
- Currency
  - Hedging strategy remains beneficial with more natural hedging in EUR
  - Forward FX contract cover of 3-4 months in EUR & USD maintained, in line with WC
    - Non material liabilities at £0.1m (30 September 2019: liability < £0.1m)
- Cash position and cashflows
  - Cash inflow from operating activities of £1.9m (2019: £0.2m)
    - Higher than PY due to WC decreases
  - Capex spend of £0.2m (2019: £0.4m)
    - R&D £0.1m (2019: £0.1m), Plant & Equipment £0.1m (2019: £0.3m)
  - Working capital £0.9m decrease (30 September 2019: £1.1m increase)
    - Decreases in Stocks £0.3m, debtors £0.8m and creditors £0.2m
  - Taxation paid £0.1m (2019: £Nil)
  - Dividend payments during period of £2.4m (2019: £2.4m)
  - Net cash decreased to £12.4m (30 September 2019: £13.1m)

## ■ Various market impacts

- Gaming - 22% decrease in volume of Large curved MPCT™ touch sensors, largest project declined 50%
- Financial - Continuation of digitalisation and mobile banking market pressure on ATMs, 3ku touch volume reduction
- Vending - EMEA mainly impacted, particularly in Spain, Sweden, Italy & Germany, 4ku touch volume reduction
- Industrial - no major movements
- Signage - Growth in APAC, compensates for decline in EMEA





# Touch sales - sensor size range and markets



Note: Revenues are touch sensors only and exclude controllers and ancillaries, units are rounded to nearest 500 off

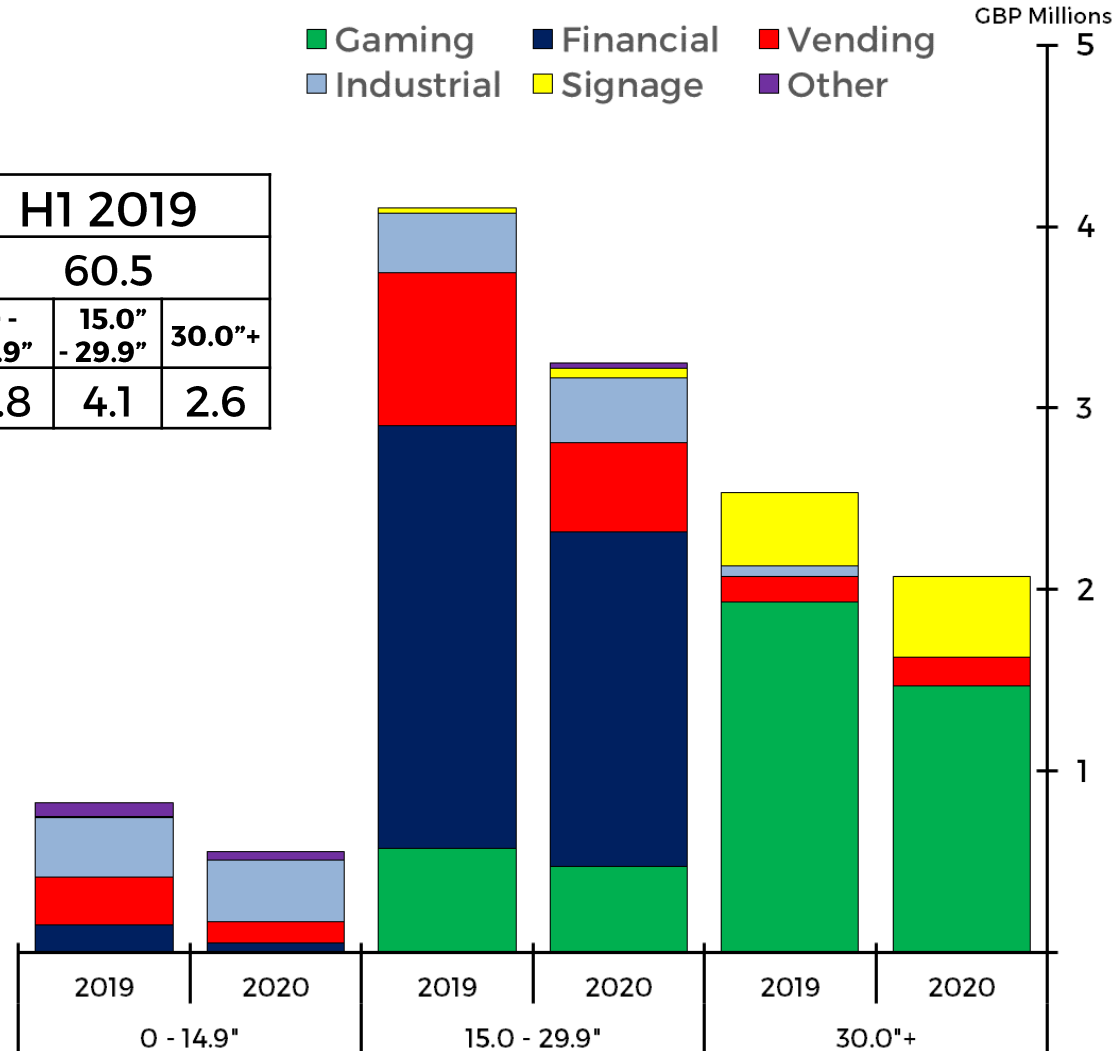
	H1 2020			H1 2019		
Total Units (k)	44.0			60.5		
Size Range	0 - 14.9"	15.0" - 29.9"	30.0"+	0 - 14.9"	15.0" - 29.9"	30.0"+
Revenues - £m	0.6	3.3	2.1	0.8	4.1	2.6
Revenue Variance £m	(0.2)	(0.8)	(0.5)			

