



Acquisition

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Halma PLC

27 January 2020

Halma, the leading safety, health and environmental technology group, today announces two acquisitions for its Medical and Infrastructure Safety sectors respectively.

Acquisition of NovaBone Products, LLC

Halma has acquired NovaBone Products, LLC ("NovaBone"), a designer and manufacturer of US FDA-approved synthetic bone graft products, based in Florida, USA.

NovaBone's products are used to accelerate bone regeneration, primarily for orthopaedic and dental surgical procedures in the USA (*see notes 1 and 2*). It will become part of Halma's Medical sector, which includes a range of diagnostic and surgical device companies serving niche applications in global healthcare markets. NovaBone's management team, who were significant shareholders, will continue to lead the business from its current location.

The initial cash consideration for NovaBone is US\$97 million (£74 million³), on a cash and debt free basis, which will be funded from Halma's existing facilities. When adjusted for tax benefits with a net present value of approximately US\$11 million (£8 million), the net initial consideration is approximately US\$86 million (£66 million). Additional earn-out considerations are payable in cash, dependent on profit growth in each of the two financial years to March 2022, up to an aggregate maximum of US\$40 million (£31 million), with a maximum of US\$25 million (£19 million) achievable in any single financial year.

NovaBone's revenue and Adjusted EBIT for the twelve months ended December 2019 are forecast to be US\$21.0 million (£16.0 million) and US\$6.9 million (£5.3 million), respectively.

Acquisition of FireMate Software Pty. Ltd.

Halma has acquired 70 per cent of FireMate Software Pty. Ltd. ("FireMate"), a Brisbane, Australia-based company which provides cloud-based fire protection maintenance software to fire contractors.

The cash consideration for 70 per cent of FireMate is payable in two tranches. An initial A\$11.8 million (£6.2 million⁴) is payable at closing and a further A\$6.4 million (£3.3 million) contingent on performance to 30 June 2022, resulting in a maximum A\$18.2 million (£9.5 million), which will be funded from Halma's existing facilities. Halma also has an option to purchase the remaining 30% of FireMate, exercisable in the six months from 31 March 2025.

FireMate's revenue and EBIT in the twelve months ended June 2019 were A\$2.5 million (£1.3 million) and A\$0.9 million (£0.5 million), respectively.

FireMate will be part of the Group's Infrastructure Safety sector and will continue to be led by its current management team.

Andrew Williams, Group Chief Executive at Halma, commented:

"These businesses are exciting additions to Halma, bringing new technologies and market niches to two of our sectors and are highly aligned to our purpose. Both businesses are well positioned to benefit from the range of Halma's strategic Growth Enablers and we look forward to working with their management teams to deliver further growth.

NovaBone extends our Medical sector's presence in surgical applications, adding a new niche within the orthopedics market, which is growing fast due to the ageing population and increasingly sedentary lifestyles causing joint problems. It has strong technology and knowhow within the fast-growing biologics segment, developing biomaterials that harnesses the body's natural healing process to accelerate bone growth.

FireMate's software solutions are highly complementary to those currently offered by our Infrastructure Safety sector's fire businesses and further strengthen our capabilities in connected and integrated fire systems internationally."

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About Halma

Halma is a global group of life-saving technology companies, focused on creating a safer, cleaner and healthier future for people worldwide. Our innovative products and solutions address many of the key issues facing the world today. We operate in four sectors: Process Safety, Infrastructure Safety, Environmental & Analysis and Medical. We employ over 6,000 people in 20 countries, with major operations in Europe, the USA and Asia-Pacific. We target global niche markets where sustainable growth and high returns are supported by long-term drivers. Halma is listed on the London Stock Exchange and is a member of the FTSE 100 index.

Notes

1. The orthopaedic and dental bone graft markets are growing rapidly, driven by ageing populations and increasingly sedentary lifestyles. NovaBone's growth is further supported by an increase in spine fusion procedures and the greater use of synthetic bone grafts rather than traditional surgical methods which use cadavers or secondary bone graft sites. The global market for bone replacement products is valued at approximately US\$4.3 billion and is growing at approximately 7% p.a., with the market in the USA representing approximately US\$1.4 billion.
2. NovaBone's primary markets are the orthopaedic synthetic bone graft market, which accounts for approximately 90% of its revenue, and the dental market. Approximately 85% of revenue is generated in the USA, and NovaBone also serves customers in markets including Australia, China, the Middle East, Brazil and India. NovaBone intends to retain its current distribution arrangements in the markets it serves. NovaBone's products are approved for use by the U.S. Food & Drug Administration (FDA) and in several other markets globally.

3. US Dollar (US\$) values are translated throughout this announcement at a rate of US\$1.31: £1
4. Australian Dollar (A\$) values are translated throughout this announcement at a rate of A\$1.91: £1
5. This statement is not intended to constitute a profit forecast for the current financial period or for any future period. In addition, this statement should not be taken to mean that the earnings per share of Halma will necessarily match or exceed the historic reported earnings per share of Halma.
6. For more information on Halma's Growth Enablers visit:
<https://www.halma.com/how-we-grow#page-intro-2>

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