

rotork

Rotork plc
Preliminary Results
2nd March 2005

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leader
in actuation solutions

Audited Preliminary Results

Financial Highlights



- **Order intake up 10.8%** (*16.1% at constant currency*)
- **Sales turnover up 8.0%** (*12.6% at constant currency*)
- **Year end order book up 11.5%** year on year
- **EBIT before goodwill up 9.6%** (*19.6% at constant currency*)
- **Excellent growth in all three divisions**

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Turnover



	2004	2003
	£m	£m

Order input	up 10.8%	151.8	137.0
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Turnover as reported	up 8.0%	146.9	136.0
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H1	up 3.9%	66.8	64.3
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H2	up 11.7%	80.1	71.7
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- H2 2004 was a record period
- Q4 turnover £46.5m

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Currency translation effect on turnover



		2004	2003
Average rate			
US\$		1.83	1.66
Euro		1.46	1.44
 Effect on turnover			
US\$ reduced turnover by	£4.7m		
Euro reduced turnover by	£0.7m		
		£m	£m
Total turnover:	as reported	146.9	136.0
	at constant currency	+12.6% 153.0	136.0

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Turnover by division



	2004	2003	
	£m	£m	
Electrics	109.3	105.6	+ 3.6%
Gears	17.8	16.3	+ 9.5%
Fluid system	23.8	18.8	+26.4%
Intersegmental elimination	(4.0)	(4.7)	
Total	146.9	136.0	+ 8.0%

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Turnover by division – currency effect

	2004 £m	2004 at 2003 rates	2003 £m	
Electrics	109.3	114.7	105.6	+ 8.7%
Gears	17.8	17.9	16.3	+ 9.9%
Fluid system	23.8	24.5	18.8	+30.1%
Intersegmental elimination	(4.0)	(4.0)	(4.7)	
Total	146.9	153.0	136.0	+ 12.6%

- **Currency effect diluted turnover growth by £6.1m or 4.6%**

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EBIT before goodwill

		2004	2003
		£m	£m
Electrics	up 6.0%	26.7	25.2
Gears	up 10.5%	3.2	2.9
Fluid system	up 49.6%	3.1	2.1
Unallocated		(1.9)	(1.8)
Total	up 9.6%	31.1	28.4
Group return on sales		21.2%	20.9%

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EBIT before goodwill

		2004	2004 at	2003
		£m	2003	£m
			rates	
Electrics	up 16.5%	26.7	29.3	25.2
Gears	up 11.4%	3.2	3.3	2.9
Fluid system	up 57.7%	3.1	3.3	2.1
Unallocated		(1.9)	(1.9)	(1.8)
Total	up 19.6%	31.1	34.0	28.4

- as reported profits up 9.6%
- at constant currency profits up 19.6%

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Income Statement – currency effect



	2004	2003
	£m	£m
EBIT before goodwill	31.1	28.4
Translation impact	1.0	-
Transaction impact	1.9	-
EBIT before goodwill at 2003 rates	34.0	28.4

Effective profit increase at constant currency +19.6%

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Income Statement



	2004	2003
	£m	£m
Turnover as reported	146.9	136.0
Gross profit	67.9	63.8
<i>Margin</i>	<i>46.2%</i>	<i>46.9%</i>
Operating profit (before goodwill)	31.1	28.4
Profit before tax and goodwill	31.8	29.5
<i>Effective tax rate (before goodwill)</i>	<i>33.3%</i>	<i>32.1%</i>
Basic earnings per share before goodwill	24.7p	23.3p

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Audited Preliminary Results Dividend



		2004	2003
Interim	+2%	5.35p	5.25p
Special interim		5.85p	-
Final	+2%	9.70p	9.50p
Total dividend	+41.7%	20.90p	14.75p
Core dividend cover		1.54 times	1.48 times

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Balance Sheet



	2004	2003
	£m	£m
Fixed assets	13.9	13.6

- **2004 - Capex** **£3.1m, depreciation £2.6m**
- **2003 - Capex** **£2.4m, depreciation £2.3m**
- **2002 - Capex** **£2.6m, depreciation £2.2m**

2004 issues:

- **Building acquired in Leeds (February) £0.8m**
- **Acquisition of Deanquip in January 2004, negligible effect**

