

Rotork plc Audited Preliminary Results - 2006

28th February 2007

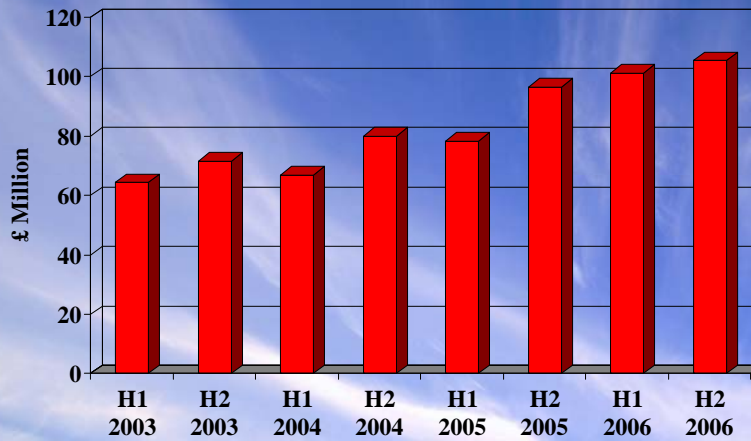
Audited Preliminary Results Financial Highlights



- Order intake up 19.0% (19.8% at constant currency)
- Sales revenue up 18.2% (19.9% at constant currency)
- Year end order book £76.0m
- Operating profit up 23.4% (25.7% at constant currency)
- EPS was 36.4p, up 27.3% (30.0% at constant currency)
- Recommended final dividend of 11.65p, up 17.7%
- Additional dividend distribution of £8 million for 2007

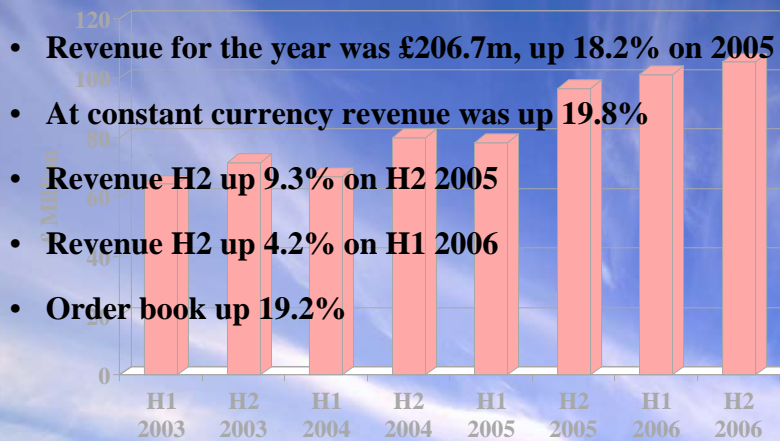
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Audited Preliminary Results Sales Revenue Growth by Half Year



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Audited Preliminary Results Sales Revenue Growth by Half Year



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Audited Preliminary Results Sales revenue



£ Thousand	2006	2005	% Inc.
Order Input	223,458	187,736	19.0%
Sales Revenue	206,709	174,839	18.2%
By Division:			
Electric	147,795	128,535	15.0%
Fluid System	40,504	32,321	25.3%
Gears	24,282	19,063	27.4%
Intersegmental elimination	(5,872)	(5,080)	15.6%
Total	206,709	174,839	18.2%

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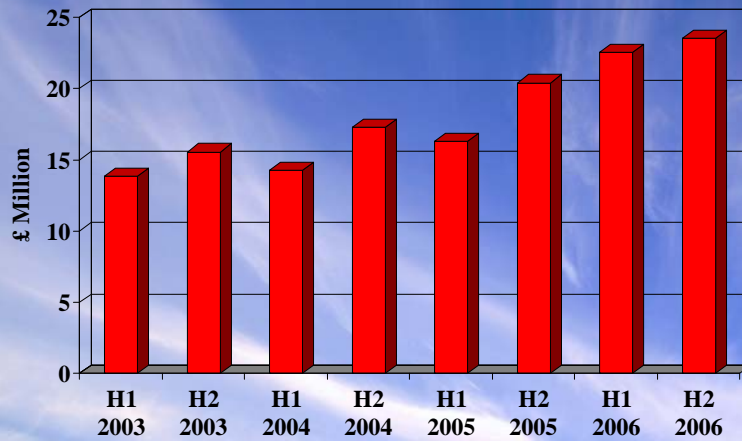
Audited Preliminary Results Income Statement



