



THE SUNDAY TIMES

The Sunday Times March 19, 2023

BUSINESS

Meet the best CEO you've never heard of

Andrew Williams' Halma has upped its dividend every year for 43 years. How does he do it?

INTERVIEW
JIM ARMITAGE



When Geoff Unwin retired as chairman of Halma, one of its biggest shareholders presented him with a Stella Artois pint glass. Etched on the side were the words: "Reassuringly expensive."

He was not referring to Unwin's pay, but the phenomenal share price.

You may not have heard of the FTSE 100 engineering giant, but, hopefully, your pension fund manager has, because Halma has the most bullet-proof track record of bumper profits and dividends of perhaps any company in Britain.

It has increased its dividend by more than 5 per cent every year for 43 years, and – thanks to sales of its niche gadgets such as the fire, smoke and gas detectors that keep us safe in our beds at night – has grown profits consistently for two decades.

If you had invested £1,000 in Halma shares in 2005, then, including dividends, they would now be worth £19,250. Even after a recent sell-off alongside other technology stocks, the company is worth £7.7 billion, or 42 times its profits.

Reassuringly expensive indeed.

The credit for the past 18 years of all that growth goes to the FTSE's longest-serving and probably least-famous chief executive, Andrew Williams.

As low on ego as he is tall in stature, 6ft-something Williams has never given a full newspaper profile interview, but he has finally agreed to on the eve of his retirement at just 55.

In a meeting room above a Halma business in Oxfordshire called Crowcon, where technicians make gas-detection monitors, it is as if, despite his self-effacing manner, he's been wanting to talk for years. He tells of how he was raised in Cardiff's inner-city Heath district, one of five brothers, the fourth of whom is severely disabled and still being cared for by his mother and father, 84 and 86. "We grew up with very little but we had this very strong family dynamic – very competitive but very compassionate."

He's still married to his teenage sweet-heart but describes himself as a "serial under-achiever" at his big Cardiff

comprehensive. "I wasn't motivated, didn't know what I wanted to do," he says.

After a production engineering degree at the University of Birmingham, he returned to Wales for a job at a small engineer. It was there, he says, that one of the managers spotted his potential.

"He took me to one side and told me: 'You do realise you're a lot better than these other people here. If you push yourself, you could be really successful.' It was like lighting a fire – it was the first time someone outside my family had said they had confidence in me."

He went on to rise through the ranks at another Welsh business making sensors to spot water leaks. In 1995, serendipity played a hand. A heatwave and drought struck Britain and Ofwat introduced mandatory leakage targets for water companies. Overnight, they all needed leak sensors. Orders soared.

The company was owned by the Halma group, and Williams' name came to the attention of Unwin, up at head office. The chairman plucked him out of Cwmbran to become a divisional chief and, three years later, aged 37, he was running the whole company. Unwin recalls: "It was quite a punt, but he was such an extraordinary character."

Halma itself is far from ordinary. Rather than being a single engineering operation like a Rolls-Royce or a BAE, it is a collection of dozens of individual niche businesses built up and expanded through acquisitions (Halma does six or seven a year). Each operates separately, with its own P&L, balance sheet – crucial, to make sure they keep an eye on cash-flow – and bonus structure. But they use shared Halma services where needed.

Crowcon is a classic example, Williams says as we tour the factory floor, where dextrous workers fit tiny sensors into monitors used by gas engineers, factories and office buildings. When Crowcon wanted to get into China, Halma's team in the country used its network to show them the ropes. When Crowcon spots attractive takeover prospects, Halma's acquisitions team advises on the deals.

Takeovers are one of the riskiest things a company can do, Williams says. They are also vital for Halma's record of doubling its profits every five years. "Half by organic growth, half by acquisition," he explains.

At Halma, he says, he has done about 80 acquisitions, 30 disposals and 30 mergers – nearly all without using investment bankers. (He eschews management consultants, too; how, he asks, can they know your business better than you do?)



ADRIAN SHERRATT FOR THE SUNDAY TIMES

Andrew Williams has been a constant as Halma has grown through a mix of acquisitions and expansion

The secret behind enduring success at the top is having the right people around you

Acquisitions are famously risky. So, what's the secret of getting them right?

