14 May 2018

Victrex plc – Interim Results 2018

'A record first half – full year on track'

Victrex plc, an innovative world leader in high performance polymer solutions, today announces its interim results for the 6 months ended 31 March 2018.

	H1 2018	H1 2017	% change
Group sales volumes	**2,256 tonnes**	1,859 tonnes	+21%
Group revenue	**£166.6m**	£130.9m	+27%
Gross profit	**£106.3m**	£82.4m	+29%
Gross margin	**63.8%**	62.9%	+90 bps
Profit before tax (PBT)	**£63.3m**	£50.1m	+26%
EPS	**64.7p**	46.4p	+39%
Dividend per share	**13.42p**	12.20p	+10%

Highlights:

- **Continued broad based growth**
  - *Group sales volumes up 21% driven by core growth & new applications*
  - *Core volumes* (ex-Consumer Electronics) up 13%*
  - *Group revenue up 27%, constant currency revenue* up 15%*
  - *Strong performances in Automotive & Electronics, offset by Medical (in constant currency)*
  - *Profit before tax (PBT) up 26%, supported by H1 currency weighting*

- **Further milestones in new product pipeline**
  - *Dental supply agreement to enhance market access*
  - *First parts supplied for PEEK Gears mega-programme & further opportunities*
  - *Magma on track for full year growth & new Brazil deep-water opportunity*
  - *Commissioning of TxV Aero Composites facility in H2 2018*

- **Strong cash generation supports investment & shareholder return**
  - *Cash (available*) up 7% to £91.8m and operating cash conversion* of 106%*
  - *Interim dividend up 10% to 13.42p/share*

Jakob Sigurdsson, Chief Executive of Victrex, said: "This has been a record first half, with broad based growth across our Industrial markets, offset by weakness in Medical. I am also pleased to report several milestones in our new product pipeline, including a supply agreement in Dental to help gain greater market access, the first parts for our Gears mega-programme and a deployment for our Magma oil & gas programme, together with a new long term opportunity offshore Brazil.

"After six months as CEO, it is clear that alongside having a strong core polymer business, by moving further downstream through our Polymer & Parts strategy we are further differentiating Victrex in a competitive market. With strong cash generation, our first priority is to continue investing to support future growth, as well as reviewing partnership and acquisition opportunities. Alongside our ability to invest, our cash generation continues to offer the opportunity of attractive returns to shareholders, and we expect to update on distribution options at the end of the year.

"Looking towards the remainder of 2018, currency will be much less of a tailwind compared to the first half and we are also mindful of the currency headwind for 2019. Nevertheless, whilst growth comparatives become tougher in the second half, our strong momentum keeps us well on track for full year expectations."

*** Alternative performance measures are marked with an asterisk and defined on page 26.**

About Victrex:

Victrex is an innovative world leader in high performance polymer solutions, focused on the strategic markets of automotive, aerospace, energy (including manufacturing & engineering), electronics and medical. Every day, millions of people use products and applications which contain our materials – from smartphones, aeroplanes and cars to oil and gas operations and medical devices. With over 35 years' experience, we develop world leading solutions in PEEK and PAEK based polymers, semi-finished and finished parts which shape future performance for our customers and our markets, and drive value for our shareholders. Find out more at www.victrexplc.com or follow us on LinkedIn and Twitter @victrexir

A presentation for investors and analysts will be held at 9.30am (BST) this morning at JP Morgan, 1 John Carpenter Street, London EC4Y 0JP. A conference call facility will be available for analysts and investors who are unable to attend the presentation. To register, dial +44 (0) 3333 000804 and participant pin 30156761. The presentation will be available to download from 9.00am (BST) today on Victrex's website at www.victrexplc.com.

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Interim results statement for the 6 months ended 31 March 2018

'A record first half – full year on track'

Group financial results

Sales volume up 21%
Group sales volume of 2,256 tonnes was 21% ahead of the prior year (H1 2017: 1,859 tonnes). This includes the first half weighting from volumes supplied to the large Consumer Electronics order. Excluding these volumes, core business volumes were over 13% ahead.

Revenue up 27%, Constant currency revenue 15% ahead
Group revenue was £166.6m, 27% ahead of the prior year (H1 2017: £130.9m) supported by the strong first half weighting from currency. Group revenue in constant currency was 15% ahead of the prior year (H1 2017: £145.4m in constant currency), with a slightly weaker sales mix, dampened by Medical and a higher proportion of Consumer Electronics volumes in the first half, compared to H1 2017. Sales from new products* (one of our strategic KPIs) are anticipated to show further growth this year in absolute terms, but, reflecting stronger growth in the core business, may be similar to FY 2017 (4% of Group sales) in percentage terms. We remain on track to deliver 10-20% of sales from new products or new grades over the medium term, with the time taken for market adoption being key.

Industrial strong, offset by Medical
Our Industrial division (VPS) reported revenues of £139.0m, 32% ahead of the prior year (H1 2017: £105.7m), supported by currency. Market growth was broad based, with Automotive and Electronics being the strongest performers. Energy and Value Added Resellers – which is driven partly by indirect business into industrial markets – remained in growth, with a positive performance in Aerospace following a weaker 2017, although strong volumes were slightly offset by price.

Medical (Invibio) revenues were £27.6m, 10% ahead of the prior year (H1 2017: £25.2m), driven by currency. In constant currency, Medical revenues were marginally down, reflecting our high exposure to the US Spine market, which is mature and which is seeing some continued growth in titanium expandable cage applications, as well as 3D printed porous titanium cages. We also saw a slightly weaker sales mix across the Medical business. Progress outside of the US, overall, continues to be positive. Our next generation Spine product, PEEK-OPTIMA™ HA Enhanced, was weaker in the first half, although we anticipate making progress during the second half with this premium product, as we focus on moving beyond last year's "meaningful revenue" of £1m.

