



# 2024/25 half-year results presentation

12 November 2024

**Richard Tyson**, CEO

**Gavin Hill**, CFO



# Good H1 performance, positive momentum into H2 good progress on strategic priorities

## What we'll cover today:

- First half performance highlights
- Finance update
- Strategic progress
- Your questions

## Good H1 performance with positive momentum into second half

10.4% revenue growth\*: supported by both divisions and underpinned by market-leading technology

Strong performance in materials analysis and semiconductor offsetting healthcare & life science weakness

Group adjusted operating profit up 3.6%\* driven by Imaging & Analysis (up 5.4%, with margin maintained at over 24%)

16.3% margin (HY23/24 17.4%)\*, as anticipated, reflects mix effect and ongoing investment

Positive underlying book-to-bill, strong order book provides good visibility to H2



Strong growth in  
USA; Asia growth  
offsets China pivot



Imaging & Analysis  
operational  
transformation on  
track, making good  
progress in Belfast



Group-wide  
organisation  
simplification and  
streamlining well  
underway; key new  
hires made



Clear line of sight  
to profitable full  
year in Advanced  
Technologies



Progress underlines confidence in improved returns over the medium term



# Finance update

Gavin Hill, CFO



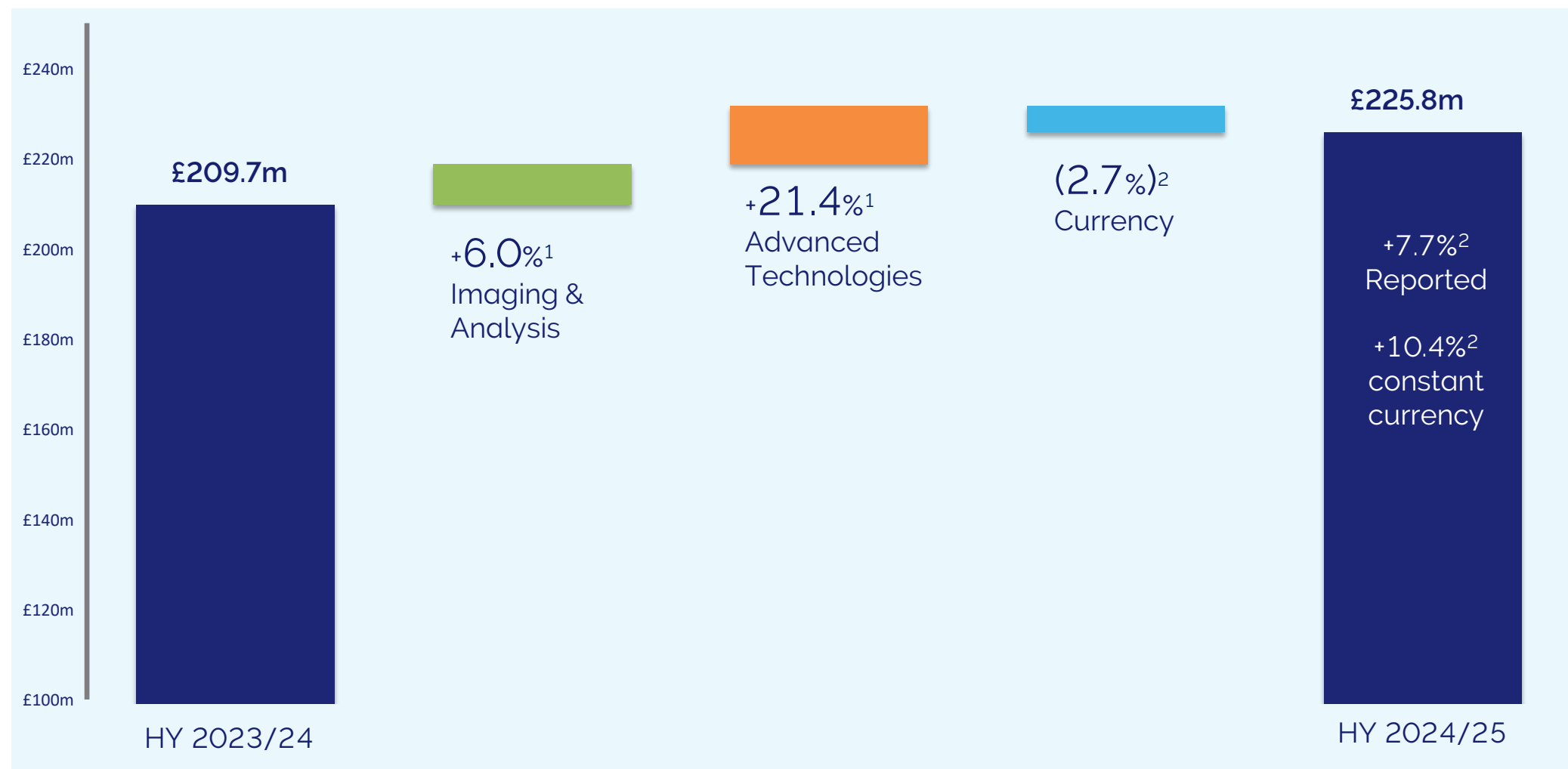
# Consolidated statement of income

£m	H1 2024/25	H1 2023/24	Reported change	Constant currency change
Revenue	<b>225.8</b>	209.7	+7.7%	+10.4%
Adjusted <sup>1</sup> operating profit	<b>33.9</b>	36.5	(7.1%)	+3.6%
Amortisation of acquired intangibles	<b>(4.7)</b>	(4.6)		
Non-recurring items	<b>(0.8)</b>	(0.9)		
Mark-to-market movement of currency hedges	<b>2.7</b>	(2.4)		
Statutory operating profit	<b>31.1</b>	28.6	+8.7%	
Net finance costs <sup>2</sup>	<b>0.6</b>	1.0		
Adjusted <sup>1</sup> profit before taxation	<b>34.6</b>	37.5	(7.7%)	
Statutory profit before taxation	<b>31.7</b>	29.6	+7.1%	
Adjusted <sup>1</sup> effective tax rate	<b>25.1%</b>	24.0%		
Adjusted <sup>1</sup> basic earnings per share	<b>44.7p</b>	49.4p	(9.5%)	
Interim dividend per share	<b>5.1p</b>	4.9p	+4.1%	

<sup>1</sup> Adjusted items exclude the amortisation and impairment of acquired intangible assets, acquisition items, business reorganisation costs, other significant non-recurring items, and the mark-to-market movement of financial derivatives

<sup>2</sup> Net finance costs for 2024/25 include a charge of £0.1m against the unwind of discount on acquisition contingent consideration

