Halma plc
Full Year Results
2024/25

Summary of analysts' presentation by:
Marc Ronchetti, Group Chief Executive
Carole Cran, Chief Financial Officer

12 June 2025

Halma plc, Misbourne Court, Rectory Way, Amersham, Bucks HP7 0DE, UK. Registered in England number 40932.
Tel: +44 (0)1494 721111 Fax: +44(0)1494 728032 Email: investor.relations@halma.com Web: www.halma.com

Record results

Marc Ronchetti, Halma's Group Chief Executive, introduced the presentation of the full year results.

Good morning and welcome to our full year 2025 results presentation.

It's great to be here to present a really strong set of results – in fact, overall, I would say, the best set of results I've seen in my nine years at Halma.

These are results which clearly demonstrate both the benefits of our Sustainable Growth Model, and the value of having exceptional talent and teams across the Group.

I'd like to start today by thanking everyone at Halma for their continued commitment to delivering our purpose, and their contributions to our success over the last year – something we should all be proud of.

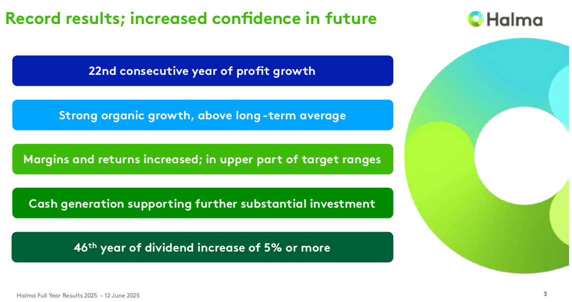
I'd also like to take this opportunity to introduce Carole, who joined as our CFO at the beginning of April.

It's been great to work with Carole over the last nine years in her role as a non-executive director on our Board.

It is fantastic that she is now part of my leadership team, and I know we will see the benefit of her significant experience as a finance leader, and her passion for Halma's purpose and culture, as we work together to deliver Halma's growth strategy.

In a few moments, Carole will give you more insight into our financial performance in the last year.

But first, let me start with the highlights:



It's great to report another set of strong results, with record revenue and profit, this now being our 22nd consecutive year of profit growth.

And I'm really pleased to see these results underpinned by strong organic growth, above our long-term average.

We've also delivered increases to our margins and to returns on capital, with both metrics now in the upper part of our target ranges.

And once again, cash generation has been excellent, well above our KPI, enabling us to make continued substantial investments to support our future growth.

Delivery of this financial performance in varied and fast changing market conditions further increases my confidence in our ability to continue delivering strong and compounding growth and returns.

It's also a financial performance that supports a further dividend increase, making this the 46th consecutive year of dividend growth of 5% or more.

I will share my thoughts on how we delivered these excellent results later. However, before that, let me hand over to Carole, for some more insights into our performance in the year.

Thanks Marc.

Good morning, everyone.

I am really pleased to be here today to present my first set of results as Halma's CFO.

I am now a couple of months into my new role, after a successful handover period with Steve. This was the ideal opportunity to get out into the business and to spend time with my new colleagues.

The last nine years as a non-executive director mean that I have an understanding of the Sustainable Growth Model and the companies, people and culture that have delivered many years of success... with revenues growing from £700m to £2.2bn over that time.

Five months spending time with my colleagues and visiting eleven of the companies, have given me a fresh perspective. I am looking forward to more trips planned in the summer and later this year.

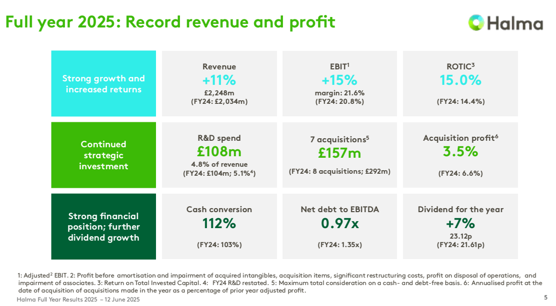
Two things have particularly struck me -

One, the talent of our people and the inspiration and drive they get from our collective purpose and

Two, that our people are passionate about what they do and solving problems for their customers.

Today's results continue our track record of delivering long-term compounding growth and strong returns.

So, let's look at the results in more detail.



I'm pleased that we have delivered strong growth and increased our already strong margins and returns

With revenue up 11% and EBIT up 15%.

EBIT margin up eighty basis points to 21.6%

and ROTIC up sixty basis points to 15%.

Our strong growth and returns have enabled us to continue to invest for the long-term

Our companies are well invested - £108m on R&D, which is 4.8% of group revenues.

We made seven acquisitions during the year, two standalones and five bolt-ons; consideration of £157m.

Acquisitions made in the year represent 3.5% of profit.

This follows on from the eight businesses we acquired last year.

We have a healthy pipeline across all three sectors and will continue to maintain our discipline in acquiring only the best businesses.

Our strong growth and high returns are demonstrated by the strength of our cash conversion and balance sheet.

This means we have the funding for future investment and growth.

So, let's look at the metrics:

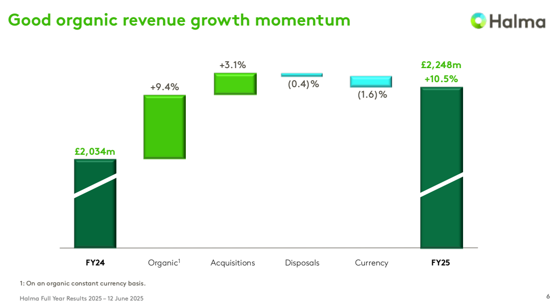
It's fantastic to see our cash conversion at 112% and well ahead of our target of 90%.

Even with combined investment of more than £300m in the year, our cash generative model means that our leverage reduced to just under 1.

This gives us the firepower and flexibility to deliver on our M&A strategy.

Finally, as you heard from Marc, this supports a dividend increase of 7%.

Now let's look at our revenue growth in more detail.



This slide bridges the year-on-year revenue growth of 10.5%.

Organic revenue growth was strong at 9.4%, and as Marc said, above our long-term trend.

This reflected good growth across Safety and E&A and includes a level of premium growth from photonics.

The majority of the growth was volume-driven with a typical price increase of 1-2%.

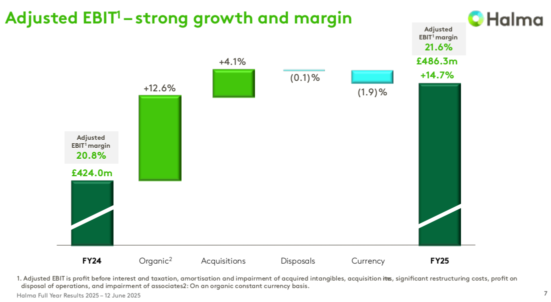
Acquisitions, including the most recent standalones, MK Test and Lamidey Noury, contributed 3.1%to revenue growth.

