



2010 Preliminary Results

Presented by:

Mark Cambridge, Chief Executive
Denis Mullan, Finance Director

December 2010

Agenda

- Overview
- Operational & Financial Review
 - Operational Performance
 - Group Income Statement
 - Group Balance Sheet & Cashflow
- Business Developments
 - Research & Development
 - Manufacturing Developments
- Prospects
 - Target Markets
 - “Activity Monitor” Projects
 - Summary & Prospects
- Appendices



Infinitus (Slovenia)
POI Kiosk

Overview

	Year ended 30 September	
	2010	2009
Turnover	£18.48m	£15.92m
Gross Profit	£5.89m	£5.41m
Gross Profit Margin	31.9%	34.0%
Profit before taxation	£2.92m	£2.30m
Taxation charge	(£0.74m)	(£0.59m)
EPS	14.9p	11.6p
Full year dividend	7.0p	5.0p

- Turnover increased 16% to £18.48m
- PBT increased 27% to £2.92m
- EPS increased by 28% to 14.9p (2009: 11.6p)
- Proposed final dividend increased 32% to 5.0p, giving 7.0p for the year (2009: 5.0p)
- Orders received in 2010 increased by 23% to £19.8m (2009: £16.1m)
- Exports of touch sensors reached 93% (2009: 88%)
- New family of ZXY100 controllers launched



