

# Half Year results 2016/17

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

## Summary Half Year 2016/17

### Growth & High returns

**Revenue**  
**+16%**  
£442m

**Profit**  
**+12%**  
£84m

**ROS**  
**18.9%**  
(LY: 19.7%)

### Strategic investment

**R&D spend**  
**+16%**  
£23m

**ROW revenue**  
**+14%**  
£112m

### Strong cash performance

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

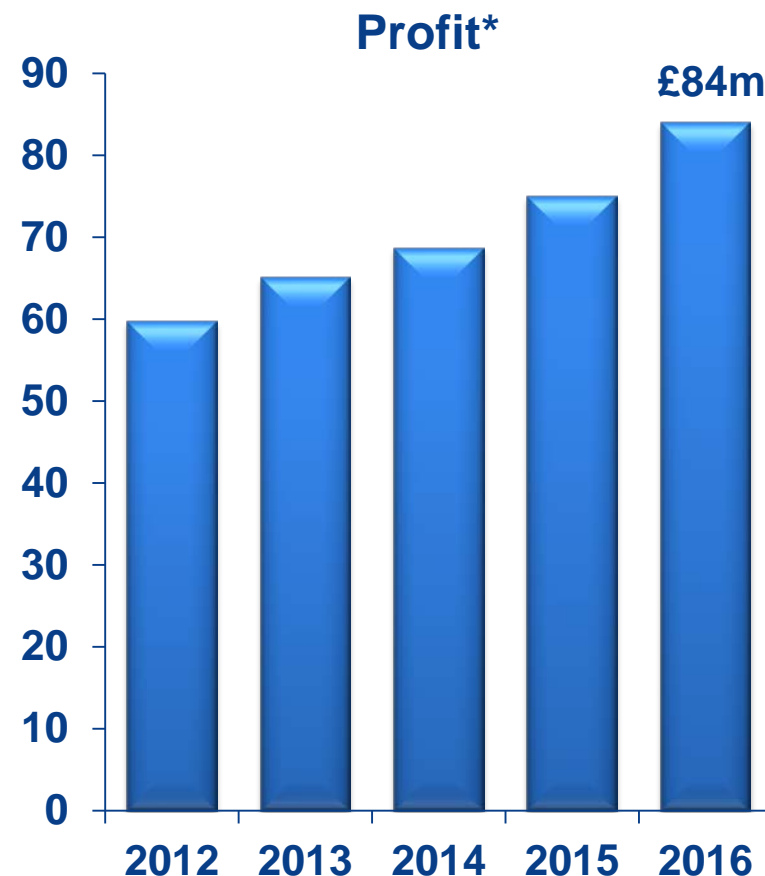
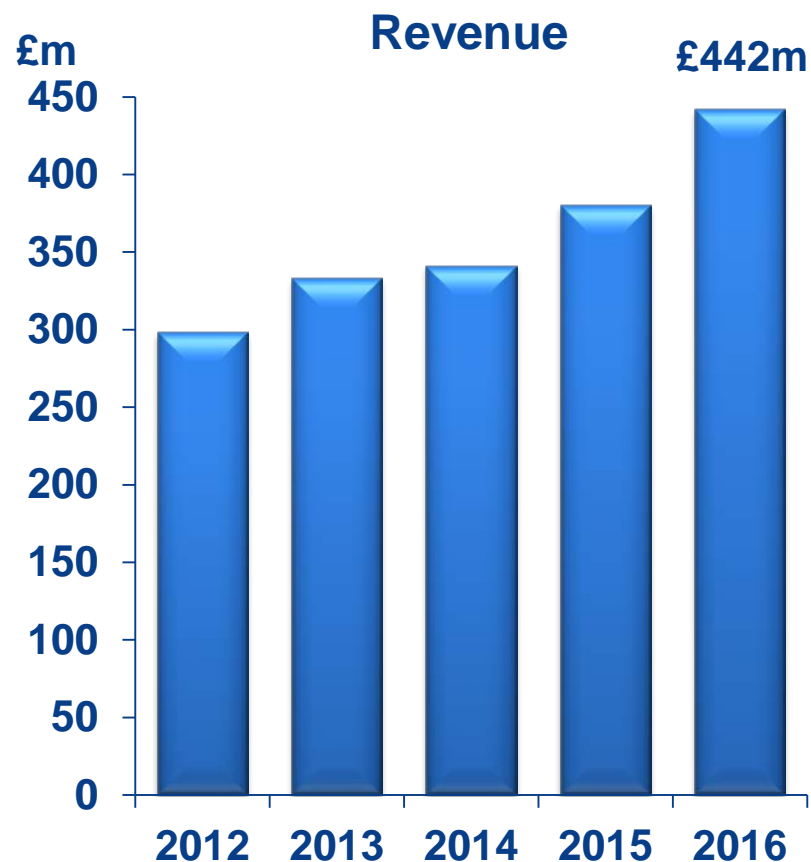
**Dividend**  
**+7%**  
5.33p

**Net Debt**  
**£237m**  
£247m FY16

# Financial Review

## Record results

H1, 2016/17



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

## Revenue growth

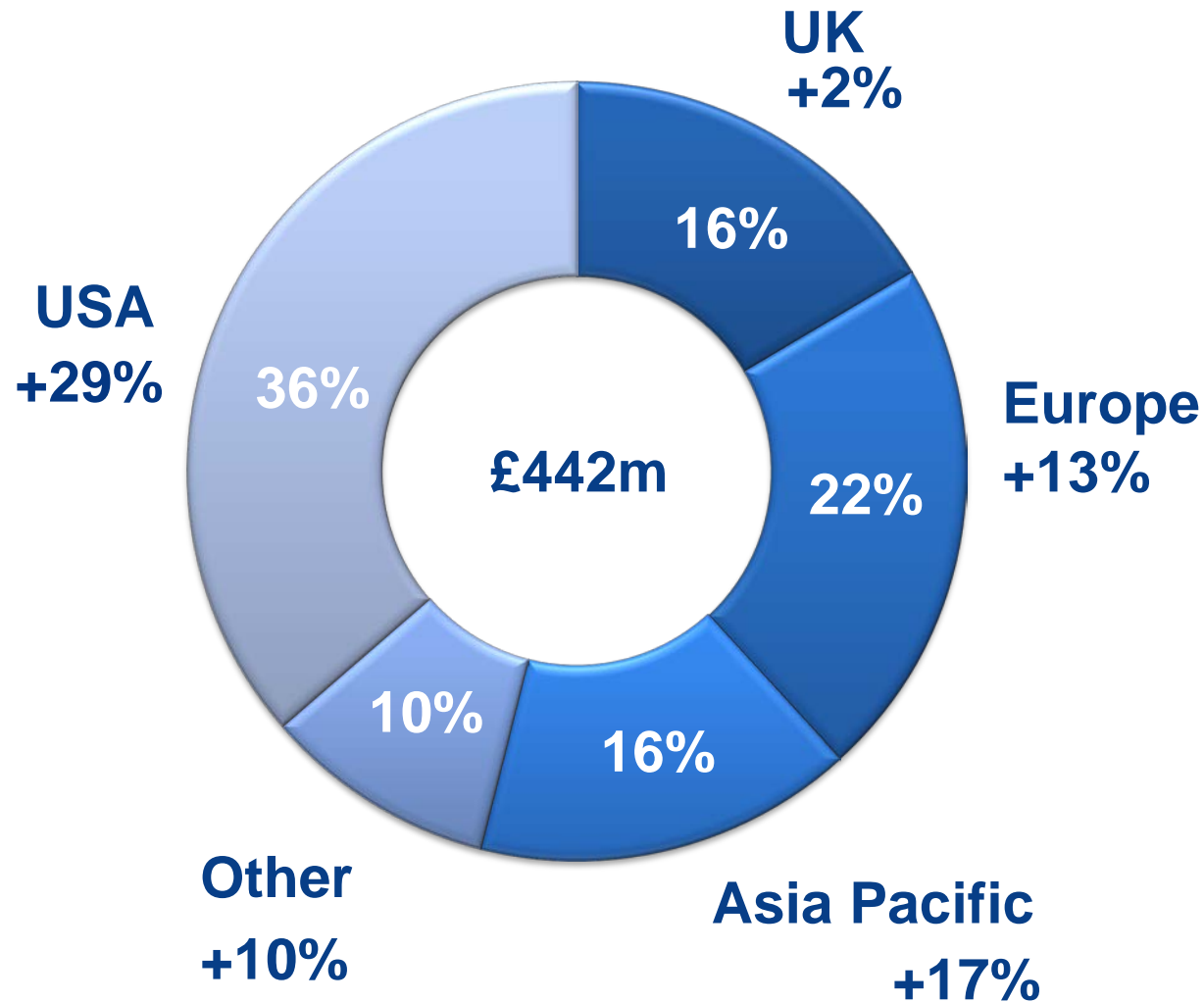
H1, 2016/17

	% growth
➤ Organic constant currency growth	2%*
➤ Currency	8%
➤ Acquisitions	<u>6%</u>
➤ Headline growth	16%

\* 6% growth on weekly average basis when adjusted for 27 weeks in the prior period

