Preliminary results presentation

to 31 March 2022

Ian Barkshire
Chief Executive

Gavin Hill
Group Finance Director
Agenda

Highlights

Horizon Strategy & Progress

Group Performance – End Markets

Finance Review

End Market Overview

Sustainability Update

Summary & Outlook
Highlights

• Strong financial performance reflecting resilience of our business model and strength of our end markets

• Significant order, revenue and profit growth despite challenging operational backdrop; sustained progress over last two years

• Strategic progress supporting margin enhancement, while continuing to invest to fuel future growth

• Well positioned in buoyant semiconductor, advanced materials, quantum and life science markets; strong growth to commercial and academic customers

• Record order book provides increased visibility for the year ahead
Strategy for Sustainable Growth

**Leading technologies which create high customer value**
- Leading provider of high technology products and services to the world's foremost industrial companies & scientific research communities
- Unrivalled products for imaging, analysing & manipulating materials down to the atomic & molecular level

**Well positioned in global niche markets with long term structural growth drivers**
- Scale & differentiation within our markets: Advanced Materials, Semiconductor, Lifescience & Quantum
- Enabling a greener, healthier, more connected advanced society

**Building on our platform for value creation**
- Cementing our leadership through customer centricity, product differentiation, service capability & operational excellence
- Making synergistic acquisitions
Horizon Strategy Progress

**Market Intimacy**
Heightened market intimacy driving strong growth to existing customers and expansion to adjacent markets

**Innovation & Product Development**
New products delivering sustainable differentiation & growth into larger commercial markets

**Operational Excellence**
Operational excellence driving efficiencies; mitigating inflationary cost pressures

**Customer Support**
Service & digital transformation enhancing customer value, leveraging operational budgets

**Synergistic Acquisitions**
WITec strengthens portfolio with complementary products, enhancing offering to our end markets

Considerable opportunities for further gains from ongoing Horizon strategy execution
Group Performance – End Markets

- Market intimacy in positive end markets driving significant order growth
- Strong growth in semiconductor, quantum and advanced materials markets
- Strong recovery from Healthcare & Lifescience and Energy & Environment after subdued 2021
- Reduced customer activity & decreased focus into Research & Fundamental Science
- Double digit order growth into Europe, Asia and North America
- Covid-related disruption and supply chain challenges held back revenue

* revenue growth from prior year at constant currency
Finance Review

Gavin Hill
Strong Track Record of Delivery

Revenue

- £276m (2017)
- £278m (2018)
- £314m (2019)
- £317m (2020)
- £319m (2021)
- £367m (2022)

CAGR +6%

Adjusted Profit Before Tax

- £31m (2017)
- £42m (2018)
- £46m (2019)
- £50m (2020)
- £56m (2021)
- £66m (2022)

CAGR +16%

Adjusted operating profit margin

- 13.6% (2017)
- 15.2% (2018)
- 15.9% (2019)
- 17.8% (2020)
- 18.1% (2021)

+ 4.5% points

Return on capital employed

- 10% (2017)
- 16% (2018)
- 19% (2019)
- 24% (2020)
- 33% (2021)
- 35% (2022)

3.5x
## Income Statement

<table>
<thead>
<tr>
<th>£m</th>
<th>2021/22</th>
<th>2020/21</th>
<th>Reported Change</th>
<th>Organic CC Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>367.3</td>
<td>318.5</td>
<td>+15.3%</td>
<td>+14.5%</td>
</tr>
<tr>
<td>Adjusted(^1) operating profit</td>
<td>66.3</td>
<td>56.7</td>
<td>+16.9%</td>
<td>+15.2%</td>
</tr>
<tr>
<td>Amortisation of acquired intangibles</td>
<td>(9.5)</td>
<td>(8.4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-recurring items</td>
<td>(2.1)</td>
<td>(1.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark-to-market of currency hedges</td>
<td>(6.4)</td>
<td>6.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory operating profit</td>
<td>48.3</td>
<td>53.0</td>
<td>(8.9%)</td>
<td></td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(0.7)</td>
<td>(0.8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted(^1) profit before taxation</td>
<td>65.9</td>
<td>55.9</td>
<td>+17.9%</td>
<td></td>
</tr>
<tr>
<td>Statutory profit before taxation</td>
<td>47.6</td>
<td>52.2</td>
<td>(8.8%)</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted\(^1\) effective tax rate | 17.8% | 19.3% |

