



victrex[®]

Victrex plc Half-yearly Results 2011



Financial & Operational Highlights

Record sales volume, revenue and profits

- Sales volume up 22% to 1,434 tonnes (2010: 1,171 tonnes)
- Revenue up 21% to £107.9m (2010: £89.3m)
- Earnings per share up 58% to 42.4p (2010: 26.8p)
- Cash of £43.3m at 31 March 2011 and no debt
- Interim dividend up 25% to 8.0p (2010: 6.4p)

Group Income Statement

Operating leverage on strong sales growth drives PBT

Six months ended 31 March	2011 £m	2010 £m	Growth
Revenue	107.9	89.3	21%
Gross profit	74.2	52.5	41%
<i>Gross margin %</i>	68.8%	58.8%	<i>10.0 % pts</i>
Overheads	(26.1)	(21.7)	20%
Interest	0.2	-	n/a
Profit before tax	48.3	30.8	57%
Earnings per share	42.4p	26.8p	58%

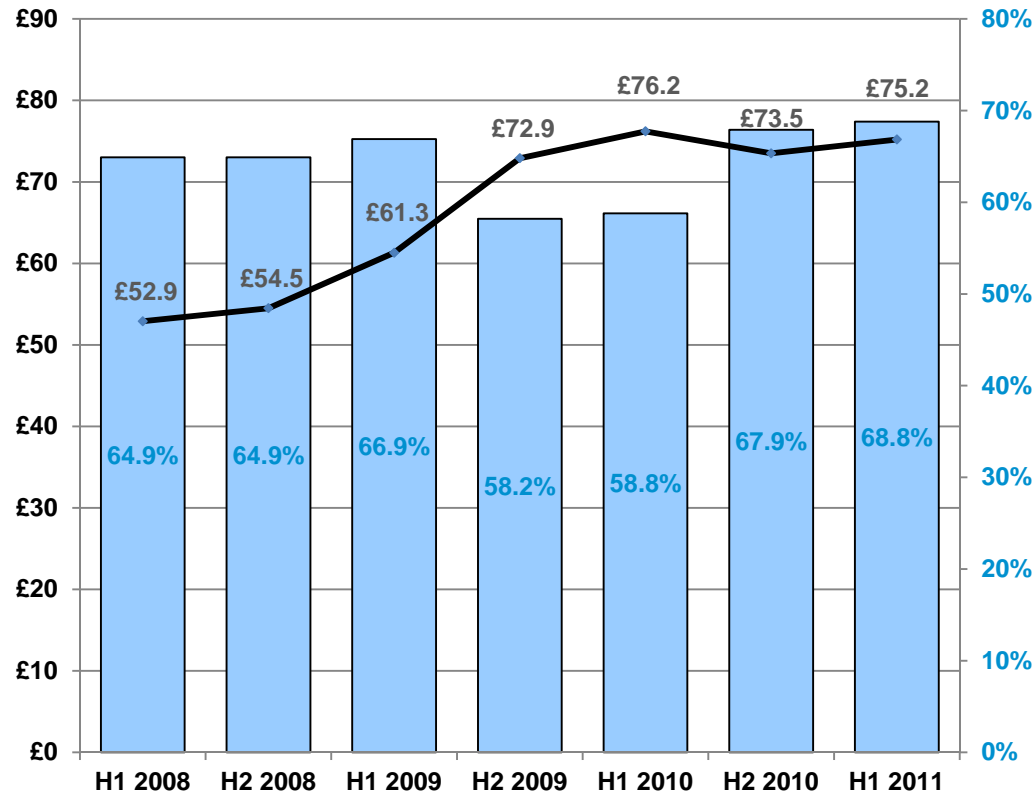
- Sales volume up 22% to 1,434 tonnes
- 2011 gross margin improvement primarily due to higher manufacturing utilisation rates in 2010 resulting in lower unit cost of production
- Overheads increased £4.4m largely as a result of elements of staff remuneration linked to business performance and further investment in headcount
- Effective tax rate reduced by 1% to 27% following reduction in UK corporation tax

Group Average Selling Price & Gross Margin

H1 2011 gross margin 10.0 % pts above H1 2010

£ASP

GM%



£ASP

- Divisional mix impact

GM%

- H1 2011 and H2 2010 sales largely out of lower unit cost inventory produced in 2010
- H1 2010 largely out of higher unit cost inventory produced in 2009 when production volumes were at lower levels

