Victrex plc Annual Results 2010

Highlights

Record financial performance

- Group revenue up 82% to £189.5m (2009: £103.8m)
  - *Underlying revenue up 47%*
- Earnings per share up 200% to 65.1p (2009: 21.7p)
  - *Underlying EPS up 53%*
- Cash of £77.3m at 30 September 2010 and no debt
- Full year dividend per share up 30% to 25.0p (2009: 19.2p)
- Special dividend per share of 50.0p

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Group Income Statement

Operating leverage on strong sales growth drives PBT

Year ended 30 September	**2010 £m**	2009 £m	Growth	Underlying 2009 * £m	Underlying growth *
Revenue	**189.5**	103.8	**82%**	129.0	**47%**
Gross profit	**120.6**	64.5	**87%**	88.7	**36%**
Gross margin %	***63.6%***	*62.1%*	*1.5% pts*	*68.8%*	*(5.2)% pts*
Overheads	**(45.7)**	(39.4)	**16%**	(39.6)	**15%**
Profit before tax	**74.9**	25.1	**198%**	49.1	**53%**
Earnings per share	**65.1p**	21.7p	**200%**	42.4p	**53%**

* at 2010 exchange rates

- Sales volume up 64% to 2,535 tonnes
- £12.7m positive impact of currency on gross margin
- 2010 increased cost of sales per tonne due to reduced production volumes in 2009
- Overheads increased £6.3m largely as a result of elements of staff remuneration linked to business performance and further investment in headcount

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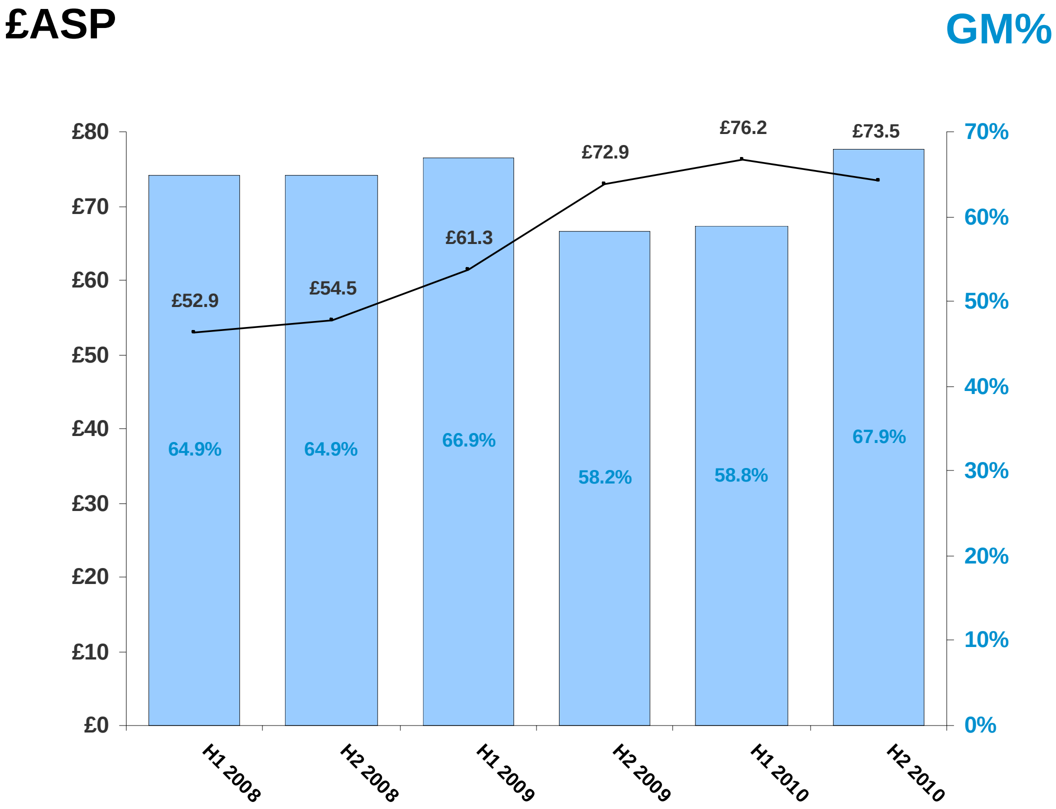
Group Average Selling Price & Gross Margin

