

Preliminary results presentation

to 31 March 2020

Ian Barkshire
Chief Executive

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Group Finance Director

Highlights

Horizon Update & Covid-19 Response

Finance Review

Operational Review

Summary and Outlook

- Progress with Horizon delivering tangible financial benefits
- Good underlying profit and margin growth
- Full year performance impacted by covid-19 in Q4
- Covid-19 response plan, ensuring business continuity and longevity
- Gains from improved commercial practices & operational excellence programme
- Customer service transformation driving strong growth and improved profitability
- Net cash £67.5m, aided by strong cash collection and proceeds from disposals

Horizon Update

- Positive progress with Horizon strategy driving underlying growth and improved profitability
- Customer centric, market driven approach identifying new markets and optimising value with existing customers
- Higher quality product roadmaps delivered through increased utilisation of cross-business capabilities and collaboration partners
- Margin growth supported by improved commercial practices and gains through operational excellence
- Customer service transformation driving growth and improved profitability
- Divestments increase focus on chosen markets and support margin expansion

Market
Intimacy

Innovation &
Product
Development

Customer
Support

Operational
Excellence

Covid-19 Response

- Covid-19 disrupted business throughout Q4, equivalent to approximately two weeks of revenue
- Delays in shipment and installation at customer sites
- Developed and implemented phased approach through covid-19 disruption
- Prioritising health and wellbeing of employees, supporting customers through maintaining business continuity
- Manufacturing sites remained open with safe working practices and reduced occupancy, except short period in two US sites
- Supply chain has remained robust
- Our products and technologies directly contributed to the global fight against coronavirus and supporting essential services

Covid-19 Response

- Implementing phase four – adapted business practices and capabilities to optimise business continuity throughout global recovery
- Protecting the business and job security of our employees through proactive cash management and cost containment measures including:
 - Temporary reduction in executive salary and Board fees
 - Delay of annual pay review and deferral of bonus
 - Suspension of dividend
 - Capex and headcount freeze
 - Utilising appropriate government support schemes
- Our end markets and their growth drivers remain resilient and should not be weakened in the long term by covid-19 headwinds
- Benefits from Horizon strategy and strong balance sheet provide resilience and foundation to successfully navigate covid-19 disruption

