9 December 2014

Victrex plc – Preliminary Results 2014

'Focused strategy accelerating growth – momentum remains positive for 2015'

Victrex plc, an innovative world leader in high performance polymer solutions, which focuses on the strategic markets of Automotive, Aerospace, Electronics, Energy and Medical, today announces its preliminary results for the financial year ended 30 September 2014.

	FY 2014	FY 2013	% change
Revenue	**£252.6m**	£221.9m	+14%
Profit before tax (PBT)	**£102.7m**	£94.6m	+9%
EPS	**94.6p**	86.5p	+9%
Gross margin	**64.6%**	66.6%	-200bps
Dividend per share*	**45.15p in addition to special dividend of 50p/share**	43.0p	+5%

*Proposed dividend per share reflects a special dividend of 50p/share in addition to a final dividend of 33.76p (FY 2013: 32.65p)

Highlights:

- **Continued momentum across our markets: Revenue up 14%, PBT up 9%**
  - *Strong performance across VPS with 17% growth in higher margin Speciality Products*
  - *Invibio returned to growth driven by Spine*
  - *New Consumer Electronics business: further volumes for H1 15 and platform to future opportunities*

- **Cost of manufacture improvement in H2**
  - *Continued focus on efficiency in 2015*

- **Major capacity investments nearing completion**
  - *New PEEK and Aptiv film capacity to support larger commercial opportunities*

- **Special dividend of 50p/share underpinned by strong cash generation and balance sheet**
  - *50p/share special dividend (£43m payout), alongside 33.76p final dividend, regular dividend cover 2.1x*
  - *FY14 net cash £89.6m despite record capital expenditure*

David Hummel, Chief Executive of Victrex, said: "Victrex delivered a strong performance in 2014, which reflects our focused growth strategy. We outperformed in our Victrex Polymer Solutions (VPS) business during the first half, secured new business in Consumer Electronics during the second half and recorded good growth in our higher margin Invibio and Speciality Products businesses.

"We are pleased to be announcing a proposed special dividend of 50 pence per share, in addition to a final dividend of 33.76p. This reflects our strong cash position, even after the significant capital investment in new manufacturing capacity, alongside our robust financial position. It also reinforces our continued confidence in the future prospects for our business.

"Looking forward, our new PEEK and Aptiv film capacity investments will put Victrex in a good position to capture more impactful and value creating business over the coming years. Our 2015 financial year has started well and although currency headwinds remain considerable, we now anticipate being able to fully cover the FX impact, reflecting our positive trading momentum and more recent exchange rates. With a continued focus on growth and efficiency, Victrex remains well placed for the year ahead."

About Victrex:

Victrex is an innovative world leader in high performance polymer solutions, focused on the strategic markets of Automotive, Aerospace, Energy, Electronics and Medical. Every day, millions of people rely on products or applications which contain our materials, from smartphones, aeroplanes and cars to oil & gas operations and medical devices. With over 35 years' experience, we are investing in technical excellence to deliver new and leading edge solutions to our customers and our markets, and to drive value for our shareholders. Find out more at www.victrexplc.com

A presentation for investors and analysts will be held at 9.30am (BST) this morning at the Andaz Hotel, Liverpool Street, London, EC2M 7QN. A telephone dial in facility will be available for analysts and investors who are unable to attend the presentation, of which details are available from Rebecca Hall at Pendomer Communications on +44 (0) 203 603 5220. The presentation can be viewed on Victrex's website at www.victrexplc.com.

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Preliminary results statement for the year ended 30 September 2014

Focused strategy accelerating growth – momentum remains positive for 2015

Group financial results

Victrex delivered a strong performance in 2014, reflecting a focused strategy which is accelerating growth across our five chosen markets of Automotive, Aerospace, Energy, Electronics and Medical. Growth was driven in the first half of the year by an outperformance in our core PEEK resin business and in the second half by new business in Consumer Electronics. Our higher margin Speciality Products and Invibio medical business delivered continuing growth year on year.

Strong revenue growth
Group revenue for the period was 14% ahead of the prior year (2013: £221.9m) but with a slightly lower average selling price of £71.1/kg (2013: £76.0/kg). This was due to currency and a softer sales mix, principally the lower priced but higher volume Consumer Electronics business. Excluding Consumer Electronics volumes, but still reflecting some currency impact, our average selling price remained broadly stable year on year at £74.6/kg. Volumes were particularly strong, 22% ahead of last year at 3,551 tonnes (2013: 2,920 tonnes) following a broad based performance across each quarter.

