

## Creating sustainable value.

Investor Seminar, 19th May 2021

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# **Welcome**

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Spirax-Sarco Engineering plc



## **Nimesh Patel**

Chief Financial Officer

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**Efficient  
Safer  
Sustainable**



**Customers**



**Employees**



**Supply chain**



**Communities**



**Environment**



**Shareholders**

# Driving organic growth

## Direct Sales Capability



**1900+ direct sales and service engineers**



**Direct presence in 68 countries**

## Product and Markets

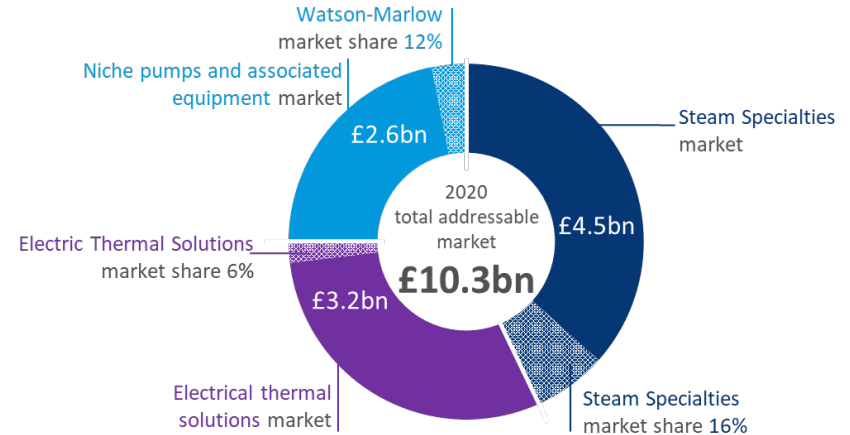


**New product, services and solution development**

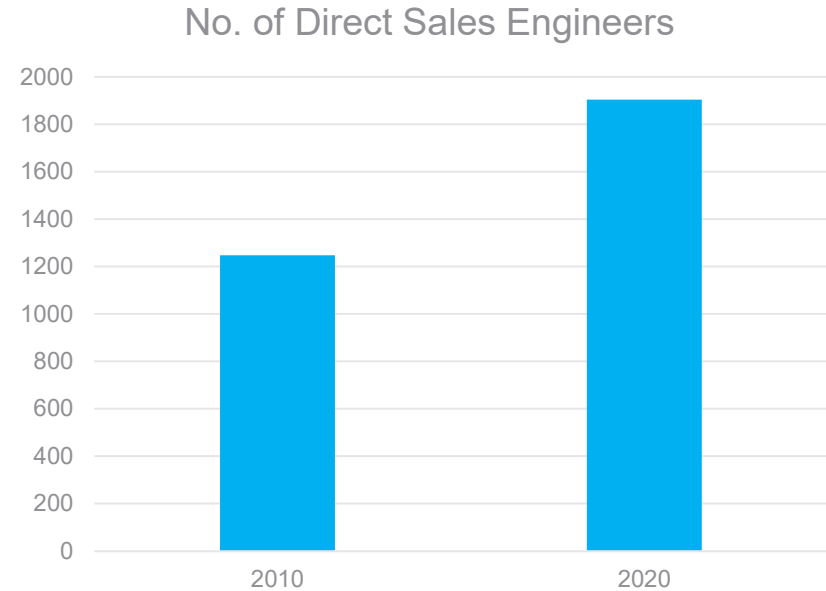
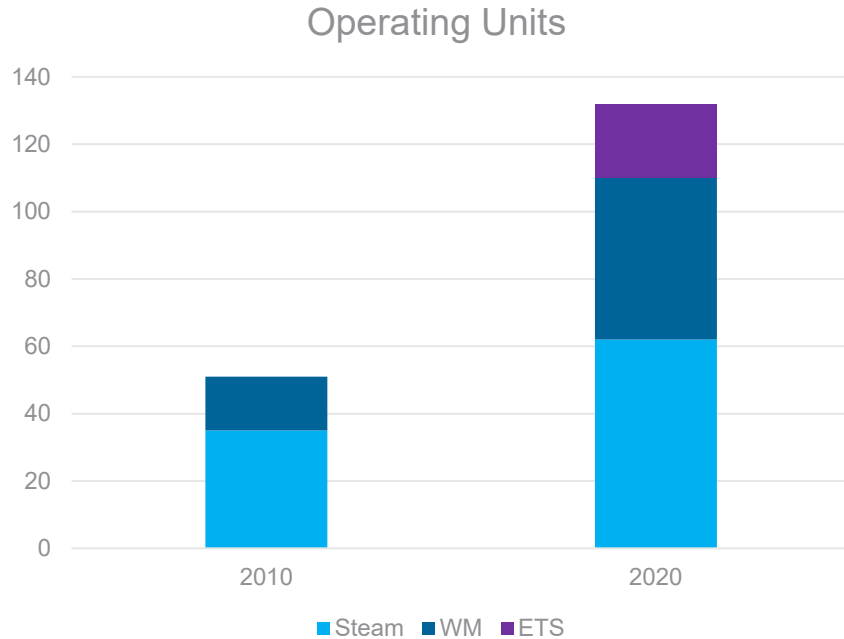


