Spectris plc – 2024 half year results

30 July 2024 – Spectris plc (SXS: LSE), the expert in providing insight through precision measurement, announces half year results for the six months ended 30 June 2024.

Step change in strategic execution to drive long-term growth in the face of softer end markets

- Acquisition of SciAps Incorporated (SciAps) and Micromeritics Instrument Corporation (Micromeritics) strengthens our leadership in materials characterisation for advanced materials analysis
- Our commitment to R&D and innovation is delivering a record level of new products to drive organic growth and market share gains
- Returning cash to shareholders through continuation of £150 million share buyback, with £100 million remaining
- As announced in June, our first half performance reflects a tough comparator, softer conditions in some end markets and the rephasing of £22 million sales and £15 million operating profit into the second half relating to our new ERP system
- Order book of £532 million at the end of the period provides good visibility into the second half
- Excluding any incremental profit associated with the acquisition of SciAps and Micromeritics, we expect to deliver adjusted operating profit for the full year in line with current market expectations[1]

Andrew Heath, CEO, said:

"In 2019, we set out to evolve our portfolio to increase the quality, growth, margin profile and resilience of the Group. The combination of our disposal programme and the redeployment of capital to acquire and build a world-class business, means we have truly reshaped the portfolio in the last five years, providing a high-quality platform from which to drive sustainable growth well into the future. This has structurally increased our ability to deliver against our medium-term financial targets. And as I look ahead, I have never been as excited about the future potential of the Group as I am today.

We have been very active across the Group over the last six months. We have launched a record number of exciting products, completed our portfolio rationalisation programme with the sale of Red Lion in April, and in July announced the acquisition of two highly complementary businesses. I am delighted with the addition of SciAps and Micromeritics and look forward to them joining the Group. Both are high-quality, high-growth businesses, that will further strengthen our customer offering.

As a result of our financial performance in the first half we will be taking action to accelerate further self-help measures in the second half. With a portfolio of great businesses, a clear strategy to deliver growth and expand margins, we are well placed and in a strong position as we look ahead to 2025 and beyond."

	Adjusted[1] H1 2024	Adjusted[1] H1 2023	LFL change[1]	**Statutory H1 2024**	Statutory H1 2023	Statutory change
Sales (£m)	**589.7**	702.5	(10%)	**589.7**	702.5	(16%)
Operating profit (£m)	**61.1**	102.1	(35%)	**24.0**	70.5	(66%)
Operating margin (%)	**10.4%**	14.5%	(400bps)	**4.1%**	10.0%	(590bps)
Profit before tax (£m)	**62.8**	103.4		**235.3**	68.5	244%
Basic earnings per share (pence)	**47.9p**	77.2p		**179.6p**	50.0p	259%
Cash generated from operations				**57.4**	108.9	(47%)
Adjusted cash flow conversion (%)	**111%**	117%				
Return on gross capital employed (%)	**16.8%**	16.7%				
Dividend per share (pence)				**26.6p**	25.3p	5%

1. **Alternative performance measures (APMs)** are used consistently throughout this press release and are referred to as 'adjusted' or 'like-for-like' (LFL). These are defined in full and reconciled to the reported statutory measures in the Appendix to the Condensed Consolidated Interim Financial Statements.

[1] Current consensus expectations for adjusted operating profit: £218.5 million to £231.5 million with average of £225.1 million

Chief Executive's Review

Summary

Over the last five years, we have simplified the Group and created a faster-growing, more profitable business and transformed our offering through the creation of two, world class divisions of scale in Spectris Scientific and Spectris Dynamics. And in doing so we have deployed all aspects of our capital allocation framework. Since 2018 we have sold nine businesses redeploying that capital in 13 acquisitions; we have returned close to £1 billion through a combination of share buybacks and our progressive dividend; and we are on a journey to drive operational excellence across the Group through our enterprise-wide ERP system and SBS. As a result, we have increased ROGCE from 13.5% (FY 2019) to 18.5% (FY 2023) over the same period.

The strategic progress we have made, and the portfolio of world class businesses that we have today, mean that I have never been more excited about the opportunities for Spectris, and have even greater confidence in delivering our medium-term objectives of 6-7% through cycle growth, with our self-help initiatives supporting our progress towards margins of at least 20%+.

The sale of our Red Lion Controls business during the first half concluded the portfolio transformation envisaged in 2019, with Spectris now focused on high growth, high value premium precision measurement businesses. In 2024 we have significantly strengthened the Spectris Scientific Division, creating a world leader in advanced materials analysis, focused on high-growth end markets. It is home to Malvern Panalytical, PMS and now the Servomex business. The two strategically complementary acquisitions of high-quality, high-growth businesses in SciAps and Micromeritics, announced shortly after the period end, will significantly strengthen our leadership position and expand our offering to customers, while delivering material synergies. This is entirely consistent with our on-going portfolio strategy to build a higher-quality, higher-growth, business.

This year is set to be a record year for innovation, supporting organic growth and market share gains. Our commitment to innovation and solving our customers most complex challenges, means we have launched a number of exciting, new products, across both divisions, already this year, with a strong pipeline to come.

We successfully completed the first phase of the rollout of our new ERP system, which together with the Spectris Business System (SBS), represent key building blocks towards Group operating margins of at least 20%. The new system is working very well overall, although some of the cut-over issues that have occurred, while typical with the complexity of a change of this magnitude, impacted our results in the period. This is simply a timing issue and we expect the impact to be fully recovered over the course of the second half. We can already see the opportunity to significantly improve operating effectiveness and efficiency through the deployment of the new system.

We are continuing the £150 million share buyback programme, with £100 million remaining. On completion, this will take the total amount of cash returned to shareholders through share buybacks to £650 million over the last 5 years.

After three years of strong growth and against the backdrop of ongoing macroeconomic uncertainty, we always expected 2024 to be a slower year, before returning to growth in 2025 and 2026. Our first half performance compares with a particularly strong comparative period last year (LFL sales growth of 19%). As noted in our trading update on 19 June, our first half performance has been impacted by two factors:

- First, softer underlying trading driven by weaker demand in China, a significant reduction in battery development - associated with the slowdown in sales of electric vehicles - and continued, subdued trading in pharmaceuticals. This reduced sales and operating profit by around £15 million and £10 million respectively in the first half. As such, we will be taking action to accelerate further self-help measures in the second half.

- In addition, the anticipated disruption to operations associated with the global implementation of our new ERP system across Malvern Panalytical in April, lasted longer than expected, resulting in the rephasing of £ 22 million of sales and £15 million of operating profit to the second half. While the quantum is slightly higher than originally estimated at the time of our June update, we continue to expect to recover all of these sales in the second half, with no impact on the full year.

Notwithstanding softer trading in the first half, we are encouraged by signs that market conditions will improve in the second half, albeit the timing remains uncertain. Our order book of £532 million at the end of the period provides good visibility into the second half.

Outlook

Excluding any incremental profit associated with the acquisition of SciAps and Micromeritics, we expect to deliver adjusted operating profit for the full year in line with current market expectations[2].

Financial performance

After adjusting for Red Lion, our order book at the end of June at £532 million was higher than the December year-end, providing good visibility into the second half. Order intake of £613.9 million in the first half was 6% lower than the comparative period on a LFL basis with continuing strong demand and order growth in both A&D and Automotive, more than offset by softer demand in other end markets, particularly Academia. On a LFL basis, demand in both North America and Europe was solid with orders 3% lower in both regions, with Asia down 12% driven by continuing softer markets in China.

LFL sales were 10% lower, down 16% on a reported basis, reflecting a 3pp net impact from disposals and acquisitions and 3pp from adverse foreign exchange. On a regional basis, sales were 9% lower in both North America and Europe with sales 11% lower in Asia on a LFL basis.

LFL sales performance across our end markets is set out in the table below with further information on end market trends contained in the reviews for the Scientific and Dynamics divisions.

End market	Sales H1 2024 (£m)	Sales H1 2024 % of total Group	LFL sales Growth	Expected medium-term market growth
Life sciences / pharmaceutical	102	17%	(22%)	5-7%
Technology-led industrials	109	19%	(2%)	5-7%
Electronics and semiconductor	74	12%	4%	6-8%
Automotive	69	12%	0%	4-6%
Materials	59	10%	(8%)	5-6%
Academic research	51	9%	(21%)	5-6%
Other	126	21%	(12%)	3-5%

The lower sales and product mix resulted in a 210bps decrease in adjusted gross margins. Adjusted operating margin of 10.4%, was 410bps lower than the comparative period (H1 2023: 14.5%) resulting in adjusted operating profit of £61.1 million (H1 2023: £102.1 million) a decrease of 35% on a LFL basis (40% on a reported basis).

[2]Current consensus expectations for adjusted operating profit: £218.5 million to £231.5 million with average of £225.1 million.

Adjusted earnings per share was 38% lower at 47.9 pence (H1 2023: 77.2 pence). Statutory operating profit of £24.0 million (H1 2023: £70.5 million) was 66% lower. This gave a 4.1% statutory operating margin (H1 2023: 10.0%). Cash conversion was 111% on an adjusted basis in the first half (H1 2023: 117%), with our strong balance sheet providing the Group with significant flexibility.

Strategic progress

We continue to make strong progress against the framework set out in October 2022, in our Strategy for Sustainable Growth, driven by our business model.

Under Spectris Scientific, we have brought together three complementary precision instruments businesses: Malvern Panalytical, Particle Measuring Systems and Servomex. Each of these businesses has leading positions at the premium end of common markets, where their deep domain knowledge is essential and drives high levels of customer centricity, where their depth of capability and expertise play a vital role in making the invisible visible for our customers. The acquisitions of Micromeritics and SciAps are both highly complementary and will further add to these strengths. Additionally, as one division of scale, this provides real opportunities to collaborate, sharing best practice in areas like operational effectiveness, including common IT systems and SBS as well as R&D.

In Spectris Dynamics we are pleased with the acquisition of MicroStrain which completed at the end of last year, adding to the highly successful acquisition of Dytran in 2022.

We invested £52.9 million (H1 2023: £52.2 million) in R&D in the first half and launched a number of exciting, new products with more detail contained in the divisional review sections. The initial customer response to these products and others launched during the period has been extremely positive, and with a strong pipeline and further launches to come over the coming months, we expect 2024 to be a record year for new product introductions for the Group, which will support future organic growth and market share gains.

We continue to leverage SBS to drive operational excellence and deliver tangible cost savings, remaining on track to deliver another c.£10 million in savings in 2024. We have continued to develop and promote our 'Go For Gold' programme with seven Bronze sites pursuing Silver and an additional five sites targeting Bronze by the end of this year, with the aim to have all operational sites certified Bronze by the end of 2025.

In April, we successfully completed the first phase of the rollout of our new ERP system with the implementation covering the entire Malvern Panalytical business. In the second half we will begin a phased roll out of the new system across Spectris Dynamics which is expected to complete in 2025. The new system replaces a number of legacy ERP systems and helps standardise, simplify and automate processes to enhance our operations, enabling our businesses to become more efficient and scalable.

We remain on track to meet our Net Zero ambition and a full update will be provided at the year-end as we progress our Net Zero Transition Plan. At Spectris, we recognise the importance of creating the right environment for our people to thrive and develop and I am pleased to say that the work we have done in this area has once again resulted in an increase in engagement levels as measured by our annual employee engagement survey. In 2024, our engagement scores increased to 4.00, increasing for the third successive year and up from 3.92 in 2023 (2022: 3.86).

The strategic progress we have made in the first half is due to the hard work of my colleagues and the continued execution of our Strategy for Sustainable Growth, and I want to thank everyone across the Group for what we have delivered.

Capital allocation

We had net cash position at the period end (30 June 2024) of £292.5 million (30 June 2023: £214.3 million). This, together with good cash generation, provides us with the flexibility to pursue our organic growth investment, return capital to shareholders and execute our targeted M&A strategy.

On 4 July, we announced the acquisition of SciAps for consideration of up to $260 million (£205 million), including a deferred element of $60 million, which will be integrated into Malvern Panalytical within Spectris Scientific. SciAps has a proven track record of growth and will add laser-induced, backscatter spectroscopy (LIBS) technology to Malvern Panalytical's portfolio and provide access to the adjacent hand-held XRF market. It will create a highly synergistic combination, with SciAps handheld portfolio used in the field, complementing Malvern Panalytical's range of laboratory and benchtop equipment. When combined, we will provide a comprehensive suite of technology offerings in attractive end markets, particularly mining, NDT and product circularity/recycling, while also providing the ability to rapidly expand our digital offering to these customers.

On 16 July, we announced an agreement to acquire Micromeritics Instrument Corporation (Micromeritics) for upfront consideration of $630 million (£485 million) plus a deferred element up to $53 million (£41 million). Micromeritics is a proven, high-margin, high-growth business which, together with Malvern Panalytical will create the leading particle characterisation business for advanced materials analysis, with a highly differentiated and fully integrated offering. The addition of Micromeritics' technologies alongside Malvern Panalytical's capabilities will enable the comprehensive characterisation of particles by detailing their size, count, surface properties and behaviour, thus supporting the entire customer workflow from R&D to QC/QA applications. With highly complementary product portfolios, the combination will also strengthen Spectris' offering in the rapidly growing, clean tech markets and will deliver significant synergies.
These acquisitions will be funded through a combination of our cash resources and new external debt, with the strong free cash flow generation of the Group expected to bring leverage down to around 1.3x by the end of 2025 and below 1.0x beyond that.