This was partly offset by the Hydreka disposal, completed in the first half of last year.

Finally, there was a translational currency headwind of 1.6% due to the strengthening of sterling, primarily against the US Dollar.

It's worth noting that based on latest currency rates, we expect a headwind of around 4% in FY26.

Let's now move from revenue to profit and margins…



EBIT was up 14.7% on a reported basis; and a healthy 12.6% on an organic basis.

This was ahead of revenue growth and reflects good operational delivery and mix, with margin expansion across all three sectors, which I'll come back to.

Acquisitions contributed 4.1%, ahead of the revenue contribution, reflecting the quality of the businesses we have acquired.

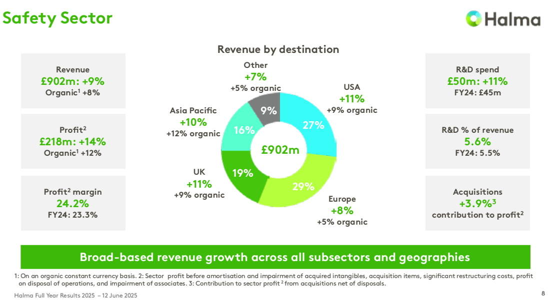
The currency headwind was 1.9%.

Overall, it was good to see the EBIT margin increase 80 basis points to 21.6%, which is modestly above the middle of our target range of 19-23%.

Moving on to the sector commentaries…

It's worth remembering that when we look at the sectors, while we show revenue by destination, the rate of growth in each region is driven by the strength of demand in a particular company as opposed to geography.

I'll start with the Safety Sector…



The Safety Sector delivered another strong performance, building on the momentum of an excellent year in 2024.

And good that it was broad based.

Revenue and profit grew across all subsectors.

On an organic basis, revenue grew 8%.

The sector delivered a double digit increase in profit, up 14% on a reported basis and 12% organically.

The margin increased 90 basis points to 24.2%, which is around our historical highs for the sector.

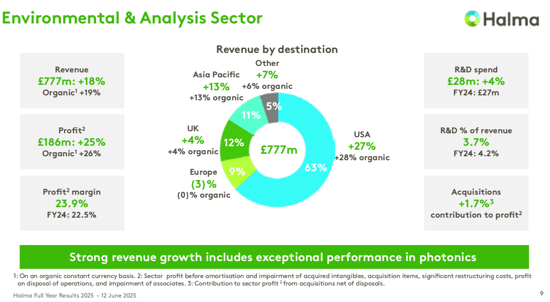
This performance was driven by strong revenue growth, favourable product and portfolio mix and good operational delivery.

Our Safety companies are well invested to support their future growth, with R&D spend increasing to 5.6% of revenue.

Finally, there was a solid contribution from acquisitions of 3.9%.

Turning next to the Environmental & Analysis Sector…

Halma plc, Misbourne Court, Rectory Way, Amersham, Bucks HP7 0DE, UK. Registered in England number 40932.
Tel: +44 (0)1494 721111 Fax: +44(0)1494 728032 Email: investor.relations@halma.com Web: www.halma.com



Fantastic to see the sector delivering strong revenue growth with reported growth of 18% and organic growth of 19%, which included very strong growth in the Optical Analysis subsector

The main driver for this was exceptional growth in photonics, which continued to benefit from increased customer demand for digital and data capabilities. Marc will come back to this later in the presentation.

Growth in this subsector was also supported by recovery in a number of spectroscopy's markets.

The exceptional growth in photonics and recovery in spectroscopy are reflected in the very strong growth in the USA, while this recovery is also coming through strongly in Asia Pacific.

The Environmental Monitoring subsector also grew well.

This reflected a strong performance in gas detection and analysis, which you can also see coming through in the US and Asia Pacific numbers.

The Water Analysis & Treatment subsector had a mixed performance.

We saw modest growth in water testing and disinfection, but this was more than offset by a decline in water infrastructure.

Our companies experienced a slow start to utility companies' capital projects at the beginning of the UK AMP cycle.

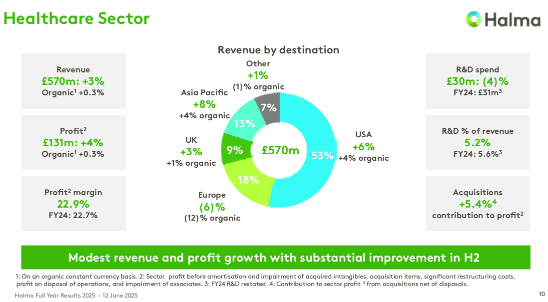
Profit increased by 26% on an organic basis.

The profit margin was up 140 basis points to 23.9% and was driven by the recovery in higher margin spectroscopy, good cost discipline and leveraging the topline growth.

At the same time, it was pleasing to see continuing investment. R&D was up 4%, noting that R&D as a percentage of revenue is lower than for the other sectors, with the growth in photonics having a lower R&D intensity.

And finally, there was a solid contribution from acquisitions, partially offset by the disposal of Hydreka.

Now let's turn to the Healthcare Sector



The Healthcare Sector delivered a resilient performance given the subdued backdrop.

That said, it was good to see a substantial improvement as the year progressed.

All three subsectors delivered organic revenue and profit growth in the second half of the year.

This, reinforcing our confidence in our Healthcare end markets and the long-term trends that support their growth.

By subsector, there was modest revenue growth in Healthcare Assessment & Analytics and improved momentum in H2.

Performance in Therapeutic Solutions was mixed, however also improved in H2.

There was strong growth in several of our surgical and respiratory devices companies.
This was offset by a decline in eye health therapeutics in Europe, coming off two years of very strong growth.

Life Sciences delivered good growth, following a significant slowdown in the prior year.

Profit was 4% higher on a reported basis and marginally up on an organic basis.

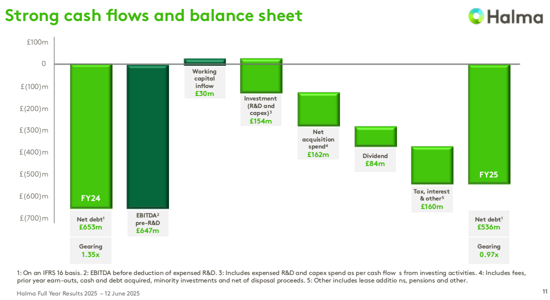
This reflected a decline in H1, with strong recovery in H2, coming through operating leverage from improved revenue growth.

The margin increased twenty basis points in the year to 22.9%.

Our Healthcare companies are well invested with R&D at 5.2% of sales.

Finally, there was a good contribution from acquisitions, reflecting the quality of businesses we recently acquired.

