

Strategy for Profitable Growth

Industrial Solutions Division presentation
December 2021



*Value
beyond
measure*

Andrew Heath Chief Executive

Our Strategy for Profitable Growth

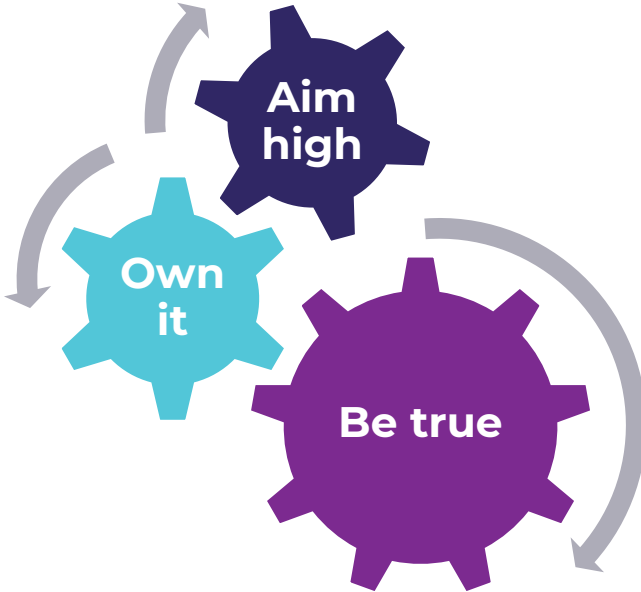
Our Strategy for Profitable Growth is defined by our purpose and built on our values

Purpose

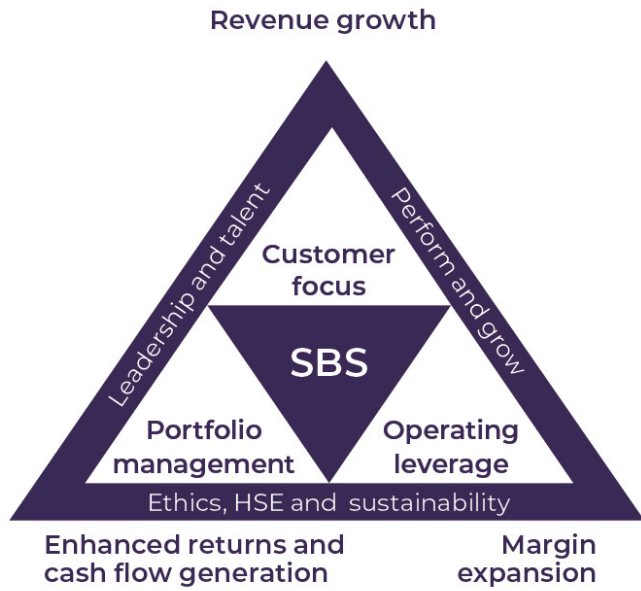
Our purpose is to **deliver value beyond measure**

We harness the power of precision measurement to equip our customers to make the world **cleaner, healthier and more productive**

Values



Strategy



Divestment programme well executed

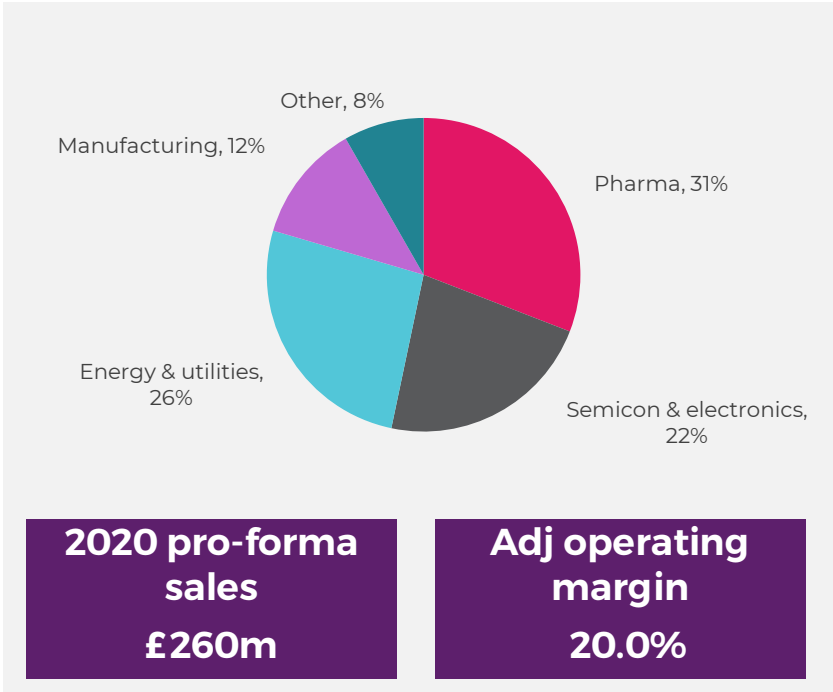
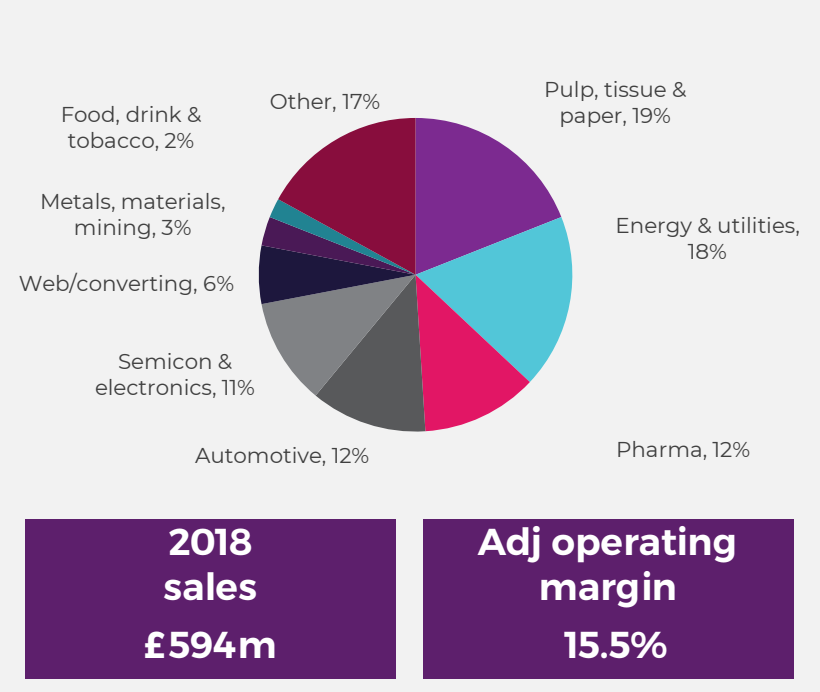
2018



