



# Preliminary Results year ended 30 September 2018

Presented by

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

December 2018

	Audited 12 months to 30 Sept 2018	Audited 12 months to 30 Sept 2017	Movement
Group revenue	<b>£22.3m</b>	£22.9m	(3%)
Gross margin	<b>37.0%</b>	41.1%	(410bp)
EBITDA	<b>£5.2m</b>	£6.6m	(21%)
Profit before tax	<b>£4.2m</b>	£5.4m	(23%)
Basic earnings per share	<b>22.7p</b>	29.0p	(22%)
Dividend for year	<b>22.8p</b>	19.0p	20%
Net cash	<b>£14.6m</b>	£14.1m	4%

# Consolidated statement of comprehensive income



	Audited 12 months to 30 Sept 2018	Audited 12 months to 30 Sept 2017
Group revenue	<b>£22.3m</b>	£22.9m
Gross profit	<b>£8.2m</b>	£9.4m
Gross margin	<b>37.0%</b>	41.1%
Group trading profit	<b>£4.1m</b>	£5.4m
Trading margin	<b>18.6%</b>	23.7%
Net finance revenue/(costs)	<b>£0.1m</b>	£-
Profit before tax	<b>£4.2m</b>	£5.4m
Tax expense	<b>(£0.5m)</b>	(£0.8m)
Profit for the year	<b>£3.6m</b>	£4.6m
Earnings per share (EPS)		
Basic	<b>22.7p</b>	29.0p
Diluted	<b>22.7p</b>	28.8p

# Statement of comprehensive income commentary



**ZYTRONIC**

- Group revenue £22.3m (2017: £22.9m)
- Gross profit margin of 37.0% (2017: 41.1%)
  - Production efficiencies impacted by reduced financial market touch revenue
  - Increased costs of raw materials, exacerbated by Q4 new product yield issues
  - Increased numbers of production personnel and labour costs
- Admin expenses of £3.6m (2017: £3.6m)
  - Year on year saving in salary costs due to fewer bonus provisions arising as a result of the performance of the Group
  - Claim litigation costs of £0.3m offsets savings in salaries
- PBT of £4.2m (2017: £5.4m)
- Net effective tax rate estimated at 13% (2017: 15%)
  - Reduced by enhanced R&D tax credits and Patent Box relief claims on MPCT™ products
- Basic EPS of 22.7p (2017: 29.0p), fully diluted EPS of 22.7p (2017: 28.8p)
- Dividend for year increased by 20% to 22.8p (2017: 19.0p)

# Consolidated statement of financial position



	Audited 12 months to 30 Sept 2018	Audited 12 months to 30 Sept 2017
Non-current assets	<b>£8.2m</b>	£8.7m
Current assets (less cash)	<b>£6.8m</b>	£6.5m
Cash	<b>£14.6m</b>	£14.1m
Total assets	<b>£29.6m</b>	£29.3m
Current liabilities	<b>(£2.2m)</b>	(£1.9m)
Non-current liabilities	<b>(£0.6m)</b>	(£0.6m)
Total liabilities	<b>(£2.8m)</b>	(£2.5m)
Net assets	<b>£26.8m</b>	£26.8m

# Consolidated cashflow statement



	Audited 12 months to 30 Sept 2018	Audited 12 months to 30 Sept 2017
Profit before tax	<b>£4.2m</b>	£5.4m
Depreciation and amortisation	<b>£1.1m</b>	£1.2m
Movement in working capital	<b>£-</b>	(£0.4m)
Tax paid	<b>(£0.6m)</b>	(£0.5m)
Net cash from operating activities	<b>£4.8m</b>	£4.7m
Net cashflow used in investing activities	<b>(£0.6m)</b>	(£1.0m)
Dividends	<b>(£3.7m)</b>	(£2.4m)
Net cashflow used in financing activities	<b>(£3.7m)</b>	(£2.3m)
Increase in cash	<b>£0.5m</b>	£1.3m
Net cash	<b>£14.6m</b>	£14.1m

