

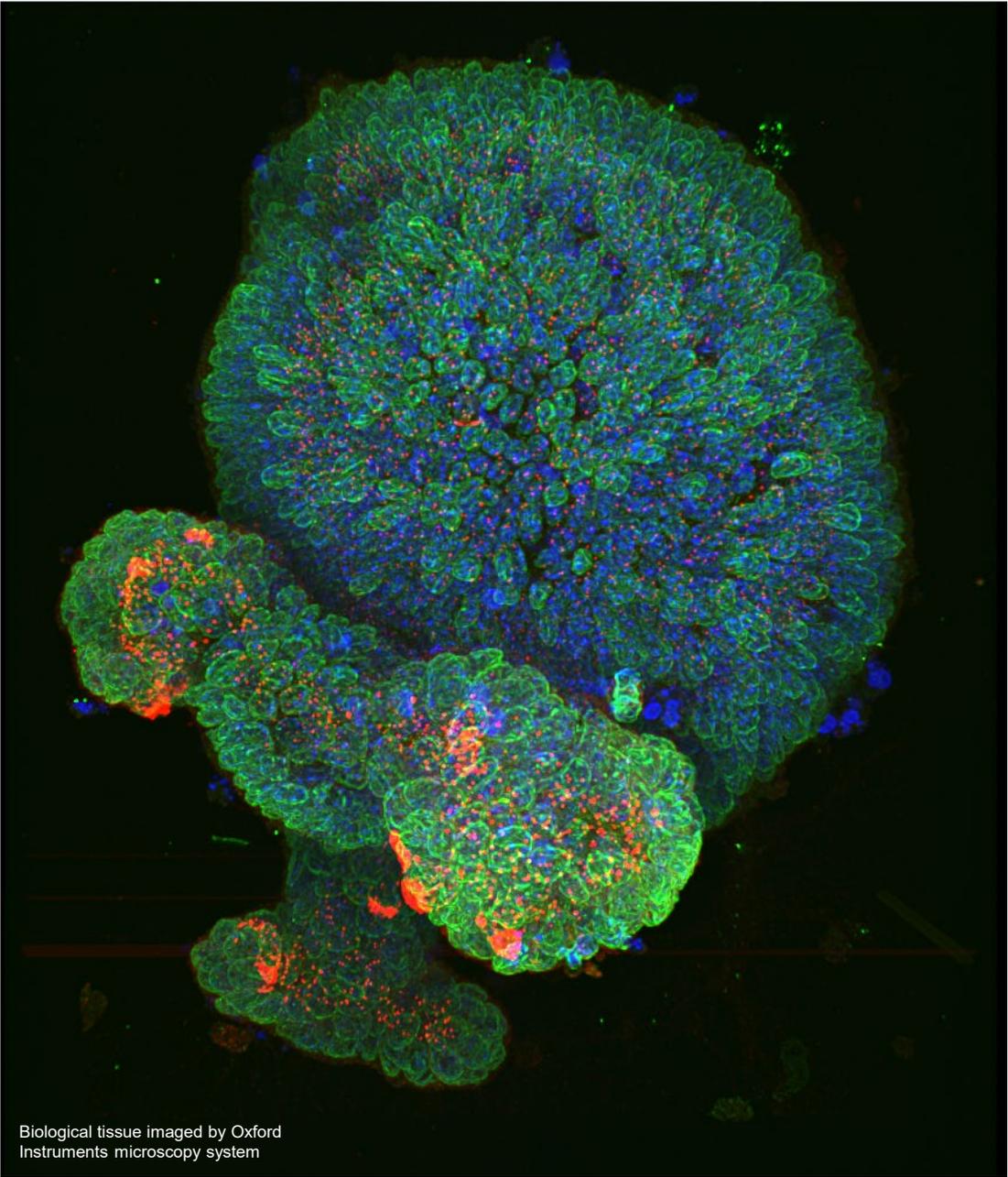


Half Year Results Presentation

to 30 September 2019

Ian Barkshire
Chief Executive

Gavin Hill
Group Finance Director



Biological tissue imaged by Oxford Instruments microscopy system

Agenda

Highlights

Finance Review

Operational Review

Summary and Outlook

- Good progress with the Horizon strategy
- Strong underlying revenue & profit growth further supported by currency
- Improvement in underlying margin
- New growth opportunities from academic and commercial customers
- Growth in orders and orderbook despite some softer markets
- Improved commercial practices and gains from operational excellence programme
- Applications focus driving success of recently launched products
- Interim dividend increased by 7.9%

