victrex

ENABLING ENVIRONMENTAL & SOCIETAL BENEFITS

VICTREX PLC

GROUP INVESTOR VISIT TO HILLHOUSE UK, SEPTEMBER 2024

THE SUNDAY TIMES
Best Places to Work 2024
POWERED BY
WorkL

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

AGENDA

1030 – 1045	Introductions
1045 – 1115	Spaghetti lecture
1115 – 1245	Site tour
1245 – 1400	Lunch & Q&A with management

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We Bring Transformational & Sustainable Solutions That Address World Material Challenges Every Day

SHAPING FUTURE PERFORMANCE™

STRONG MEGATRENDS SUPPORT LONG-TERM GROWTH RUNWAY

Targeting core revenue CAGR

5-7% by 2028

(upside to 8-10% as mega-programmes commercialise)

1100+ employees serving over 40 countries

5-6% of sales invested in R&D pa

Sustainable products enabling environmental & societal benefit

- #1 PEEK polymer experts – 5 key end-markets
- Innovative growth pipeline – increasing commercialisation
- Cash generative business model
- Well invested global assets (Polymer in UK & China)
- Strong & growing ESG agenda

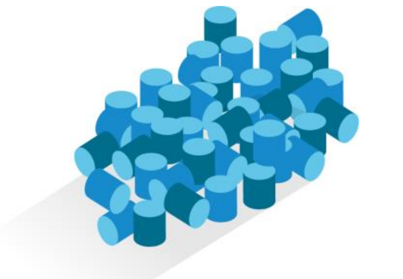
INVESTMENT CASE

OUR STRATEGY

POLYMER & PARTS

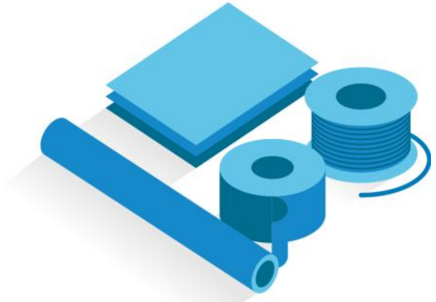
VALUE CREATION

POLYMER



PEEK & PAEK Polymers

PRODUCT FORMS



- Compounds
- Pipe
- UD Tape
- APTIV Film
- Coatings & Fibres

PARTS

- Gears
- Aerospace Composites
- Magma pipe
- Trauma plates
- Knee

Composites

FURTHER GROW THE MARKET FOR PEEK POLYMER & CAPTURE NEW REVENUE STREAMS

DELIVERING THE UNTAPPED POTENTIAL OF PEEK POLYMER

CURRENT LANDSCAPE	*MACRO-DRIVER*	FUTURE POTENTIAL
Up to 500kg/plane	*CO_2 reduction & faster processing*	Over 5 tonnes/plane
10g/car average	*CO_2 reduction & higher performance*	>200g of PEEK in an EV*
< 5000 Medical parts sold	*Metal alternatives, Patient outcomes*	>100,000 Medical parts sold in 5 years
15bn connected devices	*Higher durability & performance*	>25bn connected devices**
Renewable & new energy applications <1% of volumes	*New energy, higher performance*	c8 tonnes of PEEK per km for PEEK composite pipe (Oil & Gas & hydrogen/new energy opportunities)

*Based on 800V long-term opportunity
**Statista forecast by 2030

SPAGHETTI LECTURE

Dr John Grasmeder
Chief Scientist

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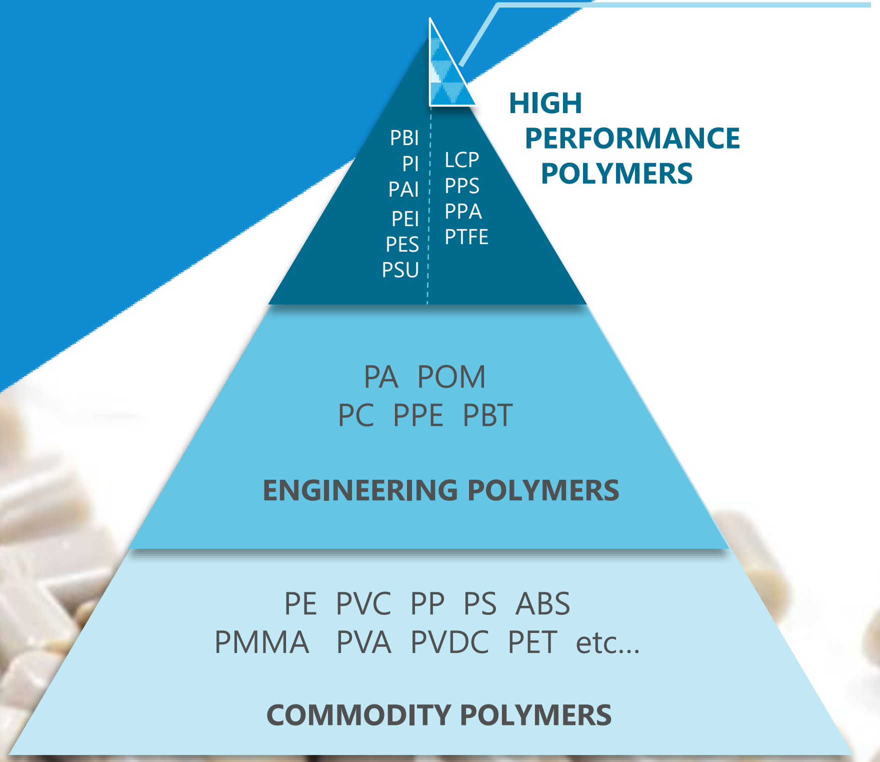
SHAPING FUTURE PERFORMANCE™