ASP ahead reflecting currency
Our Average Selling Price (ASP) of £73.8/kg was ahead of the prior year (H1 2017: £70.4/kg), principally reflecting the benefit of currency. Weaker Medical (in constant currency), continued growth in our Value Added Resellers business and higher first half volumes in Consumer Electronics led to a weaker mix. On a full year basis, we now anticipate Group ASP will be similar to FY 2017. This also reflects that the vast majority of the FY18 currency benefit is weighted to the first-half, with an anticipated 90:10 weighting.

Pricing, excluding the benefit of currency, in the core business remains broadly stable, with product mix being an important driver. Some competitive pressure remains however and our focus on differentiation and value added semi-finished products, with a higher price point, will be a key driver of mix over the coming years. As communicated at our 2017 Preliminary Results, the Group no longer discloses an "ex-Consumer Electronics" average selling price reflecting that volumes this year – on a full year basis - are unlikely to be materially different to 2017.

Robust gross margin
Group gross margin of 63.8% (H1 2017: 62.9%) was ahead of the prior year, supported by favourable currency movements. Excluding the impact of currency, gross margin was slightly offset by mix, the year on year impact from our Zyex acquisition (semi-finished products) – although such acquisitions offer better ASP opportunities – some higher cost of sales, partly driven by some continued air-freighting to meet demand

and selected raw material cost increases. On a full year reported basis, we anticipate that group gross margin will remain stable, at a level similar to, or slightly ahead of FY 2017.

As previously communicated, our strategy involves a transition to a higher cost of manufacture – as we develop differentiated polymers and new grades and products to support our mega-programmes and semi-finished products. This will continue to be a feature of our business model. However, our strategy also offers the opportunity to capture a higher value share of each application (rather than just the material share). Remaining focused on growing absolute profits, rather than solely focusing on the gross margin percentage, remains a priority for Victrex.

Profit before tax up 26% and EPS 39% ahead
Group profit before tax (PBT) of £63.3m was 26% up on the prior year (H1 2017: £50.1m). PBT in constant currency was up approximately 2%, reflecting higher investment in the business during the first half and additional accrual for the Group's profit linked bonus and LTIP schemes (reflecting market expectations of higher profit growth in 2018 vs 2017).

Basic earnings per share of 64.7p was 39% ahead (H1 2017: 46.4p per share), principally reflecting the associated benefit to the Group's tax rate following Victrex filing patents to reflect its unique chemistry and intellectual property (IP) which qualified for the UK Government's Patent Box scheme. The comparative period, which came before the Group's announcement on Patent Box in September 2017, saw a tax rate of 20.8%, compared to a H1 2018 tax rate of 12.3%.

Currency benefit heavily H1 weighted; headwind for FY 2019
Currency remains a benefit to the Group for FY 2018, with our latest view suggesting a £10m+ benefit to profits based on our planning forecast and currency hedging in place. The currency tailwind will significantly reduce through the second half, with an anticipated 90:10 weighting between the first and second half year.

As a UK based exporter with a significant global revenue exposure, Victrex hedges currency up to 12 months in advance. With Sterling continuing to re-rate over recent months against some of our selling currencies, the implied headwind to profit – based on current rates – for FY 2019 is now expected to be over £10m, reflecting approximately 35% of hedges in place.

Brexit
The Group continues to consider the potential impact of Brexit on its business and has a team in place to consider various contingencies, through the transition period and beyond. For now, existing laws and trading arrangements are unchanged and it remains business as usual. Activities and contingencies include focusing on additional global warehousing to hold stock and the pursuit of Authorised Economic Operator status – to "fast track" goods through Customs. Victrex has trading companies globally, including Europe, and remains focused on providing ongoing continuity to our customers.

In the short term, Brexit has provided, and continues to provide, a currency benefit. If sterling remains weak, this upside could compensate for any additional tariffs. Based on our assessment of the available information, the largest risk is a sustained period when the Group may not be able to import certain raw materials or export finished goods through Customs, which could curtail sales if regional inventory levels were depleted.

Efficiency & investment for growth
With strong top-line growth, our focus is ensuring that we can meet demand from customers, particularly as we develop new polymer grades and an increasing proportion of differentiated products. We also remain focused, over the short to medium term, on improving efficiency within our manufacturing operations.

Investment for growth reflects the need to drive adoption and deliver the "burden of proof" for our newer semi-finished and finished products. This investment is principally in the marketing and technical functions, as well as in manufacturing capability – a recent example includes our Polymer Innovation Centre – thereby ensuring we can scale these new products to capture their market potential.

Operating overheads were up 34% to £43.3m (H1 2017: £32.3m) which reflects higher front-end investment, as well as a higher accrual for the Group's profit growth linked bonus scheme and LTIPs. Additionally, the first half-weighted growth this year has also inflated the overall overhead growth. Excluding profit related remuneration (bonus and share based payments) and the impact on overheads from acquisitions, operating overheads in the first half were approximately 11% higher than H1 2017.

Research & Development investment is measured on a full year basis and is currently tracking at approximately 5% of Group revenue. We anticipate R&D investment will remain similar to, or slightly above this level, over the medium term.

Continued manufacturing investment to support downstream strategy

Capital investment in the short to medium term remains focused around our downstream manufacturing facilities, which support each of our new product "mega programmes". For 2018, much of the focus will be on our TxV Aero Composites joint-venture, where Victrex and Tri-Mack Plastics will team up to manufacture, at scale, differentiated Loaded Brackets for the Aerospace market. Our new US manufacturing facility is expected to start commissioning during the second half, supporting first orders for composite parts.

First half capital expenditure was £4.0m (H1 2017: £9.1m). Overall, our guidance for Group capital expenditure this year is for a similar level to FY 2017 (FY 2017: £17m) and our medium term guidance of £25m-£35m is unchanged. However, if top-line growth continues at a similar momentum as we are currently seeing, new capital investment, or options for increasing our polymer manufacturing capacity, would need to commence well before the end of our current 5 year strategy period. This also reflects Victrex's historic trend of investing ahead of demand, the potential from high volume applications in Aerospace and Energy and the effective capacity vs nameplate capacity in our manufacturing assets.

