

Annual General Meeting

Charlton House, Cheltenham
15th May 2018



Bill Whiteley



Jamie Pike



Clive Watson



Trudy Schoolenberg



Jane Kingston



Peter France



Nicholas Anderson



Kevin Boyd



Neil Daws



Jay Whalen

2017 Results

Strong organic growth and two significant acquisitions



	2017	2016	Reported	Organic ⁺
Revenue	£998.7m	£757.4m	+32%	+6%
Operating profit*	£235.5m	£180.6m	+30%	+6%
Operating profit margin*	23.6%	23.8%	-20 bps	+0 bps
Pre-tax profit*	£229.1m	£177.9m	+29%	
EPS*	220.5p	171.5p	+29%	
DPS	87.5p	76.0p	+15%	

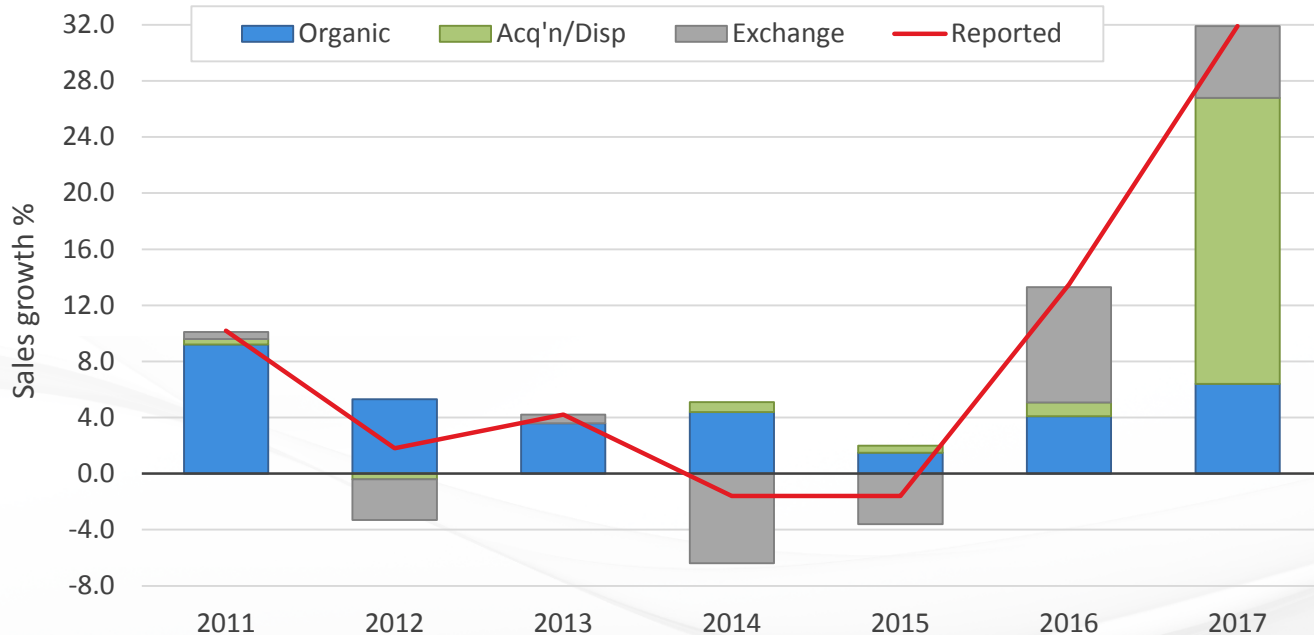
⁺ Organic measures are at constant currency and exclude acquisitions.

* Adjusted profit measures.

- Sales growth 32%; organic 6%
- Adjusted operating margin of 23.6%
- Good growth in Steam Specialties and Watson-Marlow
- Acquisitions performing in line with plan; adding 20% to sales, 14% to profit
- Net debt of £373.6 million, 1.4x EBITDA
- Full Year dividend increased by 15%

