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# Half Year results 2012/13

**Andrew Williams – Chief Executive**

## **Strategy : sustainable growth, high returns**

- Long-term growth drivers
- Competitive advantage in niche markets
- Agile operating structure
- Strategic investment for growth
- Active portfolio management

## Half year highlights: Record revenue and profits

<b>Growth &amp; High Returns</b>	Revenue <b>+6%</b> £298m	Profit <b>+6%</b> £60.8m	ROS <b>+20.4%</b> (LY: 20.5%)
<b>Strategic investment</b>	R&D spend <b>+11%</b> £15m	China growth <b>+32%</b>	Acquisitions <b>£66m</b> spend
<b>Good cash performance</b>	Cash flow <b>99%</b> of profit	Disposals <b>£19m</b> inflow	Dividend <b>+7%</b> interim dps

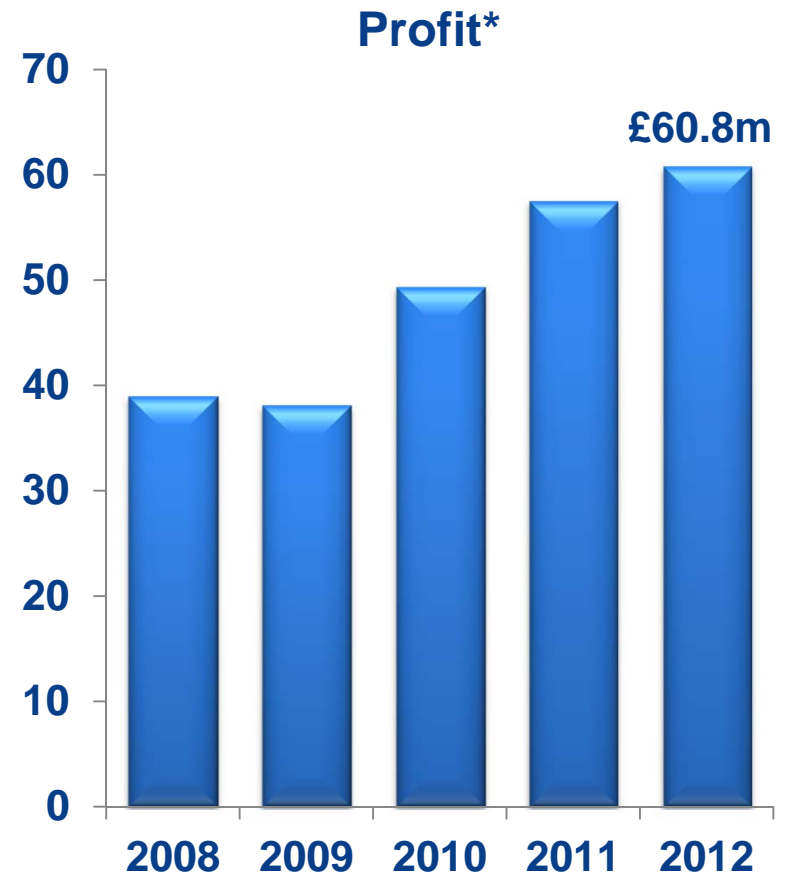
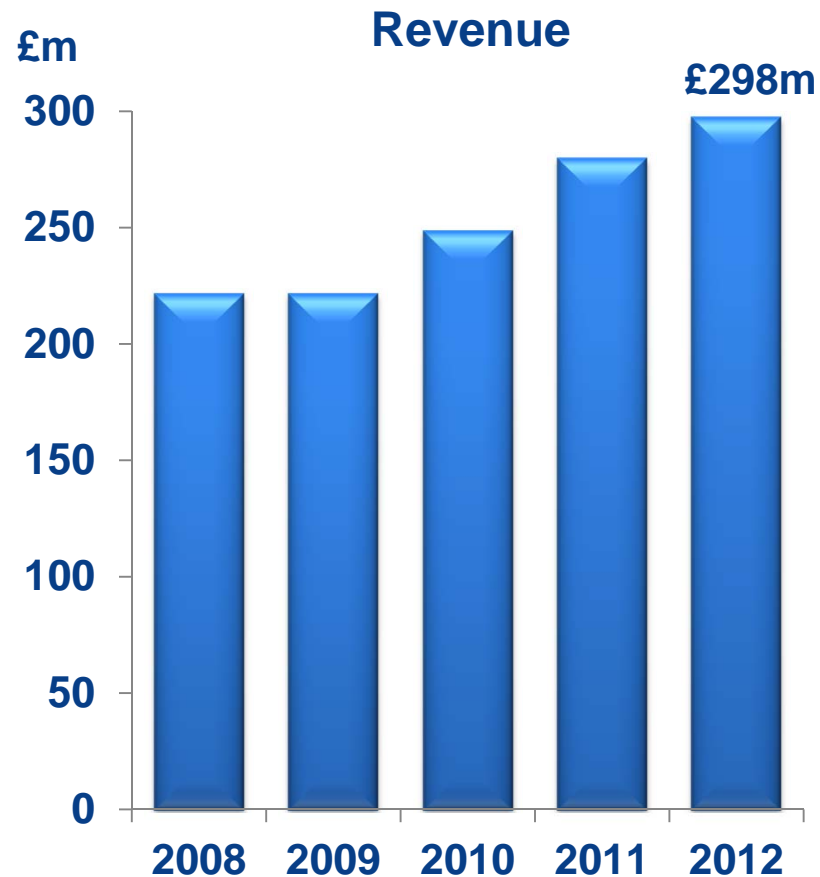
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# **Group Trading & Financial Review**

## Record results

Continuing operations H1, 2012/13



\* Profit before amortisation of acquired intangibles, acquisition costs and profit on disposal of operations

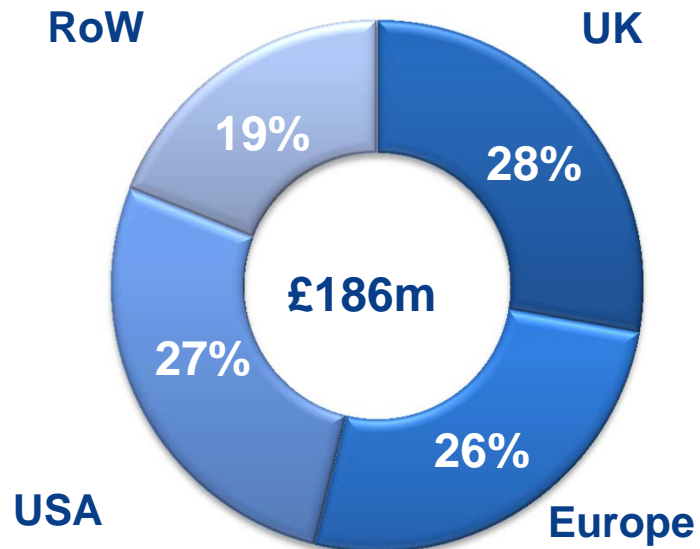
## Revenue growth

Continuing operations H1, 2012/13

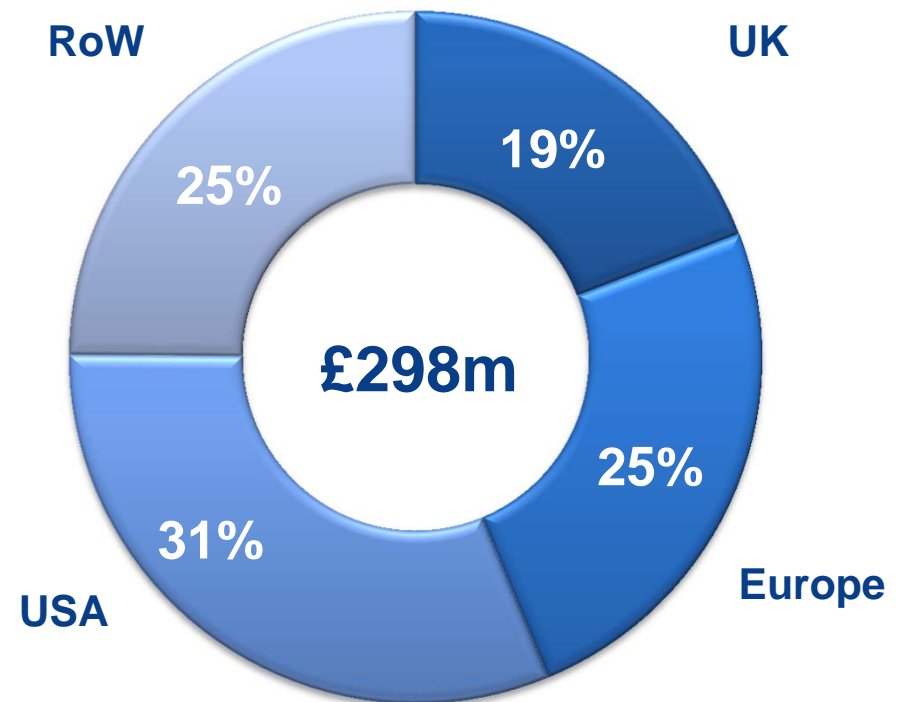
	£m	Total	Organic	Organic: Constant Currency
Revenue	298	6%	2%	3%

