

Half Year Results 2015/16

Andrew Williams – Chief Executive
Kevin Thompson – Finance Director

Summary Half Year 2015/16

Growth & High returns

Revenue
+11%
£380m

Profit
+8%
£74.7m

ROS
19.7%
(LY: 20.2%)

Strategic investment

R&D spend
+21%
£19.8m

ROW revenue
+9%
£99m

Strong cash performance

Cash flow
88%
of adjusted profit

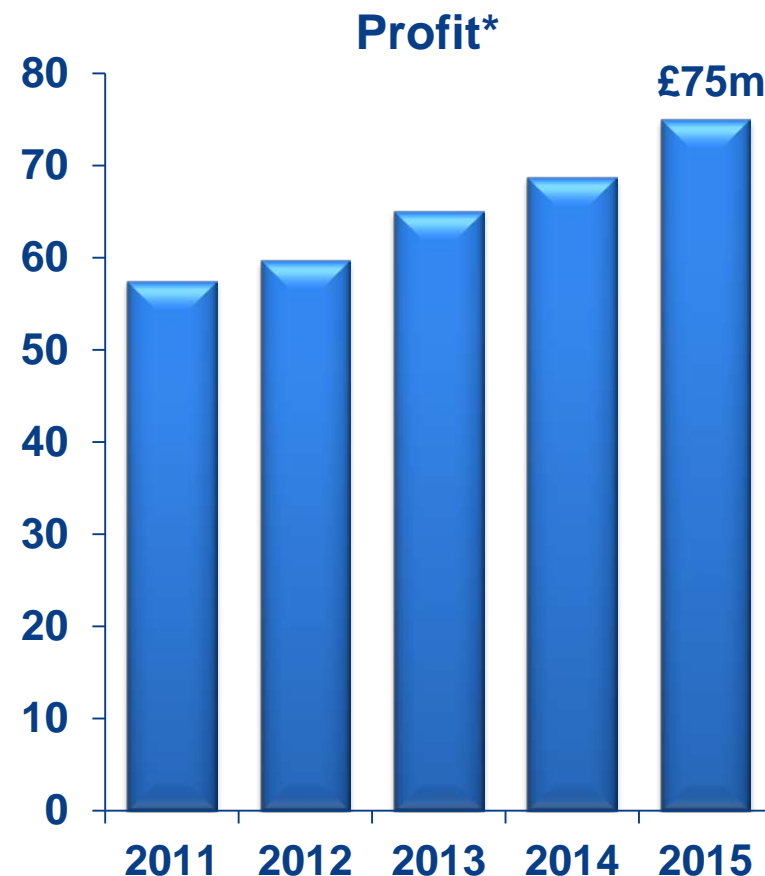
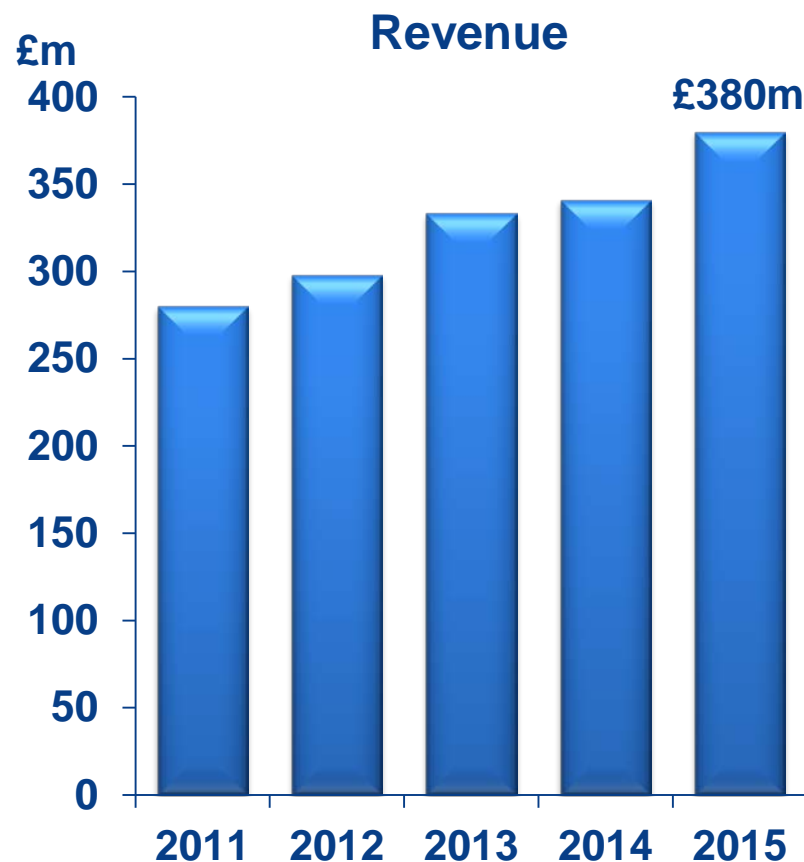
Dividend
+7%
4.98p

Net Debt
£93m
£101m Mar 15

Financial Review

Record results

H1, 2015/16



* Profit before amortisation of acquired intangibles, acquisition items and profit or loss on disposal of operations

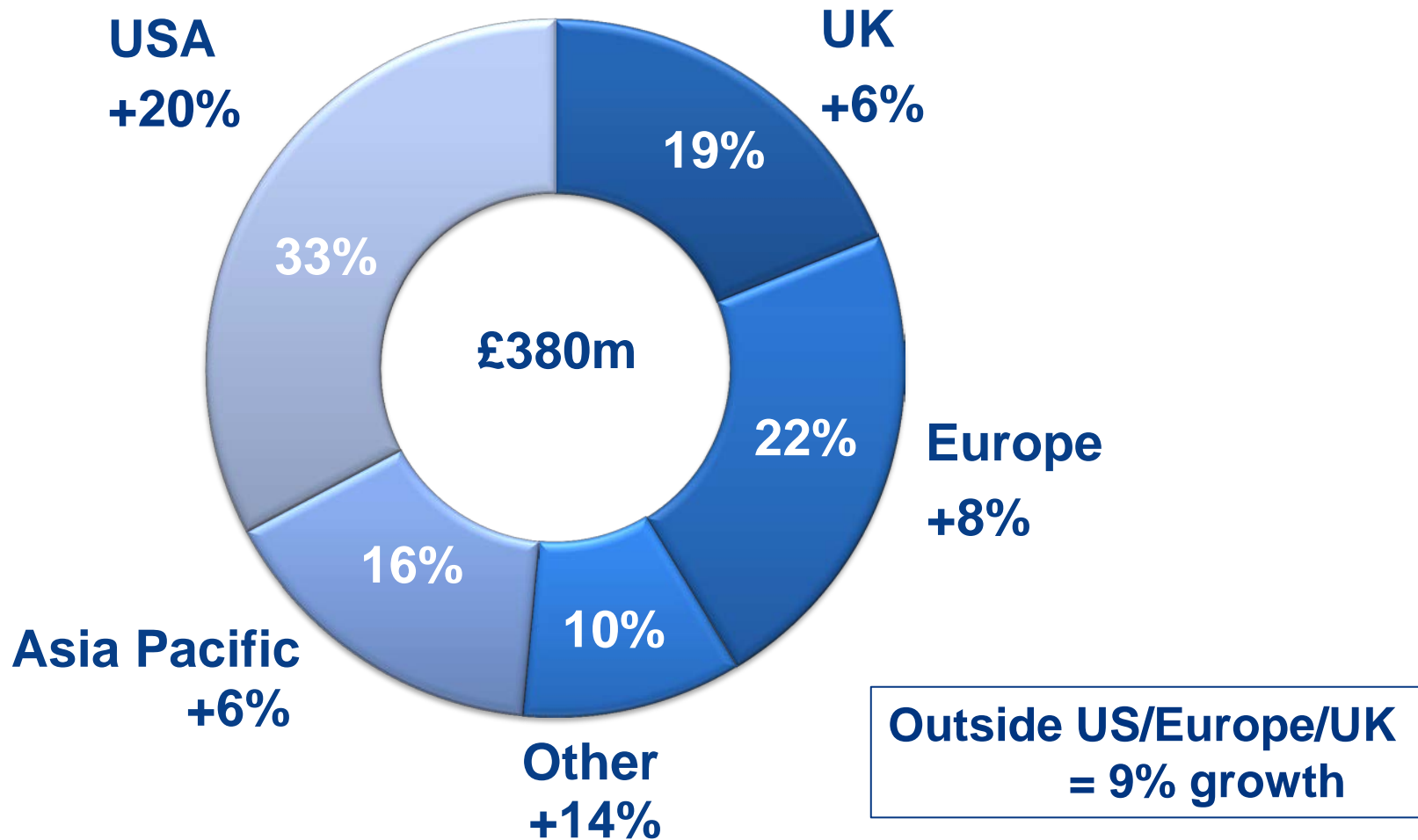
Revenue growth

H1, 2015/16

	% growth
➤ Headline growth	11%
➤ Acquisitions	<u>(1%)</u>
➤ Organic growth	10%
➤ Currency	<u>(3%)</u>
➤ Organic constant currency growth	7%