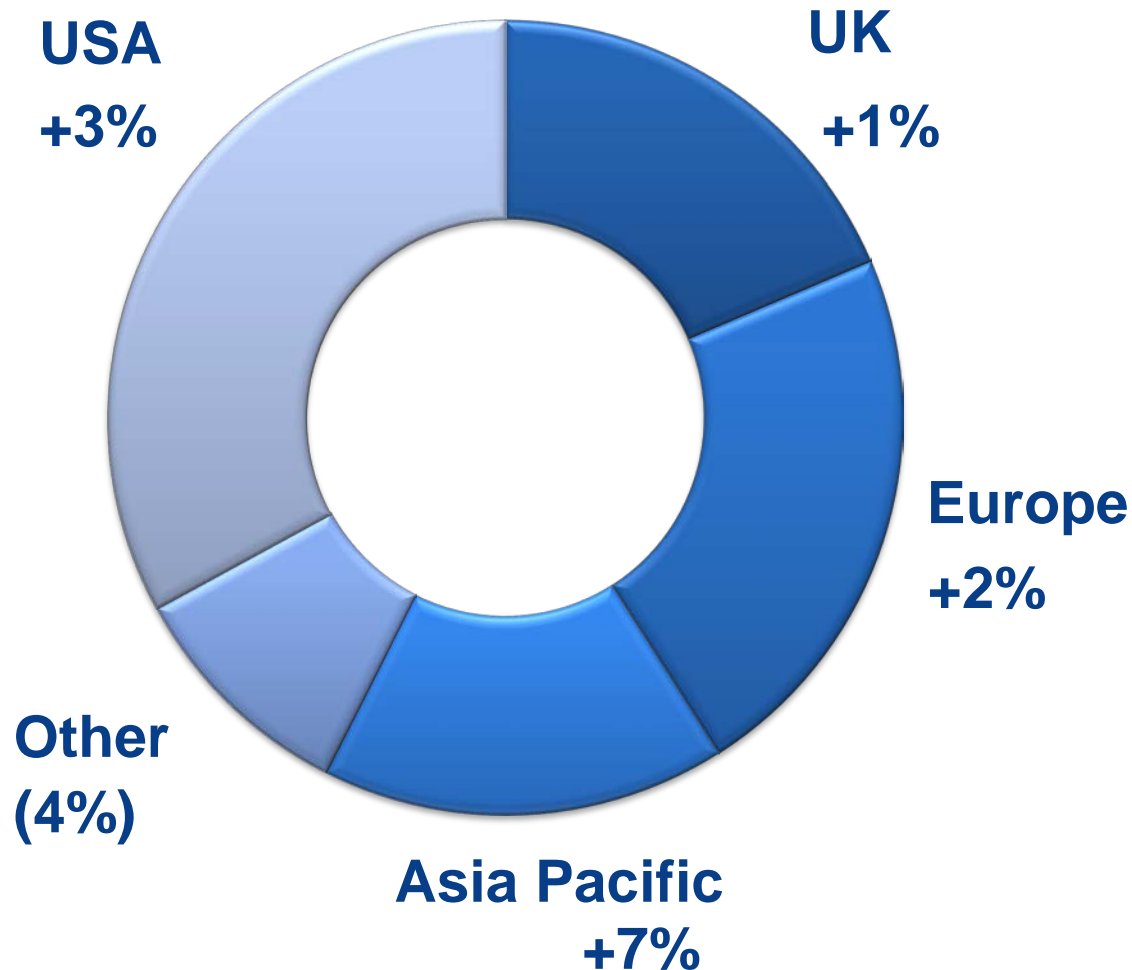
## Revenue by destination

Revenue and revenue growth, H1 2016/17



## Revenue by destination: Organic constant currency

Revenue and revenue growth, H1 2016/17



## Profit\*\* growth

H1, 2016/17

	% growth
➤ Organic constant currency	2%*
➤ Currency	8%
➤ Acquisitions	2%
➤ Headline growth	<u>12%</u>

\* 6% growth on a weekly average basis when adjusted for 27 weeks in the prior period

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



## Return on Sales

	2016/17			2015/16
	H1 £m	Acquisition* contribution £m	Without acquisitions £m	H1 £m
Revenue	442	25	417	380
Adjusted profit	83.6	1.5**	82.1	74.7
Return on Sales	18.9%		19.7%	19.7%

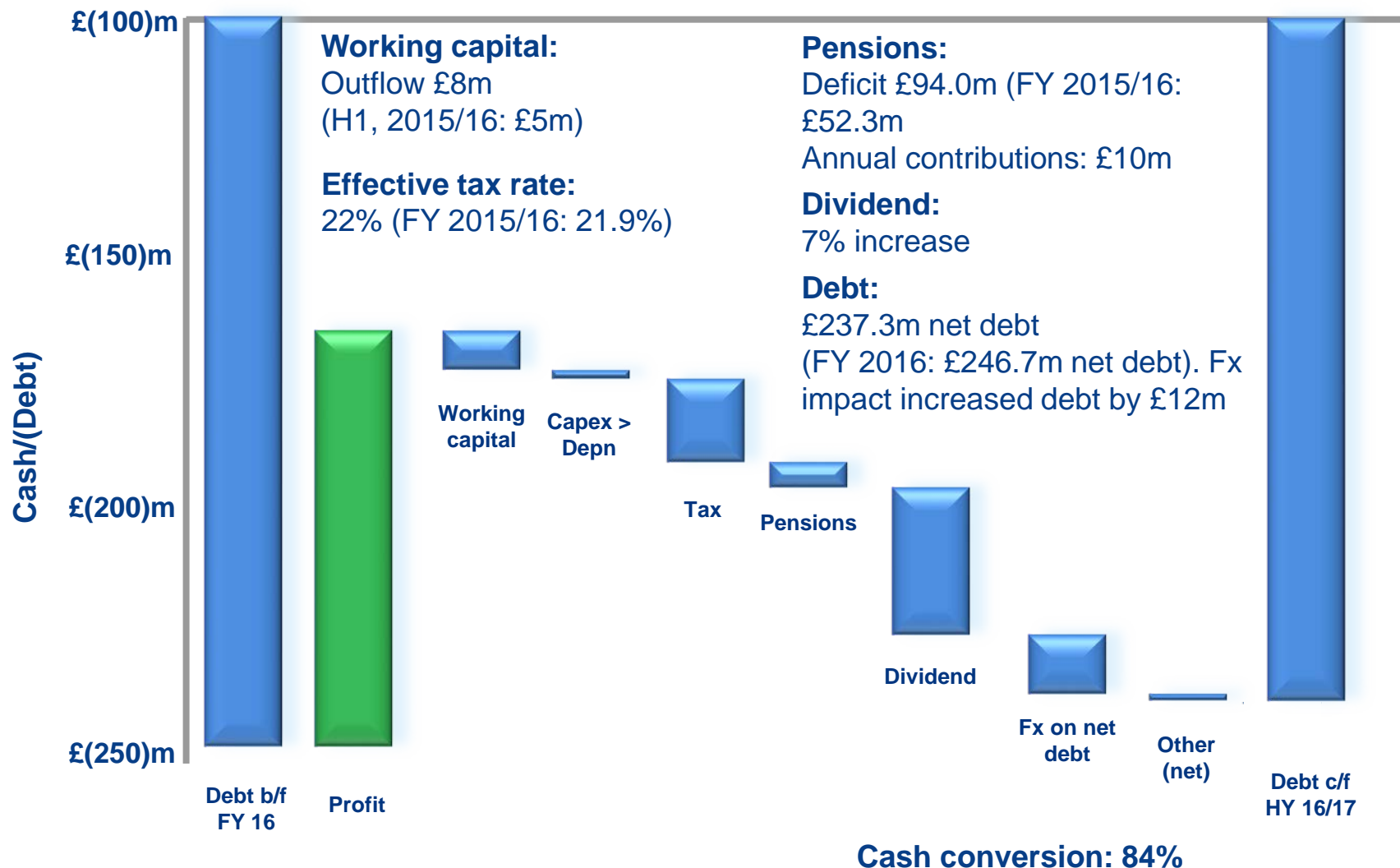
\* Acquisition of Firetrace, Visiometrics and CenTrak made in H2 2015/16

\*\* Net of financing cost

## Currency

- Translation impact H1 16/17 v H1 15/16
  - US\$/£:  $\Delta$  11% stronger US\$
  - Euro/£:  $\Delta$  12% stronger €
  - Net positive impact: 8% revenue and profit
- At current Fx rates
  - FY: ~ 10% positive
- More information in Appendix

## Cash flow H1 2016/17



## Increased financial capacity

- Revolving Credit Facility
  - increased to £550m (previously £360m)
  - to November 2021
  - 5 existing plus 3 new banks
- In addition to existing \$250m USPP
- Capacity for medium term growth
- Comfortable with ~1.25x gearing, and up to 2x