## Evolution of Geographic Revenue

H1 07/08

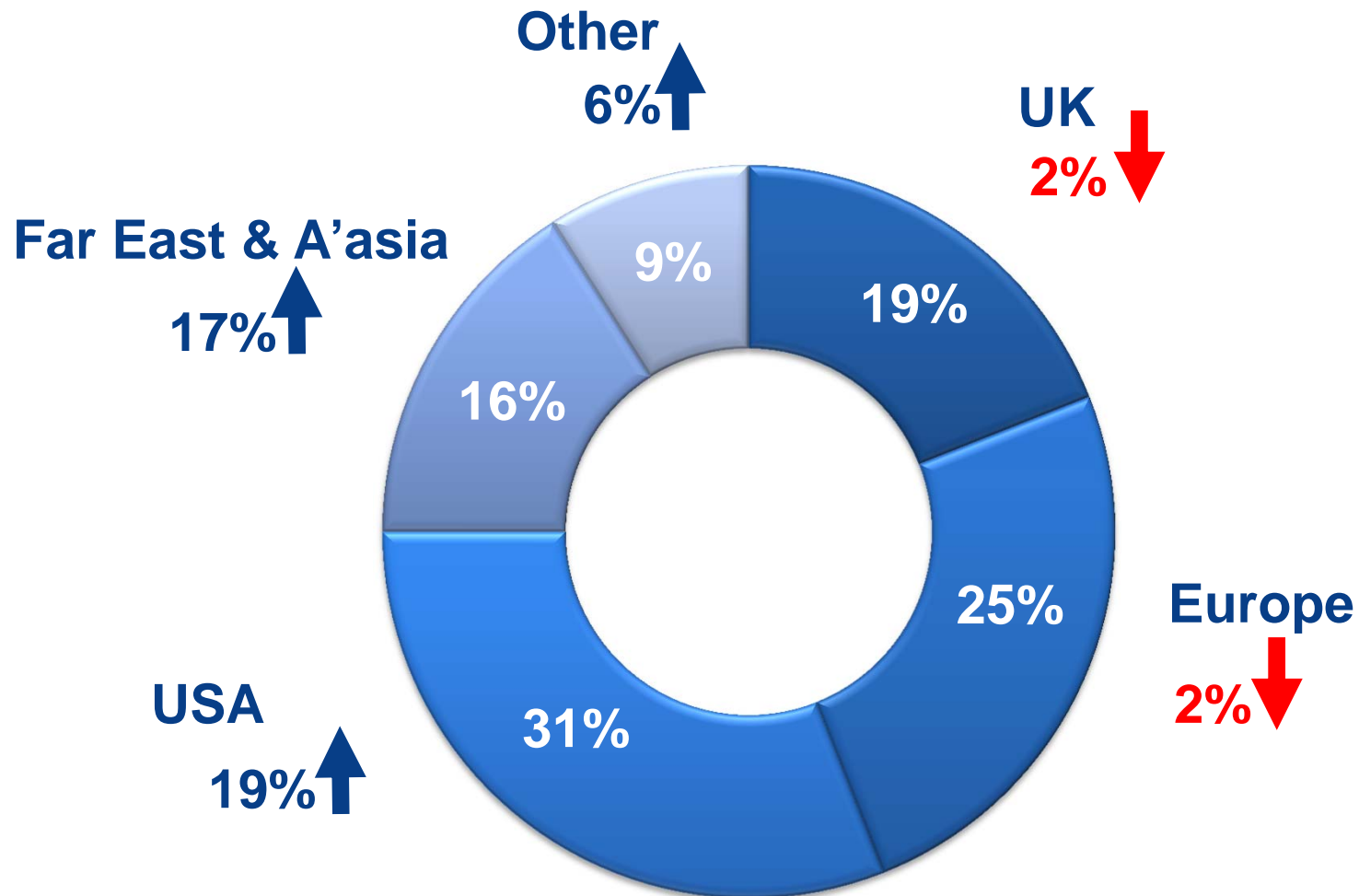


H1 12/13



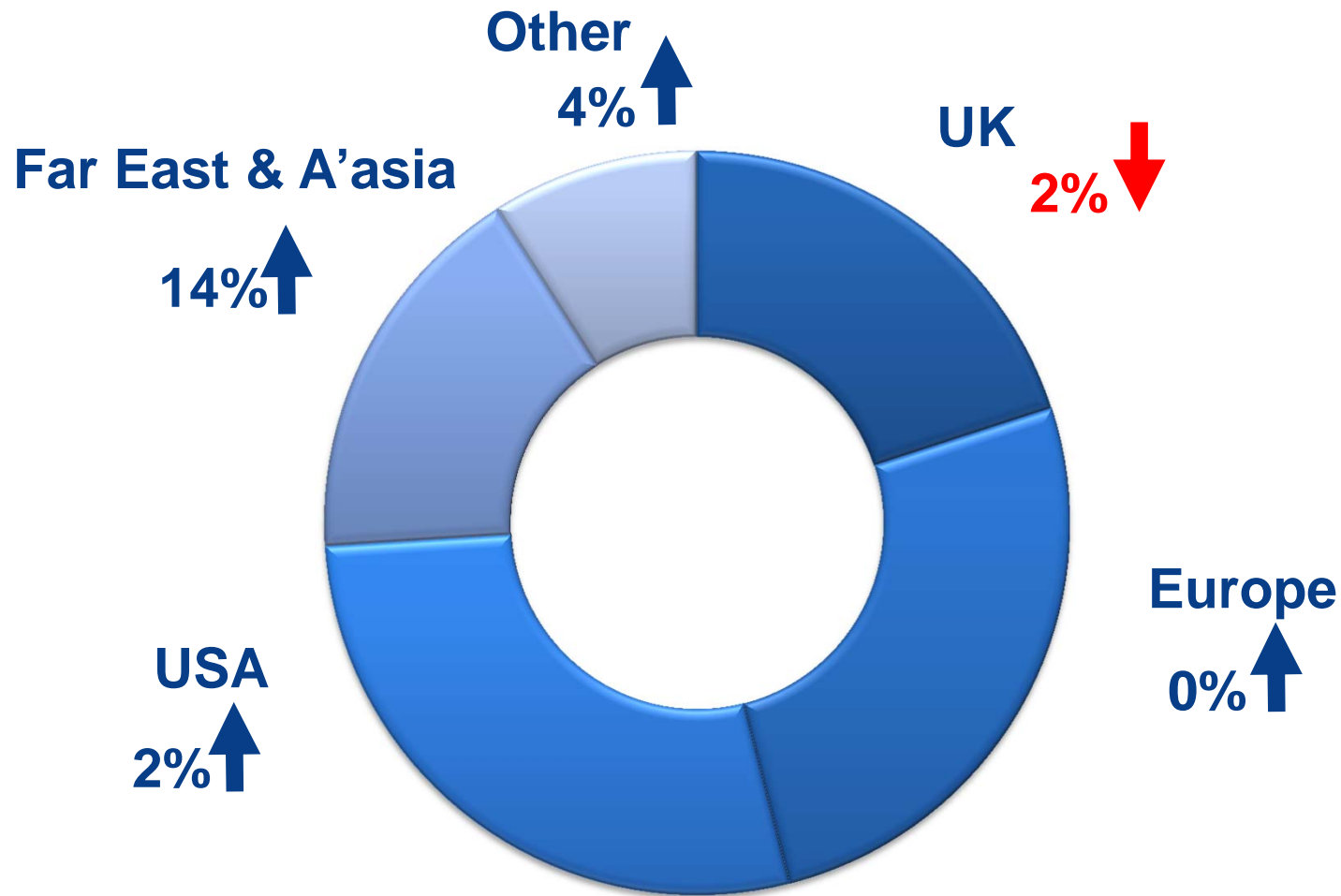
## Revenue by destination

Revenue and revenue growth, H1, 2012/13 (excluding disposals)

