> On an organic basis sales were 4% higher, driven by growth in all three Businesses: STS (1%), ETS (10%) and WMFTS (3%)."

Louisa Burdett
Chief Financial Officer

Continued discipline enabled us to maintain the right mix of operating costs and protect our investment in long-term growth opportunities.

£m	FY 2023	Exchange	Organic	FY 2024	Organic	Reported
Revenue	1,682.6	(74.3)	56.9	**1,665.2**	4%	(1)%
Adjusted operating profit	349.1	(28.1)	12.9	**333.9**	4%	(4)%
Adjusted operating profit margin	20.7%			**20.1%**	10bps	(60)bps
Adjusted basic EPS (pence)	312.4			**286.3**		(8)%
Statutory operating profit	284.4			**304.6**		7%
Statutory operating profit margin	16.9%			**18.3%**		140bps
Basic EPS (pence)	249.5			**259.6**		4%

Group full year reported sales were 1% lower compared to 2023, including a material currency headwind of 5%. On an organic basis sales were 4% higher, driven by growth in all three Businesses: STS (1%), ETS (10%) and WMFTS (3%).

Group adjusted operating profit was 4% lower compared to 2023, including a material currency headwind of 8%, and therefore 4% higher organically. All three Businesses delivered organic growth in adjusted operating profit with STS growing by 1%, ETS 13% and WMFTS 11%.

Group adjusted operating profit margin of 20.1% was 10bps higher organically compared to 2023, benefitting from the organic sales growth. Continued discipline enabled us to maintain an appropriate mix of operating costs and protect our investment in long-term growth opportunities, notably Digital and Services. As anticipated, STS margin was broadly unchanged on an organic basis compared to 2023, with ETS margin 50bps higher and WMFTS margin 180bps higher.

Group statutory operating profit was 7% higher than in 2023 at £304.6 million, with statutory operating profit margin 140bps higher at 18.3%, driven by a number of charges that impacted the prior year. The reconciling items between adjusted operating profit of £333.9 million and statutory operating profit of £304.6 million are shown below:

- A charge of £34.1 million (2023: £37.2 million) for the amortisation of acquisition-related intangible assets
- A one-off impairment charge of £5.7 million relating to equipment used in the manufacture of certain Biopure products held in WMFTS with excess capacity
- A credit of £3.1 million relating to the deferred consideration payable by Vulcanic in relation to the acquisition of EML Manufacturing LLC in 2021
- Income of £4.2 million relating to a post-completion adjustment to the purchase consideration for Durex Industries
- A profit of £3.2 million on the disposal of Kyoto Group AS, an associate investment

Tax and interest

As expected, net financing expense was higher than in the prior year at £43.7 million (2023: £39.9 million) as a result of the full year impact of refinancing maturing fixed rate debt in late 2023. The new debt carries higher coupons due to increases in market interest rates. The Group does not expect a material change to net finance expense in 2025.

The Group effective tax rate reflects the blended average of rates in tax jurisdictions around the world in which the Group operates. The Group adjusted effective tax rate was 100bps higher at 26.5%, (2023: 25.5%), due to the reduced benefit of the inflation adjustment in Argentina and the impact of the OECD's Base Erosion and Profit Shifting (BEPS) 'Pillar Two' initiative. This was partially offset by non-recurring investment incentives in the USA. On a statutory basis the Group effective tax rate was 26.1% (2023: 24.7%). For 2025, the Group's adjusted effective tax rate is expected to be 27%, based on the forecast mix of profits, the inflation position in Argentina and the USA investment incentives not repeating.

Earnings per share and dividends

Adjusted earnings per share were 8% lower than in the prior year at 286.3 pence, consistent with the decrease in adjusted operating profit, higher net financing costs and the increase in the effective tax rate. Statutory basic earnings per share were 4% higher at 259.6 pence (2023: 249.5 pence). Statutory fully diluted earnings per share were not materially different to statutory basic earnings per share in either year.

