

Preliminary results presentation

to 31 March 2021

Ian Barkshire
Chief Executive

Gavin Hill
Group Finance Director

Agenda

Highlights

Finance Review

Horizon Progress

Sustainability Position & Covid Update

Operational Review

Summary and Outlook

- Robust performance reflects resilience of business model and strong position in diverse, attractive end markets
- Strong order growth across academic and commercial customers reflecting buoyant semiconductor, quantum and advanced materials markets
- Horizon initiatives support significant growth in profit & margin
- Revenue growth supported by strong H2 momentum
- Strengthened orderbook provides increased visibility for the year ahead
- Maintained investment in R&D supporting future growth
- Increased net cash and strengthened balance sheet
- Underlying long-term market growth drivers remain robust

Finance Review

Gavin Hill

Income Statement

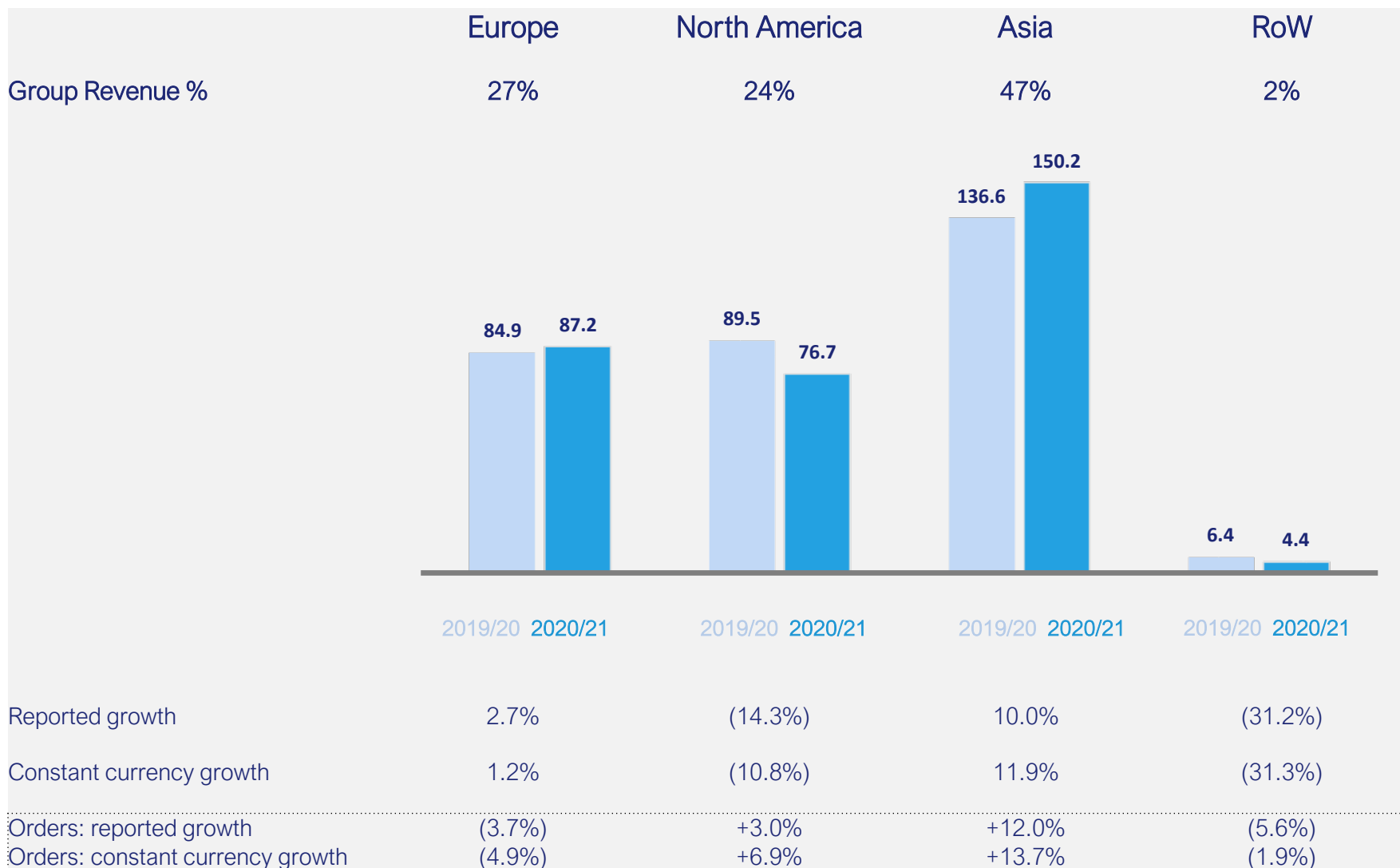
£m	2020/21	2019/20	Reported Change	Constant Currency Change
Revenue	318.5	317.4	+0.3%	+1.7%
Adjusted operating profit	56.7	50.5	+12.3%	+13.3%
Amortisation of acquired intangibles	(8.4)	(8.7)		
Non-recurring items	(1.7)	(0.6)		
Mark-to-market movement of currency hedges	6.4	(1.4)		
Statutory operating profit	53.0	39.8	+33.2%	
Net finance costs	(0.8)	(1.0)		
Adjusted profit before taxation	55.9	49.5	+12.9%	
Statutory profit before taxation	52.2	38.8	+34.5%	
Adjusted effective tax rate	19.3%	18.8%		
Continuing adjusted basic earnings per share	78.6p	70.2p	+12.0%	
Dividend per share	17.0p	-		

