



Interim Results – Half-year to 31 October 2010

Photo-Me

PRESENTATION FOR INVESTORS AND ANALYSTS

December 2010



Legal disclaimer

This presentation contains statements that are or may be forward-looking statements with respect to the financial condition, operations and businesses of Photo-Me. All statements other than statements of historical facts included in this presentation may be forward-looking statements.

These forward-looking statements involve known and unknown risk, uncertainties and other factors which may cause the actual performance or achievements of Photo-Me, or industry results, to be materially different from any performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of Photo-Me and the environment in which it will operate in the future which are not necessarily indicative of future outcomes or the financial performance of Photo-Me and should not be considered in isolation.

- Strong increase in profitability – turnover +1%, PTP +56%
- Progressive restructuring has led to lower costs and better efficiencies
- Improvement led by Operations division
- Orders for 1,300 Pocketbook Makers from OEMs
- £10m rental (over 9 years) agreed for surplus building in Grenoble
- Net cash increased to £29.4m from £8.1m at year end
- Interim dividend quadrupled to 1p



FINANCIAL REVIEW

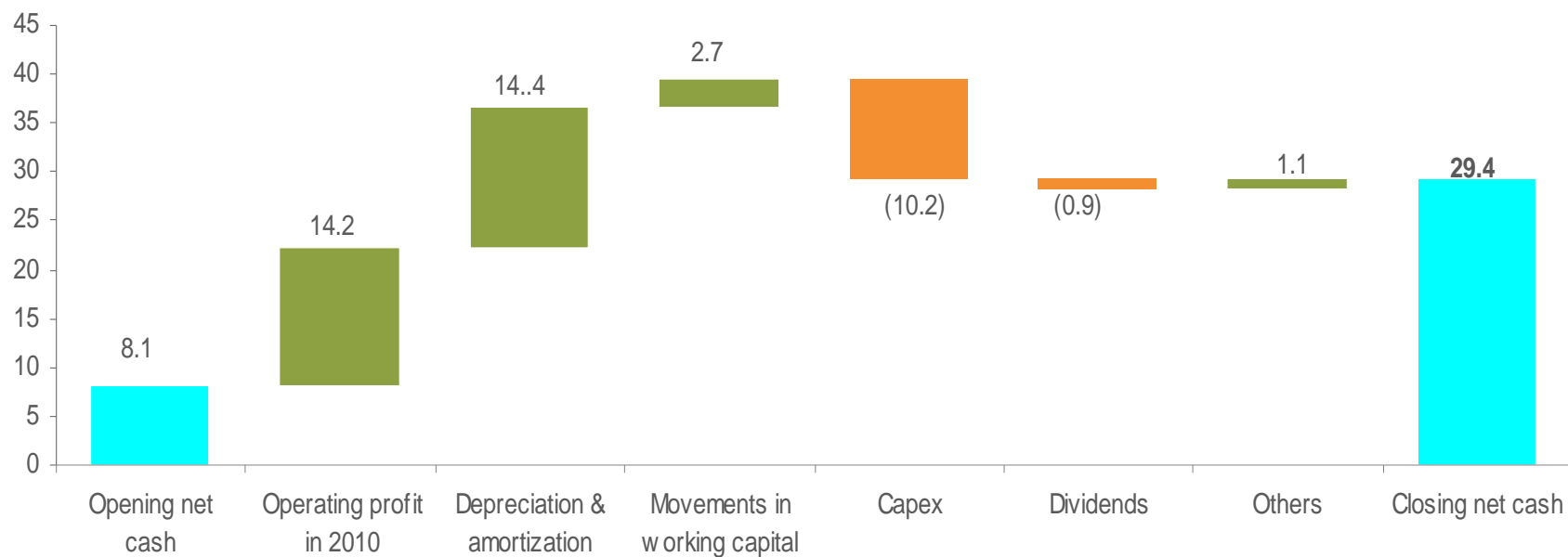
6m to 31 October (£m)	2010	2009
(on continuing operations)		
Revenue:	118.4	117.7
<i>Change</i>	<i>+0.6%</i>	
EBITDA	28.5	27.1
<i>Change</i>	<i>+5.2%</i>	
Operating profit	14.2	10.1
<i>Change</i>	<i>+40.1%</i>	
PBT	14.0	9.0
<i>Change</i>	<i>+55.7%</i>	
Adjusted PBT	14.0	11.2
<i>Change</i>	<i>+25.6%</i>	