The Board is proposing a final dividend of 117.5 pence per share for 2024 (2023: 114.0 pence) payable on 23 May 2025 to shareholders on the register at 25 April 2025. Together with the interim dividend of 47.5 pence per share (2023: 46.0 pence), the total dividend for the year is 165.0 pence per share, an increase of 3% on the total dividend of 160.0 pence per share in 2023, reflecting confidence in a return to higher levels of growth and margins. The total amount of dividends paid in the year was £119.3 million, 4% above the £114.9 million paid in 2023.

Currency movements

The Group's Income Statement and Statement of Financial Position are exposed to movements in a wide range of different currencies. The largest individual currency exposures are to the euro, US dollar, Chinese renminbi and Korean won. While the Group's businesses in Argentina are immaterial to the consolidated financial results, the volatility in the Argentinian peso has had a negative impact on reported financial performance.

Currency movements on translation negatively impacted Group sales by 5%. The currency impact on adjusted operating profit was adverse by 8% due to translational and transactional impacts of £26.0 million and £2.1 million respectively. The translation downside reflects the impact of the strengthening of sterling in 2024 against the currencies in which the Group operates. The main transactional exposure flow affecting the Group is the export of products from our factories in the UK, invoiced in sterling, less the import of goods from overseas Group factories and third parties which are priced predominately in euros and US dollars. The net exposure to transactional currency movements is approximately £150 million. Excluding the impact of the Argentinian peso, sales and adjusted operating profit were negatively impacted by 3% and 5% respectively. The timing of the material devaluation of the Argentine peso in December 2023 exacerbated the headwind impact based on a materially higher average exchange rate in 2024 compared to 2023.

If exchange rates at the beginning of March were to prevail for the remainder of 2025, there would be a headwind impact on 2024 sales and 2024 adjusted operating profit of 2% and 4% respectively.

Adjusted cash flow

Adjusted cash flow	2024 £m	2023 £m
Adjusted operating profit	**333.9**	349.1
Depreciation and amortisation (excl. leased assets)	**42.5**	44.2
Depreciation of leased assets	**17.6**	16.2
Additional contributions to pension schemes	**(6.4)**	(5.7)
Equity settled share plans	**3.1**	6.1
Working capital changes	**1.0**	(9.3)
Repayments of principal under lease liabilities	**(16.6)**	(16.1)
Capital expenditure (including software and development)	**(83.6)**	(102.8)
Adjusted cash from operations	**291.5**	281.7
Net interest	**(41.8)**	(37.7)
Income taxes paid	**(76.5)**	(90.7)
Adjusted Free cash flow	**173.2**	153.3
Net dividends paid	**(119.3)**	(114.9)
Proceeds from/(purchase of) employee benefit trust shares	**1.9**	(10.8)
Disposals/(Acquisitions) of subsidiaries/associates	**5.3**	(7.7)
Restructuring costs	**(2.4)**	(8.1)
Cash flow for the year	**58.7**	11.8
Exchange movements	**11.8**	11.9
Opening net debt	**(666.7)**	(690.4)
Net debt at 31 December	**(596.2)**	(666.7)
Lease liability	**(95.1)**	(96.7)
Net debt and lease liability at 31 December	**(691.3)**	(763.4)

There was a working capital inflow in the year, with the ratio of working capital to sales decreasing by 90bps to 21.9% (2023: 22.8%).

Net capital expenditure in the year of £83.6 million (2023: £102.8 million), at 5% of sales, was lower than we had anticipated and lower than in the prior year. Construction of a new manufacturing facility for our Gestra business in Germany has been put on hold and the phasing of spend for the investment in ERP has shifted into 2025 and beyond, as a consequence of the decision to implement a common design for the three Businesses. For 2025, we expect net capital expenditure to be in the range of 5%-6% of sales.

