

spectris

Strategy for Sustainable Growth

2022 Full Year results
23 February 2023



Introduction

Andrew Heath
Chief Executive Officer



Delivering the Strategy for Sustainable Growth

Strong results for 2022



Strong financial performance and strategic progress



Strengthened, high quality order book



Strong balance sheet to support growth



Compounding growth and expanding margins



Confidence in 2023 outlook

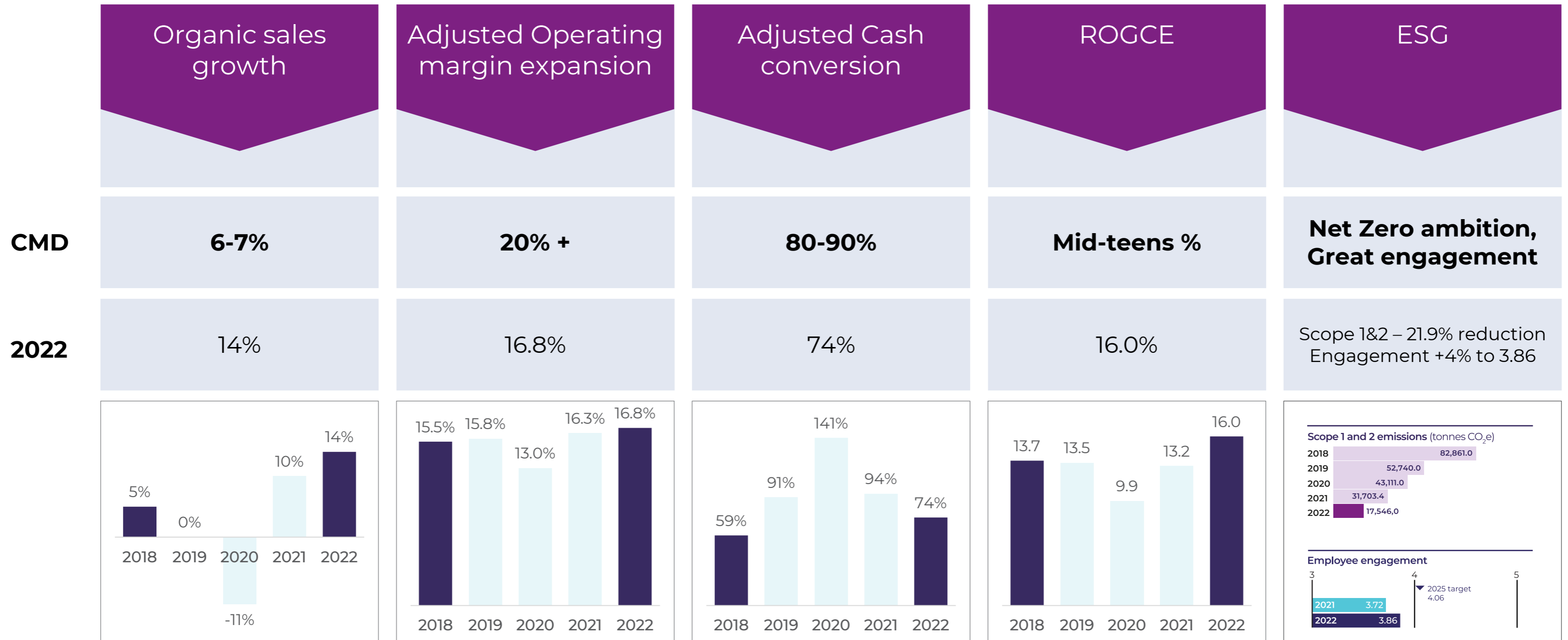
Momentum and strong start to 2023

Organic growth expected to be consistent with our medium term objectives of 6-7%

Expect strong progress on expanding margins

Driving forward with our ambitions as a leading sustainable business

Medium term performance



Note: Net zero targets were set in 2020, Engagement targets were set in 2021. Scope 1&2 refers to market-based emissions

Great progress delivered by great people – thank you to all our Spectris colleagues