I'll now talk about the strength of our cashflows and balance sheet and how we have allocated capital during the year



The cash generative nature of our companies is represented by the dark green bar, with strong organic growth self-funding more than £300m of investment that I mentioned for future growth.

Within this, it's also great to see the impact of strong working capital management from our companies with inventory returned to pre-COVID levels.

And as always, we have the flexibility to support our companies to invest in working capital where it makes strategic sense to do so.

Simply put our capital allocation priorities are:

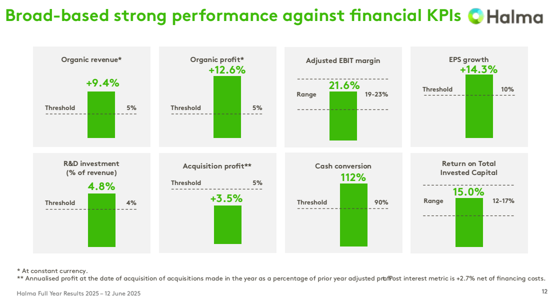
Firstly, organic investment to support our long-term growth – represented here by the organic investment through R&D and capex of £154m.

Second, continued value-enhancing acquisitions, which you can see through our net acquisition spend of £162m.

And third, a progressive return to shareholders through the dividend, with £84m returned this year.

And finally, our continued balance sheet strength gives us the flexibility and firepower to support our healthy pipeline.

Now let's turn to our financial KPIs and how we have performed against them…



This is a really strong set of results across the board and credit to everyone in Halma for delivering this.

We are well within range or have exceeded all our KPI targets, except one.

We delivered strong growth and increased our already strong EBIT margin.

This while we continued to invest for sustainable long-term growth, both organically and through acquisitions.

While the in-year spend was below our KPI this year at 3.5%, over the last five years, our acquisition profit KPI has averaged 6% – above our 5% target.

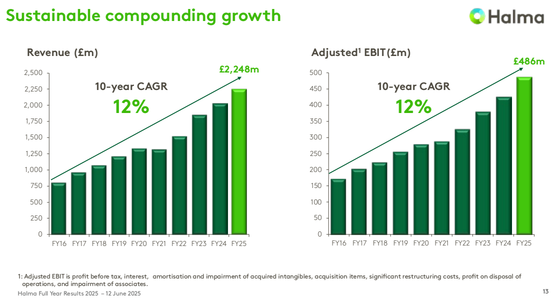
This, reflecting the timing and nature of the acquisitions we make.

Cash conversion was very strong and well ahead of our KPI target.

Noting that, with the unwind of inventory to more normal levels, we would expect cash conversion to be more in line with our target of 90% going forward.

Fantastic to see ROTIC improving to 15% – now in the upper half of our target range – reflecting strong revenue growth and margin progression.

Our performance across our KPIs shows that we continue to create significant value for our shareholders.



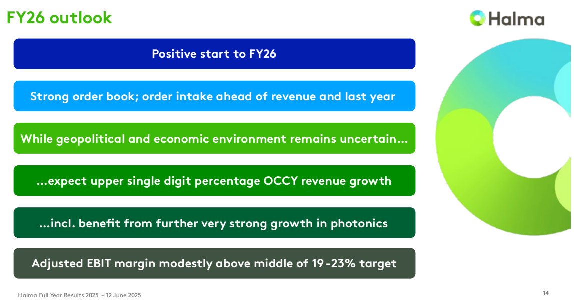
Turning to my next slide, which I think speaks for itself.

The consistency of growth we have delivered over the last ten years at the revenue and EBIT level – both compounding at 12%.

A performance that we have delivered through economic cycles and the global events of our time.

Our track record demonstrates the benefits of the diversity and agility that we derive from our Sustainable Growth Model and reinforces our confidence to continue to deliver strong growth and returns.

Moving to my last slide which is on guidance for FY26...



We have made a positive start to the 2026 financial year,

with a strong order book and order intake ahead of revenue and last year.

While the geopolitical and economic environment remains uncertain, we

Halma plc, Misbourne Court, Rectory Way, Amersham, Bucks HP7 0DE, UK. Registered in England number 40932.
Tel: +44 (0)1494 721111 Fax: +44(0)1494 728032 Email: investor.relations@halma.com Web: www.halma.com

currently expect to deliver upper single digit percentage organic revenue growth in this financial year.

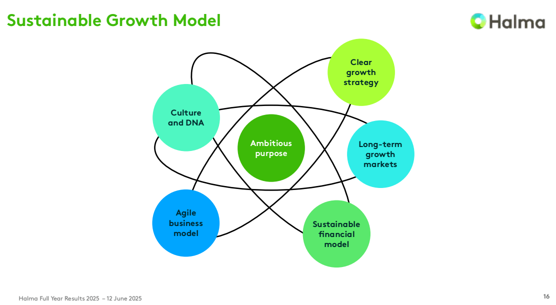
This includes a premium from further very strong growth in photonics within the Environmental & Analysis Sector.

Adjusted EBIT margin is expected to be modestly above the middle of our target range of 19-23%.

I will now hand you back to Marc.

Thanks Carole

Great to see that growth in revenue and profit further extending our strong track record of compounding growth and returns.



This time last year, I spoke about how our growth over the last 50 + years has been underpinned by the principles which form our Sustainable Growth Model.

This is a model that has been tested and proven to be resilient, and whilst it continues to evolve, the fundamentals have remained.

The continuous interaction of the elements you see on this slide have been critical in enabling our performance over many years, including the strong growth and returns in the last year that Carole has just described.

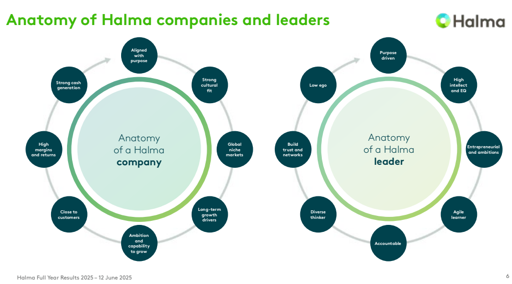
Our model also underpins my belief that we can generate strong growth, high margins and returns well above our cost of capital for decades to come.
Today, I'll take a closer look at some critical aspects of the model:

what makes a great Halma company and a great Halma leader;

how our companies benefit from being a part of Halma;

and how our organisational design enables our companies to maintain close relationships with their customers, which in turn informs the many opportunities they see to provide innovative solutions to their customers' critical needs.

So let's look first at the qualities which make a Halma company and a Halma leader – 2 fundamentals of our model.



Unsurprisingly there is a high level of overlap between the two.

For both our companies and our leaders, alignment with our Purpose, and cultural fit, are critical.

We want our companies and our people to be ambitious, entrepreneurial, and focused on creating opportunities to grow our positive impact.

We want them to do that by leveraging the power of networks and teams in their companies and across Halma.

