Photo-Me

18 July 2019

PHOTO-ME INTERNATIONAL PLC
("Photo-Me" or "the Group")

RESULTS FOR THE YEAR ENDED 30 APRIL 2019

Innovation and diversification securing long-term growth prospects

Photo-Me International plc (PHTM.L), the instant-service equipment group, announces its results for the year ended 30 April 2019.

RESULTS SUMMARY:

	Reported			At constant currency	
	2019	**2018**	**Change**	**2018[1]**	**Change[1]**
Revenue	£228.1m	£229.8m	-0.7%	£230.0m	-0.8%
EBITDA (excluding associates)	£69.7m	£71.0m	-1.8%	£70.9m	-1.7%
Underlying profit before tax[2]	£44.1m	£46.8m	-5.8%	£46.8m	-5.5%
Reported profit before tax	£42.6m	£50.2m	-15.1%	£50.0m	-14.9%
Profit after tax	£31.3m	£40.3m	-23.3%		
Cash generated from operations	£63.9m	£61.0m	+4.9%		
Net cash[3]	£16.3m	£26.7m	-38.8%		
Earnings per share (diluted)	8.26p	10.60p	-22.1%		
Total dividend per share	8.44p	8.44p			

[1] 2018 trading results of overseas subsidiaries converted at 2019 exchange rates.

[2] Underlying profit before tax is 2019 profit before tax adjusted to exclude the gain on the disposal of the Group's interest in Stilla Technologies SA (£3.2m), the fair value loss on the Group's shareholding in Max Sight Group Holdings Limited (-£2.9m) and restructuring costs incurred in the Group's Japanese subsidiary (-£1.8m). 2018 profit before tax is adjusted to exclude the gain on the Group's shareholding in Max Sight Group Holdings Limited (£3.7m), the profit on disposal of the former head office building (£2.3m), and restructuring fees relating Photo-Me Retail (-£2.6m).

[3] Refer to note 7 for the reconciliation of Net Cash to Cash and cash equivalents as per the financial statements.
All percentage change figures are calculated from actual figures in the financial statements as opposed to the rounded figures included in the above table.

FINANCIAL SUMMARY

- Excluding the UK, Group revenue increased by 5.9%. Reported revenue was broadly maintained at £228.1 million (2018: £229.8 million).

- Group revenue growth of 2.1%, when excluding a loss of £6.3 million in revenue following the restructuring of Photo-Me Retail in FY2018.

- EBITDA (excluding associates) was down 1.8% at £69.7m (2018: £71.0m).

- Underlying profit before tax down 5.8% at £44.1m (2018: £46.8m).

- Reported profit before tax down 15.1% at £42.6m (2018: £50.2m), slightly ahead of our revised expectations.

- Profit after tax of £31.3m down 22.4% from the year prior (2018: £40.3m), impacted by Brexit-related uncertainties.

- Net cash position of £16.3m, down 38.8% from the prior year (2018: £26.7m).

- Total Ordinary dividend maintained at 8.44p, comprising an interim dividend of 3.71p per share and a final dividend of 4.73p per share.

OPERATIONAL SUMMARY

- Continued rapid growth of the **Laundry** business, with total Laundry revenue growth of 19.0% and contributing 19.2% of total Group revenue (2018: 16%). Revolution machine revenue grew by 30.2% year-on-year.

- **Identification** continued to deliver revenue growth and strong cash flow, with revenue up 0.7% excluding the UK. Total reported revenue declined by 1.0%.

- **Kiosk** reported revenue was down 19.1%, following the restructuring of Photo-Me Retail in the UK which was completed in FY2018 leading to a reduction in units in operation. Excluding the UK, Kiosk revenue increased by 1.6%.

- The Japanese business has returned to profit, following the completion of the turnaround plan.

- Entry into the fresh fruit and vegetable juice market with the acquisition of SEMPA Sarl ("Sempa") in April 2019, with the intention of growing this business area and further diversifying Group operations.

- Sempa acquisition expected to be earnings enhancing in the financial year ending 30 April 2020 and expected to contribute profit before tax of approximately €3.7 million in FY2020.

Commenting on the results, Serge Crasnianski, CEO, said:

"In 2019, our operations outside of the UK performed well and in line with our expectations. We delivered revenue and profit growth in Continental Europe, and our Japanese business returned to profitability as planned. In the UK, our operations were adversely impacted by macro headwinds and uncertainty.

"Expansion of our Laundry services business remains a key driver of growth, with total Laundry revenue up 19.0% and revenue from Revolution machines up 30.2% year-on-year.

"Looking ahead, we will continue to drive profitability through our existing estate and new product innovation. Our entry into the fresh fruit and vegetable equipment market through the acquisition of Sempa provides us with the platform to further diversify our product offer. We remain confident for the future."

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Enquiries:

Photo-Me International plc Serge Crasnianski, CEO Stéphane Gibon, CFO	**+44 (0) 1372 453 399 /** ir@photo-me.co.uk
Hudson Sandler Wendy Baker/ Emily Dillon/ Nick Moore	**+44 (0) 20 7796 4133** photo-me@hudsonsandler.com

An audio webcast of the analyst and investor presentation will be available to download later today at www.photo-me.com

NOTES TO EDITORS

Photo-Me International plc (LSE: PHTM) operates, sells and services a wide range of instant-service vending equipment, primarily aimed at the consumer market.

The Group operates approximately 47,000 vending units across 18 countries and its technological innovation is focused on three principal areas:

- Identification: photobooths and integrated biometric identification solutions
- Laundry: unattended laundry services, launderettes, B2B services
- Kiosks: high-quality digital printing

The Group entered the self-service fresh fruit juice equipment market in April 2019, with the acquisition of Sempa. This will become a key business area alongside Identification, Laundry and Kiosks, and will be a significant part of the Group's future growth strategy.

In addition, the Group operates other vending equipment such as children's rides, amusement machines and business service equipment.

Whilst the Group both sells and services this equipment, the vast majority of units are owned, operated and maintained by Photo-Me. Photo-Me pays the site owner a commission based on turnover, which varies depending on the country and location and the type of the machine.

The Group has built long-term relationships with major site owners and its equipment is generally sited in prime locations in areas of high footfall such as supermarkets, shopping malls (indoors and outdoors), public, transport locations and administration buildings (City Hall, Police etc). Equipment is maintained and serviced by an established network of 700 field engineers.

The Company's shares have been listed on the London Stock Exchange since 1962.

CHAIRMAN'S STATEMENT

In the 2019 financial year, the Group continued to make progress on its growth strategy, led by the expansion of our self-service Laundry operations.

Total revenues from Laundry operations increased by 19.0% and revenue from Revolution increased by 30.2%. This growth was achieved despite a decrease in B2B Laundry revenue and aided by the first-year contribution from La Wash laundry services. In line with our plan, revenue from Laundry activity has continued to increase as a proportion of the Group's total revenue.

Identification declined by 1.1%, reflecting challenging market conditions in the UK. Excluding the UK operations, Identification revenue grew by 0.7%.

Revenue from Kiosks declined by 19.1%, following to the restructuring of Photo-Me Retail, which happened in financial year 2018 and resulted in a lower number of kiosk units in the Group's portfolio.

Results

Our operations in Continental Europe and Asia continued to perform in line with our expectations. As previously announced, overall trading in the UK became more challenging than expected as consumer activity slowed, owing to uncertainty around the UK's exit from the European Union. This resulted in lower revenues from business-to-business and machine sales activity due to delays in order decisions, albeit we expect part of these revenue delays to be recovered during the 2020 financial year.

Reported revenue reduced by 0.7% to £228.1 million and by 0.8% at constant currency. Adjusted revenue increased by 2.1%, excluding a £6.3 million revenue contribution from Photo-Me Retail in the prior year.

Reported EBITDA (excluding associates) was £69.7 million (2018: £71.0 million), resulting in an EBITDA margin of 31.4%. Excluding the impact of one-off items detailed below, EBTIDA margin was 32.0%.

