



Spectris plc

**Acquisition of Omega Engineering, Inc.
15 August 2011**

- Transaction Summary
- Omega Engineering Business Description
- Acquisition Rationale
- Financial Summary





- Deal to acquire Omega Engineering from the founding family
 - Leading provider of sensors and controls for industrial testing and measurement applications
 - Highly successful and resilient business model
 - Broad product and IP portfolio
 - Majority of sales in domestic market
- Purchase price of \$475m to be funded through available cash and new credit facility
- Expected closing in Q4 2011 subject to customary regulatory approvals

- A high quality market leading business
- Strong business with significant barriers to entry
- Resilient Revenue and earnings characteristics
 - 6% CAGR '05-'10
 - Revenue down 12% in 2009 with profit down only 6%
- Enhanced profitable growth potential as part of the Spectris group, especially in international markets
- Excellent strategic and cultural fit for Spectris and a significant expansion of the product offering in the Industrial Controls segment

Business Description



- Privately owned company founded in 1962, headquartered in Stamford, Connecticut
- Leading integrated provider of solutions and products for the measurement and control of temperature, humidity, pressure, strain, force, flow, level, pH & conductivity
- Highly regarded, well known “Omega” and “Newport” brands
- Customer-centric: loyal, diverse, blue chip customer base
- Direct selling model, high customer retention, repeat sales
- Approx. sales by geography: Americas 80%, Europe 10%, Asia & RoW 10%
- Headcount ~700 July 2011

Product Category	Products	
<p>Temperature</p>	<ul style="list-style-type: none"> - Thermocouples - Resistance Temperature Detectors (RTDs) - Thermistors - Display Meters, Controllers & Recorders 	
<p>Pressure, Strain & Force</p>	<ul style="list-style-type: none"> - Load Cells - Strain Gauges - Pressure sensors 	
<p>Flow, Level & pH</p>	<ul style="list-style-type: none"> - Rotameters - Mass Flow Meters - Wheel Flow Meters - pH Meters - Level Meters and Sensors 	
<p>Data Acquisition and Process Automation</p>	<ul style="list-style-type: none"> - Data Loggers - Signal Conditioners - Process Controllers 	

- Differentiated and consistent marketing strategy with strong brand equity
- Company has successfully migrated to the web for sales & orders:
 - 90% of customers use websites, 34% of orders placed via the web

