



QUALITY
 DELIVER
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 GROWTH
 GLOBAL



HALF YEAR RESULTS 2015
 4 August 2015

Presented by:
 Chairman – Martin Lamb
 Chief Executive – Peter France
 Finance Director – Jonathan Davis

Half Year Results 2015
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QUALITY
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SUMMARY

- Order intake 9.5% lower
- Revenue 1.6% lower
- Order book of £175.9m
- Cost management programme accelerated
- Strong growth in the Instruments division
- Two acquisitions completed including £6.9m acquisition of M&M International announced today
- Launch of IQT3 and SI3 actuator ranges
- Strong cash generation, 110% cash conversion
- Interim dividend increased by 1.6% to 1.95p





Note:
OCC are Organic constant currency figures which have all acquisitions removed and are restated at 2014 exchange rates.
*Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.

FINANCIAL REVIEW

Presented by

- Finance Director – Jonathan Davis






FINANCIAL REVIEW

	H1 2015	H1 2014	%	OCC %	
Order intake	£274m	£303m	-9.5%	-12.9%	↓
Order book	£176m	£203m	-13.2%	-13.0%	↓
Revenue	£274m	£278m	-1.6%	-5.4%	↓
Adjusted* operating profit	£65m	£69m	-5.8%	-8.6%	↓
Adjusted* EPS	5.44p	5.73p	-5.1%	-8.4%	↓
Dividends	1.95p	1.92p	+1.6%		↑

- Adjusted* operating profit margin 23.7% (OCC 24.0%) compared with 24.8% in 2014
- Adjusted earnings per share benefited from lower tax rate
- Dividend increased by 1.6%

Note:
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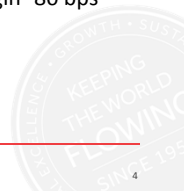



ANALYSIS OF CHANGE

£m	Order intake	Revenue	Adjusted* operating profit	Adjusted* operating margin
H1 2014	302.7	278.5	69.1	24.8%
OCC change	-12.9%	-5.4%	-8.6%	-80 bps
H1 2015 OCC	263.7	263.5	63.1	24.0%
Acquisitions	+3.8%	+3.8%	+4.0%	-
H1 2015 Constant currency	275.0	274.2	65.8	24.0%
Currency impact	-0.4%	0.0%	-1.2%	-30 bps
H1 2015	274.0	274.2	65.0	23.7%
Reported	-9.5%	-1.6%	-5.8%	-110 bps

- Constant currency movements – intake -9.1%, revenue -1.6%, profit -4.6%, margin -80 bps

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IMPACT OF CURRENCY

£m	Revenue impact	Revenue impact percentage	Adjusted* operating profit impact	Profit impact percentage
Controls	(1.5)	-1.0%	(0.7)	-1.6%
Fluid Systems	1.5	2.0%	0.6	7.9%
Gears	0.6	2.8%	1.0	17.5%
Instruments	(0.6)	-2.3%	(0.1)	-1.5%
Group	-	-	0.8	1.3%

- US\$ and related currencies were 44% of revenue, £11m tailwind
- Euro was 30% of revenue, £8m headwind
- Other currencies 17% of revenue, £3m headwind
- Gears has highest proportion of USD purchases into European plants
- 2015 currency impact currently ~2% headwind on revenue

Note:
 *Adjusted is before amortisation of acquired intangibles.