H2 2010 gross margin % above H1 2009



£ASP

- Favourable currency impact in H1 2010 (Euro and US Dollar)
- Divisional mix impact

GM%

- H1 2010 sales largely out of high cost per tonne inventory produced in 2009
- H2 2010 cost of sales per tonne reverted towards lower historic levels on higher volumes

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Currency Exposure

2010 Currency benefit of £12.7m

	Average exchange rates			Exchange rate sensitivity #
	2009	2010	2011	
$/£	**1.85**	**1.58**	**1.55**	**£3.1m**
€/£	**1.31**	**1.15**	**1.17**	**£2.9m**
¥/£	**181**	**153**	**134**	**£0.6m**

2009 excludes adverse impact from buy out of surplus forward exchange contracts of £11.3m

2011 estimates based on forecast sales volume, currency hedging already in place and spot exchange rates as at 26 November 2010

Management estimate of impact on PBT from a 5% movement in average exchange rate based on 2010 results

Group Cash Flow Statement

Recovery drives increased cash from operations

Year ended 30 September	**2010**	2009
	£m	£m
Cash generated from operations	**90.9**	26.8
Tax paid	**(13.7)**	(11.1)
Capital expenditure	**(4.5)**	(7.5)
Dividends paid	**(16.9)**	(15.1)
Other financing activities	**2.6**	-
Net increase/(decrease) in cash and cash equivalents	**58.4**	(6.9)
Cash and cash equivalents at beginning of year	**18.6**	23.5
Exchange differences on cash held	**0.3**	2.0
Cash and cash equivalents at end of year	**77.3**	18.6

- Strong operating cash flow
- Reduced capex requirement following conclusion of recent investment in capacity
- Proposed final and special dividends amounting to £15.5m and £41.6m respectively
- Committed £40m bank facility undrawn at year end

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Group Balance Sheet

Strong balance sheet including £77.3m cash and no debt

30 September	**2010** **£m**	2009 £m
PPE and intangible assets	**135.4**	139.7
Inventories	**34.5**	37.2
Cash	**77.3**	18.6
Trade receivables and other assets	**31.8**	25.4
Retirement benefit obligations	**(9.5)**	(10.8)
Trade payables and other liabilities	**(58.2)**	(41.9)
Equity shareholders' funds	**211.3**	168.2
Working capital/sales	**26%**	25%

- Capex below depreciation
- Lower stock cost per tonne
- Cash generated from operations
- Stronger 2010 sales
- Includes deficit funding of £2.6m
- Increased tax and bonus accruals reflect improved trading

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Victrex Polymer Solutions

VPS Highlights

Strong recovery from 2009

- Recovery in volume
- Security of supply for our customers
- Gross margin strengthened to 55.7%
- Increase in underlying operating profit by 86%
- Development pipeline up 16% on 2009

VPS Income Statement

Robust recovery in end markets and growth from new business

Year ended 30 September	**2010**	2009	Growth	Underlying 2009 *	Underlying growth *
	£m	£m		£m	
Revenue	**145.3**	69.6	**109%**	90.5	**61%**
Gross profit	**80.9**	34.4	**135%**	54.3	**49%**
Gross margin %	***55.7%***	*49.5%*	*6.2% pts*	*60.0%*	*(4.3)% pts*
Overheads	**(32.6)**	(28.1)	**16%**	(28.3)	**15%**
Operating profit	**48.3**	6.3	**670%**	26.0	**86%**

* at 2010 exchange rates

- Robust recovery in volumes
- Gross margins benefit from effective exchange rates
- Overheads increase due to:
  - Elements of staff remuneration linked to underlying business performance
  - Continued investment in resources to support new application development

