

Preliminary Results Presentation

to 31st March 2019

Ian Barkshire
Chief Executive

Gavin Hill
Group Finance Director

Agenda

Highlights

Finance Review

Horizon Update

Operational Review

Summary and Outlook

- Continued progress with the implementation of Horizon
- Investment in operations, sales and marketing
- Delivered strong revenue and profit growth
- Underlying margin growth offset by in-year investments and currency headwind
- Strong growth in orders and orderbook
- End markets remain positive with long-term growth drivers
- Strong order, revenue and profit growth in Materials & Characterisation
- Good order and revenue growth in Research & Discovery
- Order, revenue and profit growth in Service & Healthcare
- Net cash position after good cash collection

Finance Review

Gavin Hill

Income Statement

£m	2018/19	2017/18	Reported Change	Constant Currency Change
Revenue	333.6	296.9	+12.4%	+10.8%
Adjusted operating profit	49.7	46.5	+6.9%	+9.7%
Net finance costs	(2.2)	(4.2)		
Adjusted profit before tax	47.5	42.3	+12.3%	+15.4%
Amortisation of acquired intangibles	(9.6)	(10.9)		
Non-recurring items	(0.9)	(0.3)		
Mark-to-market of currency hedges	(1.5)	3.1		
Profit before tax from continuing operations	35.5	34.2		
Continuing adjusted basic earnings per share	64.9p	56.3p	+15.3%	
Dividend per share	14.4p	13.3p	+8.3%	