6m to 31 October (£m)	Revenue			Operating Profit		
	2010	2010†	2009	2010	2010†	2009
(on continuing operations, excluding special items)						
Operations	97.1	96.1	93.9	15.4	15.5	11.6
<i>Change</i>	<i>+3.4%</i>	<i>+2.4%</i>		<i>+32.4%</i>	<i>+33.1%</i>	
Sales & Servicing	21.3	22.1	23.8	0.6	0.7	2.2
<i>Change</i>	<i>-10.7%</i>	<i>-7.5%</i>		<i>-72.7%</i>	<i>-68.6%</i>	
Group overheads				(1.9)	(1.9)	(1.6)
	118.4	118.2	117.7	14.1	14.3	12.2

† at 2009 exchange rates

6m to 31 October (£m)	Revenue			Operating Profit		
	2010	2010†	2009	2010	2010†	2009
(on continuing operations, excluding special items)						
Continental Europe	66.5	68.9	68.8	10.3	10.6	9.9
<i>Change</i>	<i>-3.4%</i>	<i>+0.1%</i>		<i>+3.8%</i>	<i>+7.7%</i>	
UK & Ireland	30.4	30.5	30.5	2.2	2.2	1.2
<i>Change</i>	<i>-0.3%</i>	<i>0.0%</i>		<i>+80.0%</i>	<i>+80.0%</i>	
Asia	21.5	18.8	18.4	1.7	1.5	1.2
<i>Change</i>	<i>+16.6%</i>	<i>+2.1%</i>		<i>+48.1%</i>	<i>+29.7%</i>	
Total	118.4	118.2	117.7	14.2	14.3	12.3

