

Full-year results presentation and strategy update

11th June 2024

Richard Tyson, CEO

Gavin Hill, CFO



Market-leading technology provides excellent platform for sustainable revenue growth and margin expansion

What we'll cover today:

- 2023/24 performance highlights
- Our strategy to grow Oxford Instruments
- Finance update 2023/24
- Your questions

Robust performance provides excellent platform for growth and margin expansion

Strong revenue growth: 9.8% at constant currency

Adjusted operating profit up 3.7% at constant currency

Positive underlying book-to-bill and good order book visibility

Action taken to pivot from sensitive markets in China: strong growth in Europe and South-East Asia

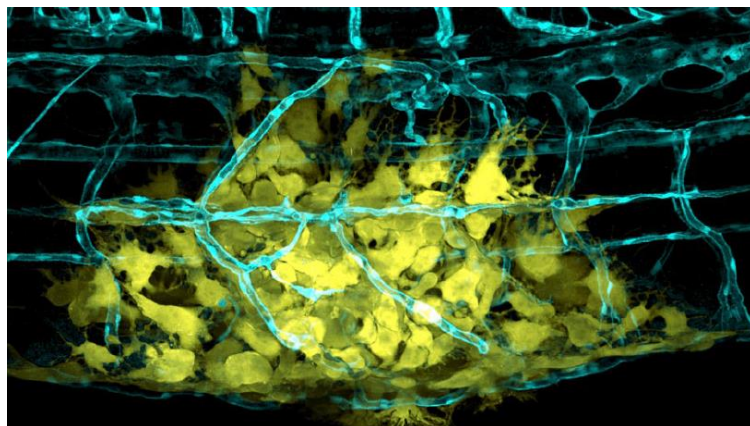
Continued investment for growth; Severn Beach site now operational

Strong net cash position: £84m



Oxford Instruments: Refreshed strategy through a new lens





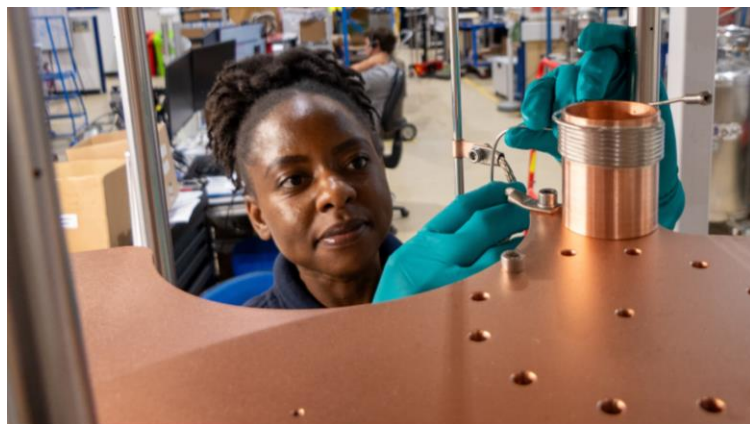
Exceptional technology and software

Well positioned in key structural growth markets

Strong team, unique expertise in scientific research and application engineering

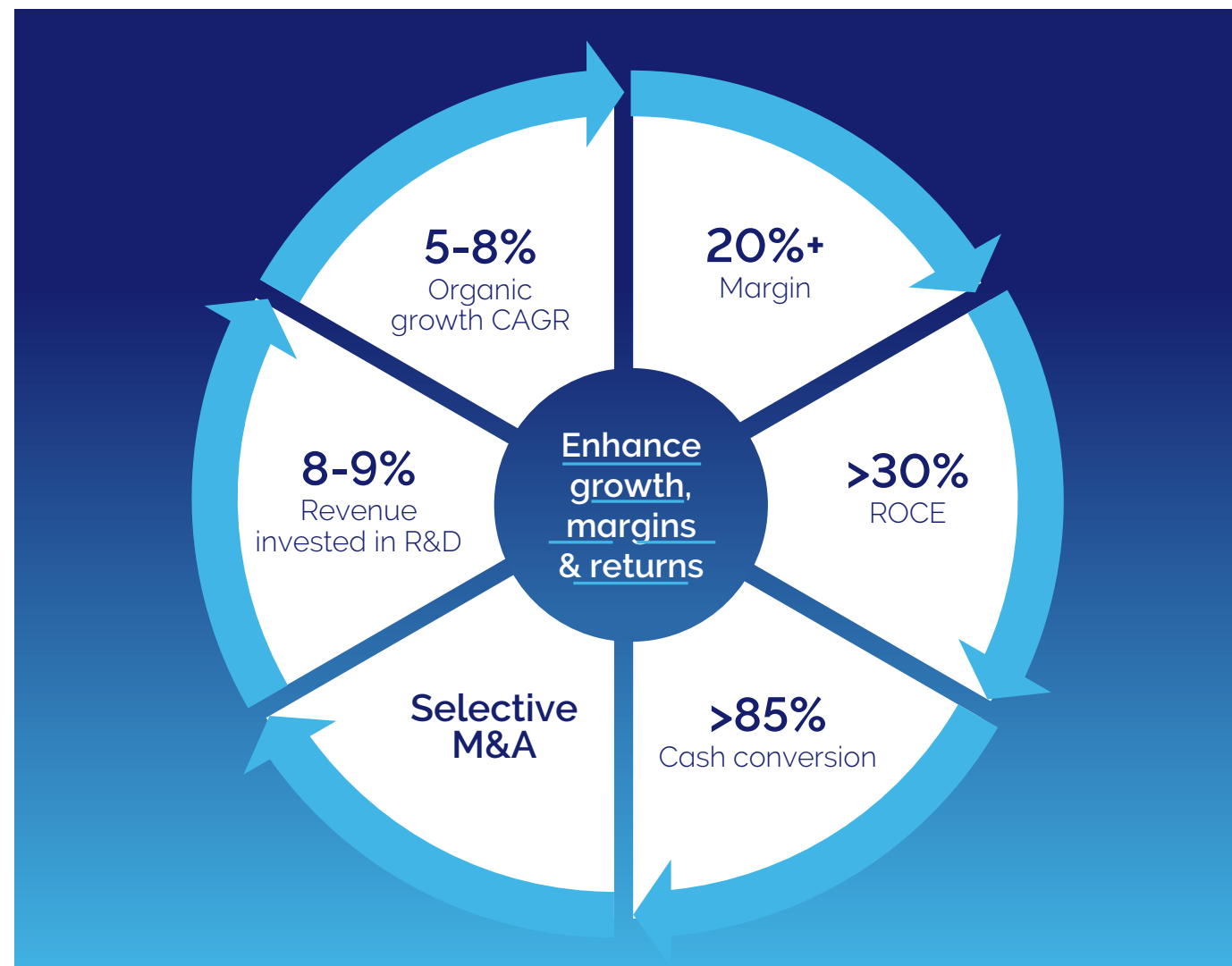
Well-invested with a strong innovation pipeline

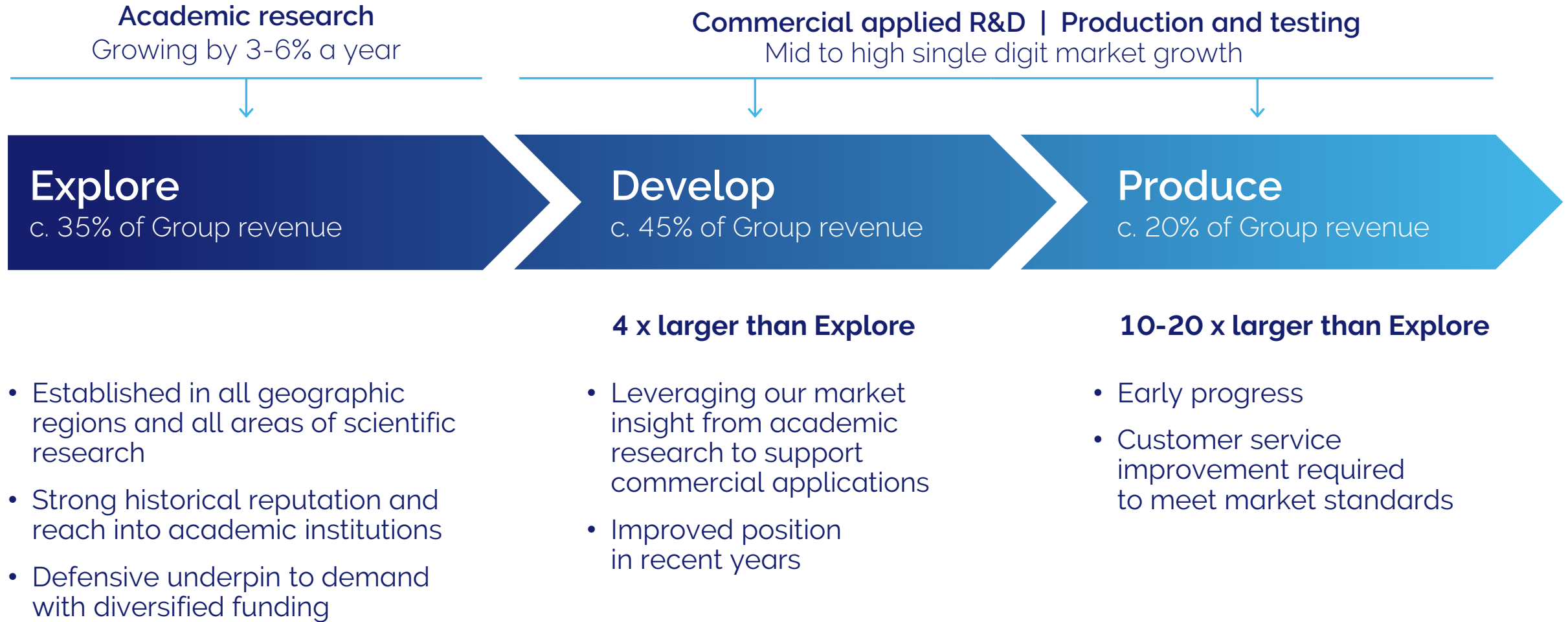
Opportunities to improve performance to support growth and margin enhancement



