



# Final Results

Year ended 31 December 2023

David Cicurel, CEO

Brad Ormsby, CFO

Mark Lavelle, COO

Tim Prestidge, GBDD

21<sup>st</sup> March 2024



## A highly experienced management team



**David Cicurel**  
*Chief Executive*

**Brad Ormsby**  
*Chief Financial  
Officer*



**Mark Lavelle**  
*Chief Operating Officer*

**Tim Prestidge**  
*Group Business  
Development Director*



# Acquisition criteria

- Strict acquisition discipline
- Acquisition attributes:
  - Strong exporters in their global niche markets; solid EBIT margins
  - Generate sustainable profits and cashflows
  - Pay 3 to 7 times EBIT according to size
  - Borrow up to 3 times EBITDA @ 3 to 8%

Long deal  
incubation  
period

Crystallisation  
notoriously  
erratic

Financial  
certainty  
for seller

Honourable  
process

Reduce debt  
& reinvest  
in further  
acquisitions

Recent acquisitions:



**BOSSA NOVA  
VISION**

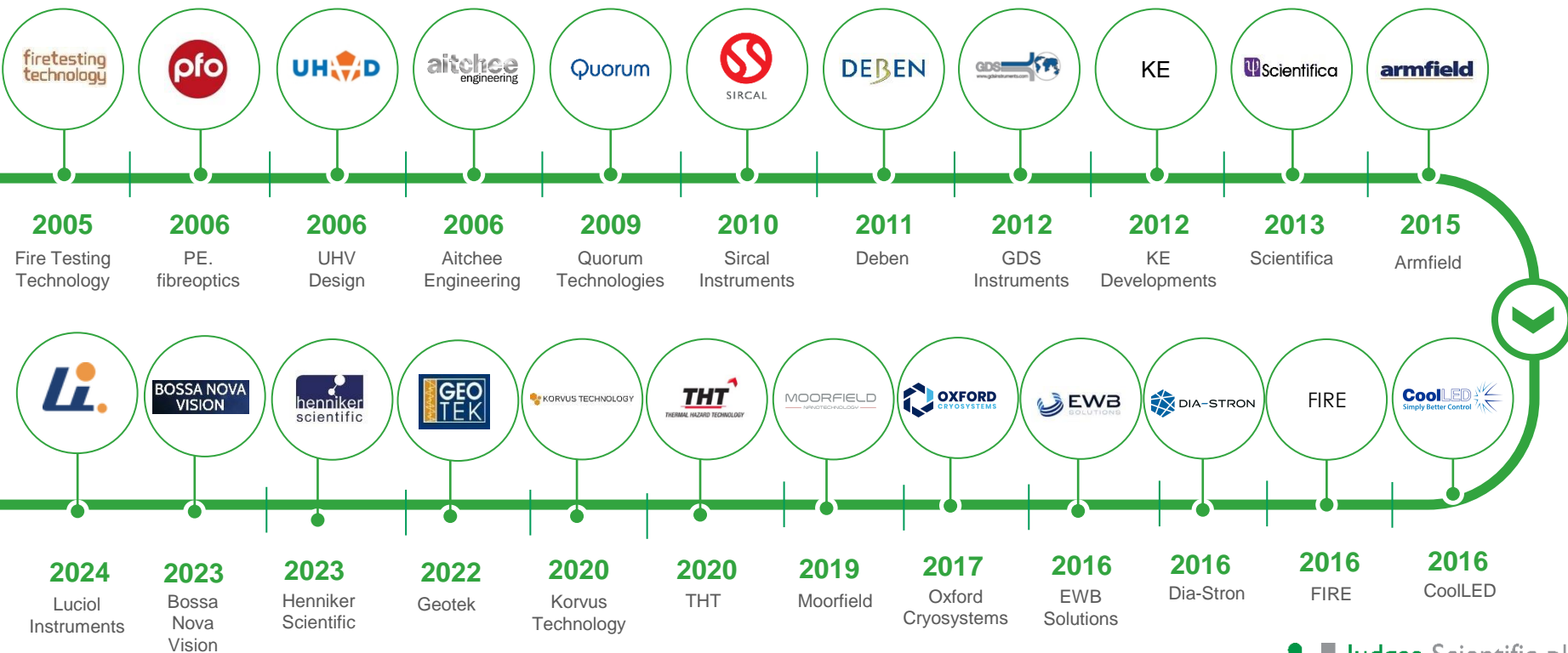
- Specialising in imaging measurement technology
- Total consideration of \$1.6million
- 4x multiple



