

Strategy for Sustainable Growth

Half year results

31 July 2023



Introduction

Andrew Heath

Chief Executive Officer



Strong first half performance and upgrade to full year **spectris**

Strong first half results

Very strong sales growth +23%
Margin up 180 bps

Record operating profit
+41%

Strong cash conversion
and balance sheet

New products, acquisitions
and operational improvement



Confidence in full year outlook

Organic sales growth to be ahead of
previous guidance of 6-7%

Continue to expect strong progress on
margin expansion

Adjusted operating profit to be in the
range of £250 million to £265 million

Continued progress on
strategic execution

Thank you to all our Spectris colleagues



Great people united behind a common purpose and values



A diverse, highly skilled, customer-centric team



Healthy, high performance Culture



A great and engaging place to work



Financial Review

Derek Harding

Chief Financial Officer

Financial performance overview

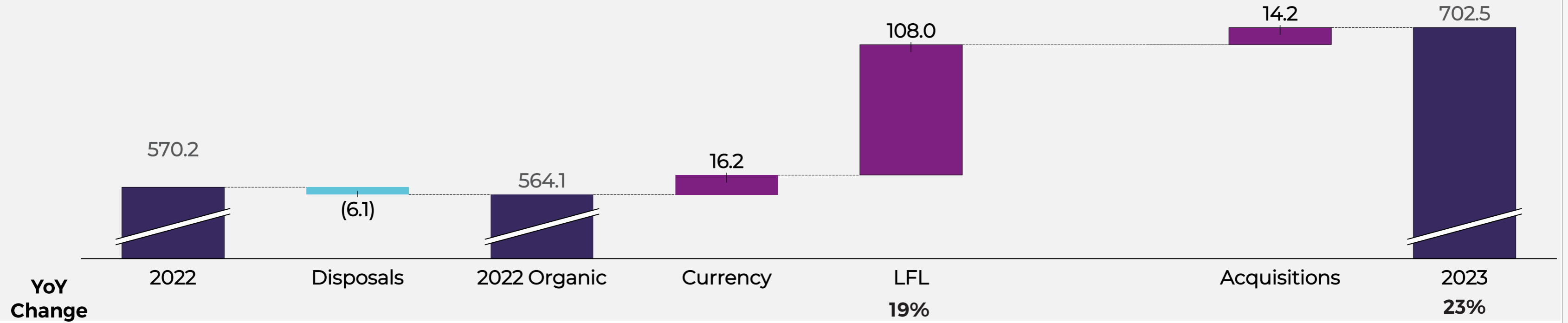
Continuing operations	H1 2023	H1 2022	Change	Like-for-like change ²
Sales (£m)	702.5	570.2	23%	19%
Adjusted operating profit (£m) ¹	102.1	72.3	41%	35%
Adjusted operating margin (%) ¹	14.5%	12.7%	180bps	170bps
Adjusted profit before tax (£m) ¹	103.4	70.3	47%	
Adjusted effective tax rate (%) ¹	22.0%	22.0%	Flat	
Adjusted EPS (pence) ¹	77.2	49.8	55%	
DPS (pence)	25.3	24.1	5%	
Adjusted cash flow conversion (%) ¹	117%	39%	78pp	
Net cash/(debt) (£m) ¹	214.3	(98.3)	n/m	
Return on gross capital employed (%) ¹	16.7%	13.8%	290bps	

Notes

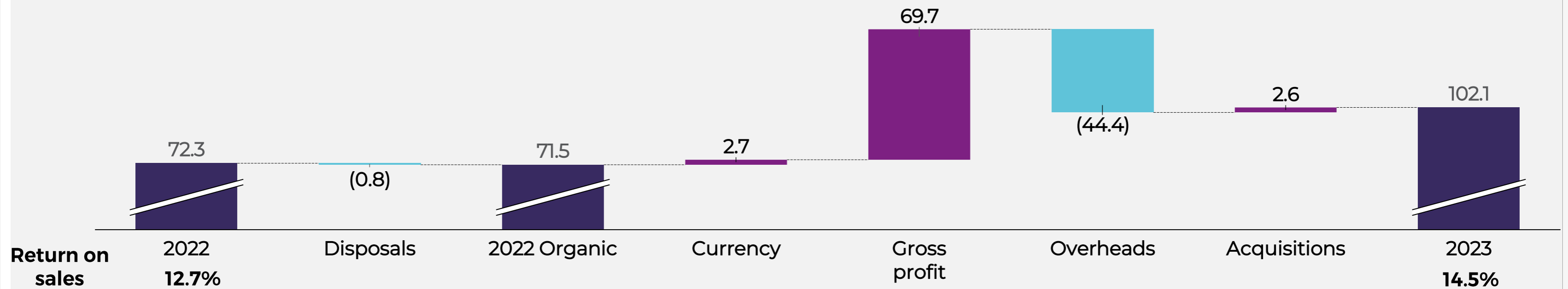
1. These adjusted performance measures represent the statutory results excluding certain items.
2. At constant exchange rates and including acquisitions and disposals on a comparable basis ('LFL').