Agility is key, for both our companies and for our leaders - we want to be able to respond with pace to opportunities, and to challenges, in our markets.

This is why we focus on niche products, in markets where growth is supported by long-term growth drivers.

These are markets where our leaders can be close to their customers, and understand their challenges.

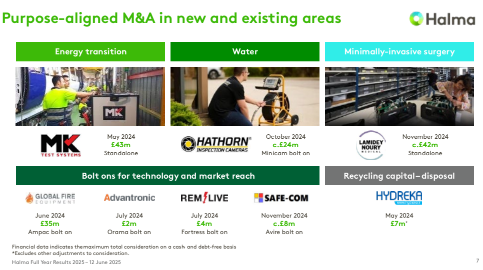
And as part of our organisational model, we give our leaders the autonomy to react rapidly to provide high value, critical solutions to complex problems.

In turn, this means our leaders need to be diverse thinkers, intellectually capable and inquisitive, entrepreneurial and agile in their thinking.

They also need to be comfortable with the accountability that comes with their autonomy.

At the same time, we want them to harness the power of teams and networks to create ever better solutions for our customers, requiring our leaders to have a low ego and be willing to celebrate success through others.

So how does this work in practice when we are selecting the companies we wish to buy?



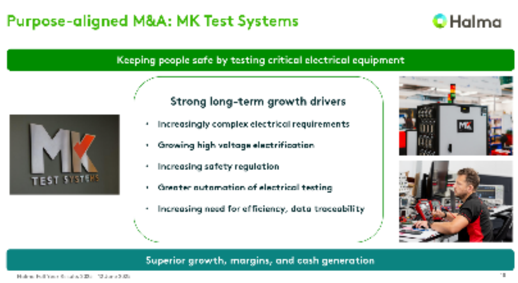
These are the acquisitions we made in 2025.

Acquisitions which have increased the diversity of our portfolio, further broadening our market presence across all our three sectors.

Looking forward, I am confident in further progress in 2026: we have a healthy pipeline of potential acquisitions, and have made further investments in our M&A capabilities: adding further skilled resources in our sector and dedicated M&A teams.

It's great to see a high level of activity in these teams, and our continued discipline in selecting only companies that fit with Halma.

Let's bring this approach to life by looking at one of this year's acquisitions, MK Test Systems.



Ensuring the safety of workers and critical assets has always been a focus for Halma.

It was one of the first markets that we entered, back in 1971, through the purchase of Castell, now part of Sentric.

Over the years, this has broadened to include solutions for new end markets, examples including renewable energy installations and data centres.

With our knowledge of safety needs in manufacturing and transportation, we identified a further market niche, in testing the integrity and safety of electrical systems, where we saw attractive growth opportunities.

This led us to acquire Weetech in Germany in 2022, and, in May last year, MK Test.

So why did we choose MK Test?

First, it is strongly aligned to our purpose, not only to safety, but also it offers opportunities to support electrification as part of greener energy use.

Second, we see very strong long-term drivers underpinning its growth: electrical systems are getting ever more complex, and more hazardous with increasing use of high voltage.

As a result, regulation is increasing to protect workers and users.

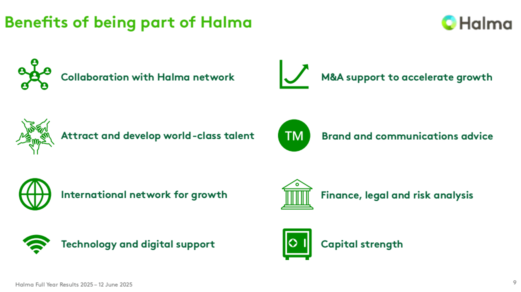
In turn that means that manufacturers have a greater need to automate electrical testing, to fulfil regulatory requirements more efficiently.

And in MK Test, we saw a company that had the specialist technology to help its customers, and strong customer relationships, with companies such as Airbus and Daimler Truck, resulting in a deep understanding of their developing needs.

And very importantly, we also saw that MK Test has an entrepreneurial culture, with an ambitious and growth-focused leadership team, that would fit well with Halma.

All of these elements giving us confidence that MK Test can continue to deliver strong and superior growth, margins and returns for many years to come.

So why would a successful business such as MK Test want to join Halma?

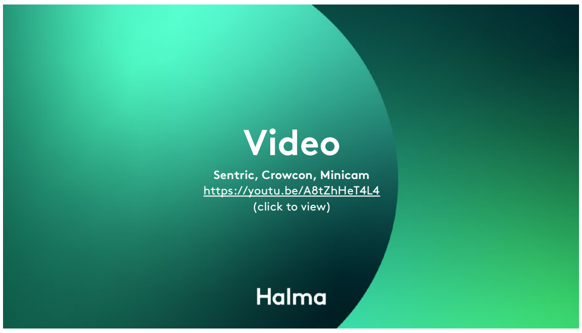


Simply, I believe it is because we can offer them what I see as the best of both worlds: the advantages of retaining their entrepreneurial agility, while being part of a large, FTSE 100 global group.

Our model helps them to overcome the barriers to growth that many SMEs experience: how to attract and retain the best talent, how to internationalise their businesses, how to grow through M&A, how to leverage the best technology, for example in AI and cybersecurity.

In addition, and for me of real value, it gives them the opportunity to network and share learnings and experiences with other companies in the Group, all of this while also benefiting from the capital and resources that Halma has to offer.

But don't take it from me – let's hear from some of our companies:



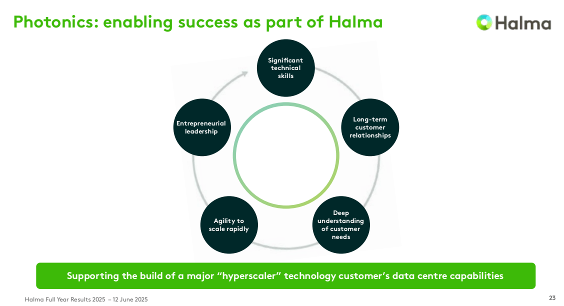
Some great comments there.

Aurelie highlighting the freedom she has to set Sentric's growth strategy.

Stephen and Graham focusing on the power of the Halma network, and the support they get from the Group.

And all of them clearly demonstrating how they act as entrepreneurial owners of their companies with autonomy and clear accountability.

And it's in this context that I'd like to spend a few moments on the significant growth we've seen in photonics.



Just to remind you, there are some limits to what we can say, given the confidentiality agreement we have with our customer.

Photonics is a growth story driven by the success of one of our companies, which demonstrates many of the same elements which drive success across our portfolio:

Significant technical skills...in this case, substantial application expertise in the use of photonics;

The ability to identify a new market opportunity – specifically supporting a "hyperscaler" technology company as it develops its data centre capabilities;

A business built on long-term customer relationships, here of over 10 years, meaning we have a deep understanding of customer needs;

Supporting our customer with a small but critical component of a wider solution;

Agile and entrepreneurial leadership with the autonomy to lead the company whilst leveraging the benefits of being part of Halma;

And a financial track record that's seen revenue grow from under £10m in 2011 to around 15% of Group revenue today.

