

The Spectris logo is displayed in a lowercase, sans-serif font. The letters 's', 'p', 'e', 'c', 'r', and 'i' are in a dark grey color, while the letter 't' is highlighted in a vibrant red. The background of the slide features a complex, abstract design with a grid of thin red lines and a large, semi-transparent globe on the left side. The overall color palette is dominated by deep reds and purples, with some blue and yellow highlights in the background imagery.

spectris

*Enhancing productivity through precision
instrumentation and controls*

Spe

2005 Interim results

John Poulter - Chairman

Steve Hare - Finance Director

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2005 first half highlights

John Poulter

2005 first half financial performance

Steve Hare

Outlook

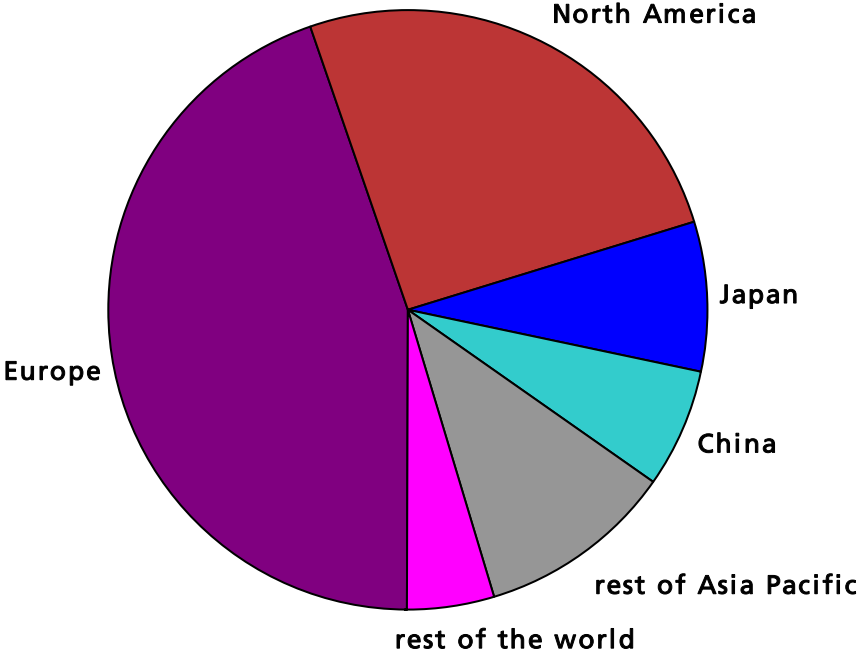
John Poulter

- Strong increases in sales and operating profit against a weak H1 2004
- Operating profit to cash conversion of 80%
- Dividend up 8%

Notes

The results for the six months ended 30 June 2005 represent the Group's first interim financial statements prepared in accordance with its accounting policies under International Financial Reporting Standards (IFRS). The 2004 comparative results have been restated as a result. Spectris uses adjusted figures as key performance measures. Adjusted figures are stated before amortisation of intangible assets, goodwill charges, profits or losses on disposal of businesses, gains or losses on revaluation of financial assets, unrealised changes in the fair value of financial instruments, related tax effects and other tax items which do not form part of the underlying tax rate.

■ Good global balance



| | |
|-------------------|-------------|
| £m | |
| Europe | 137.0 |
| North America | 78.6 |
| Asia | 77.4 |
| Rest of the world | <u>14.2</u> |
| Total | 307.2 |

Electronic controls

| £m | H1 2005 | H1 2004 | % change |
|--------------------|---------|---------|----------|
| Sales | 70.2 | 67.2 | 4 |
| Operating profit | 8.8 | 7.7 | 14 |
| Operating margin % | 12.5 | 11.5 | |

- All companies increased orders, sales and operating profits
- Arcom and Microscan performed well
- Red Lion and HBM made steady progress

In-line instrumentation

| £m | H1 2005 | H1 2004 | % change |
|--------------------|---------|---------|----------|
| Sales | 95.5 | 93.9 | 2 |
| Operating profit | 8.0 | 7.7 | 4 |
| Operating margin % | 8.4 | 8.2 | |

- Apart from BTG, all businesses improved profit performance
- Sales at BTG slightly down due to paper mill lock-outs in Finland
- Restructuring continued at Loma - expected to return to profitability in H2

Process technology

| £m | H1 2005 | H1 2004 | % change |
|--------------------|---------|---------|----------|
| Sales | 141.5 | 122.5 | 16 |
| Operating profit | 11.0 | 5.9 | 86 |
| Operating margin % | 7.8 | 4.8 | |