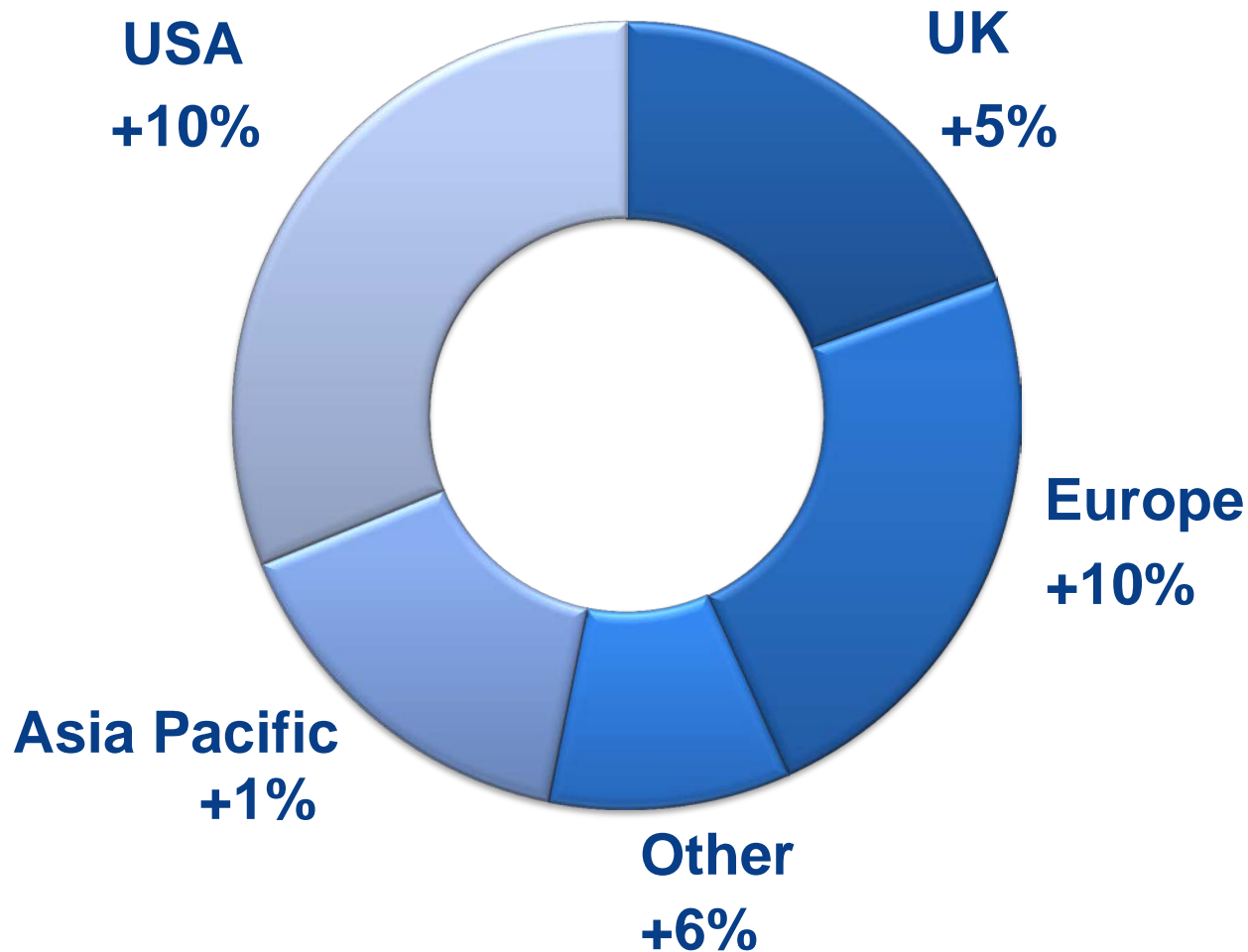
Revenue by destination

Revenue and revenue growth, H1 2015/16



Revenue by destination: Organic constant currency

Revenue and revenue growth, H1 2015/16



Profit* growth

H1, 2015/16

	% growth
➤ Headline growth	8%
➤ Acquisitions	<u>(2%)</u>
➤ Organic growth	6%
➤ Currency	<u>(2%)</u>
➤ Organic constant currency growth	4%

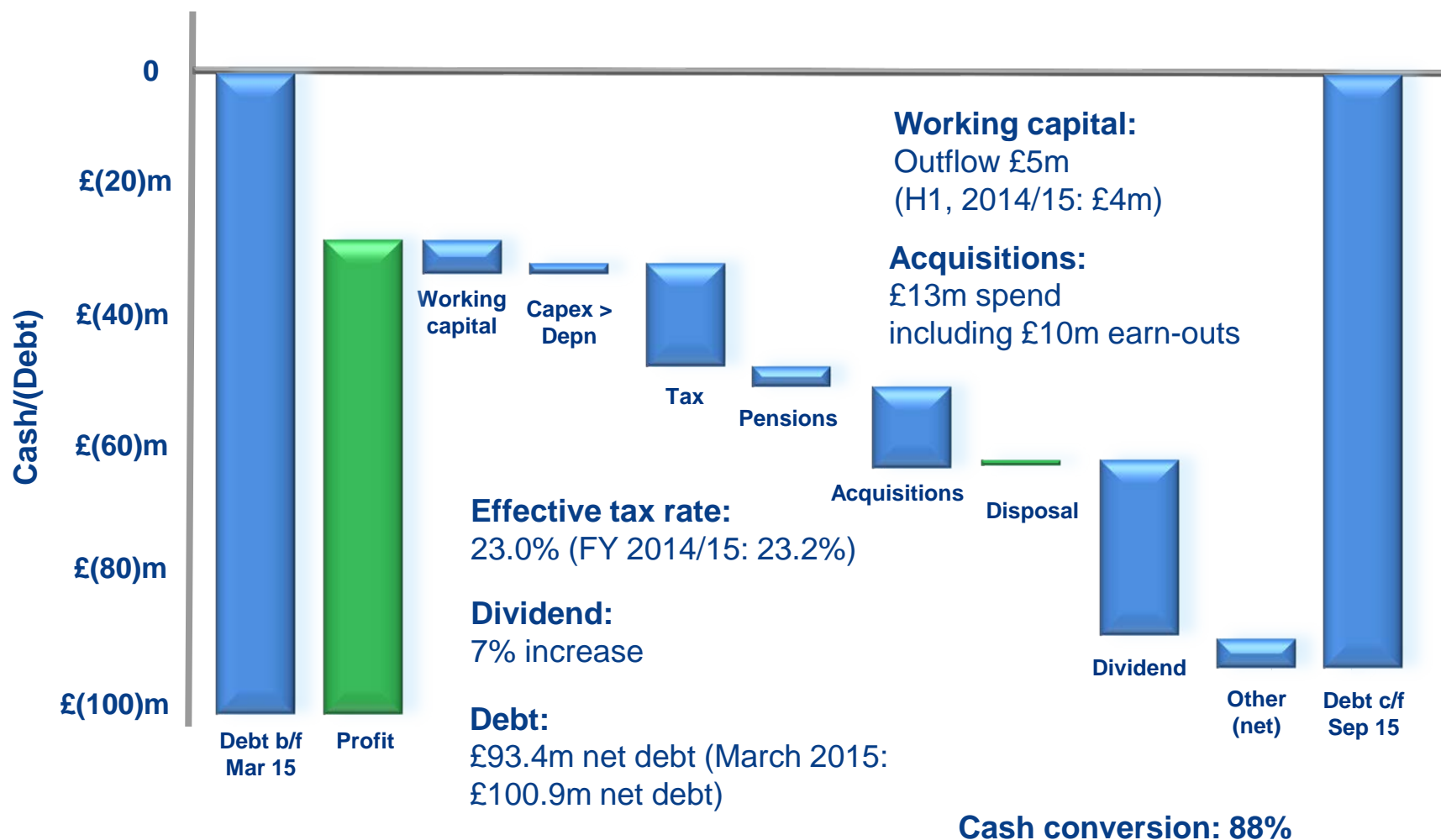
* Profit before amortisation of acquired intangibles, acquisition items and profit or loss on disposal of operations

Currency

- Translation impact H1 15/16 v H1 14/15
 - US\$/£: Δ 8% stronger US\$
 - Euro/£: Δ 12% weaker €
 - Net positive impact: 3% revenue, 2% profit
- At current Fx rates
 - FY: broadly neutral*
- More information in Appendix

* based on 14/15 results

Cash flow H1 2015/16



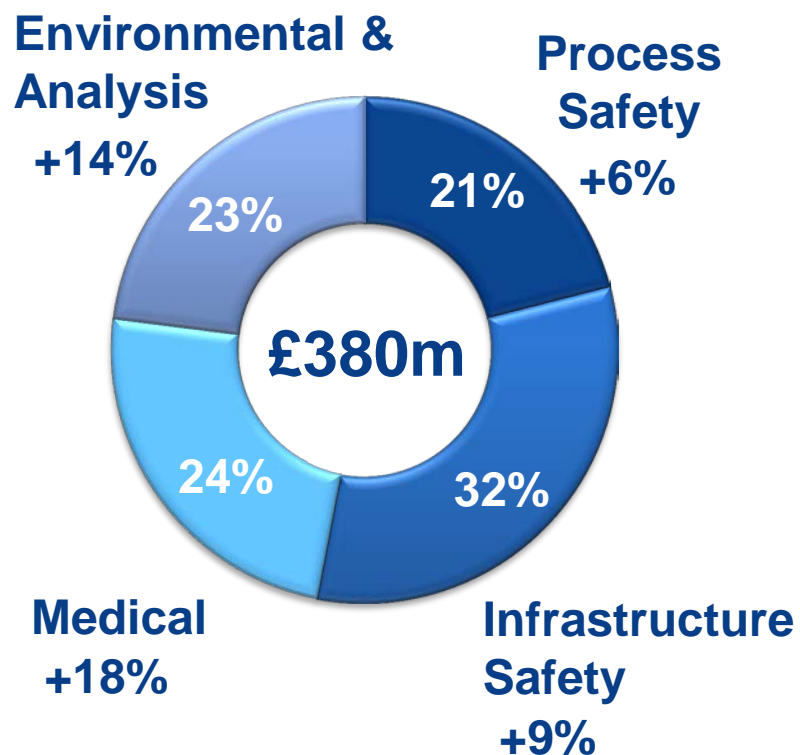
Funding

- USPP agreed
 - \$250m
 - Weighted average interest rate of 2.5%
- £360m bank facility – 5 years to 2018
- Comfortable with:
 - net debt up to 1.25x EBITDA (H1: 0.5x)
 - temporarily higher gearing
- Strong balance sheet with significant capacity

