2024 Half Year Results

30 July 2024

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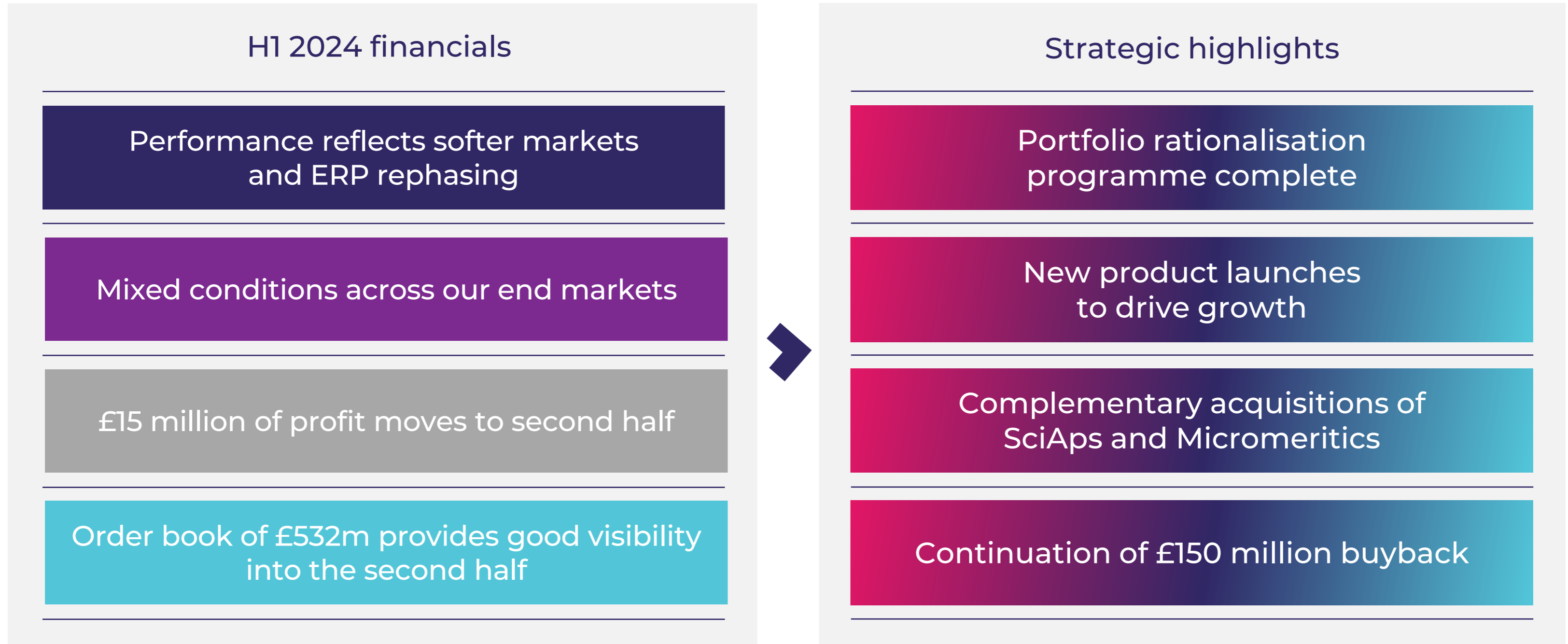
Introduction

Andrew Heath, Chief Executive

Strong strategic execution in the face of softer end markets

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H1 2024 financials

Performance reflects softer markets and ERP rephasing

Mixed conditions across our end markets

£15 million of profit moves to second half

Order book of £532m provides good visibility into the second half

Strategic highlights

Portfolio rationalisation programme complete

New product launches to drive growth

Complementary acquisitions of SciAps and Micromeritics

Continuation of £150 million buyback

Adjusted operating profit for full year in line with market expectations

Thank you to all our Spectris colleagues

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Great people united behind a common purpose and values

A diverse, highly skilled, customer-centric team

Healthy, high performance culture

A great and engaging place to work

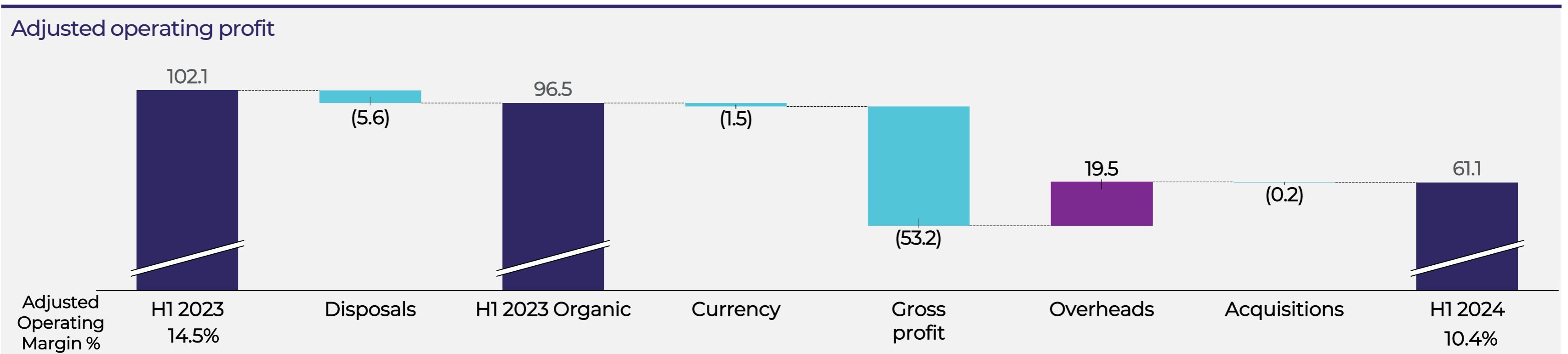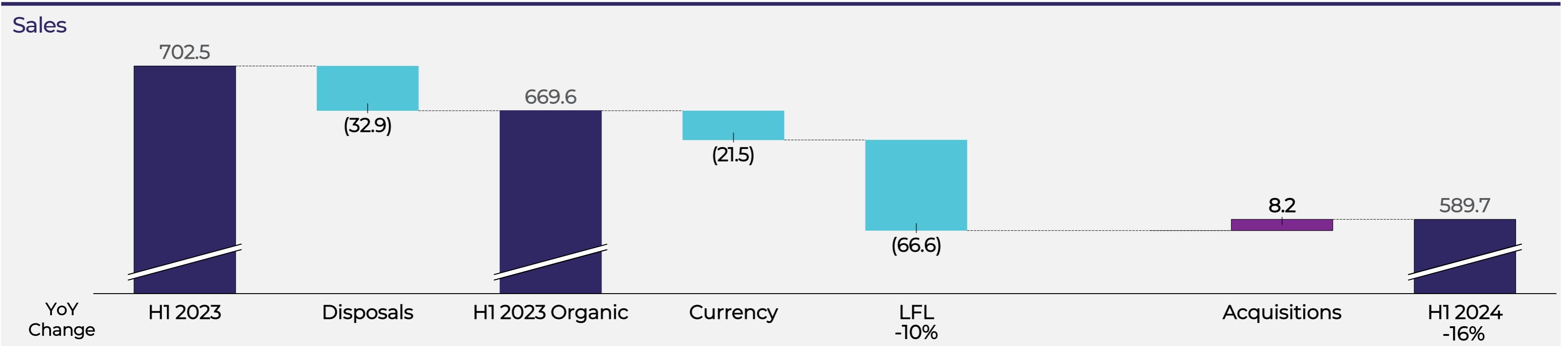**Increase in employee engagement for third successive year**