Adjusted\(^1\) basic earnings per share | 94.3p | 78.6p | +20.0% |

Dividend per share (total) | 18.1p | 17.0p | +6.5% |

---

\(^1\) Adjusted items exclude the amortisation and impairment of acquired intangible assets, acquisition items, other significant non-recurring items, and the mark-to-market movement of financial derivatives
Revenue by Sector

**Materials & Characterisation**
+18.9%¹

**Research & Discovery**
+9.3%¹

**Service & Healthcare**
+13.5%¹

**Acquisitions**
+4.7%²

**Currency**
(3.9)%²

FY 20/21
£318.5m

FY 21/22
£367.3m
+15.3%² reported
+14.5%² organic CC

---

¹ Organic constant currency (CC) growth rate compared to prior year sector revenue
² Growth rate compared to prior year Group total revenue
Adjusted Operating Profit by Sector

1 Organic constant currency (CC) growth rate compared to prior year sector adjusted operating profit
2 Growth rate compared to prior year Group total revenue
Margin is calculated as adjusted operating profit divided by revenue
Margin at constant currency (CC) is defined as adjusted operating profit at constant currency divided by revenue at constant currency

Material & Characterisation
- FY22 margin: 14.1%
- FY21 margin: 13.7%

Research & Discovery
- FY22 margin: 17.7%
- FY21 margin: 17.2%

Service & Healthcare
- FY22 margin: 30.7%
- FY21 margin: 29.9%

Group
- FY22 margin: 18.1%
- FY21 margin: 17.8%
Materials & Characterisation

<table>
<thead>
<tr>
<th></th>
<th>2021/22 £m</th>
<th>2020/21 £m</th>
<th>Growth %</th>
<th>Organic Constant currency growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>219.2</td>
<td>175.0</td>
<td>+25.3%</td>
<td>+29.8%</td>
</tr>
<tr>
<td>Revenue</td>
<td>185.5</td>
<td>148.6</td>
<td>+24.8%</td>
<td>+18.9%</td>
</tr>
<tr>
<td>Adjusted¹ operating profit</td>
<td>26.1</td>
<td>20.3</td>
<td>+28.6%</td>
<td>+16.3%</td>
</tr>
<tr>
<td>Adjusted¹ operating margin</td>
<td>14.1%</td>
<td>13.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key performance highlights

- Strong growth from semiconductor and communications driven investment in production capacity across silicon and compound semiconductors, as well as increased research and development.
- New product launches including portfolio of semiconductor processing systems for high volume manufacturing.
- Significant investment in materials research and battery technology drove growth across Advanced Materials and Energy & Environment.
- WITec acquisition supporting growth in Healthcare & LifeScience.

¹ Adjusted items exclude the amortisation and impairment of acquired intangible assets, acquisition items, other significant non-recurring items, and the mark-to-market movement of financial derivatives.

