Capital Markets Day

4th November 2011

# rotor



# Welcome

Peter France CEO





## Agenda



Introduction & Welcome

09.30	Introd	luction	&	Wel	lcon	ne

09.40 Strategy

10.00 Smart Selling

10.20 Operations – Investment Plans

10.30 Coffee

10.45 Divisional Presentations

12.30 Research & Development

12.45 Concluding Remarks

12.50 Questions

13.00 Lunch

Graham Ogden Peter France

Peter France

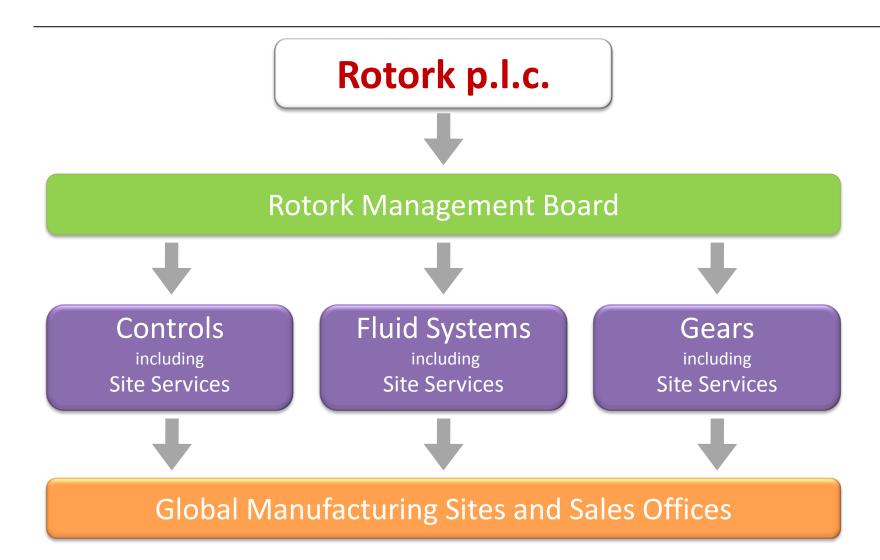
Peter France

Carlos Elvira

**Alastair Spurr** 

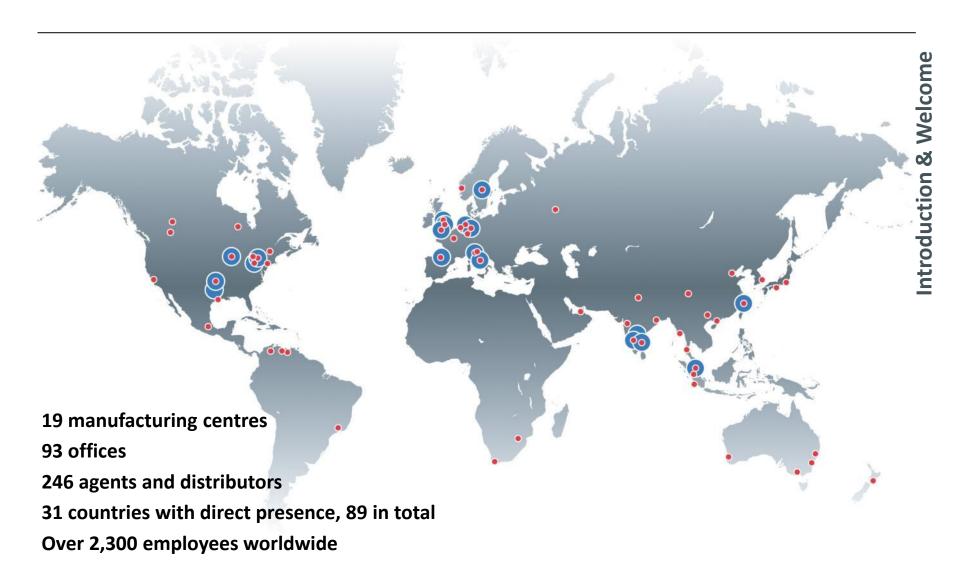
#### **Rotork Structure**





#### **Rotork Locations**





Peter France CEO





#### **Strategy Statement**



Rotork has a strategy for growth focused on products and services that are required to control the flow of fluids and gases. Our aim is to provide high quality, technically advanced, innovative products and services. We will continue to align our network of offices and manufacturing plants to support new and existing customers' activities around the world.

We operate an asset light business model which is highly cash generative. We seek to deliver quality margins, consistent year on year growth in revenues, profit and core dividends through organic growth and acquisitions.

We develop and train our people to deliver our strategy and satisfy our customers' requirements while maintaining high ethical and safety standards across the group and act as a responsible international corporate entity.

#### **Vision & Mission Statements**



#### Vision

To be the leader in our targeted segments of the global Flow Control market.

#### **Objectives**

Supply our customers with superior solutions to control the flow of fluids and gases by providing high quality, innovative products and services.

Provide a challenging and rewarding environment for all employees where everyone is valued and respected as part of one global family. We are expected to act with integrity and honesty, both to each other and those with whom we come into contact.

Maximise shareholder value every year.

#### Mission

We will:

... grow the company both organically and through acquisitions, whilst maintaining the focus on profitability and return on sales.

...further develop our global sales and service network providing local support to our customers around the world.

... work with our customers and provide them with the benefits of innovative, technically advanced, high quality products and associated services.

... be a fair, equal opportunities employer with high ethical standards aiming to provide safe working conditions across our businesses worldwide.

... be a good corporate citizen, supporting the local community, acting with integrity and honesty whilst always considering ways of improving our operational impact on the environment.

Vision

**Global Strategy** 

**Objectives** 

**Financial** 

Mission

#### **Process and Strategies Common Across All Divisions**

Finance

**Group Sales**& Marketing

**Group R&D** 

**Group Operations** 

HR

Information Systems

CSR

Risk Management Legal

#### Controls

Sales

**Product Development** 

**Manufacturing & Facilities** 

**Procurement** 

**Acquisitions** 

Finance

**Site Services** 

#### **Fluid Systems**

Sales

**Product Development** 

**Manufacturing & Facilities** 

**Procurement** 

**Acquisitions** 

Finance

**Site Services** 

#### Gears

Sales

**Product Development** 

**Manufacturing & Facilities** 

**Procurement** 

Acquisitions

Finance

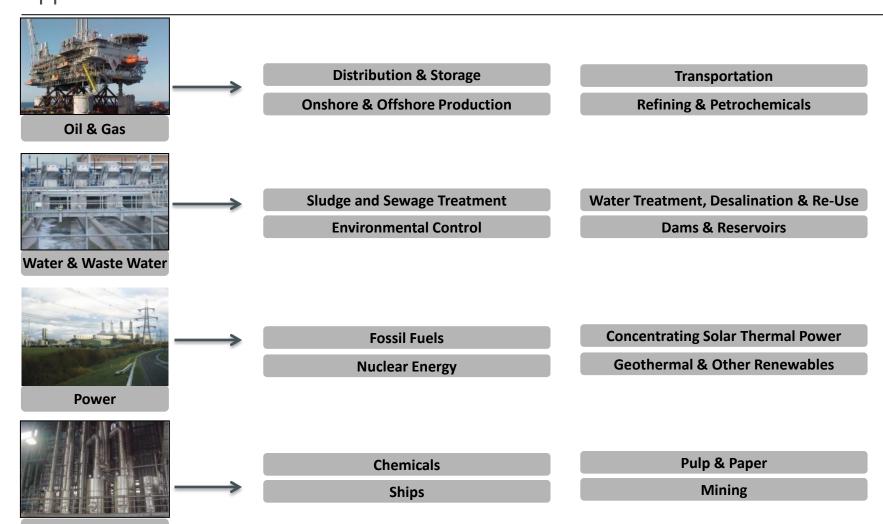
**Site Services** 

## **Rotork's Key Markets**

## Opportunities for Growth



**trateg** 

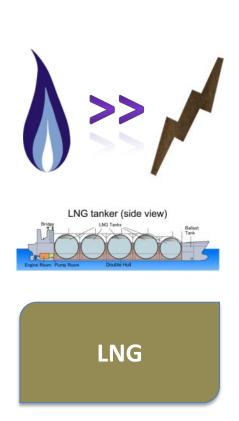


**Established Leaders in Flow Control** 

**Process Ind. & Other** 





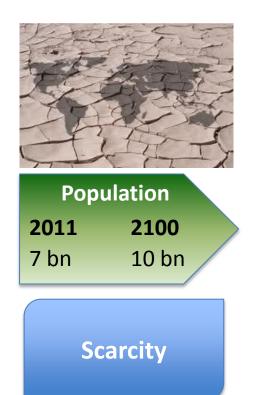


#### **Markets**

#### Water and Waste Water



Strategy







#### **Power Generation**



Strategy

2.2%

» Projected growth between 2008 and 2035.

Growth in Demand



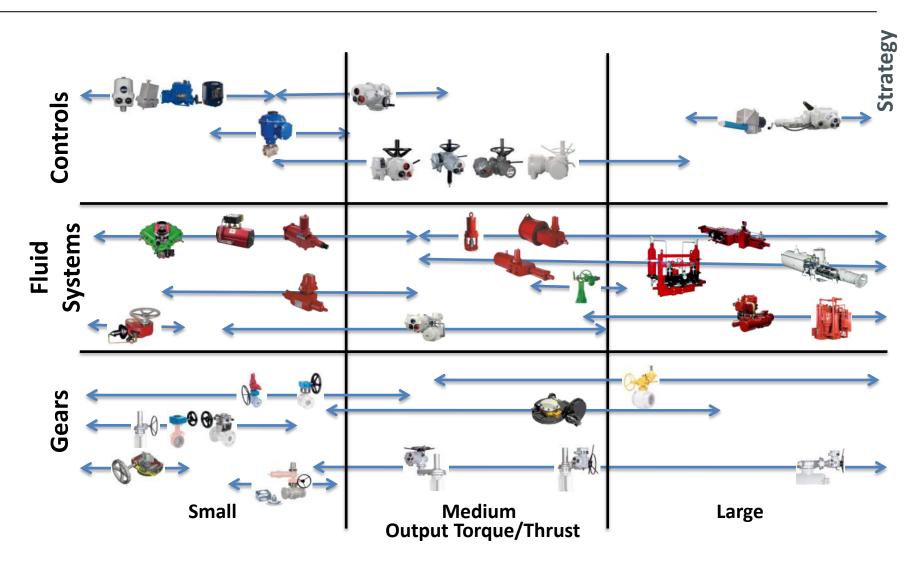
Emissions Reduction



Renewable Energy

#### **Product Portfolio**





#### **Group Strategy**

Acquisition of Companies and Businesses



Strategy

The Group continually looks for opportunities to grow through acquisition as well as organically. Potential acquisition targets will be in the field of flow control and should satisfy at least one of the following three criteria:

- Provide a product that we currently do not have
- Provide or enhance our position in a geographic market
- Provide or enhance our position in an end user market

# **Opportunities for Growth**



Increasing Market Share

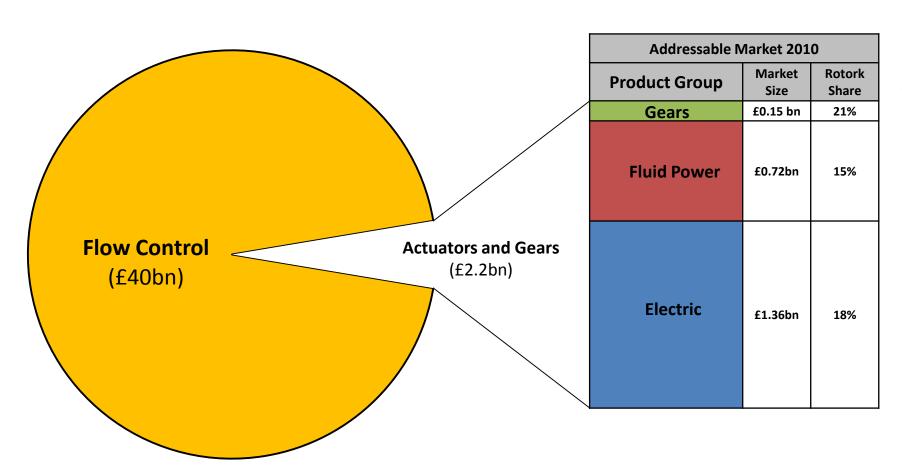
	K-Tork	Centork	Rotork Norge	Rotork Mexico	Ctrategy
Enhance Position in an End User Market					
Enhance or Extend Product Offering					
Enhance Position in a Geographic Market					