Today



- **5 divestments**
- **£372m gross assets divested**
- **£682m gross consideration**
- **14x average EBITDA multiple**
- **Greater focus on attractive end markets**
- **450bps margin improvement**



More focused, profitable division, positioned for growth

- **Industrial Solutions now more focused, with an improved financial profile**
- **Retained businesses have attractive attributes, closely aligned with Spectris purpose**
 - Positioned in GDP+ growth markets supported by sustainability trends
 - Leading technologies and strongly-recognised brands
 - Domain knowledge and application expertise; strong customer relationships
- **Further growth potential supported by strategic initiatives**
- **High margin businesses, with further expansion potential**
- **Opportunities for inorganic growth into market adjacencies**

Mary Beth Siddons
President
Industrial Solutions Division

Mary Beth Siddons – President, Industrial Solutions



- Joined Spectris February 2021
- Sector President – The Marmon Group
- CEO – Spatz Laboratories
- Group President – Illinois Tool Works
- President – Snap-on Inc, Business Solutions
- President – Snap-on Inc, Diagnostics

Extensive breadth of industrial experience, encompassing a variety of end markets



High precision in-line sensing and monitoring solutions

Our vision: To be a leading provider of high-precision in-line sensing and monitoring solutions, focused on attractive end markets, differentiated by our product quality, application knowledge and service



The leader in micro contamination monitoring solutions for ultra-clean manufacturers



