

# Final results 2012/13

**Andrew Williams – Chief Executive**  
**Kevin Thompson – Finance Director**

## Summary 2012/13

### Growth & High returns

**Revenue**  
**+7%**  
£619m

**Profit**  
**+8%**  
£130.7m

**ROS**  
**21.1%**  
(LY: 20.8%)

### Strategic investment

**ROW revenue**  
**+14%**  
£157m

**R&D spend**  
**+13%**  
£31m

**Portfolio**  
6 acquisitions  
1 disposal

### Good cash performance

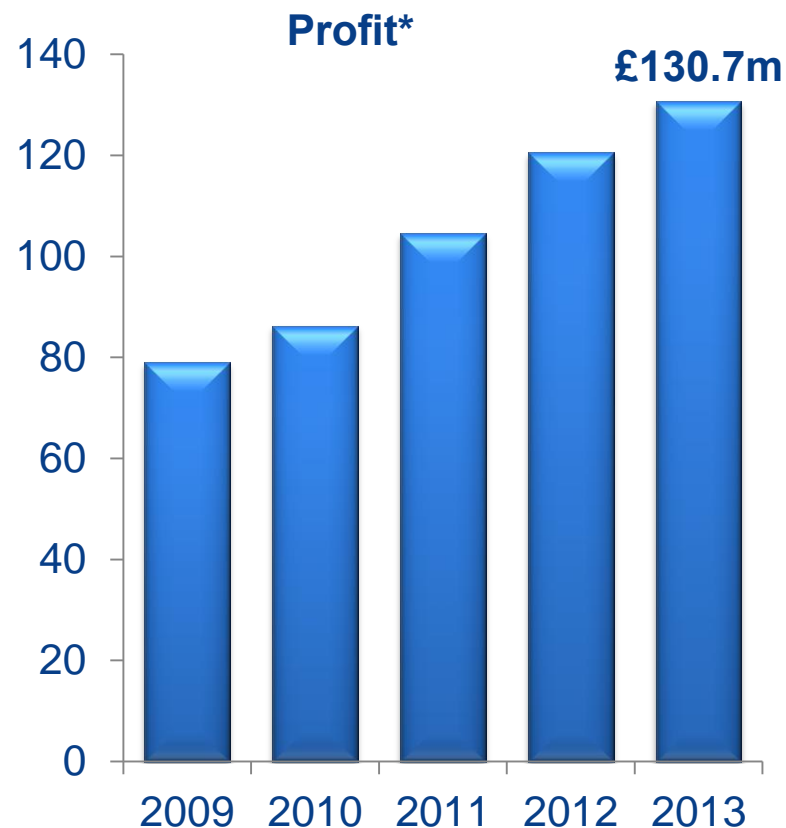
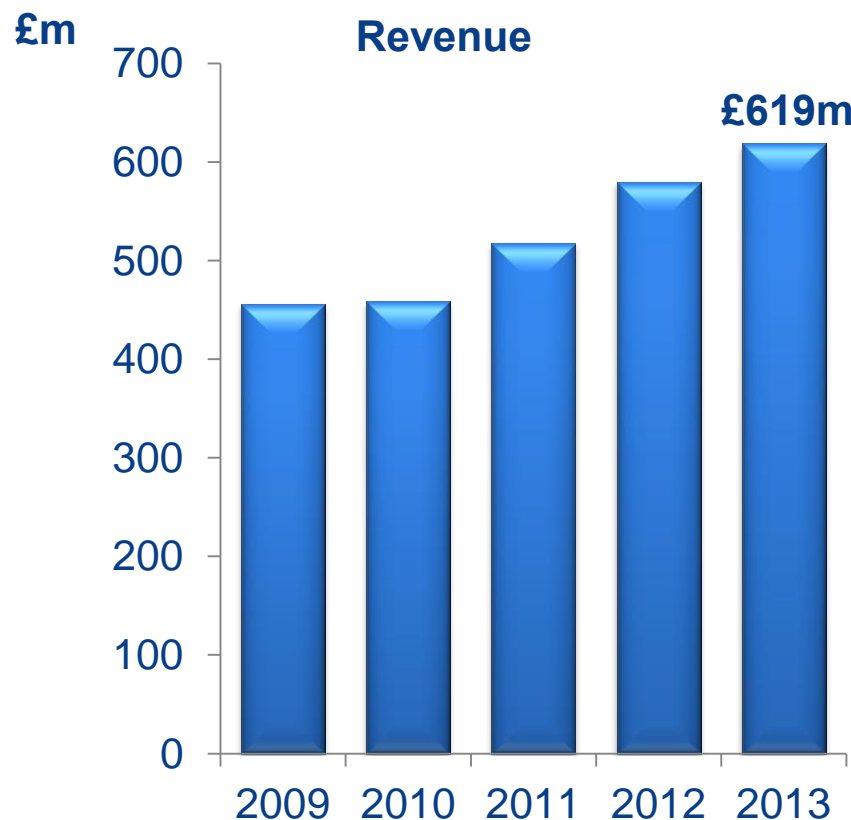
**Cash flow**  
**84%**  
of adjusted profit

**Dividend**  
**+7%**  
10.43p

# Financial Review

## Record results

Continuing operations £m



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

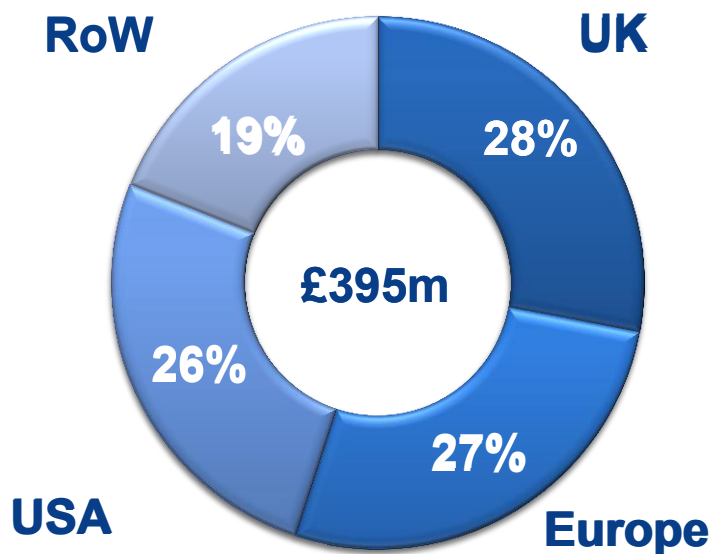
## Revenue growth

	£m	Total	Organic: Constant Currency
H1	298	6%	3%
H2	321	7%	3%
<b>Total</b>	<b>619</b>	<b>7%*</b>	<b>3%</b>

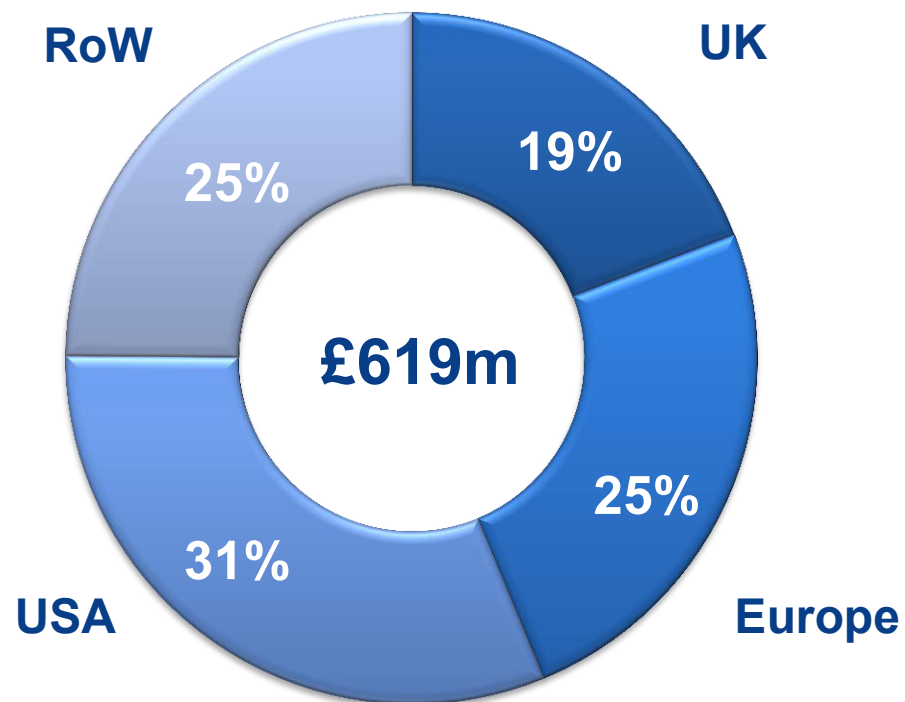
\* Excluding disposals in current and prior year, growth is 9%

