

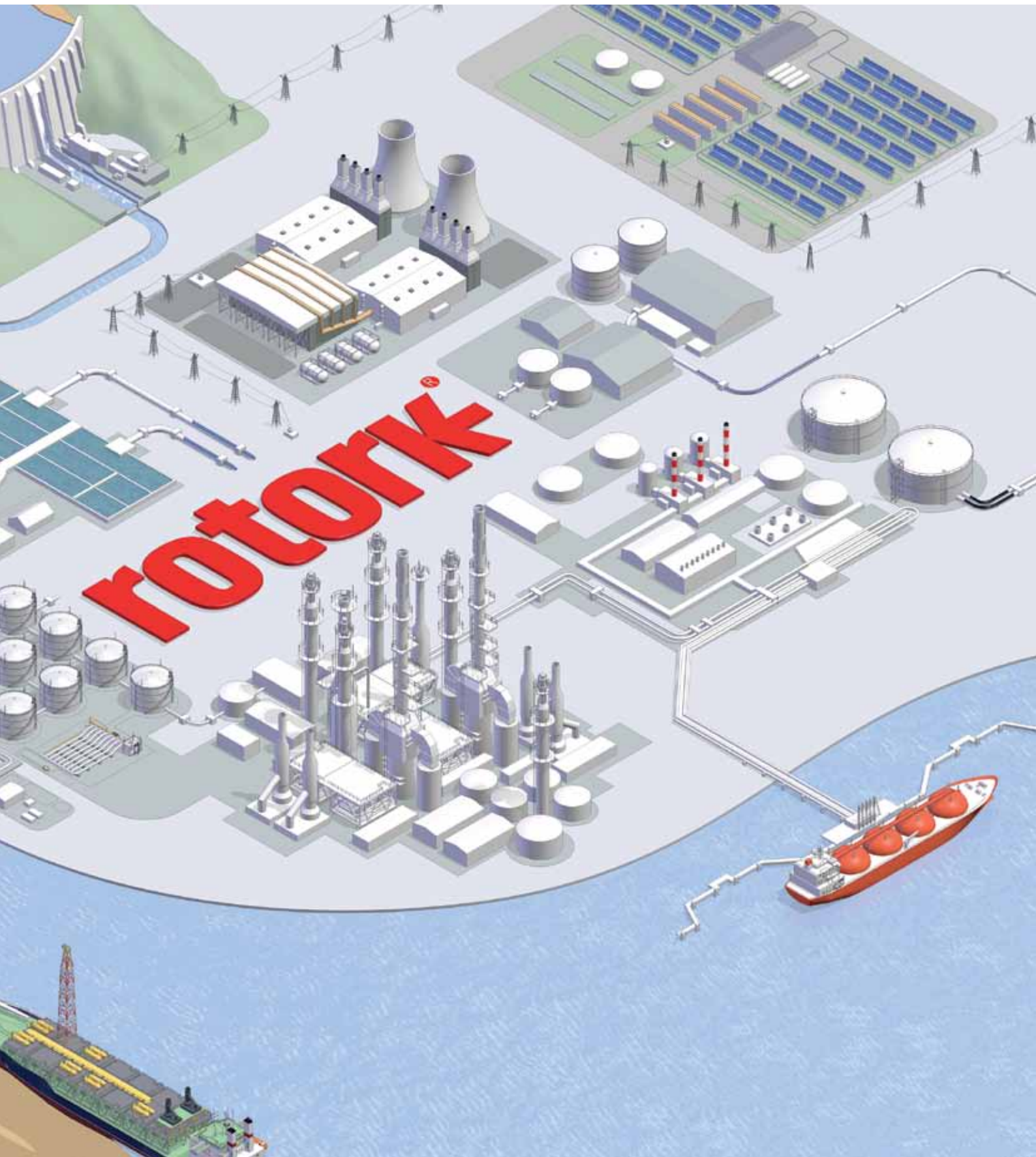
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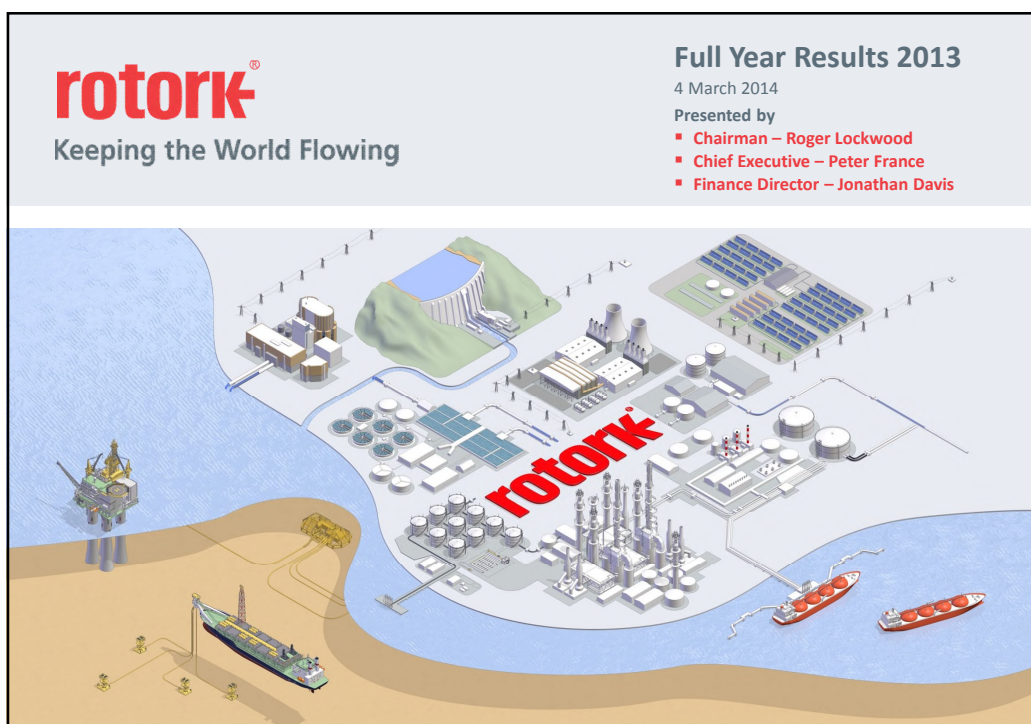
Keeping the World Flowing


Full Year Results 2013

4 March 2014

- Chairman – Roger Lockwood
- Chief Executive – Peter France
- Finance Director – Jonathan Davis






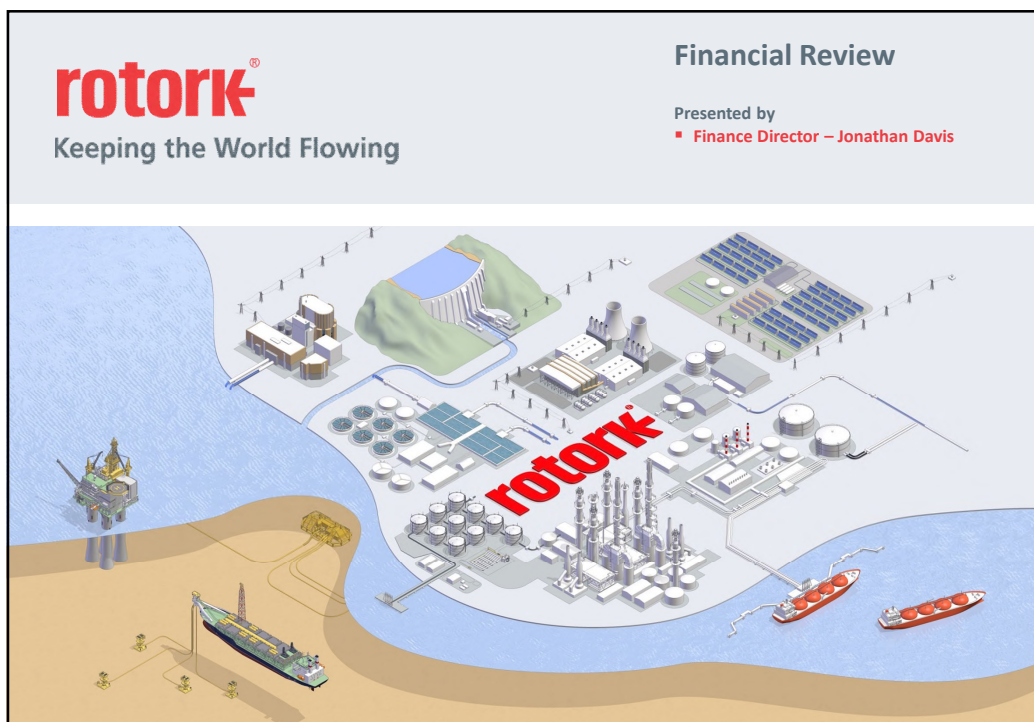


Highlights

- Record order intake, revenue and profit in each division
- Order intake up 7.3%
- Order book at £187.8m, up 3.8% from December 2012
- Operating margin increased 40 bps to 26.2%
- Sales to oil & gas market up 24%
- Continued expansion of product portfolio
- Four acquisitions completed in the year



