

Half Year results 2013/14

Andrew Williams – Chief Executive
Kevin Thompson – Finance Director

Summary Half Year 2013/14

Growth & High returns

Revenue
+12%
£333m

Profit
+9%
£65.1m

ROS
19.5%
(LY: 20.0%)

Strategic investment

R&D spend
+10%
£16.4m

ROW revenue
+13%
£84m

Portfolio
£17m spend
Inc. earn-outs

Good cash performance

Cash flow
86%
of adjusted profit

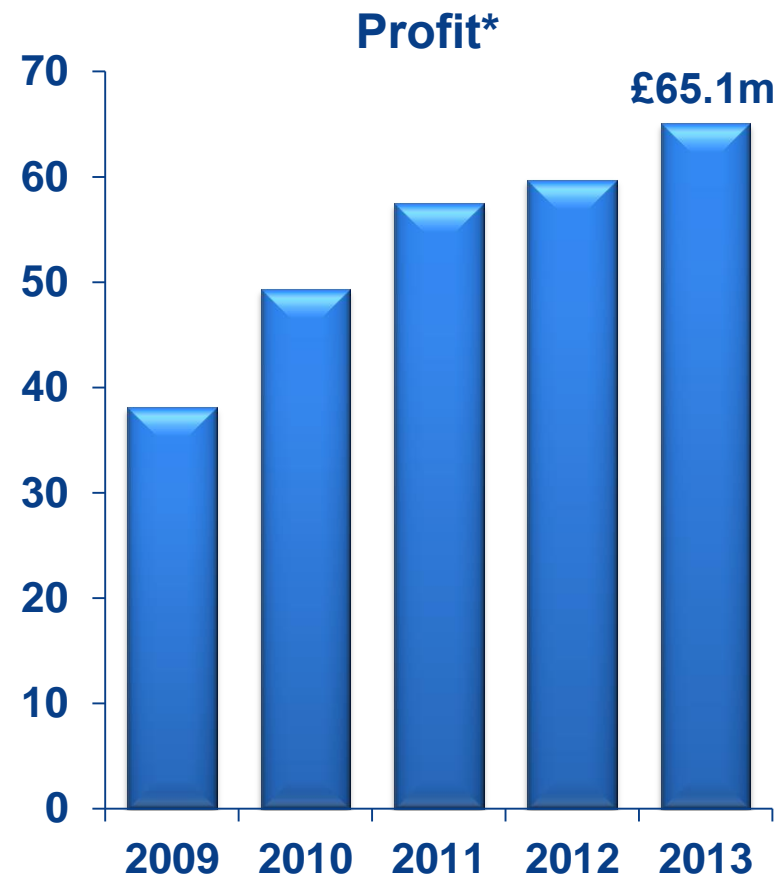
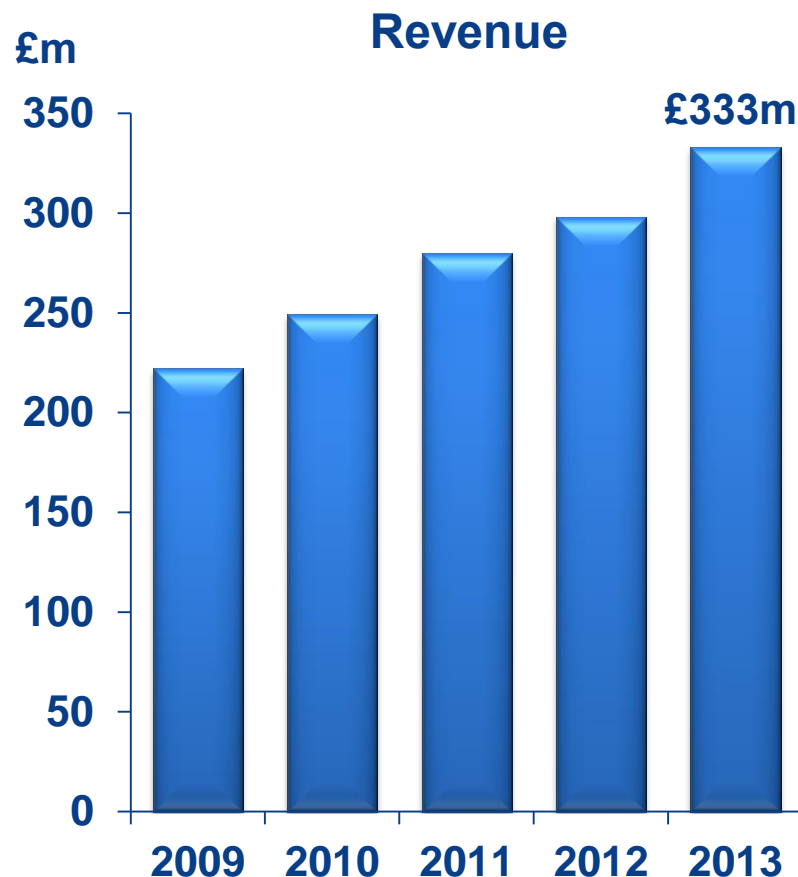
Dividend
+7%
4.35p

Net Debt
£110m
£110m Mar 2013

Financial Review

Record results

H1, 2013/14



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

2012 HY profit has been restated by £1.1m to reflect changes to IAS19 accounting for pensions. Earlier periods have not been changed

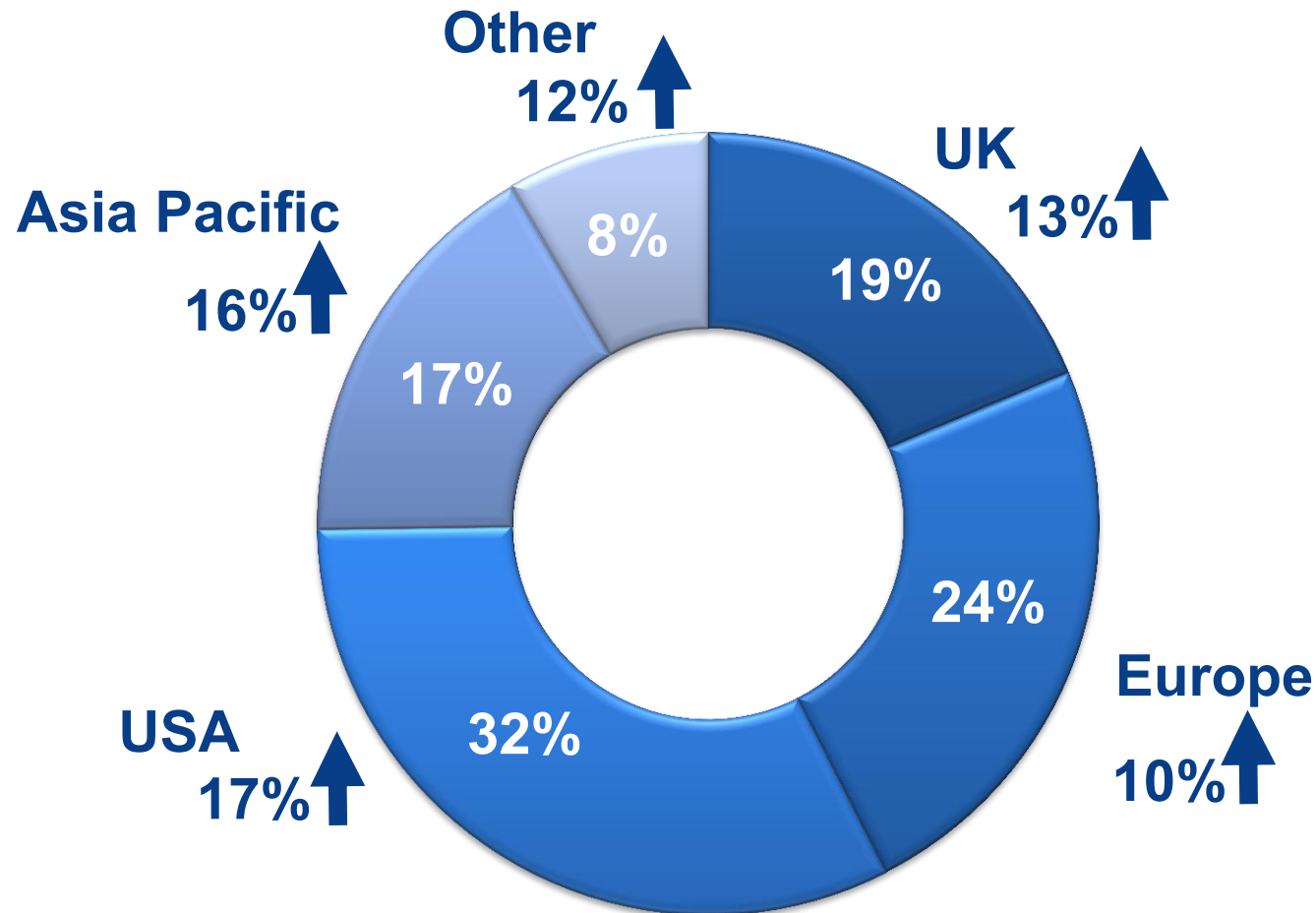
Revenue growth

H1, 2013/14

	% growth
➤ Headline growth	12%
➤ Prior year disposal	2%
➤ Excluding disposal	<u>14%</u>
➤ Acquisitions	<u>(6)%</u>
➤ Organic growth	8%
➤ Currency	<u>(2)%</u>
➤ Organic constant currency growth	<u>6%</u>

