

Spectris plc – 2024 full year results

28 February 2025 – Spectris plc (SXS: LSE), the expert in providing insight through precision measurement, announces full year results for the year ended 31 December 2024.

Year of strong strategic execution against the backdrop of softer end markets

- Sales 7% lower in 2024 on a LFL basis, reflecting weakness across multiple end markets
- Reduction in adjusted operating margin to 15.6% as a result of operating leverage on lower sales
- Returning to growth – signs of end market demand recovery with LFL order growth of 6% in fourth quarter
- R&D delivering a record number of new products and product vitality up 7 percentage points at 29%
- Operational excellence - new ERP system and the Spectris Business System delivering tangible benefits
- Profit Improvement Programme to deliver £50 million of benefits over the next two years
- Three high-quality, complementary businesses acquired in 2024 delivering material synergies
- Focus on cash generation and leverage reduction in 2025

Andrew Heath, CEO, said:

“We ended the year strongly, with full year profit slightly ahead of our revised guidance, and I would like to thank all of my Spectris colleagues for delivering such a robust finish to the year. While it is too early to state that we are seeing a sustained recovery in end markets, we are encouraged by the positive demand signals observed in the final quarter, with strong momentum demonstrated by order intake growth of 6% on LFL basis.

We take confidence from the quality of our portfolio, which has been significantly strengthened by three highly synergistic acquisitions. Their contribution, alongside our accelerated value-realisation plan, in the form of our Profit Improvement Programme, will underpin a significant increase in profit in 2025 and 2026. While the pace of end market recovery remains unclear, the decisive actions we have taken on cost and our focused portfolio, mean we entered 2025 with good momentum, underpinning progress towards our medium-term financial targets.

In 2025, building on the actions we took in 2024, we expect the Group to trade in line with market expectations returning to strong levels of growth in adjusted operating profit.”

	Adjusted¹ 2024	Adjusted ¹ 2023	LFL change ¹	Statutory 2024	Statutory 2023	Statutory change
Sales (£m)	1,298.7	1,449.2	(7%)	1,298.7	1,449.2	(10%)
Operating profit (£m)	202.6	262.5	(20%)	97.6	188.6	(48%)
Operating margin (%)	15.6%	18.1%	(250bps)	7.5%	13.0%	(550bps)
Profit before tax (£m)	191.5	263.6		302.7	185.6	63%
Basic earnings per share (pence)	148.1p	199.7p		233.1p	140.3p	66%
Cash generated from operations				138.5	245.5	(44%)
Adjusted cash flow conversion (%)	88%	103%				
Return on gross capital employed (%)	11.6%	18.5%				
Dividend per share (pence)				83.2p	79.2p	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 Consolidated Financial Statements.

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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 GMT, hosted by Andrew Heath, Chief Executive and Angela Noon, Chief Financial Officer to discuss this statement. The presentation will be broadcast live via the following link:

<https://www.investis-live.com/spectris/67910c4da4d247000ef140f0/ythg>

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Copies of this press release are available to the public from the registered office at 6th Floor, The Block, Space House, 12 Keeley Street, London WC2B 4BA, United Kingdom 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 around 7,600 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.

Chief Executive Review

A year of strong strategic execution to position the Group for growth in 2025

At the start of the year, after three years of double-digit growth, we expected to deliver another year of progress in 2024, from anticipated improvement in a number of key end markets, particularly in the second half. While we have seen some encouraging demand patterns in the fourth quarter, the unique, and largely unprecedented, alignment of prolonged weakness across multiple end-markets in 2024, is reflected in our full year performance.

In response, we took decisive action, both on cost and investment, to ensure we were well-placed to deliver meaningful profit growth in 2025 and into the future. We have put in place an accelerated value realisation plan, our Profit Improvement Programme, leveraging the strategic actions we have taken to drive profitability and capitalise on market recovery over the next 12-18 months. In combination with our continued commitment to invest in R&D and the acquisition of three accretive and highly synergistic businesses in 2024, we are positioned strongly to deliver sustainable, profitable growth and material shareholder value creation.

We are two years into the execution of our Strategy for Sustainable Growth. I am pleased with the significant progress we have made, especially in a more challenging environment. We ended the year strongly, with full year profit slightly ahead of our revised guidance, and I would like to thank all my Spectris colleagues for owning it, aiming high and delivering such a robust finish to the year.

2024 financial performance

After a disappointing performance in the first half, which was compounded by short-term disruption as we went live with the first of our ERP implementations, we delivered a strong second half. In particular, we delivered a very strong fourth quarter, where operating profit was ahead of an equally robust comparative period. Demand also improved strongly in the fourth quarter, with LFL order growth of 6% and the book-to-bill ratio closing the year at just under 1x. Another positive indicator which suggests that we are in a recovery phase, is an analysis of total orders and sales on a last twelve-month (LTM) basis. This not only shows the positive trajectory of both in the final quarter, but also the closing of the gap through 2024, with LTM orders higher at the end of December versus the end of Q3 2024.

For the full financial year, sales of £1,298.7 million were 7% lower on a LFL basis, down 10% on a reported basis, reflecting a 1pp net impact from disposals and acquisitions and 2pp from adverse foreign exchange. LFL sales were lower in all end markets, and on a regional basis, were 6% lower in each of North America and Europe, and down 9% in Asia, predominantly driven by China against a strong comparator.

The actions we took on cost helped drive a reduction in adjusted overheads of £43 million on a LFL basis, partially mitigating the negative drop through impact of lower sales and gross profit. Adjusted operating margin ended the year down 250bps at 15.6% (2023: 18.1%). The resultant adjusted operating profit of £202.6 million (2023: £262.5 million) represented a decrease of 20% on a LFL basis (23% lower on a reported basis).

Adjusted earnings per share was 26% lower at 148.1 pence (2023: 199.7 pence). Statutory operating profit of £97.6 million (2023: £188.6 million) was 48% lower driven by the costs associated with our new ERP system and transaction costs associated with our three acquisitions. Cash conversion was 88% on an adjusted basis (2023: 103%) which is in line with our medium-term guidance of 80-90%.

Profit Improvement Programme

➤ **£50 million Profit Improvement Programme:**

- General cost and efficiency measures announced at the half year and completed during 2024
- The realisation of cost synergies associated with the acquisitions announced in 2024
- Crystallisation of the benefits associated with the implementation of our new ERP system

During the year, we took action to reduce costs and ensure the realisation of the full benefits of the strategic decisions we have made. At the end of October, at our third quarter trading update, we announced our Profit Improvement Programme, that delivers significant benefits across 2025 and 2026.

The Profit Improvement Programme is expected to deliver c.£50 million of full run rate benefits, of which £30 million is expected in 2025 with an additional £20 million in 2026. These benefits underpin the confidence in our guidance for 2025 and driving further meaningful profit improvement in 2026, with further upside potential, from operational leverage, as our end markets recover.

End markets were subdued in 2024, but are showing signs of recovery

➤ **Our target end markets have strong medium and long-term growth characteristics:**

- LFL order intake 3% lower in 2024
- LFL order growth of 6% in the final quarter was very encouraging
LTM order intake recovered in the second half

In 2023, end market demand normalised following the impact of the post-pandemic recovery and supply-chain constraints. In 2024, while demand was robust in the second half, we did not see any of the pickup expected when we entered the year. The expected reduction in the cost of capital did not materialise, leading to a sustained period of softness across multiple end-markets, with dampened investment in capex and R&D by our customers.

Order intake of £1,294.1 million was 3% lower on a LFL basis than the comparative period. However, demand improved to be flat in the second half compared to the prior year and on a LTM basis, order intake finished the year, higher than at the end of Q3 2024. While it is too early to state that we are seeing a sustained recovery in end markets, LFL order growth of 6% in the final quarter was very encouraging. With a book-to-bill of 0.99, the order book finished the year in line with the opening position, representing 4 to 5 months of sales.

In 2024, we continued to see sustained order growth in primary materials (materials) and aerospace & defence (A&D) (tech-led industrials) end markets, and it was reassuring to see machine manufacturing (tech-led industrials) return to growth through the year. Equally encouraging, was the order recovery in pharmaceuticals/life sciences and semiconductors which ended the year flat and slightly down respectively. However, collectively this was not sufficient to offset the pull back in academia and clean tech (primarily battery materials). We also experienced a decline in automotive demand in the second half, with the latter having been in growth through the first half of the year. On a LFL basis, demand was flat in Europe, with orders down 6% in North America, primarily driven by automotive, and down 4% in Asia, primarily academia and battery materials.

LFL sales performance across our end markets is set out in the table below. After a strong prior year, LFL sales contracted across all end markets in 2024. However, our expectations for medium-term average market growth of 5-6% remain unchanged, due to their fundamental long-term growth characteristics. Further detail on end market trends is contained in the Divisional review sections for Spectris Scientific and Spectris Dynamics.

End market	Sales 2024 (£m)	Sales 2024 % of total Group	LFL sales growth	LFL orders growth	Expected medium-term market growth
Life sciences / pharmaceutical	249	19%	(8%)	0%	5-7%
Technology-led industrials	224	17%	(3%)	1%	5-7%
Electronics and semiconductor	162	12%	(6%)	(2%)	6-8%
Automotive	140	11%	(4%)	(6%)	4-6%
Materials	151	12%	(4%)	1%	5-6%
Academic research	119	9%	(15%)	(5%)	5-6%
Other	254	20%	(10%)	(9%)	3-5%

Disciplined capital allocation and strong underlying cash conversion.

➤ Deploying all aspects of our capital allocation framework to drive growth and shareholder returns

- Cash generative, asset-light business model with target leverage of 1-2x EBITDA
- £1.1 billion invested in 16 acquisitions, with £1.1 billion returned to shareholders, since 2019
- Three high quality strategic acquisitions in 2024 to drive long-term growth

We take a disciplined and balanced approach to capital allocation to drive shareholder value creation.

Our first priority is to drive organic growth in the business, through investment in capital expenditure and research and development. We are proud of our track record of successively growing the dividend over the past 35 years, underpinned by our progressive policy, which is our second priority. Thirdly, our strategy is to compound growth through M&A, deploying the strong underlying cash generation of the business and the capital recycled from our successful disposal programme into acquisitions. And then finally, we have demonstrated our commitment to returning excess cash to shareholders through share buybacks, in the absence of available, value-enhancing acquisitions.

Since 2019, we have generated £1.3 billion of proceeds from eight disposals, £2.2 billion from operations and increased net debt by £0.3 billion. During the same period, we have invested £0.6 billion in R&D, £0.4 billion in capex/SaaS, £1.1 billion on acquisitions, £1.1 billion in shareholder returns through the ordinary dividend and share buybacks, with the remainder used to cover our other obligations.

2024 was a significant year for M&A for the Group. We deployed our strong balance sheet to secure three accretive, high-quality businesses, to drive long-term, sustainable growth, temporarily increasing the Group's leverage, consistent with our guidance to exceed the upper limit of our target range of 1x to 2x for the right deals. The combination of our asset-light operating model, high levels of cash conversion, a strong focus on reducing working capital, plus the benefits from our Profit Improvement Programme, will provide the basis for reducing leverage back within the target range, a core priority in 2025.

Looking further ahead, and consistent with our strong track record in this area, we will continue to return surplus cash to shareholders in the absence of compelling, value-creating organic and inorganic opportunities.

Outlook for 2025

While the pace of end market recovery remains unclear, the decisive actions we have taken on cost and our focused portfolio, mean we entered 2025 with good momentum, underpinning progress towards our medium-term financial targets.

In 2025, building on the actions we took in 2024, we expect the Group to trade in line with market expectations returning to strong levels of growth in adjusted operating profit.

A high-quality business with significant up-side potential

Beyond 2025, my confidence in Spectris' long-term growth prospects is founded on the quality of our businesses and the increased capability we are building. Following the successful divestments of recent years, we have focused the Group on a world class portfolio of premium precision measurement businesses.

The actions we have taken in 2024 and the strong momentum in strategic execution provides the Group with a robust platform for sustainable growth and strong cash generation. Additionally, we face into markets rich with opportunity, and with our high gross margins and high operating leverage, we are well placed to deliver further profitability, as markets come back into growth.