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Financial highlights

	2013	2012	%	OCC %	
Order intake	£579m	£539m	+7.3%	+0.8%	↑
Order book	£188m	£181m	+3.8%	+0.2%	↑
Revenue	£578m	£512m	+13.0%	+6.3%	↑
Adjusted operating profit*	£151m	£132m	+14.8%	+8.5%	↑
Adjusted EPS*	124.9p	109.3p	+14.3%	+7.9%	↑
Dividends	48.05p	43.0p	+11.7%		↑

- Record order intake, order book & revenue
- Adjusted operating profit margin 26.2% (OCC 26.3%) compared with 25.8% in 2012
- Earnings per share benefits from slightly lower tax rate

Note:
OCC are Organic constant currency figures which have all acquisitions removed and are restated at 2012 exchange rates.
*Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.

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Constant currency analysis

£m	2013 as Reported		Adjust to get CC	2013 at 2012 Rates		Remove Acqn.	2013 at OCC		2012	
Revenue	578.4		(9.1)	569.3		(25.2)	544.1		511.7	
Cost of Sales	(304.0)		6.7	(297.3)		11.9	(285.4)		(272.2)	
Gross Profit	274.4	47.4%	(2.4)	272.0	47.8%	(13.3)	258.7	47.6%	239.5	46.8%
Overheads	(123.0)	21.2%	1.4	(121.6)	21.4%	6.0	(115.6)	21.3%	(107.6)	21.0%
Adjusted operating profit*	151.4	26.2%	(1.0)	150.4	26.4%	(7.3)	143.1	26.3%	131.9	25.8%

- OCC gross margins 80 bps higher
- OCC overheads increased ahead of revenue
- OCC net margin 50 bps higher

* Adjusted is before amortisation of acquired intangibles.



Constant currency adjustments

£m	Revenue First half	Revenue Second half	Revenue Full year	Adjusted* operating profit First half	Adjusted* operating profit Second half	Adjusted* operating profit Full year
Controls	3.4	0.0	3.4	0.9	(0.5)	0.4
Fluid Systems	2.8	1.4	4.2	0.4	(0.1)	0.3
Gears	0.3	0.7	1.0	0.1	0.1	0.2
Instruments	0.7	(0.2)	0.5	0.1	0.0	0.1
Group	7.2	1.9	9.1	1.5	(0.5)	1.0

- US\$ and related currencies are 40% of revenue – H1 GBP 3% weaker, H2 GBP 1% weaker
- Euro is 30% of revenue – H1 & H2 GBP 4% weaker
- Other currencies 24% of revenue – H2 GBP significantly stronger against AUD, ZAR, INR

* Adjusted is before amortisation of acquired intangibles.

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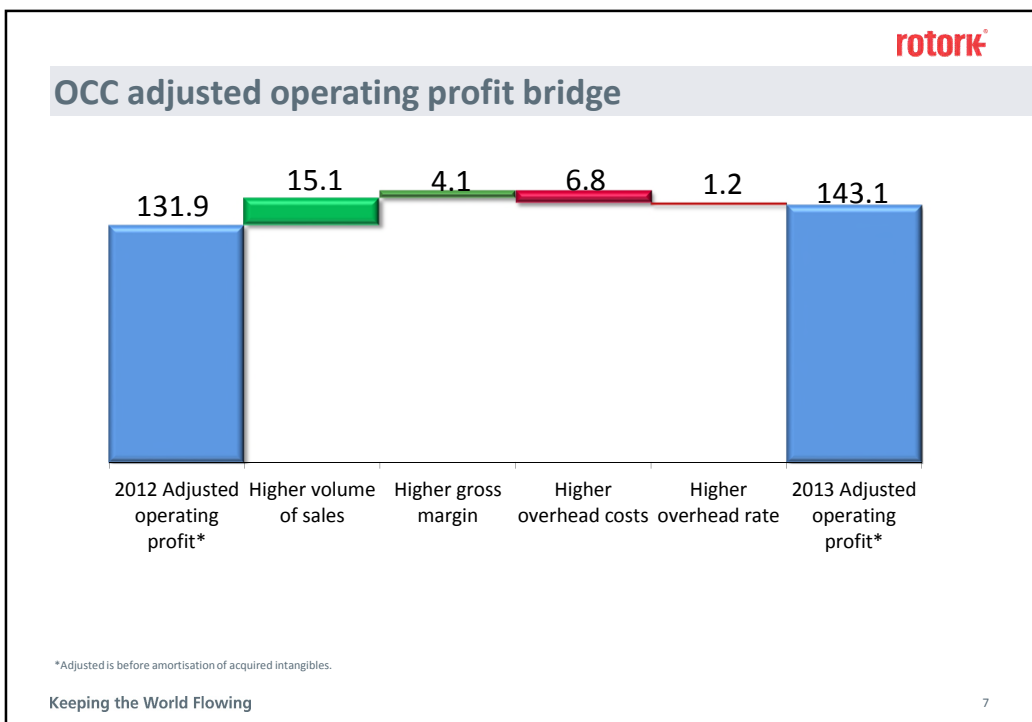
Impact of acquisitions

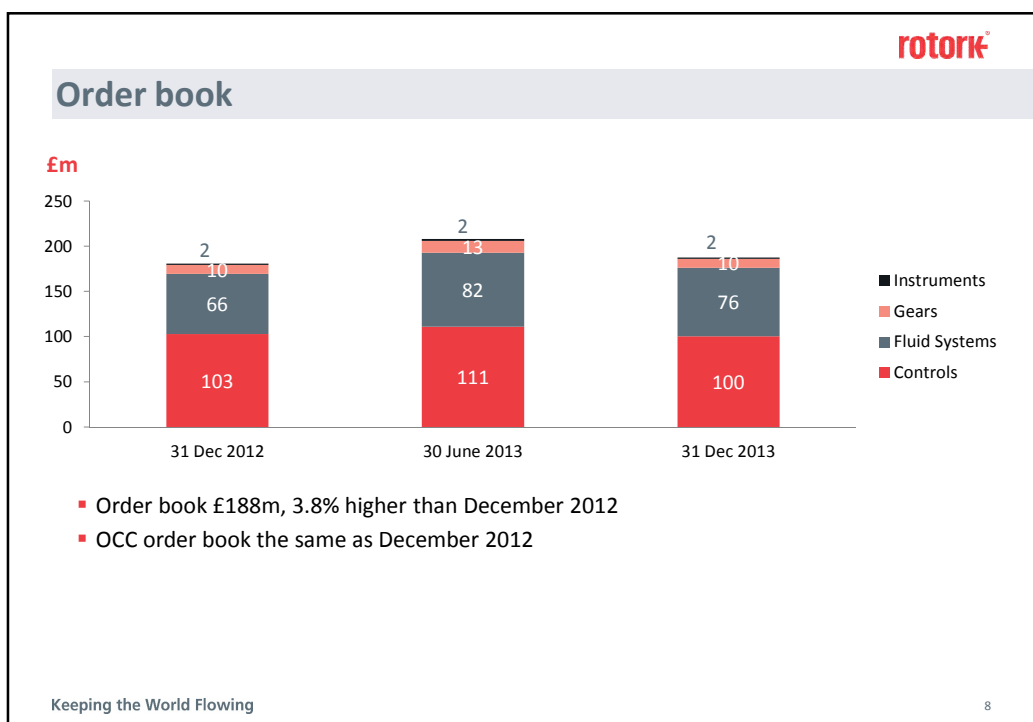
£m	Schischek	Mid-year Acquisitions	Soldo - 2012 Acquisition	Total Adjustment
Revenue	15.1	4.9	5.2	25.2
Adjusted operating profit*	5.2	0.5	1.6	7.3
Adjusted operating margin*	34.8%	9.1%	30.3%	28.9%

- Mid-year acquisitions' pro-forma revenue £11.6m and profit £1.2m
- Intangible amortisation £12.1m (2012: £7.4m)

* Adjusted is before amortisation of acquired intangibles.

