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Financial Overview
Invensys Rail

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Reminder of Invensys Rail H1 11/12 results

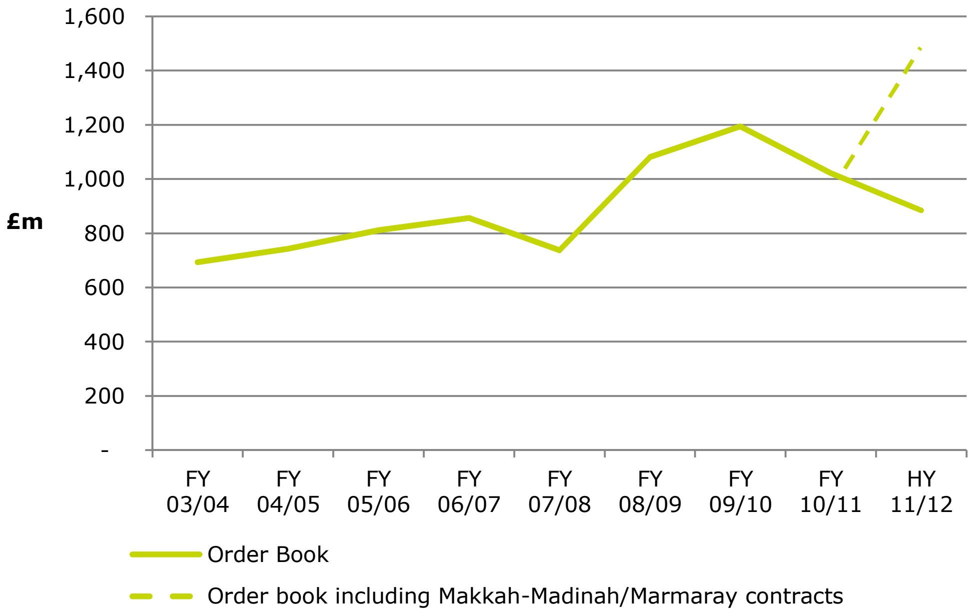
£ million	H1 11/12	H1 10/11	FY 10/11	% total change	% change at CER
Orders	**250**	**277**	**558**	**(10%)**	**(11%)**
Order Book*	**884**	**1,150**	**1,021**	**(13%)**	**(13%)**
Revenue	**382**	**352**	**772**	**9%**	**7%**
OPBIT Operating margin %	**53** 13.9%	**51** 14.5%	**129** 16.7%	**4%** -	**-** -
Operating cash flow Cash conversion %	**(1)** (2%)	**28** 55%	**71** 55%	**(104%)** -	**(103%)** -

* Change calculated against FY 10/11 closing position

- c£600m in Saudi Arabia and Turkey awards received after period end
- Revenue growth of 7% at CER driven by emerging markets
- H1 operating margin impacted by adverse project mix
- Margin for the full year expected to be in line with guidance
- Announced a £10 million restructuring charge in respect of the UK business; measures will ensure increased competitiveness

Invensys Rail order book growth

Order book* at 30 Sept 2011



Source: Invensys
Notes: Order book adjusted for debooking of Metronet PPP contract from FY 03/04 to FY 07/08.
The order book excludes framework agreements.

- **Makkah-Madinah** contract, Saudi Arabia (value £420 million, including £160 million maintenance) contract announced October 2011
- **Marmaray Project**, Turkey (value £170 million) contract announced November 2011