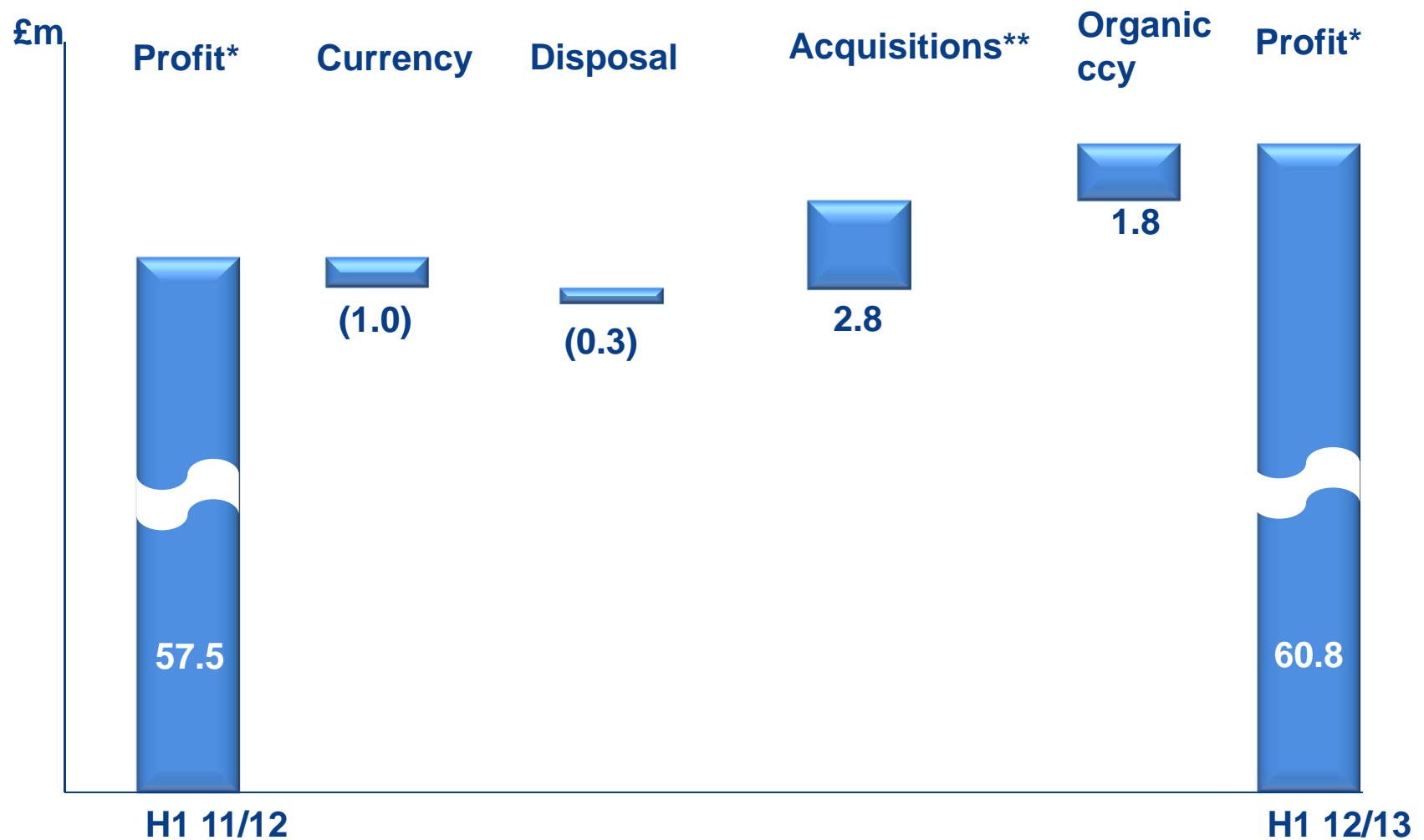


## Revenue by destination: organic constant currency

Revenue and revenue growth, H1, 2012/13



## Profit\* Bridge



\* Profit before amortisation of acquired intangibles, acquisition costs and profit on disposal of operations

\*\* Net of financing costs

Halma Half Year results – November 2012

## Strong Returns

### Return on Sales

➤ Range 18-22%

➤ H1 2012/13 20.4% (2011/12: 20.5%)

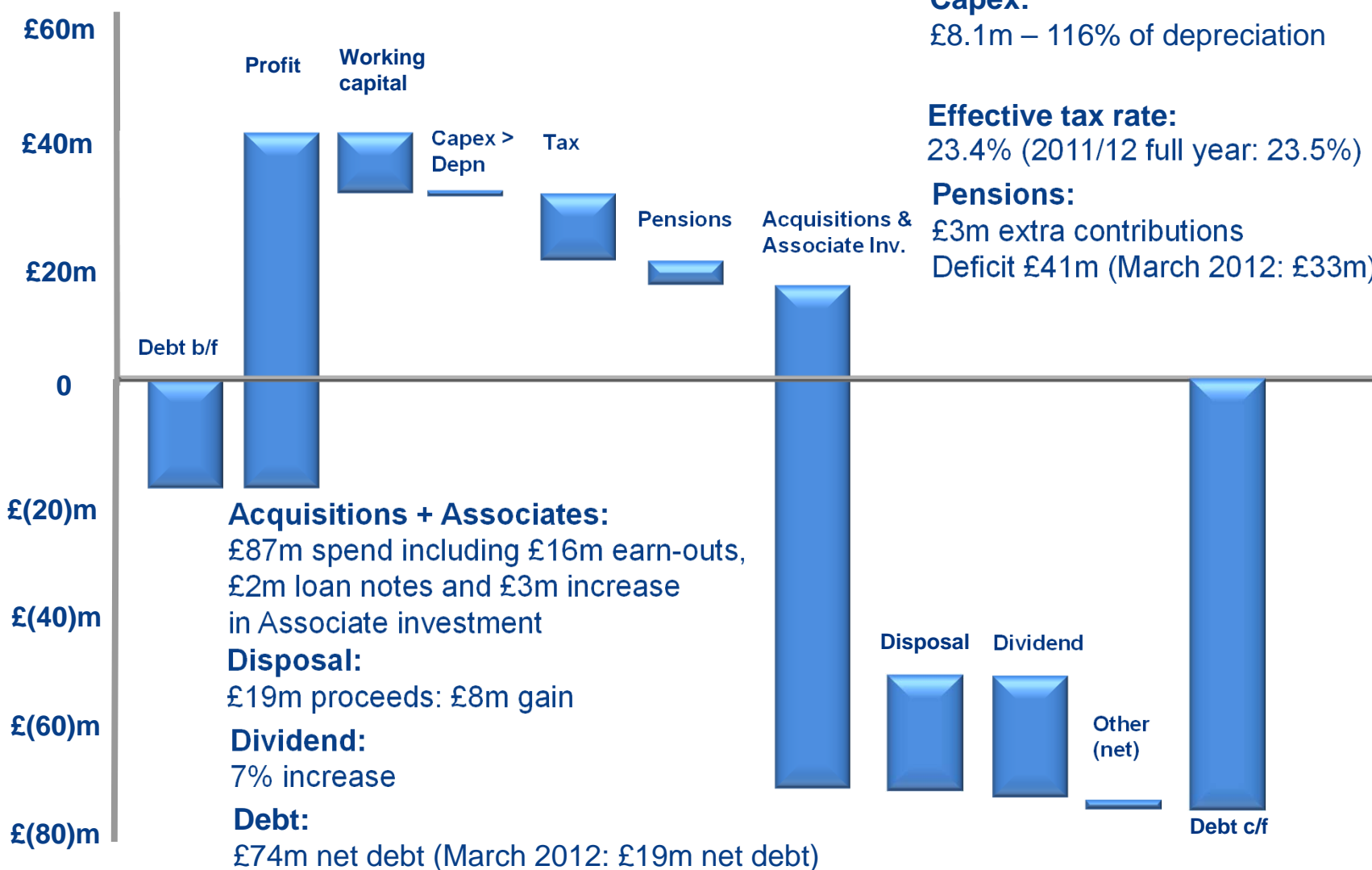
ROCE\* 71.6% (2011/12: 68.8%)

RODIC\*\* 16.4% (2011/12: 16.9%)