Revenue by Sector

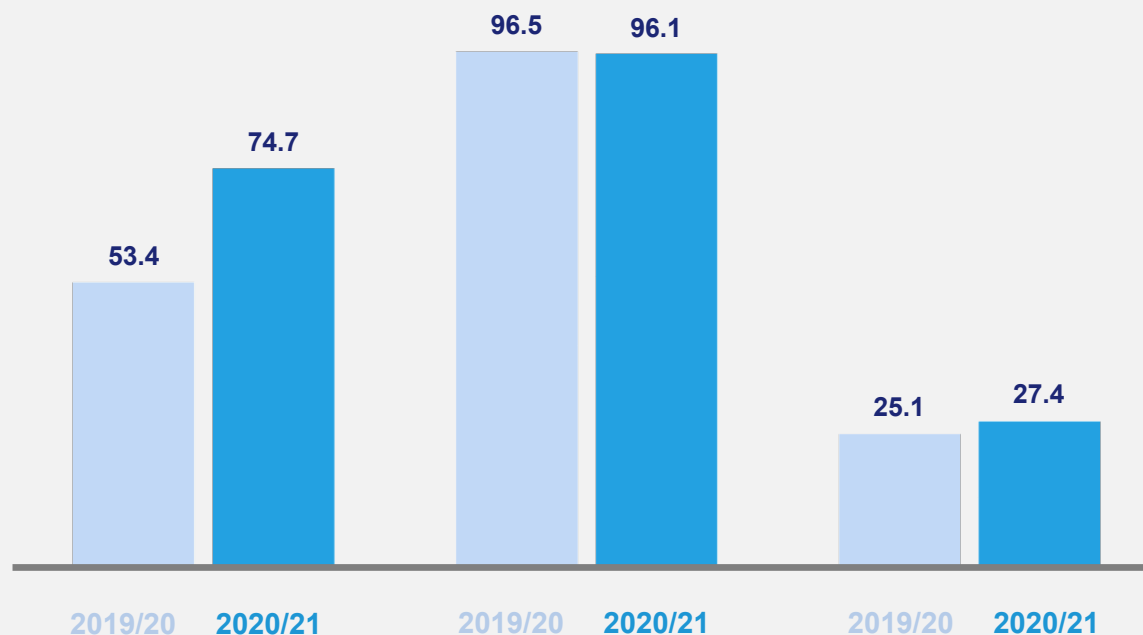
£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
Revenue¹ 2019/20	145.8	117.8	53.8	317.4
Constant currency growth/(decline)	4.7	(2.4)	3.2	5.5
Revenue at constant currency: 2020/21	150.5	115.4	57.0	322.9
Foreign exchange	(1.9)	(2.0)	(0.5)	(4.4)
Revenue: 2020/21	148.6	113.4	56.5	318.5
Revenue growth: reported	+1.9%	(3.7%)	+5.0%	+0.3%
Revenue growth: constant currency	+3.2%	(2.0%)	+5.9%	+1.7%

¹ from continuing operations

Revenue by Territory: £m



Order Book: £m



	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
Reported growth	+39.9%	(0.4%)	+9.2%	+13.2%
Constant currency growth	+47.2%	+1.6%	17.5%	+17.8%