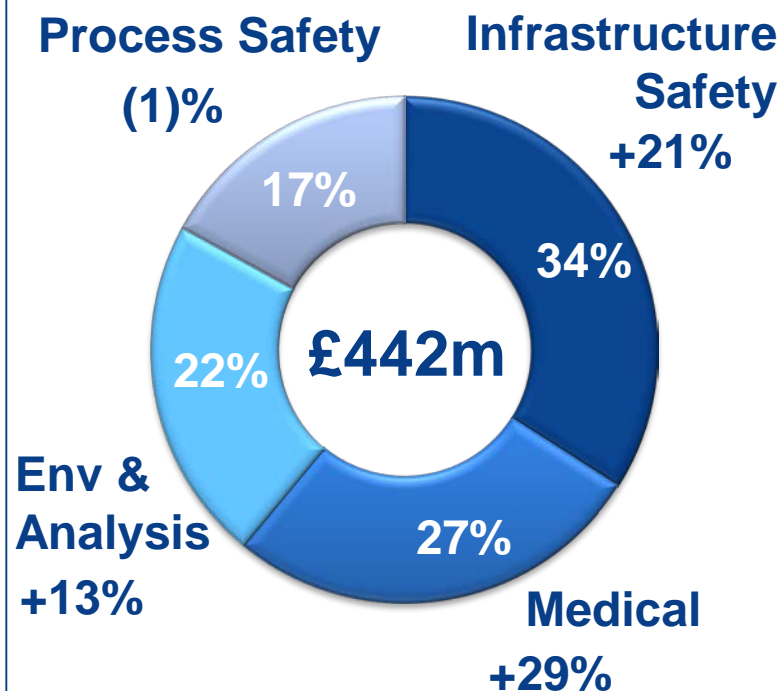
## Full year factors

- H1/H2 pattern
- Growth – one less week
- Currency translation benefit HY: 8%, FY: ~ 10%
- Restructuring – small benefit in E&A sector
- Acquisition performance – expected improvement H2 with strong growth prospects

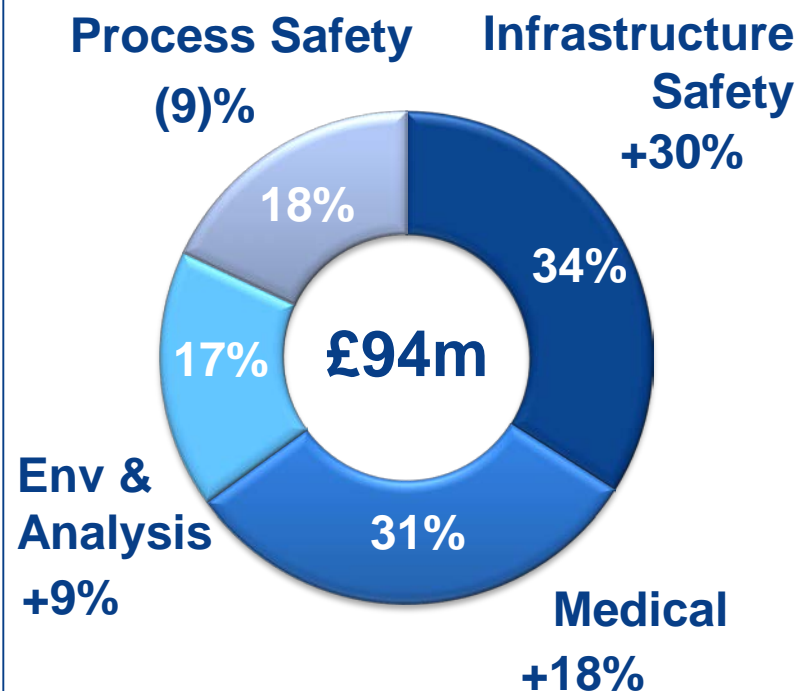
# Trading Review

## Sector performances

### Revenue



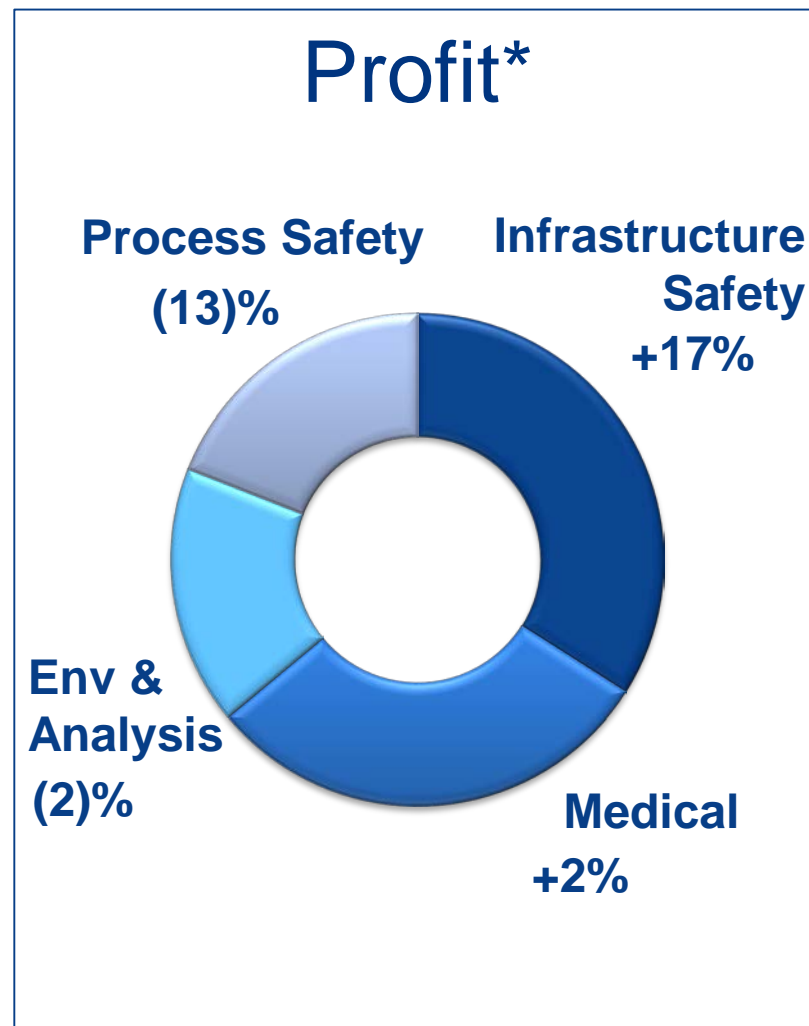
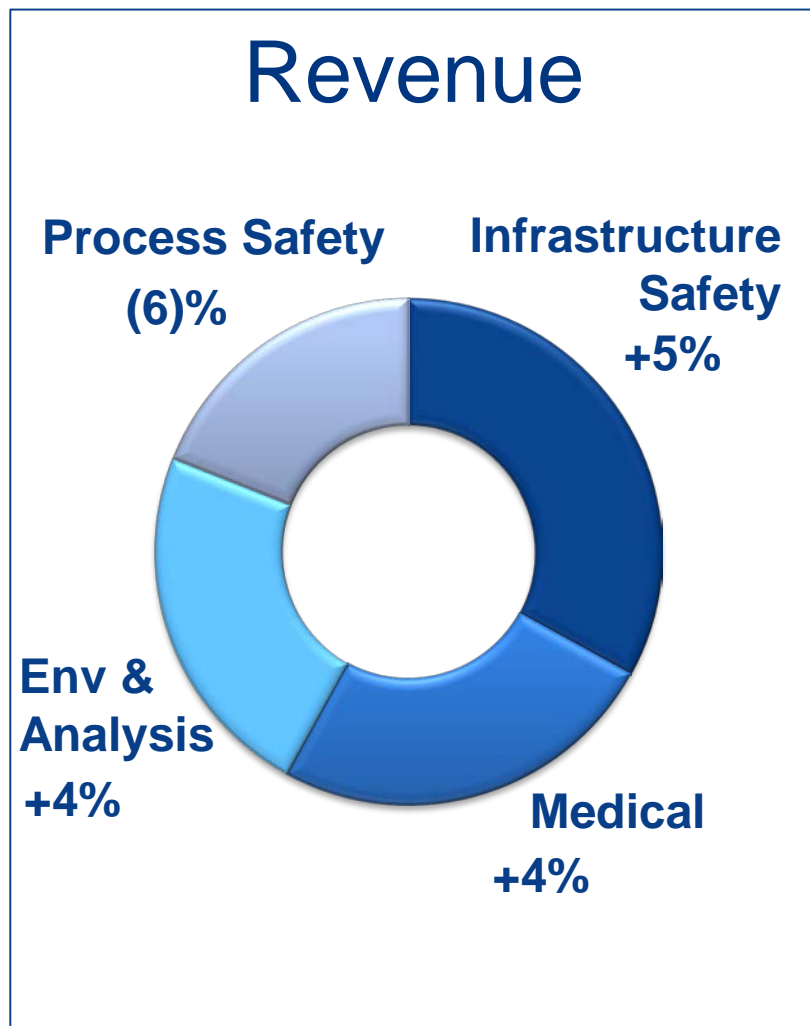
### Profit\*



