Preliminary Results Announcement
9 June 2015

Jonathan Flint – Chief Executive
Kevin Boyd – Group Finance Director
Agenda

• FY 2014/2015 performance
• Return to growth plan and restructuring
• Financial review
• Operational review
• Current trading and outlook
Performance

- Full year performance in line with re-set expectations in a challenging year
- Swift and decisive cost saving programme
- Strategic and operational progress
- Long-term demand drivers for our tools and services remain intact
Developments in the Second Half

<table>
<thead>
<tr>
<th></th>
<th>January 2015 Position</th>
<th>Current Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>Key export licenses rejected. Previously approved licenses revoked</td>
<td>No significant orders expected in current year</td>
</tr>
<tr>
<td>Japan</td>
<td>Expected recovery slower than expected</td>
<td>Orders now showing improvement</td>
</tr>
<tr>
<td>Industrial Analysis</td>
<td>Dilution of competitive position</td>
<td>New products selling well</td>
</tr>
</tbody>
</table>
## Accelerated Cost Reduction Plan

<table>
<thead>
<tr>
<th></th>
<th>Planned</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount</td>
<td>5% reduction</td>
<td>7% reduction</td>
</tr>
<tr>
<td>Annual Cost Saving</td>
<td>£6 million</td>
<td>£8 million</td>
</tr>
<tr>
<td>Site Rationalisation</td>
<td>6 sites assessed</td>
<td>6 sites to close by half year</td>
</tr>
</tbody>
</table>
Return to Growth Plan

- Research and Development spend increased to 9.1% of sales
- Extensive management road show focusing on staff engagement
- Acquisition and Joint Venture
Acquisition: Medical Imaging Resources
part of Service sector

- MIR specialises in CT and MRI scanners in the USA
- Build, lease and service of mobile systems
- Oxford Instruments Healthcare now much larger player in independent service provider market in USA
- Now offer full service to broader customer base
- Positions us well to maximise the opportunities available through the Affordable Healthcare Act
Joint Venture
Omicron and Scienta Scientific AB

- Joint venture comprising Scienta Scientific AB and Omicron
- Creates largest player in exciting field of Surface Science
- Oxford Instruments holds 47% share capital, 2 of 5 board seats
- Opportunities to enhance product development, cut production costs, broaden product range
- Extends market reach and strengthens customer relationships
Financial Review
Kevin Boyd
### Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>2014/15</th>
<th>2013/14</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders (£m)</td>
<td>386.6</td>
<td>342.2</td>
<td>13.0%</td>
</tr>
<tr>
<td>Revenues (£m)</td>
<td>385.5</td>
<td>360.1</td>
<td>7.1%</td>
</tr>
<tr>
<td>Operating profit (£m)</td>
<td>42.7</td>
<td>50.3</td>
<td>-15.1%</td>
</tr>
<tr>
<td>Return On Sales (%)</td>
<td>11.1%</td>
<td>14.0%</td>
<td>-2.9pp</td>
</tr>
<tr>
<td>Adjusted profit before tax (£m)*</td>
<td>35.6</td>
<td>47.1</td>
<td>-24.4%</td>
</tr>
<tr>
<td>Adjusted EPS (pence)*</td>
<td>48.2</td>
<td>67.7</td>
<td>-28.8%</td>
</tr>
<tr>
<td>Dividend (pence)</td>
<td>13.0</td>
<td>12.4</td>
<td>4.8%</td>
</tr>
<tr>
<td>Net Cash/(Debt) (£m)</td>
<td>(118.9)</td>
<td>(124.3)</td>
<td>5.4</td>
</tr>
</tbody>
</table>

*Adjusted numbers are stated to give a better understanding of the underlying business. Details of adjusting items can be found in Note 1 of the Financial Statements.*
Sales Bridge

£m

2013/14 | Vol | Fx | Pricing | Completed Contracts | M&A | 2014/15
--- | --- | --- | --- | --- | --- | ---
360.1 | (11.6) | (10.7) | (2.1) | (5.0) | 54.8 | 385.5
# Segmental Sales

<table>
<thead>
<tr>
<th>£’m</th>
<th>Nanotechnology Tools</th>
<th>Industrial Products</th>
<th>Service</th>
<th>Total*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>180.6</td>
<td>114.7</td>
<td>66.4</td>
<td>360.1</td>
</tr>
<tr>
<td>Organic</td>
<td>(13.7)</td>
<td>(7.5)</td>
<td>2.3</td>
<td>(18.7)</td>
</tr>
<tr>
<td>FX</td>
<td>(6.2)</td>
<td>(2.4)</td>
<td>(2.1)</td>
<td>(10.7)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>50.5</td>
<td>2.3</td>
<td>2.0</td>
<td>54.8</td>
</tr>
<tr>
<td>2014/15</td>
<td>211.2</td>
<td>107.1</td>
<td>68.6</td>
<td>385.5</td>
</tr>
</tbody>
</table>

**Growth**

- **Reported**
  - Nanotechnology Tools: 17%
  - Industrial Products: -7%
  - Service: 3%
  - Total*: 7%

- **Underlying**
  - Nanotechnology Tools: -8%
  - Industrial Products: -4%
  - Service: 7%
  - Total*: -4%