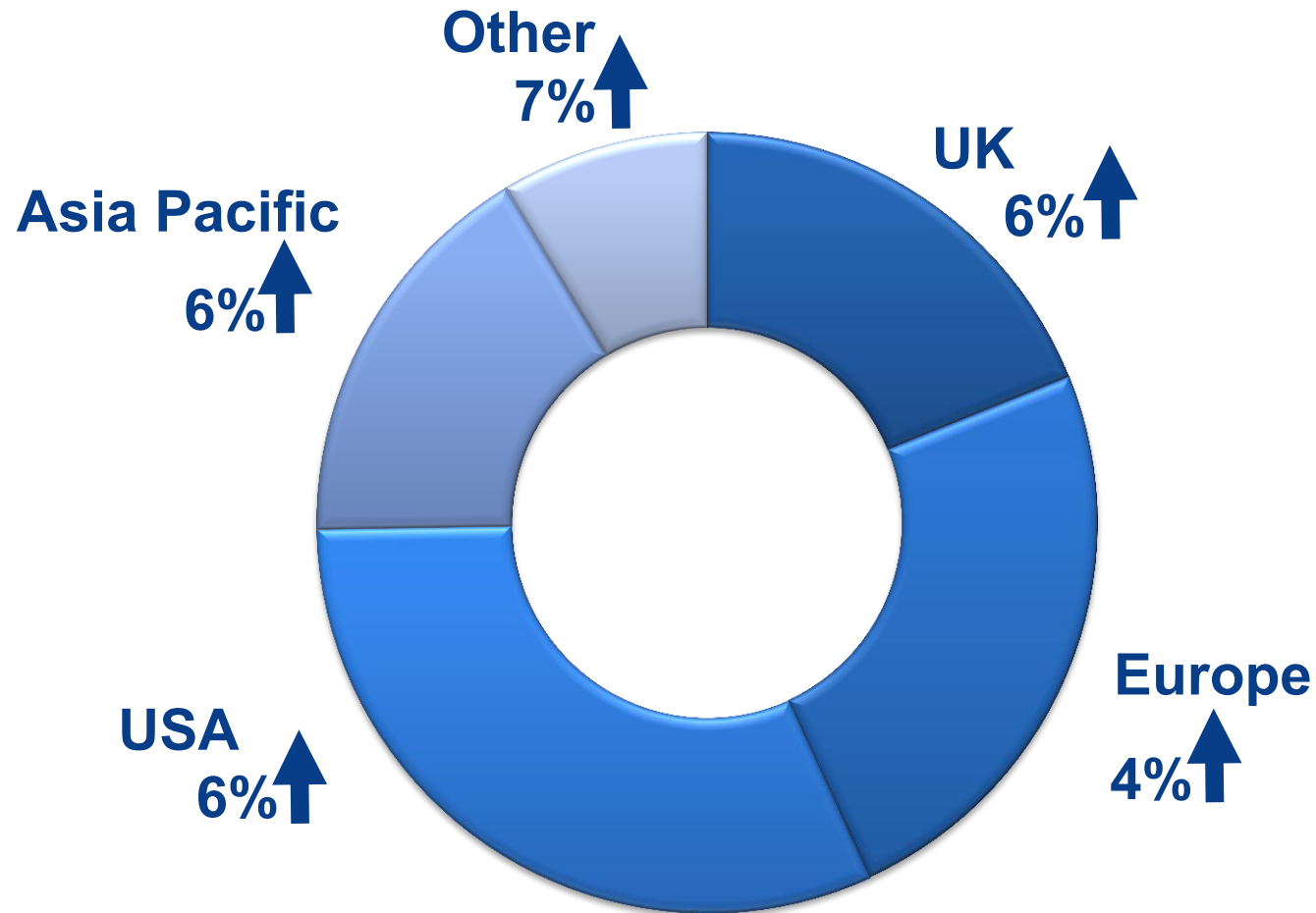
Revenue by destination

Revenue and revenue growth, H1 2013/14 (excluding disposals)

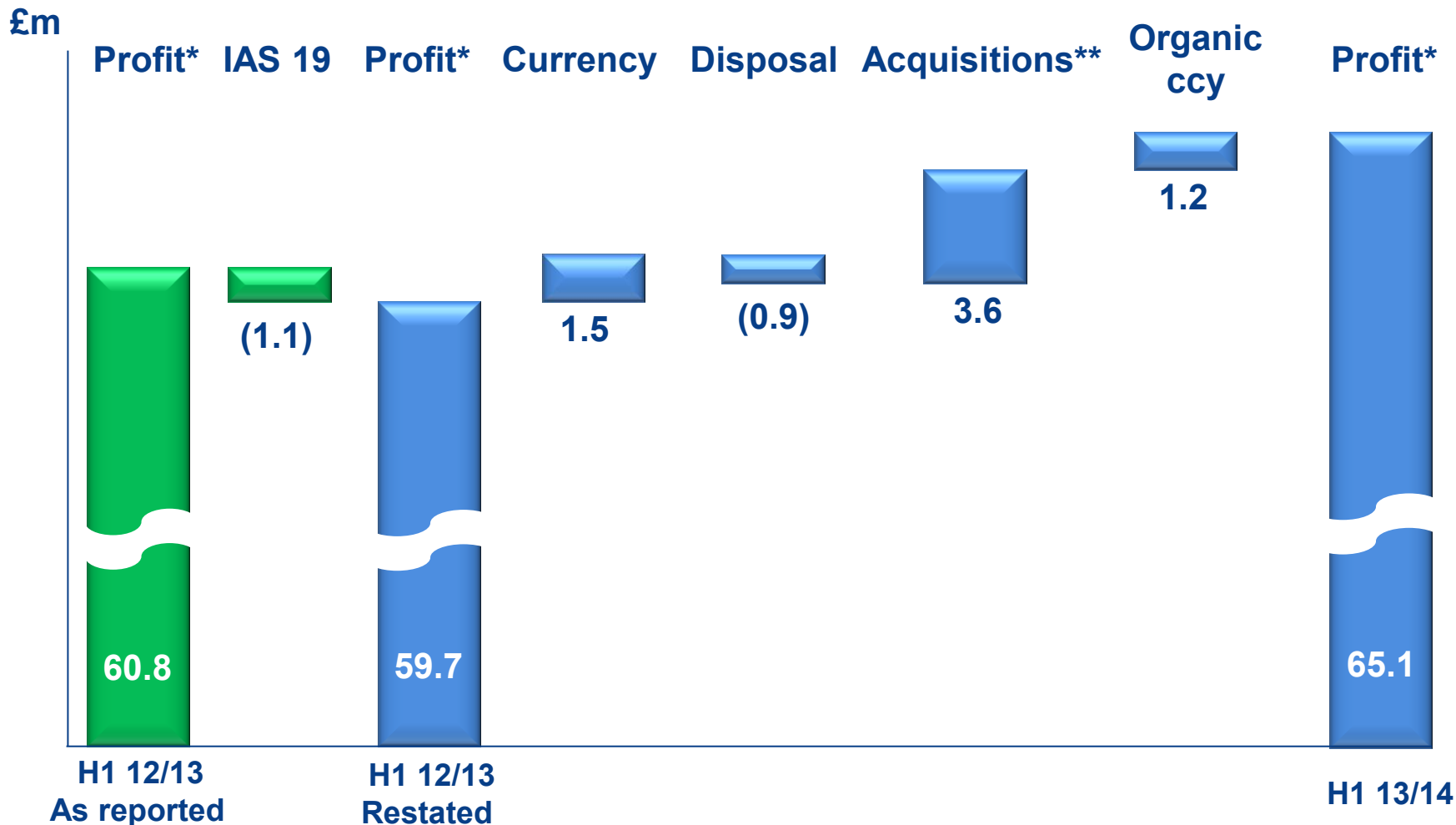


Revenue by destination: Organic constant currency

Revenue and revenue growth, H1 2013/14



Profit* Bridge



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

** Net of financing costs

Strong Returns

Return on Sales

➤ Range	18-22%	
➤ H1 2013/14	19.5%	(H1, 2012/13: 20.0%)

ROCE*	71.3%	(H1, 2012/13: 71.0%)
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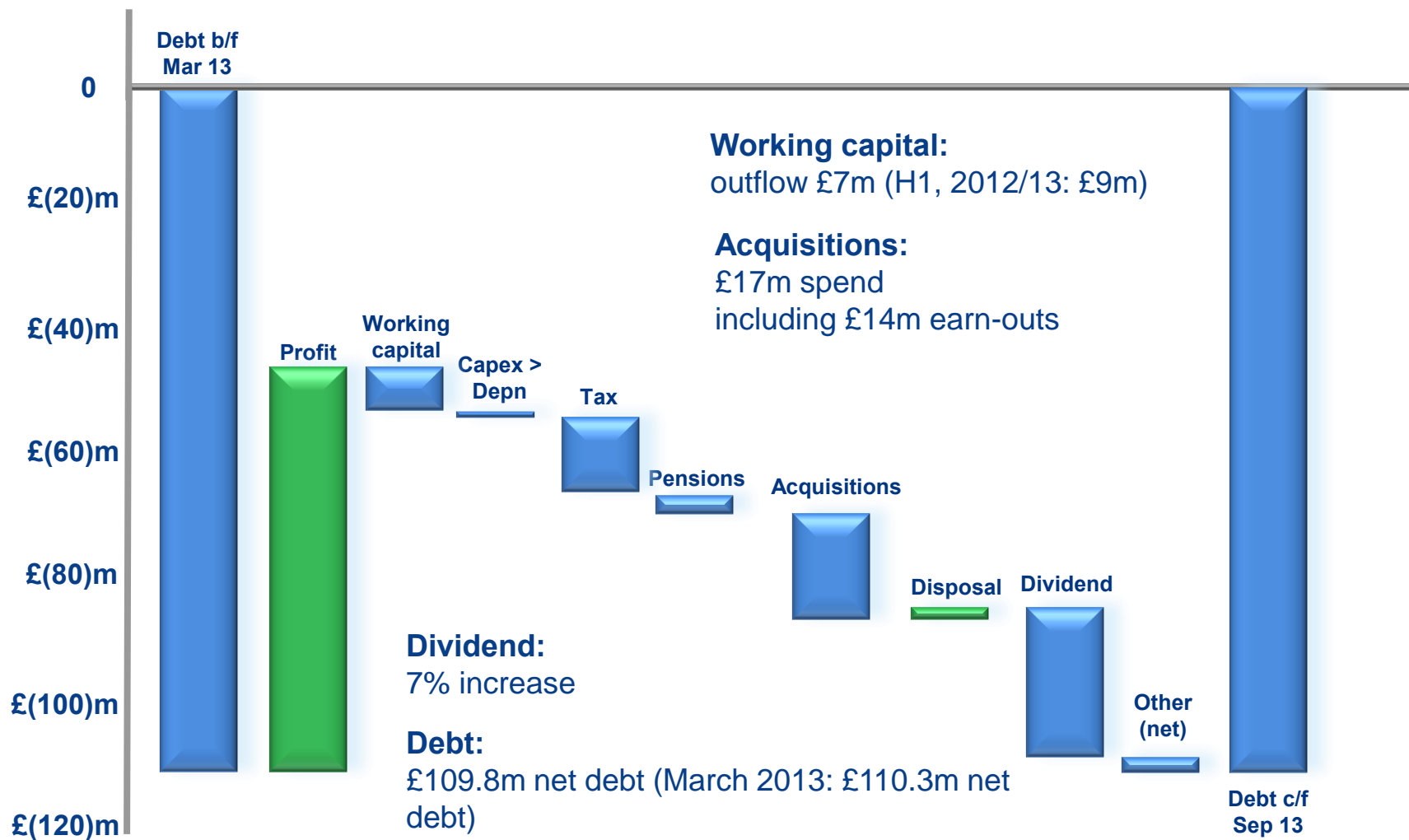
ROTIC**	15.6%	(H1, 2012/13: 16.1%)
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* Return on Capital Employed

