

Half-year results presentation

to 30 September 2023

Tuesday 14 November 2023

Richard Tyson
Chief Executive

Gavin Hill
Chief Financial Officer

Robust performance in the half



7.5% cc growth in revenue and 6.5% growth in adjusted operating profit

10% cc growth in order book to £332m following positive book-to-bill of 1.07

Well positioned in key structural growth markets, providing resilience to macroeconomic headwinds

Strong customer demand for leading product portfolio in Advanced Materials and Healthcare & Life Science; growth led by Europe & Asia

Investing for growth: R&D, infrastructure and systems



Investing for future growth

Increased investment in operational capacity and vibrant new product pipeline

Increasing production capacity with new facilities in Bristol and Belfast

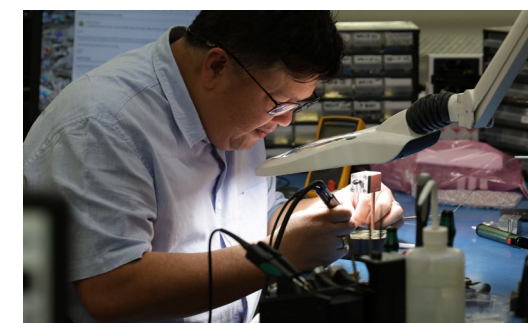


- £75m investment in state-of-the-art purpose-built Severn Beach compound semiconductor facility
- Doubling clean room capacity and lab space



- £15m site expansion for Andor scientific camera and microscopy business
- New facility adjacent to existing site will double production capacity

Investment areas



R&D: £19.7m investment in the half (9.4% revenue)

£2m investment in the half:

- ERP systems
 - Operational improvement
-

First impressions: a global leader with strong fundamentals

Well positioned in key structural growth markets

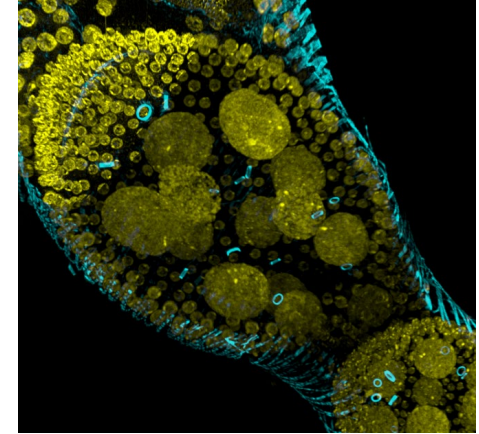
Resilience across diverse markets, geographies and customer types

High-quality business, products and technology

A strong brand in the customer base

High gross margins and a strong balance sheet

Open, engaged, talented people



Operating in key structural growth markets

Advanced Materials

£68.3m,
+12%

32% of Group revenue

- Building blocks of advanced society
- Improved performance enables megatrends
- Sustainable manufacturing
- Finite resources

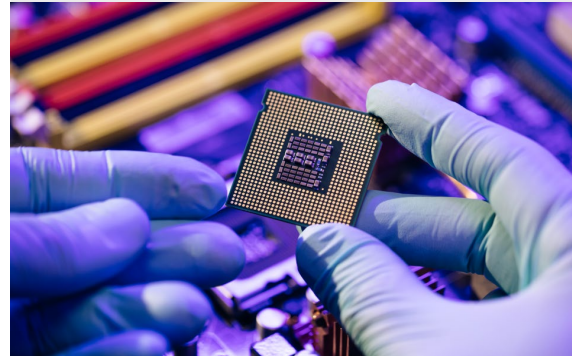


Semiconductor & Communications

£56.1m
+ 2%

27% of Group revenue

- Unleashing full potential of compound semiconductors
- Growing demand for bandwidth
- Faster computers & devices
- Universal connectivity
- Green economy