Great people united behind a common purpose and values



A diverse, highly skilled, customer-centric team

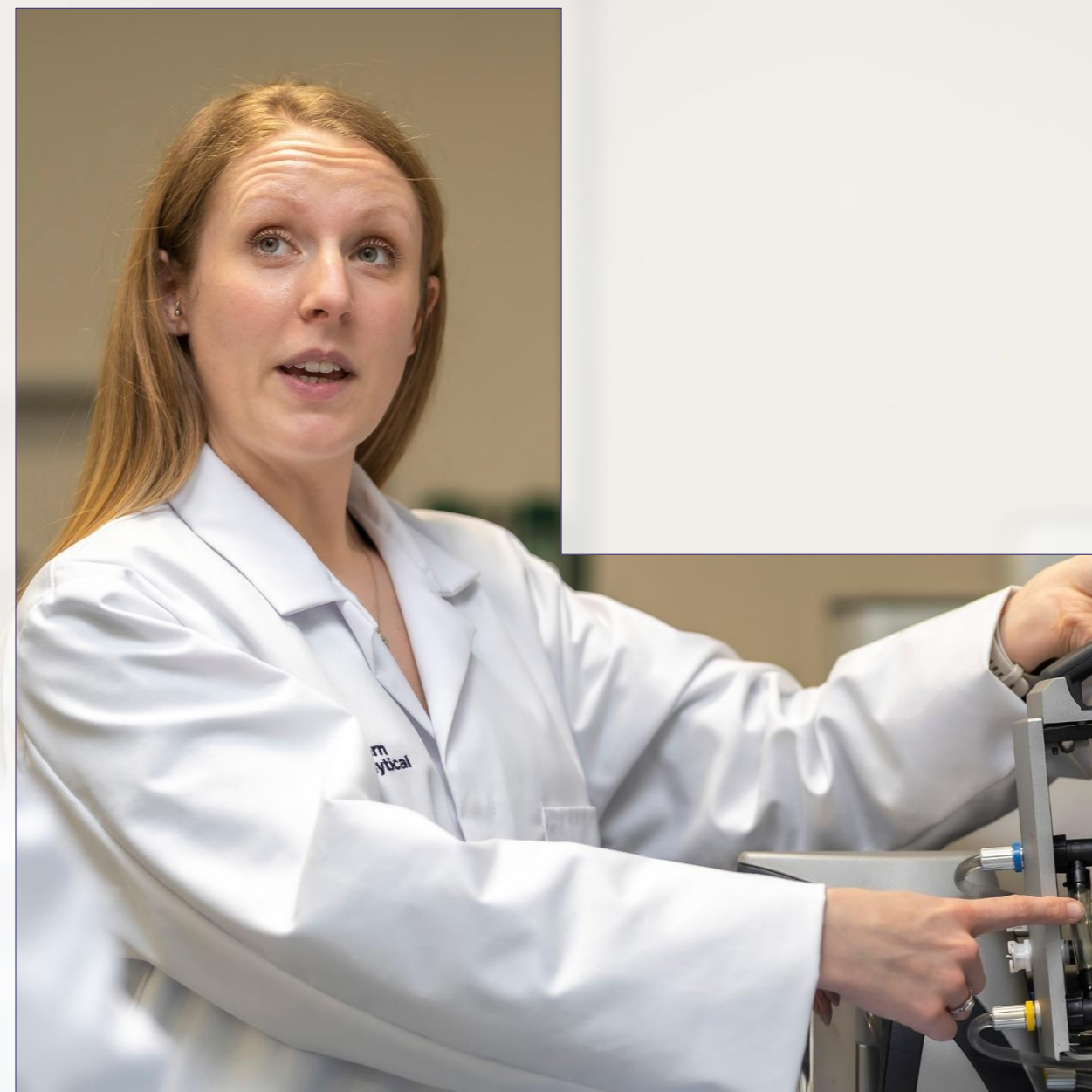


Healthy, high performance culture



A great and engaging place to work





Financial review and business overview

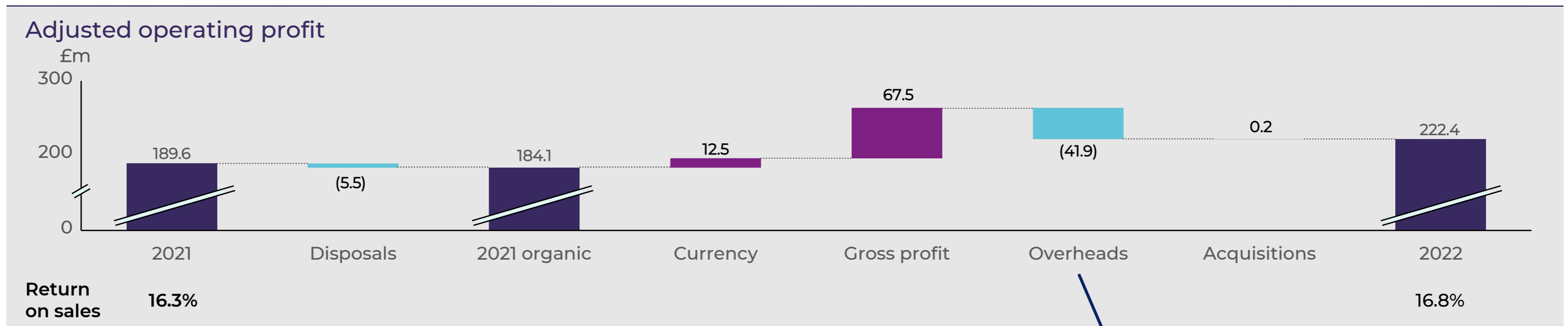
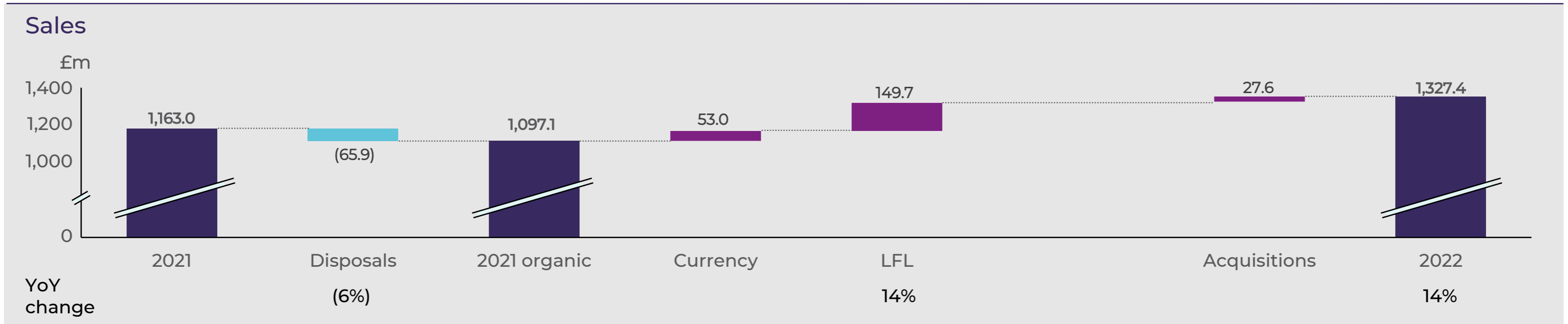
Derek Harding
Chief Financial Officer