IMPACT OF ACQUISITIONS

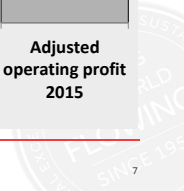
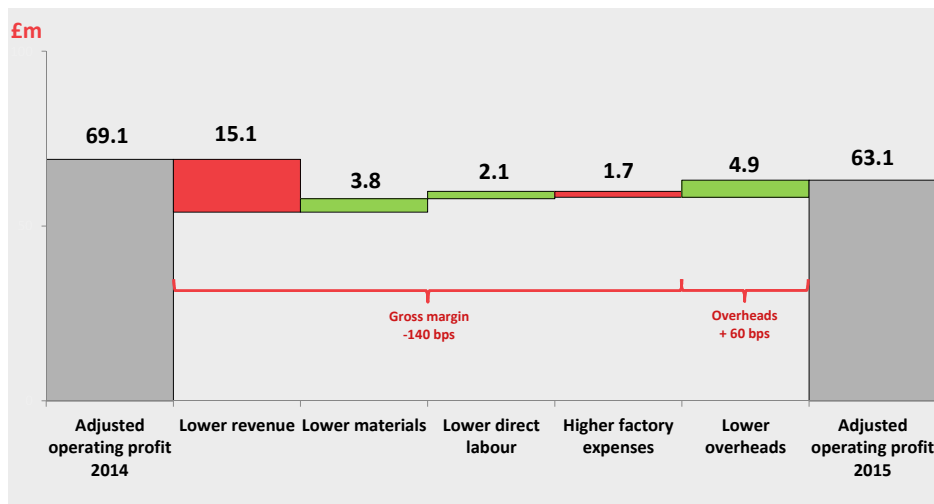
£m	YTC	Midland	Masso & Turkey	Total Adjustment
Revenue	4.4	5.3	1.0	10.7
Adjusted* operating profit	1.5	1.3	-0.1	2.7
Adjusted* operating margin	33.0%**	25.1%**	-5.5%	25.5%

- H2 Masso and Turkey revenue £2m
- M&M contribution in 2015 £2m revenue with a 15% operating margin
- H1 intangible amortisation £7.8m (2014: £6.9m)

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



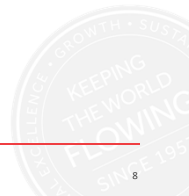
OCC ADJUSTED OPERATING PROFIT BRIDGE



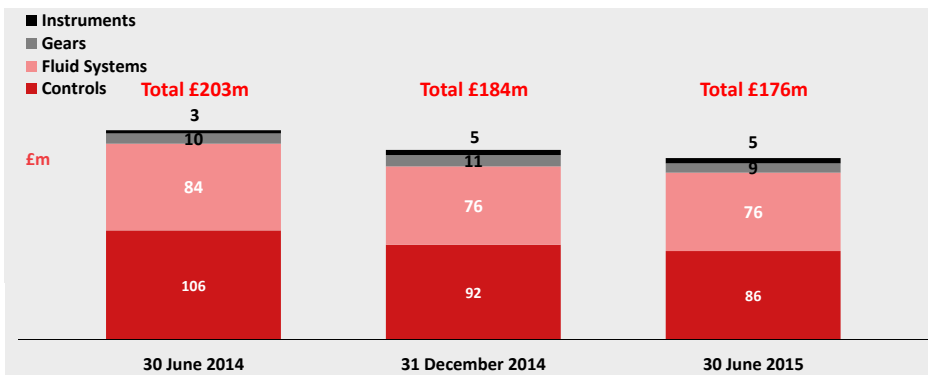
ACCELERATED COST MANAGEMENT PROGRAMME

Ongoing annualised cost savings £8m

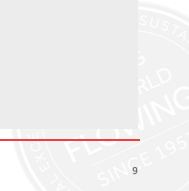
- Material costs £4m
- Overheads £4m
- 2015 benefit of these initiatives is £2m
- In addition, lower variable pay impact on 2015



ORDER BOOK



- Order book £176m, 4.3% lower than December 2014, -0.1% on OCC basis



CONTROLS DIVISION

£m	H1 2015	H1 2014	Change	OCC Change	
Revenue	146.0	150.7	-3.1%	-4.2%	↓
Adjusted* operating profit	45.2	46.1	-2.1%	-3.5%	↓
Adjusted* operating margin	30.9%	30.6%	+30 bps	+20 bps	↑

- Order intake -11.1% (OCC -12.1%)
- Gross margins -100 bps (OCC -90 bps)
- Overheads lower £3.0m OCC

Note:
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FLUID SYSTEMS DIVISION

£m	H1 2015	H1 2014	Change	OCC Change	
Revenue	76.9	88.8	-13.4%	-13.4%	↓
Adjusted* operating profit	7.8	14.4	-46.0%	-42.4%	↓
Adjusted* operating margin	10.1%	16.2%	-610 bps	-540 bps	↓