Adjusted profit before tax was 6.0% lower at £44.1 million when adjusted for one-off items in the financial year 2019 and the prior financial year. A reconciliation of Reported profit before tax to Adjusted profit before tax is detailed in the table below.

RReconciliation of Reported profit before tax to Adjusted profit before tax

	2019 £m	2018 £m
Profit before tax	**42.6**	50.2
Adjustments to exclude:		
- Gain on disposal of Stilla Technologies SA	**(3.2)**	-
- Fair value loss on financial instrument held at FVTPL	2.9	-
- Gains on available for sale financial instruments	**-**	(3.7)
- Profit on sale of land & buildings	**-**	(2.3)
- Restructuring costs	**1.8**	2.6
Underlying profit before tax	**44.1**	46.8
- Favourable commercial litigation	-	(1.6)
- Exchange gain	-	(0.9)
Adjusted profit before tax	**44.1**	44.3

The Group remains highly cash generative, with £63.9 million of cash generated from operations in the period (2018: £61.0 million). This continues to support the ongoing investment in innovation and its future growth.

Capital expenditure in the year was £30.3 million (2018: £43.6 million). This reflects lower trading in the UK and our strategy to reduce the level of capex and focus on the expansion of our Laundry business, through deploying Revolution machines only at high-footfall locations.

Our net cash position at 30 April 2019 was £16.3 million, compared with net cash of £26.7 million at 30 April 2018. This net cash position reflects the distribution of dividends amounting to £31.9 million during the financial year and £36.4 million of net cash outflow on investing activities. Investing activities includes the net cash outflow on the acquisition of La Wash (£4.2 million) and Sempa SARL (£9.3 million), and ongoing investment in the growth of Photo-Me's existing business.

Strategy

Photo-Me operates, sells and services a wide range of instant-service equipment, primarily aimed at the end consumer. Our operations are focused on the three principal business areas of Identification, Laundry, and digital Kiosks. We currently operate across 18 countries.

Our growth strategy is focused on diversifying our operations by developing new technologies with multiple applications that can be speedily deployed, at a relatively low cost to the business, across new and existing geographies and provide a rapid return on investment.

We have R&D centres in France (primary facility), Portugal, Vietnam and Japan. Our capabilities in this area are supported by a team of more than 60 dedicated engineers.

In recent years, our activities have been focused on the development and deployment of our secure upload Photo ID technology in our Identification business.

Acquisition of SEMPA Sarl ("Sempa")

In line with our strategy to grow Photo-Me through product diversification and innovation, the Group acquired Sempa in April 2019, for a gross consideration €20.64 million funded by a new debt facility of €20.0 million. Sempa's net cash position upon acquisition was more than €9.8 million, resulting in net cash outflow of approximately €10.8 million.

Sempa is the leader in France for the commercialisation of self-service fresh fruit juice equipment and operates 2,788 units. This acquisition was an important strategic development for Photo-Me and marked the Group's entry into the fresh fruit and vegetable juice market, which is estimated to be worth $154 billion(*) globally, and the platform to develop a new business area for the Group.

Sempa has already achieved considerable success in France and we look forward to replicating this via our existing network and commercial relationships across Photo-Me's international markets, with our initial focus being on Europe. The rollout of the new juice estate will leverage our existing network of regional field engineers and our sales team, alongside Sempa's industry experience, at low incremental cost to the Group.

(*) source: Global Fruit and Vegetable Juice Market Research 2018-2025; Grand View Research.

Dividends

Photo-Me is committed to creating value for its shareholders. Subject to approval at the Annual General Meeting, the Board is proposing a final dividend payment of 4.73 pence per share (2018: 4.73 pence per share). When combined with the interim dividend of 3.71 pence per share, this brings the total dividend for the year ended 30 April 2019 to 8.44 pence per share (2018: 8.44 pence per share). This will be paid on 8 November 2019 to shareholders listed on the register on 18 October 2019. The ex-dividend date will be 17 October 2019.

For the current financial year ending 30 April 2020, the Board intends to maintain a total dividend of 8.44 pence per ordinary share.

The Board

During the last few years, having regard to the substantial changes being made to the businesses of the Group, the Board has been mindful of the importance of maintaining stability, and continuity. Nevertheless, it is conscious of the need to bring in new Directors to take the Group forward and will continue to review the composition of the Board accordingly. The first steps have been taken following the recent decision to appoint a new Non-Executive Director to the Board.

Colleagues

On behalf of the Board, I would like to thank all our team members across the world for their ongoing hard work and continued commitment throughout the year, supported by our country managers.

I would also like to welcome our new colleagues from Sempa into the Group as we look ahead to building an exciting new business together.

Current trading and outlook

Our Laundry business will remain the core growth driver for the Group, accounting for an increasing proportion of the Group's total revenue in the medium term. We will continue to progress our rollout of Identification products for governments, that supports our strong presence in the Identification market.

Our entry into the growing fresh fruit and vegetable market will enable us to further diversify our operations. We plan to replicate the success of this business in France across other geographies in which we operate. In addition, we are investing in new product development to expand the products offered to the end consumer, such as an apple and pineapple juice machine. The intention is for this business to become a significant part of the Group's growth strategy, and in the financial year ending 2020 we will report fresh juice activities separately, alongside our current business areas of Identification, Laundry and Kiosks.

This new business presents an exciting new opportunity for Photo-Me and steps have been taken to introduce patents and innovations to allow us to further penetrate the fresh juice market.

While consumer uncertainty continues to weigh on our business in the UK, we remain confident that overall the Group will continue to perform well in the current financial year and beyond.

Sir John Lewis
Non-executive Chairman
17 July 2019

BUSINESS REVIEW

The 2019 financial year saw macro headwinds and uncertainty in the UK, resulting in a slowdown in consumer activity and delays to B2B orders. This put pressure on our financial performance, and resulted in a £9.7 million negative revenue impact. As a result, Group revenues declined by 0.7%, and underlying profit before tax by 5.8%.

Across our other geographies, the Group performed well and in line with our expectations. Overall, profit before tax was slightly ahead of our revised expectations.

We continued to make progress on our strategy to expand our Laundry services business and we achieved strong results with a 9.4% increase in total laundry machines deployed, translating to a 19.0% increase in Laundry revenue in the financial year, while total revenue from Revolution laundry units increased by 30.2%.

Growth strategy through product diversification and innovation

Investment in innovation remains at the core of the business. Photo-Me's growth strategy to deploy new products and technologies, with multiple applications across our vending estate, is underpinned by an ongoing focus on R&D and product diversification.

We have in-house research and development capabilities in France, Portugal, Vietnam and Japan, and we employ a team of 60 dedicated and highly experienced engineers.

Our team specialises in new product and software development, focused on three key areas: (i) the refurbishment and upgrade of our estate; (ii) further development and rollout of our proprietary security biometric identification solutions; and (iii) complementary products and services.

Our largest facility is in France, where our team plays a key role in identifying new market opportunities and carries out small-scale product manufacture and testing. Once new products are fully launched, larger scale production is outsourced to our manufacturing partners.

The expansion of our Laundry business, currently present in Ireland, Portugal, the UK, France, Belgium and the Netherlands, remains a core pillar of the Group's long-term growth strategy, with significant potential across territories where Photo-Me operates.

Expansion is funded by cash generated from our Identification business, which represents a global market-leading estate of hi-tech photobooths offering multiple instant-vending services.

Essentially, our growth strategy is focused on expanding the number of units in operation, increasing the yield per unit, and minimising production and operational costs to the Group in achieving this objective.

We are continually looking for opportunities to enhance our product offering and leverage our established long-term relationships with site owners and our network of 700 dedicated field engineers.

Development of a fresh fruit and vegetable juice product offering

As part of our diversification and innovation approach, we entered the growing fresh fruit and vegetable juice market with the acquisition of Sempa in April 2019.

The business operates via a lease model, whereby Sempa sells fresh fruit juice equipment to customers through lease finance agreements. It receives payment upon the sale of the equipment and the lease finance contracts are then subject to renewal every 12 months, on average. Sempa's customers include retail, office and work spaces, and small businesses.

The growing importance people place on their health and well-being makes it an exciting time to enter this market, with the health benefits of juice driving its popularity and potential.