Adjusted Operating Profit by Sector

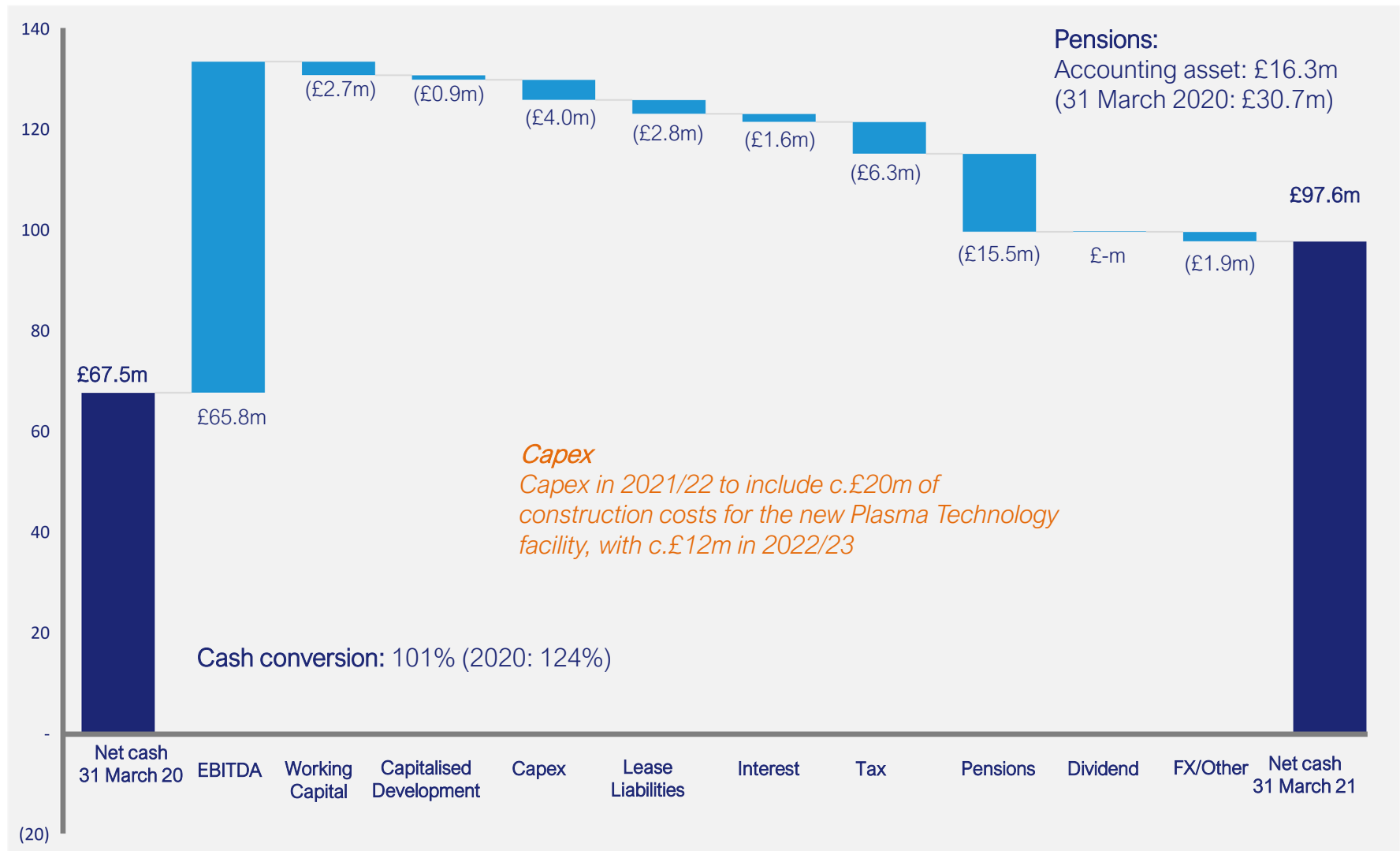


£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
Adjusted operating profit¹: 2019/20	21.0	14.5	15.0	50.5
Constant currency growth/(decline)	(0.4)	4.9	2.2	6.7
Adjusted operating profit: constant currency: 2020/21	20.6	19.4	17.2	57.2
Foreign exchange	(0.3)	0.1	(0.3)	(0.5)
Adjusted operating profit: 2020/21	20.3	19.5	16.9	56.7
Adjusted margin ² : 2019/20	14.4%	12.3%	27.9%	15.9%
Adjusted margin ² : 2020/21	13.7%	17.2%	29.9%	17.8%
Adjusted margin ² (constant currency): 2020/21	13.7%	16.8%	30.2%	17.7%