We recognise the importance of a growing dividend to our shareholders and are committed to a progressive dividend policy. The Board is declaring an interim dividend of 26.6 pence per share, growth of 5% on last year (H1 2023: 25.3p). The interim dividend will be payable on 8 November to shareholders on the register on 4 October 2024. The ex-dividend date is 3 October.

We completed the first £50 million tranche of our £150 million share buyback during the period with £100 million remaining.

Board update

On 19 June, we announced that Derek Harding will take up a new role as President of our enlarged Spectris Scientific Division from 1 September 2024. Derek will remain on the Board as an Executive Director of the Company in his new role and will continue to report to Andrew Heath, Chief Executive.

Angela Noon will join the company as an Executive Director and Chief Financial Officer on 1 September 2024. Angela is currently CFO at Royal Mail and was previously CFO for Siemens UK & Ireland.

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Analyst meeting and live webcast

A presentation to analysts and investors will take place at Bank of America, 2 King Edward Street, London, EC1A 1HQ begin at 08:00hrs BST, hosted by Andrew Heath, Chief Executive and Derek Harding, Chief Financial Officer to discuss this statement. The presentation will be broadcast live via the following link:

https://www.investis-live.com/spectris/668d52cb99bcb24a0007c9c7/lkei

Dial-In: United Kingdom (Local): +44 20 3936 2999; United Kingdom (Toll-Free): +44 800 358 1035
Global Dial-In Numbers
Access Code: 485405

Copies of this press release are available to the public from the registered office at Melbourne House, 44-46 Aldwych, London, WC2B 4LL and on the Company's website at www.spectris.com.

About Spectris

Spectris combines precision with purpose, delivering progress for a more sustainable world. We provide critical insights to our customers through premium precision measurement solutions combined with technical expertise and deep domain knowledge. Precision is at the heart of what we do - our leading, high-tech instruments and software equip our customers to solve some of their greatest challenges to make the world cleaner, healthier and more productive. We are focused on two key divisions – Spectris Scientific and Spectris Dynamics, which are placed in technology-driven end markets, with strong fundamentals and attractive growth trajectories. We have leading market positions in premium segments and employ 7,000 people located in more than 30 countries, all united behind our purpose to deliver value beyond measure for all our stakeholders. For more information, visit www.spectris.com.

Divisional reviews

Summary

	Spectris Scientific		Spectris Dynamics		Red Lion Controls		Group Costs		Total	
	H1 2024	H1 2023	**H1 2024**	H1 2023	**H1 2024**	H1 2023	**H1 2024**	H1 2023	**H1 2024**	H1 2023
Sales (£m)	**320.0**	381.1	**249.4**	264.5	**20.3**	56.9			**589.7**	702.5
LFL sales growth (%)	**(12%)**		**(5%)**		**(28%)**				**(10%)**	
Statutory operating profit (£m)	**16.4**	53.8	**10.7**	18.3	**3.5**	11.1	**(6.6)**	(12.7)	**24.0**	70.5
Statutory operating margin (%)	**5.1%**	14.1%	**4.3%**	6.9%	**17.2%**	19.5%			**4.1%**	10.0%
Adjusted operating profit (£m)	**33.4**	65.7	**30.6**	35.8	**3.7**	13.3	**(6.6)**	(12.7)	**61.1**	102.1
LFL adjusted operating profit change (%)	**(49%)**		**(11%)**		**(46%)**				**(35%)**	
Adjusted operating margin (%)	**10.4%**	17.2%	**12.3%**	13.5%	**18.2%**	23.4%			**10.4%**	14.5%
LFL adjusted operating margin change (bps)	**(740bps)**		**(80bps)**		**(600bps)**				**(400bps)**	
Sales % of Group sales	**54%**	54%	**42%**	38%	**4%**	8%			**100%**	100%

Spectris Scientific

	H1 2024	H1 2023	Change	LFL change
Statutory sales (£m)	**320.0**	381.1	(16%)	(12%)
Adjusted operating profit[1] (£m)	**33.4**	65.7	(49%)	(49%)
Adjusted operating margin[1] (%)	**10.4%**	17.2%	(680bps)	(740bps)
Statutory operating profit (£m)	**16.4**	53.8	(70%)	
Statutory operating margin (%)	**5.1%**	14.1%	(900bps)	

1. This is an APM. APMs are defined in full and reconciled to the reported statutory measures in the Appendix to the Condensed Consolidated Interim Financial Statements.

First half performance

Against a strong comparative period, Spectris Scientific sales were 16% lower in the period at £320.0 million (H1 2023: £381.1 million) with adjusted operating profit of £33.4 million (H1 2023: £65.7 million). LFL sales were 12% lower after taking into account the £4 million (1%) impact of acquisitions net of disposals (primarily the disposal of the remaining element of CLS) and adverse foreign exchange movements of £12 million (3%). Lower sales of £22 million and £15 million profit from the impact of delays associated with the implementation of the new ERP system in Malvern Panalytical are expected to be fully recovered in the second half.

While sales grew in electronics and semiconductor, this was offset by lower sales in other end markets, particularly pharmaceuticals and academia. Sales were lower across all regions. Orders intake was 15% lower (10% lower on a LFL basis) with lower demand across all end markets particularly academia and China.

Adjusted operating margin decreased by 680bps to 10.4% (H1 2023: 17.2%) reflecting the negative drop through impact of lower sales volumes. On a LFL basis, the decrease in adjusted operating margin was 740bps.

Statutory operating profit was 70% lower at £16.4 million (H1 2023: £53.8 million) after including £8.9 million of costs related to the investment in our new ERP system, as part of the business transformation project. Statutory operating margin was 5.1% (H1 2023: 14.1%).

Strongly positioned in high growth end markets supported by sustainability trends

Spectris Scientific is focused on high growth end-markets: life sciences, material sciences (primary and advanced materials), semiconductors and academia. We are well positioned in high value, critical-to-quality areas where precision measurement, domain expertise and analytics are valued by our customers throughout the workflow.

Life sciences

LFL sales were significantly lower reflecting a continuation of overall subdued conditions in this market with lower sales in all regions. In terms of demand, order intake was more encouraging, down mid-single digits against the comparative period. We continue to see strong demand and order growth for our particle counters and advisory solutions for aseptic manufacturers reflecting the production of new drugs to address areas like weight loss, and the development of new facilities linked to onshoring.

Demand for instruments to support R&D and drug development remain subdued particularly in small molecule, with the exception of the Indian market where we saw growth across both small molecule and biologics during the period. Our leading indicators are showing signs of improvement with an increase in qualified leads which represent the earliest signs of customer demand.

Growth over the medium-term in life sciences is underpinned by a number of key drivers including ageing populations, the onshoring of manufacturing and the need to develop new treatments. We continue to maintain a healthy pipeline of customer opportunities.

Materials

Primary materials

We saw a reduction in LFL sales and orders during the first half with a robust performance from building materials more than offset by lower demand in mining, against a strong comparator in 2023. Customers in this end market rely on our leading X-ray products as they seek to make their extraction and processing greener and more sustainable.

Advanced materials

Against a very strong comparator last year, LFL sales in advanced materials were down in the first half, notably sales of our laser diffraction instruments to support battery development, linked to the slowdown in EV sales and the associated reduction in battery production and development. Our particle analysers are used by customers to assess the quality and character of particles to assess reactivity of raw materials.

While we are experiencing a slowdown in the short-term, the outlook for advanced materials remains positive driven by the secular growth trends of clean technologies and advanced manufacturing. We have a broad solution portfolio and strong domain knowledge for material characterisation and deep customer relationships which enables us to be a key facilitator of customer innovation, supporting opportunities in the functional performance and QA/QC, through to the sustainability and recycling of materials.

Semiconductor

Sales into semiconductor and electronics customers saw solid growth in the period against a strong comparative period, with strong growth in Asia partially offset by Europe and North America.

While the level of order intake was lower in the first half, we expect demand to pick up in the second half and continue into 2025 and beyond driven by the strong secular trends including onshoring, the rise of AI and increased penetration of software-defined vehicles, as outlined in our teach-in on our Particle Measuring Systems business at the start of June.

Academia

Against a very strong performance in the first half last year, where sales increased by 45%, benefiting from a number of government incentives in China, LFL sales and orders were significantly lower in the first half. While the Chinese government has announced a similar package of incentives in the first half, we are yet to see this feed through into customer demand as we did in 2023.

We remain well positioned to take advantage of the academic research that feeds into our end markets, with a strong brand built on high precision measurement and scientific credibility.

Other end markets

Sales and order intake across other end markets, which predominantly comprises energy, were lower than the comparative period. Our offering across Spectris Scientific means that we are well placed to address customer needs in the energy transition over the medium-term, particularly in areas such as carbon capture and hydrogen and growth in the adoption of clean technologies.

Research and development

In Malvern Panalytical we launched a number of exciting products during the period. The Mastersizer 3000+, is a revolutionary step in particle sizing with artificial intelligence-driven solutions for data evaluation providing robust and confident results in what is our best-selling, market leading, laser diffraction instrument. We also launched the Revontium X-ray fluorescence analyser, representing a huge step in elemental analysis, providing the same data quality as floor-standing instruments, significantly reducing operating cost in a number of applications. And in March, Malvern Panalytical were the proud winners of the Microsoft Intelligent Manufacturing Award 2024, in the 'Scale' category, for their Smart Return Agriculture technology.

At Servomex, we have been ushering in the next generation of ultra-trace measurements for moisture, contaminants and ultra-high-purity electronic grade gases, with the Gen 7 DF-500 Series delivering crystal clear insights, powered by industry-leading sensors and setting the standard for accuracy and reliability. And with the SERVOTOUGH SpectraExact 2500F, we have brought a new level of precision to liquid measurements with its rugged design ideal for hazardous areas, able to provide the most reliable data on even the harshest of liquids.

At Particle Measuring Systems, the BioCapt Single-Use AutoM Microbial Impactor represents the ideal choice for automated filling in sterile environments, revolutionising microbial air sampling with a plug-and-play design to enhance cost efficiency and productivity.

Spectris Dynamics

	H1 2024	H1 2023	Change	LFL change
Statutory sales (£m)	**249.4**	264.5	(6%)	(5%)
Adjusted operating profit[1] (£m)	**30.6**	35.8	(15%)	(11%)
Adjusted operating margin[1] (%)	**12.3%**	13.5%	(120bps)	(80bps)
Statutory operating profit (£m)	**10.7**	18.3	(42%)	
Statutory operating margin (%)	**4.3%**	6.9%	(260bps)	

1. This is an APM. APMs are defined in full and reconciled to the reported statutory measures in the Appendix to the Condensed Consolidated Interim Financial Statements.

First half performance

Spectris Dynamics sales were 6% lower at £249.4 million (H1 2023: £264.5 million). On a LFL basis, sales were 5% lower after taking into account the net impact of £9 million (3%) of adverse foreign exchange movements, and the £7 million (2%) sales contribution from the acquisition of MicroStrain. Sales were lower across all regions.

Order intake was in line with the comparative period on a LFL basis with double-digit growth in both A&D and Automotive offset by softer demand in machine manufacturing, academia and other markets. Slightly higher sales in both A&D and Automotive were more than offset by lower sales to machine manufacturing, academia and other markets.

Adjusted operating profit of £30.6 million was 15% lower than the £35.8 million achieved in the first half last year, (11% on a LFL basis), with adjusted operating margin 120bps lower (80bps lower on a LFL basis) at 12.3% (H1 2023: 13.5%). The lower margins reflect the drop through impact of lower sales and product mix effects partially offset by actions to manage the division's overhead costs.

Statutory operating profit decreased by 42% to £10.7 million (H1 2023: £18.3 million) after including £13.1 million of costs related to the investment in our new ERP system. Statutory operating margin was 4.3% (H1 2023: 6.9%).

Well positioned in attractive markets

We are well positioned in attractive growth markets that are benefiting from a number of global mega trends: increased adoption of Virtual Test particularly in automotive to accelerate the innovation cycle; digitisation and the increased use of software to design, test and to process large amounts of more complex data; electrification and the transformation of mobility and energy; and automation to enhance productivity in a more connected world. These four key growth trends are aligned with the Division's Purpose to Empower the Innovators for a cleaner, healthier, and more productive world and are supporting higher levels of growth within our market segments.

Automotive

LFL sales were slightly ahead of the comparative period, with modest growth in Europe offset by North America where sales were down. LFL Sales in Asia were slightly lower than the comparative period.

On the demand side, order intake was strong, particularly in Asia and Europe, largely driven by our virtual test business, where our market-leading offering continues to attract new customers with a number of large orders for our simulators booked during the period. Demand was softer in the US reflecting the slowdown in demand for, and adoption of, electric vehicles and the knock-on impact on battery development and electric power testing. Demand from Chinese automotive manufacturers for our in-process solutions for end of line testing of electric motors was encouraging.