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Debtors



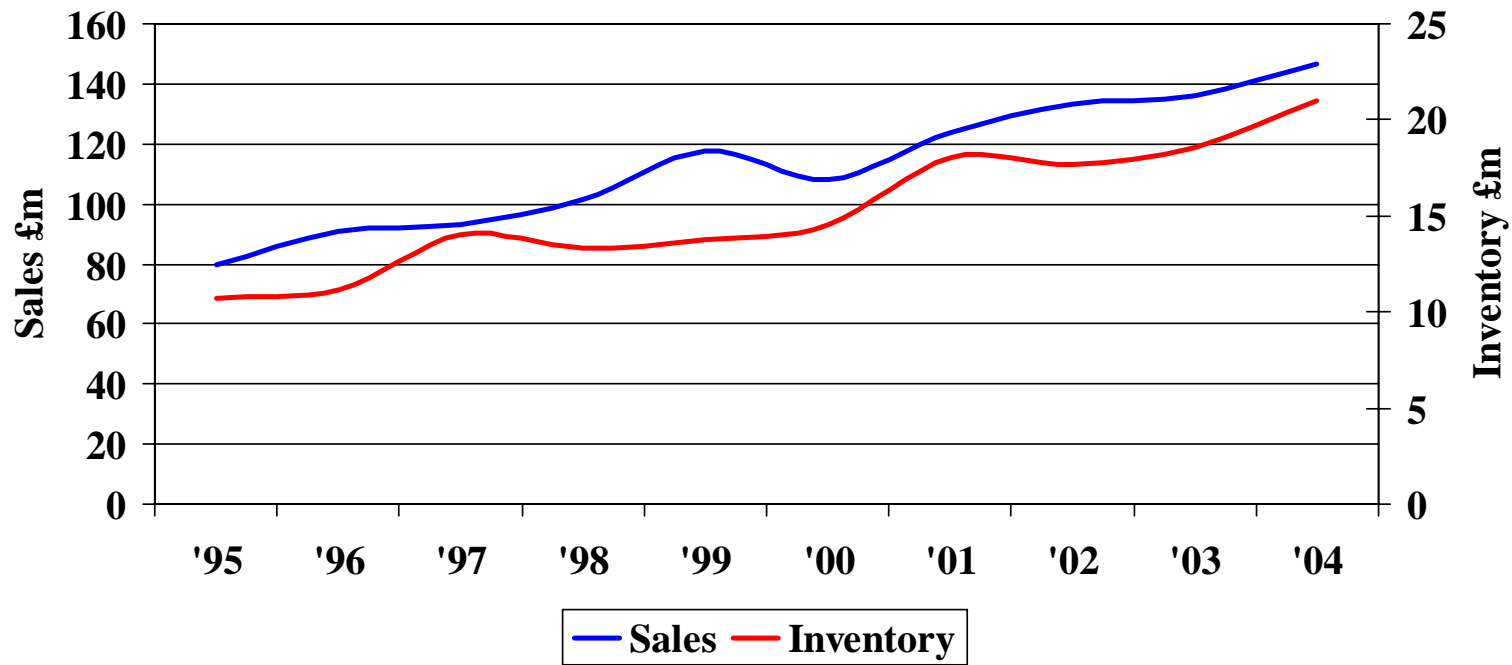
	2004	2003	2002	2001
Total trade debtors	£34.1m	£29.0m	£28.8m	£30.3m
Days sales outstanding	58 days	67 days	70 days	75 days

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

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Sales / inventory



2004 issues

- New product range – IQT
- Expanding demand for AWT
- Fluid power manufacture in USA

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Working capital



2004	2003
£m	£m
21.0	18.6

Inventory

- New product range – IQT
- Expanding demand for AWT
- Fluid power manufacture in USA

Trade creditors

15.4	12.3
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- High production levels in last quarter

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Cashflow Summary

	2004	2003
	£m	£m
Operating Profit	29.9	27.1
Depreciation & amortisation	3.9	3.6
Pension charge versus cash paid	(0.6)	(0.4)
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Cash inflow from operating activities	33.2	30.3
Working capital movement	(4.7)	2.9
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	28.5	33.2
Returns on investments	0.8	0.6
	<hr/>	<hr/>
Cash inflows	29.3	33.8

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Cashflow Summary

	2004	2003
	£m	£m
Cash inflows	29.3	33.8
<u>Outflows</u>		
Dividends	(17.8)	(12.1)
Pension contribution	(5.0)	-
Taxation	(10.4)	(9.2)
Capital expenditure and financial instruments	(2.8)	(2.2)
Purchase/issue own shares	0.5	(0.1)
Acquisitions & disposals	(0.9)	1.7
Net cash (outflow)/inflow	(7.1)	11.9
Cash balances	25.3	32.3
Net funds	24.3	31.9

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UK Pension schemes



UK defined benefit scheme status

2001 Actuarial valuation – funding position 97%

MFR funding level 112%

2004 Actuarial valuation – funding position 84%

MFR funding level 107%

“Fall in funding position due mainly to lower investment returns”

UK Scheme – contribution rates:	2004	2003
to fund future benefits	11.2%	12.2%
to fund past deficit	£1.2m p.a.	£0.3m p.a.

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D.B. Pension schemes – income statement effect

	2004	2003
	£m	£m
Charge to P&L under FRS17		
In operating profit	1.5	1.5
In finance costs	0.1	0.3
Total*	1.6	1.8
FRS17 deficit (post tax)	13.9	13.7

* Note total charge in Group P&L was £2.0m (2003:£1.9m). Difference is worldwide D.C. scheme costs