

Spectris plc  
2009 interim results  
25 August 2009

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- **Highlights**
- **Financial performance**
- **Business update**
- **Summary**

- Targeted cost reduction limits impact of lower sales on operating profit
- Restructuring and acquisition integration actions on track, benefiting performance in H2
- Pricing maintained
- Cash conversion of 164%
- Strong balance sheet
- Dividend maintained

# Financial performance

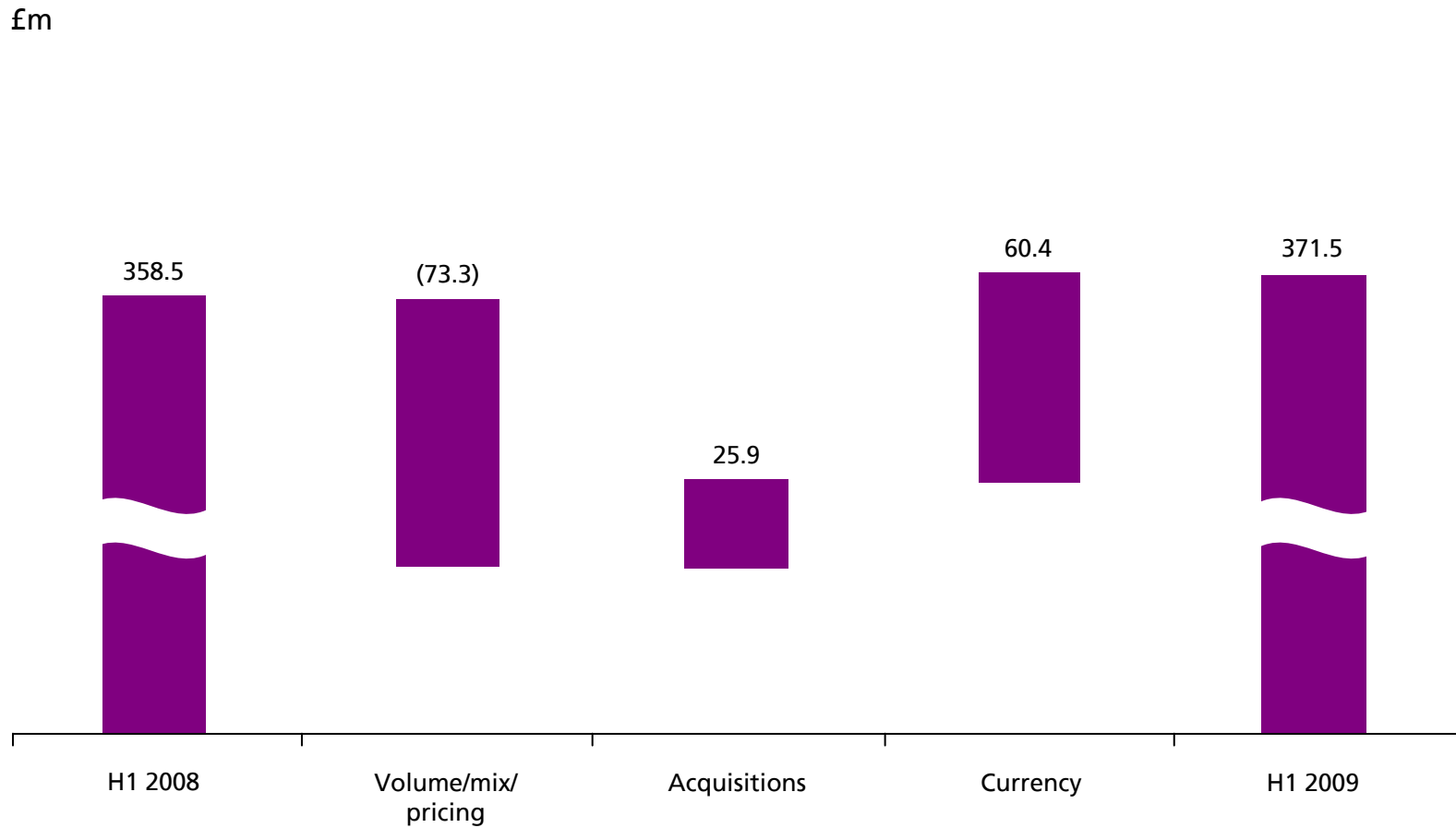
