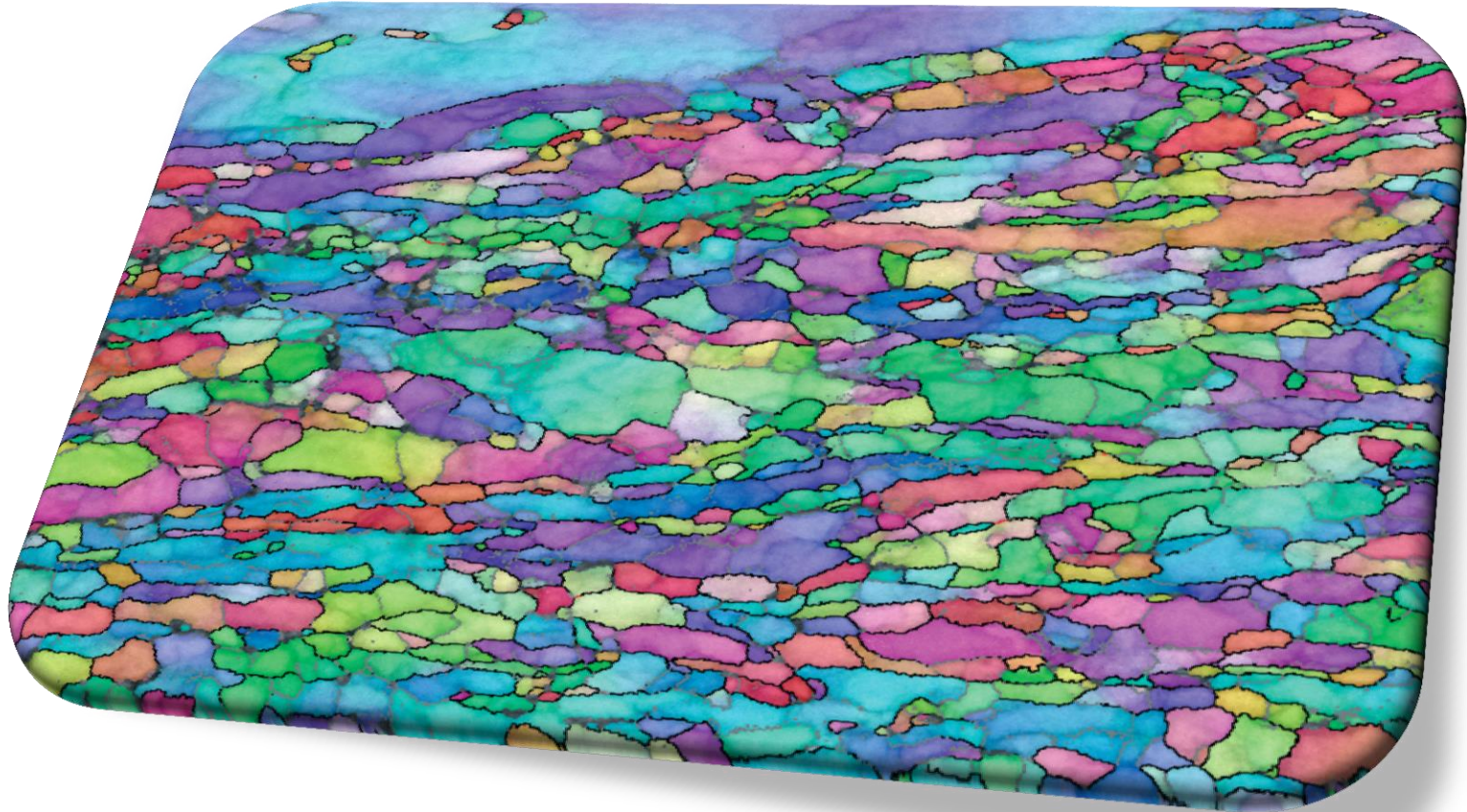


# Interim Results Announcement To 30<sup>th</sup> September 2015



*The Business of Science®*



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

# Agenda

- Business Highlights
- Financial Review
- Operational Review
- Summary and Outlook

- High technology business in long term growth markets
- Growth of order book
- Underlying strength in our NanoTechnology Tools and Service sectors
- Poor macroeconomic backdrop in our Industrial Products businesses
- Successful implementation of self-help actions
- Improved cash performance
- Ongoing realignment of portfolio

