

# Preliminary Results Announcement

## June 9<sup>th</sup> 2009



## Agenda

- Overview
- Financial Summary
- Operational Review & Outlook

Jonathan Flint

Kevin Boyd

Jonathan Flint



## Overview

- Turnover growth of 17%
- Adjusted Profit Before Tax up 17%
- Operating cash flow increased to £14.4m
- Final dividend maintained at 6.0 pence
- New products successfully launched
- Acquisitions continue to perform well
- Business restructured to provide on-going savings of £11.4m a year







## A game of two halves ...

- First six months of the year on track
- From November 2008 some markets soften
- Contingency plans implemented
- Successful reshaping of the business







## Our markets – status to date

### • Sectors

- Research (general) 
- Research (pharma) 
- Industrial (general) 
- Industrial (environmental) 

### • Geography

- Europe 
- USA 
- China 
- Russia/India  
Latin America 
- Other Asia 



## Worldwide Restructuring



- 15% reduction in workforce
- Reshaping Molecular Biotools business
- Movement of product lines to consolidate sites





## Drive for innovation

- Continued focus on R&D
- New product launches
- Continue to take market share
- Recognition from peers as Best Technology Company



PLC awards  
2008



## Acquisitions/Disposals

- Acquisitions contributing to plan
- Two Acquisitions in first half
  - Technology & Devices International
  - Link Analytical AB
- Two Disposals
  - Minority shareholding in Oxford Diffraction to Varian Inc
  - Molecular Beam Epitaxy business to Riber SA





Our objective is to double the size of the business and improve ROS by 10 percentage points over five years

- Achieved growth targets for first three years
- Second half year showed marked slowing of industrial markets
- Decisive action on costs and efficiencies protected year three performance
- Business well-positioned to weather recession



# Financial Review

Kevin Boyd  
Group Finance Director



## Financial Highlights

	2008/09 £'M	2007/08 £'M
<b>Revenues</b>	<b>206.5</b>	<b>176.5</b>
Gross profit	90.7	73.2
<b>Trading profit</b>	<b>13.1</b>	<b>10.6</b>
Finance costs	(2.0)	(1.1)
<b>Adjusted profit before tax</b>	<b>11.1</b>	<b>9.5</b>
Amortisation of acquired intangibles	(4.3)	(2.9)
"Exceptionals"	(6.8)	0.7
Mark to Market	(9.3)	(2.3)
<b>Profit /(loss) before tax</b>	<b>(9.3)</b>	<b>5.0</b>
Tax	2.6	(2.3)
Earnings	(6.7)	2.7
<b>Adjusted EPS (pence)</b>	<b>14.8</b>	<b>11.7</b>
EPS (pence)	(13.9)	5.6