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Controls division

£m	2013	2012	Change	OCC Change	
Revenue	321.9	293.3	+9.7%	+3.1%	↑
Adjusted operating profit*	105.5	94.8	+11.3%	+5.2%	↑
Adjusted operating margin*	32.8%	32.3%	+50 bps	+70 bps	↑

- Order intake +2.9%, (OCC -3.4%)
- Gross margins +70 bps OCC
- Ongoing material cost management

Note:
OCC are Organic constant currency figures which have all acquisitions removed and are restated at 2012 exchange rates.
*Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.

Keeping the World Flowing 9



Fluid Systems division

£m	2013	2012	Change	OCC Change	
Revenue	187.0	160.9	+16.2%	+11.7%	↑
Adjusted operating profit*	31.0	24.6	+25.9%	+23.5%	↑
Adjusted operating margin*	16.6%	15.3%	+130 bps	+160 bps	↑

- Order intake +12.2% (OCC +7.9%)
- Gross margins +180 bps OCC
- Benefits from sourcing initiatives

Note:
OCC are Organic constant currency figures which have all acquisitions removed and are restated at 2012 exchange rates.
*Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.



Gears division

£m	2013	2012	Change	OCC Change	
Revenue	56.0	52.9	+6.0%	+2.2%	↑
Adjusted operating profit*	13.0	12.1	+7.3%	+4.9%	↑
Adjusted operating margin*	23.1%	22.9%	+20 bps	+60 bps	↑

- Order intake +5.1% (OCC +1.5%)
- Gross margins -10 bps OCC

Note:
OCC are Organic constant currency figures which have all acquisitions removed and are restated at 2012 exchange rates.
*Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.



Instruments division

£m	2013	2012	Change	OCC Change	
Revenue	24.9	16.4	+51.8%	+16.6%	↑
Adjusted operating profit*	7.8	5.1	+53.5%	+20.0%	↑
Adjusted operating margin*	31.4%	31.1%	+30 bps	+90 bps	↑

- Order intake +55.3% (OCC +19.3%)
- Gross margins +180 bps OCC
- Continued investment in product development

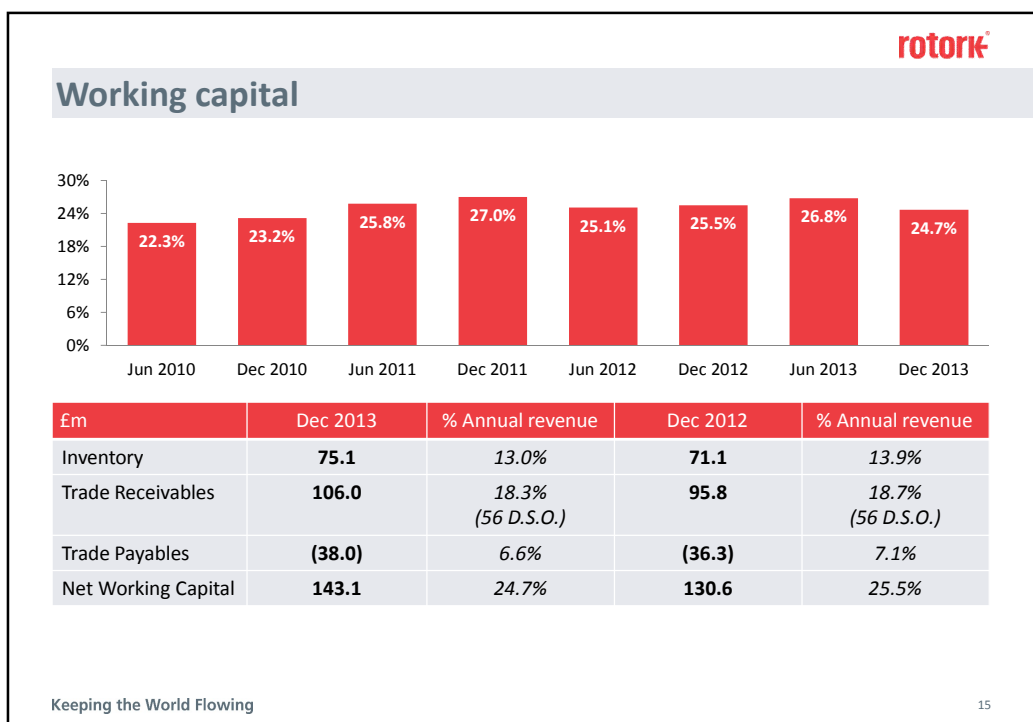
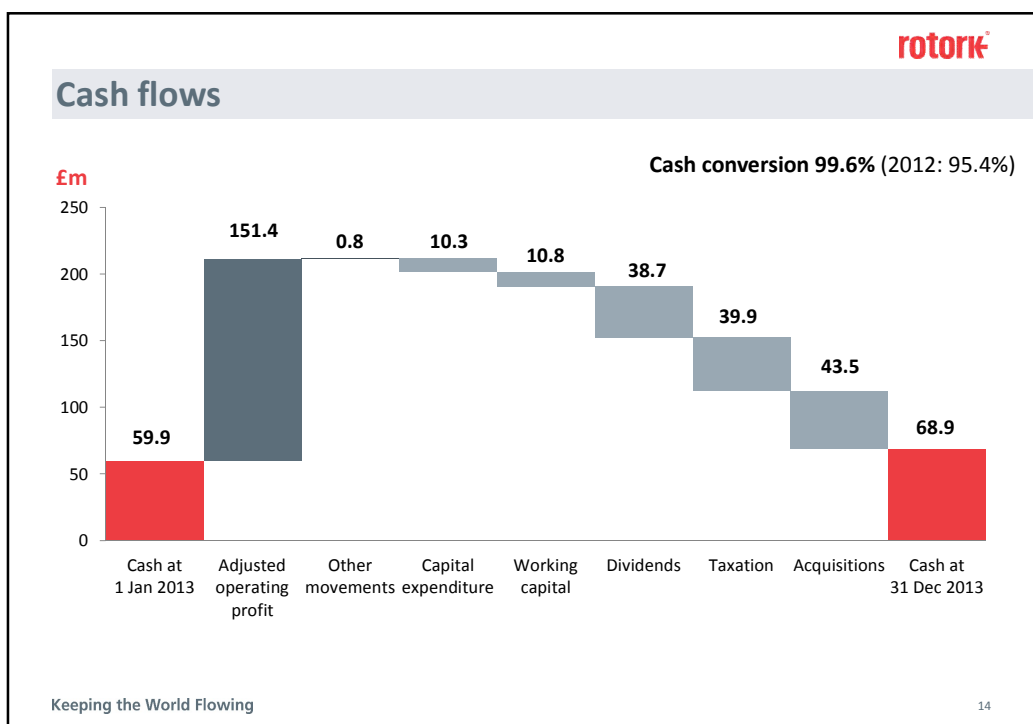
Note:
OCC are Organic constant currency figures which have all acquisitions removed and are restated at 2012 exchange rates.
* Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.



Earnings per share

	2013	2012	Change
PBT as reported (£m)	138.0	124.2	+11.1%
Adjusted PBT* (£m)	150.1	131.6	+14.1%
Effective tax rate	27.9%	28.1%	
Basic EPS as reported	114.8p	103.1p	+11.3%
Adjusted basic EPS*	124.9p	109.3p	+14.3%

* Adjusted is before amortisation of acquired intangibles.