Advantech (Taiwan)
Industrial Process Control

Operational & Financial Review



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

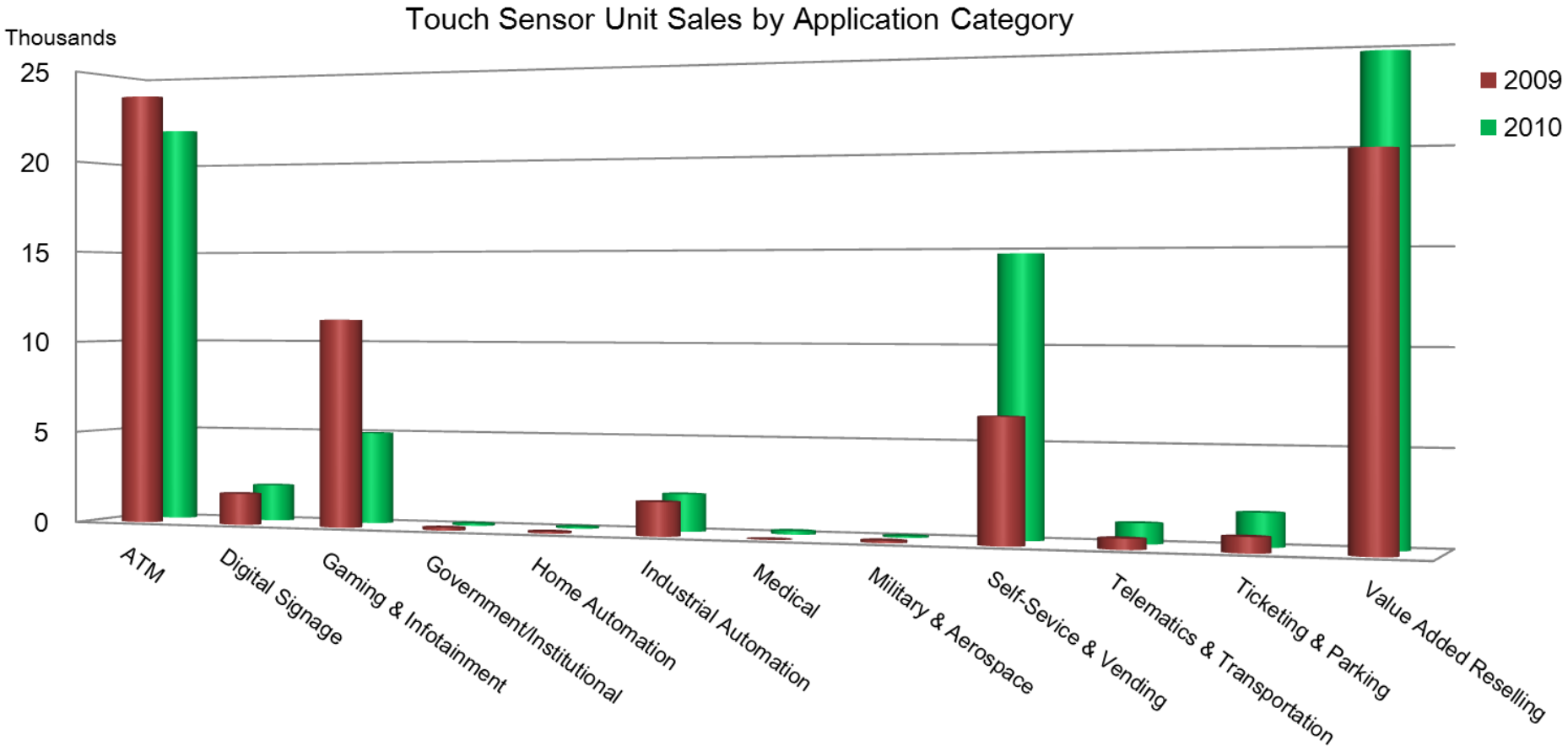
Operational Performance

- Orders received during 2010 increased by 23% to £19.8m (2009: £16.1m)
- Total sales increased by 16% to £18.5m (2009: £15.9m)
 - Six new sales channel agreements signed
 - 39 countries now covered
 - Total export sales accounted for 90% of turnover (2009: 86%)
 - Touch sensor export sales accounted for 93% of total touch sensor sales (2009: 88%)
 - ATM optical filter unit sales increased by 36%
 - Expansion of ATM module sales into BRIC countries
 - Initiation of a VMI service, created one-off lift to sales

Operational Performance (cont'd)

- Total touch sensor unit sales increased by 11%
 - Self-Service and Vending more than doubled
 - Blockbuster Express branded DVD vending kiosks
 - Sales of production units of Coca-Cola Freestyle™ drinks dispenser in Q4
 - Volume through network of Value Added Resellers increased by 25%
 - Gaming volume decreased by half
 - Projects started in 2009 were badly impacted by recession in 2010
 - Sales from new Gaming project with major brand leader commenced in H2
 - ATM sensors experienced volume decrease of 7%
 - Ratio of Touch to Non-touch units = 14%, circa 1:6 (2009: 20%, 1:5)

Operational Performance (cont'd)

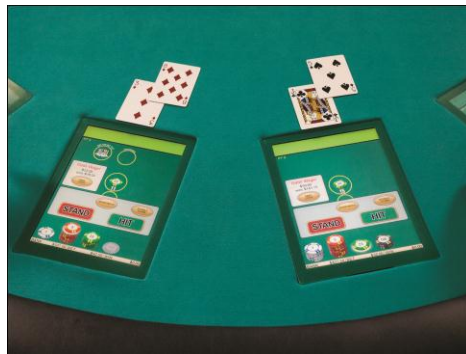


Group Income Statement

- Gross profit margin reduced from 34% to 32%.
 - Substantial increase in volumes of high material content ATM privacy filter option
 - Absence of ULFF (ultra large form factor) sensor sales in H1
- Other operating income of £0.11m largely consists of six months' amortisation of SFI grant
- Interest payable of £0.13m (2009: £0.10m) increased following draw down of property loans in Summer 2009
- Taxation charge of £0.74m (2009: £0.59m) represents an effective tax rate of 25% (2009: 26%)
- EPS of 14.9p increased by 28% over prior year's 11.6p
- Proposed final dividend increased 32% to 5.0p (2009: 3.8p)
 - Full year total dividend 7.0p; 40% increase over previous year's 5.0p