Financials

Derek Harding, Chief Financial Officer

Sales and Operating Profit

Sales

YoY Change	H1 2023	Disposals	H1 2023 Organic	Currency	LFL -10%	Acquisitions	H1 2024 -16%
	702.5	(32.9)	669.6	(21.5)	(66.6)	8.2	589.7

Adjusted operating profit

Adjusted Operating Margin %	H1 2023 14.5%	Disposals	H1 2023 Organic	Currency	Gross profit	Overheads	Acquisitions	H1 2024 10.4%
	102.1	(5.6)	96.5	(1.5)	(53.2)	19.5	(0.2)	61.1

Adjusted and statutory operating profit and profit for the period

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Income Statement £m	H1 2024	H1 2023
Adjusted operating profit[1]	61.1	102.1
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)
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 investments	(4.2)	0.7
Profit/(loss) on disposal of businesses	210.6	(11.0)
Financial income	8.2	10.3
Finance costs	(2.9)	(2.1)
Profit before tax	235.3	68.5

	H1 2024	H1 2023
Adj. earnings[1]	48.3	80.7
Adj. EPS[1] (p)	47.9	77.2
Shares (m)	100.8	104.5

Notes
1. These adjusted performance measures represent the statutory results excluding certain items.

Spectris Scientific

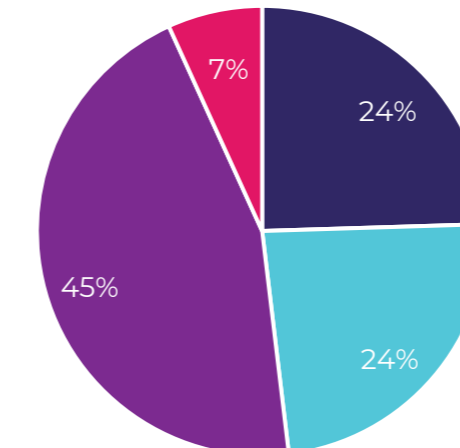|	H1 2024	H1 2023	Change vs H1 2023	LFL change vs H1 2023
Reported sales (£m)	320.0	381.1	(16%)	(12%)
Adjusted operating profit (£m)	33.4	65.7	(49%)	(49%)
Adjusted operating margin (%)	10.4%	17.2%	(680bps)	(740bps)
Statutory operating profit (£m)	16.4	53.8	(70%)	
Statutory operating margin (%)	5.1%	14.1%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

- LFL sales growth in semiconductor more than offset by lower sales in life sciences and academia

- Orders down 10% on LFL basis

- Rephasing of sales and operating profit from H1 to H2 associated with new ERP system

- Margin decline reflects negative drop through of lower sales

- SciAps and Micromeritics to be integrated into Malvern Panalytical

Sales by end market
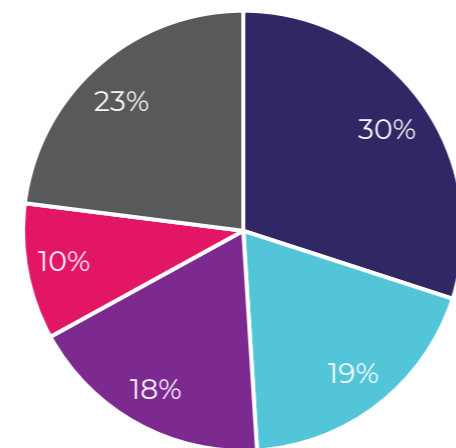
■ Life Sciences ■ Elec. & semicon ■ Materials
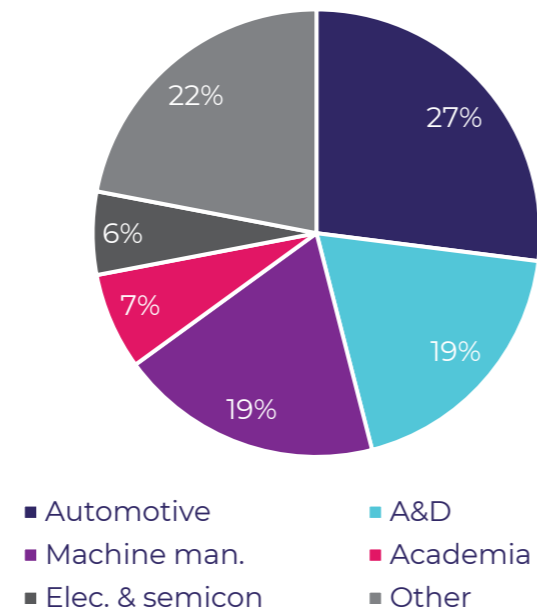■ Academia ■ Other