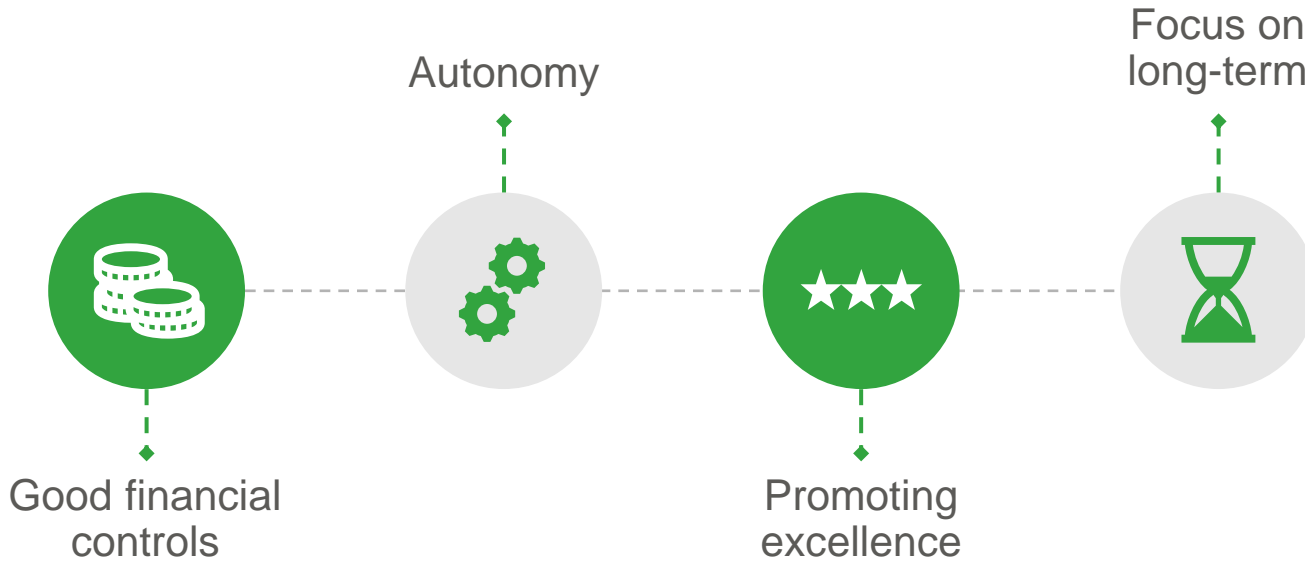
**henniker  
scientific**

- Specialising in deposition and plasma technology
- Initial consideration of £1.8m
- 4x multiple

# The Judges Group



# Post acquisition



# Key messages

## Ongoing strategic execution



Two small acquisitions

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Strengthened management team

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Positive long-term fundamentals

## Record 2023 performance



Record organic revenues

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Record cash generation

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Record Adjusted EPS

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17% increase to Full Year dividend

## Current trading



Commencing 2024 with solid organic order book

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Timing of next coring expedition uncertain

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Volatile geopolitical environment

# Performance Review





# 2023 Highlights

Organic revenue

**+15%**

Total revenue up 20%

Cash from operations

**£31.1m**

(FY 2022: £24.0m)

Organic order intake

**+7%**

Organic order book 17.0 weeks

Full Year dividend

**+17%**

95p per share

Adjusted operating profit

**+16%**

£34.8 million

Adjusted net debt

**£45.1m**

(31 December 2022: £52.0m)

Adjusted EPS

**+3%**

374.6p

Cash balances

**£13.7m**

# Performance

	FY 2023 (£m)	FY 2022 (£m)	Variance (£m)	Variance (%)
<b>Revenue</b>	<b>136.1</b>	<b>113.2</b>	<b>22.9</b>	<b>20%</b>
Operating costs	(101.3)	(83.1)	(18.2)	22%
<b>Adjusted operating profit</b>	<b>34.8</b>	<b>30.1</b>	<b>4.7</b>	<b>16%</b>
Interest	(3.1)	(1.8)		
<b>Adjusted PBT</b>	<b>31.7</b>	<b>28.3</b>	<b>3.4</b>	<b>12%</b>
Taxation	(6.9)	(4.9)		
Adjusted PAT	24.8	23.4	1.4	6%
Adjusting items (post tax)	(14.9)	(10.6)		
Statutory PAT	9.9	12.8	(2.9)	

15% organic revenue growth with balance from full year of Geotek and 2024 acquisitions

