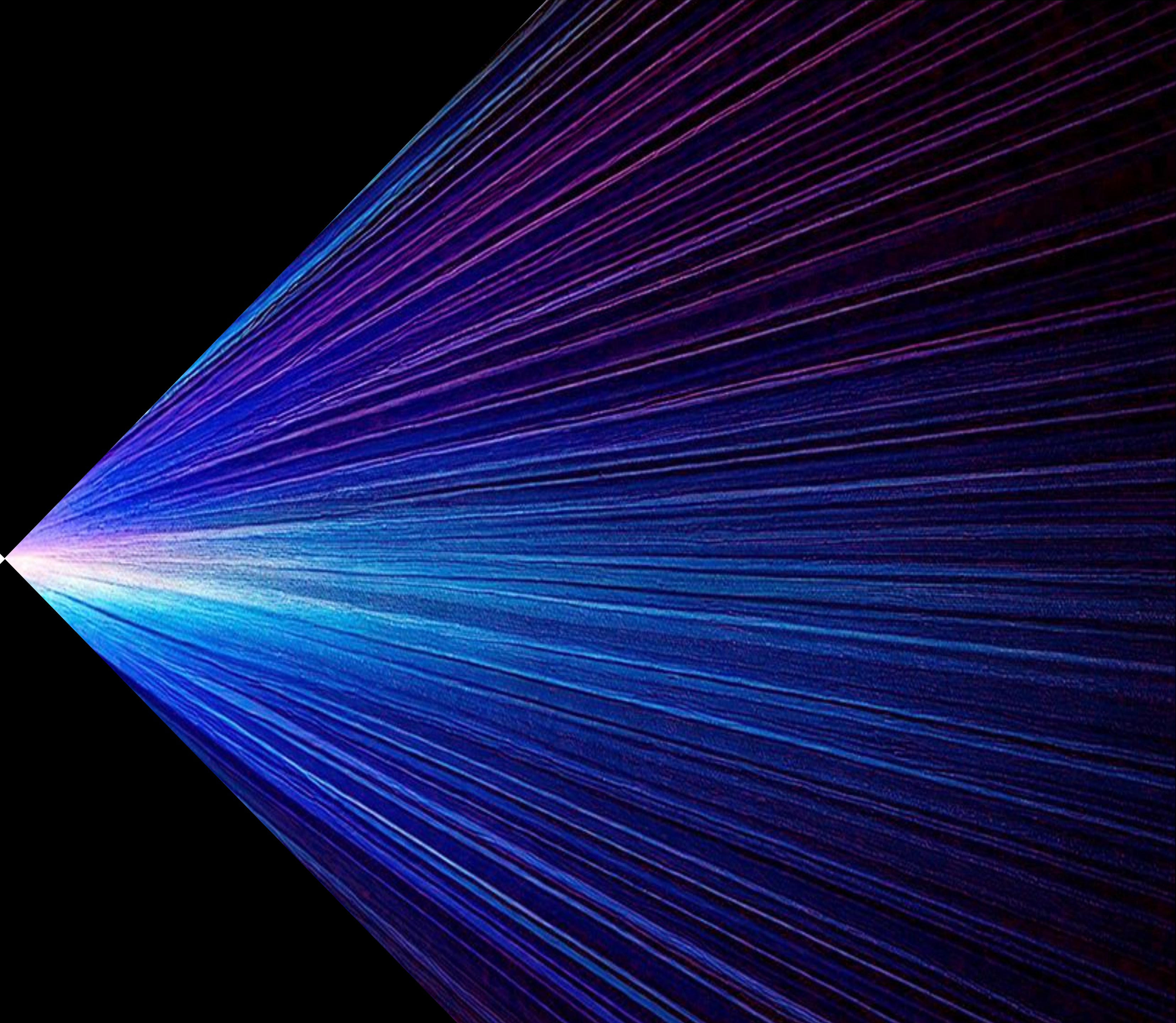
Spectris plc

Full year results 2024

28 February 2025



Introduction

Andrew Heath
Chief Executive

Strong finish to 2024 after prolonged softness across end markets

2024 financials

FY performance in line after strong Q4

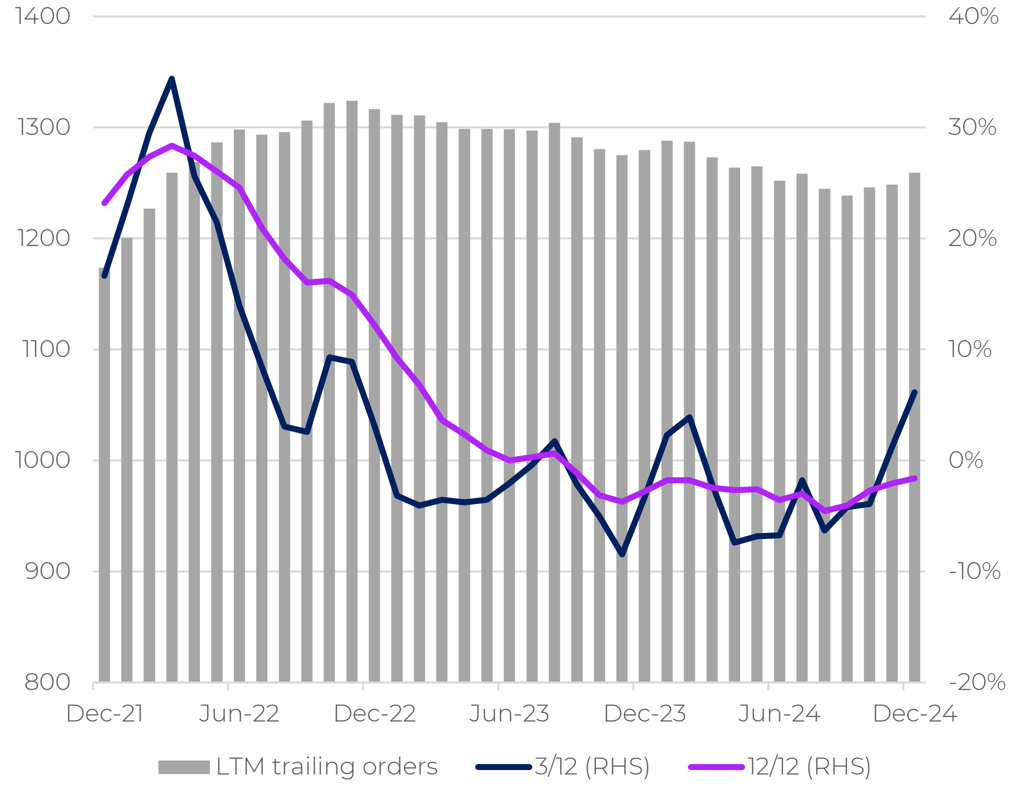
LFL orders -3%
Flat H2 and 6% growth in Q4

LFL sales -7%
H2 sales -4%

Cash conversion 88%

Increase in dividend of 5%
35th successive year of growth

Last Twelve Months (LTM) orders and year-over-year order growth trends



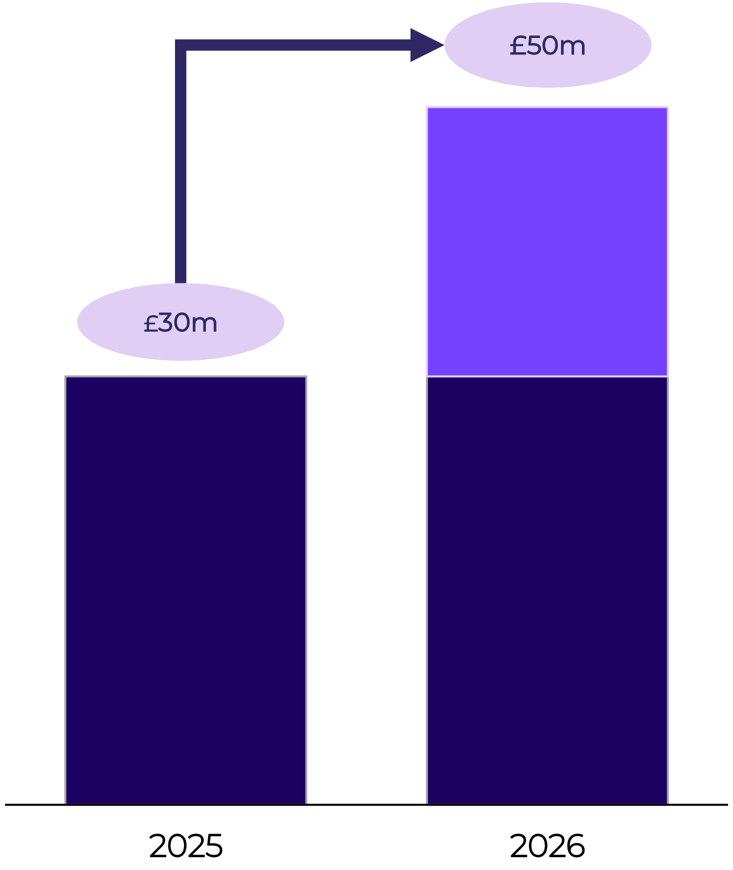
Data is at constant currency and excludes Micromeritics, SciAps, Piezocryst and Red Lion