* revenue growth over prior year at constant currency

50% Group revenue
Academic: 43%
Commercial: 57%
# Research & Discovery

**Key performance highlights**

- Investment in healthcare research driving demand for our imaging and microscopy products,
- Targeted product launches, including BC43, our new benchtop microscopy system provides access to broader life science markets
- Strong recovery from OEM partners driving growth across all end markets
- Evolution of quantum computing research resulting in demand for cryogenic platforms
- Deprioritising complex systems for Research & Fundamental Science

<table>
<thead>
<tr>
<th></th>
<th>2021/22 £m</th>
<th>2020/21 £m</th>
<th>Growth</th>
<th>Constant currency growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>133.9</td>
<td>115.7</td>
<td>+15.7%</td>
<td>+19.6%</td>
</tr>
<tr>
<td>Revenue</td>
<td>120.3</td>
<td>113.4</td>
<td>+6.1%</td>
<td>+9.3%</td>
</tr>
<tr>
<td>Adjusted(^1) operating profit</td>
<td>21.3</td>
<td>19.5</td>
<td>+9.2%</td>
<td>+10.8%</td>
</tr>
<tr>
<td>Adjusted(^1) operating margin</td>
<td>17.7%</td>
<td>17.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

33% Group revenue

Academic: 74%
Commercial: 26%

* revenue growth over prior year at constant currency

\(^1\) Adjusted items exclude the amortisation and impairment of acquired intangible assets, acquisition items, other significant non-recurring items, and the mark-to-market movement of financial derivatives.
Service & Healthcare

Key performance highlights
• Continue to enhance service offering and drive remote connectivity
• Strong growth related to our own products, supported by tailored and flexibly bundled service offerings by end application and region
• Enhanced remote service and digital analytics capabilities enabling greater customer reach and value through higher productivity levels
• Transitioned to regional service model to drive growth and promote efficiencies
• Quality service and support provided for our MRI healthcare customers in Japan

<table>
<thead>
<tr>
<th></th>
<th>2021/22</th>
<th>2020/21</th>
<th>Growth</th>
<th>Constant currency growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>70.0</td>
<td>63.0</td>
<td>+11.1%</td>
<td>+16.0%</td>
</tr>
<tr>
<td>Revenue</td>
<td>61.5</td>
<td>56.5</td>
<td>+8.8%</td>
<td>+13.5%</td>
</tr>
<tr>
<td>Adjusted(^1) operating profit</td>
<td>18.9</td>
<td>16.9</td>
<td>+11.8%</td>
<td>+18.9%</td>
</tr>
<tr>
<td>Adjusted(^1) operating margin</td>
<td>30.7%</td>
<td>29.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Adjusted items exclude the amortisation and impairment of acquired intangible assets, acquisition items, other significant non-recurring items, and the mark-to-market movement of financial derivatives
Revenue and Orders by Region

**Revenue**
- RoW: reported +9% constant currency +11%
- Europe: reported 2% constant currency (2%)
- North America: reported +11% constant currency +12%
- Asia: reported +26% constant currency +30%
- RoW: reported +9% constant currency +11%

**Order growth**
- Europe: reported +19% constant currency +15%
- North America: reported +21% constant currency +23%
- Asia: reported +20% constant currency +22%
- RoW: reported (6)% constant currency -

**Book-to-bill ratio**
- FY 21/22: 115%
- FY 20/21: 117%
Order Book by Sector

FY 20/21: £198m

- Materials & Characterisation: +45%¹
- Research & Discovery: +12%¹

FY 21/22: £260m

- Service & Healthcare: +27%¹
- Growth rate compared to prior year Group total revenue

¹ Organic constant currency (CC) growth rate compared to prior year sector revenue
² Growth rate compared to prior year Group total revenue
Cash Flow

Cash conversion 72% (84%\(^1\))
FY21: 101%

Working capital outflow
£11.8m
FY21: £2.7m outflow

Capex
£13.9m
FY21: £4.0m

Capitalised development costs
£0.7m
FY21: £0.9m

Adjusted EBITDA
£97.6m net cash
FY 20/21

Lease payments
Capex & capitalised development costs
Tax
Pensions
Acquisitions
Dividend
FX, Interest & other

Adj effective tax rate
17.8%
FY21: 19.3%

Pension asset
£51.7m
FY21: £16.3m

Acquisitions
£30.6m
FY21: -

Dividend
£12.3m
FY21: -

Net cash including lease liabilities
£67.5m
FY21: £90.1m

1 Cash conversion (normalised) of 84% excludes expenditure on our new semiconductor facility
Currency Exposure

Revenue (£m equivalent)

