8 August 2024

2024 Half Year Results

Results reflect mixed macroeconomic environment; second half expected to be stronger than first half

Six months ended 30 June

Statutory (£m/p)	2024	2023	Reported
Revenue+	827.0	850.8	(3)%
Operating profit	147.2	132.2	11%
Operating profit margin	17.8%	15.5%	230bps
Profit before taxation	124.8	114.0	9%
Basic earnings per share	123.8	112.5	10%
Dividend per share	47.5	46.0	3%

Adjusted (£m/p)	2024	2023	Reported	Organic*
Revenue+	827.0	850.8	(3)%	1%
Adjusted operating profit	160.3	171.7	(7)%	(1)%
Adjusted operating profit margin	19.4%	20.2%	(80)bps	(30)bps
Adjusted profit before taxation	137.9	153.5	(10)%	
Adjusted basic earnings per share	137.2	155.2	(12)%	
Adjusted cash conversion	53%	48%	500bps	

- Group revenue up 1% organically, impacted by weak macroeconomic environment in key markets
- Global IP+++ was weak in the first half, with growth of 0.8% excluding China
- STS++ sales declined by 1% organically, against a strong comparator in the first half of 2023
- ETS++ sales up 5% organically, supported by operational progress; demand remains stable in Semicon**
- Watson-Marlow sales up 3% organically; early signs of improving demand in Biopharm***
- Adjusted operating profit margin reflects progress in ETS more than offset by lower STS margin
- Statutory operating profit and margin higher as 2023 impacted by restructuring and write-down charges
- Material currency headwinds to revenue (4%) and adjusted operating profit (6%) in the first half
- Adjusted cash conversion 53% in the first half reflecting usual seasonality
- Interim dividend up 3% to 47.5 pence

Nimesh Patel, Group Chief Executive Officer, commenting on the results said:

"Against the backdrop of a weak macroeconomic environment in some of our key markets and a strong currency headwind, first half results were slightly below our expectations. We expect stronger growth in the second half, supported by higher IP, ongoing operational improvement in ETS and cost discipline. While we have seen early signs of improving Biopharm demand, we do not anticipate a meaningful recovery until late 2024.

"Following my first six months as CEO, visiting our operations, colleagues and customers, I am confident in the fundamental quality of our three Businesses. We are delivering early operational improvements and will increase the pace at which we address these within our Group. We are also focusing our investments to capitalise on global trends and high growth markets, which will accelerate our long term organic growth. I thank my exceptional colleagues for their support and look forward to evolving and strengthening Spirax Group together."

+ 'Sales' is used interchangeably with 'revenue' when describing the financial performance of the Business

++ 'STS': Steam Thermal Solutions; 'ETS': Electric Thermal Solutions

+++ 'IP': Industrial Production growth

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

** 'Semicon' refers to ETS sales to the Semiconductor Wafer Fabrication Equipment sector

*** 'Biopharm' refers to Watson-Marlow sales to the Pharmaceutical & Biotechnology sector

See Appendix to the Financial Statements for an explanation of alternative performance measures and reconciliation to IFRS.

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Audio webcast
The results presentation will be available as a live webcast at 9.15 am on the Company's website at www.spiraxgroup.com or via the following link: https://edge.media-server.com/mmc/p/7hk59624
A recording will be made available on the website shortly after the meeting.

Conference call registration
https://register.vevent.com/register/BI4d25763b07cd432092ff7be190a28dbd

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

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SUMMARY FINANCIALS

Six months to 30 June	**H1 2024**	H1 2023	*y-o-y change*	
	£m	£m	*Organic**	*Reported*
SUMMARY FINANCIALS				
Steam Thermal Solutions (STS)	**430.8**	459.8	*(1)%*	*(6)%*
Electric Thermal Solutions (ETS)	**197.7**	192.5	*5%*	*3%*
Watson-Marlow	**198.5**	198.5	*3%*	-
Group Revenue	**827.0**	850.8	*1%*	*(3)%*
STS	**98.6**	96.3		*2%*
ETS	**20.1**	10.7		*88%*
Watson-Marlow	**47.3**	42.1		*12%*
Corporate	**(18.8)**	(16.9)		
Group Statutory Operating Profit	**147.2**	132.2		*11%*
STS	**22.9%**	20.9%		*200bps*
ETS	**10.2%**	5.6%		*460bps*
Watson-Marlow	**23.8%**	21.2%		*260bps*
Group Statutory Operating Profit Margin	**17.8%**	15.5%		*230bps*
STS	**101.2**	112.2	*(2)%*	*(10)%*
ETS	**29.1**	26.9	*12%*	*8%*
Watson-Marlow	**48.8**	48.9	*2%*	-
Corporate	**(18.8)**	(16.3)		
Group Adjusted Operating Profit*	**160.3**	171.7	*(1)%*	*(7)%*
STS	**23.5%**	24.4%	*(30)bps*	*(90)bps*
ETS	**14.7%**	14.0%	*80bps*	*70bps*
Watson-Marlow	**24.6%**	24.6%	*(10)bps*	-
Group Adjusted Operating Profit Margin*	**19.4%**	20.2%	*(30)bps*	*(80)bps*
Cash flow				
Statutory cash from operations	**93.1**	85.6		*9%*
Adjusted cash from operations*	**85.6**	82.8		*3%*
Adjusted cash conversion*	**53%**	48%		*500bps*
Net debt*	**718.3**	748.3		*(4)%*
Leverage (net debt to EBITDA)*	**1.9x**	1.8x		

** All adjusting measures are reconciled to their nearest statutory equivalent in the Appendix to the Financial Statements.*

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

The challenging trading conditions highlighted in our May trading update continued through the remainder of the first half, with Group results slightly below our expectations. ETS sales grew organically during the first half supported by operational progress. Watson-Marlow sales also grew organically with a slight improvement in demand from Biopharm customers. However, these organic gains were largely offset by macroeconomic weakness in our key markets impacting STS, where sales declined organically.

Colleagues across the Group have responded to these external challenges, implementing actions to preserve profitability and drive future growth while improving our safety and sustainability performance. I am grateful to all my colleagues for their support in my first six months as CEO and look forward to evolving and strengthening Spirax Group, together.

During the first half, we made changes to our Group Executive team. Armando Pazos, Managing Director of ETS, will leave the Group at the end of August to be succeeded by Andrew Mines, who has led Watson-Marlow since 2020. We thank Armando for his contribution to ETS, including his leadership of the acquisitions of Vulcanic and Durex Industries. We have commenced a search for Andrew's successor and have put in place interim leadership.

On 8 July, we welcomed our new Chief Financial Officer, Louisa Burdett, to the Board and Group Executive team. Céline Barroche will join us on 2 September, as Group General Counsel, member of the Group Executive team and Company Secretary.

Tim Cobbold has been appointed as Chair of the Board of Directors to succeed Jamie Pike who is retiring at the end of 2024. Tim will join the Board as a Non-Executive Director and Chair Designate from 1 September and will succeed Jamie as Chair of the Board of Directors and Nomination Committee on 1 January 2025.

On 6 August, the Group agreed to invest €4 million in return for an initial 12% stake in Sustainable Process Heat GmbH (SPH), a technology start-up in Germany that is pioneering the development of high temperature heat pumps (HTHPs). We have an option to increase our shareholding upon SPH meeting certain technical milestones. This additional investment would also trigger a commercial agreement, adding the HTHPs to our portfolio of solutions to electrify the generation of steam for critical, higher temperature applications where steam is used directly in our customers' industrial processes.

Market Environment

Industrial Production growth (IP)	**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 1 August 2024.

IP remained weak through the first half, contracting in Germany, France and the USA, representing in aggregate 40% of Group sales in 2023. In most of our key geographic markets, IP in the second quarter was lower than had been estimated at the time of our May trading update. Globally, first half IP was 0.8%, excluding China, for which we continue to see volatility and a wide range across the different providers of IP forecasts.

In China, which represented over 10% of Group sales, the rate of expansion in our customers' industrial capacity remained materially weaker compared to prior years. In light of the uncertain macroeconomic outlook, large projects, which are funded from customers' capital budgets, were materially lower across key sectors including Mining, Oil & Gas, Pharmaceuticals and Electric Vehicle (EV) battery manufacture.

CHR's full year forecast for global IP has been revised down materially from 1.9% in May to 1.5% in August (1.2% excluding China), with significant downward revisions to second half IP expectations in Europe and the Americas. Second half IP in China also continues to be forecast to be materially lower than in the first half.

Despite these revisions, forecast IP remains meaningfully higher in the second half compared to the first half, particularly in our key markets. We remain cautious about the outlook for IP in the second half, particularly this forecast improvement. Therefore, we have taken a more conservative view in our planning for the second half and have assumed a smaller improvement in IP over the first half.

Financial Performance

£m	H1 2023	Exchange	Organic	**H1 2024**	Organic	Reported
Revenue	850.8	(34.5)	10.7	**827.0**	*1%*	*(3)%*
Adjusted operating profit	171.7	(10.6)	(0.8)	**160.3**	*(1)%*	*(7)%*
Adjusted operating profit margin	20.2%			**19.4%**	*(30)bps*	*(80)bps*
Statutory operating profit	132.2			**147.2**		*11%*
Statutory operating profit margin	15.5%			**17.8%**		*230bps*

As a result of the weak macroeconomic environment in the first half, Group sales of £827.0 million (H1 2023: £850.8 million) were slightly below our expectations at 3% lower compared to the first half of 2023, including a material currency headwind of 4%. On an organic basis sales were 1% higher, with ETS up 5% and Watson-Marlow up 3%, partially offset by a decline in STS of 1%. STS sales growth in the first half of 2024 was lower against a particularly strong comparator, with sales in the first half of 2023 up 15% organically.

Group adjusted operating profit of £160.3 million (H1 2023: £171.7 million) was 7% lower compared to the first half of 2023, including a material currency headwind of 6% and broadly flat organically. Organic growth in adjusted operating profit in ETS of 12% and Watson-Marlow of 2% was offset by a decline in STS of 2%.

Group adjusted operating profit margin of 19.4% (H1 2023: 20.2%) was down 30bps organically. We have continued to maintain cost discipline while ensuring we are investing in our sales and manufacturing capabilities, as well as long term growth opportunities. STS margin of 23.5% was 30bps lower organically compared to the first half of 2023, reflecting lower sales. This decline offset an organic increase in the ETS margin of 80bps, as operational improvements delivered increased throughput from Chromalox's manufacturing facilities. Watson-Marlow's margin was broadly flat organically as the benefit of operational gearing from higher sales was offset by a full six months of costs relating to our new manufacturing facility in Devens, Massachusetts (USA).

