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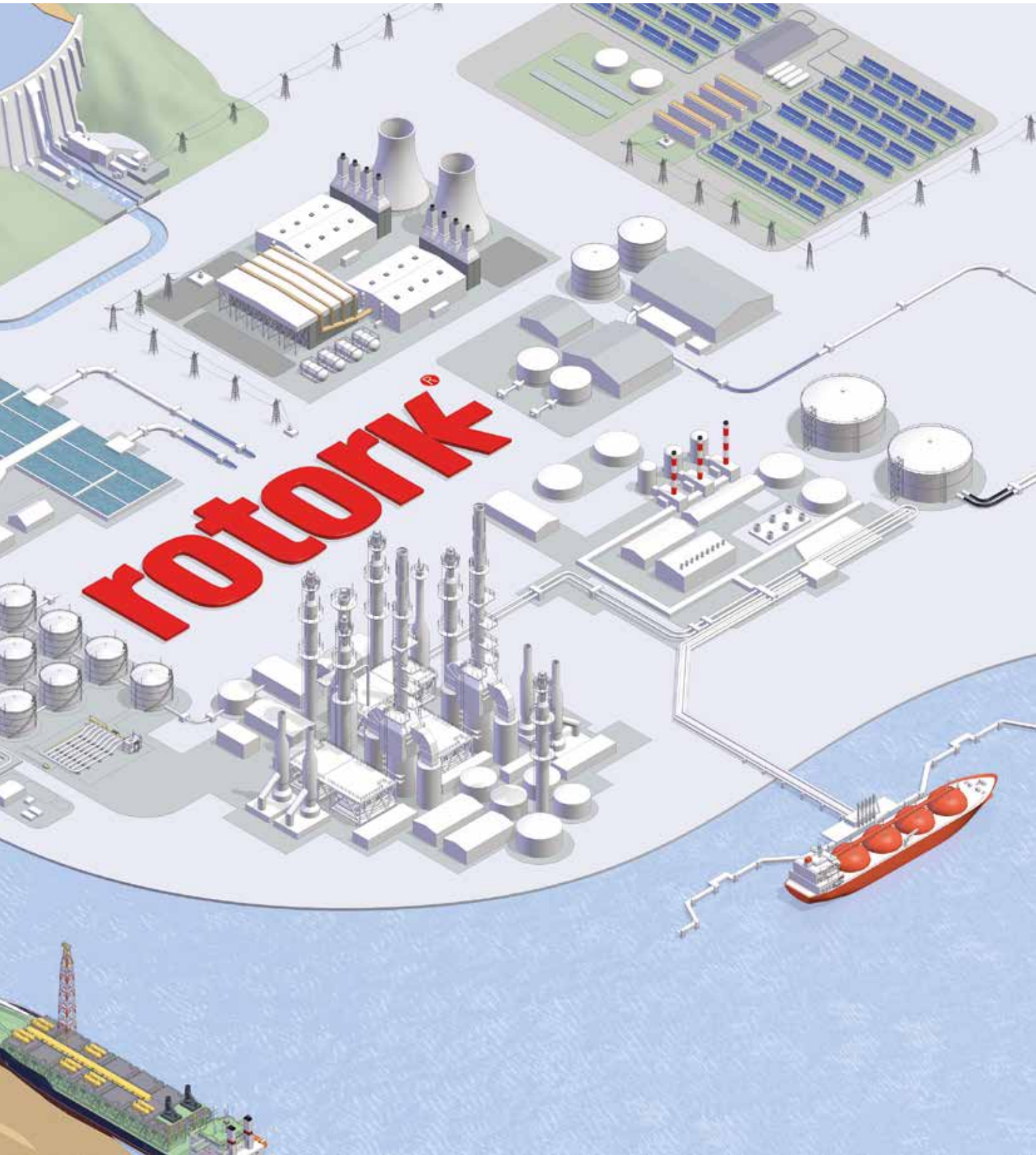
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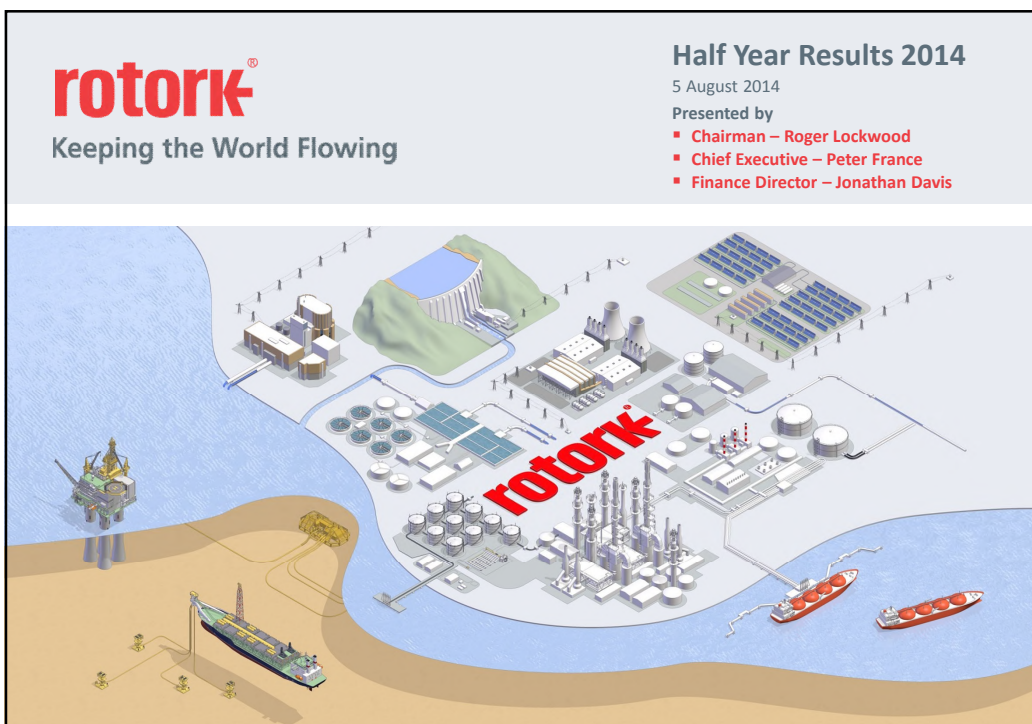
Half Year Results 2014

