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Acquisition of Micromeritics

Creating a leader in advanced particle characterisation

16 July 2024

Transaction overview

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Creates the leading particle characterisation business for advanced materials analysis	• The addition of Micromeritics' technologies and capabilities alongside Malvern Panalytical's will be the leader in its field, with a highly differentiated, comprehensive and fully integrated offering • Highly complementary product portfolios • Strengthens Spectris' offering in the rapidly growing, clean tech markets
Micromeritics is a proven high-growth, high-quality business	• Leader in physical characterisation of particles, powders and porous materials • Exposed to high-growth end markets • Established and experienced management team • 2024E EBITDA of \$35 million (£26.9 million) and EBIT margin of 25%
Strong historical performance and future prospects	• Strong sales CAGR of 17% for 2021-24E • Sales CAGR expected to be mid-teens for 2024-2029, well ahead of our financial framework guidance of 6-7% • Micromeritics's TAM in industrial and clean tech expected to grow at 11% to 2028
Strong synergy potential	• Run rate cost synergies to drive additional EBITDA of \$12 million (£9.2 million) • Substantial revenue synergies generating additional EBITDA broadly equivalent to that derived from cost synergies
Regulatory and closing	• Deal is subject to customary regulatory approvals and conditions • Targeted completion date in the third quarter

(1) Includes the completion of the remainder of the £150m share buyback programme and acquisition of SciAps.

Strong strategic logic

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The acquisition of Micromeritics fits perfectly with our strategy to build world-class businesses compounding growth and generating strong value creation for our customers and shareholders

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Malvern Panalytical
a spectris company

+

micromeritics

- An established business of scale that represents the most attractive acquisition opportunity in the particle characterisation space
- We are creating the global market leader in particle characterisation for advanced materials analysis with a fully integrated and differentiated offering
- Providing customers with the broadest offering in the market, with a single suite of integrated instruments improving workflow efficiency and enabling deeper insights
- Highly complementary product portfolios, strengthening our presence in the rapidly growing, clean-tech markets alongside traditional industrial-tech markets
- Leveraging respective geographic strengths

Attractive financial rationale

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Performance oriented consideration

- Upfront consideration of $630 million (£485 million)
- Deferred element up to $53 million (£40.8 million) based on financial performance metrics in 24/25
- Equates to multiple of 18x based on 2024E EBITDA of $35 million (£27 million), under 14x with run rate cost synergies

Strong value creation

- Accretive to earnings per share in the first year, post completion
- ROIC is expected to exceed our cost of capital in the third full year post completion
- Strong double-digit returns thereafter

Balance sheet strength

- Acquisition to be funded by a combination of new external debt and cash resources
- Leverage expected to be c.1x by the end of 2025 including the completion of our £150 million buyback programme and acquisition of SciAps

Micromeritics: a high-quality business

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

- Leading particle characterisation company that is a critical enabler of Clean Tech and Industrial Tech end markets
- Solutions based on best-in-class, IP-protected instrumentation, proprietary software and analytics, deep scientific and applications expertise
- Cutting-edge instrumentation differentiated by superior performance with faster and more precise measurements than competitors
- Manufacturing footprint and R&D sites in the US, UK and Spain
- Global direct sales and service in high-value countries across the Americas, EU and Asia

#1 Global Particle Characterisation Business	~2,500 Diversified Customer Base with No Concentration
17% '21A-'24E Sales CAGR	25% '24E Adj. Op. Profit Margin