Adjusted cash from operations of £291.5 million (2023: £281.7 million) was £9.8 million higher, resulting in an improved adjusted cash conversion of 87% (2023: 81%). The improvement in cash conversion was driven by the lower net capital expenditure together with improved working capital management which offset the fall in adjusted operating profit.

Adjusted free cash flow of £173.2 million (2023: £153.3 million) has increased by 13% driven by improved adjusted cash from operations as well as a reduction of taxes paid in the year. Taxes paid in the year have decreased by 16% due to lower adjusted operating profit, as well as non-recurring investment tax incentives received in the USA in the current year.

New shares issued through the Employee Benefit Trust for the Group's various employee share schemes resulted in a cash inflow of £1.9 million. No shares were purchased for the Employee Benefit Trust in the current financial year reflecting a lower vesting of the Group's Performance Share Plan (2023: net outflow of £10.8 million).

Financing and liquidity

Net debt (excluding leases) at 31 December 2024 was £596.2 million (2023: £666.7 million), with a net debt to EBITDA ratio of 1.6x (2023: 1.7x).

As at 31 December 2024, total committed and undrawn debt facilities amounted to £400 million, representing a fully undrawn Revolving Credit Facility, in addition to a net cash balance of £233.9 million. In the year, the Group issued €90 million of new US Private Placement notes at a fixed coupon of 3.85%. The average tenor of our debt is over four years with the next contractual repayment maturity in October 2025 for floating rate debt of US$150 million as at 31 December 2024.

Return on capital employed (ROCE)

ROCE was 260bps lower at 35.5%(2023: 38.1%). Excluding the impact of leases, ROCE decreased by 240bps to 39.2% (2023: 41.6%), driven by the adverse FX impact on adjusted operating profit. The definition and analysis of ROCE is included in the Appendix to the Financial Statements.

Return on invested capital (ROIC)

ROIC was 70bps lower at 12.8% (2023: 13.5%). Excluding the impact of leases, ROIC decreased by 60bps to 13.4% (2023: 14.0%), driven by the decrease in adjusted operating profit after tax. The definition and analysis of ROIC is included in the Appendix to the Financial Statements.

Fundamentals of financial resilience

The macroeconomic environment continued to be challenging in 2024 with global Industrial Production growth (IP) of 1.7%, with particular challenges in North America (-0.3%) and Europe (-0.3%). Additionally, the Group continued to be impacted by two specific external challenges in the Pharmaceutical & Biotechnology (Biopharm) and Semiconductor (Semicon) sectors, which held back sales progress in WMFTS and margin progress in ETS respectively. Despite this challenging backdrop the financial results reflect the relative resilience of the business model. The Group continued to focus on organic growth supported by its unique direct sales model and continued to invest in key strategic initiatives that will drive future growth including supporting decarbonisation solutions and building additional digital capability. The Group's long-standing track record of increasing returns to shareholders has continued with a proposed year-on-year increase in ordinary dividend of 3%.

The Group's products and solutions continue to support critical industrial processes across a broad range of industries and geographical markets. As in previous years, the Group outperformed Global IP due to our solutions-sales ability (accounting for 40% of sales) and a significant base business in maintenance and repair sales (accounting for 45% of sales). These sales are funded from customers' operating budgets. The remaining 15% of sales are related to large projects, funded from customers' capital expenditure budgets, which are more heavily influenced by economic cycles. Approximately 60% of sales are to defensive, less cyclical sectors and no single customer accounts for more than 1% of Group sales.

Resilience over the short, medium and long term

The Group's business model continued investments to support future growth and strong cash conversion, position us well to adapt to economic cycles. Our Going Concern and viability analysis provides confidence in the robust nature of both the business and capital structure, even when analysed under a number of potential downside scenarios.

The Group has undertaken scenario-based modelling of the key risks identified that could impact the business, the results of which underpin confidence in the short and medium-term resilience of the Group. The continued implementation of the strategy supports longer-term resilience, and the Group continues to closely monitor and respond to the changing external economic, environmental, and social factors that will impact the markets in which the Group operates in the future.

