

Preliminary Results year ended 30 September 2019



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

December 2019

- Revenue of £20.1m (2018: £22.3m), in line with market expectation
- Gross margin affected by reduction in gaming revenues and change of product mix
- EBITDA of £4.1m (2018: £5.2m)
- PBT of £3.1m (2018: £4.2m), against market expectation of £3.2m
- Corporation tax rate payable of 12% (2018: 13%)
- Fully diluted EPS of 16.8p (2018: 22.7p)
- Net cash of £13.1m (30 September 2018: £14.6m), after dividends paid in year of £3.7m
- Proposed dividend for 2019 held at 22.8p (2018: 22.8p)

Consolidated statement of comprehensive income



	Audited 12 months to 30 Sept 2019	Audited 12 months to 30 Sept 2018
Group revenue	£20.1m	£22.3m
Gross profit	£6.8m	£8.2m
Gross margin	33.7%	37.0%
Group trading profit	£3.0m	£4.1m
Trading margin	14.8%	18.6%
Net finance revenue/(costs)	£0.1m	£0.1m
Profit before tax	£3.1m	£4.2m
Tax expense	(£0.4m)	(£0.5m)
Profit for the year	£2.7m	£3.6m
Earnings per share (EPS)		
Basic	16.8p	22.7p
Diluted	16.8p	22.7p

Statement of comprehensive income commentary



- Group revenue £20.1m (2018: £22.3m)
- Gross profit margin of 33.7% (2018: 37.0%)
 - Impacted by change in mix of sensors sold, with less large format sensors being invoiced, predominantly in gaming market
- Admin expenses of £3.5m (2018: £3.6m)
 - Savings in professional fees of £0.4m partially offset by higher costs in salaries and regional territories
- PBT of £3.1m (2018: £4.2m)
- Net effective tax rate estimated at 12% (2018: 13%)
 - Reduced by enhanced R&D tax credits and Patent Box relief claims on MPCT™ products
- Basic EPS of 16.8p (2018: 22.7p), fully diluted EPS of 16.8p (2018: 22.7p)
- Dividend proposed for year of 22.8p, same level as 2018

Consolidated statement of financial position



	Audited 12 months to 30 Sept 2019	Audited 12 months to 30 Sept 2018
Non-current assets	£7.7m	£8.2m
Current assets (less cash)	£7.2m	£6.8m
Cash	£13.1m	£14.6m
Total assets	£28.0m	£29.6m
Current liabilities	(£1.7m)	(£2.2m)
Non-current liabilities	(£0.5m)	(£0.6m)
Total liabilities	(£2.2m)	(£2.8m)
Net assets	£25.8m	£26.8m

Consolidated cashflow statement



	Audited 12 months to 30 Sept 2019	Audited 12 months to 30 Sept 2018
Profit before tax	£3.1m	£4.2m
Depreciation and amortisation	£1.2m	£1.1m
Movement in working capital	(£1.1m)	£-
Tax paid	(£0.2m)	(£0.6m)
Net cash from operating activities	£2.8m	£4.8m
Net cashflow used in investing activities	(£0.6m)	(£0.6m)
Dividends	(£3.7m)	(£3.7m)
Net cashflow used in financing activities	(£3.7m)	(£3.7m)
(Decrease)/increase in cash	(£1.5m)	£0.5m
Net cash	£13.1m	£14.6m