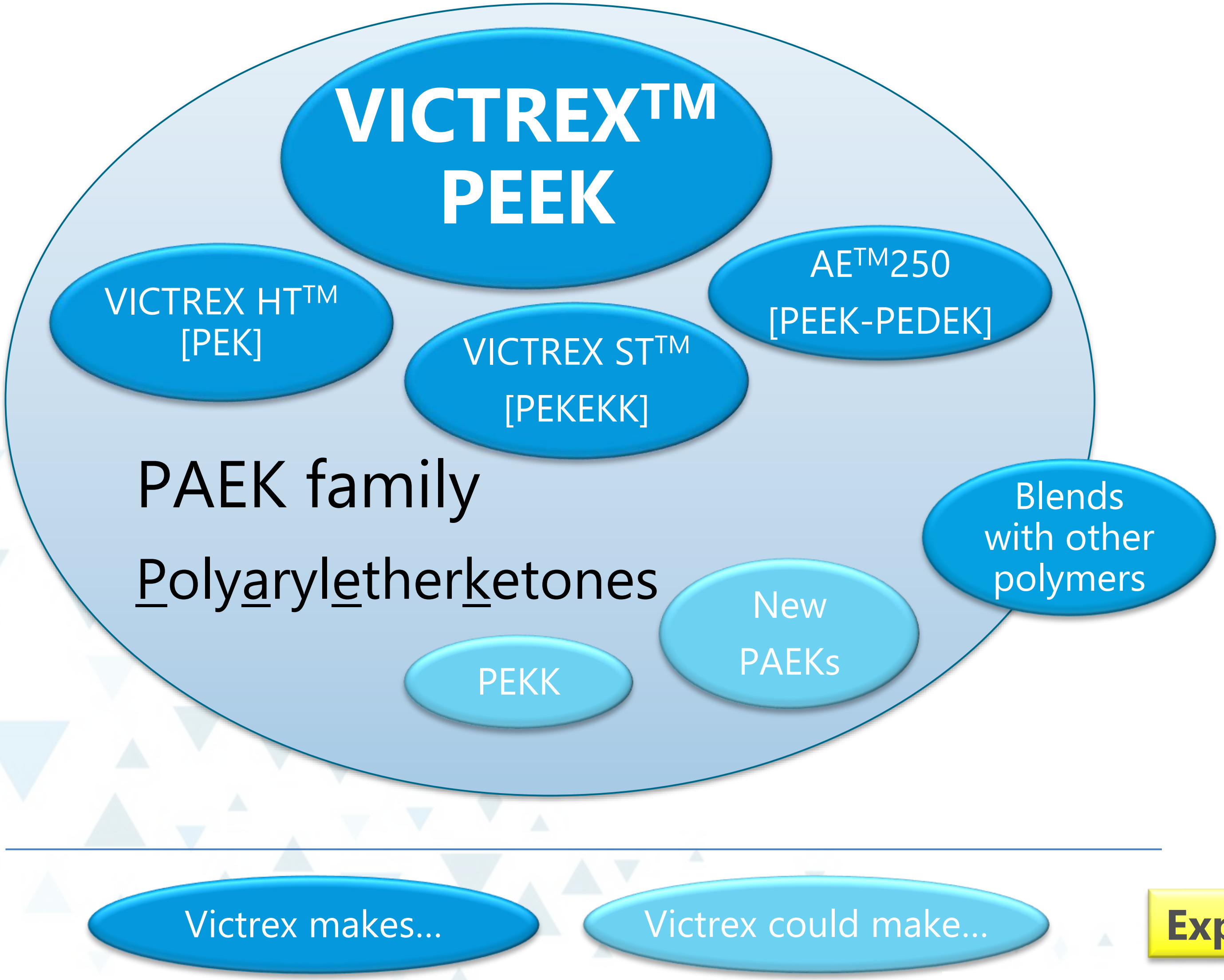
VICTREX™ PEEK POLYMERS

A unique combination of properties



WHAT'S PEEK? WHAT'S A PAEK?

