

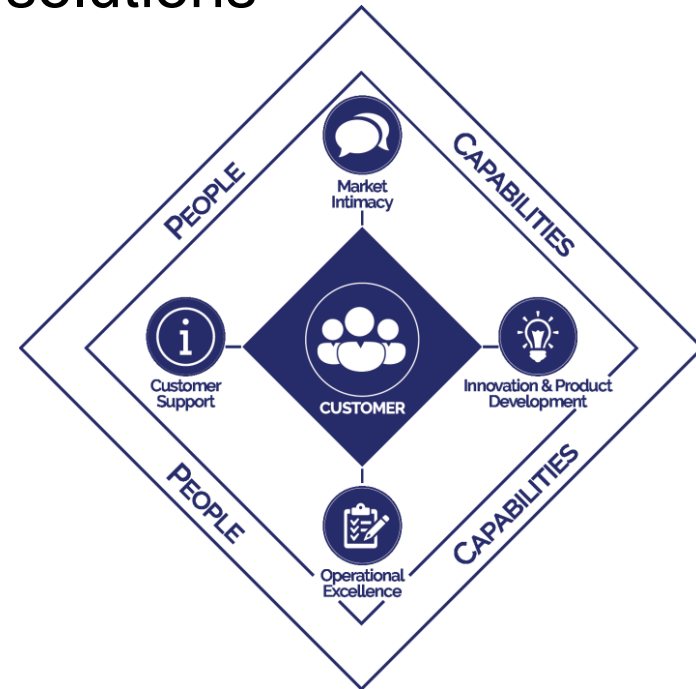
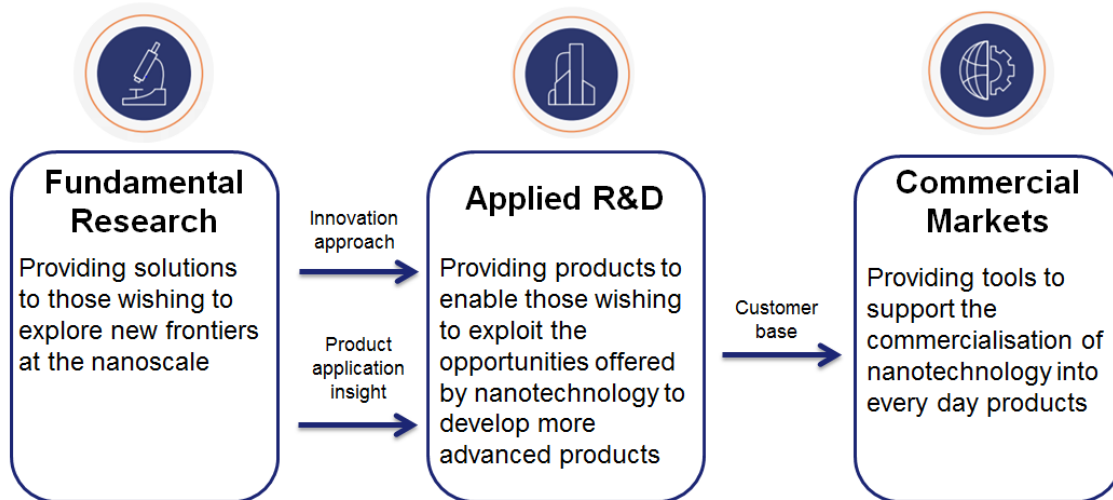
Oxford Instruments Half Year Results Presentation To 30th September 2017

Ian Barkshire – Chief Executive
Gavin Hill – Group Finance Director

- Highlights
- Horizon Update
- Financial Review
- Operational Review
- Summary and Outlook

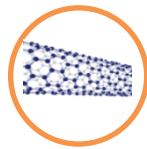
- Good progress in the early implementation of Horizon
- New market focused sector structure aligning with our customers' applications
- Reported revenue in line with previous year
- Increased profitability and operating margin reflecting currency benefits
- Growth in orders and increased order book
- Significant reduction in net debt

- Sustainable revenue growth and margin improvement
- Focus on segments where nanotechnology drives long term growth
- Creating value for customers through solutions



- Significant management of portfolio
 - Industrial Analysis sale completed in July 2017
 - Sale of Superconducting Wire completed in Nov 2016
- Building management, leadership and core capabilities to deliver Horizon
- Transition from product-technique focus to customer application and market focus
- New sector structure

