



Tomkins First Quarter 2003 Results

22 May 2003





Financial Review

Ken Lever, Chief Financial Officer



Information Presented

- Period:
 - Q1 2003 – 95 days to 5 April 2003
 - Q1 2002 pro forma – 98 days to 30 March 2002
- US dollar and US GAAP information
- Abbreviated note disclosure
- Average exchange rates:
 - Q1 2003 £1=\$1.59
 - Q1 2002 £1=\$1.43
- Balance sheet exchange rates:
 - Q1 2003 £1=\$1.56
 - Q1 2002 £1=\$1.43

Financial Highlights

- Reported sales of £819.5m (Q1 2002: £862.4m)
 - Underlying increase of 5.9%
- Reported operating profit of £67.4m* (Q1 2002: £71.4m)
 - Underlying rise of 9.4%
- Strong performance from I&A
 - Underlying sales up by 10.0%
 - Underlying operating profit* up by 26.5%
- Strong net cash: £171.5m (31 Dec 2002: £157.6m)
- US operating income** was \$111.3m (Q1 2002: \$83.8m)

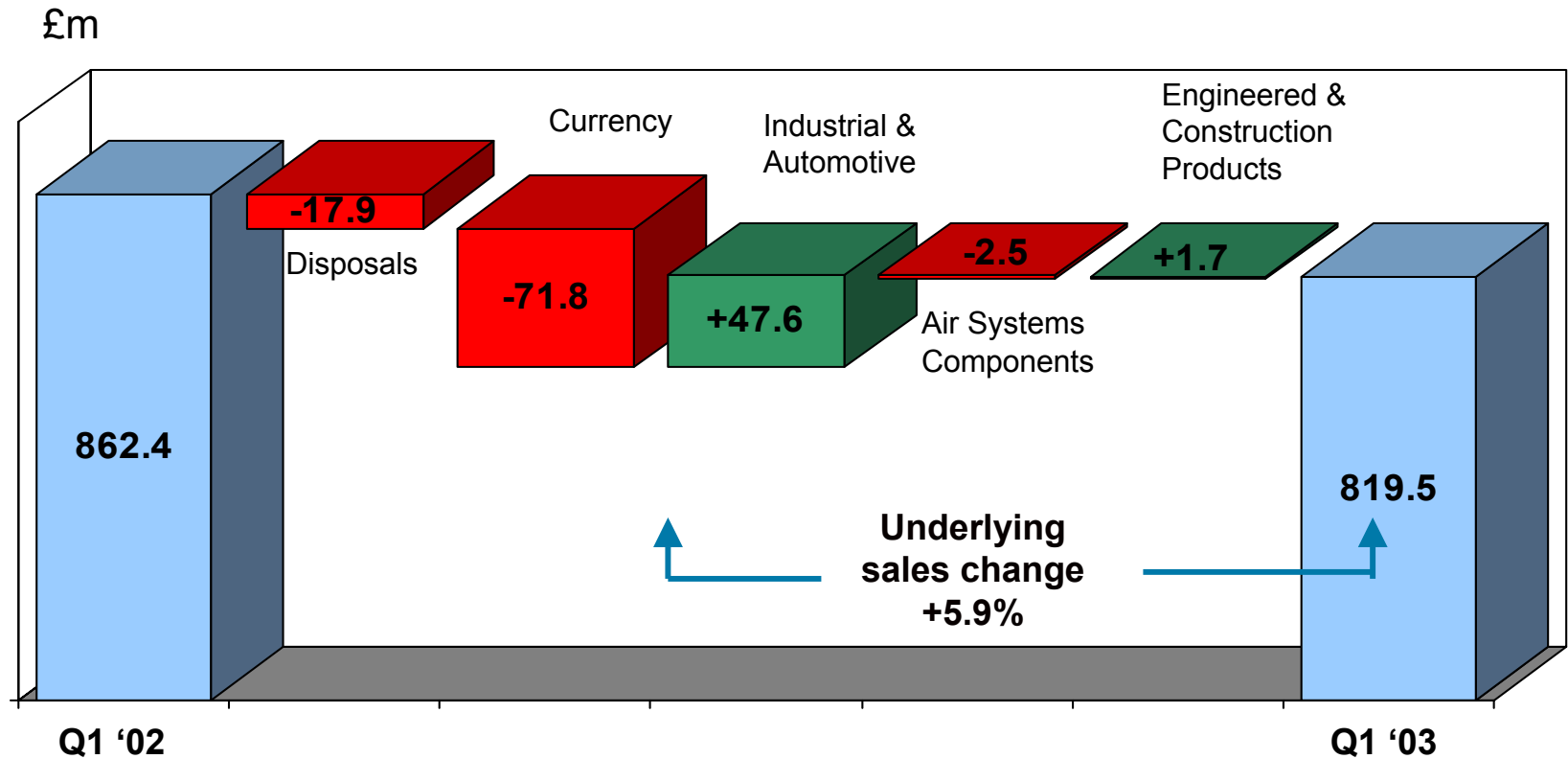
* Before operating exceptional items and goodwill amortisation