Our Hybrid Workplace

Closed

Restricted
access

Controlled
opening

Managed
attendance

Soft opening

Finance Review

Gavin Hill

Income Statement

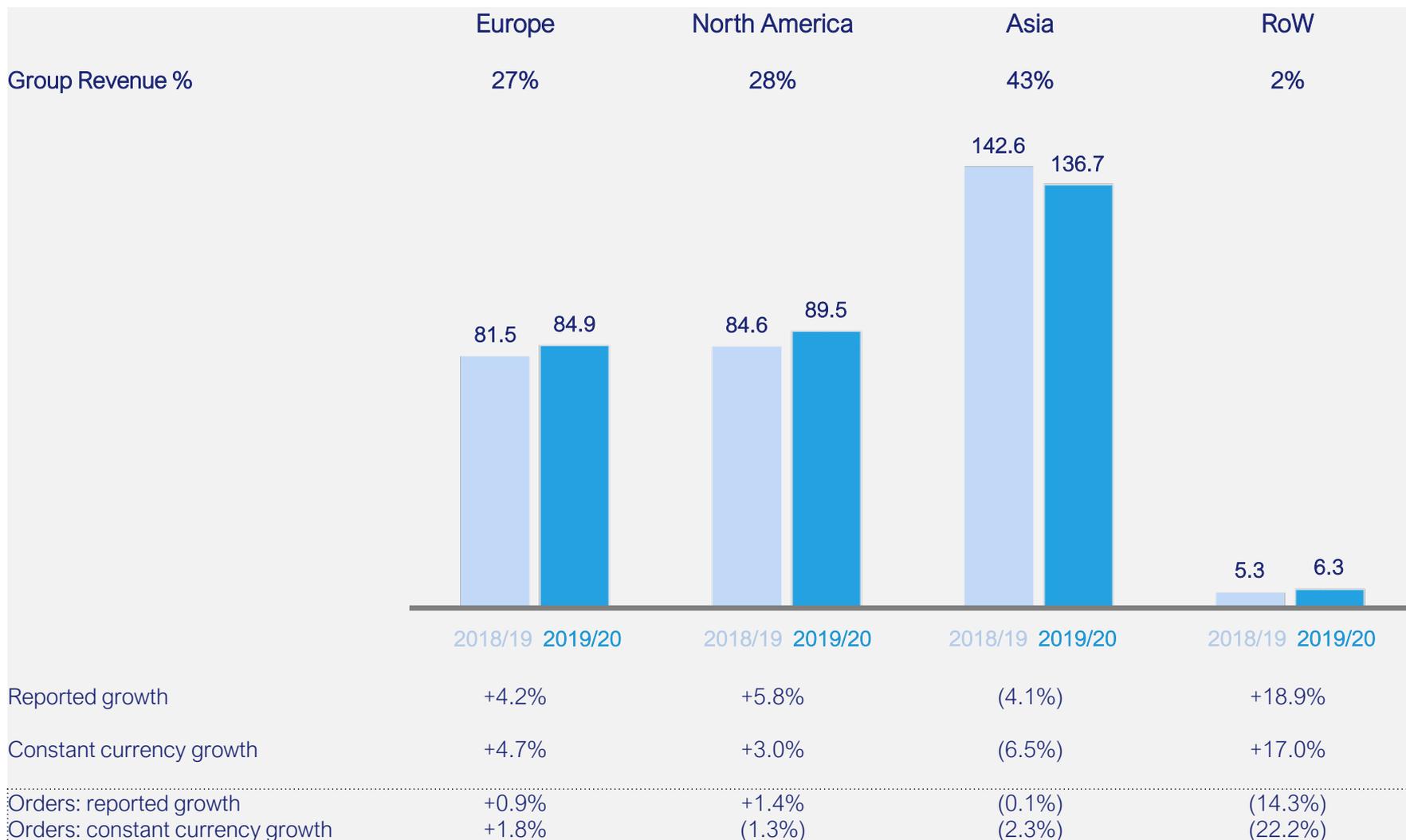
£m	2019/20	2018/19	Reported Change	Constant Currency Change
Revenue	317.4	314.0	1.1%	(0.7%)
Adjusted operating profit	50.5	47.7	5.9%	(1.0%)
Net finance costs	(1.0)	(2.2)		
Adjusted profit before tax	49.5	45.5	8.8%	+1.5%
Amortisation of acquired intangibles	(8.7)	(8.8)		
Non-recurring items	(0.6)	(0.9)		
Mark-to-market of currency hedges	(1.4)	(1.5)		
Profit before tax from continuing operations	38.8	34.3		
Continuing adjusted basic earnings per share	70.2p	62.3p	12.7%	
Dividend per share	-	14.4p		