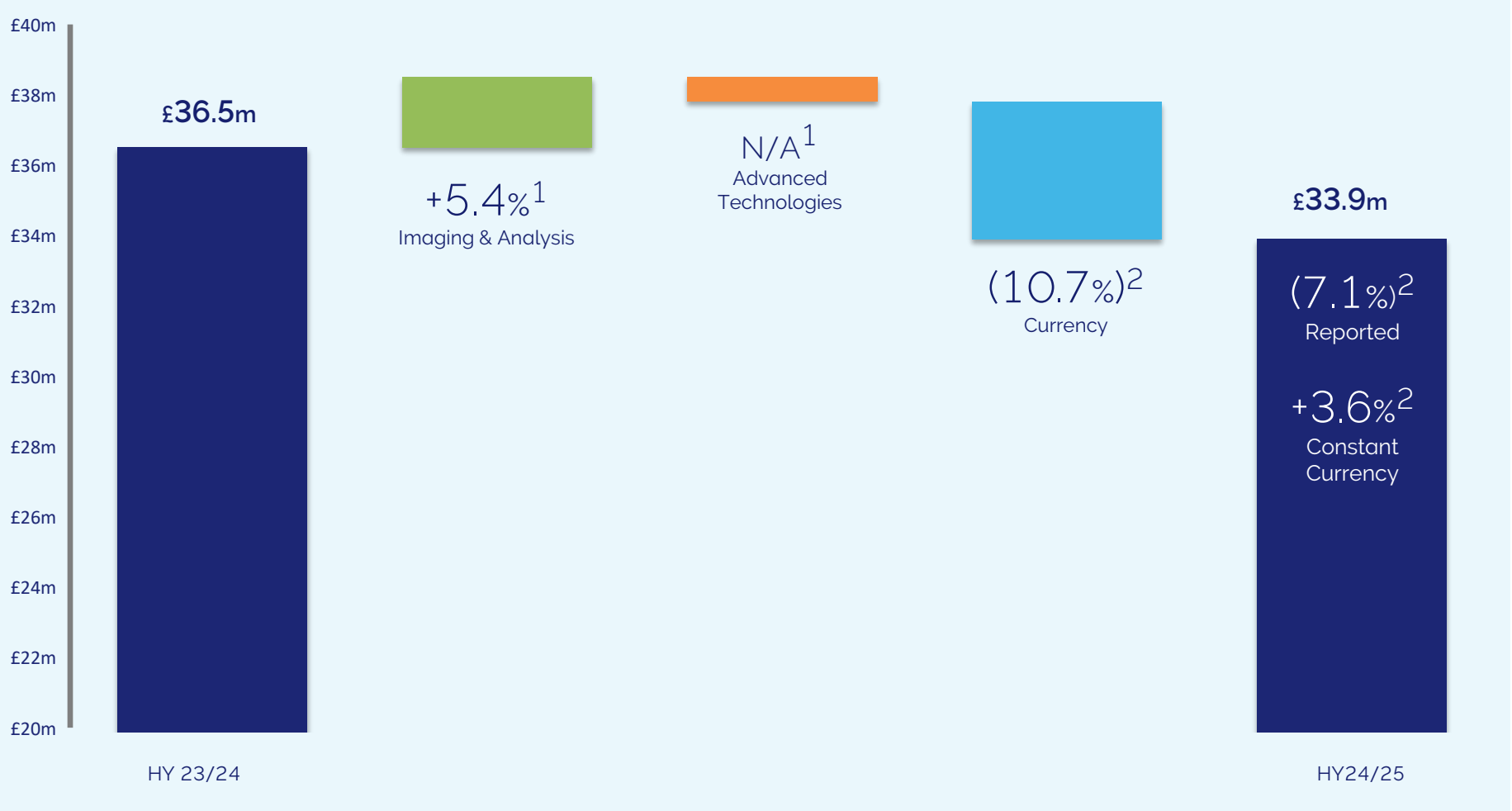
## Revenue by division



<sup>1</sup> Constant currency growth rate compared to prior year sector revenue

<sup>2</sup> Growth rate compared to prior year Group total revenue

# Adjusted operating profit by division



## Imaging & Analysis

24.6%

CC margin  
HY24/25

24.8%

Margin HY23/24

## Advanced Technologies

(1.6%)

CC margin  
HY24/25

(0.8%)

Margin HY23/24

## Group

15.0%

Margin HY24/25

17.4%

Margin HY23/24

16.3%

CC margin HY24/25

<sup>1</sup> Constant currency growth rate compared to prior year sector AOP

<sup>2</sup> Growth rate compared to prior year Group total AOP

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



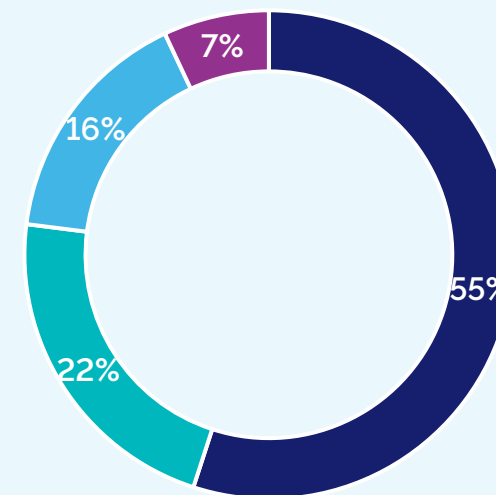
	HY2024/25 £m	HY2023/24 £m	Change %	Constant currency change %
Orders	157.5	152.8	+3.1%	+6.0%
Revenue	153.9	149.4	+3.0%	+6.0%
Adjusted <sup>1</sup> operating profit	35.9	37.0	(3.0%)	+5.4%
Adjusted <sup>1</sup> operating margin	23.3%	24.8%	(150bps)	(20bps)
Statutory operating profit	31.2	32.0	(2.5%)	+7.2%

## Key performance highlights:

- Strong revenue growth across materials analysis driven by demand for electron microscopy products across commercial customers.
- Good growth across semiconductor reflects demand for electron microscopy products, Raman and AFM systems.
- Revenue decline in healthcare & life science due to market softness and OEM de-stocking. Orders in this segment were broadly flat; expect improvement in H2. Costs rebased.
- Margins held at constant currency; decline of 150bps due to currency headwind.

<sup>1</sup> Adjusted items exclude the amortisation and impairment of acquired intangible assets, acquisition items, business reorganisation costs, other non-recurring items, and the mark-to-market movement of financial derivatives

## End market by revenue (%)



## Imaging & Analysis

Materials Analysis	+12% CC <sup>1</sup>
Healthcare & Life Science	(17%) CC <sup>1</sup>
Semiconductor	+39% CC <sup>1</sup>
Other (including quantum)	+2% CC <sup>1</sup>

