

Q3 trading update

19 October 2022 – Spectris plc (SXS: LSE), the expert in providing insight through precision measurement, provides a trading update for the three-month period to 30 September 2022 ('the period').

Continued strong sales growth – full-year guidance maintained

- Continuing strong demand, maintaining positive book-to-bill ratio
- Strong like-for-like ('LFL')¹ sales growth continues - up 10% both in the period and year to date
- Full year guidance of high single digit LFL sales growth re-affirmed
- Outlook for full year adjusted operating profit remains in line with current market expectations
- Strong balance sheet, with net cash of £222.2 million
- Acquisition of Dytran Instruments successfully completed

Andrew Heath, Chief Executive, said:

"We continue to see strong demand for our products and services, underpinning our expectation for high single digit organic sales growth for the full year. Orders remain ahead of revenue, even when compared to our strong performance in the third quarter last year, supported by our continued focus on R&D investment and new product introductions.

Our strong balance sheet provides the capacity to invest in growth, with proceeds from the divestment of Omega, received in July, returning the Group to a net cash position.

I am very pleased with the progress we continue to make. As we will outline at our Capital Markets Day later today, we have significantly improved the quality of our business, giving me the confidence that we are now more capable of compounding growth in the future and continuing to expand operating margins."

Sales by geography and business – LFL growth

	Q1	Q2	Q3	9M		Q1	Q2	Q3	9M
North America	10%	21%	6%	12%	Malvern Panalytical	14%	15%	19%	16%
Europe	12%	2%	7%	7%	HBK	8%	6%	2%	5%
Asia	15%	9%	16%	13%	Industrial Solutions	15%	8%	11%	11%
Rest of the World	6%	5%	11%	8%					
Total sales	12%	9%	10%	10%		12%	9%	10%	10%
Total orders	31%	11%	0.5%	13%		31%	11%	0.5%	13%

Group LFL sales increased 10% year-on-year in the period. LFL orders were 0.5% higher, with the expected slowdown in growth, given the strong year-on-year comparator. For the nine months to end September, LFL sales increased 10% and LFL orders were 13% higher. In the period, we maintained a positive book-to-bill ratio.

Disposals, net of acquisitions, reduced sales by 4% and there was a 7% positive foreign currency exchange impact, resulting in a 13% increase in reported sales to £332.6 million in the period.

¹ On a like-for-like ('LFL') basis. Like-for-like sales are at constant exchange rates and exclude the impact of acquisitions and disposals during the year

- **Malvern Panalytical** saw strong growth across all regions, supported by a growing order book. Demand was particularly strong into pharmaceutical, semiconductor and academic research customers.
- **HBK** saw notably strong demand in Asia with the automotive sector continuing to post growth. Given the year-on-year comparator, machine manufacturing saw a LFL sales decline, particularly due to several non-repeating large orders in North America.
- **Industrial Solutions** saw continued strong demand from semiconductor customers, particularly in Asia, and sales into energy and utilities posted good growth as the recovery continued.

Strong balance sheet with net cash position

- Following the receipt of £410 million proceeds from the Omega divestment in July, the Group had net cash of £222.2 million at the end of September (£98.3 million net debt as at 30 June 2022), leaving the Group well positioned to continue to invest.
- To date, the Group has completed £175 million of its £300 million share buyback programme.

Growing order book and strong customer demand

- We continue to expect high single digit organic sales growth for the full year, supported by our growing order book and good momentum in our sales conversion. Customer demand remains strong such that our order book currently has six months visibility, providing momentum going into 2023.
- Improved pricing from the order book is now being converted into sales. However, the continuing supply chain environment and ongoing cost inflation is slowing the recovery in our gross margin.
- The outlook for full year adjusted operating profit remains in line with current market expectations.¹
- Full-year results for 2022 will be published on 23 February 2023.

For and on behalf of Spectris plc

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1. Consensus estimates for FY 2022 adjusted operating profit range from £206 million to £225 million as at 18 October. See our website for further details - [Analyst coverage & consensus - Spectris](#)

We are assuming an average \$ rate of 1.22 and an average € rate of 1.17 for the full year.

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About Spectris

Spectris' global group of businesses are focused on delivering value beyond measure for all our stakeholders. We target global, attractive and sustainable markets, where growth and high returns are supported by long-term drivers. Precision is at the heart of what we do. We provide customers with expert insight through our advanced instruments and test equipment, augmented by the power of our software and services. This equips customers with the ability to reduce time to market, improve processes, quality and yield. In this way, Spectris know-how creates value for our wider society, as our customers design, develop, test and manufacture their products to make the world a cleaner, healthier and more productive place. Headquartered in London, United Kingdom, the Company employs approximately 7,350 people located in more than 30 countries. For more information, visit www.spectris.com.