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Stuart Roby

Managing Director, Watson-Marlow Fluid Technology Solutions

Financial progress

Demand

We saw the beginnings of a recovery in Biopharm new order intake with double-digit growth in 2024, consistent with market commentary from some of our larger OEM customers. This recovery was off a low base, following a decline of over 50% by 2023, from the COVID-related peak in 2021. The recovery was primarily driven by non-OEM end-user customers (approximately 75% of Biopharm sales), with an increase in both orders and sales. Orders from large OEM customers also improved from a low base although sales declined. As in previous years, Biopharm sales remained above orders in 2024, supported by the large carried forward orderbook which has now normalised. Going forward, sales growth will be driven by new order intake and while we anticipate continued double-digit recovery in Biopharm orders, this will result in mid-single digit growth in sales. The breadth and diversification of our customer base and the smoothing effect of the carried forward orderbook on sales, underpin our continued expectation of a gradual recovery. Underlying drivers of demand, particularly growth in monoclonal antibodies, recombinant DNA and cell and gene therapies, remain robust as reflected in end-user activity.

Demand in Process Industries is fundamentally linked to IP, but our targeted sector focus combined with our direct sales capability enables us to generate above IP demand growth. During 2024, we saw strong demand growth in our focus sectors of Water & Wastewater, Food & Beverage and Mining and we increased our market share.

Sales

Full year 2024 sales of £392.7 million were 3% higher organically or broadly unchanged after an adverse exchange rate impact. Process Industries sales were supported by strong growth in Water & Wastewater, Food & Beverage and Mining. Biopharm sales (approximately 50% of WMFTS sales and 12% of Group sales) were broadly flat compared to 2023.

Margin

Full year adjusted operating profit of £99.0 million was 11% higher organically and 6% higher after an adverse exchange rate impact. Full year margin of 25.2% was 180bps higher organically driven by operational gearing from higher sales and supply chain efficiencies partially offset by a full year of costs relating to our manufacturing facility in Devens, Massachusetts (USA) and investment in new product development.

Statutory results

Sales of £392.7 million were broadly flat on 2023 including an adverse exchange rate impact of 3%. Statutory operating profit of £90.3 million was up 11% compared to 2023, reflecting restructuring charges that impacted the 2023 results. Statutory operating profit margin of 23.0% was up 240bps.

Operational progress



Commercial Excellence

During 2024, we launched WM Architect, supporting self-generated solution-selling in the Biopharm sector through bespoke approaches to connecting disparate OEM systems along the fluid pathway while preserving the safety and integrity of customers' processes. We have seen strong sales in WM Architect (double-digit million pounds), with products being manufactured in our Biopure, Portsmouth (UK) facility. At the end of 2024, we also launched Qdos H-FLO, a chemical metering and dosing pump for flow rates up to 600 L/h and 7 bar pressure capability, which further expands our addressable market in Process Industries applications.



Operational Excellence

Following a review of WMFTS manufacturing footprint in the USA, we consolidated two small facilities (Asepco and Aflex) into our newly built Devens facility during the first half of 2024, supporting the ongoing ramp-up of that facility and delivering a small savings benefit in the second half. We will continue to seek additional opportunities to optimise our manufacturing footprint as we leverage capacity in our Devens facility.



Organisational Fitness

In January 2025, we began implementing a move away from our geographic focus to a sector-based sales model, to strengthen our self-generated solution-sales capability. This sectorised approach covering Biopharm and our target sub-sectors within Process Industries, allows us to develop deeper insights into our customers and sector trends, as well as build deeper technical and process expertise.



Digital and Services

In WMFTS, as a proof-of-concept pilot, we successfully installed a fully operational machine-learning enabled Bredel connected-pump inside a potable water treatment application for a customer in France. This is returning valuable data that will enable our teams to predict blockages prior to any impact on process performance. Additional Bredel connected-pumps are awaiting installation at waste-to-energy (Germany) and platinum mining (Australia) customer sites.

Outlook

During 2024, sales exceeded new order intake supported by our strong carried forward orderbook that had built-up during the pandemic. With our orderbook having normalised at the end of 2024, new order intake in Biopharm and continued demand growth in Process Industries will drive sales in 2025. In Biopharm, double-digit growth in orders will bring their value back into line with sales. We expect continued growth in end-user demand, while recognising that OEM demand is growing from a low base and remains volatile. Process Industries sales are expected to continue to grow ahead of IP as we grow market share further in our chosen target sectors.

As a result, for 2025 we anticipate mid-single digit organic sales growth in WMFTS delivering high-single digit organic profit growth and an increase in margin.

