



**Rotork plc
Interim Results - 2007**

31st July 2007

Interim Results - 2007

Financial Highlights



- **Order intake 10% higher than first half 2006, + 15% at constant currency**
- **Revenue increased by 12% to £113.3m, +18% at constant currency**
- **Profit before tax increased by 19% to £26.9m, +28% at constant currency**
- **EPS 21.3p up 21%, +31% at constant currency**
- **Record order book up 23% since December 2006**
- **Interim dividend of 7.7p up over 18% (2006: 6.5p)**

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Income Statement

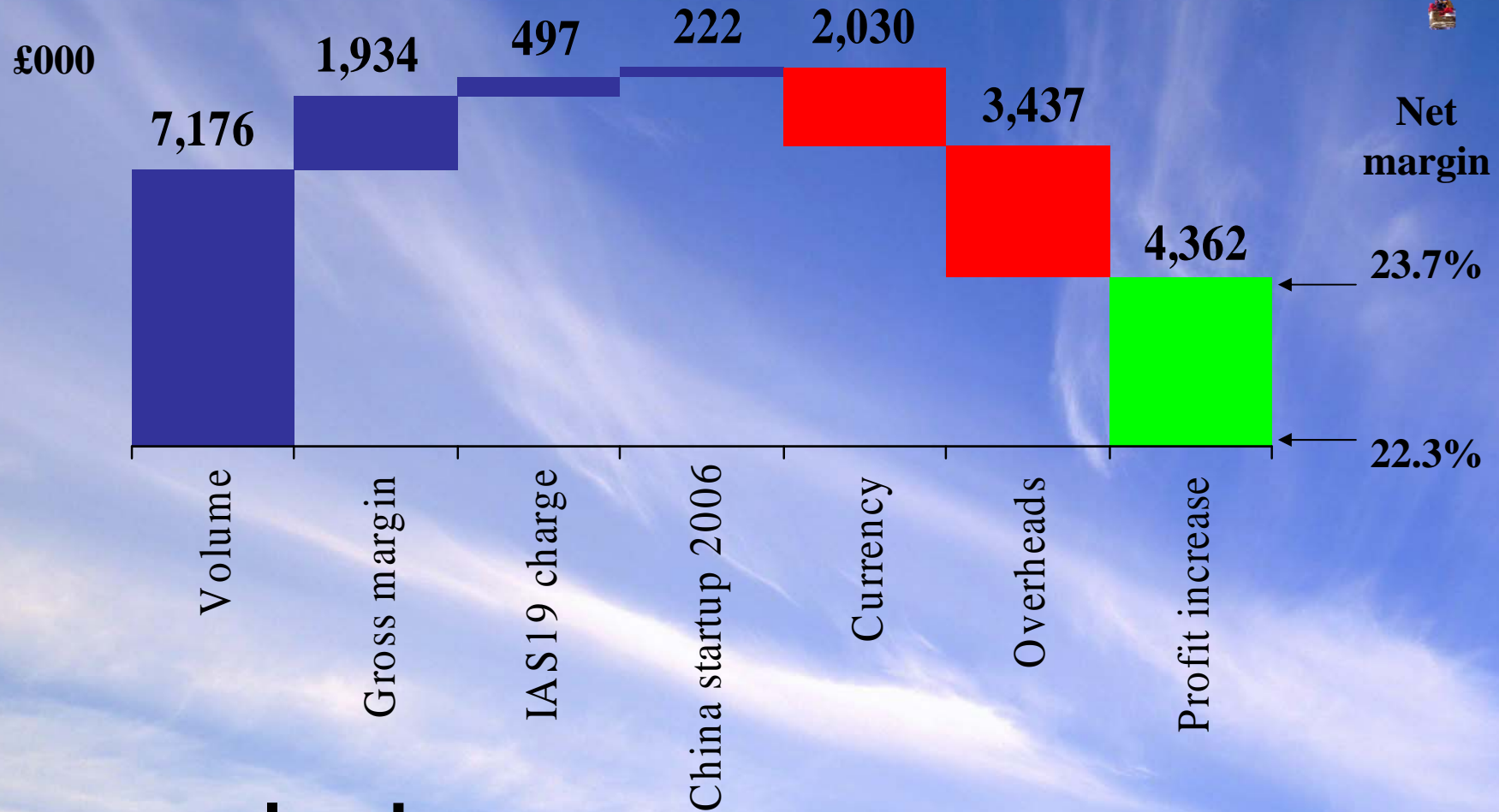


		2007	2006
		£m	£m
Revenue	+11.9%	113.3	101.3
Operating profit	+17.9%	26.0	22.0
Profit before tax	+19.4%	26.9	22.5
Earnings per share	+21.0%	21.3p	17.6p
Effective tax rate:	2007 H1	31.6%	
	2006 FY	32.0%	
Dividend	+18.5%	7.70p	6.50p

