

**rotork**



interim results



## Review of Operations

The recovery in our electric actuator business, which was evident in the second half of 2000, has continued through the first half of the current year. All three of our end-user markets, hydrocarbons, water and power, have shown encouraging levels of activity and this has been reflected in an increased percentage of our orders coming from the hydrocarbons and power markets. Geographically, UK business has been weak, with its share of our total electric order intake falling to less than 15% in the first half of the year. Order intake has been strong in the Americas and Continental Europe. Asia and the Far East have been mixed, with especially good levels of business in China and Malaysia.

The Fluid System division, which was loss making last year and was subsequently restructured, achieved a breakeven position. The operation in Italy made solid progress helped by more encouraging business conditions.

The Gears operations experienced good levels of business in Leeds and the Netherlands, but were held back by disappointing trading at Valvekits in Nottingham which is still dependent upon the UK market.

The launch of the new IQ-II actuator at the year-end was the culmination of a very substantial project for the company, as it entailed the complete replacement of our most important product range and revenue earner. The product has had a very positive response from the market. As indicated in the AGM statement, output in the first quarter was impacted by its introduction and although reasonable levels were achieved in the second quarter, the production facilities had not fully recovered the shortfall by the end of June. This situation will be resolved in the third quarter. As a result profits at the Bath plant and many of the overseas sales companies were held back. The US operation, however, managed to achieve substantial profits that were a significant improvement on the rather weak comparative period in 2000, helped by a solid contribution from the West Coast service and support centre.

Our research & development and operations teams are concentrating their efforts on developing new and modified electric actuator products for the power generation and water industries. Success is, in part, dependent upon a major new overseas procurement initiative.

Demand for the recently launched electro-hydraulic actuator range, which extends the scope of our fluid power products, has exceeded expectations. Development of products for gas transmission pipelines and the enhancement of the existing fluid power range of products is being undertaken.

The focus on developing our worldwide service and support capabilities continues to be a management priority. This effort has recently been rewarded with a number of important longer-term contracts in the UK and a number of overseas markets.

The Skil actuator business, which was bought towards the end of last year and relocated to Exeeco's plant in Leeds, has been successfully incorporated into our electric actuator product offering. It is the company's intention to add other valve actuator products through appropriate acquisition.

Rotork Control and Safety, based in Luton, continued to make progress in reshaping its business with profits ahead of expectations. An important project for GlaxoSmithKline was won prior to the end of June.

### Dividend

The directors intend to pay an interim dividend of 4.65p per ordinary share on 1 October. This represents an increase of 5.7% year on year.

### Outlook

The order book at the end of June was 27% up on the year-end. This has been due both to the strength of order intake, which continued through July, and constrained output. The order book and the benefits of the newly-introduced IQ-II which are now being realised are both indicators for a continuing improvement in the second half. The result will of course depend upon the positive environment in our end-user industries being maintained.

**Bill Whiteley**  
Chief Executive  
8 August 2001

# Rotork Group Interim Results 2001

Unaudited

	<b>First half 2001 £m</b>	First half 2000 £m	Full year 2000 £m
<b>Turnover</b>	<b>57.5</b>	52.0	107.9
<b>Operating profit</b>	<b>10.6</b>	9.6	19.8
Operating profit before amortisation of goodwill	<b>11.1</b>	10.1	20.8
Amortisation of goodwill	<b>(0.5)</b>	(0.5)	(1.0)
Operating profit	<b>10.6</b>	9.6	19.8
Net interest and similar income	<b>0.4</b>	0.4	0.8
<b>Profit before taxation</b>	<b>11.0</b>	10.0	20.6
<b>Taxation</b>			
UK	<b>(1.4)</b>	(1.4)	(3.7)
Overseas	<b>(2.3)</b>	(2.0)	(3.4)
<b>Profit after taxation</b>	<b>7.3</b>	6.6	13.5
Dividend	<b>(4.0)</b>	(3.8)	(10.5)
<b>Retained profit</b>	<b>3.3</b>	2.8	3.0
	<b>pence</b>	pence	pence
<b>Earnings per share</b>	<b>8.4</b>	7.6	15.6
<b>Earnings per share before goodwill amortisation</b>	<b>9.0</b>	8.2	16.8
<b>Diluted earnings per share</b>	<b>8.4</b>	7.6	15.6