Cleaner, Healthier and more Productive

Aligned with attractive secular trends

Technological innovation

Electrification of everything

Decarbonisation

Geographically diverse

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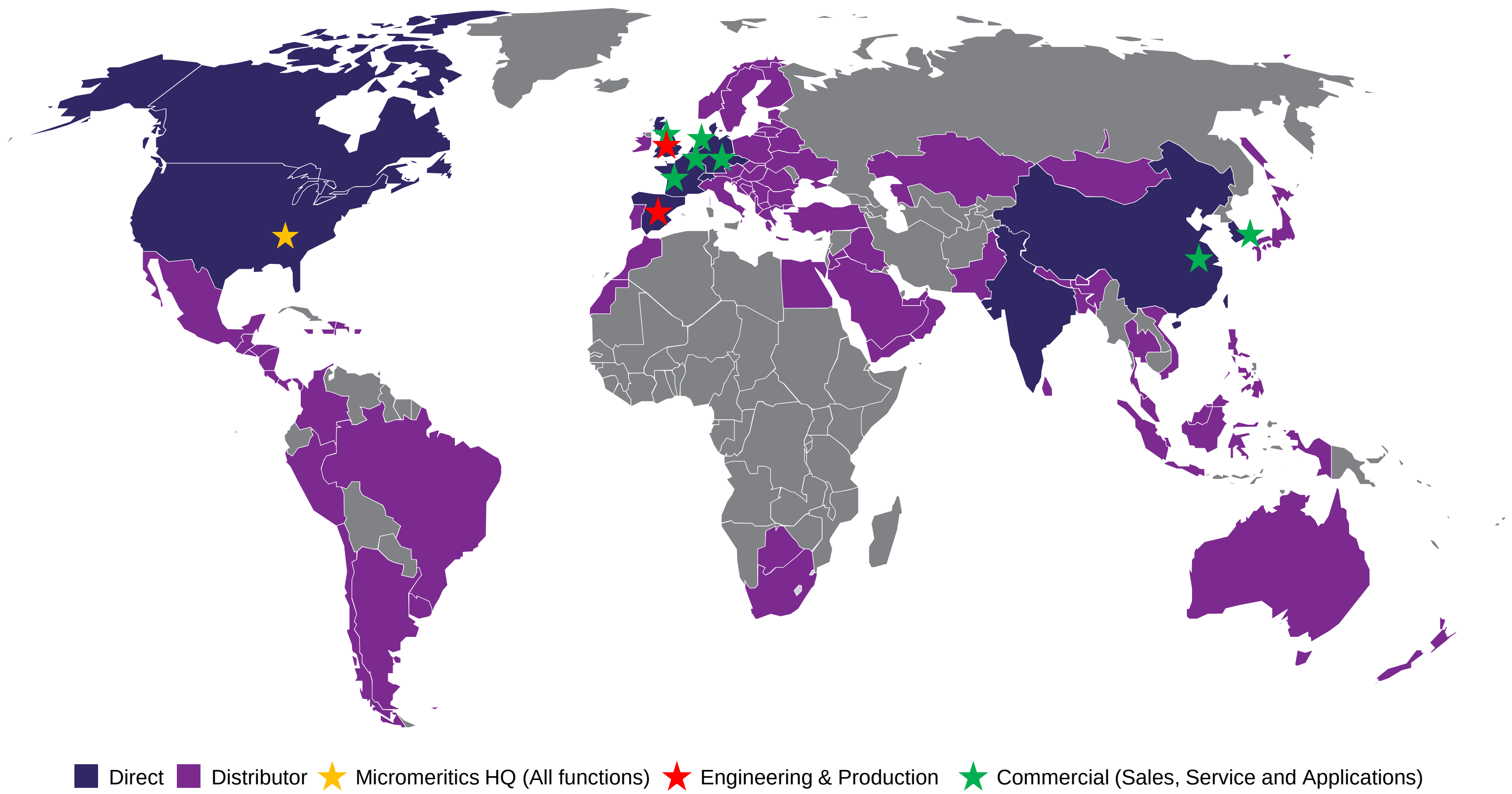
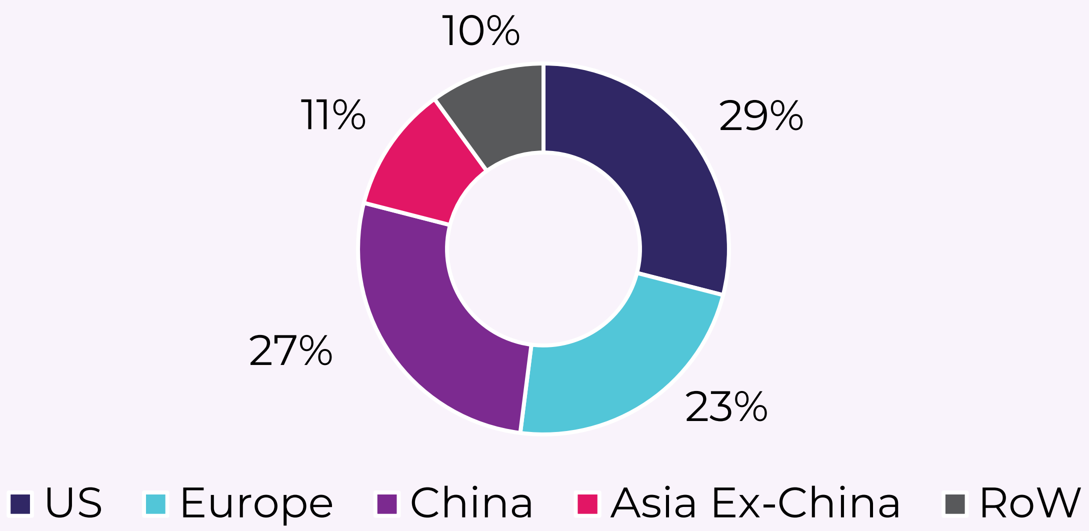
Global sales network provides significant reach to global customer base