High utilisation supports capacity investment
Our PEEK powder manufacturing capacity utilisation at year end was 78% (2013: 62%), compared to our nameplate capacity of 4,250 tonnes (although effective capacity is slightly lower than this when maintenance and grade changes are factored in). This level of utilisation, and year on year increase, supports our decision to invest in new manufacturing assets which will support the breadth of new and larger business opportunities which we are focused on. Our PEEK manufacturing process remains technically superior, enabling us to differentiate versus competitors, whether we use raw materials from our own upstream assets (principally BDF, one of the key precursors to PEEK) or BDF which we source externally.

Gross margins
Group gross margin of 64.6% (2013: 66.6%) reflects a slightly softer sales mix and higher cost of manufacture in the first half and the lower priced Consumer Electronics business and currency in the second half. With an improvement in our cost of manufacture programme over the course of the year, H2 gross margin saw an improvement on the first half year, to 65.1% (H1 2014: 64.0%). We are renewing our focus on cost of manufacture in FY 2015, with the aim of improving our medium term efficiency, particularly as our new manufacturing capacity starts to ramp up.

H2 2014 performance summary

	H2 2014	H2 2013	% change
Revenue	£132.6m	£115.5m	15%
Profit before tax (PBT)	£53.8m	£48.9m	10%
Gross margin	65.1%	66.0%	(0.9%) pts
EPS	49.5p	44.8p	10%

Broad based market performance across VPS and Invibio
Growth across Victrex Polymer Solutions (VPS) reflects broad based growth across our markets as long term global megatrends such as fuel efficiency in Automotive and Aerospace, and yield and reliability in Oil & Gas, remain strong, irrespective of cyclical patterns. These longer lifecycle and higher margin markets, together with our Invibio medical business, form the bulk of our portfolio and remain attractive over the longer term. In the Consumer Electronics market, we anticipate a continuation of volumes during the first half of FY 2015 and we are working hard to use this opportunity as a platform into more sustainable and longer lifecycle business in the future.

The higher margin Speciality Products business continued to progress, particularly Aptiv film, where we saw continued demand and recorded a 17% increase in revenue over the year. Our new Aptiv film capacity came online in Q1 FY 2015 and will enhance our ability to supply ultra-thin and ultra-wide film to customers in the future. Film remains a key differentiator for Victrex, particularly in the Aerospace and Electronics markets, where its unique combination of properties helps overcome complex technical challenges.

In our Invibio medical business, we saw a steady return to growth over the year, compared to the weaker period of destocking seen in the first half of last year. Revenue in Invibio was 5% ahead of the prior year at £53.4m (2013: £50.8m). This predominantly reflects continued improvement in sales to the spine market in the mature geographies of the US and Europe with sales to emerging countries, particularly China (with double-digit growth), progressing well. Away from spine, our emerging medical businesses including Dental, Trauma and Knee, and sales to new geographies continue to show steady progress.

Investment to drive future growth

Our strategy to use technical excellence to deliver new solutions to our customers means continued investment to drive our future growth programmes. This includes the technical, marketing, quality and regulatory functions, with total indirect overheads – including the profit driven bonus provision this year – increasing by 13%, slightly ahead of the increase seen in 2013. With significant overhead investment in recent years to create the building blocks for our future growth, we anticipate that overhead growth will be more moderate in the medium term. To support our solutions-driven approach to customers, we continued to invest in research and development, of which approximately 85% relates to market and customer related product and application development. Our R&D expenditure increased to £15.7m this year (2013: £14.6m), representing 6% of revenue (2013: 7%).

Currency

As a UK-based global exporter, currency had a £2.3m adverse impact on our profits this year as our major trading currencies moved against the pound. Some of the 2014 impact arose from hedging Q2 outperformance volumes and the new Consumer Electronics business at less favourable spot rates, rather than up to 12 months in advance as part of our normal hedging policy. Looking forward, currency remains a considerable headwind for FY 2015, although we note the more recent favourable movement of the £/$ rate. We now anticipate being able to fully cover the FX impact, reflecting our positive trading momentum and more recent exchange rates.

Profit before tax and EPS

Group profit before tax of £102.7m was 9% ahead of the prior year (2013: £94.6m), evidence that our strategy is accelerating growth. Basic earnings per share of 94.6p per share (2013: 86.5p per share) also reflects the lower effective tax rate of 21.9% (2013: 22.9%) resulting from the lower UK corporation tax rate.

Balance sheet strength and returns

Our strong balance sheet remains a key competitive advantage, supporting our ability to invest for future growth, to provide security of supply to our customers and to support appropriate shareholder return.