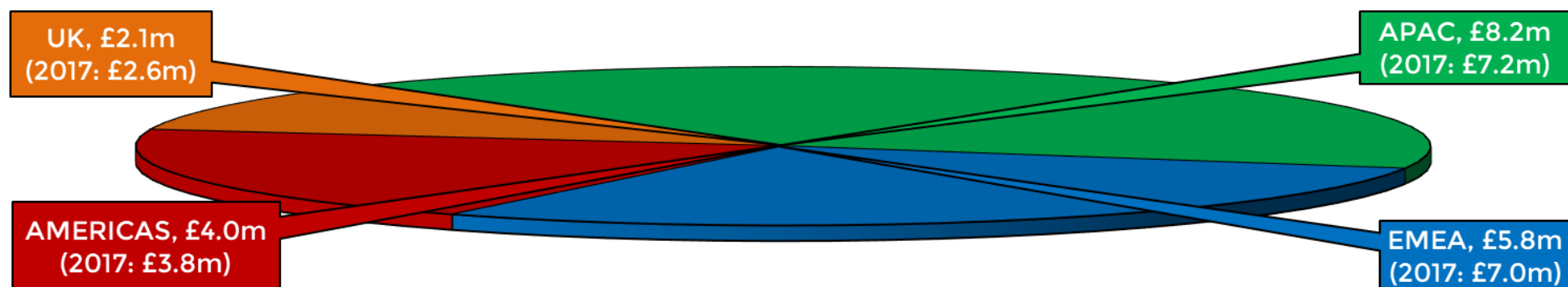
# Statement of financial position & cashflow - commentary

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- Group retains strong financial position
- Currency
  - Natural hedging, predominantly in EUR
  - Surplus USD & EUR forward FX contract cover of 3-4 months
    - Net provision liability of £0.1m (30 September 2017: asset of £0.1m)
- Cash position and cashflows
  - Strong net cash inflow from operating activities £4.8m (2017: £4.7m)
  - Capex spend of £0.7m (2017: £1.1m)
    - R&D £0.4m (2017: £0.6m), Plant & Equipment £0.3m (2017: £0.5m)
  - Working capital neutral £Nil (30 September 2017: £0.4m increase)
  - Taxation paid £0.6m (2017: £0.5m)
  - Dividend payments during period of £3.7m (2017: £2.4m)
  - Net cash (cash less debt) increased to £14.6m (30 September 2017: £14.1m)

- Group revenues of £22.3m (2017: £22.9m)
  - Financial market revenues lower by £1.3m at £6.4m (2017: £7.7m)
- Touch product revenues of £20.1m (2017: £20.6m)
  - Export revenues of £18.0m (2017: £18.0m)