Thank you to Spectris colleagues

Strong year of execution to accelerate strategy

Strategic highlights

- Decisive actions on cost to drive future profitability
- Three high-quality, strategically aligned acquisitions
- Record year for new product launches
- Implementation of ERP to drive margins
- Continued progress on operational excellence and sustainability


Profit Improvement Programme

High-quality acquisitions

micromeritics®

SciAps

PIEZOCRYST
ADVANCED SENSORICS GMBH

Significant strategic progress positions Spectris more strongly

Disciplined and balanced approach to capital allocation

Portfolio rationalisation complete

- Red Lion Controls disposal completed portfolio rationalisation
- 8 disposals at attractive valuations
- Generated £1.3 billion in proceeds

Strong shareholder returns

- Strong track record of shareholder returns
- £1.1 billion returned since 2019
- £600 million in share buybacks
- Over £450 million in ordinary dividend

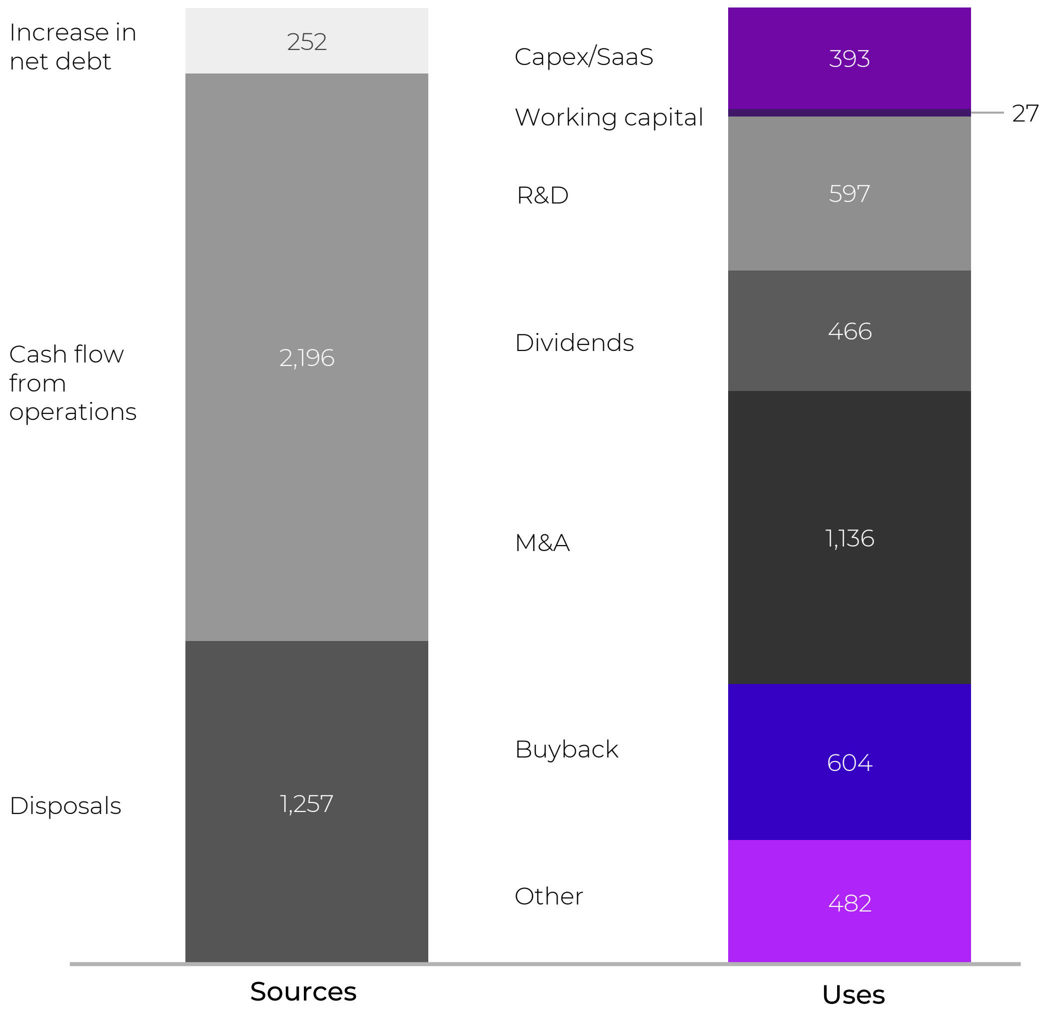
Investing in growth

- Invested £600 million in R&D to drive organic growth
- £1.1 billion invested in acquisitions
- ~£800 million invested in 2024 on three, high-quality acquisitions

Highly cash generative

- Strong underlying cash generation
- Profit Improvement Programme
- Leverage to return to < 2x in 2025

Sources and uses of cash 2019 to 2024 (£m)



Guidance and outlook

Entered 2025 in a strong position

- Strong year of strategic execution in 2024
- Remain cautious on macro environment
- Markets have stabilised but need evidence of sustained recovery

Well positioned for market recovery

- Significant operational leverage opportunity as markets recover and growth returns
- Profit Improvement Programme provides confidence

2025 guidance

- Comfortable with current consensus expectations for operating profit for full year
- Confidence in future prospects rooted in focused portfolio and clear value-enhancement plan

Medium-term outlook

- Great businesses with leading market positions
- Two, world-class divisions
- Disciplined and focused on shareholder returns

Spectris is a company capable of delivering out-sized value creation

Financials

Angela Noon OBE
Chief Financial Officer

A great business with huge potential

Key financial highlights

Profit & Loss (£m)	2024	2023	LFL change
Orders	1,294.1	1,373.8	(3%)
Sales	1,298.7	1449.2	(7%)
Gross profit	715.9	838.1	(12%)
Gross margin (%)	55.1%	57.8%	(290bps)
Adj. operating profit	202.6	262.5	(20%)
Operating margin (%)	15.6%	18.1%	(250bps)
EPS (pence)	148.1p	199.7p	

Cash flow (£m)	2024	2023	YoY change
Adjusted operating cash flow	177.6	271.1	(34%)
Cash conversion	88%	103%	(15pp)
ROGCE	11.6%	18.5%	(690bps)
Net debt / (cash)	549.0	(138.8)	
Leverage	2.3x	(0.4x)	

LFL orders 3% lower; flat in H2
Book-to-bill of 0.99x

LFL sales 7% lower due to prolonged market softness

Drop through impact on profit from lower volumes

Cash conversion 88%

Leverage at 2.3x due to investment in M&A

c.$400m USPP secured on investment grade terms

Adjusted and statutory operating profit

Income statement (£m)	2024	2023
Adjusted operating profit	**202.6**	**262.5**
Restructuring costs	(18.3)	-
Net transaction-related costs and fair value adjustments	(16.2)	(14.0)
Configuration and customisation costs carried out by third parties on material SaaS projects	(44.7)	(40.0)
Amortisation of acquisition-related intangible assets	(25.0)	(18.9)
Statutory operating profit	**97.6**	**188.6**
Share of post-tax results of associates	(0.4)	(0.1)
Fair value through profit and loss movements on debt investments	(1.9)	2.8
Profit/(loss) on disposal of businesses	210.2	(12.6)
Net financial (cost)/income	(2.8)	6.9
Statutory profit before tax	**302.7**	**185.6**

Restructuring costs to support Profit Improvement Programme

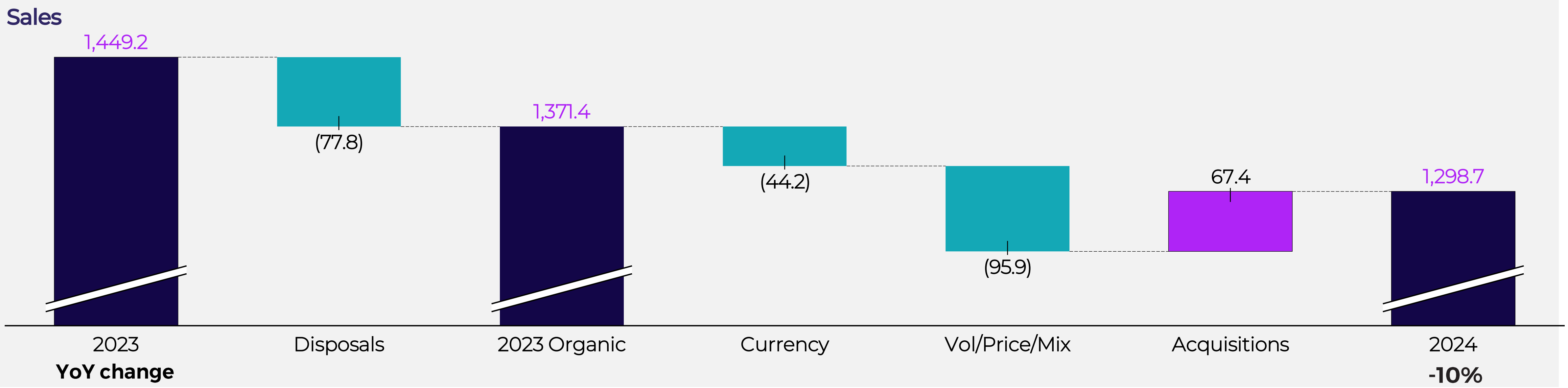
Transaction-related costs resulting from the three acquisitions