		2006	2005
		£m	£m
Operating profit	+23.4%	45.1	36.5

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Audited Preliminary Results Operating profit



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Audited Preliminary Results Income Statement – currency effect



£ Million	H1	H2	2006	2005
Operating Profit as reported	22.0	23.1	45.1	36.5
Translation (gain) / loss	(0.4)	0.8	0.4	
Translation (gain) / loss	(0.6)	1.0	0.4	
Total currency impact	(1.0)	1.8	0.8	
Operating profit at 2005 rates	21.0	24.9	45.9	36.5

Profit increase as reported +23.4%

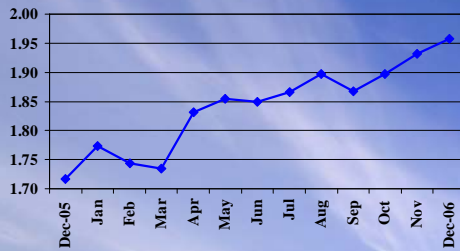
Effective profit increase at constant currency +25.8%

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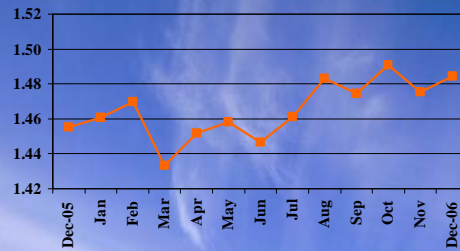
Audited Preliminary Results Currency Rates



US\$



€uro



	2006 H1	2006 H2	2006	2005	2004	2003	2002
Rotork average rates – US\$	1.7990	1.8936	1.8434	1.7984	1.8288	1.6605	1.5193
– Euro	1.4506	1.4774	1.4654	1.4626	1.4603	1.4384	1.5824
Rotork closing rates – US\$			1.9572	1.7168	1.9199	1.7901	1.6099
– Euro			1.4842	1.4554	1.4125	1.4192	1.5342

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Audited Preliminary Results Income Statement



		<u>2006</u>	<u>2005</u>
Revenue as reported	£ Million	206.7	174.8
Operating Profit	£ Million	45.1	36.5
Profit before tax	£ Million	46.1	36.7
Effective tax rate		32.0%	32.9%
Earnings per share		36.4p	28.6p

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Dividend



Recommended final dividend for 2006 of 11.65 pence (+17.7%)

2006 cover is - 2.0 times on core dividend
- 1.2 times on total dividend

It is being recommended that an additional dividend of £8m be paid in June 2007

Dividend in 2007 would be:

		Total cost	
May 2007	11.65p	£10.0m	2006 final dividend
June 2007	9.30p	£ 8.0m	2007 add'l dividend
September 2007		to be announced with interim results	

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Balance Sheet



- Addition of Omag Srl in January 2006
- CAPEX in the year was £2.4m
- £0.4m of development costs capitalised in the year
- £0.3m prior year development costs amortised in the year
- Working capital down as a percentage of sales
 - 2006 24%
 - 2005 28%
 - 2004 27%
- Year end cash balance £28.4m

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Cash flow summary - inflows



	£ Million	2006	2005
Operating Profit		45.1	36.5
Add back depreciation & amortisation		2.9	3.1
Add back pension charge versus cash paid		(0.8)	(1.2)
Cash inflow from operating activities		47.2	38.4
Working capital movement		0.8	(0.5)
Cash flows from finance		0.7	0.5
Operating cash inflows		48.7	38.4