Financial performance overview

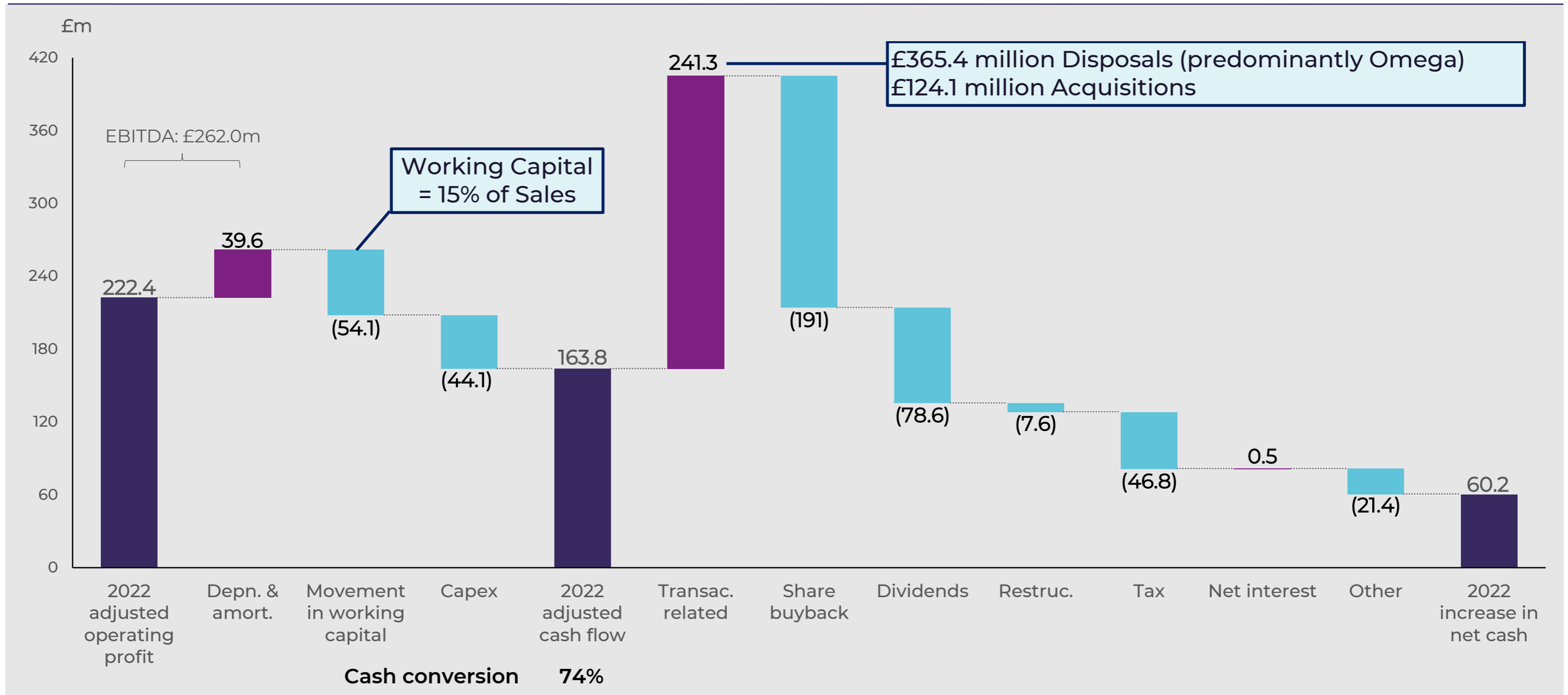
Continuing operations	2022	2021	Change	Like-for-like change vs 2021
Sales (£m)	1,327.4	1,163.0	14%	14%
Adjusted operating profit (£m)	222.4	189.6	17%	14%
Adjusted operating margin (%)	16.8%	16.3%	50bps	Flat
Adjusted profit before tax (£m)	219.7	184.7	19%	
Adjusted effective tax rate (%)	21.7%	21.5%	20bps	
Adjusted EPS (pence)	159.9	127.4	26%	
DPS (pence)	75.4	71.8	5%	
Adjusted cash flow conversion (%)	74%	94%	(20pp)	
Net cash (£m)	228.0	167.8	36%	
Return on gross capital employed (%)	16.0%	13.2%	280bps	