## Evolution of Geographic Revenue

07/08

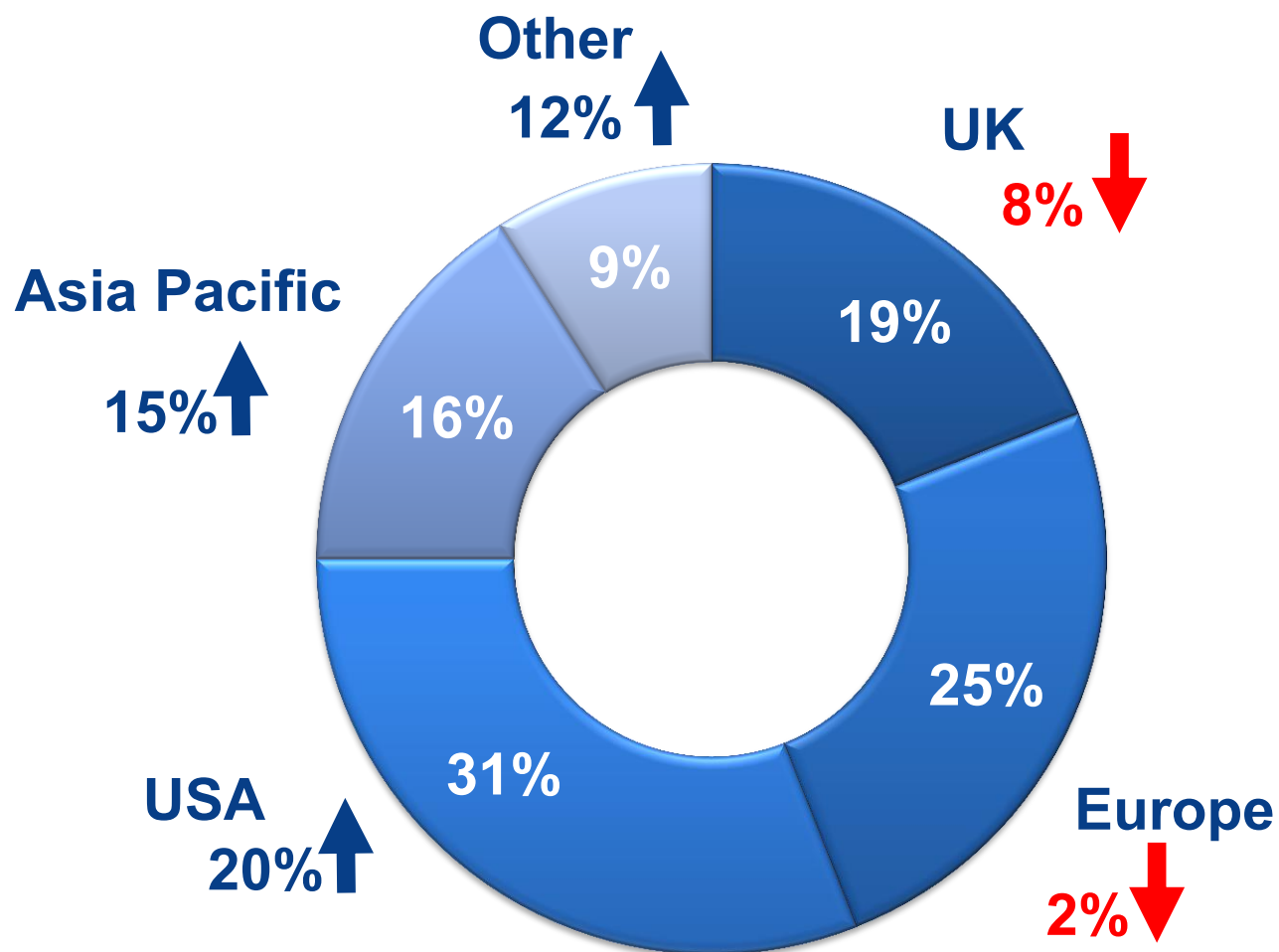


12/13



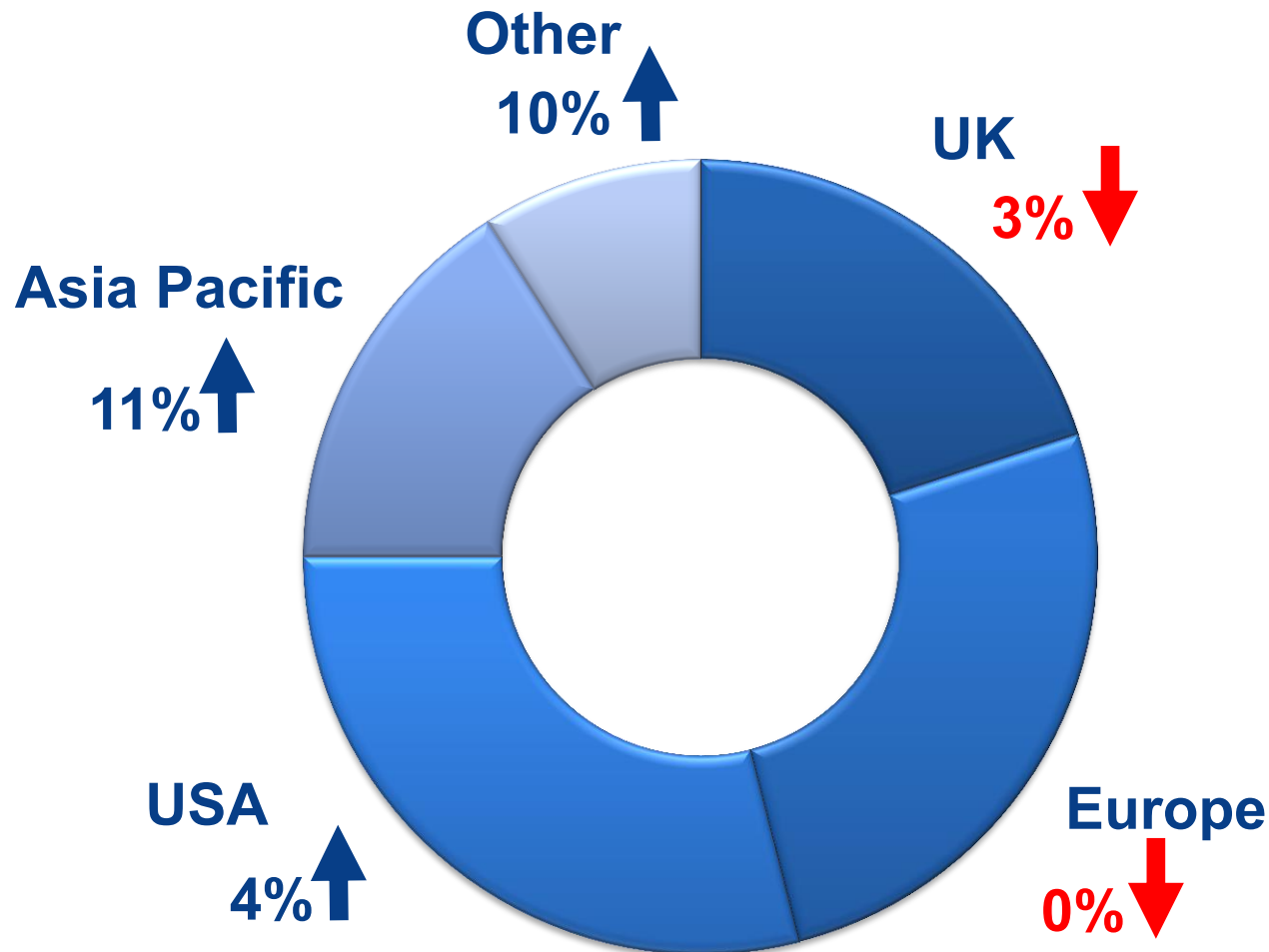
## Revenue by destination

Revenue and revenue growth, 2012/13



## Revenue by destination: organic constant currency

Revenue and revenue growth, 2012/13





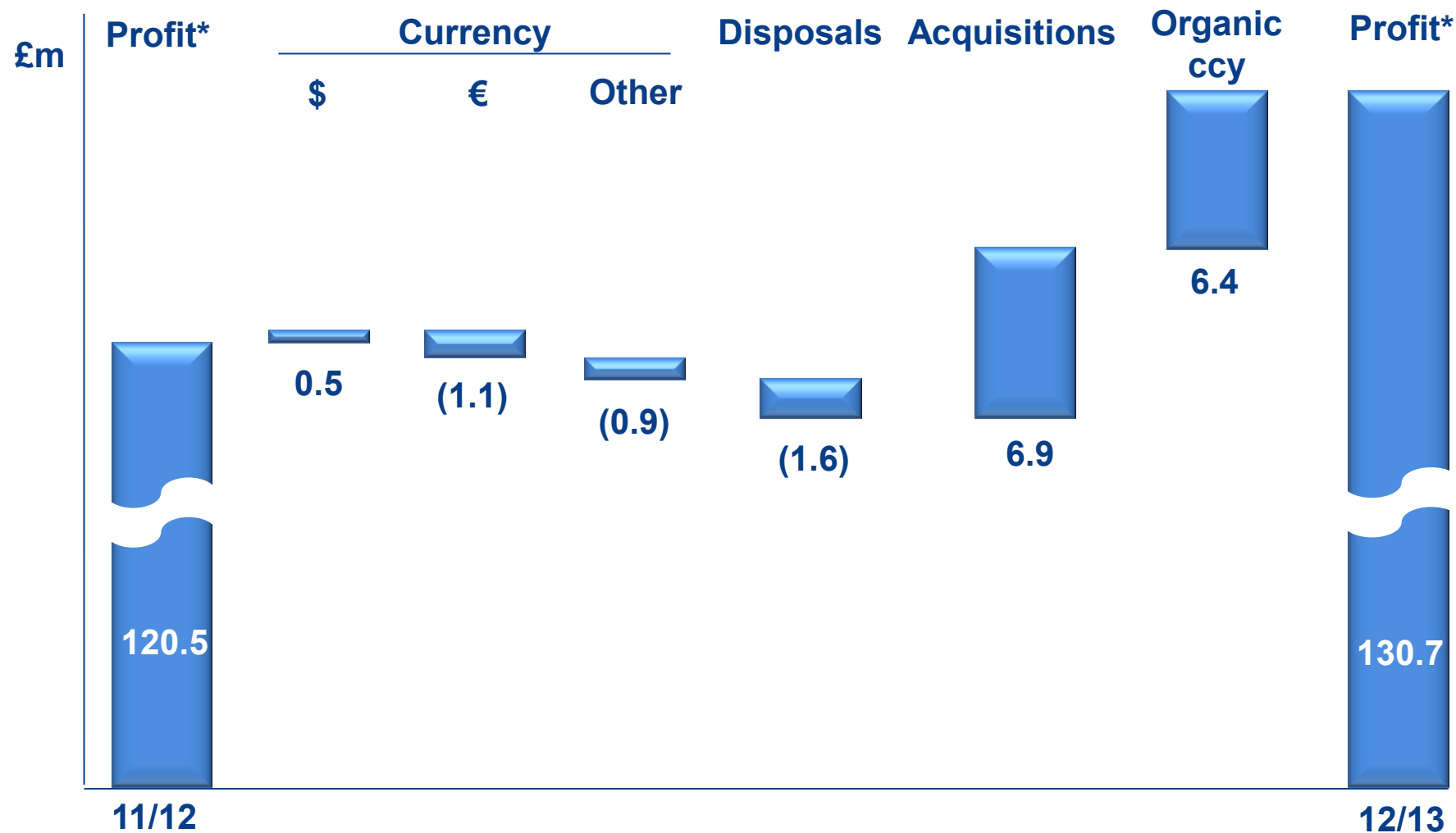
## Profit\* growth

	£m	Total	Organic: Constant Currency
H1	60.8	6%	3%
H2	69.9	11%	7%
<b>Total</b>	<b>130.7</b>	<b>8%**</b>	<b>5%</b>

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

\*\* Excluding disposals in current and prior year, growth is 10%

## Profit\* Bridge



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

## Strong Returns

ROCE\*      71.3%      (2012: 74.7%)

ROTIC\*\*    15.8%      (2012: 16.8%)