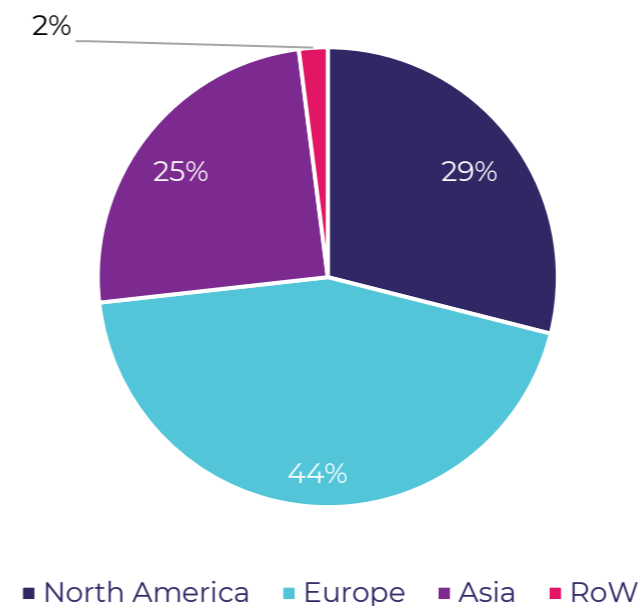## Sales by geography

■ North America ■ Europe ■ Asia ■ RoW

Spectris Dynamics

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

- Slightly higher LFL sales in both A&D and Automotive (against strong comp) more than offset by machine manufacturing, academia and other markets

- Order intake in line with the comparative period with strong growth in both A&D and Automotive

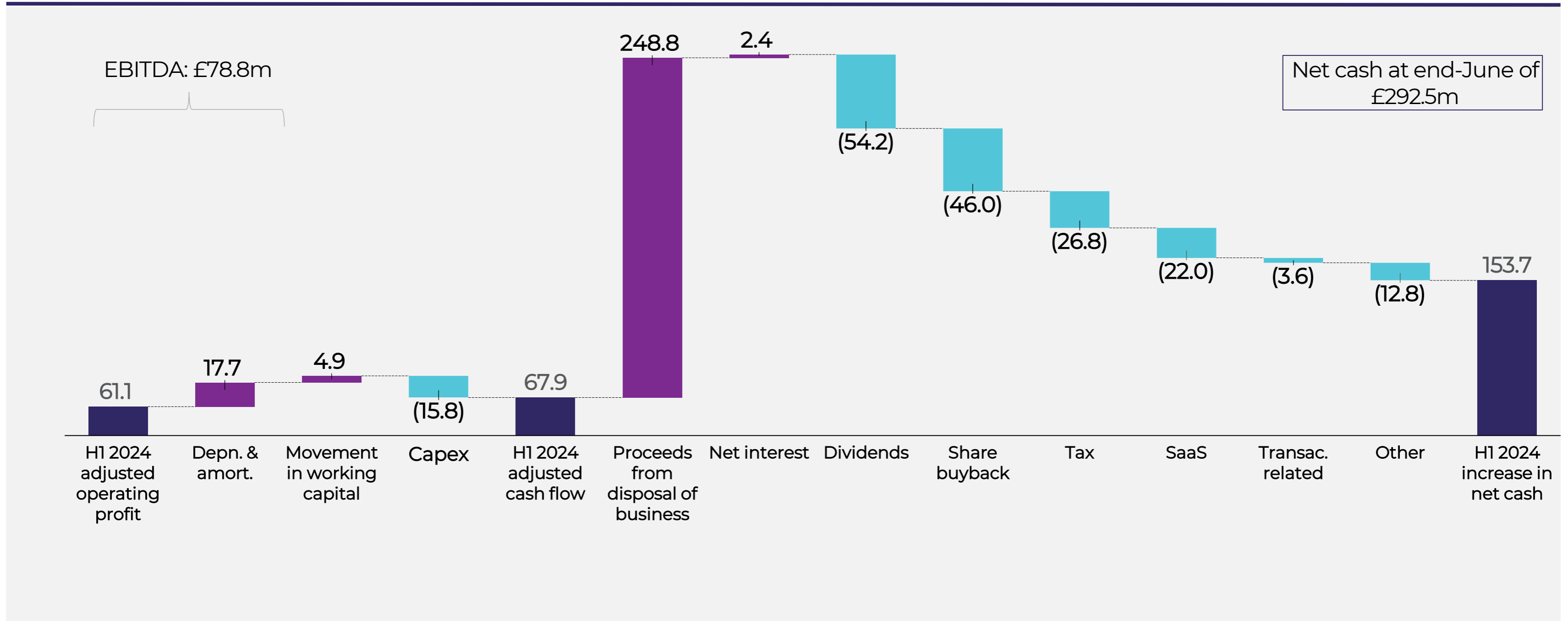- Margin decline reflects negative drop through of lower sales

Sales by end market

- Automotive 27%
- A&D 19%
- Machine man. 19%
- Academia 7%
- Elec. & semicon 6%
- Other 22%

Sales by geography

- North America 29%
- Europe 44%
- Asia 25%
- RoW 2%

Cash flow bridge

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EBITDA: £78.8m

Net cash at end-June of £292.5m

| | | | | | 248.8 | 2.4 | | | | | | | | |

Values by category:
- H1 2024 adjusted operating profit: 61.1
- Depn. & amort.: 17.7
- Movement in working capital: 4.9
- Capex: (15.8)
- H1 2024 adjusted cash flow: 67.9
- Proceeds from disposal of business: 248.8
- Net interest: 2.4
- Dividends: (54.2)
- Share buyback: (46.0)
- Tax: (26.8)
- SaaS: (22.0)
- Transac. related: (3.6)
- Other: (12.8)
- H1 2024 increase in net cash: 153.7