Sales & Margin bridges



Includes £20.3 million of R&D
 Total R&D spend for 2022 = £103.8 million

Cash flow bridge



Adjusted and statutory operating profit and Profit for the year

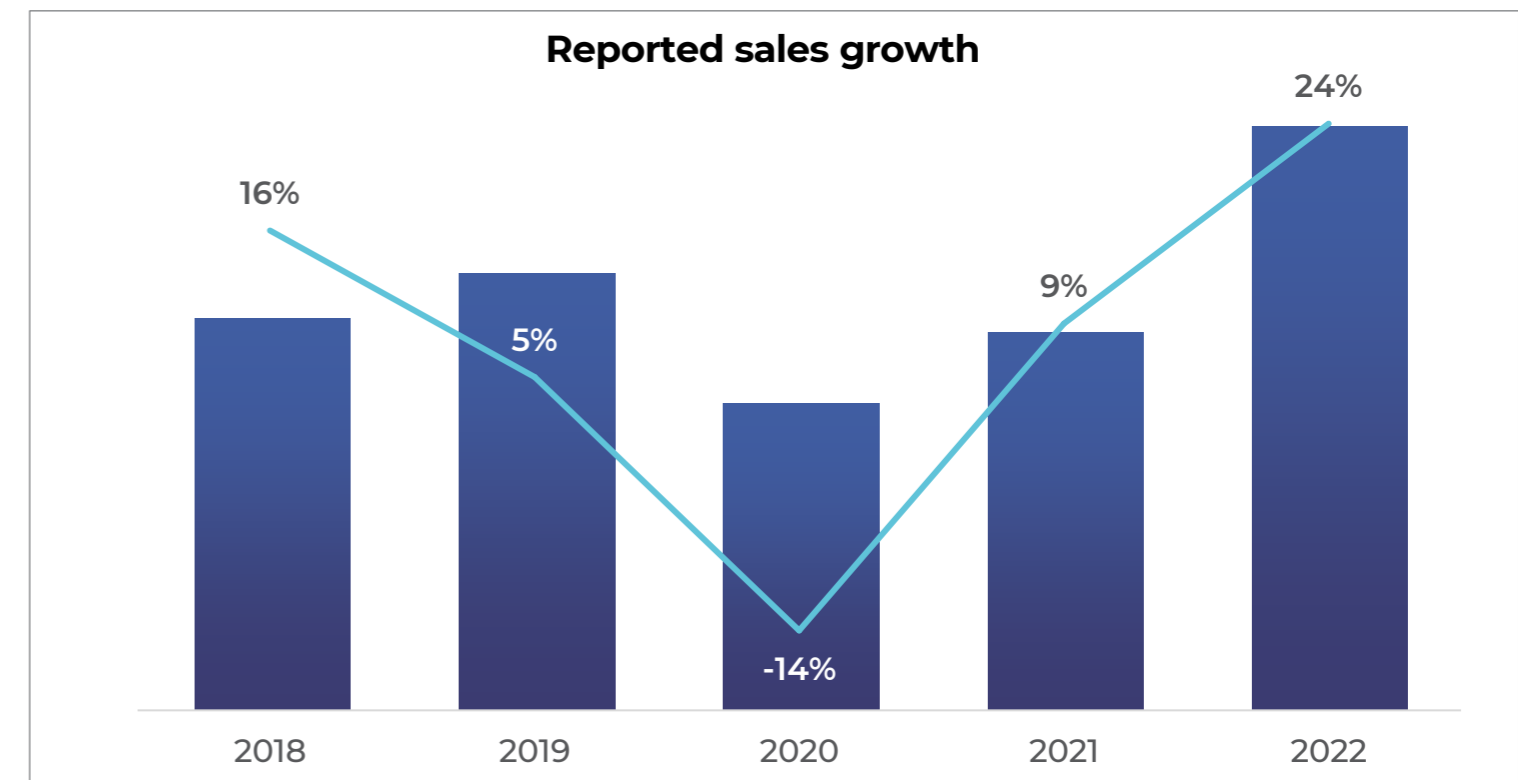
Income Statement £m	2022	2021
Adjusted operating profit	222.4	189.6
Restructuring costs	-	(10.2)
Net transaction-related costs and fair value adjustments	(8.3)	(19.0)
Depreciation of acquisition-related fair value adjustments to property, plant and equipment	(0.2)	(0.2)
Configuration and customisation costs carried out by third parties on material SaaS projects	(21.7)	(7.0)
Amortisation of acquisition-related intangible assets	(19.6)	(13.3)
Statutory operating profit	172.6	139.9
Fair value through profit and loss movements on debt investments	(4.1)	-
Profit on disposal of businesses	0.3	226.5
Financial income	1.9	12.8
Finance costs	(19.2)	(5.4)
Profit before tax	151.5	373.8
Taxation charge	(36.7)	(38.2)
Profit from discontinued operations	286.7	11.3
Profit for the year	401.5	346.9

