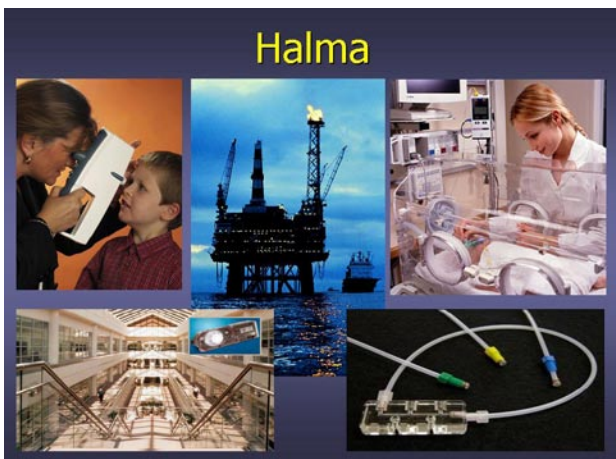


Halma p.l.c. - CSFB Capital Goods Conference 2005

Summary of Presentation, 27 September 2005

Andrew Williams, Group Chief Executive

Andrew Williams spoke at the CSFB Capital Goods Conference in London. He talked about Halma's businesses and sectors, gave an insight into how Halma operates and highlighted the key challenges and action taking place - in particular to increase the rate of growth.

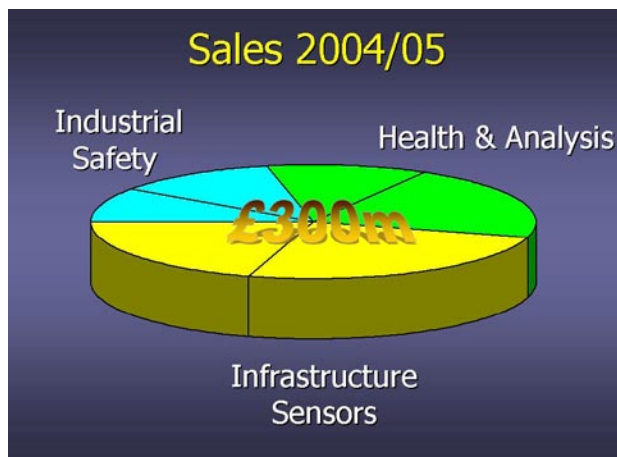


Halma creates critical components and products which protect life or improve the quality of life for individuals and businesses across the world. Our products range from fire and smoke detectors to critical components that are used in life science instrumentation to devices which protect people from hazardous machinery.

In the year to March 2005 our sales totalled £300 million and our profits before tax and goodwill amortisation were £50.4 million. Strong cash generation funded two high quality acquisitions (for a total of £22 million) and we ended the year ungeared with net cash of £12 million. Our market capitalisation at the year end was £594 million.

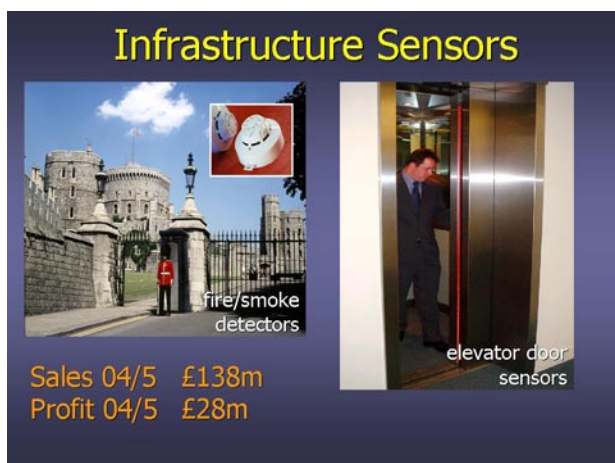


Currently sales and profits are reported under 6 product sectors - Fire & Gas Detection, Elevator & Door Safety, Process Safety, High Power Resistors, Water and Optics & Specialist. For clarity, in this presentation I'm putting those 6 product sectors in 3 broader market sectors: Infrastructure Sensors (Fire & Gas and Elevator & Door Safety), Industrial Safety (Process Safety and Resistors) and Health and Analysis (Water and Optics & Specialist).



Infrastructure Sensors represents just under 50% of Group sales and just over 50% of Group profits. Our goal is to be the technical and service leaders in detection devices but not in the installation and maintenance of the overall system. Many of our competitors in this area are also our customers.

We have significant global market shares in smoke detector manufacture, Elevator Door Safety Edges and Automatic Door Sensors.