Strateg

#### **Opportunities for Growth**

**New Markets** 



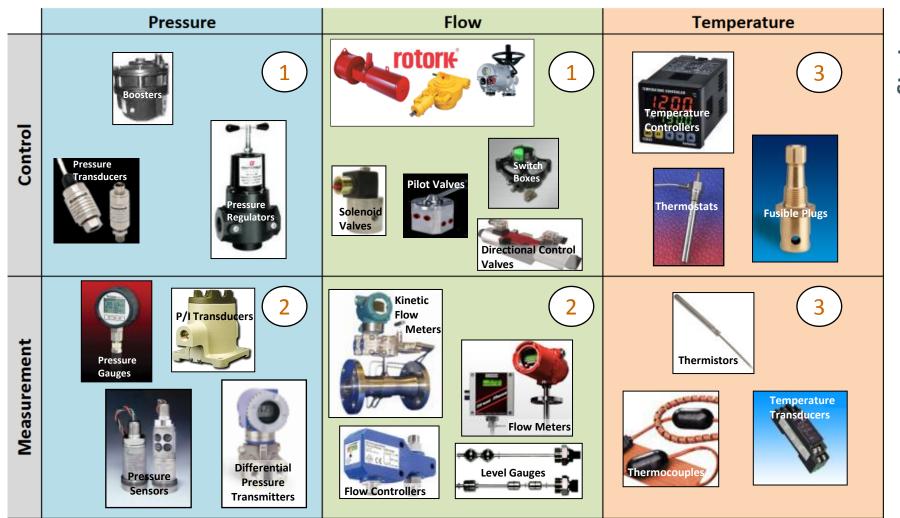


Source: Rotork Internal Data, BFPA, NFPA

#### **Opportunities for Growth**

New Markets – Flow Control Market





# **Opportunities for Growth**

New Markets – Flow Control Market



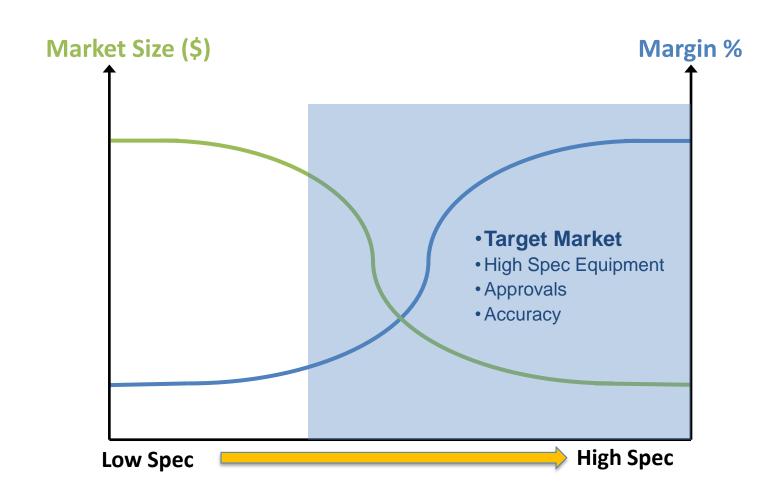


#### **Opportunities for Growth**

Flow Control Market







# **Smart Selling**

Carlos Elvira
Group Sales & Marketing Director





#### **Rotork's Divisions**







**Controls** 



**Fluid Systems** 

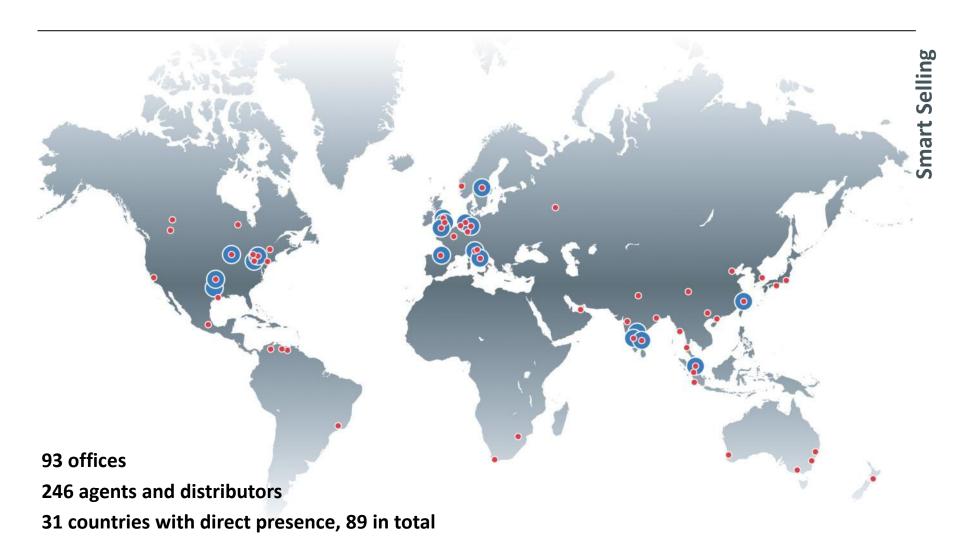


Gears



#### **Rotork Locations**





# **Smart Selling**

# **Smart Selling to all Industries**











Established Leaders in Flow Control

# **Smart Selling to all Industries**









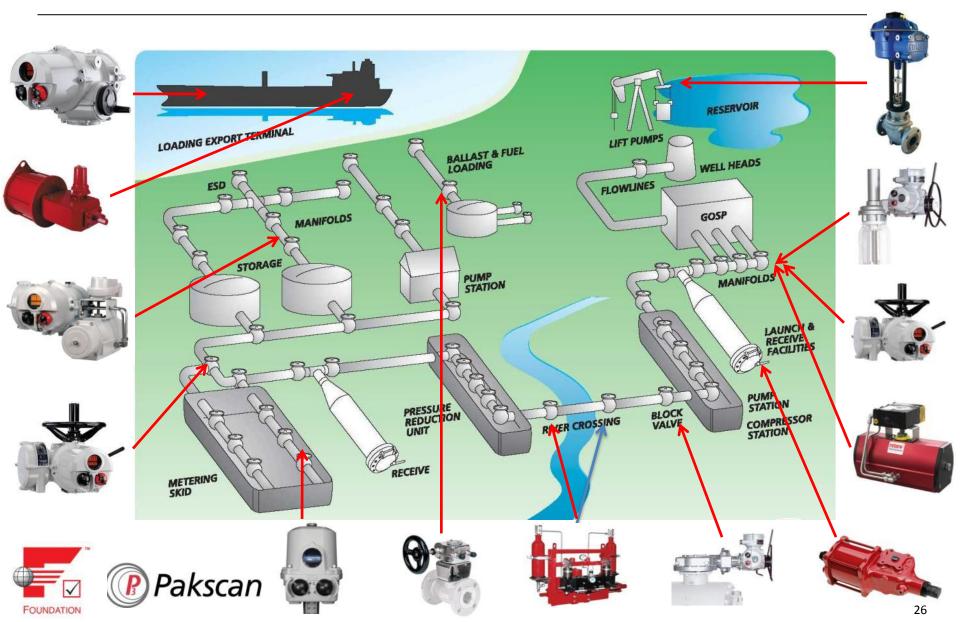
Pulp & Paper



Established Leaders in Flow Control

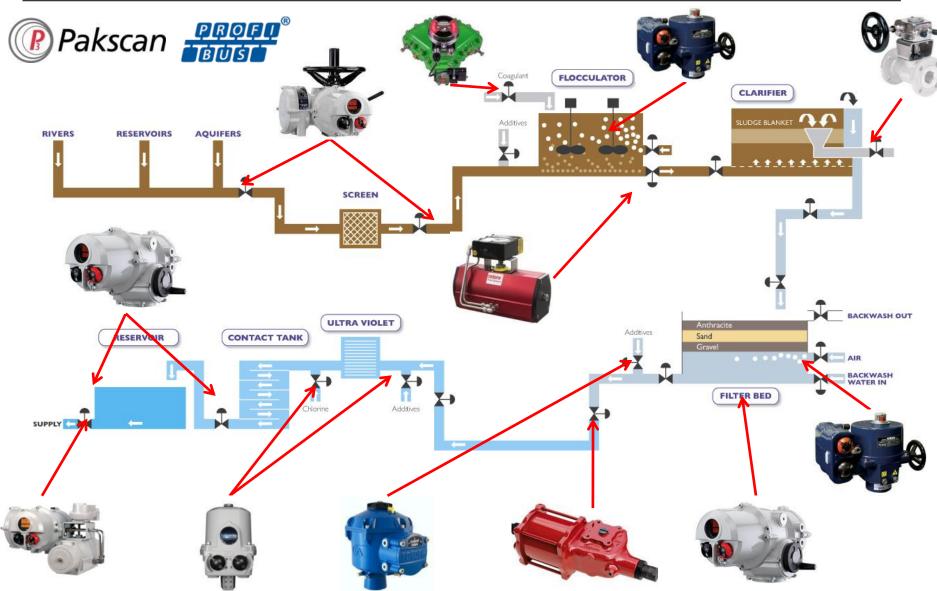
Oil & Gas





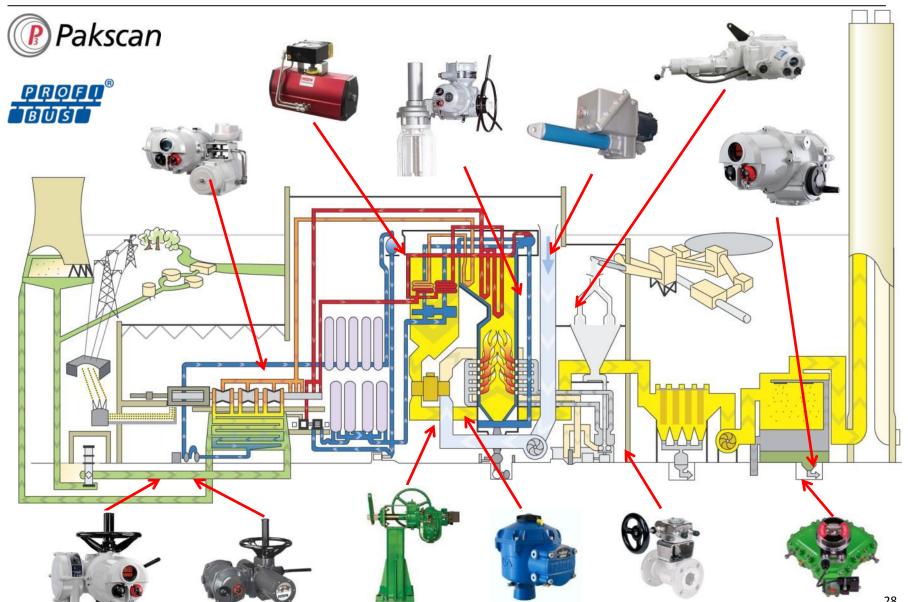
Water & Waste Water





**rotork**®

**Coal Power Station** 



#### **Skilmatic**

**rotork**®

- Quarter-turn
- Torque output 65 600,000
   Nm
- Watertight or explosionproof
- Double-acting or springreturn
- Non-intrusive setup and interrogation
- LCD position, faults and diagnostics display



**Electro-Hydraulic Failsafe Actuator** 

Tank Isolation – ESD









- Inventory Containment:- springreturn, fail-safe on "High High" level alarm
- Customers:- Chevron UK, Conoco UK, INEOS(BP)UK, Total, Enwest (Ireland), Shell, PetroCanada, Saudi Aramco and Petrobras
- Requirement:- To meet SIL2 on critical ESD loops. Provide hardware connected ESD solenoids by-passing the internal processor, MTBF and PFD calculations to meet applications. These were included in the total system assessment

Established Leaders in Flow Control

#### **CVA**



- Quarter-turn and linear
- High resolution and repeatability
- Comprehensive datalogging
- Watertight IP68 and explosionproof enclosures
- Programmable fail-to-position option
- Separate double-sealed terminal compartment
- Non-intrusive setup/calibration using Bluetooth
- Optional manual override