Total dividends during the period increased to £37.3m (2013: £32.7m), reflecting the increase in the FY 2013 final dividend. As a result, and despite the high capital expenditure, the closing Group cash balance as at 30 September 2014 was £89.6m with no debt (2013: £91.6m; no debt).

Net assets at 30 September 2014 totalled £353.4m (2013: £313.7m). Our working capital reflects how we choose to differentiate ourselves through product leadership and security of supply for both existing and future customers and end users.

Return on capital employed* (ROCE) has reduced slightly following a period of high capital investment in manufacturing assets but remains ahead of many peers. ROCE for the year was 22.7% (2013: 23.2%) and we believe there is an opportunity to enhance ROCE once our new capacity ramps up and utilisation rates improve.

Cash flow and capacity investment

Cash generated from operations was £118.3m (2013: £100.9m) representing an operating cash conversion** of 116% (2013: 107%). Despite 2014 being our highest level of capital expenditure (2014: £65.6m; 2013: £40.7m) to support investment, Victrex continued to see healthy cash generation.

Investment was principally in the construction of our new PEEK plant (we announced in October 2012 that we expected to invest £90m in new capacity) alongside our Aptiv film facility. This is our third PEEK plant and it will be commissioned from early 2015 (the second quarter of Victrex's financial year). Our capacity investment (an additional 2,900 tonnes) reflects continued underlying confidence in our business and the breadth of future opportunities, where global megatrends remain strong. The investment has continued to support our commercial discussions, particularly as we focus on larger and more impactful long term opportunities, giving our customers confidence that capacity will be available to support larger long-term applications. Our Aptiv film investment will increase capacity for film, which is currently used in Aerospace and Electronics markets.

Taxation

Taxation paid during the period was £21.1m (2013: £21.7m), which reflects the reduction in the UK corporation tax rate, partially offset by a stronger trading performance.

Special dividend

Our proposed special dividend of 50p/share is underpinned by strong cash generation, despite high capital expenditure this year, with the payout representing a total of £43m, enabling the Group to still retain a robust balance sheet position. Alongside our special dividend is a final dividend of 33.76p (2013: 32.65p), with cover improving to 2.1x (2013: 2.0x). Our medium term focus is to maintain cover around or above this level, to support a sustainable future dividend.

These dividends reflect both our cash performance and underlying confidence in the growth programmes and prospects for our business. The full regular dividend for the year, incorporating interim and final dividend, is 45.15 pence per share, an increase of 5% (2013: 43.0p).

Victrex Polymer Solutions

	12 months Ended 30 Sept 2014 £m	12 months ended 30 Sept 2013 £m	Change
Revenue	199.2	171.1	16%
Gross profit	116.1	103.1	13%
Operating profit	77.2	68.6	13%

VPS delivered a strong performance this year. The division generated revenue 16% ahead of the prior year of £199.2m (2013: £171.1m) reflecting broad based growth across our strategic markets and a particularly strong performance from core PEEK resin sales in the first half, alongside continued progress in Speciality Products where Aptiv sales recorded a 20% increase over the year. The second half was characterised by continued broad based market growth, aided by strong volumes in Consumer Electronics, with some continuation of volumes anticipated for the first half of 2015. Gross margin at 58.3% (2013: 60.3%) reflects a softer mix, adverse currency and the slightly increased cost of manufacture in H1, which saw improvement in H2. Sales, marketing and administrative expenses increased by £4.4m to £38.9m (2013: £34.5m) with continued investment to develop our organisational infrastructure and capabilities to drive our future growth initiatives. The resulting operating profit of £77.2m was 13% ahead of the previous year (2013: £68.6m).

VPS market overview

Whilst we remain a market-led business, geographic trends remain important. Our core geographies of the US, Europe and Asia-Pacific all performed well this year. Sales volume in Europe of 1,778 tonnes was 9% ahead of the prior year (2013: 1,637 tonnes) driven by good growth in all key markets, particularly Automotive. In the US, sales volume of 878 tonnes was 14% ahead of the prior year (2013: 770 tonnes). In Asia, sales volume of 895 tonnes was 74% ahead of the prior year (513 tonnes) with good growth in industrial and transport applications, a steady performance in semiconductor applications, alongside a much stronger performance in Consumer Electronics. Japan also saw a steady recovery, from a low base, with sales ahead by approximately 19% year on year.