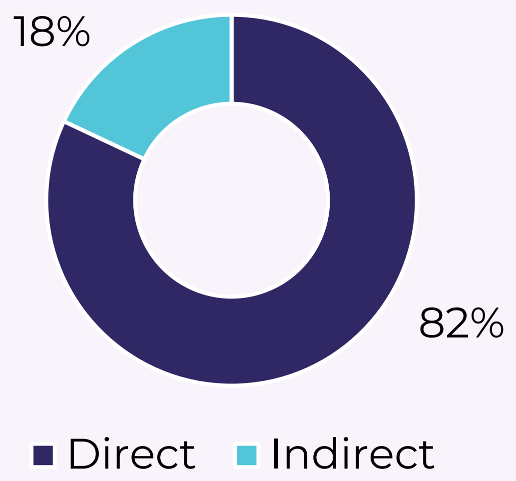
Global, professionalised sales function with systems and processes to sustain high growth



Geographic mix (% Sales 2024E)



Channel split (% Sales 2024E)



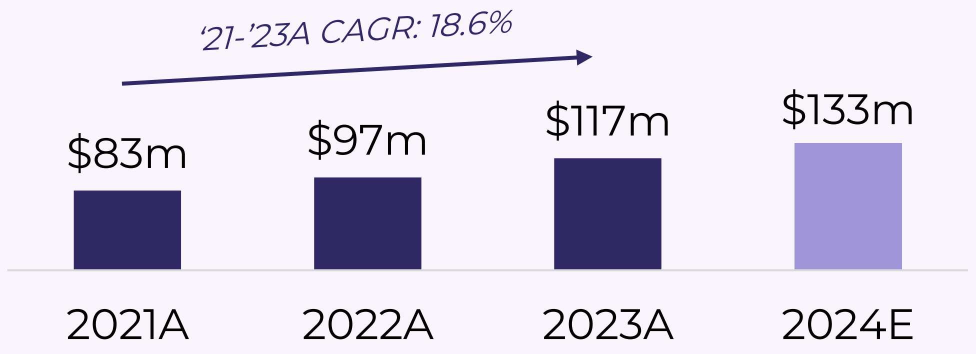
Strong financial track record

Micromeritics has driven consistent, significant sales and adjusted operating profit growth historically

- Successful track record of significant annual sales growth, driven by:
  - Strong and broad-based end market growth
  - Investment in new product introductions
- Asset-light business with capital expenditures at ~2% of sales
- Continued margin expansion driven by:
  - Volume leverage
  - New product introductions
  - Implementation of Spectris Business System

Key Financials

Sales ($ million)



	2021A	2022A	2023A	2024E
Growth	*32.7%*	*16.6%*	*20.8%*	*13.6%*
Capex as % Sales	*1.7%*	*1.5%*	*1.3%*	*1.8%*

$33.4 million
'24E Adj. Op. Profit

25%
'24E Adj. Op. Profit Margin

Operating in high growth end markets

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Micromeritics is a critical enabler of rapidly growing end markets

Advanced Battery	Carbon Capture	Hydrogen	Industrial Tech

Industrial Tech:
- Material Science & Chemicals
- Energy
- Aerospace
- Food
- Personal Care
- Life Sciences
- Infrastructure & Building Materials

