

# Half Year results presentation

to 30 September 2020

**Ian Barkshire**  
Chief Executive

**Gavin Hill**  
Group Finance Director

# Agenda

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Highlights

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Finance Review

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Horizon & Covid Updates

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Operational Review

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Summary and Outlook

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- Resilient first half performance
- Continued progress with Horizon strategy
- Strong order and order book growth
- Revenue impacted by covid-related disruption
- Strong margin performance through strategic actions
- Growth in net cash, strong balance sheet
- Reinstatement of interim dividend

# Finance Review

Gavin Hill

# Income Statement

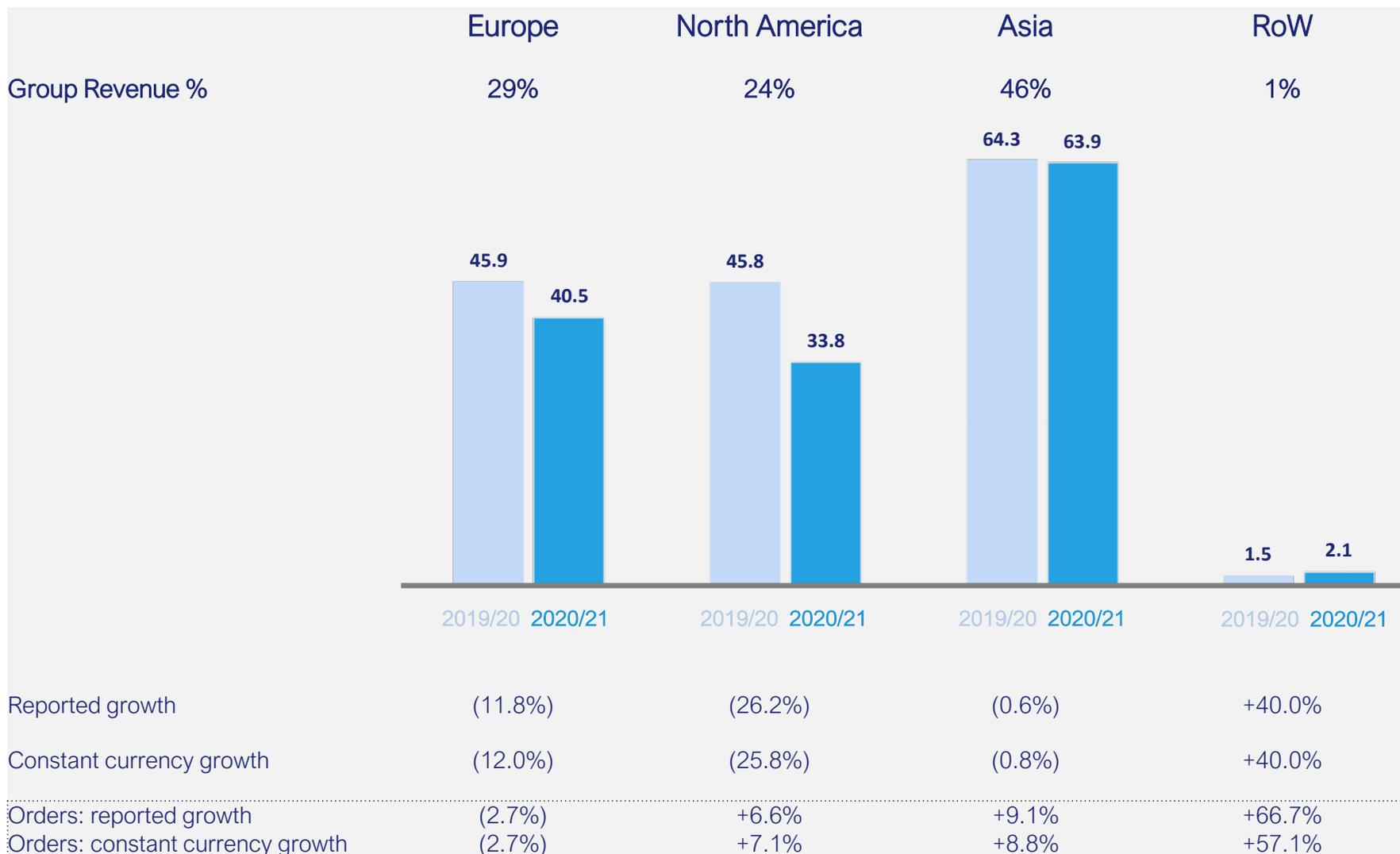


£m	2020/21	2019/20	Reported Change	Constant Currency Change
Revenue	140.3	157.6	(11.0%)	(11.0%)
Adjusted operating profit	24.3	26.2	(7.3%)	(11.5%)
Net finance costs	(0.6)	(0.4)		
Adjusted profit before tax	23.7	25.8	(8.1%)	(12.4%)
Amortisation of acquired intangibles	(4.3)	(4.4)		
Non-recurring items	-	-		
Mark-to-market of currency hedges	0.8	(2.5)		
Profit before tax from continuing operations	20.2	18.9		
Continuing adjusted basic earnings per share	32.8p	36.0p	(8.9%)	
Dividend per share	4.1p	-		

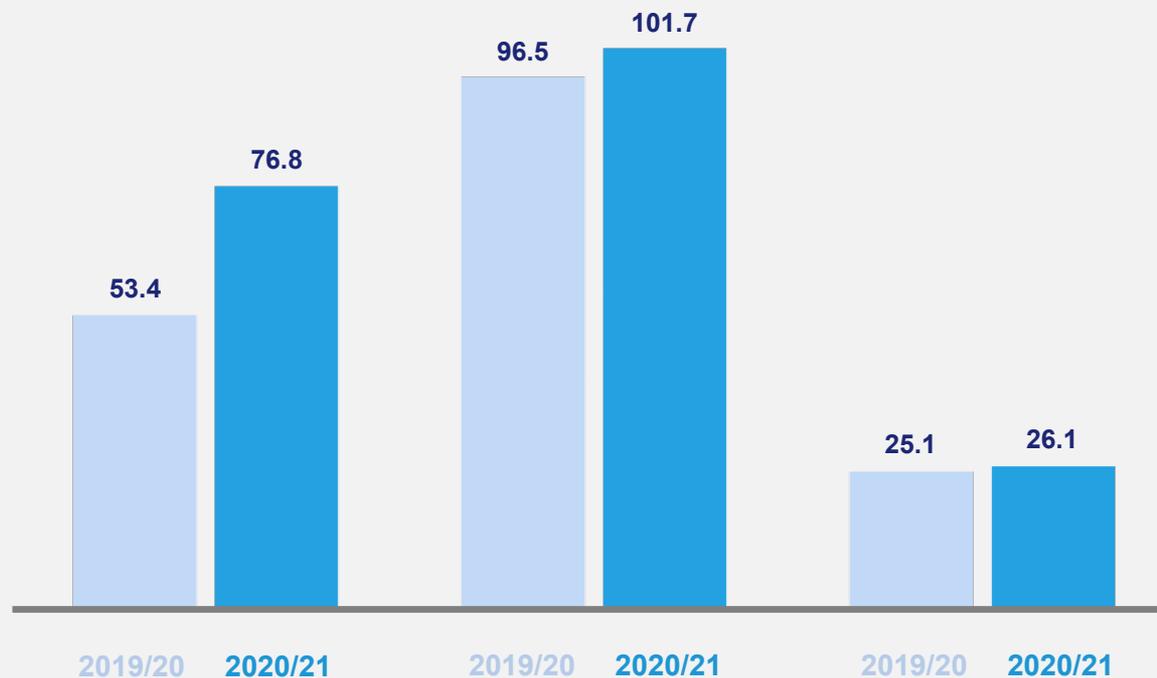
# Revenue by Sector

£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
2019/20	73.2	57.8	26.6	157.6
Underlying movement	(8.0)	(9.5)	0.2	(17.3)
FX	-	-	-	-
2020/21	65.2	48.3	26.8	140.3
<b>Growth</b>				
Reported	(10.9%)	(16.4%)	+1.1%	(11.0%)
Constant currency	(10.9%)	(16.4%)	+1.1%	(11.0%)