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Cash flow summary - outflows



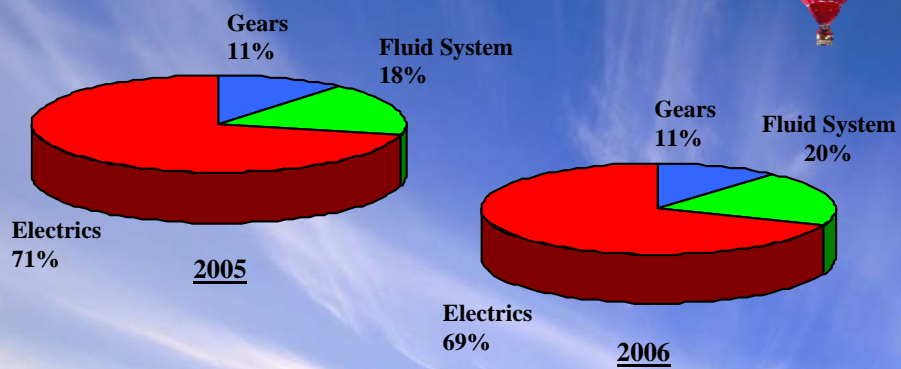
	£ Million	2006	2005
Cash inflows		48.7	38.4
OUTFLOWS			
Taxation		(11.2)	(11.3)
Capital Expenditure		(2.4)	(1.4)
Purchase/issue own shares under share schemes		(1.8)	(1.6)
Other		(0.4)	0.9
Net operating cash flow		32.9	25.0
Additional Pension contribution		(6.0)	(2.0)
Acquisitions		(1.6)	(7.2)
Dividends		(24.1)	(13.4)
Net cash inflow		1.2	2.4
Cash balances		28.4	27.2
Net cash		27.7	25.9

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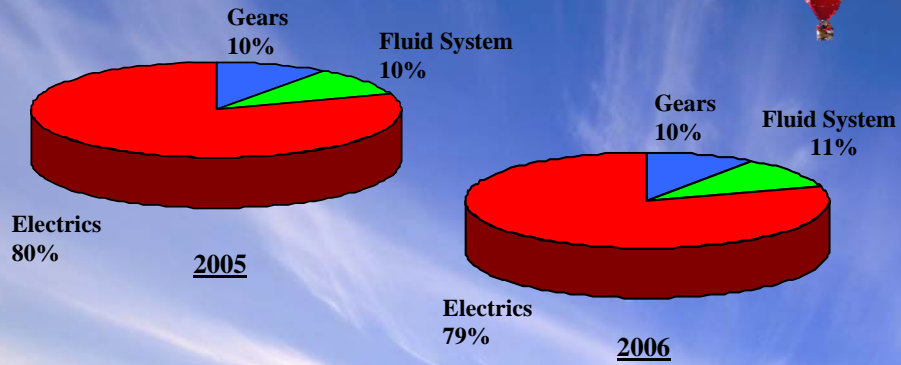
Audited Preliminary Results Revenue by Operation



Total revenue up 18%

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Audited Preliminary Results
Operating Profit by Operation*



Operating profit up by 23%

*before unallocated expenses

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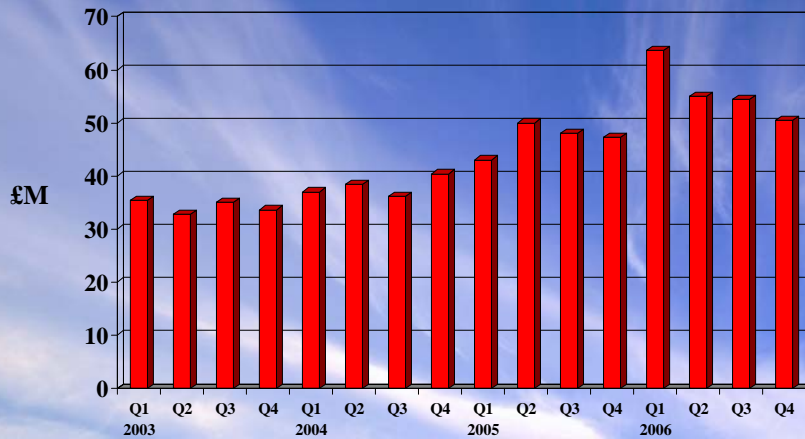
Audited Preliminary Results
Order input and order book growth