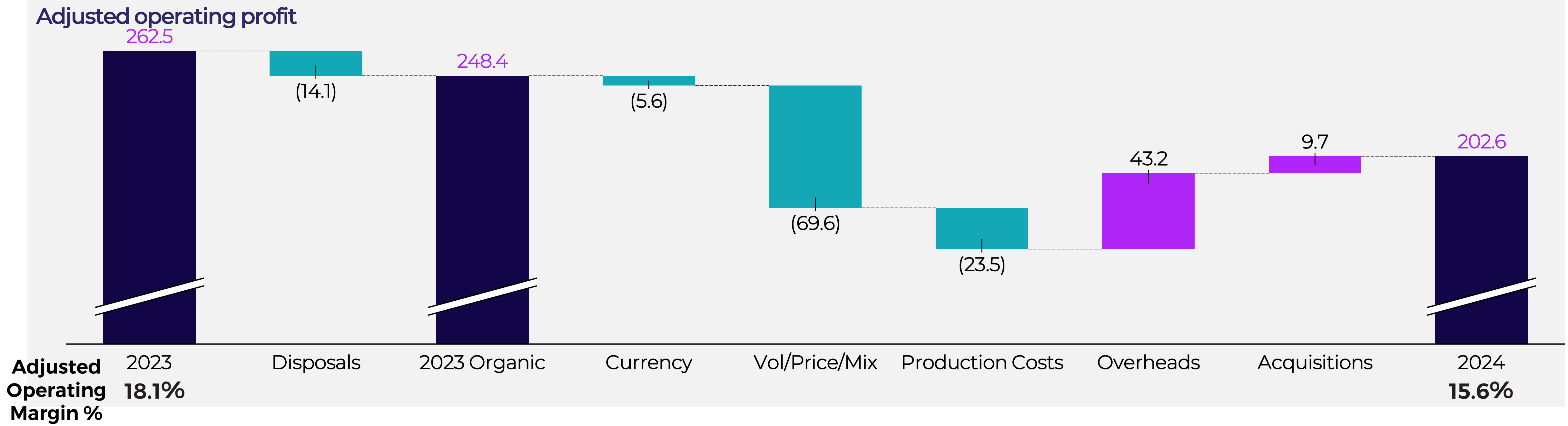
Peak year for ERP implementation costs

Profit on sale of Red Lion Controls

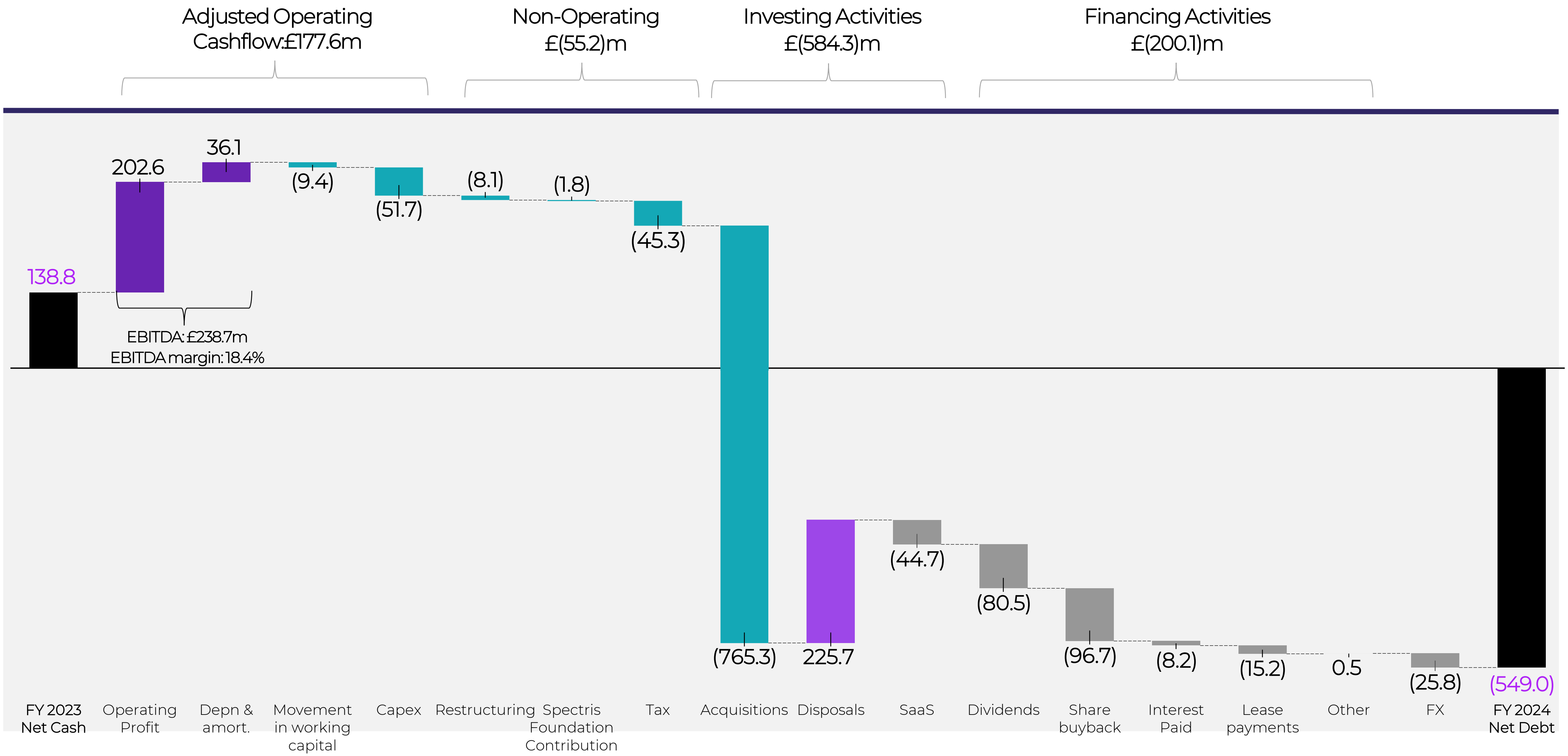
Net finance costs driven by an increase in debt

Sales and Operating Profit bridge





Net debt bridge

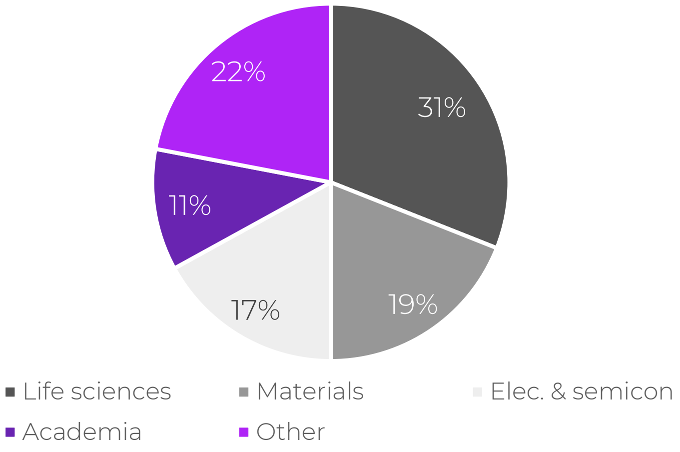


Spectris Scientific

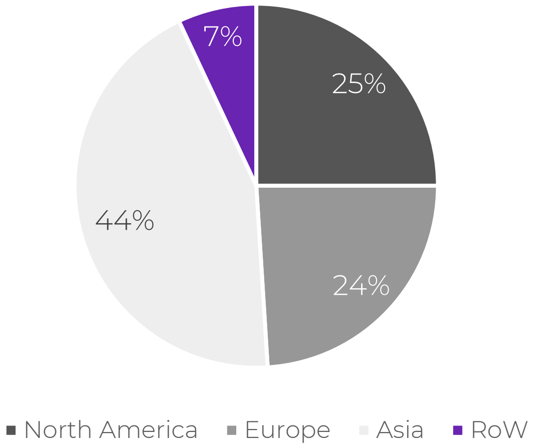
	2024	2023	Change vs 2023	LFL change vs 2023
Orders (£m)	768.9	762.8	1%	(2%)
Reported sales (£m)	776.7	804.6	(4%)	(6%)
Adjusted operating profit (£m)	137.5	171.9	(20%)	(24%)
Adjusted operating margin (%)	17.7%	21.4%	(370bps)	(410bps)

- LFL orders 2% lower
- Positive demand in H2 with LFL orders +6%
- Book-to-bill of 0.99x
- LFL sales 6% lower
- Financial performance impacted by lower sales volumes particularly in H1