Over the medium-term, we continue to expect growing demand for automotive testing, driven by growth in R&D and increased adoption of virtual test to support new platform launches and increasing demand for software-defined vehicles and advanced driver assistance systems (ADAS) capabilities.

Machine manufacturing

LFL sales were lower in Europe and Asia reflecting ongoing soft industrial output in the key markets in each region, namely Germany and China.

Orders were only slightly lower on a LFL basis, with softer demand in Europe and North America which more than offset strong growth in Asia. While we have seen signs of a modest recovery in weighing technology, a broader recovery is expected to occur in late 2024 and into the first half of 2025, as interest rate ease and customer confidence returns to support capital investment decisions.

2023 was a record year in our OEM sensor business delivering 55 customer prototypes during the year. This strong trend has continued in the first half of this year where we have delivered a similar number of prototypes on a run rate basis across a number of sub-segments including medical, agricultural and robotics.

We believe that over the medium to longer-term, the move towards greater levels of automation driven by the scarcity of labour and the need for greater efficiency, will continue to drive demand from machine manufacturing customers and in turn, our smart and OEM sensor offering. Sales to this sector continue to be helped by the focus on selected high value end-markets, which has driven demand for our weighing technologies, including for smart OEM-type solutions in medical and healthcare applications, where accurate and reliable sensors are critical.

Aerospace and defence

Sales were slightly ahead of the very strong comparative period, supported by continued investment in commercial space and defence spending and the ongoing growth in civil aerospace. LFL orders were well ahead of the comparative period driven by strong demand in the US.

Demand has been particularly strong in commercial space, where our leading sensing solutions, in particular accelerometers, are used by customers to monitor vehicle system and structural performance during the flight envelope. Our Dytran business has performed particularly well post-acquisition due to the growth of, and attractiveness of its offering to, the commercial space market. In civil aerospace, we have seen good demand for our physical testing solutions where our customers rely on the reliability, precision and consistency provided by our sound and vibration and design software. In defence, we see a lot of opportunities to support customers on a number of naval programmes and on a regional basis, strong demand in Japan.

We remain well placed to support long-term innovation projects. OEMs continue to invest in efficiency gaining technologies, especially weight saving and power improvements. We also see demand increasing for energy transition related projects, including electric aircraft and those running on alternative lower-carbon fuels.

Consumer electronics and telecoms

While LFL sales were down in consumer electronics and telecoms, which represented 6% of Dynamics sales in the first half, order intake was up. Demand in this market is being shaped by the onshoring of manufacturing and the development of the next generation of sound technology, including immersive, dynamic sound quality for personal equipment.

Research and development

During the first half we launched the award-winning Driver-in-Motion Full Spectrum Dynamic Simulator (DiM FSS) and Hyperdock, which together provide a quantum leap in realism, and the first simulator that is capable of full vehicle motion, vibration, and sound for an integrated experience. We also introduced the T100 / T110 torque sensor, building on market leading accuracy, that offers new possibilities in demanding applications, such as powertrain development for electric vehicles.

We also released major updates to our simulation and durability/reliability software with key functionality enhancements. One example is the latest upgrade of Concurrent Real Time's (CCRT) FPGA Workbench suite, which represents a complete development environment for Hardware-in-the-loop solutions and other simulators, enabling users to use the full potential of the latest CCRT hardware.

Financial review

Financial performance

	H1 2024 £m	H1 2023 £m
Sales	**589.7**	702.5
Cost of sales	**(265.7)**	(302.0)
Gross profit	**324.0**	400.5
Indirect production and engineering expenses	**(59.5)**	(63.0)
Sales and marketing expenses	**(115.1)**	(129.0)
Administrative expenses	**(125.4)**	(138.0)
Operating profit	**24.0**	70.5

Sales decreased by 16% or £112.8 million to £589.7 million (H1 2023: £702.5 million). Gross profit decreased by £76.5 million driven by the lower sales volumes, partly offset by pricing effects. Selling, General & Administration (SG&A) expenses decreased by £30.0 million, benefiting from prior period restructuring activities, the sale of Red Lion, foreign exchange impacts from retranslation and revaluation, plus lower performance incentives.

Included within SG&A are configuration and customisation costs carried out by third parties on material software-as-a-Service (SaaS) project costs of £22.0 million (H1 2023: £17.8 million), which represents the continuation of the implementation of the new SAP cloud-based ERP system. Investment in R&D increased by £0.7 million to £52.9 million representing 9.0% of sales (H1 2023: £52.2 million, 7.4% of sales). Statutory operating profit was £24.0 million, a decrease of £46.5 million (H1 2023: £70.5 million). Statutory operating margin was 4.1% (H1 2023: 10.0%).

Statutory to adjusted operating profit

	H1 2024 £m	H1 2023 £m
Statutory operating profit	**24.0**	70.5
Net transaction-related costs and fair value adjustments	**7.4**	4.0
Configuration and customisation costs carried out by third parties on material SaaS projects	**22.0**	17.8
Amortisation of acquisition-related intangible assets	**7.7**	9.8
Adjusted operating profit	**61.1**	102.1

Net transaction-related costs and fair value adjustments were £7.4 million (H1 2023: £4.0 million) primarily relating to the acquisitions of SciAps Incorporated and Micomeritics Instruments announced in July 2024. Consistent with the prior period, material SaaS project costs of £22.0 million (H1 2023: £17.8 million) are excluded from adjusted operating profit, as is amortisation of acquisition-related intangible assets of £7.7 million (H1 2023: £9.8 million).

Our adjusted operating margin of 10.4% was 410bps lower than the comparative period (H1 2023: 14.5%) driven by the drop through impact of lower sales and product mix, resulting in an adjusted operating profit of £61.1 million (H1 2023: £102.1 million), a decrease of 40% (35% on a LFL basis).

Statutory operating profit to profit before tax

Statutory profit before tax for the period of £235.3 million (H1 2023: £68.5 million) is calculated after a £210.6 million profit on disposal of businesses, predominantly related to the divestment of Red Lion (H1 2023: £11.0 million loss, which reflected the divestment of Concept Life Sciences), and a net finance income of £5.3 million (H1 2023: £8.2 million income).

	H1 2024 £m	H1 2023 £m
Statutory operating profit	**24.0**	70.5
Share of post-tax results of associates	**(0.4)**	0.1
Fair value through profit and loss movements on debt instruments	**(4.2)**	0.7
Profit/(loss) on disposal of businesses	**210.6**	(11.0)
Finance income	**8.2**	10.3
Finance costs	**(2.9)**	(2.1)
Statutory profit before tax	**235.3**	68.5

On 3 April 2024, the Group disposed of its Red Lion Controls business. The consideration received was £280.9 million settled in cash, resulting in a profit on disposal of £210.9 million. Further details are provided in note 8. Red Lion Controls contributed £20.3 million of sales and operating profit of £3.7 million in 2024, up to the date of disposal (H1 2023: £56.9 million sales and £13.3 million operating profit, reflecting full six months contribution).

Net finance income of £5.3 million (H1 2023: £8.2 million) was £2.9 million lower, mainly as a result of a £3.7 million lower gain from retranslation of short-term intercompany loan balances driven by a smaller intercompany loan balance and lower levels of currency volatility than in 2023.

Bank interest received was £4.9 million for the period (H1 2023: £3.3 million), mainly due to cash held on account from the proceeds of the Red Lion disposal and higher Sterling interest rates. There have been no drawings against our loan facilities during the first half, with interest payable comprising the commitment fee on the Revolving Credit Facility (RCF) and the amortisation of capitalised loan fees relating to this facility.

Tax

The effective tax rate on adjusted profit before tax for was 23% (H1 2023: 22%), with the adjusted effective tax rate for the full year also expected to be 23%. The effective tax rate on statutory profit before tax was 23.1% (H1 2023: 23.8%).

Earnings per share

Adjusted earnings per share was 47.9 pence (H1 2023: 77.2 pence). Statutory earnings per share was 179.6 pence (H1 2023: 50.0 pence), with most of the increase attributable to the £210.9 million profit on disposal of the Red Lion Controls business.

LFL movements

Order intake was 6% lower on a LFL basis for the first half of 2024. On a LFL basis, orders in North America and Europe were both down 3%, with Asia 12% lower largely driven by China where demand remains subdued.

LFL sales decreased by £66.6 million (10%), comprising 12% volume, partially offset by a 2% positive price impact. Disposals, net of acquisitions, reduced sales by £24.7 million (3%) and foreign exchange movements decreased sales by £21.5 million (3%), which together with the LFL sales movement resulted in a 16% reduction in reported sales.

The sales decline resulted in a 210bps decrease in adjusted gross margins.

Cash flow

Adjusted cash flow decreased by £51.8 million to £67.9 million (H1 2023: £119.7 million), resulting in an adjusted cash conversion rate of 111% (H1 2023: 117%). Statutory cash generated from operations was £57.4 million (H1 2023: £108.9 million).

The decrease in adjusted cash flow was largely driven by the decrease in adjusted operating profit, with a slightly lower net inflow in working capital and higher levels of capital expenditure also contributing.

Adjusted cash flow	H1 2024 £m	H1 2023 £m
Adjusted operating profit	**61.1**	102.1
Adjusted depreciation and software amortisation[1]	**17.7**	19.6
Working capital and other non-cash movements	**4.9**	9.7
Capital expenditure	**(15.8)**	(11.7)
Adjusted cash flow	**67.9**	119.7
Adjusted cash flow conversion	**111%**	117%

1. Adjusted depreciation and software amortisation represent depreciation of property, plant and equipment, software and internal development amortisation, adjusted for depreciation of acquisition-related fair value adjustments to property, plant and equipment.

Capital expenditure of £15.8 million (H1 2023: £11.7 million) equated to 2.7% of sales, compared to 1.7% in H1 2023. The higher level of expenditure in 2024 reflects the phasing of spend relating to the new PMS facility in Colorado. Capital expenditure was 89% of adjusted depreciation and software amortisation (H1 2023: 60%).

Other cash flows and foreign exchange	H1 2024 £m	H1 2023 £m
Tax paid	**(26.8)**	(30.0)
Net interest received on cash and borrowings	**2.4**	2.9
Dividends paid	**(54.2)**	(53.7)
Share buyback	**(46.0)**	(26.7)
Acquisition of businesses, net of cash acquired	**(0.8)**	(2.8)
Transaction-related costs paid	**(2.8)**	(1.0)
Spectris Foundation Contribution paid	**(1.0)**	-
Proceeds from disposal of businesses, net of tax paid of £25.2 million (H1 2023: £1.0 million)	**248.8**	9.2
SaaS-related cash expenditure	**(22.0)**	(17.8)
Lease payments and associated interest	**(7.3)**	(7.1)
Restructuring costs paid	**(0.1)**	(0.8)
Net proceeds from exercise of share options	**0.5**	0.4
Total other cash flows	**90.7**	(127.4)
Adjusted cash flow	**67.9**	119.7
Foreign exchange	**(4.9)**	(6.0)
Increase/(decrease) in net cash	**153.7**	(13.7)

During the six months ended 30 June 2024, 1,313,979 ordinary shares were repurchased and cancelled by the Group as part of the first tranche of the £150 million share buyback programme announced on 11 December 2023, resulting in a cash outflow of £46.0 million, including transaction fees of £0.2 million. We expect to complete the remaining £100 million of the current buyback programme by the end of this financial year.

Financing and treasury

The Group finances its operations from retained earnings and, where appropriate, from third-party borrowings. Total borrowings as at 30 June 2024 were £nil (H1 2023: £nil).

At 30 June 2024, the Group had a cash and cash equivalents balance of £292.5 million (H1 2023: £214.3 million) representing a £78.2 million year-on-year increase in net cash. The Group also had various uncommitted credit lines and bank overdraft facilities available that remained undrawn.

On 7 May 2024, the $500m multi-currency facility (RCF) due to expire in July 2025 was replaced by a £400 million multi-currency facility to reflect the base currency of the Group. The new facility has an initial five-year maturity with two one-year extension options, which would take the final maturity to May 2031. As at 30 June 2024, the Group's committed facilities consisted entirely of the £400 million RCF, which was undrawn. (H1 2023: $500 million undrawn).

The Group regularly monitors its financial position to ensure that it remains within the terms of its RCF covenants. The minimum permitted interest cover (i) is 3.75x; the covenant result was N/A for the twelve-month period ended 30 June 2024 due to net interest income during the period (30 June 2023: N/A; 31 December 2023: N/A). The maximum permitted leverage (ii) is 3.5x; as at 30 June 2024, leverage was less than zero (30 June 2023: less than zero; 31 December 2023: less than zero) due to the Group's net cash position.

(i) Covenant defined earnings before interest, tax and amortisation divided by net finance charges; and
(ii) Covenant-defined net debt / EBITDA

The Group has prepared and reviewed cash flow forecasts for the period to 31 December 2028, which reflect forecasted changes in sales across its business and performed a reverse stress test of the forecasts to determine the extent of downturn which would result in insufficient liquidity or a breach of banking covenants. The Group's cash flow forecast reflects the acquisitions announced recently and includes securing additional external finance. The group has sourced sufficient bridge financing and is working with lenders to finalise terms on long term financing. This assessment indicates that the Group can operate within the level of its current facilities, without the need to obtain any new facilities for a period of not less than 12 months from the date of this report. The Board of Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, it continues to adopt the going concern basis in relation to this conclusion and preparing the Condensed Consolidated Financial Statements.