\* Return on Capital Employed

\*\* Return on Total Invested Capital

## Cash flow H1 2012/13



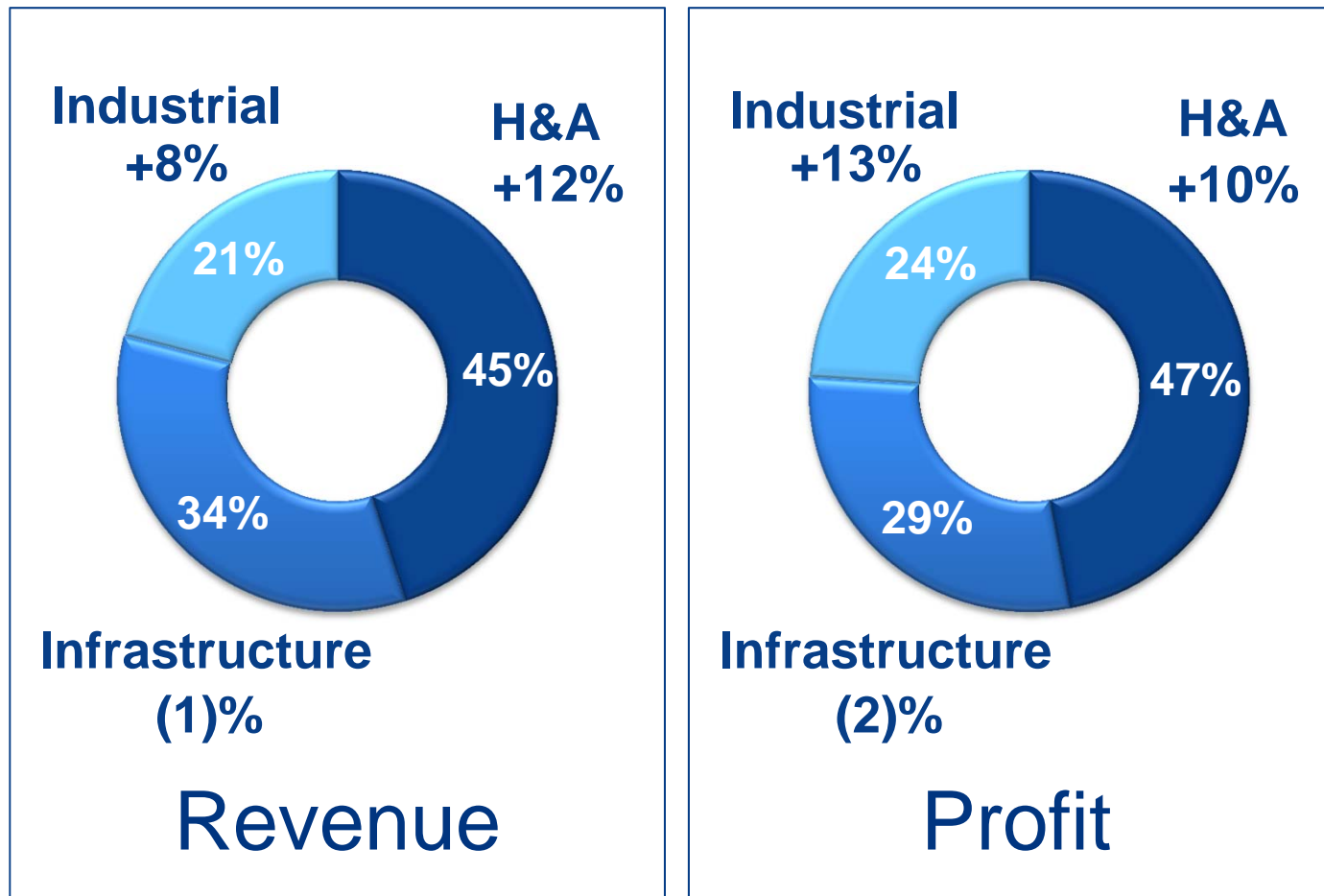
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# Sector Trading Review

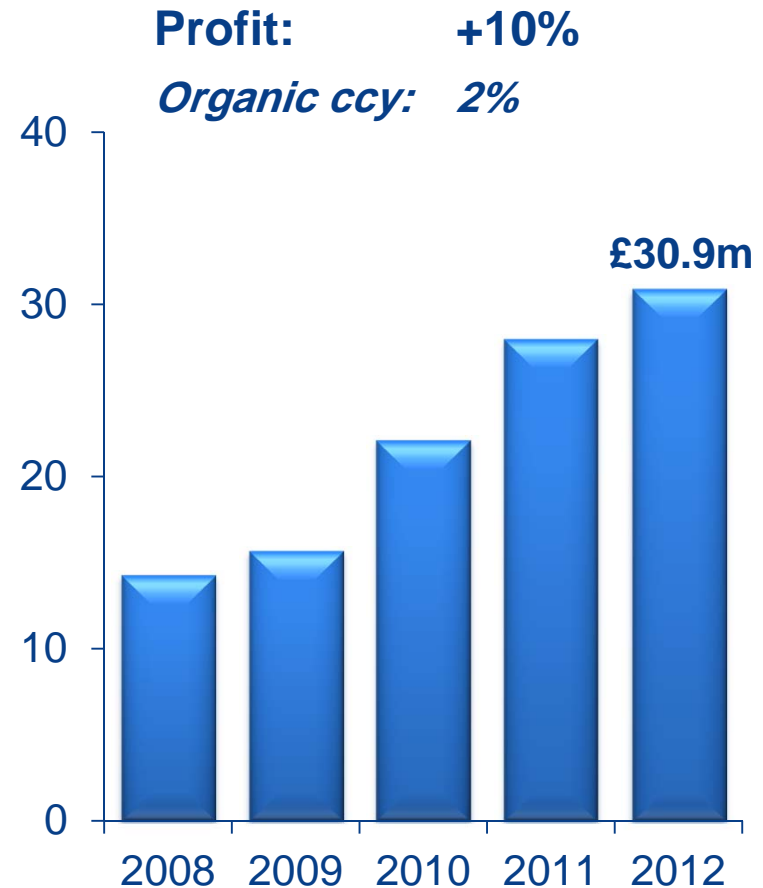
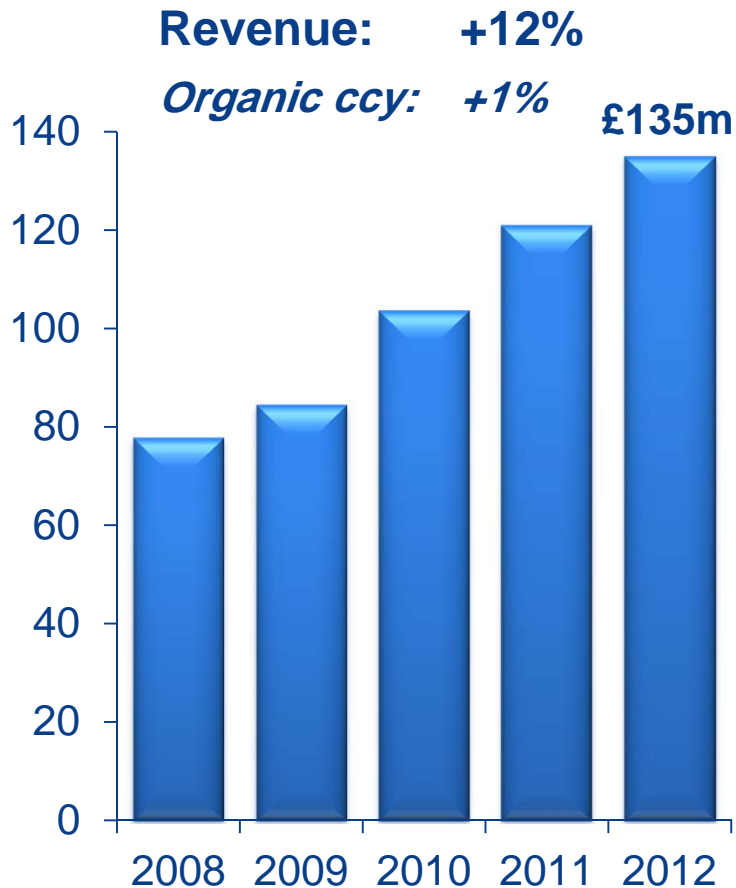
## Sector revenue and profit