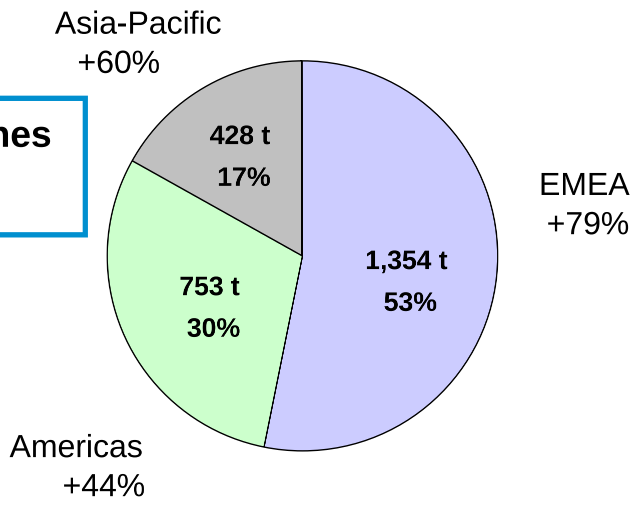
Group End Markets

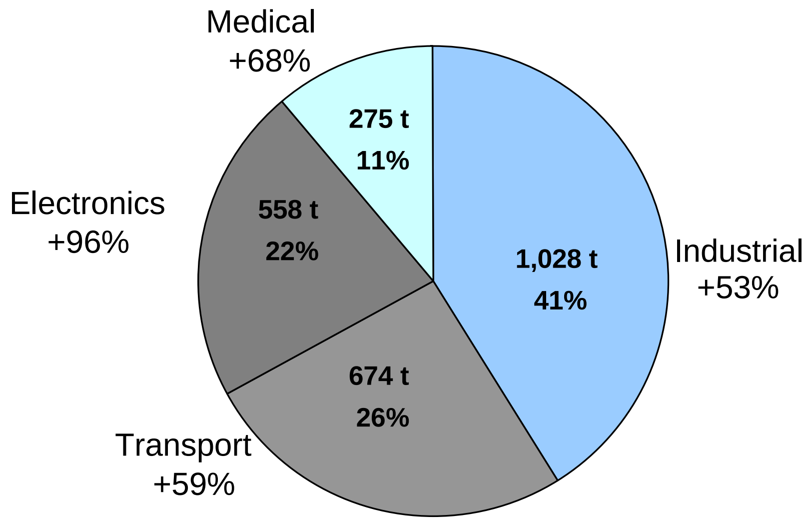
Growth across all geographies and market segments