Revenue by Sector

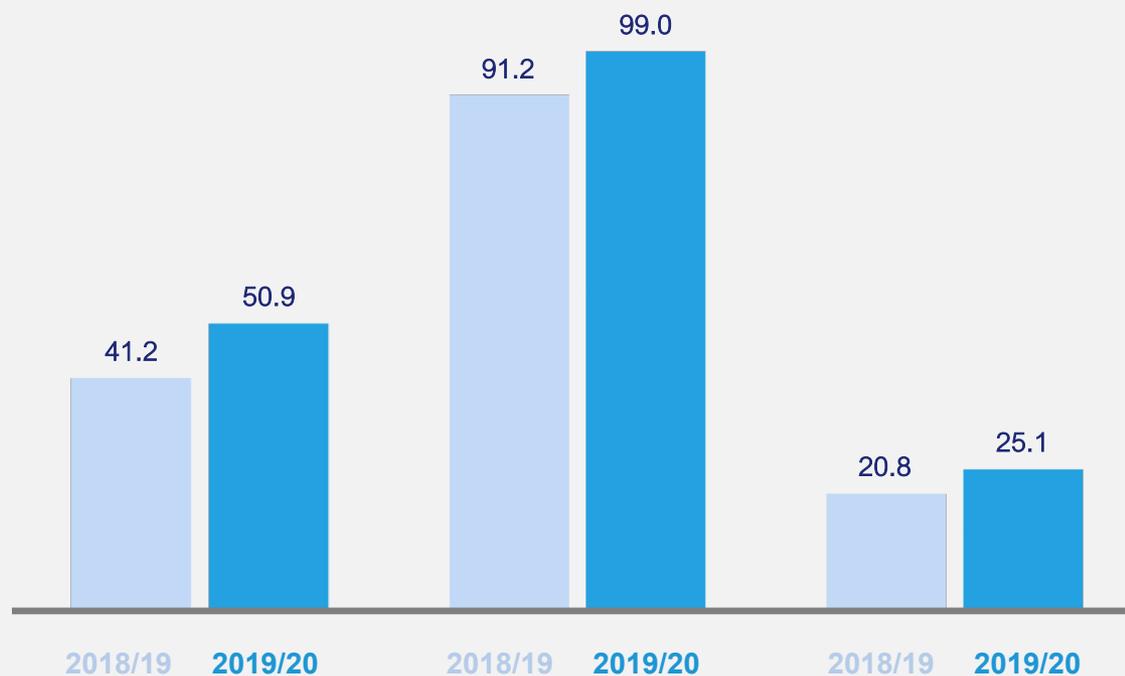


£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
2018/19	137.9	125.2	50.9	314.0
Underlying movement	(2.6)	(1.4)	1.9	(2.1)
FX	2.3	2.2	1.0	5.5
2019/20	137.6	126.0	53.8	317.4
Growth				
Reported	(0.2%)	+0.6%	+5.7%	+1.1%
Constant currency	(1.9%)	(1.1%)	+3.7%	(0.7%)