Energy/Industrial

Energy/Industrial sales volume at 1,196 tonnes was ahead of last year (1,125 tonnes). Increased demand for industrial machinery and equipment, and increased emerging market demand drove growth, aided by good growth in oil and gas, although drilling activity remains patchy. We also remain cognisant of the recent softer oil price and the potential implications for near term capital expenditure in oil & gas projects, although long term trends remain supportive.

Transport

Transport sales volume increased 20% to 962 tonnes (2013: 799 tonnes) with strong sales into Automotive and Aerospace. The increase in Automotive sales reflects the trend towards highly durable and weight saving materials, as global megatrends of emissions reduction in cars and fuel saving for aeroplanes remain strong. The use of PEEK polymers in transmission and braking systems remains an important part of our offering, in helping to reduce weight, improve efficiency and durability. We also continue to work on other future programmes, including gears. In Aerospace, build rates steadily increased during 2014. We continue to work on a number of opportunities to translate the existing level of our materials across the aircraft, as well as some emerging retrofitting opportunities for existing aircraft. Brackets and fasteners remain the key product areas in focus, as well as film. Beyond our key end customers of Boeing and Airbus, pre-development work with COMAC in China continues, which offers an attractive medium to longer term opportunity.

Electronics

Electronics sales increased markedly to 1,031 tonnes (2013: 628 tonnes) reflecting both an improved performance in semiconductor applications, but supplemented by growth in Consumer Electronics. Whilst Consumer Electronics has slightly softened margins this year, this remains very attractive and viable high volume business and we believe that more sustainable and longer lifecycle business in this area remains achievable, complementing our other longer lifecycle portfolio opportunities.

Product and market development

Becoming the partner of choice in delivering solutions to customers remains key. Our Speciality Products business, driven predominantly by Aptiv film used in many acoustic applications, delivered a good performance, with sales increasing by 17% and pricing ahead year on year. Our other existing Speciality Product platforms are coatings, pipes and composites. Our pre-development work with Magma continues and whilst field testing trials remain ongoing, further test orders of piping were shipped during the year, to both oil majors and oil service companies. Commissioning of the spooling system, which is part of the laying process for Magma pipe, was also concluded after the year end.

Development pipeline

The development pipeline reflects our focus on larger and more impactful targets, in line with our strategy to drive value rather than just focusing on the total volume of opportunities and chasing every PEEK sale. Our portfolio management approach ensures we focus on the deliverability of our development pipeline rather than just the volume of opportunities. Our strategy KPIs show five 'mega-programmes' of PEEK-OPTIMA® HA-Enhanced (Spine), Juvora (Dental), Victrex Pipe/Magma, Trauma and Knee, each offering revenue potential of at least £50m in their peak year, alongside more typical 'Horizon 1' (0-2 years) opportunities. We will also continue to report the Mature Annualised Volume (MAV) of 2,141 tonnes (30 September 2013: 2,064 tonnes) which is if all of the developments were successfully commercialised.

Growth drivers

We continue to see good growth potential for our business, reflected by our strong development pipeline, as well as opportunities to target further market penetration or geographies through strategic marketing. Continued investment in talent, technology and new capacity means that we are well placed to take advantage of growth opportunities – whether organically or through selective acquisitions – in delivering solutions to our customers and markets.

Invibio Biomaterial Solutions

	12 months ended 30 Sept 2014 £m	12 months ended 30 Sept 2013 £m	Change
Revenue	53.4	50.8	5%
Gross profit	47.1	44.7	5%
Operating profit	29.6	29.3	1%

Invibio continued its steady recovery following the period of destocking in the Spine market seen during the first half of 2013. Revenue was 5% ahead of the prior year (2013: £50.8m), driven by sales into the Spine market. Gross margins remained strong at 88.2% (2013: 88.0%) and with continued future high value opportunities, we remain focused on enhancing our profitability over the years ahead. To support our product leadership strategy of leveraging technical excellence and particularly to help accelerate adoption and regulatory approval in our markets, investment in sales, marketing and administrative resources – particularly in quality and regulatory expertise – increased to £17.5m (2013: £15.4m), resulting in an operating profit of £29.6m (2013: £29.3m).

Invibio market overview

Invibio is the proven market leader in providing versatile and high performance PEEK based polymer solutions to the implantable medical device market. Spine remains our core market and saw continued progress on 2013. The Spine market generated sales of £40.1m, an increase of £0.8m (2%) on the prior year. Improvement reflects steady recovery from de-stocking, alongside translating Spine sales into newer emerging markets, which continue to be attractive for us, particularly China. Outside of Spine, Arthroscopy remains our other current revenue play. In our emerging medical markets of Dental, Trauma and Knee, we have made steady progress this year, with partner agreements signed and new channels to market being explored which will accelerate growth in the medium to longer term. In short, the demand for newer and more radical solutions which are proven to deliver clinical benefit remains high. We retain our focus on markets with high procedure rates and surgery which can deliver proven clinical benefit by using our materials.