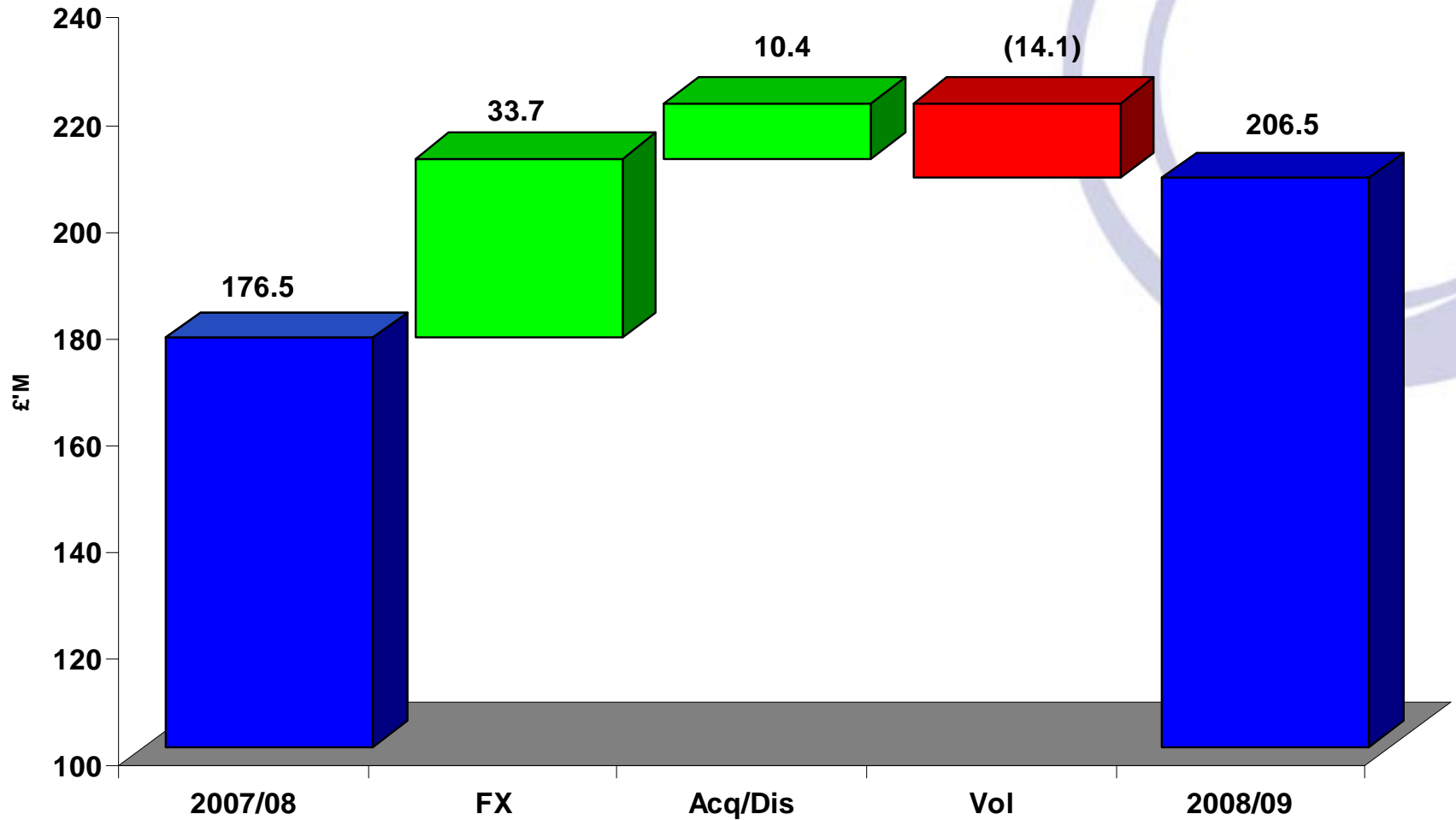
### Growth

<i>Reported</i>	17.0%
<i>Constant Currency</i>	-2.1%

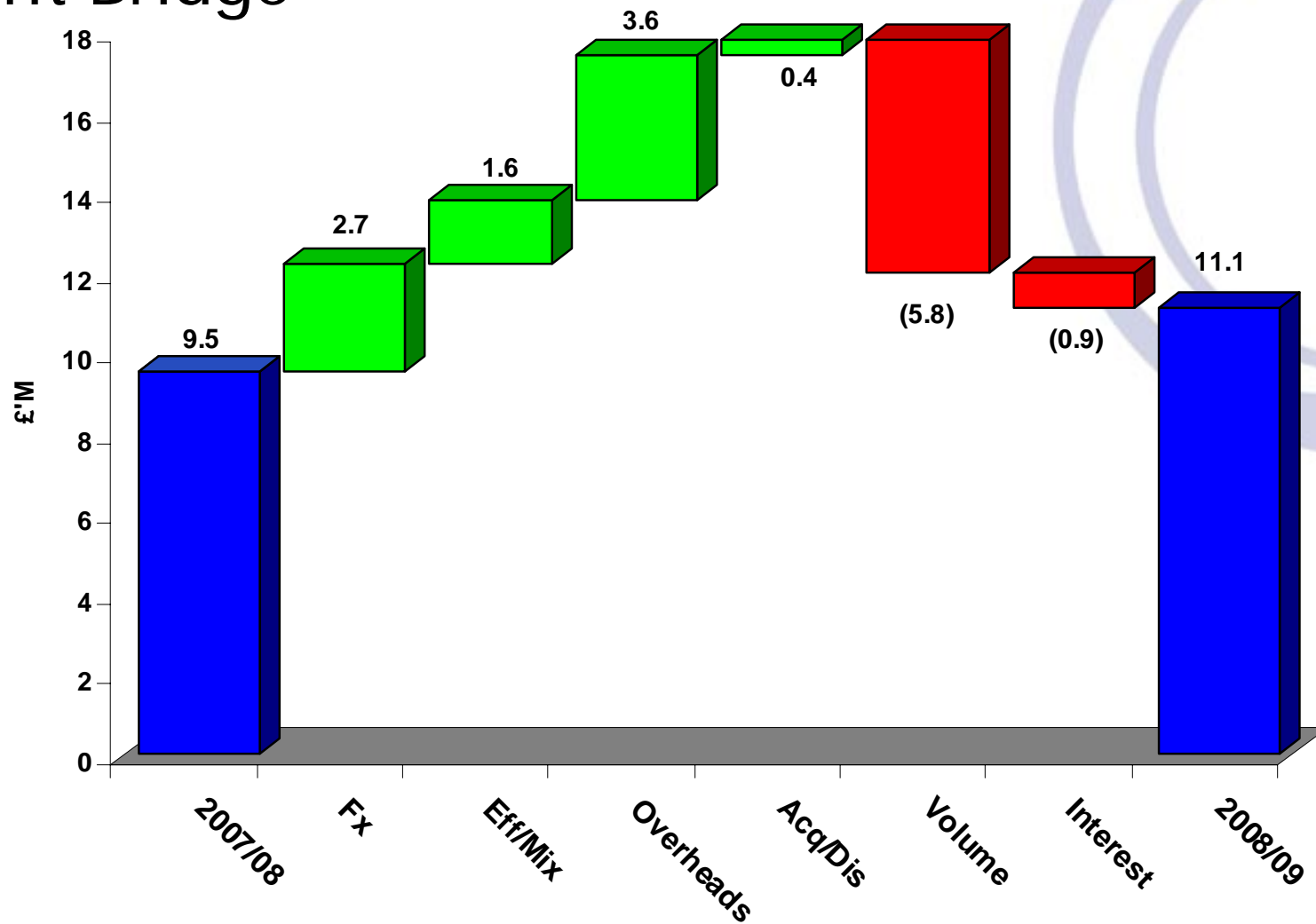
	08/09	07/08
<i>GM%</i>	43.9%	41.5%
<i>TM%</i>	6.3%	6.0%
<i>TM% ex hedging</i>	10.4%	6.1%