Dividends

Core Dividend	Month paid / payable	Amount (Pence)	Cost (£m)
2011 Final	May 2012	22.75p	19.7
2012 Interim	September 2012	16.40p	14.2
Paid in 2012		39.15p	33.9
2012 Final	May 2013	26.60p	23.1
2013 Interim	September 2013	18.05p	15.6
Paid in 2013		44.65p	38.7
2013 Final	May 2014	30.00p	26.1

- Dividend from the year increased by 11.7% to 48.05 pence
- Dividend cover 2.4 times

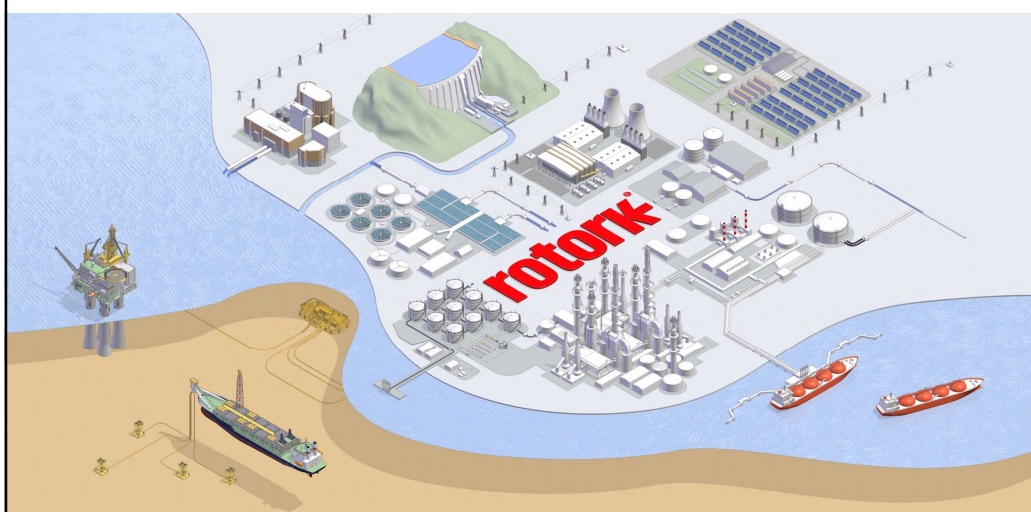


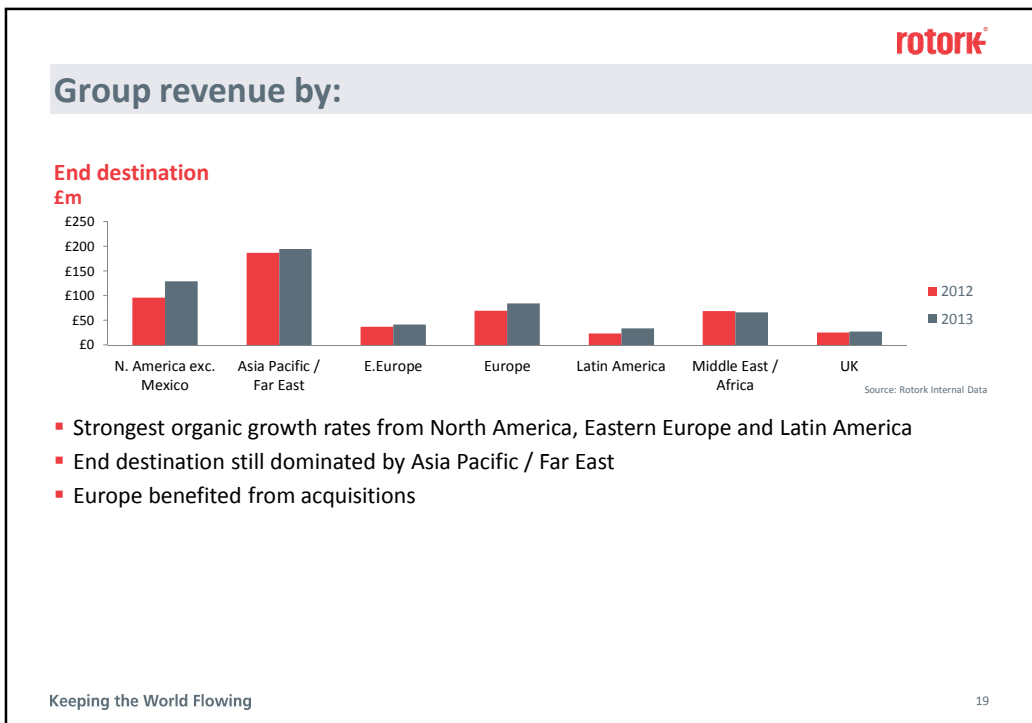
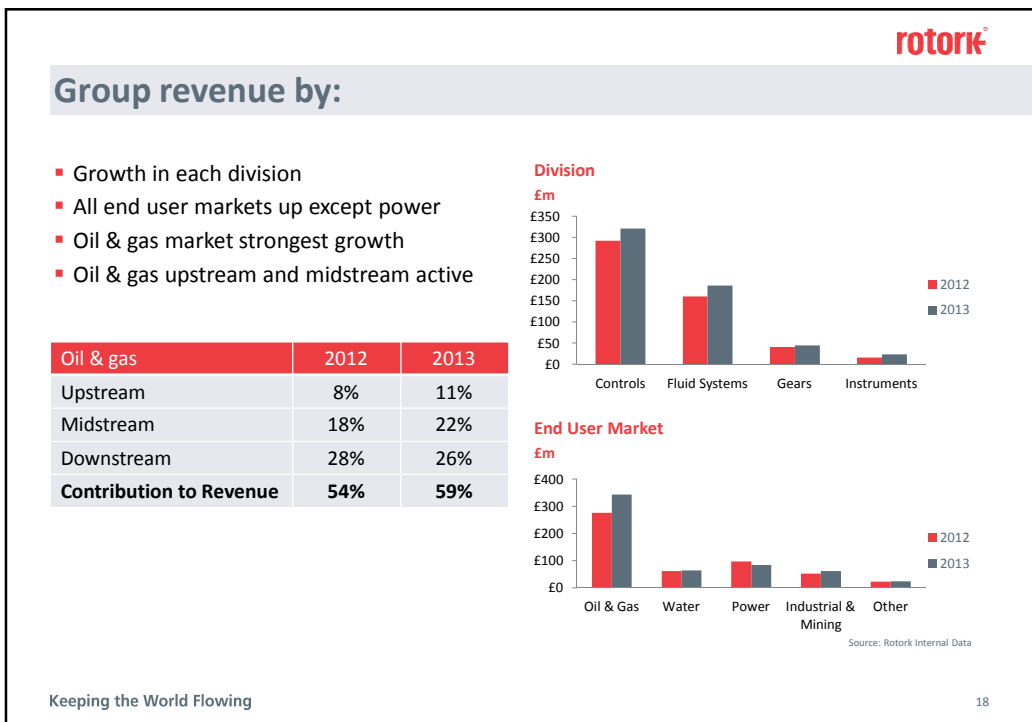
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Operating Review

Presented by

- Chief Executive – Peter France





Controls

Highlights

- IQ3 and CMA market acceptance
- North American performance
- China investment
- Acquisition integration
- New offices/expansions

Opportunities

- Facility expansion
- New product launches
- HVAC market



Fluid Systems

Highlights

- Upstream and midstream market
- GTA acquisition
- Middle East and Malaysian expansion
- Mexico investment

Opportunities

- New product launches
- Expanding *Centres of Excellence*
- New markets



Gears

Highlights

- Third party sales
- Renfro acquisition
- China and USA facility expansion
- Subsea and water growth
- Product development

Opportunities

- Valve adaption
- New markets



Instruments

Highlights

- Solid contribution from Soldo
- Good growth in North America, Europe and Japan
- Diverse markets
- Rotork synergies
- Rotork Fairchild product launches

Opportunities

- Product development
- New markets
- Acquisitions



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Site Services

Highlights

- 9% more qualified service engineers
- 23% more service calls
- More than 120,000 actuators under some form of PM contract (2012: 100,000)