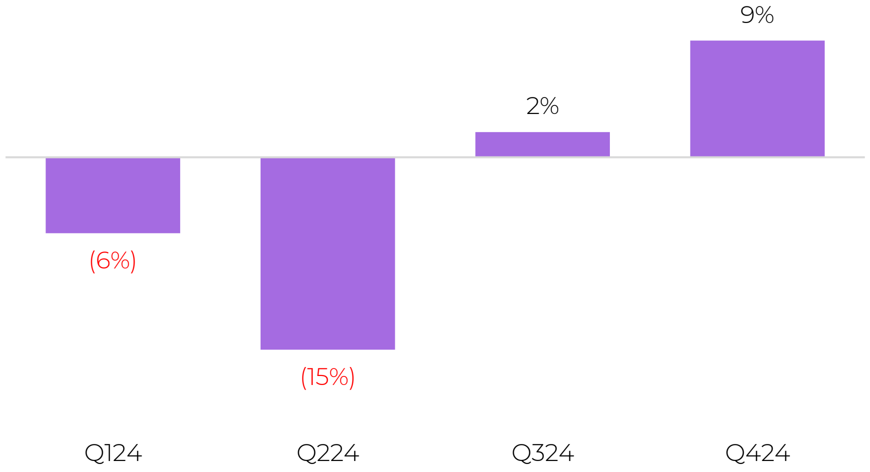
Sales by end market



Sales by geography



Quarterly LFL order growth 2024

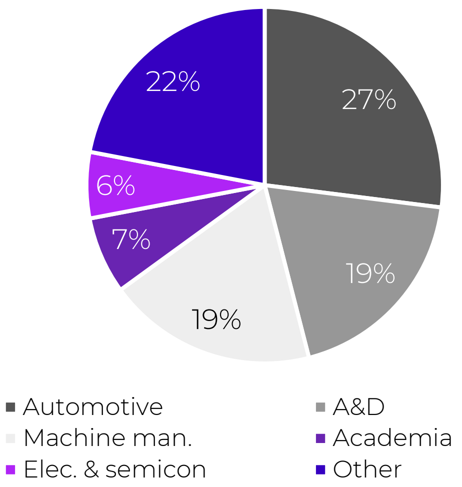


Spectris Dynamics

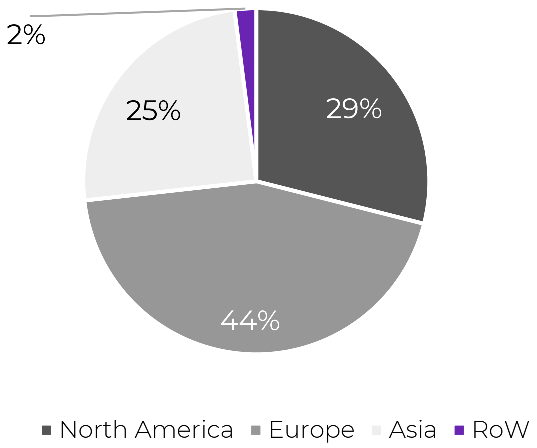
	2024	2023	Change vs 2023	LFL change vs 2023
Orders (£m)	504.8	528.5	(5%)	(4%)
Reported sales (£m)	501.7	542.8	(8%)	(7%)
Adjusted operating profit (£m)	72.3	93.0	(22%)	(20%)
Adjusted operating margin (%)	14.4%	17.1%	(270bps)	(240bps)

- LFL orders 4% lower; Book-to-bill 1.00x
- Full year demand growth in machine manufacturing and A&D more than offset by lower demand in automotive and other end markets
- LFL orders +2% in Q4
- Financial performance impacted by lower sales volumes with LFL sales down 7%

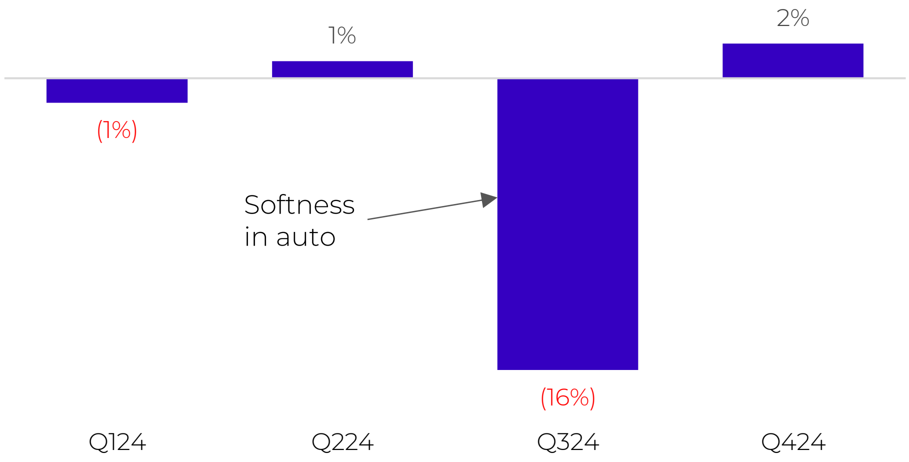
Sales by end market



Sales by geography



Quarterly LFL order growth 2024

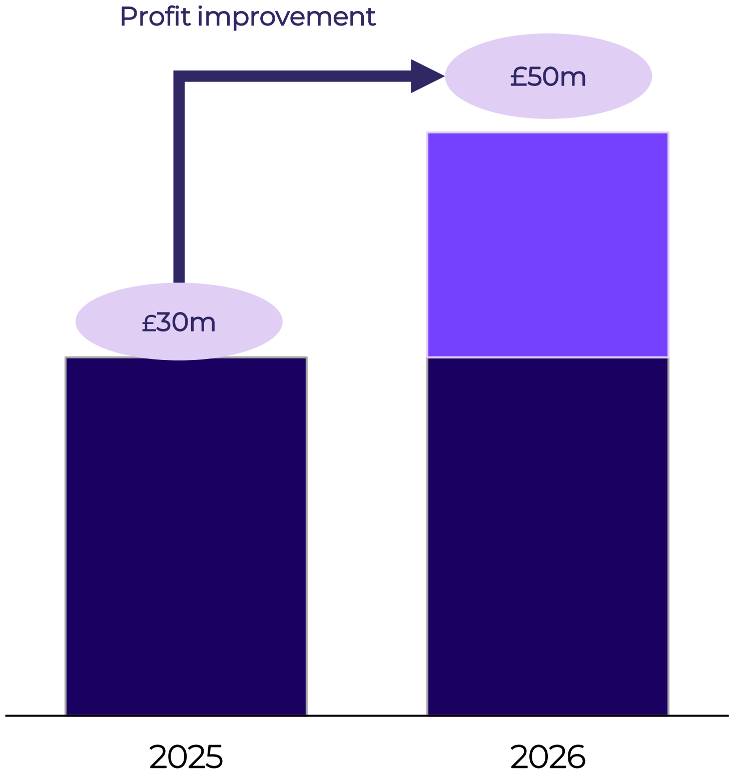


Softness in auto

My key priorities in 2025

1. Realisation of benefits under Profit Improvement Programme
2. Integration of the acquisitions
3. Greater efficiency from ERP
4. Working capital efficiency

Profit Improvement Programme delivers £50 million



1

Operational Excellence

- ERP to deliver ~150 basis points of margin
- Significant benefits across both divisions
- Key enabler for company-wide efficiency and control

2

Delivery of cost synergies from acquisitions

- Cost synergies and economies of scale
- Opportunities across back-office, purchasing and other functions
- Execution well underway in Scientific

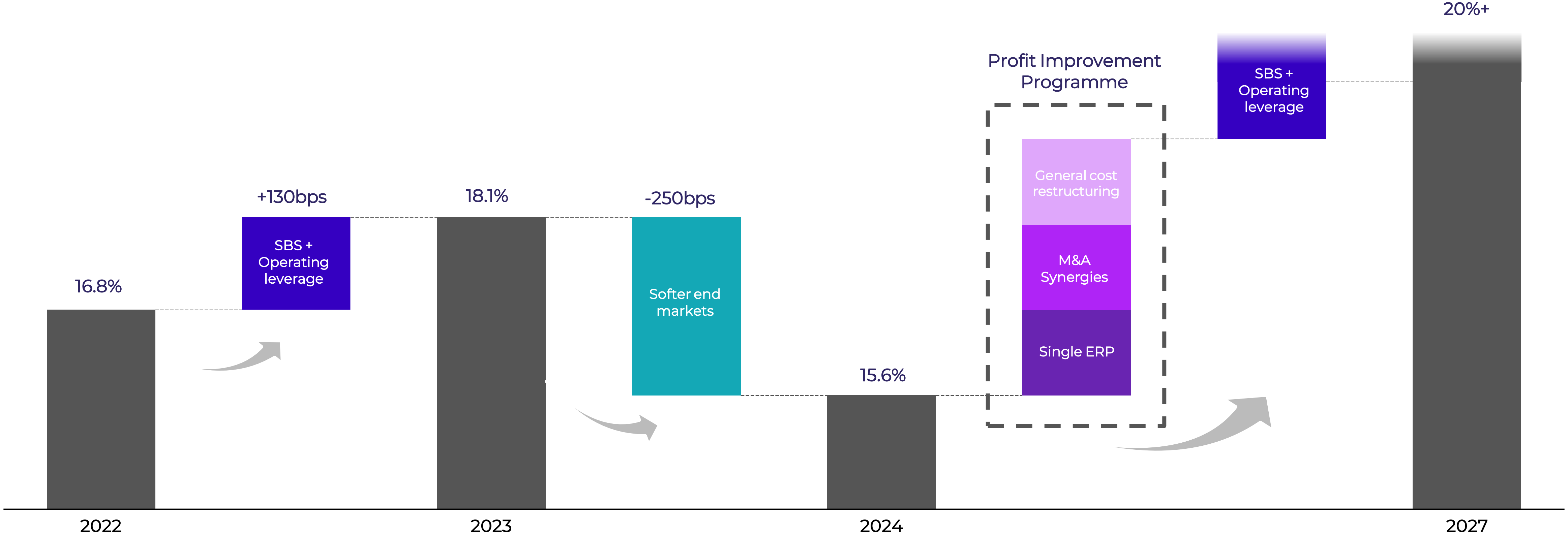
3

General cost reduction programme

- Decisive action taken in 2024 in light of softer markets
- Costs rebased to ensure Group is right-sized as markets recover
- Efficiencies delivered in both divisions