Statutory operating profit increased by 11% to £147.2 million and the statutory operating profit margin of 17.8% was higher by 230bps (H1 2023: 15.5%). The first half of 2023 included a number of restructuring and write-down charges that impacted statutory operating profit. The reconciling items between adjusted operating profit of £160.3 million and statutory operating profit of £147.2 million are shown below:

- a charge of £17.3 million (H1 2023: £18.5 million) for the amortisation of acquisition-related intangible assets
- income of £4.2 million relating to a post-completion adjustment to the purchase consideration for Durex Industries

Adjusted earnings per share were 137.2 pence, a decline of 12%, reflecting lower adjusted operating profit together with the expected higher net interest cost and effective tax rate.

Adjusted cash conversion in the first half of the year was in line with our expectations at 53% (H1 2023: 48%), reflecting the usual seasonality of the Group's cashflows.

The Board has declared an Interim dividend of 47.5 pence (H1 2023: 46.0 pence) per ordinary share, an increase of 3%, reflecting our confidence in a return to higher levels of growth and margin. The dividend will be paid on 15 November 2024 to shareholders on the register at the close of business on 18 October 2024.

Full Year Outlook

For the Group, we expect mid-single digit organic revenue growth for the full year. Adjusted operating profit margin is expected to be broadly in line with the 2023 margin, adjusted for currency headwinds, of 20.0%. We anticipate full year adjusted cash conversion will be higher than in 2023, at approximately 75%.

We remain cautious on the scale of the forecast improvement in IP for the second half. Therefore, we have taken a more conservative view in our planning and expectations for the second half. Despite early signs of improvement in Biopharm demand, we do not expect a material recovery in sales from this or the Semicon sector in the second half of the year.

If exchange rates at the end of July were to prevail for the remainder of 2024, there would be a headwind impact across the full year of approximately 4% to 2023 sales and approximately 8% to 2023 adjusted operating profit. Our organic guidance is based upon 2023 currency adjusted sales of £1,615 million, adjusted operating profit of £321 million and an adjusted operating profit margin of 20.0%.

We anticipate second half organic sales growth in STS, driven by our usual seasonality and improving second half IP. This will support low-single digit organic sales growth for the full year. As previously indicated, we expect STS margin for the full year to be lower than the record 24.6% reported in 2023, reflecting currency headwinds, a lower contribution from our high margin business in China and the partial reversal of 2023 temporary cost containment initiatives.

Operational improvements in ETS are expected to support further organic sales, profit and margin growth in Industrial Process Heating in the second half. In Industrial Equipment Heating, we do not anticipate a meaningful recovery in higher margin Semicon sales in the remainder of the year. For the full year, we therefore anticipate mid-single digit organic sales growth in ETS with margin progress driven by Industrial Process Heating.

We expect Watson-Marlow sales to grow organically in the second half against the weak prior year comparator, but with lower Biopharm sales growth than previously anticipated as the expected recovery is unlikely until later in the year. For the full year, we anticipate mid-single digit organic revenue growth with good margin progress.

Tax and Interest

As expected, net financing expenses increased to £21.9 million (H1 2023: £18.2 million) following a refinancing in late 2023 of maturing fixed rate debt at higher coupons due to increases in market interest rates.

The Group effective tax rate reflects the blended average of rates in tax jurisdictions around the world in which the Group operates. As expected, the Group adjusted effective tax rate increased by 100bps to 26.5% due to an inflation adjustment in Argentina and the impact of the OECD's Base Erosion and Profit Shifting (BEPS) "Pillar 2" initiative (2023: 25.5%). On a statutory basis the Group effective tax rate was 26.7% (2023: 24.7%).

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 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 level of volatility in the Argentinian peso has had a negative translational impact on Group reported financial performance.

In the first half of the year, currency movements negatively impacted sales by 4% and adjusted operating profit by 6%. If exchange rates at the end of July were to prevail for the remainder of 2024, there would be a headwind impact of approximately 4% on 2023 sales, or approximately 3% excluding the devaluation of the Argentine peso. On the same basis, the headwind impact on 2023 adjusted operating profit would be approximately 8%, or approximately 5% excluding the Argentine peso devaluation. The timing of the material devaluation of the Argentine peso in December 2023 exacerbates the headwind impact based on a materially higher average exchange rate in 2024 compared to 2023.

Adjusted Cash flow

Adjusted Cash flow	**30 June 2024 £m**	30 June 2023 £m
Adjusted operating profit	160.3	171.7
Depreciation and amortisation (excl. leased assets)	20.2	21.7
Depreciation of leased assets	9.0	7.5
Cash payments to pension schemes more than the charge to adjusted operating profit	(3.8)	(2.7)
Equity settled share plans	4.5	4.8
Working capital changes	(56.2)	(62.7)
Repayments of principal under lease liabilities	(8.7)	(7.7)
Capital expenditure (including software and development)	(44.1)	(50.6)
Capital disposals	4.4	0.8
Adjusted cash from operations	**85.6**	**82.8**
Net interest	(21.0)	(17.4)
Income taxes paid	(37.9)	(46.1)
Adjusted free cash flow	**26.7**	**19.3**
Net dividends paid	(84.2)	(81.0)
Purchase of employee benefit trust shares/Proceeds from issue of shares	-	(8.8)
Disposals/(Acquisitions) of subsidiaries	2.9	(2.3)
Restructuring costs	(2.5)	(6.1)
Cash flow for the period	**(57.1)**	**(78.9)**
Exchange movements	5.5	21.0
Opening net debt	(666.7)	(690.4)
Net debt at 30 June 2024	**(718.3)**	**(748.3)**
Lease liability	(96.0)	(88.4)
Net debt and lease liability 30 June 2024	**(814.3)**	**(836.7)**

Total working capital increased by £56.2 million reflecting typical seasonality. Capital expenditure in the first half of the year was £44.1 million, or 5% of sales, lower than the investment of £50.6 million in the first half of 2023. We continue to expect capital expenditure to be more heavily weighted to the second half of the year, due to the phasing of a number of committed large capital projects, including the expansion of Chromalox's manufacturing facility in Ogden, Utah (USA).

Adjusted cash from operations of £85.6 million (H1 2023: £82.8 million) was up £2.8 million, resulting in cash conversion of 53% (H1 2023: 48%).

Net debt (excluding leases) at 30 June 2024 was £718.3 million (31 December 2023: £666.7 million), with a net debt to EBITDA ratio of 1.9x times (31 December 2023: 1.7 times), following payment of the Final dividend in respect of 2023.

As at 30 June 2024, total committed and undrawn debt facilities amounted to £284.1 million alongside a net cash balance of £162.3 million. The average tenor of our debt is over four years with the next contractual repayment maturity in October 2025.

The net post-retirement benefit liability under IAS 19 decreased to £39.2 million (31 December 2023: £51.4 million). The fair value of assets decreased by £11.3 million to £326.2 million (31 December 2023: £337.5 million). This was more than offset by lower liabilities which reduced by £23.5 million to £365.4 million (31 December 2023: £388.9 million).

Health and Safety Performance

Our all-workplace incident rate (which includes lost time accidents)* reduced from 1.55 at the end of 2023 to 1.49 during the first half. We experienced three Serious Lost Time Accidents (SLTA) during the first half, with the rate falling to 0.04 from 0.05 at the end of 2023.

Improving safety standards and processes in our most recent acquisitions, Vulcanic and Durex Industries, remains a key priority as we continue to integrate them into ETS. Their all-workplace incident rate during the first half was 9.61, with one SLTA and reflects the lower priority that was given to safety reporting and processes under previous ownership. Both Vulcanic and Durex Industries have embraced our strong H&S focus, enabling us to build an active improvement programme.

**per 100,000 work hours worked. Group data excludes acquisitions data, which is reported separately*

Sustainability Performance

We achieved a reduction in our absolute scope 1 and 2 market-based greenhouse gas emissions of 9% compared to the first half of 2023 and remain on track to achieve our planned reduction of 50%, compared to the 2019 baseline, by the end of 2025. Water consumption across the Group has reduced by 8%, compared to the first half of 2023. Building on the strong engagement in biodiversity projects of previous years, a further 79 have been undertaken so far in 2024 with 85% of operating companies now having completed a biodiversity project since the initiative began in 2021. Volunteering hours of nearly 15,000, were up by 33% compared to the first half of 2023.

Operating review

Steam Thermal Solutions

£m	H1 2023	Exchange	Organic	**H1 2024**	*Organic*	*Reported*
Revenue	459.8	(24.1)	(4.9)	**430.8**	*(1)%*	*(6)%*
Adjusted operating profit	112.2	(8.5)	(2.5)	**101.2**	*(2)%*	*(10)%*
Adjusted operating profit margin	24.4%			**23.5%**	*(30)bps*	*(90)bps*
Statutory operating profit	96.3			**98.6**		*2%*
Statutory operating profit margin	20.9%			**22.9%**		*200bps*

The first half of 2023 benefitted from a material increase in large projects in China following the easing of COVID-related lockdowns, capacity expansions in the Pharmaceutical sector and strong demand from customers in the Electric Vehicle (EV) battery sector. Together with strong pricing to offset high inflation, these factors helped STS deliver 15% organic growth in sales and a 24.4% adjusted operating profit margin in the first half of 2023.

Sales in the first half of 2024 were 6% lower at £430.8 million, impacted by a material currency headwind. Against the strong organic growth comparator in the first half of 2023, sales declined by 1% organically, driven by weak IP in key markets and a weaker macroeconomic environment in China. In China, which accounted for close to 20% of STS sales in the full year 2023, demand was lower in the first half of 2024 by 12%.

In STS China, large projects have historically accounted for a significantly larger share of demand than in the rest of the world and above the approximately 15% of Group sales funded by customers' capex budgets. These were impacted by the weak macroeconomic outlook and, in particular, the adverse impact of tariffs on EV exports from China resulted in lower demand from the EV battery manufacturing sector. In the context of this weaker macroeconomic environment, our team in China is working to pivot from the historic reliance on large expansion project orders towards process optimisation as well as maintain and repair orders (MRO). While this change will take time, we saw growth in these areas in the first half of the year.

STS adjusted operating profit of £101.2 million declined 2% organically and the margin of 23.5% was 30bps lower on an organic basis. This organic decline reflects lower demand in key markets and the adverse mix effect of lower sales from our high margin business in China.

