

Unaudited preliminary results presentation

to 31 March 2023

Tuesday 13 June 2023

Ian Barkshire

Chief Executive

Gavin Hill

Chief Financial Officer

Highlights

Strong financial performance

Structural growth markets driving strong organic order, revenue and profit growth

Strategy delivering continued growth momentum

Underpinned by depth of market intimacy and relentless product innovation

Well positioned in attractive markets

Major markets and geographies performing strongly, with growth from both commercial and academic customers

Product strength underpins strong margin

Market differentiation supports pricing strategy with rises increasingly flowing through in second half

Increased investment to drive future growth

Confidence in strategy supports increased investment in R&D, operations, customer service and infrastructure

New 2045 net zero commitment announced

23% in-year reduction in Scope 1 and 2 emissions per £m revenue

Driving sustainable growth and margin expansion

Enabling a greener, healthier, more connected advanced society

Well positioned in global markets with long-term structural growth drivers

- Scale and differentiation within our markets: Advanced Materials, Semiconductor, Healthcare & Life Science, Energy & Environment and Quantum Technology

Leading technologies providing significant customer value add

- Global provider of high technology products and services to the world's leading companies and scientific research communities across the technology development and production cycle
- Unrivalled products for imaging, analysing and manipulating materials down to the atomic and molecular level

Enhanced by strategic accelerators

- Transforming our customers' outcomes through our unique combination of market intimacy and relentless innovation
- Investing in expansive organic growth opportunities and value-adding acquisitions

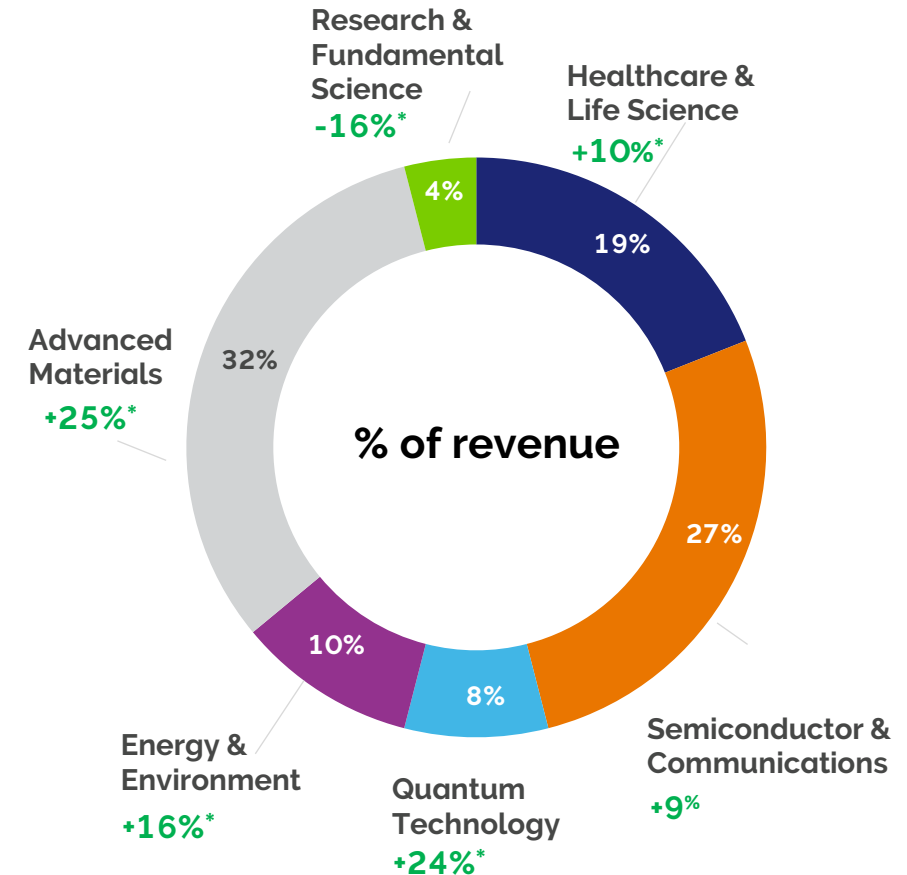
Horizon strategy driving continued progress

Market intimacy	Delivering strong growth to existing customers, expanding into new adjacent markets and landing new key accounts through our deep market insights and increased regional investment
Innovation and product development	New disruptive products and tailoring of existing ranges driving leadership and enabling growth into larger markets, with healthy future pipeline
Operational excellence	Investing to expand capacity, drive efficiency, and reduce lead times to support growing demand and future growth. Strategic supply chain relationships strengthened in the year
Customer support	Consolidated regional service teams, increasingly tailored products and remote digital services driving growth, profit and productivity

We are investing in each of our four strategic pillars to drive our medium and long-term organic growth, augmented by synergistic acquisitions

Group performance – end markets

- Strong growth in our end markets – life science, semiconductor, advanced materials, energy & environment, and quantum – each with long-term sustainable structural growth drivers
- Product leadership and customer value-add supporting pricing strategy
- Strong second half supported by easing of supply chain challenges and relaxation of Covid-related constraints
- Continued strong growth across academic and commercial customers, with commercial now 50% of revenue
- Particularly strong growth in North America, Europe and Japan



*Revenue growth over prior year at constant currency

Strong progress on sustainability

In line with our purpose, we are committed to enabling a greener, healthier, more connected advanced society, both through our products and services and in our own operations

2045 net zero target announced

- Medium-term targets set at 50% reduction in Scope 1 emissions and 70% reduction in Scope 2 emissions by 2030
- Targets to be validated by Science Based Targets initiative
- Progress on mapping Scope 3 emissions ahead of setting targets
- Targets build on strong progress to date

People at the heart of our strategy



- Employee impact groups supporting positive, inclusive culture
- Investing in training at all levels from apprenticeships to leadership
- Supporting colleagues with cost of living

