

# Business Review

## Strategy and Objectives

### Our objective is to deliver shareholder value over the long term by supplying productivity-enhancing solutions for our customers.

Our strategy is based on five key elements:

- **Strengthening market positions through innovation**  
We invest around 6-7% of sales each year in R&D (7.2% in 2008), with the aim of developing and delivering advanced products and applications to our customers. Working closely with customers, experienced engineers develop solutions which are tailored to the customer's specific requirements, based on standard platforms customised through high added value applications engineering. This understanding of our customers' processes brings significant competitive advantage. Much of our technology is proprietary and protected by patents or process know-how. New products and applications may be developed in house, by acquiring bolt-on product lines or by collaboration and licensing agreements for proprietary technology in partnership with universities and other institutions.
- **Increasing regional expansion with a focus on emerging markets**  
We seek to grow our businesses around the world, with particular emphasis on industrialising markets such as China, India and Latin America. We continue to establish sales and support facilities in these regions so that we are able to support our global customers wherever they are based.
- **Growing existing businesses through acquisition**  
We seek to enhance the growth potential of our businesses by pursuing an active but disciplined approach to acquisitions, focusing on businesses which are strong players in specific application areas where there are significant barriers to entry.
- **Focusing on operational excellence**  
We continue to focus on improving all aspects of our business through a range of actions including: process efficiencies, value pricing, optimising the business mix, cost competitiveness, designing products for low-cost production, reducing inventory and improving supply chain management.
- **Building our presence in key strategic growth areas, both organically and through acquisition**  
We aim to grow our existing businesses organically by developing new products as well as pursuing opportunities for growth in new markets, such as nano-technology and life sciences. Our investment in R&D enables us to maintain our leading market positions and acquisitions are targeted at both existing and new markets.

#### Business model

In order to deliver our strategy successfully, we organise our businesses in a way that combines the benefits of a multinational group with the best aspects of entrepreneurial capability. Our business model is based on a flat organisational structure of four segments, each comprising a number of autonomous operating companies, with management teams who have a high degree of responsibility and accountability, operating within a framework of group management and control. Within each business segment, the companies operate with their own brands, sales and service channels, tailored to meet individual customer requirements, enabling them to meet their customers' demands. The key benefit of this results-driven structure is that management teams have local ownership and can focus on their priorities and react quickly to changing customer and market demand. High calibre employees, including qualified scientists, applications engineers and technicians, have direct contact with users to develop solutions that deliver tangible benefits. Stand-alone acquisitions must share these business characteristics and have the management strength to operate as autonomous units within the Spectris group.

Central to our philosophy is a small corporate centre which determines the strategy and drives and monitors its implementation. In addition to setting and monitoring the group's overall policies and values, the centre provides advice and selective support services such as legal, tax and treasury, establishing a control framework within which entrepreneurial cultures can thrive and knowledge can be shared between businesses.

#### SERVOPRO MultiExact

The SERVOPRO MultiExact is an innovative multi-gas analyser specifically developed to meet the latest industry requirements for air separation plants. It provides exceptional levels of accuracy, stability and reliability for all required gas measurements, whilst offering unparalleled ease-of-use and minimising maintenance and cost of ownership.