Finance Review

Gavin Hill

Income Statement

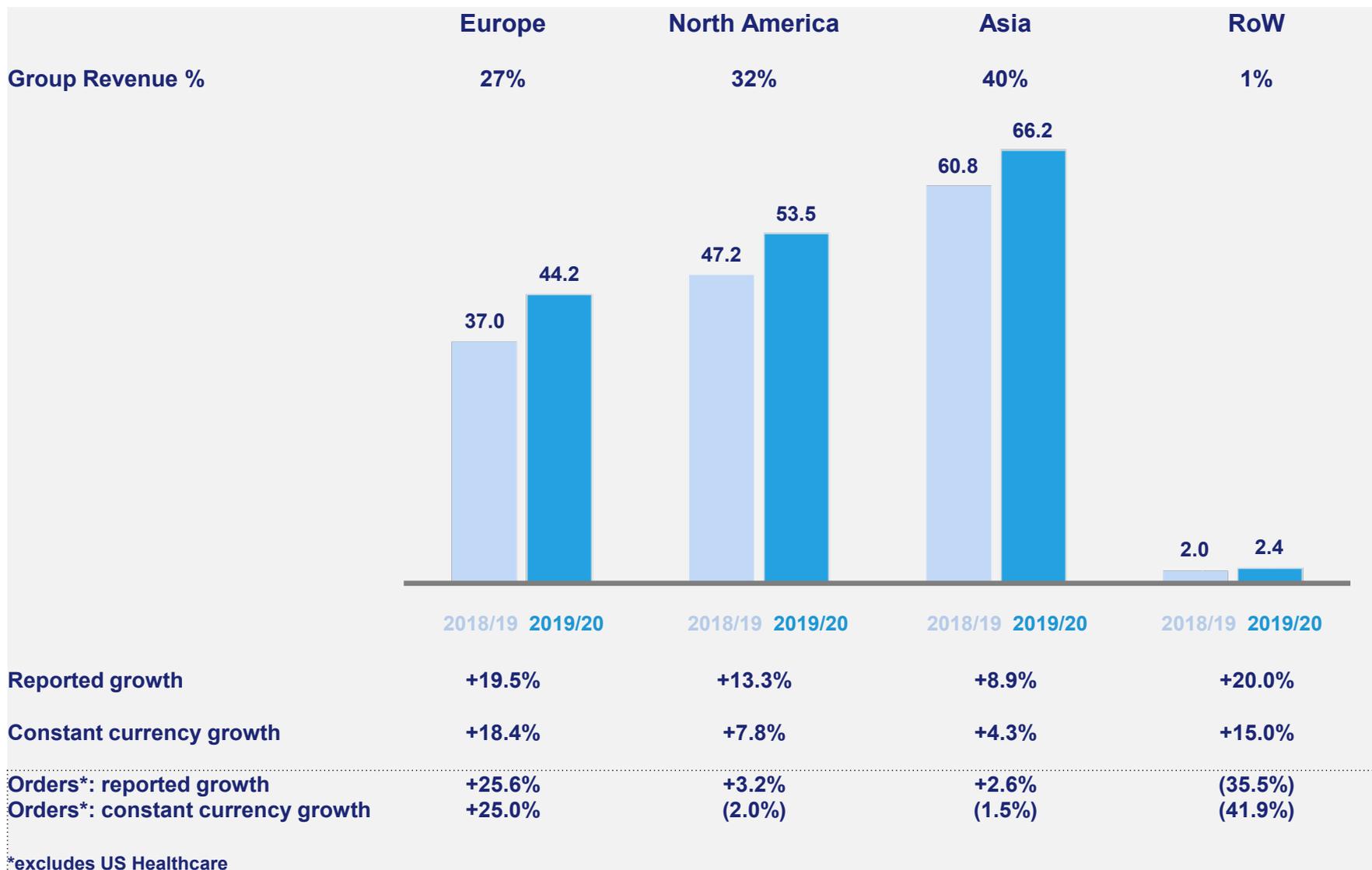
£m	2019/20	2018/19	Reported Change	Constant Currency Change
Revenue	166.3	147.0	+13.1%	+9.1%
Adjusted operating profit	25.8	21.0	+22.9%	+12.4%
Net finance costs	(0.4)	(1.2)		
Adjusted profit before tax	25.4	19.8	+28.3%	
Amortisation of acquired intangibles	(4.8)	(4.7)		
Non-recurring items	-	(0.6)		
Mark-to-market of currency hedges	(2.6)	(2.9)		
Profit before tax	18.0	11.6	+55.2%	
Adjusted basic earnings per share	35.5p	27.3p	30.0%	
Dividend per share	4.10p	3.80p	7.9%	

Revenue by Sector



£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
2018/19	60.1	54.3	32.6	147.0
Underlying movement	7.4	4.7	1.3	13.4
FX	2.3	2.2	1.4	5.9
2019/20	69.8	61.2	35.3	166.3
Growth				
Reported	+16.1%	+12.7%	+8.3%	+13.1%
Constant currency	+12.3%	+8.7%	+4.0%	+9.1%