Sales & Margin bridges

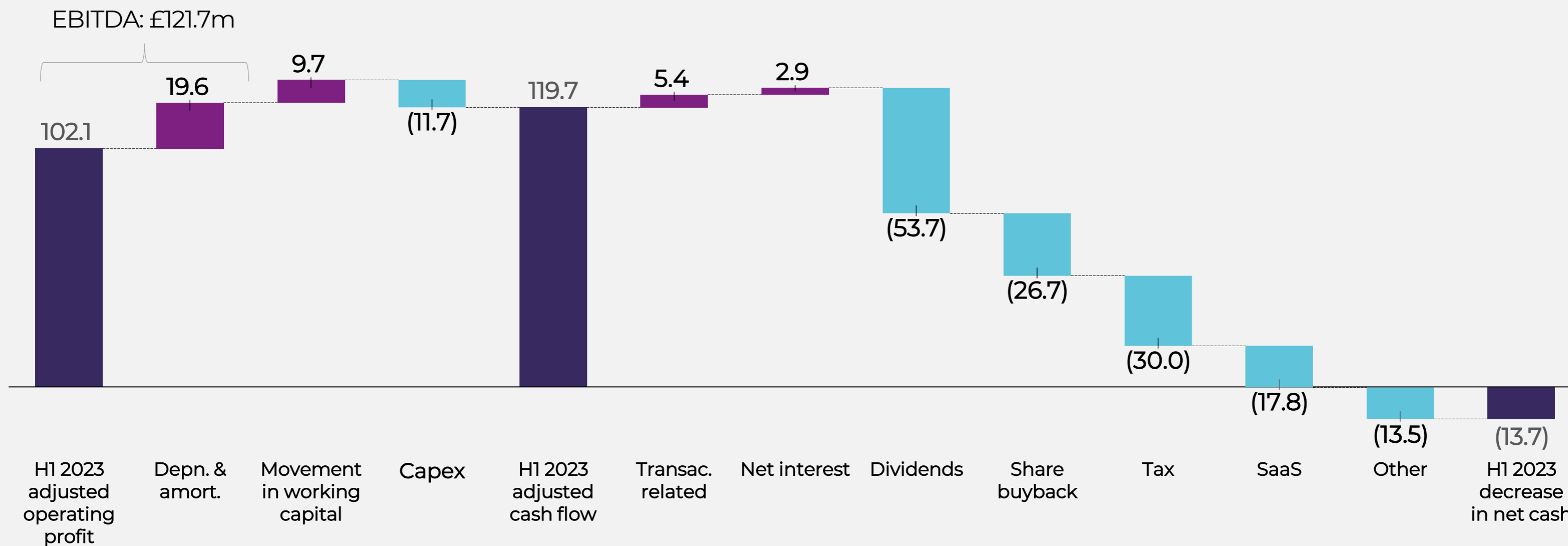
Sales



Adjusted operating profit



Cash flow bridge



Adjusted and Statutory operating profit and Profit for the period

Income Statement £m	H1 2023	H1 2022
Adjusted operating profit¹	102.1	72.3
Net transaction-related costs and fair value adjustments	(4.0)	(6.8)
Depreciation of acquisition-related fair value adjustments to property, plant and equipment	-	(0.1)
Configuration and customisation costs carried out by third parties on material SaaS projects	(17.8)	(2.3)
Amortisation of acquisition-related intangible assets	(9.8)	(8.8)
Statutory operating profit	70.5	54.3
Fair value through profit and loss movements on debt investments	0.7	-
Share of result of associate	0.1	0.1
(Loss)/profit on disposal of businesses	(11.0)	0.2
Financial income	10.3	0.3
Finance costs	(2.1)	(13.1)
Profit before tax	68.5	41.8

