



AN **INNOVATIVE**
WORLD LEADER IN HIGH
PERFORMANCE POLYMER
SOLUTIONS

We bring **transformational & sustainable**
solutions which address world material
challenges every day

VICTREX PLC
INTERIM RESULTS
9 MAY 2022

EXECUTIVE DIRECTORS



Jakob Sigurdsson
Chief Executive Officer



Richard Armitage
Chief Financial Officer



Martin Court
Chief Commercial
Officer

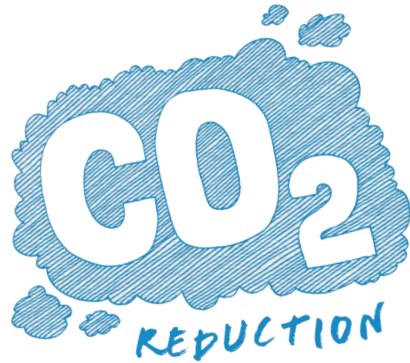


ENVIRONMENT

ACHIEVE NET ZERO CARBON EMISSIONS

Minimise use of resources (energy, waste, water) used in our own operations

2021: 28,454 tonnes
2030: Net Zero (Scope 1 & 2 emissions)



GOVERNANCE

ESG Centre of Excellence

- Increase disclosures and reporting
- Signed up to SBTi Targets
- New Board Corporate Responsibility Committee



WE BRING TRANSFORMATIONAL & SUSTAINABLE SOLUTIONS THAT ADDRESS WORLD MATERIAL CHALLENGES EVERY DAY

SUSTAINABLE SOLUTIONS

BRING ENVIRONMENTAL & SOCIETAL BENEFITS



Develop and deliver sustainable polymer solutions that provide environmental and societal benefits evidenced by data

2021: 50% revenue
2030: 70% revenue

SOCIAL

HAVE A POSITIVE IMPACT ON THE COMMUNITIES WHERE WE WORK



STEM INSPIRATION

Science, Technology, Engineering & Maths

Inspire the next generation: increase annual contacts reached

2021: 1,600
Goal: 2,500



COMMUNITY ACTIVITY

Maintain strong community engagement (cumulative hours target)

2021: 3,500
2030: 10,000



FEMALES IN LEADERSHIP (top two grades)

Enhance inclusion & diversity

2021: 10%
2030: 40%

SAFETY, HEALTH & WELLBEING

Achieve a Zero accident & Zero incident culture

Recordable Frequency Injury Rate

Current: 0.7
Goal: Zero

H1 2022 HIGHLIGHTS



GOOD PROGRESS WITH ESG

- 100% renewable electricity across all UK sites
- Victrex joins Apple Clean Energy Supplier programme
- New Corporate Responsibility Committee established

¹ Alternative performance measures are defined in the Appendix on slide 29
*Available cash of £41.9m excludes £3.8m of cash ring-fenced in the Group's Chinese subsidiaries and includes £0.1m in 95-day notice deposit accounts

- **STRONG FIRST HALF, VOLUMES +8%**
 - Double-digit growth in Electronics, Energy & Industrial, VAR
 - Recent improvement in Automotive, despite Semiconductor chip challenges
 - Medical revenue +12% as elective surgeries return
 - 6% increase in new application growth pipeline
- **UNDERLYING PBT UP 3% & 10% IN CONSTANT CURRENCY**
 - Underlying profit before tax (PBT) up 3% at £48.2m
 - Reported PBT down 6% reflecting £4.6m exceptional items (expensed ERP software implementation)
 - Gross margin broadly stable (improvement impacted by inflation & FX)
- **GOOD PROGRESS IN MEGA-PROGRAMME GROWTH PIPELINE**
 - Strong progress in PEEK Knee clinical trial, 15 implants & recruitment at halfway stage
 - New business wins for next generation E-mobility programme
 - Good progress in Magma; supporting scale-up in Brazil
- **STRONG CASH GENERATION**
 - H1 2022 available cash¹ of £41.9m*, H1 dividend of 13.42p/share
 - Good progress on new PEEK facility in China; commissioning in 2022

SUMMARY: STRONG CORE GROWTH & CONTINUING ACTION TO MITIGATE INFLATION

- Operational improvements offset inflation in H1
- Additional price recovery well advanced for H2

STRONG CORE GROWTH

- H1 2022 volumes +8% at 2,264 tonnes
- Revenue +6%
- Underlying PBT +3% at £48.2m

Half year (6 months) ended 31 March

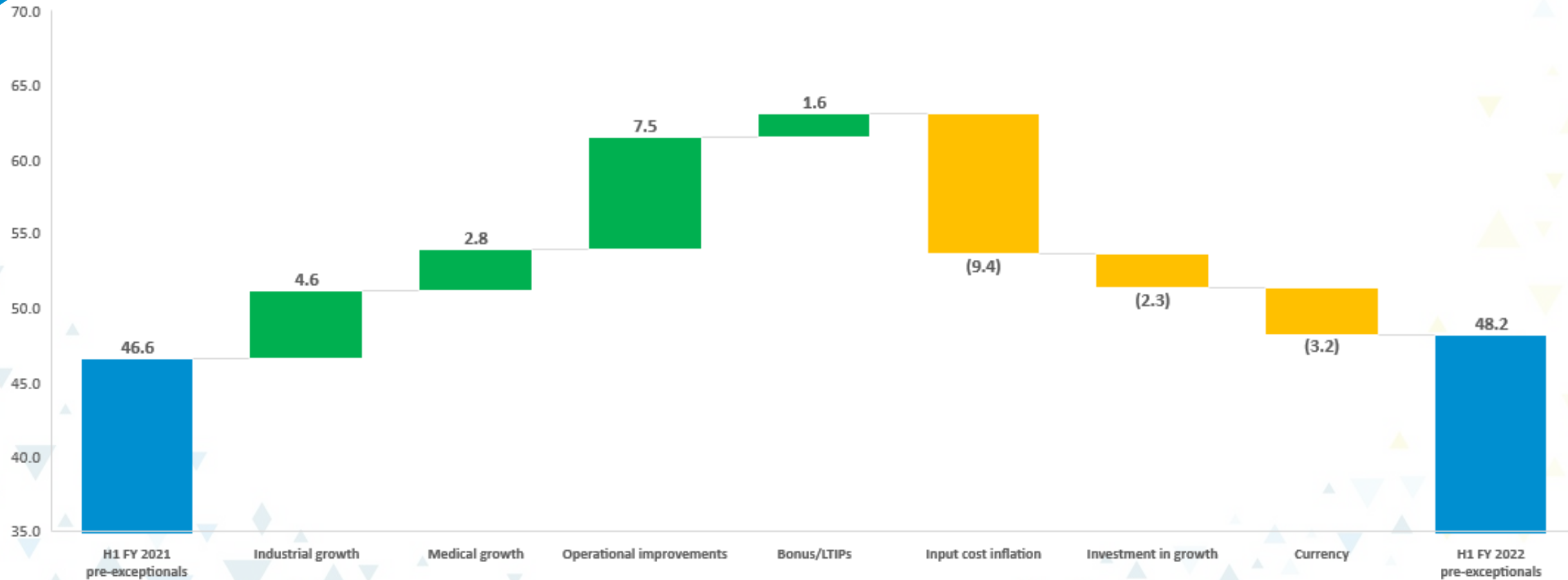
	H1 2022 £m	H1 2021 £m	Change %	Change (constant currency) ¹ %
Revenue	160.1	150.9	6%	9%
Gains on foreign currency net hedging*	1.7	0.5	238%	
Gross profit	85.0	81.4	4%	8%
Gross margin %	53.1%	53.9%	-80bps	
Overheads**	(36.4)	(34.4)	-6%	
Exceptionals	(4.6)	-	-	
Finance income less share of associate	(0.4)	(0.4)	-	
Profit before tax and exceptionals	48.2	46.6	3%	
Profit before tax	43.6	46.6	-6%	-1%
Adjusted earnings per share ¹	47.8p	46.9p	2%	
Earnings per share	43.5p	46.9p	-7%	
Dividend per share	13.42p	13.42p		

