

# Photo-Me

28 October 2019

**Photo-Me International plc**  
("Photo-Me" or "the Group")

## **Trading Update**

Photo-Me (PHTM.L), the instant-service equipment group, announces the following trading update covering the period from 1 May 2019 to 30 September 2019.

The Group has continued to make strategic and operational progress in line with its strategy to diversify its range of products and services, driven by the expansion of its laundry business and the acquisition of SEMPA Sarl ("Sempa"), as announced in April 2019.

In the period to 30 September 2019, overall Group trading has been in line with expectations, underpinned by continued growth in Continental Europe and Asia, led by the Laundry business, despite trading in the Identification division in the UK remaining challenging. This has been due to continued uncertainty around the UK's European Union exit negotiations, leading to lower consumer activity, and the UK Government's decision to allow for photos taken on a smart device or camera at home to be used for passport photo identification.

### *Identification*

Excluding the UK, the Group's Identification revenue was stable (+0.2%) year-on-year, driven by continued solid performance in France and Japan. Total reported Identification revenue in the period to 30 September declined by 3.8%, reflecting the decrease in activity in the UK photobooth market.

In total, the Group now has more than 12,000 photobooths connected to government organisations for the secure upload of photo ID in the UK and Continental Europe, and it is anticipated that this number will continue to grow as discussions with governments to deploy this technology progress.

### *Laundry*

The expansion of Laundry operations remains a key driver of growth for the Group and further good progress has been made during the period, with revenue growth of 23% in the period to 30 September. The rollout of Revolution machines in key geographies (UK, Ireland, Portugal and Spain), has continued at an average rate of 50 machines per month. The Group has also continued to build its laundry presence in newer markets such as Germany, Austria and Switzerland. In the UK, there has been an improving trend in B2B activity, albeit this is at an early stage of recovery and is expected to report growth for the full year.

As anticipated, year-on-year, the Laundry business has continued to contribute an increasing proportion of the Group's revenue and profits.

### *Kiosks*

The Kiosk business has continued to perform as expected, with the majority of operations in France. Capex on the Kiosk business has been restricted to premium sites as we focus on delivering growth in the Laundry business.

### *Food*

Following the acquisition of Sempa, which marked the Group's entry to the fresh fruit and vegetable juice market, the Group has formed a new segment, called "Food". Going forward, this segment will be a significant part of the Group's future growth strategy, alongside Identification and Laundry. In the financial year to date, this business has performed in line with expectations.

Photo-Me's intention is to become the global leader in the distribution of self-service fresh fruit juice machines, and its strategy to achieve this is two-fold, aimed at the B2B and B2C markets.

In the B2B market, the Group sells self-service juice machines to organisations such as restaurant, hotels, supermarkets, offices and small businesses. The majority of machines are sold under lease finance contracts, with approximately 70% of these lease agreements renewing every 12-months on average.

For the B2C market, the Group sells fruit juice drinks direct to consumers via self-service juice vending machines, in locations such as railway stations. In September, Photo-Me acquired 150 juice vending machines from L'Orangerie de Paris, enabling the Group to run a larger scale trial to test the market prior to deploying vending machines across other geographies. These machines will be refilled and maintained by Photo-Me's existing network of field engineers.

In the B2C market, the Group is initially offering fresh orange juice, though the intention is to extend the product range over time. The development of machines for apple juice and pineapple juice is underway and these are expected to be rolled out in FY2021.

Competition within the self-service juice market is relatively limited and, by leveraging the Group's existing network of field engineers, the Board believes this market presents a significant growth opportunity for the Group in the medium to long term.

### *Looking forward*

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

The Group expects to announce its Interim Results for the six months ended 31 October 2019 on Tuesday 10 December 2019.

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:**

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## **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

In addition, the Group operates 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 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 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) and public transport venues. The 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.