Revenue by Territory: £m



Order Book: £m

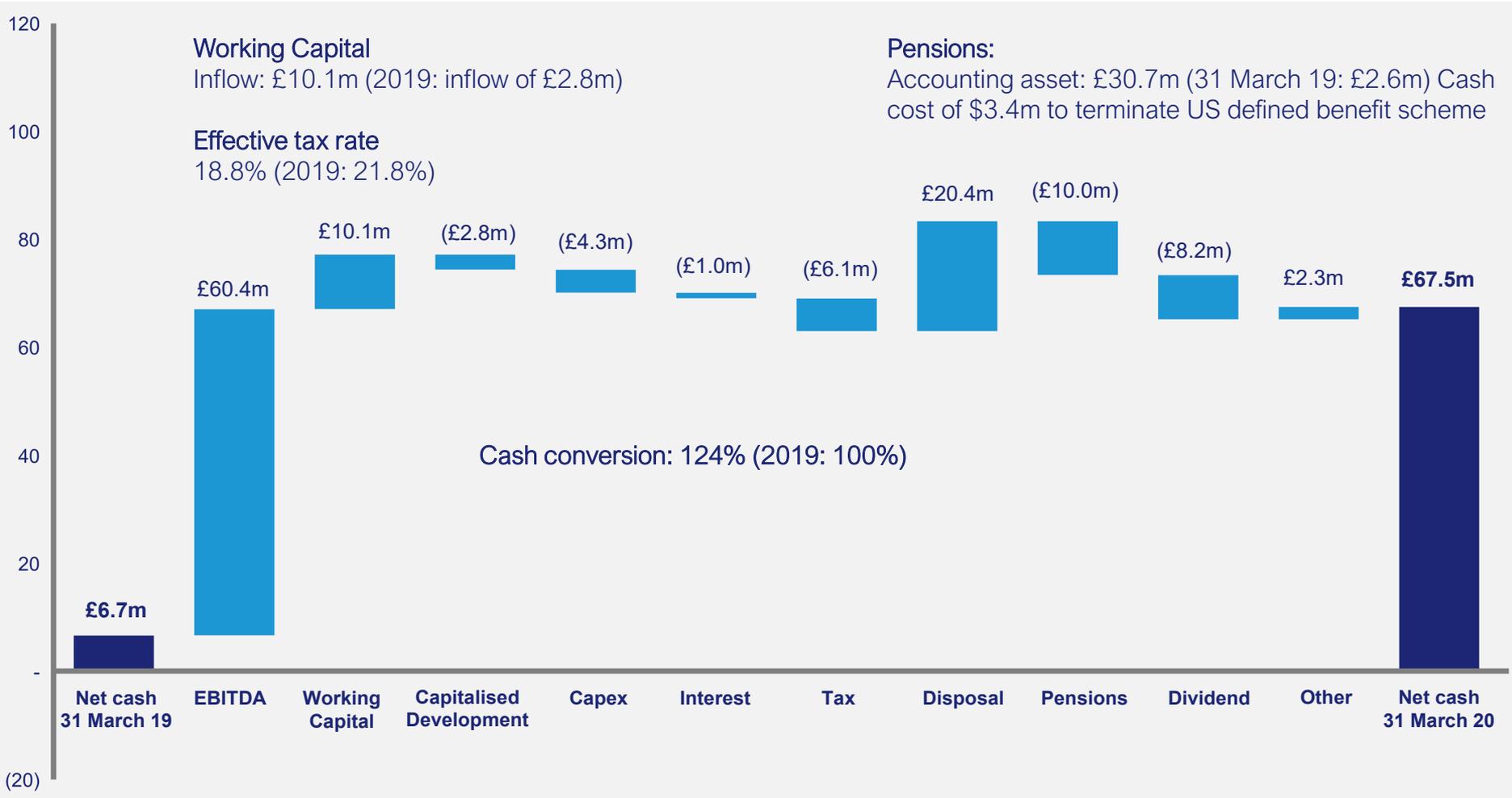


	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
Reported growth	+23.5%	+8.6%	20.7%	+14.2%
Constant currency growth	+20.1%	+7.2%	17.3%	+12.1%