Statutory operating profit of £98.6 million was up 2% from £96.3 million in the first half of 2023 and statutory operating profit margin of 22.9% was up 200bps.

Our sector focused go-to-market approach, based on building deep expertise in industrial processes in our target sectors, has continued to drive strong growth. Sales to customers in the Food & Beverage, Oil & Gas and Chemicals sectors, which account for over 30% of STS sales, grew organically compared to the first half of 2023.

We have continued to develop our suite of TargetZero solutions, designed to help our customers electrify steam generation as well as efficiently recycle and store thermal energy. Our offering of unique, first-to-world products to decarbonise steam generating boilers: ElectroFit (retro-fit) and SteamVolt (first-fit), remains in development with further testing required ahead of full commercialisation.

We have also invested in emerging high temperature heat pump (HTHP) technology, which will add to our range of electrification products. HTHPs are a highly engineered, bespoke technology allowing our customers to recycle waste process heat to generate steam for use in their critical processes, while reducing their operating costs and carbon emissions.

Electric Thermal Solutions

£m	H1 2023	Exchange	Organic	**H1 2024**	Organic	Reported
Revenue	192.5	(4.5)	9.7	**197.7**	*5%*	*3%*
Adjusted operating profit	26.9	(0.8)	3.0	**29.1**	*12%*	*8%*
Adjusted operating profit margin	14.0%			**14.7%**	*80bps*	*70bps*
Statutory operating profit	10.7			**20.1**		*88%*
Statutory operating profit margin	5.6%			**10.2%**		*460bps*

The ETS order book in Industrial Process Heating (Chromalox and Vulcanic) remains at historically high levels. Industrial Equipment Heating (Thermocoax and Durex Industries) has yet to benefit from a recovery in Semicon demand (sales to Semicon customers accounted for approximately 11 % of ETS sales in 2023). Our customers in the Semicon sector are signalling high expectations of placing increased orders in late 2024, which will mostly benefit sales in 2025, so we do not anticipate a meaningful recovery in Semicon sales in the current year.

ETS sales of £197.7 million were up 3%, including a currency headwind of 2%. Organic growth of 5% was supported by strong growth in Industrial Process Heating sales, benefitting from demand for decarbonisation solutions and improvements in throughput from Chromalox's manufacturing facilities. Organic sales growth in Industrial Equipment Heating continues to be impacted by weak Semicon demand.

Adjusted operating profit in ETS of £29.1 million was up 12% organically with margin up 80bps reflecting strong progress in Industrial Process Heating partially offset by a lower margin in Industrial Equipment Heating, reflecting the adverse mix effect of lower Semicon sales.

Statutory operating profit of £20.1 million was up 88% reflecting a post-completion adjustment to the purchase consideration for Durex Industries, with statutory operating profit margin of 10.2%.

Sales and margin progress in Industrial Process Heating, driven by ongoing improvements across Chromalox's manufacturing facilities remains a key operational priority, particularly in the Ogden, Utah (USA) facility given its importance in fulfilling the strong and growing demand for electrification solutions as a means to reduce carbon emissions. We have a clear understanding of the issues that impeded progress historically and a visible path to improvement under new management, including the ETS Head of Manufacturing and General Manager for the Ogden facility. The early progress we have made in improving throughput is encouraging and will continue to support ongoing ETS margin expansion. Separately, the expansion of the Ogden facility is also progressing well and remains on track for completion by the end of the year, with production expected to begin during the first half of 2025.

We have taken steps to drive improved collaboration across ETS. In the Industrial Process Heating Division, this included aligning the regional sales teams as well as combining responsibility for all our manufacturing sites, under a new organisational structure bringing together Vulcanic and Chromalox. In the Industrial Equipment Heating Division, actions included migrating Thermocoax's US based production to Durex Industries' site in Chicago, Illinois (USA) and closer collaboration in new product development, leveraging the teams' combined expertise.

Watson-Marlow

£m	H1 2023	Exchange	Organic	**H1 2024**	*Organic*	*Reported*
Revenue	198.5	(5.9)	5.9	**198.5**	*3%*	-
Adjusted operating profit	48.9	(1.3)	1.2	**48.8**	*2%*	-
Adjusted operating profit margin	24.6%			**24.6%**	(10)bps	-
Statutory operating profit	42.1			**47.3**		*12%*
Statutory operating profit margin	21.2%			**23.8%**		*260bps*

Demand from Biopharm customers has shown some early signs of improvement. Our order book is continuing to normalise to a lower, historical level with sales above new orders as customers take delivery of orders placed in prior years.

Watson-Marlow sales were unchanged, reflecting a currency headwind which offset organic growth of 3%.

Adjusted operating profit of £48.8 million was up 2% organically with a margin of 24.6%. Watson-Marlow's adjusted operating profit margin was broadly flat organically as the benefit of operational gearing from higher sales was offset by a full six months of costs relating to our new manufacturing facility in Devens, Massachusetts (USA).

Statutory operating profit of £47.3 million was up 12% from £42.1 million in the first half of 2023 and statutory operating profit margin of 23.8% was up 260bps.

We have seen strong traction in our WM Architect solution, which we launched to Biopharm customers in April 2024. WM Architect is an example of self-generated solution selling by our direct sales engineers, being a bespoke solution that enables customers to connect disparate systems and equipment along the fluid path while preserving the safety and integrity of their processes.

While demand in Process Industries, which is linked to IP, was dampened by the weak macroeconomic environment, our sector focused approach delivered strong growth in the Wastewater, Food & Beverage and Mining sectors, compared to the first half of 2023, although this was partially offset by a decline in other Industrial sectors. As part of our development of digital technologies, we have commenced the pilot of a prototype machine learning pump in the mining sector, with more planned for the second half of the year. This technology is designed to limit process downtime through preventative maintenance alerts based on monitoring of fluid path parameters through the pump.

Following a review of Watson-Marlow's manufacturing footprint in the USA, we consolidated two small facilities (Asepco and Aflex) into our Devens facility during the first half, supporting the ongoing ramp-up of that facility and delivering a small saving benefit in the second half of 2024.

Update on Strategy Development

Following a comprehensive series of visits to our local operating companies around the world and across all three Businesses, as well as discussions with colleagues and customers, the new CEO and Group Executive team are taking a fresh and objective approach to assessing Spirax Group, including our fundamental strengths, future growth prospects and operational improvement opportunities.

Working together, alongside our Board of Directors, we are developing a long-term strategic plan for the Group. We plan to share further details at a capital markets event in early October 2024; ahead of which we set out below a summary of our commercial, operational and financial priorities.

We are already taking action to deliver changes that accelerate implementation of these priorities, as set out in our first half results, including: management changes, manufacturing improvements in ETS, consolidation of ETS and Watson-Marlow sites in the USA, targeted investment in the development of our decarbonisation and digital solutions, as well as increasing capital discipline.

We are a trusted global leader in optimising critical thermal energy and fluid technology processes

Our products, solutions and expertise are critical to the operating efficiency and safety of our customers' industrial thermal energy and fluid technology processes and increasingly their transition to a low-carbon, resource-efficient world. We have a track record of consistent organic growth ahead of IP and at industry-leading margins, delivered through a powerful and resilient Business Model, defined by: engineer-led direct sales, a focus on consultative solution-selling and pricing based on customer economics. We remain highly diversified across geographic regions and sectors with a high proportion of sales from defensive end-markets and our sales are mostly funded from customers' operational budgets rather than capital expenditure.

By leveraging our unique Business Model, targeting our investments to deliver on significant opportunities in high growth markets and increasing the pace at which we address operational improvements within our Businesses, we will enable, in the long term, an acceleration in compounding organic growth.

We are well positioned to capitalise on key global trends shaping our customers' businesses, which will drive our long-term compounding growth

Increasing demand for consumer products driven by an emerging middle-class will require expertise in:*

- process efficiency and productivity improvement
- capacity expansion
- safe and efficient operation of critical production processes

A focus on resource-efficiency and sustainable production will require innovative solutions to:

- reduce carbon intensity of production
- reduce customers' carbon dependency through electrification of thermal processes
- provide highly engineered thermal energy management solutions to Nuclear and Energy sectors
- manage wastewater and desalination processes

Improved healthcare for an ageing population will require specialist insights into:

- the needs of Biotechnology customers as they develop and produce new treatments
- the future of Pharmaceutical production and capacity expansion
- critical products used by the Medical sector for patient care

Changing lifestyles are fuelling the emergence of new high-growth sectors, where we are focused on:

- providing highly engineered, critical thermal electric solutions to the Semicon sector
- leveraging our expertise in Biopharm to build a presence in new adjacent sectors such as Future Foods
- facilitating the manufacture of Electric Vehicle batteries

These trends represent a significant expansion of our addressable market. Our primary focus will be on delivering on our organic growth potential and we will consider bolt-on M&A to the extent that it accelerates our strategic delivery.

*Middle class is defined as households with an income of between 75% and 100% of the median national income

We are focusing investment on future growth opportunities that strengthen our customer bonding

Energy transition

We are uniquely placed across STS and ETS to influence the energy transition choices facing our customers, which will have a multi-faceted impact on our Businesses over several years. Both the decarbonisation of steam generation and broader electrification of thermal energy (beyond steam) represent a significant expansion of our addressable market.

Decarbonisation of steam generation

We are developing a suite of TargetZero solutions designed to help our customers optimise their energy use (further building on what we do today), manage their energy use (supported by the development of digital monitoring) and decarbonise their thermal energy generation (through new product development).

Our offering of unique, first-to-world products to decarbonise steam generating boilers: ElectroFit (retro-fit) and SteamVolt (first-fit), remain in development with further testing required ahead of full commercialisation. We have also added emerging high temperature heat pump technology to our range of electrification products to enable the recycling of waste heat to generate steam.

We remain focused on critical applications of steam at high temperatures and where it is delivered directly into our customers' industrial processes. In less critical applications of below 100°C, where steam is utilised for indirect heating, some customers are exploring the use of commoditised low temperature, hot water heat pumps, alongside their existing steam systems. For customers to achieve end-to-end decarbonisation of steam usage within their industrial processes, they will require a range of solutions.

As we build our TargetZero solutions to address the different dynamics within the decarbonisation of steam, we will significantly expand our addressable market and drive higher growth in both STS and ETS.

To successfully deploy these solutions to customers, we are developing the required capabilities, including: designing an operating model across STS and ETS to establish how we go-to-market and bring together complementary expertise; and building capability in design engineering and the manufacturing of bespoke products.

