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 DELIVER
 INNOVATE
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 GROWTH
 GLOBAL



FULL YEAR RESULTS 2014
 3 March 2015

Presented by:
 Chairman – Roger Lockwood
 Chief Executive – Peter France
 Finance Director – Jonathan Davis

Full Year Results 2014
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QUALITY
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HIGHLIGHTS

- Record order intake, revenue and profit
- Order intake up 2.9% to £595.6m (OCC +4.0%)
- Operating margin increased 20 bps to 26.4%
- Sales to power market up 16%
- Continued expansion of product portfolio
- Three acquisitions completed in the year for £81.3m
- Full year dividend 50.1p up 4.3%





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FINANCIAL REVIEW

Presented by

- Finance Director – Jonathan Davis






FINANCIAL HIGHLIGHTS

	2014	2013	%	OCC %	
Order intake	£596m	£579m	+2.9%	+4.0%	↑
Order book	£184m	£188m	-2.2%	+0.1%	↑
Revenue	£595m	£578m	+2.8%	+3.8%	↑
Adjusted* operating profit	£157m	£151m	+3.8%	+5.7%	↑
Adjusted* EPS	131.6p	124.9p	+5.4%	+7.0%	↑
Dividends	50.1p	48.05p	+4.3%		↑

- Record order intake, revenue & profit
- Adjusted* operating profit margin 26.4% (OCC 26.7%) compared with 26.2% in 2013
- Earnings per share growth benefited from lower tax rate

Note:
OCC are Organic constant currency figures which have all acquisitions removed and are restated at 2013 exchange rates.
*Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.

IMPACT OF CURRENCY

£m	Revenue First half	Revenue Second half	Revenue Full year	Impact percentage First half	Impact percentage Second half	Impact percentage Full year
Controls	12.3	6.9	19.2	8.0%	4.1%	6.0%
Fluid Systems	5.7	4.3	10.0	6.4%	4.4%	5.3%
Gears	1.4	1.1	2.5	5.0%	3.8%	4.4%
Instruments	1.0	0.3	1.3	8.0%	2.2%	5.1%
Group	20.4	12.6	33.0	7.4%	4.2%	5.7%

- US\$ and related currencies were 41% of revenue, £11m impact
- Euro was 31% of revenue, £7m impact
- Other currencies 17% of revenue, £15m impact
- Average weakening of other currencies 11.5% (range 1.3% - 26.8%)

Note:
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*Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.

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ANALYSIS OF GROWTH

£m	Order intake	Revenue	Adjusted* operating profit	Adjusted* operating margin
2013	578.7	578.4	151.4	26.2%
OCC growth	+4.0%	+3.8%	+5.7%	+50 bps
2014 OCC	602.1	600.3	160.1	26.7%
Acquisitions	+4.6%	+4.7%	+5.1%	-
2014 Constant currency	628.9	627.7	167.7	26.7%
Currency impact	-5.7%	-5.7%	-7.0%	-30 bps
2014	595.6	594.7	157.2	26.4%
Reported	+2.9%	+2.8%	+3.8%	+20 bps

- Constant currency growth – input 8.7%, revenue 8.5%, profit 10.8%, margin +50 bps
- 2015 currency impact currently ~1% headwind

Note:
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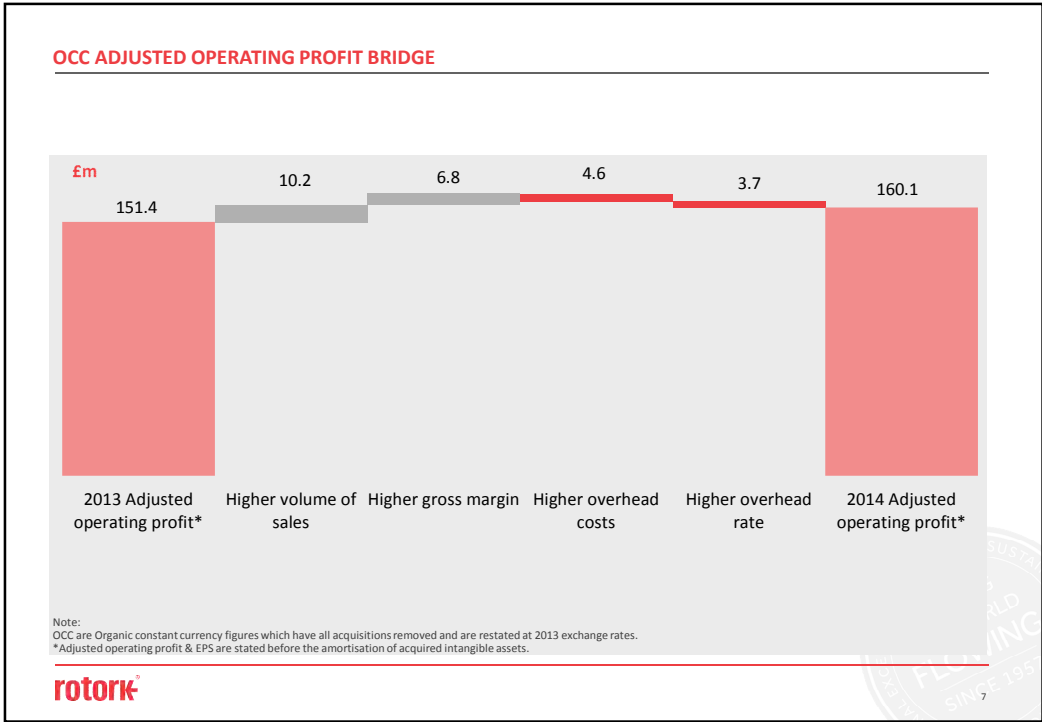