- Aligning businesses around customer applications and end-markets
- Greater insights into products, markets and growth drivers
- Building and exploiting synergies across businesses



Materials & Characterisation

- Asylum Research
- NanoAnalysis
- Plasma Technology



Research & Discovery

- Andor Technology
- NanoScience (including Magnetic Resonance)
- Scienta Omicron
- X-ray Technology

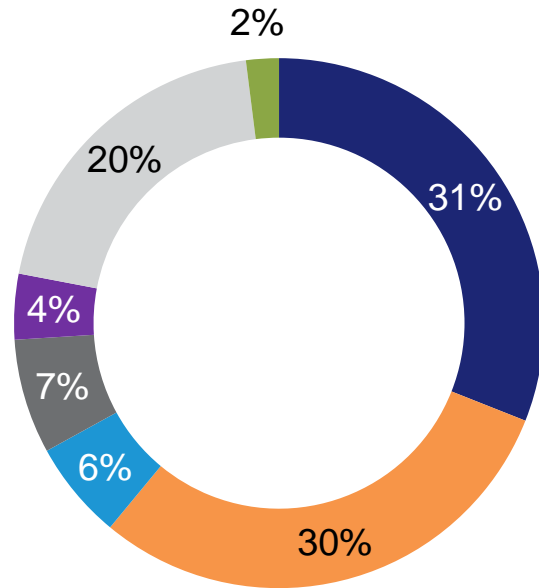


Service & Healthcare

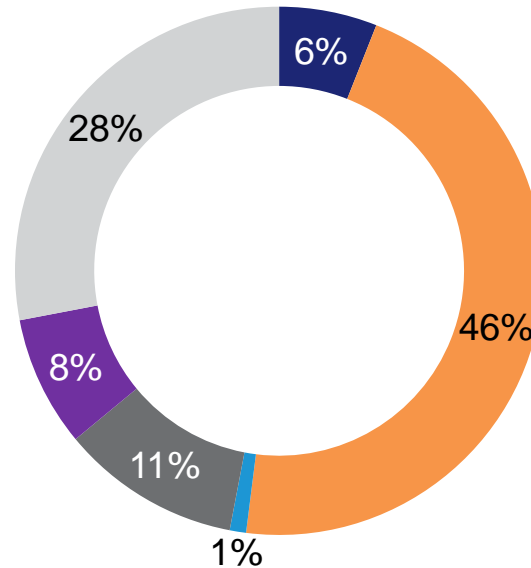
- **OiService**
Support services for Oxford Instruments' equipment
- **OI Healthcare**
Servicing sale and rental of third party imaging equipment in USA & Japan

End Market Segments Revenue

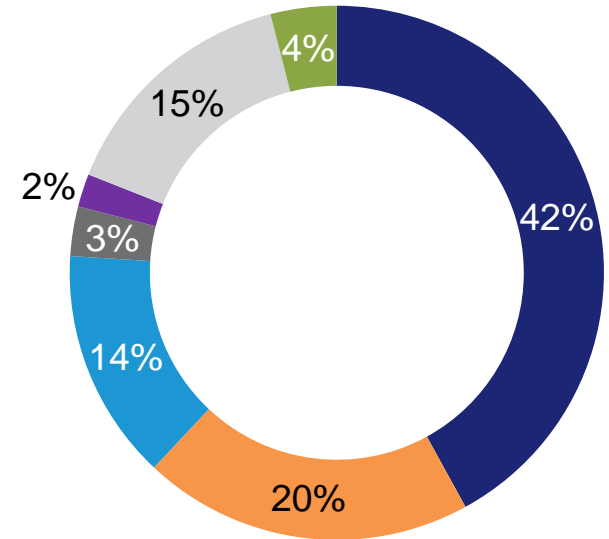
Group¹



Materials & Characterisation



Research & Discovery



Funding:

Academic: 55%

Commercial: 45%

52%

48%

72%

28%

Healthcare & Lifescience

Semiconductor & Communications

Quantum Technology

Environment

Energy

Advanced Materials

Research & Fundamental Science

Financial Review

Gavin Hill

Income Statement

£m	2017/18	2016/17	Reported Change	Constant Currency Change
Revenue	132.1	132.4	(0.2%)	(4.5%)
Adjusted operating profit	18.8	16.4	14.6%	(12.2%)
Net finance costs	(2.5)	(3.3)		
Adjusted profit before tax	16.3	13.1	24.4%	(9.2%)
Amortisation of acquired intangibles	(5.6)	(6.0)		
Impairment of capitalised development costs	-	(0.7)		
Non-recurring items and acquisition related costs	(0.6)	(0.6)		
Mark-to-market of currency hedges	2.6	(6.4)		
Profit/(loss) before tax from continuing operations	12.7	(0.6)		
Continuing adjusted basic earnings per share	22.3p	18.0p	23.9%	
Dividends per share	3.7p	3.7p	-	

	Half Year to 30 September 2017	Half Year to 30 September 2016	Year to 31 March 2017
Revenue: £m			
Materials & Characterisation	50.1	45.3	104.1
Research & Discovery	47.9	55.4	125.2
Service & Healthcare	34.1	31.7	70.9
Total	132.1	132.4	300.2

	Half Year to 30 September 2017	Half Year to 30 September 2016	Year to 31 March 2017
Adjusted operating profit: £m			
Materials & Characterisation	7.2	4.2	10.9
Research & Discovery	4.2	7.0	13.8
Service & Healthcare	7.4	5.2	13.3
Total	18.8	16.4	38.0

Revenue by Sector

£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total*
2016/17	45.3	55.4	31.7	132.4
Underlying	3.0	(9.7)	0.8	(6.0)
FX	1.8	2.3	1.6	5.7
2017/18	50.1	48.0	34.1	132.1

Growth

Reported	+10.6%	(13.4%)	+7.6%	(0.2%)
Constant currency	+6.6%	(17.5%)	+2.5%	(4.5%)

* Excluding inter-segment revenues

Revenue by Territory

Group
Revenue %



Reported growth

+9.9%

(4.6%)

+1.0%

(57.1%)

Constant
currency growth

+4.6%

(10.0%)

(1.6%)

(64.3%)