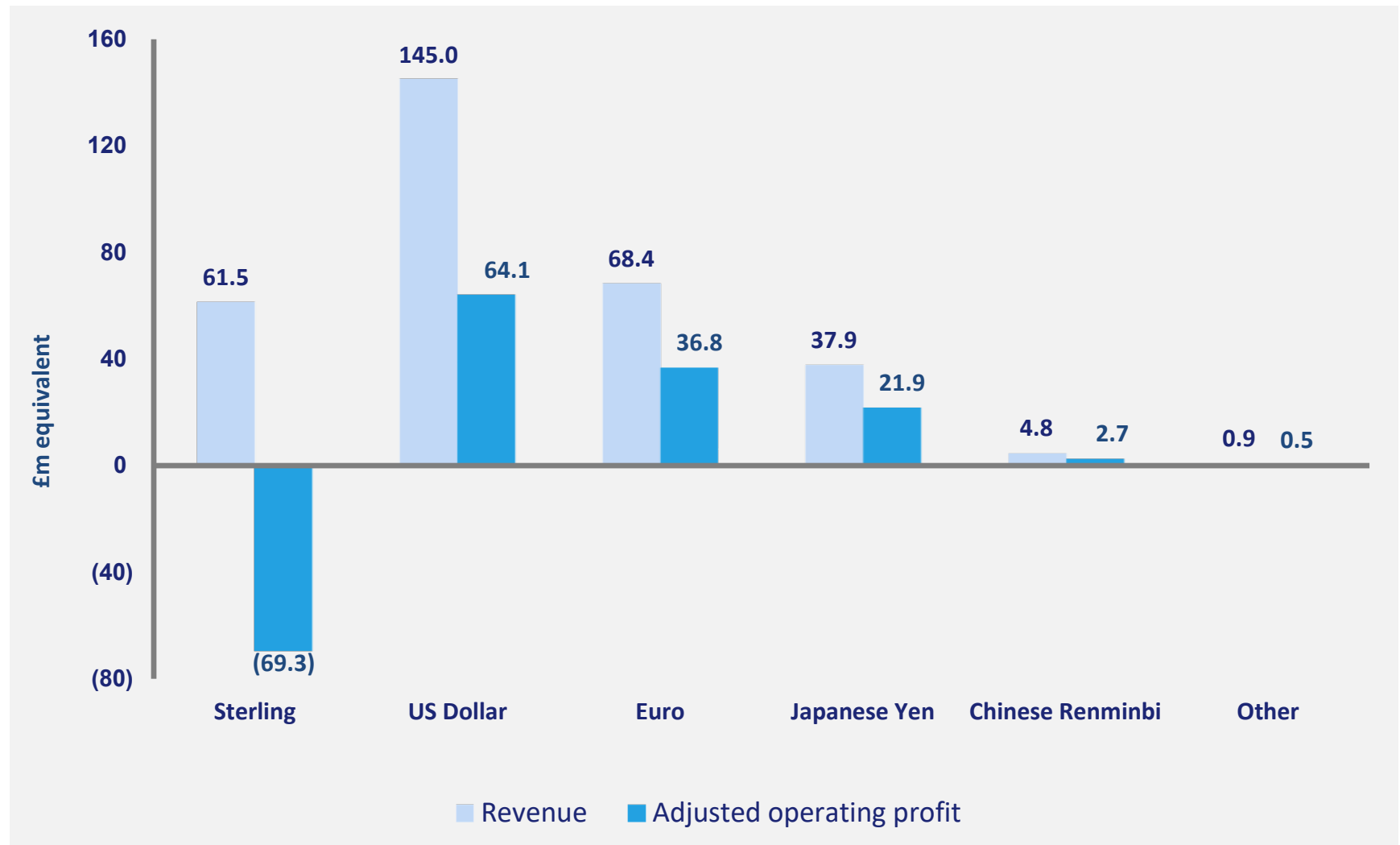
¹ From continuing operations

² Adjusted margin is calculated as adjusted operating profit divided by revenue. Adjusted margin at constant currency is defined as adjusted operating profit at constant currency divided by revenue at constant currency