HY 2012/13



## Health & Analysis: Trading performance

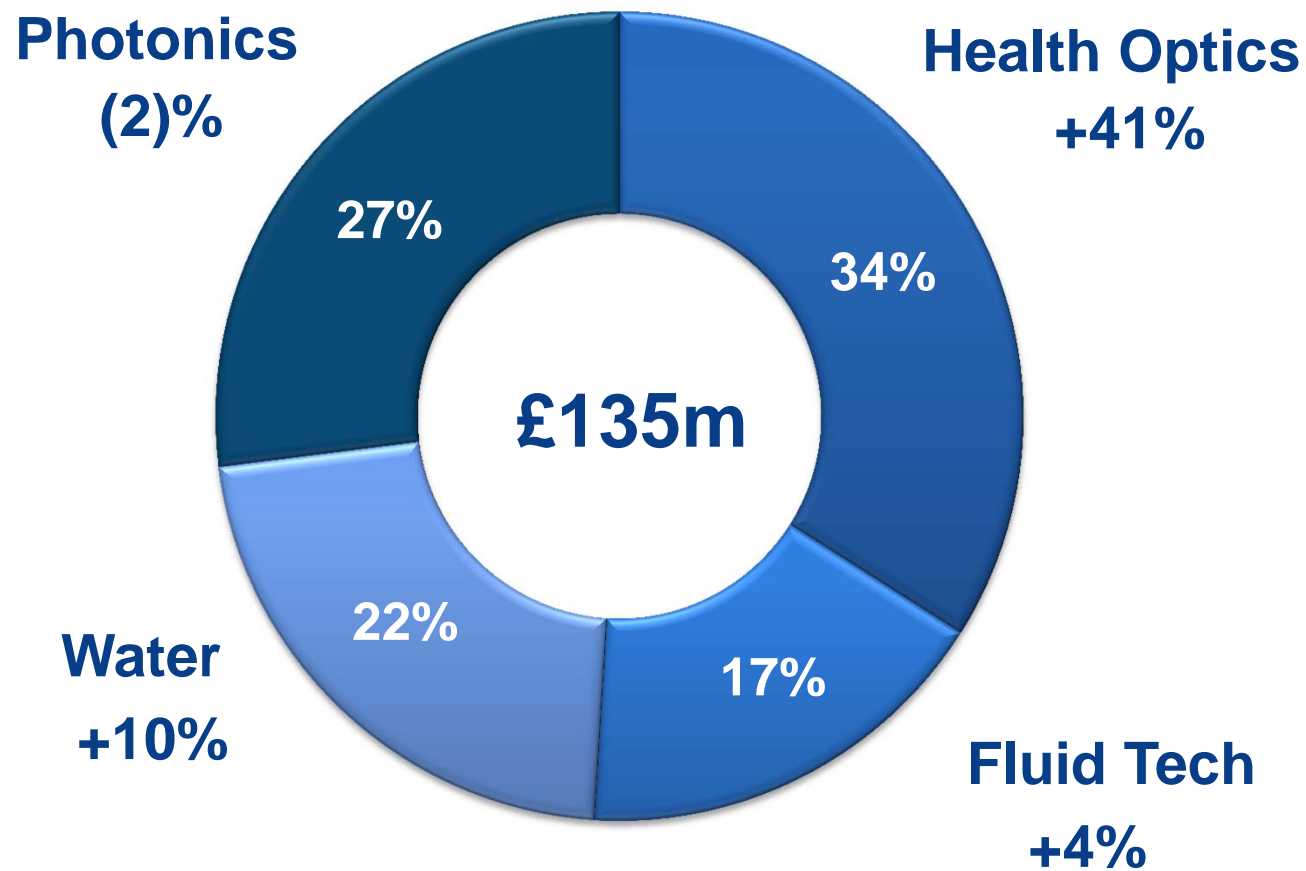
HY 2012/13



**Return on Sales: 22.9%**

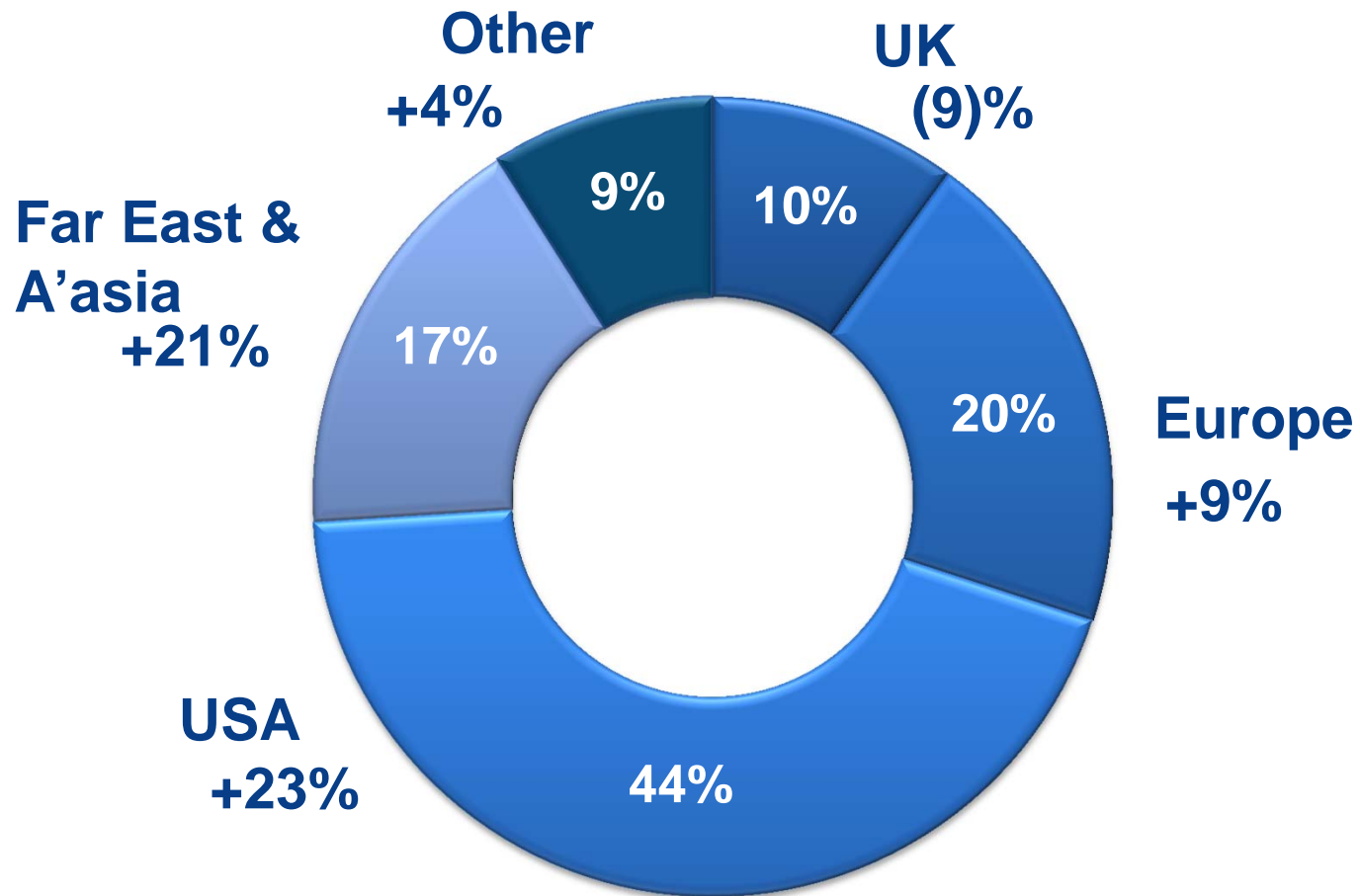
## Health & Analysis: Sub-sector revenue