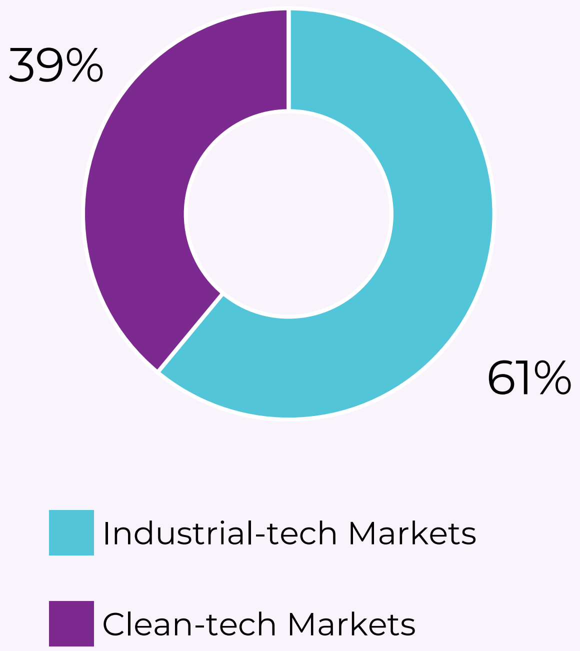
End Market Growth

~17%	~28%	~12%	~7%
'23-'28 Advanced Battery Market CAGR	'23-'28 CCUS Market CAGR	'23-'28 Hydrogen Market CAGR	'23-'28 Industrial Tech Market CAGR

% of '24E Sales (instruments only)

Advanced Battery	Carbon Capture and Hydrogen	Industrial Tech
~20%	~19%	~61%

End markets mix (% 24E Sales)



- Micromeritics's TAM across Industrial and Clean Tech is ~$425m-450m today
- Micromeritics has a ~25-30% market share of the overall market(1)

(1) The total market for Micromeritics's 5 core instruments: physisorption, chemisorption, pycnometry, porosimetry, and dry powder flow.

Complementary measurements across workflow creates a unique and powerful offering

