

Spirax-Sarco Engineering plc



Annual General Meeting

Nicholas Anderson

Group Chief Executive

2015 Results

Solid set of results against a challenging background



	2015	2014	Change	Constant currency
Revenue	£667.2m	£678.3m	-2%	+2%
Operating profit	£152.4m	£153.0m	0%	+4%
Operating margin	22.8%	22.5%	+30 bps	+40 bps
Pre-tax profit	£151.1m	£151.1m	0%	+4%
EPS	142.6p	140.4p	+2%	+6%
DPS	69.0p	64.5p	+7%	+7%

- Organic sales up 2%; Operating profit up 4%
- Currency headwind of 4% on sales and profit
- Operating margin increased to 22.8%
- Robust cash generation, 95% cash conversion
- Dividend increased 7%
- Implementing strategy for growth

2015 Results

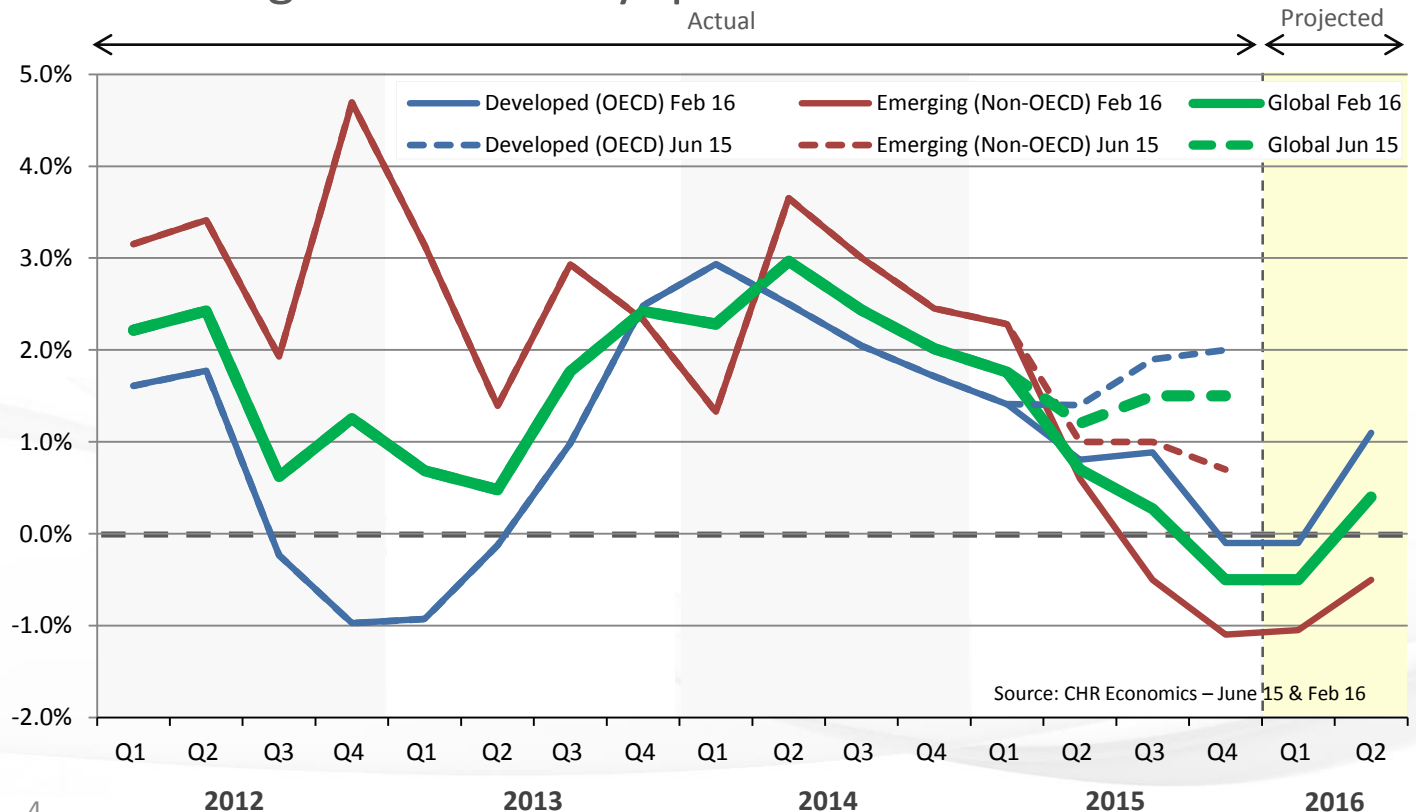
Industrials sector comparison

Company	Organic growth 2014	Organic growth 2015	Operating margin 2014	Operating margin 2015	PBT change	EPS change
Bodycote	4%	-3%	18.2%	18.0%	-8%	-10%
GKN	4%	2%	9.2%	8.8%	-2%	-5%
IMI	2%	-5%	17.5%	15.2%	-21%	-20%
Melrose	-3%	-17%	20.0%	14.3%	-107%	-3%
Morgan IM	2%	-1%	12.8%	12.0%	-6%	-7%
Rotork	2%	-5%	26.4%	22.9%	-21%	-21%
Senior	5%	-3%	13.6%	12.6%	-3%	-3%
Spectris	2%	0%	16.9%	15.2%	-9%	-8%
Spirax Sarco	4%	2%	22.5%	22.8%	0%	2%
Vesuvius	4%	-8%	9.9%	9.4%	-15%	-16%
Weir	9%	-21%	18.4%	13.5%	-46%	-45%
<i>Average</i>	3%	-5%	16.9%	15.0%	-	-
<i>Median</i>	4%	-3%	17.5%	14.3%	-	-

Source: Numis, Research Report, 7th March 2016

Global economic slowdown

Annual IP growth rates by quarter 2012-2016



Currency headwinds