** Return on Total Invested Capital

Prior year restated to include the impact of IAS19 accounting for pension costs

Cash flow H1 2013/14



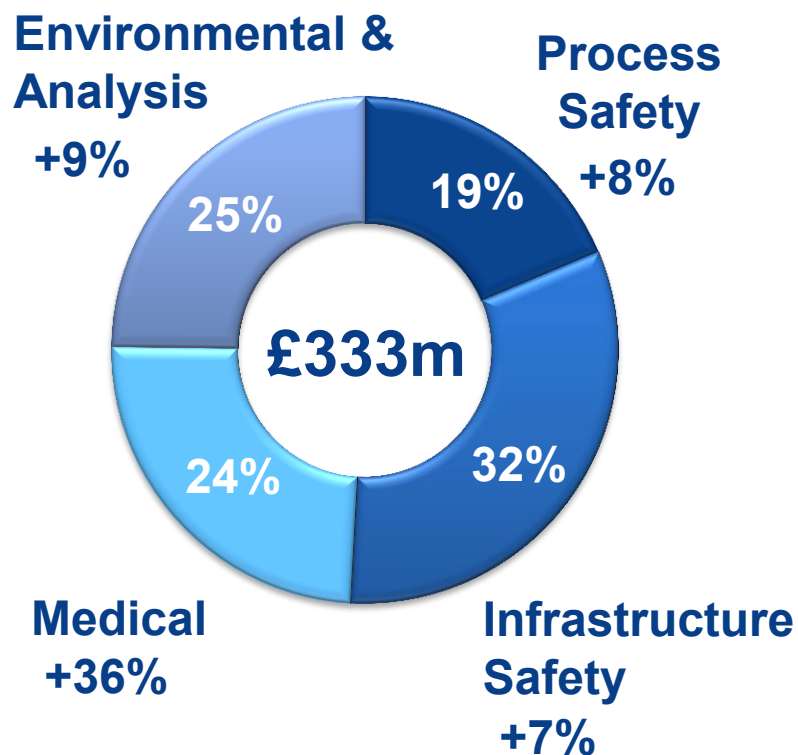
Strong financial position

- £260m facility – 5 years to 2016
- Comfortable with net debt up to 1.25x EBITDA (H1: 0.7x)
- Funding options available

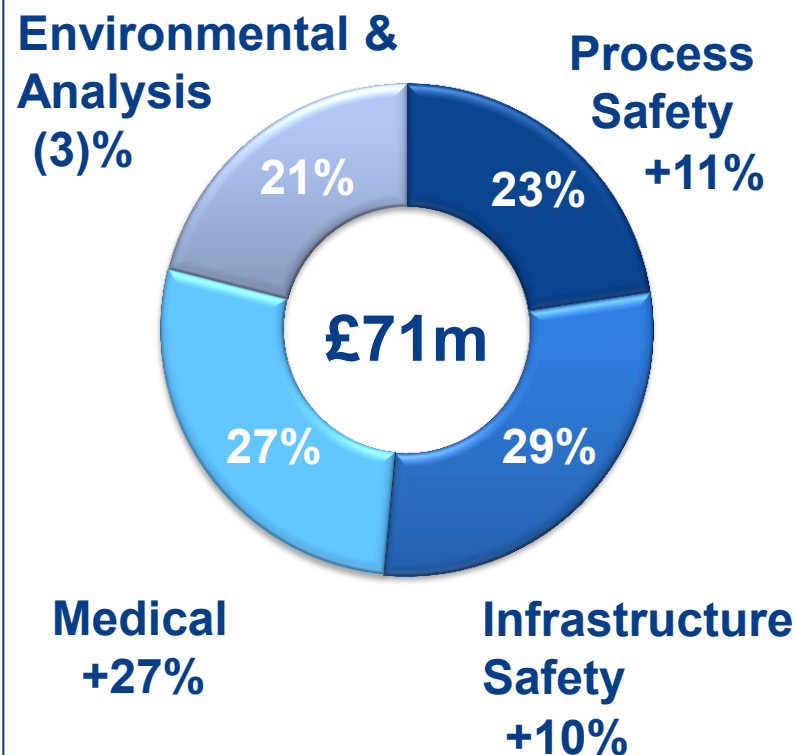
Trading Review

Sector performances (excluding disposal)

Revenue



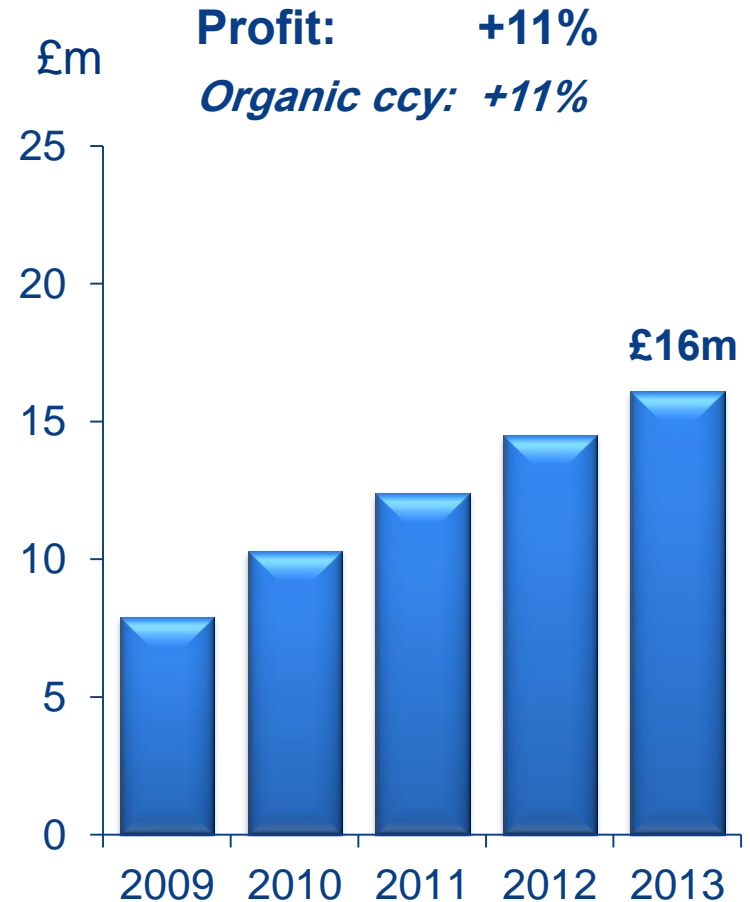
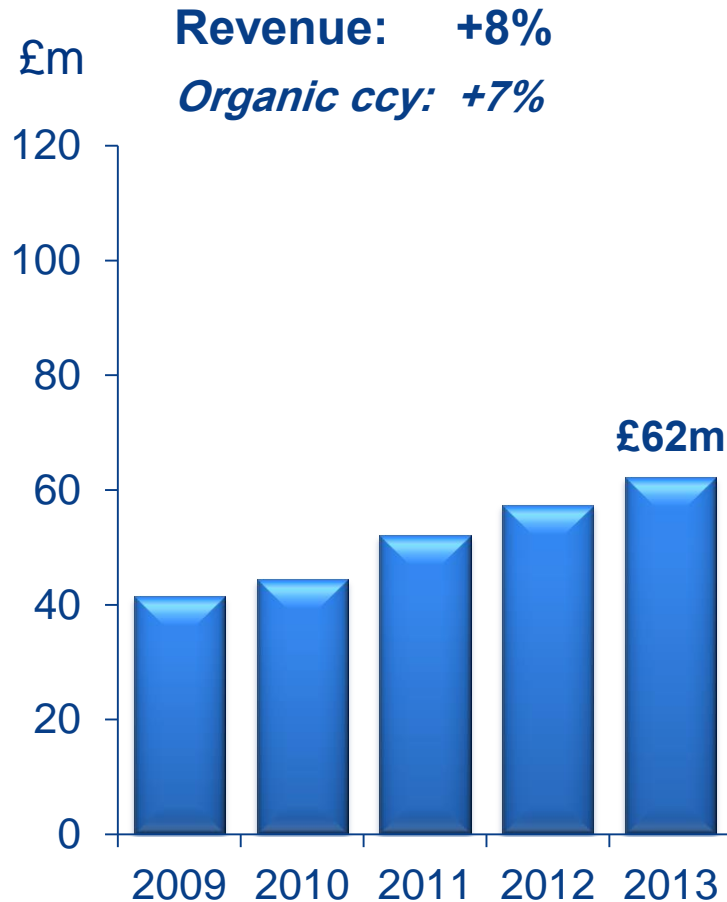
Profit*



