



# ENABLING ENVIRONMENTAL & SOCIETAL BENEFITS

**VICTREX PLC**

INTERIM RESULTS – MAY 9, 2023

BRINGING TRANSFORMATIONAL & SUSTAINABLE SOLUTIONS THAT ADDRESS WORLD MATERIAL CHALLENGES EVERY DAY

# INTRODUCTIONS



**Jakob Sigurdsson**  
Chief Executive Officer



**Ian Melling**  
Chief Financial Officer



**Martin Court**  
Chief Commercial  
Officer



# NEW DIVISIONAL APPOINTMENTS

(Appointments reflect Martin Court's retirement;  
effective from October 1st 2023)



**Michael Koch**

Managing Director, Sustainable Solutions

(Michael has over 30 years' experience in the global chemical industry, latterly as the CEO for Mitsubishi Chemicals Advanced Materials)



**Dr John Devine**

Managing Director, Medical

(Dr John Devine has over 20 years' experience with Victrex, having joined the Invibio business in 1999)

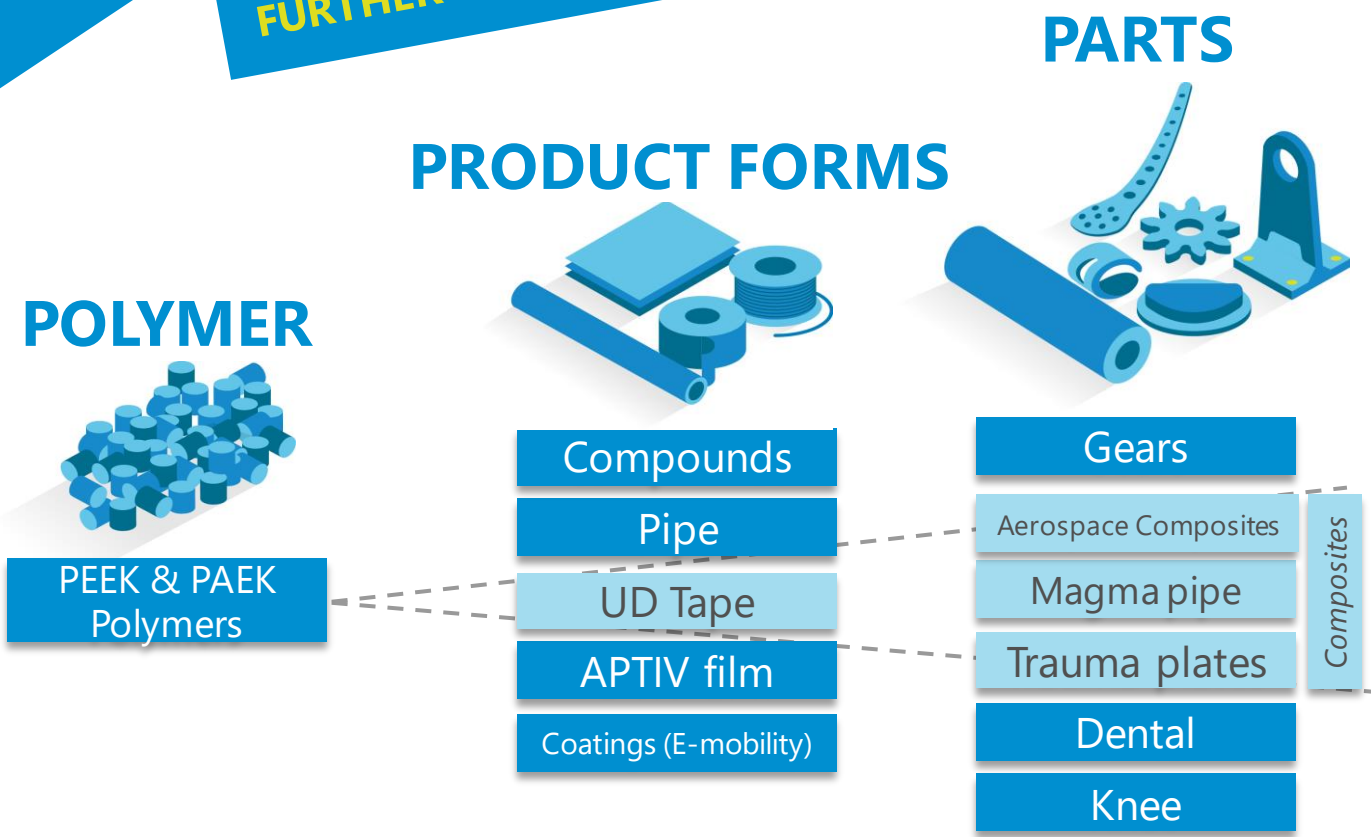


# PROGRESSING OUR STRATEGY

FURTHER GROW THE PEEK MARKET & CAPTURE NEW REVENUE STREAMS

## SALES FROM NEW PRODUCTS\*

FY 2021	FY 2022	H1 2023
4%	6%	7%



\*Sales from new products are defined as revenue from new polymer grades, new product forms or parts not sold prior to FY 2015

# H1 2023 KEY MESSAGES

**PRICE, REVENUE & GROSS  
MARGIN UP**

**PBT LOWER ON VOLUMES, COST  
INFLATION & TARGETED INVESTMENT**



# H1 2023 HIGHLIGHTS



SUSTAINABLE PRODUCT  
REVENUES\*\* 53% (H1 2022: 43%)

<sup>1</sup> Alternative performance measures are defined in the Appendix on slide 35  
<sup>\*</sup> Excludes £4.0m cash ringfenced in China subsidiaries and includes £0.1m cash held in deposit accounts greater than three months in duration  
<sup>\*\*</sup> Sustainable products are defined as those which offer a quantifiable environmental or societal benefit. These are primarily in Automotive and Aerospace (supporting CO2 reduction) but also specific applications in Energy & Industrial and Electronics (e.g. wind energy applications, or those which support energy efficiency) and Medical, supporting better patient outcomes. Volumes into Oil & Gas (Energy & Industrial) and Value Added Resellers are currently excluded.