PEEK is one of over 300 known thermoplastic polyaryletherketone polymers

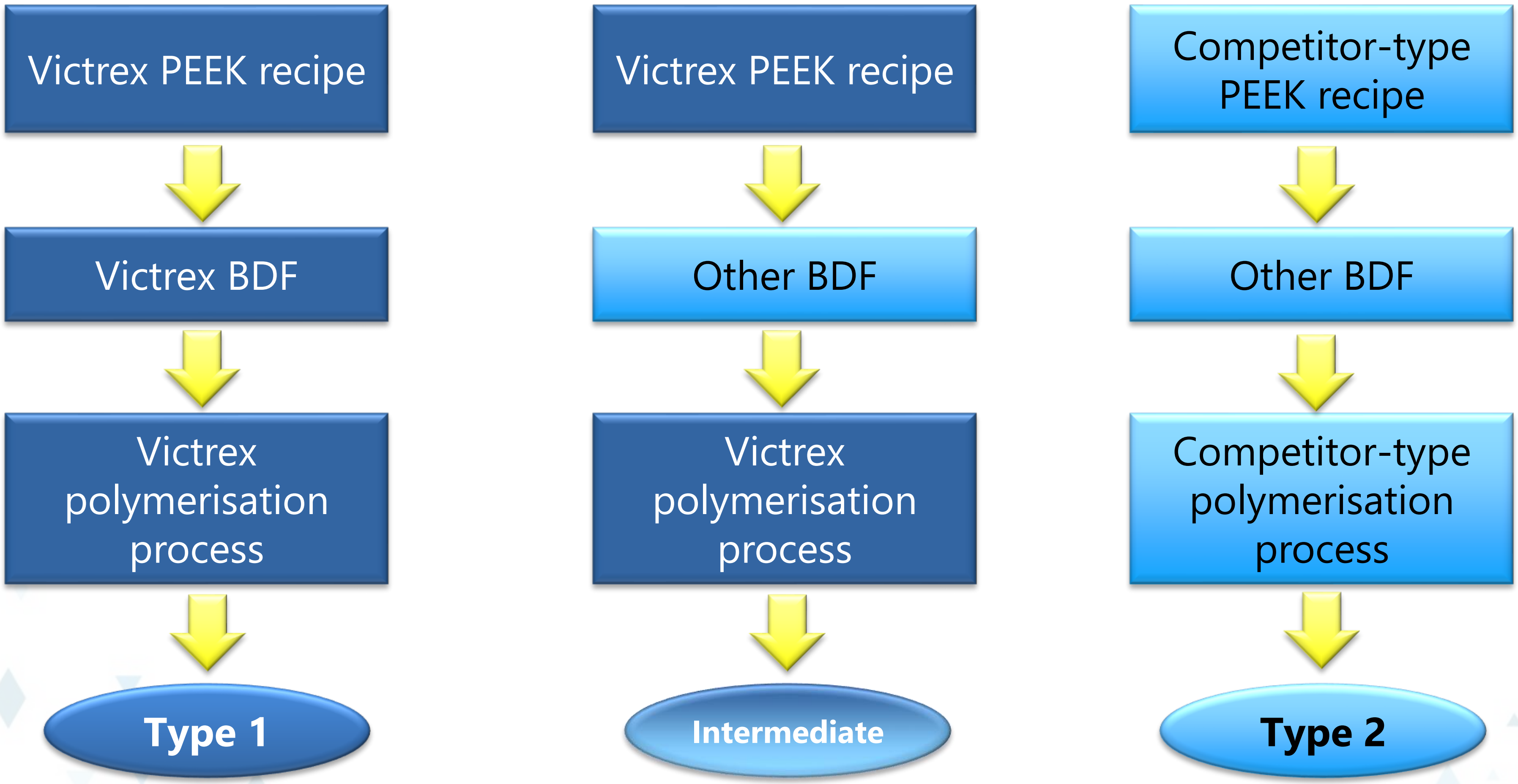


- ~80% of all known PAEKs are amorphous
- Semi-crystalline PAEKs of industrial interest
  - Wear resistance
  - Fatigue performance
  - Chemical resistance
- Majority of commercial PAEK today is PEEK
- Examples of Victrex grades
  - VICTREX™ PEEK
  - VICTREX HT™
  - VICTREX ST™
  - VICTREX AE™ 250
- Other companies make at most 1 or 2 PAEKs

Experience more at: www.victrex.com/en/blog

DIFFERENTIATION

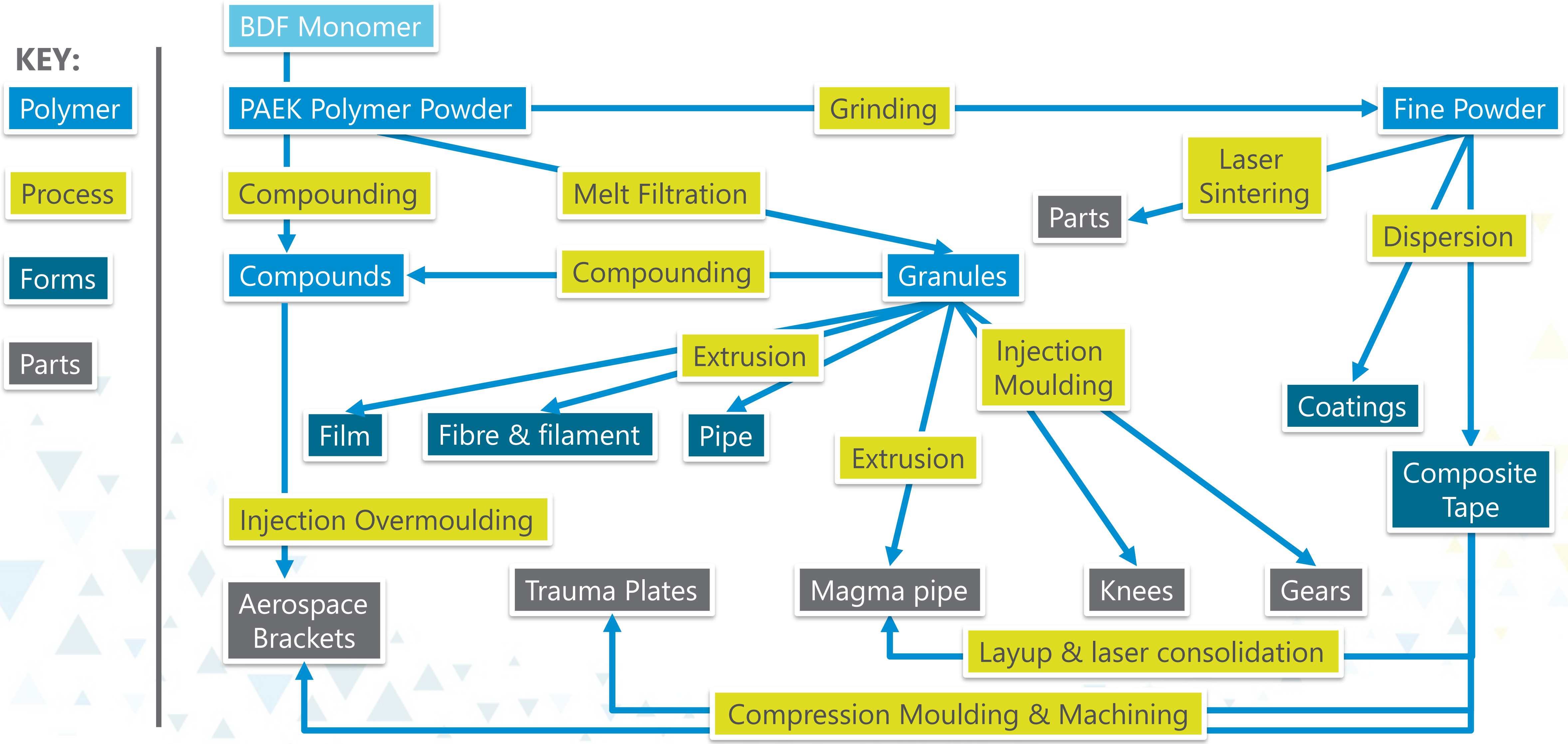
Victrex makes Type 1, Type 2 and an intermediate type of PEEK