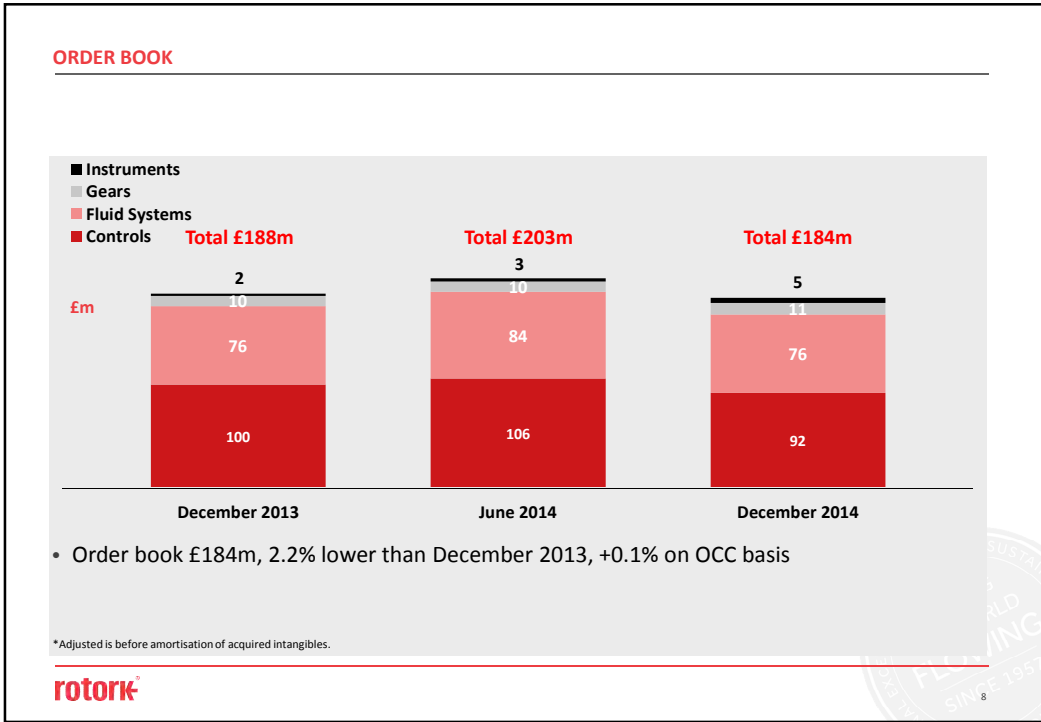
IMPACT OF ACQUISITIONS

£m	YTC	Midland	2013 acquisitions	Total Adjustment
Revenue	13.9	6.3	7.2	27.4
Adjusted* operating profit	5.5	1.2	0.9	7.6
Adjusted* operating margin	39.5%**	16.7%**	12.5%	27.7%

- Full year contribution of the three acquisitions would have been £33m revenue, £9m profit
- Intangible amortisation £14.9m (2013: £12.1m)

Note:
 *Adjusted is before amortisation of acquired intangibles.
 ** Margin calculated on a standalone basis.





CONTROLS DIVISION

£m	2014	2013	Change	OCC Change	
Revenue	324.5	321.9	+0.8%	+6.4%	↑
Adjusted* operating profit	104.7	105.5	-0.7%	+5.6%	↑
Adjusted* operating margin	32.3%	32.8%	-50 bps	-30 bps	↓

- Order intake +1.3% (OCC +7.1%)
- Gross margins -10 bps OCC
- Investment in R&D, new and expanded sales office, IT systems

Note:
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FLUID SYSTEMS DIVISION

£m	2014	2013	Change	OCC Change	
Revenue	180.3	187.0	-3.6%	-0.7%	↓
Adjusted* operating profit	31.2	31.0	+0.5%	+7.4%	↑
Adjusted* operating margin	17.3%	16.6%	+70 bps	+130 bps	↑

- Order intake -4.7% (OCC -1.8%)
- Gross margins +250 bps OCC
- Benefited from sourcing initiatives

Note:
OCC are Organic constant currency figures which have all acquisitions removed and are restated at 2013 exchange rates.
*Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.

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GEARS DIVISION

£m	2014	2013	Change	OCC Change	
Revenue	57.8	56.0	+3.2%	+5.0%	↑
Adjusted* operating profit	13.0	13.0	+0.3%	+4.1%	↑
Adjusted* operating margin	22.5%	23.1%	-60 bps	-20 bps	↓

- Order intake +0.2% (OCC +1.9%)
- Gross margins +30 bps OCC
- New Leeds factory impacted margins

Note:
OCC are Organic constant currency figures which have all acquisitions removed and are restated at 2013 exchange rates.
*Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.

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INSTRUMENTS DIVISION

£m	2014	2013	Change	OCC Change	
Revenue	46.0	24.9	+84.4%	+8.6%	↑
Adjusted* operating profit	14.4	7.8	+84.3%	+2.3%	↑
Adjusted* operating margin	31.4%	31.4%	Same	-180 bps	↓

- Order intake +83.0% (OCC +8.7%)
- Gross margins -130 bps OCC
- Continued investment in product development, sales force and divisional team

Note:
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*Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.