When we launched our Strategy for Sustainable Growth in 2022, we established medium-term performance targets for the Group, for the proceeding five years. Despite the challenges of end markets in 2024, the actions we have taken, and continue to take, only serve to increase our confidence in delivering against this framework by 2027:

➤ On track to deliver against our 2027 commitments:

- Organic sales growth of 6-7% through the cycle
- Adjusted operating margin of 20%+
- Return on gross capital employed (ROGCE) in the mid-teens %

The achievement of these performance objectives will materially enhance the value of the Group and deliver significant benefits to all of Spectris' stakeholders.

Executing our Strategy for Sustainable Growth

We made significant progress in 2024, due to strong strategic execution across all six pillars of our business model.

1. Great businesses

➤ Great businesses with leading market positions

- Two world class Divisions providing premium offerings in attractive niches
- Market leading technologies underpinned by strong intellectual property
- Track record of delivering significant outperformance as markets recover
- Excellent diversification across geographies and end markets

With the launch of the Strategy for Sustainable Growth in 2022, we took the decision to focus the Group on two Divisions – Spectris Scientific and Spectris Dynamics – to provide each with the attention and resources they require to become true global leaders in their fields, and the home of choice for asset-light businesses focused on premium, precision measurement solutions and industry leading domain expertise. Both Divisions benefit from the Group's cost of capital, balance sheet strength, and from common systems and capabilities.

In April, following the sale of Red Lion Controls, we brought together our three complementary precision instruments businesses within Spectris Scientific: Malvern Panalytical, Particle

Measuring Systems and Servomex. The addition of two, further high-quality businesses in 2024, Micromeritics and SciAps, means that in Spectris Scientific we are creating the leading material characterisation business in the world. As one Division of scale, this is providing opportunities to collaborate and share best practice in areas like operational effectiveness, including common IT systems, digital and SBS as well as R&D.

In Spectris Dynamics, we are building a focused leader in advanced, integrated virtual and physical test and measurement. In 2024 we made a further acquisition, Piezocryst, building on the successful acquisitions of Dytran and MicroStrain over the past two years to create the leading, premium pressure and vibration sensing offering for the most advanced applications.

We continue to see the investment in our virtual test business go from strength to strength, delivering high teens growth in 2024. This along with further investment in our legacy software design tools, has also increased the sale of recurring software in the Division to almost 20% in 2024, with our aspiration being to increase this to 25% by 2027. Spectris Dynamics offers the broadest test and measurement solutions in its premium niches.

2. Structural growth markets

➤ **Aligned with attractive markets, underpinned by structural growth drivers**

- Average market growth rate of 5-6% through the cycle
- Structural growth markets, underpinned by strong sustainability themes
- Diversified geographical and end market exposure

The Group's strategy is to align our businesses with attractive, sustainable, structural growth markets with high barriers to entry. Demand for our specialised products and services is supported by a number of secular trends that will drive average market growth rate of 5-6% through the cycle:

- Population change: an ageing population will drive the need for more drugs, new treatments and the requirement for productivity gains / automation
- Climate change: increasingly scarce resources require careful management of waste, recycling and effective extraction of resources, and the requirement to develop alternative energy sources
- Productivity: growing need for productivity in a more connected world
- Connection and digitalisation: heightened demand for advanced computing / electronics and requirement for more tailored and faster insights through digital solutions including AI
- Automation: to resolve input cost increases, resource constraints and drive efficiency
- Regulatory: greater regulatory scrutiny and data challenges

These structural growth trends are underpinned by strong sustainability themes, aligned with our Purpose to make the world cleaner, healthier and more productive.

3. Customer-centricity

➤ **Solving our customers' toughest challenges**

- Highly valued domain and application expertise
- Delivering solutions across the customer workflow, further strengthened through recent acquisitions
- Direct, high-touch selling model drives high levels of customer intimacy and strong aftermarket annuity

At Spectris we are focused on solving our customers' challenges with leading, differentiated solutions. We serve over 67,000 customers globally and over 90% of our sales are direct, with our high-touch approach supported by c.2,200 sales, service and application engineers. Our leading

domain and application expertise is highly valued by our customers. Here are just a few examples from across the Group.

In Spectris Dynamics, we combined our deep expertise in sensors, data acquisition, and measurement with the groundbreaking capabilities of artificial intelligence and machine learning to deliver faster, more precise, and cost-effective solutions for our customers. An example of this is our work in the U.S. waterborne transportation sector, with the U.S. Army Corps of Engineers to apply AI-driven technologies to solve traditionally complex engineering problems including improving flood mitigation, reducing dredging costs and preventing river lock system failures.

In Spectris Scientific, our Servomex business has played a vital role in a groundbreaking customer project for sustainable industrial development, through the supply of gas analysis technologies to a global steel company for use in a revolutionary process that removes carbon emissions from iron and steel production. A significant leap forward in the global transition to fossil-free steel production, Servomex's cutting-edge analysers, expert domain knowledge, have enabled the company to deliver a zero-carbon variant of its direct reduction steelmaking process for a revolutionary green steel facility.

Particle Measuring Systems (PMS) continues to be at the forefront of contamination monitoring in the aerospace and defence sector supplying more than 100 instruments to the industry in 2024. Leveraging decades of expertise, PMS is revolutionising the development and supply of cutting-edge aerosol particle counters and monitoring systems, for space shuttles and satellite manufacturing processes, within cleanroom environments. These ultraclean production facilities prevent particles from earth being transported to, and potentially contaminating space.

And in Malvern Panalytical, we are delighted that the School of Health Sciences at Purdue University in the USA, are using our XRF instruments to investigate and measure trace elements, such as heavy metals, in biological samples and their impact on the human body and environment. These benchtop instruments analyse powder, liquid and solid samples without damaging them in any way and their ease of use, relatively low cost, and ability to analyse multiple samples simultaneously also has positive implications for expanded testing worldwide, particularly in low-and middle-income countries.

4. Investing in Growth

➤ **The Group serves attractive markets, underpinned by structural growth drivers**

- Track record of organic growth underpinned by innovation and R&D
- Product vitality increased to 29% in 2024
- Deploying capital in high-quality acquisitions to add and enhance capabilities; all deals expected to exceed cost of capital three years post-acquisition

During the year, we maintained our investment in R&D, despite softer markets, underlining our commitment to innovate through the cycle, investing £104.8 million (2023: £108.1 million) in R&D in 2024 representing 8.1% of sales (2023: 7.5%).

This consistent approach to R&D investment, over recent years, delivered a record year for new product launches across both Divisions in 2024, details of which can be found in the Divisional Reviews. The initial customer response to our new products has been positive and is expected to support future organic growth and market share gains. The vitality index, which measures sales generated from new products launched in the last five years, was 29% in 2024, an increase of 7pp on the prior year (2023: 22%). We are well placed to deliver our medium-term vitality index target of c.33%, with a strong and exciting innovation pipeline.

In 2024, we deployed our strong balance sheet (net cash of £138.8 million as we entered 2024) and the proceeds from the sale of Red Lion Controls, to significantly strengthen our portfolio of

businesses with three, very high-quality acquisitions. As well as extending our capabilities and expanding our offering to customers, these acquisitions will generate material synergies as we integrate them over the coming months. We are excited about their future potential as part of Spectris:

- In August, we completed the acquisition of Micromeritics for £471.7 million. Together with Malvern Panalytical, this proven, high-margin, high-growth business creates the world's leading particle characterisation business for advanced materials analysis, with a highly differentiated and fully integrated offering. The combination supports the entire customer workflow from R&D to QC/QA applications and strengthens our offering in rapidly growing clean tech markets;
- In the same month, we completed the acquisition of SciAps for £134.9 million. The business has a proven track record of double-digit growth and adds laser-induced, backscatter spectroscopy (LIBS) technology to Malvern Panalytical's portfolio and provides access to the adjacent hand-held XRF market. SciAps' handheld portfolio, used in the field, complements Malvern Panalytical's range of laboratory and benchtop equipment and also significantly expands the opportunity to provide integrated and in-field digital measuring solutions, as an additional digital revenue service to customers; and
- In December, we completed the acquisition of Piezocryst, a leading provider of piezoelectric sensors, for £110.1 million. Specialising in high-precision pressure sensors and accelerometers, Piezocryst products are known for their quality, durability and precision in the harshest of environments. The acquisition is strongly aligned with our strategy for Spectris Dynamics to create the leading, premium pressure and vibration sensing offering, for the most advanced applications.

In total, the acquisitions create a group with £1.4 billion of sales on a proforma basis in 2024.

5. Operational excellence

➤ On track to deliver 20%+ operating margins by 2027

- Profit Improvement Programme to deliver £50 million of benefits across 2025-2026
- ERP to deliver 150 bps of operating margin through greater efficiency
- Integration of recent acquisitions delivering material synergies
- SBS driving continuous improvement every day and delivering tangible benefits in excess of £10 million per annum
- Group well positioned to deliver strong operating leverage as markets recover

Operational excellence reflects our consistent focus on productivity and efficiency, supported by investment in new systems and processes, along with the deployment of the Spectris Business System (SBS), our lean operating framework. Our objective is to deliver adjusted operating margins in excess of 20% by 2027 and despite lower profitability in 2024, resulting from lower sales, we remain firmly on course to deliver this commitment.

SBS has embedded a lean mindset across the organisation and a constant drive for continual improvement. As in previous years, SBS generated tangible cost savings in excess of £10 million in 2024, with a similar amount expected in 2025. We are also continuing to push the boundaries of what is possible at our sites and have continued to develop and promote our 'Go-for-Gold' programme with 10 sites now at Bronze and one with Silver accreditation at the end of 2024. We aim to have all operational sites certified at least Bronze by the end of 2025.

Examples of the specific ways in which SBS is helping drive greater efficiency can be found in the Divisional Reviews.

In April, we completed the first phase of the rollout of our new ERP system across Malvern Panalytical, and in September, we started a phased roll out of the new system across Spectris

Dynamics, taking on board the lessons learnt from the initial implementation. In 2025, we will continue the implementation across the remainder of Spectris Dynamics and prepare for the deployment across the remaining businesses and the recent acquisitions.

The new system replaces a number of legacy ERP systems, helping to standardise, simplify and automate processes to enhance our operations, enabling our businesses to become more efficient and scalable. The ERP deployment will deliver at least 150bps of margin improvement, equivalent to around £20 million P&L benefit.

We are delighted with the acquisitions we made last year. As we have got to know the businesses better, it has only served to confirm the significant opportunity to deliver both the cost and revenue synergies in our acquisition case. The integration of all three businesses has already commenced, with the delivery of synergies underway.

In the second half of the year, we also commissioned our new Spectris Dynamics facility in Porto, Portugal. This new facility mirrors our strain gauge assembly and sensor manufacturing capability in China, such that we are now able to support Western Hemisphere customers in-region.

The combination of the delivery of the Profit Improvement Programme, along with a more efficiently scalable business, following the ERP implementation, and our continued focus on continuous improvement, provides an opportunity to reduce overheads in line with best-in-class peers over the next three years.

6. People and Culture

➤ Purpose-led culture and record employee engagement score

- Healthy, high-performance culture with clear ambition to create a positive and lasting impact
- Committed to investing in our people to drive even higher levels of engagement

At Spectris, we recognise the importance of creating the right environment for our people to thrive and develop and I am pleased to see an increase in engagement levels as measured by our annual employee engagement survey. In 2024, our engagement scores increased to 4.00. This is the third successive year of improvement, up from 3.92 in 2023 (2022: 3.86), and we are well on track to deliver our medium-term target of 4.06 by the end of 2025.

Overall, I am very encouraged by the resilience and determination our people have shown in 2024, which is a testament to them and our healthy, high-performance culture, providing me with confidence that we are well-placed to deliver on our ambitions.

Delivering progress for a more sustainable world

➤ Further significant progress in 2024

- 21.7% reduction in Scope 1 and 2 emissions also delivering cost and efficiency benefits
- A- CDP rating

In 2024, we continued to make significant progress towards our goal to become Net Zero across our own operations by 2030 and across our value chain by 2040. We continue to build our credentials as a leading sustainable business, with strong, further progress made towards our Net Zero ambition with a 21.7% reduction in our scope 1 and 2 emissions in 2024. Since setting our ambition in July 2021, we have realised a 54.4% like-for-like reduction in the emissions from our operations.

As a responsible business we are also focused on ensuring that we align our recently acquired businesses with our ambition. Our drive towards Net Zero is not only delivering cost and

efficiency benefits in our operations but is also evident in how our instruments and solutions are supporting customers to meet their own sustainability objectives.