Infrastructure Sensors

fire/smoke detectors

elevator door sensors

Sales 04/5 £138m
Profit 04/5 £28m

Market consolidation in these markets in recent years has caused some disruption but the strong long term market drivers remain. These include the human/financial cost of accidents as well as demographics (including both population growth and increasing urbanisation), increasing regulation and legislation and new technology innovation.

Technology innovation and increasing legislation also helps to build strong competitive barriers. For example, our Fire Business has over 800 product approvals to sell products internationally. These approvals, in turn, offer genuine global coverage to our customers.

Infrastructure Sensor markets offer sustainable growth prospects with many published reports indicating revenue growth rates of 3% - 5% pa. The markets continue to offer attractive acquisition

opportunities and strong cash generation to fuel growth within this sector and across the Group.

Industrial Safety combines Process Safety and Resistors. This contributes around 20% of our sales and 15% of Group profits. Although regulation and legislation continues to grow, industrial accidents continue to rise too. A US study indicated that the annual cost to the US economy of industrial accidents was over \$120 billion and there are over 6,000 fatalities due to industrial accidents alone. So once again Industrial Safety offers us a long term growth market (in the 2% - 4% range) good returns and strong cash generation.



Industrial Safety

high power resistors

trapped key interlocks

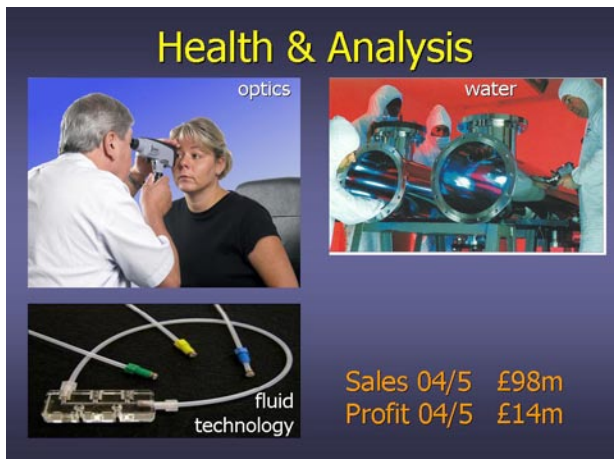
Sales 04/5 £64m
Profit 04/5 £8m

There are 3 main areas that we operate in. Sequential safety interlocks (or trapped key interlocks) which essentially protect operators from hazardous machines, bursting disks which prevent explosions due to pressure increases in vessels, and high power resistors which are used to dissipate heat and energy safely in heavy machinery and engineering applications.

The market drivers of Industrial Safety are broadly the same as Infrastructure Sensors. Human and financial costs of accidents, legislation and regulation, new technology and the general cycle of industrial development all drive demand. Currently the oil, gas and petro-chemical market is particularly interesting. A bolt

on acquisition completed in July 2005 has significantly strengthened our position in this growing area.

Health and Analysis includes Water and Optics & Specialist and contributes a third of Group sales and just under a third of Group profits. There are 3 core segments; Water (we manufacture UV sterilisation products which treat and disinfect water, and instrumentation to monitor the water network), Optics (which includes optical sensing and ophthalmic devices) and Fluid Technology (we manufacture critical, precision components for analytical instrumentation).



Population growth is driving demand for our water products. Water scarcity in the South West of the US is a growing problem and currently downtown Las Vegas is monitored for leaks using our technology. The ageing population, the push to conquer disease, the drive to protect and prolong life all create demand for our products, and importantly, our customer's products too. Technology, therefore, is a key growth driver and a major strength of our business.

Technology moves forward by our own innovation and the innovation of our customers. For example, we develop new ophthalmic lenses with world leading eye surgeons as they develop new operating procedures. Our Fluid and Optical

Sensing businesses are also benefiting from the development of bio-hazard detection devices and life science analytical instruments by the large players in this growing market.

Through technical innovation we build strong market positions. We have market leadership in water network monitoring, particularly leak detection, and also ophthalmic instruments and lenses. We are building strong market positions in Fluid Technology and Optical Sensing. Last year we made two major acquisitions in the Optical Sensing and Fluid Technology areas. This year we have completed a bolt on acquisition to bring important wireless communication technologies to our water business.

