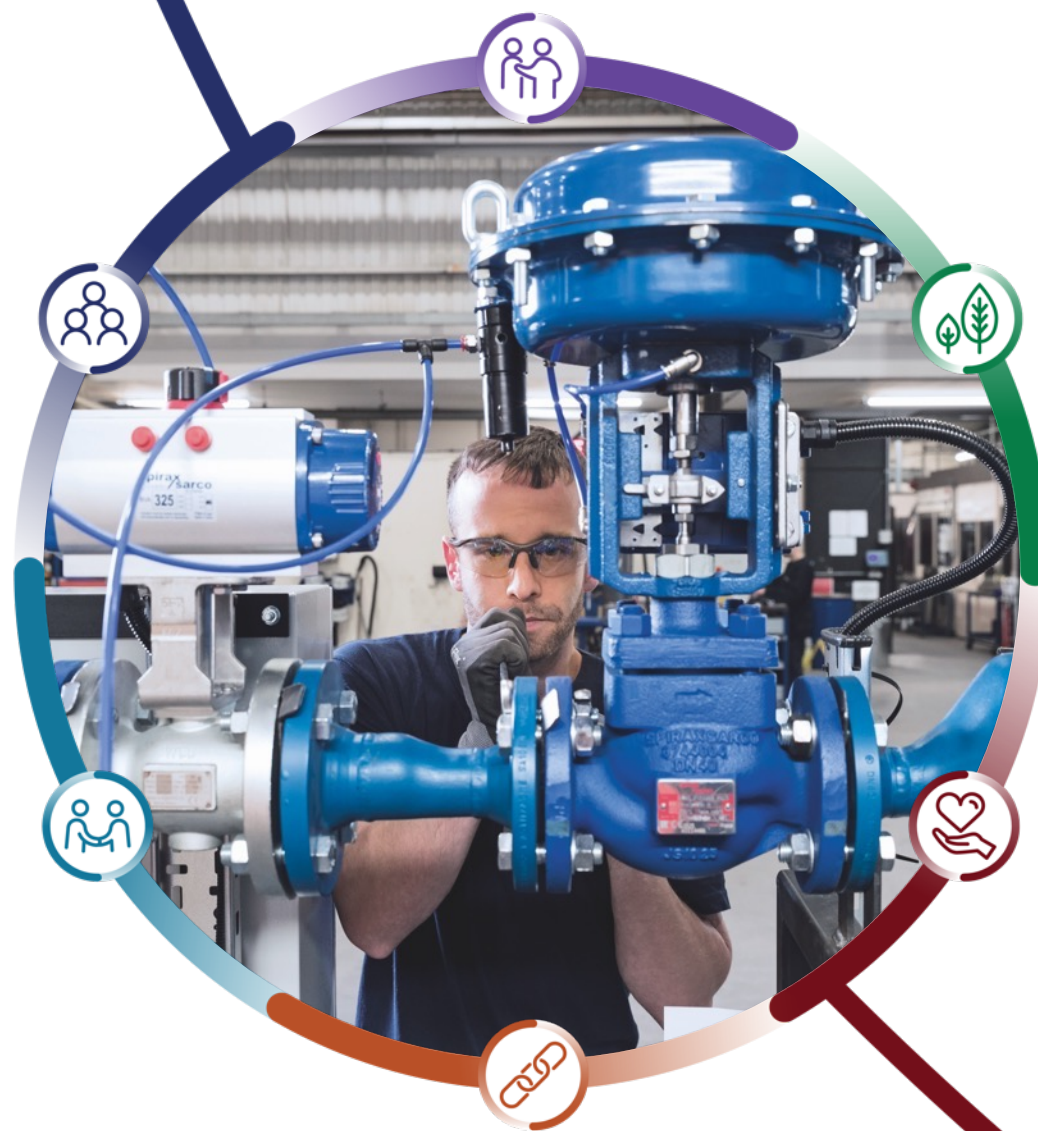


Steam Specialties

Investor Seminar
2023



Welcome

Nimesh Patel
Chief Financial Officer



Today's Agenda



Session 1
Group Context
Nimesh Patel



Session 4
A business model with enduring power
Maurizio Preziosa



Session 2
The role of Steam Specialties in our Group
Nick Anderson



Session 5
Investing to drive sustainable growth
Andrew Guthrie



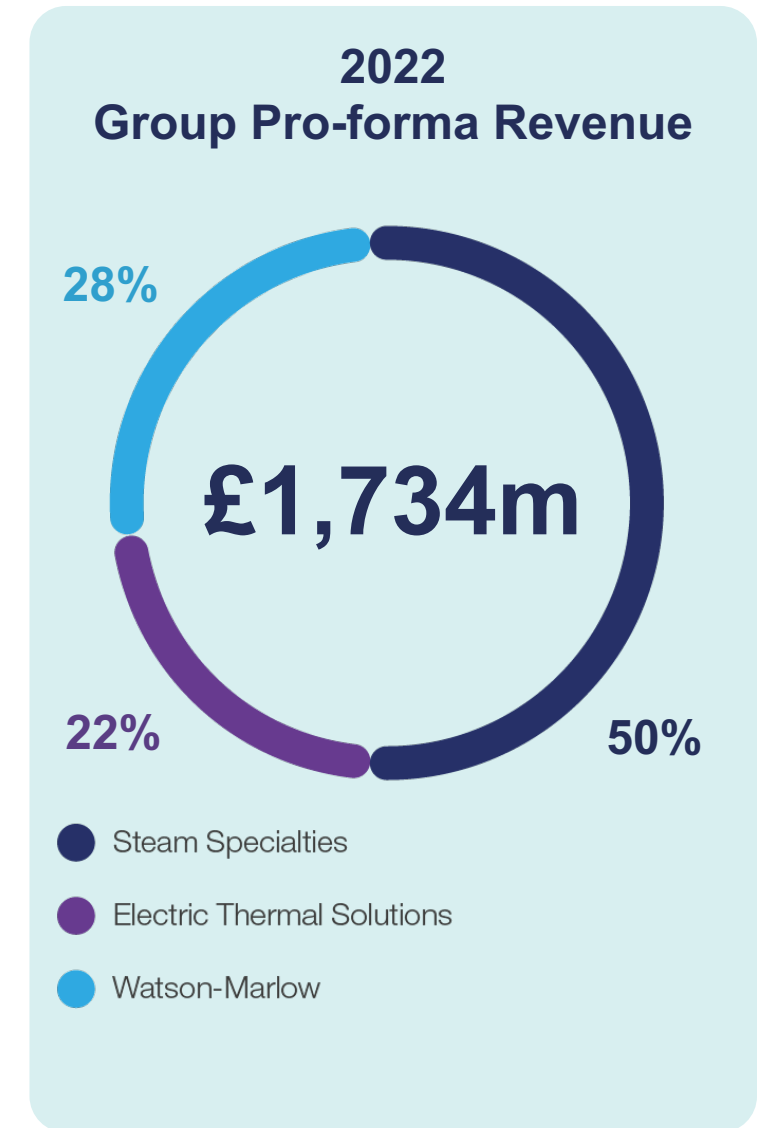
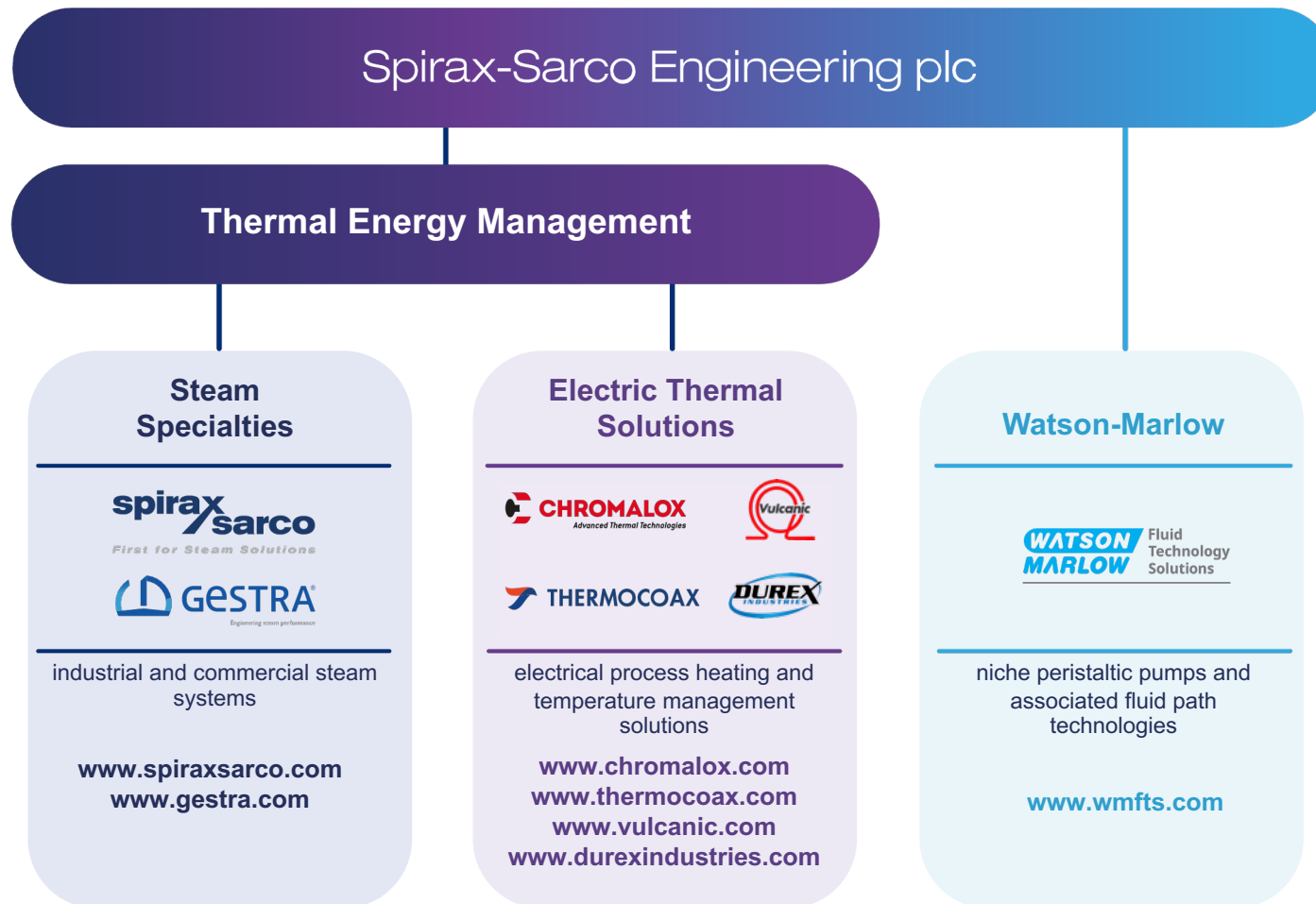
Session 3
Steam Specialties overview
Maurizio Preziosa