Geographical Segments | **Market Segments**

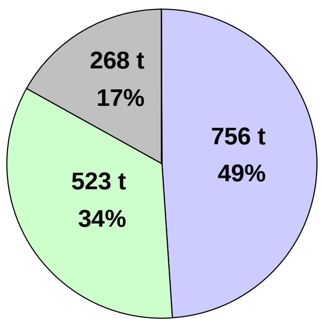
2010: 2,535 tonnes

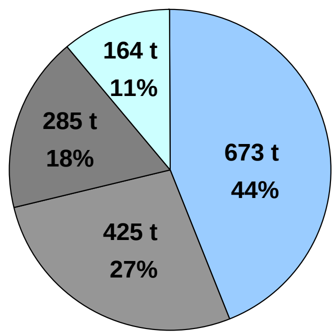
+64%



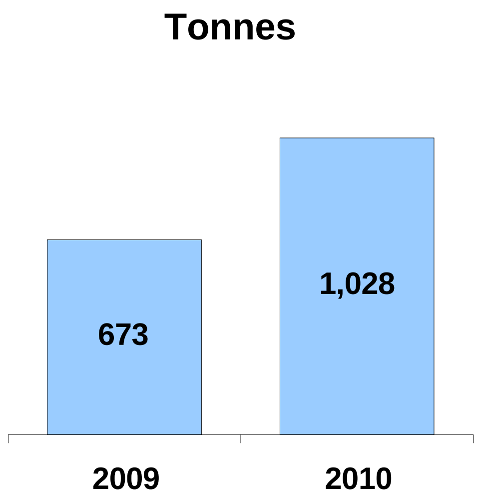


2009: 1,547 tonnes



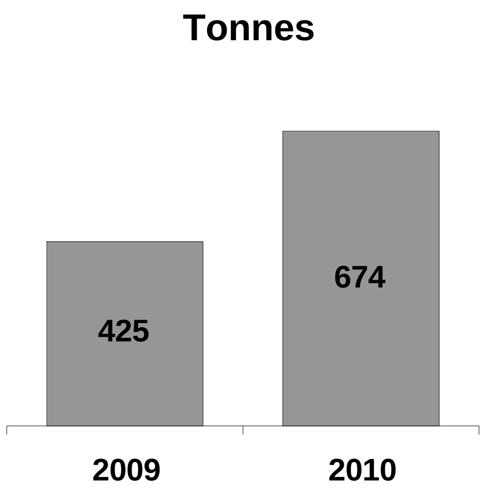


VPS Market Highlights - Industrial



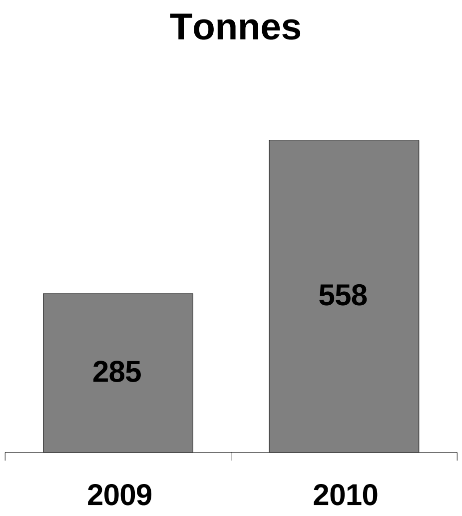
- Volume up 53% on 2009
- Recovered to similar levels to 2008 (1,036 tonnes)
- Strong recovery across all sub markets
- Industrial machinery:
  - Strong growth due to Asia end use demand
- Oil and gas:
  - Investment up due to higher oil and gas demand and stronger fuel prices

VPS Market Highlights - Transport



- Volume up 59% on 2009
- Remains 7% below 2008 high (723 tonnes)
- Automotive:
  - Recovery in vehicle production and sales globally
  - Higher proportion of luxury cars
  - New business driven by fuel efficiency and emissions
- Aerospace:
  - Higher aircraft production levels and new orders
  - Positive trends and forecasts for business and tourism travel
  - New business driven by demands for weight reduction

VPS Market Highlights - Electronics

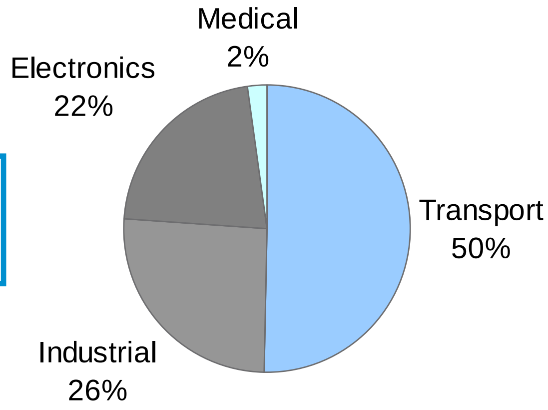


- Volume up 96% on 2009
- Remains 11% below 2008 high (625 tonnes)
- Consumer electronics:
  - Innovation and new product launches continue to drive production
- Semiconductor:
  - Investment activity recovering
  - Forecasts for the industry improving