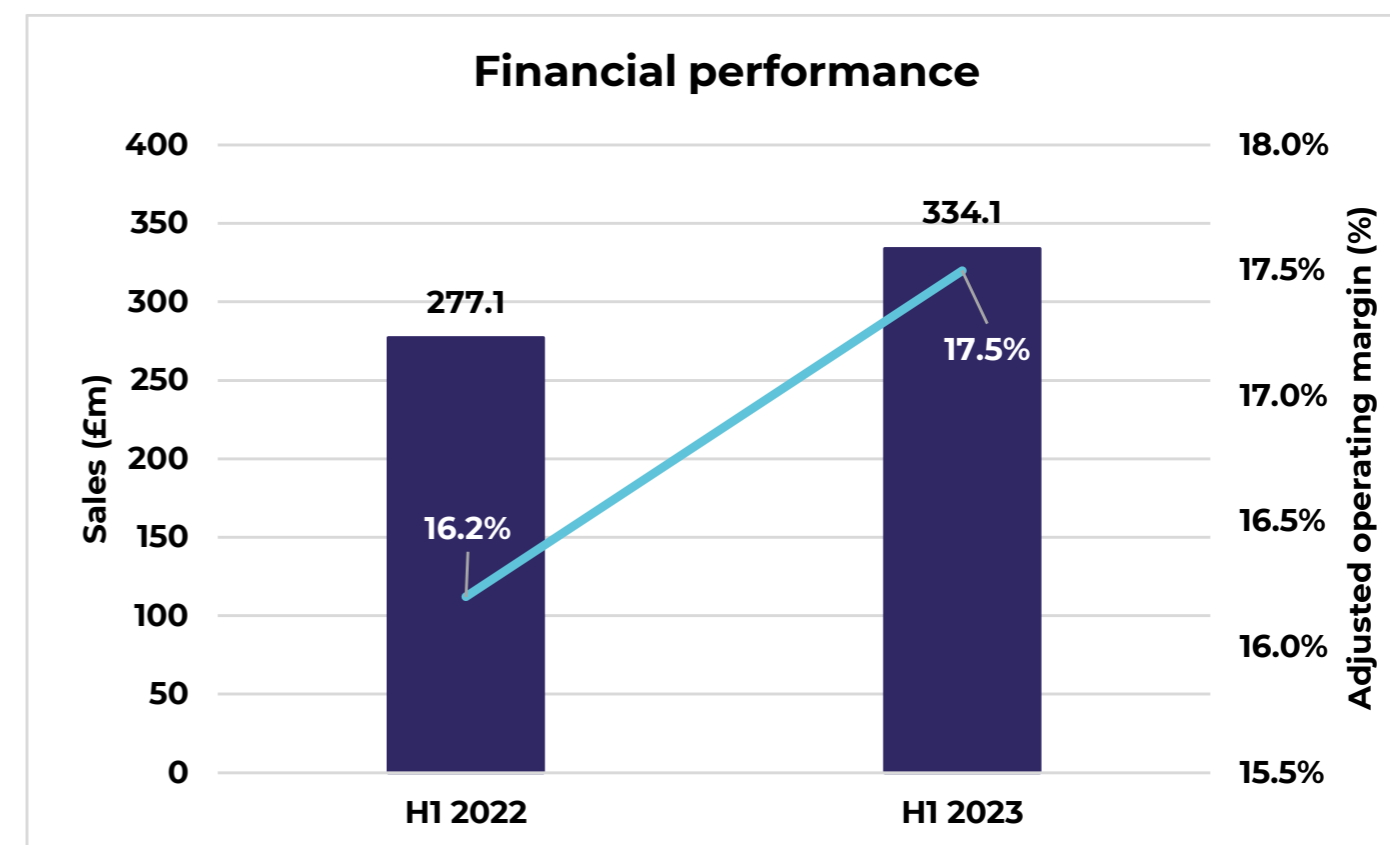
Notes

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

Spectris Scientific – H1 2023 performance

	H1 2023	H1 2022	Change	LFL change
Statutory reported sales (£m)	334.1	277.1	21%	22%
Adjusted operating profit (£m)	58.6	44.9	30%	30%
Adjusted operating margin (%)	17.5%	16.2%	130bps	110bps
Statutory operating profit (£m)	46.7	36.1	29%	
Statutory operating margin (%)	14.0%	13.0%	100bps	

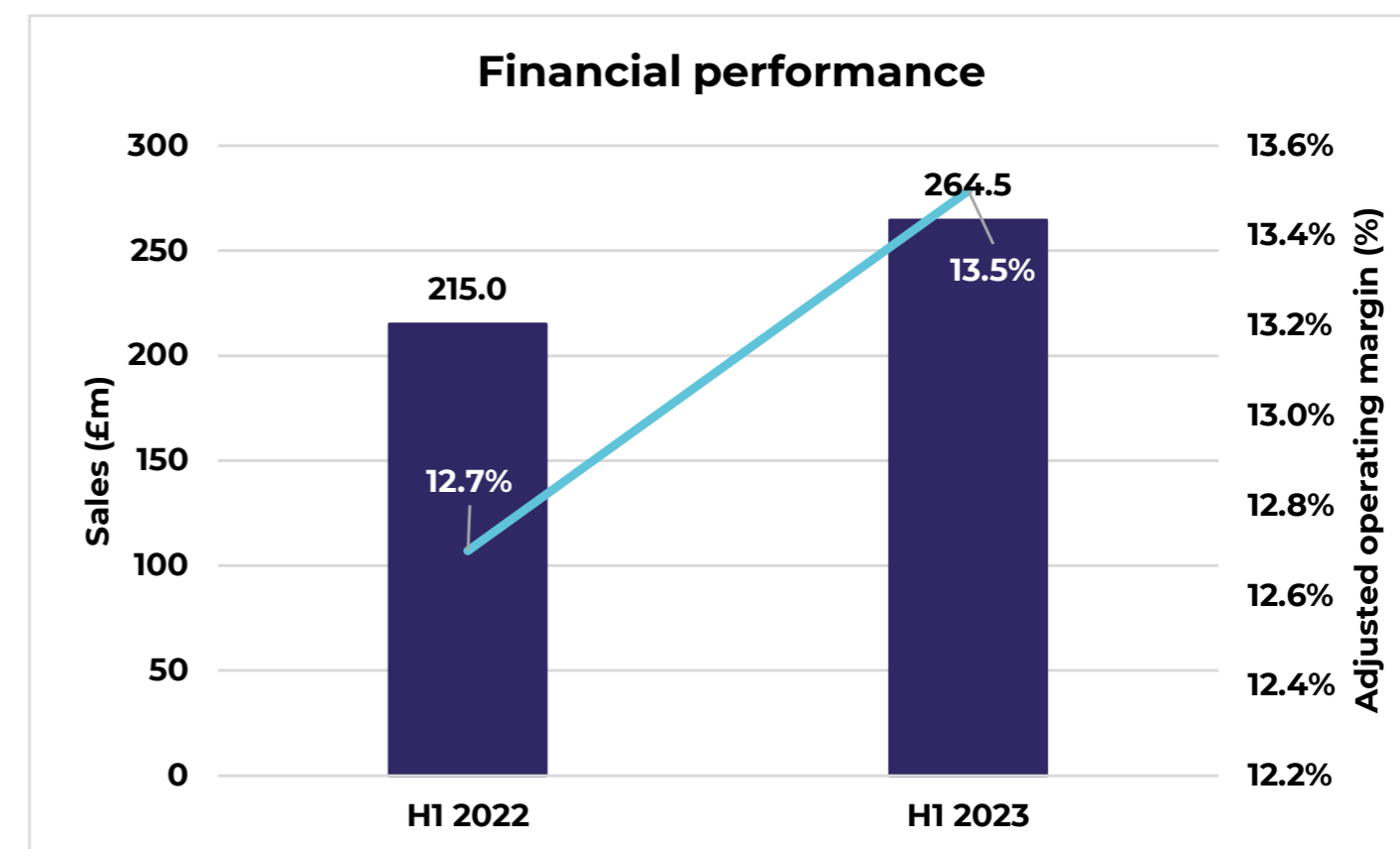
- Excellent financial performance
- Sales growth of 21%
- Order intake slightly up on comparative period
- Adjusted operating margin up 130 bps to 17.5%
- Statutory operating profit includes investment in new ERP system



