

Photo-Me International plc  
RESULTS FOR THE 12 MONTHS ENDED 30 APRIL 2020



7 July 2020



SERGE CRASNIANSKI

CHIEF EXECUTIVE OFFICER & DEPUTY CHAIRMAN

OVERVIEW

# AGENDA

---

- COVID-19 UPDATE
- FINANCIAL & OPERATIONAL SUMMARY
- FINANCIAL REVIEW
- BUSINESS REVIEW
- CONCLUSION

# COVID-19 Update

---

- All end markets and business areas impacted
- Actions taken to date to mitigate the impact on the Group and preserve cash include:
  - Cancellation of the interim dividend payment
  - Reducing capital and other expenditure to £29.6 million, saving a total of £0.9 million
  - Utilising government job retention schemes, saving £0.8 million in March and April
  - Voluntary 20% reduction in Board member salaries, from 1 July 2020, and bonus payments for all management will be revised
  - Deferring French loan repayments due in March and April by six months, which in total amounted to €2.1 million
  - Obtaining €30 million additional credit facility, received in May and June
  - Planning for restructuring programmes in the UK, China, South Korea and Continental Europe
  - Extending the current financial year end to 31 October 2020
- Closely monitoring situation and will review options and take further action where possible

# FINANCIAL SUMMARY

- Results for the 12 month period were significantly impacted by reduced consumer activity due to COVID-19
- The Board estimates £22.7 million of revenue was lost, mainly in March and April and underlying profits before tax were £17.7 million lower than anticipated
- Reported profit before tax of £4.1 million includes £23.7 million of exceptional items, provisions and impairment, primarily as a direct result of the COVID-19 crisis

**Revenue** down 5.6%  
at **£215.4m**

12 months ended 30 April 2019: £228.1m

**EBITDA** (excluding associates)  
down 41.4% to **£40.8m**

12 months ended 30 April 2019: £69.7m

**Underlying profit before tax<sup>1</sup>** down 35.6% to **£28.4m**

12 months ended 30 April 2019: £44.1m

**Exceptional items, provisions and impairment** due to COVID-19 of **£23.7m**

**Reported Profit before tax** down 90.4% to **£4.1m**

12 months ended 30 April 2019: £42.6m

**Cash generated from operations** of **£55.7m**

12 months ended 30 April 2019: £63.9m

**Gross cash of £66.5 million** and **drawn facilities** of **£58.5 million**

**Net cash** down at **£7.9m**

12 months ended 30 April 2019: £16.3m

**Earnings per share** (diluted) at **0.31p**

12 months ended 30 April 2019: 8.26p

<sup>1</sup>Underlying profit before tax is for the 12 months to 30 April 2020 adjusted to exclude £23.7m of exceptional items, provisions and impairment directly or indirectly due to the COVID-19 crisis. However, this does not include the direct impact of COVID-19 lockdowns on the results from mid-January to end of April 2020. See financial summary.

# OPERATIONAL SUMMARY

---

COVID-19 severely impacted each business area (particularly Identification and children's rides) and all end markets

---

Before COVID-19, Identification was stable outside of the UK, underpinned by robust performance in France and Japan. However, UK market conditions remained challenging

---

Continued expansion of Laundry business in Continental Europe, UK and Republic of Ireland, with total Laundry revenue up 3%. Revolution revenue up 20.7%

---

Sempa performed as expected, but commercialisation of new apple and pineapple machines were delayed due to the pandemic