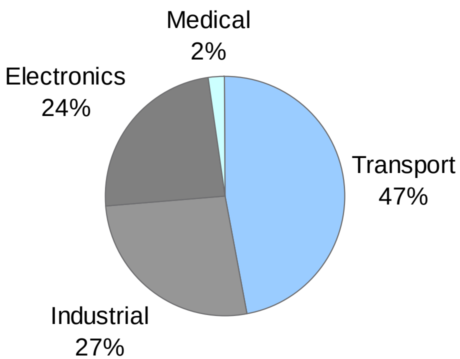
VPS - Development Pipeline

Strong pipeline of applications

Sept 2010:
2,271 tonnes

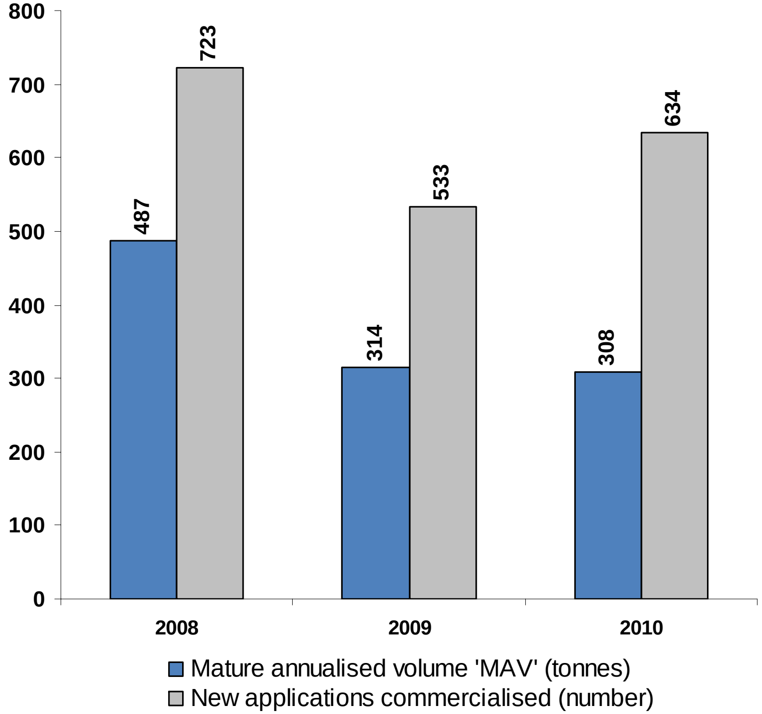


Sept 2009:
1,966 tonnes



- **Pipeline up 16% over 2009**
- **Significant opportunities across all sectors**
  - **particularly transport**

308 tonnes MAV commercialised



- **New business closure maintained**

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VPS - The Future

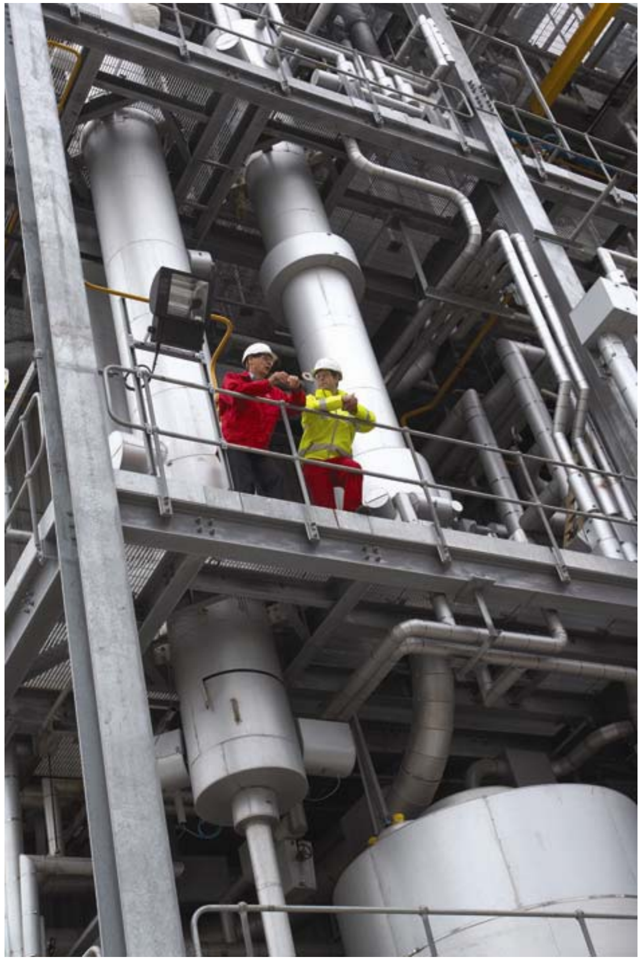
Technical leadership

- Capability and reach
- Customer support and education
- Product enhancement

VPS - The Future

Capacity and infrastructure

- Security of supply
- Optimisation of assets
- Capacity planning



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VPS - The Future

Investment for growth

- Continue to strengthen customer relationships
- Extend global reach
- Focused market development
- Target growth areas