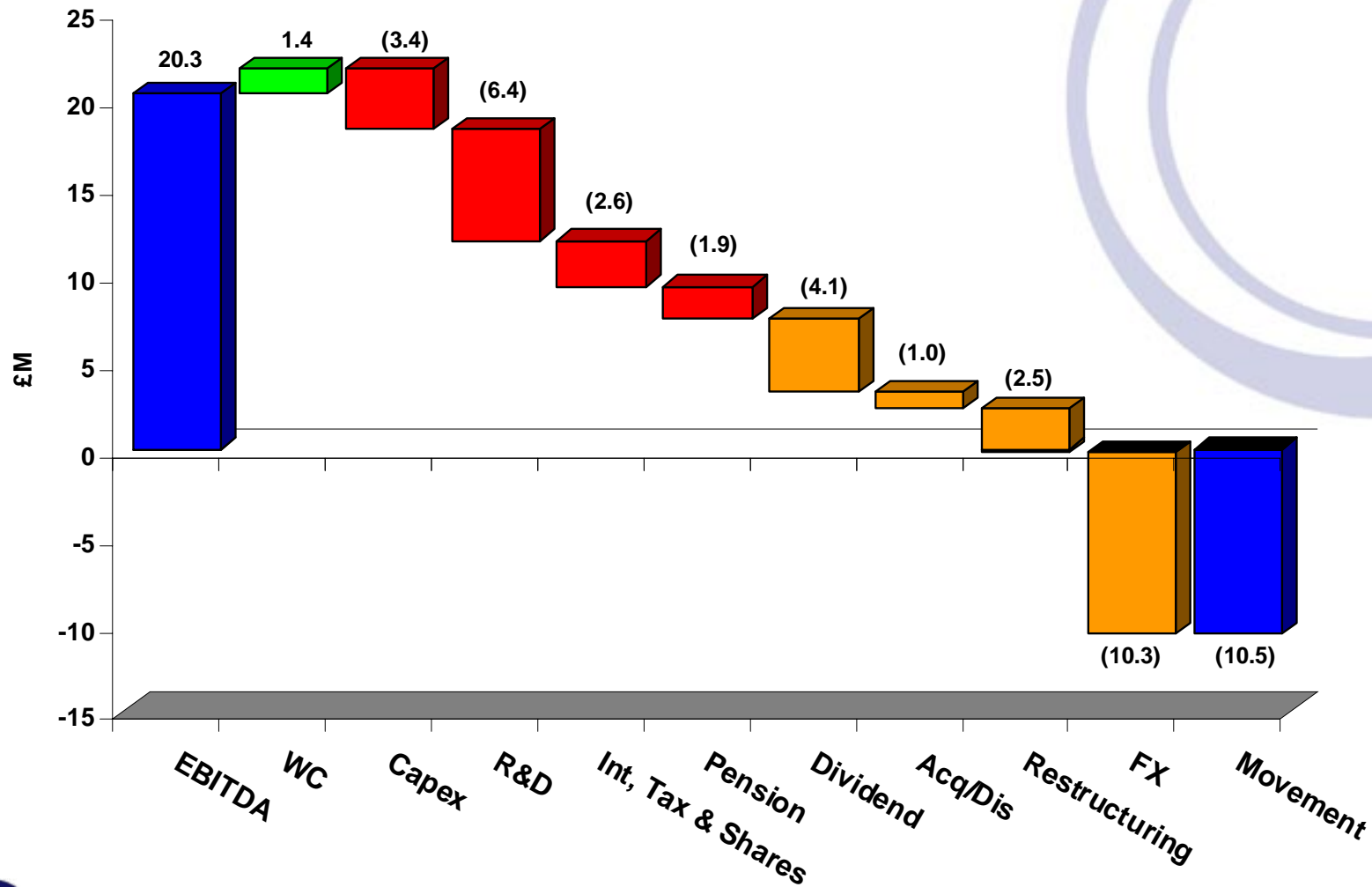
## Sales Bridge



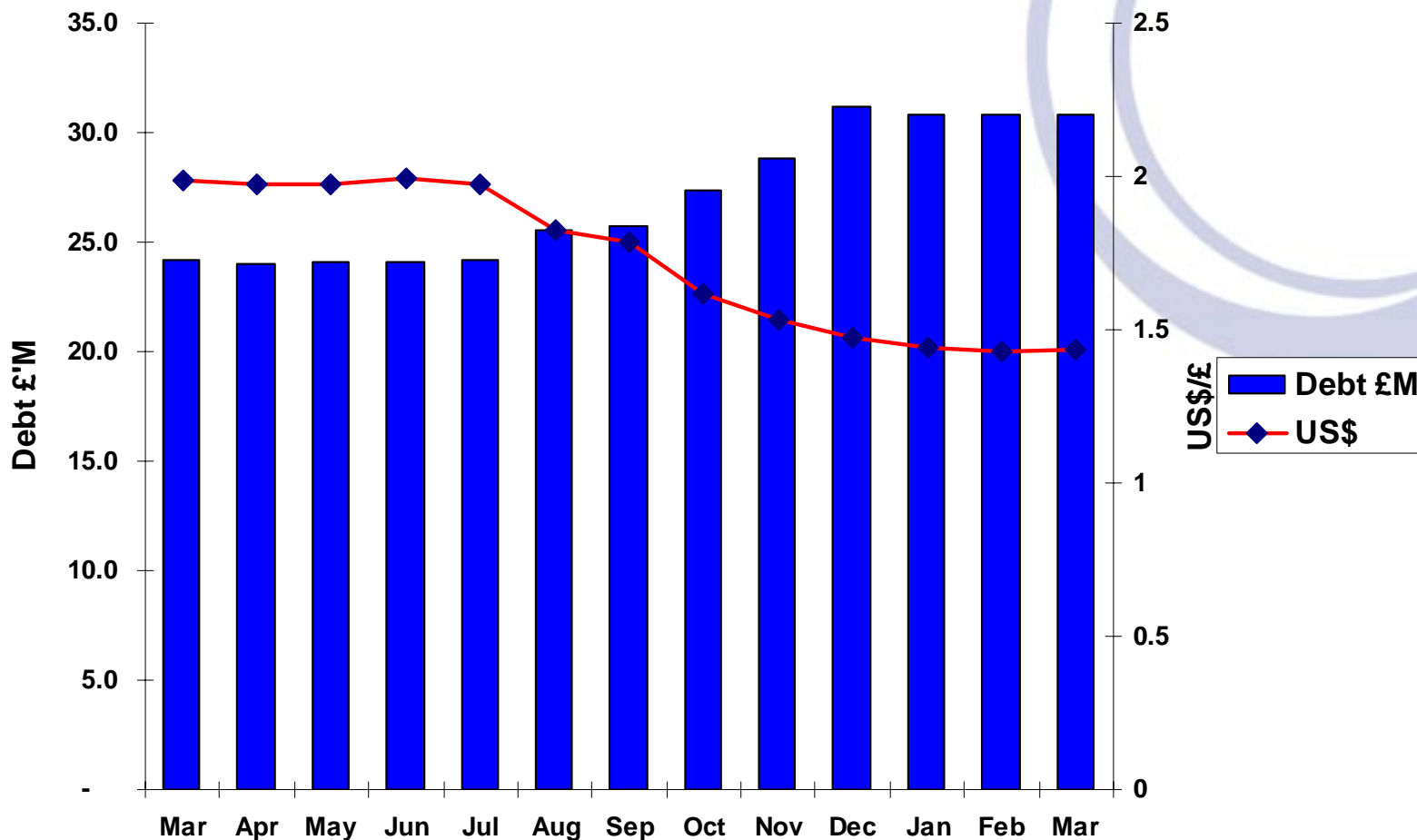