**Serving diverse end-markets**

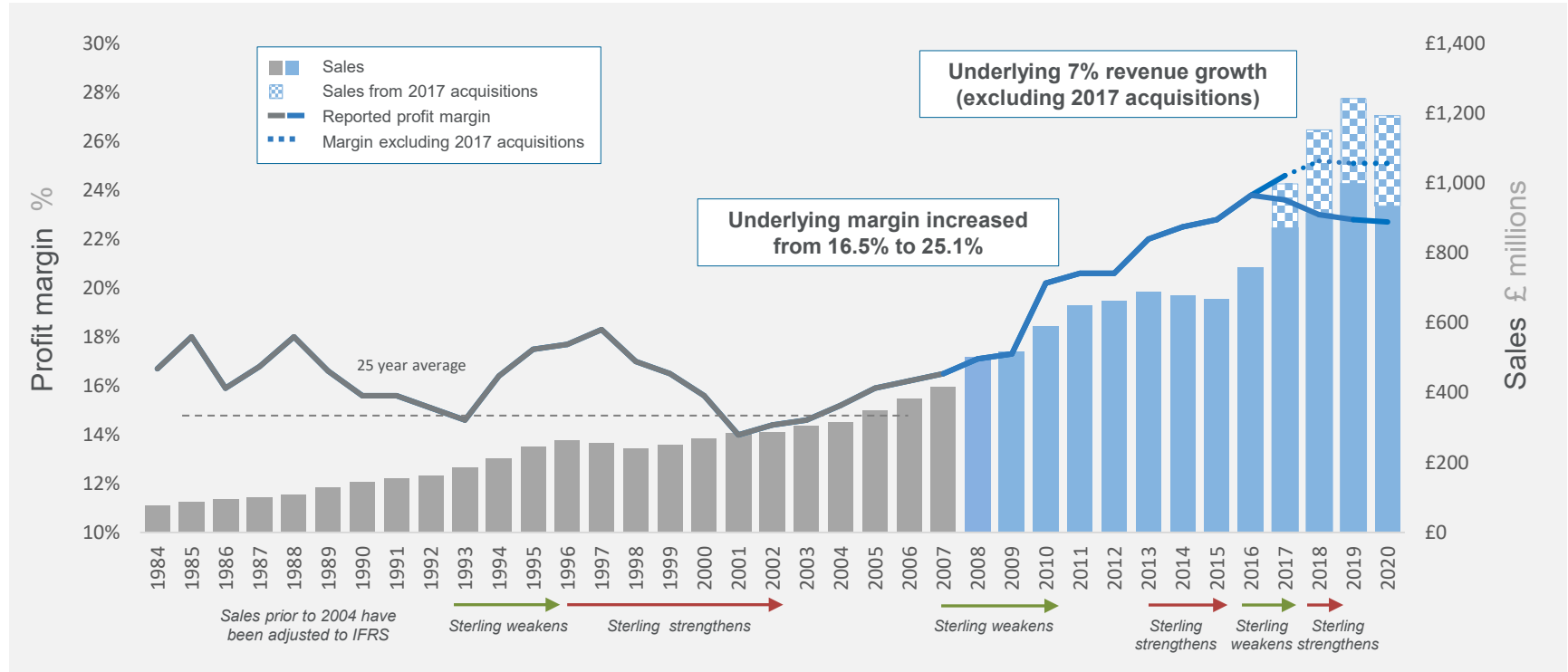
## Increasing Opportunities



## A decade of investment in growth

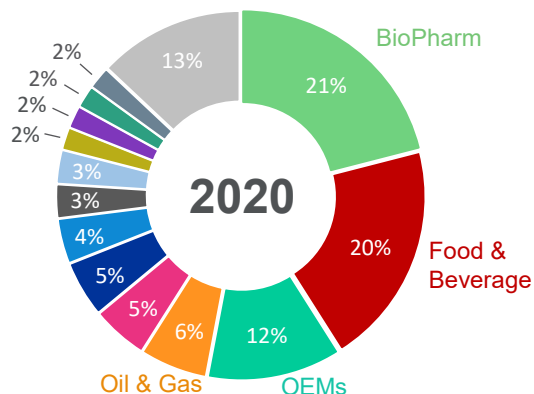


# Strong history of sales and profit growth

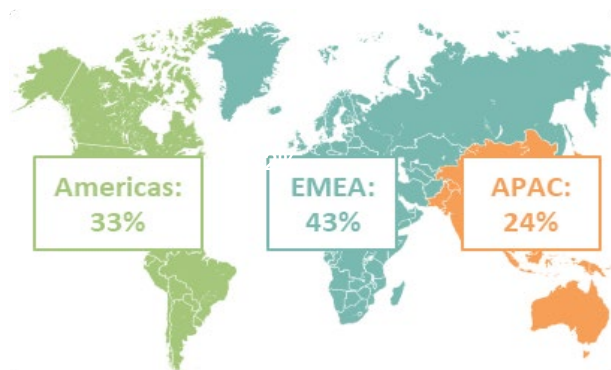


# Drivers of resilience

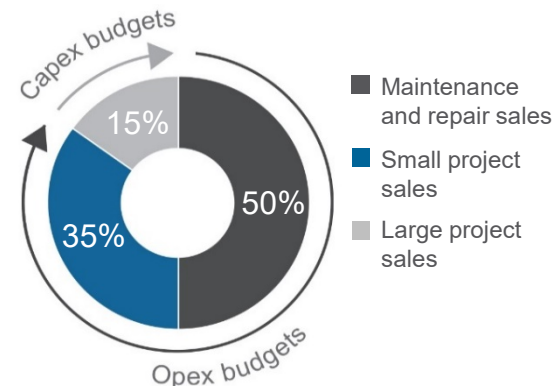
## Diverse end markets



## Balanced regional coverage



## Sales from Maintenance and Operational budgets



## Customer diversification



110,000 customers



No single customer accounts  
for > c.1% of revenue

## Low average invoice size



£2,500

- Chemicals
- Water & Wastewater
- Semiconductor
- Other
- Power Generation
- Buildings
- Pulp & Paper
- Healthcare
- Mining & Precious Metal Processing
- Transport

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**WATSON  
MARLOW**

# Long-term financial performance

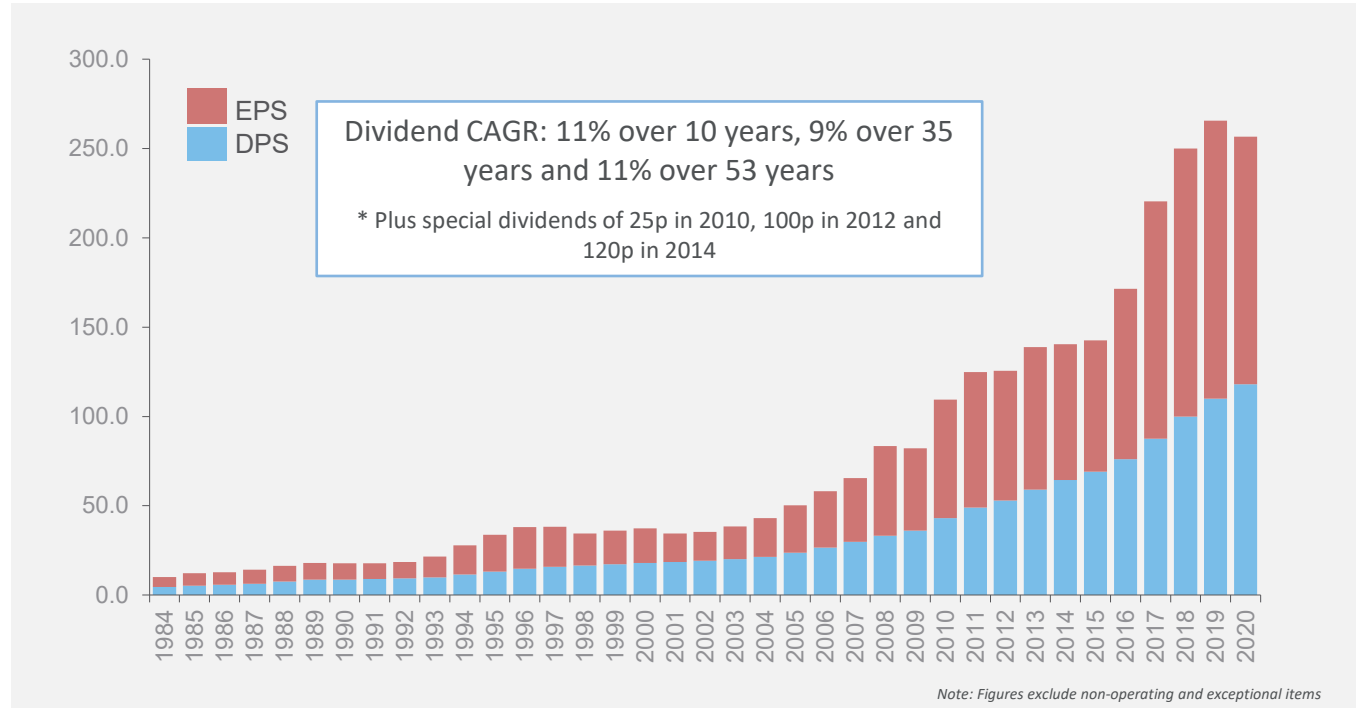
Strong history of growth



Strong cash generation



Highly resilient business



# Today's agenda

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13:30	Recap on Group performance and outlook	Nimesh Patel
13:40	History of Watson-Marlow and its important place in our Group	Nick Anderson
13:55	Watson-Marlow today: an overview	Andrew Mines
14:10	Watson-Marlow by sector: Pharmaceutical and Biotechnology	Martin Johnston
14:40	Watson-Marlow by sector: Food and Beverage	Andrew Mines
14:55	Break	
15:10	Watson-Marlow by sector: Water and Wastewater	Martin Johnston
15:25	Watson-Marlow: Strategic Business Development	Martin Johnston
15:35	Watson-Marlow: Financial Review	Andy Silver
15:45	Q&A	All
16:30	Close	Nimesh Patel