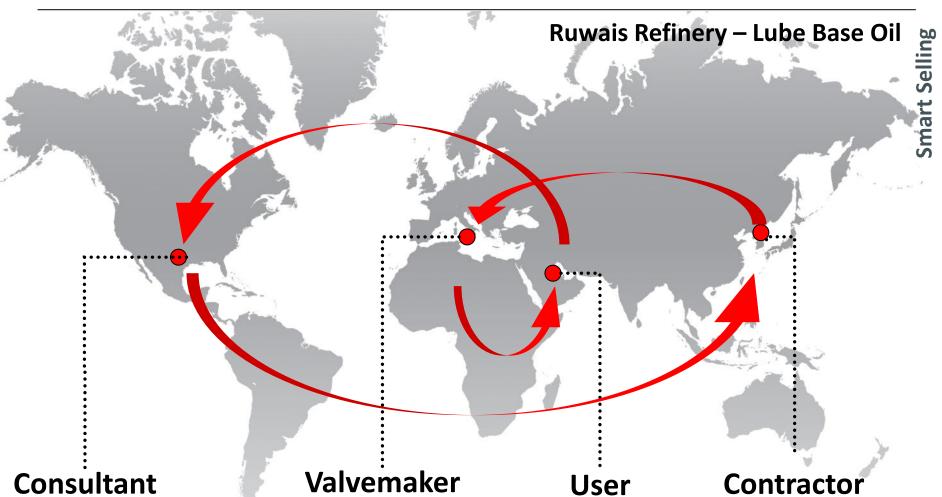




#### **Project Tracking**

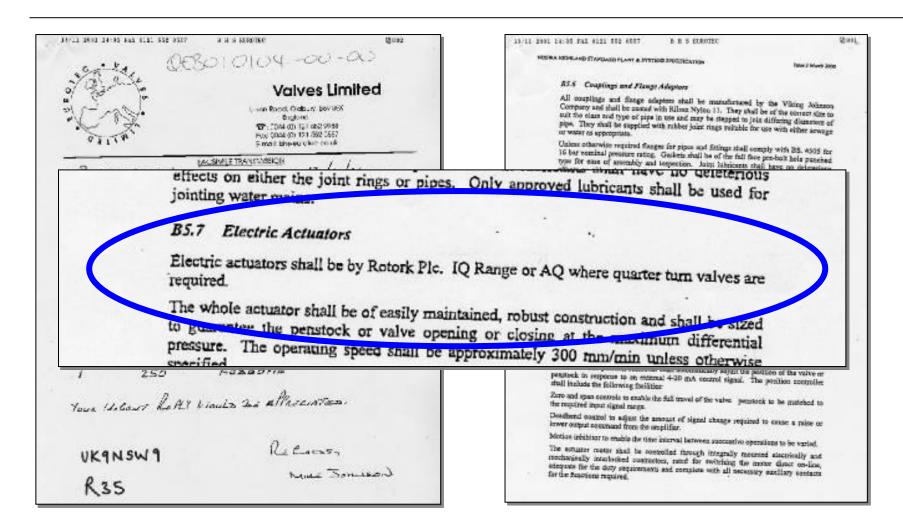


Rotork Sales Management System (RSMS)



# **Selling Features**







ry for Project : Details ed Documents	Projects  Main Details Accounts Involved Visits Quote Summary Sales Orders Forecast Representation  Project Location ADDING  Project Plant
	Project Scope
	Territory Country
	Industry Type
	Products   ▼ Order Value
	Project Status
	Main Enduser Project Card
	Eng Consultant
	Contractor Awarded Project Log
	Category Type Copy Project
	Mv Top 10 Projects

# **Smart Selling**

## **Commodity Product Examples**



- Hand operated
- Light duty, cast aluminium
- Quarter-turn
- Torque up to 1,500 Nm



232 Manual Worm Gearbox

- Scotch Yoke Actuators
- Double Acting or Spring Return
- Canted Yoke Design
- Torque up to 4,400 Nm

- - Quarter-turn
  - **Modulating Option**
  - Separate Motor Control Available
  - Torque up to 650 Nm



**RC200 Small Scotch Yoke Actuator** 

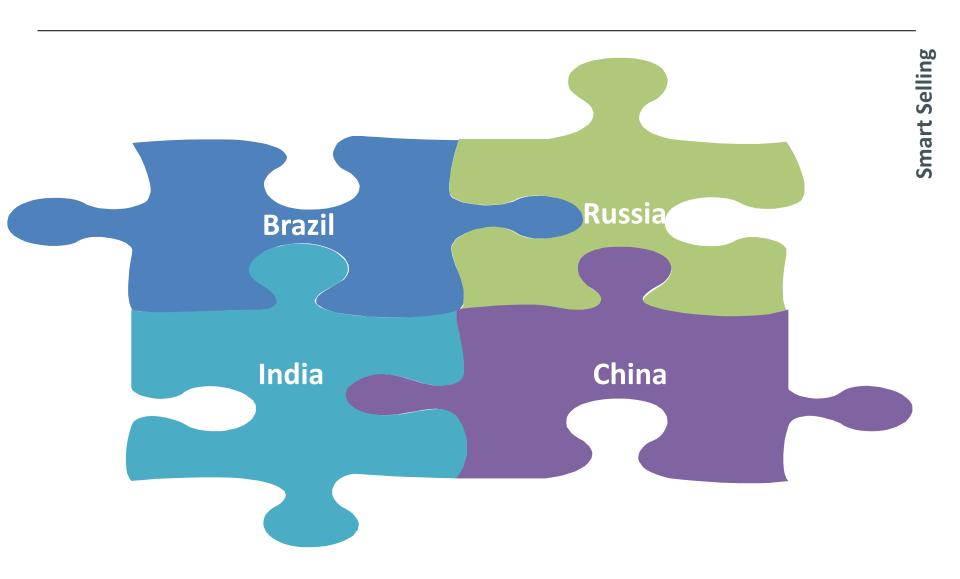


**ROM Quarter Turn Actuator** 

- Vopak Frame agreement since 2009
- Thames Water
- Scottish Water
- ENI-Italy Framework
- Renewal of Dow Frame agreement
- CEPSA/Repsol Frame agreement
- South West Water
- Wessex Water
- Severn Trent Water
- Exxon-Mobil European Framework
- Vitol

#### **Highlights from BRIC**





Established Leaders in Flow Control

#### **Highlights – Brazil**







#### Highlights – Russia





#### Highlights - India





#### **Highlights – China**



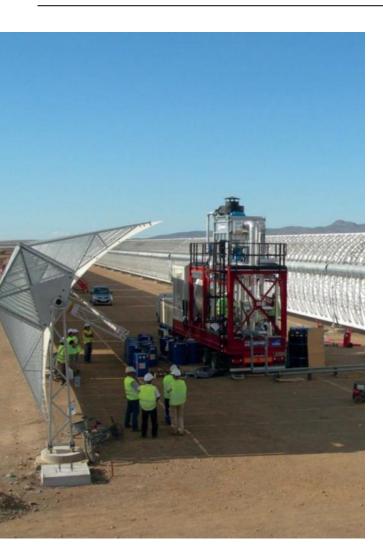


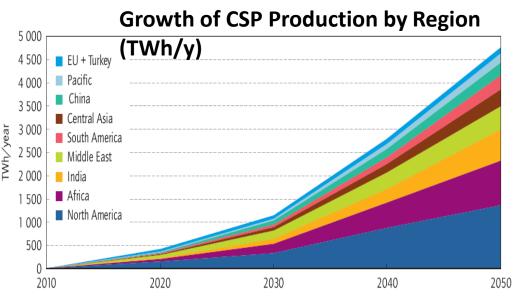




#### **Concentrated Solar Power**





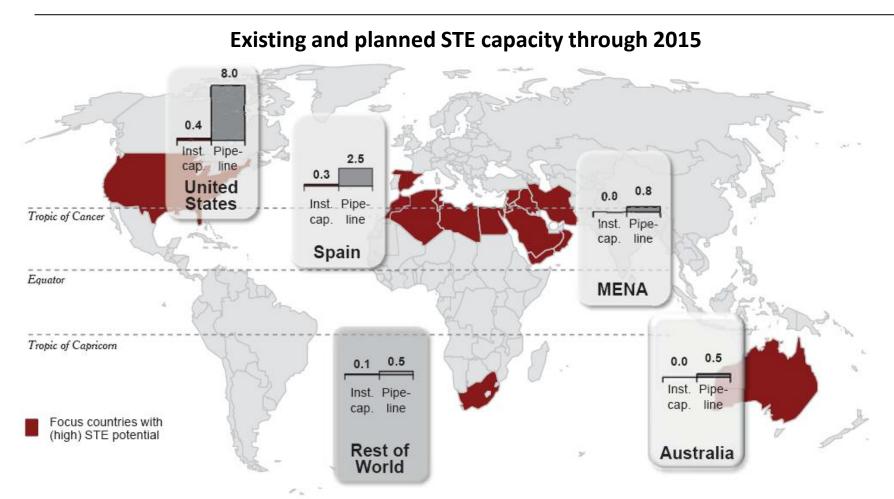


Source: IEA CSP Roadmap 2010

Established Leaders in Flow Control

#### **Concentrated Solar Power**



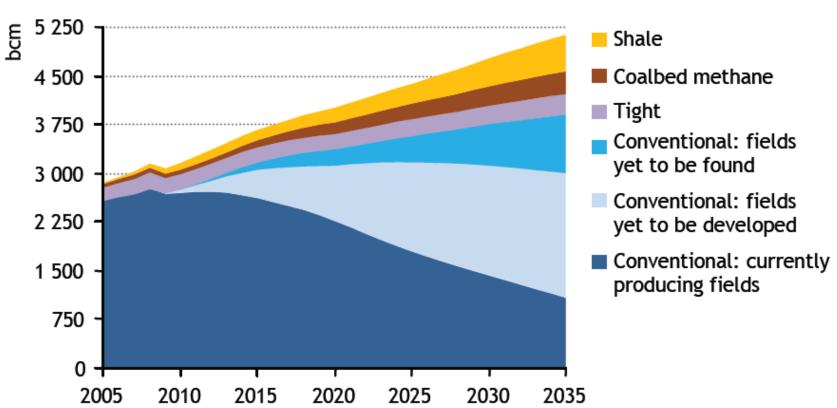


Source: ESTELA Solar Thermal Energy 2025 Sole ownership of AT Kearney June 2010

**Unconventional Gas** 



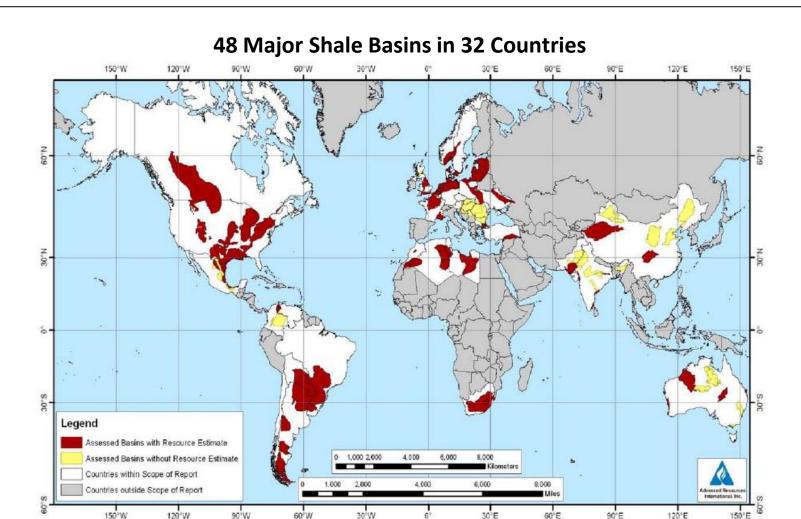
#### **Natural Gas Production by Source in the IEA GAS Scenario**



Source: IEA WEO 2011 Golden Age of Gas Report

#### **Unconventional Gas**



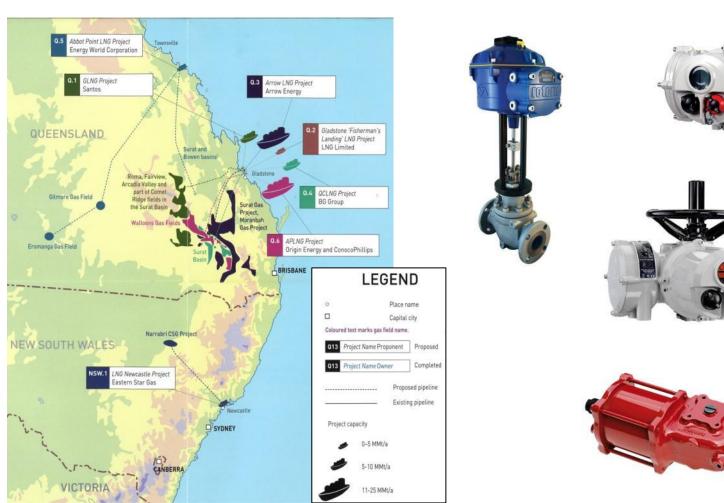


Source: U.S. Energy Information Administration (April 2011)