† at 2009 exchange rates





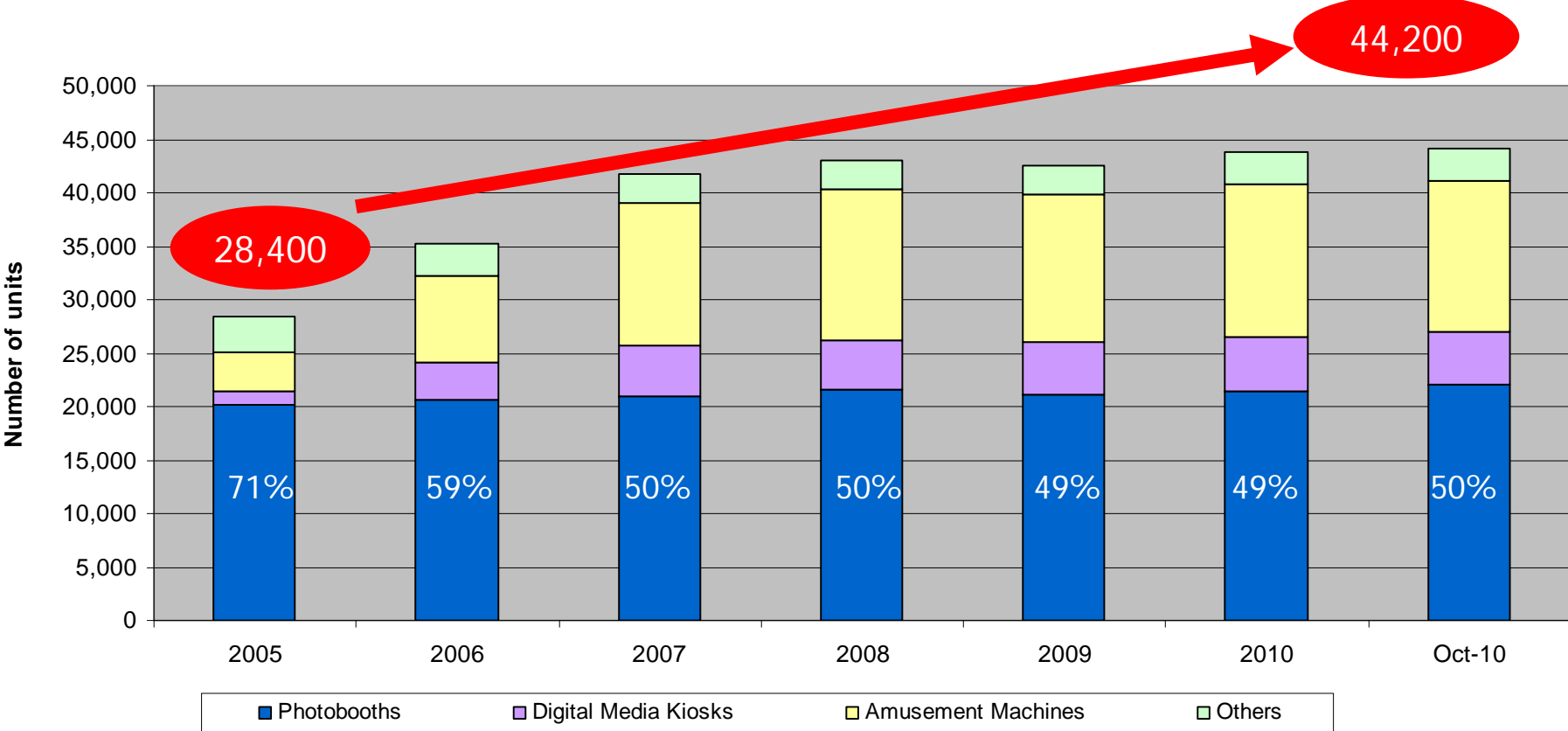
BUSINESS REVIEW

Basics

- 82% (80%) of total revenue
- Total vending sites 44,200 (42,900)
- Europe (mainly France) 18,300; UK & Ireland 17,500; Asia 8,400 sites
- Photobooths ca 50% of sites but 83% of revenue

Highlights

- Revenue up 3.4%; Operating Profit up 32.4%
- Profitability up in all three major territories





- Photo-Me is the world leader with a large installed base of 22,150 units
- Very cash generative for Photo-Me and good returns for site owners
- Strategic plan underway to optimise site locations
- Reduction of commission payments also a priority – high operational gearing!
- Intention to gradually increase installed base
- ... but to grow strongly the Shanghai-based Chinese operation over next three years
- Challenge remains to increase “fun” element (versus ID)
- New patented product streams include:
 - The “Starbooth” – a new Philippe Starck designed booth
 - Augmented reality and 3D booths
 - Increased “connectivity”

PHOTOBOOTHS



Easybooth



Minibooth



Universal booth



Solar Booth



Starbooth

AMUSEMENT



Kiddie Rides



Boulie Machine



Crane



X-Factor



IX Simulator

SERVICES



Digital Media Kiosk



Business Card Machine



Self-service laundrettes



MyPocketbook



Photobook Maker



- Digital printing kiosk numbers now around 5,000
- Principal focus is French market, which remains positive
- Amusement machine business (mainly in UK) is slightly decreasing
- New product development continues



Basics

- The creative area, centred around KIS subsidiary, based in Grenoble
- Sales externally and to Photo-Me Operations for deployment
- Production both in-house and outsourced
- Business has been restructured over last 2 years and further R&D efficiencies likely

Highlights

- Revenue down 7% (constant currency) and profits £0.6m (£2.2m) due to preparation phase of Photobook and Pocketbook
- First material orders totalling 1,300 units for Pocketbook Makers from Mitsubishi and another OEM
- Delivery just started and will continue in 2011
- High gross margins

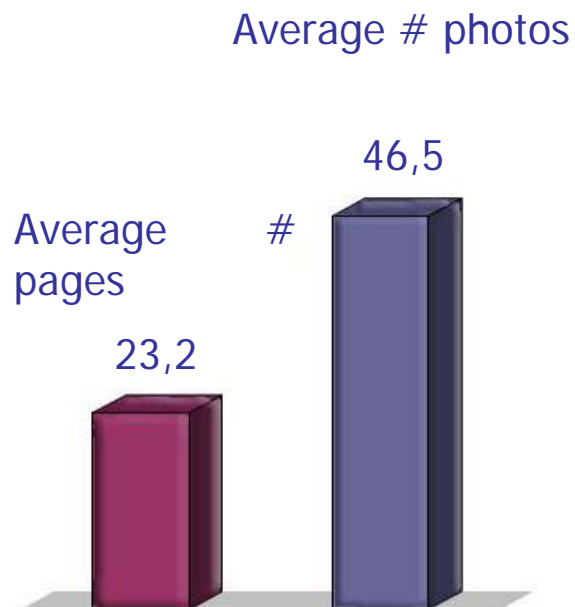
Photo-Me invests large amounts in research and development