** Before goodwill amortisation

Summary Profit & Loss Account

£'m	Q1 '03	Q1 '02
Sales	819.5	862.4
Operating profit including associates	59.0	59.5
Profit on disposals	2.5	-
Profit before interest	61.5	59.5
Net interest	(0.5)	2.1
Profit before tax	61.0	61.6
Tax	(16.4)	(16.2)
Profit after tax	44.6	45.4
Basic earnings per share (p)	4.28	4.42

Sales Bridge



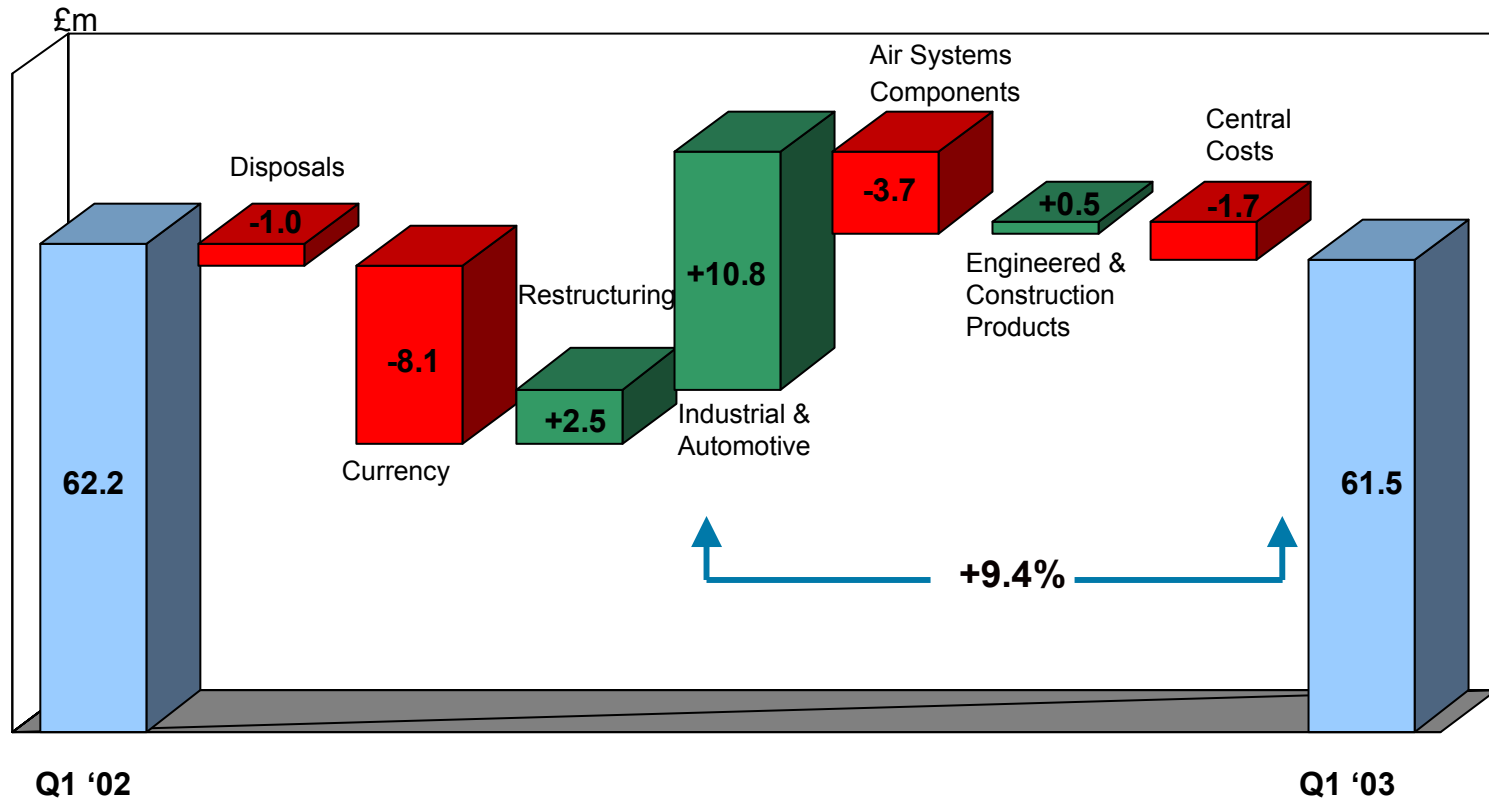
- Dollar decline masks overall improvement
- Strong growth in Industrial & Automotive drives underlying sales increase