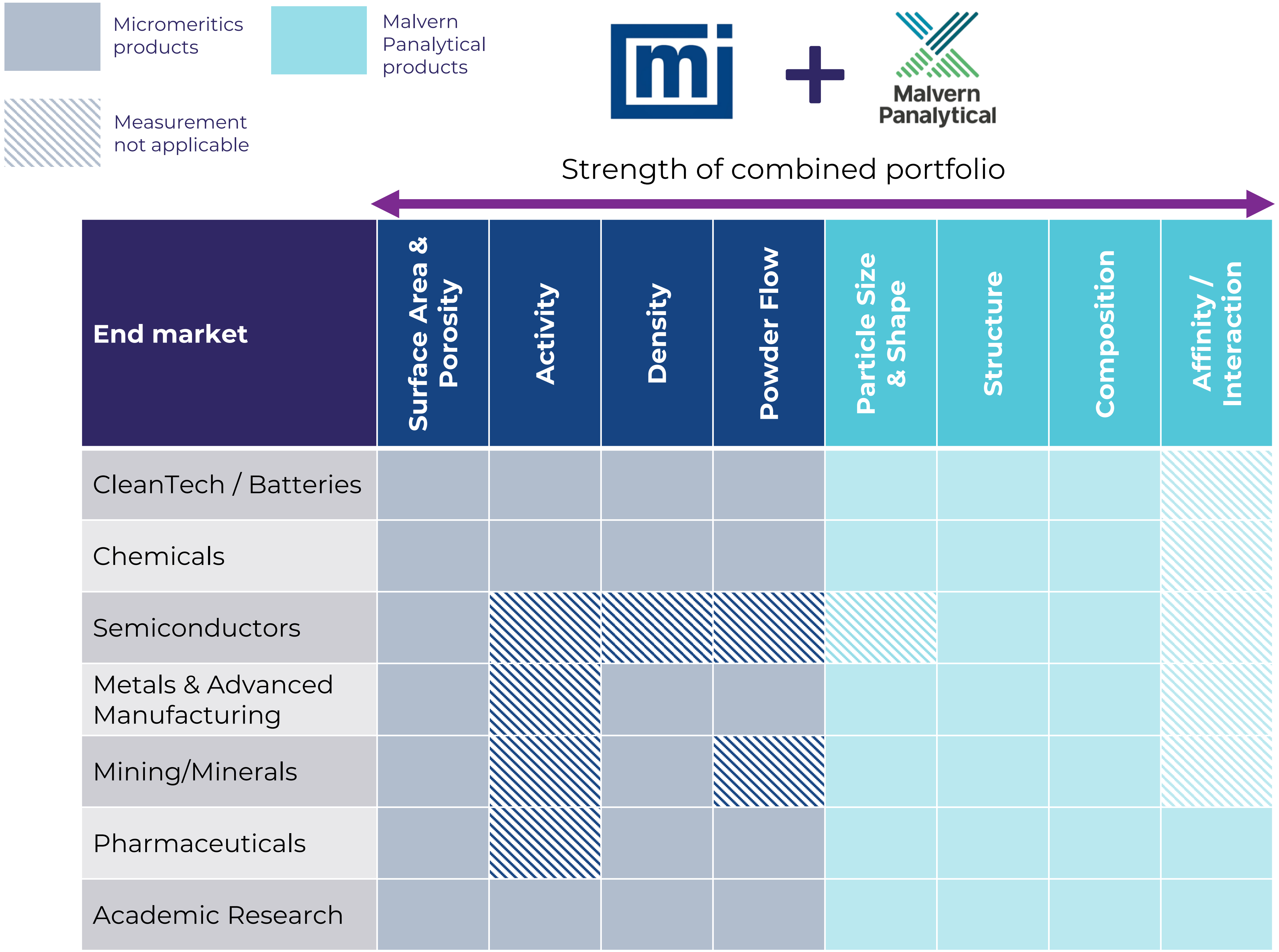
micromeritics

Malvern Panalytical
a spectris company

World-leading technologies encompassing solutions for the characterisation of particles, powders, and porous materials	
Surface Area	Surface area by gas adsorption including BET surface area
Porosity	Pore size, volume, and distribution by gas adsorption and mercury porosimetry
Density	Absolute density of solids, powders, and slurries by gas pycnometry. Automated envelope density of irregular solids and compressed bulk density (T.A.P)
Powder Flow	Shear and dynamic measurements of powder rheology and particle interactions
Activity	Catalyst activity including chemisorption, temperature-programmed reactions, and lab-scale reactor systems

World leader in advanced material measurement and characterisation	
Particle Morphology	Particle size and shape analysis by light scattering (LD / DLS) and image analysis. area by gas adsorption including BET surface area
Zeta Potential	Particle / molecular stability and interaction analysis using electrophoretic light scattering (ELS)
Composition	Elemental / molecular identification and quantification using x-ray fluorescence (XRF), chromatography (SEC) and Raman spectroscopy.
Structure	Assessing the structure and stability of crystalline materials, thin films and amorphous forms using x-ray diffraction (XRD)
Molecular Interaction	Label-free mapping of biomolecular interactions and stability using calorimetry and interferometry

Compelling combined offering across attractive end markets



- Complementary product offerings providing different measurements and insights across customers value chains
- Compelling combined-value proposition selling broader range of products to existing customers
- Ability to convert new customers with comprehensive and differentiated solution portfolio
- Critical in R&D phase of materials selection and characterisation through to quality assurance, manufacturing and quality control
- Today, ~60%* of customers use instrument types offered by Micromeritics and Malvern Panalytical but not both
- Strong opportunity for cross-selling

*Based on sample

Battery case study: Complementary measurements across workflow creates a unique and powerful offering