Customer Base

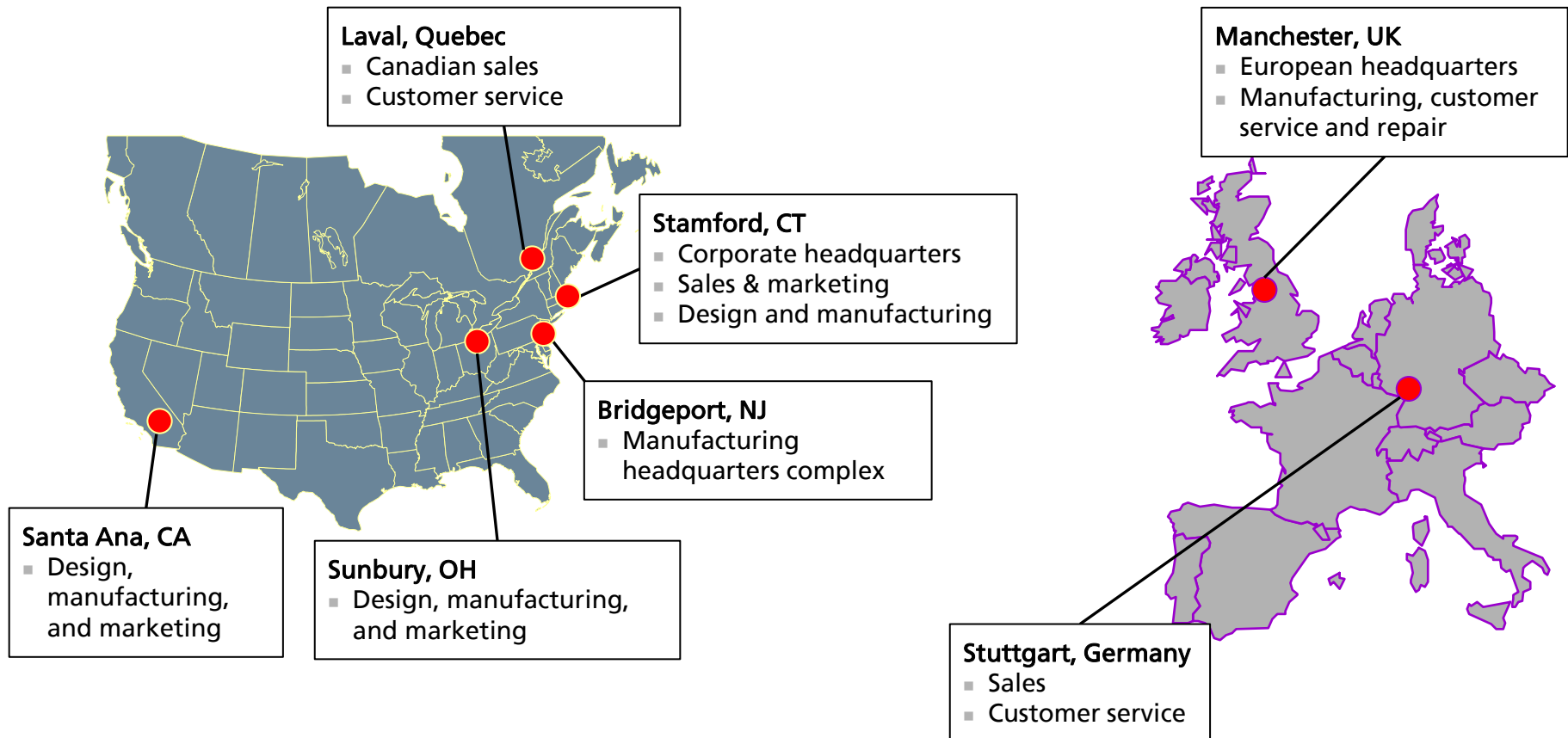
- Very diverse – manufacturing, universities, institutions, testing and research labs, etc
- Long-term and repeat customers with low average size order
- Broad industry and application coverage

Marketing & Communications

- Large “installed base” of Handbooks generates orders long after publication
- Worldwide internet presence projects Omega as the provider of one-stop, comprehensive product solutions



- Manufacturing focuses on strategic high-volume end products



Acquisition Rationale



- Brings scale to the Industrial Controls segment
- Attractive, defensible business model with multiple barriers to entry:
 - Brand recognised as the “go to” company for small control projects
 - Market presence is focused on the “long tail” of small users
 - Unrivalled product breadth
 - In-house manufacturing for high volume, high margin products; remainder sourced from third parties
 - Strong inside sales and customer support processes
 - Long-term customer relationships (>10 years for 89 of top 100)
- Cross channel and supply chain opportunities with other Spectris businesses
- Strong operational management team and an excellent cultural fit within Spectris group

- High gross margin and growth profile, both in line with Spectris group companies
- 2010 adjusted operating profit of \$40m
- Cash conversion 90-100% in line with Spectris group
- Purchase price \$475m – cash and debt free
 - ~10x EBITDA on 2011E basis
 - New 5-year \$550m revolving credit facilities
 - Expected net debt /EBITDA c. 1.5x
- EPS accretive in the first full financial year of ownership (2012)
 - One off IFRS fair value and inventory accounting adjustments of approx. \$20m (allocation to 2011 & 2012 dependent on close date)

- Leading integrated provider of industrial measurement and controls solutions
- Robust business model built on product technology, customer base, sales model, brand and supply chain
- High margin and cash flow performance with resilient revenue and earnings
- Growth and margin opportunities under Spectris ownership
- Well managed business and a good fit within Spectris



Q & A