HY 2012/13: % of sector & % growth



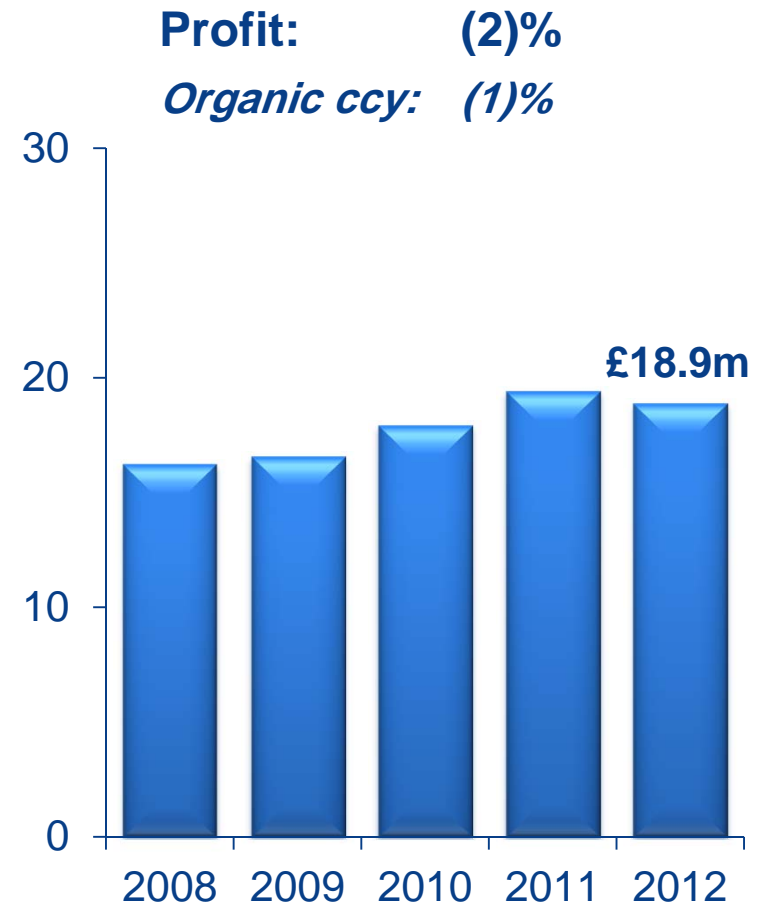
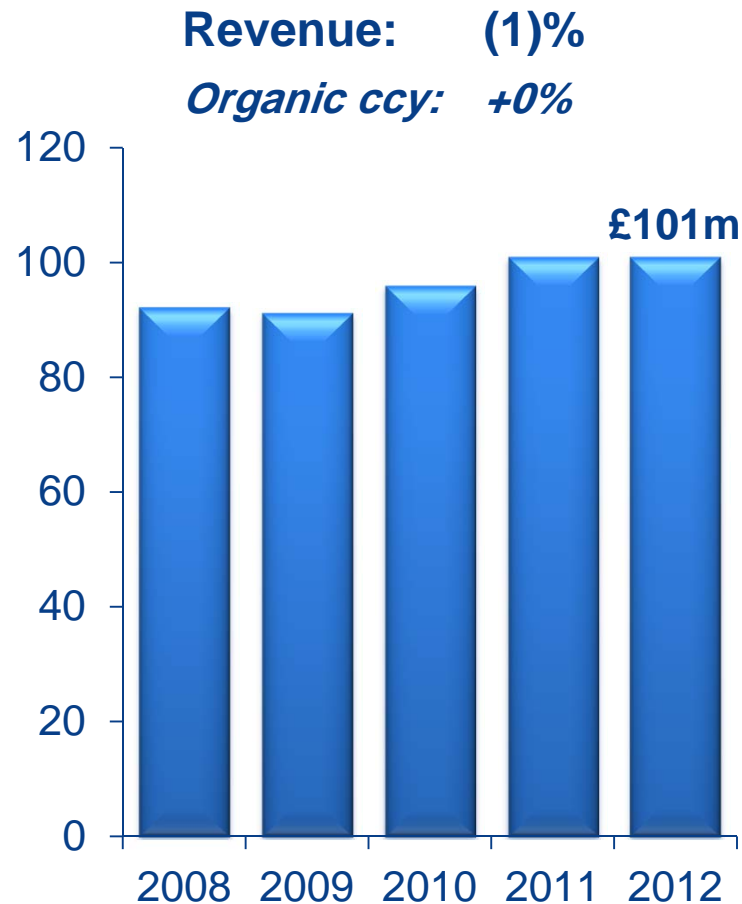
## Health & Analysis: Revenue by destination

HY 2012/13: % of sector & % growth (excluding disposals)



## Infrastructure Sensors: Trading performance

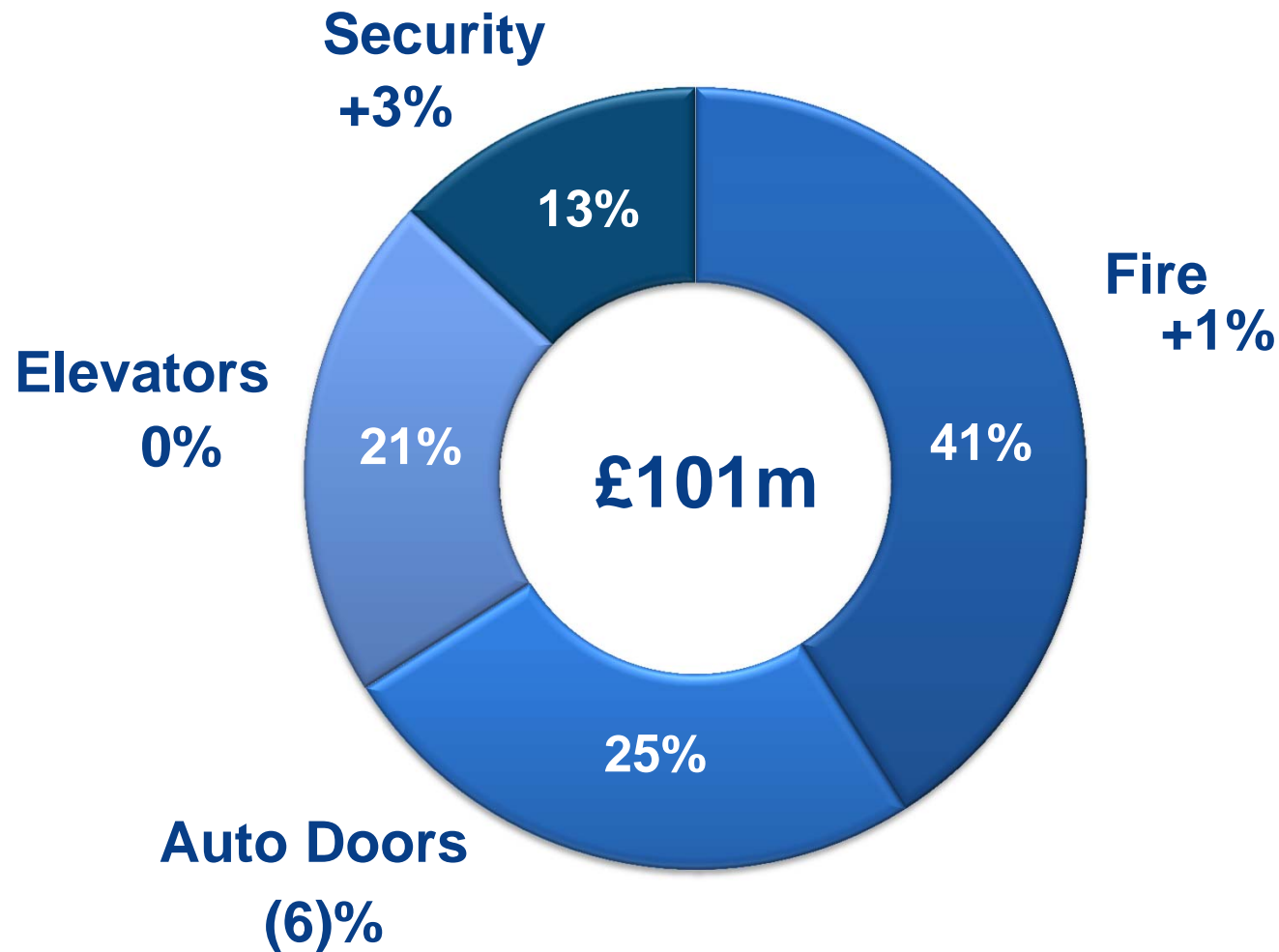
HY 2012/13



**Return on Sales: 18.8%**

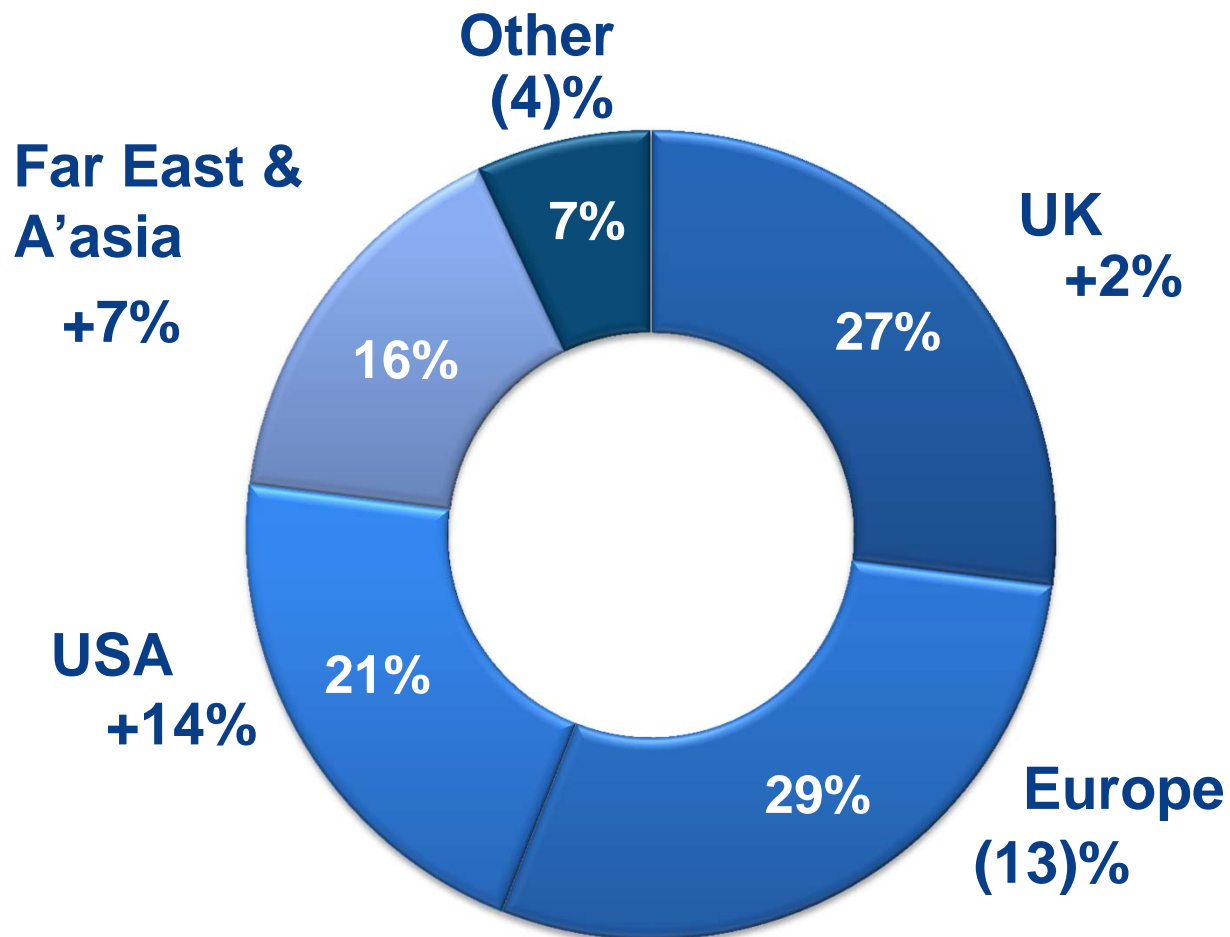
## Infrastructure Sensors: Sub-sector revenue