Further milestones in new product pipeline

In our core business, we continue to benefit from some new and incremental applications, particularly in the Electronics segment, which includes home appliance applications and business machines; and in our Manufacturing & Engineering segment (which reports under Energy & Other Industrial) which includes fluid handling applications.

In our medium to longer term pipeline, we saw milestones delivered in several of our mega-programmes of Dental, Victrex Pipe/Magma, Trauma, Knee, Gears and Aerospace Loaded Brackets.

Gears saw the start of a first supply agreement to a major European car manufacturer during the period. With multiple development agreements in place with other car manufacturers, we also anticipate other supply opportunities by the end of 2018. Thanks to the capabilities we acquired through the Kleiss Gears acquisition, we are able to design, develop and manufacture PEEK based gears, although partnerships for manufacturing will be the focus going forwards, ensuring Victrex retains the IP but limits the capital required to scale up manufacturing.

Our Aerospace Loaded Brackets programme will see the commissioning of our TxV Aero Composites manufacturing facility during the second half. Our AE™250 composites are already pre-qualified with the major aerospace manufacturers and we now have the first prototype orders for composite parts, which are focused on multiple applications for weight bearing structures.

In Energy, our Magma mega-programme secured a deployment of a 2.5km subsea flowline by Tullow Oil in West Africa during the period. Together with other prototype orders, Magma is on track for growth during 2018, with Victrex supplying the PEEK pipe and PEEK composite tape as part of the finished m-pipe produced by Magma. Looking further forward, we note the TechnipFMC announcement relating to the potential use of m-pipe within the Libra field development in Brazil.

Medical saw progress through a supply agreement with Straumann Dental, which will help to enhance market access and improve the global reach for our Invibio Dental product (Juvora™), building on the product's strong record of clinical data and existing European and US regulatory approvals. We anticipate our Dental programme could reach meaningful revenue of over £1m by the end of 2018 or early 2019.

Strong balance sheet
With a strong balance sheet, we are able to support growth investment and provide security of supply to our customers. Net assets at 31 March 2018 totalled £444.2m (31 March 2017: £419.0m). Stock levels improved to £62.8m (H1 2017: £66.3m), reflecting strong demand, partially offset by some stock build as part of developing new polymer grades or for our mega-programmes.

Continued strong cash generation
Cash generated from operations was £66.5m (H1 2017: £68.4m) representing an operating cash conversion (cash generated from operations / operating profit) of 106% (H1 2017: 137%). Net cash (with no debt) at 31 March 2018 was £91.8m, (H1 2017: £86.0m), based on available cash*, which includes cash held on deposit. The movement since the 2017 financial year-end principally reflects the payment of the 2017 final and special dividend in February. In February 2018 we paid the 2017 final dividend of 41.60p per share. Combined with the 2017 special dividend, these totalled £94.0m (H1 2017 dividends paid: £30.0m).

Taxation
The effective tax rate for the first half was 12.3% (H1 2017: 20.8%). This reflects the associated benefit of a materially lower UK tax rate, following Victrex filing patents as part of its unique chemistry and IP. Victrex qualified under the UK Government's Patent Box scheme, which incentivises Research & Development investment in the UK. As previously communicated, the patents, based on our unique chemistry, are expected to provide an associated benefit to our tax rate, resulting in a normalised tax rate of approximately 12% from 2018 for the duration of the patents.

Dividends
Growth investment remains our top priority, whether that is capital expenditure or M&A, joint ventures or partnerships. Our capital allocation policy is to grow the regular dividend broadly in line with earnings, whilst maintaining cover around 2x. After this, and subject to no additional growth investment, Victrex will return around 50% of the net cash balance to shareholders, via a special dividend, subject to a 50p/share minimum level. The threshold for payment of a special dividend is currently around £85m of net cash.

With capital expenditure having reduced from historic levels, and reflecting the post-tax benefit to earnings and cash from Patent Box, the Board is assessing distribution options for future shareholder returns, whilst noting that growth investment remains the priority, including the potential requirement for investment in new or additional polymer manufacturing capacity within the current five-year strategy plan. Several options for future dividend distribution are under consideration.

With the Group delivering a record first half and remaining well on track for the full year – despite tougher growth comparatives and a reduced currency benefit in the second half – the interim dividend will increase by 10% to 13.42p/share (H1 2017: 12.20p/share). EPS benefited from the material reduction in the Group's effective tax rate following Patent Box, which did not benefit the prior year period.

Outlook

Looking towards the remainder of 2018, currency will be much less of a tailwind compared to the first half and we are also mindful of the currency headwind for 2019. Nevertheless, whilst growth comparatives become tougher in the second half, our strong momentum keeps us well on track for full year expectations.

Jakob Sigurdsson
Chief Executive
14 May 2018

DIVISIONAL REVIEW

Industrial

	6 months Ended 31 Mar 2018 £m	6 months ended 31 Mar 2017 £m	Change
Revenue	139.0	105.7	32%
Gross profit	81.7	59.9	36%

Victrex manages and reports its performance through the Industrial (VPS) and Medical (Invibio) divisions although we continue to provide a market based summary of our performance and growth opportunities. The Industrial division includes the markets of Aerospace, Automotive, Electronics, Energy & Other Industrial (including Manufacturing & Engineering) and Value Added Resellers.

Our Industrial business delivered revenue of £139.0m (H1 2017: £105.7m), 32% ahead of the prior year, supported by currency. Gross profit was up 36% on the prior year, with gross margin up at 58.8% (H1 2017: 56.7%), reflecting the benefit of currency, offset by a slightly weaker Industrial mix, as growth in Value Added Resellers continued, alongside a higher contribution from Consumer Electronics. Industrial also saw some higher manufacturing costs through input costs in selected raw materials, continued air-freighting and some manufacturing inefficiencies.