Dividend and shareholder returns

We recognise the importance of a growing dividend to our shareholders and are committed to a progressive dividend policy. The Board is declaring a final dividend of 56.6 pence per share, taking the dividend for the full year to 83.2 pence (2023: 79.2 pence per share), representing growth of 5% on last year and 35 years of continuous growth. The final dividend will be payable on 27 June to shareholders on the register on 16 May 2025. The ex-dividend date is 15 May. We also completed £96.7 million of share buybacks during the year, buying back three million shares.

Executive changes

On 1 September, Derek Harding started in his new role as President of our enlarged Spectris Scientific Division, having served as Chief Financial Officer of Spectris since March 2019. The Spectris Scientific Division is the combination of five great businesses with an exciting future, and I am enjoying continuing to work closely with Derek in his new capacity as we continue to deliver our strategic growth ambitions.

I am also delighted to be working with Angela Noon who joined Spectris as Chief Financial Officer on 1 September. Angela is a great addition to the team, bringing significant financial and commercial experience from the industrial and technology sectors.

Summary

2024 was a test for the Group but we exited the year with strengthened capabilities and a clear path to deliver improved profitability. The actions we took over the last twelve months position us to deliver strong earnings growth in 2025, with upside potential as markets recover. We are focused on reducing leverage driven by the Group's strong cashflow and remain committed to the delivery of our medium-term targets, with confidence in delivering a more structurally profitable Spectris, with operating margins in excess of 20%.

Divisional review

Spectris Scientific

	2024	2023	Change	LFL change
Statutory sales (£m)	776.7	804.6	(4%)	(6%)
Adjusted operating profit ¹ (£m)	137.5	171.9	(20%)	(24%)
Adjusted operating margin ¹ (%)	17.7%	21.4%	(370bps)	(410bps)
Statutory operating profit (£m)	86.3	140.4	(39%)	
Statutory operating margin (%)	11.1%	17.4%	(630bps)	

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

Full year performance

After a strong year in 2023, where sales grew 13% on a LFL basis, Spectris Scientific sales were 4% lower at £776.7 million (2023: £804.6 million) with adjusted operating profit of £137.5 million (2023: £171.9 million). LFL sales were 6% lower after taking into account the £50.1 million (6%) impact of acquisitions net of disposals (primarily the disposal of the remaining element of CLS) and adverse foreign exchange movements of £26.5 million (4%).

Sales were lower across all end markets and regions, particularly academia and on a regional basis, Asia, driven by continuing softness in China.

Order intake on a LFL basis was 2% lower, with growth in materials and flat demand in both pharma/life sciences and semiconductors more than offset by clean-tech and academia. Regionally, an increase in order intake in both Europe and North America was more than offset by Asia, notably China. Encouragingly, we saw strong momentum in the Division in the fourth quarter (LFL orders up 9%) with a strong performance in academia, materials and pharma/life sciences. This performance reflects China government incentives starting to filter through to academic institutions and a recovery of the primary materials business in Europe.

Adjusted operating margin decreased by 370bps to 17.7% (2023: 21.4%) on the back of negative drop through from lower sales volumes and product mix. On a LFL basis, the decrease in adjusted operating margin was 410bps.

Statutory operating profit was 39% lower at £86.3 million (2023: £140.4 million) after including £17.0 million of costs (2023: £19.4 million) related to the investment in our new ERP system, amortisation of acquired intangible assets of £14.3 million (2023: £5.0 million), £12.4 million (2023: £7.1 million) of transaction-related costs and fair value adjustments and £7.5 million (2023: £nil) of restructuring costs. Statutory operating margin was 11.1% (2023: 17.4%).

Strongly positioned in high growth end markets supported by sustainability trends

Spectris Scientific is focused on long-term, 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

Our pharmaceutical/life sciences sales in the Division are derived from three core areas: ~60% is derived from drug discovery with around two thirds of that devoted to small molecule drugs and one third to biologics; and the remaining ~40% is derived from aseptic manufacturing where our particle counters are used in cleanrooms.

While sales were lower than the prior year in all regions, reflecting soft demand in 2023 and a large part of 2024, order intake was only slightly lower than the comparative period, driven by strong demand in the fourth quarter.

In drug discovery, we continued to see strong demand growth in biologics in all regions driven by a number of trends including: demand associated with the production of drugs to address metabolic diseases (obesity and diabetes); and secondly, demand from generic manufacturers to support the development of more complex biologics, such as antibody drugs, cell and gene therapies and vaccines. This strong performance was more than offset by lower demand in small molecule, particularly in Europe and North America, reflecting customers refocusing their R&D and development pipelines on higher-value opportunities, after the exceptionally strong years following the pandemic. On a regional basis, demand from India was strong reflecting a trend to increase domestic drug development and production.

Demand from aseptic manufacturing saw positive growth, driven by the need for greater manufacturing capacity in Europe and North America to meet strong demand for new drugs to treat chronic diseases such as Alzheimer's and obesity.

The outlook over the medium-term remains positive, with growth in life sciences underpinned by a number of structural trends including: ageing populations; developing economies obtaining a larger middle class; innovation to treat many previously untreatable diseases; and the diversification of the supply chain through onshoring.

Materials

Primary Materials

LFL sales and orders were slightly lower than the prior year, against a tough comparator. We saw strong sales growth in building materials with customers using our instruments to characterise particles in new materials as they seek to reduce carbon in their production process. We have seen strong demand for automation projects, where our unique expertise in automating sample preparation as part of a total analytical solution is in high demand. The strength in building materials was offset by lower sales in petrochemicals and mining, which was impacted by a slowdown in markets, including Australia.

Over the medium-term, we are ideally placed to support customers testing new materials as part of their carbon reduction initiatives and where our instruments and expertise are required to take more frequent measurements ie. real time analysis. This will provide us with significant opportunity for our on-line solutions, both in particle size and cross belt analysers, as well as various solutions for wet applications.

Advanced Materials

LFL sales were significantly lower than the prior year, driven by weaker demand in China to support the development of batteries and battery materials, a trend linked to the wider, over supply in battery manufacturing for electric vehicles. Here our particle analysers are used by customers to assess the quality and character of particles to assess reactivity of raw materials. Demand was also lower than the prior year albeit to a lesser extent than the reduction in sales.

While it was a challenging year for advanced materials, particularly those linked to battery development and production, the medium-term outlook remains positive, driven by secular growth trends such as electrification, clean technologies and advanced manufacturing. We are developing new products and solutions to better drive innovation in emerging markets such as hydrogen production and carbon capture. These will underpin customer R&D investment and, with our strong domain knowledge and broad product offering for material characterisation, we are well placed to benefit from future innovations.

Semiconductor

LFL sales into semiconductor and electronics customers were down, driven by weakness in North America and Europe, which more than offset modest growth in Asia. Despite the softer

market backdrop, we were encouraged by the new customer wins for our Chem20 Chemical Particle Counter, as well as the customer response to our market-leading NanoAir 10 Condensation Particle Counter.

Sales of instruments to support the characterisation of crystal wafers into semiconductor production also grew, where the acquisition of product lines from Freiberg Instruments in 2023 has helped expand our customer offering across the value chain. Having entered the year with a strong backlog, our Servomex business also saw good sales growth into semiconductor, particularly in Asia, for its premium gas analysers.

Orders were broadly flat compared to the prior year, with strong growth in Europe offset by the US with Asia in line with the prior year.

The medium to long-term outlook remains positive, with semiconductor demand being driven by a number of secular trends including the rise of artificial intelligence, electrification, onshoring and increased penetration of software-defined vehicles.

Academia

After a very strong 2023 where sales grew well into double-digits, LFL sales were significantly lower for the year, mainly driven by China, with the prior year benefiting from government stimulus and incentives.

On the demand side, while overall order intake was lower for the full year, we saw positive momentum and very strong order growth in the final quarter which is encouraging. We saw good demand from government institutions and universities in India, North America and Latin America including strong sales for our Zetasizer particle analyser product. Towards the end of the year, we also saw early signs that the Chinese government incentives announced earlier in the year were starting to stimulate demand with growth in orders driven by our Microcal ITC, Zetasizer, and Morphologi 4-ID products. We expect government incentives to be higher in 2025 than 2024.

Academic research remains a core end market, providing an excellent reference point for commercial customers and the opportunity to build brand loyalty with researchers early on in their careers. The attractive, medium-term growth prospects are underpinned by some of the same secular themes driving our other core end markets.

Investing in growth

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. The Zetasizer Advance accessory, provides automated sample introduction including a range of consumables via a Co-Bot that allows user free measurements also came to market.

Staying with Malvern Panalytical, we also launched a number of products applying digital capabilities including enabling SMART Manager for the Mastersizer and Zetium. These enhancements enable remote monitoring and diagnostics, predictive maintenance, and real-time analytics, ensuring optimal instrument performance. And then finally, we launched the SMART Return Agrilitics Digital Asset, our digital platform that leverages analytical data to optimise agricultural productivity, sustainability, and decision-making. It integrates precision agriculture insights with Malvern Panalytical's analytical tools.

At Servomex, we launched 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 new 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.

M&A

In August, we completed the acquisition of two of our top M&A targets in SciAps and Micromeritics. These are businesses we have known for some time that will significantly enhance our capabilities and broaden our product offering to customers. Both businesses are leaders in their respective fields and will be fully integrated within Malvern Panalytical as we look to create the world leader in particle characterisation.

The combination of Malvern Panalytical and Micromeritics allows us to support the entire customer workflow and it will also enhance our offering in the rapidly growing clean tech markets of carbon capture and hydrogen.

SciAps brings new technology in the form of laser-induced, backscatter spectroscopy technology to Malvern Panalytical's portfolio and provides access to the hand-held XRF market. The addition of SciAps handheld instruments, used in the field, complements Malvern Panalytical's range of laboratory and benchtop equipment and also significantly expands the opportunity to expand our digital offering.

The customer response to these acquisitions has been very positive, reflecting the strength of the combined offering. Integration is well underway with dedicated teams in place to ensure we maximise the benefits of the combination including the realisation of substantial synergies in 2025 and beyond.

Operational Excellence

We continue to leverage SBS to improve productivity and drive business excellence across the Division. During the year, we completed several projects delivering tangible financial benefits as well as expanding the scope of the SBS programme to include our commercial and service excellence teams.

In 2024, we delivered tangible benefits in excess of £5 million, with the greatest contribution from our commercial and service teams through our 'land and expand' initiative, the aim of which is to deepen our connection with existing customers and leverage the breadth of our product offering. Other highlights include: a substantial reduction in lead-time for one of key products in Servomex through process flow improvements; a significant reduction in the lead time to recruit talent in one of our Asian HR teams and; the adoption of new technology to reduce turnaround times on inventory within our PMS business.

We also made great progress with the Go-for-Gold programme, with five bronze sites at the end of the year. We were also delighted that our Zhuhai, China site was the first Spectris site to be awarded a silver certification. In 2025 we will continue to deploy SBS across the business in our operational and non-operational areas as well as progressing our sites through Go-for-Gold.

Spectris Dynamics

	2024	2023	Change	LFL change
Statutory sales (£m)	501.7	542.8	(8%)	(7%)
Adjusted operating profit ¹ (£m)	72.3	93.0	(22%)	(20%)
Adjusted operating margin ¹ (%)	14.4%	17.1%	(270bps)	(240bps)
Statutory operating profit (£m)	19.5	56.1	(65%)	
Statutory operating margin (%)	3.9%	10.3%	(640bps)	

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

Full year performance

After a good performance in 2023 where LFL sales grew by 6%, Spectris Dynamics sales were 8% lower in 2024 at £501.7 million (2023: £542.8 million). On a LFL basis, sales were 7% lower after taking into account the net impact of £16.8 million (3%) of adverse foreign exchange movements, and the £11.8 million (2%) sales contribution from the acquisitions of MicroStrain in 2023 and Piezocryst in 2024. Slightly higher sales in A&D were more than offset by mid-single digit sales declines in machine manufacturing and automotive and lower sales in academia and other markets.

Order intake was 4% lower on a LFL basis with double-digit growth in machine manufacturing and good growth in aerospace & defence (A&D) more than offset by softer demand in academia and other markets.