7% reduction in Scope 1 and 2 emissions versus 2021/22

23% reduction in tCO₂e per £m revenue versus 2021/22

66% reduction in tCO₂e per £m revenue versus 2019 baseline



Inclusive



Innovative



Trusted



Purposeful

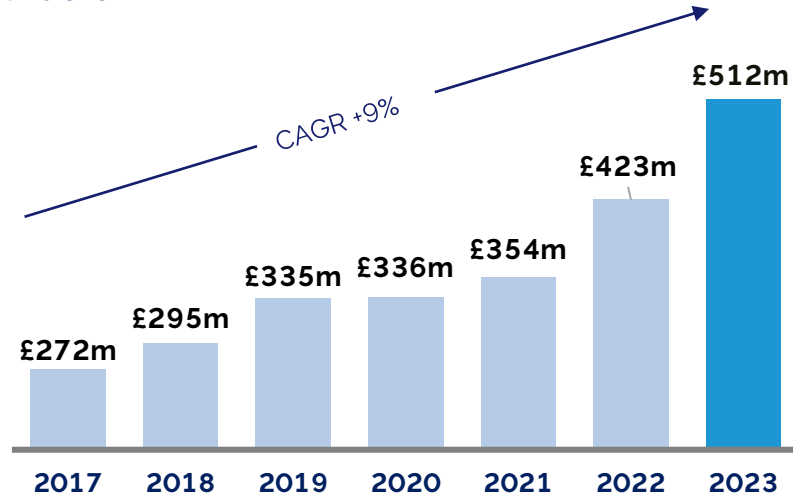
Finance review

Gavin Hill

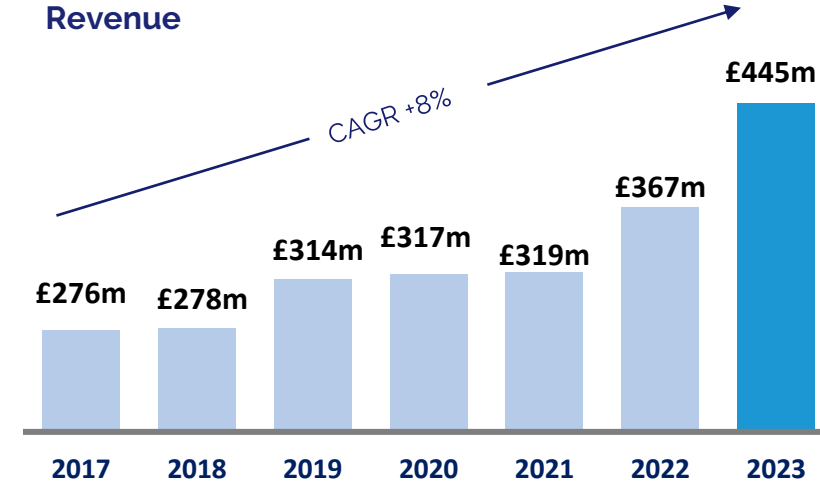
Chief Financial Officer

A strong track record of delivery

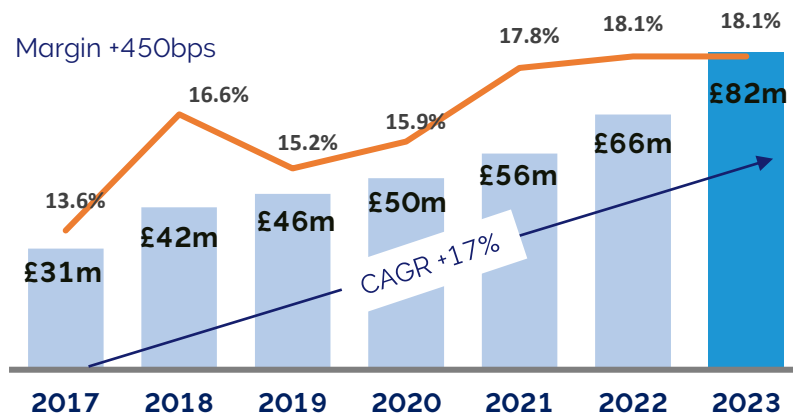
Orders



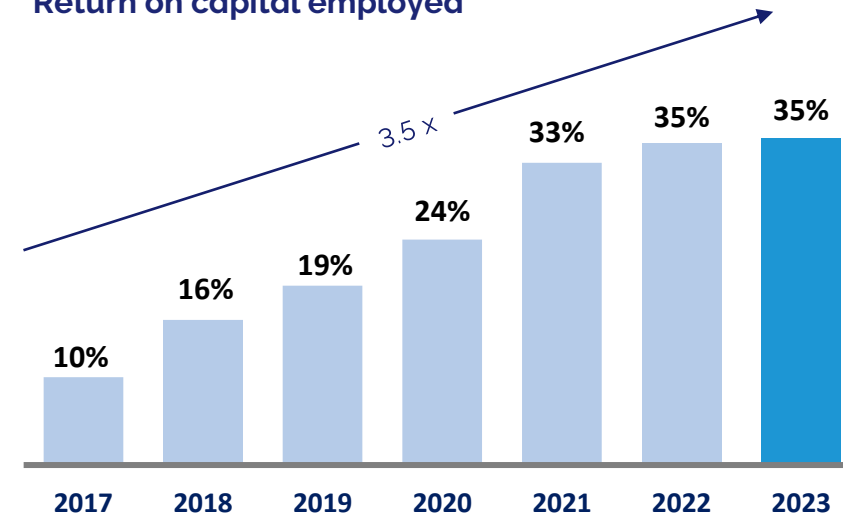
Revenue



Adjusted profit before tax, and margin (%)