Victrex is unique being integrated into BDF & in being able to make all types of PEEK

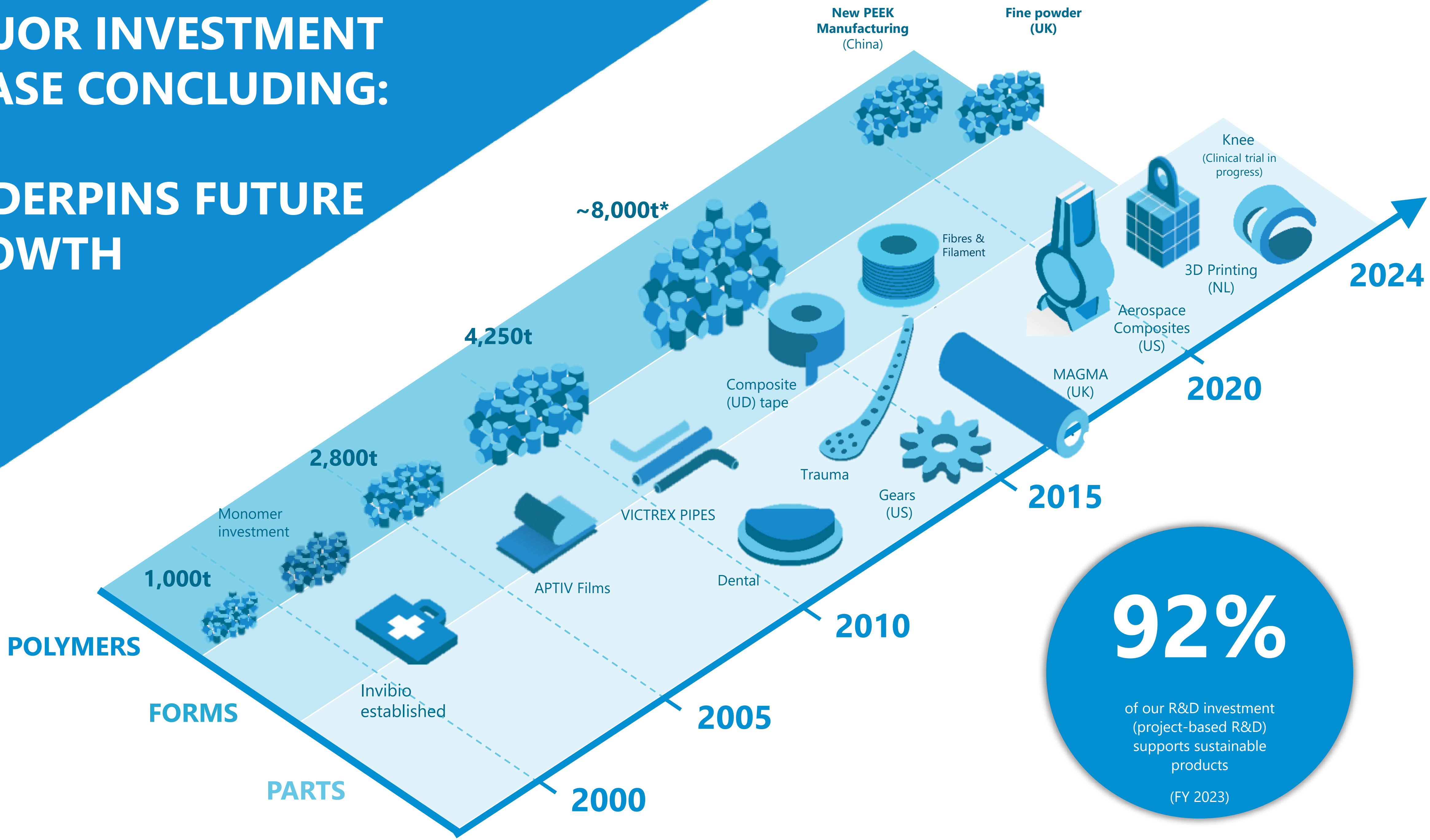
FURTHER DIFFERENTIATION

From Polymer to Forms and Parts



MAJOR INVESTMENT PHASE CONCLUDING:

UNDERPINS FUTURE GROWTH



92%

of our R&D investment (project-based R&D) supports sustainable products

(FY 2023)

Q&A WITH CEO/CFO/IR

victrex

We Bring Transformational & Sustainable Solutions That Address World Material Challenges Every Day

SHAPING FUTURE PERFORMANCE™

STATE OF THE NATION (September 2024)

- **TRADING: SOME ENCOURAGING SIGNS OF TOP-LINE IMPROVEMENT:**
  - *Sustainable Solutions: Electronics & VAR, alongside Aero*
  - *Auto in growth YTD but softer H2*
  - *Medical: destocking continuing, as noted by peers*
  - *Focused on sequential flat / slightly ahead (vols/revenue) in Q4 24 vs Q3 24*

- **FY24 PBT IMPACTED BY TRADING, MEDICAL & ASSET UTILISATION**

- **STRONG COST CONTROL**

- **FOCUSED ON BETTER PROSPECTS IN FY25 (GUIDANCE IN DECEMBER)**
  - *Expect improved asset utilisation*
  - *Offset by increased FX headwind*

- **MEGA-PROGRAMME MILESTONES PROGRESSING:**
  - E-mobility (business wins), Trauma (broader customer base), Knee (regulatory submission & US clinical trial)

- **BUYBACK/CASH RETURN OPPORTUNITIES (AS CAPEX & INVENTORY REDUCE)**

POTENTIAL FROM GAME-CHANGING MEGA-PROGRAMMES*

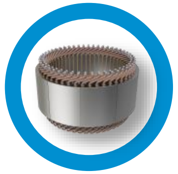
*mega-programmes offer at least £50m revenue pa in peak sales year

MAGMA

- FY23 revenue >£1m
- Ongoing technical & commercial collaboration (with TechnipFMC & Petrobras)
- c8 tonnes of PEEK/km of pipe
- TechnipFMC investing in infrastructure

MOVING TO COMMERCIAL INFLECTION POINTS

E-MOBILITY



- FY23 revenue £6m
- Additional business wins with wire coaters & OEMs
- Focus on 800V
- >200g PEEK content potential
- £10m revenue opportunity in <2 years

TRAUMA

- FY23 revenue <£1m
- 4x demand via In2Bones contract
- Scale up of manufacturing
- Additional business wins, broader customer base
- £10m revenue opportunity in 2-3 years

KNEE

- Clinical trial phase
- 54 patient implants, 15 post two years
- Top 5 OEM collaboration & growing interest
- Regulatory submission (India): potential for a commercial PEEK Knee in 2025/26

AEROSPACE COMPOSITES

- Composite Parts & Structures
- FY23 revenue £3m
- Airbus, Boeing & other tiers
- >10x content opportunity
- Composite parts on planes (seat pans, brackets)
- Structural demonstrator parts progressing qualifications

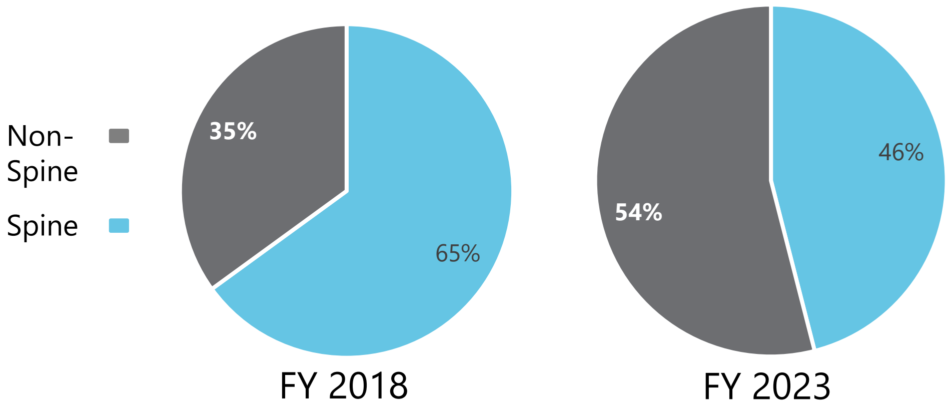
INVESTMENT PRIORITISED IN 5 KEY PROGRAMMES TO ENHANCE STRATEGIC PROGRESS: PORTFOLIO VALUE UNCHANGED

MEDICAL GOALS

1. DOUBLE MEDICAL REVENUES IN 5 YEARS

2. >30% OF GROUP REVENUES FROM MEDICAL BY 2032

Broadening our Medical portfolio: the growth of non-Spine revenues



Maintain and grow core applications 1

SPINE

ARTHROSCOPY

CMF

Develop non-Spine segments 2

CARDIO

DRUG DELIVERY

ACTIVE IMPLANTABLES

Invest to support game-changers 3

POROUS SPINE

TRAUMA

KNEE

OUR PRODUCTS ENABLE ENVIRONMENTAL & SOCIETAL BENEFITS

55%

OF REVENUE FROM SUSTAINABLE PRODUCTS#

AEROSPACE

CO2 savings

... each year, our sales to Aerospace help save three times more CO2 annually than Victrex produces in its own operations*
(annual scope 1 & 2 CO2 emissions)