Statement of financial position & cashflow - commentary

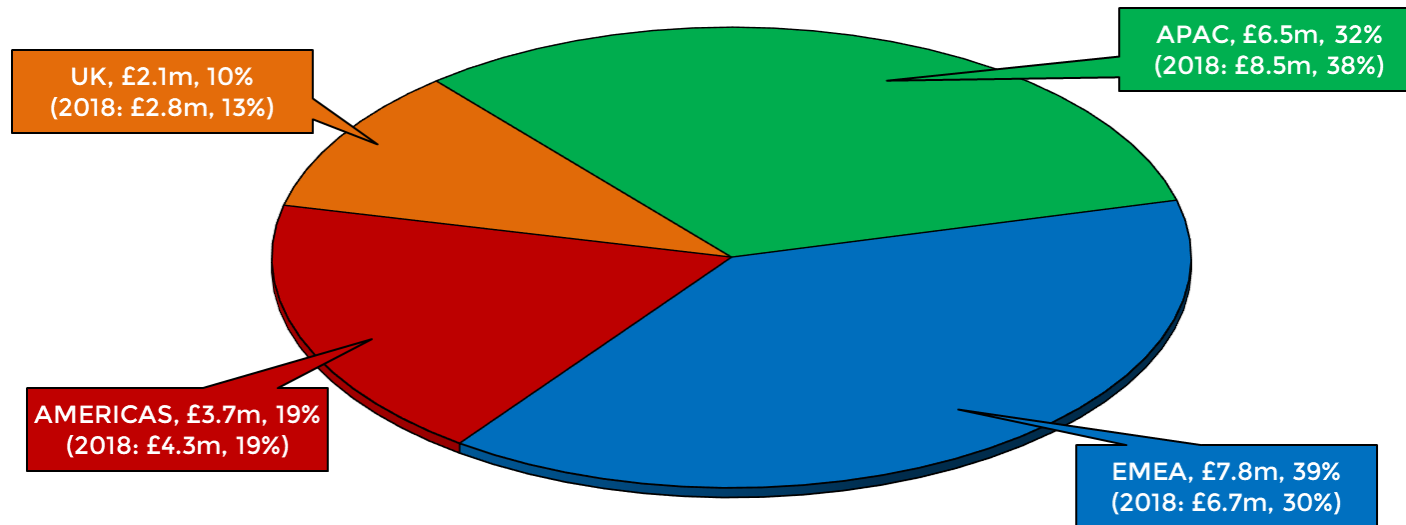


- Group statement of financial position continues to be strong with reported cash of £13.1m
- Currency
 - Hedging strategy remains beneficial with more natural hedging in EUR
 - Surplus USD & EUR forward FX contract cover of 3-4 months, in line with WC
 - Non material liabilities at both year ends < £0.1m
- Cash position and cashflows
 - Cash inflow from operating activities of £2.8m (2018: £4.8m)
 - Lower than PY due to lower profits and WC increases
 - Capex spend of £0.6m (2018: £0.7m)
 - R&D £0.1m (2018: £0.4m), Plant & Equipment £0.5m (2018: £0.3m)
 - Working capital £1.1m increase (30 September 2018: £Nil)
 - Stocks neutral, debtors increased, creditors decreased
 - Taxation paid £0.3m (2018: £0.6m)
 - Dividend payments during period of £3.7m (2018: £3.7m)
 - Net cash decreased to £13.1m (30 Sept. 2018: £14.6m)

Overview - Sales



- Gaming revenue of £6.4m (2018: £8.5m)
 - Volume of Large curved MPCT™ touch sensors decreased by 30%
- Financial revenue of £6.2m (2018: £6.4m)
 - ATM display revenues of £0.4m (2018: £1.0m)
- Export revenue of £18.0m, 90% total (2018: £19.5m, 87%)
 - APAC decline of £2.0m attributable to Gaming sector touch sales
 - EMEA increase attributable to Vending sector touch sales