Cash Flow



Currency Exposure



- Adverse currency impact in Full Year 2020/21: AOP: (£0.5m)
- Estimated Full Year 2021/22 currency impact
 - Assuming current hedges and no change from current rates, currency sensitivity against FY 2020/21: Revenue: (£18.5m); AOP: (£2.5m)
- Estimated Full Year 2022/23 currency impact
 - Assuming no change from current rates, currency sensitivity against 2021/22: Revenue: £-m; AOP: (£6.4m)
 - This does not affect the underlying growth of the Group and is prior to mitigating actions
- Uncertain volume and timing of shipments and acceptances, currency mix and FX volatility, may significantly affect full year currency impact outcomes

- Strong growth in orders and order book
- Adjusted operating margin lifted to 17.8% with good improvement across the portfolio, complemented by strong operating cash conversion of 101%.
- Additional pension contribution of £8.1m. Further de-risking of the scheme to achieve planned self-sufficiency early in 2026.
- Adjusted EPS growth of 12.0% and total dividend for the year of 17.0 pence
- Net cash of £97.6m; strong balance sheet supports future growth through organic investment and acquisition opportunities

Operations Review

Ian Barkshire

Horizon Strategy Progress

- Horizon has provided resilience, enabling growth and improved profitability through the pandemic
- Tangible financial gains across the Group through:
 - Optimised sales and marketing approach, further exploiting our market intimacy
 - Improved commercial processes
 - Progress from operational excellence and service programmes
- Acceleration of our digital and service transformations
- Maintained strategic progress, including 9% R&D investment
- Continued investment to drive future growth

Market
Intimacy

Innovation &
Product
Development

Customer
Support

Operational
Excellence

Shaping a sustainable future

- Positively influencing and shaping a sustainable future is at the heart of our values, culture and purpose
- Through our purpose we focus on enabling:
 - A greener economy
 - Increased connectivity
 - Improved health
 - Leaps in scientific understanding
- Continued progress executing our sustainability initiatives
 - Aligned with three UN Sustainable Development Goals
 - Significant reduction in environmental footprint
 - Enhanced employee engagement and diversity & inclusion programme



- Prioritised health and wellbeing of employees and supporting customers and strategic partners
- Hybrid workplace model maintained business continuity
- Evolved working practices delivered:
 - Improved quarter on quarter operational output
 - Increased synergies across the Group
 - Enhanced engagement with employees & customers
- Agility and commitment of employees underpinned our resilience

Group Performance

Academic: 55%
Commercial: 45%



Materials &
Characterisation

Research & Discovery

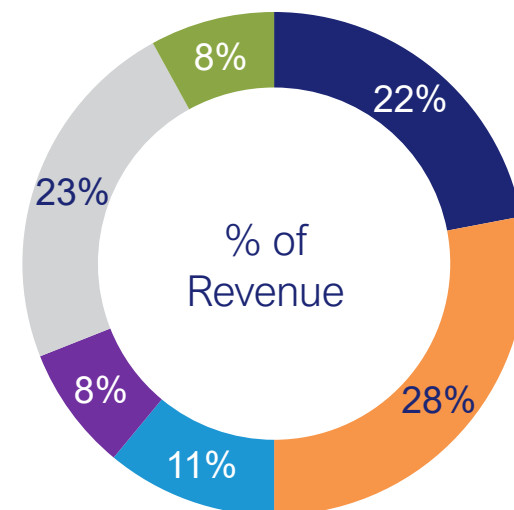
Service & Healthcare

- Good constant currency order growth of 6.7% to £359m across both commercial and academic customers
- Revenue growth with momentum building through the year
- Double digit growth in orderbook
- Double digit profit growth and strong margin enhancement through Horizon initiatives
- Diverse end markets and exposure to full technology cycle support business resilience



Group Performance – End Markets

- Broad and diverse range of attractive end markets with robust long term growth drivers
- Order growth supported by buoyant semiconductor (+17%), quantum (+16%) and advanced materials (+8%) markets
- Research & Fundamental Science (-24%) subdued
- Covid-related disruption differed by market segments and regions subduing revenue
- Order growth in Asia and North America offset by softness in Europe
- Market intimacy supported growth and expansion into new markets



