

2024 Half Year Results

Six months ended

30 June 2024

Nimesh Patel

Group Chief Executive Officer

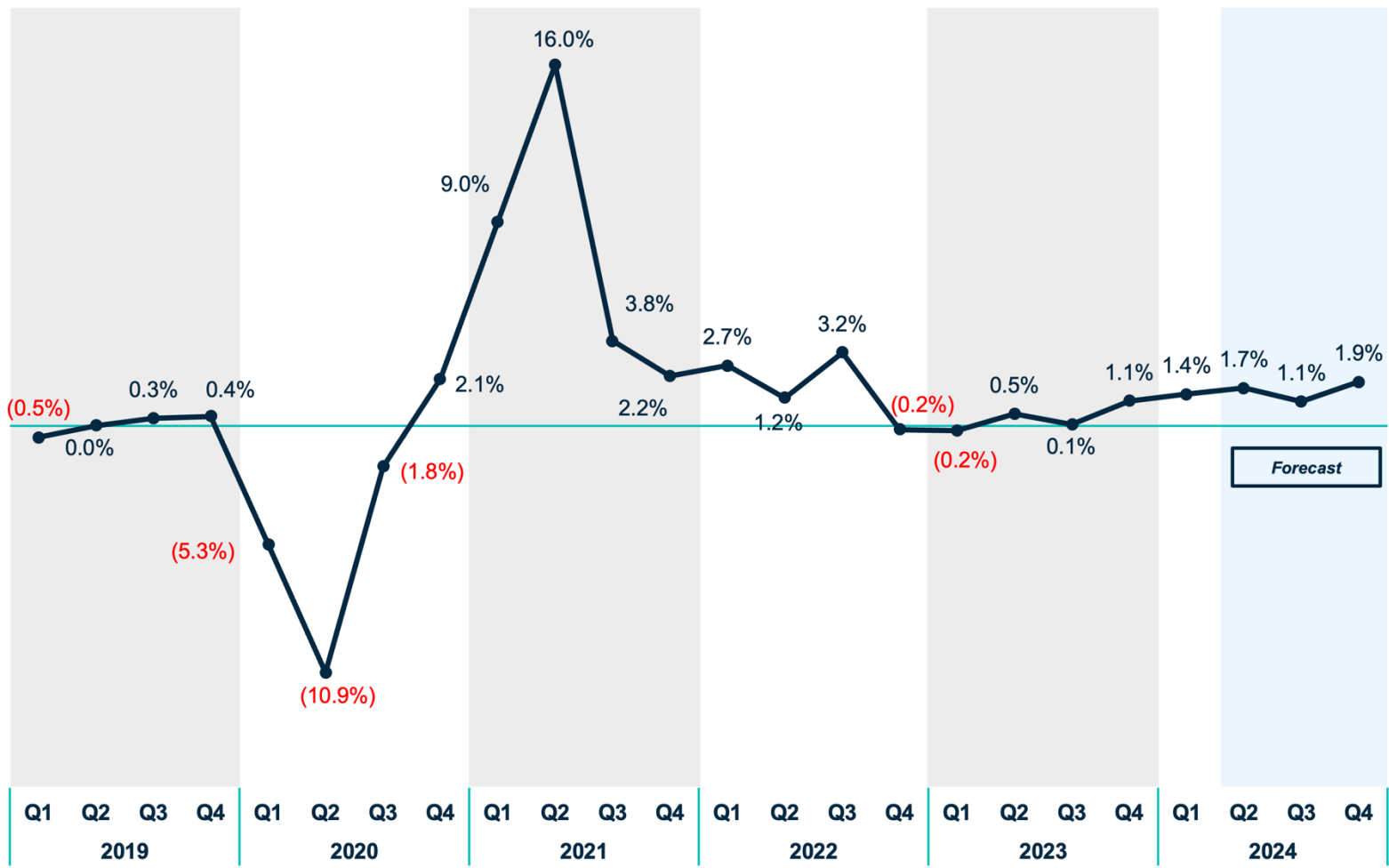
Phil Scott

Interim Chief Financial Officer

Financial highlights

- Organic sales growth: 1%; Operating profit broadly flat organically
- Organic sales growth (excluding China): 3%; well ahead of IP (excluding China): 0.8%
- STS organic decline: -1%; against strong comparator and impacted by weak IP
- ETS organic growth: 5%; operational progress but yet to benefit from Semicon recovery
- Watson-Marlow organic growth: 3%; early signs of improving Biopharm demand
- Margin reflects progress in ETS offset by lower sales and adverse mix in STS
- Cost discipline maintained while protecting investment in growth
- Material currency headwinds to sales (4%) and adjusted operating profit (6%)
- Interim dividend up 3%