AUTOMOTIVE

80,000 tonnes

... annual CO2 saving in Europe for selected applications**

ELECTRONICS

100,000 rpm

Supporting energy efficiency, durability & reliability at high rotation speeds in vacuum cleaners & hairdryers

MEDICAL

25% improved brain function

... using PEEK-OPTIMA™ Natural in CMF skull plates*** vs metal plates

Better union rate

... using carbon fibre PEEK trauma plate vs. steel plates****

ENERGY & INDUSTRIAL

Up to 80%

... weight saving vs metal using VICTREX™ PEEK helps reduce stress on mechanical systems in renewable energy applications

* Based on 10kg of PEEK replacement for metal, IATA carbon reduction & climate change 2018
** Based on European annual mileage for passenger cars using vacuum pumps
*** 25% improved brain function vs Titanium plates, based on paper by Zhang Q, Yuan Y, Li X, et al, World Neurosurgeon 2018
**** Data on file refers to Trauma outcomes in high-risk patients.
# 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.

MID-TERM GROWTH TARGETS: MACRO-DRIVERS, DIFFERENTIATED PRODUCTS & MEGA-PROGRAMMES

GROUP CORE BUSINESS GROWTH	GROWTH INC MEGA-PROGRAMMES	MEGA-PROGRAMME PORTFOLIO
5-7% CAGR (revenue 5-year period – PBT ahead of revenue growth with improving operating leverage)	**8-10% CAGR** (revenue 5-year period – PBT ahead of revenue growth with improving operating leverage)	**>£25m of Group revenues** (in FY 2025)

MID-TERM CONFIDENCE UNDERPINS NEW STRATEGIC GROWTH TARGETS
(communicated December 2023)

CAPITAL ALLOCATION PRIORITIES

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

EXCESS CAPITAL DISTRIBUTION OPTIONS

SPECIAL DIVIDENDS

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

SHARE BUYBACKS

- Existing approval to buyback 10% of shares
- Flexible buyback options

PRIORITISE GROWTH INVESTMENT & RETAIN FLEXIBILITY

APPENDIX

END-MARKETS & APPLICATIONS

AUTOMOTIVE

500 million

VICTREX™ PEEK based applications on the road today

AEROSPACE

20,000+

aircraft have VICTREX solutions on-board

ENERGY

75+ million

VICTREX™ PEEK seals in use today

MEDICAL

Every 30 seconds a patient is treated using Invibio PEEK OPTIMA™ solutions

15 million+

implanted devices

ELECTRONICS

Over 4 billion

mobile devices use APTIV™ Film technology

INDUSTRIAL AND VAR

100+ million

machines using Victrex solutions

PEEK was developed by ICI in 1978, with Victrex being formed from ICI in 1993 and listed in 1995. PEEK has a unique combination of properties and is typically used as a metal replacement

CHINA

Investment to underpin future growth

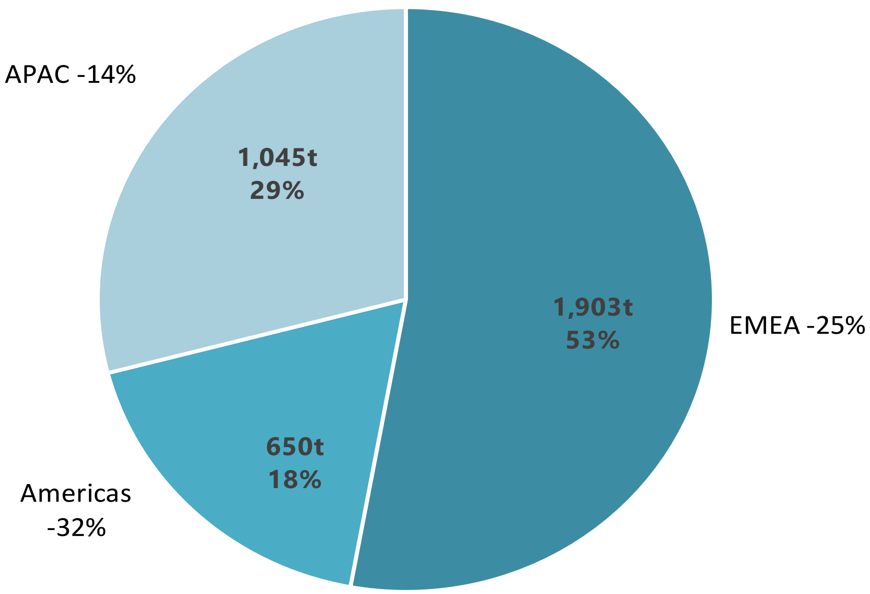
- NEW CHINA MANUFACTURING FACILITIES
- 1,500 TONNE NAMEPLATE CAPACITY
- PORTFOLIO EXTENSION
- COMMERCIAL OPERATIONS RAMPING IN FY25