Energy & Other Industrial
Energy & Other Industrial (which includes Manufacturing & Engineering) reported sales volume of 334 tonnes, which was 25% ahead of the prior year (H1 2017: 267 tonnes), with Oil & Gas up 15% overall. Victrex saw continued year on year improvement, with onshore prospering, whilst the offshore sector has not yet returned to activity levels seen earlier this decade. Our Magma oil & gas mega programme is on track for growth during 2018, with Victrex supplying the PEEK pipe and PEEK composite tape as part of the finished m-pipe produced by Magma. Deployments in West Africa this year will support growth, whilst a long term opportunity offshore Brazil supports the Magma proposition.

The emerging Manufacturing & Engineering (M&E) area continued to grow during the period, with new or incremental applications in fluid handling, process systems and opportunities in other areas being progressed.

Value Added Resellers
Value Added Resellers combines a mix of long term 'Channels' business, where processors or compounders are using our PEEK materials for part or component manufacturing specified by end-users and OEMs, together with more variable demand requirements as the "pull" from industrial markets using Victrex™ PEEK continues to grow. Because of the fragmented nature of the industrial supply chain, once PEEK has been specified by end-users, full clarity on the exact route to market for all of our polymer business is not always possible. Sales volume of 867 tonnes was 8% ahead of last year (H1 2017: 802 tonnes), as processors and industrial customers continued to benefit from the growth opportunities within the high performance polymer market.

Transport
Megatrends of light-weighting, CO2 reduction, durability, comfort and heat resistance continue to support the long term outlook for transport markets. Sales volume increased 13% to 523 tonnes (H1 2017: 463 tonnes), primarily driven by the strong performance in Automotive, with a steady year on year performance in Aerospace.

Automotive

Automotive growth was particularly strong, with volumes up 12%. Continued translations of core applications offer opportunities across manufacturers, in braking systems, transmission and chassis applications. Victrex™ PEEK is predominantly located within the vehicle powertrain and with a long track-record here, our focus is to increase the average volume to approximately 12 grams of PEEK per vehicle over the medium term, compared to approximately 8 grams today.

The potential from electric vehicles (EVs), whilst still emerging, with slot-liners and other applications, remains significant. PEEK's properties of durability, chemical, electrical and heat resistance play well here. Whilst EV opportunities remain at a very early stage, early indications suggest a potential for over 100g per EV application and with more "value" rather than simply "volume" business, we continue to work on several differentiated products in this area.

Our Gears mega-programme saw the first parts supplied to a major European car manufacturer, and we also have several development agreements in place which we anticipate will lead to further parts being supplied. PEEK gears based on Victrex™ HPG PEEK can offer a 50% performance benefit compared to metal gears, as well as contributing to the trend for CO_2 reduction through weight & inertia reduction, and quicker manufacturing compared to metal. We remain focused on driving this mega-programme towards a meaningful (£1m+) revenue stage during the 2018 / 2019 period. To help scale this opportunity, we will partner with manufacturing companies to support a wider roll-out and reduce development time, whilst retaining the IP and development know-how. A PEEK Gear offers the potential of approximately 20 grams per application.

Aerospace

After a decline in 2017, Aerospace saw a positive year on year performance, with volumes increasing by 21%, although revenue growth was much lower as pricing remained competitive. Translation opportunities continue to exist for our products in brackets, fasteners and other applications, although the market continues to be competitive. We are positive for medium term growth prospects as build rates and the use of composites and differentiated products increase. Light-weighting and the ability to reduce manufacturing cycle time by up to 40% is a key selling point for our PEEK and PAEK polymers. Beyond this, our differentiated polymer grades, such as our AE™250 (low-melt) version continue to progress, alongside our focus on product forms such as film and parts such as our Aerospace Loaded Brackets opportunity.

Electronics

Electronics remained a strong performer during the period. Total volumes were up 85% to 432 tonnes (H1 2017: 233 tonnes), including a first half weighting to volumes from the large Consumer Electronics order, which we now expect to be similar to or slightly higher than 2017 on a full year basis. Electronics volumes outside of the large Consumer Electronics order were over 20% ahead. This principally reflects the strength in Semiconductor, in Aptiv™ film and emerging applications for Home Appliances and other consumer related areas. In our development pipeline, we have now increased the potential revenue opportunity for our 'Mobile Devices' programme, reflecting some of our short to medium-term prospects.

Regional trends

Regional trends remain important to Victrex. Europe was up 9%, with 1,120 tonnes (H1 2017: 1,030 tonnes), reflecting the strength in Transport, Value Added Resellers and Industrial markets. Asia-Pacific was up 67% to 732 tonnes (H1 2017: 438 tonnes) principally from Electronics, whilst US volumes were 3% ahead at 404 tonnes (H1 2017: 391 tonnes) principally reflecting the stability in the Energy market.

Medical (Invibio)

	6 months Ended 31 Mar 2018 £m	6 months ended 31 Mar 2017 £m	Change
Revenue	27.6	25.2	10%
Gross profit	24.6	22.5	9%

Medical (Invibio) revenue, including the benefit of currency, was up 10% at £27.6m (H1 2017: £25.2m). In constant currency, Invibio revenue was slightly down, principally reflecting the maturity of the US Spine market, with the US accounting for nearly two-thirds of our Medical revenue. Gross profit was £24.6m (H1 2017: £22.5m) and gross margin remained stable at 89.1% (H1 2017: 89.3%).

Outside of the US, revenue remains robust, with Asia-Pacific growing by 9%, offset by a decline in Europe of 5%. Asia-Pacific growth principally reflects some non-Spine areas such as Cranio Maxio-Facial (CMF) and Arthroscopy, as sales mix within Medical weakened.

Medical market overview

Whilst implantable PEEK retains a strong share in spinal interbody fusion procedures, the lack of material growth in the number of US spinal procedures, continued growth in titanium expandable spinal cages, 3D printed porous titanium cages and some downward pressure on pricing has led to revenue being muted in recent years.

Our premium and differentiated PEEK-OPTIMA™ HA Enhanced product is one part of our strategy to grow our medical business. Having delivered over £1m of revenue in 2017, we are on track to show some growth in this product on a full year basis, although we saw a slightly weaker performance during the first half. Whilst it will cannibalise some of our existing Spine product, the opportunity for global translations is attractive.