* Gains or Losses on foreign currency contracts, when net hedging is applied on cash flow hedges, are disclosed separately within gross margin.

**Excluding exceptional items of £4.6m (H1 2021: £nil)

UNDERLYING PBT BRIDGE

H1 2021 v H1 2022

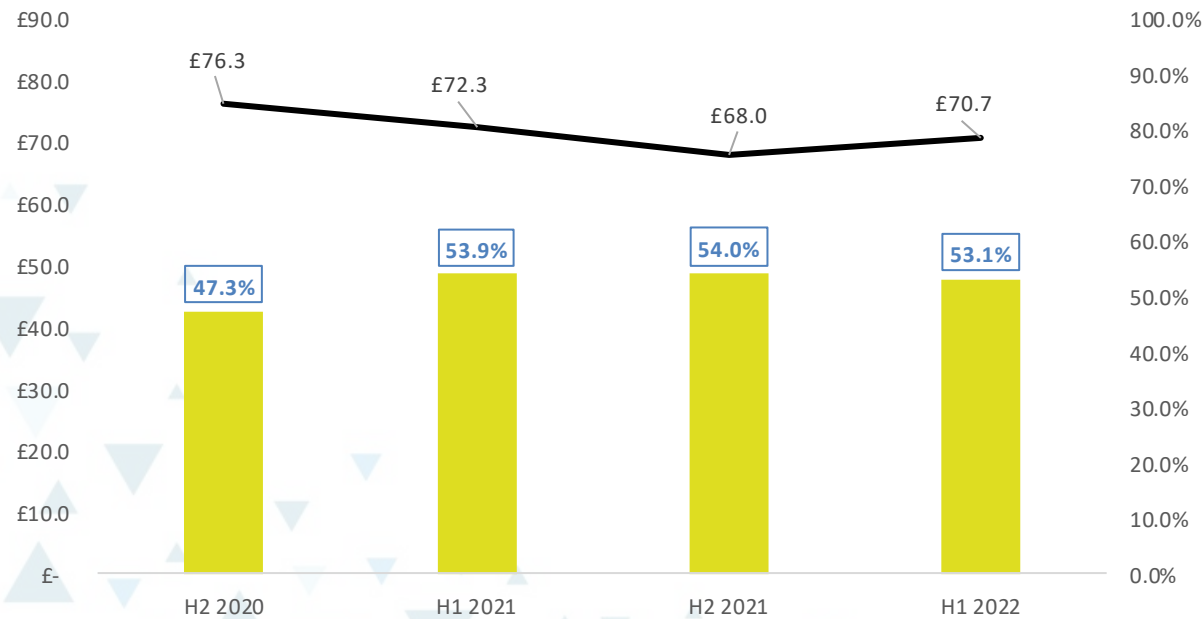


SOLID UNDERLYING PBT GROWTH & IMPROVING OPERATING EFFICIENCIES

ASP & MARGIN

£/kg Average
selling price (ASP)

Gross margin
(GM) %



SEQUENTIAL ASP IMPROVEMENT AT £71/kg (H2 2021: £68/kg)

- *H1 2022 ASP up 4% sequentially*
- *ASP reflects continued strong growth in Industrial; improvement in Medical*

GM IMPROVEMENT OFFSET BY COST INFLATION

- *H1 2022 GM 53.1% (improvement towards mid-term target, excluding cost inflation & FX)*