GROUP END MARKETS

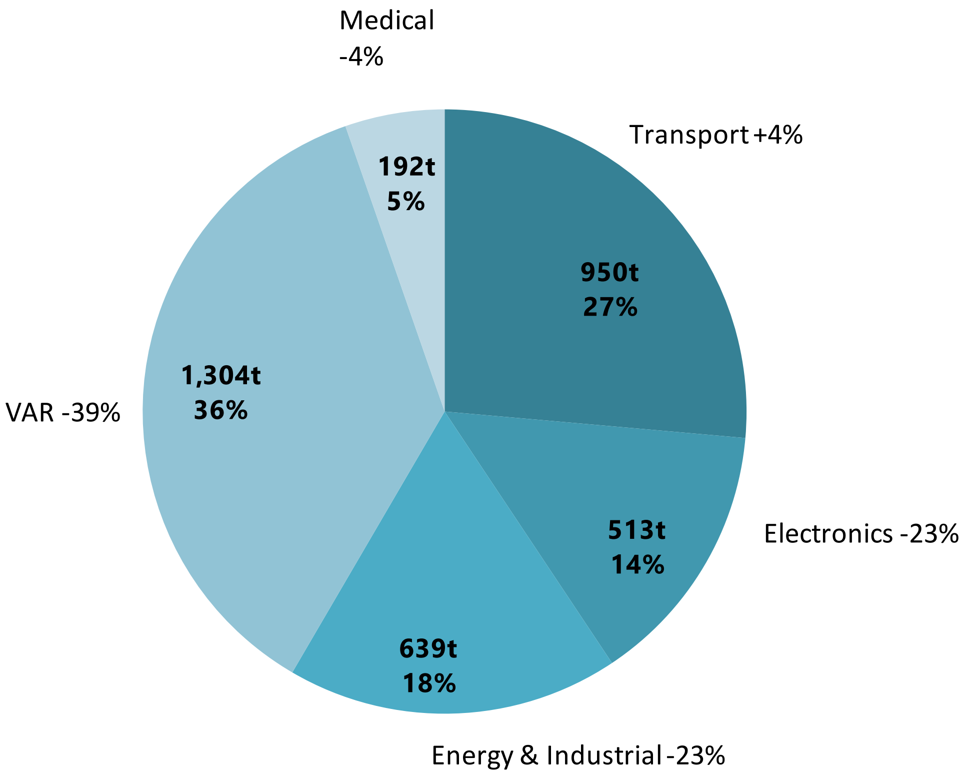
FY 2023: 3,598 tonnes (-24% vs FY 2022)

FY 2022: 4,727 tonnes (+8% vs FY 2021)

Volume by Region



Volume by Industry



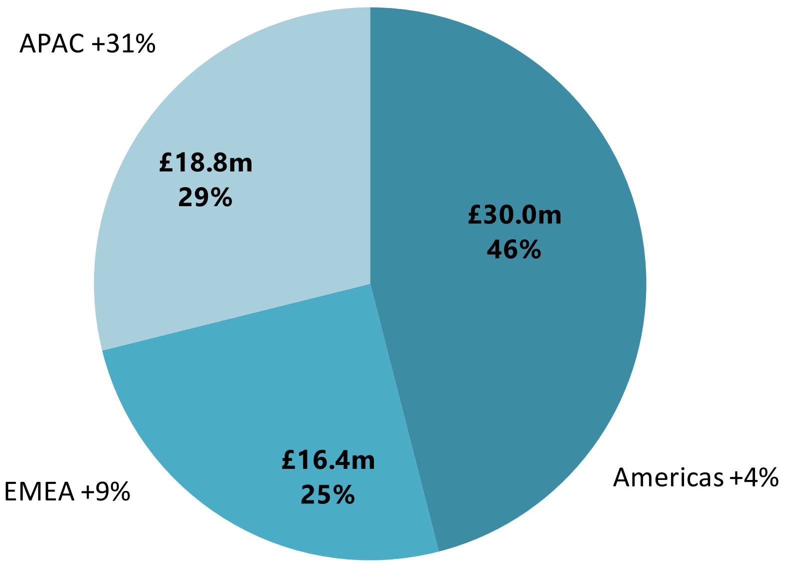
* Medical volume reflects both non-implantable and implantable volumes.

MEDICAL: KEY MARKETS

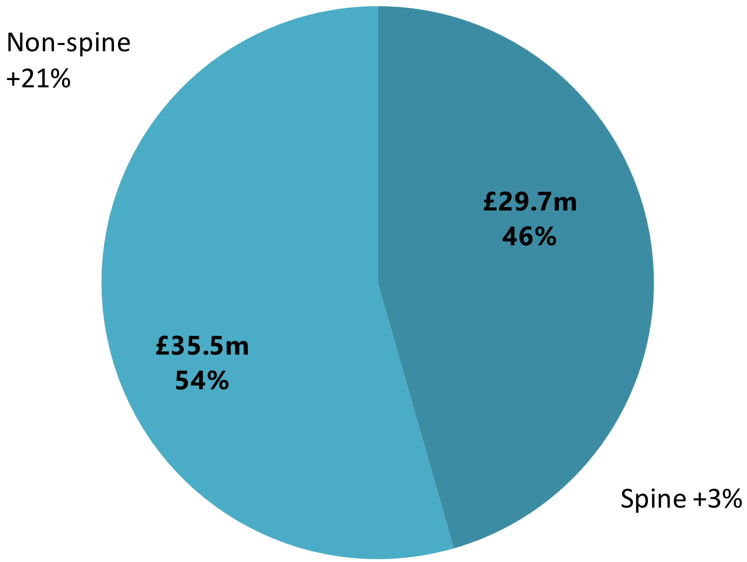
FY 2023: £65.2m (+12% vs FY 2022)

FY 2022: £58.3m (+14% vs FY 2021)