5 August 2014

Presented by

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





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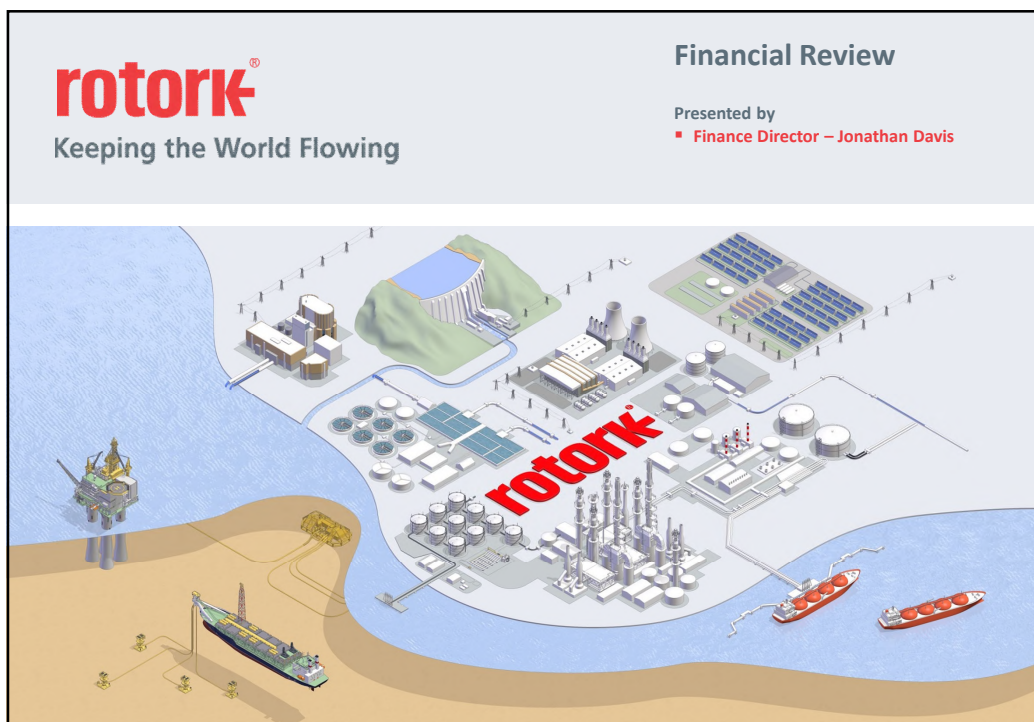
Highlights

- Record level of order intake - £303m
- Order book up 7.4% from December (OCC +12.1%)
- OCC operating margin* +20 bps to 25.6%
- 9% adverse currency impact on adjusted operating profit*
- Acquisition of YTC in Korea; post period-end acquisition of Xylem Flow Control (Rotork Midland)
- Interim dividend increased by 6.4%



IQ3 actuators at a tank farm in Spain

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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Financial highlights

	2014	2013	%	OCC %	
Order intake	£303m	£294m	+2.9%	+7.1%	↑
Order book	£203m	£208m	-2.7%	+4.1%	↑
Revenue	£279m	£276m	+0.9%	+4.4%	↑
Adjusted operating profit*	£69m	£70m	-1.7%	+4.9%	↑
Adjusted EPS*	57.3p	57.6p	-0.5%	+6.3%	↑
Dividends	19.2p	18.05p	+6.4%		↑

- Record order intake and first half revenue
- Adjusted operating profit margin 24.8% (OCC 25.6%) compared with 25.4% in 2013
- Earnings per share benefits from slightly lower tax rate

Note:
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Analysis of growth

	Order intake	Revenue	Adjusted* operating profit	Adjusted* operating margin
2013	£294.3m	£276.1m	£70.2m	25.4%
OCC growth	+7.1%	+4.4%	+4.9%	+20bps
2014 OCC	£315.1m	£288.2m	£73.7m	25.6%
Acquisitions	+3.5%	+3.7%	+3.0%	-20bps
2014 OCC + acquisitions	£326.2m	£298.9m	£75.9m	25.4%
Currency impact	-7.2%	-6.8%	-9.0%	-60bps
2014	£302.7m	£278.5m	£69.1m	24.8%
Reported	+2.9%	+0.9%	-1.7%	-60bps

Note:
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Constant currency adjustments

£m	Revenue impact	Revenue impact percentage	Adjusted* operating profit impact	Currency impact margin	H1 2014 Divisional Margin
Controls	12.3	7.5%	4.9	39.8%	30.6%
Fluid Systems	5.7	6.0%	1.3	23.8%	16.2%
Gears	1.4	4.5%	0.3	20.4%	22.2%
Instruments	1.0	5.4%	0.3	29.3%	31.4%
Group	20.4	6.8%	6.8	33.5%	24.8%

- US\$ / \$ related currencies are 41% of revenue – H1 GBP 9% stronger than H1 2013
- Euro is 32% of revenue – H1 GBP 4% stronger than H1 2013
- Other currencies 16% of revenue – H1 GBP on average 18% stronger
- FY currency headwind currently ~6%

*Adjusted is before amortisation of acquired intangibles.

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Impact of acquisitions

£m	YTC	2013 Mid-year acquisitions	Total adjustment
Revenue	4.4	6.3	10.7
Adjusted operating profit*	1.4	0.8	2.2
Adjusted operating margin*	33.0%	12.1%	20.7%

- YTC revenue run-rate in line with expectations at £16m annualised
- Midland revenue run-rate £15m with 10-12% operating margin currently
- Intangible amortisation £6.9m (H1 2013: £5.7m)

*Adjusted is before amortisation of acquired intangibles.