# Revenue by Territory: £m



# Order Book: £m



Materials & Characterisation

Research & Discovery

Service & Healthcare

Total

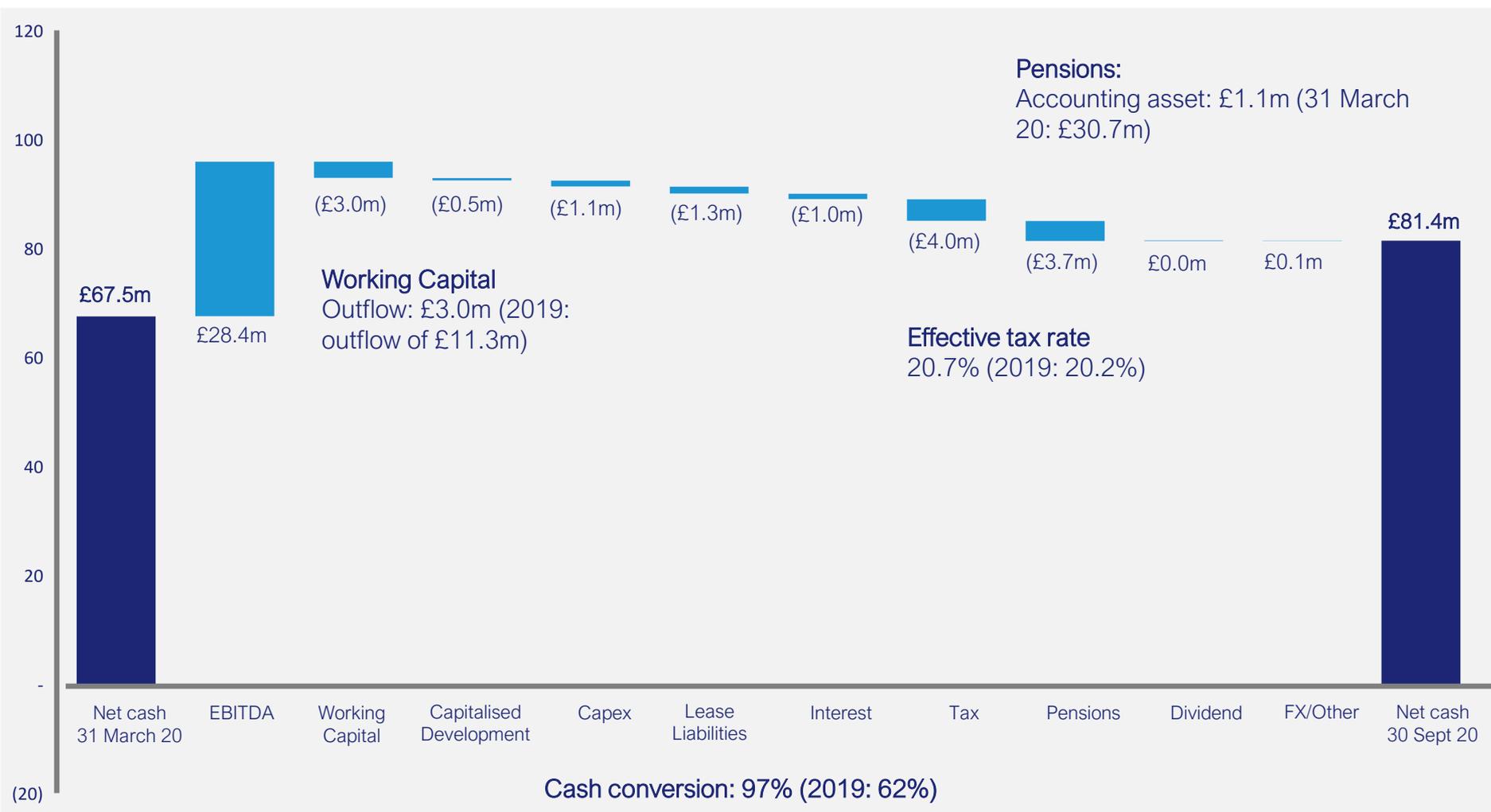
Reported growth	+43.8%	+5.3%	+4.2%	+16.9%
Constant currency growth	+44.9%	+5.5%	(1.3%)	+16.6%