Currency Exposure

H1 2011 currency benefit of £1.3m

	Average exchange rates				Exchange rate sensitivity #
	2010 H1	2010 Year	2011 H1	2011 Year	
\$/£	1.57	1.58	1.57	1.56	£3.8m
€/£	1.14	1.15	1.15	1.16	£3.7m
¥/£	162	153	138	135	£1.0m

2011 year estimates based on forecast sales volume, currency hedging already in place and spot exchange rates as at 13 May 2011

Management estimate of impact on full year PBT from a 5% movement in full year average exchange rates

Group Cash Flow Statement

Record profits drive increased cash from operations

Six months ended 31 March	2011	2010
	£m	£m
Operating profit	48.1	30.8
(Increase)/decrease in inventories	(3.5)	8.7
Increase in trade and other receivables	(4.0)	(7.0)
(Decrease)/increase in trade and other payables	(1.6)	2.8
Other	2.0	0.9
Cash generated from operations	41.0	36.2
Tax paid	(13.6)	(3.3)
Capital expenditure	(4.2)	(2.4)
Dividends paid	(57.1)	(11.6)
Other financing activities	-	1.7
Net increase in cash and cash equivalents	(33.9)	20.6

- Strong and robust operating cash flow
- 2011 capex includes investment in Invibio UK manufacturing and technology facilities completed in April 2011
- Dividends paid includes special dividend of 50.0p per share
- Proposed interim dividend of 8.0p per share amounting to approximately £6.7m

Group Balance Sheet

Strong balance sheet including £43.3m cash and no debt

	31 March 2011	30 September 2010
	£m	£m
PPE and intangible assets	135.1	135.4
Inventories	37.6	34.5
Cash	43.3	77.3
Trade receivables and other assets	34.7	31.8
Retirement benefit obligations	(3.6)	(9.5)
Trade payables and other liabilities	(54.8)	(58.2)
Equity shareholders' funds	192.3	211.3
Working capital/sales	26%	26%

- Capex in line with depreciation
- Continued strong cash balance
- Trade receivables reflects record 2011 sales
- RBOs includes additional deficit funding of £2.6m
- Increased tax accruals reflect improved trading

Victrex Polymer Solutions



victrex[®]

VPS Highlights

Record half year results

- Record sales volume up 22% on H1 2010
- Strong gross margin of 62.8%
- Operating profit up 98% on H1 2010
- Continued investment to drive future growth

VPS Income Statement

Record profits driven by recovery across all sectors and stronger margins

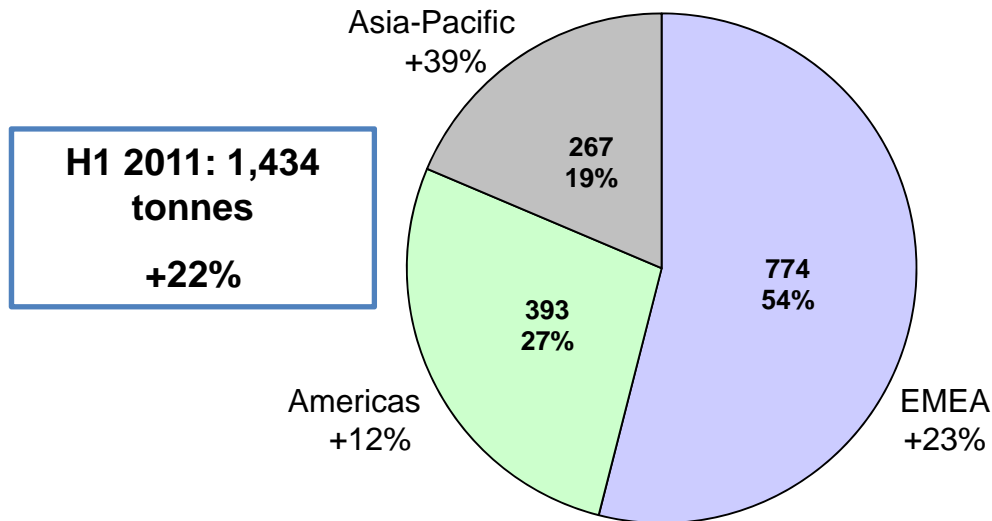
Six months ended 31 March	2011 £m	2010 £m	Growth
Revenue	83.6	67.2	24%
Gross profit	52.5	32.9	60%
<i>Gross margin %</i>	62.8%	49.0%	<i>13.8 % pts</i>
Overheads	(17.9)	(15.4)	16%
Operating profit	34.6	17.5	98%