On a medium term view, our vision for Medical solutions to treat a patient every 15-20 seconds in 8-10 years is also based on growth in non-US Spine and progress in our emerging mega-programmes of Dental, Trauma and Knee.

Mega-programmes

In Dental, we signed a supply agreement with Straumann Dental, one of the world's leading dental companies during the period, which will help increase market penetration of our Invibio Dental (Juvora™) branded products. The agreement will help to improve global reach, building on the product's strong record of clinical data and existing European and US regulatory approvals.

Our focus is on the prosthetic dental implant market, with the Invibio Dental offering seeking to improve quality of life and clinical outcomes for patients, and offering manufacturing efficiency benefits. Our product also offers the potential for milling a PEEK based disc up to three times faster than a Titanium equivalent product.

Our Dental product was first commercialised in 2012, initially through regional dental laboratories. It secured CE mark approval in 2012, followed by initial US FDA approval in 2014, and a further FDA approval in 2017 for use in prosthetic All on 4 implants. Juvora™ was also granted a US patent in 2017. Whilst Dental sales remain below the £1m meaningful revenue threshold, we anticipate that with the Straumann agreement, and other potential market access opportunities, we can realise meaningful revenue within the next 12 months.

With our Trauma manufacturing facility in place, we have the ability to meet initial demand. Our PEEK composite Trauma plates offer the potential for 50 times better fatigue resistance compared to a metal plate in the body. The awareness of composites as a viable metal alternative is growing and we continue to work with smaller innovative players through collaboration or development agreements.

With 1 in 5 patients dissatisfied with their knee surgery, typically using metal based solutions, patient demand for non-metal based solutions offer significant potential in this $8 billion global market. Our Knee proposition and partnership with Maxx Orthopedics provides a good platform to support our long-term aspirations. Our clinical trial, where all pre-clinical work was completed in 2017, is ready to move towards patient recruitment, which we envisage starting by the end of 2018. We now have a lead investigator appointed and all clinical trial protocols agreed.

Condensed Consolidated Income Statement

	Note	Six months ended 31 March 2018 £m	Six months ended 31 March 2017 £m	Year ended 30 September 2017 £m
Revenue	5	**166.6**	130.9	290.2
Cost of sales		**(60.3)**	(48.5)	(106.4)
Gross profit		**106.3**	82.4	183.8
Sales, marketing and administrative expenses	6	**(43.3)**	(32.3)	(72.7)
Operating profit	5	**63.0**	50.1	111.1
Financial income		**0.3**	0.1	0.3
Financial expenses		**-**	(0.1)	(0.4)
Profit before tax		**63.3**	50.1	111.0
Income tax expense	7	**(7.8)**	(10.4)	(11.5)
Profit for the period attributable to owners of the parent		**55.5**	39.7	99.5
Earnings per share				
Basic	8	**64.7p**	46.4p	116.4p
Diluted	8	**64.4p**	46.3p	116.2p

Dividends			
Year ended 30 September 2016:			
Final dividend paid February 2017 at 35.09p per share	**-**	30.0	30.0
Year ended 30 September 2017:			
Interim dividend paid July 2017 at 12.20p per share	**-**	-	10.4
Final dividend paid February 2018 at 41.60p per share	**35.7**	-	-
Special dividend paid February 2018 at 68.00p per share	**58.3**	-	-
	94.0	30.0	40.4

An interim dividend of 13.42p per share will be paid on 29 June 2018 to shareholders on the register at the close of business on 8 June 2018. This dividend will be recognised in the period in which it is approved.

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 31 March 2018 £m	Six months ended 31 March 2017 £m	Year ended 30 September 2017 £m
Profit for the period	**55.5**	39.7	99.5
Items that will not be reclassified to profit or loss			
Defined benefit pension schemes' actuarial gains	**0.5**	11.5	13.6
Income tax on items that will not be reclassified to profit or loss	**(0.1)**	(2.0)	(2.3)
	0.4	9.5	11.3
Items that may be subsequently reclassified to profit or loss			
Currency translation differences for foreign operations	**(1.3)**	0.5	(1.5)
Effective portion of changes in fair value of cash flow hedges	**5.0**	(4.0)	2.9
Net change in fair value of cash flow hedges transferred to profit or loss	**(4.3)**	11.3	13.3
Income tax on items that may be reclassified to profit or loss	**(0.1)**	(1.7)	(3.3)
	(0.7)	6.1	11.4
Total other comprehensive (expense)/income for the period	**(0.3)**	15.6	22.7
Total comprehensive income for the period attributable to owners of the parent	**55.2**	55.3	122.2

Condensed Consolidated Balance Sheet

	Note	31 March 2018 £m	31 March 2017 £m	30 September 2017 £m
Assets				
Non-current assets				
Property, plant and equipment		**254.7**	257.3	258.6
Intangible assets		**29.4**	26.8	30.6
Investments	9	**10.0**	10.0	10.0
Deferred tax assets		**5.7**	6.3	5.6
Retirement benefit asset		**5.4**	1.8	3.8
		305.2	302.2	308.6
Current assets				
Inventories		**62.8**	66.3	61.5
Current income tax assets		**1.2**	6.5	2.4
Trade and other receivables		**40.3**	42.2	37.9
Derivative financial instruments	10	**7.6**	1.7	7.6
Other financial assets	11	**27.0**	-	-
Cash and cash equivalents		**64.8**	86.0	120.1
		203.7	202.7	229.5
Total assets		**508.9**	504.9	538.1
Liabilities				
Non-current liabilities				
Deferred tax liabilities		**(18.9)**	(19.1)	(18.4)
		(18.9)	(19.1)	(18.4)
Current liabilities				
Derivative financial instruments	10	**(3.3)**	(11.3)	(4.2)
Current income tax liabilities		**(9.7)**	(15.1)	(3.0)
Trade and other payables		**(32.8)**	(40.4)	(34.1)
		(45.8)	(66.8)	(41.3)
Total liabilities		**(64.7)**	(85.9)	(59.7)
Net assets		**444.2**	419.0	478.4
Equity				
Share capital		**0.9**	0.9	0.9
Share premium		**46.0**	41.4	43.0
Translation reserve		**1.4**	4.7	2.7
Hedging reserve		**4.4**	(3.4)	3.8
Retained earnings		**391.5**	375.4	428.0
Total equity attributable to owners of the parent		**444.2**	419.0	478.4