HY 2012/13: % of sector & % growth



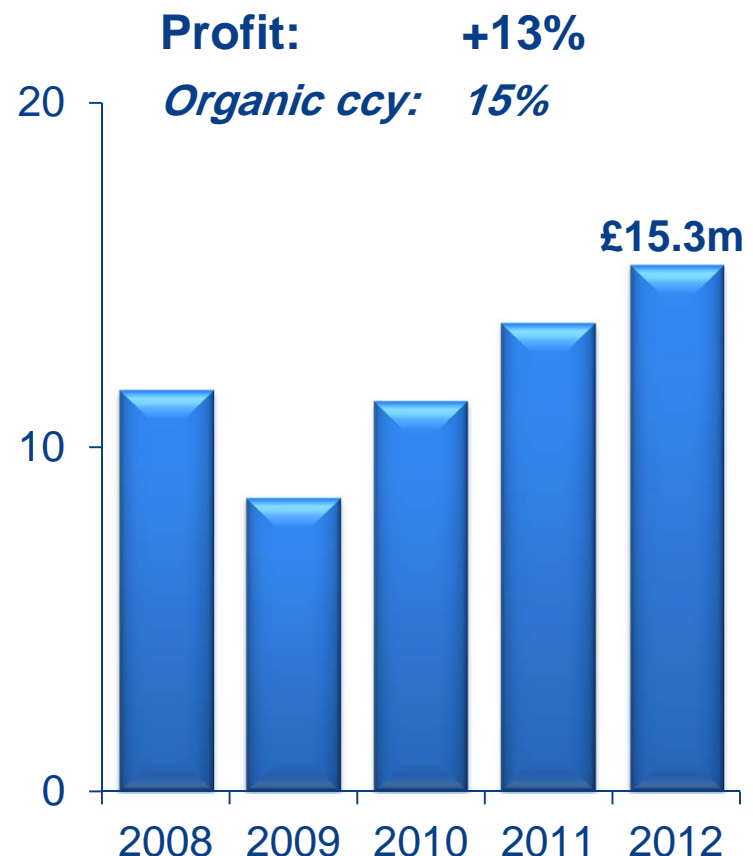
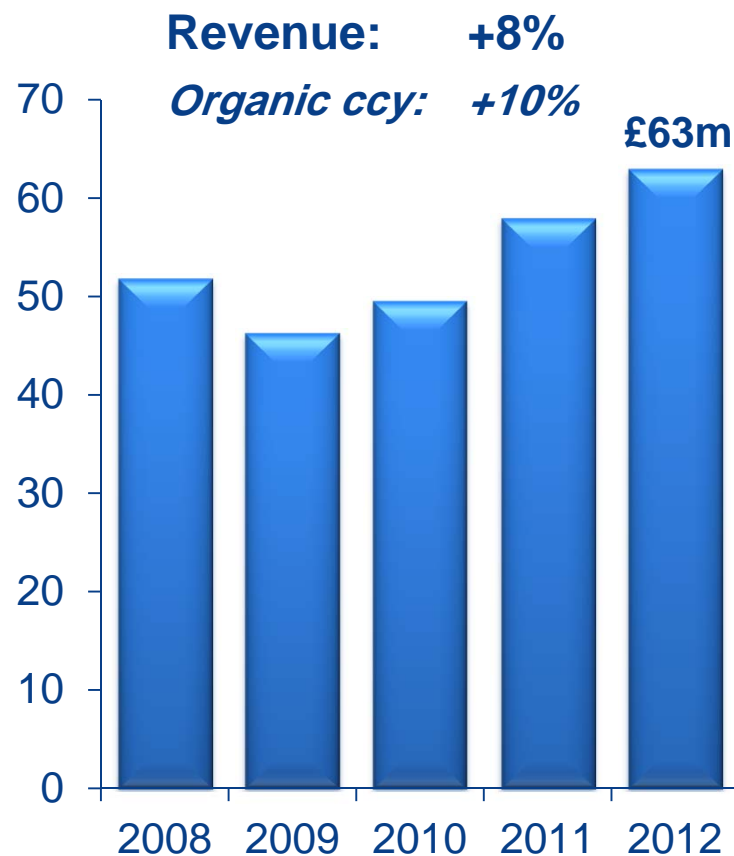
## Infrastructure Sensors: Revenue by destination

HY 2012/13: % of sector & % growth



## Industrial Safety: Trading performance

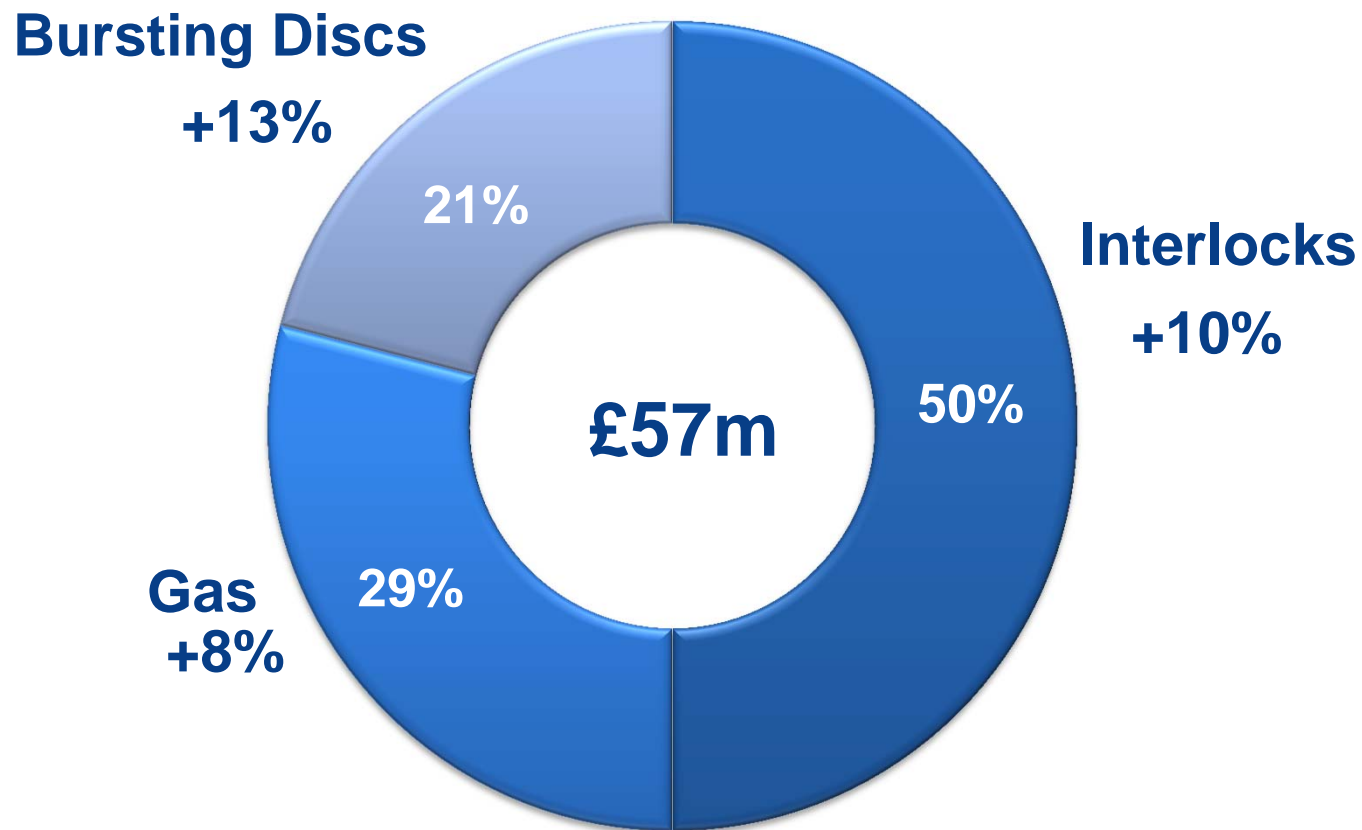
HY 2012/13 [includes Asset Monitoring, divested in August 2012]