Established Leaders in Flow Control

#### Australian Coalbed Methane and LNG Plants







Source: Great Southern Press Pty Ltd

Established Leaders in Flow Control

# Operations – Investment Plans

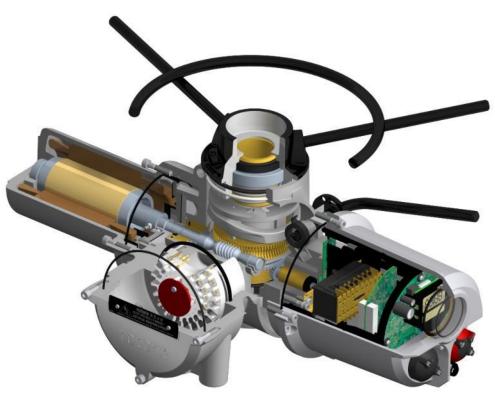
Alastair Spurr
Group Operations Director





#### Manufacturing Model – Make Vs Buy



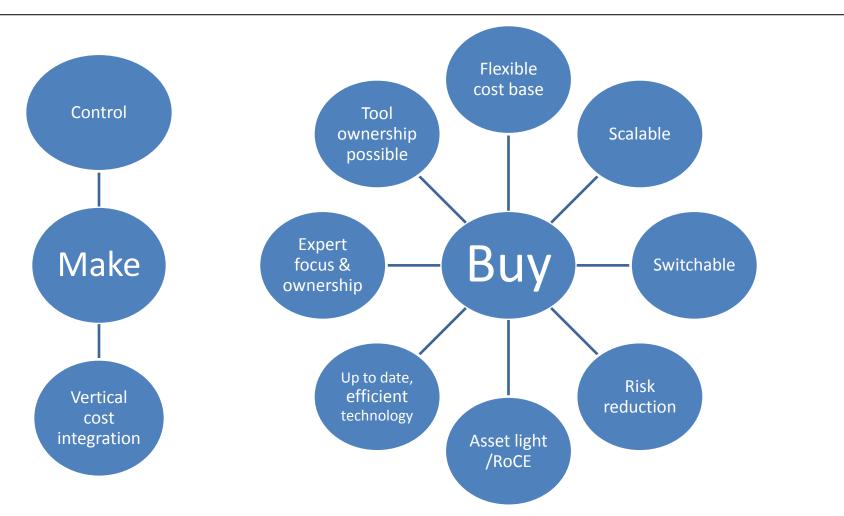


- Aluminium foundry
- SMT PCBA
- Plastic moulding
- Motor laminations
- Motor winding
- Turning
- Horizontal machining centre
- Zinc die-casting
- Hobbing and gear cutting
- Iron foundry
- Powder coating

# Operations – Investment Plans

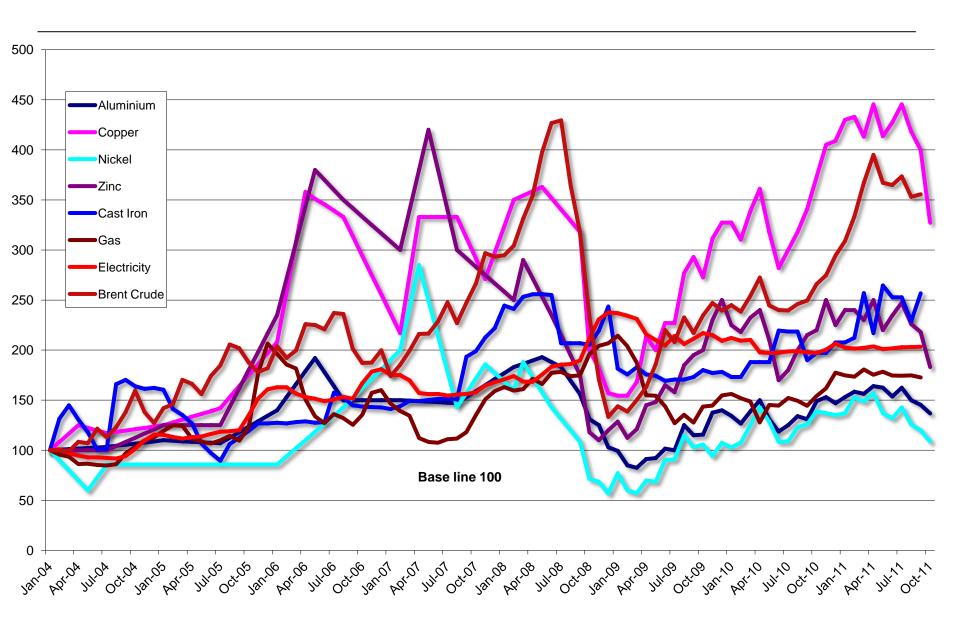
#### Manufacturing Model – Make Vs Buy





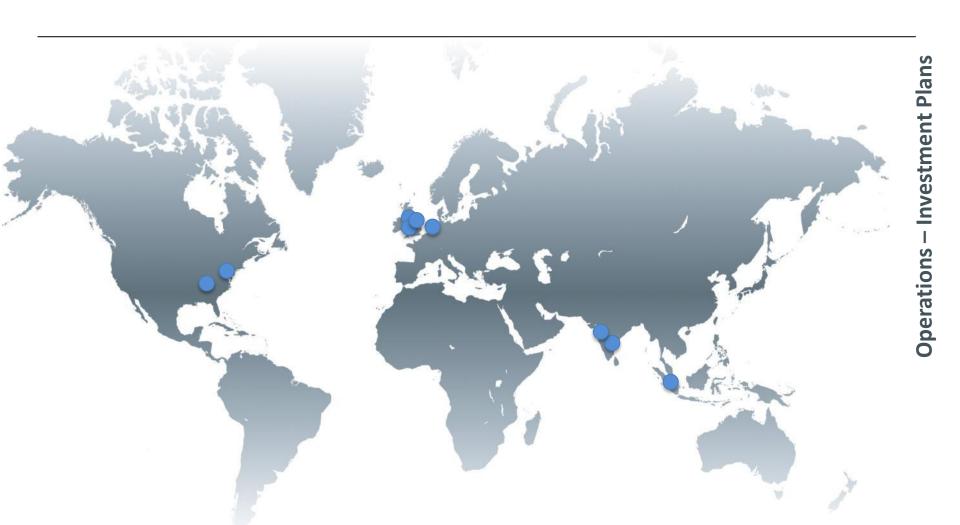
# **Commodity Prices**





# **Manufacturing Locations 2005**





9 Manufacturing Facilities

# **Manufacturing Locations 2011**

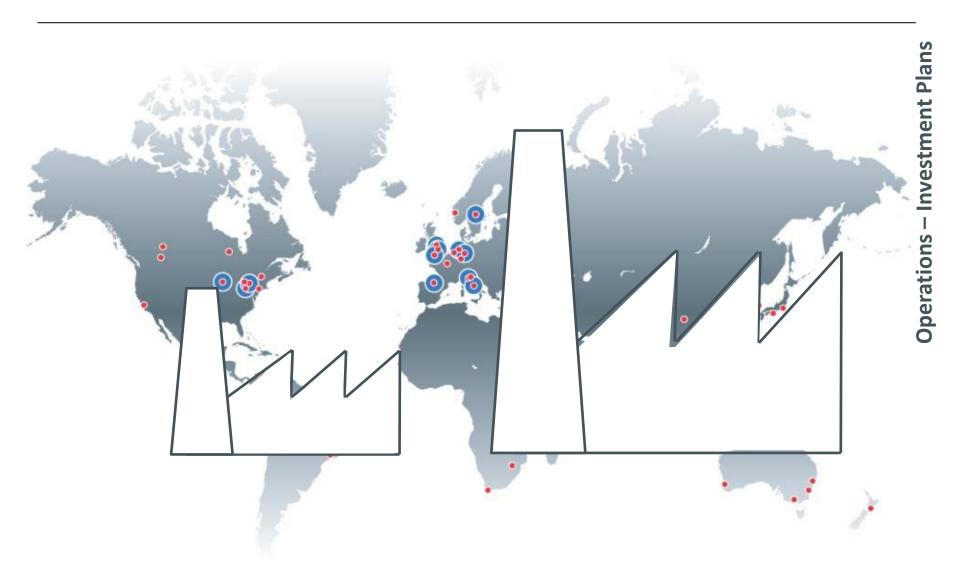




19 Manufacturing Facilities

### **Manufacturing Locations**





Established Leaders in Flow Control

#### India – How it was





Established Leaders in Flow Control

#### India

# **rotork**®







**Established Leaders in Flow Control** 

#### **Houston & Lucca**







**Established Leaders in Flow Control** 

# **rotork**®





**Established Leaders in Flow Control** 



# **Controls Division**

Grant Wood
Managing Director





#### **Product Range**

















Q A/AWT

NA

**ROM** 

#### **Modulating/Process Control**











CVA GPSA

1000 Series

2000 Series

6000 Series

#### **Control Networks**







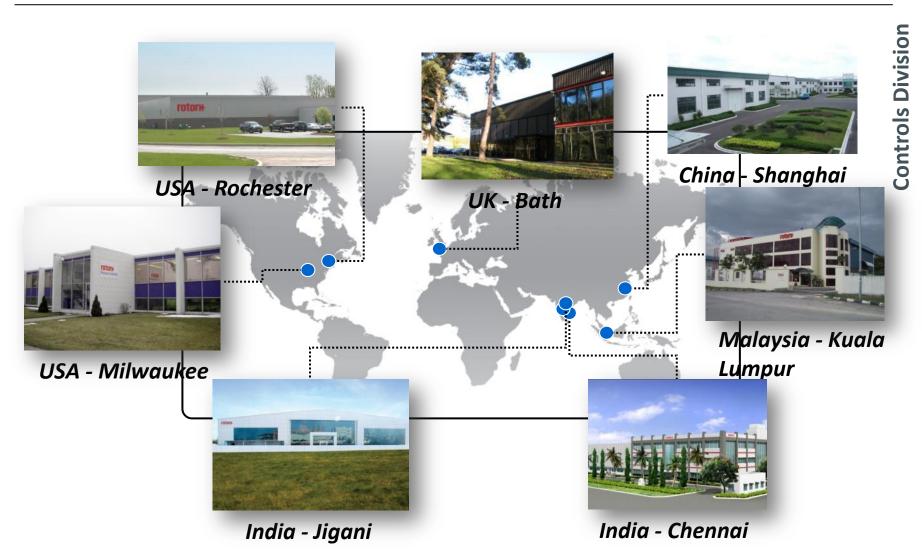
**Modbus**<sup>®</sup>



The Electric Actuation Market Breaks Down into Two Segments. On/Off and Fully Modulating. Our Aim is to Have Full Coverage of Both.