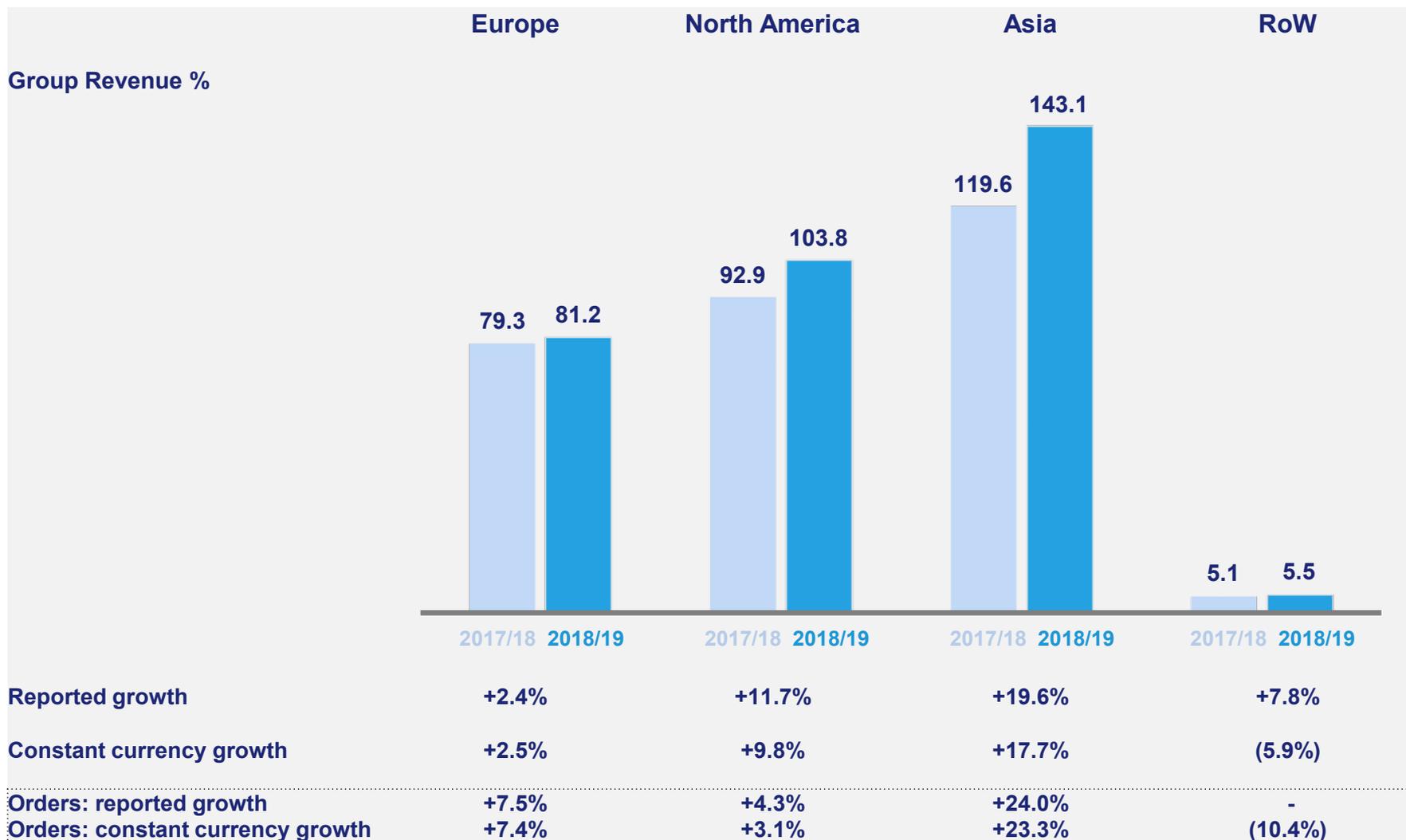
Revenue by Sector



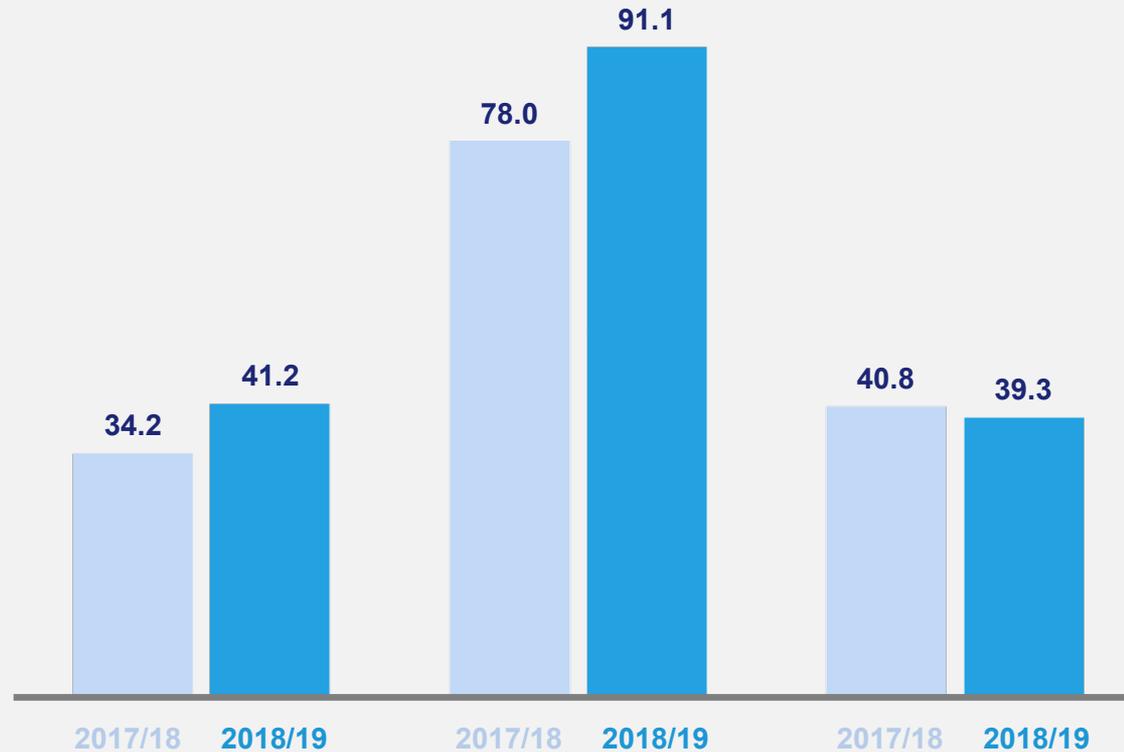
£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total*
2017/18	118.1	112.0	66.8	296.9
Underlying movement	18.1	11.1	2.8	32.0
FX	1.7	2.1	0.9	4.7
2018/19	137.9	125.2	70.5	333.6
Growth				
Reported	+16.8%	+11.8%	+5.5%	+12.4%
Constant currency	+15.3%	+9.9%	+4.2%	+10.8%