Currency

The Group has both translational and transactional currency exposures. Translational exposures arise on the consolidation of overseas company results into Sterling. Transactional exposures arise where the currency of sale or purchase invoices differs from the functional currency in which each company prepares its local accounts. The transactional exposures include situations where foreign currency denominated trade receivables, trade payables and cash balances are held.

After matching the currency of revenue with the currency of costs, wherever practical, forward exchange contracts are used to hedge a proportion of the remaining forecast net transaction cash flows where there is reasonable certainty of an exposure. At 30 June 2024, approximately 65% of the estimated transactional exposures of £250.9 million for the next 18 months were hedged using forward exchange contracts, mainly against the Euro, US Dollar, Chinese Yuan Renminbi and Japanese Yen.

The largest translational exposures during the year were to the US Dollar, Euro and Chinese Yuan Renminbi. Translational exposures are not hedged. The table below shows the average and closing key exchange rates compared to Sterling.

	H1 2024 (average)	H1 2023 (average)	Change	**H1 2024 (closing)**	H1 2023 (closing)	Change
US Dollar (USD)	**1.26**	1.23	2%	**1.26**	1.27	(1%)
Euro (EUR)	**1.17**	1.14	3%	**1.18**	1.16	2%
Chinese Yuan Renminbi (CNY)	**9.12**	8.55	7%	**9.18**	9.22	0%

During the period, currency translation effects resulted in adjusted operating profit being £1.4 million lower (H1 2023: £2.8 million higher) than it would have been if calculated using prior year exchange rates.

Transactional foreign exchange losses of £1.2 million (H1 2023: £4.6 million loss) were included in administrative expenses, whilst sales include a gain of £3.2 million (H1 2023: £0.9 million gain) arising on forward exchange contracts taken out to hedge transactional exposures in respect of sales.

Derek Harding
Chief Financial Officer

Principal Risks and Uncertainties

A number of potential risks and uncertainties exist which could have a material impact on the Group's performance over the second half of the financial year and could cause actual results to differ materially from expected and historical results. The Group has processes in place for identifying, evaluating and managing the key risks which could have an impact upon the Group's performance.

The current risks, together with a description of how they relate to the Group's strategy and the approach to managing them, are set out on pages 46-50 of the 2023 Annual Report and Accounts which is available on the Group's website at www.spectris.com. The Group has conducted a review and concluded that these risks, as defined in the 2023 Annual Report, will continue to remain relevant for the second half of the financial year and that our assessment of the severity of these risks on both a gross and a net basis is unchanged. The potential impact of these risks on our strategy and financial performance, together with details of our specific mitigation actions, are set out in the 2023 Annual Report.

The full list of principal risks relevant as at the half year comprises:

- **Strategic transformation.** Failure to successfully deliver the Group strategy, including business transformation and key mergers, acquisitions and divestment activity.
- **Cyber threat.** Failure to appropriately protect critical information and other assets from cyber threats, including external hacking, cyber fraud, demands for ransom payments and inadvertent/intentional electronic leakage of critical data.
- **Compliance.** Failure to comply with laws and regulations, leading to reputational damage, substantial fines and potential market exclusion.
- **Geopolitical.** Material adverse changes in the geopolitical environment putting at risk our ability to execute our strategy. Includes trade protectionism, punitive tax/regulatory regimes, and general heightened tension between trading parties or blocs.
- **Market/financial shock.** Material adverse changes in market conditions, such as economic recession, inflation, sudden negative investor sentiment and currency fluctuation.
- **Talent and capabilities.** Failure to attract, retain, and deploy the necessary talent to deliver Group strategy.
- **Business disruption.** Failure to appropriately prepare for and respond to a crisis or major disruption to key operations either across the Group, in a key region/location, or via a critical supplier.
- **Climate change.** Failure to respond appropriately, and sufficiently, to climate change risks or failure to identify the associated potential opportunities in assisting others manage their climate agendas.

These risks are subject to Executive oversight and formal assessment, and we continue to review the effectiveness of existing controls over those risks and to identify further actions where appropriate in order to manage our net exposure.

Condensed Consolidated Income Statement

For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
		£m	£m	£m
Revenue	2	**589.7**	702.5	1,449.2
Cost of sales		**(265.7)**	(302.0)	(611.1)
Gross profit		**324.0**	400.5	838.1
Indirect production and engineering expenses		**(59.5)**	(63.0)	(126.9)
Sales and marketing expenses		**(115.1)**	(129.0)	(249.6)
Administrative expenses		**(125.4)**	(138.0)	(273.0)
Operating profit	2	**24.0**	70.5	188.6
Share of post-tax results of associates		**(0.4)**	0.1	(0.1)
Fair value through profit and loss movements on debt investment		**(4.2)**	0.7	2.8
Profit/(loss) on disposal of businesses	8	**210.6**	(11.0)	(12.6)
Financial income	3	**8.2**	10.3	11.0
Finance costs	3	**(2.9)**	(2.1)	(4.1)
Profit before tax		**235.3**	68.5	185.6
Taxation charge	4	**(54.3)**	(16.3)	(40.2)
Profit for the period		**181.0**	52.2	145.4
Attributable to:				
Equity holders of the parent		**181.0**	52.2	145.4
Non-controlling interest		**-**	-	-
		181.0	52.2	145.4
Earnings per share for profit attributable to the ordinary equity holders of the Company				
Basic	6	**179.6p**	50.0p	140.3p
Diluted	6	**178.7p**	49.7p	139.4p
Dividends attributable to the ordinary equity holders of the Company				
Interim and final dividends proposed/paid for the period (per share)	5	**26.6p**	25.3p	79.2p
Dividends paid during the period (per share)	5	**53.9p**	51.3p	76.6p

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 (Unaudited) £m	2023 (Unaudited) £m	Year ended 31 December 2023 (Audited) £m
Profit for the period attributable to owners of the Company		**181.0**	52.2	145.4
Other comprehensive income:				
Items that will not be reclassified to the Condensed Consolidated Income Statement:				
Re-measurement of net defined benefit obligation		**0.1**	(0.4)	(0.6)
Fair value loss and foreign exchange movements translation on investment in equity instruments designated as at fair value through other comprehensive income		**(0.8)**	(3.0)	(5.0)
Tax (charge)/credit on items above		**(0.1)**	0.1	0.2
		(0.8)	(3.3)	(5.4)
Items that are or may be reclassified subsequently to the Condensed Consolidated Income Statement:				
Net (loss)/gain on effective portion of changes in fair value of forward exchange contracts on cash flow hedges		**(2.6)**	6.7	6.1
Foreign exchange movements on translation of overseas operations		**(19.1)**	(52.2)	(42.5)
Currency translation differences transferred to profit on disposal of businesses	8	**(17.9)**	-	-
Tax credit/(charge) on items above		**0.4**	(1.6)	(1.1)
		(39.2)	(47.1)	(37.5)
Total other comprehensive loss		**(40.0)**	(50.4)	(42.9)
Total comprehensive income for the period		**141.0**	1.8	102.5
Attributable to:				
Equity holders of the parent		**141.0**	1.8	102.5
Non-controlling interest		**-**	-	-
		141.0	1.8	102.5

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Merger reserve	Capital redemption reserve	Total	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2024	**5.3**	**231.4**	**1,030.0**	**43.0**	**1.9**	**3.1**	**1.2**	**1,315.9**	**-**	**1,315.9**
Profit for the period	**-**	**-**	**181.0**	**-**	**-**	**-**	**-**	**181.0**	**-**	**181.0**
Other comprehensive loss	**-**	**-**	**(0.2)**	**(37.4)**	**(2.4)**	**-**	**-**	**(40.0)**	**-**	**(40.0)**
Total comprehensive income/(loss) for the period	**-**	**-**	**180.8**	**(37.4)**	**(2.4)**	**-**	**-**	**141.0**	**-**	**141.0**
Transactions with owners recorded directly in equity:										
Equity dividends paid by the Company (note 5)	**-**	**-**	**(54.2)**	**-**	**-**	**-**	**-**	**(54.2)**	**-**	**(54.2)**
Own shares acquired for share buyback programme (note 10)	**(0.1)**	**-**	**(0.2)**	**-**	**-**	**-**	**0.1**	**(0.2)**	**-**	**(0.2)**
Share-based payments, net of tax	**-**	**-**	**4.8**	**-**	**-**	**-**	**-**	**4.8**	**-**	**4.8**
Proceeds from exercise of equity-settled share options	**-**	**-**	**0.5**	**-**	**-**	**-**	**-**	**0.5**	**-**	**0.5**
Acquisition of a subsidiary (note 7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.4**	**0.4**
At 30 June 2024 (Unaudited)	**5.2**	**231.4**	**1,161.7**	**5.6**	**(0.5)**	**3.1**	**1.3**	**1,407.8**	**0.4**	**1,408.2**

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2023

	Share capital £m	Share premium £m	Retained earnings £m	Translation reserve £m	Hedging reserve £m	Merger reserve £m	Capital redemption reserve £m	Total equity £m
At 1 January 2023	5.5	231.4	1,113.0	86.0	(3.1)	3.1	1.0	1,436.9
Profit for the period	-	-	52.2	-	-	-	-	52.2
Other comprehensive (loss)/income	-	-	(2.5)	(53.0)	5.1	-	-	(50.4)
Total comprehensive income/(loss) for the period	-	-	49.7	(53.0)	5.1	-	-	1.8
Transactions with owners recorded directly in equity:								
Equity dividends paid by the Company (note 5)	-	-	(53.7)	-	-	-	-	(53.7)
Own shares acquired for share buyback programme (note 10)	(0.1)	-	(40.0)	-	-	-	0.1	(40.0)
Share-based payments, net of tax	-	-	10.0	-	-	-	-	10.0
Proceeds from exercise of equity-settled share options	-	-	0.4	-	-	-	-	0.4
At 30 June 2023 (Unaudited)	5.4	231.4	1,079.4	33.0	2.0	3.1	1.1	1,355.4

Condensed Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2023

	Share capital £m	Share premium £m	Retained earnings £m	Translation reserve £m	Hedging reserve £m	Merger reserve £m	Capital redemption reserve £m	Total equity £m
At 1 January 2023	5.5	231.4	1,113.0	86.0	(3.1)	3.1	1.0	1,436.9
Profit for the year	-	-	145.4	-	-	-	-	145.4
Other comprehensive (loss)/income	-	-	(4.9)	(43.0)	5.0	-	-	(42.9)
Total comprehensive income/(loss) for the year	-	-	140.5	(43.0)	5.0	-	-	102.5
Transactions with owners recorded directly in equity:								
Equity dividends paid by the Company (note 5)	-	-	(79.7)	-	-	-	-	(79.7)
Own shares acquired for share buyback programme (note 10)	(0.2)	-	(160.8)	-	-	-	0.2	(160.8)
Share-based payments, net of tax	-	-	16.4	-	-	-	-	16.4
Proceeds from exercise of equity-settled share options	-	-	0.6	-	-	-	-	0.6
At 31 December 2023 (Audited)	5.3	231.4	1,030.0	43.0	1.9	3.1	1.2	1,315.9

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	30 June 2024 (Unaudited) £m	30 June 2023 (Unaudited) £m	31 December 2023 (Audited) £m
ASSETS				
Non-current assets				
Goodwill		**566.7**	583.6	565.5
Other intangible assets		**158.0**	162.3	167.1
Property, plant and equipment		**140.0**	142.8	136.2
Right-of-use assets		**56.1**	57.5	58.1
Investment in equity instruments		**23.5**	26.3	24.3
Investment in debt instruments		**17.5**	19.6	21.7
Investment in associates		**10.4**	2.9	10.8
Derivative financial instruments		**0.1**	0.7	0.4
Other receivables		**7.7**	4.4	5.9
Deferred tax assets		**28.6**	20.1	26.6
Retirement benefit assets		**2.2**	-	2.4
		1,010.8	1,020.2	1,019.0
Current assets				
Inventories		**238.0**	261.4	231.8
Current tax assets		**12.9**	11.9	7.2
Trade and other receivables		**287.6**	316.6	317.9
Derivative financial instruments		**4.0**	6.3	5.8
Cash and cash equivalents		**292.5**	214.3	138.5
Assets held for sale		**-**	-	97.5
		835.0	810.5	798.7
Total assets		**1,845.8**	1,830.7	1,817.7
LIABILITIES				
Current liabilities				
Derivative financial instruments		**(0.5)**	(0.3)	(0.1)
Trade and other payables		**(309.1)**	(355.2)	(369.4)
Lease liabilities		**(12.5)**	(12.1)	(14.4)
Current tax liabilities		**(23.7)**	(9.3)	(12.6)
Provisions		**(8.7)**	(12.2)	(8.5)
Liabilities held for sale		**-**	-	(17.8)
		(354.5)	(389.1)	(422.8)
Net current assets		**480.5**	421.4	375.9

Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2024

	Note	**30 June 2024 (Unaudited)**	30 June 2023 (Unaudited)	31 December 2023 (Audited)
	Note	**£m**	£m	£m
Non-current liabilities				
Other payables		**(19.7)**	(13.7)	(15.1)
Derivative financial instruments		**(0.2)**	-	(0.1)
Lease liabilities		**(49.0)**	(50.3)	(48.3)
Provisions		**(2.7)**	(3.0)	(2.6)
Retirement benefit obligations		**(10.2)**	(8.1)	(11.6)
Deferred tax liabilities		**(1.3)**	(11.1)	(1.3)
		(83.1)	(86.2)	(79.0)
Total liabilities		**(437.6)**	(475.3)	(501.8)
Net assets		**1,408.2**	1,355.4	1,315.9
EQUITY				
Share capital		**5.2**	5.4	5.3
Share premium		**231.4**	231.4	231.4
Retained earnings		**1,161.7**	1,079.4	1,030.0
Translation reserve		**5.6**	33.0	43.0
Hedging reserve		**(0.5)**	2.0	1.9
Merger reserve		**3.1**	3.1	3.1
Capital redemption reserve		**1.3**	1.1	1.2
Total equity attributable to equity holders of the parent		**1,407.8**	1,355.4	1,315.9
Non-controlling interest	7	**0.4**	-	-
Total equity		**1,408.2**	1,355.4	1,315.9

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

		Six months ended 30 June		Year ended 31 December
		2024 (Unaudited)	2023 (Unaudited)	2023 (Audited)
	Note	**£m**	£m	£m
Cash generated from operations	9	**57.4**	108.9	245.5
Net income taxes paid		**(26.8)**	(30.0)	(50.3)
Net cash inflow from operating activities		**30.6**	78.9	195.2
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets		**(15.8)**	(11.7)	(24.7)
Proceeds from disposal of property, plant and equipment and software		**0.4**	2.9	3.1
Acquisition of businesses, net of cash acquired		**(0.8)**	(2.8)	(49.5)
Acquisition of investment in an associates		**-**	-	(7.8)
Inflow from disposal of businesses, net of tax paid of £25.2m (H1 2023: £1.0m and FY 2023: £5.9m)		**248.8**	9.2	3.3
Interest received		**5.0**	3.4	5.4
Net cash flows from/(used in) investing activities		**237.6**	1.0	(70.2)
Cash flows (used in)/from financing activities				
Interest paid on borrowings		**(2.6)**	(0.5)	(1.0)
Interest paid on lease liabilities		**(1.4)**	(1.2)	(0.2)
Dividends paid to equity holders of the parent	5	**(54.2)**	(53.7)	(79.7)
Share buyback purchase of shares	10	**(46.0)**	(26.7)	(114.9)
Net proceeds from exercise of share options		**0.5**	0.4	0.6
Payments on principal portion of lease liabilities		**(5.9)**	(5.9)	(15.4)
Repayment of borrowings		**-**	(0.1)	(0.1)
Net cash flows used in financing activities		**(109.6)**	(87.7)	(210.7)
Net increase/(decrease) in cash and cash equivalents		**158.6**	(7.8)	(85.7)
Cash and cash equivalents at beginning of period		**138.8**	228.1	228.1
Effect of foreign exchange rate changes		**(4.9)**	(6.0)	(3.6)
Cash and cash equivalents at end of period[1]		**292.5**	214.3	138.8

1. Cash and cash equivalents in the Condensed Consolidated Statement of Cash Flows at 31 December 2023 consisted of £138.5 million of cash and cash equivalents included in current assets and £0.3 million of cash and cash equivalents included in assets held for sale.

Notes to the condensed set of financial statements

Six months ended 30 June 2024

1. Basis of preparation and accounting policies

a) Basis of accounting

The Condensed Consolidated Interim Financial Statements of the Company for the six months ended 30 June 2024 comprise the Company and its subsidiaries, together referred to as the 'Group'. These Condensed Consolidated Interim Financial Statements are presented in millions of Sterling rounded to the nearest one decimal place, which is the Group's presentational currency. The Consolidated Financial Statements of the Group for the year ended 31 December 2023 are available upon request from the Company's registered office at Melbourne House, 44-46 Aldwych, London, WC2B 4LL, and on the Company's website at www.spectris.com.

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting', as adopted by the United Kingdom. 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 for the year ended 31 December 2023.

The Condensed Consolidated Financial Statements have been prepared using consistent accounting policies with those of the previous financial year except for the adoption of new accounting standards and interpretations noted below.

The Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2024 are unaudited but have been subject to an independent review by the auditor. They do not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2023 are derived from the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The Report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The Group's financial risk management objectives and policies are consistent with those disclosed in the Consolidated Financial Statements of the Group for the year ended 31 December 2023. These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on 29 July 2024.

New standards and interpretations applied for the first time

There were no new standards, amendments or interpretations applied for the first time that had a material impact for the Group.

New standards and interpretations not yet applied

There were no new or revised IFRSs, amendments or interpretations in issue but not yet effective that are potentially material for the Group and which have not yet been applied.

1. Basis of preparation and accounting policies (continued)

b) Going concern

In determining the basis of preparation for the Condensed Consolidated Financial Statements, the Directors have considered the Group's available resources, current business activities and factors likely to impact on its future development and performance, including the impact of economic factors such as rising interest rates and inflation as well as climate change on the Group, which are described in the Chief Executive's Review, Financial Review and Operating Review.

The Group finances its operations from retained earnings and, where appropriate, from third-party borrowings. Total borrowings as at 30 June 2024 were £nil (H1 2023: £nil; FY 2023 £nil).

On 7 May 2024, the $500m multi-currency facility (RCF) due to expire in July 2025 was replaced by a £400m multi-currency facility, to reflect the base currency of the Group. The new facility has an initial five-year maturity with two one-year extension options, which would take the final maturity to May 2031. The facility continues to consist of 8 members in the banking group, however two existing banks (JP Morgan and Santander) left the banking group, and two new banks (Bank of America and Citizens) joined. As at 30 June 2024 the Group's committed facilities consisted entirely of the £400m RCF, which was undrawn. (H1 2023: $500 million undrawn; FY 2023: $500 million undrawn).

The Group regularly monitors its financial position to ensure that it remains within the terms of its RCF covenants. The minimum permitted interest cover (i) is 3.75x; the covenant result was N/A for the twelve month period ended 30 June 2024 due to net interest income during the period (30 June 2023: N/A; 31 December 2023: N/A). The maximum permitted leverage (ii) is 3.5x; as at 30 June 2024, leverage was less than zero (30 June 2023: less than zero; 31 December 2023: less than zero) due to the Group's net cash position.

- (i) Covenant defined earnings before interest, tax and amortisation divided by net finance charges; and
- (ii) Covenant-defined net debt / EBITDA

At 30 June 2024, the Group had a cash and cash equivalents balance of £292.5 million. The Group also had various uncommitted credit lines and bank overdraft facilities available.

The Group has prepared and reviewed cash flow forecasts for the period to 31 December 2028, which reflect forecasted changes in revenue across its business and compared these to a reverse stress test of the forecasts to determine the extent of downturn which would result in a breach of covenants. The reverse stress test does not take into account any mitigating actions which the Group would implement in the event of a severe and extended revenue decline, which would increase the headroom further. The Group's cash flow forecast reflects the acquisitions announced recently and includes securing additional external finance. The group has sourced sufficient bridge financing and is working with lenders to finalise terms on long term financing. This assessment indicates that the Group can operate within the level of its current facilities, as set out above, without the need to obtain any new facilities for a period of not less than 12 months from the date of this report.

1. Basis of preparation and accounting policies (continued)

c) Seasonality

The Group's financial results and cash flows have, historically, been subject to seasonal trends between the first and second half of the financial year. Historically, the second half of the financial year sees higher revenue and profitability. There is no assurance that this trend will continue in the future.

d) Critical accounting judgments and key sources of estimation uncertainty update

In determining and applying accounting policies, judgement is often required where the choice of specific policy, assumption or accounting estimate to be followed could materially affect the reported amounts of assets, liabilities, income and expenses, should it be determined that a different choice be more appropriate. Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The Group's critical accounting judgments and other key sources of estimation uncertainty remain the same as those as set out in the Group's Consolidated Financial Statements for the year ended 31 December 2023.

2. Operating segments

The Group's reportable segments are described below. Following the completion of the sale of the Red Lion Controls business in April 2024, the Servomex business reporting moved to form part of the Spectris Scientific division. The new segmental divisional structure reflects the way the business is managed as well as the current internal reporting provided to the Chief Operating Decision Maker (considered to be the Board) on a regular basis to assist in making decisions on capital allocated to each segment and to assess performance. The segment results include an allocation of head office expenses, where the costs are attributable to a segment. Costs of running the PLC are reported separately as Group costs.

The tables below show restated comparative figures for the reportable operating segments for the six months ended 30 June 2023 and the year ended 31 December 2023, reflecting the impact of changes the Group made to its operating segments during the period.

The following summarises the operations in each of the Group's reportable segments:

- Spectris Scientific provides advanced measurement and materials characterisation, accelerating innovation and efficiency in R&D and manufacturing. The operating companies in this segment are Malvern Panalytical, Particle Measuring Systems and Servomex;
- Spectris Dynamics provides differentiated sensing, data acquisition, analysis modelling and simulation solutions to help customers accelerate product development and enhance product performance;
- The Red Lion Controls segment is a high value precision in-line sensing and monitoring business.
- Group costs consist of the cost of running the PLC.

2. Operating segments (continued)

Information about reportable segments

Six months ended 30 June 2024	Spectris Scientific £m	Spectris Dynamics £m	Red Lion Controls £m	Group costs £m	Total £m
Segment revenues	**320.0**	**249.4**	**20.3**	**-**	**589.7**
Inter-segment revenue	**-**	**-**	**-**	**-**	**-**
External revenue	**320.0**	**249.4**	**20.3**	**-**	**589.7**
Operating profit	**16.4**	**10.7**	**3.5**	**(6.6)**	**24.0**
Share of results of associates	**(0.5)**	**0.1**	**-**	**-**	**(0.4)**
Fair value through profit and loss movements on debt investments[1]					**(4.2)**
Profit on disposal of businesses[1]					**210.6**
Financial income[1]					**8.2**
Finance costs[1]					**(2.9)**
Profit before tax[1]					**235.3**
Taxation charge[1]					**(54.3)**
Profit after tax[1]					**181.0**

1. Not allocated to reportable segments

Six months ended 30 June 2023	Spectris Scientific £m	Spectris Dynamics £m	Red Lion Controls £m	Group costs £m	Total £m
Segment revenues	381.3	264.5	56.9	-	702.7
Inter-segment revenue	(0.2)	-	-	-	(0.2)
External revenue	381.1	264.5	56.9	-	702.5
Operating profit	53.8	18.3	11.1	(12.7)	70.5
Share of results of associates	-	0.1	-	-	0.1
Fair value through profit and loss movements on debt investments[1]					0.7
Loss on disposal of businesses[1]					(11.0)
Financial income[1]					10.3
Finance costs[1]					(2.1)
Profit before tax[1]					68.5
Taxation charge[1]					(16.3)
Profit after tax[1]					52.2

1. Not allocated to reportable segments

2. Operating segments (continued)

Year ended 31 December 2023	Spectris Scientific £m	Spectris Dynamics £m	Red Lion Controls £m	Group costs £m	Total £m
Segment revenues	804.8	542.8	101.8	-	1,449.4
Inter-segment revenue	(0.2)	-	-	-	(0.2)
External revenue	804.6	542.8	101.8	-	1,449.2
Operating profit	140.4	56.1	17.3	(25.2)	188.6
Share of results of associates	(0.4)	0.3	-	-	(0.1)
Fair value through profit and loss movements on debt investments[1]					2.8
Loss on disposal of businesses[1]					(12.6)
Financial income[1]					11.0
Finance costs[1]					(4.1)
Profit before tax[1]					185.6
Taxation charge[1]					(40.2)
Profit after tax[1]					145.4

1. Not allocated to reportable segments

Geographical segments

The Group's operating segments are each located in several geographical locations and sell to external customers in all parts of the world. No individual country amounts to more than 3% of revenue by location of customer, other than those noted below. The following is an analysis of revenue from continuing operations by geographical destination.

	Six months ended 30 June		Year ended 31 December
	2024	2023	2023
	£m	£m	£m
UK	**20.7**	28.9	56.1
Germany	**60.3**	70.8	141.6
France	**22.6**	23.1	51.1
Rest of Europe	**86.4**	93.8	197.3
USA	**151.7**	188.0	377.5
Rest of North America	**13.7**	19.2	37.1
Japan	**30.1**	39.8	78.3
China	**97.5**	116.8	249.8
South Korea	**14.5**	23.9	52.5
Rest of Asia	**65.2**	65.5	142.7
Rest of the world	**27.0**	32.7	65.2
	589.7	702.5	1,449.2

3. Financial income and finance costs

Financial income	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Interest receivable	**(4.9)**	(3.3)	(5.3)
Net gain on retranslation of short-term inter-company loan balances	**(3.3)**	(7.0)	(5.7)
	(8.2)	(10.3)	(11.0)

Finance costs	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Interest payable on loans and overdrafts	**1.3**	0.7	1.4
Unwinding of discount factor on lease liabilities	**1.4**	1.2	2.4
Net interest cost on pension plan obligations	**0.1**	0.2	0.3
Unwinding of discount factor on redemption liability	**0.1**	-	-
	2.9	2.1	4.1

Net finance credit	**(5.3)**	(8.2)	(6.9)

4. Taxation

The tax charge for the six months to 30 June 2024 has been calculated using the effective tax rate which is expected to apply to the Group for the full year, using tax rates substantively enacted at 30 June 2024. The effective tax rate applied to adjusted profit before tax for the half year is 23.0% (H1 2023: 22.0%; FY 2023: 21.5%). The effective tax rate has been estimated using full year projections of adjusted profit before tax by territory and the tax rates applying in those territories. The tax rates applied to adjusting items are established on an individual basis for each adjusting item.