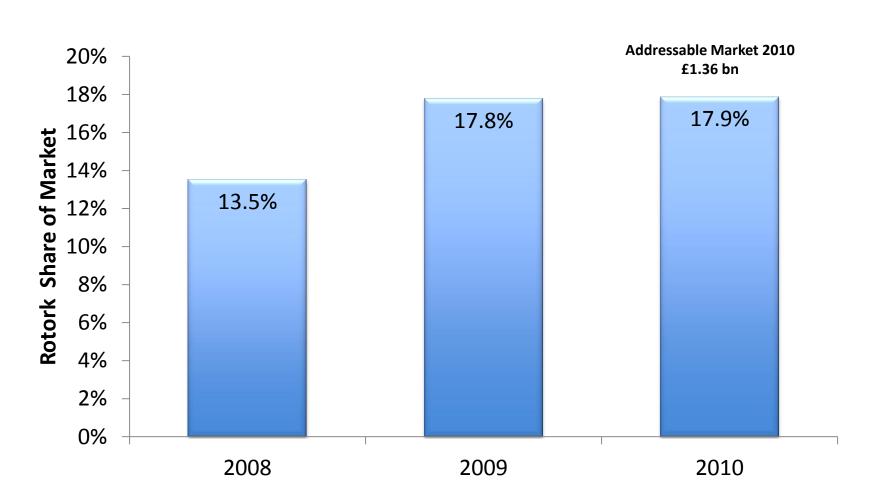
#### **Main Sites**





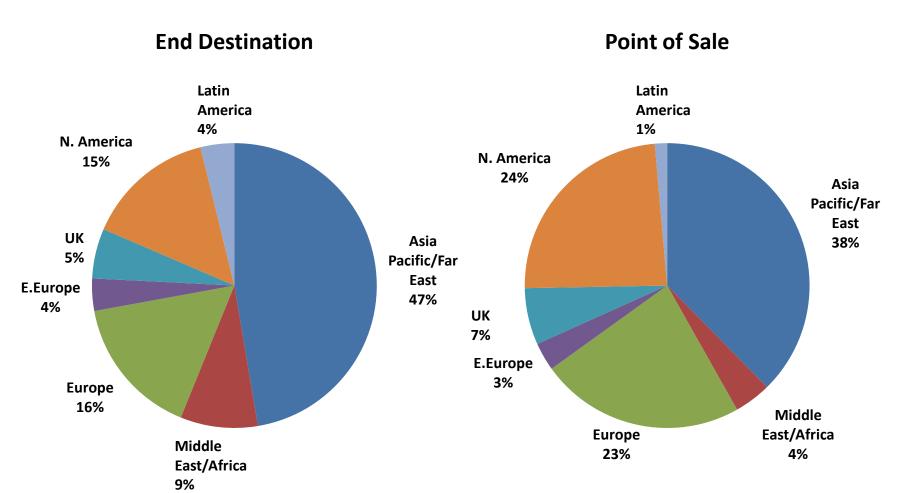
Multiple Sites Providing Global Supply, Local Content and Disaster Assurance





Source: Rotork Internal Data

Established Leaders in Flow Control

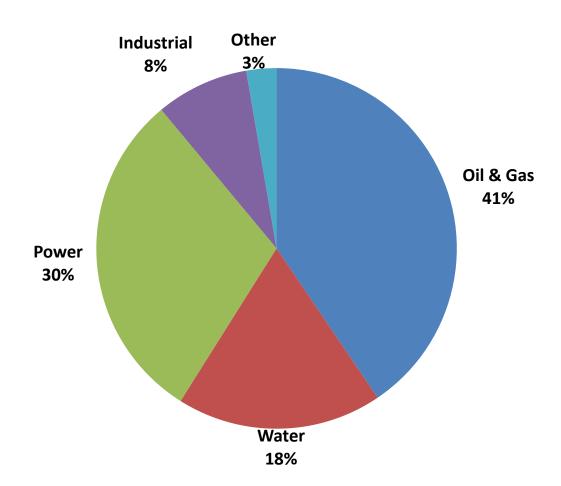


Source: Rotork Internal Data

Sales Distributed Across the Globe Providing Resilience Against Individual Country Downturns as well as a Spring Board for Growth

#### **Sales by Industry Sector**





Source: Rotork Internal Data

Our Business is well Distributed Across our Traditional Sectors. There is still Growth to Come From These and Other Sectors.

#### Centork



**Controls Division** 









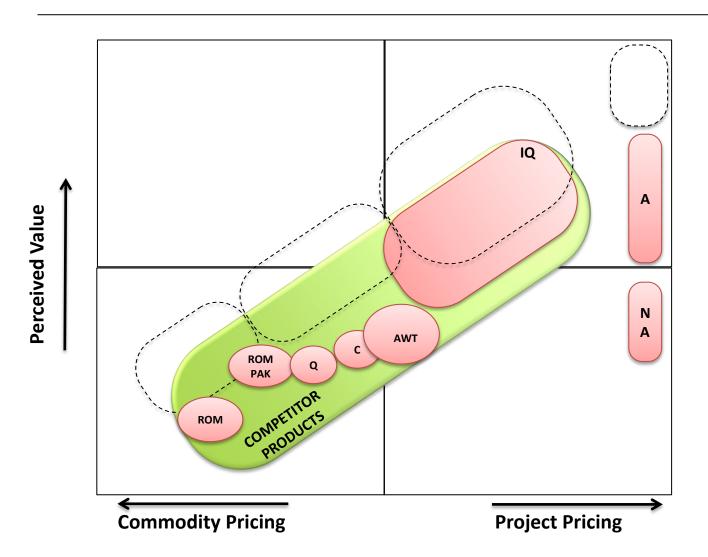






# **On/Off Market Positioning**



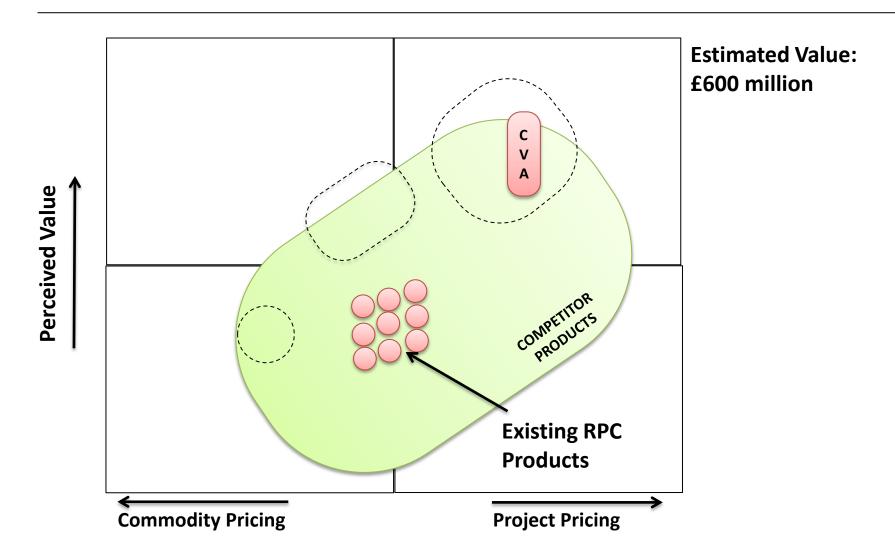


Market Value: £760 million

Significant Organic and Developmental Growth Being Targeted

#### **Fully Modulating Process Control Market**



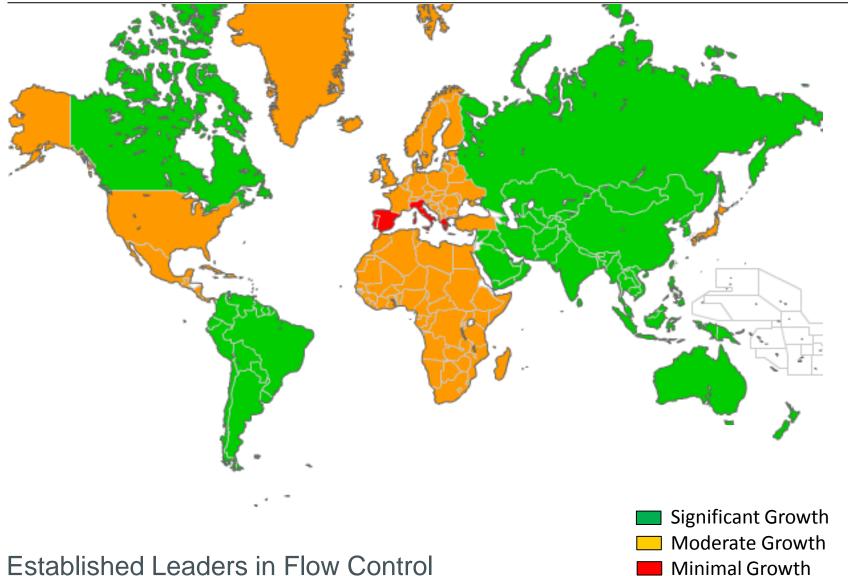


Very Significant Growth Potential in the Process Control Segment

#### **World Growth**







#### **Service – An Integral Part of Our Business**











- Further investment in new business e.g.
   Norway, Mexico
- Further capabilities to service all makes & models
- More large scale (1,000+ units) PM contracts
- Pull through from service activities

When Customers Require Us – We Are There



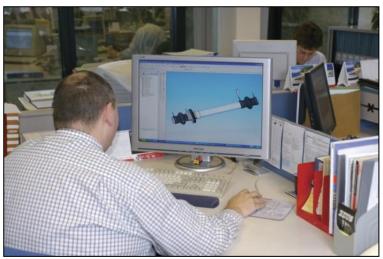
- Projects, service and retrofit
- 47 service centres in over 20 countries globally with agents providing support services in another 55 countries
- Over 1,000 technicians supporting Rotork customers (employed staff and fully trained service agents)

"The world's largest and most widespread actuation team"

#### A Broad Range of Offerings...



- Field Services
- Retrofit Services
- Actuator Overhaul
- Preventative Maintenance
- Shutdown Outages
- Extended Scope
- Spare Parts
- Factory Fit
- Technical Support
- Product Training





...from Up Front Project Design to Post Sales Support.

#### **Summarising Growth Opportunities**



- Product developments extending customer preference and our ability to be specified
- Continued organic sales growth through having a portfolio of competitive products
- Global sales coverage with increased infrastructure in the high growth territories
- Significant additional revenues from increased services activities which in turn will pull future end user sales