### Return on Sales

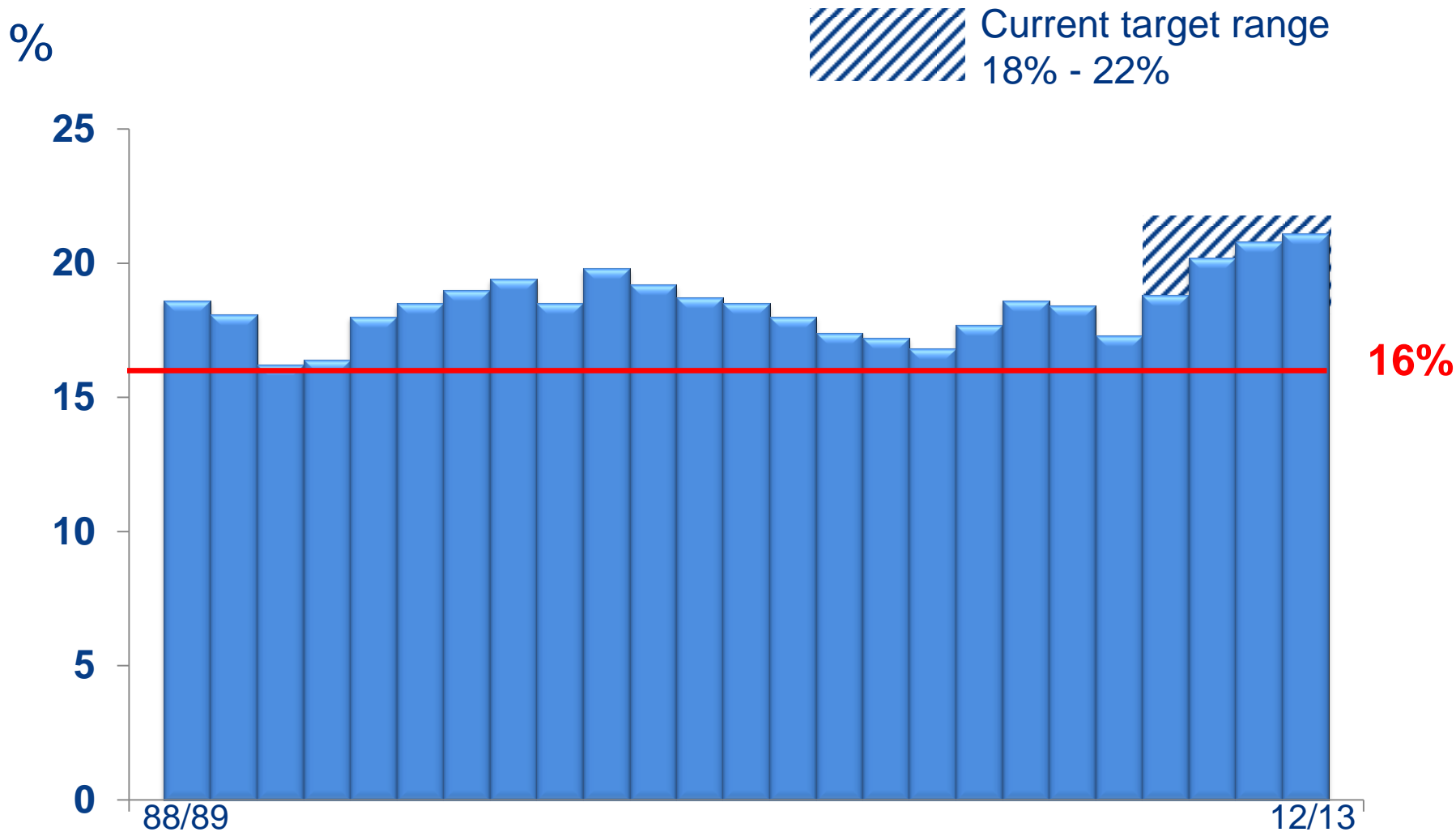
➤ 2012/13    21.1%      (2012: 20.8%)

➤ Range      18-22%

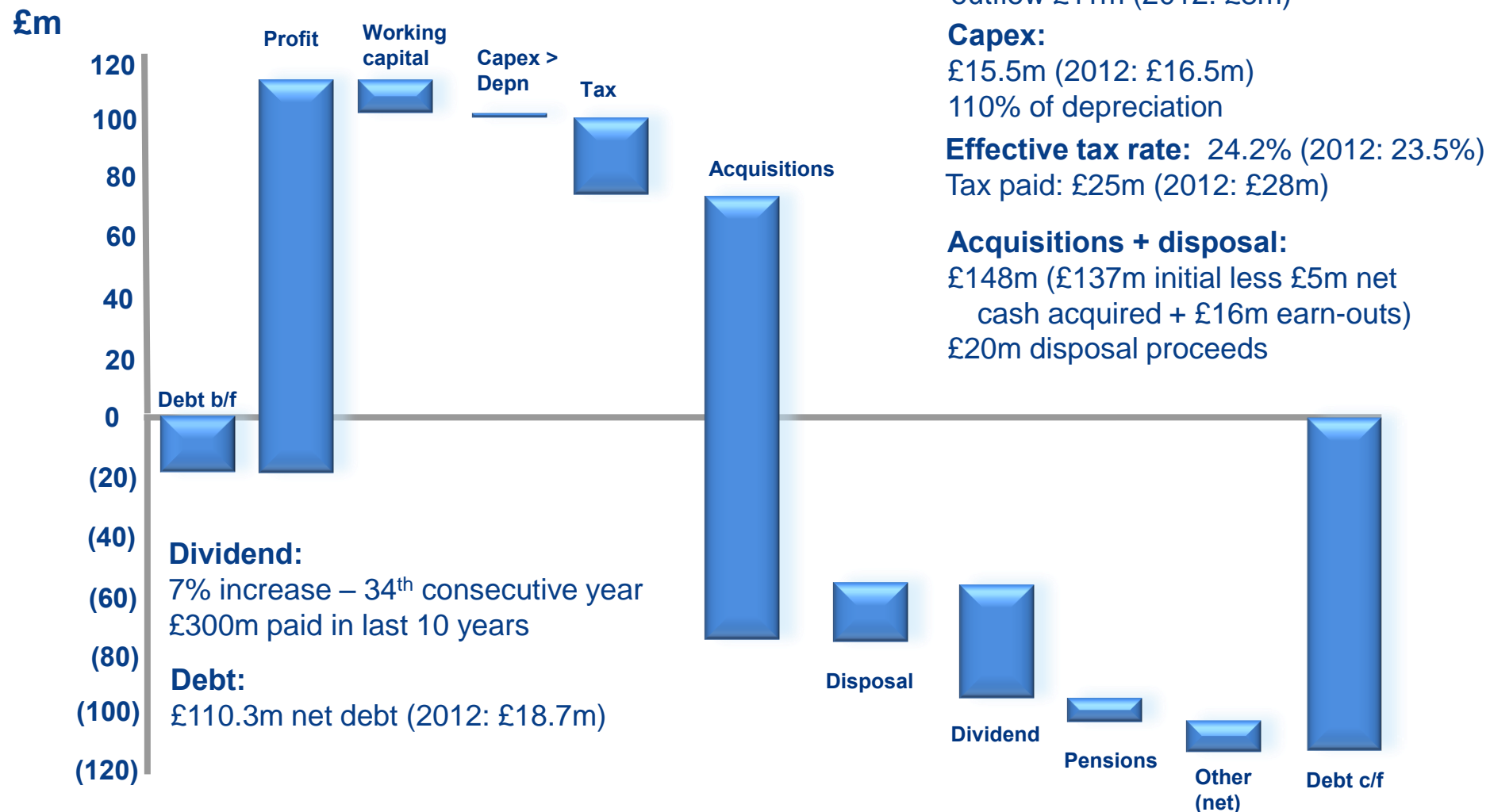
\*      Return on Capital Employed

\*\*     Return on Total Invested Capital

## Return on Sales – 25 years



## Cash flow



## Pension changes

- Deficit £47m (2012: £33m)
- IAS 19 profit impact 13/14: £2m negative
  - 12/13 profit restatement approx. £2m negative

## Funding

- £260m facility – 5 years to 2016
- Increased finance cost
- Strong balance sheet
- Funding options available

# Trading Review



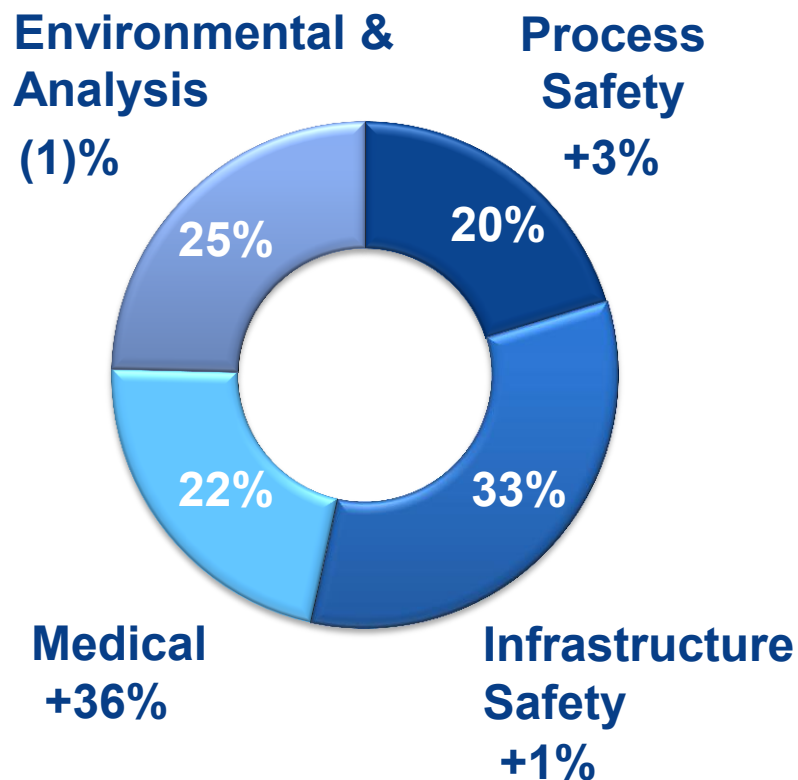
## Four new sectors.....



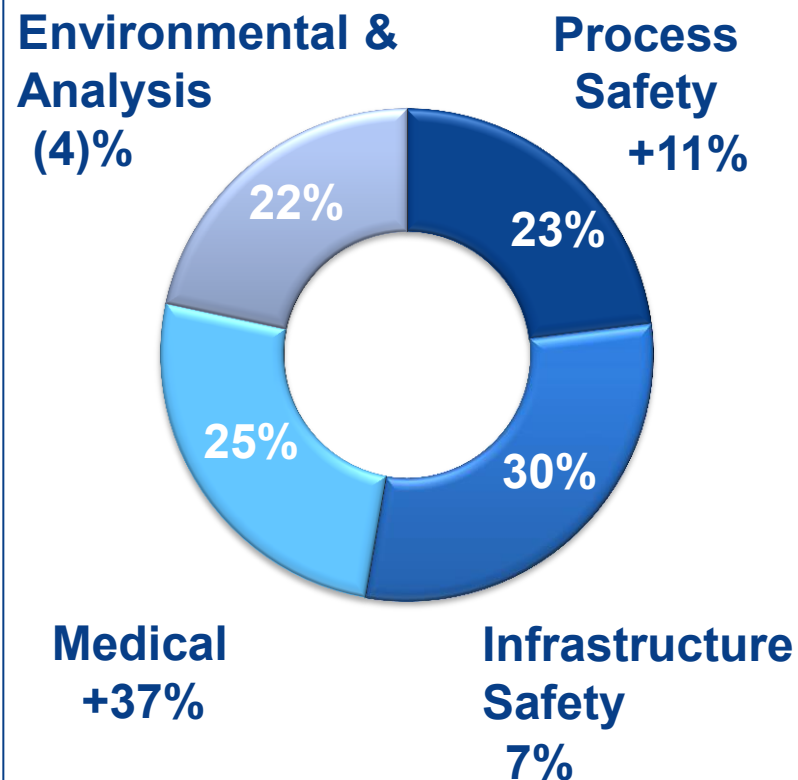
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## Sector performances