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Profit bridge – Movement in Profit before tax



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Income Statement – Currency impact on revenue



Half year to June	2007	2006
Average rate – Dollar	1.98	1.80
Average rate – Euro	1.49	1.45
Effect on turnover:		
US\$ decreased turnover by	£3.3m	
Canada \$ decreased turnover by	£0.5m	
Euro decreased turnover by	£0.9m	
Other currencies decreased turnover by	<u>£1.2m</u>	
Total translation impact	£5.9m	
Turnover as reported	up 11.9% to £113.3m	
Turnover at constant currency	up 17.8% to £119.2m	

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Income Statement – Currency impact on profit



Half year to June		2007	2006
Average rate – Dollar		1.98	1.80
Average rate – Euro		1.49	1.45
		£m	£m
Operating profit	+17.9%	26.0	22.0
Translation Impact		1.0	
Transaction impact		1.0	
Operating profit at 2006 rates	+27.1%	28.0	22.0

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Income Statement – Currency impact on profit



	Exposure to:			
	USD	Euro	Other	Total
	£000	£000	£000	£000
Translation impact	(563)	(147)	(247)	(957)
Transaction impact				
– on purchases	(455)	(90)	0	(545)
– on sales	(723)	(17)	0	(740)
Total currency impact	(1,741)	(254)	(247)	(2,242)
Rate movement	18 cents	3 cents		
Effect of 1 cent movement p.a. (annualised, translation and transaction)	£189k	£172k		
Mitigation in the half year (forex contracts)				total £212k

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Dividend



Payments in 2007

	Pence	Total cost	
• May 2007	11.65p	£ 10.1m	2006 final dividend
• June 2007	8.30p	£ 8.0m	2007 add'l dividend
• Sept 2007	7.70p	£ 6.7m	2007 interim dividend

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Balance sheet – working capital

