
News Release

Friday 4th November 2011
INTERIM MANAGEMENT STATEMENT

Spirax-Sarco Engineering plc, the world leader in the control and efficient use of steam and in peristaltic pumping, issues the following Interim Management Statement in respect of the period since 30th June 2011.

Trading

Sales for the ten months through October 2011 increased by 10%, with organic sales 9% ahead and a 1% contribution from favourable currency movements and acquisitions. Since the half year, organic sales growth has been 7% and overall demand growth has been in the mid-single digit range.

Since June, sales growth in Europe, Middle East and Africa (EMEA) benefited from the shipment of backlog carried forward from the first half of the year. In North America, growth has continued from higher sales related to the energy management programme of the US federal government but sales growth in Latin America has moderated, albeit against tougher comparatives. In Asia Pacific, market demand has remained good overall since June but sales growth has been lower than the first half against a tougher comparable period, especially in Korea. Watson-Marlow pumps has shown strong sales growth with some good project wins and further progress in emerging markets.

Sales growth in the second half has benefited operating profit margins versus the comparable period. This has been partially offset by material costs that remain at higher levels than in the second half of 2010 and by continued one-off costs as we now begin to bed down the new manufacturing processes following the site consolidation in Cheltenham. Overall currency movements versus 2010 have not been material.

Financial position

We operate with a strong balance sheet and the Group had a net cash balance of £11 million at 31st October 2011. There has been no material change in the financial position of the Group during the period.

Outlook

Our geographically diverse business generally reflects changes in economic growth and rates of industrial production. We note that global economic activity has slowed in recent months with industrial production growth rates easing in most regions, particularly in Europe and the Americas. We operate on very short order books with limited forward visibility and therefore remain alert to macro-economic trends that drive our underlying markets.

However, our business model is resilient and we sell to a wide range of industries and customers throughout the world. In the past several years, we have significantly increased our investment in the business to expand our product portfolio, extend our sales coverage, regionalise our manufacturing footprint and simplify our supply chain. This investment is aimed at strengthening our market position and mitigating the impacts of negative macro-economic events.

The Board remains confident in the prospects for the Group this year and the progress we expect to achieve.

Enquiries:

Mark E Vernon, Chief Executive
David Meredith, Director Finance
Tel: 01242 535234

About Spirax Sarco

Spirax-Sarco Engineering plc is the world leader in both steam system management and peristaltic pumping. The Company provides a broad range of fluid control products, engineered packages, site services and systems expertise for its diverse range of over 100,000 industrial and institutional customers. The Company helps its customers to optimise production capacity, reduce energy costs and emissions, improve product quality and enhance the safety of their operations. Spirax Sarco is headquartered in Cheltenham, England, has strategically located manufacturing plants around the world and employs approximately 4,700 people, of whom around 1,300 are direct sales and service engineers. Its shares have been listed on the London Stock Exchange since 1959 (*symbol: SPX*). Further information can be found at www.spiraxsarcoengineering.com