Operating Profit

	Q1 '03			Q1 '02		
£m	Before operating exceptional items	Operating exceptional items	After operating exceptional items	Before operating exceptional items	Operating exceptional items	After operating exceptional items
Industrial & Automotive	50.9	(1.6)	49.3	46.6	(9.2)	37.4
Air Systems Components	6.9	(1.4)	5.5	11.9	-	11.9
Engineered & Construction Products	14.3	(2.9)	11.4	16.0	-	16.0
Total of business groups	72.1	(5.9)	66.2	74.5	(9.2)	65.3
Centre	(4.7)	-	(4.7)	(3.1)	-	(3.1)
Total before goodwill amortisation	67.4	(5.9)	61.5	71.4	(9.2)	62.2
Goodwill amortisation	(2.5)	-	(2.5)	(2.7)	-	(2.7)
Total	64.9	(5.9)	59.0	68.7	(9.2)	59.5

- Rationalisation cost overruns cause lower profit in Air Systems Components

Operating Profit* Bridge



- Underlying improvement due to Industrial & Automotive
- Dollar weakness continues to impact reported profit performance

*before goodwill amortisation, including share of associates

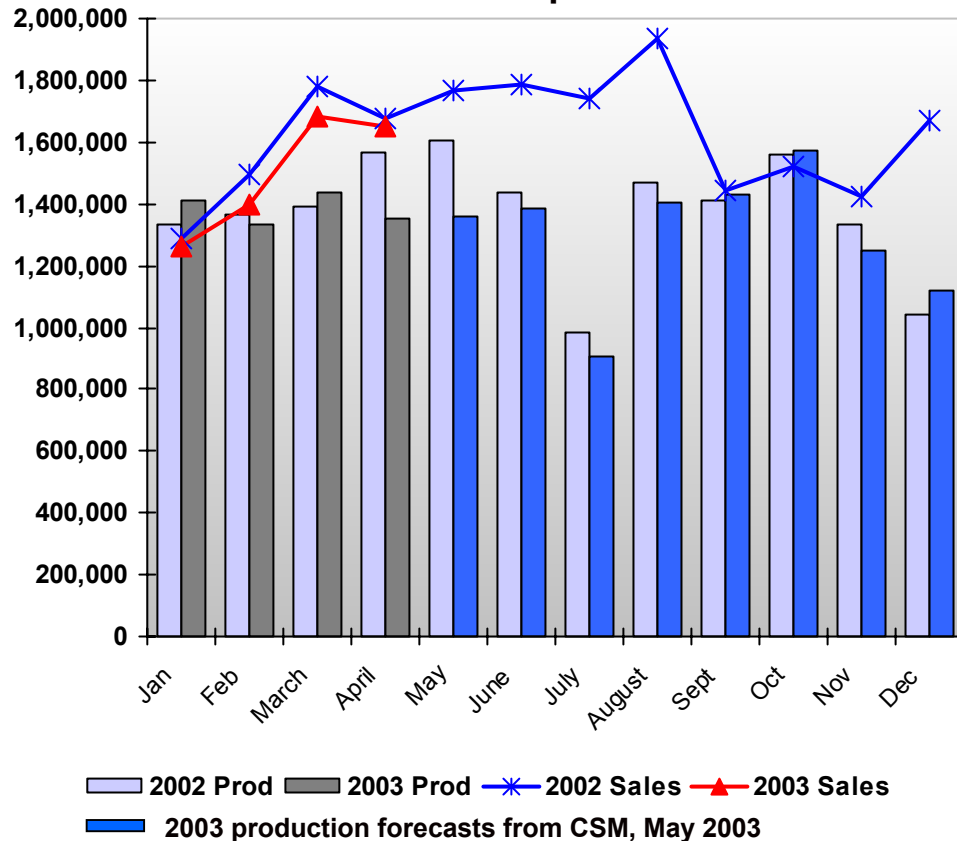
Operating Margins (before goodwill)