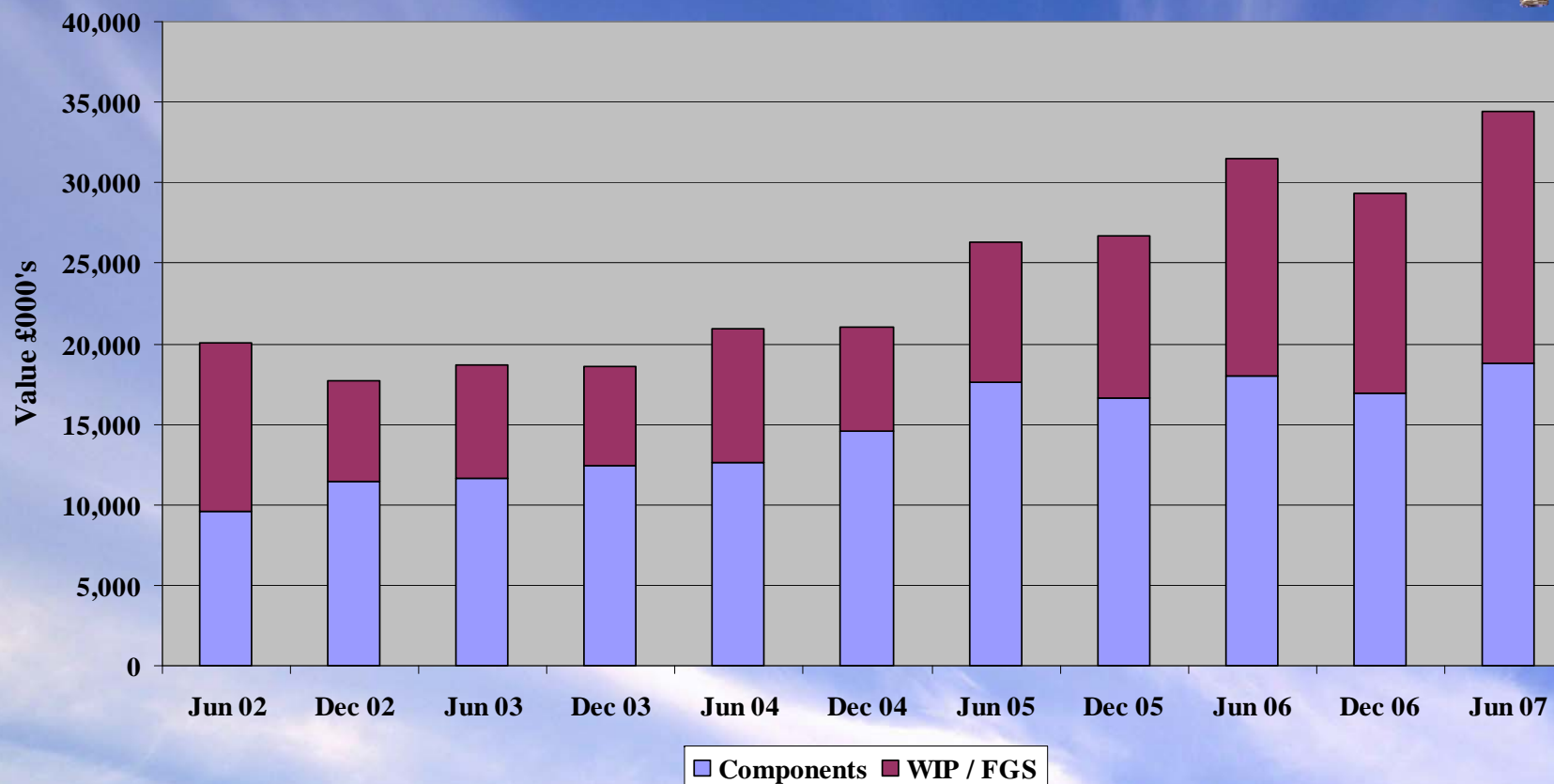


- **Trade Debtors – 63.6 days at June, which compares with 62.1 at December 2006, and 67.8 at June 2006.**
- **Inventory – has gone up – most of the increase being in WIP and finished goods**

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Inventory



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Net Working Capital / Revenue



£m	2007 June	2006 June	2006 Dec	2005 Dec	2004 Dec	2003 Dec	2002 Dec
Inventory	34.4	31.5	29.0	26.7	21.0	18.6	17.7
Trade debtors	41.0	38.5	37.4	36.5	34.1	29.0	28.8
Trade creditors	(18.8)	(19.0)	(16.8)	(14.9)	(15.6)	(12.3)	(9.7)
Net Working Capital	56.6	51.0	49.6	48.3	39.5	35.3	36.9
Revenue	226.7*	202.5*	206.7	174.8	146.9	135.9	133.5
%	25.0%	25.2%	24.0%	27.6%	26.9%	25.9%	27.6%

*** For illustrative purposes only based on twice first half revenue**

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Cash flow summary



	£ Million	2007	2006
Operating Profit		26.0	22.0
Add back depreciation & amortisation		1.6	1.4
Add back pension charge versus cash paid		(0.5)	(0.3)
Cash inflow from operating activities		<hr/> 27.1	<hr/> 23.1
Working capital movement		(5.4)	(2.7)
Cash flows from finance		0.4	0.4
Operating cash inflows		<hr/> 22.1	<hr/> 20.8

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Cash flow summary



	£ Million	2007	2006
Cash inflows		22.1	20.8
<u>OUTFLOWS</u>			
Taxation		(5.8)	(4.8)
Capital Expenditure		(1.3)	(1.2)
Purchase/issue own shares under share schemes		(0.7)	(0.5)
Other		(0.5)	(0.5)
Net operating cash flow		13.8	13.8
Additional Pension contribution		(2.0)	(4.0)
Acquisitions		-	(1.6)
Dividends		(18.1)	(8.5)
Net cash inflow		(6.3)	(0.3)
Cash balances		22.1	26.9
Net cash		21.8	25.8

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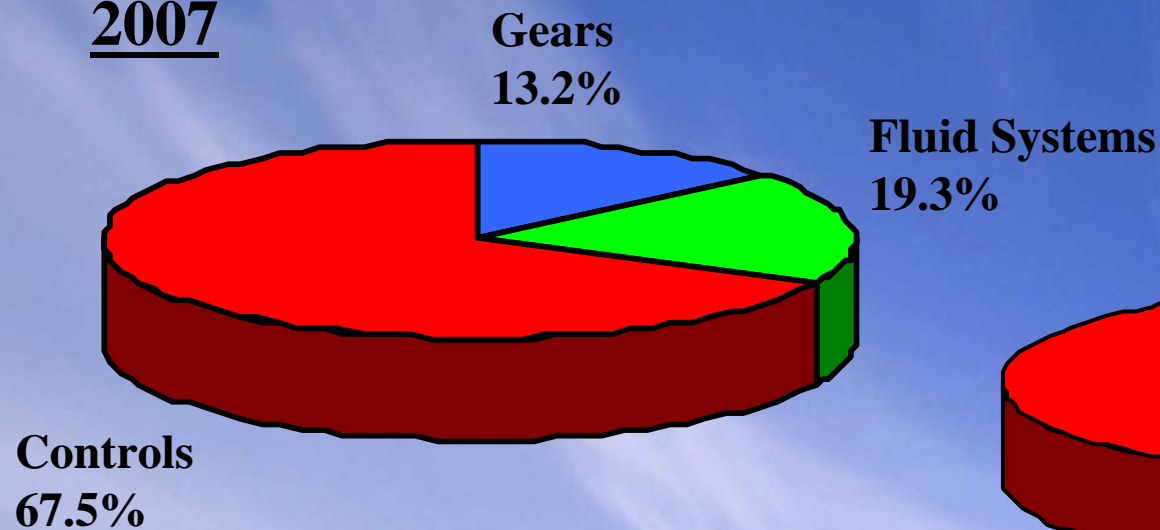


