

On track to meet our medium-term targets



Group sales were 2% higher compared to 2024, including a currency headwind of 3%. On an organic basis sales were 5% higher, driven by growth in all three Businesses: STS 1%, ETS 11% and WMFTS 6%. Group adjusted operating profit was 2% higher compared to 2024, including a currency headwind of 4% and 6% higher organically. All three Businesses delivered organic growth in adjusted operating profit with STS growing by 3%, ETS by 12% and WMFTS by 13%.

Group adjusted operating profit margin of 20.0% was 30bps higher organically compared to 2024, benefiting from organic sales growth and some savings from the Group's restructuring exercise, partially offset by investment in long-term growth opportunities, notably Digital and Services. STS margin was 40bps higher organically compared to 2024, with ETS margin 20bps higher and WMFTS margin 160bps higher.

Financial Performance

£m	FY 2024	Exchange	Organic	FY 2025	Organic	Reported
Revenue	1,665.2	(36.5)	74.2	1,702.9	5%	2%
Adjusted operating profit	333.9	(14.4)	20.4	339.9	6%	2%
Adjusted operating profit margin	20.1%			20.0%	30bps	(10)bps
Adjusted basic EPS (pence)	286.3			296.3		3%
Statutory operating profit	304.6			265.4		(13)%
Statutory operating profit margin	18.3%			15.6%		(27)bps
Basic EPS (pence)	259.6			221.7		(15)%

Group statutory operating profit was 13% lower than in 2024 at £265.4 million, with statutory operating profit margin 270bps lower at 15.6%, driven by one-off restructuring charges in the current period compared to a number of one-off credits presented as adjusting items in the prior year. The reconciling items between adjusted operating profit of £339.9 million and statutory operating profit of £265.4 million are shown below:

- A charge of £34.6 million (2024: £34.1 million) for the amortisation of acquired intangibles
- A restructuring charge of £39.9 million to simplify the Group's organisation and optimise certain elements of our manufacturing footprint. £2.9 million of this charge related to the impairment of non-current assets as a result of the restructuring and £3.6 million to the write-off of certain current assets

Tax and interest

Net financing expense was lower than in the prior year at £38.3 million (2024: £43.7 million) as a result of lower average net debt, lower rates on floating rate debt and the positive impact of cash centralisation initiatives. We do not expect a material change to net finance expense in 2026.

The Group effective tax rate reflects the blended average of rates in tax jurisdictions around the world in which the Group operates. On a statutory basis, the Group effective tax rate was 27.8% (2024: 26.1%). The Group adjusted effective tax rate was 80bps higher at 27.3%, (2024: 26.5%), due to non-repeating investment incentives claimed in 2024. For 2026, the Group's adjusted effective tax rate is expected to be similar to 2025.

Earnings per share and dividends

Adjusted earnings per share were 3% higher than in the prior year at 296.3 pence, consistent with the increase in adjusted operating profit and lower net financing costs, partially offset by an increase in the effective tax rate. Statutory basic earnings per share were 15% lower at 221.7 pence (2024: 259.6 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 121.1 pence per share for 2025 (2024: 117.5 pence) payable on 22 May 2026 to shareholders on the register at 24 April 2026. Together with the interim dividend of 48.9 pence per share (2024: 47.5 pence), the total dividend for the year is 170.0 pence per share, an increase of 3% on the total dividend of 165.0 pence per share in 2024, reflecting confidence in a return to higher levels of growth and margins. The total amount of dividends paid in the year was £122.8 million, 3% above the £119.3 million paid in 2024.

The Group has a progressive dividend policy, the aim of which is to provide sustainable dividend growth that reflects actual and forecast underlying trading performance as well as cash generation after taking into account future capital requirements. The Group's target range for dividend cover is 2.0x to 2.5x.