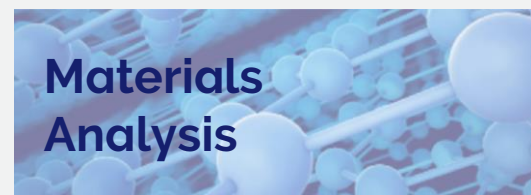
... significant value creation potential

- New simplified divisional structure
- Focus on 3 main markets: materials analysis, semiconductors and healthcare & life science
- Major operational improvement programme
- Step change in our customer performance
- Continue significant investment in technology
- Drive to net zero as we enable our customers to do the same





Three key structural growth end markets



Materials Analysis



4–7%
Market growth pa*

£1.2bn
Market size*

43%
% Group revenue

Structural drivers

- Supports advanced material development and sustainability progress
- Improved performance from finite resources



Semiconductors



6–9%
Market growth pa*

£1.5bn
Market size*

27%
% Group revenue

Structural drivers

- Enabling development of new compound semiconductors
- Growth in bandwidth, connectivity and faster devices
- Power efficiency and green economy



Healthcare & Life Science



8–12%
Market growth pa*

£2.0bn
Market size*

19%
% Group revenue

Structural drivers

- Improved treatments & vaccines; reduced cost of development
- Personalised medicine & therapies
- Ageing population

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

c.90% of Group revenues in three key markets exhibiting strong structural growth
Other 10% includes quantum: uncertain timing and technology, high potential

	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*	<div>Current</div> <div>c.£328m revenue</div> <div>22-24% AOP margin recent history</div>		<div>Current</div> <div>c.£142m revenue</div> <div>0-4% AOP margin recent history</div>	
	<div>Medium-term</div> <div>23-25% AOP margin*</div>		<div>Medium-term</div> <div>10-12% AOP margin*</div>	
The plan	Excellent business and good track record <ul style="list-style-type: none"> Share best practice across businesses and regions Standardise processes Improve operating efficiency 		Focus business on critical actions <ul style="list-style-type: none"> Extract full growth and margin potential from compound semiconductor and new facility Fix and improve Quantum business Improve operational performance and efficiency 	

Capabilities

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

Markets

Three key markets:

Materials Analysis

Semiconductors

**Healthcare &
Life Science**

Rationale

Similar smaller scale imaging and analysis equipment and analytical software tools

Common operating framework, routes to market, customer base

Greater cross-selling opportunities

Opportunity to leverage best practice and improve sales funnel and service performance

Opportunity for operational improvement, efficiency, capacity increase and value engineering

High margin products and analytical software, common routes to market ... Good to great

Capabilities

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

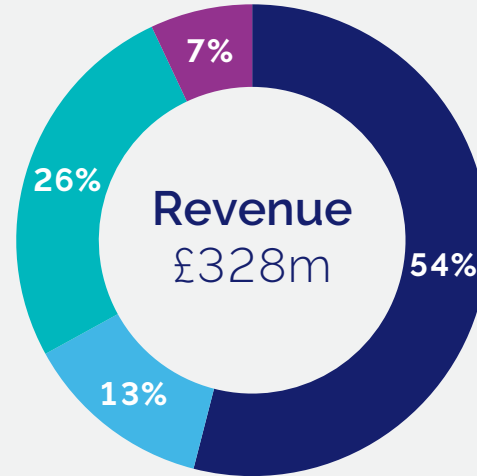
Markets

Three key markets:

Materials Analysis

Semiconductors

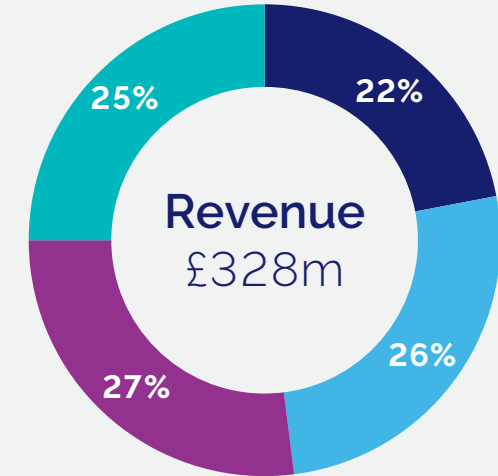
Healthcare & Life Science



End markets

- Healthcare & Life Science
- Semiconductors
- Materials Analysis
- Other

Pro-forma
indicative and
unaudited
FY23/24 numbers



Geographical reach

- EMEA
- North America
- China
- Rest of Asia

High margin products and analytical software, common routes to market ... Good to great

Sustainable growth

Improve sales and
service channels



Focus on our
strengths

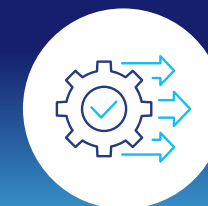


Optimise efficiency

Simplify the
organisation



Operational
performance
step change



Sustainable growth

Improve sales and service channels



- Deploy best practice sales framework by region
- Establish OI Services framework with Regional Service Centres
- Increase commercial sales and develop key account relationships

Focus on our strengths



- Continue investment in new products and software analytics
- Maximise opportunity from technology and current product range
- Focus teams on core market verticals: Materials Analysis, Semis, Life Sciences

Simplify the organisation



Create integrated business units

- Remove duplication, pace in action
- Standardisation of administration

Optimise efficiency

Operational performance step change



Deliver transformation programme driving:

- On-time delivery
- After-sales service responsiveness
- Standard manufacturing and supply chain framework
- Efficiency improvement and capacity creation

