

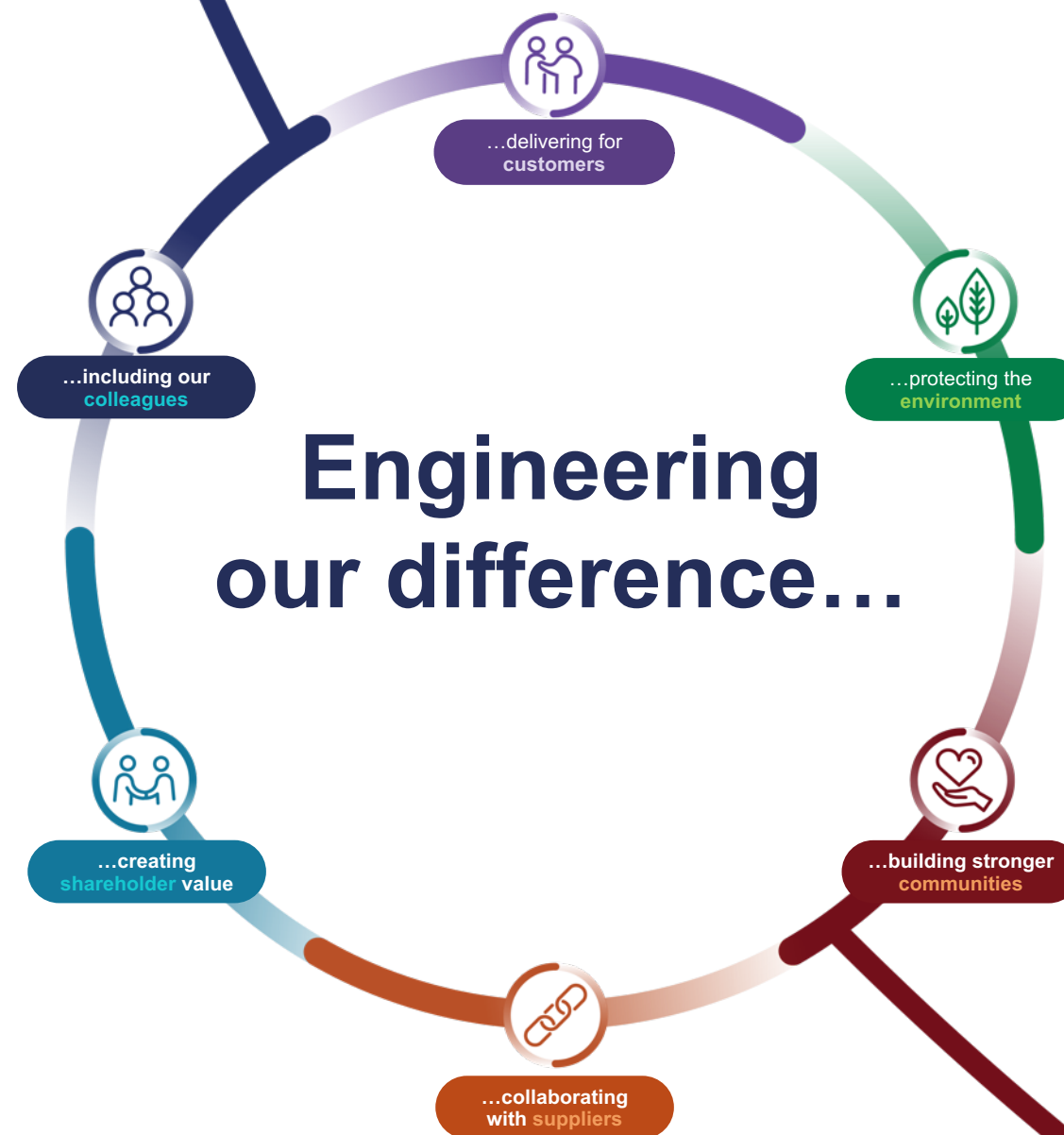
2022 Results

Year ended
31st December 2022

Nicholas Anderson
Group Chief Executive

Nimesh Patel
Chief Financial Officer

Spirax-Sarco Engineering plc



2022 Highlights

Nicholas Anderson



2022 performance highlights

Strong performance despite weakening macro backdrop

- Revenues up 14% on an organic basis, driven by volume growth and price increases to protect margins
- Record high Group order books demonstrating good momentum
- Steam Specialties organic sales up 12%; Cotopaxi acquisition enhances Digital capabilities
- Electric Thermal Solutions (ETS) organic sales up 14%; strategic acquisition of Vulcanic and Durex Industries
- Watson-Marlow organic sales up 16%; Biopharm demand normalising, Process Industries up strongly
- Strong adjusted operating profit margin of 23.6%, despite impact of 2021 and 2022 revenue investments
- Lower cash flow conversion, as planned, due to record capital investment and inventory rebuilding

2022 operational highlights

Delivering self-generated organic growth and investing for the long term

- Enhanced direct sales accelerates growth of self-generated solutions, now 40% of revenues
- Invested in direct sales teams, new product introductions, digital solutions and manufacturing capacity
- Launched ‘new-to-world’ decarbonisation solutions to drive ‘incremental’ growth for next 30 years
- Completed strategic acquisitions that expand and enhance ETS; accelerate Digital Strategy
- Vulcanic and Durex Industries integration progressing to plan; add materially to 2023 growth
- Continued implementation of our strategic agenda; creating value for all stakeholders

Supporting sustainable growth

Advanced our strategic agenda to create value for all stakeholders

Our Colleagues

Launched progressive **Group Inclusion Plan** and refreshed our **Diversity goals** to accelerate progress on Inclusion & Diversity

Brought forward **above-market pay increases** for 2023 to help mitigate the purchasing power eroded by higher inflation

Our Customers

Customers saved 17.7m tons CO₂, 235m GJ energy, 88.4m m³ water through select products sold in 2022

Improved **efficiency and sustainability** of customer operations by **actioning digital insights**

Our Environment

Implemented **net zero roadmap**; reduced **GHG emissions 41%** compared to 2019 baseline

57% of Group's electricity use now from **green or renewable sources**

Our Community

£1 million+ donated to **51 projects** by **Group Education Fund**; removing barriers to education, advancing STEM

22,000+ **colleague volunteering hours** making a difference to our local communities