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

Halma Half Year results – November 2016

## Sector performances: Organic growth constant currency

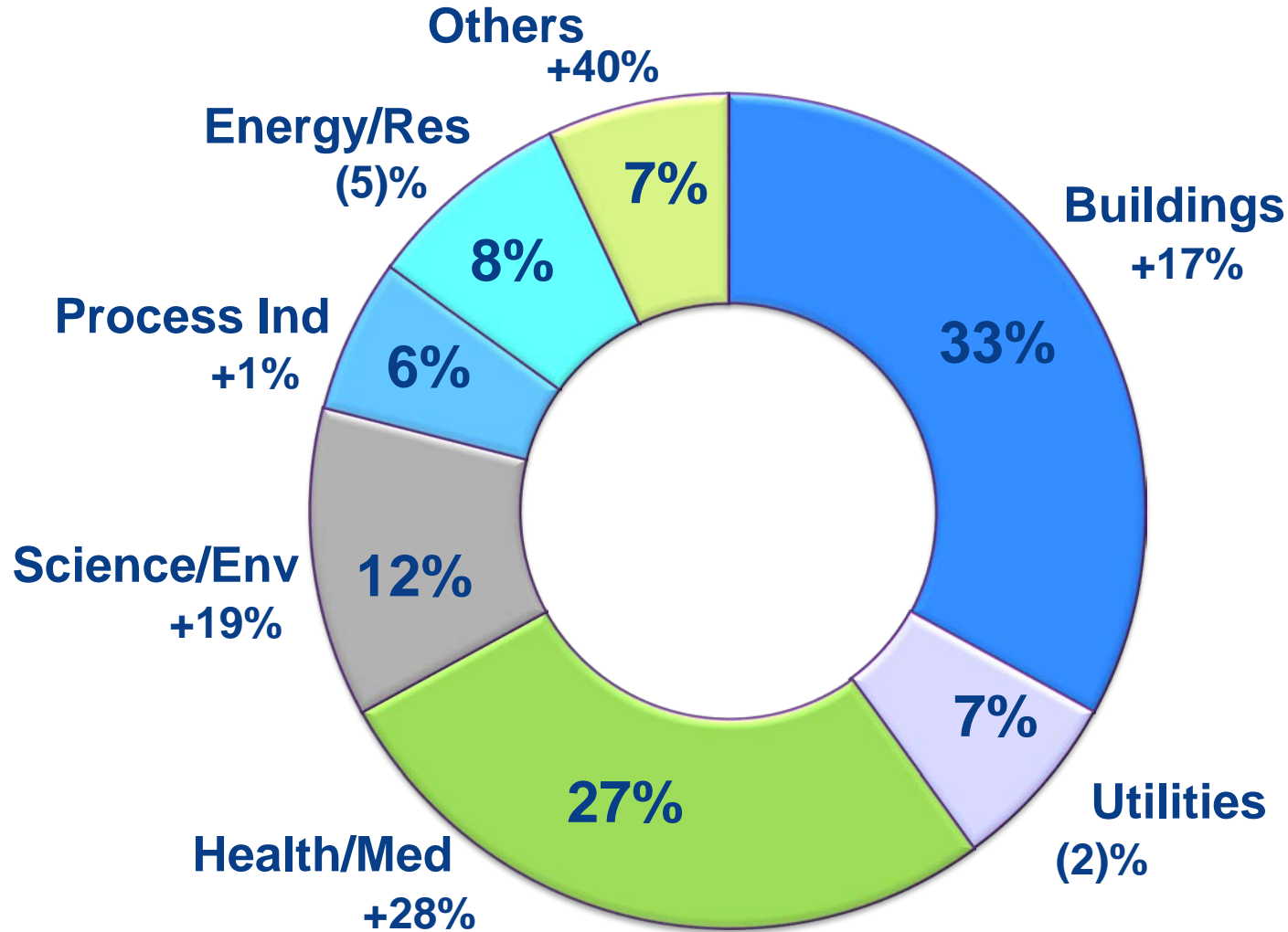


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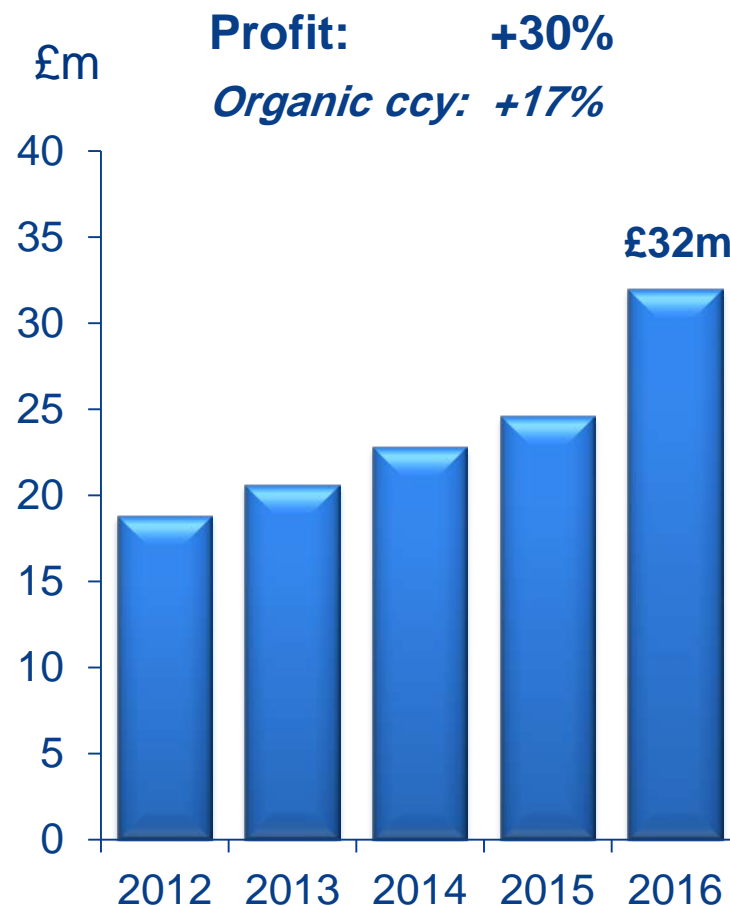
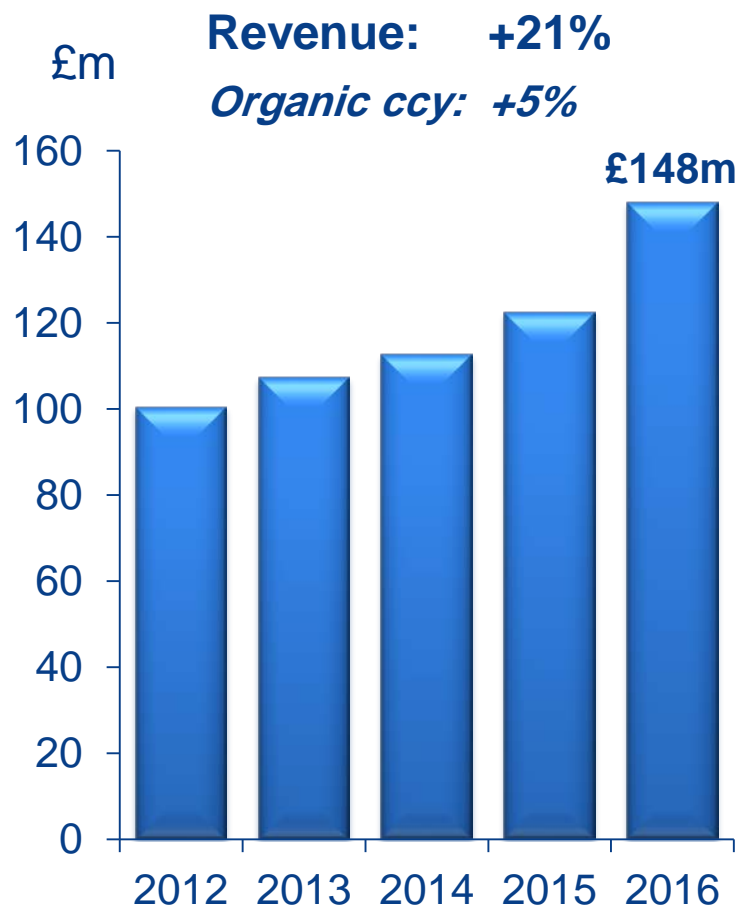
Halma Half Year results – November 2016