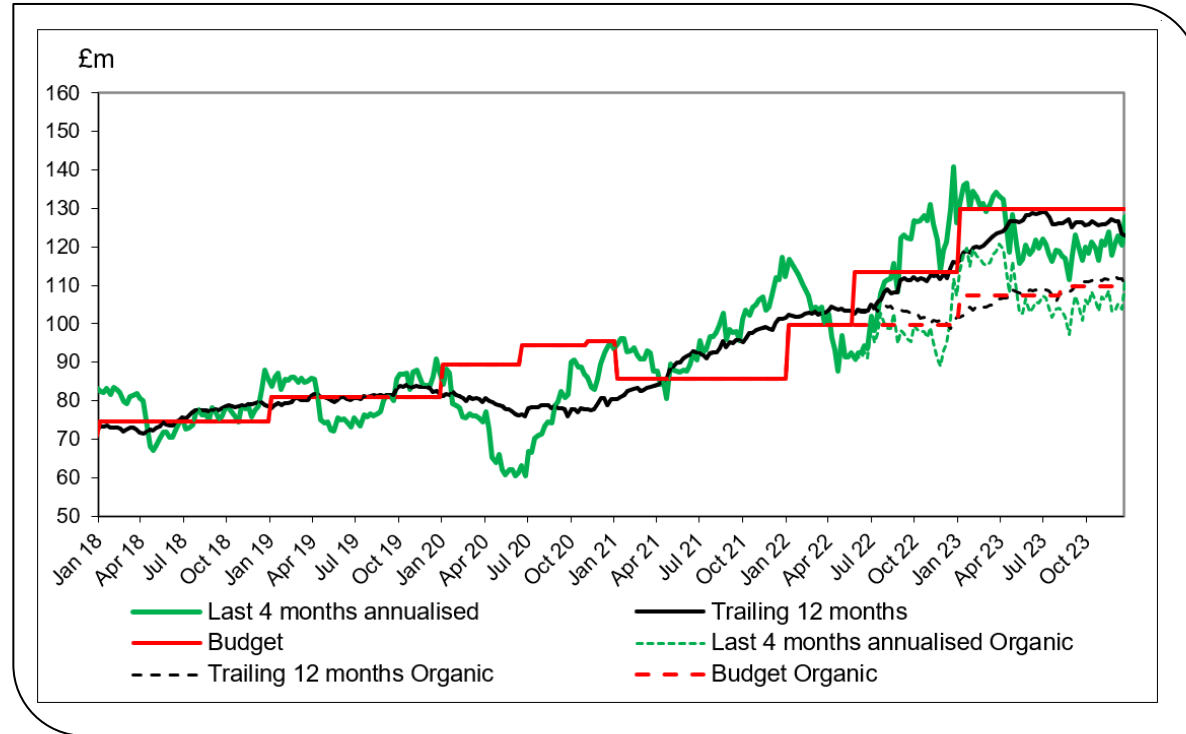
Organic operating margin reduced to **20.5%** (2022: 21.5%) – increased central costs

Effective tax rate **21.8%** - increase in UK headline tax rate

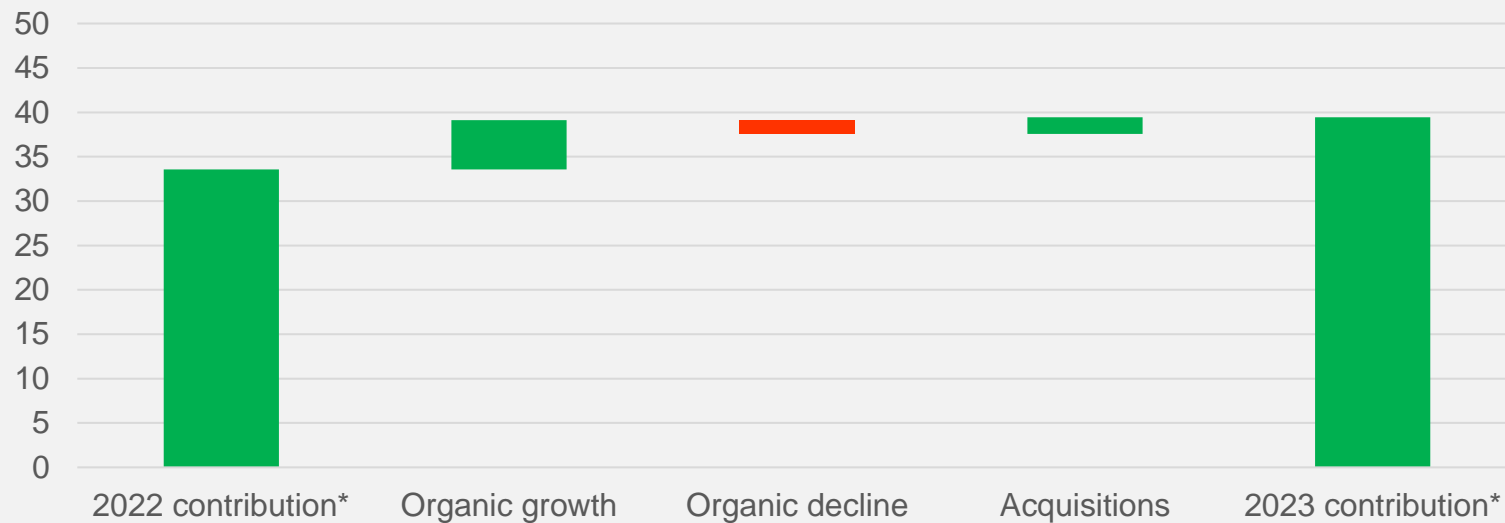
Adjusting items – mainly acquisition amortisation and adjustment for fair value of **Geotek** earn-out equity