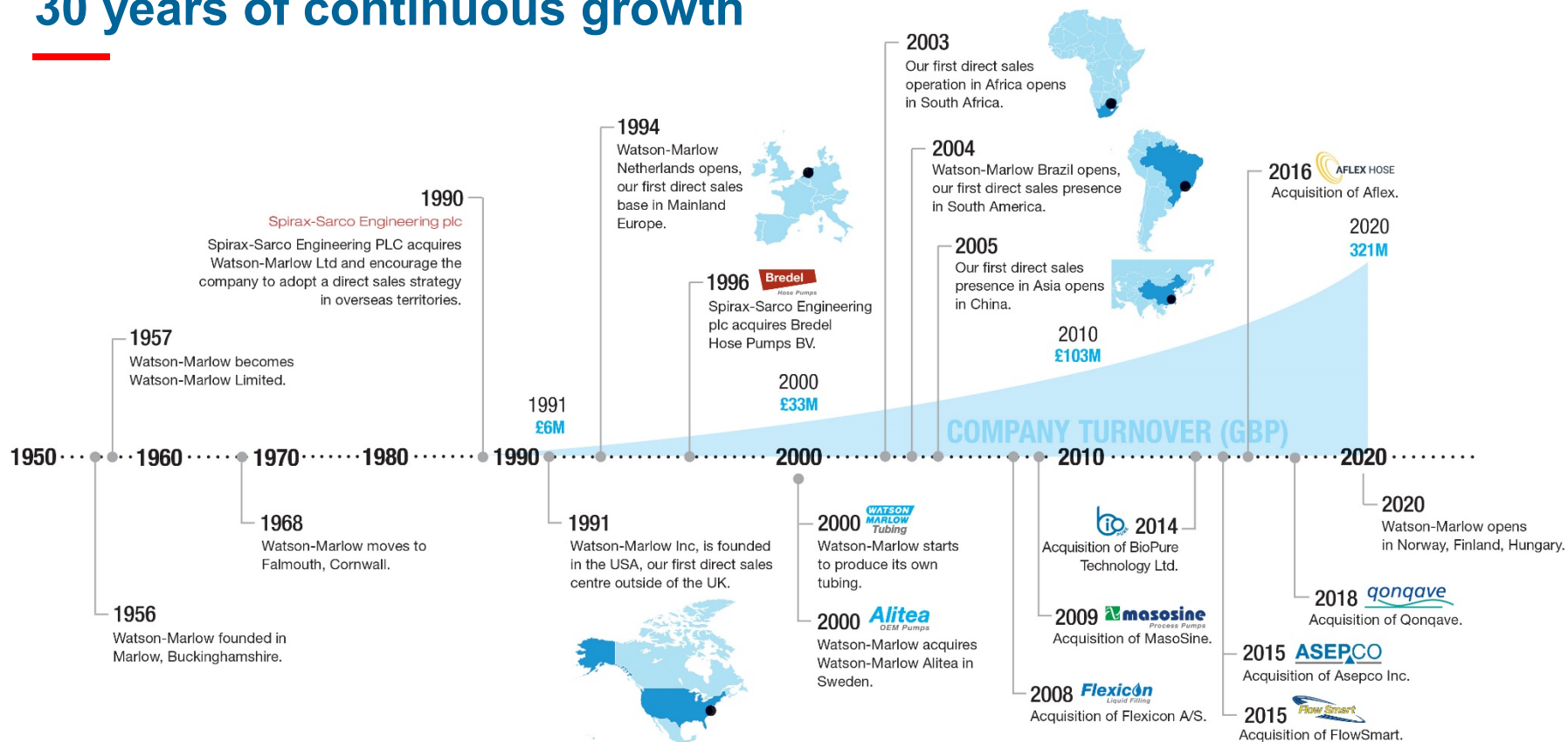
**Nick Anderson**

Group Chief Executive

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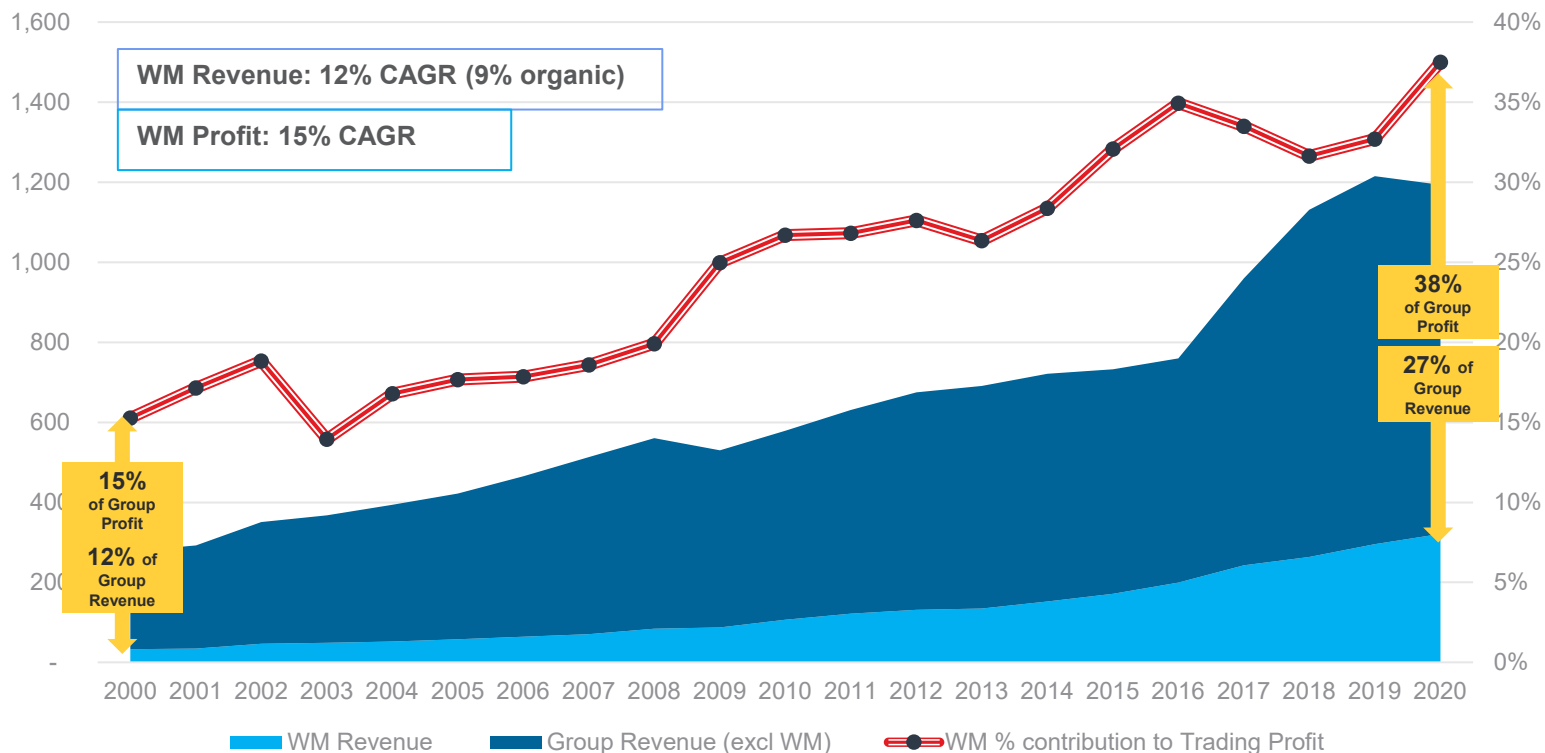
# 30 years of continuous growth



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# A consistently improving financial performance



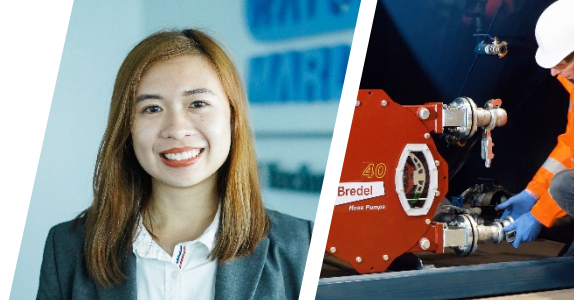
All figures are at constant currency.

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# Group business model drives value creation

- Direct sales delivering strong customer value
- Accelerating organic growth at above market rates
- Technological innovation and product development
- Diverse and defensive end markets
- Expanding addressable market through targeted acquisitions
- Our competitive advantage in a fragmented market
- Strategy25 delivering sustainable growth





## Andrew Mines

Managing Director  
Watson-Marlow

# Watson-Marlow

Solutions for the control and management of process fluid paths

**Uses:** pumping and fluid control in a broad range of critical applications, from chemical dosing to Biopharm production

**Benefits of peristaltic pump technology:**

sterile applications (pump does not touch fluid), harsh applications (fluid does not touch pump), sustainable, low-shear, low maintenance and accurate

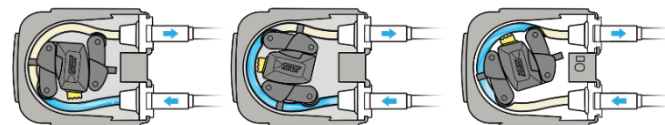
**Products:** specialty positive displacement pumps, automated filling machines, tubing, hoses and fluid path components

**Delivering:** accurate, safe, efficient, sterile, low maintenance solutions for the fluid path

## Products



## Packages



- Principle: rollers squeeze tubing for gentle pumping action
- Contamination free: no moving parts in contact with fluid
- Low maintenance: fewer wearing parts
- Accuracy: precise dosing and metering

# Watson-Marlow

## Our Competitive advantage

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- Sixty years of knowledge and experience in niche pumping and fluid control
- Direct to market, sector focused business model
- Global presence with local breadth of knowledge
- Established brands, delivering unrivalled application expertise
- Unique in the market to manufacture peristaltic pump and tubing solutions
- Our values, empowering culture



# Watson-Marlow

## Brands

Ten established brands offering customers an unrivalled breadth of services for the fluid path

**WATSON  
MARLOW**  
*Pumps*

Peristaltic tube pumps  
(acquired in 1990)

**WATSON  
MARLOW**  
*Tubing*

Precision pump and  
transfer tubing

**Bredel**

*Hose Pumps*

High-flow hose pumps  
(acquired 1996)

**Alitea**  
*OEM Pumps*

Low-flow, high precision  
OEM pumps  
(acquired 2000)

**Flexicon**  
*Liquid Filling*

Aseptic filling  
(acquired 2008)

 **masosine**  
*Process Pumps*

Sinusoidal pumps  
(acquired 2009)

**bio**  
PURE

Biotechnology tubing  
connection systems  
(acquired 2014)

**ASEPCO**

Stainless steel tank bottom  
and in-line valves for  
Biotechnology  
(acquired 2015)

**Flow Smart**

High purity polymer products  
company  
(acquired 2015)