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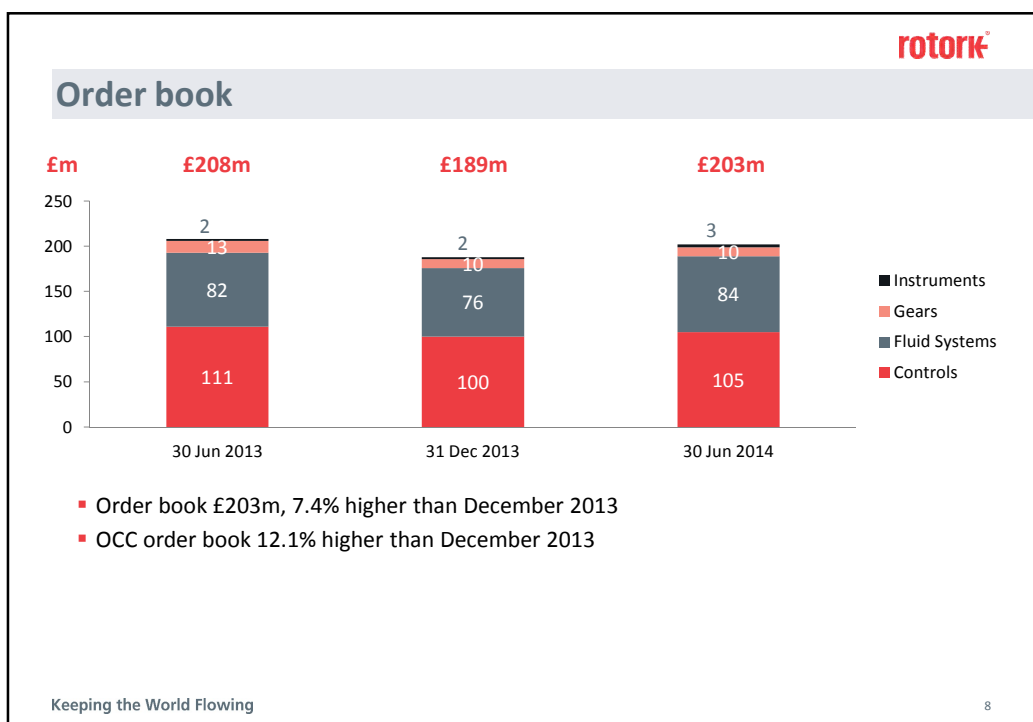
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OCC adjusted operating profit bridge

Category	Value
H1 2013 Adjusted operating profit*	70.2
Higher volume of sales	5.8
Higher gross margin	1.8
Higher overhead costs	-2.7
Higher overhead rate	-1.4
H1 2014 Adjusted operating profit*	73.7

*Adjusted is before amortisation of acquired intangibles.

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Controls division

£m	H1 2014	H1 2013	Change	OCC Change	
Order intake	161.3	155.7	+3.6%	+12.0%	↑
Revenue	150.7	152.6	-1.3%	+6.0%	↑
Adjusted operating profit*	46.1	49.0	-5.9%	+3.5%	↑
Adjusted operating margin*	30.6%	32.1%	-150 bps	-70 bps	↓

- Gross margin -80 bps OCC
- Currency and mix impacted on margins

Note:
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Fluid Systems division

£m	H1 2014	H1 2013	Change	OCC Change	
Order intake	101.0	101.6	-0.6%	+2.4%	↑
Revenue	88.8	89.2	-0.5%	+1.6%	↑
Adjusted operating profit*	14.4	14.2	+1.6%	+8.1%	↑
Adjusted operating margin*	16.2%	15.9%	+30 bps	+100 bps	↑

- Gross margin +230 bps OCC
- Sourcing initiatives benefited margins

Note:
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Gears division

£m	H1 2014	H1 2013	Change	OCC Change	
Order intake	27.7	29.8	-6.9%	-6.3%	↓
Revenue	28.7	27.1	+5.9%	+6.4%	↑
Adjusted operating profit*	6.4	6.1	+5.1%	+8.5%	↑
Adjusted operating margin*	22.2%	22.3%	-10 bps	+50 bps	↑

- Gross margin -80 bps OCC
- Margins benefited from sourcing and sales volume growth

Note:
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Instruments division

£m	H1 2014	H1 2013	Change	OCC Change	
Order intake	18.2	13.2	+37.7%	+8.3%	↑
Revenue	17.4	12.4	+40.9%	+13.0%	↑
Adjusted operating profit*	5.5	3.9	+40.6%	+10.4%	↑
Adjusted operating margin*	31.4%	31.4%	No change	-70 bps	↓

- Gross margin -40 bps OCC
- Continued investment in sales channels and product development