# Financial Review

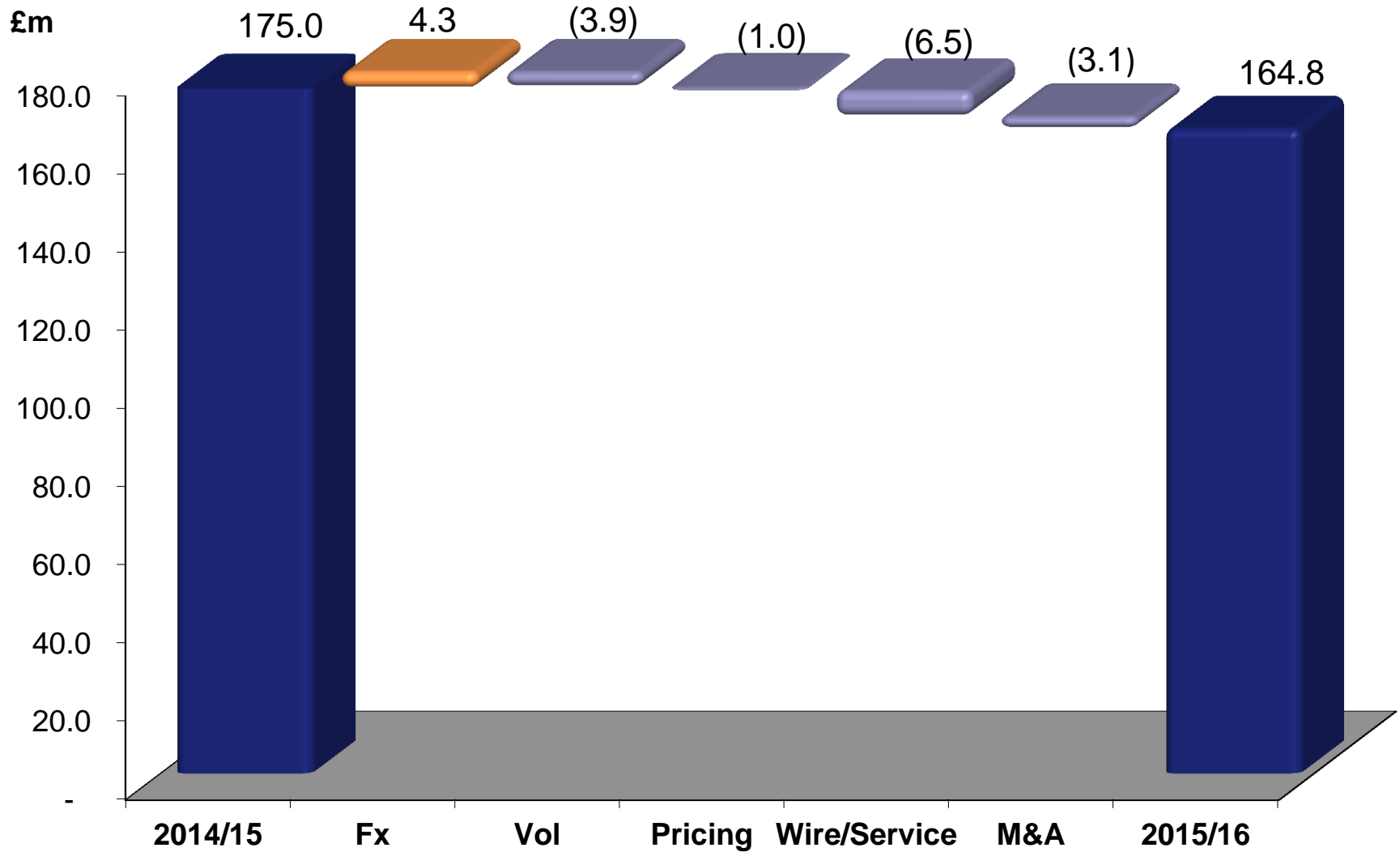
## Kevin Boyd

# Financial Highlights

	<b>2015/16</b>	<b>2014/15</b>	<b>Change</b>
Revenues (£m)	164.8	175.0	-5.8%
Operating profit (£m)	20.0	18.7	7.0%
Return On Sales (%)	12.1%	10.7%	+1.4pp
Adjusted profit before tax (£m)*	16.3	15.2	7.2%
Adjusted EPS (pence)*	21.3	20.9	1.9%
Dividend (pence)	3.7	3.7	0.0%
<hr/>			
Net Debt (£m)	139.5	137.5	2.0

\*Adjusted numbers are stated to give a better understanding of the underlying business. Details of adjusting items can be found in Note 2 of the Interim Financial Statements.

