

Half Year results 2017/18

Andrew Williams – Chief Executive
Kevin Thompson – Finance Director

Half Year 2017/18: Record results

Growth & High returns

Revenue
+15%
£506m

Profit
+13%
£95m

ROS
18.7%
(LY: 18.9%)

Increased strategic investment

R&D spend
+19%
5.4% of rev

ROW revenue
+21%
£136m

Acquisitions
4*
completed ytd

Strong cash performance

Cash flow
84%
of adjusted profit

Dividend
+7%
5.71p

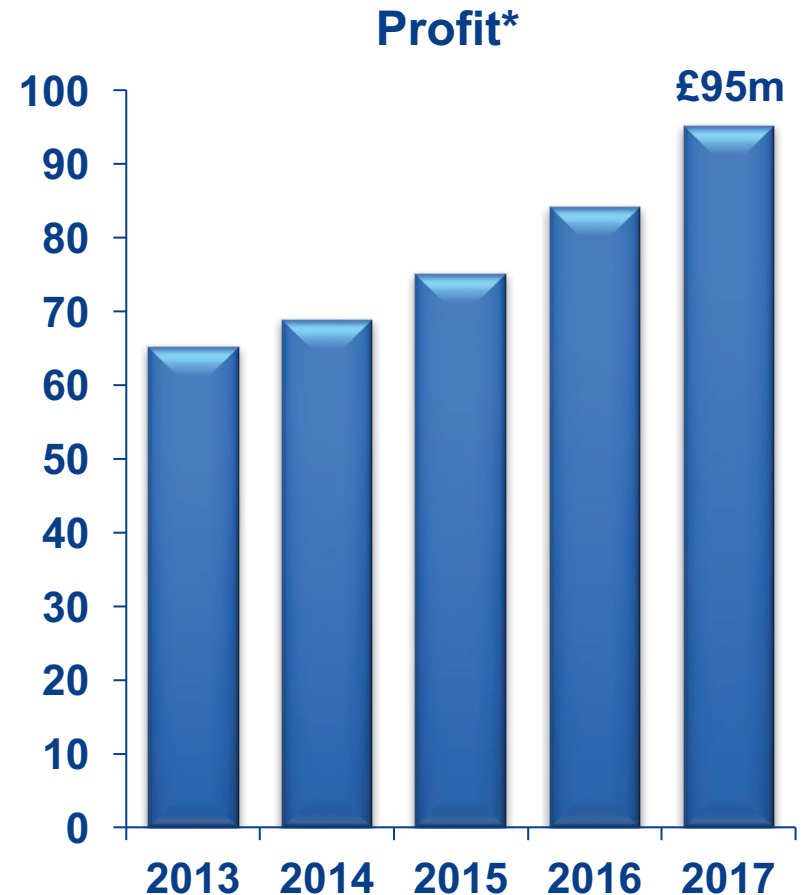
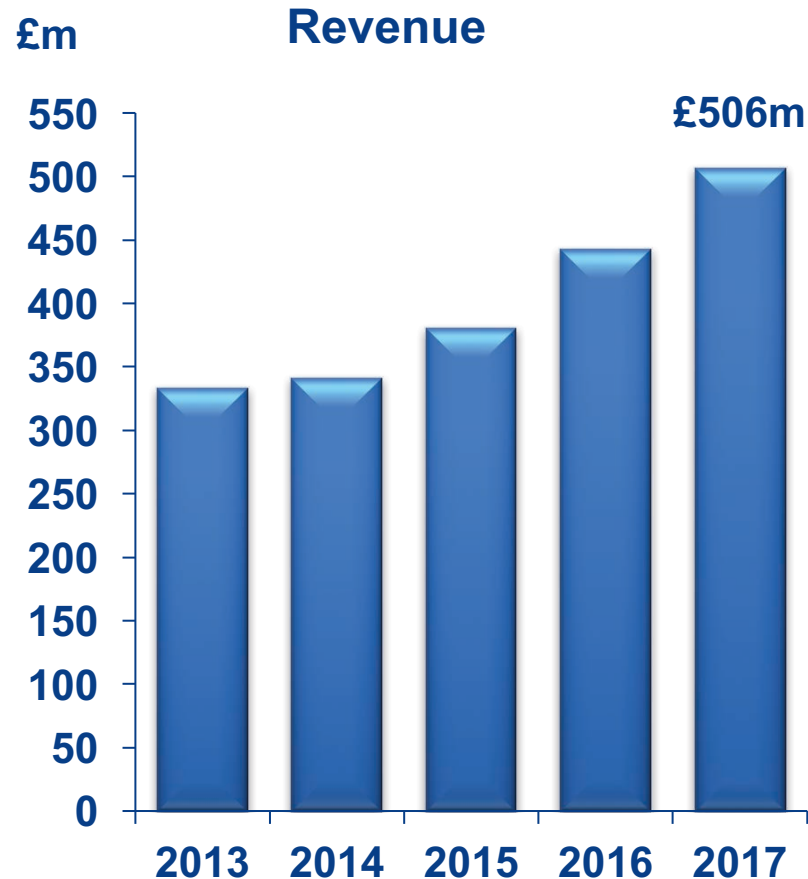
Net Debt
£181m
FY17: £196m

* Includes Mini-Cam and Setco completed after period end

Financial Review

Record results

H1, 2017/18



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

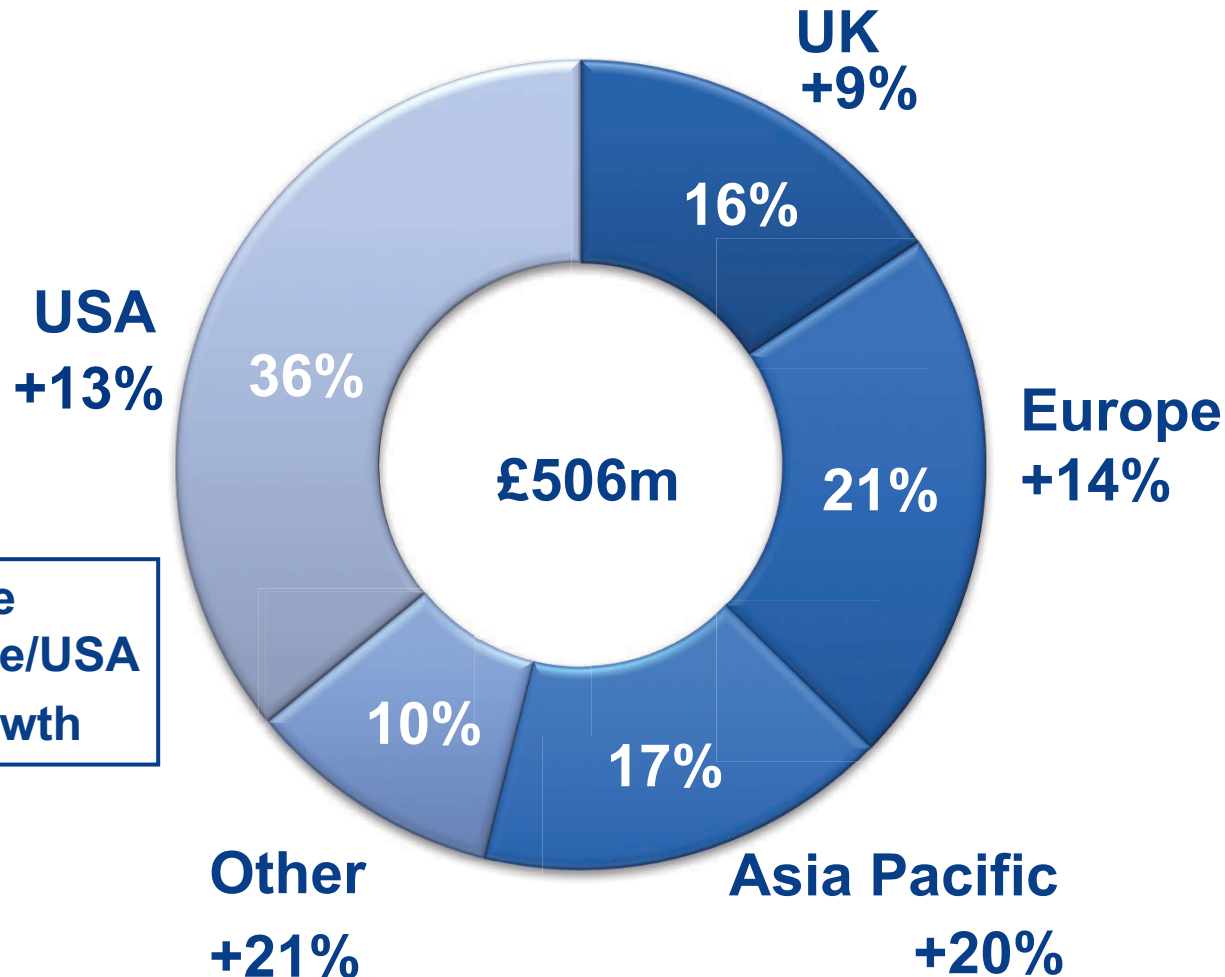
Revenue growth

H1, 2017/18

	% growth
➤ Organic constant currency growth	9%
➤ Currency	5%
➤ Acquisitions	<u>1%</u>
➤ Headline growth	15%