- Strong performance in Asia, particularly at Malvern and PANalytical
- Benefits from Brüel & Kjær distributor acquisition and economic improvement in Japan
- Fusion and PMS benefited from strong flat panel display market

Financial Performance

Steve Hare
Finance Director

| £m | H1 2005 | H1 2004 | change |
|-----------------------------|---------|---------|--------|
| Sales | 307.2 | 283.6 | +8% |
| Adjusted operating profit | 27.8 | 21.3 | +31% |
| Adjusted profit before tax | 21.1 | 14.5 | +46% |
| Profit before tax | 16.5 | 14.1 | +17% |
| Adjusted earnings per share | 12.7p | 9.2p | +38% |
| Basic earnings per share | 5.9p | 8.9p | -34% |
| Dividend | 4.6p | 4.25p | +8% |
| Operating cash | 22.2 | 9.0 | +147% |
| Net debt | 158.6 | 177.5 | |

| £m | Sales | H1 2005 | | H1 2004 | | |
|-------------------------|--------------|------------------|----------------------|--------------|------------------|----------------------|
| | | Operating profit | Operating margin (%) | Sales | Operating profit | Operating margin (%) |
| Electronic controls | 70.2 | 8.8 | 12.5 | 67.2 | 7.7 | 11.5 |
| In-line instrumentation | 95.5 | 8.0 | 8.4 | 93.9 | 7.7 | 8.2 |
| Process technology | 141.5 | 11.0 | 7.8 | 122.5 | 5.9 | 4.8 |
| Total | 307.2 | 27.8 | 9.0 | 283.6 | 21.3 | 7.5 |

| £m | H1 2005 | H1 2004 |
|---|--------------|---------------|
| Operating profit | 27.8 | 21.3 |
| Depreciation | 6.4 | 6.4 |
| Working capital movement/other | <u>(6.1)</u> | <u>(12.0)</u> |
| Net cash flow from operating activities excluding capex | 28.1 | 15.7 |
| Capex | <u>(5.9)</u> | <u>(6.7)</u> |
| Operating cash flow | <u>22.2</u> | <u>9.0</u> |
| Cash conversion | 80% | 42% |

| £m | H1 2005 | H1 2004 |
|--|-------------|---------------|
| Tax | (6.6) | (3.3) |
| Interest | (6.5) | (7.0) |
| Dividends | (12.4) | (11.2) |
| Acquisitions/disposals | (2.7) | (8.8) |
| Sale of treasury shares by Employee Benefit Trust | 5.1 | - |
| Financial income | 0.4 | - |
| Shares issued | 0.4 | 0.2 |
| Exchange/other | <u>0.4</u> | <u>7.0</u> |
| | (21.9) | (23.1) |
| Operating cash flow | <u>22.2</u> | <u>9.0</u> |
| Movement in net debt | <u>0.3</u> | <u>(14.1)</u> |

- Effective tax rate of 27% (2004: H1 = 23%, full year = 25%)
- Factors affecting the rate
 - Profitability in continental Europe and US
 - Normalising towards weighted average tax rate
- As indicated at the 2004 year end the tax charge is expected to increase gradually towards the weighted average statutory rate
- Tax charge of £2.8m on intra-group dividends

- Overall IFRS has a modest impact on the accounts
- No change to segmental reporting
- Potential volatility in unadjusted earnings following adoption of IAS 39 “Financial Instruments” from 1 January 2005. Effect in H1 2005 is £(4.5)m
- New adjusted earnings measure
- No effect on cash flow
- No effect on commercial decision making
- Spectris adopted FRS 17 in 2001, therefore the IFRS retirement accounting rules have minimal impact

Outlook

John Poulter
Chairman

- Current levels of demand consistent with previously stated expectations
- Actions taken to improve operating margins will show results within the financial year
- More traditional H1/H2 balance
- If current exchange rates prevail, currency effects will remain negligible

Encouraging progress expected for the year

| | H1 2004 | FY 2004 | H1 2005 |
|--------------------------------------|---------|---------|-------------|
| Trade working capital to sales ratio | 16% | 16% | 17% |
| Debtor days | 62 | 59 | 61 |
| Inventory turns | 3.1 | 2.9 | 3.1 |
| Creditor days | 51 | 50 | 45 |
| Capex to depreciation ratio | 121% | 116% | 113% |
| Interest cover | 4.7x | 4.7x | 5.2x |