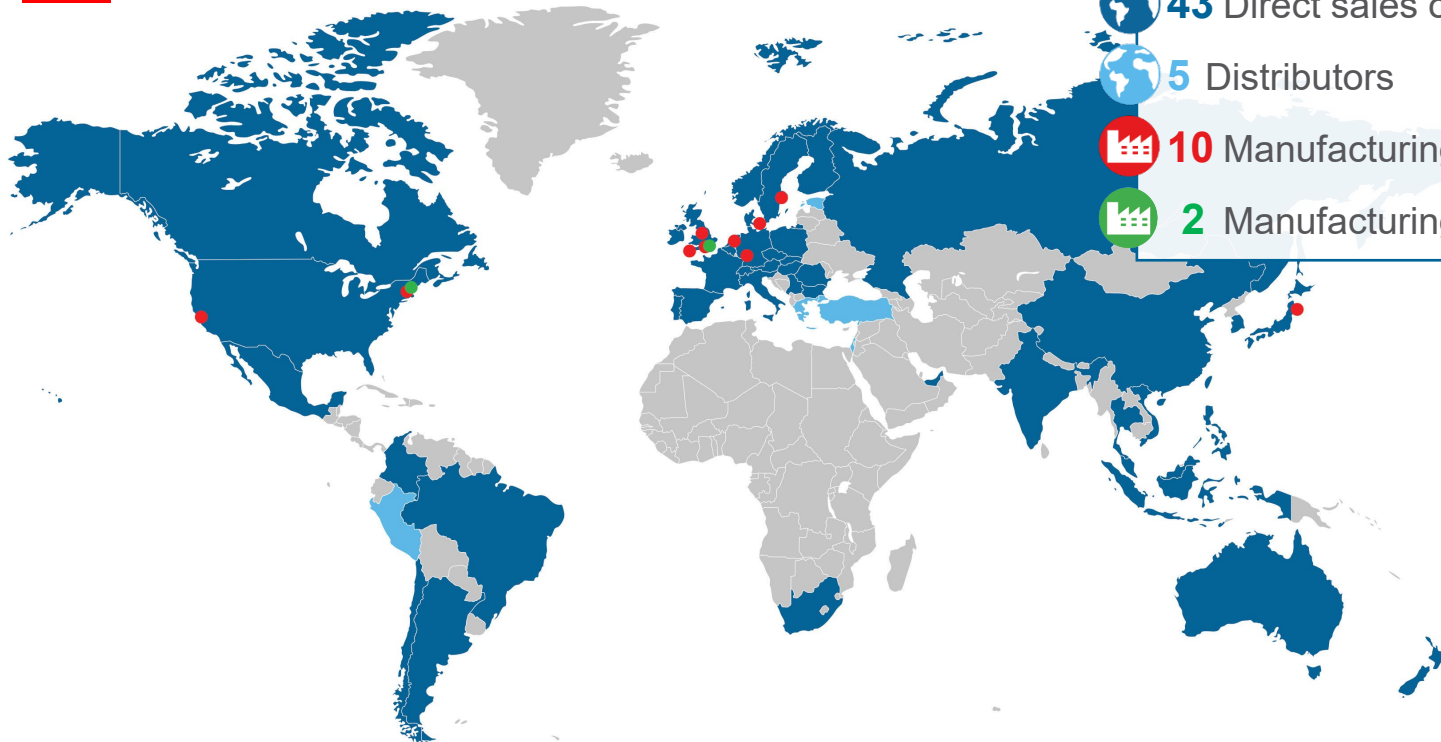
 **AFLEX HOSE**

PTFE-lined flexible hoses  
(acquired 2016)



# Our unique global coverage

Global presence with local expertise



**1685+** Employees worldwide

**500+** Sales engineers



**43** Direct sales operations



**5** Distributors



**10** Manufacturing sites



**2** Manufacturing sites in construction

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# Our unique global coverage

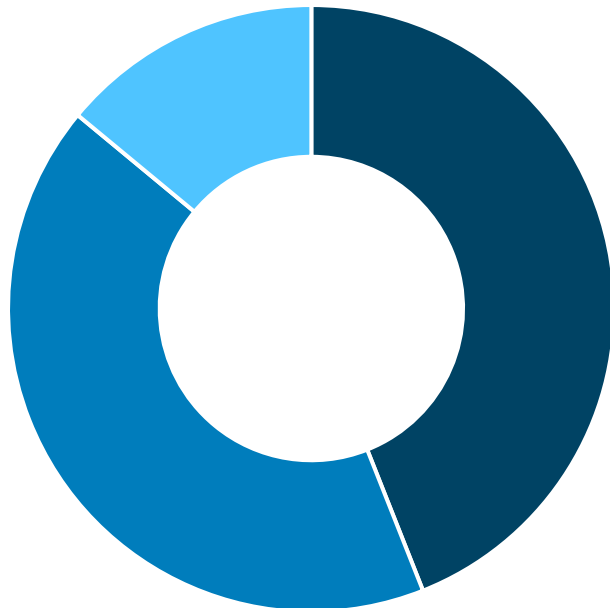
Global presence with local breadth of knowledge

## Sales by region

**44%** EMEA

**42%** Americas

**14%** Asia Pacific



## Direct Sales Operations

### EMEA

Austria  
Belgium  
Czech Republic  
Denmark  
Finland  
France  
Germany  
Hungary  
Ireland  
Italy  
Netherlands  
Norway  
Poland  
Russia  
Serbia  
South Africa  
Spain  
Sweden  
Switzerland  
United Kingdom  
United Arab Emirates

### America

Argentina  
Brazil  
Canada  
Chile  
Colombia  
Mexico  
United States

### Asia Pacific

Australia  
China  
India  
Indonesia  
Japan  
Malaysia  
New Zealand  
Philippines  
Singapore  
South Korea  
Taiwan  
Thailand  
Vietnam

# A source of resilience

Our diverse markets and broad customer base

## Life Science 60%

Biopharm (55%)

Medical device/diagnostics (5%)

## Process Industries 40%

Industrial (22%)

Food and beverage (8%)

Water and wastewater (6%)

Mining & Precious

Metal Processing (4%)



We intensify our market sector focus on the most attractive sectors, leveraging our direct sales model and portfolio of differentiated products to bring unique solutions for our customers





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MARLOW**

# Fragmented competitors

Watson-Marlow are the only global pump and fluid path company to provide solutions to multiple sectors

Sector		Competitors
Biopharmaceutical pumps	 Fluid Technology Group	Masterflex®  
Biopharmaceutical and biotechnology single-use		 
Food and beverage		 
Water and wastewater Industrial sectors		  
Chemical Metering (multi sectors)		  

We leverage our experiences across the sectors, for example our experience in the Biopharm sector brings benefits to the Food & Beverage sector where there are increasing regulatory expectations

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MARLOW**



# Watson-Marlow 5-Year Organic Growth Strategy

Evolutionary strategy to remain relevant to our stakeholders

*The Watson-Marlow 5-year organic growth strategy is based on these 5 strategic themes:*



Create environments where everyone can thrive



Intensive market sector focus



Increase direct sales effectiveness



Expand addressable market through innovation and technology



Global excellence in supply chain

**Outcome:** ➡ **Sustainable growth that outperforms our markets**

# Watson-Marlow 5-Year Organic Growth Strategy

Evolutionary strategy to remain relevant to our stakeholders

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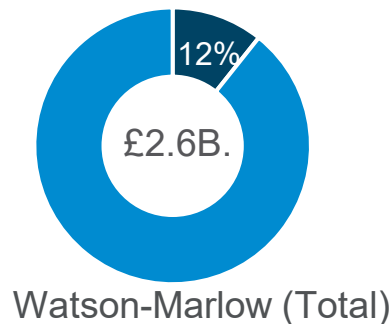
*Implementation of the 5 strategic themes will be driven through the following strategic initiatives:*

- Sustain above market growth in the Life Sciences
- Accelerate growth across select, most attractive Process Industries
- Expand global manufacturing capability
- Grow addressable market with Conveying Wave Technology (CWT)
- Enhance consultative selling
- Deliver our digital strategy
- Drive sustainability

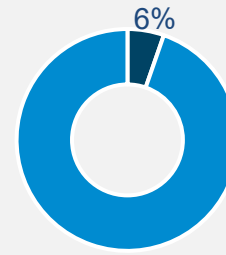
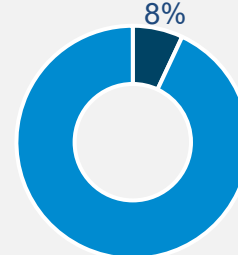
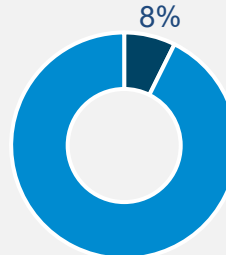
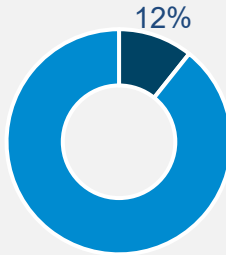
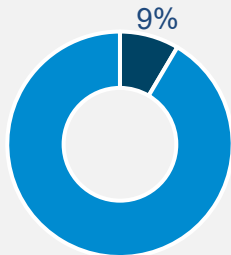
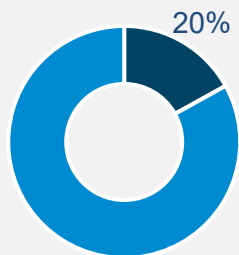
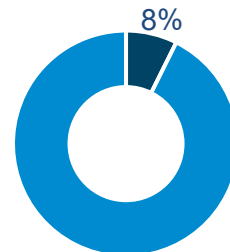
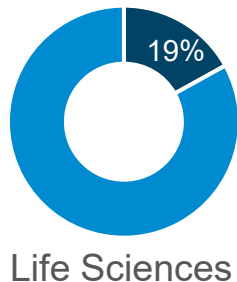


# Addressable Market

Through our Strategy25 analysis, our addressable market increased from £1.4B. to £2.6B.