Going Concern Statement

When managing liquidity, the Group's principal objective is to safeguard the ability to continue as a going concern for at least 12 months from the date of signing the 2024 Annual Report. The Group retains sufficient resources to remain in compliance with all the required terms and conditions within its borrowing facilities, with material headroom. No material uncertainties have been identified.

The Group continues to conduct ongoing risk assessments with its business operations and on its liquidity. Consideration has also been given to 'reverse stress tests', which seek to identify factors that might cause the Group to require additional liquidity and form a view as to the probability of these occurring.

The Group's financial position remains robust, with the next maturity of our committed debt facilities being US $150m of Bank Term loan which matures in October 2025 and is reflected in the cash flow forecast model. The Group's debt facilities contain a leverage (Net debt/EBITDA) covenant of up to 3.5x. Certain debt facilities also contain an interest cover (EBITDA/Net Finance Expense) covenant of a minimum of 3.0x. The Group regularly monitors its financial position to ensure that it remains within the terms of these debt covenants. At 31 December 2024 leverage (net debt divided by adjusted earnings before interest, tax, depreciation and amortisation) was 1.6x (31 December 2023: 1.7x), interest cover (adjusted earnings before interest, tax, depreciation and amortisation divided by net bank interest) was 10x at 31 December 2024 (31 December 2023: 10x).

Reverse 'stress testing' was also performed to assess the level of business under-performance that would be required for a breach of the financial covenants to occur. The results of these tests evidenced that no reasonably possible change in future forecast cash flows would cause a breach of these covenants. The reverse stress test cash flow modelling does not consider any mitigating actions that the Group would implement in the event of a severe and extended revenue and profitability decline. Such actions would serve to further increase covenant headroom.

Having assessed the relevant business risks (as outlined in our Principal Risks on pages 83 to 87); the potential impact of any climate change related risks (as outlined within the Task Force on Climate-related Financial Disclosures section on pages 88 to 96), and the liquidity and covenant headroom available under several alternative scenarios (as set out in the viability assessment below), the Directors consider it appropriate to continue to adopt the going concern basis in preparing the Financial Statements.

Assessment of prospects and viability

The Board assessed the prospects of the Group through its annual strategic and five year financial planning process in June 2024. In conjunction, it considered the Group's current financial position, business strategy, the Board's risk appetite and the potential impacts of the Group's Principal Risks. The eight Principal Risks that have been identified are listed on pages 83 to 87.

The Board has adopted a five-year viability assessment, which it believes to be appropriate as this timeframe is covered by the Group's forecasts; considers the nature of the Group's Principal Risks, a number of which are external and have the potential to impact over short time periods; and is in alignment with the Group's principal committed financing facility duration. While the Board has no reason to believe that the Group will not be viable over a longer period, given the inherent uncertainty involved over more extended time periods, the Board believes that a five-year period provides a reasonable degree of confidence while still providing a longer-term perspective.

In making their assessment, the Board completed a robust assessment, supported by detailed cash flow modelling, of the Principal Risks facing the Group, including those that would threaten its business model, future performance, solvency, or liquidity. In addition to completing an impact assessment of the Principal Risks, the Board considered the probability of the occurrence of the risks, the Company's ability to safeguard against them and the effectiveness of mitigating actions. In every modelled scenario the Group is able to demonstrate that it continues to remain viable. The scenarios modelled that support this process are as follows.