- **Sterling**: £85m
- **US Dollar**: £163m
- **Euro**: £75m
- **Japanese Yen**: £37m
- **Chinese Renminbi**: £6m
- **Other**: £2m

Adjusted Operating Profit (£m equivalent)

- **Sterling**: £(57)m
- **US Dollar**: £59m
- **Euro**: £41m
- **Japanese Yen**: £22m
- **Chinese Renminbi**: £1m
- **Other**: £1m
FX Sensitivity

• Adverse currency impact in 2021/22: Revenue: (£12.4m); AOP: (£1.9m)

• Estimated Full Year 2022/23 currency impact
  – Assuming current hedges as at 31/03/22 and no change from current forecast rates, approximate currency sensitivity against 2021/22: Revenue: +£5.1m; AOP: (£4.0m)
  – This does not affect the underlying growth of the Group and is prior to mitigating actions

• Estimated Full Year 2023/24 currency impact
  – Assuming no change from current rates, currency sensitivity against 2022/23: Revenue: £-m; AOP: +£1.9m

• Uncertain volume and timing of shipments and acceptances, currency mix and FX volatility, may significantly affect full year currency impact outcomes

Forecast currency rates – GBP:USD 1.28; GBP:EUR 1.20; GBP:JPY 163
Finance Summary

• Organic constant currency revenue growth of 15% despite supply chain disruption
• Adjusted operating margin lifted to 18.1%, with margin improvement across all sectors
• Adjusted EPS growth of 20% and increase in total dividend of 6.5%
• Cash conversion of 84% (normalised excl. new semiconductor facility)
• Defined benefit pension plan moving closer to self-sufficiency
• Net cash of £85.9m provides strong balance sheet to support future growth through organic investment and acquisition opportunities
• Strong order book provides good visibility ahead; however, we continue to anticipate challenges from export controls, supply chain disruption, and cost inflation
End Market Overview

Ian Barkshire
Markets: long term structural Growth drivers

**Healthcare & Lifescience**
- Aging population
- Improved treatments & vaccines
- Personalised medicine & therapies
- Reduced development timelines & costs

**Semiconductor & Communications**
- Increased chip demand
- Faster computers & devices
- Exponential data growth
- Universal connectivity
- Green economy

**Advanced Materials**
- Building blocks of advanced society
- Improved performance enables megatrends
- Sustainable manufacturing
- Finite resources

**Energy & Environment**
- Climate change
- Increasing energy demands
- Transition from fossil fuels
- Food & Water safety

**Research & Fundamental Science**
- Advancing society
- Tomorrow’s innovation
- Economic leadership
- Astronomy & Space

**Quantum Technology**
- Disruptive technology
- Government & data security
- Evolving commercial market
- Range of sectors - Pharma, logistics, Finance

Sustainability agenda reinforcing growth drivers
Healthcare & Lifescience

Personalised Medicine

**Client needs**
- Understand fundamental disease mechanisms
- Analyse efficacy at cellular & molecular level to improve treatment
- Transform patient outcomes
- Shrink development time & costs

**Oxford Instruments provides**
- Highest performance research systems
- Benchtop systems - unprecedented ease of use & accessible price point
- Dedicated workflows & data analytics

Visualisation of drug efficacy on organoids and individual cells

Improving patient outcomes through personalised medicines

Measuring Efficacy of Personalised cancer treatments

BC43 – Benchtop Analyser
Semiconductor & Communication

Semiconductor Analysis

**Client needs**
- Faster processors, higher yield per wafer
- Manufacture of smaller & more complex devices
- Nanoscale characterisation
- Efficient QA & QC tools

**Oxford Instruments provides**
- Highest performing solutions – unparalleled spatial resolution, accuracy & speed
- Ease of use – Expert to Routine
- Dedicated workflows & analytics driving productivity

