

Q3 trading update

21 October 2021 – Spectris plc (SXS: LSE), the expert in providing insight through precision measurement, provides a trading update for the three-month period to 30 September 2021 ('the period').

Solid third quarter trading underpins full-year guidance and provides momentum into 2022

- Order book strengthens - up 31%¹ in the period, 21%¹ year to date; supports previous full-year outlook and provides good momentum going into 2022
- Sales growth continues - up 12%¹ in the period, 13%¹ year to date
- Supply chain constraining our ability to translate the order book to revenue in the short-term, however, on track to deliver LFL sales growth for the full year of 10-12%, as previously guided
- Strong balance sheet, with net cash of £58.0 million
- Divestment of NDC Technologies on track to complete in fourth quarter
- Ambitious net zero targets validated by the Science Based Targets initiative

Andrew Heath, Chief Executive, said:

"We delivered a solid trading performance in the third quarter, consistent with our expectations at the half year, thanks to the great support and engagement of our people. Our continued focus on supporting our customers and the positive impact of new product launches has driven demand ahead of the strong recovery in our target end markets. As anticipated, the supply chain is now constraining our ability to translate our very strong order intake to revenue, however, our full year guidance of 10-12% sales growth is maintained. The strength of our order book supports our previous outlook for the year and provides further momentum heading into 2022.

"Alongside our focus on driving growth and margin expansion, we continue to embed our sustainability commitments across our operations. In July, we announced comprehensive and ambitious net zero plans, which have now been validated by the Science Based Targets initiative. This is aligned to our purpose of making the world cleaner, healthier and more productive, through our own operations and in the innovation we are bringing to customers through our specialist products and solutions."

Update on trading

Group like-for-like ('LFL')¹ sales increased 12% year-on-year in the period and were 2% higher than in 2019, on a LFL basis. Year-to-date, LFL sales were 13% higher and compared to the corresponding period in 2019, were only 1% lower.

Reported sales in the period decreased 1% to £324.7 million with disposals, net of acquisitions, reducing sales by 7% and a 5% negative foreign currency exchange impact. For the nine-month period, reported sales were broadly flat at £926.5 million, with a 7% reduction from disposals, net of acquisitions, and a 5% negative foreign currency exchange impact.

Our order book continued to see strong momentum with orders growing 31% on a LFL basis in the period, up 21% year-to-date.

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

Sales by geography and business – LFL growth vs 2020

	Q1	Q2	Q3	9M		Q1	Q2	Q3	9M
North America	(2%)	20%	11%	9%	Malvern Panalytical	20%	26%	10%	18%
Europe	(1%)	21%	9%	9%	HBK	(3%)	20%	16%	11%
Asia	24%	25%	15%	21%	Omega	1%	28%	11%	13%
Rest of the World	(15%)	48%	4%	7%	Industrial Solutions	2%	22%	9%	11%
Total sales	5%	23%	12%	13%		5%	23%	12%	13%
Total orders	5%	28%	31%	21%		5%	28%	31%	21%

LFL sales increased in all regions in the period with the strongest performance in Asia, driven by China and South Korea. In North America and Europe, LFL sales for the period were 11% and 9% higher, respectively.

LFL sales grew in all end markets in the period and were strongest into pharmaceutical, semiconductor and electronics customers, machine building and into metals, minerals and mining. Academia is now firmly back in positive growth territory. Year-to-date, LFL sales were higher in all end markets except energy and utilities, which is still lower in North America. Encouragingly, we also saw automotive return to growth in the period, recovering to flat year to date.

Malvern Panalytical continued to make good progress, posting a 10% LFL sales increase, with growth across all regions. Demand was particularly strong in Asia, especially metals, mineral and mining customers and to academic research institutes. Robust demand also continues from pharmaceutical customers, especially into Europe.

At HBK, LFL sales increased 16% with growth across all regions, with notably strong growth in North America and Europe. The automotive sector returned to growth this quarter, with LFL sales higher in all regions, especially Asia. Since February, orders have continued to rise every month across our product suite. Electrification and autonomous driving remain key trends driving the growth. Demand from electronics customers was very strong in the period, especially in Asia, and machine manufacturing continued to see good growth.

