

# Half Year results presentation

to 30 September 2021

**Ian Barkshire**  
Chief Executive

**Gavin Hill**  
Group Finance Director

Highlights

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Finance Review

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Strategic Progress

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Sustainability Update

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Operational Review

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Summary and Outlook

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# Highlights

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- Strong financial performance reflecting leading position in attractive, structural growth markets
- Buoyant semiconductor, advanced materials and quantum markets, and recovery in life science
- Double digit order growth from commercial and academic customers, and in Europe, North America and Asia
- Strong revenue growth despite some ongoing covid-related constraints, particularly in Europe
- Horizon progress supporting growth and enhanced margin, despite inflationary pressures and continued investment in the future
- Increased R&D investment and acquired WITec, supporting future growth
- Strengthened order book provides evidence of strong market positioning

# Finance Review

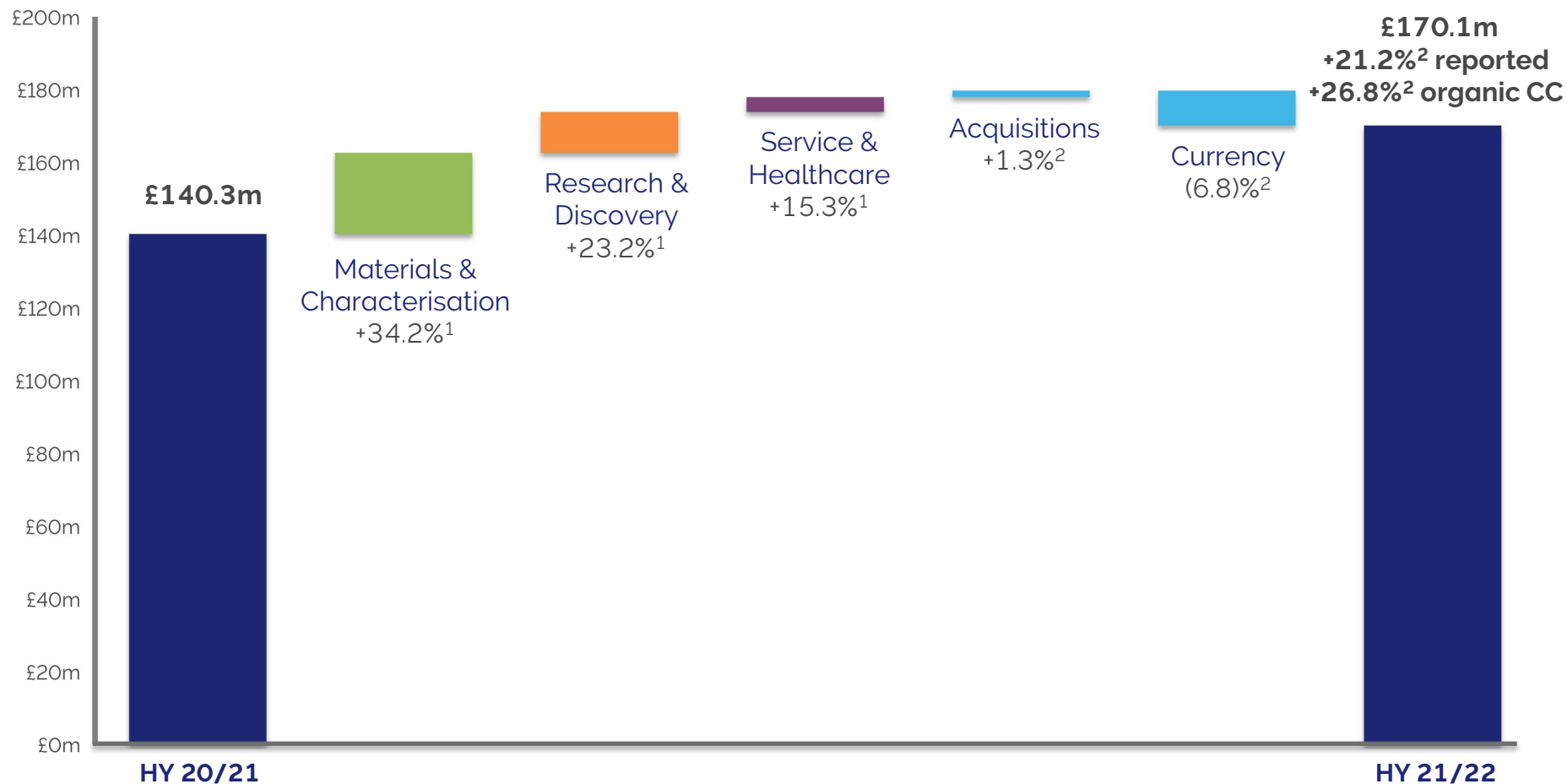
Gavin Hill

