

rotork

Rotork plc

Interim Results

3rd August 2005

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INTERIM RESULTS - 2005



Financial Highlights

- **Turnover increased by 17% to £78.3m (2004: £66.8m)**
- **Profit from operations increased by 17% to £16.2m (2004: £13.9m)**
- **EPS 12.7p up 14% (2004: 11.1p)**
- **Order intake 23% higher than first half 2004**
- **Record order book up 37% since December 2004 (excluding impact of PCI acquisition)**
- **Interim dividend of 5.90p up over 10% (2004: 5.35p)**
- **Interim report and all comparative figures prepared under IFRS**

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Turnover by division

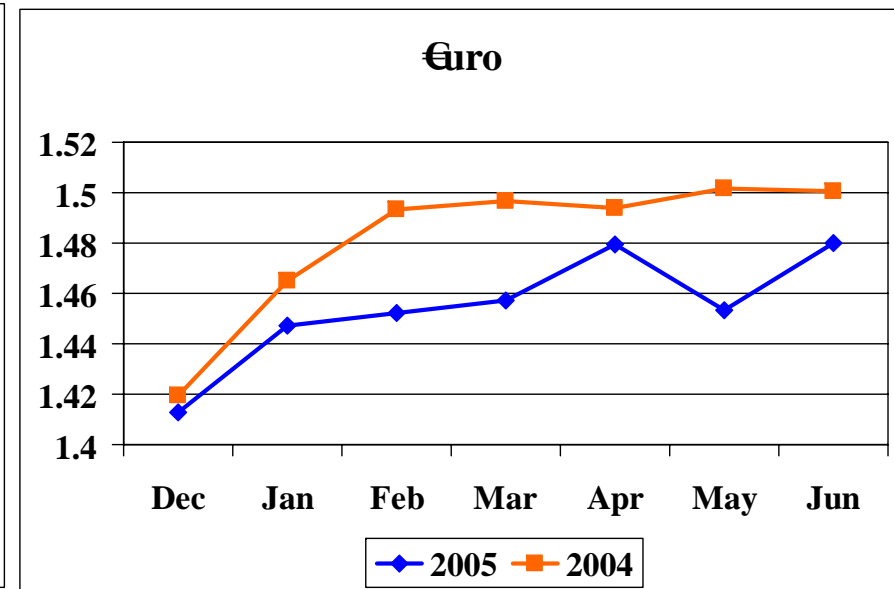
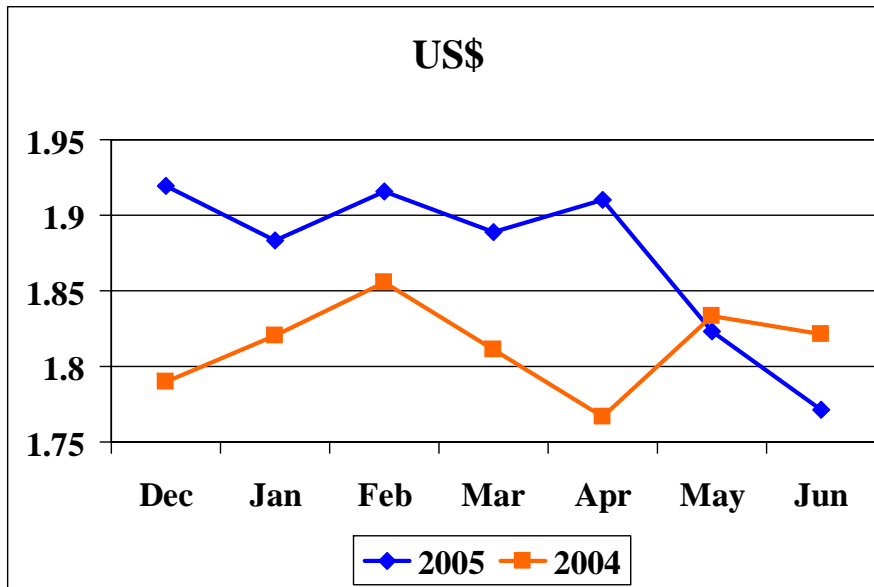
		2005	2004
		£m	£m
Electrics	up 15.2%	58.2	50.5
Gears	up 12.2%	9.3	8.3
Fluid system	up 33.0%	13.3	10.0
Intersegmental elimination		(2.5)	(2.0)
Total	up 17.2%	78.3	66.8

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Currency translation effect on turnover