### Revenue

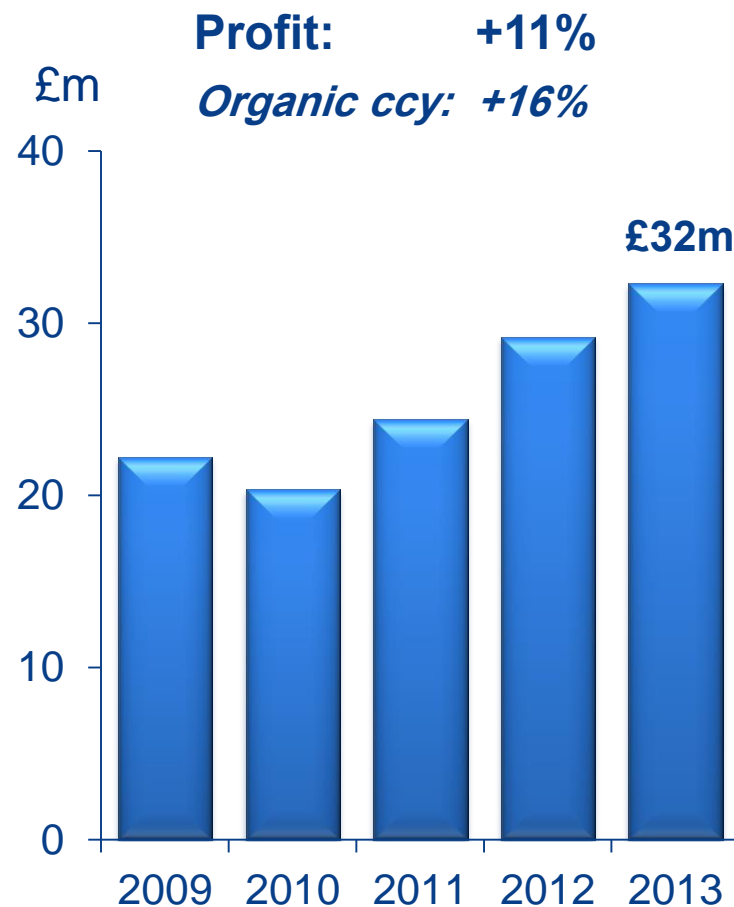
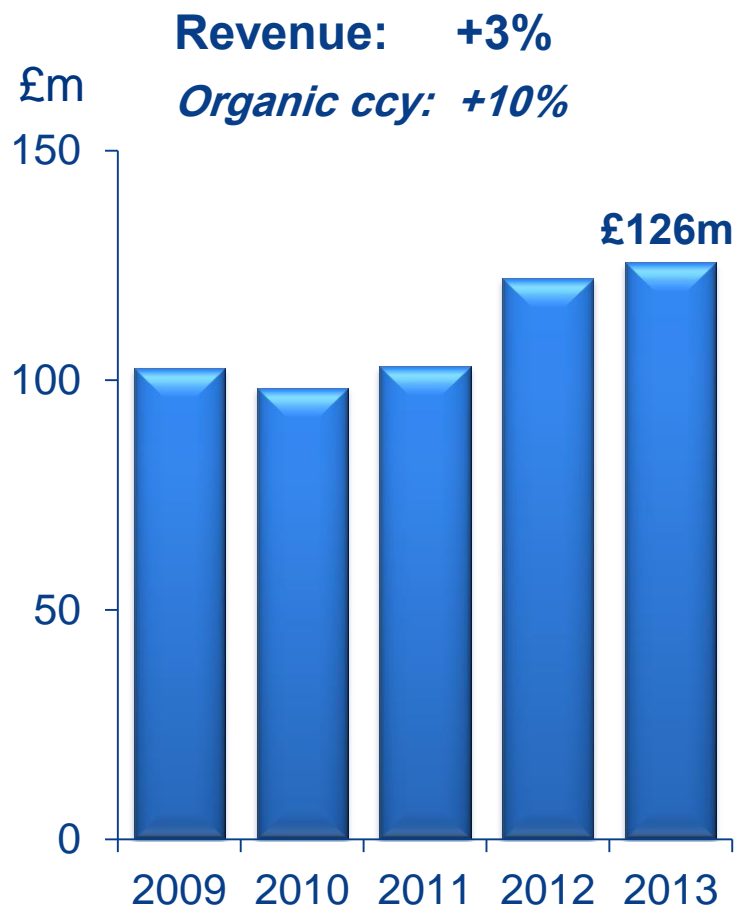


### Profit\*



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

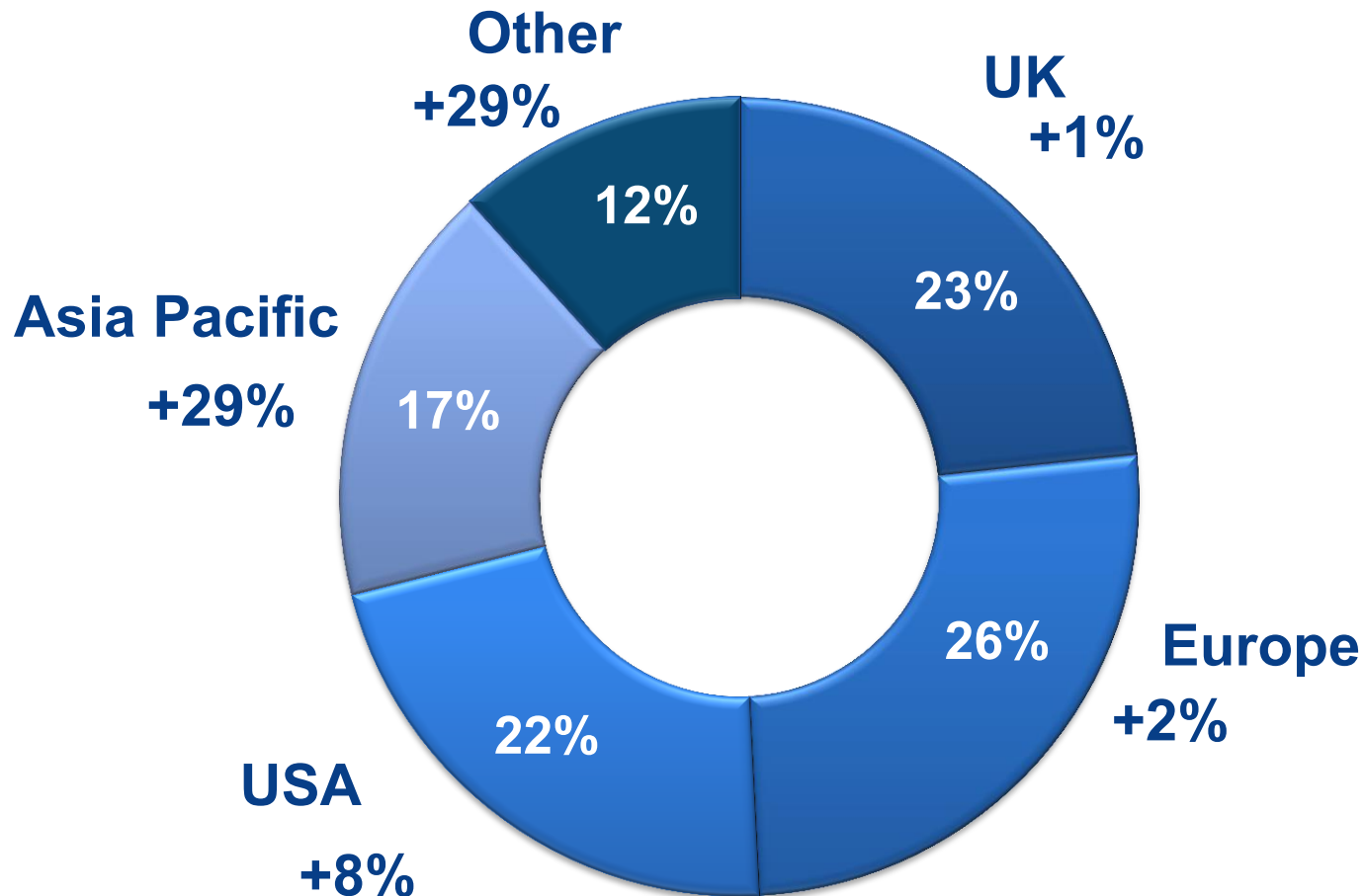
## Process Safety: Trading performance



**Return on Sales: 25.7%**

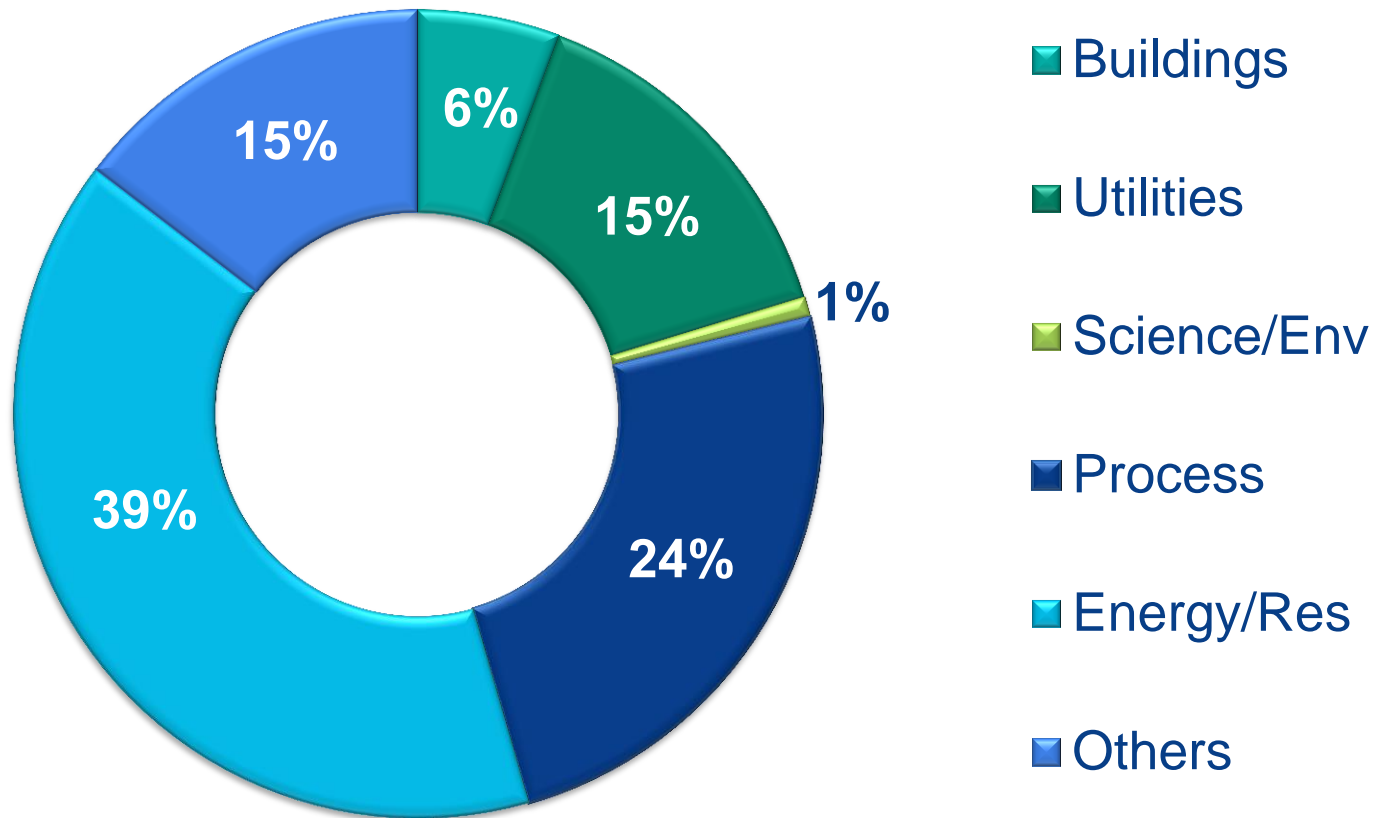
## Process Safety: Revenue by destination

