

# Preliminary Results

## Year ended 30<sup>th</sup> September 2015



# The world at your fingertips

Mark Cambridge, Chief Executive  
& Claire Smith, Group Finance Director

December 2015

# Example Markets & Applications

## Financial

ATM's, Bill Payment Kiosks, Financial Kiosks

Vandal Resistance  
All Weather Usage  
Reliability  
Gloved Hand  
Encryption



## Vending

Fuel Vend, Product Vend, Service Vend

Size Range  
Durability  
Multi-touch  
Encryption



## Gaming

Casino Systems, AV Jukebox, Wagering/Lottery Terminal, Pub Skill Games

Customisation  
Reliability  
Large Sizes  
Curved  
Multi-touch



## Industrial

Kiosks, HMI devices

Durability  
Reliability  
Gloved Hand  
Multi-touch



## Signage

Interactive Tables, Wayfinding Terminals, Menu-boards, POI Systems

Ultra Large  
Vandal Resistance  
Through Glass  
Multi-touch



## Other

Healthcare, Home, Telematics, Military, etc

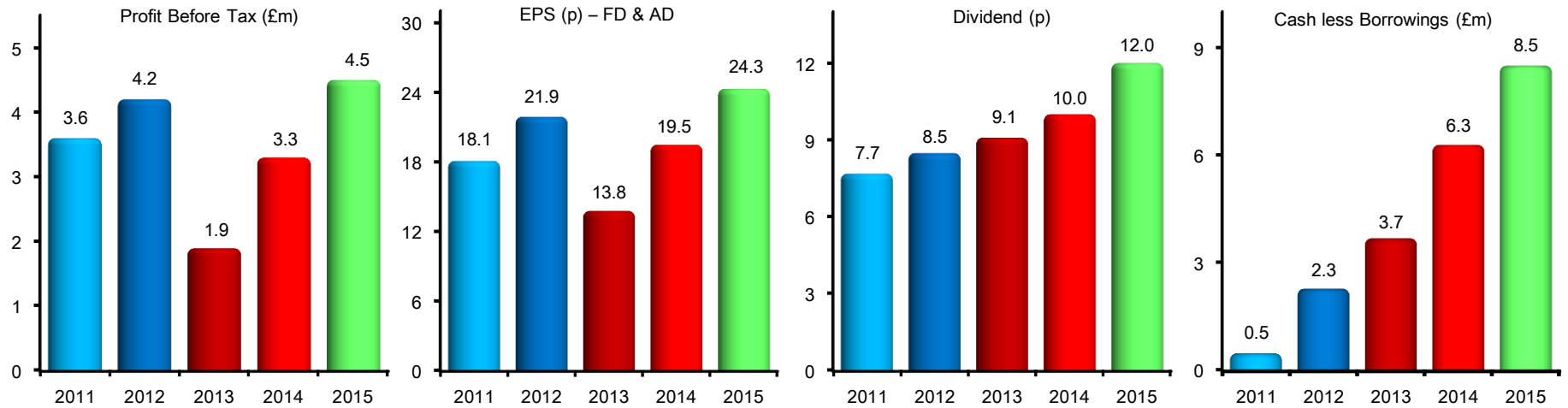
Customisation  
Size Range  
Durability  
Through Glass  
Spill Resistant  
Reliability



# Overview

	Year ended 30 September		Growth
	2015	2014	
Revenue	£21.3m	£18.9m	+13%
Gross profit	£8.9m	£6.9m	+29%
<b>Gross profit margin</b>	<b>41.9%</b>	<b>36.6%</b>	<b>+530 bp</b>
Profit before tax	£4.5m	£3.3m	+39%
Reported EPS	24.7p	19.6p	+26%
Diluted EPS	24.3p	19.5p	+25%
Total dividend for year	12.0p	10.0p	+20%

# Financial - Key Fundamentals



	30-Sep-11	30-Sep-12	30-Sep-13	30-Sep-14	30-Sep-15
Revenue (£m)	20.5	20.4	17.3	18.9	21.3
EBITDA (£m)	4.7	5.3	3.0	4.3	5.6
Profit Before Tax (£m)	3.6	4.2	1.9	3.3	4.5
EPS (FD)/(AD)* (p)	18.1	21.9	*13.8	19.5	24.3
EPS Growth (%)	22.0	21.0	-37.0	41.0	20.0
Dividend Cover (times)	2.4	2.6	1.2	2.0	2.1
Cash Generation (£m)	3.7	3.6	3.3	4.2	4.9