Profit before amortisation of acquired intangibles, acquisition costs and profit on disposal of operations and excluding finance and central administration costs

Halma Half Year results – November 2013

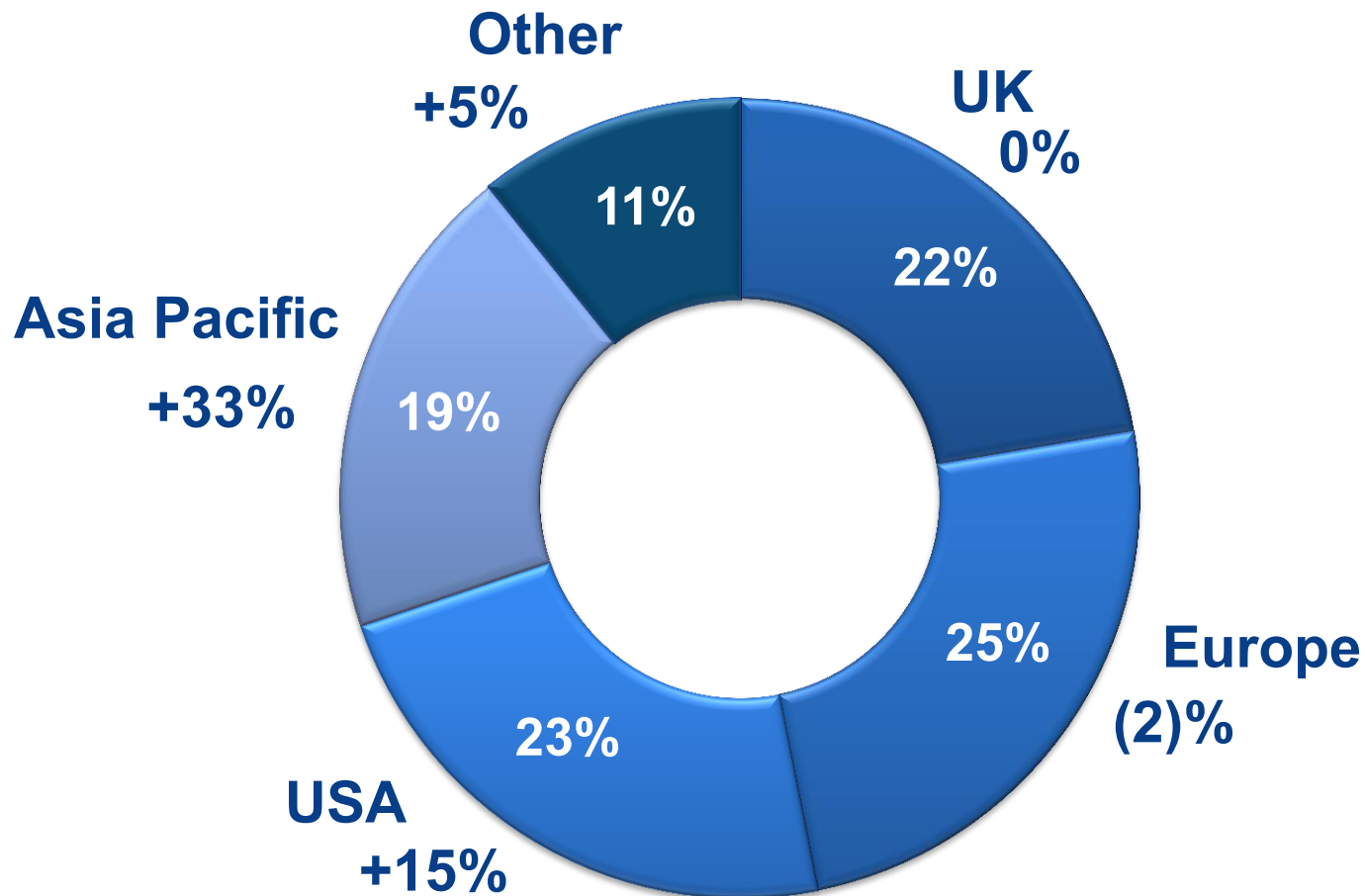
Process Safety: Trading performance (excluding disposal)



Return on Sales: 26%

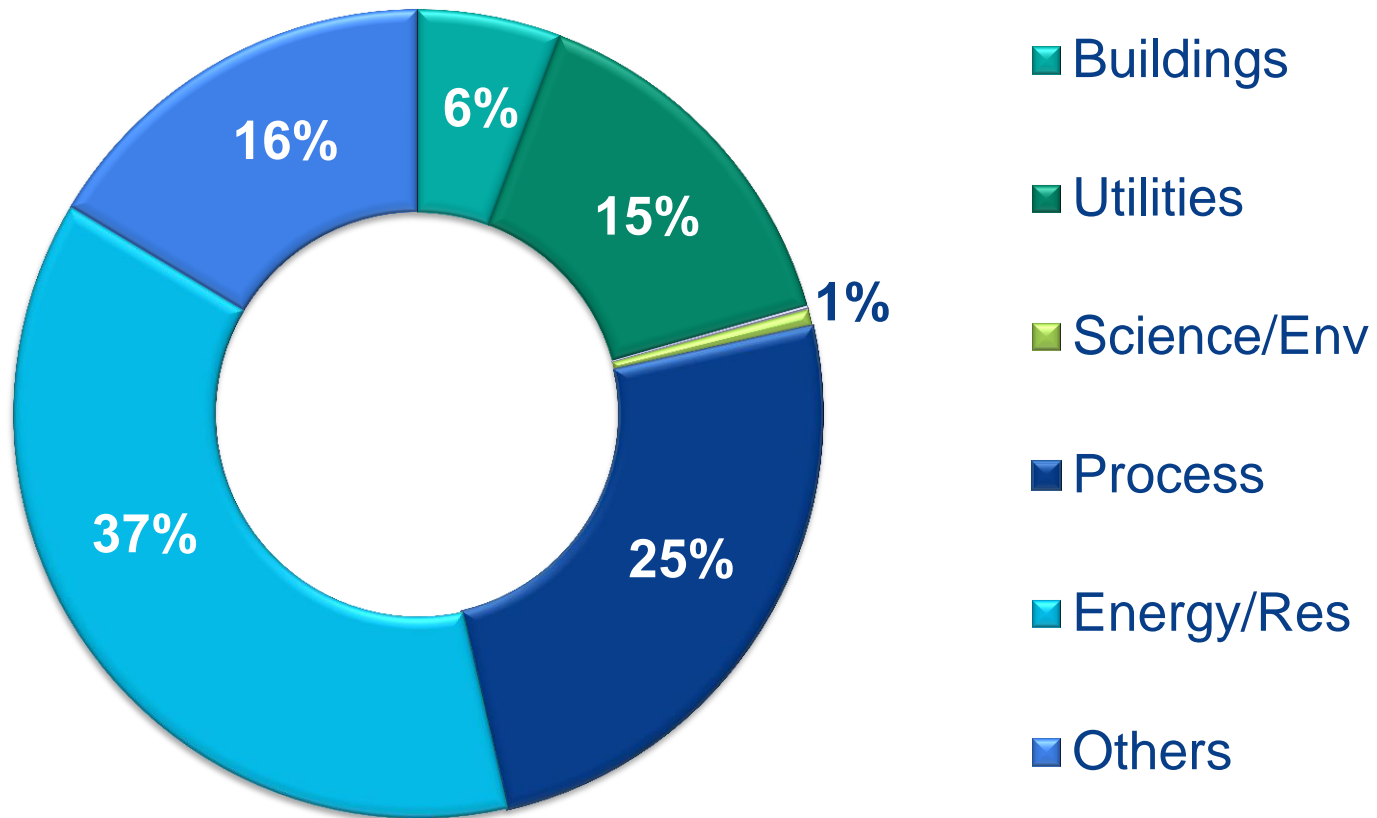
Process Safety: Revenue by destination

% of sector & % growth (excluding disposal)