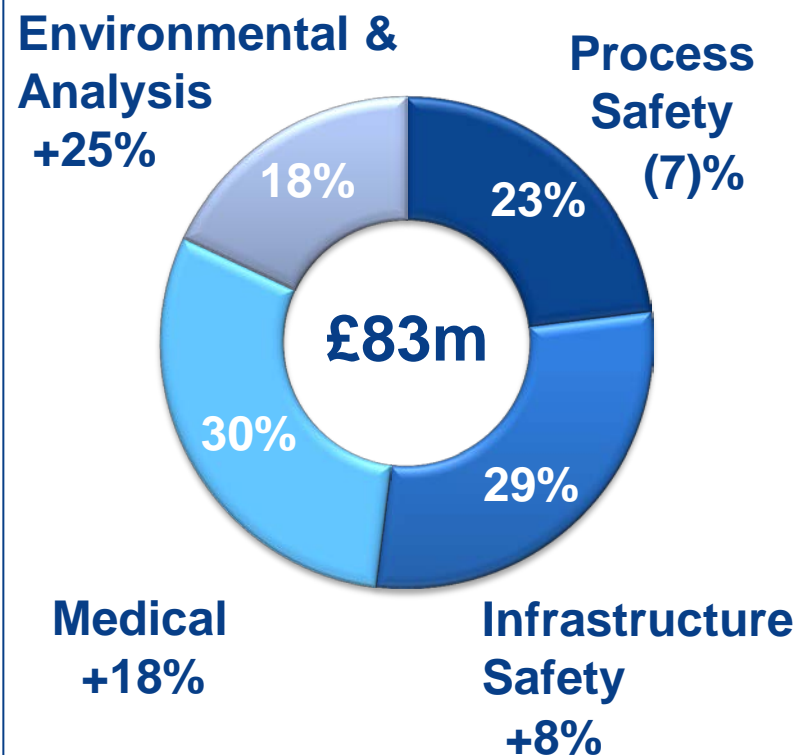
Trading Review

Sector performances

Revenue

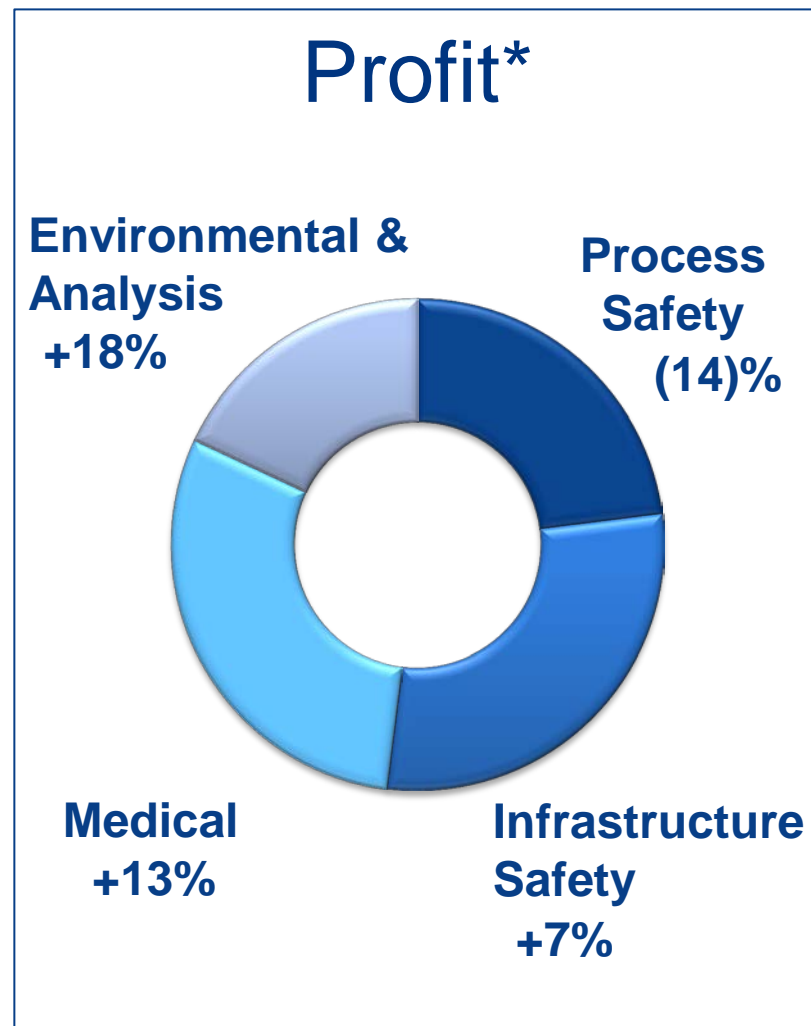
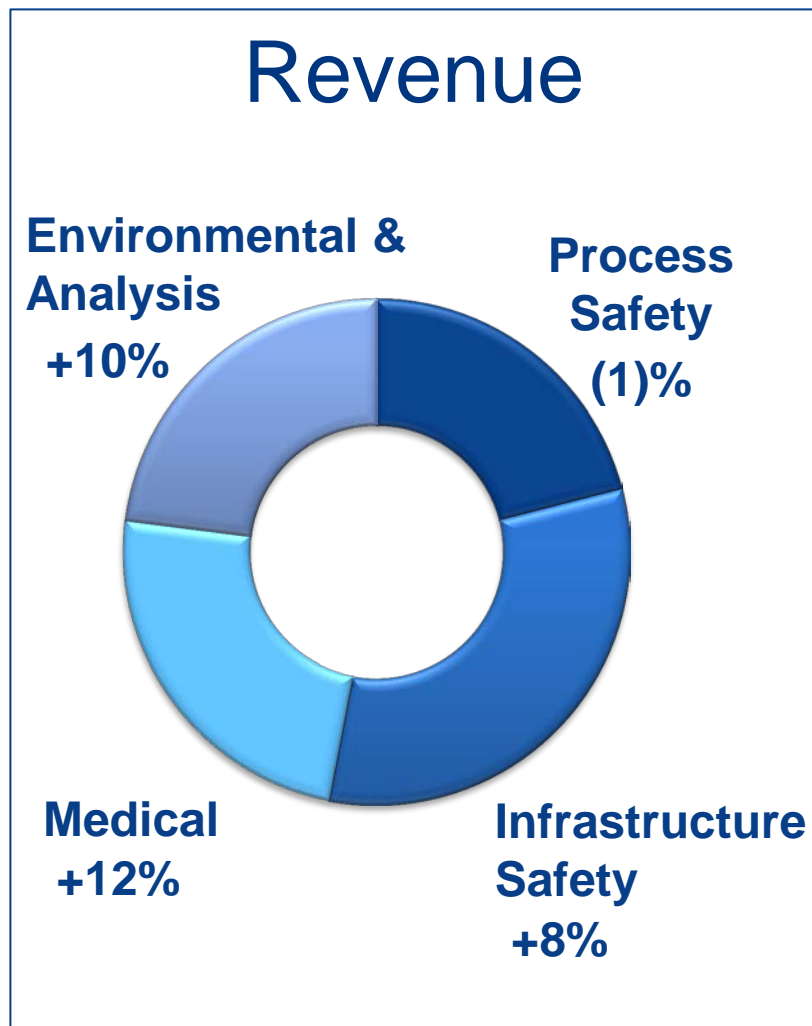


Profit*



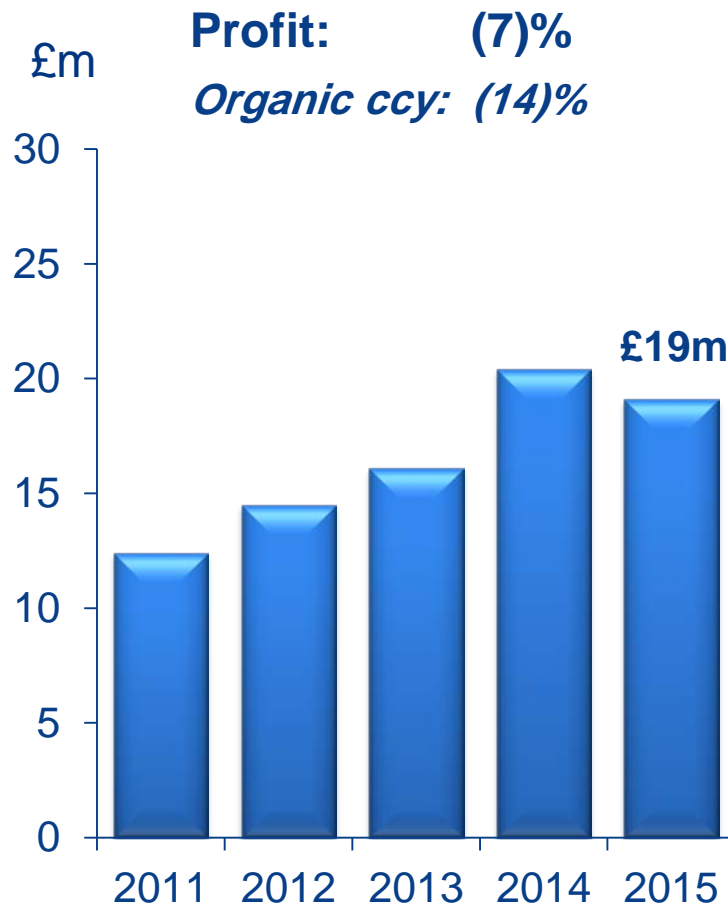
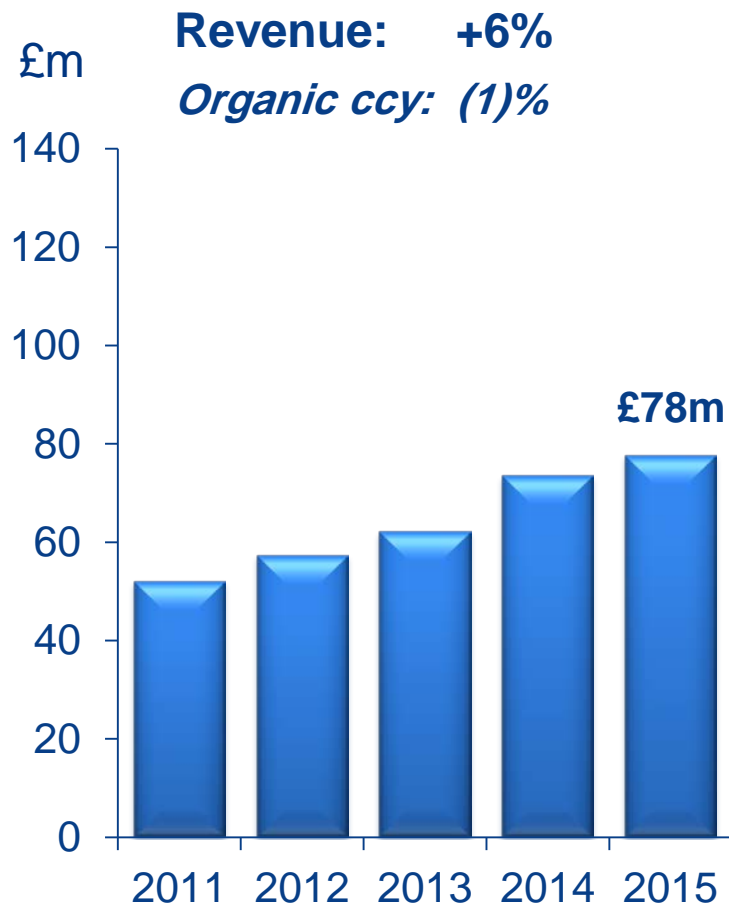
* Profit before amortisation of acquired intangibles, acquisition items and profit on disposal of operations and excluding finance and central administration costs