Condensed Consolidated Cash Flow Statement

	Note	Six months ended 31 March 2018 £m	Six months ended 31 March 2017 £m	Year ended 30 September 2017 £m
Cash flows from operating activities				
Cash generated from operations	13	**66.5**	68.4	137.4
Net financing interest received		**0.3**	-	-
Tax repayment / (paid)		**0.9**	(8.1)	(19.8)
Net cash flow from operating activities		**67.7**	60.3	117.6
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets		**(4.4)**	(12.2)	(16.7)
Cash invested in longer term deposits		**(27.0)**	-	-
Cash consideration of acquisitions		**-**	-	(9.9)
Cash acquired with acquisitions		**-**	-	0.9
Net cash flow from investing activities		**(31.4)**	(12.2)	(25.7)
Cash flows from financing activities				
Premium on issue of ordinary shares exercised under option		**3.0**	3.6	5.2
Dividends paid		**(94.0)**	(30.0)	(40.4)
Net cash flow from financing activities		**(91.0)**	(26.4)	(35.2)
Net (decrease)/increase in cash and cash equivalents		**(54.7)**	21.7	56.7
Effect of exchange rate fluctuations on cash held		**(0.6)**	0.3	(0.6)
Cash and cash equivalents at beginning of period		**120.1**	64.0	64.0
Cash and cash equivalents at end of period		**64.8**	86.0	120.1

Condensed 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 2017	0.9	43.0	2.7	3.8	428.0	478.4
Total comprehensive income for the period						
Profit	-	-	-	-	55.5	55.5
Other comprehensive (expense)/income						
Currency translation differences for foreign operations	-	-	(1.3)	-	-	(1.3)
Effective portion of changes in fair value of cash flow hedges	-	-	-	5.0	-	5.0
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(4.3)	-	(4.3)
Defined benefit pension schemes' actuarial gains	-	-	-	-	0.5	0.5
Tax on other comprehensive (expense)/income	-	-	-	(0.1)	(0.1)	(0.2)
Total other comprehensive (expense)/income for the period	-	-	(1.3)	0.6	0.4	(0.3)
Total comprehensive (expense)/income for the Period	-	-	(1.3)	0.6	55.9	55.2
Contributions by and distributions to owners of the Company						
Share options exercised	-	3.0	-	-	-	3.0
Equity-settled share-based payment transactions	-	-	-	-	1.6	1.6
Dividends to shareholders	-	-	-	-	(94.0)	(94.0)
Equity at 31 March 2018	0.9	46.0	1.4	4.4	391.5	444.2

	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Equity at 1 October 2016	0.9	37.8	4.2	(9.2)	355.4	389.1
Total comprehensive income for the period						
Profit	-	-	-	-	39.7	39.7
Other comprehensive income/(expense)						
Currency translation differences for foreign operations	-	-	0.5	-	-	0.5
Effective portion of changes in fair value of cash flow hedges	-	-	-	(4.0)	-	(4.0)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	11.3	-	11.3
Defined benefit pension schemes' actuarial gains	-	-	-	-	11.5	11.5
Tax on other comprehensive (expense)/income	-	-	-	(1.5)	(2.2)	(3.7)
Total other comprehensive income for the period	-	-	0.5	5.8	9.3	15.6
Total comprehensive income for the period	-	-	0.5	5.8	49.0	55.3
Contributions by and distributions to owners of the Company						
Share options exercised	-	3.6	-	-	-	3.6
Equity-settled share-based payment transactions	-	-	-	-	1.0	1.0
Dividends to shareholders	-	-	-	-	(30.0)	(30.0)
Equity at 31 March 2017	0.9	41.4	4.7	(3.4)	375.4	419.0

	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Equity at 1 October 2016	0.9	37.8	4.2	(9.2)	355.4	389.1
Total comprehensive income for the period						
Profit	-	-	-	-	99.5	99.5
Other comprehensive (expense)/income						
Currency translation differences for foreign operations	-	-	(1.5)	-	-	(1.5)
Effective portion of changes in fair value of cash flow hedges	-	-	-	2.9	-	2.9
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	13.3	-	13.3
Defined benefit pension schemes' actuarial gains	-	-	-	-	13.6	13.6
Tax on other comprehensive (expense)/income	-	-	-	(3.2)	(2.4)	(5.6)
Total other comprehensive (expense)/income for the period	-	-	(1.5)	13.0	11.2	22.7
Total comprehensive (expense)/income for the period	-	-	(1.5)	13.0	110.7	122.2
Contributions by and distributions to owners of the Company						
Share options exercised	-	5.2	-	-	-	5.2
Equity-settled share-based payment transactions	-	-	-	-	2.3	2.3
Dividends to shareholders	-	-	-	-	(40.4)	(40.4)
Equity at 30 September 2017	0.9	43.0	2.7	3.8	428.0	478.4

Notes to the Financial Report

1. Reporting entity

Victrex plc (the 'Company') is a limited liability company incorporated and domiciled in the United Kingdom. The address of the Registered Office is Victrex Technology Centre, Hillhouse International, Thornton Cleveleys, Lancashire, FY5 4QD, United Kingdom. The Company is listed on the London Stock Exchange.

This Half-yearly Financial Report is an interim management report as required by DTR 4.2.3 of the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

These condensed consolidated interim financial statements as at and for the six months ended 31 March 2018 comprise those of the Company and its subsidiaries (together referred to as the 'Group').