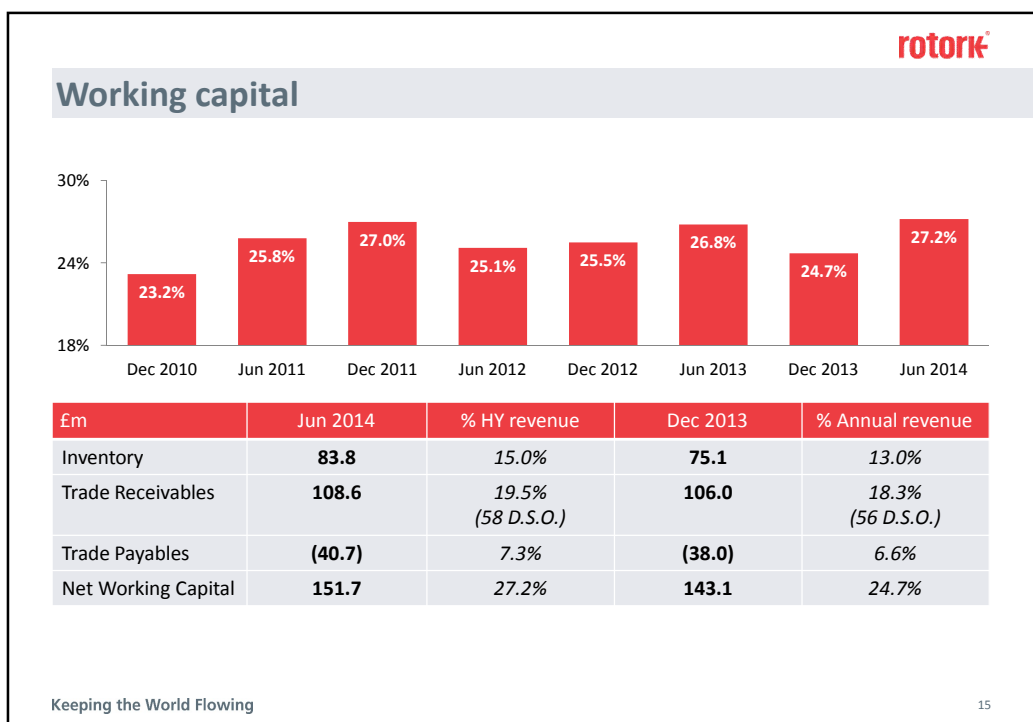
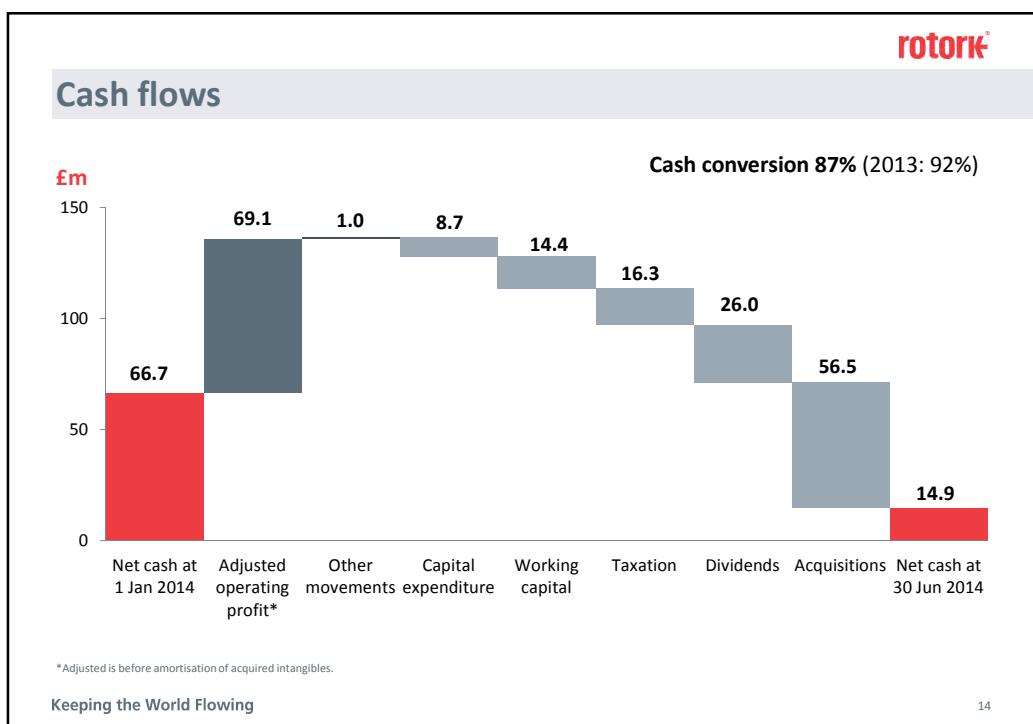
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Earnings per share

	H1 2014	H1 2013	Change	OCC Change
PBT as reported (£m)	61.5	63.6	-3.3%	+7.3%
Adjusted PBT* (£m)	68.4	69.4	-1.4%	+5.3%
Effective tax rate	27.4%	28.0%		
Basic EPS as reported	51.5p	52.8p	-2.5%	+8.1%
Adjusted basic EPS*	57.3p	57.6p	-0.5%	+6.3%

Note:
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Dividends

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	26.1
2014 Interim	September 2014	19.20p	16.7
Paid/payable 2014		49.20p	42.8

- Interim dividend increase 6.4%
- Dividend paid in the year increased by 10.2% to 49.2 pence
- Dividend cover 2.1 times (2013: 2.4 times)