Revenue by Territory: £m



*excludes US Healthcare

Order Book: £m

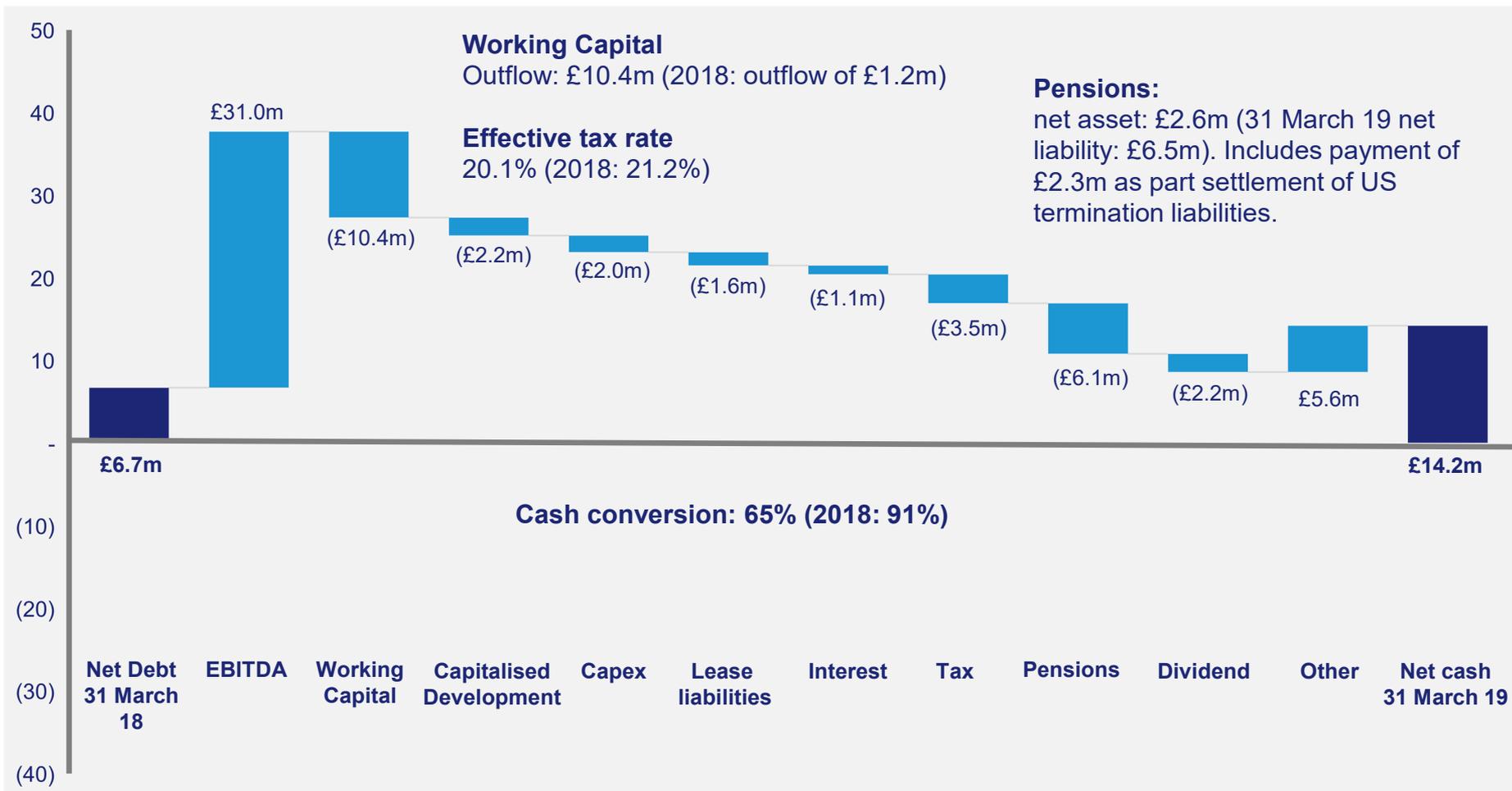


	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
Reported growth	+14.3%	+2.2%	+18.6%	+8.9%
Constant currency growth	+10.4%	+0.7%	+13.6%	+6.0%