The comparative figures for the financial year ended 30 September 2017 are extracted from the Company's statutory financial statements for that year. Those financial statements have been reported on by the Company's auditor, filed with the Registrar of Companies and are available on request from the Company's Registered Office or to download from www.victrexplc.com. The auditor's report on those financial statements was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain any statement under sections 498 (2) or (3) of the Companies Act 2006.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by PricewaterhouseCoopers LLP and its report is set out on page 24-25. PricewaterhouseCoopers LLP were appointed as auditor at the 2018 AGM in February 2018.

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ('IAS') 34 – Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 September 2017.

This Half-yearly Financial Report was approved by the Board of Directors on 14 May 2018.

Risks and uncertainties

The principal risks and uncertainties which could impact the Group's long-term performance remain those detailed on pages 24, 25, 26 and 103 of the Group's 2017 Annual Report and Financial Statements, a copy of which is available on the Group's website, www.victrexplc.com. No new risks have been identified. These risks remain valid as regards their potential to impact the Group during the second half of the current financial year. The Group has a comprehensive system of risk management installed within all parts of its business to mitigate these risks as far as is possible.

3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied in the Company's published consolidated financial statements for the year ended 30 September 2017 except for the application of relevant new standards.

A number of new standards and amendments to existing standards are effective for the financial year ending 30 September 2018. None of these have had a material impact and accordingly the 31 March 2017 and 30 September 2017 comparatives have not been restated.

A number of standards, amendments and interpretations have been issued and endorsed by the EU but are not yet effective and, accordingly, the Group has not yet adopted them. These include:

- IFRS 9 – Financial Instruments: This standard is effective for the financial year ending 30 September 2019. The Group is in the process of assessing the impact of this standard, focused on cash flow hedging for foreign exchange forward contracts. While not expected to have a material impact on the Group's current accounting treatment or hedging activities, IFRS 9 will result in a presentational change on the face on the income statement with the fair value gains and losses recognised on net cash flow hedges being disclosed separately, rather than included within the line item of the underlying hedged transaction.

- IFRS 15 – Revenue from Contracts with Customers: This standard is effective for the financial year ending 30 September 2019. Based on a preliminary review there is the potential for a one–off acceleration of Medical revenue in relation to unit payments, however if this does arise, it is not expected to be material. For all other revenue streams, there will be no material impact on the timing and recognition of revenue.

- IFRS 16 – Leases: This standard is effective for the financial year ending 30 September 2020. The effect on the reported results and financial position of the Group is still being evaluated with adoption of this standard likely to result in an increase in gross assets and gross liabilities. The Group will make an assessment of the full impact in due course, but based on the current level of operating leases held by the Group, it is not anticipated that the changes will have a material impact.

The cumulative impact of the adoption of all other standards, is not expected to be significant.

Going concern

The Directors have performed a robust assessment, including review of the forecast for the year ending September 2018 and longer term strategic forecasts and plans, including consideration of the principal risks faced by the Group and the company, as detailed in the Group's Annual Report 2017. Following this review the Directors are satisfied that the Company and the Group have adequate resources to continue to operate and meet its liabilities as they fall due for the foreseeable future, a period considered to be at least 12 months from the date of signing these financial statements. For this reason they continue to adopt the going concern basis for preparing the interim financial statements.

4. Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 September 2017 as detailed on page 103 of the Group's Annual Report 2017.

5. Segment reporting

The Group's business is strategically organised as two business units: Industrial, which focuses on our Transport, Electronics, Energy & Other Industrial and Value Added Resellers markets; and Medical, which focuses on providing specialist solutions for medical device manufacturers.

	Six months ended 31 March 2018			Six months ended 31 March 2017			Year ended 30 September 2017		
	Industrial	**Medical**	**Group**	Industrial	Medical	Group	Industrial	Medical	Group
	£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Revenue from external sales	**139.0**	**27.6**	**166.6**	105.7	25.2	130.9	236.3	53.9	290.2
Segment gross profit	**81.7**	**24.6**	**106.3**	59.9	22.5	82.4	135.5	48.3	183.8
Sales, marketing and administrative expenses			**(43.3)**			(32.3)			(72.7)
Operating profit			**63.0**			50.1			111.1
Net financing income/(expense)			**0.3**			-			(0.1)
Profit before tax			**63.3**			50.1			111.0
Income tax expense			**(7.8)**			(10.4)			(11.5)
Profit for the period attributable to owners of the parent			**55.5**			39.7			99.5

6. Exceptional items

	Six months ended 31 March 2018 £m	Six months ended 31 March 2017 £m	Year ended 30 September 2017 £m
Included within Sales, marketing and administrative expenses			
Restructuring costs	-	(2.0)	(2.0)
Exceptional items before tax	-	(2.0)	(2.0)
Tax on exceptional items	-	0.4	0.4
Exceptional items	-	(1.6)	(1.6)

Prior year restructuring costs

Restructuring costs incurred in the prior periods related to a reorganisation across a number of the group's manufacturing and non-manufacturing locations.

7. Income tax expense

Taxation of profit before tax in respect of the six months ended 31 March 2018 has been provided at the estimated effective rates chargeable for the full year in the respective jurisdiction.

	Six months ended 31 March 2018 £m	Six months ended 31 March 2017 £m	Year ended 30 September 2017 £m
UK corporation tax	6.6	8.5	7.7
Overseas tax	1.2	1.1	2.2
Deferred tax	0.6	0.4	0.7
Tax adjustments relating to prior years	(0.6)	0.4	0.9
Total tax expense in income statement	7.8	10.4	11.5
Effective tax rate	12.3%	20.8%	10.4%

The amount of deferred tax assets/liabilities have been calculated based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date for the relevant territories. The majority of the deferred tax asset/liabilities as at 31 March 2018 relate to the UK, for which the UK tax rate of 17% is applied (31 March 2017: 17%, 30 September 2017: 17%).

8. Earnings per share

		Six months ended 31 March 2018	Six months ended 31 March 2017	Year ended 30 September 2017
Earnings per share	– basic	64.7p	46.4p	116.4p
	– diluted	64.4p	46.3p	116.2p
Profit for the financial period (£m)		55.5	39.7	99.5
Weighted average number of shares used	– basic	85,732,071	85,422,476	85,505,917
	– diluted	86,150,979	85,599,364	85,696,602

9. Investments

Following the capital contribution into Magma Global Limited by Technip FMC, announced on 23 March 2018, £5.4m of the initial investment will be redeemed during April 2018.