## Profit Bridge



## Cash Flow

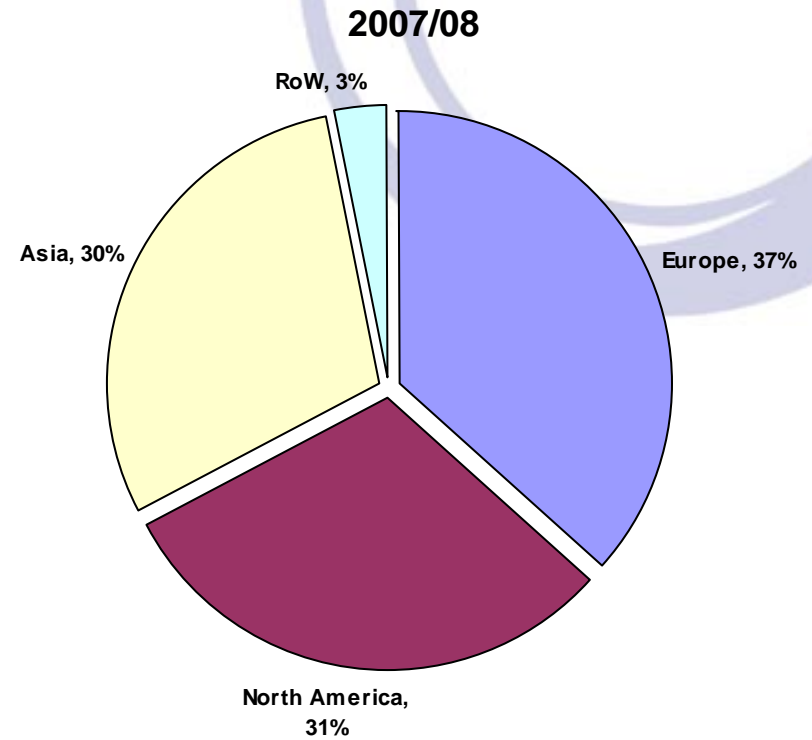
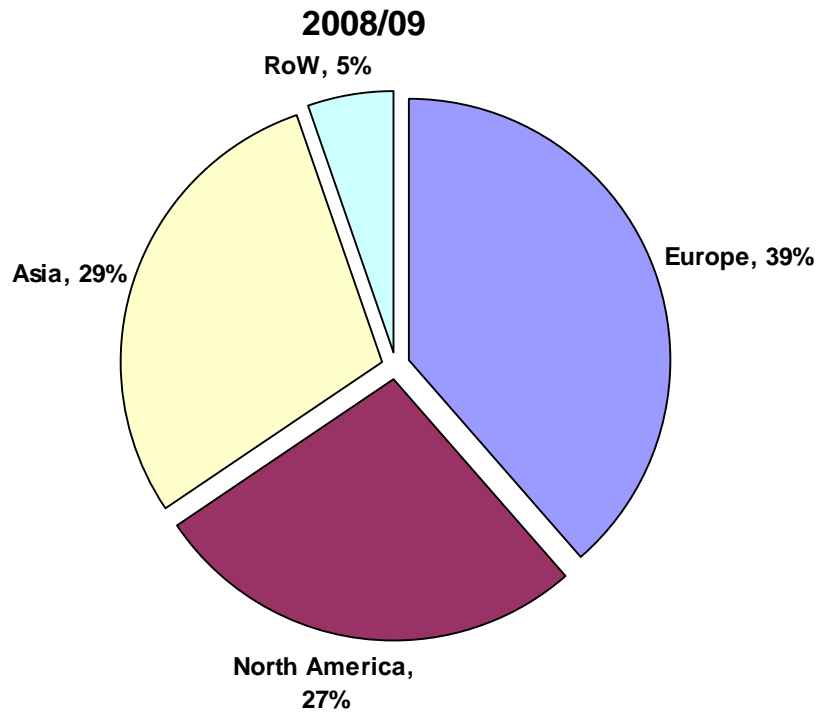