Electrification of process heating (beyond steam)

Approximately 60% of industrial thermal energy is raised from the direct combustion of fossil fuels, representing a significant opportunity for electrification to play a key role in reducing carbon emissions in energy intensive sectors. Through the Industrial Process Heating Division of ETS, we have a leading competitive position, supported by innovative technologies such as our Medium Voltage offering. Today's Medium Voltage products are suitable for the North American market but not yet the higher grid transmission voltages in Europe and Asia. We are investing in new product development and our range of electrification solutions, including heating elements operating at higher temperatures and at higher voltages, to further expand our addressable market opportunity.

Digital connections

We are investing in technologies to accelerate the delivery of our Business Model through increased customer bonding based on deeper insights. Together with the expertise of our direct sales engineers, access to more frequent data from our customers' industrial processes further supports self-generation of solutions and an enhanced ability to demonstrate how we deliver economic value.

Organisational capability

Alongside investments in facilitating the energy transition and digital connections, we will also build new organisational capabilities that will accelerate the pace at which we serve our customers' evolving needs.

We are refocusing our investment priorities to deliver operational improvements

Our Business Model remains a key differentiator, but we have a clear opportunity to be both more effective and more efficient in how we serve customers, creating the capacity to fund and accelerate delivery of our growth drivers. Examples of areas we have already identified, include: leveraging solution-selling knowledge and best practice from across our global operating companies through increased collaboration; improving the efficiency of our manufacturing facilities in all three Businesses, which was previously less of a focus; reducing the organisational complexity that has built-up as we have grown from under 70 operating companies to over 140; and improving our processes and systems across the Group to address areas of past underinvestment, which will be funded by our growth.

We have also taken early steps to accelerate the delivery of value from past acquisitions in ETS, including: changes in leadership, changes to our organisational structure to integrate into two Divisions: Industrial Process Heating and Industrial Equipment Heating, and driving throughput from our manufacturing facilities.

Strong long term compounding growth with changing mix of sales and profit in the medium term

Spirax Group has a long track record of delivering mid-single digit organic sales growth averaging close to 2x IP and mid-to-high single digit organic profit growth. In the medium term, we expect to sustain compounding organic growth at these levels, with a different mix of sales and profit, reflecting the growth profiles of each of our three Businesses. Ten years ago, STS represented 80% of Group revenues and today Watson-Marlow and ETS, which are higher growth Businesses, together contribute close to 50% of Group revenues.

We expect to improve Group margin to between 22% and 23% over the medium term. Organic profit growth, together with our low capital intensity and strong cash generation, will underpin an improving return on capital.

In the long term, we are well positioned to capitalise on some of the key global trends that are shaping our customers' businesses. By executing against these significant growth opportunities and continuing to deliver operational improvements to fund that growth, we expect to accelerate the Group's compounding organic growth in sales and profits.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes the Principal Risks and uncertainties facing the Group for the remainder of the year are included in, and unchanged from, those reported in the Annual Report 2023. The Group's Principal Risks and uncertainties at 31 December 2023 were detailed on pages 101 to 105 of the Annual Report 2023, and related to the following areas: economic and political instability; significant exchange rate movement; cybersecurity; failure to realise acquisition objectives; loss of manufacturing output at any Group factory; inability to identify and respond to changes in customer needs; loss of critical supplier; and breach of legal and regulatory requirements (including ABC laws).

INDEPENDENT REVIEW REPORT TO SPIRAX GROUP PLC

Conclusion

We have been engaged by the Company to review the condensed set of Financial Statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 12.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 1 the annual Financial Statements of the Group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of Financial Statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE (UK), however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the Group a conclusion on the condensed set of Financial Statement in the half-yearly financial report. Our conclusion, including our conclusions relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
7 August 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2024 £m (unaudited)	30 June 2023 £m (unaudited)	31 December 2023 £m (audited)
ASSETS				
Non-current assets				
Property, plant and equipment		422.5	395.3	415.1
Right-of-use assets		97.4	90.2	98.4
Goodwill		674.6	677.8	680.5
Other intangible assets		436.5	455.5	448.8
Prepayments		1.1	2.5	1.9
Investment in Associate		3.9	-	3.0
Taxation recoverable		4.9	4.9	4.9
Deferred tax assets		27.1	18.9	31.0
		1,668.0	1,645.1	1,683.6
Current assets				
Inventories		290.4	304.9	285.2
Trade receivables		322.3	317.2	299.8
Other current assets		70.2	81.8	71.4
Taxation recoverable		9.2	11.7	8.7
Cash and cash equivalents	8	330.1	322.8	359.7
		1,022.2	1,038.4	1,024.8
Total assets		**2,690.2**	**2,683.5**	**2,708.4**
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables		234.4	232.9	251.2
Provisions		6.0	9.8	9.5
Bank overdrafts	8	167.8	108.1	146.9
Current portion of long-term borrowings	8	3.8	196.7	3.6
Short-term lease liabilities	8	15.9	13.3	14.5
Current tax payable		25.5	24.9	28.3
		453.4	585.7	454.0
Net current assets		**568.8**	**452.7**	**570.8**
Non-current liabilities				
Long-term borrowings	8	876.8	766.3	875.9
Long-term lease liabilities	8	80.1	75.1	82.2
Deferred tax liabilities		64.4	76.8	68.2
Post-retirement benefits	7	39.2	43.4	51.4
Provisions		6.9	6.5	7.6
Long-term payables		11.2	8.6	11.4
		1,078.6	976.7	1,096.7
Total liabilities		**1,532.0**	**1,562.4**	**1,550.7**
Net assets	2	**1,158.2**	**1,121.1**	**1,157.7**
Equity				
Share capital		19.8	19.8	19.8
Share premium account		90.4	88.4	90.1
Translation reserve		(76.5)	(49.1)	(60.4)
Other reserves		(11.3)	(3.4)	(12.9)
Retained earnings		1,135.3	1,064.8	1,120.3
Equity shareholders' funds		1,157.7	1,120.5	1,156.9
Non-controlling interest		0.5	0.6	0.8
Total equity		**1,158.2**	**1,121.1**	**1,157.7**
Total equity and liabilities		**2,690.2**	**2,683.5**	**2,708.4**

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months to 30 June 2024 £m (unaudited)	Six months to 30 June 2023 £m (unaudited)	Year ended 31 December 2023 £m (audited)
Revenue	2	**827.0**	**850.8**	**1,682.6**
Operating costs		(679.8)	(718.6)	(1,398.2)
Operating profit	2	**147.2**	**132.2**	**284.4**
Financial expenses		(28.4)	(22.3)	(51.2)
Financial income		6.5	4.1	11.3
Net financing expense	3	(21.9)	(18.2)	(39.9)
Share of loss of Associate		(0.5)	-	-
Profit before taxation		**124.8**	**114.0**	**244.5**
Taxation	4	(33.5)	(31.0)	(60.5)
Profit for the period		**91.3**	**83.0**	**184.0**
Attributable to:				
Equity shareholders		91.2	82.9	183.6
Non-controlling interest		0.1	0.1	0.4
Profit for the period		**91.3**	**83.0**	**184.0**
Earnings per share				
Basic earnings per share	5	123.8p	112.5p	249.5p
Diluted earnings per share	5	123.6p	112.3p	248.9p
Dividends				
Dividends per share	6	47.5p	46.0p	160.0p
Dividends paid (per share)	6	114.0p	109.5p	155.5p

All amounts relate to continuing operations. The Notes on pages 23 to 33 form an integral part of the Interim Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months to 30 June 2024 £m (unaudited)	Six months to 30 June 2023 £m (unaudited)	Year ended 31 December 2023 £m (audited)
Profit for the period	**91.3**	**83.0**	**184.0**
Items that will not be reclassified to profit or loss:			
Remeasurement gain/(loss) on post-retirement benefits	9.6	5.9	(3.8)
Deferred tax on remeasurement (gain)/loss on post-retirement benefits	(2.3)	(1.4)	1.1
	7.3	4.5	(2.7)
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of foreign operations and net investment hedges	(16.1)	(57.7)	(77.9)
(Loss)/gain on cash flow hedges net of tax	(0.8)	5.7	5.0
	(16.9)	(52.0)	(72.9)
Total comprehensive income for the period	**81.7**	**35.5**	**108.4**
Attributable to:			
Equity shareholders	81.6	35.4	108.0
Non-controlling interest	0.1	0.1	0.4
Total comprehensive income for the period	**81.7**	**35.5**	**108.4**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2024 (unaudited)	**Share capital £m**	**Share premium account £m**	**Translation Reserve £m**	**Other reserves £m**	**Retained earnings £m**	**Equity shareholders' funds £m**	**Non-controlling interest £m**	**Total equity £m**
Balance at 1 January 2024	**19.8**	**90.1**	**(60.4)**	**(12.9)**	**1,120.3**	**1,156.9**	**0.8**	**1,157.7**
Profit for the period	**-**	**-**	**-**	**-**	**91.2**	**91.2**	**0.1**	**91.3**
Other comprehensive (expense)/income:								
Foreign exchange translation differences and net investment hedges	-	-	(16.1)	-	-	(16.1)	-	(16.1)
Remeasurement gain on post-retirement benefits	-	-	-	-	9.6	9.6	-	9.6
Deferred tax on remeasurement gain on post-retirement benefits	-	-	-	-	(2.3)	(2.3)	-	(2.3)
Cash flow hedges	-	-	-	(0.8)	-	(0.8)	-	(0.8)
Total other comprehensive (expense)/income for the period	**-**	**-**	**(16.1)**	**(0.8)**	**7.3**	**(9.6)**	**-**	**(9.6)**
Total comprehensive (expense)/income for the period	**-**	**-**	**(16.1)**	**(0.8)**	**98.5**	**81.6**	**0.1**	**81.7**
Contributions by and distributions to owners of the Company:								
Dividends paid	-	-	-	-	(84.0)	(84.0)	(0.2)	(84.2)
Equity-settled share plans net of tax	-	-	-	-	1.0	1.0	-	1.0
Purchase of shares from non-controlling interest	-	-	-	-	(0.5)	(0.5)	(0.2)	(0.7)
Issue of share capital	-	0.3	-	-	-	0.3	-	0.3
Employee Benefit Trust shares	-	-	-	2.4	-	2.4	-	2.4
Balance at 30 June 2024	**19.8**	**90.4**	**(76.5)**	**(11.3)**	**1,135.3**	**1,157.7**	**0.5**	**1,158.2**

Other reserves represent the Group's cash flow hedge, capital redemption and employee benefit trust reserves. The non-controlling interest is a 1.7% share of Spirax Sarco (Korea) Ltd held by employee shareholders.

