



Established Leaders in Valve Actuation

Rotork plc Half Year Results - 2010


3rd August 2010

Presented by Chief Executive Officer - Peter France

Group Finance Director - Jonathan Davis

Chairman - Roger Lockwood






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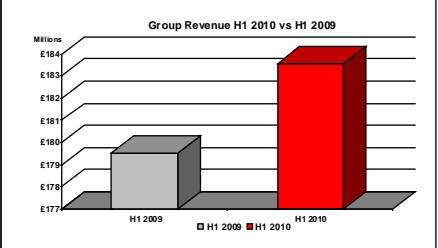


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Overview – First Half 2010

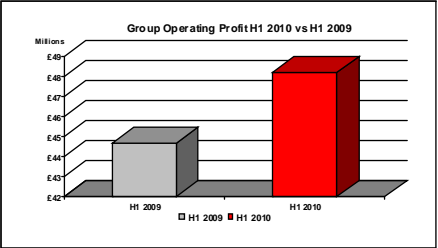
Results

- Record first half sales, revenue and profit.
- Acquisition of Ralph A. Hiller.
- Successful integration of Flow-Quip.
- Strong cash generation.
- Interim dividend up 14.3%.
- Good performance in Rotork Controls.
- Margin progression.



Group Revenue H1 2010 vs H1 2009


| Period | Revenue (Millions) |
|---------|--------------------|
| H1 2009 | ~179.5 |
| H1 2010 | ~183.5 |



Group Operating Profit H1 2010 vs H1 2009


| Period | Operating Profit (Millions) |
|---------|-----------------------------|
| H1 2009 | ~44.5 |
| H1 2010 | ~48.5 |

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Financial Review

Group Finance Director – Jonathan Davis



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Financial Highlights

- Order intake up 8.5% (5.3% organic CC)
- Sales revenue up 2.2% (1.7% organic CC)
- June order book £139m up 7.4% from December (1.0% organic CC)
- Adjusted profit before tax up 9.0% (7.5% organic CC)
- Adjusted basic EPS was 39.5p, up 9.7% (7.8% organic CC)
- Interim dividend of 12.75p, up 14.3%

Note:
Organic figures have the Hiller acquisition removed
CC = constant currency
Adjusted is before the amortisation of acquired intangible assets and property disposal in 2009

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Impact of Hiller Acquisition

- Hiller was acquired in May for \$7.8m / £5.5m
- Hiller contribution for the first half of 2010:
 - Revenue £1,316k
 - EBIT £ 47k
 - Margin 3.6%
- Intangible amortisation was £0.1m

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Currency Rates

| | US\$ | Euro | Other |
|---|-------------|-------------|-------|
| <u>Average rates - Trading:</u> | | | |
| H1 2009 | 1.46 | 1.12 | |
| H2 2009 | 1.64 | 1.13 | |
| Full Year 2009 | 1.54 | 1.13 | |
| H1 2010 Trading | 1.52 | 1.15 | |
| + = GBP strengthening / - = GBP weakening | +4% | +3% | -12% |

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Constant Currency Analysis

| £m | Group as reported | | Adjust to get to CC | Group at 2009 Rates | | Remove Hiller | Organic Business at 2009 Rates | | 2009 | |
|----------------------|-------------------|--------------|---------------------|---------------------|--------------|---------------|--------------------------------|--------------|--------|--------------|
| Revenue | 183.5 | | 0.3 | 183.8 | | (1.3) | 182.5 | | 179.5 | |
| Cost of Sales | (94.5) | | (1.2) | (95.7) | | 1.0 | (94.7) | | (98.3) | |
| Gross Profit | 89.0 | 48.5% | (0.9) | 88.1 | 47.9% | (0.3) | 87.8 | 48.1% | 81.2 | 45.2% |
| Overheads | (40.8) | | 0.3 | (40.5) | | 0.2 | (40.3) | | (36.5) | |
| Operating profit* | 48.2 | 26.3% | (0.6) | 47.6 | 25.9% | (0.1) | 47.5 | 26.0% | 44.7 | 24.9% |