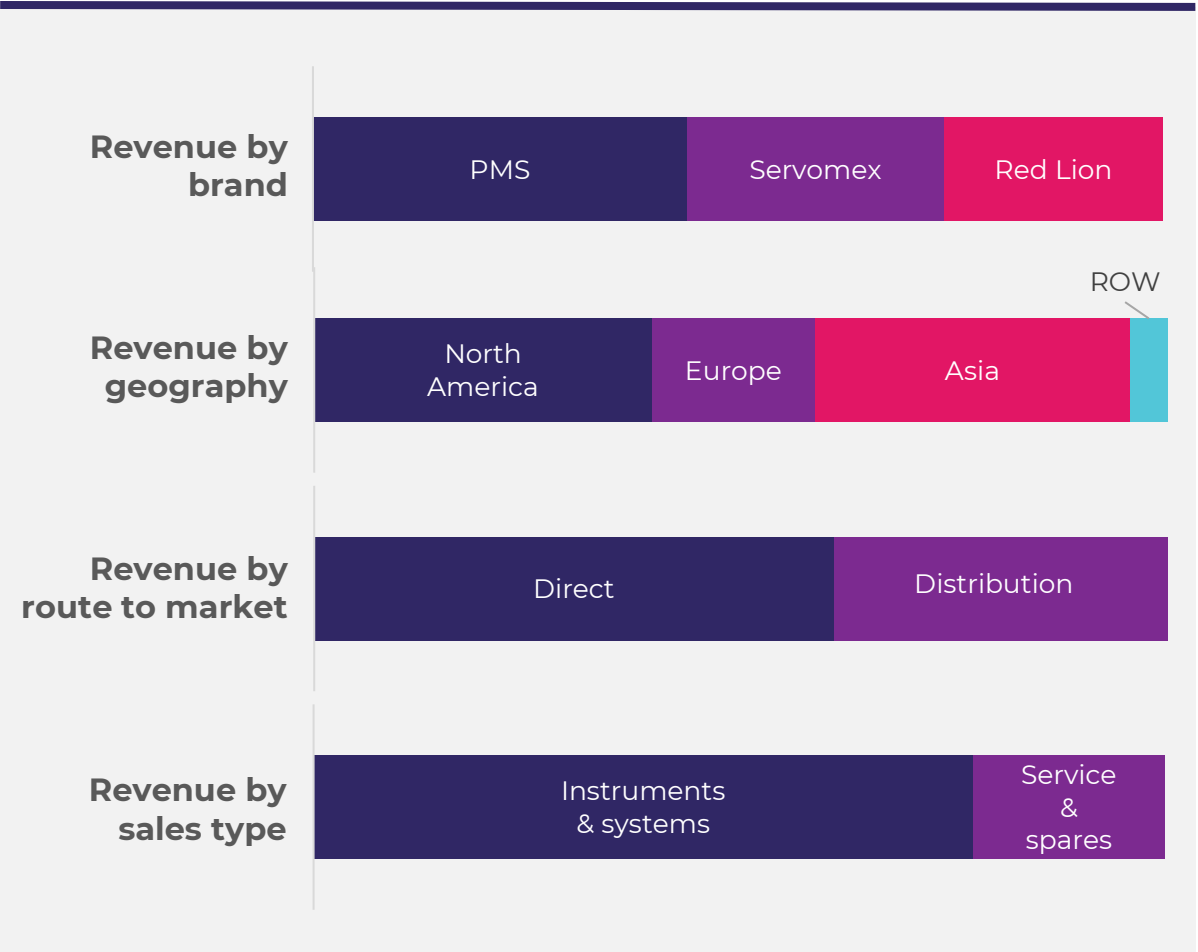
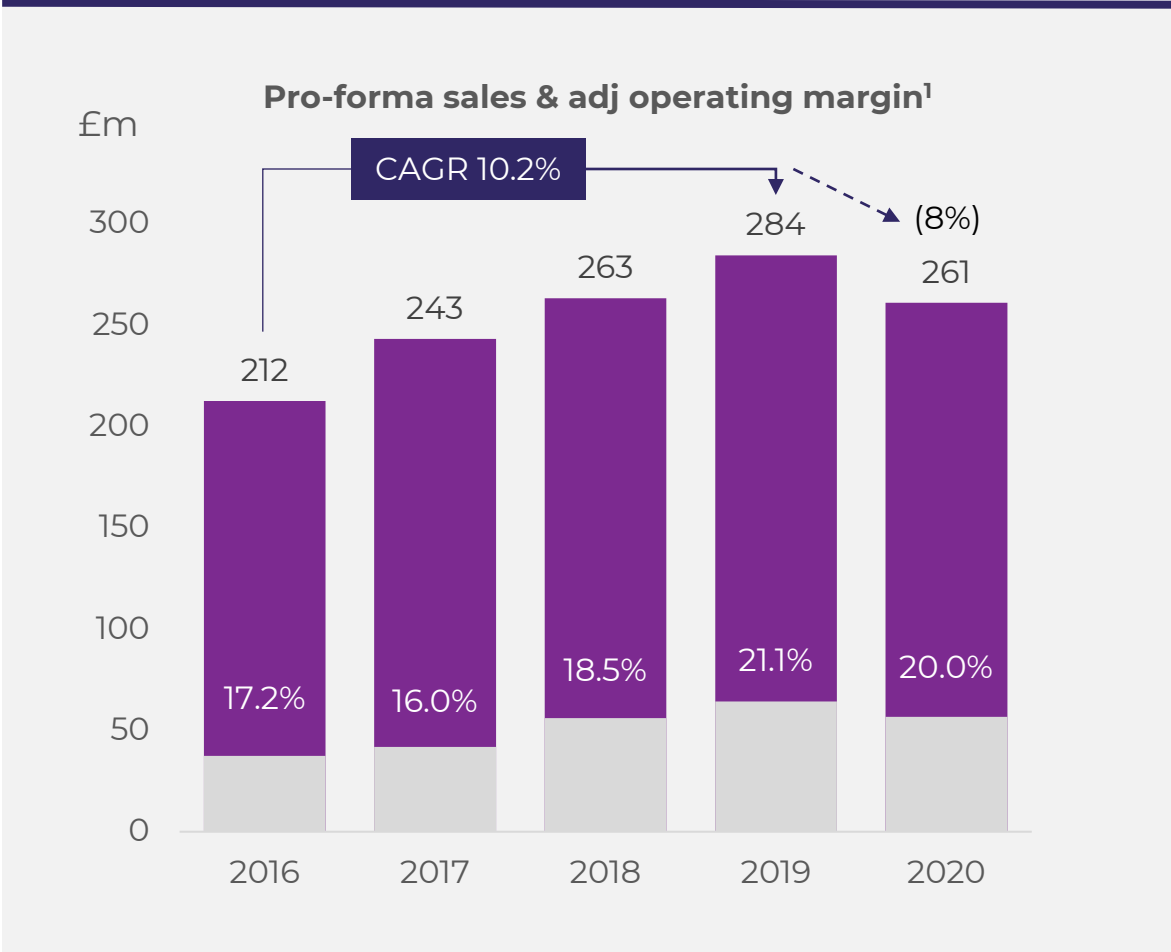
Global expert in specialist premium gas and moisture analysis solutions



Provides solutions to connect, monitor and control disparate assets within industrial automation

- Industry-leading technologies
- Deep applications expertise
- Global businesses with local presence
- c. 7,000 customers
- > 1,300 employees in 21 countries
- > 475 sales and service employees
- > 200 engineers
- R&D spend > 7% of sales

Strong underlying financial performance



¹ Pro-forma sales and adjusted operating margin at actual FX rates

Well positioned in attractive end markets

Industry	% sales	Business	Growth drivers	Expected medium-term growth
 <p>Life sciences (pharmaceutical and medical)</p>	32%	 	<ul style="list-style-type: none"> • Ageing population and increasing middle class in developing countries • Localisation of production to mitigate supply risk • Increased regulatory scrutiny, data integrity • Automation and operational efficiencies 	c. 5-7%
 <p>Electronics and semiconductor</p>	22%	 	<ul style="list-style-type: none"> • Significant investment to increase and localise production capacity • Increased demand for semiconductor components • Demand for advanced computer chips with smaller feature sizes • Increasing demand for consumer electronics 	c. 6-8%
 <p>Energy, utilities and chemicals (incl. hydrogen production)</p>	26%	 	<ul style="list-style-type: none"> • Increasing global focus on solving the climate crisis • Emissions control and driving cleaner and more efficient operations • Demand for plastics, especially in developing economies 	c. 4-6%
 <p>Technology-led industrials (factory automation)</p>	20%		<ul style="list-style-type: none"> • Operational efficiencies • Increased remote working and disparate assets • More advanced process instrumentation • Increasing health and safety regulations and policies • Cybersecurity threat 	c. 5-8%



