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Halma to buy Australia-based Ampac for A\$135mln

UK smoke detector maker Halma PLC (LON:HLMA) is set to expand the business Down Under after agreeing to buy Australia-based Ampac Group for A\$135mln.

Ampac sells smoke detectors, alarm systems and fire control panels in Australia, New Zealand, Asia and the Europe, Middle East and Africa region.

Halma said it will pay for the acquisition in cash using existing facilities and Ampac will become part of its infrastructure safety division.

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Last year Ampac generated revenue of A\$57mln and earnings (EBIT) of A\$13.7mln.

"This is an exciting acquisition that extends our geographic footprint and strengthens the intellectual property of our fire detection businesses," said chief executive Andrew Williams.

"Ampac brings a strong brand, robust technology and well-established routes to market, and has been a partner for our business for several decades.

"Its highly complementary technologies will strengthen our value proposition, and it is well positioned to benefit from Halma's Growth Enablers."

Shore Capital maintained a 'hold' rating and target price of 2,028p.

The broker said the acquisition represents a continuation of the group's strategy to acquire regional partners in the fire detection markets and follows the successful acquisitions of Limotec in Belgium in 2018 and Advanced Electronics in the UK in 2014.

"In our view, Halma is a quality business with long-term growth drivers (increasing: health and safety regulation, demand for healthcare services in developing economies and demand for life-critical resources) and strong margins but at 36x our FY2020 EPS forecast, valuations continue to look stretched," it said.

Price: 2074

Market Cap: £7.87 billion

1 Year Share Price Graph



Share Information

Code: HLMA

Listing: LSE

52 week	High	Low
	2151	19.025

Sector: Manufacturing & engineering

Website: www.halma.com

Company Synopsis:

Halma p. l. c. is a United Kingdom-based holding company. The business sectors of the Company are infrastructure sensors, health and analysis, and industrial safety. The infrastructure sensors sector is engaged in detecting hazards, and protecting people and property in buildings. The health and analysis sector is engaged in improving public and personal health, and protecting the environment.

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