## Group revenue by end-market: Reported



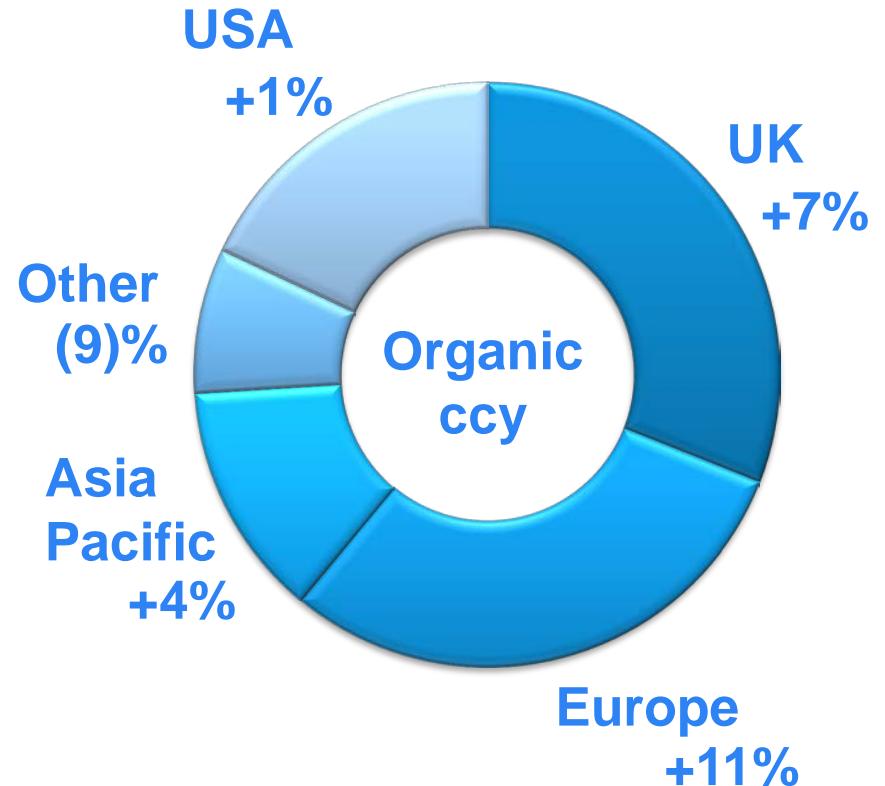
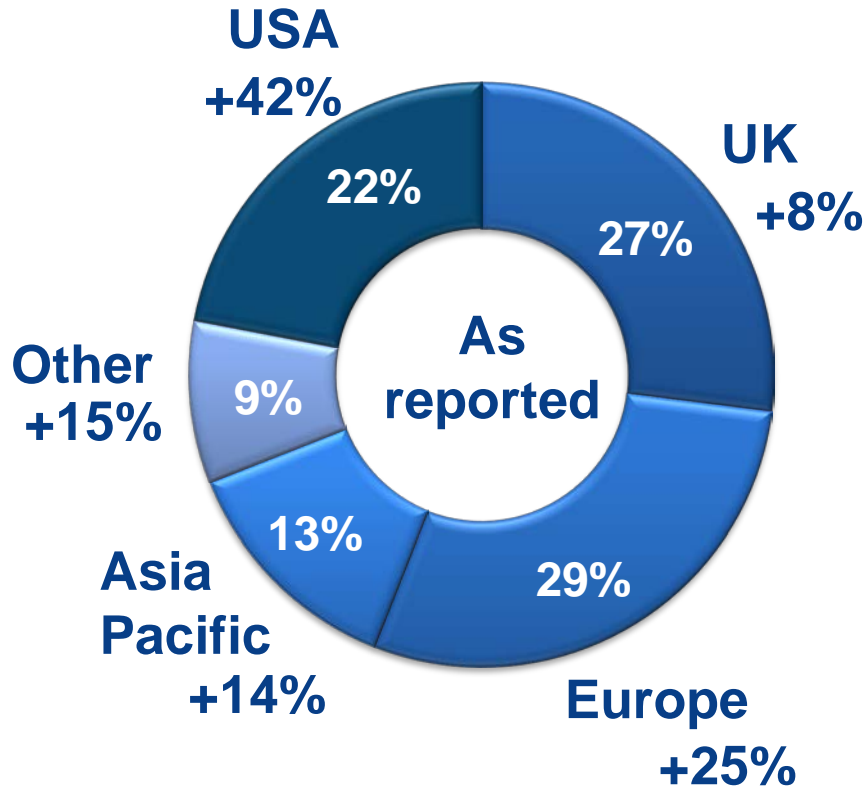
## Infrastructure Safety: Trading performance



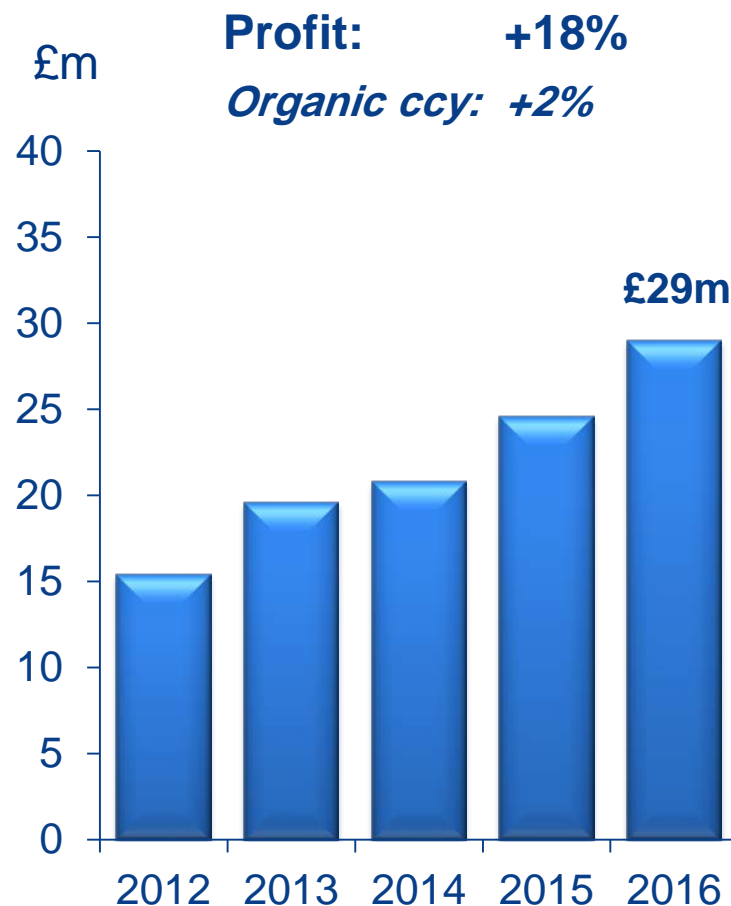
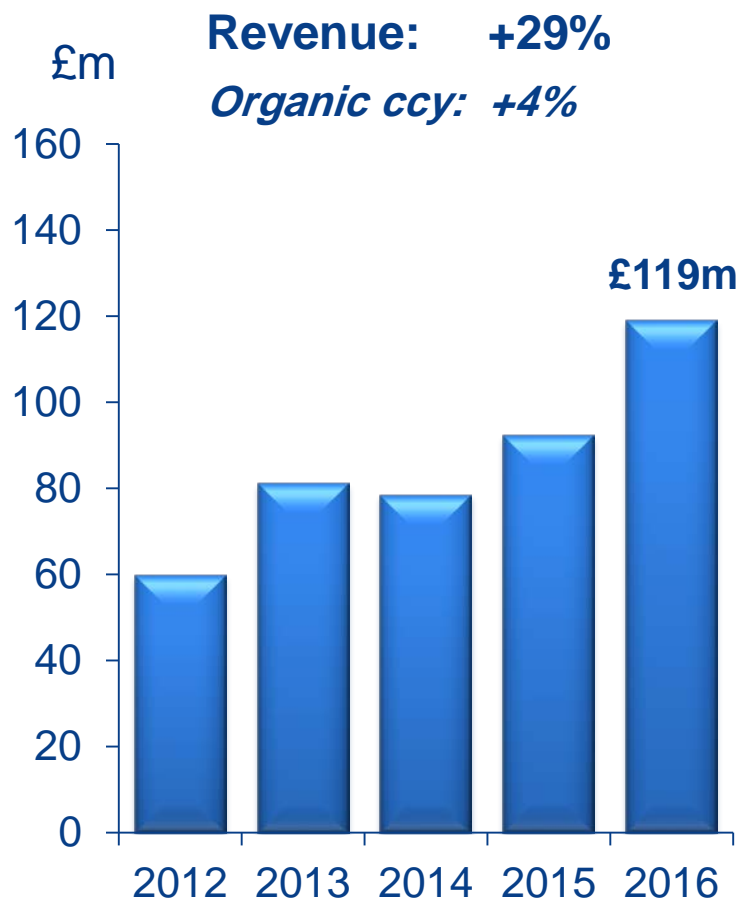
**Return on Sales: 21.6%**