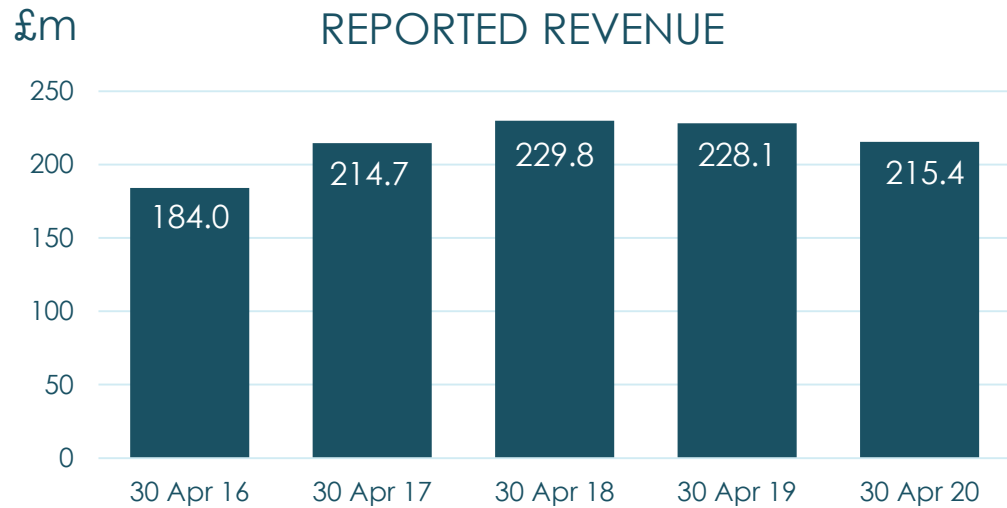


STEPHANE GIBON

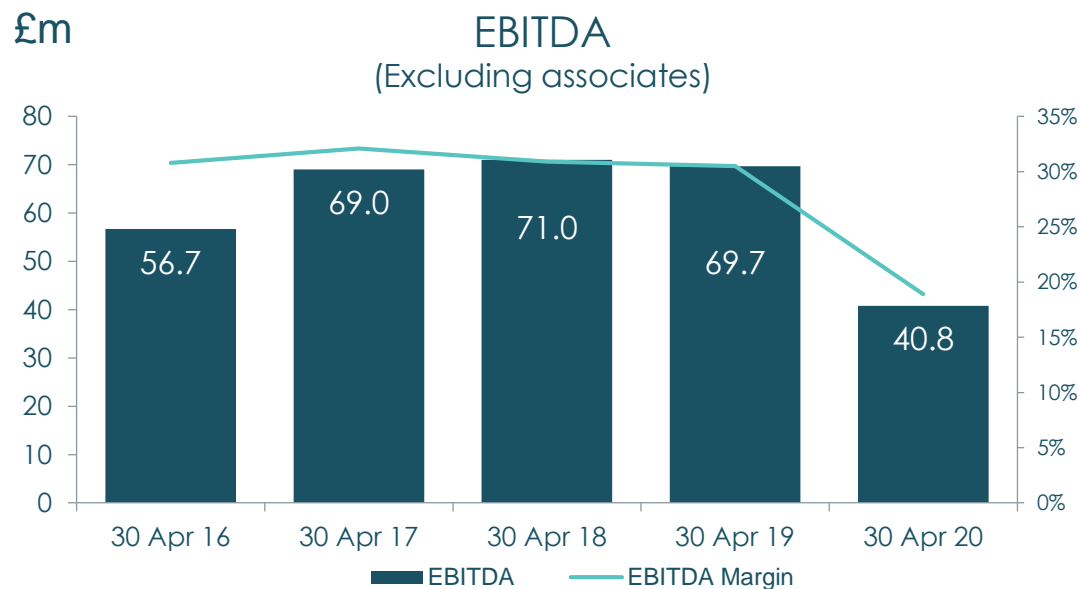
CHIEF FINANCIAL OFFICER

FINANCIAL REVIEW

# KEY FINANCIALS



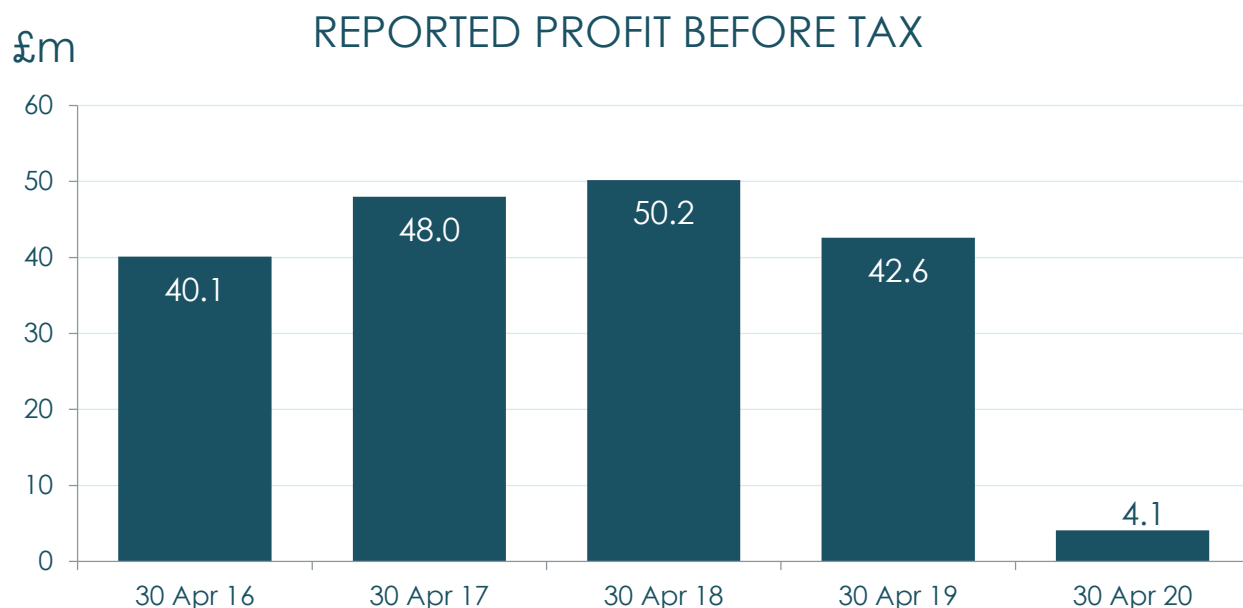
- Revenue down 5.6%, due to significant impact from COVID-19 and government lockdowns, restricting consumer activity
- Estimated revenue lost revenue as a direct result of the virus, mainly in March and April, £22.7 million
- Cash generated from operations down 12.8% to £55.7 million



- EBITDA reduced by 41.4% due to the impact of COVID-19 and subsequent £23.7 million provision
- EBITDA margin declined to 18.9%



# KEY FINANCIALS



- Report profit before tax reduced by 90.4% to £4.1 million, including £23.7 million of exception items, provisions and impairment
- Underlying profit before tax was £28.4 million

## RECONCILIATION OF REPORTED PROFIT BEFORE TAX TO UNDERLYING PROFIT BEFORE TAX



# EXCEPTIONAL ITEMS, PROVISIONS AND IMPAIRMENT

- In-depth review of Group's operations and increased rigor in response to COVID-19 crisis
- £23.7 million impact from exceptional items, provision and impairment:
  - Impairment: £19.3 million impairment of goodwill and the write down of the carrying value of non-profitable machines (mainly photobooths and children's rides)
  - Provision: £3.5m provision for bad debt, machine costs provision and stock impairment
  - Exceptional items: £0.9m for redundancy provision

£m	Continental Europe	UK & Republic of Ireland	Asia	TOTAL
Bad debt	0.3	-	-	0.3
Intangibles impairment	4.1	5.0	-	9.1
Machine costs provision	1.3	0.9	-	2.2
Machine impairment	4.1	3.4	1.1	8.5
R&D intangibles impairment	1.6	-	-	1.6
Redundancy costs provision	0.1	0.8	-	0.9
Stock impairment	1.0	-	-	1.0
<b>TOTAL</b>	<b>12.5</b>	<b>10.2</b>	<b>1.1</b>	<b>23.7</b>

Except for £2.4 million, all these exceptional provisions are directly or indirectly attributed to COVID-19