Approximately £600m of awards announced after H1 11/12 period end

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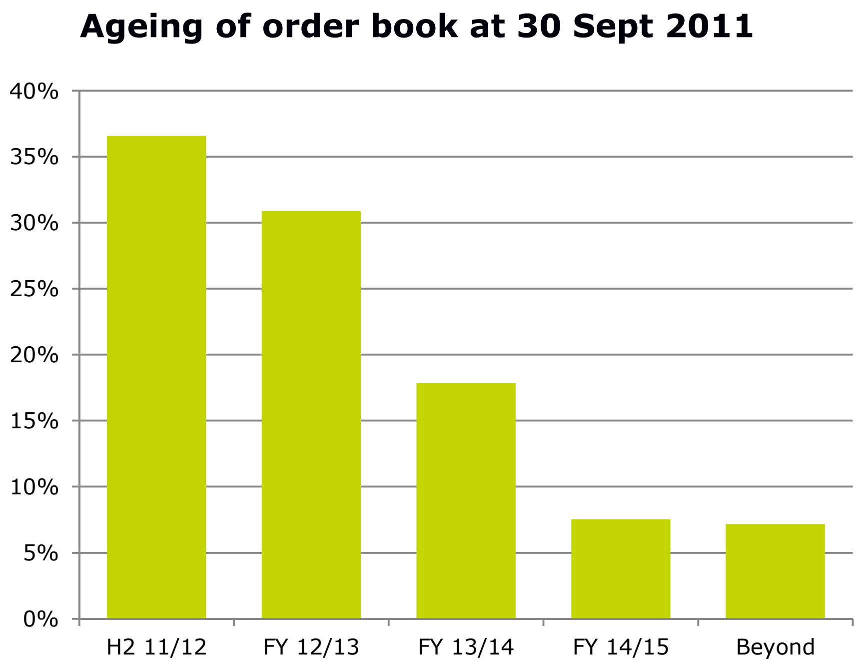
Invensys Rail order book ageing analysis



Source: Invensys

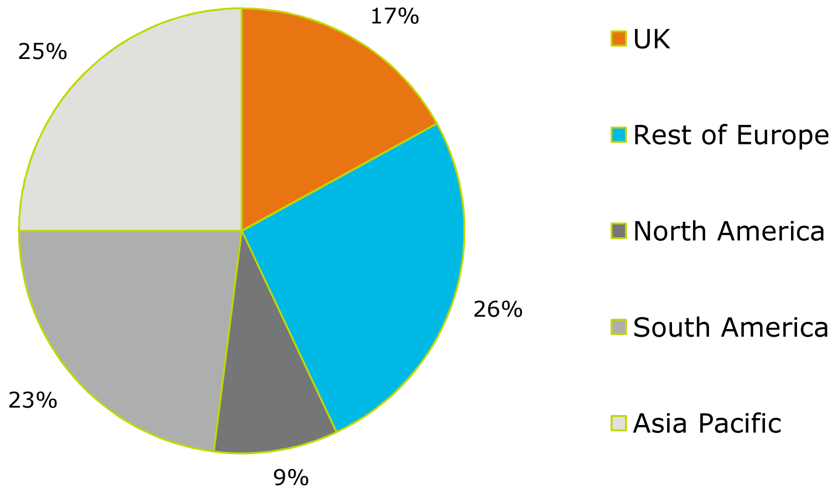
- **Revenue cover**
  - 76% H2 11/12
  - 33% FY 12/13

Solid revenue cover gives us confidence for H2 11/12 and FY 12/13

Note: Revenue cover as at 30 Sept 2011 and based on Invensys' median consensus forecasts.*