For the period ended 30 June 2023 (unaudited)	**Share capital £m**	**Share premium account £m**	**Translation Reserve £m**	**Other reserves £m**	**Retained earnings £m**	**Equity shareholders' funds £m**	**Non-controlling interest £m**	**Total equity £m**
Balance at 1 January 2023	**19.8**	**88.1**	**17.5**	**(23.4)**	**1,067.0**	**1,169.0**	**0.8**	**1,169.8**
Profit for the period	**-**	**-**	**-**	**-**	**82.9**	**82.9**	**0.1**	**83.0**
Other comprehensive income/(expense):								
Foreign exchange translation differences and net investment hedges	-	-	(66.6)	8.9	-	(57.7)	-	(57.7)
Remeasurement gain on post-retirement benefits	-	-	-	-	5.9	5.9	-	5.9
Deferred tax on remeasurement gain on post-retirement benefits	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Cash flow hedges	-	-	-	5.7	-	5.7	-	5.7
Total other comprehensive income/(expense) for the period	**-**	**-**	**(66.6)**	**14.6**	**4.5**	**(47.5)**	**-**	**(47.5)**
Total comprehensive income/(expense) for the period	**-**	**-**	**(66.6)**	**14.6**	**87.4**	**35.4**	**0.1**	**35.5**
Contributions by and distributions to owners of the Company:								
Dividends paid	-	-	-	-	(80.7)	(80.7)	(0.3)	(81.0)
Equity-settled share plans net of tax	-	-	-	-	(8.9)	(8.9)	-	(8.9)
Issue of share capital	-	0.3	-	-	-	0.3	-	0.3
Employee Benefit Trust shares	-	-	-	5.4	-	5.4	-	5.4
Balance at 30 June 2023	**19.8**	**88.4**	**(49.1)**	**(3.4)**	**1,064.8**	**1,120.5**	**0.6**	**1,121.1**

For the year ended 31 December 2023 (audited)	Share capital £m	Share premium account £m	Translation Reserve £m	Other reserves £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2023	**19.8**	**88.1**	**17.5**	**(23.4)**	**1,067.0**	**1,169.0**	**0.8**	**1,169.8**
Profit for the period	**-**	**-**	**-**	**-**	**183.6**	**183.6**	**0.4**	**184.0**
Other comprehensive income/(expense):								
Foreign exchange translation and net investment hedges loss	-	-	(77.9)	-	-	(77.9)	-	(77.9)
Remeasurement loss on post-retirement benefits	-	-	-	-	(3.8)	(3.8)	-	(3.8)
Deferred tax on remeasurement loss on post-retirement benefits	-	-	-	-	1.1	1.1	-	1.1
Gain on cash flow hedges net of tax*	-	-	-	5.0	-	5.0	-	5.0
Total other comprehensive income/(expense) for the period	**-**	**-**	**(77.9)**	**5.0**	**(2.7)**	**(75.6)**	-	**(75.6)**
Total comprehensive income/(expense) for the period	**-**	**-**	**(77.9)**	**5.0**	**180.9**	**108.0**	**0.4**	**108.4**
Contributions by and distributions to owners of the Company:								
Dividends paid	-	-	-	-	(114.5)	(114.5)	(0.4)	(114.9)
Equity-settled share plans net of tax	-	-	-	-	(13.1)	(13.1)	-	(13.1)
Issue of share capital	-	2.0	-	-	-	2.0	-	2.0
Employee Benefit Trust shares	-	-	-	5.5	-	5.5	-	5.5
Balance at 31 December 2023	**19.8**	**90.1**	**(60.4)**	**(12.9)**	**1,120.3**	**1,156.9**	**0.8**	**1,157.7**

* During the year, there has been a reclassification in relation to prior year deferred tax on cash flow hedges of £0.9m.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months to 30 June 2024 £m (unaudited)	Six months to 30 June 2023 £m (unaudited)	Year ended 31 December 2023 £m (audited)
Cash flows from operating activities				
Profit before taxation		124.8	114.0	244.5
Depreciation, amortisation and impairment		49.4	61.1	112.7
(Profit)/loss on disposal of fixed assets		(2.9)	0.5	0.1
Cash payments to the pension schemes greater than the charge to operating profit		(3.8)	(2.7)	(5.7)
Profit on disposal of Associates		-	-	(0.4)
Acquisition related items		(4.2)	(0.6)	4.3
Restructuring related provisions and impairments		(2.5)	(0.9)	(3.0)
Equity-settled share plans		4.5	4.8	6.1
Net finance expense		21.9	18.2	39.9
Operating cash flow before changes in working capital and provisions		**187.2**	**194.4**	**398.5**
(Increase)/decrease in trade and other receivables		(30.3)	(7.0)	12.6
(Increase)/decrease in inventories		(11.3)	(28.3)	(13.1)
(Decrease)/increase in provisions		(1.5)	(0.3)	2.9
(Decrease)/increase in trade and other payables		(13.1)	(27.1)	(11.6)
Cash generated from operations		**131.0**	**131.7**	**389.3**
Income taxes paid		(37.9)	(46.1)	(90.7)
Net cash from operating activities		**93.1**	**85.6**	**298.6**
Cash flows from investing activities				
Purchase of property, plant and equipment		(33.2)	(42.4)	(84.0)
Proceeds from sale of property, plant and equipment		4.4	0.8	3.1
Purchase of software and other intangibles		(8.6)	(4.7)	(14.2)
Development expenditure capitalised		(2.3)	(3.5)	(7.2)
Disposal of subsidiaries		-	-	0.5
Acquisition of businesses net of cash acquired		2.9	-	(5.2)
Interest received		6.5	4.1	11.3
Net cash used in investing activities		**(30.3)**	**(45.7)**	**(95.7)**
Cash flows from financing activities				
Proceeds from issue of share capital		0.3	0.3	2.0
Employee Benefit Trust share purchase		-	(9.1)	(12.8)
Repaid borrowings		(42.7)	-	(221.1)
New borrowings		55.2	60.3	192.8
Interest paid including interest on lease liabilities		(27.5)	(21.5)	(49.1)
Repayment of lease liabilities	8	(8.7)	(7.7)	(16.1)
Dividends paid (including minority shareholders)	6	(84.2)	(81.0)	(114.9)
Net cash used in financing activities		**(107.6)**	**(58.7)**	**(219.2)**
Net change in cash and cash equivalents	8	**(44.8)**	**(18.8)**	**(16.3)**
Net cash and cash equivalents at beginning of period	8	212.8	243.8	243.8
Exchange movement	8	(5.7)	(10.3)	(14.7)
Net cash and cash equivalents at end of period	8	**162.3**	**214.7**	**212.8**
Borrowings	8	(880.6)	(963.0)	(879.5)
Net debt at end of period	8	**(718.3)**	**(748.3)**	**(666.7)**
Lease liabilities	8	(96.0)	(88.4)	(96.7)
Net debt and lease liabilities at end of period	8	**(814.3)**	**(836.7)**	**(763.4)**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Spirax Group plc (formally Spirax-Sarco Engineering plc) is a Company domiciled in the UK. The Condensed Consolidated Interim Financial Statements of Spirax Group plc and its subsidiaries (the Group) for the six months ended 30 June 2024 have been prepared in accordance with United Kingdom adopted International Financial Reporting Standard IAS 34 (Interim Financial Reporting). The accounting policies applied are consistent with those set out in the Spirax Group plc 2023 Annual Report.

These Condensed Consolidated Interim Financial Statements do not include all the information required for full annual statements and should be read in conjunction with the 2023 Annual Report. The comparative figures for the year ended 31 December 2023 do not constitute the Group's statutory Financial Statements for that financial year as defined in Section 434 of the Companies Act 2006. The Financial Statements of the Group for the year ended 31 December 2023 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the United Kingdom. The statutory Consolidated Financial Statements for Spirax Group plc in respect of the year ended 31 December 2023 have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The Consolidated Financial Statements of the Group in respect of the year ended 31 December 2023 are available upon request from the General Counsel and Company Secretary, Charlton House, Cheltenham, GL53 8ER. The Report is also available on our website at www.spiraxgroup.com.

The Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2024, which have been reviewed by the auditor in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council, were authorised by the Board on 7 August 2024.

The Half Year Report and Interim Financial Statements (Half Year Report) has been prepared solely to provide additional information to shareholders as a body to assess the Group's strategies and the potential for those strategies to succeed. This Half Year Report should not be relied upon by any other party or for any other purpose.

GOING CONCERN

Having made enquiries and reviewed the Group's plans and available financial facilities, the Board has a reasonable expectation that the Group has adequate resources to continue its operational existence for at least 12 months from the date of signing the 2024 Half Year Report. For this reason, it continues to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements.

The Group's principal objective when managing liquidity is to safeguard the Group's ability to continue as a going concern for at least 12 months from the date of signing the 2024 Half Year Report. The Group retains sufficient resources to remain in compliance with all the required terms and conditions within its borrowing facilities over this period. The Group continues to conduct ongoing risk assessments on its business operations and 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 a view has been formed as to the probability of these occurring.

Our financial position remains robust, with the Group holding committed total debt facilities of £1,048.4 million at 30 June 2024 giving headroom in excess of £323.0 million. Committed facilities include a £400 million revolving credit facility with a maturity of April 2029 which has £284.1 million undrawn at 30 June 2024. The Group also has cash and cash equivalents, net of overdrafts, of £162.3 million. The next maturity of our committed debt facilities is a US$150 million term loan which matures in October 2025. For the going concern modelling we have not included any refinancing assumptions in relation to existing debt. The Group's debt facilities contain a leverage (defined as net debt divided by adjusted earnings before interest, tax, depreciation and amortisation) covenant of up to 3.5x. Certain debt facilities also contain an interest cover (defined as adjusted earnings before interest, tax, depreciation and amortisation divided by net bank interest) 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 30 June 2024 leverage was 1.9x (30 June 2023: 1.8x; and 31 December 2023: 1.7x). Interest cover was 9x at 30 June 2024 (30 June 2023: 19x; and 31 December 2023: 10x).

Reverse stress testing was also performed to assess what level of business under-performance would be required for a breach of the financial covenants to occur, the results of which evidenced that no reasonably possible change in future forecast cash flows would cause a breach of these covenants. In addition, the reverse stress test does not take into account any mitigating actions which the Group would implement in the event of a severe and extended revenue and profitability decline, which would increase the covenant headroom further.