In the medium term, we expect the continuing recovery in Biopharm demand and continued growth in Process Industries to support both high-single digit sales growth and margin improvement to over 30%.



Growth focus: Process Industries

Precious resources...

In Process Industries, which accounts for ~50% of WMFTS sales, strong organic revenue growth was driven by the focus sectors of Water & Wastewater, Food & Beverage and Mining, despite a backdrop of weaker IP.



Dale Kavanagh
Sales and Business
Development Manager, WMFTS

Dale Kavanagh, a Sales and Business Development Manager for WMFTS, explains how WMFTS' sectorised approach adds value to the UK Water & Wastewater sector, as well as our customers and drives our growth.

Q What is a sectorised approach?

A 'sectorised' approach simply means really focusing in on a specific sector, with a dedicated team of specialists who can break it down into the relevant sub-sectors. In doing so, we develop deeper insights on customer-specific needs, technical and process expertise, as well as sector trends and understand how to best position ourselves.

Q Why has that been important for the UK Water & Wastewater sector

Since privatisation in 1989, the Water Services Regulation Authority (OFWAT) has implemented the Asset Management Plan (AMP), a five-year cycle that monitors and directs investments to ensure water quality remains safe and affordable.

The AMP is delivered through 12 water and sewerage companies, each overseeing extensive regions, and 13 'water-only' companies serving specific areas. These entities are supported by Tier 1 and Tier 2 contractors for new plant build and the construction of modular systems, while daily maintenance, repair and operations (MRO) are handled by the companies' in-house teams. By implementing a sectorised approach we have been able to get much closer to the customer, working with their teams to educate and support in the initial system design as well as educating the teams responsible for MRO, on the benefits of switching to peristaltic pumps.

...deserve focus and precision

Q What is WMFTS' customer value proposition to help deliver the AMP?

UK regulations mandate that utility companies employ precise chemical dosing to maintain water quality standards. Industry specifications are in place to ensure equipment reliability and performance. Recognising the importance of industry alignment, WMFTS collaborated with the Water Industry Membership organisation Pump Centre, in the development of their new Water Industry Mechanical and Electrical Specifications to incorporate peristaltic dosing pumps alongside diaphragm pumps, which have historically been the pump of choice. This engagement with the industry regulator is part of our multi-layered stakeholder approach to position our products and solutions.

Our Qdos range of peristaltic pumps are designed to precisely meter and accurately dose, with repeatable flow for fluids with wide ranging viscosities.

Q How is WMFTS' approach different?

Our pumps can function on a standalone basis at a customer site or as part of a bigger equipment 'skid'. Depending on the customer and application, our fluid technology solutions are adapted and configured to meet the customer's specific needs. Sometimes that means direct provision and at other times, it's through an existing vendor such as an OEM.

A good example of a strategic partnership is with UK system (skid) builders that design chemical dosing systems for the major utility companies. By educating partners on the total 'cost of ownership' and 'return on investment' benefits of the Qdos range, we have secured specifications and approved supplier status with a number of leading water utility companies.

Q When do we support customers directly?

Our direct sales engineers continue to 'walk the customer's plant' whether that's to check on existing installed equipment or to find opportunities to deliver a more efficient, safer or sustainable outcome for the customer. In doing so, they ensure our customers stay informed about the incredible advantages of peristaltic technology and the role these products and solutions can play in delivering existing and future cycles of the AMP. Equally, if we do not have a suitable offering, our sales engineers are clear on this and advise the customer accordingly, further extending our customer's trust in our approach.

Our relationships have been built through long-term partnerships with customers, strategic partners and industry regulators. We believe this will be further strengthened by the recent reorganisation of the WMFTS EMEA Sales division to deliver an even more focused and sector driven approach.



Sector focus in action

After more than five years of parallel collaboration across regions with one leading Chemical vendor customer, WMFTS signed a global pricing agreement with them in July 2024.

The vendor supplies thousands of metering pumps to customers using chemicals in their water treatment applications. The vendor made the decision to switch from diaphragm pumps to Qdos peristaltic pumps for the most demanding and critical applications due to the high levels of accuracy and reliability needed.

Based upon their positive customer experience of working with WMFTS in both the Americas and in Europe, as well as the quality and benefits of the pump, the vendor signed a global pricing agreement that has also opened doors to new markets, Asia Pacific and Latin America, as well as new sub-sectors in Water treatment and Sanitary.

Through this focused approach, sales to this one vendor customer grew by 60% in 2024, compared to 2023, representing over 500 Qdos pumps sold