Of course, we recognise that this level of growth is exceptional.

Rightly we celebrate that success, after all, we are looking to maximise the potential in every one of our portfolio of companies.

We also recognise some of the more unique characteristics, such as the fact that the majority of that growth has come from a single major customer.

So how are we managing this premium growth and diversifying revenue in the context of our broader portfolio?

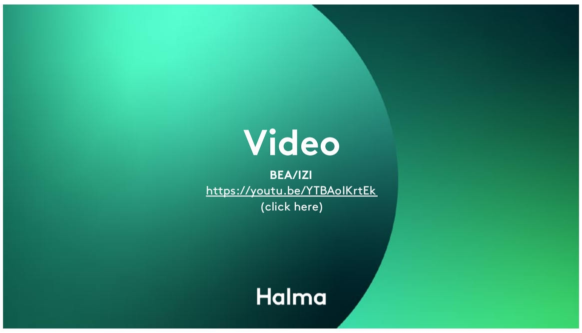
First, we support our companies in delivering this growth, helping them to maintain the close customer relationships they have built over many years, and supporting them in scaling their company to meet their customers demand, in areas including talent and their facilities.

Second, helping our companies develop wider sources of long-term growth– in this case, by developing alternative uses for photonics technology: through establishing separate teams, focused on diversifying revenue streams with new customers in a variety of end market applications.

Third, our devolved and autonomous model allows us to, again, have the best of both worlds – as a portfolio to benefit from the strong growth being delivered by photonics, and to use this period of premium growth to increase our investment, both organically and in M&A, to support the excellent and continuing growth opportunities in the rest of the group.

This wider investment underpinning very healthy levels of growth in 2025, and which we expect, as you heard from Carole, to help us continue our track record of growth in 2026 and beyond.

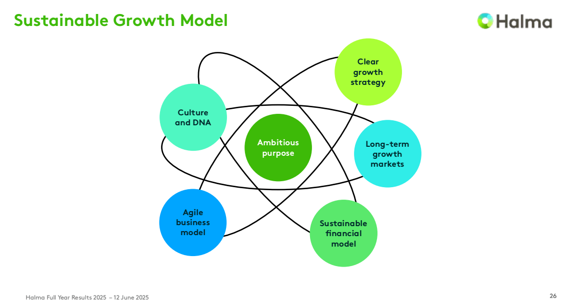
As I stated, a core component of the success in photonics has been our ability to develop close long term customer relationships ...let's hear from two of our other companies how they are delivering growth, based on long-term customer relationships.



Two further fantastic examples of how we create opportunities to deliver growth

From BEA, which has been part of Halma for more than 20 years, and IZI which has been part of the group only since 2022.

So, two companies, with different histories, operating in very different markets, using that same approach ...



Companies with entrepreneurial leadership...

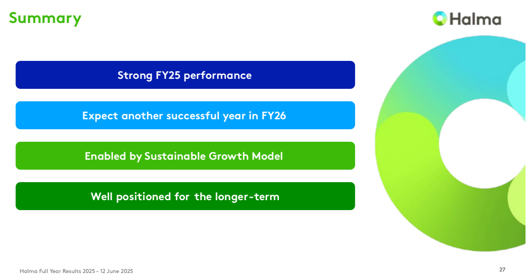
Driving purpose-aligned growth...

In markets with long-term growth opportunities...

Maintaining close customer relationships…
Acting with agility to seize opportunities and respond to changes in their markets.

Companies, in short, that have the capabilities to deliver strong growth and returns over the long-term.

So, bringing it all together…



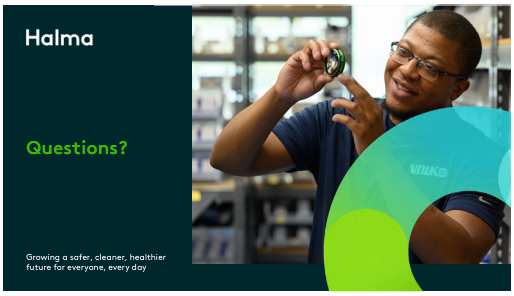
Carole has described the strength of our performance in 2025, delivered in varied markets – another record year for the Group.

While the broader environment remains uncertain, we expect to deliver another successful year in 2026.

You have heard how this continued success is enabled by our Sustainable Growth Model.

A proven model whose fundamental strengths have sustained our track record of compounding growth and returns over more than half a century.

And a model whose strengths support my confidence that we are well positioned to make further progress, in this year, and over the longer term.



That is the end of the presentation, and now we have time for some questions.

There are two ways you can ask questions: you can either raise your hand using the tool at the bottom of your screen, and I will invite you to ask your question verbally, or you can type the question, which Carole and I will read out and then answer.

Our first question comes from Andre. Good morning Andre!

Andre Kukhnin, UBS
Morning. Thank you very much for the presentation and for your time. I've got a couple of questions. I'll just go one at a time. Firstly, going through the portfolio and clearly very strong results to deliver across the board. I just wanted to ask about Safety, the organic growth acceleration there and the margins, now I think all-time highs. How do you view that performance in 2026 and maybe in the outer years, is it sustainable? Can we push on even further from here?

Marc Ronchetti
Thanks, Andre. And as you say, really pleased with the wider results and in particular Safety. We're clearly coming off the back of two strong years, which is great to see. We've got momentum, the order take and the order book's there, a really great job by the teams in terms of the margin. A lot of that is real focus both on gross margin, on the mix of business, and of course, on just

managing overheads, but making sure that we continue that investment. So two great years, as we look forward, clearly we are coming up against a stronger comparator and I think with any of our businesses, it's always fair to say that whilst not material, we're not immune to some of the challenges in in the end markets. But the portfolio gives us that diversity to give us a level of confidence that FY26 will be another good year for the sector.

Andre Kukhnin
Great. Thank you. And maybe a question on guidance. The guidance we got this morning, full year guidance is for high single digit growth and margin middle of the range. How would you expect that to pan out between the first half and second half if you can already comment at this stage?

Carole Cran
Morning, Andre, Carole here. Pretty similar to what we we've seen historically on revenue and profit; revenue probably sort of 48/52 split and then typically the profit comes through in a 45/55 split. So based on what we're seeing and hearing from the businesses at the moment, that's what we're expecting for this year too.

Andre Kukhnin
Great. Thank you very much to both of you.

Marc Ronchetti
Thanks, Andre. So next up, let's go to Max. Morning, Max.

