

Your Invensys Annual report and accounts 2008 and  
Notice of Annual General Meeting are now available online at  
**[www.invensys.com/annualreport08](http://www.invensys.com/annualreport08)**

Highlights and Notice of Availability 2008

**invensys**®



## The way we report is changing

You may remember that last year when we sent you your Annual report and accounts or Summary financial statement we explained the changes in UK law that have enabled companies to report to shareholders online via their websites. Invensys is a technology company and we welcome the advantages of electronic communication with our shareholders. It is more timely, more cost effective and, of course, more environmentally responsible.

At that time we asked you whether you would prefer in future to receive shareholder communications electronically or continue with printed copies. Our registrars have recorded you as being registered to receive notification that the Annual report and accounts and the Notice of Annual General Meeting are available online.

To view the Annual report and accounts 2008 and the Notice of Annual General Meeting please go to

**[www.invensys.com/annualreport08](http://www.invensys.com/annualreport08)**

**If you would prefer to change your option and receive a printed copy of this year's and future Annual reports, please contact the registrars at:**

Equiniti, Aspect House, Spencer Road,  
Lancing, West Sussex BN99 6DA  
Tel: 0871 384 2036 inside the UK  
Tel: +44 (0)121 415 7040 outside the UK

This leaflet advises you of the availability on the Company's website, [www.invensys.com](http://www.invensys.com), of the Annual report and accounts 2008 and the Notice of Annual General Meeting. This leaflet contains material extracted from the Annual report and accounts 2008 but it does not constitute a Summary financial statement or a summary of the contents of the Annual report and accounts 2008 and the Notice of Annual General Meeting, nor should it be considered a substitute for reading the full Annual report and accounts 2008 and the Notice of Annual General Meeting. This leaflet does not contain sufficient information to allow for as full an understanding of the results of the Group, the state of affairs of the Group and the principal risks and uncertainties facing the Group as is provided in the full Annual report and accounts.

Cover: Alvaro Martinez, Wonderware

## CHAIRMAN'S STATEMENT



This leaflet serves to notify you that the Invensys Annual report and accounts 2008 and Notice of Annual General Meeting are now available on our website. I would urge you to read our report online, but for your convenience we include here a very brief set of extracts designed to give you some of the highlights of our performance.

Invensys has continued the considerable progress of recent years with another year of high activity and significant achievement. We have improved our operational and financial performance, with each of our three major businesses, Process Systems, Rail Group and Controls, now reporting double digit operating margins. We have also substantially improved the strength of our balance sheet through a good operating cash performance and disposals of some non-core businesses for good value, and are now in the advantageous position of having net cash on the balance sheet.

### **A year of further progress**

We produced another increase in profits with each of our three major businesses reporting good improvements.

We continued to shape our portfolio of businesses. We sold APV, our food manufacturing project and equipment business, to SPX Corporation for £250 million and also three of our smaller businesses.

The financial transformation of the Group has continued. By March 2008, we had built up sufficient cash resources to enable us to redeem the remaining High Yield Bonds, further reducing our finance costs. Since the year end, we have repaid the Term Loans, which has left us effectively debt free, and we have a significant cash position.

### **The Board and our people**

There have been no changes to the membership of the Board since the publication of last year's Annual report and accounts.

I have informed the other members of the Board that I am intending to retire as Chairman and a director of the Company at the 2009 Annual General Meeting. The Board can now put in place a thorough and orderly process to appoint a new Chairman and ensure that a smooth transfer of responsibilities can take place.

I would like to thank everyone across Invensys for their contribution to another very successful year.

### **Dividend**

The Group is taking the necessary actions to enable the Board, at the end of 2008/09 and in suitable circumstances, to recommend the payment of a dividend. For the year ended 31 March 2008, the Board is not recommending the payment of a dividend (2007: nil).

### **Outlook**

Overall, we expect the Group to make further progress in the new financial year. The global energy and infrastructure markets for Process Systems and Rail Group remain strong and we expect them to continue to grow. At Controls, we expect at least to maintain its operating profit and cash flow performance despite continued softness in some of its markets.

**Martin Jay**  
Chairman

## HIGHLIGHTS OF OUR YEAR

We have transformed our financial position through the redemption of the remainder of the High Yield Bonds and the repayment of our Term Loans on 7 May 2008, and have achieved good improvement in revenue, operating profit<sup>1</sup>, return on operating capital<sup>2</sup> and underlying earnings per share<sup>3</sup>. We have put ourselves into a very strong financial position: following the repayment of the Term Loans we are now effectively debt free.