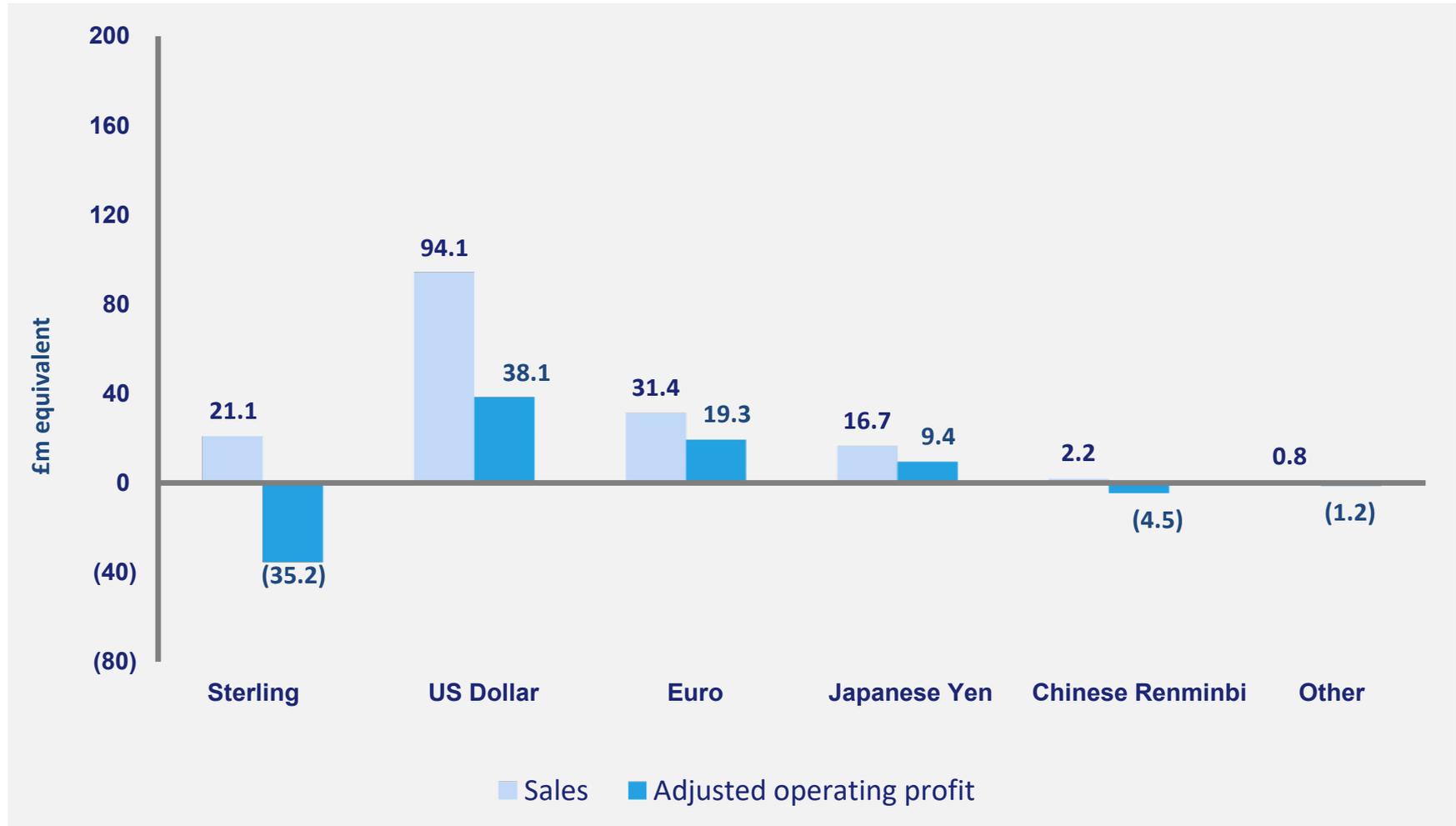
Adjusted Operating Profit by Sector

£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
2018/19	9.7	4.8	6.5	21.0
Underlying movement	1.6	0.8	0.2	2.6
FX	0.9	0.8	0.5	2.2
2019/20	12.2	6.4	7.2	25.8
EBIT Margin				
2018/19	16.1%	8.8%	19.9%	14.3%
2019/20	17.5%	10.5%	20.4%	15.5%

Cash Flow



Currency Exposure



- Favourable currency impact in HY 2019/20: AOP: +£2.2m
- Estimated FY 2019/20 currency impact: AOP: +£3.0m
 - Based on applying YTD average rates and the 30/10/19 spot rate for the rest of the year
 - Average and forecast rates incorporate effect of hedging programme
- Transactional & Translational FX sensitivity: FY 2020/21
 - Assuming current hedges and no change from spot rates (30/10/19), currency sensitivity against FY 2019/20 forecast: AOP: +£1.0m
 - Assuming current hedges and a 5% strengthening of Sterling against major trading currencies from spot rates (30/10/19), currency sensitivity against FY 2019/20 forecast: AOP: (£2.7m)

- Good growth in revenue and profit at reported and constant currency
- AOP margin up 40bps at constant currency and 120bps at a reported level
- Continuing adjusted basic earnings per share up 30%
- Net cash of £14.2m and 7.9% increase to interim dividend

Horizon Update & Operations Review

Ian Barkshire

Group Performance

Academic: 49%
Commercial: 51%



Materials &
Characterisation

Research & Discovery

Service & Healthcare

- Good progress with Horizon
- Strong revenue and profit growth across each of our sectors
- Margin growth driven by improved commercial practices and gains through operational excellence
- Order growth and increased orderbook
- Engaged through technology cycle, well positioned to benefit from waves of commercialisation and market disruption

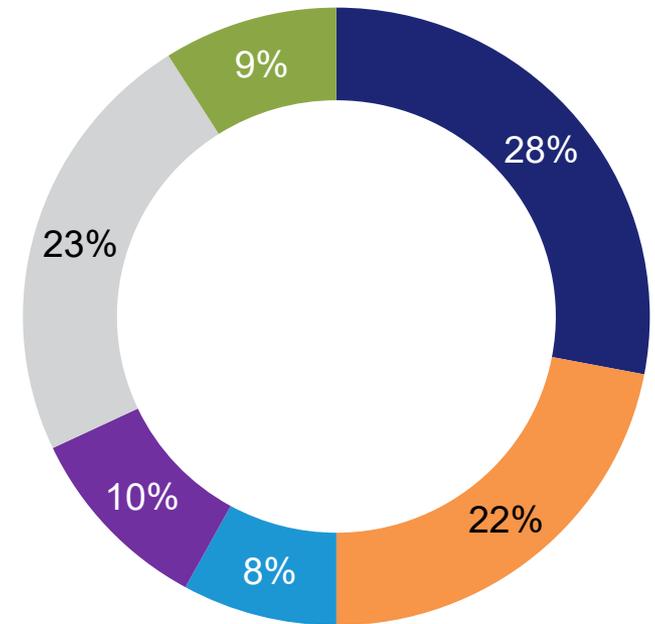


Group Performance – End Markets

Academic: 49%
Commercial: 51%



- Broad and diverse range of attractive end markets – long term growth drivers
- Strong revenue growth across each customer segment despite challenging macroeconomic conditions
- Market intimacy enabling expansion into new markets offsetting softness in silicon semiconductor, electronics and automotive
- Strong growth across Europe and North America, with good growth in Asia
- Continued strong growth in China