#### Fluid Systems Division

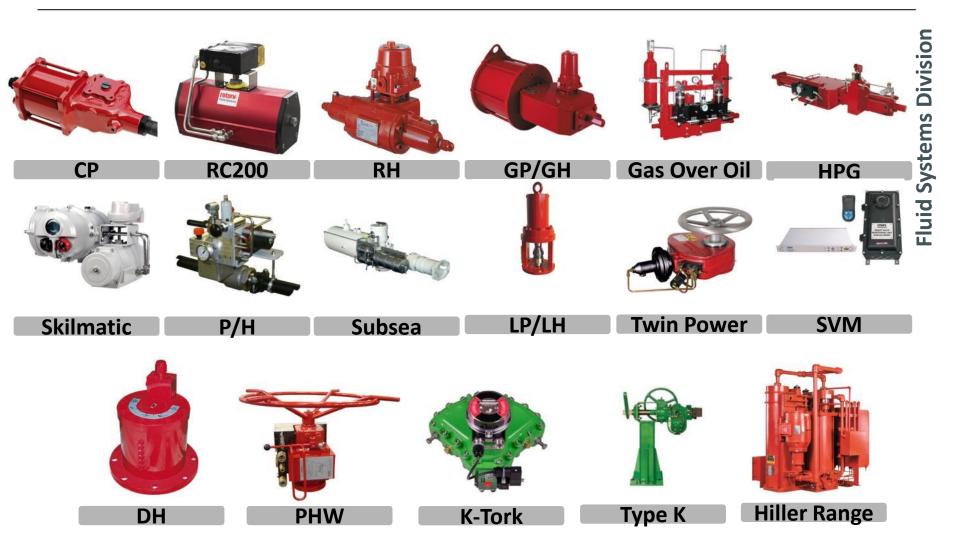
Alex Busby Managing Director





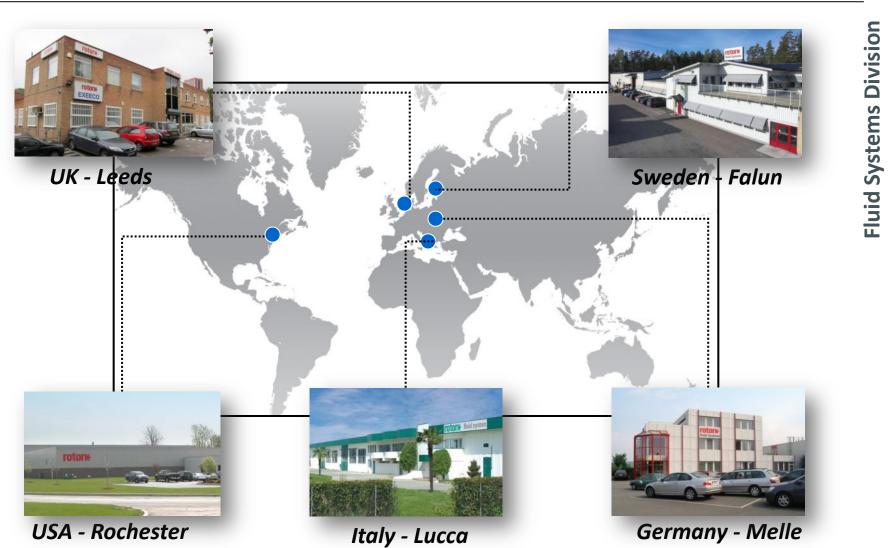
#### **Product Range**





#### **Main Sites**





Established Leaders in Flow Control

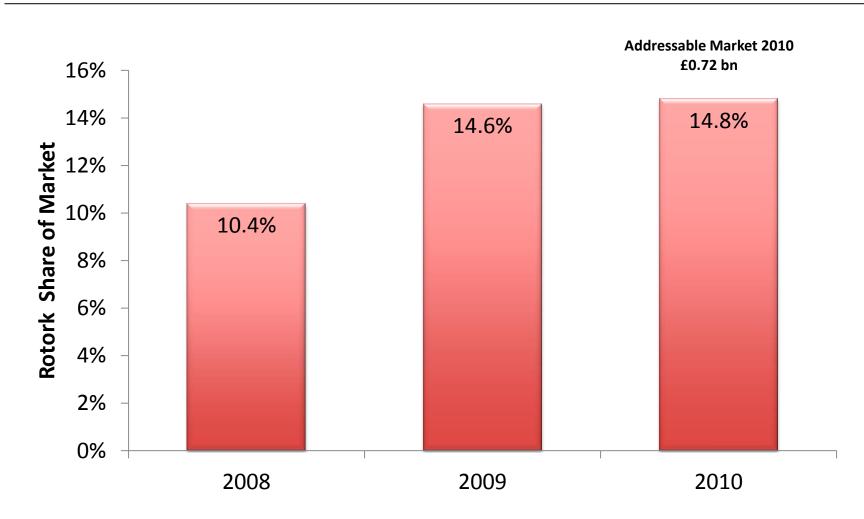
76

#### **Centres of Excellence**



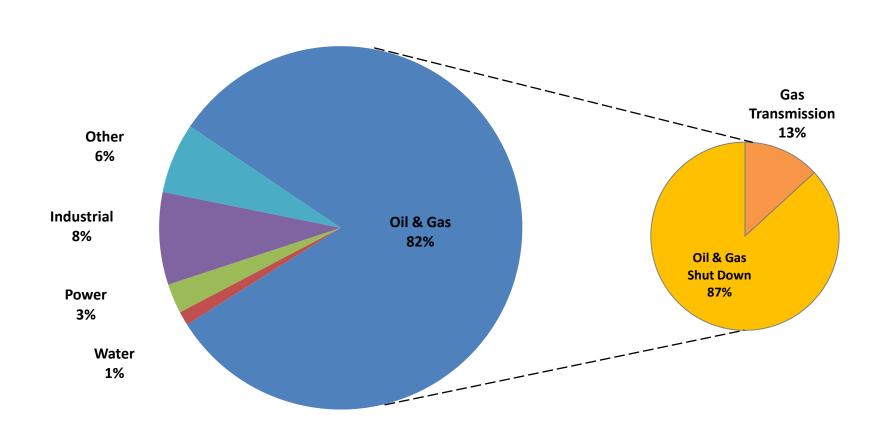






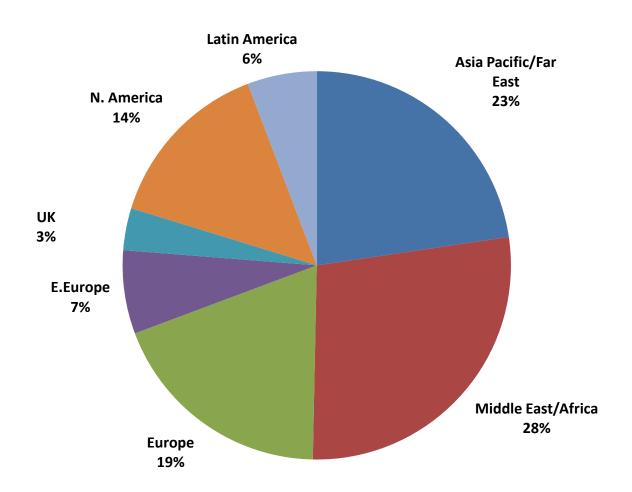
#### **Sales by Industry Sector**





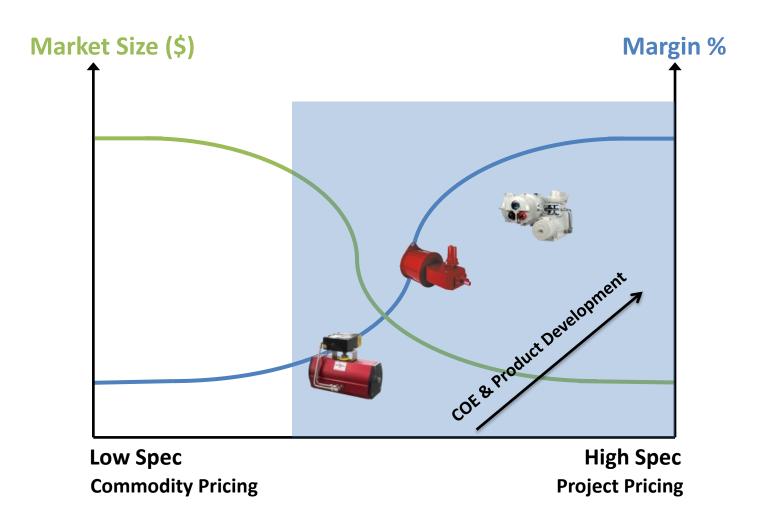
#### **Sales by End Destination**



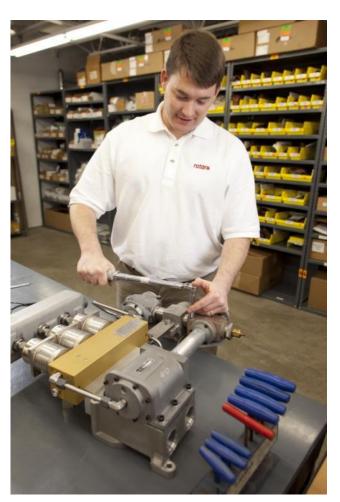


#### **Market Positioning**





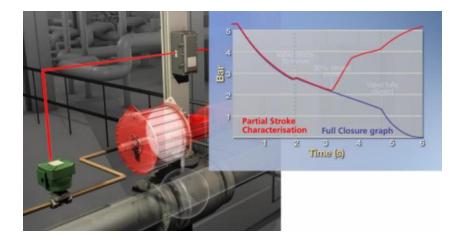
- Provides local support
- Influence and supply to specifications
- Project management close to customer base
- Added value (controls, testing etc.)
- Positioned for geographic and organic growth



#### **Market Drivers**



- Shutdown systems
- Need for increased diagnostics
- Specific applications / duties subject to increasing local and government/industry requirements



- SIL
- HIPPS
- ROSOV
- Partial Stroke.

Diagnostics



- Subsea
  - Fluid Systems and Gears joint sales and product development strategy





- Subsea
  - Fluid Systems and Gears joint sales and product development strategy

- Nuclear
  - Group strategy for products and markets



- Hiller
  - Nuclear product line
    - Quarter-turn
    - Linear
  - Current Site Services program
  - Distribution products



#### **rotork**®

- Access to power, water and municipal markets
- Currently focussed on USA and LAM market potential
  - Plans for new geographic sales
  - Centres of Excellence selling the product portfolio
- Continued product development





- Fluid Systems continuing to invest in recent acquisitions
  - Sales
  - Product
  - Positioning for growth
- Increased Research & Development spend
  - New products
  - Cross divisional initiatives
  - Differentiators from competition
- Investing for growth in specific manufacturing plants



- Site Services significant installed base around the world
- Joint Fluid Systems/Controls services teams cross trained
- Centres of Excellence and factories positioned with Site Service dedicated teams

# Fluid Systems Division

#### **Opportunities for Growth**

#### ...Cont'd



- Continued upstream and downstream Capex spend
- Product development and value engineering
- New products and broader market focus
- Increasing need for diagnostics
- Specifiable products
- Centres of Excellence's positioned in key geographies
  - Adding value
  - Specification selling
  - Project/product selling