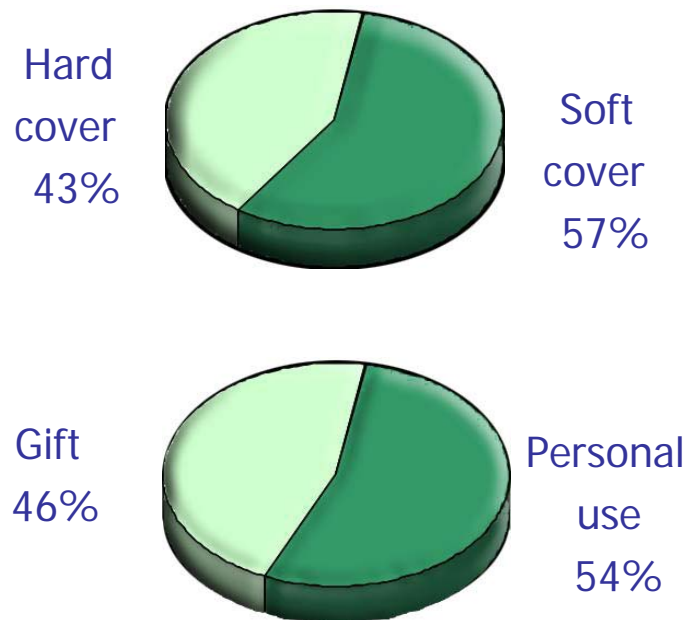
- £3.3m invested in 2009/10
- 50 R&D engineers and Team leaders
- Mastering of technologies such as: Optoelectronic, digital, logistic, electronic, payment systems, 3-dimension etc ...



→ Formats ranging from 4"x6" to 8"x12"



→ Different finish levels for different occasions / markets



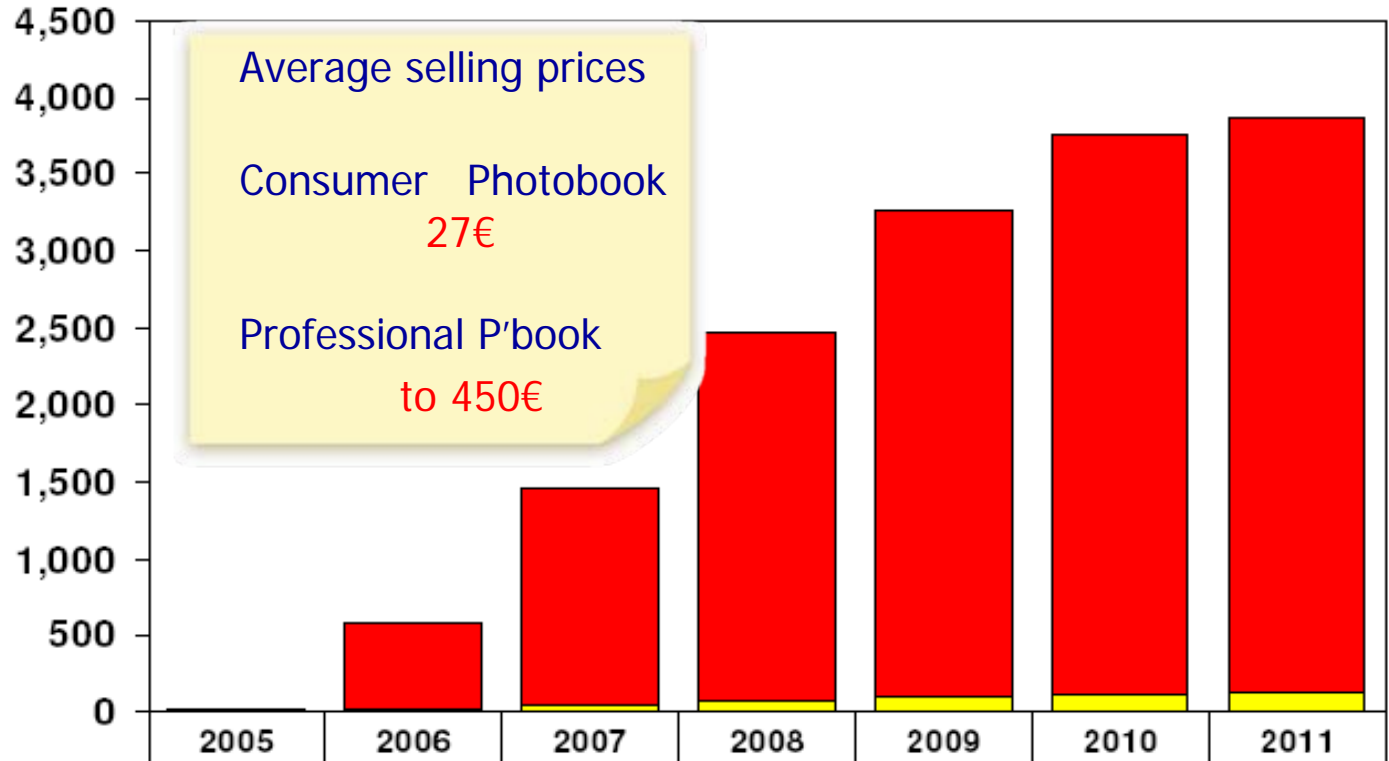
According to InfoTrends, more than 90% of customers are willing to pay more for higher quality prints, a better binding and archival quality.