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EARNINGS PER SHARE

	2014	2013	Change	OCC Change
PBT as reported (£m)	141.2	138.0	+2.3%	+8.1%
Adjusted* PBT (£m)	156.1	150.1	+4.0%	+5.9%

Effective tax rate	26.9%	27.9%		
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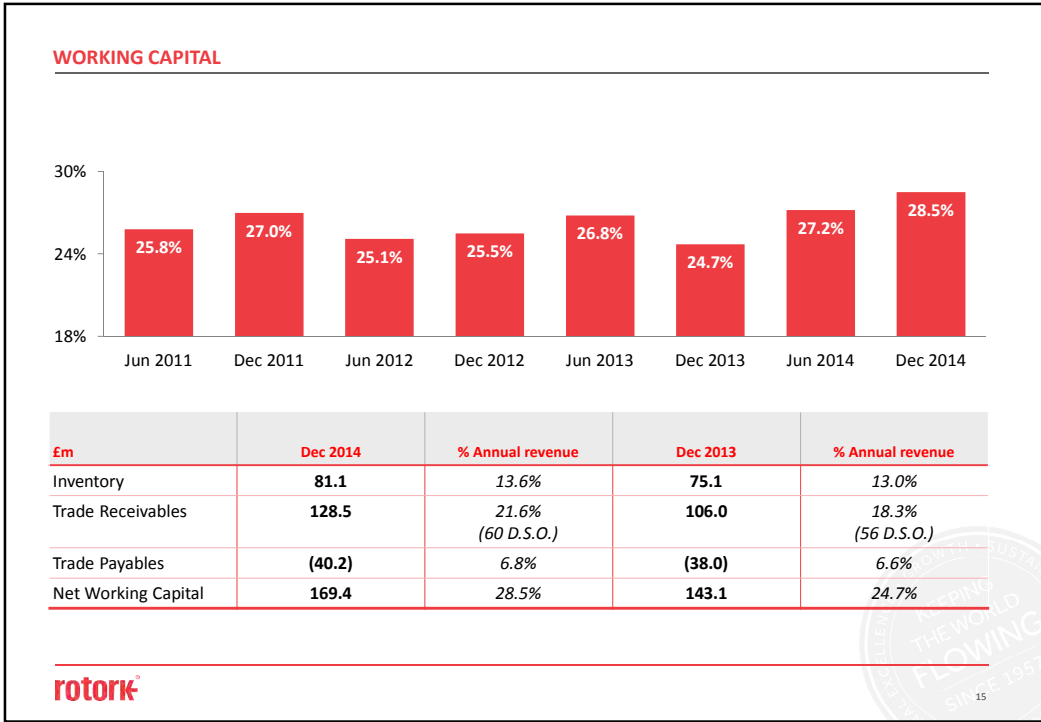
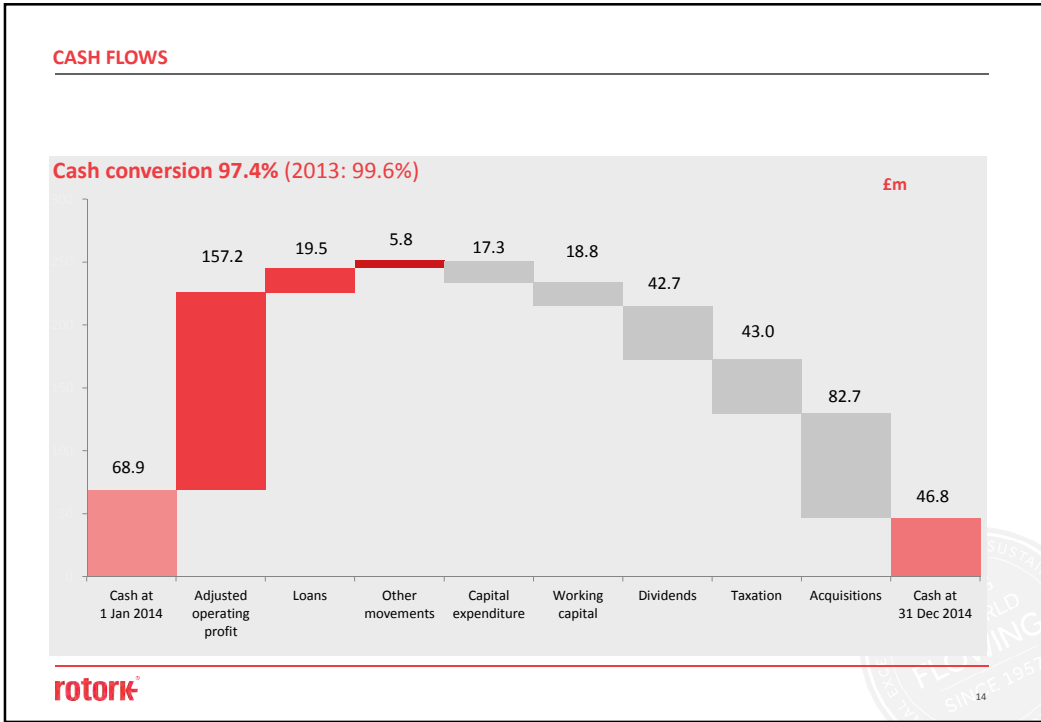
Basic EPS as reported	119.0p	114.8p	+3.7%	+9.4%
Adjusted* basic EPS	131.6p	124.9p	+5.4%	+7.0%

Note:
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DIVIDENDS AND SHARE CAPITAL