Global Industrial Production growth (IP)



	H1 2024	H2 2024	FY 2024
October 2023	1.8%	3.0%	2.4%
February 2024	1.2%	2.1%	1.7%
April 2024	1.9%	2.1%	2.0%
July 2024	1.5%	1.5%	1.5%

Industrial Production growth 2024			
	H1	H2	FY
Europe	0.2%	1.3%	0.8%
North America	0.0%	1.0%	0.5%
South America	-2.1%	-0.2%	-1.2%
Asia	3.0%	2.2%	2.6%
Global	1.5%	1.5%	1.5%
Global (excluding China)	0.8%	1.6%	1.2%

* Source: CHR Economics

Financial review



Phil Scott

Interim Chief Financial Officer

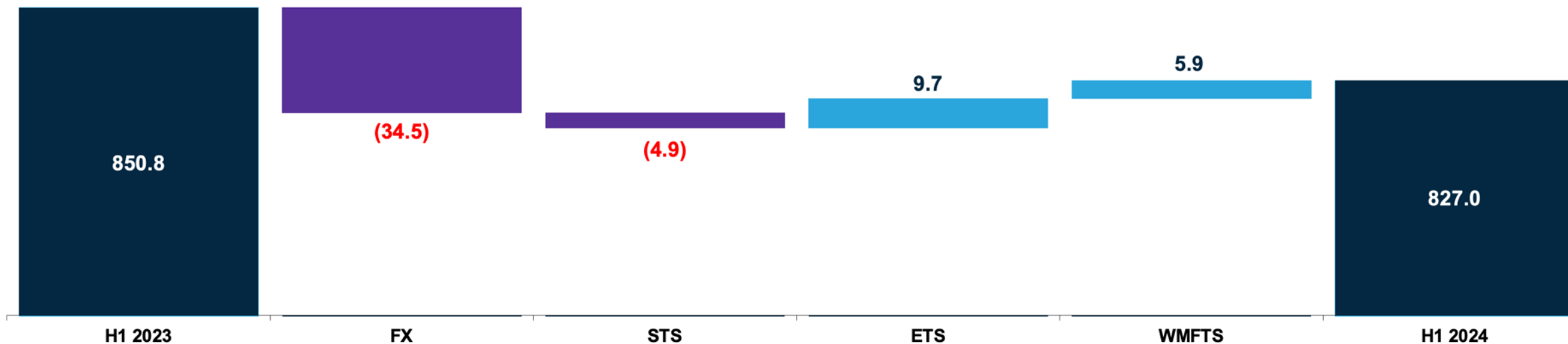
Financial summary

(£m)	30 June 2024	30 June 2023	Reported	Organic ⁺
Revenue	827.0	850.8	(3)%	1%
Operating profit*	160.3	171.7	(7)%	(1)%
Operating profit margin*	19.4%	20.2%	(80) bps	(30) bps
Net finance expense	(21.9)	(18.2)	20%	
Pre-tax profit*	137.9	153.5	(10)%	
Tax rate*	26.5%	25.4%	110 bps	
EPS*	137.2p	155.2p	(12)%	
DPS	47.5p	46.0p	3%	