Materials & Characterisation

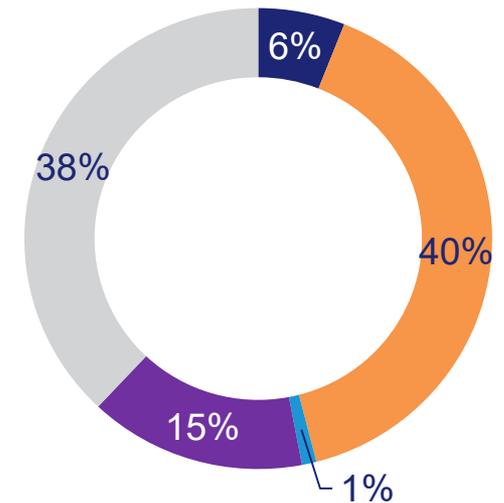
42% Group revenue
Academic: 45%
Commercial: 55%



Asylum Research; NanoAnalysis; Plasma Technology

Enabling the fabrication and characterisation of materials and devices down to the atomic scale

- Double digit growth in revenue, profit and orderbook; good order growth
- Adjusted operating margin up 140 bps to 17.5%
- Significant sales growth in Advanced Materials
- Good growth in Semiconductor and Energy & Environment segments
- Strong revenue growth from both academic and commercial customers



■ Healthcare & Lifescience ■ Semiconductor & Communications
■ Quantum Technology ■ Energy & Environment
■ Advanced Materials ■ Research & Fundamental Science



Atomic Force Microscope



Material Structural Analyser



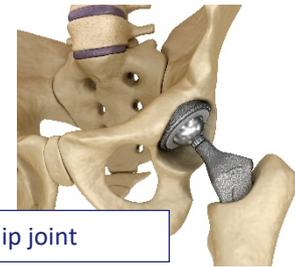
Semiconductor Processing System

Materials & Characterisation

Growth Examples

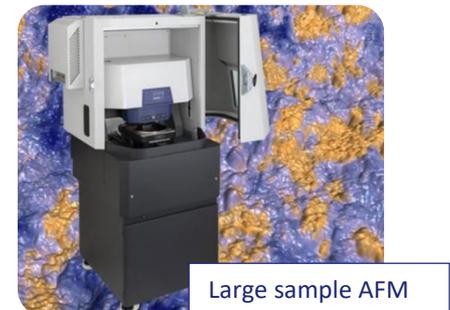
Advanced Materials

- Increasing demand for lighter, stronger, higher functioning materials
- Investment in material science driving improved performance - broad range of end applications
- New products and tailored applications driving our growth
- Large sample AFM launched, extends addressable market to industrial customers and multi-user labs



Energy & Environment

- Growth across energy generation, storage and battery applications

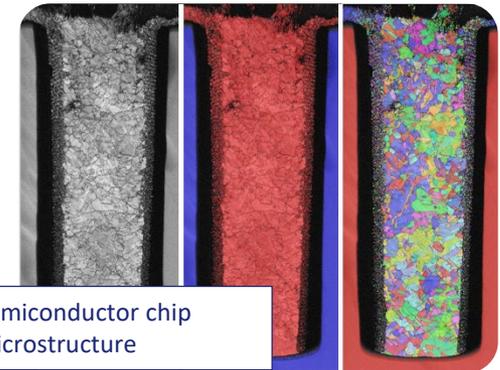


Materials & Characterisation

Growth Examples

Semiconductor & Communications

- Continued weakness in silicon semiconductor market leading to reduced sales of imaging and analysis products
- Strong growth in compound semiconductors for our etch and deposition systems
- Tailored product offerings across academic, corporate R&D and production customers
- Buoyant compound semiconductor market, long term drivers transforming power electronics, connectivity and communications



Compound Semiconductors Drivers & Markets

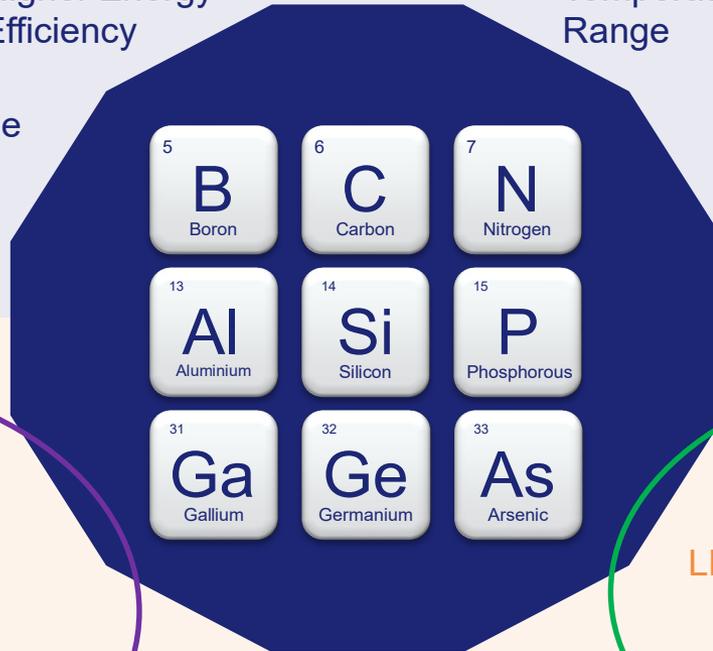


Higher Energy Efficiency Higher Power Wider Temperature Range

Emit & Sense Light Faster (Higher Speed Processing)

