

Annual General Meeting

Charlton House, Cheltenham

9th May 2017



Bill
Whiteley

Nicholas
Anderson

Trudy
Schoolenberg

Neil
Daws

Kevin
Boyd

Jane
Kingston

Jay
Whalen

Clive
Watson

Jamie
Pike

Andy
Robson

2016 Results

Delivering a strong performance in challenging markets



	2016	2015	Reported	Organic ⁺
Revenue	£757.4m	£667.2m	+14%	+4%
Operating profit*	£180.6m	£152.4m	+18%	+8%
Operating profit margin*	23.8%	22.8%	+100 bps	+80 bps
Pre-tax profit*	£177.9m	£151.1m	+18%	
EPS*	171.5p	142.6p	+20%	
DPS	76.0p	69.0p	+10%	

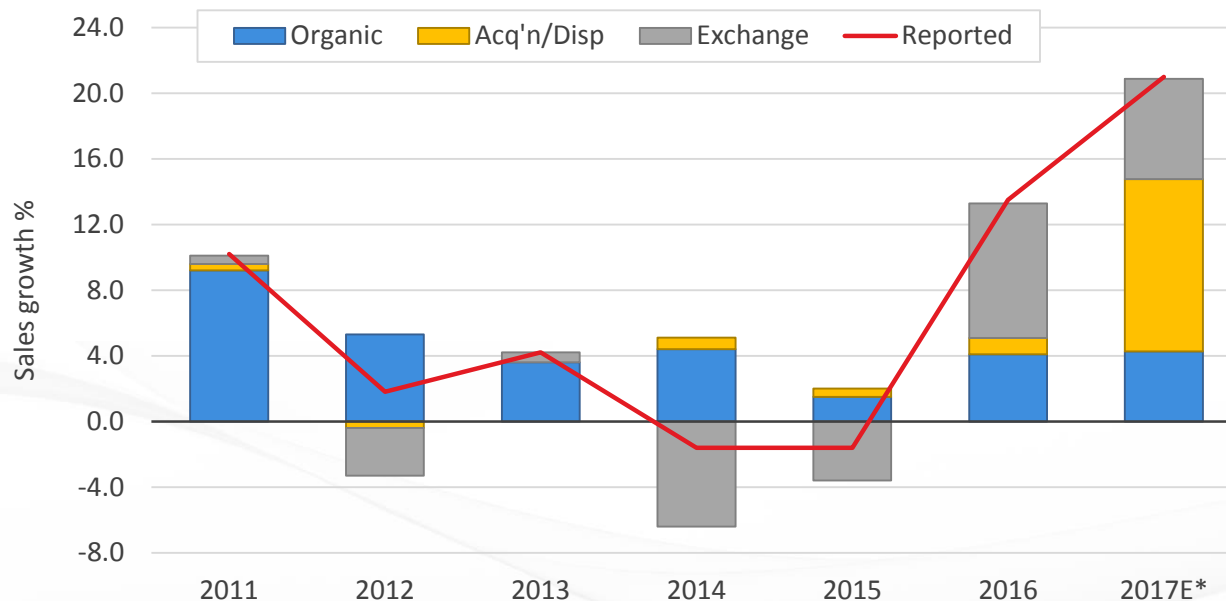
⁺ Organic measures are at constant currency and exclude acquisitions and disposals.

* Adjusted profit measures.

- Organic sales increased 4%
- Record operating margin 23.8%
- Another excellent performance in Watson-Marlow
- Robust cash generation, 101% cash conversion
- Full Year dividend increased by 10%