Core Dividend	Month paid / payable	Amount (Pence)	Cost (£m)
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	26.0
2014 Interim	September 2014	19.20p	16.7
Paid in 2014		49.20p	42.7
2014 Final	May 2015	30.90p	26.9

- Dividend for the year increased by 4.3% to 50.1 pence
- Dividend cover 2.4 times

Share capital

- 10:1 share split proposed at AGM

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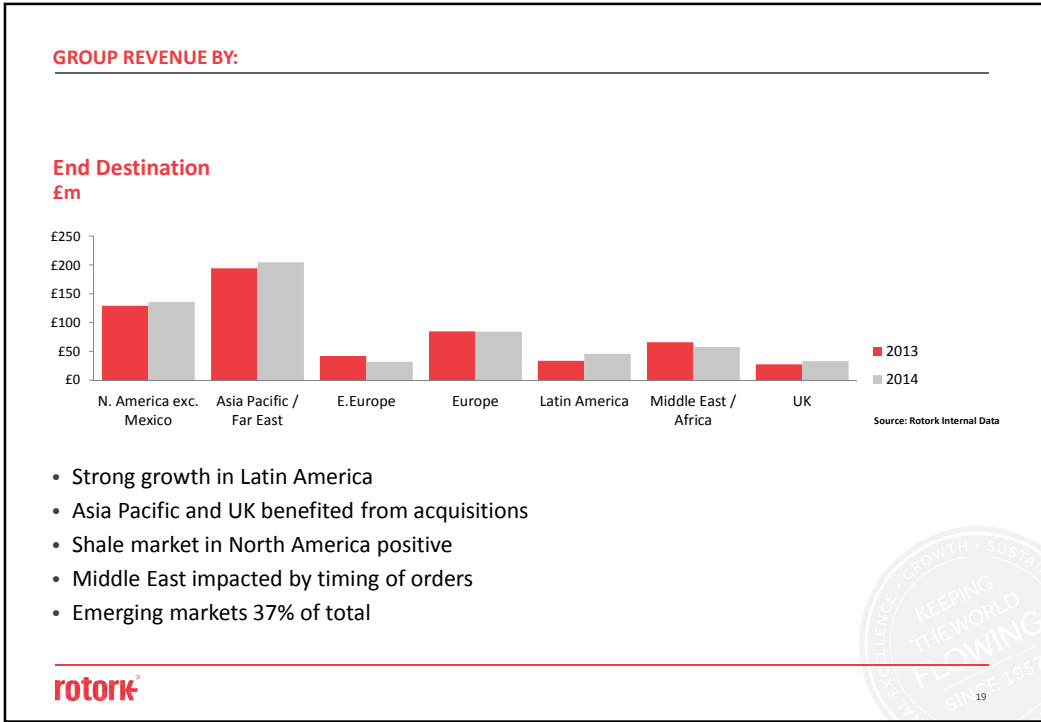
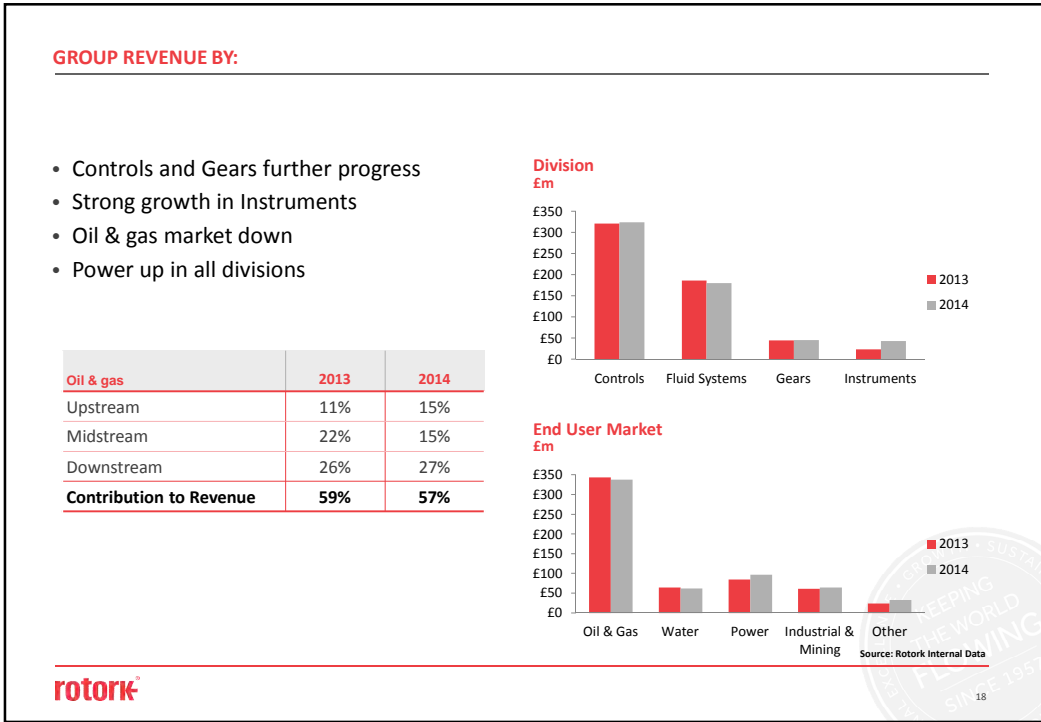
OPERATING REVIEW

Presented by

- Chief Executive – Peter France

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CONTROLS

Highlights

- Strong growth in North and Latin America
- Growth in power
- Active downstream market sector
- Centork actuator launched
- New offices / expansions