Return on capital employed



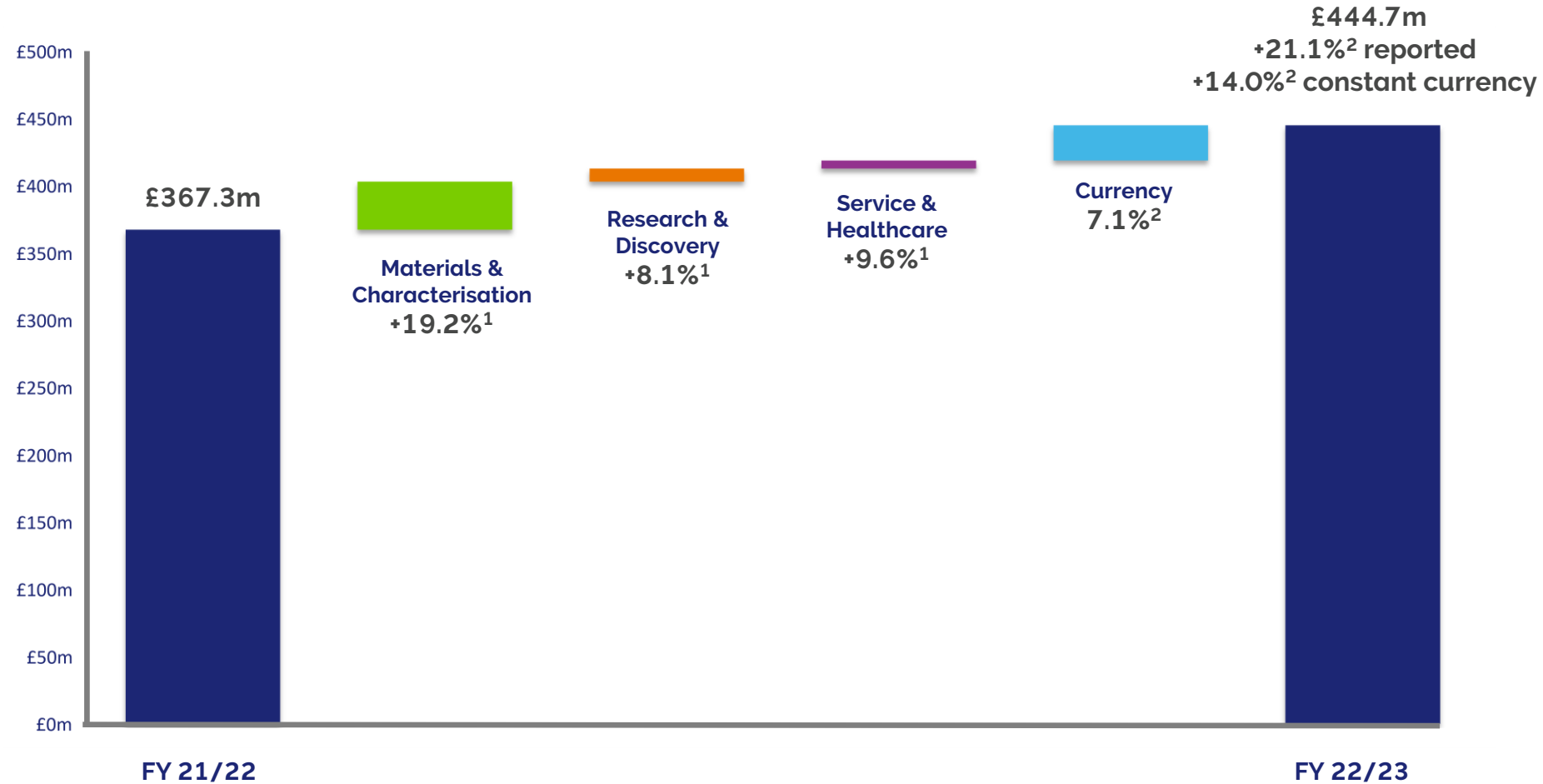
Income statement

£m	2022/23	2021/22	Reported change	Constant currency change
Revenue	444.7	367.3	+21.1%	+14.0%
Adjusted ¹ operating profit	80.5	66.3	+21.4%	+13.4%
Amortisation of acquired intangibles	(9.3)	(9.5)		
Non-recurring items	(1.8)	(2.1)		
Mark-to-market movement of currency hedges	3.0	(6.4)		
Statutory operating profit	72.4	48.3	+49.9%	
Net finance costs ²	1.1	(0.7)		
Adjusted ¹ profit before taxation	82.0	65.9	+24.4%	
Statutory profit before taxation	73.5	47.6	+54.4%	
Adjusted ¹ effective tax rate	20.7%	17.8%		
Adjusted ¹ basic earnings per share	112.7p	94.3p	+19.5%	
Dividend per share (total)	19.5p	18.1p	+7.7%	

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

² Net finance costs for 2022/23 include a non-recurring charge of £0.4m (2021/22: £0.3m) against the unwind of discount on WITec contingent consideration

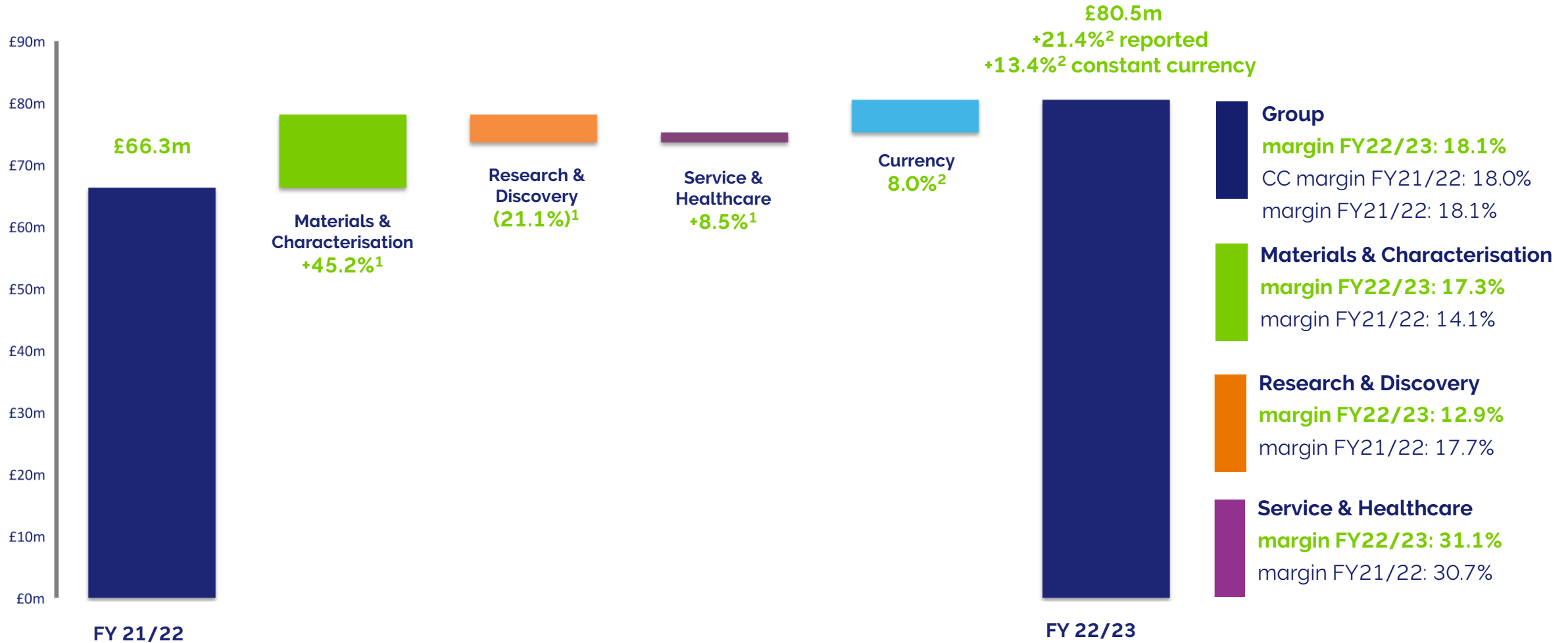
Revenue by sector



¹ Constant currency growth rate compared to prior year sector revenue

² Growth rate compared to prior year Group total revenue

Adjusted operating profit by sector



¹ Constant currency growth rate compared to prior year sector adjusted operating profit

² Growth rate compared to prior year Group total adjusted operating profit

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

Materials & Characterisation

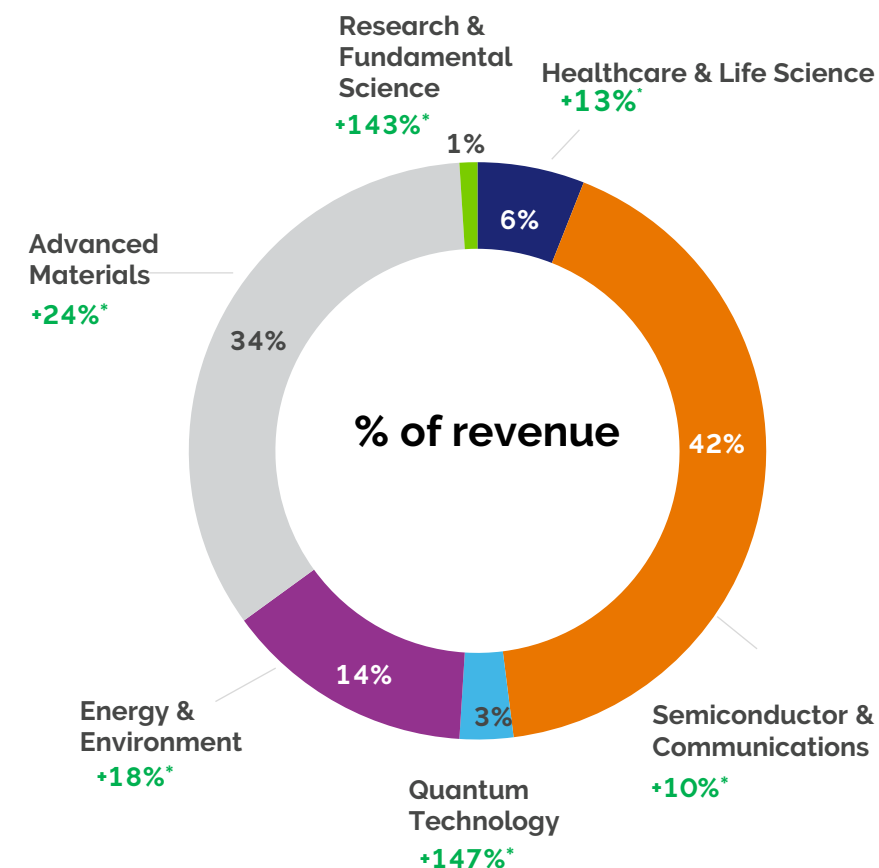
53% Group revenue (Academic: 42% Commercial: 58%)