<sup>1</sup> Revenue growth at constant currency

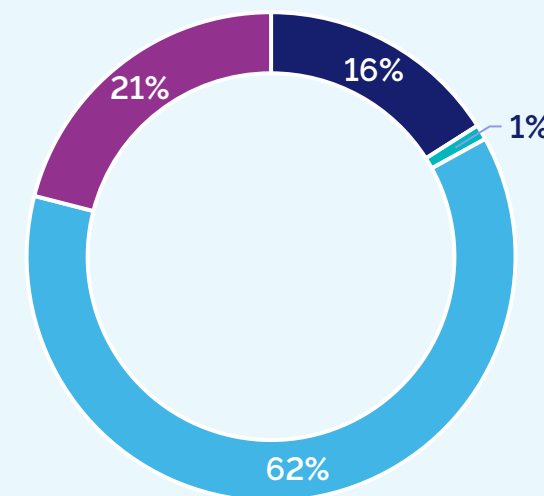
	HY2024/25 £m	HY2023/24 £m	Change %	Constant currency change %
Orders	67.1	71.5	(6.2%)	(4.8%)
Revenue	71.9	60.3	+19.2%	+21.4%
Adjusted <sup>1</sup> operating loss	(2.0)	(0.5)	-	-
Adjusted <sup>1</sup> operating margin	(2.8%)	(0.8%)	-	-
Statutory operating loss	(2.6)	(1.0)	-	-

## Key performance highlights:

- Revenue growth across semiconductor driven by investment in compound semiconductor processing systems across industry and academia.
- Good progress on large quantum contract with first deliveries made in H1 and significant milestones achieved.
- Small order decline reflects phasing of large quantum orders.
- Small increase in half year loss due to absorption of additional compound semiconductor site costs and additional stock provision to reflect standardisation of policy across the Group.
- Strong order book for compound semiconductor market, and a continuation of milestone achievements and deliveries to the quantum market, support a return to profitability at full year.

<sup>1</sup> Adjusted items exclude the amortisation and impairment of acquired intangible assets, acquisition items, business reorganisation costs, other non-recurring items, and the mark-to-market movement of financial derivatives

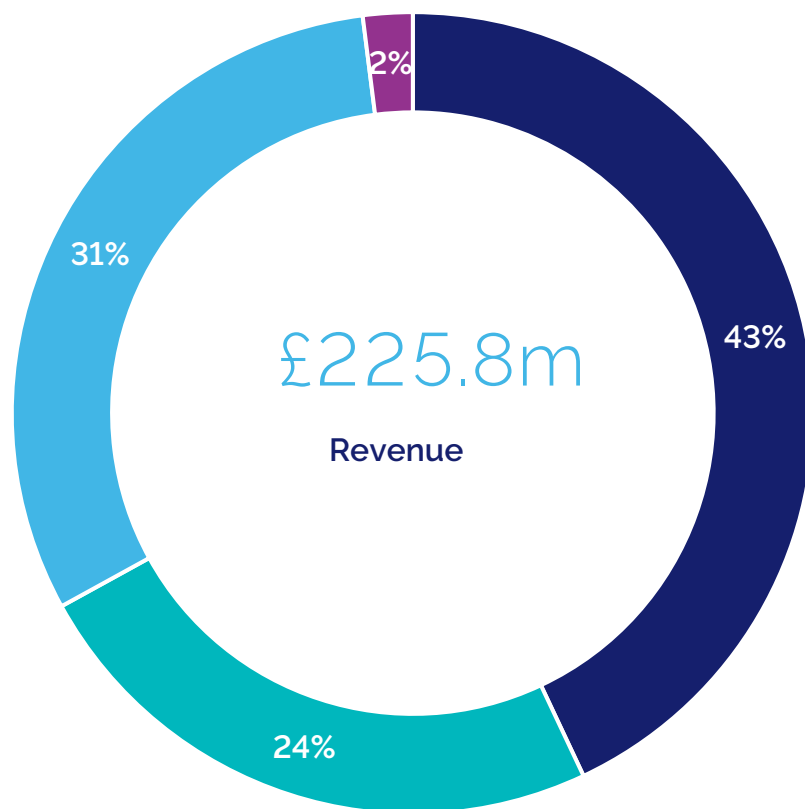
## End market by revenue (%)



## Advanced Technologies

Semiconductor	+21% CC <sup>1</sup>
Other (including quantum)	+51% CC <sup>1</sup>
Materials Analysis	(3%) CC <sup>1</sup>
Healthcare & Life Science	(13%) CC <sup>1</sup>

<sup>1</sup> Revenue growth at constant currency



■ Europe
 ■ North America
 ■ Asia
 ■ RoW

<sup>1</sup> Normalised for prior year orders cancelled due to export licence restrictions

## Order growth

### Europe

(13%)

Reported

(12%)

Constant currency

### North America

+18%

Reported

+20%

Constant currency

### Asia

(1%)

Reported

+2%

Constant currency

### RoW

+7%

Reported

+7%

Constant currency

## Revenue

### Europe

+9%

Reported

+11%

Constant currency

### North America

+29%

Reported

+32%

Constant currency

### Asia

(4%)