Group Balance Sheet & Cashflow

- Small decrease on total fixed assets
 - Capex of £0.89m compares with depreciation and amortisation of £0.99m
 - FY2011 expenditure likely to be higher at circa £1.30m
- Working capital
 - Inventories only increased by £0.08m and receivables by £0.36m reflecting strong H2 sales
 - Partly offset by increase in payables of £0.28m
- Borrowings reduced significantly by £0.82m; cash increased by £1.10m; net gearing reduced to 11% (2009: 31%).
 - Majority of HP agreements now finished, all will be settled by 31 March 2011
 - Two 10 - year property loans still outstanding with five and nine years remaining
- Final £0.54m instalment of SFI grant received; total £0.60m; £0.48m remains in deferred grants
- Share premium increased by £0.07m; £0.04m from exercise of oldest options and £0.03m from VAT refund, disallowed on AIM Admission



Shuffle Master (USA)
Electronic Gaming , the i-Table

Business Developments



Megatechmedia (Seoul)
Digital signage/wayfinders

Research & Development

- Development of ASIC chip completed
 - Chipset solutions now available
- New family of ZXY100 controllers launched at SID expo in May
 - Supports all sensor sizes from 5" to 80"+
 - Dual touch functionality
 - In-field firmware reprogramming functionality
- Evaluation of new PCT™ media for high volume, cost sensitive applications
 - Transparent metallic oxide coatings
 - Printable electronics
- Development project for in-house driver software source code support for ZXY100 controllers

Manufacturing Developments

- Major redesigns of optical display filters allows for more efficient manufacturing
 - Converted one major customer during H2 and expecting to move some others across
 - Shorter manufacturing timescale allows for reduction in WIP & FG inventories

- Two new laminating machines ordered, delivery in November 2010 and January 2011
 - Machine 1 improves efficiency of ULFF touch sensor manufacturing and the processing of touch sensors with printed graphics
 - Machine 2 enhances the new display filter process capability and capacity

- Refurbishment programme of the oldest clean-room facility planned for 2011
 - Reduction of running costs
 - Mirror manufacturing capabilities of newer ZYPOS facility



NCR (USA)
DVD rental kiosk

Prospects



QMatic (Sweden)
Visitor Registration

Target markets

Industrial & Medical tablets

Increasing acceptance due to iPad effect

Our USP's:

- Full glass face (no bezel)
- Impact resistant/gloved operation



Automotive

Reducing complexity (safety)

Our USP's:

- Curved surfaces
- 'Gesture' recognition



Home Controls & Appliances

Form & function (style)

Our USP's:

- Scratch resistant
- Touch through substrate



Vending & Digital Signage

Ultra Large Format, >37" Ø

Our USP's:

- Printable graphics
- Durability



“Activity Monitor” Projects

Below are examples of opportunities (2 - 4 years) where Zytronic’s various PCT™ solutions are under evaluation by potential customers. Customers predicted units range from 10k – 40k pa

<u>Market</u>	<u>Application type</u>	<u>Screen sizes (inches Ø)</u>
Telematics	Earth moving equipment	8
Digital Signage	Touch table	21
Self-Service	Drinks (not bottle) dispensing	15
Healthcare	Professional gym equipment	15
Telematics	Marine	12
Vending	FMCG vending	12
Home Automation	Kitchen equipment	7

Summary & Prospects

- Good financial performance exceeding market expectations
- Strong cash generation; gearing reduced to 11% (2009: 31%)
- Progressive growth in dividends
- New sales channel agreements
- Exciting touch sensor prospects
- Strong progress with R&D and manufacturing developments
- Major redesigns in display products & continuing manufacturing efficiencies



