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Spirax Group

ETS and Watson-Marlow drive H1 growth

Spirax Group supplies thermal energy and fluid technology solutions to industrial, pharmaceutical and food-processing customers, with recurring maintenance revenues alongside capital equipment sales. H126 organic revenue rose 5% to £863.8m, ahead of industrial production growth of 1.8%, while adjusted operating profit increased 6% to £171.1m. Growth was led by Electric Thermal Solutions (ETS) and Watson-Marlow, while Steam Thermal Solutions was more subdued. Management reiterated guidance, with an improvement in Steam expected to support H2 delivery.

Electric and fluid divisions lead growth

ETS and Watson-Marlow, together c 51% of revenue, drove group growth in H1. ETS organic sales increased 11% and margin rose 2.2pp to 17.2%, supported by demand across oil and gas, semiconductor and data-centre applications and broader electrification trends. Pricing for value remains an additional margin lever. Watson-Marlow supplies pumps and consumables into biopharmaceutical production, where order intake exceeded sales and reached its highest quarterly level since 2021.

Steam recovery weighted to H2

Steam Thermal Solutions remains the largest division at c 49% of revenue, with a medium-term organic growth target of low-to-mid-single digits. H1 organic sales grew 1%, while adjusted operating profit fell 6% and margin declined 1.7pp to 22.0%. Management indicated that underlying demand growth remained above industrial production, with some customer-specified shipments deferred to H2. Higher H1 investment in sales and technical headcount also weighed on margin.

Strong returns, cash conversion lower

Return on capital employed increased 1.8pp to 35.2%, while adjusted operating margin was 19.8%, supported by recurring maintenance demand across more than 100,000 customers in nearly 70 countries. Cash conversion fell 7pp to 54%, reflecting a planned inventory build ahead of Middle East supply disruption and higher ETS receivables. Leverage of 1.6x remains above the 1.0–1.5x target range but well within covenant limits, with management expecting a return to the target range by year-end.

Consensus estimates

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)	EV/EBITDA (x)
12/25	1,702.9	384.8	226.5	221.20	170.00	32.6	2.4	1,382.8
12/26e	1,765.0	428.4	319.9	319.80	180.30	22.6	2.5	1,242.0
12/27e	1,862.0	466.6	357.3	354.20	191.60	20.4	2.7	1,140.3

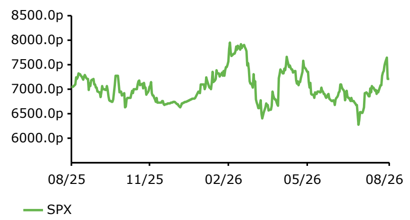
Source: Spirax, Bloomberg Intelligence

Industrials

13 August 2026

Price	**7,215.00p**
Market cap	**£532,655m**

Share price performance



Share details

Code	SPX
Listing	LSE
Shares in issue	73.8m
Net cash/(debt)	£564.7m

Business description

Spirax Group is a leading British manufacturer specialising in thermal energy management and fluid technology solutions. It is a UK top 100 index company that engineers industrial steam systems, electric heating technologies and peristaltic pumps to improve operational efficiency and safety across global industries like food, healthcare and pharmaceuticals.

Bull points

- Electric thermal margin has headroom before the pricing lever is even deployed.
- China mix is improving as higher-margin MRO replaces large project work.
- Consensus revenue implies H226 growth of c 2%, below the company's divisional guidance.

Bear points

- Half of group revenue sits in the division with the lowest growth target.
- Leverage of 1.6x remains above target range with the H2 cash recovery unproven.
- Middle East disruption has already delayed shipments and driven the inventory build.

Analysts

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