

HIGHLIGHTS

Positioned for growth

Our balanced and diversified product portfolio now serves multiple market sectors, including 3D and Product Printing. Broader product range and new partnerships underpin our growth opportunities, which are core to our transformation. Our strategy is focused on supporting customers by improving supply chain efficiency and unlocking innovation.

Strategic and operational highlights

- In 2017 revenues from the seven new products launched in the last 24 months and the acquired Engineered Printing Solutions (EPS) business accounted for 80% of the total product revenue (2016: 48%)
- Strong performance from the new 1201 Thin Film printhead, including a master distribution agreement signed for two years for 90,000 printheads
- Good progress on 5601 Thin Film printhead. Design frozen; first development kits shipped to eight partners; four colour print capabilities showcased at InPrint 2017
- Realised the first revenues from the Textiles market, largely from our 5501 bulk printhead product
- Announcement of the Joint Development Agreement (JDA) with Xerox to develop the next generation of industrial bulk piezo printheads using the extensive resources and IP of both companies
- Demonstrated to a small select group of partners and potential customers the first prototype Xaar 3D printer
- Organisational restructure to strengthen our Go-To-Market capabilities.

Revenue £m

£100.1m

2017	100.1
2016	96.2
2015	93.5

Adjusted profit before tax £m

£18.0m

2017	18.0
2016	19.5
2015	20.8

Net cash¹ balance £m

£44.7m

2017	44.7
2016	49.3
2015	69.7

Profit before tax £m

£12.3m

2017	12.3
2016	17.9
2015	13.6

Financial highlights

- Total revenue grew by 4% in 2017 to £100.1 million (2016: £96.2 million)
- JPY 2.98 billion (circa £20.0 million) royalty upgrade and replacement agreement signed with Seiko Instruments Inc. (SII), £10.0 million of which is recognised as revenue in 2017 with the first payment of JPY 1.5 billion received in December 2017 and the final JPY 1.48 billion received in Q1 2018
- Product revenues increased by £0.9 million with the continued slowdown of sales into ceramic tile decoration being offset by 23% growth in other sectors
- Adjusted operating profit margin of 18% achieved for the year (2016: 20%) helped by £9.5 million from the one-off SII royalty (see Financial Statements, note 4); underlying adjusted profit before tax in line with expectations set in November 2017
- Gross Research and Development (R&D) investment (before net capitalisation/amortisation of development costs relating to the Thin Film and 3D programmes) was £18.1 million in 2017 (2016: £22.4 million)
- Net cash of £44.7 million (2016: £49.3 million).

¹ Net cash includes cash, cash equivalents and treasury deposits.