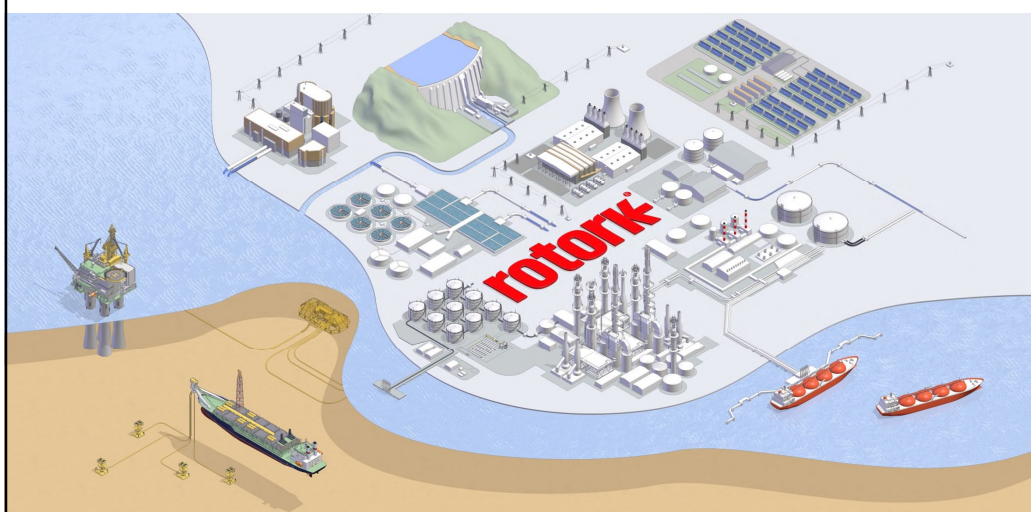


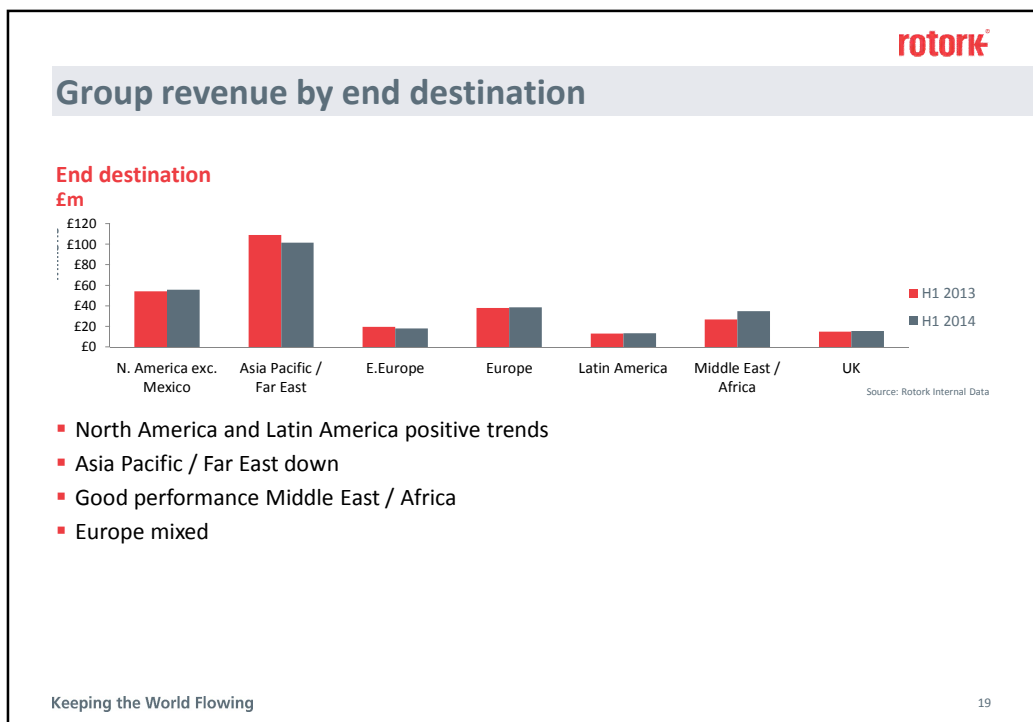
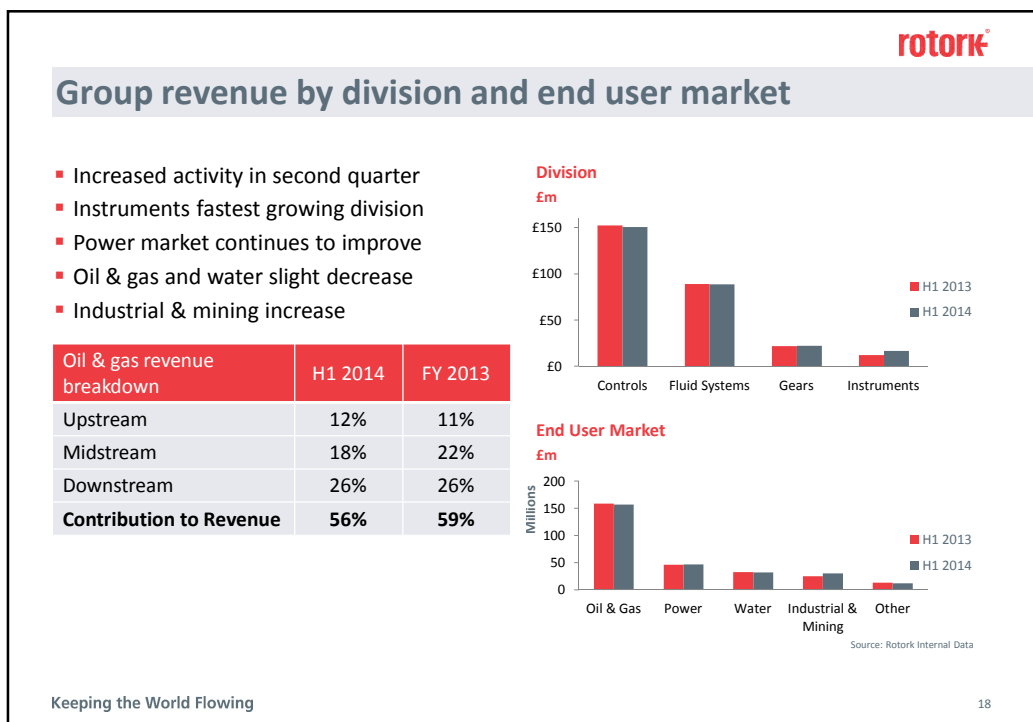
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Operating Review

Presented by

- Chief Executive – Peter France





Controls

Highlights

- Record order intake OCC +12%
- Strong performance Latin America and Asia

Opportunities

- Centork product launch
- CMA range expansion
- Sales channel development



IQ3 actuators at a water treatment plant in the UK

Fluid Systems

Highlights

- Operating margin progress
- Latin America success
- GTA acquisition fully integrated

Opportunities

- SI3 launch 2015
- Expanded product portfolio
- Regional manufacturing strategy



GP actuator at a refinery plant in The Netherlands

Gears

Highlights

- New Leeds manufacturing site
- USA / The Netherlands growth
- Supply chain management

Opportunities

- Product range expansion
- New customer accounts
- Rotork Valvekits (Renfro)