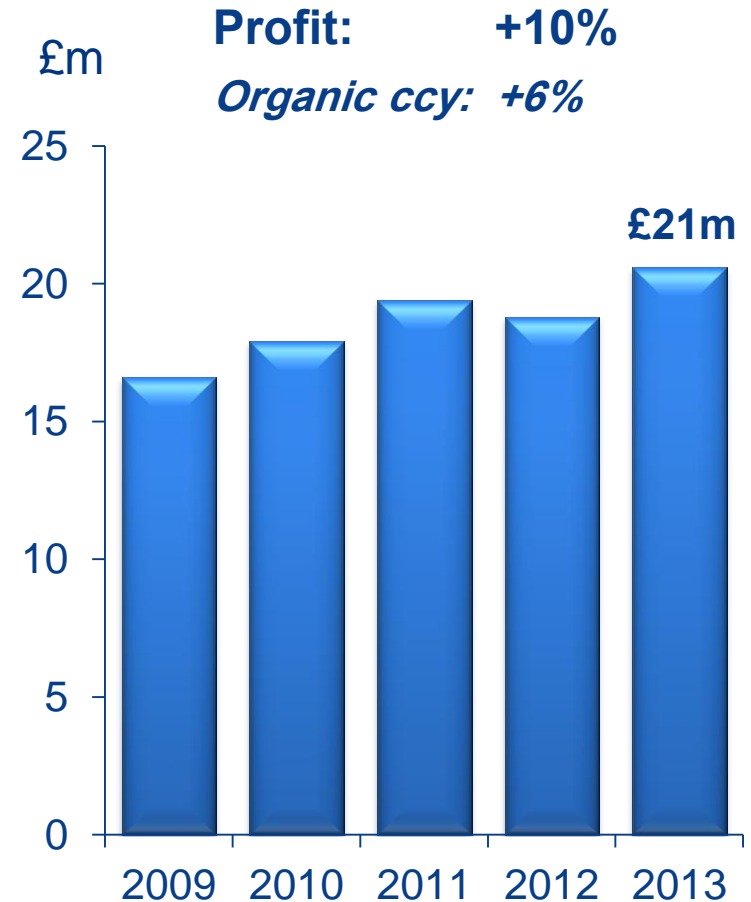
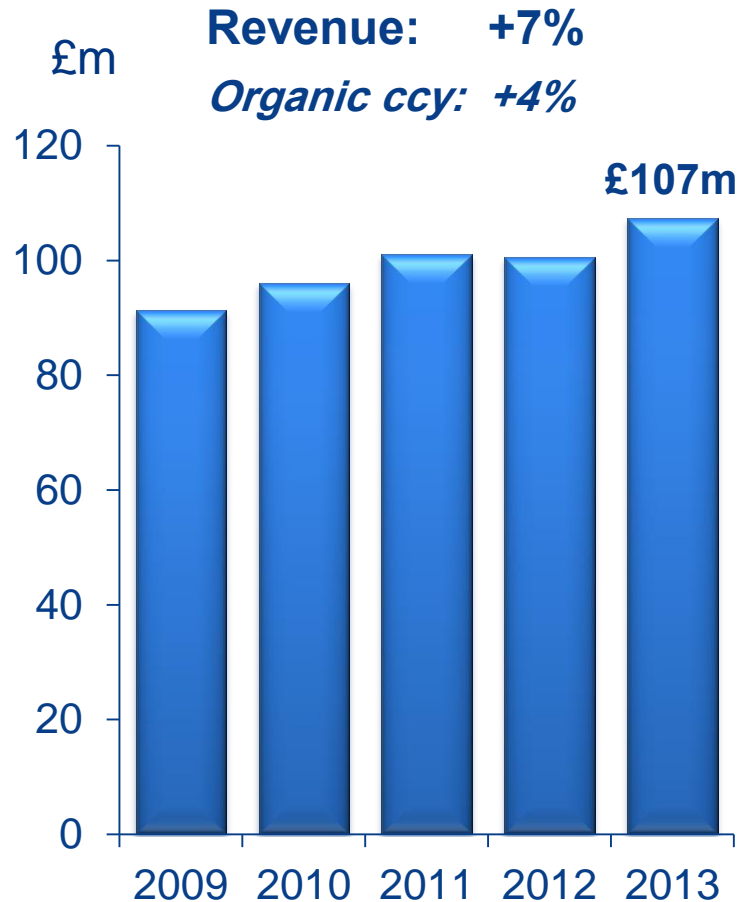


Process Safety: Revenue by end market

% of sector (excluding disposal)



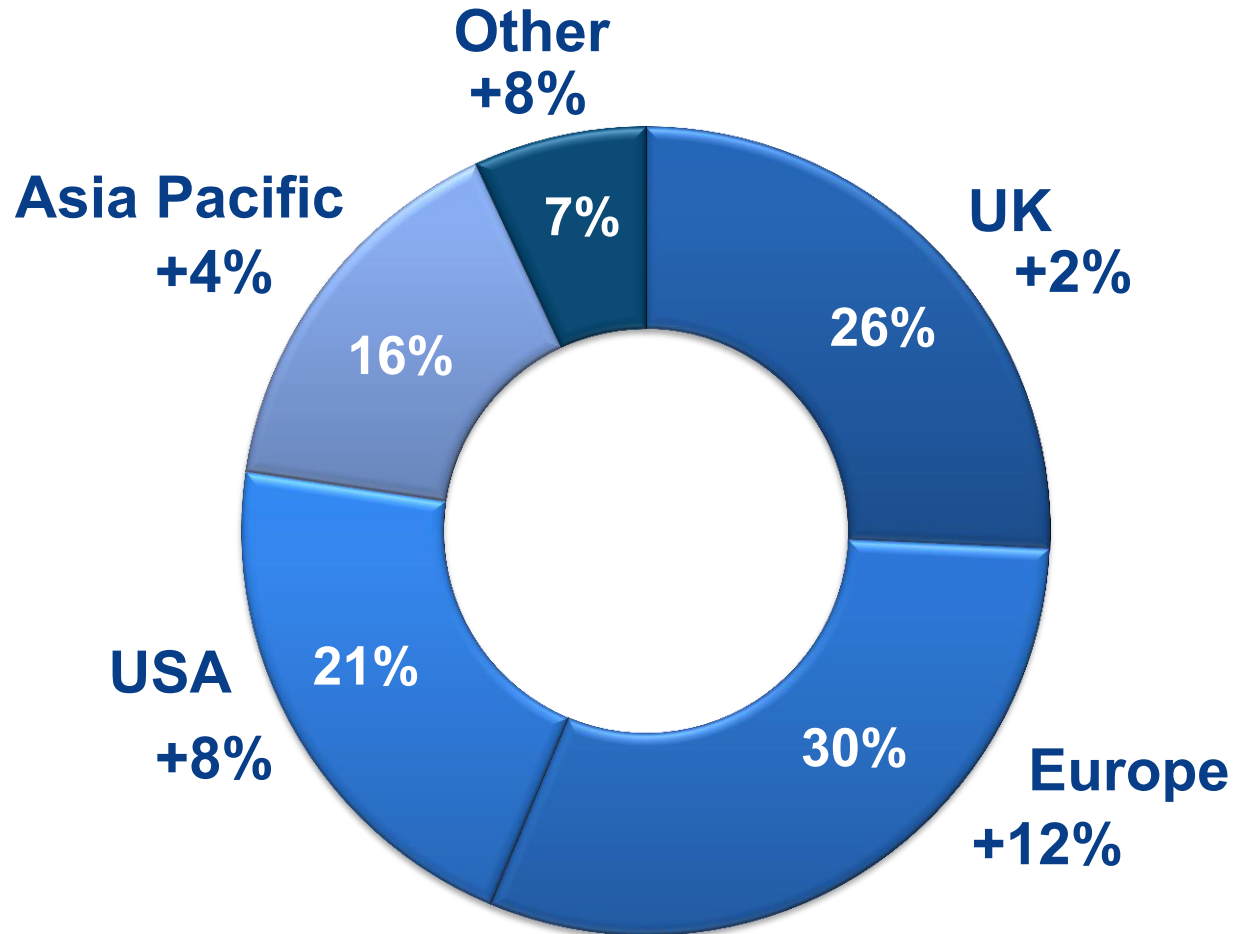
Infrastructure Safety: Trading performance



Return on Sales: 19.2%

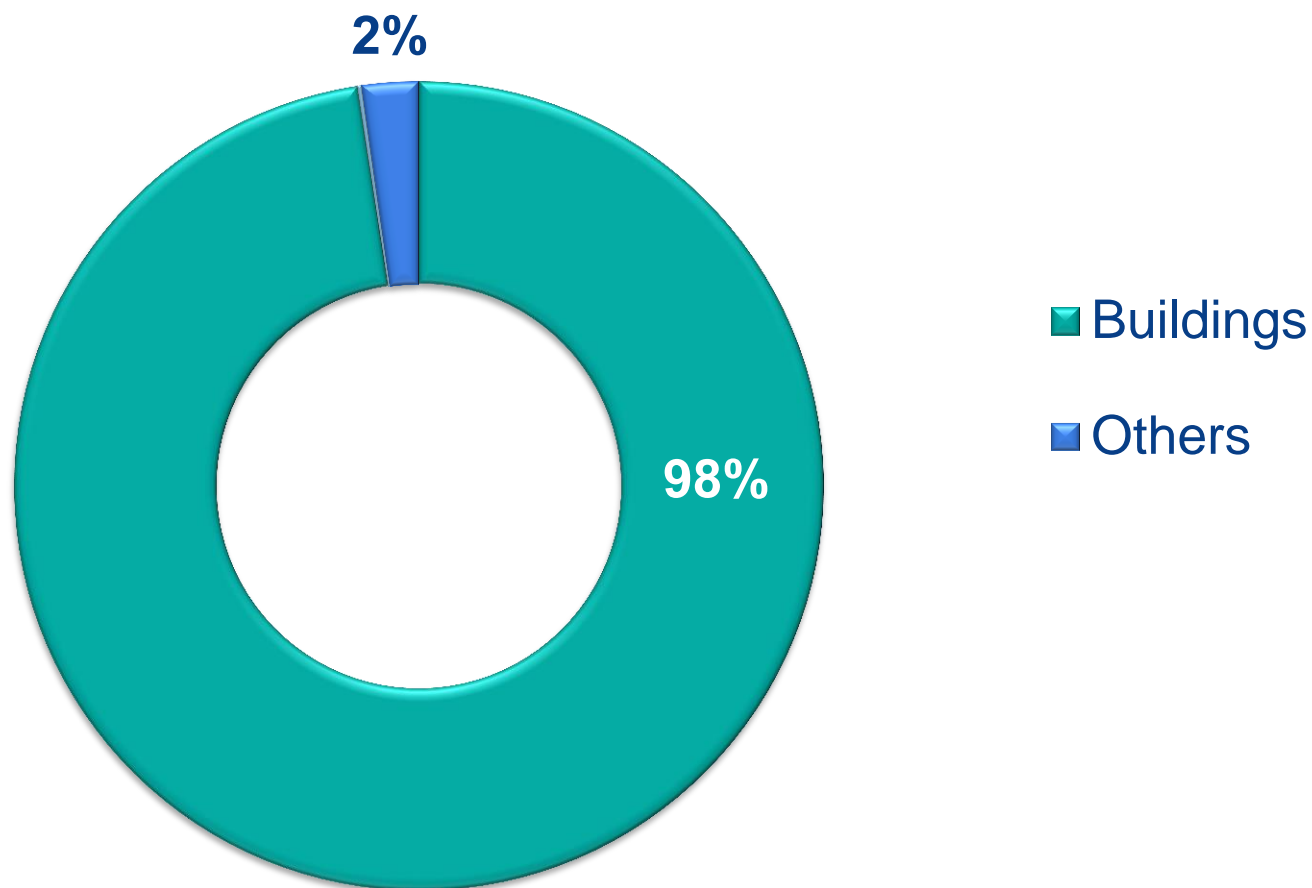
Infrastructure Safety: Revenue by destination