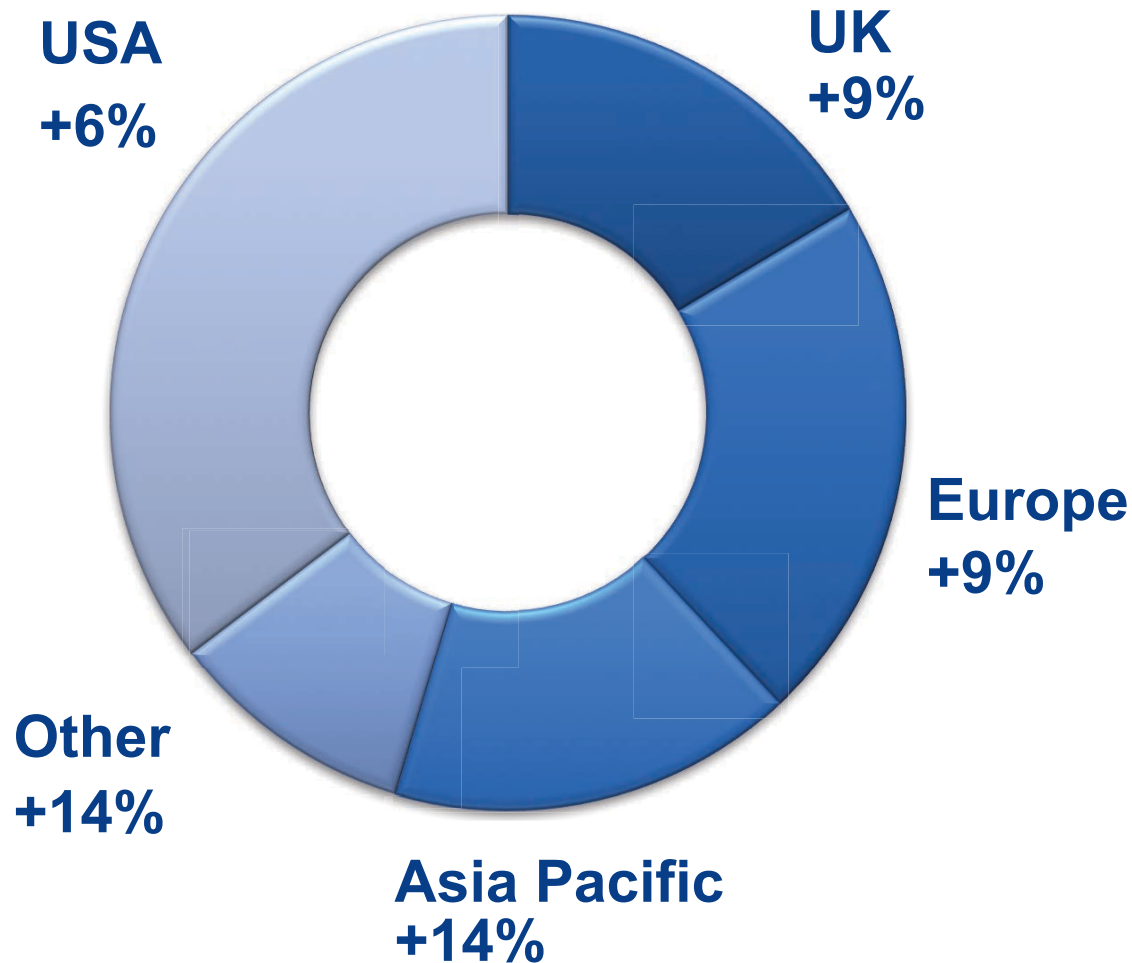
Revenue by destination

Revenue and revenue growth, H1 2017/18



Revenue by destination: Organic constant currency

Revenue and revenue growth, H1 2017/18



Profit* growth

H1, 2017/18

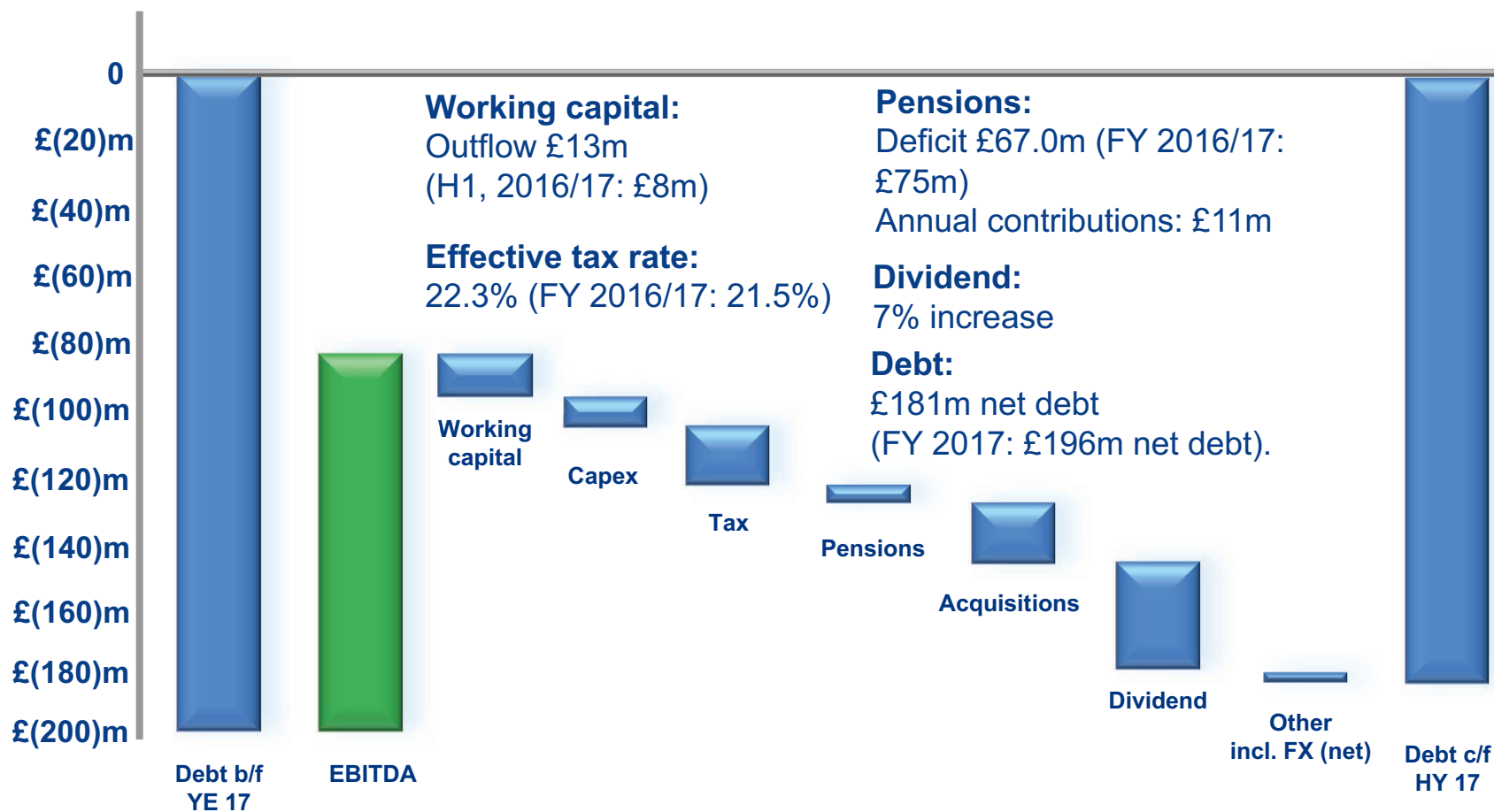
	% growth
➤ Organic constant currency	8% *
➤ Currency	5%
➤ Acquisitions	-
➤ Headline growth	<u>13%</u>

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

Currency

- Translation impact H1 17/18 v H1 16/17
 - US\$/£: Δ 6% stronger US\$
 - Euro/£: Δ 7% stronger €
 - Net positive impact: 5% revenue and profit
- At current Fx rates
 - FY: ~ 1% positive
- More information in Appendix

Cash flow H1 2017/18



Cash conversion: 84%

Substantial financial capacity

- Revolving Credit Facility
 - £550m (from November 2016)
 - Extended to November 2022
- In addition to existing \$250m USPP
- Capacity for medium term growth
- Half year gearing 0.8x, comfortable up to 2x

Financial KPI Summary 2017/18 Half Year

	<u>Target</u>	<u>Achieved</u>
Organic revenue growth*	≥ 5%	9%
Organic profit growth*	≥ 5%	8%
Acquisition profit growth **	≥ 5%	-%
Revenue growth outside UK/Europe/USA	≥ 10%	21%
Return on Sales	18% - 22%	18.7%
Return on Total Invested Capital	≥ 12%	13.4%
Cash conversion	≥ 85%	84%
R&D investment (% of revenue)	≥ 4%	5.4%

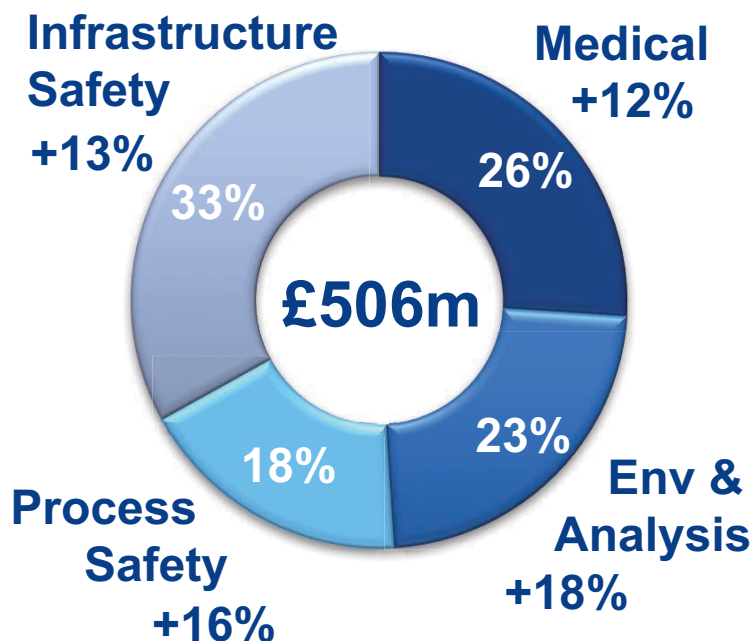
* at constant currency.