Spectris Dynamics – H1 2023 performance

	H1 2023	H1 2022	Change	LFL change
Statutory reported sales (£m)	264.5	215.0	23%	13%
Adjusted operating profit (£m)	35.8	27.4	31%	20%
Adjusted operating margin (%)	13.5%	12.7%	80bps	70bps
Statutory operating profit (£m)	18.3	19.3	(5%)	
Statutory operating margin (%)	6.9%	9.0%	(210bps)	

- Very good financial performance
- Sales growth of 23%
- Order intake slightly lower than comparative period
- Adjusted operating margin up 80 bps to 13.5%
- Statutory operating profit, includes investment in new ERP system



2023 modelling considerations

- Sales growth ahead of previous guidance of 6-7%
- Expanding operating margins
- Operating profit in the range of £250 million to £265 million
- Working capital expected to reduce and should be in the middle of our guided range of 11-15% of Sales
- Capex expected to be in the region of £40 million to £50 million
- SaaS costs expected be £25 million to £30 million
- Effective tax rate is expected to be 22%
- Remainder of share buyback expected to be completed by the end of the year

Impact of 1 cent change versus GBP	2023 sales £m	2022 adjusted operating profit £m	Assumed rate for 2023
USD	2.9	0.5	1.24
EUR	2.2	0.4	1.17