* Excluding inter-segment revenues

Revenue by Territory: £m



Order Book: £m



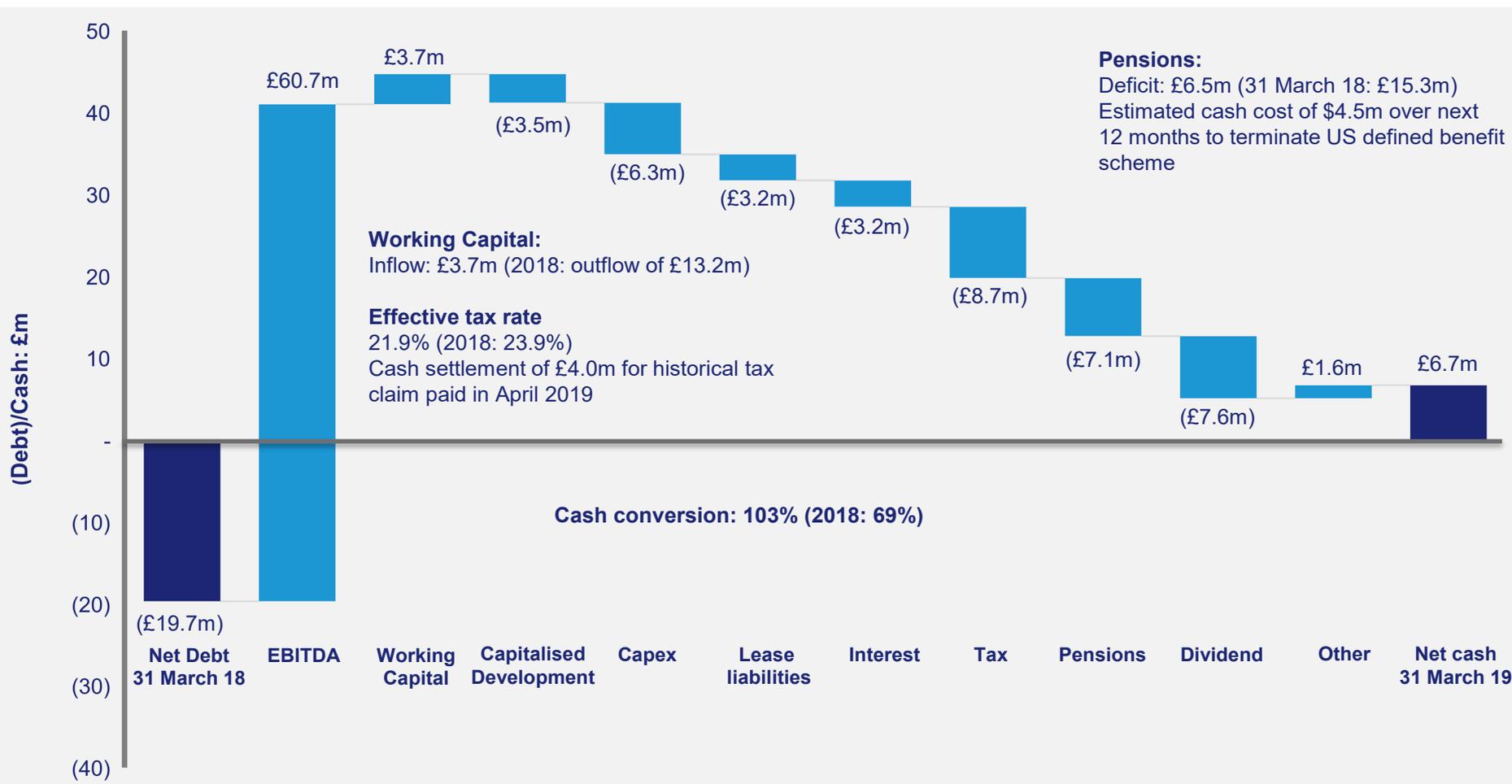
	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
Reported growth	+20.5%	+16.8%	(3.7%)	+12.2%
Constant currency growth	+16.7%	+15.4%	(8.1%)	+9.4%