On a regional basis, the Division achieved continued demand growth in Asia, all year, supported by China (machine manufacturing) and Japan (machine manufacturing and A&D). However, Europe remained flat to slightly down, driven by continued weakness in Germany, primarily due to subdued automotive and machine manufacturing, despite growth across the rest of Europe. North American demand was soft, particularly in automotive, as a consequence of the pullback in electric vehicle programmes.

Adjusted operating profit of £72.3 million was 22% lower than the £93.0 million achieved last year, (20% on a LFL basis), with adjusted operating margin 270bps lower (240bps lower on a LFL basis) at 14.4% (2023: 17.1%). 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 65% to £19.5 million (2023: £56.1 million) after including £27.7 million (2023: £20.6 million) of costs related to the investment in our new ERP system, £10.8 million (2023: £nil) of restructuring costs, £3.6 million (2023: £3.1 million) of transaction-related costs and fair value adjustments and £10.7 million (£13.2 million) of acquired intangibles amortisation. Statutory operating margin was 3.9% (2023: 10.3%).

Well positioned in attractive markets

We are well positioned in attractive growth markets that are benefiting from a number of global trends: increased adoption of virtual test in automotive to accelerate innovation; digitisation and the increased use of software to design, test and to process 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.

As a global leader in advanced virtual and physical testing, and high precision sensing solutions we are uniquely placed offering the broadest solution, with the ability to integrate both the physical and virtual worlds of test and measurement. The Division has a focused range of technical solutions, that enable customers to innovate across the whole product lifecycle: from enabling engineers that want to design in the virtual world, using our leading simulators and

simulation software; to validating in the physical world, using data acquisition, software and sensors.

Our technology is the bridge between both worlds, taking the learnings from each and applying it to help engineers accelerate innovation. The backbone of Spectris Dynamics is our domain and physics expertise.

Automotive

After a flat first half, LFL sales ended the year lower albeit ahead of the wider market, with declines in all regions with strong, double-digit growth in virtual test more than offset by physical test.

Strong sales growth in our virtual test business was driven by the ongoing success of our market leading simulators and software offering, where customers continue to see the benefits of using simulation as a key part of their R&D process. Driver-in-the-loop virtual testing, combined with precision hardware-in-the-loop testing is enabling customers to halve their time to market and reduce the cost of innovation by as much as 20%. This strong performance was more than offset by softer conditions in physical test, particularly in Asia and Europe.

On the demand side, order intake was lower for the full year mainly driven by physical test, with order growth in the first half being more than offset by a decline in the second half, as sentiment softened and customers delayed investments into large capital equipment for R&D. This was particularly evident in Europe and North America and reflects the general market uncertainty surrounding the sales of electric vehicles and the growth of Chinese auto manufacturers. Physical test orders in the fourth quarter were up, indicating a stabilisation of the market and demonstrating the attractiveness of our technology solutions to new markets.

While 2024 was a more challenging year for the industry, over the medium-term, we continue to expect growing demand for automotive R&D, driven by the development of new vehicles, platforms and technologies, and the need to reduce development time. With our broad product offering across virtual test, physical test and in-process, and our global customer relationships, we are extremely well placed to benefit from this growth.

Machine manufacturing

LFL sales were lower than the prior year, with all regions seeing declines particularly North America. We experienced notable weakness in Germany, China and the US reflecting customer caution throughout 2023 and the first half of 2024, with lower levels of industrial activity during that period in those geographies.

Encouragingly, LFL order intake was strongly up in the second half, driving double-digit growth for the Division for the year, underpinned by a strong performance in Asia (including China) and growth in Europe, outweighing softness in North America. We have seen good demand for our OEM sensors into new areas including robotics, autonomous vehicles and agriculture and larger orders for our smart sensor offering. While we recognise that market uncertainty remains, this positive trend indicates demand may have bottomed after a prolonged downturn, indicating 2025 will be the start of positive growth.

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 to support logistics growth in e-commerce, 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 increased defence spending, continued investment in commercial space and growth in civil aerospace. LFL orders were also ahead of the comparative period driven by strong defence demand in Asia, notably Japan.

Demand continues to be 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 attractiveness of its offering to commercial space customers.

Customer activity in civil aerospace remains robust, as the recovery continues and customers invest in research and development for new propulsion technologies including electrification and hydrogen.

Longer-term, continued investment in electrification and alternative fuels, as well as new technologies to improve efficiency, provides plenty of growth opportunities for our sensors and wider product portfolio. The acquisition of Piezocryst will further enhance our technological offering and there is a significant opportunity to sell their piezoelectric sensors into the aerospace and defence market.

Investing in Growth

During the year we continued to see positive results from strong strategic execution, both organically and through M&A.

Research and development

In Virtual Test, we launched four new products consisting of two simulators and two software products. The key highlight was the launch of our award-winning Driver-in-Motion Full Spectrum Dynamic Simulator and Hyperdock, which together provide a quantum leap in realism, and the first simulator that is capable of full vehicle motion, high frequency vibration, and sound for an immersive testing experience.

In Physical Test, we brought six new products to market in 2024. This included the next generation T100/T110 torque sensor, building on market leading accuracy, that offers new possibilities in demanding applications, such as powertrain development for electric vehicles. In the second half, we launched our next generation DAQ system to market, with the product focused on the sound and vibration sector with Fusion LN were also major updates to our simulation and durability/reliability software with key functionality enhancements.

In-Process launched over 100 new products in the year, including over 50 new sensor releases and 60 prototypes as well as a number of software launches. These new products and various upgrades are aimed at growing in key markets and included: AI-Driven End-of-Line (EOL) Testing and Analytics optimising machine-learning for EOL testing processes, improving product quality and manufacturing efficiency; AI-Enabled Monitoring Solutions for critical infrastructure; a number of key drone-market applications; and through partnerships to add telemetry for autonomous torque for medical applications.

We also launched the digiBOX, a compact IIoT multichannel amplifier that enables traditional sensors to become smart sensors in the heart of the customers precision process solutions, maximising efficiency of their equipment and enabling the machines to be more autonomous.

M&A

In December, we completed the acquisition of Piezocryst, a leading provider of piezoelectric, high-precision pressure sensors and accelerometers for demanding applications (highest and coldest temperature range using the Gallium Ortho Phosphate crystals). The Company's sensors

are known for their quality, durability and precision, helping optimise engines, machines and processes in the harshest of environments.

The acquisition expands our existing product range and enhance our customer offering across the automotive, aerospace & defence, energy and industrial markets. It will also reinforce our strategy to create the leading, premium pressure and vibration sensing offering for the most advanced applications, building on the acquisitions of Dytran and MicroStrain over the past two years.

Operational Excellence

We continued to leverage the SBS during the year with the focus on operations including initiatives to improve safety, efficiency, quality and indirect spend. Collectively, the Division delivered around £5 million in benefits in the year.

Highlights include optimising energy consumption for long soak precision sensor calibration, reduction in bill of materials through VAVE projects including the high-speed precision components in our EPT offering; whilst we also delivered multiple kaizen events to improve quality yields and lower the time to manufacture, with particular progress being made at our Suzhou site in China and Virum site, in Denmark.

The Division now has 5 sites at bronze certification as part of the Go-for-Gold programme. In 2025, our bronze sites will be working towards silver and recently acquired sites will start their journey towards bronze. Our focus is to have one language for SBS, a common understanding of SBS methods, with tangible improvements across the portfolio towards the Group target level and as a minimum, leveraging our continuous improvement culture to offset cost inflation year over year.

Financial review

Financial Performance

After three years of strong growth, 2024 was more challenging, as softer market conditions remained for longer than anticipated, impacting our headline financial performance. Despite this, we delivered a robust second half, meeting our revised guidance for the full year. Positive order momentum in the final quarter was encouraging.

While order intake was 3% lower on a LFL basis for the year, demand gradually stabilised with order intake flat in the second half and positive growth in the final quarter. Sales of £1,298.7 million (2023: £1,449.2 million) were 10% lower, down 7% on a LFL basis, with sales lower across all regions. The combined impact of disposals, net of acquisitions, and adverse exchange movements, reduced sales by £54.6 million (3%) which together with the reduction in LFL sales resulted in the 10% reduction in reported sales.

Given the high gross margins across the Group, the negative drop through effect of lower sales and product mix had a material impact on our profitability for the full year. As a result, gross profit of £715.9 million (2023: £838.1 million) was 15% lower (12% on a LFL basis) than the prior year, with the positive impact of acquisitions only able to partially offset lower sales volumes. Gross margin of 55.1% (2023: 57.8%) were 270bps lower, reflecting lower sales and product mix effects.

As a result of the prolonged nature of lower demand across a number of our end markets, the action we took to reduce costs in the second half, helped drive a reduction in adjusted overheads of £43 million on a LFL basis and partially mitigating the reduction in gross profit. Adjusted operating profit margin decreased 250bps to 15.6% (2023: 18.1%) resulted in adjusted operating profit of £202.6 million (2023: £262.5 million). Adjusted earnings per share of 148.1 pence (2023: 199.7 pence) were 26% lower than the prior year. Statutory earnings per share were 233.1 pence (2023: 140.3 pence), with most of the increase attributable to the £210.7 million profit on disposal of the Red Lion Controls business.

Statutory Results

	2024	2023
	£m	£m
Sales	1,298.7	1,449.2
Cost of sales	(582.8)	(611.1)
Gross profit	715.9	838.1
Indirect production and engineering expenses	(112.3)	(126.9)
Sales and marketing expenses	(215.7)	(249.6)
Administrative expenses	(290.3)	(273.0)
Selling, General & Administration expenses	(618.3)	(649.5)
Statutory Operating profit	97.6	188.6

Sales decreased by 10% or £150.5 million to £1,298.7 million (2023: £1,449.2 million). Gross profit decreased by £122.2 million driven by the lower sales volumes, partly offset by pricing.

Selling, General & Administration (SG&A) expenses decreased by £31.2 million, driven by lower employee-related costs, the sale of Red Lion Controls and foreign exchange impacts. Investment in R&D decreased by £3.3 million to £104.8 million representing 8.1% of sales (2023: £108.1 million, 7.5% of sales).

As a result, statutory operating profit was £97.6 million, a decrease of £91.0 million (2023: £188.6 million). Statutory operating margin was 7.5% (2023: 13.0%).

Statutory to adjusted operating profit

	2024	2023
	£m	£m
Statutory operating profit	97.6	188.6
Restructuring costs	18.3	-
Net transaction-related costs and fair value adjustments	16.2	14.0
Spectris Foundation Contribution	0.8	1.0
Configuration and customisation costs carried out by third parties on material SaaS projects	44.7	40.0
Amortisation and impairment of acquisition-related intangible assets	25.0	18.9
Adjusted operating profit	202.6	262.5

Restructuring costs of £18.3 million (2023: £nil) relates to the actions taken during the year on targeted efficiency savings and trimming the cost base in line with demand, which represents one element of the Profit Improvement Programme, with the other two elements being the realisation of synergies from the three acquisitions and the benefits associated with our new ERP system.

Net transaction-related costs (£18.4 million) and fair value adjustments (£2.2 million release) were £16.2 million (2023: £14.0 million), with the increase reflecting the higher level of M&A activity in 2024, primarily relating to the acquisitions of SciAps and Micromeritics completed in August 2024 and Piezocryst completed in December 2024.

Consistent with the prior year, material SaaS project costs, which represents the continuation of the implementation of the new SAP cloud-based ERP system, of £44.7 million (2023: £40.0 million) are excluded from adjusted operating profit, as is amortisation of acquisition-related intangible assets of £25.0 million (2023: £18.9 million). The slightly higher SaaS costs reflect the implementation of the entire Malvern Panalytical business in April as well as phase one of Spectris Dynamics, with 2024 expected to be the peak of costs associated with this project.

Adjusted operating profit was £202.6 million (2023: £262.5 million), a decrease of 23% (20% on a LFL basis). Statutory operating profit for the year was £97.6 million (2023: £188.6 million).

Statutory operating profit to profit before tax

The table and commentary below sets out the items that are booked outside statutory operating profit in the Consolidated Income Statement.

	2024	2023
	£m	£m
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 instruments	(1.9)	2.8
Profit/(loss) on disposal of businesses	210.2	(12.6)
Finance income	15.0	11.0
Finance costs	(17.8)	(4.1)
Statutory profit before tax	302.7	185.6
Taxation charge	(69.5)	(40.2)
Statutory profit after tax	233.2	145.4

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 £210.7 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 (2023: £101.8 million sales and £17.3 million operating profit, reflecting a full year of contribution to Spectris' 2023 results).