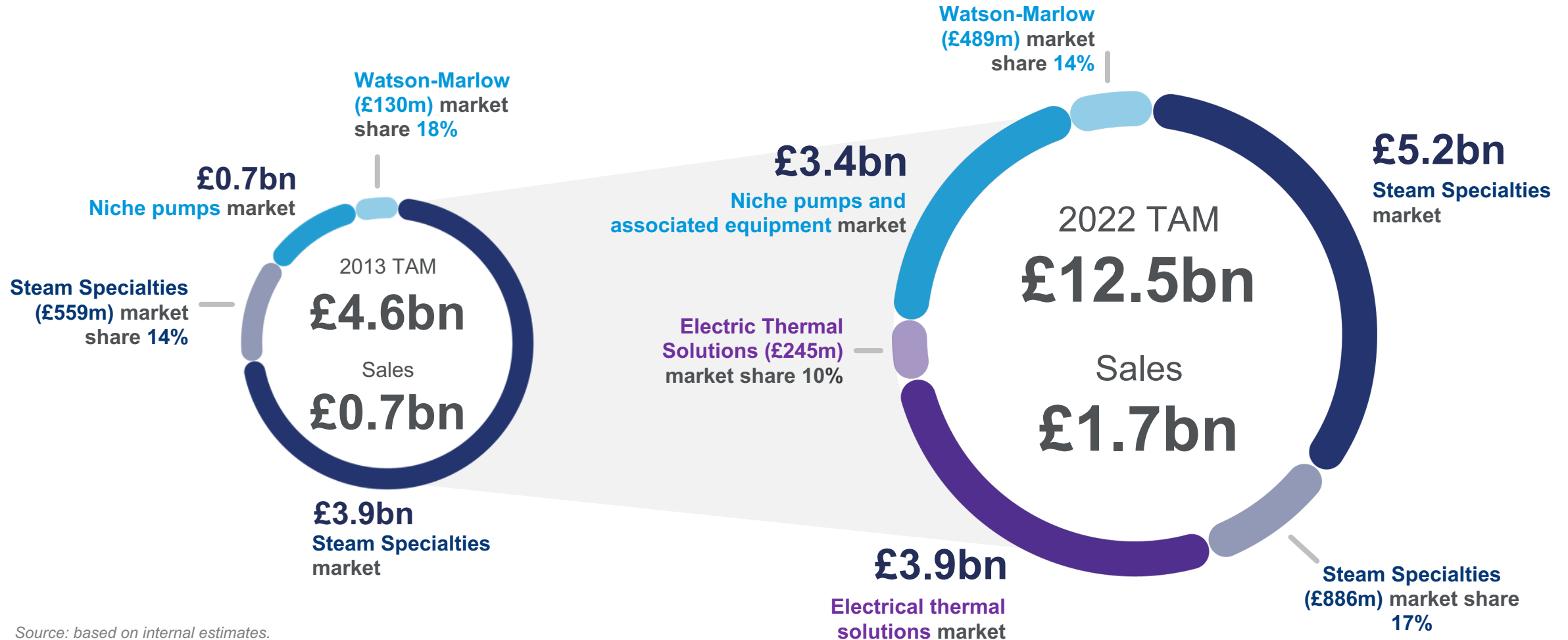
Session 6
Recap and Q&A
Nimesh Patel

Group structure

Three world-leading niche Businesses



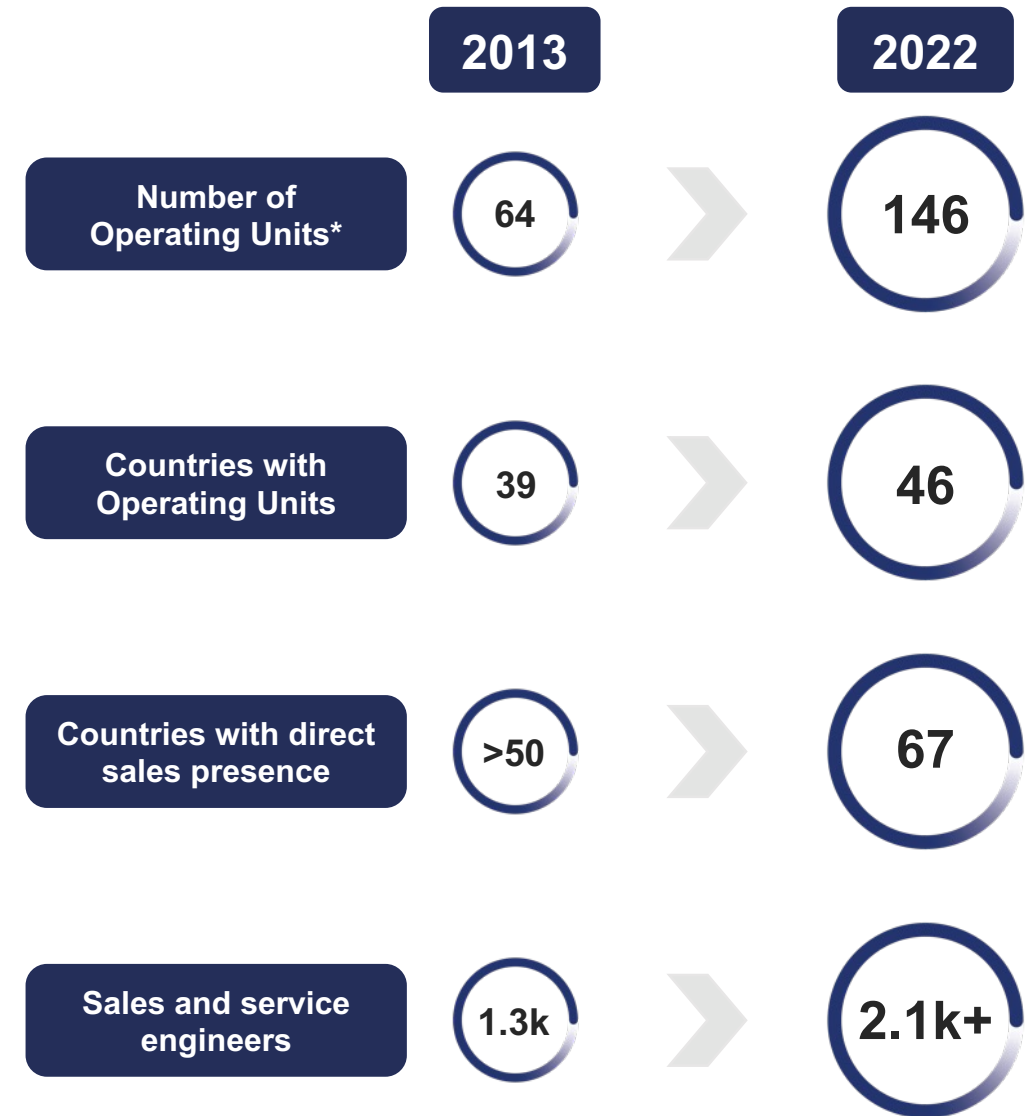
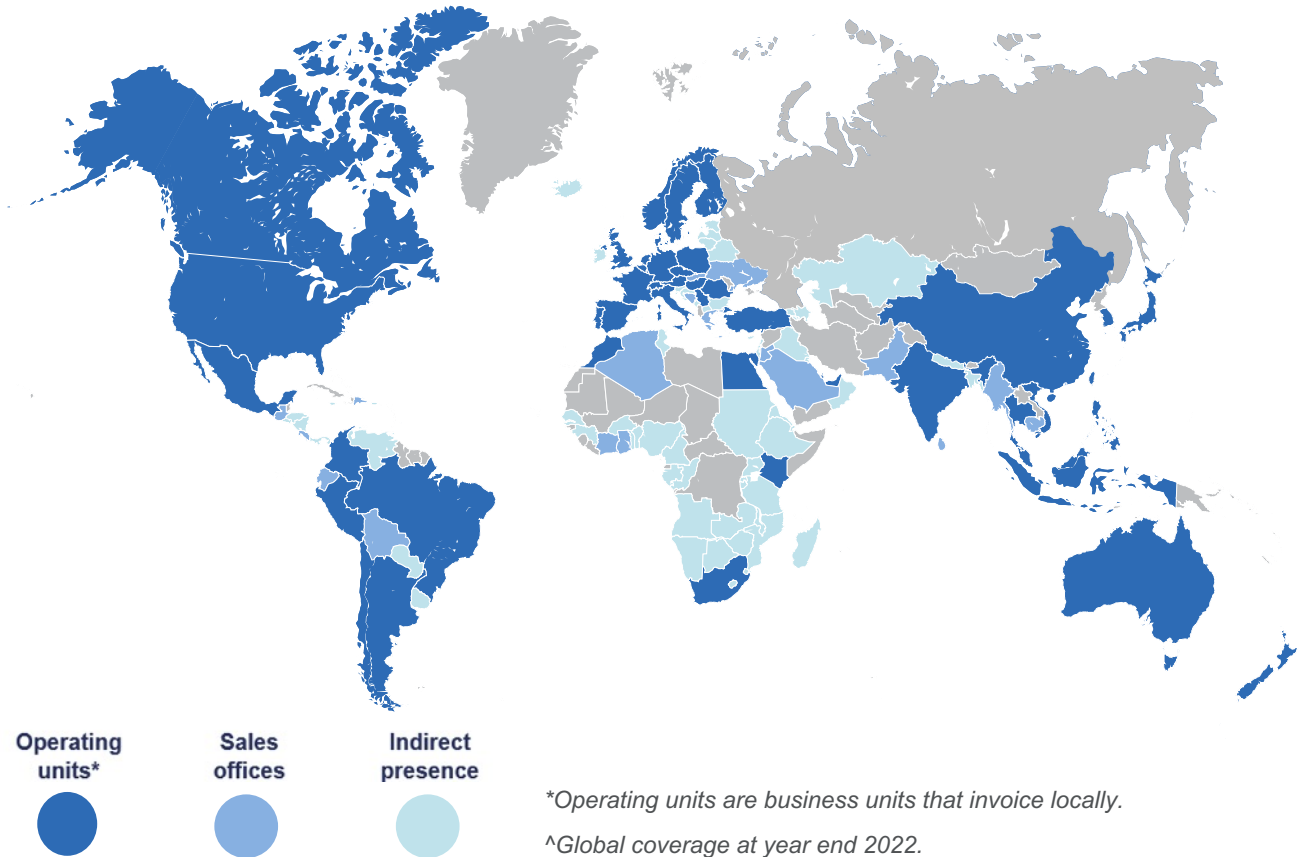
Growing our addressable market



Source: based on internal estimates.

Unique global coverage

Serving customers in 165 countries[^]

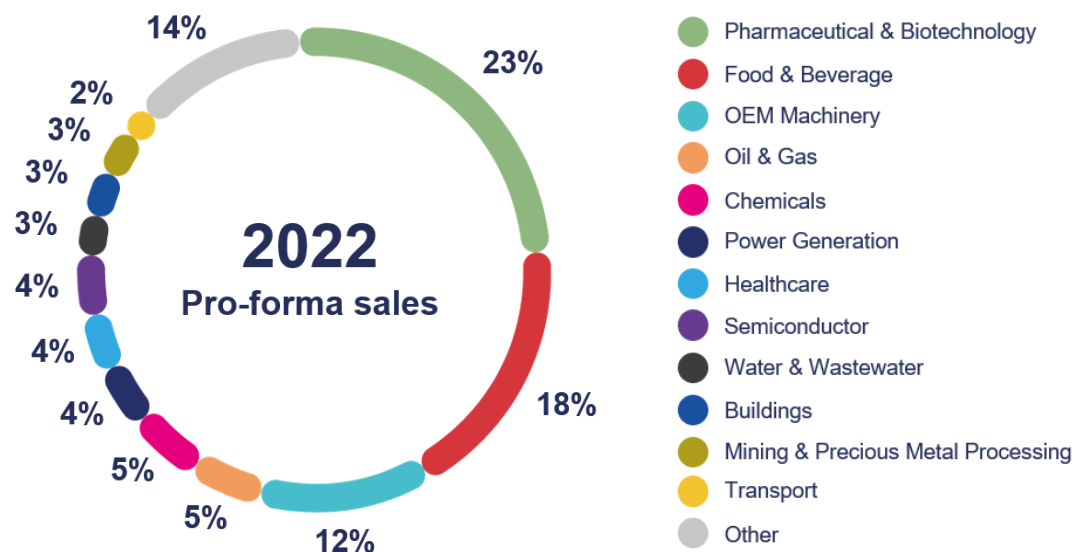


Diverse markets and broad customer base

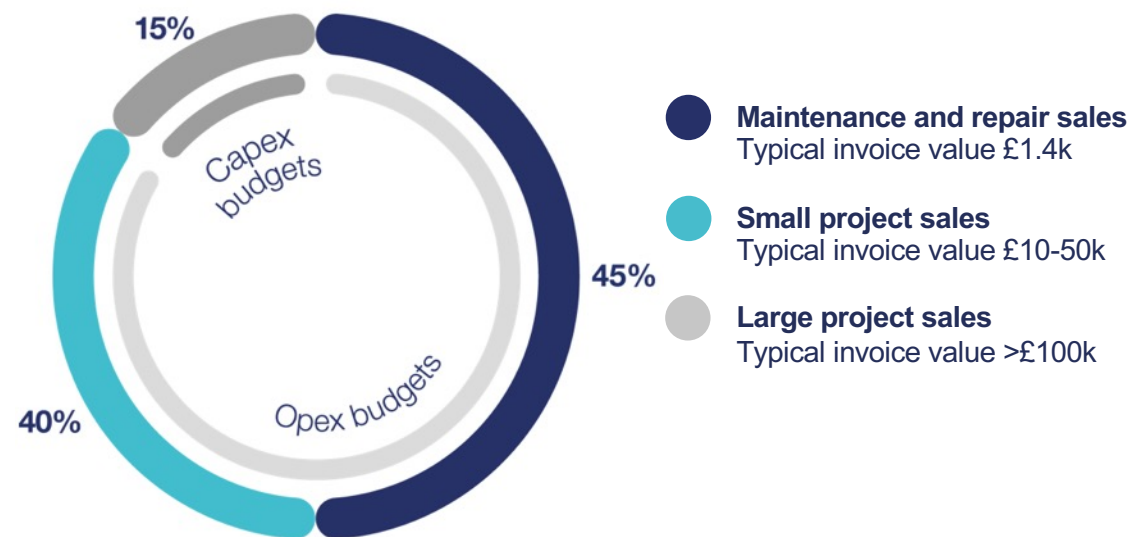
A source of resilience

Over 60% of Group revenue derived from defensive, less cyclical end markets

85% of Group revenue generated from annual maintenance and operational budgets



Where there is little visibility of end user industry sector (primarily in sales via distributors), sales have been allocated across industries on a pro-rata basis. In 2022 these 'unknown' sales accounted for 17% of total revenue. OEM sales to identifiable industries have been allocated to those industries. Sales to OEM customers accounted for 27% of Group revenue in 2022.