Revenue of MPCT™ units **£2.8m** (H1 2019: £3.1m)

Revenue of Curved units **£1.4m** (H1 2019: £1.8m)

1.8k unit reduction in largest gaming MPCT™ curved project as moving EOL

■ Gaming 
 ■ Financial 
 ■ Vending 
 ■ Industrial 
 ■ Signage 
 ■ Other



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ARUZE (Japan) -  
'J' Curve Muso Cabinet

- Good news flow of case studies across numerous application and geographical areas, with healthy pipeline of further releases
- Implementation of a strategy for closer co-operation with channel partner marketing at joint tradeshow
  - CEATAC (Takachiho - Japan, Oct 2019)
  - Tekno Logia (EG Electronics - Finland, Nov 2019)
  - RSNA (Tiger Electronics - USA, Dec 2019)
  - ICE (Eurocoin - UK, Feb 2020)
  - Embedded World (Printec - Germany, Feb 2020)
  - SEE (EG Electronics - Sweden, COVID-19 postponed until Sept 2020)
  - Advanced Eng (Telerech - Belgium, COVID-19 postponed until Oct 2020)



LifeHub (Hong Kong) - Healthcare



Itoki (Japan) - Collaboration Tables

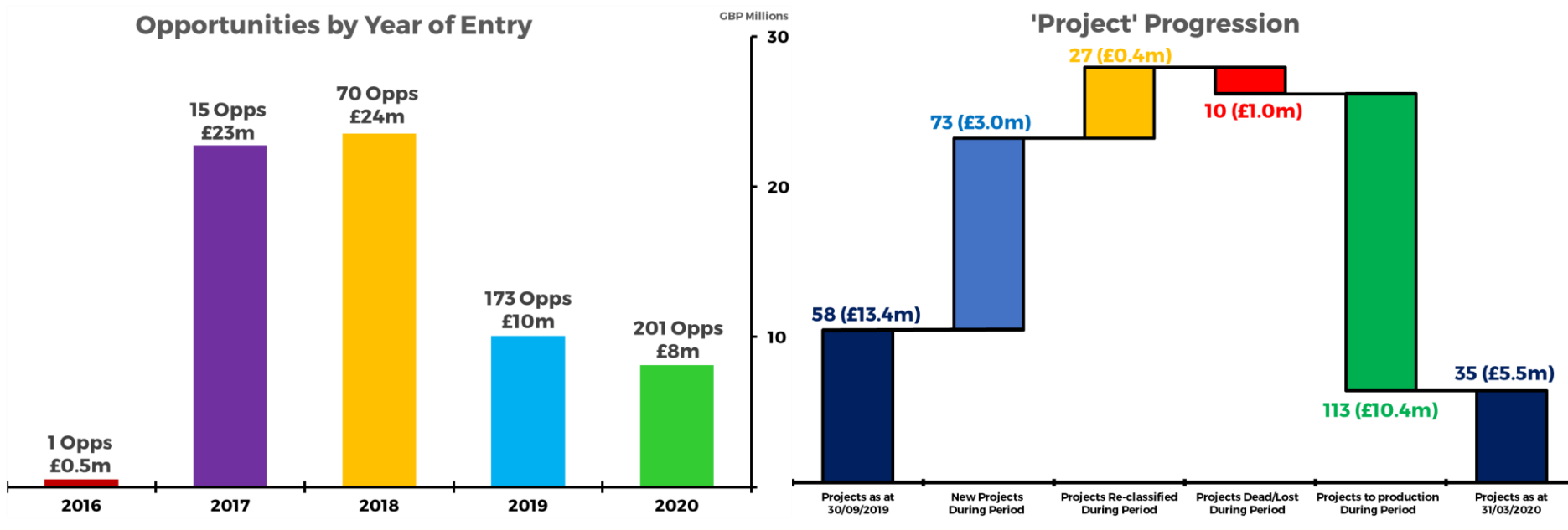


NunoErin (USA) - Games Play

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- Early stage development of power glass laminate structure, to enable device integration without the need for direct power wiring
- CRM opportunities analysis as at 31 March 2020
  - 460 opportunities, projected value of £65.5m (30 Sept '19: 494, £83m)
    - 35 'Project' status with contract value £5.5m



- Imposition of travel restrictions on global sales management
- Proactive working practice actions aligned with government advice to ensure COVID-19 protection of employees
- Staged impacts from COVID-19 constraints on our markets
  - Customer deferral requests for WIP
  - Logistics and airfreight capacity impacting export of goods
  - Timely payment of invoices affected by customer closures
  - Raw material supply issues, particularly closure of main glass supplier
  - Reduction in the rate of new order placements
- Maintaining operations, manpower matched to reducing workflow requirements
  - Utilisation of Government Job Retention Scheme
- Suspension of new CAPEX projects, reduced indirect spend, conservation of cash
- Growth markets in APAC countries to hopefully return to normality first
- Significant business disruption, further reducing normal short term visibility