# Profit & Loss

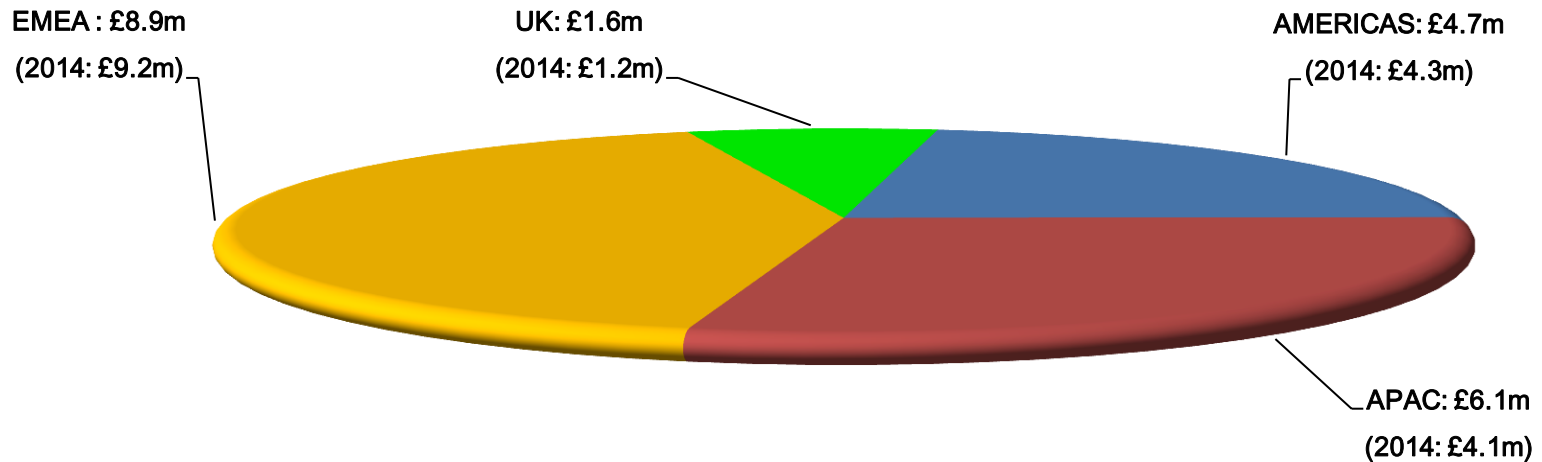
- Group revenue £21.3m (2014: £18.9m), year-on-year increase of £2.4m (13%)
- Gross profit margin of 41.9% (2014: 36.6%)
  - Improved margins from increased touch product sales
  - Higher volume of large format and multi-touch sensors sold
  - Capital expenditure delivering processing efficiencies
- Year-on-year increase in admin expenses at £4.1m (2014: £3.5m)
  - YOY salaries increase of £0.3m, includes share based payment charge (£0.2m)
  - FX charges of £0.3m
    - Mark to market forward contract provisioning of £0.1m gain
    - Trade differences loss of £0.4m (2014: £0.1m gain)
- PBT of £4.5m (2014: £3.3m)
- Net effective tax rate estimated at 17% (2014: 9%)
  - Average corporation tax rate for full year 2015 of 20.5%
  - Reduced by R&D tax credits and share option exercise reliefs
- Basic EPS of 24.7p (2014: 19.6p)
- Dividend for year increased by 20% to 12.0p (2014: 10.0p)

# Balance Sheet & Cashflow

- Group retains strong financial position
- Currency
  - Natural hedging, predominantly in EUR
    - Surplus USD & EUR forward FX rolling contract cover  $\geq 12$  months,  $\leq 18$  months
    - ‡ Net liability of £0.1m at 30 September 2015 (30 September 2014: £0.2m)
- Cash position and cashflows
  - Strong net cash inflow from operating activities £4.9m (2014: £4.2m)
  - Mortgage further reduced to £1.3m (30 September 2014: £1.5m)
  - Capex spend of £1.4m (2014: £0.6m)
    - R&D £0.4m, cleanroom expansion £0.4m, laminating machine £0.3m
  - Increase in working capital of £0.3m (30 September 2014: £0.1m reduction)
  - Taxation paid £0.6m (2014: £0.5m)
  - Dividend payments during period of £1.6m (2014: £1.4m)
  - Net cash (cash less overdrafts) increased to £9.8m (30 September 2014: £7.8m)