Sector performances: Organic growth constant currency



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

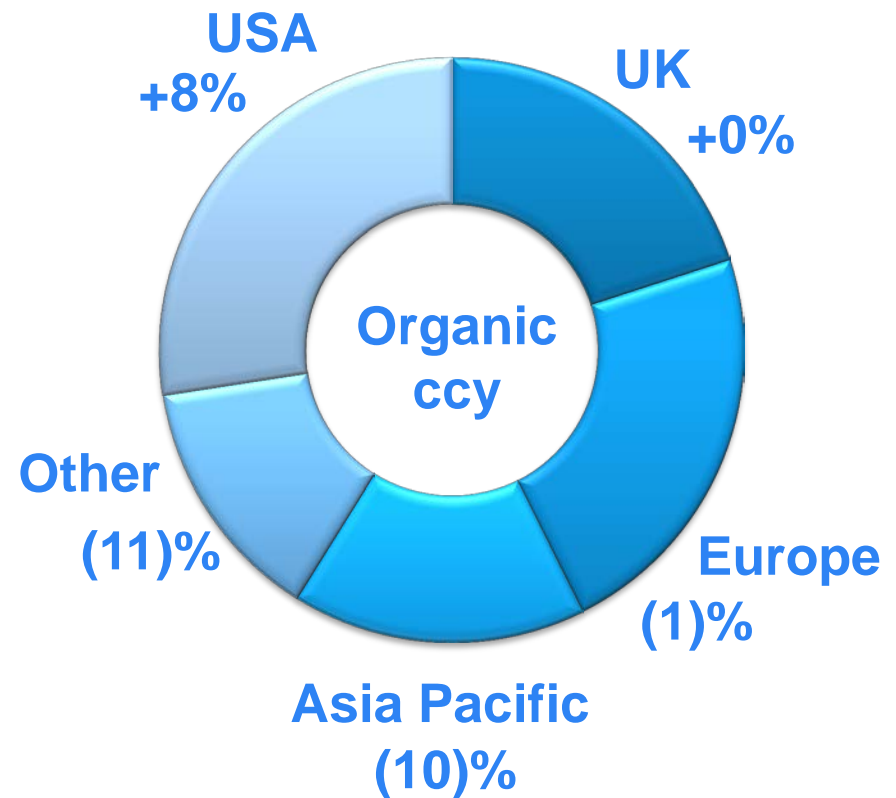
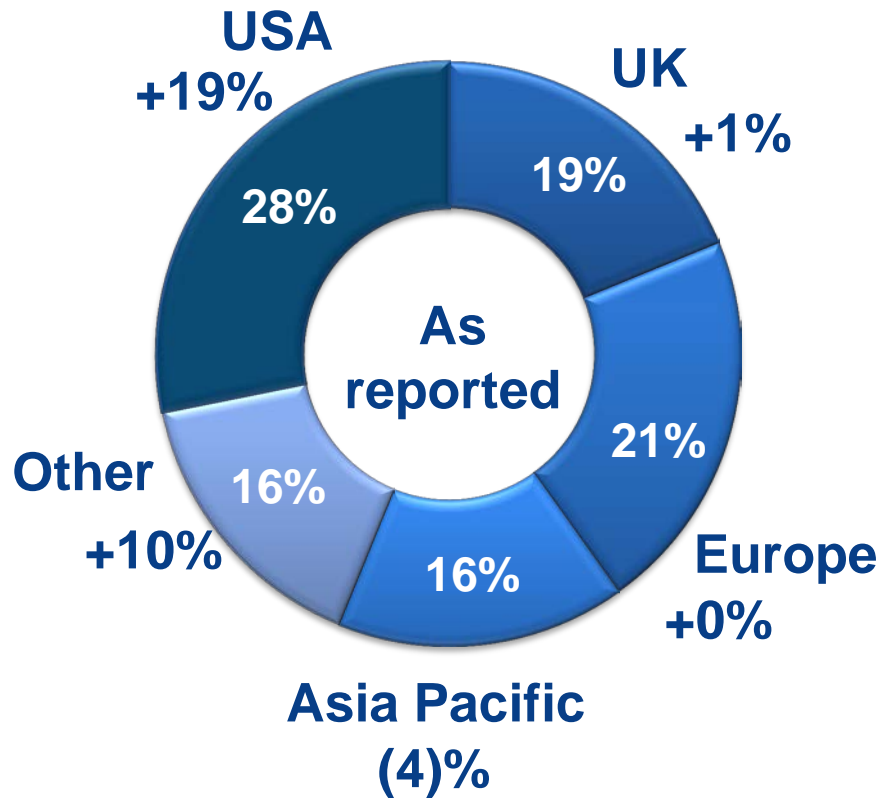
Process Safety: Trading performance (excluding disposal)