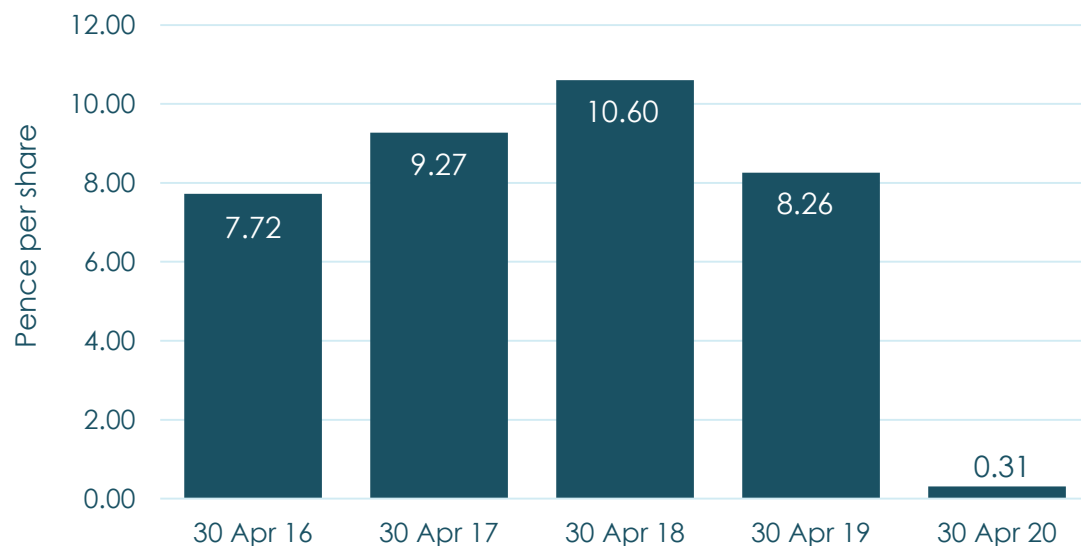
# RESTRUCTURING PROGRAMMES

---

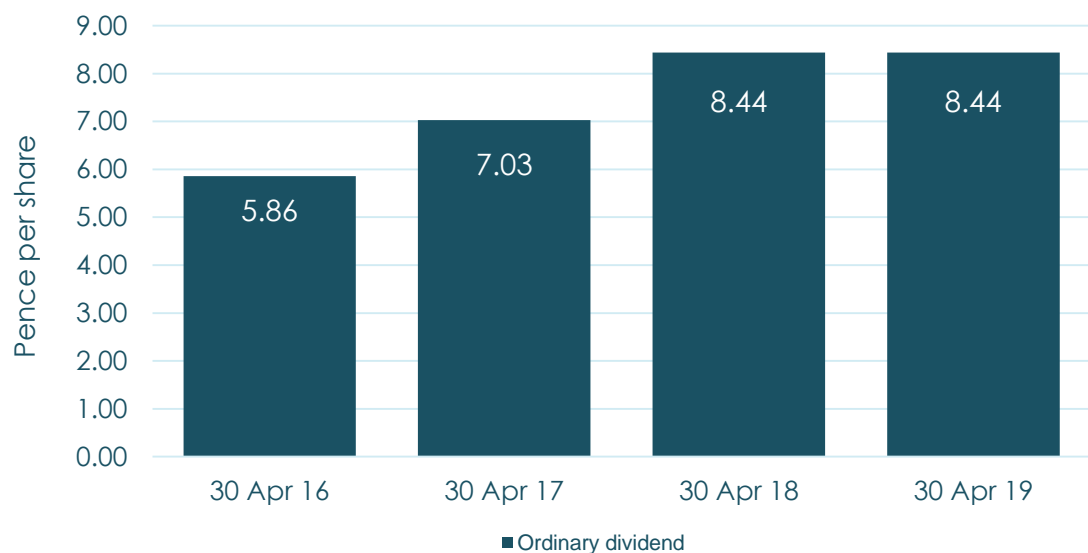
- Thorough business review to align operations to current market conditions and address significant reduction in revenue from Identification and children's rides (particularly in the UK) and lower consumer demand and site footfall
- All unprofitable machines to be removed across all end markets; machines decommissioned, or refurbished and relocated, depending on the age and condition
  - **Continental Europe:** 5% of machines to be removed or relocated (1,280 machines), comprising 680 kiosks, 300 photobooths and 300 children's rides, mainly in France, the Netherlands and Spain
  - **UK:** 22% of total UK machines to be removed (at least 2,500 machines) including 1,200 photobooths, 1,000 children's rides and machines connected to the change of scope of two major contracts
  - **China:** 41% of machines to be removed (at least 500 photobooths)
  - **South Korea:** 80% of machines in the country to be removed (at least 200 machines)
- This programme will reduce the total number of machines by 9.5% and will improve the quality and profitability of the vending estate
- Expected to be complete by April 2021