A reconciliation of the tax charge on adjusted profit to the actual tax charge is presented below:

	Six months ended 30 June		Year ended 31 December
	2024	2023	2023
	£m	£m	£m
Tax charge on adjusted profit before tax	**14.5**	22.7	56.7
Tax credit on amortisation of acquisition-related intangible assets	**(1.9)**	(2.4)	(4.7)
Tax credit on net transaction-related costs and fair value adjustments	**(0.8)**	(0.4)	(1.7)
Tax charge/(credit) on profit/(loss) on disposal of businesses	**49.2**	(0.1)	(0.2)
Tax charge on retranslation of short-term inter-company loan balances	**0.2**	0.5	0.3
Tax credit on configuration and customisation costs carried out by third parties on material SaaS projects	**(5.9)**	(4.2)	(10.8)
Tax (credit)/charge on fair value through profit and loss movements on debt investments	**(1.0)**	0.2	0.6
Total tax charge	**54.3**	16.3	40.2

The UK legislation to implement the OECD BEPS 'Pillar Two' or 'GloBE' minimum tax rules was substantively enacted in June 2023. The rules apply to Spectris from 1 January 2024. We anticipate that these legislative changes will give rise to limited upward pressure on the Group's adjusted effective tax rate from FY2024. The expected impact has been factored into the effective tax rate applied to the Group's profits for H1 2024. The charge is expected to primarily arise due to the Group receiving tax incentives for innovation under local laws in certain countries which, in limited circumstances, can reduce effective tax rates below 15%.

The Group has applied the temporary exception included in IAS 12 'Income Taxes' from recognising or disclosing information about deferred taxes related to 'Pillar Two' income taxes. This mandatory temporary exception was included in the narrow scope amendments to IAS 12 published by the IASB in May 2023.

5. Dividends

Amounts recognised and paid as distributions to owners of the Company in the period	Six months ended 30 June 2024 £m	2023 £m	Year ended 31 December 2023 £m
Final dividend for the year ended 31 December 2023 of 53.9p per share	**54.2**	**-**	-
Final dividend for the year ended 31 December 2022 of 51.3p per share	**-**	53.7	53.7
Interim dividend for the year ended 31 December 2023 of 25.3p per share	**-**	-	26.0
	54.2	53.7	79.7

An interim 2024 dividend of 26.6p per share has been declared and will be payable on 8 November 2024 to ordinary shareholders on the register at the close of business on 4 October 2024.

6. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares).

Diluted profit per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period but adjusted for the effects of dilutive options. This additional adjustment is not made when there is a net loss attributable to ordinary shareholders.

Basic earnings per share	Six months ended 30 June 2024	2023	Year ended 31 December 2023
Profit after tax (£m)	**181.0**	52.2	145.4
Non-controlling interest	**-**	-	-
Profit attributable to ordinary equity holders of the parent for basic earnings	**181.0**	52.2	145.4
Weighted average number of shares outstanding (millions)	**100.8**	104.5	103.6
Basic earnings per share (pence)	**179.6**	50.0	140.3

6. Earnings per share (continued)

Diluted earnings per share	Six months ended 30 June 2024	2023	Year ended 31 December 2023
Profit after tax (£m)	**181.0**	52.2	145.4
Non-controlling interest	**-**	-	-
Profit attributable to ordinary equity holders of the parent for diluted earnings	**181.0**	52.2	145.4
Basic weighted average number of shares outstanding (millions)	**100.8**	104.5	103.6
Weighted average number of dilutive 5p ordinary shares under option (millions)	**0.7**	0.7	0.9
Weighted average number of 5p ordinary shares that would have been issued at average market value from proceeds of dilutive share options (millions)	**(0.2)**	(0.2)	(0.2)
Diluted weighted average number of shares outstanding (millions)	**101.3**	105.0	104.3
Diluted earnings per share (pence)	**178.7**	49.7	139.4

7. Acquisitions

On 25 April 2024, the Group acquired 5.74% of the share capital of Dimer Instruments Inc (Dimer), together with various rights for a total purchase consideration of £7.7 million. These rights include a series of call and put options that trigger when certain developmental milestones are achieved, this will increase the Group's holding over time to 40.11%. Dimer is an analytical instruments company, which supports the development of protein screening technology to assist in drug discovery. The transaction is in line with Spectris' strategy to make synergistic acquisitions to enhance and grow its businesses. Dimer will be integrated into the Spectris Scientific reportable segment and Malvern Panalytical cash generating unit.

The Group has provisionally allocated £6.9 million of deferred consideration (equal to the total discounted future payments) to the milestone call and put options. The remaining £0.8 million purchase consideration is primarily allocable to the 5.74% initial shareholding, together with a call option to purchase the remaining shareholding at any time in the next seven years at a pre-set price.

Having evaluated the options and other rights attached to the acquisition, the Group has concluded that, on balance, they are able to substantively exercise control over Dimer and as such its results are fully consolidated from the acquisition date, with a corresponding non-controlling interest (NCI) being recognised in equity in accordance with IFRS 10. The NCI has been calculated with reference to the 40.11% in-substance ownership of Dimer at the acquisition date.

The excess of the provisional fair value of consideration paid over the fair value of the net assets acquired is represented by goodwill. Goodwill arising is attributable to the assembled workforce, in process research, expected future customer relationships and synergies from cross-selling goods and services.

7. Acquisitions (continued)

The call option to purchase the remaining share capital of Dimer and the right of first refusal if a third party makes an offer to acquire some or all of Dimer's other shareholders equity have been provisionally assessed to have an immaterial value.

Dimer did not contribute to the Group's revenue and operating loss for the six months ended 30 June 2024. Group revenue and statutory operating profit for the six months ended 30 June 2024 would be the same had this acquisition taken place on the first day of the financial period.

Acquisition-related costs (included in administrative expenses) amount to £0.2 million.

The accounting has only been provisionally determined at 30 June 2024, with amounts recognised in respect of the estimated fair value of identifiable assets acquired and liabilities assumed in respect of this acquisition provided below:

	30 June 2024 £m
Other receivables	**0.8**
Trade and other payables	**(0.1)**
Net assets acquired	**0.7**
Non-controlling interest measured at provisional fair value	**(0.4)**
Provisional Goodwill	**7.4**
Gross consideration	**7.7**

Analysis of cash outflow in Condensed Consolidated Statement of Cash Flows	
Gross consideration in respect of acquisitions during the period	**7.7**
Deferred and contingent consideration on acquisitions included in net consideration during the period to be paid in future periods	**(6.9)**
Cash paid during the year in respect of acquisitions during the period	**0.8**
Cash paid in respect of prior periods' acquisitions	**-**
Net cash outflow relating to acquisitions	**0.8**

8. Business disposals

On 3 April 2024, the Group disposed of its Red Lion Controls business, which formed the Red Lion Controls operating segment. The consideration received was £280.9 million, settled in cash. This generated a pre-tax profit on disposal of £210.9 million. The divestment was effected to offer a better opportunity to generate returns for shareholders and further enhance Group margins.

The profit on disposal of the Red Lion Controls business was calculated as follows:

	30 June 2024 £m
Goodwill	**46.5**
Other intangible assets	**8.9**
Property, plant and equipment – owned and right of use assets	**9.4**
Current tax assets	**0.1**
Inventories	**22.0**
Trade and other receivables	**10.8**
Cash and cash equivalents	**2.0**
Trade and other payables	**(8.3)**
Lease liabilities	**(0.6)**
Provisions	**(0.8)**
Deferred tax liabilities	**(6.5)**
Net assets of disposed businesses	**83.5**

Consideration received	
Settled in cash	**280.9**
Total consideration received	**280.9**
Transaction expenses booked to profit on disposal of business	**(4.4)**
Net consideration from disposal of business	**276.5**
Net assets disposed of (including cash and cash equivalents held by disposal group)	**(83.5)**
Currency translation differences transferred from translation reserve	**17.9**
Pre-tax profit on disposal of business	**210.9**

Net proceeds recognised in the Condensed Consolidated Statement of Cash Flows	
Consideration received settled in cash	**280.9**
Cash and cash equivalents held by disposed business	**(2.0)**
Transaction fees paid	**(4.4)**
Tax paid on current period disposal of business	**(25.2)**
Net proceeds recognised in the Condensed Consolidated Statement of Cash Flows in respect of current period disposal	**249.3**
Payment made in respect of prior year's disposals of businesses	**(0.5)**
Net proceeds recognised in the Condensed Consolidated Statement of Cash Flows	**248.8**

Also included in profit on disposal of business in the Condensed Consolidated Income Statement is £0.3m of transaction costs relating to prior year disposals.

9. Cash generated from operations

	Note	Six months ended 30 June 2024 £m	2023 £m	Year ended 31 December 2023 £m
Cash flows from operating activities				
Profit after tax		**181.0**	52.2	145.4
Adjustments for:				
Taxation charge		**54.3**	16.3	40.2
Share of post-tax results of associates		**0.4**	(0.1)	0.1
(Profit)/loss on disposal of businesses	8	**(210.6)**	11.0	12.6
Finance costs	3	**2.9**	2.1	4.1
Financial income	3	**(8.2)**	(10.3)	(11.0)
Depreciation and impairment of property, plant and equipment		**15.5**	16.6	32.8
Amortisation, impairment and other non-cash adjustments made of intangible assets		**9.9**	12.8	24.9
Transaction-related fair value adjustments		**0.2**	1.7	7.5
Fair value through profit and loss movements on debt investments		**4.2**	(0.7)	(2.8)
Profit on disposal and re-measurement of property, plant and equipment and associated lease liabilities		**(0.1)**	(0.7)	(0.5)
Equity-settled share-based payment expense		**6.3**	7.4	13.1
Operating cash flow before changes in working capital and provisions		**55.8**	108.3	266.4
Decrease in trade and other receivables		**25.6**	24.9	16.0
(Increase)/decrease in inventories		**(6.9)**	(9.5)	1.5
Decrease in trade and other payables		**(15.2)**	(12.1)	(33.0)
Decrease in provisions and retirement benefits		**(1.9)**	(2.7)	(5.4)
Cash generated from operations		**57.4**	108.9	245.5

10. Share buyback, treasury shares and employee benefit trust shares

During the six months ended 30 June 2024, 1,313,979 ordinary shares were repurchased and cancelled by the Group as part of the first tranche of the £150 million share buyback programme announced on 11 December 2023, resulting in a cash outflow of £46.0 million, including transaction fees of £0.2 million.

During the six months ended 30 June 2023, 729,423 ordinary shares were repurchased and cancelled by the Group as part of the £300 million share buyback programme announced on 19 April 2022, resulting in a cash outflow of £26.7 million, including transaction fees of £0.1 million.

At 30 June 2024, the Group held 3,806,195 treasury shares (H1 2023: 4,205,234; FY 2023: 4,128,036). During the period, 321,841 (H1 2023: 390,662; FY 2023: 468,662) of these shares were issued to satisfy options exercised by, and SIP Matching Shares awarded to, employees which were granted under the Group's share schemes.

11. Financial instruments

The following tables show the fair value measurement of financial instruments by level following the fair value hierarchy:

- Level 1: quoted listed stock exchange prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for assets and liabilities derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data.

The fair value measurement methodology of all financial instruments remains consistent with the approach disclosed in the Consolidated Financial Statements for the year ended 31 December 2023.