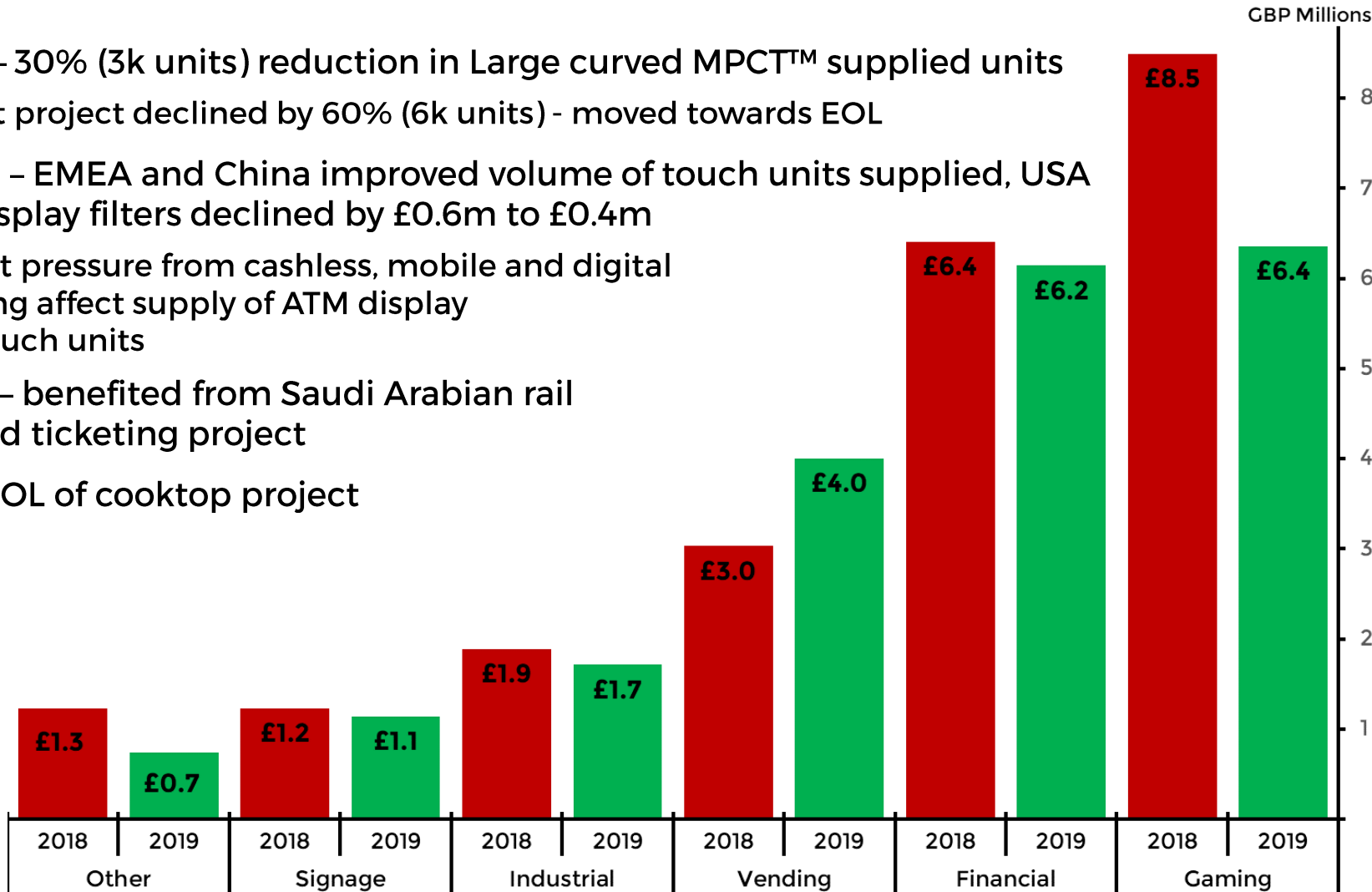


Note: Exports refer to product invoicing geography; and rounded to nearest £0.1m

Sales - revenues by markets



- Gaming – 30% (3k units) reduction in Large curved MPCT™ supplied units
 - largest project declined by 60% (6k units) - moved towards EOL
- Financial – EMEA and China improved volume of touch units supplied, USA down, display filters declined by £0.6m to £0.4m
 - market pressure from cashless, mobile and digital banking affect supply of ATM display and touch units
- Vending – benefited from Saudi Arabian rail touch and ticketing project
- Other – EOL of cooktop project