Our Suppliers

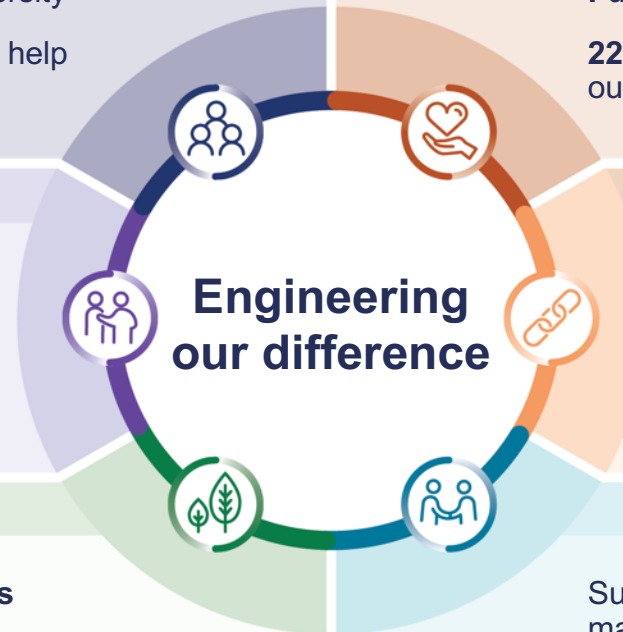
Collaborated through challenging and uncertain times to de-risk supplier's businesses, protecting supply chains

Launched new **Supplier Sustainability Portal** to build more collaborative and sustainable supply chains

Our Shareholders

Sustained growth delivers **differentiated financial returns**; maintained **55-year dividend growth at 11% CAGR**

Strong investments to deliver **long term growth**; building a stronger, more balanced and sustainable Group



2022 Financial Review

Nimesh Patel



Financial summary

Strong financial performance against a weakening macro-economic backdrop

- Revenue up 14%, organically
- Operating profit up 7%, organically
- Operating profit margin of 23.6% down 160 bps, organically
- EPS up 11%, slightly below increase in operating profit
- ROCE[^] down to 55% (2021: 59%)

	2022	2021	Reported	Organic ⁺
Revenue	£1,610.6m	£1,344.5m	+20%	+14%
Operating profit*	£380.2m	£340.3m	+12%	+7%
Operating profit margin*	23.6%	25.3%	-170 bps	-160 bps
Net finance expense*	(£9.6m)	(£6.4m)		
Pre-tax profit*	£370.6m	£333.9m	+11%	
Tax rate*	25.0%	25.1%	-10 bps	
EPS*	377.2p	338.9p	+11%	
DPS	152.0p	136.0p	+12%	
Net debt	£690.4m	£130.5m		

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

^{*} See Appendix IV for definition of adjusted profit measures.

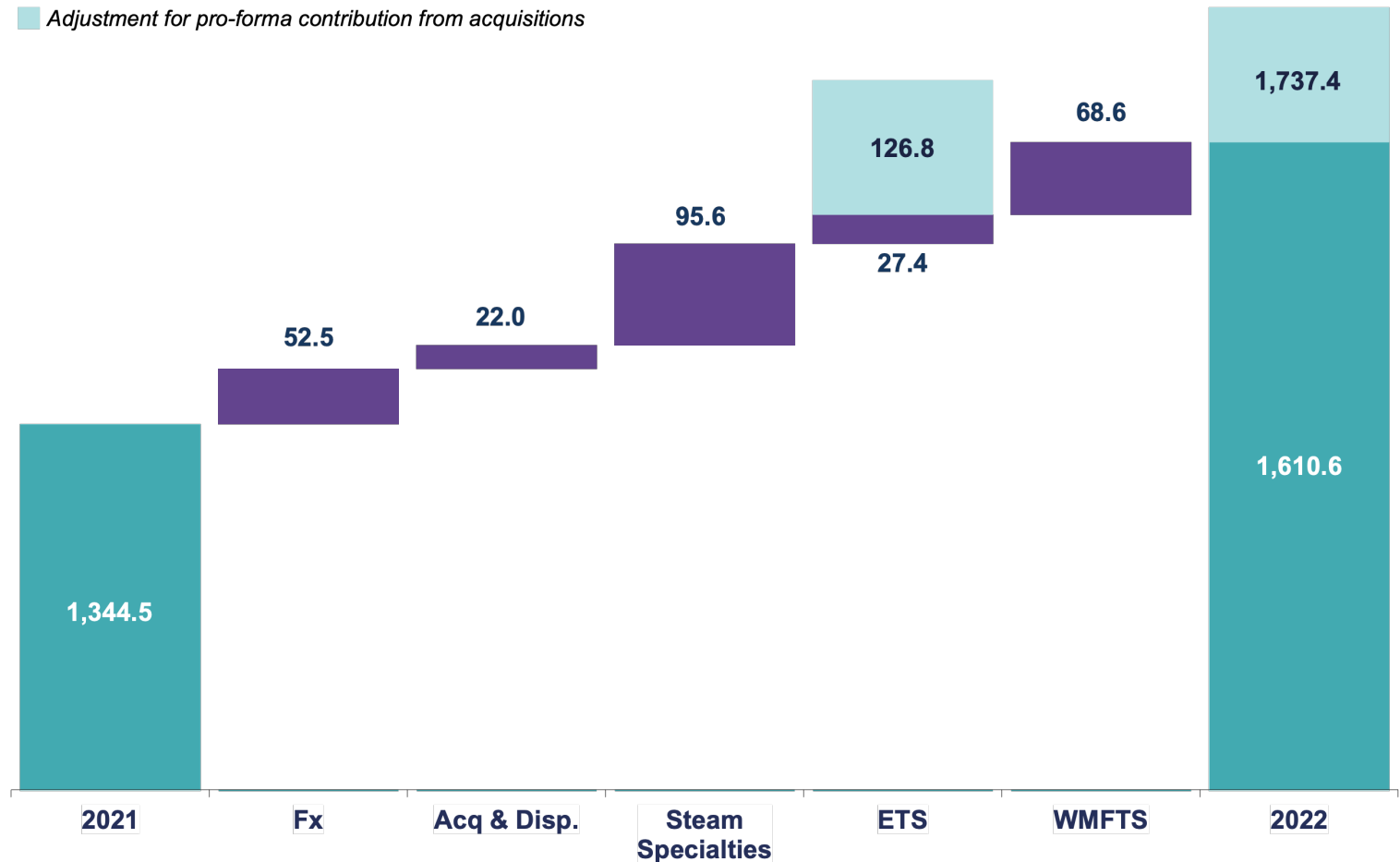
[^] Return on Capital Employed excludes the impacts of acquisitions, disposals and leases.