## Effect of Exchange Rate on Debt





## Sales by Destination



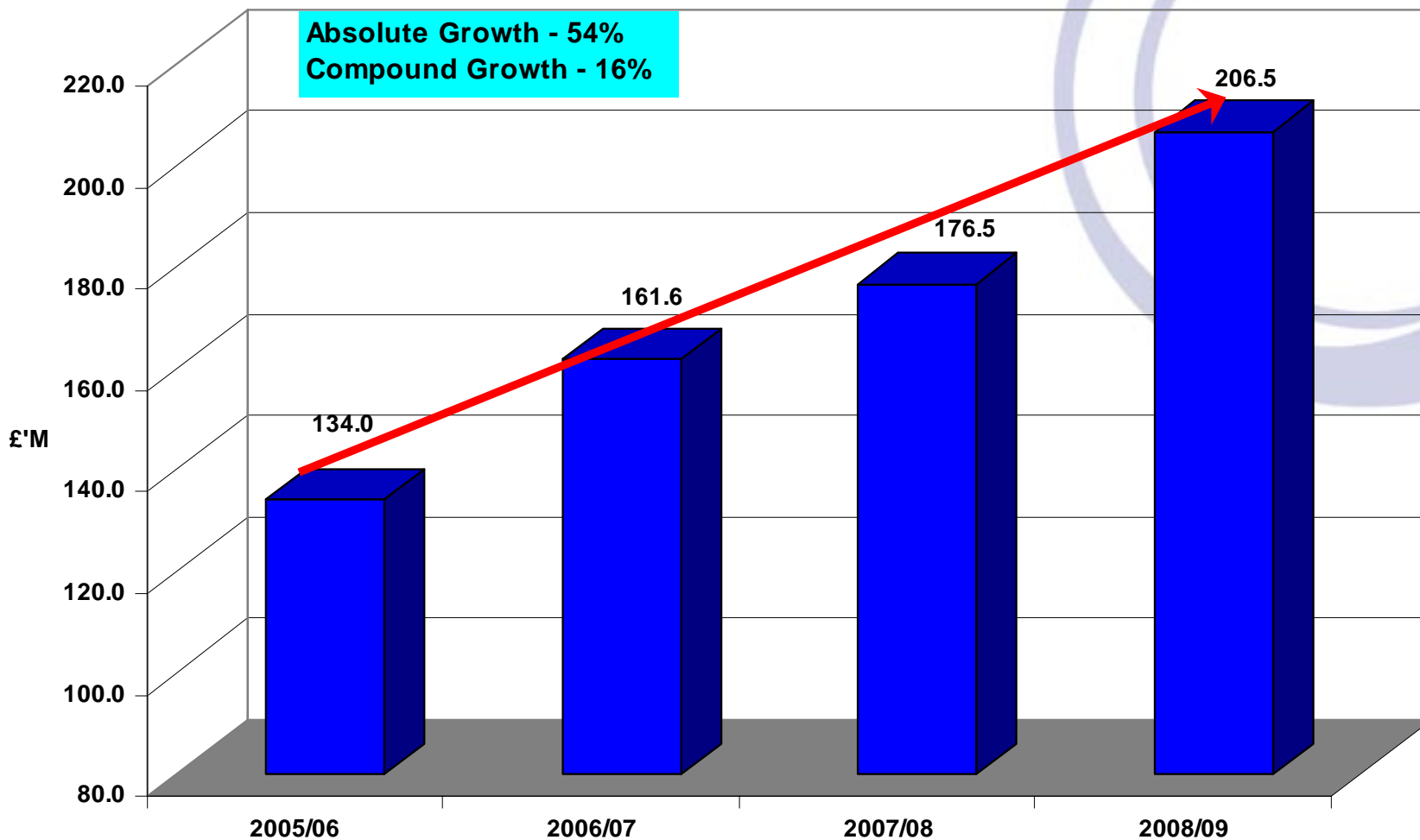
## Orders



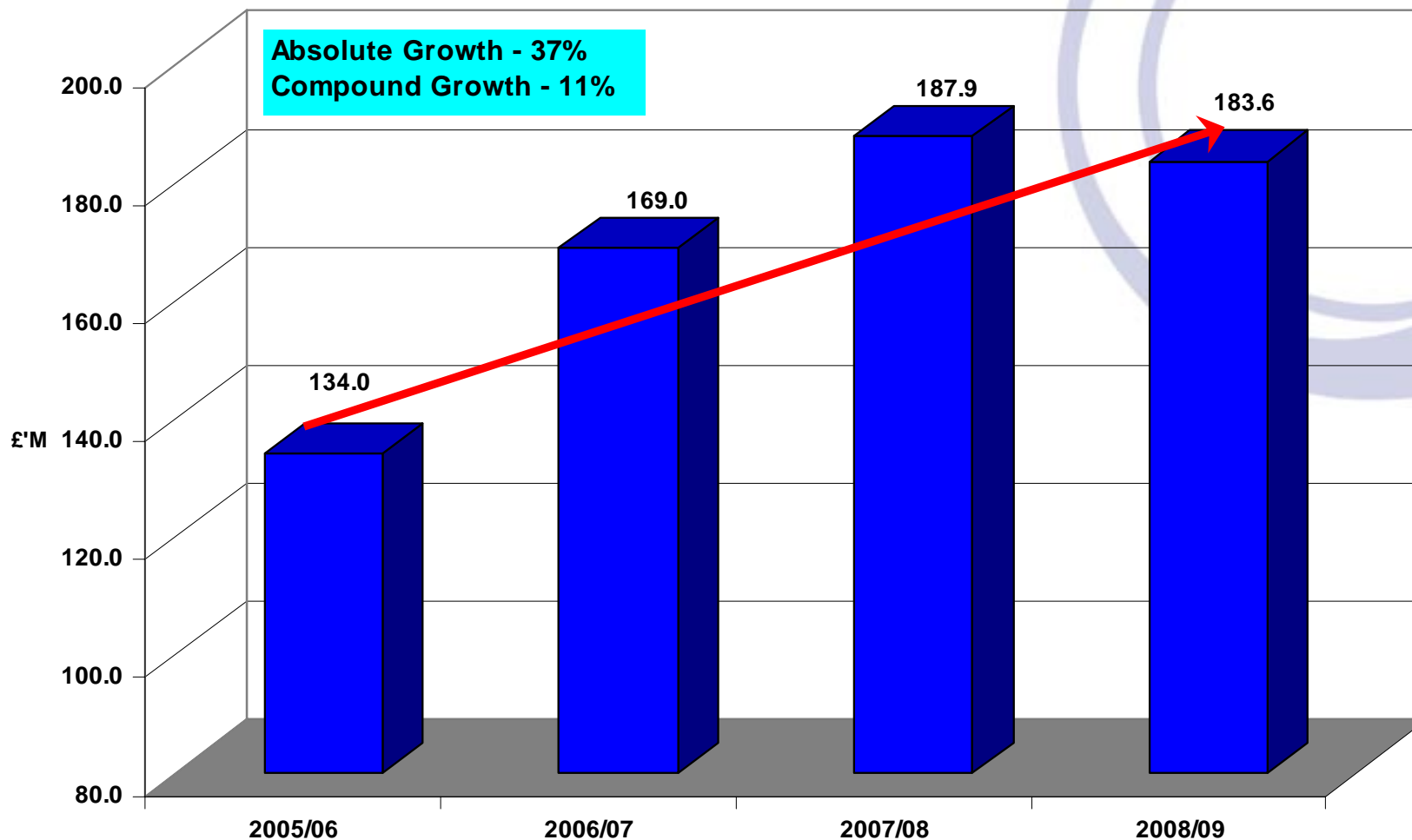
Orderbook  
up 29% to  
£66m



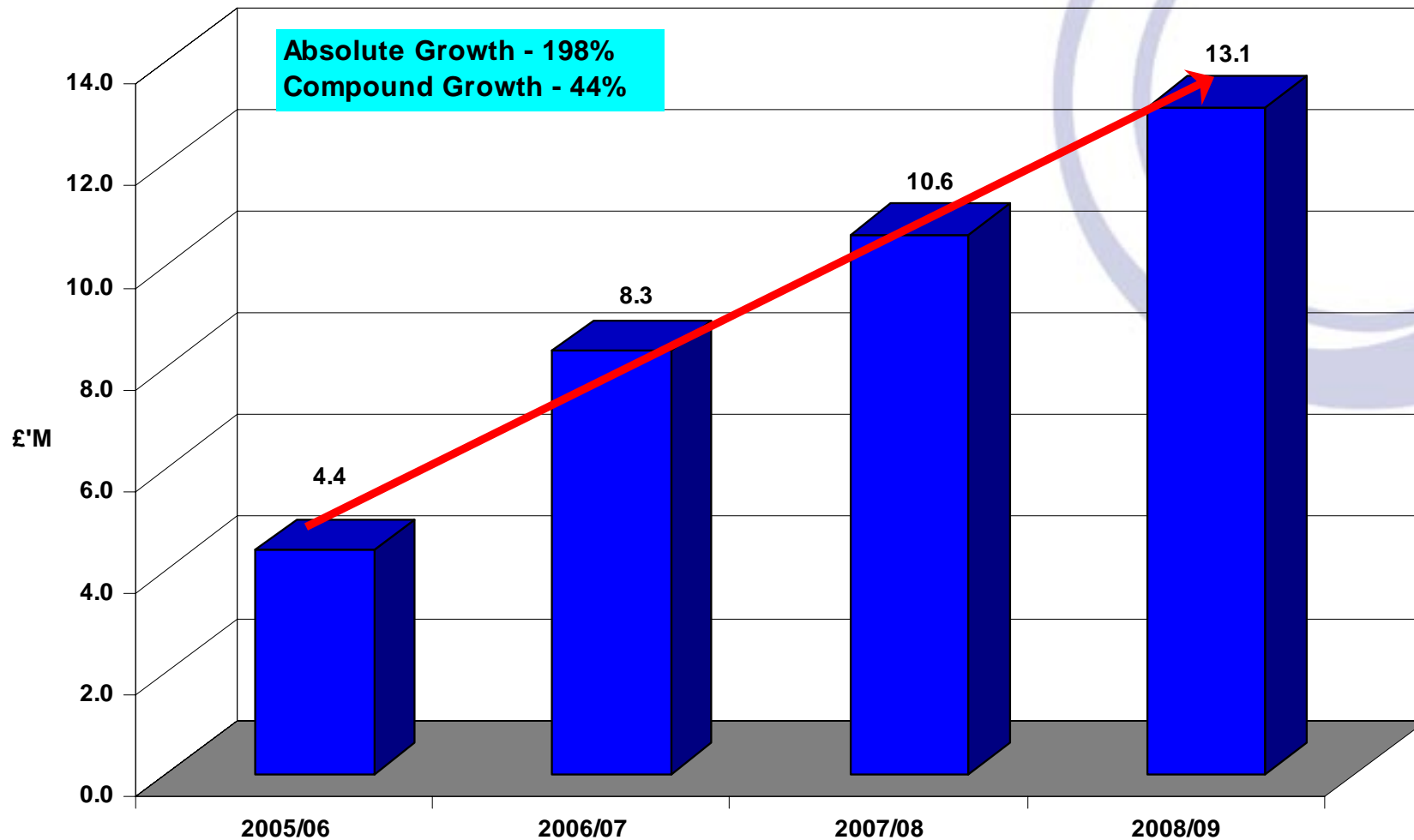
## Annual Sales - Reported



## Annual Sales – Constant Currency



## Annual Trading Profit



## Exceptionals

£m	<b>Profit</b> <b>2008/09</b>	<b>Cash</b> <b>2008/09</b>	<b>Cash</b> <b>2009/10</b>
Disposal of ODL	3.4	3.1	0.6