# Sales

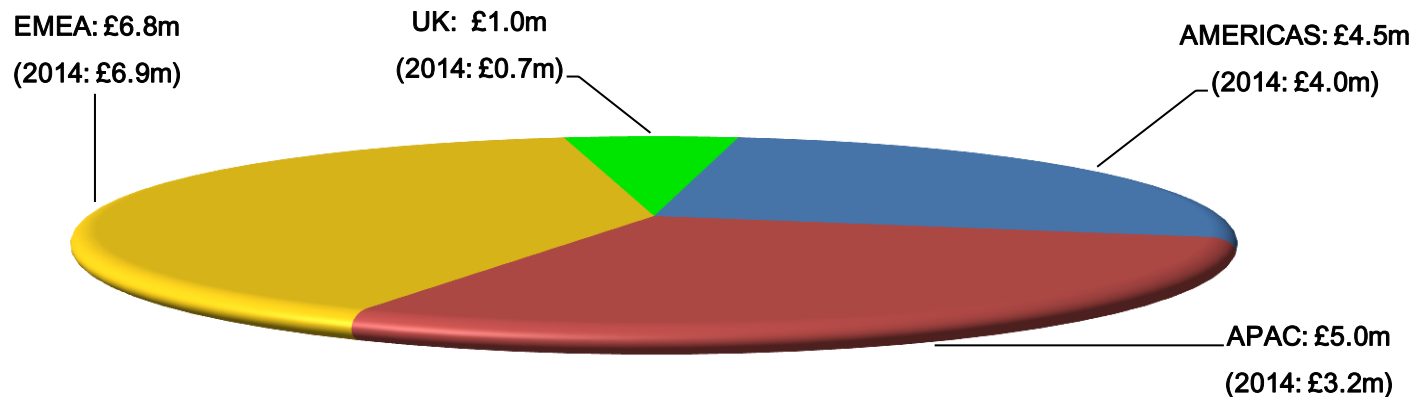
- Total revenues of £21.3m (2014: £18.9m)
- Export revenues of £19.7m, 93% of total (2014: £17.6m, 94%)



- Non-Touch product revenues of £4.0m (2014: £4.0m)
  - ATM displays as expected declined, contributing £2.3m (2014: £2.9m)
  - Non-ATM revenues increased by £0.6m to £1.7m (2014: £1.1m)
    - £0.4m of revenues from curved non-touch gaming unit