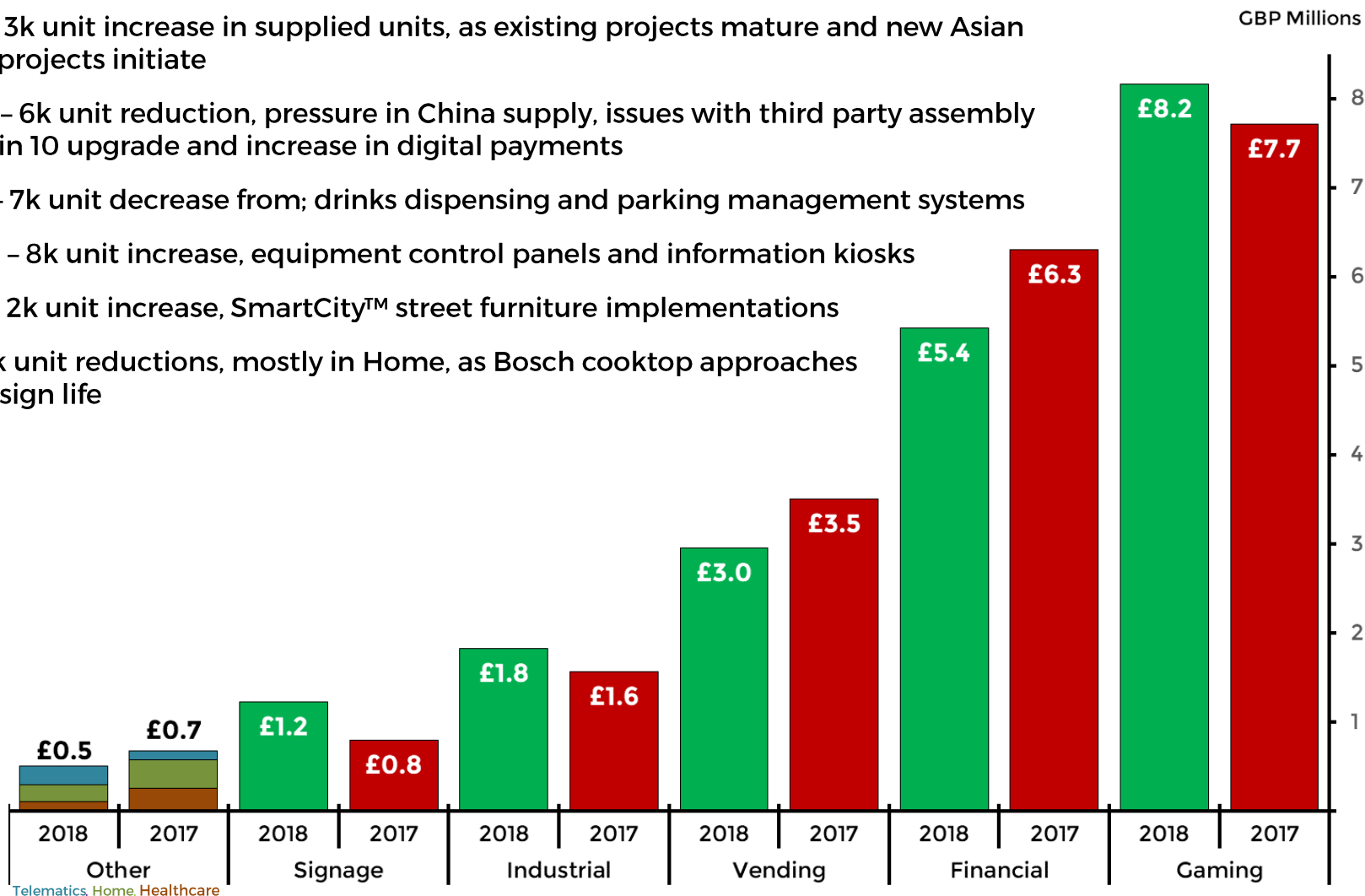
- Non-touch product revenues of £2.2m (2017: £2.3m)
  - £0.4m reduction in global ATM filter display revenues to £1.0m (2017: £1.4m)



# Touch sales - total product revenues by application markets



- Gaming – 3k unit increase in supplied units, as existing projects mature and new Asian supplied projects initiate
- Financial – 6k unit reduction, pressure in China supply, issues with third party assembly routes, Win 10 upgrade and increase in digital payments
- Vending – 7k unit decrease from; drinks dispensing and parking management systems
- Industrial – 8k unit increase, equipment control panels and information kiosks
- Signage – 2k unit increase, SmartCity™ street furniture implementations
- Other – 5k unit reductions, mostly in Home, as Bosch cooktop approaches end of design life