- **REVENUE & PRICING HIGHER, DESPITE SOFTER VOLUMES**
  - H1 Group revenue up 1% at £162.2m (H1 2022: £160.1m) supported by FX
  - Average selling prices (ASP) up 18% at £84/kg; delivered by strong pricing actions, mix & FX
  - H1 Group sales volume down 14%, reflecting macro-economic environment
  - Good growth in Aero & Auto, offset by weakness in Electronics, Energy & Industrial and Value Added Resellers (VAR)
  - Record half year for Medical, revenue up 17%; driven by new applications, mega-programmes & FX
- **GROSS MARGIN UP TO 53.5%; UNDERLYING PBT<sup>1</sup> DOWN 12% REFLECTING SOFTER VOLUMES, COST INFLATION & TARGETED INVESTMENT**
  - Gross margin up 410 bps vs H2 2022 at 53.5%, driven by pricing, sales mix and FX
  - Underlying PBT down 12% at £42.5m & down 15% in constant FX
  - Reported PBT £39.1m (exceptional items of £3.4m driven by ERP investment)
- **GROWING 'MEGA-PROGRAMME' COMMERCIALISATION**
  - **Medical:**
    - Trauma plates: on track for >£1m revenue in FY23 & new Asia partner
    - PEEK Knee: strong progress in Maxx clinical trial; 35 patients implanted, 2 post two years; Aesculap collaboration
  - **Industrial:**
    - Further E-mobility business; on track for >£3m revenue in FY23
    - Supporting TechnipFMC for significant Brazil opportunity (Magma composite pipe)
- **CASH GENERATION UNDERPINNING INVESTMENTS; CHINA FACILITIES ON-PLAN**
  - H1 2023 available cash<sup>1</sup> of £34.4m\*, post-payment of FY 2022 dividend
  - New China PEEK facilities in commissioning phase; commercial start-up on plan for 2023
  - Operating cashflow impacted by inventory increase, in line with guidance
  - Interim dividend of 13.42p/share

**PRICE, REVENUE & MARGIN UP, DESPITE SOFTER VOLUMES**



# FINANCIAL UPDATE



**Ian Melling**  
Chief Financial Officer



# INCOME STATEMENT

## REVENUE +1% & STRONG PRICING

- H1 2023 revenue up 1% at £162.2m
- GM improvement despite YoY cost inflation
- Underlying PBT down 12%: softer volumes, cost inflation & targeted investment
- Reported PBT down 10%; exceptional items of £3.4m (year 2 ERP investment)

<sup>1</sup> Alternative performance measures are defined in the Appendix on slide 35

Half year (6 months) ended 31 March

	H1 2023	H1 2022	Change	Change (constant currency) <sup>1</sup>
	£m	£m	%	%
<b>Revenue</b>	<b>162.2</b>	160.1	<b>1%</b>	<b>-5%</b>
<b>(Losses)/gains on foreign currency net hedging*</b>	(6.2)	1.7	-465%	
<b>Gross profit</b>	<b>86.7</b>	85.0	<b>2%</b>	<b>-2%</b>
<i>Gross margin %</i>	<b>53.5%</b>	53.1%	+40bps	
<i>FX hedge-adjusted gross margin %<sup>1</sup></i>	<b>55.5%</b>	52.6%	+290bps	
<b>Overheads**</b>	<b>(44.1)</b>	(36.4)	<b>21%</b>	<b>17%</b>
<b>Interest</b>	<b>0.5</b>	0.1		
<b>Share of loss of associate</b>	<b>(0.6)</b>	(0.5)		
<b>Underlying profit before tax<sup>1</sup></b>	<b>42.5</b>	48.2	<b>-12%</b>	<b>-15%</b>
<b>Exceptional items</b>	<b>(3.4)</b>	(4.6)		
<b>Profit before tax</b>	<b>39.1</b>	43.6	<b>-10%</b>	<b>-14%</b>
<b>Underlying earnings per share (pence)<sup>1</sup></b>	<b>41.9</b>	47.8	<b>-12%</b>	NA
<b>Earnings per share (pence)</b>	<b>38.8</b>	43.5	<b>-11%</b>	NA
<b>Dividend per share</b>	<b>13.42p</b>	13.42p	-	NA

\* (Losses)/gains on foreign currency contracts, when net hedging is applied on cash flow hedges, are disclosed separately within gross margin on adoption of IFRS 9.

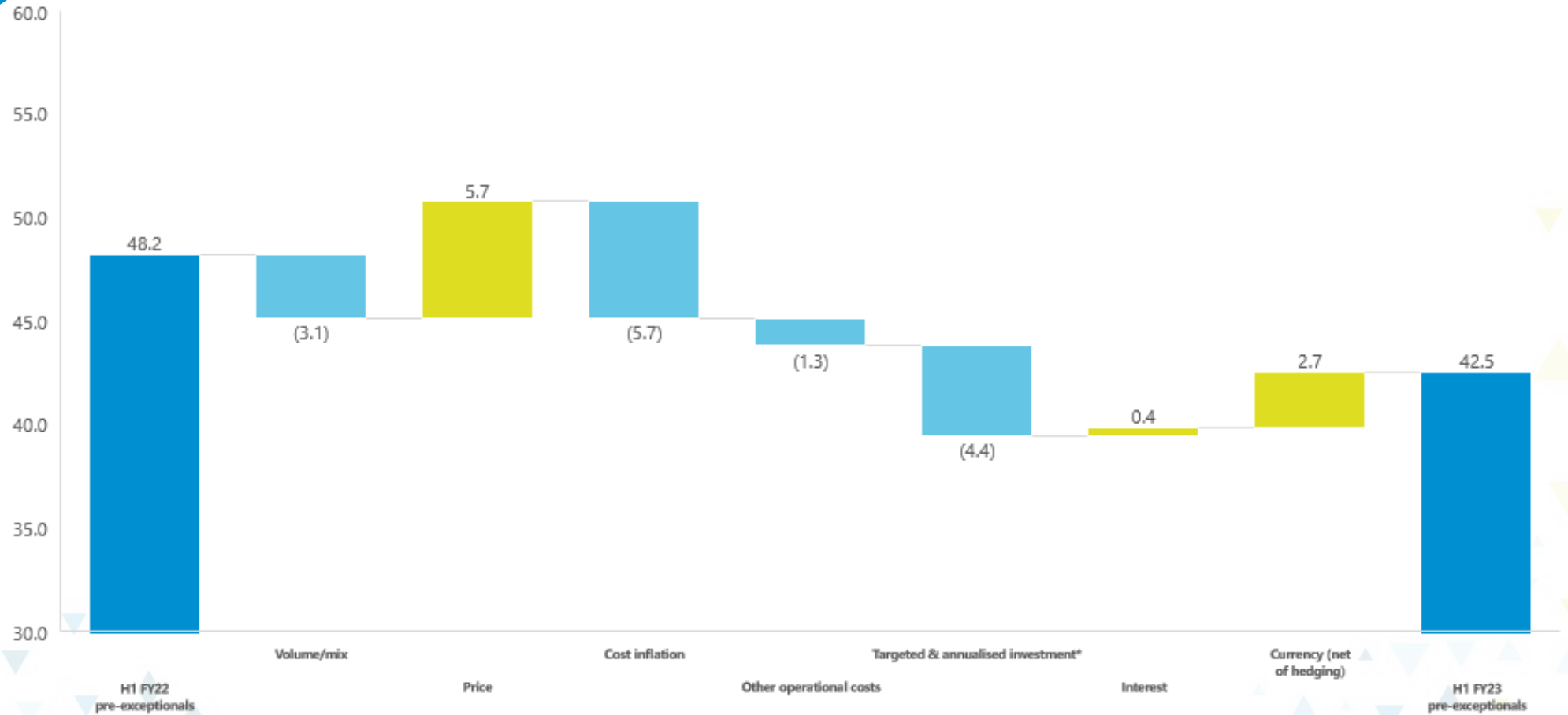
\*\* Excluding exceptional items of £3.4m (H1 2022: £4.6m)