Strategy for Sustainable Growth

Andrew Heath
Chief Executive Officer



Strategy for Sustainable Growth



Leading sustainable businesses



Compounding growth

spectris

Purpose-led

Delivered through our business model

Our Purpose

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



Our Commitment

to being a sustainable business partner, investment proposition and employer



▶ Great businesses

▶ Structural growth markets

▶ Customer centricity

▶ Investing in growth

▶ Operational excellence

▶ Investing in our people

Underpinned by Our Values

Be True

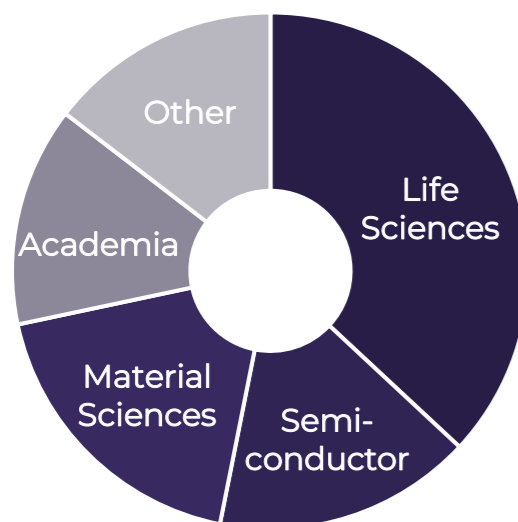
Own it

Aim High

Great businesses: Leaders in premium, precision management

Spectris Scientific

Leader in advanced measurement techniques for materials analysis

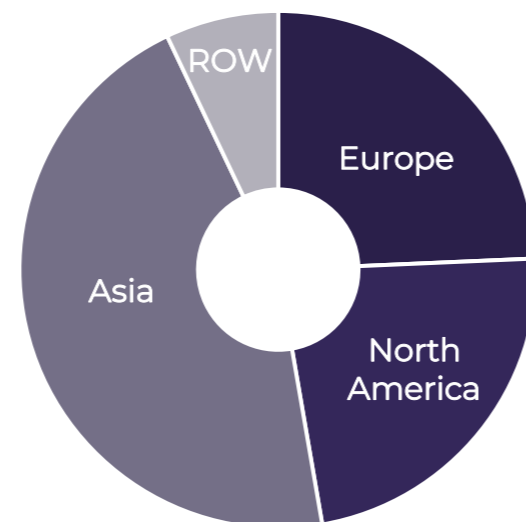


Orders +1%

Sales +21%

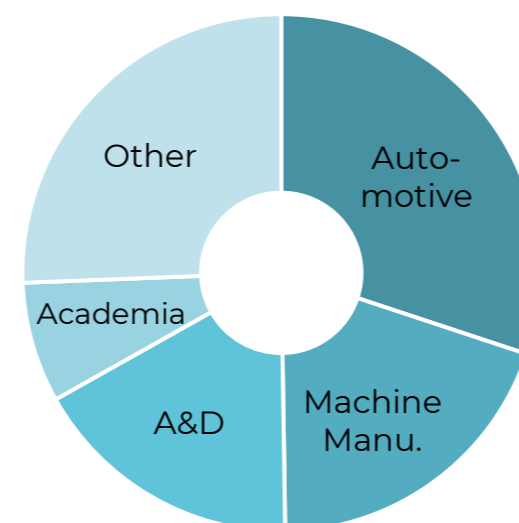
Op. margin 17.5%

Op. profit +30%



Spectris Dynamics

Leader in advanced integrated physical & virtual testing and measurement

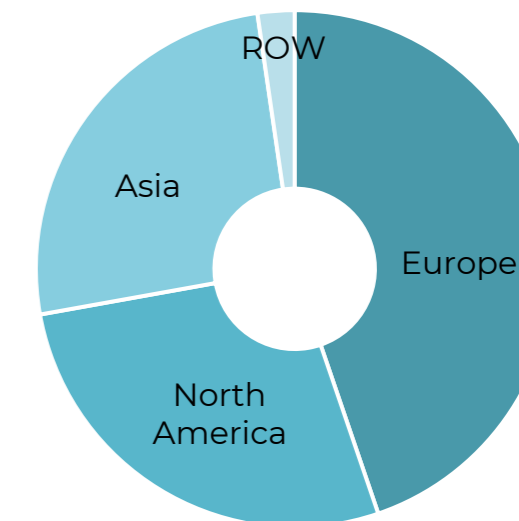


Orders -3%

Sales +23%

Op. Margin 13.5%

Op. Profit +31%



Elemental

Molecular

Structural

Metrological



Making the invisible ... visible

Virtual Test

Software




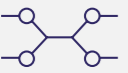


Data Acquisition

Sensing



Empowering the innovators

Portfolio aligned to structural growth drivers

Industry	Sales H1 2023 (£m)	Sales H1 2023 %	LFL Growth H1 2023	Expected medium-term market growth
 Life sciences / pharmaceutical	138.6	20%	1%	5-7%
 Technology-led industrials	103.2	15%	15%	5-7%
 Automotive	81.3	12%	10%	4-6%
 Electronics and semiconductor	73.9	11%	15%	6-8%
 Metals, minerals, mining	66.3	9%	29%	5-6%
 Academic research	66.6	9%	45%	5-6%



Higher quality, more resilient business

Attractive end markets

Supported by sustainable growth trends

Differentiated positions

Strong market share opportunity

Customer centricity driving demand and innovation

spectris



Customer collaboration

Cleaner

- Green metals and green mining
- Battery development
- Electric powertrain testing

Healthier

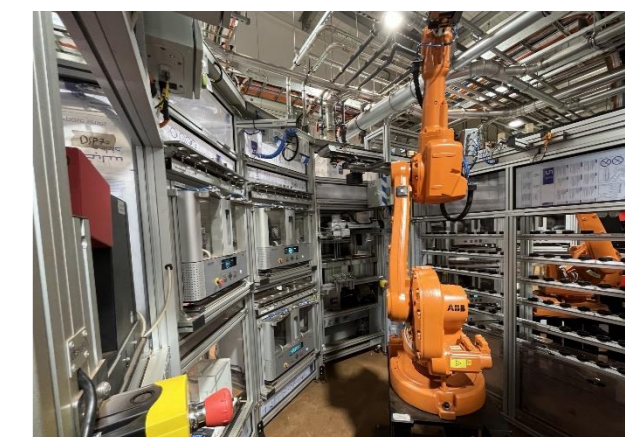
- Drug discovery and life sciences
- New medical devices

More productive

- Virtual test for automotive
- Optimising machine efficiency



Fully automated system for sample preparation, XRF and sample measurements



Creoptix WAVE bioanalytical instrument for drug discovery and life sciences



VI-Grade simulator with hardware in the loop software



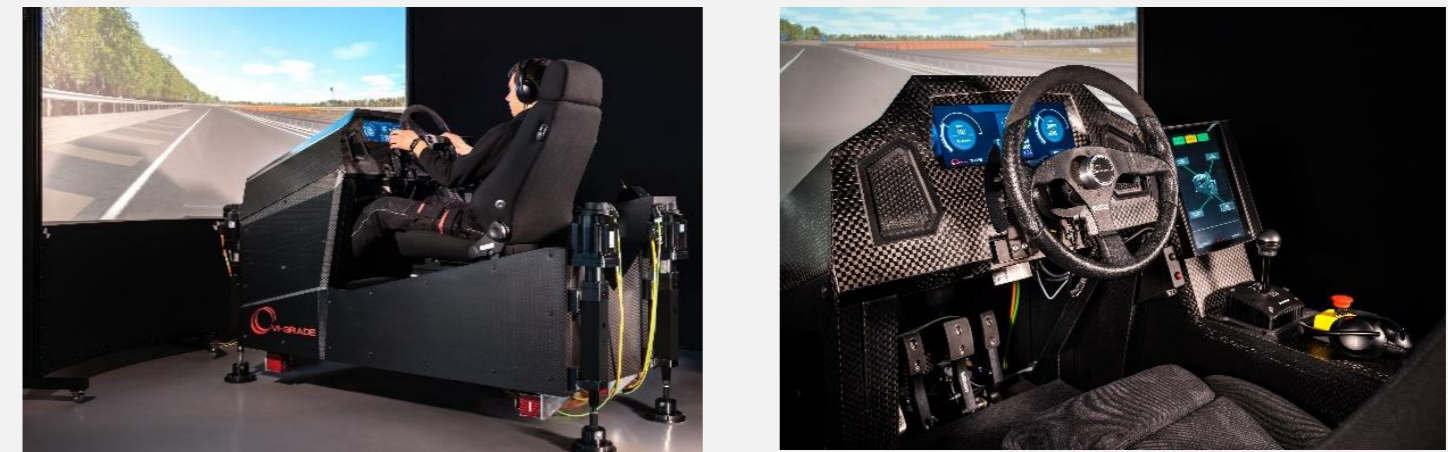
Investing in growth: new product development