# Sales Bridge

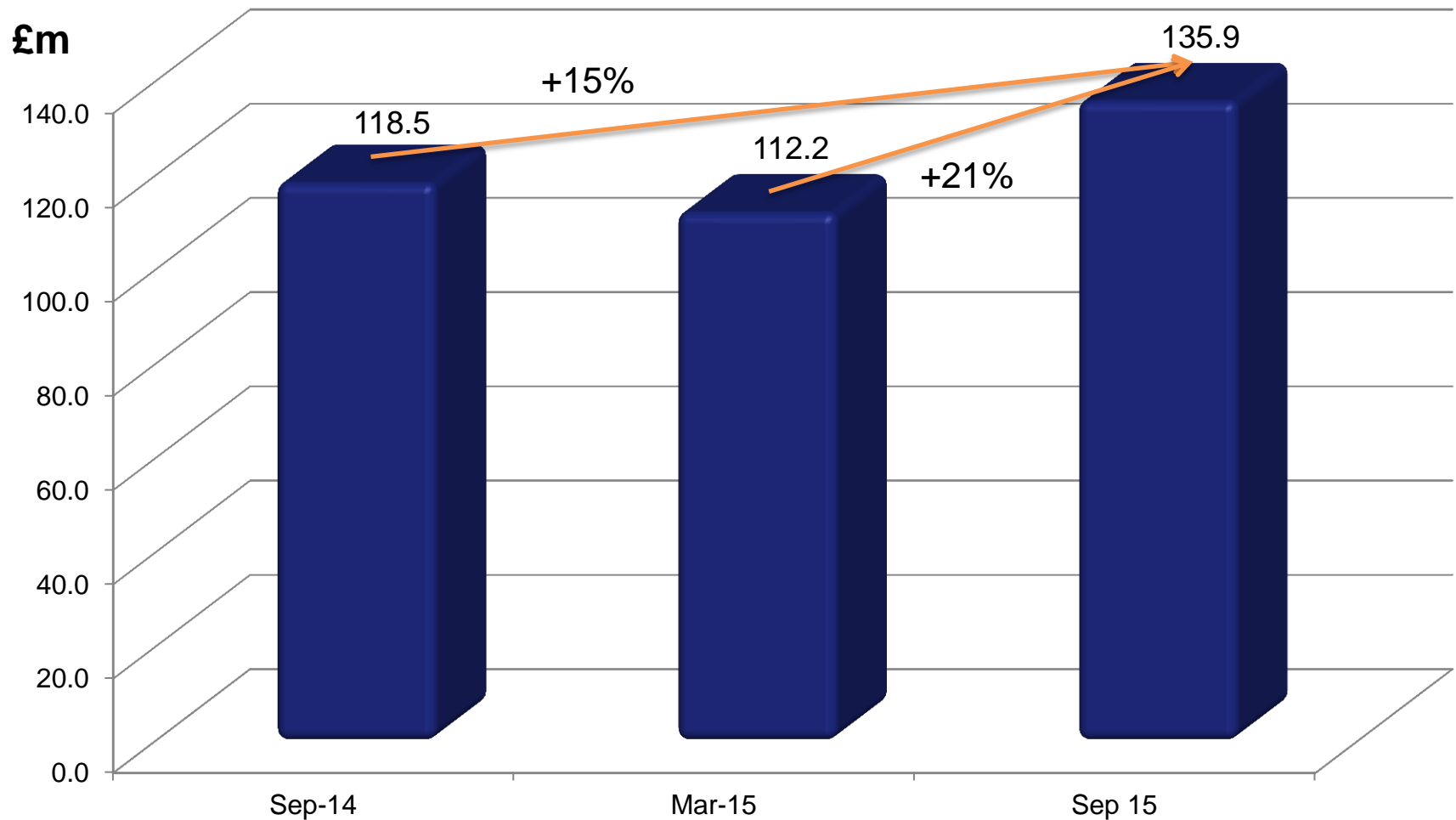


# Segmental Sales

£m	Nanotechnology Tools	Industrial Products	Service	Total*
<b>2014/15</b>	92.8	52.2	30.5	175.0
Organic	(0.5)	(3.1)	(0.3)	(3.9)
Pricing	0.0	(1.0)	0.0	(1.0)
FX	1.2	2.4	0.7	4.3
Wire/Service Contract	0.0	(4.5)	(2.0)	(6.5)
Acquisitions	(8.1)	0.0	5.0	(3.1)
<b>2015/16</b>	85.4	46.0	33.9	164.8
<b>Growth</b>				
Reported	-8.0%	-11.9%	11.2%	-5.8%
Underlying	-0.5%	-7.9%	-1.0%	-2.8%