Reported

(2%)

Constant currency

### RoW

+4%

Reported

+7%

Constant currency

## Book-to-bill ratio

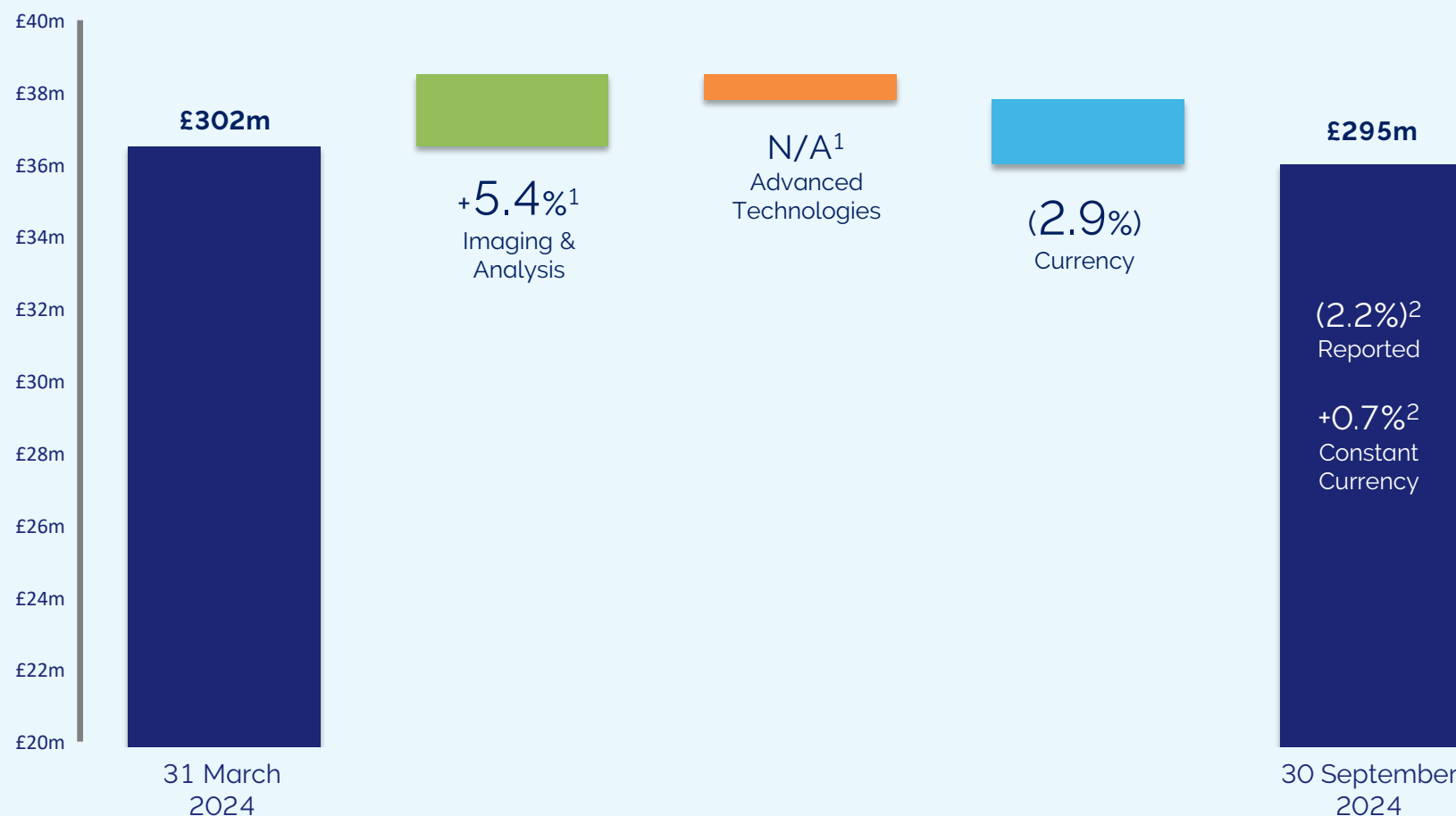
1.01<sup>1</sup>

HY24/25

1.07

HY23/24

## Order book by division



<sup>1</sup> Constant currency growth rate compared to prior year end divisional order book.

<sup>2</sup> Growth rate compared to prior year Group total order book.

