

## Q1 trading update – a strong start to 2023

27 April 2023 – Spectris plc (SXS: LSE), the expert in providing insight through precision measurement, provides a trading update for the three-month period to 31 March 2023 ('the period').

### Continued strong trading momentum in the first quarter

- Very strong start to the year with continued momentum from last year, supported by market share gains, conversion of our record order book and sustainability drivers:
  - 24% organic sales growth (up 34% on a reported basis)
  - Book to bill of 1.03x
- Margins continue to progress to plan, reflecting easing supply chains, pricing and operational efficiency
- Strong balance sheet provides capital allocation optionality:
  - Net cash of £278.4 million at period end
  - Investing for growth through elevated R&D and targeted M&A
  - Share buyback continues
- Guidance and outlook:
  - Strong start reinforces confidence in delivering our full year guidance of 6-7% organic sales growth and strong margin expansion
  - Weighting of profit expected to be higher than normal in the first half

### Andrew Heath, Chief Executive, said:

"We have made a very strong start to the year, building on the momentum from the second half last year, with our revenue performance supported by improving conversion of order backlog, market share gains, recent new product launches and sustainability drivers. As expected, margins continue to improve, reflecting the easing of supply chains and our actions on pricing and operational efficiencies. Our performance in the first quarter, alongside a record order book, reinforces our confidence in delivering our targets for the full year.

Our balance sheet provides us with flexibility for continued investment in growth, aligned with our strategy and purpose to make the world cleaner, healthier and more productive. Over the medium-term, we remain confident in our ability to drive continued organic growth, while further expanding operating margins, and compounding growth through targeted M&A."

### Sales by geography and division – like-for like ('LFL') growth vs Q1 2022

	Q1		Q1
Spectris Scientific	26%	North America	22%
Spectris Dynamics	21%	Europe	18%
Other	28%	Asia	29%
		Rest of the World	50%
<b>Total sales</b>	<b>24%</b>		<b>24%</b>

Group LFL sales increased 24% year-on-year with strong growth across the Group. Acquisitions increased sales by 3% and together with a 7% positive foreign currency exchange impact, resulted in a 34% increase in reported sales to £354.3 million (2022: £264.9m).

- **Spectris Scientific** continues to perform strongly, with sales growth in all regions continuing the momentum from the second half last year. As expected, customer demand continues to normalise across life sciences/pharmaceuticals and semi-conductor end markets, with advanced materials remaining buoyant and continuing growth in primary materials, consistent with recent periods. Demand from academia was also strong.
- **Spectris Dynamics** also saw sales growth in all regions. The continuing trend towards the adoption of virtual test helped offset a softening in demand in automotive against a tough comparator, with demand for machine building also easing. Again, demand from academia was strong. The strong

order book and continued execution of the strategy provides confidence in delivering the organic growth and margin targets for the full year.

## Strong balance sheet continues to provide opportunities to invest for growth

- At the end of March, the Group had net cash of £278.4 million (£228.0 million as at 31 December 2022), leaving the Group well positioned to continue to deliver our R&D investment at 8% of sales, with capacity for M&A aligned to the Group's strategy, where we continue to maintain an active acquisition pipeline.
- In line with our strategy to continually optimise our portfolio, at the end of the period, we sold the remaining part of Concept Life Sciences<sup>1</sup>, a business acquired in January 2018, that was part of the Spectris Scientific division.
- During the period, we continued our £300 million share buyback programme which we expect to complete by the end of this financial year.

## Outlook for 2023 – strong start underpins confidence for the full year

- The strong performance in the first quarter and robust order book reinforces confidence in delivering organic growth of 6-7% alongside strong margin expansion.
- As expected, demand is progressively normalising to through-cycle growth rates.
- In light of the strong start, we now expect the weighting of profit to be higher in the first half than normal, reflecting the improving conversion of order backlog as supply-chains ease.

## Quarterly Group sales<sup>2</sup>

	2022				2023
	Q1	Q2	Q3	Q4	Q1
£ million	264.9	305.3	332.6	424.6	354.3
LFL growth	12%	9%	10%	21%	24%

## Conference call

A conference call for analysts and investors will be hosted by Andrew Heath, Chief Executive, and Derek Harding, Chief Financial Officer, at 09.00 today to discuss this statement.

To access the call, please dial +44 (0) 20 3936 2999, toll free 0800 358 1035 – Participant code: 627519. Or for replay, please dial +44 (0) 20 3936 3001 – Participant code: 985708.

Spectris will publish its half-year results for 2023 on 31 July 2023.

For and on behalf of Spectris plc

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<sup>1</sup> Concept Life Sciences contributed £23.9 million of sales and £0.2 million of operating profit in 2022

<sup>2</sup> The Omega business has been classified as a discontinued operation. Accordingly, the financial statements for the current and comparative years have been amended to show continuing operations.

## About Spectris

Spectris combines precision with purpose, delivering progress for a more sustainable world. We provide critical insights to our customers through premium precision measurement solutions combined with technical expertise and deep domain knowledge. Precision is at the heart of what we do - our leading, high-tech instruments and software equip our customers to solve some of their greatest challenges to make the world cleaner, healthier and more productive. We are focused on two key divisions – Spectris Scientific and Spectris Dynamics, which are placed in technology-driven end markets, with strong fundamentals and attractive growth trajectories. We have leading market positions in premium segments and employ 7,600 people located in more than 30 countries, all united behind our purpose to deliver value beyond measure for all our stakeholders. For more information, visit [www.spectris.com](http://www.spectris.com).