Opportunities

- Water, power and industrial markets
- Eastern Europe and Latin America
- Midstream and downstream oil & gas market
- Rotork Site Services



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FLUID SYSTEMS

Highlights

- Upstream largest market
- Growth in other markets
- Record operating margin of 17.3%
- Acquisition of Masso

Opportunities

- Marine market
- New product introduction
- Geographic expansion
- New facility in Italy



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GEARS

Highlights

- Strong growth in Asia
- Growth in oil & gas, power, industrial and mining markets
- New manufacturing plant in Leeds (UK) opened
- Supply chain management

Opportunities

- Increased R&D investment
- Product range expansion
- Geographic expansion



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INSTRUMENTS

Highlights

- Revenue increased by 84.4%
- Integration of YTC and Rotork Midland
- Good performance by Soldo and Rotork Fairchild
- New product introductions

Opportunities

- Global manufacturing expansion
- Sales channel development
- Rotork synergies



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SITE SERVICES

Highlights

- 7% more qualified service engineers, >370
- 33% more service calls
- 25% more actuators under some form of maintenance agreement now >150,000

Opportunities

- Continued development of service centres
- Client Support Programme development



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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
	 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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ACQUISITIONS

	YTC	Rotork Midland	Masso	Turkey
	March 2014	July 2014	December 2014	February 2015
Enhance Position in an End User Market	✓	✓	✓	
Enhance or Extend Product Offering	✓	✓	✓	
Enhance Position in a Geographic Market	✓	✓	✓	✓

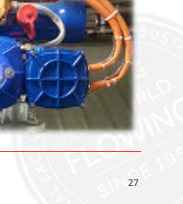
- Three acquisitions completed in the year for £81.3m plus up to £4.4m contingent consideration



ACQUISITION



- Valve Remote Control Systems for the marine industry
- Based in Valduggia, Italy
- Joins the Fluid Systems division
- Marine market including Passenger Vessels, Chemical Carriers, LNG, LPG
- Consideration €3.75m



ACQUISITION

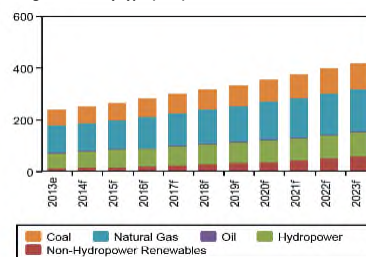
Acquisition of Turkish agent

- Strategic location
- Industrial and domestic consumption driving investment in water
- New generating capacity required to match growth in power consumption
- Shipyards benefitting from expected upturn in demand
- Oil & gas midstream investment

Turkey pipeline network



net generation by type (MW)



BOARD AND MANAGEMENT CHANGES

- Two new Divisional Managing Directors
- Regional General Managers
- Research & Development Director

- Appointment of Martin Lamb as Chairman



GLOBAL LOCATIONS

- 27 manufacturing centres
- 150 offices
- 37 countries with direct presence, 99 in total
- 3,469 employees worldwide
- 848 sales channels

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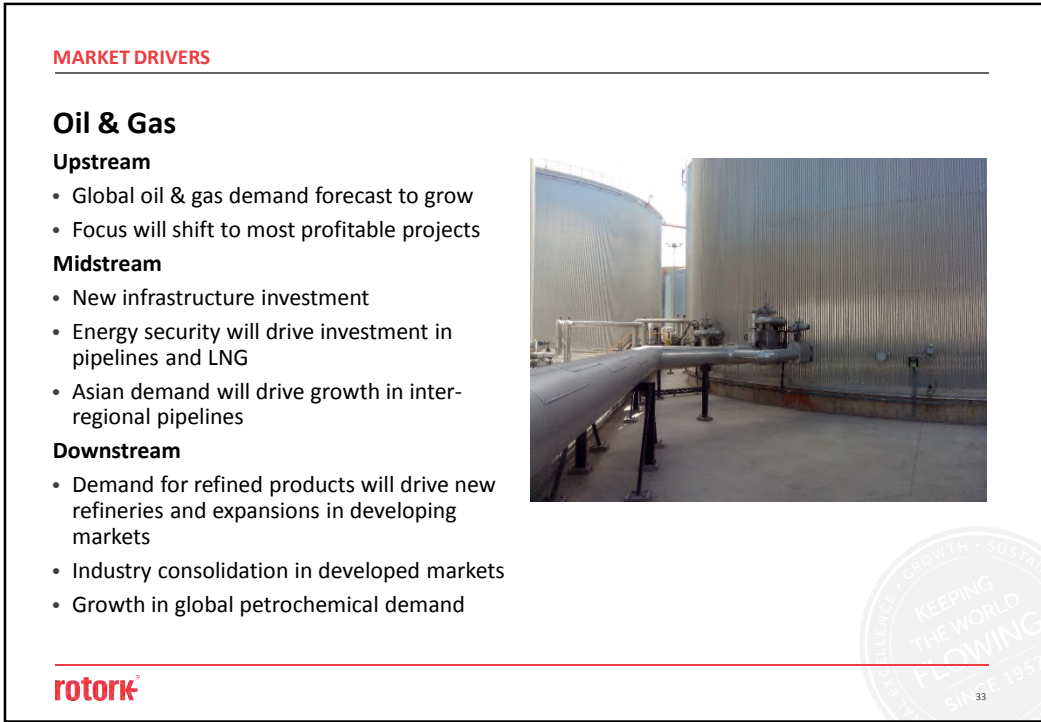
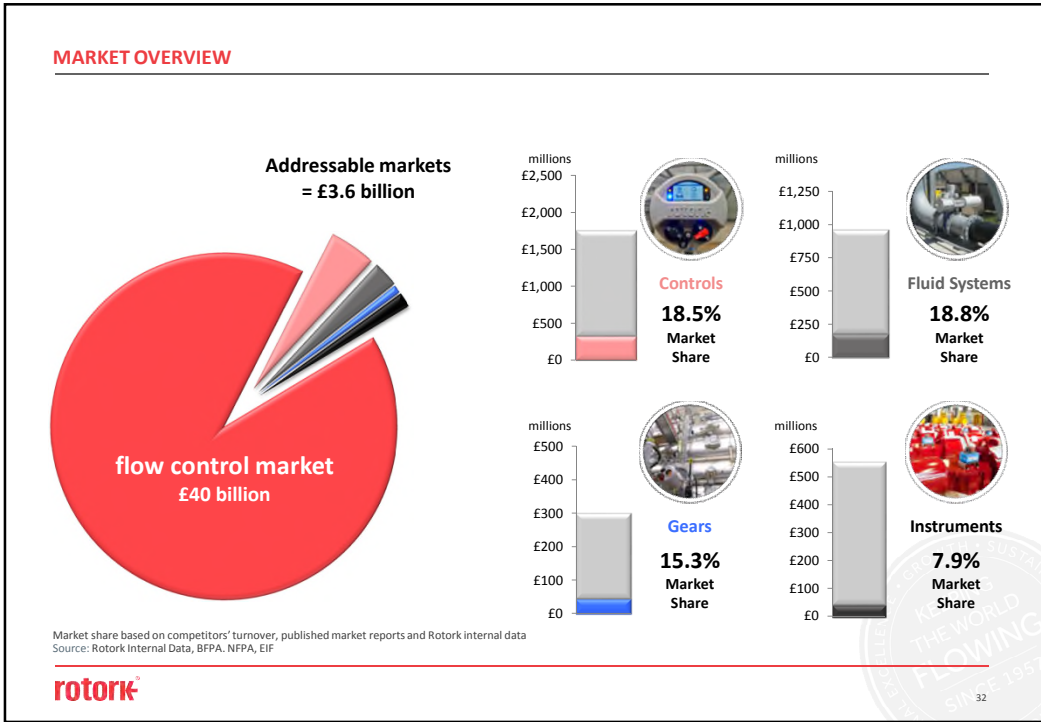