40% of Group revenue generated from self-generated sales

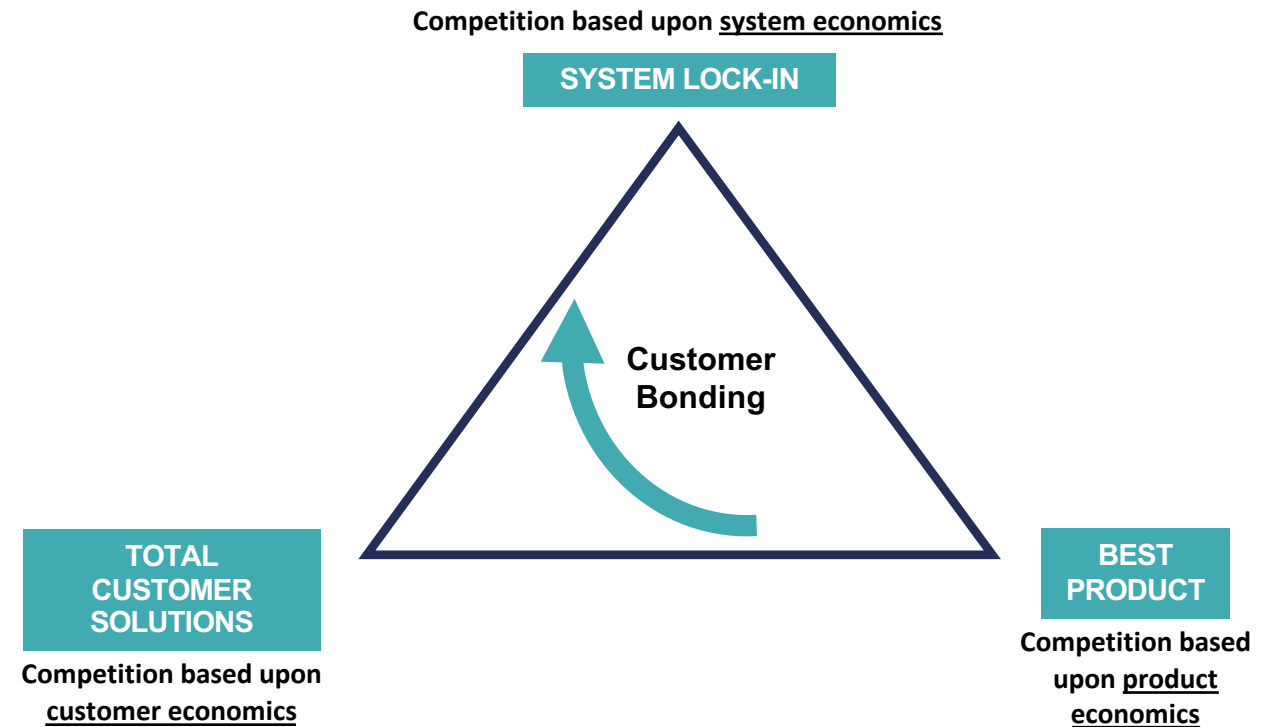
We self-generate sales as we identify our customers' unrecognised needs and solve their difficult process challenges.

Deep and wide competitive moat

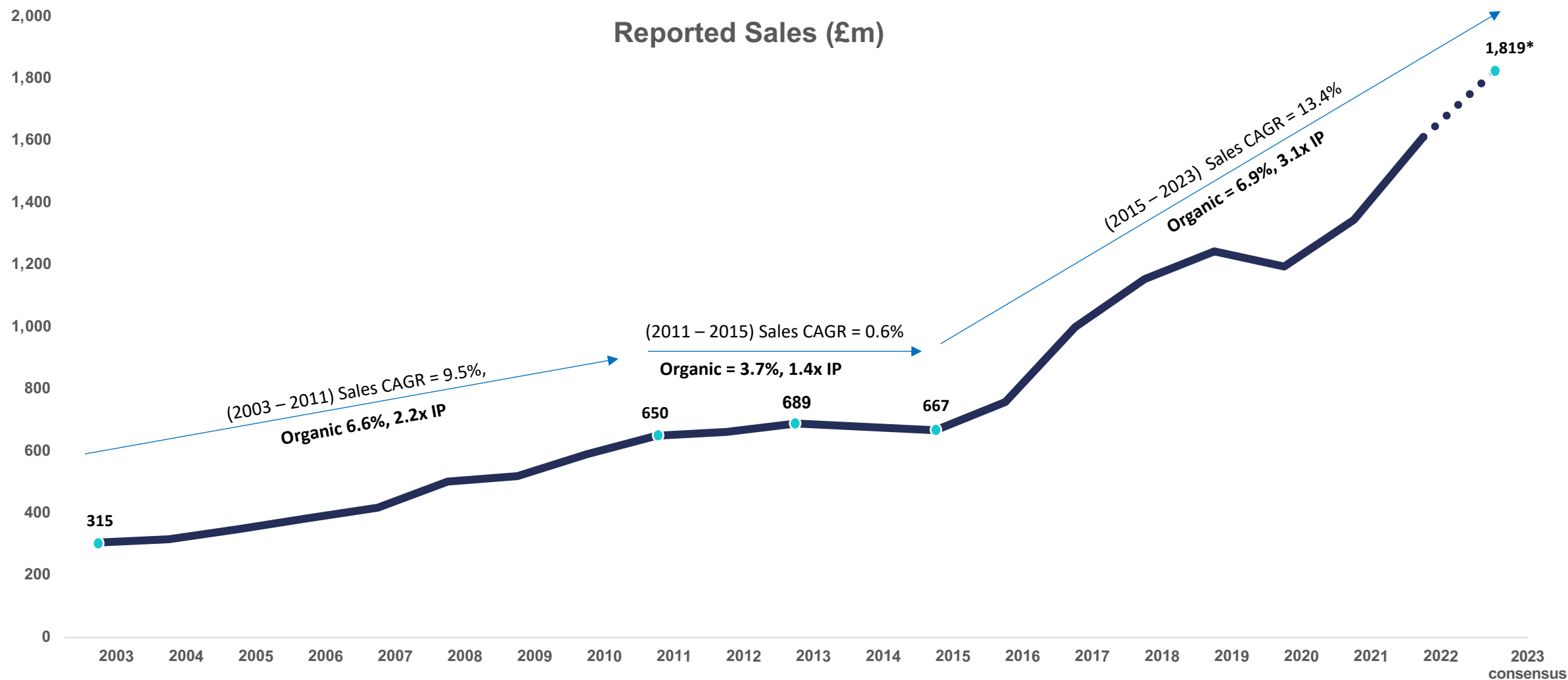
Business Model



Strategy

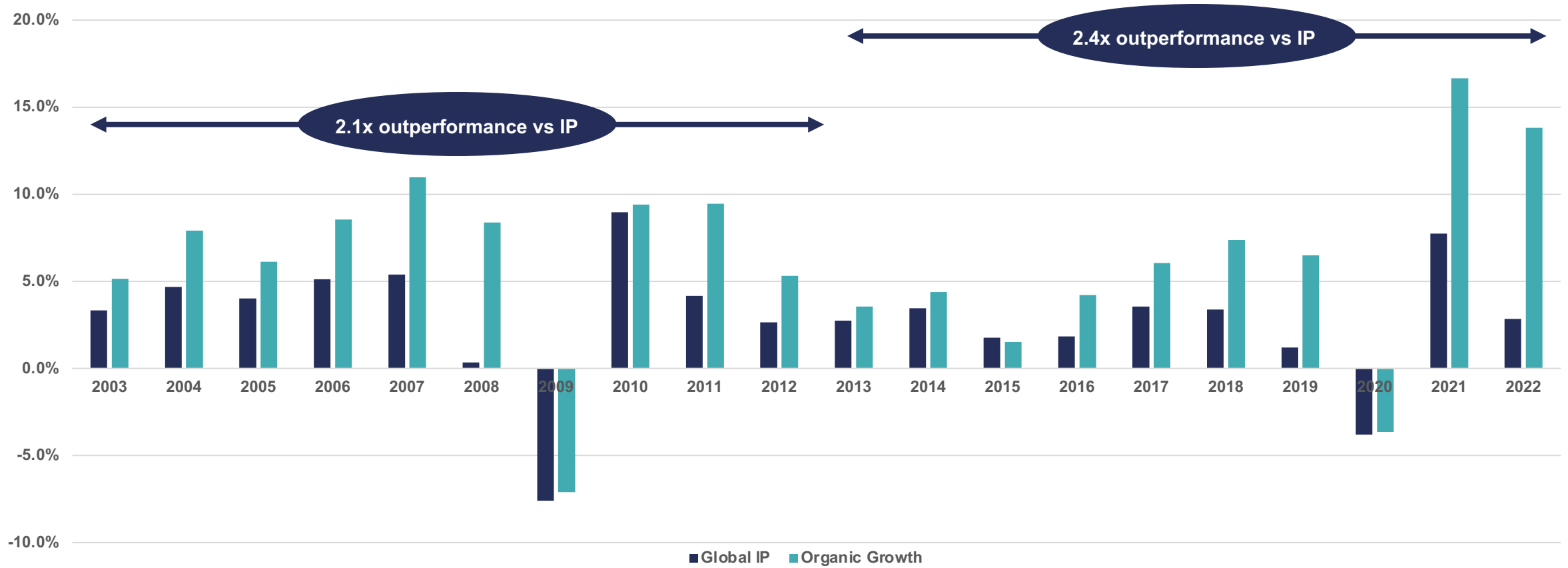


Accelerated sales growth

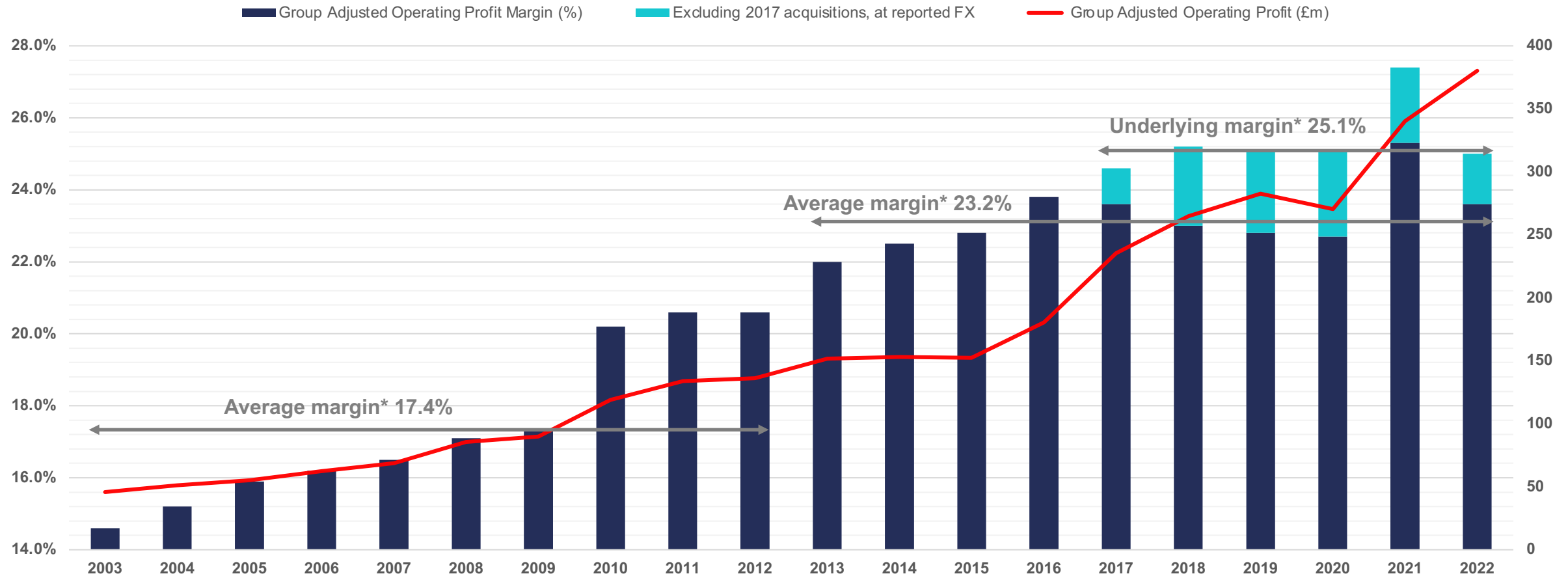


Outperformed Industrial Production growth

Organic Growth vs IP (10-year CAGR basis)



Profit growth and strong margin expansion



* Group adjusted operating profit margin

A compelling investment case

Long Term Addressable Market Growth

Continued growth in
global Industrial
Production (IP)

Demand for energy
efficiency solutions...