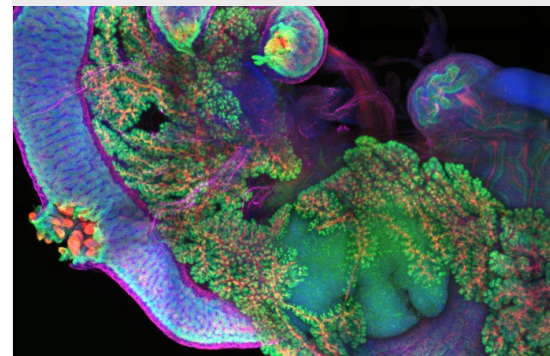


Healthcare & Life Science

£43.4m
+22%

21% of Group revenue

- Improved treatments & vaccines
- Personalised medicine & therapies
- Reduced development timelines & costs
- Ageing population

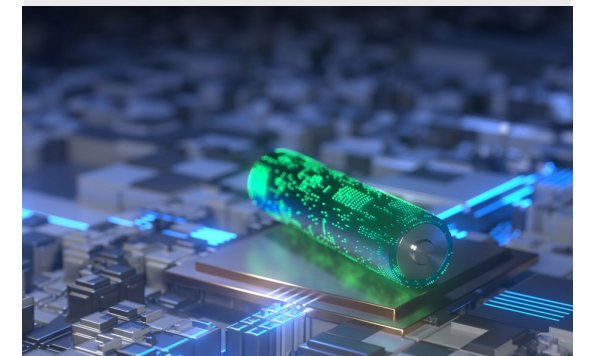


Other

£41.9m
-3%

20% of Group revenue

- Energy & Environment
- Quantum Technology
- Research & Fundamental Science



Finance review

Gavin Hill

Chief Financial Officer

Income statement

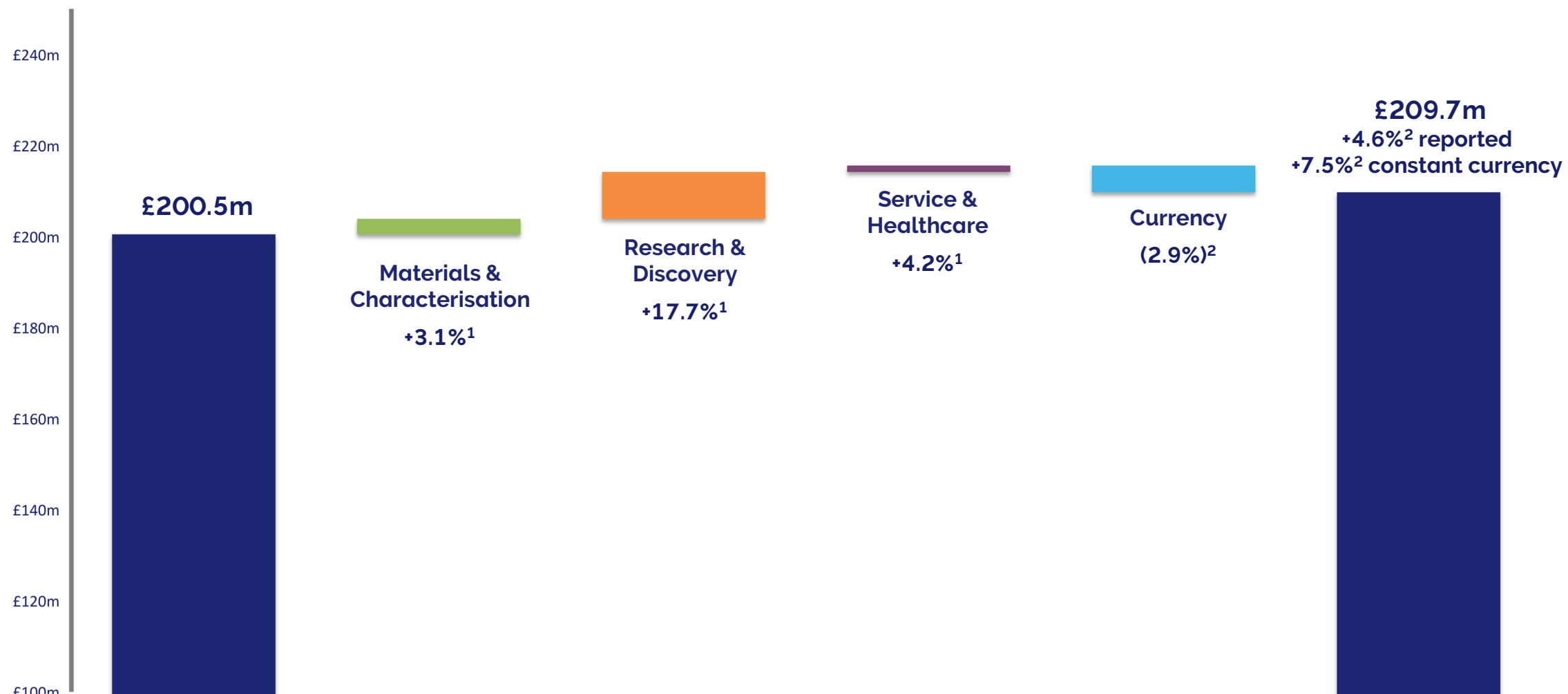


£m	HY 2023/24	HY 2022/23	Reported change	Constant currency change
Revenue	209.7	200.5	+4.6%	+7.5%
Adjusted ¹ operating profit	36.5	36.8	(0.8%)	+6.5%
Amortisation of acquired intangibles	(4.6)	(4.3)		
Non-recurring items	(0.9)	(0.1)		
Mark-to-market movement of currency hedges	(2.4)	(6.1)		
Statutory operating profit	28.6	26.3	+8.7%	
Net finance costs ²	1.0	0.3		
Adjusted ¹ profit before taxation	37.5	37.3	+0.5%	
Statutory profit before taxation	29.6	26.6	+11.3%	
Adjusted ¹ effective tax rate	24.0%	21.4%		