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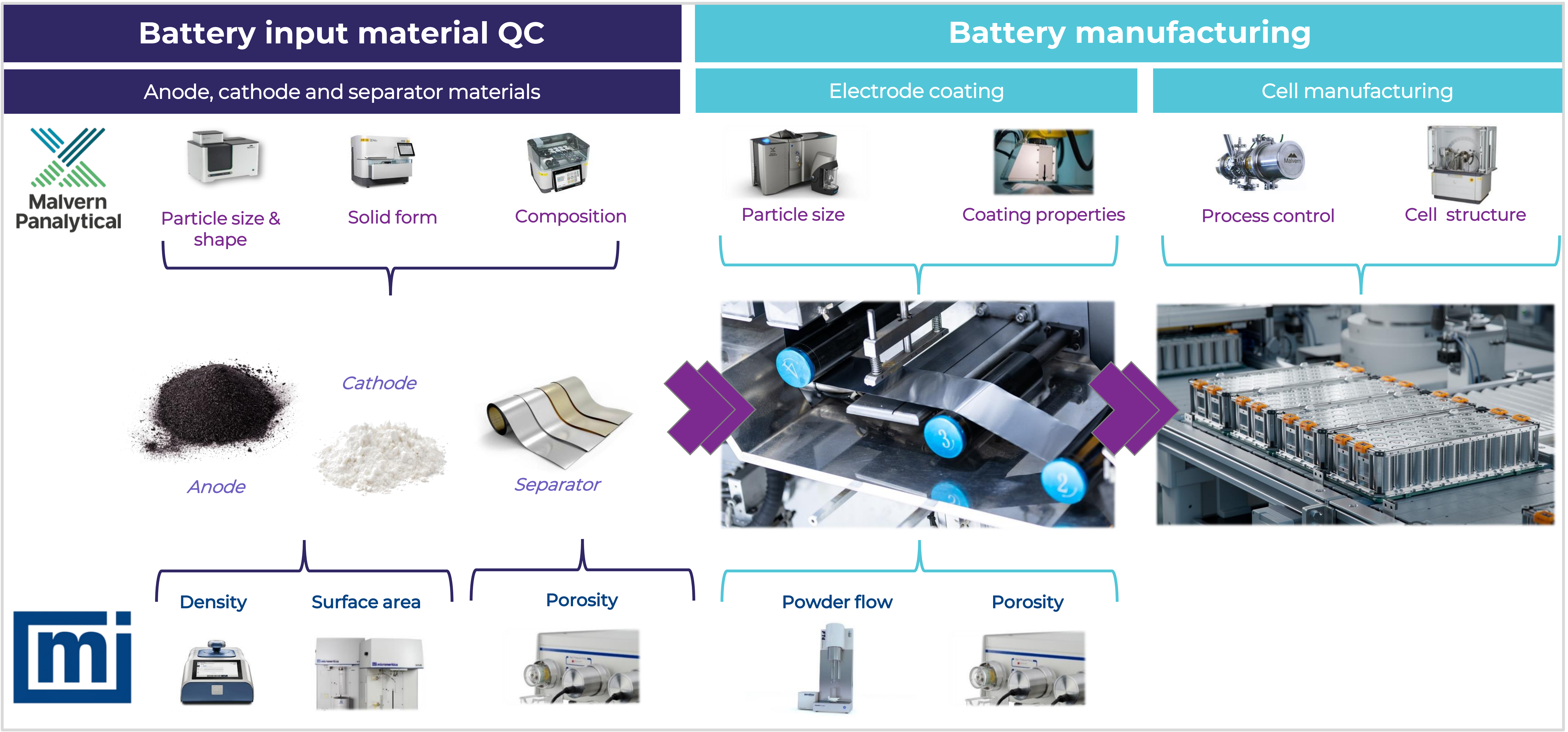
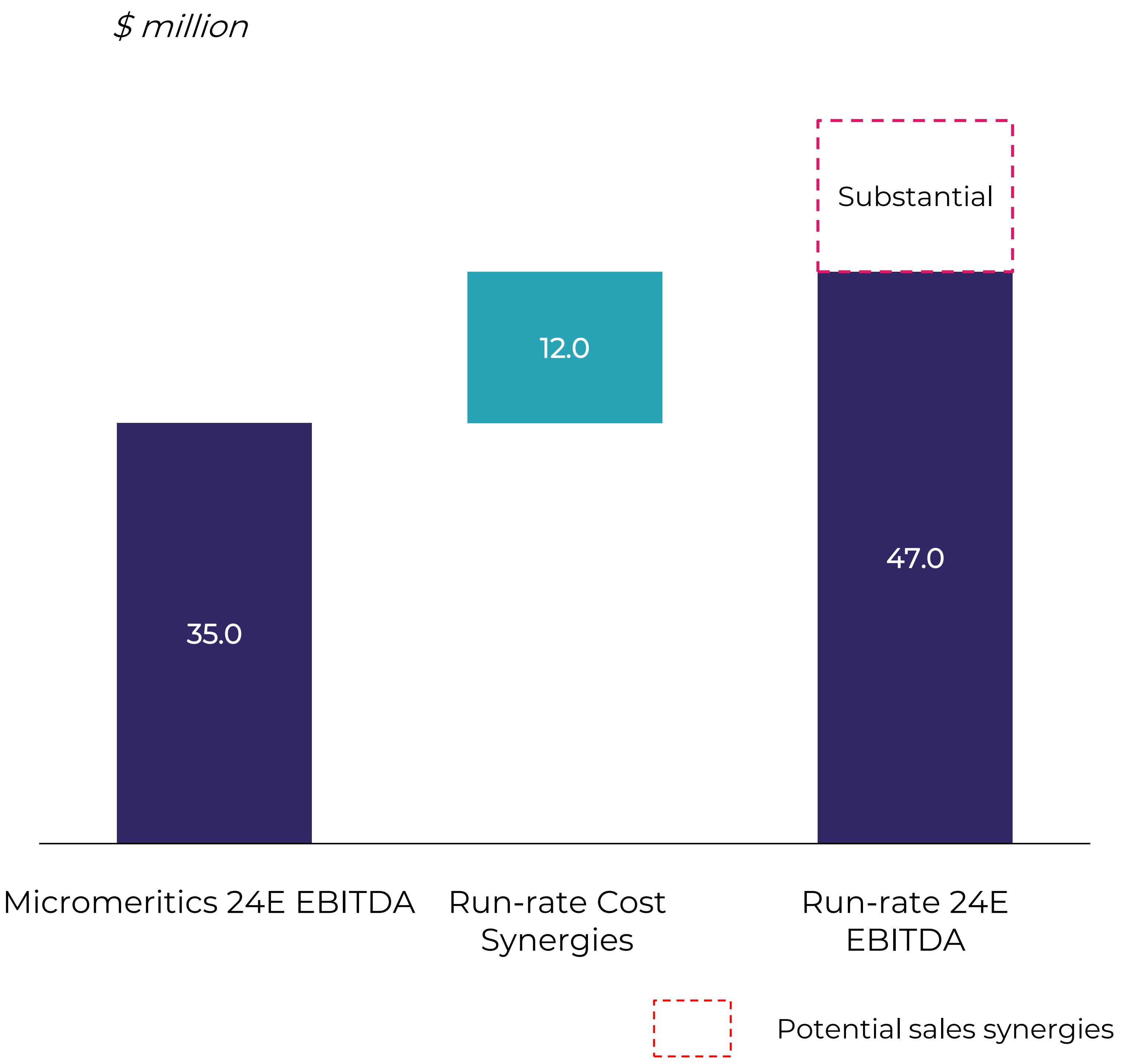