	2022/23 £m	2021/22 £m	Growth	Constant currency growth
Orders	272.8	219.2	+24.5%	+18.3%
Revenue	234.5	185.5	+26.4%	+19.2%
Adjusted ¹ operating profit	40.5	26.1	+55.2%	+45.2%
Adjusted ¹ operating margin	17.3%	14.1%		
Statutory operating profit	35.7	20.8	+71.6%	

Key performance highlights

- Good order growth across Semiconductor & Communications driven by investment for compound semiconductor processing systems across production and academia
- Revenue growth in Semiconductors supported by imaging and analysis products
- Significant investment in materials research and battery technology drove growth across Advanced Materials and Energy & Environment across our range of electron microscope analysers and atomic force microscopes
- Increased use of atomic force microscopes and Raman microscopy systems drove good growth in Healthcare & Life Science
- Strong revenue growth drives margin improvement

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



* revenue growth over prior year at constant currency

Research & Discovery

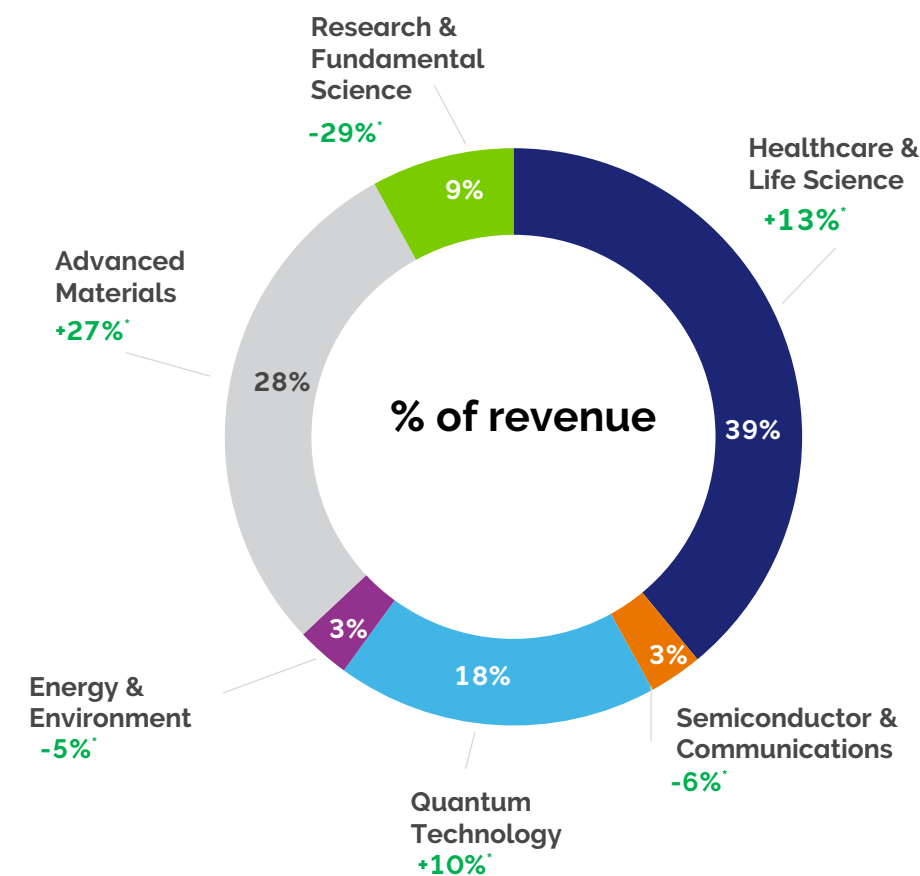
31% Group revenue (67% academic; 33% commercial)

	2022/23 £m	2021/22 £m	Growth	Constant currency growth
Orders	160.4	133.9	+19.8%	+11.6%
Revenue	139.4	120.3	+15.9%	+8.1%
Adjusted ¹ operating profit	18.0	21.3	(15.5)%	(21.1)%
Adjusted ¹ operating margin	12.9%	17.7%		
Statutory operating profit	11.3	15.0	(24.7)%	

Key performance highlights

- Investment in healthcare research driving demand for our advanced imaging and microscopy products
- Strong demand for our new microscopy systems and benchtop microscope supported by research into fundamental disease mechanisms
- Growth in quantum computing research results in demand in North America and Europe for cryogenic platforms, offsetting reduction in China due to UK export control restrictions
- Margin reduction due to unwind of bespoke cryogenic products and an increase in UK export licence refusals to China

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



* revenue growth over prior year at constant currency

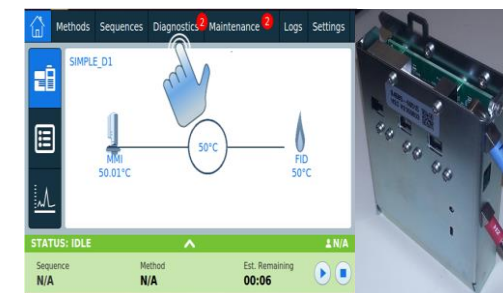
Service & Healthcare

16% Group revenue

	2022/23 £m	2021/22 £m	Growth	Constant currency growth
Orders	78.4	70.0	+12.0%	+6.4%
Revenue	70.8	61.5	+15.1%	+9.6%
Adjusted ¹ operating profit	22.0	18.9	+16.4%	+8.5%
Adjusted ¹ operating margin	31.1%	30.7%		
Statutory operating profit	22.4	18.9	+18.5%	