Adjusted ¹ basic earnings per share	49.4p	50.8p	(2.8%)	
Dividend per share (interim)	4.9p	4.6p	+6.5%	

¹ Adjusted items exclude the amortisation of acquired intangible assets, non-recurring items, and the mark-to-market movement of financial derivatives

² Net finance costs for 2022/23 include a non-recurring charge of £0.2m against the unwind of discount on WITec contingent consideration

Revenue by sector



¹ Constant currency growth rate compared to prior year sector revenue

² Growth rate compared to prior year Group total revenue

Adjusted operating profit by sector



¹ Constant currency growth rate compared to prior year sector adjusted operating profit

² Growth rate compared to prior year Group total adjusted operating profit

Margin is calculated as adjusted operating profit divided by revenue. Margin at constant currency (CC) is defined as adjusted operating profit at constant currency divided by revenue at constant currency

Materials & Characterisation

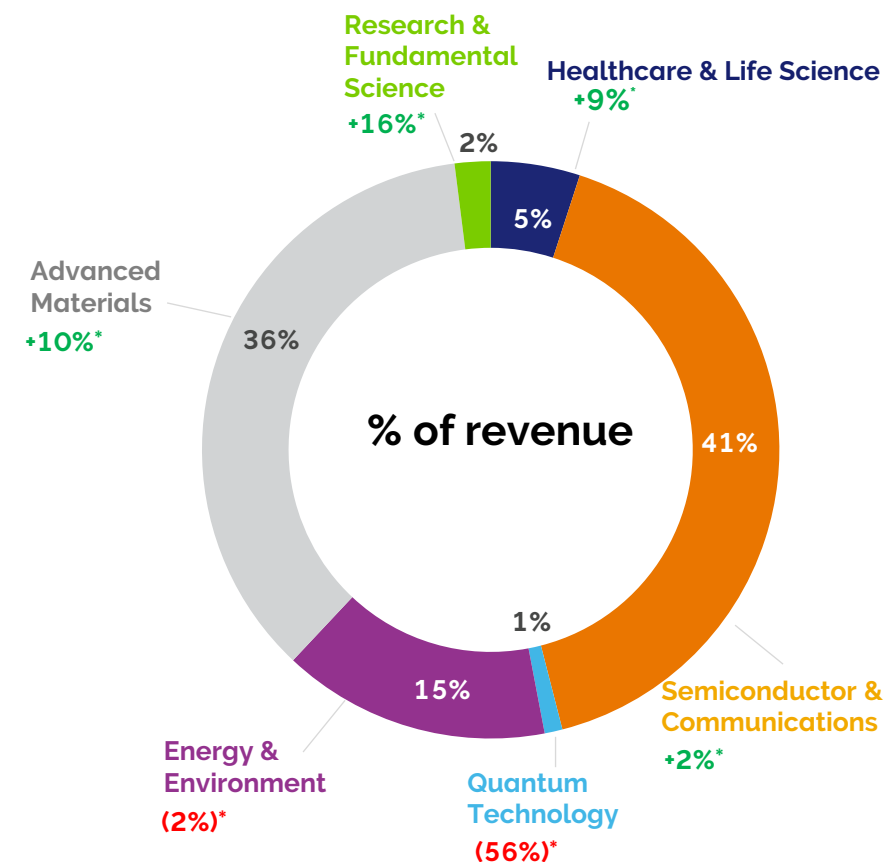
52% Group revenue (Academic: 48% Commercial: 52%)