* Excluding inter-segmental revenues
Sales by Geography

2015 FY
- Europe: 34%
- North America: 30%
- Asia: 34%
- RoW: 2%

2014 FY
- Europe: 37%
- North America: 28%
- Asia: 32%
- RoW: 3%
## Segmental Profit

### £'M

<table>
<thead>
<tr>
<th>Year</th>
<th>Nanotechnology Tools</th>
<th>Industrial Products</th>
<th>Service</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>21.2</td>
<td>15.6</td>
<td>13.5</td>
<td>50.3</td>
</tr>
<tr>
<td>Organic</td>
<td>(7.9)</td>
<td>(6.4)</td>
<td>1.6</td>
<td>(12.7)</td>
</tr>
<tr>
<td>FX</td>
<td>(0.7)</td>
<td>(1.9)</td>
<td>(0.2)</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>8.1</td>
<td>(1.0)</td>
<td>0.8</td>
<td>7.9</td>
</tr>
<tr>
<td>2014/15</td>
<td>20.7</td>
<td>6.3</td>
<td>15.7</td>
<td>42.7</td>
</tr>
</tbody>
</table>

### ROS

<table>
<thead>
<tr>
<th>Year</th>
<th>Nanotechnology Tools</th>
<th>Industrial Products</th>
<th>Service</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>11.7%</td>
<td>13.6%</td>
<td>20.3%</td>
<td>14.0%</td>
</tr>
<tr>
<td>2014/15</td>
<td>9.8%</td>
<td>5.9%</td>
<td>22.9%</td>
<td>11.1%</td>
</tr>
</tbody>
</table>
Currency Exposure

**Sales £'m**

- Sterling: 250.0
- US Dollar: 220.0
- Euro: 100.0
- Yen: -80.0
- Other: -20.0

**Profit £'m**

- Sterling: 80.0
- US Dollar: 100.0
- Euro: 20.0
- Yen: 0.0
- Other: 0.0
Cash

£m

EBITDA  53.0
WC  (5.1)
Capex  (5.2)
R&D  (8.0)
Pension  (5.9)
Tax  (9.1)
Interest  (5.0)
Restructuring  (1.2)
Share Scheme/fx  1.7
Dividend  (7.1)
M&A  (2.7)
Movement  5.4

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## Restructuring

<table>
<thead>
<tr>
<th>£’m</th>
<th>2014/15</th>
<th>2015/16</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Statement</td>
<td>9.9</td>
<td>1.4</td>
<td>11.3</td>
</tr>
<tr>
<td>Cash</td>
<td>1.2</td>
<td>7.4</td>
<td>8.6</td>
</tr>
<tr>
<td>Benefit</td>
<td>-</td>
<td>8.0</td>
<td>8.0</td>
</tr>
</tbody>
</table>

- 6 sites to close
- 7% reduction in employees
- Plasma Technology exit from high volume production semiconductor market
# M&A Activity Post Year End

<table>
<thead>
<tr>
<th>£'m</th>
<th>Date</th>
<th>Type</th>
<th>Consideration</th>
<th>Pro-forma Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sales</td>
</tr>
<tr>
<td>MIR</td>
<td>1/5/15</td>
<td>Acquisition</td>
<td>15.2</td>
<td>10.7</td>
</tr>
<tr>
<td>Omicron</td>
<td>28/5/15</td>
<td>Disposal</td>
<td>-</td>
<td>28.5</td>
</tr>
<tr>
<td>Scienta-Omicron</td>
<td>28/5/15</td>
<td>Joint Venture</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Operational Review
Jonathan Flint
## Our Businesses

<table>
<thead>
<tr>
<th>Nanotechnology Tools</th>
<th>Industrial Products</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High-performance technology products</strong></td>
<td><strong>Analytical instruments and high technology components</strong></td>
<td><strong>Service, support, training, refurb, consumables, accessories</strong></td>
</tr>
<tr>
<td>• NanoSolutions</td>
<td>• Industrial Analysis</td>
<td>• OI Healthcare</td>
</tr>
<tr>
<td>• NanoCharacterisation</td>
<td>• Industrial Components</td>
<td>• OiService - own products</td>
</tr>
</tbody>
</table>
Nanotechnology Tools

highest technology products serving research and industrial customers in the public and private sectors

- Andor contributed strongly
- NanoScience and Asylum performing well
- Plasma Technology affected by continued weak demand for HBLED and Russian sanctions
- NanoAnalysis generally strong. Weaker in Japan
- Omicron progressed to break even and placed in Joint Venture
• Weaker performance in the year
• Delayed launch of X-MET8000
• Building improved distribution channels in North America and China
• ITER completion in Q1 2014 yielded tough comparators
• Integration of acquisitions Roentgenanalytik and RMG near completion
• Maxxi 6, the first fully developed product from Roentgenanalytik acquisition
Service
service, support, training, refurbishment, consumables and accessories

• Good performance in all territories
• Ongoing success of MRI and CT scanner servicing business
• Completion of Siemens MRI service
• Acquisition of Medical Imaging Resources
Summary

• Orders and revenues are up; adjusted profit before tax is down
• Challenges in Russia and Japan
• Weaker than expected trading in Industrial Analysis
• Accelerated cost reduction programme
• MIR acquisition; Omicron Joint Venture
• Andor Technology has integrated well and is performing strongly
Outlook

• Slow start in the first two months
• Expect to see a return to organic growth as recently launched products and improved routes to market gain traction
• Expectations for current year unchanged
• Nanotechnology and the convergence of the sciences will continue to yield long term structural growth
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