■ Watson-Marlow Share  
■ Addressable Market Opportunity





# Focus on the most attractive sectors

Today, we will review the following attractive sectors:



Biopharmaceutical



Food and Beverage



Water and Wastewater Treatment



# Pharmaceutical and Biotechnology

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**MARLOW**





## Martin Johnston

Strategic Business Development Director  
Watson-Marlow

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# Biopharmaceutical Sector

## Summary – What you will hear in the session

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- Biopharmaceutical sector continues to grow
- Watson-Marlow is unique in our offer to customers
- We are well positioned within Upstream and Media & Buffer Preparation
- Growth opportunities remain in both Downstream and Fill/Finish
- Customers trust our brand



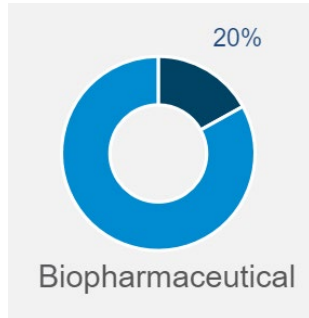
# Biopharmaceutical Sector

## Market overview

**Biopharmaceuticals** – A pharmaceutical derived from biological sources utilising biotechnology

**Pharmaceuticals** – A chemical substance used in healthcare

- The Biotechnology Manufacturing Equipment market has historically grown at 12 - 14% per annum
- Outlook for Biotechnology market growth is set to continue
- Single use expanding faster than traditional Stainless Steel systems



Watson-Marlow sales into addressable market



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# Biopharmaceutical Sector

## Market requirements

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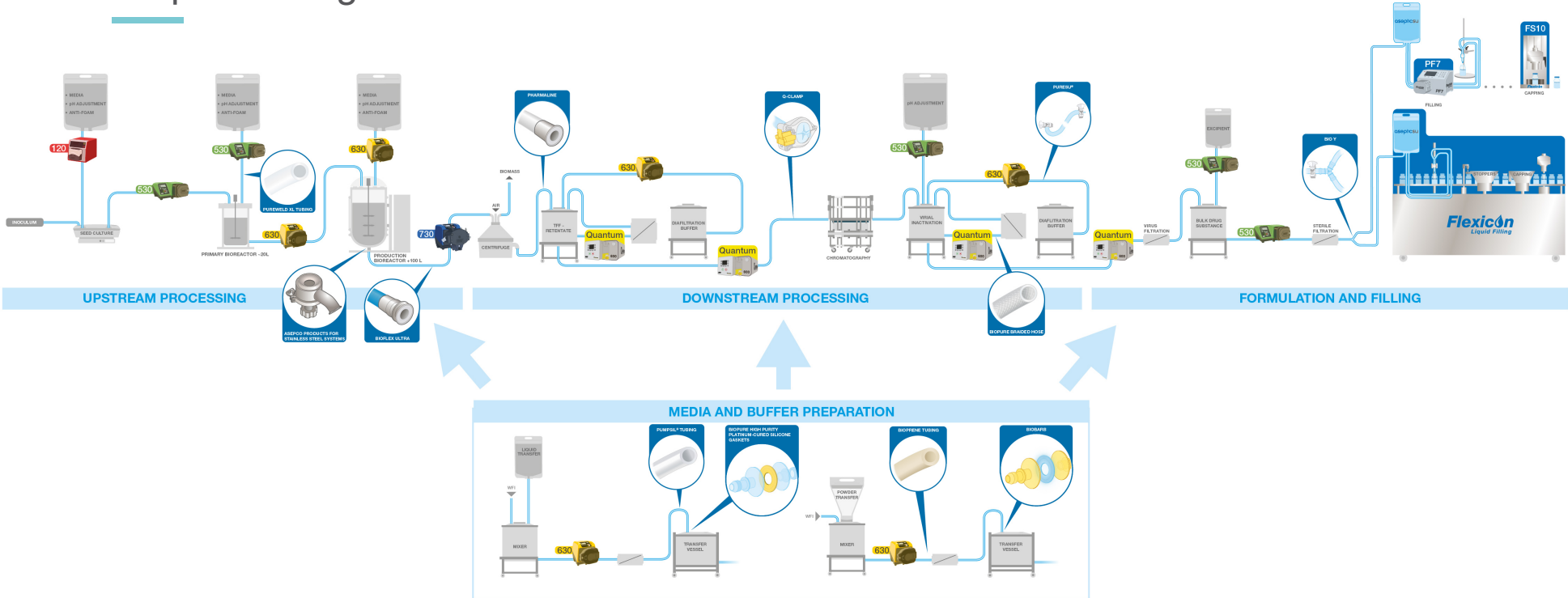
**Customers need low risk, high-quality and proven solutions that guarantee product integrity throughout the manufacturing process**

- We are a trusted supplier, delivering innovative bioprocess fluid path technologies
- We help to bring customer's products to markets efficiently and safely
- We offer a low-risk comprehensive solution to customers throughout the bioprocessing operation



# Biopharmaceutical Sector

## Bioprocessing overview





# Biopharmaceutical Sector

## Technical requirements

- Renowned peristaltic pumps for accurate, repeatable, linear metering, transfer and sampling
- A diverse range of single-use components and assemblies designed to support the critical fluid path
- Comprehensive product validation and testing
- The only peristaltic pump manufacturer in the world that also manufactures fluid path components
- We can develop reliable fluid transfer specific to customers processes



(2018) Credit: Oxford BioMedica GMP  
2 Hatrow House Bioreactor suite

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**MARLOW**

# Biopharmaceutical Sector

## Upstream bioprocessing fermentation process

- Grow a cell culture through micro-organisms to manufacture a product
- Products are developed at a low volumes
- Production is scaled up as the product progresses through development before finally reaching production volumes
- The process must remain the same to ensure product consistency
- Accurate repeatable pumps mean an accurate repeatable process, ensuring compliance and optimising titre (concentration levels)



# Biopharmaceutical Sector

## Downstream bioprocessing

- Multiple processes that cover filtration, purification and concentration
- Often conducted at higher pressures
- Intrinsic benefits of peristaltic pumps still apply
- Opportunities for growth in this area



©Sartorius Stedim Biotech S.A.



# Biopharmaceutical Sector

## Fill/Finish

- Final stage of the manufacturing process
- Product now at its most expensive
- Very gentle to products containing living cells
- Very fast changeover and no cleaning validation
- Further opportunities in this area as the market develops



# Biopharmaceutical Sector

## Bioprocessing stainless steel systems



530 pump

630 pump



# Biopharmaceutical Sector

## Bioprocessing single-use and hybrid systems

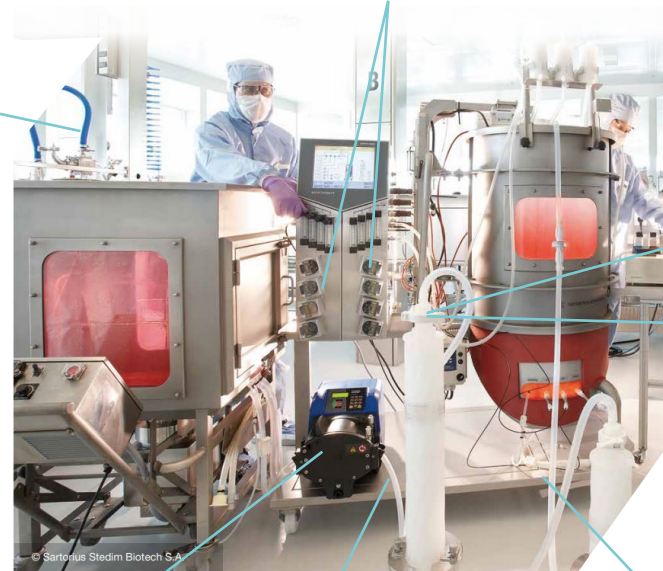


OEM  
pumpheads

Pumpsil tubing

Aflex tubing

Watson-Marlow & Alitea  
OEM pumpheads



BioClamp  
High purity  
gasket

730 pump

Pumpsil tubing

Silicone transfer tubing

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# Biopharmaceutical Sector

## Customer case study - Improving process control with IoT

### Watson-Marlow partners with Cytiva to create new EtherNet/IP peristaltic pumps

Collaboration with Cytiva to develop a new line of EtherNet/IP pumps has enabled biopharmaceutical drug manufacturers to improve process control and access data using Ethernet networks.

The EtherNet/IP pumps offer straightforward network integration, which streamlines packaging data for making real time decisions during manufacturing. This ability to access more information helps improve efficiency, quality, and safety of automated production processes.

“At Cytiva, we choose to work with companies who have proven technology, high quality standards, superior product support, and a focus on innovation” says Michelle Stafford, Cytiva’s global marketing leader for bioprocess solutions”.



# Biopharmaceutical Sector

## COVID-19 impact

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- Watson-Marlow is supplying many of the vaccine producers either directly or via OEM
- Vaccine technology is well suited to manufacturing by single-use
- mRNA vaccines are now coming to the fore
- Expanding developments with gene therapy
- mRNA technology utilises smaller, multiple batches increasing single-use demand



# Biopharmaceutical Sector

## Summary

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A top-down view of a metal tray filled with many bright orange oranges, arranged in neat rows.