Nanosight Pro



- Measures size and concentration of nanoparticles
- Biopharma applications
- Vaccine development; cell & gene therapies; drug delivery
- Generates nanomaterial characterisation up to 3x faster

Full Spectrum Simulator (FSS)



- Full spectrum simulation: multiple vehicle attributes
- Human-in-the-loop simulation
- Closely replicates the experience of driving a real car
- Highly accurate motion, vibration and sound effects

£52 million
H1 R&D investment

7.4%
of sales in H1

8%
Medium-term guidance

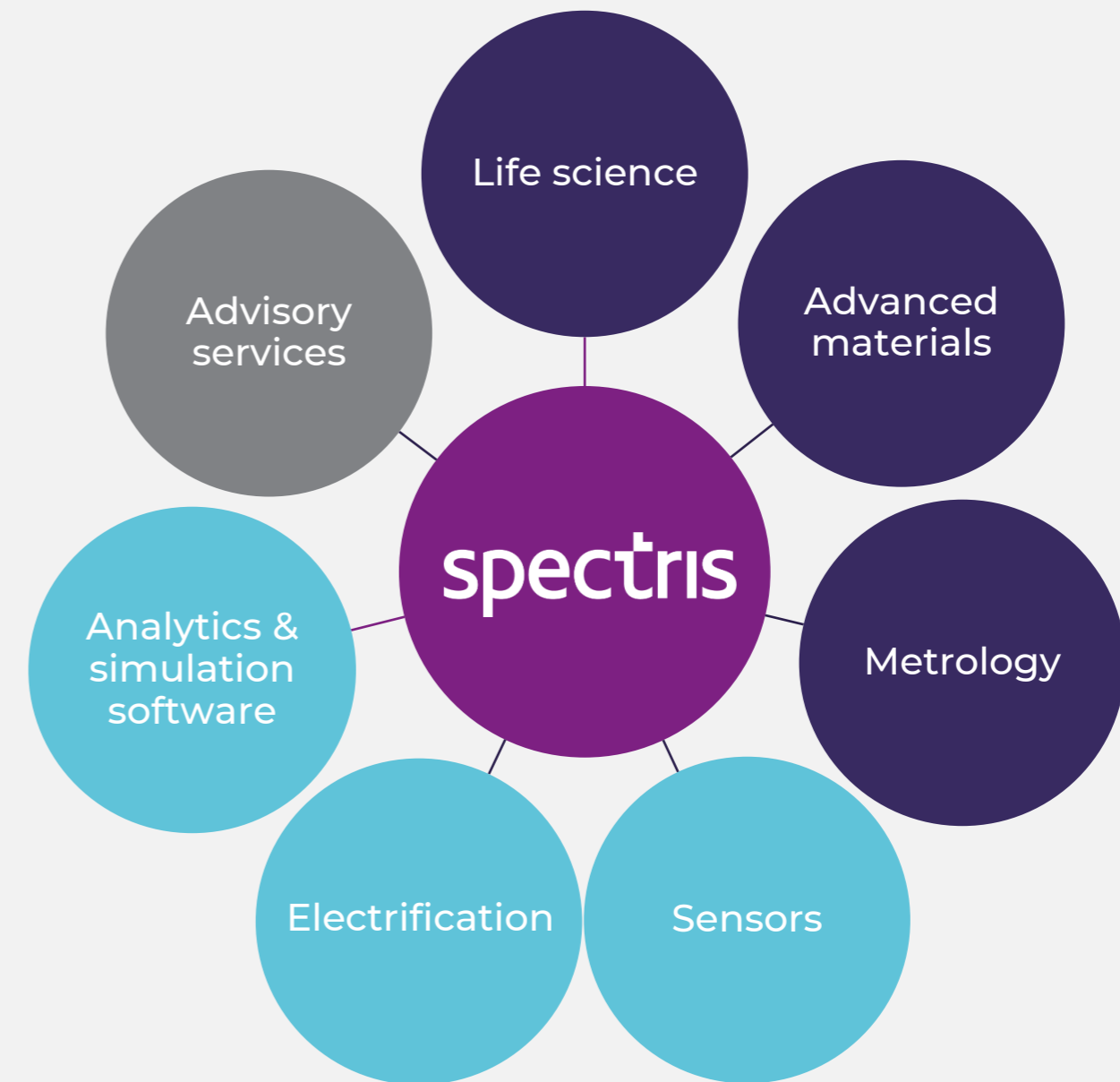
Investing in growth: Creating value through M&A

Acquisition of MicroStrain Sensing Systems

- Leader in inertial & wireless sensing systems
- Serving industrial and aerospace markets
- New robotics, logistics, unmanned vehicles and mobility applications
- Strengthens sensor offering & penetration of automation and smart manufacturing
- Increases North American presence
- Headline consideration of £29.4 million