## Infrastructure Safety: Revenue by destination

% of sector & % growth



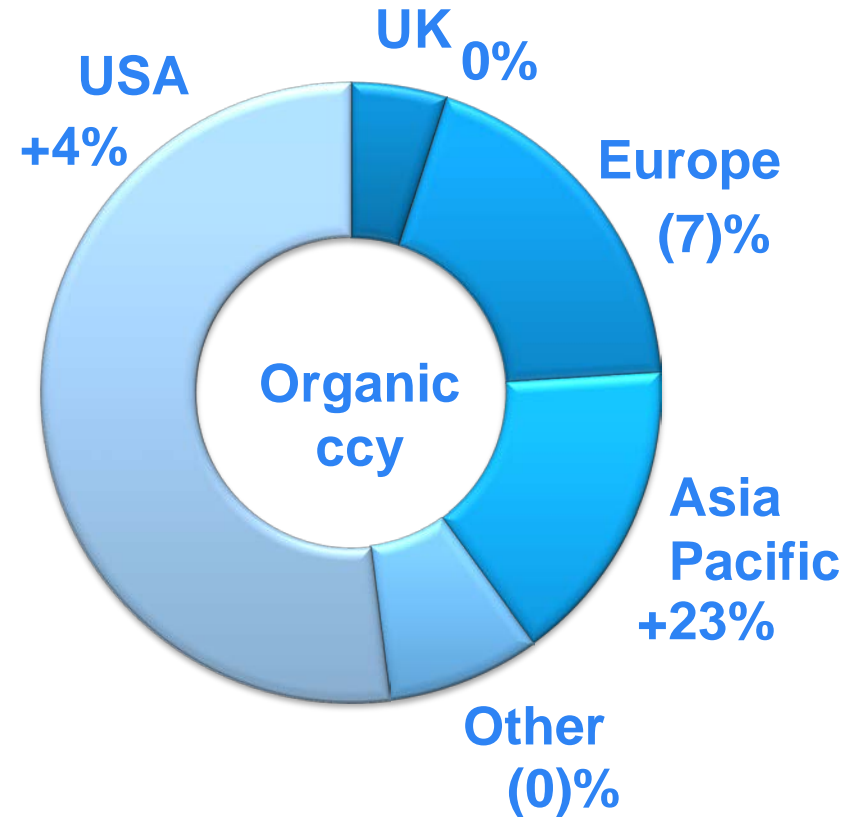
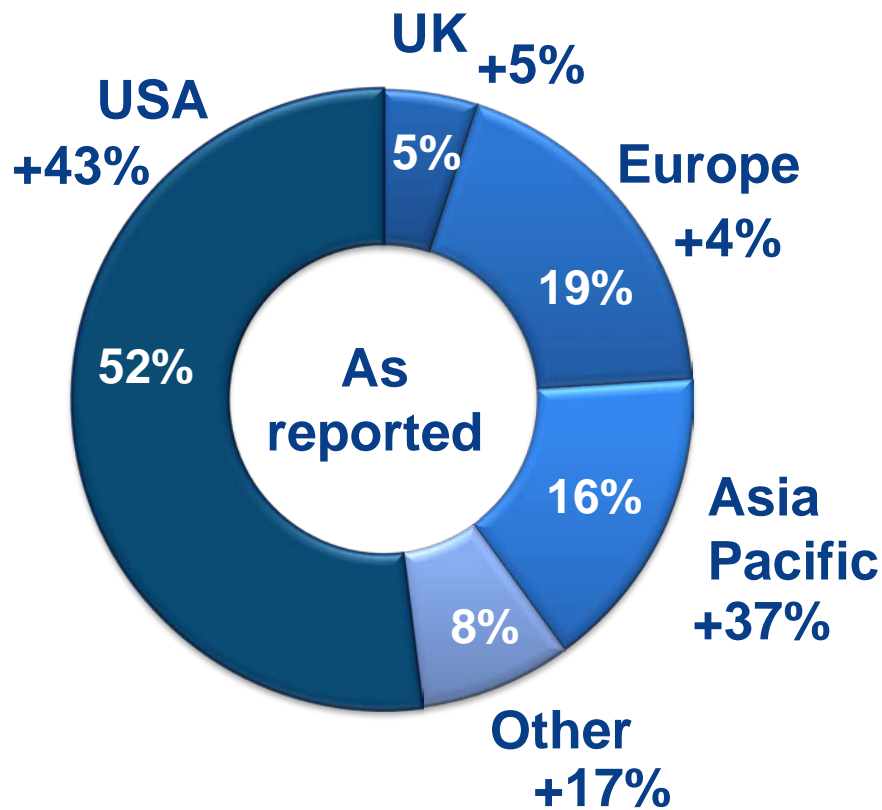
## Medical: Trading performance



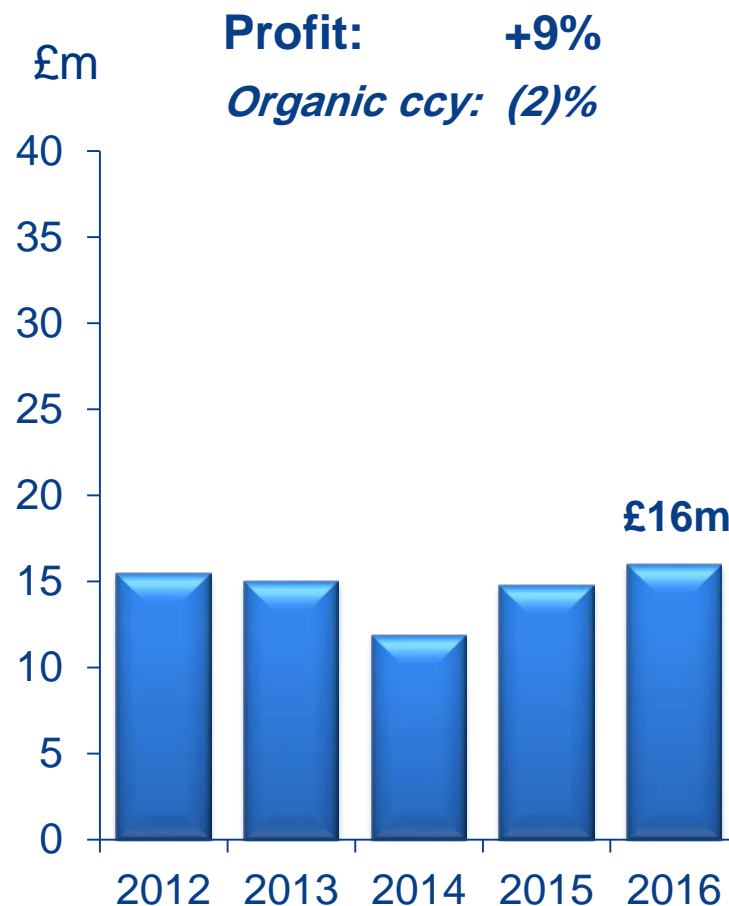
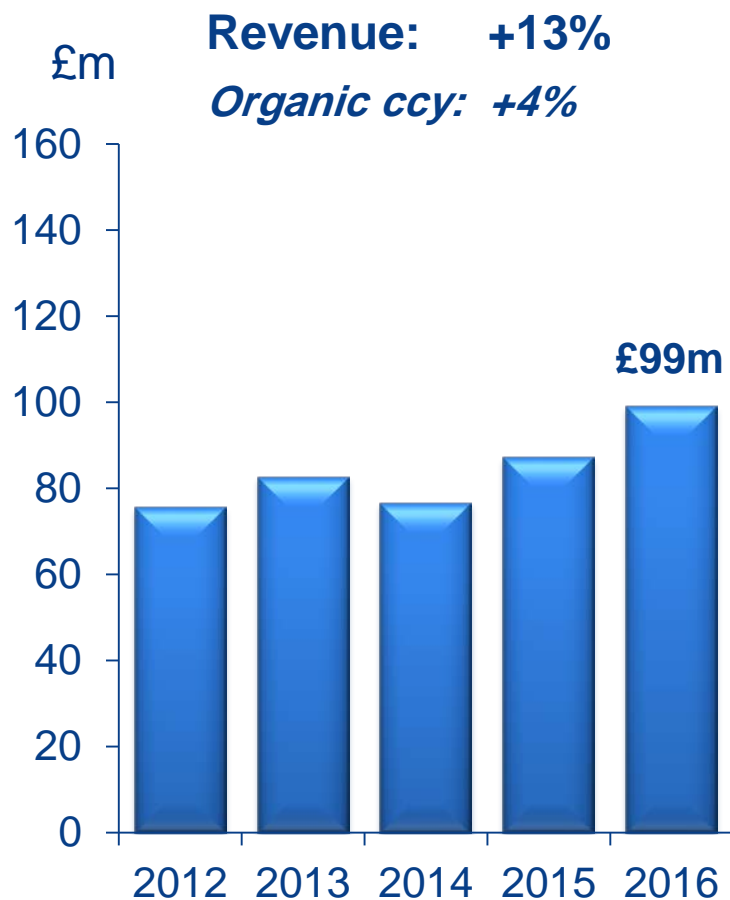
**Return on Sales: 24.3%**

## Medical: Revenue by destination

% of sector & % growth



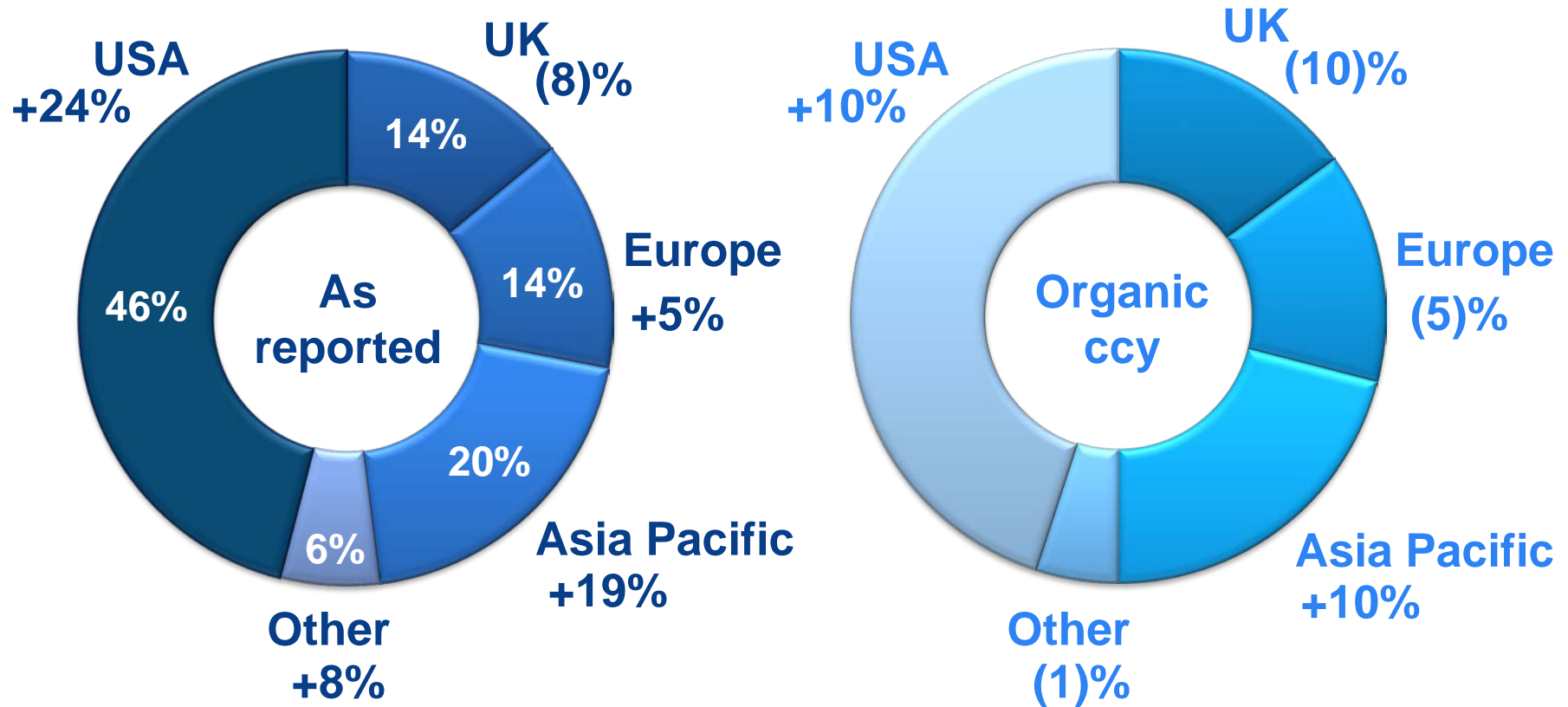
## Environmental & Analysis: Trading performance