Net finance costs of £2.8 million compares with net finance income of £6.9 million in 2023 and relates to debt facilities entered into during the second half to part finance the acquisitions of the SciAps, Micromeritics and Piezocryst businesses. Interest costs are expected to increase in 2025 to around £35 million, reflecting the full year cost of additional debt, further details of which are set out in the Financing and Treasury section below.

Tax

The effective tax rate on adjusted profit before tax and statutory profit before tax was 22.7% (2023: 21.5%) and 23.0% (2023: 21.7%) respectively, with the increases reflecting the reduced impact of tax credits and incentives and Pillar 2 tax charges.

Earnings per share

Adjusted earnings per share were 148.1 pence (2023: 199.7 pence). This is calculated based on a weighted average number of shares of 100.2 million (2023: 103.6 million), with the lower share count resulting from the buyback programmes in 2023 and 2024. Statutory earnings per share were 233.1 pence (2023: 140.3 pence), with most of the increase attributable to the £210.7 million profit on disposal of the Red Lion Controls business.

	2024	2023
Statutory earnings per share (basic)		
Profit attributable to ordinary equity holders of the parent for basic earnings (£m)	233.6	145.4
Weighted average number of shares outstanding (millions)	100.2	103.6
Basic earnings per share (pence)	233.1	140.3
Adjusted earnings per share (basic)		
Adjusted earnings attributable to ordinary equity holders of the parent (£m)	148.4	206.9
Weighted average number of shares outstanding (millions)	100.2	103.6
Adjusted basic earnings per share (pence)	148.1	199.7

Cash flow and net debt

	2024	2023
	£m	£m
Adjusted cash flow		
Adjusted operating cash flow		
Adjusted operating profit	202.6	262.5
Adjusted depreciation and software amortisation ¹	36.1	38.8
Working capital and other non-cash movements	(9.4)	(5.5)
Capital expenditure	(51.7)	(24.7)
Adjusted operating cash flow	177.6	271.1
Non-operating activities		
Restructuring costs paid	(8.1)	(1.4)
Spectris Foundation Contribution paid	(1.8)	-
Tax paid	(45.3)	(50.3)
Total non-operating activities	(55.2)	(51.7)
Adjusted investing activities		
Acquisition of businesses, net of cash acquired	(731.2)	(49.5)
Acquisition of investment in associates	-	(7.8)
Transaction-related costs paid	(34.1)	(5.8)
Proceeds from disposal of businesses, net of tax paid of £48.1 million (2023: £5.9 million)	225.7	3.3
SaaS-related cash expenditure	(44.7)	(40.0)
Total adjusted investing activities	(584.3)	(99.8)
Adjusted financing activities		
Dividends paid	(80.5)	(79.7)
Share buyback	(96.7)	(114.9)
Net proceeds from exercise of share options	0.5	0.6
Net interest (paid)/received on cash and borrowings	(8.2)	4.4
Lease payments and associated interest	(15.2)	(15.6)
Total adjusted financing activities	(200.1)	(205.2)
Net flow of funds	(662.0)	(85.6)
Foreign exchange	(25.8)	(3.6)
Movement in net (debt)/cash	(687.8)	(89.2)
Net cash at start of year	138.8	228.0
Net (debt)/cash at end of year	(549.0)	138.8
Adjusted cash flow conversion	88%	103%

1. Adjusted depreciation and software amortisation represent depreciation of property, plant and equipment, software and internal development amortisation.

Adjusted operating cash flow decreased by £93.5 million to £177.6 million (2023: £271.1 million), resulting in an adjusted cash conversion rate of 88% (2023: 103%). Statutory cash generated from operations was £138.5 million (2023: £245.5 million).

The decrease in adjusted operating cash flow was largely driven by the decrease in adjusted operating profit, a slightly higher net outflow in working capital including higher receivables reflecting the strong finish to 2024, and higher levels of capital expenditure. Cash management, including a focus on reducing working capital, remains a key priority for 2025 and 2026 as we look to bring leverage to within our target range of 1x to 2x.

Capital expenditure of £51.7 million (2023: £24.7 million) equated to 4.0% of sales, compared to 1.7% in 2023, with the increase reflecting the phasing of spend relating to our new, state-of-the-art PMS facility in Colorado and our new Dynamics site in Porto. As a result, capital expenditure was 143% of adjusted depreciation and software amortisation (2023: 64%).

Restructuring costs paid of £8.1 million (2023: £1.4 million) are lower than the £18.3 million charge in the Consolidated Income Statement, with the remainder of the cash costs expected to be incurred in 2025.

During the second half of the year, the Group completed the acquisitions of SciAps, Micromeritics and Piezocryst. This resulted in a cash outflow of £728.9 million, with an additional £2.3 million cash outflow relating to deferred and contingent consideration for prior years' acquisition. The majority of the transaction-related costs paid of £34.1 million relates to the three acquisitions made during the second half of the year. Proceeds from disposals was £225.7 million and reflects the sale of Red Lion Controls business in April net of tax paid of £48.1 million.

During the year ended 31 December 2024, 3,099,667 ordinary shares were repurchased by the Group as part of the first and second tranches of the £150 million share buyback announced on 11 December 2023. Of those shares repurchased, 1,313,979 were cancelled and 1,785,688 were transferred to Treasury shares in relation to the first and second tranches respectively. This resulted in a cash outflow of £96.7 million, including transaction fees of £0.4 million.

The foreign exchange retranslation of £25.8 million primarily relates to the Group's US Dollar and Euro-denominated new debt facilities, with GBP Sterling weakening against both currencies since the facilities were put in place. Further details of these facilities are set out below.

As a result, net debt at the end of the year was £549.0 million (2023: net cash £138.8 million).

Financing and treasury

The Group finances its operations from retained earnings and, where appropriate, from third-party borrowings. Total borrowings as at 31 December 2024 were £654.7 million (2023: £nil). On 7 May 2024, the \$500 million 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.

On 2 August 2024, the Group entered into a \$400 million bridge facility and \$250 million 3-year term loan (the latter drawn equally in USD and EUR), with four of its relationship banks (Bank of America, BNP Paribas, HSBC and NatWest). These facilities, along with surplus cash on Balance Sheet, were used to fund the acquisitions of SciAps and Micromeritics on 21 and 23 August respectively.

On 6 November 2024, the Group entered into a Note Purchase Agreement and issued US Private Placement (USPP) loan notes totalling \$300 million and €92 million, which were used, along with RCF drawings, to repay and cancel the bridge and to fund the acquisition of Piezocryst on 2 December 2024. The maturities of the loan notes range from five to ten years. As at 31 December 2024, the following committed debt was outstanding:

Type of Debt	Maturity	Facility size	Drawn – GBP
USPP Loan Notes - fixed			
USPP – 5.03%	2029	\$100.0m	£79.8m
USPP – 5.13%	2030	\$75.0m	£59.9m
USPP – 5.21%	2031	\$75.0m	£59.9m
USPP – 5.31%	2034	\$50.0m	£39.9m
USPP – 3.56%	2029	€42.0m	£38.2m
USPP – 3.76%	2031	€42.0m	£38.2m
			£315.9m
Bank Term Loans			
USD Term Loan – SOFR + 1%	2027	\$125.0m	£99.8m
EUR Term Loan – Euribor + 0.75%	2027	€113.8m	£94.4m
			£194.2m
Revolving Credit Facility			
RCF – RFR / Euribor + margin	2029	£400.0m	£131.3m
			£131.3m
Total Committed Debt			£641.4m
Bank overdrafts			£13.3m
Total Drawn Debt			£654.7m

The Group regularly monitors its financial position to ensure that it remains within the terms of its financial covenants¹. The minimum permitted interest cover under the Group's external debt facilities is 3.75x with the covenant result of 29x for the year ended 31 December 2024 (31 December 2023: N/A due to net interest income during the year). The maximum permitted leverage is 3.5x, with leverage 2.3x as at 31 December 2024 (31 December 2023: less than zero).

The Group has prepared and reviewed cash flow forecasts for the period to 31 December 2029, 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 has, during 2024, secured committed funding with an average maturity of 7.2 years and with staggered maturities from three to ten years. 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.

In addition, when assessing going concern, the Directors considered a 'severe but plausible' downside scenario that reflects a combination of events that results in an outcome that is negative to our base case but is still considered possible. In this scenario the Group still operates within its covenant restrictions and with sufficient liquidity headroom.

Following this assessment, 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 Consolidated Financial Statements.

¹ Interest cover: covenant defined earnings before interest, tax and amortisation divided by net finance charges
Leverage: covenant-defined net debt / EBITDA.

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 31 December 2024, approximately 64% of the estimated transactional exposures of £232.8 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

	2024	2023		2024	2023	
	(average)	(average)	Change	(closing)	(closing)	Change
US Dollar (USD)	1.28	1.24	3%	1.25	1.27	(2%)
Euro (EUR)	1.18	1.15	3%	1.21	1.15	5%
Chinese Yuan Renminbi (CNY)	9.20	8.81	4%	9.14	9.03	1%

During the period, currency translation effects resulted in adjusted operating profit being £5.6 million lower (2023: £1.9 million lower) than it would have been if calculated using prior year exchange rates.

Transactional foreign exchange losses of £0.8 million (2023: £5.8 million loss) were included in administrative expenses, whilst sales include a gain of £6.2 million (2023: £4.5 million gain) arising on forward exchange contracts taken out to hedge transactional exposures in respect of sales.

Consolidated Income Statement

For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Revenue	2	1,298.7	1,449.2
Cost of sales		(582.8)	(611.1)
Gross profit		715.9	838.1
Indirect production and engineering expenses		(112.3)	(126.9)
Sales and marketing expenses		(215.7)	(249.6)
Administrative expenses		(290.3)	(273.0)
Operating profit	2	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	8	210.2	(12.6)
Financial income	3	15.0	11.0
Finance costs	3	(17.8)	(4.1)
Profit before tax		302.7	185.6
Taxation charge	4	(69.5)	(40.2)
Profit for the year attributable to owners of the Company		233.2	145.4
Attributable to:			
Equity holders of the parent		233.6	145.4
Non-controlling interest		(0.4)	-
		233.2	145.4
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic	6	233.1p	140.3p
Diluted	6	231.1p	139.4p
Dividends attributable to the ordinary equity holders of the Company			
Interim dividend paid and final dividend proposed/paid for the year (per share)	5	83.2p	79.2p
Dividends paid during the year (per share)	5	80.5p	76.6p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Profit for the year attributable to owners of the Company		233.2	145.4
Other comprehensive expense:			
Items that will not be reclassified to the Consolidated Income Statement:			
Remeasurement of net defined benefit obligation		(0.7)	(0.6)
Fair value loss and foreign exchange movements translation on investment in equity instruments designated as at fair value through other comprehensive income		(1.3)	(5.0)
Tax credit on items above		0.2	0.2
		(1.8)	(5.4)
Items that are or may be reclassified subsequently to the Consolidated Income Statement:			
Net (loss)/gain on effective portion of changes in fair value of forward exchange contracts on cash flow hedges		(5.6)	6.1
Foreign exchange movements on translation of overseas operations		(20.1)	(42.5)
Currency translation differences transferred to profit on disposal of businesses	8	(17.9)	-
Tax credit/(charge) on items above		1.0	(1.1)
		(42.6)	(37.5)
Total other comprehensive expense		(44.4)	(42.9)
Total comprehensive income for the year attributable to owners of the Company		188.8	102.5
Attributable to:			
Equity holders of the parent		189.2	102.5
Non-controlling interest		(0.4)	-
		188.8	102.5

Consolidated Statement of Changes in Equity

For the year ended 31 December 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/(loss) for the year	-	-	233.6	-	-	-	-	233.6	(0.4)	233.2
Other comprehensive expense	-	-	(0.7)	(39.1)	(4.6)	-	-	(44.4)	-	(44.4)
Total comprehensive income/(expense) for the year	-	-	232.9	(39.1)	(4.6)	-	-	189.2	(0.4)	188.8
Transactions with owners recorded directly in equity:										
Equity dividends paid by the Company (note 5)	-	-	(80.5)	-	-	-	-	(80.5)	-	(80.5)
Own shares acquired for share buyback programme (note 10)	(0.1)	-	(50.9)	-	-	-	0.1	(50.9)	-	(50.9)
Share-based payments, net of tax	-	-	6.4	-	-	-	-	6.4	-	6.4
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 31 December 2024	5.2	231.4	1,138.4	3.9	(2.7)	3.1	1.3	1,380.6	-	1,380.6