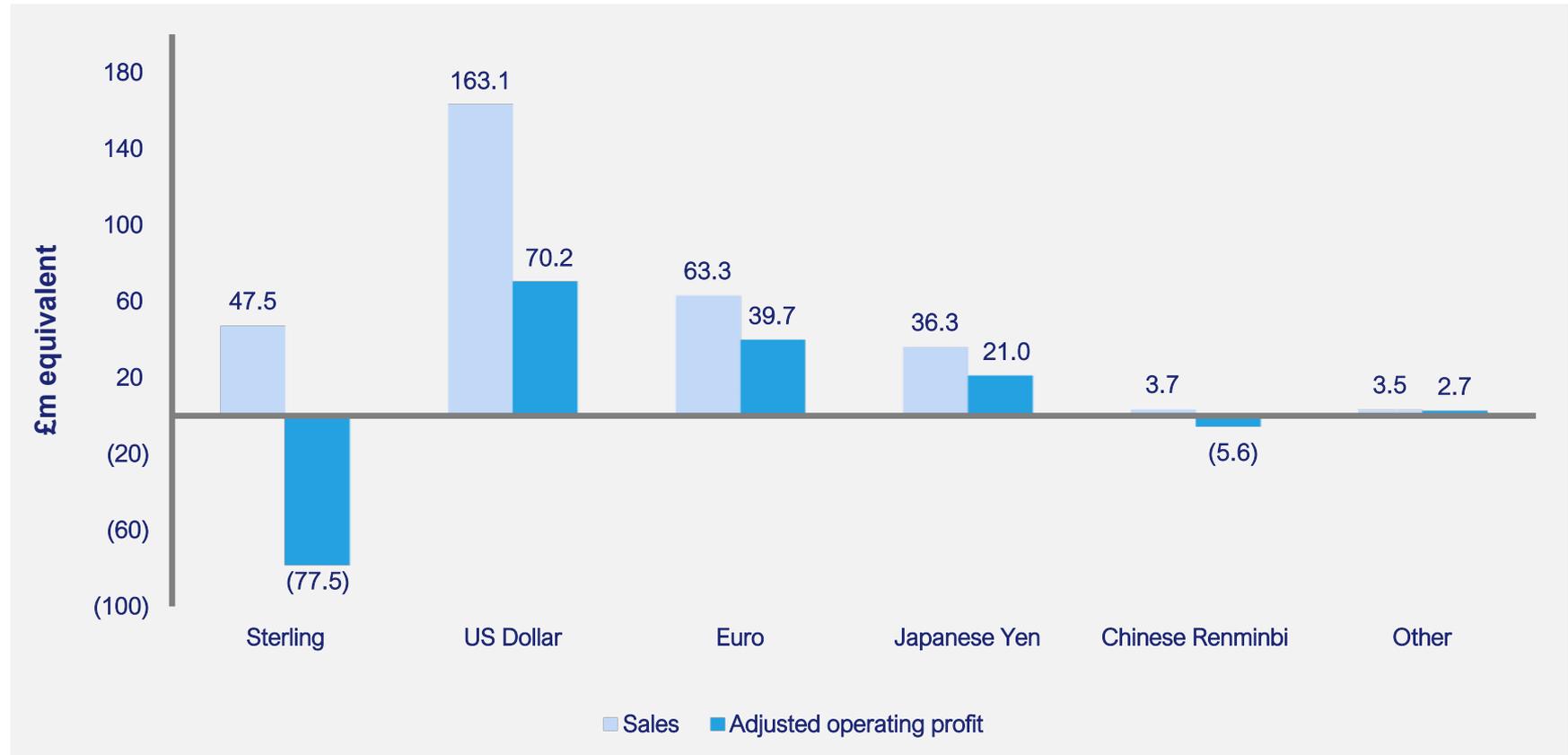
Adjusted Operating Profit by Sector

£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
2018/19	21.2	12.9	13.6	47.7
Underlying movement	(1.6)	0.3	0.8	(0.5)
FX	1.4	1.3	0.6	3.3
2019/20	21.0	14.5	15.0	50.5
EBIT Margin				
2018/19	15.4%	10.3%	26.7%	15.2%
2019/20	15.3%	11.5%	27.9%	15.9%

Cash Flow



Currency Exposure



- Favourable currency impact in FY 2019/20: AOP: +£3.3m
- Estimated FY 2020/21 currency impact
 - Assuming current hedges as at 31/03/20 and no change from 31/03/20 spot rates, currency sensitivity against FY 2019/20: Revenue: +£6.0m ; AOP: +£2.0m
- Transactional & Translational FX sensitivity: FY 2020/21
 - Assuming current hedges as at 31/03/20 and a 5% strengthening of Sterling against major trading currencies from 31/03/20 spot rates, currency sensitivity against FY 2019/20: Revenue: (£9.0m); AOP: (£1.5m)
- Uncertain volume and timing of shipments and acceptances, currency mix and FX volatility, may significantly affect full year currency impact outcomes

- Reported revenue and AOP ahead of last year and broadly in line at constant currency, despite the effect of covid-19 on Q4 trading
- Good operating cash conversion of 124% and proceeds from disposals push net cash up to £67.5m (£70m at the end of May 2020)
- RCF undrawn leaving c.£110m of facilities and headroom of c.£205m
- Actions to protect cash include PLC Board salary reduction, internal cost containment measures, suspension of dividend. Dividend will remain under review as we progress through the year

Operations Review

Ian Barkshire

Group Performance

Academic: 52%
Commercial: 48%



Materials &
Characterisation

Research & Discovery

Service & Healthcare

- Strong underlying revenue, operating profit and margin growth impacted by covid-19 disruption
- Customer-centric approach supported growth from both commercial and academic customers
- Good underlying order growth across each sector, with strong growth in order book
- Engagement through technology cycle reduces exposure to market-specific disruption

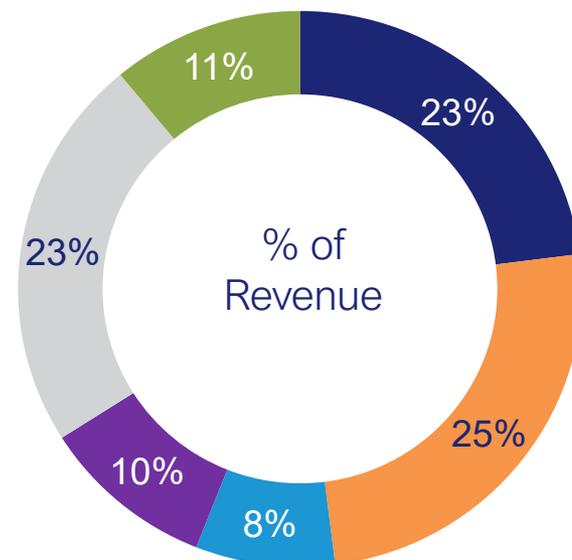


Group Performance – End Markets

Academic: 52%
Commercial: 48%



- Broad and diverse range of attractive end markets – long term growth drivers
- Underlying revenue growth across each of our chosen customer segments
- Strong growth in Europe and North America, covid-19 disruption offset growth in Asia
- Market intimacy enabling expansion into new markets
- Provides foundation for navigating post-covid-19 disruption - find additional positive markets