	HY 2023/24 £m	HY 2022/23 £m	Growth	Constant currency growth
Orders	117.0	135.4	(13.6%)	(11.4%)
Revenue	109.3	108.7	+0.6%	+3.1%
Adjusted ¹ operating profit	17.4	18.9	(7.9%)	+0.5%
Adjusted ¹ operating margin	15.9%	17.4%		
Statutory operating profit	15.9	17.2	(7.6%)	

Key performance highlights

- Revenue growth across Semiconductor and Communications driven by investment in compound semiconductor processing systems
- Good revenue growth in Advanced Materials reflects breadth of use for our leading product ranges.
- Increase in order book with book-to-bill of 1.07 despite decline in orders due to short term export licence pivot and macroeconomic concerns

¹ Adjusted items exclude the amortisation and impairment of acquired intangible assets, other significant non-recurring items, and the mark-to-market movement of financial derivatives



* revenue growth over prior year at constant currency

Research & Discovery

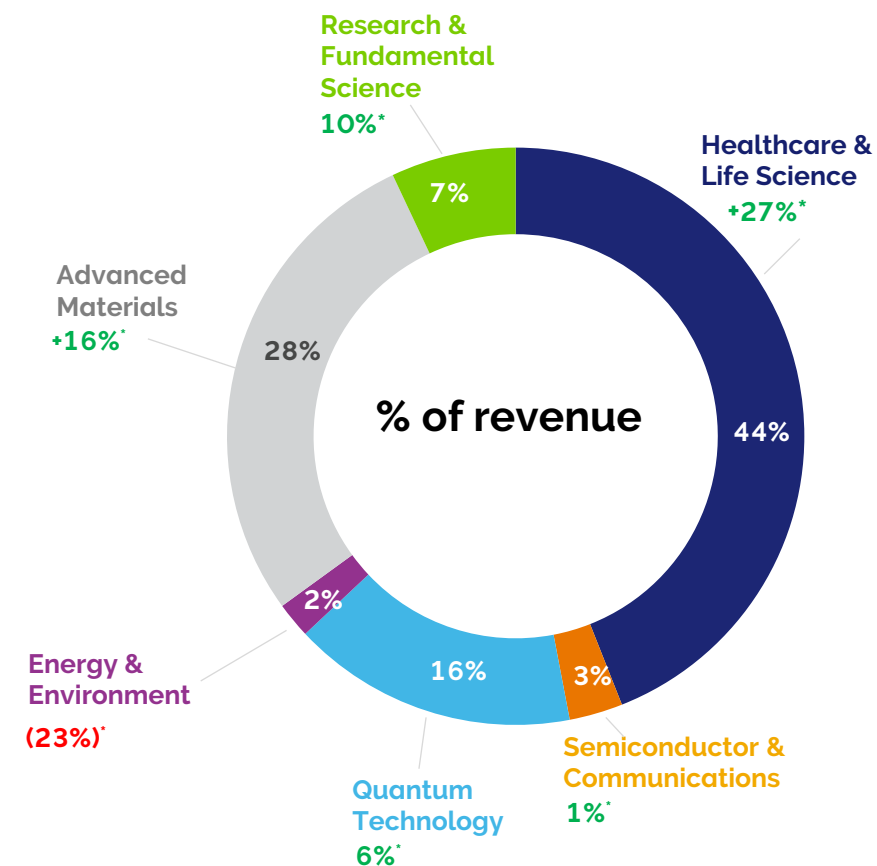
32% Group revenue (69% academic; 31% commercial)