- Sales revenue up 24%
- Gross margin recovery due to benefit of higher volume
- Overheads increase due to:
 - Continued investment in resources to support new application development
 - Elements of staff remuneration being linked to underlying business performance

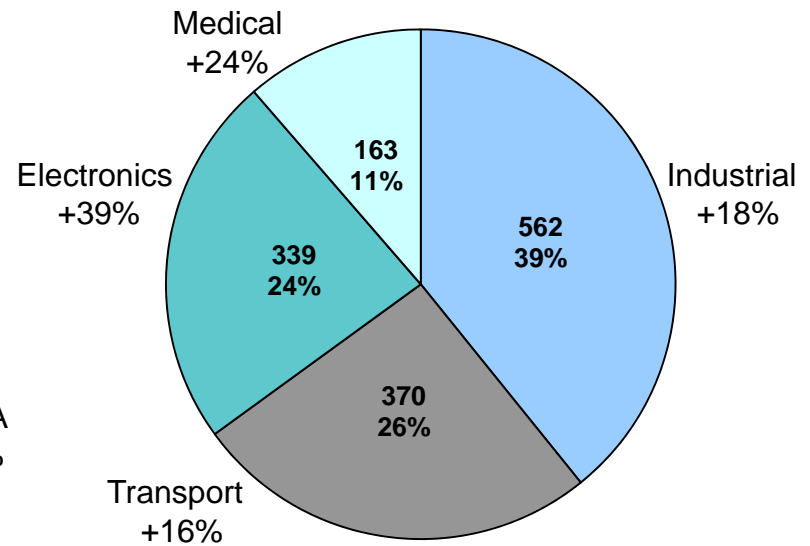
Group End Markets

Growth across all geographies and market segments

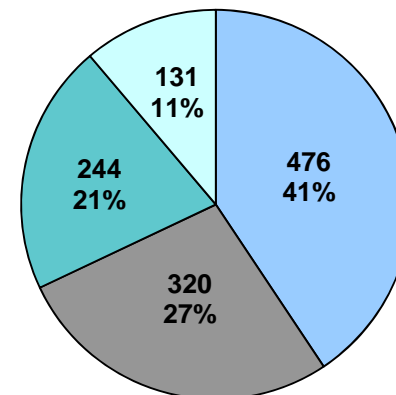
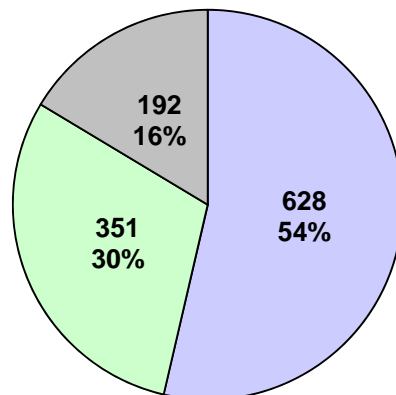
Geographical Segments



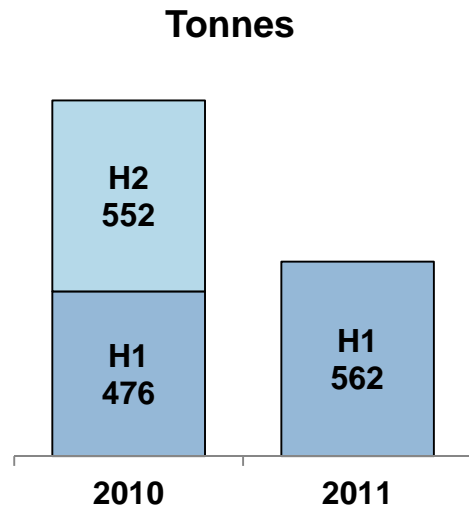
Market Segments



H1 2010: 1,171 tonnes



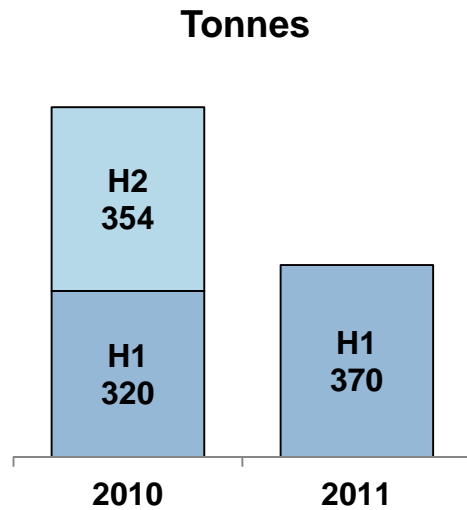
VPS Market Highlights - Industrial



- Volume up 18% on H1 2010
- Strong recovery across all sub markets
- Industrial machinery:
 - Strong growth due to Asia end use demand
- Oil and gas:
 - Growth driven by increased investment due to higher oil and gas demand and stronger fuel prices
- Volume up 2% on H2 2010