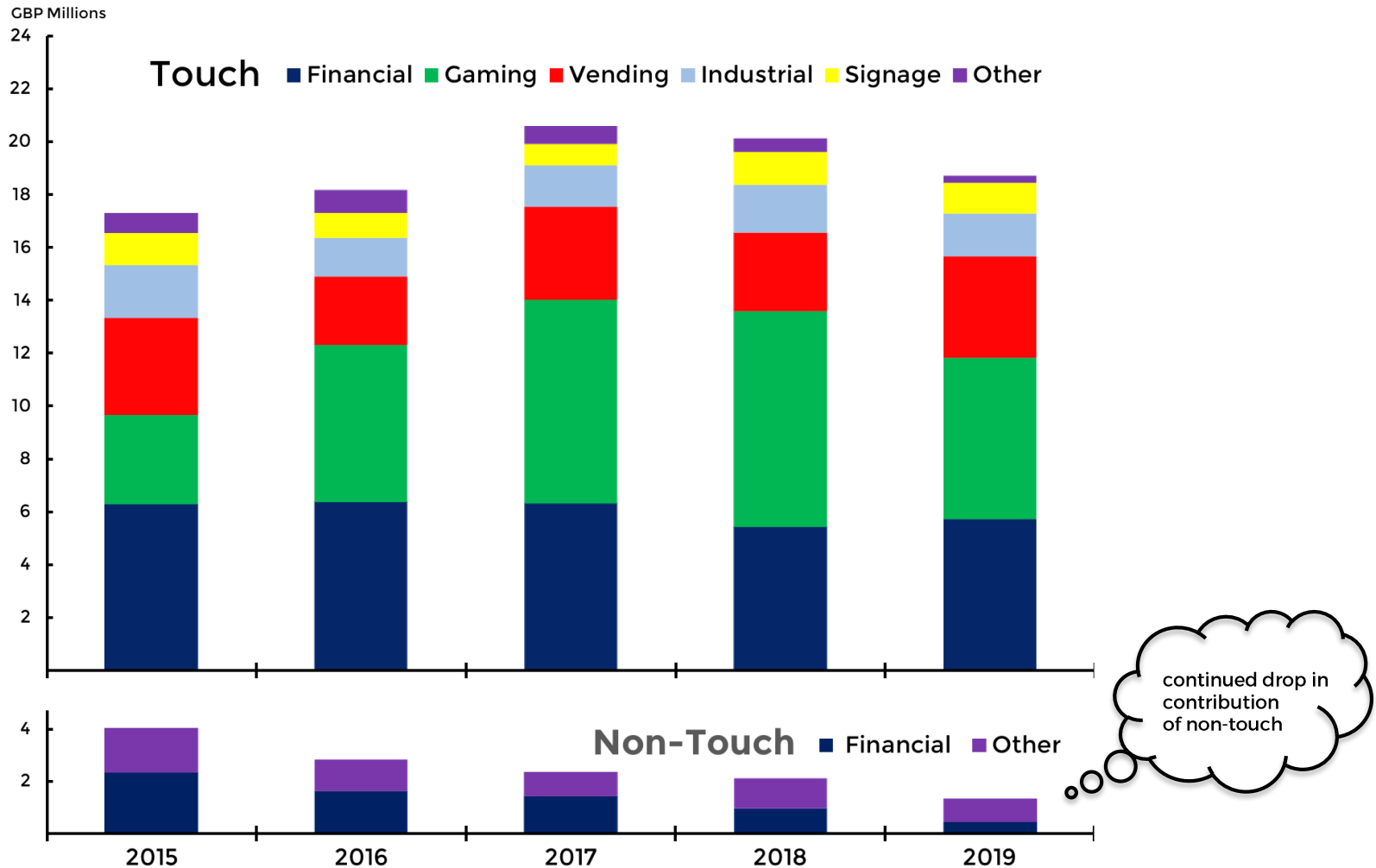
- Maintaining diversification of technologies, products and markets (geography and application)
- Continuous product innovation, touch and non-touch
- Levels of lead generation, opportunities and Projects provide strong platform for future performance
- Strong balance sheet with £12.4m cash provides sound base for defence through COVID-19 business interruption
- COVID-19 providing unprecedented circumstances, business interruptions and anything but very short term forecasts are challenging
- Without real change to circumstances, opportunity to realise improving situation pre COVID-19 is now remote