Camera value stream evaluation

Inefficient and highly bespoke testing software



Replace multiple software versions with new integrated solution

First-time pass rates currently averaging 30%



Strengthening procedures, quality control & performance management

Inefficient workstations limiting test throughput



Redesign to optimise footprint and output

Pilot indicates

c. **8 hours**

per camera to be saved

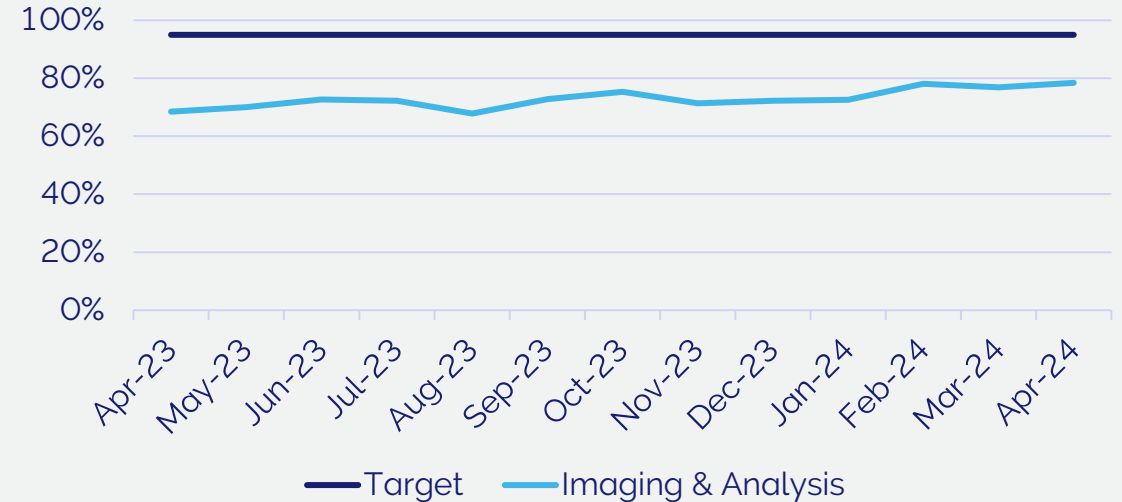
Initial target

Double pass rates

Prototype layout design

Doubles test capacity

Imaging & Analysis on-time delivery performance



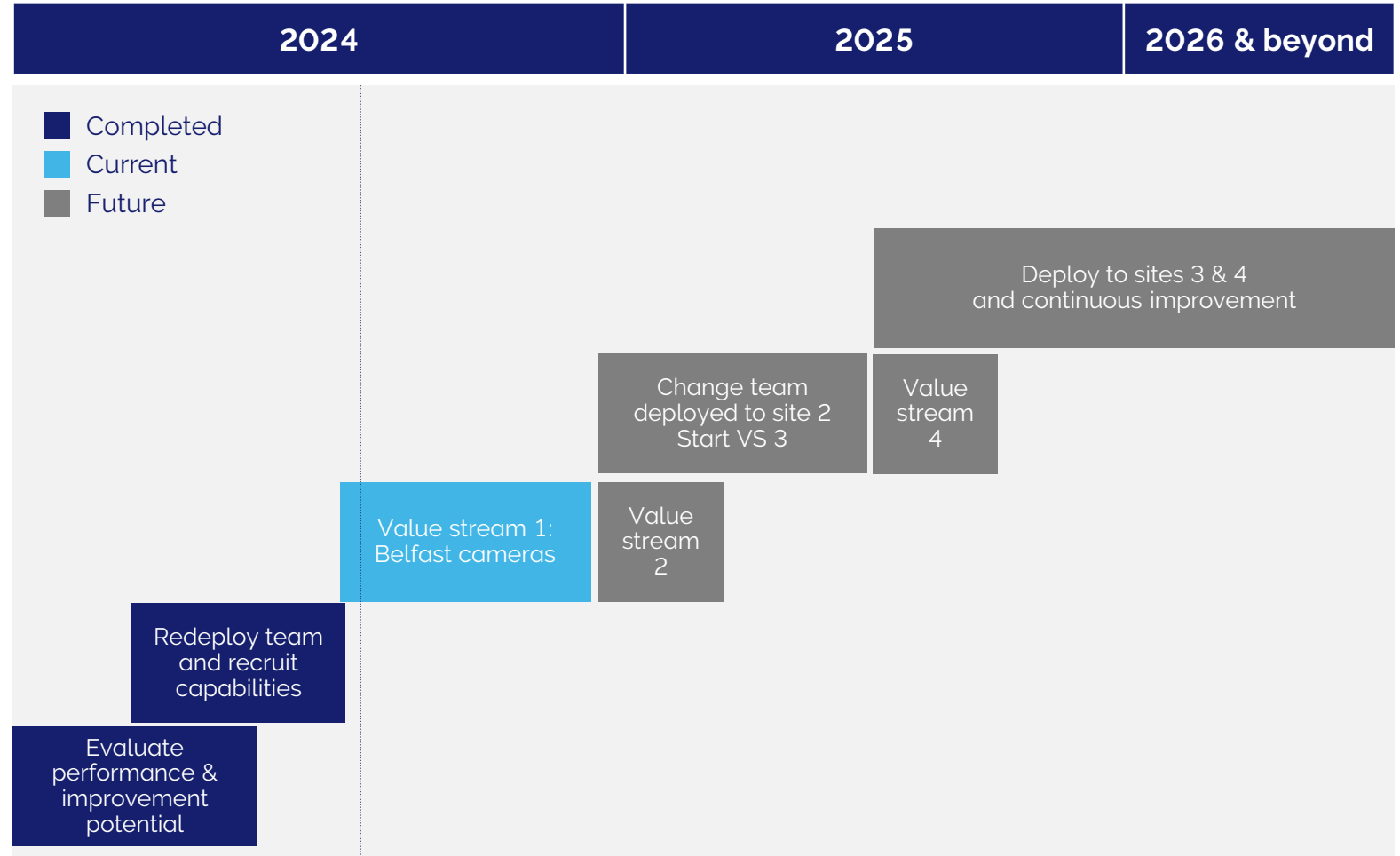
FY23/24 performance:
73% on time

Target:
95% on time

- Grow capacity and improve efficiency
- Improve on-time delivery and customer experience

Programme to transform manufacturing performance at all UK facilities

- Implement world-class lean manufacturing in a high-mix, low-volume environment
- Standardise production systems and performance management
- Optimise shop floor footprints and create flow
- Reduce product variation and increase labour efficiency
- Value stream 1: Belfast cameras
- Building capability in Belfast for subsequent roll out to sites 2, 3 and 4



Success story shows art of the possible: China (£127m sales)

New leadership and organisation changes from Q1 2021/22, including increased coverage, have driven a step change in performance in 3 years.



Sales

- Teams trained to cross sell across product portfolio
- Additional experts added for dedicated in-depth technical sales
- New Innovation Centres opened in Shanghai and Beijing

+75%
Sales per
head increase

+25% CAGR
Services revenue
2021-2023

NPS 80
Doubled Net
Promoter score



Service

- New customer service after-market team cross trained for Imaging & Analysis products

Focus on improvement: North America (£123m sales)

Opportunity to exploit market growth and improve organisational performance



Action plan

- Adopting best practice model
- Increasing coverage
- Training sales and service teams to cross sell
- Introducing experts for in-depth technical sales

+25-50%
Sales per head

Incremental
service growth
and establish
NPS baseline

Revenue growth
reflecting
market rates

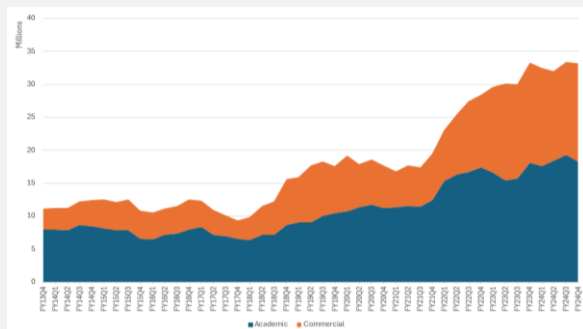
8-9% of revenue invested in rigorously focused R&D with 30% ROCE target

Award-winning Symmetry



12 times faster than predecessor

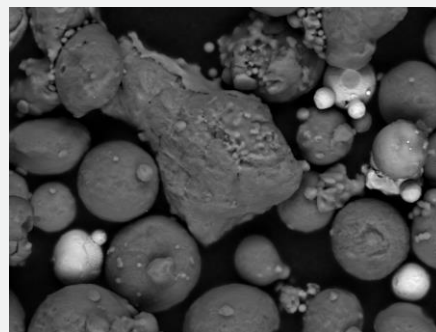
Academic R&D technique successfully transformed into a tool for commercial customers



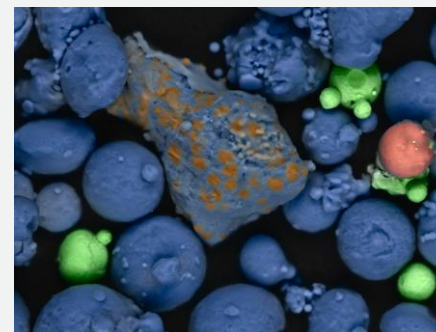
Commercial Academic

Unity: latest breakthrough innovation

- Brand new technique
- High-speed results
- High-definition imaging



Without Unity



With Unity

Successful acquisition integration

Formula 1 teams now using WITec products alongside existing solutions to develop advanced materials and diagnose issues



Capabilities

- Compound semiconductor etch and deposition equipment
- Dilution refrigerators and magnet technology for quantum and advanced research

Markets

Distinct high growth markets:

Compound semiconductors

- Structural growth market
- Potential to be leader in key specialist areas

Quantum

- High potential market but timing and technology uncertain
- Impacted by export restrictions to China

Rationale

Low volume,
longer lead time
project based,
for larger-
scale systems
in specialist
markets

Opportunity
to leverage
well-invested
base, simplify
product offering,
capture the market
opportunity

Step change
in operational
performance,
value engineering
and supply chain
optimisation

High value, long cycle, high technology ... Fix, improve, grow

Capabilities

- Compound semiconductor etch and deposition equipment
- Dilution refrigerators and magnet technology for quantum and advanced research

Markets

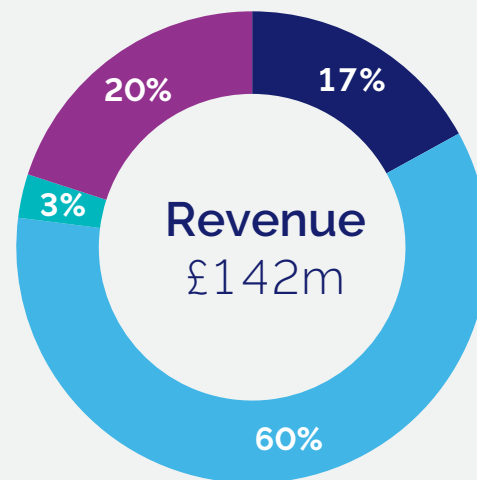
Distinct high growth markets:

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Quantum

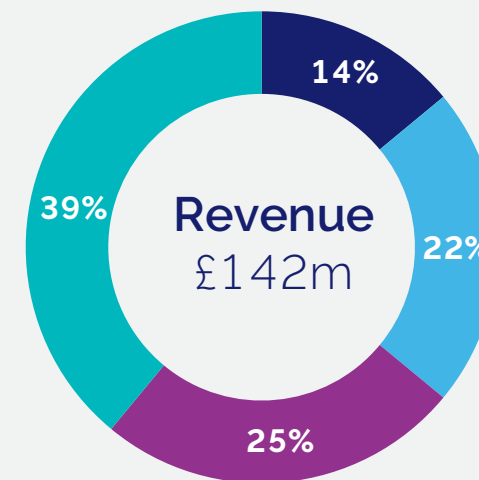
- High potential market but timing and technology uncertain
- Impacted by export restrictions to China



End markets

- Semiconductors
- Quantum
- Materials Analysis
- Other inc Healthcare & Life Science

Pro-forma indicative and unaudited numbers*

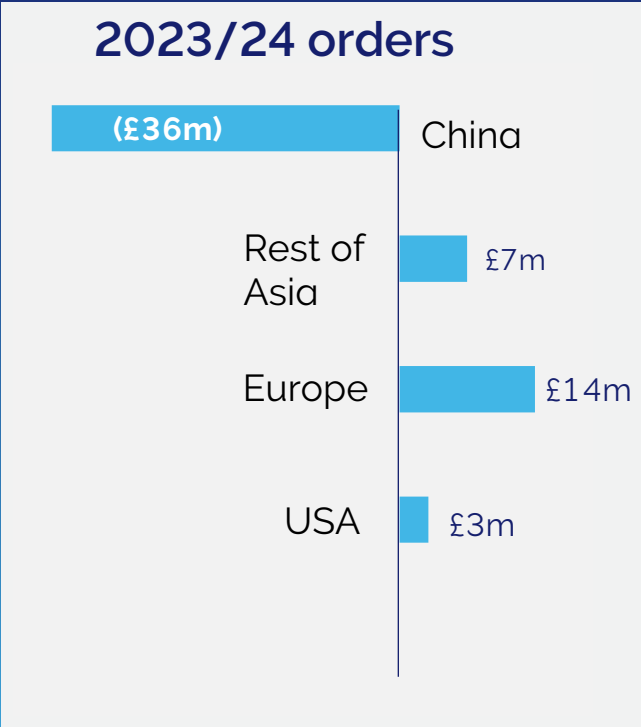


Geographical reach

- EMEA
- North America
- China
- Rest of Asia

High value, long cycle, high technology ... Fix, improve, grow

Accelerated actions and refocused away from China



23/24 book to bill normalised 1.19



Action plan underway

Progress to date

Drive efficiency improvements from new Severn Beach facility as volume increases



Restructure cost base in Quantum



Pivot from China to other regions and market segments



Create operating leverage from revenue in Quantum



Simplify product range and organisation



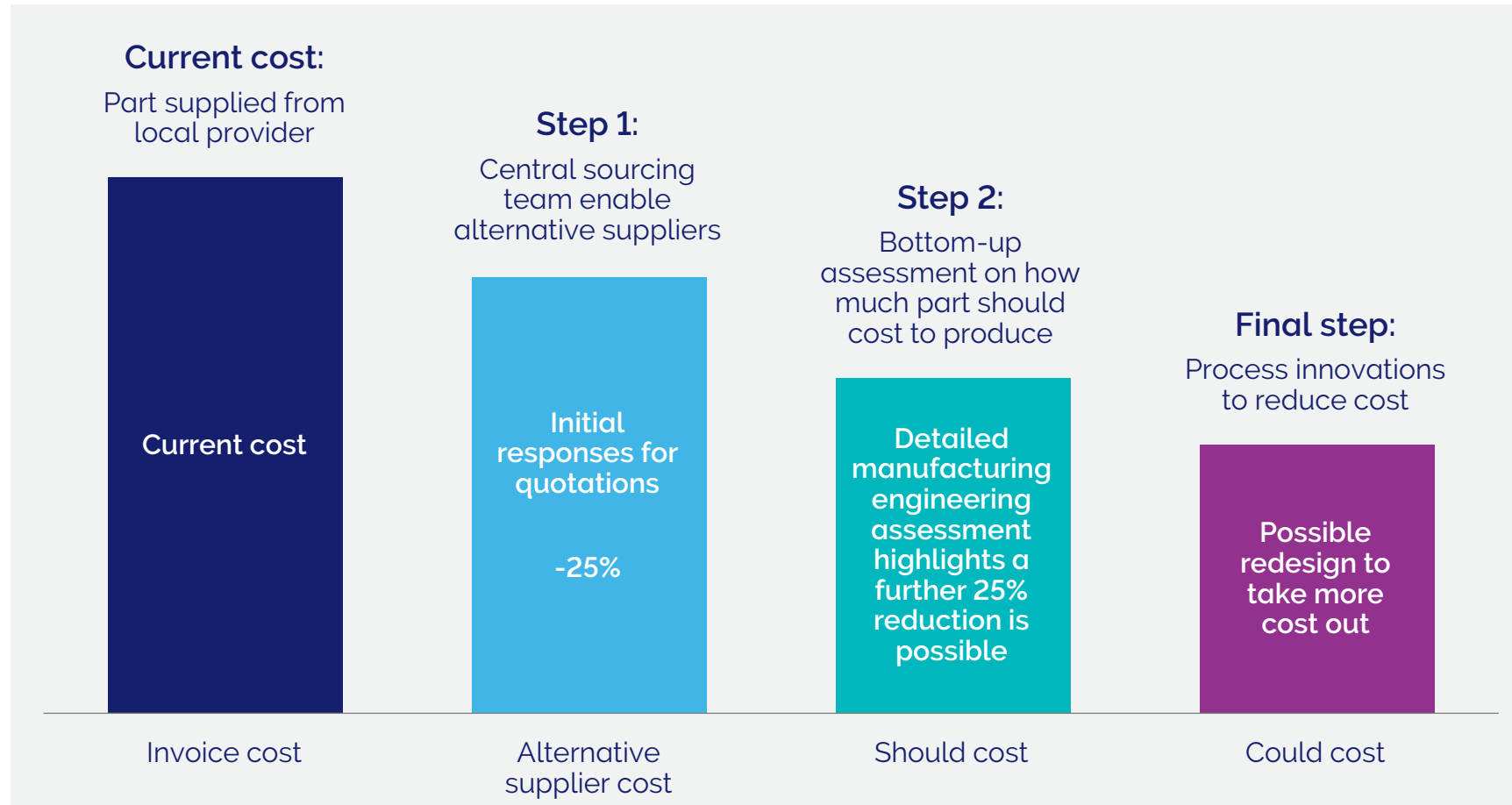
Deliver step change in service to meet market needs



Value engineer higher volume products to drive down cost



Pilot project underway in quantum business



The opportunity

Remove cost, drive margin growth



Action

- Pilot clean sheet approach on one high-cost component
- Initial pilot product under review, early sample results support ambition



Ambition

- Targeting minimum 30% cost reductions on main volume runner parts

Investment triples capacity and facilitates production efficiencies to drive growth and operating leverage



New world-class
clean room and
production facility
operational Q4
FY23/24



Significant growth
capacity from new
site

42% production
uplift achieved
in first quarter
in new site



Key addressable
growth markets –
consumer and
power electronics,
uLED, datacoms...