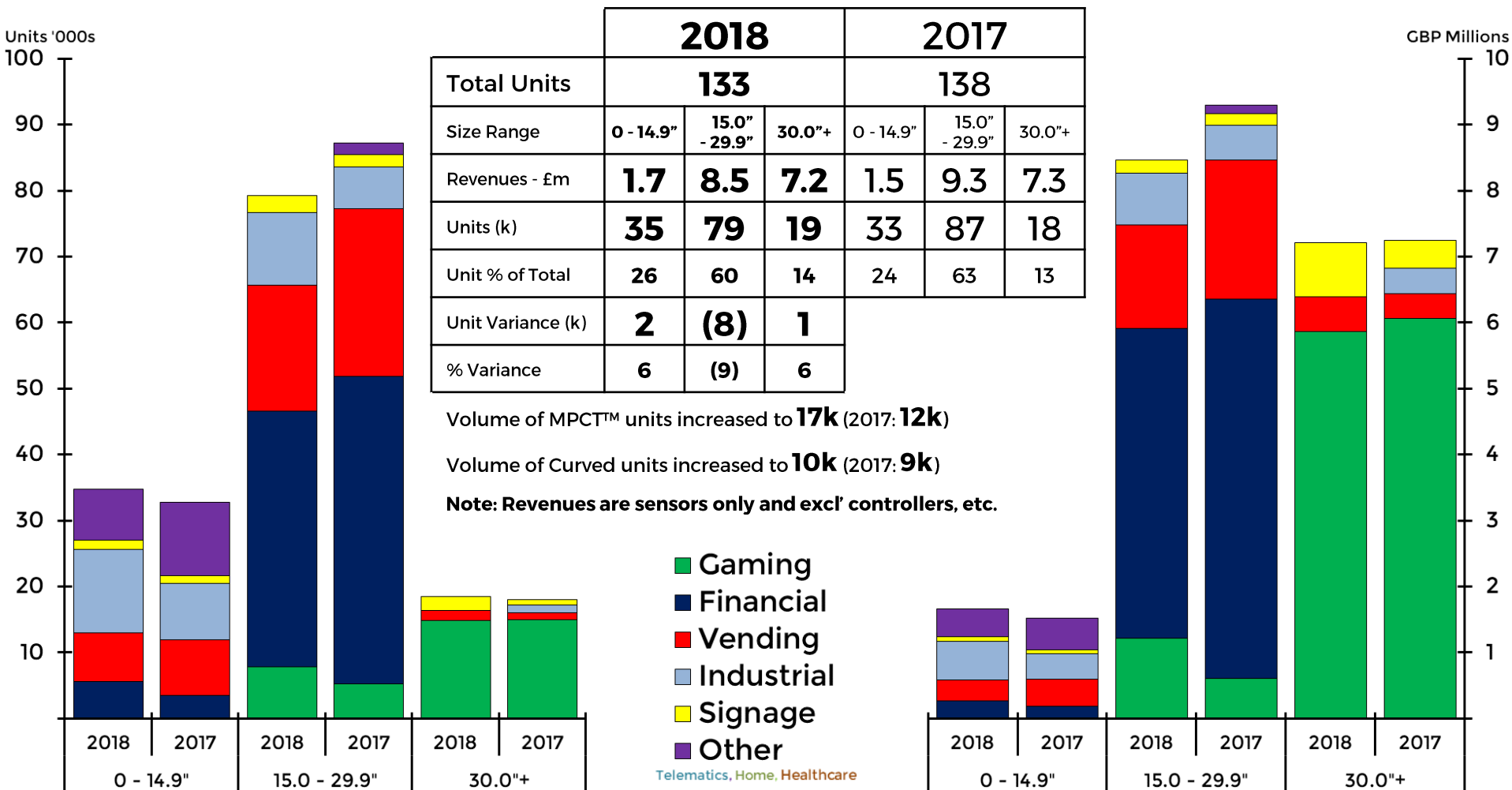


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Note: Touch Product Revenues are fully inclusive of sensors', controllers, ancillaries and non-recurring engineering charges