	Q1 '03			Q1 '02		
£m	Before operating exceptional items		After operating exceptional items	Before operating exceptional items		After operating exceptional items
Industrial & Automotive	9.9%		9.6%	9.0%		7.3%
Air Systems Components	6.0%		4.7%	9.0%		9.0%
Engineered & Construction Products	7.5%		6.0%	7.4%		7.4%
Total of business groups	8.8%		8.1%	8.6%		7.6%

- Improvement in Industrial & Automotive towards 10 per cent
- Air Systems Components affected by additional costs of plant rationalisation
- Engineered & Construction Products margin holds up

Industrial & Automotive

North American monthly automotive sales and production

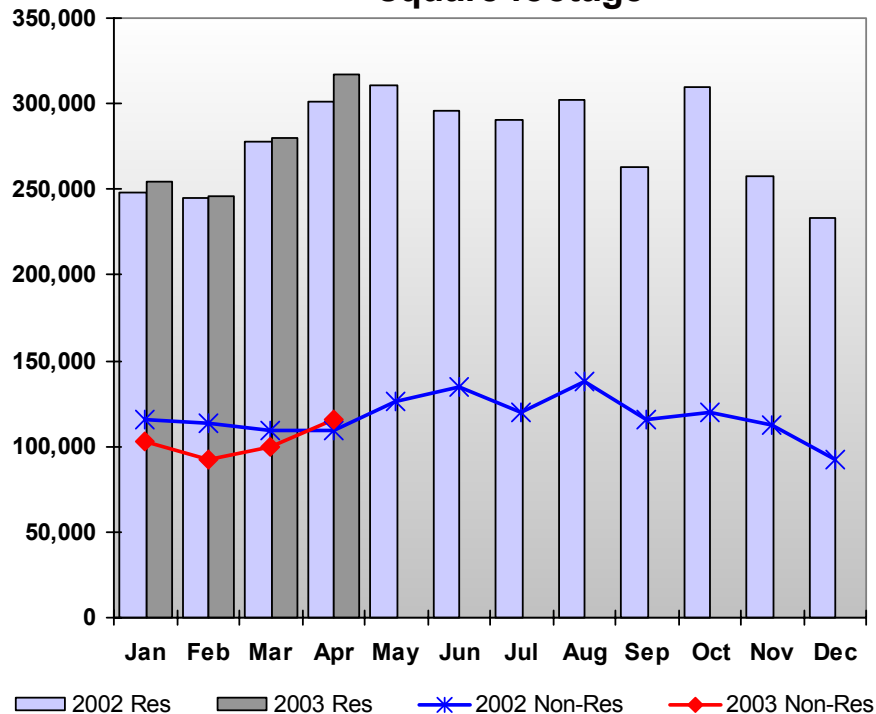


£'m	Q1 '03	Q1 '02
Sales	512.4	515.6
Operating profit*	50.9	46.6
Operating margin*	9.9%	9.0%
*before goodwill and operating exceptional items		

- Generally flat AOE markets
- Good aftermarket demand
- Market share gains
- Underlying sales increase of 10.0% due largely to aftermarket
- Underlying operating profit up 26.5%
- Further benefit from SMIs and focus on lean