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 3%. The currency impact on adjusted operating profit was adverse by 4% due to translational and transactional impacts of £10.1 million and £4.4 million respectively. The translation downside reflects the impact of the strengthening of sterling in 2025 against the currencies in which the Group operates. The main transactional exposure flow affecting the Group is the export of products from factories in the UK, invoiced in sterling, less the import of goods from overseas Group factories and third parties which are predominately priced in euros and US dollars. The net exposure to transactional currency movements is approximately £150 million.

If February exchange rates were to prevail for the remainder of 2026, there would be a headwind impact on 2025 sales and 2025 adjusted operating profit of approximately 2% and 3% respectively.

Adjusted cash flow and net debt

	2025 £m	2024 £m
Adjusted cash flow		
Adjusted operating profit	339.9	333.9
Depreciation and amortisation (excl. leased assets)	44.9	42.5
Depreciation of leased assets	18.7	17.6
Contributions to pension schemes	(7.1)	(6.4)
Equity settled share plans	6.4	3.1
Working capital changes	(18.6)	1.0
Repayments of principal under lease liabilities	(18.0)	(16.6)
Capital expenditure (including software and development)	(64.7)	(83.6)
Adjusted cash from operations	301.5	291.5
Net interest	(36.6)	(41.8)
Income taxes paid	(65.9)	(76.5)
Adjusted Free cash flow	199.0	173.2
Net dividends paid	(122.8)	(119.3)
Proceeds from transactions in own shares	0.3	1.9
(Acquisitions)/Disposals of subsidiaries/associates	(10.6)	5.3
Restructuring costs	(22.1)	(2.4)
Cash flow for the year	43.8	58.7
Exchange movements	(12.3)	11.8
Opening net debt	(596.2)	(666.7)
Net debt at 31 December	(564.7)	(596.2)
Lease liability	(90.2)	(95.1)
Net debt and lease liability at 31 December	(654.9)	(691.3)

Adjusted cash flow and net debt continued

There was a working capital outflow in the year, with the ratio of working capital to sales decreasing by 10bps to 21.8% (2024: 21.9%). Net capital expenditure in the year of £64.7 million (2024: £83.6 million), at 4% of sales, was in line with the expectation set at half year. For 2026, we expect net capital expenditure to be in the range of 4% to 5% of sales.

Adjusted cash from operations of £301.5 million (2024: £291.5 million) was £10.0 million higher, resulting in an improved adjusted cash conversion of 89% (2024: 87%). The improvement in cash conversion was driven by higher adjusted operating profit and lower net capital expenditure, partially offset by higher working capital. Adjusted free cash flow of £199.0 million (2024: £173.2 million) has increased by 15% driven by improved adjusted cash from operations, as well as a reduction of interest and taxes paid in the year. The lower interest payment reflects lower average levels of debt during the year. Taxes paid in the year have decreased by 14% due to one-off tax repayments and tax incentive credits.

Financing and liquidity

Net debt (excluding leases) at 31 December 2025 was £564.7 million (2024: £596.2 million), with a net debt to EBITDA ratio of 1.5x (2024: 1.6x).

As at 31 December 2025, total committed and undrawn debt facilities amounted to £400.0 million, representing a fully undrawn Revolving Credit Facility, in addition to a net cash balance of £239.7 million (2024: £233.9 million).

The Group maintains a resilient balance sheet with a target leverage range of 1.0x to 1.5x net debt to EBITDA, while retaining flexibility to exceed the upper end of the range temporarily to take advantage of investment and acquisition opportunities.

Return on capital employed (ROCE)

ROCE was 50bps higher at 36.0% (2024: 35.5%). Excluding the impact of leases, ROCE increased by 30bps to 39.5% (2024: 39.2%), driven by the increased adjusted operating profit. The definition and analysis of ROCE is included in the Appendix to the Consolidated Financial Statements.

Return on invested capital (ROIC)

ROIC was 30bps higher at 13.1% (2024: 12.8%). Excluding the impact of leases, ROIC increased by 20bps to 13.6% (2024: 13.4%), partly driven by the increase in adjusted operating profit after tax and a lower level of invested capital with acquired intangibles amortising.