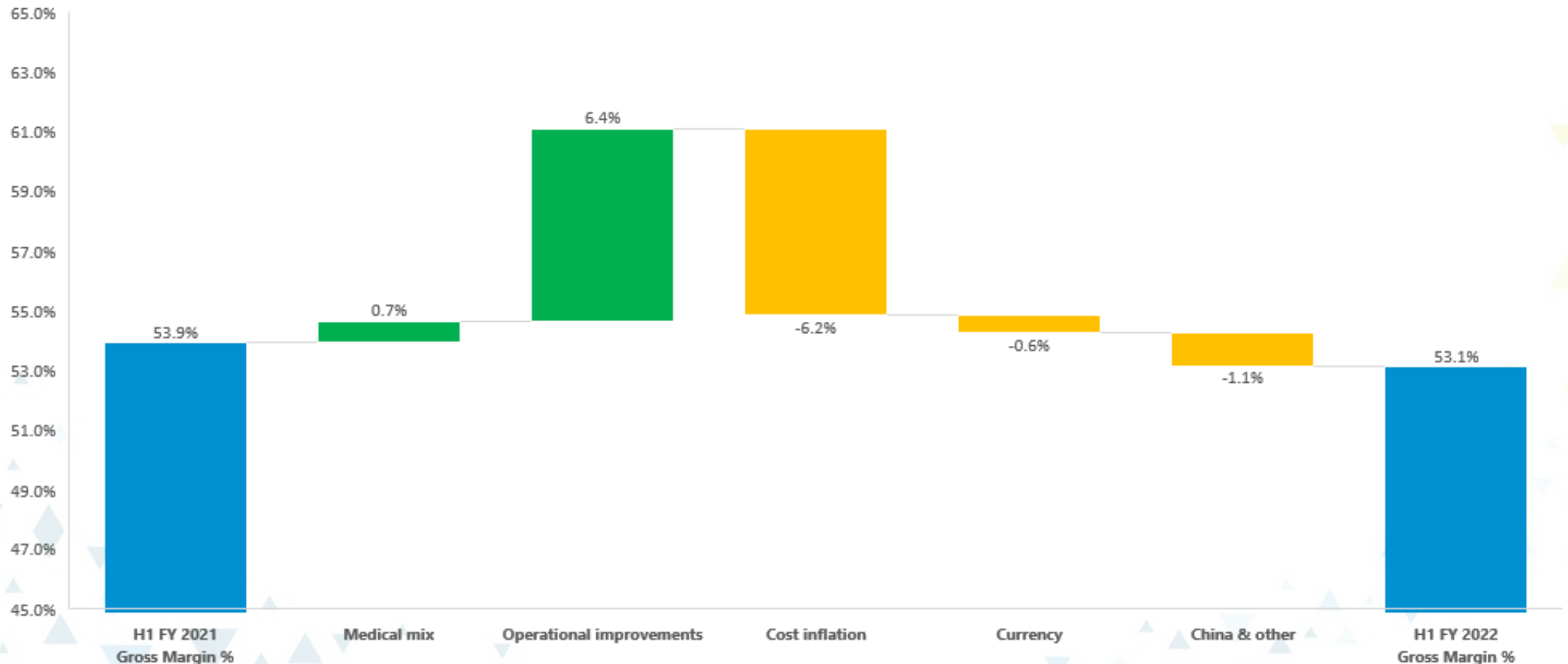
IMPROVED SALES MIX (SEQUENTIALLY); GM IMPROVEMENT OFFSET BY FX & COST HEADWINDS

MARGIN BRIDGE & MARGIN RECOVERY

DRIVERS OF MARGIN RECOVERY

Operational efficiency & asset utilisation; sales mix; China commercialisation

Investment in green energy/alternative fuels & processes



OPERATIONAL IMPROVEMENTS DRIVING GM RECOVERY (OFFSET BY COST INFLATION)

CURRENCY

Sizeable FY22
headwind...

	H1 2022				H1 2021		Change
	Reported	Exc deals	Currency Spot Impact	Constant currency ¹	As reported	Exc Deals	Constant currency ¹
	£m	£m	£m	£m	£m	£m	£m
Revenue	160.1	160.1	3.8	163.8	150.9	150.9	9%
Gain on foreign currency net hedging	1.7	-	-	-	0.5	-	
Gross profit	85.0	83.4	4.0	87.4	81.4	80.9	8%
Gross margin %	53.1%	52.1%	-	53.4%	53.9%	53.6%	
Profit before tax	43.6	41.9	3.9	45.9	46.6	46.1	0%

Exchange rates	H1 2021 ²	H2 2021 ²	FY 2021 ²	H1 2022 ²	H2 2022 ²	FY 2022 ²	Exchange rate sensitivity ³
\$/£	1.31	1.29	1.28	1.37	1.38	1.32	£4.9m
€/£	1.14	1.14	1.14	1.14	1.17	1.19	£5.8m

¹ Alternative performance measures are defined in the Appendix on slide 29

² Effective rates (includes the impact of hedging)

³ Management estimate of impact on 2022 full year forecast PBT from a 5% movement in weighted average spot exchange rates (before the impact of hedging)

FY 2022 CURRENCY HEADWIND NOW c£6m-8m at PBT; FY 2023 HEADWIND c£1M

CHINA

Progressing towards full
mechanical completion
& commissioning
(H2 2022)



**1.4M PROJECT HOURS TO DATE
900,000 HOURS SINCE LAST SAFETY EVENT**



NEW PEEK FACILITY: INVESTING TO DRIVE INCREMENTAL GROWTH IN CHINA

CASH

Solid cash generation...

	H1 2022	H1 2021
	£m	£m
Operating profit before tax & exceptionals	48.6	47.0
Depreciation & amortisation	10.9	10.5
EBITDA	59.5	57.5
Change in working capital	(21.9)	4.2
Capital expenditure	(26.7)	(16.5)
Operating cash flow	10.9	45.2
Operating cash conversion	22.4%	96.2%
Interest	0.1	(0.0)
Tax	(5.6)	(0.9)
Exceptional costs	(4.6)	-
Other	4.2	(2.6)
Free cash flow	5.0	41.7
Acquisitions	(1.4)	(2.0)
Disposals	4.5	-
Borrowings	9.3	5.9
Dividends	(83.5)	(40.0)
Other	36.5	2.0
Cash flow	(29.6)	7.6
Exchange differences	0.4	(1.1)
Cash at 1st October	74.9	73.1
Cash at 31st March	45.7	79.6

UNDERPIN GROWTH & RETURNS

- *Strong cash generation supports investment for growth*
- *Good mid-term dividend return opportunities*
- *H1 dividend 13.42p/share*

A woman with long, wavy brown hair, wearing a dark blue business suit over a light blue shirt, is standing next to a white electric vehicle. She is looking down at a charging station or control panel on the side of the car. The background is a blurred city street with buildings and other vehicles. A blue triangular graphic is overlaid in the bottom right corner, containing the text "H1 2022 PERFORMANCE UPDATE" in yellow.

H1 2022 PERFORMANCE UPDATE

INDUSTRIAL UPDATE

CORE APPLICATION GROWTH PIPELINE +6%

**Mature Annualised
Revenue (MAR¹) £303m**
(H1 2021: £285m)



AUTOMOTIVE: RECENT IMPROVEMENT SUPPORTS GROWTH FOCUS

- H1 2022 Automotive down 8% (sequential improvement +13% Q2 vs Q1); impacted by Semicon
- New business wins in E-mobility; further progress in PEEK Gears



AEROSPACE: STEADY IMPROVEMENT; LONG TERM OPPORTUNITIES

- H1 2022 Aerospace +4%
- Long term programmes remain robust: Loaded Brackets & Aero Structures
- Further industry collaborations for composite programmes



ENERGY & INDUSTRIAL: CONTINUED STRONG GROWTH

- H1 2022 Energy & Industrial +14% (Energy +23%)
- Good progress in Food, Robotics, General Manufacturing



ELECTRONICS: FURTHER PROGRESS

- H1 2022 Electronics +8%; growth in Semicon and mobile applications

VALUE ADDED RESELLERS (VAR)