Engineering Opportunities

Sales growth 2011-2017



Engineering Opportunities

Engineering opportunities... through acquisitions

Highly complementary to the Steam Specialties business

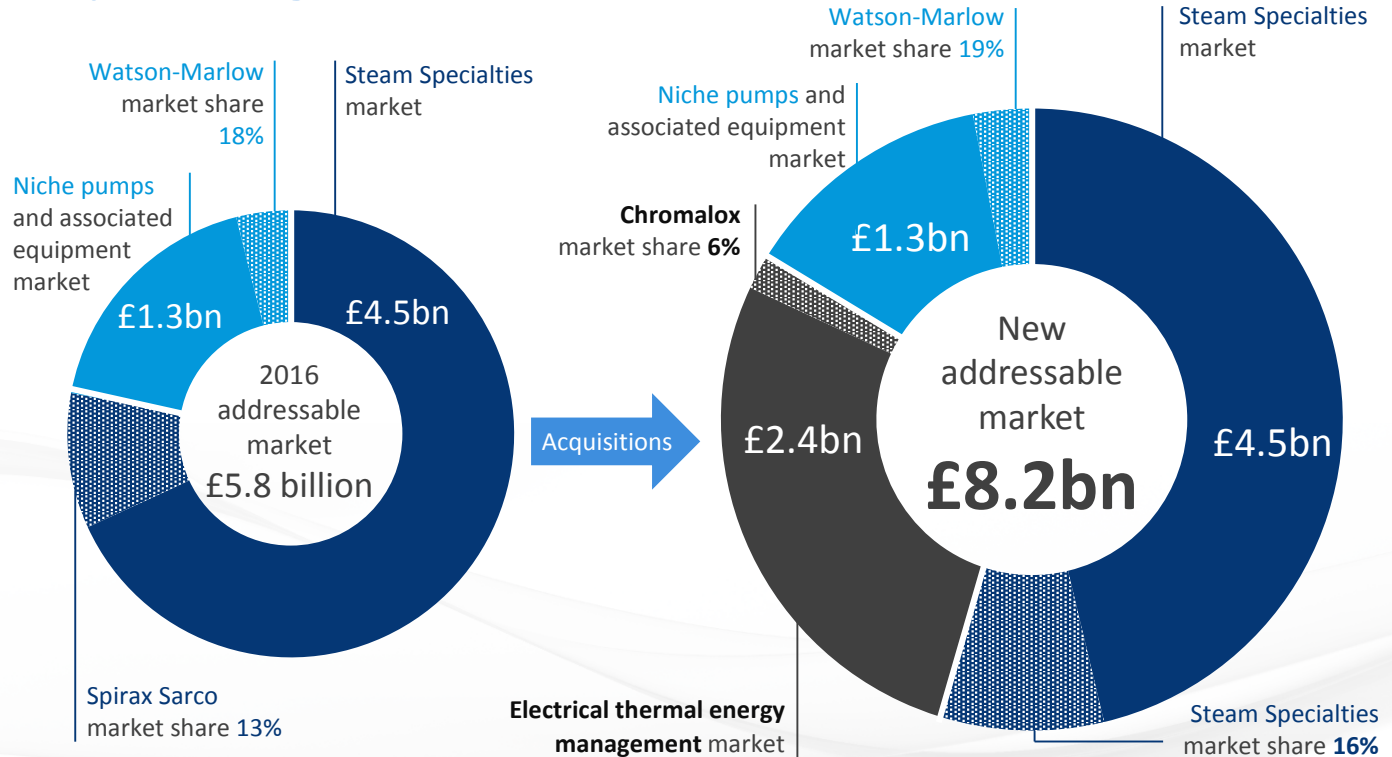


- Leader in advanced industrial boiler control systems; designs and produces valves and controls for steam and fluid process control
- Transaction Enterprise Value €186 million
- Multiple of 11.2x EBITDA 2016
- 2016 performance: revenue €92.5 million; EBITDA €16.6 million; EBIT €15.2 million
- Increases Steam Specialties market share



