

ROTORK plc

Preliminary Results 2001

ROTORK plc

AUDITED PRELIMINARY RESULTS - 2001

Financial Highlights

- Turnover up £15.8m to £123.7m, a 14.7% increase
- Profit before goodwill and tax up 19.7%
- EPS up 19.6% to 20.1p
- Final dividend up 6.4% giving 12.95p for the full year - a 6.1% increase
- Net cash £21.9m up £6.7m year on year
- Order book up 11% year on year

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AUDITED PRELIMINARY RESULTS - 2001

Income Statement

	First Half	Second Half	Full Year
	£M	£M	£M
Turnover	57.5		
Operating profit before goodwill	11.1		
Net interest	0.4		
Net profit before goodwill	11.5		
Goodwill charge	<u>0.5</u>		
Profit before tax	<u>11.0</u>		

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AUDITED PRELIMINARY RESULTS - 2001

Income Statement

	First Half	Second Half	Full Year
	£M	£M	£M
Turnover	57.5	66.2	
Operating profit before goodwill	11.1	14.2	
Net interest	0.4	0.1	
Net profit before goodwill	11.5	14.3	
Goodwill charge	<u>0.5</u>	<u>0.5</u>	
Profit before tax	<u>11.0</u>	<u>13.8</u>	

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AUDITED PRELIMINARY RESULTS - 2001

Income Statement

	First Half	Second Half	Full Year
	£M	£M	£M
Turnover	57.5	66.2	123.7
Operating profit before goodwill	11.1	14.2	25.3
Net interest	0.4	0.1	0.5
Net profit before goodwill	11.5	14.3	25.8
Goodwill charge	0.5	0.5	1.0
Profit before tax	<u>11.0</u>	<u>13.8</u>	<u>24.8</u>
Order input 2001			128.3
Order Input 2000			112.9

Order book at 31 December up 11.4% over previous year

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AUDITED PRELIMINARY RESULTS - 2001

Geographical Analysis of Sales Output by Origin

	2001 £M	2000 £M	
Europe	66.2	58.9	+12.4%
Americas	38.2	31.1	+22.7%
Rest of the world	<u>19.3</u>	<u>17.9</u>	+8.0%
	<u>123.7</u>	<u>107.9</u>	
of which			
Sales to UK customers	21.0	22.6	

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AUDITED PRELIMINARY RESULTS - 2001

Income Statement

	2001		2000	
	£M		£M	
Turnover	123.7		107.9	
Gross profit	57.8	46.7%	48.9	45.3%
Distribution costs	2.6		2.3	
Administration expenses	<u>30.6</u>		<u>27.5</u>	
Operating profit before goodwill	25.3	20.5%	20.8	19.3%
Net interest	<u>0.5</u>		<u>0.8</u>	
Profit before goodwill and tax	25.8		21.6	
Margin %	20.9%		20.0%	

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AUDITED PRELIMINARY RESULTS - 2001

Taxation

	2001	2000
	£M	£M
Profit before goodwill and tax	25.8	21.6
Tax	8.5	7.1
Tax rate	33.0%	32.9%

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AUDITED PRELIMINARY RESULTS - 2001

Tax Rates	%
Canada	42.1
Japan	42.0
Italy	40.3
US	40.0
India	39.6
France	35.3
Australia	34.0
Netherlands	35.0
Rotork effective tax rate*	33.0
UK corporation tax	30.0
Malaysia	28.0
Singapore	25.5
Hong Kong	16.0

* on pre-goodwill profit

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AUDITED PRELIMINARY RESULTS - 2001

Income Statement

	2001	2000
EPS		
• Basic	18.9p	15.6p
• Basic before goodwill	20.1p	16.8p

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AUDITED PRELIMINARY RESULTS - 2001

Income Statement

	2001		2000
EPS			
• Basic	18.9p		15.6p
• Basic before goodwill	20.1p		16.8p
Dividend per share			
• Interim	4.65p	up 5.7%	4.4p
• Final	8.3p	up 6.4%	7.8p
• Total	12.95p	up 6.1%	12.2p
• Cost of dividend	11.1m		10.5m
• Dividend cover 1.5 times			

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AUDITED PRELIMINARY RESULTS - 2001
Balance Sheet at 31 December 2001