** annualised profit of acquisitions made in the year (net of finance cost) as % of prior year adjusted profit

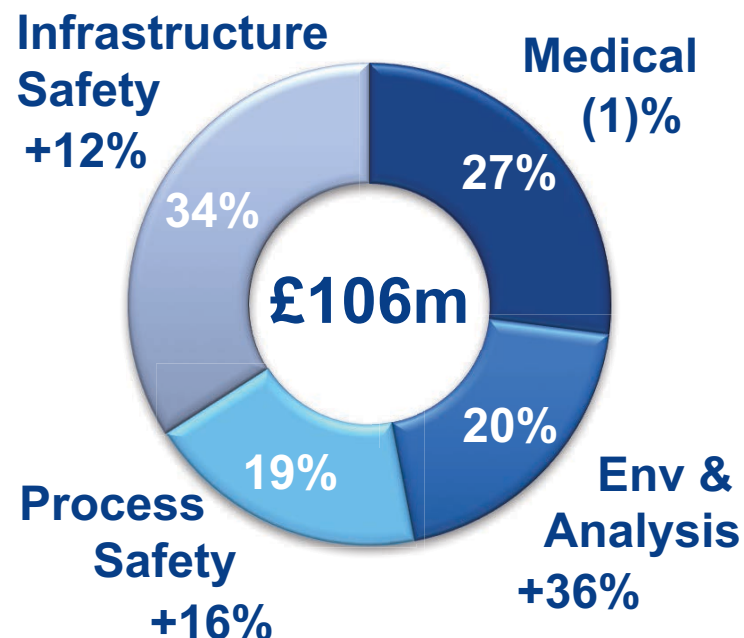
Trading Review

Sector performances

Revenue



Profit*

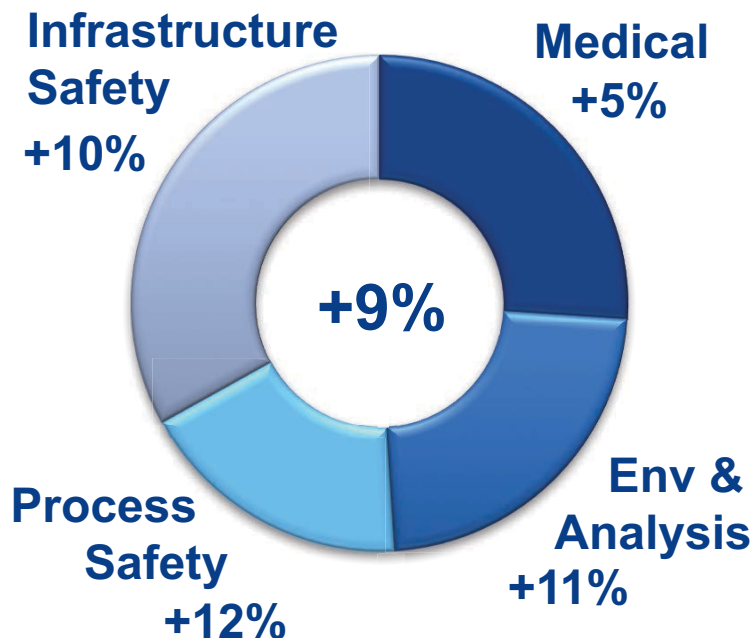


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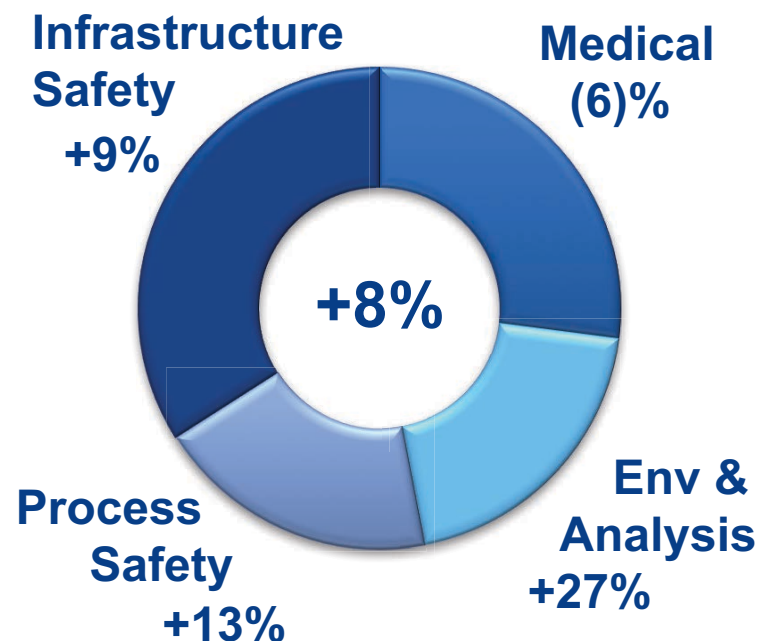
Halma Half Year results – November 2017

Sector performances: Organic growth constant currency

Revenue



Profit*

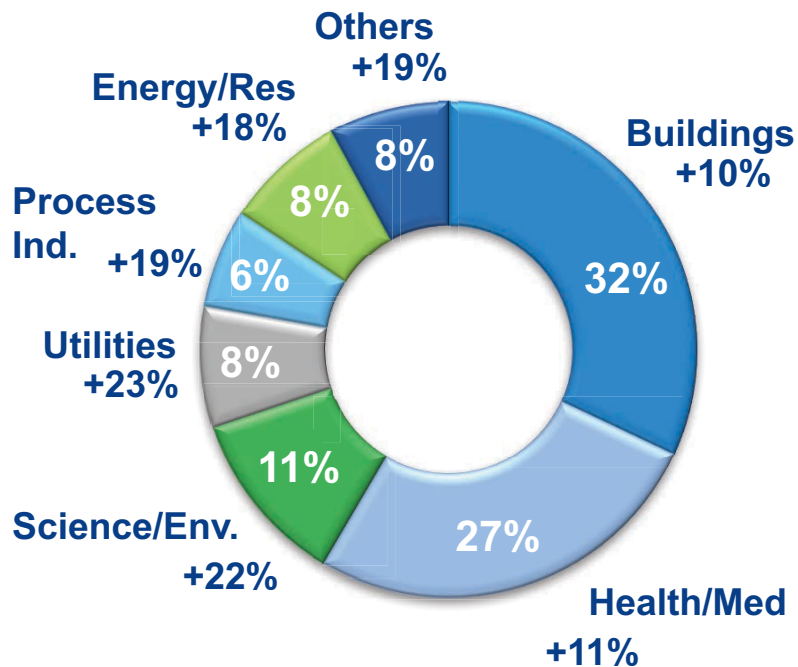


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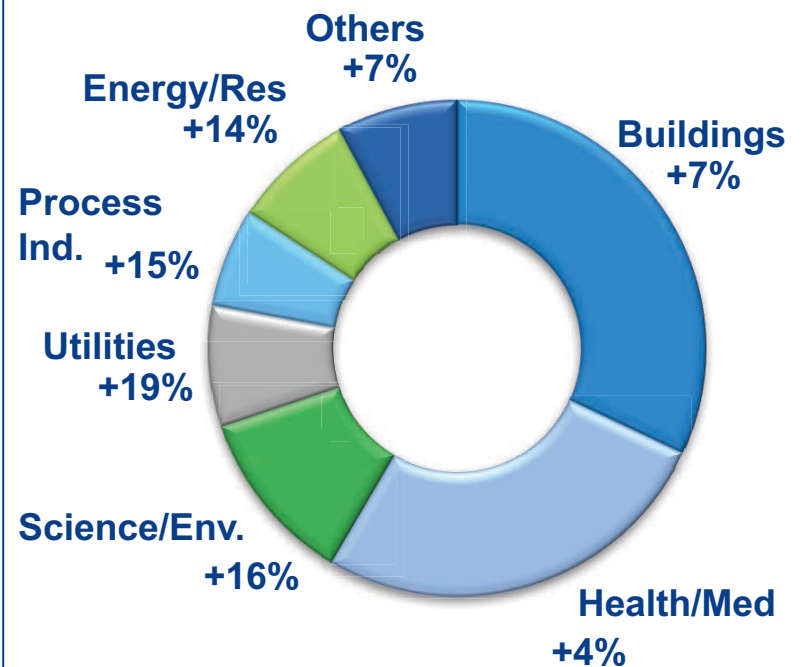
Halma Half Year results – November 2017