Operational Excellence
Underpinned by business process transformation and SBS
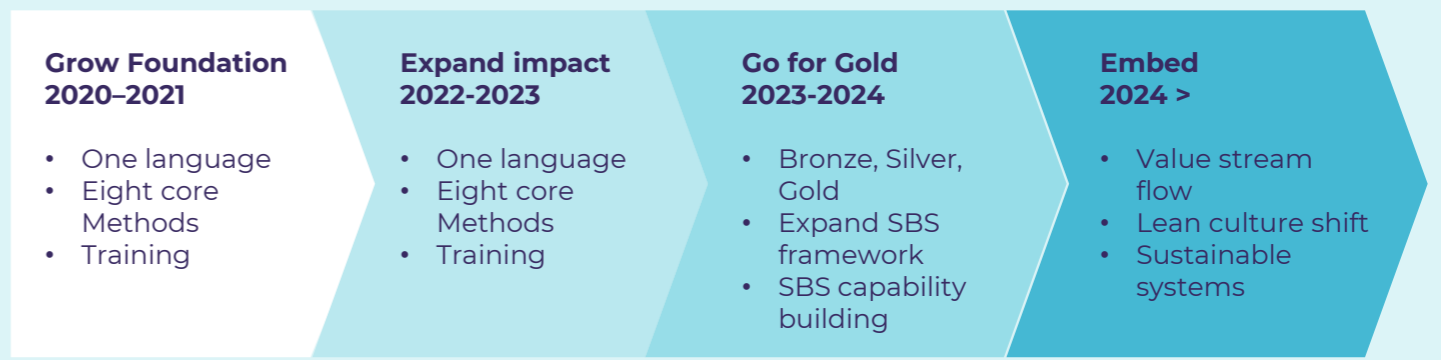
Business process transformation

- New S4/HANA system successfully launched across Malvern Panalytical

- £22m of revenue and £15m of operating profit to be delivered in H2

- Expect Almelo facility to be operating at catch-up capacity in Q3

- Malvern site now operating at higher capacity than before go-live

- Initial ERP rollout in Dynamics to begin in Q3

- System will be rolled out across PMS and Servomex in 2026, with Micromeritics and SciAps to follow

Further self-help measures

- We continue to leverage SBS to drive operational excellence

- Additional sites moving to Bronze in 2024

- Another c. £10 million of savings in 2024

- Accelerating further self-help measures in H2 – one-off charge of £10 million to £15 million in H2

SBS delivers tangible and sustainable value and is embedded in our DNA so that continuous improvement is owned by everyone

Grow Foundation 2020–2021	Expand impact 2022-2023	Go for Gold 2023-2024	Embed 2024 >
• One language • Eight core Methods • Training	• One language • Eight core Methods • Training	• Bronze, Silver, Gold • Expand SBS framework • SBS capability building	• Value stream flow • Lean culture shift • Sustainable systems

Guidance and modelling considerations

- Working capital expected to be in the middle of our guided range of 11-15% of sales

- Acquisitions expected to complete by the end of Q3

- Net debt expected to be at ~1.5x EBITDA, with interest costs of 5-6%

- H2 capex ~£25 million

- H2 SaaS costs ~£30 million

- Effective tax rate is expected to be 23%

- Remaining £100m share buyback to be completed over the next 12 months

FX sensitivity

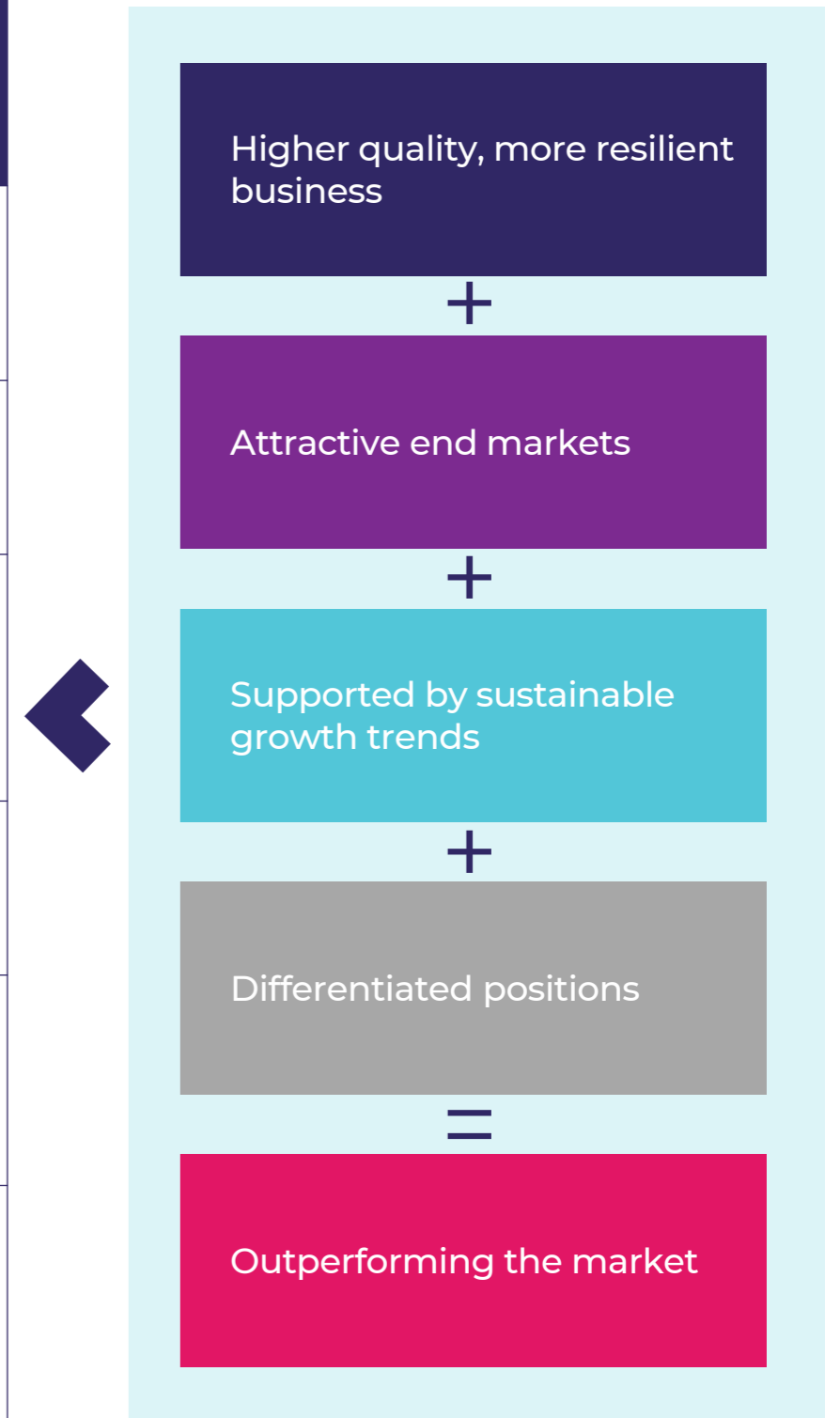| Impact of 1 cent change versus GBP	2024 H2 sales £m	2024 H2 adjusted operating profit £m	Assumed rate for H2 2024
USD	1.5	0.4	1.27
EUR	1.7	0.4	1.18