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

Materials & Characterisation

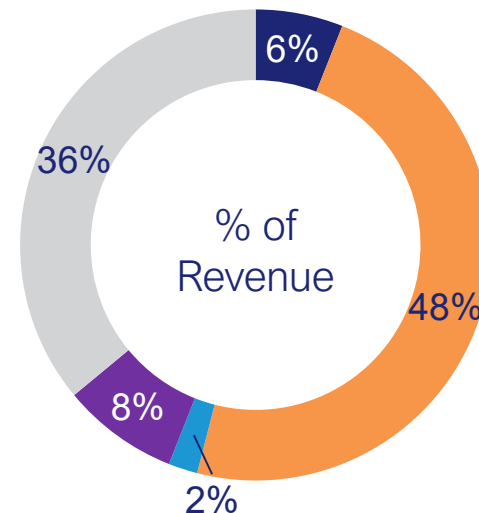
47% Group revenue
Academic: 44%
Commercial: 56%



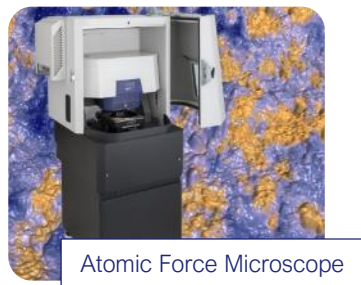
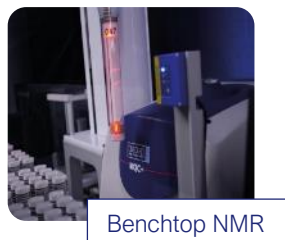
Asylum Research; Magnetic Resonance; NanoAnalysis; Plasma Technology

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

- Double digit order growth from both academic and commercial customers
- Strong order growth in Semiconductors, Advanced Materials, Quantum & Lifescience
 - Growth in Asia & North America; Europe in line
- Covid disruption subdued revenue growth;
- Significant order book growth of 40%
- Margin held back by product mix & investment



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



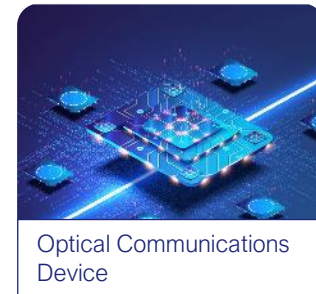
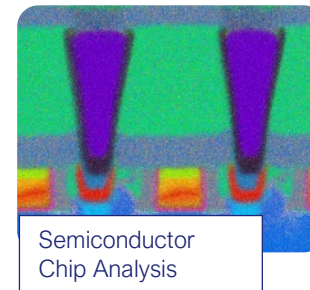
Materials & Characterisation

Growth Examples

Semiconductor & Communications

- Buoyant compound semiconductor market - strong growth in etch and deposition systems
- Investment in new facility
- Strong semiconductor chip market driving growth for imaging and analysis systems

Global Market Drivers



Energy & Environment

- Strong growth in battery solutions more than offset by other subdued markets
- Sustainable long-term growth drivers



Materials & Characterisation

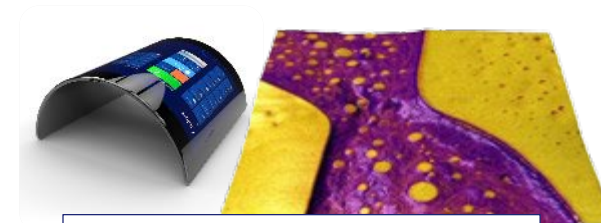
Growth Examples

Advanced Materials

- Continued demand for lighter, stronger, higher performing materials - building blocks of modern society
- Strong order growth across diverse applications including steel, super alloys and polymers offset reductions into automotive and aerospace



Utilisation of Advanced Materials



Flexible Display & Polymer Microstructure

Healthcare & Lifescience

- Increased market intimacy and tailored products driving growth into pharma and life science applications