# **Food and Beverage**

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## Food and Beverage sector

Andrew Mines

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# Food and Beverage sector

## Summary – What you will hear in this session

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- Food and beverage is a growing sector and very resilient
- Watson-Marlow continue to outperform market growth rates
- High addressable market and we are winning share, displacing other types of technology
- We have a highly skilled and knowledgeable direct sales force that work with our customers to help them create value
- We have a portfolio of products that bring unique benefits to our customers



# Food and Beverage sector

## Market overview

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- Global demand for processed food increasing globally
- Increasing food standards, regulations and certifications, especially in Asia Pacific
- Growing global population
- Importance of customer productivity and sustainability
- Market forecast to grow at CAGR ~3% to 2024
- We outperform the market, growing ~7% CAGR 2015-2020
- We have 6% of our addressable market



# Food and Beverage sector

## Market overview

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Prepared foods

Meat and poultry

Dairy

Bakery

Confectionary

Brewing

Juice concentrates



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# Food and Beverage sector

## Market overview

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**Customers want a local partner with high-quality, hygienic solutions to maintain product quality and productivity.**

- We manufacture hygienic fluid management solutions that guarantee product integrity
- We have proven solutions that deliver superior quality and consistently low MRO cost via predictable maintenance
- Excellent pre and post-sales support
- Provide a sustainable solution by reducing energy consumption and waste, over competitor solutions





# Food and Beverage sector

Watson-Marlow product portfolio

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Sinusoidal pumps



Cased pumps



Hose pumps



Fluid transfer hose  
and tubing



Peristaltic tubing



Filling systems



Gaskets



Valves

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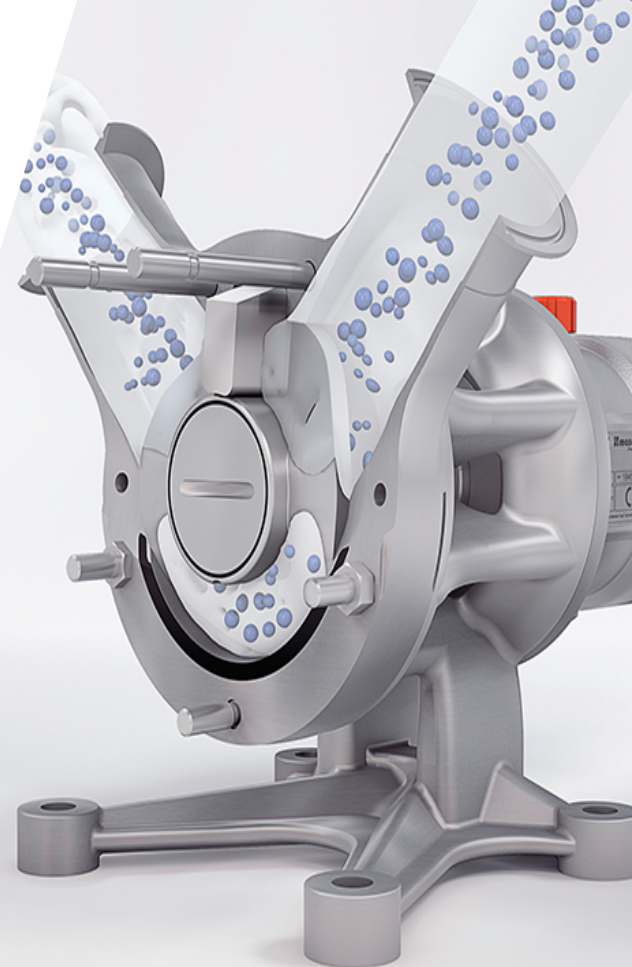


# Food and Beverage sector

## Technical requirements

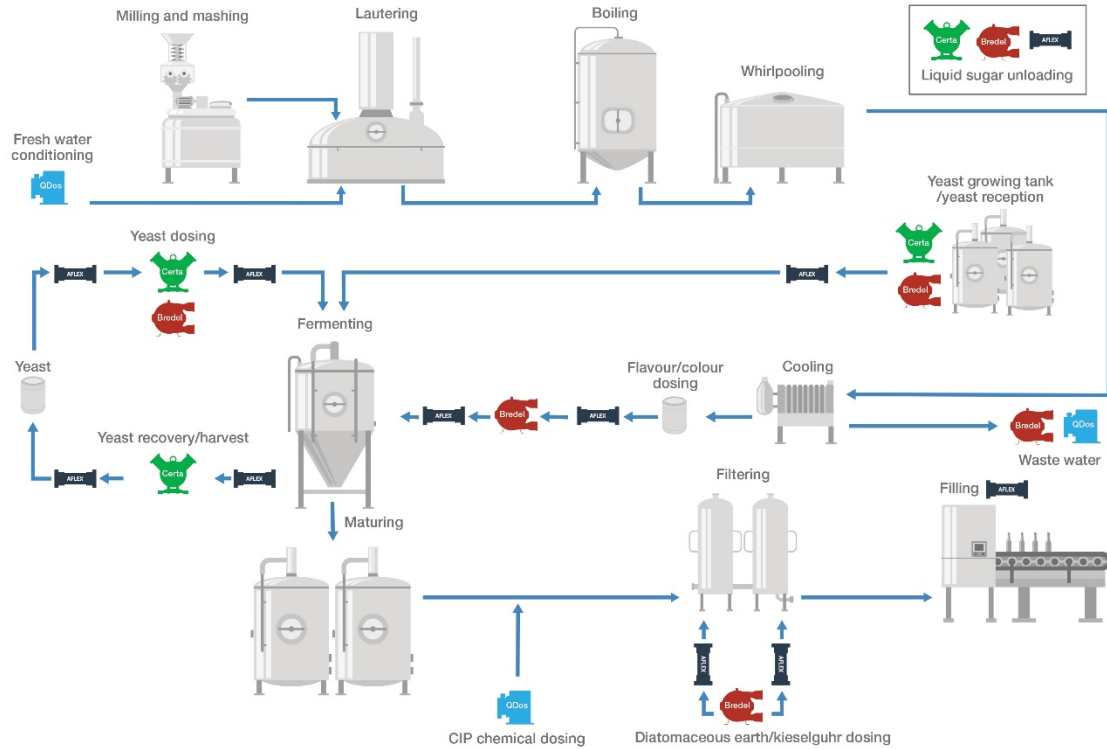
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- Leading peristaltic and sinusoidal pump technologies
- Cleaner than the competition
- High viscosity handling
- Low shear
- Low pulsation
- Simplified maintenance and cleaning cycles
- Highest food safety and hygiene product handling certifications



# Food and Beverage sector

## Brewing process



**Improving quality, lowering costs and reducing waste in the beer production process**

- Lower energy usage
- Reduce product wastage
- Simplify and accelerate process equipment maintenance



# Food and Beverage sector

## Brewery applications

Yeast dosing		
Yeast recovery/harvest/cropping		
Yeast harvest		
High maltose corn syrup transfer		
Diatomaceous earth transfer		
Dosing colours/flavours		
Brew water treatment		
Clean-In-Place (CIP) chemical dosing		

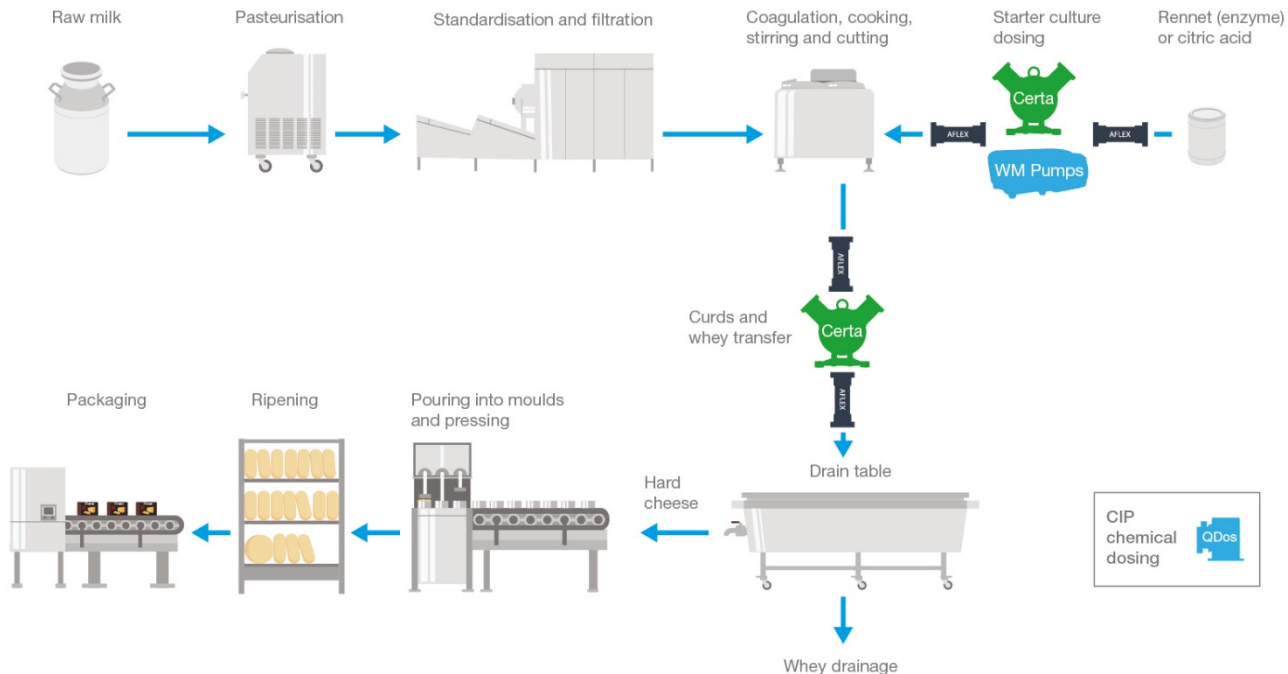


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# Food and Beverage sector

## Signature application – Cheese curd and whey



**Sanitary design**

3-A

EHEDG

**Maintain product integrity**

Gentle product handling =>  
Improved yield

**High flow rates**

> 70 m³/h or 300 USGPM

# Food and Beverage sector

## Customer case study – Fines (Cheese curd)

- Delicate cheese curd can be damaged as a result of the pumping process, leading to increased 'fines' that are lost to the whey stream, which in turn reduces cheese yield.
- A Danish cheese manufacturer reduced their fines loss by 27% by replacing their lobe pump with a MasoSine Certa pump
- Since switching to the Certa pump, yield has increased by 65 tonnes of cheese annually. That equates to an additional €105,000 in value and a 9 month ROI



# Food and Beverage sector

## Customer case study – Sauce manufacture

- **Bredel CIP pumps in viscous food industry applications**
- **Metering hot cheese sauce and shear sensitive condiments to production filling lines in Russia**

Bredel CIP 50 pumps were installed on two filling lines to transfer hot cheese sauce (75°C). The sauce needed quick transfer from the hoppers to the filling line to avoid it solidifying in the transfer pipes when it cools.

