

Q1 trading update

28 April 2022 – Spectris plc (SXS: LSE), the expert in providing insight through precision measurement, provides a trading update for the three-month period to 31 March 2022 ('the period').

Strong start to 2022 – trading and order book provides momentum for full-year

- Strong organic sales growth continues - up 12% in the period
- Order intake strengthens further - up 29% in the period; supporting full-year outlook
- Strong balance sheet, with net cash of £133.1 million
- Divestment of Omega at highly attractive valuation
- First tranche of £300 million share buyback programme starts today

Andrew Heath, Chief Executive, said:

"We have started the year strongly, building on the momentum of 2021 with continued strategic execution. Strong organic growth is supported by new products driving market share gains as we take action to mitigate inflation and supply chain challenges. Our strong order book provides confidence in continued sales momentum, supporting our outlook and positive prospects for 2022. Our focus on R&D and sustainability underpins continued future growth.

Following the divestment of Omega, Spectris is now focused on premium precision measurement businesses with highly attractive financial profiles and growth prospects. We are confident in our ability to drive continued organic growth while further expanding operating margins and return on capital employed, with our strong balance sheet providing capacity to compound growth through M&A aligned to our strategy and purpose."

Sales by geography and business – like-for like ('LFL')¹ growth vs Q1 2021

	Q1		Q1
North America	8%	Malvern Panalytical	14%
Europe	12%	HBK	8%
Asia	15%	Omega	9%
Rest of the World	7%	Industrial Solutions	15%
Total sales	12%		12%
Total orders	29%		29%

Group LFL sales increased 12% year-on-year in the period with LFL orders 29% higher.

Disposals, net of acquisitions, reduced sales by 7% and together with a marginal negative foreign currency exchange impact, resulted in a 3% increase in reported sales to £298.9 million.

- **Malvern Panalytical** saw good growth across all regions. Demand was particularly strong into pharmaceutical customers and in metals, minerals and mining in Europe and North America.
- **HBK** saw notably strong demand in North America, with good growth in Europe and Asia. The automotive sector returned to growth and machine manufacturing posted very strong growth in Asia, in particular.
- **Industrial Solutions** saw continued strong demand from pharmaceutical and semiconductor customers, particularly in Asia. Sales into energy and utilities continued to recover well. Order growth in the period was the strongest across the businesses.
- **Omega** continues to make progress. The acquisition of Omega by Arcline Investment Management for \$525 million (£403 million), at a valuation of 20.4x 2021 adjusted EBITDA, was announced on 19 April.

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

Strong balance sheet supports share buyback programme

- At the end of March, the Group had net cash of £133.1 million (£167.8 million as at 31 December 2021), leaving the Group well positioned to participate in further investment activity.
- The first tranche of the £300 million share buyback programme, announced on 19 April, will commence today.

Disciplined focus on value-enhancing M&A with active pipeline

- HBK signed an agreement with Dewesoft to establish a new jointly-owned company, Blueberry, to develop a common, scalable, next generation data acquisition platform, with common hardware and software standards. The new platform will enable faster time-to-market and accelerate the creation of an open ecosystem that other industry participants can use, benefiting customers and further advancing HBK's software strategy.
- Red Lion Controls acquired MB connect line GmbH, whose high security hardware and software solutions enhance Red Lion's industrial automation and networking technology portfolio.
- Balance sheet strength provides significant capacity for further M&A aligned to the Group's strategy and purpose. We have an active acquisition pipeline and will remain disciplined in accordance with our stated capital allocation framework and financial criteria for acquisitions.

Continued progress with ambitious sustainability strategy

- Joined the United Nations Global Compact as part of our socially balanced approach. We are committed to operating responsibly, in alignment with universal sustainability principles, taking actions to support society, and to report to the UN Global Compact annually on our progress.
- Alignment to key sustainability trends providing opportunities for future growth in our target end markets.

Guidance – positive outlook for 2022 confirmed

- The strong LFL sales growth in the first quarter has benefited from the continuing recovery in our end markets, and the enhancements made to our customer offering through the introduction of new products and services.
- We continue to work to mitigate ongoing supply chain constraints across the Group, and our businesses are leveraging their pricing power and cost efficiencies to offset inflationary pressures.
- Overall, the business continues to perform well and the strength of our order intake provides good sales momentum, supporting our positive outlook for the rest of the year.

Conference call

A conference call for analysts and investors will be hosted by Andrew Heath, Chief Executive, and Derek Harding, Chief Financial Officer, at 08.30 today to discuss this statement.

To access the call, please dial +44 (0) 20 3936 2999, toll free 0800 640 6441 – Participant code: 959695. Or for replay, please dial +44 (0) 20 3936 3001 – Participant code: 019416.

Spectris will publish its half-year results for 2022 on 1 August 2022.

For and on behalf of Spectris plc

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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 7,600 people located in more than 30 countries. For more information, visit www.spectris.com.