Orders¹: reported growth

+11.6%

+11.4%

+12.1%

+311.1%

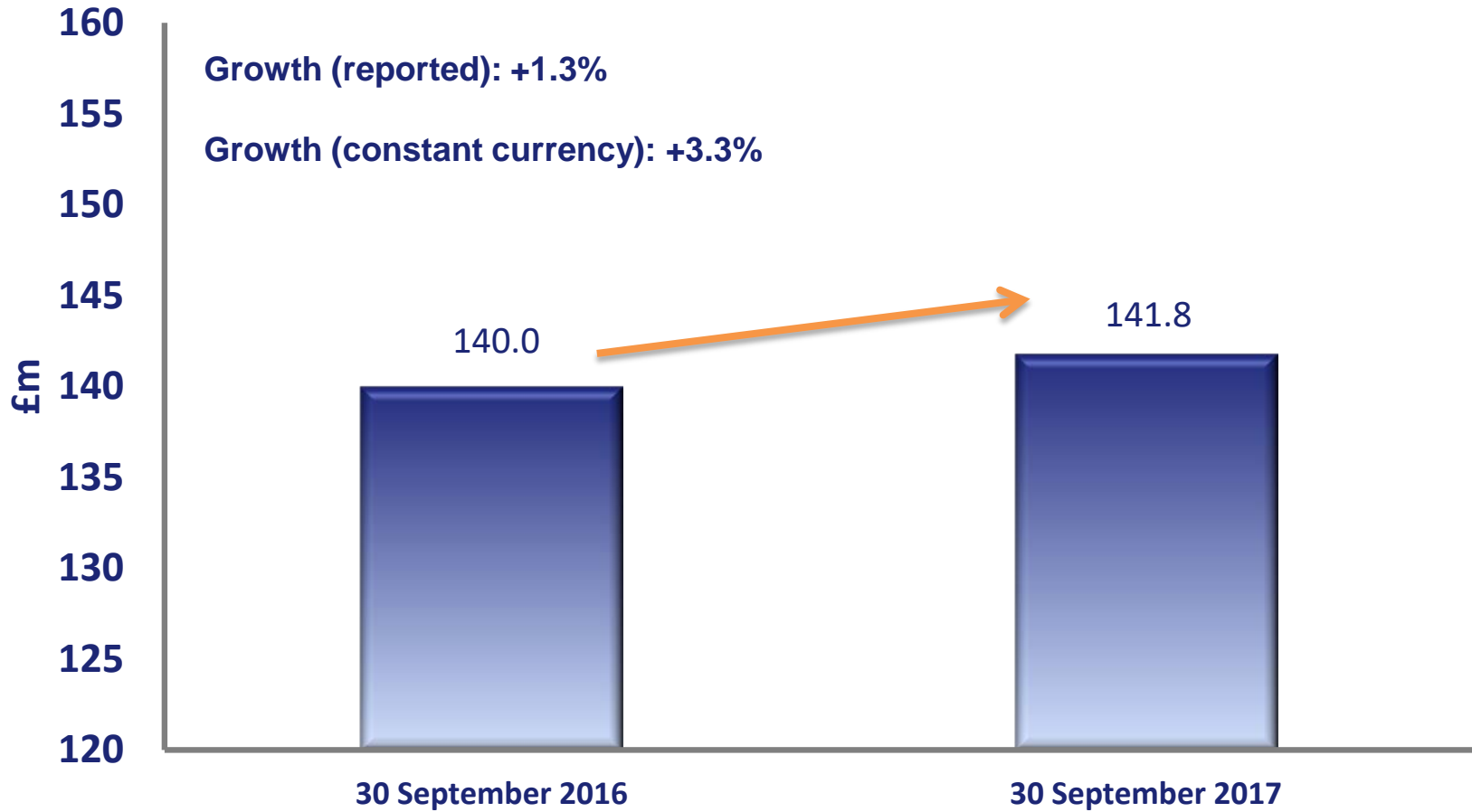
Orders¹: constant
currency growth

+5.5%

+5.7%

+9.0%

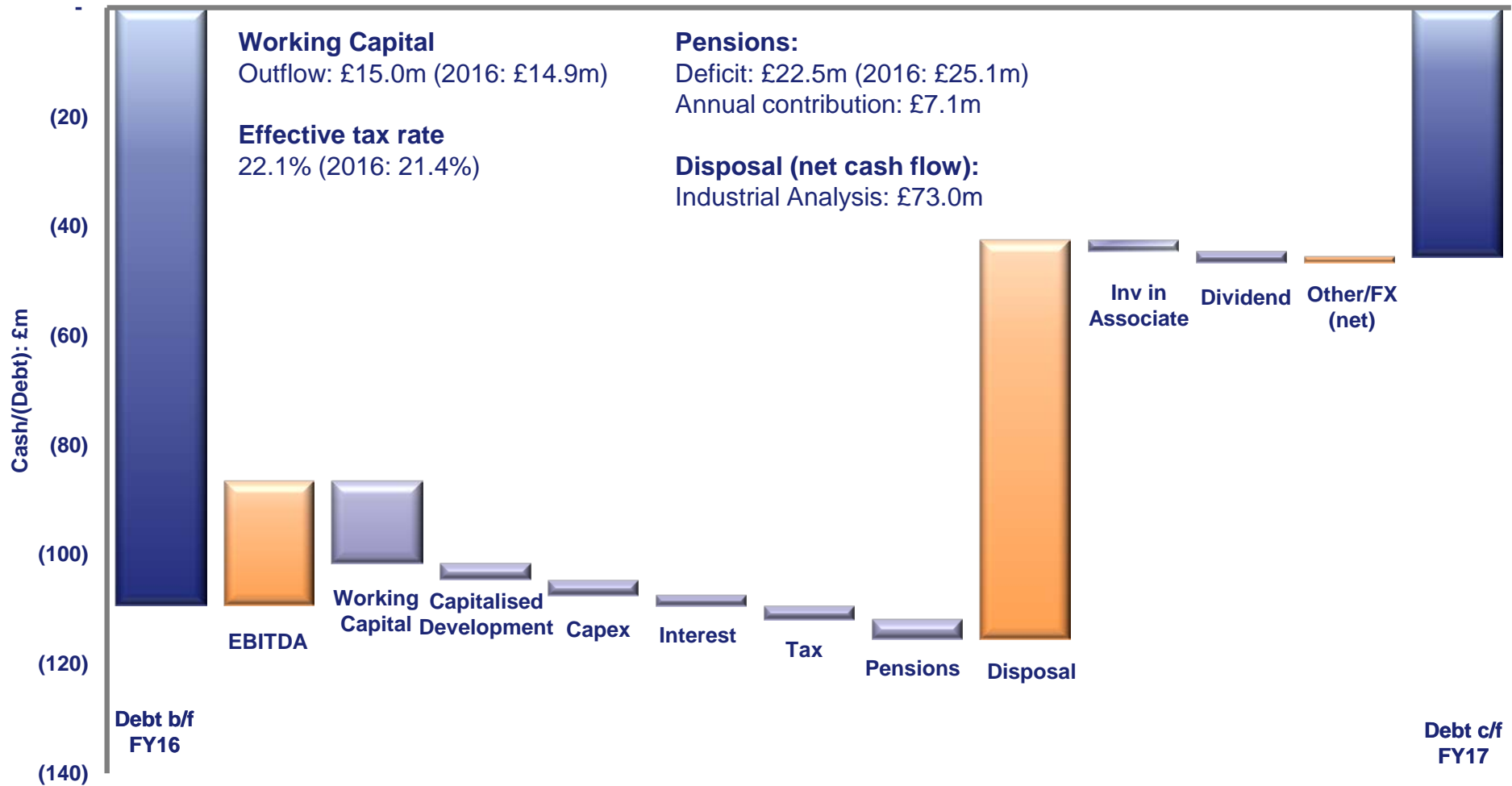
+333.3%



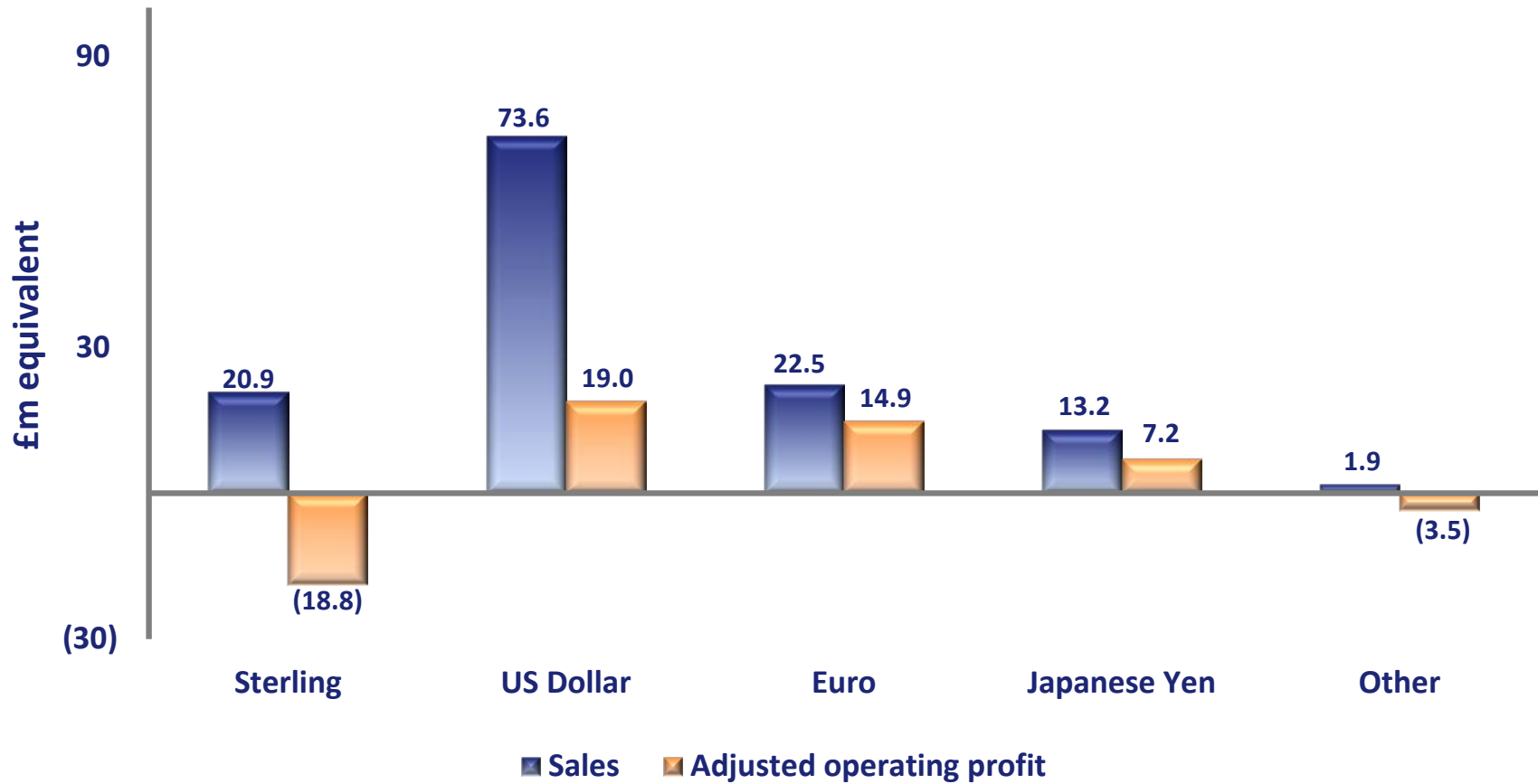
Adjusted Operating Profit by Sector

£m	Materials & Characterisation	Research & Discovery	Service & Healthcare	Total
2016/17	4.2	7.0	5.2	16.4
Underlying	0.9	(4.7)	1.8	(2.0)
FX	2.1	1.9	0.4	4.4
2017/18	7.2	4.2	7.4	18.8
EBIT Margin				