Pharmaceuticals and Medical Implants

Research & Discovery

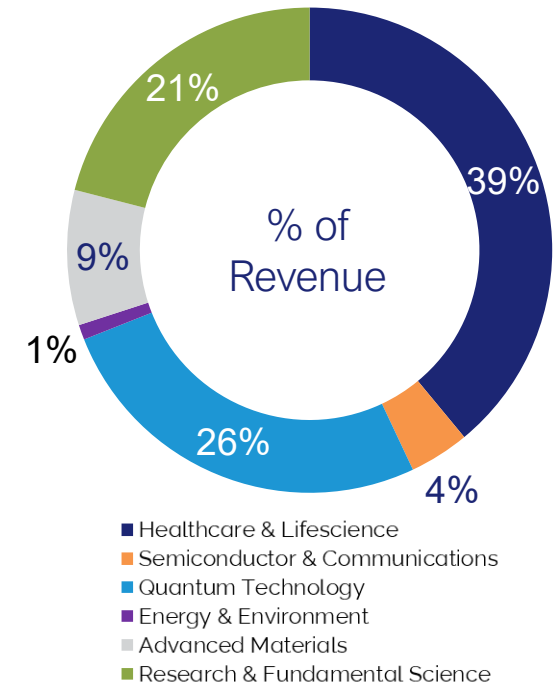
35% Group revenue
Academic: 74%
Commercial: 26%



Andor Technology; NanoScience; X-Ray Technology

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

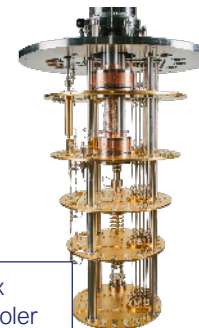
- Significant covid disruption in first half more than offset second half order & revenue growth
 - Growth from academia and reduction in commercial customers
- Order growth in Quantum, Advanced Materials and Semiconductors, in-line Lifescience but subdued Fundamental Science market
- Sustainable uplift in profitability and margin through realisation of Horizon initiatives



Camera



X-ray Tube



Proteox
Cryocooler



Dragonfly 200

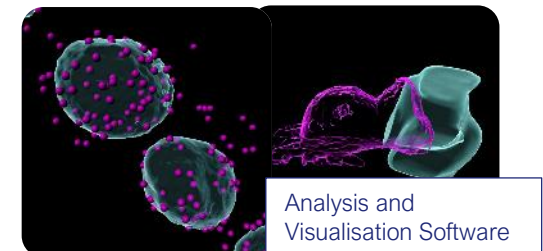
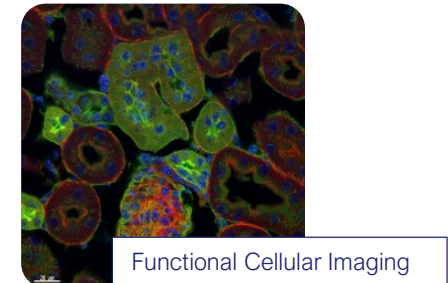
Research & Discovery

Growth Examples

Healthcare & Lifescience

- Long term fundamental market drivers remain robust
- Year on year second half growth offset by first half disruption
- Uplift in covid diagnostics, virus mutations, immune system response
- Growth into cancer research; subdued central research facilities & cell biology

Global Market Drivers



Research & Fundamental Sciences

- Research institute and funding body disruption significantly impacted orders & revenue

Research & Discovery

Growth Examples

Quantum Technology

- Strong order & revenue growth as timeline for practical applications accelerates
- Growth supported by governments & commercial customers
- Quantum advantage now possible with hugely disruptive potential
- Good progress in consortium to build UK commercial quantum computer

Global Market Drivers

Secure
Communication



Quantum
Sensors



Quantum
Computing



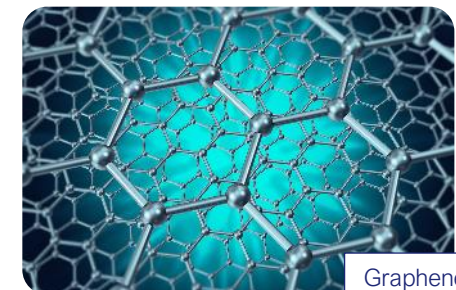
Quantum
Imaging



Commercial Cloud-based Quantum Computer

Advanced Materials

- Strong order and revenue growth driven by fundamental material research



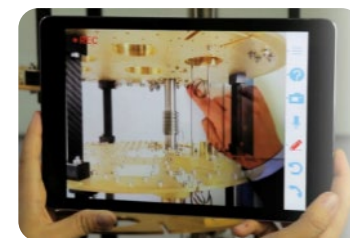
Graphene

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

- Increased demand and tailored product offerings supported order and revenue growth
- Improved profitability and enhanced margins
- Accelerated customer service transformation – higher value products, improved capacity and enhanced service delivery
- Proactively supported customers through covid with digital and remote services
- Service growth remains central to ongoing implementation of Horizon



