



Spectris plc
2009 preliminary results

23 February 2010

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Chief Executive

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- Highlights
- Financial performance
- Business update
- Summary

- Decisive action taken to adapt the business to the economic downturn
- Investments to support growth strategy continued, despite challenging environment
- Restructuring costs of £14 million deliver benefits of £15 million in the year
- Results in Test and Measurement segment severely impacted by automotive downturn
- Conversion of operating profit to cash robust at 133%; net debt down by £38 million to £124 million
- Dividend up 3.6%, giving an unbroken track record of increases since the company's listing in 1988

Financial performance

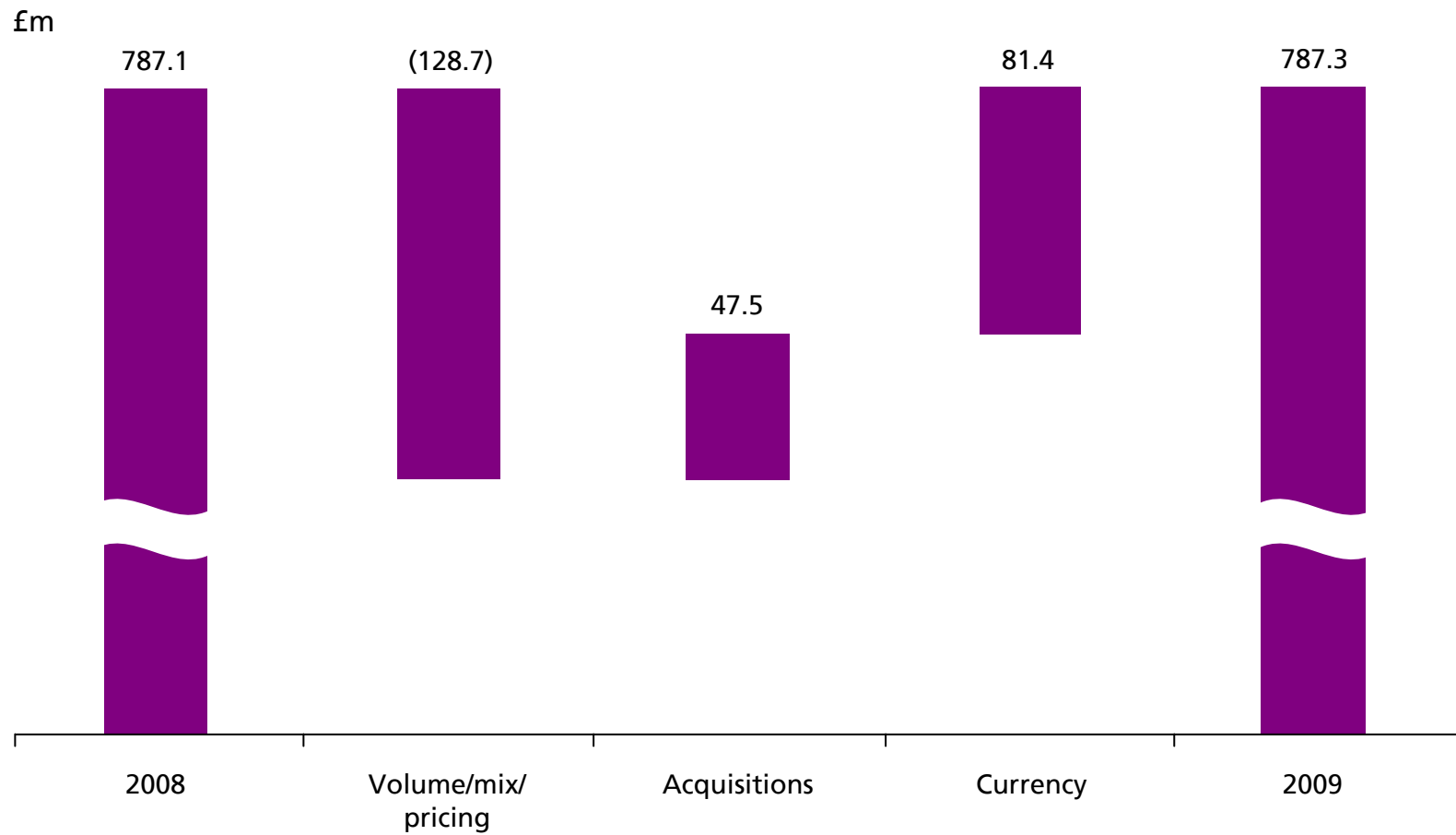
Clive Watson
Group Finance Director

	2009	2008	Change	Change at CER**	Organic change at CER***
Sales (£m)	787.3	787.1	0%	-10%	-16%
Adjusted operating profit before int. & rest. (£m) *	93.2	119.5	-22%	-25%	-26%
Integration and restructuring (£m)	14.0	1.2			
Adjusted operating profit after int. & rest. (£m) *	79.2	118.3	-33%	-36%	-32%
Return on sales (%)	10.1%	15.0%	-4.9pp		
Adjusted profit before tax (£m) *	68.2	110.1	-38%		
Profit before tax	54.2	106.1	-49%		
Tax rate (%)	23.2%	23.7%	-0.5pp		
Adjusted earnings per share (pence) *	45.4	72.8	-38%		
Dividend (pence)	24.25	23.4	+3.6%		
Operating cash (£m)	105.5	102.1	+3%		
Cash conversion	133%	86%	+47pp		

Notes

* Adjusted figures exclude certain non-operational items

** Constant exchange rates *** At constant exchange rates excluding acquisitions



£m

118.3



2008

(71.4)



Gross margin reduction

2.2

Restr. benefits

40.4



Cost savings

12.8

3.3



Currency

1.4



Acquisitions

(12.8)