* 2018 adjusted for IFRS 15

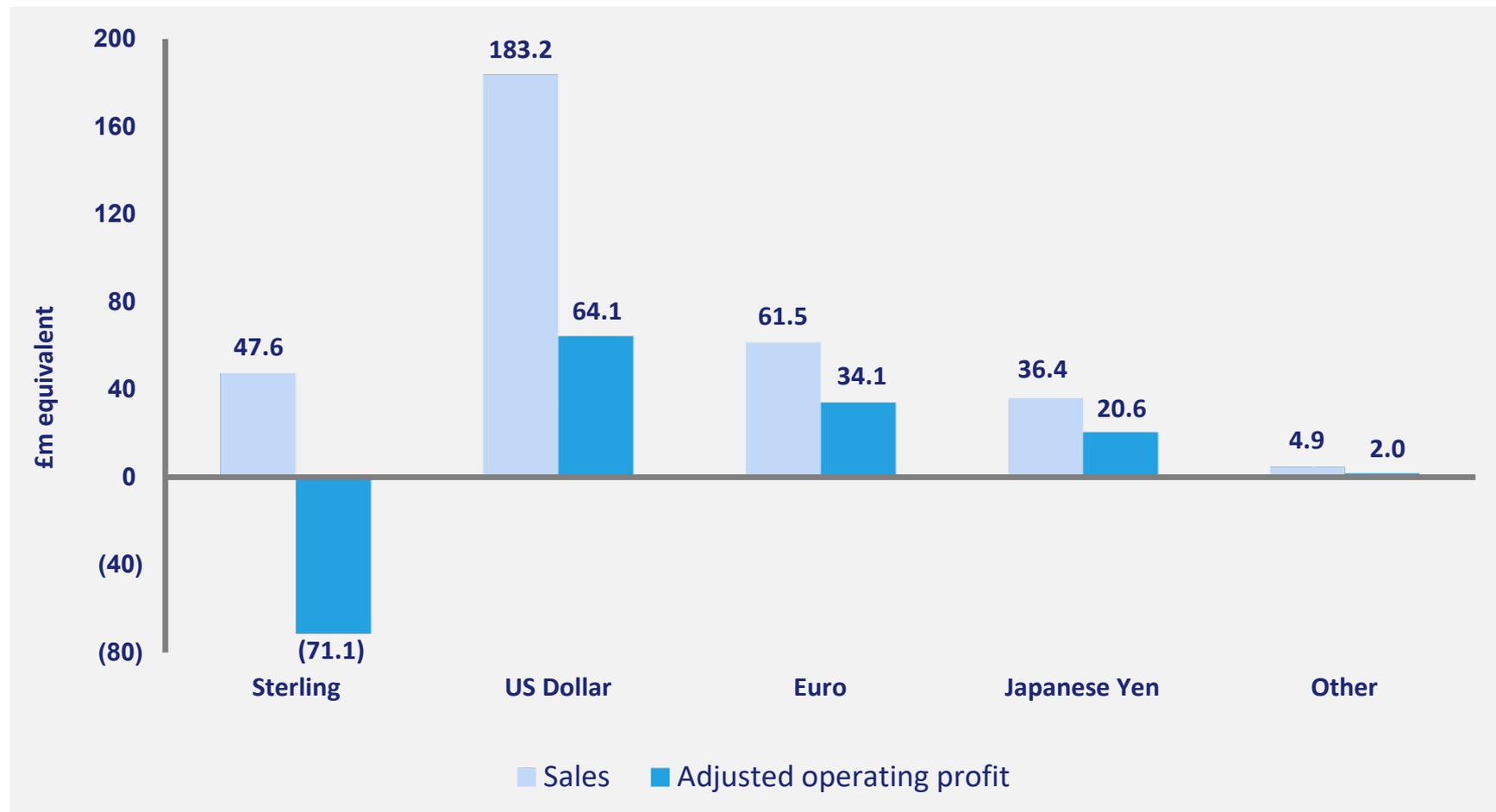
Adjusted Operating Profit by Sector

£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
2017/18	20.1	13.8	12.6	46.5
Underlying movement	2.8	(0.3)	2.0	4.5
FX	(0.8)	(0.8)	0.3	(1.3)
2018/19	22.1	12.7	14.9	49.7
EBIT Margin				
2017/18	17.0%	12.3%	18.9%	15.7%
2018/19	16.0%	10.1%	21.1%	14.9%