# Consolidated statement of cash flows

## Cash conversion

(1%) + 17%<sup>1</sup>

HY23/24: (21%) + 41%<sup>1</sup>

## Working capital

(£29.6m)

HY23/24: £31.6m outflow

## Capex

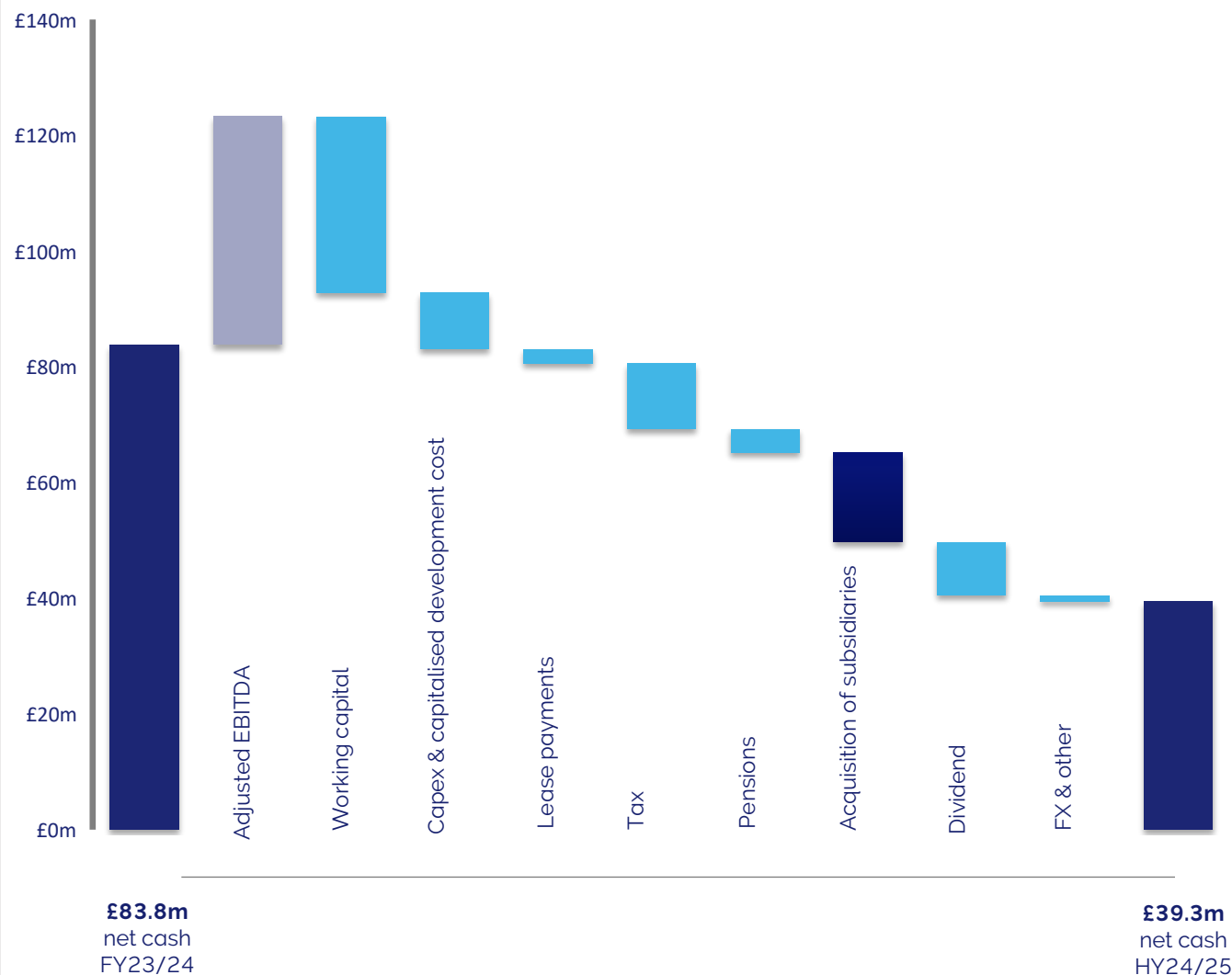
£8.8m

HY23/24: £16.7m

## Capitalised development costs

£0.7m

HY23/24: £0.3m



## Adj effective tax rate

25.1%

HY23/24: 24.0%

## Pension asset

£19.2m

FY23/24: £16.1m

## Dividend

£9.2m

HY23/24: £0.0m

## Net cash including lease liabilities

£8.1m

HY23/24: £44.3m

<sup>1</sup> Cash conversion (normalised) of 17% excludes expenditure on our new semiconductor facility and repayment of customer deposits due to UK export licence refusals. Includes cash impact due to timing of quantum long-term contract.