*Adjusted

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Controls Division

| £m | H1 2010 | H1 2009 | % inc |
|-----------------------------------|--------------|--------------|-------------|
| Group Sales Revenue | 183.5 | 179.5 | 2.2 |
| Controls Sales Revenue | 120.2 | 115.3 | 4.2 |
| Group Operating Profit* | 48.2 | 44.7 | 7.9 |
| Controls Operating Profit* | 39.3 | 34.8 | 13.0 |

- Controls makes up 64.0% of Group revenue
- Revenue up 4.2%
- Operating Profit* up 13.0%
- Operating Margin* was 32.7%, up from 30.2% in H1 2009
- Order book £85.3m, up 0.7% on December 2009

*adjusted before amortisation of acquired intangibles and disposal of property in 2009

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Fluid Systems Division



| £m | H1 2010 | H1 2009 | % inc |
|------------------------------|-------------|-------------|-------------|
| Group Sales Revenue | 183.5 | 179.5 | 2.2 |
| RFS Sales Revenue | 49.3 | 49.3 | -0.1 |
| Group Operating Profit* | 48.2 | 44.7 | 7.9 |
| RFS Operating Profit* | 6.6 | 7.2 | -8.8 |

- Revenue down 0.1%, down 1.6% at organic constant currency
- Operating Profit* down 8.8%
- Operating Margin* 13.3%, 13.9% at organic constant currency, down from 14.6% in H1 2009
- Order input up 20.9%
- Order book £46.2m, up 17.9% on December 2009

*adjusted before amortisation of acquired intangibles and disposal of property in 2009

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Gears Division



| £m | H1 2010 | H1 2009 | % inc |
|--------------------------------|-------------|-------------|-------------|
| Group Sales Revenue | 183.5 | 179.5 | 2.2 |
| Gears Sales Revenue | 18.2 | 20.1 | -9.2 |
| Group Operating Profit* | 48.2 | 44.7 | 7.9 |
| Gears Operating Profit* | 4.0 | 4.3 | -7.0 |

- Revenue down 9.2%
- Operating Profit* down 7.0%
- Operating Margin* 22.1%, up from 21.6% in H1 2009
- Order book £7.1m, up 37.4% on December 2009

*adjusted before amortisation of acquired intangibles and disposal of property in 2009

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Group Income Statement



| £m | H1 2010 | H1 2009 | inc % |
|--------------------|---------|---------|-------|
| Revenue | 183.5 | 179.5 | 2.2 |
| Operating Profit | 47.4 | 44.9 | 5.7 |
| PBT as reported | 47.5 | 44.4 | 6.8 |
| Adjusted PBT | 48.3 | 44.3 | 9.0 |
| Effective tax rate | 29.4% | *29.6% | |
| EPS as reported | 38.8 | 36.1 | 7.5 |
| Adjusted EPS | 39.5 | 36.0 | 9.7 |

*2009 full year effective tax rate

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Dividends in 2010



Interim dividend up 14.3% to 12.75p

Core dividend cover is 2.6 times*

Total dividends in 2010:

| | Date paid / payable | Amount | Cost (£) |
|--------------|---------------------|--------|----------|
| 2009 final | May 2010 | 17.25p | 14.9m |
| Additional | July 2010 | 11.50p | 10.0m |
| 2010 interim | September 2010 | 12.75p | 11.0m |
| | | 41.50p | 35.9m |

* Dividend cover is eps/(2010 core dividends paid/2)

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Balance Sheet – Currency Impact



| <u>Period end rates – Balance Sheet</u> | US\$ | Euro | Other |
|---|-------------|-------------|------------|
| June 2009 | 1.65 | 1.17 | |
| December 2009 | 1.61 | 1.13 | |
| Period end June 2010 | 1.50 | 1.22 | |
| + = GBP strengthening / - = GBP weakening | -7% | +8% | -6% |

- In aggregate assets generally little different due to currency
- Net working capital as reported £81.7m (£81.6m at December 2009 rates)
- Order book as reported £138.6m (£137.7m at December 2009 rates)

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Balance Sheet – Working Capital