# Income Statement



£m	2021/22	2020/21	Reported Change	Organic CC Change	Organic CC Change vs 2019/20
Revenue	<b>170.1</b>	140.3	+21.2%	+26.8%	+13.5%
Adjusted operating profit	<b>30.6</b>	24.3	+25.9%	+28.0%	+17.6%
Amortisation of acquired intangibles	<b>(3.8)</b>	(4.3)			
Non-recurring items	<b>(1.2)</b>	-			
Mark-to-market of currency hedges	<b>(3.8)</b>	0.8			
Statutory operating profit	<b>21.8</b>	20.8	+4.8%		
Net finance costs	<b>(0.4)</b>	(0.6)			
Adjusted profit before taxation	<b>30.2</b>	23.7	+27.4%		
Statutory profit before taxation	<b>21.4</b>	20.2	+5.9%		
Adjusted effective tax rate	<b>21.5%</b>	20.7%			
Adjusted basic earnings per share	<b>41.2p</b>	32.8p	+25.6%		
Dividend per share (interim)	<b>4.4p</b>	4.1p	+7.3%		

# Revenue by Sector



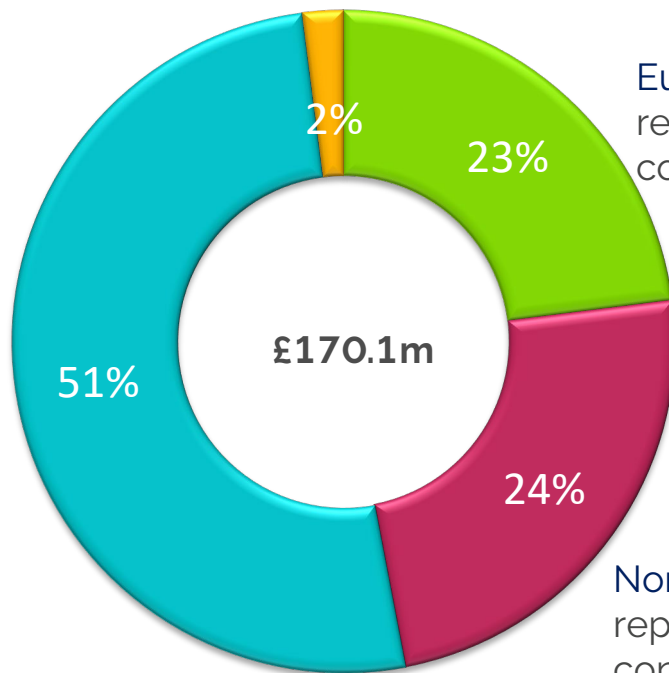
<sup>1</sup> Organic constant currency (CC) growth rate compared to prior year sector revenue

<sup>2</sup> Growth rate compared to prior year Group total revenue

# Revenue and Orders by Region

## Revenue

RoW  
reported -  
constant currency +19%



Europe  
reported (3)%  
constant currency (1)%

North America  
reported +22%  
constant currency +33%

Asia  
reported +37%  
constant currency +44%

## Order growth

Europe  
reported +16%  
constant currency +20%

North America  
reported +6%  
constant currency +15%

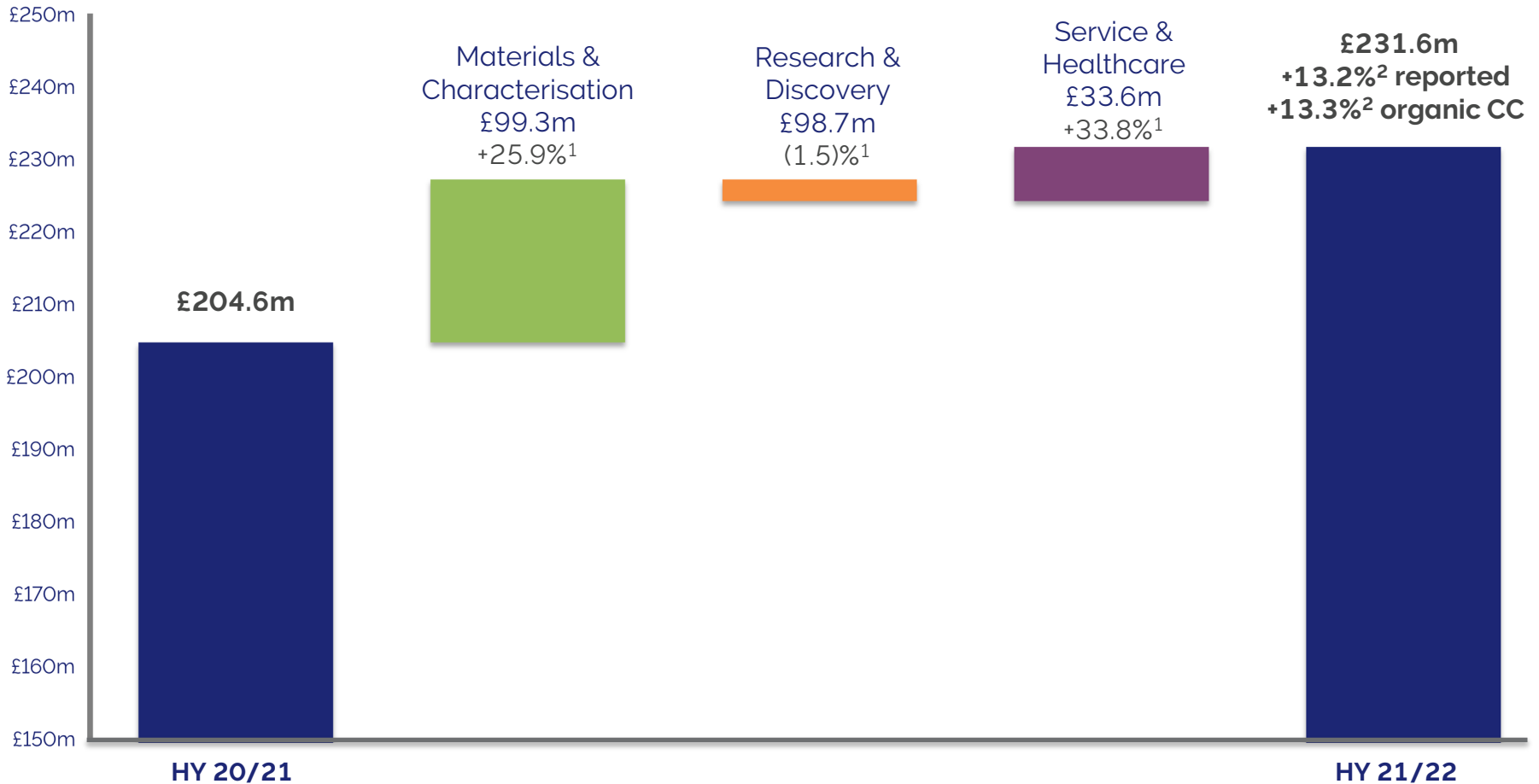
Asia  
reported +17%  
constant currency +25%