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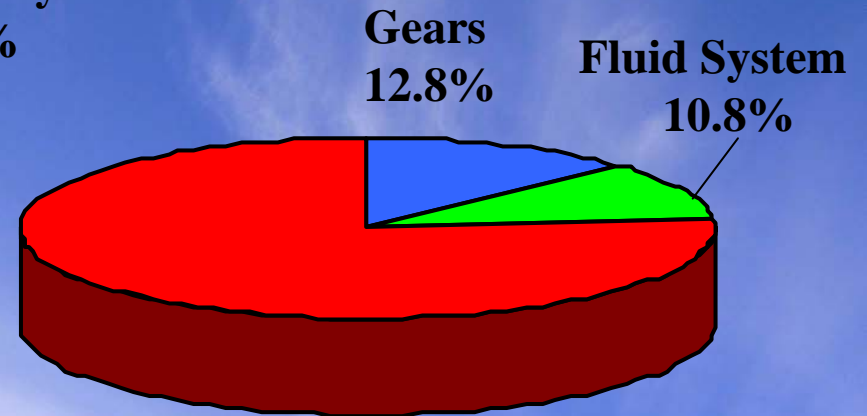
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2007



Revenue by Operation



2007

Operating Profit by Operation

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Interim Results - 2007

Order Input & Order Book



Input

£130m

+10%

Input

at constant currency

£136m

+15%

Order book

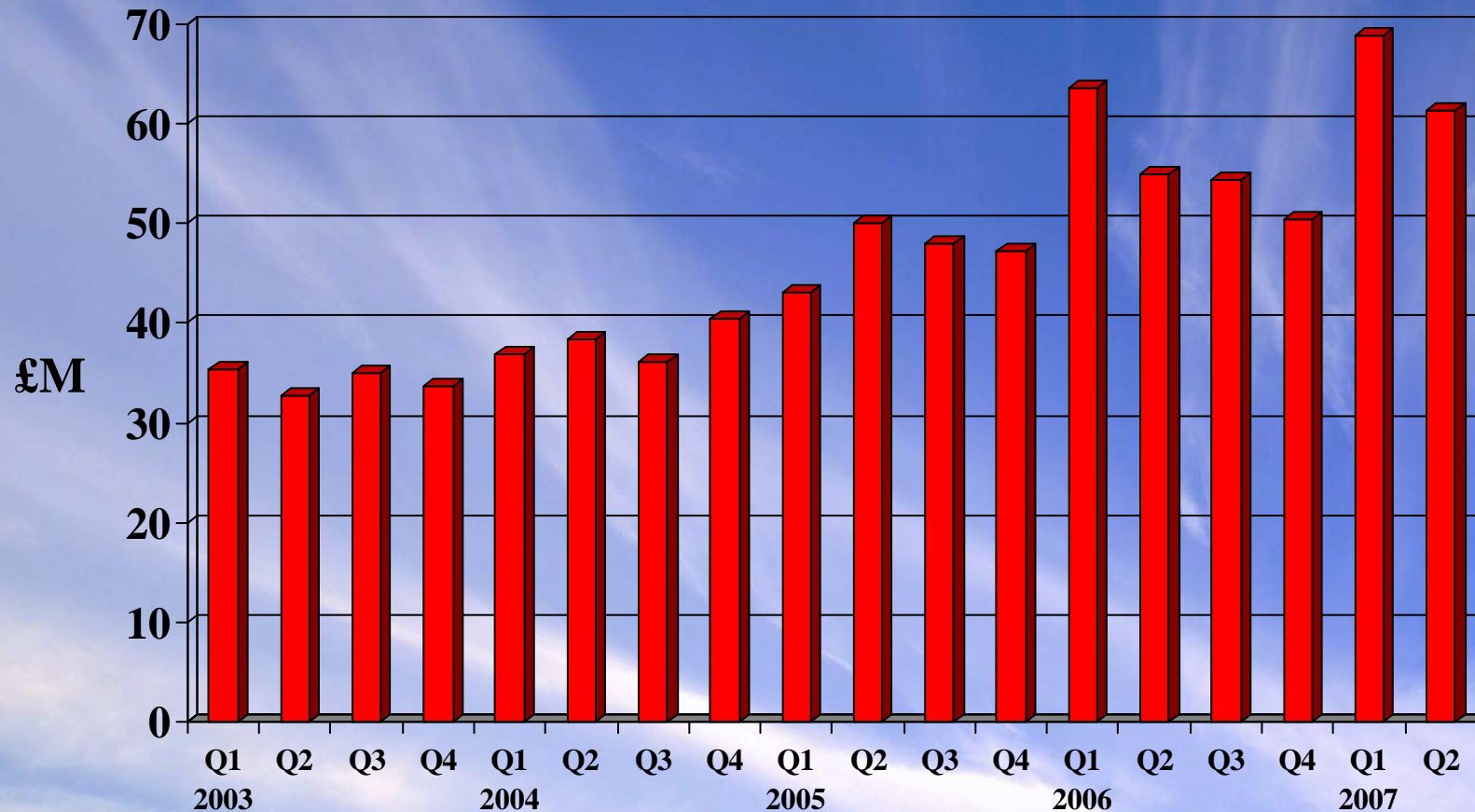
£ 94m

+23% [on 1.1.2007]