IQ actuator with IW gearbox at a water treatment plant in Spain

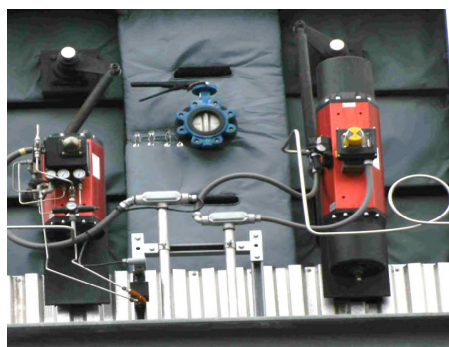
Instruments

Highlights

- YTC integration
- Midland acquisition
- Strategic manufacturing locations

Opportunities

- Sales channel development
- Global product range
- Further acquisitions



Rotork Fairchild transducers on RC200 actuators at a production plant in the USA

Site Services

Highlights

- Major retrofit opportunities won in several locations
- New service support centre in Mexico
- Resident engineers embedded in several sites

Opportunities

- Client Support Programme growth with major clients
- New service centres in key locations



An engineer checking the commissioning settings on an IQ3 at a storage tank facility in Malaysia

Acquisitions

	YTC	Rotork Midland
Enhance Position in an End User Market	✓	✓
Enhance or Extend Product Offering	✓	✓
Enhance Position in a Geographic Market	✓	✓
Net Cash Cost	£64m	£18m



Acquisitions

Young Tech Company (YTC)



- Positioners and valve accessories
- Established 1996
- Based Seoul, Korea
- Joined Instruments division
- 74 employees
- Asia Pacific market


Rotork Midland (formerly XFC)




- Hydraulic, pneumatic and solenoid valves and systems
- 60+ years of experience
- Based Wolverhampton, UK
- Joined Instruments division
- 100+ employees
- Three brands – Midland-ACS, Alcon and Landon Kingsway

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Market indicators




Oil & Gas

- ↑ Unconventional O&G activity in North America
- ↑ Strong growth in mid / downstream
- ↑ Further Australian investment
- ↑ Downstream growth strongest in developing / emerging economies



Power

- ↑ Positive outlook in India (2015 onwards)
- ↑ China pipeline substantial
- ↑ Middle East / Asia / Latin America lead in incremental electricity demand



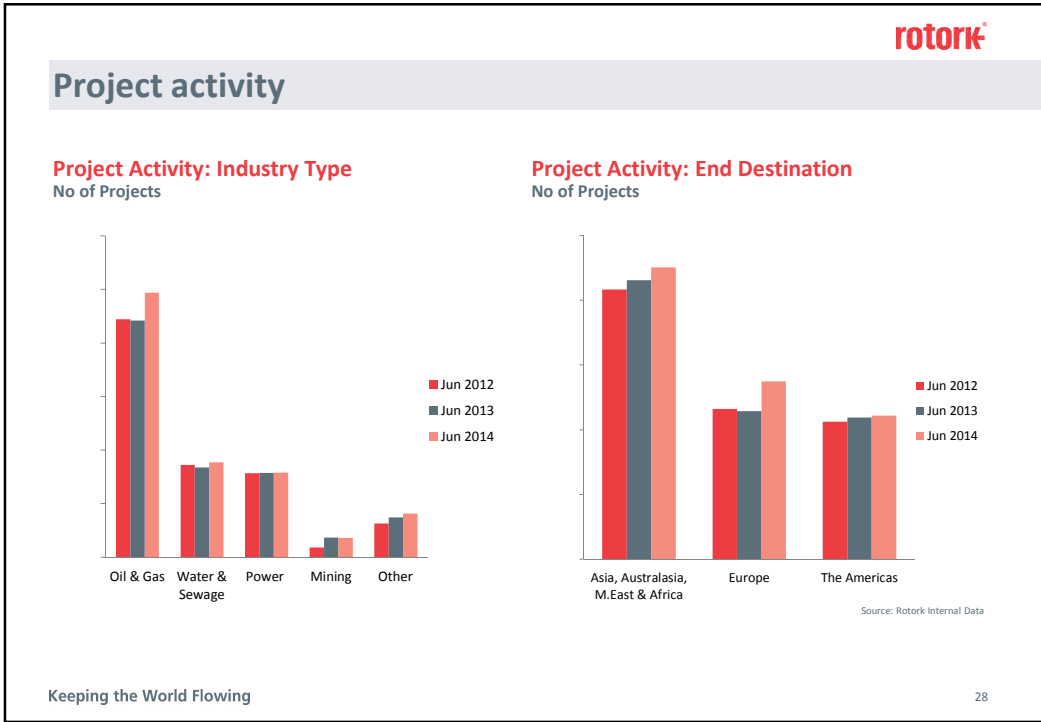
Water

- ↑ Growth in industrial water treatment
- ↑ Middle East increasing infrastructure spend
- ↓ Investment upturn lagging economic upturn in developed countries

Source: IEA, BMI, GWI, PWC, OPEC

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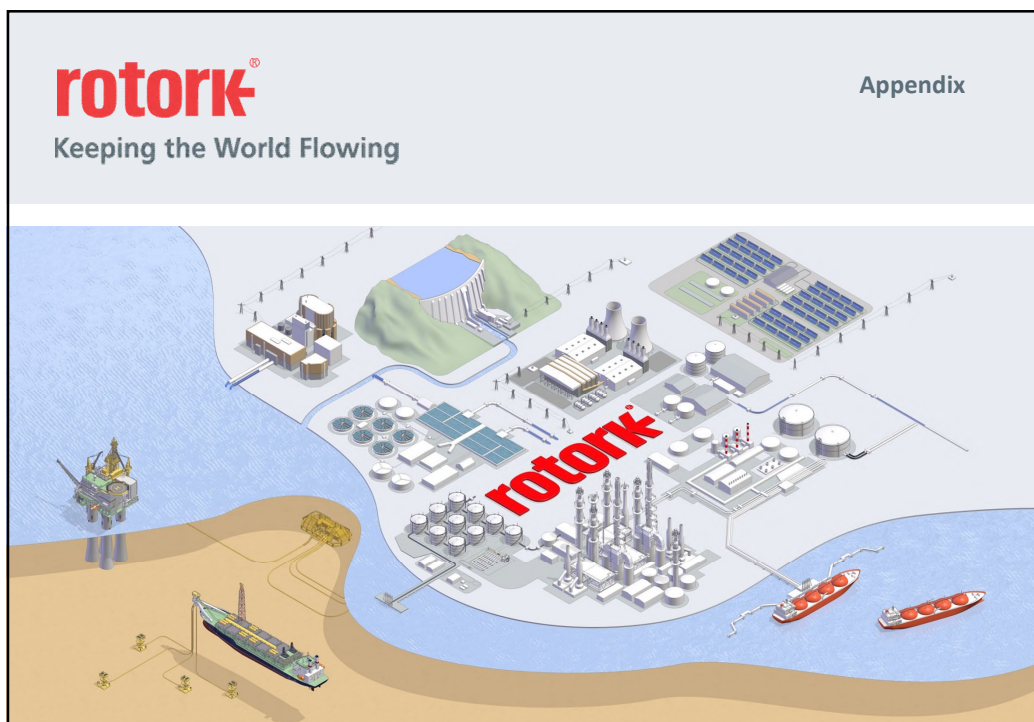