This assessment indicates that the Group can operate within the level of its current committed debt facilities, without the need to obtain any new facilities for a period of not less than 12 months from the date of this report.

NEW STANDARDS AND INTERPRETATIONS APPLIED FOR THE FIRST TIME

The Group has applied the following amendments for the first time from 1 January 2024. Adoption has not had a material impact on the disclosures or on the amounts reported in these Financial Statements:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Supplier Finance Arrangements

The economy in both Argentina and Turkey remains subject to high inflation. At 30 June 2024 we have concluded that applying IAS 29 (Financial Reporting in Hyperinflationary Economies) is not required as the impact of adopting is not material. We will continue to assess the position going forward.

NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The Group does not expect these amendments to have a material impact on its operations or financial statements.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of Interim Financial Statements, in conformity with adopted IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements for the year ended 31 December 2023.

CAUTIONARY STATEMENTS

This Half Year Report contains forward-looking statements. These have been made by the Directors in good faith based on the information available to them up to the time of their approval of this Report. The Directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The Directors undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

- This Condensed Consolidated set of Interim Financial Statements has been prepared in accordance with IAS 34 (Interim Financial Reporting), as adopted by the United Kingdom;

- The interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Condensed Consolidated Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of Spirax Group plc on 7 August 2024 are as listed in the 2023 Annual Report on pages 112 and 113 except for Louisa Burdett who joined as our new Chief Financial Officer on 8 July 2024 replacing Phil Scott who held the interim Chief Financial Officer position. Louisa Burdett's biography can be found on the Group's website.

N. B. Patel
Group Chief Executive Officer
7 August 2024

On behalf of the Board

2. SEGMENTAL REPORTING

As required by IFRS 8 Operating Segments, the segmental structure reflects the current internal reporting provided to the Chief Operating Decision Maker (considered to be the Board) on a regular basis to assist in making decisions on resource allocation to each segment and to assess performance.

The Group is organised into three segments with the following core product expertise:

- Steam Thermal Solutions - Industrial and commercial steam systems
- Electric Thermal Solutions - Electrical process heating and temperature management solutions
- Watson-Marlow Fluid Technology Solutions - Peristaltic and niche pumps and associated fluid path technologies

No changes to the structure of operating segments have been made during the current period.

Analysis by operating segment

Six months to 30 June 2024	Revenue £m	Total operating profit £m	Operating profit margin %
Steam Thermal Solutions	430.8	98.6	22.9%
Electric Thermal Solutions	197.7	20.1	10.2%
Watson-Marlow	198.5	47.3	23.8%
Corporate	-	(18.8)	
Total	**827.0**	**147.2**	**17.8%**
Net finance expense		(21.9)	
Share of loss Associate		(0.5)	
Profit before taxation		**124.8**	

Six months to 30 June 2023	Revenue £m	Total operating profit £m	Operating profit margin %
Steam Thermal Solutions	459.8	96.3	20.9%
Electric Thermal Solutions	192.5	10.7	5.6%
Watson-Marlow	198.5	42.1	21.2%
Corporate	-	(16.9)	
Total	**850.8**	**132.2**	**15.5%**
Net finance expense		(18.2)	
Profit before taxation		**114.0**	

Year ended 31 December 2023

	Revenue £m	Total operating profit £m	Operating profit margin %
Steam Thermal Solutions	910.1	205.2	22.5%
Electric Thermal Solutions	378.5	25.8	6.8%
Watson-Marlow	394.0	81.2	20.6%
Corporate	-	(27.8)	
Total	**1,682.6**	**284.4**	**16.9%**
Net finance expense		(39.9)	
Profit before taxation		**244.5**	

The following table details the split of revenue by geography for the combined Group:

	Six months to 30 June 2024 £m	Six months to 30 June 2023 £m	Year ended 31 December 2023 £m
Europe, Middle East and Africa	366.2	365.1	718.7
Asia Pacific	166.1	184.1	357.4
Americas	294.7	301.6	606.5
Total revenue	**827.0**	**850.8**	**1,682.6**

Net financing income and expense

	Six months to 30 June 2024 £m	Six months to 30 June 2023 £m	Year ended 31 December 2023 £m
Steam Thermal Solutions	(0.1)	(0.2)	0.8
Electric Thermal Solutions	(0.4)	(0.4)	(0.8)
Watson-Marlow	(0.1)	-	(0.3)
Corporate	(21.3)	(17.6)	(39.6)
Total net financing expense	**(21.9)**	**(18.2)**	**(39.9)**

Net assets

	30 June 2024		30 June 2023		31 December 2023	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Steam Thermal Solutions	711.3	(168.8)	735.0	(180.1)	714.1	(203.7)
Electric Thermal Solutions	1,149.0	(89.4)	1,119.5	(78.7)	1,128.8	(82.7)
Watson-Marlow	424.6	(38.1)	447.2	(40.4)	429.3	(43.6)
Corporate	33.9	(1.3)	23.5	(2.0)	31.9	(1.1)
	2,318.8	(297.6)	2,325.2	(301.2)	2,304.1	(331.1)
Liabilities	(297.6)		(301.2)		(331.1)	
Net deferred tax	(37.3)		(57.9)		(37.2)	
Net tax payable	(11.4)		(8.3)		(14.7)	
Net debt including lease liabilities	(814.3)		(836.7)		(763.4)	
Net assets	**1,158.2**		**1,121.1**		**1,157.7**	

Capital additions, depreciation, amortisation and impairment

	Six months to 30 June 2024		Six months to 30 June 2023		Year ended 31 December 2023	
	Capital additions £m	Depreciation, amortisation and impairment £m	Capital additions £m	Depreciation, amortisation and impairment £m	Capital additions £m	Depreciation, amortisation and impairment £m
Steam Thermal Solutions	19.0	16.9	20.9	30.6	48.2	47.9
Electric Thermal Solutions	21.1	18.8	7.6	20.1	32.2	40.3
Watson-Marlow	8.7	12.3	53.0	10.4	66.6	24.5
Corporate	4.3	1.4	4.2	-	14.1	-
Total	**53.1**	**49.4**	**85.7**	**61.1**	**161.1**	**112.7**

Capital additions include property, plant and equipment at 30 June 2024 of £33.2 million (30 June 2023: £42.4 million; 31 December 2023: £84.0 million). Capital additions also include other intangible assets at 30 June 2024 of £10.9 million (30 June 2023: £8.5 million; 31 December 2023: £25.0 million), of which £nil relates to acquisition related intangibles (30 June 2023: £0.3 million; 31 December 2023: £3.6 million). Right-of-use asset additions at 30 June 2024 were £9.0 million (30 June 2023: £34.8 million; 31 December 2023: £52.1 million).

3. NET FINANCING INCOME AND EXPENSE

	Six months to 30 June 2024 £m	Six months to 30 June 2023 £m	Year ended 31 December 2023 £m
Financial expenses:			
Bank and other borrowing interest payable	(25.9)	(20.6)	(46.9)
Interest expense on lease liabilities	(1.6)	(0.9)	(2.2)
Net interest on pension scheme liabilities	(0.9)	(0.8)	(2.1)
	(28.4)	(22.3)	(51.2)
Financial income:			
Bank interest receivable	6.5	4.1	11.3
Net financing expense	**(21.9)**	**(18.2)**	**(39.9)**
Net bank interest	(19.4)	(16.5)	(35.6)
Interest expense on lease liabilities	(1.6)	(0.9)	(2.2)
Net pension scheme financial expense	(0.9)	(0.8)	(2.1)
Net financing expense	**(21.9)**	**(18.2)**	**(39.9)**

4. TAXATION

Taxation has been estimated at the rate expected to be incurred in the full year.

	Six months to 30 June 2024 £m	Six months to 30 June 2023 £m	Year ended 31 December 2023 £m
UK corporation tax	(1.9)	(1.7)	9.3
Foreign tax	35.6	31.2	74.6
Deferred tax	(0.2)	1.5	(23.4)
Total taxation	**33.5**	**31.0**	**60.5**
Effective tax rate	**26.7%**	**27.2%**	**24.7%**

The Group's tax charge in future years is likely to be affected by the proportion of profits arising and the effective tax rates in the various countries in which the Group operates. The rate may also be affected by the impact of any acquisitions.

The Group is subject to a tax adjustment in Argentina that seeks to offset the impact of inflation upon taxable profits. The adjustment gave a reduction in the Group’s effective tax rate in the period of 60bps on a statutory profits basis (31 December 2023: 260bps). Whilst we include the expected impact of this adjustment in our guidance for the effective tax rate, this is difficult to accurately forecast given the current volatility of Argentinian inflation.

The Group monitors income tax developments in the territories in which it operates. OECD Base Erosion and Profit Shifting (BEPS) initiative to set a new minimum global corporate tax rate of 15% ('Pillar Two') was enacted in the United Kingdom, the jurisdiction in which the Group's parent company is incorporated, and came into effect on 1 January 2024. Under the legislation, a top-up tax is payable on profits that are taxed at an effective tax rate of less than 15%. There are a small number of jurisdictions, where a forecast top-up tax is payable which has increased the Group's effective tax rate by 40bps on a statutory profits basis for the six months to 30 June 2024. The majority of this relates to Argentina where, as noted above, the tax inflation adjustment impacts the Group's tax charge. The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its financial performance. The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has continued to recognise a receivable of £4.9 million in the Consolidated Statement of Financial Position in relation to payments to HM Revenue & Customs, following the European Commission's 2019 decision that certain aspects of the UK's Controlled Foreign Company regime constituted State Aid. The receivable has been recognised as the Group considers there are grounds for successful appeal. There is no provision for other associated tax benefits totalling £4.2 million that were recognised in periods prior to 30 June 2024 and remain a contingent liability.

No UK tax (after double tax relief for underlying tax) is expected to be payable on the future remittance of retained earnings of overseas subsidiaries.

The effective tax rate is calculated as a percentage of profit before tax and a share of profits of associates.

5. EARNINGS PER SHARE

	Six months to 30 June 2024	Six months to 30 June 2023	Year ended 31 December 2023
Profit attributable to equity shareholders (£m)	91.2	82.9	183.6
Weighted average shares in issue (million)	73.6	73.6	73.6
Dilution (million)	0.2	0.1	0.2
Diluted weighted average shares in issue (million)	73.8	73.7	73.8
Basic earnings per share	**123.8p**	**112.5p**	**249.5p**
Diluted earnings per share	**123.6p**	**112.3p**	**248.9p**

Basic and diluted earnings per share calculated on an adjusted profit basis are included in the Appendix. The dilution is in respect of the Performance Share Plan.