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Input per Quarter 2003/2007



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Rotork Controls

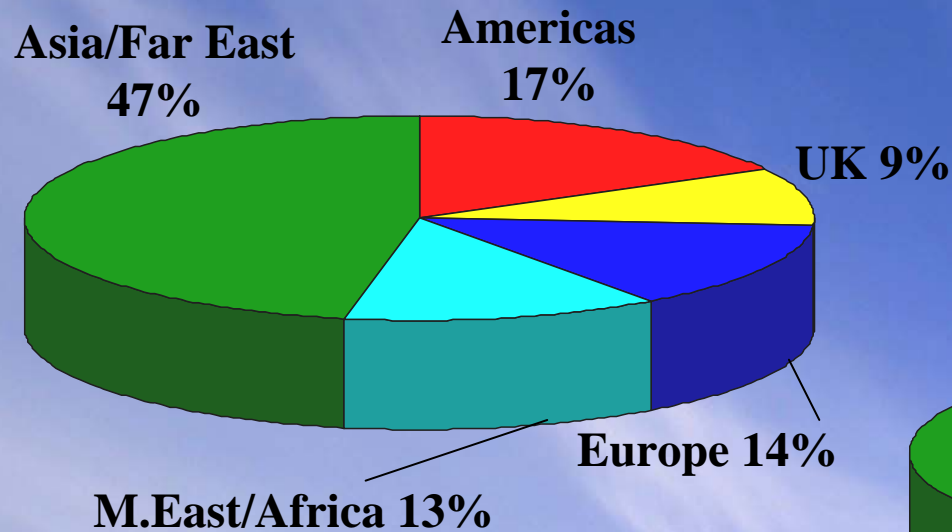


Revenue	+ 8%
At Constant Currency	+ 14%
Operating Profit	+ 11%
At Constant Currency	+ 20%
Profit Margin	26.3% [25.6% 1st half 06]

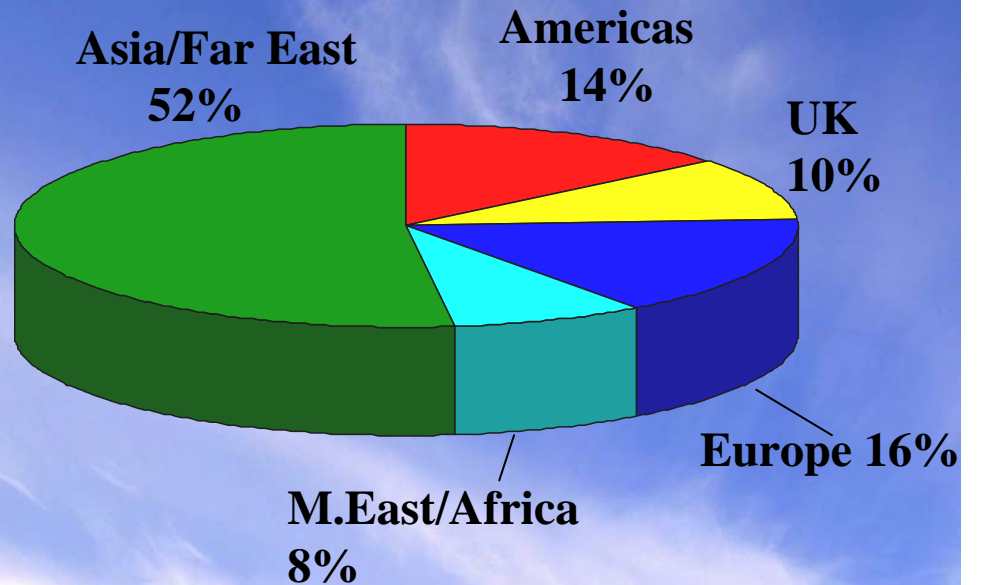
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Electric Actuator Unit Input by Final Destination