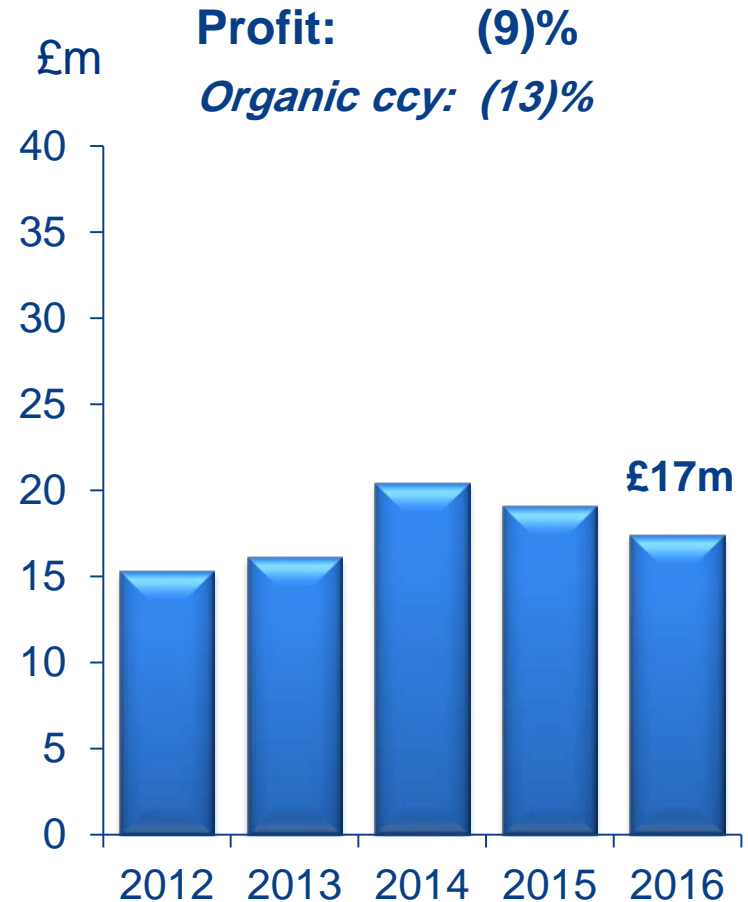
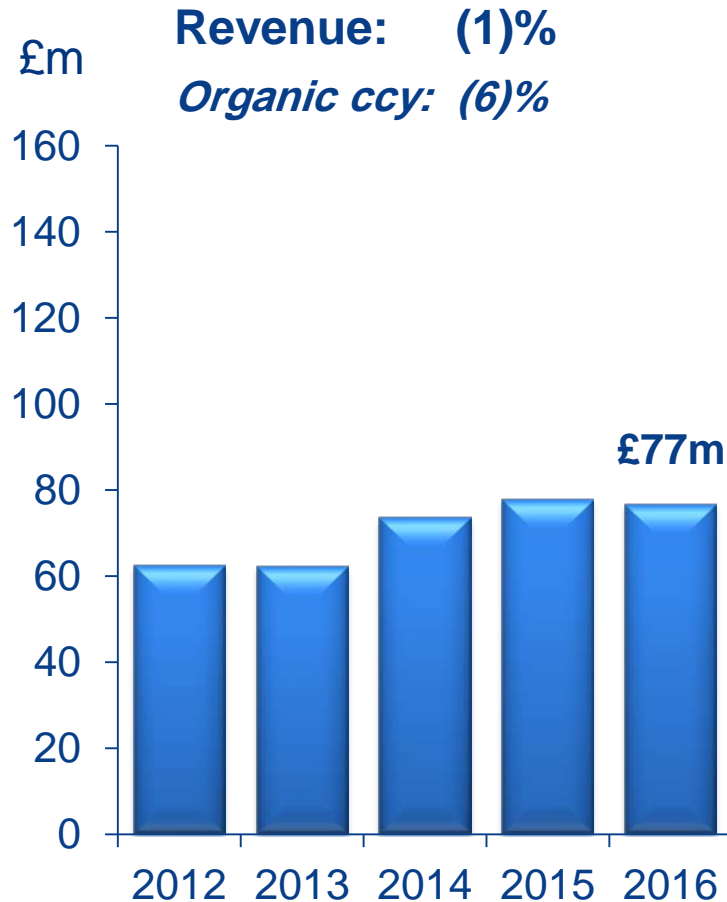
**Return on Sales: 16.2%**

## Environmental & Analysis: Revenue by destination

% of sector & % growth



## Process Safety: Trading performance

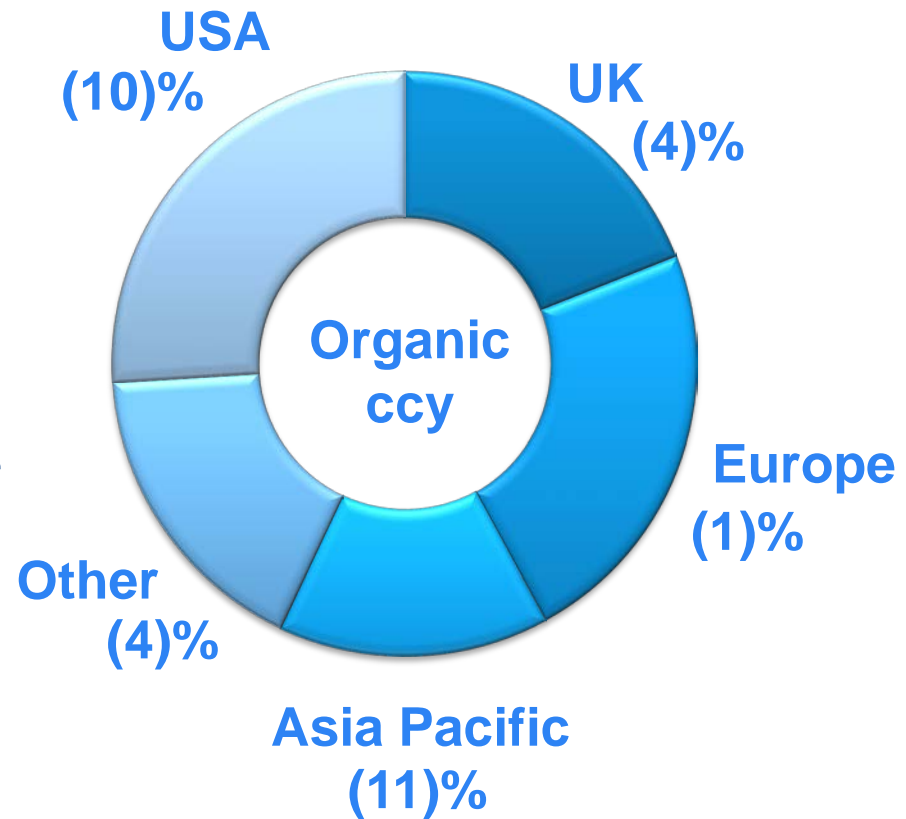
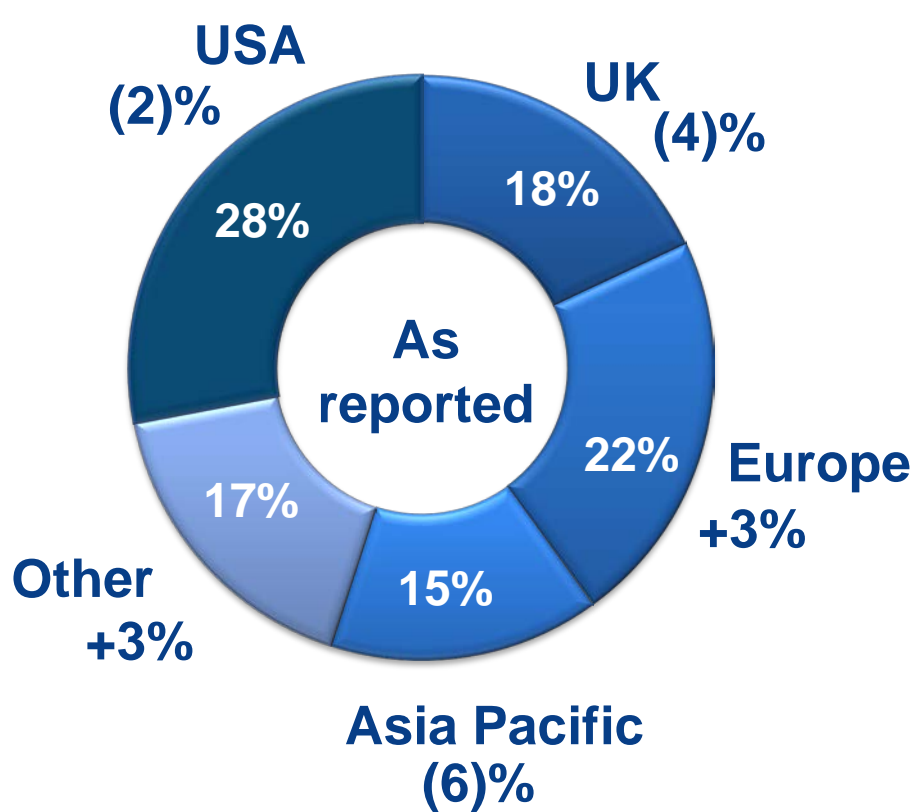