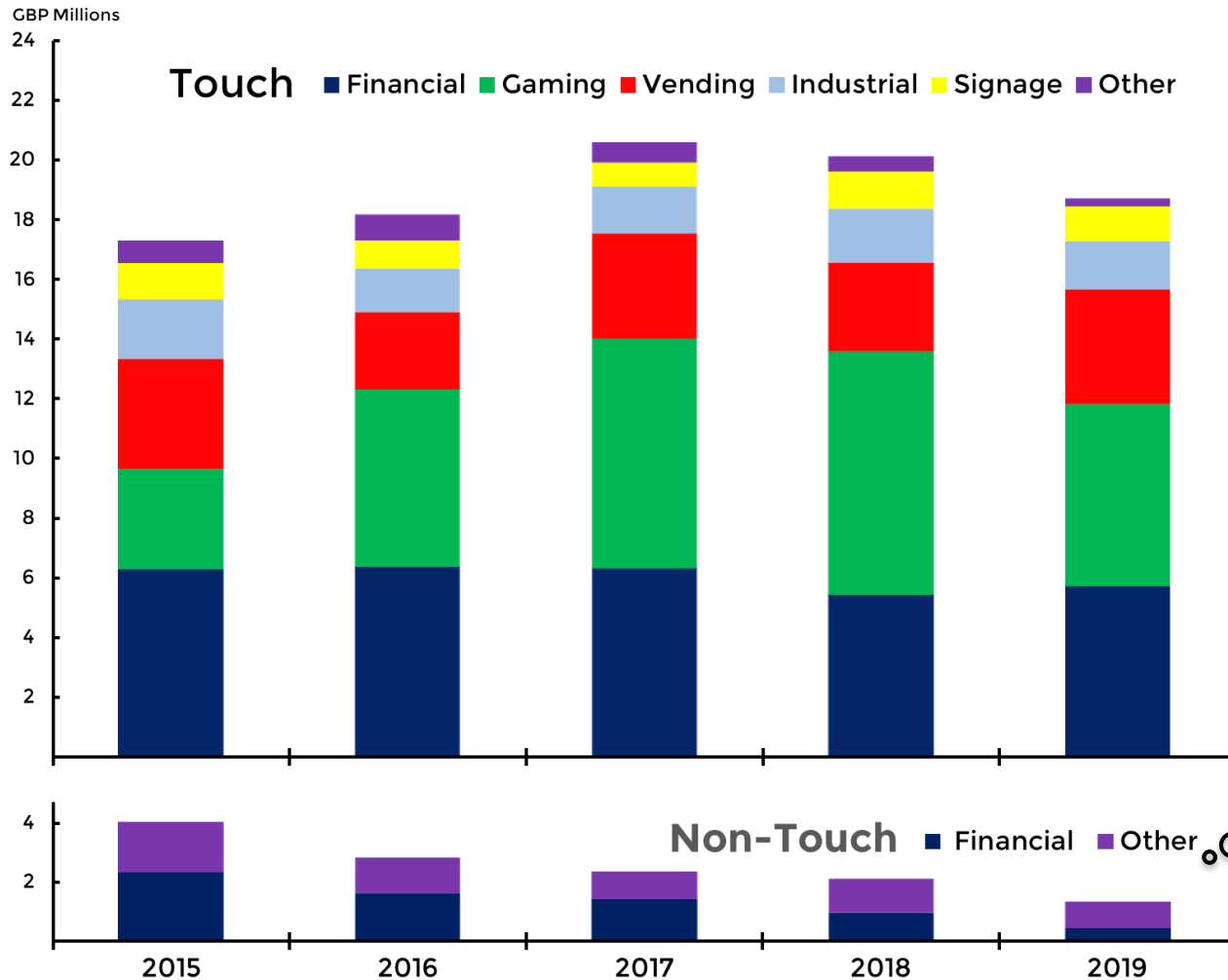
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5yrs - revenues by products and markets