Cash Flow



Currency Exposure



- Good growth in orders and order book at reported and constant currency
- Revenue growth of 10.8% and adjusted operating profit (AOP) growth of 9.7% at constant currency against last year
- AOP margin broadly neutral at constant currency against last year
- Continuing adjusted basic earnings per share up 15.3%
- Good cash conversion of 103% resulting in year-end net cash of £6.7m
- Strong balance sheet and new credit facility provides financial capacity to support future business growth

Horizon Update & Operations Review

Ian Barkshire

Horizon Progress – Two Years In



- Building a stronger Oxford Instruments positioned to deliver long-term sustainable growth and margin improvement
- Transitioning to a customer centric, market focused Group
- Growth into current markets and expansion into new applications
- Portfolio positioned to address broad and diverse range of attractive end markets and industrial sectors
- Incremental investment in operational excellence programme; strategic procurement, logistics and operational efficiency
- Continued to build our leadership team, commercial focus and core capabilities

Materials &
Characterisation

Research & Discovery

Service & Healthcare

- Strong revenue and profit growth
- Underlying margin growth offset by in-year investments
- Expansion of commercial customer base and robust academic markets
- Strong growth in orders and orderbook across each of our sectors

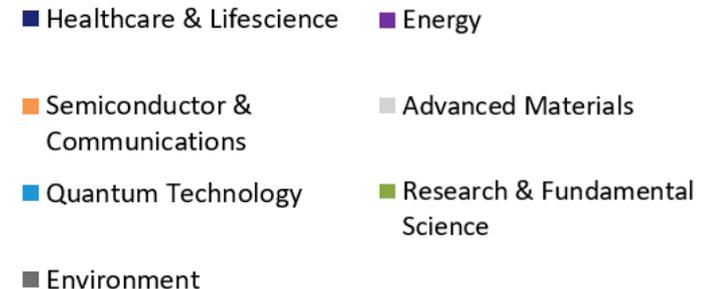
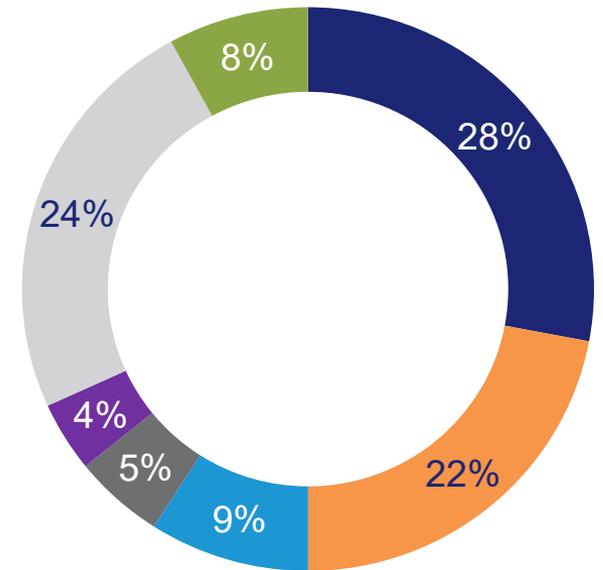


Group Performance – End Markets

Academic: 49%
Commercial: 51%



- Broad and diverse range of end markets and industrial sectors
- End markets remain positive with long-term growth drivers
- Healthy revenue and order growth across our main customer segments
- Strong growth across Asia and North America, with modest growth in Europe



Materials & Characterisation

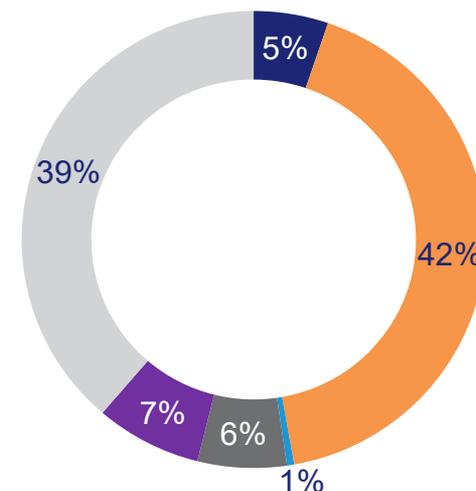
41% Group revenue
Academic: 42%
Commercial: 58%