**PARTICLE
MEASURING
SYSTEMS®**

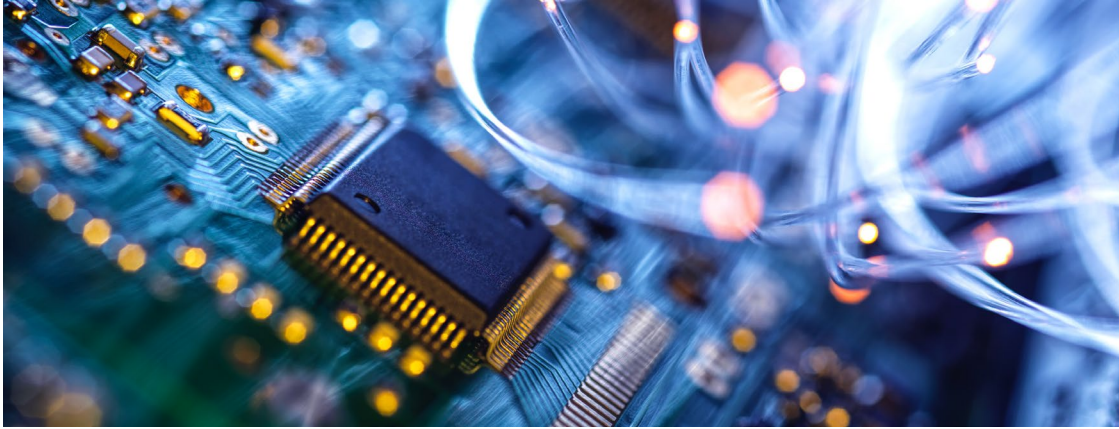
a spectris company

**The leader in micro
contamination monitoring
solutions for ultra-clean
manufacturers**

spectris



Contamination monitoring in high growth markets



Electronics (c.50% sales)

Highest sensitivity contamination monitors

Customers:

- Semiconductor manufacturers
- Semiconductor equipment suppliers
- High-purity materials suppliers
- Cleanroom manufacturers



Life Sciences (c.50% sales)

Complete solutions for sterility assurance






Customers:

- Aseptic pharmaceutical manufacturers
- OEM suppliers
- Service providers (certifiers)
- Cleanroom manufacturers





Technology leader in ultra-high purity solutions

Customer needs

Maximise customer yield and productivity

-  Higher sensitivity
-  Measure where product is exposed
-  Product flexibility for material changes
-  Faster decision making
-  Predictive analytics

Sterility assurance and regulatory compliance

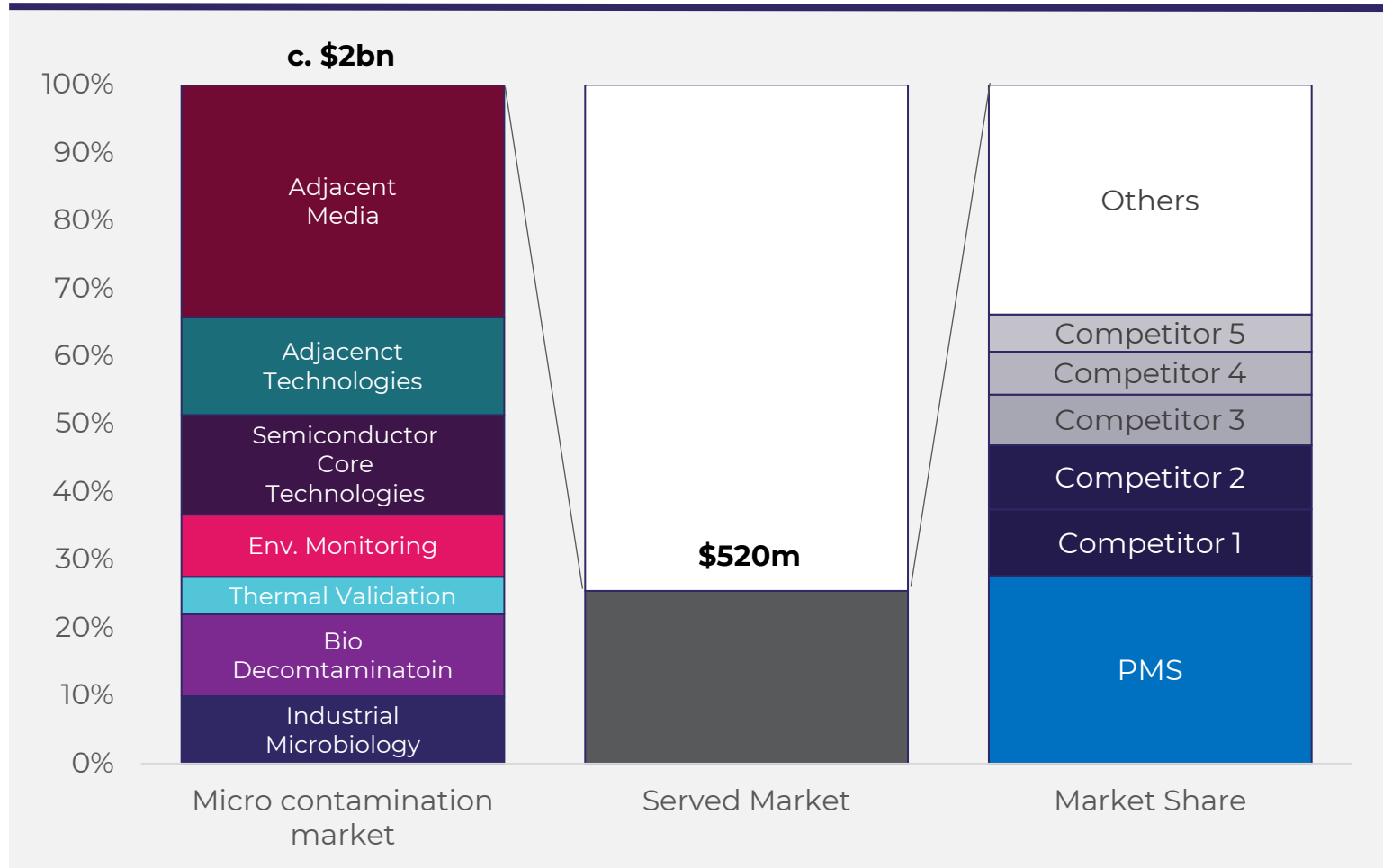
-  Data integrity and regulatory compliance
-  Faster contamination identification
-  Industrial automation
-  Predictive analytics