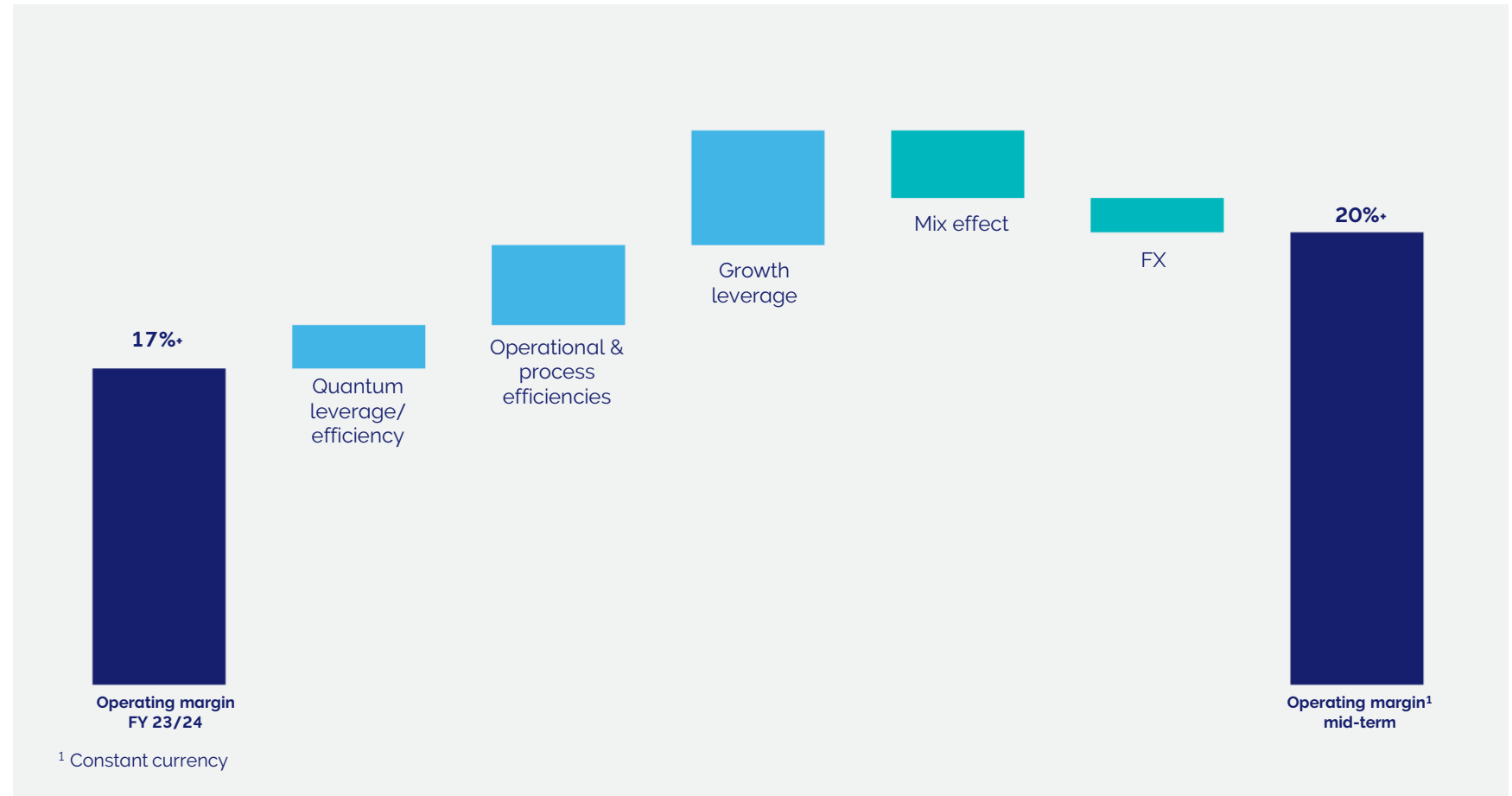


Revenue growth
last 3 years:
12.5% CAGR



Build hours per
system reduced
by 15%

- Deliver cost improvement plan and turnaround for quantum business
- New divisional combination process and overhead efficiencies
- Execute on operational transformation plan
- Improve revenue leverage
- Short-term margin headwind from business mix
- Forecast short-term currency headwind



Significant value creation potential from capitalising on market opportunity and margin improvement

Capital allocation priorities



Invest in the business

Well invested at all sites
Opex – expansion, improvement and growth
R&D spend at c8-9%



Selective acquisitions

Focus on adding capabilities in Imaging & Analysis
Good pipeline
Selective and disciplined



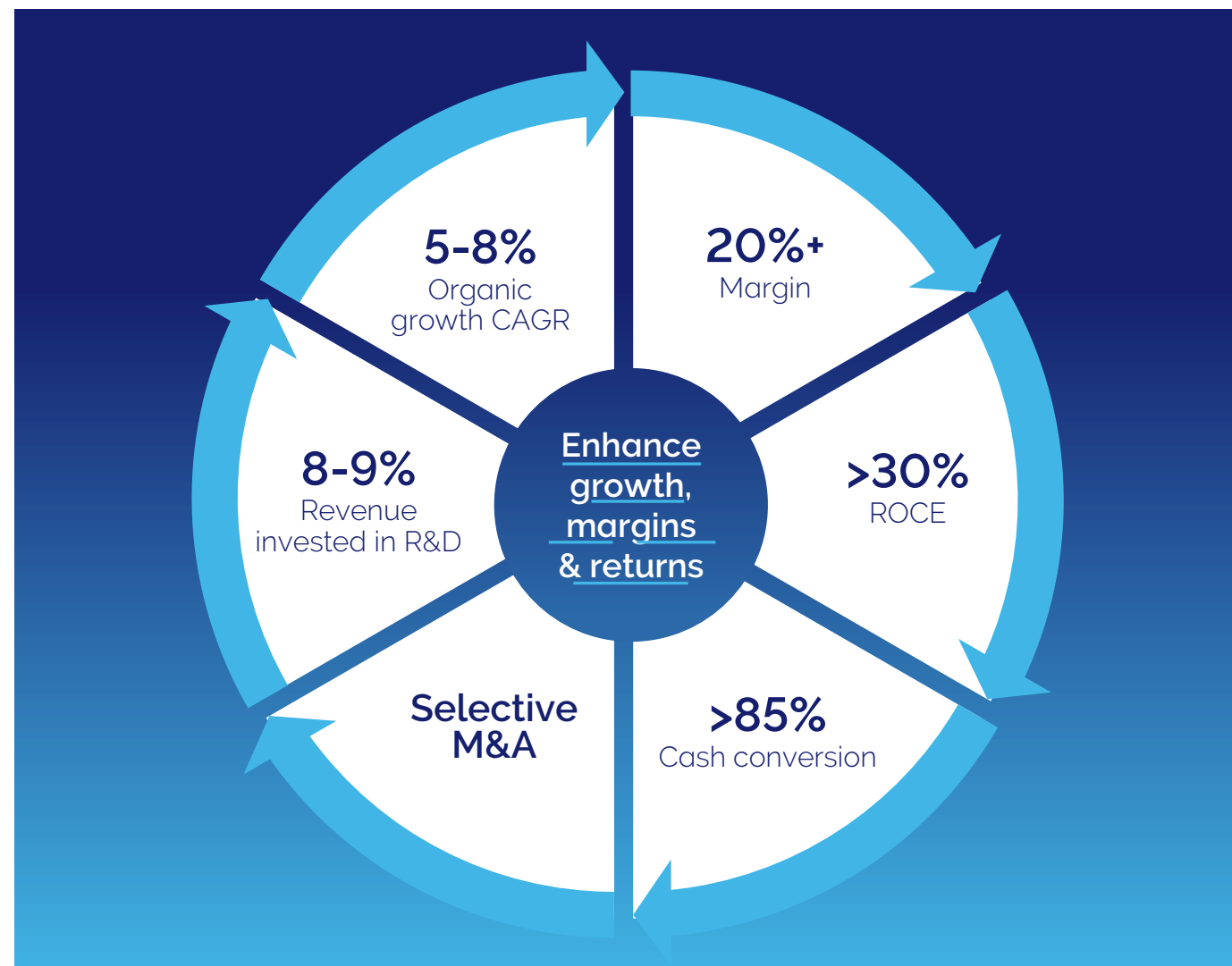
Shareholder returns

Taking account of underlying earnings, dividend cover, movements in currency and demands on our cash



Maintain strong balance sheet with financial discipline
and strong cash conversion

- New simplified divisional structure
- Focus on 3 main markets: materials analysis, semiconductors and healthcare & life science
- Major operational improvement programme
- Step change in our customer performance
- Continue significant investment in technology
- Drive to net zero as we enable our customers to do the same