Integration & restructuring

79.2

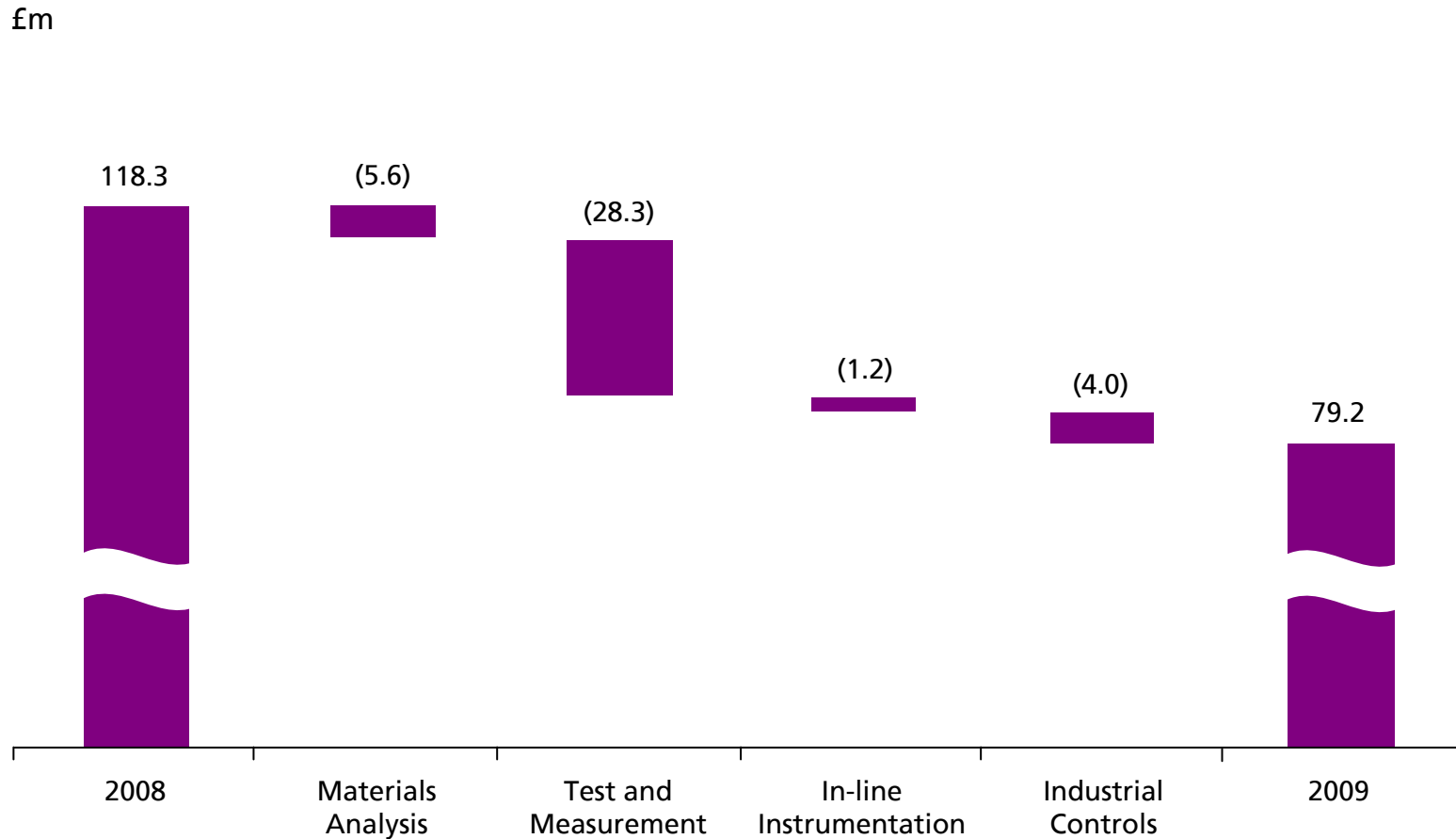


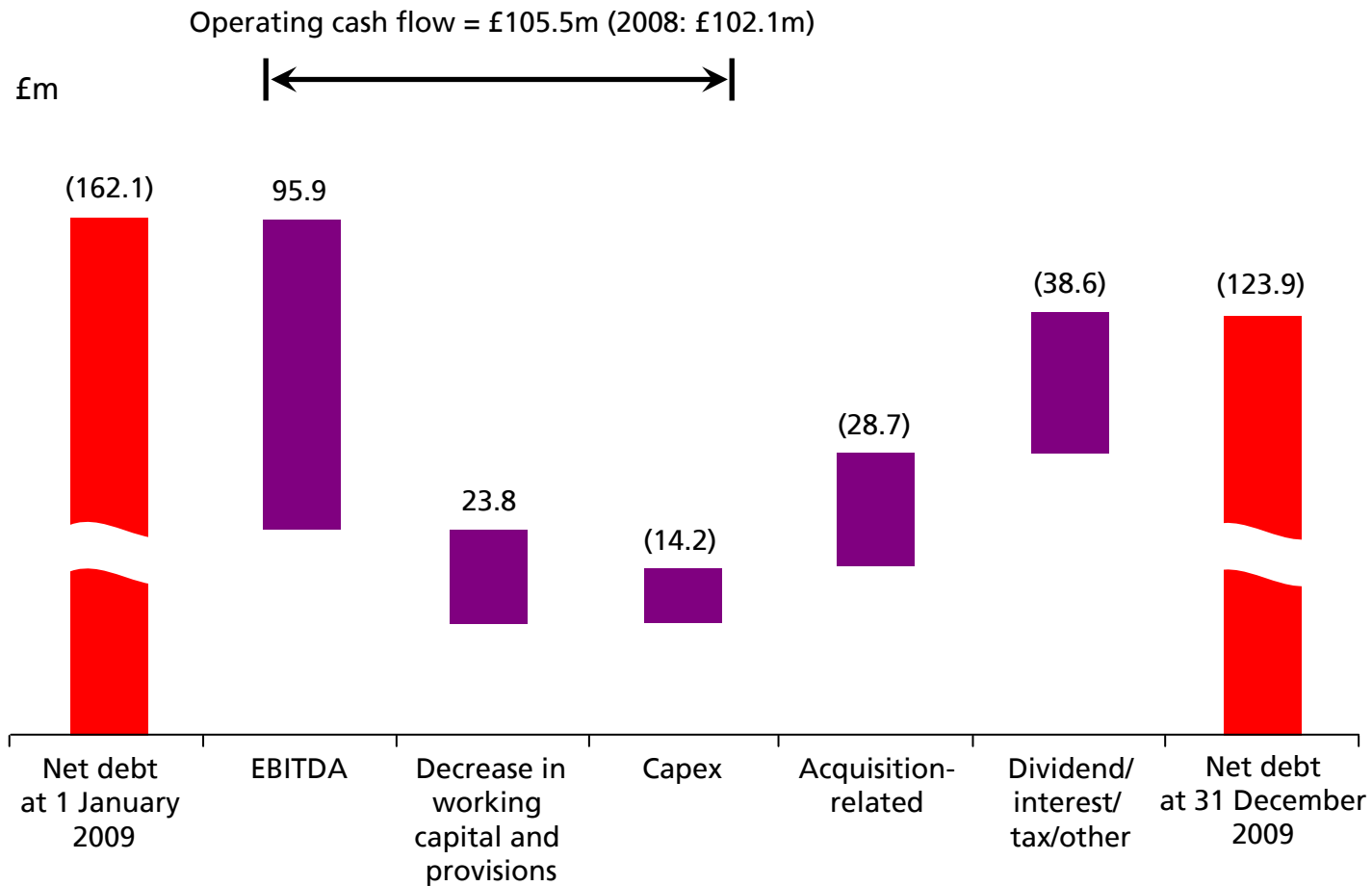
2009

ROS 15.0%

10.1%

(Cost) / benefits £m	2009		2010 (Est)		Year-on- year	Year-on- year
	O/heads	Gross margin	O/heads	Gross margin	O/heads	Gross margin
Restructuring costs included in overheads	(14.0)		(2.0)		12.0	
Restructuring benefits:						
Gross margin		2.2		4.7		2.5
Overheads	12.8		26.3		13.5	
Temporary cost savings	27.6		-		(27.6)	