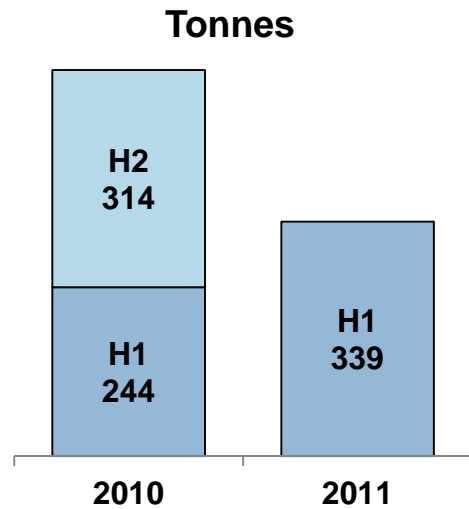
VPS Market Highlights - Transport



- Volume up 16% on H1 2010
- Automotive:
 - Recovery in vehicle production and sales globally
 - New business driven by fuel efficiency and emissions
 - Impact of Japanese earthquake on global production in H2 ?
- Aerospace:
 - Aircraft order levels maintained
 - New business driven by demands for weight reduction
- Volume up 5% on H2 2010



VPS Market Highlights - Electronics



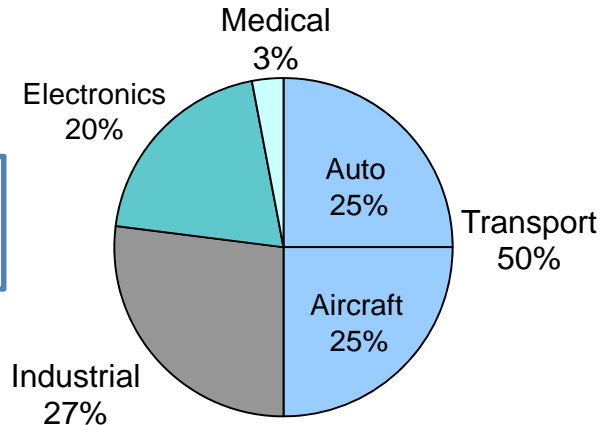
- Volume up 39% on H1 2010
- Consumer electronics:
 - Innovation and new product launches
 - Shorter life cycles
- Semiconductor
 - Investment activity improving
 - Japan recovering
- Volume up 8% on H2 2010