Our intention is for Photo-Me to become the global leader in self-service fresh fruit juice machines and to replicate the success Sempa has seen in France by rolling out the equipment across our European network.

The Group will open a fruit juice dedicated R&D department at our facility in France, with the aim of launching a new and innovative fruit juice machine by the calendar year end.

(*) Source: Global Fruit and Vegetable Juice Market Research 2018-2025; Grand View Research.

Launch of first banking booth

In November 2018, the Group launched its first banking booth, which provides front-end retail banking services to customers, in Paris, in partnership with Anytime, a Belgian Fintech business.

The technology allows customers to open a personal or professional bank account and scan in supporting documents. It then takes two days for a new account to be opened once compliance checks have been completed. The new client receives a credit card by post within two days of the account opening. In the long-term, customers will be able to deposit cheques and cash in the booths and speak directly to bank specialists through the screen. A 10-machine pilot is underway in Paris with the support of Anytime.

Overview by principal business area

- ***Identification*** *(photobooths and integrated biometric identification solutions)*

Photo-Me is the world's largest operator of photobooths with market-leading photographic quality and technology, operating a well-established network of photobooths. Identification accounts for 61.5% of vending units in operation.

Our strategy is to (i) expand our presence in high-footfall locations; (ii) grow revenue by offering customers a broader range of services via our photobooths; and (iii) penetrate new geographies. In particular, we remain focused on deploying our proven identification security technology.

The increasing appetite from governments for improved and digitalised security ID underpins our growth strategy in this business area.

	30 April 2019	30 April 2018	Change
Number of units in operation	**28,873**	29,015	-0.5%
Percentage of total Group vending estate (number of units)	**61.5%**	62.0%	-0.8%
Revenue	**£147.7m**	£149.3m	-1.1%
Capex	**£9.7m**	£13.4m	-27.6%

Excluding the UK, Identification revenue grew by 0.7% and the number of units in operation increased by 0.9%

Overall Identification revenue declined by 1.1% due to a more challenging trading environment in the UK and continued uncertainty around the UK's European Union exit negotiations. Consumer activity slowed and footfall in retail locations was lower year-on-year. In addition, the UK Government's decision to allow photo ID taken on a smart device or camera at home to be used for passport photo ID has impacted Identification volumes and 178 machines were removed from the UK estate, and will be relocated, due to rising operational costs.

Elsewhere, we continued to see a resilient performance aided by the diversification of our photobooth services, including the rollout of our encrypted photo ID upload technology with governments in the UK, France, Germany, Ireland and the Netherlands. In total, the Group has more than 12,000 photobooths connected to government organisations for the secure upload of photo ID. The Board anticipates that this number will continue to grow as discussions with governments progress.

Capex for Identification reduced in the period as we prioritised expenditure on the installation of Revolution machines, only in high-footfall locations.

We will continue to invest in advanced identification technology and innovative solutions. A photobooth capable of delivering photo ID for babies and young children - the 'first of its kind' - is currently in development.

- ***Laundry*** *(unattended laundry services, launderettes, B2B services)*

The Group owns and operates laundry units and has a presence in 12 countries, with operations primarily in France, the UK, Ireland, Belgium and Portugal. The expansion of our Laundry business, organically and by acquisition, remains the primary growth driver for the Group.

	30 April 2019	30 April 2018	Change
Total Laundry units deployed (owned, sold and acquisitions)	4,876	4,449	+9.4%
Total revenue from Laundry operations	£43.7m	£36.7m	+19.0%
Revolution (excludes Launderettes and B2B):			
- Number of Revolutions in operation	2,732	2,313	+18.1%
- Percentage of total Group vending estate (number of units)	5.8%	5.0%	+16.0%
- Total revenue from Revolutions	£27.6m	£21.2m	+30.2%

- Revolution capex	£10.9m	£15.2m	-28.3%

** There were 2,522 full-time units in operation during FY2019 compared with 2,031 in FY2018.*

Total Laundry revenue grew by 19.0% year-on-year, despite a decrease in B2B Laundry revenue (-£3.6m), and represented 19.2% of total Group revenue in FY 2019, up from 16.0% in the prior year and 10.0% in FY2017.

This reflects the continued expansion of our Laundry operations, with 427 new units installed in the 2019 financial year generating stable revenues. During the period we installed 45 units per month on average (including sales).

The key geographies for growth continue to be the UK, Ireland, Portugal, France and Spain. The Group is looking to expand its presence in Germany (currently 20 units) and Austria (two units).

We anticipate approaching 6,000 owned, sold and acquired laundry units by the end of calendar year 2020, subject to macro-economic factors outside of the Group's control. And we continue to expect this business to contribute an increasing proportion of total Group revenue and profits.

Our Laundry business comprises three areas of operation: Revolution, Launderette, and business-to-business laundry services.

Revolution is our 24-hour, outdoor, self-service laundry unit, which is typically located in high-footfall sites such as supermarket car parks and petrol station forecourts. Our strategy is to expand the estate through our partnerships with strategic site owners globally and identify and expand into new high-demand markets.

The number of Revolution units in operation increased by 18.1%, with 2,732 machines operating as at 30 April 2019 (2018: 2,313).

Total revenue from Revolution units increased by 30.2% year-on-year, and now represents 12.1% of our total vending estate compared with 9.2% in 2018, an increase of 2.9 percentage points.

Revolution capex reduced year-on-year reflecting the lower cost of production as well as the Group's focus and discipline around identifying high-footfall locations where the Revolution units will be highly profitable rather being wholly focused on the number of units deployed.

Launderette shops are typically situated in or near to town centres where there is limited competition from other laundry services. Our aim is to continue to expand our launderette presence through an owned-and-operated model.

La Wash, our Spanish launderettes franchise company, which the Group acquired in May 2018, contributed revenue of £3.8 million and a profit before tax of £0.9 million, in accordance with our expectations. We are looking to build on our presence in Spain.

Business-to-business (B2B) laundry services provides the distribution and leasing of laundry and catering equipment. Our B2B customers include institutions such as hospitals, care homes and universities. The growth strategy is to extend our presence both in the UK and into new territories through acquisitive growth.

The Group's B2B operations are currently focused in the UK, where overall trading became more challenging in the second half of the 2019 financial year. Year-on-year, revenue declined 39% to £5.8 million (2018: £9.5 million), while underlying loss before tax declined to -£0.1m (2018: underlying profit before tax of £1.4 million). As previously announced, due to economic uncertainty, the Group experienced delays in orders that significantly affected the performance of this business. We believe this is a timing issue and that these orders will be recovered in FY2020.

- ***Kiosks*** *(high-quality digital printing services)*

Our digital printing kiosks offer a wide range of print formats and personalised products that are competitively priced. Our latest generation kiosks – Speedlab cube and Speedlab bio – are fully integrated with all major social media networks and offer rapid and high-quality printing for customers.

Our key geographic markets are France, the UK and Switzerland. Our strategy is to capitalise on our market-leading position by increasing our presence in high-footfall locations, extending the range of services in our kiosks, and entering new geographies.

	30 April 2019	30 April 2018	Change %
Number of units in operation	5,487	5,416	+1.3%
Percentage of total Group vending estate (number of units)	11.7%	11.6%	+0.9%
Revenue	£13.3m	£16.5m	-19.1%
Capex	£2.3m	£3.4m	-32.4%

Our kiosk business is profitable and the number of units in operation is growing.

At the period end, the number of kiosks in operation had increased by 1.3%, following the completion of the relocation of kiosks from Photo-Me Retail shops in the UK as part of the 2018 restructuring programme. Upon relocation in France, revenue from these units increased by at least 15.0%.

These Speedlab units were transferred to Photomaton in France, were refurbished, and then redeployed across the country to replace previous generation machines.

The decrease in revenue is due to the removal of 491 kiosks related to the Photo-Me Retail restructuring programme in FY2018. Excluding this, Kiosks revenue has increased by 1.6%.

Other vending equipment

The Group operates 9,621 (2018: 9,829) other vending units such as children's rides (4,749 units), photocopiers (3,391 units) and amusement machines (455 units).