Invibio Biomaterial Solutions

Invibio® Highlights

Record year and continued growth

- Record revenue of £44.2m (up 29% on 2009)
- 53 additional PEEK-OPTIMA® polymer long-term agreements in Americas (18), EMEA (19) and Asia-Pacific (16)
- 350 long-term agreements in total
- Continued growth in key applications (spinal fusion and arthroscopy)
- Regulatory approvals in China (40) and Japan (6) presently, increasing opportunities in new high growth markets
- Focus on new applications

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Invibio Income Statement

Strong financial performance

Year ended 30 September	**2010**	2009	Growth	Underlying 2009 *	Underlying growth *
	£m	£m		£m	
Revenue	**44.2**	34.2	**29%**	38.5	**15%**
Gross profit	**39.7**	30.1	**32%**	34.4	**15%**
Gross margin %	***89.7%***	*88.0%*	*1.7% pts*	*89.3%*	*0.4% pts*
Overheads	**(11.6)**	(10.1)	**15%**	(10.1)	**15%**
Operating profit	**28.1**	20.0	**40%**	24.3	**16%**

* at 2010 exchange rates

- Sales benefit from continued innovation within spinal fusion and arthroscopy
- Gross margins remain stable and strong
- Overhead increase reflects further investment in headcount

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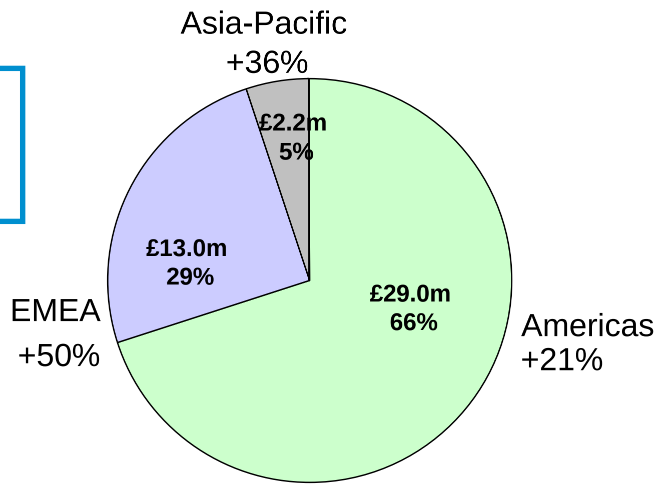
Invibio - Key Markets