RoW  
reported (46)%  
constant currency (34)%

## Book-to-bill ratio

HY21: 117%  
HY20: 125%

# Order Book by Sector

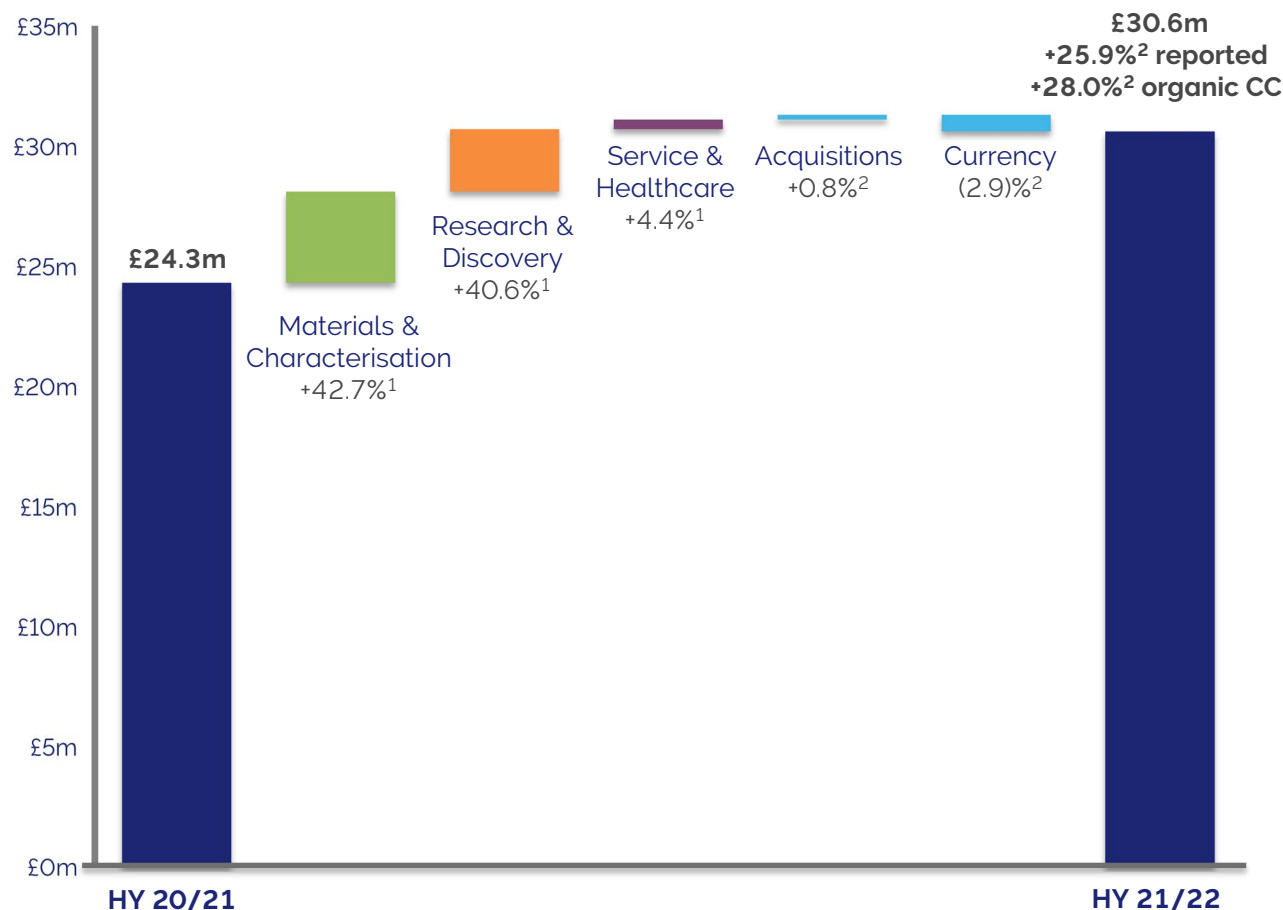


<sup>1</sup> Organic constant currency (CC) growth rate compared to prior year sector revenue