Strategy for Sustainable Growth

Andrew Heath, Chief Executive

Demand patterns mixed across our end markets

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Industry	% of Group sales H1 2024	LFL sales growth H1 2024	Order intake / demand	Medium-term demand drivers
Tech-led industrials	19%	-2%	• Very strong demand growth in A&D; particularly commercial space • Machine manufacturing orders slightly lower	• Automation and cost reduction • Sustainable aviation • Global defence spending • Growth in commercial space
Life Sciences/ Pharmaceutical	17%	-22%	• Aseptic manufacturing seeing strong growth • Demand to support drug discovery remains soft	• Personalised medicines • Investment in new manufacturing facilities & reshoring • Biologics growth
Electronics & Semicon.	12%	4%	• Orders lower in H1 • Demand returns to growth in 2025	• Reshoring of manufacturing • AI, 5G, data centres, cloud services, automation • Improved yield and higher performance chips
Automotive	12%	0%	• Strong demand growth in H1 driven by virtual test	• Increase adoption of simulation and virtual test • Electrification of mobility • Software-defined vehicles
Materials	10%	-8%	• Softer demand in advanced materials / batteries after strong 2023 • Building materials remains robust	• Green metals and mining critical minerals for energy transition • Demand for advanced manufacturing infrastructure
Academia	9%	-21%	• Lower demand as expected, after very strong 2023	• Demand for advanced analytical and test systems • Development of next gen advanced materials and technologies for a Cleaner, Healthier and More Productive world

Higher quality, more resilient business

+

Attractive end markets

+

Supported by sustainable growth trends

+

Differentiated positions

=

Outperforming the market

*Other end market LFL sales 12% lower and represented 21% of sales: includes other technology driven markets such as Energy and general Industrial Automation/ Industry 4.0 with a medium-term growth rate of 3-5%

Investing in Growth – Research & Development
R&D investment £52.9 million (9% of sales)

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Spectris Scientific

Mastersizer 3000+ is a revolutionary step in particle sizing with AI-driven solutions for data evaluation providing robust and confident results

Revontium X-ray fluorescence analyser provides the same data quality as floor-standing instruments at a fraction of the cost

BioCapt Single-Use AutoM Microbial Impactor increases the reliability and repeatability of microbial air sampling readings

Gen 7 DF-500 Series is designed for ultra-high-purity gas analysis and is the latest in ultra-trace oxygen analysis to meet the highest levels of performance

SERVOTOUGH SpectraExact 2500F brings a new level of precision to liquid measurements with its rugged design ideal for hazardous areas

Spectris Dynamics

DiM FSS Hyperdock is a highly optimised carbon-fibre cockpit delivering higher frequency vibration, part sound for an integrated experience

T100 / T110 sensors provide higher bandwidth and unprecedented insights into torque signals used in powertrain testing for electric drives

IO-Link sensors help to digitalise industrial processes and enhance accuracy, reliability and efficiency
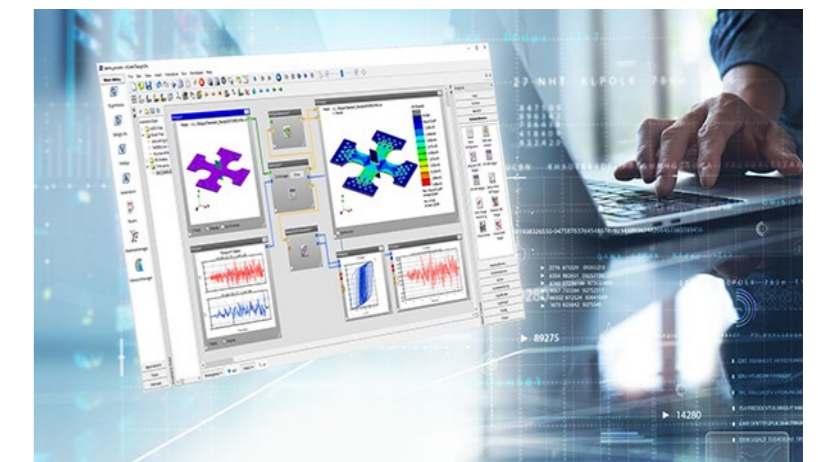
Major updates to simulation and durability/reliability software
CCRT's FPGA Workbench represents a complete development environment used in HiL solutions and other simulators.

SciAps – a leader in handheld elemental analysis

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State-of-the-art handheld elemental analysis instruments

- Handheld instruments used to identify critical compounds, minerals, and elements: measure any element, any place, on the planet