**REVENUE UP, DRIVEN BY PRICE, SALES MIX & FX**



# UNDERLYING PBT BRIDGE

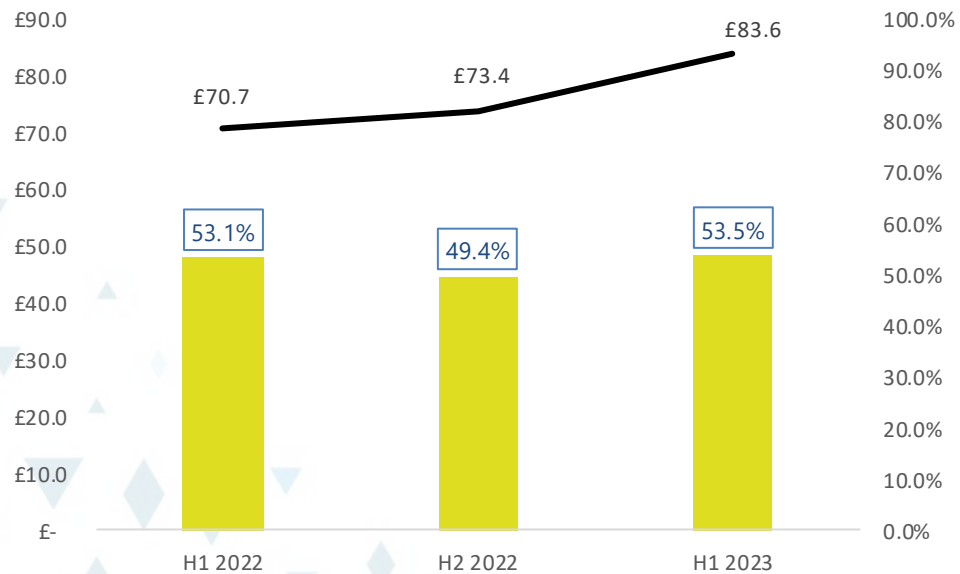
H1 2023 v H1 2022



**STRONG PRICING & MIX IMPROVEMENT.....OFFSET BY VOLUMES,  
COST INFLATION & TARGETED INVESTMENT**

# ASP & MARGIN

## £/kg Average selling price (ASP)



## Gross margin (GM) %

### AVERAGE SELLING PRICE (ASP) UP 18%

- H1 2023 ASP up 18% vs H1 2022 at £84/kg
- Driven by structural price increases, mix & FX

### GROSS MARGIN IMPROVEMENT

- H1 2023 Gross margin up to 53.5% (+410bps from H2 2022), despite YoY cost inflation (energy & raw materials)
- H1 2023 FX hedge adjusted GM<sup>1</sup> 55.5% (H1 2022: 52.6%)

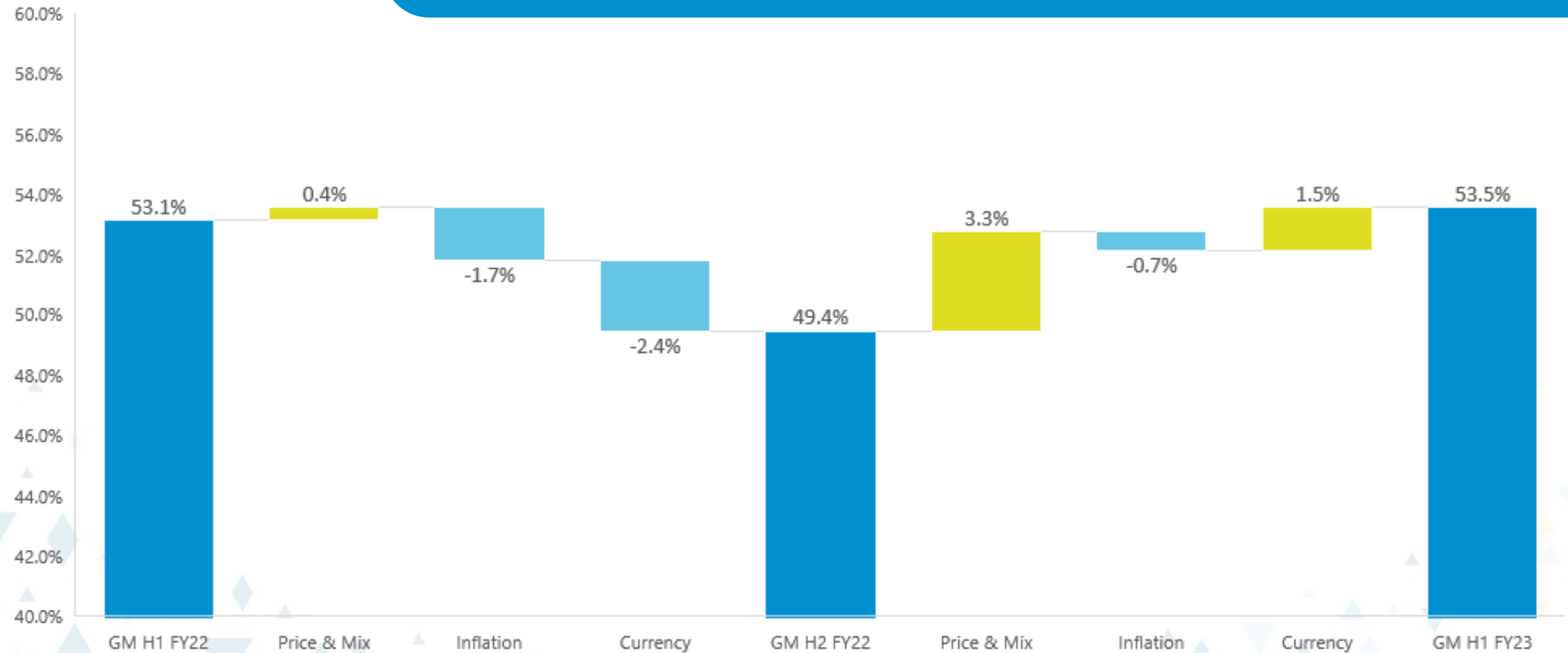
<sup>1</sup> Alternative performance measures are defined in the Appendix on slide 35

## ASP & GROSS MARGIN IMPROVEMENT

# GROSS MARGIN BRIDGE

## DRIVERS OF FUTURE GROSS MARGIN IMPROVEMENT:

- Operating efficiency; inflation recovery; sales mix (Medical acceleration) 
- Further energy/raw mats inflation; China; ESG related process investment 