Elsewhere on site, Bredel CIP pumps dose ketchup and mayonnaise with a viscosity of 50,000 cP (at 30-40°C) from the hoppers to a line that fills plastic single serving sachets for fast food outlets.





# Food and Beverage sector

## Customer case study – Bakery and confectionery

- Qdos pump accuracy is important for both the quality and prime cost of the end product
- Dosing colours and flavours is vital during process development and production of many foods

Accuracy of the Qdos peristaltic pump is a key feature because food colours and flavours sometimes cost more than €10,000 per kg.



# Food and Beverage sector

## Certifications

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### Multiple industry certifications

Our products are developed to meet the latest food safety standards.

- EHEDG Type EL Class I and EHEDG Type EL Aseptic Class I  
***Certa is one of only two pumps globally to carry the EHEDG Type EL Aseptic Class I certification***
- 3-A SSI approval for food and beverage hygiene
- FDA, Chinese food grade and EC1934 compliance on all contact parts



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# Food and Beverage sector

## Summary

---

- Food and beverage is a growing sector and very resilient
- Watson-Marlow continue to outperform market growth rates
- High addressable market and we are winning share, displacing other types of technology
- We have a highly skilled and knowledgeable direct sales force that work with our customers to help them create value
- We have a portfolio of products that bring unique benefits to our customers





**Break**





# Water and Wastewater Treatment

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# Water and Wastewater Treatment

Martin Johnston





# Water and Wastewater Treatment

## Summary – What you will hear in the session

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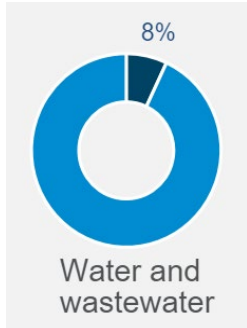
- Water and wastewater treatment is an attractive sector with future growth
- Watson-Marlow have been very successful in establishing our presence in a broad range of applications
- Our technology is designed and offers inherent benefits in this sector
- There is great scope to build on our current market share through building on our existing technology



# Water and Wastewater Treatment

## Market overview

- The market is projected to register a CAGR of over 7% during the forecast period (2021-2026)
- Rapidly diminishing freshwater resources across the world
- Increasing global population and demand for sustainable clean water
- Developing economies will boost market growth
- Active research on water treatment technologies driving requirements for accuracy and repeatability



Watson-Marlow sales of addressable market



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MARLOW**



# Water and Wastewater Treatment

Watson-Marlow product portfolio



Safe and low maintenance chemical metering pumps and consumables



Heavy-duty transfer pumps and hoses for abrasive and high-solids content applications

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# Water and Wastewater Treatment

## Market requirements

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**Customers need solutions to help their plants to reduce operating and maintenance costs and to maximise process efficiencies**

- We offer solutions that combine superior technology products and process knowledge
- This helps waste and water treatment plants to safeguard the environment, reduce operating costs and maximise operating efficiency
- Our experienced global teams offer help with customer processes, from concept to commissioning, with full service and on-site support



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MARLOW**

# Water and Wastewater Treatment

## Technical requirements

- Peristaltic pumps have a clear, unobstructed fluid path
- No valves, vanes, impellers, lobes, or seals that will fail
- Our pumping technologies overcomes off-gassing, slip and clogging issues
- Consistent, reliable performance in abrasive and high-solids content applications
- Provide operator safety, simple maintenance and low downtime requirements

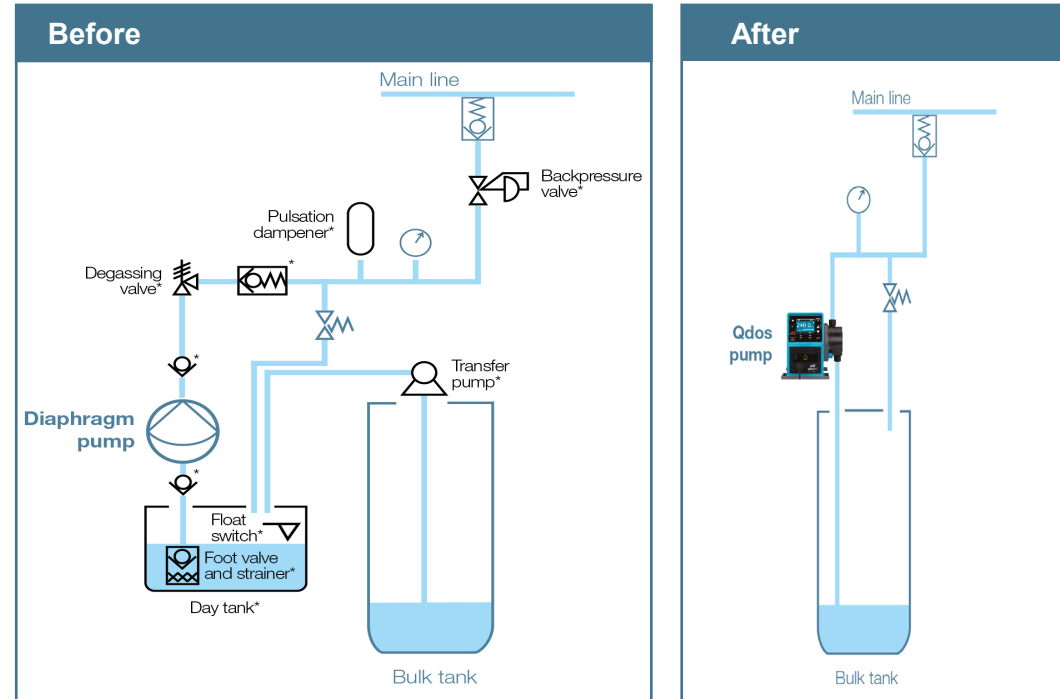


# Water and Wastewater Treatment

## Qdos chemical metering pump

- Simple drop-in installation eliminates ancillary equipment
- Reduced maintenance with single, no-tools, component replacement
- Cost of ownership is less than that of a diaphragm pump
- Our pumps do not require high maintenance ancillary items to function

### Equipment required before and after Qdos installation





# Water and wastewater treatment

## Chemical metering applications

Here are some typical uses for chemical metering pumps in wastewater treatment:

- Disinfection
- De-chlorination
- pH adjustment
- Acids
- Coagulation/Flocculation
- Odour control
- Fluoridation
- Turbidity/Sampling





# Water and Wastewater Treatment

## Heavy-duty transfer applications

Here are some typical uses for hose pumps in wastewater treatment:

- Lime slurry dosing
- Primary / secondary sludge removal
- Waste and return activated sludge
- Handling fats, oils and greases



# Water and Wastewater Treatment

## Customer case study – Concrete washout

### Avoiding financial and environmental consequences of concrete washout

- Flocculants dosed by Qdos pumps recover suspended cementitious solids in wastewater, which then form settled clumps/solids
- Following treatment, the clumps/solids collect in a hopper, where the resulting sludge is transferred by Bredel hose pumps into a storage tank, or for off-site disposal.



# Water and Wastewater Treatment

## Customer case study – Polymer dosing wastewater

### Qdos polymer dosing pump proves itself at leading brewery

- Diaphragm pumps replaced due to clogging
- Brewery reports long service life

There is growing worldwide demand for polymer dosing systems in wastewater treatment. The majority of these systems dose polymer for some form of coagulation and flocculation.

SUEZ is using the Qdos ReNu PU for dosing polymer as part of its wastewater treatment processes at this UK brewery. Replacing diaphragm metering pumps that were frequently becoming clogged with polymer.





# Water and Wastewater Treatment

## Summary

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- Water and wastewater treatment is an attractive sector with future growth
- Watson-Marlow have been very successful in establishing our presence in a broad range of applications
- Our technology is designed and offers inherent benefits in this sector
- There is great scope to build on our current market share through building on our existing technology



# Strategic Business Development

- Our role is expand the potential addressable market through design and New Product Development programmes
- Active New Product Development programmes across all brands
- Prioritised using a Vitality Index to ensure all brands are refreshed
- Digital programme fully integrated into the New Product Development programme
- Sustainability programme fully integrated into the New Product Development programme





# Qdos CWT

The next performance level in the industry-leading Qdos chemical metering pumps range.