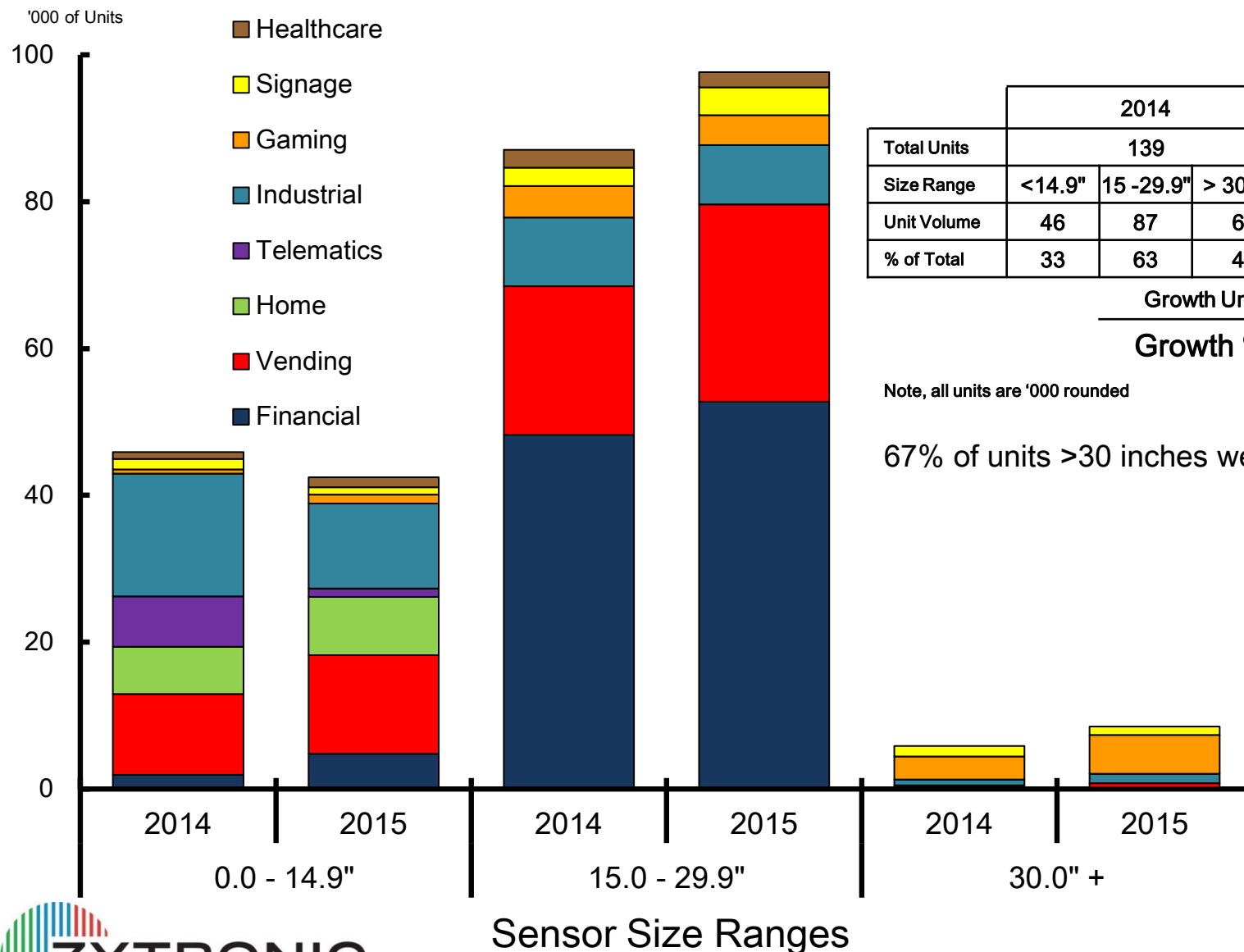
# Touch Sales

- Touch product revenues of £17.3m, 81% of total (2014: £14.9m, 79%)
  - £15.0m of sensor revenues (2014: £13.3m), £2.3m of componentry (2014: £1.6m)
- Export revenues of £16.3m, 94% of touch total (2014: £14.1m, 95%)
  - UK benefited from large format table deployments
  - EMEA declined due to conclusion of a fuel vend project in Benelux
  - AMERICAS benefited from one-off effect for Coca Cola, due to display unit obsolescence
  - APAC benefited from increased gaming activity, particularly for curved MPCT™





# Touch Volumes by Market & Size



	2014			2015		
Total Units	139			149		
Size Range	<14.9"	15 -29.9"	> 30.0"	<14.9"	15 -29.9"	> 30.0"
Unit Volume	46	87	6	42	98	9
% of Total	33	63	4	28	66	6
	Growth Units			(4)	11	3
	Growth %			(9)	13	50