Why PMS

- **Quality** – Highest sensitivity and quality of products
- **Reliability** – Reliability of product and ease of use
- **Simple to use** – Measure at point of process
- **Customer support** – Customer service orientation, with long-term partnership philosophy

- **Insight** – Regulatory knowledge and expertise
- **Reliability** – Data integrity
- **Breadth of support** – Complete sterility assurance solutions
- **Customer support** – Customer service orientation, with long-term partnership philosophy

Market leader with potential for further growth



 **Leading position in rapidly growing markets**

 **Strong brand**

 **Highest performance products provide strong margins**

 **Large adjacencies provide significant growth opportunities**

PMS

Providing sterility assurance to pharma customers during production

Challenge

- AST supplies aseptic filling and closing machines for sterile life sciences products
- Pharma customers require **flexible, reliable** and **safe** aseptic and pharmaceutical processing solutions
- Need to bring their products to market **quickly** and **cost-effectively**, but importantly **safely**
- Need to **meet GMP contamination control regulations**

Solution

- AST incorporates PMS viable and non-viable contamination control monitors into its aseptic filling machines
- All the instruments connect with AST's electronic reporting solution
- Provides customers with a simple, fully integrated solution

Benefit

- **Saves the customer time and resources**
- Provides them with a **standard integrated solution** that is already tested within the system
- **Reduces risks** and ensures **product quality and safety**
- Fully and easily **meets regulatory compliance**

SERVOMEX

a spectris company

Global expert in
specialist premium
gas and moisture
analysis solutions

spectris



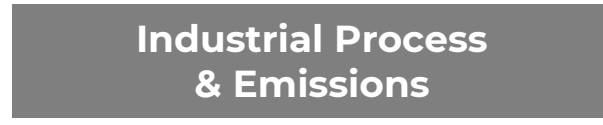
Gas analysis solutions aligned to markets and applications



(c.20% sales)



(c.40% sales)



(c.40% sales)



Medical



Industrial



Industrial gas



Semiconductor



Hydrocarbon processing



General industry



- Customer centric
- Leaders in core sensing technologies
- Premium products
- Application expertise
- End to end support

Gas analysis from concentration (%) to trace-level (PPM) to ultra-trace (PPB/PPT)

Helping customers be cleaner, safer and more productive

Customer needs



Process
Control



Quality



Safety



Emissions



Combustion

Regulatory compliance

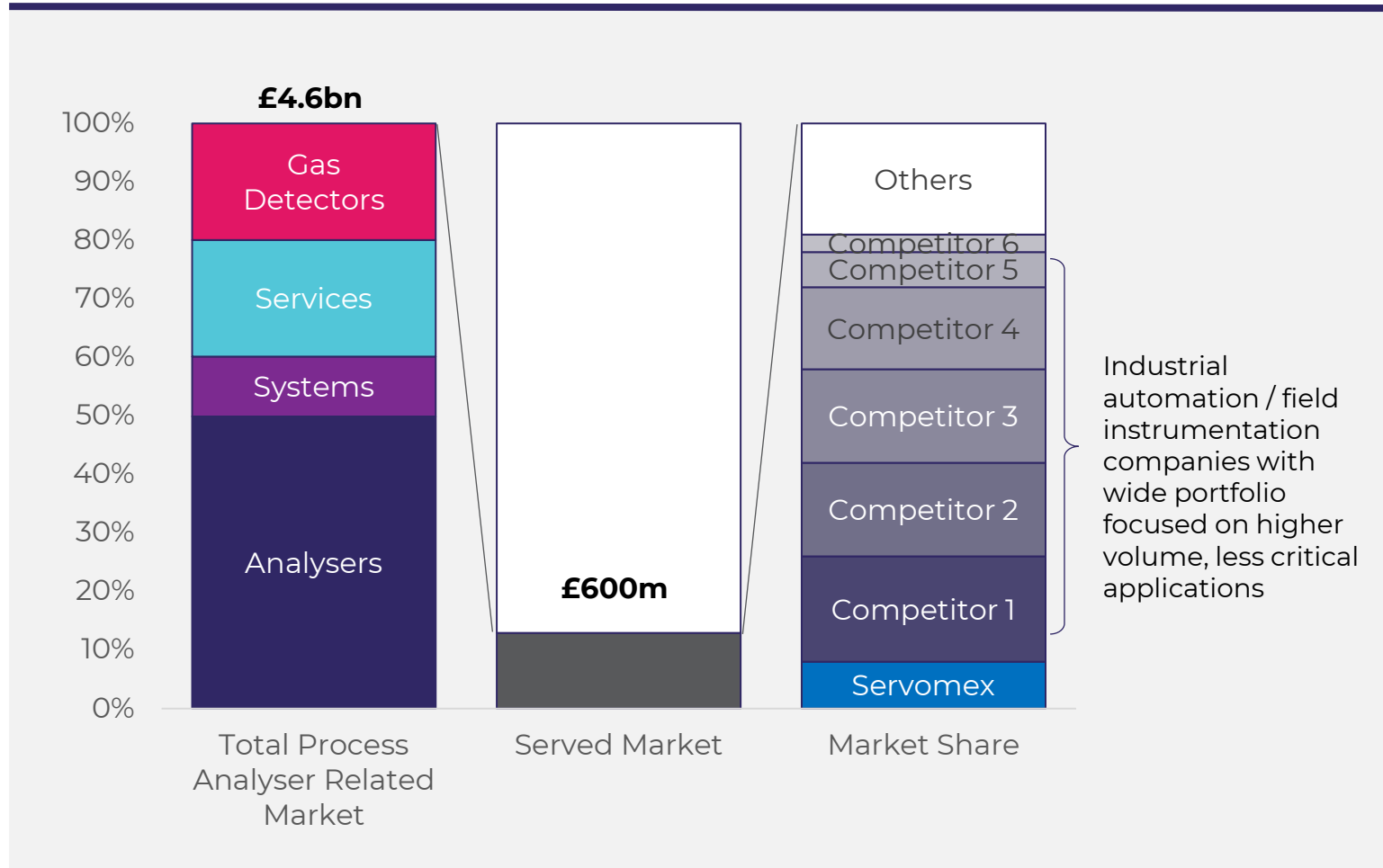
Environmental concern / Corporate responsibility