# Order intake

- **Organic order intake 7% above 2022**
- Geographically:
  - North America up 4%
  - Rest of Europe up 4%
  - China up 27% (end of China lockdown); Rest of the World down 11%
  - UK up 30%
- Organic order book of 17.0 weeks at 31 December 2023 (31 December 2022: 21.1 weeks)
- Total order book of 16.2 weeks at 31 December 2023
- Organic orders YTD similar to strong 2023 comparator



# Profit bridge



*\*Contribution is EBIT from trading subsidiaries before central costs*

# Balance sheet and cash flow

Balance Sheet summary	Dec 23 (£m)	Dec 22 (£m)
Cash	13.7	20.8
Debt (excl IFRS 16)	(58.8)	(72.8)
<b>Adjusted net debt</b>	<b>(45.1)</b>	<b>(52.0)</b>
Working Capital	24.5	20.3
DB Pension asset (net of tax)	1.1	0.9
Other assets / liabilities	102.1	85.3
<b>Net assets</b>	<b>82.6</b>	<b>54.5</b>

Two acquisitions and settlement of Geotek earn-out in H1; Gearing now 1.38n

Working capital remains near **20%** of annual revenue – focus for 2024 to move back towards 10%

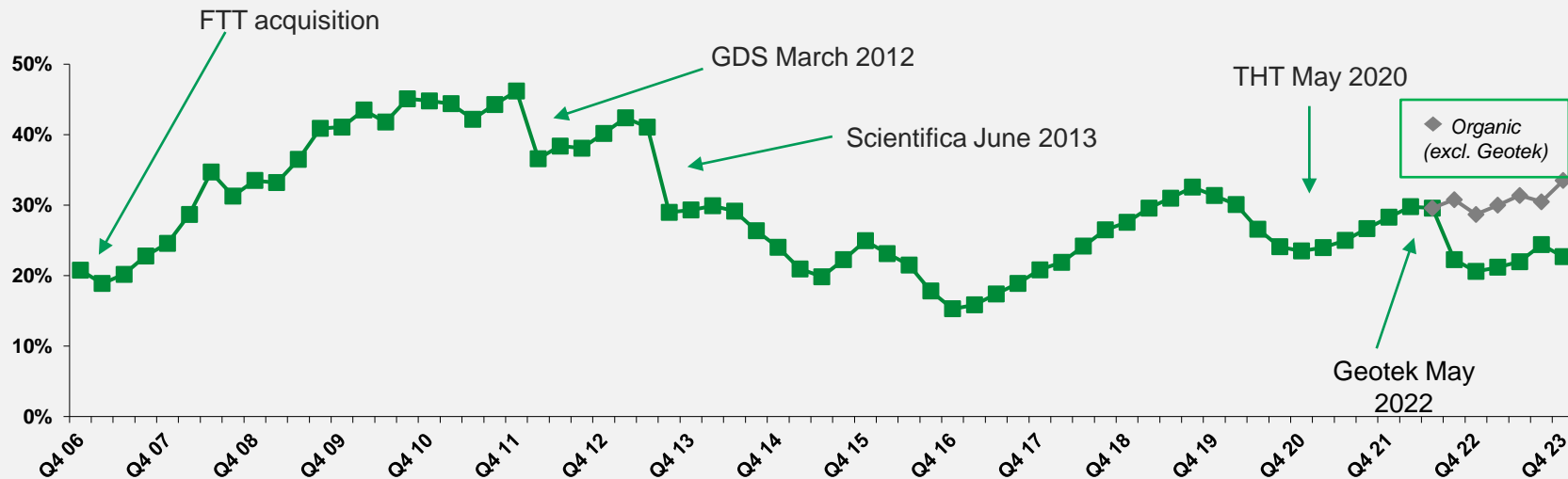
Cash conversion of **90%** - still lower than our long-term expectations

Armfield DB pension scheme **net asset** – now starting long process towards pension buy-out

Cashflow summary	2023 (£m)	2022 (£m)
Adjusted EBITDA	38.4	32.7
Working capital movements	(6.9)	(5.2)
DB pension contributions	-	(0.4)
Exceptional transaction costs	(0.2)	(3.1)
<b>Cash generated from ops</b>	<b>31.3</b>	<b>24.0</b>
Tax	(4.8)	(2.2)
Net interest paid (exc. IFRS R-o-U)	(2.7)	(1.6)
IFRS 16 lease repayment	(1.6)	(1.3)
Capitalised development costs	(1.2)	(1.5)
Capex (non-acquisition)	(4.7)	(6.4)
Capex (acquisition related)	(20.3)	(43.2)
Repayment of borrowings	(9.2)	(6.5)
Drawdown for acquisition	12.0	45.1
Dividends	(5.7)	(4.4)
Dividends to non-controlling interest	(0.4)	-
Equity related (net)	0.3	0.3
<b>Movement in cash</b>	<b>(7.0)</b>	<b>2.3</b>