Spectris Scientific – 2022 performance



	2022	2021	Change vs 2021	LFL change vs 2021
Statutory reported sales (£m)	657.8	531.2	24%	18%
Adjusted operating profit (£m)	140.0	112.2	25%	24%
Adjusted operating margin (%)	21.3%	21.1%	20bps	90bps
Statutory operating profit (£m)	118.3	94.2	26%	
Statutory operating margin (%)	18.0%	17.7%	30bps	

- Excellent financial performance with sales growth of 24%
- Order intake increased 12%, order book is strong
- Adjusted Operating margin up to 21.3%
- Investments in R&D driving a progressive portfolio underpinning future growth
- Business transformation on track to drive further growth and margin expansion

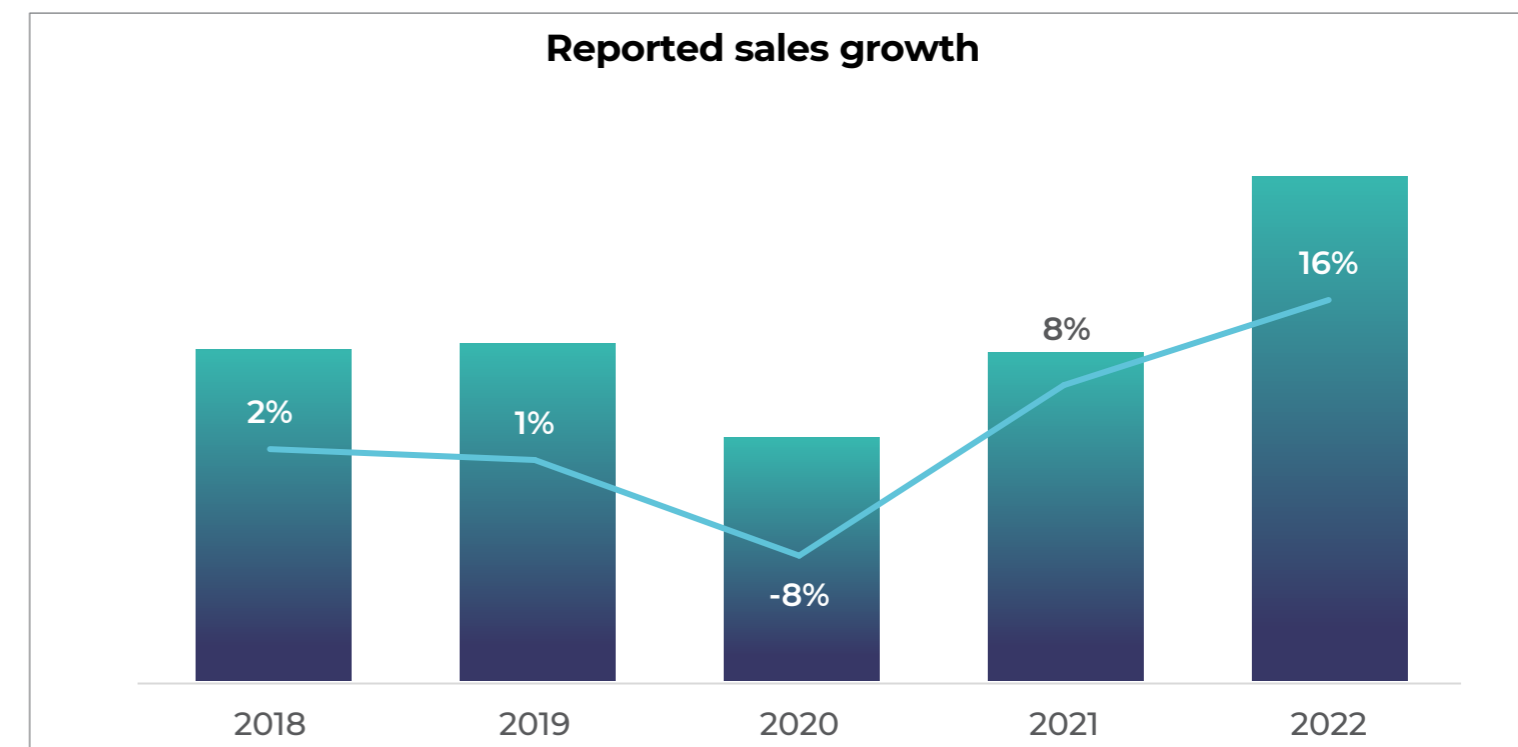


Spectris Dynamics – 2022 performance



	2022	2021	Change vs 2021	LFL change vs 2021
Statutory reported sales (£m)	492.2	425.5	16%	7%
Adjusted operating profit (£m)	73.6	70.3	5%	-7%
Adjusted operating margin (%)	15.0%	16.5%	(150bps)	(220bps)
Statutory operating profit (£m)	46.5	45.6	2%	
Statutory operating margin (%)	9.4%	10.7%	(130bps)	