RESEARCH & DEVELOPMENT

- Spend up 18% to £9.9m
- New product launches
- Integration of new acquisitions
- Improved facilities

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MARKET DRIVERS

Power

- New plant and replacement investment
- Move from coal to gas
- Middle East population growth
- China and India opportunities

Net Change in World Power Generation Capacity by Fuel Type and Region, 2013-2040

Fuel Type	Rest of world (GW)	China (GW)	OECD (GW)	Share of 2040 world capacity (%)
Coal	~100	~100	~100	~25%
Gas	~100	~100	~100	~25%
Oil	~100	~100	~100	~25%
Nuclear	~100	~100	~100	~25%
Bioenergy	~100	~100	~100	~25%
Hydro	~100	~100	~100	~25%
Wind	~100	~100	~100	~25%
Solar PV	~100	~100	~100	~25%
Other*	~100	~100	~100	~25%

* Includes geothermal, concentrating solar power and marine.

Source: IEA

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MARKET DRIVERS

Water

- Growing market
- Poor infrastructure
- Capex spend
- Tightening environmental regulations

Global Water and Waste Water Capex Forecast

Year	Valves, Actuators & Fittings (Millions)	Automation & Control (Millions)
2011	~7,500	~7,000
2012	~8,000	~7,500
2013	~8,500	~8,000
2014	~9,000	~8,500
2015	~9,500	~9,000
2016	~10,000	~9,500
2017	~10,500	~10,000
2018	~11,000	~10,500

Source: GWI

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MARKET DRIVERS

HVAC


- 6% CAGR in HVAC
- Growth driven by construction industry particularly India and China
- Energy efficiency driving growth in building automation

Mining

- Upturn in capex expected from 2016
- Environmental regulations drive investment in water infrastructure

Marine

- Recovery expected over the next 3 years
- A low / volatile oil price could be beneficial for shipbuilding

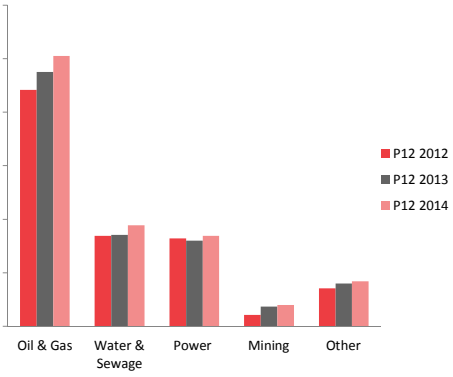


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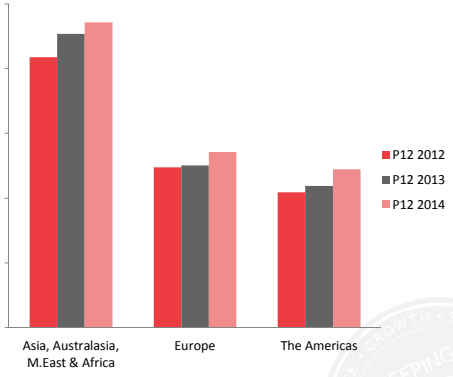
PROJECT ACTIVITY