	HY 2023/24 £m	HY 2022/23 £m	Growth	Constant currency growth
Orders	67.8	62.8	+8.0%	+10.0%
Revenue	66.6	58.1	+14.6%	+17.7%
Adjusted ¹ operating profit	9.6	7.0	+37.1%	+44.3%
Adjusted ¹ operating margin	14.4%	12.0%		
Statutory operating profit	5.6	3.9	+43.6%	

Key performance highlights

- Good revenue and order growth across Life Science with healthcare research driving demand for our imaging and microscopy products
- Good growth in OEM orders for our X-Ray tubes within Advanced Materials
- Growth in quantum computing and materials science research supports demand for cryogenic platforms.

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* revenue growth over prior year at constant currency

Service & Healthcare

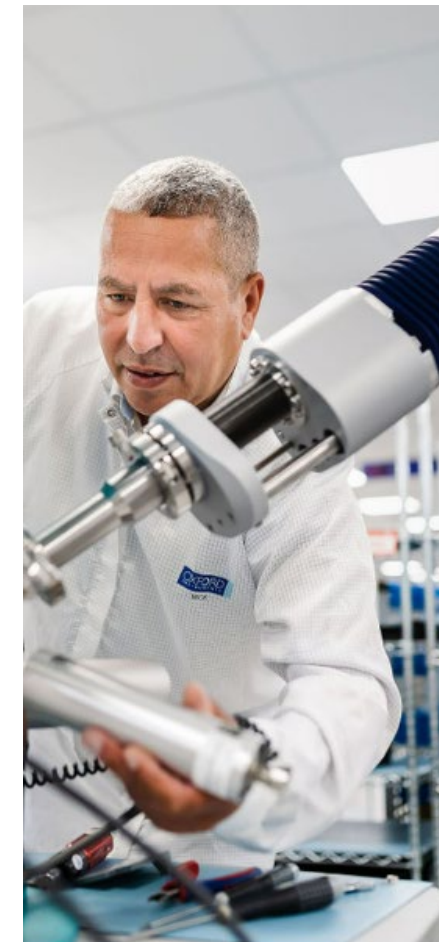
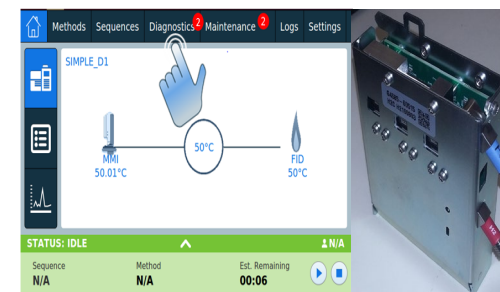
16% Group revenue

	HY 2023/24 £m	HY 2022/23 £m	Growth	Constant currency growth
Orders	39.5	37.1	+6.5%	+10.5%
Revenue	33.8	33.7	+0.3%	+4.2%
Adjusted ¹ operating profit	9.5	10.9	(12.8%)	(7.3%)
Adjusted ¹ operating margin	28.1%	32.3%		
Statutory operating profit	9.5	11.3	(15.9%)	