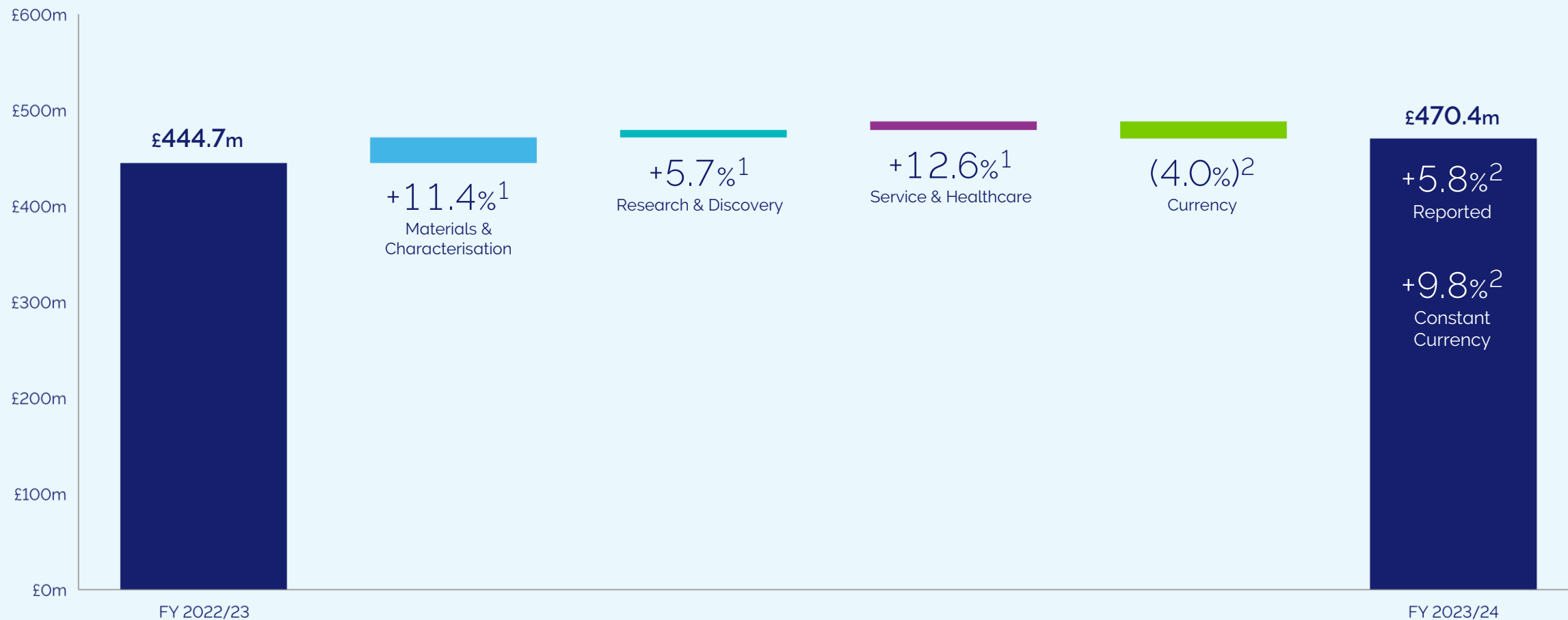
Consolidated statement of income

£m	2023/24	2022/23	Reported change	Constant currency change
Revenue	470.4	444.7	+5.8%	+9.8%
Adjusted ¹ operating profit	80.3	80.5	(0.2%)	+3.7%
Amortisation of acquired intangibles	(9.1)	(9.3)		
Non-recurring items	(2.2)	(1.8)		
Mark-to-market movement of currency hedges	(0.7)	3.0		
Statutory operating profit	68.3	72.4	(5.7%)	
Net finance costs ²	3.0	1.1		
Adjusted ¹ profit before taxation	83.3	82.0	+1.6%	
Statutory profit before taxation	71.3	73.5	(3.0%)	
Adjusted ¹ effective tax rate	24.4%	20.7%		
Adjusted ¹ basic earnings per share	109.0p	112.7p	(3.3%)	
Dividend per share (total)	20.8p	19.5p	+6.7%	

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

² Net finance costs for 2022/23 include a non-recurring charge of £0.4m against the unwind of discount on WITec contingent consideration

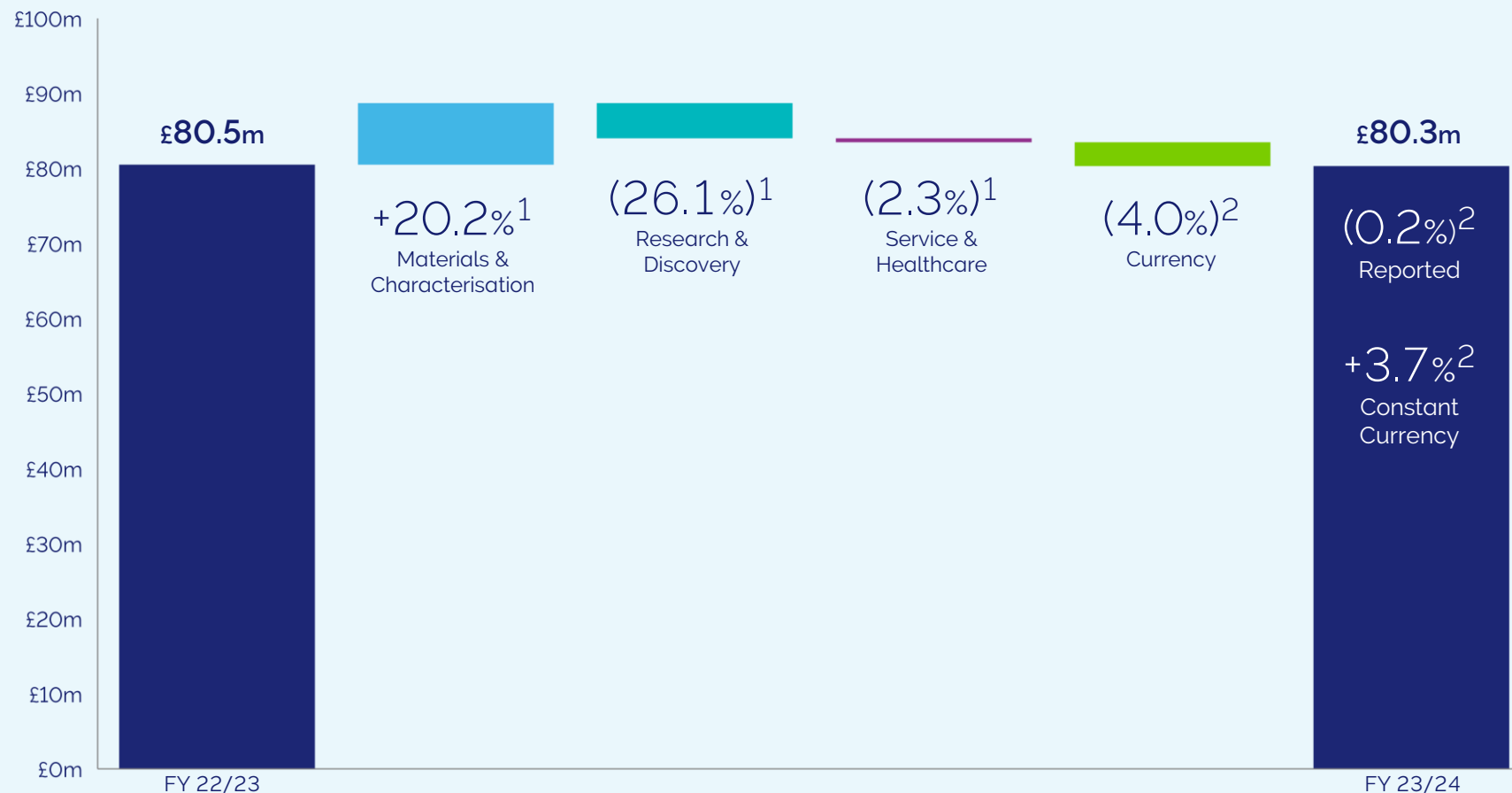
Revenue by sector



¹ Constant currency growth rate compared to prior year sector venue

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 venue

² Growth rate compared to prior year Group total revenue

Material & Characterisation

18.4%
Margin FY24

17.3%
Margin FY23

Research & Discovery

9.6%
Margin FY24

12.9%
Margin FY23

Service & Healthcare

26.7%
Margin FY24

31.1%
Margin FY23

Group

17.1%
Margin FY24

18.1%
Margin FY23

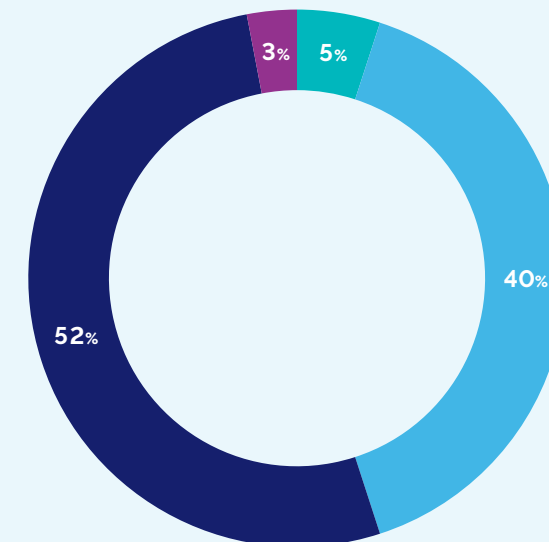
17.1%
CC margin FY24

	2023/24 £m	2022/23 £m	Growth	Constant currency growth
Orders	235.4	272.8	(13.7) %	(10.6)%
Revenue	252.2	234.5	+7.5%	+11.4%
Adjusted ¹ operating profit	46.4	40.5	+14.6%	+20.2%
Adjusted ¹ operating margin	18.4%	17.3%		
Statutory operating profit	41.7	35.7	+16.8%	

Key performance highlights:

- Revenue growth across Semiconductor and Communications driven by investment in compound semiconductor processing systems. Production supported by transition to new facility,
- Focus on critical process solutions in key markets, such as: power efficiency, datacomms, augmented reality, sensors and development funded programs in quantum technologies
- Positive book-to-bill for Compound Semiconductor systems, normalised for prior year orders removed due to UK export licence restrictions
- Good growth in Materials Analysis reflects breadth of use of our leading product ranges, enhanced by some new product offerings

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



Materials & Characterisation

Healthcare & Life Science	(4%) CC ¹
Semiconductor & Communications	+7% CC ¹
Materials Analysis	+19% CC ¹
Other	(13%) CC ¹