Spine

One of our focus areas, alongside our position in mature markets, has also been in emerging geographies where we have increased our regulatory approvals this year. To support our ability to drive adoption and subsequently growth, we have continued to invest in marketing and regulatory expertise, with new regulatory expertise in South America and capability in China. New product offerings also comprise one of our growth opportunities. Our PEEK-OPTIMA® HA-ENHANCED product, which promotes bone-on growth, successfully secured regulatory approvals in Europe and in the US after the year end. 2015 will be a year in which we drive adoption and education programmes in collaboration with our customers and with European and US Spine surgeons. PEEK-OPTIMA® HA-ENHANCED remains a premium product which reflects the innovation and development put into its offering for our customers, as well as the work we have undertaken with surgeons in its development. It also offers an additional value-enhancing product alongside existing PEEK-OPTIMA®.

Emerging businesses

Our activities in emerging businesses were driven by JUVORA, our dental brand, which offers a certified dental disc, providing our customers and their patients with an effective metal free denture solution, with improved comfort and fit. Following the traction for dental last year across geographies, we now have 130 labs operating under our certified training programme. JUVORA also has US FDA regulatory approval. The trends for the denture market are extremely encouraging and we believe that the JUVORA product is well positioned to be the material of choice for a significant patient population that could reach as many as 1.5 million denture applications per year. Whilst we have secured some revenue to date, JUVORA remains as a Horizon 2 (2-5 year) opportunity. During the course of the year, we also began exploring a more direct route to market with dental companies, rather than simply through dental laboratories. Given the fragmentation in this market, we believe this could help accelerate adoption and penetration in the market over the medium term.

Our other emerging opportunities include Trauma (Horizon 2; 2-5 years) where our materials can deliver superior performance and accelerate healing, as well as offering durability and less complexity than many incumbent solutions. In Horizon 3 (5 years +) we see significant potential in Knee, where revision rates from existing metal based materials are high, as well as high patient dissatisfaction. We signed a partner agreement to progress pre-development work on Knee during the year. Partnerships to accelerate adoption will be one option for us to drive growth in the medical markets over the coming years. Pre-development work remains ongoing and the offering of a new PEEK based knee which can be tailored to a patient's needs within a much shorter space of time and which provides superior clinical benefit, remains attractive. Knee could be particularly relevant in emerging geographies, where kneeling rates and the typically higher proportion of manual work requires an effective and sustainable solution. The proven reaction by surgeons within these markets to utilise materials that deliver clinical benefit and patient satisfaction gives us confidence on our portfolio of long term opportunities across medical markets.

Sustainability

Sustainability is now firmly embedded in Victrex's culture, ensuring that our sustainable products are recognised for providing a competitive advantage to our customers and markets, for example in reducing

CO_2 emissions in aircraft, as well as reflecting the strides we are making to maximise our own resources and be a responsible business.

This year, in our forthcoming Annual Report, we are setting out clear and measurable targets around our three areas of Sustainable Solutions, Resource Efficiency and Social Responsibility. Our bold vision in this area includes saving more CO_2 than we produce over the next 10 years, as well as reducing our manufacturing waste, and reaching out to our local communities to help the next generation of employees.

People

Victrex relies on the skills, experience and competence of our people to drive our business into new applications and new geographies, as well as operating our assets to the highest standards of safety and with the highest regard for the environment.

Victrex was recognised with the Order of Distinction for its Safety record and processes by the Royal Society for the Prevention of Accidents (RoSPA) this year, a strong achievement. We were also listed in the top 10 UK companies for the quality of our goods and services by Management Today. On behalf of the Board, I would like to thank all our employees for their significant contribution in a year of strong performance for Victrex. The inherent passion, innovation and performance of Victrex employees remain key assets for Victrex and its success in the future.

Outlook

Looking forward, our new PEEK and Aptiv film capacity investments will put Victrex in a good position to capture more impactful and value creating business over the coming years. Our 2015 financial year has started well and although currency headwinds remain considerable, we now anticipate being able to fully cover the FX impact, reflecting our positive trading momentum and more recent exchange rates. With a continued focus on growth and efficiency, Victrex remains well placed for the year ahead.