- Solid financial performance with sales growth of 16%
- Compounded sales growth from recent acquisitions
- Order intake increased 20%, order book is strong
- Gross margins impacted by cost inflation mainly from electronic components
- Price increases and material supply improvements brings confidence for improved profitability
- SBS drives further margin expansion opportunities



Reportable segments summary



	Spectris Scientific		Spectris Dynamics		Others		Group costs		Spectris plc	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sales	657.8	531.2	492.2	425.5	177.4	206.3			1,327.4	1,163.0
Adjusted Operating Profit	140.0	112.2	73.6	70.3	27.2	26.2	(18.4)	(19.1)	222.4	189.6
Adjusted Operating Margin	21.3%	21.1%	15.0%	16.5%	15.3%	12.7%			16.8%	16.3%

2023 modelling considerations

- Sales growth to be in the region of 6-7%
- Expanding operating margins
- Working capital expected to reduce and should be in the middle of our guided range of 11-15% of Sales
- Capex should be in the region of £40 million
- SaaS costs will be around £25 million
- Effective tax rate is expected to be 22%
- Remaining £110 million 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	3.5	0.6	1.24
EUR	2.8	0.5	1.17

Strategy for Sustainable Growth

Andrew Heath
Chief Executive Officer



Strategy for Sustainable Growth



Purpose-led

Delivered through our business model

Our Purpose

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



Our Commitment

to being a sustainable business partner, investment proposition and employer



▶ Great businesses

▶ Structural growth markets

▶ Customer centricity

▶ Investing in growth

▶ Operational excellence

▶ Investing in our people

Underpinned by
Our Values

Be True

Own it

Aim High

Great businesses: Leaders in premium, precision management

Spectris Scientific

Leader in advanced measurement techniques
for materials analysis



£658m

Sales
2022

21%

Adj. operating
margin

13%

Order intake
in 2022

SALES GROWTH: 5.1% CAGR SINCE 2019



Making the invisible ... visible

Spectris Dynamics

Leader in advanced integrated physical
& virtual testing and measurement



£492m

Sales
2022

15%

Adj. operating
margin

20%



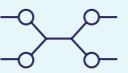

Order intake
in 2022

SALES GROWTH: 4.7% CAGR SINCE 2019



Empowering the innovators

Portfolio aligned to structural growth drivers

Industry	Sales 2022 (£m)	Sales 2022 %	LFL Growth 2022	Expected medium-term market growth
 Life sciences / pharmaceutical	315	24%	13%	5-7%
 Technology-led industrials	178	13%	8%	5-7%
 Automotive	167	13%	16%	4-6%
 Electronics and semiconductor	149	11%	15%	6-8%
 Metals, minerals, mining	125	9%	14%	5-6%
 Academic research	111	8%	8%	5-6%



Increased focus on core activities

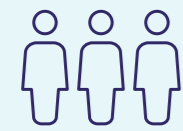
Attractive end markets

Supported by sustainable growth trends

Differentiated positions

Strong market share opportunity

Customer centricity: Solving key customer challenges



Significant customer wins

Cleaner:

- End of line testing for electric motors
- Smart analytical lab solution
- Wind turbine measurement

Healthier:

- Particle analysers
- Sterility assurance solutions

More Productive:

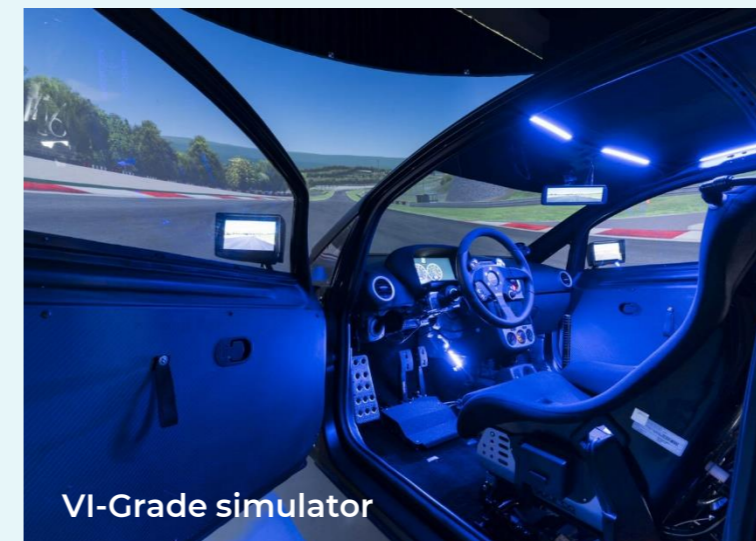
- Silicon wafer analysers
- Virtual test solutions



Excelitas AirSentry



Hornsea 2



VI-Grade simulator



Geological Survey of Finland

“This simulator recreates the feel of different vehicles, driving scenarios, locations and weather to improve safety and quality for our customers and what’s next for advanced driving assistance tech.”