\* Excluding inter-segmental revenues

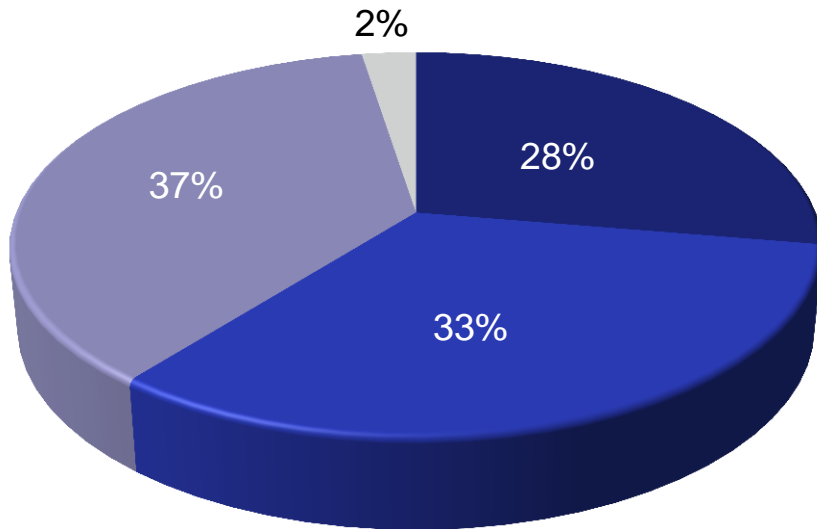
# Organic Order Book Growth



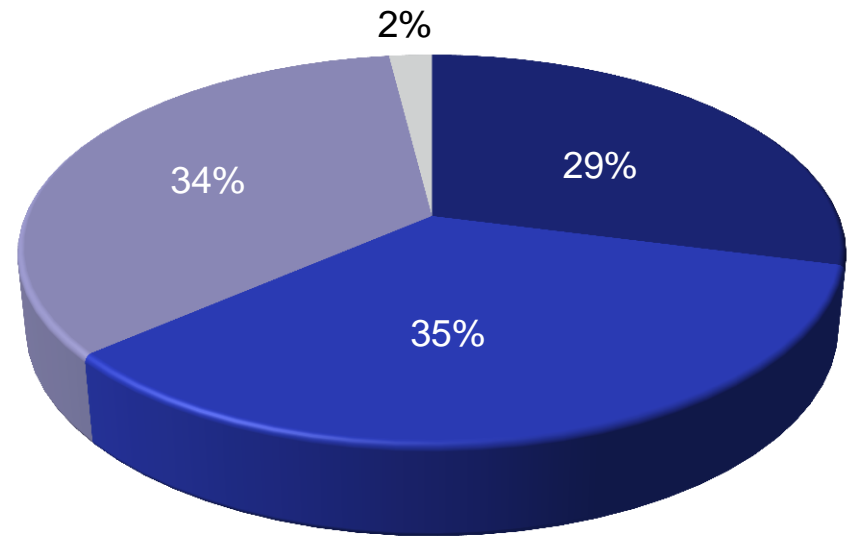


# Sales by Geography

## 2016 H1



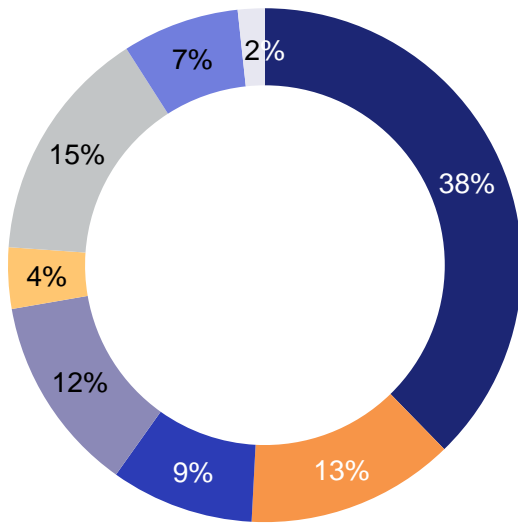
## 2015 H1



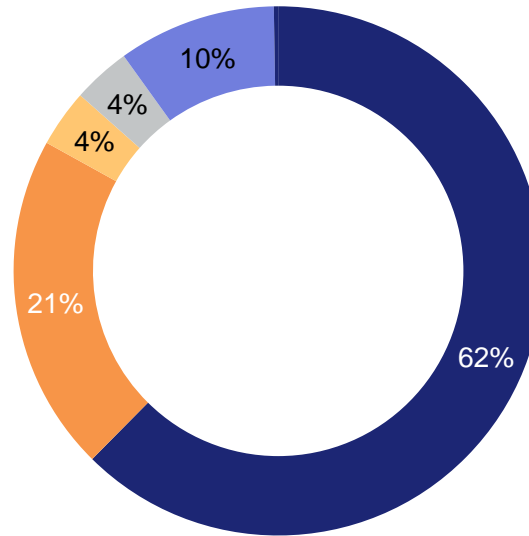
■ Europe   ■ North America   ■ Asia   ■ RoW