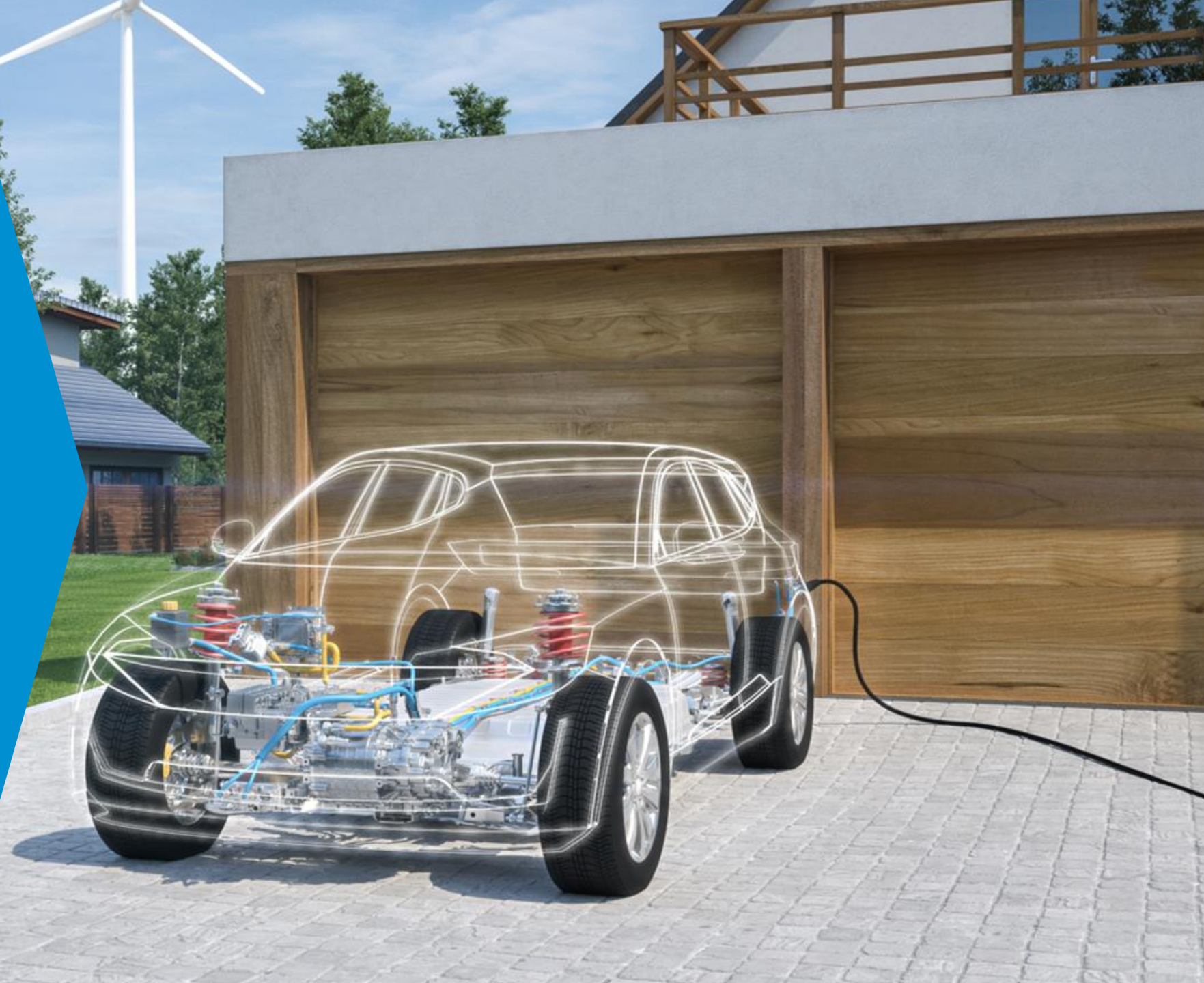
- H1 2022 volumes +14% despite strong comparators; further opportunity in H2

E-MOBILITY

New business wins

COMMERCIAL PROGRESS WITH VICTREX XPI™ POLYMER

- Broad portfolio of development programmes (Asia, Europe, US)
- New business wins across insulation & coating applications
- PEEK processability offers strong ESG credentials (vs enamel)



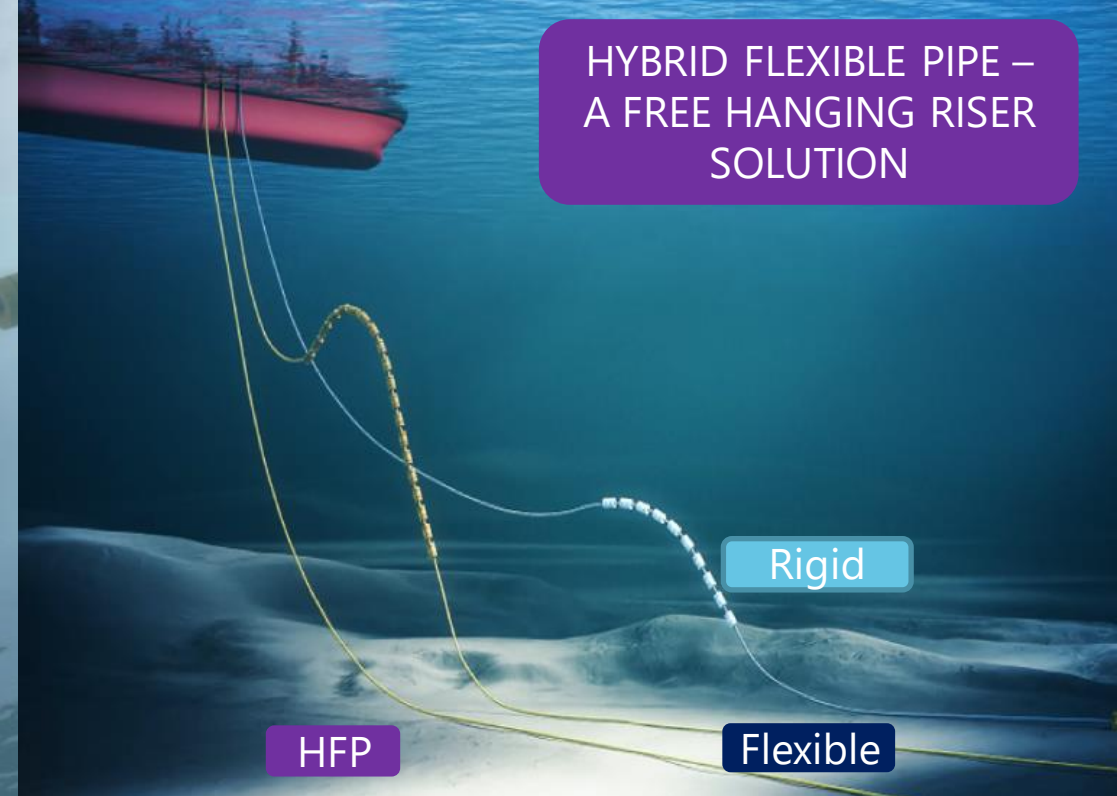
MAGMA

Supporting
scale-up for
TechnipFMC
(new facility in Brazil)

HYBRID FLEXIBLE PIPE (HFP)

- 50% lighter than steel flexibles
- Reduced carbon footprint
- “Most cost effective riser solution” in Brazil deep water opportunities
- Support & services agreement with TFM

HYBRID FLEXIBLE PIPE –
A FREE HANGING RISER
SOLUTION



SUPPORT QUALIFICATION AHEAD OF
TECHNIP FMC CAPEX / SCALE-UP IN BRAZIL (2022/2023)

MEDICAL UPDATE



H1 2022 REVENUE +12% TO £27.8m

- Growth in all regions
- Spine +1%, offset by Omicron impact
- Strong progress on Knee & Trauma