2016/17	9.3%	12.6%	16.4%	12.4%
2017/18	14.4%	8.8%	21.7%	14.2%

Cash Flow



Currency Exposure



- Growth in orders and order book at reported and constant currency
- Adjusted operating margin up 180 basis points to 14.2%, primarily through expected currency benefits
- Continuing adjusted basic earnings per share up 23.9%
- Strong balance sheet following receipt of sale proceeds from Industrial Analysis
- Net debt down to £45.5 million with net debt:EBITDA leverage at 0.9 times

Operational Review

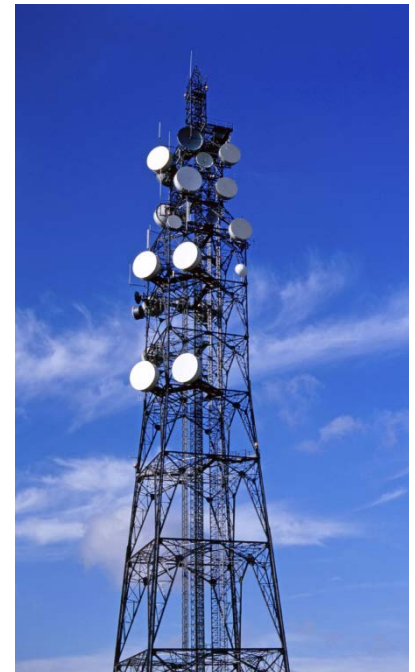
Ian Barkshire

Focuses on applied R&D and commercial customers, enabling the fabrication and characterisation of materials and devices down to the atomic scale
(38% of Group revenue)

Strong growth and improved profitability

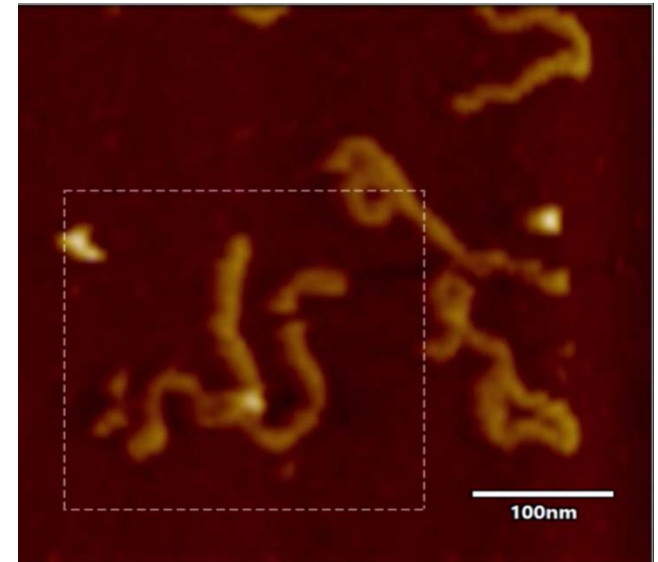
Plasma Technology –

- Strong, improved performance
- Growth in academic research and specialised production
- Increasing demand in optoelectronics and photonic applications e.g. 5G networks