Opportunities

- Client Support Programme
- Development of service centres
- Expansion of service capabilities



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24

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Acquisitions

	Schischek	Flowco	Renfro	GTA
Enhance Position in an End User Market	✓			✓
Enhance or Extend Product Offering	✓	✓	✓	✓
Enhance Position in a Geographic Market	✓	✓	✓	✓

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25

Acquisitions

Schischek



- Explosion-proof electric actuators focused on HVAC market
- Good performance in 2013
- Driving integration benefits

Flowco



- Actuator service company
- Dedicated team of service engineers
- Focus on water industry

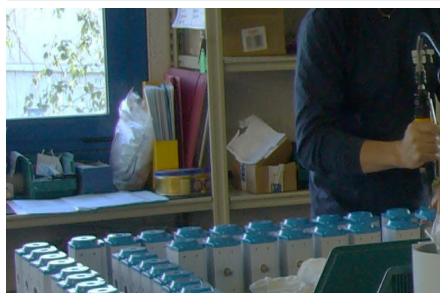
Acquisitions

Renfro



- Valve adaption and mounting kits
- USA focused
- Strong brand

GTA



- Range of pneumatic rack and pinion actuators
- Petrochemical and industrial applications
- German *Centre of Excellence*
- Development of supply chain and sales channels



Acquisition 2014


Young Tech Co Ltd (YTC) – acquired for up to £64m

























- Positioners and valve accessories
- Established 1996
- Based Seoul, Korea
- Joins Instruments division
- Existing management team remains
- 74 employees
- Asia Pacific market

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Strategy for growth

	Pressure	Flow	Temperature
Control	 Boosters  Pressure Transducers  Pressure Regulators	 Directional Control Valves  Solenoid Valves  Switch Boxes  Pilot Valves	 Temperature Controllers  Thermostats  Fusible Plugs
Measurement	 Pressure Gauges  Pressure Sensors  P/I Transducers  Differential Pressure Transmitters	 Kinetic Flow Meters  Flow Controllers  Flow Meters  Level Gauges	 Thermistors  Thermocouples  Temperature Transducers

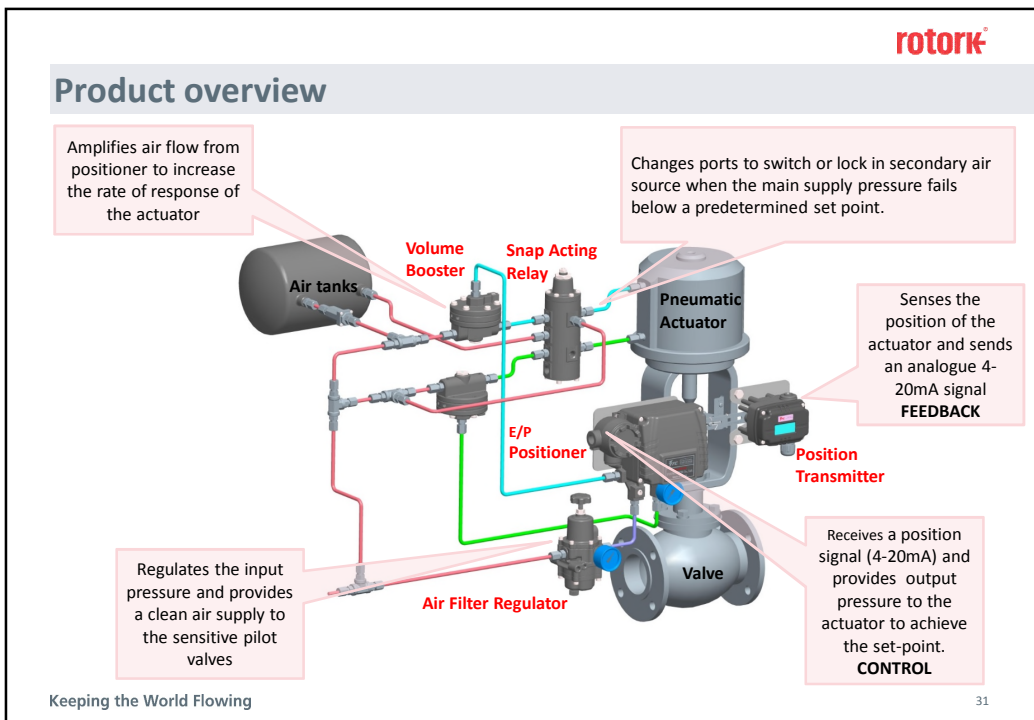
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Strategy for growth – YTC

	Pressure	Flow	Temperature
Control	 <p>Regulators Relays Lock-up Valves Volume Boosters</p>	 <p>Transmitter Solenoid Valves Switchboxes Valve Positioners</p>	
Measurement			

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Research & Development

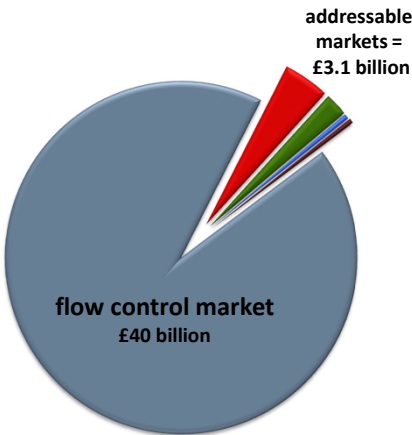
- Spend up 13.4% to £8.4m
- Extended range of IQ3 sizes
- Second phase Gas-over-Oil
- New ranges for Gears and Instruments
- Restructuring electronics development team
- 2014 product launches



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32

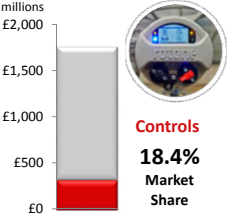
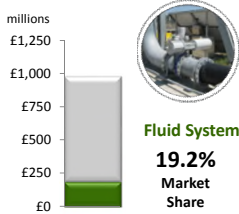

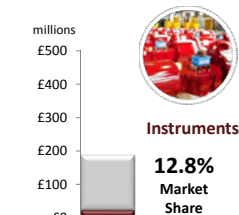


Market overview




flow control market
£40 billion

addressable markets =
£3.1 billion

<p>millions</p>  <p>Controls 18.4% Market Share</p>	<p>millions</p>  <p>Fluid Systems 19.2% Market Share</p>
<p>millions</p>  <p>Gears 23.9% Market Share</p>	<p>millions</p>  <p>Instruments 12.8% Market Share</p>


Source: Rotork Internal Data, BfPA, NFPA, EIF
Market share based on competitors' turnover, published market reports and Rotork internal data

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33



Market drivers

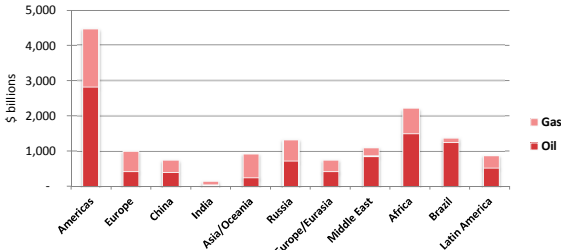
Oil & gas upstream



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- Growth in global energy demand
- Declining output from existing fields
- Unconventional oil & gas
- Global LNG trade

Cumulative investment in upstream oil and gas supply by region 2013-2035




Source: IEA World Energy Outlook 2013

34



Market drivers

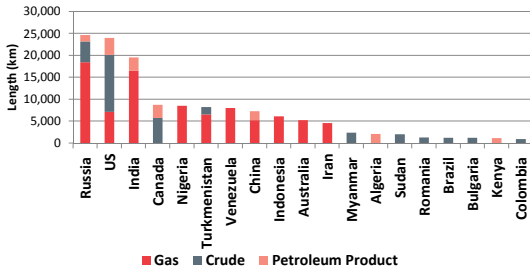
Oil & gas midstream



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- Onshore pipeline global expenditure is expected to reach \$216 billion over the next five years
- 270,000 km of pipelines
- Increasing gasification is shaping the demand profile for pipelines

Global Planned Pipelines (April 2013)