**IMPROVED GROSS MARGIN DRIVEN BY PRICE, MIX & FX**



# CURRENCY

## FX tailwind

	H1 2022				H1 2023		Change
	Reported £m	Before impact of hedging £m	Currency spot impact £m	Constant currency <sup>1</sup> £m	As reported £m	Before impact of hedging £m	Constant currency <sup>1</sup> £m
Revenue	160.1	160.1	11.3	171.4	162.2	162.2	-5%
Gain/(loss) on foreign currency net hedging	1.7	-	-	-	(6.2)	-	
Gross profit	85.0	83.3	11.8	95.1	86.7	92.9	-2%
Gross margin %	53.1%	52.0%		55.5%	53.5%	57.3%	
Profit before tax	43.6	41.9	10.5	52.4	39.1	45.3	-14%

## Exchange rates

		H1 2022	H2 2022	FY 2022	H1 2023	H2 2023	FY2023	Exchange rate sensitivity <sup>4</sup>
Period end rate	\$/£	1.33	1.10	1.10	1.24			
	€/£	1.20	1.13	1.13	1.13			
Effective rates <sup>2</sup> :	\$/£	1.39	1.38	1.38	1.28	1.28	1.29	£4.9m
	€/£	1.15	1.13	1.14	1.17	1.15	1.16	£5.8m
Weighted average spot rates <sup>3</sup> :	\$/£	1.36	1.24	1.30	1.16	1.24	1.19	
	€/£	1.19	1.14	1.16	1.14	1.13	1.14	

<sup>1</sup> Alternative performance measures are defined in the Appendix on slide 35

<sup>2</sup> Effective rates (includes the impact of hedging)

<sup>3</sup> Weighted average spot exchange rates (before the impact of hedging)

<sup>4</sup> Management estimate of impact on 2023 full year forecast PBT from a 5% movement in weighted average spot exchange rates (before the impact of hedging)

**CURRENCY TAILWIND IN FY 2023: c£4m-£6m AT PBT**

# CAPEX

- H1 2023 capex £22.2m
- FY 2023 guidance at c£45m, focused on China & UK asset improvement
- Mid-term capex guidance c8%-10% of sales (includes ESG capex)



- "CHINA CAPACITY FOR CHINA"
- IN COMMISSIONING PHASE
- COMMERCIAL START-UP ON PLAN IN 2023
- PORTFOLIO EXTENSION (TYPE 2 PECK)

# CASH

Cashflow reflects capex & higher inventory

	HY2023 £m	HY2022 £m
Operating profit before exceptionals	42.6	48.6
Depreciation & amortisation	10.5	10.9
EBITDA	53.1	59.5
Change in working capital	(32.7)	(21.9)
Capital expenditure	(22.2)	(26.7)
Operating cash flow <sup>1</sup>	(1.8)	10.9
Operating cash conversion <sup>1</sup>	(4.2)%	22.4%
Interest received	0.6	0.1
Net income tax received/(paid)	3.9	(5.6)
Exceptional costs	(3.4)	(4.6)
Other	0.1	4.2
Free cash flow <sup>1</sup>	(0.6)	5.0
Loan to associated undertaking	(1.1)	(1.4)
Disposals	-	4.5
Dividends	(40.1)	(83.5)
Cash received from NCI *	2.6	-
Net movement in bank borrowings **	10.8	9.3
Other	(1.1)	(0.9)
Net cash flow	(29.5)	(67.0)
Exchange differences	(0.9)	0.4
Net cash at 1st October	68.8	112.4
Net cash at 31st March	38.4	45.8
Other financial assets ***	0.1	0.1
Cash and cash equivalents	38.3	45.7
	38.4	45.8

\* Comprising equity investment of £0.9m and loan of £1.7m

\*\* Net movement in bank borrowings relates to an overseas bank loan which is funding capital expenditure in China

\*\*\* Other financial assets relates to cash held in 95-day deposit accounts

## CASH SUPPORTS INVESTMENT & SHAREHOLDER RETURNS

- Net cash £38.4m (H1 2022: £45.8m) reflecting payment of FY 2022 final dividend
- Available cash £34.4m (H1 2022: £41.9m) (adjusted for cash ring-fenced in China subsidiaries)
- Interim dividend of 13.42p/share

## WORKING CAPITAL SUMMARY

- Working capital movement £32.7m
- Higher inventory (£117m) driven by cost of production, safety stock for UK asset improvement & lower demand
- Inventory to remain similar through FY 2023

<sup>1</sup> Alternative performance measures are defined in the Appendix on slide 35



# PERFORMANCE UPDATE



**Jakob Sigurdsson**  
Chief Executive Officer



# MEDICAL UPDATE

## RECORD HALF YEAR & EXCELLENT PROGRESS IN MEGA- PROGRAMMES

### H1 2023 REVENUE +17% TO £32.5m

- Double digit growth: all regions  
(Asia 32%, EU 15%, US 10%)
- Spine revenue +15%; Non-spine revenue +19%  
(Continued diversification, CMF & Active Implantables)

### NEW APPLICATIONS CONTINUE TO BUILD

- Trauma: In2Bones demand ahead of expectations, on track for c£1m sales
- Knee: clinical trial & new top 5 Knee collaboration, Aesculap (B Braun)

# MEDICAL UPDATE

## GROWTH IN EMERGING & NICHE APPLICATIONS

### CARDIO

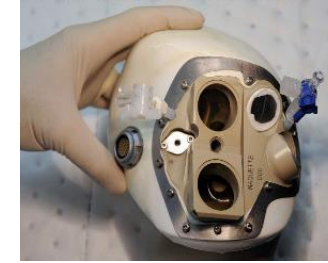
- Over 250,000 patients treated using heart pumps with PEEK-OPTIMA™
- Durability & Haemo-compatibility

### DRUG DELIVERY & ACTIVE IMPLANTABLES

- “Care at home” increasing post COVID
- “Smart” implantable devices



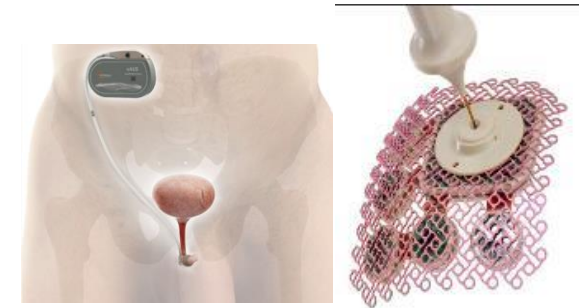
HEART PUMP



TOTAL ARTIFICIAL HEART



INNOVATION IN DIABETES TREATMENT



ACTIVE IMPLANTABLES – FIRST IN HUMAN IMPLANTATIONS



INVIBIO NEW PRODUCT DEVELOPMENT  
CENTRE, LEEDS



**Victrex PEEK-OPTIMA™ Ultra**  
Reinforced composite trauma plates



A GLOBAL EXTREMITY COMPANY

"Never in my career have I  
seen a product  
adopted so quickly."