Invensys Rail order book analysis by geography

Order book by destination at 30 Sept 2011 = £0.9 billion



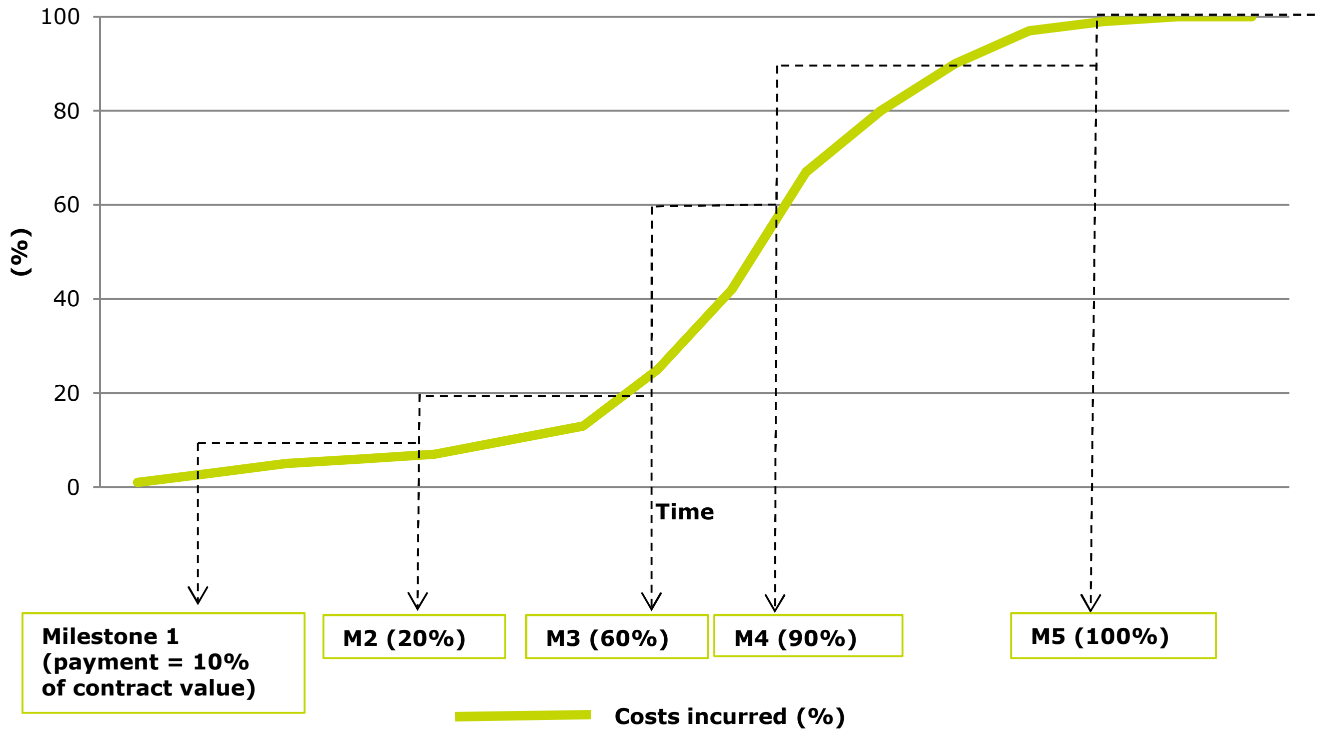
Source: Invensys

- **43%** of order book to **new*** markets
- **38%** of order book to **emerging** markets
- Revenue from **new** markets increased to **25%** of the division's revenue in HY 11/12, up from 5% in FY 07/08

Strategy of expansion into new markets is driving growth

Note*: Outside of traditional core markets of UK, Iberia, Australia and North America.

Accounting & cash profile on a typical contract...



- Percentage of Completion (POC) accounting for long-term contracts under IFRS
- Seek to utilise risk registers and contingencies to cover risks but period results may still be influenced by project adjustments
- Cash received by Invensys Rail on completion of milestones agreed under terms of contract with customer

Invensys Rail cashflow overview

- Operating cash outflow experienced in H1 11/12 driven by:
  - Timing of milestone payments on some major projects
  - Some slow customer payments
  - Lack of upfront payments on major contracts given lumpy nature of wins
- Cashflow management actions:
  - Manage relationship with customers and build track record
  - Contract interpretation
  - Cash payment terms
  - Change order management

Underlying contracts proceeding and H1 11/12 cash outflow will reverse as milestones completed

Invensys Rail economics

Project structure and execution are key drivers of margins:

- Labour and 3rd party content is 70% of contract value
- Partnering is key to 3rd party supplier content and compliance with localisation rules
- Effective global procurement critical to maintaining margins
- Technology drives down labour costs

Invensys Rail economics (cont)

- Engineering re-use
- Administrative familiarity
- Good partnering
- Customer relationships

- Customer price is reduced over time
- Invensys profit improves
- Cash profile is more predictable
- Relationship holds regardless of market

- **Strategic risk**: Single market dependency

A higher number of awards within a single country or with a particular customer will deliver a lower price to customers while improving Invensys profits, cash & lowering operating risk

Invensys Rail economics (cont)

- Breadth of awards in many countries is key for long-term growth and profitability
- Allows recovery of country-specific development costs and more engineering re-use over time
- Key is to gain depth over time

Means to market entry

- New partnerships/localisation
- Safety cases
- Adaptability of platforms

Costs of market entry

- Higher engineering costs for large contract bids
- Higher SG&A
- Short-term cashflow volatility

Rail strategy and guidance anticipates proper balance of strategic depth and breadth

Reiteration of our medium-term guidance

- **Revenue guidance at CER***: mid- to high-single digit
- **Margin guidance**: 15-17%
  - How will we achieve this?
    - **UK**: Infrastructure spending provides resilience despite austerity measures. Network Rail framework agreements provide growth opportunities
    - **Iberia**: Austerity measures impacting domestic spend. Export/new market orders driving growth after completion of HSL network
    - **Asia**: China, India and other regions present exciting growth opportunities
    - **United States**: Investment in products and projects; PTC

Note: Constant Exchange Rates*

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