Max Yates, Morgan Stanley
Morning all and thanks for the time and great to see the growth broadening out into some of the other areas from the results. But I think what I'd really like to focus on first would be actually on the M&A side, and we're always interested to hear how you're investing in your M&A capabilities, and how you continue to enhance that process. So, firstly, any examples or investments that you've made particularly in the process, people, or how you go about doing M&A to continue to develop that very successful process going forward?

Marc Ronchetti
Yeah, thanks Max. And as you say, really good progress on M&A and as you know, because of our approach to M&A in terms of ultimately buying businesses that aren't for sale in a one year period, you tend to get a few ups and downs. But if we look at our progress over the last five years, including COVID, we're still at a really healthy 5.9%. But that said, to your point, we're never resting on our laurels.

We're always thinking about where are the opportunities, where can we invest to maintain that real focus on good quality. And in the last 12-18 months, we've invested in our Sector teams at the DCE level. As you know, they're responsible ultimately for bringing in M&A to the group. They'll then be responsible for delivery of the results from those businesses. So we've added DCEs to give us scalability moving forward.

We've also made investments in the dedicated M&A teams, small teams but there to focus and really help us think through the market mapping, finding those niches, finding those markets with the long-term growth drivers. So targeted investment and as I said in the presentation, really pleased to see the level of activity and we've got a healthy pipeline - and I think importantly across all sectors - and a really nice mix between standalone and bolt-on. So yeah, looking forward to what's to come on the M&A side.

Halma plc, Misbourne Court, Rectory Way, Amersham, Bucks HP7 0DE, UK. Registered in England number 40932.
Tel: +44 (0)1494 721111 Fax: +44(0)1494 728032 Email: investor.relations@halma.com Web: www.halma.com

Max Yates
Great. And my second question is around the healthcare business, it looked like kind of that turned a corner in the second-half of the year. I guess maybe when we look at sort of what's happening in the US around some of the regulatory debates, maybe if you could just talk a little bit about how your customer conversations are evolving. Are you finding any sort of caution across your US customers and any sort of the Halma portfolios that may be kind of more or less sensitive due to their business models in any of these particular areas? But any context around that would be would be great. Thanks.

Marc Ronchetti
Yeah, thanks Max. The first thing to say as you point out, it's really pleasing to see the H2 recovery. And I think real testament to the teams in terms of keeping that closeness to the markets, taking the appropriate actions, but also a really good example of how the wider portfolio enabled us to continue to invest over the last couple of years; and as we've talked about before, we're not immune, we're more resilient to some of those wider challenges that we've seen in healthcare.

As we sit here today, there's clearly a number of developments that you refer to, particularly in the US, whether that be around Medicaid, whether that be around NIH spending. The reality is because of the types of businesses that we're in, ie the markets that we operate in are largely non-discretionary in terms of those disease states, whether that's around cancer diagnostics or acute therapeutics. So, you've got an underlying demand there, it's non-discretionary. In addition to that, other end markets that we're in are of high importance around ophthalmology and eye health, so that certainly helps.

In addition, most of the time we're sort of a relatively cheap part of the wider system. So, all of those things give us the resilience. We do have a low exposure to academia and then to your point, we're in good markets. It then comes back to the model and this is where we've got fantastic people leading our companies close to their customers with real deep knowledge that allows them to react accordingly. So, we're keeping a close eye in terms of what we're seeing on order take. We're keeping close to our customers and that's led us to give the group guidance.

So, I'm certainly not expecting a heroic recovery into FY26, but certainly expect to see a continuation of that momentum that we've seen in the second half of this year.

Max Yates
Great to hear. Thank you very much.

Marc Ronchetti
Thanks Max. So if we next go to Rory, I see you've got your hand up. So we'll go to Rory and then we'll pick up, Jonathan your typed questions next.

Rory Smith, Oxcap
Brilliant. Thank you. Good morning. It's Rory from Oxcap. Thanks for taking my question. Marc, I appreciate the strength across the portfolio here, but I think I think the shares are really up so much this morning based on the strength of the upgrade, and clearly that's driven by photonics. So, maybe if we can just talk about that for a little bit. The first question there is what kind of outlook are you willing to give beyond 2026 for that kind of premium growth that's adding the two percentage points to the group top line?

Marc Ronchetti
Yeah, certainly, I think Rory, just worth a bit of a step back on photonics. So as you

know, I very much rightly view the group as a portfolio of businesses and I think of our performance as such. I don't think it is appropriate to exclude high performing parts of the portfolio in any given period. And I also don't think it's appropriate to exclude those at the other end of the spectrum. But as you've heard today, we also operationally treat our photonics business in the same way as all others, albeit we are getting rightly a number of questions and interest.

We acknowledge the period of exceptional growth and as I said in the presentation, the fact that we've got a single customer. So, what we're trying to do is give a little bit more insight, whilst keeping to that principle of a portfolio performance. It's also just worth reminding everyone that we do have that confidentiality, so, I've got to be a little bit careful in in what I can disclose.

So given that we're thinking of it in the wider portfolio performance, that's where that reference is coming to premium growth. And I guess to try and bring that to life, I'm starting with the assumption that photonics grows in line with the group's long term organic growth rate of around 7%. And then any growth that we see over and above that, that's what we're calling the premium growth, and then using that level to determine the impact on the group's revenue in the period. So, that's the context and hopefully you'll appreciate that little bit of colour that we've given also in in the presentation in terms of looking forward.

I think I've talked before on the positive side, we've got a really strong relationship with the customer. You know, over 10 years and we're really embedded with the customer. We're embedded with our R&D team. We're managing the supply chain and of course we're able to fulfil the complex manufacturing at scale to meet their needs. So good news there. We're also a critical component of the wider solution.

But on the flip side, we've all got to appreciate that this is a really dynamic market. There's rapid development, there's technology change, but all of that means that that we're well positioned. Final point then on looking forward, we've had the conversation before and we've shared that we don't have a long-term contract in place. But instead, what we do have is visibility of purchase orders and it's based on that that we've given the visibility for FY26 and inclusion in the guidance.

But I come back again to that point on the dynamic market that we're operating in. And beyond that, and clearly there's a bit of a short term driver in terms of the build out of that data centre capability. But as I look forward, I believe there'll be an element of upgrade. I believe there'll be an element of maintenance. So, I trust the team and I trust the relationship and we'll keep updating you as our visibility becomes clearer.

Rory Smith
That's brilliant. Thank you. Can I just follow up there on the capital implications? I noticed the capex guidance has nudged up for FY26 a little bit, £45 to £50 million. And just thinking back to H2, last year when we thought that the growth, or certainly the guidance around photonics was for the growth to peter out or level out, and if anyone cared to look on the Avo Photonics website, there was a comment around expanding that facility. I noticed this morning that that's no longer there. Is that just a sanitisation point or how are we thinking about any potential investment that's needed to meet that growth? Thanks.