Clive Watson  
Group Finance Director

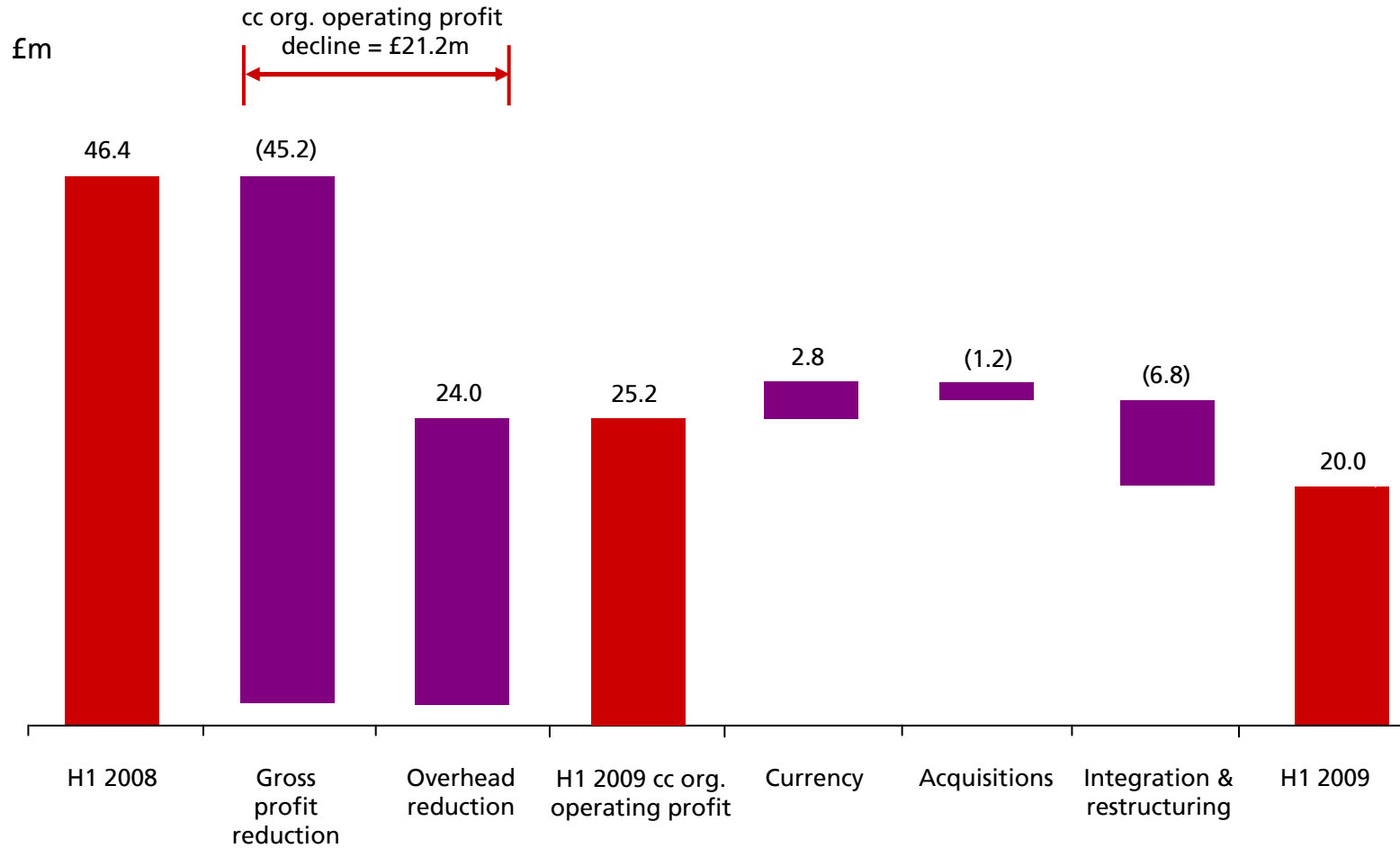
	H1 2009	H1 2008	Change	Change at CER**
Sales (£m)	371.5	358.5	+4%	-13%
Adjusted operating profit (£m) *	20.0	46.4	-57%	-63%
Return on sales (%)	5.4%	13.0%	-7.6pp	
Adjusted profit before tax (£m) *	14.3	42.6	-66%	
Profit before tax	8.6	39.1	-78%	
Tax rate (%)	24%	28%	-4pp	
Adjusted earnings per share (pence) *	9.4	26.6	-65%	
Dividend (pence)	6.4	6.4	—	
Operating cash (£m)	32.8	41.5	-21%	
Cash conversion	164%	89%	+75pp	