% of sector & % growth

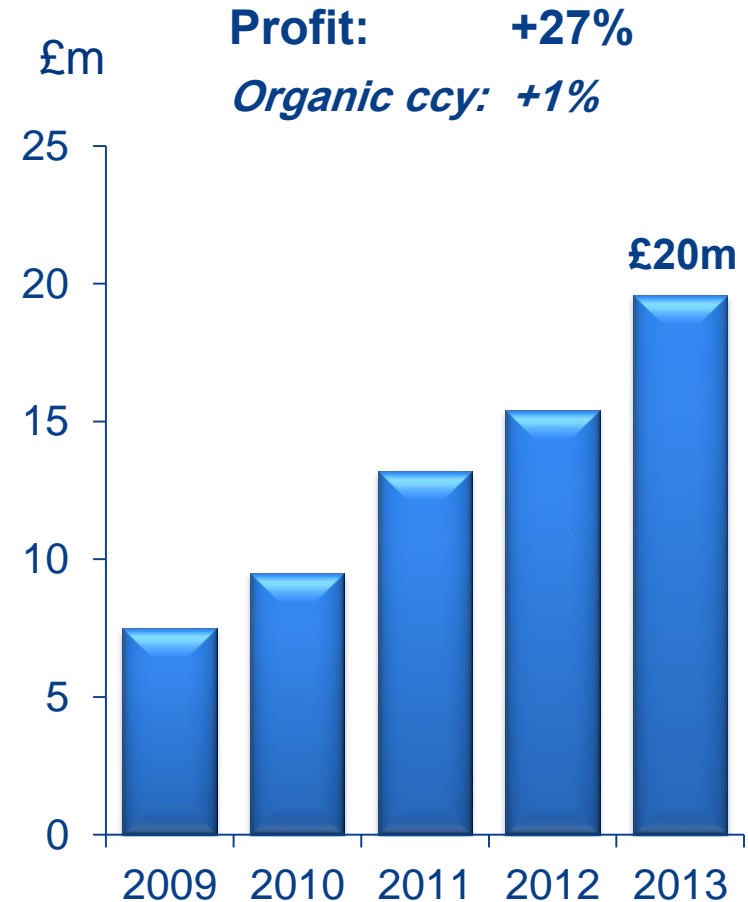
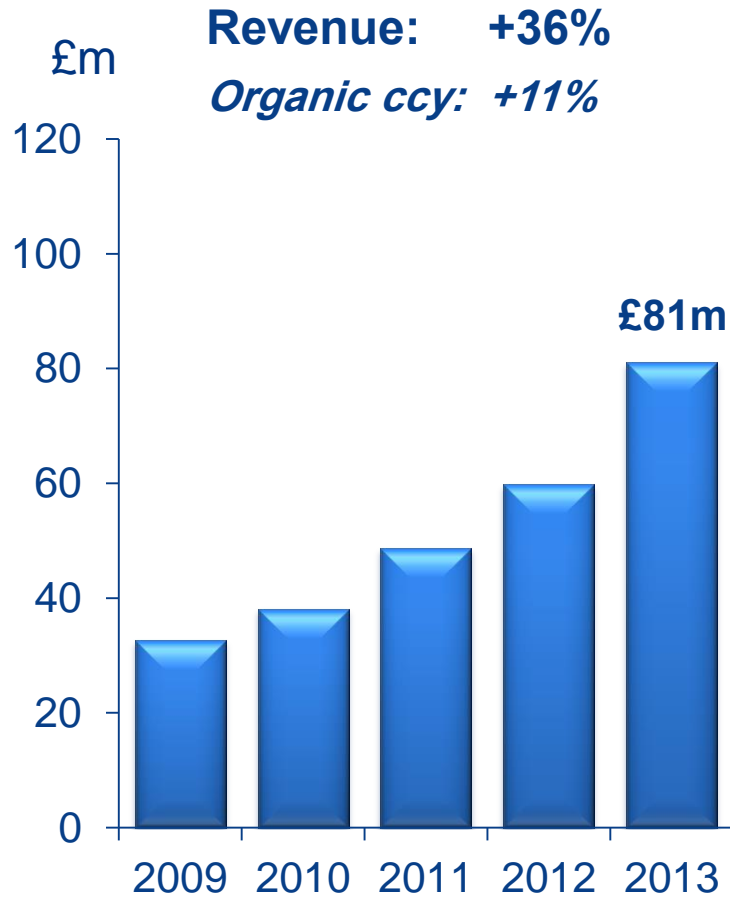