Group revenue by end-market

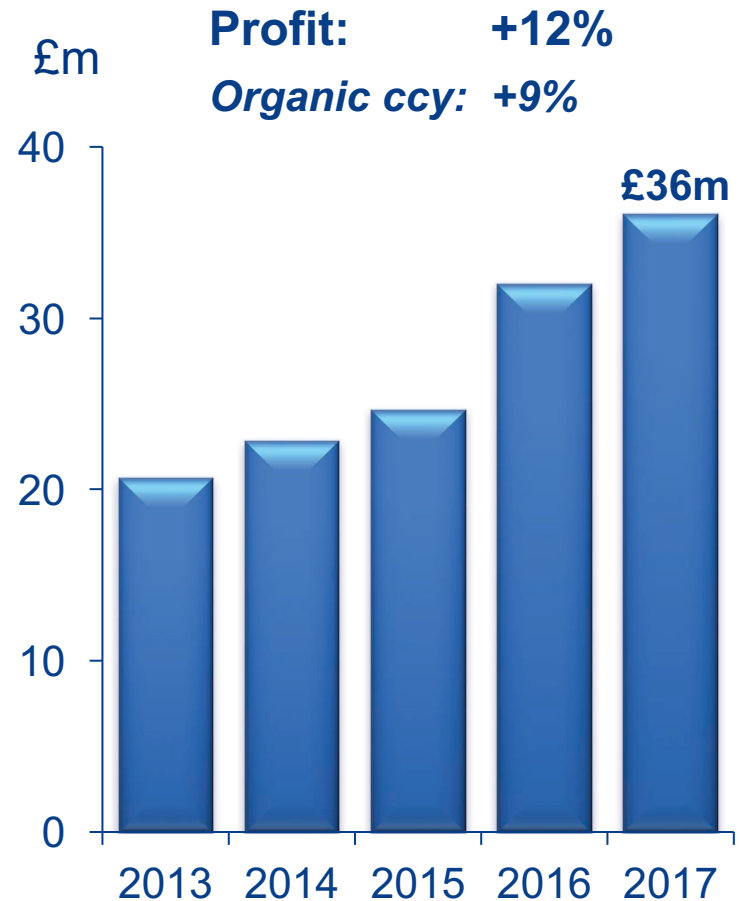
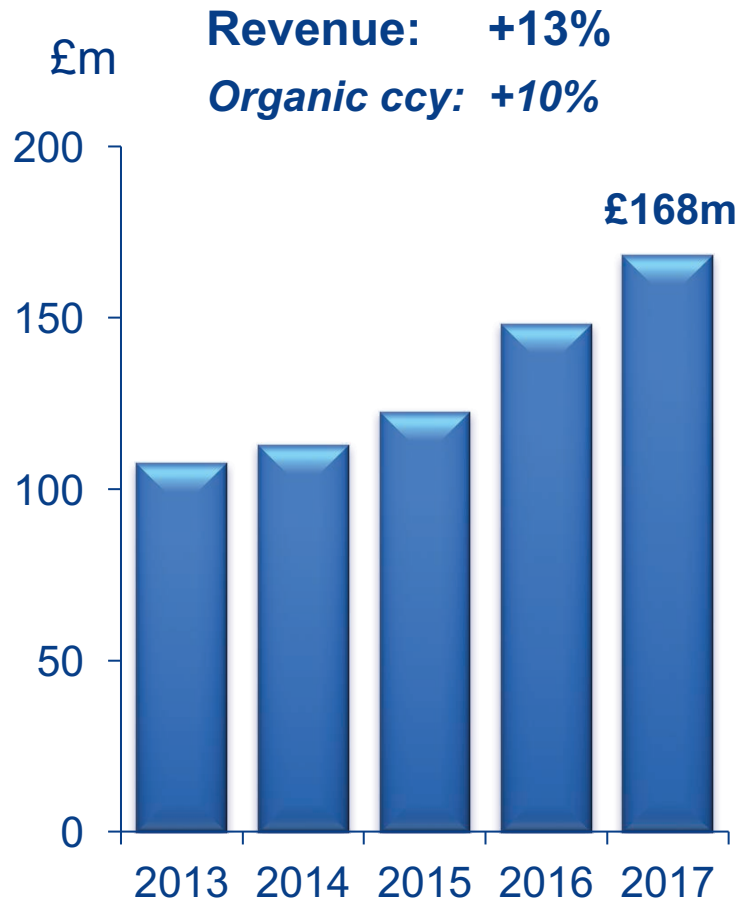
Revenue



Organic ccy



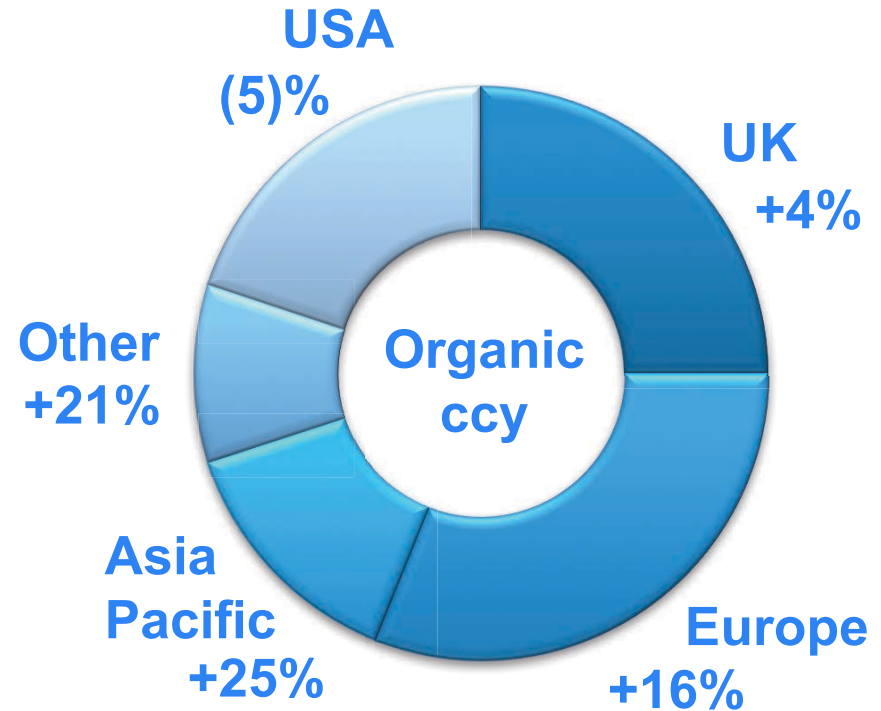
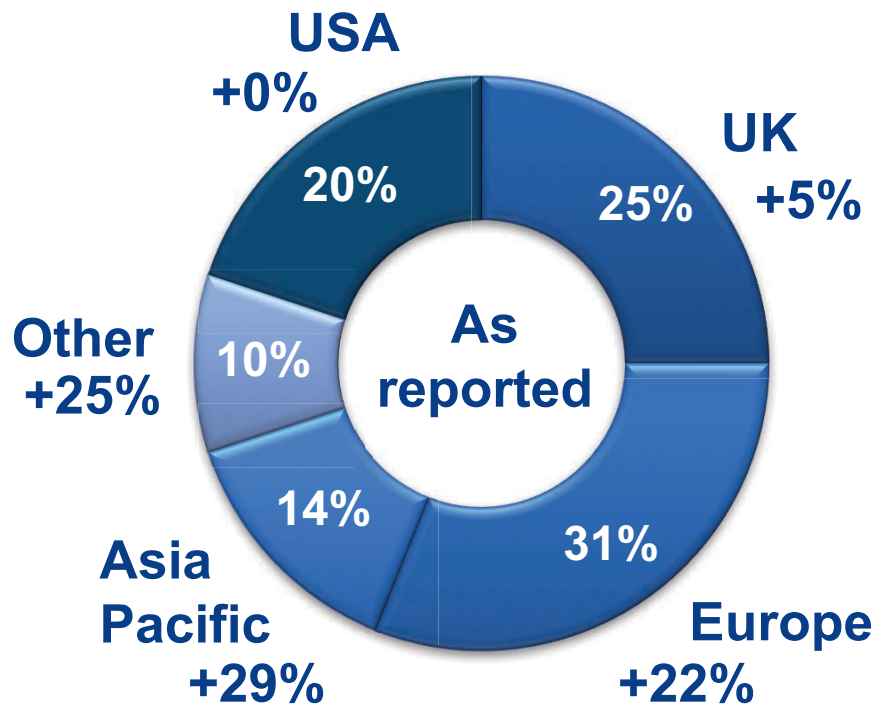
Infrastructure Safety: Trading performance