Six months ended 30 June 2024	**Level 1 fair value £m**	**Level 2 fair value £m**	**Level 3 fair value £m**	**Carrying amount £m**
Fair value hierarchy categorisation of financial instruments measured at fair value				
Deferred and contingent consideration receivable on acquisitions	**-**	**-**	**0.5**	**0.5**
Deferred and contingent consideration payable on acquisitions	**-**	**-**	**(17.7)**	**(17.7)**
Investment in equity instruments designated at initial recognition at fair value through other comprehensive income	**0.3**	**-**	**23.2**	**23.5**
Investment in debt instruments	**-**	**-**	**17.5**	**17.5**
Cash and cash equivalents	**-**	**292.5**	**-**	**292.5**
Forward exchange contract assets	**-**	**4.1**	**-**	**4.1**
Forward exchange contract liabilities	**-**	**(0.7)**	**-**	**(0.7)**
				319.7

Six months ended 30 June 2023	Level 1 fair value £m	Level 2 fair value £m	Level 3 fair value £m	Carrying amount £m
Fair value hierarchy categorisation of financial instruments measured at fair value				
Deferred and contingent consideration payable on acquisitions	-	-	(2.2)	(2.2)
Investment in equity instruments designated at initial recognition at fair value through other comprehensive income	0.5	-	25.8	26.3
Investment in debt instruments	-	-	19.6	19.6
Cash and cash equivalents	-	214.3	-	214.3
Forward exchange contract assets	-	7.0	-	7.0
Forward exchange contract liabilities	-	(0.3)	-	(0.3)
				264.7

11. Financial instruments (continued)

Year ended 31 December 2023	Level 1 fair value £m	Level 2 fair value £m	Level 3 fair value £m	Carrying amount £m
Fair value hierarchy categorisation of financial instruments measured at fair value				
Deferred and contingent consideration receivable on acquisitions	-	-	0.5	0.5
Deferred and contingent consideration payable on acquisitions	-	-	(10.6)	(10.6)
Investment in equity instruments designated at initial recognition at fair value through other comprehensive income	0.4	-	23.9	24.3
Investment in debt instruments	-	-	21.7	21.7
Cash and cash equivalents included in assets held for sale	-	0.3	-	0.3
Cash and cash equivalents	-	138.5	-	138.5
Forward exchange contract assets	-	6.2	-	6.2
Forward exchange contract liabilities included in assets held for sale	-	(0.1)	-	(0.1)
Forward exchange contract liabilities	-	(0.1)	-	(0.1)
				180.7

There were no movements between the different levels of the fair value hierarchy in the period.

The fair value of floating rate borrowings approximates to the carrying amount because interest rates are at floating rates where payments are reset to market rates at intervals of less than one year.

The fair value of fixed rate borrowings is estimated by discounting the future contracted cash flow, using appropriate yield curves, to the net present values.

The level 1 £0.3 million (H1 2023: £0.5 million, FY 2023: £0.4 million) of investments in equity instruments is calculated using quoted market prices in an active market at the balance sheet date.

The level 2 fair value of forward exchange contracts is determined using discounted cash flow techniques based on readily available market data.

The level 2 and level 3 fair value of cash and cash equivalents approximates to the carrying amount because of the short maturity of these instruments.

11. Financial instruments (continued)

The level 3 fair value of deferred and contingent consideration is determined by considering the performance expectations of the acquired or disposed entity or the likelihood of non-financial integration milestones whilst applying the entity-specific discount rates. The unobservable inputs are the projected forecast measures that are assessed on an annual basis. Changes in the fair value of deferred and contingent consideration relating to updated projected forecast performance measures are recognised in the Condensed Consolidated Income Statement within administrative expenses in the Condensed Consolidated Income Statement in the period that the change occurs.

	Six months ended 30 June		Year ended 31 December
	2024	2023	2023
	£m	£m	£m
Reconciliation of level 3 fair value for deferred and contingent consideration payable on acquisitions			
At 1 January	**(10.1)**	(3.3)	(3.3)
Deferred and contingent consideration arising from current period acquisitions payable in future periods	**(6.9)**	-	(3.0)
Deferred and contingent consideration arising from current period acquisitions receivable in future periods	**-**	-	0.5
Deferred and contingent consideration paid in the current period relating to previous periods' acquisitions	**-**	2.8	1.9
Deferred and contingent consideration transferred to liabilities held for sale	-	-	1.3
Costs charged to the Condensed Consolidated Income Statement:			
Subsequent adjustment on acquisitions and disposals	**(0.2)**	(1.7)	(7.5)
At end of period	**(17.2)**	(2.2)	(10.1)

The level 3 £23.2 million (H1 2023: £27.4 million, FY 2023: £23.9 million) of investment in equity instruments consists of the investment units in EZ Ring FPCI, the fund holding the combined UTAC-Millbrook group. This investment is recognised at fair value, using the income approach, with the key input being a discounted cash flow. A 1% to 5% decrease in net asset value per share would cause a £0.2 million to £1.2 million decrease in the fair value.

11. Financial instruments (continued)

	Six months ended 30 June		Year ended 31 December
	2024	2023	2023
	£m	£m	£m
Reconciliation of level 3 fair value for investment in equity instruments			
At 1 January	**23.9**	28.6	28.6
Fair value loss	**(0.1)**	(2.0)	(4.2)
Foreign exchange difference	**(0.6)**	(0.8)	(0.5)
At end of period	**23.2**	25.8	23.9

The level 3 £17.5 million (H1 2023: £19.6 million, FY 2023: £21.7 million) of investment in debt instruments consists of a vendor loan note receivable. This investment is recognised at fair value by establishing an appropriate market yield. The key inputs used were synthetic credit ratings and market interest rates. The Group has performed sensitivity analysis of reasonable possible changes in key inputs. A 1% decrease in market interest rates would cause a £0.5 million increase in the fair value and 1% increase would cause a £0.5 million decrease in the fair value.

	Six months ended 30 June		Year ended 31 December
	2024	2023	2023
	£m	£m	£m
Reconciliation of level 3 fair value for investment in debt instruments			
At 1 January	**21.7**	18.9	18.9
Fair value movement on level 3 investment in debt instruments	**(4.2)**	0.7	2.8
At end of period	**17.5**	19.6	21.7

12. Post balance sheet events

On 4 July 2024, the Group announced that it had agreed to acquire SciAps Incorporated (SciAps) for headline consideration of up to $260 million (£205 million), comprising up-front consideration of $200 million (£157 million) plus a deferred element of up to $60 million (£47 million) payable on the delivery of agreed financial metrics. This amount is subject to potential adjustment through a completion accounts process. The transaction is in line with Spectris' strategy to make synergistic acquisitions to enhance and grow its platform and potential platform businesses. SciAps will be integrated into the Spectris Scientific reportable segment.

On 16 July 2024, the Group announced that it had agreed to acquire Micromeritics Instrument Corporation (Micromeritics) for headline consideration of up to $683 million (£526 million), comprising up-front consideration of $630 million (£485 million) plus a deferred element of up to $53 million (£41 million) based on agreed financial performance metrics in 2024 and 2025. The transaction is in line with Spectris' strategy to make synergistic acquisitions to enhance and grow its platform and potential platform businesses. Micromeritics will be integrated into the Spectris Scientific reportable segment.

The Group has sourced sufficient bridge financing and is working with lenders to finalise terms on long term financing.

These acquisitions are expected to complete in the third quarter.

Appendix - Alternative performance measures
Policy

Spectris uses adjusted and underlying figures as key performance measures in addition to those reported under IFRS, as management believe these measures enable management and stakeholders to assess the underlying performance of the businesses as they exclude certain items that are considered to be significant in nature or quantum, foreign exchange movements and the impact of acquisitions and disposals.

The alternative performance measures (APMs) are consistent with how the businesses' performance is planned and reported within the internal management reporting to the Board and Operating Committees. Some of these measures are used for the purpose of setting remuneration targets. The key APMs that the Group uses include like-for-like (LFL) organic performance measures and adjusted measures for the income statement together with adjusted financial position and cash flow measures. Explanations of how they are calculated and how they are reconciled to an IFRS statutory measure are set out below.

Adjusted measures

The Group's policy is to exclude items that are considered to be significant in nature or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to better assess the period-on-period trading performance of the Group.

Some of these items are material in nature and the costs are expected to be incurred over more than one reporting period.

The Group excludes such items which management have defined for 2024 and 2023 as:

Items excluded	Significant in nature/quantum
Amortisation of acquisition-related intangible assets	Nature
Depreciation of acquisition-related fair value adjustments to property, plant and equipment	Nature
Transaction-related costs, deferred and contingent consideration fair value adjustments	Nature
Spectris Foundation contribution[1]	Nature
Configuration and customisation costs carried out by third parties on material SaaS projects[1]	Quantum
Profits or losses on termination or disposal of businesses	Nature
Unrealised changes in the fair value of financial instruments	Nature
Fair value through profit and loss movements on debt investments	Nature
Gains or losses on retranslation of short-term inter-company loan balances	Nature
Related tax effects on the above and other tax items which do not form part of the underlying tax rate	Dependent on above classification

[1] Multi-year project, where the cost is expected to continue beyond the current reporting period.

Appendix - Alternative performance measures (continued)

LFL measures

Reference is made to LFL and organic measures throughout this document. LFL and organic have the same definition, as set out below.

The Board reviews and compares current and prior period segmental sales and adjusted operating profit at constant exchange rates and excludes the impact of acquisitions and disposals during the period

The constant exchange rate comparison uses the current period segmental information, stated in each entity's functional currency, and translates the results into its presentation currency using the prior period's monthly exchange rates, irrespective of the underlying transactional currency.

The incremental impact of business acquisitions is excluded for the first twelve months of ownership from the month of purchase. For business disposals, comparative figures for segmental sales and adjusted gross profit, overheads and operating profit (adjusted results) are adjusted to reflect the comparable periods of ownership.

On 1 April 2024, the Red Lion Controls business was disposed of and, as a result, the segmental LFL adjusted results for the Red Lion Controls segment for 2023 exclude the trading results of the Red Lion Controls business for the period from April 2023 to June 2023.

On 31 March 2023, the Concept Life Sciences business was disposed of and, as a result, the segmental LFL adjusted results for the Spectris Scientific segment for 2023 exclude the trading results of the Concept Life Sciences business for the period from January 2023 to March 2023.

The tables on the following pages show restated comparative figures for the reportable operating segments for the six months ended 30 June 2023 and the year ended 31 December 2023, reflecting the impact of changes the Group made following the completion of the sale of the Red Lion Controls business in April 2024, the Servomex business reporting moved to form part of the Spectris Scientific division.

The LFL measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period statutory results as well as allowing the Board to assess the underlying trading performance of the businesses on a LFL basis for sales, gross profit, overheads and operating profit.

Based on the above policy, the adjusted performance measures are derived from the statutory figures as follows:

Income statement measures

a) LFL adjusted sales by segment

H1 2024 LFL adjusted sales versus H1 2023 LFL adjusted sales

Six months ended 30 June 2024 sales by segment	Spectris Scientific £m	Spectris Dynamics £m	Red Lion Controls £m	H1 2024 Total £m
Sales	**320.0**	**249.4**	**20.3**	**589.7**
Constant exchange rate adjustment to H1 2023 exchange rates	**11.8**	**8.8**	**0.9**	**21.5**
Acquisitions	**(1.6)**	**(6.6)**	**-**	**(8.2)**
LFL adjusted sales	**330.2**	**251.6**	**21.2**	**603.0**

Six months ended 30 June 2023 sales by segment	Spectris Scientific £m	Spectris Dynamics £m	Red Lion Controls £m	H1 2023 Total £m
Sales	381.1	264.5	56.9	702.5
Disposal of businesses	(5.5)	-	(27.4)	(32.9)
LFL adjusted sales	375.6	264.5	29.5	669.6

b) Adjusted operating profit and adjusted operating margin

H1 2024 LFL adjusted operating profit versus H1 2023 LFL adjusted operating profit

Six months ended 30 June 2024 adjusted operating profit	Spectris Scientific £m	Spectris Dynamics £m	Red Lion Controls £m	Group costs £m	H1 2024 Total £m
Statutory operating profit	**16.4**	**10.7**	**3.5**	**(6.6)**	**24.0**
Net transaction-related costs and fair value adjustments	**5.5**	**1.7**	**0.2**	**-**	**7.4**
Configuration and customisation costs carried out by third parties on material SaaS projects	**8.9**	**13.1**	**-**	**-**	**22.0**
Amortisation of acquisition-related intangible assets	**2.6**	**5.1**	**-**	**-**	**7.7**
Adjusted operating profit	**33.4**	**30.6**	**3.7**	**(6.6)**	**61.1**
Constant exchange rate adjustment to H1 2023 exchange rates	**0.3**	**1.0**	**0.2**	**-**	**1.5**
Acquisitions	**(0.1)**	**0.3**	**-**	**-**	**0.2**
LFL adjusted operating profit	**33.6**	**31.9**	**3.9**	**(6.6)**	**62.8**

Appendix - Alternative performance measures (continued)

Income statement measures (continued)

b) Adjusted operating profit and adjusted operating margin (continued)

Six months ended 30 June 2023 adjusted operating profit	Spectris Scientific £m	Spectris Dynamics £m	Red Lion Controls £m	Group costs £m	H1 2023 Total £m
Statutory operating profit	53.8	18.3	11.1	(12.7)	70.5
Net transaction-related costs and fair value adjustments	0.6	1.6	1.8	-	4.0
Configuration and customisation costs carried out by third parties on material SaaS projects	8.6	9.2	-	-	17.8
Amortisation of acquisition-related intangible assets	2.7	6.7	0.4	-	9.8
Adjusted operating profit	65.7	35.8	13.3	(12.7)	102.1
Disposal of businesses	0.5	-	(6.1)	-	(5.6)
LFL adjusted operating profit	66.2	35.8	7.2	(12.7)	96.5

Year ended 31 December 2023 adjusted operating profit	Spectris Scientific £m	Spectris Dynamics £m	Red Lion Controls £m	Group costs £m	2023 Total £m
Statutory operating profit	140.4	56.1	17.3	(25.2)	188.6
Net transaction-related costs and fair value adjustments	7.1	3.1	3.8	-	14.0
Spectris Foundation Contribution	-	-	-	1.0	1.0
Configuration and customisation costs carried out by third parties on material SaaS projects	19.4	20.6	-	-	40.0
Amortisation of acquisition-related intangible assets	5.0	13.2	0.7	-	18.9
Adjusted operating profit	171.9	93.0	21.8	(24.2)	262.5

