

20 January 2009

Invensys plc, the technology group, is today publishing the following Interim Management Statement covering the period since 30 September 2008:

INTERIM MANAGEMENT STATEMENT

Summary

The global economy has continued to deteriorate since we reported our half year results in November 2008. However Process Systems achieved good order intake despite some delays in order placement by some customers and Rail Group continues to perform strongly benefitting from large government financed investments in transport infrastructure. Controls has shown some resilience but has had to contend with more difficult trading conditions. The Group results have benefitted from the translation impact arising from the strength of the dollar and the euro against sterling and we expect that our performance in the second half of the year will be broadly in line with that achieved in the first half.

Q3 Performance

Overall the Group had strong order intake during Q3 2008/09 with the award of three large projects bringing total orders during the period to £1.0 billion. Process Systems had good order intake, particularly in software and solutions including a £127 million order for control and safety systems for four reactors at two nuclear power plants in China. This more than offset the cautiousness of other customers in placing orders in the current uncertain economic climate. Rail Group continued to have strong order intake in its core markets of the UK and Spain, supplemented by two large export contracts, including a £123 million project for signalling and train control for a new mass transit line in Singapore. Controls saw further deterioration in global demand as many customers reduced their production and inventory levels and this was exacerbated by extended customer plant closures during December.

Process Systems revenue in the third quarter rose helped by currency translation but at constant exchange rates, was negatively affected by some customer-led delays in project implementation and reduced volumes as well as pricing pressure on product sales. Operating profit was impacted by the lower volume of product sales and therefore reduced. Rail Group produced another good performance as it continued to deliver on its strong order book. Controls profitability was significantly reduced due to the lower than expected volumes, particularly in North America but it continued its good cash flow performance.

Cash Flow

Operating cash conversion was strong across all businesses resulting in Group operating cash conversion in excess of 90% and at 31 December 2008, we remained debt free⁽¹⁾ with £238 million of net cash on the balance sheet.

Management

There has been a leadership change at Invensys Process Systems (IPS) with Ulf Henriksson, Chief Executive of Invensys plc, taking on the additional role of acting Chief Executive of that business pending the appointment of a permanent successor at IPS.

Outlook

The strengthening of our order book during the period, together with the less cyclical nature of Process Systems and Rail Group's end markets, reinforces our confidence in the medium term outlook for the Group; however in the short term, we are having to manage difficult and uncertain trading conditions in some of our markets. We expect Process Systems markets, especially oil, gas and power, to remain generally stable but in the short term we are likely to experience further delays in both project and product orders and revenue as customers react to poor economic conditions. We expect Rail Group to perform strongly supported by its significantly increased order book. At Controls, it remains unclear what ongoing order levels will be following the extended plant closures by customers during December and early January and we are likely to accelerate our cost reduction programmes.

Overall, based upon our current expectations for market conditions in the final quarter of the year and with the assistance of currency benefits due to the strength of the dollar and euro against sterling, we expect our performance in the second half of the year will be broadly in line with that achieved in the first half.

Contact:

Invensys plc	Steve Devany	tel: +44 (0) 20 7821 3758
	Annabel Michie	tel: +44 (0) 20 7821 2121

Financial Dynamics	Andrew Lorenz	tel: +44 (0) 20 7269 7121
	Richard Mountain	

Safe harbor

This announcement contains certain statements that are forward-looking. These statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition and liquidity, and the development of the industries in which the Group operates, may differ materially from those made in or suggested by these statements and a number of factors could cause the results and developments to differ materially from those expressed or implied by these forward-looking statements.

Note

1. 144A notes of £8 million due January 2010 remain outstanding; the Company has no right to call these notes prior to maturity but the notes have been covenant defeased through cash collateralisation.