# EARNINGS PER SHARE AND DIVIDENDS

## DILUTED EARNINGS PER SHARE

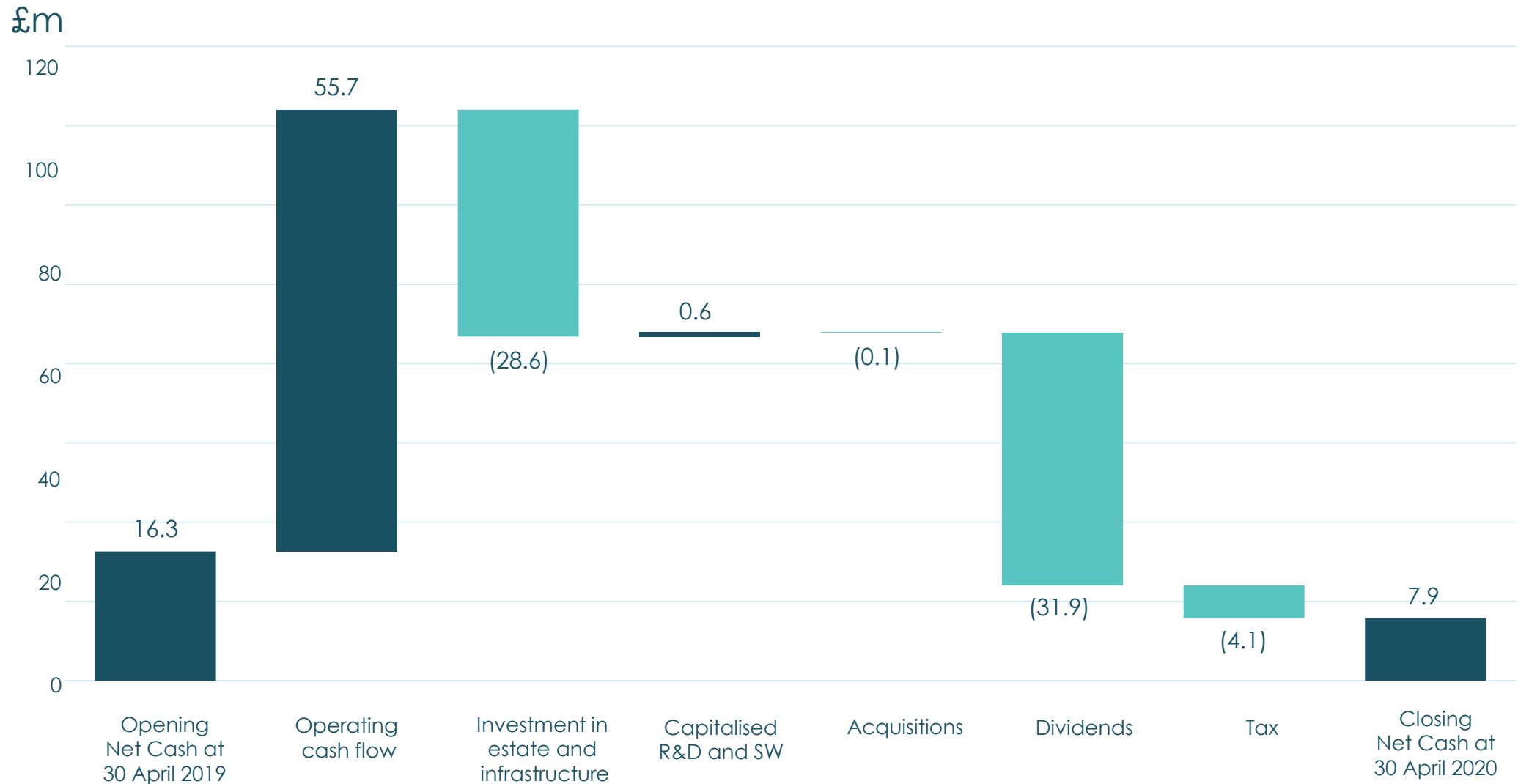


## DIVIDEND HISTORY



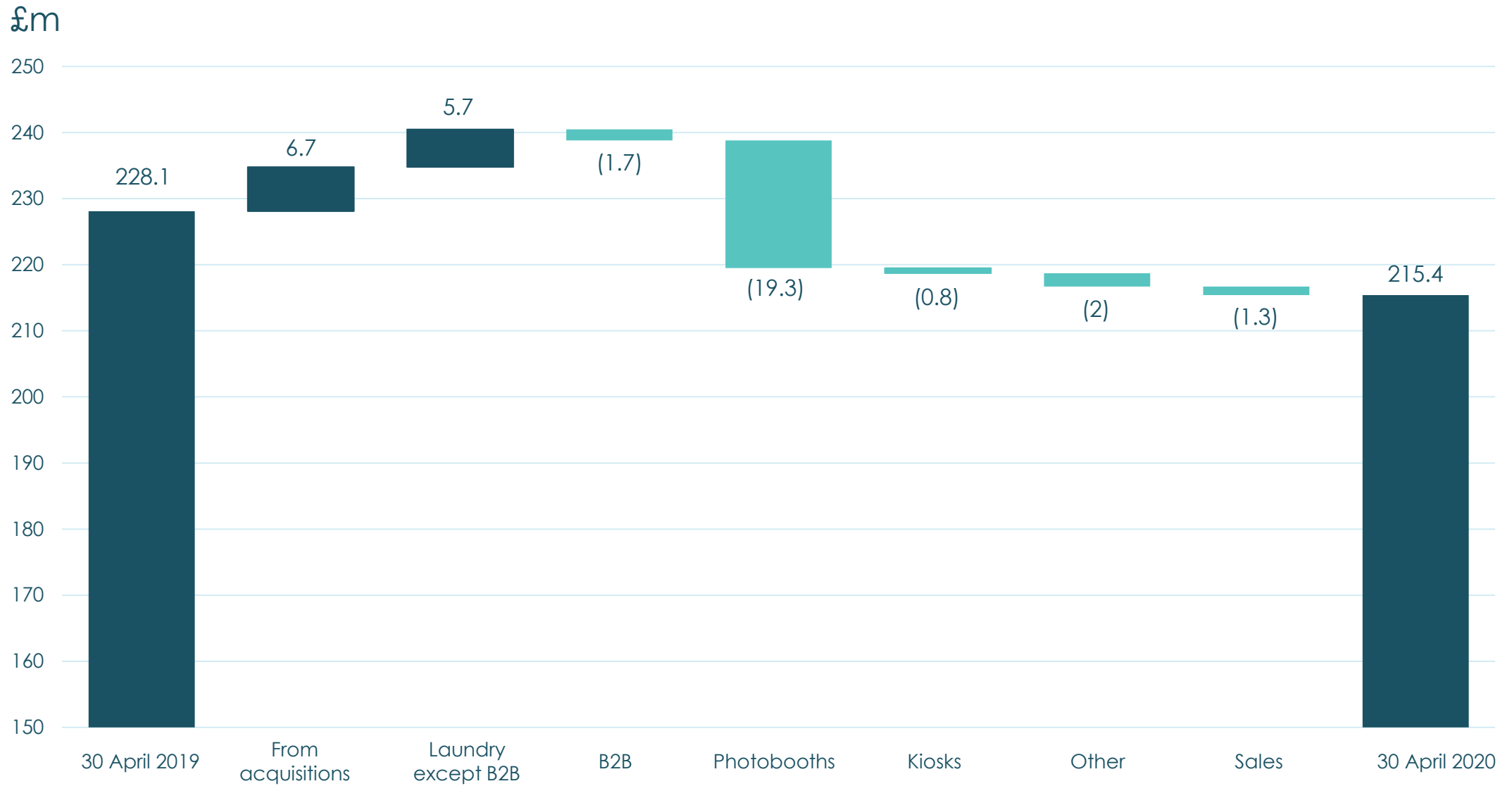
- Diluted earnings per share was 0.31p, reflecting impact of pandemic
- Proposed interim withdrawn due to COVID-19 and Board does not intend to recommend a final dividend for financial year ending 31 October 2020
- PGE loan must be repaid in full before the Group can distribute a dividend