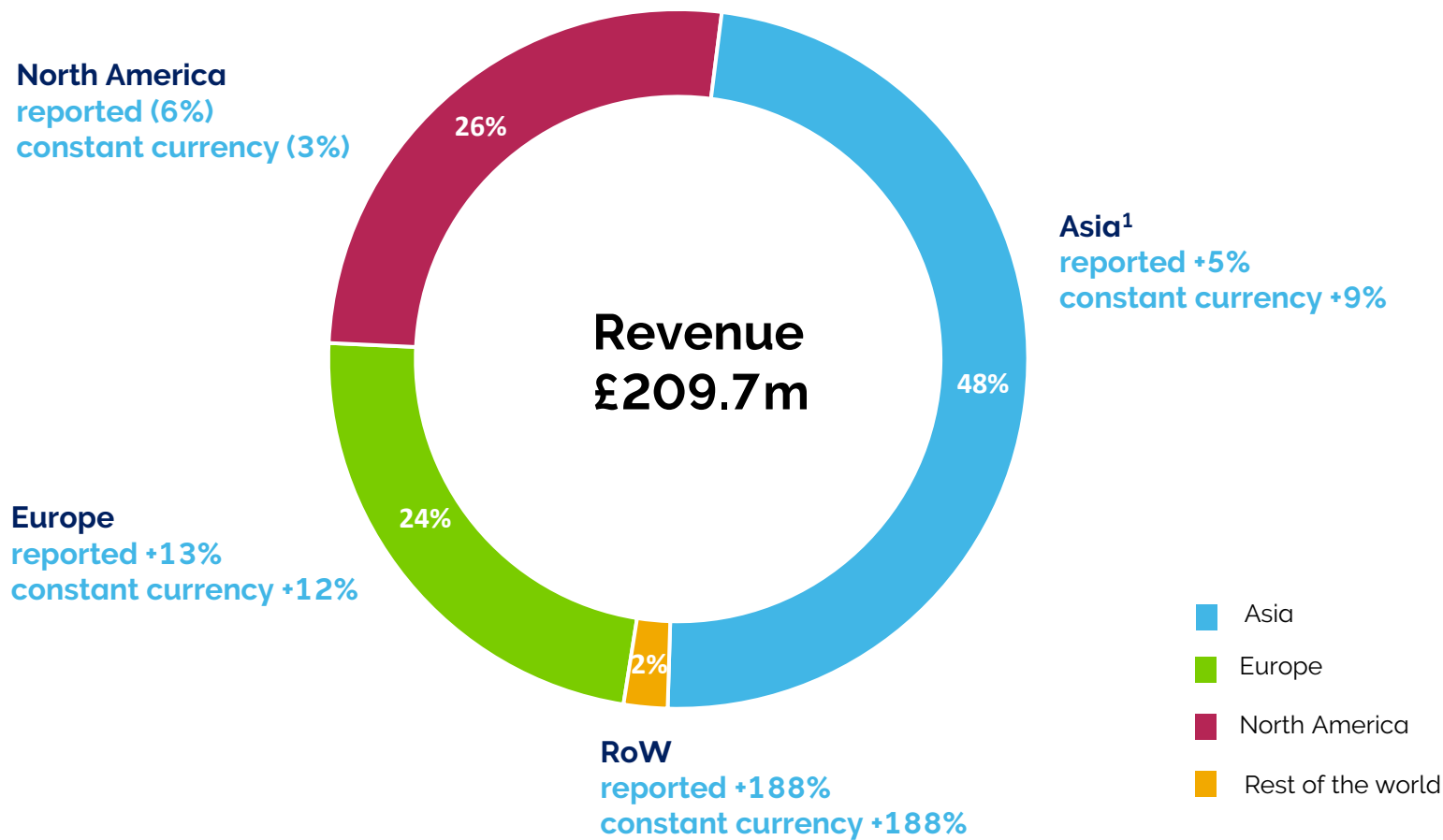
Key performance highlights

- Good growth related to our own products, supported by implementation of a regionally led service model
- Quality service and support provided for our MRI healthcare customers in Japan. Profit impacted by increase in helium and parts costs.

¹ Adjusted items exclude the amortisation and impairment of acquired intangible assets, acquisition items, other significant non-recurring items, and the mark-to-market movement of financial derivatives



Revenue and order growth by region



Order growth

Europe
reported +11%
constant currency +10%

North America
reported (12%)
constant currency (8%)

Asia
reported (9%)
constant currency (5%)