# Return on Total Invested Capital

## ROTIC (Trailing 12 months)\*



\*excludes central costs and properties, and the effect of R&D capitalisation

# Well diversified across the business

Group revenue



- FTT
- PFO
- Armfield
- Quorum
- EWB
- CoolLED
- Oxford
- THT
- Geotek
- BNV
- Sircal
- GDS
- Dia-Stron
- UHV
- Scientifica
- Deben
- Moorfield
- Korvus
- Henniker

Group organic revenue by geography



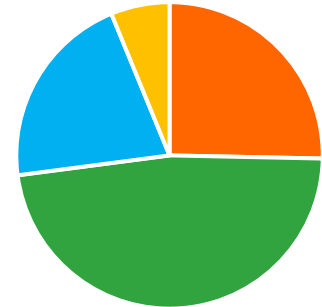
- UK
- Rest of Europe
- North America
- China/Hong Kong

Group organic orders by geography



- UK
- Rest of Europe
- North America
- China/Hong Kong
- Rest of World

Group revenue by end market

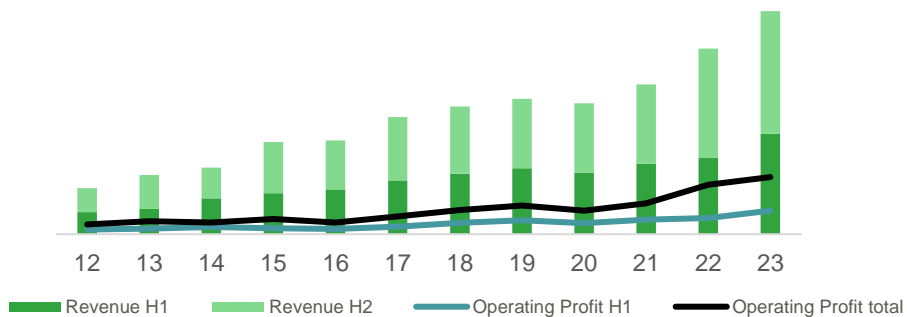


- Geotechnical
- Life science/semicon
- Industry optimisation
- Other

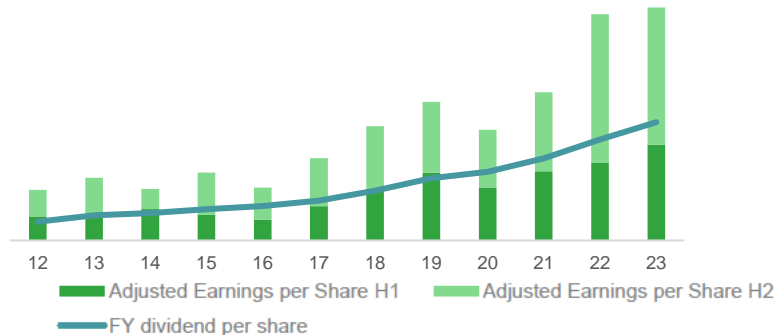
>85% of revenue exported

# Financial history

## Revenue and profit

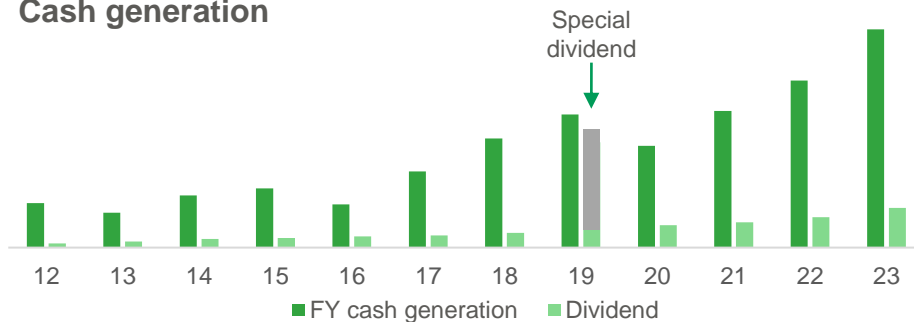


## EPS and Dividends (Excluding special dividends)



Organic Revenue CAGR 8% for past 17 full years

## Cash generation



Focus on cash generation



# Growth Strategy



## Growth drivers

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M&A

Organic  
growth

# Acquisitions



# Acquisition of Henniker

- Manufacturer of plasma deposition instruments based in Runcorn, Cheshire
- Initial consideration of £1.8m (4x multiple)
- Earn-out capped at £0.5m based on calendar year 2023 EBIT



# Acquisition of Bossa Nova Vision (BNV)

- Manufacturer of imaging measurement instruments for the cosmetic industry
- Based in Los Angeles, California
- Cash consideration of \$1.6m (4x multiple)
- Complementary to Dia-Stron



# Acquisition of Luciol Instruments SA

- Manufacturer and seller of instruments to measure optic fibre properties
- Based in Mies, Vd, Switzerland
- Cash consideration of CHF2.0m + earn-out payment equal to 4x average adjusted EBIT for 4 yrs ended 31 December 2023
- Complementary to P.E. Fibreoptics



