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
Highlights

• 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

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

<table>
<thead>
<tr>
<th>£m</th>
<th>Materials &amp; Characterisation</th>
<th>Research &amp; Discovery</th>
<th>Service &amp; Healthcare</th>
<th>Total*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>118.1</td>
<td>112.0</td>
<td>66.8</td>
<td>296.9</td>
</tr>
<tr>
<td>Underlying movement</td>
<td>18.1</td>
<td>11.1</td>
<td>2.8</td>
<td>32.0</td>
</tr>
<tr>
<td>FX</td>
<td>1.7</td>
<td>2.1</td>
<td>0.9</td>
<td>4.7</td>
</tr>
<tr>
<td>2018/19</td>
<td>137.9</td>
<td>125.2</td>
<td>70.5</td>
<td>333.6</td>
</tr>
</tbody>
</table>

**Growth**

<table>
<thead>
<tr>
<th></th>
<th>Reported</th>
<th>Research &amp; Discovery</th>
<th>Service &amp; Healthcare</th>
<th>Total*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported</td>
<td>+16.8%</td>
<td>+11.8%</td>
<td>+5.5%</td>
<td>+12.4%</td>
</tr>
<tr>
<td>Constant currency</td>
<td>+15.3%</td>
<td>+9.9%</td>
<td>+4.2%</td>
<td>+10.8%</td>
</tr>
</tbody>
</table>

* Excluding inter-segment revenues
Revenue by Territory: £m

<table>
<thead>
<tr>
<th>Territory</th>
<th>Europe</th>
<th>North America</th>
<th>Asia</th>
<th>RoW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>79.3</td>
<td>92.9</td>
<td>119.6</td>
<td>5.1</td>
</tr>
<tr>
<td>2018/19</td>
<td>81.2</td>
<td>103.8</td>
<td>143.1</td>
<td>5.5</td>
</tr>
</tbody>
</table>

Group Revenue %

- Reported growth: +2.4% (Europe), +11.7% (North America), +19.6% (Asia), +7.8% (RoW)
- Constant currency growth: +2.5% (Europe), +9.8% (North America), +17.7% (Asia), (5.9%) (RoW)
- Orders: reported growth: +7.5% (Europe), +4.3% (North America), +24.0% (Asia), - (RoW)
- Orders: constant currency growth: +7.4% (Europe), +3.1% (North America), +23.3% (Asia), (10.4%) (RoW)
Order Book: £m

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials &amp; Characterisation</td>
<td>34.2</td>
<td>41.2</td>
</tr>
<tr>
<td>Research &amp; Discovery</td>
<td>78.0</td>
<td>91.1</td>
</tr>
<tr>
<td>Service &amp; Healthcare</td>
<td>40.8</td>
<td>39.3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reported growth:
- Materials & Characterisation: +20.5%
- Research & Discovery: +16.8%
- Service & Healthcare: (3.7%)
- Total: +12.2%

Constant currency growth:
- Materials & Characterisation: +16.7%
- Research & Discovery: +15.4%
- Service & Healthcare: (8.1%)
- Total: +9.4%

* 2018 adjusted for IFRS 15
## Adjusted Operating Profit by Sector

<table>
<thead>
<tr>
<th>£m</th>
<th>Materials &amp; Characterisation</th>
<th>Research &amp; Discovery</th>
<th>Service &amp; Healthcare</th>
<th>Total</th>
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<tbody>
<tr>
<td>2017/18</td>
<td>20.1</td>
<td>13.8</td>
<td>12.6</td>
<td>46.5</td>
</tr>
<tr>
<td>Underlying movement</td>
<td>2.8</td>
<td>(0.3)</td>
<td>2.0</td>
<td>4.5</td>
</tr>
<tr>
<td>FX</td>
<td>(0.8)</td>
<td>(0.8)</td>
<td>0.3</td>
<td>(1.3)</td>
</tr>
<tr>
<td>2018/19</td>
<td>22.1</td>
<td>12.7</td>
<td>14.9</td>
<td>49.7</td>
</tr>
</tbody>
</table>

**EBIT Margin**

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>17.0%</td>
<td>16.0%</td>
</tr>
<tr>
<td>2018/19</td>
<td>12.3%</td>
<td>10.1%</td>
</tr>
<tr>
<td></td>
<td>18.9%</td>
<td>21.1%</td>
</tr>
<tr>
<td></td>
<td>15.7%</td>
<td>14.9%</td>
</tr>
</tbody>
</table>
### Cash Flow

**Working Capital:**
- Inflow: £3.7m (2018: outflow of £13.2m)

**Effective tax rate**
- 21.9% (2018: 23.9%)
- Cash settlement of £4.0m for historical tax claim paid in April 2019

**Pensions:**
- Deficit: £6.5m (31 March 18: £15.3m)
- Estimated cash cost of $4.5m over next 12 months to terminate US defined benefit scheme

<table>
<thead>
<tr>
<th>(Debt)/Cash: £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt 31 March 18: (£19.7m)</td>
</tr>
<tr>
<td>EBITDA: £60.7m</td>
</tr>
<tr>
<td>Working Capital: £3.7m</td>
</tr>
<tr>
<td>Capitalised Development: (£3.5m)</td>
</tr>
<tr>
<td>Capex: (£6.3m)</td>
</tr>
<tr>
<td>Lease liabilities: (£3.2m)</td>
</tr>
<tr>
<td>Interest: (£3.2m)</td>
</tr>
<tr>
<td>Tax: (£3.2m)</td>
</tr>
<tr>
<td>Pensions: (£8.7m)</td>
</tr>
<tr>
<td>Dividend: (£7.1m)</td>
</tr>
<tr>
<td>Other: (£7.6m)</td>
</tr>
<tr>
<td>Net cash 31 March 19: £6.7m</td>
</tr>
</tbody>
</table>

**Cash conversion: 103% (2018: 69%)**

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**Notes:**
- Cash conversion: Percentage of cash inflow to cash outflow.
Finance Summary

• 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
Group Performance

• 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

Materials & Characterisation
Research & Discovery
Service & Healthcare

Academic: 49%
Commercial: 51%

Fundamental Research
Providing solutions to those exploring new frontiers at the nanoscale
Physical & Life Sciences

Innovation approach
Product application insight

Applied R&D
Our key enabling technologies and solutions facilitate the development of more advanced products

High Tech Manufacturing
Providing products to support today’s manufacturing challenges & create new opportunities

Market insight

Innovation approach
Product application insight

Applied R&D
Our key enabling technologies and solutions facilitate the development of more advanced products

High Tech Manufacturing
Providing products to support today’s manufacturing challenges & create new opportunities

Market insight
Group Performance – End Markets

• 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

Academic: 49%
Commercial: 51%
Materials & Characterisation

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%)

Atomic Force Microscope
X-ray Analyser
Semiconductor Processing System

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

41% Group revenue
Academic: 42%
Commercial: 58%
Materials & Characterisation

Growth Examples

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

Energy

• Growth across energy generation, storage and battery applications
Materials & Characterisation

Growth Examples

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
Research & Discovery

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

[Diagram showing revenue distribution]

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

[Images of equipment: Dragonfly 200, Triton Cryocooler, Pulsar NMR, Camera, X-ray Tube]
Research & Discovery

Growth Examples

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
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
Service & Healthcare

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
Summary & Outlook

• 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
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