<sup>2</sup> Growth rate compared to prior year Group total revenue



# Adjusted Operating Profit by Sector



**Material & Characterisation**  
margin HY21: 15.3%  
margin HY20: 13.7%

**Research & Discovery**  
margin HY21: 15.5%  
margin HY20: 13.3%

**Service & Healthcare**  
margin HY21: 30.8%  
margin HY20: 33.6%

**Group**  
margin HY21: 18.0%  
CC margin HY21: 17.4%  
margin HY20: 17.3%

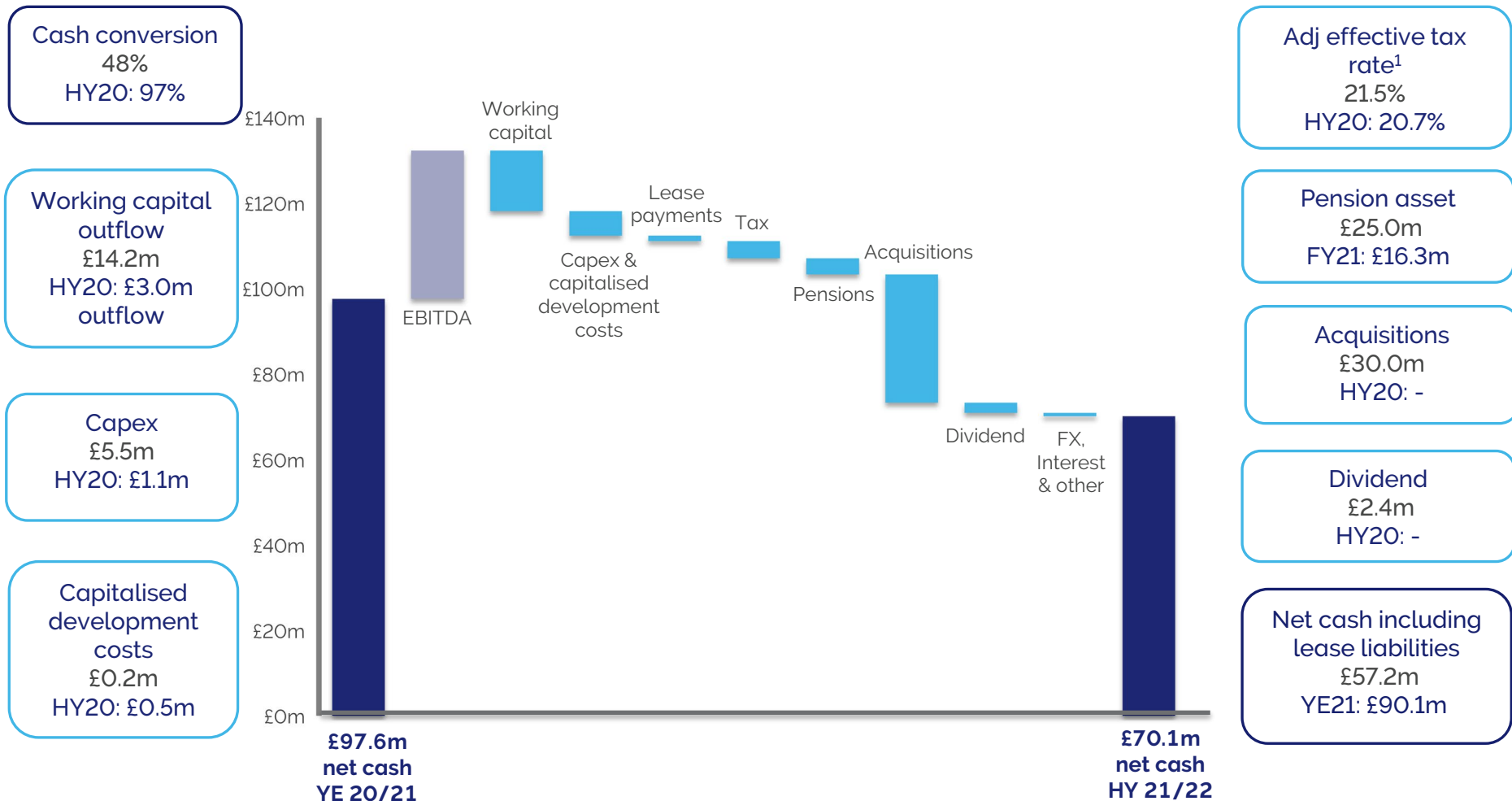
<sup>1</sup> Organic constant currency (CC) growth rate compared to prior year sector adjusted operating profit