**Adverse currency impact in the half year: revenue: £5.8m; adjusted operating profit: £3.9m**

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### **Estimated full year 2024/25 currency impact**

- Assuming current hedges and no change from current forecast rates, approximate currency sensitivity against 2023/24: revenue (£13.3m); AOP (£8.3m)
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### **Estimated full year 2025/26 currency impact**

- Assuming current and expected hedges, and no change from current forecast rates, approximate currency sensitivity against 2024/25: revenue (£2.2m); AOP (£2.8m)

**Uncertain volume and timing of shipments and acceptances, currency mix and FX volatility, may significantly affect full year currency impact outcomes**

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*Note: Forecast currency rates: GBP:USD - 1.30; GBP:EUR - 1.20; GBP:JPY - 199*

### Order growth at constant currency

Orders up 3% in the period

Good CC revenue growth of **10%**; operating **margin 16.3%**, reflecting the mix effect of stronger revenue growth from Advanced Technologies

**Strong CC margin of >24% maintained** in Imaging & Analysis

**Currency headwind** in the year; further headwind expected in **H2**

**Operating cash** impacted by **timing**, conversion expected to **improve** in H2




Net cash of £39m provides **strong balance sheet**. Net cash expected to increase in H2 with working capital reduction

# Progress on strategic priorities

Richard Tyson, CEO



Strong revenue growth in materials analysis and semiconductor; healthcare & life science weaker but orders stabilised. Other 11% includes quantum, with strong performance in the half and further growth anticipated in H2

Three key markets:	HY 24/25 revenue	Medium-term growth opportunity	% group revenue	Current market dynamics
 <b>Materials analysis</b>	+10% CC	4-7% market growth pa	42%	<ul style="list-style-type: none"> <li>Structural materials, metals, alloys and composites</li> <li>Energy applications such as development of improved green energy</li> </ul>
 <b>Semiconductors</b>	+27% CC	6-9% market growth pa	31%	<ul style="list-style-type: none"> <li>Silicon semi applications in quality assurance and failure analysis in production settings</li> <li>Compound semi applications in next gen data comms, power devices, and augmented reality</li> </ul>
 <b>Healthcare &amp; life science</b>	(17%) CC	8-12% market growth pa*	16%	<ul style="list-style-type: none"> <li>Bioimaging, neuroscience, life science research and equipment for core imaging facilities</li> <li>Weaker demand from OEMs and pharma</li> </ul>

\* Market growth opportunities refer to applied R&D and production and testing; market size - our addressable market annually  
Source: SDi/Gartner

Medium-term growth targets remain in place

## Imaging & Analysis

Good to great

## Advanced Technologies

Fix, improve and grow

### Capabilities

Leading range of microscopy, scientific cameras, spectroscopy and associated analytical tools and software

Compound semiconductor fabrication equipment  
Cryogenic and magnet technology for quantum and advanced materials research

### The opportunity\*

#### Current

**c.£328m**  
FY 24 revenue

**22-24%**  
AOP margin  
recent history

#### Medium-term

**23-25%**  
AOP margin\*

#### Current

**c.£142m**  
FY 24 revenue

**0-4%**  
AOP margin  
recent history

#### Medium-term

**10-12%**  
AOP margin\*

### The plan

#### Excellent business and good track record

- Share best practice across businesses and regions
- Standardise processes
- Improve operating efficiency

#### Focus business on critical actions

- Extract full growth and margin potential from compound semiconductor and new facility
- Fix and improve Quantum business
- Improve operational performance and efficiency



## Strong growth concentrated on North America; positive progress on Asia pivot

### North America focus drives growth

**32%**revenue  
growth vs  
H1 23/24**20%**order  
growth  
vs H1 23/24**31%**growth in  
win rate  
vs H1 23/24

#### Actions taken to:

- Build bench strength
- Bolster sales team
- Improve lead quality and conversion

### Rest of Asia growth offsets China pivot

- £36.7m Group revenue growth outside China
- Strong growth in rest of Asia, with revenue up by £13.2m (+36%) and orders up £10.9m (+23%) vs H1 23/24
- Underlying positive book-to-bill of 1.06
- Rebalancing taking effect: China now represents 22% of Group revenue vs 31% at HY23/24

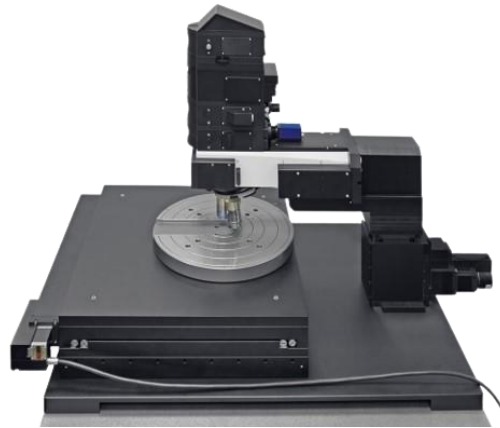
## Imaging &amp; Analysis

Unity adoption  
gathering pace

First academic paper on  
Unity cites **18x faster**  
image capture than  
previous technique