Source: GBI Research Pipeline Industry to 2017

35

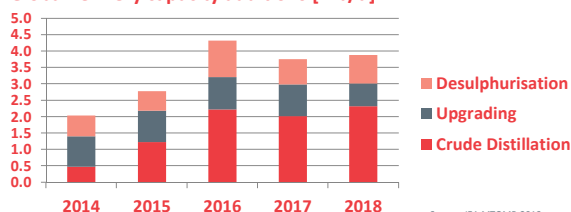
Market drivers

Oil & gas downstream



- Geographic shift of refining capability from West to East
- Restructuring of US refining sector to refine increased supplies of domestic light, sweet crude oils, produced from the new mid-continent plays
- Continued drive for increased process efficiencies
- Growing petrochemical consumption

Global refinery capacity additions [mb/d]



Source: IEA MTOMR 2013

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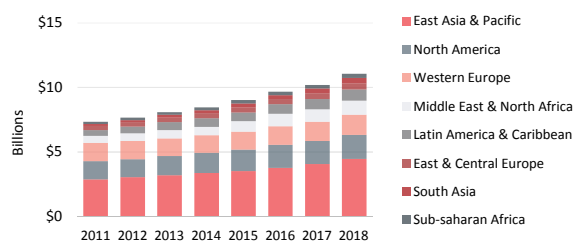
Market drivers

Water & sewage



- Population growth
- Water scarcity and urbanisation
- Industrialisation: water re-use and desalination
- Ageing assets in developed economies
- Tighter environmental regulations

Valves, actuators & fittings [global capex forecast to 2018]



Source: GWI Global Water Market 2014

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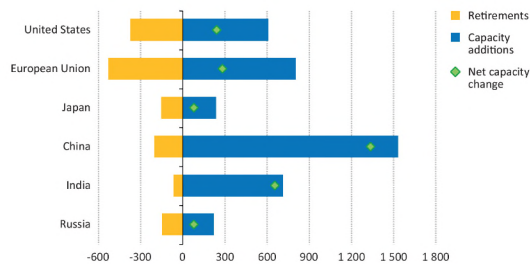
Market drivers

Thermal power, nuclear, renewables



- Urbanisation & population growth
- Industrialisation in developing countries
- Need for emissions reductions and increased efficiency
- Long term energy security – investment in nuclear & renewables

Generating capacity additions 2013-2035 (GW)



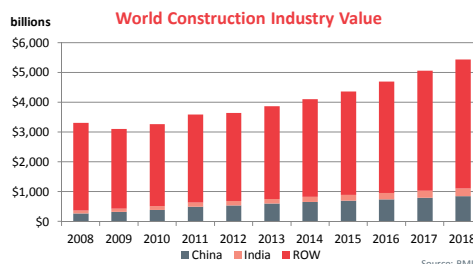
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Market drivers

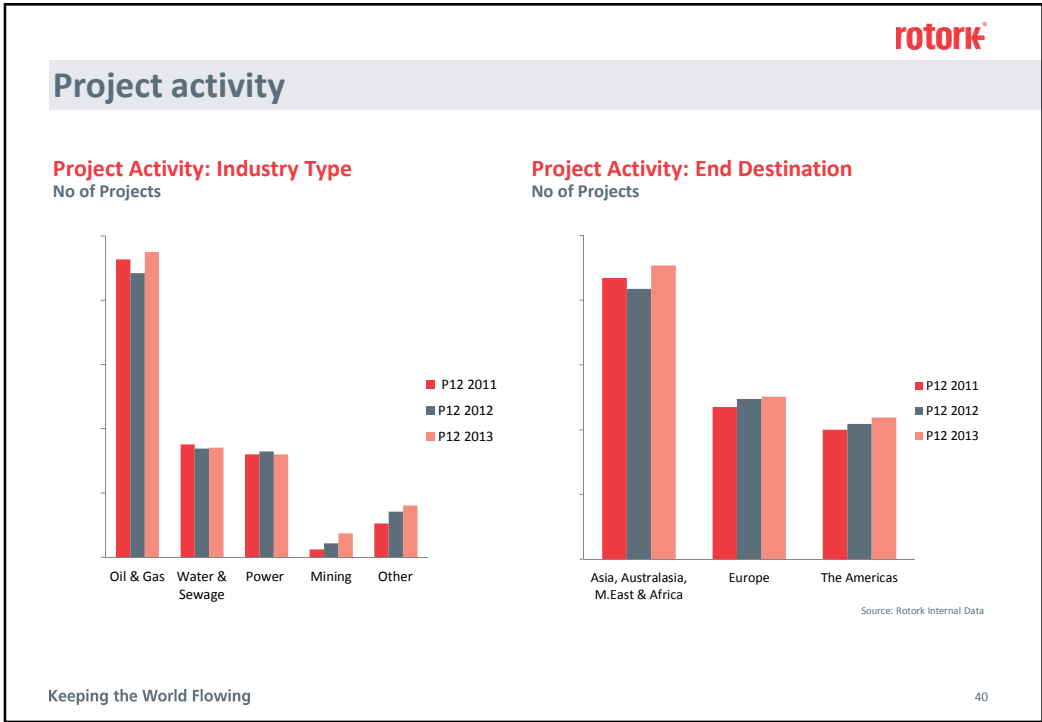
Industrial, mining and other



- Demand for metals, minerals and processed goods driven by developing countries
- Increased demand for vehicles from both commercial and consumer sectors
- Improved standards of living driving demand for HVAC, processed food & drink
- Rising energy costs creating the need for energy efficient equipment and systems



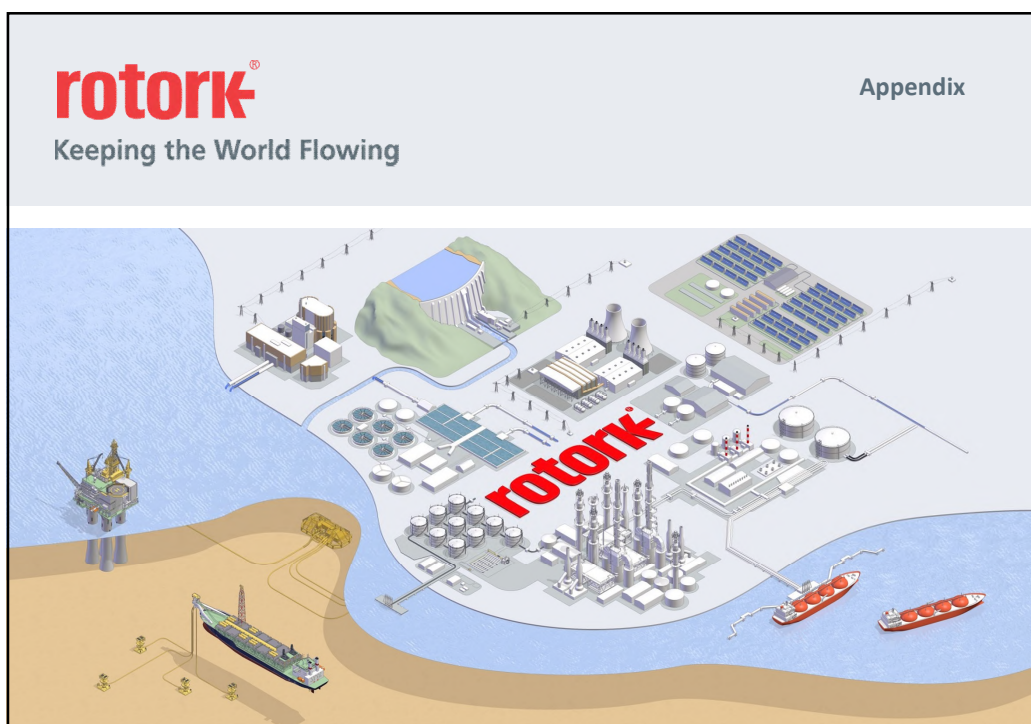
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Summary and outlook

- Continued investment
- Acquisitions
- Active global markets
- Currency headwind
- Confident of further progress

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Outlook statement

- We continue to invest for growth, increasing our international sales network and expanding our product portfolio both organically and by acquisition to strengthen our presence in the wider flow control market.
- The global markets that we serve remain active, providing further opportunities for growth, although we recognise that we are likely to experience weakness within some regions due to economic conditions and a headwind from currency. Nevertheless the Board remains confident of achieving further progress in the coming year.