Summary and outlook

- Good first half
- Record order intake
- Second half revenue weighting
- Increased market activity
- Continued currency headwind
- Confident of further progress

IQ3 actuators at a tank facility in The Netherlands

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Outlook statement

During the first half, we saw an increased level of activity in many of the markets that we serve and our geographic reach and broad product portfolio enabled us to secure a number of major projects. This resulted in record order intake and first half revenue despite a strengthening currency headwind.

For the full year, we anticipate that as in previous years the Group's performance will be more weighted towards the second half. Our order book, increased project activity and wide market exposure provide the Board with confidence of achieving further progress in the full year.

Constant currency analysis

£m	H1 2014 as Reported		Adjust to get CC		H1 2014 at 2013 Rates		Remove Acqn.		H1 2014 at OCC		H1 2013	
Revenue	278.5		20.4	298.9		(10.7)	288.2		276.1			
Cost of Sales	(144.9)		(10.4)	(155.3)		6.9	(148.4)		(143.9)			
Gross Profit	133.6	48.0%	10.0	143.6	48.1%	(3.8)	139.8	48.5%	132.2	47.9%		
Overheads	(64.5)	23.2%	(3.2)	(67.7)	22.7%	1.6	(66.1)	22.9%	(62.0)	22.5%		
Adjusted operating profit*	69.1	24.8%	6.8	75.9	25.4%	(2.2)	73.7	25.6%	70.2	25.4%		

- OCC gross margin 60 bps higher
- OCC overheads increased ahead of revenue
- OCC operating margin 20 bps higher

Note:
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Appendix: Adjusted operating margins

	H1 2014	H1 2014 OCC	H1 2013
Controls	30.6%	31.4%	32.1%
RFS	16.2%	16.9%	15.9%
Gears	22.2%	22.8%	22.3%
Instruments	31.4%	30.7%	31.4%
Group	24.8%	25.6%	25.4%

* Adjusted is before amortisation of acquired intangibles.



Appendix: Adjusted operating profit by segment

£m	H1 2014 Reported	H1 2014 Adjustments	H1 2014 Adjusted	H1 2013 Reported	H1 2013 Adjustments	H1 2013 Adjusted	Increase
Controls	44.2	1.9	46.1	47.0	2.0	49.0	-5.9%
Fluid Systems	13.5	0.9	14.4	13.4	0.8	14.2	+1.6%
Gears	6.2	0.2	6.4	6.0	0.1	6.1	+5.1%
Instruments	1.5	4.0	5.5	1.1	2.8	3.9	+40.6%
Unallocated	(3.3)	-	(3.3)	(2.9)	-	(2.9)	+12.5%
Total	62.1	6.9	69.1	64.5	5.7	70.2	-1.7%

Notes: Adjustments relate to amortisation of acquired intangible assets.



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
Stronger compared with:		
H1 2013	+9.0%	+4.1%
FY 2013	+6.6%	+3.3%



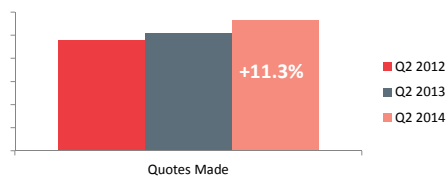
Appendix: Period end exchange rates

Period end rates	US\$	Euro
June 2013	1.52	1.17
December 2013	1.66	1.20
June 2014	1.70	1.25
Stronger compared with December 2013	+2.7%	+3.8%