# Appendices

# 5yrs - revenues by products and markets



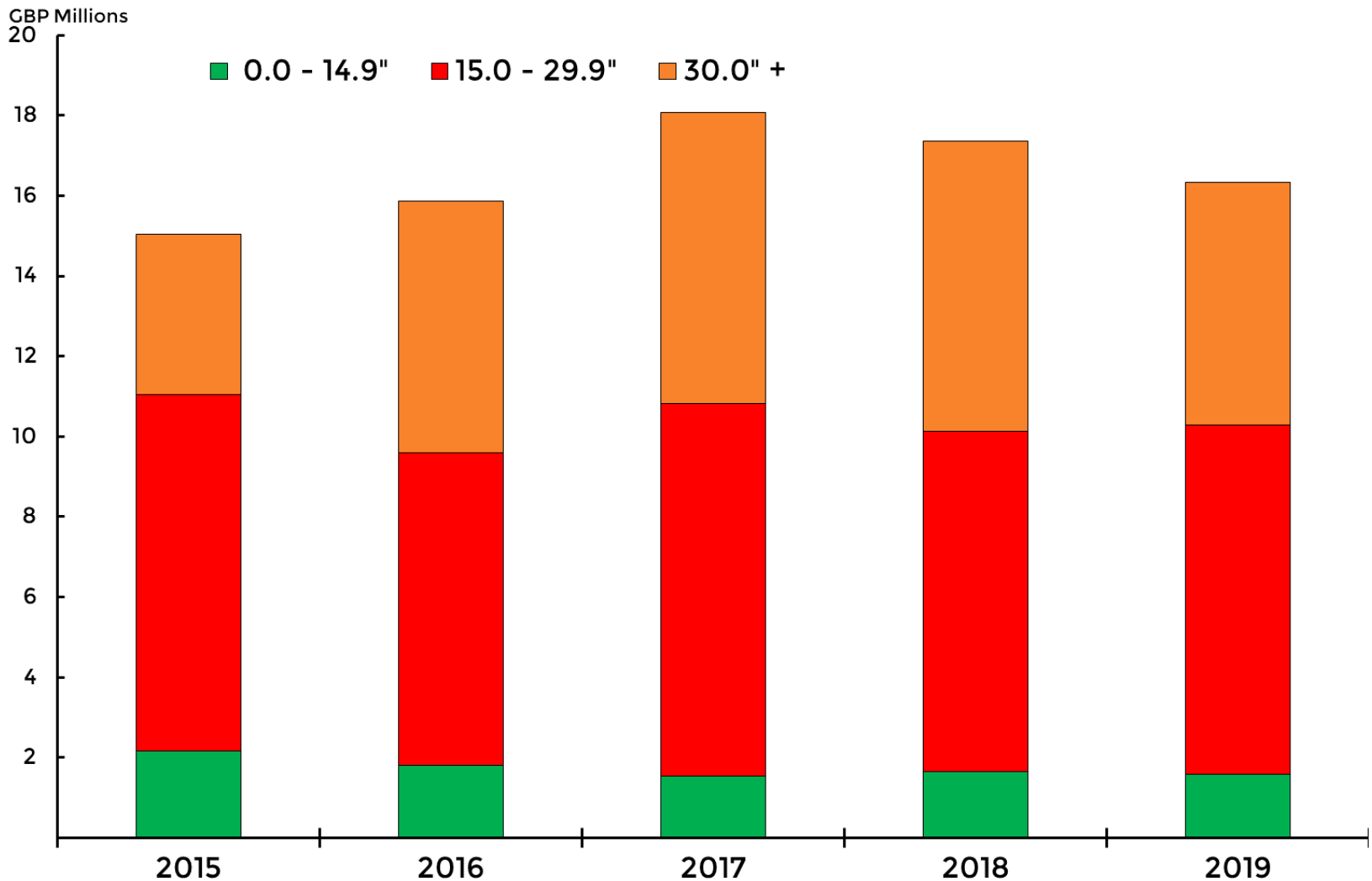
Note: Touch revenues are fully inclusive of sensors, controllers, ancillaries and non-recurring engineering charges