Notes

\* Adjusted figures exclude certain non-operational items but include the post-acquisition integration and restructuring charges of £7.0m (H1 08: £0.2m)

\*\* Constant exchange rates





ROS 13.0%

5.4%

- H1 split = £3.0m/£4.0m restructuring/post-acquisition integration
- Deeper restructuring in case of slow recovery
- Benefits purely related to restructuring and post-acquisition integration actions

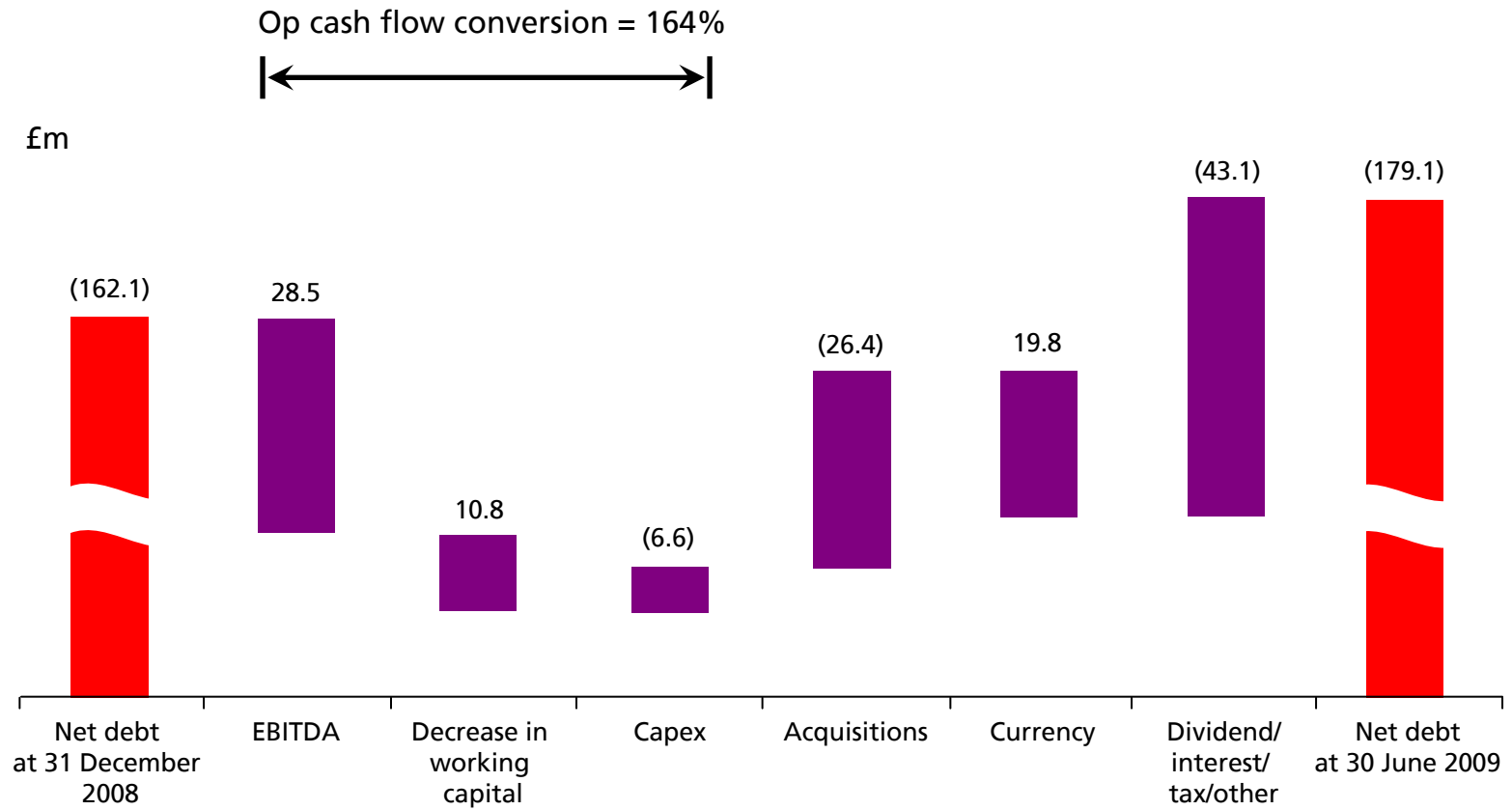
£m	Cost	Benefits 2009	Benefits 2010
H109	7.0	3.5	
H209	3.8	11.4	
	3.0	-	
Full Year	10.8 as planned	14.9	23.4
	3.0 additional	-	6.0