Six months ended 30 June 2024 operating margin	Spectris Scientific %	Spectris Dynamics %	Red Lion Controls %	H1 2024 Total %
Statutory operating margin[1]	**5.1**	**4.3**	**17.2**	**4.1**
Adjusted operating margin[2]	**10.4**	**12.3**	**18.2**	**10.4**
LFL adjusted operating margin[3]	**10.2**	**12.7**	**18.4**	**10.4**

Appendix - Alternative performance measures (continued)

Income statement measures (continued)

b) Adjusted operating profit and adjusted operating margin (continued)

Six months ended 30 June 2023 operating margin	Spectris Scientific %	Spectris Dynamics %	Red Lion Controls %	H1 2023 Total %
Statutory operating margin[1]	14.1	6.9	19.5	10.0
Adjusted operating margin[2]	17.2	13.5	23.4	14.5
LFL adjusted operating margin[3]	17.6	13.5	24.4	14.4

Year ended 31 December 2023 operating margin	Spectris Scientific %	Spectris Dynamics %	Red Lion Controls %	2023 Total %
Statutory operating margin[1]	17.4	10.3	17.0	13.0
Adjusted operating margin[2]	21.4	17.1	21.4	18.1

1. Statutory operating margin is calculated as statutory operating profit divided by sales
2. Adjusted operating margin is calculated as adjusted operating profit divided by sales
3. LFL adjusted operating margin is calculated as LFL adjusted operating profit divided by LFL adjusted sales. Refer to the tables above for a reconciliation of the nearest GAAP measure (sales/operating profit respectively) to LFL adjusted sales/LFL adjusted operating profit.

c) Adjusted gross profit and adjusted gross margin

H1 2024 LFL adjusted gross profit versus H1 2023 LFL adjusted gross profit

Six months ended 30 June 2024 adjusted gross profit	**H1 2024 Total £m**
Statutory gross profit	**324.0**
Constant exchange rate adjustment to H1 2023 exchange rates	**9.3**
Acquisitions	**(3.4)**
LFL adjusted gross profit	**329.9**

Six months ended 30 June 2023 LFL adjusted gross profit	H1 2023 Total £m
Statutory gross profit	400.5
Disposal of businesses	(17.4)
LFL adjusted gross profit	383.1

Six months ended 30 June 2024 gross margin	**H1 2024 Total %**
Statutory gross margin[1]	**54.9**
LFL adjusted gross margin[2]	**54.7**

Appendix - Alternative performance measures (continued)

Income statement measures (continued)

c) Adjusted gross profit and adjusted gross margin (continued)

Six months ended 30 June 2023 gross margin	H1 2023 Total %
Statutory gross margin[1]	57.0
LFL adjusted gross margin[2]	57.2

1. Statutory gross margin is calculated as statutory gross profit divided by sales
2. LFL adjusted gross margin is calculated as LFL adjusted gross profit divided by LFL adjusted sales. Refer to the tables above for a reconciliation of the nearest GAAP measure (sales/gross profit respectively) to LFL adjusted sales/LFL adjusted gross profit.

d) LFL Adjusted overheads

Six months ended 30 June 2024 LFL adjusted overheads	**H1 2024 Total £m**
Statutory indirect production and engineering expenses	**(59.5)**
Statutory sales and marketing expenses	**(115.1)**
Statutory administrative expenses	**(125.4)**
Total overheads	**(300.0)**
Net transaction-related costs and fair value adjustments	**7.4**
Configuration and customisation costs carried out by third parties on material SaaS projects	**22.0**
Amortisation of acquisition-related intangible assets	**7.7**
Constant exchange rate adjustment to H1 2023 exchange rates	**(7.8)**
Acquisitions	**3.6**
LFL adjusted overheads	**(267.1)**

Six months ended 30 June 2023 LFL adjusted overheads	**H1 2023 Total £m**
Statutory indirect production and engineering expenses	(63.0)
Statutory sales and marketing expenses	(129.0)
Statutory administrative expenses	(138.0)
Total overheads	(330.0)
Net transaction-related costs and fair value adjustments	4.0
Configuration and customisation costs carried out by third parties on material SaaS projects	17.8
Amortisation of acquisition-related intangible assets	9.8
Disposal of businesses	11.8
LFL adjusted overheads	(286.6)

Appendix - Alternative performance measures (continued)

Income statement measures (continued)

d) LFL Adjusted overheads (continued)

Six months ended 30 June 2024 LFL adjusted overheads as a percentage of sales	H1 2024 Total %
LFL adjusted overheads as a percentage of sales[1]	**44.3**

Six months ended 30 June 2023 LFL adjusted overheads as a percentage of sales	H1 2023 Total %
LFL adjusted overheads as a percentage of sales[1]	42.8

1. LFL overheads as a percentage of sales is calculated as LFL adjusted overheads divided by LFL adjusted sales. Refer to the tables above for a reconciliation of the nearest GAAP measure (sales/total overheads respectively) to LFL adjusted sales/LFL adjusted overheads.

e) Adjusted net finance credit

	Six months ended 30 June 2024 £m	2023 £m	Year ended 31 December 2023 £m
Statutory net finance credit	**5.3**	8.2	6.9
Net gain on retranslation of short-term inter-company loan balances	**(3.2)**	(7.0)	(5.7)
Adjusted net finance credit	**2.1**	1.2	1.2

f) Adjusted profit before taxation

	Six months ended 30 June 2024 £m	2023 £m	Year ended 31 December 2023 £m
Adjusted operating profit	**61.1**	102.1	262.5
Share of post-tax results of associates	**(0.4)**	0.1	(0.1)
Adjusted net finance credit	**2.1**	1.2	1.2
Adjusted profit before taxation	**62.8**	103.4	263.6

Appendix - Alternative performance measures (continued)

Income statement measures (continued)

g) Adjusted earnings per share

Adjusted earnings	Six months ended 30 June 2024 £m	2023 £m	Year ended 31 December 2023 £m
Statutory profit after tax	**181.0**	52.2	145.4
Adjusted for:			
Net transaction-related costs and fair value adjustments	**7.4**	4.0	14.0
Spectris Foundation Contribution	**-**	-	1.0
Configuration and customisation costs carried out by third parties on material SaaS projects	**22.0**	17.8	40.0
Amortisation of acquisition-related intangible assets	**7.7**	9.8	18.9
Fair value through profit and loss movements on debt investments	**4.2**	(0.7)	(2.8)
(Profit)/loss on disposal of businesses	**(210.6)**	11.0	12.6
Net gain on retranslation of short-term inter-company loan balances	**(3.2)**	(7.0)	(5.7)
Tax effect of the above and other non-recurring items	**39.8**	(6.4)	(16.5)
Adjusted earnings	**48.3**	80.7	206.9

Adjusted earnings per share	Six months ended 30 June 2024 £m	2023 £m	Year ended 31 December 2023 £m
Weighted average number of shares outstanding (millions)	**100.8**	104.5	103.6
Adjusted earnings per share (pence)	**47.9**	77.2	199.7

Basic earnings per share in accordance with IAS 33 'Earnings Per Share' are disclosed in note 6.

Financial position measures

h) Net cash

	Six months ended 30 June 2024 £m	2023 £m	Year ended 31 December 2023 £m
Cash and cash equivalents included in current assets	**292.5**	214.3	138.5
Cash and cash equivalents included in assets held for sale	**-**	-	0.3
Net cash	**292.5**	214.3	138.8

Appendix - Alternative performance measures (continued)

Financial position measures (continued)

h) Net cash (continued)

Net cash excludes lease liabilities arising under IFRS 16 as this aligns with the definition of net cash under the Group's bank covenants.

Reconciliation of changes in cash and cash equivalents to movements in net cash	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Net increase/(decrease) in cash and cash equivalents	**158.6**	(7.8)	(85.7)
Repayment of borrowings	**-**	0.1	0.1
Effect of foreign exchange rate changes	**(4.9)**	(6.0)	(3.6)
Movement in net cash	**153.7**	(13.7)	(89.2)
Net cash at beginning of period	**138.8**	228.0	228.0
Net cash at end of period	**292.5**	214.3	138.8

Cash flow measures

i) Adjusted cash flow

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Cash generated from operations	**57.4**	108.9	245.5
Net income taxes paid	**(26.8)**	(30.0)	(50.3)
Net cash inflow from operating activities	**30.6**	78.9	195.2
Transaction-related costs paid	**2.8**	1.0	5.8
Spectris Foundation Contribution paid	**1.0**	-	-
Restructuring cash outflow	**0.1**	0.8	1.4
Net income taxes paid	**26.8**	30.0	50.3
Purchase of property, plant and equipment and intangible assets	**(15.8)**	(11.7)	(24.7)
SaaS-related cash expenditure	**22.0**	17.8	40.0
Proceeds from disposal of property, plant and equipment and software	**0.4**	2.9	3.1
Adjusted cash flow	**67.9**	119.7	271.1
Adjusted cash flow conversion[1]	**111%**	117%	103%

1. Adjusted cash flow conversion is calculated as adjusted cash flow as a proportion of adjusted operating profit.

Appendix - Alternative performance measures (continued)

Other measures

j) Return on gross capital employed ('ROGCE')

The ROGCE is calculated as adjusted operating profit for the last 12 months divided by the average of opening and closing gross capital employed. Gross capital employed is calculated as net assets excluding net cash and excluding accumulated amortisation and impairment of acquisition-related intangible assets including goodwill.

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Net cash (see APM h)	**(292.5)**	(214.3)	(138.8)
Accumulated impairment losses on goodwill including items transferred to assets held for sale	**39.5**	40.1	40.6
Accumulated amortisation and impairment of acquisition-related intangible assets including items transferred to assets held for sale	**155.9**	140.5	149.9
Shareholders equity	**1,408.2**	1,355.4	1,315.9
Gross capital employed	**1,311.1**	1,321.7	1,367.6
Average gross capital employed (current and prior period)[1]	**1,316.4**	1,508.4	
Adjusted operating profit for six months to June 2024 and 2023	**61.1**	102.1	
Adjusted operating profit for six months to December 2023 and 2022	**160.4**	150.1	
Total adjusted operating profit for last 12 months	**221.5**	252.2	
Return on gross capital employed	**16.8%**	16.7%	

1. Average gross capital employed is calculated as current period gross capital employed divided by comparative period gross capital employed.

k) Net transaction-related costs and fair value adjustments

Net transaction-related costs and fair value adjustments comprise transaction costs of £7.2 million
(H1 2023: £2.3 million; FY 2023: £6.5 million) that have been recognised in the Condensed Consolidated Income Statement under IFRS 3 (Revised) 'Business Combinations' and other fair value adjustments relating to deferred and contingent consideration comprising a charge of £0.2 million (H1 2023: charge of £1.7 million; FY 2023: charge of £7.5 million).

Net transaction-related costs and fair value adjustments are included within administrative expenses. Transaction-related costs have been excluded from the adjusted operating profit and transaction costs paid of £2.8 million (H1 2023: £1.0 million; FY 2023: £5.8 million) have been excluded from the adjusted cash flow.

Appendix - Alternative performance measures (continued)

Other measures (continued)

l) Order intake, order book and book-to-bill

Order intake is defined as the monetary value of contractual commitments towards future product fulfilment recorded within the financial period. The order book is defined as the volume of outstanding contractual commitments for future product fulfilment measured at period end. Book-to-bill is defined as the ratio of order intake to sales within the financial period. These measures cannot be reconciled because they do not derive from the Condensed Consolidated Financial Statements and are presented because they are indicative of potential future revenues.

Responsibility statement of the Directors in respect of the Interim report

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of the undertakings included in the consolidation as a whole, as required by DTR 4.2.4R;
b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of the principal risks and uncertainties for the remaining six months of the year); and
c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Andrew Heath
Chief Executive
29 July 2024

Derek Harding
Chief Financial Officer

Independent review report to Spectris plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Cash Flows, and the related notes 1 to 12.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, 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.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
29 July 2024

Dividend timetable – H1 2024 interim dividend

Event	Date – 2024
Ex-dividend date	3 October 2024
Record date	4 October 2024
Payment date	8 November 2024

Cautionary statement

This press release may contain forward-looking statements. These statements can be identified by the fact that they do not relate only to historical or current facts. Without limitation, forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. These statements may (without limitation) relate to the Company's financial position, business strategy, plans for future operations or market trends. No assurance can be given that any particular expectation will be met or proved accurate and shareholders are cautioned not to place undue reliance on such statements because, by their very nature, they may be affected by a number of known and unknown risks, uncertainties and other important factors which could cause actual results to differ materially from those currently anticipated. Any forward-looking statement is made on the basis of information available to Spectris plc as of the date of the preparation of this press release. All forward-looking statements contained in this press release are qualified by the cautionary statements contained in this section. Other than in accordance with its legal and regulatory obligations, Spectris plc disclaims any obligation to update or revise any forward-looking statement contained in this press release to reflect any change in circumstances or its expectations.