Assessment of viability continued

Scenarios modelled[1]	Links to Principal Risks
Scenario 1: Revenue Fall The Group's operations are subjected to a material and unexpected reduction in demand due to a crisis occurring in China. The crisis in China results in the nationalisation of the China based operations. **Assumptions:** • Sales: Immediate loss of revenue from Chinese businesses. Global IP declines by 8% (in line with 2009 financial crisis), driving an 8% decline in Group Revenue in FY 2025, with recovery back to base case from FY 2027 to FY 2029 • Margin: Immediate loss of profit from Chinese businesses, alongside a reduction in earnings due to decline in sales • FX: Due to global volatility a flight to western currencies occurs. This results in GBP strengthening against all major APAC currencies by 20%	**Risk 1:** Economic and political instability **Risk 2:** Significant exchange rate movement **Risk 5:** Loss of manufacturing output at any Group factory **Risk 7:** Inability to identify or respond to changes in customer needs: Digital/ non-Digital.
Scenario 2: Exceptional Charge The Group breaches Anti Bribery and Corruption (ABC) regulations and is subjected to an immediate regulatory fine. As a result, the Group's reputation is impaired causing an immediate reduction in sales. **Assumptions:** • Sales: Non-delivery of sales growth from the 2025 Plan due to reputational damage, resulting in a lost year of growth. Recovery in line with our medium-term plan (MTP) projections from 2026 onwards • Margin: Regulatory fine equal to 10% of 2024 Group Trading Profit levied immediately	**Risk 8:** Breach of legal and regulatory requirements (including ABC laws)
Scenario 3: Cyber Attack A cyber attack utilising ransomware occurs and succeeds in paralysing Spirax Group systems, including ageing ERP platforms that are utilised to provide data insights to respond to customer demands, resulting in an inability to trade. A £25m payment is made to release the ransomware. **Assumptions:** • Sales: 5% of Group Sales are permanently lost due to an inability to trade. Recovery in line with MTP projections from 2026 onwards • Margin: Ransomware payment of £25m is paid immediately to release systems. £20m of additional investment in cybersecurity is made over years 2 to 5	**Risk 3:** Ageing Enterprise Systems **Risk 4:** Cybersecurity **Risk 7:** Inability to identify or respond to changes in customer needs: Digital/ non-Digital.
Scenario 4: Acquisition Failure The four ETS businesses (Chromalox, Thermacoax, Vulcanic and Durex Industries) materially underperform their business plan. This leads to poor results and ultimately the disposal of the ETS division. **Assumptions:** • Sales: ETS sales decline by 20% from 2024 results over the scenario period • Cost: ETS goodwill fully impaired in 2025. ETS disposed of at a multiple of 8x EBITDA during 2029	**Risk 6:** Failure to realise acquisition objectives

1 All scenarios modelled assume all debt maturing in the 5-year period is not refinanced

A further scenario was modelled to ascertain what level of revenue or adjusted profit margin reduction would be required to cause a breach of the Group's debt covenants. The reductions in revenue and adjusted profit margin required to breach Group's debt covenants were in excess of 15% within a 12-month period, significantly higher than those modelled in the above scenarios and greater than the impact experienced during the severe global economic downturn in 2009. This scenario assumed no mitigating actions were taken. Mitigating actions available could include reductions in operating and capital expenditure and shareholder dividends.

Whilst linked to the Group's Principal Risks, the scenarios modelled are hypothetical and designed to test the ability of the Group to withstand such severe outcomes. In practice, the Group has an established series of risk control measures that are designed to both prevent and mitigate the impact of such risks. The results of the stress testing undertaken illustrate that the Group would be able to absorb the impact of the scenarios considered should they occur within the assessment time period. In all the scenarios considered the Group remains within its debt covenants.

Viability Statement

Based on the outcomes of the scenarios and considering the Group's financial position, strategic plans and Principal Risks, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment. The Directors' Statement regarding the adoption of the going concern basis for the preparation of the Financial Statements can be found on page 35.

Long-term resilience

The Group has a long track record, over 130 years, of consistently adapting to changing macro-economic, environmental and social factors supported by the business model. While the strategy and business model lessen any material impact from the principal risk factors, the Group nevertheless continuously reviews markets, listens to customers and adapts solutions, while working responsibly and in line with the Group's Values to build long-term sustainability.