Strong cost and sales synergy opportunities

Cost opportunities	Sales opportunities
Alignment is expected to drive substantial cost synergies and economies of scale across a number of areas including: • Sourcing • Go-to-market • Back-office functions	• Geographic / go-to-market synergies • Regional positioning in academia • Cross-selling opportunities • Marketing capability enhancement • Service uplift
Potential run-rate EBITDA impact of $12 million	Substantial incremental run-rate sales synergies



Operational and integration strategy

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Guiding Principles	• Micromeritics to be fully integrated into Malvern Panalytical within 12-18 months post close • A detailed, phased and integrated plan for each functional area • Spectris Scientific a division of scale comprising three highly complementary precision instruments businesses: ◦ Malvern Panalytical (including both SciAps and Micromeritics), Particle Measuring Systems and Servomex

Organisational plans	• No changes in 2024 as the teams focus on delivering the year
	• Align the best talent, skills and experience to take the business forward to the next stage of development
	• Together, Malvern Panalytical, Micromeritics and SciAps provide:
	  ◦ competitively positioned platform of scale
	  ◦ opportunities for our people to learn, share best practices and develop their careers

Operational framework	• Deploy SBS expertise and toolkit to drive lean practices • Leverage combined commercial & service infrastructure • Deploy Malvern Panalytical technology, processes and systems (e.g. common ERP) • Share best practices in R&D to enhance product vitality
Timing and approvals	• Transaction expected to complete in the third quarter • Subject to customary completion conditions and regulatory approvals