Carole Cran
Hi, Rory. Carole here. Yeah, I mean on the broader capex point and that that slight tick up for the guidance. I mean that's generally across the sectors where we're expanding capacity. In fact the particular step up is for one of our safety businesses that has been in the group actually for a couple of decades, and they're actually bringing three of their facilities together just to get better efficiency. So most of the increase actually relates to them there. There is a bit that relates to photonics capacity as well. But in the round that guidance for capex is pretty well spread and as you know, we're not a capital intensive business, so take it in the round really.

Rory Smith
Brilliant. Thank you both very much. I'll pass it on.

Marc Ronchetti
Thank you, Rory. As I said, I'll just go to Jonathan's questions. If I read them out and then we'll share them between us. The first question there is:
Can you elaborate on the reasons for the decline in Healthcare R&D spend year on year in FY25? The two other divisions saw growth.

That's first question, second question: Healthcare saw a big step in margin in the second-half. Is this level of profitability sustainable?

And then the third question, water infrastructure in E&A has been mixed. When do you think spend from AMP8 in the UK starts to feed through to Halma?

So, if I Just pick the first question, Carole can pick up the bit on the margin, and then I'll come back to the question on water.

And I think the point there on R&D spend in FY25 is much more around phasing. We had high levels in the last couple of years. As you know, our organic investment in growth through R&D is bottom up in the business because we remunerate on growth. It means that we can have really good conversations with our businesses every year in terms of the level of investment that they need to sustain that compounding growth for decades to come. So nothing to read into that, apart from a little bit of phasing, we certainly haven't reigned back in the R&D spend in Healthcare.

Carole Cran
Good morning Jonathan, just on your second question on the Healthcare H2 margins, as you know, the market backdrop for healthcare has been quite challenging as we've seen the unwind of the, overstocking. So, it's fair to say that Steve Brown, the Sector Chief Executive and his team have done an excellent job managing cost. So, when we saw the revenue starting to recover in H2, then that dropped through nicely to the bottom line.

Looking forward, I think the general comment we would make is clearly if we can continue to see recovery that will help margins. That said, Steve and the team will make sure that perhaps where they've been more cautious on their overhead addition, then it gives them an opportunity to start to reinvest maybe in some of those more discretionary elements. So, great progress by the team and hopefully we'll see that recovery continue.

Marc Ronchetti
Thanks, Carole. Jonathan, just picking up on the third point, as a reminder just around water infrastructure and E&A, and the timing of the AMP cycle. I guess the last 12 months have been a little bit mixed. I think you had the end of the UK AMP cycle in addition to some of the wider challenges, in Thames Water and

the like, so a subdued year. What we are seeing is that that need for the investment continues. The level of investment is there, and we're starting to see that feed through.

But again, I just think it's worth giving a little bit of context that we're not dependent on any one market to drive the growth. And about a third of our UK water revenue is from the AMP cycle, so putting that into context it's approximately 1% of the group's revenue. But to answer the question, we're starting to see that come through in the first half of this year. So now just going back to the calls, Alex we will come to you.

Alex O'Hanlon, Panmure Liberum
Good morning, both well done on a strong set of results and thank you for taking my questions. I just have a couple. The first one's on the very strong cash conversion, obviously that was driven by very strong inventory management and lower working capital absorption, down to 17% from 21%. Should we think about working capital absorption being around 17% going forward? Is that kind of level sustainable? That's the first one.

Carole Cran
Sure. Yeah. Carole, obviously, Hi, Alex. As you rightly pointed out, the companies have done a brilliant job. We strategically invested into inventory through the supply chain crisis. And then progressively, under Steve Gunning's leadership, been refocusing on the working capital management. So, it's great to actually to see it back to what we would consider, I suppose, more normal levels.

So to your question, if you look back in time, that is more normal levels. The only caveat I would put around that, and I made the comment in the presentation, is that if it makes sense to do so in the current climate, then we will on a targeted basis, support the companies in investing into inventory. But in the round really pleased with the hard work and attention that's been that's been put into delivering that cash conversion number.

Alex O'Hanlon
Perfect. No, that's super helpful. Thank you very much for that. The next question is probably a slightly, I guess moot point, obviously very strong results today. I think I'm just trying to get my head around something, just looking at the level of acquisitions, in FY24 there was 8 and then there were 7 in FY25, and obviously a lower consideration was paid. I noticed that the other acquisition items, kind of exceptional costs, stepped up quite significantly. I mean it's still only £20 million, but I was wondering if you could help me to understand the relationship between those other acquisition costs and the level of acquisitions being made/consideration.

Carole Cran
Yeah sure, Alex, and I applaud you in going through to that to that level of detail so quickly. I mean something that comes through there is the movement in the contingent consideration. So for some of our acquisitions there will be a contingent element. So the timing of that is obviously slightly different to the initial consideration. And then there's an element of that increase that relates to transaction costs as well. So you're right, it's quite a marked step up, but nothing unusual as it were. It just reflects those two components and the timing of them relative to the transactions themselves.

Alex O'Hanlon
OK. No, that's perfect. Really appreciate that and well done again on a great set of results.

Marc Ronchetti
Thanks, Alex. Appreciate it. Next, I'll go to David Farrell.

David Farrell, Jefferies
Thanks very much for taking my questions, which are slightly interlinked. Just on the topic of M&A, there haven't been any transactions since I think November, just looking back through history - bar COVID - that probably is the longest period where you haven't had any deals? Could you just give us a bit of an update in terms of what you're seeing in the market? I did sense that you referenced that you were being very disciplined in M&A. So have there been some things which have been close and perhaps you've decided not to progress with?

Marc Ronchetti
Thanks, David. As you say I think we've got to be a little bit careful with M&A and our approach to M&A of looking at individual 6 month periods. It's very much about relationship build, and think of it in some ways is we're trying to buy businesses that aren't for sale – it's built on strong relationships. There'll be factors that bring things to market. There'll be factors that mean that maybe they're delayed. So, the wider market at this moment in time, as I alluded to, I'm really pleased with the pipeline that we've got. It's got a nice mix of standalone and bolt-ons. It's across all sectors.

In the wider environment, what are we seeing? I think there's no doubt from the private owners, a little bit of all of the volatility in the world, you're seeing two camps. On the one hand you're seeing those business owners that are thinking there's a lot going on, this is hard work, I would love to find a fantastic home for my business that can support me in reaching our potential over the next X years. But on the other hand, you've got those business owners that are thinking, actually the current performance isn't reflective of our true value and therefore can we keep in contact? Can we keep the relationship going and revisit in 6-12 months' time? So, certainly nothing to read into there.