6. DIVIDENDS

	Six months to 30 June 2024 £m	Six months to 30 June 2023 £m	Year ended 31 December 2023 £m
Amounts paid in the period:			
Final dividend for the year ended 31 December 2023 of 114.0p (2022: 109.5p) per share	84.0	80.7	80.7
Interim dividend for the year ended 31 December 2023 of 46.0p (2022: 42.5p) per share	-	-	33.8
Total dividends paid	**84.0**	**80.7**	**114.5**
Amounts arising in respect of the period:			
Interim dividend for the year ending 31 December 2024 of 47.5p (2023: 46.0p) per share	35.0	33.8	33.8
Final dividend for the year ended 31 December 2023 of 114.0p (2022: 109.5p) per share	-	-	84.0
Total dividends arising	**35.0**	**33.8**	**117.8**

The Interim dividend for the year ending 31 December 2024 was approved by the Board after 30 June 2024. It is therefore not included as a liability in these Interim Condensed Consolidated Financial Statements. No scrip alternative to the cash dividend is being offered in respect of the 2024 interim dividend.

In addition, dividends paid to minority shareholders at 30 June 2024 were £0.2 million (31 December 2023: £0.4 million; 30 June 2023: £0.3 million).

7. POST-RETIREMENT BENEFITS

The Group is accounting for pension costs in accordance with IAS 19. The disclosures shown here are in respect of the Group's Defined Benefit Obligations. Other plans operated by the Group were either Defined Contribution plans or were deemed immaterial for the purposes of IAS 19 reporting. The full IAS 19 disclosures for the year ended 31 December 2023 are included in the Group's Annual Report.

The amounts recognised in the Consolidated Statement of Financial Position are as follows:

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Post-retirement benefits	(39.2)	(43.4)	(51.4)
Related deferred tax asset	10.1	11.0	13.3
Net pension liability	**(29.1)**	**(32.4)**	**(38.1)**

On 25 July 2024, the Court of Appeal upheld the June 2023 High Court decision in the Virgin Media Limited vs. NTL Pension Trustees II Limited and Others. The Group is continuing to assess the impact this will have on the 2024 Financial Statements.

8. ANALYSIS OF CHANGES IN NET DEBT, INCLUDING CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2024 £m	Cash flow £m	Acquired debt* £m	Exchange movement £m	30 June 2024 £m
Current portion of long-term borrowings	(3.6)				(3.8)
Non-current portion of long-term borrowings	(875.9)				(876.8)
Total borrowings	**(879.5)**				**(880.6)**
Lease liability	(96.7)	8.7	(9.1)	1.1	(96.0)
Borrowings	(879.5)	(12.5)	-	11.4	(880.6)
Changes in liabilities arising from financing	**(976.2)**	**(3.8)**	**(9.1)**	**12.5**	**(976.6)**
Cash at bank	359.7	(21.9)	-	(7.7)	330.1
Bank overdrafts	(146.9)	(22.9)	-	2.0	(167.8)
Net cash and cash equivalents	**212.8**	**(44.8)**	**-**	**(5.7)**	**162.3**
Net debt and lease liability	**(763.4)**	**(48.6)**	**(9.1)**	**6.8**	**(814.3)**
Net debt excluding lease liability	**(666.7)**	**(57.3)**	**-**	**5.7**	**(718.3)**

* Debt acquired includes both debt acquired due to acquisition, and debt recognised on the balance sheet due to entry into new leases and disposals of existing leases.

During the period £25.9 million of interest on external borrowings (31 December 2023: £46.9 million; 30 June 2023: £20.6 million) was incurred and paid.

At 30 June total lease liabilities consist of £15.9 million (31 December 2023: £14.5 million; 30 June 2023: £13.3 million) short-term and £80.1 million (31 December 2023: £82.2 million; 30 June 2023: £75.1 million) long-term.

	1 January 2023 £m	Cash flow £m	Acquired debt* £m	Exchange movement £m	30 June 2023 £m
Current portion of long-term borrowings	(202.9)				(196.7)
Non-current portion of long-term borrowings	(731.3)				(766.3)
Total borrowings	**(934.2)**				**(963.0)**
Lease liability	(65.2)	6.8	(32.8)	2.8	(88.4)
Borrowings	(934.2)	(60.3)	-	31.5	(963.0)
Changes in liabilities arising from financing	**(999.4)**	**(53.5)**	**(32.8)**	**34.3**	**(1,051.4)**
Cash at bank	328.9	5.8	-	(11.9)	322.8
Bank overdrafts	(85.1)	(24.6)	-	1.6	(108.1)
Net cash and cash equivalents	**243.8**	**(18.8)**	**-**	**(10.3)**	**214.7**
Net debt and lease liability	**(755.6)**	**(72.3)**	**(32.8)**	**24.0**	**(836.7)**
Net debt excluding lease liability	**(690.4)**	**(79.1)**	-	**21.2**	**(748.3)**

	1 January 2023 £m	Cash flow £m	Acquired debt* £m	Exchange movement £m	31 December 2023 £m
Current portion of long-term borrowings	(202.9)				(3.6)
Non-current portion of long-term borrowings	(731.3)				(875.9)
Total borrowings	**(934.2)**				**(879.5)**
Lease liability	(65.2)	16.1	(49.9)	2.3	(96.7)
Borrowings	(934.2)	28.3	-	26.4	(879.5)
Changes in liabilities arising from financing	**(999.4)**	**44.4**	**(49.9)**	**28.7**	**(976.2)**
Cash at bank	328.9	46.5	-	(15.7)	359.7
Bank overdrafts	(85.1)	(62.8)	-	1.0	(146.9)
Net cash and cash equivalents	**243.8**	**(16.3)**	**-**	**(14.7)**	**212.8**
Net debt and lease liability	**(755.6)**	**28.1**	**(49.9)**	**14.0**	**(763.4)**
Net debt excluding lease liability	**(690.4)**	**12.0**	**-**	**11.7**	**(666.7)**

9. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Full details of the Group's other related party relationships, transactions and balances are given in the Group's Financial Statements for the year ended 31 December 2023. There have been no material changes in these relationships in the period up to the end of this Report.

No related party transactions have taken place in the first half of 2024 that have materially affected the financial position or the performance of the Group during that period.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table details a comparison of the Group's financial assets and liabilities where book values and fair values differ:

	30 June 2024		30 June 2023		31 December 2023	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Borrowings	880.6	872.3	963.0	948.7	879.5	888.5

Fair values of financial assets and financial liabilities

Fair values of financial assets and liabilities at 30 June 2024 are not materially different from book values due to their size, the fact that they were at short-term rates of interest or for borrowings at long-term rates of interest where the rate of interest is not materially different to the current market rate. For derivatives, the fair value of forward exchange contracts are marked to market by discounting the future contracted cash flows using readily available market data. For interest-bearing loans and borrowings, fair value is calculated based on discounted expected future principal and interest cash flows using a current market rate of interest. For lease liabilities, the fair value is estimated as the present value of future cash flows, discounted at the incremental borrowing rate for the related geographical location, unless the rate implicit in the lease is readily determinable. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

The Group uses forward currency contracts to manage its exposure to movements in foreign exchange rates. The forward contracts are designated as hedging instruments in a cash flow hedging relationship. At 30 June 2024 the Group had contracts outstanding to economically hedge or to purchase £43.7 million with US dollars, £65.8 million with euros, £8.7 million with Korean won, £19.8 million with Chinese renminbi, £4.6 million with Singapore dollars, €27.5 million with US dollars, €3.4 million with Korean won, €10.8 million with Chinese renminbi and USD27.2 million with Mexican Pesos. The fair value at the end of the reporting period is a £0.8 million asset (31 December 2023: £1.8 million asset; 30 June 2023: £4.0 million asset).

Financial instruments fair value disclosure

Fair value measurements are classified into three levels, depending on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets and liabilities
- Level 2 fair value measurements are those derived from other observable inputs for the asset or liability
- Level 3 fair value measurements are those derived from valuation techniques using inputs that are not based on observable market data

We consider that the derivative financial instruments fall into Level 2. There have been no transfers between levels during the period.

11. CAPITAL COMMITMENTS

Capital expenditure contracted for, but not provided for, at 30 June 2024 was £10.9 million (31 December 2023: £14.5 million; 30 June 2023: £55.5 million). All capital commitments related to property, plant and equipment and leased assets.

12. EXCHANGE RATES

Set out below is an additional disclosure (not required by IAS 34) that highlights movements in a selection of average exchange rates between half year 2023 and half year 2024.

	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	1,605.62	-6%
Real	6.47	6.26	-3%
Argentine peso	1,087.16	263.21	-313%

A negative movement indicates a strengthening in sterling versus that currency. When sterling strengthens against other currencies in which the Group operates, the Group incurs a loss on translation of the financial results into sterling.

On a translation basis, sales decreased by 4% and adjusted operating profit decreased by 6%, with transactional currency impacts marginally increasing profit, giving a total decrease to profit from currency movements of 6%.

Appendix – Alternative performance measures

The Group reports under International Financial Reporting Standards (IFRS) and also uses adjusted performance measures where the Board believes that:

- they help to effectively monitor the performance of the Group; and
- users of the Financial Statements might find them informative.

Certain adjusted performance measures also form a meaningful element of Executive Directors' annual remuneration. A definition of the adjusted performance measures and a reconciliation to the closest IFRS equivalent are disclosed below. The term 'adjusted' is not defined under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. Adjusted performance measures are not considered to be a substitute for, or superior to, IFRS measures.

Adjusted operating profit

Adjusted operating profit excludes items that are considered to be significant in nature and/or quantum at either a Group or an operating segment level and where treatment as an adjusted item provides stakeholders with additional useful information to assess the period-on-period trading performance of the Group. The Group excludes such items including those defined as follows:

- Amortisation and impairment of acquisition-related intangible assets
- Costs associated with the acquisition or disposal of businesses
- Gain or loss on disposal of a subsidiary and / or disposal groups
- Reversal of acquisition-related fair value adjustments to inventory
- Changes in deferred and contingent consideration payable on acquisitions
- Costs associated with a material restructuring programme
- Material gains or losses on disposal of property
- Accelerated depreciation, impairment and other related costs on non-recurring, material property redevelopments
- Material non-recurring pension costs or credits
- Costs or credits arising from regulatory and litigation matters
- Other material items which are considered to be non-recurring in nature and / or are not a result of the underlying trading of the business
- Related tax effect on adjusting items above and other tax items which do not form part of the underlying tax rate

A reconciliation between operating profit as reported under IFRS and adjusted operating profit is given below.