# Rotork Group Balance Sheet

Unaudited

	30 June 2001 £m	30 June 2000 £m	31 Dec 2000 £m
<b>Fixed assets</b>			
Intangibles	17.1	18.7	18.2
Tangibles	15.6	16.3	15.7
	32.7	35.0	33.9
<b>Current assets</b>			
Stock	17.3	14.6	14.6
Debtors	33.8	29.7	32.9
Cash	17.3	20.6	16.8
	68.4	64.9	64.3
Creditors and provisions	(34.1)	(36.4)	(35.7)
	34.3	28.5	28.6
<b>Net assets</b>	67.0	63.5	62.5
Share capital	4.4	4.4	4.4
Reserves	62.6	59.1	58.1
<b>Shareholders' funds</b>	67.0	63.5	62.5

# Rotork Group Cash Flow

Unaudited

	First half 2001 £m	First half 2000 £m	Full year 2000 £m
<b>Operating profit</b>	10.6	9.6	19.8
Depreciation and amortisation	1.6	1.5	3.0
Profit on sale of fixed assets	–	–	(0.1)
Increase in stock	(2.5)	(1.2)	(0.4)
Decrease/(increase) in debtors	0.9	(2.4)	(4.5)
Decrease in creditors	(0.5)	(0.2)	(1.4)
<b>Net cash flow from operating activities</b>	10.1	7.3	16.4
<b>Returns on investments and servicing of finance</b>	0.4	0.5	0.9
<b>Taxation</b>	(3.4)	(3.0)	(8.5)
<b>Capital expenditure</b>	(0.8)	(2.8)	(3.1)
<b>Acquisitions and disposals</b>	0.1	(0.5)	(0.4)
<b>Dividends paid</b>	(6.7)	(6.7)	(10.5)
<b>Financing</b>	0.8	–	(1.6)
<b>Increase/(decrease) in cash and term deposits</b>	0.5	(5.2)	(6.8)

# Notes to the Interim Report

## 1. Basis of preparation

The financial information for the six months to 30 June 2001 and the comparative figures for the six months to 30 June 2000 are unaudited and have been prepared on the basis of the accounting policies set out in the group's statutory accounts for the year ended 31 December 2000.

The financial information for the year ended 31 December 2000 is an abridged version of the full accounts for that year, which received an unqualified report from the auditors and which have been filed with the Registrar of Companies.

## 2. Geographical analysis of turnover

Turnover can be analysed by geographical origin as follows:

	<b>First half 2001 £m</b>	First half 2000 £m	Full year 2000 £m
Europe	<b>30.2</b>	28.8	58.5
Americas	<b>17.9</b>	13.7	31.2
Rest of the world	<b>9.4</b>	9.5	18.2
	<b>57.5</b>	52.0	107.9

## 3. Dividends

An interim dividend of 4.65p per ordinary share (2000: 4.40p) will be paid on 1 October to shareholders on the register at the close of business on 17 August 2001.

## 4. Shareholder information

This interim report is being sent to all shareholders on 8 August 2001 and copies are available to the public at the Registered Office of the company at Rotork House, Brassmill Lane, Bath, BA1 3JQ. The interim report is also available on the company's website at [www.rotork.com](http://www.rotork.com).

We offer shareholders a dividend reinvestment plan (DRIP) under which shareholders can reinvest their cash dividends in the company, by buying shares in the market at competitive dealing rates. If you have already elected to join the DRIP, there is no further action for you to take.

If you would like to join for the first time, please contact our registrars below.

Lloyds TSB Registrars  
The Causeway  
Worthing  
West Sussex  
BN99 6DA

Share dividend helpline number - 0870 241 3018

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