Delivery of the Group's medium-term organic growth and adjusted operating margin targets, combined with continued strong cash conversion, is expected to result in ROIC progression to over 15%.

The definition and analysis of ROIC is included in the Appendix to the Consolidated Financial Statements on page 210.

Fundamentals of financial resilience

The more volatile and uncertain economic environment continued to be challenging in 2025 with global industrial production (IP) growth of 2.1% (1.7%, excluding China), with particular challenges in North America (0.8%) and Europe (0.8%). As expected, trading conditions in China reflected reduced expenditure on large projects. In Korea, political instability early in the year led to capital investment decisions being temporarily deferred. Despite this challenging backdrop the financial results reflect the relative resilience of the business model, with all Businesses delivering organic sales growth. 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 the 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 its ability to self-generate sales (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' local 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 it well to adapt to economic cycles. The 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 2025 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 the factors that might cause the Group to require additional liquidity and to form a view as to the probability of these occurring.

The Group's financial position remains robust, with the next maturity of its committed debt facilities being €120 million in US Private Placement Notes which mature in May 2026 and a €90 million Bank Term Loan that matures in August 2026. The Group's debt facilities contain a leverage covenant of up to 3.5x. Certain debt facilities also contain an interest cover covenant of a minimum of 3.0x. The Group regularly monitors its financial position to ensure that it remains within the terms of these covenants. At 31 December 2025 leverage (defined as net debt divided by adjusted earnings before interest, tax, depreciation and amortisation) was 1.5x (31 December 2024: 1.6x) and interest cover (defined as adjusted earnings before interest, tax, depreciation and amortisation divided by net bank interest) was 12x at 31 December 2025 (31 December 2024: 10x).

'Reverse stress testing' was 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 on pages 87 to 91); the potential impact of any climate change-related risks (as outlined within the Task Force on Climate-related Financial Disclosures section on pages 92 to 100); 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 Consolidated Financial Statements.

Assessment of prospects and viability

The Board assessed the prospects for the Group through its annual strategic and five-year financial planning process in June 2025. In conjunction, it considered the Group's current financial position, **Together for Growth** Strategy, the Board's risk appetite and the potential impact of the Principal Risks are listed on pages 87 to 91.

The Board has adopted a five-year viability assessment period, 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 its 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 Group's ability to safeguard against them and the effectiveness of mitigating actions. In each modelled scenario the Group is able to demonstrate that it continues to remain viable. The scenarios modelled in this process are as follows.

Assessment of prospects and viability continued

Scenarios Modelled

Scenario 1: Revenue Fall

The Group's operations are subjected to a material and unexpected reduction in demand due to a crisis occurring in a significant geographical area for the Group. The crisis results in the nationalisation of the Group's operations in this area.

Assumptions:

- **Sales:** immediate loss of revenue from the operating companies in this area. Global IP declines by 8% (in line with 2009 financial crisis), driving a decline in Group Revenue in FY 2026, with recovery back to base case from FY 2028 to FY 2030
- **Margin:** immediate loss of profit from the operating companies in the affected geographical area

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 2026 Plan due to reputational damage, resulting in a lost year of growth. Recovery in line with our medium-term plan (MTP) projections from 2027 onwards
- **Margin:** regulatory fine equal to 10% of 2025 Group Trading Profit levied immediately

Scenario 3: Cyberattack

A cyberattack 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.

Assumptions:

- **Sales:** mid-single digit percentage of Group Sales are permanently lost in 2026 due to an inability to trade. Recovery in line with MTP projections from 2027 onwards.
- **Margin:** additional investment in cybersecurity is made over years 2 to 5

Scenario 4: Acquisition Failure

The four ETS brands (Chromalox, Thermocoax, Vulcanic and Durex) materially underperform their business plan. This leads to poor results and ultimately the disposal of the ETS Business.