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

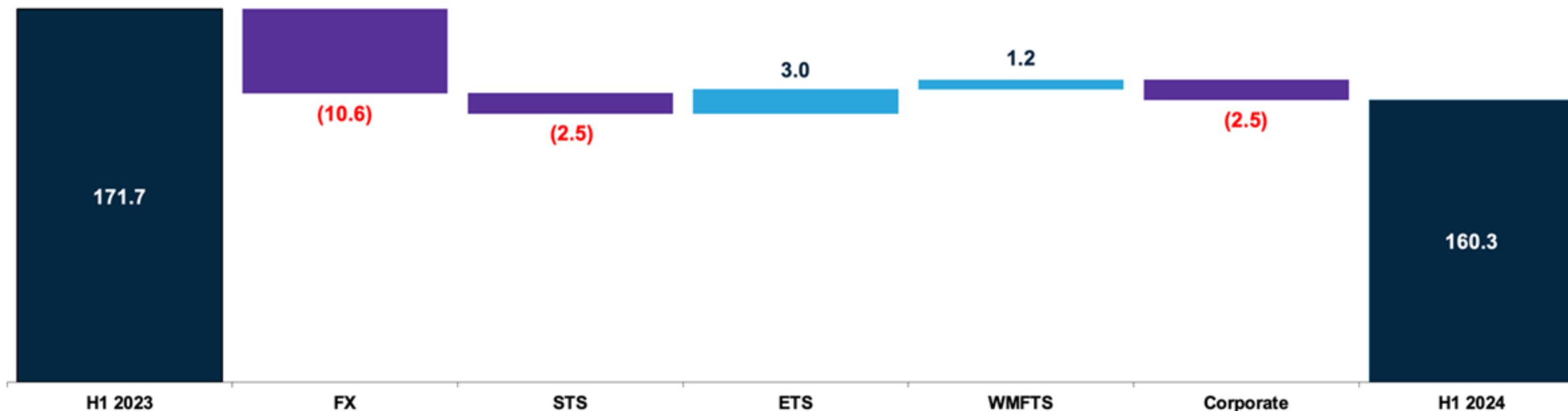
* Excluding £0.5m loss from associates. See Appendix III for definition of adjusted profit measures.

Sales bridge



	H1 2024	H1 2023	Year-on-year organic growth	
	£m	£m	H1 2024	H1 2023
STS	430.8	459.8	(1.1)%	15.0%
ETS	197.7	192.5	5.2%	6.5%
WMFTS	198.5	198.5	3.0%	(20.5)%
Group	827.0	850.8	1.3%	2.1%

Profit bridge



	Trading Profit (£m)		Year-on-year organic growth		Trading Margin		Organic Change
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	
STS	101.2	112.2	(2.4)%	24.9%	23.5%	24.4%	(30) bps
ETS	29.1	26.9	11.7%	(5.3)%	14.7%	14.0%	80 bps
WMFTS	48.8	48.9	2.4%	(46.7)%	24.6%	24.6%	(10) bps
Corporate	(18.8)	(16.9)					
Group	160.3	171.7	(0.5)%	(13.4)%	19.4%	20.2%	(30) bps

Cash flow

- Cash conversion of 53% in H1 (H1 2023: 48%) – full year cash conversion expected to be approximately 75%
- Net debt of £718m or 1.9x EBITDA
- Slightly lower than expected Capex spend in H1 reflects changes to phasing of payments on large capital projects
- Working capital reflects higher inventory in line with seasonal cycle

Cash flow (£m)	30 June 2024	30 June 2023
Adjusted operating profit	160.3	171.7
Capital expenditure (net)	(39.7)	(49.8)
Working capital changes	(56.2)	(62.7)
Depreciation, amortisation, repayment of lease liabilities, other	21.2	23.6
Adjusted cash from operations	85.6	82.8
Cash conversion	53%	48%
Net interest	(21.0)	(17.4)
Income taxes paid	(37.9)	(46.1)
Free cash flow	26.7	19.3
Net dividends paid	(84.2)	(81.0)
Purchase of EBT shares and issue of share capital	-	(8.8)
Restructuring costs	(2.5)	(6.1)
Acquisitions of subsidiaries	2.9	(2.3)
Cash flow for the period	(57.1)	(78.9)
Exchange movements	5.5	21.0
Net debt at 30 June (excluding lease liabilities)	(718.3)	(748.3)
Net debt to EBITDA (RTM)	1.9x	1.8x