Growth in Developing Markets and new regions

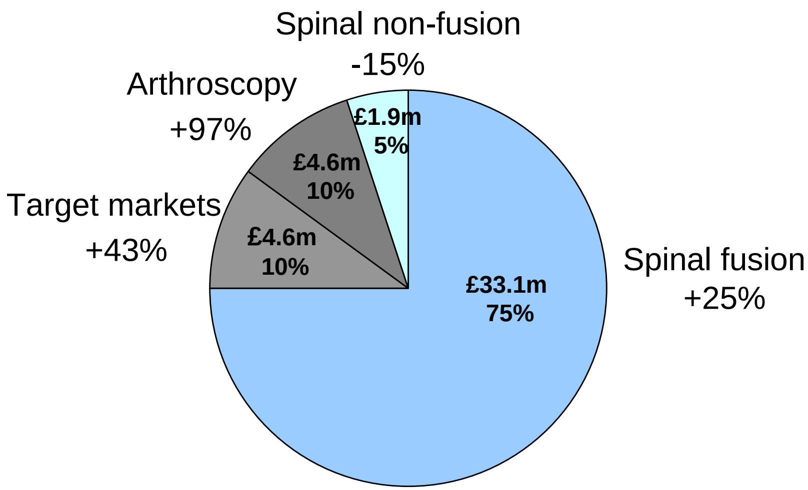
2010: £44.2m

+29%

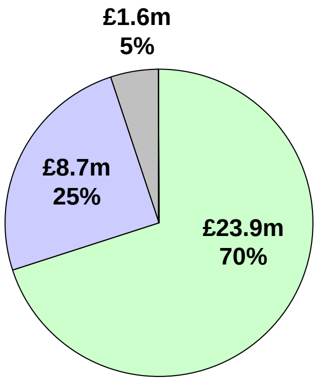
Geographical Segments

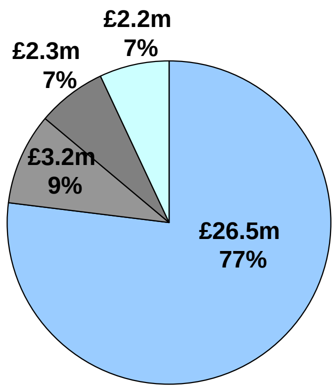


Market Segments



2009: £34.2m





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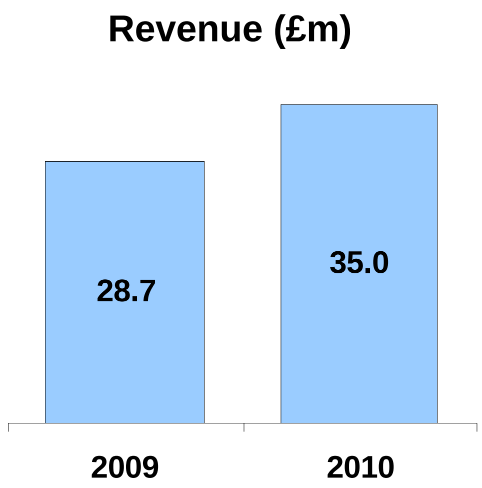
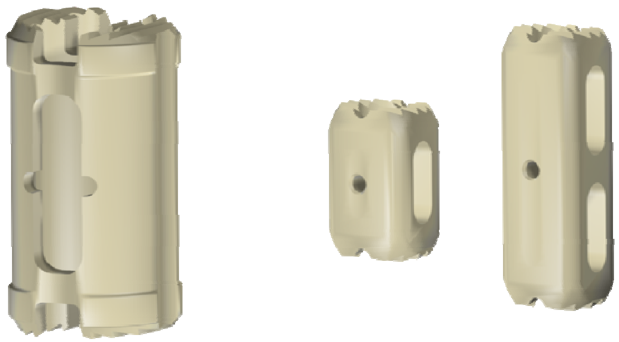
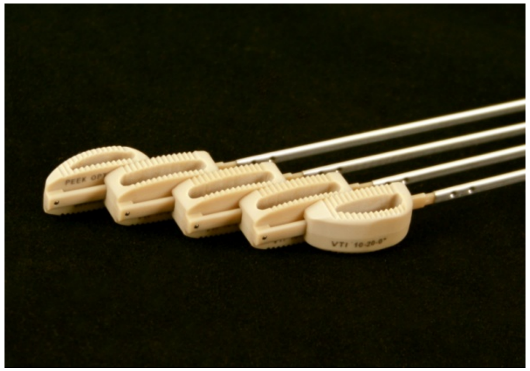
Invibio Market Highlights - Spine

Spine revenue £35.0m (up 22% on 2009)



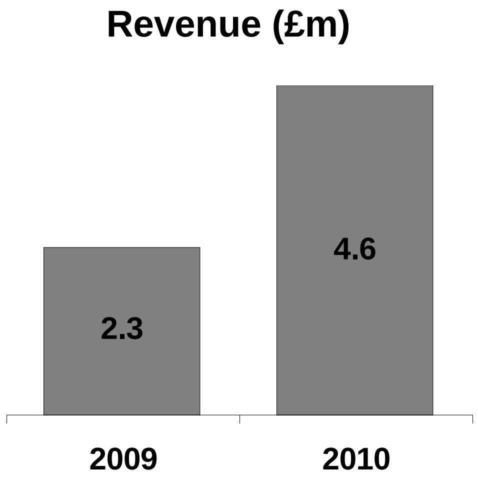
- PEEK-OPTIMA market share growing
  - High market penetration in lumbar (lower) applications
  - Opportunities for further growth in cervical (upper) applications
- Focus on innovation and new product introductions in fusion
  - Minimally invasive approaches
  - Expandable cages
  - Corpectomy (replacement of vertebrae)