# Organic Growth



# Organic model

## Finance and Governance

- Implement robust financial controls
- Culture and processes for governance and compliance
- Improve business information, data, and analytics

## Talent Development

- Focus on senior leadership teams
- Leadership Development Programme
- Peer networking and collaboration
- Succession planning

Within an  
autonomous  
management  
structure

## Operational Excellence

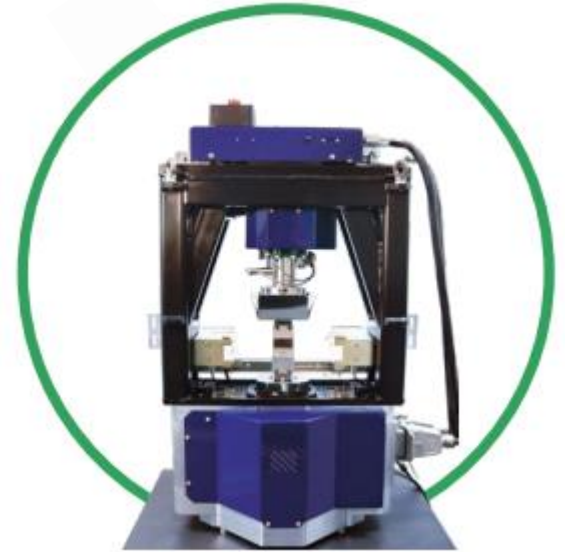
- Require excellent monthly forecasting and delivery performance
- Operational and performance KPIs
- Groupwide functional benchmarking driving continuous improvement mindset

## Strategy and Ambition

- Ambition for sustained organic growth
- Structured strategy process identifying growth drivers to hone tactics and actions
- Encourage investment in new products (c. 6% of sales), geographies, other initiatives



# Outlook and Investment Case



# Outlook

## Business model proven robust



Strong cash generation supporting robust balance sheet

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Positive long-term fundamentals

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Focused on shareholder value

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## Uncertainty remains



Volatile geopolitical environment

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Sterling still competitive

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## Current trading



Healthy order book with order intake marginally below 2023

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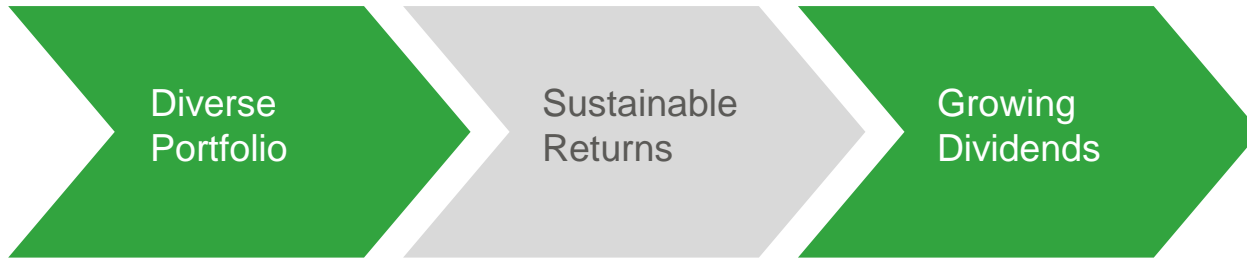
Timing of next Geotek expedition uncertain

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Comfortable with current market expectations

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# Investment Case



- Robust business model; pursued with discipline
- Large pool of targets, every acquisition is earnings enhancing
- Strong long-term growth drivers in higher education and process optimization
- Well diversified by geography and by scientific application
- Management focused on shareholder value – profitability, cash generation, debt reduction, dividend growth and return on capital
- Dividend growth of 10+% for past 17 years, CAGR 23%
- Inheritance tax free shareholding after two years

Q&A

## Major shareholders – as at February 2024

David Cicurel (including SIPP, SIP and 63,000 non-beneficial)	711,332	10.7%
Odin Global	425,926	6.4%
Capital Group	331,935	5.0%
Broadcrest	276,982	4.2%
JP Morgan Asset Management	248,124	3.7%
Liontrust Asset Management	223,256	3.4%
Interactive Investor	219,490	3.3%
Hargreaves Lansdown	218,594	3.3%
Stephane Upton & Jacqueline Upton	187,050	2.8%
EFG Harris Allday	179,646	2.7%
Rathbones	162,772	2.5%
Blackrock	152,152	2.3%

# Environment, Social & Governance

## Environment

- Nature of our business is not capital intensive manufacturing and environmental impact is limited.
- Aim to minimise environmental impact across all aspects of business, including consideration for energy consumption and packaging of instruments.

## Our culture

- Respect, openness, honesty and integrity in all of our actions and engagement with our business owners, staff and all stakeholders.
- Encourage all employees to be entrepreneurial. 40% of team are shareholders through our Share Incentive Plan.

## Health & safety

- A key priority for the Group and subsidiary management teams is that all employees must be and feel safe.
- Implemented Group-wide annual independent health and safety review which evaluates compliance and provides management with feedback for continuous improvement.