"Clearly, you have to stack as much of the deck in your favour as you can. So, we'll do several smaller deals rather than a big, transformational one. You may get one wrong, but you've got four that are good and deliver a good return."

He does not buy troubled businesses in need of being turned around – too risky – and is not too obsessed about overpaying. "Too many people get hung up on the valuation and not enough on the longer-term execution risk. Whether I'm paying a 10 times or 12 times multiple [of profits] is less important than whether I think we can keep growing this business at 7-8 per cent for the next 15 or 20 years."

Long-term planning is a subject to which he returns repeatedly. In 50 years of Halma, he says, "I'm only the third CEO. Our new chief financial officer, Steve Gunning, is only the fourth finance director. Our chair is the fourth chair. So you've got this longevity of mindset, this longevity of people worrying about the business."

Eighteen years is a mighty long time to be running a major company, though. The average FTSE 100 tenure is more like five years. How has he been able to keep driving such a big operation for so long?

"Having the right people around you," he answers. Halma went through four or five phases under his leadership as he

decentralised it, built up in China and rejigged the management structure to handle more takeovers. "For each of those eras, I've changed the leadership team around me so I've been learning from a new set of people." Bosses are often not disciplined enough to do that, he says.

Williams's white hair makes him look older than his years. I wonder if being at the top for so long has taken its toll. He says: "It's a very long time, like attrition. I've got great people I can rely on – but it's an attritional pressure. You are the one who's constantly looking for the next opportunity. You are the one who's got the foot on the pedal the whole time. And you are living with everyone's problems. Everyone lives with their own problems, but they're not living with everyone [else's] too. You're the one who's there the whole time."

The job has been "massively satisfying and enjoyable", but he's looking forward to a few months off – his first break of more than a fortnight since he was 21.

But then what? Welsh rugby will play a part. Rugby is vital to the Welsh identity, but he is pained that the national game is in turmoil. Its administration is toxic and amateurish, currently tarnished by a sexism and misogyny scandal at Welsh Rugby Union. Williams quit as a non-executive director of Cardiff Rugby last year, not long after Aviva chief executive Amanda Blanc quit the Wales Professional Rugby Board in frustration. He would like to help get the sport back on its feet. "They don't have a growth strategy, they don't have a financial model, and they don't have an organisational model that works," he says. But he acknowledges rugby would not satisfy his in-built craving for a business challenge. He rules out another FTSE 100 chief executive role ("What could be better than Halma?"). One suspects private equity firms will be hammering on his door.

Does he regret ending his 18-year stint? "No. It's always tempting to just keep going, keep going. But the time is right to give the new team their head."

That team will be led by former finance

director Marc Ronchetti. After yet another stonking trading update from another 18 years. No pressure then, Marc. Williams last week, the task is to keep

THE LIFE OF ANDREW WILLIAMS

VITAL STATISTICS

Born: May 13, 1967
Status: married with two daughters, 25 and 21, and one son, 16
School: Llanishen High, Cardiff
University: engineering degree at Birmingham University; advanced management program at the Wharton business school of the University of Pennsylvania in Philadelphia
First job: evening paper round for £1.50 a week
Pay: £3.6 million for 2022
Home: Windsor, Berkshire
Car: Range Rover
Favourite book: any sports biography
Drink: a cold beer
Music: Jimi Hendrix, Cream, Led Zeppelin
Watch: Rolex
Gadget: Garmin GPS golf watch
Charity: Halma's latest global charitable campaign: Water for Life
Last holiday: Sainte-Maxime, south of France

WORKING DAY

The group chief executive of



Sainte-Maxime, Jimi Hendrix and a Range Rover are among Andrew Williams' favourites



Halma wakes at 6am, drives his son to the school bus at 7.15am and is in the Amersham office by 8am. He spends a lot of time supporting Halma's senior leaders, especially on recruitment and M&A. He is often out travelling the world, visiting at least half of Halma's 45 companies every year as well as going to investor meetings.

DOWNTIME

Andrew Williams tries to keep weekends free from work so he can spend time with family and friends, including at school sports matches and concerts. He still enjoys playing football and golf with friends most weeks and also watching rugby (in Cardiff) and cricket (Lord's and the Oval).