### **Gears Division**

David Littlejohns
Managing Director

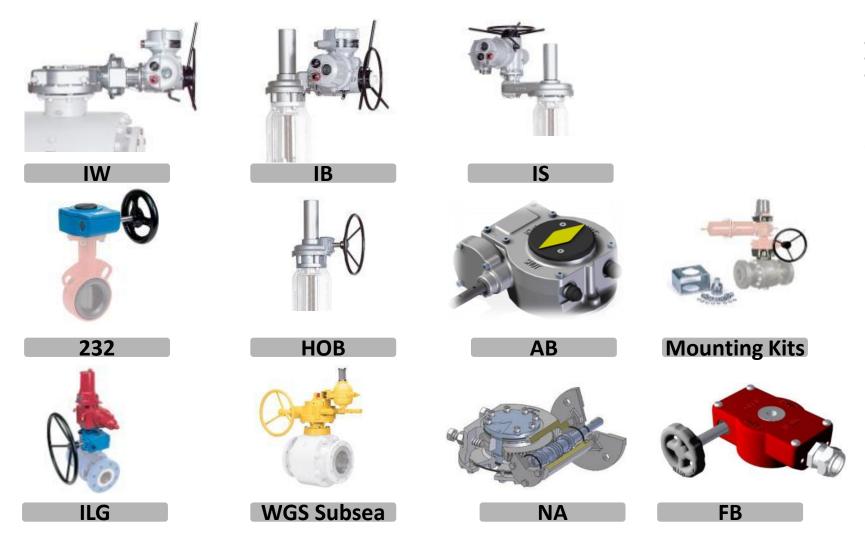




## **Gears Division**

#### **Product Range**





Established Leaders in Flow Control

#### **Main Sites**

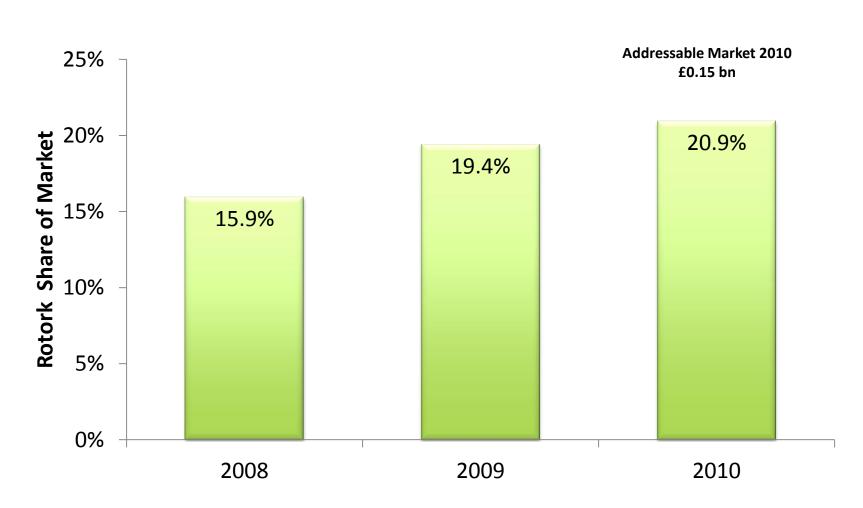




#### **Market Share**

#### 3<sup>rd</sup> Party Manual Gears Only

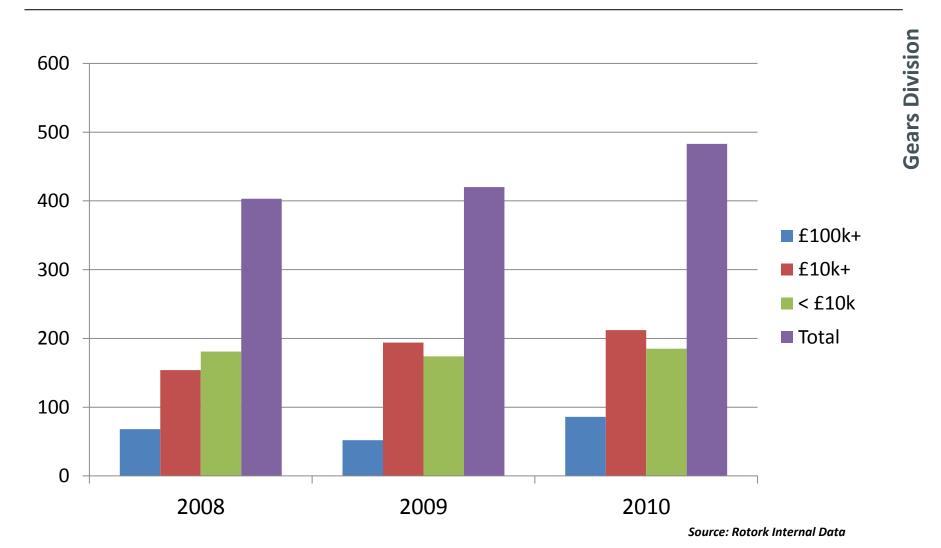




#### **Recurring Customer Profile**

Number of Customers by Input Range



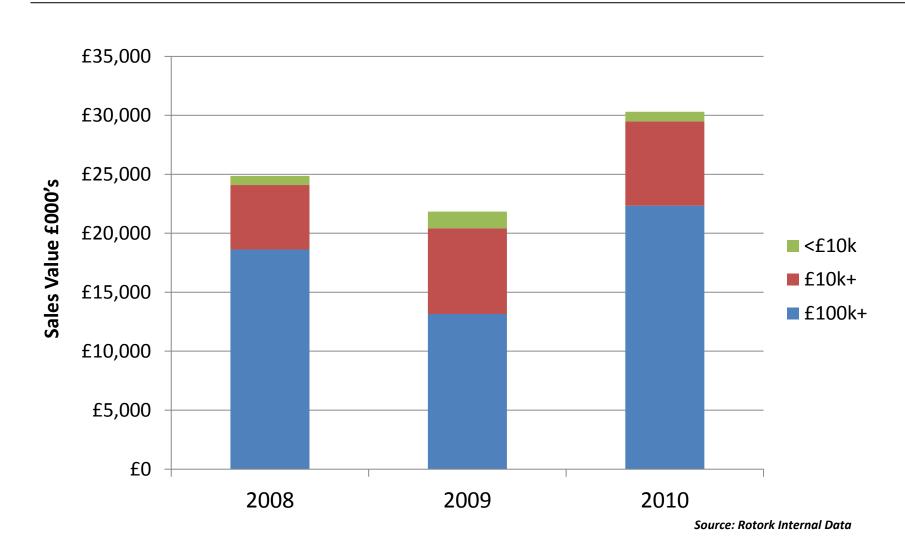


### **Gears Division**

#### **Recurring Customer Profile**

**rotork**®

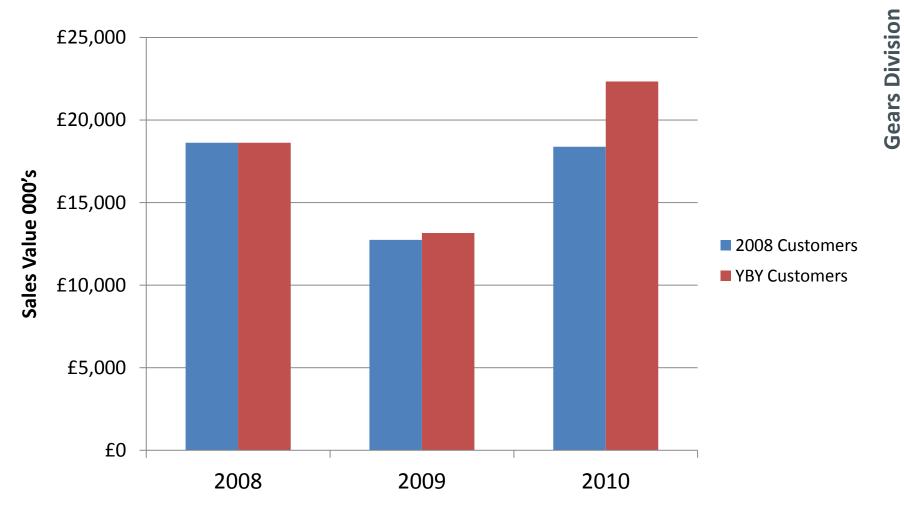
3<sup>rd</sup> Party Input Value by Customers per Input Range



#### **Customer Profile**

+£100K Customer Development

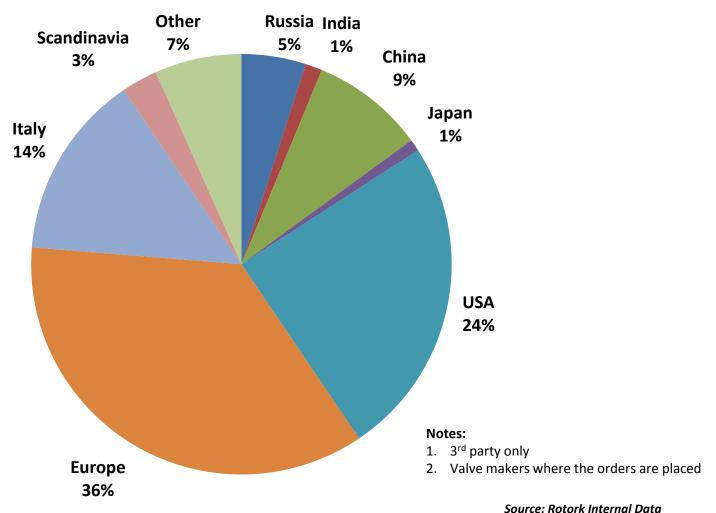




Source: Rotork Internal Data

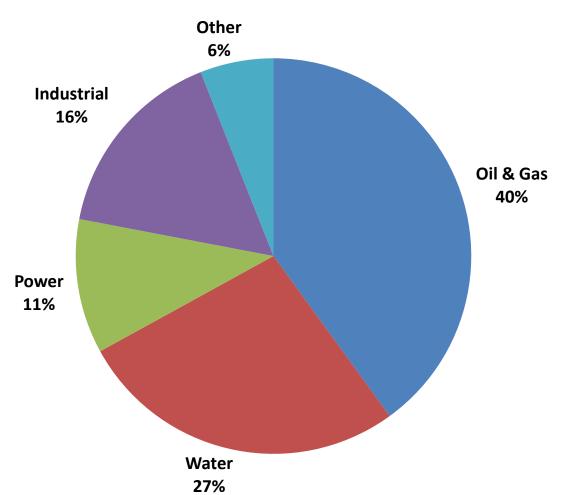
#### Sales by Region





#### **Sales by Industry Sector**

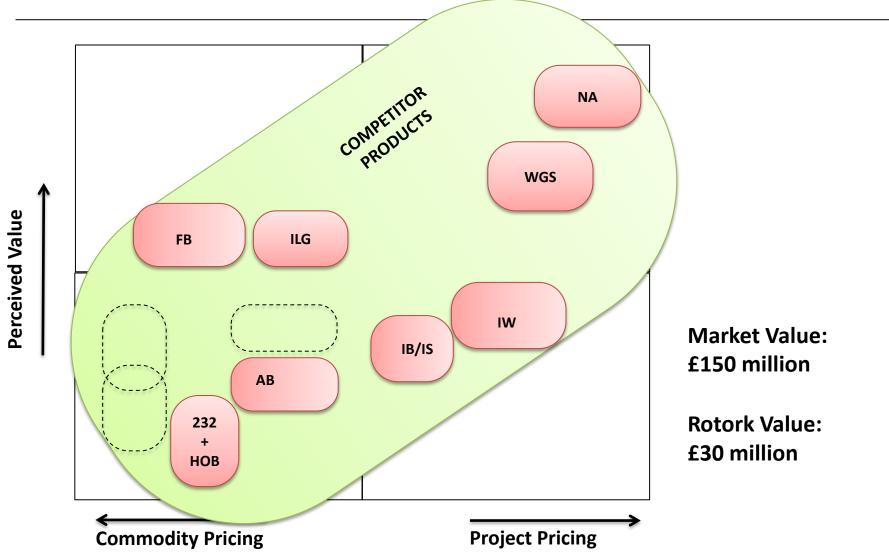




#### **On/Off Market**



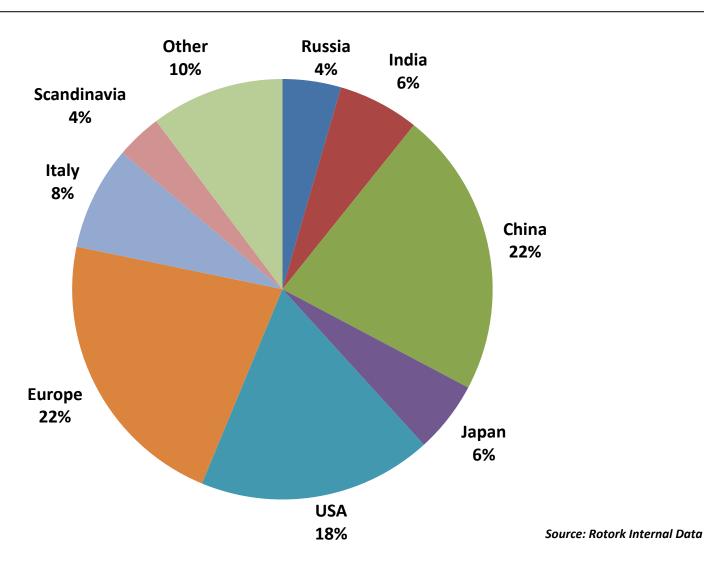




#### **Growth Opportunities**

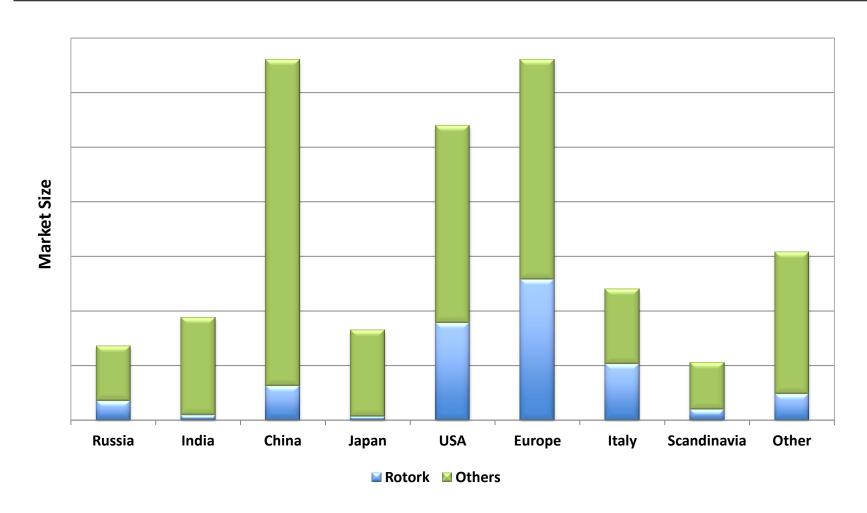
#### The Market for Manual Gears





#### **Growth Opportunities by Region**

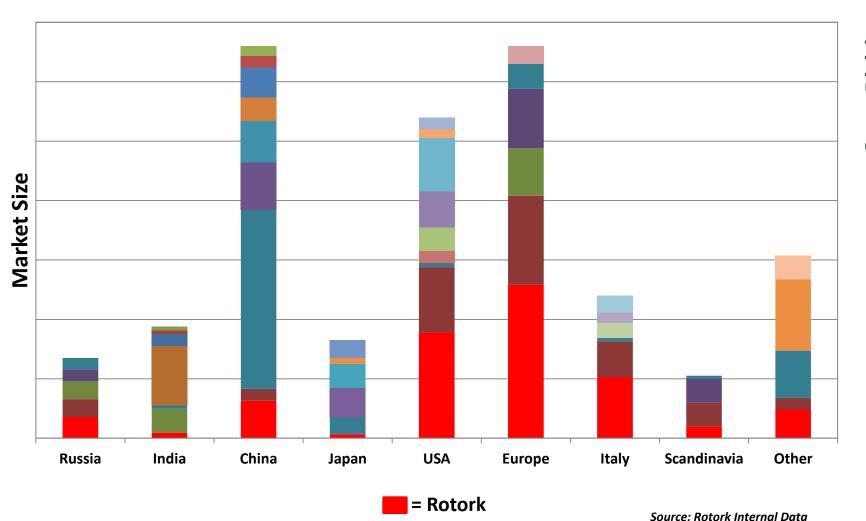




## **Gears Division**

#### Our Competition – By Region





### **Gears Division**

#### Opportunities – 3 New Product Introductions **rotork** planned for 2012





**New Product 1** 



**New Product 2** 

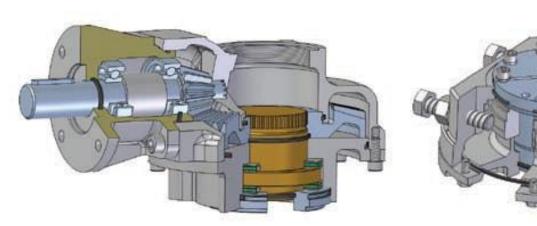


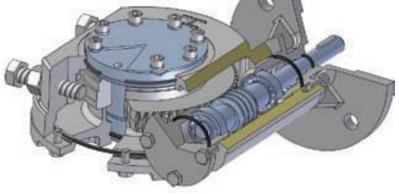
**New Product 3** 

#### **Growth Opportunities**



- Fully qualified quarter turn and multi-turn motorised options already exist
- Further product development/qualification for manual product offering ongoing