## Social

- Supporting equal opportunities to build a meritocratic work environment for all.
- Built a good reputation in the local community dealing fairly with staff, customer and suppliers.
- Active supporter of local community causes.

## Governance

- Adopted the principal provisions of the QCA Governance Code.
- Commitment to stakeholder engagement with active engagement throughout the calendar year.

# Our businesses

1

**firetesting  
technology**

FTT is internationally recognised as the world's leading supplier of fire testing instrumentation and has supplied the majority of leading fire research groups and testing laboratories around the world. Our directors and senior researchers participate in UK, ISO, CEN and ASTM standardisation committees to ensure that our instruments are always compliant.

These include committees dealing with construction products, electro-technical products, furnishing products and transport applications for instruments such as the Cone Calorimeter, NBS Smoke Density Chamber, EN 50399 and SBI.

2



PE.fiberoptics is a leading manufacturer of test equipment that measures optical and physical properties of optical fibres and cables. Optical fibres are the main medium for long distance transmission of telecommunication data and form the backbone of the world's internet and telecommunications networks. Our products support the leading fibre and cable manufacturing companies around the world during production and in their quality assurance and R&D laboratories, and we export 95% of our products.

3



UHV Design, founded in 1993, specialises in the design, manufacture and supply of high precision motion, manipulation, heating and cooling (cryogenic) of samples for use in the high and ultra-high vacuum environments for materials research. Globally, our products are essential in major big physics experiments including:

- high energy particle accelerators such as CERN and SLAC; and
- synchrotron light sources including PSI (Swiss), Argonne (USA) and the UK's own facility, Diamond.

They are also used routinely in

laboratory-scale R&D instrumentation focused on new state-of-the-art materials in: semiconductors, photovoltaics, catalysis and bio-compatible materials.

# Our businesses

4

**aitchee**  
engineering

Aitchee Engineering is a well established precision engineering company that can offer high end sheet metalwork, laser cutting and CNC machining. We use state of the art software to take customers' drawings and turn them into manufactured goods in steel, aluminium, stainless steel, yellow metals or plastics.

We can supply large batch-work, call off orders and R&D including prototypes; we can also offer manufacturing process assistance and value engineering

5

**Quorum**

East Sussex-based Quorum Technologies manufactures market-leading scientific instruments primarily used for electron microscopy (EM) sample preparation. Electron microscopy is a key research tool in almost every area of scientific endeavour, from the fight against coronavirus and other diseases such as cancer, through to food safety and the development of advanced microelectronics and new materials.

**Key products:**

- Q Series of vacuum coating systems; and
- PP3010T cryo preparation systems for SEM and FIB/SEM.

6

  
SIRCAL

Sircal designs, manufactures and distributes rare gas purifiers typically for use in metal analysis utilising the Arc/Spark spectrometry technique.

This technique provides qualitative and quantitative analysis of a metallic sample for determination of its purity.

The products are sold worldwide to OEM customers (spectrometer manufacturers that use such purifiers in conjunction with their own instruments) or directly to end users such as metal manufacturers and dealers, and test houses.



# Our businesses

7

**DEBEN**

Deben is a precision engineering company providing innovative solutions for SEM and  $\mu$ X-Ray CT in-situ tensile testing. Deben also manufactures SEM detectors and a range of SEM accessories including motor control and heating and cooling stages.

**Product groups:**

- in-situ tensile and compression systems;
- accessories for electron beam applications; and
- imaging and detectors for SEM and TEM.

8



GDS designs, develops and manufactures equipment and software used for the computer-controlled testing of soils and rocks. This technology is used to evaluate the mechanical properties that are key in geotechnical and earthquake engineering design.

**Services include:**

- advanced systems for commercial soil and rock testing laboratories; and
- bespoke systems for university research in the engineering properties of soil and rock.

9

**ΨScientifica**

Scientifica is a multi-award winning, globally recognised manufacturer of advanced imaging, micro-positioning, and photomanipulation systems for neuroscience research. We develop cutting-edge equipment designed to enhance discoveries in neuronal electrophysiology, multiphoton imaging and optogenetics. Our world-class equipment enables researchers to conduct ground-breaking investigations of the nervous system and advance understanding of neurological diseases and processes. All equipment is manufactured in the United Kingdom and exported to more than 40 countries worldwide. We have offices in the UK and the USA, with product consultants based in Germany and China.

# Our businesses

10



Armfield offers unrivalled experience in the design and provision of teaching equipment aligned to global agricultural, chemical, civil, environmental, geology and geography, marine, mechanical, public health and food technology curriculums from entry-level vocational training through to bespoke research flumes.

The industrial division designs and manufactures complex research and development systems and processing lines, focusing primarily on the food, beverage, dairy, edible oil and pharmaceutical industries for businesses of all sizes from start-up companies to the world's leading brands.