- Order intake -20.3% (OCC -19.0%)
- Gross margins -500 bps (OCC -450 bps)
- Overheads lower £1.7m OCC

Note:
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GEARS DIVISION

£m	H1 2015	H1 2014	Change	OCC Change	
Revenue	29.8	28.7	+3.7%	+6.0%	↑
Adjusted* operating profit	6.1	6.4	-4.3%	+12.5%	↑
Adjusted* operating margin	20.5%	22.2%	-170 bps	+130 bps	↑

- Order intake +2.0% (OCC +4.7%)
- Gross margins -120 bps (OCC +140 bps)
- Significant impact of transaction fx in the period

Note:
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INSTRUMENTS DIVISION

£m	H1 2015	H1 2014	Change	OCC Change	
Revenue	28.8	17.4	+65.3%	+8.7%	↑
Adjusted* operating profit	9.0	5.5	+65.3%	+13.6%	↑
Adjusted* operating margin	31.4%	31.4%	No change	+140 bps	↑

- Order intake +59.3% (OCC +1.1%)
- Gross margins -250 bps (OCC -150 bps)
- Material costs savings focus at Midland

Note:
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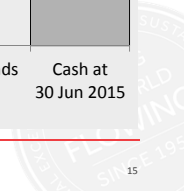
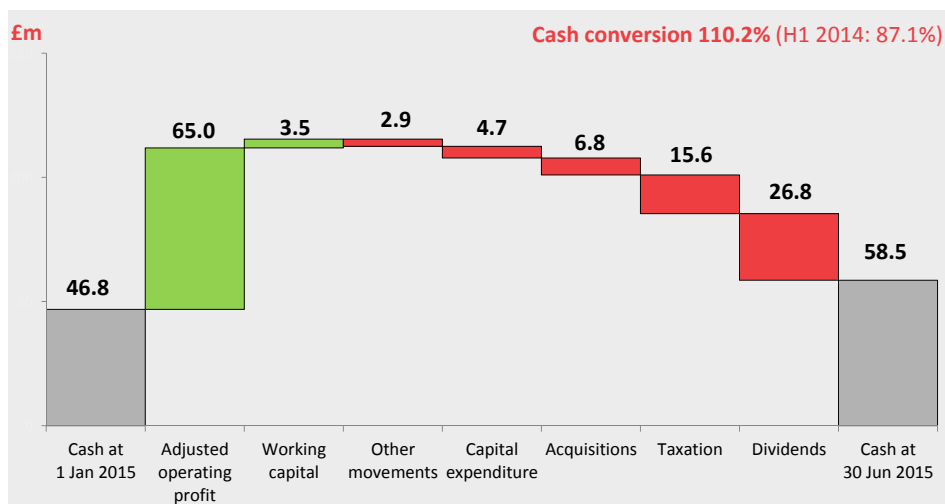
EARNINGS PER SHARE