Demand for
decarbonisation
solutions...

...driven by population
growth and emerging
markets development

...in response to
growing demand for
energy

...in response to the
global goal of
achieving net zero

Strong Financial Track Record

Organic
growth
> 2x IP

Attractive
and stable
margins

Strong cash
generation

Earnings
and dividend
growth

EPS CAGR: 12% over 10 years
DPS CAGR: 11% over 10 years

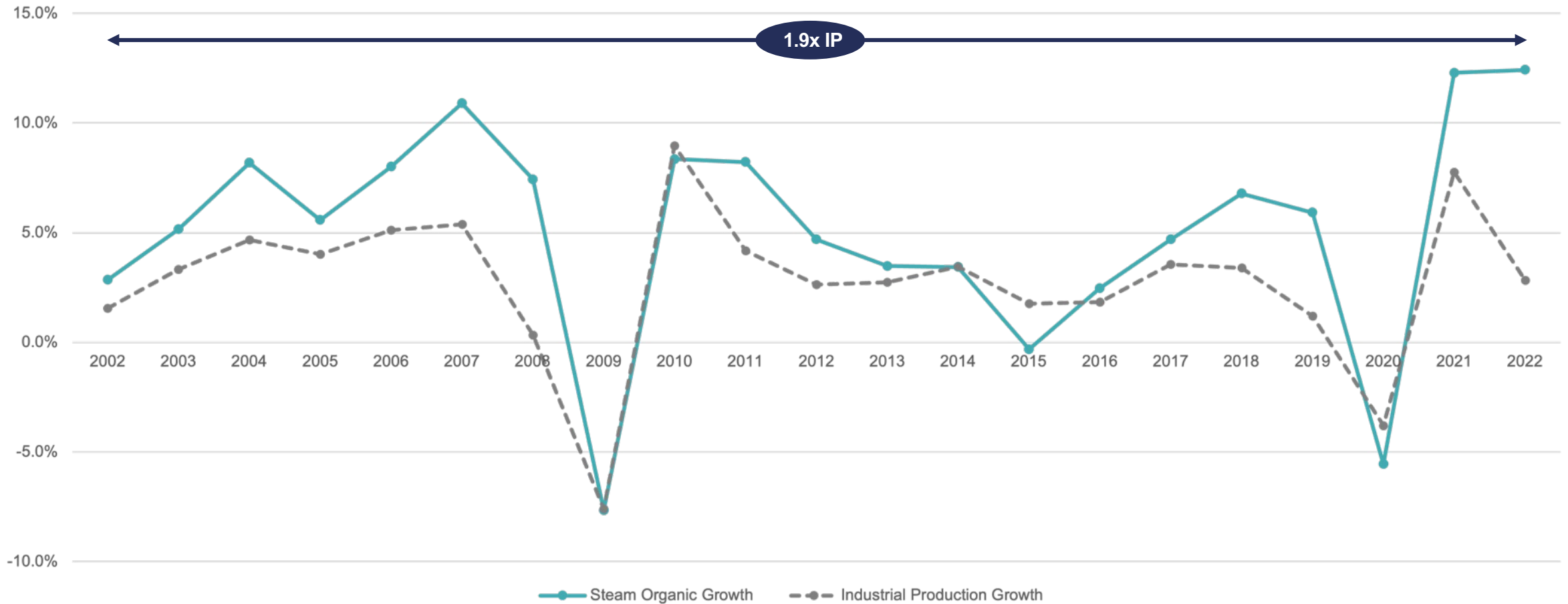
The role of Steam Specialties in the Group

Nick Anderson
Group Chief Executive



A track record of consistent organic growth

Outperformance versus Industrial Production growth



The drivers of our success

Global leader in a resilient and growing market



Multiple decades of future growth

A strategy for sustainable growth $\geq 2x$ IP



Steam Specialties central to One Group model

Embedding talent and methodologies across the Group



Established strategic and operating model

- Direct sales and 'Steam Academy'
- Customer Value Propositions
- Self-generated growth

Enabler of Group growth:

- Digital
- Geographic footprint
- Sustainability

Sharing talent and experience

- Transferring senior experience across Group from Steam Specialties

Collaborative product development

- TargetZero

Steam Specialties overview

Maurizio Preziosa
Managing Director, Steam Specialties



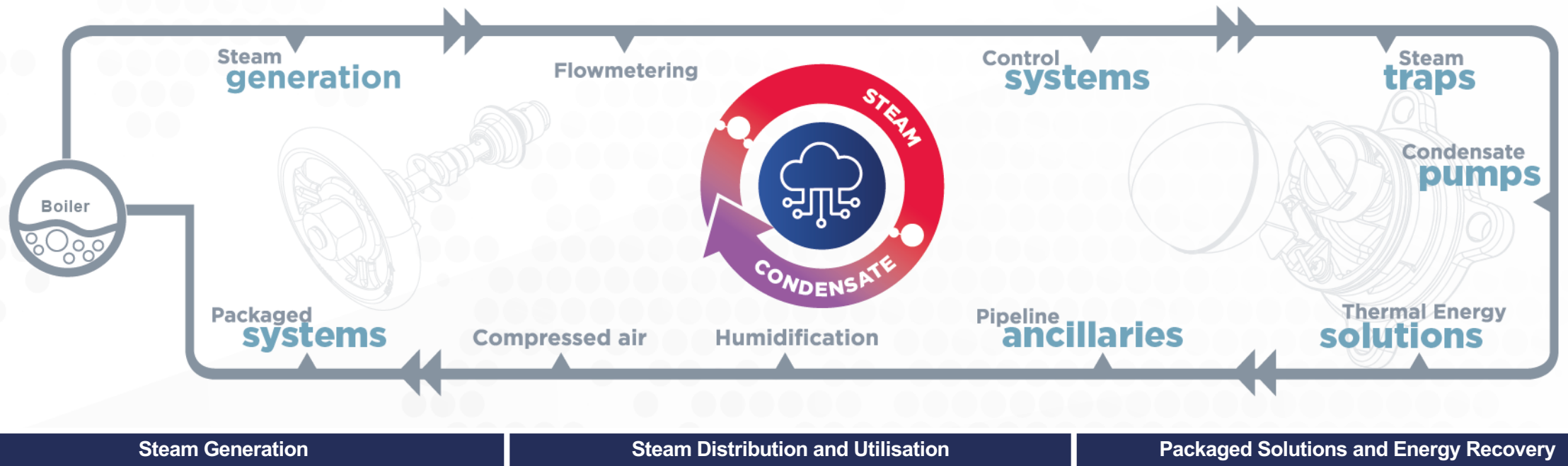
An experienced leadership team

Best in class organisational capabilities



Steam and condensate loop

Applications overview



Steam Specialties solutions

Solutions for the control and management of industrial steam systems

Steam uses



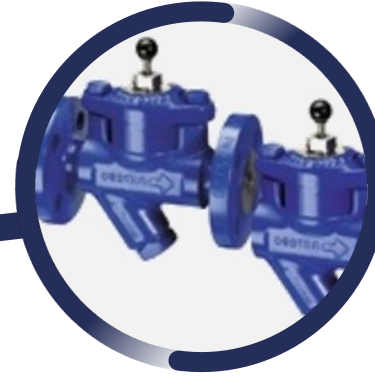
Heating, cleaning, sterilisation, hot water generation, space heating and humidification

Benefits of steam



High energy content, easy to control, environmentally safe, clean and sterile

Products



Steam traps, control valves, condensate recovery pumps, strainers, separators, flowmeters, boiler controls and pre-fabricated engineered packages

Delivering



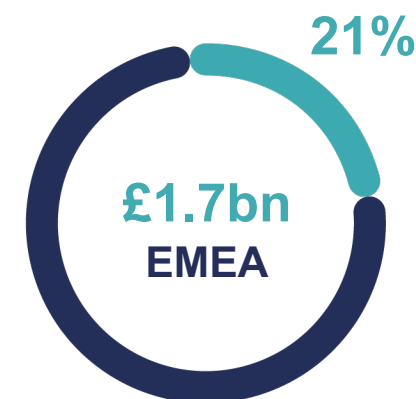
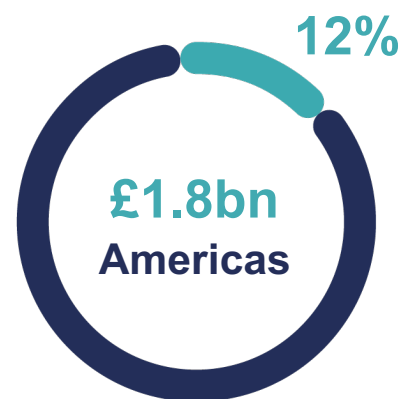
Improved process efficiency and product quality; reduced CO₂ emissions, energy and water use, waste and maintenance downtime; compliance with industry standards

A one-stop shop for plant-wide applications of industrial steam systems

The steam market

Steam market size £5.2bn

Market Size and Share by Region*



EMEA

Asia Pacific

Americas

Steam Specialties - system competitors

Armstrong International (USA) *Private*

●

●

●

ARI Armaturen (Germany) *Private*

●

○

○

Forbes Marshall (India) *Private*

●

●

○

TLV (Japan) *Private*

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Valsteam Adca (Portugal) *Private*