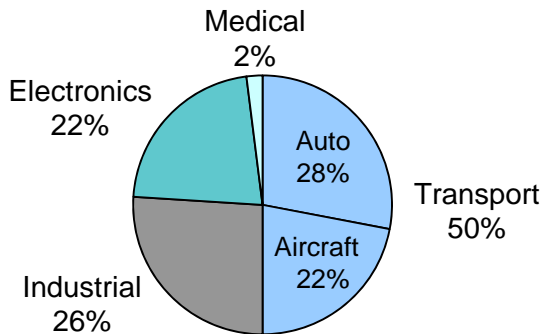
VPS - Development Pipeline

Strong pipeline of applications

March 2011:
2,271 tonnes



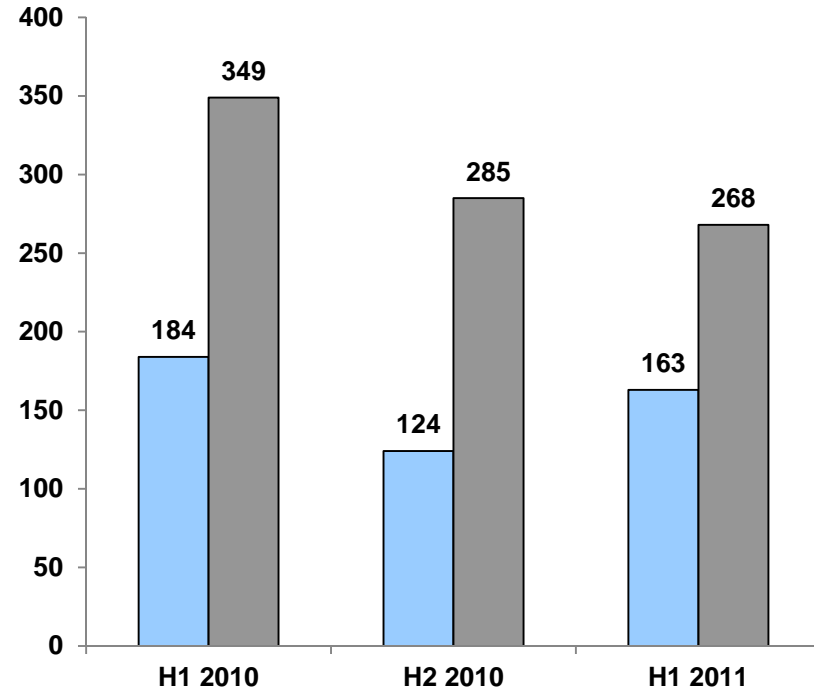
Sept 2010:
2,271 tonnes



- Pipeline level maintained
- Significant opportunities across all sectors – particularly transport

HALF-YEAR ENDED 31 MARCH 2011

163 tonnes MAV commercialised



- Mature annualised volume 'MAV' (tonnes)
- New applications commercialised (number)

- New business closure remains encouraging

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VPS - The Future

Investment for growth

Technical leadership

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

Capacity and infrastructure

- Security of supply
- Optimisation of assets
- Capacity planning – update by the end of the calendar year

Market penetration

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



Invibio Biomaterial Solutions

Invibio[®]
biomaterial solutions

The logo features the word "Invibio" in a large, bold, blue sans-serif font, with a registered trademark symbol (®) to its upper right. Below it, the words "biomaterial solutions" are written in a smaller, lighter blue sans-serif font. A thick, blue, curved swoosh starts from the bottom left and arcs under the text towards the right.

Invibio[®] Highlights

Continued growth drives record half year results

- Revenue of £24.3m (up 10% on H1 2010)
- Gross margin maintained at 89%
- Continued growth in key applications (spinal fusion and developing markets)
- 30 additional PEEK-OPTIMA[®] polymer long-term agreements
 - 380 long-term agreements in total

Invibio Income Statement

Revenue growth and maintaining strong margins

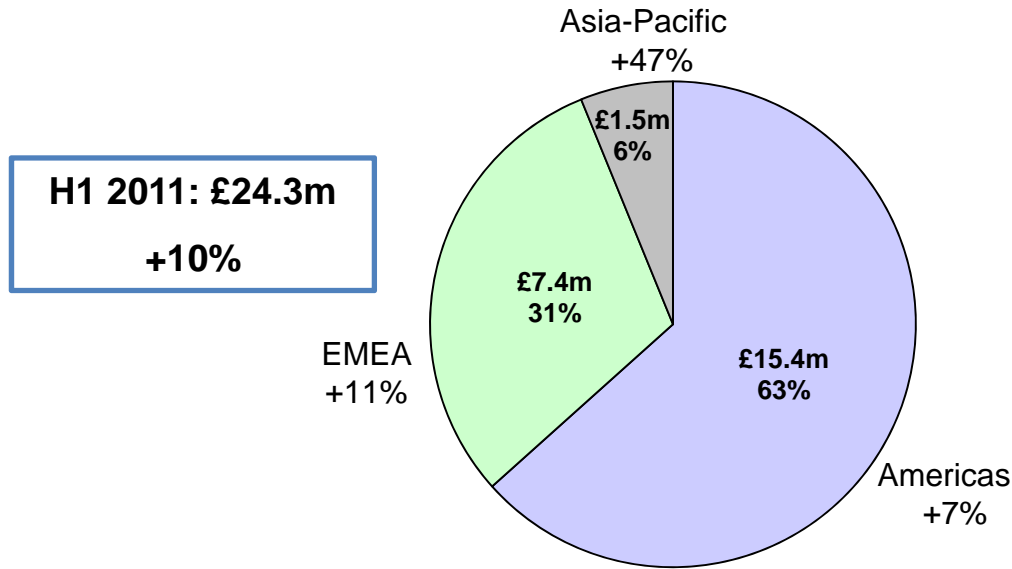
Six months ended 31 March	2011 £m	2010 £m	Growth
Revenue	24.3	22.1	10%
Gross profit	21.7	19.6	11%
<i>Gross margin %</i>	89.3%	88.7%	<i>0.6 % pts</i>
Overheads	(6.6)	(5.5)	20%
Operating profit	15.1	14.1	7%