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 (expense)/income	-	-	(4.9)	(43.0)	5.0	-	-	(42.9)
Total comprehensive income/(expense) 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	5.3	231.4	1,030.0	43.0	1.9	3.1	1.2	1,315.9

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 £m	2023 £m
ASSETS			
Non-current assets			
Goodwill		1,087.5	565.5
Other intangible assets		421.3	167.1
Property, plant and equipment		171.1	136.2
Right-of-use assets		71.3	58.1
Investment in equity instruments		23.0	24.3
Investment in debt instruments		19.8	21.7
Investment in associates		10.3	10.8
Derivative financial instruments		0.9	0.4
Other receivables		6.1	5.9
Deferred tax assets		22.2	26.6
Retirement benefit assets		3.8	2.4
		1,837.3	1,019.0
Current assets			
Inventories		250.2	231.8
Current tax assets		17.2	7.2
Trade and other receivables		347.0	317.9
Derivative financial instruments		1.9	5.8
Cash and cash equivalents		105.7	138.5
Assets held for sale		-	97.5
		722.0	798.7
Total assets		2,559.3	1,817.7
LIABILITIES			
Current liabilities			
Borrowings		(13.3)	-
Derivative financial instruments		(1.0)	(0.1)
Trade and other payables		(330.8)	(369.4)
Lease liabilities		(22.1)	(14.4)
Current tax liabilities		(6.3)	(12.6)
Provisions		(21.9)	(8.5)
Liabilities held for sale		-	(17.8)
		(395.4)	(422.8)
Net current assets		326.6	375.9

Consolidated Statement of Financial Position (continued)

As at 31 December 2024

	Note	2024 £m	2023 £m
Non-current liabilities			
Borrowings		(641.4)	-
Other payables		(27.6)	(15.1)
Derivative financial instruments		(0.8)	(0.1)
Lease liabilities		(54.6)	(48.3)
Provisions		(3.2)	(2.6)
Retirement benefit obligations		(11.1)	(11.6)
Deferred tax liabilities		(44.6)	(1.3)
		(783.3)	(79.0)
Total liabilities		(1,178.7)	(501.8)
Net assets		1,380.6	1,315.9
EQUITY			
Share capital		5.2	5.3
Share premium		231.4	231.4
Retained earnings		1,138.4	1,030.0
Translation reserve		3.9	43.0
Hedging reserve		(2.7)	1.9
Merger reserve		3.1	3.1
Capital redemption reserve		1.3	1.2
Total equity attributable to equity holders of the parent		1,380.6	1,315.9
Non-controlling interest	7	-	-
Total equity attributable to owners of the Company		1,380.6	1,315.9

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Cash generated from operations	9	138.5	245.5
Net income taxes paid		(45.3)	(50.3)
Net cash inflow from operating activities		93.2	195.2
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(51.7)	(24.7)
Proceeds from disposal of property, plant and equipment and software		2.1	3.1
Acquisition of businesses, net of cash acquired		(731.2)	(49.5)
Purchase of investment in associates		-	(7.8)
Proceeds from disposal of businesses, net of tax paid of £48.1m (2023: £5.9m)		225.7	3.3
Interest received		7.1	5.4
Net cash outflow from investing activities		(548.0)	(70.2)
Cash flows from financing activities			
Interest paid on borrowings		(15.3)	(1.0)
Interest paid on lease liabilities		-	(0.2)
Dividends paid to equity holders of the parent	5	(80.5)	(79.7)
Share buyback purchase of shares	10	(96.7)	(114.9)
Net proceeds from exercise of share options		0.5	0.6
Payments on principal portion of lease liabilities		(15.2)	(15.4)
Proceeds from borrowings		954.1	-
Debt acquired with acquisitions		39.6	-
Repayment of borrowings		(347.4)	(0.1)
Net cash inflow/(outflow) from financing activities		439.1	(210.7)
Net decrease in cash and cash equivalents		(15.7)	(85.7)
Cash and cash equivalents at beginning of year		138.8	228.1
Effect of foreign exchange rate changes		(17.4)	(3.6)
Cash and cash equivalents at end of year¹		105.7	138.8

1. Cash and cash equivalents in the 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 Accounts

1. Basis of preparation and accounting policies

a) Basis of accounting

The Consolidated Financial Statements of the Company for the 12 months ended 31 December 2024 comprise the Company and its subsidiaries, together referred to as the 'Group'. These Consolidated Financial Statements are presented in millions of pounds 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 2024 are available upon request from the Company's registered office at 6th Floor, The Block, Space House, 12 Keeley Street, London WC2B 4BA, United Kingdom, and on the Company's website at www.spectris.com.

The 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 financial information included in the full year results announcement does not constitute statutory accounts of the Company for the years ended 31 December 2024 and 2023. Statutory accounts for the year ended 31 December 2023 have been reported on by the Company's auditor and delivered to the Registrar of Companies. Statutory accounts for the year ended 31 December 2024 have been audited and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The report of the auditors for both years was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The Consolidated Financial Statements have been prepared on a historical cost basis except for items that are required by IFRS to be measured at fair value, principally certain financial instruments. The Consolidated Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK adopted IFRS. The Consolidated Financial Statements have been prepared on a going concern basis.

The full year results announcement is presented in millions of pounds Sterling rounded to the nearest one decimal place, which is the Group's presentational currency.

These results were approved by the Board of Directors on 27 February 2025.

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.

b) Going concern

In determining the basis of preparation for the 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 31 December 2024 were £654.7 million (2023: £nil).

On 7 May 2024, the \$500 million 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.

On 2 August 2024, the Group entered into a \$400 million bridge facility and \$250 million 3-year term loan (the latter drawn equally in USD and EUR), with four of its relationship banks (Bank of America, BNP Paribas, HSBC and NatWest). These facilities, along with surplus cash on Balance Sheet, were used to fund the acquisitions of SciAps and Micromeritics on 21st and 23rd August respectively. On 6 November 2024, the Group entered into a Note Purchase Agreement and issued US Private Placement (USPP) loan notes totalling \$300 million and €92 million, which were used, along with RCF drawings, to repay and cancel the bridge and to fund the acquisition of Piezocryst on 2 December 2024. The maturities of the loan notes range from five to ten years.

As at 31 December 2024 the Group's committed facilities consisted of \$300 million and €92 million of USPP loan notes, \$125 million and €113.8 million of bank term debt and a £400 million RCF of which £131.3 million was drawn, totalling £641.4 million of drawn, committed facilities (2023: RCF of \$500 million, all undrawn).

The Group regularly monitors its financial position to ensure that it remains within the terms of its financial covenants. The minimum permitted interest cover under the Group's external debt facilities (i) is 3.75x; the covenant result was 29x for the year ended 31 December 2024 (31 December 2023: N/A due to net interest income during the year). The maximum permitted leverage (ii) is 3.5x; as at 31 December 2024, leverage was 2.3x (31 December 2023: less than zero).

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

In addition to the above, the Consolidated Statement of Financial Position, at 31 December 2024, the Group had a cash and cash equivalents balance of £105.7 million. The Group also had various uncommitted facilities and bank overdraft facilities available, of which £13.3 million was drawn, resulting in a net debt position of £549.0 million, a decrease of £687.8 million from the £138.8 million net cash position at 31 December 2023.

The Group has prepared and reviewed cash flow forecasts for the period to 31 December 2029, 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 has, during 2024, secured committed funding with an average maturity of 7.2 years and with staggered maturities from three to ten years. 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.

In addition, when assessing going concern, the Directors considered a 'severe but plausible' downside scenario that reflects a combination of events that results in an outcome that is negative to our base case but is still considered possible. In this scenario the Group still operates within its covenant restrictions and with sufficient liquidity headroom.

Following this assessment, 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, they continue to adopt the going concern basis in relation to this conclusion and preparing the Consolidated Financial Statements.

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 year ended 31 December 2023, reflecting the impact of changes the Group made to its operating segments during the year.

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.

Information about reportable segments

	Spectris Scientific	Spectris Dynamics	Red Lion Controls	Group costs	Total
Year ended 31 December 2024	£m	£m	£m	£m	£m
Segment revenues	777.1	501.7	20.3	-	1,299.1
Inter-segment revenue	(0.4)	-	-	-	(0.4)
External revenue	776.7	501.7	20.3	-	1,298.7
Operating profit	86.3	19.5	3.5	(11.7)	97.6
Share of results of associates	(0.9)	0.5	-	-	(0.4)
Fair value through profit and loss movements on debt investments ¹					(1.9)
Profit on disposal of businesses ¹					210.2
Financial income ¹					15.0
Finance costs ¹					(17.8)
Profit before tax ¹					302.7
Taxation charge ¹					(69.5)
Profit after tax ¹					233.2

1. Not allocated to reportable segments

	Spectris Scientific	Spectris Dynamics	Red Lion Controls	Group costs	Total
Year ended 31 December 2023	£m	£m	£m	£m	£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.

	2024	2023
	£m	£m
UK	44.3	56.1
Germany	123.3	141.6
France	53.5	51.1
Rest of Europe	191.0	197.3
USA	325.2	377.5
Rest of North America	29.2	37.1
Japan	68.8	78.3
China	214.1	249.8
South Korea	43.2	52.5
Rest of Asia	145.6	142.7
Rest of the world	60.5	65.2
	1,298.7	1,449.2

3. Financial income and finance costs

	2024	2023
	£m	£m
Financial income		
Interest receivable	(7.1)	(5.3)
Net gain on retranslation of short-term inter-company loan balances	(7.9)	(5.7)
	(15.0)	(11.0)

	2024	2023
	£m	£m
Finance costs		
Interest payable on loans and overdrafts	14.5	1.4
Unwinding of discount factor on lease liabilities	2.7	2.4
Unwinding of discount factor on redemption liability	0.4	-
Net interest cost on pension plan obligations	0.2	0.3
	17.8	4.1
Net finance costs/(credit)	2.8	(6.9)

4. Taxation

	2024			2023		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Current tax charge	3.5	76.6	80.1	5.3	54.3	59.6
Adjustments in respect of current tax of prior years	(1.2)	(1.6)	(2.8)	(0.5)	(0.3)	(0.8)
Deferred tax – origination and reversal of temporary differences	2.1	(9.9)	(7.8)	(1.9)	(16.7)	(18.6)
Taxation charge	4.4	65.1	69.5	2.9	37.3	40.2

The standard rate of corporation tax for the year, based on the weighted average of tax rates applied to the Group's profits, is 23.6% (2023: 24.2%). The tax charge for the year is lower (2023: lower) than the tax charge using the standard rate of corporation tax for the reasons set out in the following reconciliation.

	2024 £m	2023 £m
Profit before taxation from continuing operations	302.7	185.6
Corporation tax charge at standard rate of 23.6% (2023: 24.2%)	71.4	44.9
Permanent tax differences on (profit)/loss on disposal of businesses	(0.4)	2.8
Other non-deductible expenditure	4.9	4.5
Movements on unrecognised deferred tax assets	1.0	-
Pillar Two current tax charge	1.5	-
Tax credits and incentives	(6.7)	(9.9)
Adjustments to prior year current and deferred tax charges	(2.2)	(2.1)
Taxation charge	69.5	40.2

The Group's standard rate of corporation tax of 23.6% is marginally lower than the prior year rate (24.2%), principally due to profits being made in countries with lower statutory tax rates.

'Tax credits and incentives' above, refers principally to research and development tax credits and other reliefs for innovation, such as the UK Patent Box regime and Dutch Innovation Box regime, as well as tax reliefs available for Foreign Derived Intangible Income in the US.

'Permanent tax differences on profit/loss on disposal of businesses' in the prior year relates to the restriction of tax deductions for losses on the sale of shares in certain countries.