- Variable contribution margin is 60%
- Contingency triggers set to assure timely implementation

Operating leverage of a typical operating company

Organic sales decline	Actions to mitigate operating profit drop-through*	Likely outcome	
		Marginal	Cumulative
0 – 10%	Limited restructuring supported by discretionary cost savings	30%	30%
10 – 15%	} Restructuring, deeper discretionary savings, semi-variable cuts, and salary-related actions	40%	33%
15 – 20%		50%	40%
> 20%	Can be mitigated, but likely to require structural change	60%	40% – 60%

\* The drop-through percentage is the quotient of organic constant currency operating profit decline and organic constant currency sales decline



	Materials Analysis		Test & Measurement		In-line Instrumentation		Industrial Controls		Total	
	<u>H1 2009</u>	H1 <u>2008</u>	<u>H1 2009</u>	H1 <u>2008</u>	<u>H1 2009</u>	H1 <u>2008</u>	<u>H1 2009</u>	H1 2008	<u>H1 2009</u>	H1 <u>2008</u>
Sales (£m)	116.1	115.6	126.1	113.5	107.4	108.3	21.9	21.1	371.5	358.5
Organic sales growth/(decline) at constant currencies (%)	(16%)	4%	(26%)	5%	(18%)	9%	(28%)	9%	(20%)	6%
Adjusted operating profit (£m)	11.5	13.7	(2.2)	11.5	16.0	16.8	1.7	4.6	27.0	46.6
Restructuring (£m)	1.4	0.2	4.0	-	0.5	-	1.1	-	7.0	0.2
Adjusted operating profit after restructuring (£m)	10.1	13.5	(6.2)	11.5	15.5	16.8	0.6	4.6	20.0	46.4
Return on sales (%)	8.7%	11.7%	(4.9%)	10.1%	14.4%	15.5%	2.7%	21.8%	5.4%	13.0%

# Business update

John O'Higgins  
Chief Executive

- Focus on operational excellence
- Strengthen market positions through innovation
- Expand regionally with a focus on emerging markets
- Grow existing businesses through acquisition
- Increase our presence in key strategic growth areas, both organically and through acquisition

### Laboratory / Off-line

### Process / Manufacturing

#### MATERIALS ANALYSIS

#### TEST & MEASUREMENT

#### IN-LINE INSTRUMENTATION

#### INDUSTRIAL CONTROLS

Pharma/life sciences  
Mining/metals  
Semiconductors  
Research institutes

Automotive  
Aerospace  
Electronics  
Environmental

Process industries  
Pulp & paper  
Energy  
Converting

General mfg  
Distributors  
Machine building



% group sales  
H1 2009 **31%**

**34%**

**29%**

**6%**

- Good growth in research and development applications
- Metals, minerals and mining capex cuts; semicon remains weak
- Pharmaceuticals and life sciences - need for efficiency and cost reductions sustains demand
- Contribution from new products

	H1 2008					H1 2009	v H1 2008
		Organic	FX	Acquisitions	Integration & rest.		Reported
Sales (£m)	115.6	(18.2)	18.2	0.5		<b>116.1</b>	+0.5%
Operating profit (£m)	13.5	(2.5)	0.2	0.1	(1.2)	<b>10.1</b>	-25%
Return on sales	11.7%					<b>8.7%</b>	-3pp
ROS pre-restructuring	11.9%					<b>9.9%</b>	-2pp

- Very weak demand in automotive sector
- Acquisition integration accelerated and benefits being realised
- Good demand for aerospace and defence projects, eg satellite testing
- Strong demand from academic research
- Environmental noise monitoring business performing well