Assumptions:

- **Sales:** ETS sales decline significantly from 2025 results over the scenario period
- **Cost:** ETS goodwill fully impaired in 2026. ETS disposed of at a multiple of 8x EBITDA during 2030

Links to Principal Risks

Risk 1: Economic and political instability

Risk 4: Loss of manufacturing output at any Group factory

Risk 6: Inability to identify or respond to changes in customer needs: digital/non-digital

Risk 7: Breach of legal and regulatory requirements (including ABC laws)

Risk 2: Ageing Enterprise Systems

Risk 3: Cybersecurity

Risk 6: Inability to identify or respond to changes in customer needs: digital/non-digital

Risk 5: Failure to realise acquisition objectives

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 in place 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 41.

Long-term resilience

The Group has a long track record, over 130 years, of consistently adapting to changing macroeconomic, environmental and social factors supported by the business model. While the strategy and business model lessen any material impact from the Principal Risks, 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. In 2021 we launched our **One Planet: Engineering with Purpose** Sustainability Strategy covered in more detail on pages 60 and 61. Although not classed as a Principal Risk for the Group, the TCFD disclosures on pages 92 to 100 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 processes, we have invested significantly in the development of sustainable products and solutions that help customers meet their own sustainability goals.

Outlook

Market environment

The global macroeconomic environment remains highly uncertain with conflict in the Middle East and evolving trade tariffs impacting the outlook for global IP, which is an important driver of demand across our three Businesses. CHR's February forecast for global IP in 2026 is currently 2.1% both including and excluding China and again, is second half weighted. As in prior years, we remain cautious on the IP outlook and have adopted more conservative assumptions in our planning.

Exchange rates

The organic growth guidance below, is based upon 2025 results as restated for the impact of the latest exchange rates in 2026. If February exchange rates were to prevail through the remainder of the year, there would be an adverse impact on 2025 sales of approximately 2% to £1,669 million and on adjusted operating profit of approximately 3% to £330 million, with adjusted operating profit margin at 19.8%.

2026 guidance

We anticipate mid-single-digit organic growth in Group revenues, well ahead of IP. While the Middle East represents only 1% of Group revenue, there is potential for some disruption to supply chains reliant upon transport through the region. We currently anticipate this impact to be largely in the first half of the year.

Group adjusted operating profit margin is expected to increase further on an organic basis over the currency adjusted 2025 margin of 19.8%, with operating leverage driving growth in adjusted operating profit ahead of the organic growth in revenues.

We expect STS to deliver low-single-digit organic sales growth, higher than in 2025, with growth outside China well ahead of IP and trading in China continuing to improve. We expect a slight improvement in STS margin organically, supported by operating leverage and full year restructuring benefits, partly offset by ongoing investment in future growth.

In ETS, we anticipate high-single-digit organic sales growth supported by a strong orderbook (including the benefit of the large contract win in 2025); increased manufacturing throughput from operational improvements; and continuing demand strength in our key end markets. We anticipate that operating leverage from organic growth and a greater proportion of higher-margin Semicon sales, partly offset by the initial running costs of the new MV facility in Ogden, will support strong organic margin progress. As expected, the majority of legacy orders in our Ogden order book were shipped by the end of 2025 with the remaining few orders to be delivered early in 2026 at the request of customers. This has removed a key headwind that affected margin progress in 2025.

In WMFTS, we anticipate high-single-digit organic sales growth, supported by continuing recovery in Biopharm demand and Process Industries again outperforming IP, with operating leverage supporting organic margin progress broadly similar to that delivered in 2025.

We expect corporate costs to be slightly higher than 2025, reflecting increased investment in future growth, such as Digital and Services. Excluding such investments, the remaining corporate costs are expected to grow broadly in line with inflation.

We anticipate net financing costs, effective tax rate and cash conversion to be similar to 2025 levels.

Louisa Burdett

Group Chief Financial Officer
9 March 2026