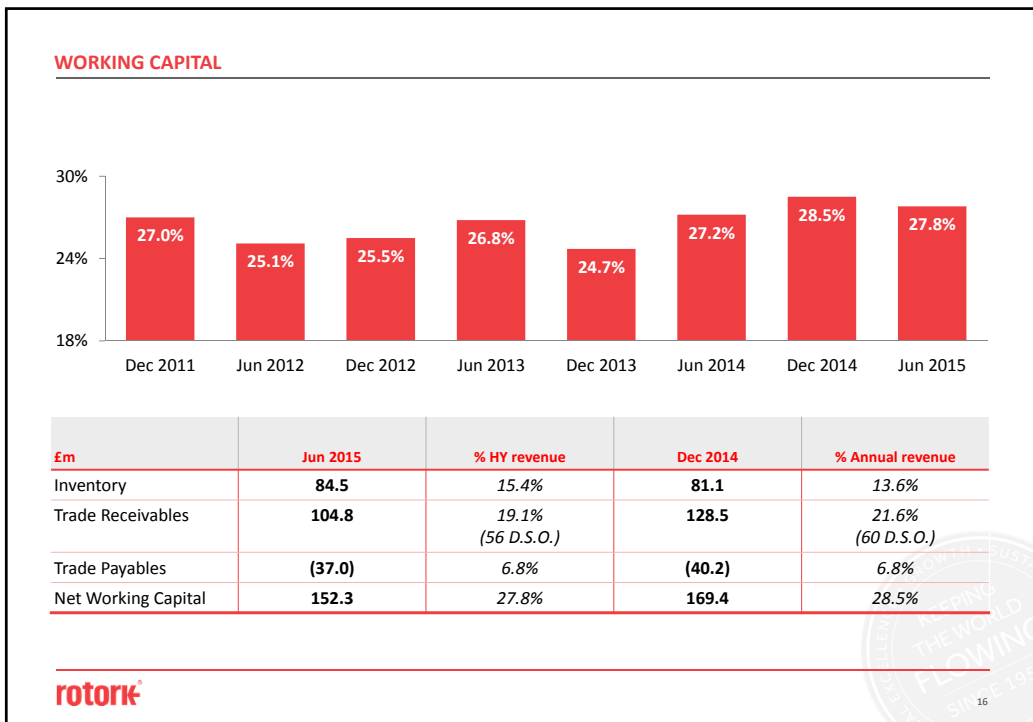
	H1 2015	H1 2014	Change	OCC Change
PBT as reported (£m)	56.3	61.5	-8.4%	-9.1%
Adjusted* PBT (£m)	64.1	68.4	-6.3%	-9.5%
Effective tax rate	26.4%	27.4%		
Basic EPS as reported	4.77p	5.15p	-7.3%	-7.9%
Adjusted* basic EPS	5.44p	5.73p	-5.1%	-8.4%

Note:
 OCC are Organic constant currency figures which have all acquisitions removed and are restated at 2014 exchange rates.
 *Adjusted operating profit & EPS are stated before the amortisation of acquired intangible assets.



CASH FLOW BRIDGE





OPERATING REVIEW

Presented by

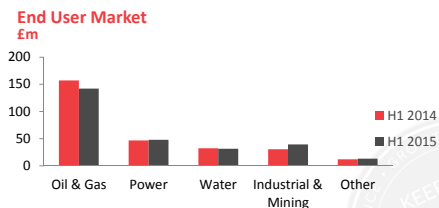
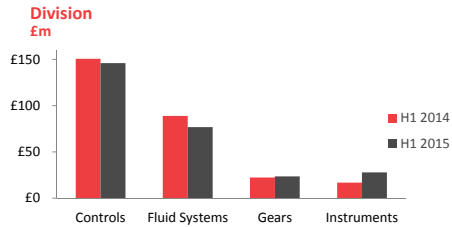
- Chief Executive – Peter France

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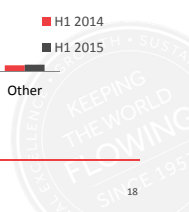
GROUP REVENUE BY:

- Continued growth in Instruments and Gears
- Oil & gas impact
- Industrial & mining and power increase

Oil & gas revenue breakdown	H1 2015	FY 2014
Upstream	14%	15%
Midstream	13%	15%
Downstream	25%	27%
Contribution to Revenue	52%	57%

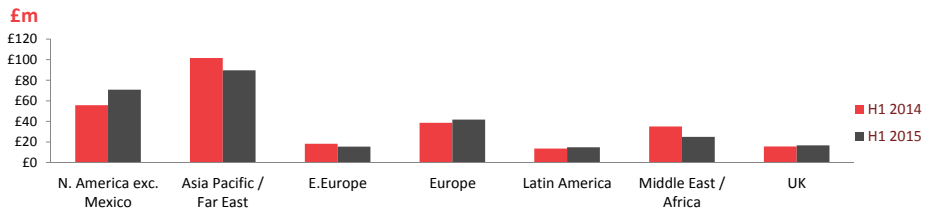


Source: Rotork Internal Data



GROUP REVENUE BY:

End Destination



- Strong growth in North America
- Good performance in Europe
- Challenging markets in Asia Pacific and Middle East

