

14 November 2024

Trading Update

Organic revenue growth ahead of first half; full year outlook unchanged

Spirax Group plc issues the following update in respect of the four months ended 31 October 2024.

Economic environment

Industrial Production Growth (IP) remained weak through the third quarter, with IP in our key geographic markets lower than was forecast by CHR at the time of our first half results in August. Following downward revisions to second half IP expectations in Europe and North America, CHR's full year forecast for global IP (excluding China) is now 0.9%, down from 1.5% in August. Macroeconomic conditions in China continue to remain challenging.

Trading

Against this weak macroeconomic backdrop, we have continued to focus on driving organic sales growth and preserving our adjusted operating profit margin.

Group organic sales growth for the ten months ended 31 October was ahead of the first half of the year with sales above the prior year comparator in all three Businesses, excluding currency effects.

In the four months ended 31 October, Steam Thermal Solutions (STS) returned to organic sales growth. Sales in China, which accounted for close to 20% of STS sales in full year 2023, continued to be impacted by the weakness in large orders highlighted during the first half, although MRO sales continued to grow.

In Electric Thermal Solutions (ETS), organic sales growth was higher than in the first half. In the Industrial Process Heating segment, we increased shipments from our strong order book through delivery of ongoing operational improvements. In the Industrial Equipment Heating segment, organic sales growth was modestly positive against a weak prior year comparator as we have yet to see a recovery in demand from customers in the Semicon sector.

In Watson-Marlow, sales to Biopharm customers were supported by our order book that has continued to normalise towards lower historic levels. Process Industries organic sales growth improved further, above the first half of the year, supporting overall organic sales growth in Watson-Marlow.

Financial position

Net borrowings (excluding leases) at 31 October were £642 million (30 June: £718 million), with the Group net debt to EBITDA ratio at 1.7x (30 June: 1.9x).

Outlook

Our full year outlook remains unchanged from that set out at our Capital Markets event on 3 October 2024. For the Group, we expect mid-single digit organic revenue growth for the full year and an adjusted operating profit margin broadly in line with the 2023 margin of approximately 20.0% (adjusted for currency headwinds). If exchange rates at the end of October were to prevail, the headwind impact across the full year would be approximately 1% greater on both sales and adjusted operating profit than we had expected at the time of our first half results in August.

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About Spirax Group plc

Spirax Group (formerly Spirax-Sarco Engineering) is positioned to play a critical role in enabling the industrial transition to net zero, aligned to our Purpose to create sustainable value for all our stakeholders as we engineer a more efficient, safer and sustainable world. We put solving customers' problems at the heart of our 'total solutions' approach. Our global thermal energy and fluid technology solutions improve operating efficiency and safety in our customers' critical industrial processes. Our new-to-world decarbonisation* solutions will use our proprietary technologies to electrify boilers, for the raising of steam, as well as the electrification of other critical industrial process heating applications.

Spirax Group comprises three strong and aligned Businesses: **Steam Thermal Solutions** helps customers control and manage steam within their mission critical industrial applications, such as cleaning, sterilising, cooking and heating. We are helping to put food safely on the world's tables and keeping our hospitals running. **Electric Thermal Solutions** has proprietary technologies that deliver electrification solutions at scale in industrial settings, including for the raising of steam, supporting our customers to achieve their net zero goals. We also deliver freeze protection and defrost solutions critical to aviation and space industries and ensure thermal uniformity in Semiconductor chip manufacturing to power the critical electronic systems we rely on. **Watson-Marlow Fluid Technology Solutions** is engineering vital fluid technology solutions that optimise the efficient use of resources and support advancements in global health, such as lifesaving vaccines and gene therapies.

Spirax Group is headquartered in Cheltenham (UK). We have 37 strategically located manufacturing plants around the world and are committed to creating a safe and inclusive working culture for our 10,000 colleagues, operating in 66 countries and serving 110,000 customers globally.

The Company's shares have been listed on the London Stock Exchange since 1959 (symbol: SPX) and we are a constituent of the FTSE 100 and the FTSE4Good Indexes.

* Eliminates scope 1 and 2 greenhouse gas emissions when connected to a green electricity source.

Further information can be found at [spiraxgroup.com](https://www.spiraxgroup.com)

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