Continuing operations <sup>4</sup>	2008	2007
Orders (£m)	<b>2,036</b>	2,101
Revenue (£m)	<b>2,108</b>	1,999
Operating profit (£m)	<b>254</b>	216
Operating margin <sup>1</sup> (%)	<b>12.0</b>	10.8
Operating cash flow (£m)	<b>234</b>	237
Employees at year end (numbers)	<b>22,928</b>	22,817

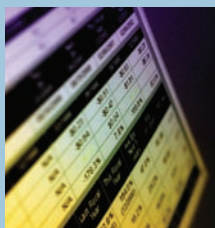
- Orders from continuing operations were £2,036 million (2007: £2,101 million), down 2% at constant exchange rates (CER)
- Revenue from continuing operations was £2,108 million (2007: £1,999 million), up 6% at CER
- Operating profit from continuing operations was £254 million (2007: £216 million), up 19% at CER
- Operating margin for continuing operations was 12.0% (2007: 10.8%)
- Underlying earnings per share from continuing operations were 17.0p (2007: 12.6p), up 35%
- Operating cash flow from continuing operations was £234 million (2007: £237 million)
- Return on operating capital was 53% (2007: 42%)
- Net cash at 31 March 2008 was £73 million (31 March 2007: £166 million net debt)

1 All references to operating profit and operating margin are arrived at before exceptional items.

2 Return on operating capital at comparable exchange rates is calculated as OPBIT divided by capital employed excluding goodwill, net pension liabilities, non-operating provisions and net taxation liabilities.

3 Underlying earnings per share comprise earnings per share before exceptional finance costs, foreign exchange gains and losses and PPP settlement credit.

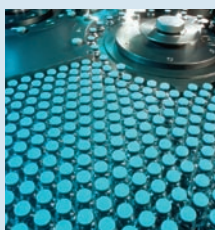
4 Continuing operations are Process Systems, Eurotherm, Rail Group and Controls on which basis the Group is managed.



### Process Systems

Process Systems designs, manufactures, installs, tests and commissions software and computer-based hardware for the automation and regulation of plant operations. It delivers solutions and consulting services that improve the productivity and safety of customers' plants.

Year ended 31 March	2008	2007
Orders (£m)	870	845
Revenue (£m)	830	779
Operating profit (£m)	117	104
Operating margin (%)	14.1	13.4
Operating cash flow (£m)	100	94
Employees at year end (nos)	7,795	7,245



### Eurotherm

Eurotherm provides control, data and measurement instrumentation products, solutions and services to manage specific parameters of the manufacturing process, such as temperature and pressure, for the global industrial control and process markets.

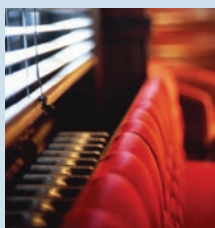
Year ended 31 March	2008	2007
Orders (£m)	119	111
Revenue (£m)	115	109
Operating profit (£m)	9	13
Operating margin (%)	7.8	11.9
Operating cash flow (£m)	6	12
Employees at year end (nos)	1,147	1,123



### Rail Group

Rail Group's broad offering ranges from highly complex integrated control centre solutions that supervise and control complete railways to sophisticated train-based systems that automate train operation and protection, interlocking systems that ensure safe running across a network and a complete range of trackside products.

Year ended 31 March	2008	2007
Orders (£m)	429	479
Revenue (£m)	539	449
Operating profit (£m)	93	77
Operating margin (%)	17.3	17.1
Operating cash flow (£m)	93	133
Employees at year end (nos)	3,512	3,046



### Controls

Controls provides engineered components, systems and services used in appliances, heating, air conditioning and cooling, refrigeration and thermostatic products across a wide range of industries in residential and commercial markets, together with utility monitoring services in the UK.

Year ended 31 March	2008	2007
Orders (£m)	618	666
Revenue (£m)	624	662
Operating profit (£m)	69	59
Operating margin (%)	11.1	8.9
Operating cash flow (£m)	68	45
Employees at year end (nos)	10,334	11,236

## CHIEF EXECUTIVE'S STATEMENT



Our clear objective is to become a technology and controls company providing intelligent solutions to customers on a global basis across a broad range of industries.

During the past year, we have continued to transform the financial position of Invensys through a combination of further improved operating performances across the businesses, the disposals of non-core activities for good value and the successful negotiation of the PPP settlement following the entrance into administration of Metronet.

### Our achievements

This year we have made structural improvements that deliver a deep and enduring impact for our businesses. We have:

- improved performance in delivery and quality essential to securing our current customer base;
- increased our investments in research and development and built on our ability to provide engineering and technology solutions and services to our customers;
- leveraged capabilities and expertise across the Group. In particular we are seeing much closer collaboration between Process Systems and Rail Group in developing leading-edge information and platform technologies;
- made great progress leveraging our global support functions, including global procurement, IT and co-sourcing of our finance function. We have begun to see the efficiency benefits of these actions and have initiated a similar process within the human resources function;
- become effectively debt free through the redemption of the High Yield Bonds in March and repayment of the Term Loans in May;
- grown in emerging markets, so that 22% of our revenue is now generated in these markets; and

- achieved safety performance standards at world-class levels relative to our peers.

### Looking to the future

The global macroeconomic demand in which we operate remains generally favourable with overall global GDP growth, urbanisation in developing countries, the demand for increased productivity and efficiency and the need for sustainability. However, we are alert to the effects of the problems in the mature financial and consumer cyclical industries and the possibility that these effects could spread deeper into the global economy and other industries.