I guess the other dynamic is just around private equity. You've seen we've actually made a couple of acquisitions from private equity in the last few years, what we're seeing there is a number of funds are looking at exiting some of their businesses, but they're really keen to get certainty on timing. They're keen to get certainty on price. They're keen to go to a good home. And that makes us in a good position to get into a one to one relationship. So, nothing to read into that point. On discipline, we always maintain our discipline. We want Halma like businesses that are going to give us that growth for decades to come.

David Farrell
OK. Thanks very much for that. And I guess it might be linked, it might not be, but I guess, ROTIC, went up nicely year on year. I think to 15%. How can you drive that higher? You know, clearly this year's margins have helped, but do you see a scenario where that can continue to recover and go higher?

Carole Cran
Hi. I'll take that one, David. Yeah, I mean you know what you've seen in FY25 is that sweet spot, as it were, of strong top line growth combined with the strength of the margins. So it comes back fundamentally to what we always say about capital allocation and first and foremost, investing organically to drive that top line and then all the good work around the margins. So you know, we don't give guidance on ROTIC, but if you're thinking about it then you know that that combination is what moves that metric forward.

David Farrell
OK, thanks. I guess I was just trying to get understand, how impacted the improvement in ROTIC might have been from the absence of M&A and whether or not M&A is initially dilutive to the ROTIC?

Marc Ronchetti
No, David. I mean strangely in terms of ROTIC itself, there's no direct impact from M&A, because in the denominator you've either got the cash/net debt, or you've got the assets and the goodwill. So you don't see that impact. I think the wider point for me is, we're not here trying to keep driving our ROTIC up. This is very much about how do we maintain a level of ROTIC that's a premium to our cost of capital and keep delivering that growth as we have done in the last 12 months.

David Farrell
Yep. OK, great. Thanks very much.

Marc Ronchetti
Great. Thank you. David, just looking at screen, so let's go to Maggie. Morning, Maggie.

Maggie Schooley, Redburn Atlantic
Morning all, and thank you for taking my question. I just have one. I was very interested in your comments on taking the photonics capabilities and starting to think about how to broaden those out across other end markets and sectors, and so could you give us possibly some areas we should be thinking, be it defence or other or environmental monitoring areas, or where you think those end markets will provide above market growth trends that we should be thinking you would be focusing on to leverage that technology?

Marc Ronchetti
Yeah, I mean, the great news is that with the level of technical expertise that we've got in the teams, the world is our oyster in some ways in terms of the applications. And certainly I think the use of photonics globally in many industries will continue to grow going forward. So it's really down to our businesses to identify those opportunities. The same actually in spectroscopy, I mean the use of light more generally, and the use cases we've got, there are many and varied, whether that be in metal sorting, whether that be in consumer products, whether that be in the areas that we talked through already in photonics, so many, many opportunities. The beauty is that we've got a team with that deep knowledge. We've got a team with that autonomy to make the right decisions and I look forward to the opportunities that they're able to identify.

Maggie Schooley
I'm sorry if I can squeeze one more in and ex photonics and E&A, I know you've talked about the UK infrastructure, but within E&A, are you seeing more uptick in in other areas? Particularly in water analysis with things like PFAS detection coming in in the US. If there's any colour you could give us on the ex-photonics drivers and ex-water infrastructure that we should be thinking about as well.

Marc Ronchetti
Thank you Maggie for looking beyond photonics in the sector because there's been some really strong growth in other parts, and certainly in environmental monitoring which includes our gas detection businesses. We saw some really good growth this year and I guess what's that driven by? There's a larger number of projects in our gas and air quality businesses, and we've seen that notably in the US driven by a number of larger projects. But we're also seeing some growth in new markets in Asia Pacific in a number of our businesses. So it's been exciting to see the investment. It's been exciting to see the growth and thank you

for recognising other sub sectors in the sector that have delivered a great performance.

Maggie Schooley
It's very novel but you're a victim of your own success. I guess so. Thank you very much. I appreciate it.

Marc Ronchetti
Thanks, Maggie. And so the last hand up that I've got is Martin, we'll come to you, Martin.

Martin Wilkie, Citi
Yeah. Thank you for taking the question. Just coming back to acquisitions and the cadence of deals there and how we might think about that globally. There's a lot of things happening in the US at the moment, including also potentially a change to taxation, which I know is not finalised, but it might make multinationals buying in the US sort of less appealing than it has been in the past. Is that causing you to change how you're thinking about regionally where you're looking at acquisitions. Obviously there's offsets elsewhere, with Germany and infrastructure and so forth, but just how you're thinking about internationally, how you're looking at where some of those acquisitions could come from? Thank you.

Marc Ronchetti
Yes, thanks, Martin. I think the start point, and I guess the headline for us, is that we see great opportunities across the globe and across all the markets that we operate in today. And in fact in new markets moving forward. It's all about where do we see those long-term cash flows. So, there's been no change in terms of mindset, in terms of what we're looking at, where we're looking to invest. Clearly some of the areas such as Section 899 are in draft, we're monitoring them and I think our understanding today - and Carole will correct me if I'm wrong - a lot of the focus is on repatriation. So of course, our business model where we're investing in markets that are often local for local means that a large amount of the cash that we're generating in any region we're reinvesting. So we certainly don't see that as a barrier today, but it's an area that will continue to monitor.
Is that OK, Martin?

Martin Wilkie
Yeah, that's great. Thank you very much.

Marc Ronchetti
Excellent. So just looking at the screen it, it doesn't look as if we've got any further questions. So thank you for your time. As I said at the outset, a really pleasing set of results, I think a real reflection of the benefits of our model and we're excited by what lays ahead. Have a great day. Thank you.

==================

See the Full Year report published on 12 June 2025 for more details, including definitions of financial metrics. A webcast of this Full Year results presentation is available on Halma's website www.halma.com from 12 June 2025.

CAUTIONARY NOTE.
This document contains statements about Halma plc that are or may be forward-looking statements.

Forward-looking statements include statements relating to (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Halma plc's operations and potential synergies; and *(iii) the effects of government regulation on business.*

These forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Halma plc. They involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such statements. They are based on numerous assumptions regarding present and future business strategies and the future operating environment. All subsequent oral or written forward-looking statements attributable to Halma plc or any of its shareholders or any persons acting on its behalf are expressly qualified in their entirety by this cautionary statement. All forward-looking statements included in this document speak only as of the date they were made and are based on information then available to Halma plc. Investors should not place undue reliance on such forward-looking statements, and Halma plc does not undertake any obligation to update publicly or revise any forward-looking statements.

No representation or warranty, express or implied, is given regarding the accuracy of the information or opinions contained in this document and no liability is accepted by Halma plc or any of its directors, members, officers, employees, agents or advisers for any such information or opinions.

This information is being supplied to you for information purposes only and not for any other purpose. This document and the information contained in it does not constitute or form any part of an offer of, or invitation or inducement to apply for, securities.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of laws of any such other jurisdiction.

==============================