Alan Taylor, CEO, In2Bones

# MEGA-PROGRAMME UPDATE: TRAUMA

## EXCEEDING DEMAND EXPECTATIONS (VIA IN2BONES PARTNERSHIP)

- Trauma programme tracking to c£1m sales in FY23; growing commercialisation across In2Bones (US patients) and globally
- New manufacturing partner (Paragon Medical); supporting scale-up
- New Leeds NPD 'scale up' facility operational (c20 roles initially)

\* Data available on request

# MEGA-PROGRAMME UPDATE: PEEK KNEE

## CLINICAL TRIAL TO COMMERCIALISATION ROUTE

- Strong progress in Maxx clinical trial
- 35 patients implanted, 10 post-15 months, 2 post-24 months – no intervention
- Aesculap (B Braun – top 5 Knee company) & further potential partners engaged
- Manufacturing plan in development & commercial opportunity from FY25



# MEDICAL ACCELERATION

GROWING ADOPTION FROM  
LARGER CUSTOMERS



A GLOBAL EXTREMITY COMPANY

## Profile

Small, disruptive, quick  
Turnover < £100m



## Victrex activities

IP & standards,  
Develop, Design, Manufacturing,  
Marketing support

AESCULAP®  
Implant Systems



## Profile

Medium & large, top-tier, global  
reach, innovation & IP focused  
Turnover > £1bn



## Victrex activities

Co-Design,  
Co-Development,  
Manufacturing,  
Limited marketing support

INCREASING CUSTOMER "PULL" & LARGER CUSTOMERS COMMITTING

# INDUSTRIAL UPDATE



## AUTOMOTIVE: SOLID GROWTH AS INDUSTRY RECOVERY CONTINUES

- *H1 2023 Automotive up 1%, steady recovery*
- *Growing E-mobility business (anticipated FY revenue >£3m)*



## AEROSPACE: CORE BUSINESS & COMPOSITES PROGRESS

- *H1 2023 Aerospace volumes +9% (revenue +19%), supported by plane build*
- *Broader portfolio, with AE™250 composite tape driving new qualifications*
- *Further progress in Aerospace Structures, 10x PEEK content opportunity*



## ENERGY & INDUSTRIAL: INDUSTRY DOWNTURN (INDUSTRIAL)

- *H1 2023 Energy & Industrial volumes -21% (Energy -6%)*
- *Increasing opportunities in Renewables and Robotics*



## ELECTRONICS: CONSUMER ELECTRONICS DOWNTURN

- *H1 2023 Electronics -13%, driven by smart device downturn*
- *Growth in emerging segments*

## VALUE ADDED RESELLERS (VAR): SOFTER DEMAND & TOUGH COMPS

- *H1 2023 volumes -21% (vs record H1 2022 in VAR)*

**TRANSPORT IMPROVEMENT; MACRO WEAKNESS IN SEVERAL END MARKETS**



# EMERGING APPLICATIONS:

## CONTINUING NEW USES FOR VICTREX™ PEEK

### RENEWABLES

- Durability & avoidance of metal fatigue
- Niche applications

### ROBOTICS

- Durability
- Improved noise vibration (NVH)



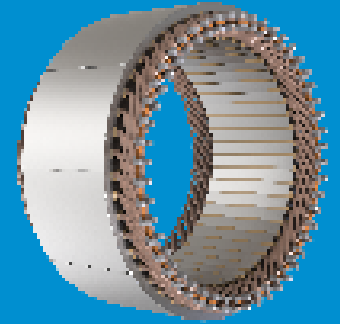
WIND TURBINE  
APPLICATIONS



ROBOTICS

# MEGA-PROGRAMME UPDATE:

## E-MOBILITY



### FURTHER NEW BUSINESS WINS & GROWING OPPORTUNITIES

- On track for >£3m revenue in FY 23
- VICTREX XPI™ polymer – focused on wire coating and related applications
- Multiple OEM collaborations
- Potential PEEK content >100g per car



# MEGA- PROGRAMME UPDATE: MAGMA

Rigid

Hybrid Flexible  
Pipe (HFP)