Jim Farley, CEO Ford Motor Company

Investing in growth: Accelerating organic growth

Target	2021	2022
Strengthening our vitality index: Expect to increase towards 1/3 sales	23%	➤ 25%
Innovating for Growth: R&D at or above 8% of revenue	7.2%	➤ 7.8%
R&D spend	£83.8m	➤ £103.8m



Spectris Dynamic
 ➤ **FUSION/ADVANTAGE**
 Dynamics' largest ever development project: a powerful open source hardware and software Data Acquisition (DAQ) platform with broad applications

Investing in growth: Creating value through M&A

Spectris Scientific – Creoptix

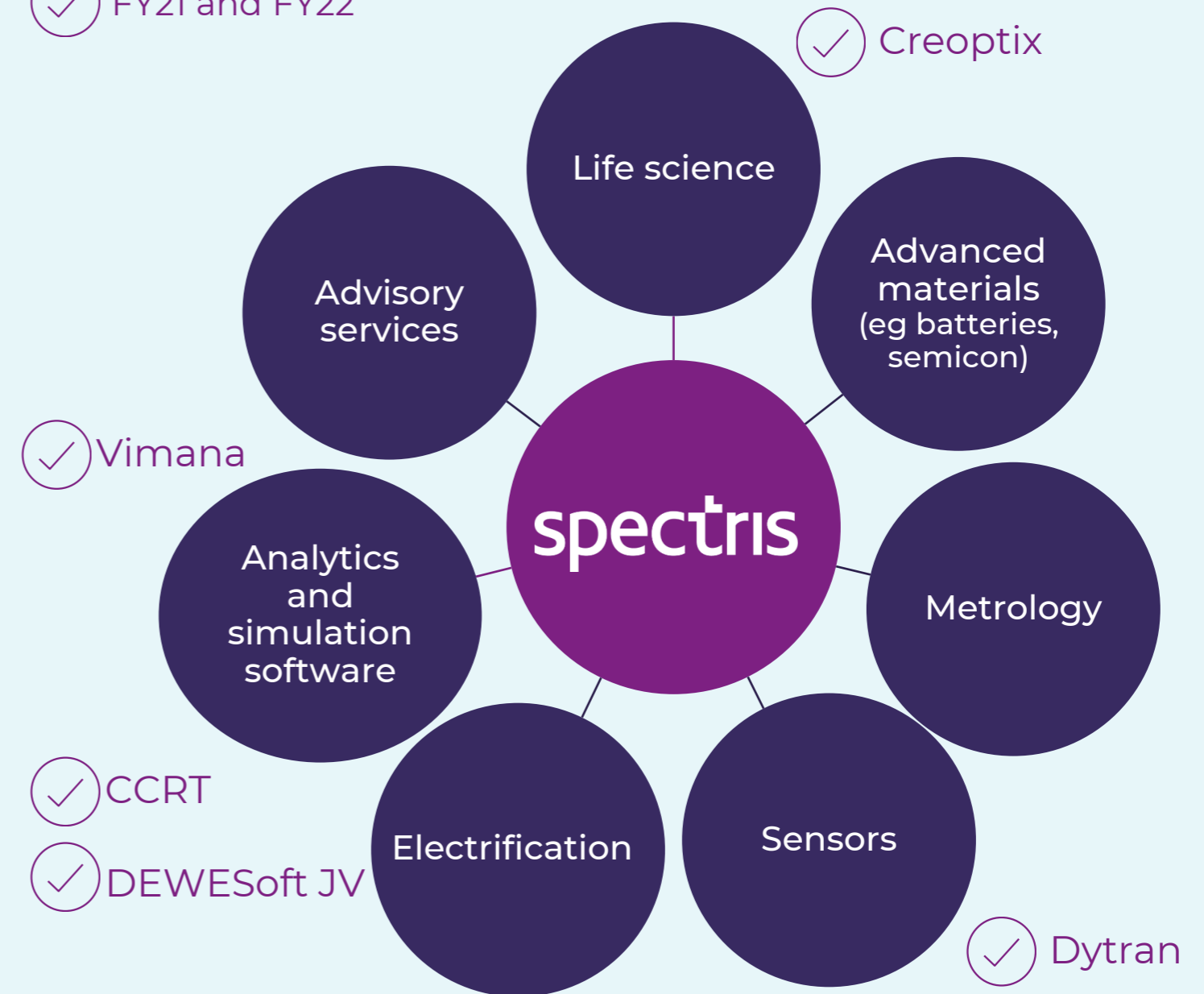
- Adds differentiated technology in Life Sciences
- Industry-leading instruments and software
- Expands offering in the affinity (drug binding) area
- Leveraging existing customer base
- Net consideration £37.0m

Spectris Dynamics – Dytran Instruments

- Strengthens piezo-electric sensor offering
- Adds new MEMS capability
- Extends sales and presence in North America
- Complementary capabilities: enhances customer offer
- Net consideration £69.6m