Operational efficiency

Why Servomex

- **Quality** – Technical specification and capability
- **Knowledge** – Application expertise in gas analysis
- **Breadth of solution** – Wide range of gas measurement technologies and customisable systems to cover a process
- **Reliability** – Accuracy and stability / reliable uptime
- **Ease of use** – Ease of maintenance, field serviceable, simple calibration

Differentiated premium offering



-  **Large served market**
-  **Differentiated premium offering where high precision is required**
-  **Opportunity to expand into attractive adjacencies**

Servomex

Reducing fuel costs and emissions

? Challenge

- Process heaters and furnaces are integral to many hydrocarbon processing and power generation applications
- Fuel and air react together and produce **extremely high gas temperatures**
- They use **large quantities of fuel, generate emissions** and can create a **safety hazard** for plant and personnel
- **Monitoring** and **control** is therefore critical

💡 Solution

- Servomex's FluegasExact and Laser 3 Plus Combustion are highly accurate, responsive gas analysis technologies
- Help optimise the air-to-fuel ratio to control the combustion process

✓ Benefit

- Keeping the combustion reaction at the optimum point ensures **safe operation**
- **Improves efficiency**, while **reducing both fuel costs** and **emissions**
- Helps **meet environmental regulations**



Provides solutions to connect, monitor and control disparate assets within industrial automation

spectris

spectris



2535
878

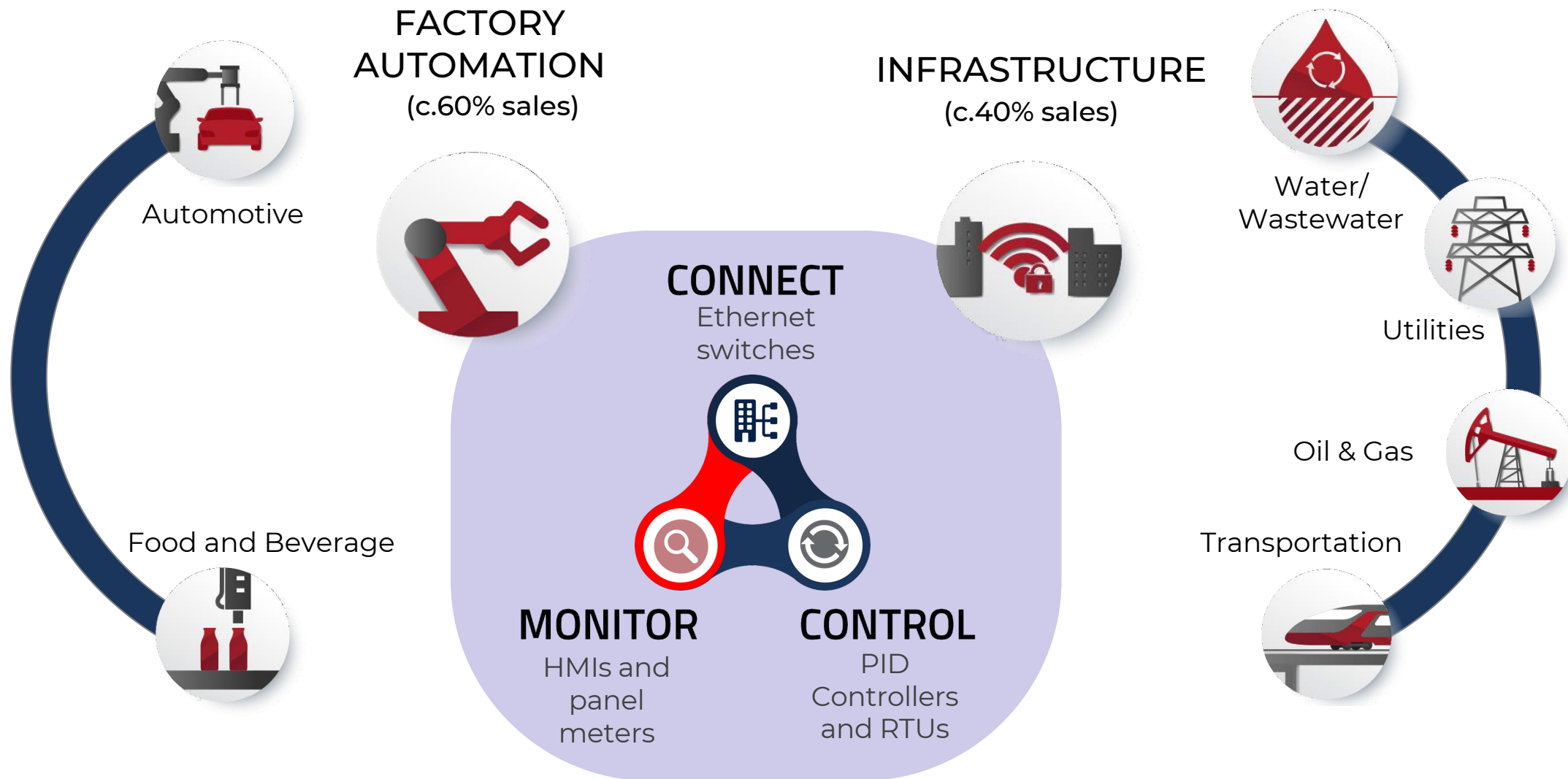
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58768