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# 5yrs touch sales - sensor size ranges



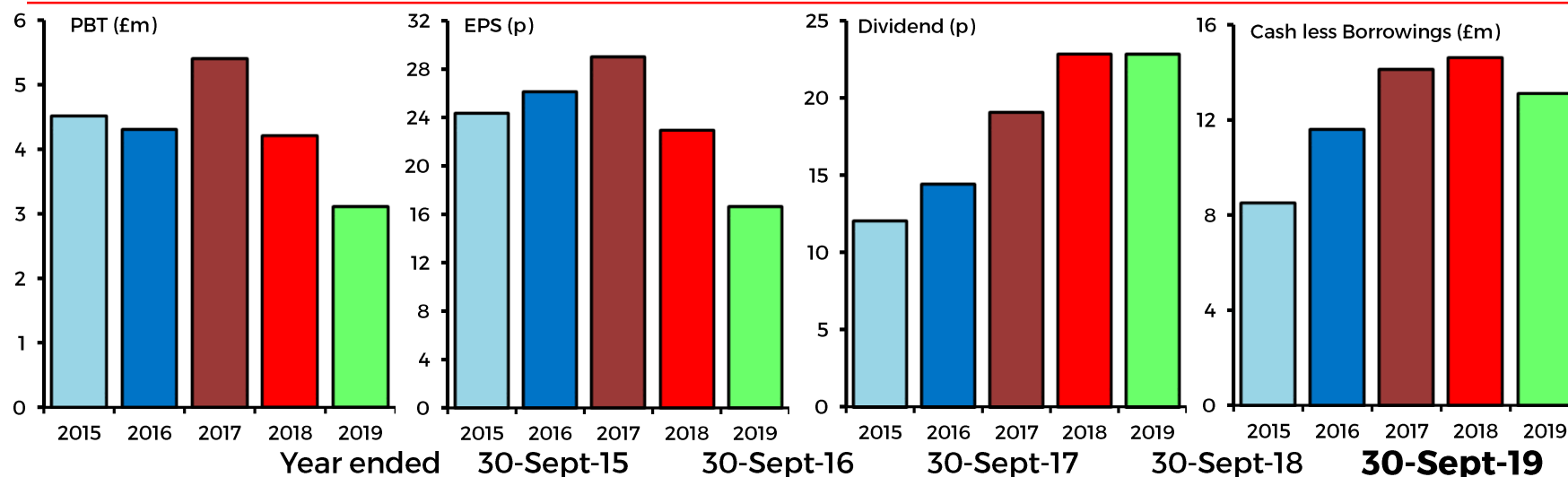
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Note: Revenues are touch sensors only and exclude controllers and ancillaries