GOOD PROGRESS IN NON-SPINE; +25%

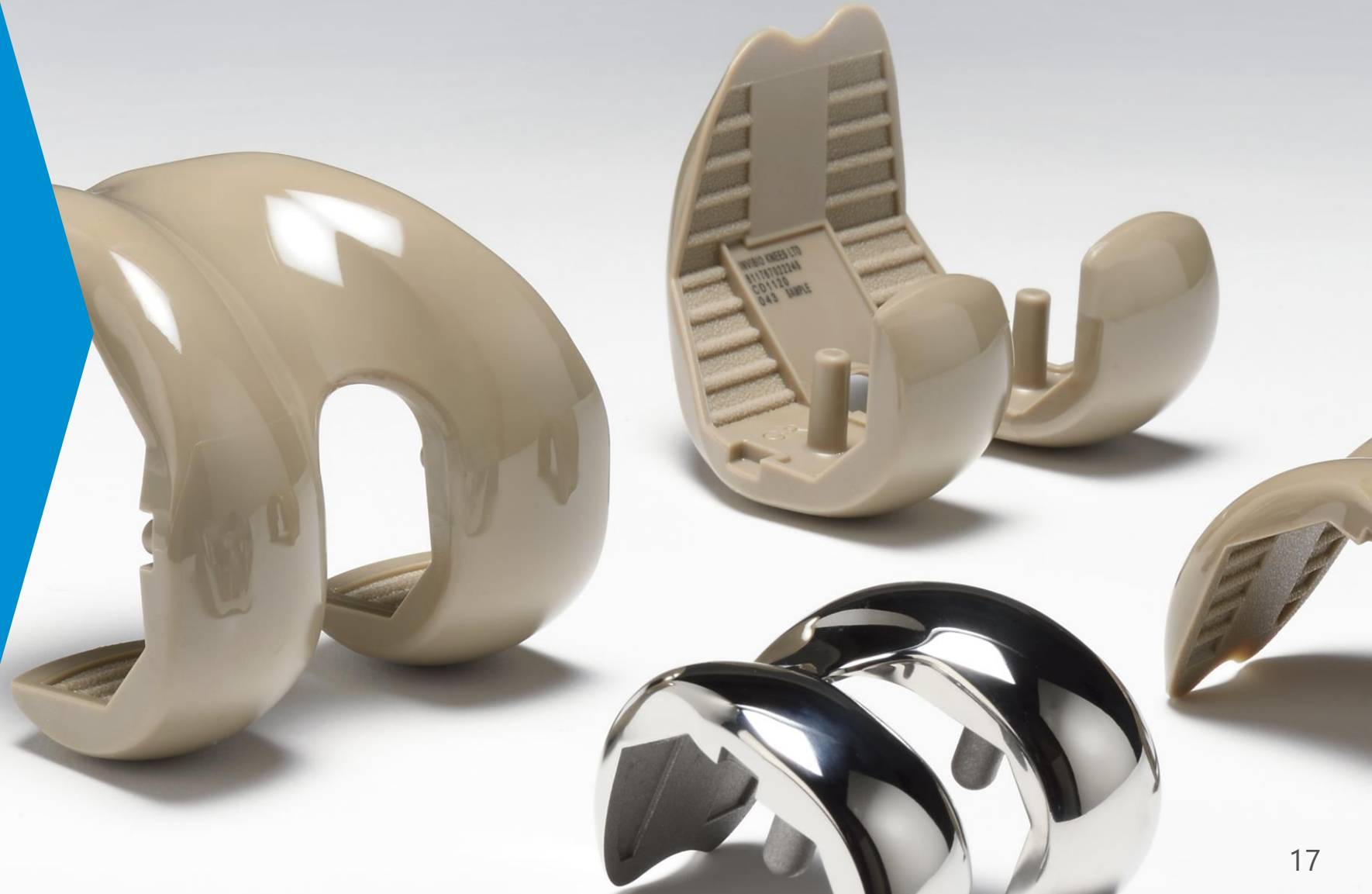
- Growth across all segments: Trauma, Dental, Cardio, Ortho
- H2 2022 launches for Trauma & In2Bones partnership
- Good growth in Cardio

PEEK KNEE

Halfway through clinical trial
recruitment

STRONG PROGRESS TO DATE

- 15 patients implanted
- 3 patients post-12 month stage
- US clinical trial targeted in H2 2022
- Closing in on additional partner
(top 5 orthopaedic company)