	H1 2008					H1 2009	v H1 2008
		Organic	FX	Acquisitions	Integration & rest.		Reported
Sales (£m)	113.5	(29.9)	19.0	23.5		<b>126.1</b>	+11%
Operating profit (£m)	11.5	(12.3)	(0.2)	(1.2)	(4.0)	<b>(6.2)</b>	-154%
Return on sales	10.1%					<b>(4.9%)</b>	-15pp
ROS pre-restructuring	10.1%					<b>(1.7%)</b>	-11.8pp

- Higher consumables and service content proves more resilient
- Tissue market continues to sustain pulp & paper sector
- Alternative energy projects less affected by downturn
- Growth in packaged food products
- Infrastructure investment in China, India and emerging regions continues to drive demand

	H1 2008					H1 2009	v H1 2008
		Organic	FX	Acquisitions	Integration & rest.		Reported
Sales (£m)	108.3	(19.4)	18.5	-		<b>107.4</b>	-1%
Operating profit (£m)	16.8	(3.8)	3.0	-	(0.5)	<b>15.5</b>	-8%
Return on sales	15.5%					<b>14.4%</b>	-1.1pp
ROS pre-restructuring	15.5%					<b>14.9%</b>	-0.6pp

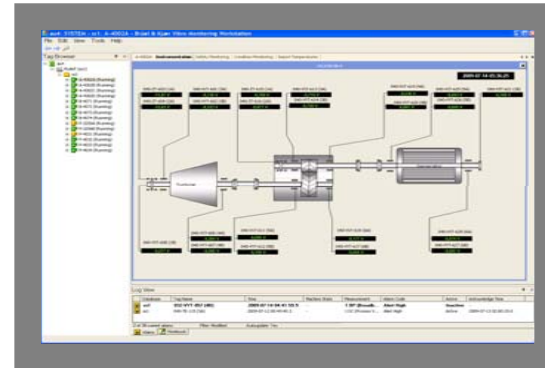
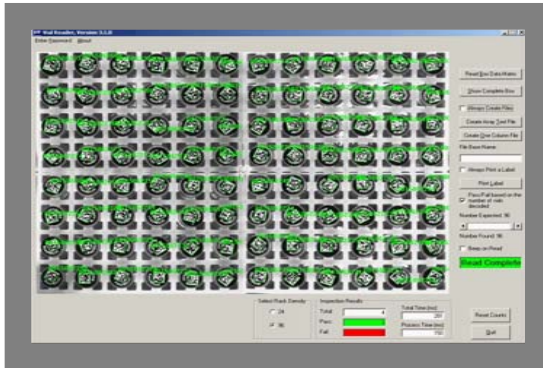
- Weak H1 in electronics and general manufacturing sector, especially US
- Sales of new products continue to perform well
- New products launched for track, trace and control applications – benefits of recent acquisition

	H1 2008					H1 2009	
		Organic	FX	Acquisitions	Integration & rest.		Reported
Sales (£m)	21.1	(5.8)	4.7	1.9		21.9	+4%
Operating profit (£m)	4.6	(2.6)	(0.2)	(0.1)	(1.1)	0.6	-87%
Return on sales	21.8%					2.7%	-19.1pp
ROS pre-restructuring	21.8%					7.8%	-14.0pp