Appendix: Adjusted operating margins

	H1 2013	H2 2013	FY 2013	FY 2013 OCC	FY 2012
Controls	32.1%	33.3%	32.8%	33.0%	32.3%
RFS	15.9%	17.2%	16.6%	16.9%	15.3%
Gears	22.3%	23.9%	23.1%	23.5%	22.9%
Instruments	31.4%	31.4%	31.4%	32.0%	31.1%
Group	25.4%	26.9%	26.2%	26.3%	25.8%

- H2 margins 150bps higher than H1 from 52% of full year revenue
- OCC margins same as reported margins, 50bps higher than prior year

* Adjusted is before amortisation of acquired intangibles.

Appendix: Adjusted operating profit by segment

£m	2013 Reported	2013 Adjustments	2013 Adjusted	2012 Reported	2012 Adjustments	2012 Adjusted	Increase
Controls	101.1	4.4	105.5	94.1	0.7	94.8	+11.3%
Fluid Systems	29.1	1.9	31.0	22.3	2.3	24.6	+25.9%
Gears	12.6	0.4	13.0	11.9	0.2	12.1	+7.3%
Instruments	2.4	5.4	7.8	0.9	4.2	5.1	+53.5%
Unallocated	(5.9)	-	(5.9)	(4.7)	-	(4.7)	+24.3%
Total	139.3	12.1	151.4	124.5	7.4	131.9	+14.8%

Notes: Adjustments relate to amortisation of acquired intangible assets.

Appendix: Average exchange rates

Average rates trading	US\$	Euro
H1 2012	1.58	1.22
H2 2012	1.60	1.24
Full Year 2012	1.59	1.23
H1 2013	1.53	1.17
H2 2013	1.59	1.19
Full Year 2013	1.56	1.18
+ = GBP strengthening / - = GBP weakening		
H1	-3%	-4%
H2	-1%	-4%
Full year	-2%	-4%

Appendix: Period end exchange rates

Period end rates	US\$	Euro
June 2012	1.57	1.24
December 2012	1.62	1.23
June 2013	1.52	1.17
December 2013	1.66	1.20
+ = GBP strengthening / - = GBP weakening	+2.5%	-2.4%



Appendix: Cash flow statement

£000	2013	2013	2012	2012
Opening cash balance		59,868		48,519
Adjusted operating profit		151,412		131,866
Other movements				
Amortisation of development costs	1,214		924	
Development costs capitalised	(2,033)		(2,075)	
Depreciation	6,801		5,452	
Equity settled share based payments	2,178		2,030	
Own shares acquired	(5,601)		(2,850)	
Issues of ordinary shares	586		425	
Purchase of preference shares	0		0	
Profit on sale of assets	(25)		(859)	
Difference between pension charge and cash contributions	(534)		(7,211)	
Interest received	917		623	
Interest paid	(653)		(163)	
Repayment of borrowings / finance leases	(652)		(132)	
Exchange rates	(1,439)		903	
		759		(2,933)
Capital expenditure				
Purchase of property plant and equipment	(10,419)		(12,564)	
Sale of property plant and equipment	159		1,007	
Working capital		(10,260)		(11,557)
Increase in inventory	(1,740)		(9,474)	
Increase in receivables	(10,786)		(2,220)	
Decrease in payables	(1,778)		(3,341)	
Decrease in provisions	863		(264)	
Increase in employee benefits	2,621		1,711	
		(10,820)		(13,588)
Taxation		(39,866)		(37,641)
Dividends		(38,735)		(33,924)
Acquisitions		(43,485)		(20,874)
Closing cash balance		68,873		59,868

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48



Appendix: Revenue analysis

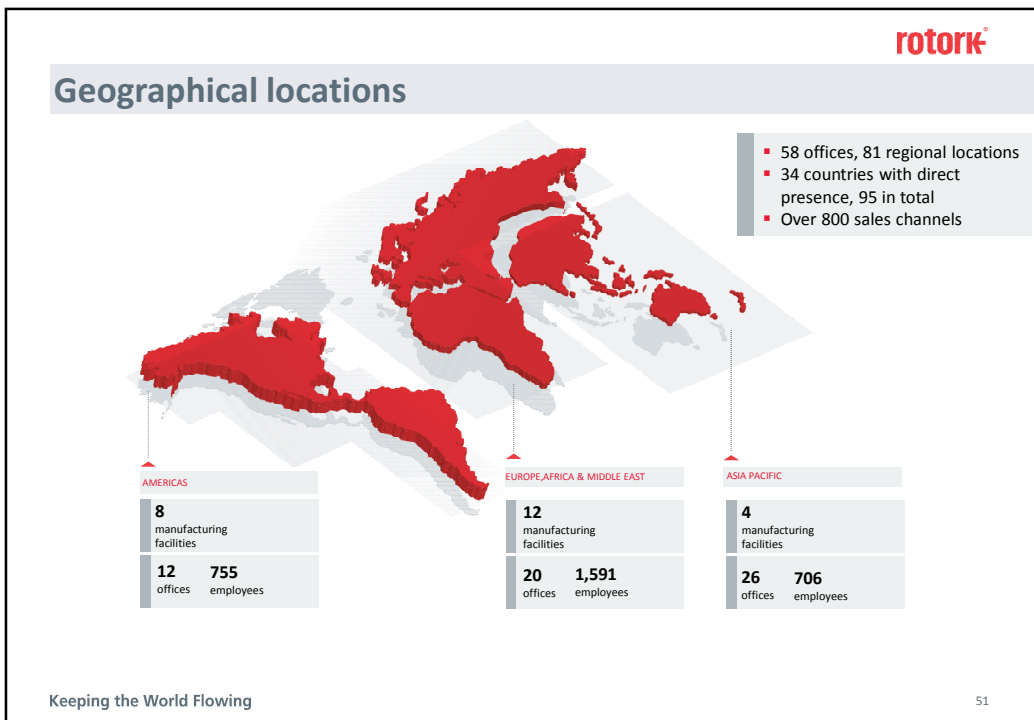
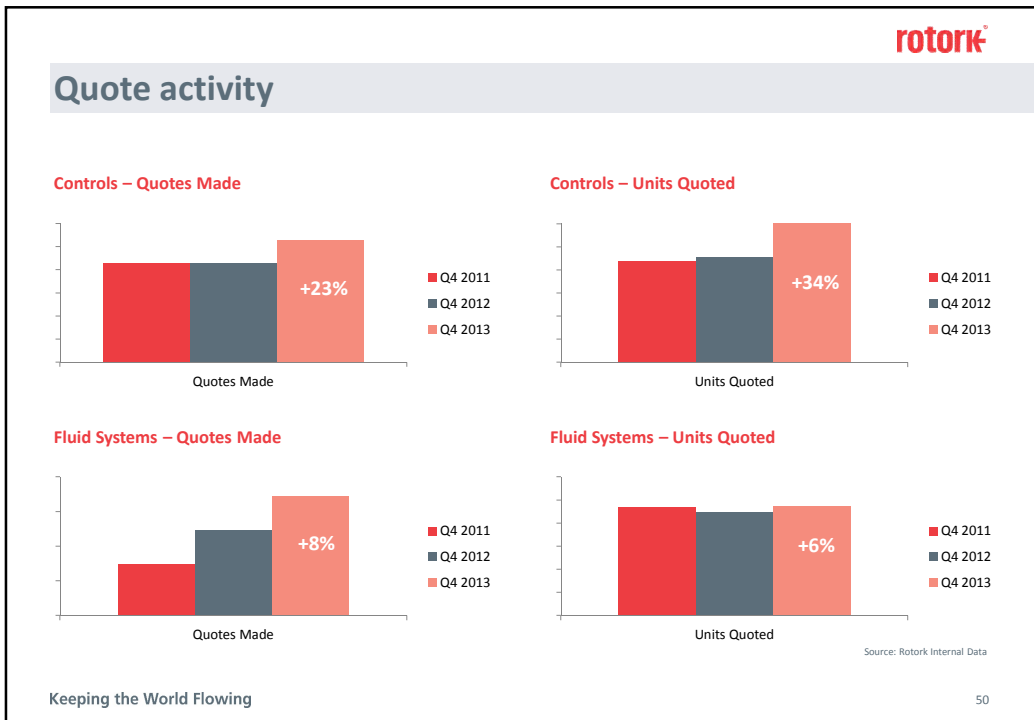
By Division (%)	Controls	Fluid Systems	Gears	Instruments	Total
2013	54.6	31.7	9.5	4.2	100.0
2012	56.0	30.7	10.1	3.2	100.0