Sales bridge

Double-digit organic growth in all three Businesses

- Currency tailwind of 4%
- Positive impact from Acquisitions & Disposals of 2%
- Group sales, pro-forma for 12 months impact of Acquisitions, would be over £1.7 bn
- Total organic increase of 14%:

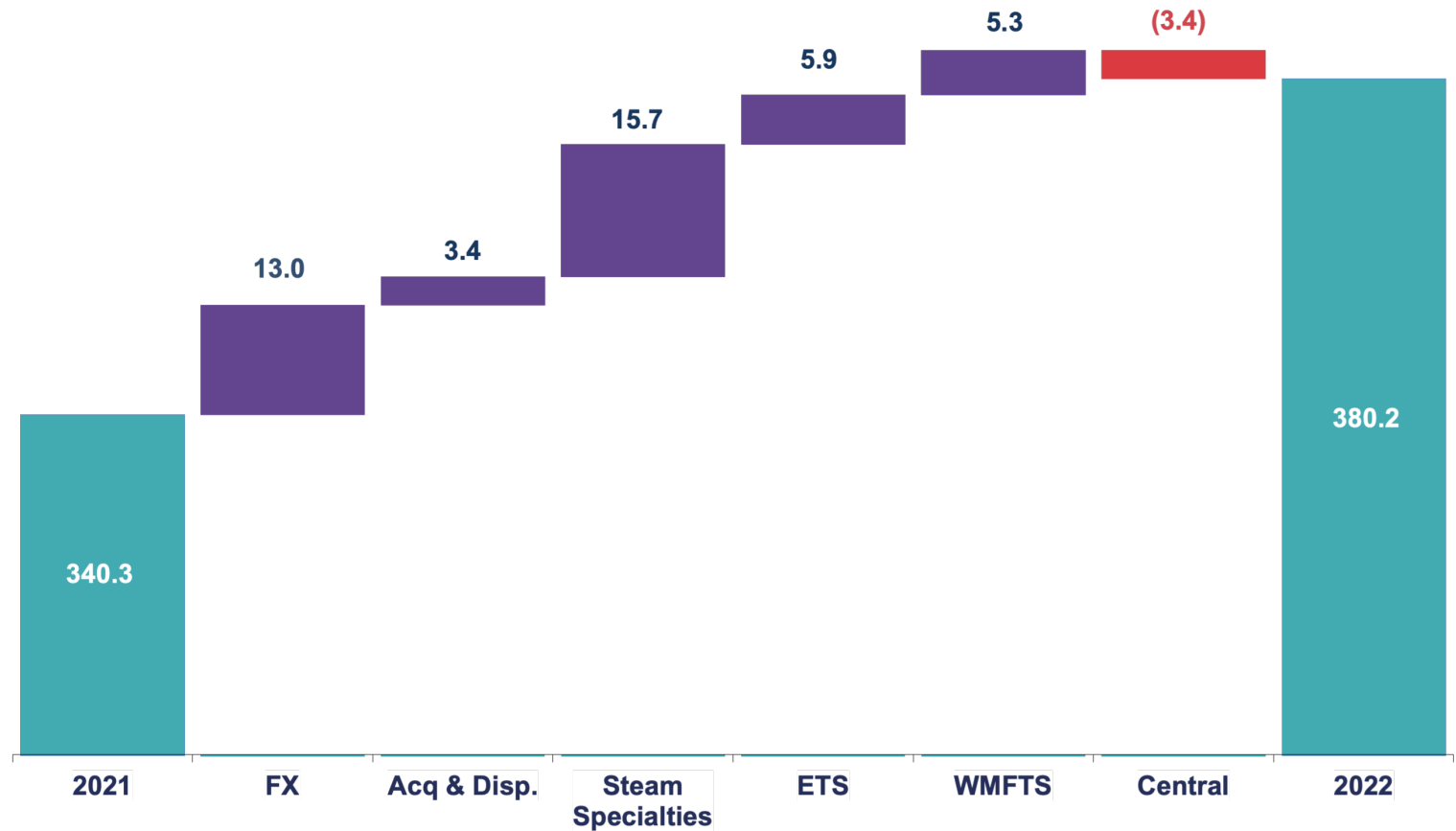
Steam Specialties	+12%
ETS	+14%
Watson-Marlow	+16%