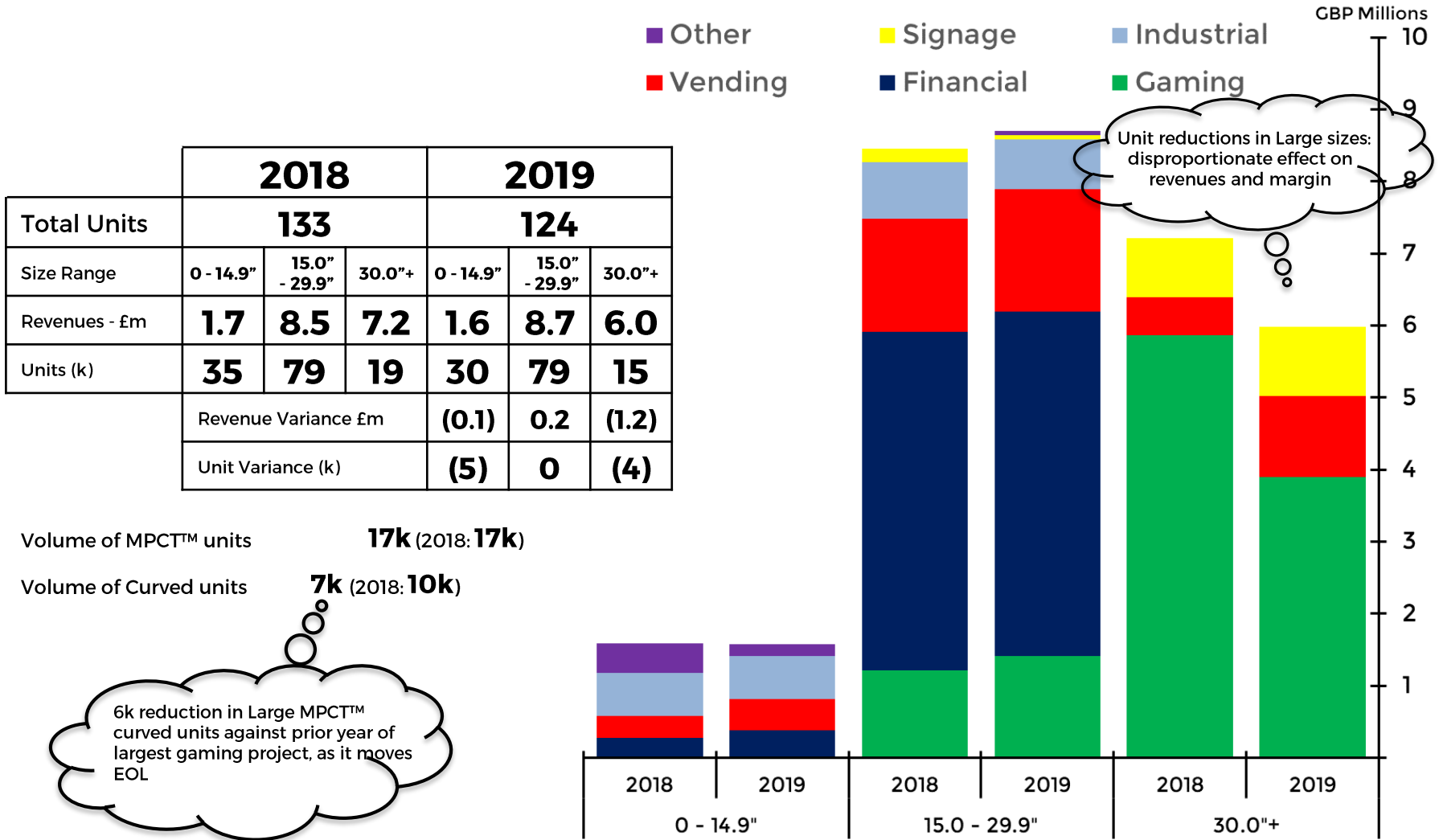
Note: Touch revenues are fully inclusive of sensors, controllers, ancillaries and non-recurring engineering charges