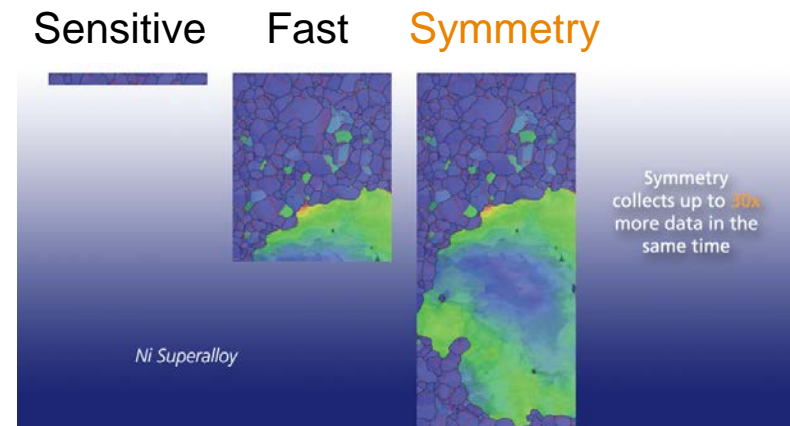
Asylum Research –

- Strong order growth driven by high demand for new products
- Cypher VRS providing new insights in disease mechanisms and drug discovery



NanoAnalysis –

- Strong performance driven by new products
- Driving capabilities and productivity in semiconductor and advanced material characterisation

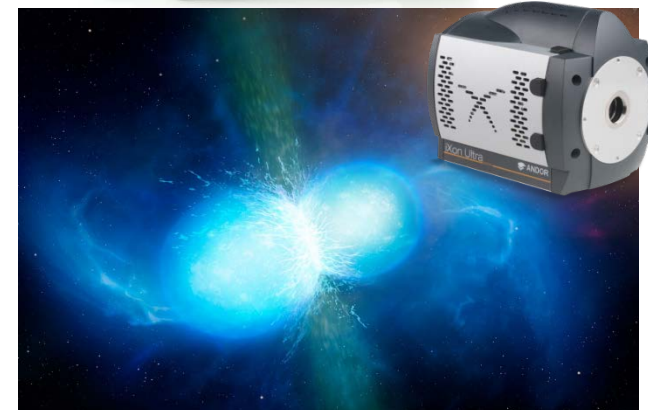


Advanced solutions that create unique environments and enable measurements down to the molecular and atomic level, used in fundamental and applied research *(36% of Group Revenue)*

Revenue and profitability down in the period;
growth in orders and order book

Andor Technology –

- Soft financial performance due to optical microscopy systems
- Growth from image analysis software in cell biology and neuroscience applications
- Improved performance from scientific cameras used in astronomy



Credit: University of Warwick/Mark Garlick

NanoScience & Magnetic Resonance –

- Cryogenic and magnetic environments critical for exploitation of quantum technology
- Performance depressed by high proportion of customised systems
- Strong growth for benchtop magnetic resonance systems in food and chemical analysis



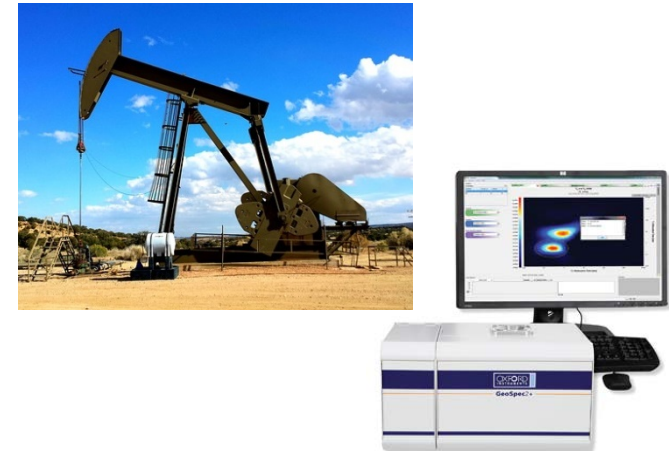
X-ray Technology –

- Growth in healthcare applications offset by decline from industrial segments



ScientaOmicron –

- Improvement in performance



Provides customer service and support for our own products and the service, sale and rental of third party healthcare imaging systems
(26% of Group revenue)

Revenue and profit growth

OiService –

- Strong demand for services relating to own products
- Enhanced customer support services

OI Healthcare –

- Business transition towards recurring revenue relative to refurbished systems



- Good progress from Horizon implementation
- Reporting structure enhances our focus on market growth drivers and evolving demands of our customers
- Full year expectations remain unchanged
- Confidence in long term growth prospects



The Business of Science®

Questions?