Omega continues to make encouraging progress. LFL sales were 11% higher, with a strong performance in Asia. In North America, sales growth continues to be ahead of the market, through new product launches and the sales channel expansion strategy, in particular the partnership with Newark, driving market share gains.

Industrial Solutions posted a 9% LFL sales increase, with continued strong demand from pharmaceutical and semiconductor customers, particularly in Asia. Sales into energy and utilities returned to growth in the period. Order growth in the period was the strongest across the businesses.

Cash, balance sheet and M&A

The Group continues to be highly cash generative. At the end of September, the Group had net cash of £58.0 million (£272.8 million as of 30 June 2021), following the acquisition of Concurrent Real-Time in July. The integration of the business to date is going well.

In August, HBK advanced its software strategy with a software licence and asset purchase agreement with VIMANA, a provider of software and services for smart manufacturing. The transaction brings technology to HBK and will form the basis for a new engineering centre of excellence focused on data management and connectivity.

The Group completed its £200 million share buyback programme on 7 October. In total, 5,596,739 ordinary shares were repurchased at an average price of 3574 pence per share and the shares repurchased were subsequently cancelled.

The divestment of NDC Technologies to Nordson for \$180 million (£130 million), remains on track for completion during the fourth quarter. As a result of the divestment, the Group expects a reduction in full-year 2021 sales and adjusted operating profit of £15 million and £3 million, respectively.

Our cash position provides us with balance sheet optionality for future acquisitions. We continue to review and renew our opportunity pipeline to seek further suitable acquisition targets, that are synergistic to our businesses and align with our purpose and strategic goals.

Socially balanced approach**Net zero targets now validated by SBTi**

As announced with their publication in July, the Group's net zero targets were submitted for verification to the Science Based Targets initiative ('SBTi'). We were pleased to have them validated in October and look forward to working with SBTi going forward as we set out our performance against these targets on an annual basis. To support this, the Group has implemented a Group-wide energy management system to monitor and report its energy data and is currently undertaking a series of energy

efficiency audits. We have also confirmed the Group's commitment to the Race to Zero ahead of COP26 through signature of the 1.5-degree Business Pledge.

Supporting our employees and communities

In recognition of World Mental Health Day, we launched our 'Be Kind to your Mind' programme, held a series of presentations from external experts on various aspects of mental health and leaders across the Group came together to deliver video messages to employees on the importance of looking after their mental health.

During the quarter, we continued to develop our STEM ambition by joining Young Professionals UK and taking part in various outreach activities, including the 'tech the future' virtual work experience event and the black heritage networking event. The Spectris Foundation also remains on course to make its first donations before the year end.

Guidance and outlook – full-year guidance affirmed

Against a backdrop of robust recovery in many of our end markets, our strong LFL sales growth performance has clearly benefited from the increased focus across the Group and the enhancements we have made to our customer offering, including new product and service launches, as evidenced by the strength of our order book.

Supply chain pressures are now constraining our ability to translate the order book into revenue in the short-term. While to date these have had limited impact on our sales performance, we expect to encounter increasing headwinds in the fourth quarter and, as such, retain our guidance of 10-12% sales growth for the full year.

Overall, the business continues to perform well and the strength of our order book and continued strong order intake coming into the fourth quarter supports our outlook for the rest of the year and provides further momentum heading into 2022.

Conference call

A conference call for analysts and investors will be hosted by Andrew Heath, Chief Executive, and Derek Harding, Chief Financial Officer, at 08.00 today to discuss this statement.

To access the call, please dial +44 (0) 20 3936 2999, toll free 0800 640 6441 – Participant code: 613100. Or for replay, please dial +44 (0) 20 3936 3001 – Participant code: 807893.

Spectris will publish its full-year results for 2021 on 24 February 2022.

For and on behalf of Spectris plc

LEI Number: 213800Z4CO2CZO3M3T10

Contacts:

Spectris plc

Siobhán Andrews

Head of Corporate Affairs

+44 20 4551 4549/+44 7920 230093

Tulchan Communications

Martin Robinson

Suniti Chauhan

+44 20 7353 4200

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 Egham, Surrey, United Kingdom, the Company employs approximately 7,900 people located in more than 30 countries. For more information, visit www.spectris.com.