	2006
Input	+19%
Order book	£76.0M
Order book	+19%
Constant currency	+27%

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Audited Preliminary Results Input per Quarter 2003/2006



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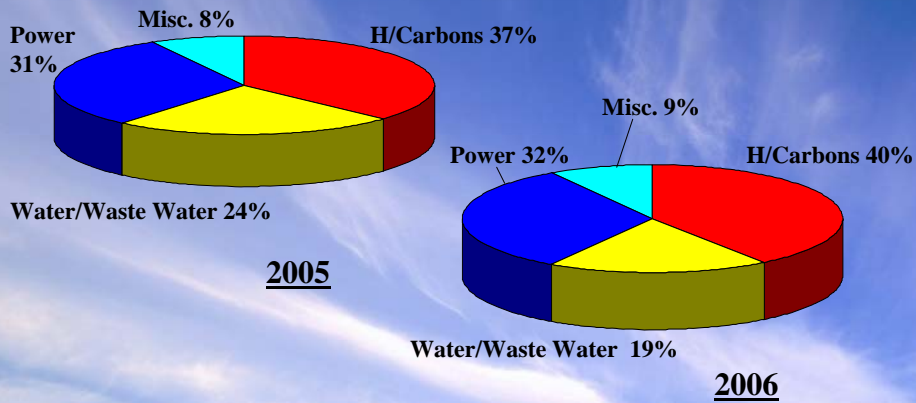
Audited Preliminary Results Electric Actuators



- **Order Input** + 14.7%
- **Order Book** + 12.3%
- **Turnover** + 15.0%
- **Operating Profit** + 19.8%
- **Net Margin** 25.1% up from 24.0%

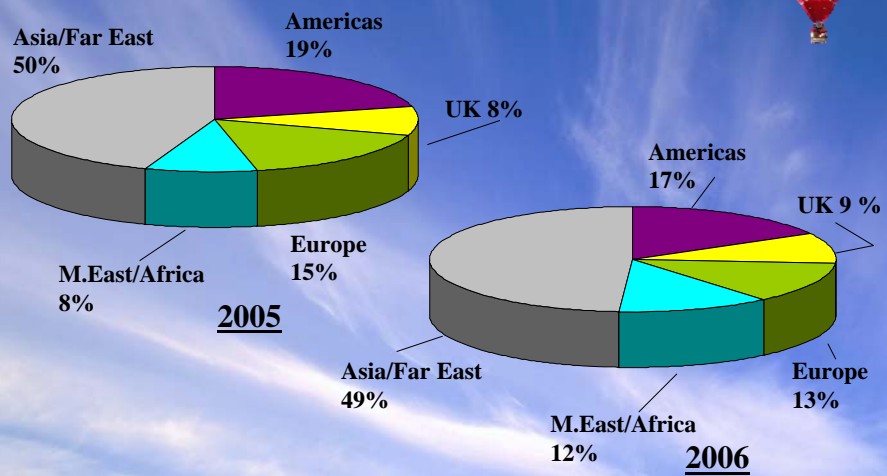
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Audited Preliminary Results Electric Actuator Unit Input by Industry