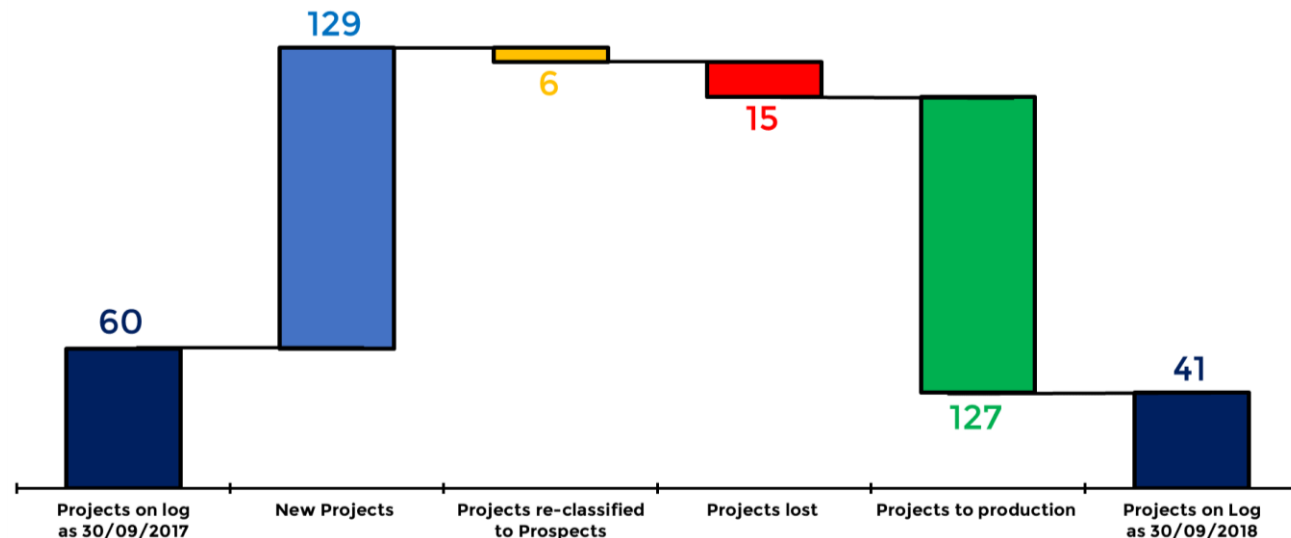
# Touch sales – sensor volumes and revenues by application market and size range



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- Continued refinement of Global Channel Partner Network – 39 agreements and direct local representation in major international markets
- Focused promotion of new MPCT™ ASIC and ZXY500 controllers, UK website and microsite SEO work and evaluated pay-per-click advertising campaigns
- Direct and indirect participation at various vertical market tradeshow
- Opportunities Log – movement in ‘Project’ status opportunities over FY2018



- 30/09/2017 Projects - unsensitised projected lifetime contribution of £8.2m
- 30/09/2018 Projects - unsensitised projected lifetime contribution of £8.0m

- Release of new MPCT™ ASIC and ZXY500 series controllers
- Further development of ITO as an alternative sensing material solution in conjunction with ZXY500
- GB patent application made for new method of driving mechanical devices in the visible area of a display with invisible connections
- Continued improvements to in-house production capabilities and capacities



Ruggedised kiosk for Mining Environment  
by FM Scanu (Australia)



Ebebek Ordering Kiosk  
by Phygital Mind (Turkey)