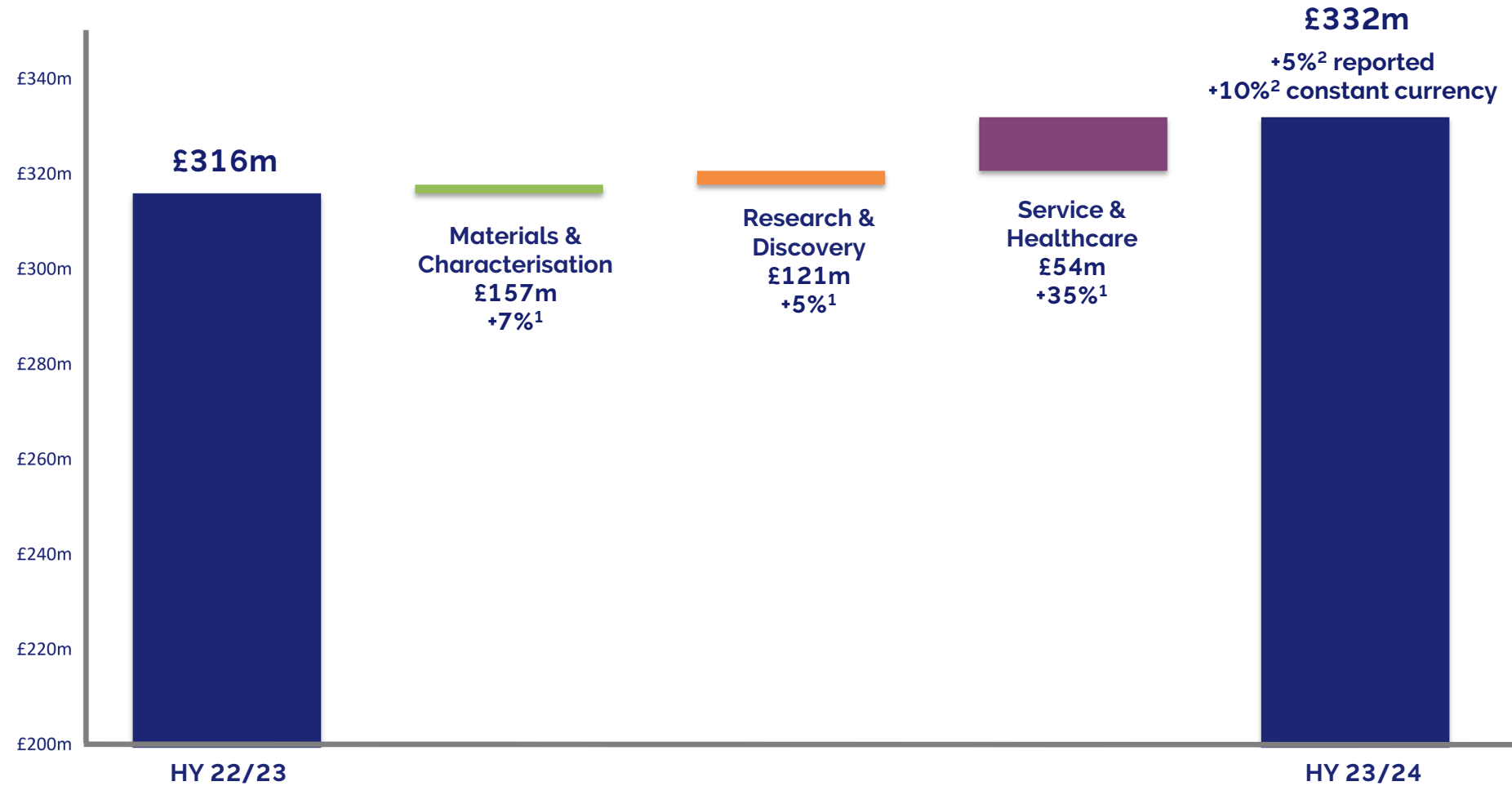
Rest of the world
reported 8%
constant currency 5%

Book-to-bill ratio

HY 23/24: 1.07
HY 22/23: 1.17

¹ China constitutes 64% of total Asia revenue. China constant currency revenue grew 18% in the year

Order book by sector



¹ Constant currency growth rate compared to prior year sector order book

² Growth rate compared to prior year Group total order book

Cash flow



¹ Cash conversion (normalised) of 41% excludes expenditure on our new semiconductor facility (incl. pre-move costs) other facility expansion, and the working capital impact of export licence rejections and delays