<sup>2</sup> 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

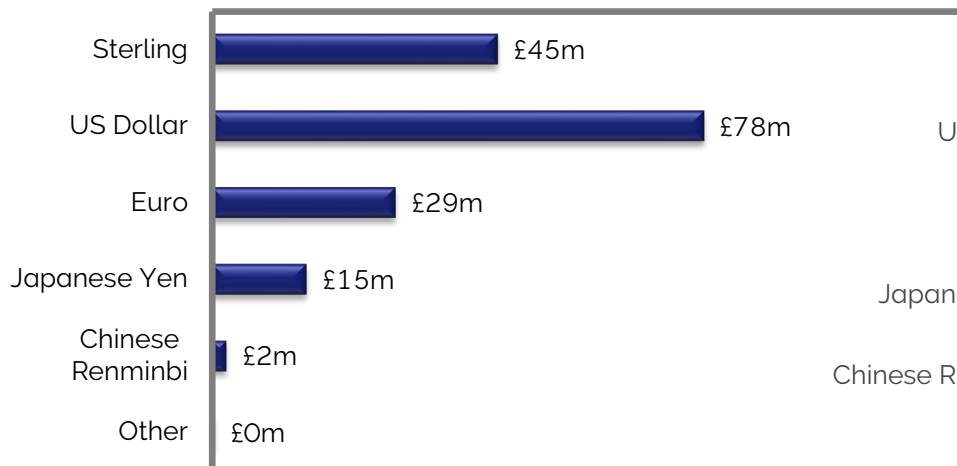
# Cash Flow



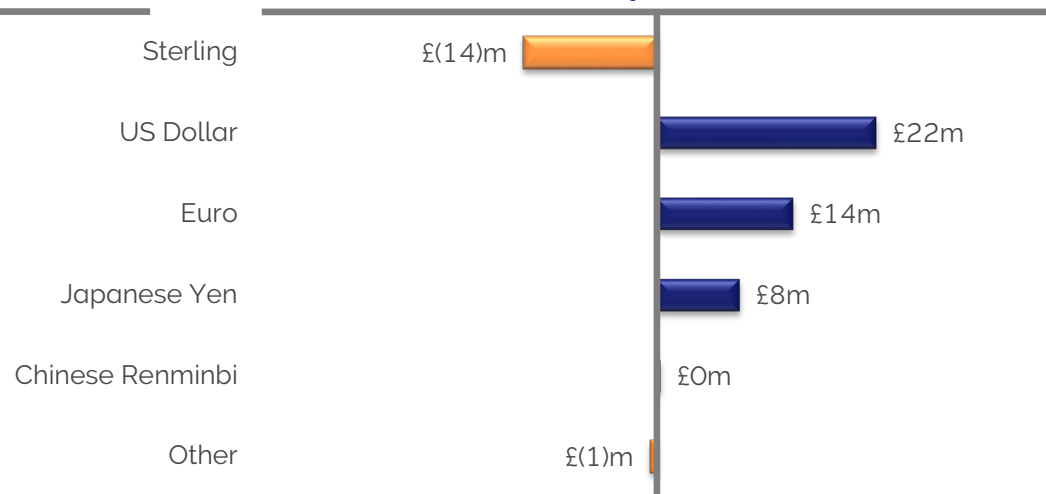
<sup>1</sup> Full year 2021/22 adjusted effective tax rate expected to be 22.4%

# Currency Exposure

## Revenue (£m equivalent)



## Adjusted Operating Profit (£m equivalent)



- Adverse currency impact in HY21: Revenue: (£9.6m) ; AOP: (£0.7m)
- Estimated Full Year 2021/22 currency impact
  - Assuming current hedges and no change from current spot rates, currency sensitivity vs FY21: Revenue: (£17.0m); AOP: (£1.8m)
- Estimated Full Year 2022/23 currency impact
  - Assuming no change from current rates, currency sensitivity before mitigating actions vs FY22: Revenue: £-m; AOP: (£5.7m)
  - This does not affect the underlying growth of the Group and is prior to mitigating actions
- Currency headwind guidance is lower than given at the previous year end owing to favourable currency movements
- Uncertain volume and timing of shipments and acceptances, currency mix and FX volatility, may significantly affect full year currency impact outcomes

Current rates – GBP:USD 1.38; GBP:EUR 1.18; GBP:JPY 156

- Strong growth in orders and order book with a book-to-bill of 117%. Supply chain disruptions and export licence delays will affect the timing of order conversion to revenue
- Continued investment to support future growth and an uplift in adjusted operating margin to 18%
- Adjusted EPS growth of 25.6% and increase in interim dividend of 7.3%
- Cash conversion reflects business growth and increase in inventories to mitigate supply chain challenges
- Net cash of £70.1m after initial consideration for WITec GmbH; strong balance sheet supports future growth through organic investment and acquisition opportunities