Operations & Outlook



Nimesh Patel

Group Chief Executive Officer

Group operational highlights

- Development of Group commercial, operational and financial priorities
- Continuing progress in Safety; implementing mandatory machine guarding
- Andrew Mines (MD Watson-Marlow) to replace Armando Pazos as MD ETS
- Investment in high temperature heat pump technology start-up
- Scope 1 and 2 emissions reduced by 9% compared to H1 2023
- Remain on track to achieve 2025 emissions target, compared to 2019 baseline

Operational progress



- China (20% of sales) down 12% organically, due to large projects
- China team pivoting to focus on process optimisation and MRO
- Sector focus continues to drive good growth in target end-markets
- Continuing to develop TargetZero solutions



- Industrial Process Heating order book remains at high levels
- Delivering operational improvement and higher throughput
- Expansion of dedicated Medium Voltage facility on track
- Recovery in Semicon demand expected in late 2024
- Focused on delivering value from acquisitions



- Early signs of improvement in Biopharm demand
- Sector focus in Process Industries delivering strong growth
- Consolidated manufacturing footprint in USA
- WM Architect gaining traction; strong example of solution selling
- Pilot launched in mining sector for new machine learning pump

Full year outlook



Low-single digit organic growth

- Seasonality
- Second half IP

Margins lower than 2023

- Currency headwinds
- Lower contribution from China
- Partial reversal of temporary cost measures

Mid-single digit organic growth

- Continuing strong demand for electrification
- No meaningful recovery in Semicon in 2024
- Ongoing operational improvements

Margins higher than 2023

- Driven by Industrial Process Heating
- Low contribution from high margin Semicon

Mid-single digit organic growth

- Softer comparator in second half
- Biopharm recovery unlikely until later in 2024

Margins higher than 2023

- High drop through of incremental sales

FY 2024 Group outlook

- Mid-single digit organic revenue growth
- Adjusted operating profit margin broadly in line with 2023 margin, adjusted for currency, of 20.0%
- Strong currency headwinds to continue

Strategic update



Nimesh Patel

Group Chief Executive Officer

Developing our long-term strategic plan

Enhance

- Critical products, solutions and expertise
- Unique Business Model
- Highly diversified and resilient; low ticket, mostly funded from opex budgets
- Sustained organic growth; industry leading margins

Build

- Well positioned to capitalise on structural growth trends
- Focusing our investment and capability on clear growth opportunities
- Prioritising operational improvements, increasing pace of delivery
- Accelerating organic growth