- Working capital as a percentage of revenue
 - 2010 June 22%
 - 2009 December 21%
 - 2009 June 23%
 - 2008 December 28%

| £m | Jun 2010 | Dec 2009 |
|----------------------------|-------------|-------------|
| Inventory | 44.6 | 46.7 |
| Trade receivables | 63.0 | 53.8 |
| Trade payables | (25.9) | (26.4) |
| Net working capital | 81.7 | 74.1 |

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Cash Flow Summary - Inflows



| £m | H1 2010 | H1 2009 |
|---------------------------------------|-------------|-------------|
| Operating Profit | 47.4 | 44.9 |
| Add back depreciation & amortisation | 3.0 | 2.2 |
| Less pension charge versus cash paid | (0.3) | (0.4) |
| Cash inflow from operating activities | 50.1 | 46.7 |
| Working capital movement | (7.9) | (3.0) |
| Other | 0.4 | (0.2) |
| Operating cash inflows | 42.6 | 43.5 |

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Cash Flow Summary - Outflows



| £m | H1 2010 | H1 2009 |
|---|-------------|-------------|
| Cash inflows | 42.6 | 43.5 |
| <u>OUTFLOWS</u> | | |
| Taxation | (12.8) | (11.9) |
| Capital Expenditure | (2.6) | (2.2) |
| (Purchase)/issue own shares under share schemes | (1.2) | (1.3) |
| Other | (0.7) | - |
| Net operating cash flow | 25.3 | 28.1 |
| Disposal of property | - | 0.9 |
| Acquisitions (including overdraft acquired) | (5.6) | - |
| Dividends | (14.9) | (14.5) |
| Net cash inflow / (outflow) | 4.8 | 14.5 |
| Foreign exchange | 3.2 | (3.5) |
| Cash and cash equivalents | 86.7 | 52.4 |
| Net funds | 86.5 | 52.1 |

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Operating Review

Chief Executive Officer - Peter France



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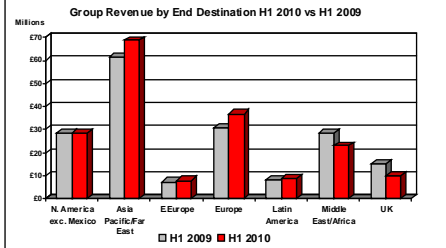
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Group Results

Results

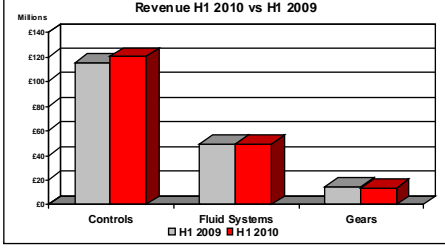
- Revenue of £183.5 million; up 2.2%.
- Operating profit up 5.7%.
- Operating margin 25.8%; up from 25.0%.
- Input up 8.5%.
- Orderbook at £138.6 million.

Group Revenue by End Destination H1 2010 vs H1 2009



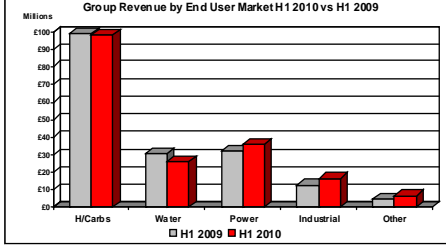
| End Destination | H1 2009 | H1 2010 |
|-----------------------|---------|---------|
| N.America exc. Mexico | ~280 | ~280 |
| Asia Pacific/Far East | ~600 | ~680 |
| EEurope | ~100 | ~100 |
| Europe | ~300 | ~380 |
| Latin America | ~100 | ~100 |
| Middle East/Africa | ~280 | ~250 |
| UK | ~150 | ~150 |

Revenue H1 2010 vs H1 2009



| Category | H1 2009 | H1 2010 |
|---------------|---------|---------|
| Controls | ~110 | ~115 |
| Fluid Systems | ~45 | ~45 |
| Gears | ~15 | ~15 |

Group Revenue by End User Market H1 2010 vs H1 2009



| End User Market | H1 2009 | H1 2010 |
|-----------------|---------|---------|
| H/Carbs | ~100 | ~100 |
| Water | ~30 | ~30 |
| Power | ~35 | ~35 |
| Industrial | ~15 | ~15 |
| Other | ~5 | ~5 |

Source – Rotork Internal Data

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Rotork Controls



Results

- Revenue up 4.2%
- Operating profit up 11.1%
- Operating margin up from 30.7% to 32.7%
- Order book at end of H1 2010 up 0.7% compared with Dec 2009.