Acquisitions and Profit Improvement Programme delivers material earnings growth

Margin bridge to 20%+ by 2027



Business transformation/single ERP ✚ Synergy realisation from announced acquisitions ✚ General cost restructuring ✚ Spectris Business System ✚ Operating leverage

Capital allocation in 2025 and leverage

1. Organic growth
2. Dividend
3. M&A growth
4. Additional shareholder returns

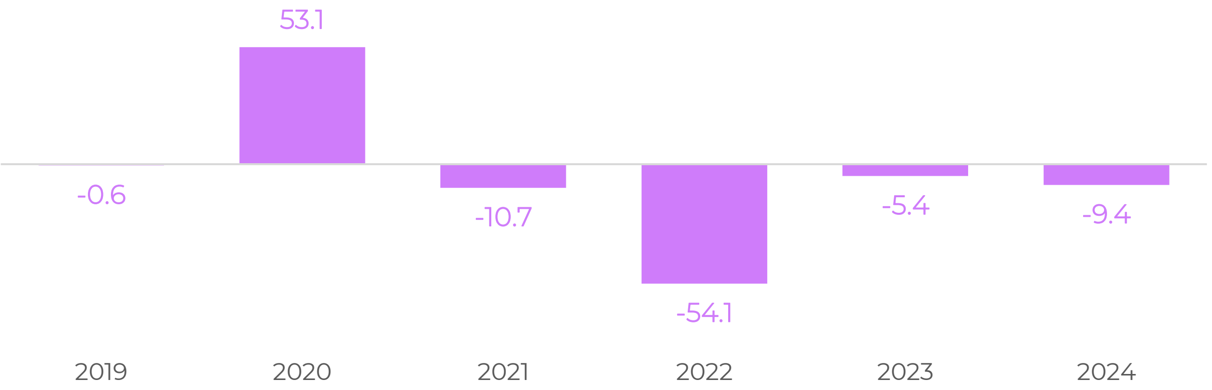
Capital considerations for 2025

- Capex – expected to be c. £40 million
- R&D – maintained at ~7-8% of sales
- M&A:
  - focus on integration
  - rebuild the pipeline
- Buyback – decided not to proceed with final £50 million tranche

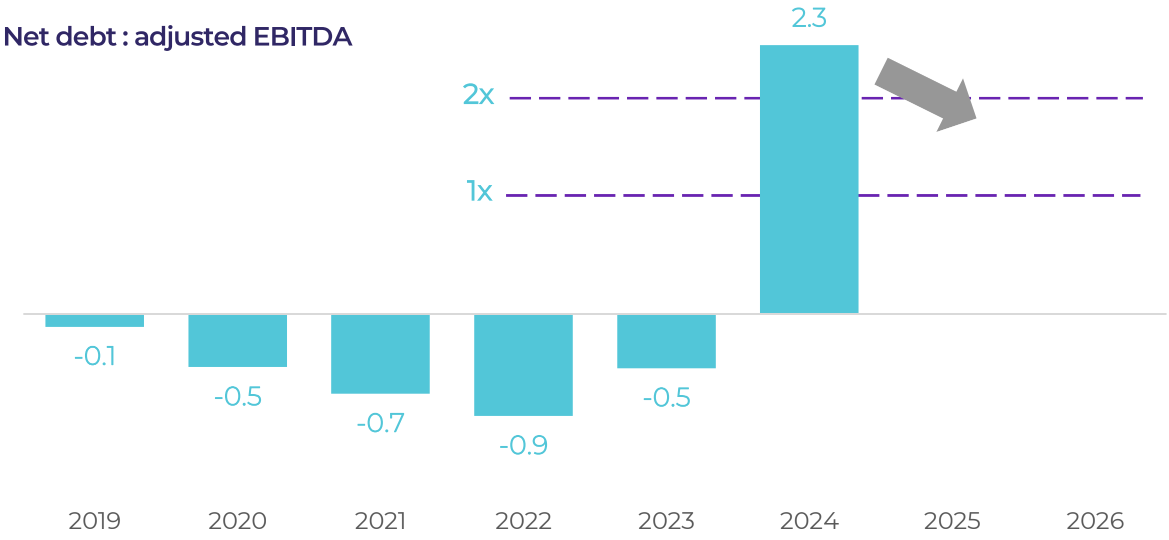
Returning leverage to within 1x to 2x

- Growth in EBITDA in 2025 and beyond
- Reduction in working capital
- ERP past peak investment
- Focus on cash generation and leverage reduction

Change in working capital



Net debt : adjusted EBITDA



My key priorities in 2025

1. Realisation of benefits under Profit Improvement Programme
2. Integration of the acquisitions
3. Greater efficiency from ERP
4. Working capital efficiency

Strategy update

Andrew Heath
Chief Executive Officer

Strategy for Sustainable Growth

Leading sustainable businesses

Compounding growth

Purpose-led

Delivered through our business model

Our Purpose

We are harnessing the power of precision measurement to make the world cleaner, healthier and more productive.

Our Commitment

to being a sustainable business partner, investment proposition and employer

- Great businesses
- Structural growth markets
- Customer centricity
- Investing in growth
- Operational excellence
- Investing in our people

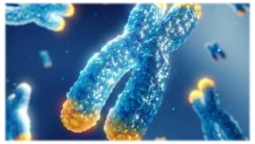
Underpinned by Our Values | Be True | Own it | Aim High

What we are building in Spectris Scientific

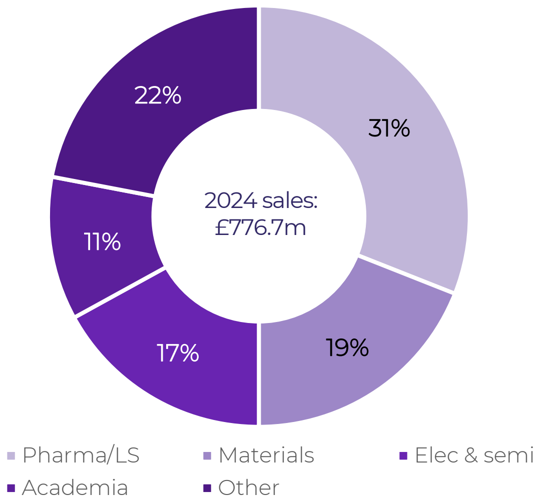
Spectris Scientific…*making the invisible visible*

World leader in material measurement and characterisation

Pharmaceuticals & Food	Semiconductor	Primary Materials	Advanced Materials




2024 Revenues by end-market



Malvern Panalytical a spectris company

PARTICLE MEASURING SYSTEMS®

SERVOMEX

Building the leading material characterisation business

- Creating the global market leader in material measurement and characterisation for advanced materials analysis
- Providing customers with the broadest offering in the market
- A single suite of integrated instruments improving workflow efficiency and enabling deeper insights
- Differentiated offering, with both lab-based and handheld instruments
- Both SciAps and Micromeritics to be fully integrated into Malvern Panalytical

Malvern Panalytical a spectris company

micromeritics®

SciAps

World leader in analytical instrumentation for the physical characterisation of particles, powders, and porous materials.

Specialist provider of handheld instruments leveraging X-ray Fluorescence (XRF) and Laser Induced Breakdown Spectroscopy (LIBS) for materials analysis.

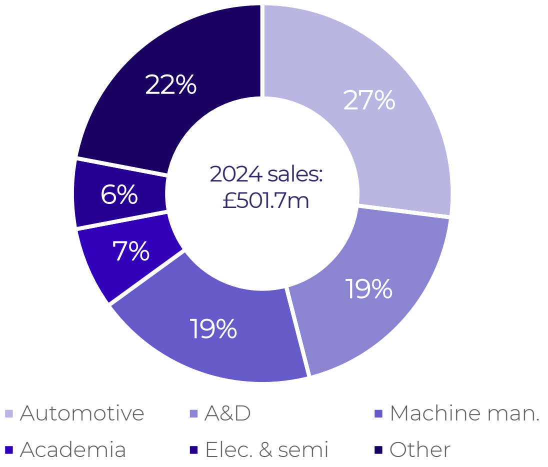
What we are building in Spectris Dynamics