	2001	2000
Fixed assets	£M	£M
Intangibles	16.6	18.2
Tangible	<u>14.7</u>	<u>15.8</u>
	<u>31.3</u>	<u>34.0</u>

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AUDITED PRELIMINARY RESULTS - 2001
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Intangibles	16.6	18.2
Tangible	<u>14.7</u>	<u>15.8</u>
	<u>31.3</u>	<u>34.0</u>
Current assets		
Inventory	18.0	14.6

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AUDITED PRELIMINARY RESULTS - 2001

Inventory

	2001	2000
	£M	£M
Inventory		
Raw material/components	12.7	9.6
WIP	3.8	3.6
Finished stock	<u>1.5</u>	<u>1.4</u>
	18.0	14.6

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AUDITED PRELIMINARY RESULTS - 2001
Balance Sheet at 31 December 2001

	2001	2000
Fixed assets	£M	£M
Intangibles	16.6	18.2
Tangible	<u>14.7</u>	<u>15.8</u>
	<u>31.3</u>	<u>34.0</u>
Current assets		
Inventory	18.0	14.6
Debtors	33.7	32.9

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AUDITED PRELIMINARY RESULTS - 2001

Debtors

	2001	2000
	£M	£M
Trade debtors	30.3	28.1
Sales H2	66.2	55.7
Sales Q4	35.8	30.7
Days outstanding	75	77
Non-trade debtors	3.4	4.8

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AUDITED PRELIMINARY RESULTS - 2001

Balance Sheet at 31 December 2001

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Fixed assets	£M	£M
Intangibles	16.6	18.2
Tangible	<u>14.7</u>	<u>15.8</u>
	<u>31.3</u>	<u>34.0</u>
Current assets		
Inventory	18.0	14.6
Debtors	33.7	32.9
Cash	<u>22.2</u>	<u>16.8</u>
	<u>73.9</u>	<u>64.3</u>
Creditors	35.0	32.5

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AUDITED PRELIMINARY RESULTS - 2001

Creditors

	2001	2000
	£M	£M
Total creditors	<u>35.0</u>	<u>32.5</u>
Trade creditors and accruals	18.7	16.8
Corporation tax	4.0	3.8
Other tax	1.5	1.2
Other creditors	3.7	4.0
Dividend	7.1	6.7

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AUDITED PRELIMINARY RESULTS - 2001

Balance Sheet at 31 December 2001

	2001	2000
Fixed assets	£M	£M
Intangibles	16.6	18.2
Tangible	<u>14.7</u>	<u>15.8</u>
	<u>31.3</u>	<u>34.0</u>
Current assets		
Inventory	18.0	14.6
Debtors	33.7	32.9
Cash	<u>22.2</u>	<u>16.8</u>
	<u>73.9</u>	<u>64.3</u>
Creditors	35.0	32.5
Net current assets	<u>38.9</u>	<u>31.8</u>
Provisions for liabilities and charges	2.3	3.3
TOTAL ASSETS	<u>67.9</u>	<u>62.5</u>

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AUDITED PRELIMINARY RESULTS - 2001
Cashflow

	2001	2000
	£M	£M
Operating profit	24.3	19.8
Depreciation and amortisation	3.0	3.0
Loss/(profit) on sale of fixed assets	0.1	(0.1)
Movement in working capital	<u>(1.9)</u>	<u>(6.2)</u>
Net cash inflow from operating activities	25.5	16.4

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AUDITED PRELIMINARY RESULTS - 2001

Cashflow

	2001	2000
	£M	£M
Net cash inflow from operating activities	25.5	16.4
Dividends	(10.7)	(10.6)
Taxation	(8.8)	(8.5)
Capital expenditure and financial investment	(0.8)	(3.0)
Returns on investments	0.7	0.8
Acquisitions and disposals	(0.1)	(0.4)
Financing	<u>(0.4)</u>	<u>(1.6)</u>
Increase/(decrease) in cash and term deposits	5.4	(6.9)
Movement in net funds	6.7	(6.5)

FRS 17 STANDARD COULD SEE CLOSURE OF MANY DEFINED BENEFIT SCHEMES, INDUSTRY B... company schemes, warns Digby

New accounting rules 'put final salary pensions in

pensions, and that is precisely what is now happening," he said. The standard requires companies to reflect pension fund surpluses and deficits in balance sheets. Iceland and Ernst & Young salary pension scheme," Mr Thompson said.