10. Derivative financial instruments

The notional contract amount, carrying amount and fair value of the Group's forward exchange contracts are as follows:

	As at 31 March 2018		As at 31 March 2017		As at 30 September 2017	
	Notional contract amount	Carrying amount and fair value	Notional contract amount	Carrying amount and fair value	Notional contract amount	Carrying amount and fair value
	£m	£m	£m	£m	£m	£m
Current assets	188.6	7.6	44.7	1.7	181.2	7.6
Current liabilities	12.9	(0.5)	140.2	(8.1)	18.0	(1.2)
	201.5	7.1	184.9	(6.4)	199.2	6.4

The fair values have been calculated by applying (where relevant), for equivalent maturity profiles, the rate at which forward currency contracts with the same principal amounts could be acquired on the balance sheet date. These are categorised as Level 2 within the fair value hierarchy under IFRS 7.

In addition to the above, £2.8m is included in current liabilities in respect of the fair value of the derivative instruments associated with TxV. These are categorised as Level 2 within the fair value hierarchy under IFRS 7.

11. Other financial assets

	Six months ended 31 March 2018 £m	Six months ended 31 March 2017 £m	Year ended 30 September 2017 £m
Cash invested in longer term deposits	27.0	-	-
	27.0	-	-

Cash invested in longer-term deposits does not meet the criteria to be classified as cash and cash equivalents. Accordingly, these deposits have been presented within Other financial assets and are classified as Loans and Receivables in accordance with IAS 39.

12. Exchange rates

The most significant Sterling exchange rates used in the financial statements under the Group’s accounting policies are:

	Six months ended 31 March 2018		Six months ended 31 March 2017		Year ended 30 September 2017	
	Average	Closing	Average	Closing	Average	Closing
US Dollar	1.26	1.42	1.41	1.25	1.37	1.34
Euro	1.13	1.14	1.28	1.15	1.23	1.14
Yen	143	151	158	141	150	151

The average exchange rates in the above table take into account the impact of gains and losses on foreign currency contracts. These rates are referred to elsewhere in the Interim Results as the effective rates for the period.

13. Reconciliation of profit to cash generated from operations

	Six months ended 31 March 2018 £m	Six months ended 31 March 2017 £m	Year ended 30 September 2017 £m
Profit after tax for the period	**55.5**	39.7	99.5
Income tax expense	**7.8**	10.4	11.5
Net financing (income)/expense	**(0.3)**	-	0.1
Operating profit	**63.0**	50.1	111.1
Adjustments for:			
Depreciation	**7.6**	7.3	15.3
Amortisation	**1.4**	0.8	2.3
Loss on disposal of non-current assets	**0.1**	0.1	-
(Increase)/decrease in inventories	**(2.1)**	(3.7)	0.2
(Increase)/decrease in trade and other receivables	**(3.4)**	4.7	8.9
(Decrease)/increase in trade and other payables	**(0.7)**	9.5	5.6
Equity-settled share-based payment transactions	**1.6**	0.9	2.3
Losses/(gains) on derivatives recognised in income statement that have not yet settled	**0.1**	(0.4)	(7.5)
Retirement benefit obligations charge less contributions	**(1.1)**	(0.9)	(0.8)
Cash generated from operations	**66.5**	68.4	137.4

14. Related party transactions

The Group's related parties are as disclosed in the Annual Report and Financial Statements 2017. There were no material differences in related parties or related party transactions in the six months ended 31 March 2018 except for transactions with key management personnel. The most significant of these was on 8 December 2017, under the 2009 Long Term Incentive Plan ('LTIP'), when 24,742, 11,678 and 11,480 share option awards were granted to J O Sigurdsson, T J Cooper and M L Court respectively at an option price of nil p per share when the market price was 2,481p per share.

15. Subsequent events

On 6 April 2018, as part of the Group's medium term strategy to transition its defined benefit pension scheme to a fully funded position on a self-sufficiency basis, a £3.0m contribution was made into the scheme.

Responsibility Statement of the Directors

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

(i) an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(ii) material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

During the period since the approval of the Victrex plc Annual Report for the year ended 30 September 2017, there have been no changes in the directorate.

The Directors of Victrex plc are detailed on our group website www.victrexplc.com.

By order of the Board

Jakob Sigurdsson
Chief Executive
14 May 2018

Richard Armitage
Chief Financial Officer
14 May 2018

Forward-looking Statements

Sections of this Half-yearly Financial Report 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 Half-yearly Financial Report 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 press release shall be construed as a profit forecast.

Independent review report to Victrex plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Victrex plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results 2018 of Victrex plc for the 6 month period ended 31 March 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 31 March 2018;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results 2018 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Results 2018, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results 2018 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results 2018 based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results 2018 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds
May 2018

a) The maintenance and integrity of the Victrex plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Shareholder Information

Victrex's Annual Reports and Half-yearly Financial Reports are available on request from the Company's Registered Office or to download from our corporate website, www.victrexplc.com.

Financial calendar

Ex-dividend date for interim dividend	7 June 2018
Record date for interim dividend#	8 June 2018
Payment of interim dividend	29 June 2018
2018 year end	30 September 2018
Announcement of 2017 full year results	December 2018
Annual General Meeting	February 2019
Payment of final dividend	February 2019

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

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Number 2793780

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***Alternative performance measures:**

- Group metrics excluding Consumer Electronics are referred to as core i.e. core volumes, core revenue and core business;
- Group revenue in constant currency which is reached by applying current year (H1 2018) effective currency rates to prior year (H1 2017) transactions;
- Available cash is cash and cash equivalents plus cash held on deposit (> 3 months);Operating cash conversion (cash generated from operations/operating profit);
- Sales from new products (sales from new grades sold from FY 2014 onwards); and
- Dividend cover (earnings per share/total dividend per share). This excludes the special dividend.