# Operations Review

Ian Barkshire

# Horizon Strategy Progress

- Horizon progress underpinned strong financial performance
- Creating value by exploiting synergies across the Group
- Heightened focus on, and intimacy with, attractive end markets with positive long-term structural growth drivers
- Increased investment in product development, delivering sustainable differentiation
- Progress with operational excellence programme; service transformation enhancing customer value and supporting growth
- WITec strengthened product portfolio with complementary products
- Significant opportunities for further gains from Horizon

Market  
Intimacy

Innovation &  
Product  
Development

Customer  
Support

Operational  
Excellence

# Shaping a sustainable future

- Our purpose to enable a greener, healthier, more connected advanced society puts us at the heart of global sustainability initiatives
- Our greatest contribution to net zero is through enabling new technologies
- Executing on our sustainability agenda
  - Reducing our manufacturing environmental footprint
  - Developing our long-term ambitions
  - Enhanced employee and wider stakeholder engagement
  - Embracing a hybrid workplace model
  - Sir Nigel Sheinwald new sustainability committee chair
- Sustainability and TCFD statements to be published in 2022 alongside our annual report





# Group Performance

Academic: 50%  
Commercial: 50%



Materials &  
Characterisation

Research & Discovery

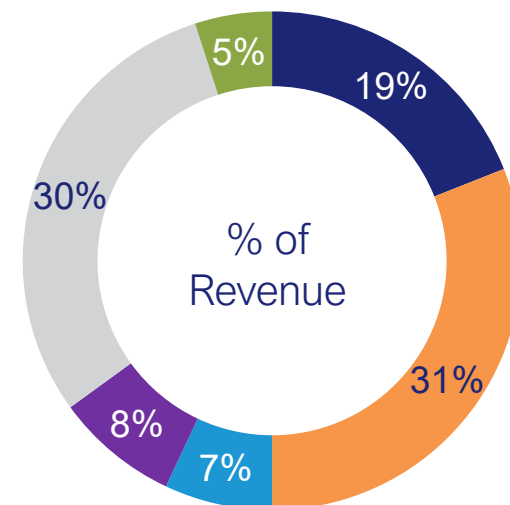
Service & Healthcare

- Strong year-on-year constant currency order, revenue and profit growth, with strong progress relative to 2019
- Significant order growth to commercial customers in line with our strategy, strong growth to academia
- Strong revenue growth despite ongoing covid restrictions
- Margin progression despite some inflationary headwinds
- Range of attractive end markets and exposure to full technology cycle support future growth and resilience



# Group Performance – End Markets

- Broad range of attractive end markets with robust structural growth drivers
- Order and revenue growth supported by buoyant semiconductor, quantum and advanced materials markets
- Strong recovery from life science market, orders ahead of 2019
- Double digit order growth in Europe, North America and Asia, and also relative to 2019
- Covid-related disruption, supply chain challenges and delayed export licences impacted revenue
- Strong revenue growth in North America and Asia, with Europe behind previous year



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

# Materials & Characterisation

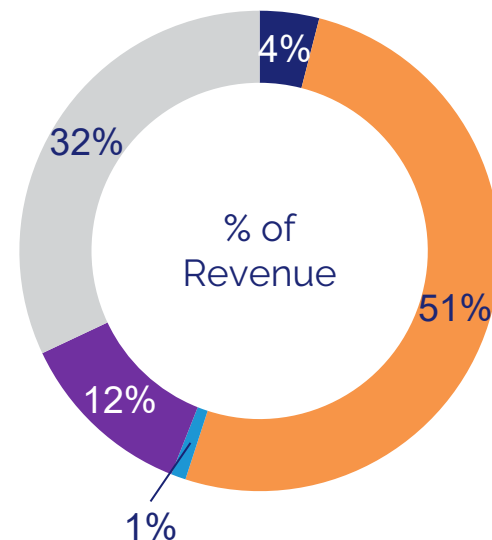
50% Group revenue  
Academic: 39%  
Commercial: 61%



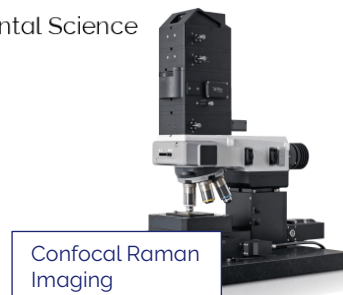
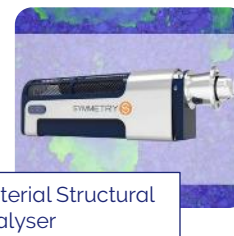
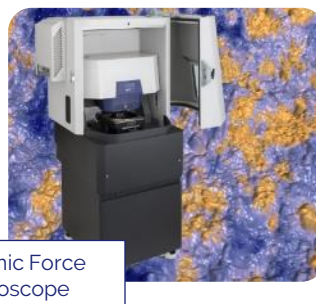
Asylum Research; Magnetic Resonance; NanoAnalysis; Plasma Technology; WITec

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

- Double digit order and revenue growth; up on 2019, driven by:
  - Commercial customers, supported by academia
  - Buoyant semiconductor, advanced materials, life science and energy & environment markets
  - Order growth across Europe, North America & Asia
  - Revenue growth North America and Asia; Europe behind comparative period
- WITec brings complementary Raman microscopy