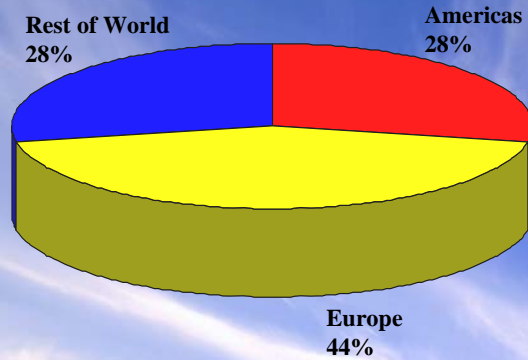
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Audited Preliminary Results Electric Actuator Unit Input by Final Destination



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Audited Preliminary Results
Group Customer Revenue Location - 2006



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Audited Preliminary Results
Actuator Assembly in Shanghai Plant



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Audited Preliminary Results Pakscan 3



- Major upgrade to Rotork's proprietary Pakscan system rolled out during Q3 2006
- Backwards compatible with earlier dual redundant network
- Fully integrated web support allowing remote system monitoring and upgrade
- Enhanced user interface
- Prepares the way for new higher speed network topologies such as wireless

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Audited Preliminary Results Control Valve Actuation



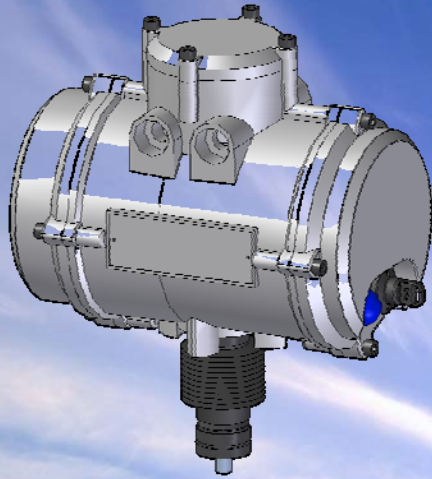
**Workhorse
Pneumatic**



**High Performance
Electraulic**

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Audited Preliminary Results Control Valve Actuation - concept



- High performance at workhorse prices
- Improved diagnostics
- Configurable failsafe options
- Single switch set-up
- Wireless interface for advanced configuration and diagnostics



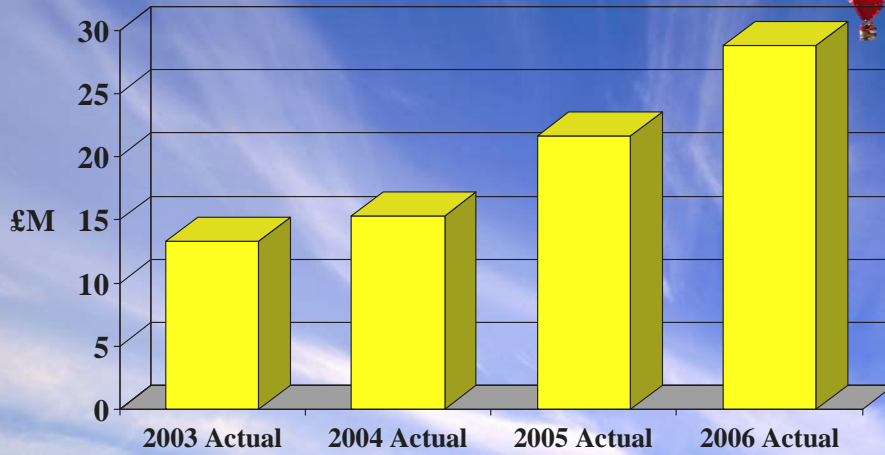
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Audited Preliminary Results Rotork Service & Support



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Audited Preliminary Results Service and Support Revenues*



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Audited Preliminary Results Rotork Fluid System



	Actual
Order Input	+26.2%
Order Book	+29.7%
Revenue	+25.3%
Operating Profit	+46.5%
Profit margin -	
2006	13.3%
2005	11.4%

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Audited Preliminary Results
Rotork Fluid System and Rotork Gears Products
on a Subsea Installation