Return on Sales: 24.5%

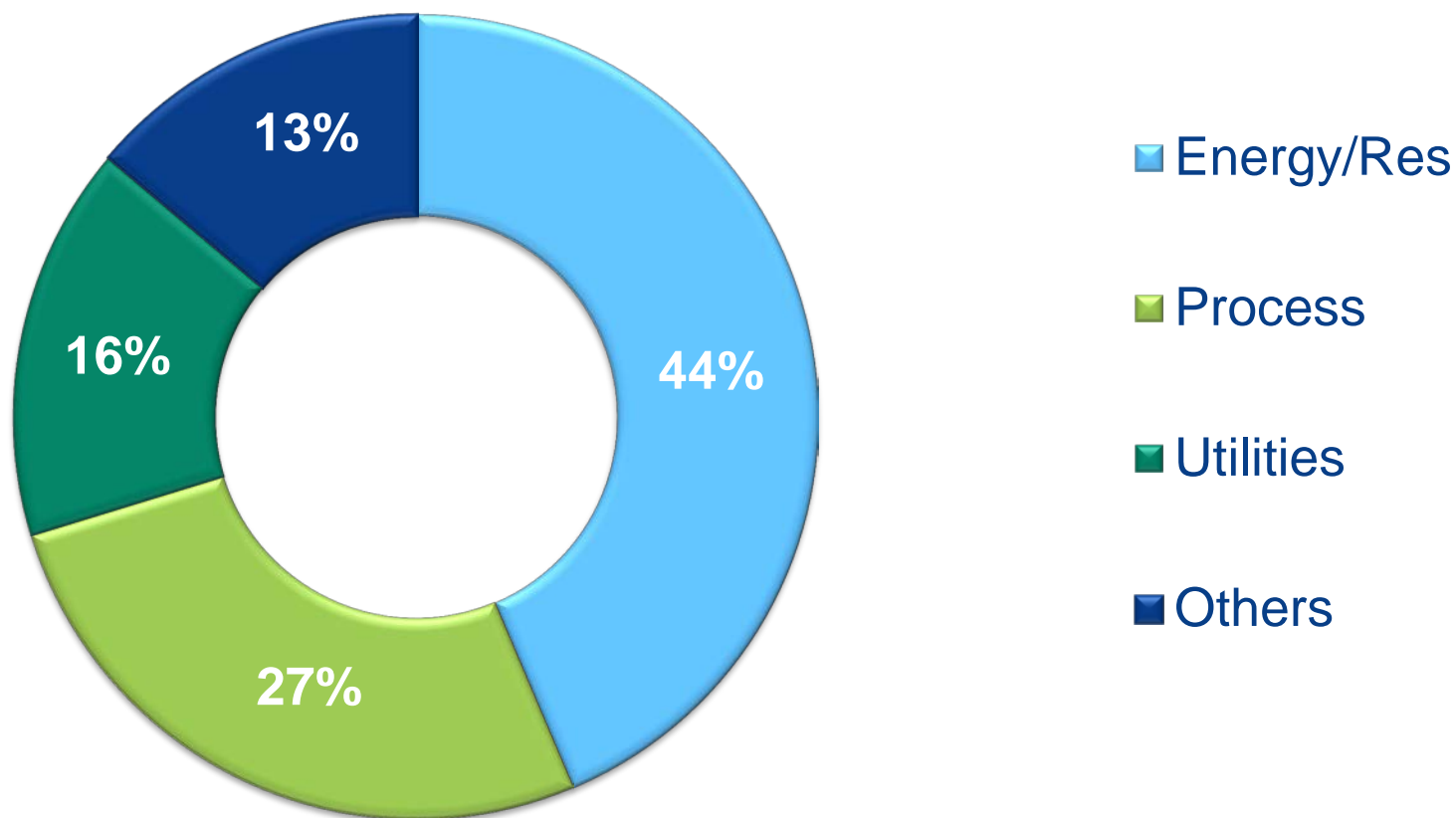
Process Safety: Revenue by destination

% of sector & % growth

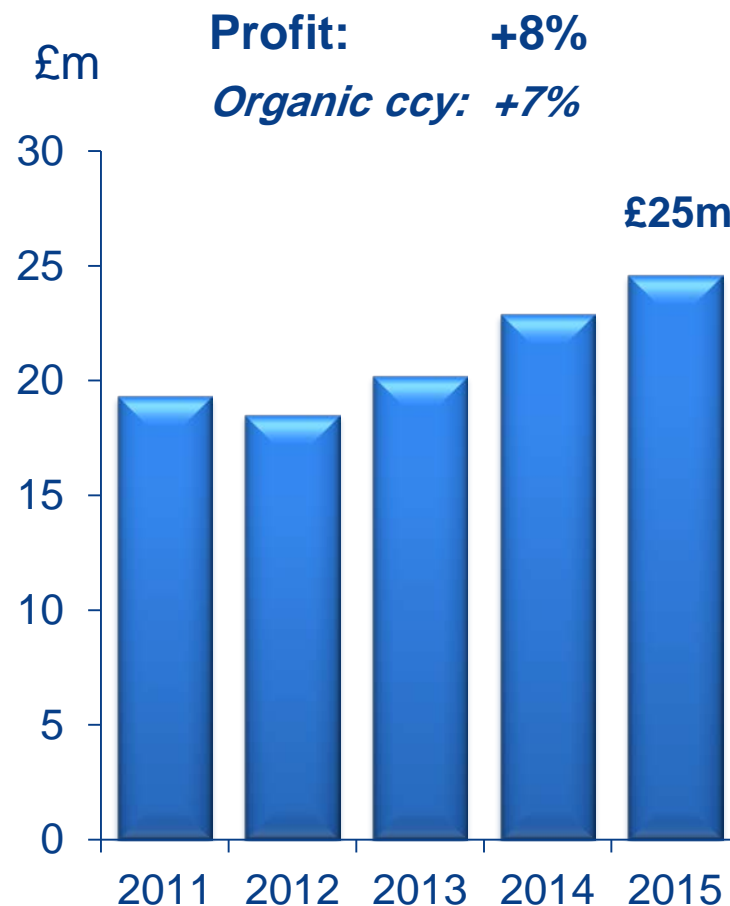
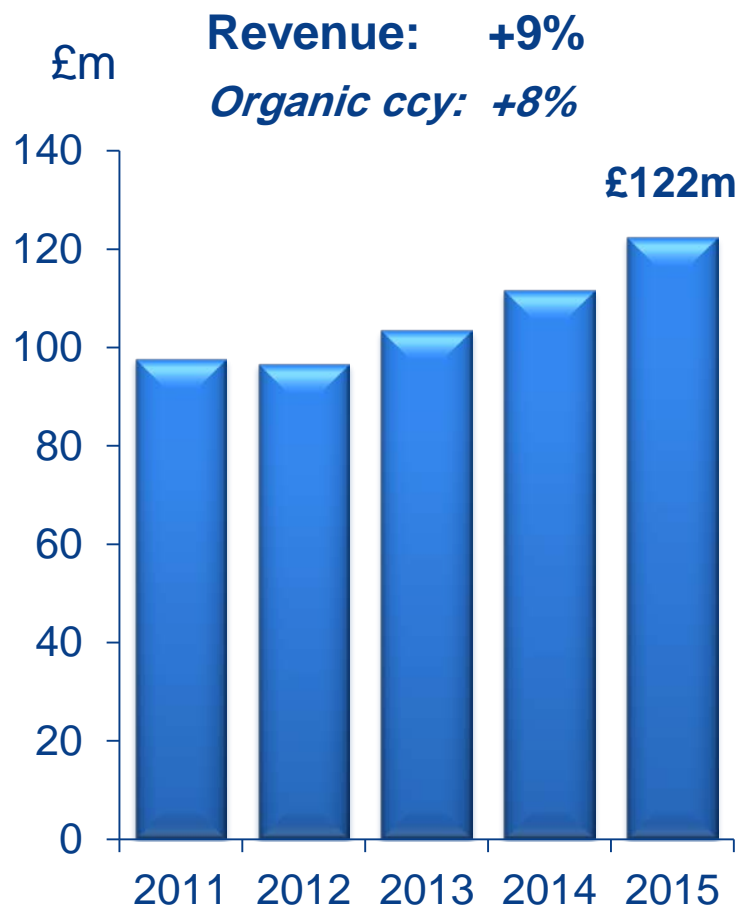


Process Safety: Revenue by end market

% of sector



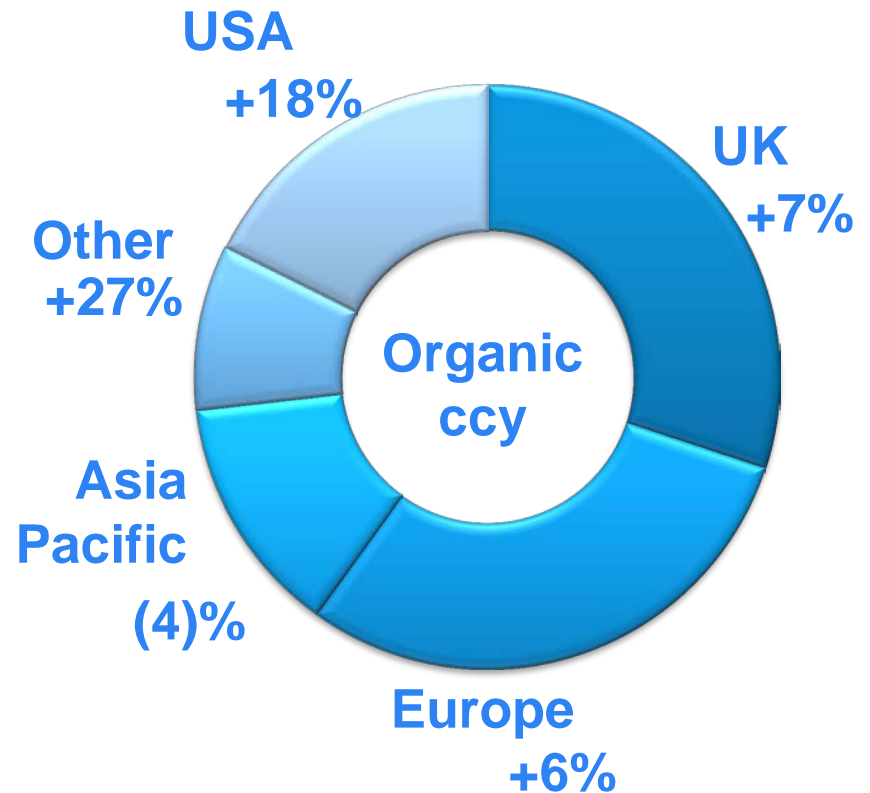
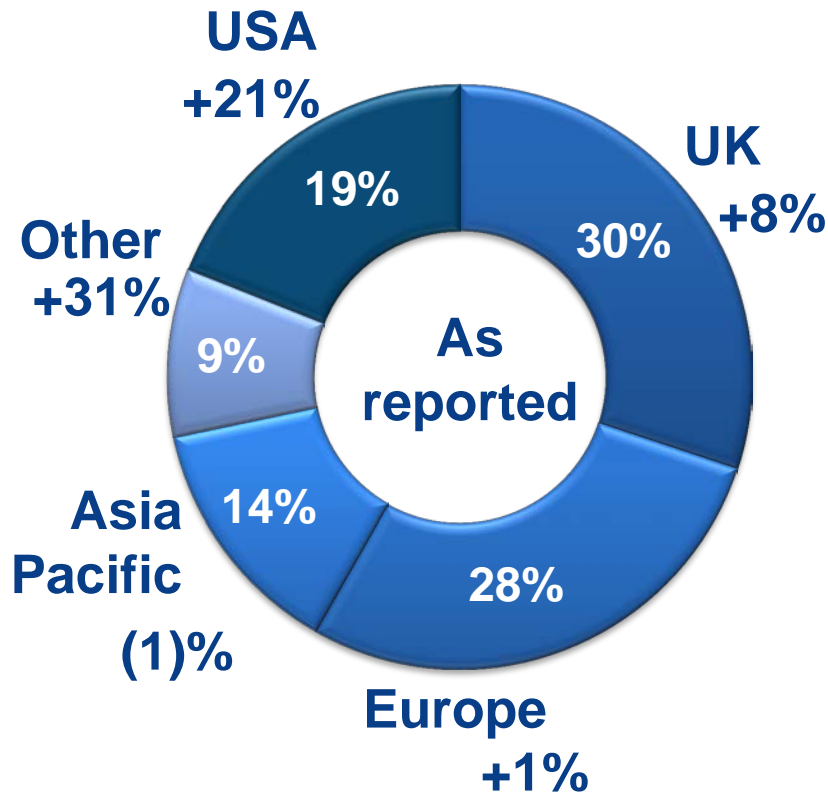
Infrastructure Safety: Trading performance (excluding disposal)



Return on Sales: 20.1%

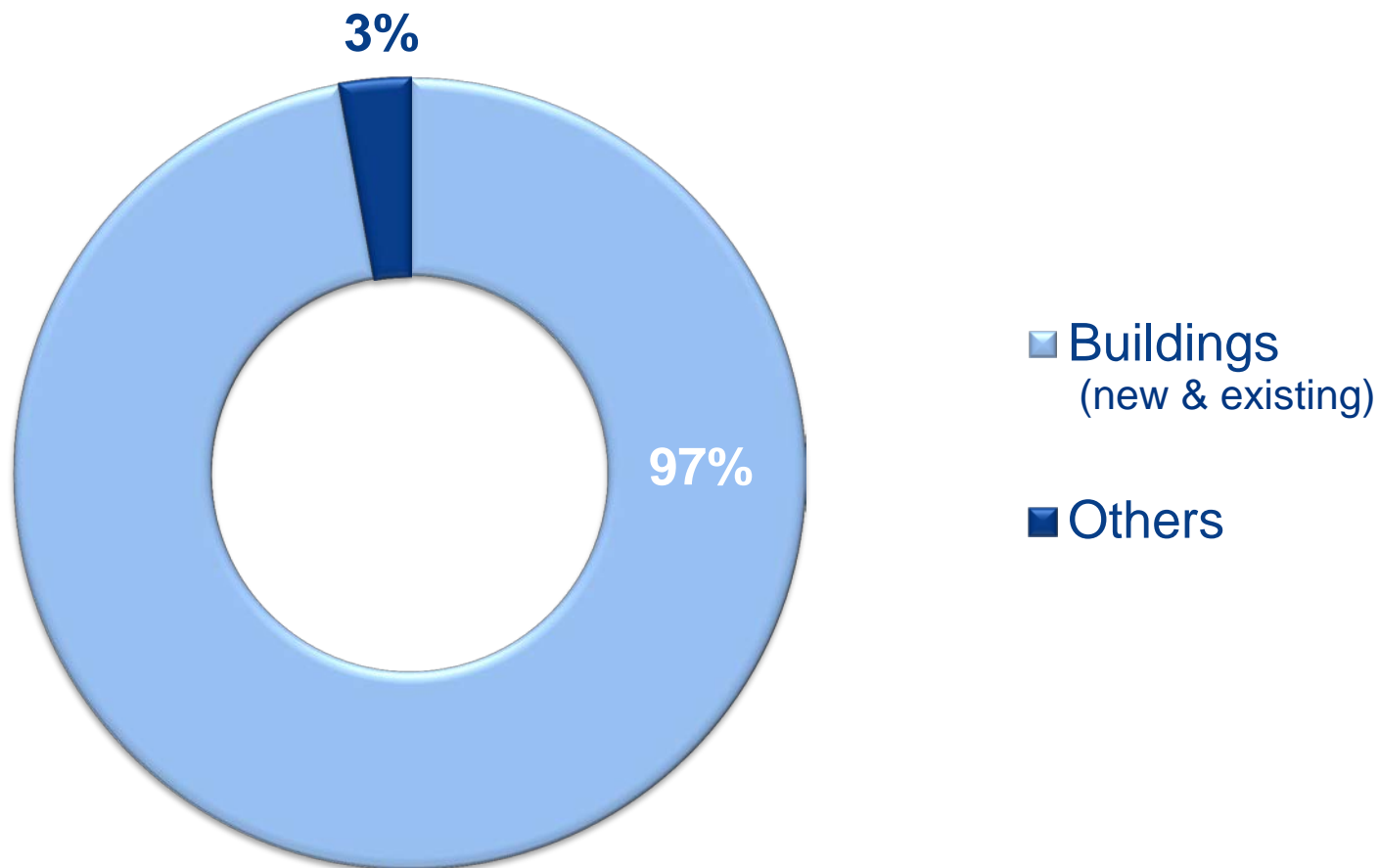
Infrastructure Safety: Revenue by destination