# Market Segments

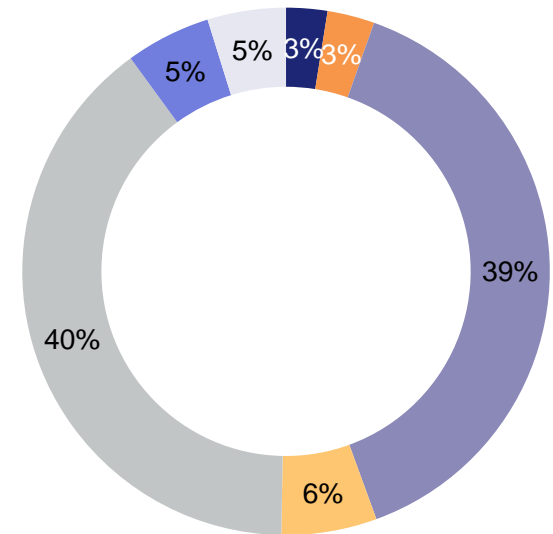
## Group



## Nanotechnology Tools



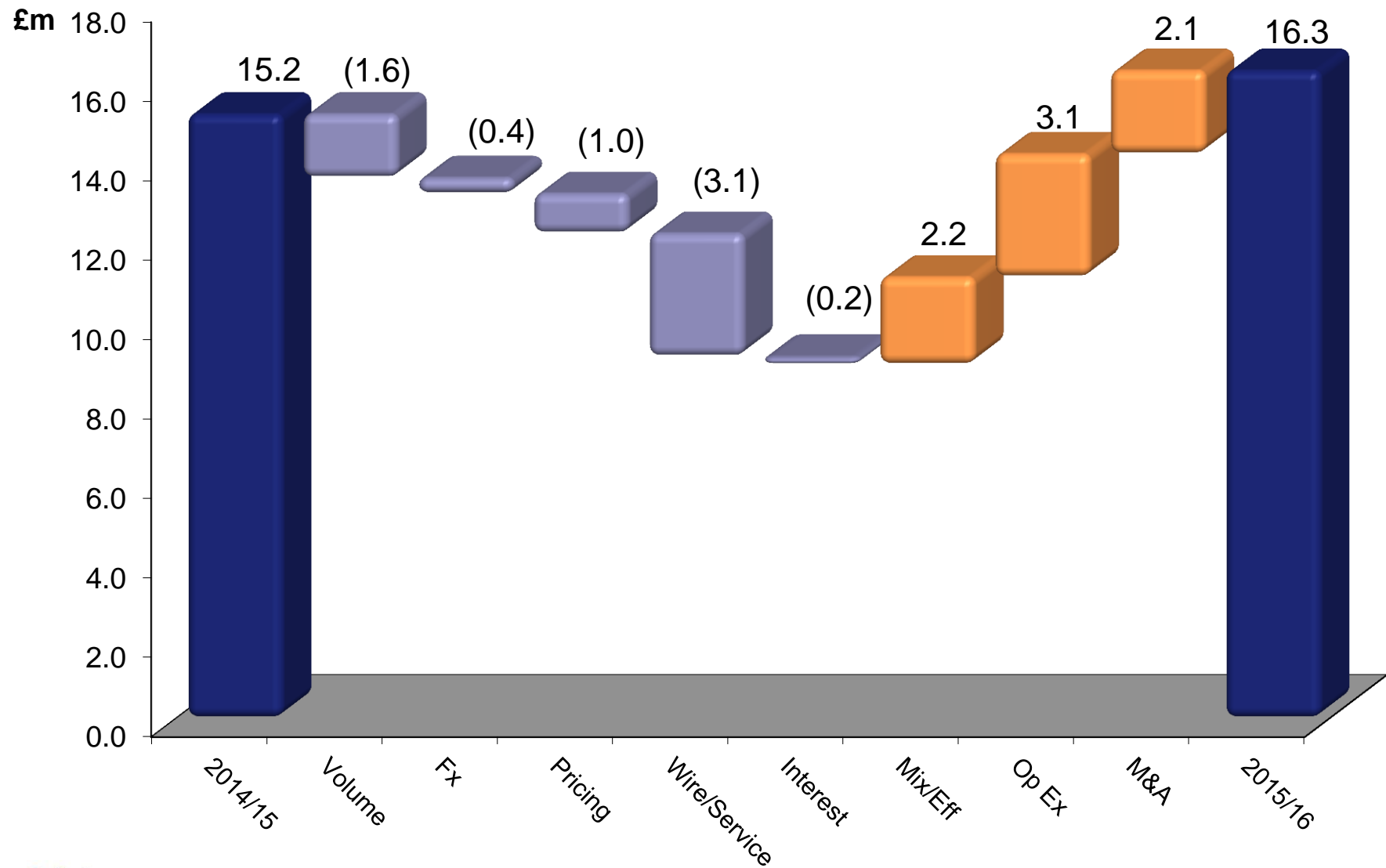
## Industrial Products



- R&A Physical Sciences
- MRI Wire
- Semicon/IT
- R&A Bio Sciences
- Environment
- Energy