●

○

●

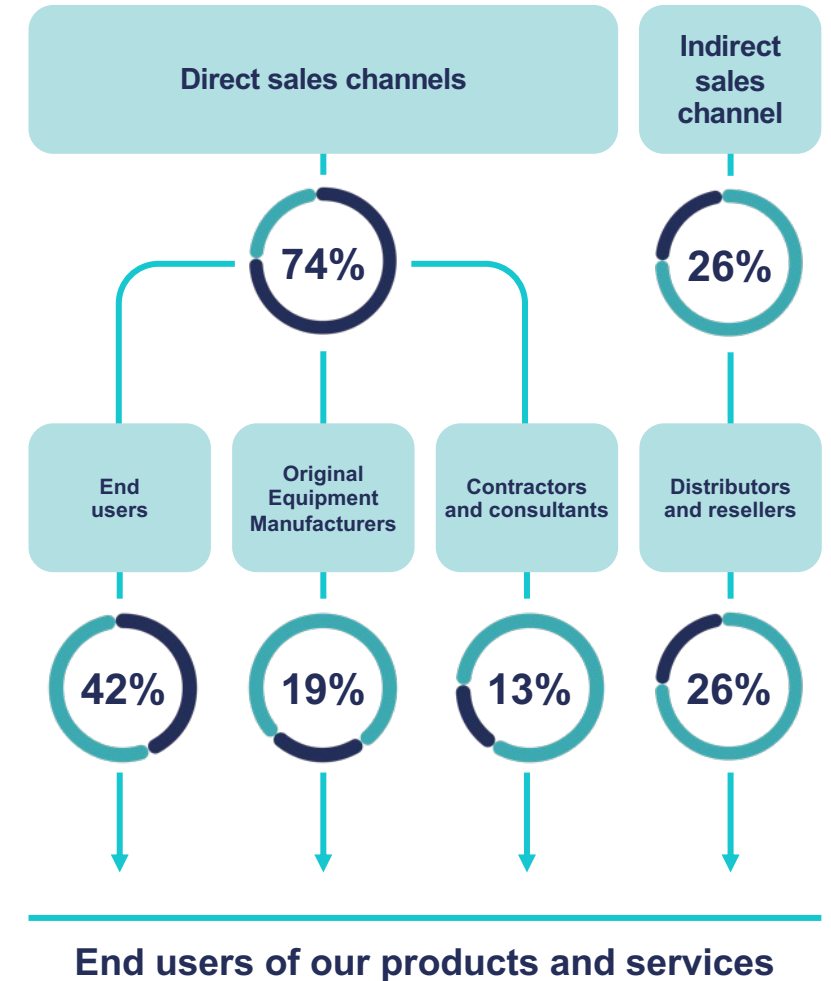
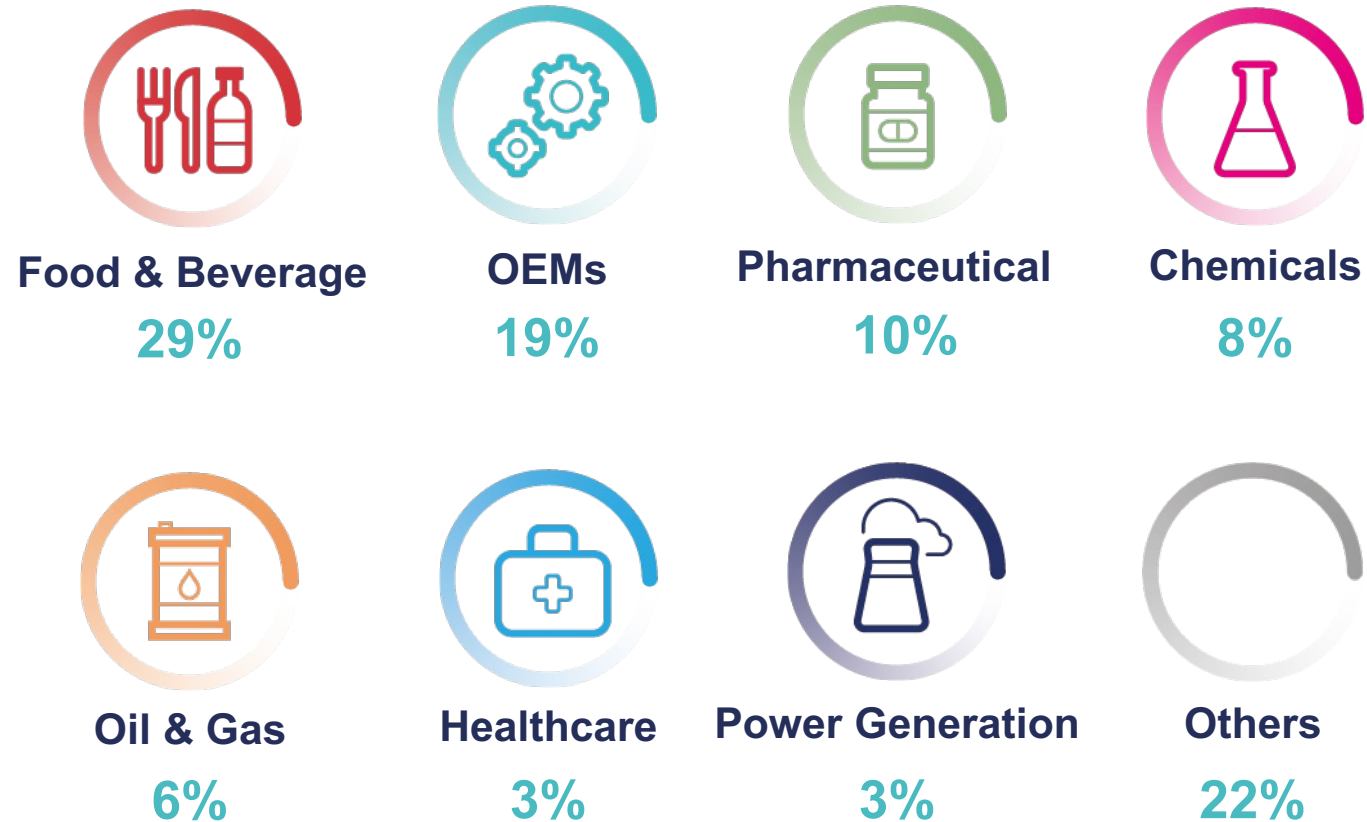
Other product specialists: Emerson (USA): NYSE; Samson (Germany) *Private*; Flowserve (USA): NYSE; Endress + Hauser (Swiss) *Private*; Yokogawa (Japan) *Nikkei*; Watson McDaniel (USA) *Private*; Ayvaz (Turkey) *Private*

*Excluding opportunities for TargetZero

End customers of steam

Defensive and growing markets

Revenue balanced across multiple industries



Geographic breadth

Steam Specialties sales and manufacturing presence

Sales:

Operating
units*



Sales
offices



Indirect
presence



Manufacturing:

EMEA:

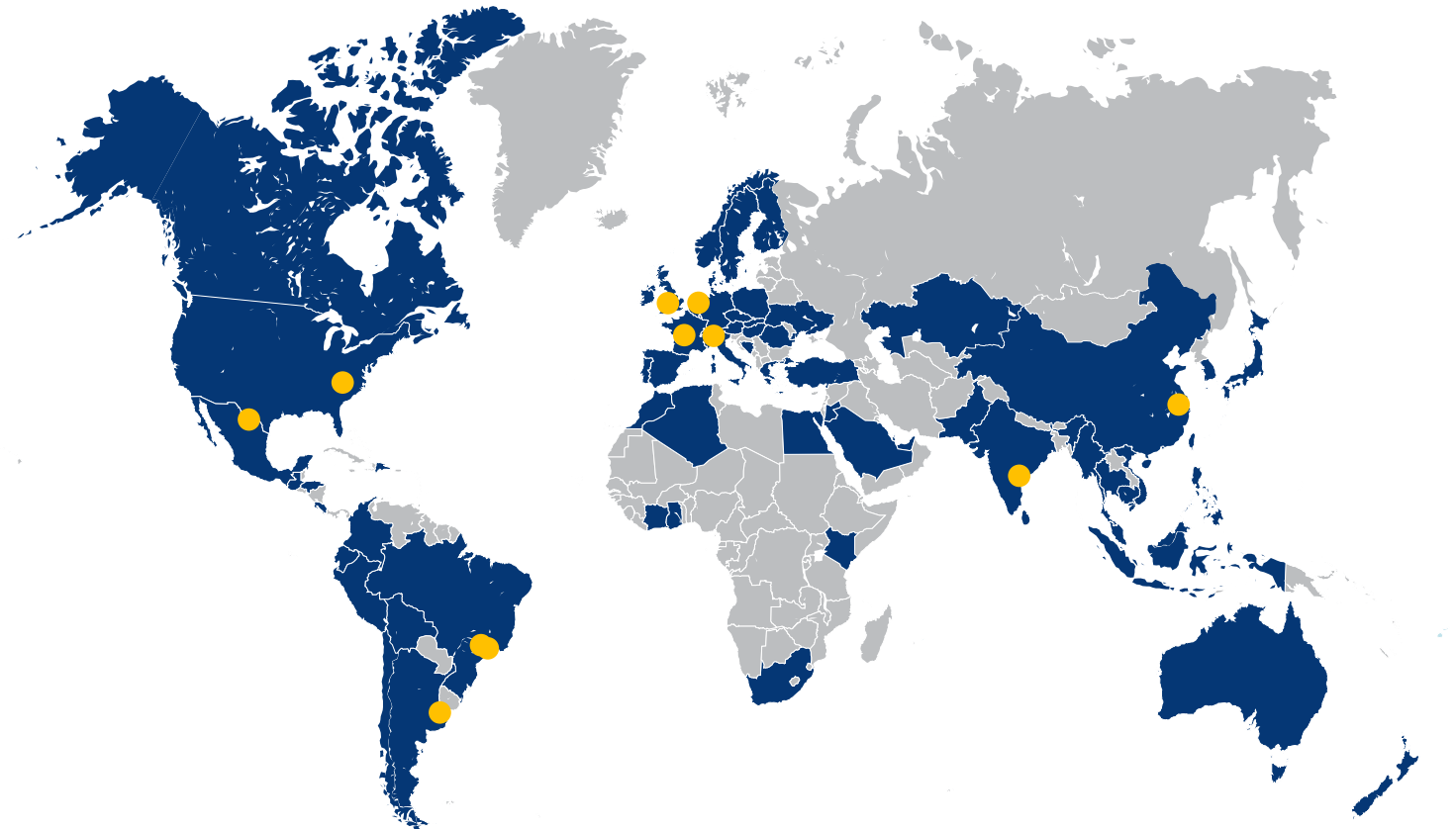
UK
France
Germany
Italy

Americas:

USA
Argentina
Brazil (x2)
Mexico

Asia Pacific:

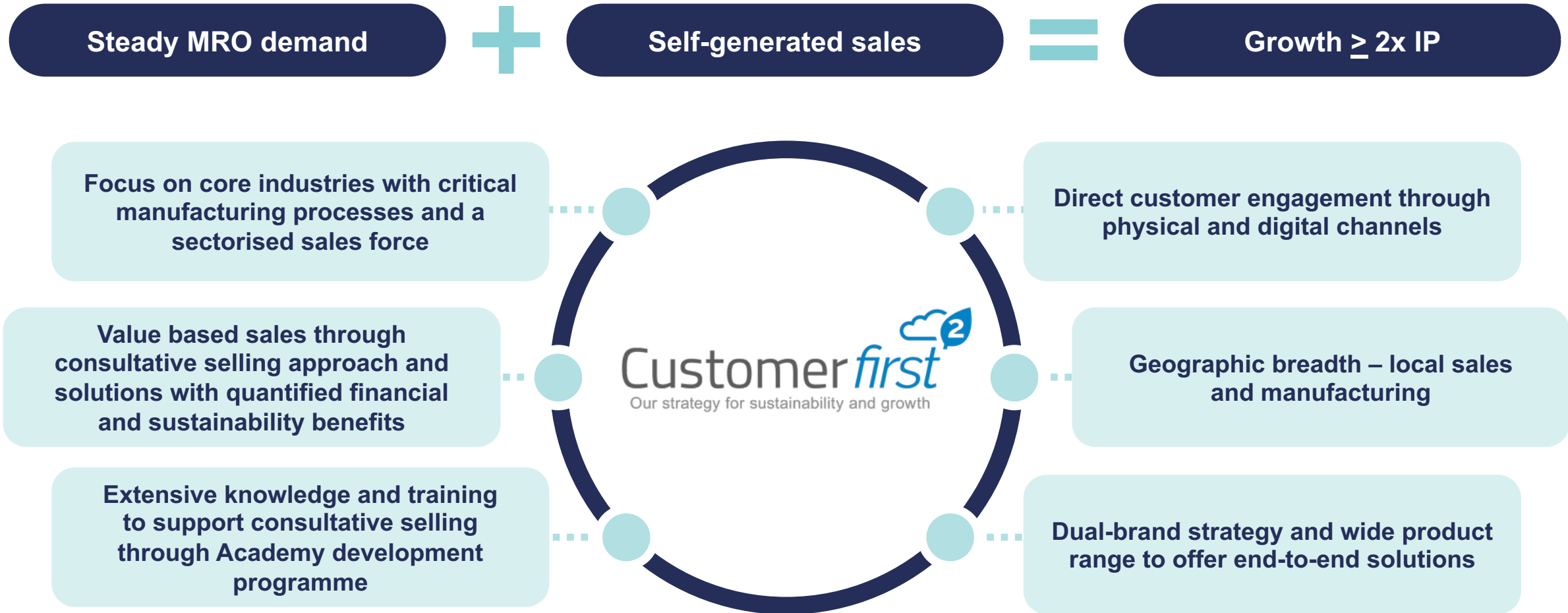
China
India



*Operating units are business units that invoice locally

Drivers of success

The origin of the Group business model



MRO sales deliver baseline growth

Steady MRO demand from installed base delivers baseline growth



Supported by direct sales presence and proximity to customers



MRO spend comes from customer Opex budgets and therefore it is less cyclical



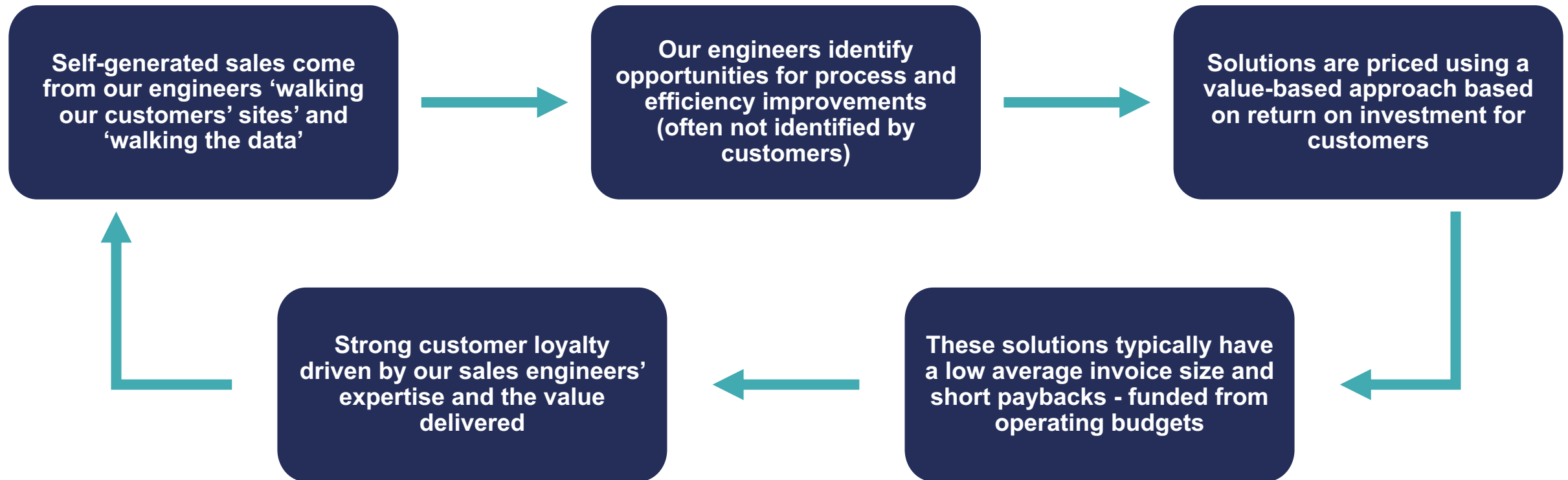
MRO sales have the highest correlation to IP



Pricing: high criticality + low ticket items + advice provided by direct sales

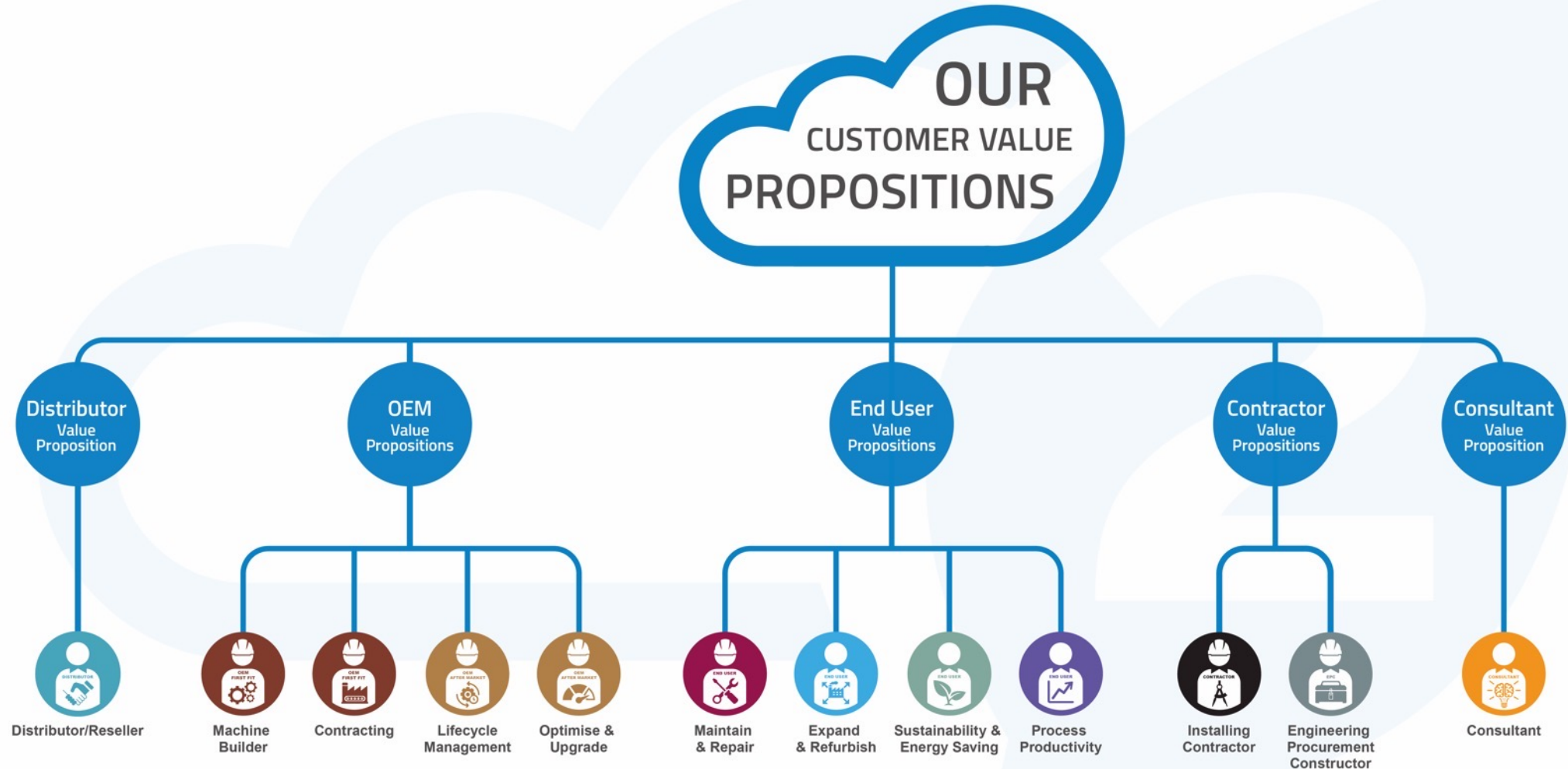
Self-generated growth

Self-generated sales drive growth $\geq 2x$ IP and enhance margin



A focus on meeting our customers' needs

Through our Customer Value Propositions (CVPs)



Business growth case studies

Self-generated sales growth and market expansion



F&B packaged goods customer

- Key account for Spirax Sarco US 15+ years
- Customer's challenge: contamination risk
- Consultative selling enabled self-generated opportunities to improve process productivity, reduce health & safety risks, reduce energy and water use
- Improved solution and processes enabling effective condensate recovery; improving productivity, reducing operational risk combined with energy and water savings
- Solution is now standard, enabling self-generated opportunities



Clean steam market

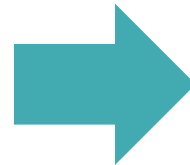
- Spirax Sarco opened our dedicated clean steam manufacturing unit in 2016 in the UK
- Compared to other sectors, Pharma has been the leading sector for the deployment of clean steam in their processes
- There are other clean steam applications in Hospitals and Food & Beverage
- Our clean steam sales have been growing strongly at 11% CAGR in the past 5 years

Strategy for growth aligned with key trends

Long term growth drivers will accelerate growth to $\geq 2x$ IP

External drivers

- Climate change and resource scarcity driving decarbonisation activities
- Technology breakthroughs delivering changes in the way businesses operate and people work
- Declining customers steam knowledge



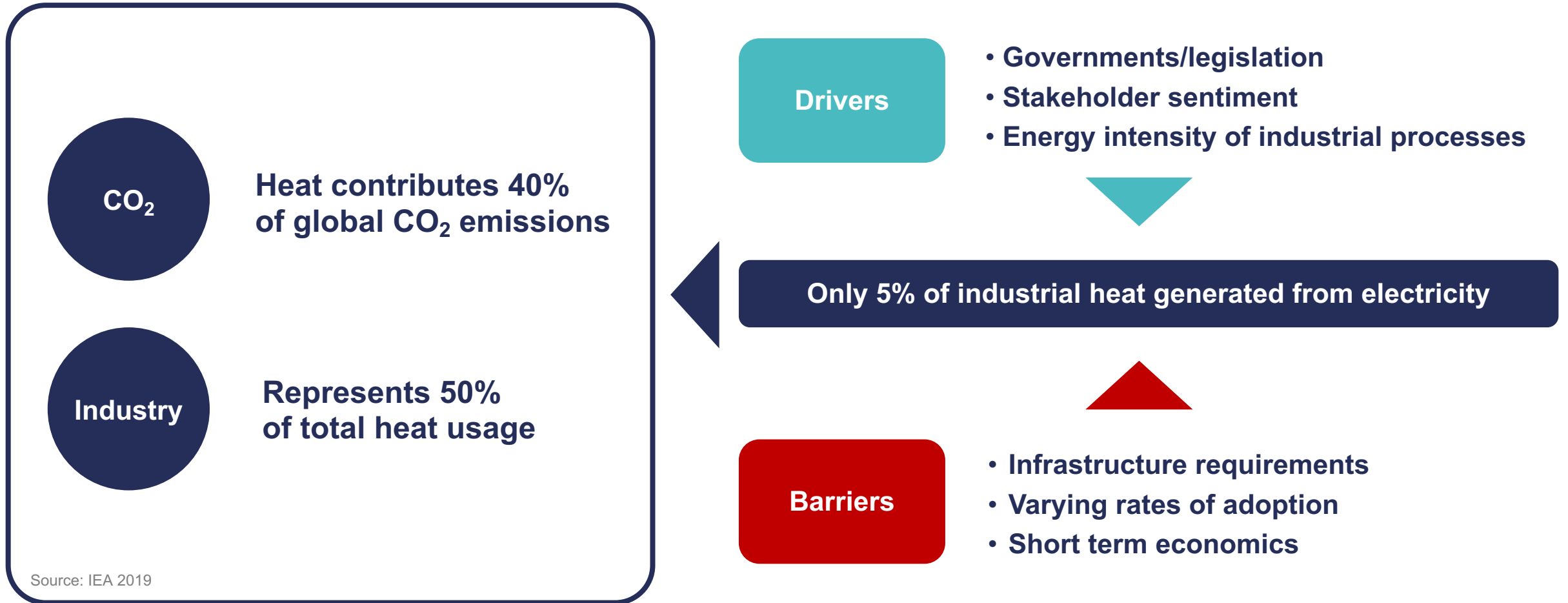
**Key
strategic
growth
drivers/
enablers**



Internal enablers

- TargetZero – decarbonising industrial processes
- Market penetration - building greater sales effectiveness, working with distributors
- Digital/Cotopaxi – data-driven insights to deliver increased efficiencies

Drivers of decarbonisation opportunities



TargetZero

Steam decarbonisation solutions by Spirax-Sarco Engineering

SteamVolt

Low Voltage & Medium Voltage First Fit Boiler
Solution Original Equipment Manufacturer (OEM)
Boiler electric heat and control technology



SteamBattery

Thermal storage capable of generating
steam from renewable / off peak electricity



ElectroFit

Low Voltage & Medium Voltage Retro Fit Boiler Solution
Conversion of fossil fuel fired boilers to electric



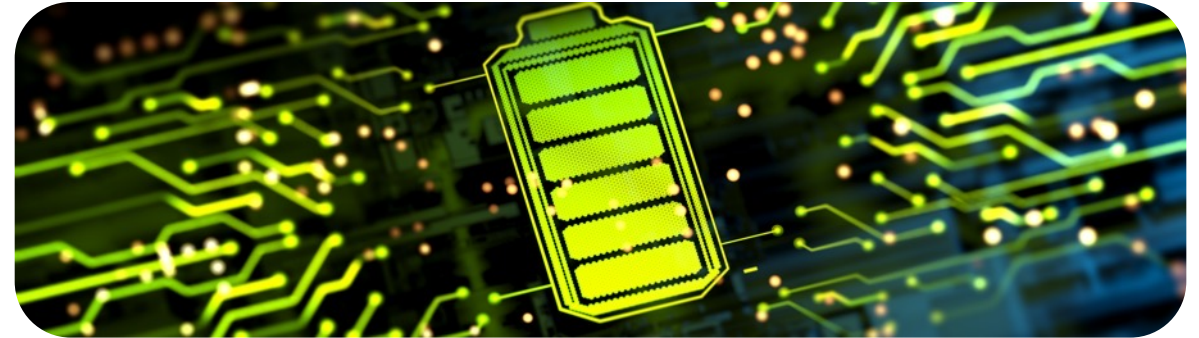
Expanding the addressable market

Decarbonisation solutions in action



Diageo

- Ambition to achieve net zero emissions across direct operations (scope 1 and 2) and only use renewable energy sources by 2030
- Conversion of existing gas boilers is complex, requiring new technology and steam expertise
- ElectroFit, part of the TargetZero decarbonisation range of solutions, provided the revolutionary technology
- Facility now has the capability to eliminate scope 1 and 2 emissions within steam production



