

## **Interim Management Statement**

Tomkins, the global engineering and manufacturing group, sets out below its Interim Management Statement covering the period from 5 July 2009 to 4 November 2009, and provides an update on the end market outlook for the remainder of 2009 and 2010.

### **James Nicol, Chief Executive Officer, commented:**

*“Conditions in some of our end markets appear to have stabilised. Our performance has been positively impacted by our restructuring initiatives, which we are executing according to plan. As a consequence, we have seen month-on-month improvement in our financial performance. Our cash generation remains strong, with net debt down \$121.7 million to \$394.2 million since the end of the first half. Although demand side visibility remains limited, we expect the second half of 2009 to be better than the first half of the year.”*

### **Trading Update**

#### **Industrial & Automotive**

A number of our businesses continued to see month-on-month improvements throughout the third quarter, with the Automotive Original Equipment market showing some increased activity, driven by government incentives and scrappage programs, low inventory levels and new business launches. The Automotive Aftermarket business continued to show its resilience, with good performance driven by the roll-out of the CSK stores acquired by O'Reilly in the US and stronger sales in Europe.

Sales to the Industrial Original Equipment market however, remain weak, principally due to limited credit availability, destocking and low end-customer demand. The agriculture and construction markets remain particularly weak, with a number of customers in Europe implementing late summer shutdowns. In the Industrial Replacement market, destocking appears to have subsided, and as such sales declines have stabilised, with some evidence of end-customer demand pull-through. The integration of our new acquisition, Hydrolink, which we acquired in the quarter, continues on track.

#### **Building Products**

Revenues within our Air Distribution group declined further throughout the quarter, due principally to declining sales in the North American non-residential construction market, where orders and backlogs continue to soften. This business continued to outperform the market, however, through its increasing focus on Green products, and its strong market position. The residential construction business continued to stabilise. The benefits of the restructuring initiatives flowed through, with improved profitability in the quarter for Hart & Cooley / Selkirk, our residential Air Distribution business.

Bathware, which serves the North American residential construction market, also benefited from a stabilisation in end market volumes, along with increased benefits from restructuring initiatives which are now complete. Bathware generated a modest profit in the quarter.

#### **Project Eagle and Project Cheetah**

We continue to make good progress with the execution of our restructuring projects Eagle and Cheetah, having closed 19 facilities and reduced headcount by 5,600 since the beginning of the year. Our restructuring initiatives remain on schedule for completion in 2010.

#### **Financial Position (unaudited)**

There was no material change in the financial position of the Group during the period. As at 3 October 2009, the Group's net assets were \$1,681.5 million (3 January 2009: \$1,739.3 million). Net debt was \$394.2 million (3 January 2009: \$476.4 million).

The Group's financing position is strong, with committed borrowing facilities and bonds in issue amounting to \$1,282.6 million. Overall, as at 3 October 2009 the Group had committed borrowing headroom of \$610.1 million in addition to cash and cash equivalents of \$318.5 million. Two bonds totalling £400 million are outstanding, of

which £150 million matures in December 2011 and £250 million matures in September 2015. The Group also has a £400 million committed revolving credit facility, which matures in August 2010 and which was largely undrawn throughout the period. A \$450 million forward start revolving credit facility, put in place earlier this year, has extended the maturity of our credit facilities to May 2012.

### **End-Market Outlook for the remainder of 2009 and 2010**

Set out below are our expectations for our end-markets for the fourth quarter of 2009 compared to the third quarter, and year-on-year for 2010. Although there are signs of some stabilisation in most of our end markets, demand-side visibility remains limited and there is still uncertainty about the strength and timing of any meaningful economic recovery. With our strong balance sheet and ongoing focus on cash and expense management, however, our businesses are well positioned to take advantage of any recovery in our end markets.

The share of Group sales shown below is based on sales of ongoing business segments for the 12 months ended 3 October 2009.

#### **Industrial**

- **North America (17.9% of Group sales)**  
Industrial Original Equipment markets in North America are expected to remain flat in the fourth quarter of 2009. Industrial Replacement markets are expected to show some improvement in the fourth quarter, in line with general industrial activity. No further inventory adjustments at our customers are expected.
- **Europe (4.7% of Group sales)**  
European markets are expected to demonstrate a similar trend to the North American markets.
- **ROW (5.9% of Group sales)**  
Industrial activity across the remainder of Tomkins' geographies, and in particular in the agriculture and construction sectors, is expected to continue to be weak for the remainder of 2009. This is expected to be partially offset by continued good performance throughout the Indian and Chinese markets. Brazil is also showing some early signs of recovery.

Industrial Original Equipment markets in 2010 are expected to benefit marginally from the ending of inventory adjustments, leading to mid single-digit growth. In the Industrial Replacement markets, industrial activity is expected to improve gradually, in line with increases in industrial activity.

#### **Automotive Aftermarket (22.2% of Group sales)**

The global automotive aftermarket is expected to remain broadly flat. In 2010, growth is expected to be broadly in line with GDP.

#### **Automotive Original Equipment ("AOE")**

- **Global**  
Fourth quarter global Automotive Original Equipment ("AOE") production is expected to grow around 5%, reaching 54 million units for 2009 as a whole.
- **North America (8.3% of Group Sales)**  
North American AOE production is expected to grow by around 15% in the last quarter of 2009, and reach a full year level of approximately 8.5 million units.
- **Europe (5.1% of Group Sales)**  
European AOE production is expected to grow by mid single digits, reaching 16.5 million units for the full year.
- **ROW (8.5% of Group Sales)**  
Fourth quarter AOE production in China and India is expected to grow by low single digits.

In 2010, Global Automotive production is expected to grow by approximately 10%, with 15% growth in North America based on higher production and low inventory levels. European production is expected to remain broadly flat, with the rest of the Group's markets, most notably China and India, expected to grow by mid single digits.

#### **Non-Residential Construction (17.4% of Group sales)**

US Non-Residential Construction is expected to continue declining in the fourth quarter, with full year square feet down 40% and 30% in value terms. In 2010, further declines of around 10% are expected in both square feet and value.

**Residential Construction (8.5% of Group sales)**

US Residential Construction, as measured by housing starts, is expected to remain flat for the remainder of the year at an annualised rate of 600k new houses, and to grow by around 25% in 2010.

Other markets include manufactured housing and recreational vehicles and in total account for 1.5% of Group sales.

**Notes to editors**

Tomkins is a global engineering and manufacturing group with market and technical leadership across two business groups: Industrial and Automotive and Building Products. Tomkins plc's ordinary shares are listed on the London Stock Exchange under the symbol TOMK and also trade in ADR form on the New York Stock Exchange under the symbol TKS.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Forward-looking statements are identified by the words "expect", "believe", "intend", "anticipate", "estimate", "will", "may", "could", "should" and similar expressions. Under the safe harbour provisions of the US Private Securities Litigation Reform Act of 1995, the Company cautions that any forward-looking statements made by the Company, including those made in this announcement in relation to the outlook for 2009 and 2010, are subject to risks and uncertainties that may cause actual results to differ materially from those predicted. Risks and uncertainties that may affect the Group's operations include, but are not limited to, those described in the Company's Annual Report on Form 20-F and in other filings with the US Securities and Exchange Commission. The Company disclaims any obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.