10€ < Consumer < 75€

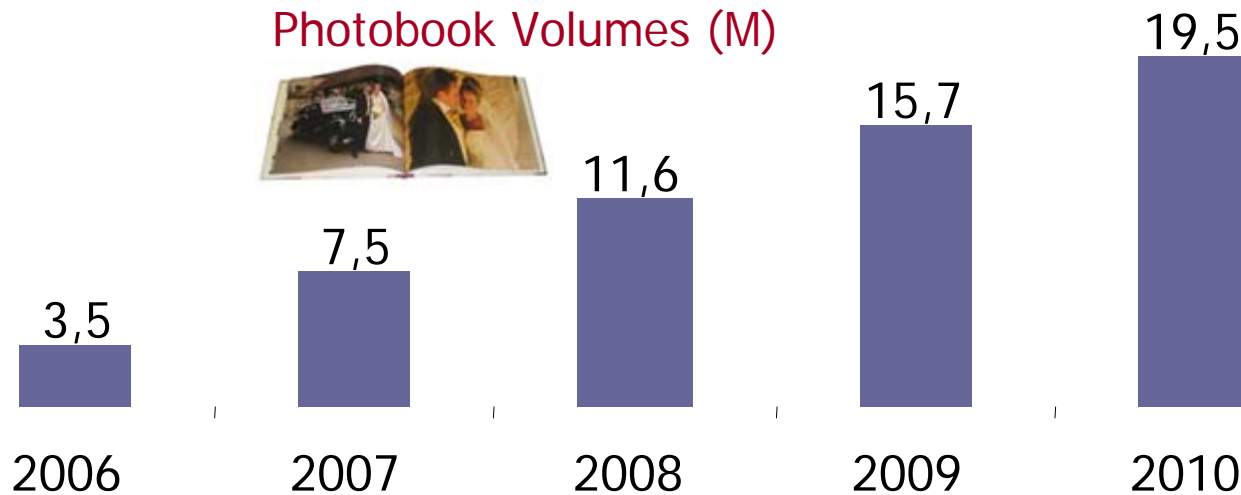
250€ < Professional < 1000€

Volume (000's Units)



	2005	2006	2007	2008	2009	2010	2011
■ Consumer Photobook	12	560	1415	2380	3150	3640	3740
■ Professional Photobook	13	25	52	84	108	121	124

- Today, because of the lack of adapted offers, only 10% of photobooks are ordered at retail in Europe.
- Promotion happens on-line: invisible for a great part of the public.
- In terms of online photobooks, according to Kodak, 70% of their photobook orders have been cancelled during the process.
- 60% of people surveyed did not complete their photobook because it took too long.
- Photobook customers are looking for convenience and quality.



- A **new** retail product with a low entry price point - £5/\$5/€5
- Initial suite of products now developed:
 - Managed retail unit
 - Smartlab incorporating a Photobook Maker
 - Range of vending units
- Further products under development
- Protected by patents
- OEM sales programme and first orders received
- Significant worldwide potential

- Strong product pipeline
- Lower cost base; better efficiency
- Programme to re-energise core photobooth business through resiting/lower commission/new units
- New growth platform in China
- Significant potential for Photobook product suite
- MOU signed with large OEM for 1000 Photobook Builders
- Continued strong cash flow generation underpins dividend outlook

The world leader in photobooths

- Founded in 1954 and listed on the London Stock Exchange since 1962
- World's leading operator of photobooths with more than 22,000 worldwide
- Operations in 3 main territories: UK & Ireland, Europe, Asia
- Extended network of customers
- £200M revenue in FY 2010
- Headquarters in Bookham (Surrey)

