

Spirax-Sarco Engineering updates investors on full-year guidance

FTSE-100 engineering company Spirax-Sarco has maintained its full-year guidance amid what it described as a “weakening macro-economic climate”.

In a trading update for the four months ending October 31, the Cheltenham-headquartered firm reported “strong” growth in sales, and said it expected group full-year adjusted operating profit, excluding contributions from the recent acquisitions, remained on track.

The company told investors on Thursday (November 17) that revenues in the second half of the year were trending “slightly above” the typical 52% of full-year revenues.

Spirax Sarco said “successful management” of global supply chain challenges, as well as increases to manufacturing capacity, had helped organic sales “grow strongly” over the period. The business also said it was focused on addressing inflationary pressures through “active price management”.

“We remain confident in the group’s proven resilience in a weakening macro-economic climate, underpinned by our strong order book carried forward and our well-established price management practices to offset inflationary cost pressure,” the company said.

“On the basis of current economic forecasts, we anticipate at least mid-single-digit group organic sales growth, together with a small operating margin progression.”

Spirax-Sarco said [following its acquisition of Vulcanic](#) – an electrical heating group of companies – its net borrowings

(excluding leases) on October 31 was £391m – up from £203m on June 30.

The firm warned its acquisition of Durex Corporation – a US-based specialist in custom electric thermal solutions – would see net debt increase further, resulting in a group net debt to earnings before interest, taxes and depreciation (EBITDA) ratio close to 1.5x on a pro-forma basis.

For the full year, Spirax Sarco, said it expected close to 15% organic growth for Watson-Marlow's sales to the pharmaceutical and biotechnology sector, as well as growth "very significantly above" global industrial production growth for the remainder of the group's organic revenues.

Spirax-Sarco Engineering expects to publish its 2022 full-year results on March 9, 2023.

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