Profit bridge

Increased profits alongside continued revenue investments

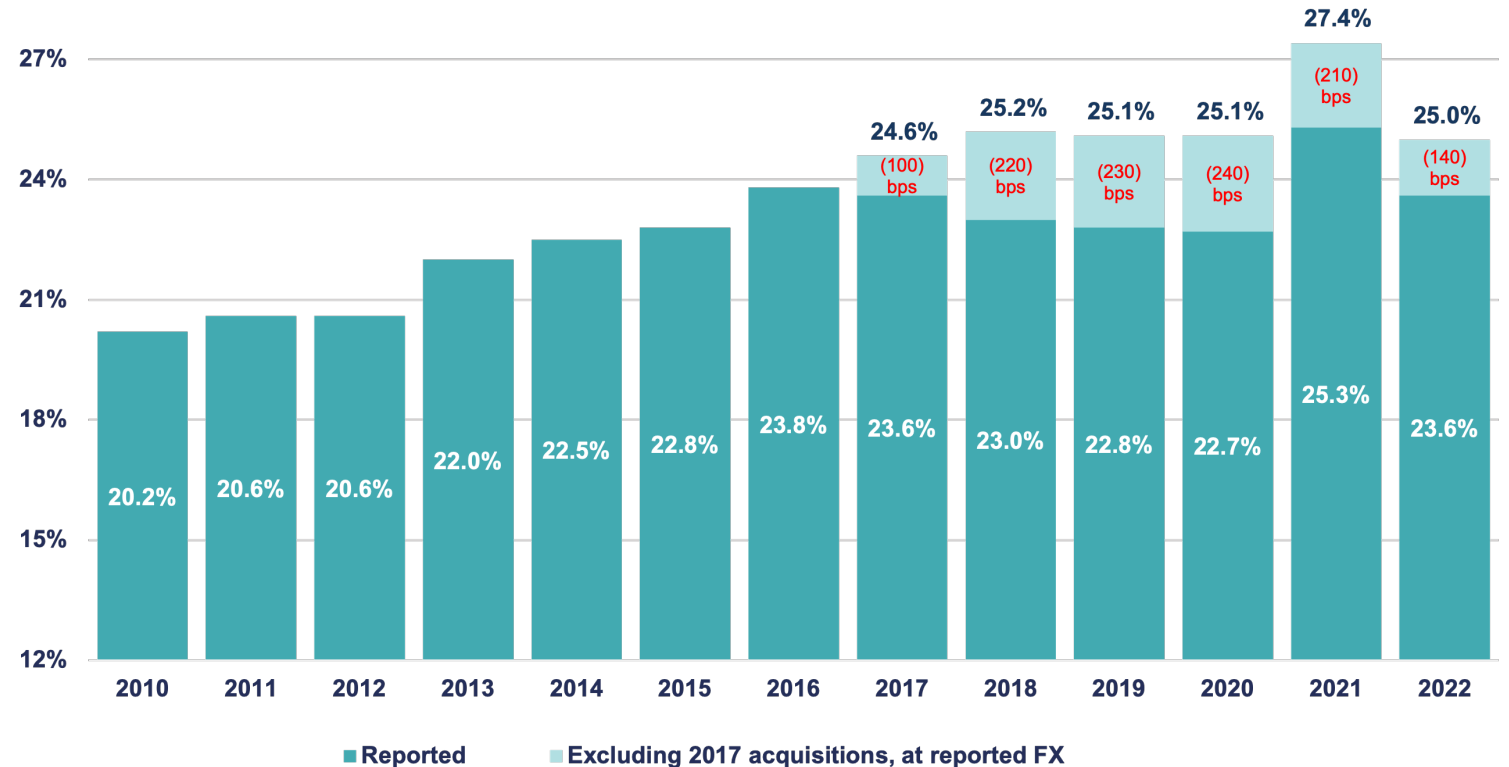
- Currency tailwind of 4%
- Positive impact from Acquisitions & Disposals of 1%
- Total organic increase of 7%:
 - Steam Specialties +8%
 - ETS +23%
 - Watson-Marlow +3%
- Central expenses reflect investment in strategic and sustainability initiatives



Operating margin

Similar to highest achieved in our history, excluding exceptional 2021 level

- Excluding 2017 acquisitions, margin has remained consistently above 25% since 2018
- Operating margin 23.6%, down 160 bps organically
- Full year impact of 2021 and on-going revenue investments
- Active price management offset inflationary pressure to protect margins
- 2022 acquisitions operating margin similar to Group operating margin



Cash flow

Cash conversion lower due to record capital investment and inventory rebuild

- Cash conversion[^] of 57%, as planned
- Record capital expenditure in 2022; continues in 2023
- Increased investment in working capital, driven by sales growth and stock rebuild
- Cash conversion expected to improve to above 70% in 2023
- 2022 closing net debt of £690.4m, 1.5x EBITDA[†]

[^] See Appendix II for definition of cash conversion

^{*} See Appendix IV for definition of adjusted profit measures

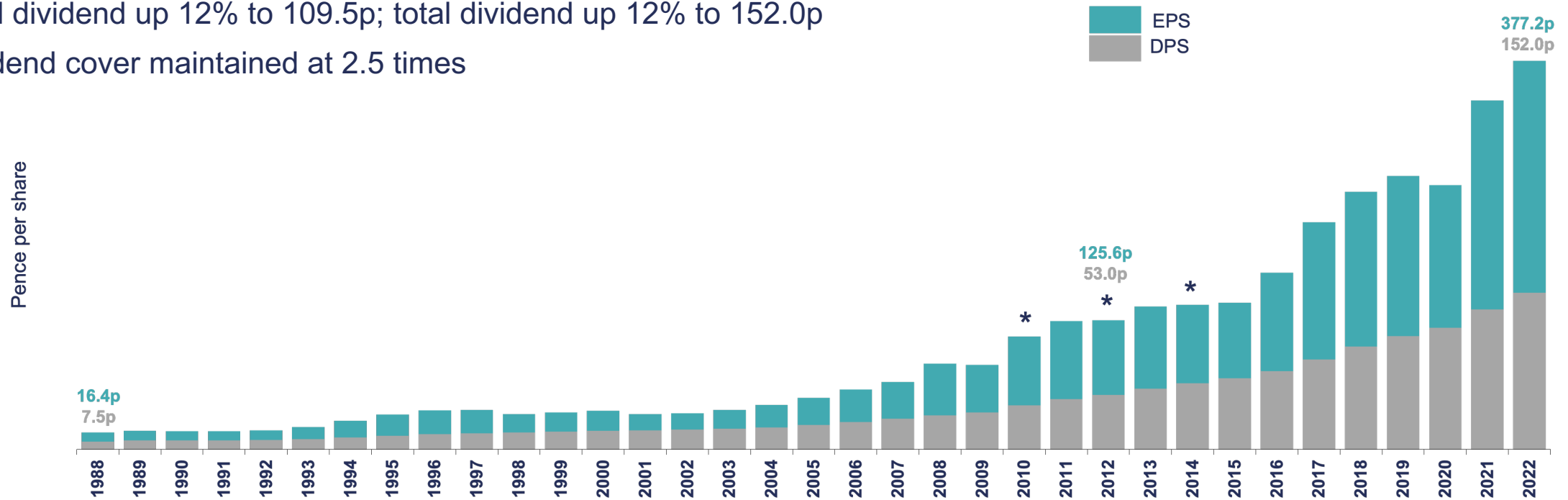
[†] on a pro-forma basis for acquisitions

Cash flow (£ million)	31 st December 2022	31 st December 2021
Adjusted operating profit*	380.2	340.3
Depreciation and amortisation (excluding IFRS 16)	36.0	35.7
Depreciation of leased assets	13.4	11.4
Pensions/Share plans	3.6	3.6
Working capital changes	(91.9)	(39.5)
Repayments of principal under lease liabilities	(12.9)	(11.7)
Capital expenditure (including software and development)	(117.5)	(64.1)
Capital disposals	4.0	2.0
Adjusted cash from operations	214.9	277.7
Net interest	(8.8)	(5.1)
Income taxes paid	(90.0)	(78.1)
Free cash flow	116.1	194.5
Net dividends paid	(103.6)	(91.0)
Proceeds from issue of shares/purchase of employee benefit trust shares	(19.0)	(24.6)
Acquisitions, disposals & restructuring costs	(541.5)	-
Cash flow for the year	(548.0)	78.9
Exchange movements	(11.9)	19.4
Net debt at 31st December (excluding IFRS 16)	(690.4)	(130.5)
Net debt to EBITDA[†]	1.5x	0.35x