Halma: market characteristics

- Strong demand drivers
- Barriers-to-entry
- Worldwide opportunities
- Product performance is critical

Across the Group, we look for markets which give us the opportunity to build strong barriers to entry and where there are genuine worldwide opportunities for our products. More than 70% of our sales are outside the UK. Last year 30% of our sales were destined for the US, an increase of 8% over the prior year. 11% of our sales were made to the Far East, an increase of 13%, and 25% of our sales to mainland Europe, an increase of 6%. Most importantly, we look for markets where product performance really matters and where customers will pay for it.

We look to acquire and develop businesses with similar characteristics. Last year our cash generation, net of capital expenditure, was 101% of profits. We look for businesses to demonstrate genuine product innovation. We have monthly and annual innovation awards across the Group and we look for ways in which businesses can build and protect their intellectual property.

Halma: business characteristics

- Highly cash generative
- Creating strong market positions
- Innovative product development
- Building and protecting IP

We offer businesses autonomy and an entrepreneurial freedom and many vendors who have sold their business to us continue to work happily in the Group. Many of the senior managers and Directors in the Group have come to us through acquisition. We have a flat organisation where decisions are made at the right time and synergistic opportunities are facilitated both within Divisions and across the business. We underpin this culture with a financially rigorous and results orientated organisation.

In the last 5 years our growth has stalled. There's a need for more active corporate leadership and more dynamic operational leadership. In each sector the growth opportunities and our capability to exploit them differ. This has an impact on the way we target our acquisition activities and the way that we allocate our internal resource, whether that be capital or time. Infrastructure Sensors, Optics and Fluid Technology are clearly sectors which are core to our business.

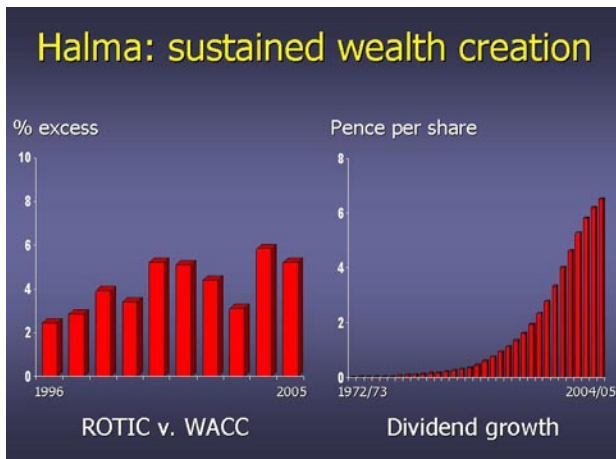
Reporting processes within the Group have been streamlined. Incentives and rewards for senior managers in the Group have been changed so that there is an opportunity to earn increased rewards for greater growth. The focus on monitoring and rewarding innovation within the Group has increased. We spend almost 4% of our sales on R&D. The quality of our R&D is good but the time to market of our new products can be significantly improved. Monthly reports from our subsidiaries show us that this is a big opportunity.

Halma: actions for higher growth

- Sectors prioritised
- Reporting process streamlined
- Increased innovation focus
- Reviewing capital structure

Finally I believe there is an opportunity to accelerate our rate of growth by using one of our key strengths. At the last year end we were net cash positive by £12 million after spending £22 million on acquisitions, £9 million on internal capital expenditure and paying out a record dividend. Provided we see evidence that underlying organic growth has returned, we would consider taking a moderate level of debt which would not significantly change the risk profile of the Group.

Halma has a good long term record of wealth creation. In 2005, our ROTIC (Return on Total Invested Capital – see note) was 13.1% compared with a Weighted Cost of Capital of 8%. We have an unbroken record of annual dividend growth stretching back over the last 30 years and have a current dividend yield of 4.1%.



However, by moving the 'centre of gravity' of the Group towards our sectors which offer us higher growth and higher returns and a more focussed allocation of our internal resource, Halma can resume organic profit growth and maintain this record of real wealth creation for shareholders.

Note: Return On Total Invested Capital is defined as profit before goodwill amortisation and exceptional items and after taxation of £34.7 million (2004: £34.6 million), expressed as a percentage of net assets plus goodwill in reserves of £70.9 million (2004: £70.9 million) and cumulative goodwill amortisation of £18.7 million (2004: £13.2 million).

CAUTIONARY NOTE: *The information contained in this summary is believed to be correct at 28 September 2005. This document may include forward-looking statements that are not factual. Such statements involve both known and unknown risks. The actual results of Halma p.l.c. may differ from results that are anticipated or implied by any forward-looking statements. The content of the presentations, including any forward-looking statement, is not revised after publication.*