Total	26.4	2.2	24.3	4.7	(2.1)	2.5





	Test and Measurement		Materials Analysis		In-line Instrumentation		Industrial Controls		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Sales (£m)	267.1	254.9	248.1	253.2	227.5	233.3	44.6	45.7	787.3	787.1
Organic sales (decline)/growth at constant currencies (%)	(22%)	(0.5)%	(13%)	4%	(13%)	4%	(22%)	6%	(16%)	3%
Adjusted operating profit before restructuring (£m)	11.1	30.6	34.2	37.8	42.4	42.6	5.5	8.5	93.2	119.5
Restructuring (£m)	9.7	0.9	2.3	0.3	0.9	(0.1)	1.1	0.1	14.0	1.2
Adjusted operating profit after restructuring (£m)	1.4	29.7	31.9	37.5	41.5	42.7	4.4	8.4	79.2	118.3
Return on sales (%)	0.5%	11.7%	12.9%	14.8%	18.2%	18.3%	9.9%	18.4%	10.1%	15.0%

Return on sales = 15% (2008: 16.6%)

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 AND MEASUREMENT

IN-LINE INSTRUMENTATION

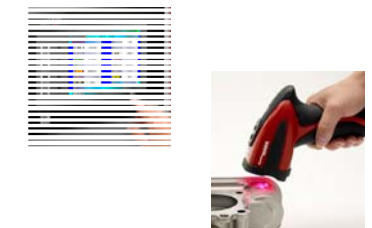
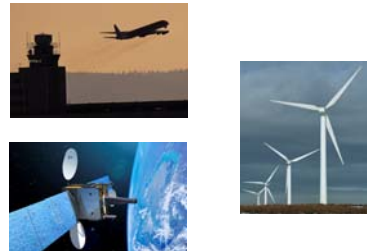
INDUSTRIAL CONTROLS