Delivering shareholder value

55-year track record of earnings and dividend growth

- EPS CAGR: 12% over 10 years
- Dividend CAGR: 11% over 10 years
- Record of 55 years of dividend growth
- Final dividend up 12% to 109.5p; total dividend up 12% to 152.0p
- Dividend cover maintained at 2.5 times



Note: Figures exclude non-operating and exceptional items

* Special dividends of 25p in 2010, 100p in 2012 and 120p in 2014

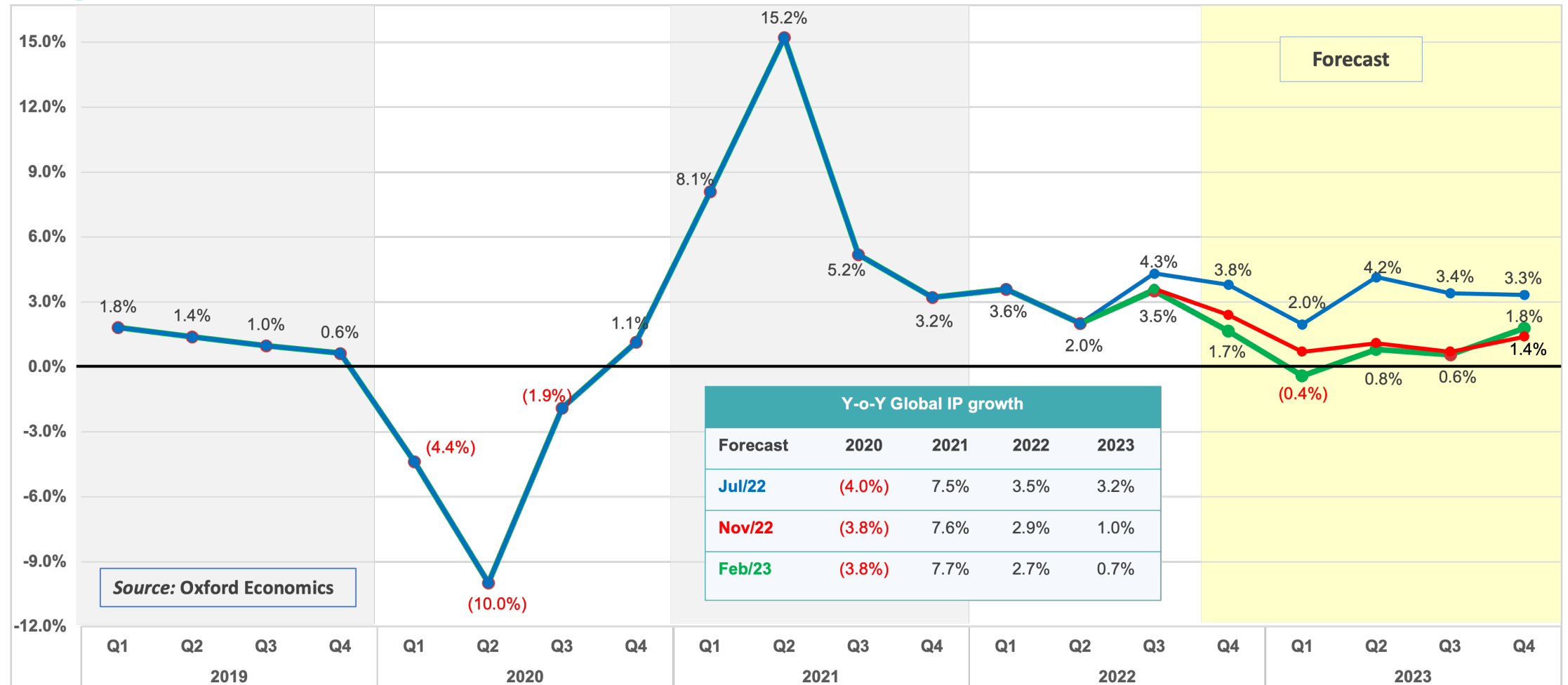
Operations and outlook

Nick Anderson



Industrial production annual growth rates

An important driver of demand



Steam Specialties

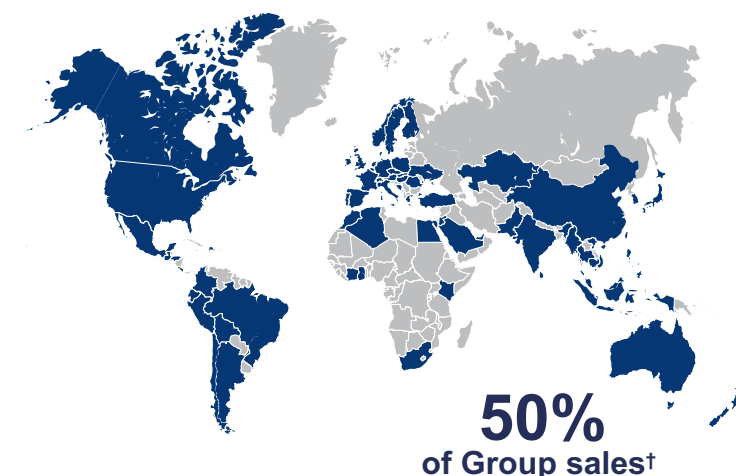
	31 st Dec 2021	Exchange	Organic	Acquisitions and disposals	31 st Dec 2022	Organic ⁺	Reported
Sales	£754.9m	£19.1m	£95.6m	(£3.6m)	£866.0m	+12%	+15%
Operating profit*	£188.7m	£3.5m	£15.7m	(£1.8m)	£206.1m	+8%	+9%
Margin	25.0%				23.8%	-90 bps	-120 bps

* Organic measures are at constant currency and exclude contributions from acquisitions and disposals.

* See Appendix IV for definition of adjusted profit measures.