Materials & Characterisation

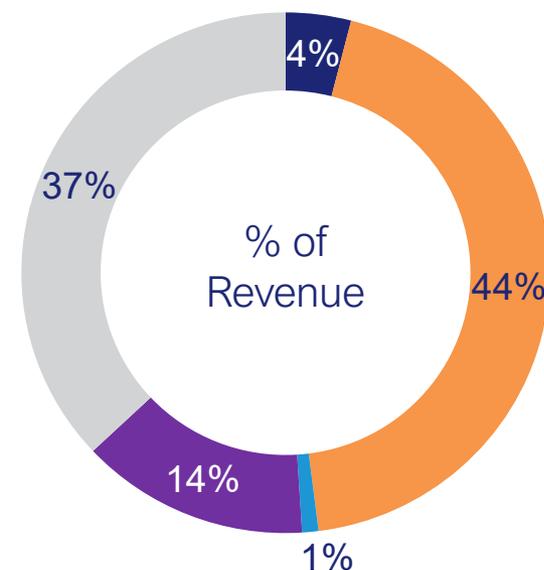
43% Group revenue
Academic: 45%
Commercial: 55%



Asylum Research; NanoAnalysis; Plasma Technology

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

- Strong underlying revenue and profit growth offset by covid-19
- Order growth supported by positive academic funding
- Increased demand across Semiconductor, Advanced Materials and Energy & Environment
- Expansion into new applications offset continued weakness in silicon semiconductor, electronics and automotive



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



Atomic Force Microscope



Material Structural Analyser



Semiconductor Deposition System

Materials & Characterisation

Growth Examples

Semiconductor & Communications

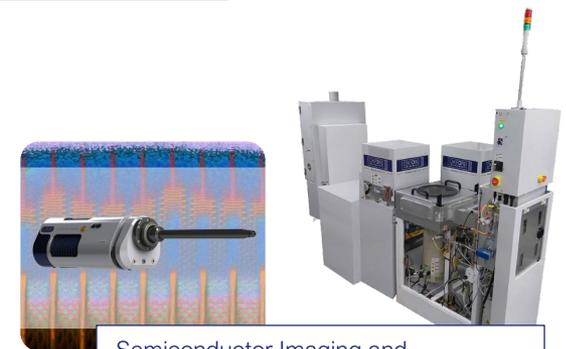
- Continued weakness in silicon semiconductor market leading to reduced sales of imaging and analysis products
- Strong growth in compound semiconductors of our etch and deposition systems
- Growth driven by increased demand for improved connectivity, increased communications and a greener economy
- Products enabled by our technology include advanced optical devices, charging solutions for electric vehicles, power conversion in consumer electronics



Semiconductor Wafer



Charging Devices



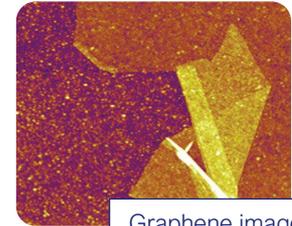
Semiconductor Imaging and Processing Solutions

Materials & Characterisation

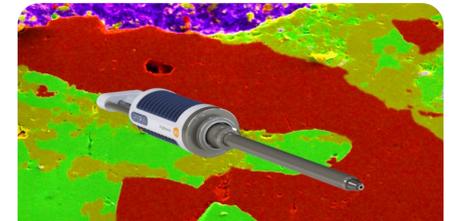
Growth Examples

Advanced Materials

- Increasing demand for lighter, stronger, higher functioning materials
- Market drivers include safer vehicles, increased energy efficiency & reduced materials consumption



Graphene image



Next Generation Materials Analyser

Energy & Environment

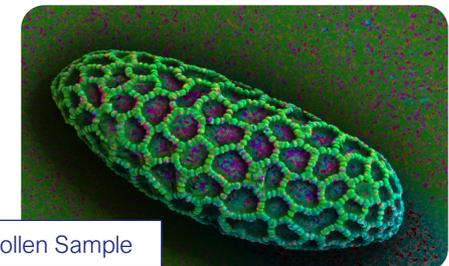
- Growth across energy generation, storage and battery applications
- Industry accreditation drove growth in forensics market



Solar Cells

Healthcare & Lifescience

- Tailoring our existing imaging and analysis capabilities to address bioimaging applications
- Represents opportunity for future growth