- Underpinned by two proprietary technology platforms: XRF and LIBS

- Bringing the measurement even closer to the point of use

- Highly synergistic combination

- Comprehensive suite of technology offerings in attractive end markets

- Compelling financial profile

Highly synergistic combination

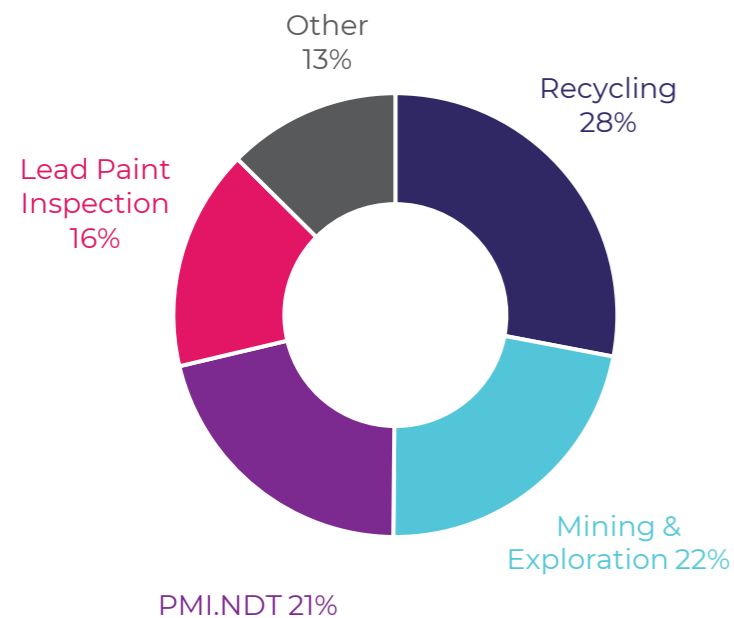Malvern Panalytical **+** SciAps

Cross-selling of respective instruments

Expansion of distribution network in key markets
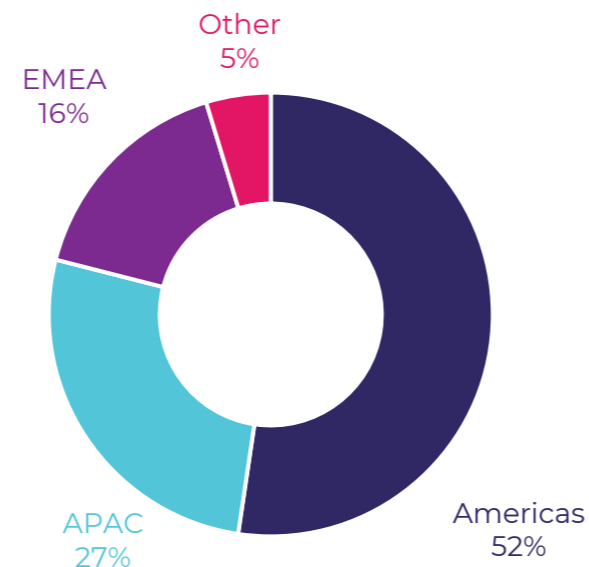
Back-office efficiencies, systems and processes

Enhancement of SMART Return digital offering

Revenue by market

Other 13%
Recycling 28%
Lead Paint Inspection 16%
Mining & Exploration 22%
PMI.NDT 21%

Revenue by geography

Other 5%
EMEA 16%
APAC 27%
Americas 52%

Significantly enhances our digital offering/solution
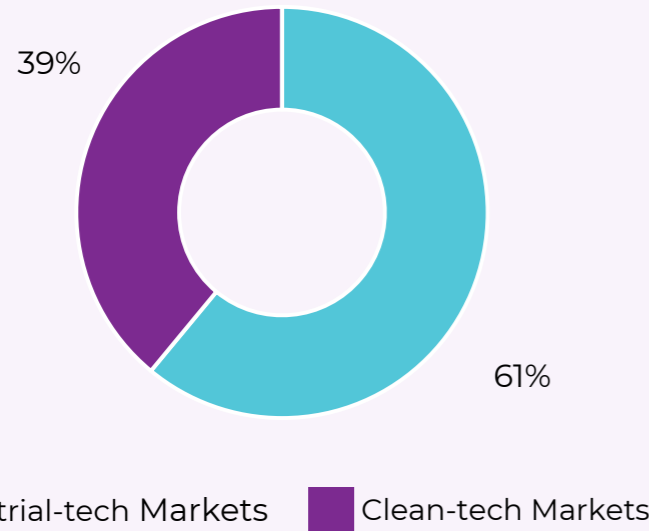

+

- Malvern Panalytical cloud-based platform

- Leveraging additional SciAps handheld products

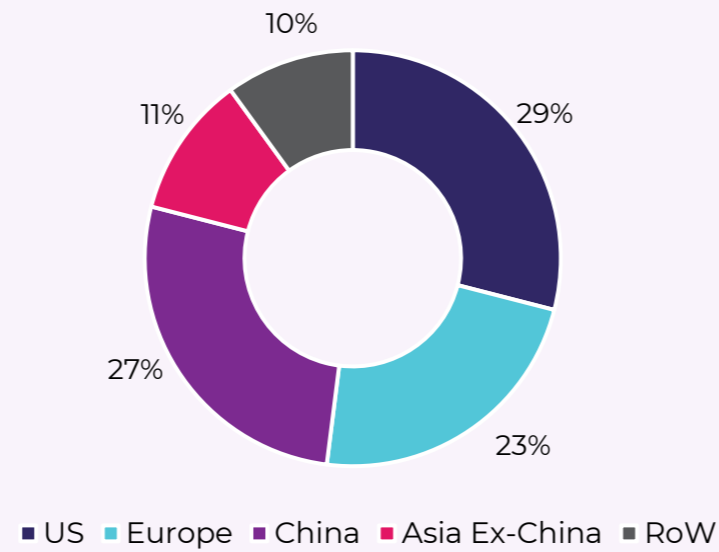- High-value crops, mining, recycling and other end markets

Micromeritics – a leader in particle characterisation

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World leader in analytical instrumentation for the physical characterisation of particles, powders, and porous materials for fundamental research, product development, and production quality control

Revenue by market

- 39%
- 61%

■ Industrial-tech Markets ■ Clean-tech Markets

Revenue by geography

- 10%
- 11%
- 29%
- 27%
- 23%

■ US ■ Europe ■ China ■ Asia Ex-China ■ RoW

Cost opportunities

Substantial cost synergies and economies of scale across a number of areas including:

- Sourcing
- Go-to-market
- Back-office functions

Sales opportunities

- Geographic / go-to-market synergies
- Regional positioning in academia
- Cross-selling opportunities
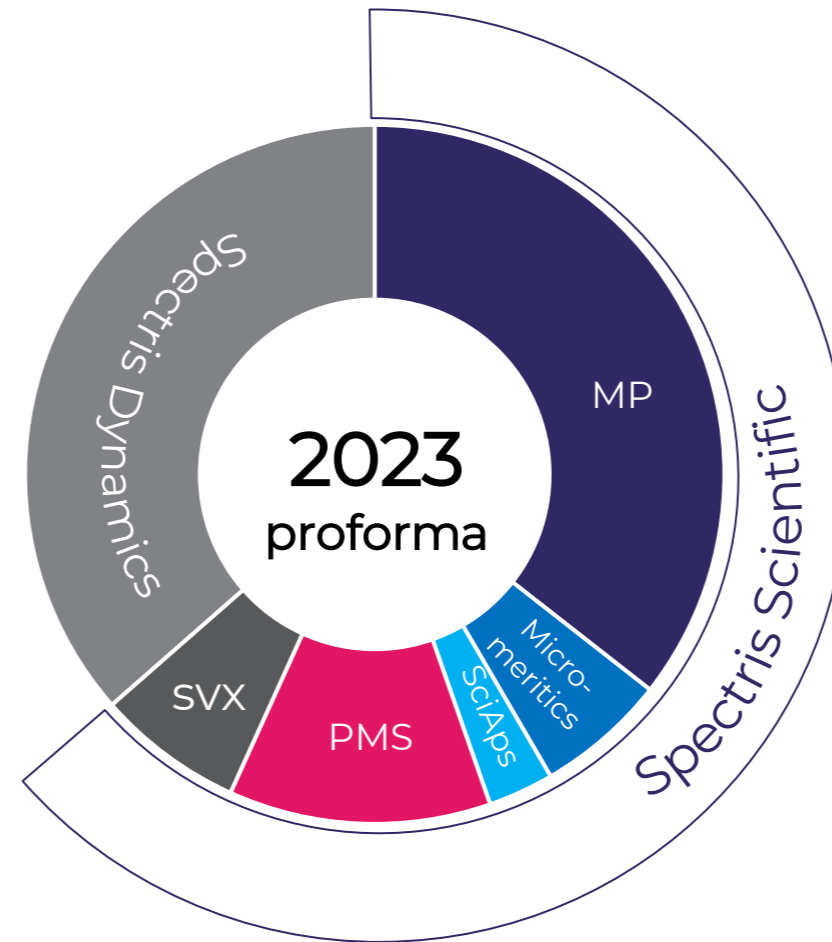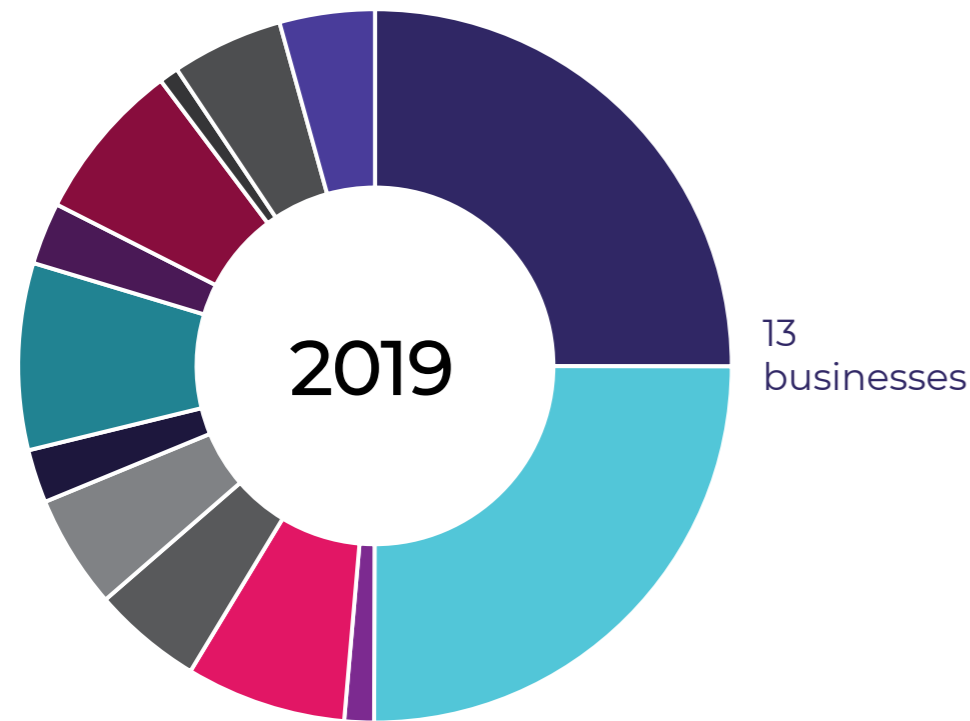- Marketing capability enhancement
- Service uplift

End market	Surface Area & Porosity	Activity	Density	Powder Flow	Particle Size & Shape	Structure	Composition	Affinity / Interaction
CleanTech / Batteries								
Chemicals								
Semiconductors								
Metals & Advanced Manufacturing								
Mining/Minerals								
Pharmaceuticals								
Academic Research								

Strength of combined portfolio

mi micromeritics | Malvern Panalytical a spectris company | Measurement not applicable

- Complementary product offerings providing different measurements
- Compelling combined-value proposition with broader product range
- Ability to convert new customers with differentiated solution portfolio
- Critical in R&D phase of materials selection and characterisation through to quality assurance, manufacturing and quality control
- Strong opportunity for cross-selling

Building a higher-growth, higher-quality Group

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2019 — 13 businesses

Sales: £1.63 billion
Adj. op. profit: £258 million
Adj. op. margin: 15.8%

2023 proforma

Spectris Dynamics — SVX — PMS — Micro-meritics — SciAps — MP — Spectris Scientific

Sales: £1.49 billion
Adj. op. profit: £270 million
Adj. op. margin: 18.2%

Ingredients to our progress

▶ Streamlined and focused the business

▶ Transforming new product development

▶ Balanced and targeted capital allocation

▶ Spectris Business System

▶ Healthy, high-performance culture

More focused, higher quality, sustainable, compound growth

Business transformation ongoing in the face of short-term demand headwinds

Acquisition of SciAps and Micromeritics is further evidence of our strategy
to build a world-class, higher-quality, higher-growth business

Medium-term outlook remains positive with a stronger platform
underpinned by long-term thematics