**Return on Sales: 22.7%**



## Process Safety: Revenue by destination

% of sector & % growth



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# Strategy

## Strategic Investment

- Innovation
- International Expansion

## Strategic Investment

- Innovation
- International Expansion
- Talent
- M&A

## Summary & H2 Outlook

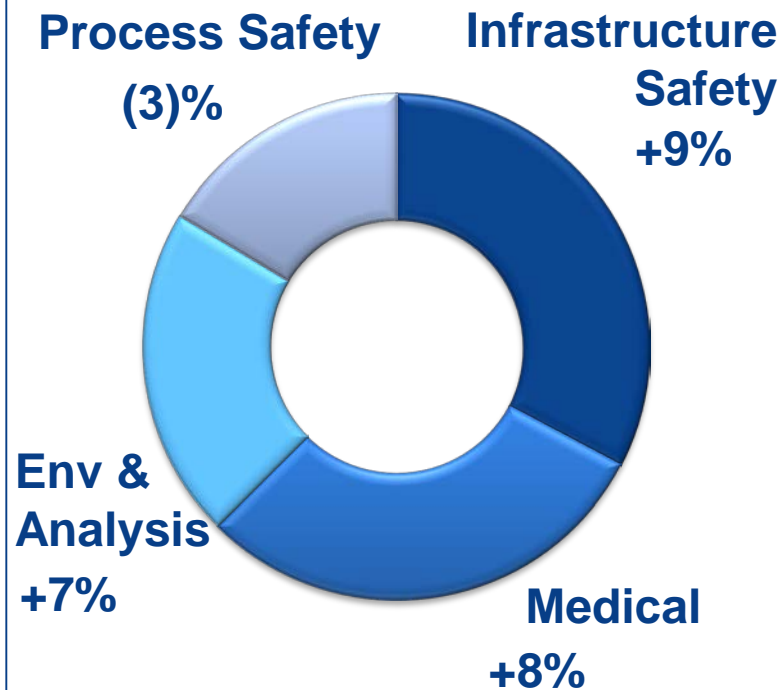
- Record first half year results
  - widespread growth, strength in diversity
  - continued investment for growth
- H2 remains in line with our expectations
  - H2 order intake so far ahead of last year and revenue
  - increased FX impact
- Longer term
  - increased financial capacity
  - broader/deeper sector acquisition pipelines

# Questions

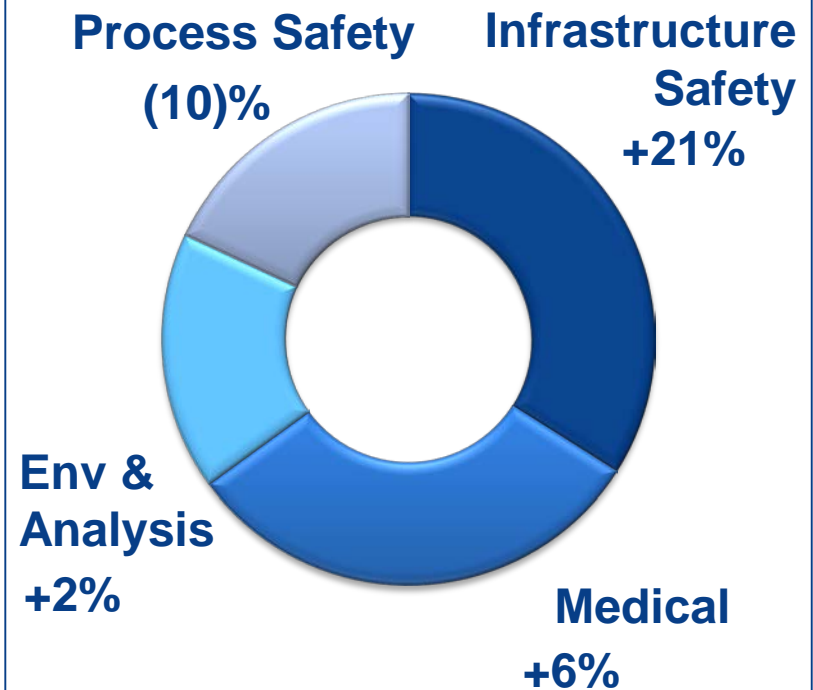
# Appendices

## Sector performances: Organic constant currency growth on weekly average basis

### Revenue\*



### Profit\*



\* Adjusted for the 27 weeks in the prior period



## Currency impacts

	\$		% change	€		% change
Average rates	16/17	15/16		16/17	15/16	
• H1 v £	1.37	1.54	11.0%	1.22	1.39	12.2%
• Full Year v £		1.51			1.37	

• <u>1% change*</u> <u>(Annualised impact)</u>	\$ (~ 45% of total)	€ (~15% of total)
Revenue	+/- £4.0m	+/- £1.0m
Profit	+/- £0.7m	+/- £0.2m

- At \$1.31/€1.18 Average rates for the full year 2016/17 (assuming \$1.25/€1.15 relative to Sterling for balance of financial year), currency translation impact on revenue and profit would be approximately 10% positive compared with using 2015/16 Fx rates.

\* Based on H1 2016/17 currency mix

## Pensions

DB plans Deficit	HY 2016/17	FY 16
	£m	£m
Assets	254	221
Liabilities	(348)	(274)
Deficit	(94)	(52)

- Discount rate decreased to 2.3% (Year end 2016: 3.4%), increasing liabilities
- Closed UK DB pension plans to future accrual December 2014
- Contributions to pay off deficit : 2015/16: £8m, 2016/17: expected £10m
- Next Triennial Actuarial valuations: Halma pension plan – December 2017, Apollo pension plan – April 2018

## Acquisition performance

	Acquisition run rates Annual £m	Actual ** 15/16 £m	Actual H1 16/17 £m
Revenue	59	20	25
Operating Profit	15.6	4.4	3.2
Profit (net of financing cost)	12.1	3.4	1.5
Return on Sales *	26%	22%	13%

The table above gives the results for Firetrace, Visiometrics and CenTrak acquired in H2 2015/16

\* Based on operating profit

\*\* Acquisitions in Group for H2 only

## 2016/17 Full year

	Notes	Full year 16/17 forecast	15/16 Actual
Capex		~ £25m	£24.1m
Effective tax rate		~ 22.0%	21.9%
Central costs	1	~ £11.5m	£8.9m
Net finance expense	2	~ £10.0m	£7.1m

### Notes:

1. 2015/16 includes profit on property sale. 2016/17 includes further investment in international hubs, cyber security and talent development.
2. Assumes current interest rates including refinancing of Revolving Credit Facility in November 2016

## Sector history – Half year

£m		12/13	13/14	14/15	15/16	16/17
Sector revenue	Process Safety	62.5	62.2	73.6	77.8	76.7
	Infrastructure Safety	100.5	107.3	112.7	122.4	148.0
	Medical	59.8	81.1	78.5	92.3	118.7
	Environmental & Analysis	75.5	82.6	76.2	87.2	98.7
	Inter-segmental sales	(0.2)	(0.1)	(0.1)	-	-
	Group revenue	298.1	333.1	340.9	379.7	442.1
Sector profit*	Process Safety	15.3	16.1	20.4	19.1	17.4
	Infrastructure Safety	18.8	20.6	22.8	24.6	32.0
	Medical	15.4	19.6	20.9	24.6	28.9
	Environmental & Analysis	15.5	15.0	11.9	14.7	16.0
	Segment Profit	65.0	71.3	76.0	83.0	94.3
	Central cost/net finance expense	(5.3)	(6.2)	(7.0)	(8.3)	(10.7)
	Profit*	59.7	65.1	69.0	74.7	83.6

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

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