Infrastructure Safety: Revenue by end market

% of sector



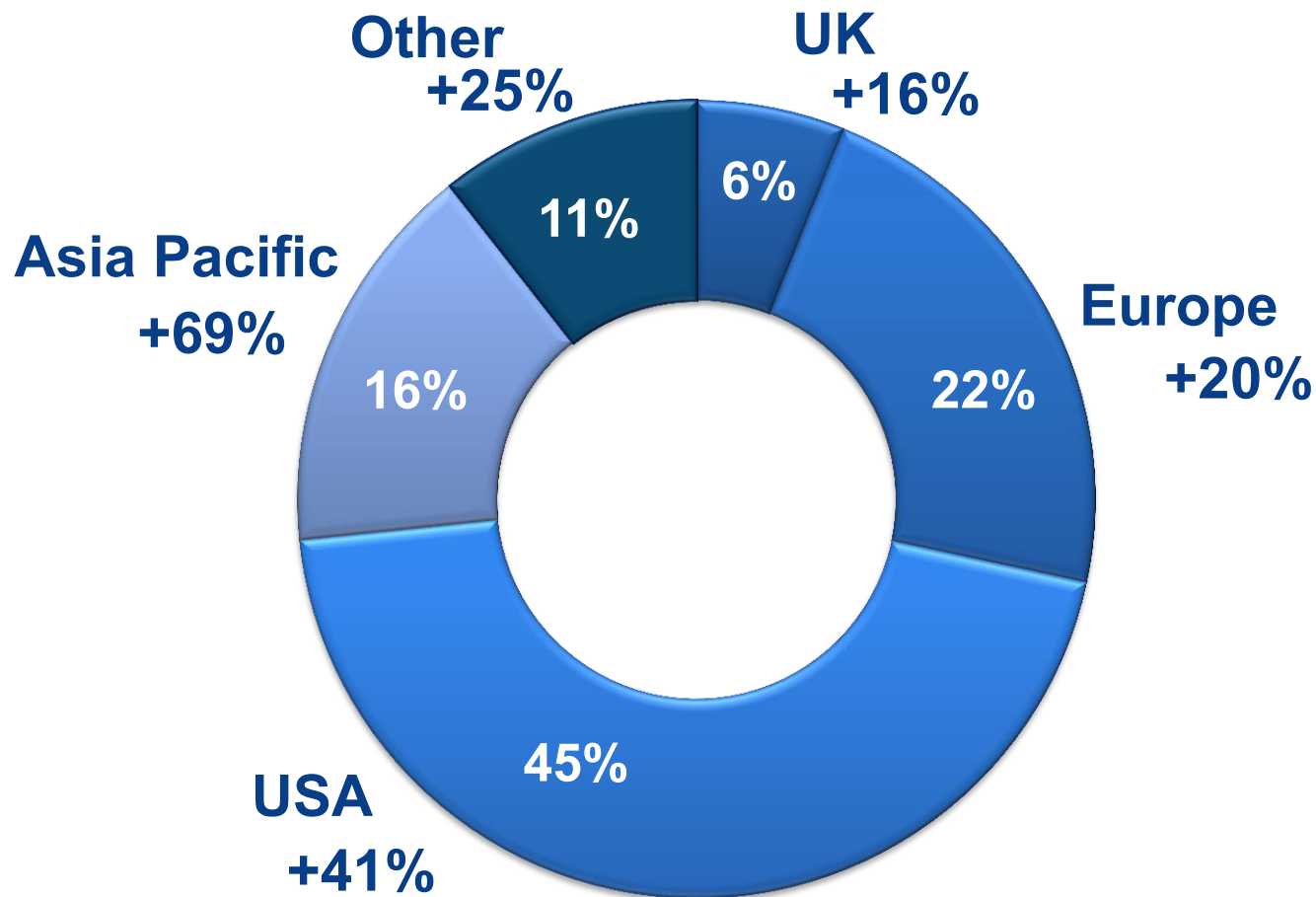
Medical: Trading performance



Return on Sales: 24.2%

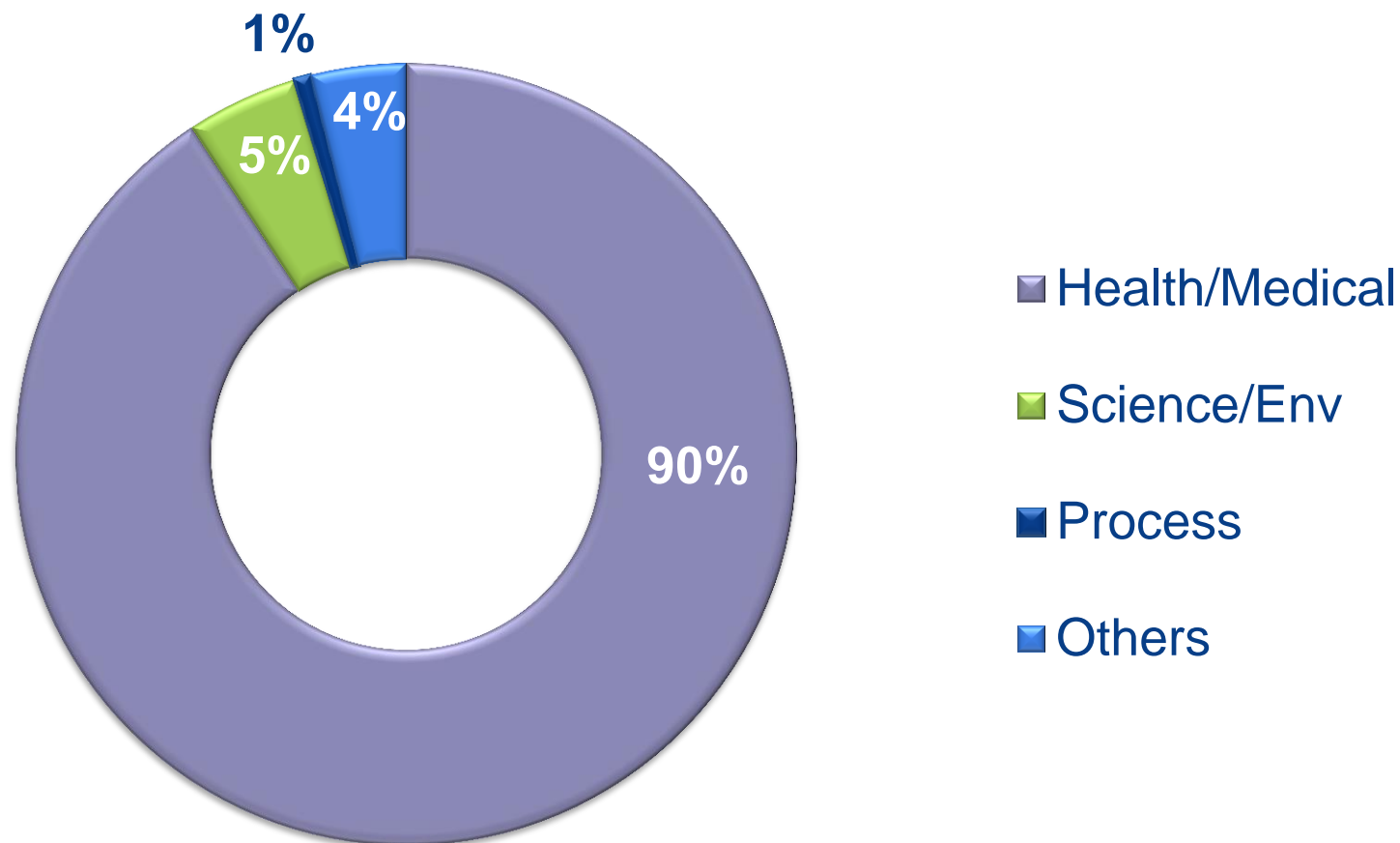
Medical: Revenue by destination

% of sector & % growth

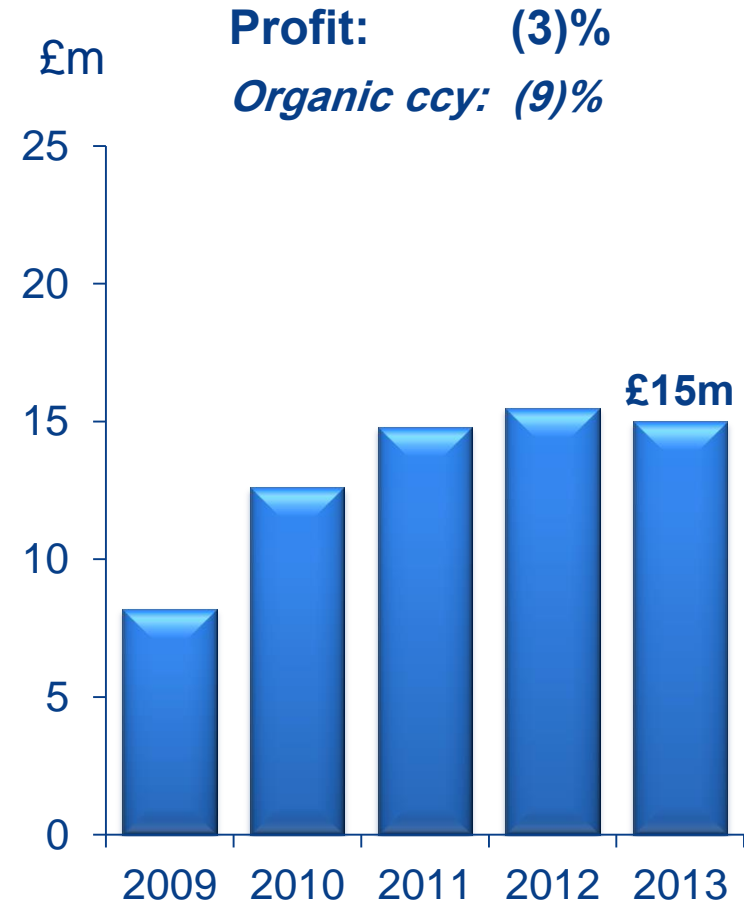
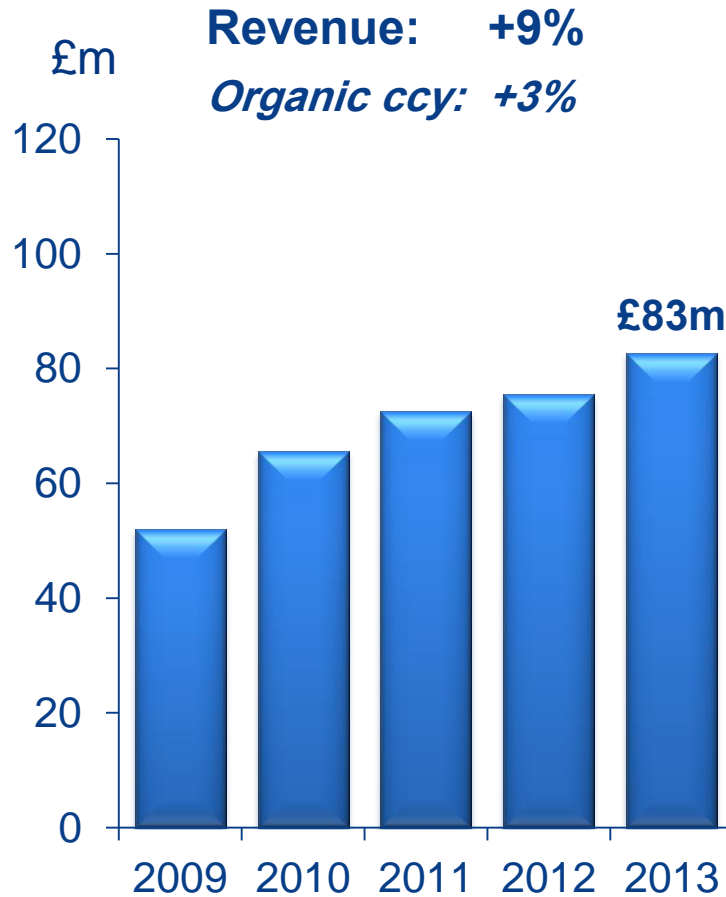


Medical: Revenue by end market

% of sector



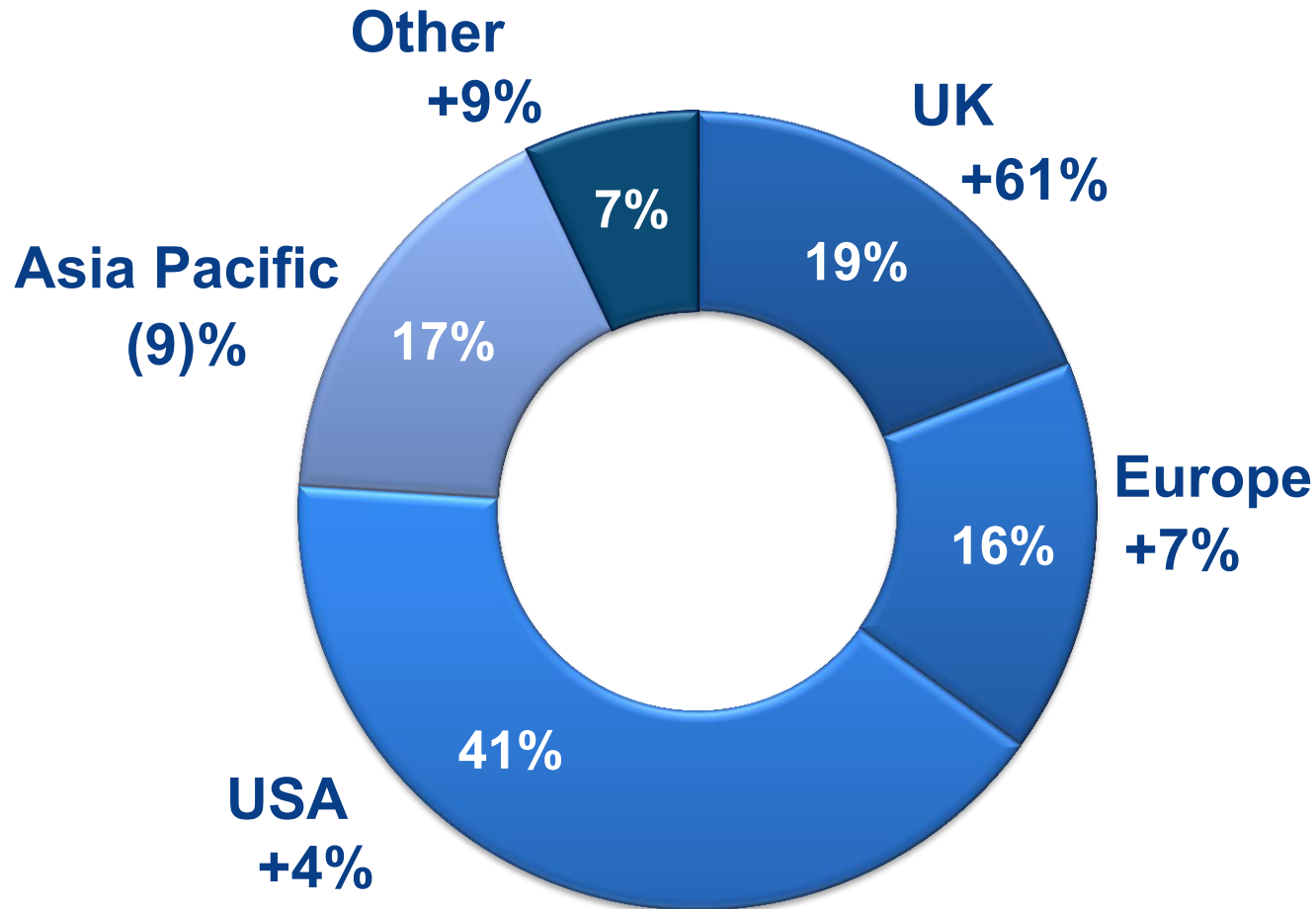
Environmental & Analysis: Trading performance