FX sensitivity

Adverse currency impact in the half year: Revenue: (£5.9m) ; AOP: (£2.7m)

Estimated full year 2023/24 currency impact

- Assuming current hedges as at 30/09/23 and no change from current forecast rates, approximate currency sensitivity against 2022/23:
Revenue: (£11.8m) ; AOP: (£3.1m)
-

Estimated full year 2024/25 currency impact

- Assuming no change from current rates, currency sensitivity against 2023/24: Revenue: +£2.2m ; AOP: (£2.8m)
-

Uncertain volume and timing of shipments and acceptances, currency mix and FX volatility, may significantly affect forecast currency outcomes

Note:

Current rates: GBP: USD - 1.23; GBP: EUR - 1.15; GBP: JPY - 185

Exciting opportunities

Accelerating growth

- Focus on most attractive opportunities within strong structural growth markets
- Drive more sales from existing capabilities
- Develop service opportunity
- Selective M&A

Improving margins

- Optimise operating framework
- Supply chain improvement
- Sharing best practice across the Group
- Reduce complexity, simplify and enhance customer and team experience

Finance summary

Constant currency adjusted operating profit growth of 6.5% after investment

Increased spend on R&D to 9.4% of sales

Cash flow impacted by capacity investments and export licence impacts; normalised cash flow expected to improve in the second half

Growth in interim dividend of 6.5% highlights confidence in future

Net cash of £79.1m provides strong balance sheet to support future growth through organic investment and acquisition opportunities

Our strong order book and normal seasonal second half weighting support unchanged expectations for the full year

Looking ahead

Well positioned in structural growth markets evidenced in H1 performance

- Life Sciences up 22%; Advanced Material analysis up 12%; robust performance in semiconductors up 2% supported by significant compound semiconductor exposure
- Growth driven from Europe and Asia; early signs of pivot in China are positive, 18% revenue growth and 4% growth in orders
- Positive book-to-bill and 10% order book growth providing good visibility for H2

Exciting opportunities from strong fundamentals

- Accelerating growth from existing product portfolio and new product pipeline
- Margin improvement from improvements in operating framework, supply chain efficiency



Thank you

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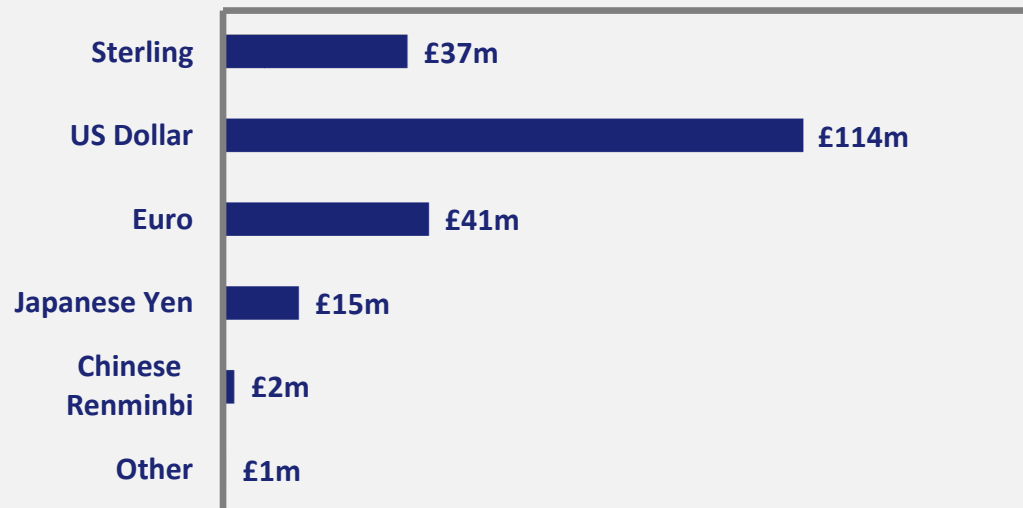
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Appendix

Currency exposure

Revenue (£m equivalent)



Adjusted operating profit (£m equivalent)