Active pipeline of bolt-ons and larger-scale opportunities



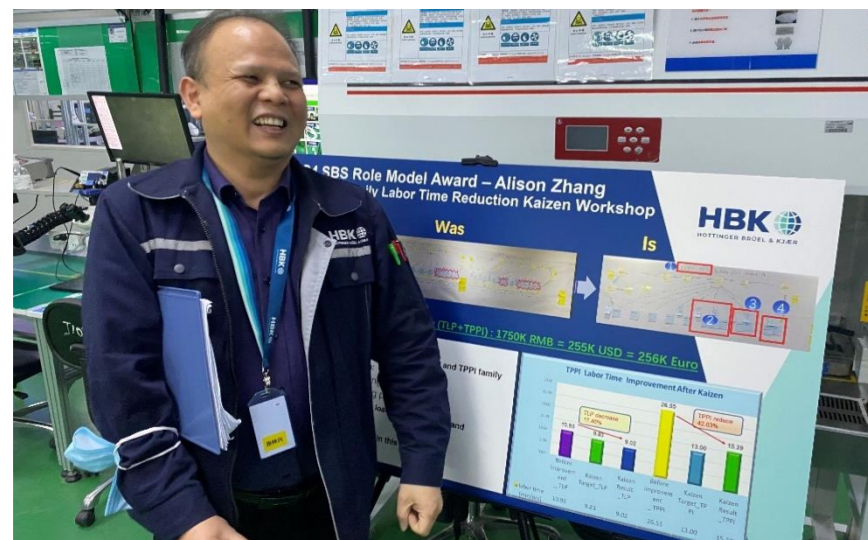
Operational excellence

Spectris Business System

Business transformation

- Strong focus on order book conversion and meeting our commitments to customers
- Businesses building on strong SBS foundations
- Number of projects improving productivity, reducing waste & driving efficiency
- Overheads reduced by 30bps* as a percentage of sales

- Moving from legacy ERPs to a single, scalable and agile solution
- Common set of business processes across the businesses
- On track to go-live across 2024
- Expected to deliver 150 basis points of operating margin



*LFL overheads as a % of LFL sales

Leading Sustainable Business



Our people



- Engagement score increased to 3.92 (from 3.86)
- Upward trend over last 3 years
- Continued investment in talent and leadership



Our planet



- Continued progress on Scope 1 & 2
- Investment into renewables
- Driven through SBS



Our value chain



- Accelerating adoption of Ecovadis across the business
- Increasing understanding of sustainability focus areas across supply chain



Our society



- Young Professionals STEM work experience
- International Women in Engineering Day
- National Apprenticeship Week

Summary

Strong first half results

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Margin up 180 bps

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Confidence in full year outlook

Organic sales growth to be ahead of
previous guidance of 6-7%

Continue to expect strong progress on
margin expansion

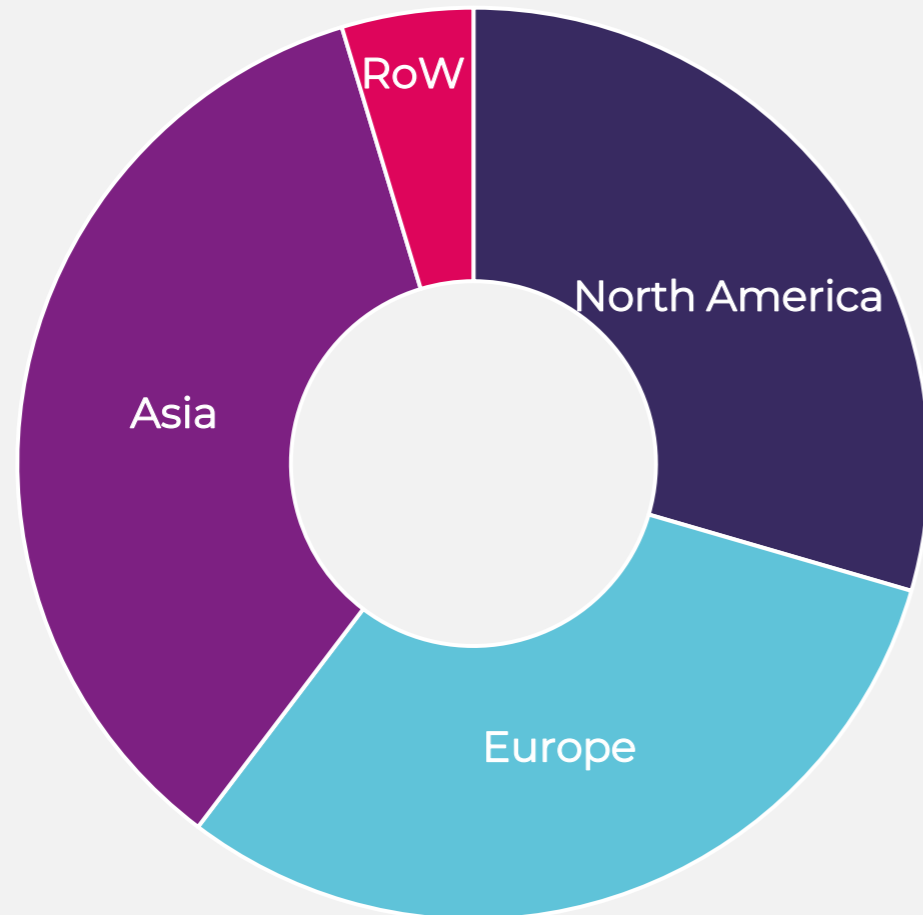
Adjusted operating profit to be in the
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Continued progress on
strategic execution