The Group has a highly resilient business and strategy that will remain relevant across different climate related scenarios.

We recognise the need to anticipate and mitigate the impact of climate-related change. Although not classed as a Principal Risk for the Group, the TCFD disclosures on pages 88 to 96 detail the anticipated impact of climate change related change on the Group's longer term resilience.

The commitment to net zero targets will have a profound effect on industrial activity over the coming decades and is an additional source of growth for our Group over at least the next 30 years. To address the opportunities arising from the decarbonisation of industrial thermal energy processes, we have invested significantly in the development of sustainable products and solutions that help customers meet their own sustainability goals.

2025 guidance

Market environment

The global macroeconomic environment remains highly uncertain impacting the outlook for industrial production, which is an important driver of demand across our three Businesses. CHR's forecast for 2025 global IP is currently 2.1%, with growth weighted towards the second half and sequential improvements quarter-on-quarter throughout the year. In recent years IP forecasts have been revised downward as the year has progressed. We remain cautious on IP in 2025 and have adopted more conservative assumptions in our planning.

We expect trading conditions in China to remain challenging as customers continue to reduce investments in the expansion of manufacturing capacity. We are also seeing the impact of political instability in Korea, which is STS' second largest market in Asia Pacific, and together with China accounts for 22% of STS sales and approximately 15% of Group sales.

Following the beginning of a recovery in Biopharm new order intake in 2024, we expect double-digit order growth to continue through 2025.

Exchange rates

Our organic growth guidance is based upon 2024 results as restated for the impact of exchange rate movements in 2025. If exchange rates at the beginning of March were to prevail for the remainder of the year, 2024 sales would be approximately 2% lower at £1,632 million and 2024 adjusted operating profit would be approximately 4% lower at £321 million, resulting in an adjusted operating profit margin of 19.6%.

2025 outlook

We anticipate organic growth in Group revenues consistent with that achieved in 2024 and well ahead of IP. We expect modestly higher growth in the second half, reflecting the forecast trend of improving IP and ongoing recovery in Biopharm demand though the year. As a result, Group adjusted operating profit margin is expected to be ahead of the currency adjusted 19.6% margin in 2024, driving mid-single digit organic growth in adjusted operating profit.

We expect STS to deliver low-single digit organic sales growth, with growth outside China again ahead of IP, partially offset by weaker trading in China and Korea. We expect margin to remain broadly level with 2024. In ETS, we anticipate mid to high-single digit organic sales growth supported by ongoing operational improvement and recovery in Semicon demand, which will deliver continued margin progress. In WMFTS, we anticipate mid-single digit organic sales growth driven by a continuation of the recovery in Biopharm orders and Process Industries outperforming IP, to deliver high-single digit organic profit growth and an increase in margin compared to 2024.

We expect corporate costs of approximately £40 million, reflecting higher levels of investment in growth, such as digital initiatives that are funded centrally and an unwinding of share-based variable compensation that did not vest in prior years. We anticipate similar net financing costs to 2024 and an effective tax rate of 27%. We expect cash conversion of greater than 80% in 2025.

2025 restructuring

At our capital markets event in October, we set out our intention to simplify our organisation and optimise our manufacturing footprint, following significant expansion over the past decade, while redeploying cost savings to fund investment in future organic sales growth.

In January, we began the implementation of a restructuring programme that is expected to realise annualised savings of approximately £35 million, with 40% achieved in 2025. The cash costs to deliver this programme will be mostly incurred in 2025 and are expected to be approximately £35 million, with an additional non-cash cost of £5 million. These costs will be excluded from our adjusted operating profit and are excluded from the margin guidance above. The expected savings, net of reinvestment in future growth, are included within Group, as well as Business margin guidance.

Beyond 2025 and over the medium term we will continue to seek ways to further optimise our operations and our manufacturing footprint, to maximise efficiency.

Louisa Burdett
Chief Financial Officer
10 March 2025