- Revenue benefits from continued innovation within spine and developing markets
- Gross margins remain stable and strong
- Overhead increase reflects further investment in headcount to drive future growth

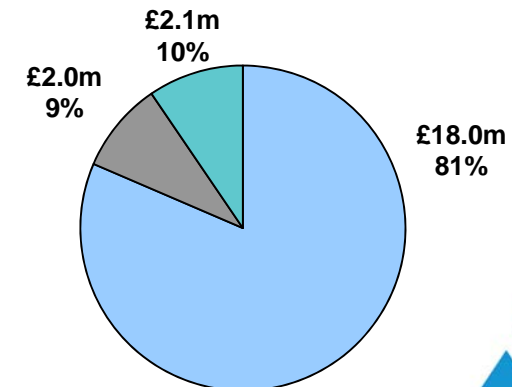
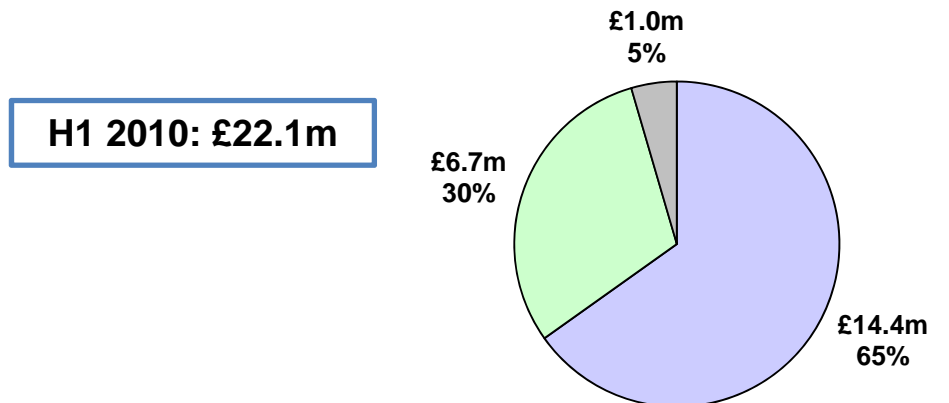
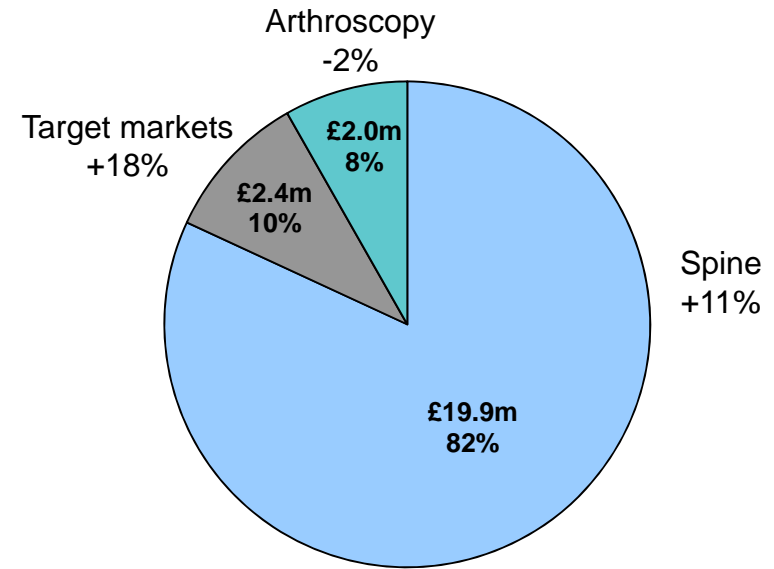
Invibio Key Markets