Project Activity: Industry Type
No of projects



Industry Type	P12 2012	P12 2013	P12 2014
Oil & Gas	~10	~12	~15
Water & Sewage	~5	~5	~6
Power	~4	~4	~4
Mining	~1	~1	~1
Other	~2	~3	~3

Project Activity: End Destination
No of projects



End Destination	P12 2012	P12 2013	P12 2014
Asia, Australasia, M.East & Africa	~12	~14	~16
Europe	~6	~6	~7
The Americas	~5	~5	~6

Source: Rotork Internal Data

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SUMMARY AND OUTLOOK

- Continued investment
- Acquisitions
- Upstream oil & gas may be challenging
- Other markets remain active
- Diverse geographic and end-market exposure
- Confident of further progress



APPENDIX



OUTLOOK STATEMENT

In the year ahead we will 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.

Whilst our end markets in the upstream oil and gas sector may become more challenging in the near term, our other global markets remain active. Our geographic reach, end market exposure and diverse product portfolio provide the Board with confidence of achieving further progress in the coming year.

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CONSTANT CURRENCY ANALYSIS

£m	2014 as Reported		Adjust to get CC	2014 at 2013 Rates		Remove Acqn.	2014 at OCC		2013	
Revenue	594.7		33.0	627.7		(27.4)	600.3		578.4	
Cost of Sales	(309.2)		(16.1)	(325.3)		16.4	(308.9)		(304.0)	
Gross Profit	285.5	48.0%	16.9	302.4	48.2%	(11.0)	291.4	48.5%	274.4	47.4%
Overheads	(128.3)	21.6%	(6.4)	(134.7)	21.5%	3.4	(131.3)	21.8%	(123.0)	21.2%
Adjusted* operating profit	157.2	26.4%	10.5	167.7	26.7%	(7.6)	160.1	26.7%	151.4	26.2%

- OCC gross margins 110 bps higher
- OCC overheads increased ahead of revenue, up 60 bps
- OCC net margin 50 bps higher

Note:
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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	12.3	6.9	19.2	4.9	2.0	6.9
Fluid Systems	5.7	4.3	10.0	1.3	1.4	2.7
Gears	1.4	1.1	2.5	0.3	0.3	0.6
Instruments	1.0	0.3	1.3	0.3	0.0	0.3
Group	20.4	12.6	33.0	6.8	3.7	10.5

Note:
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APPENDIX: ADJUSTED OPERATING MARGINS

	H1 2014	H2 2014	FY 2014	FY 2014 OCC	FY 2013
Controls	30.6%	33.7%	32.3%	32.5%	32.8%
RFS	16.2%	18.4%	17.3%	17.9%	16.6%
Gears	22.2%	22.7%	22.5%	22.9%	23.1%
Instruments	31.4%	31.3%	31.4%	29.6%	31.4%
Group	24.8%	27.9%	26.4%	26.7%	26.2%

- H2 margins 310bps higher than H1 from 53% of full year revenue
- OCC margins 30bps higher than reported margin which is 20bps higher than prior year

Note:
*Adjusted is before amortisation of acquired intangibles.

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APPENDIX: ADJUSTED OPERATING PROFIT BY SEGMENT

£m	2014 Reported	2014 Adjustments	2014 Adjusted	2013 Reported	2013 Adjustments	2013 Adjusted	Increase
Controls	101.2	3.5	104.7	101.1	4.4	105.5	+11.3%
Fluid Systems	29.6	1.6	31.2	29.1	1.9	31.0	+25.9%
Gears	12.6	0.4	13.0	12.6	0.4	13.0	+7.3%
Instruments	5.0	9.4	14.4	2.4	5.4	7.8	+53.5%
Unallocated	(6.2)	-	(6.2)	(5.9)	-	(5.9)	+24.3%
Total	142.2	14.9	157.2	139.3	12.1	151.4	+14.8%

Note:
*Adjustments relate to amortisation of acquired intangible assets.

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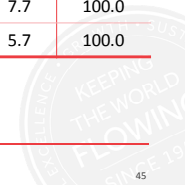
APPENDIX: REVENUE ANALYSIS

By Division (%)	Controls	Fluid Systems	Gears	Instruments	Total
2014	53.3	29.6	9.5	7.6	100.0
2013	54.6	31.7	9.5	4.2	100.0

By End user market (%)	Oil & Gas	Power	Water	Industrial	Other	Total
2014	56.9	16.3	10.4	10.9	5.5	100.0
2013	59.4	14.6	11.2	10.7	4.1	100.0

By End destination (%)	Asia Pac / Far East	Europe	Middle East / Africa	N. America exc. Mexico	UK	Eastern Europe	Latin America	Total
2014	34.5	14.2	9.7	22.9	5.6	5.4	7.7	100.0
2013	33.7	14.7	11.4	22.4	4.8	7.3	5.7	100.0

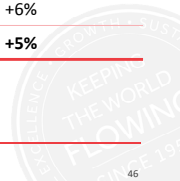
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APPENDIX: AVERAGE EXCHANGE RATES

Average rates trading	US\$	Euro
H1 2013	1.53	1.17
H2 2013	1.59	1.19
Full Year 2013	1.56	1.18
H1 2014	1.67	1.22
H2 2014	1.63	1.26
Full Year 2014	1.65	1.24
+ = GBP strengthening / - = GBP weakening		
H1	+9%	+4%
H2	+3%	+6%
Full year	+6%	+5%