- Healthcare & Lifescience
- Semiconductor & Communications
- Quantum Technology
- Energy & Environment
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# Materials & Characterisation

## Growth Examples

### Semiconductor & Communications

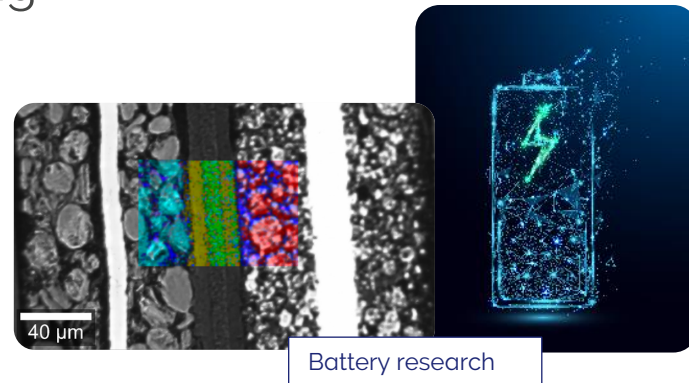
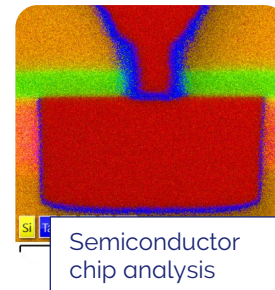
- Structural growth drivers - higher performing and energy efficient solutions
- Increasing demand for our compound semiconductor processing systems
- Strong semiconductor chip market driving continued growth for analysis systems

### Global Market Drivers



### Energy & Environment

- Sustained growth in battery-related markets, leading to increased R&D and manufacturing capacity
- Recovery in other end markets including forensics and environmental science

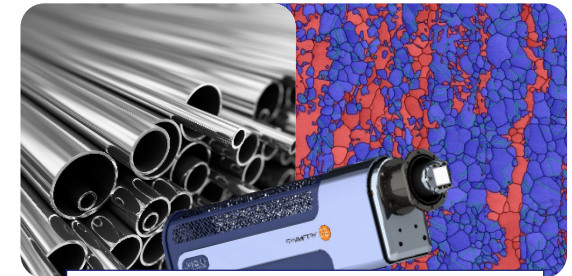


# Materials & Characterisation

## Growth Examples

### Advanced Materials

- Imaging and analysis solutions allow customers to develop and manufacture higher performing materials
- Market intimacy enabling tailored solutions and new opportunities
- Increasing customers' capabilities and productivity in R&D and manufacturing



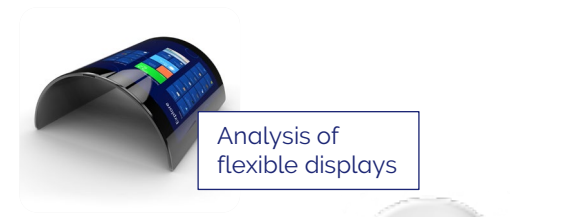
Structural analysis of super alloys



Utilisation of advanced materials

### Healthcare & Lifescience

- Increased market intimacy and tailored products driving growth into pharma and life science applications
- Portfolio enhanced through WITec acquisition



Analysis of flexible displays



Raman image of a pharmaceutical tablet

# Research & Discovery

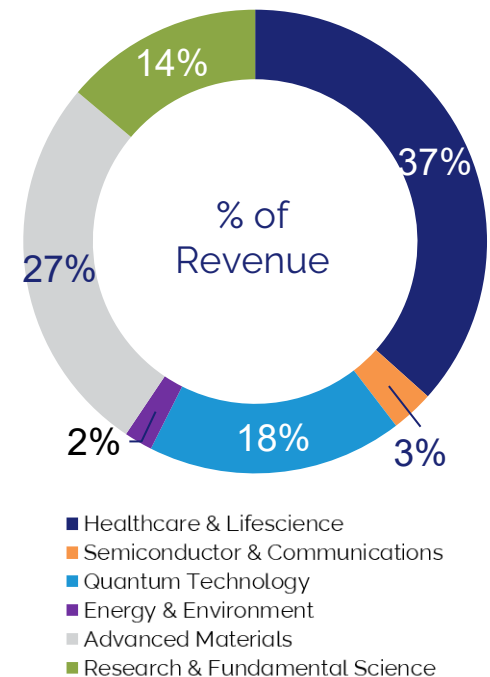
33% Group revenue  
Academic: 71%  
Commercial: 29%



Andor Technology; NanoScience; X-Ray Technology

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

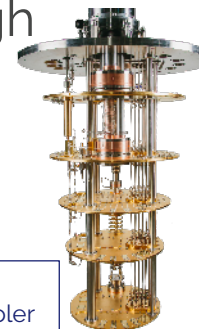
- Robust end markets driving strong order and revenue growth, ahead of 2019
- Sustained growth in quantum and advanced materials markets, recovery in Lifescience
- Research & fundamental science remains subdued
- Growth to academic & commercial customers with double digit order growth across Europe, North America & Asia
- Further improvement in profitability through realisation of Horizon initiatives