These are typically an extension of our product range at sites where we have an existing relationship with the site owner.

While this is not one of our three principal business areas, these machines are profitable and benefit from synergies relating to other areas of the business, such as our network of field engineers.

Further details on financial and strategic progress in each of our three principal areas of operation are provided in the Review of Performance by Geography.

REVIEW OF PERFORMANCE BY GEOGRAPHY

Commentary on the Group's financial performance is set out below, in line with the segments as operated by the Board and the management of Photo-Me. These segmental breakdowns are consistent with the information prepared to support the Board decision-making. Although the Group is not managed around product lines, some commentary below relates to the performance of specific products in the relevant geographies.

Key financials

The Group reports its financial performance based on three geographic regions of operation: (i) Continental Europe; (ii) the UK & Republic of Ireland; and (iii) Asia.

In Continental Europe, revenue grew by 7.9% and operating profit by 5.0%. The performance in the UK & Republic of Ireland was impacted by macro headwinds in the UK, which resulted in a revenue decline of 16.9% and a 32.2% decline in operating profit. The turnaround in Asia continued and, while revenue was down marginally, operating profit decreased by 13.5% including the impact of restructuring fees of £1.8m relating to the Japanese business.

	Segment revenue Year to 30 April				**Segment operating profit 3 Year to 30 April**			
	2019	2018	**Change[2]**	2018[1]	**2019**	2018	**Change[2]**	2018[1]
	£m	£m	**%**	£m	**£m**	£m	**%**	£m
Continental Europe	130.7	121.1	7.9%	120.6	33.5	31.9	+5.0%	32.0
UK & Republic of Ireland	52.9	63.7	-16.9%	63.7	7.1	10.4	-32.2%	10.0
Asia	44.5	45.0	-1.0%	45.7	4.7	5.4	-13.5%	5.5
	228.1	229.8	-0.7%	230.0	45.3	47.7	-1.9%	47.5
Corporate costs					(2.6)	(1.8)	+148.8%	(1.6)
					42.7	45.9	-7.0%	45.9

[1] 2018 trading results of overseas subsidiaries converted at 2019 exchange rates.
[2] Refers to change compared to reported results.
[3] Operating profit exclude results of associate

Vending units in operations

	As 30 April 2019		At 30 April 2018		**Change year-on-**
	No of units	**% of total**	No of units	% of total	
Continental Europe	25,230	53.8	24,550	52.6	+2.8%
UK & Republic of Ireland	11,701	24.9	12,055	25.8	-2.9%
Asia	10,025	21.3	10,105	21.6	-0.8%
	46,956	**100.0**	46,710	100.0	**+0.5%**

In Continental Europe, machine units increased by 2.8% with 266 laundry units, 193 photobooths and 67 kiosks.

In the UK, 225 unprofitable photobooths were removed and an additional 85 Revolution machines were in operation at the period end.

Following the restructuring programme, the number of units in Asia stabilised.

Continental Europe

Financial performance

Continental Europe remains the largest revenue contributor to the Group. As at 30 April 2019, 53.8% of the Group's total units in operation were situated in Continental Europe, compared with 52.6% in the prior year.

This region contributed 57.3% of Group revenues for the year (2018: 52.7%) and 74.1% of Group operating profit before Corporate costs (2018: 66.9%).

Looking forward, the acquisition of Sempa is expected to be earnings enhancing in the financial year ending 30 April 2020 and thereafter. In the financial year ending 30 April 2020, it is expected to contribute profit before tax of approximately £3.2 million at current exchange rates.

Strategic progress

The Group remains in discussions with the French Government regarding the extension of its secure photo ID transfer technology to include photo ID for new passports and identification cards (91% of photobooths are enabled). Advanced discussions continued with the Dutch Government regarding the deployment of this technology for use in driving licences in the Netherlands, with 70 photobooths already upgraded with this technology.

The Laundry business continued to perform well, including a first-time contribution from La Wash Group, which was acquired in May 2018 for a consideration of £4.4 million. The profit before tax of La Wash was £0.9 million in FY2019. The expansion of Revolution laundry operations in Portugal, France and Spain has continued and the Group is looking at the viability of the German and Austrian markets.

The acquisition of Sempa during the period marks a significant new opportunity for the division, as Photo-Me becomes the leading player in the French self-service fresh juice equipment market, with plans to expand this offer into other countries in Europe via the Group's existing commercial network.

UK & Republic of Ireland (including Corporate)

Financial performance

The performance of this division was impacted by the macro environment, which generated ongoing consumer uncertainty during the financial year, in relation to the UK's European Union exit negotiations and the tough trading conditions faced by retailers. A slowdown in consumer spending had a significant effect on earnings in the UK, which affected performance at a Group level. UK revenues in the first half were also temporarily impacted by the restructuring of Photo-Me Retail in the UK market in H2 2018. Photo-Me Retail now operates 241 kiosks, which generate very high revenue levels and the business is profitable.

In Ireland, the continued rollout of Laundry has delivered 64 new Revolutions, and revenue in the country increased significantly by 19.0% in FY2019.

The UK & Republic of Ireland division contributed 23.2% of Group revenue in the 2019 financial year (2018: 27.7%), and 15.6% of operating profit before corporate costs (2018: 21.8%).

Revenue was £52.9 million, representing a decline of 16.9% compared with the prior year. Operating profit was £7.1 million, down 32.2%.

As at 30 April 2019, 24.9% of the Group's total units in operation were situated in the UK & Republic of Ireland (2018: 25.8%).

Strategic progress

In its Identification business, the Group continued to focus on the rollout of secure digital upload technology for Irish Online Passport renewal and British passport renewals. In total, 51.0% of the photobooths are now enabled for UK passport renewals.

Laundry continued to grow apace in the Republic of Ireland, with 64 units deployed in the period. Laundry revenues now account for 77.4% of the country's total revenue (2018: 72.2%).

Asia

Financial performance

The Group's turnaround plan implemented in H2 2018, to address the significant challenges in the Japanese market, identified in the 2018 financial year, has proven highly effective. The business has recovered faster than initially expected and is performing well. Trading in the other countries in Asia remains strong.

Asia contributed to 19.5% of Group revenue (2018: 19.6%) and 10.3% of Group operating profit excluding corporate costs (2018: 11.3%).

At constant currency, revenue was down marginally (-0.8%) and operating profit decreased by 13.5%, including the costs of restructuring the Japanese business.

The restructuring programme in Japan was completed in the period, at a total cost of £1.8 million. Excluding this one-off cost, operating profit in Asia was £6.5 million compared to £5.4 million in FY2018, an increase of 20.2%.

As at 30 April 2019, 21.3% of the Group's total units in operation were situated in Asia, compared with 21.6% in the prior year.

Strategic progress

While the photo identification market in Japan remains highly competitive, the Board continues to believe that there are growth opportunities, given Photo-Me's dominant market position in the country. As a result, the Group intends to commence the deployment of its new units, which have a significantly lower production cost than the units deployed previously and will offer a 35.0% faster return on investment.

Key Performance Indicators (KPIs)

The Group measures its performance using a mixture of financial and non-financial indicators. The main objective of these KPIs is to ensure the Group remains highly cash generative, delivers sustained long-term profitability, preserves the value of its assets, and provides high returns to shareholders.

Description	**Relevance**	**Performance**	
		30 April 2019	30 April 2018
Total Group revenue at actual rate of exchange		£228.1m	£229.8m
Group profit before tax		£42.6m	£50.2m
Underlying profit before tax		£44.1m	£46.8m
EBITDA margin	The EBITDA margin is a good indicator of improved profitability	31.4%	32.0%
Gross takings (including Photo-Me Retail)	Gross takings is an important indicator of the trend in our core vending business	-0.7%	+3.9%
Increase in number of photobooths	The increase in number of photobooths is a constant priority and a main driver for growth	-142	+474
Increase in number of Laundry units (operated or sold)	The increase in number of laundry units measures our penetration in markets where there is a significant potential for growth and strong profits	+427	+1,198

Our team

At Photo-Me, our team is structured to reflect our entrepreneurial and creative heritage and is aligned to our business strategy and objectives. We are committed to nurturing talent within our teams and developing the next generation of leaders.