% of sector & % growth

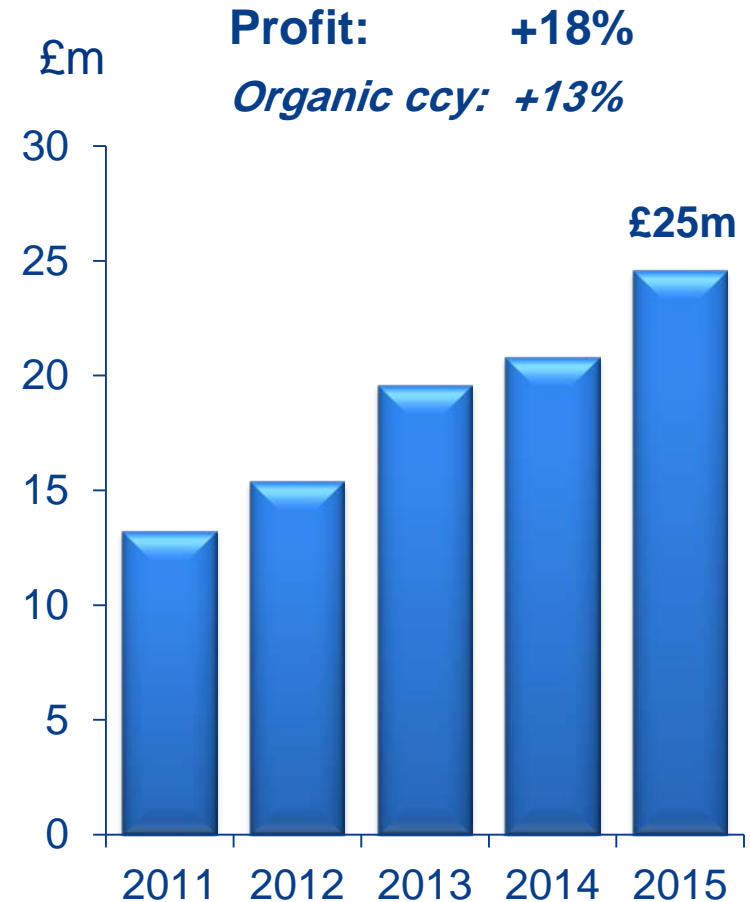
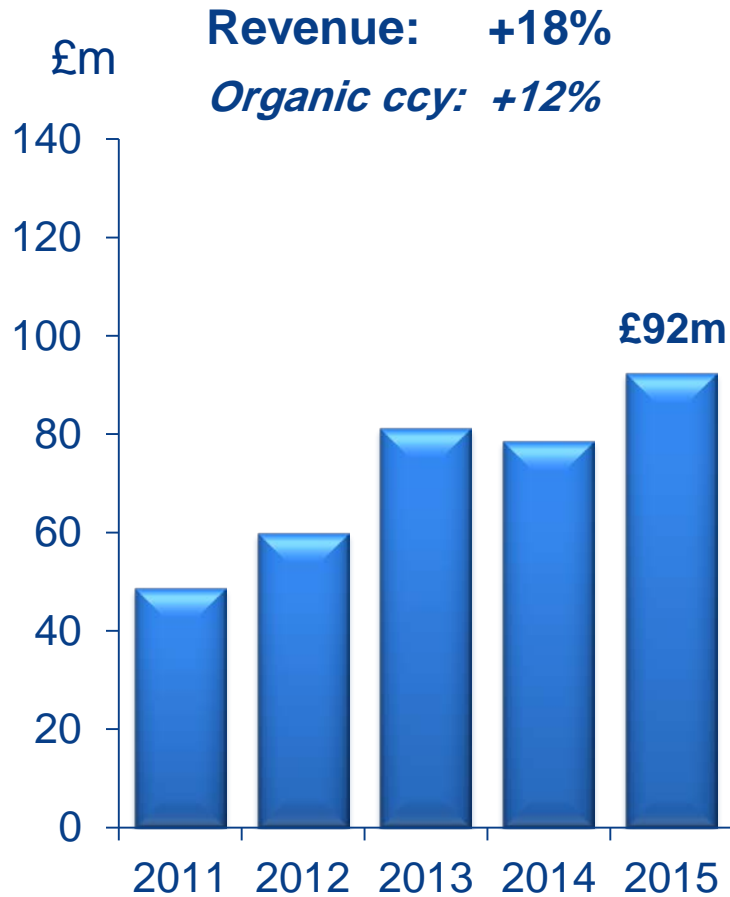


Infrastructure Safety: Revenue by end market

% of sector



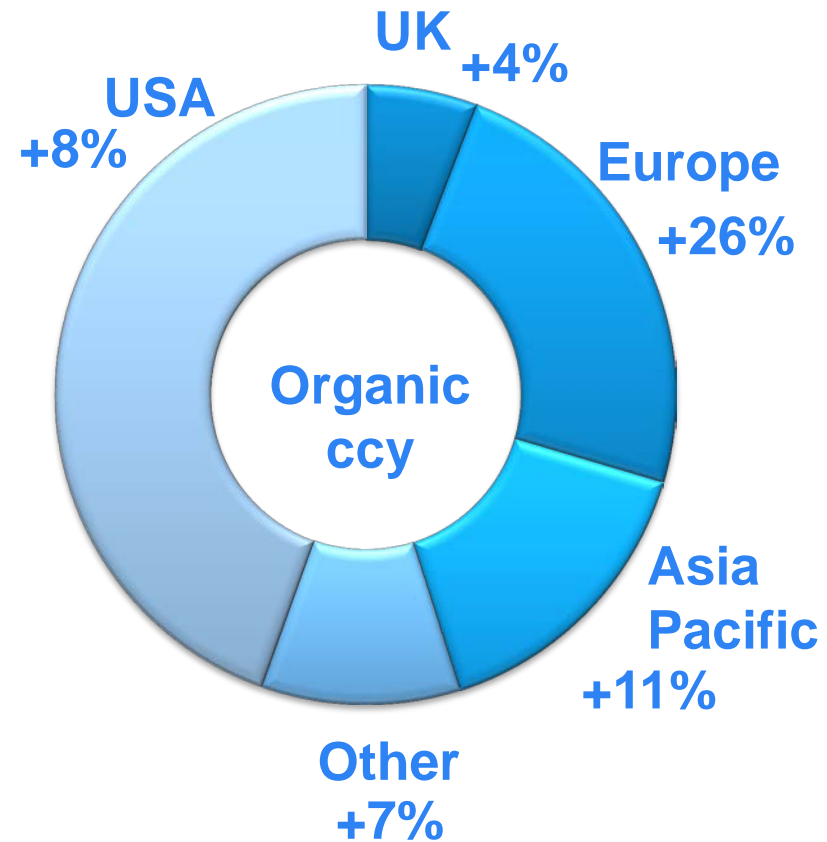
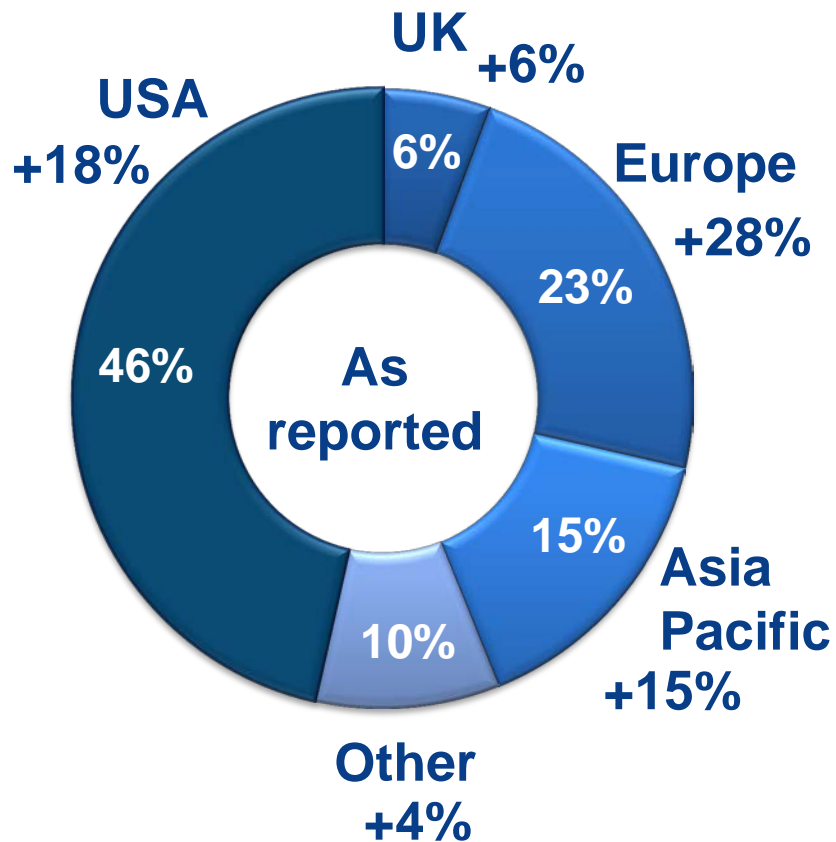
Medical: Trading performance