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Touch sales - sensor size range and markets

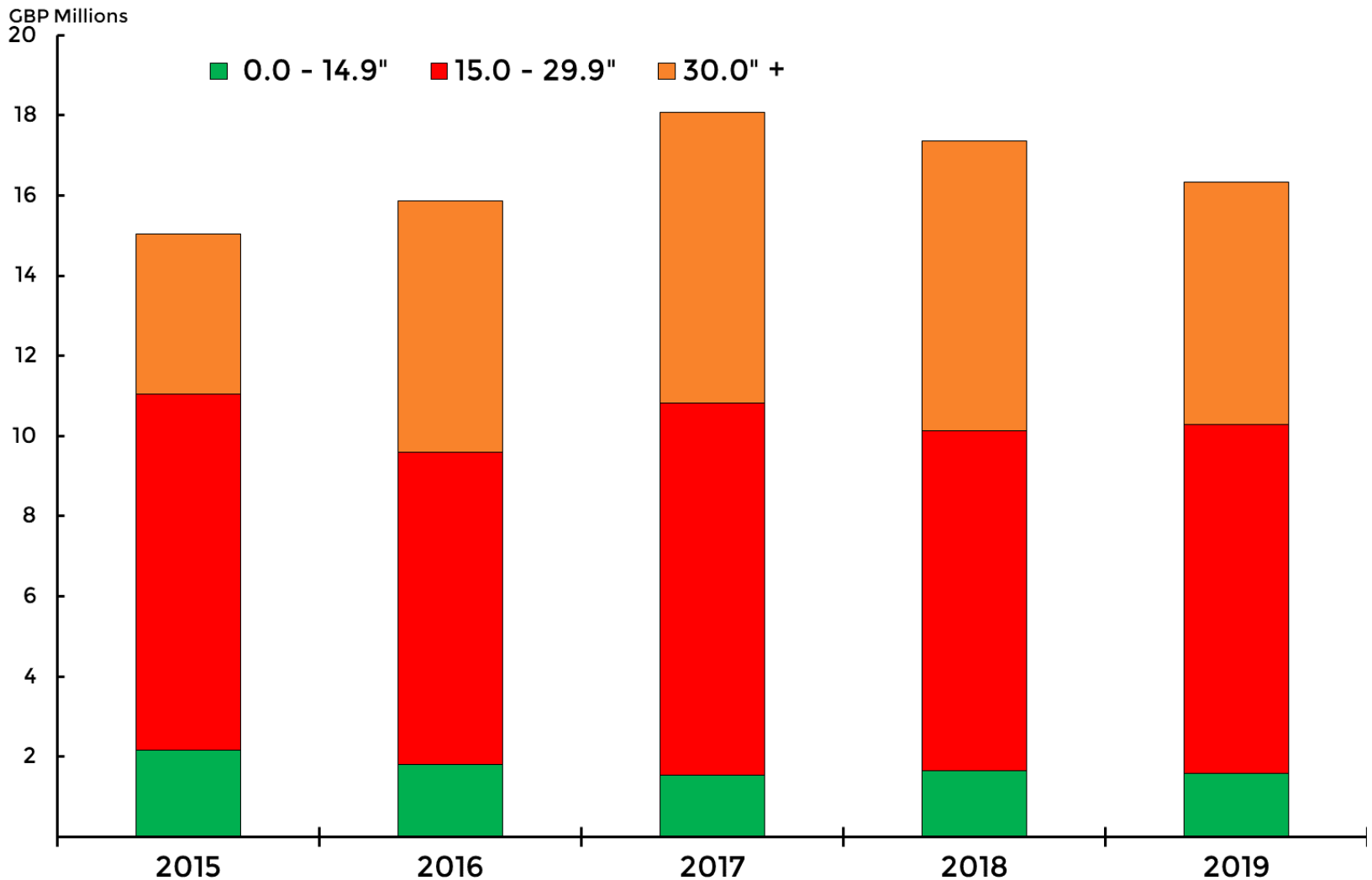


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Note: Revenues are touch sensors only and exclude controllers and ancillaries