# Adjusted Operating Profit by Sector

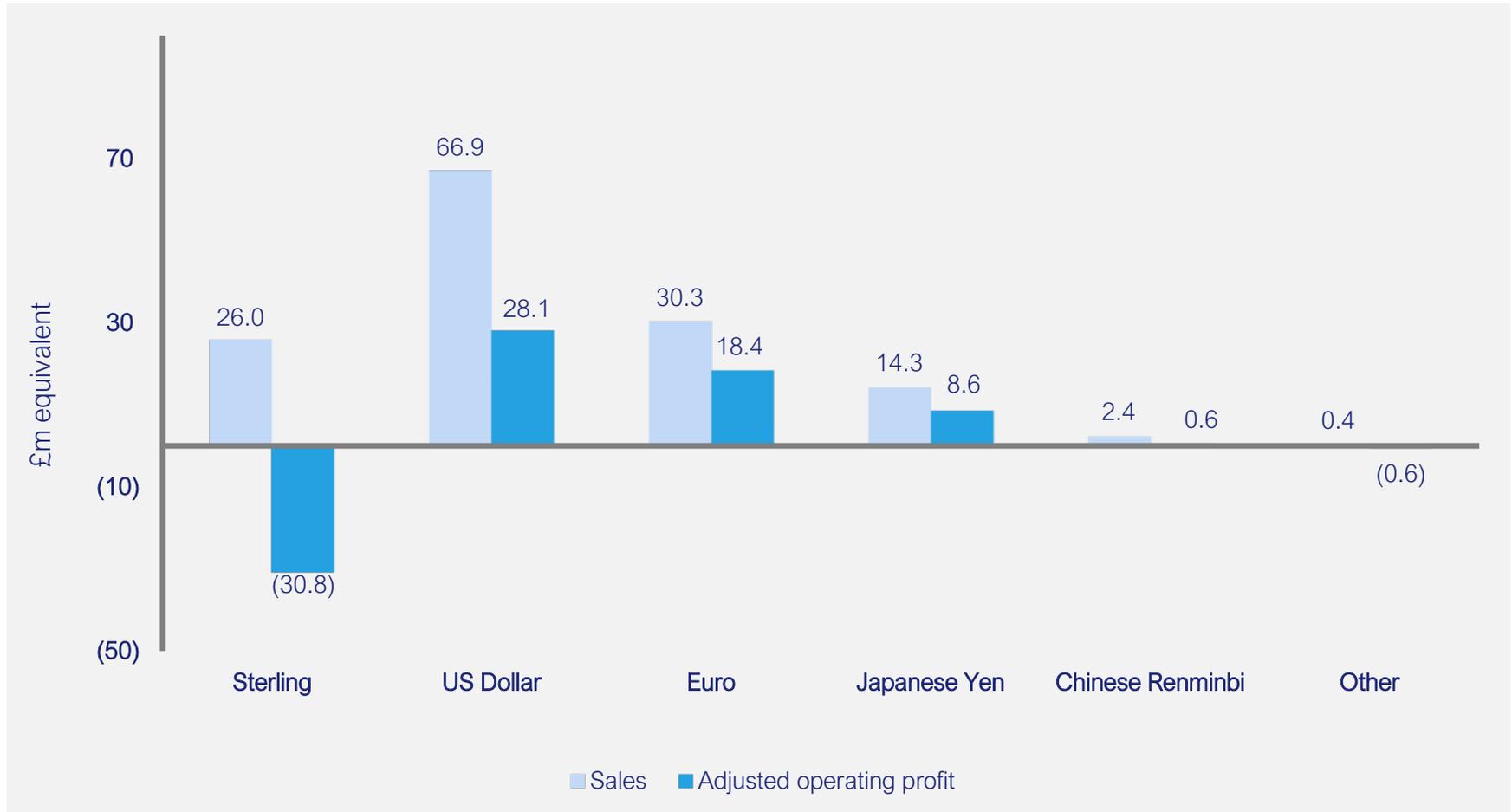


£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
2019/20	12.2	6.4	7.6	26.2
Underlying movement	(3.9)	(0.5)	1.4	(3.0)
FX	0.6	0.5	-	1.1
<b>2020/21</b>	<b>8.9</b>	<b>6.4</b>	<b>9.0</b>	<b>24.3</b>
EBIT Margin				
2019/20	16.7%	11.1%	28.6%	16.6%
<b>2020/21</b>	<b>13.7%</b>	<b>13.3%</b>	<b>33.6%</b>	<b>17.3%</b>