David Hummel
Chief Executive
9 December 2014

CONSOLIDATED INCOME STATEMENT
for the year ended 30 September

	Note	**2014 £m**	2013 £m
Revenue	2	**252.6**	221.9
Cost of sales		**(89.4)**	(74.1)
Gross profit		**163.2**	147.8
Sales, marketing and administrative expenses		**(61.0)**	(53.8)
Operating profit	2	**102.2**	94.0
Financial income		**0.6**	0.8
Financial expenses		**(0.1)**	(0.2)
Profit before tax		**102.7**	94.6
Income tax expense		**(22.5)**	(21.7)
Profit for the year attributable to owners of the parent		**80.2**	72.9
Earnings per share			
Basic	3	**94.6p**	86.5p
Diluted	3	**94.3p**	86.0p
Dividend per ordinary share			
Interim		**11.39p**	10.35p
Final		**33.76p**	32.65p
Special		**50.00p**	-
		95.15p	43.0p

A final dividend in respect of 2014 of 33.76p and a special dividend of 50.0p per ordinary share have been recommended by the Directors for approval at the Annual General Meeting in February 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September

	2014 £m	2013 £m
Profit for the year	**80.2**	72.9
Items that will not be reclassified to profit or loss		
Defined benefit pension schemes' actuarial losses	**(5.2)**	(0.7)
Income tax on items that will not be reclassified to profit or loss	**1.0**	0.1
	(4.2)	(0.6)
Items that may be reclassified subsequently to profit or loss		
Currency translation differences for foreign operations	**(0.7)**	(0.5)
Effective portion of changes in fair value of cash flow hedges	**5.1**	1.1
Net change in fair value of cash flow hedges transferred to profit or loss	**(8.2)**	0.4
Income tax on items that may be reclassified to profit or loss	**0.5**	(0.6)
	(3.3)	0.4
Total other comprehensive expense for the year	**(7.5)**	(0.2)
Total comprehensive income for the year attributable to owners of the parent	**72.7**	72.7

CONSOLIDATED BALANCE SHEET

as at 30 September	**2014 £m**	2013 £m
Assets		
Non-current assets		
Property, plant and equipment	**227.6**	175.7
Intangible assets	**10.1**	10.1
Deferred tax assets	**7.1**	6.3
	244.8	192.1
Current assets		
Inventories	**44.2**	51.1
Current income tax assets	**0.7**	1.2
Trade and other receivables	**33.0**	26.5
Derivative financial instruments	**4.0**	5.1
Cash and cash equivalents	**89.6**	91.6
	171.5	175.5
Total assets	**416.3**	367.6
Liabilities		
Non-current liabilities		
Deferred tax liabilities	**(17.8)**	(15.6)
Retirement benefit obligations	**(7.8)**	(3.6)
	(25.6)	(19.2)
Current liabilities		
Derivative financial instruments	**(2.3)**	(0.4)
Current income tax liabilities	**(7.9)**	(10.7)
Trade and other payables	**(27.1)**	(23.6)
	(37.3)	(34.7)
Total liabilities	**(62.9)**	(53.9)
Net assets	**353.4**	313.7
Equity		
Share capital	**0.9**	0.8
Share premium	**34.4**	31.3
Translation reserve	**0.8**	1.5
Hedging reserve	**0.9**	3.3
Retained earnings	**316.4**	276.8
Total equity attributable to owners of the parent	**353.4**	313.7

These financial statements of Victrex plc, registered number 2793780, were approved by the Board of Directors on 8 December 2014 and were signed on its behalf by:

D R Hummel
Chief Executive

L S Burdett
Group Finance Director

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September

	2014 £m	2013 £m
Profit after tax for the year	**80.2**	72.9
Income tax expense	**22.5**	21.7
Net financing income	**(0.5)**	(0.6)
Operating profit	**102.2**	94.0
Adjustments for:		
Depreciation	**10.0**	9.5
Loss on disposal of non-current assets	**1.3**	0.3
Decrease/(increase) in inventories	**6.7**	(3.6)
(Increase)/decrease in trade and other receivables	**(6.5)**	1.3
Increase/(decrease) in trade and other payables	**4.5**	(1.3)
Equity-settled share-based payment transactions	**1.1**	1.3
Changes in fair value of derivative financial instruments	**(0.1)**	0.5
Retirement benefit obligations charge less contributions	**(0.9)**	(1.1)
Cash generated from operations	**118.3**	100.9
Net financing income received	**0.6**	0.8
Tax paid	**(21.1)**	(21.7)
Net cash flow from operating activities	**97.8**	80.0
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(65.6)**	(40.7)
Net cash flow from investing activities	**(65.6)**	(40.7)
Cash flows from financing activities		
Proceeds from issue of ordinary shares exercised under option	**3.2**	2.2
Purchase of own shares held	**-**	(0.9)
Dividends paid	**(37.3)**	(32.7)
Net cash flow from financing activities	**(34.1)**	(31.4)
Net (decrease)/increase in cash and cash equivalents	**(1.9)**	7.9
Effect of exchange rate fluctuations on cash held	**(0.1)**	(0.2)
Cash and cash equivalents at beginning of year	**91.6**	83.9
Cash and cash equivalents at end of year	**89.6**	91.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Equity at 1 October 2012	0.8	29.1	2.0	2.1	237.1	271.1
Total comprehensive income for the year						
Profit	-	-	-	-	72.9	72.9
Other comprehensive income						
Currency translation differences for foreign operations	-	-	(0.5)	-	-	(0.5)
Effective portion of changes in fair value of cash flow hedges	-	-	-	1.1	-	1.1
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	0.4	-	0.4
Defined benefit pension schemes actuarial losses	-	-	-	-	(0.7)	(0.7)
Tax on other comprehensive income	-	-	-	(0.3)	(0.2)	(0.5)
Total other comprehensive (expense)/income for the year	-	-	(0.5)	1.2	(0.9)	(0.2)
Total comprehensive (expense)/income for the year	-	-	(0.5)	1.2	72.0	72.7
Contributions by and distributions to owners of the Company						
Share options exercised	-	2.2	-	-	-	2.2
Equity-settled share-based payment transactions	-	-	-	-	1.3	1.3
Purchase of own shares held	-	-	-	-	(0.9)	(0.9)
Dividends to shareholders	-	-	-	-	(32.7)	(32.7)
Equity at 30 September 2013	0.8	31.3	1.5	3.3	276.8	313.7
Total comprehensive income for the year						
Profit	**-**	**-**	**-**	**-**	**80.2**	**80.2**
Other comprehensive income						
Currency translation differences for foreign operations	**-**	**-**	**(0.7)**	**-**	**-**	**(0.7)**
Effective portion of changes in fair value of cash flow hedges	**-**	**-**	**-**	**5.1**	**-**	**5.1**
Net change in fair value of cash flow hedges transferred to profit or loss	**-**	**-**	**-**	**(8.2)**	**-**	**(8.2)**
Defined benefit pension schemes actuarial losses	**-**	**-**	**-**	**-**	**(5.2)**	**(5.2)**
Tax on other comprehensive income	**-**	**-**	**-**	**0.7**	**0.8**	**1.5**
Total other comprehensive (expense) income for the year	**-**	**-**	**(0.7)**	**(2.4)**	**(4.4)**	**(7.5)**
Total comprehensive (expense)/income for the year	**-**	**-**	**(0.7)**	**(2.4)**	**75.8**	**72.7**
Contributions by and distributions to owners of the Company						
Share options exercised	**0.1**	**3.1**	**-**	**-**	**-**	**3.2**
Equity-settled share-based payment transactions	**-**	**-**	**-**	**-**	**1.1**	**1.1**
Dividends to shareholders	**-**	**-**	**-**	**-**	**(37.3)**	**(37.3)**
Equity at 30 September 2014	**0.9**	**34.4**	**0.8**	**0.9**	**316.4**	**353.4**

NOTES TO THE FINANCIAL STATEMENTS

1. Financial statements and basis of preparation

The financial statements have been prepared on the basis of the accounting policies set out in the Group's last Annual Report and Accounts except for the application of relevant new standards. A number of new standards and amendments to existing standards were effective for the financial year ended 30 September 2014. None of these have had a material impact.

A number of standards, amendments and interpretations have been issued and endorsed by the EU, but which are not yet effective and accordingly the Group has not yet adopted. The cumulative impact of the adoption of these standards is not expected to be significant.

The financial information presented does not comprise the statutory financial statements within the meaning of the Companies Act 2006. The results for the year ended 30 September 2014 have been extracted from the statutory financial statements for that period. The auditor has given an unqualified report on the statutory financial statements for the year. The results for the year ended 30 September 2013 have been extracted from the statutory financial statements for that year, which have been delivered to the Registrar of Companies; the audit opinion on those financial statements was unqualified.

Sections of this results statement contain forward-looking statements, including statements relating to: future demand and markets for the Group's products and services; research and development relating to new products and services and liquidity and capital resources. These forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future. Accordingly, actual results may differ materially from anticipated results because of a variety of risk factors which are summarised in note 6.