Jan to June 2006

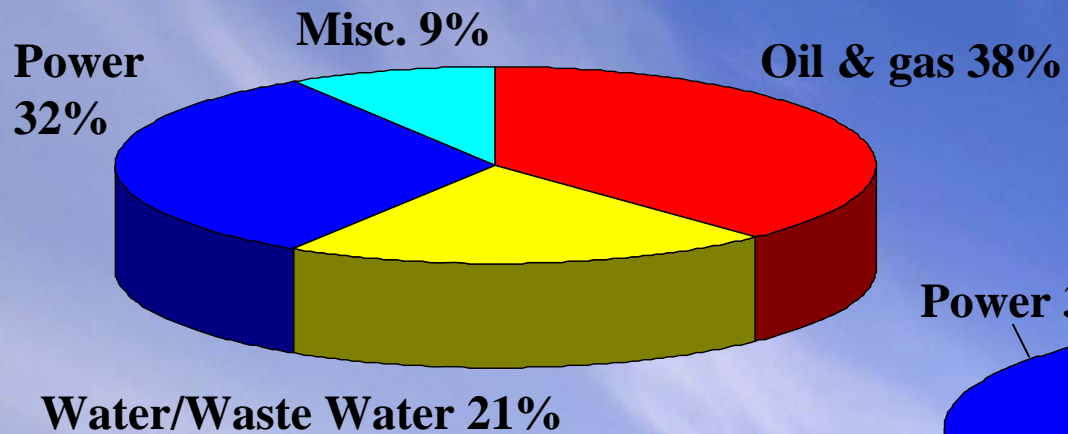


Jan to June 2007

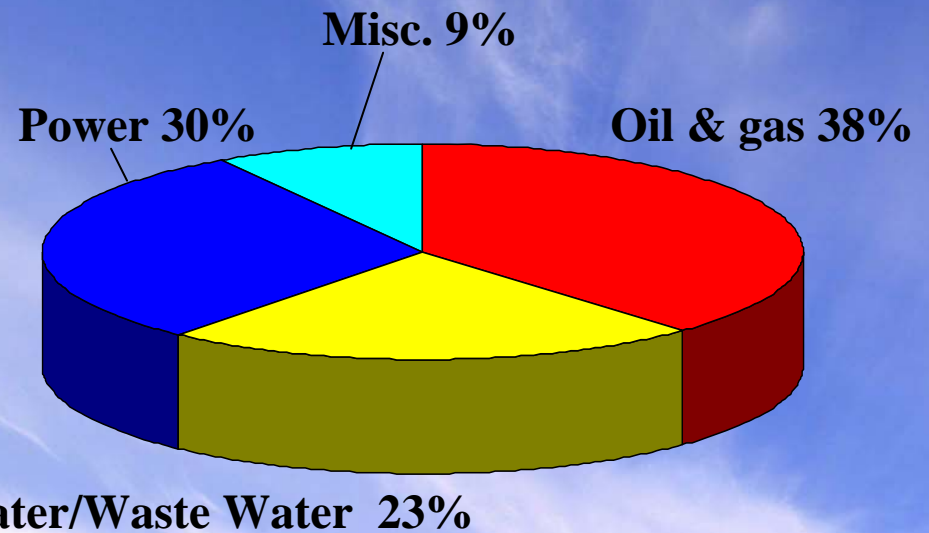
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Electric Actuator Unit by Industry