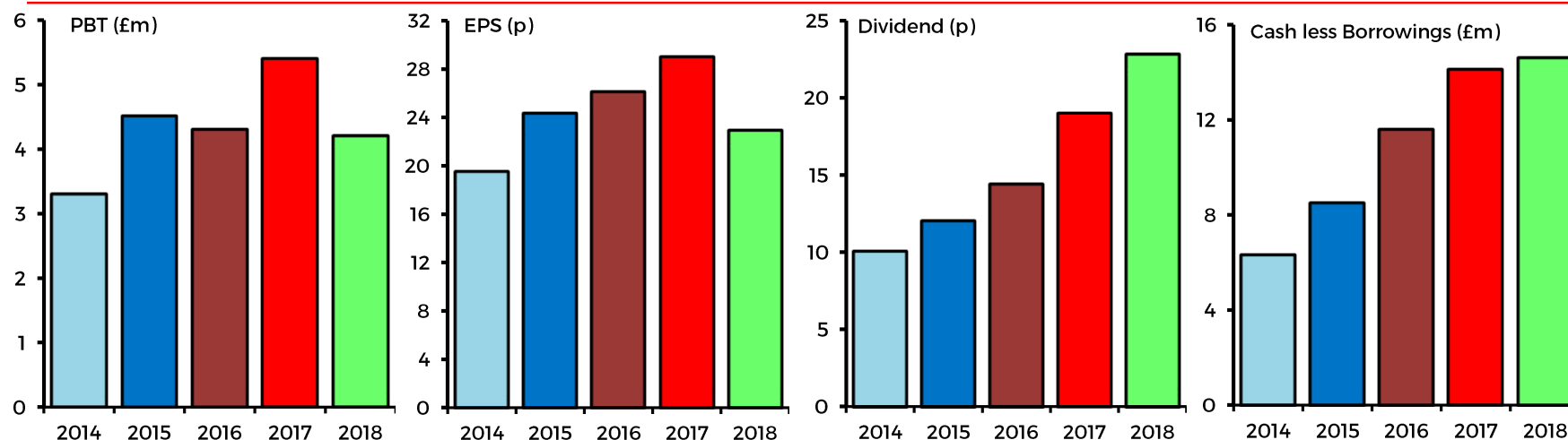


GEN3 Smartkiosk™  
by SmartLINK (USA)

- Diversified technologies, products, markets and applications
- Continued expansion of global sales and marketing
  - Strengthening of direct global sales support in USA
- Further investment in technologies, processes and facilities
  - Evaluation of ITO sensing compared to Cu wire, aligned with MPCT™ ASIC chip
  - Improved glass processing equipment to broaden product features
- Progressive dividend policy (20% above FY2017)
- Strong balance sheet and cash provides sound base for continued business investment for growth, further growth in dividends and shareholder value