5yrs touch sales - sensor size ranges



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

- Continued development of mixed metal oxide coatings as an alternative sensing material solution in conjunction with ZXY500 controller, with soft launch market evaluation
- Bespoke technology demonstration room installed
- New trade PR service provider engaged for better integrated global presence
- Release of numerous case studies, whitepapers and 'thought' pieces



EV charging stations
(Spain)



Metro ticketing
(India)

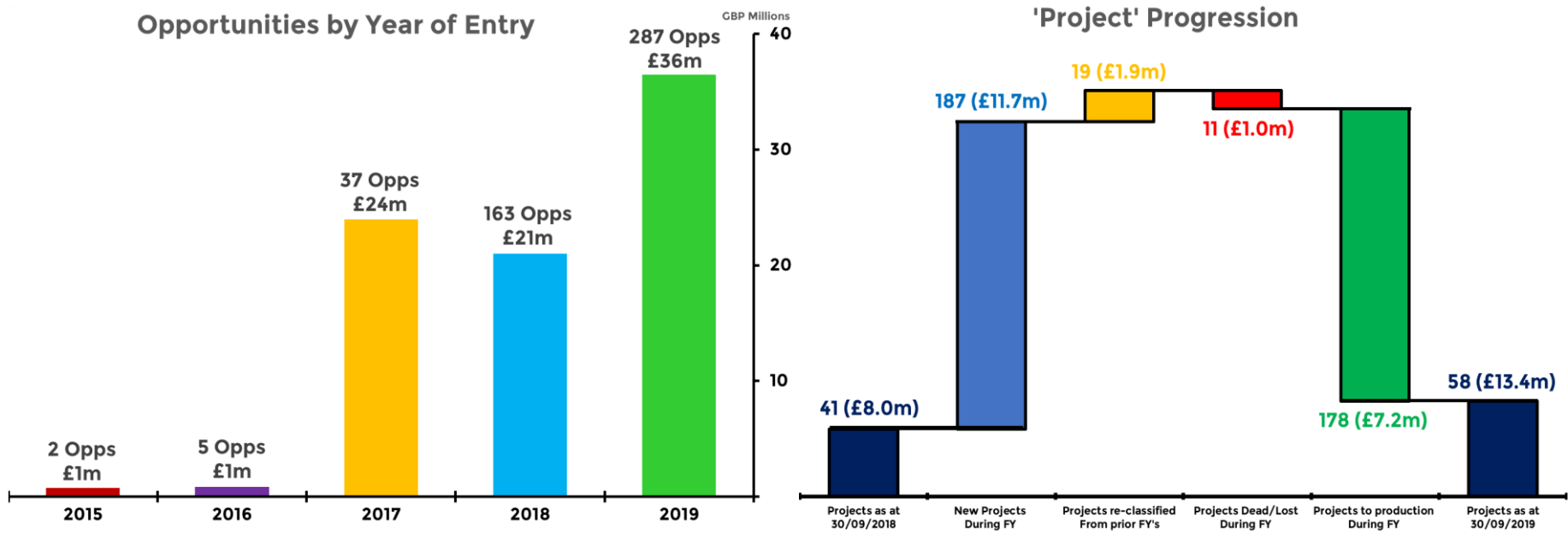


Bar-top entertainment
(USA)



Car showroom info kiosk
(Australia)