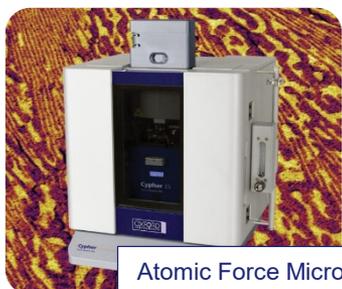
Asylum Research; NanoAnalysis; Plasma Technology

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

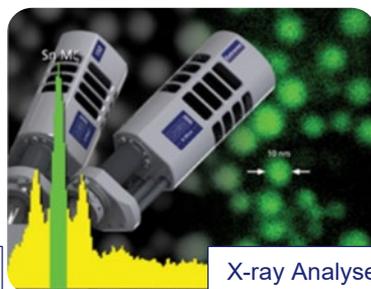
- Double digit growth in revenue, orders and orderbook
- Strong profit growth
- Significant sales growth in Advanced Materials
- Good growth in Semiconductor & Communications and Energy segments
- Increasing demand from commercial customers rising to 58% of sales (2018: 49%)



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



Atomic Force Microscope



X-ray Analyser



Semiconductor Processing System

Materials & Characterisation

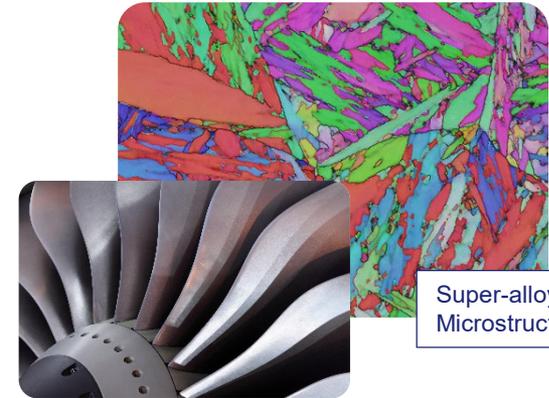
Growth Examples

41% Group revenue
Academic: 42%
Commercial: 58%

OXFORD
INSTRUMENTS

Advanced Materials

- Increasing demand for lighter, stronger, higher functioning materials
- Broad end markets include automotive, additive manufacturing, consumer electronics and polymers
- Performance and reliability of advanced materials determined by composition and structure



Super-alloy
Microstructure



Energy

- Growth across energy generation, storage and battery applications

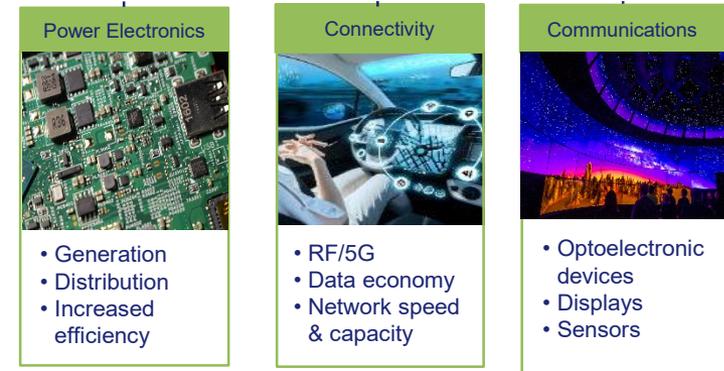


Extreme X-ray Analyser

Semiconductor & Communications

- Strong growth in compound semiconductors more than offset the decline from electronics and mainstream silicon chip manufacturing
- Sales of our imaging and analysis products into research and applied R&D mitigated declines from manufacturing and production
- Technology transition away from silicon: disruption across power electronics, connectivity and communications

Global Market Drivers



Driving demand for compound semiconductors, eg silicon carbide, gallium nitride, indium phosphide & gallium arsenide