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APPENDIX: PERIOD END EXCHANGE RATES

Period end rates	US\$	Euro
June 2013	1.52	1.17
December 2013	1.66	1.20
June 2014	1.70	1.25
December 2014	1.55	1.28
+ = GBP strengthening / - = GBP weakening		
	-7%	+7%

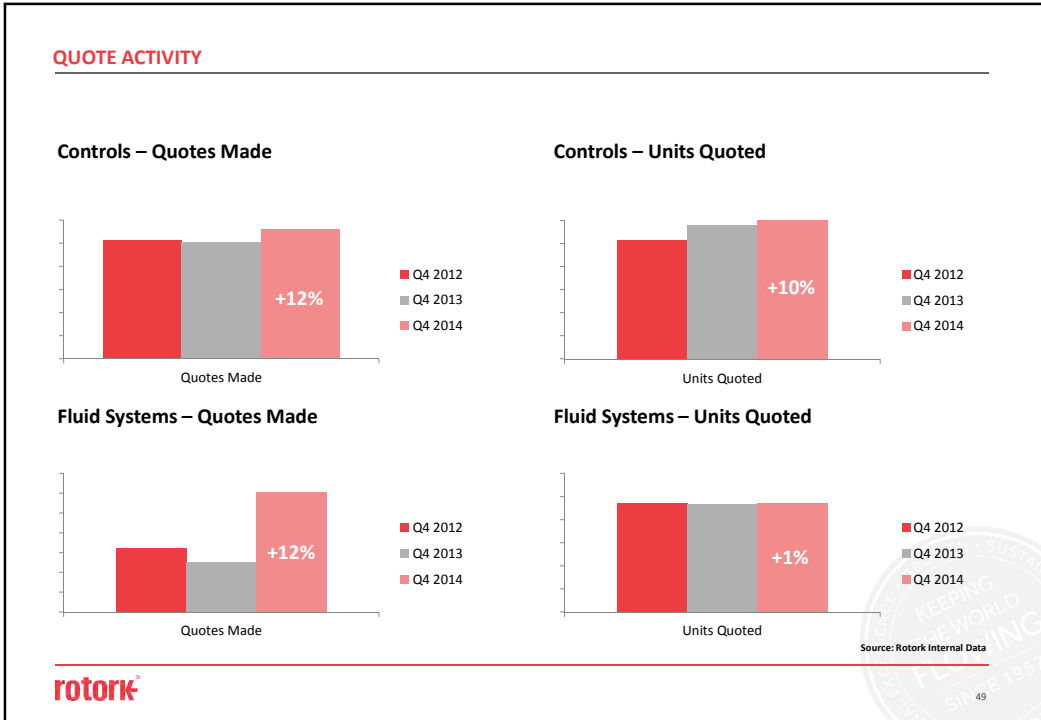



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APPENDIX: CASH FLOW STATEMENT

€000	2014	2014	2013	2013
Opening cash balance		68,873		59,868
Adjusted operating profit		157,167		151,412
Loan movements		19,496		(618)
Other movements				
Amortisation of development costs	1,461		1,214	
Development costs capitalised	(2,676)		(2,033)	
Depreciation	7,996		6,801	
Equity settled share based payments	5,160		2,178	
Own shares acquired	(6,300)		(5,601)	
Issues of ordinary shares	584		586	
Profit on sale of assets	88		(25)	
Difference between pension charge and cash contributions	(5,241)		(534)	
Interest received	1,048		917	
Interest paid	(1,120)		(653)	
Repayment of finance leases	(36)		(34)	
Exchange rates	4,800		(1,439)	
		5,764		1,377
Capital expenditure				
Purchase of property plant and equipment	(17,518)		(10,419)	
Sale of property plant and equipment	224		159	
Working capital		(17,294)		(10,260)
Increase in inventory	(1,891)		(1,740)	
Increase in receivables	(16,349)		(10,786)	
Decrease in payables	(1,327)		(1,778)	
(Decrease) / increase in provisions	(1,379)		863	
Increase in employee benefits	2,176		2,621	
Taxation		(18,770)		(10,820)
Dividends		(42,992)		(39,866)
Acquisitions		(42,702)		(38,735)
Closing cash balance		46,816		68,873



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ACQUISITIONS

- Positioners and valve accessories
- Established 1996
- Based Seoul, Korea
- 74 employees
- £64 million

- Hydraulic, pneumatic and solenoid valves and systems
- 60+ years of experience
- Based Wolverhampton, UK
- 100+ employees
- £18 million

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KEY OBJECTIVES

Objective	Description
Organic Sales Growth	Deliver profitable sales growth by focusing on the customer, increasing our international coverage, continuing to broaden our end markets and growing the global sales of our recent acquisitions.
Employee Development	Develop an integrated training programme and promote diversity throughout the company.
Innovation	Capitalise on our industry knowledge to develop and introduce customer solutions.
Acquisitions	Execute acquisition plan of identified opportunities.
Manufacturing Excellence	Continue to develop world class manufacturing.
Supply Chain Management	Further develop and diversify our 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.
Service growth	Expand our global service coverage and capability including customer support programme.

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DISCLAIMER

This information includes 'forward-looking statements'. All statements other than statements of historical fact included in this presentation, including, without limitation, those regarding Rotork's ("the Company") financial position, business strategy, plans (including development plans and objectives relating to the Company's products and services) and objectives of management for future operations, are forward-looking statements. These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Past business and financial performance cannot be relied on as an indication of future performance.

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