FY 2012/13: % of sector & % growth (excluding disposal)

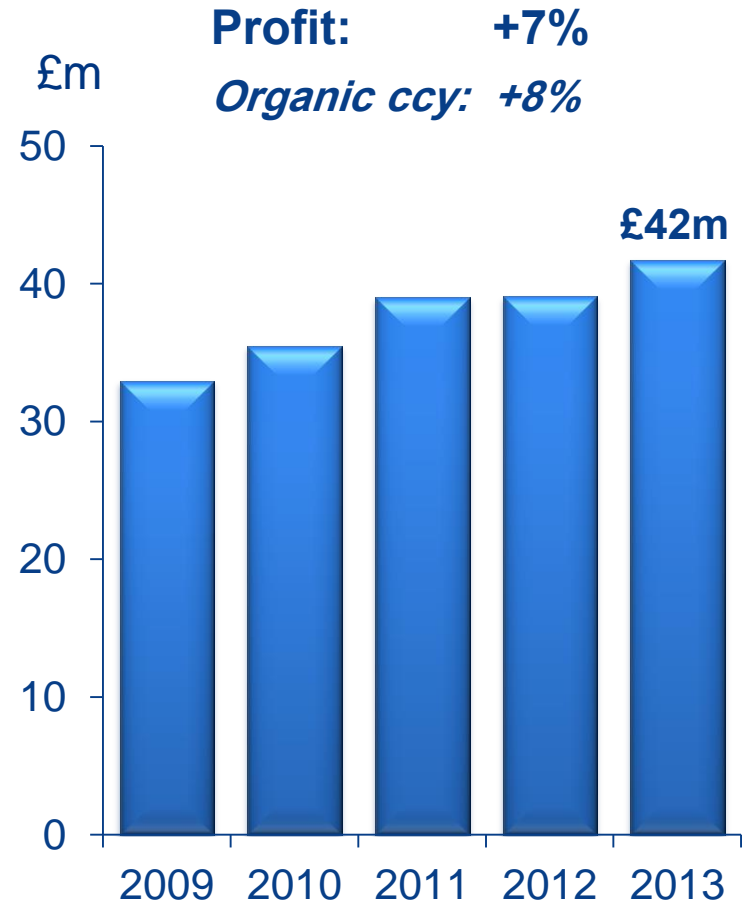
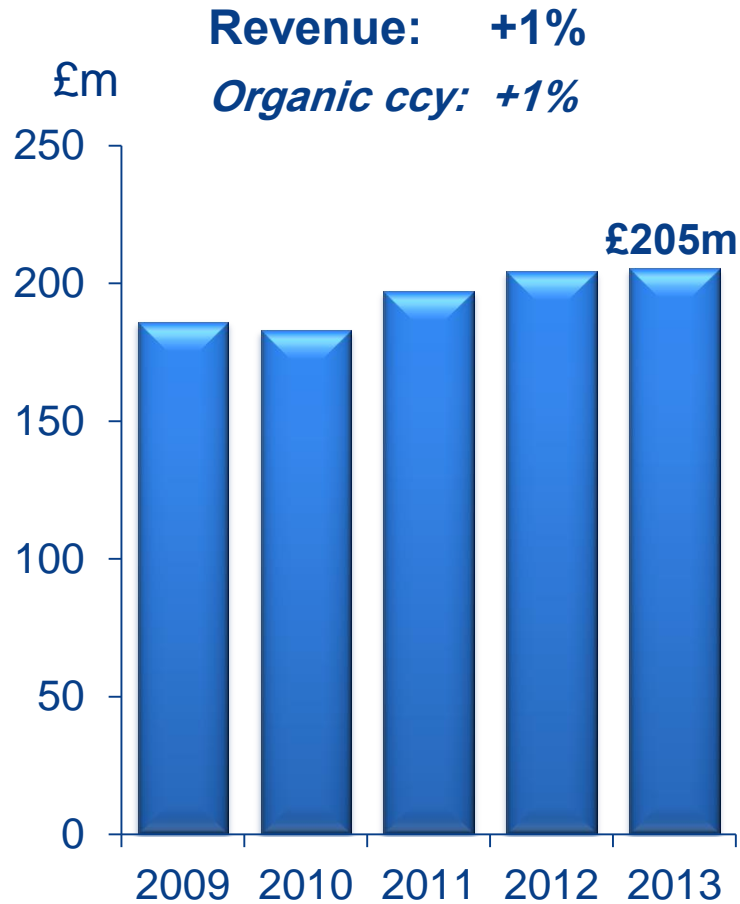


## Process Safety: Revenue by end market

% of sector



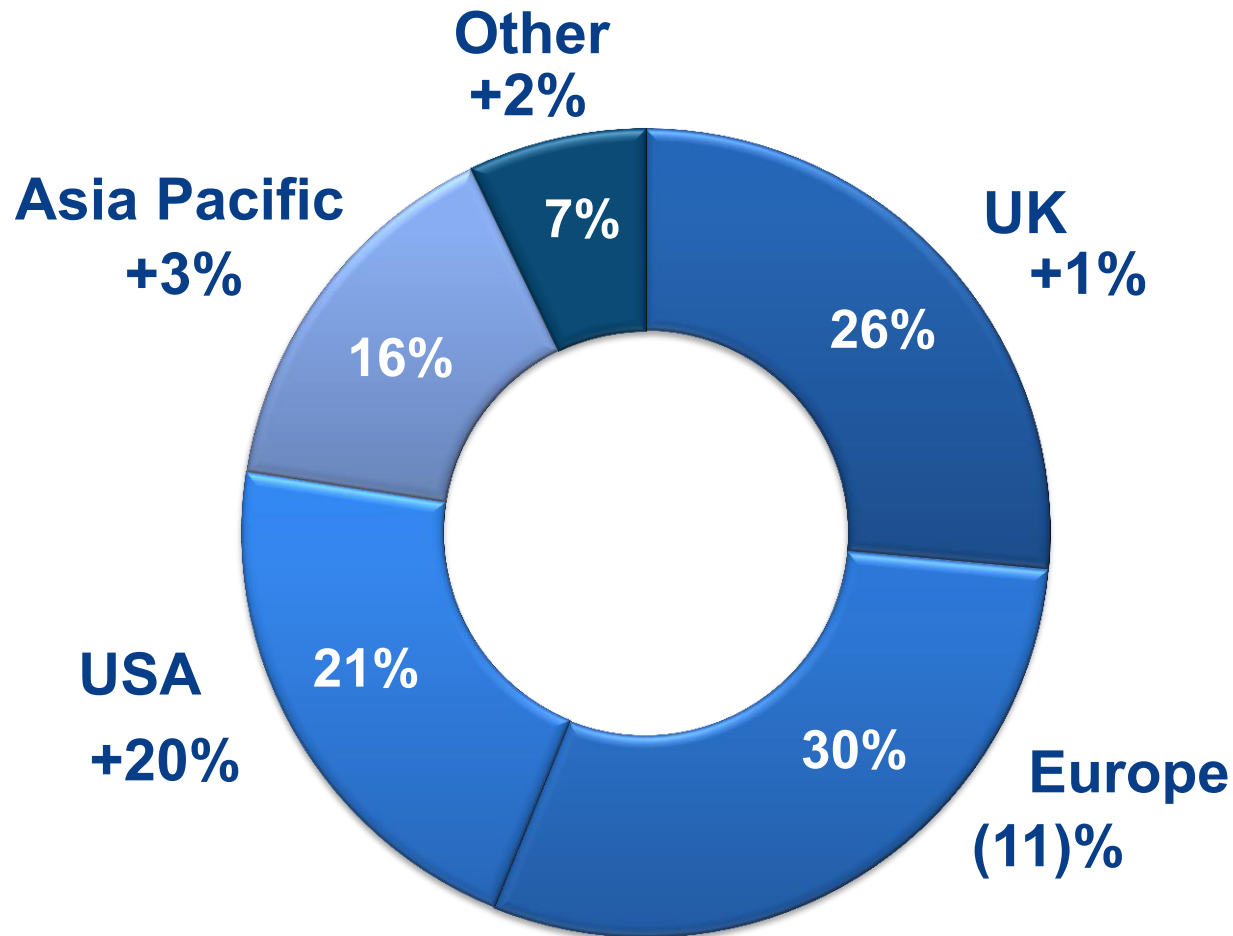
## Infrastructure Safety: Trading performance



**Return on Sales: 20.3%**

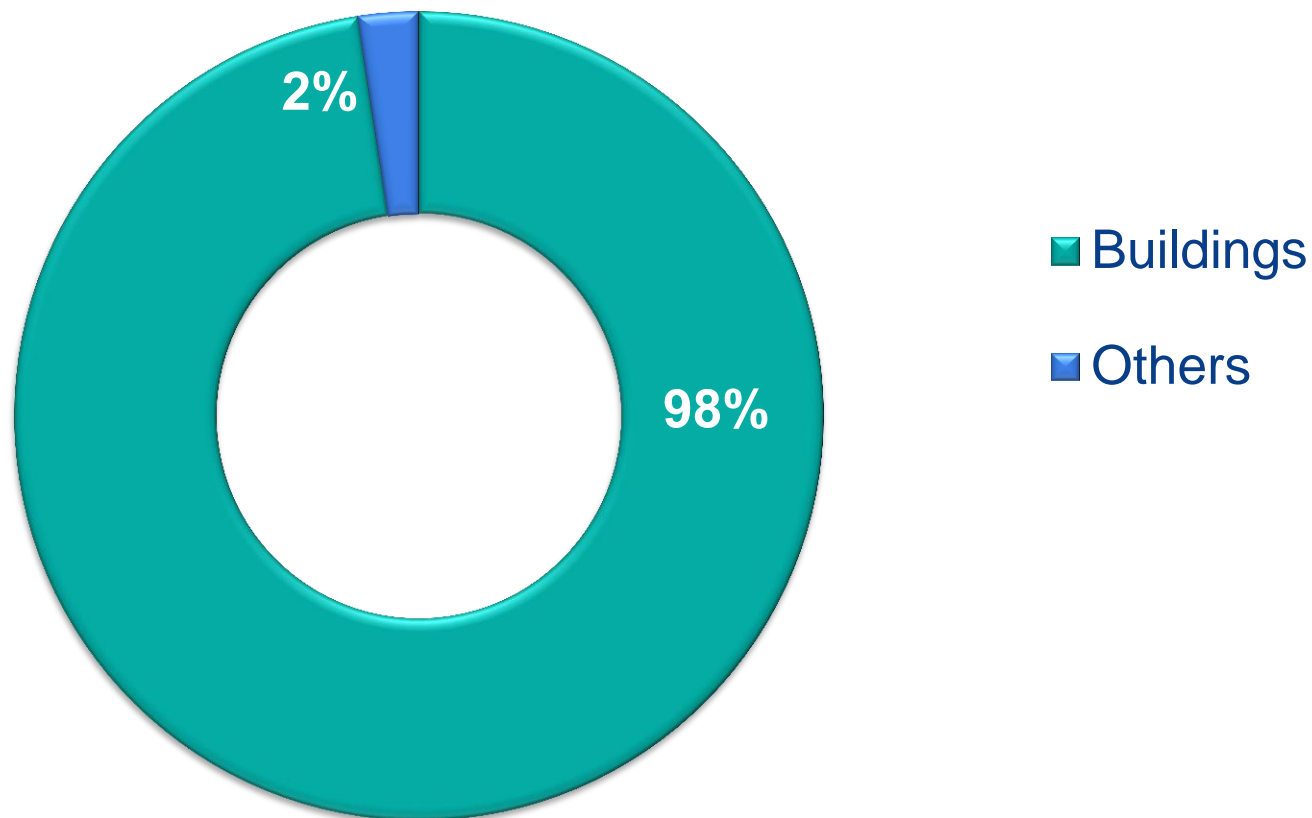
## Infrastructure Safety: Revenue by destination