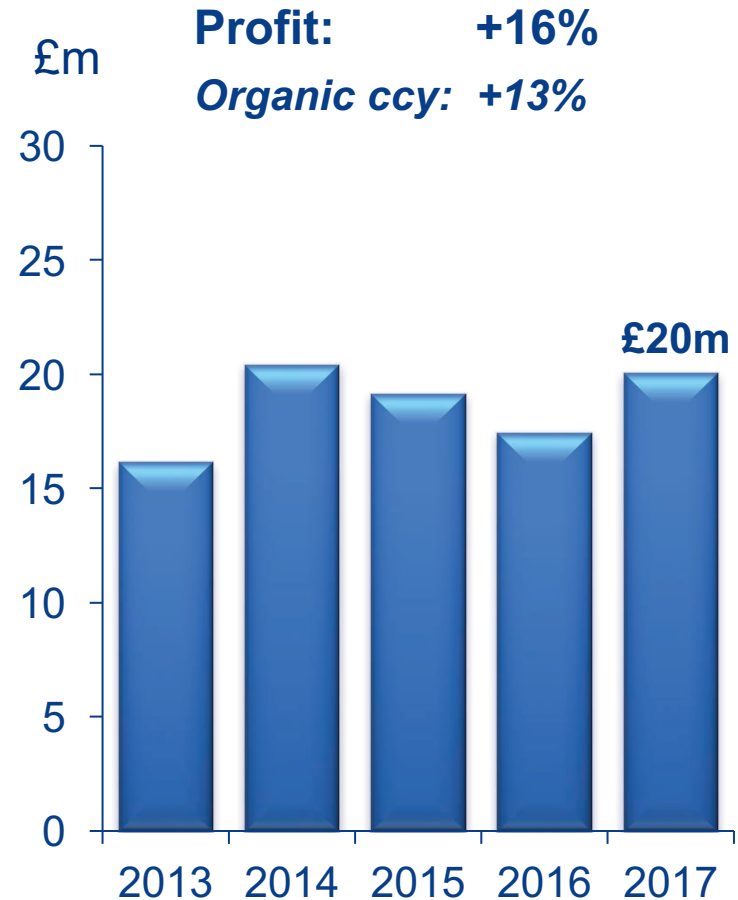
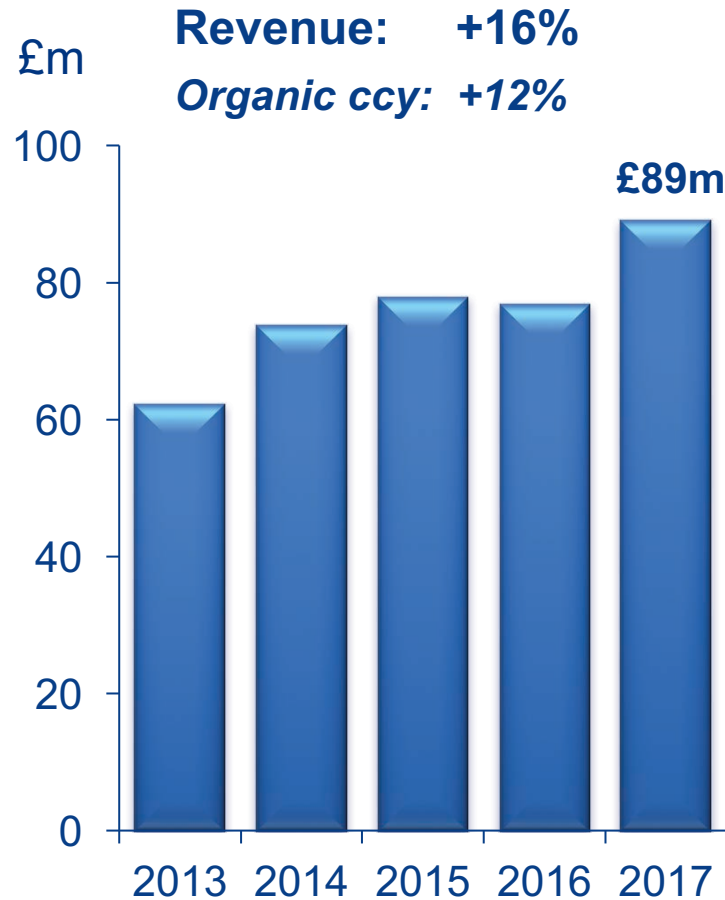
Return on Sales: 21.3%

Infrastructure Safety: Revenue by destination

% of sector & % growth



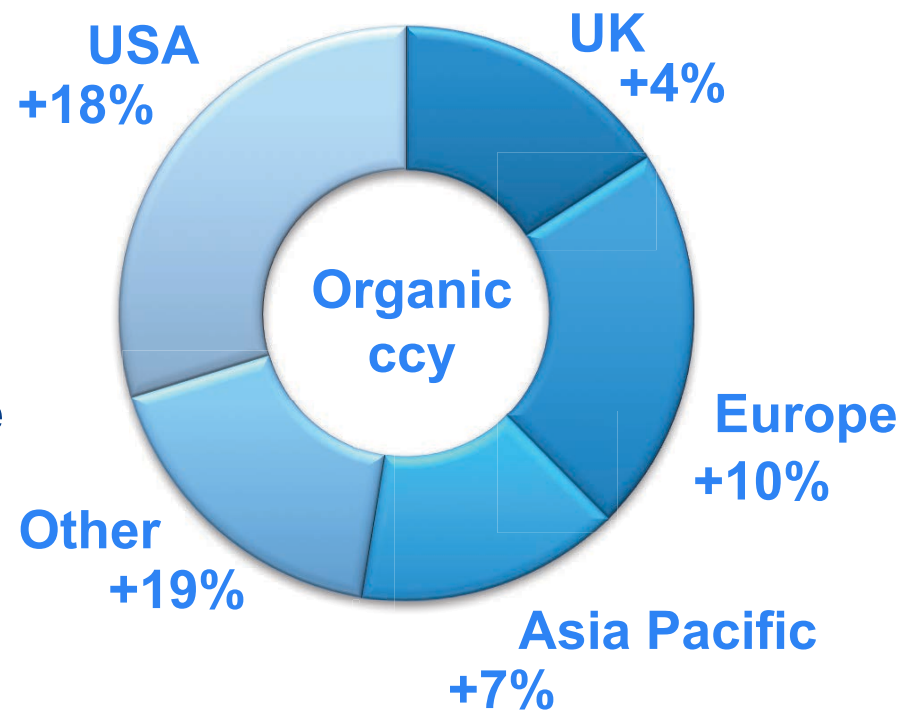
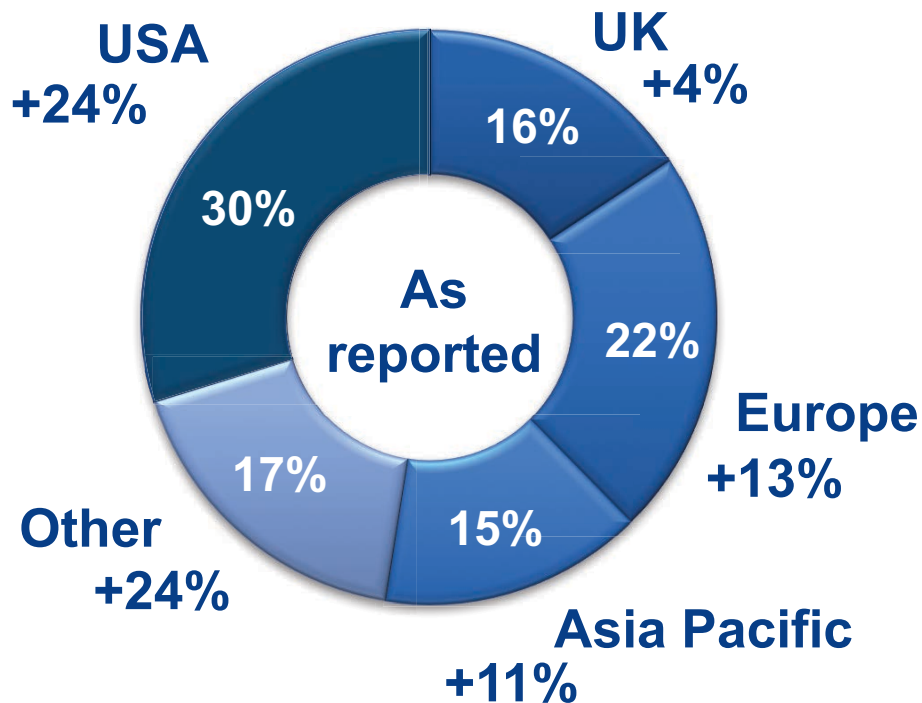
Process Safety: Trading performance