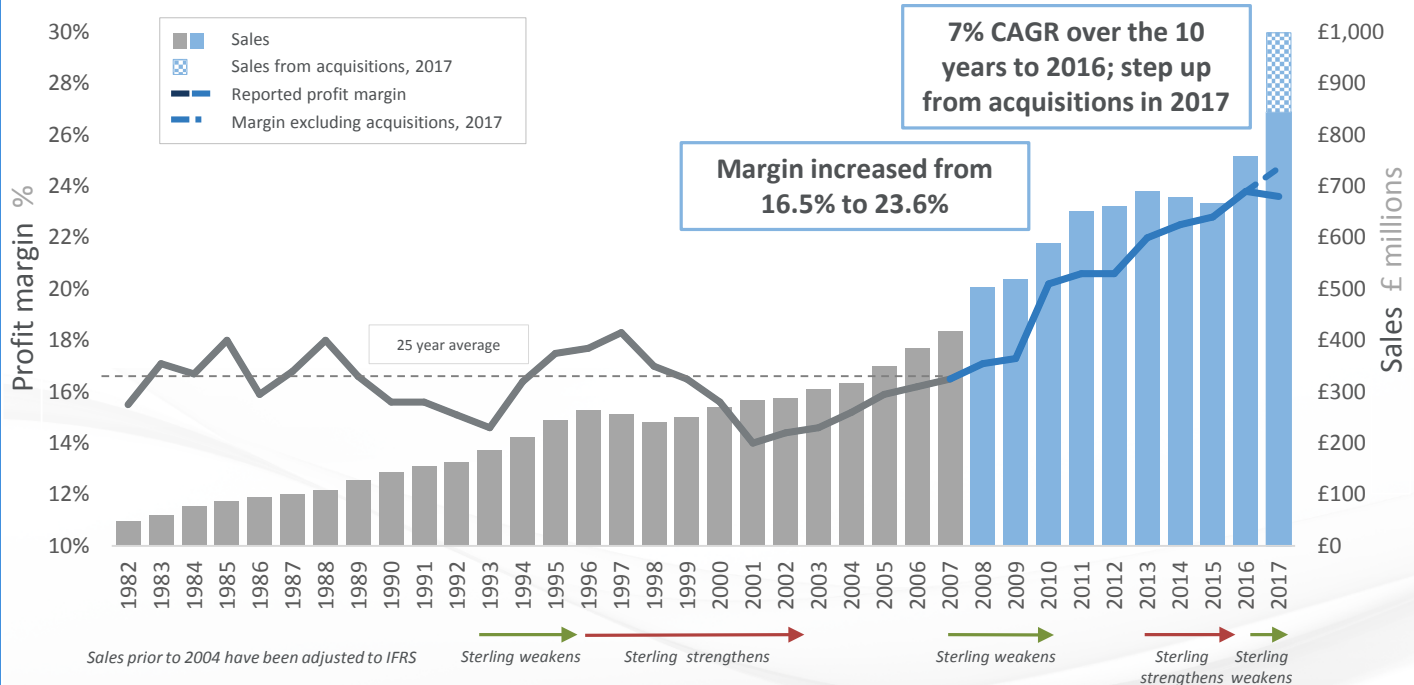
- Market leading provider of electrical solutions for industrial process heating and temperature management
- Transaction Enterprise Value US\$415 million
- Multiple of 9.7x EBITDA 2016
- 2016 performance: revenue US\$201 million; EBITDA US\$43 million; EBIT US\$37 million
- Expands Spirax-Sarco's addressable market by over £2 billion

Expanding our addressable market



Source: based on Spirax Sarco internal estimates

Broadening the platform for future organic growth



Engineering Opportunities

Related acquisition

Chromalox: strong strategic fit with long-term potential

Group acquisition strategy:

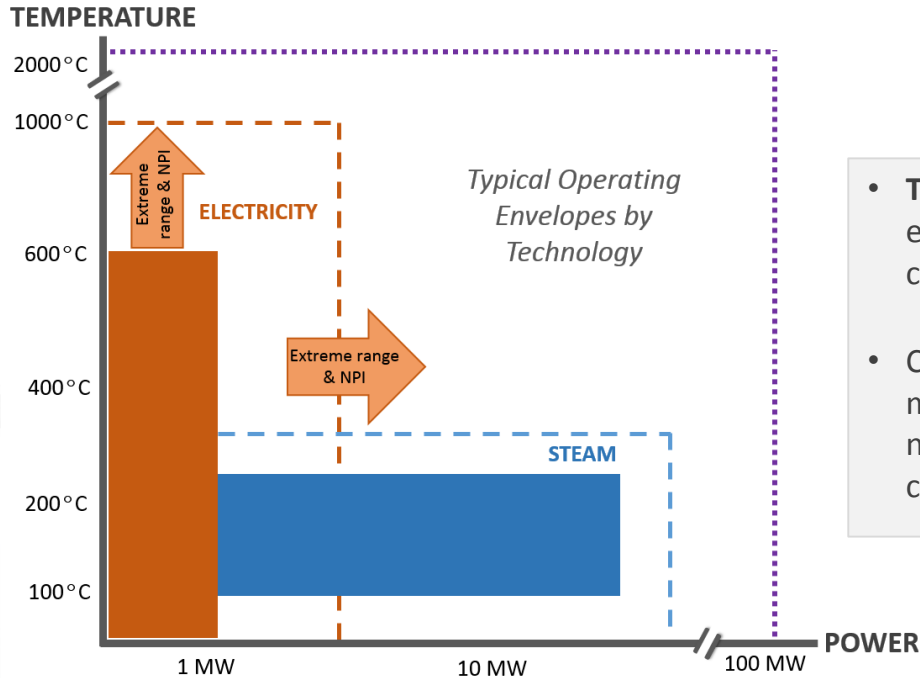
1. Create significant shareholder value
2. **Increase our addressable market into related sectors**
3. Expand the capabilities of our niche businesses through new technologies, skills or geographic coverage