- Medical Services
- Metal & Construction

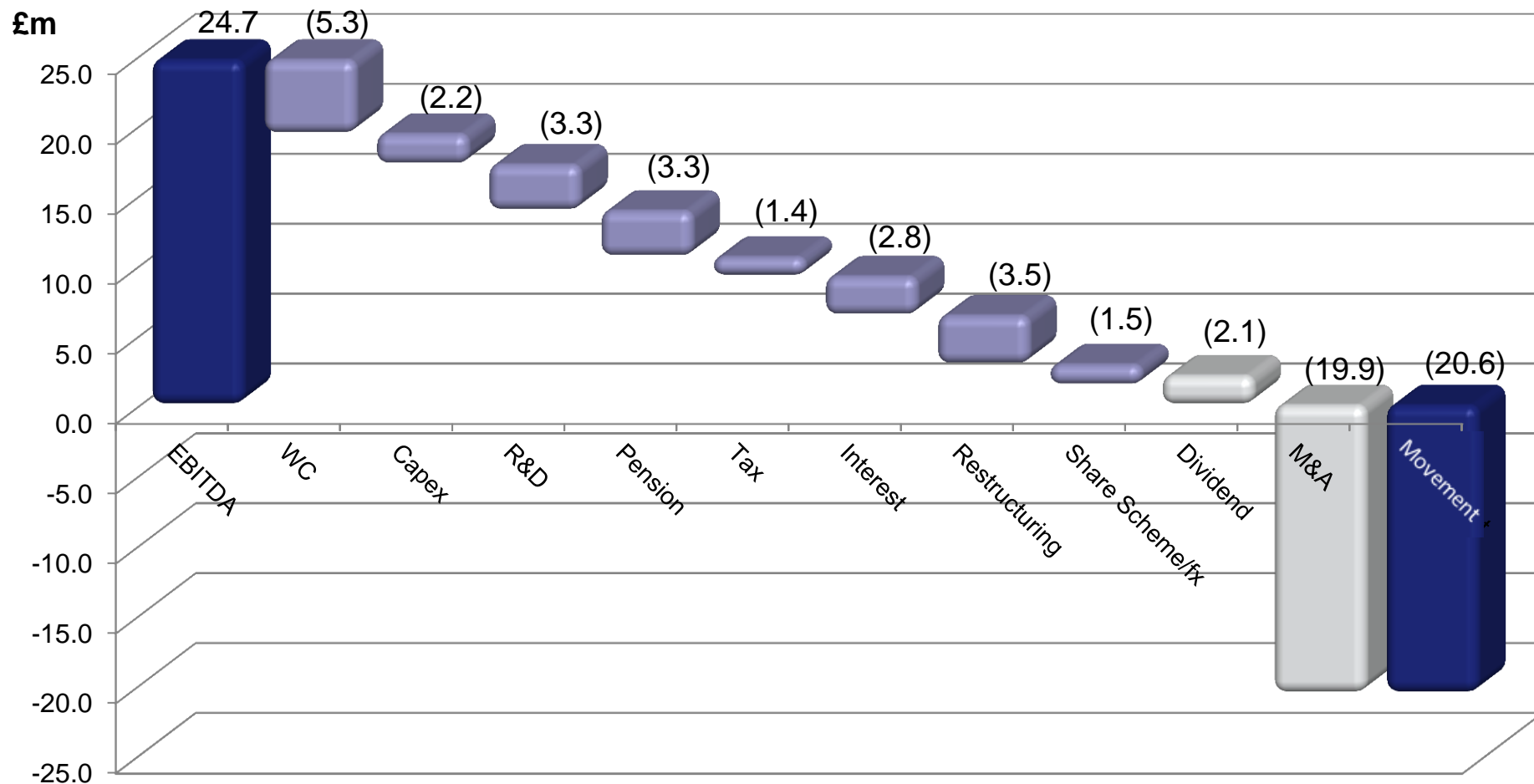
# Profit Bridge



# Segmental Profit

£m	Nanotechnology Tools	Industrial Products	Service	Total
<b>2014/15</b>	6.6	5.3	6.8	18.7
Organic	3.7	(4.3)	0.2	(0.4)
FX	(0.9)	0.7	(0.2)	(0.4)
Acquisitions	0.1	0.0	2.0	2.1
<b>2015/16</b>	9.5	1.7	8.8	20.0
<b>EBIT Margin</b>				
2014/15	7.1%	10.2%	22.3%	10.7%
2015/16	11.1%	3.7%	26.0%	12.1%