---

Ultra-High spatial resolution analysis: Composition & Structure

Wafer defect review

Nano Manipulator Lamalla lift out
Semiconductor & Communication

Power Semiconductors

Client needs
- Higher power, capacity & lifetime
- Improved energy efficiency
- Manufacturing of complex devices
- New materials & processes
- Higher yields, lower costs

Oxford Instruments provides
- Dedicated production and R&D systems
- Proprietary critical layer processes
- Ultimate control of composition & surface
- Yield management solutions

Increasingly complex device structures

SiC Wafer preparation – High quality surface

Precise etch: creating device structures

Critical layer deposition: SiC & GaN

Portfolio of R&D & dedicated production systems
Advanced Materials

Enabling advances in Automotive design and manufacturing

Client needs
- Improved vehicle performance
- Offsetting battery weight
- Enhanced passenger protection
- Advanced steels – 25% weight reduction
  ~20% improved fuel economy / range
- Control of the nanoscale structure

Oxford Instruments provides
- Nanoscale structure & composition analysis
- Fastest automated grain analyser
- AZtecSteel tailored workflow
- AZtecClean for defect analysis

Functionally Optimised Materials:
- safety cage
- structural frame
- crumple zone

Symmetry: Nanoscale grain structure analysers

Dedicated workflows

AZtecSteel

Nanoscale Compositional Analysis
Shaping a sustainable future

- Sustainability is a cornerstone of our long-term strategy to drive stakeholder value
- Our products and services directly support society’s investment in delivering a sustainable future
- Executing on our sustainability agenda
  - Embracing TCFD reporting framework & wider sustainability reporting
  - Significant reduction in own environmental footprint
  - Improved diversity across the Group
  - Developing our long-term ambitions & targets for social, environment & governance
Summary & Outlook

• Strong order and revenue growth in year, with growth on FY 2020
• Strong growth in operating profit, and improved margin despite supply chain and cost headwinds

• Emerged from turbulence of last two years a stronger, more focused and efficient business, aligned to attractive, structurally growing end markets

• Anticipate continued supply chain challenges & inflationary headwinds. However strong order book and opportunity pipeline supports a full year outlook in line with our expectations

• Well positioned to deliver sustainable growth and medium-term margin expansion
Thank you
Disclaimer

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.
Appendix
Investment case

- Confidence in strategy
- Strong financial position
- World-class brand reputation
- Focus on sustainability
- Access to attractive markets
Horizon defines the way we operate, embedding clearly defined core capabilities, processes and procedures across our businesses in the following areas:

Our core purpose is to support our customers in addressing some of the world’s most pressing challenges.

Our key enabling technologies, products and services facilitate a greener economy, increased connectivity, improved health and leaps in scientific understanding.
Semiconductor market drivers

We offer higher resolution imaging and analysis solutions

- Computation – faster processing
- Improved yield, lower cost, higher throughput
- Exponential data growth driving development of memory
- Ubiquitous use driving demand/capacity

We provide compound semiconductor process solutions for R&D and high volume manufacturing

- Miniaturisation of silicon devices
- Smaller features and complex architecture – “More Moore”

Faster, smaller, increased capacity & efficiency, longer life & greener

- Power Electronics - EVs / Consumer electronics
- Sustainability focus - energy transition
- Faster communications – 5G & 6G
- Increased Connectivity - human interface, IoT, facial recognition
- Next generation augmented reality devices

Exponential data growth driving development of memory

Improved yield, lower cost, higher throughput

Increased Connectivity - human interface, IoT, facial recognition

Next generation augmented reality devices

Ubiquitous use driving demand/capacity

Computation – faster processing

Exponential data growth driving development of memory

Improved yield, lower cost, higher throughput

Computational science market drivers

Transformational Performance
New materials & device structures

Oxford Instruments plc Preliminary Results presentation 2022