Pollen Sample

Research & Discovery

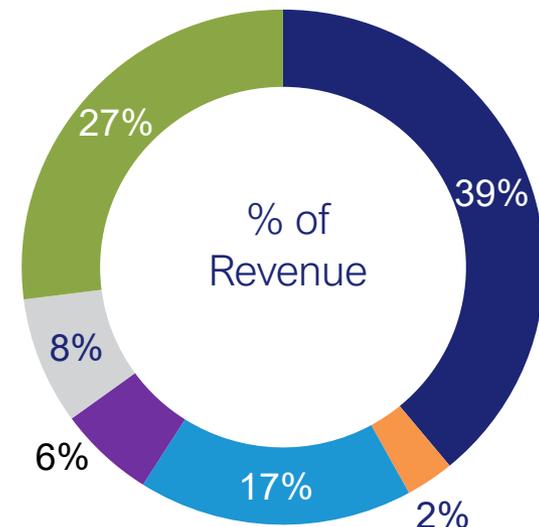
40% Group revenue
Academic: 65%
Commercial: 35%



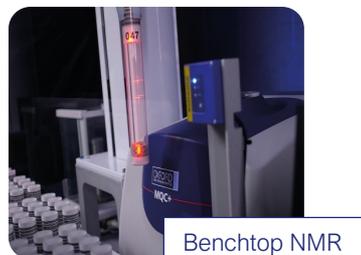
Andor Technology; NanoScience & Magnetic Resonance; X-Ray Technology

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

- Good underlying revenue growth offset by covid-19 related shipment & installation delays
- Profit growth and margin improvement through operational gains and commercial practices
- Strong growth across Quantum Technology and Research & Fundamental Science
- Healthcare & Lifescience growth offset by decline in sales of optical microscopy systems



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



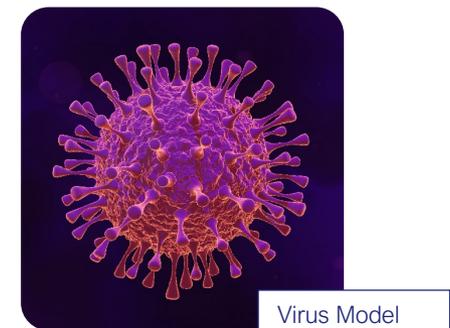
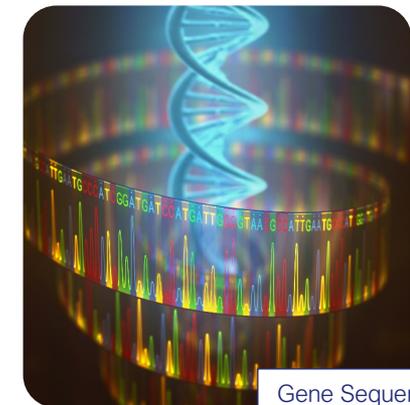
Research & Discovery

Growth Examples

Healthcare & Lifescience

- Growth drivers include disease detection, new therapies and improved understanding of disease mechanisms
- Strong growth with OEM customers across gene sequencing, drug discovery and diagnostic testing
- Products critical in global response to covid-19
- Advanced microscopy solutions remain fundamental in supporting breakthroughs in healthcare

Global Market Drivers



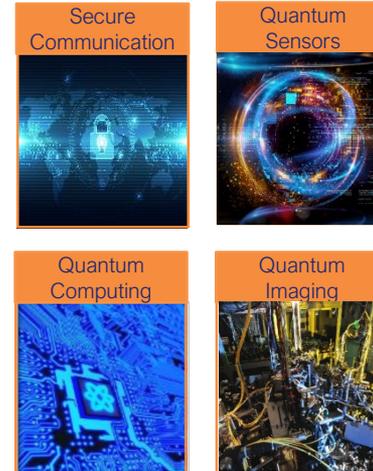
Research & Discovery

Growth Examples

Quantum Technology

- Increased global investment
- Growth in cryogenic and material analysis platforms & scientific cameras
- New cryogenic platform enabling increased productivity & scale up

Global Market Drivers



Research & Fundamental Sciences

- Increased international funding supported growth across cryogenics, magnets and scientific cameras



Energy & Environment

- Growth into food manufacturing offset weakness within oil exploration



Service & Healthcare

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

- Transforming our customer service approach - product offerings, capabilities and delivery
- Improves customer capability and productivity
- Strong revenue growth with improved profitability
- Service of third party MRI scanners in Japan in line with previous year
- New practices proved invaluable, supporting our customers through covid-19 disruption