# NET CASH BRIDGE



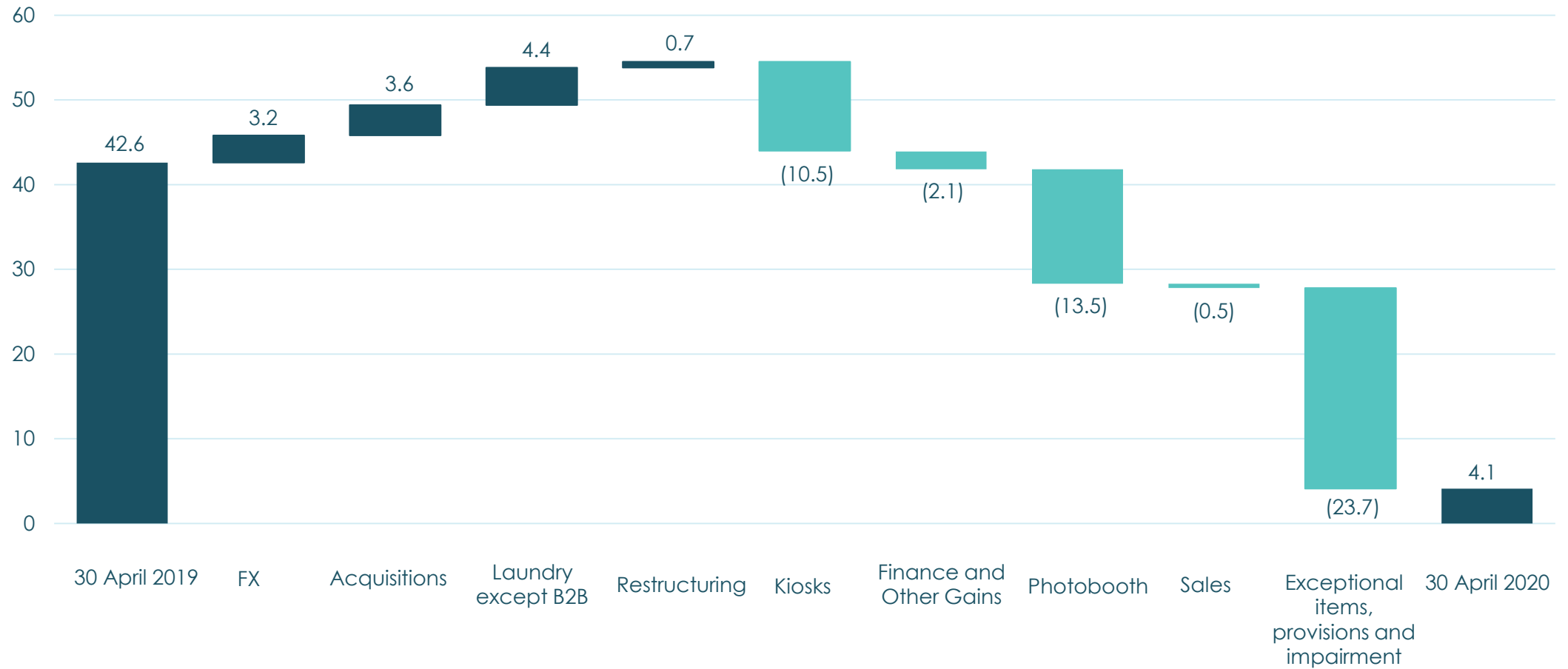
- As at 30 April 2020, the Group had gross cash of £66.5 million and drawn debt facilities of £58.5 million (to be repaid by April 2025), resulting in a net cash balance of £7.9 million

# REVENUE BRIDGE



# REPORTED PROFIT BEFORE TAX BRIDGE

£m



# RESULTS BY GEOGRAPHIC AREA

## CONTINENTAL EUROPE



## UK & REPUBLIC OF IRELAND



## ASIA



COUNTRIES	Austria, Belgium, France, Germany, Netherlands, Poland, Portugal, Spain and Switzerland				United Kingdom and Ireland				China, Japan, Singapore, South Korea, Vietnam			
VENDING UNITS % OF THE GROUP	<b>25,597 units</b> 54.4%				<b>11,198 units</b> 23.8%				<b>10,221 units</b> 21.8%			
	2020	2019	Change <sup>2</sup>	2019 <sup>1</sup>	2020	2019	Change <sup>2</sup>	2019 <sup>1</sup>	2020	2019	Change <sup>2</sup>	2019 <sup>1</sup>
REVENUE	£129.5m	£130.7m	-0.9%	£130.2m	£43.1m	£52.9m	-18.5%	£52.9m	£42.7m	£44.5m	-4.0%	£46.6m
OPERATING PROFIT <sup>3</sup>	£15.4m	£33.5m	-54.0%	£33.4m	(£9.2m)	£7.1m	-229.6%	£7.1m	£4.5m	£4.7m	-4.3%	£5.0m
MARGIN	11.9%	25.6%	-53.6%	25.7%	-21.3%	13.4%	-259.0%	13.4%	10.6%	10.6%	0.0%	10.8%
	<ul style="list-style-type: none"> <li>Pre-COVID the region performed well, driven by activity in France</li> <li>In March and April, revenue was 47% below expectations at £13.7 million. Likewise PBT declined significantly in the two month period</li> <li>Provision impacted operating profit by £12.5 million</li> </ul>				<ul style="list-style-type: none"> <li>UK revenue down 18.5% due to the acceptance of home taken photos for ID, the loss of two major contracts and pandemic, resulting in machines becoming unprofitable</li> <li>Major restructuring of the region is underway</li> <li>Provision impacted operating profit by £10.2 million</li> </ul>				<ul style="list-style-type: none"> <li>Operating profit declined by 4.3%.</li> <li>However, excluding the provision this year and the cost of restructuring in Japan in 2019 (£1.8 million) last year, operating profit declined by 15.4%</li> <li>Provision impacted operating profit by £1.0m</li> </ul>			

<sup>1</sup> 2019 trading results of overseas subsidiaries converted at 2020 exchange rates.