This year the business has met with both challenges and successes. I would like to take this opportunity specifically to thank the teams who have worked so successfully on the recovery of our Japan operations to deliver strong results that give us real confidence in the future of this business. I would also like to acknowledge the ongoing hard work of our teams, which continue to meet the challenges of the UK market.

In addition, I would like to welcome the Sempa team to Photo-Me. We look forward to replicating the success they have already achieved in France across the territories that Photo-Me operates, through the sharing of technological and industry expertise.

Future Prospects

The Group will remain focused on driving profitability from its existing estate and investing in new and complementary products to extend the suite of services available through its established instant-service equipment network. There will be a strong focus on R&D, particularly as it relates to the Group's fresh fruit juice offering and its entry into this highly attractive new market for the Group. We remain confident for the future.

FINANCIAL REVIEW

Financial performance

The Group delivered a stable performance despite significant headwinds in the UK market, that impacted the financial performance of the UK & Republic of Ireland region.

Reported revenue declined by 0.7% to £228.1 million, supported by the continued growth of our Laundry operations in Europe and a strong recovery in Asia.

Operating profit also declined by 7.0%.

	April 2019 £m	**April 2018 £m**
Revenue	228.1	229.8
EBITDA (excluding associates)	69.7	71.0
Operating profit (excluding associates)	42.7	45.9
Profit before tax	42.6	50.2
Profit after tax	**31.3**	40.3

The movements in turnover are outlined in the following table:

	£m
Turnover at 30 April 2018	229.8
Change in core business revenue:	
Continental Europe	10.1
UK & Ireland	(10.8)
Asia	(1.2)
Impact of exchange rates	0.2
Turnover at 30 April 2019	228.1

The decline in the profit before tax can be explained as follows:

	£m
Profit before tax at 30 April 2018	50.2
Effect of acquisitions	0.9
Changes in revenue	(5.5)
Changes in costs	2.8

Restructuring costs	0.8
Profit on sale of former head office	(2.3)
Increase in net finance income & other gains (Max Sight gain, £3.7m)	(4.2)
Impact of exchange rates	(0.1)
Profit before tax at 30 April 2019	42.6

Review of operating costs

Operating costs were £185.5 million:

Staff costs were £48.9 million. The ratio of staff costs to revenue is 21.4% (2018: 22.5%).

	April 2019 £m	**April 2018 £m**	April 2018 (constant rate) £m
Staff costs	48.9	51.7	51.7
Inventory costs	19.5	23.6	23.6
Other operating costs	89.9	85.9	86.3
	158.3	161.2	161.6
Depreciation and amortisation	27.0	25.1	25.1
Profit on disposal of fixed assets	0.2	(2.4)	(2.4)
Operating costs	185.5	183.9	184.3

Earnings per share

Diluted earnings per share were 8.26 pence (2018: 10.60 pence), a decrease of 22.1%. Basic earnings per share were 8.27 pence (2018: 10.64 pence).

Taxation

The Group tax charge of £11.3 million corresponds to an effective tax rate of 26.6% (2018: 19.7%). The increase in the effective tax rate over last year is attributable to a one off catch up deferred tax charge in the Group's French operations.

The Group undertakes business in 18 countries worldwide, with most of the tax charge arising in France, Japan and the UK In each jurisdiction in which the Group operates, operations are organised so that the Group pays the appropriate amount of tax at the right time in accordance with local regulations, and ensuring compliance with the Group's tax policy and guidelines.

Dividends

During the year, the Group paid dividends totalling £31.9 million in respect of the interim and final dividends for the year ended 30 April 2018.

The interim dividend for the year ended 30 April 2019 was 3.71 pence per share (2018: 3.71 pence), which was paid to shareholders on the register on 5 April 2019.

Statement of financial position

The Group balance sheet can be summarised as follows:

	April 2019 £m	April 2018 £m
Non-current assets (excl. deposits)	142.3	130.6
Current assets (excl. cash and deposits)	44.1	48.0
Non-current liabilities (excl. borrowings)	(11.1)	(8.4)
Current liabilities (excl. borrowings)	(47.8)	(52.0)
Net cash	16.3	26.7
Total equity	143.8	144.9
Minority interests	(1.9)	(1.6)
Total shareholders' funds	141.9	143.3

Following the payment of dividends of £31.9 million, shareholders' funds at 30 April 2019 amounted to £141.9 million, a decrease of £1.4 million compared with the previous financial year-end.

Non-current assets detailed are outlined in the following table:

	April 2019 £m	April 2018 £m
Goodwill	26.6	13.4
R&D costs capitalised	6.1	6.5
Other intangible assets	9.1	7.5
Operating equipment	81.8	80.8
Plant and machinery	10.4	9.5
Land and buildings	3.2	2.3
Investment property	0.7	0.7
	137.9	120.7
Investments	1.7	5.9
Deferred tax assets	0.9	1.9
Trade and other receivables	1.8	2.1
Total non-current assets (excl. deposits)	142.3	130.6

Cash flow and net cash position

	April 2019 £m	April 2018 £m
Opening net cash	26.7	39.2
Cash generated from operations	**63.9**	61.0
Taxation	**(6.2)**	(8.3)
Net cash generated from operations	**57.7**	52.7
Net cash used in investing activities	**(36.4)**	(39.9)
Dividends paid net of shares issued	**(31.7)**	(25.1)
Net cash utilised	**(10.4)**	(12.3)
Impact of exchange rates	**-**	(0.2)
Net cash outflow	**(10.4)**	(12.5)
Closing net cash	**16.3**	26.7

The net cash generated from operations improved by 9.5% in FY2019. The net cash used in investing activities decreased to £36.4 million (2018: £39.9 million). Closing net cash was £16.3 million.

Outstanding debt of £69.3 million (2018: £33.7 million) was deducted from the closing net cash balance at 30 April 2019.

Total cash and cash equivalents at 30 April 2019 were £84.6 million (2018: £58.7 million).

At the end of April 2019, the Group's net cash was £16.3 million (2018: £26.7 million), and could be split as follows:

	Cash and deposits £m	**Borrowings £m**	**Net Cash £m**
Balance at 30 April 2018	60.4	(33.7)	26.7
Cash flow	25.9	(35.2)	(9.3)
Non-cash movements	(0.7)	(0.4)	(1.1)
Balance at 30 April 2019	85.6	(69.3)	16.3

Serge Crasnianski
Chief Executive Officer & Deputy Chairman
17 July 2019

PRINCIPAL RISKS

Similar to any business, the Group faces risks and uncertainties that could impact the achievement of the Group's strategy. These risks are accepted as inherent to the Group's business. The Board recognises that the nature and scope of these risks can change; it therefore regularly reviews the risks faced by the Group as well as the systems and processes to mitigate them.

The table below sets out what the Board believes to be the principal risks and uncertainties, their impact, and actions taken to mitigate them.

Nature of the risk	Description and impact	Mitigation
Economic		
Global economic conditions	Economic growth has a major influence on consumer spending. A sustained period of economic recession could lead to a decrease in consumer expenditure in discretionary areas.	The Group focuses on maintaining the characteristics and affordability of its needs-driven products.
Volatility of foreign exchange rates	The majority of the Group's revenue and profit is generated outside the UK, and the Group results could be adversely impacted by an increase in the value of sterling relative to those currencies.	The Group hedges its exposure to currency fluctuations on transactions, as relevant. However, by its nature, in the Board's opinion, it is very difficult to hedge against currency fluctuations arising from translation in consolidation in a cost-effective manner.
Regulations		
Centralisation of the production of ID photos	In many European countries where the Group operates, if governments were to implement centralised image capture, for biometric passport and other applications, or widen the acceptance of self-made or home-made photographs for official document applications, the Group's revenues and profits could be affected.	The Group has developed new systems that respond to this situation, leveraging 3D technology in ID security standards, and securely linking our booths to the administration repositories. Solutions are in place in France, Ireland, Germany, Switzerland and the UK; discussions in Belgium and the Netherlands). Furthermore, the Group also ensures that its ID products remain affordable and of a high quality.