Indago™, ACE Interactive's
Video Lottery Terminal

Appendices



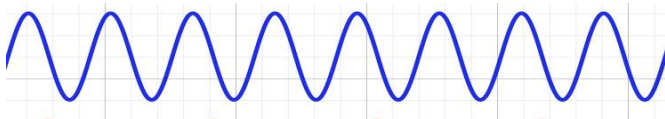
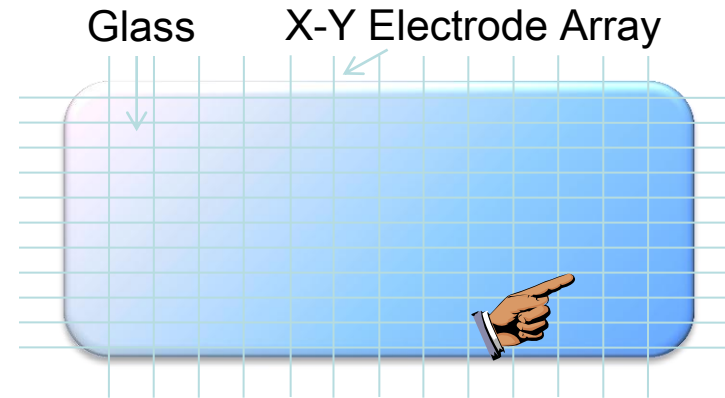
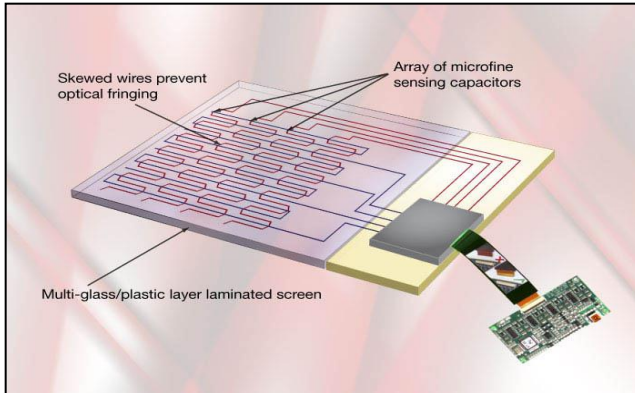
NSM (UK)
Video Jukebox



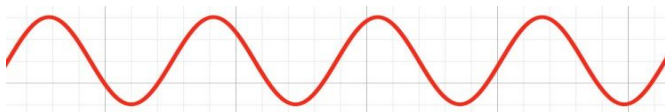
Background to Zytronic

- 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
- 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
- Facilities include three manufacturing units totaling 80,000 sq.ft. for all products

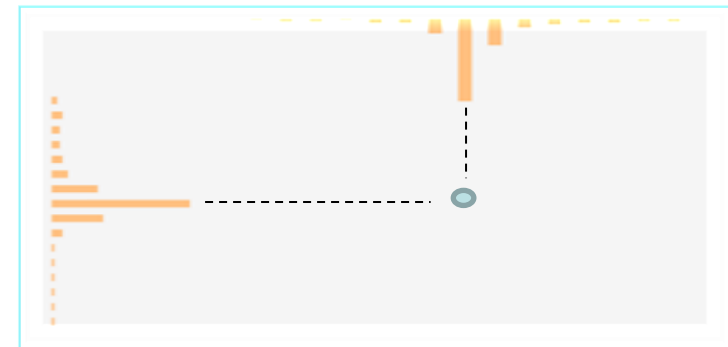
Zytronic's Projected Capacitive Technology



Electrodes oscillate at known frequency



An applied finger changes the electrode oscillation frequency due to the body's capacitance



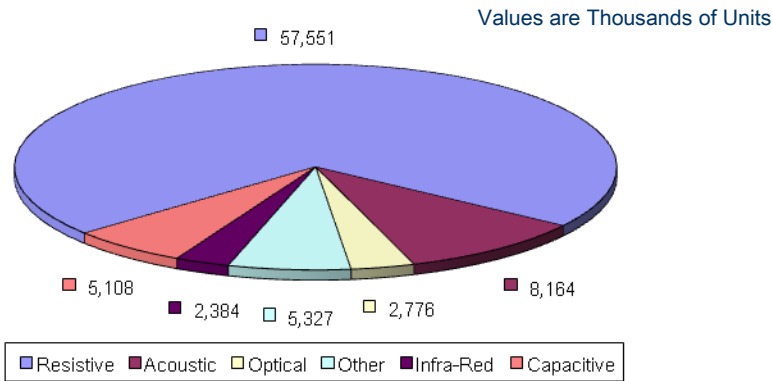
The analysed frequency change peaks in the x and y axes, are used to accurately define the position of the touching finger on the display.