Spectris Dynamics…*empowering the innovators*

World leader in advanced integrated physical and virtual testing & measurement

Automotive	Machine Manufacturing	Aerospace & Defence	Electronics

2024 Revenues by end-market

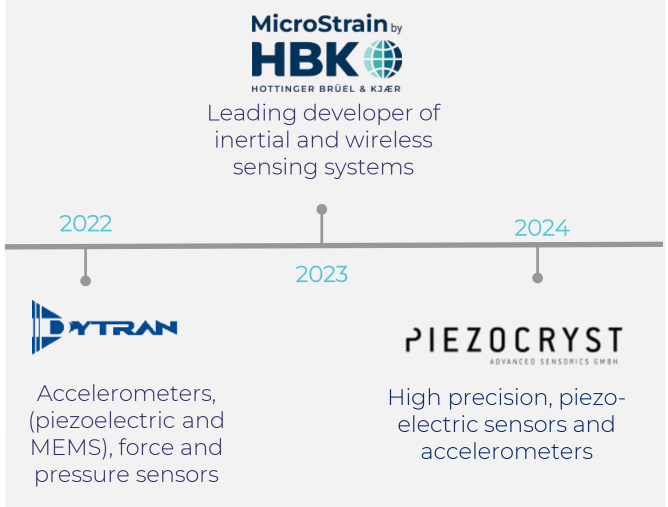


HBK HOTTINGER BRÜEL & KJÆR

- Design optimisation
- Virtual testing
- Physical testing
- Production
- Operation/in-use

Strengthening our leading, high-precision, sensor portfolio

- Three acquisitions to build on Spectris Dynamics' leading sensor offering
- Creating the leading, premium, pressure and vibration sensing offering for the most advanced applications
- Supporting customers across automotive, aerospace and defence, commercial space, energy and industrial markets



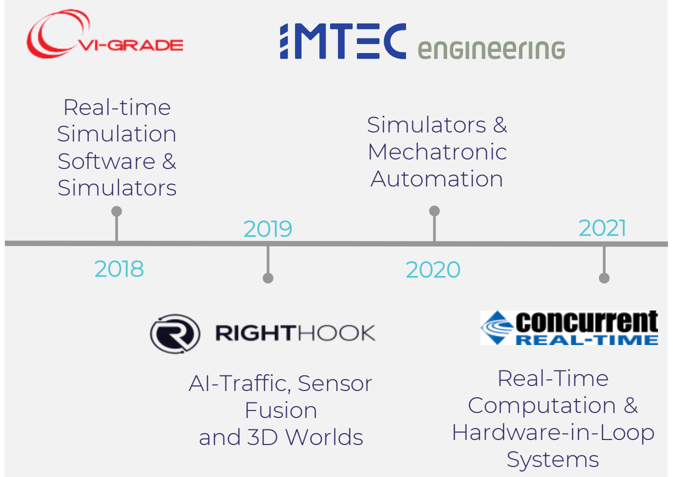
MicroStrain by HBK HOTTINGER BRÜEL & KJÆR: Leading developer of inertial and wireless sensing systems

DYTRAN: Accelerometers, (piezoelectric and MEMS), force and pressure sensors

PIEZOCRYST ADVANCED SENSORICS GMBH: High precision, piezo-electric sensors and accelerometers

Building a virtual test business in Spectris Dynamics

- Completed four acquisitions as part of buy-and-build strategy
- Unique offering to help global customers accelerate innovation
- ~10% of new product development using virtual test creating significant opportunity
- Supporting customers across automotive and aerospace and defence



VI-GRADE: Real-time Simulation Software & Simulators

MTEC engineering: Simulators & Mechatronic Automation

RIGHTHOOK: AI-Traffic, Sensor Fusion and 3D Worlds

concurrent REAL-TIME: Real-Time Computation & Hardware-in-Loop Systems

What we are building at the Group

spectris

Spectris Scientific

Malvern Panalytical
a spectris company

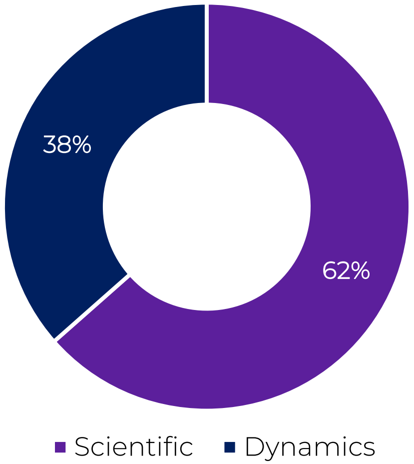
PARTICLE MEASURING SYSTEMS®

SERVOMEX

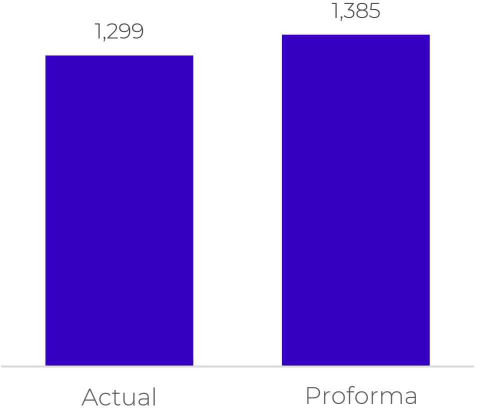
Spectris Dynamics

HBK
HOTTINGER BRÜEL & KJÆR

Spectris Group



2024 sales £m



2021-2024 sales CAGR

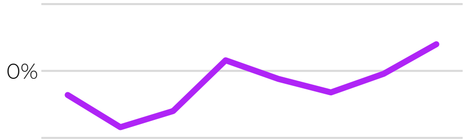
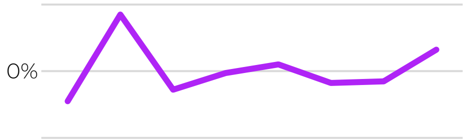
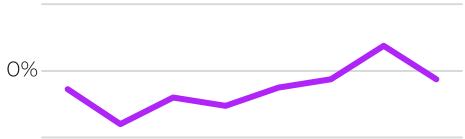
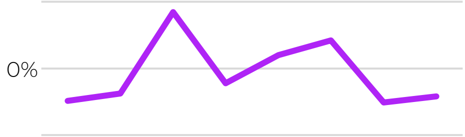
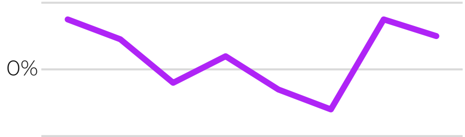
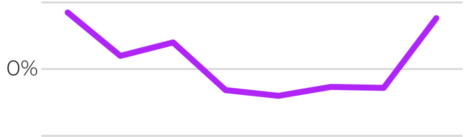
7.6%
Spectris Scientific

5.8%
Spectris Dynamics

6.9%
Spectris Group

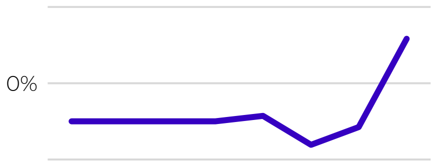
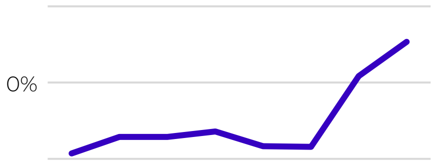
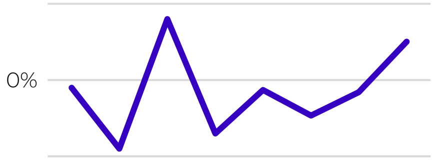
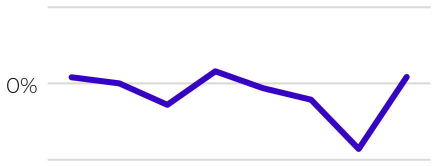
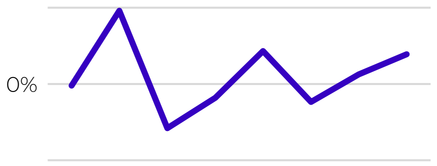
CAGRs are at constant currency and exclude Micromeritics, SciAps, Piezocryst and Red Lion.
(Group LFL sales growth of 14%, 10%, (7%) in 2022-24)

Structural growth markets

Industry	2024 LFL sales growth	2024 LFL order growth	LFL order growth (last 8 quarters)	Demand in 2024	Expected medium-term growth
Life Sciences / Pharmaceutical	(8%)	0%		• Strong demand in biologics in all regions • Lower demand in small molecule, particularly in Europe and North America • Positive growth in aseptic manufacturing	5-7%
Tech-led Industrials	(3%)	1%		• Good demand growth in machine manufacturing driven by China and Europe • Positive demand growth in A&D driven by strong demand in Asia, notably Japan.	5-7%
Electronics & Semiconductor	(6%)	(2%)		• Orders slightly down with strong growth in Europe offset by North America • Demand in Asia in line with prior year	6-8%
Automotive	(4%)	(6%)		• Lower demand driven by physical test, particularly Europe and North America, despite strong first half • Continued strong demand for our simulators and virtual test offering	4-6%
Materials	(4%)	1%		• Orders slightly ahead against tough comp • Strong demand in building materials offset by petrochemicals	5-6%
Academia	(15%)	(5%)		• Lower demand overall for the full year • Positive momentum and very strong order growth in the final quarter	5-6%