- Sales up 12%, operating profit up 8% on organic basis; demand growth ahead of sales
- Volume growth ahead of IP, price increases offset cost inflation to protect margins
- Large orders higher proportion of sales mix, benefiting from recovery in capex spend
- Double-digit growth across strategic end-market sectors
- Cotopaxi acquired in January 2022 to accelerate digital strategy
- Margin down 120 bps to 23.8%, reflecting continued revenue investment
- Anticipate mid-to-high single-digit growth over 2022 pro-forma sales; good margin progression

† on a pro-forma basis for acquisitions



Electric Thermal Solutions

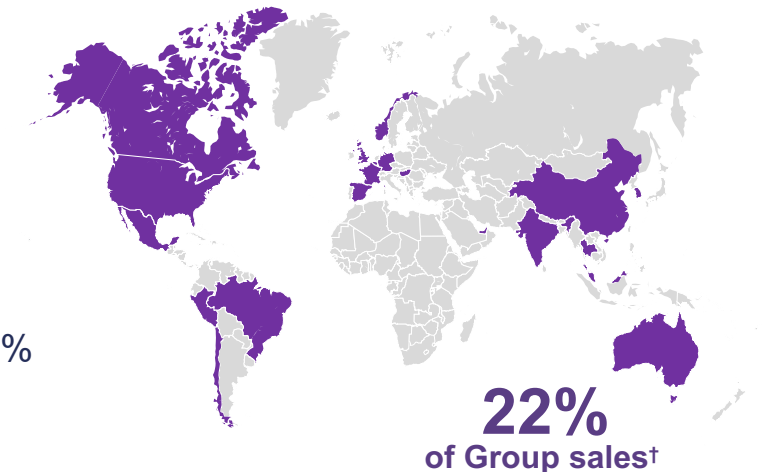
	31 st Dec 2021	Exchange	Organic	Acquisitions and disposals	31 st Dec 2022	Organic ⁺	Reported
Sales	£181.3m	£13.2m	£27.4m	£34.2m	£256.1m	+14%	+41%
Operating profit*	£24.0m	£1.9m	£5.9m	£8.1m	£39.9m	+23%	+66%
Margin	13.2%				15.6%	+100 bps	+240 bps

* Organic measures are at constant currency and exclude contributions from acquisitions and disposals.

* See Appendix IV for definition of adjusted profit measures.

- Sales up 14%, operating profit up 23% on organic basis; record order book
- Thermocoax sales up 17%, strong demand from Semiconductor sector
- Chromalox sales up 13%, strong demand for decarbonisation solutions
- Acquired Vulcanic and Durex Industries; closed Soissons manufacturing facility in France
- Increased investments in sustainability, new product development and capacity expansion
- Margin up 240 bps to 15.6%, driven by positive operational gearing and acquisitions
- Anticipate mid-to-high single-digit growth over 2022 pro-forma sales; margin slightly below 18.0%

† on a pro-forma basis for acquisitions



Spotlight on ETS acquisitions

Vulcanic and Durex Industries contributions to our Group

- Expands ETS 2022 pro-forma sales by over 70%; ETS now 22% of Group
- Increases ETS 2022 addressable market by 5% to £3.9bn
- Expands ETS 2022 pro-forma market share from 6% to 10%
- Improves balance of ETS 2022 pro-forma sales by region*

	Americas	EMEA	Asia Pacific
ETS	56%	32%	12%
Group	36%	40%	24%

- Strengthens ETS presence in faster growing end-market sectors



Lead brands for electric heating solutions for critical applications of industrial **processes**

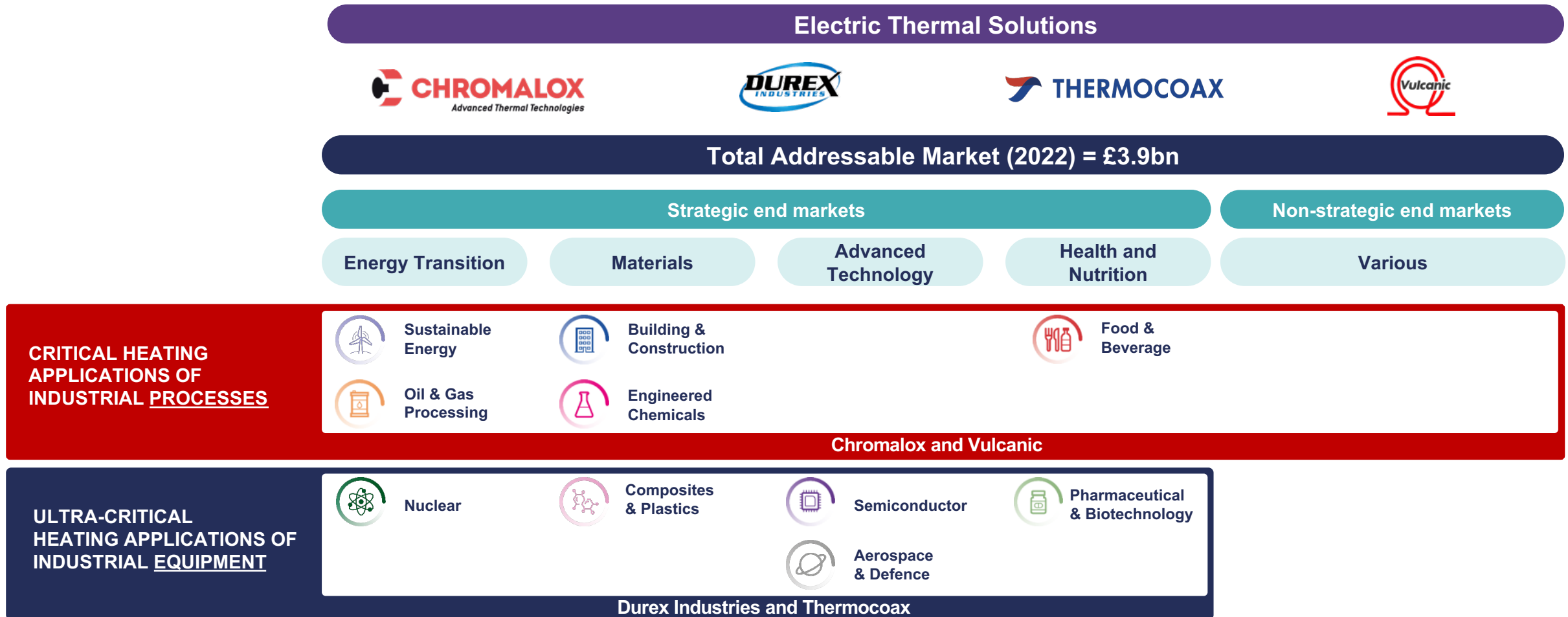


Lead brands for electric heating solutions for ultra-critical applications of industrial **equipment**