<sup>2</sup> Refers to change compared to reported results.

<sup>3</sup> Operating profit exclude results of associate





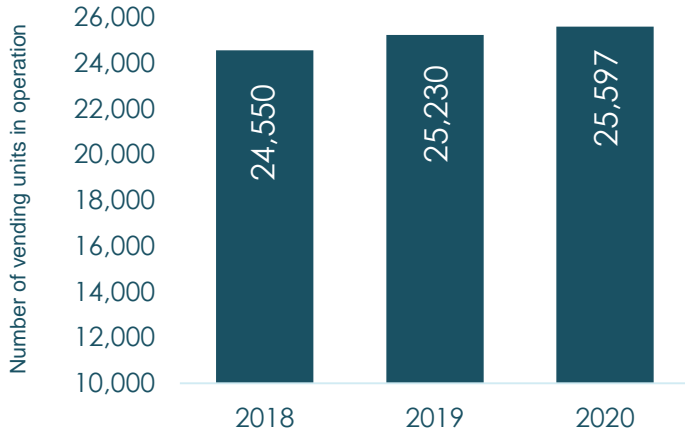
STEPHANE GIBON

CHIEF FINANCIAL OFFICER

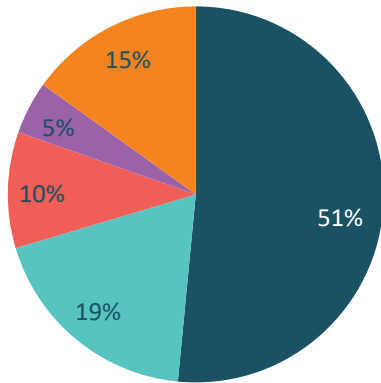
BUSINESS REVIEW

# VENDING UNITS IN OPERATION (as at 30 April)

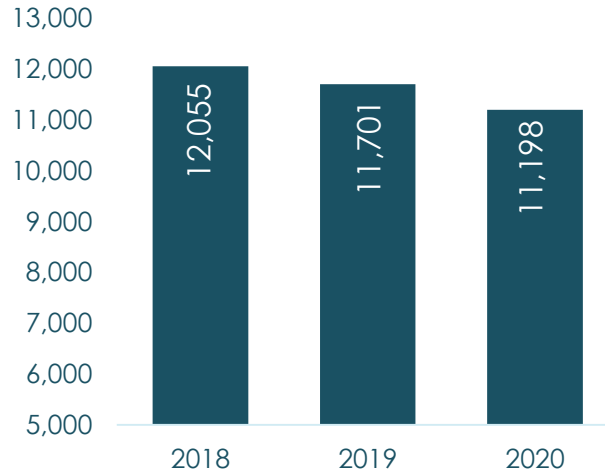
## CONTINENTAL EUROPE



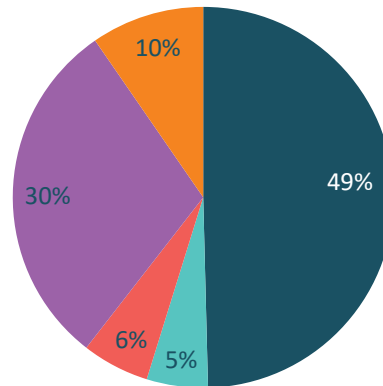
- Number of units increased by 1.5%, driven by Laundry expansion, with 380 Revolution units and 100 photoboos installed



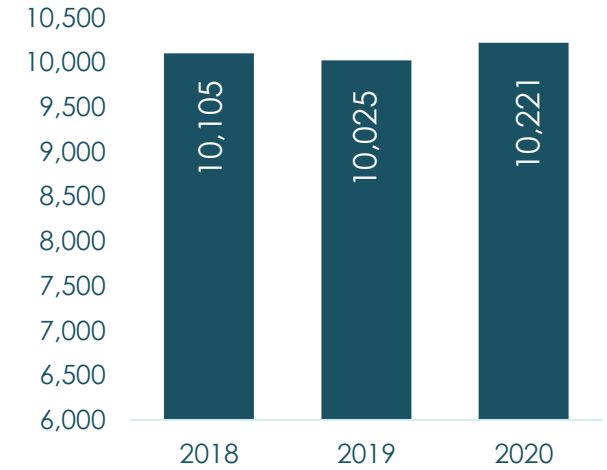
## UK & REPUBLIC OF IRELAND



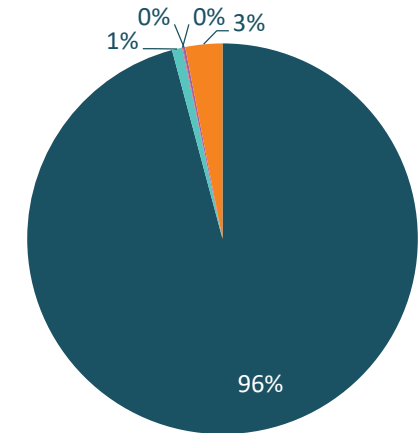
- Number of Laundry units increased by around 100 to 641 units. However, total number of units decreased by 4.3%, due to the removal of unprofitable photoboos



## ASIA



- 2.0% growth in the number of units driven by installation of photoboos in Japan



Photobooth
  Kiosk
  Laundry
  Children's rides
  Other

Number of vending units in operation (% of estate)