Well positioned to capitalise on key global trends

Increasing demand for consumer goods



Emerging middle class
~ additional 800 million people

Process efficiency, productivity
and capacity expansion

Serving

Food and Beverage
Energy and Power
Mining

Resource efficiency



Industrial thermal energy
~ 20% of global CO₂ emissions

Unique combination of
steam and electric expertise

Serving

Industrials
Wastewater
Nuclear

Ageing populations



Over 65s increasing to
~ 1.5 billion people

Supporting innovation
in healthcare

Serving

Pharmaceutical
Biotechnology
Healthcare

Changing lifestyles



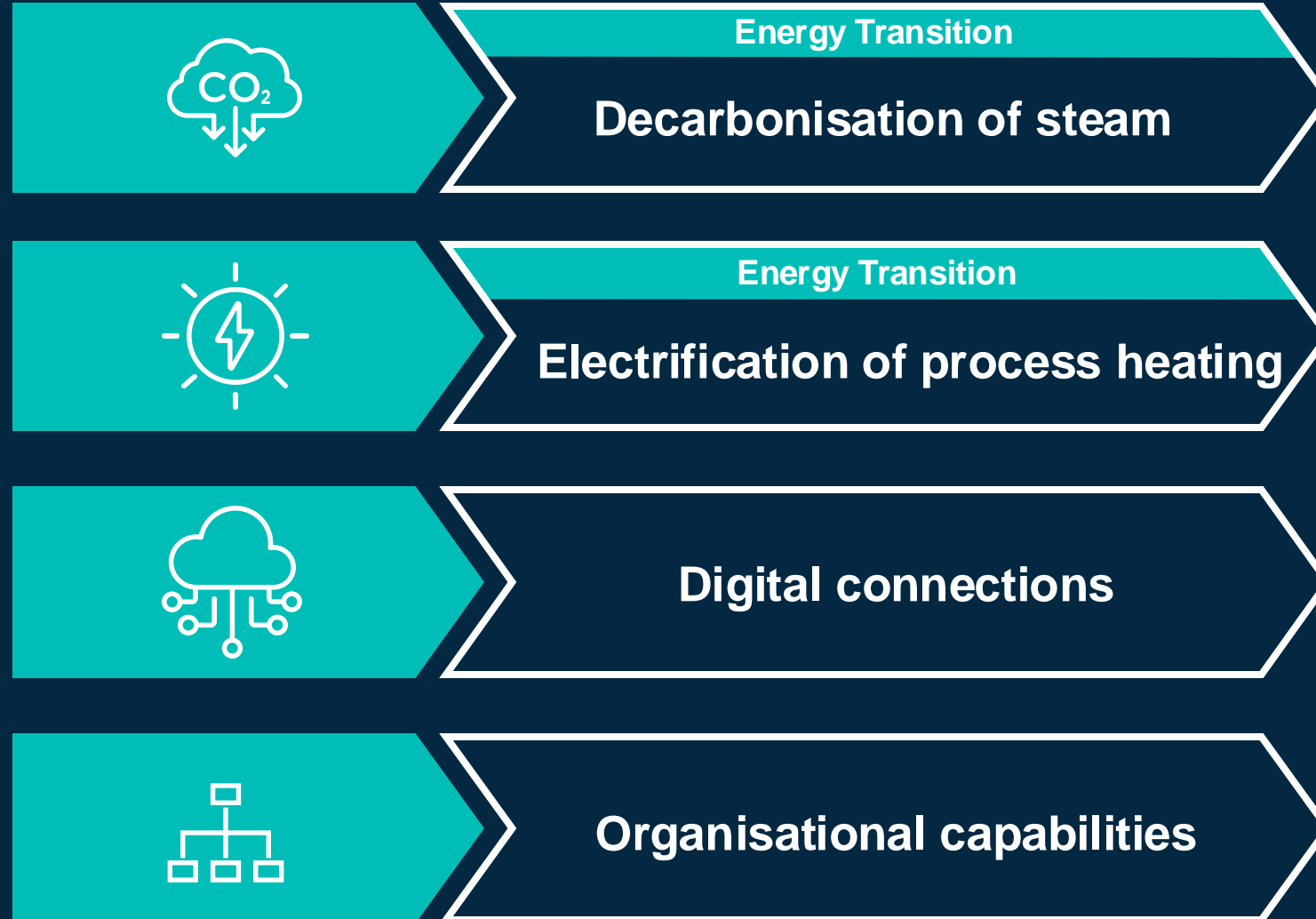
Sustainability, health and
technology conscious consumers

Targeting new
high growth sectors

Serving

Future Foods
Electric Vehicles
Semiconductors

Investing in future growth opportunities



Prioritising operational improvements



Leveraging commercial excellence



Pursuing manufacturing excellence



Reducing organisational complexity



Delivering value from acquisitions

Delivering long-term compounding growth



Medium term

- Sustaining mid-single digit organic sales growth (CAGR)
- Delivering margins of 22% - 23%
- Increasing returns on capital
- Changing mix in sales and profit

Longer term

- Well positioned to capitalise on global trends
- Sustained execution to deliver on growth opportunities and operational improvements
- **Accelerate compounding organic growth in sales and profits**