DRIVERS

MARKETS



Power Electronics

Energy Generation & Storage

Fast & Wireless Charging

Electric & Autonomous Vehicles

Communications

Wireless Communications

LEDs

Augmented & Virtual Reality

Connectivity

Data Storage & Processing

5G / IoT



Research & Discovery

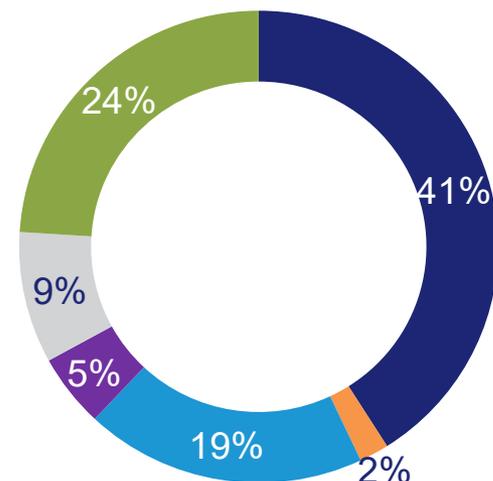
37% Group revenue
Academic: 65%
Commercial: 35%



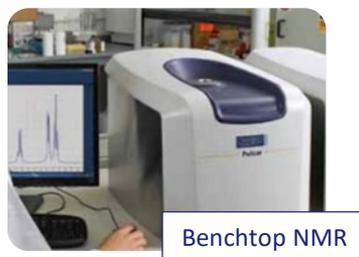
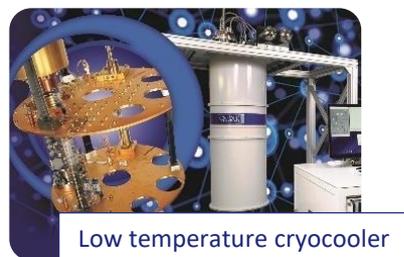
Andor Technology; NanoScience & Magnetic Resonance; X-Ray Technology; Scienta Omicron

Advanced solutions that create unique environments and enable measurements down to the molecular and atomic level

- Strong revenue and double digit profit growth
- Growth from academic research communities and commercial customers
- Strong growth across Lifescience, Quantum Technology and Fundamental Science
- Underlying order growth offset by phasing of OEM orders for X-Ray Technology business



■ Healthcare & Lifescience ■ Semiconductor & Communications
■ Quantum Technology ■ Energy & Environment
■ Advanced Materials ■ Research & Fundamental Science

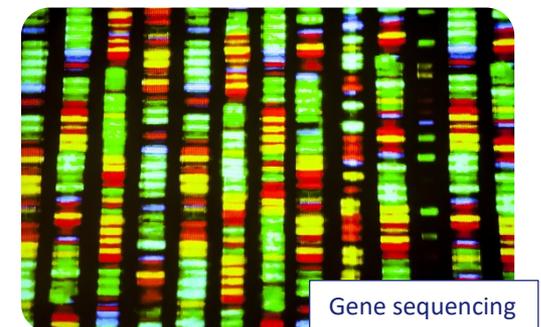
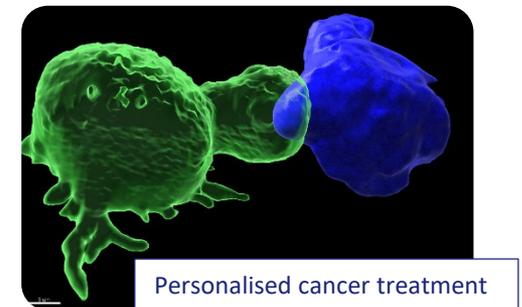


Research & Discovery

Growth Examples

Healthcare & Lifescience

- Increasing demand from researchers seeking to develop new therapies for cancer and neurological disorders
- Revenue growth across product portfolio, attractive market increased competitor activity
- Building our capabilities: new software improves visualisation and statistical analysis
- Scientific cameras support growth with OEM customers in gene sequencing, clinical screening and drug feasibility studies

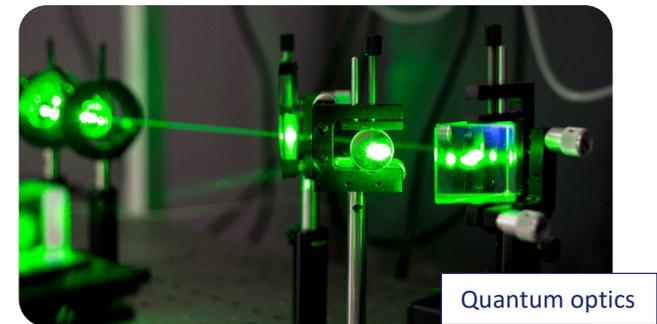
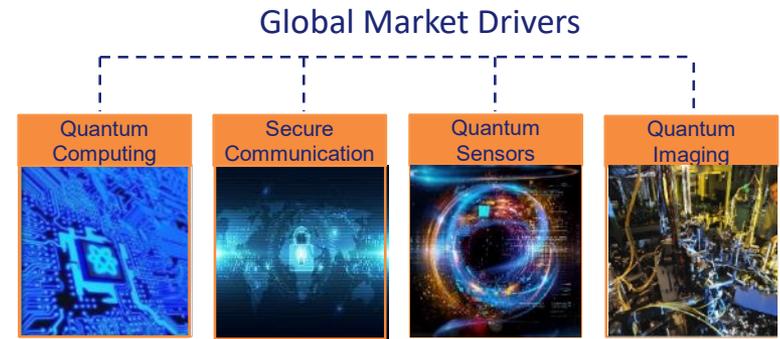