# Cash



Net Debt/EBITDA = 2.4

# Operational Review

## Jonathan Flint

## Nanotechnology Tools

**High-performance  
technology products**

- NanoSolutions
- NanoCharacterisation

## Industrial Products

**Analytical instruments  
and high technology  
components**

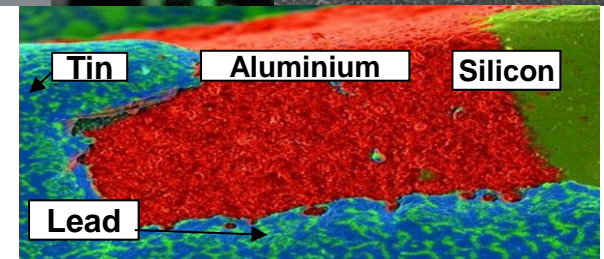
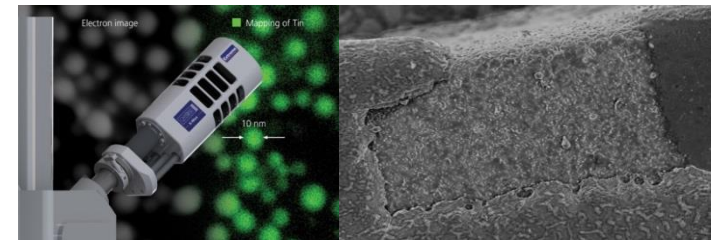
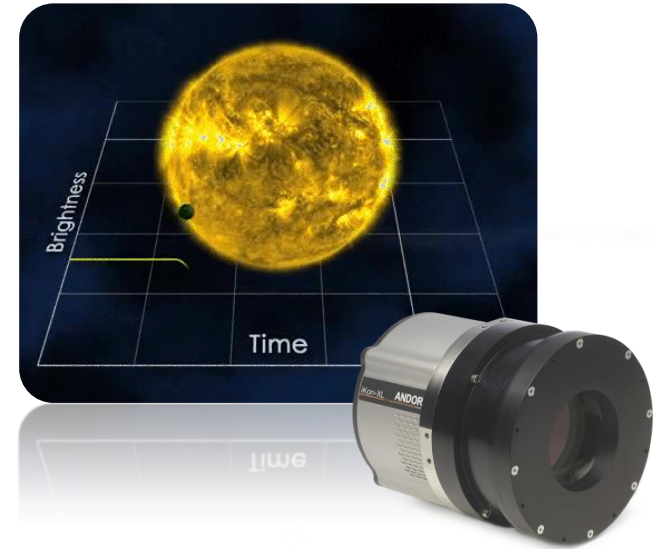
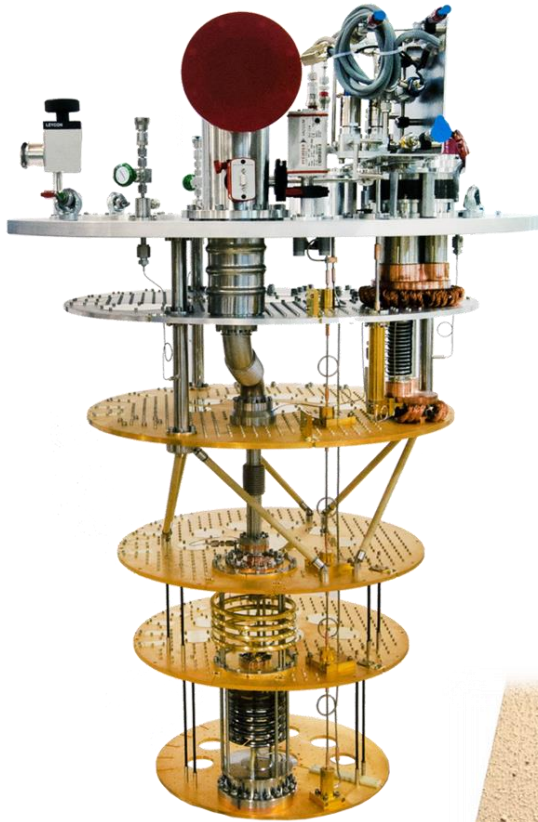
- Industrial Analysis
- Industrial Components

## Service

**Service, support, training,  
refurb, consumables,  
accessories**

- OI Healthcare
- OiService - own products

# NanoTechnology Tools





Our microscopy businesses, serving both physical and life science research and development. Comprises NanoAnalysis, Andor Technology and Asylum Research.

## What We Do

Imaging and analysis software and hardware for use with Microscopes

## Market Features

Strong competitive position

Leading market share

## Current Performance

- NanoAnalysis experiencing recovery in Japan, still facing challenges in Russia
- Andor delivering growth in all segments after slow start to year
- Asylum increasing orders, with strong growth in Asia, particularly China
- Launch of key new products from each part of the sector

Characterised by low volume, high value, often bespoke products selling to the scientific research community in both academia and industry. Comprises NanoScience (NS), Plasma Technology (PT) and the Scientia-Omicron JV (SO).

## What We Do

High value customised scientific solutions for research and specialised production

## Market Features

NS, SO – strong in constrained market

PT – cyclical semiconductor market

## Current Performance

- PT see improvement in Japan. Continued impact of the sanctions on exports to Russia
- Reorganisation in PT to establish better alignment with market needs
- Continued high level of investments in Quantum Information Processing expected
- Scientia-Omicron joint venture progressing in line with expectations

# Industrial Products

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Designs and sells a range of products that make material analysis easy and reliable, combining sophisticated nano-scale analysis with ruggedness and simplification.

## What We Do

Analytical Scientific Instruments

## Market Features

Best performing hand held XRF product

Unique Laser and X-ray technology in one Portfolio

Second tier share in large market

## Current Performance

- Declining scrap metal and oil prices impact sales
- X-MET8000 continues to gain market share
- Sales and distribution networks strengthened
- New product to address specific needs of customers in China
- Production relocation for both Roentgenanalytik and RMG products

A group of US based businesses providing key technological components to other parts of OI and third party. Comprises our Superconducting Wire, X-Ray Technology and Austin Scientific businesses.