FY 2012/13: % of sector & % growth



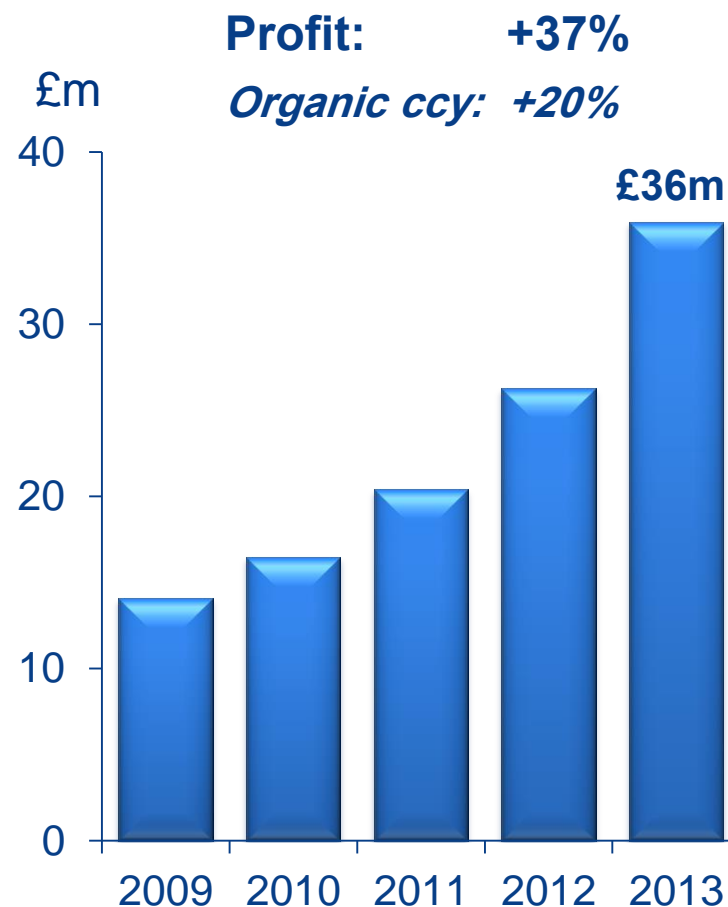
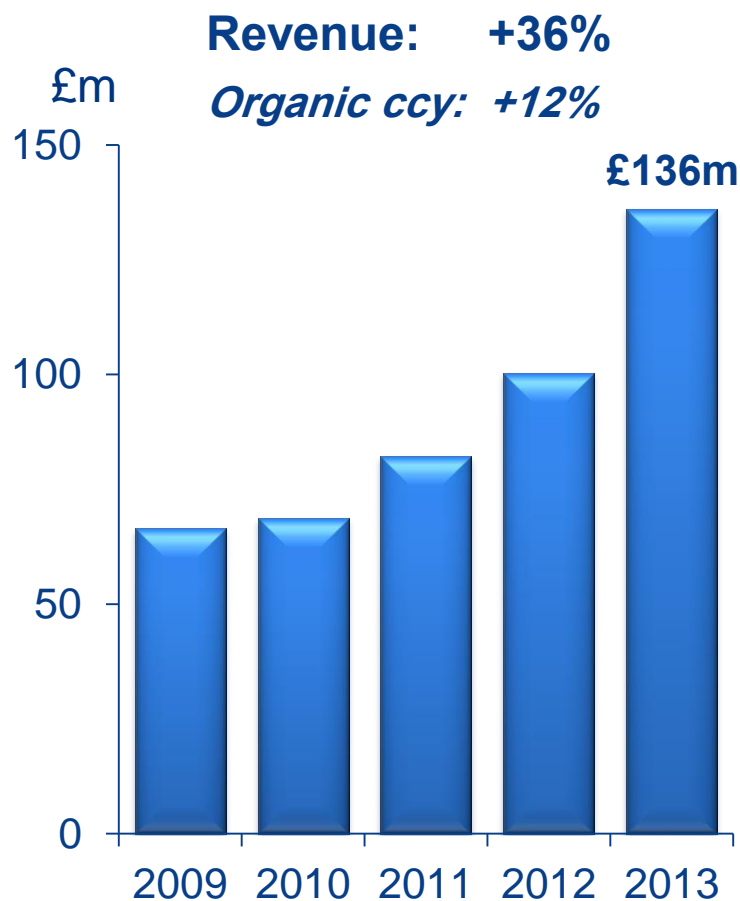
## Infrastructure Safety: Revenue by end market

% of sector





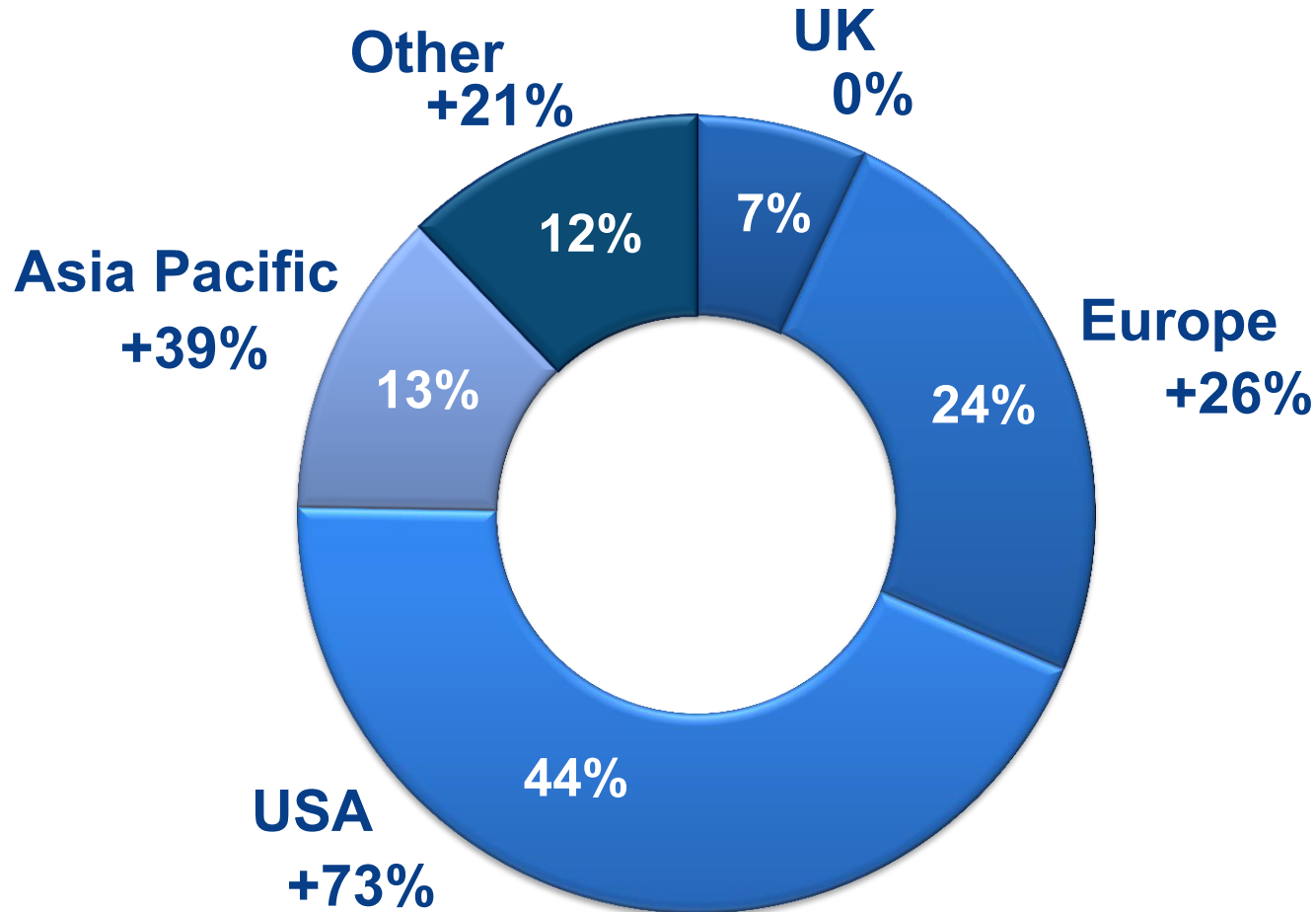
## Medical: Trading performance



**Return on Sales: 26.4%**

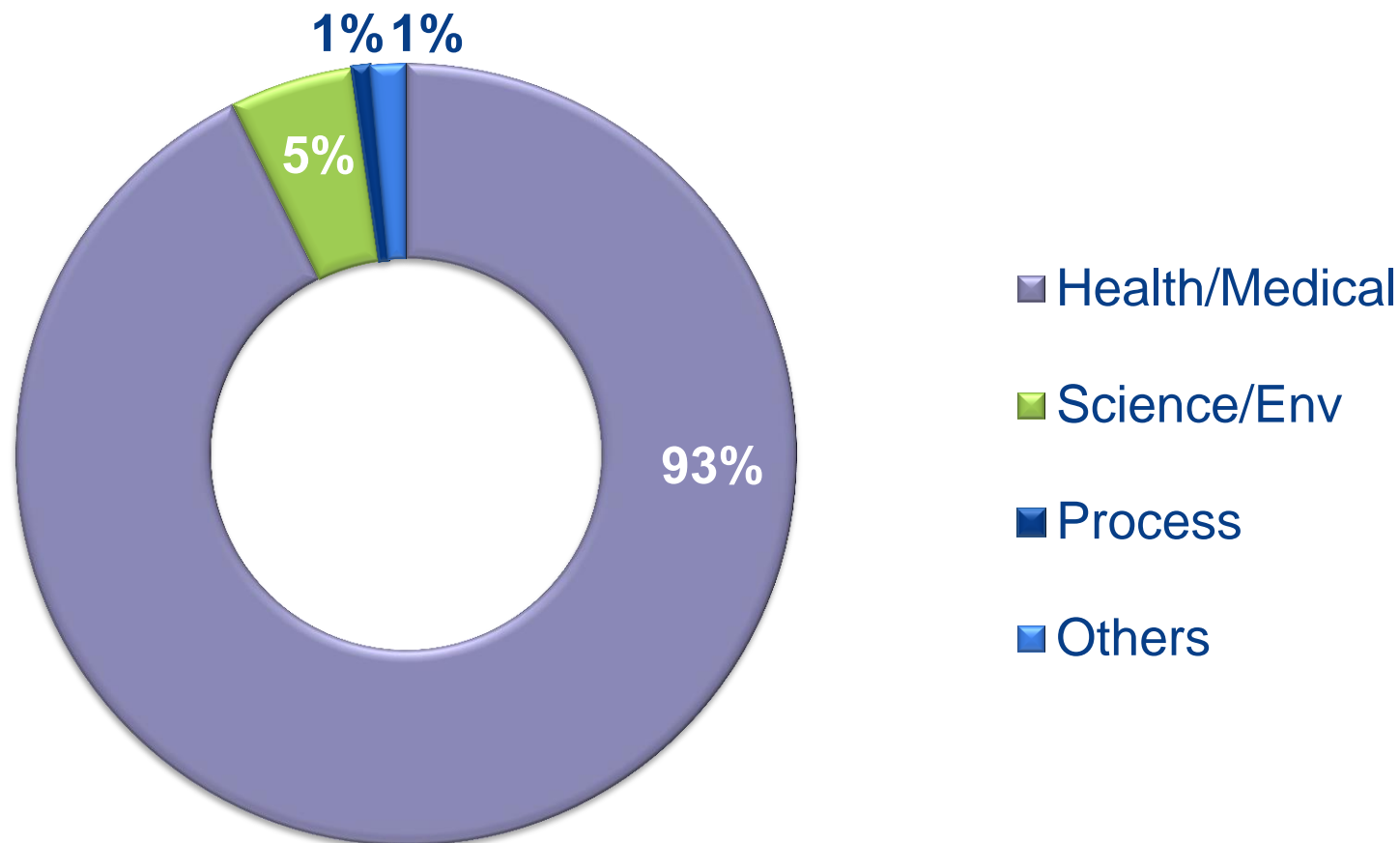
## Medical: Revenue by destination

FY 2012/13: % of sector & % growth (excluding disposal)