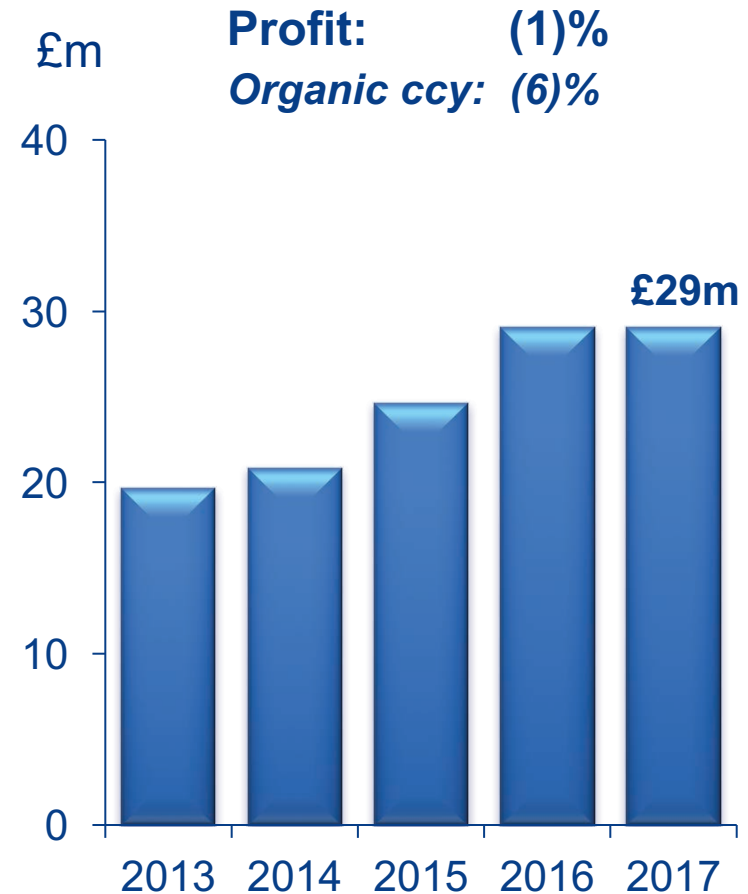
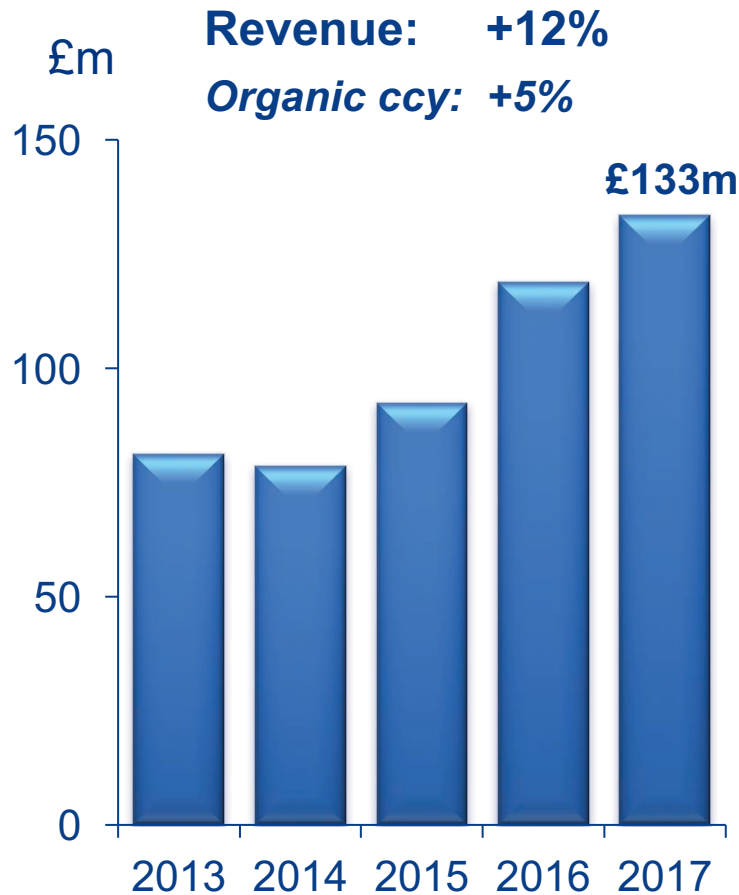
Return on Sales: 22.8%

Process Safety: Revenue by destination

% of sector & % growth



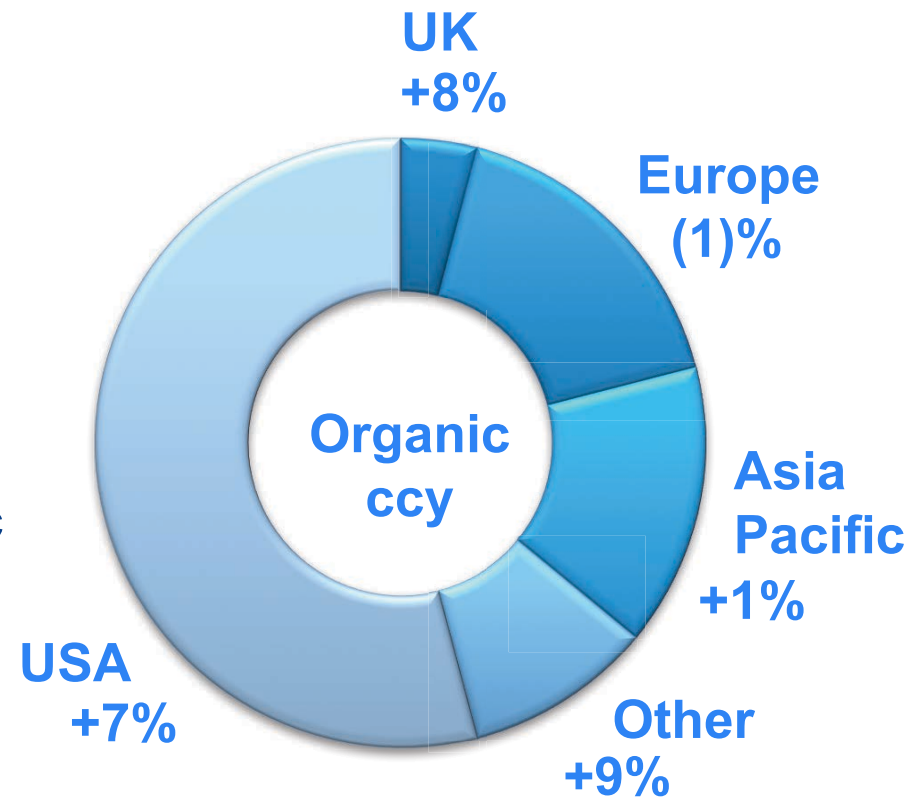
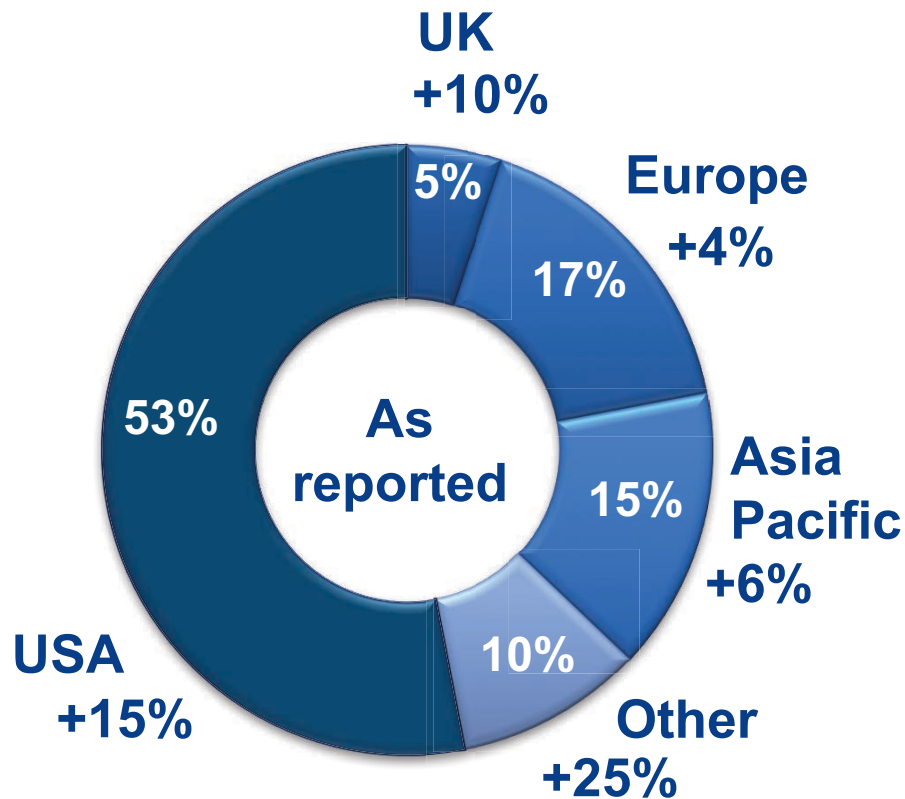
Medical: Trading performance



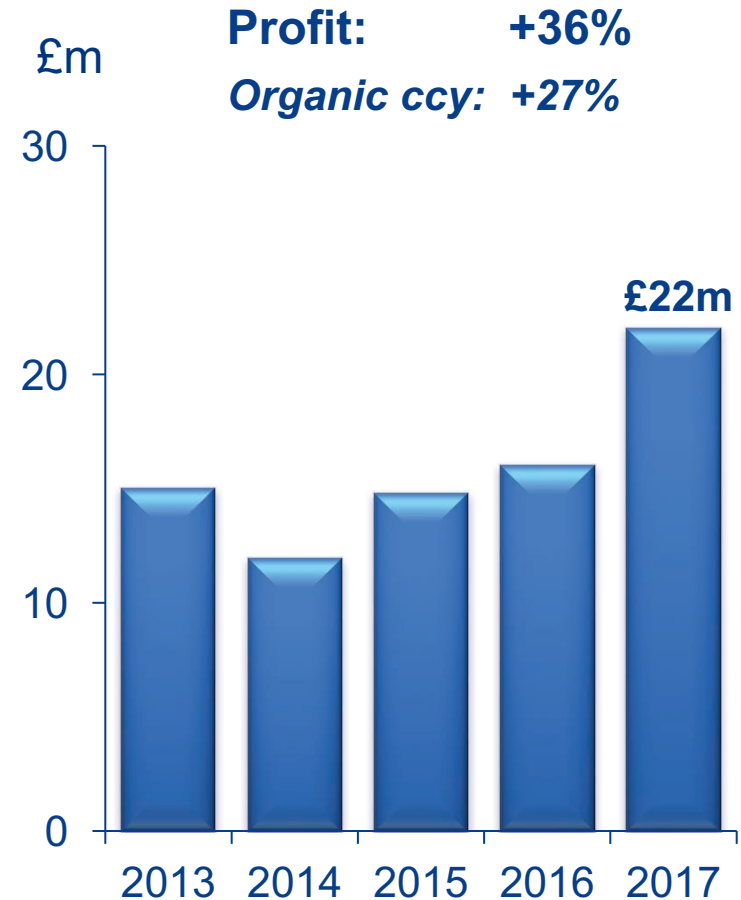
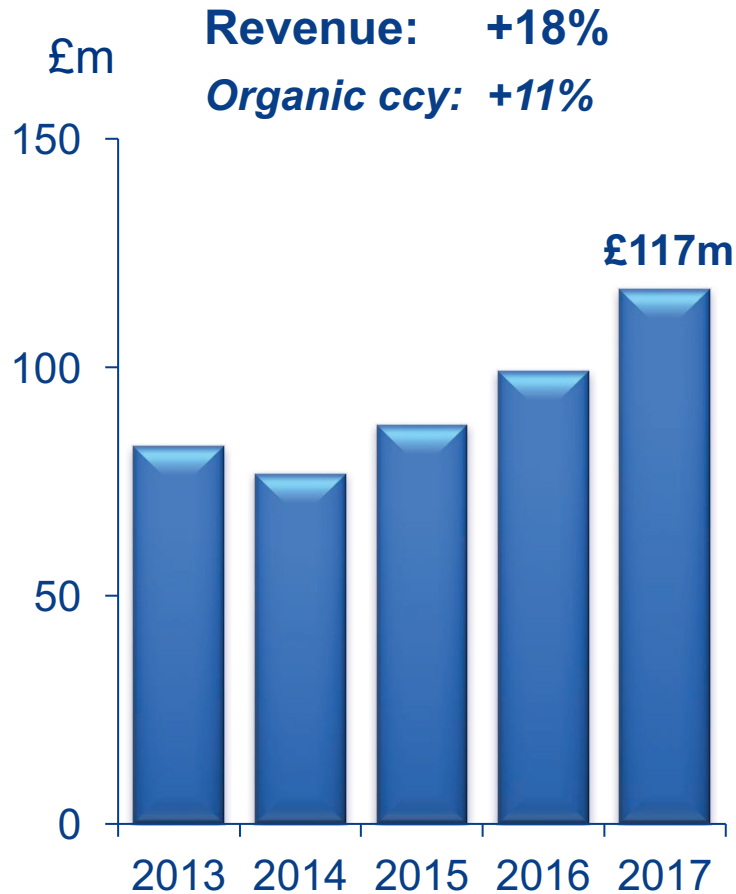
Return on Sales: 21.6%