Jan to June 06



Jan to June 07

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Rotork Site Services



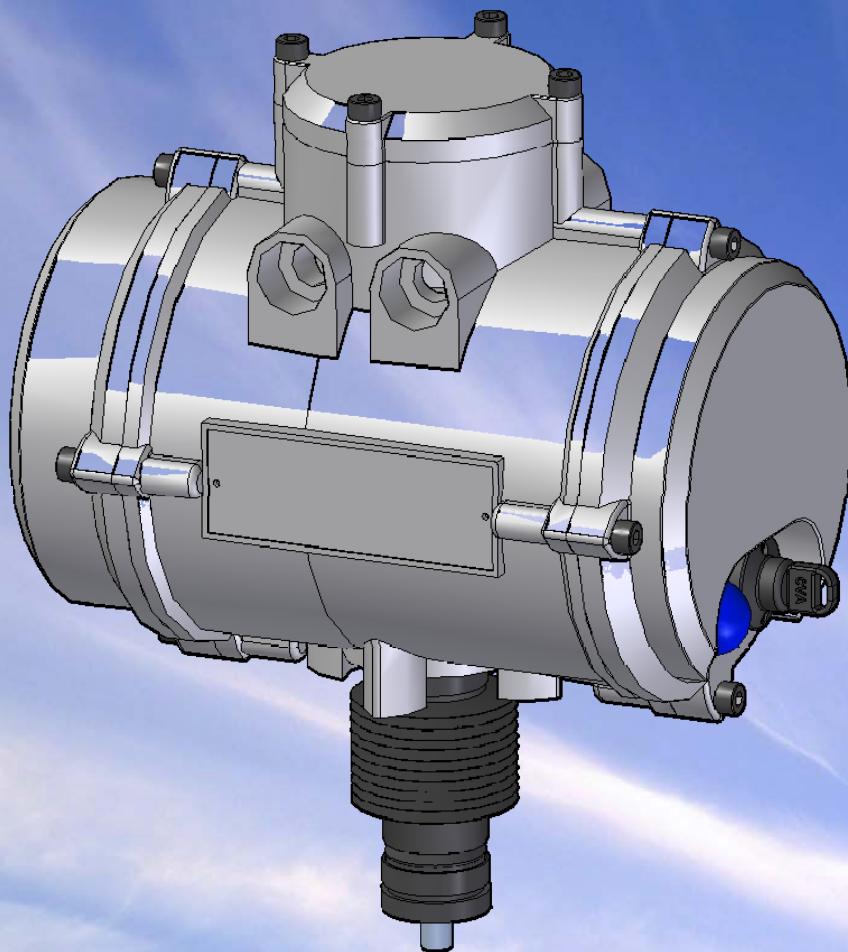
Revenue £17m

Operating Profit £ 5m



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Control Valve Actuation



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Rotork Fluid Systems



Revenue + 19%

Operating profit + 51%

Profit margin 13.1% [10.3% 1st half 06]