SciAps is the premier proprietary handheld measurement instrumentation platform

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Company overview

- Designs and manufactures handheld analytical instruments used to identify critical compounds, minerals, and elements
- Portfolio underpinned by two proprietary technology platforms capable of measuring every stable element on the periodic table:
  - XRF: X-Ray Fluorescence
  - LIBS: Laser-Induces Breakdown Spectroscopy
- Portable analytical instruments allow customers to measure any element, any place on the planet, bringing the measurement even closer to the point of use
- Highly synergistic combination, with SciAps handheld portfolio used complementing Malvern Panalytical's range of laboratory and benchtop equipment
- Comprehensive suite of technology offerings in attractive end markets: green metals/mining, recycling, batteries, pharmaceuticals and agriculture.
- Compelling financial profile highlighted by robust sales growth, margin expansion and high cash conversion at scale

Select statistics and financial metrics

SciAps

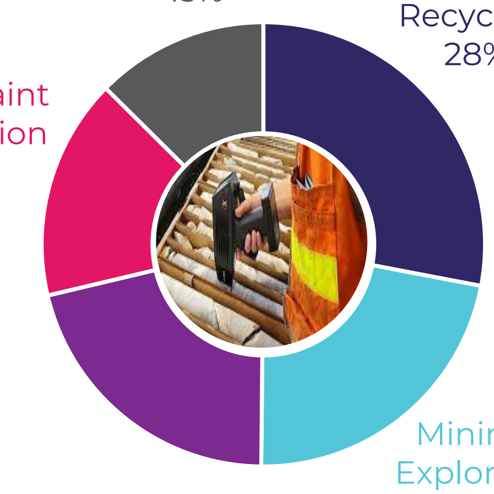
$70m
Revenue
(2024E)

$12.1m
Adj. EBITDA
(2024E)

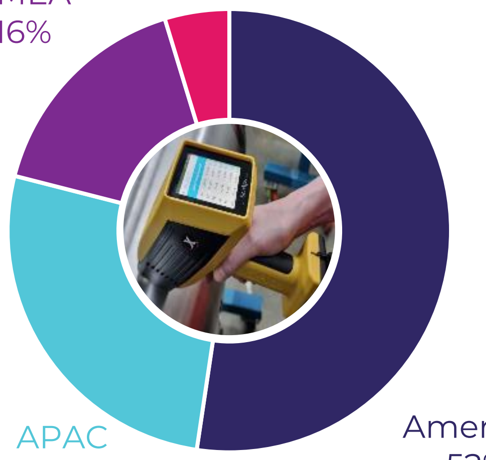
46%
Revenue CAGR
(2013-2023)

$0.5bn
Addressable Market

Revenue by market



Revenue by geography



Acquisition of SciAps: Transaction summary

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Acquisition of a proven high-growth, specialist provider of handheld instruments

High growth, high quality business with compelling strategic rationale

- SciAps will be integrated into Malvern Panalytical in Spectris Scientific
- Strengthens Spectris' position in a number of key end markets
- Accelerates Malvern Panalytical's digital strategy and solution offering
- Further enhances Malvern Panalytical's offering in North America
- Sustained future growth expected to be significantly ahead of our 6-7% medium-term target

Attractive, synergistic, all-cash combination

- Upfront consideration of $200m (£157m) plus a deferred element of up to $60m (£47m) payable on the delivery of agreed financial metrics
- Expected conservative synergies of ~$6m (£4.7m) which, when applied to the expected outturn for 2024, represents an EV/EBITDA multiple of ~14x

Strong financial returns consistent with capital allocation framework

- Accretive to earnings in the first year of ownership
- In line with the Group's capital allocation policy
- Returns expected to exceed our cost of capital by the end of the third full year post acquisition

Timing and approvals

- Completion expected to take place later this year
- Transaction subject to customary completion conditions and regulatory approvals

$ USD: £ GBP based on numbers contained in announcement dated 4 July

Building a market leader in advanced materials analysis

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- We are building a leading and highly differentiated position and a fully integrated offering in advanced material analysis
- Acquisitions of Micromeritics and SciAps are highly complementary and synergistic strengthening our offering in the rapidly growing, clean tech and digital markets
- Good cultural alignment with Malvern Panalytical and Spectris values
- Combination generates strong returns and drives growth

Q&A