

Halma plc
Trading update
24 March 2021

Halma today releases its scheduled trading update, for the period from 1 October 2020 to date.

Improved expectations for the Full Year

The Group has made good progress in the second half of the financial year and we now expect Adjusted profit before tax¹ for the 2020/21 financial year to be similar to that in FY 2019/20, compared to prior guidance of around 5% below FY 2019/20. This includes a small adverse impact on the full year 2020/21 results from movements in exchange rates, compared to the broadly neutral effect forecast at the time of the half year results.

Revenue and order trends

Revenue trends have seen continued sequential improvement, and we have maintained good ongoing overhead control while accelerating our strategic investments to support future growth. Order intake is currently ahead of revenue and ahead of the same period last year, reflecting the agility of our business model, the benefits of our focus on niche markets with long-term growth drivers, and the essential nature of many of our products and services.

We have continued to see significant variations in demand in individual end markets and geographic regions in the second half of the financial year.

The Infrastructure Safety sector has made further progress, while Process Safety's performance continues to gradually improve with the sector benefiting from Sensit Technologies, which was acquired last financial year. The Medical sector has seen some modest improvement in demand for products and services related to elective healthcare procedures, and has benefited from a contribution from recent acquisitions. Environmental & Analysis has delivered a resilient performance against a very strong second half comparative last year.

Revenue grew in all four major regions, with the strongest growth being in Asia Pacific, which benefited from further recovery in China. There was good growth in Mainland Europe and the UK, and more moderate growth in the USA against a strong comparative in the second half of last year, with each of these three regions benefiting from recent acquisitions.

Cash, Balance sheet and M&A activity

Cash generation in the period was strong and our financial position remains robust, allowing us to support continued investment in growth, both organically and by acquisition.

We have a healthy acquisition pipeline and continue to actively manage our portfolio of global businesses to ensure that it is aligned with our purpose and maintains strong growth and returns over the long term.

We made one acquisition and one disposal in the period. In December, we acquired Static Systems Holdings Limited, a UK-based manufacturer of critical communication systems, for £37 million. In the

same month, we divested Fiberguide Industries, Inc., a US-based manufacturer of fibre optic technology, for \$38 million (equivalent to £28.1 million at the time of announcement).

The Group's results for the full year ending 31 March 2021 are expected to be released on 10 June 2021.

Appointment of new Chair

On 9 February 2021, Dame Louise Makin joined the Halma Board as an independent Non-Executive Director and Chair Designate, joining the Nomination and Remuneration committees. Louise will replace Paul Walker as Chair in July 2021 when he steps down from the Board after eight years in that role.

New sector structure: disclosure of historical financial information

As previously announced, from 1 April 2021 Halma will align its organisational structure and financial reporting with our purpose and core market focus.

We will report our performance in three sectors, namely Safety, Environmental & Analysis, and Medical. Today, we are publishing historical financial information for each of these three sectors for the financial year to March 2020, including comparatives, and for the half years to September 2019 and September 2020. This information is presented in the Appendix to this announcement.

Notes

1. Adjusted profit before tax is before amortisation and impairment of acquired intangible assets, acquisition items, restructuring costs and profit or loss on disposal of businesses.
2. This Trading Update is based upon current management accounts information. Forward-looking statements have been made by the Directors in good faith using information available up until the date that they approved this statement. Forward-looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks, including the effects of the current COVID-19 outbreak.
3. A copy of this announcement, together with other information about Halma, may be viewed on our website www.halma.com

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About Halma

Halma is a global group of life-saving technology companies, focused on growing a safer, cleaner, healthier future for everyone, every day.

Its purpose defines the three broad market areas where it operates:

- Safety: protecting life as populations grow and protecting worker safety.
- Environment: improving food and water quality, and monitoring air pollution.
- Health: meeting rising healthcare demand as growing populations age and lifestyles change.

It employs over 7,000 people in more than 20 countries, with major operations in the UK, Mainland Europe, the USA and Asia Pacific. Halma is listed on the London Stock Exchange (LON: HLMA) and is a constituent of the FTSE 100 index.

In January 2021, Halma was named Britain's Most Admired Company by Management Today.

Appendix

As stated in our half year results announcement dated 19 November 2020, from 1 April 2021 we will align our organisational structure and financial reporting with our purpose and core market focus of Safety, Health and the Environment. From that date, we will operate and report under three sectors, Safety, Environmental & Analysis, and Medical. As previously disclosed, the existing Process Safety sector will be combined with the Infrastructure Safety sector to form a single Safety sector, with the exception of our two Gas sensor companies (Crowcon and Sensit), which will move from Process Safety to Environmental & Analysis.

The tables in this appendix show historical financial information for these three new sectors, had they been in existence, for the six months ended 30 September 2019 and 2020, and the full year ended 31 March 2020, including comparatives.

The changes to sector reporting do not impact the historical consolidated results of Halma plc at the Group level. The numbers below are management restatements of segment financials provided for information and are unaudited.