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Interim Results - 2007

Rotork Fluid Systems



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Interim Results - 2007

Rotork Gears



Revenue

+ 33%

Operating Profit

+ 55%

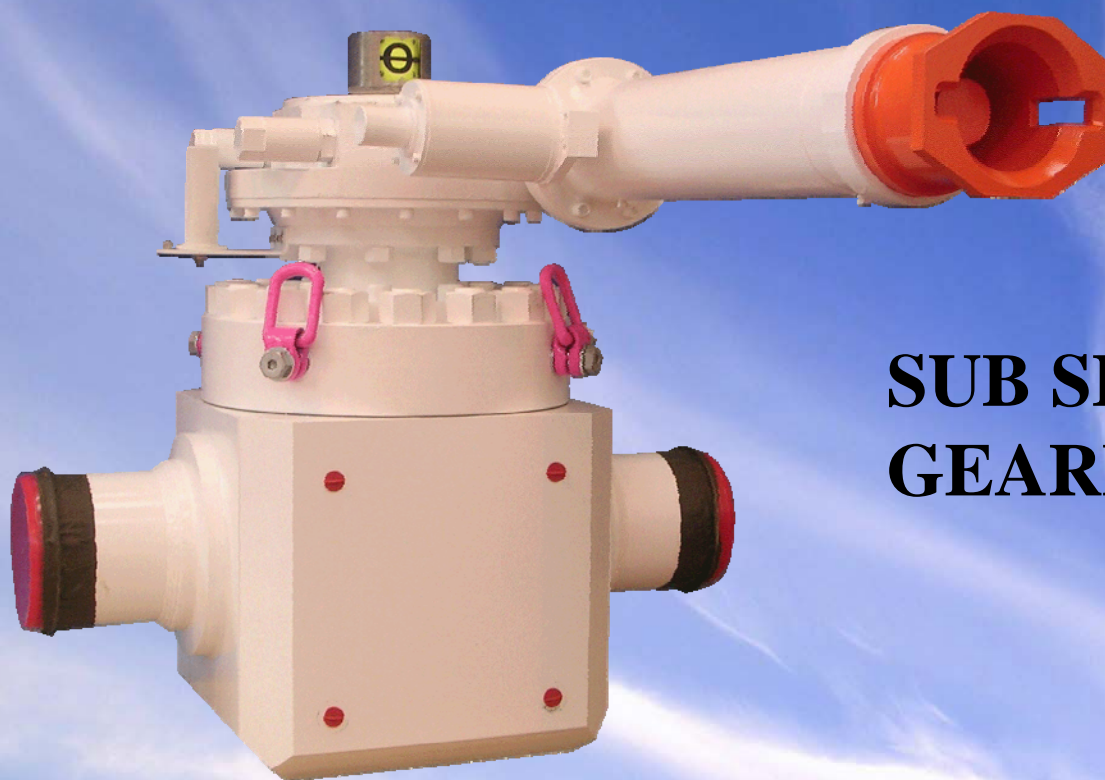
Profit Margin

22.5% [19.4% 1st half 06]

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Rotork Gears



SUB SEA VALVE & GEARBOX

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OUTLOOK

The increasing weakness of the US dollar provides an unfavourable trading backdrop compared with 2006. However, the strength of all of our end user markets and the ability of our international sales and operational units to leverage these opportunities should ensure further growth in the second half of the year.

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Rotork plc
Interim Results – 2007
Appendices
31st July 2007

Interim Results - 2007

Revenue by division



		2007	2006
		£m	£m
Electrics	up 8.0%	79.3	73.4
Gears	up 33.2%	15.5	11.7
Fluid system	up 18.6%	22.6	19.1
Intersegmental elimination		(4.1)	(2.9)
Total	up 11.9%	113.3	101.3

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Operating profit by division



		2007	2006
		£m	£m
Electrics	up 11.0%	20.9	18.8
Gears	up 54.5%	3.5	2.2
Fluid system	up 51.0%	3.0	2.0
Unallocated		(1.4)	(1.0)
Total	up 17.9%	26.0	22.0
Group operating profit on sales		22.9%	21.8%

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Profit bridge – Profit before tax movements



£000	Controls	Fluid System	Gears	Central	Total
Volume	4,348	1,356	1,472	-	7,176
Gross margin	1,076	683	175	-	1,934
Overheads	(1,811)	(837)	(400)	(389)	(3,437)

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Cash flow Slide 1 reconciliation to cash flow



	2007	2007	2006	2006
	£000	£000	£000	£000
Profit for the year	18,399		15,189	
Financial income	(3,302)		(2,774)	
Financial expenses	2,370		2,265	
Income tax expense	8,502		7,350	
Operating profit		25,969		22,030
Amortisation of intangibles	36		55	
Amortisation of development costs	154		130	
Depreciation	1,399		1,235	
Add back depreciation		1,589		1,420
Difference between pension charge and cash		(468)		(379)
Cash inflow from operating activities		27,090		23,071
Inventories	(5,510)		(5,326)	
Trade and other receivables	(4,322)		(4,029)	
Trade and other payables	5,450		7,083	
Provisions	247		322	
Employee benefits	(1,316)		(750)	
Working capital movements		(5,451)		(2,700)
Interest received	474		510	
Interest paid	(62)		(76)	
Cash flows from finance		412		434
Cash inflow from operations		22,051		20,805

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Interim Results - 2007

Cash flow Slide 2 reconciliation to cash flow



	2007	2007	2006	2006
	£000	£000	£000	£000
Additional pension contributions		(2,000)		(4,000)
Taxation		(5,820)		(4,791)
Capital expenditure		(1,311)		(1,246)
Issue of ordinary share capital	489		236	
Purchase ordinary capital	(1,186)		(700)	
Purchase preference shares	0		(4)	
Purchase /issue shares		(697)		(468)
Acquisitions		0		(1,589)
Dividends		(18,087)		(8,537)
Equity settled share based payment	327		231	
Profit on sale of fixed assets	(42)		(1)	
Development costs capitalised	(328)		(151)	
Sale of fixed assets	78		48	
Change in borrowings	(430)		(177)	
Repayment of finance leases	(31)		(59)	
Effect of exchange rate fluctuations	(51)		(352)	
Other		(477)		(461)
		<u>(6,341)</u>		<u>(287)</u>
Opening cash		28,398		27,180
Closing cash		<u>22,057</u>		<u>26,893</u>

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