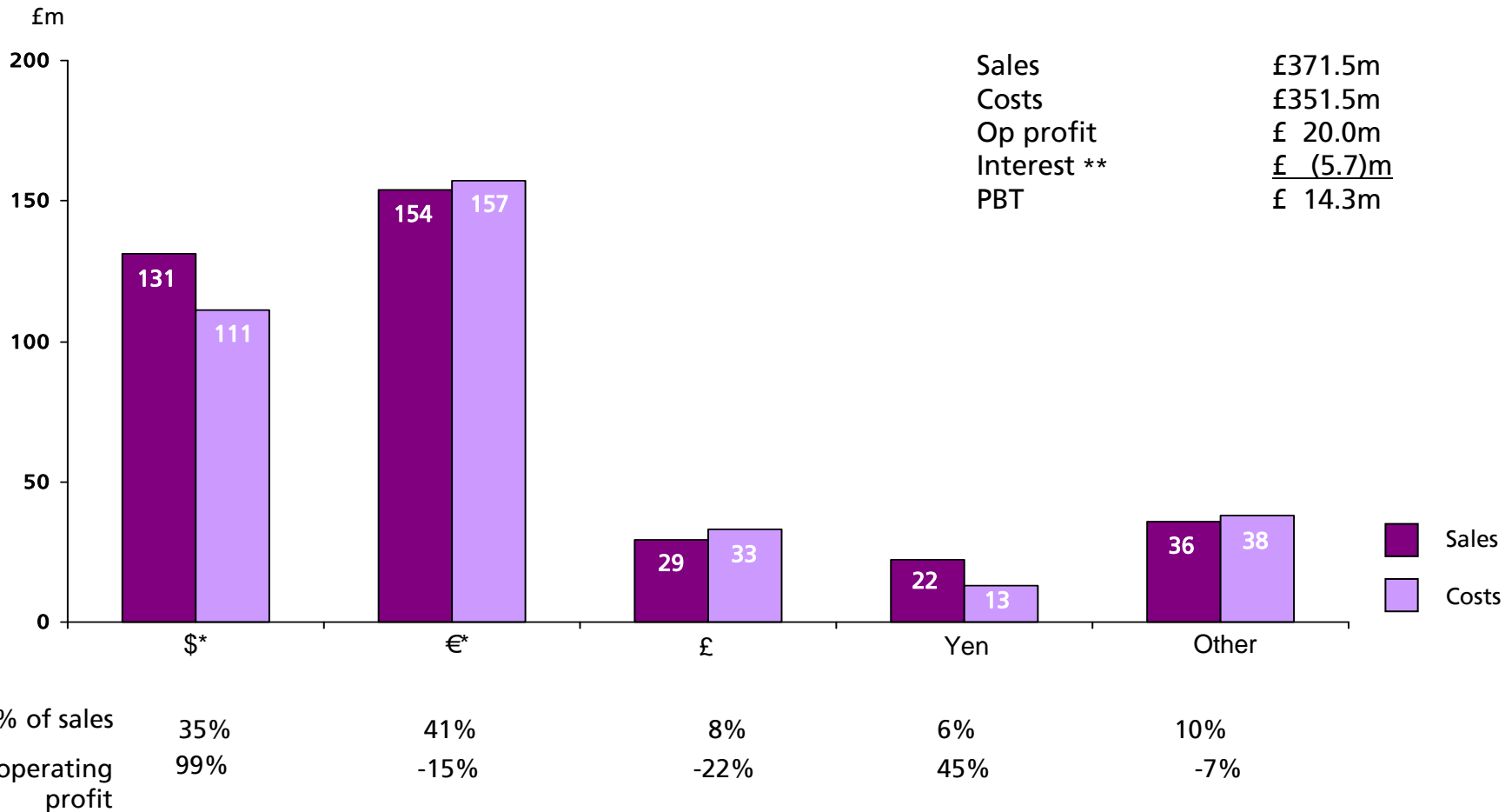
£m	H1 2009	H1 2008	Change	Change at CER
Europe	155.5	156.0	-1%	-12%
Germany	47.8	49.2	-3%	-16%
North America	88.1	81.1	+9%	-18%
Asia Pacific	103.0	97.2	+6%	-15%
China	40.3	30.0	+34%	+8%
Japan	23.8	27.6	-14%	-40%
Rest of the world	<u>24.9</u>	<u>24.2</u>	+3%	-12%
Continuing businesses	371.5	358.5	+4%	-13%

*Aftersales, service and consumables represent 28%  
(24% for fy 2008)*

- Challenging market conditions and limited visibility remain
- Fast and determined cost management actions
- Restructuring and integration actions benefit H2 performance
- Breadth of end markets and geographic coverage provide some resilience
- Good financial and strategic position; well placed for more sustained recovery



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\* Dollar/euro categories include tracking currencies

\*\* Comprising £2.6m in \$, £2.9m in € and £0.2m in £

	Average rates				Spot rates	
	FY08	H108	H109		Dec 08	Jun 09
\$/£	1.85	1.97	1.49		1.44	1.65
€/£	1.26	1.29	1.12		1.03	1.17
Yen/£	192	207	143		130	159