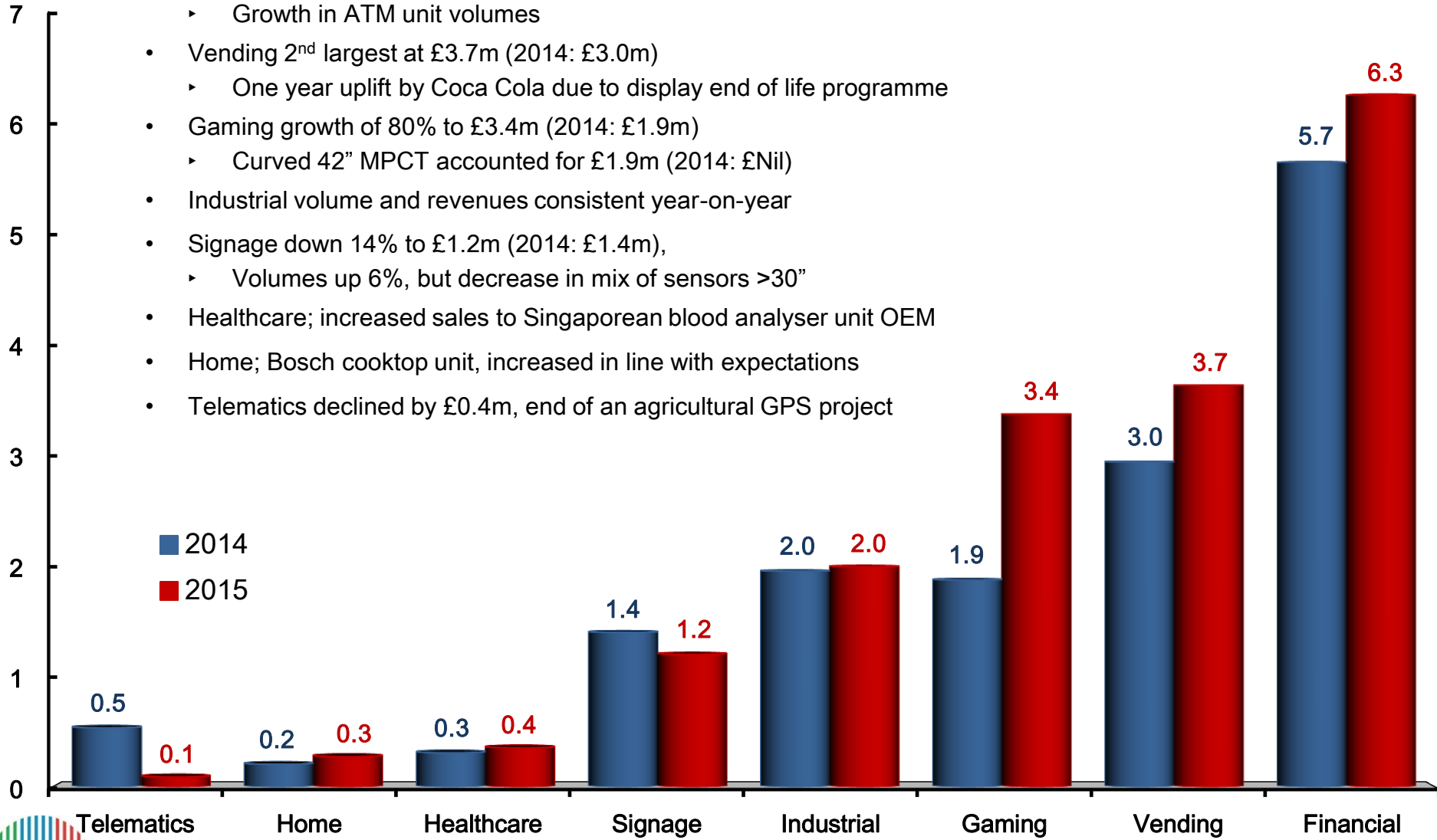
Note, all units are '000 rounded

67% of units >30 inches were of MPCT™ design



# Touch by Market

£ Millions

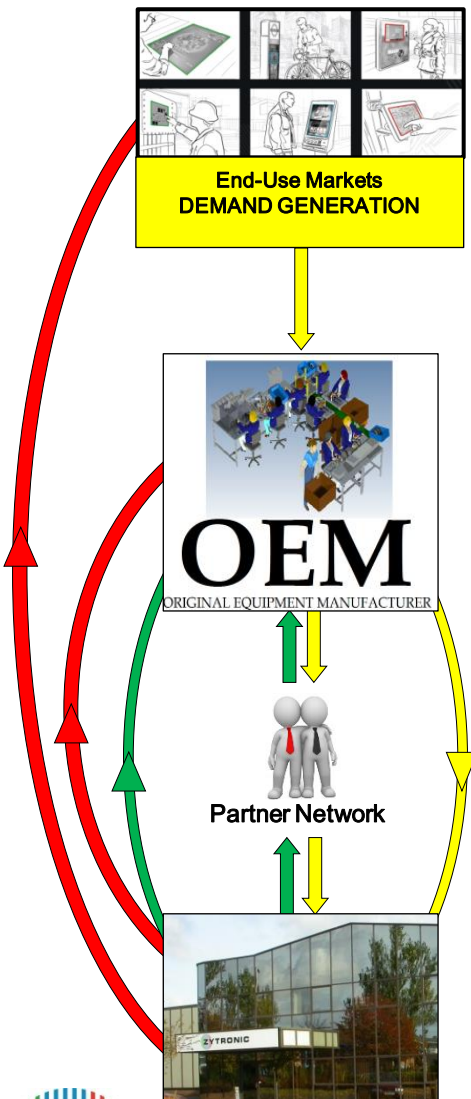


- Financial market largest at £6.3m (2014: £5.7m)
  - Growth in ATM unit volumes
- Vending 2<sup>nd</sup> largest at £3.7m (2014: £3.0m)
  - One year uplift by Coca Cola due to display end of life programme
- Gaming growth of 80% to £3.4m (2014: £1.9m)
  - Curved 42" MPCT accounted for £1.9m (2014: £Nil)
- Industrial volume and revenues consistent year-on-year
- Signage down 14% to £1.2m (2014: £1.4m),
  - Volumes up 6%, but decrease in mix of sensors >30"
- Healthcare; increased sales to Singaporean blood analyser unit OEM
- Home; Bosch cooktop unit, increased in line with expectations
- Telematics declined by £0.4m, end of an agricultural GPS project