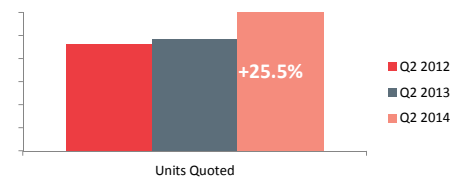


Quote activity

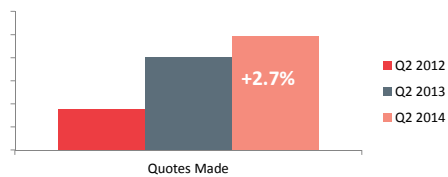
Controls – Quotes Made



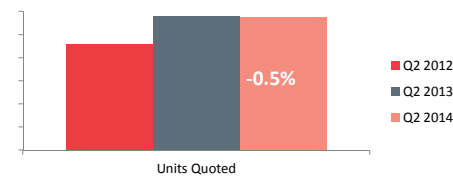
Controls – Units Quoted



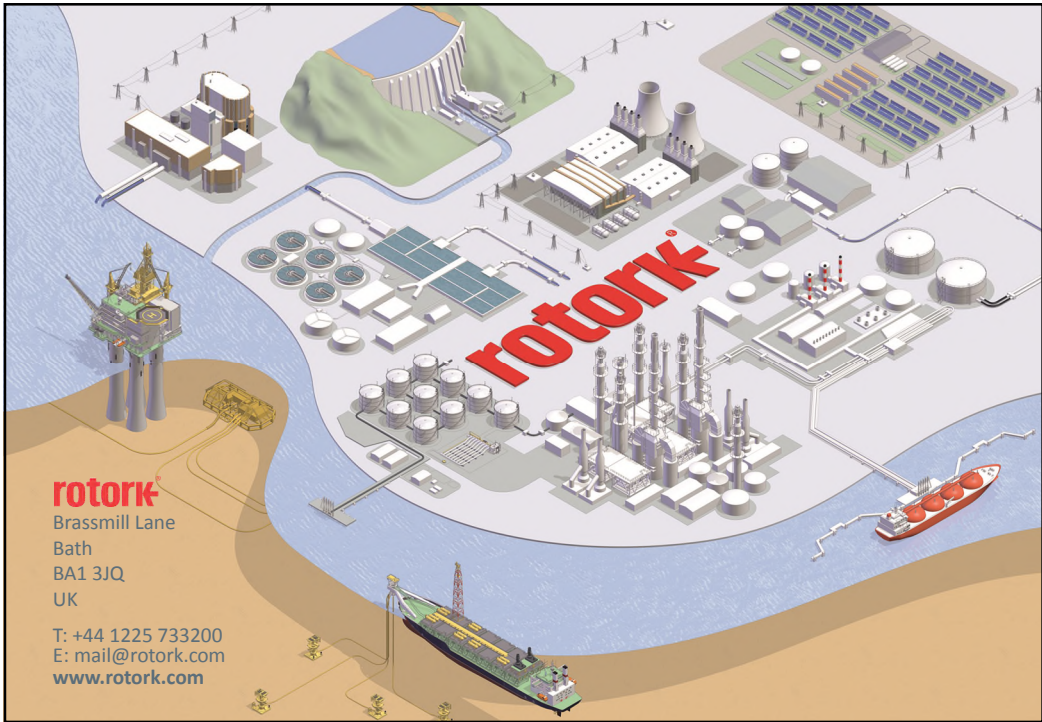
Fluid Systems – Quotes Made



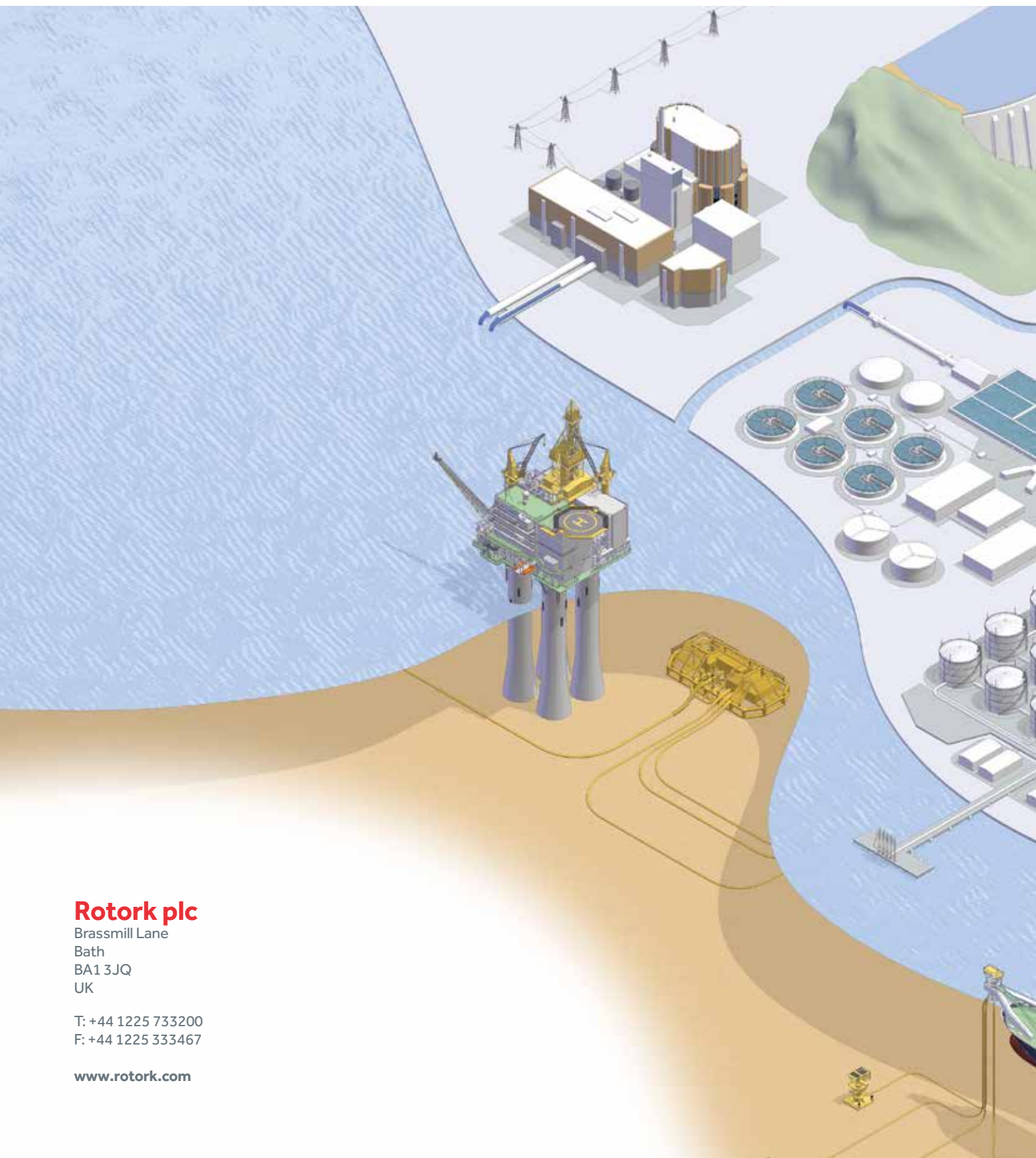
Fluid Systems – Units Quoted



Source: Rotork Internal Data



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