Compelling growth drivers to deliver
through-cycle growth rate of 6-7% and margins of 20%+

Appendix

Financial performance overview

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|	H1 2024	H1 2023	Change	Like-for-like change[2]
Sales (£m)	**589.7**	702.5	(16%)	(10%)
Adjusted operating profit (£m)[1]	**61.1**	102.1	(40%)	(35%)
Adjusted operating margin (%)[1]	**10.4%**	14.5%	(410bps)	(400bps)
Adjusted profit before tax (£m)[1]	**62.8**	103.4	(39%)	
Adjusted effective tax rate (%)[1]	**23%**	22%		
Adjusted EPS (pence)[1]	**47.9**	77.2	(38%)	
DPS (pence)	**26.6**	25.3	5%	
Adjusted cash flow conversion (%)[1]	**111%**	117%	(6pp)	
Net cash (£m)[1]	**292.5**	214.3		
Return on gross capital employed (%)[1]	**16.8%**	16.7%	10bps	

Notes

1. These adjusted performance measures represent the statutory results excluding certain items.
2. At constant exchange rates and including acquisitions and disposals on a comparable basis (LFL).

Reportable segments summary

£million	Spectris Scientific		Spectris Dynamics		Red Lion Controls		Group costs		Spectris plc	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Sales	320.0	381.1	249.4	264.5	20.3	56.9			589.7	702.5
Adjusted Operating Profit	33.4	65.7	30.6	35.8	3.7	13.3	(6.6)	(12.7)	61.1	102.1
Adjusted Operating Margin	10.4%	17.2%	12.3%	13.5%	18.2%	23.4%			10.4%	14.5%

Sales by destination
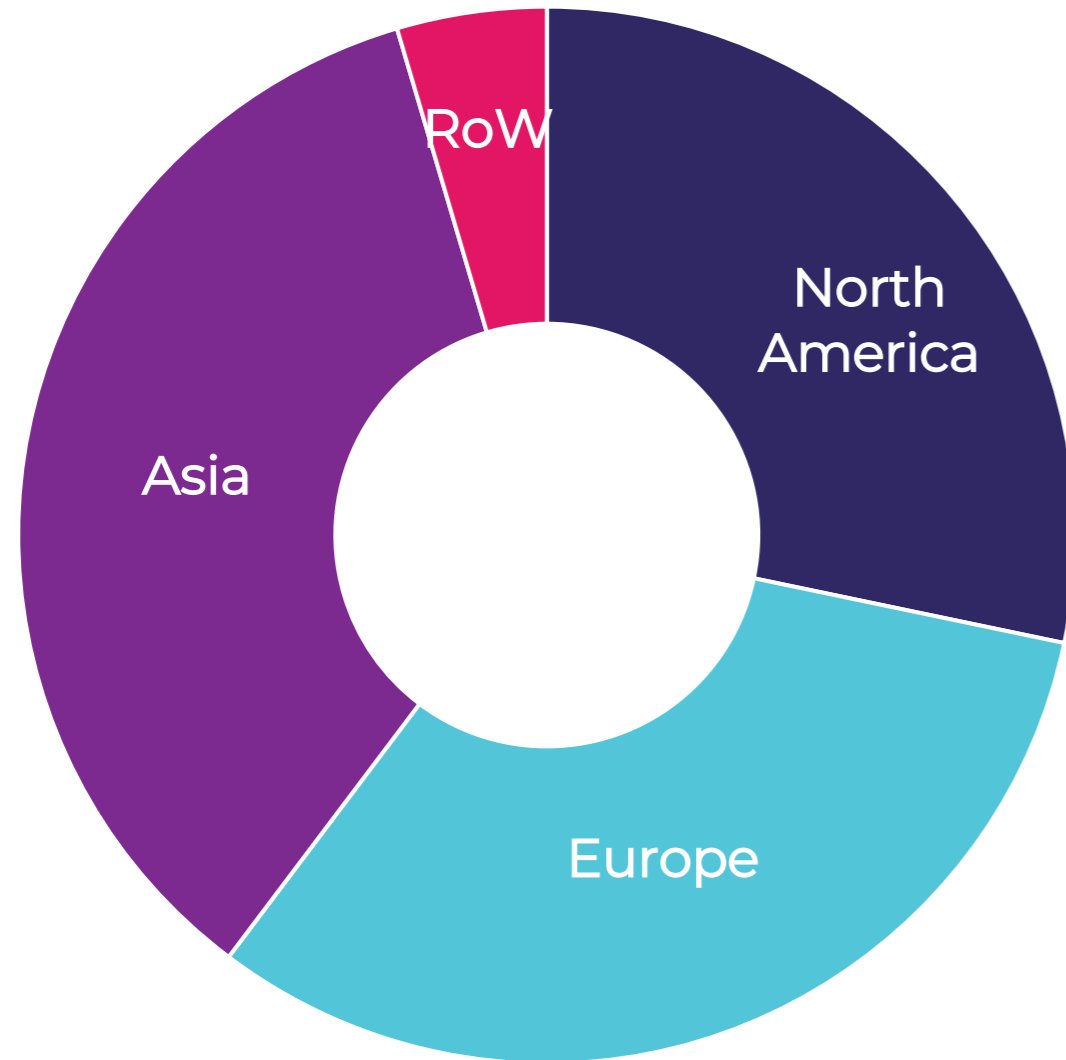
Destination	% of Group sales	LFL change H1 2024	LFL change H1 2023
North America	28%	(9%)	15%
Europe	32%	(9%)	19%
Germany	10%	(11%)	25%
UK	3%	(25%)	20%
Asia	35%	(11%)	20%
China	17%	(12%)	20%
Japan	5%	(13%)	30%
Rest of the world	5%	(17%)	33%

Quarterly sales and LFL growth

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Sales (£m)	258.8	278.7	294.2	331.3	264.9	305.3	332.6	424.6	354.3	348.2	349.1	397.6	309.4	280.3
Sales LFL growth (%)	5%	23%	12%	1%	12%	9%	10%	21%	24%	15%	11%	-3%	-8%	-12%

Quarterly sales and sales LFL growth