Brexit	The UK's referendum decision to leave the European Union (EU) ("Brexit") will most probably lead to changes in regulations in the UK as well as to modifications to numerous arrangements between the UK and other members of the EU, affecting trade and customs conditions, taxation, movements of resources, etc.	The Board is keeping the potential impacts of the referendum decision to leave the EU on all the Group's operations under review. Any potential developments, including new information and policy indications from the UK Government and the EU, will be looked at carefully on a continual basis, with a view to enhancing the ability to take appropriate action targeted at managing and, where possible, minimising any adverse repercussions of Brexit. The specific impact of Brexit on the Group will depend on the details of the conditions of the break-up to be negotiated between the UK and the EU. The Board foresees that in the short-term the negative impact of the uncertainty overshadowing the general UK economy could also spill over into the Group's UK operations. In the long-term, potential 're-nationalisation' of UK identity documents (including the conversion of the EU burgundy passports to the navy blue British version) as well as strengthened immigration regulations, could lead to increased requests for the Group's secure identification products.
Business rates	Since early 2015, the Valuation Office Authority has been issuing significantly increased assessments for some of the Company's estate, mainly photobooths and printing kiosks, and in some instances applying rates that the Company considers unreasonable. The census campaign led by the Government is part of the well-publicised strategy to systematically increase the amount of tax collected through business rates. The business tax risk is limited to the Company's operations in the UK. The Company has expensed the cost of the tax charge as reasonably estimated.	The Company has engaged advisers to reduce its exposure to business rates. The Company has received advice that the vast majority of the affected estate should not be subject to business rates, and therefore it has systematically appealed before the Valuation Tribunal the assessments received, while negotiating with the authorities to reduce that exposure. The Company believes that, following the latest decision by the Upper Tribunal on 12 April 2017 in the ATM case, the risk should be capable of successful mitigation. Discussions are ongoing with the Valuation Office Agency on this matter.

Strategic

Identification of new business opportunities	The failure to identify new business areas may impact the ability of the Group to grow in the long-term.	Management teams constantly review demand in existing markets and potential new opportunities. The Group continues to invest in research in new products and technologies.
Inability to deliver anticipated benefits from the launch of new products	The realisation of long-term anticipated benefits depends mainly on the continued growth of the laundry business and the successful development of integrated secure ID solutions.	The Group regularly monitors the performance of its entire estate of machines. New technology-enabled secure ID solutions are heavily trialled before launch and the performance of operating machines is continually monitored.

Market

Commercial relationships	The Group has well-established, long-term relationships with a number of site-owners. The deterioration in the relationship with, or ultimately the loss of, a key account would have an adverse, albeit contained, impact on the Group's results, bearing in mind that the Group's turnover is spread over a large client base and none of the accounts represent more than 1% of Group turnover.	The Group's major key relationships are supported by medium-term contracts. We actively manage our site-owner relationships at all levels to ensure a high quality of service.
	To maintain its performance, the Group needs to have the ability to continue trading in good conditions in France and the UK, taking into account the situation in these two countries.	The Group continues to monitor the situation in both the French and the UK markets.

Operational

Reliance on foreign manufacturers	The Group sources most of its products from outside the UK. Consequently, the Group is subject to risks associated with international trade.	Extensive research is conducted into quality and ethics before the Group procures products from any new country or supplier. The Group also maintains very close relationships with both its suppliers and shippers to ensure that risks of disruption to production and supply are managed appropriately.

Reliance on one single supplier of consumables	The Group currently buys all its paper for photobooths from one single supplier. The failure of this supplier could have a significant adverse impact on paper procurement.	The Board has decided to hold a strategic stock of paper, allowing for 6 -10 months' worth of paper consumption, to allow enough time to put in place alternative solutions.
Reputation	The Group's brands are key assets of the business. Failure to protect the Group's reputation and brands could lead to a loss of trust and confidence. This could result in a decline in our customer base.	The protection of the Group's brands in its core markets is sustained by products with certain unique features. The appearance of the machine is subject to high maintenance standards. Furthermore, the reputational risk is diluted as the Group also operates under a range of brands.
Product and service quality	The Board recognises that the quality and safety of both its products and services is of critical importance and that any major failure will affect consumer confidence.	The Group continues to invest in its existing estate, to ensure that it remains contemporary, and in constant product innovation to meet customer needs. The Group also has a programme in place to regularly train its technicians.
Technological		
Failure to keep up with advances in technology	The Group operates in fields where upgrades to new technologies are mission-critical.	The Group mitigates this risk by continually focusing on R&D.
Cyber risk: Third party attack on secure ID data transfer feeds	The Group operates an increasing number of photobooths capturing ID data and transferring these data it directly to government databases.	The Group performs an ongoing assessment of the risks and ensures that the infrastructure meets the security requirements.

Group Statement of Comprehensive Income
for the year ended 30 April 2019

	2019	2018
	£ '000	£ '000
Revenue	**228,118**	229,814
Cost of sales	**(164,637)**	(168,070)
Gross profit	**63,481**	61,744
Other operating income	**1,601**	1,686
Administrative expenses	**(22,393)**	(17,518)
Share of post-tax profits from associates	**50**	194
Operating profit	**42,739**	46,106
Analysed as:		
Operating profit before specific items	**44,564**	46,416
Profit on sale of land & buildings	**-**	2,320
Restructuring costs	**(1,825)**	(2,630)
Operating profit after specific items	**42,739**	46,106
Other gains and losses	**361**	3,708
Finance revenue	**20**	658
Finance cost	**(527)**	(297)
Profit before tax	**42,593**	50,175
Total tax charge	**(11,314)**	(9,889)
Profit for the year	**31,279**	40,286
Other comprehensive income		
Items that are or may subsequently be classified to profit and loss:		
Exchange differences arising on translation of foreign operations	**(860)**	16
Taxation on exchange differences	**3**	(12)
Total items that are or may subsequently be classified to profit and loss	**(857)**	4
Items that will not be classified to profit and loss:		
Remeasurement (losses)/gains in defined benefit obligations and other post-employment benefit obligations	**(216)**	150
Deferred tax on remeasurement gains / (losses)	**42**	(23)
Total items that will not be classified to profit and loss	**(174)**	127
Other comprehensive (loss) / income for the year net of tax	**(1,031)**	131
Total comprehensive income for the year	**30,248**	40,417
Profit for the year attributable to:		
Owners of the Parent	**31,226**	40,134
Non-controlling interests	**53**	152
	31,279	40,286
Total comprehensive income attributable to:		
Owners of the Parent	**30,228**	40,205
Non-controlling interests	**20**	212
	30,248	40,417
Earnings per share		
Basic earnings per share	**8.27p**	10.64p
Diluted earnings per share	**8.26p**	10.60p

Statements of Financial Position
As at 30 April 2019

	2019 £'000	2018 £'000
Assets		
Non-current assets		
Goodwill	**26,594**	13,435
Other intangible assets	**15,222**	13,960
Property, plant & equipment	**95,353**	92,556
Investment property	**648**	676
Investment in associates	**415**	1,583
Investment in subsidiaries	**-**	-
Other financial assets held to maturity	**-**	1,710
Financial instruments held at amortised cost	**982**	-
Other financial assets available for sale	**-**	4,286
Financial instruments held at FVTPL	**1,387**	-
Deferred tax assets	**912**	1,935
Trade and other receivables	**1,764**	2,116
	143,277	132,257
Current assets		
Inventories	**22,339**	22,902
Trade and other receivables	**20,917**	20,613
Current tax	**876**	4,480
Cash and cash equivalents	**84,591**	58,657
	128,723	106,652
Total assets	**272,000**	238,909
Equity		
Share capital	**1,889**	1,887
Share premium	**10,588**	10,366
Translation and other reserves	**12,369**	13,193
Retained earnings	**117,131**	117,811
Equity attributable to owners of the Parent	**141,977**	143,257
Non-controlling interests	**1,870**	1,553
Total equity	**143,847**	144,810
Liabilities		
Non-current liabilities		
Financial liabilities	**53,385**	27,540
Post-employment benefit obligations	**5,635**	5,524
Deferred tax liabilities	**5,430**	2,671
Trade and other payables	**-**	224
	64,450	35,959
Current liabilities		
Financial liabilities	**15,850**	6,139
Provisions	**218**	196
Current tax	**6,753**	8,307
Trade and other payables	**40,882**	43,498
	63,703	58,140
Total equity and liabilities	**272,000**	238,909