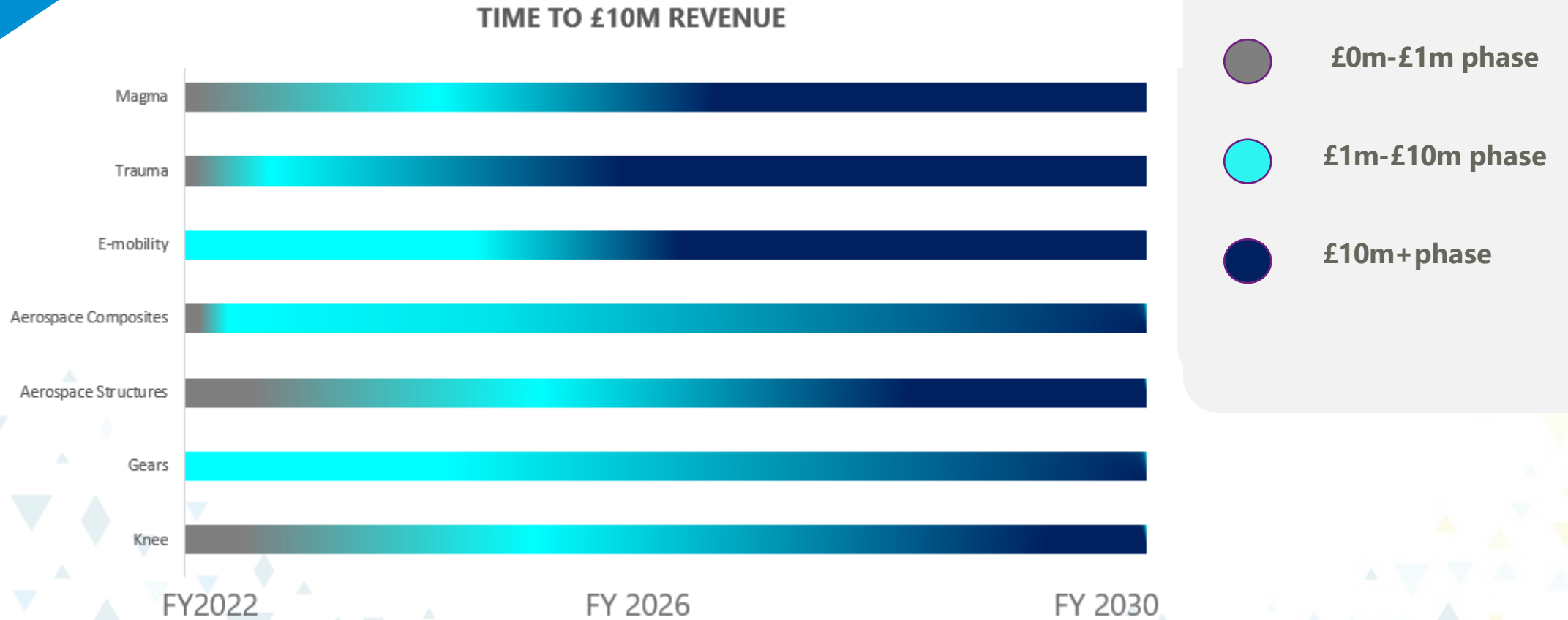
Flexible

## SUPPORTING TECHNIP FMC: SIGNIFICANT BRAZILIAN OPPORTUNITY

- Hybrid Flexible Pipe (HFP) based on Victrex™ PEEK and Victrex™ PEEK UD tape
- Victrex IP for pipe extrusion in Brazil
- 50% lighter than conventional flexibles
- Significant installation cost benefit
- Multiple field and multi-year opportunity
- Lower carbon footprint vs steel flexibles

# MEGA-PROGRAMMES

The pathway to  
£10m revenue



7 MEGA-PROGRAMMES: POTENTIAL FOR EACH OF > £50m ANNUAL SALES IN PEAK YEAR



# END-MARKET OUTLOOK

H2 2023\*



**AEROSPACE**



**AUTOMOTIVE**



**MEDICAL**



**ELECTRONICS**



**ENERGY & INDUSTRIAL**



**VAR**



## KEY

**OPTIMISTIC**



**NEUTRAL**



**CAUTIOUS**



\* Indicative outlook for our end-markets in H2 2023

# SUMMARY & H2 23 OUTLOOK

- **PRICE, REVENUE & MARGIN UP, DESPITE SOFTER VOLUMES**
- **GROWING COMMERCIALISATION IN MEGA-PROGRAMMES**
- **MONTHLY RUN-RATES IMPROVING BUT SLOWER THAN EXPECTED**  
*(VOLUME EXPECTATIONS: DOUBLE-DIGIT DECLINE VS RECORD FY22)*
- **STEP UP IN DEMAND ASSUMED IN LATTER PART OF H2**  
*(WELL POSITIONED FOR WHEN MACRO-ECONOMIC ENVIRONMENT IMPROVES)*
- **MID TO LONG-TERM OPPORTUNITIES REMAIN STRONG**



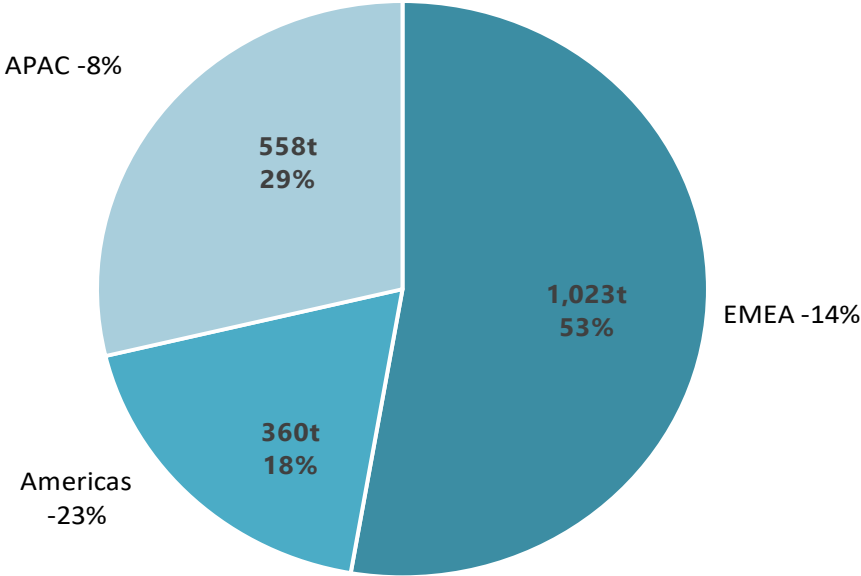


# APPENDIX

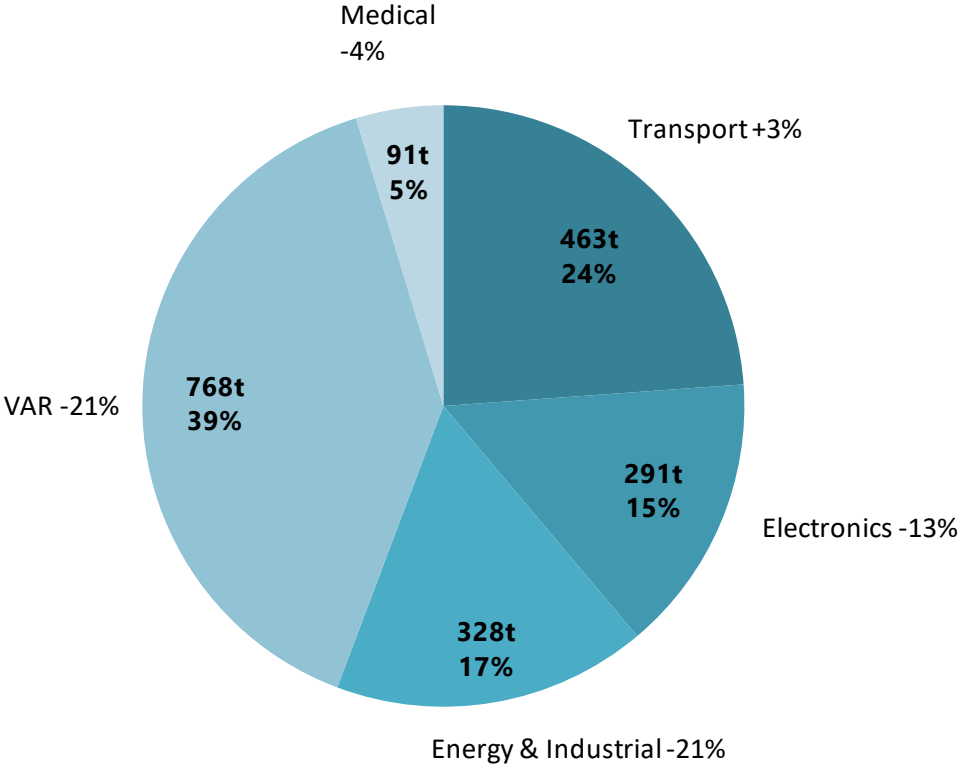
# GROUP END MARKETS

H1 2023: 1,941 tonnes (-14% vs H1 22)  
H1 2022: 2,264 tonnes (+8% vs H1 21)