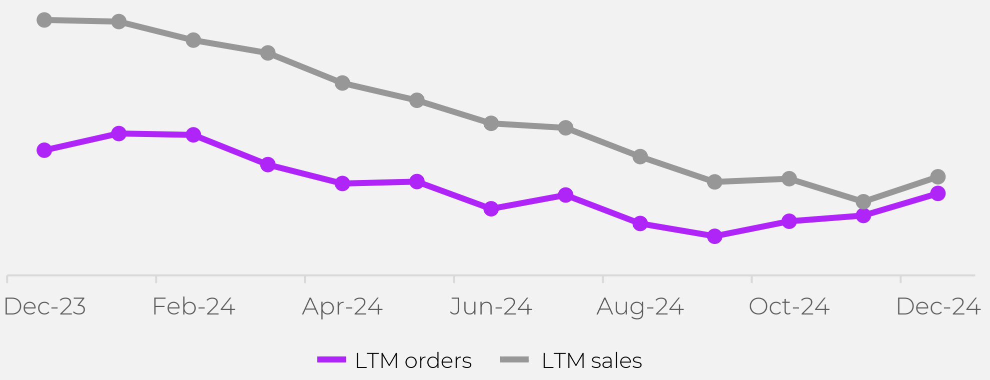
'Other' saw LFL sales growth of (10%) and LFL order growth of (9%) and has an unchanged expected medium-term growth rate of 3-5%

Signs of market stabilisation

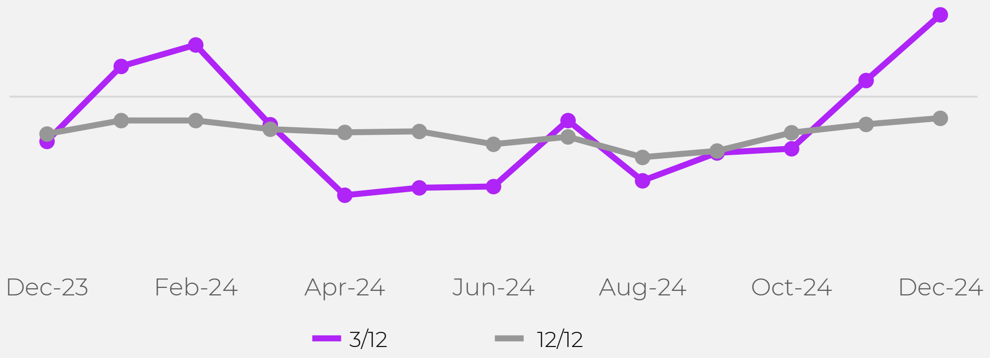
Region	2024 LFL order growth	LFL order growth (last 8 quarters)
Group	(3%)	
Asia	(4%)	
Europe	0%	
North America	(6%)	
RoW	8%	

Group order and sales performance (LTM)

Group LTM orders and sales



Group orders YoY change: 3/12 vs 12/12



Data is at constant currency and excludes Micromeritics, SciAps, Piezocryst and Red Lion

Summary and outlook

2024 summary

- Strong year of strategic execution
- Decisive action on cost
- Record year for new product launches
- Continued progress on operational excellence journey

Outlook for 2025

- Integration of SciAps, Micromeritics and Piezocryst
- Delivery of the Profit Improvement Program
- Robust cash generation including improved working capital efficiency
- Maintain organic investment to drive future growth

Adjusted operating profit to be in line with market expectations

Appendix

Enhancing our sustainability credentials

Our people

- Increasing engagement score over last 3 years
- 34% of our leadership community are female, with an ambition set to be at least 40% by 2030

4.00

Engagement score (2023: 3.92)

Our planet

- Continued strong progress:
  - 22% LFL reduction in scope 1 and 2 emissions in 2024;
  - 54% LFL reduction in scope 1 and 2 emissions since 2020
- Spectris awarded 'A-' CDP

54%

LFL reduction in scope 1 and 2 emissions since 2020

Our value chain

- New Spectris Supplier Code
- Increasing understanding of sustainability focus areas across supply chain

51%

Of supplier spend rated in EcoVadis

Our society

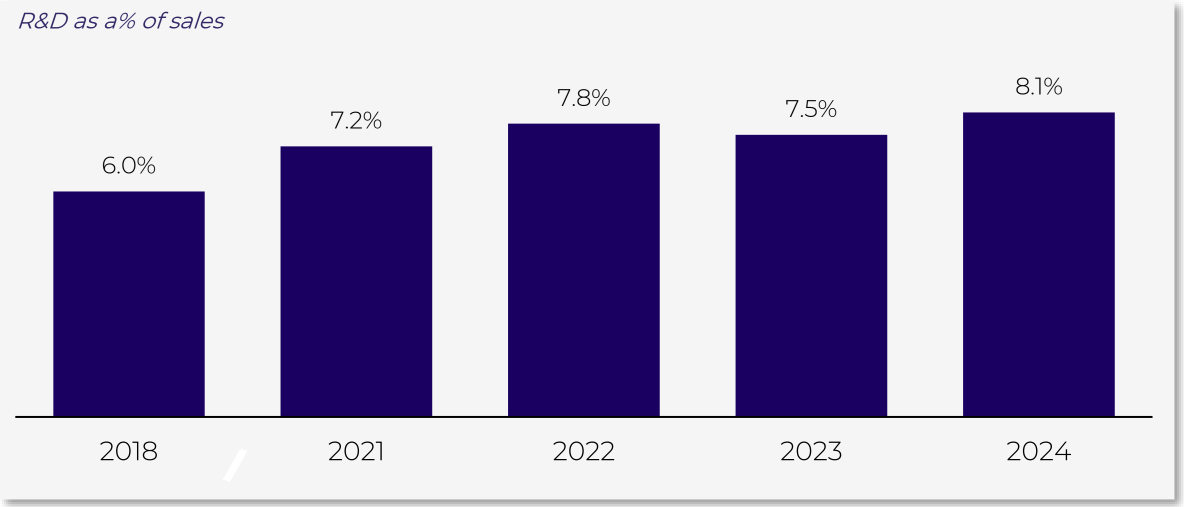
- Joined 25x25 initiative, working with peers to build a diverse pipeline for future CEOs
- Additional £1.65m contribution to the Spectris Foundation

£1.65m

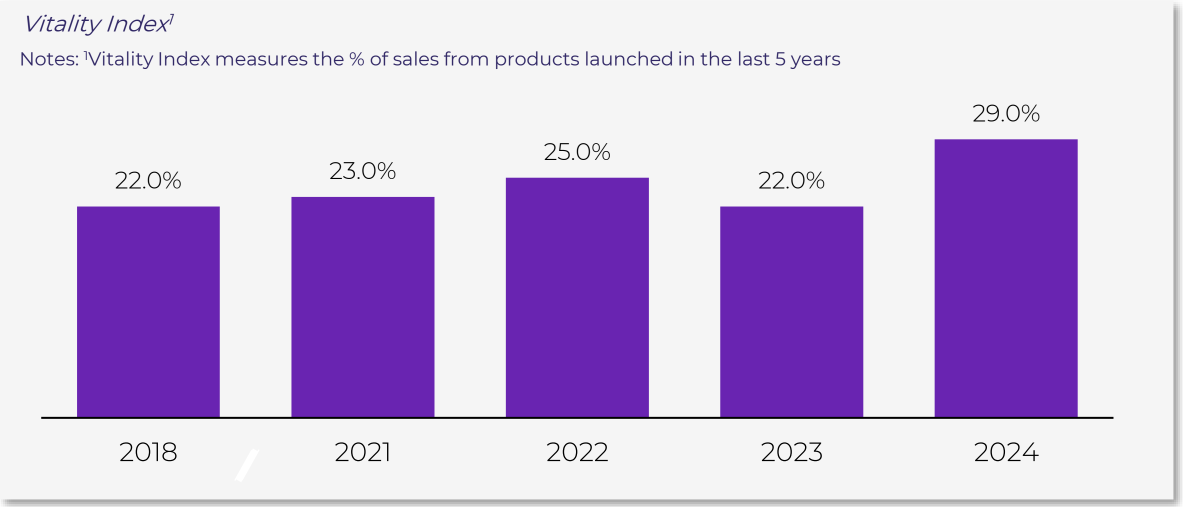
Contribution to Spectris Foundation

Investing in growth through R&D

Increased investment in R&D driving new product launches


R&D as a% of sales

Focused R&D is improving our product vitaility


Vitality Index[1]

Notes: [1]Vitality Index measures the % of sales from products launched in the last 5 years

Scientific 2024 new product launches


Mastersizer 3000+
Laser diffraction


Revontium
X-ray fluorescence


Zetasizer Advance accessory
Light scattering


SMART Manager
Cloud-based instrument monitoring


SpectraExact 2500F
Photometric analyser


Gen 7 DF-500 Series
Ultra-trace oxygen analyser

Dynamics 2024 new product launches


DiM FSS Hyperdock
Full spectrum simulator


T100 / T110
Torque sensor


IO-Link
Smart sensor


digiBOX
IIoT-ready amplifier


CCRT's FPGA Workbench
Real-time software


Advantage Insights
Data analytics software

Key modelling considerations

spectris

Profit & Loss items

	2023	2024	2025
Effective tax rate	21.5%	22.7%	23.5%
Adjusted net interest (£m)	1.2	(10.7)	~(35)
Restructuring (£m)	-	(18.3)	~(30)
Average shares in issue (m)	103.6	100.2	98.4