# Appendices

# 5yr financial comparisons

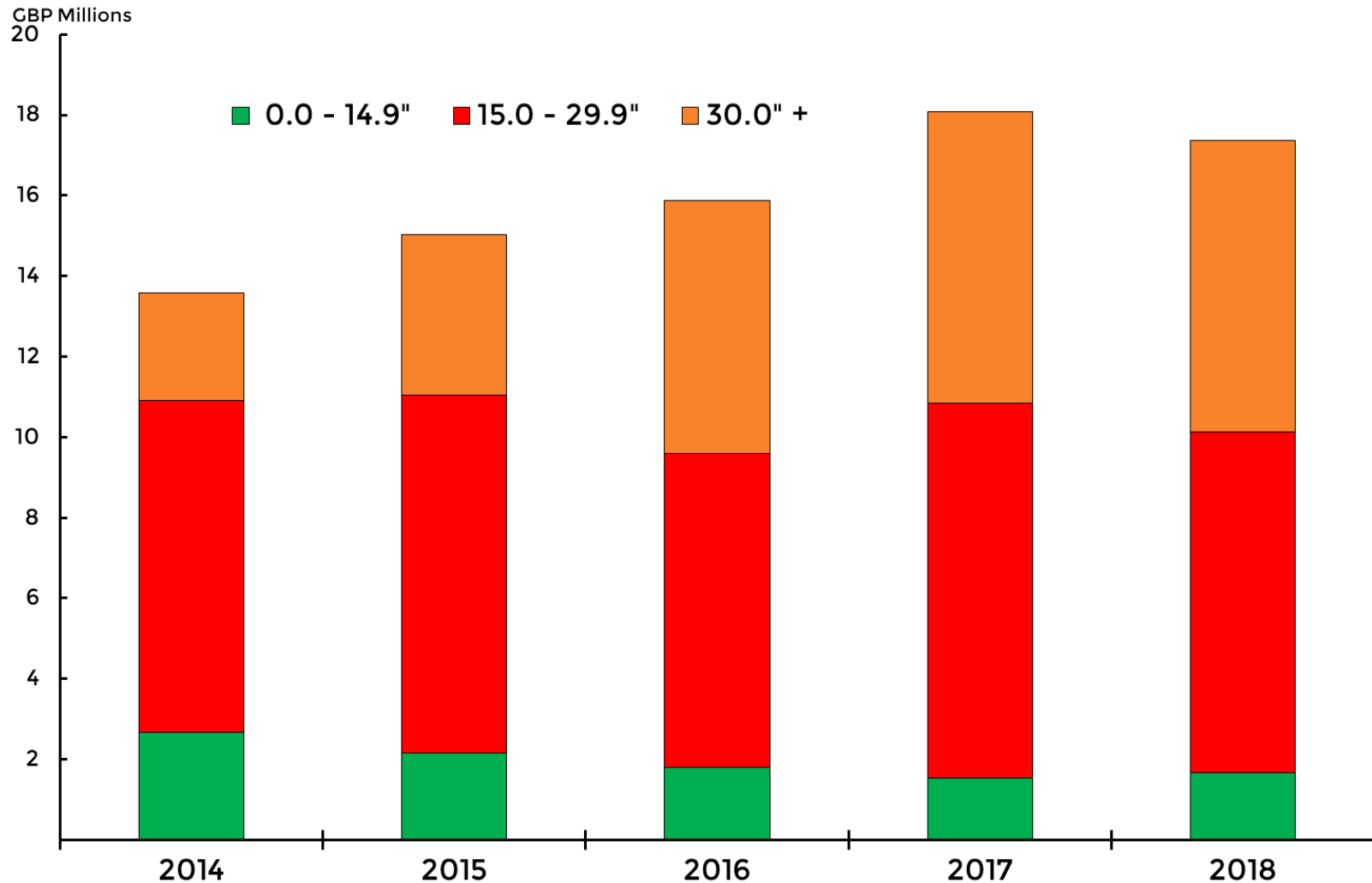


	Year ended	30-Sept-14	30-Sept-15	30-Sept-16	30-Sept-17	30-Sept-18
Revenue (£m)		18.9	21.3	21.1	22.9	<b>22.3</b>
Gross margin (%)		36.6	41.9	42.8	41.1	<b>37.0</b>
EBITDA (£m)		4.3	5.6	5.4	6.6	<b>5.2</b>
PBT (£m)		3.3	4.5	4.3	5.4	<b>4.2</b>
EPS (FD)/(AD) (p)		19.5	24.3	26.1	29.0	<b>22.7</b>
Dividends for year (p)		10.01	12.01	14.41	19.0	<b>22.8</b>
Net cashflow from operating activities (£m)		4.2	4.9	5.6	4.7	<b>4.8</b>
Net cash (£m)		6.3	8.5	11.6	14.1	<b>14.6</b>

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# 5yrs touch sales – sensor revenues by size ranges