# 5yr financial comparisons



	2015	2016	2017	2018	2019
Revenue (£m)	21.3	21.1	22.9	22.3	<b>20.1</b>
Gross margin (%)	41.9	42.8	41.1	37.0	<b>33.7</b>
EBITDA (£m)	5.6	5.4	6.6	5.2	<b>4.1</b>
PBT (£m)	4.5	4.3	5.4	4.2	<b>3.1</b>
EPS (FD)/(AD) (p)	24.3	26.1	29.0	22.7	<b>16.6</b>
Dividends for year (p)	12.01	14.41	19.0	22.8	<b>22.8</b>
Net cashflow from operating activities (£m)	4.9	5.6	4.7	4.8	<b>2.8</b>
Net cash (£m)	8.5	11.6	14.1	14.6	<b>13.1</b>

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# Shareholders by holding



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<b>As of 30 April 2020</b>	<b>(%)</b>
Hargreaves Lansdown Asset Management	9.37
Close Asset Management	7.94
AXA Investment Managers	7.64
Interactive Investor	6.42
Canaccord Genuity Wealth Management	4.73
Barclays Wealth	4.21
Cavendish Asset Management	3.90
JM Finn & Co	3.34
Brown Shipley	3.33
Directors & related parties	1.52

**Total Shares as of 30 April 2020**

**16,044,041**

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## **Non-Executive Chairman - Tudor Griffith Davies**

Tudor has over twenty years listed company experience, as a Director of Castle Support Services plc, Chairman of Dowding & Mills Plc, Chairman of Stratagem plc, Chief Executive and subsequently Chairman of Hicking Pentecost Plc, and a Non-Executive Director of Scottish Highland Hotels Plc. He is currently Chairman of Assetco plc

## **Chief Executive Officer - Mark Cambridge**

Mark is a graduate in Materials Science with prior industrial experience in the nuclear and metal casting industries and a Securities Institute Certificate in Corporate Finance. He has held positions within the Group of Technical and Quality Director, Sales and Marketing Director and is presently Managing Director of Zytronic Displays Limited and President of Zytronic Inc. Mark after being appointed to the board of Zytronic Plc in June 2007 became Chief Executive in January 2008

## **Group Finance Director – Claire Louise Smith**

Claire is a graduate in Business and Finance, CIMA accredited with a certificate in International Cash Management. She held various positions with Procter & Gamble and the NAAFI, before joining Zytronic Displays Limited in April 2007, as Group Financial Controller. In 2012, Claire was appointed Finance Director of the operating subsidiary Zytronic Displays Limited and Finance Director of Zytronic Plc in January 2014. Claire is also the Group Company Secretary

## **Independent Non-Executive Director - David John Buffham**

David worked at the Bank of England until 2010, and as the Bank's Agent for the North East of England from 2001. David was a Director of William Leech (Investments) Ltd and Newcastle Building Society. David is the Chairman of the Audit Committee and the Remuneration Committee