Appendix



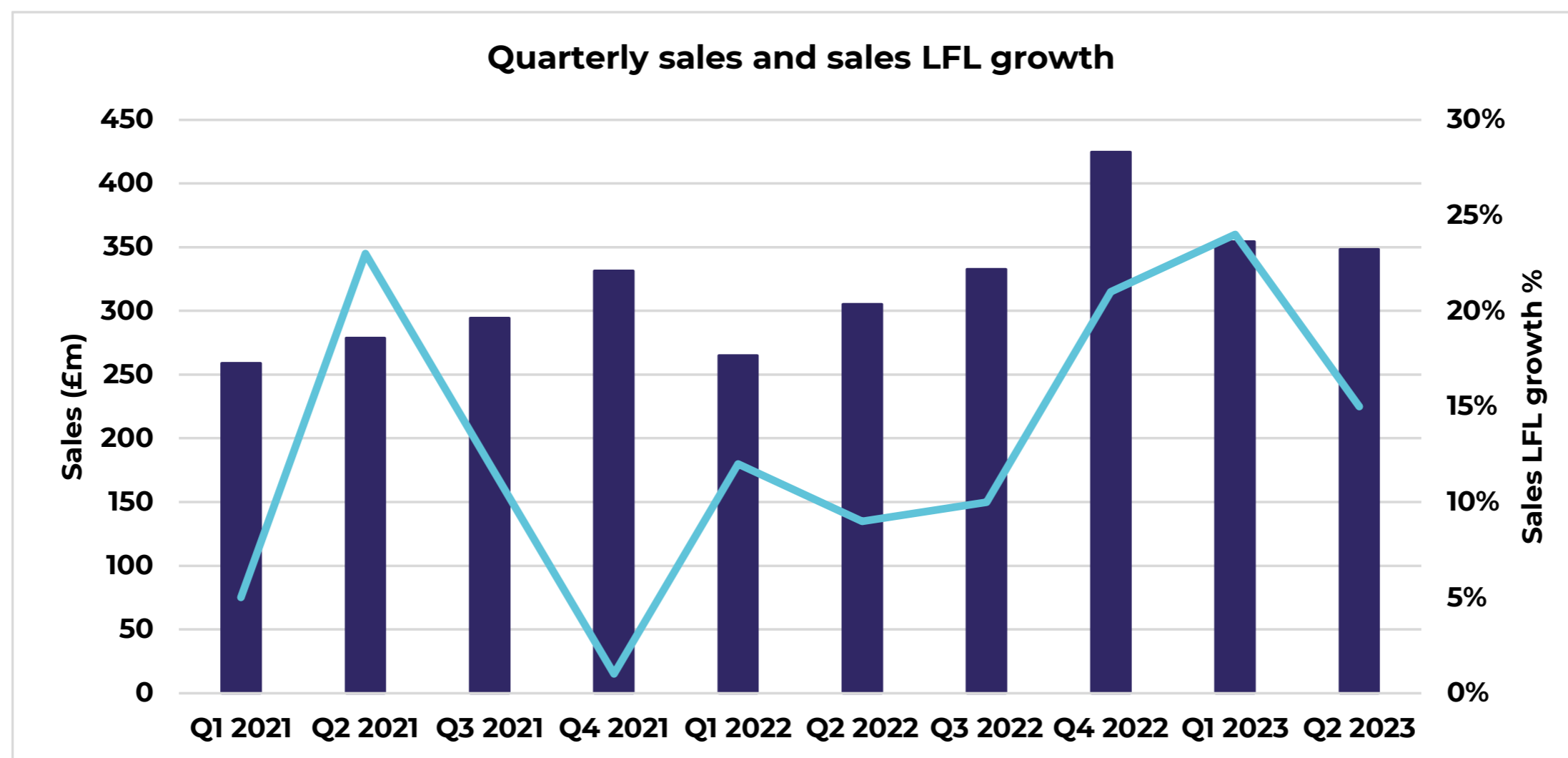
Sales by destination



Destination	% of Group sales	LFL change H1 2023	LFL change H1 2022
North America	30%	15%	15%
Europe	31%	19%	7%
Germany	10%	25%	11%
UK	4%	20%	22%
Asia	35%	20%	12%
China	17%	20%	9%
Japan	6%	30%	5%
Rest of the world	4%	33%	6%

Quarterly sales and LFL growth

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Sales (£m)	258.8	278.7	294.2	331.3	264.9	305.3	332.6	424.6	354.3	348.2
Sales LFL growth (%)	5%	23%	12%	1%	12%	9%	10%	21%	24%	15%



Reportable segments summary

	Spectris Scientific		Spectris Dynamics		Others		Group costs		Spectris plc	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Sales	334.1	277.1	264.5	215.0	103.9	78.1			702.5	570.2
Adjusted Operating Profit	58.6	44.9	35.8	27.4	20.4	8.6	(12.7)	(8.6)	102.1	72.3
Adjusted Operating Margin	17.5%	16.2%	13.5%	12.7%	19.6%	11.0%			14.5%	12.7%