The following tax (credits)/charges relate to items of income and expense that are excluded from the Group's adjusted performance measures:

	2024	2023
	£m	£m
Tax credit on amortisation of acquisition-related intangible assets	(4.9)	(4.7)
Tax credit on net transaction-related costs and fair value adjustments	(0.9)	(1.7)
Tax charge on retranslation of short-term inter-company loan balances	0.3	0.3
Tax credit on restructuring costs	(4.9)	-
Tax charge/(credit) on (profit)/loss on disposal of businesses	49.1	(0.2)
Tax credit on contribution to Spectris Foundation	(0.2)	-
Pillar Two current tax charge related to adjusting items	0.7	-
Tax credit on configuration and customisation costs carried out by third parties on material SaaS projects	(12.7)	(10.8)
Tax (credit)/charge on fair value through profit and loss movements on debt investments	(0.5)	0.6
Total tax charge/(credit)	26.0	(16.5)

The effective adjusted tax rate for the year was 22.7% (2023: 21.5%) as set out in the reconciliation below:

	2024	2023
Reconciliation of the statutory taxation charge to the adjusted taxation charge	£m	£m
Statutory taxation charge excluding Pillar Two current tax charge	68.0	40.2
Pillar Two current tax charge	1.5	-
Statutory taxation charge	69.5	40.2
Tax (charge)/credit on items of income and expense that are excluded from the Group's adjusted profit before tax	(26.0)	16.5
Adjusted taxation charge	43.5	56.7

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

	2024	2023
Amounts recognised and paid as distributions to owners of the Company in the year	£m	£m
Interim dividend for the year ended 31 December 2024 of 26.6p (2023: 25.3p) per share	26.3	26.0
Final dividend for the year ended 31 December 2023 of 53.9p (2023: 51.3p) per share	54.2	53.7
	80.5	79.7

	2024	2023
Amounts arising in respect of the year	£m	£m
Interim dividend for the year ended 31 December 2024 of 26.6p (2023: 25.3p) per share	26.3	26.0
Proposed final dividend for the year ended 31 December 2024 of 56.6p (2023: 53.9p) per share	59.1	54.8
	85.4	80.8

The proposed final 2024 dividend is subject to approval by shareholders at the AGM on 22 May 2025 and has not been included as a liability in these Consolidated Financial Statements.

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	2024	2023
Profit after tax (£m)	233.2	145.4
Non-controlling interest (£m)	0.4	-
Profit attributable to ordinary equity holders of the parent for basic earnings (£m)	233.6	145.4
Weighted average number of shares outstanding (millions)	100.2	103.6
Basic earnings per share (pence)	233.1	140.3

Diluted earnings per share	2024	2023
Profit after tax (£m)	233.2	145.4
Non-controlling interest (£m)	0.4	-
Profit attributable to ordinary equity holders of the parent for diluted earnings (£m)	233.6	145.4
Basic weighted average number of shares outstanding (millions)	100.2	103.6
Weighted average number of dilutive 5p ordinary shares under option (millions)	0.9	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)
Diluted weighted average number of shares outstanding (millions)	101.1	104.3
Diluted earnings per share (pence)	231.1	139.4

7. Acquisitions

Dimer

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 has been integrated into the Spectris Scientific reportable segment and Malvern Panalytical cash generating unit.

The Group has 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 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.

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 assessed to be £0.8 million.

In the Consolidated Income Statement for the year ended 31 December 2024, a statutory operating loss of £0.8 million has been included for the acquisition of Dimer. Group revenue and statutory operating profit from continuing operations for the year ended 31 December 2024 would have been £1,298.7 million and £97.6 million, respectively, had this acquisition taken place on the first day of the financial year.

Acquisition-related costs (included in administrative expenses) amount to £0.3 million.

SciAps

On 21 August 2024, the Group acquired 100% of the share capital of SciAps Incorporated (SciAps) and its subsidiaries for net consideration of £145.3 million, made up of £134.9 million gross consideration plus £10.4 million net debt acquired. SciAps is a Boston-based instrumentation company that designs and manufactures handheld analytical instruments used to identify critical compounds, minerals, and elements. The transaction is in line with Spectris' strategy to make synergistic acquisitions to enhance and grow its businesses.

SciAps will be integrated into the Spectris Scientific reportable segment and Malvern Panalytical group of cash generating units.

The excess of the fair value of consideration paid over the fair value of the net assets acquired is represented by the following intangible assets: customer-related relationships, technology-based patents and know-how, technology-based software, marketing-related brand and goodwill. Goodwill arising is attributable to the assembled workforce, synergies from cross-selling goods and the potential for development of new technology.

In the Consolidated Income Statement for the year ended 31 December 2024, revenue of £16.9 million and a statutory operating loss of £2.3 million have been included for the acquisition of SciAps. Group revenue and statutory operating profit from continuing operations for the year ended 31 December 2024 would have been £1,323.7 million and £89.1 million, respectively, had this acquisition taken place on the first day of the financial year.

Where appropriate, a detailed exercise has been undertaken to assess the fair value of assets acquired and liabilities assumed. The valuation of the above intangible and tangible assets requires the use of assumptions and estimates. Intangible asset assumptions consist of future growth rates, attrition rates, discount rates used and useful economic lives. Due to their contractual due dates, the fair value of receivables approximates to the gross contractual amounts receivable. The amount of gross contractual receivables not expected to be recovered is immaterial. There are no material contingent liabilities recognised in accordance with IFRS 3 (Revised).

Acquisition-related costs (included in administrative expenses) amount to £3.5 million.

Micromeritics

On 23 August 2024, the Group acquired 100% of the share capital of Micromeritics Instrument Corporation (Micromeritics) and its subsidiaries. Net consideration was £496.7 million, consisting of £489.7 million gross consideration (made up of £454.1 million cash

paid and £17.6 million deferred consideration) plus £18.0 million net debt acquired. Micromeritics' products are primarily focused on particle technology and are critical for research and quality control in industries such as pharmaceuticals, energy, chemicals, and materials engineering. The integration of Micromeritics' product portfolio with Spectris' will establish a leading particle characterisation business for advanced materials analysis.

Micromeritics will be integrated into the Spectris Scientific reportable segment and Malvern Panalytical group of cash generating units.

The excess of the fair value of consideration paid over the fair value of the net assets acquired is represented by the following intangible assets: customer-related relationships, technology-based, marketing-related brand and goodwill. Goodwill arising is attributable to the assembled workforce, synergies from cross-selling goods and the potential for development of new technology.

In the Consolidated Income Statement for the year ended 31 December 2024, revenue of £34.7 million and statutory operating profit of £2.7 million have been included for the acquisition of Micromeritics. Group revenue and statutory operating profit from continuing operations for the year ended 31 December 2024 would have been £1,356.5 million and £97.5 million, respectively, had this acquisition taken place on the first day of the financial year.

Where appropriate, a detailed exercise has been undertaken to assess the fair value of assets acquired and liabilities assumed. The valuation of the above intangible and tangible assets requires the use of assumptions and estimates. Intangible asset assumptions consist of future growth rates, attrition rates, discount rates used and useful economic lives. Due to their contractual due dates, the fair value of receivables approximates to the gross contractual amounts receivable. The amount of gross contractual receivables not expected to be recovered is immaterial. There are no material contingent liabilities recognised in accordance with IFRS 3 (Revised).

Acquisition-related costs (included in administrative expenses) amounted to £10.8 million.

Piezocryst

On 2 December 2024, the Group acquired 100% of the share capital of Piezocryst Advanced Sensorics GmbH (Piezocryst) for net consideration of £108.8 million, made up of £110.1 million gross consideration in cash less £1.3 million net cash acquired. Gross consideration includes £0.7 million estimated completion true-up payable included in deferred consideration. Piezocryst has been a leading provider of piezoelectric sensors since the 1950s, specialising in high-precision pressure sensors and accelerometers for demanding applications. Piezocryst's sensors are known for their quality, durability and precision, helping optimise engines, machines and processes in the harshest of environments. The transaction is in line with Spectris' strategy to make synergistic acquisitions to enhance and grow its businesses.

Piezocryst will be integrated into the Spectris Dynamics reportable segment and cash generating unit.

The excess of the fair value of consideration paid over the fair value of the net assets acquired is represented by the following intangible assets: customer-related relationships, technology-based, marketing-related brand and goodwill. Goodwill arising is attributable to the assembled workforce, synergies from cross-selling goods and the potential for development of new technology.

In the Consolidated Income Statement for the year ended 31 December 2024, revenue of £2.1 million and statutory operating profit of £0.2 million have been included for the acquisition of Piezocryst. Group revenue and statutory operating profit from continuing operations for the year ended 31 December 2024 would have been £1,320.9 million and £102.3 million, respectively, had this acquisition taken place on the first day of the financial year.

Where appropriate, a detailed exercise has been undertaken to assess the fair value of assets acquired and liabilities assumed. The valuation of the above intangible and tangible assets requires the use of assumptions and estimates. Intangible asset assumptions consist of future growth rates, attrition rates, discount rates used and useful economic lives. Due to their contractual due dates, the fair value of receivables approximates to the gross contractual amounts receivable. The amount of gross contractual receivables not expected to be recovered is immaterial. There are no material contingent liabilities recognised in accordance with IFRS 3 (Revised).

Acquisition-related costs (included in administrative expenses) amount to £1.7 million.

The accounting for all current year acquisitions is provisional. The fair values included in the table below relate to the acquisitions of Dimer, SciAps, Micromeritics and Piezocryst during the year:

	Dimer	SciAps	Micromeritics	Piezocryst	Total fair value
	£m	£m	£m	£m	£m
Intangible assets	-	62.0	171.5	32.7	266.2
Property, plant and equipment	-	0.5	6.2	3.5	10.2
Right-of-use assets	-	2.9	2.1	2.2	7.2
Inventories	-	7.3	31.9	5.6	44.8
Trade and other receivables	0.8	6.2	16.6	4.9	28.5
Cash and cash equivalents	-	4.3	6.9	1.3	12.5
Borrowings	-	(14.7)	(24.9)	-	(39.6)
Trade and other payables	(0.1)	(15.8)	(34.4)	(4.5)	(54.8)
Provisions	-	(0.5)	(0.4)	(0.7)	(1.6)
Lease liabilities	-	(2.9)	(2.1)	(2.2)	(7.2)
Current tax assets/(liabilities)	-	-	0.1	(1.4)	(1.3)
Deferred tax liabilities	-	(5.1)	(37.9)	(8.3)	(51.3)
Net assets acquired	0.7	44.2	135.6	33.1	213.6
Non-controlling interest	(0.4)	-	-	-	(0.4)
Call option	0.8	-	-	-	0.8
Goodwill	6.6	90.7	336.1	77.0	510.4
Gross consideration	7.7	134.9	471.7	110.1	724.4
Adjustment for net debt/(cash) acquired	-	10.4	18.0	(1.3)	27.1
Net consideration	7.7	145.3	489.7	108.8	751.5

	2024	2023
	£m	£m
Analysis of cash outflow in Consolidated Statement of Cash Flows		
Gross consideration in respect of acquisitions during the year	724.4	51.1
Adjustment for net debt/(cash) acquired	27.1	(2.6)
Net consideration in respect of acquisitions during the year	751.5	48.5
Deferred and contingent consideration on acquisitions included in net consideration during the year to be paid in future years	(22.6)	(2.5)
Cash paid during the year in respect of acquisitions during the year	728.9	46.0
Cash paid in respect of prior years' acquisitions	2.3	3.5
Net cash outflow relating to acquisitions	731.2	49.5

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 £210.7 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:

	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)
Current and 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	(4.6)
Net consideration from disposal of business	276.3
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	210.7
Net proceeds recognised in the 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 year disposal of business	(48.1)
Net proceeds recognised in the Consolidated Statement of Cash Flows in respect of current year disposal	226.2
Payment made in respect of prior year's disposals of businesses	(0.5)
Net proceeds recognised in the Consolidated Statement of Cash Flows	225.7

Also included in profit on disposal of business in the Consolidated Income Statement is £0.5 million of transaction costs relating to prior year disposals.