# IDENTIFICATION



## OVERVIEW

- Photobooths and integrated biometric identification solutions
- World's largest operator of photobooths with market leading brands across all operating regions
- Established network of 28,500+ photobooths,
- Integrated software conforms to ISO and ICAO photo ID regulations

	12 months ended 30 April 2020	12 months ended 30 April 2019	Change
Number of units in operation	<b>28,537</b>	28,873	-1.2%
Percentage of total Group vending estate (number of units)	<b>60.7%</b>	61.5%	
Revenue	<b>£128.4m</b>	£147.7m	-13.1%
Capex	<b>£8.7m</b>	£9.7m	-10.3%

## PERFORMANCE

- Before the onset of COVID-19, revenue outside the UK was stable, underpinned by a robust performance in France and Japan
- Trading environment in the UK remained extremely challenging, with Identification revenue down 44.4%, due to government acceptance of photos taken at home for official documents, resulting in significantly lower consumer demand and the loss of two major contracts, compounded by the pandemic
- Total revenue down 13.1% due to the COVID-19 and underperformance in the UK market
- Overall number of photobooths reduced by 1.2%, with 249 more units in Japan offset by the removal of 530 units in the UK
- Capex reduced by 10.3% as units were removed from the UK estate





## OVERVIEW

- Key growth driver for the Group, with **5,471** units deployed to date
- Three key areas of Laundry services
  - Revolution: Outdoor self-service laundry units
  - Laundrettes: self-service shops
  - B2B Laundry Services: distribution and leasing of equipment

## PERFORMANCE

- Continued growth in Laundry despite COVID-19 impact, with total revenue up 3%
- Revolution expansion progressing well, with number of units in operation up 17.3% and revenue up 20.7%
- Increased investment in existing Laundry estate and rollout, Revolution capex up 4.6%
- Before COVID-19, Group was deploying an average of 50 machines per month
- B2B and Laundrette operations stable pre-COVID-19, but thereafter impacted by low levels of activity

	12 months ended 30 April 2020	12 months ended 30 April 2019	Change
Total laundry units deployed (owned, sold and as a result of acquisitions)	<b>5,471</b>	4,876	+12.2%
Total revenue from laundry operations	<b>£45.0m</b>	£43.7m	+3.0%
<b>Revolution (excludes Laundrettes and B2B):</b>			
- Number of Revolutions in operation	<b>3,205</b>	2,732	+17.3%
- Percentage of total Group vending estate (number of units)	<b>6.6%</b>	5.8%	
- Total revenue from Revolutions	<b>£33.3m</b>	£27.6m	+20.7%
- Revolution capex	<b>£11.4m</b>	£10.9m	+4.6%



# KIOSKS



## OVERVIEW

- Network of **5,497 digital printing kiosks** in operation
- Key markets of France, the UK and Switzerland
- Wide range of competitively priced print formats and personalised products,
- Well positioned in high-footfall locations

	12 months ended 30 April 2020	12 months ended 30 April 2019	Change
Number of units in operation	<b>5,497</b>	5,487	+0.2%
Percentage of total Group vending estate (number of units)	<b>11.7%</b>	11.7%	
Revenue	<b>£12.5m</b>	£13.3m	-6.5%
Capex	<b>£1.9m</b>	£2.3m	-17.4%

## PERFORMANCE

- Number of kiosks in operation remained stable
- Before COVID-19, business performed strongly in France, with revenues in the country up 6.5%
- Overall revenue down 6.5% due to significantly lower consumer activity due to COVID-19
- Reduced capex, down 17.4%, in line with Group's strategy to restrict Kiosk investment to premium, high footfall sites



## OVERVIEW

- Acquisition of Sempa in April 2019 marked entry into fresh fruit and vegetable juice market
- Photo-Me aims to become global leader in distribution of self-service fresh fruit juice machines
- Limited competition and opportunity to leverage existing network of field engineers

## PERFORMANCE

- 150 new machines installed in the last 12 months
- Food activity contributed revenue of £6.7 million, through B2B orange juice machine operations
- R&D teams have developed professional apple and pineapple juice machine for commercial use – trials and rollout delayed due to COVID-19
- B2C juice trials in Paris did not perform to expectations; trial ceased and machines removed

30 April 2020

Number of units in operation	2,600
Revenue	£6.7m



# CONCLUSION

---

Current trading extremely weak due to lower consumer demand, especially for photobooths and children's rides

---

Recovery likely to be slow and may take at least three years to return to pre-COVID-19 activity levels, and ID photos and children's rides may take longer to recover or in a worse-case scenario, may never fully recover to pre-COVID-19 levels

---

Restructuring programmes planned and underway to better align operations to market conditions and consumer demand

---

Market guidance to be provided when more clarity around the extent and duration of the pandemic is available and the outlook for the business is clearer

---

Continued focus on continued diversification of operations through investment in Laundry rollout and KIS Food product innovation



## APPENDICES



# INCOME STATEMENT

	<b>12 months to 30 April 2020 Total £ '000</b>	Year to 30 April 2019 Total £ '000
Revenue	<b>215,387</b>	228,118
Cost of Sales	<b>(166,541)</b>	(164,637)
Gross Profit	<b>48,846</b>	63,481
Other Operating Income	<b>777</b>	1,601
Administrative Expenses	<b>(43,229)</b>	(22,393)
Share of Post-Tax Profits from Associates	<b>16</b>	50
Operating Profit	<b>6,410</b>	42,739
Analysed as:		
Operating profit before specific items	<b>7,515</b>	44,564
Profit on sale of land & buildings	<b>-</b>	-
Restructuring costs	<b>(1,105)</b>	(1,825)
Operating profit after specific items	<b>6,410</b>	42,739
Other net gains	<b>(644)</b>	361
Finance Revenue	<b>20</b>	20
Finance Cost	<b>(1,647)</b>	(527)
Profit before Tax	<b>4,139</b>	42,593
Total Tax Charge	<b>(2,962)</b>	(11,314)
Profit for the year	<b>1,177</b>	31,279
Other Comprehensive Income		
Items that are or may subsequently be classified to Profit and Loss:		
Exchange Differences Arising on Translation of Foreign Operations	<b>2,330</b>	(860)
Taxation on exchange differences	<b>9</b>	3
Total Items that are or may subsequently be classified to profit and loss	<b>2,339</b>	(857)
Items that will not be classified to profit and loss:		
Remeasurement (losses)/gains in defined benefit obligations and other post-employment benefit obligations	<b>-</b>	(216)
Deferred tax on remeasurement (losses)/gains	<b>-</b>	42
Total Items that will not be classified to Profit and Loss	<b>-</b>	(174)
Other comprehensive income for the year net of tax	<b>2,339</b>	(1,031)
Total Comprehensive Income for the Year	<b>3,516</b>	30,248