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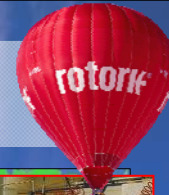
Audited Preliminary Results
Rotork Gears



	Actual	Excl. Gears Srl
Order input	+40.1%	+20.6%
Order Book	+98.4%	+62.0%
Turnover	+27.4%	+14.6%
Operating Profit	+21.3%	+12.9%
Net Margin	19.1% down from 20.1%	

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Audited Preliminary Results Rotork Gears



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Audited Preliminary Results Outlook



Order intake has started strongly in 2007. Furthermore, there appears to be an active project workload in most of our geographic and end user markets, which should ensure that we make further revenue and earnings progress in the current year. This is despite the negative drag that currencies will have if the US dollar and euro exchange rates to sterling are maintained at around current levels.

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Audited Preliminary Results

Appendix - Currency translation effect on revenue

	£ Million	H1	H2	Total
US\$		1.1	(2.7)	(1.6)
CAD		0.7	(1.0)	(0.3)
Euro		0.2	(0.3)	(0.1)
Other Currencies		0.4	(1.2)	(0.8)
		2.4	(5.2)	(2.8)
Revenue as Stats		101.3	105.4	206.7
Revenue at constant currency		98.9	110.6	209.5
Revenue 2005		78.3	96.5	174.8
Increase year on year		29.3%	9.3%	18.2%
Increase at constant currency		26.2%	14.6%	19.8%

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Appendix - Operating profit

£ Million	H1	H2	Total	2005	% Increase
Electrics	18.8	18.2	37.0	30.9	19.8%
Fluid System	2.0	3.4	5.4	3.7	46.5%
Gears	2.2	2.4	4.6	3.8	21.3%
Unallocated	(1.0)	(0.9)	(1.9)	(1.9)	3.9%
Total	22.0	23.1	45.1	36.5	23.4%

Return on Sales	2006	2005
Electrics	25.1%	24.0%
Fluid System	13.3%	11.4%
Gears	19.1%	20.1%
Group	22.3%	21.0%

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Appendix - Cash Flow reconciliation - inflows

	£ Thousand	2006	2006	2005	2005
Profit for the year		31,333		24,614	
Financial income		(5,568)		(4,479)	
Financial expenses		4,596		4,352	
Income tax expense		14,728		12,043	
Operating Profit			45,089		36,530
Amortisation of intangibles		98		179	
Amortisation of development costs		259		293	
Depreciation		2,554		2,671	
Add back depreciation			2,911		3,143
Difference between pension charge and cash			(801)		(1,243)
Cash inflow from operating activities			47,199		38,430
Inventories		(3,610)		(3,359)	
Trade and other receivables		(3,786)		(685)	
Trade and other payables		6,691		1,325	
Provisions		731		709	
Employee benefits		776		1,509	
Working capital movements			802		(501)
Interest received		876		776	
Interest paid		(147)		(232)	
Cash flows from finance			729		544
Cash inflow from operations			48,730		38,473

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Appendix - Cash Flow reconciliation - outflows



	£ Thousand	2006	2006	2005	2005
Cash inflow from operations			48,730		38,473
Additional pension contributions			(6,000)		(2,000)
Taxation			(11,247)		(11,296)
Capital expenditure			(2,425)		(1,396)
Issue of ordinary share capital		252		626	
Purchase ordinary capital		(2,047)		(2,236)	
Purchase preference shares		(4)		0	
Purchase/issue shares			(1,799)		(1,610)
Acquisitions			(1,589)		(7,227)
Dividends			(24,140)		(13,437)
Equity settled share based		496		312	
Profit on sale of fixed assets		(33)		22	
Development costs capitalised		(372)		(291)	
Sale of fixed assets		116		94	
Increase in borrowings		(467)		677	
Repayments of finance leases		(212)		(100)	
Effect of exchange rate fluctuations		160		134	
Other			(312)		848
			1,218		2,355
Opening cash		27,180		24,825	
Closing cash		28,398		27,180	

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