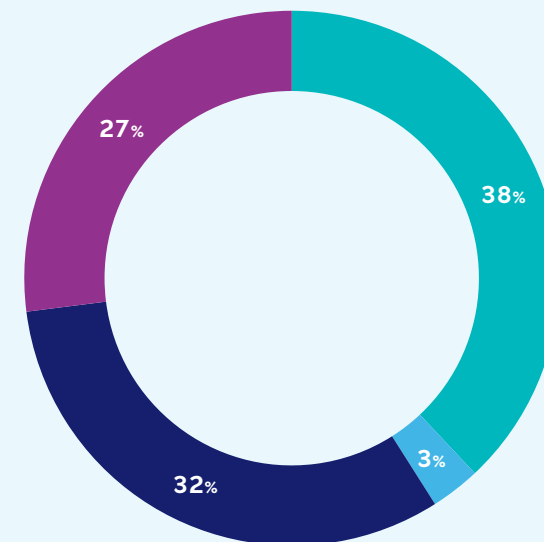
¹ Revenue growth at constant currency

	2023/24 £m	2022/23 £m	Growth	Constant Currency Growth
Orders	145.1	160.4	(9.5) %	(6.5)%
Revenue	142.1	139.4	+1.9%	+5.7%
Adjusted ¹ operating profit	13.6	18.0	(24.4)%	(26.1)%
Adjusted ¹ operating margin	9.6%	12.9%		
Statutory operating profit	9.4	11.3	(15.8)%	

Key performance highlights:

- Strong order book in Life Science supported good demand for our imaging and microscopy products, and Imaris software
- Acquisition of First Light Imaging enhances our imaging capabilities for infrared and visible imaging
- OEM destocking resulted in a fall in orders within Life Science
- Profit impacted by losses incurred in our quantum business as a result of ceasing commercial activities in China
- Strong trading performance from X-ray tubes business

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



Research & Discovery

Healthcare & Life Science	+10% CC ¹
Semiconductor & Communications	+13% CC ¹
Materials Analysis	+1% CC ¹
Other	+4% CC ¹

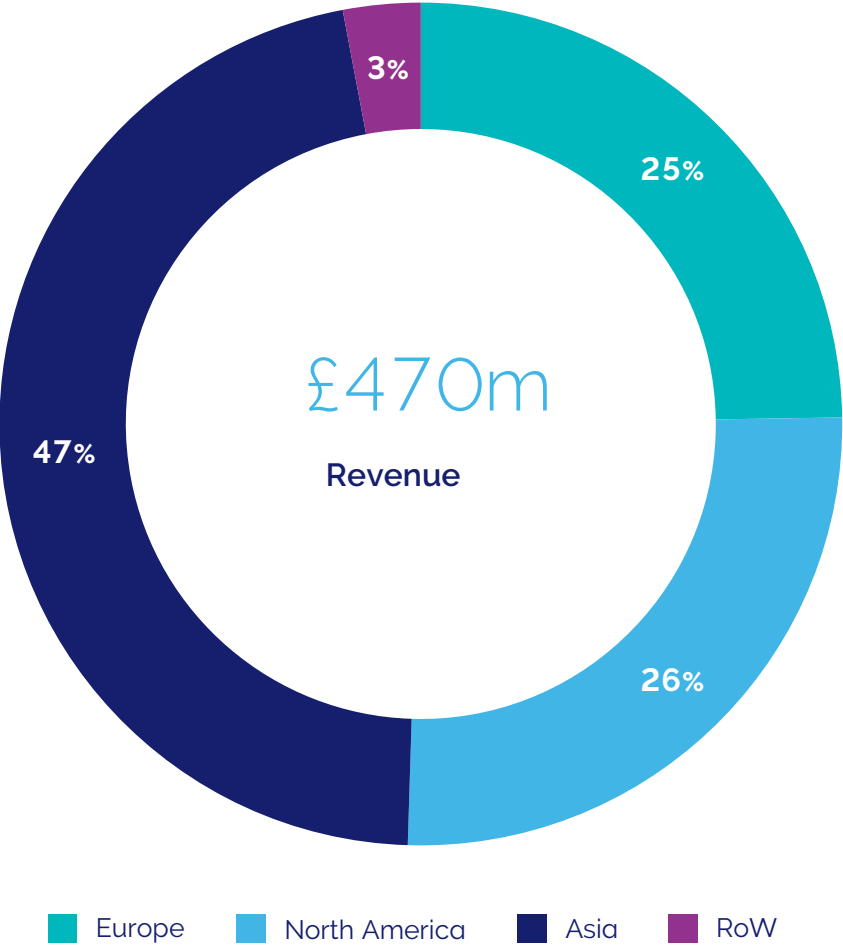
¹ Revenue growth at constant currency

	2023/24 £m	2022/23 £m	Growth	Constant Currency Growth
Orders	78.6	78.4	+0.3%	+4.3%
Revenue	76.1	70.8	+7.5%	+12.6%
Adjusted ¹ operating profit	20.3	22.0	(7.7)%	(2.3)%
Adjusted ¹ operating margin	26.7%	31.1%		
Statutory operating profit	20.3	22.4	(9.4)%	

Key performance highlights:

- Good growth related to our own products supported by implementation of a regionally led service model
- Investment being made in capabilities and infrastructure to support future growth
- Quality service and support provided for our MRI healthcare customers in Japan. Constant currency profit impacted by increase in helium and parts costs. Reported growth further impacted by depreciation of Japanese yen

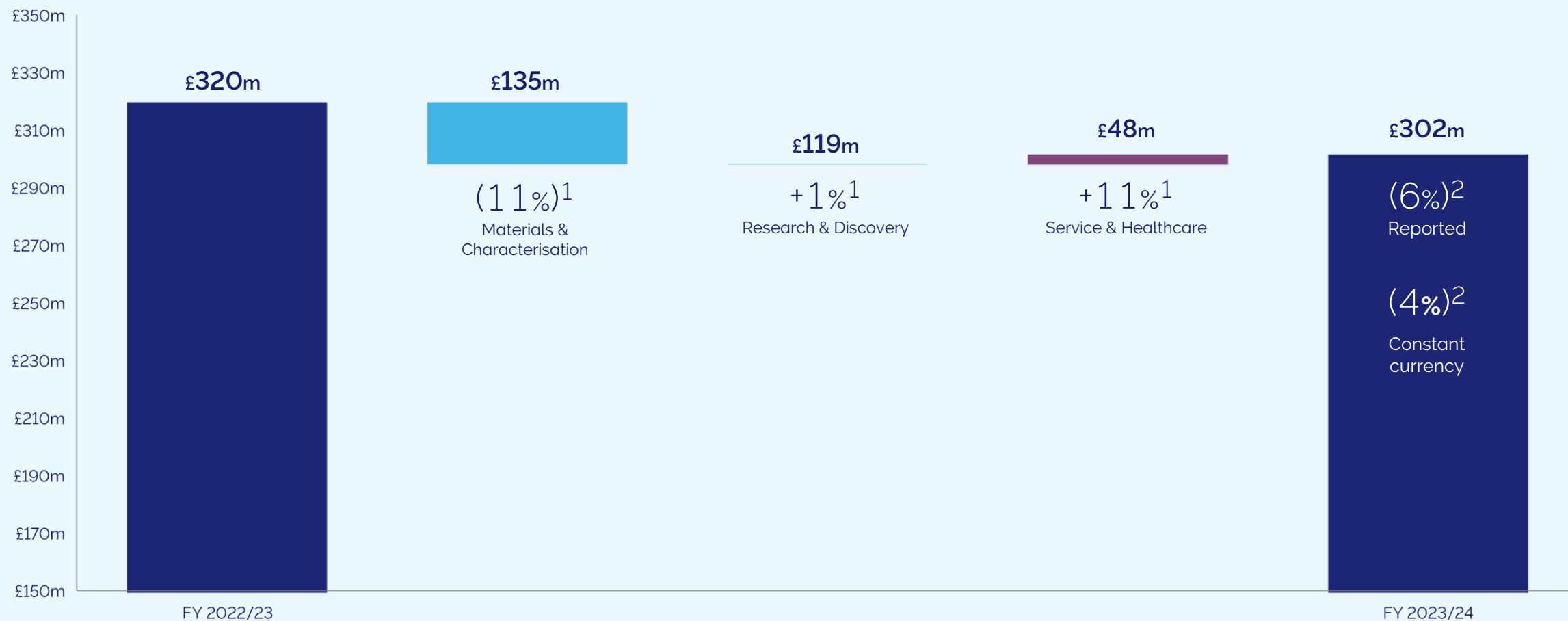
¹ Adjusted items exclude the amortisation and impairment of acquired intangible assets, acquisition items, other significant non-recurring items, and the mark-to-market movement of financial derivatives



¹ Normalised for prior year orders cancelled due to export licence restrictions

Order growth		Revenue	
Europe		Europe	
+5%	+5%	+11%	+11%
Reported	Constant currency	Reported	Constant currency
North America		North America	
(9%)	(5%)	(6%)	(2%)
Reported	Constant currency	Reported	Constant currency
Asia		Asia	
(19%)	(15%)	+10%	+16%
Reported	Constant currency	Reported	Constant currency
RoW		RoW	
+14%	+20%	+19%	+27%
Reported	Constant currency	Reported	Constant currency
Book-to-bill ratio			
1.03 ¹		1.15	
FY 23/24		FY 22/23	

Order book by sector



¹ Constant currency growth rate compared to prior year sector venue

² Growth rate compared to prior year Group total revenue

Consolidated statement of cash flows

Cash conversion

47% (64%¹)