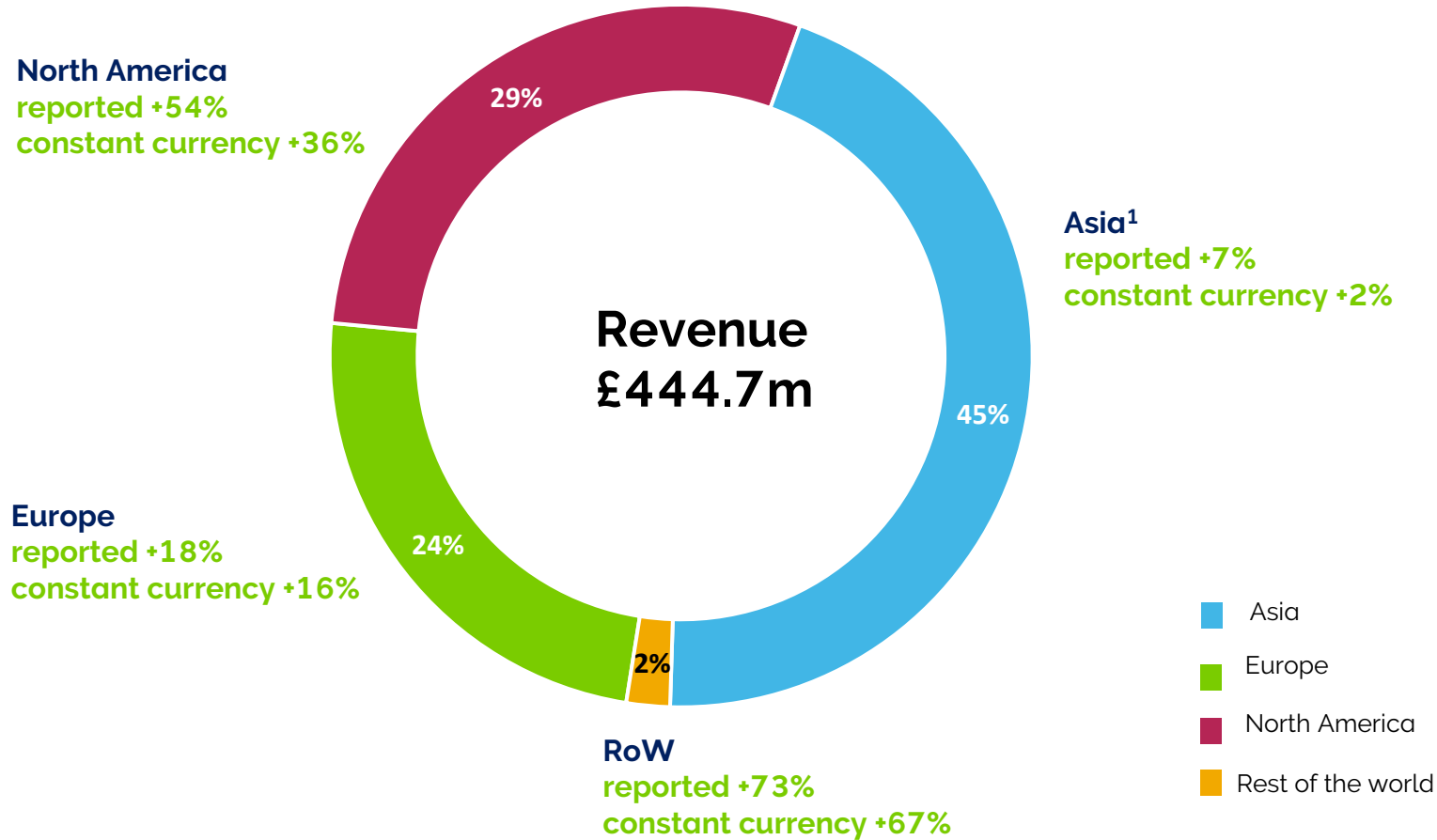
Key performance highlights

- Strong growth related to our own products, supported by implementation of a regionally led service model
- Good growth of analytical software into life science applications
- Secured contracts to provide service capability to quantum computing data sites
- Quality service and support provided for our MRI healthcare customers in Japan



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 order growth by region



Order growth

Europe
reported +16%
constant currency +14%

North America
reported +40%
constant currency +24%

Asia
reported +12%
constant currency +8%

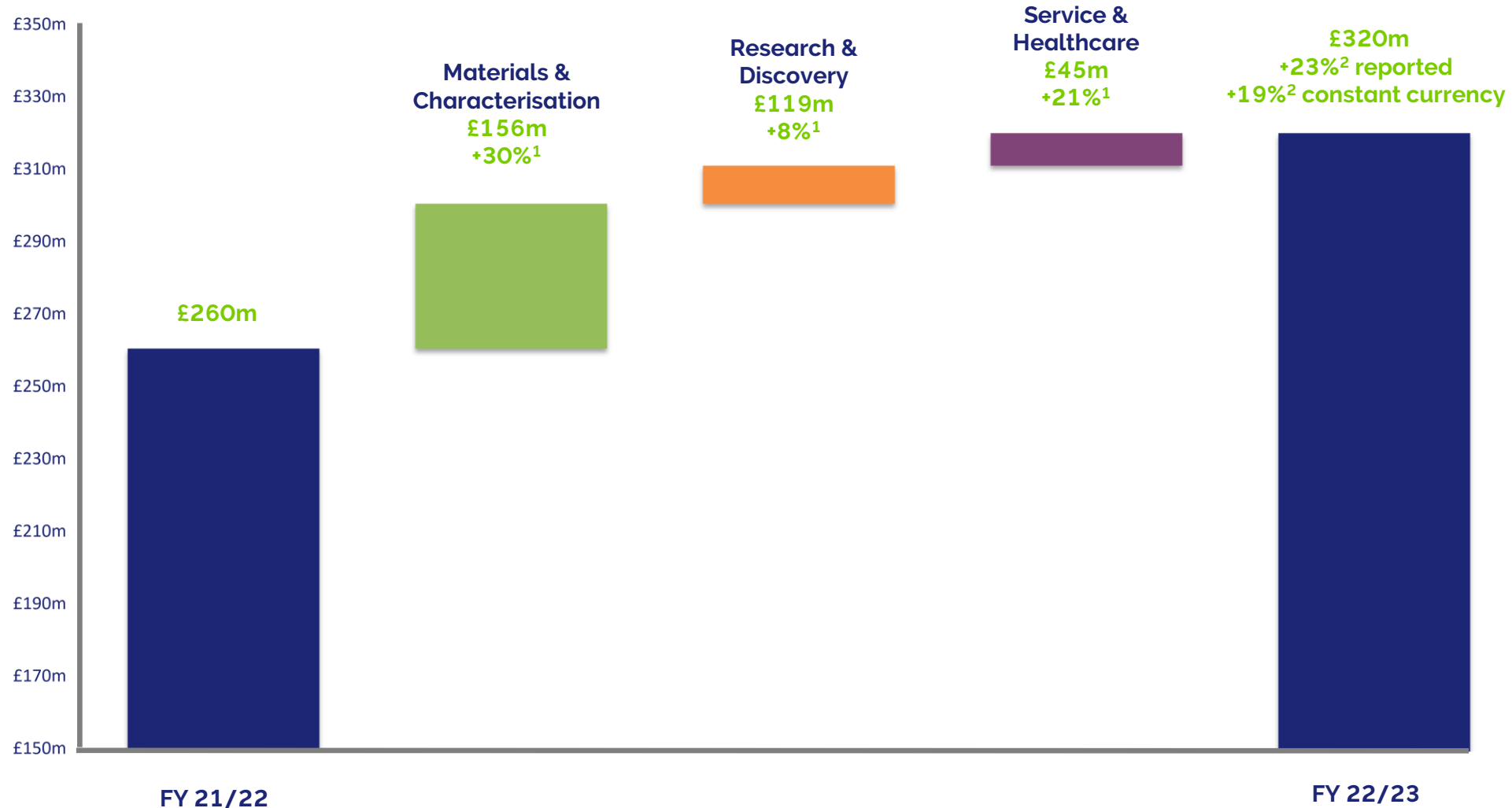
Rest of the world
reported +79%
constant currency +81%

Book-to-bill ratio

FY 22/23: 1.15
FY 21/22: 1.15

¹ China constitutes 54% of total Asia revenue. China constant currency revenue fell 4% in the year