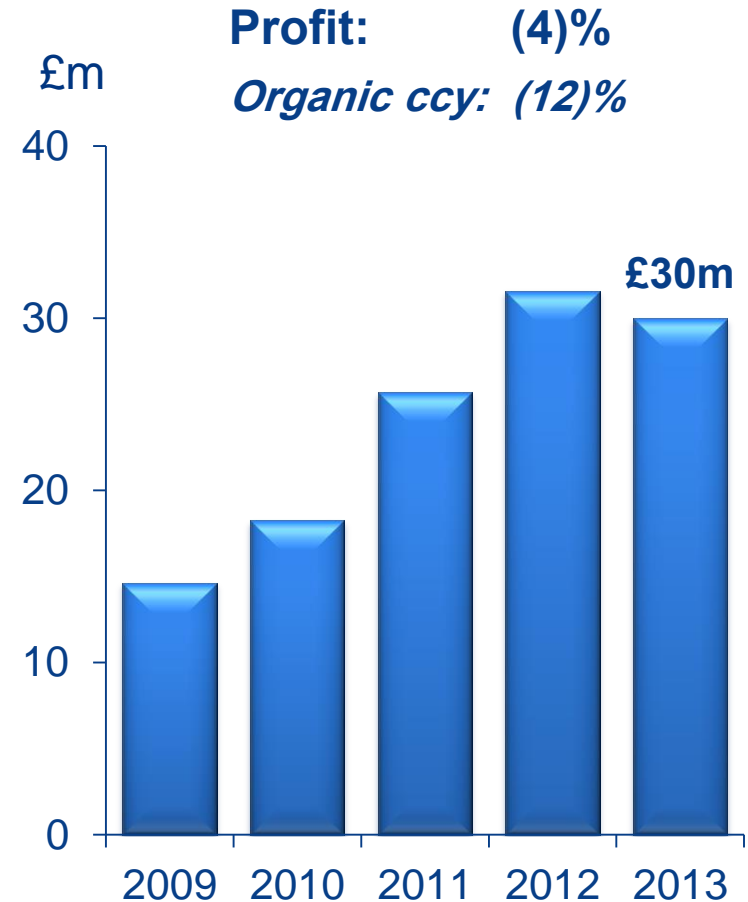
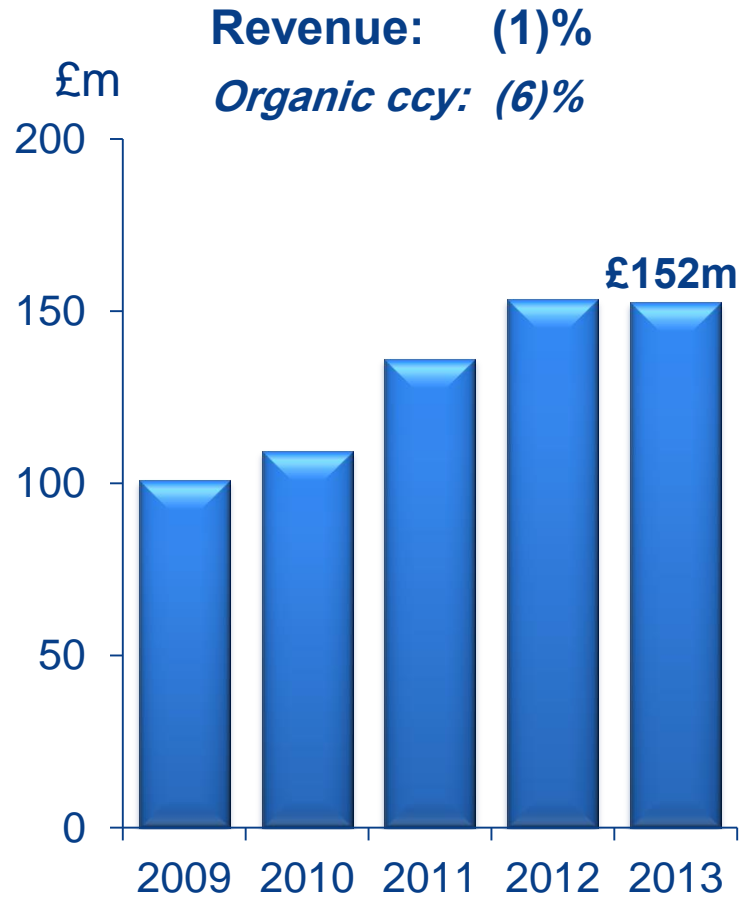


## Medical: Revenue by end market

% of sector



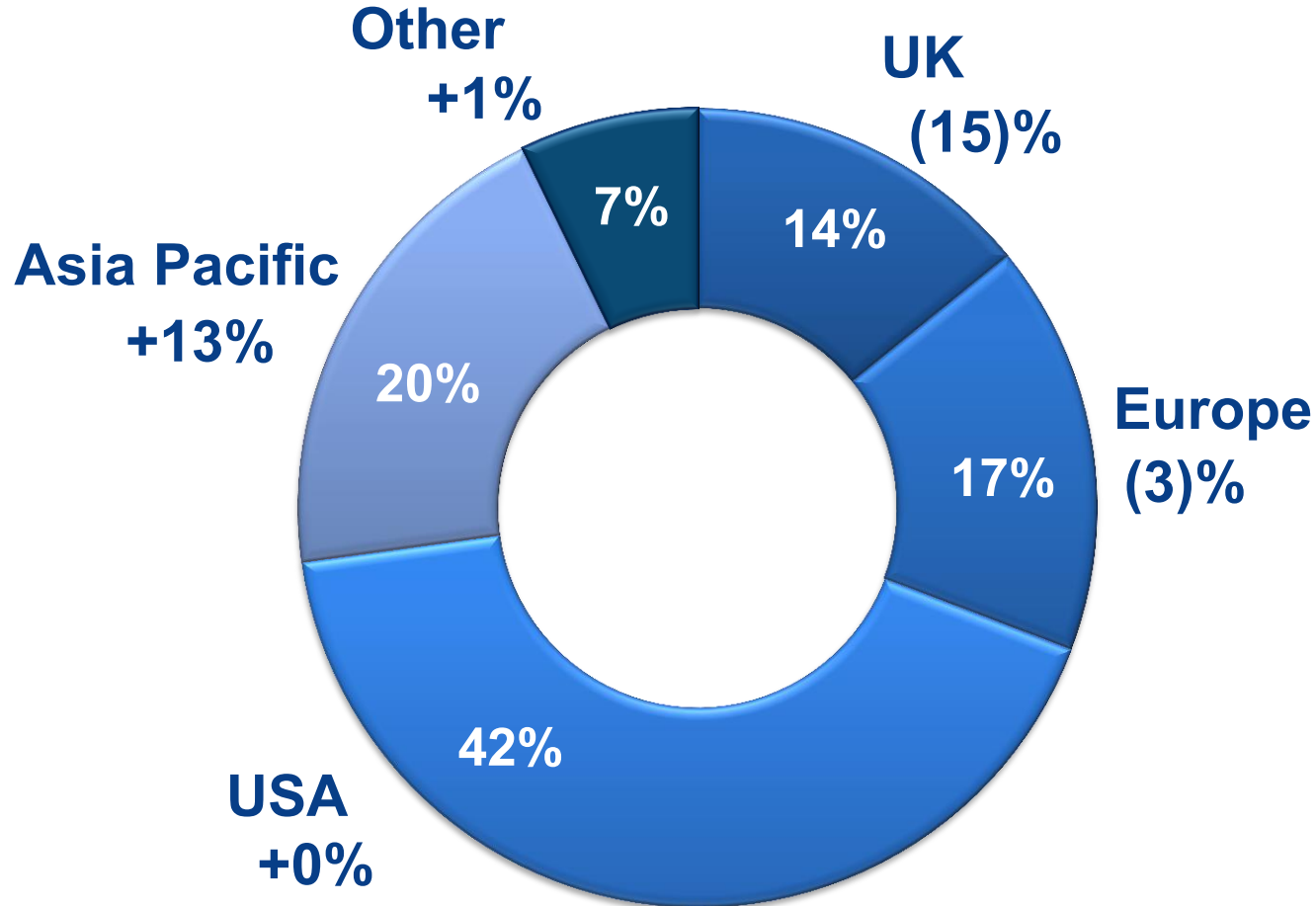
## Environmental & Analysis: Trading performance