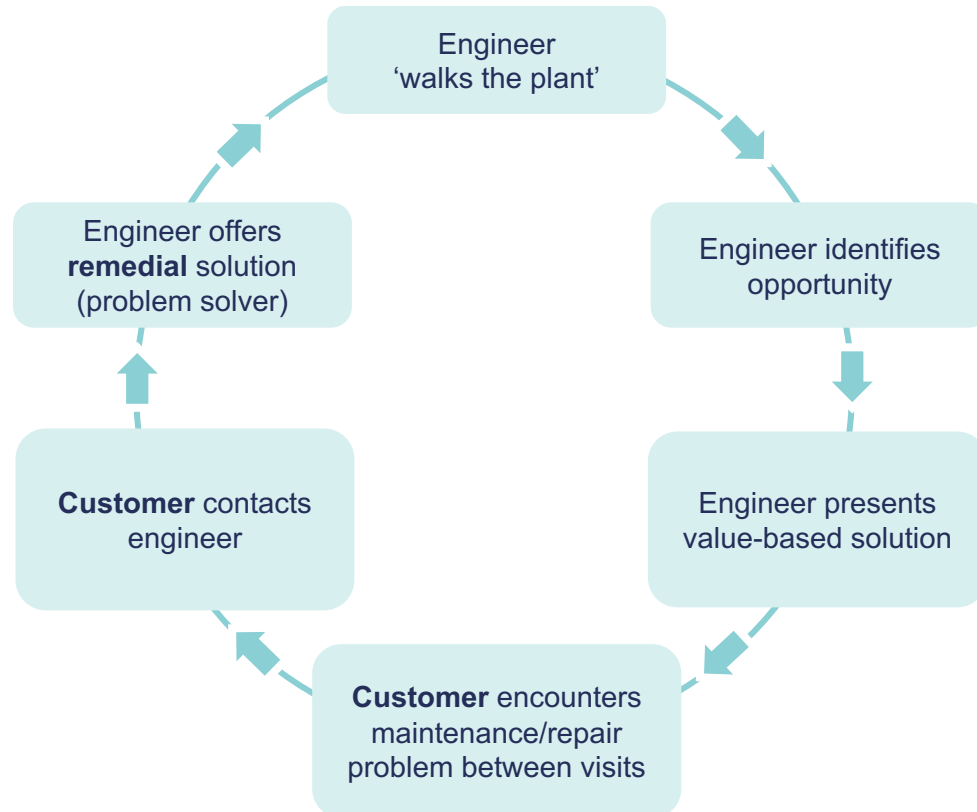
Lithium battery production

- A decarbonisation driven sector with opportunities for us in lithium mining and battery production
- Decarbonisation driving demand increase from 500K tonnes today to 1.7M tonnes by 2030
- Electric mobility is driving demand
- Current industrial base cannot meet the demand
- Argentina, Bolivia & Chile have +60% of the reserves

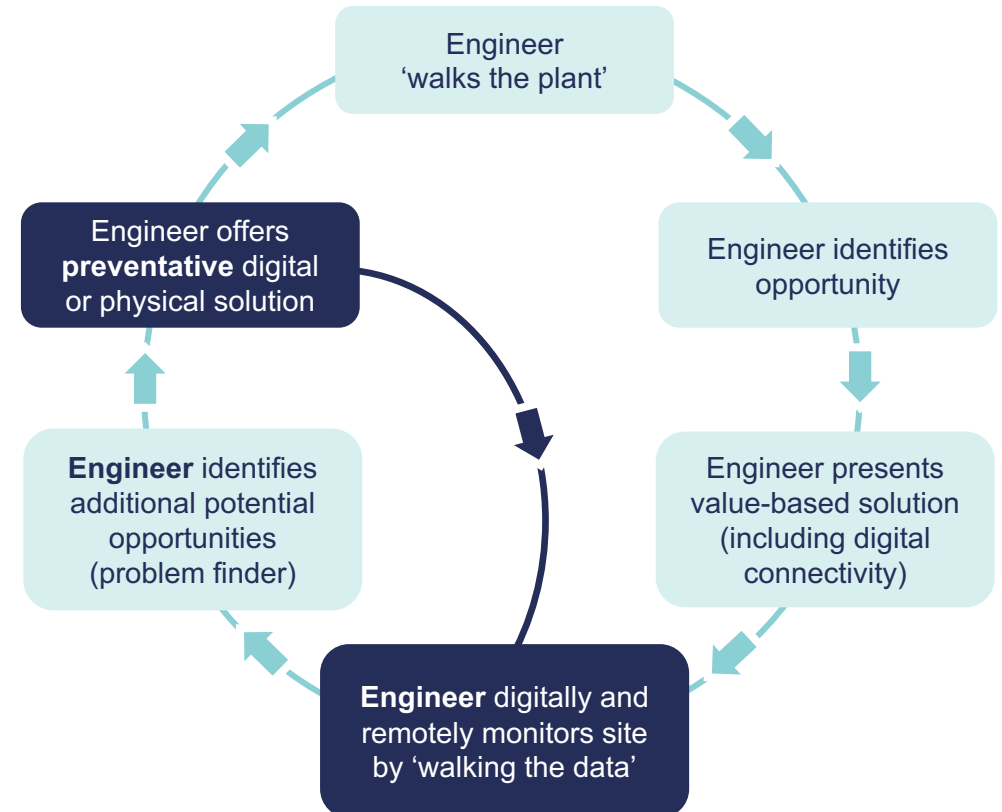
The role of digital technologies

Working towards data-driven insights to drive greater sales productivity

Customer engagement **without** digital connectivity



Customer engagement **with** digital connectivity



Investing to drive sustainable growth

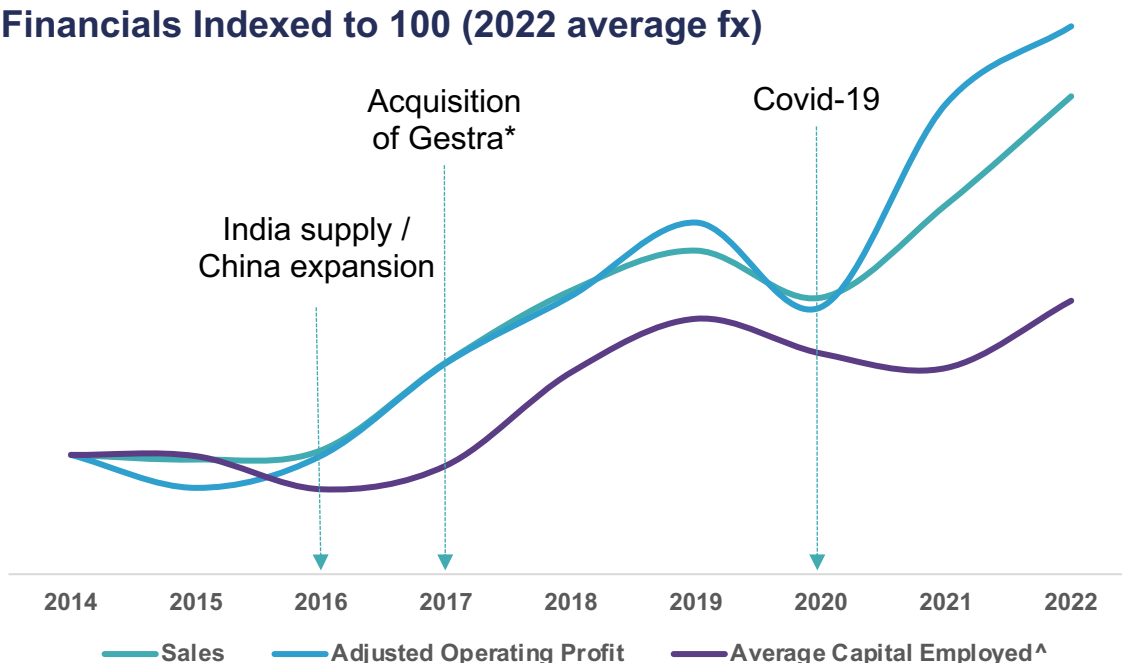
Andrew Guthrie
Finance Director, Steam Specialties



Track record of profitable growth

Sales, Profit and Capital Employed

Financials Indexed to 100 (2022 average fx)



	2014	2022	
OpCos	41	61	+49%
Sales	£540m	£865m	6% CAGR~
Margin	22.2%	23.8%	+160bps
ROCE^	42.1%	57.7%	+1560bps