### Our businesses: Process Systems

Operating in generally infrastructure and long cycle markets such as oil and gas, power, mining and petrochemicals, Process Systems is positioning itself for growth through becoming a technology solution provider and using real-time information to give businesses unprecedented enterprise-wide visibility and control.

### Eurotherm

We have seen good progress in our vertical and geographic strategy to capture growth in the life sciences, glass and heat treatment markets and in the Eastern European and Asia Pacific regions. The migration of manufacturing from Western Europe both into the supply chain and to new facilities in Poland and China has largely been completed.

### Rail Group

Our core markets of the UK, Iberia and Australia have continued to perform well with high levels of activity underpinned by significant expenditures on rail infrastructure improvements and expansion. Much of our future growth will come from our success in export markets and we are making good progress in developing our relationships within our target markets of Latin America, North Africa, the Middle East, India and the rest of Asia.

### Controls

Our aim with Controls is at least to maintain the level of operating profit despite any adverse effects on revenue of changes in its markets. By disposing of a number of its non-core businesses and focussing upon more resilient markets such as the mid to higher end of the global appliance sector, we achieved our immediate aims for the year and are confident that we can maintain the positive performance trend during the coming year.

### Corporate social responsibility (CSR)

As a member of the FTSE4Good Index, we remain committed to ensuring that we act in a socially responsible fashion. We have continued to make good progress during the year, and our CSR report contained in the Annual report provides descriptions of our achievements.

### Our people

We have very good people across each of our businesses who are engaged in forming our future as unquestioned leaders in our markets. Their commitment, capabilities and achievements are reflected in our improved performance. We are increasing our investment in learning and development so that everyone can achieve their own potential as well as helping them to play their part in the successful future of Invensys.

### Our values

During the year we launched an Invensys-wide vision and mission to act as a guide in meeting our business strategies and objectives. Around 1,000 Invensys people took part in workshops and meetings helping us develop our values of innovation, agility, integrity, meritocracy and courage.

### Ulf Henriksson

Chief Executive

# ANNUAL GENERAL MEETING AND SHAREHOLDER INFORMATION

Financial calendar	
Financial year end 2007/08	31 March 2008
Results 2007/08 announced	15 May 2008
Annual General Meeting	18 July 2008
Half year results announced	6 November 2008

## Annual General Meeting

The Annual General Meeting is the Company's principal forum for communication with private shareholders. Investors holding shares in the Company through a nominee service should arrange to be appointed as a corporate representative or proxy in respect of their shareholding in order to attend and vote at the meeting.

The meeting will take place at the Park Plaza Victoria London, 239 Vauxhall Bridge Road, London SW1V 1EQ on 18 July 2008 at 11.00am.

## Form of Proxy

A Form of Proxy is enclosed for shareholders who are unable to attend the Annual General Meeting but wish to register their votes on the Resolutions. Shareholders should complete and return the Form of Proxy as instructed to arrive no later than 11.00am on Wednesday 16 July 2008. Alternatively, you can electronically register the appointment of a proxy at [www.sharevote.co.uk](http://www.sharevote.co.uk). Further details are set out in the Form of Proxy.

## Registrars

For all enquiries about the registration of your shares and changes of name and address, or to request printed copies of the Annual report and accounts, please contact the Company's registrars: Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Tel: 0871 384 2036 inside the UK  
Tel: +44 (0)121 415 7040 outside the UK  
Calls are charged at 8p per minute from a BT landline.  
Other telephony provider costs may vary.

## Dividend

No dividend was paid during the financial year 2007/08.

## Shareview dealing service

Shareholders may buy or sell shares by internet or telephone through Shareview dealing, a share dealing service provided by Equiniti. For internet purchases and sales log on to [www.shareview.co.uk/dealing](http://www.shareview.co.uk/dealing) and for telephone purchases and sales call 08456 037 037 (inside the UK only) between 8.00am and 4.30pm, Monday to Friday.

## Unsolicited mail

Our share register is publicly available. Consequently shareholders may receive unsolicited mail. If you wish to limit the amount of unsolicited mail you receive please contact: The Mailing Preference Service, DMA House, 70 Margaret Street, London W1W 8SS. Tel: +44 (0)845 703 4599.

## ShareGift

The Orr Mackintosh Foundation operates a charity share donation scheme. ShareGift can be contacted at 46 Grosvenor Street, London W1K 3HN or by telephone on +44 (0)20 7930 3737 or online at [www.sharegift.org](http://www.sharegift.org)

## Registered office

Invensys plc  
Portland House, Bressenden Place, London SW1E 5BF  
Tel: +44 (0)20 7834 3848  
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Registered in England & Wales number 166023.

For the latest investor information and news, visit our website at [www.invensys.com](http://www.invensys.com)

## Electronic communications

Shareholders can view up to date information about their shareholding and register to receive future electronic communications from the Company by visiting the shareholders' website at [www.shareview.co.uk](http://www.shareview.co.uk) (shareholder reference number, shown on share certificates and tax vouchers, will be required).