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Sales growth 2011-2017E*

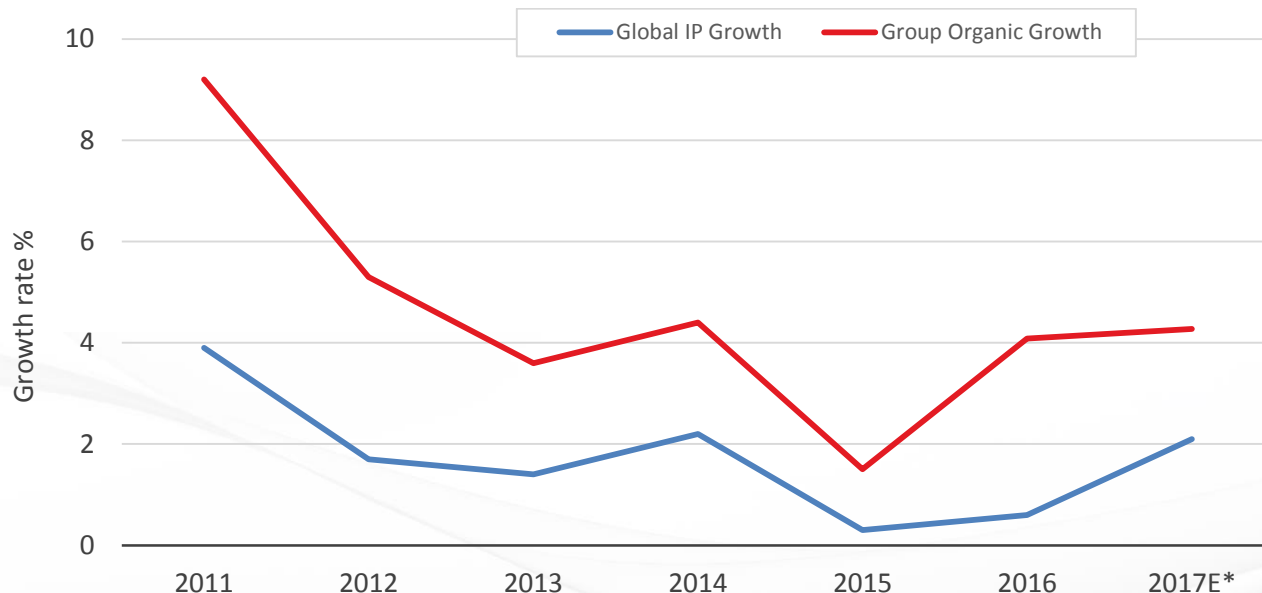


* 2017E = BAML estimate 03/04/2017

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Global IP growth vs. organic sales growth

2011-2017E*



* 2017E = BAML estimate 03/04/2017

Industrial Production data - *Global Industrial Production Watch*, CHR Economics

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Investing for growth

Clean Steam Facility, Cheltenham, UK



- 1,200m² manufacturing facility for the production of clean steam components for the Pharma, Healthcare and F&B industries
- ISO Class 7 Cleanroom
- Offers customers full traceability of products and certified validation of materials used
- 70% uplift in product unit sales by volume March-Dec 2016, compared with the same period in the prior year

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Investing for growth

State-of-the-art manufacturing facility, India



- June 2016, opened manufacturing, training and office facilities
- Sales growth; **good progress, in line with our expectations**
- Good progress **expanding the range of locally manufactured products with local certifications (IBR)**
- Sales offices in: Chennai, Mumbai, New Delhi, Kolkata and Baroda
- Sales engineers in Bangalore, Pune and Chandigarh

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Investing for growth

State-of-the-art manufacturing facility, India



<http://www.spiraxsarcoengineering.com/AboutUs/Pages/media.aspx>

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Investing for growth

Spirax Sarco Academy



- Established to enhance and accelerate the learning and development programmes of the Steam Specialties business
- Aim: to **underpin growth**
- Establishing global **standards**, **syllabus** and **training materials**
- Real world **assessment system**
- Its own governance structure and budget
- Developing knowledge and capabilities; **enhancing customer value**

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Investing for growth

New product development



Product launches in 2016 include:

- Spirax Sarco: **STAPS ISA100** Wireless Steam Trap Monitor and **FT62** High Pressure Float Trap
- Watson-Marlow: MasoSine **Certa™** pump range; **Qdos 120** pump; and Watson-Marlow **530** and **630** pumps

Q1 2017:

- Watson-Marlow Quantum pump

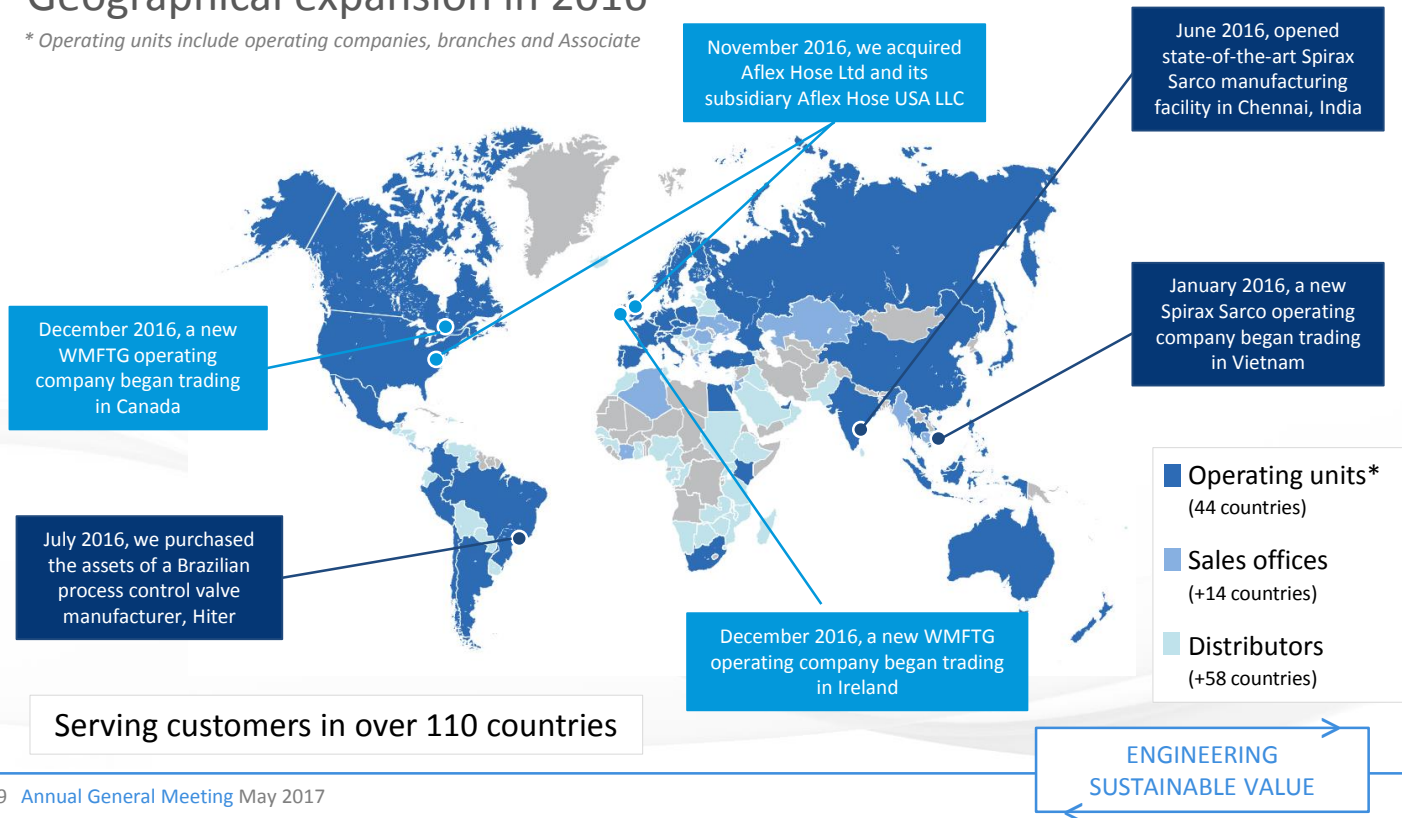


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Investing for growth

Geographical expansion in 2016

** Operating units include operating companies, branches and Associate*



Investing for growth

Aflex Hose Ltd, UK - November 2016

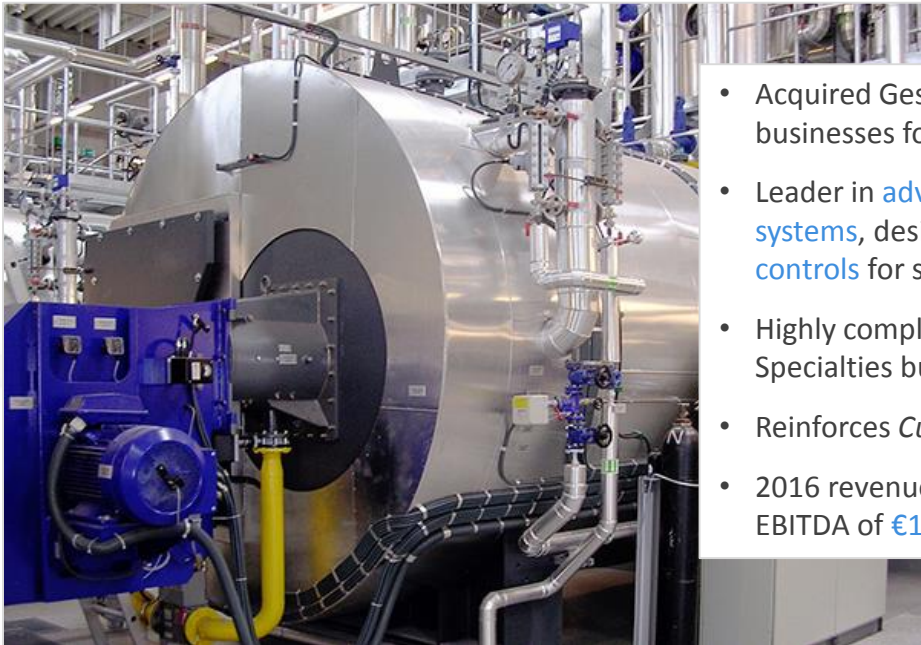


- Acquired Aflex Hose Limited and its subsidiary Aflex Hose USA LLC (Aflex) for **£61.4 million**
- Design and manufacture of **PTFE-lined flexible hoses** for the Pharmaceutical, Food, Chemical and Automotive industries
- Highly synergistic with WMFTG's fluid path product portfolio
- Expands WMFTG's addressable market
- 2016 net sales of **£24 million**, underlying **EBITDA of £6 million**.

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Investing for growth

Gestra AG, Germany – May 2017

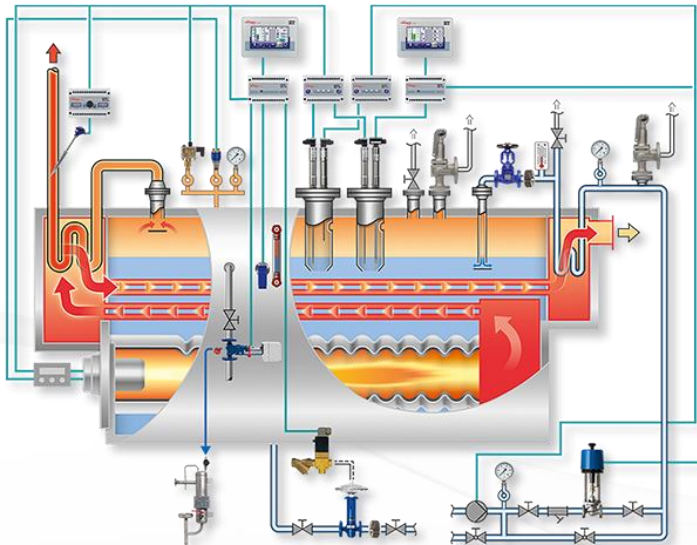


- Acquired Gestra AG and associated businesses for **€186 million** (£160 million)
- Leader in **advanced industrial boiler control systems**, designs and produces **valves and controls** for steam and fluid process control
- Highly complementary to the Steam Specialties business
- Reinforces *Customer first* growth strategy
- 2016 revenue of **€92.5 million** (£80 million) EBITDA of **€16.6 million** (£14 million)

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Investing for growth

Gestra integration plan



- Operate as an **independent division** of Spirax Sarco
- Promote Spirax Sarco *and* Gestra brands to steam customers (**dual brand strategy**)
- Apply strong **sector focus**; key to success
- **Retain** Spirax Sarco and Gestra **product lines**
- Develop new and improved products
- Increase competitiveness through **supply chain improvements**
- **Retain** and develop **Gestra employees**
- **Add sales people** to further globalise Gestra

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Awards and achievements



- **Spirax-Sarco Engineering plc** voted **top of its sector** (Engineering and Machinery)
- Recognised as **Britain's 6th Most Admired Company**
- Peer review by senior executives from 250 companies, in 25 sectors, and analysts from leading City investment firms
- Criteria include: quality of management; financial soundness; quality of goods and services; ability to attract, retain and develop top talent; value as a long-term investment; innovation; and community and environmental responsibility



- **Watson-Marlow Ltd** and **BioPure Technology Limited** have together been honoured with a **Queen's Award for Enterprise: International Trade 2017**
- The award recognises the companies' outstanding combined **growth of over 75% in overseas sales** over the 5 year judging period

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Any questions?



Steam Training Centre, Spirax Sarco Mexico