Scientific Camera



X-ray Tube



Proteox Cryocooler



Confocal Microscope

# Research & Discovery

## Growth Examples

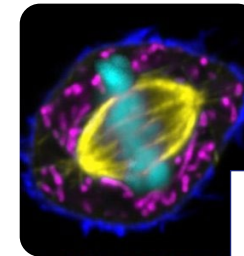
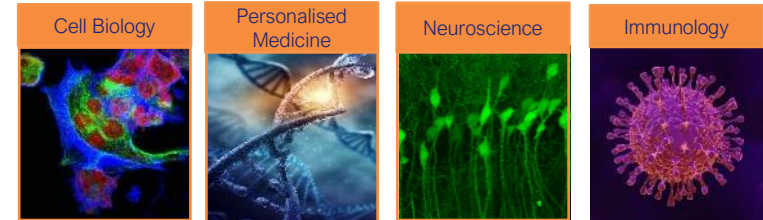
### Healthcare & Lifescience

- Growth drivers due to ageing population and cost effective healthcare remain robust
- Customer facilities reopening
- Double digit order & revenue growth despite easing of covid-related sales
- New products & tailored solutions driving growth e.g. cancer applications
- Growth into pharma; direct sales and through OEM partners

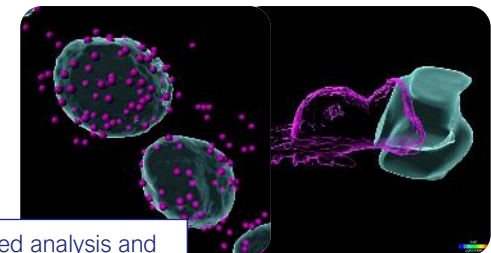
### Research & Fundamental Sciences

- Continued positive pipeline, orders & revenue impacted by ongoing covid disruption

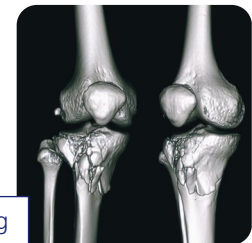
### Global Market Drivers



The moment an individual cell divides into two



Automated analysis and visualisation software



Micro CT imaging

# Research & Discovery

## Growth Examples

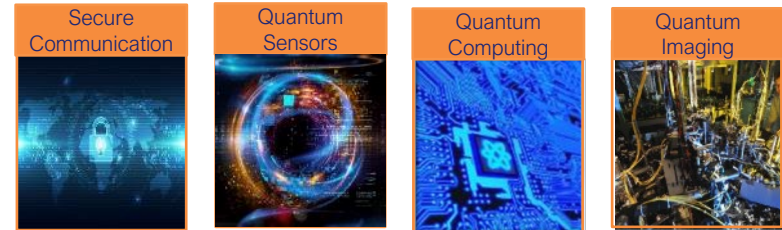
### Quantum Technology

- Transitioning from fundamental research to applied R&D and commercial applications
- Strong order & revenue growth supported by governments and increasing commercial demand
- Growth across our cryogenic platforms and scientific cameras

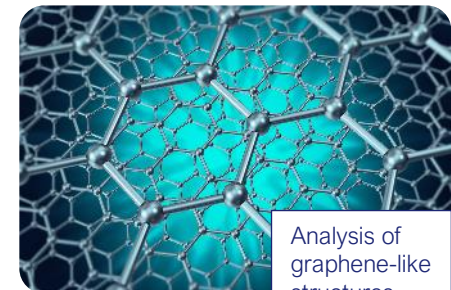
### Advanced Materials

- Strong order and revenue growth driven by fundamental material research e.g. for advanced sensors, semiconductors and batteries

### Global Market Drivers



Commercial cloud-based quantum computer



Analysis of graphene-like structures

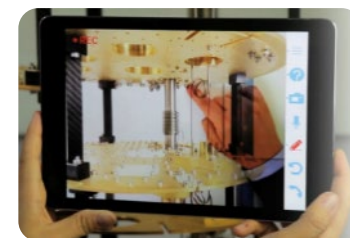


Provides customer service and support for our own products and the service and support of third party MRI scanners in Japan

- Continued progress in our service transformation
- Increased demand and tailored product offerings supported order and revenue growth for our own products
- Margins significantly ahead of 2019, slightly down on 2020 due to recovery in customer visits
- Tailored products providing increased customer value and enhanced productivity, acting as a key differentiator
- Regional delivery and increased remote services driving efficiencies and enhanced service delivery



Remote Support



Augmented Reality Support



# Summary & Outlook

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- Strong order and revenue growth in year, with growth on first half 2019
- Strong growth in operating profit with margin rising to 18%
- Emerged from pandemic a stronger, more focused and efficient business, even more aligned with our customers' needs
- Increased investment to support future growth
- Foundation for good growth and medium-term margin expansion
- Alignment to attractive, structurally growing end markets
- Healthy order book and a strong opportunity pipeline
- Supply chain pressures will moderate conversion of orders to revenue and drive cost inflation in the second half
- Expectations for further progress in year unchanged despite near-term headwinds



Thank you

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