Arkex impairment	(0.5)	0.0	0.0
Disposal of MBE	(1.0)	0.3	0.0
Restructuring	(8.7)	(2.5)	(3.0)
<b>Total</b>	<b>(6.8)</b>	<b>0.9</b>	<b>(2.4)</b>



## Operational Review

Jonathan Flint  
Chief Executive





## Structure

### Oxford Instruments plc

#### Analytical

##### Industrial Analysis

Instruments for elemental analysis, metals identification & coating thickness measurement  
Small X-ray tube manufacture

##### Nano Analysis

Analytical systems for electron microscopes

##### Plasma Technology

Process solutions to enable the fabrication of nano structures for research, development and manufacturing

#### Superconductivity

##### Nano Science

Cryogenic systems  
Superconducting magnets

##### OST

Superconducting wire and cables  
MRI Service

##### Molecular Biotools

(Magnetic Resonance)

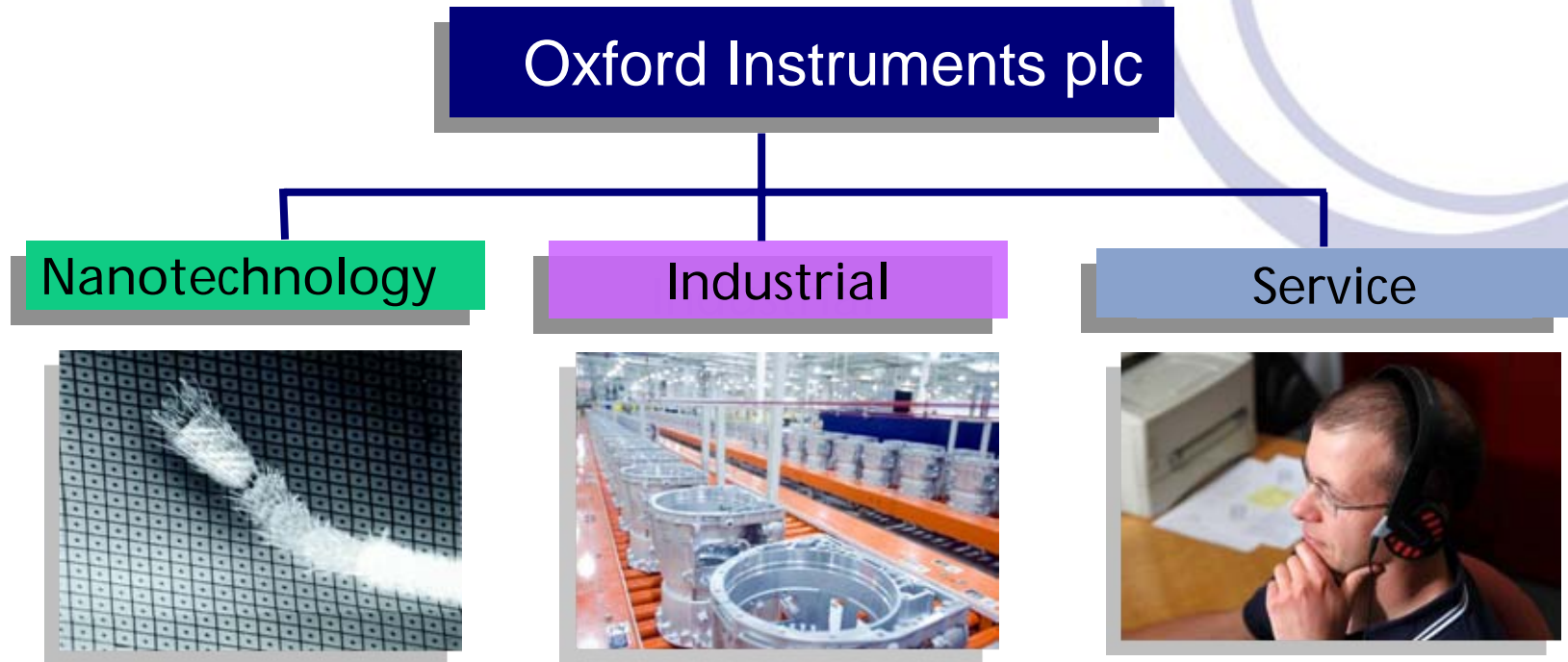
Benchtop NMR analysers, low field MRI and imaging tools