Revenue by Region

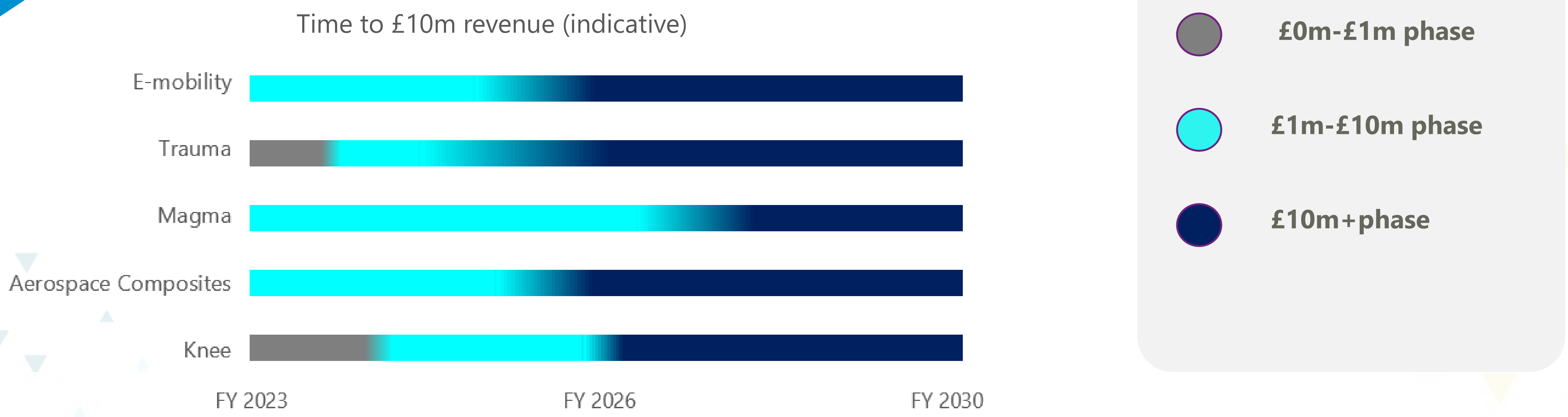


Revenue by Market



MEGA-PROGRAMMES

The pathway to £10m revenue



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

BALANCE SHEET

	FY 2023 £m	FY 2022 £m
PPE and intangible assets	**369.9**	367.4
Investment in associated undertakings	**9.1**	10.4
Financial assets held at fair value through profit and loss	**13.2**	10.1
Financial assets held at amortised cost	**0.6**	0.0
Retirement benefit asset (net)	**7.2**	12.2
Inventories	**134.5**	86.8
Trade receivables and other assets	**49.2**	68.1
Cash*	**33.5**	68.8
Current and deferred tax liabilities (net)	**(30.1)**	(21.5)
Borrowings**	**(39.7)**	(22.5)
Lease liabilities (IFRS 16)	**(10.5)**	(9.6)
Trade payables and other liabilities	**(35.9)**	(79.6)
Net assets	**501.0**	490.6
Share capital and share premium	**62.8**	62.4
Translation reserve	**2.8**	12.8
Hedging reserve	**0.6**	(13.6)
Retained earnings	**432.8**	427.2
Non Controlling Interest	**2.0**	1.8
Equity shareholders' funds	**501.0**	490.6

*Includes £3.4m (FY 2022: £2.8m) of cash ring-fenced in the Group's Chinese subsidiaries, and £0.1m (FY 2022: £10.1m) in 95-day deposit accounts

** Includes bank loan £31.6m (FY 2022: £15.7m) and loan payable to Non-controlling interest of £8.1m (FY 2022: £6.8m)

#1 PEEK EXPERTS

First to commercialise PEEK, with unmatched knowledge and experience

INFORMATION & CONTACTS

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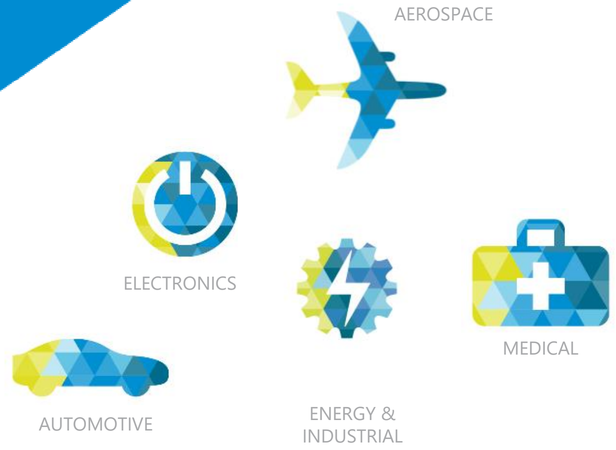


DRIVE CORE BUSINESS

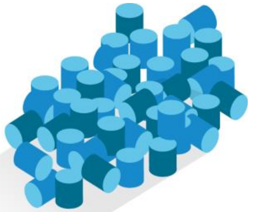
Delivering the key PEEK & PAEK materials with No.1 manufacturing capacity of >8,000 tonnes (current nameplate capacity ex China)

CREATE FUTURE VALUE

UNDERPIN: SAFETY, SUSTAINABILITY, CAPABILITY

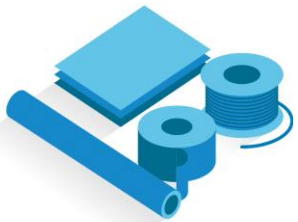
- Safety, health & wellbeing
- Sustainable business with sustainable products

DIFFERENTIATE THROUGH INNOVATION



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

GLOBAL CAPABILITY

1100+
Employees

40+
Countries served by Victrex across our markets

c£1bn
Market Value
- FTSE 250 Company
- >£300m Revenue

INVESTMENT IN INNOVATION

c5-6%
of annual sales invested in R&D

c£150m
Invested in manufacturing facilities in the last 5 years

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