FY23: 58% (88%¹)

Working capital outflow

£24.7m

FY23: £9.1m outflow

Capex

£26.5m

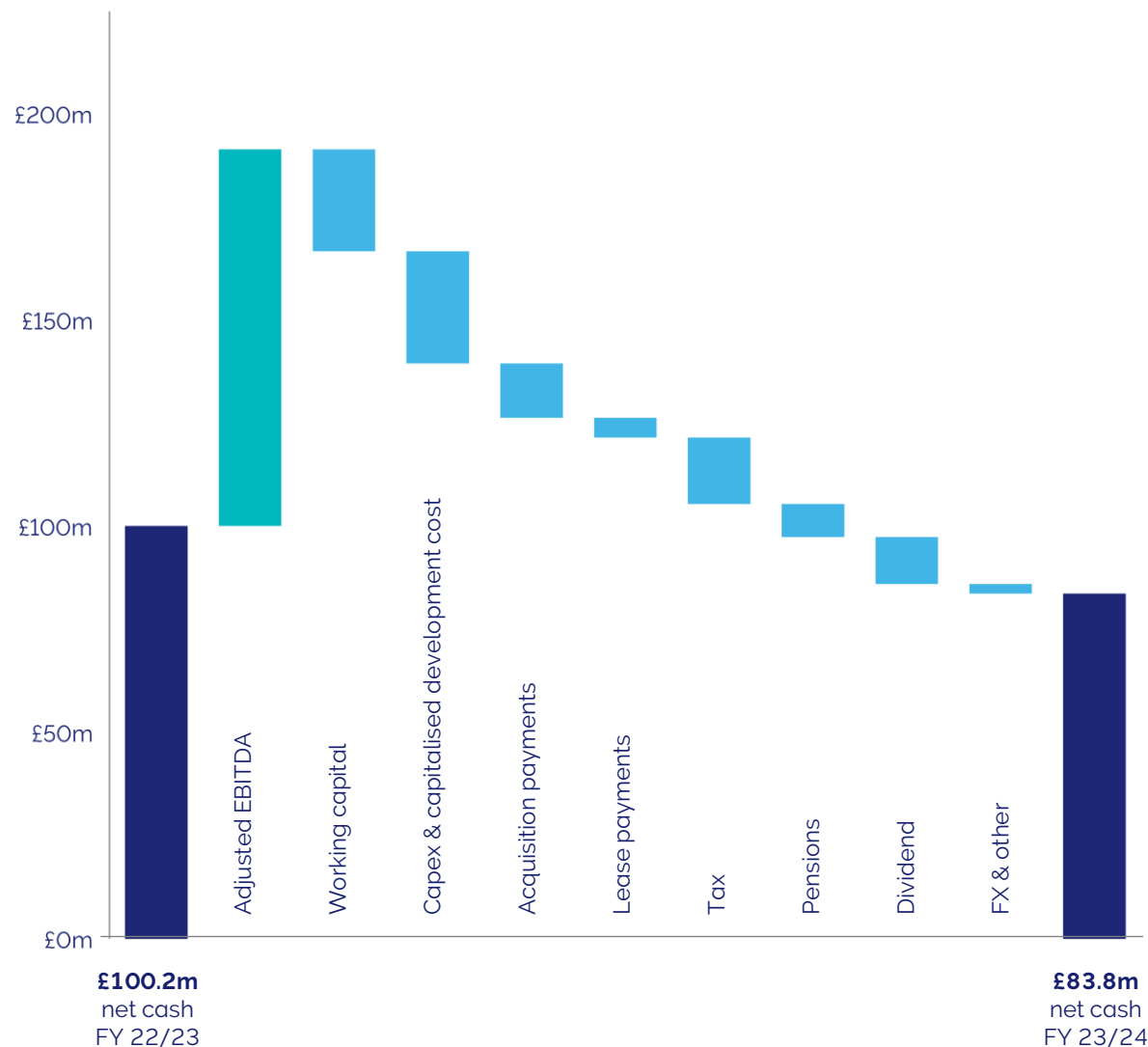
FY23: £32.1m

Capitalised development costs

£0.7m

FY23: £0.6m

¹ Cash conversion (normalised) of 64% excludes expenditure on facility expansion



Adj effective tax rate

24.4%

FY23: 20.7%

Pension asset

£16.1m

FY23: £26.4m

Dividend

£11.4m

FY23: £10.6m

Net cash including lease liabilities

£50.4m

FY23: £68.8m

Adverse currency impact in the year: Revenue: -£17.8m ; AOP: £-3.2m

Estimated full year 2024/25 currency impact

- Assuming current hedges as at 31/03/24 and no change from current forecast rates, approximate currency sensitivity against 2023/24 is a headwind to revenue of £8.4m and AOP of £6.2m

Estimated full year 2025/26 currency impact

- Assuming no change from current rates, currency sensitivity against 2023/24 is no impact on revenue or AOP

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

Note: Forecast currency rates: GBP:USD - 1.27; GBP:EUR - 1.17; GBP:JPY - 200

01

Positive book-to-bill, normalised for export licence restrictions

02

Good CC **revenue growth of 10%**; operating **margin fell to 17.1%** due to commercial quantum exit from China and overhead investment

03

Currency headwind in the year; further headwind expected in **2024/25**

04

Confidence in business supports growth in **total dividend of 6.7%**

05

New RCF with committed facilities of **c.£200m**

06

RCF and net cash of £84m provides **strong balance sheet** to support future growth through organic investment and acquisition opportunities

Robust performance in year

Updated strategy: Oxford Instruments through a new lens

Clear plan, simplified structure, actions underway

Strong order book and improvement actions support good constant currency progress

20%+
medium-term
margin

5-8%
organic growth
CAGR

... significant value creation potential

To accelerate the breakthroughs that
create a brighter future for our world.

Our technology and scientific expertise enables our customers to discover and bring to market exciting new advances that drive human progress.

Appendix



A simplified structure for the Group

Existing Group structure: **3 segments, 9 business units, 6 end markets**

Materials & Characteristics

Business Units	Capabilities	Markets	Key financials 23/24
<ul style="list-style-type: none"> Materials Analysis (Asylum Research; Magnetic Resonance; NanoAnalysis; WITec) Plasma Technology 	<ul style="list-style-type: none"> Microscopy Analysis tools for microscopy Specialist software Compound semiconductor etch and deposition equipment 	<ul style="list-style-type: none"> Advanced Materials Energy & Environment Semiconductor & Communications Healthcare & Life Science Quantum Technology Research and Fundamental Science 	<ul style="list-style-type: none"> Revenue: £252m AOP: £46m Margin: 19%

Research & Discovery

Business Units	Capabilities	Markets	Key financials 23/24
<ul style="list-style-type: none"> Andor NanoScience X-Ray Technology 	<ul style="list-style-type: none"> Microscopy Analysis tools for microscopy Specialist software Scientific cameras Dilution refrigerators for quantum and advanced research 	<ul style="list-style-type: none"> Advanced Materials Energy & Environment Semiconductor & Communications Healthcare & Life Science Quantum Technology Research and Fundamental Science 	<ul style="list-style-type: none"> Revenue: £142m AOP: £14m Margin: 9%

Service & Healthcare

Business Units	Capabilities	Markets	Key financials 23/24
<ul style="list-style-type: none"> Japan Healthcare Service of own products Andor Materials Analysis (as above) NanoScience Plasma Technology X-Ray Technology 	<ul style="list-style-type: none"> Installation and service of our own products, and service for third-party MRI scanners Bespoke software 	<ul style="list-style-type: none"> Advanced Materials Energy & Environment Semiconductor & Communications Healthcare & Life Science Quantum Technology Research and Fundamental Science 	<ul style="list-style-type: none"> Revenue: £76m AOP: £20m Margin: 27%

New structure: **2 divisions, 3 end markets**

Imaging and Analysis

Single division encompassing:	Capabilities	Markets	Indicative financials 23/24
<ul style="list-style-type: none"> Andor Materials Analysis (see left) Japan Healthcare Service of own products 	<ul style="list-style-type: none"> Microscopy Analysis tools for microscopy Scientific cameras Specialist software 	<ul style="list-style-type: none"> Materials Analysis Healthcare & Life Science Semiconductor Other markets represent X% of revenue 	<ul style="list-style-type: none"> Revenue: £328m Recent historic AOP margin: 20-24%

Advanced Technologies

Single division encompassing:	Capabilities	Markets	Indicative financials 23/24
<ul style="list-style-type: none"> NanoScience Plasma Technology X-Ray Technology Service of own products 	<ul style="list-style-type: none"> Compound semiconductor etch and deposition equipment Dilution refrigerators for quantum and advanced research 	<ul style="list-style-type: none"> Compound semiconductor Quantum Other markets represent X% of revenue 	<ul style="list-style-type: none"> Revenue: £142m AOP: £0.2m Recent historic AOP margin: 0-4%

Revenue (£m equivalent)



Adjusted Operating Profit (£m equivalent)