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
2009 **31%**

34%

29%

6%

- Good demand from academic research markets
- Government stimulus packages benefit infrastructure development projects
- Pharmaceuticals and life sciences use analysis and monitoring equipment for research, safety and productivity
- Some recovery in semiconductors and electronics in Q4

	2008					2009	v 2008	v 2008
		Organic	FX	Acquisitions	Integration & rest.		Reported	Organic at CER*
Sales (£m)	253.2	(31.9)	23.9	2.9		248.1	-2%	-13%
Operating profit (£m)	37.5	(4.2)	0.8	0.1	(2.3)	31.9	-15%	-12%
Return on sales	14.8%					12.9%	-1.9pp	
ROS pre-restructuring	14.9%					13.8%	-1.1pp	

* Before integration and restructuring costs

- Dramatic cut in spending by automotive customers throughout year
- Good demand from aerospace market, especially for satellite testing
- Operating profit impacted by volume and restructuring costs
- Acquisition of Lochard brings leadership in environmental monitoring
- Data acquisition products gaining good market acceptance

	2008					2009	v 2008	v 2008
		Organic	FX	Acquisitions	Integration & rest.		Reported	Organic at CER*
Sales (£m)	254.9	(56.0)	26.2	42.0		267.1	+5%	-22%
Operating profit (£m)	29.7	(19.4)	(0.6)	1.4	(9.7)	1.4	-95%	-69%
Return on sales	11.7%					0.5%	-11.2pp	
ROS pre-restructuring	12.0%					4.2%	-7.9pp	

* Before integration and restructuring costs

- Service and consumables prove resilient
- Infrastructure development projects in China, India and emerging regions continue to drive demand, particularly for optical fibre and cable
- Good demand from power and alternative energy projects
- Pulp and paper performance robust due to growth in tissue applications
- Good operating profit and cash performance

	2008					2009	v 2008	v 2008
		Organic	FX	Acquisitions	Integration & rest.		Reported	Organic at CER*
Sales (£m)	233.3	(30.8)	25.0	-		227.5	-2%	-13%
Operating profit (£m)	42.7	(3.3)	3.0	-	(0.9)	41.5	-3%	-7%
Return on sales	18.3%					18.2%	-0.1pp	
ROS pre-restructuring	18.3%					18.6%	+0.3pp	