*revenues by destination

ETS strategic market sector focus

Dual brand strategy leverages sector and application complementarity



Watson-Marlow

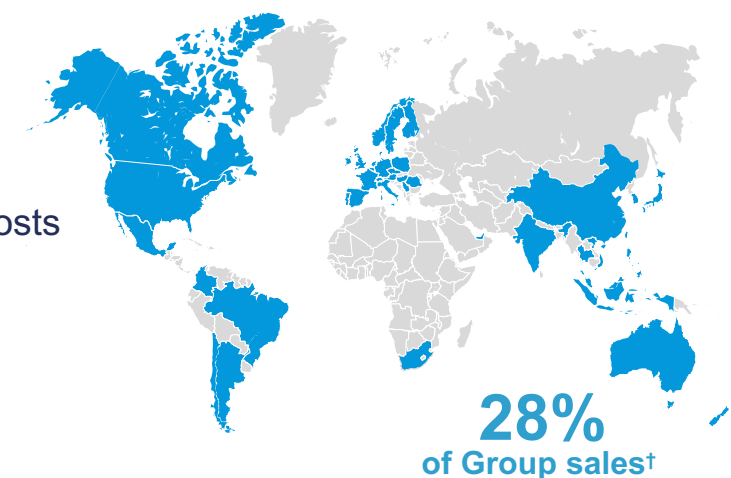
	31 st Dec 2021	Exchange	Organic	Acquisitions and disposals	31 st Dec 2022	Organic ⁺	Reported
Sales	£408.3m	£20.2m	£68.6m	(£8.6m)	£488.5m	+16%	+20%
Operating profit*	£150.0m	£7.6m	£5.3m	(£2.9m)	£160.0m	+3%	+7%
Margin	36.7%				32.8%	-400 bps	-390 bps

* Organic measures are at constant currency and exclude contributions from acquisitions and disposals.

* See Appendix IV for definition of adjusted profit measures.

- Sales up 16% on organic basis, following 32% organic growth in 2021; operating profit up 7%
- Biopharm sales grew close to 15%; demand normalising post extraordinary COVID-19 surge
- Process Industries sales grew 19%; strong volume growth above IP, price offsetting inflation
- Record capital investments significantly expand global manufacturing capacity
- Operating margin decline reflects impact of 2021 revenue investments; new facilities' start-up costs
- Demand normalisation suppresses H1 sales volumes; rightsizing to protect margins
- Anticipate 2023 sales slightly below 2022, less than 45% in H1; full year margin similar to 2022

† on a pro-forma basis for acquisitions



Engineering our difference

2022 stakeholder case studies

Engineering our difference

Steam Specialties



>4,000 tonnes*

Digital insights improve sustainability

Cotopaxi and Spirax Sarco worked together with Kraft Heinz, to design and install our connected energy and sustainability platform, STRATA, at its Shanghai facility in China. The digital insights generated by the system, which examined how Kraft Heinz was managing its use of water, air, gas, energy and steam (WAGES) combined with Spirax Sarco's efficiency and sustainability expertise quickly delivered value.

Through the installation of 23 units, the WAGES data was collected and sent to STRATA every minute, giving the plant 'shutdown' infrastructure insight into capture and re-use.

The way in which helping Kraft Heinz steam use, as well as...

*Equivalent steam saving

Engineering our difference

Electric Thermal Solutions



1,500 tonnes of CO₂*

Reducing CO₂ emissions in oil & gas

Chromalox is using its innovative Medium Voltage technology to decarbonise core oil & gas processes without impacting critical asset operations and uptime.

Working in support of a major energy company in the USA, Chromalox has designed a retrofit solution to replace the burner assembly inside the asset's Heater Treaters, the vessels used to separate the water from the oil and gas before it passes into the pipeline for processing.

Engineering our difference

Watson-Marlow



97.5% Discharge reduction

Technology that's good for the planet

Environmental regulations governing chemical use and disposal in wastewater are increasing. At a wastewater treatment plant in Germany, our customer was able to meet the strict environmental discharge limits by accurate and reliable ferric chloride dosing delivered by Watson-Marlow's Qdos Conveying Wave Technology pump. The precision of the pump, as well as the sealed pump head which minimises operator exposure, makes it ideal in chemical metering applications.

Controlling phosphorous discharge from wastewater treatment plants is a key factor in preventing eutrophication, which can lead to algae blooms in lakes and reservoirs, making water unusable if consumed and jeopardising aquatic life.

By replacing their existing pumping solution with the Qdos CWT, the plant has achieved a 97.5% reduction in phosphorous discharge in just one year.

It's good for business and for the planet.

Spirax-Sarco Engineering plc

Engineering our difference

People and communities

Giving support where it is needed the most...



...to ensure colleagues feel included...

We aim to provide a progressive, supportive and inclusive culture that enables our colleagues to thrive at work and beyond.

That's why, in 2022, we launched, Everyone is Included, our Group Inclusion Plan, with ten commitments designed to support and enrich the lives of our colleagues everywhere.

With commitments including, '16 weeks' paid parental leave for every new parent, caregivers leave, LGBTQ+ allyship, wellbeing support and much more, colleagues tell us they are feeling more supported, more welcomed and more included.

...and our communities become stronger.

Our Group is united behind our community engagement programme, 'Giving today for a better tomorrow'.

Whether through using their three-days' paid volunteering days, locally funding community initiatives or nominating projects to benefit from our Group Education Fund, our colleagues around the world are doing all they can to build stronger communities in the areas where we work.

Our new Group Education Fund helped remove barriers to education and supported diversity in engineering through over (£1 million) of financial support given in 2022 to 811 education projects nominated by our teams.

Spirax-Sarco Engineering plc

Engineering our difference

Protecting our planet

To create a more sustainable future we are...



...improving customer sustainability.

We saved our customers (xxx) million tonnes of CO₂ from products sold in 2022.

Through our new 'TargetZero' solutions we are uniquely placed to help our customers decarbonise their critical industrial processes, including the mixing of steam, to meet their sustainability goals.

...powering ahead to net zero.

We rolled out our net zero roadmap during the year and reduced our GHG emissions by 41% compared to our 2019 baseline.