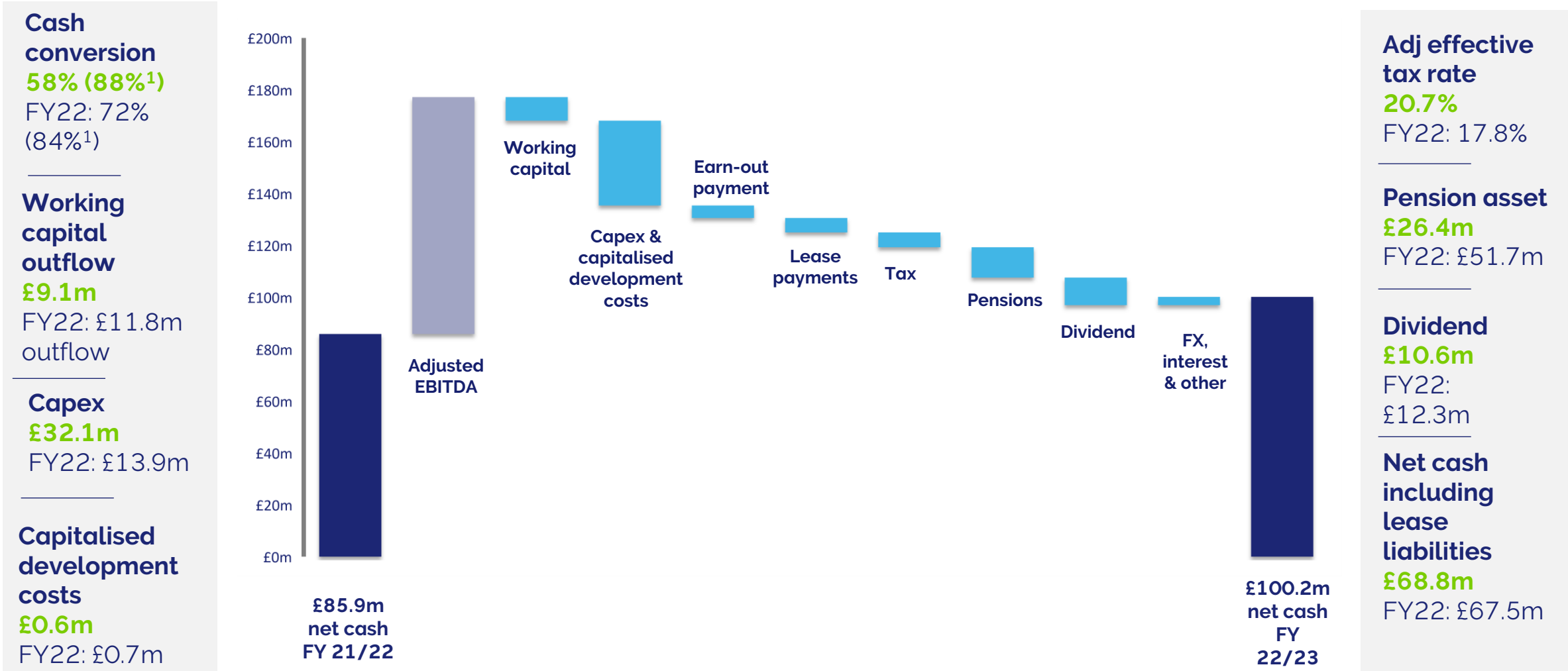
Order book by sector



¹ Constant currency growth rate compared to prior year sector order book

² Growth rate compared to prior year Group total order book

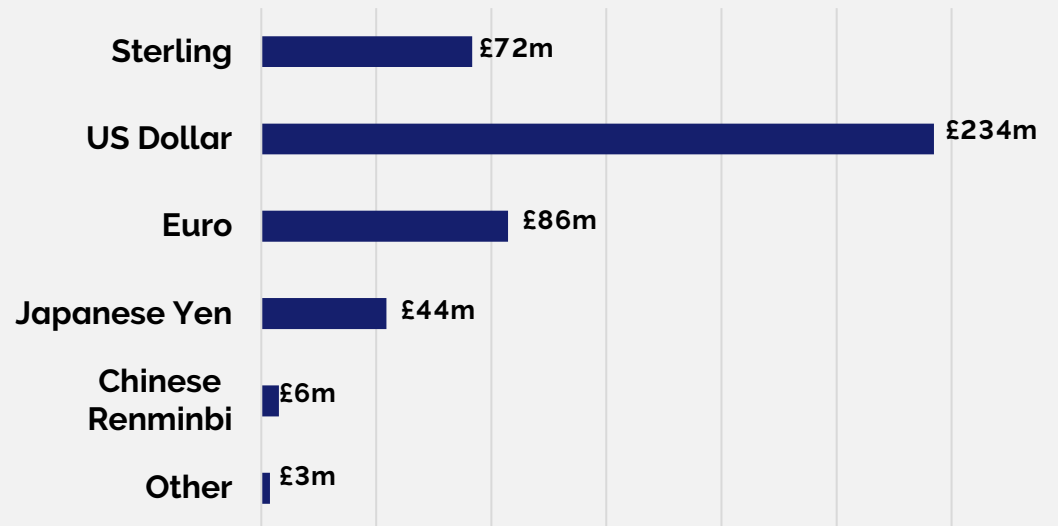
Cash flow



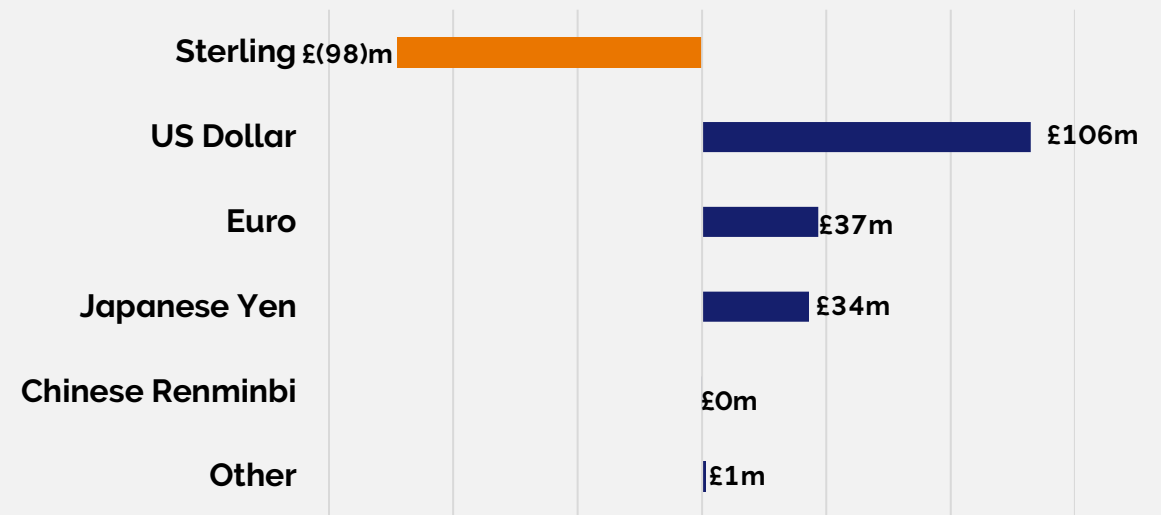
¹ Cash conversion (normalised) of 88% excludes expenditure on facility expansion

Currency exposure

Revenue (£m equivalent)



Adjusted operating profit (£m equivalent)



FX sensitivity

- Favourable currency impact in the year: revenue: +£26.1m ; adjusted operating profit: +£5.3m
- Estimated full-year 2023/24 currency impact
 - Assuming derivatives in place and current rates, approximate currency sensitivity against 2022/23 is a headwind to revenue and profit of £15m and £0.6m respectively.
- Estimated full year 2024/25 currency impact
 - Assuming derivatives in place and current rates, currency sensitivity against 2023/24 is a neutral impact to revenue and a headwind to profit of £4.2m.
- Uncertain volume and timing of shipments and acceptances, currency mix and FX volatility may significantly affect full-year currency impact outcomes

Note:

Current rates: GBP: USD - 1.26; GBP: EUR - 1.17; GBP: JPY - 176

Finance summary

- Strong growth in orders and order book with a book-to-bill of 1.15
- Good constant currency revenue growth of 14%, 70% driven by volume. Operating margin held at 18.1% due to increase in overhead investment. Strong adjusted basic EPS growth of 19.5%
- Geopolitical environment resulting in an increase in UK export licence rejections to China
- Currency tailwind due to weak sterling in the year; headwind to revenue expected in 2023/24, profit impact partially mitigated by hedges in place
- Continued investment in infrastructure, IT and resources to support business growth and deliver process and cost efficiencies
- Net cash of £100m provides strong balance sheet to support future growth through organic investment and acquisition opportunities

End market overview

Ian Barkshire
Chief Executive

Markets: long-term structural growth drivers

Healthcare & Life Science

19% of Group revenue
£85.2m, up 10%

- Improved treatments & vaccines
- Personalised medicine & therapies
- Reduced development timelines & costs
- Ageing population

Semiconductor & Communications

27% of Group revenue
£122.0m, up 9%

- Increased chip demand
- Growing demand for bandwidth
- Faster computers & devices
- Surging data growth
- Universal connectivity
- Green economy

Advanced Materials

32% of Group revenue
£140.2m, up 25%

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

Energy & Environment

10% of Group revenue
£43.0m, up 16%

- Addressing climate change
- Increasing energy demands
- Transition from fossil fuels
- Food & water safety
- Preventing pollution

Quantum Technology

8% of Group revenue
£35.3m, up 24%

- Disruptive technology
- Rapidly growing commercial market
- Government & data security
- Range of sectors - pharma, logistics, finance

Research & Fundamental Science

4% of Group revenue
£19.0m, down 16%

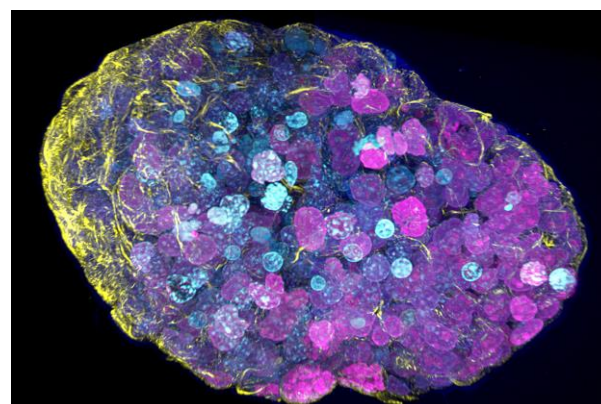
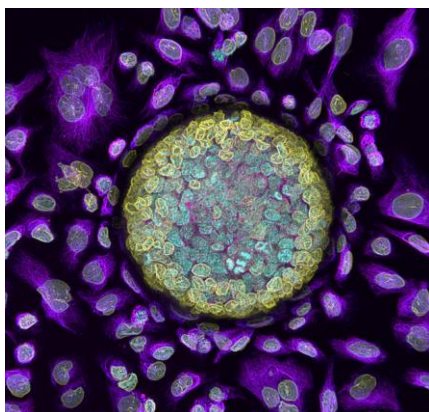
- Advancing society
- Tomorrow's innovation
- Economic leadership
- Astronomy & space

Driving new capabilities across life science

Delivering transformational performance to accelerate the development of new treatments and therapies

BC43: research-grade performance, compelling price point and unprecedented ease of use driving productivity

Dragonfly: ultimate image performance for high-end research from sub-cellular to whole organoids

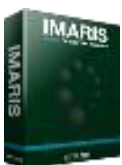


Pancreatic duct cancer cells

BC43: optimised for benchtop use

3D imaging and analysis of an organoid

3D imaging and analysis of neural structures



Specialist software for cancer

BC43 and Imaris: optimised for high throughput and non-expert operators and ideal for use in pre-clinical trials in fields including cancer

Dramatically larger addressable markets, increasing market share



Specialist software for neurology

Dragonfly and Imaris: unrivalled combination of speed and sensitivity provides researchers with deep insights into fundamental disease mechanisms

Increasing market share by enhancing customer value



Enabling the production of compound semiconductors

Providing systems and atomic-scale processes for the critical layers that drive advanced performance and improved yield for higher power at a lower environmental cost



Data centres



Augmented reality



5G networks



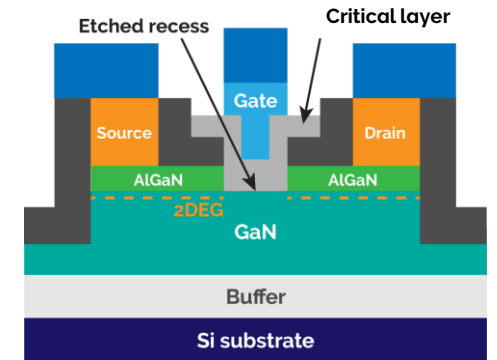
EVs

We are a trusted partner for R&D and manufacturing of the compound semiconductors used in 5G networks, power electronics, data centres, optoelectronics and augmented reality



Atomic layer etch and deposition system

The precision and accuracy of our etch and deposition processes drives improved device performance and dramatically increases manufacturing yield



Critical layers in power semiconductor device

Advanced capabilities and innovation enabling us to access increased spending from governments and leading companies

Compound semiconductors now represent 62% of our semiconductor revenue

A critical role in the analysis of environmental impacts

Helping scientists all over the world to diagnose and address the impacts of climate change and environmental pollution



Assessing the volumes and types of microplastic particles in the ocean

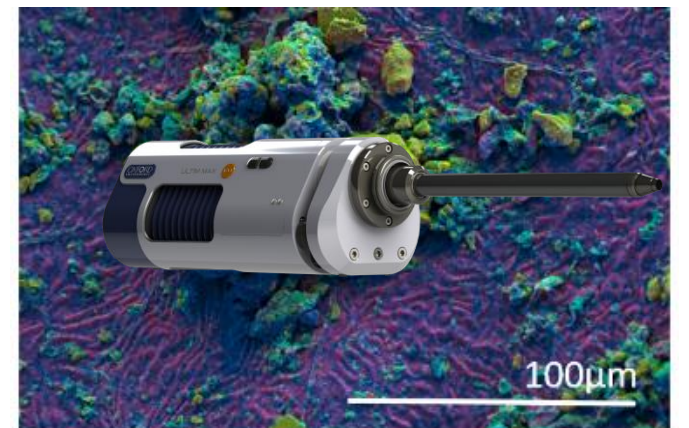


Our Raman microscopes, analysers for electron microscopes, and dedicated software solutions enable scientists to study the nanoscale particles polluting our air and oceans

Driving growth and expanding into new attractive markets as demand for action on environment grows



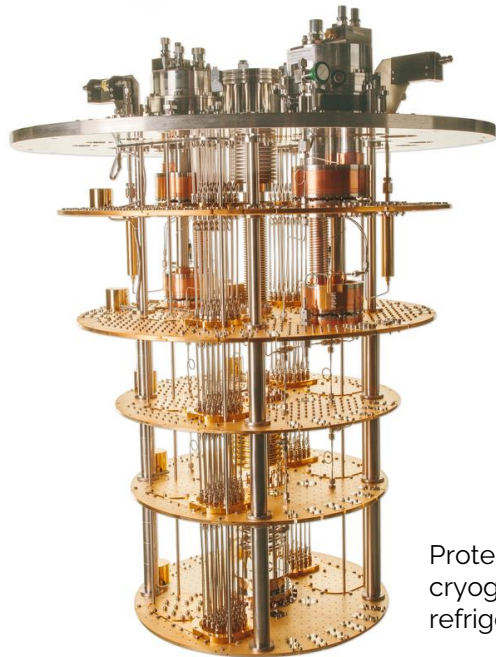
Analysing airborne pollution which impacts crops, health and climate