* Before integration and restructuring costs

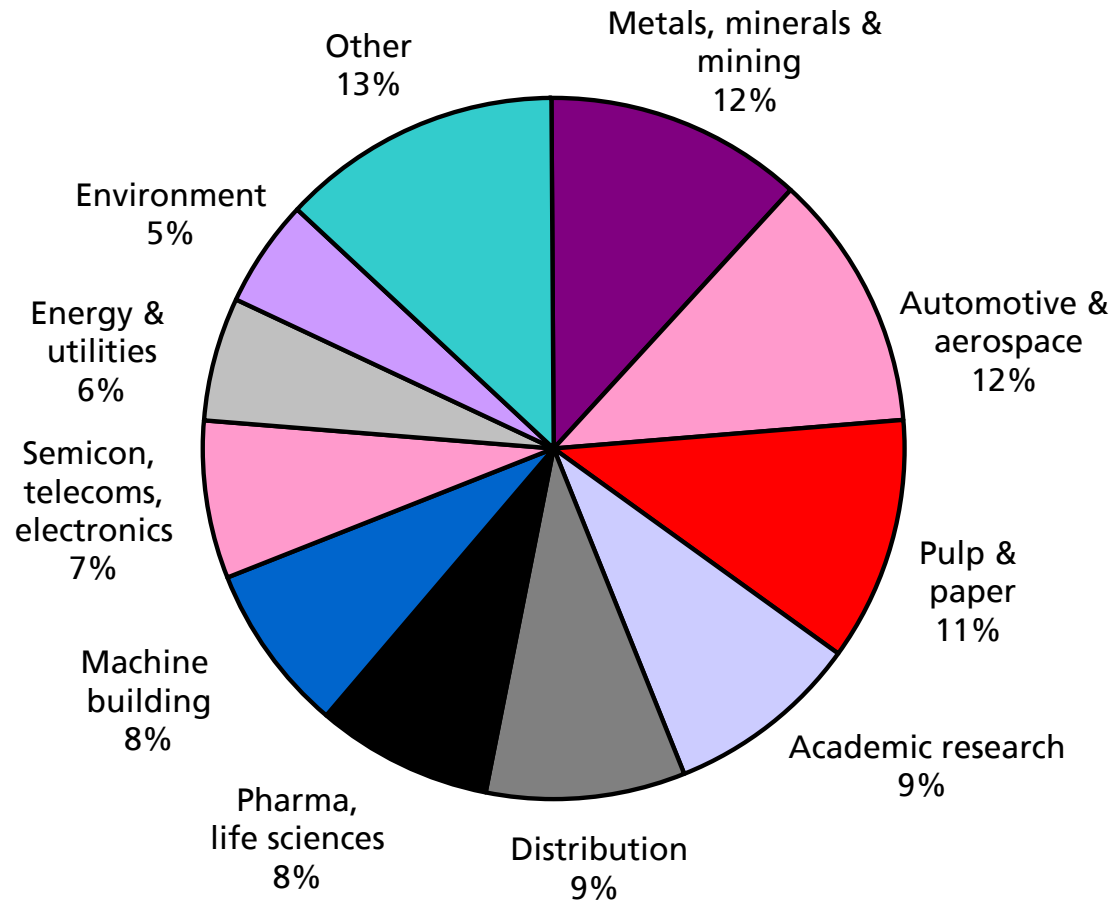
- Weakness in general manufacturing and electronics sectors, improving in Q4
- Emerging markets continue to provide good opportunities
- Integration of machine vision business complete; manufacturing sites consolidated
- New broader range of track, trace and control products launched
- Strong performance from Red Lion with key account wins

	2008					2009	v 2008	v 2008
		Organic	FX	Acquisitions	Integration & rest.		Reported	Organic at CER*
Sales (£m)	45.7	(10.0)	6.3	2.6		44.6	-2%	-22%
Operating profit (£m)	8.4	(3.0)	0.2	(0.1)	(1.1)	4.4	-48%	-36%
Return on sales	18.4%					9.9%	-8.5pp	
ROS pre-restructuring	18.6%					12.3%	-6.3pp	

* Before integration and restructuring costs

£m	2009	% of group sales	2008	% of group sales	Change	Change at CER	Organic change at CER
Europe	321.5	41%	332.2	42%	-3%	-11%	-14%
Germany	98.4	12%	108.0	14%	-9%	-18%	-21%
North America	181.2	23%	178.0	23%	+2%	-11%	-20%
Asia Pacific	227.8	29%	219.2	28%	+4%	-8%	-13%
China	87.8	11%	68.8	9%	+27%	+15%	+9%
Japan	50.8	6%	60.1	8%	-15%	-32%	-32%
Rest of the world	<u>56.8</u>	7%	<u>57.7</u>	7%	-2%	-11%	-30%
Group total	787.3		787.1		+0%	-10%	-16%

Aftersales, service and consumables represent 27% (2008: 24%)



2009 Approximate sales by end user market



- Demand improving; modest recovery expected in 2010
- Continued focus on investment in new products and applications
- Further benefits from restructuring and integration actions in 2010, offset by reversal of temporary savings
- Strong financial and strategic position; net debt down
- Strong platform for growth



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Q & A