11



CoolLED designs and manufactures cutting-edge illumination systems for microscopy and other applications, pioneering the use of LEDs as controllable and environmentally friendly replacements for mercury-based lamps. Our expertise spans optical engineering and the life sciences, driving the development of our vast product range which includes:

- the award-winning triple-wavelength pE-300 Series for everyday fluorescence microscopy;
- 16-wavelength pE-4000 for high end research;
- pE-340fura for Fura-2 ratiometric calcium imaging;
- and pT-100 for transmitted light imaging techniques.

We continue to push the boundaries with our OEM service and an exciting development plan.

12



Dia-Stron is the leading manufacturer of automated measurement systems for single fibres and filaments, with our expertise globally recognised by the R&D community. Our instrumentation provides a full range of fibre measurement capabilities; dimensional/mechanical properties, interfacial evaluation and fatigue failure analysis. Additionally, Dia-Stron contract testing services are a key offering in building long-term relationships with our customers.

We deliver measurement solutions to support:

- the hair care industry with product development/advancing hair fibre science; and
- the technical fibre market with the development of fibre composite materials.

# Our businesses

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EWB Solutions specialises in the design and manufacture of edge-welded metal bellows where a high integrity hermetic seal is required in the presence of an applied movement.

Supplied globally, EWB bellows are produced in a wide range of materials, meeting a variety of life and environmental constraints for applications within a diverse range of industries such as semiconductor processing, particle physics experimentation, material/surface analysis, oncology therapy and petrochemical processing.

14



Oxford Cryosystems is a market-leading manufacturer of cryogenic devices. Spun out of Oxford University in the 1980s, the company designs and manufactures a range of nitrogen and helium-based low temperature devices which are exported to leading research institutes worldwide. Oxford Cryosystems products are used in fields as diverse as the characterisation of individual molecules to the mapping of deep space.

15



Moorfield Nanotechnology design and manufactures R&D/pilot-scale laboratory systems to a global customer base in academic and industry. Core ranges are vacuum deposition products (MiniLab and nanoPVD) for production of high quality metal, inorganic and Organic films used throughout various high technology fields. Standalone and benchtop models are available, to match budgets and facilities. More recently, the company has expanded into applications in carbon nanomaterials with its range of nanoCVD and nanoETCH tools. Aside from deposition, the company also supplies portable HEPA-filtered cleanroom solutions through its clean environments division.

# Our businesses

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THT is a world leader in the design, manufacture and supply of specialised calorimeters for use in the chemical and battery industries. Application areas include process development, optimisation and safety of chemical reactions, and determining performance and safety characteristics of batteries. THT has over 25 years' of calorimetry experience and offer a full range of adiabatic, reaction, and isothermal calorimeters. THTs products allow measurement of heats of reaction, derivation of kinetic parameters, assessment of maximum safe temperatures, and pressure generation.

17



Korvus Technology sells and manufactures highly modular thin film deposition systems designed to allow custom-built systems to be assembled from standard parts. The systems are employed in academic and industry settings to advance research into novel thin film materials; most recently with heavy emphasis on Li battery research.

The company is built on over 20 years of experience in the thin film technology market, designing, manufacturing and installing HV and UHV deposition systems. The company's HEX platform offers an unmatched level of user control and customization, designed to incorporate the latest thin film technologies and performance into a bench top PVD system.

18



Geotek Ltd. (UK) specialises in high-resolution, non-destructive analysis of geological cores. Geotek has designed, built, and supplied its range of Multi-Sensor Core Logger (MSCL) systems for over 20 years, using a suite of geophysical and geochemical sensors primarily aimed at non-destructive core analysis. Geotek provides equipment sales and services to science and industry worldwide.

The Geotek Multi-Sensor Core Logger (MSCL) systems enable a suite of geophysical measurements to be obtained rapidly, accurately and automatically on sediment or rock cores. Geotek design and manufacture a full range of cabinet-based digital 2D and 3D X-ray imaging systems for a variety of geoscience markets.

# Our businesses

19



Henniker designs and manufactures plasma surface treatment systems and processes for advanced cleaning, surface activation to improve adhesion, and functional nano-scale coatings. The company's technology is relied upon both in critical industrial manufacturing settings and by leading academics involved in biomedical research, life sciences, energy storage, filtration, and many other areas of material science.

20



Founded in 2018 by experts in optics and non-destructive testing, Bossa Nova Vision is specialized in the development of innovative polarization imaging system and cosmetic testing turn-key instruments.

Strong expertise in polarization imaging and image processing have led Bossa Nova Vision to develop sensors for various applications and technologies, ranging from cosmetic testing for the hair care industry to detection of magnetic signature on hard drive.

21



Luciol is active in the field of fiber optic measurement and instrumentation, providing standard or customised innovative optical fiber instrumentation for different fields of application.

Core expertise is photon-counting technology, which enables a new class of high resolution instrument, such as Optical Time Domain Reflectometers. These OTDRs have extremely high spatial resolution, which is impossible to achieve with conventional types of OTDRs.

Luciol has sold hundreds of High Resolution OTDRs for various application and industries.