By End user market (%)	Oil & Gas	Power	Water	Industrial	Other	Total
2013	59.4	14.6	11.2	10.7	4.1	100.0
2012	54.2	18.9	12.2	10.2	4.5	100.0

By End destination (%)	Asia Pac / Far East	Europe	Middle East / Africa	N. America exc. Mexico	UK	Eastern Europe	Latin America	Total
2013	33.7	14.7	11.4	22.4	4.8	7.3	5.7	100.0
2012	36.6	13.6	13.7	18.8	5.4	7.3	4.6	100.0

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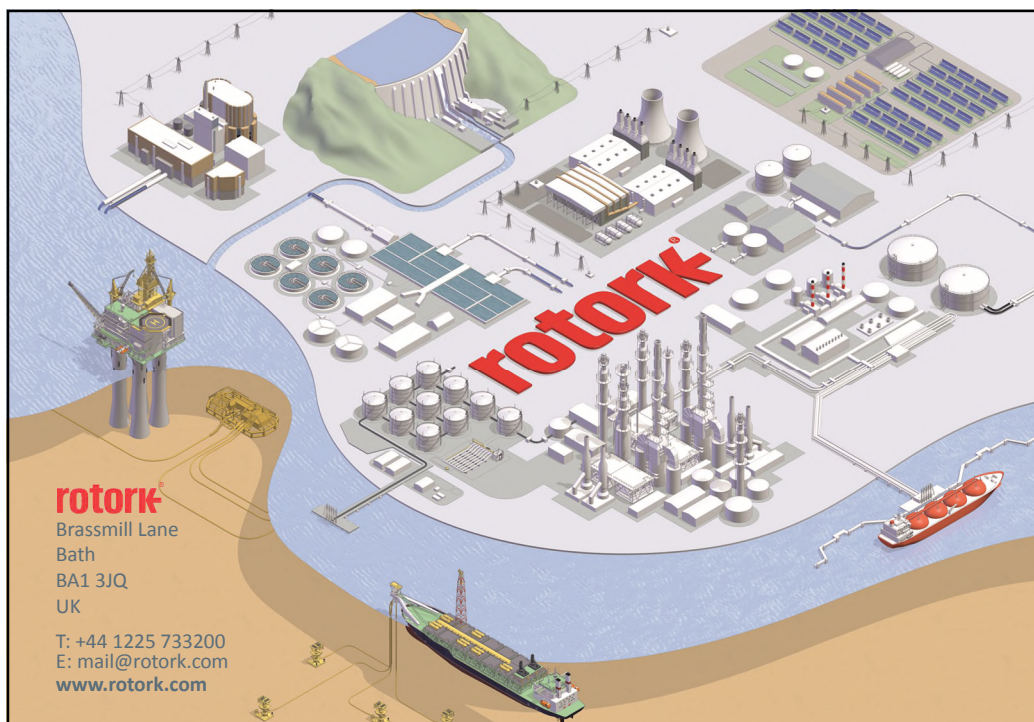
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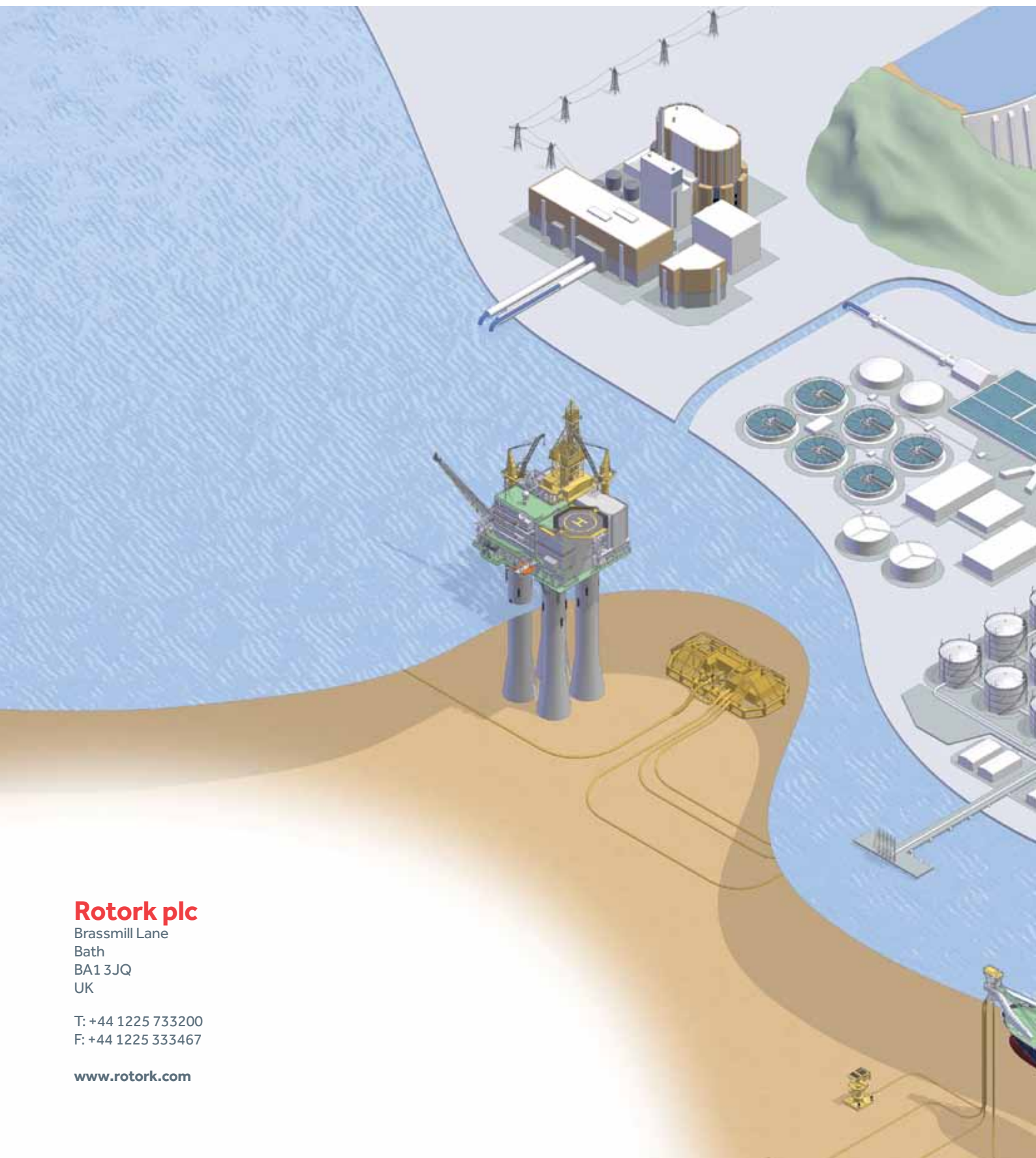


Key objectives

Objective	Description
Sales Growth	Deliver profitable sales growth by focussing on the customer, increasing our international coverage, broadening our end markets and continuing to integrate our new acquisitions.
Employee Development	Invest to support growth strategy and promote diversity and inclusion throughout the company.
New Products	Develop and introduce new products in each of the divisions.
Acquisitions	Execute acquisition plan of identified opportunities.
Manufacturing Excellence	Continue to develop world class manufacturing.
Supply Chain Management	Further develop and leverage global supply chain.
Corporate and Social Responsibility	Continue to drive safety improvement and deliver the CSR strategy.
Global Business System	Continue to develop and roll out the global business system solution.
Customer Support Programme	Further develop our Site Services capability.



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