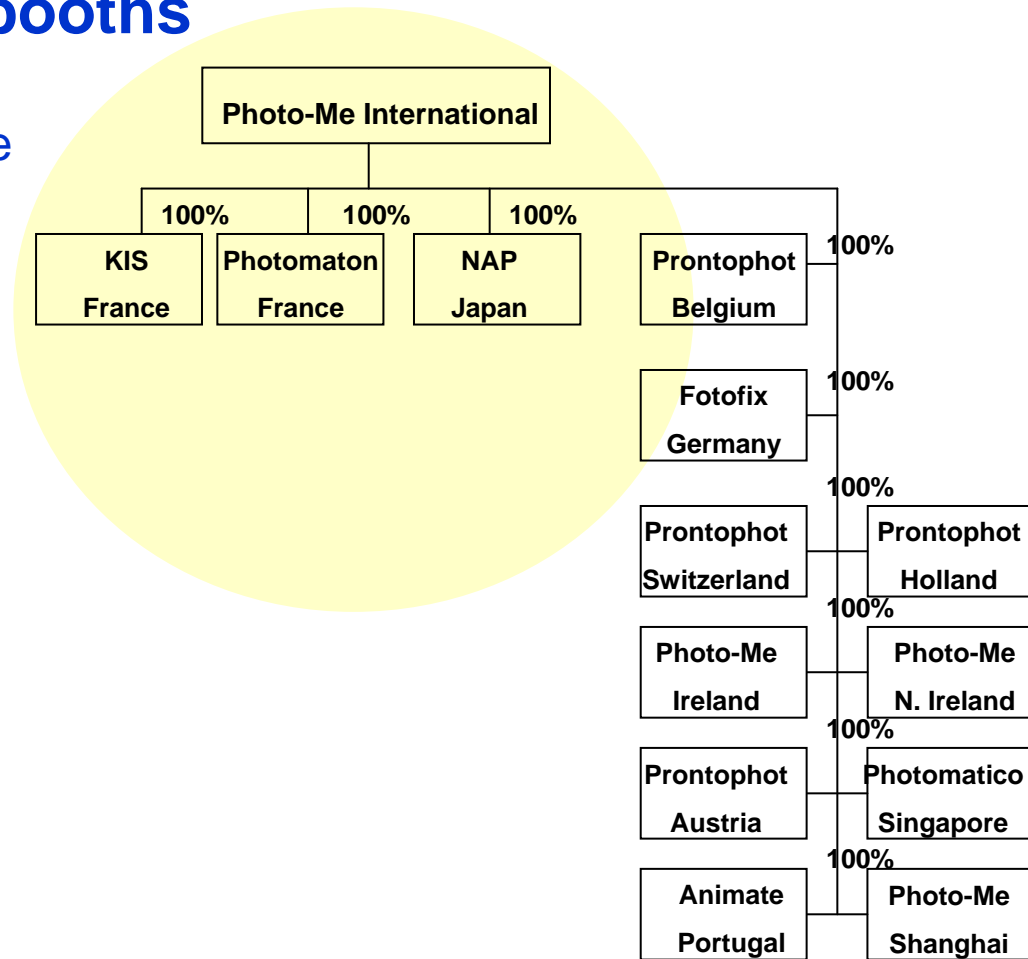




Photo-Me

Sales & Servicing

Research and
Development

Manufacturing

Sales

After Sales Servicing

of Vending equipment and
Photo processing equipment

Operations

Operation of unattended
vending equipment

Photobooths

Digital Printing Kiosks

Photobook Makers

Amusement machines

- 1981 Kis invents 1 hour photo development minilabs
- 1994 Photovision – First digital photobooth
- 2000 DKS digital minilabs
- 2004 Digital printing kiosks
- 2006 Photobook Pro album making machine
- 2009 Photobook Maker
- 2010 All-in-one kiosk
and Pocketbook Maker

	Unaudited 31 October 2010 £'000	Audited 30 April 2010 £'000
Assets		
Non current assets (excl. cash equivalent)	81,488	84,460
Current assets (excl. cash)	35,445	42,488
Cash and cash equivalent	46,765	42,486
Total assets	173,698	169,434
Liabilities		
Non current liabilities (excl. Loans)	8,512	7,723
Current liabilities (excl. loans)	50,991	48,950
Financial liabilities	27,331	34,409
Total liabilities	86,834	91,082
Total equity	86,864	78,352
Net cash position	29,434	8,077