# Cash Flow



# Currency Exposure



- Favourable currency impact in First Half 2020/21: AOP: +£1.1m
- Estimated Second Half 2020/21 currency impact
  - Assuming current hedges and no change from forecast rates, currency sensitivity against FY 2019/20: Revenue: (£1.0m); AOP: +£0.2m
- Estimated Second Half 2020/21 currency sensitivity
  - Assuming current hedges and a 5% strengthening of Sterling against major trading currencies from forecast rates, currency sensitivity against FY 2019/20: Revenue: (£7.9m); AOP: (£1.3m)
- Uncertain volume and timing of shipments and acceptances, currency mix and FX volatility, may significantly affect full year currency impact outcomes

- Strong growth in orders
- Margin sustained despite fall in revenue
- Good operating cash conversion of 97% with net cash of £81.4m
- Total headroom of approximately £214m, including the undrawn £105m credit facility
- Robust first half trading and a strong order book supports reinstatement of guidance and declaration of an interim dividend

# Operations Review

Ian Barkshire

# Horizon Update

- Horizon provided solid foundation for growth, delivering tangible financial gains and supporting margin
- Acceleration of market intimacy, further exploiting sales, marketing and service synergies
- Expansion of digital sales and marketing capabilities
- Transformation of service offering
- Continued progress with operational excellence programme
- Maintained progress and investment in product development
- Further enhanced the skills and capabilities across the Group

Market  
Intimacy

Innovation &  
Product  
Development

Customer  
Support

Operational  
Excellence

# Covid Update

- Prioritising health and wellbeing of employees and supporting customers
- Trading significantly impacted by covid-related disruption at customer sites and protracted administrative processes
- Hybrid workplace model maintained business continuity
- Implemented new working practices and processes, improving operational output and customer support
- Agility and commitment of our people provide resilience and foundation to navigate covid disruption

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## Our Hybrid Workplace

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Closed

Restricted  
access

Controlled  
opening

Managed  
attendance

Soft opening

# Group Performance

Academic: 54%  
Commercial: 46%



Materials &  
Characterisation

Research & Discovery

Service & Healthcare

- Strong order growth across both commercial and academic customers
- Trading more significantly impacted by covid in Q1, with positive momentum through Q2
- Double digit growth in orderbook
- Margin maintained through benefits from Horizon and cost control
- Breadth of markets and exposure to full technology cycle provide business resilience

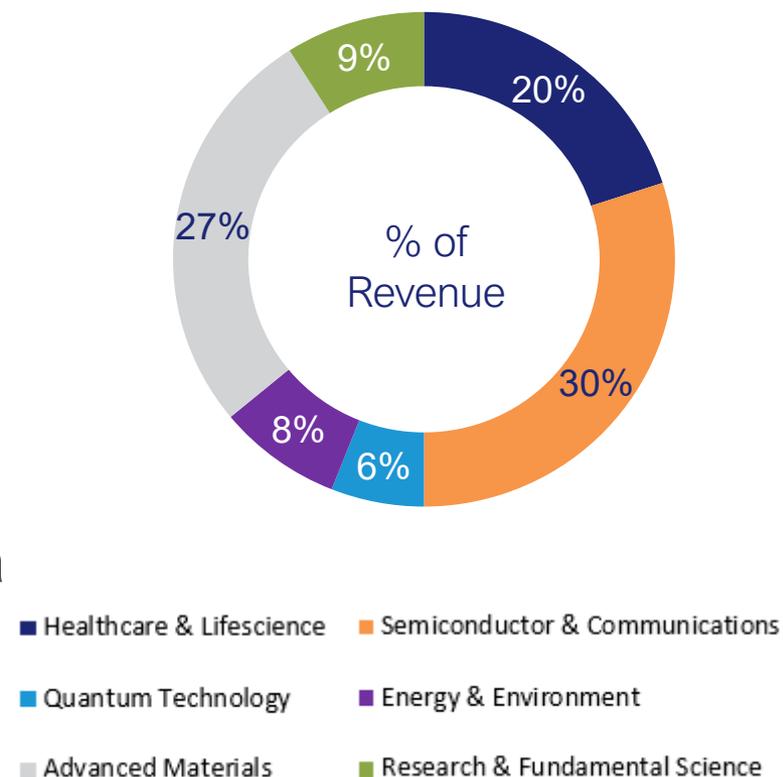


# Group Performance – End Markets

Academic: 54%  
Commercial: 46%



- Broad and diverse range of attractive end markets with long term growth drivers
- Growth supported by resilient end market demand in Semiconductor, Quantum Technology and Advanced Materials
- Strong order growth in North America and Asia offset by softness in Europe
- Market intimacy enabling continued expansion into new markets