# INCOME STATEMENT (CONTINUED)

---

	<b>12 months to 30 April 2020</b>	Year to 30 April 2019
	<b>Total</b>	Total
	<b>£ '000</b>	£ '000
Profit for the Year Attributable to:		
Owners of the Parent	<b>1,130</b>	31,226
Non-controlling interests	<b>47</b>	53
	<b>1,177</b>	31,279
Total comprehensive income attributable to:		
Owners of the Parent	<b>3,452</b>	30,228
Non-controlling interests	<b>64</b>	20
	<b>3,516</b>	30,248
Earnings per Share		
Basic Earnings per Share	<b>0.31p</b>	8.27p
Diluted Earnings per Share	<b>0.31p</b>	8.26p

# CASH FLOW

	Unaudited 12 months to 30 April 2020 £'000	Audited Year to 30 April 2019 £'000
Cash flow from operating activities		
Profit before tax	4,139	42,593
Finance cost	1,647	527
Finance revenue	-	(20)
Other gains	624	(361)
Operating profit	6,410	42,739
Share of post tax profit from associates	(16)	(50)
Amortisation of intangible assets	3,371	2,992
Depreciation of property, plant and equipment	31,100	24,024
Profit on sale of property, plant and equipment	337	165
Exchange differences	(21)	(707)
Other items	355	354
Changes in working capital:		
Inventories	166	511
Trade and other receivables	(647)	(597)
Trade and other payables	(8,170)	(5,604)
Provisions and Impairments	22,852	108
Cash generated from operations	55,737	63,935
Interest paid	(617)	(527)
Taxation paid	(4,121)	(6,223)
Net cash generated from operating activities	50,999	57,185
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	(186)	(13,528)
Payment of deferred consideration	-	4,437
Cash received on disposal of associate	-	-
Repayment of loans advanced to associate	-	1,612
Investment in intangible assets	(1,689)	(2,167)
Proceeds from sale of intangible assets	31	155
Purchase of property, plant and equipment	(27,281)	(28,169)
Proceeds from sale of property, plant and equipment	1,207	2,282
Purchase of available for sale investments	(455)	-
Dividends received from investments held at FVTPL	-	-
Interest received	20	18
Dividends received from associates	(238)	36
Net cash generated from investing activities	(28,591)	(35,549)

# CASH FLOW (CONTINUED)

	12 months to 30 April 2020 £'000	Year to 30 April 2019 £'000
Cash flows from financing activities		
Issue of Ordinary shares to equity shareholders	12	224
Repayment of borrowings	<b>(13,445)</b>	(8,397)
Repayment of capital element of finance leases	<b>(192)</b>	(167)
Increase in borrowings	<b>2,917</b>	43,748
Decrease in assets held to maturity / held at amortised cost	-	741
Dividends paid to owners of the Parent	<b>(31,894)</b>	(31,873)
Net cash utilised in financing activities	<b>(42,602)</b>	4,276
Net decrease in cash and cash equivalents	<b>(20,194)</b>	25,912
Cash and cash equivalents at beginning of year	<b>84,591</b>	58,657
Exchange loss on cash and cash equivalents	<b>1,112</b>	22
Cash and cash equivalents at end of year	<b>65,509</b>	84,591

# BALANCE SHEET

	<b>Unaudited</b>	Audited
	<b>30 April</b>	30 April
	<b>2020</b>	2019
	<b>£'000</b>	£'000
Assets		
Non-current assets		
Goodwill	<b>13,222</b>	26,594
Other intangible assets	<b>36,642</b>	15,222
Property, plant & equipment	<b>88,262</b>	95,353
Investment property	<b>638</b>	648
Investment in – associates	<b>417</b>	415
Financial instruments held at FVTPL	<b>913</b>	
Financial assets held at amortised cost	<b>984</b>	
Other financial assets – held to maturity		982
Other financial assets – available for sale		1,387
Deferred tax assets	<b>92</b>	912
Trade and other receivables	<b>1,887</b>	1,764
	<b>143,057</b>	143,277
Current assets		
Inventories	<b>22,481</b>	22,339
Trade and other receivables	<b>26,232</b>	20,917
Current tax	<b>2,574</b>	876
Cash and cash equivalents	<b>65,509</b>	84,591
	<b>116,796</b>	128,723
Total assets	<b>259,853</b>	272,000
Equity		
Share capital	<b>1,890</b>	1,889
Share premium	<b>10,599</b>	10,588
Translation and other reserves	<b>13,381</b>	12,369
Retained earnings	<b>88,329</b>	117,131
Equity attributable to owners of the Parent	<b>114,199</b>	141,977
Non-controlling interests	<b>1,634</b>	1,870
Total equity	<b>115,832</b>	143,847

# BALANCE SHEET (CONTINUED)

---

	<b>30 April 2020 £'000</b>	30 April 2019 £'000
Liabilities		
Non-current liabilities		
Financial liabilities	<b>50,084</b>	53,385
Post-employment benefit obligations	<b>5,880</b>	5,635
Deferred tax liabilities	<b>3,828</b>	5,430
Trade and other payables		
	<b>59,791</b>	64,450
Current liabilities		
Financial liabilities	<b>24,124</b>	15,850
Provisions	<b>3,847</b>	218
Current tax	<b>8,861</b>	6,753
Trade and other payables	<b>47,398</b>	40,882
	<b>84,230</b>	63,703
Total equity and liabilities	<b>259,853</b>	272,000