GMB

7239
572

Focused on two primary industries



Industrial connectivity driving growth

Customer needs



Technology to measure and report how equipment and machines are performing, aggregating real-time data



Improve performance of operations



Predict problems and maintenance requirements before they occur



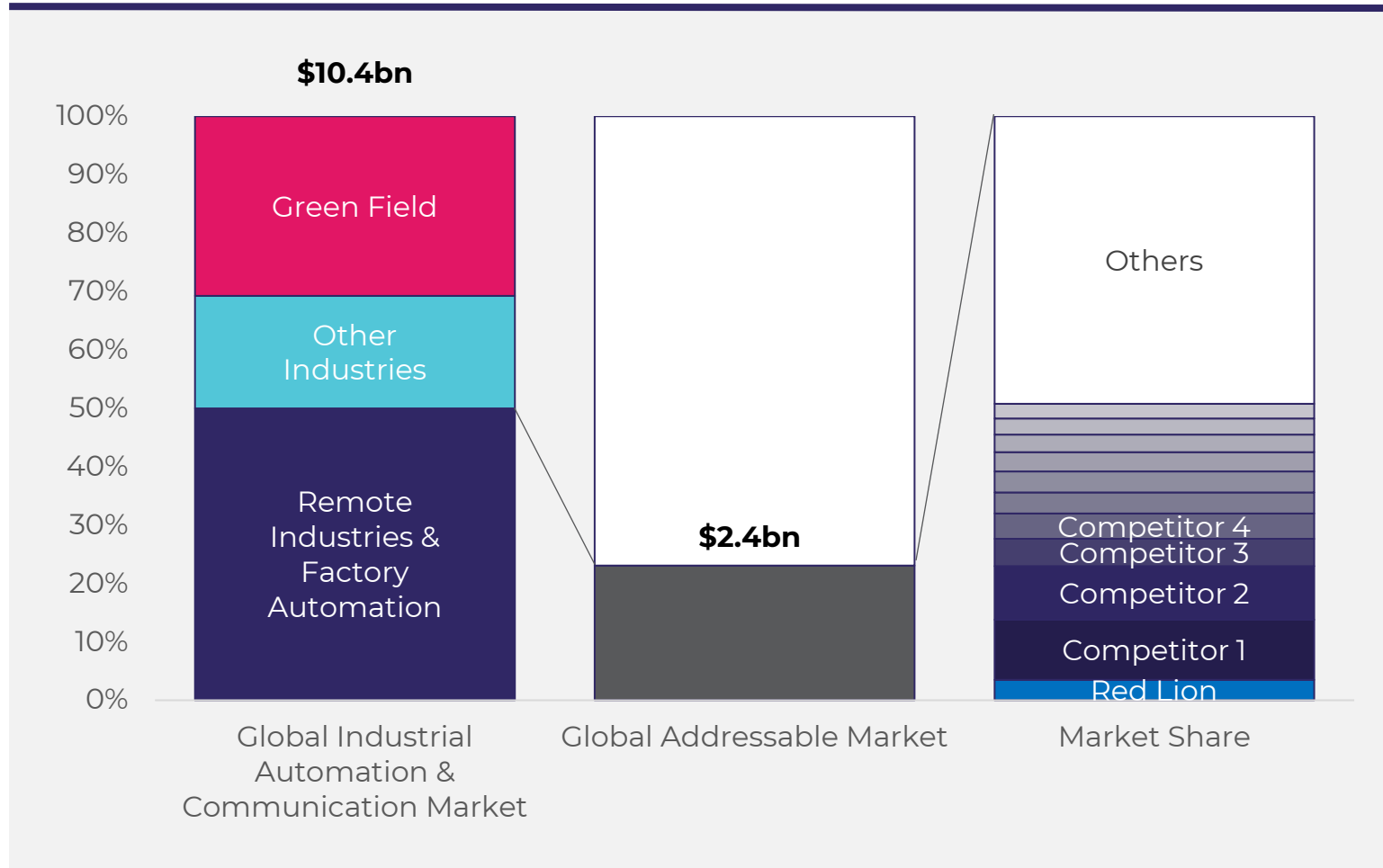
Connect devices from multiple suppliers, monitor production and control equipment