Source: Rotork Internal Data



CONTROLS

Highlights

- Strong growth in North America
- Increase in water and industrial
- IQT 3rd Generation actuator launched
- Continued investment in R&D

Opportunities

- Centork actuator in production
- New product introduction
- Adoption of product enhancements
- Sales channel development



FLUID SYSTEMS

Highlights

- Oil and gas challenging
- Progress in all other markets
- North American LNG project wins
- Masso integration as planned

Opportunities

- SI3 product introduction
- Expanded product range
- Development of new end markets



GEARS

Highlights

- Growth in Asia Pacific, Europe and Latin America
- All end markets up except water
- Currency impact on costs

Opportunities

- Operational efficiencies
- Sourcing initiatives
- Product range expansion
- Sales channel development



INSTRUMENTS

Highlights

- Increase in all end markets
- Increase in all Rotork geographies
- Strong performance of YTC

Opportunities

- New product introductions
- Development of sales channels
- M&M International acquisition announced today



M&M INTERNATIONAL – COMPANY OVERVIEW

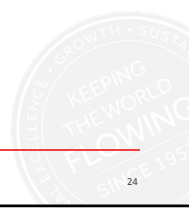
- Founded in 1979
- Located in Bergamo, Italy
- Solenoid valve and piston actuated valve manufacturer
- Owned by Spirax Sarco since 2000
- 64 employees
- 2014 turnover €9m, 16% EBIT margin
- Industrial and commercial focus



Solenoid valve

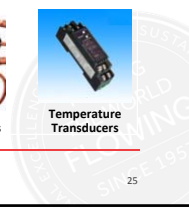


Piston actuated valve



STRATEGY FOR GROWTH

	Pressure	Flow	Temperature
Control	Boosters Pressure Transducers Pressure Regulators	PAV Solenoid Valves Directional Control 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



SITE SERVICES

Highlights

- Glasgow and Korea Service Centres opened
- Client Support Programme (CSP) adoption

Opportunities

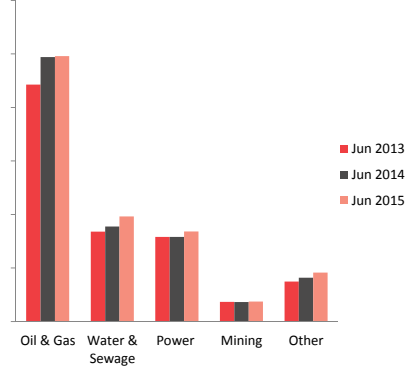
- Sales expansion
- Increased market activity
- Capability expansion



PROJECT ACTIVITY

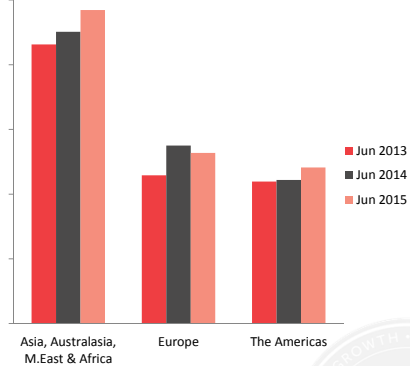
Project Activity: Industry Type

No of projects

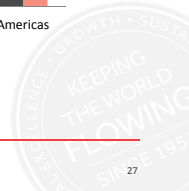


Project Activity: End Destination

No of projects



Source: Rotork Internal Data



MARKET CONDITIONS

Market Dynamics

- Oil & gas capex down
- Contract delays
- Pricing pressure
- Pockets of market activity
- Increased activity in some markets due to low raw material costs
- Potential M&A



Rotork Activities

- Accelerated cost management programme
- Focus on driving cost out of supply chain
- Strengthen sales teams
- Continue to develop our international presence
- Ongoing M&A



SUMMARY AND OUTLOOK

- Challenging first half
- Volatility expected to remain
- Accelerated cost management programmes
- Continued investment
- Project visibility positive
- Full year in line with management expectations



APPENDIX

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OUTLOOK STATEMENT

“The continued weakness of the oil price and geopolitical uncertainty in some of our key markets resulted in a challenging trading environment during the first half, with lower overall activity levels and an increased number of project deferrals and cancellations.