Qdos Conveying Wave  
Technology™ (CWT)

qdosCWT

- Qonqave were an IP acquisition and joined the group in 2018
- Watson-Marlow design teams have worked with Qonqave to apply their IP into “real” products
- Unique IP produces peristaltic action instead of conventional tube which gives a number of benefits, chemical compatibility, pressure, shear rate, service life
- Great example of R&D expanding the addressable market by displacing other types of pumping technologies



# Sustainability Life Cycle Assessment of the Qdos 30



- It is our responsibility to reduce our customers and our own environmental impact through products and services
- We have conducted a Life Cycle Assessment to understand the carbon footprint of our product from raw material extraction to end of life in order to start the journey to responsibly reduce our carbon footprint - using innovation as a vehicle to get there.
- By reducing our product carbon footprint we can help customers lessen their environmental impact and meet their environmental responsibility.
- The LCA enabled a partnership and collaboration with the University of Exeter.
- Industry leading to conduct a full “cradle to grave” LCA

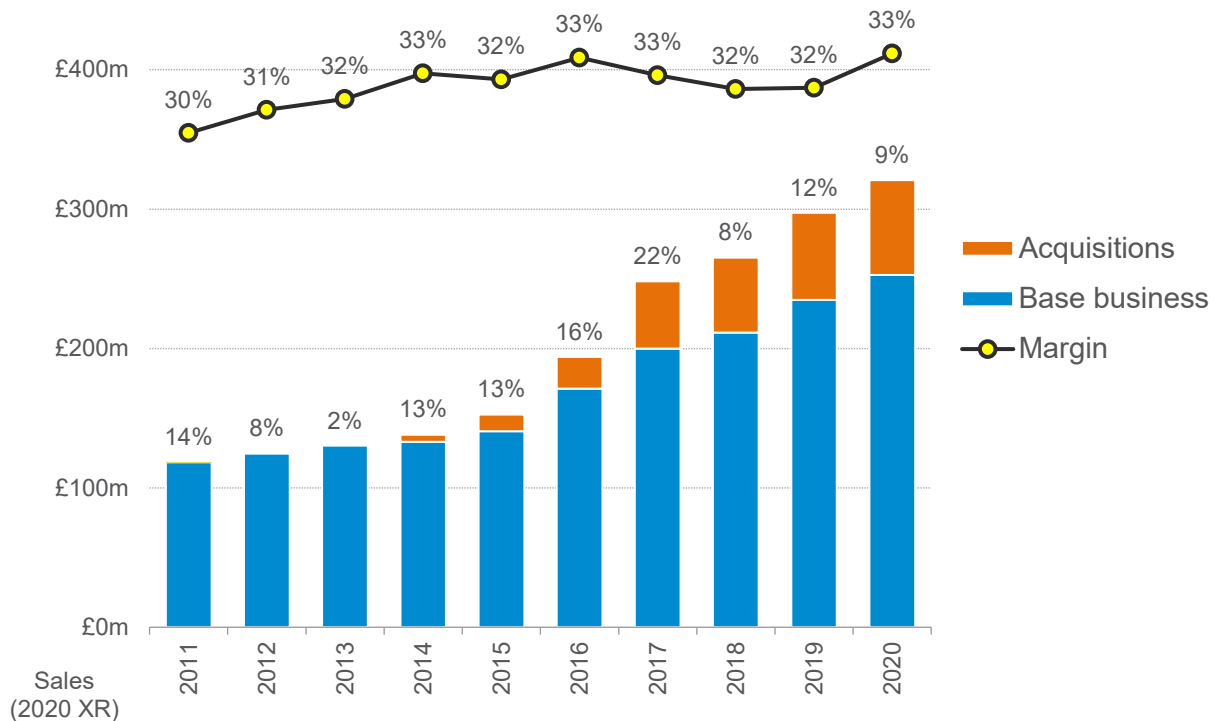


## Andy Silver

Finance Director  
Watson-Marlow

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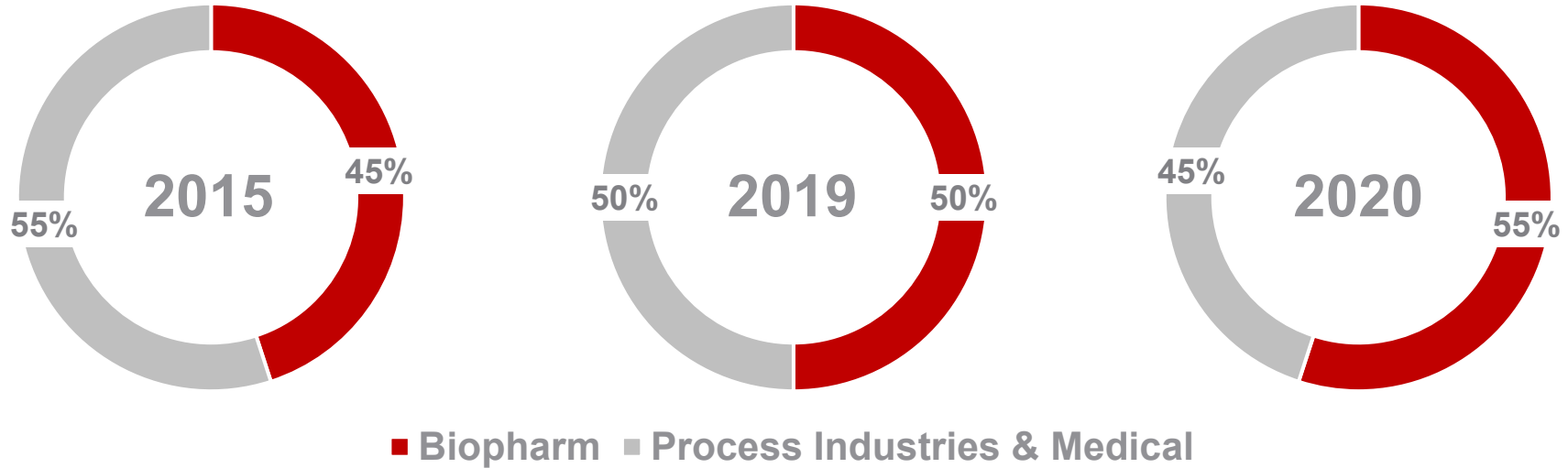
# Financial Profile – 10 Year Trend



## 10 Year Trend

- **Sales CAGR**
  - 11% (incl. acquisitions)
  - 9% (excl. acquisitions)
- **Operating Margin**
  - 30-33%
- **Acquisitions**
  - BioPure (2014)
  - Asepco (2015)
  - FlowSmart (2015)
  - Aflex Hose (2016)

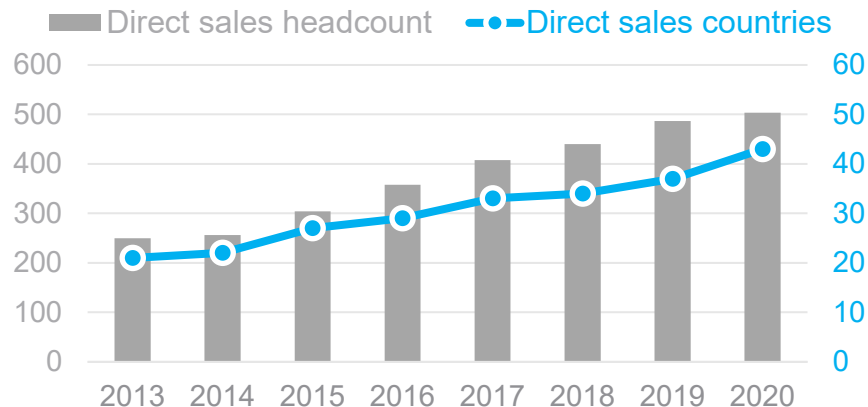
## Financial Profile – Sector Sales Trend





# Financial Profile – Revenue Investment

## Direct Sales Model Investment



## Research & Development

- Annual investment of 4-5% of ex-factory gate sales



# Financial Profile – Capital Investment

## Manufacturing Capacity

- £ 20m : Aflex Hose (UK) – 2019-21
- £ 34m : BioPure (UK) – 2021-22
- \$ 88m : USA Manufacturing Facility – 2021-23
- £ TBD : China Manufacturing Facility – 202x-2x

## Sustainability & Technology

- £4-5m : On-going annual capital investment



# Financial Profile – Sales and Operating Profit Margin

## Sales

	21v20	22v21	
• Biopharm CV19	↑	→	Broadly flat in 2022 reflecting the on-going global vaccine rollout programme
• Biopharm (underlying)	↑	↑	Anticipate continued above-market growth, in line with prior years
• Process Industries	↑	↑	Continue to anticipate growth above Global IP, consistent with 2021
• <b>Net change to sales</b>	↑	↑	<b>Growth expected in 2022, based on currently anticipated level of CV19 demand in 2021</b>

(arrows not to scale)

## Operating profit margin

- **2021** – temporary margin improvement as a result of CV19 demand and operational gearing
- **2022** – margin dilution from ramp-up of production at new sites and impact of continued revenue investments (including full year effect of step-up in 2021)

Spirax-Sarco Engineering plc

Thank you.