Return on Sales: 18.2%

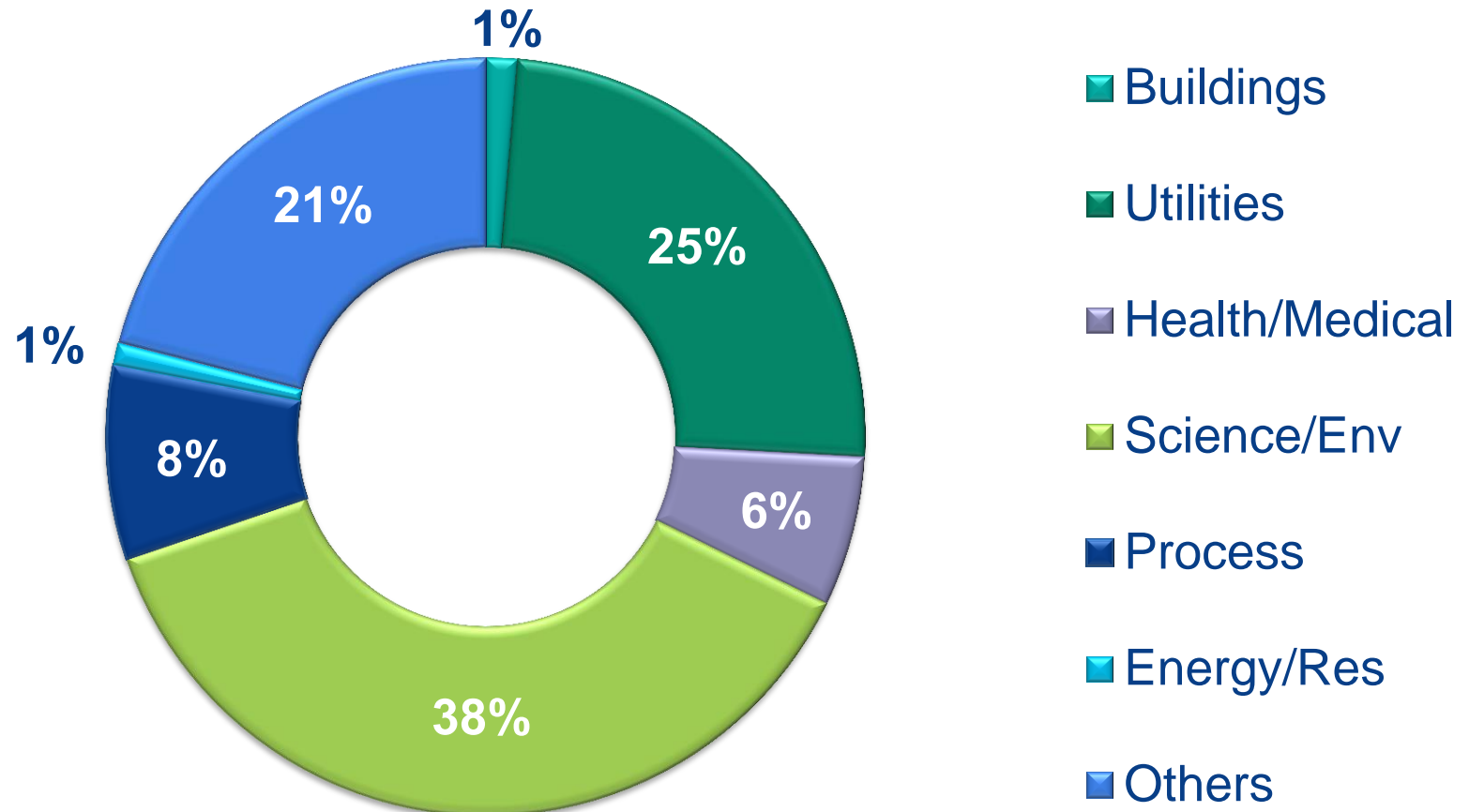
Environmental & Analysis: Revenue by destination

% of sector & % growth



Environmental & Analysis: Revenue by end market

% of sector



Priorities 2013/14

- Organic growth
 - E&A Improvement
 - Strategic Investment
- Portfolio Management
 - Acquisition integration
 - Opportunity pipeline progression

People Development: Building the talent pipeline



Portfolio Management: Acquisition pipeline - typical year



Summary: Outlook statement 2013/14

“Order intake since the period end has continued to be slightly ahead of revenue and in line with our expectations.

Halma remains on track to make further progress in the second half of the year.”

Questions

Appendices

Currency impacts

	\$		% change	€		% change
Average rates	13/14	12/13		13/14	12/13	
• H1 v £	1.54	1.58	2.5%	1.17	1.25	6.4%
• Full Year v £	N/A	1.58		N/A	1.23	
• <u>1% change* (Annual impact)</u>	\$ (~ 40% of total)			€ (~15% of total)		
Revenue	+/- £2.7m			+/- £0.8m		
Profit	+/- £0.5m			+/- £0.2m		
• At \$1.58/€1.18 Average rates for the year 2013/14 profit would increase by a net amount of £1.1m (1%) compared with using 2012/13 Fx rates**.						

* Based on 2013/14 Half year results

** Based on consensus 2013/14 results

Pensions

DB plans Deficit	Sept 13	March 13
	£m	£m
Assets	179.2	176.3
Liabilities	(220.0)	(223.5)
Deficit	(40.8)	(47.2)

- Closed DB plans to new members in 2003
- Contributions to pay off deficit : £7m/year
- IAS 19: Comparatives restated
 - Profit reduction
 - HY, 12/13: £1.1m
 - FY, 12/13: £2.1m (of which £0.8m in central costs)

Acquisitions

		Consideration		
2013/14 Acquisitions	Acquired	Initial £m	Maximum Earn out £m	EBIT* £m
Talentum	April 13	3	0	0.6
		3	0	0.6
Earn-outs re prior year acquisitions				
- Cash		14		
		17		

* At acquisition run-rate

Impact of M&A

Revenue *

£m		Actual H1 13/14	Expected H2 13/14	Expected Full Year 13/14
Acquisitions/Disposal	12/13	10	9	19
Acquisitions/Disposal	13/14	1	1	2
		11	10	21

Profit after financing costs *

£m		Actual H1 13/14	Expected H2 13/14	Expected Full Year 13/14
Acquisitions/Disposal	12/13	2.4	1.8	4.2
Acquisitions/Disposal	13/14	0.3	0.3	0.6
		2.7	2.1	4.8

* at acquisition/disposal run-rate

Sector history

£m		09/10	10/11	11/12	12/13	13/14
Sector revenue	Process Safety	46.3	49.5	58.0	62.5	62.2
	Infrastructure Safety	91.3	96.0	101.1	100.5	107.3
	Medical	32.6	38.1	48.6	59.8	81.1
	Environmental & Analysis	52.0	65.6	72.5	75.5	82.6
	Inter-segmental sales	(0.1)	(0.1)	(0.2)	(0.2)	(0.1)
	Group revenue	222.1	249.1	280.0	298.1	333.1
Sector profit*	Process Safety	8.5	11.3	13.6	15.3	16.1
	Infrastructure Safety	16.6	17.9	19.4	18.8	20.6
	Medical	7.5	9.5	13.1	15.4	19.6
	Environmental & Analysis	8.2	12.6	14.8	15.5	15.0
	Segment Profit	40.8	51.3	60.9	65.0	71.3
	Central cost/net finance expense	(2.7)	(2.0)	(3.4)	(5.3)	(6.2)
	Profit*	38.1	49.3	57.5	59.7	65.1

* Profit before amortisation of acquired intangibles, acquisition costs and profit on disposal of operations
 12/13 HY profit has been restated (£1.1m reduction) to reflect changes to IAS19 accounting for pensions. Earlier periods have not been changed

Full year forecasts

Full year 13/14 forecasts

- Capex ~ £17m
- Effective tax rate ~ 24.6%
- Central costs ~ £8.5m
- Net finance expense ~ £5m

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