Return on Sales: 26.6%

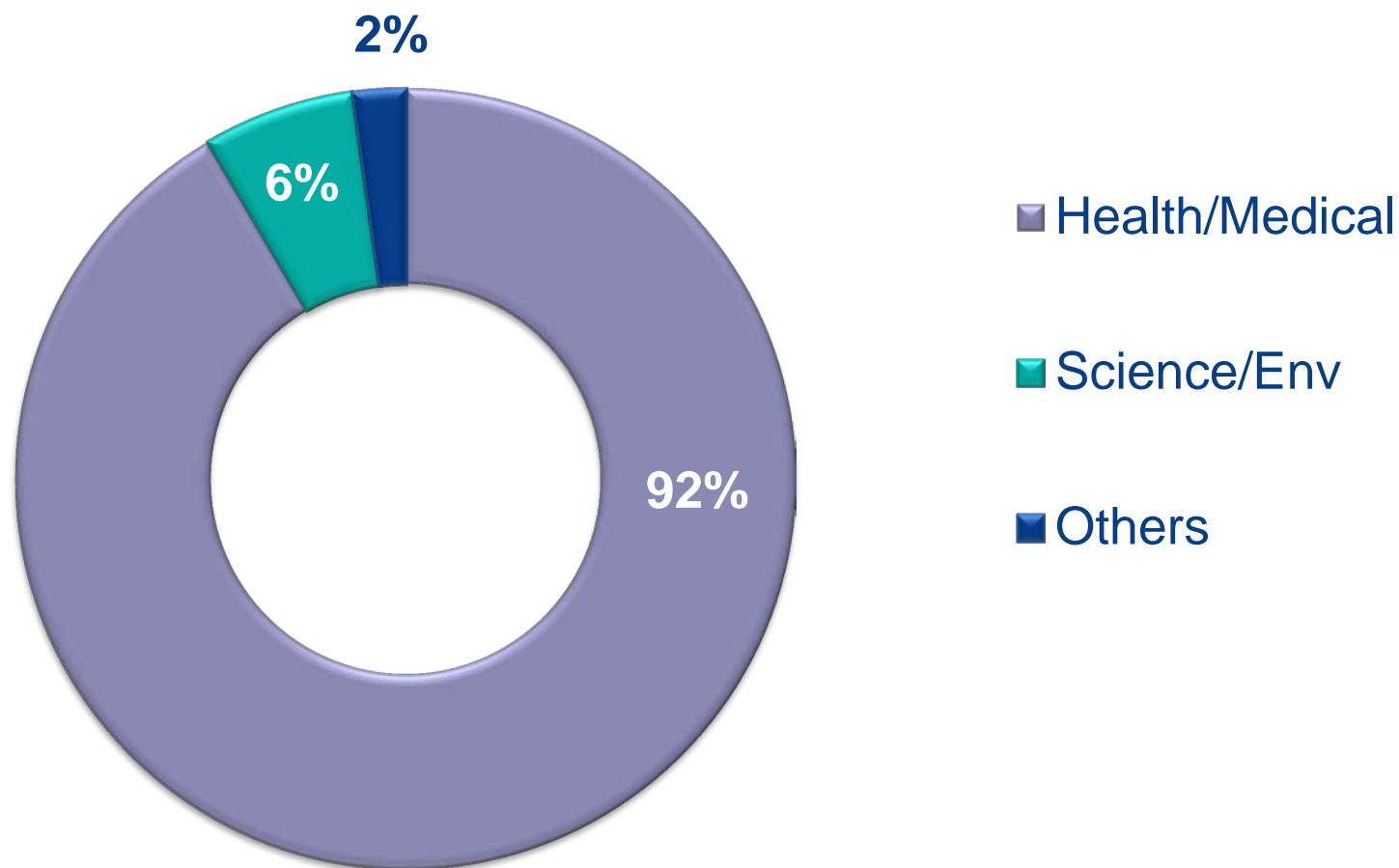
Medical: Revenue by destination

% of sector & % growth

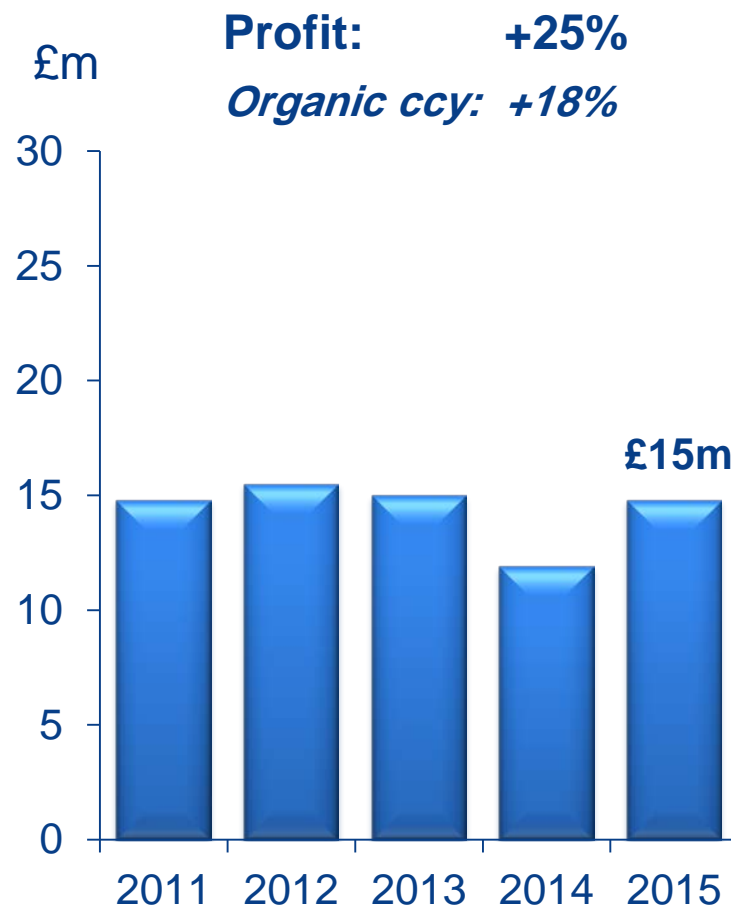
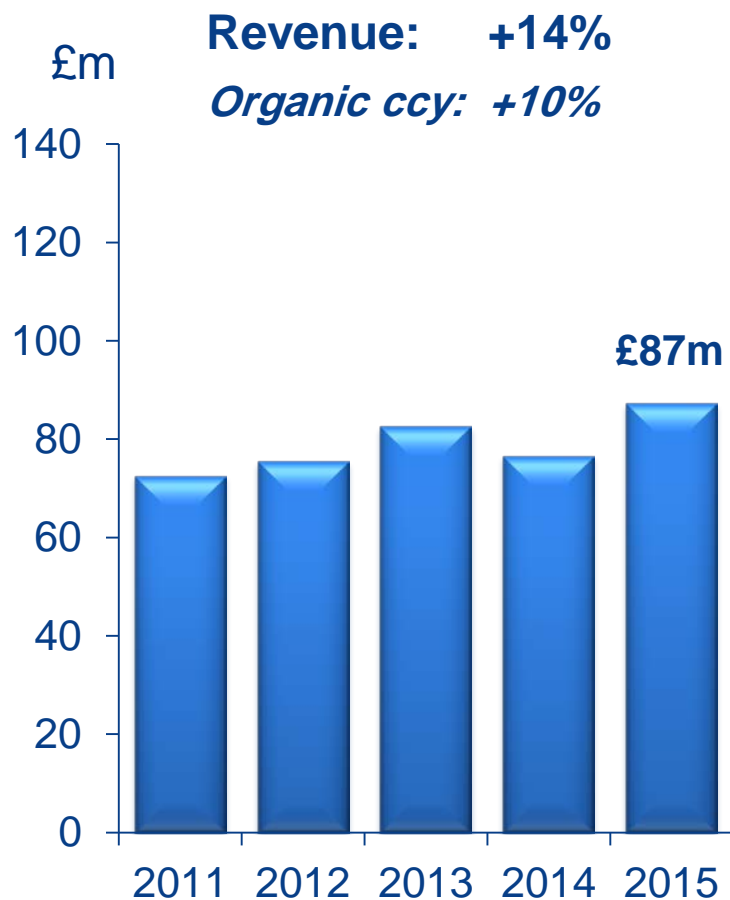


Medical: Revenue by end market

% of sector



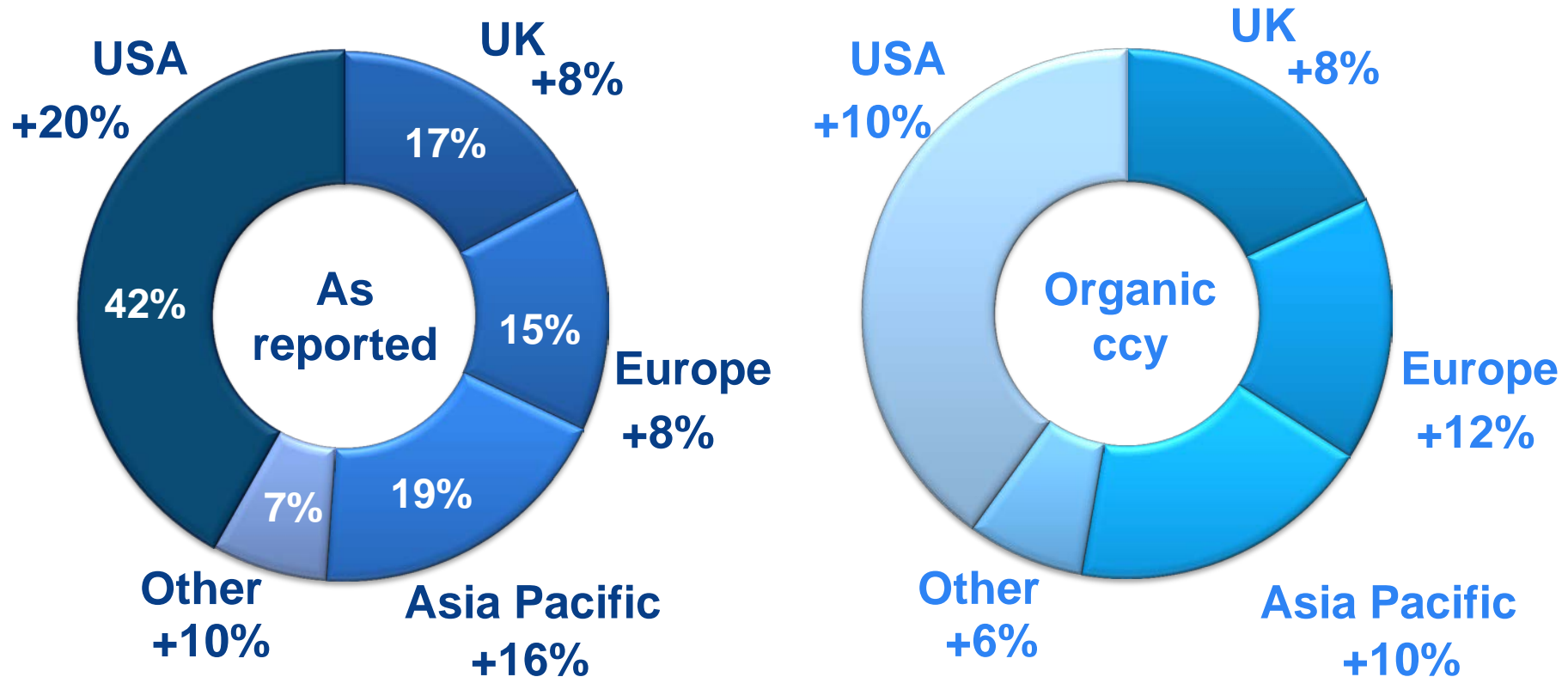
Environmental & Analysis: Trading performance



