

Rotork plc

Preliminary results

25 March 2004



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Audited Preliminary Results

Financial Highlights

rotork

- **Turnover up 4.8% on Continuing Operations**
- **Gross Profit margin up**
- **Net margin up**
- **Profit before goodwill and tax up 7%**
- **EPS up 8%**
- **Continued strong cash generation – bank balance now £32m**
- **Dividend up 6.1% for the year**
- **Additional (third) dividend to be paid for 2004**
- **Cash contribution into the pension scheme**



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Turnover

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	2003	2002
	£m	£m
Turnover on Continuing Operations – up 4.8%	136.0	129.7
Discontinued Operations		3.8
Total Turnover	<u>136.0</u>	<u>133.5</u>
<u>Half year numbers</u>		
Continuing operations - H1	64.3	63.1
- H2	71.7	66.6
	<u>136.0</u>	<u>129.7</u>



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Sales Output		
- Europe	62.4	52.8
- Americas	41.6	47.8
- Rest of world	32.0	29.1
	136.0	129.7



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- Europe	62.4	52.8
- Americas	41.6	47.8
- Rest of world	32.0	29.1
	136.0	129.7



Order Input Continuing Operations
– up 4.3%

137.0 131.3

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Income Statement

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		2003		2002	
		£m		£m	
Profit from Continuing Operations before					
Goodwill and before adjustments	+8.6%	28.0	20.6%	25.8	19.9%
Net interest received		0.8		0.5	
	+9.7%	<u>28.8</u>		<u>26.3</u>	



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	+9.7%	<u>28.8</u>		<u>26.3</u>	
• Insurance claim Holland				0.7	
• Adjustments relating to Luton business					
- Profit on sale of property		0.6			
- Trading profit 2002				0.5	
Profit before tax and goodwill	+7.0%	<u>29.4</u>		<u>27.5</u>	



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Currency Effect

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	2003 As stated £m	2003 Restated constant currency £m	2002 £m
Turnover Continuing Operations	136.0	135.7	129.7
– At constant currency basis turnover was up 4.6%			
Profit Continuing Operations before goodwill, tax, insurance claim	28.8	28.5	26.2
– At constant currency basis operating profit was up 8.8%			
Rates			
– Dollar rate down 9% (from \$1.52 to \$1.66)			
– Euro rate up 9% (from €1.58 to €1.44)			



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Income Statement Highlights

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- Administration and distribution costs
- Other operating income
 - fire claim in 2002
- Effective tax rate pre goodwill - 32.1% (2002: 32.3%)
- EPS – basic 21.7p up 8%
 - before goodwill 23.2p up 7.4%
- Dividend 14.75p for the year
 - Increase of 6.1% for the year
 - Cover 2003 is 1.5 times
 - Additional interim dividend of 5.85p for 2004, to be paid in May (with the 2003 final)



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Balance Sheet and Cashflow



- **Fixed asset spend £2.4m - depreciation £2.3m**
2004 issues - high spend due to Leeds building addition
- **Inventory up £0.9m**
- **Trade debtors down a further 3 days to 67 days**
- **Creditors - Trade creditors up £2.6m**
 - **Tax creditor up £0.9m**
 - **Dividends up £0.5m**
- **Cash up from £20.4m to £32.3m**



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Cashflow Summary

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	2003	2002
	£m	£m
Operating Profit	26.7	25.7
Depreciation & amortisation	3.6	3.5
P&L sale fixed assets		(0.6)
Working capital movement	3.5	(2.8)
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Cash inflow from operating activities	33.8	25.8
Return on investments	0.6	0.3
Sale of Luton property	1.7	
Translation differences		0.8
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	36.1	26.9



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Cashflow Summary

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	2003	2002
	£m	£m
Cash inflows	36.1	26.9
<u>Outflows</u>		
Dividends	(12.0)	(11.4)
Taxation	(9.2)	(9.0)
Capital expenditure and financial instruments	(2.2)	(2.2)
Purchase/issue own shares	(0.9)	
Acquisitions & disposals		(6.2)
Net cash inflow/(outflow)	11.8	(1.9)
Cash balances	32.3	20.4
Net funds	31.9	20.0



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Defined Benefit Scheme

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	2003	2002
	£m	£m
Profit and loss charge currently	1.9	1.7
Charge to P&L under FRS17		
In operating profit	1.5	1.5
Other P&L charges/(credits)	0.3	(0.5)
In profit before tax	<u>1.8</u>	<u>1.0</u>
FRS17 deficit (post tax)	13.6	11.6

UK Scheme

Current contribution rate 16.4% 15.4%

Actuarial valuation at March 2001 97%



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