Research & Discovery

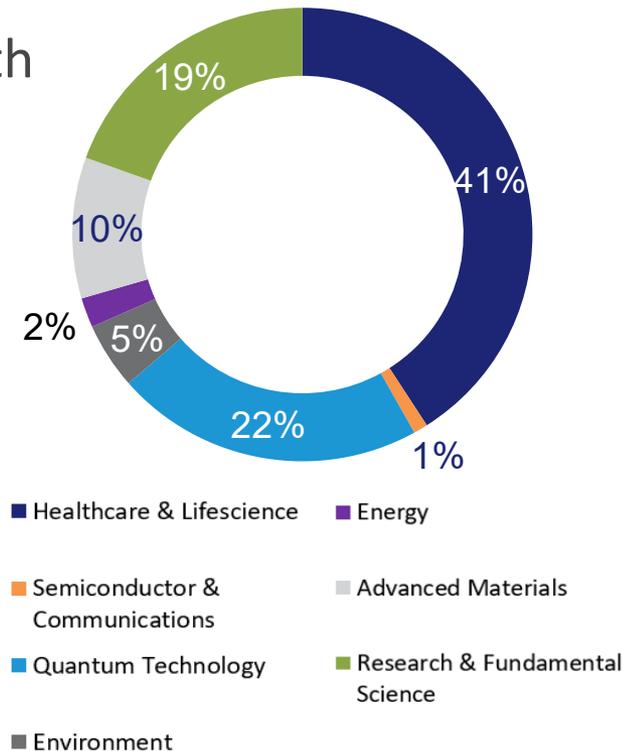
38% Group revenue
Academic: 69%
Commercial: 31%



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

- Double digit revenue, order & orderbook growth
- Growth from academic research communities and commercial customers
- Financial performance impacted by a period of poor yield within X-Ray Technology
- Strong growth across Lifescience, Quantum Technology and Fundamental Science



Research & Discovery

Growth Examples

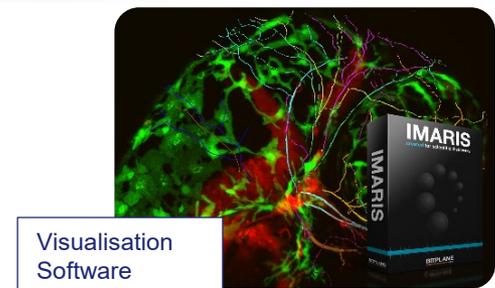
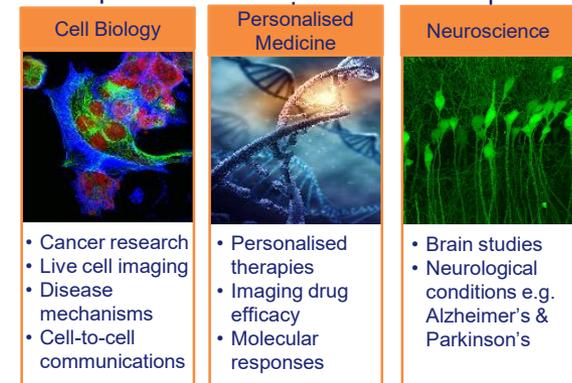
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Healthcare & Lifescience

- Strong performance from optical microscopy systems, imaging software and scientific cameras
- Development of new therapies for cancer and neurological conditions require larger area and higher resolution images
- Huge datasets need advanced visualisation and analysis to interpret core biological processes
- Scientific cameras support growth in gene sequencing, clinical screening and drug feasibility studies

Global Market Drivers



Research & Discovery

Growth Examples

38% Group revenue
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OXFORD
INSTRUMENTS

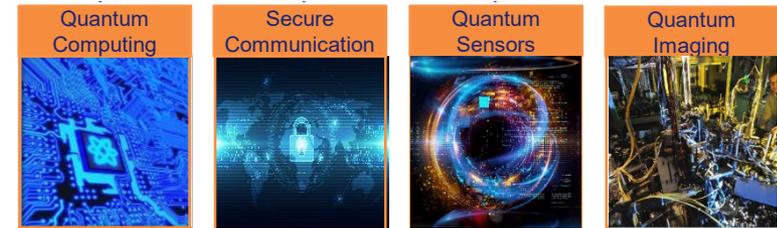
Quantum Technology

- Investment growth from academic and commercial customers in quantum computing, sensors, imaging & secure communication
- Key enabling technologies include cryogenic platforms, advanced scientific cameras and high magnetic field solutions

Research & Fundamental Sciences

- Increased academic and government investment
- Regeneration of larger scale national user facilities

Global Market Drivers



OiService; OI Healthcare

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

Order, revenue & profit growth, with margin improvement

OiService

- Increased demand for services in line with changing needs of customers
- Broader range of products, consumables, training and services