New Raman  
product launched

Special edition  
addresses  
semiconductor  
market



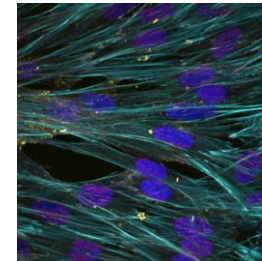
Sales already made to  
tier 1 customers in the  
US and Japan

Dragonfly range  
extended

Two new models  
extend capabilities



Microscopy  
growth  
underpins  
steady overall  
healthcare &  
life science  
order profile



## Advanced Technologies

New atomic layer  
deposition system  
gaining traction

Supporting next  
generation power, 2D  
and quantum devices



Four times acceleration in  
nitride growth rate

### Four business units integrated into one



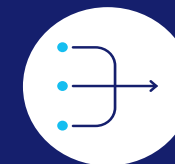
- Single P&L and executive team created
- Single shared development roadmap established

### Cost management and streamlining delivered



- Teams delayered
- Belfast facility rightsized to reflect reduced life science demand and operational capacity improvements

### Marketing function consolidation underway




- Improved go-to-market strategy
- Greater focus on three core market segments
- Duplication removed

## Wave 1 has revealed more operational issues than anticipated – with corresponding opportunity


### Fundamentals of performance management



 20% increase in output & 31% increase in productivity per FTE to date


### Shop floor reorganisation and process optimisation



 Reconfiguring to improve clean room performance and process flow, and reduce lead times


### Root cause problem solving introduced



 27% reduction of total in-process camera failures (NCPs) so far

### Sales inventory operations planning



 10% reduction in inventory expected by year end FY24/25

**Potential benefit** from Wave 1: **c. £2.5m** and **20% reduction** in **inventory**



Wave 2 begins January 2025, with one team remaining in Belfast and a second team deployed in Advanced Technologies' quantum facility to accelerate its operational transformation



Belfast programme continues, with focus moving to microscopy systems capability



Quantum facility programme to instil lean principles, address process flow and improve quality control



Focused actions to achieve full growth and margin potential in facilities selling low volume, complex systems into specialist compound semiconductor and quantum markets

### Compound semiconductor, Severn Beach

- Drive efficiency improvements from new facility as volume increases
- Simplify product range and organisation
- Deliver step change in service to meet market needs



### Quantum technology, Oxford

- Restructure cost base
- Pivot from China to other regions
- Create operating leverage from revenue
- Value engineer higher volume products to drive down cost



## Key wins and a record pipeline



Key sale into Nvidia supply chain for AI data centres



Strong leading indicators: demo requests up 60% year on year

## Operational progress



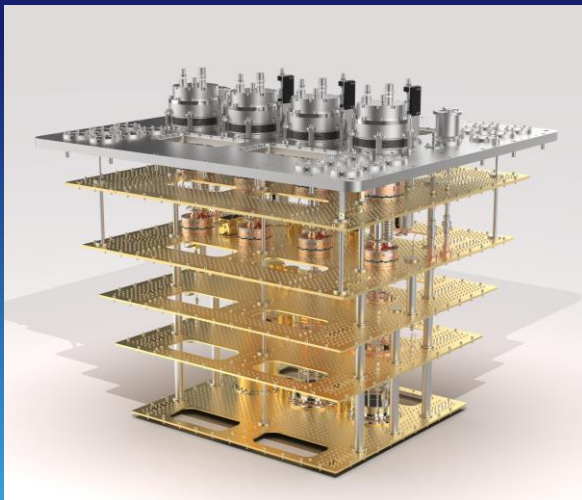
Clean room set to be fully operational by end of financial year



Modular approach supporting lead time improvements

Strong double digit revenue growth supporting expected margin improvement

**Significant technology milestone supporting quantum scaling for key tech customer**



- Order book rebuilt with good visibility following China exit
- Increased revenue from commencement of delivery of major project
- Operational execution support and tiger teams added
- Post-ERP implementation disruption stabilised
- £1.2m of costs removed

**Supporting roll out of commercial quantum data centres with key partner Oxford Quantum Circuits**



Advanced Technologies return to profitability expected for full year

Good half-year performance in a challenging market landscape

Both divisions making good progress; strong Imaging & Analysis margins and growth execution in Advanced Technologies

Seasonality and actions to drive H2 cash improvement

Strong order book, improvement actions and good momentum support full year outlook in line with expectations on a constant currency basis

Strategic actions well underway; on track to achieve medium-term targets







# Q&A