Financial Years to 31 March 2020 and 31 March 2019

Total Revenue

	2019/20		2018/19		Change		Change OCCY*	
	£m		£m		%		%	
	H1	Full Year	H1	Full Year	H1	Full Year	H1	Full Year
Safety	314.1	620.8	276.0	564.8	13.8%	9.9%	3.8%	1.5%
Environmental & Analysis	173.2	370.7	153.9	321.3	12.6%	15.4%	8.9%	12.0%
Medical	166.5	347.2	155.8	325.2	6.9%	6.8%	4.6%	3.3%
Inter-segmental revenue	(0.1)	(0.3)	(0.2)	(0.4)				
Group	653.7	1,338.4	585.5	1,210.9	11.7%	10.5%	5.4%	4.8%

* On an organic constant currency basis

Segment profit before allocation of adjustments[#]

	2019/20		2018/19		Change		Change OCCY*	
	£m		£m		%		%	
	H1	Full Year	H1	Full Year	H1	Full Year	H1	Full Year
Safety	72.4	141.1	59.4	125.0	21.7%	12.8%	9.4%	2.1%
Environmental & Analysis	36.2	79.9	30.7	69.5	17.9%	15.0%	14.1%	11.9%
Medical	39.3	84.4	37.8	83.2	4.5%	1.5%	1.2%	(2.6)%
	147.9	305.4	127.9	277.7	15.7%	10.0%	8.1%	3.2%

Adjustments include the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs; and profit or loss on disposal of operations. More information on alternative performance measures is available for each respective period in our results announcements and annual reports which are available on our website at www.halma.com.

* On an organic constant currency basis

Revenue and profit transferred from Process Safety to Environmental & Analysis

	2019/20		2018/19		Change	
	£m		£m		%	
	H1	Full Year	H1	Full Year	H1	Full Year
Revenue	20.1	45.7	19.5	41.3	3.0%	10.6%
Profit	4.8	10.5	4.5	9.4	8.3%	12.3%

Return on Sales

	2019/20		2018/19		Change	
	H1	Full Year	H1	Full Year	H1	Full Year
Safety	23.0%	22.7%	21.5%	22.1%	1.5%	0.6%
Environmental & Analysis	20.9%	21.6%	19.9%	21.6%	1.0%	0.0%
Medical	23.7%	24.3%	24.2%	25.6%	(0.5)%	(1.3)%
Group	19.7%	19.9%	19.3%	20.3%	0.4%	(0.4)%

Half Years to 30 September 2020 and 30 September 2019

Total Revenue

	H1 2020/21 £m	H1 2019/20 £m	Change %	Change OCCY* %
Safety	268.6	314.1	(14.5)%	(16.4)%
Environmental & Analysis	178.0	173.2	2.8%	(1.2)%
Medical	172.4	166.5	3.5%	(10.9)%
Inter-segmental revenue	(0.6)	(0.1)		
Group	618.4	653.7	(5.4)%	(11.0)%

* On an organic constant currency basis

Segment profit before allocation of adjustments

	H1 2020/21 £m	H1 2019/20 £m	Change %	Change OCCY* %
Safety	58.0	72.4	(19.8)%	(22.1)%
Environmental & Analysis	42.9	36.2	18.5%	16.8%
Medical	38.2	39.3	(3.2)%	(21.8)%
	139.1	147.9	(6.0)%	(12.5)%

Adjustments include the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs; and profit or loss on disposal of operations. More information on alternative performance measures is available for each respective period in our results announcements and annual reports which are available on our website at www.halma.com.

* On an organic constant currency basis

Revenue and profit transferred from Process Safety to Environmental & Analysis

	H1 2020/21 £m	H1 2019/20 £m	Change %
Revenue	24.0	20.1	19.5%
Profit	4.6	4.8	(5.5)%

Return on Sales (%)

	H1 2020/21 £m	H1 2019/20 £m	Change %
Safety	21.6%	23.0%	(1.4)%
Environmental & Analysis	24.1%	20.9%	3.2%
Medical	22.1%	23.7%	(1.6)%
Group	19.7%	19.7%	0.0%

Revenue by sector and destination (all continuing operations) (by location of customer)

H1 2019/20 (£m)	USA	Mainland Europe	UK	Asia Pacific	Africa N&ME	Other countries	Total
Safety	90.3	86.7	61.0	44.7	20.0	11.4	314.1
Environmental & Analysis	73.9	21.4	37.1	32.6	5.0	3.2	173.2
Medical	84.7	27.4	7.1	29.5	5.7	12.1	166.5
Inter Segmental	(0.1)	-	-	-	-	-	(0.1)
Group	248.8	135.5	105.2	106.8	30.7	26.7	653.7

Full Year 2019/20 (£m)	USA	Mainland Europe	UK	Asia Pacific	Africa N&ME	Other countries	Total
Safety	167.7	174.2	124.9	91.8	39.1	23.1	620.8
Environmental & Analysis	162.1	42.7	80.9	64.2	12.4	8.4	370.7
Medical	180.7	59.6	15.4	57.3	11.7	22.5	347.2
Inter Segmental	(0.2)	(0.1)	-	-	-	-	(0.3)
Group	510.3	276.4	221.2	213.3	63.2	54.0	1,338.4

H1 2020/21 (£m)	USA	Mainland Europe	UK	Asia Pacific	Africa N&ME	Other countries	Total
Safety	71.0	78.5	49.2	42.6	16.4	10.9	268.6
Environmental & Analysis	88.3	19.7	33.0	29.6	4.4	3.0	178.0
Medical	96.2	29.0	5.6	27.8	4.0	9.8	172.4
Inter Segmental	(0.4)	-	(0.2)	-	-	-	(0.6)
Group	255.1	127.2	87.6	100.0	24.8	23.7	618.4

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