Volume by Region



Volume by Industry



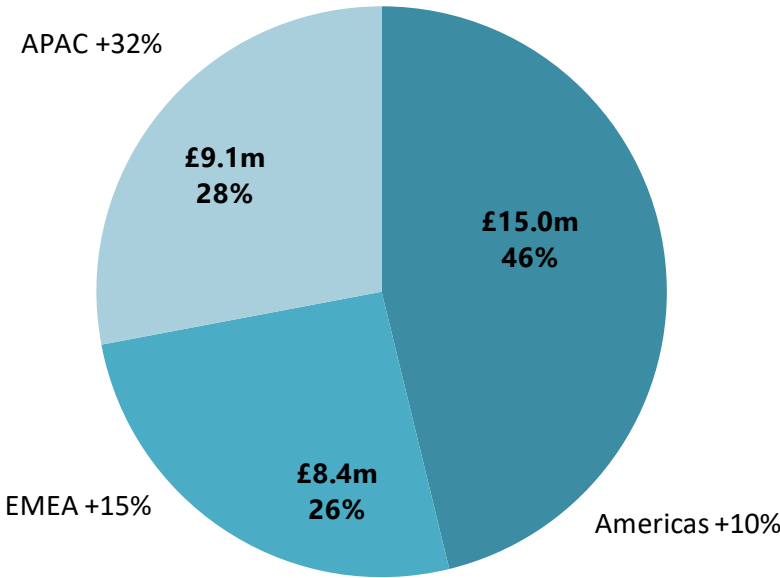
\* Medical volume reflects both non-implantable and implantable volumes. H1 2023 Medical volume was driven by a decline in non-implantable medical (Medical implantable volumes grew in H1 2023)



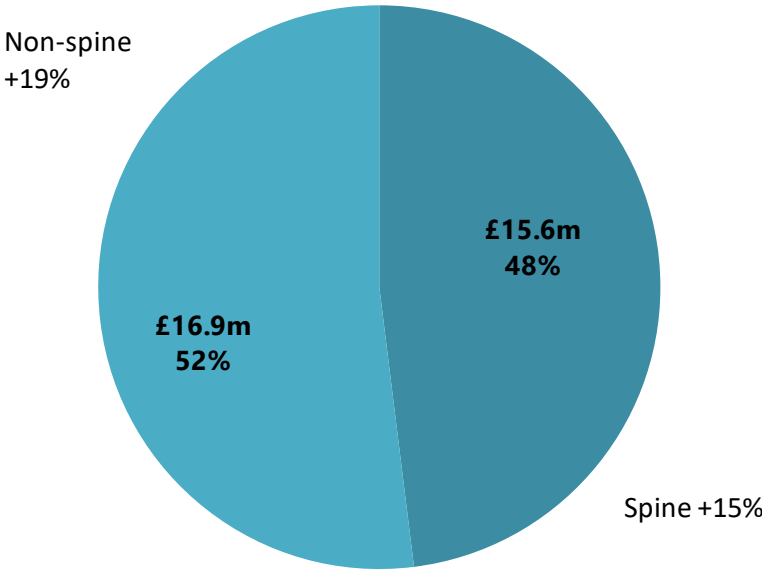
# MEDICAL: KEY MARKETS

H1 2023: £32.5m (+17% vs H1 22)  
H1 2022: £27.8m (+12% vs H1 21)

Revenue by Region



Revenue by Market



# MEGA- PROGRAMME MILESTONES

PROGRAMME	REVENUE STATUS	H1 2023 MILESTONES	FY 2023 FOCUS
MAGMA	Commercial (£1m-£2m)	<ul style="list-style-type: none"> <li>Supporting sample manufacturing</li> <li>Engagement with TechnipFMC &amp; Petrobras on scale-up</li> </ul>	<ul style="list-style-type: none"> <li>Qualification programme &amp; bid outcomes</li> <li>Support to TechnipFMC for new extrusion facility (Brazil) in 2023/24</li> </ul>
TRAUMA	<£1m	<ul style="list-style-type: none"> <li>Demand 5x exceeded expectations</li> <li>On track for &gt;£1m revenue &amp; growing</li> <li>New manufacturing partner (Paragon)</li> </ul>	<ul style="list-style-type: none"> <li><u>Focus on meaningful revenue</u></li> <li>Partnership and manufacturing scale up in Asia</li> <li>Build product pipeline in the US</li> </ul>
E-MOBILITY	Commercial (£1m-£2m)	<ul style="list-style-type: none"> <li>Further new business wins</li> <li>On track for &gt;£3m revenue</li> </ul>	<ul style="list-style-type: none"> <li><u>Commercialise additional applications beyond wire coating</u></li> <li>Further build commercial revenue</li> </ul>
AERO COMPOSITES	Commercial (£1m-£2m)	<ul style="list-style-type: none"> <li>Strong industry validation for AE™250 composite tape (low-melt PEEK)</li> <li>Assessing new opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Further qualifications</li> <li>Support positioning of thermoplastics in AAM</li> </ul>
AERO STRUCTURES	< £1m	<ul style="list-style-type: none"> <li>Ongoing multi-OEM/ supply chain collaborations</li> </ul>	<ul style="list-style-type: none"> <li>Grow prototype revenue from Airbus Clean Sky II</li> <li>Further partnership opportunities</li> </ul>
PEEK GEARS	Pathway to £10m (£4m revenue in FY 2022)	<ul style="list-style-type: none"> <li>Good growth from parts and polymer resin supply through partners</li> <li>Growing e-bike business &amp; customers</li> </ul>	<ul style="list-style-type: none"> <li>Several start of production opportunities in FY 2023</li> <li>Increase penetration in e-bikes</li> </ul>
KNEE	<£1m	<ul style="list-style-type: none"> <li>35 patient implants; clinical trial progress</li> <li>New 'top 5' player in Aesculap &amp; further potential collaborations</li> </ul>	<ul style="list-style-type: none"> <li>Support progress towards US clinical trial</li> <li>Establish pathway to commercialisation</li> </ul>

# BUSINESS UNIT INCOME STATEMENTS

	H1 2022				H1 2023		
	Reported £m	Before impact of hedging £m	Currency spot impact £m	Constant currency <sup>1</sup> £m	As reported £m	Before impact of hedging £m	Constant currency <sup>1</sup> £m
<b>Industrial</b>							
Revenue	132.3	132.3	8.5	140.8	129.7	129.7	-8%
Gain/(loss) on foreign currency net hedging	1.6	-	-	-	(4.4)	-	
Gross profit *	60.9	59.3	9.0	68.3	61.4	65.8	-4%
Gross margin %	46.0%	44.8%		48.5%	47.3%	50.7%	
<b>Medical</b>							
Revenue	27.8	27.8	2.8	30.6	32.5	32.5	6%
Gain/(loss) on foreign currency net hedging	0.1	-	-	-	(1.8)	-	
Gross profit *	24.1	24.0	2.8	26.8	25.3	27.1	1%
Gross margin %	86.6%	86.3%		87.6%	77.7%	83.4%	