Average rate	2005 H1	2004 H1	2004 FY	2003 FY	2002 FY
US\$	1.85	1.82	1.83	1.66	1.52
€uro	1.46	1.49	1.46	1.44	1.58



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Currency translation effect on turnover

	2005 H1	2004 H1	2004 FY	2003 FY	2002 FY
Average rate					
US\$	1.85	1.82	1.83	1.66	1.52
€uro	1.46	1.49	1.46	1.44	1.58

Effect on turnover

US\$ reduced turnover by	£(0.6)m
€uro increased turnover by	£ 0.5 m
Other currencies increased turnover by	£ 0.4 m

		2005 £m	2004 £m
Total turnover:	as reported	+17.2% 78.3	66.8
	at constant currency	+16.8% 78.0	66.8

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Profit from operations

		2005	2004
		£m	£m
Electrics	up 19.5%	14.5	12.2
Gears	up 23.2%	1.9	1.5
Fluid system	down 18.9%*	0.8	1.0
Unallocated		(1.0)	(0.8)
Total	up 17.0%	16.2	13.9
Group return on sales		20.7%	20.8%

* After deduction intangible write down of £0.2m under IFRS 3

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Income Statement – currency effect



	2005	2004
	£m	£m
Profit from operations	16.2	13.9
Translation impact	-	-
Transaction impact	(0.2)	-
Profit from operations at 2004 rates	<u>16.0</u>	<u>13.9</u>

Effective profit increase at constant currency +15.1%

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Income Statement

		2005	2004
		£m	£m
Turnover as reported	+17.2%	78.3	66.8
Profit from operations	+17.0%	16.2	13.9
Profit before tax	+14.2%	16.3	14.2
Earnings per share	+14.4%	12.7p	11.1p
Effective tax rate: 2005 H1		33.0%	
2004 FY		33.4%	
Dividend	+10.2%	5.90p	5.35p

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IFRS impact on profit before tax



		Interim 2005 £000	Interim 2004 £000	Full year 2004 £000
UK GAAP PBT before goodwill			14,168	31,784
Adoption of FRS17 / IAS19			204	
UK GAAP PBT before goodwill	+14.9%	16,517	14,372	31,784
Share scheme adjustments		(45)	33	12
Development costs adjustment		(26)	(110)	(220)
Amortisation of intangibles		(169)	(47)	(70)
IFRS basis PBT	+14.2%	16,277	14,248	31,506

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Debtors

	June 2005	Dec. 2004	Dec. 2003	Dec. 2002	Dec. 2001
Total trade debtors	£31.1m	£34.1m	£29.0m	£28.8m	£30.3m
Days sales outstanding	62 days	58 days	67 days	70 days	75 days

PCI debtors at June 2005 **£1.2m**

Sales May and June 2005 **£28.2m**

Sales November and December 2004 **£33.1m**

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Working capital

	June 2005 £m	Dec. 2004 £m
Inventory	26.3	21.0

- Growth of IQT manufacture in USA
- High level of goods in transit
- High level of WIP on large projects
- PCI stock at June 2005 £1.2m
- Currency impact +£0.4m

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Cashflow Summary



	2005	2004
	£m	£m
Operating Profit	16.2	13.9
Depreciation & amortisation	1.9	1.4
	<hr/>	<hr/>
	18.1	15.3
Working capital movement	(1.8)	(3.9)
Pension charge versus cash paid	(0.8)	(0.2)
Cash flows from financing and interest	1.3	0.7
	<hr/>	<hr/>
Cash inflows	16.8	11.9

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INTERIM RESULTS - 2005



Cashflow Summary

	2005	2004
	£m	£m
Cash inflows	16.8	11.9
<u>Outflows</u>		
Dividends	(8.3)	(13.2)
Pension contribution	-	(5.0)
Taxation	(3.9)	(3.6)
Capital expenditure	(0.8)	(1.9)
Purchase/issue own shares	(0.4)	(0.4)
Net cash flow before acquisitions	3.4	(12.2)
Acquisitions	(7.3)	(0.8)
Net cash outflow	(3.9)	(13.0)
Cash balances	20.2	18.8

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PCI acquisition



Completion

2 March 2005

Purchase price

€9.8 million

(up to €0.7m still to pay)

Results March to June 2005

£000

€000

Turnover

2,116

3,114

EBIT

273

399

**Less: IFRS3 amortisation of opening
order book intangible**

(151)

(221)

Impact on Group Balance Sheet

Adds £4.3m to property, plant and equipment

Adds £1.6m to goodwill

Adds £1.2m to inventory

Adds £(0.7)m net credit to other balance sheet items

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