9. Cash generated from operations

	Note	2024 £m	2023 £m
Cash flows from operating activities			
Profit after tax		233.2	145.4
Adjustments for:			
Taxation charge		69.5	40.2
Share of post-tax results of associates		0.4	0.1
(Profit)/loss on disposal of businesses	8	(210.2)	12.6
Finance costs	3	17.8	4.1
Financial income	3	(15.0)	(11.0)
Depreciation and impairment of property, plant and equipment		31.7	32.8
Amortisation, impairment and other non-cash adjustments made of intangible assets		29.3	24.9
Transaction-related fair value adjustments		(2.2)	7.5
Fair value through profit and loss movements on debt investments		1.9	(2.8)
Profit on disposal and re-measurement of property, plant and equipment and associated lease liabilities		(1.2)	(0.5)
Equity-settled share-based payment expense		8.1	13.1
Operating cash flow before changes in working capital and provisions		163.3	266.4
(Increase)/decrease in trade and other receivables		(26.7)	16.0
Decrease in inventories		24.0	1.5
Decrease in trade and other payables		(27.5)	(33.0)
Increase/(decrease) in provisions and retirement benefits		5.4	(5.4)
Cash generated from operations		138.5	245.5

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

During the year ended 31 December 2024, 3,099,667 ordinary shares were repurchased by the Group as part of the first and second tranches of the £150 million share buyback announced on 11 December 2023. Of those shares repurchased, 1,313,979 were cancelled and 1,785,688 were transferred to Treasury shares in relation to the first and second tranches respectively. This resulted in a cash outflow of £96.7 million, including transaction fees of £0.4 million. There is no accrual for share buyback in the Statement of Financial Position (2023: £45.9 million).

During the year ended 31 December 2023, 3,382,896 ordinary shares were repurchased and cancelled by the Group, in the final tranches of the £300 million share buyback programme announced on 19 April 2022 and part of the first tranche of the £150 million share buyback announced on 11 December 2023. This resulted in a cash outflow of £114.9 million, including transaction fees of £1.2 million.

No ordinary shares were issued upon exercise under share option schemes during the year (2023: nil).

At 31 December 2024, the Group held 5,545,700 treasury shares (2023: 4,128,036). During the year, 368,024 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 (2023: 468,662).

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 APMs may not be comparable with similarly titled measures presented in other companies and should be viewed not in isolation but as supplementary information.

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 year-on-year 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
Restructuring costs from significant programmes ¹	Nature
Amortisation of acquisition-related intangible assets	Nature
Transaction-related costs, deferred and contingent consideration fair value adjustments and release of fair value adjustments to inventory	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.

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 year segmental sales and adjusted operating profit at constant exchange rates and excludes the impact of acquisitions and disposals during the year

The constant exchange rate comparison uses the current year segmental information, stated in each entity's functional currency, and translates the results into its presentation currency using the prior year'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 years of ownership.

On 3 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 December 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 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 year-on-year 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

2024 LFL adjusted sales versus 2023 LFL adjusted sales

	Spectris Scientific	Spectris Dynamics	Red Lion Controls	2024 Total
	£m	£m	£m	£m
2024 sales by segment				
Sales	776.7	501.7	20.3	1,298.7
Constant exchange rate adjustment to 2023 exchange rates	26.5	16.8	0.9	44.2
Acquisitions	(55.6)	(11.8)	-	(67.4)
LFL adjusted sales	747.6	506.7	21.2	1,275.5

	Spectris Scientific	Spectris Dynamics	Red Lion Controls	2023 Total
	£m	£m	£m	£m
2023 sales by segment				
Sales	804.6	542.8	101.8	1,449.2
Disposal of businesses	(5.5)	-	(72.3)	(77.8)
LFL adjusted sales	799.1	542.8	29.5	1,371.4

b) Adjusted operating profit and adjusted operating margin

2024 LFL adjusted operating profit versus 2023 LFL adjusted operating profit

	Spectris Scientific	Spectris Dynamics	Red Lion Controls	Group costs	2024 Total
	£m	£m	£m	£m	£m
2024 adjusted operating profit					
Statutory operating profit	86.3	19.5	3.5	(11.7)	97.6
Restructuring costs	7.5	10.8	-	-	18.3
Net transaction-related costs and fair value adjustments	12.4	3.6	0.2	-	16.2
Spectris Foundation contribution	-	-	-	0.8	0.8
Configuration and customisation costs carried out by third parties on material SaaS projects	17.0	27.7	-	-	44.7
Amortisation of acquisition-related intangible assets	14.3	10.7	-	-	25.0
Adjusted operating profit	137.5	72.3	3.7	(10.9)	202.6
Constant exchange rate adjustment to 2023 exchange rates	3.0	2.4	0.2	-	5.6
Acquisitions	(9.5)	(0.2)	-	-	(9.7)
LFL adjusted operating profit	131.0	74.5	3.9	(10.9)	198.5

	Spectris Scientific	Spectris Dynamics	Red Lion Controls	Group costs	2023 Total
2023 adjusted operating profit	£m	£m	£m	£m	£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
Disposal of businesses	0.5	-	(14.6)	-	(14.1)
LFL adjusted operating profit	172.4	93.0	7.2	(24.2)	248.4

	Spectris Scientific	Spectris Dynamics	Red Lion Controls	2024 Total
2024 operating margin	%	%	%	%
Statutory operating margin ¹	11.1	3.9	17.2	7.5
Adjusted operating margin ²	17.7	14.4	18.2	15.6
LFL adjusted operating margin ³	17.5	14.7	18.4	15.6

	Spectris Scientific	Spectris Dynamics	Red Lion Controls	2023 Total
2023 operating margin	%	%	%	%
Statutory operating margin ¹	17.4	10.3	17.0	13.0
Adjusted operating margin ²	21.4	17.1	21.4	18.1
LFL adjusted operating margin ³	21.6	17.1	24.4	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

2024 LFL adjusted gross profit versus 2023 LFL adjusted gross profit

	2024 Total £m
2024 adjusted gross profit	
Statutory gross profit	715.9
Constant exchange rate adjustment to 2023 exchange rates	20.7
Acquisitions	(33.7)
LFL adjusted gross profit	702.9

	2023
	Total
2023 LFL adjusted gross profit	£m
Statutory gross profit	838.1
Disposal of businesses	(42.1)
LFL adjusted gross profit	796.0

	2024
	Total
2024 gross margin	%
Statutory gross margin ¹	55.1
LFL adjusted gross margin ²	55.1

	2023
	Total
2023 gross margin	%
Statutory gross margin ¹	57.8
LFL adjusted gross margin ²	58.0

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

	2024
	Total
2024 LFL adjusted overheads	£m
Statutory indirect production and engineering expenses	(112.3)
Statutory sales and marketing expenses	(215.7)
Statutory administrative expenses	(290.3)
Total overheads	(618.3)
Restructuring costs	18.3
Net transaction-related costs and fair value adjustments	16.2
Spectris Foundation contribution	0.8
Configuration and customisation costs carried out by third parties on material SaaS projects	44.7
Amortisation of acquisition-related intangible assets	25.0
Constant exchange rate adjustment to 2023 exchange rates	(15.1)
Acquisitions	24.0
LFL adjusted overheads	(504.4)

	2023 Total £m
2023 LFL adjusted overheads	
Statutory indirect production and engineering expenses	(126.9)
Statutory sales and marketing expenses	(249.6)
Statutory administrative expenses	(273.0)
	(649.5)
Total overheads	()
Net transaction-related costs and fair value adjustments	14.0
Spectris Foundation contribution	1.0
Configuration and customisation costs carried out by third parties on material SaaS projects	40.0
Amortisation of acquisition-related intangible assets	18.9
Disposal of businesses	28.0
	(547.5)
LFL adjusted overheads	()

	2024 Total %
2024 LFL adjusted overheads as a percentage of sales	
LFL adjusted overheads as a percentage of sales ¹	39.5

	2023 Total %
2023 LFL adjusted overheads as a percentage of sales	
LFL adjusted overheads as a percentage of sales ¹	39.9

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 (costs)/credit

	2024 £m	2023 £m
Statutory net finance (costs)/credit	(2.8)	6.9
Net gain on retranslation of short-term inter-company loan balances	(7.9)	(5.7)
Adjusted net finance (costs)/credit	(10.7)	1.2

f) Adjusted profit before taxation

	2024 £m	2023 £m
Adjusted operating profit	202.6	262.5
Share of post-tax results of associates	(0.4)	(0.1)
Adjusted net finance (costs)/credit	(10.7)	1.2
Adjusted profit before taxation	191.5	263.6

g) Adjusted earnings per share

	2024	2023
Adjusted earnings	£m	£m
Statutory profit after tax	233.2	145.4
Adjusted for:		
Restructuring costs	18.3	-
Net transaction-related costs and fair value adjustments	16.2	14.0
Spectris Foundation Contribution	0.8	1.0
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
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 gain on retranslation of short-term inter-company loan balances	(7.9)	(5.7)
Tax effect of the above and other non-recurring items	26.0	(16.5)
Non-controlling interest	0.4	-
Adjusted earnings from operations	148.4	206.9
Adjusted earnings per share	2024	2023
Weighted average number of shares outstanding (millions)	100.2	103.6
Adjusted earnings per share (pence)	148.1	199.7

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

Financial position measures

h) Net (debt)/cash

	2024 £m	2023 £m
Bank overdrafts	(13.3)	-
Bank loans unsecured	(641.4)	-
Total borrowings	(654.7)	-
Cash and cash equivalents included in current assets	105.7	138.5
Cash and cash equivalents included in assets held for sale	-	0.3
Net (debt)/cash	(549.0)	138.8

Net (debt)/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 (debt)/cash	2024 £m	2023 £m
Net decrease in cash and cash equivalents	(15.7)	(85.7)
Proceeds from borrowings	(954.1)	-
Debt acquired with acquisitions	(39.6)	-
Repayment of borrowings	347.4	0.1
Effect of foreign exchange rate changes	(25.8)	(3.6)
Movement in net cash	(687.8)	(89.2)
Net cash at beginning of year	138.8	228.0
Net (debt)/cash at end of year	(549.0)	138.8

Cash flow measures

i) Adjusted operating cash flow

	2024 £m	2023 £m
Cash generated from operations	138.5	245.5
Net income taxes paid	(43.5)	(50.3)
Net cash inflow from operating activities	93.2	195.2
Transaction-related costs paid	34.1	5.8
Spectris Foundation Contribution paid	1.8	-
Restructuring cash outflow	8.1	1.4
Net income taxes paid	45.3	50.3
Purchase of property, plant and equipment and intangible assets	(51.7)	(24.7)
SaaS-related cash expenditure	44.7	40.0
Proceeds from disposal of property, plant and equipment and software	2.1	3.1
Adjusted operating cash flow	177.6	271.1
Adjusted cash flow conversion ¹	88%	103%

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

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 debt/(cash) and excluding accumulated amortisation and impairment of acquisition-related intangible assets including goodwill.

	2024	2023
	£m	£m
Net debt/(cash) (see APM h)	549.0	(138.8)
Accumulated impairment losses on goodwill including items transferred to assets held for sale	38.7	40.6
Accumulated amortisation and impairment of acquisition-related intangible assets including items transferred to assets held for sale	172.1	149.9
Shareholders' equity	1,380.6	1,315.9
Gross capital employed	2,140.4	1,367.6
Average gross capital employed (current and prior year)¹	1,754.0	1,419.2
Adjusted operating profit	202.6	262.5
Total adjusted operating profit for last 12 months	202.6	262.5
Return on gross capital employed	11.6%	18.5%

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

k) Net transaction-related costs and fair value adjustments

Net transaction-related costs and fair value adjustments comprise transaction costs of £18.4 million (2023: £6.5 million) that have been recognised in the continuing Consolidated Income Statement under IFRS 3 (Revised) 'Business Combinations' and other fair value adjustments relating to deferred and contingent consideration comprising a release of £2.2 million (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 £34.1 million (2023: £5.8 million) have been excluded from the adjusted cash flow.

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

m) Vitality index

Vitality index measures revenue recognised in the current year from products released over the previous five years as a percentage of total revenue in the current year, as shown in the Consolidated Income Statement. The index excludes revenue from business acquisitions in 2024 (SciAps, Micromeritics, Piezocryst) and disposed businesses (Red Lion Controls).

	2024	2023
	£m	£m
Sales (see APM a)	1,298.7	1,449.2
Acquisitions	(52.9)	-
Disposal	(20.3)	(101.8)
Adjusted sales	1,225.5	1,347.4
Sales recognised in the current year from products released over the previous five years	352.5	295.5
Vitality index	29%	22%

Dividend timetable – 2024 final dividend

Event	Date – 2025
Ex-dividend date	15 May 2025
Record date	16 May 2025
Payment date	27 June 2025

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.