Growth in Asia-Pacific and Target Markets

Geographical Segments

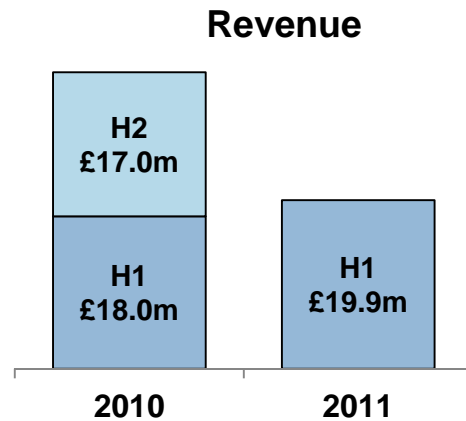


Market Segments

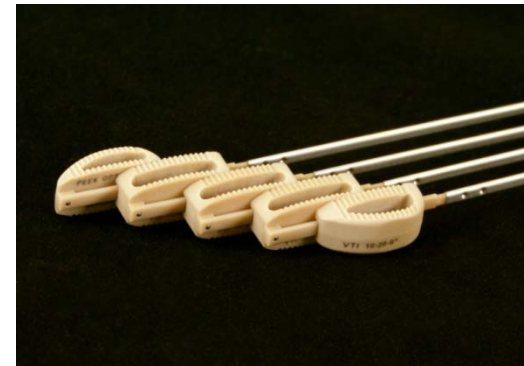


Invibio Market Highlights - Spine

Spine revenue £19.9m (up 11% on H1 2010)

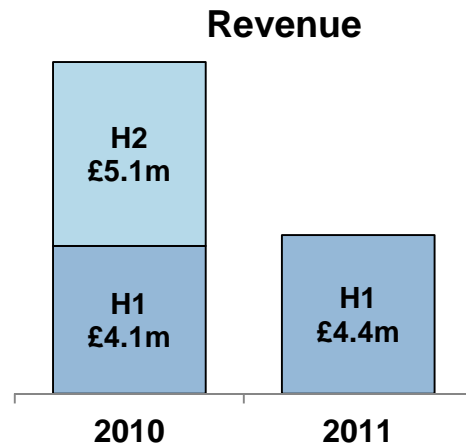


- High market penetration in lumbar (lower spine) applications
- Growth in PEEK-OPTIMA® market share in emerging geographies
- Growth opportunities in cervical (upper spine) applications
- Focus on fusion innovation: minimally invasive, expandable cages and corpectomy (vertebrae replacement)

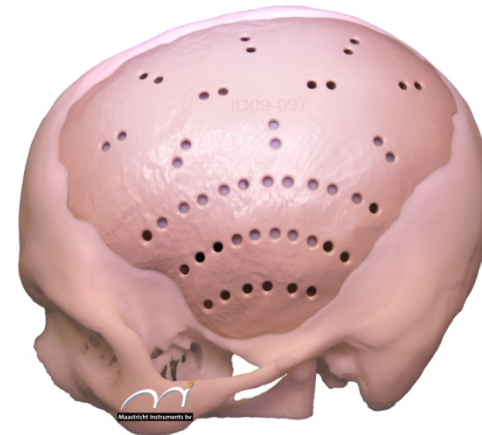


Invivo Market Highlights - Developing Markets

Developing markets revenue £4.4m (up 7% on H1 2010)



- PEEK-OPTIMA® US market share in shoulder arthroscopy increasing
- Benefits of PEEK-OPTIMA® are starting to be recognised in knee arthroscopy
- Continued use of PEEK-OPTIMA® in diverse applications such as CMF, bariatric, cardiology, neurology and orthopaedics
- FDA approval for ENDOLIGN® composite fracture repair plates and nails granted in H1 2011 – key milestone for innovative product



Invibio - Market Environment

US uncertainty; stability and growth elsewhere

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

- FDA approval process remains challenging but rate of 510(k) approvals have returned to historic levels
- Industry wide challenge from US hospital purchasing groups/insurance companies
- Invibio growth achieved despite US spine market trends where low to single digit price and volume declines forecast to continue through June 2011
- Stability and growth in Europe and Asia-Pacific

Invibio - The Future

More than materials – developing solutions

Focused market development

- Further develop market and application understanding
- Prioritisation of opportunities – dental and trauma
- Targeted recruitment of industry specialists

Extend global reach

- Work with customers to overcome regional regulatory hurdles

Continue to strengthen key opinion leader relationships

- Grow interaction with surgeons to highlight unmet clinical needs

Investment in capacity and infrastructure

- Injection moulding facility and additional technical laboratories commissioned
- Assist customers in shortening device development time
- Investigate opportunities to drive value from downstream processing

Group Outlook

The growth story continues

- Competition
- Current trading
- Capacity
- The future