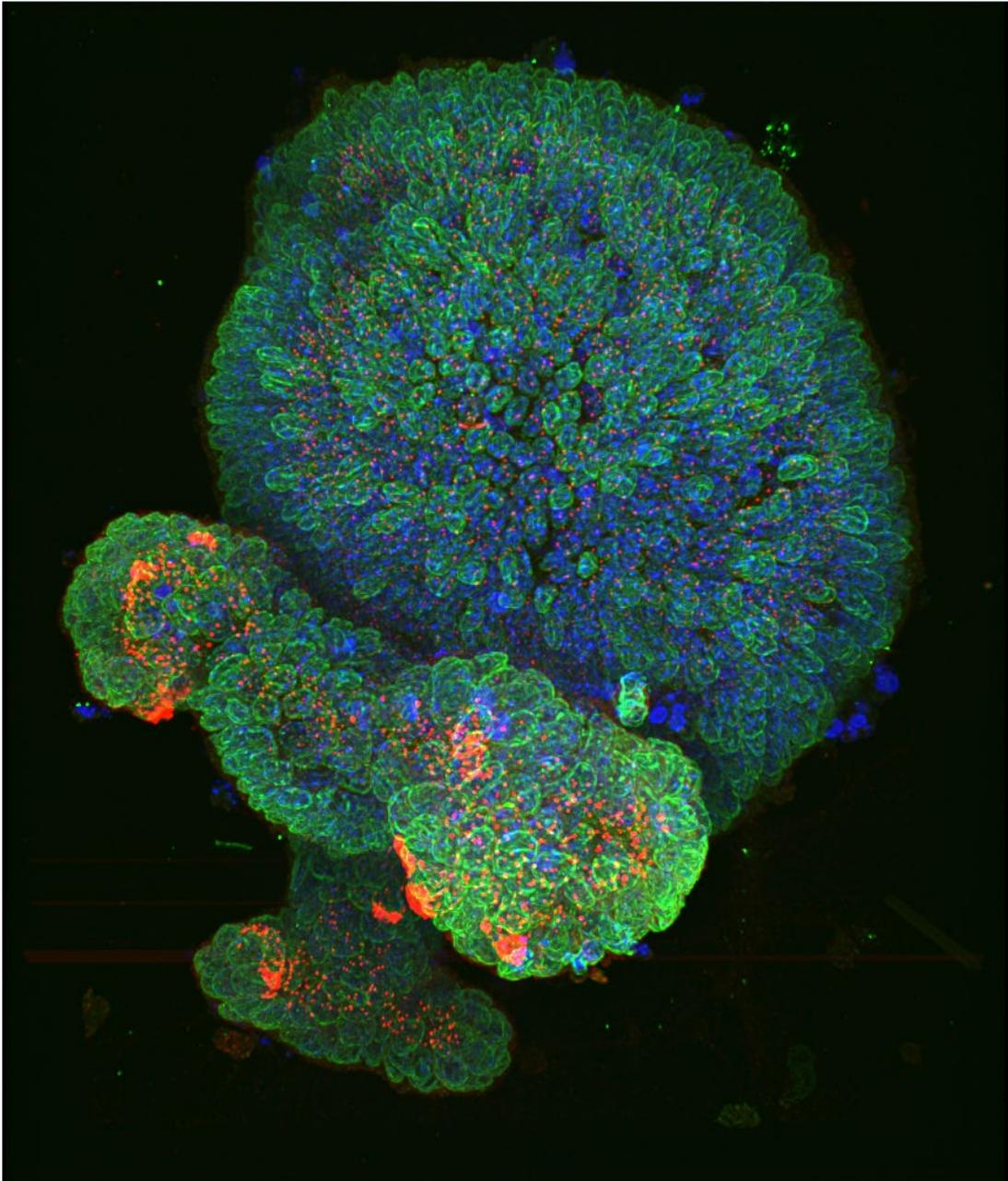
OI Healthcare

- Progress and improved performance in US Healthcare
- Built on strategic relationships servicing third party MRI systems in Japan



Mobile MRI Unit

- Good progress in the year, supported by Horizon strategy
- Well positioned in attractive markets with long-term growth drivers and focused on segments where we can maintain leadership positions
- Addressing some of the world's major challenges: enabling a greener economy, increased connectivity, improved health and leaps in scientific understanding
- While mindful of the backdrop of geopolitical and market uncertainty, we remain focused on improving the business and expect to make further progress in the year



Questions

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