**Return on Sales: 24.5%**

## Industrial Safety: Sub-sector revenue

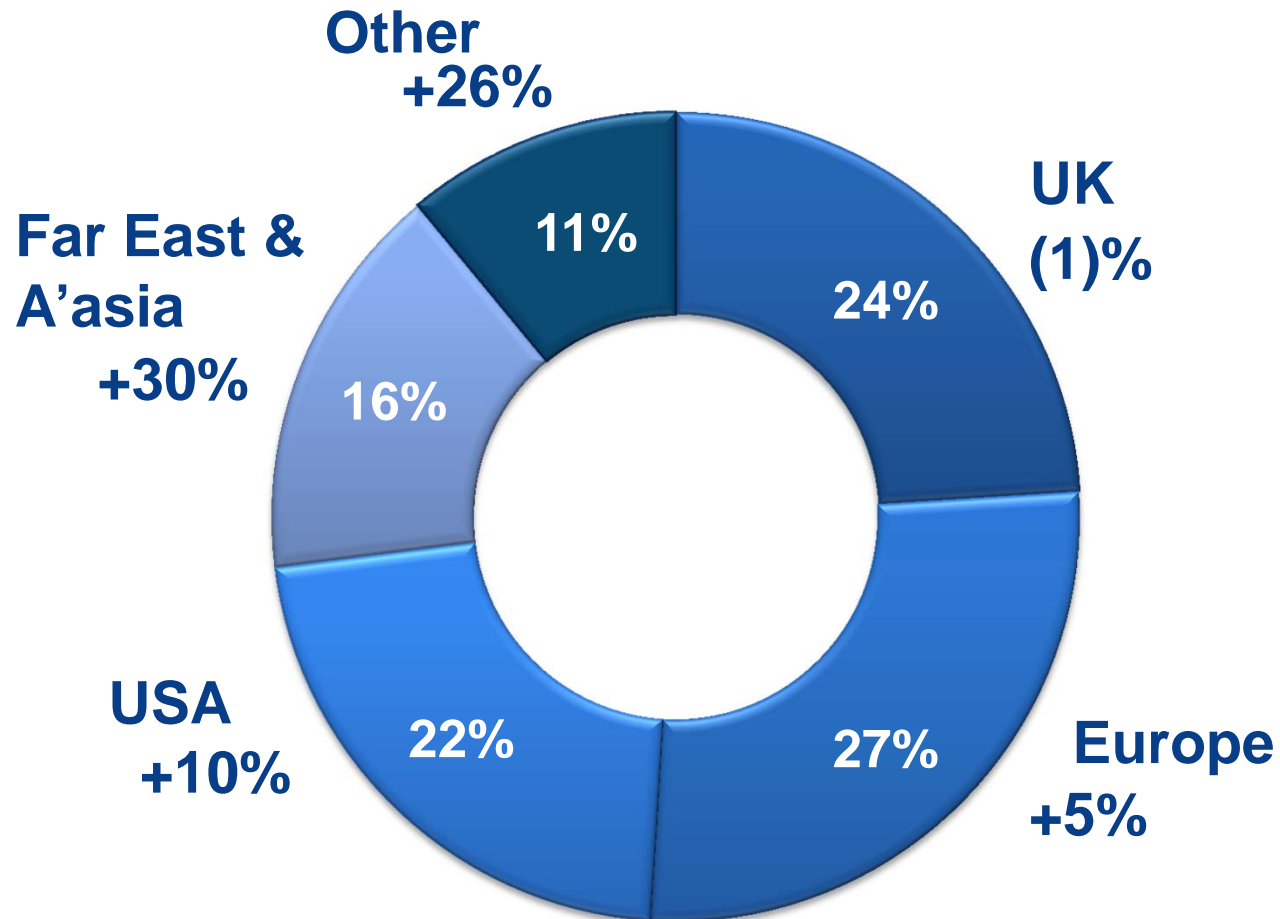
HY 2012/13: % of sector & % growth\*



\*Excludes disposal – Asset Monitoring

## Industrial Safety: Revenue by destination

HY 2012/13: % of sector & % growth\*



\*Excludes disposal – Asset Monitoring

## Strategic investment

- International Expansion
- Portfolio Management
- People Development
- Innovation

## International expansion: increased collaboration



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## Portfolio management: SunTech acquisition



 **SunTech Medical**  
Brilliant Blood Pressure Solutions™

**“clinical-grade, non-invasive  
blood pressure (NIBP)  
products and technology”**



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## People Development



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## Innovation: New products for Asia, from Asia

### Photonics



**Accuman**



### Water



**SD Pharmaline**



the power in UV technology

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## Investor Events 2013

### **Capital Markets event – organic and M&A growth**

Location: London

Date: 14<sup>th</sup> February 2013



## HALMA

Halma Innovation & Technology Exposition

Location: Orlando, Florida

Date: 30<sup>th</sup> April, 2013

## Summary & outlook

- Proven strategy
- Increased investment for growth
- Stronger portfolio
- H2 order intake in line with expectations
  - Slightly ahead of revenue

*“remain on track to make further progress in the second half year”*

# Questions

# Appendices

## Currency impacts

	<u>\$</u>		% change	<u>€</u>		% change
Average rates	12/13	11/12		12/13	11/12	
• H1 v £	1.58	1.62	2.5%	1.25	1.14	(9.6%)
• Full Year v £	N/A	1.60		N/A	1.16	
• <u>1% change* (Annual impact)</u>	<u>\$ (~ 40% of total)</u>			<u>€ (~20% of total)</u>		
Revenue	+/- £2.3m			+/- £0.8m		
Profit	+/- £0.45m			+/- £0.2m		

- At \$1.60/€1.25 Average rates for the year 2012/13 profit would reduce by a net amount of £2.6m (2%)\* compared with using 2011/12 Fx rates\*\*.

\* Based on 2012/13 Half year results

\*\* Based on consensus 2012/13 results

## Acquisitions and Investment in Associate

		Consideration		
2012/13 Acquisitions	Acquired	Initial £m	Maximum Earn out £m	EBIT* £m
Sensorex	April 12	24	-	2.4
Accutome	April 12	13 **	3	1.3
SunTech	May 12	29	4	3.5
		66	7	7.2
Earn-outs re prior year acquisitions				
- Cash		16		
- Loan notes issued		2		
		84		
Increased investment in Associate		3		
		87		

\* at acquisition/disposal run-rate

\*\* includes £1m debt acquired

## Disposal – Trittech Holdings (Asset Monitoring)

### ➤ Sold August 2012

	£m
➤ Proceeds	
Cash	19.7
Escrow	<u>2.1</u>
	21.8
➤ Net assets/costs	(5.6)
➤ Goodwill	<u>(8.0)</u>
Gain on disposal	8.2
➤ Annual Revenue: £12.3m, Profit: £2.4m	

## Impact of M&A

### Revenue \*

		Actual H1 12/13	Expected H2 12/13	Expected Full Year 12/13
Acquisitions/Disposal	11/12	(1)	(2)	(3)
Acquisitions/Disposal	12/13	14	11	25
		13	9	22

### Profit after financing costs \*

		Actual H1 12/13	Expected H2 12/13	Expected Full Year 12/13
Acquisitions/Disposal	11/12	0.1	(0.1)	-
Acquisitions/Disposal	12/13	2.4	1.9	4.3
		2.5	1.8	4.3

\* at acquisition/disposal run-rate

## Pensions

DB plans Deficit	Sept 12	March 12
Assets	158.4	153.0
Liabilities	<u>(199.0)</u>	<u>(186.0)</u>
Deficit	(40.6)	(33.0)

- Closed DB plans to new members in 2003
- Contributions to pay off deficit : £7m/year
  - Extra £1m in 2012/13 due to Volumatic disposal in March 2012
- IAS 19 impact 2013/14\*: £1m/year

\* Comparatives will be restated

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