Group Statement of Cash Flows
for the year ended 30 April 2019

	2019	2018
	£'000	£'000
Cash flow from operating activities		
Profit before tax	**42,593**	50,175
Finance cost	**527**	297
Finance revenue	**(20)**	(658)
Other gains	**(361)**	(3,708)
Operating profit	**42,739**	46,106
Share of post- tax profit from associates	**(50)**	(194)
Amortisation of intangible assets	**2,992**	2,768
Depreciation of property, plant and equipment	**24,024**	22,301
(Profit)/loss on sale of property, plant and equipment	**165**	(2,361)
Exchange differences	**(707)**	(836)
Other items	**354**	(318)
Changes in working capital:		
Inventories	**511**	(2,613)
Trade and other receivables	**(597)**	(927)
Trade and other payables	**(5,604)**	(1,064)
Provisions	**108**	(1,905)
Cash generated from operations	**63,935**	60,957
Interest paid	**(527)**	(297)
Taxation paid	**(6,223)**	(8,318)
Net cash generated from operating activities	**57,185**	52,342
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	**(13,528)**	(1,398)
Proceeds from disposal of associate	**4,437**	-
Repayment of loans advanced to associate	**1,612**	-
Investment in intangible assets	**(2,167)**	(3,218)
Proceeds from sale of intangible assets	**155**	201
Purchase of property, plant and equipment	**(28,169)**	(40,378)
Payment of deferred consideration	**(225)**	-
Proceeds from sale of property, plant and equipment	**2,282**	4,689
Purchase of available for sale investments	**-**	(134)
Dividends received from for sale investments	**-**	285
Interest received	**18**	144
Dividends received from associates	**36**	304
Net cash generated from investing activities	**(35,549)**	(39,505)
Cash flows from financing activities		
Issue of Ordinary shares to equity shareholders	**224**	1,372
Repayment of capital element of finance leases	**(167)**	(118)
Repayment of borrowings	**(8,397)**	(3,695)
Increase in borrowings	**43,748**	26,382
Decrease in assets held to maturity	**741**	687
Dividends paid to owners of the Parent	**(31,873)**	(26,478)

Group Statement of Cash Flows (continued)
for the year ended 30 April 2019

Net cash utilised in financing activities	**4,276**	(1,850)
Net increase in cash and cash equivalents	**25,912**	10,987
Cash and cash equivalents at beginning of year	**58,657**	47,505
Exchange gain on cash and cash equivalents	**22**	165
Cash and cash equivalents at end of year	**84,591**	58,657

Group Statement of Changes in Equity
for the year ended 30 April 2019

	Share capital £'000	Share premium £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
At 1 May 2017	1,882	8,999	1,781	11,468	103,831	127,961	1,341	129,302
Profit for year	-	-	-	-	40,134	40,134	152	40,286
Other comprehensive income/(expense)								
Exchange differences	-	-	-	158	-	158	60	218
Tax on exchange	-	-	-	(12)	-	(12)	-	(12)
Translation reserve taken to income statement on disposal of subsidiaries	-	-	-	(202)	-	(202)	-	(202)
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	-	-	-	-	150	150	-	150
Deferred tax on remeasurement gains	-	-	-	-	(23)	(23)	-	(23)
Total other comprehensive (expense)/income	-	-	-	(56)	127	71	60	131
Total comprehensive (expense)/income	-	-	-	(56)	40,261	40,205	212	40,417
Transactions with owners of the Parent								
Shares issued	5	1,367	-	-	-	1,372	-	1,372
Share options	-	-	-	-	197	197	-	197
Dividends	-	-	-	-	(26,478)	(26,478)	-	(26,478)
Total transactions with owners of the Parent	5	1,367	-	-	(26,281)	(24,909)	-	(24,909)
At 30 April 2018	1,887	10,366	1,781	11,412	117,811	143,257	1,553	144,810
At 1 May 2018	**1,887**	**10,366**	**1,781**	**11,412**	**117,811**	**143,257**	**1,553**	**144,810**
Profit for year	**-**	**-**	**-**	**-**	**31,226**	**31,226**	**53**	**31,279**
Other comprehensive income/(expense)								
Exchange differences	**-**	**-**	**-**	**(827)**	**-**	**(827)**	**(33)**	**(860)**
Tax on exchange	**-**	**-**	**-**	**3**	**-**	**3**	**-**	**3**
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	**-**	**-**	**-**	**-**	**(216)**	**(216)**	**-**	**(216)**
Deferred tax on remeasurement gains	**-**	**-**	**-**	**-**	**42**	**42**	**-**	**42**
Total other comprehensive (expense)/income	**-**	**-**	**-**	**(824)**	**(174)**	**(998)**	**(33)**	**(1,031)**
Total comprehensive (expense)/income	**-**	**-**	**-**	**(824)**	**31,052**	**30,228**	**20**	**30,248**

Transactions with owners of the Parent								
Shares issued	**2**	**222**	**-**	**-**	**-**	**224**	**-**	**224**
Share options	**-**	**-**	**-**	**-**	**141**	**141**	**-**	**141**
Dividends	**-**	**-**	**-**	**-**	**(31,873)**	**(31,873)**	**-**	**(31,873)**
Acquisition of minority	**-**	**-**	**-**	**-**	**-**	**-**	**297**	**297**
Total transactions with owners of the Parent	**2**	**222**	**-**	**-**	**(31,732)**	**(31,508)**	**297**	**(31,211)**
At 30 April 2019	**1,889**	**10,588**	**1,781**	**10,588**	**117,131**	**141,977**	**1,870**	**143,847**

NOTES

1. Basis of preparation and accounting policies

The preliminary results for the year ended 30 April 2019 have been extracted from the audited consolidated financial statements, which were approved by the Board of Directors on 17 July 2019. The audited consolidated financial statements have not yet been delivered to the Registrar of Companies but are expected to be published by the end of July.

Abridged financial information

The financial information in this announcement which was approved by the Board of Directors does not constitute the Company's statutory accounts for the years ended 30 April 2018 or 2019 but is derived from those accounts. Statutory accounts for 2018 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s498(2) or (3) Companies Act 2006.

This preliminary announcement has been prepared in accordance with the accounting policies under IFRS as adopted by the EU.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. This preliminary announcement constitutes a dissemination announcement in accordance with Section 6.3 of the Disclosures and Transparency Rules (DTR).

2. Segmental analysis

IFRS 8 requires operating segments to be identified, based on information presented to the Chief Operating Decision Maker (CODM) in order to allocate resources to the segments and monitor performance. The Group reports its segments on a geographical basis, Asia, Continental Europe and United Kingdom & Ireland. The Group’s European operations are predominately based in Western Europe and with the exception of the Swiss operations use the Euro as their domestic currency. The Board, being the CODM, believe that the economic characteristics of the European operations, together with the fact that they are similar in terms of operations, use common systems and the nature of the regulatory environment allow them to be aggregated into one reporting segment.

The CODM monitors performance of the segments at the underlying operating profit level before Specific items, interest and taxation.

In accordance with IFRS 8, no segment information is provided for assets and liabilities in the disclosures below, as this information is not regularly provided to the Chief Operating Decision Maker.