Remote Support

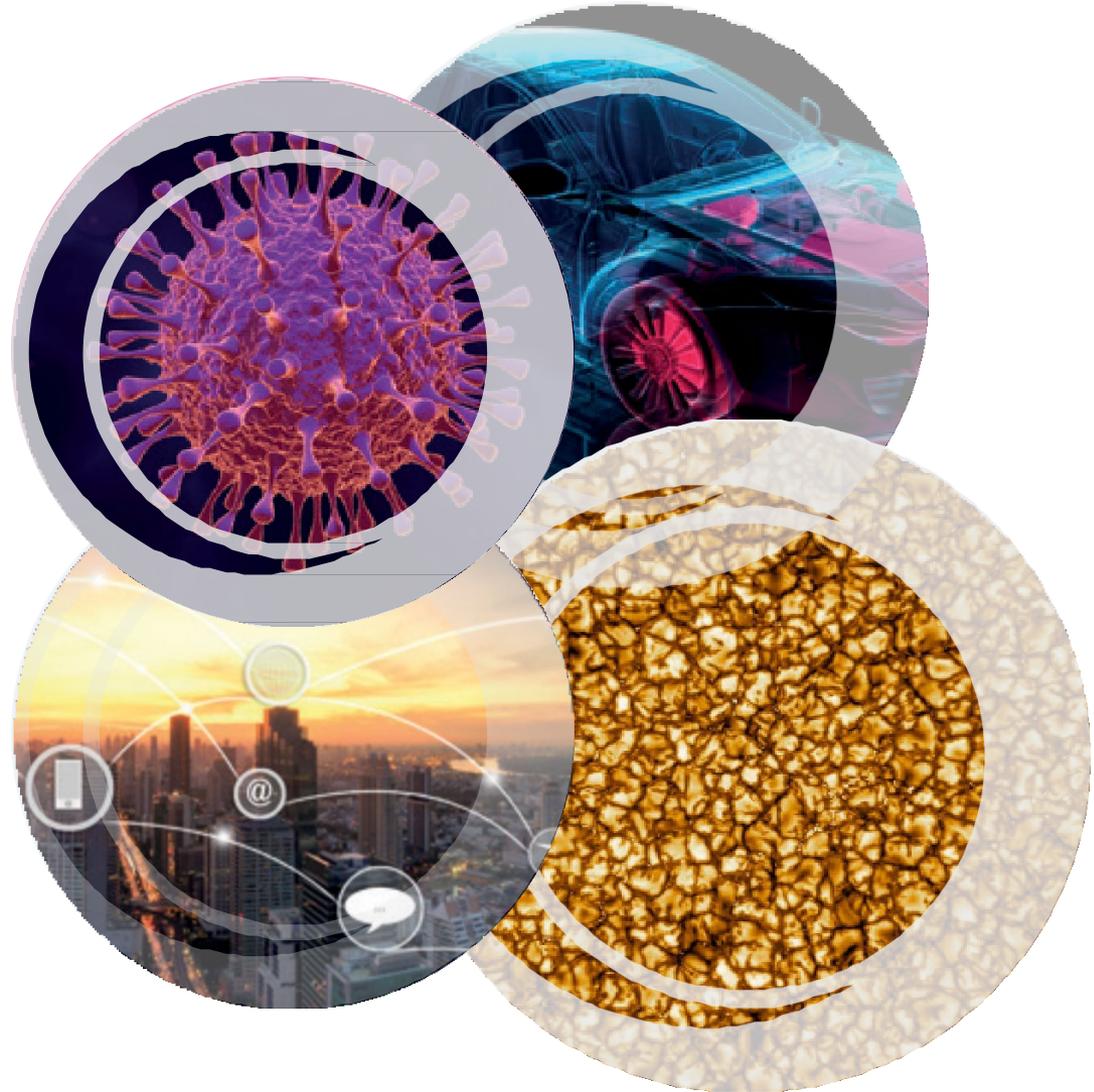


Augmented Reality Support



Summary & Outlook

- Good progress with Horizon strategy, foundation for long term sustainable growth and margin improvement
- Living our purpose of facilitating a greener economy, increased connectivity, improved health and leaps in scientific understanding
- Ongoing disruption due to coronavirus with cumulative orders for the first two months of the year 3% below a weak comparator period with revenue up 3%
 - Orders in Asia up 19% offsetting reduction of 23% in Europe & 7% in North America
 - Growth in compound semiconductor solutions offsetting reduction in higher margin scientific cameras & optical microscopy products
 - Active pipeline but continued disruption across academic institutions
- Guidance deferred until later in the year when we anticipate having greater visibility of forecast trading
- Confident that our end markets are resilient and should not be weakened in the long-term by covid-19 headwinds



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