# Materials & Characterisation

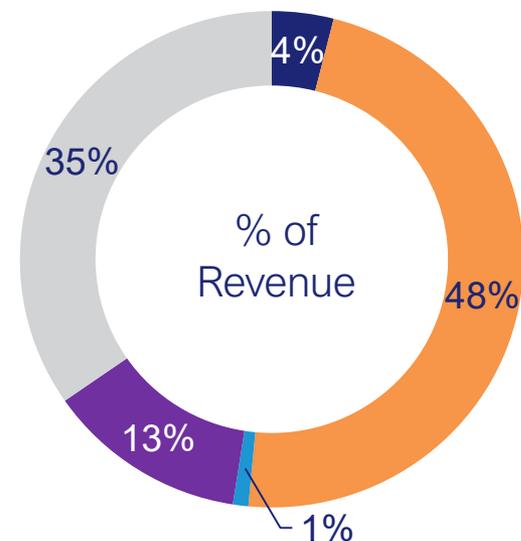
47% Group revenue  
Academic: 48%  
Commercial: 52%



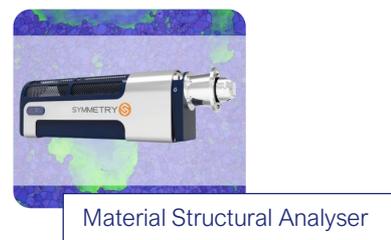
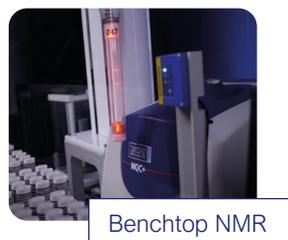
Asylum Research; Magnetic Resonance; NanoAnalysis; Plasma Technology

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

- Orders increased 17% with growth from both academic and commercial customers
- Strong order growth in Semiconductors, improved demand within Advanced Materials, Quantum and Lifescience
- Strong order growth in North America and Asia, good growth in Europe
- Revenue and margin impacted by covid-related disruption



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



# Materials & Characterisation Growth Examples

## Semiconductor & Communications

- Buoyant compound semiconductor market - strong growth in etch and deposition systems
- Strengthened silicon semiconductor market - new products supporting increased sales of imaging and analysis products

### Global Market Drivers



## Energy & Environment

- End market softness was partially offset by growth in dedicated battery solutions
- Sustainable long-term growth drivers

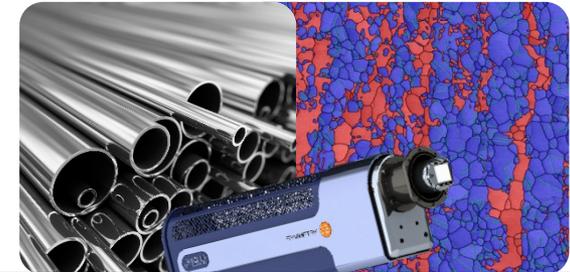


# Materials & Characterisation

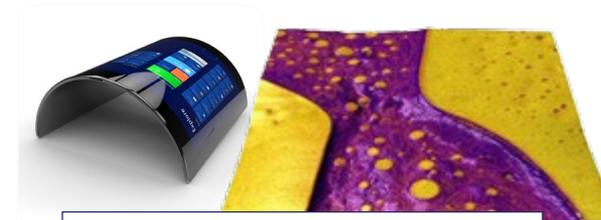
## Growth Examples

### Advanced Materials

- Continued demand for lighter, stronger, higher performing materials
- Tailored products enabling faster structural material analysis
- Growth in the analysis of advanced polymers