■ 2014  
■ 2015



# Sales & Marketing Initiatives



## SALES ACTIVITIES

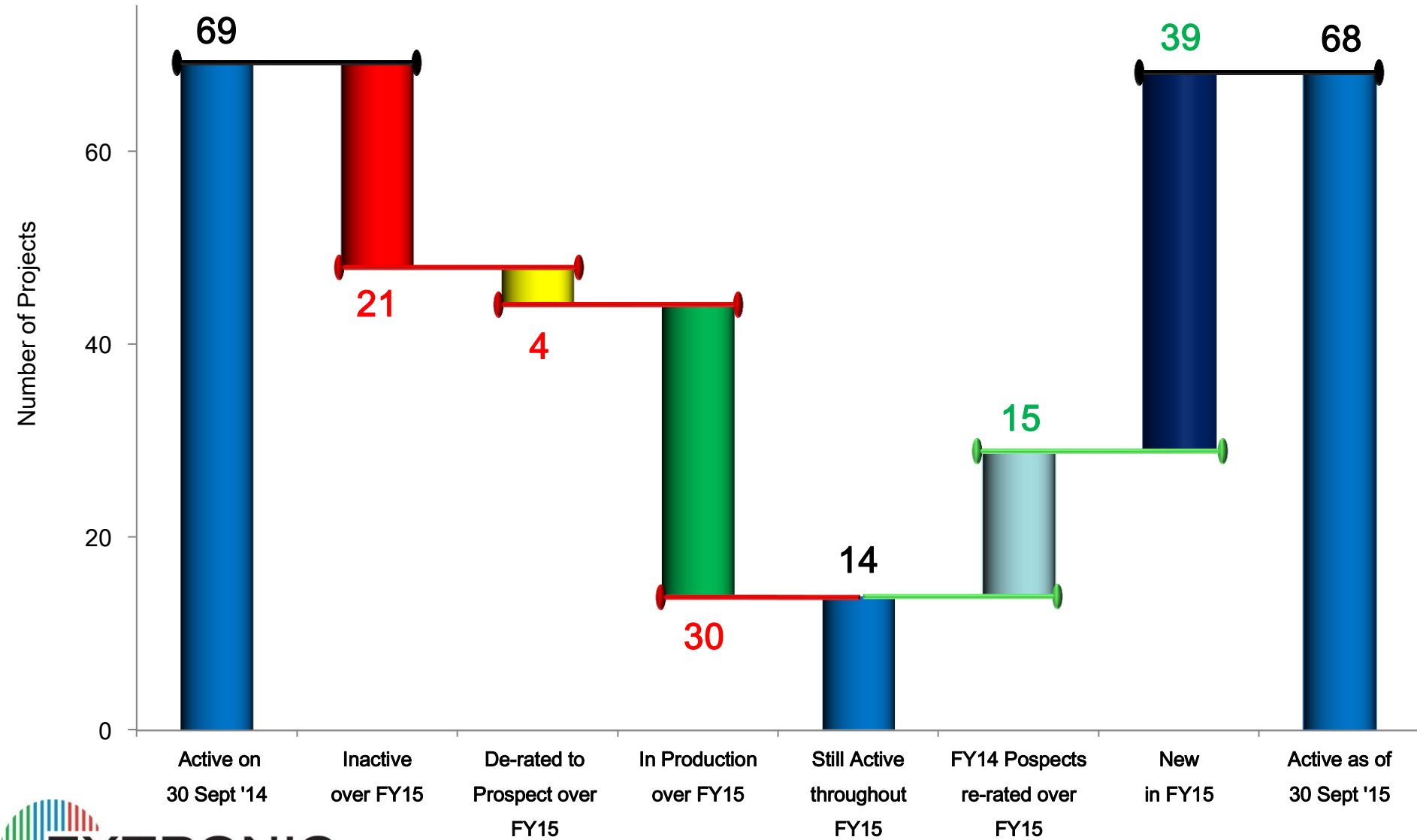
- Zytronic Inc. expanded into direct sales
- Establishment of Zytronic Representative Office in Taiwan
- Establishment of Zytronic Japan
- Retained sales consultant for foil products
- Extended coverage across 70 countries (2014: 60)
  - 38 partner agreements (2014: 37)
  - ‡ New representatives for Singapore, China, India & US states

underpinned by

## MARKETING ACTIVITIES

- New regional trade PR to independently drive USA and China
- Released new Investor, Corporate & 'How to', videos
- Market and geography specific trade exhibitions

# Projects: Year-on-Year Status Analysis



# 2015 Strategic Developments

---

## Operations

- Cleanrooms expanded, increasing total touch manufacturing floor area by 25% to 10k ft<sup>2</sup>
- Major capital acquisitions
  - 5x 65” plotters, 1x 65” laminator , 1x computer controlled glass edge profiler

## Research & Development

- 4x MPCT™ GB patents granted during the year, GB2502596, -2598, -2600 and -2602
- Advanced PCT™ controller released based on dynamic frequency scanning
- New Application Specific Integrated Chip (“ASIC”) for MPCT™ under development
- Release of flexible foil sensor solutions for new markets
- Developed touch surface ‘shape recognition’ for advanced interactivity
- Joined European Commission consortium group, under European Horizons 2020 fund to evaluate high resolution 2D printing of metallic fluids for touch sensors – 3 yr programme

# 2016 Developments

---

## Sales and Marketing

- Expand direct sales footprint of Zytronic Inc
- Further increase channel partner network coverage in Central America and South East Asia

## Research & Development

- Release new controller for MPCT™ sensor sizes <20”
- Continued development of ASIC for MPCT™ sensing
- Commercialisation of encrypted touch solutions with Cryptera®

# Summary & Outlook

---

- Significantly improved trading performance
- Benefiting from improving size and technology mix of touch sensor solutions
- Excellent pipeline of opportunities across target markets
- Strong balance sheet, cash generation and progressive dividend
- Continued investment in business development and R&D
- Robust financial position leaves the Group well placed to deliver further shareholder value
- Positive start to the year with maintained momentum

---

# Appendices



# Consolidated Income Statement

	30 September 2015 (£m)	30 September 2014 (£m)
Group revenue	21.3	18.9
Gross profit	8.9	6.9
Group trading profit	4.6	3.3
Profit before tax	4.5	3.3
Tax expense	0.8	0.3
Profit after tax	3.8	3.0
Earnings per share		
Basic	24.7p	19.6p
Diluted	24.3p	19.5p