Accelerating growth in quantum computing

We are at the heart of transitioning this disruptive technology from the research lab to practical, commercial applications

Enabling fundamental research into the next generation of quantum computers



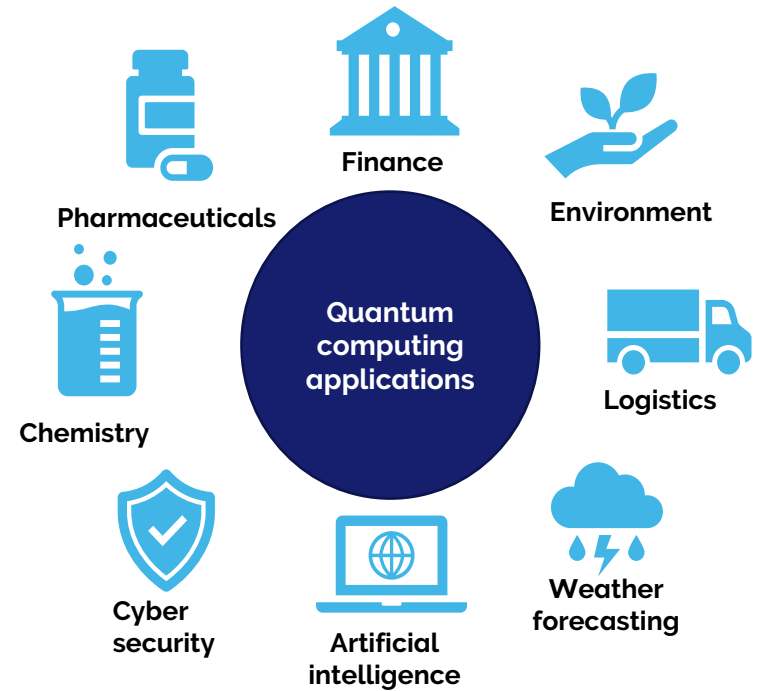
ProteoxLX cryogenic refrigerator

Providing infrastructure and 24/7 up time for today's commercial quantum computers



Quantum computers now extending to commercial data centres

Working with major global technology companies to deliver the transformational quantum computers of the future



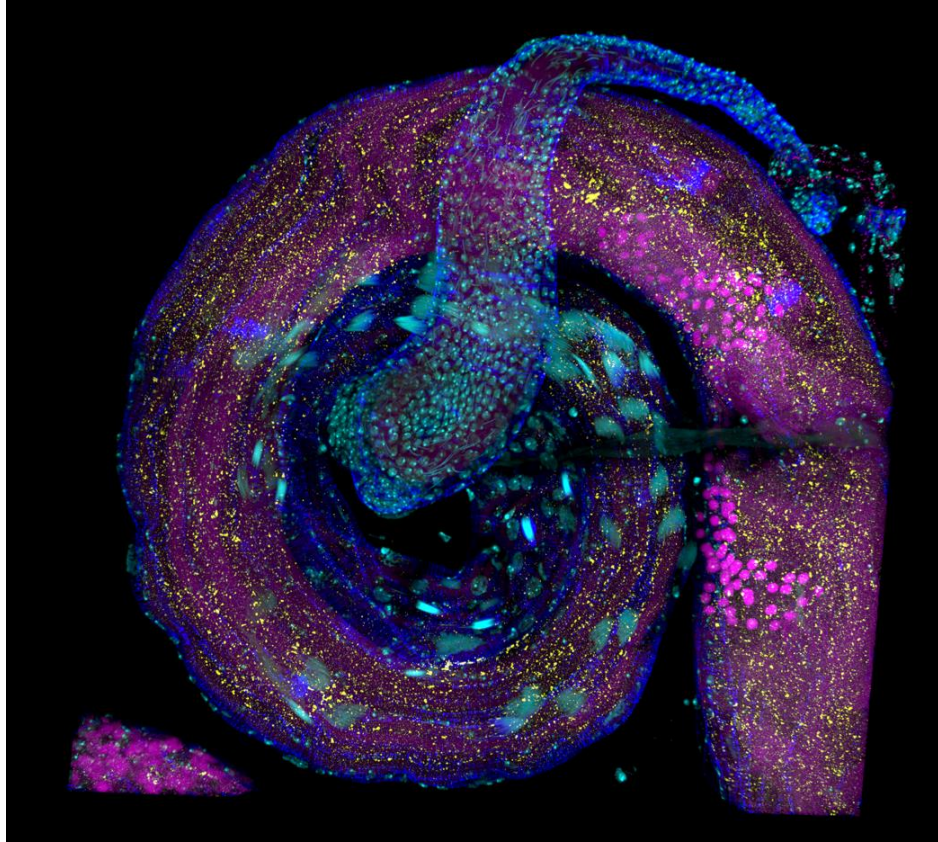
Significant growth in a market with increased long-term funding and huge commercial opportunities

Summary and outlook

- Strategic positioning and customer-focused delivery in sustainable structural growth markets drives growth in orders, revenue and profit
- Product leadership and relentless focus on innovation underpin continued strong momentum, with robust pipelines across all end markets
- Margin maintained despite inflationary environment and investment for growth, with performance strengthened in second half as record order book converted and new pricing structures took effect

Outlook

- While mindful of wider macroeconomic context, record order book and strong positions in attractive markets underpin our confidence in the future growth of the Group
- Strong balance sheet positions us well to invest in people, infrastructure and innovation, and to make synergistic acquisitions to augment organic growth
- Full year outlook is in line with our expectations



Thank you

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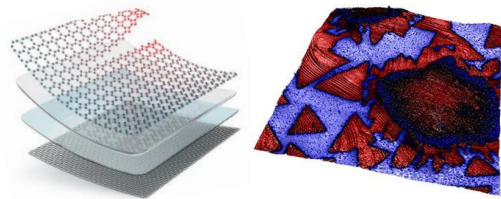
Appendix

Analysing the building blocks of an advanced society

Serving growing demand for advanced material capabilities – from lighter, stronger, more sustainable structural materials to sophisticated new 2D and 3D materials for high-tech gadgets



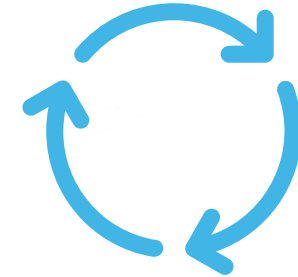
Accelerating advances in polymers and thin films for phones, tablets and a wealth of high-tech applications



Increased demand for commercial R&D and manufacturing across a range of material disciplines



Supporting the development of lower carbon steel, super alloys and concrete for transport and construction



**Towards a circular economy:
Reduce, reuse, recycle**

Enabling the creation of high-performance recycled materials, including aluminium for car parts



The Oxford Instruments business model

Our core purpose is to enable a greener, healthier, more connected advanced society

Our Horizon strategy defines the way we operate, embedding clearly defined core capabilities, processes and procedures across our businesses.