## What We Do

Key scientific components for our own and third party instruments

## Market Features

MRI market dominates supercon demand

Efficient niche position for X-Ray Technology

Austin subscale in market

## Current Performance

- Contracts for superconducting wire with CERN for \$6 million
- Decline in demand for superconducting wire from OEM MRI customers
- Increasing market interest in our integrated X-ray sources
- X-Ray Technology challenged by strong US dollar
- Austin Scientific held as business for sale

# Service



Comprises the Group's maintenance service contracts, spare part sales of Oxford Instruments equipment and the servicing of third party MRI and CT machines under the OIHealthcare brand

## What We Do

Service of own products world wide and third party MRI and CT machines in US and Japan

## Market Features

Significant growth opportunities

Third party service leverages brand

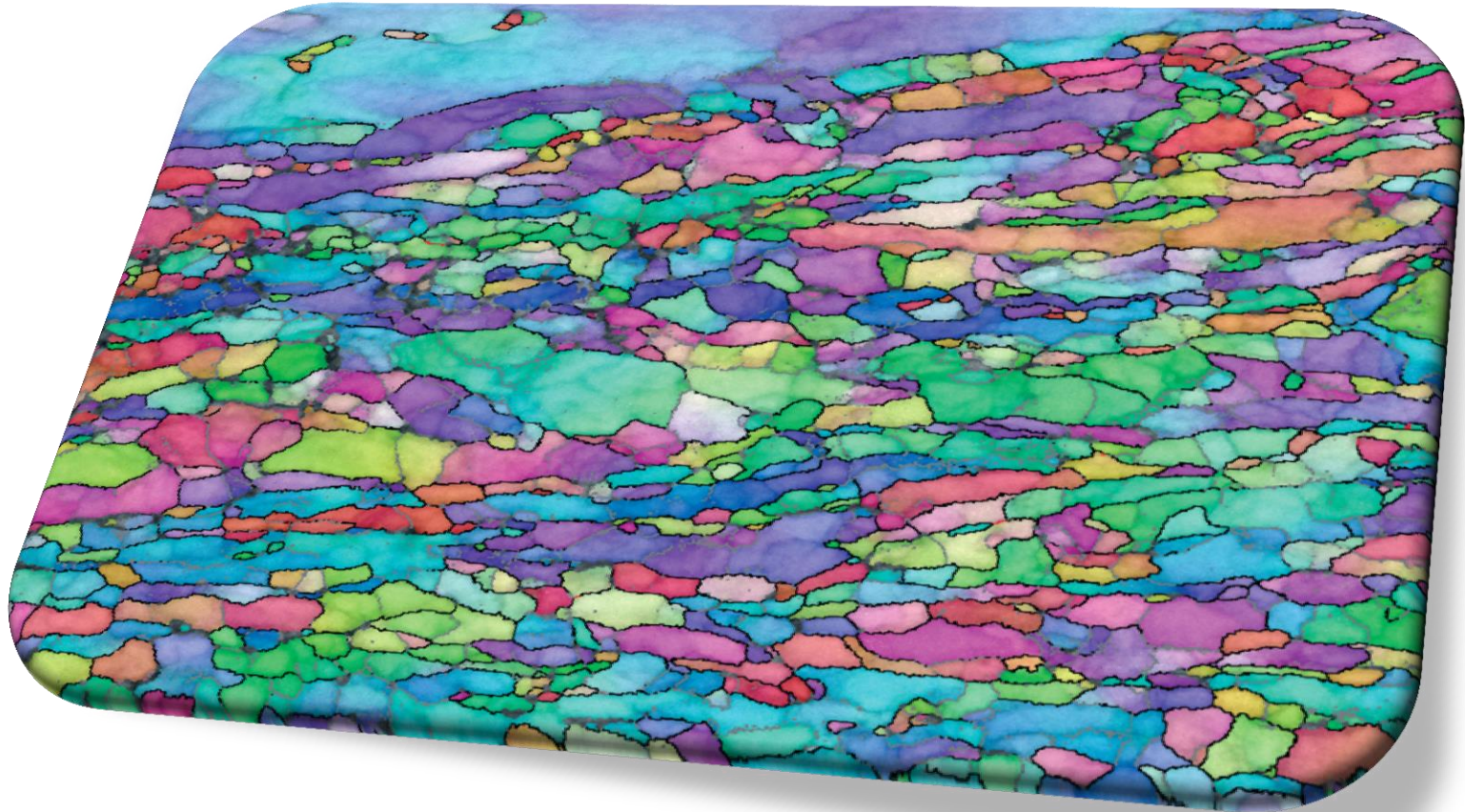
## Current Performance

- NanoTechnology tools service saw increase in sales and profits
- Industrial Analysis service impacted by the economic slowdown in China
- Completion of Siemens service contract
- MERS outbreak in South Korea
- Acquisition, Medical Imaging Resources, performing ahead of expectation

- First half performance in line with AGM statement
- Profits and margins have improved
- Good performance from NanoTechnology Tools and Service
- Industrial Products affected by macroeconomic headwinds
- Cost reduction programme has delivered as expected



- Nanotechnology offers potential to yield long-term growth
- Focused on strategy to be the world's leading nanotechnology tools provider
- Order book and first half results support our confidence that performance for the Group for the full year will be in line with expectations



# Questions?

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