Return on Sales: 16.9%

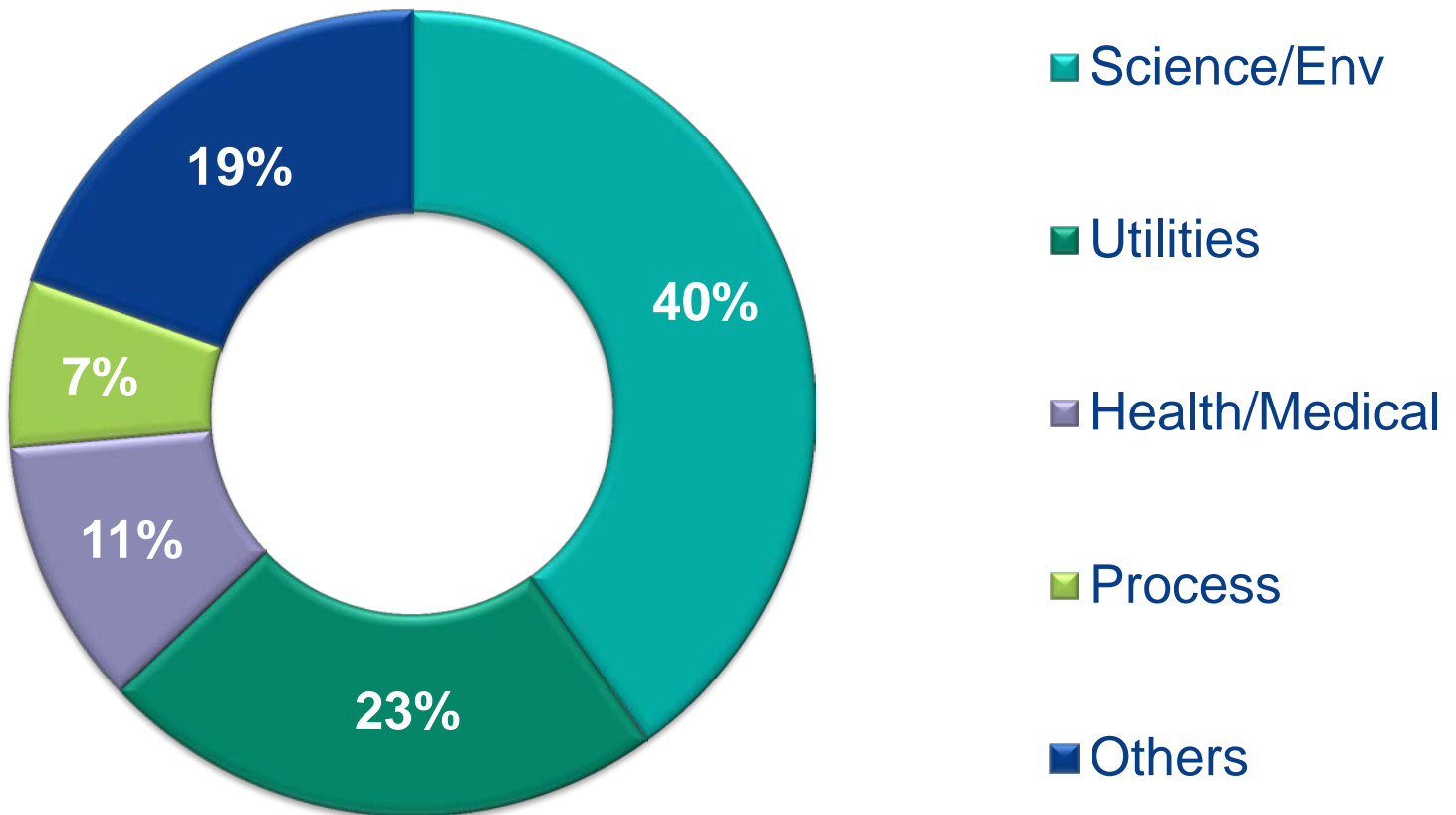
Environmental & Analysis: Revenue by destination

% of sector & % growth



Environmental & Analysis: Revenue by end market

% of sector



Strategic Investment

- Innovation
- International Expansion
- Talent
- M&A

Firetrace Acquisition



Mark Cavanaugh
President, Firetrace

The Firetrace acquisition video can be viewed on the Halma website at: <http://www.halma.com/news/video/acquisitions.aspx>

Firetrace Acquisition: Summary

- privately owned, 'not-for-sale'
- niche technology, simple & rugged solution
- safety regulation/risk market demand driver
- growth potential:
 - new applications
 - international market expansion
 - collaboration with Halma safety businesses

Summary & Outlook

- Record first half year results
 - revenue growth in all sectors and major regions
 - strong returns and cash generation
 - continued investment for growth
- Good start to second half year
 - FireTrace acquisition
 - increased financial capacity
 - order intake ahead of last year and revenue

Questions



Appendices

Currency impacts

	\$		% change	€		% change
Average rates	15/16	14/15		15/16	14/15	
• H1 v £	1.54	1.68	8.3%	1.39	1.24	(12.1%)
• Full Year v £	N/A	1.61		N/A	1.27	

• **1% change* (Annual impact)**

\$ (~ 40% of total)

€ (~10% of total)

Revenue

+/- £3.1m

+/- £0.8m

Profit

+/- £0.6m

+/- £0.2m

- At \$1.54/€1.39 Average rates for the full year 2015/16, currency translation impact on revenue and profit would be broadly neutral compared with using 2014/15 Fx rates**.

* Based on 2015/16 Half Year Results

** Based on 2014/15 Results

Pensions

DB plans Deficit	Sept 15	March 15
	£m	£m
Assets	212.9	224.8
Liabilities	(264.3)	(291.6)
Deficit	(51.4)	(66.8)

- Discount rate increased to 3.75% (March 2015: 3.25%), reducing liabilities
- Closed UK DB pension plans to future accrual December 2014
- Contributions to pay off deficit : 2014/15: £7m, 2015/16 forecast: £8m, 2016/17: £10m

Acquisitions 2015/16

	Sector	Consideration				
2015/16 Acquisitions		Acquired	Initial £m	Maximum Earn out £m	Revenue* £m	EBIT* £m
First Half:						
VAS	Medical	May 15	3	1	1.5	0.3
Second half to date:						
Firetrace	Infrastructure Safety	Oct 15	73	-	25.8	7.4
			76	1		

* At acquisition run-rate

Impact of M&A

Revenue *

£m		Actual H1 15/16	Expected H2 15/16	Expected Full Year 15/16
Acquisitions	14/15	5	-	5
Disposal	14/15	(1)	-	(1)
Acquisitions	15/16	1	14	15
Net		5	14	19

Profit after financing costs *

£m		Actual H1 15/16	Expected H2 15/16	Expected Full Year 15/16
Acquisitions	14/15	1.2	-	1.2
Acquisitions	15/16	0.1	3.2	3.3
Net		1.3	3.2	4.5

* at acquisition/disposal run-rate

2015/16 Full year

	Notes	Full year 15/16 forecast	14/15 Actual
Capex	1	~ £25.7m	£23.2m
Effective tax rate		~ 23.0%	23.2%
Central costs	2	~ £11.0m	£9.0m
Net finance expense	3	~ £6.4m	£4.9m

Notes:

1. 15/16 capex includes £5m for a Swiss property purchase (2014/15: £5m)
2. Additional cost in 2015/16 for HITE conference, China investment, people/talent
3. Assumes current interest rates, \$250m US Private Placement from January 2016 and only Firetrace and VAS acquisitions.

Sector history

£m		11/12	12/13	13/14	14/15	15/16
Sector revenue	Process Safety	58.0	62.5	62.2	73.6	77.8
	Infrastructure Safety	101.1	100.5	107.3	112.7	122.4
	Medical	48.6	59.8	81.1	78.5	92.3
	Environmental & Analysis	72.5	75.5	82.6	76.2	87.2
	Inter-segmental sales	(0.2)	(0.2)	(0.1)	(0.1)	-
	Group revenue	280.0	298.1	333.1	340.9	379.7
Sector profit*	Process Safety	13.6	15.3	16.1	20.4	19.1
	Infrastructure Safety	19.4	18.8	20.6	22.8	24.6
	Medical	13.1	15.4	19.6	20.9	24.6
	Environmental & Analysis	14.8	15.5	15.0	11.9	14.7
	Segment Profit	60.9	65.0	71.3	76.0	83.0
	Central cost/net finance expense	(3.4)	(5.3)	(6.2)	(7.0)	(8.3)
	Profit*	57.5	59.7	65.1	69.0	74.7

* Profit before amortisation of acquired intangibles, acquisition items and profit or loss 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

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