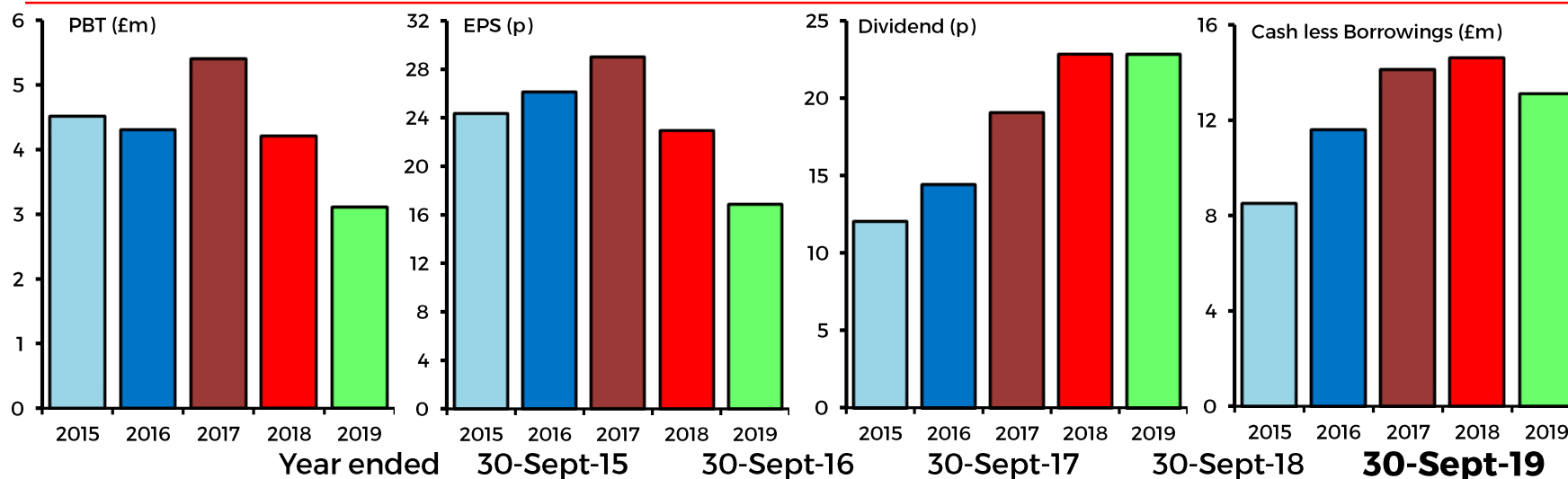
- GB patent application - new method of driving mechanical devices and electrical outputs in the visible area of a display with invisible connections
- CRM opportunities analysis as at 30 September 2019
 - 494 opportunities, projected value of £83m (30 Sept '18: 414, £65m)
 - 58 'Project' status, +41% (2018: 41)
 - Projects contract value £13.4m (2018: £8.0m)



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- Strong balance sheet and cash generation provides sound base for continued business investment
 - Operating in diversified technologies, products and markets (geography and application)
 - Further investment in technologies, processes and facilities
 - Evaluation of mixed metal oxide coatings compared to Cu wire, aligned with MPCT™ ASIC chip
 - Improved glass processing equipment to broaden product features
 - Levels of lead generation, opportunities and Projects provide strong platform for future performance
 - The Board is undertaking a review of the level of future distributions compared with earnings, cash resources and needs
 - On the basis of the first two months of trading at lower levels than last year, we are cautious about the short term

Appendices

5yr financial comparisons



Revenue (£m)	21.3	21.1	22.9	22.3	20.1
Gross margin (%)	41.9	42.8	41.1	37.0	33.7
EBITDA (£m)	5.6	5.4	6.6	5.2	4.1
PBT (£m)	4.5	4.3	5.4	4.2	3.1
EPS (FD)/(AD) (p)	24.3	26.1	29.0	22.7	16.8
Dividends for year (p)	12.01	14.41	19.0	22.8	22.8
Net cashflow from operating activities (£m)	4.9	5.6	4.7	4.8	2.8
Net cash (£m)	8.5	11.6	14.1	14.6	13.1

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Shareholding as of 30 November 2019	(%)
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 Shares as of 30 November 2019	16,044,041

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