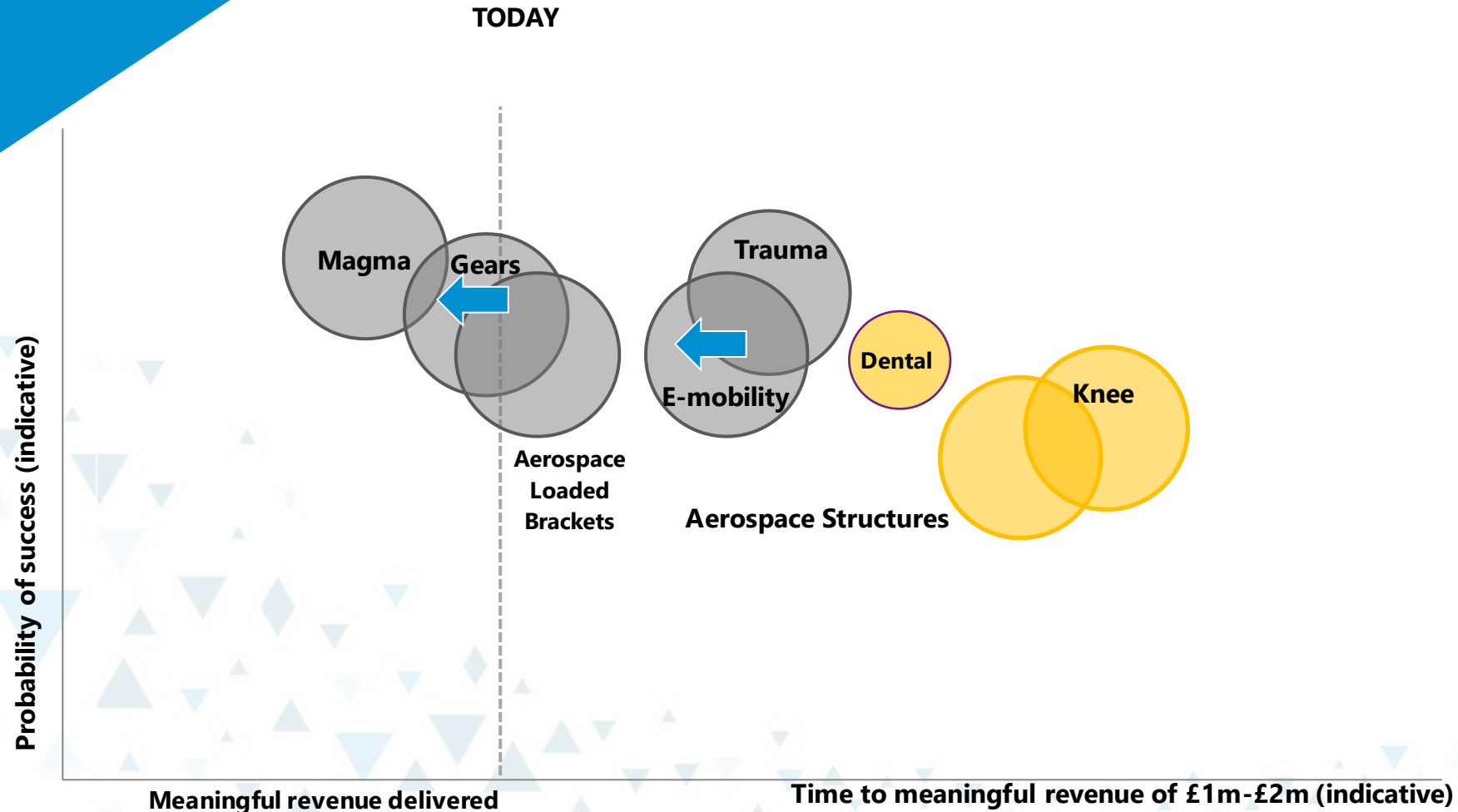
MEGA-PROGRAMMES

Strong growth pipeline...

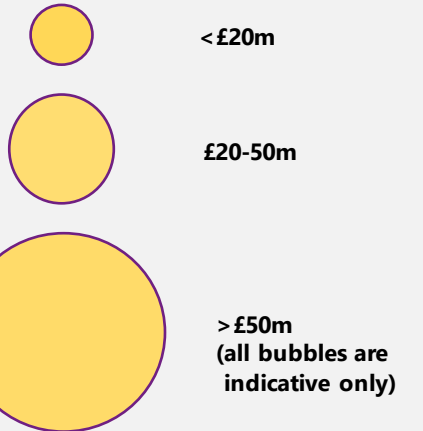
E-mobility:
Gears:

KEY CHANGES:

Revenue progression
Revenue progression



Size of bubble
= potential annual revenue in peak year
(all bubbles are indicative only)



Position and colour of bubble
= time to meaningful revenue:



VICTREX PATH TO NET ZERO

Our Net Zero ambition is centred on reducing climate impacts **from our own operations**

A **Bold** 2030 Vision

Our net zero goal by 2030 was set in 2020 and is significant and ambitious. It intentionally focuses and invests to help reduce our carbon footprint

✓ 100% Global renewable electricity by 2024

✓ Continuously improve emission & waste reductions

✓ Multi-fuel & green backed combustion processes

✓ Carbon abatement opportunities

Fulfilling our goals

Any minority, remaining balance will be from validated, ethical sources

✓ Ethical Carbon offsetting

TRAJECTORY OF EMISSIONS WITHOUT INTERVENTION

— Total emissions
..... Scope 1 emissions
- - - Scope 2 emissions

✓ NET ZERO

2015

2020

2023

2025

2030

END-MARKET OUTLOOK

H2 2022*



ELECTRONICS



ENERGY & INDUSTRIAL



MEDICAL



AEROSPACE



AUTOMOTIVE



KEY

OPTIMISTIC



NEUTRAL



CAUTIOUS



* Indicative outlook for our end-markets for H2 2022

SUMMARY & OUTLOOK

FOR H2 2022

- **ANTICIPATED VOLUME IMPROVEMENT (vs H1)**
- **MITIGATION PLANS FOR ADDITIONAL INFLATION**
- **REMAIN FOCUSED ON YEAR-ON-YEAR GROWTH**
- **LONG TERM OPPORTUNITIES REMAIN STRONG**
- **STRONG & GROWING ESG CREDENTIALS**





APPENDIX

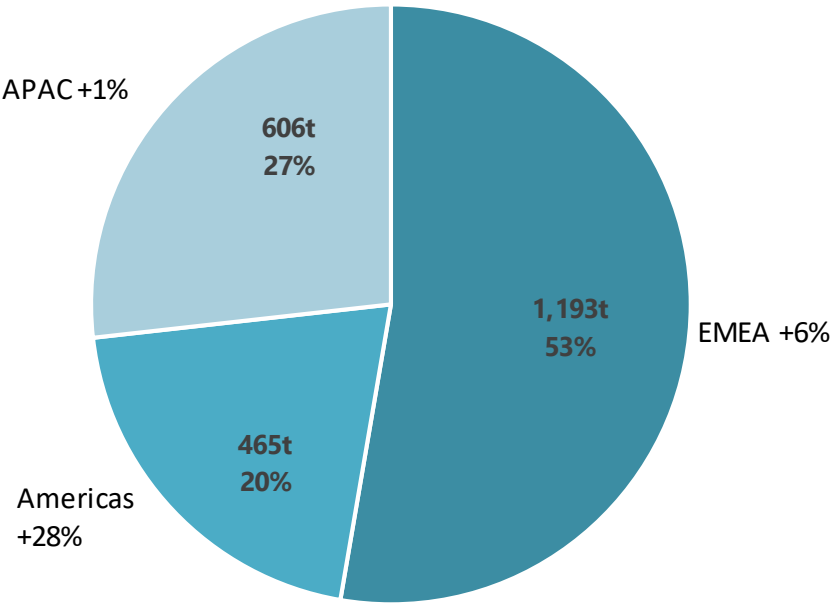
PIPELINE MILESTONES

PROGRAMME	REVENUE STATUS	H1 2022 MILESTONES	FY 2022 FOCUS
MAGMA	Meaningful (£1m-£2m)	<ul style="list-style-type: none"> • TechnipFMC acquisition for Brazil scale up • Support for qualification programme 	<ul style="list-style-type: none"> • 6 inch qualification pipe • Support for Brazil capex/scale up
AERO BRACKETS	Meaningful (£1m-£2m)	<ul style="list-style-type: none"> • Application pipeline progression 	<ul style="list-style-type: none"> • <u>Progress revenue beyond £2m</u> • Further develop eVTOL opportunities
GEARS	Meaningful (£1m-£2m)	<ul style="list-style-type: none"> • Further revenue growth • Strong portfolio of programmes 	<ul style="list-style-type: none"> • <u>Progress revenue beyond £2m</u> • Commercialise development agreements (existing & new)
DENTAL	< £1m	<ul style="list-style-type: none"> • Revenue growth 	<ul style="list-style-type: none"> • Leverage clinical data (5 year data) • Continue to explore adoption via OEM partners
TRAUMA	< £1m	<ul style="list-style-type: none"> • Preparations for In2Bones launch • Asia opportunities progressed 	<ul style="list-style-type: none"> • Multiple plate launches (US & Asia) • First OEM deployment • Manufacturing collaboration
AERO STRUCTURES	< £1m	<ul style="list-style-type: none"> • Prototype revenues progressing • Expanded OEM collaborations 	<ul style="list-style-type: none"> • Support Clean Sky2 assembly prototypes • <u>Achieve meaningful revenue (prototype revenue)</u>
KNEE	n/a	<ul style="list-style-type: none"> • 15 implants, 3 post 12 month stage • Closing in on additional development partner (top 5 orthopaedic company) 	<ul style="list-style-type: none"> • Further implants on clinical trial • Build capability ahead of commercialisation
E-MOBILITY	< £1m	<ul style="list-style-type: none"> • New business wins • Further increase in development programmes 	<ul style="list-style-type: none"> • Wire coating OEM launch • Close on meaningful revenues