Medical: Revenue by destination

% of sector & % growth



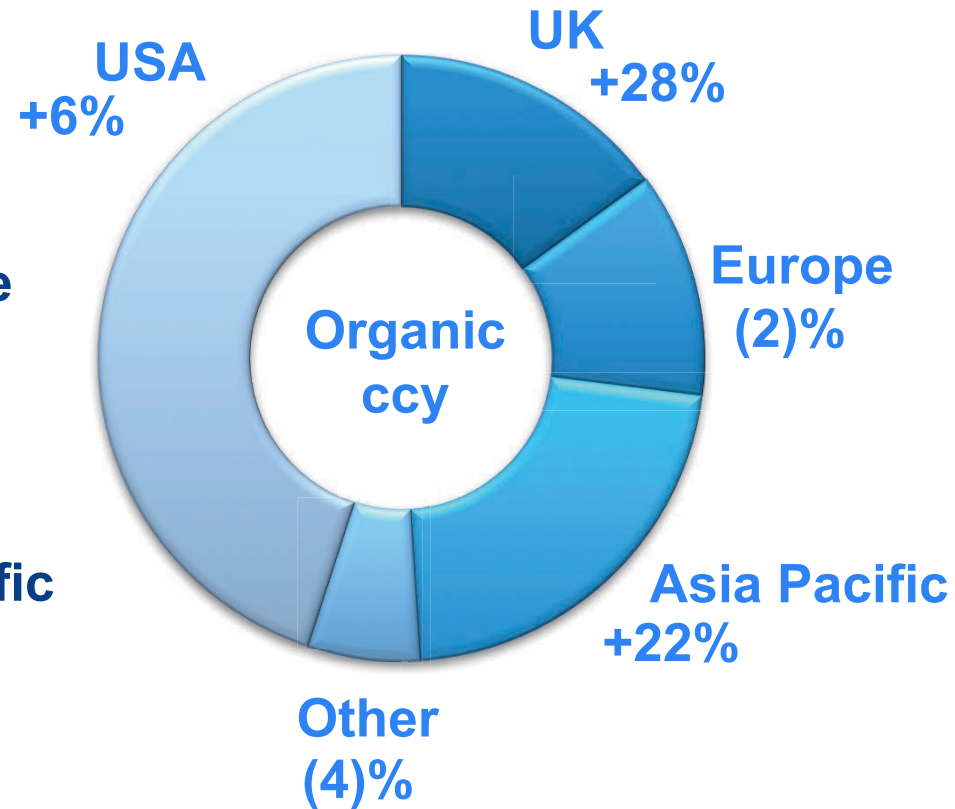
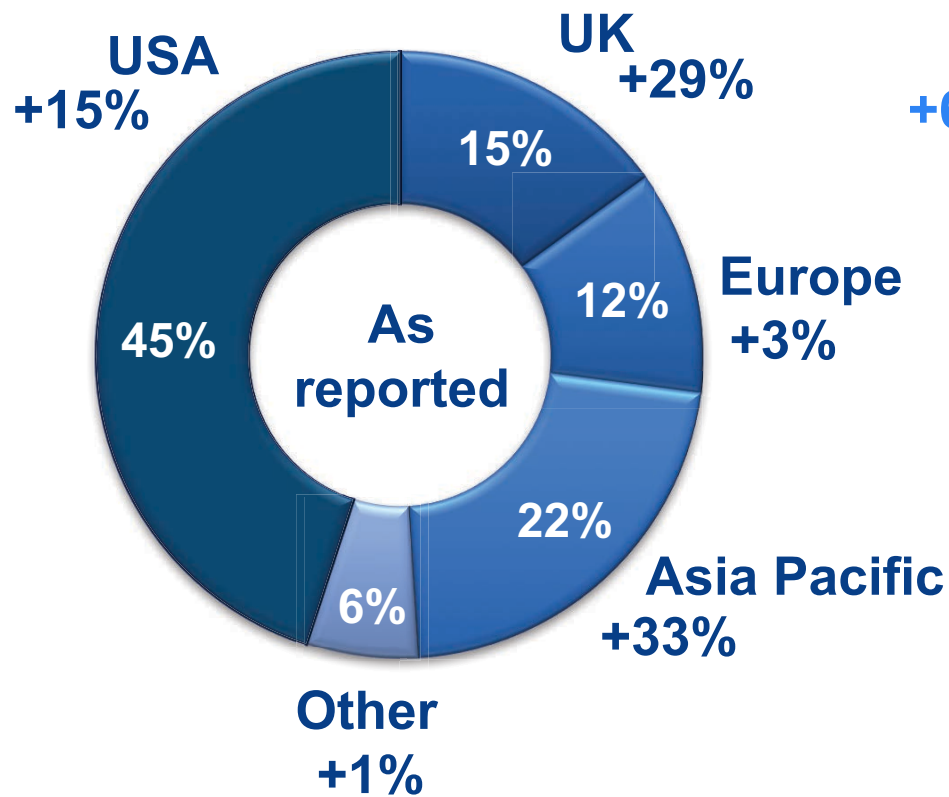
Environmental & Analysis: Trading performance