Impact on:	2014	2015	combined
Sales	6.4%	3.6%	10.4%
Profit	10.2%	4.1%	14.7%

Average exchange rates						
	2013	2014	%	2014	2015	%
Spirax weighted index	100.0	106.8	-6%	100.0	103.8	-4%
Bank of England index	81.7	87.1	-6%	87.1	91.4	-5%
US\$	1.57	1.65	-5%	1.65	1.53	8%
Euro	1.18	1.24	-5%	1.24	1.38	-10%
RMB	9.66	10.15	-5%	10.15	9.60	6%
Won	1,716	1,734	-1%	1,734	1,728	0%
Brazilian Real	3.41	3.88	-12%	3.88	5.11	-24%
Argentine Peso	8.65	13.32	-35%	13.32	14.28	-7%
SA Rand	15.16	17.85	-15%	17.85	19.57	-9%

Implementing our strategy for growth

Notable progress in 2015



- Stepped up training and development; new Spirax Sarco Academy
- Implementing enhanced Customer Value Propositions
- Increased sector focus: Food & Bev., Healthcare, Chemical, OEMs
- Growth of Controls & Thermal Energy Management products
- Continued development of innovative new products
- Advanced the Global Excellence in Supply Chain initiatives
- Strategic investment in India plus five new direct sales companies
- Completed five acquisitions and two disposals
- Improved sustainability; reduced global carbon emissions by 13%

Delivering self-generated growth that outperforms our markets

Investing for growth

Spirax Sarco India



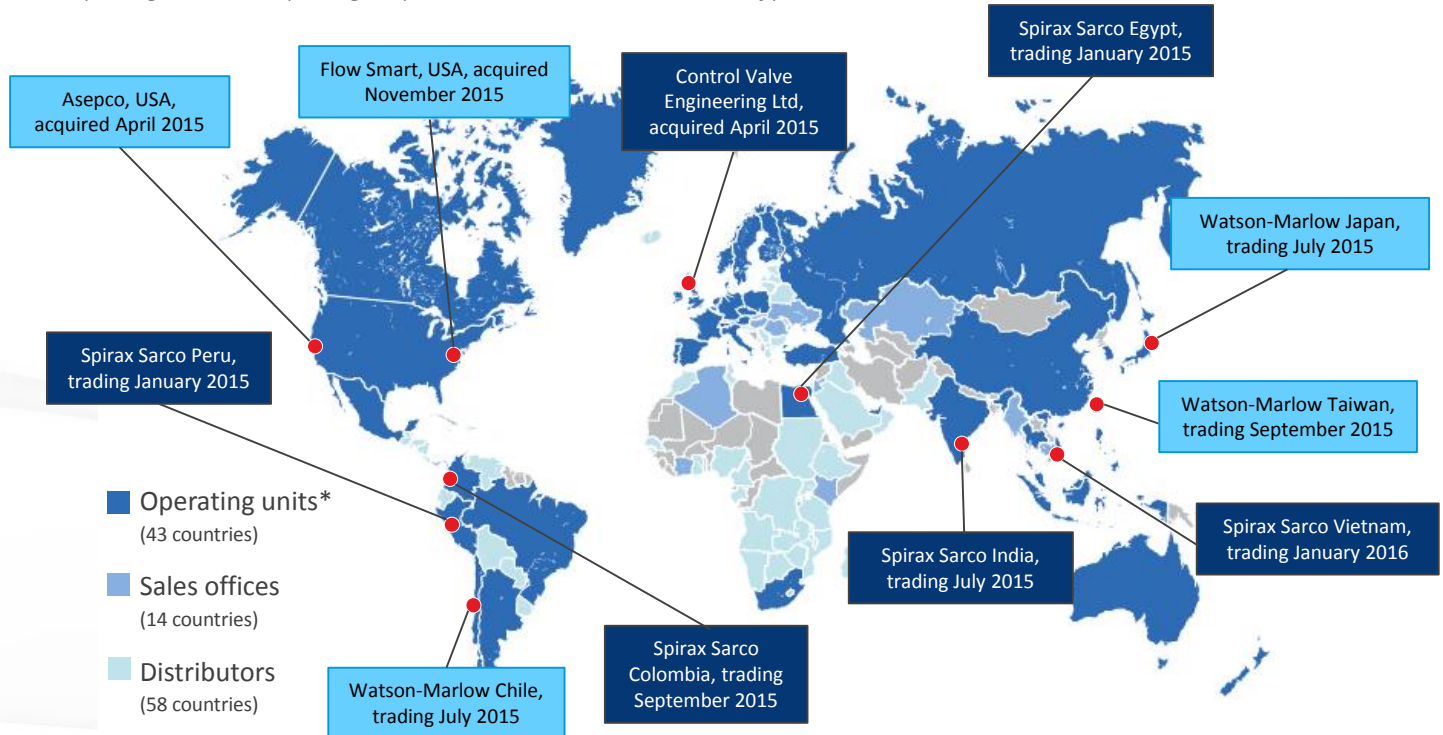
- £12 million investment
- Headquarters in Chennai, offices in Mumbai and Delhi
- 40 people; 35% sales, 40% operations
- Building complete and operational, official opening in June