Appendix



Appendix I

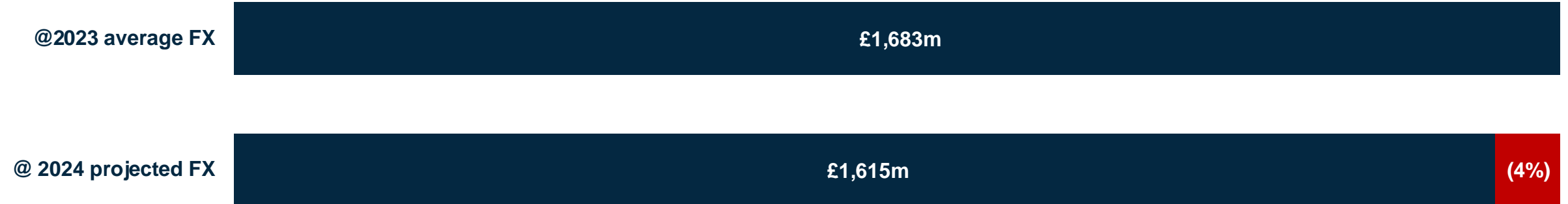
Exchange rates

Average exchange rates	Average half year 2024	Average half year 2023	Change
US dollar	1.26	1.24	2%
Euro	1.17	1.14	3%
Renminbi	9.11	8.60	6%
Won	1,708.29	1,606.62	6%
Brazilian real	6.47	6.26	3%
Argentine peso	1,087.16	263.21	313%

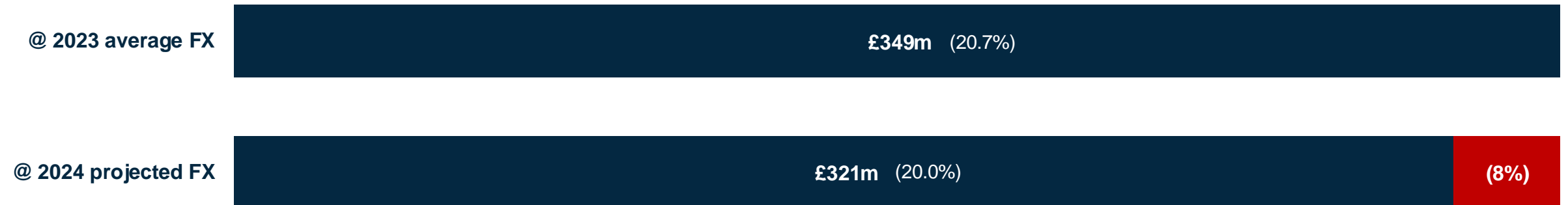
Appendix II

Exchange rate impact on 2023 reported financial performance

2023 Revenues



2023 Adjusted Operating Profit



Appendix III

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)	Six months to 30 June 2024	Six months to 30 June 2023
Operating profit as reported under IFRS	147.2	132.2
Amortisation of acquisition-related intangible assets	17.3	18.5
Acquisition-related items	(4.2)	0.6
Restructuring costs	-	5.2
Reversal of acquisition-related fair value adjustments to inventory	-	1.3
Software related impairment	-	13.9
Total adjustment to operating profit	13.1	39.5
Adjusted operating profit	160.3	171.7

Appendix IV

Additional guidance (for modelling purposes)

	2023 Actual	2024 Guidance
Group Revenue	£1,683m	Mid-single digit organic growth
Exchange rate impact	Revenue: 2% adverse Adjusted Operating Profit: 2% adverse	Revenue: (4)% adverse Adjusted Operating Profit: (8)% adverse
Corporate costs	£28m	£30m - £35m
Group Adjusted operating profit margin (currency adjusted)	20.0%	Broadly in line with 2023 currency adjusted
Capex (as a percentage of sales)	6%	c.7%
Adjusted Effective Tax Rate	25.5%	26.5%
Net Finance Cost	£39.9m	c.£45m
Number of shares in issue (million)	73.6	73.7

Environmental and social progress

Key strategic targets:

- Net zero (scope 1 and 2) GHG emissions by 2030, with an interim target of 50% reduction by 2025 (vs. 2019 baseline)
- 20% reduction in Group energy use from plant, equipment and building assets by 2025 (vs. 2019 baseline)

Progress in H1 2024

Scope 1 & 2 emissions 9% lower than H1 2023

Scope 1 & 2 emissions now 45% below 2019 (baseline year)

Water consumption reduced by 8% from H1 2023

79 biodiversity projects completed in H1 2024

15,000 volunteering hours completed in H1 2024