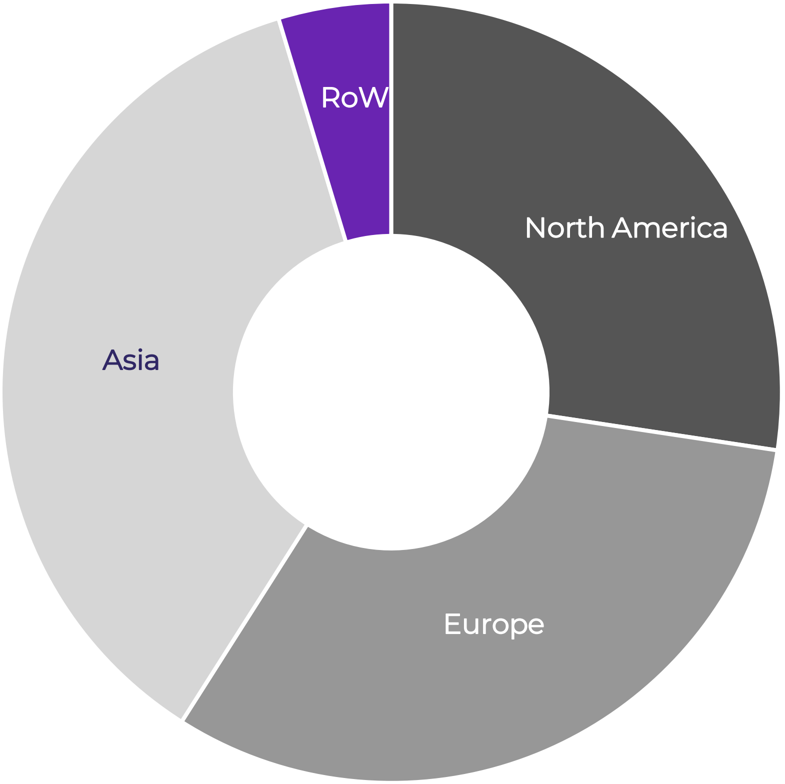
FX sensitivity

Impact of 1 cent change versus GBP	Sales £m	Adjusted operating profit £m	Average rate for 2024
USD	£3.6m	£0.7m	1.28
EUR	£3.3m	£0.7m	1.18

Cash flow items

£m	2023	2024	2025
Working capital	(5.4)	(9.4)	~20 inflow
Capex	(24.7)	(51.7)	~(40)
Cash tax	(56.2)	(93.4)	(25-30)
SaaS costs	(40.0)	(44.7)	(25-30)
Restructuring	(1.4)	(8.1)	~(30)

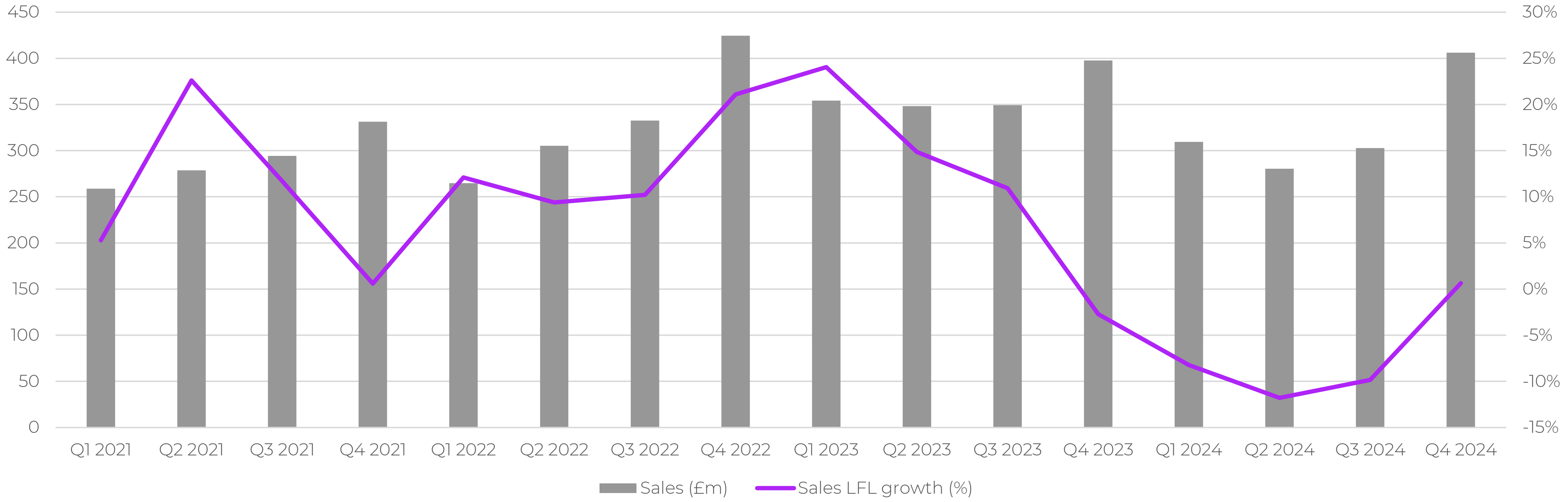
Sales by destination



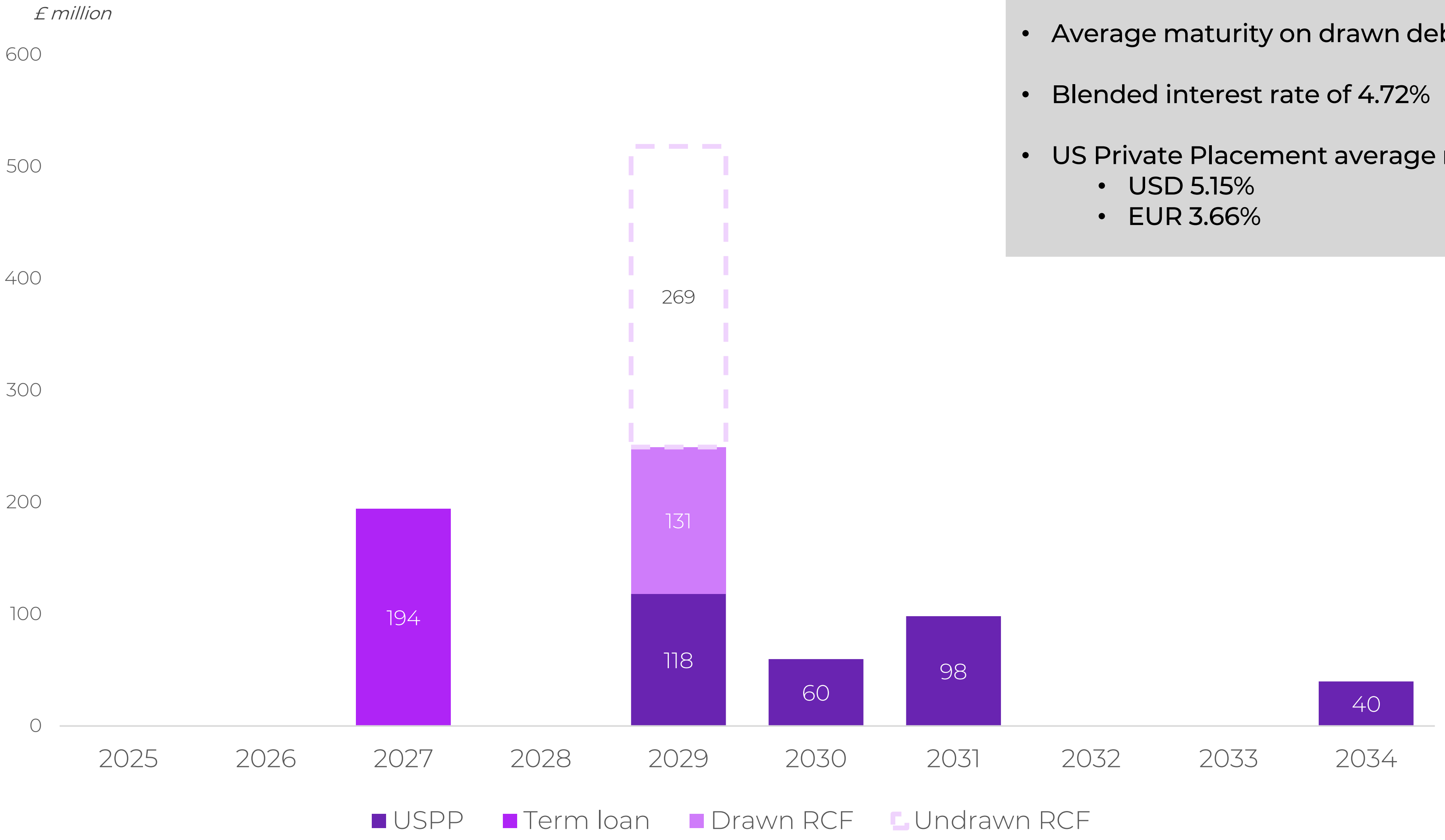
Destination	% of Group sales	LFL change 2024	LFL change 2023
North America	27%	(6%)	5%
Europe	32%	(6%)	14%
Germany	9%	(10%)	12%
UK	3%	(20%)	25%
Asia	36%	(9%)	11%
China	16%	(16%)	10%
Japan	5%	(4%)	21%
Rest of the world	5%	(8%)	11%

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	Q3 2024	Q4 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	302.8	406.2
Sales LFL growth (%)	5%	23%	12%	1%	12%	9%	10%	21%	24%	15%	11%	(3%)	(8%)	(12%)	(10%)	1%



Debt maturity profile



- Average maturity on drawn debt of 7.2 years
- Blended interest rate of 4.72%
- US Private Placement average rates:
  - USD 5.15%
  - EUR 3.66%