# Consolidated Balance Sheet

	30 September 2015 £m	30 September 2014 £m
Non-current assets	9.2	8.9
Current assets (less cash)	6.3	6.2
Cash	9.8	7.8
<b>Total assets</b>	<b>25.3</b>	<b>22.9</b>
Current liabilities	2.7	2.8
Non-current liabilities	1.9	2.1
<b>Total liabilities</b>	<b>4.6</b>	<b>4.9</b>
<b>Net assets</b>	<b>20.7</b>	<b>18.1</b>

# Consolidated Cashflow Statement

	30 September 2015 £m	30 September 2014 £m
Operating activities	4.5	3.3
Depreciation and amortisation	1.0	1.0
Movement in working capital	(0.3)	0.1
Tax paid	0.6	0.5
Capex	1.4	0.6
Dividends	1.6	1.4
<b>Increase in cash</b>	<b>2.0</b>	<b>2.3</b>
<b>Cash at year end</b>	<b>9.8</b>	<b>7.8</b>

# Vision & Mission

---

## Vision

- Zytronic's touch sensor product ranges to be pre-eminent in those regions and uses requiring medium to ultra-large sized touch interactive systems

## Mission

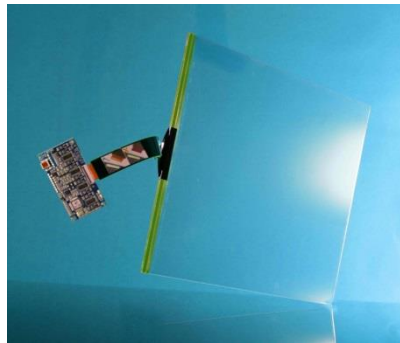
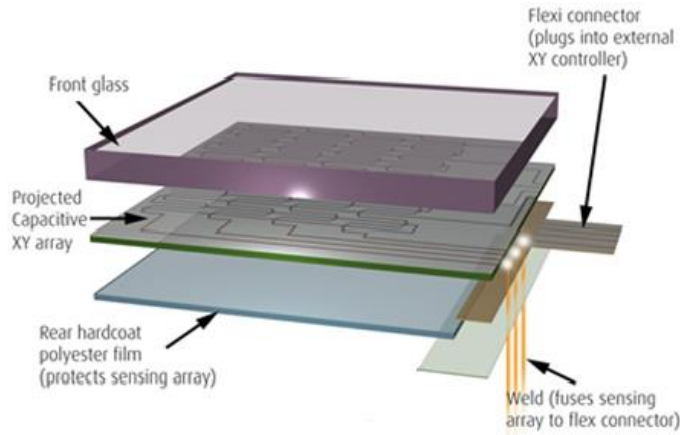
- Expansion of our global sales footprint, through regional sales channel partnership agreements
- Focus on growing vertical markets where we have a competitive advantage: vending, public information, industrial, financial and gaming equipment

# Key Milestone Events

YEAR	DESCRIPTION
2015	Zytronic has 4 GB patents granted for new MPCT™ touch technology solution. Representative sales office in Taiwan opened.
2014	Zytronic Inc. opened in Atlanta, Georgia, for pre and post technical sales support services
2013	MPCT™ touch solution wins two prestigious international engineering awards
2012	Development and patent filing of Mutual Projected Capacitive Technology (MPCT™) touch solution
2010	ZXY100 Series controllers and chipset solution to market
2008	ZYPOS manufacturing facility operational after £4.1m of capital investment. Electronics development programme of ZDL ASIC and ARM® processor for new touch controller
2006	ZYPOS® development. Acquisition of new building for future manufacturing
2005	ZYTOUCH design wins for Petrol Pump applications Routes to market expanded through Global Channel partners of Agents and Value Add Resellers (VAR's)
2002	ZYTOUCH design wins for ATM's (2 of the global top 3) and BT Webphone
2001	ZYTOUCH®, Zytronic's first commercial PCT based product to market
2000	Zytronic quoted on London Stock Exchange (LSE) Alternative Investment Market (AIM)