The segment results are as follows:

	Asia	Continental Europe	United Kingdom & Ireland	Corporate costs	Total
	£'000	£'000	£'000	£'000	£'000
2019					
Total revenue	**44,538**	**138,935**	**54,962**	**-**	**238,435**
Inter segment sales	**-**	**(8,274)**	**(2,043)**	**-**	**(10,317)**
Revenue from external customers	**44,538**	**130,661**	**52,919**	**-**	**228,118**
EBITDA	**9,350**	**49,267**	**13,167**	**(2,079)**	**69,705**
Depreciation and amortisation	**(4,673)**	**(15,727)**	**(6,119)**	**(497)**	**(27,016)**
Underlying operating profit	**6,502**	**33,540**	**7,048**	**(2,576)**	**44,514**
Specific items	**(1,825)**	**-**	**-**	**-**	**(1,825)**
Operating profit excluding associates	**4,677**	**33,540**	**7,048**	**(2,576)**	**42,689**
Share of post-tax profits from associates					**50**
Operating profit					**42,739**
Other gains					**361**
Finance revenue					**20**
Finance costs					**(527)**
Profit before tax					**42,593**
Tax					**(11,314)**
Profit for year					**31,279**
Capital expenditure	**2,755**	**19,893**	**7,493**	**379**	**30,520**

	Asia	Continental Europe	United Kingdom & Ireland	Corporate costs	Total
	£'000	£'000	£'000	£'000	£'000
2018					
Total revenue	44,979	131,064	65,432	-	241,475
Inter segment sales	(6)	(9,930)	(1,725)	-	(11,661)
Revenue from external customers	44,973	121,134	63,707	-	229,814
EBITDA	10,289	45,967	16,194	(1,469)	70,981
Depreciation and amortisation	(4,879)	(14,027)	(5,794)	(369)	(25,069)
Underlying operating profit	5,410	31,940	13,030	(4,158)	46,222
Specific items	-	-	(2,630)	2,320	(310)
Operating profit excluding associates	5,410	31,940	10,400	(1,838)	45,912
Share of post-tax profits from associates					194
Operating profit					46,106
Other gains					3,708
Finance revenue					658
Finance costs					(297)
Profit before tax					50,175
Tax					(9,889)
Profit for year					40,286
Capital expenditure	5,248	26,429	11,410	590	43,677

Inter-segment revenue mainly relates to sales of equipment.

The Parent Company is domiciled in the UK. Total revenue from external customers is as follows:

	2019	2018
	£'000	£'000
Total revenue from external customers		
Asia and rest of the world	**44,538**	44,975
Europe	**130,601**	127,050
UK	**52,979**	57,789
	228,118	229,814

	2019	2018
	£ '000	£ '000
Total revenue from external customers		
Sales of equipment, spare parts & consumables	**22,347**	22,964
Sales of services	**4,595**	4,366
Other sales	**244**	285
	27,186	27,615
Vending revenue	**200,932**	202,199
Total revenue	**228,118**	229,814

There were no key customers in the year ended 30 April 2019 (2018: none).

3. Taxation expense

Tax charges/(credits) in the statement of comprehensive income:

	2019 £'000	2018 £'000
Taxation		
Current taxation		
UK Corporation tax		
- current year	**5,274**	5,517
- prior years	**186**	(1,198)
	5,460	4,319
Overseas taxation		
- current year	**2,512**	3,230
- prior years	**193**	1,302
	2,705	4,532
Total current taxation	**8,165**	8,851
Deferred taxation		
Origination and reversal of temporary differences		
- current year - UK	**505**	934
- current year - overseas	**2,570**	19
Impact of change in rate	**74**	85
Total deferred tax	**3,149**	1,038
Tax charge in the statement of comprehensive income	**11,314**	9,889

4. Earnings per share

Basic earnings per share amounts are calculated by dividing net earnings attributable to shareholders of the Parent of £31,226,000 (2018: £40,134,000) by the weighted average number of shares in issue during the year.

Diluted earnings per share amounts are calculated by dividing the net earnings attributable to shareholders of the Parent by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential shares into shares.

The Group has only one category of dilutive potential shares being share options granted to senior staff including directors.

The earnings and weighted average number of shares used in the calculation are set out in the table below:

	2019			2018		
	Earnings £'000	**Weighted average number of shares '000**	**Earnings per share pence**	Earnings £'000	Weighted average number of shares '000	Earnings per share pence
Basic earnings per share	**31,226**	**377,662**	**8.27**	40,134	377,190	10.64
Effect of dilutive share options		**190**	**(0.01)**		1,555	(0.04)
Diluted earnings per share	**31,226**	**377,852**	**8.26**	40,134	378,745	10.60

Potential shares (for example, arising from exercising share options) are treated as dilutive only when their conversion to shares would decrease basic earnings per share or increase loss per share from continuing operations.

Alternative earnings per share
The table below reconciles earnings per share (EPS) and diluted earnings per share (DPS) before and after Specific items.

Alternative earnings per share

	2019			2018		
	Earnings £'000	**Earnings per share pence**	**Diluted earnings per share pence**	£'000	Earnings per share pence	Diluted earnings per share pence
Profit for the year attributable to owners of the Parent	**31,226**	**8.27**	**8.26**	40,134	10.64	10.60
Specific items net of tax	**1,825**	**0.48**	**0.48**	(190)	(0.05)	(0.05)
Other (losses) / gains	**(361)**	**(0.10)**	**(0.10)**	(3,708)	(0.98)	(0.98)
Earnings after specific items	**32,690**	**8.65**	**8.64**	36,236	9.61	9.57

5. Dividends paid and proposed

Year ended 30 April 2019 – Proposed dividends not yet paid
The Board declared an interim dividend of 3.71p per share for the year ended 30 April 2019, which was paid on 11 May 2019. The Board proposes a final dividend for the year ended 30 April 2019 of 4.73p per share which is subject to shareholder approval at the Annual General Meeting to be held on 3 October 2019.

Year ended 30 April 2018 – Paid after 30 April 2018
The Board declared an interim dividend of 3.71p per share for the year ended 30 April 2018, amounting to £14,005,000 which was paid on 11 May 2018. The Board proposed a final dividend for the year ended 30 April 2018 of 4.73p per share, amounting to £17,868,000 which was approved by shareholders at the Annual General Meeting held on 24 October 2018 and paid on 9 November 2018.

6. Non-current assets

	Goodwill	Intangible assets	Property, plant & equipment	Investment property
	£ '000	£ '000	£ '000	£ '000
Net book value at 30 April 2017	11,812	13,451	74,989	662
Exchange differences	69	260	1,596	30
Additions – photo booths and vending equipment	-		34,164	-
Additions – other assets	-	3,218	6,295	-
Additions – new subsidiaries	1,554		29	-
Amortisation	-	(2,768)		-
Depreciation	-		(22,285)	(16)
Disposals at net book value	-	(201)	(2,232)	-
Net book value at 30 April 2018	**13,435**	**13,960**	**92,556**	**676**
Exchange differences	(71)	(63)	(358)	(12)
Additions – photo booths and vending equipment	-	-	24,938	-
Additions – other assets	-	2,167	3,415	-
Additions – new subsidiaries	13,230	2,543	1,019	-
Amortisation	-	(2,992)	-	-
Depreciation	-	-	(24,008)	(16)
Disposals at net book value	-	(393)	(2,209)	-
Net book value at 30 April 2019	**26,594**	**15,222**	**95,353**	**648**

7. Net cash

	2019	2018
	£'000	£'000
Cash and cash equivalents per statement of financial position	**84,591**	58,657
Financial instrument held at amortised cost / held to maturity	**982**	1,710
Non-current borrowings	**(52,322)**	(27,319)
Current borrowings	**(15,071)**	(6,006)
Non-current finance leases	**(1,063)**	(221)
Current finance leases	**(779)**	(133)
	16,338	26,688

At 30 April 2019, £982,000 of the total net cash (2018: £1,710,000) comprised bank deposit accounts that are subject to restrictions and are not freely available for use by the Group and Company. These amounts are shown under financial instrument held at amortised cost / held to maturity.

Net cash is a non-GAAP measure since it is not defined in accordance with IFRS but is a key indicator used by management in assessing operational performance and financial position strength. The inclusion of items in net cash as defined by the Group may not be comparable with other companies' measurement of net cash/debt. The Group includes in net cash, cash and cash equivalents and certain financial assets, mainly deposits, less current and non-current borrowings outstanding.