IBN & ISN Multi-turn bevel & spur

**IWN** Quarter-turn worm



- Our customers are valve makers
- Russia, India And China
- USA and Japan
- Fire Safety FM/UL market (FB Range)
- Nuclear (NA range)
- Subsea (WGS range)
- New product implementations planned for 2012
- Acquisition(s)



## Research & Development

Graham Ogden

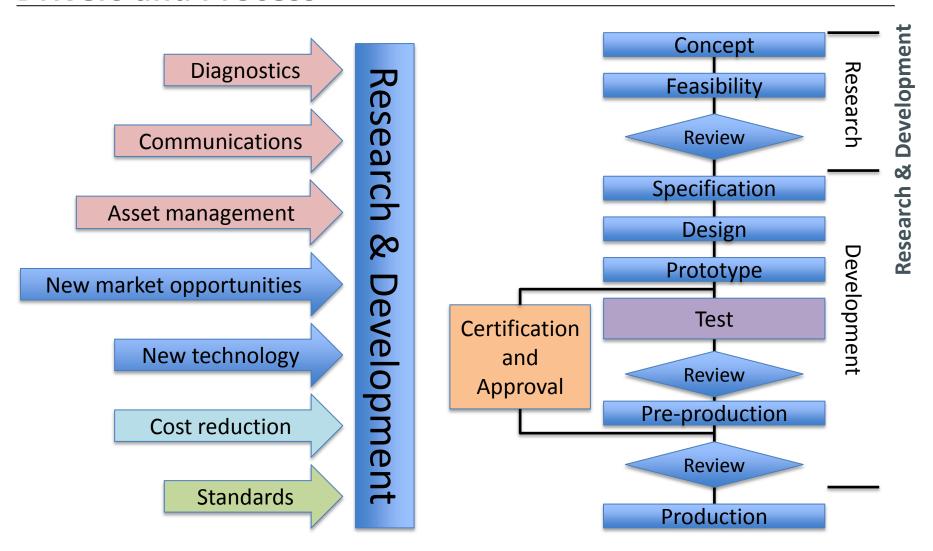
Research & Development Director





### Research & Development Drivers and Process

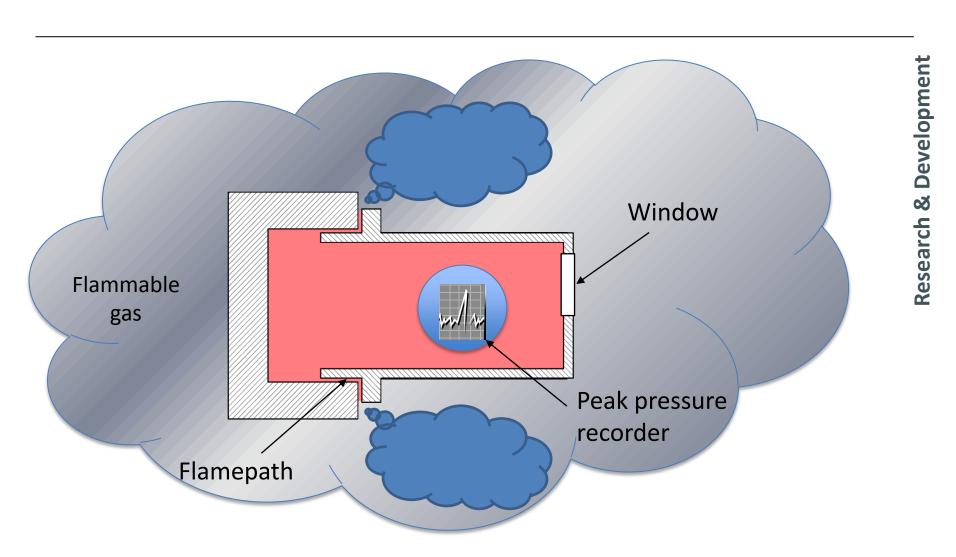




Key Driver of Organic Growth

#### **Approval of Flameproof Equipment**

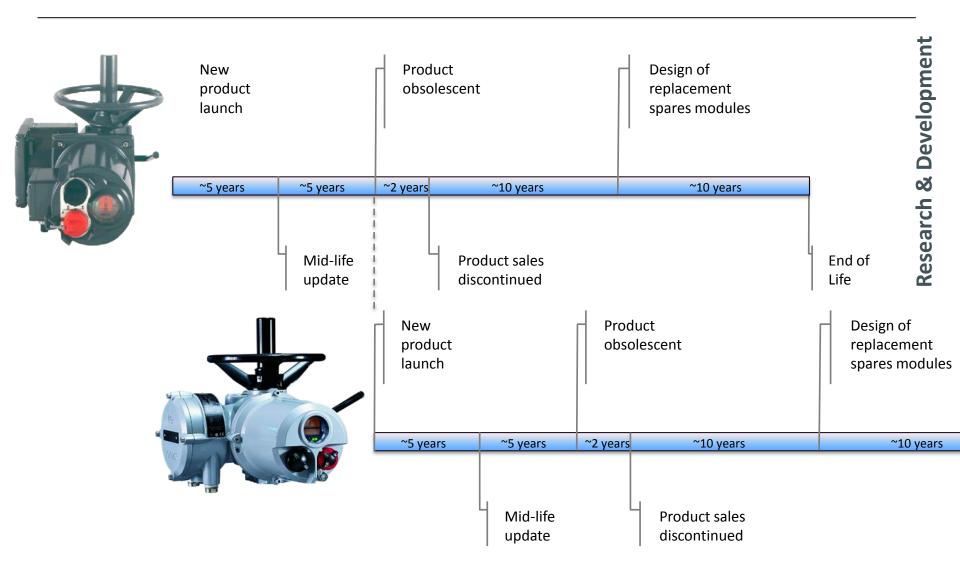




Strong Capability in International Product Approval

#### **Product Lifecycle**





# Research & Development

#### **Development Centres**



#### **Controls**

- Bath, UK
- Milwaukee, US
- Chennai, India

#### Fluid Systems

- Lucca, Italy
- Leeds, UK
- Pittsburgh, Rochester, US
- Chennai, India

#### Gears

- Leeds, UK
- Chennai, India



#### **RIDEC**

- Group Development Centre Chennai, India
- Opened October 2010
- Planned to grow to 30 engineers during 2012
- Will move into new facility during 2012
- Supports all Engineering disciplines
- New facility will also house a Product Test/Assessment facility



- Addition of new test facilities in Leeds and Chennai
- Increasing number of dedicated development engineers
- Investing in CAD/CAE tools to improve efficiency, enhance capability and shorten development time
- Group wide development initiatives

#### **2011 New Product Introductions**

#### rotork®

- Introduction of new gearbox for fire systems including indication switches
- Extension of CVA range to include 5,000 lbf derivative
- Updated range of SI electrohydraulic actuators incorporating IQ Pro technology
- Release of Wireless Pakscan system





- Next generation IQ
- New small gearbox range
- Compact modulating actuator range to complement CVA
- Larger size quarter-turn CVA
- Updates to nuclear product range

### Concluding Remarks

Peter France CEO





#### **Building on Rotork's Success**



**Concluding Remarks** 

Strong Competitive Advantages Smart Selling

**Product Portfolio** 

Market Coverage

Manufacturing Model

#### **Building on Rotork's Success**



Consistent
Execution
and
Performance

Revenue Profit ROCE Dividends

## **Concluding Remarks**

#### **Building on Rotork's Success**



Focused on Growth of Products and Services Continuous Development of Sales & Service Network Clear Strategy **Development of Products and Services** and Goals Fair and Ethical Employer **Good Corporate Citizen** 





#### **Building on Rotork's Success**





Strong Competitive Advantages

Consistent
Execution
and
Performance

Clear Strategy and Goals

Opportunities for Growth



**Additional Information** 





#### **Biographies**





#### Roger Lockwood Company Chairman

Roger has been a non-executive director of Rotork p.l.c. since joining the Board in 1988 and became non-executive Chairman in November 1998. He is Chairman of the Nomination Committee. He is Chairman of The Colston Engineering Services Limited and Hydro International plc and has previously held CEO roles in automotive and engineering businesses.



#### Peter France Chief Executive Officer

Peter joined Rotork in 1989 and in 2008 was appointed Chief Executive of Rotork p.l.c. Prior to that appointment Peter has had roles within Rotork as Chief Operating Officer, Managing Director of Rotork Fluid Systems, Director of Rotork's Singapore company with responsibility for South East Asia and in International Sales.



Jonathan Davis
Group Finance Director

Jonathan joined Rotork in 2002 as Group Financial Controller, becoming Finance Director of the Rotork Controls Division on 1st January 2008. Jonathan is a Chartered Accountant and has held finance roles within a number of listed public companies.

#### **Biographies**





**Graham Ogden Research & Development Director** 

Graham holds a PhD and 1st class honours degree in electronic engineering from Bristol University and has been with Rotork since 1985. Since joining Rotork, Graham has been closely involved in product development including our awardwinning IQ series. He was appointed to the Rotork Controls Divisional board in 1997 as Research & Development Director and joined the Board of Rotork p.l.c. in January 2005.



John Nicholas
Non-Executive Director

John was appointed to the Board in 2008 as a non-executive director. He was previously Group Finance Director of Tate & Lyle plc and Kidde plc. He is also a non-executive director of Mondi plc, Hunting plc and Ceres Power Holdings plc and is a member of the Financial Reporting Review Panel of the Financial Reporting Council ('FRC'). He is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.



Gary Bullard
Non-Executive Director

Gary joined the Board in June 2010 as a non-executive director. He has his own management consulting practice, focusing on the technology and telecommunications sector. He is also Founder and CEO of Catquin, a company which supports senior female executives in furthering or diversifying their careers. He previously held senior management positions, including sales and marketing roles, at IBM and BT Group plc. He is also a non-executive director of Chloride Group plc. He is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

## **Additional Information**

#### **Biographies**





**Stephen Jones Legal Director and Company Secretary Group Sales & Marketing Director** 

Stephen joined Rotork in 1999. He is **Group Legal Director and Company** Secretary. He is a Solicitor and has held previous positions in industry and private practice.



**Carlos Elvira** 

Carlos joined Rotork in 1981 as an engineering graduate, becoming our first Graduate Trainee in International Sales. He became Middle East and European International Area Manager in 1984 and later International Sales Manager in 1989. He has been Sales and Marketing Director since 1999.



**Alastair Spurr Group Operations Director** 

Alastair joined Rotork in 2005 as Operations Director of the Rotork Controls Division and is a member of the Rotork Management Board. He is a Chartered Engineer and has previously held positions within the engineering, construction and retail industries.

#### **Biographies**





**Grant Wood Managing Director: Rotork Controls** 

Grant was appointed Managing
Director of Rotork Controls and joined
the Rotork Management Board in
March 2011. Grant joined Rotork in
2006 as director of Rotork Site Service
('RSS') following a career in
management consultancy and the
utility industry. He has been
responsible for driving Rotork Site
Services forward over the last four
years.



Alex Busby Managing Director: Rotork Fluid Systems

Alex joined in 1985 and spent four years at Rotork. He then went to a major competitor where he held various management roles in Asia and Europe. On rejoining Rotork in 2003 he became Business Development Manager, then Business Development Director, before taking on the role of Managing Director at Rotork Fluid Systems.



David Littlejohns Managing Director: Rotork Gears

David joined Rotork in 1985 working in the engineering design department. He moved to the USA in 1996 as an engineer in our plant in Rochester, New York from where he moved into a Sales role, initially on the East coast and latterly as Sales Manager in California. In 2006, he returned to the UK as Managing Director of the Rotork Gears Division.