We installed 2.41 GWh of solar energy across four manufacturing sites and now receive 54% of our electricity from renewable or green energy sources.

Because we only have One Planet.

Spirax-Sarco Engineering plc

Summary and Outlook

Strong performance in 2022; anticipate good growth in 2023

2022 Summary:

- Strong performance across all three Businesses despite weakening macro backdrop
- Volume growth ahead of IP plus price increases that protected margins, testament to strength of our Business model and our strategic execution
- Continued capex and opex investments underpin sustainability, inclusivity, long-term growth
- Completed 3 strategic acquisitions to strengthen ETS Business and advance Digital agenda

Outlook for 2023:

- Anticipate mid-single-digit growth over Group 2022 pro-forma sales
- Anticipate overall double-digit sales growth in 2023
- Small progression to Group adjusted operating profit margin
- Cash conversion above 70%

Full Year Results

For the year ended 31st December 2022



Appendices



Appendix I: Case studies



Steam Specialties



>4,000
tonnes*



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Digital insights improve sustainability

Cotopaxi and Spirax Sarco worked together with Kraft Heinz, to design and install our connected energy and sustainability platform, STRATA, at its Shanghai facility in China. The digital insights generated by the system, which examined how Kraft Heinz was managing its use of water, air, gas, energy and steam (WAGES) combined with Spirax Sarco's efficiency and sustainability expertise quickly delivered value.

Through the installation of 23 utility meters the WAGES data was collected and sent to STRATA every minute, generating real time analysis which identified significant steam leakage during a plant 'shutdown', as well as heat loss to the atmosphere. Spirax Sarco implemented infrastructure improvements to address the leakage and designed a heat recovery system to capture and re-utilise the heat within the factory's production processes.

The way in which Cotopaxi technology and Spirax Sarco know-how have come together is helping Kraft Heinz achieve its Environmental Stewardship Goals, through greater efficiency in steam use, as well as reductions in carbon emissions.

*equivalent steam saving potential per year

Spirax-Sarco Engineering plc

Electric Thermal Solutions

1,500
tonnes
of CO₂*



Reducing CO₂ emissions in oil & gas

Chromalox is using its innovative Medium Voltage technology to decarbonise core oil & gas processes without impacting critical asset operations and uptime.

Working in support of a major energy company in the USA, Chromalox has designed a retrofit solution to replace the burner assembly inside the asset's Heater Treaters, the vessels used to separate the water from the oil and gas before it passes into the pipeline for processing.

The Heater Treaters are essential for efficient oil and gas processing. By conducting an in-situ replacement of the burner assemblies with electric immersion heaters, the refurbished Heater Treaters have zero scope 1 emissions and our customer avoids expensive asset downtime.

The solution also contributed to energy efficiency, as heat loss from the flue stack was eliminated, along with the open flame.

*eliminated by conversion to electric heating per year

Watson-Marlow

97.5%
discharge
reduction



Technology that's good for the planet

Environmental regulations governing chemical use and disposal in wastewater are increasing. At a wastewater treatment plant in Germany, our customer was able to meet the strict environmental discharge limits by accurate and reliable ferric chloride dosing delivered by Watson-Marlow's Qdos Conveying Wave Technology pump. The precision of the pump, as well as the sealed pump head which minimises operator exposure, makes it ideal in chemical metering applications.

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Giving support where it is needed the most...



...to ensure colleagues feel included...

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With commitments including, 16 weeks' paid parental leave for every new parent, caregivers leave, LGBTQ+ allyship, wellbeing support and much more, colleagues tell us they are feeling more supported, more welcomed and more included.



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Our new Group Education Fund helped remove barriers to education and supported diversity in engineering. In 2022 we donated over £1 million to support 51 education projects nominated by our operating companies.

Protecting our planet

To create a more sustainable future we are...



...improving customer sustainability.

We saved our customers 17.7 million tonnes of CO₂ through a select group of product categories sold in 2022.

Through our new 'TargetZero' solutions we are uniquely placed to help our customers decarbonise their critical industrial processes, including the raising of steam, to meet their sustainability goals.

...powering ahead to net zero.

We are executing on our net zero roadmap and by 2022 have already achieved a 41% reduction of GHG emissions compared to our 2019 baseline.

We installed 2.4 GWh of solar energy across four manufacturing sites in 2022 and now receive 57% of our electricity from renewable or green energy sources.

Because we only have One Planet.

Appendix II

Cash conversion

(£ million)

	31 st December 2022	31 st December 2021
Adjusted cash generated from operations	214.9	277.7
Adjusted operating profit*	380.2	340.3
Cash conversion	57%	82%

** See Appendix IV for definition of adjusted profit measures*

Appendix III

Currencies

Average exchange rates	2022	2021	Change
US dollar	1.24	1.37	+10%
Euro	1.17	1.16	-1%
Renminbi	8.32	8.85	+6%
Won	1,587	1,569	-1%
Brazilian real	6.41	7.41	+13%
Argentine peso	161.5	130.2	-24%

Appendix IV

Reconciliation of Operating profit to Adjusted operating profit

The Group uses adjusted figures as key performance measures in addition to those reported under IFRS. The Group's management believes these measures provide valuable additional information for users of the financial statements in understanding the Group's performance.

Adjusted operating profit and pre-tax profit excludes certain items, which are analysed below.

(£ million)	31 st December 2022	31 st December 2021
Operating profit as reported under IFRS	318.8	320.9
Amortisation of acquisition-related intangible assets	23.7	21.4
Reversal of acquisition-related fair value adjustments to inventory	1.8	-
Disposal of subsidiaries in Russia	7.1	-
Restructuring costs	15.5	-
Acquisition-related items	9.1	-
Accelerated depreciation and other related costs on one-off property redevelopments	4.2	-
Post-retirement benefit plan in Germany being closed to future accrual	-	(2.0)
Total adjustment to operating profit	61.4	19.4
Adjusted operating profit	380.2	340.3

Appendix V

Current guidance

(£ million)	2022 Actual	2023 Estimate
Capex (as a percentage of sales)	7%	c. 7%
Effective Tax Rate	25.0%	> 25%
Net Finance Cost	£9.6m	c. £30m
Foreign exchange impact on revenue	favourable 4%	favourable 1% - 2%
Foreign exchange impact on adjusted operating profit	favourable 4%	favourable 1% - 2%
Number of shares in issue (million)	73.7	73.7