Related acquisition: expands addressable market and accelerates opportunities for growth

Direct sales business model	✓
Provide products or services where there is a high cost of non-performance to the customer	✓
Increase sales in our core markets	✓
Potential for geographical or technology expansion	✓
Capable of achieving Group margins	✓
Strong MRO content and recurring revenues	✓

Source: Acquisition criteria as set out in the Group's 2014 Annual Report

Complementary technologies



- **Thermal Energy Management:** electricity and steam have complementary uses
- Choice between heating mediums driven by application needs or customer circumstances

Broad product range

Product range includes: process heaters, air heaters, radiant heaters, tubular heaters, cartridge heaters, power and temperature controls, temperature sensors, thermostats and heat trace cables and connection kits



Pre-fabricated engineered packages for process heating and temperature management



Process Heating Packages



Fuel Gas Conditioning System



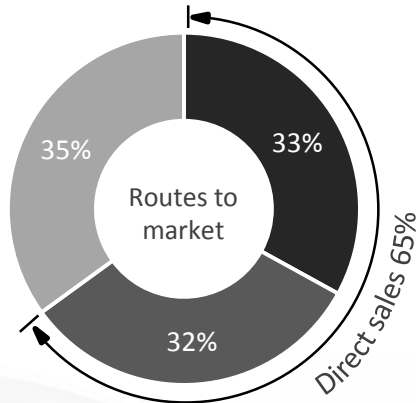
Heat Transfer System

Provides advanced thermal technologies engineered for the world's toughest industrial heating applications

Engineering Opportunities

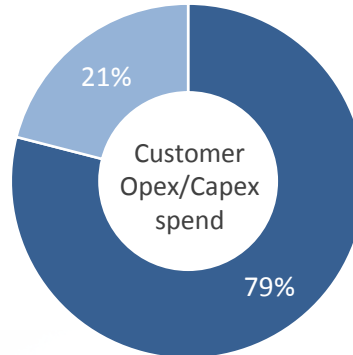
Direct sales business model

Market diversity



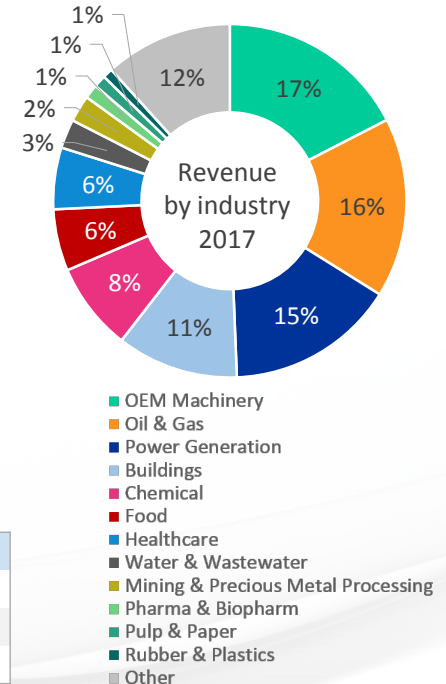
- Direct: End Users & Contractors
- Direct: OEMs
- Distributors

15,000 directly
purchasing customers



- Opex budgets
- Capex budgets

Average Invoice Value	US\$
Industrial Heaters & Systems	3.3k
Heat Trace	1.4k
Component Technologies	1.0k



Engineering Opportunities

Awards and achievements



- **Spirax-Sarco Engineering plc** voted [top of its sector](#) (Engineering and Machinery)
- Recognised as [Britain's 3rd Most Admired Company](#)
- Peer review by senior executives from 230 companies, in 24 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 corporate governance



- **Watson-Marlow Ltd** honoured with a [Queen's Award for Enterprise: Innovation 2018](#)
- Awarded for the development of [Qdos, the world's first self-contained, chemical metering pump](#)
- The award recognises companies or products that show outstanding commercial success as a result of innovation



Steam Training Centre, Spirax Sarco China