Next Generation Steel and Material Structure Analyser



Flexible Display & Polymer Microstructure

### Healthcare & Lifescience

- Tailored solutions for pharma and biomedical industry driving growth



Pharmaceuticals and  
AZtecPharma  
Software

# Research & Discovery

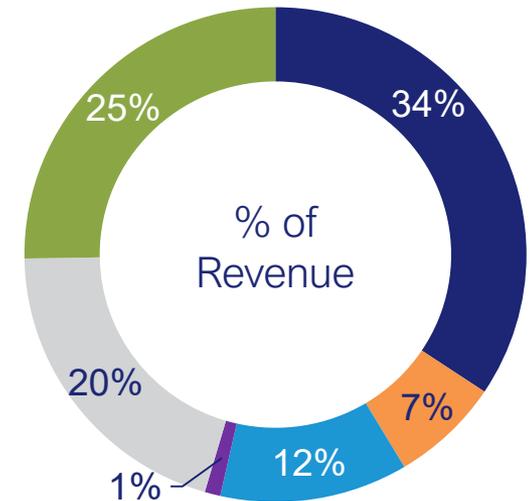
34% Group revenue  
Academic: 67%  
Commercial: 33%



Andor Technology; NanoScience; X-Ray Technology

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

- Severe customer covid disruption in Europe and North America significantly impacted revenue
- Disproportionate impact of covid on scientific cameras and optical microscopy solutions sales
- Order growth in Quantum and Advanced Materials more than offset by softness from academic Lifescience customers
- Increased profitability reflects realisation of Horizon benefits



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



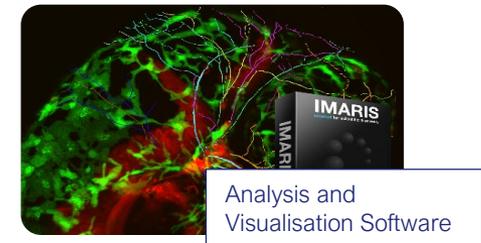
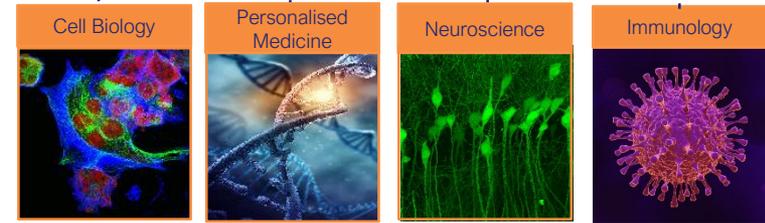
# Research & Discovery

## Growth Examples

### Healthcare & Lifescience

- Fundamental market drivers supporting improved health remain robust
- Subdued demand due to customer site closures, positive momentum in Q2
- Increased OEM demand for covid-related diagnostics and research products
- Our key enabling technologies underpin advances in understanding fundamental disease mechanisms and the development of new treatments e.g. DNA editing

#### Global Market Drivers



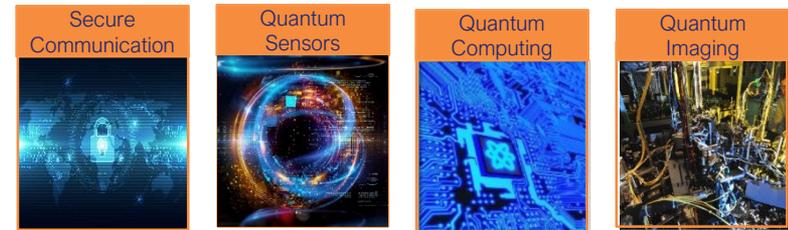
# Research & Discovery

## Growth Examples

### Quantum Technology

- Growth in quantum demand supported by governments & commercial customers
- Partner in consortium to build UK's first commercial quantum computer

### Global Market Drivers



### Research & Fundamental Sciences

- Continued demand across broad range of research themes
- Scientific camera supported NASA's water on the moon discovery
- First IoP Beijing installations successfully completed



Provides customer service and support for our own products and the service and support of third party MRI scanners in Japan

- Revenue from Japan MRI operations broadly in line with previous year
- Accelerated the transformation of our customer support offerings – driving improved profitability
- Higher value products, improved capacity and enhanced service delivery
- Proactively supported customers through covid, improving productivity and minimising down time
- Service strategy remains central to ongoing implementation of Horizon