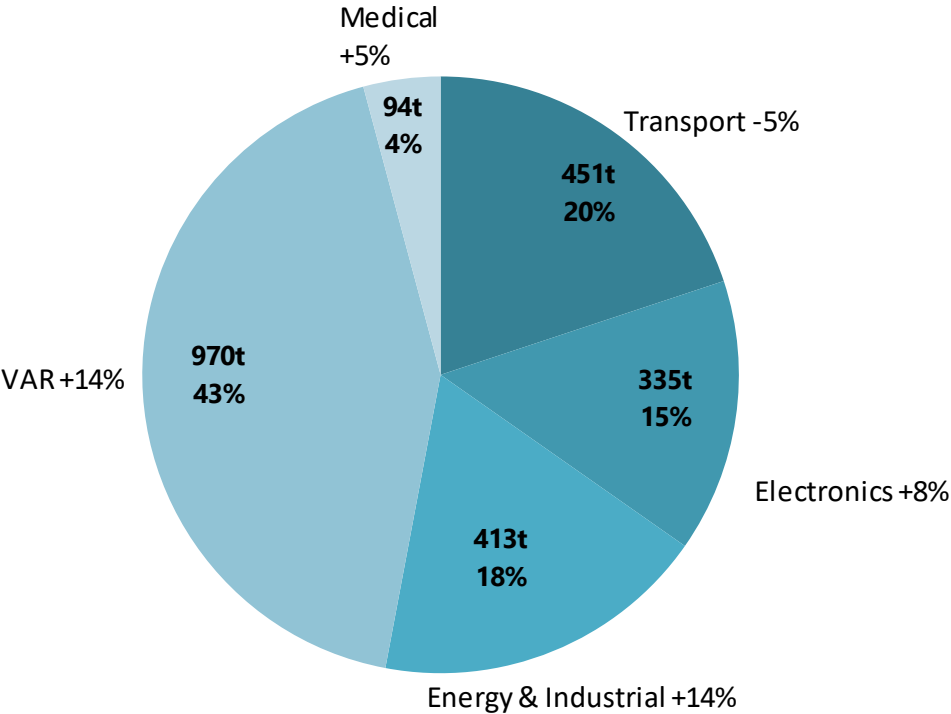
GROUP END MARKETS

H1 2022: 2,264 tonnes
H1 2021: 2,087 tonnes

Volume by Region



Volume by Industry



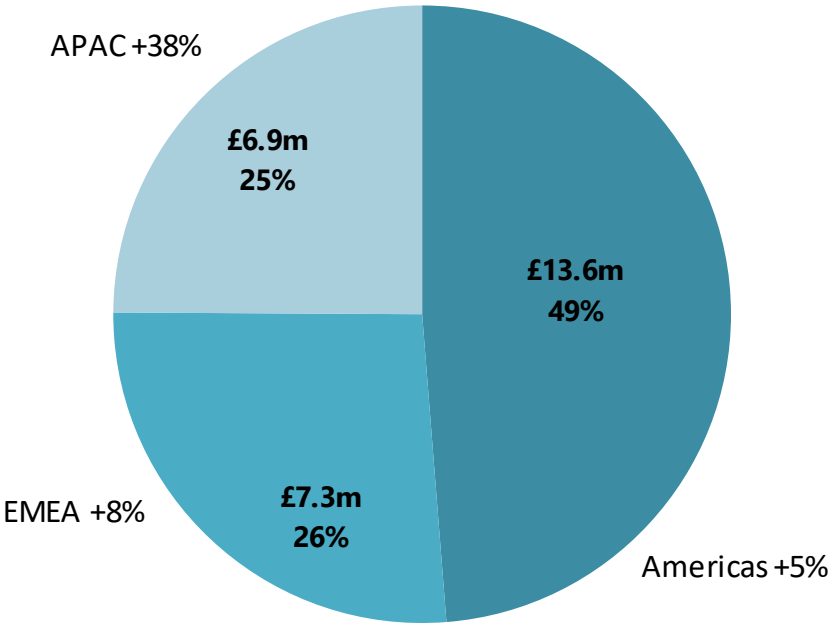
* Medical volume reflects both non-implantable and implantable volumes

MEDICAL: KEY MARKETS

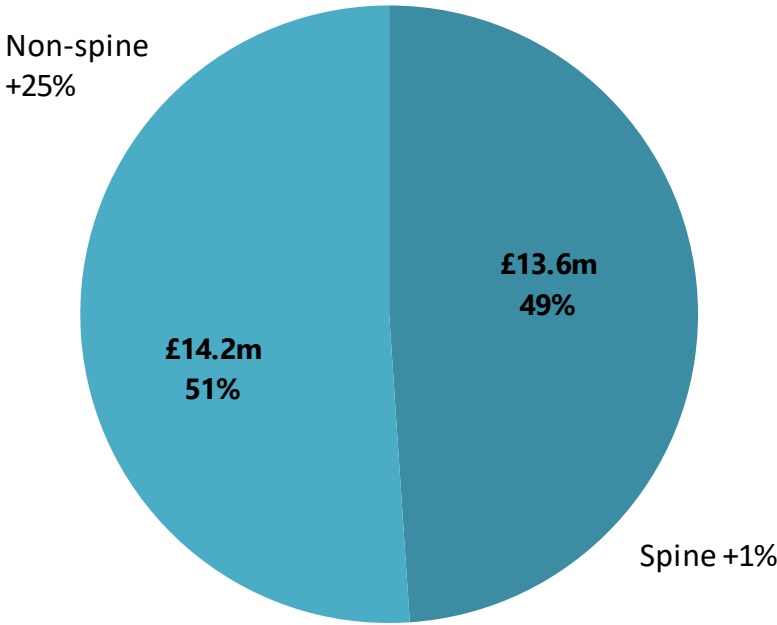
H1 2022: £27.8m

H1 2021: £24.9m

Revenue by Region (live FX)



Revenue by Market (live FX)