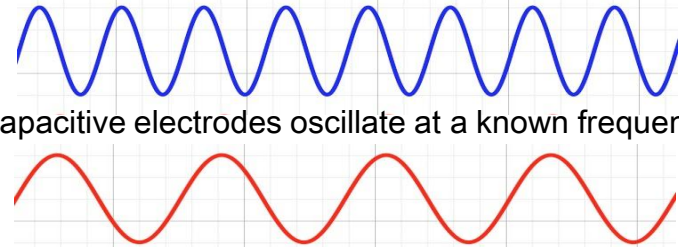
# Zytronic's PCT™ & MPCT™ Sensing

## PCT™ & MPCT™ Configurations



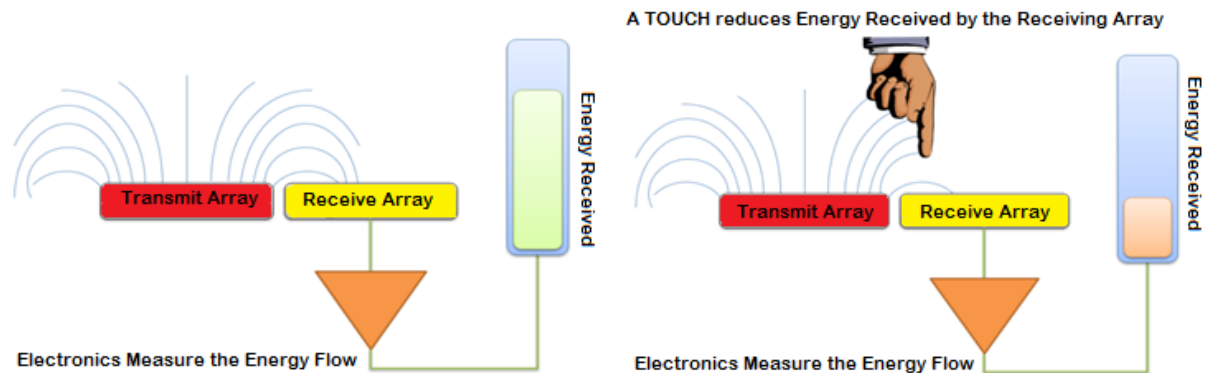
Saleable sensor and controller

## PCT™ - often referred to as self-capacitance



Applying a finger due to the body's self-capacitance changes the frequency of oscillation. Measuring the change on an XY array, identifies the 2D touch point.

## MPCT™ - referred to as mutual-capacitance



The X axis acts as a transmitter whilst the Y acts as a receiver. The common term applied to the sensing technique is Mutual Capacitance.

# Competition Comparison

- Zytronic's PCT™ & MPCT™ products used in industrial and public access markets and not consumer markets
- Historical competing technologies are Acoustic, Surface Capacitive and Infra-Red/Optical touch
- Increasing competition from ITO & Metal Mesh based Projected Capacitive suppliers
- Commercial availability of in-cell touch by display manufacturers is disruptive, albeit in the small size ranges

	Environmental				Touch				Physical				
	Surface Durability	Vandal Resistance	Dust/Water Resistance	Optical Clarity	Finger or Hand	Gloved Hand Input	Other inputs (pens etc.)	Dual-Touch Capability	Bezel-less Designs	Small Displays (<5")	Medium Displays (6-10")	Large Displays (10-40")	Ultra Large Displays (>42")
Projected Capacitive	Green	Green	Green	Orange	Green	Green	Orange	Green	Green	Green	Green	Green	Green
Surface Capacitive	Orange	Orange	Red	Orange	Green	Red	Orange	Red	Red	Green	Green	Orange	Red
Infra-Red	Green	Orange	Orange	Green	Green	Orange	Green	Green	Red	Orange	Orange	Green	Green
Acoustic	Green	Orange	Red	Green	Green	Orange	Red	Orange	Orange	Green	Green	Orange	Red
	GOOD				AVERAGE				POOR				



# Board Biographies

## **Non-Executive Chairman - Tudor Griffith Davies , B.Sc**

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, Chairman and Chief Executive of Hicking Pentecost Plc, and a Non-Executive Director of Scottish Highland Hotels Plc.

## **Chief Executive Officer - Mark Cambridge , B.Sc (Hons), FIoD**

Mark graduated in 1986 in Materials Science and has a Securities Institute Certificate in Corporate Finance (2003). He has held the positions of Technical & Quality Director, Sales and Marketing Director and is presently Managing Director of Zytronic Displays Limited the operating subsidiary and President of Zytronic Inc., the USA, technical sales support services operation. Mark was appointed to the board of Zytronic Plc in June 2007 and subsequently to Chief Executive in January 2008.

## **Group Finance Director – Claire Louise Smith, B.A. (Hons), ACMA, GCMA, CertICM**

Claire graduated in 2000 in Business and Finance, attained CIMA accreditation in 2006 and a certificate in International Cash Management in 2011. 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.

## **Senior Independent Non-Executive Director - Sir David Robert Macgowan Chapman Bt., DL, B Comm.**

Sir David is a former Director of Northern Rock plc, the London Stock Exchange and was a member of the Greenbury Committee on Corporate Governance. Sir David is currently Chairman of Virgin Money's Pension Scheme and is on the Advisory board of the North East Finance.

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

David worked at the Bank of England for 32 years until 2010. Most recently he was the Bank's Agent for the North East of England for nine years. David is a director of Newcastle Building Society and William Leech (Investments) Ltd.