The accounts for the year ended 30 September 2014 will be posted to shareholders on 5 January 2015 and will be available from the Company's Registered Office at Victrex Technology Centre, Hillhouse International, Thornton Cleveleys, Lancashire, FY5 4QD, United Kingdom.

2. Segment reporting

The Group complies with IFRS 8 – Operating Segments which requires operating segments to be identified and reported upon that are consistent with the level at which results are regularly reviewed by the entity's chief operating decision maker. The chief operating decision maker for the Group is the Victrex plc Board. Information on the business units is the primary basis of information reported to the Victrex plc Board. The performance of the business units is assessed based on segmental operating profit.

The Group's business is strategically organised as two business units: Victrex Polymer Solutions, which focuses on our automotive, aerospace, electronics and energy markets and Invibio Biomaterial Solutions, which focuses on providing specialist solutions for medical device manufacturers.

	Victrex Polymer Solutions 2014 £m	**Invibio Biomaterial Solutions 2014 £m**	**Group 2014 £m**	Victrex Polymer Solutions 2013 £m	Invibio Biomaterial Solutions 2013 £m	Group 2013 £m
Revenue from external sales	**199.2**	**53.4**	**252.6**	171.1	50.8	221.9
Segment gross profit	**116.1**	**47.1**	**163.2**	103.1	44.7	147.8
Segment operating profit	**77.2**	**29.6**	**106.8**	68.6	29.3	97.9
Unallocated central costs			**(4.6)**			(3.9)
Operating profit			**102.2**			94.0
Net financing income			**0.5**			0.6
Profit before tax			**102.7**			94.6
Income tax expense			**(22.5)**			(21.7)
Profit for the year attributable to owners of the parent			**80.2**			72.9
Other information						
Depreciation	**9.5**	**0.5**	**10.0**	9.1	0.4	9.5

From 1 October 2014 the management of sales, marketing and administration overheads changed with a consolidation of these functions which service both business units. Accordingly the information received by the chief operating decision maker presents segmental performance to the gross profit level with overheads reported at a Group level. Future segmental disclosures will therefore be to a gross profit level.

Entity wide disclosures

Information about products

The Group derives its revenue from the sale of high performance thermoplastic polymers.

Information about geographical areas

The Group's country of domicile is the United Kingdom. Revenues are attributed to customers based on the customer's location.

3. Earnings per share

Earnings per share is based on the Group's profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year, excluding own shares held.

		2014	2013
Earnings per share	- basic	**94.6p**	86.5p
	- diluted	**94.3p**	86.0p
Profit for the financial year		**£80.2m**	£72.9m
Weighted average number of shares used:			
- Issued ordinary shares at beginning of year		**84,780,543**	84,481,476
- Effect of own shares held		**(276,139)**	(366,222)
- Effect of shares issued during the year		**254,223**	179,127
Basic weighted average number of shares		**84,758,627**	84,294,381
Effect of share options		**304,220**	432,600
Diluted weighted average number of shares		**85,062,847**	84,726,981

4. Exchange rates

The most significant Sterling exchange rates used in the accounts under the Group's accounting policies are:

	2014		2013	
	Average	**Closing**	Average	Closing
US Dollar	**1.60**	**1.62**	1.57	1.62
Euro	**1.19**	**1.28**	1.21	1.20
Yen	**155**	**178**	128	159

5. Dividend and Annual General Meeting

The proposed final and special dividends will be paid on 20 February 2015 to all shareholders on the register on 6 February 2015. The Annual General Meeting of the Company will be held at 11am on 4 February 2015, at the Andaz Hotel, Liverpool Street, London, EC2M 7QN.

6. Risks, trends, factors and uncertainties

Victrex's business and share price may be affected by a number of risks, trends, factors and uncertainties, not all of which are in our control.

Accordingly, actual results may differ materially from anticipated results because of a variety of risk factors, including: changes in 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; changes in regulatory environment and the outcome of litigation.

FINANCIAL CALENDAR (also available at www.victrexplc.com)

Annual General Meeting	4 February 2015
Ex dividend date	5 February 2015
Record date* **	6 February 2015
Payment of final and special dividends	20 February 2015
Announcement of 2015 half-yearly results	May 2015
Payment of interim dividend	July 2015

* Return on capital employed: Profit after tax/net assets

** Operating cash conversion: Cash generated from operations/operating profit

*** The date by which shareholders must be recorded on the share register to receive the dividend.