Air Systems Components

North American construction
square footage

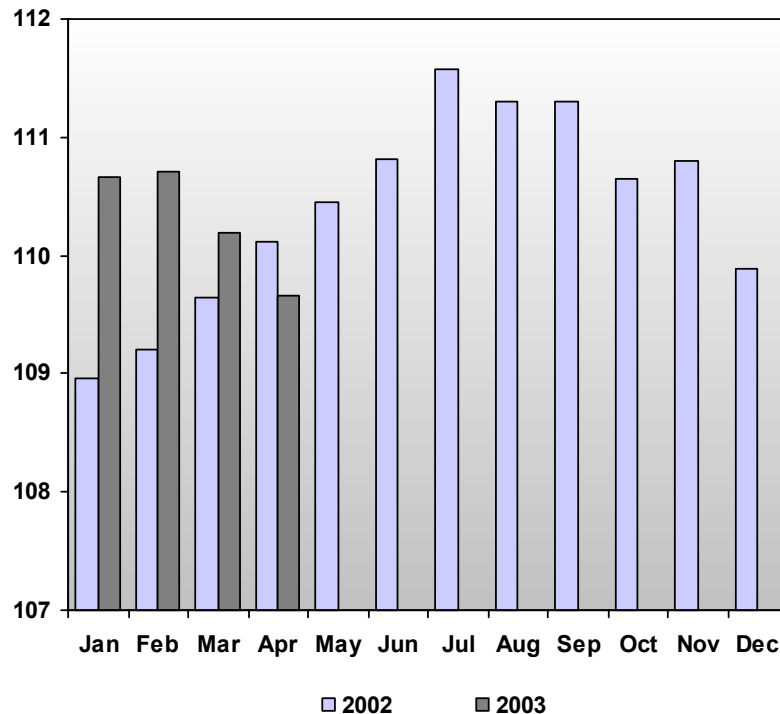


£'m	Q1 '03	Q1 '02
Sales	115.8	131.8
Operating profit*	6.9	11.9
Operating margin*	6.0%	9.0%
*before goodwill and operating exceptional items		

- US non-residential down 13% in Q1
- Mixed signals in residential
- Underlying sales down 2.1%
- Production disruption caused by plant rationalisation programme

Engineered & Construction Products

Index of US Industrial Production



£'m	Q1 '03	Q1 '02
Sales	191.3	215.0
Operating profit*	14.3	16.0
Operating margin*	7.5%	7.4%
<i>*before goodwill and operating exceptional items</i>		

- Weakening markets
- Underlying sales ahead 0.9%
- Underlying operating profit up 3.5%
- Plant integration in UK

Cash Flow

£'m	Q1 '03	Q1 '02
Net cash inflow from operating activities	52.1	116.4
Capital expenditure (net)	(30.5)	(28.6)
Operating cash flow	21.6	87.8
Tax, interest and dividends	(10.0)	(6.1)
Other movements	(4.4)	(6.6)
Net cash flow before disposals	7.2	75.1
Disposals	3.8	6.1
Translation	2.9	1.3
Net cash flow	13.9	82.5
Opening net debt	157.6	40.9
Closing net cash	171.5	123.4

- Increase in net cash to £171.5m
- Working capital change due to timing and sales mix

Results under US GAAP – Summary Profit & Loss Account

\$'m	Q1 '03	Q1 '02
Net sales	1,305.5	1,233.2
Operating income	111.3	70.8
Interest income	6.2	18.9
Interest expense	(5.3)	(14.6)
Income from continuing operations before taxes and minority interests	112.2	75.1
Income taxes	(28.7)	(21.9)
Income before minority interests and income from associates	83.5	53.2
Minority interest	(3.7)	(2.3)
Equity in net income of associates	0.6	(0.1)
Net income	80.4	50.8
Basic earnings per share (c)	8.51	4.78

Results under US GAAP – Segmental Analysis

	Q1 '03		Q1 '02	
\$m	Sales	Operating Income	Sales	Operating Income
Industrial & Automotive	816.3	82.6	737.2	48.9
Air Systems Components	184.5	8.9	188.5	17.3
Engineered & Construction Products	304.7	22.8	307.5	24.5
Total of business groups	1,305.5	114.3	1,233.2	90.7
Centre	-	(3.0)	-	(6.9)
Total before goodwill amortisation	1,305.5	111.3	1,233.2	83.8
Goodwill amortisation*	-	-	-	(13.0)
Total	1,305.5	111.3	1,233.2	70.8

* Tomkins adopted SFAS 142 "Goodwill and Other Intangible Assets" with effect from 1 May 2002. Goodwill is no longer amortised but is subject to an annual impairment test each December.



Outlook

Jim Nicol, Chief Executive Officer



Outlook

- Same outlook
 - Market conditions in 2003 overall not anticipated to change significantly from our view in March prelim announcement
- Continue self-help
 - Manufacturing excellence
 - Process and product innovation
- Maintain solid financial foundation
- Pursue acquisition opportunities



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