Why Red Lion

- **Reliability** – technology which reduces unscheduled downtime, maximises uptime
- **Ease of use** – an intuitive user experience with real-time access to information
- **Connectivity** – scalable technology that can offer seamless integration with existing systems
- **Security** – security-enabled and easily upgraded as new threats emerge
- **Customer support** – leading customer service, tech support

Fragmented market provides opportunities



 **Large, highly fragmented market**

 **Competitive landscape consists of specialised component suppliers**

 **Ability to connect devices from multiple suppliers**

 **Strong position in North America**

Red Lion

Real-time monitoring to drive productivity

Challenge

- A food packaging equipment OEM needed an architecture to **access real-time data globally**
- Existing set-up did not allow the monitoring of real-time data, inhibiting its ability to improve efficiency
- Required local access to operational data, but without access to private machine data
- Significantly **reduce maintenance costs**

Solution

- Red Lion provided a solution with its FlexEdge advanced automation device
- FlexEdge connected and communicated with multiple different PLCs and configured the different datasets to the required destinations, protecting the private data

Benefit

- \$1 million in annual licensing fees were eliminated
- Access to real-time data they needed to **monitor operational output** and **increase efficiency**, allowing **further cost reductions**

Summary

Three attractive businesses...



Ensures sterility in cleanroom environments and detecting impurities to improve quality and yield



Well established position in two high growth markets, with large adjacencies providing further opportunities



Market leading, value-add products and strong brand underpin strong, sustainable margins



Produces cleaner gases, reduces emissions and supports medical equipment manufacturers



Differentiated premium offering with deep application knowledge and high customer intimacy in large growing market



Growth underpinned by attractive regulatory and environmental trends



Connects, monitors and controls industrial assets, translating data into useful actionable information to drive productivity



Strong position in North American market with opportunity to grow in highly fragmented market



Leading customer service

...A scalable model with high growth potential

Differentiated offering in attractive end markets growing at GDP+

- Technically leading products
- Broad secular trends i.e. efficiency, environmental, security, regulation

Strong financial performance with further growth potential and margin expansion

- Spectris Business Systems
- Services
- Software
- Data analytics

Opportunity for share gain and expansion into adjacencies

- Improved vitality
- Continued development of products
- Bolt-on acquisitions
- Entry into adjacent markets



Our vision:

To be a leading provider of high-precision in-line sensing and monitoring solutions, focused on attractive end markets, differentiated by our product quality, application knowledge and service

Q&A



Appendix



Strategy for Profitable Growth



PMS - products and applications

Division

Example application

Example products

Life Sciences

(c.50% sales)

Aerosol particle monitoring

Monitoring airborne particles in cleanroom environments where quality can be impacted by contamination

Airnet II Particle Sensor

Microbial sampling

Continuous air sampling solution for cleanrooms and controlled environments, to eliminate process contamination

BioCapt Microbial impactor

Facilities management systems

Real-time monitoring systems to integrate data from many devices and processes to provide analytics and actionable information



Electronics/ semiconductor

(c.50% sales)

Airborne molecular contamination

Monitoring airborne particulates to provide useful data on the environment's filtration systems

Airnet II Particle Sensor/IsoAir Pro-Plus Remote Particle Counter

Gas particle monitoring

Ensuring ultra-high purity ('UHP') gases for semiconductor manufacturing and production of electronics such as LED and LCD displays

Lasair III Aerosol Portable Particle Counter with HPD III

Ultra pure water

Ensuring ultra pure water for critical cleaning/rinsing steps in semiconductor processing or chemical dilution/flushing

Ultra DI 20 Water Particle Counter







Chemicals

Ensuring process chemical purity in semiconductor manufacturing

Chem 20 Chemical Particle Counter



Servomex - products and applications

Division	Example application		Gases measured	Key products
Hummingbird Sensing Technologies (c.20% sales)	Medical	Critical gas measurements for anaesthesia, ventilation and incubation and respiratory monitoring	Oxygen	Paracube Sprint 
	Industrial	Gas analysis measurements for process, control efficiency and safety, or environmental emissions compliance	Multiple	MonoExact DF150E 
Purity & specialty <i>High-purity gas analysis</i> (c.40% sales)	Air separation applications	Accurate gas analysis is essential to ensure purity across the air separation process, improving process control, safety and product quality	Multiple/ water	SERVOPRO MultiExact 4100  SERVOPRO AquaExact 1688 
	UHP gases	Ensuring ultra-high purity ('UHP') gases for semiconductor manufacturing and production of electronics such as LED and LCD displays	Oxygen	SERVOPRO DF-560E NanoTrace ULTRA 
IP&E <i>Gas analysis, process control, safety and quality applications</i> (c.40% sales)	Thermal power	Precise monitoring and control of flue gas to optimise combustion efficiency, to minimise fuel costs and reduce emissions	Oxygen/ combustibles	SERVOTOUGH FluegasExact 2700 
	Process heaters & furnaces	Optimisation of the air-to-fuel ratio to control combustion for safety and emissions control requirements	Oxygen/ combustibles	

Red Lion - products and applications

Application

Product type

Key products

Connect

**Ethernet solutions/
communication
converters**

Rugged I/O
Ethernet switches
Protocol conversion
Layer 3 connectivity
Industrial cellular
Data acquisition



Monitor

**Sensors and process
control/HMI and
panel meters**

Sensors
Industrial HMIs
Counters and panel meters
Visual management
Virtual HMIs
Webserver



Control

**Controllers and data
acquisition/IIoT**

PID controllers
Industrial RTUs
Cellular RTUs
IEC 61131 control



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