	Six months to 30 June 2024 £m	Six months to 30 June 2023 £m	Year ended 31 December 2023 £m
Operating profit as reported under IFRS	**147.2**	**132.2**	**284.4**
Amortisation of acquisition-related intangible assets	17.3	18.5	37.2
Acquisition-related items	(4.2)	0.6	5.7
Reversal of acquisition-related fair value adjustments to inventory	-	1.3	1.3
Restructuring costs	-	5.2	5.2
Software related impairment	-	13.9	13.9
Disposal of Associate	-	-	(0.4)
Asset related impairment	-	-	1.8
Total adjusting items	**13.1**	**39.5**	**64.7**
Adjusted operating profit	**160.3**	**171.7**	**349.1**

Tax on adjusting items

	Six months to 30 June 2024			Six months to 30 June 2023			Year ended 31 December 2023		
	Adjusted	Adj't	Total	Adjusted	Adj't	Total	Adjusted	Adj't	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
UK Corporation tax	(1.9)	-	(1.9)	(1.8)	-	(1.8)	9.3	-	9.3
Foreign tax	35.6	-	35.6	36.2	(4.9)	31.3	80.7	(6.1)	74.6
Deferred tax	3.0	(3.2)	(0.2)	4.6	(3.1)	1.5	(11.2)	(12.2)	(23.4)
Total taxation	**36.7**	**(3.2)**	**33.5**	**39.0**	**(8.0)**	**31.0**	**78.8**	**(18.3)**	**60.5**
Effective tax rate	**26.5%**	**24.4%**	**26.7%**	**25.4%**	**20.3%**	**27.2%**	**25.5%**	**28.3%**	**24.7%**

Adjusted earnings per share

	Six months to 30 June 2024	Six months to 30 June 2023	Year ended 31 December 2023
Profit for the period attributable to equity holders as reported under IFRS (£m)	**91.2**	**82.9**	**183.6**
Items excluded from adjusted operating profit disclosed above (£m)	13.1	39.5	64.7
Tax effects on adjusted items (£m)	(3.2)	(8.0)	(18.3)
Adjusted profit for the period attributable to equity holders (£m)	**101.1**	**114.4**	**230.0**
Weighted average shares in issue (million)	73.6	73.6	73.6
Basic adjusted earnings per share	**137.2p**	**155.2p**	**312.4p**
Diluted weighted average shares in issue (million)	73.8	73.7	73.8
Diluted adjusted earnings per share	**136.9p**	**154.9p**	**311.8p**

Basic adjusted earnings per share is defined as adjusted profit for the period attributable to equity holders divided by the weighted average number of shares in issue. Diluted adjusted earnings per share is defined as adjusted profit for the period attributable to equity holders divided by the diluted weighted average number of shares in issue.

Basic and diluted EPS calculated on an IFRS profit basis are included in Note 5.

Adjusted cash flow

Adjusted cash from operations is used by the Board to monitor the performance of the Group, with a focus on elements of cashflow, such as net capital expenditure, which are subject to day-to-day control by the business. A reconciliation showing the items that bridge between net cash from operating activities as reported under IFRS to adjusted cash from operations is given below:

	Six months to 30 June 2024 £m	Six months to 30 June 2023 £m	Year ended 31 December 2023 £m
Net cash from operating activities as reported under IFRS	**93.1**	**85.6**	**298.6**
Restructuring and acquisition-related costs	2.5	8.6	10.8
Share of loss of Associate	0.5	-	-
Net capital expenditure excluding acquired intangibles from acquisitions	(39.7)	(49.8)	(102.3)
Income tax paid	37.9	46.1	90.7
Repayments of principal under lease liabilities	(8.7)	(7.7)	(16.1)
Adjusted cash from operations	**85.6**	**82.8**	**281.7**

Adjusted cash conversion in the first half was 53% (30 June 2023: 48%). Adjusted cash conversion is calculated as adjusted cash from operations divided by adjusted operating profit. The adjusted cash flow is included on page 7.

Net debt including lease liabilities

A reconciliation between net debt and net debt including lease liabilities is given below. A breakdown of the balances that are included within net debt is given in Note 8. Net debt excludes lease liabilities to be consistent with how net debt is defined for external debt covenant purposes, as well as to enable comparability with prior years.

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Net debt	718.3	748.3	666.7
Lease liabilities	96.0	88.4	96.7
Net debt including lease liabilities	**814.3**	**836.7**	**763.4**

Net debt to earnings before interest, tax, depreciation and amortisation (EBITDA)

To assess the size of the net debt balance relative to the size of the earnings for the Group we analyse net debt as a proportion of EBITDA. EBITDA is calculated by adding back depreciation and amortisation of owned property, plant and equipment, software and development to adjusted operating profit. For half year calculations, this is based on the results for the last 12 months all translated at the exchange rate used for the half year period. Net debt is calculated as Cash and cash equivalents less Bank overdrafts, Short-term borrowings and Long-term borrowings (excluding Short-term and Long-term lease liabilities). The net debt to EBITDA ratio is calculated as follows:

	12 month period to 30 June 2024 £m	12 month period to 31 December 2023 £m
Adjusted operating profit	328.1	349.1
Depreciation and amortisation of property, plant and equipment, software and development	57.5	44.2
EBITDA	**385.6**	**393.3**
Net debt	**718.3**	**666.7**
Net debt to EBITDA	**1.9x**	**1.7x**

Organic measures

As we are a multi-national Group of companies, who trade in a large number of foreign currencies and also acquire and sometimes dispose of companies, we also refer to organic performance measures throughout the News Release. These strip out the effects of the movement of foreign currency exchange rates and of acquisitions and disposals. The Board believe that this allows users of the accounts to gain a further understanding of how the Group has performed. Exchange translation movements are assessed by re-translating prior period reported values to current period exchange rates. Exchange transaction impacts on operating profit are assessed on the basis of transactions being at constant currency between years.

The incremental impact of any acquisitions that occurred in either the current period or prior period is excluded from the organic results of the current period at current period exchange rates. For any disposals that occurred in the current or prior period, the current period organic results include the difference between the current and prior period financial results only for the like-for-like period of ownership.

The organic percentage movement is calculated as the organic movement divided by the prior period at current period exchange rates, excluding disposals for the non like-for-like period of ownership. The organic bps change in adjusted operating profit margin is the difference between the current period margin, excluding the incremental impact of acquisitions, and the prior period margin excluding disposals for the non like-for-like period of ownership at current period exchange rates.

A reconciliation of the movement in revenue and adjusted operating profit compared to the prior period is given below:

	Six months to 30 June 2023 £m	Exchange £m	Organic £m	Six months to 30 June 2024 £m	Organic	Reported
Revenue	850.8	(34.5)	10.7	827.0	1%	(3)%
Adjusted operating profit	171.7	(10.6)	(0.8)	160.3	(1)%	(7)%
Adjusted operating profit margin	20.2%			19.4%	(30)bps	(80)bps

Analysis by operating segment

Six months to 30 June 2024	Revenue £m	Adjusted operating profit £m	Adjusted operating profit margin %
Steam Thermal Solutions	430.8	101.2	23.5%
Electric Thermal Solutions	197.7	29.1	14.7%
Watson-Marlow	198.5	48.8	24.6%
Corporate	-	(18.8)	
Total	**827.0**	**160.3**	**19.4%**
Net finance expense		(21.9)	
Share of loss of Associate		(0.5)	
Adjusted profit before taxation		**137.9**	

Six months to 30 June 2023	Revenue £m	Adjusted operating profit £m	Adjusted operating profit margin %
Steam Thermal Solutions	459.8	112.2	24.4%
Electric Thermal Solutions	192.5	26.9	14.0%
Watson-Marlow	198.5	48.9	24.6%
Corporate	-	(16.3)	
Total	**850.8**	**171.7**	**20.2%**
Net finance expense		(18.2)	
Share of loss of Associate		-	
Adjusted profit before taxation		**153.5**	

Year ended 31 December 2023	Revenue £m	Adjusted operating profit £m	Adjusted operating profit margin %
Steam Thermal Solutions	910.1	224.0	24.6%
Electric Thermal Solutions	378.5	59.2	15.6%
Watson-Marlow	394.0	93.7	23.8%
Corporate	-	(27.8)	
Total	**1,682.6**	**349.1**	**20.7%**
Net finance expense		(39.9)	
Share of loss of Associate		-	
Adjusted profit before taxation		**309.2**	

The reconciliation for each operating segment for adjusting items is analysed below:

Six months to 30 June 2024	**Amortisation of acquired intangibles £m**	**Acquisition-related items £m**	**Total £m**
Steam Thermal Solutions	(2.6)	-	(2.6)
Electric Thermal Solutions	(13.2)	4.2	(9.0)
Watson-Marlow	(1.5)	-	(1.5)
Corporate expenses	-	-	-
Total	**(17.3)**	**4.2**	**(13.1)**

Six months to 30 June 2023	**Amortisation of acquired intangibles £m**	**Reversal of fair value adjustments to inventory £m**	**Restructuring costs £m**	**Acquisition-related items £m**	**Software related impairment £m**	**Total £m**
Steam Thermal Solutions	(2.0)	-	-	-	(13.9)	(15.9)
Electric Thermal Solutions	(14.9)	(1.3)	-	-	-	(16.2)
Watson-Marlow	(1.6)	-	(5.2)	-	-	(6.8)
Corporate expenses	-	-	-	(0.6)	-	(0.6)
Total	**(18.5)**	**(1.3)**	**(5.2)**	**(0.6)**	**(13.9)**	**(39.5)**

Year ended 31 December 2023	**Amortisation of acquired intangibles £m**	**Reversal of fair value adjustments to inventory £m**	**Restructuring costs £m**	**Acquisition-related items £m**	**Disposal of Associate £m**	**Impairments £m**	**Total £m**
Steam Thermal Solutions	(4.5)	-	-	(0.4)	-	(13.9)	(18.8)
Electric Thermal Solutions	(29.5)	(1.3)	2.3	(4.9)	-	-	(33.4)
Watson-Marlow	(3.2)	-	(7.5)	-	-	(1.8)	(12.5)
Corporate expenses	-	-	-	(0.4)	0.4	-	-
Total	**(37.2)**	**(1.3)**	**(5.2)**	**(5.7)**	**0.4**	**(15.7)**	**(64.7)**