First Half Review

- Improved operating margin.
- Production commenced in new Bangalore India facility.
- Nuclear business plans developed.
- Strengthening of Middle East Sales/Service organisation.

Markets

- Mid-stream and downstream market positive.
- BRIC activity strong.
- European results patchy.
- Signs of RPC market improvement.
- Power and water market remain positive.

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Rotork Fluid Systems



Results

- Revenue flat after contribution from acquisition.
- Operating profit down 14.9%.
- Operating margin 11.8%; down from 13.8%.
- Orderbook £46.2 million; up 17.9% on Dec 2009.
- Input up 20.9%.



First Half Review

- Acquisition of Ralph A. Hiller company.
- Flow-Quip integration.
- Improved trading environment.
- Margins depressed due to increase in overheads/volume pricing pressure, currency and acquisition.
- Strong performance from Germany, Russia, Sweden, Brazil.

Markets

- Project deferrals expected in upstream market.
- Focus on safety systems and maintenance.
- Middle East market expected to strengthen.
- Continued investment in transmission and local distribution.
- Nuclear market opportunities.

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Ralph A. Hiller Acquisition



Details

- Established in Pittsburgh, Pennsylvania, in 1950.
- 45 employees.
- 3,098m² (33,350 sq ft) building complex.
- Annual revenue USD 14.6m
- Annual profit before tax USD 0.4m.



Benefits

- Good reputation and known brand name in the nuclear industry.
- Nuclear qualified product range.
- Large installed base in North America and a growing base internationally.
- Focus on China nuclear opportunities.



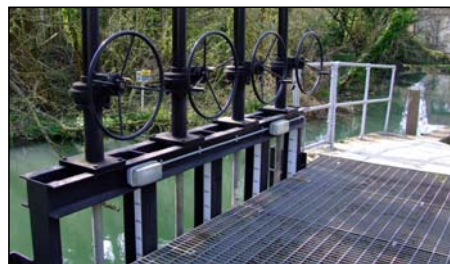
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Rotork Gears



Results

- Revenue down 9.2%; but 9.0% higher than H2 2009.
- Operating profit down 7.1%.
- Operating margin 21.9%; up from 21.5%
- Order book £7.1 million; up 37.4% on Dec 2009.



First Half Results

- 3rd party order intake strong; up 21%.
- Improving market conditions in Italy.
- Very strong performance from China.
- India manufacturing initiated.
- Focussed material cost management.

Markets

- Geographic opportunities in India and China.
- New OEM accounts in USA, Russia and China.
- Engineered solutions.
- Improving valve market.

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Rotork Site Services



Activities

- Preventative Maintenance.
- Retrofitting.
- Factory Fitting.
- Workshop Overhaul.
- Technical Support.
- Field Service.
- Training.
- Commissioning.



First Half Review

- New or extended service centres in USA, Middle East, South Africa, UK, Malaysia and Russia.
- Further investment in sales staff dedicated to growing the service business.
- Specification and design of an integrated sales and service system underway.



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Research & Development



- Rotork Innovation, Design and Engineering Centre (RIDEC).
- Group-wide development initiatives and establishment of Rotork standards.
- Shared specialist resources.
- Product road maps identified in all divisions.