**Return on Sales: 19.9%**

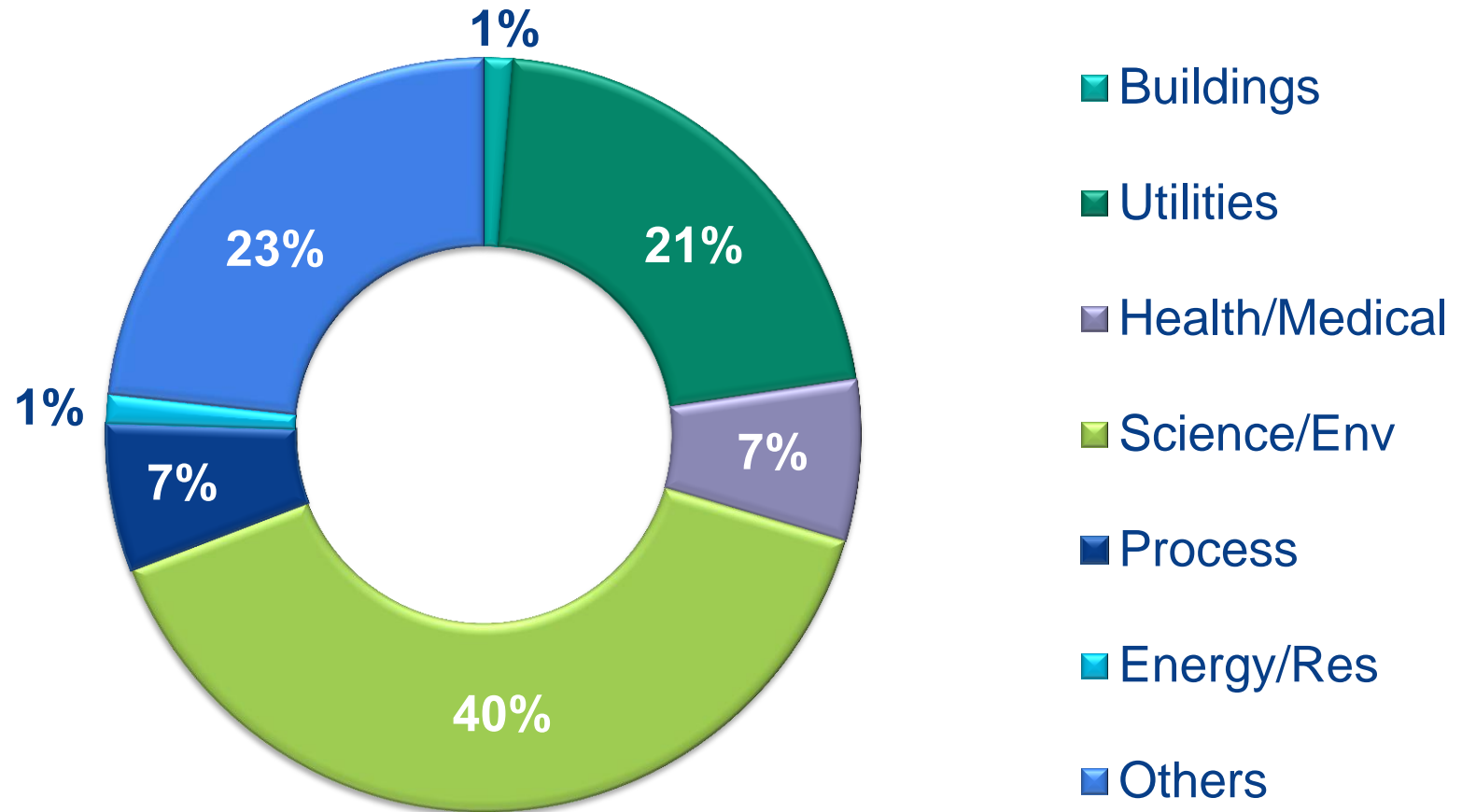
## Environmental & Analysis: Revenue by destination

FY 2012/13: % of sector & % growth



## Environmental & Analysis: Revenue by end market

% of sector



## Strategy update

- Portfolio Management
- Innovation
- People Development
- International Expansion

## Portfolio Management: Acquisitions & disposal

<p>HALMA acquired</p>  <p>Apr 2012</p>	<p>HALMA acquired</p>  <p>Apr 2012</p>	<p>HALMA acquired</p>  <p>May 2012</p>	<p>HALMA sold</p>  <p>Aug 2012</p>
<p>HALMA acquired</p>  <p>Dec 2012</p>	<p>HALMA acquired</p>  <p>Jan 2013</p>	<p>HALMA acquired</p>  <p>March 2013</p>	<p>HALMA acquired</p>  <p>April 2013</p>



## Innovation: HITE 2013



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## Innovation: Halma Award Winners 2013

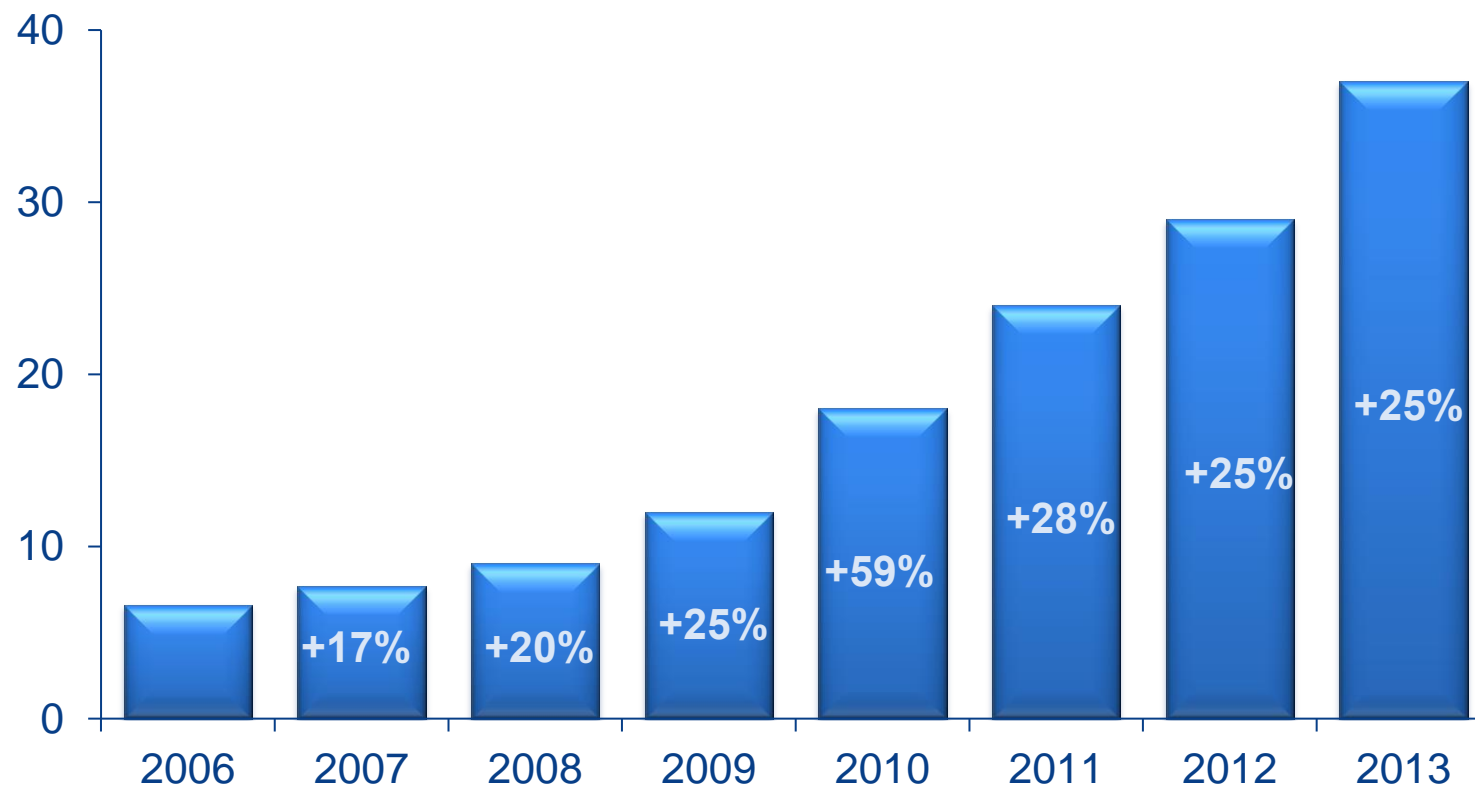


## People Development



## International expansion: China growth

Revenue £m



## International expansion: China acquisition



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## Priorities 2013/14

- Portfolio management
  - acquisition integration
  - opportunity pipeline progression
- Organic growth
  - strategic investment
  - E&A improvement

## Outlook statement 2013/14

- Order intake since the start of 2013 has been consistent with our expectations of sustaining year-on-year organic growth and high returns.
- We remain confident that Halma will make further progress in the year ahead.



# Questions



# Appendices

## Currency impacts

	\$		% change	€		% change
	12/13	11/12		12/13	11/12	
• Average rates v £	1.58	1.60	1%	1.23	1.16	(6%)
• <u>1% change*</u>			\$ (~40% of total)			€ (~15% of total)
Revenue			+/- £2.4m			+/- £0.9m
Profit			+/- £0.5m			+/- £0.2m
• At \$1.55/€1.17 average rates full year profit would increase by a net amount of approximately £2m (1.5%)*, and revenue by approximately £9m (1.5%)*						

\* Based on 2012/13 results

## Acquisitions and Investment in Associate

£m		Consideration				
2012/13 Acquisitions	Acquired	Initial Gross	(Cash)/debt acquired	Initial Net	Maximum Earn out	EBIT*
Sensorex	Apr 12	24		24	-	2.4
Accutome	Apr 12	11	2	13	3	1.3
SunTech	May 12	34	(4)	30	4	3.5
MST	Dec 12	36	(1)	35	27	3.4
Baoding Longer Pump	Jan 13	24	(2)	22	-	2.4
ASL	Mar 13	6		6	3	1.1
Initial consideration paid		135	(5)	130	37	14.1
Cash paid on SunTech earn out		4		4		
Initial consideration to be paid		(2)		(2)		
Spend for current year acqs		137	(5)	132		
Earn outs paid on prior year acqs				16		
Total acq spend (excl. Associates & loan note issued)				148		
Increased investment in Associate	Apr 12			3		
Loan note issued				3		
Total acq spend (incl. Associates & loan note issued)				154		

## Disposal – Trittech Holdings (Asset Monitoring)

### ➤ Sold August 2012

	£m
➤ Proceeds	
Cash	19.7
Escrow	<u>2.1</u>
	21.8
➤ Net assets/costs	(5.7)
➤ Goodwill	<u>(8.0)</u>
Gain on disposal	8.1
➤ Annual Revenue: £12.3m, Profit: £2.4m	

## Impact of M&A

### Revenue \*

		Actual 12/13	Expected 13/14
Acquisitions/Disposal	11/12	(3)	-
Acquisitions/Disposal	12/13 - 13/14	29	22
		26	22

### Profit after financing costs \*

		Actual 12/13	Expected 13/14
Acquisitions/Disposal	11/12	0.1	-
Acquisitions/Disposal	12/13 - 13/14	5.2	4.9
		5.3	4.9

\* at acquisition/disposal run-rate

## Pensions

DB plans Deficit	March 13	March 12
Assets	176.3	153.0
Liabilities	<u>(223.5)</u>	<u>(186.0)</u>
Deficit	(47.2)	(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

\* Comparatives will be restated

## Sector history

£m		08/09	09/10	10/11	11/12	12/13
Sector revenue	Process Safety	102.7	98.3	103.0	122.2	125.7
	Infrastructure Safety	186.0	182.9	197.2	204.3	205.3
	Medical	66.5	68.7	82.2	100.4	136.1
	Environmental & Analysis	100.8	109.3	136.2	153.4	152.4
	Inter-segmental sales	(0.1)	(0.1)	(0.2)	(0.4)	(0.3)
	Group revenue	455.9	459.1	518.4	579.9	619.2
Sector profit*	Process Safety	22.2	20.3	24.5	29.2	32.3
	Infrastructure Safety	33.0	35.5	39.0	39.1	41.8
	Medical	14.1	16.5	20.4	26.3	35.9
	Environmental & Analysis	14.6	18.3	25.7	31.6	30.4
	Segment Profit	83.9	90.6	109.6	126.2	140.4
	Central cost/net finance expense	(4.8)	(4.4)	(5.0)	(5.7)	(9.7)
Profit*		79.1	86.2	104.6	120.5	130.7

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

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