Invibio Market Highlights - Arthroscopy

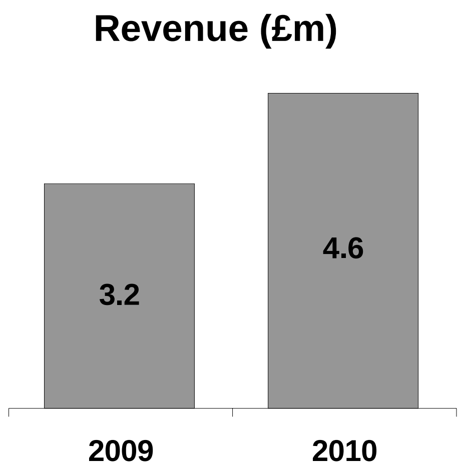
Arthroscopy revenue £4.6m (up 97% on 2009)



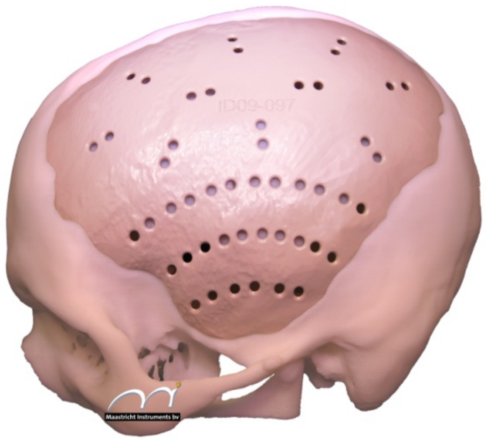
- PEEK-OPTIMA market share growing
- Vast majority of the major arthroscopy device companies are already committed to long-term supply agreements
- Increasingly active aging population will drive increased surgeries
- The benefits of PEEK-OPTIMA in shoulder arthroscopy are starting to transfer into knee arthroscopy

Invibio Market Highlights - Target Markets

Target markets revenue £4.6m (up 42% on 2009)



- Existing use of PEEK-OPTIMA in applications such as CMF, Bariatric (weight management) and Orthopaedics
- US approval for ENDOLIGN® trauma nail (fracture repair) via the shorter term 510(k) approval route
- Aesculap® EnDuro™ knee is the first commercialised product to use PEEK-OPTIMA as a bearing material in revision knee replacement
- Multiple companies now using PEEK-OPTIMA for patient specific cranial devices



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Invibio - Market Environment

US uncertainty; stability and growth elsewhere

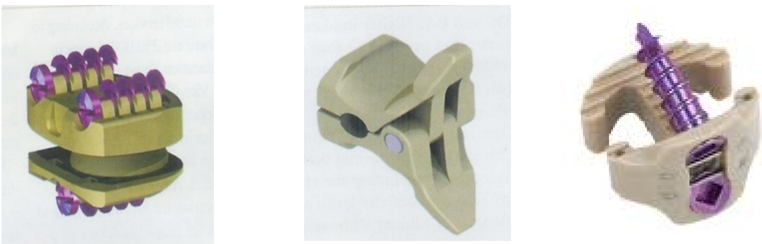
	US	Europe	Asia
Regulatory	Uncertain	Stable	Stable
Reimbursement	Transition	Stable	Stable
Procedural Coverage	Transition	Stable	Growing

- FDA currently reviewing 510(k) process. 10% year on year reduction in medical device approvals in the first 8 months of 2010
- Industry wide challenge from hospital purchasing groups/insurance companies
- First signs of declining rate of growth in the number of US spine procedures
  - May be driven by US unemployment and delays to surgery
- Stability and growth in Asia

Invibio - The Future

Maintain and grow

- Continued focus in Spine – market share growth and innovation
- Increase the number of customers using PEEK-OPTIMA in established applications in Developing Markets
- Continue focus on emerging geographies



Spine Innovation

Arthroscopy Growth

Invibio - The Future

More than materials

Better understand clinical need and grow existing surgeon interaction

Demonstrate pre-clinical potential by investing in device specific testing

Partner with customers to overcome regulatory challenges

Accelerate device development and increase value via advanced prototyping

Group Outlook

The growth story continues

- Competition
- Current trading
- The future

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