Ministers believe the transparency over liabilities that FRS 17 demands cannot now be reversed. But they are sympathetic to the view already commissioned on regulation and on barriers to long-term saving would be genuinely "radical", Mr Darling said. "I have told both Alan Pickering [the former NAPF chairman] and Ron Sandler [former Lloyd's chief executive] that there are no no-go areas for their

from getting access to the very pensions they need." Mr Darling will announce today a review of Opra, the occupational pensions regulatory body, which companies complain is too punitive and rules-based. It will be led by Brian Davis, the former Nationwide chief executive, and will be equally wide-ranging. Mr Darling

switch to money purchase schemes that employers were now making carried dangers. Such pensions had "let down people badly" in the 1950s and 1960s, he said. "Young people will simply not put enough money into their pension at an early enough stage." Companies that retained final salary could win the

Pension decisions that ministers m

Something is not right when changes to accounting rules result in large companies having to end their final salary schemes.

ANNE ASHWORTH examines the impact of changes to pension schemes

NICHOLAS TIMMINS For the track forward at Iceland and the...

Head of Treasury review calls for change to FRS 17

Call for FRS 17 to be replaced by international pensions rule

BUSINESS

FRIDAY FEBRUARY 15 2002

asury accused as FRS17 worries g... Wednesday February 13 2002

Ethics and pensions

that Ernst & Young plan to close their pension schemes to employees as well as ways. The former relies on early contributions steadily building up a decent pension over the years. In the latter, the big

Big companies shut their final salary pension schemes to existing staff

ties will be given an easier ride over FRS17 implementation. David Willetts, the Shadow Secretary of State for Work

Big companies have begun to close down their final salary pension schemes - not just to new entrants but to any future contributions from existing employees. Ernst and Young the

In a final salary scheme, pensions are fixed as a percentage of employees' final salaries. The investment risk that could hit the pensions fund's ability to meet the benefits is borne by the employer. Alternative money purchase schemes do not necessarily receive the same level of

Now companies are preventing that happening. In the case of Ernst and Young, the pensions will be frozen, uprated only by inflation. Employees will have the option of joining the company's money purchase scheme, or making their own pension arrangements. Iceland said the existing ben-

fund surpluses or deficits to be reflected in companies' balance sheets. But actuaries said yesterday that other factors, including minimum funding requirements, greater longevity among pensioners, the costs of regulation and lower investment returns, were also driv-

Darling calls for rethink on accounts rule hitting pensio

accounting board standard. They're thinking about that." He said international rules caused less volatility in accounts than FRS 17, which requires companies to show changes in the market values of their pension funds as they happen rather than smoothing them out over many years.

The rule has troubled companies and investors because it exposes previously hidden deficits in traditional occupational pension schemes under which companies promise employees a pension based on a percent-

age of their final salary. Iceland, the frozen food retailer, blamed FRS 17 for closure of its pension scheme to existing members. Abbey National, the bank, and Ernst & Young, the accounting firm, have closed final salary schemes although both played down the impact of FRS 17.

Mr Darling stressed the ASB's right to make decisions independently, and said the "last thing on earth" he wanted was to suggest the government wanted less transparency in accounting.

Call for shake-up

Britain's pension system should be reformed with a big boost to the basic state entitlement but an increase in the retirement age, the left-of-centre Institute for

FT 4/3/02

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Pension Schemes

- Total number of employees 1,048 of which around 52% are in final salary defined benefit schemes
- The group has 3 defined benefit pension schemes in place UK, US and Holland
- UK Scheme
 - 112% funded on an mfr basis
 - 97% funded on an actuarial basis
 - Has a £4m shortfall of assets on an FRS17 basis
 - Funding level increased from 4.1% to 9.7% from March 2002
 - Prior to 1998 funding rate was over 10%

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AUDITED PRELIMINARY RESULTS - 2001

Summary

- Turnover up 14.7%
- Profit before tax and goodwill up 19.7%
- Net cash up £6.7m
- Order input up 13%
- Final order book up 11%
- Acquisition of Jordan Controls Inc for \$10.5m January 2002

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Preliminary Results 2001