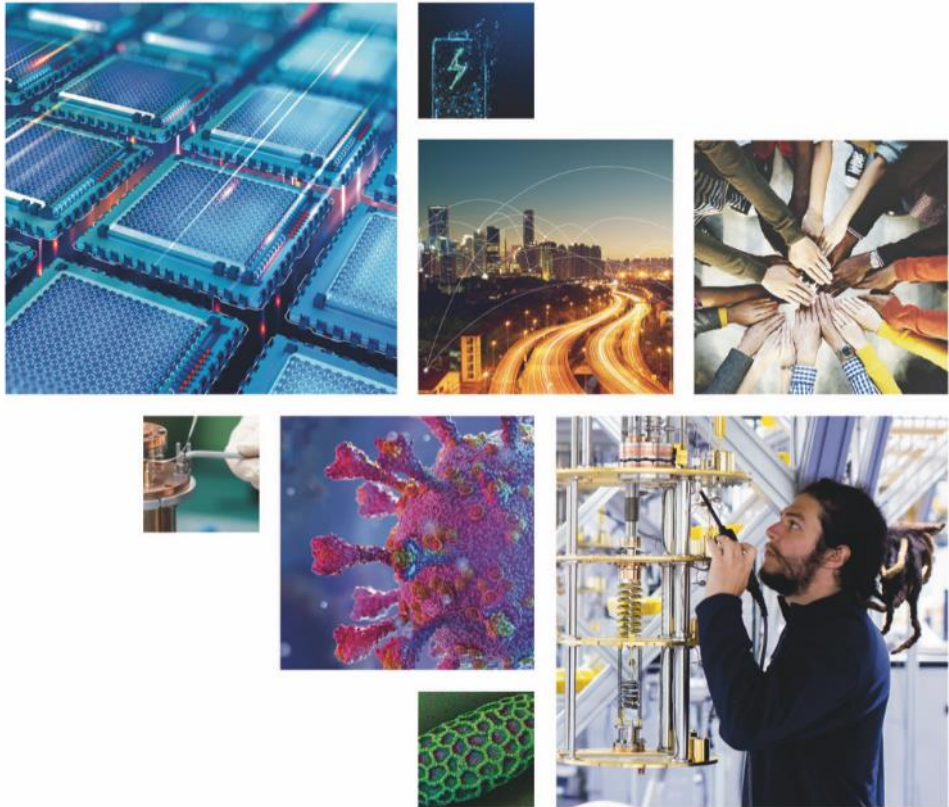
Remote Support



Augmented Reality Support



- Strong order growth, revenue impacted by covid disruptions
- Enhanced profit and margins through Horizon initiatives
- Performance reflects agility and engagement of employees
- Robust performance, strong order book and diversified end markets demonstrate resilience of business model
- Well positioned to deliver good progress in year despite currency headwinds



Thank you

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.

Positioned in diverse, attractive end markets with clear drivers



Well positioned in globally niche markets with long-term growth drivers where we can maintain leading positions:

Semiconductor & Communications: The push for more power-efficient devices, increased connectivity and the increased demand for semiconductor chips across consumer electronics is creating opportunities for growth.

Advanced Materials: Where there is increased investment into new materials to enable higher and often disruptive performance, as well as demand for more sustainable use of valuable and finite natural resources.

Energy & Environment: Revitalisation and global recognition of dramatic changes to energy requirements and the global urgency regarding carbon emissions are accelerating the move to new energy and environmental solutions.

Healthcare & Lifescience: Increasing and aging populations are driving the need for more affordable and effective therapies and treatments, with the more detailed understanding regarding fundamental disease mechanisms enabling a new paradigm in the speed and efficacy of drug development.

Quantum Technology: Increased national programmes and associated funding as researchers continue to make significant advances with quantum technology and the promise of practical commercial quantum technology.

Research & Fundamental Science: The rates of change in technology development is driving governments to increase their investment in fundamental research to equip their citizens with new technologies and establish technical leadership for their country.