



4 July 2024

Victrex plc - Q3 Interim Management Statement

Q3 volume & revenue growth; FY volume outlook unchanged

Victrex plc is an innovative world leader in high performance polymer solutions, delivering sustainable products which support CO2 reduction and enable environmental and societal benefit in multiple end-markets. Today's Interim Management Statement for Q3 covers the period 1 April 2024 to 30 June 2024.

Performance summary: signs of top-line improvement continue into Q3

As previously communicated at interim results in May, the Group indicated it was seeing some signs of improvement across several end-markets, primarily within Sustainable Solutions. Whilst sentiment across the Chemical sector remains mixed, Victrex saw continued momentum during Q3. Group volumes showed good progress on a year-on-year basis, up 20%. Sequentially (Q3 vs Q2), Group volumes were flat.

Sustainable Solutions

During Q3, Value Added Resellers (VAR) saw the most improvement, compared to the prior year, with strong volume growth, up double-digit. Aerospace, Automotive, Electronics and Energy & Industrial delivered solid performances compared to the prior year. Good growth in Energy volumes offset continued softness in General Industrial, which we expect will see a slower recovery.

Medical

In Medical, the impact of customer destocking continued into Q3, in line with our guidance. We remain cautious on this business moving into our final quarter and towards FY 2025, with no visible signs of improvement yet. However, surgery rates continue to show good growth, which enables us to be well positioned for when the destocking cycle ends.

Q3 volume & revenue:

- Q3 Group volume up 20% to 979 tonnes (Q3 2023: 818 tonnes)
- Q3 Group revenue up 2% at £74.0m (Q3 2023: £72.2m)
- Q3 Average selling prices (ASP) reflected sales mix and the continued improvement in VAR, offset by a softer Medical performance, with ASP at £76/kg
- Sequential volume & revenue:
 - Q3 Group volume flat compared to Q2 2024 & Q3 Group revenue down 5% vs Q2 2024
- Year to date Group revenue of £213.3m is 9% lower than the prior year period (Q3 2023 YTD: £234.4m) reflecting the softer first half year and lower Medical revenues.
- YTD Group volume down 2% at 2,716 tonnes (Q3 2023 YTD: 2,759 tonnes)

Robust financial position

Victrex retains a robust balance sheet, with cash generation set to improve, driven by trading conditions, lower capital expenditure and progress on inventory unwind. Net debt on 30 June 2024 was approximately £10m lower than at the half year, as cash generation improved during the quarter, giving a Q3 net debt position of £39.6m (Q3 2023: £18.2m), which includes cash of £22.7m. This was after payment of our interim dividend on 28th June.

Our guidance on full year capital expenditure and inventory is unchanged. We anticipate capital expenditure will be lower in the second half, compared to the first. This means full year capital expenditure will be approximately £35m, following completion of major strategic capital investments over recent years. Inventory is tracking to reduce in line with our guidance.

Outlook: FY volume guidance unchanged; H2 PBT growth requires improvement in Medical

Jakob Sigurdsson, Chief Executive of Victrex, said: "With continued momentum in some end markets, we remain focused on our goal of a better second half year. However, high inventory levels and industry destocking amongst major medical device customers continue to be challenging for our Medical business. At this stage, Medical performance is tracking lower than our expectations for the second half year.

"On a full year basis, our volume guidance is unchanged and we continue to expect low to mid single digit volume growth. At a profit level, destocking in Medical and ongoing lower asset utilisation continue to be headwinds, with currency rates starting to move adversely in the second half. Unless Medical improves above current run-rates, the opportunity to deliver a slightly better PBT performance in H2 2024, versus H2 2023 - in line with our previous guidance - will be challenging. Cost discipline remains strong.

"The recent signs of improvement in several end-markets make growth prospects more encouraging as we move towards FY 2025. Victrex has a diversified core business, increasing commercialisation in our mega-programmes,

well invested assets, enhanced capability in our global team and the opportunity for substantial cashflow improvement. Overall, we have confidence in our medium to long-term prospects."

Victrex will report its FY 2024 Preliminary results on Tuesday 3rd December 2024.

Analyst & investor call:

A call for analysts & investors will be held today, Thursday 4th July, at 08.30am UK time. To register for the call please follow this link:

[Victrex Q3 Interim Management statement Registration Page! \(registrations.events\)](#)

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About Victrex:

Victrex is an innovative world leader in high performance polymer solutions, focused on the strategic markets of Automotive, Aerospace, Energy & Industrial, Electronics and Medical. Every day, millions of people rely on products or applications which contain our sustainable materials, from smartphones, aeroplanes and cars to oil & gas operations and medical devices. With over 40 years' experience, we are moving beyond the polymer into semi-finished and finished products which shape future performance for our customers and our markets, enable environmental and societal benefit for our customers and drive value for our shareholders. Find out more at www.victrexplc.com

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