Return on Sales: 18.7%

Environmental & Analysis: Revenue by destination

% of sector & % growth

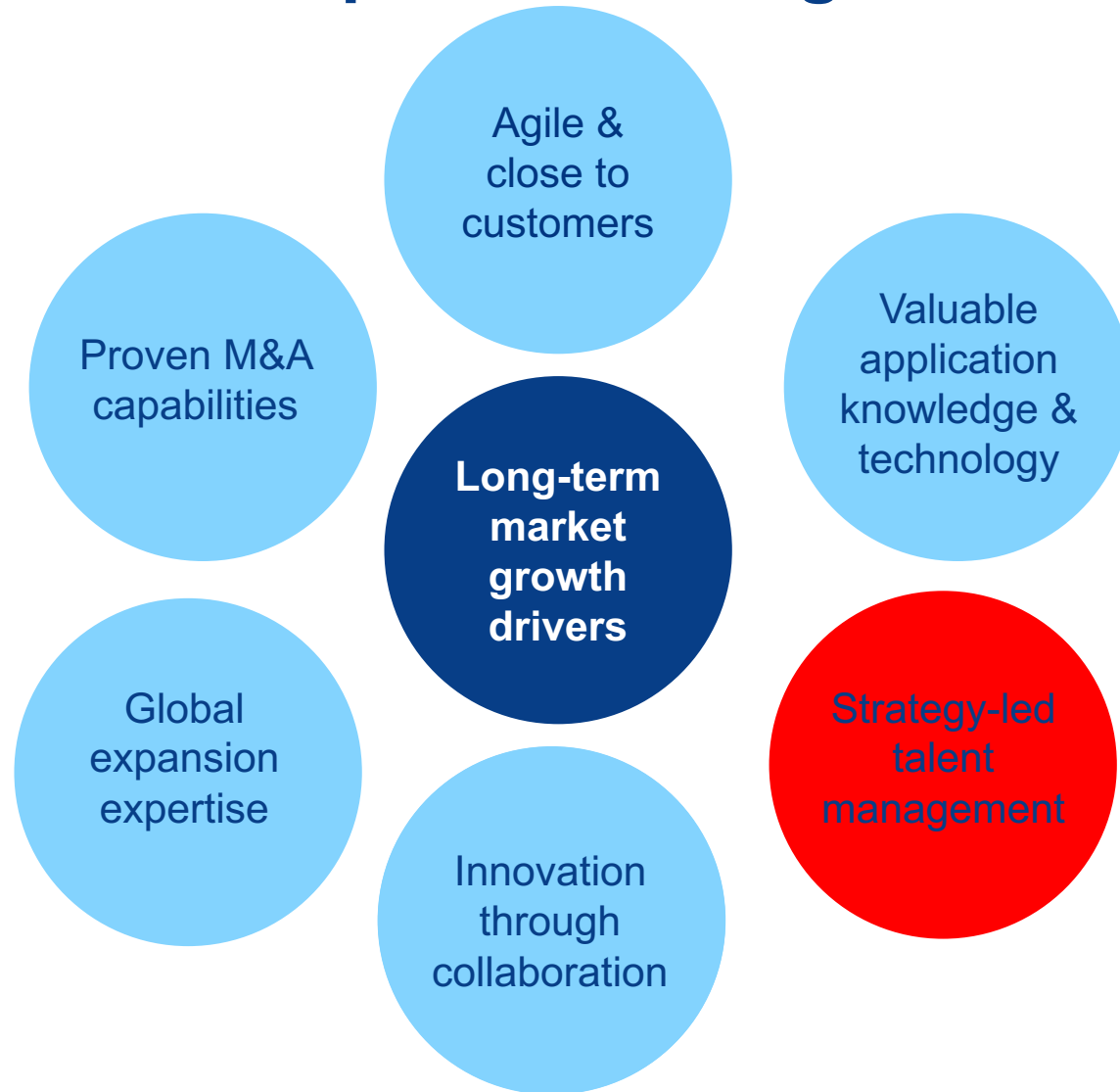


Strategy update

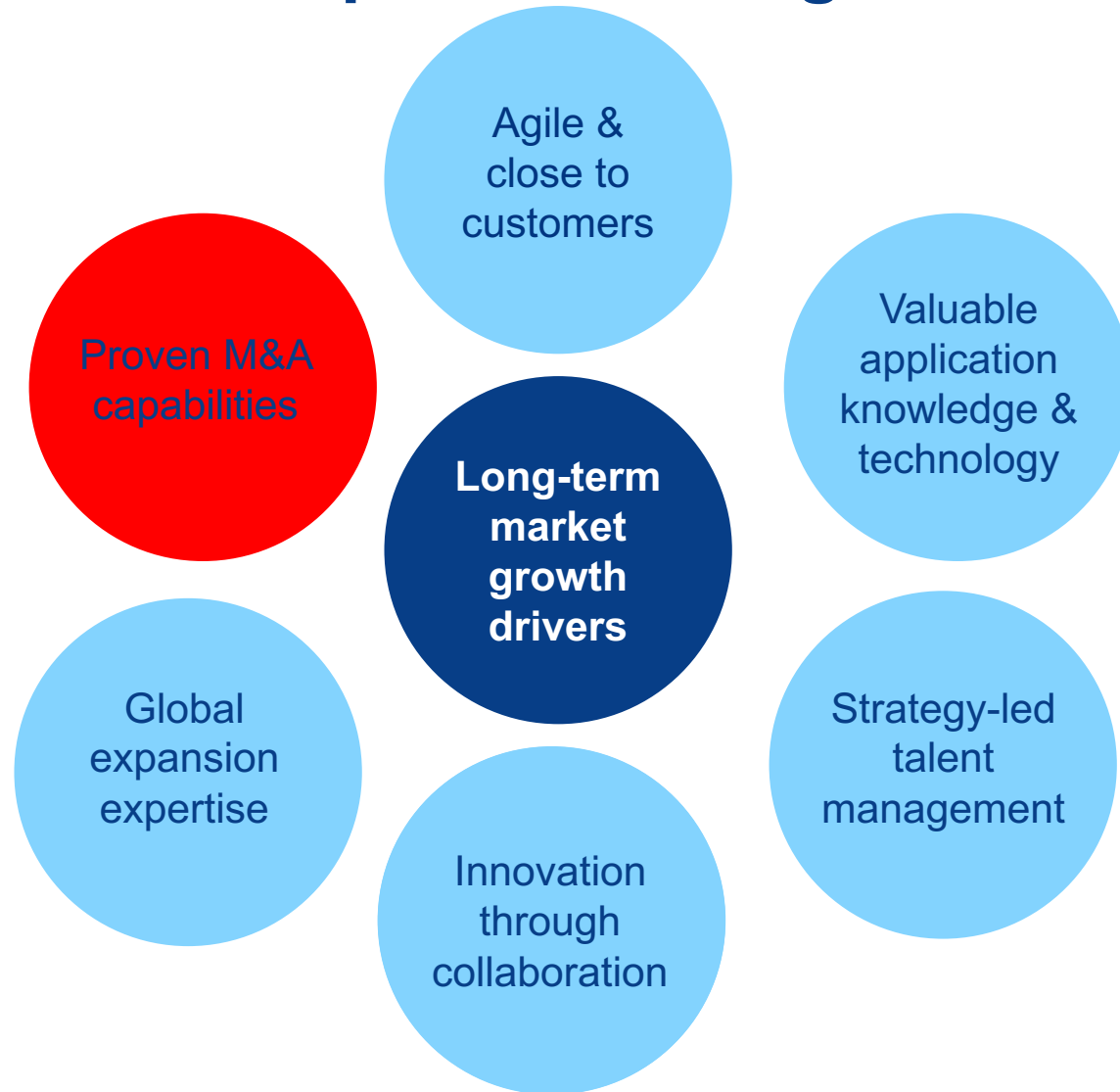
Sustainable competitive strengths



Sustainable competitive strengths



Sustainable competitive strengths



M&A Update: four acquisitions completed



CASMED (Jul 17)



Cardios (Aug 17)



Mini-Cam (Oct 17)



Setco/Microkey (Nov 17)

Summary & Outlook

- Strong H1 and trading in line with FY expectations
 - Good revenue momentum in all sectors
 - Order intake remains on track
 - Recent acquisitions, healthy acquisition pipeline
- Investor dinner early February 2018

“Growing a safer, cleaner and healthier future for everyone, every day”

Questions

Appendices

Currency impacts

	\$		% change	€		% change
Average rates	17/18	16/17		17/18	16/17	
• H1 v £	1.29	1.37	6%	1.14	1.22	7%
• Full Year v £		1.31			1.19	
• <u>1% change* (Annual impact)</u>	\$ (~ 45% of total)			€ (~15% of total)		
Revenue	+/- £4.6m			+/- £1.3m		
Profit	+/- £0.9m			+/- £0.2m		

- At \$1.30/€1.13 Average rates for the full year 2017/18, (assuming \$1.31/€1.11 relative to Sterling for balance of financial year), currency translation impact on revenue and profit would be approximately 1% positive compared with using 2016/17 Fx rates*.

* Based on H1 2017/18 currency mix

Pensions

DB plans Deficit	HY 2017/18	FY 17
	£m	£m
Assets	265.2	265.0
Liabilities	(332.0)	(339.9)
Deficit	(66.8)	(74.9)

- Discount rate increased to 2.6% (Year end 2017: 2.5%), decreasing liabilities
- Closed UK DB pension plans to future accrual December 2014
- Annual contributions to pay off deficit : 2016/17: £10m, 2017/18: expected £11m
- Next Triennial Actuarial valuations: Halma pension plan – December 2017, Apollo pension plan – April 2018

2017/18 Full year

	Notes	Full year 17/18 forecast	16/17 Actual
Capex	1	~ £23m	£24.4m
Effective tax rate		~ 22.3%	21.5%
Central costs	2	~ £14.5m	£10.5m
Net finance expense	3	~ £9.7m	£9.3m

Notes:

1. Forecast capex of £23m versus £29m forecast at year end, includes lower property related spend in H1 in addition to deferral of two projects into 2018/19, leaving H2 forecast spend in line with H2 2016/17.
2. 2017/18 includes expenditure on the HITEx conference, cyber security and further investment in Digital development, communications and incentives.
3. Includes Mini-Cam and Setco acquisitions.

Acquisitions 2017/18

					Annual contribution *	
	HQ	Month acquired	Initial consideration £m	Max earnout £m	Revenue £m	EBIT £m
Casmed	USA	July 17	3.4	1.5	2.7	
Cardios	Brazil	Aug 17	12.4	1.2	6.1	
Mini-Cam	UK	Oct 17	62.0	23.1		5.2
Setco	Spain	Nov 17	15.1	—		1.5

* As announced. Most recent full year results.

Sector history

£m		13/14	14/15	15/16	16/17	17/18
Sector revenue	Process Safety	62.2	73.6	77.8	76.7	88.8
	Infrastructure Safety	107.3	112.7	122.4	148.0	167.9
	Medical	81.1	78.5	92.3	118.7	133.3
	Environmental & Analysis	82.6	76.2	87.2	98.8	116.5
	Inter-segmental sales	(0.1)	(0.1)	-	(0.1)	(0.2)
	Group revenue	333.1	340.9	379.7	442.1	506.3
Sector profit*	Process Safety	16.1	20.4	19.1	17.4	20.2
	Infrastructure Safety	20.6	22.8	24.6	32.0	35.7
	Medical	19.6	20.9	24.6	28.9	28.7
	Environmental & Analysis	15.0	11.9	14.7	16.0	21.8
	Segment Profit	71.3	76.0	83.0	94.3	106.4
	Central cost/net finance expense	(6.2)	(7.0)	(8.3)	(10.7)	(11.9)
	Profit*	65.1	69.0	74.7	83.6	94.5

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

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