##### Austin Scientific

Cryogenic vacuum pump systems



## Future Structure



## Future Segmental Reporting

Sector	Current Businesses	Key Success Factors	Key Technologies
Nanotechnology	NanoAnalysis NanoScience Plasma Technology	Advanced Technology Radical Innovation Close technical contact with customers Bespoke manufacture	Plasma etch & deposition Cryogenics X-ray detection Superconductivity
Industrial Products	Industrial Analysis Superconducting Wire Magnetic Resonance	Competitive Differentiation Low cost, medium volume manufacturing Rapid product introduction Efficient production engineering	X-ray detection X-ray sources Optical emission spectroscopy
Service	US/Japan MRI Service Austin Scientific Servicing of Industrial and Nanotechnology products	Revenue generating/innovative service products Total service commitment 24 hour support	Product Servicing Customer Training Rapid spares logistics



## Industrial Analysis - Tools for Quality Control and Compliance Testing

- New applications e.g. Strontium pollution monitoring
- Successful launch of new product for Iron and Steel industry
- Simplified and restructured

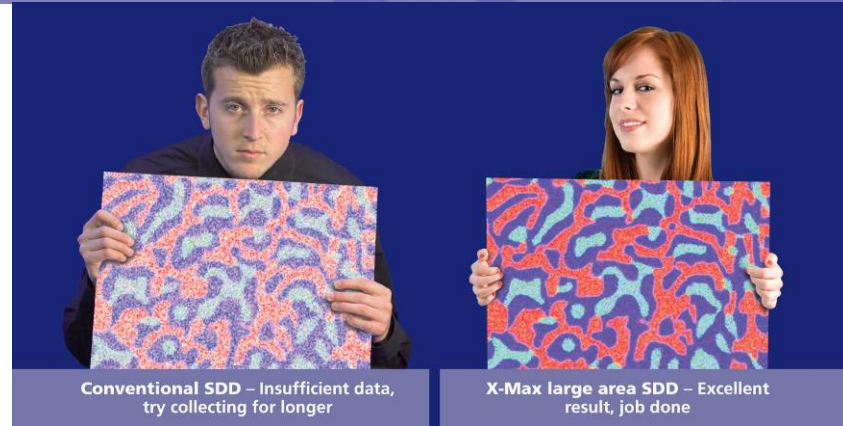


Corroded Air Conditioning system due to Chinese Dry Wall  
– image courtesy of [chinesedrywall.com](http://chinesedrywall.com)

## NanoAnalysis -

Microanalysis systems for chemical and structural materials analysis

- Launch of unique X-MAX analyser exceeded expectations
- EBSD market continues to grow with significant potential in photovoltaic applications
- Strong orders for the new table top electron microscope





## Plasma Technology - Tools for specialist nanotechnology applications

- Strong performance
- New applications e.g. deposition of Diamond Like Carbon
- Expanding markets for HBLEDs
- Growth in photovoltaics



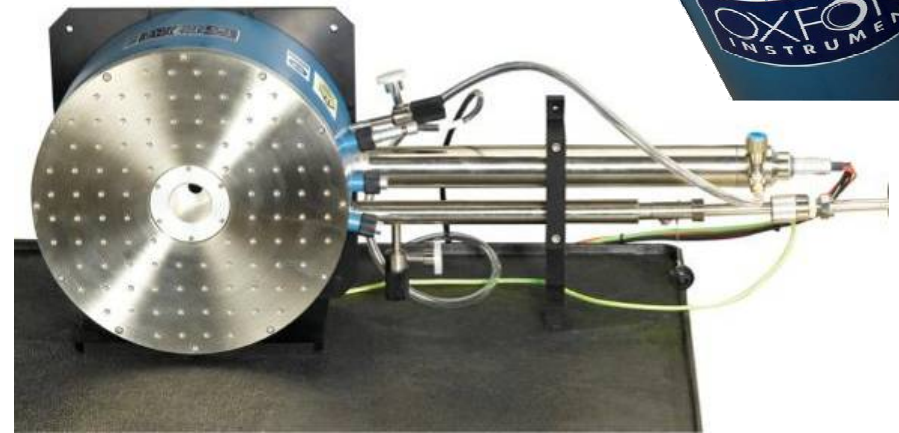
DLC artificial heart  
Courtesy of Ventracor



## NanoScience -

Superconducting magnets and cryogenic systems

- Accelerated adoption of 'dry' technology
- Three world first cryogenic systems for fundamental physics research
- Restructured business performing well

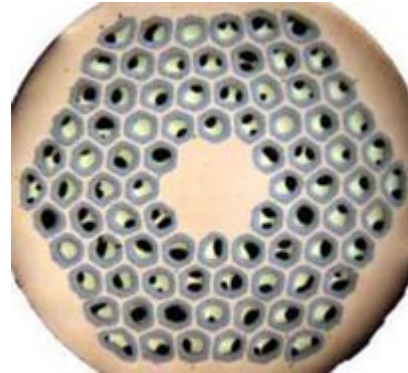




## Superconducting Technology (OST)

Leading producer of superconducting wire

- Growth in market share for MRI wire
- New orders for specialist high performing wire
- ITER



## Summary and Outlook

- Growth to date in line with plan
- Industrial markets weak
- R&D markets resilient
- Unlikely to see growth in the current year
- Continued progress on margin improvement
- Well positioned to benefit from future strengthening of the market