BUSINESS UNIT INCOME STATEMENTS

	H1 2022				H1 2021		
	Reported	Exc deals	Currency Spot Impact	Constant currency ¹	As reported	Exc Deals	Constant currency ¹
	£m	£m	£m	£m	£m	£m	£m
Industrial							
Revenue	132.3	132.3	3.6	135.9	126.0	126.0	8%
Loss on foreign currency net hedging	1.6	-	-	-	0.2	-	-
Gross profit *	61.0	59.3	4.0	63.2	59.5	59.3	6%
Gross margin %	46.1%			46.5%	47.2%		
Medical							
Revenue	27.8	27.8	0.1	27.9	24.9	24.9	12%
Loss on foreign currency net hedging	0.1	-	-	-	0.3	-	-
Gross profit *	24.1	24.1	0.1	24.2	21.9	21.6	12%
Gross margin %	86.6%			88.1%	85.8%		

¹ Alternative performance measures are defined in the Appendix on slide 29

BALANCE SHEET

	H1 2022	H1 2021
	£m	£m
PPE and intangible assets	345.0	307.3
Financial assets held at FVTPL* and Investment in Associates	19.8	21.9
Inventories	79.9	81.0
Cash**	45.8	79.6
Trade receivables and other assets	78.9	62.6
Retirement benefit asset	15.8	6.2
Borrowings***	(15.6)	(5.5)
Lease liabilities	(9.0)	(8.9)
Trade payables and other liabilities	(90.0)	(60.0)
Equity shareholders' funds	470.6	484.2

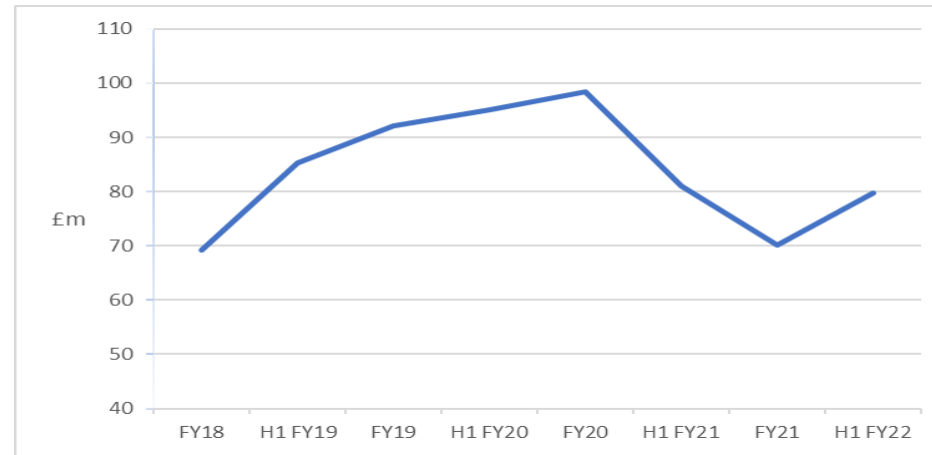
* Financial assets held at fair value through profit and loss ("FVTPL")

** Includes £3.8m of cash is ring-fenced in the China subsidiary

*** Borrowings comprises £9.4m bank borrowings in China related to the funding of the PVYX plant (H1 2021: nil) plus £6.2m (H1 2021: £5.5m) related to the loan from the PVYX non-controlling interest

INVENTORY

Rebuild of raw material inventory...



- **H1 2022 INVENTORY £80m REFLECTING RAW MATERIAL REBUILD**
 - *Maintain short-term inventories c£70-£80m to reflect raw materials, supply chain uncertainties & customer service levels*
- **STRONG SERVICE LEVELS FOR CUSTOMERS**
 - *OTIF (On time in full) >90% in FY 2022 YTD*

DEFINITIONS

ALTERNATIVE PERFORMANCE MEASURES:

- 1) Constant currency metrics are reached by applying current year (FY 2022) weighted average spot rates to prior year (FY 2021) transactions. Gains and losses on foreign currency net hedging, are shown separately in the Income Statement and are excluded from the constant currency calculation;
- 2) Underlying PBT is profit before exceptional items and tax;
- 3) Operating cash conversion is operating profit before exceptional items adjusted for depreciation and amortisation, working capital and capital expenditure / operating profit before exceptional items;
- 4) Available cash is cash and cash equivalents plus other financial assets (cash invested in term deposits greater than three months in duration) less cash ring-fenced in the Group's Chinese subsidiaries which is committed to capital investment or additional capability and therefore not available to the wider group;
- 5) Total overheads is operating overheads made up of sales, marketing and administrative expenses before exceptional items;
- 6) Underlying EPS is earnings per share based on profit after tax but before exceptional items divided by the weighted average number of shares in issue; and
- 7) Mature Annualised Revenue is a measure of new application targets within our core business (excluding mega - programmes) and would be realised only if all targets convert to commercial revenues.

#1 PEEK EXPERTS

First to commercialise PEEK, with unmatched knowledge and experience



INFORMATION & CONTACTS

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AEROSPACE



ELECTRONICS



ENERGY &
INDUSTRIAL



MEDICAL



AUTOMOTIVE

POLYMER MANUFACTURING

Delivering the key PEEK & PAEK materials with No.1 manufacturing capacity of 7,150 tonnes

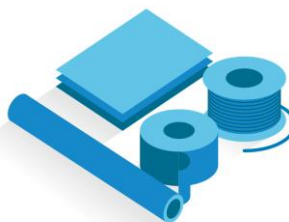


DIFFERENTIATE THROUGH INNOVATION TO CREATE NEW MARKETS



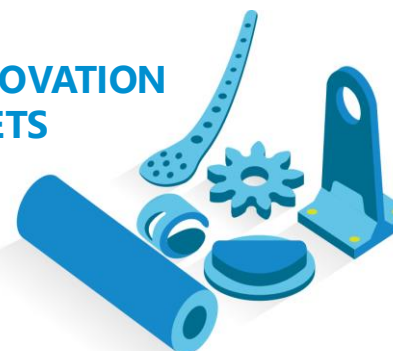
POLYMER

Producing new grades including for Additive Manufacturing (3D Printing)



PRODUCT FORMS

Manufacturing product forms: Pipes, Films, Fibres and Composite Tapes



PARTS & COMPONENTS

Developing new applications for PEEK, PAEK and Thermoplastic Composites

UNDERPIN: SAFETY, SUSTAINABILITY

- Health & safety
- Sustainable business with sustainable products



GLOBAL CAPABILITY

800+

Employees

40+

Countries served by Victrex across our markets

c£2bn

Market Value

- FTSE 250 Company
- c£300m Revenue



INVESTMENT IN INNOVATION

c5-6% **c£150m**

of annual sales invested in R&D

Invested in manufacturing facilities in the last 5 years

NEW CAPABILITIES

- Partnerships
- Strategic Alliances
- Polymer Innovation Centre
- Acquisitions
- Composites Manufacturing
- Additive Manufacturing