Research & Discovery

Growth Examples

Quantum Technology

- Increased global government and corporate funding for quantum technology
- Growth in cryogenic platforms, material analysis systems and high speed scientific cameras



Research & Fundamental Sciences

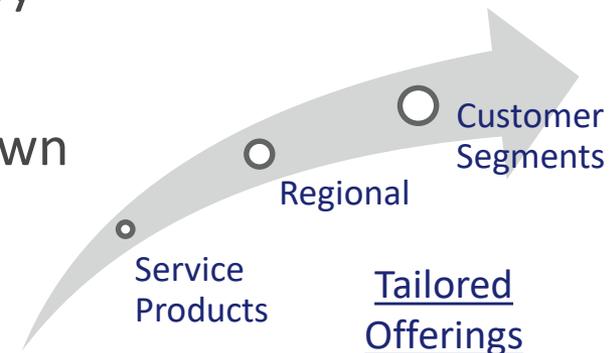
- Growth in demand for high field magnets and research instruments
- New large area camera launched to support attractive astronomy segment



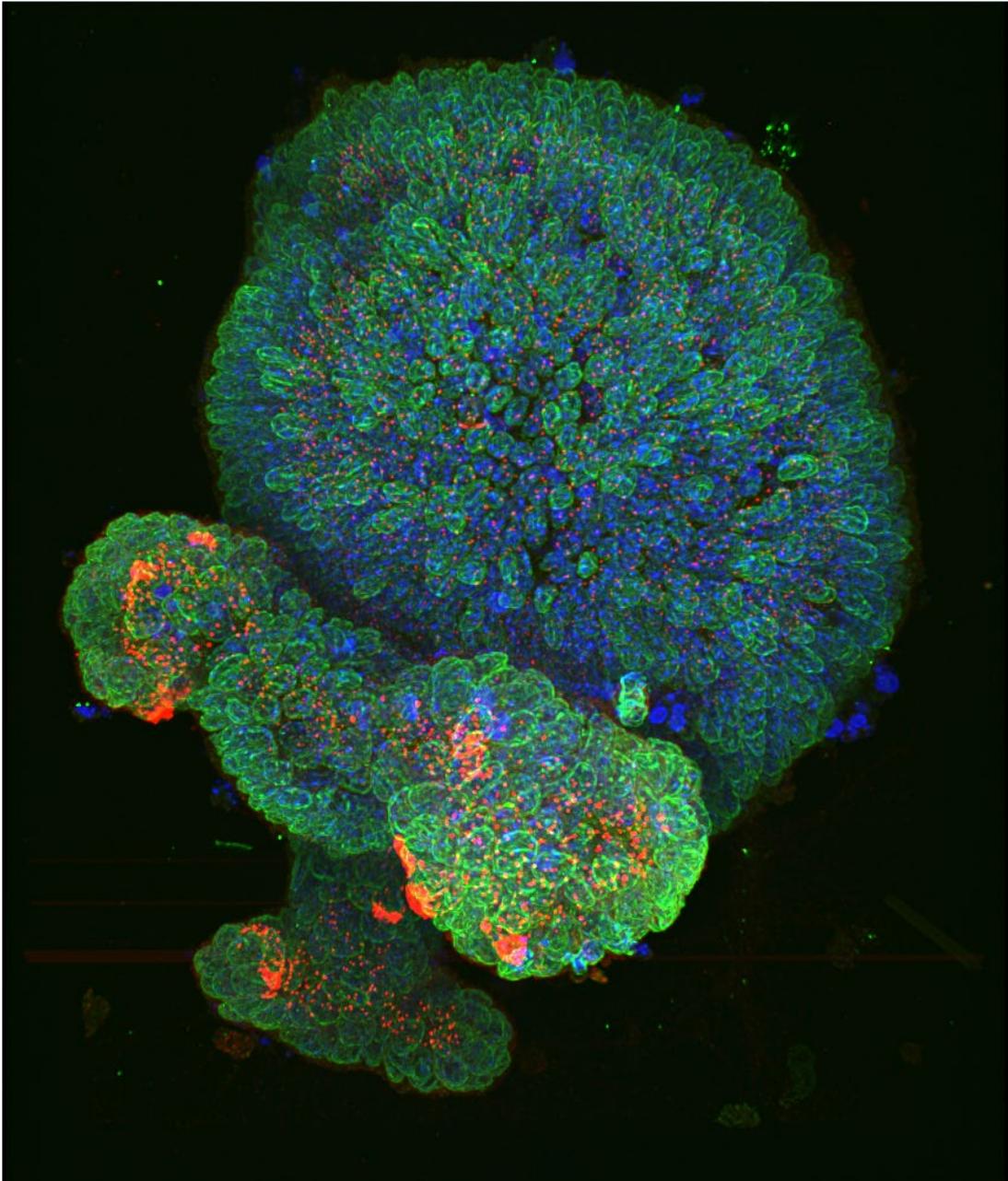
OiService; OI Healthcare

Provides customer service and support for our own products and the service, sale and rental of third party healthcare imaging systems