<sup>1</sup> Alternative performance measures are defined in the Appendix on slide 35

# BALANCE SHEET

	HY 2023	HY 2022
	£m	£m
PPE and intangible assets	<b>367.9</b>	345.0
Investment in associated undertakings	<b>9.8</b>	10.9
Financial assets held at fair value through profit and loss	<b>11.3</b>	8.8
Retirement benefit asset (net)	<b>8.0</b>	15.9
Inventories	<b>117.3</b>	79.8
Trade receivables and other assets	<b>67.2</b>	67.7
Cash*	<b>38.4</b>	45.8
Current and deferred tax liabilities (net)	<b>(32.2)</b>	(25.0)
Borrowings**	<b>(32.9)</b>	(15.6)
Lease liabilities (IFRS 16)	<b>(11.1)</b>	(9.0)
Trade payables and other liabilities	<b>(55.1)</b>	(53.7)
<b>Net assets</b>	<b>488.6</b>	470.6
Share capital and share premium	<b>62.7</b>	62.1
Translation reserve	<b>5.0</b>	3.1
Hedging reserve	<b>(0.9)</b>	0.7
Retained earnings	<b>419.5</b>	402.5
Non-controlling interest	<b>2.3</b>	2.2
<b>Equity shareholders' funds</b>	<b>488.6</b>	470.6

\*Includes £4.0m (HY 2022: £3.9m) of cash ring-fenced in the Group's Chinese subsidiaries, and £0.1m (HY 2022: £0.1m) in deposit accounts greater than three months in duration

\*\* Includes bank loan £24.7m (HY 2022: £9.4m) and loan payable to Non-controlling interest of £8.2m (HY 2022: £6.2m)



# CAPITAL ALLOCATION UPDATE

## CAPEX

- Normalised capex c8-10% of sales
- Periodic capacity investment

## M&A / INVESTMENT

- Investment to support mega-programmes
- Investment to enhance capability & IP

## REGULAR DIVIDENDS

- Progressive dividend retained
- Maintain cover around c2x EPS over the cycle

## SPECIAL DIVIDENDS

- Optionality to return cash if no additional investment opportunities
- 50p/share minimum

## EXCESS CAPITAL DISTRIBUTION OPTIONS

## SHARE BUYBACKS

- Existing approval to buyback 10% of shares
- Optionality for modest buybacks (c£20-£25m) to reflect share liquidity

**PRIORITISE GROWTH INVESTMENT & RETAIN FLEXIBILITY**  
SHARE BUYBACKS NOW AN OPTION FOR SHAREHOLDER RETURN

# DEFINITIONS

## ALTERNATIVE PERFORMANCE MEASURES:

- 1) Constant currency metrics are reached by applying current year (HY 2023) weighted average spot rates to prior year (HY 2022) 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 cash flow / operating profit before exceptional items;
- 4) Operating cash flow is operating profit before exceptional items adjusted for depreciation, amortisation and loss on disposal, working capital and capital expenditure;
- 5) Free cash flow is net cash flow from operating activities adjusted for capital expenditure;
- 6) Available cash is cash and cash equivalents plus other financial assets (cash invested in deposit accounts greater than three months in duration) less cash ring-fenced in the Group's Chinese subsidiaries, which is not available to the wider Group;
- 7) Operating overheads is made up of sales, marketing and administrative expenses (including research and development expenditure) before exceptional items;
- 8) 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
- 9) FX hedge adjusted gross margin is gross profit / revenue + the impact of FX net hedging gains/losses. Including FX hedging within revenue, rather than as a standalone line item as required under IFRS 9, provides a more comparable gross margin over time and helps to show the main non-FX hedging related movements impacting it.

# FORWARD LOOKING STATEMENTS

## **Forward-looking statements**

Sections of this Presentation may contain forward-looking statements, including statements relating to: certain of the Group's plans and expectations relating to its future performance, results, strategic initiatives and objectives, future demand and markets for the Group's products and services; research and development relating to new products and services; and financial position, including its liquidity and capital resources.

These forward-looking statements are not guarantees of future performance. By their nature, all forward looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future, and are or may be beyond the Group's control, including: changes in interest and exchange rates; changes in global, political, economic, business, competitive and market forces; changes in raw material pricing and availability; changes to legislation and tax rates; future business combinations or disposals; relations with customers and customer credit risk; events affecting international security, including global health issues and terrorism; the impact of, and changes in, legislation or the regulatory environment (including tax); and the outcome of litigation.

Accordingly, the Group's actual results and financial condition may differ materially from those expressed or implied in any forward-looking statements. Forward-looking statements in this Presentation are current only as of the date on which such statements are made. The Group undertakes no obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation. Nothing in this Presentation shall be construed as a profit forecast.

# #1 PEEK EXPERTS

First to commercialise PEEK, with unmatched knowledge and experience



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### DRIVE CORE BUSINESS



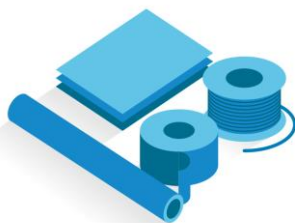
Delivering the key PEEK & PAEK materials with No.1 manufacturing capacity of 7,150 tonnes (current nameplate capacity)

### DIFFERENTIATE THROUGH INNOVATION



#### POLYMER

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



#### PRODUCT FORMS

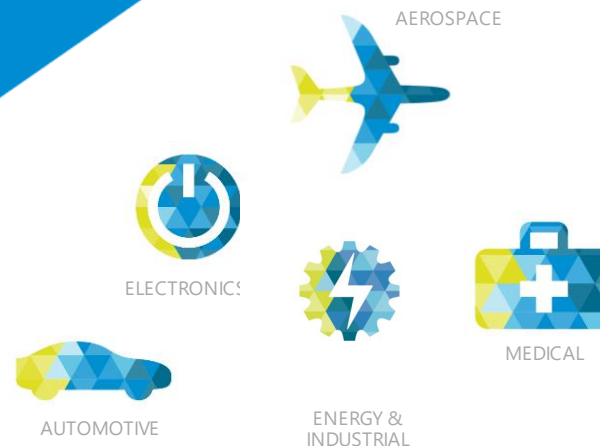
Manufacturing product forms: Pipes, Films, Fibres and Composite Tapes

### CREATE FUTURE VALUE



#### PARTS & COMPONENTS

Developing new applications for PEEK, PAEK and Thermoplastic Composites



### UNDERPIN: SAFETY, SUSTAINABILITY, CAPABILITY

- Safety, health & wellbeing
- Sustainable business with sustainable products



### GLOBAL CAPABILITY

**c1000**

Employees

**40+**

Countries served by Victrex across our markets

**c£2bn**

Market Value

- FTSE 250 Company
- >£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