Our global coverage and expansion

77 operating units* in 43 countries

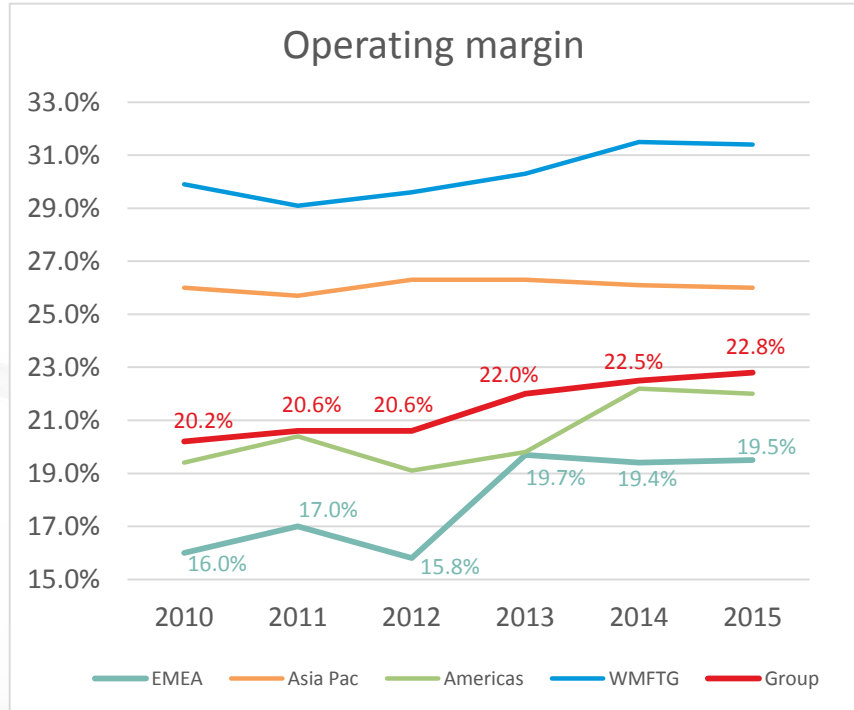
** Operating units include operating companies, branches and Associate, at time of publication*



Serving customers in over 110 countries

Operating margin improvements

Not at the expense of growth



- Margin improvements not at the expense of growth
- Focus on improved performance though:
 - price management
 - efficiency improvements
 - cost reductions
- EMEA improved 350 bps, despite recent strong exchange headwinds

AGM statement

For the 4 months ending 30th April

Trading conditions

- Global industrial production (IP) growth around zero
- Small deterioration in Developed economies
 - European markets overall stable, IP <1%
 - North America negative
- Small improvement in Emerging economies
 - Asia Pac small improvement
 - Latin America firmly negative

Performance

- Organic sales growth maintained at 2015 levels
- Operating profit ahead
- Currency movements now positive; over 2% tailwind on sales and 3% on profits, vs. average 2015 rates
- Net cash balance increased from £5 million at 31st December to £31 million at 30th April

Outlook

- Global IP remains uncertain
- We remain focused on our strategic priorities to self-generate growth
- Provided there is no material deterioration in trading conditions, the Board expects to make progress in 2016

Spirax-Sarco Engineering plc



Questions?