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CVA – What It Is and Does

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- Quarter-turn and linear electric process control valve actuators
- High accuracy & reliability
- Industry leading HMI and diagnostics
- Full range of options including unique “fail to position”
- Low/no maintenance



- Reduces process variability
- Improves “product quality”
- Reduces downtime
- **Saves the process operator money**



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CVA - Applications

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Fuel Gas Control - Thailand



Fertilizer Plant - Canada



De-Chlorination - USA



Pipeline - NZ



Heat Recovery - USA




Fibre Glass Plant - China


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RPC Product Portfolio **rotork**[®]


Linear Control Valve Actuators




Linear Heavy Duty Actuators



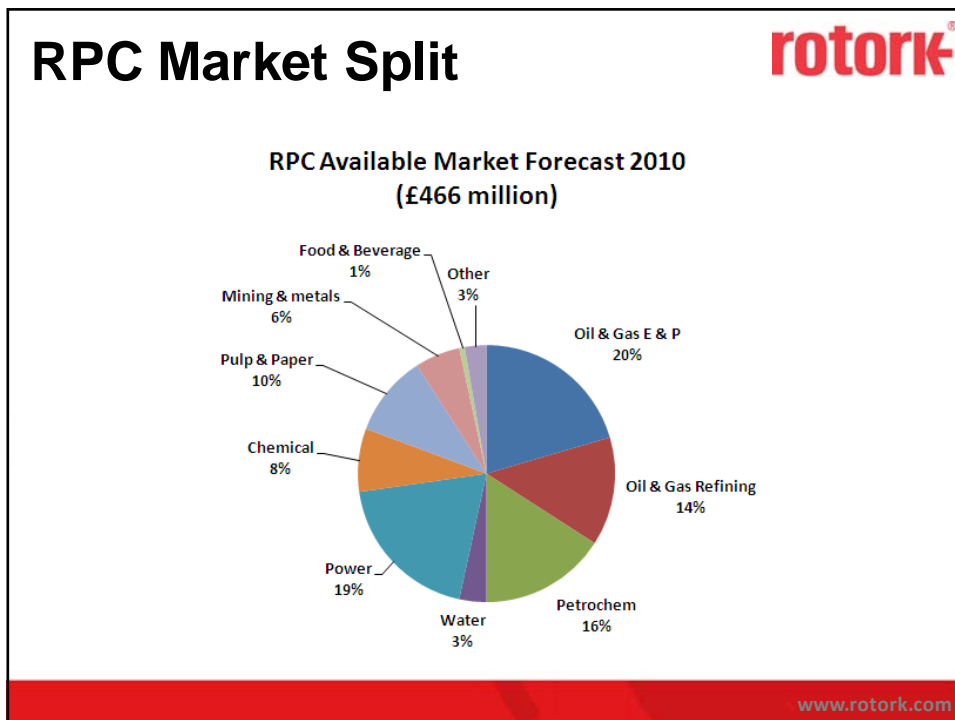
Rotary Control Valve Actuators



Rotary Heavy Duty Actuators



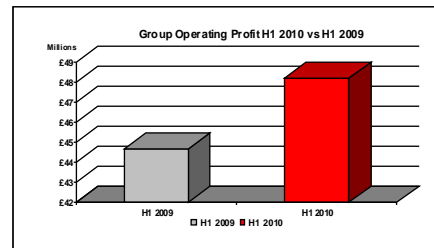
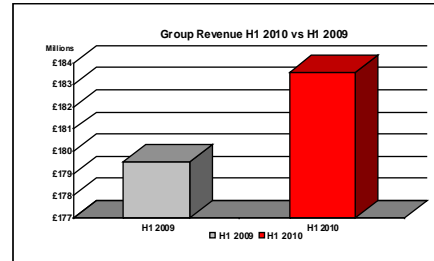
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Overview – First Half 2010

Results

- Record first half sales, revenue and profit.
- Acquisition of Ralph A. Hiller.
- Successful integration of Flow-Quip.
- Strong cash generation.
- Interim dividend up 14.3%.
- Good performance in Rotork Controls.
- Margin progression.



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Outlook

Market conditions have improved during the period and we expect a similar level of activity in the second half.

We remain cautious with regard to currency movements, commodity price increases and the resulting impact these may have on the competitive landscape.

However, our lean business model, strong balance sheet and existing order book provide us with confidence in achieving further progress in the full year.

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A full listing of our worldwide sales and service network is available on our website.

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Controls

Electric Actuators and Control Systems

Fluid Systems

Fluid Power Actuators and Control Systems

Gears

Gearboxes and Gear Operators

Site Services

Projects, Services and Retrofit