- Good order, revenue & profit growth
- Healthcare performance marginally impacted by phasing of system sales
- Increased demand for services related to our own products
- Transforming our customer service approach
- Tailoring service products to end market applications and customer segments

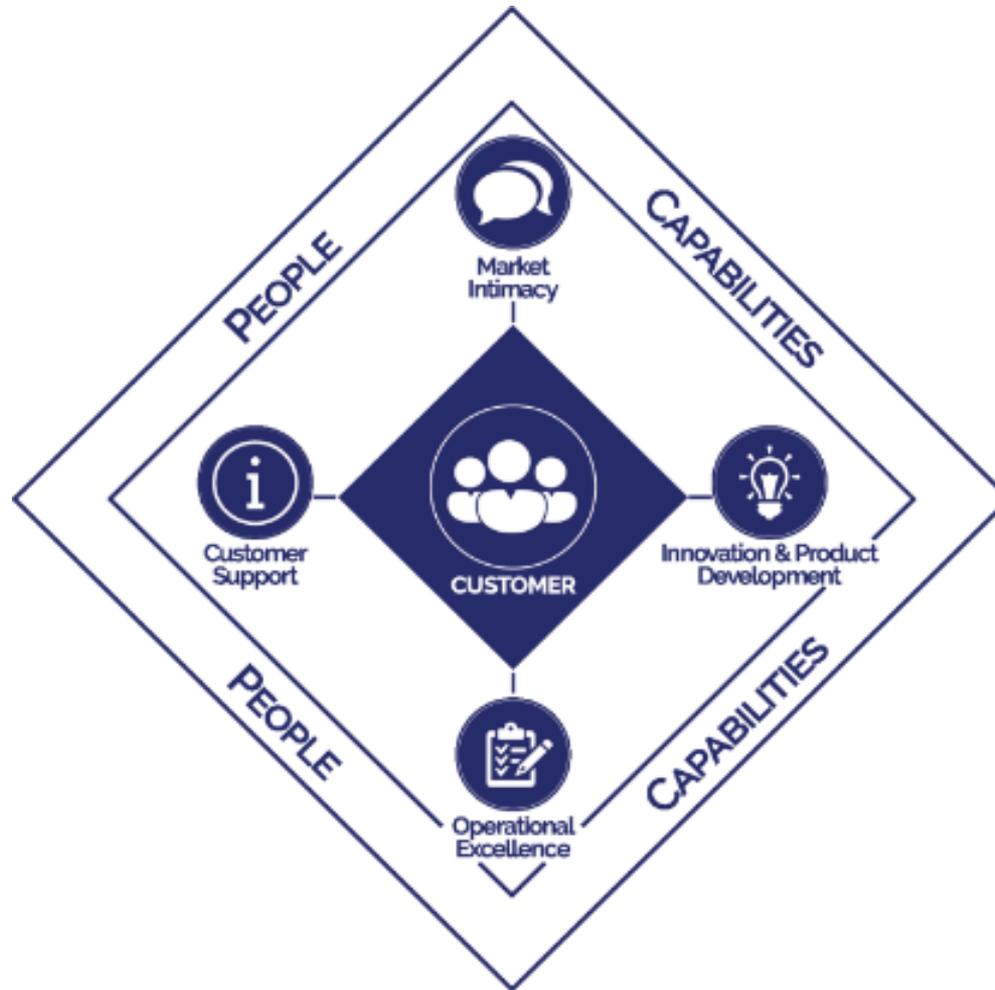


- Strong first half performance: revenue, profit and order growth against a backdrop of uncertain macroeconomic conditions
- Customer centric approach driving growth in existing markets and expansion into new areas
- Portfolio breadth and end market diversity underpin our ability to deliver further growth and margin improvement
- Second half expected to benefit from normal seasonal bias
- Expectations for the current financial year remain unchanged on a constant currency basis



Questions

Oxford Instruments' Operating Model



This presentation is prepared for and addressed to authorised persons within the meaning of the Financial Services and Markets Act 2000 (FSMA). The information contained in this presentation is not for publication, distribution or reproduction, in whole or in part, to any persons outside the jurisdiction of this Act. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this presentation is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

Statements contained in this presentation are based on the knowledge and information available to the Company's Directors at the date it was prepared and therefore the facts stated and views expressed may change after that date. By their nature, any statements concerning the risks and uncertainties facing the Company in this presentation involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. To the extent that this presentation contains any statement dealing with any time after the date of its preparation such statement is merely predictive and speculative as it relates to events and circumstances which are yet to occur. The Company undertakes no obligation to update these forward-looking statements.

The information in this presentation shall not constitute or be deemed to constitute any offer or invitation to invest in or otherwise deal in shares or other securities of Oxford Instruments plc.

All information in the presentation is the property of Oxford Instruments plc.