Excludes Russia operation disposed of in 2022

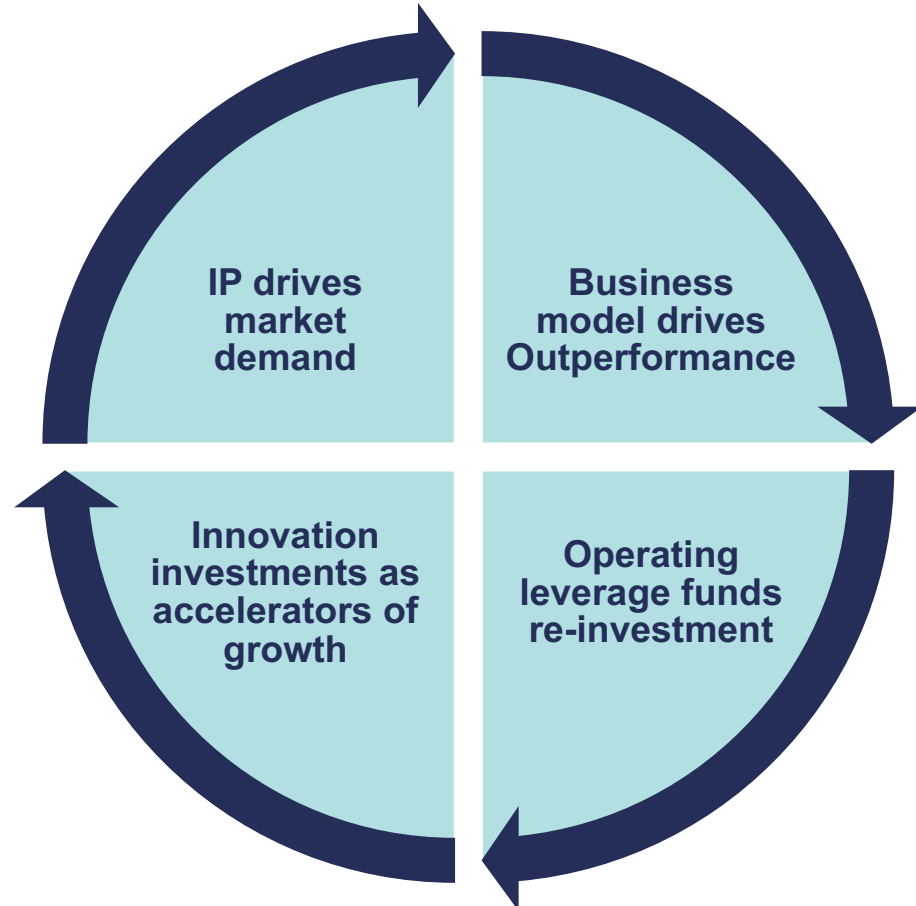
^excludes leases

~Average IP during period was 2.3%

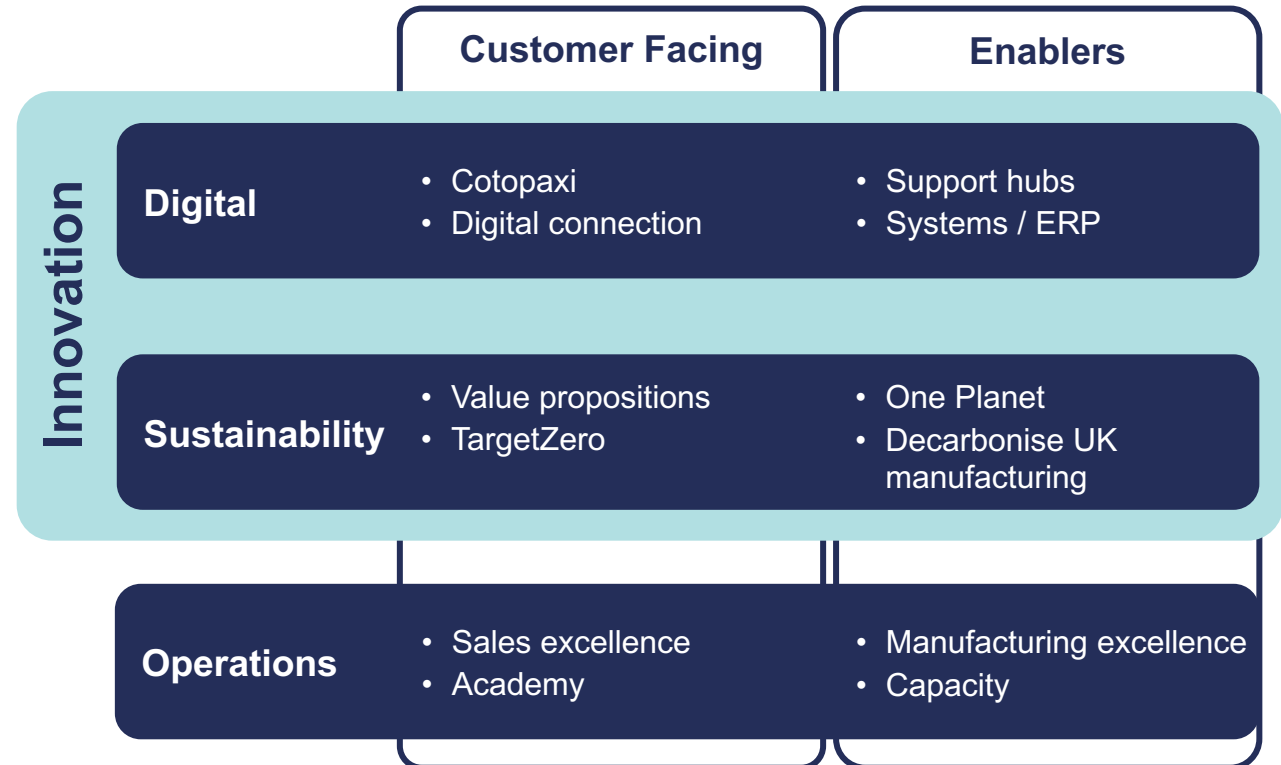
*2017 includes Gestra on a 12-month pro-forma basis

Re-investing margin for future growth

Investment Operating Model

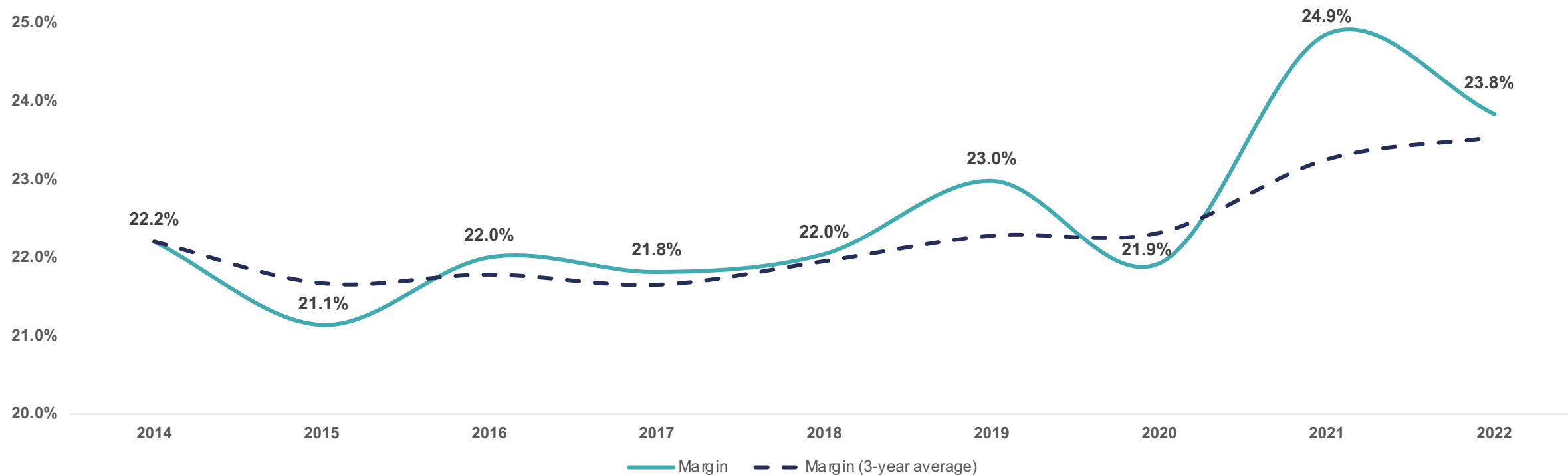


Revenue Investments (2021 & 2022)



Sustainable margin growth

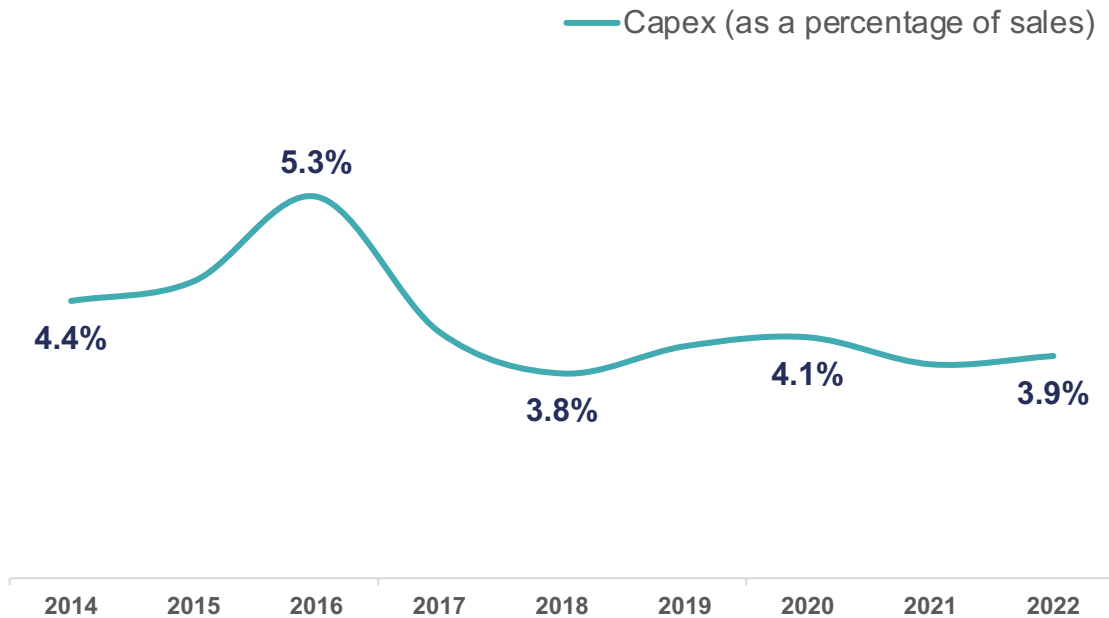
Steam Adjusted Operating Profit Margin 2014 – 2022 (2022 average fx)



Excludes Russia operation disposed of in 2022.
2017 includes Gestra on a 12-month pro-forma basis

Capital investments

Steam Capex (as a percentage of sales):



*Excludes Russia operation disposed of in 2022.
2017 includes Gestra on a 12-month pro-forma basis*

Investment pipeline



Sustainability (incl. One Planet)



OPAL platform



APAC supply capacity



Facility upgrades



Gestra site renewal

Long-term sustainable value creation

Sales

Growth \geq 2x IP

- Sustainability solutions
- Digital connection
- Sales excellence
- BD and innovation

Margin

**Incremental gain
over time**

- Revenue investment
- Pricing offsets inflation
- Supply chain excellence

Capex

**Capital intensity
unchanged**

- OPAL
- APAC incremental capacity
- Gestra site renewal

Maintain a high ROCE Business

Recap and Q&A

Nimesh Patel
Chief Financial Officer



Multiple decades of future growth

Key takeaways from today's session

- Demand for steam continues to grow – vital for mission-critical industrial applications
- World leaders in steam market with a significant competitive moat and long runway of opportunity
- Successful strategy and business model enabling self-generated sales and investment for future growth
- Significant addressable market for decarbonisation over next 30 years
- All drivers of our long-term ability to deliver growth $\geq 2x$ IP

Thank you

We welcome your questions



Appendices



Lithium mining



Lithium mining



Acceleration of global demand

- Demand to increase from 500K today to 1.7M (tonnes) by 2030
- Electric mobility driving demand
- Current industrial base cannot meet demand
- Argentina, Bolivia & Chile have +60% of reserves

Lithium mining



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Business potential

60 – 80 new industrial projects in progress to meet demand

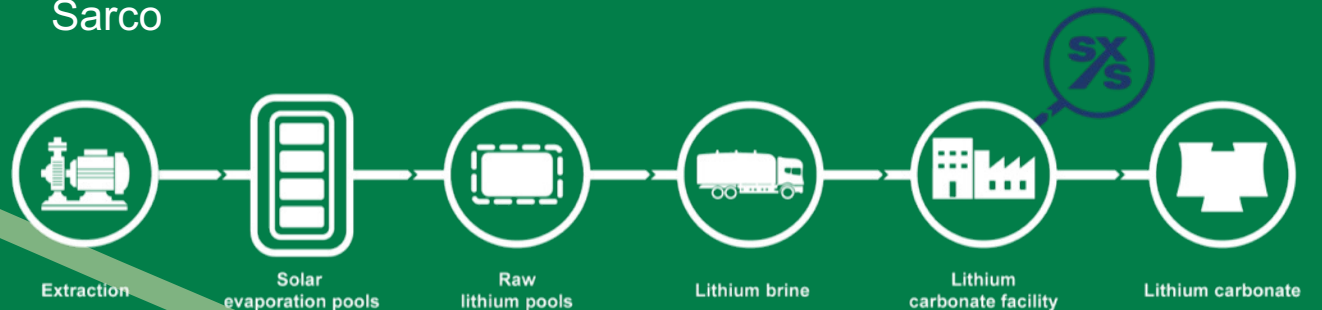
Each new project will enable 20k tonnes of lithium production per year

1 x project = \$1m - \$3m business potential for Spirax Sarco

Partnering with Spirax Sarco

Providing engineering solutions for accurate thermal process controls

TargetZero will enable off-grid zero-emissions power combined with local generation (wind and solar)



Food & Beverage

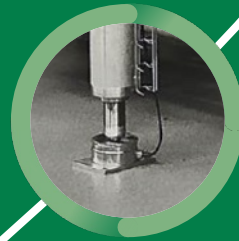


Packaged Goods

Background

- International consumer packaged goods company headquartered in the United States
- Key account for Spirax Sarco US for 15+ years
- Customers challenge: contamination risk
- Consultative selling process enabled self-generated opportunities to:
 - Improve process productivity
 - Reduce health and safety risks
 - Reduce energy and water consumption

Packaged Goods



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Solution

- Designed complete condensate pump package appropriately sized to handle all process conditions
- Improved solution and processes enabling effective condensate recovery, improved productivity, reduced operational risk combined with energy and water savings
- Solution is now a standard, enabling self-generated opportunities

Sustainability Benefits



25,000 cubic meters of water saved (10 Olympic swimming pools)



36,924 MMBTUs energy saved (415 persons annual energy usage)



2,220 Tonnes of CO2 per year saved (101,000 mature trees)

TargetZero



TargetZero

Decarbonising Steam



Background

- Company: Diageo – drinks production company with multinational production facilities
- Ambition to achieve net zero emissions across direct operations (scope 1 and 2) and only use renewable energy source by 2030
- Pilot developed within Turkey facility to eliminate scope 1 emissions from their gas-fired boiler system

TargetZero

Decarbonising Steam



The Challenges

- A Thermal Energy Audit of the facility identified critical efficiencies within their steam system
- Strict requirement for no operational downtime, and minimal disruption to BAU
- Conversion of existing gas boilers is complex and combines new technology and steam expertise



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Our Solution

- ElectroFit, part of the TargetZero decarbonisation range of solutions, provided the revolutionary technology
- Spirax Sarco and Chromalox demonstrated steam and electric thermal solutions expertise, working in tandem
- Facility now has the capability to eliminate scope 1 and 2 emissions within steam production