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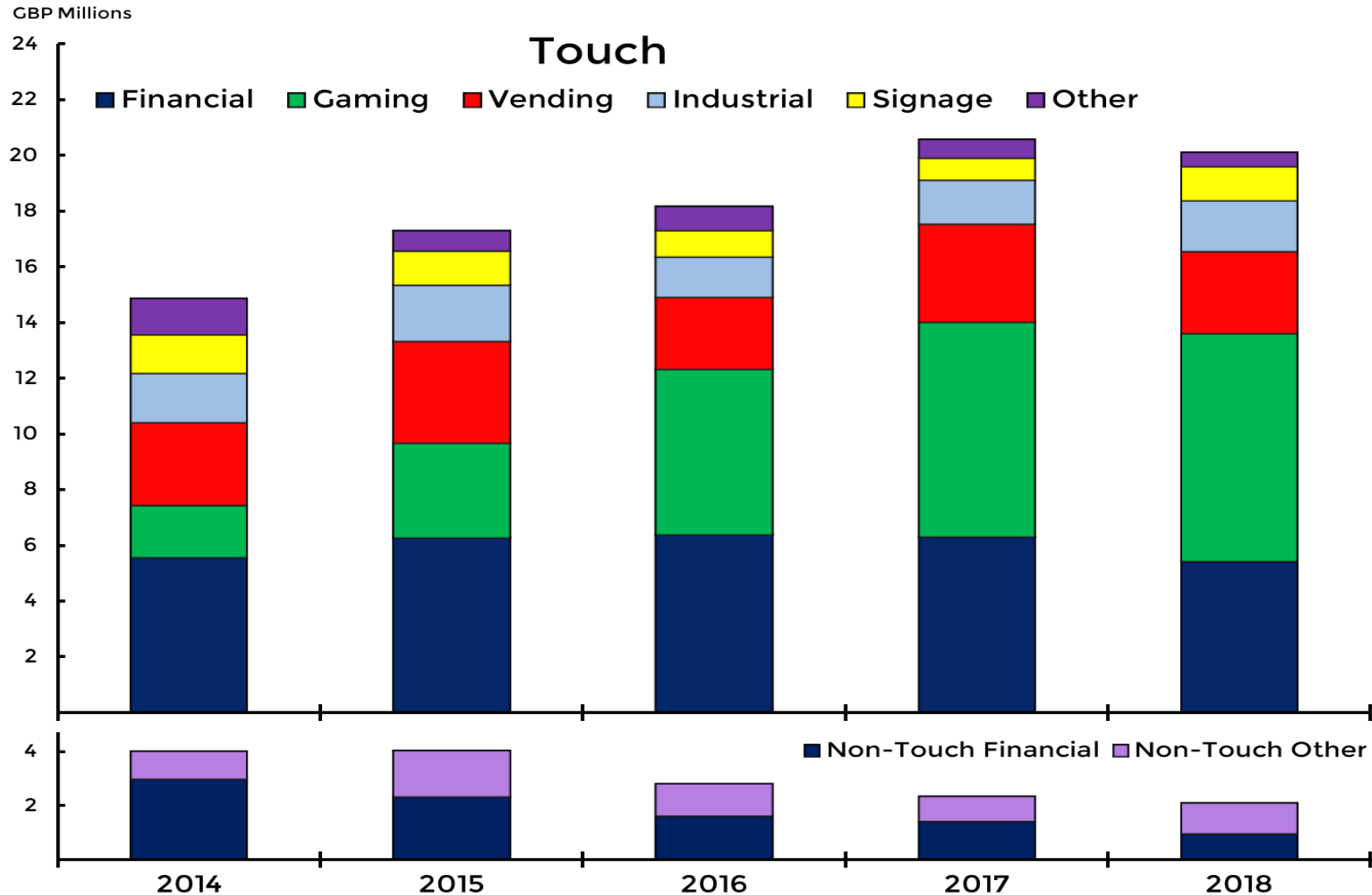
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# 5yrs sales – revenues by type and markets



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



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<b>Shareholding as of 30 November 2018</b>	<b>(%)</b>
Close Asset Management	8.25
Hargreaves Lansdown Asset Management	7.24
Brown Shipley	5.65
Investec Wealth & Investment	5.37
Canaccord Genuity Wealth Management	4.36
Interactive Investor	3.99
Cazenove Capital Management	3.46
AXA Investment Managers	3.43
JM Finn & Co	3.33
Directors & related parties	1.52
 Total Shareholders as of 30 November 2018	 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 a Securities Institute Certificate in Corporate Finance. He has held the 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 was appointed to the board of Zytronic Plc in June 2007 becoming 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, most recently as the Bank's Agent for the North East of England, for nine years. David is a Non-Executive Director of Newcastle Building Society and a Director of William Leech (Investments) Ltd. David is the Chairman of the Audit Committee and the Remuneration Committee.