Active pipeline: bolt-ons and larger-scale

✓ FY21 and FY22



Our core transformation projects are improving operating margin



Spectris Business System delivering continuous improvement

Reducing lead times driving driven greater availability and share gains

Reduced overheads by 170 bps

Good progress implementing business transformation projects

- CRM and ERP enabled process transformation
- Benefits delivered from 2024

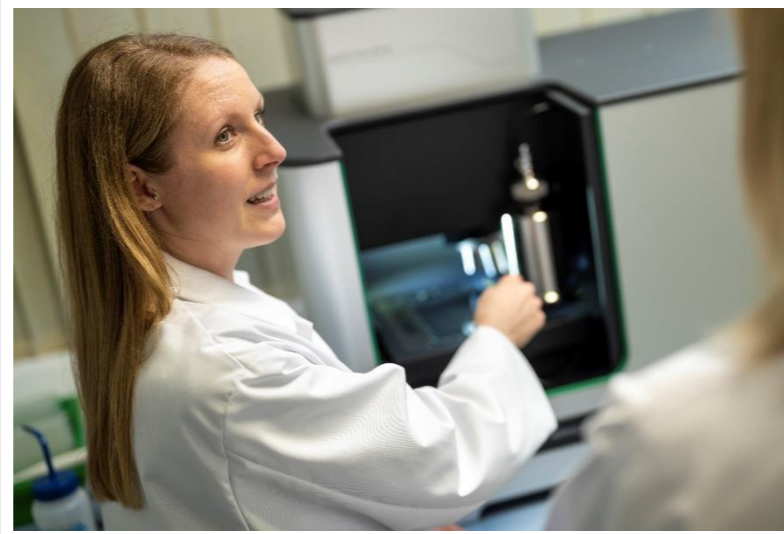
Leading Sustainable Business

Our planet

Our people

Our value chain

Our society



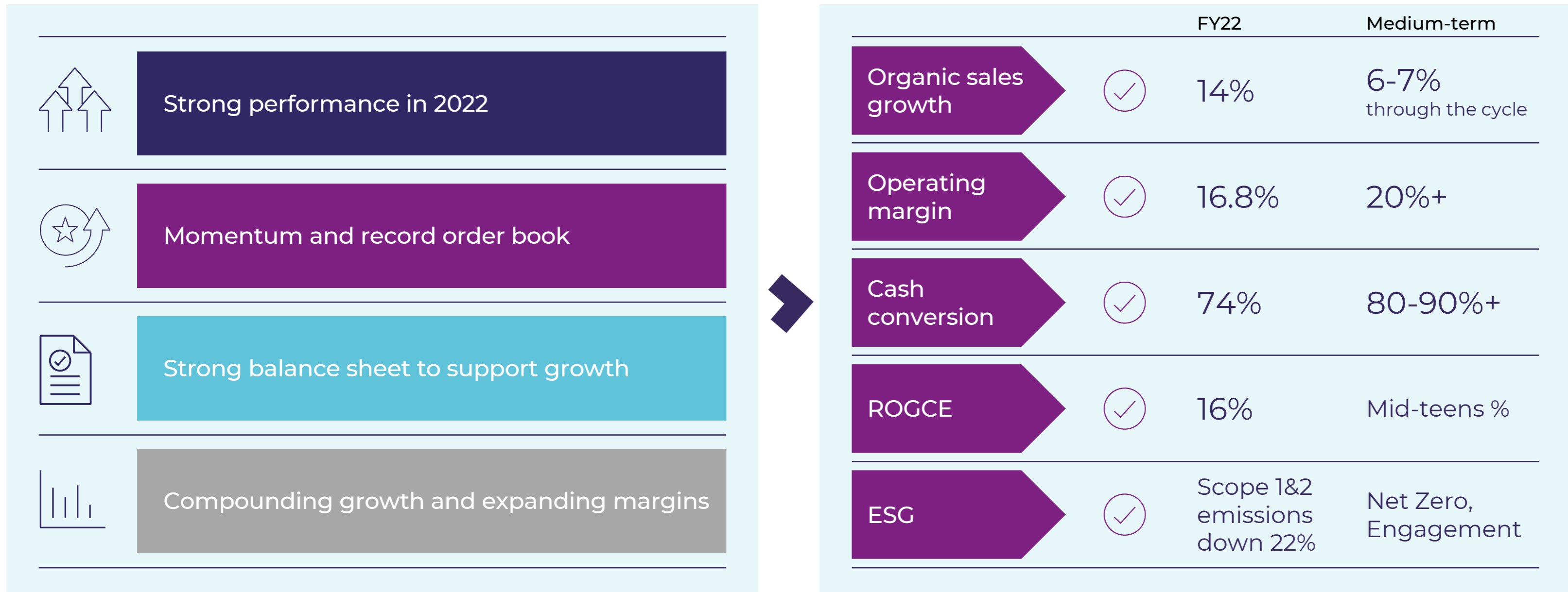
Scope 1 & 2 emissions down
21.9%
 YOY in 2022
 Energy efficiency improvement
21.0%
 YOY in 2022

Employee engagement of
3.86
 out of 5.00
 (3.72 in 2021)

Supplier spend
36.5%
 rated by EcoVadis

Students reached by Spectris Foundation
21,698
 Donations by Spectris Foundation
£598,858

Delivering the Strategy for Sustainable Growth



Expectation for 2023: organic growth consistent with 6-7% objective and strong progress on margins