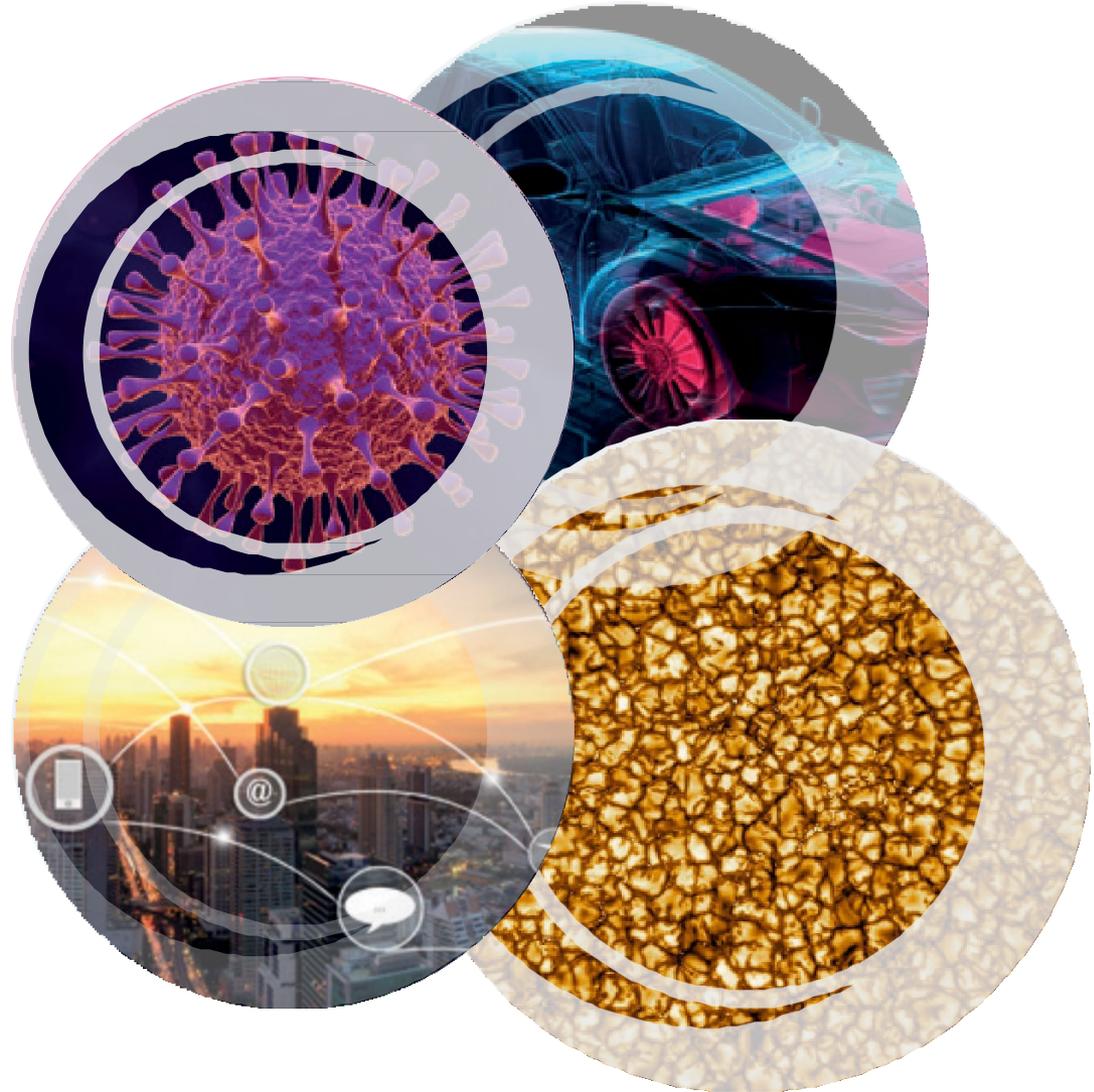
Remote Support



Augmented Reality Support



- Strong order growth in H1, revenue impacted by covid-related disruptions
- Margins sustained despite lower revenues
- Robust trading, combined with strong order book, gives us confidence for H2
- *“We expect full year performance to be a little behind last year on a constant currency basis, ahead of current analyst forecasts.”*
- Transformation of Group through Horizon strategy has provided solid foundation for longer-term growth and margin improvement



Thank you

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