Rotork has a lean business model and we constantly review our activities to optimise costs. We have responded to market conditions and accelerated a number of our ongoing cost management initiatives. At the same time we continue to see opportunities to gain market share and expand our product portfolio through organic development and acquisition. We will continue to invest in these opportunities to ensure that Rotork is well placed to make further progress over the medium to long term.

As in previous years we anticipate that our results will be weighted to the second half. Although we expect the oil and gas market to remain challenging, and the timing of order placement remains difficult to forecast, based on our current order book and project visibility, the Board expects overall performance to be in line with management expectations for the full year.”

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CONSTANT CURRENCY ANALYSIS

£m	H1 2015 as Reported		Adjust to get CC	H1 2015 at 2014 Rates		Remove Acqn.	H1 2015 at OCC		H1 2014	
Revenue	274.2		0.0	274.2		(10.7)	263.5		278.5	
Cost of Sales	(147.5)		1.0	(146.5)		5.8	(140.7)		(144.9)	
Gross Profit	126.7	46.2%	1.0	127.7	46.6%	(4.9)	122.8	46.6%	133.6	48.0%
Overheads	(61.7)	22.5%	(0.2)	(61.9)	22.6%	2.2	(59.7)	22.7%	(64.5)	23.2%
Adjusted* operating profit	65.0	23.7%	0.8	65.8	24.0%	(2.7)	63.1	24.0%	69.1	24.8%

- OCC gross margins 150 bps lower
- OCC overheads reduced as a % of revenue, down 60 bps
- OCC net margin 90 bps lower

Note:
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ADJUSTED OPERATING MARGINS

	H1 2015	H1 2015 OCC	H1 2014
Controls	30.9%	30.8%	30.6%
RFS	10.1%	10.8%	16.2%
Gears	20.5%	23.5%	22.2%
Instruments	31.4%	32.8%	31.4%
Group	23.7%	24.0%	24.8%

- H1 margins 110 bps lower than H1 2014
- OCC margins 80 bps lower than reported margin in 2014

Note:
 *Adjusted is before amortisation of acquired intangibles.



ADJUSTED OPERATING PROFIT BY SEGMENT

£m	H1 2015 Reported	H1 2015 Adjustments	H1 2015 Adjusted	H1 2014 Reported	H1 2014 Adjustments	H1 2014 Adjusted	Increase / Decrease
Controls	43.5	1.7	45.2	44.2	1.9	46.1	-2.1%
Fluid Systems	6.8	1.0	7.8	13.5	0.9	14.4	-46.0%
Gears	5.9	0.2	6.1	6.2	0.2	6.4	-4.3%
Instruments	4.1	4.9	9.0	1.5	4.0	5.5	+65.3%
Unallocated	(3.1)	-	(3.1)	(3.3)	-	(3.3)	-7.5%
Total	57.2	7.8	65.0	62.1	7.0	69.1	-5.8%

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

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DIVIDENDS

Core Dividend	Month paid / payable	Amount (Pence)	Cost (£m)
2012 Final	May 2013	2.66p	23.1
2013 Interim	September 2013	1.81p	15.6
Paid in 2013		4.47p	38.7
2013 Final	May 2014	3.00p	26.0
2014 Interim	September 2014	1.92p	16.7
Paid in 2014		4.92p	42.7
2014 Final	May 2015	3.09p	26.8
2015 Interim	September 2015	1.95p	17.0
Paid in 2015		5.04p	43.8

- Interim dividend increased by 1.6%
- Dividend paid in the year increased by 2.4% to 5.04 pence
- Half year dividend cover 2.4 times (2014: 2.7 times)

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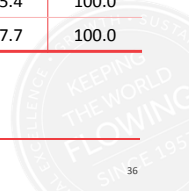
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REVENUE ANALYSIS

By Division (%)	Controls	Fluid Systems	Gears	Instruments	Total
2015	51.9	27.3	10.6	10.2	100.0
2014 H1	52.8	31.1	10.1	6.0	100.0