Review of Touch Sensor Products

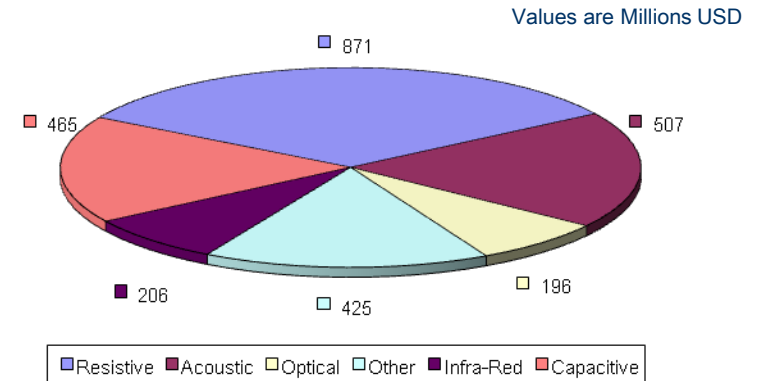
- ZYTOUCH® - 2+ glass layer construction, PCT™ sensing array embedded in-between. Primary applications; ATM's, external information kiosks, ticketing machines etc.
- ZYPOS® - single standardised glass layer construction, PCT sensing array embedded at rear, encapsulated with PET film cover (customised 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

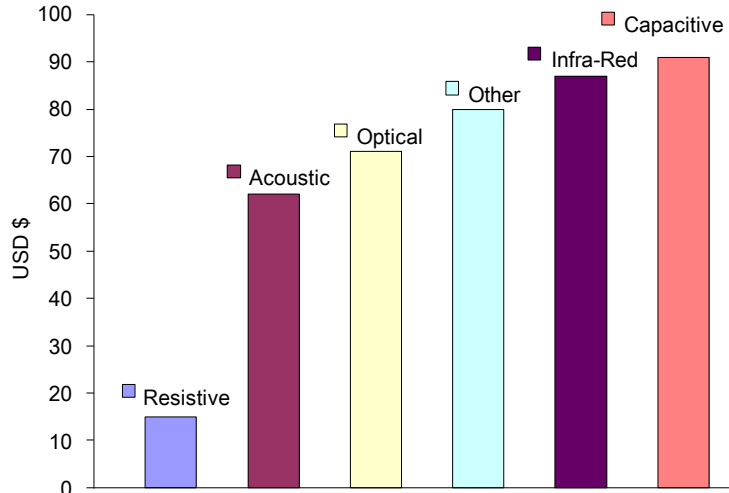
Market Segmentation by Technology Type



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.)

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

Competitive Touch Sensor Market Analysis (cont'd)

- Projected Capacitance Sensing (PCS) biggest growth touch interface technology, based on charge capacitance technique, limited performance in size and z axis.
- PCS market competition driven by integrated circuit (IC) manufacturers - Cypress, Synaptics, Atmel, MicroChip etc, in conjunction with ITO coated film and glass suppliers.
- 25+ competitive PCS solution providers emerge for consumer products: 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 ULFF signage market >46".
- Zytronic sensors are only commercially available PCS based glass solutions > 6" sizes using frequency modulation technique.

Example Applications



APC (Australia)
Industrial control unit (milking parlour)



Dong-Hwa Prime (South Korea)
Fuel dispensing equipment



Mobile Knowledge (Canada)
NYC Taxicab Infotainment units



Diebold - Opteva®
Through the wall ATM



K2 Medical (UK)
Foetal monitoring unit