By End user market (%)	Oil & Gas	Power	Water	Industrial	Other	Total
2015	51.9	17.5	11.5	14.4	4.7	100.0
2014 FY	56.9	16.3	10.4	10.9	5.5	100.0

By End destination (%)	Asia Pac / Far East	Europe	Middle East / Africa	N. America exc. Mexico	UK	Eastern Europe	Latin America	Total
2015	32.7	15.2	9.1	25.8	6.1	5.7	5.4	100.0
2014 FY	34.5	14.2	9.7	22.9	5.6	5.4	7.7	100.0



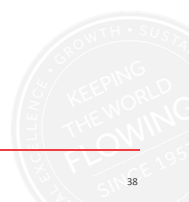
AVERAGE EXCHANGE RATES

Average rates trading	US\$	Euro
H1 2014	1.67	1.22
H2 2014	1.63	1.26
Full Year 2014	1.65	1.24
H1 2015	1.52	1.36
+ = GBP strengthening / - = GBP weakening		
H1 2014	-9%	+11%
Full Year 2014	-8%	+10%



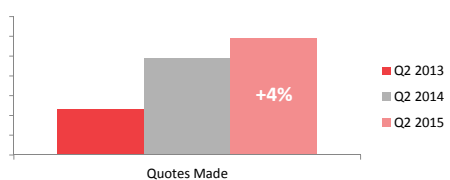
PERIOD END EXCHANGE RATES

Period end rates	US\$	Euro
June 2014	1.70	1.25
December 2014	1.55	1.28
June 2015	1.57	1.41
GBP stronger compared with December 2014	+1%	+10%

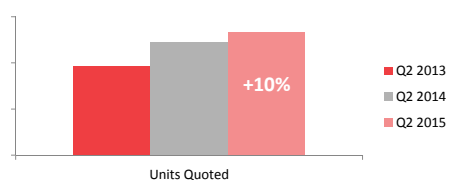


QUOTE ACTIVITY

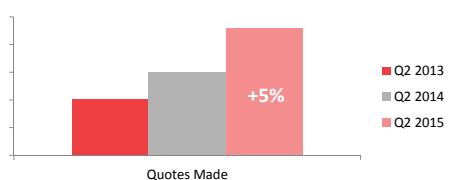
Controls – Quotes Made



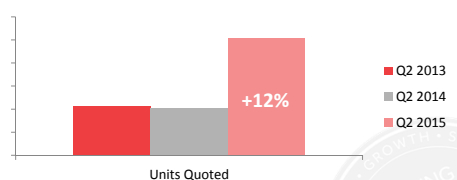
Controls – Units Quoted



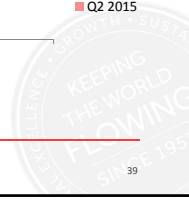
Fluid Systems – Quotes Made



Fluid Systems – Units Quoted

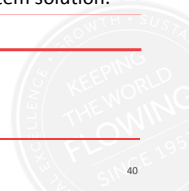


Source: Rotork Internal Data



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 & 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.



APPLICATIONS – COMMERCIAL AND INDUSTRIAL SOLENOID VALVES

- Coffee machines
- Beverage vending machines
- Car-wash
- Water treatment
- Autoclaves - sterilizers
- Compressed air – dryers
- Air conditioning
- Whirlpools
- Welding machines
- Paramedical equipment
- Pneumatic applications in animal feed equipment
- Food and Bev. plants (service fluids)
- Industrial laundries / dyeing textiles
- Automotive applications
- Others



APPLICATIONS FOR PISTON ACTUATED VALVES

- Process industry: service fluids (steam, water, air, gases, etc.)
- Textile industry: washing machines, dry cleaning
- Pharmaceutical: autoclaves, sterilizers, cosmetic mixers
- Chemical industry: nitrogen generators
- Food industry: pasteurizers, humidification, drying, smoking
- Automotive: regeneration of tyres, exhaust control
- Other



GLOBAL LOCATIONS



- 27 manufacturing centres
- 179 offices
- 37 countries with direct presence, 101 in total
- 3,423 employees worldwide
- 860 sales channels



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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