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## Roxboro today

Since its incorporation in 1990 The Roxboro Group has focused on developing winning positions in growing and emerging markets. Strategic decisions to dispose of activities, to acquire companies or to invest in organic growth were all designed to achieve this goal and to concentrate the Group into two specific areas of technology, as illustrated on the right.

## Electronic lighting

When Edison invented the incandescent light bulb in 1879 he could never have dreamed that a century later, light would be generated from a solid device which would never burn out, but that is exactly what late 20th century technology achieved. The Light Emitting Diode (LED) was invented in the 1970's and became universally recognisable as the red, green or amber indicator on televisions, telephones and a myriad of other electronic and electrical products, but it was not until the late 1990's that LED's could produce enough brightness to rival the light bulb. Since 1990 it has been Roxboro's strategy to exploit LED technology in a wide range of applications, and since 1996 to exploit the new high brightness LED technology in emerging markets. Roxboro, through Dialight, is the world's leading exponent in the application of LED technology in value-added products.

## Electronic measurement

Although some electronic measurement techniques have existed for many years, new technologies and products are constantly being developed to address a wide range of new applications or to improve on older techniques. Virtually everything we use today, from domestic appliances in our homes to the aircraft we fly in, use electronic measurement technologies. Every industrial process uses measurement technologies either in-line for process and safety control or off-line for quality control and increasingly we see electronic measurement used in vehicles of all types. Roxboro through Solartron and Weston, has developed leadership positions in a number of electronic measurement areas and, in particular, where we offer unique technological solutions.

02/03

## Chairman's statement

2000 has been a year of significant achievement at Roxboro, having delivered our strongest ever earnings growth and a very successful acquisition and integration. Roxboro has now grown profits in nine out of the ten years since its incorporation and is beginning to realise the benefits of a number of its investments in new business opportunities.

In particular, in our US based electronic lighting business, Dialight, we are seeing exciting growth in our new electronic lighting modules for traffic signals. In our electronic measurement activities the January 2000 acquisition of Mobrey was successfully integrated into Solartron and significantly strengthens our position in the market. The acquisition of Mobrey allowed us to reorganise Solartron, fully achieving our cost reduction targets, and dispose of a large property. The gain on the disposal fully offset the total restructuring costs while the cash generated reduced our borrowings substantially.

### Financial performance

Group turnover in the year to 31 December 2000 grew by 37% to £171.6m (1999: £124.8m), while operating profit pre goodwill amortisation grew by 35% to £24.9m (1999: £18.5m) with a significant contribution coming from Dialight. Pre-tax profit improved 21% to £21.7m (1999: £17.9m), basic earnings per share grew by 22% to 25.6p (1999: 20.9p) while adjusted earnings per share grew 15% to 25.8p (1999: 22.5p). Strong operational cash flows were further enhanced by the sale of the Farnborough site for £19.6m before expenses, leaving the Group with net debt of £10.6m at year-end.

The Board is recommending a final dividend of 6.5p (1999: 5.9p), an increase of 10% which will be paid on 27 April 2001 to shareholders on the register at 23 March 2001. The total dividend for the year will amount to 9.5p (1999: 8.7p), an overall proposed increase of 9%.

Following completion of the acquisition of Mobrey from Meggitt PLC for a consideration of £23.9m (including costs), the company was successfully integrated into our Solartron Division. The planned annualised cost reductions of £3.5m were fully achieved by the year end and at less cost than had been budgeted. The full benefits of the merger will be realised in 2001. Solartron now has a very strong operational base, with a broad product offering into its key markets and greater international presence.

The relocation of the Solartron business from Farnborough into the Slough and Crawley facilities enabled us to dispose of the site to J. Sainsbury Developments in July 2000. We then leased back the most modern building on the site, into which Weston Aerospace will move in the first half of 2001.

# +22%

Basic earnings per share grew 22% to 25.6p (1999: 20.9p).



Sir Alan Cockshaw  
Chairman

A handwritten signature in black ink, appearing to read 'A. Cockshaw', written over a thin horizontal line.

**Operations** Dialight's performance in 2000 was outstanding, with sales and profits growing very strongly. This growth in demand meant that capacity had to be expanded rapidly to satisfy customer requirements. The higher value products we are now offering our customers also contributed to this growth. Additionally, the rate of growth in our electronic lighting modules for traffic signals continues to increase as demand accelerates across the United States.

Despite the energy market remaining weak, Solartron increased sales and profits following the acquisition of Mobrey. With signs of market improvement now becoming clear and with the full benefits of the integration of Mobrey into Solartron, we are looking for a further significant improvement in 2001.

Following four years of 20% growth the performance at Weston showed a slight decline over the year, although it was pleasing to note a better second half. Although sales were slightly higher, operating profits were reduced as a result of product and programme mix changes resulting from alterations in the phasing of certain

programmes and the increased investment in engineering in the development of customer-led programmes already won by the company, including the Trent 500.

**People** With the acquisition of Mobrey and other subsequent changes, the number of people employed by Roxboro had risen to 2020 by the end of the year. I want to thank every one of those people for their commitment to continuously improving our businesses and satisfying our expanding customer base. In particular, I want to thank the staff of Solartron and Mobrey for their hard work in successfully integrating the two businesses.

**Board** At the Annual General Meeting, Lindsay Bury, who has served on the Board for the past seven years, will retire from the Board. My thanks go to Lindsay for his contribution to the Board and the Company.

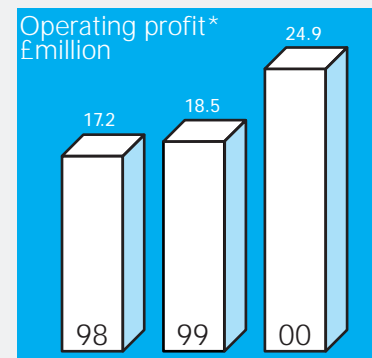
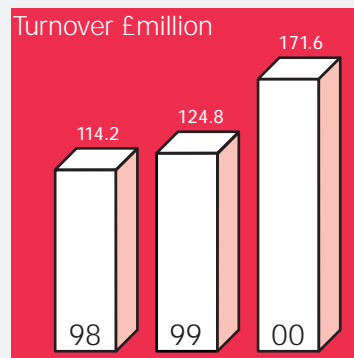
**Outlook** Volumes in the first two months of the current year for Dialight's opto electronics product line were ahead of last year but at a lower level than fourth quarter run rates. It is anticipated that volumes for the first half of this year will be similar to the

first half of last year with an improvement expected in the second half. Demand for Dialight's electronic lighting modules for traffic signals continues to accelerate and with substantial new contracts already secured the product line is likely to grow strongly this year.

In Solartron we expect to see an improving market environment in 2001 and beyond, as investment in the energy sector recovers after two weak years. Investment in the gas industry in particular is growing, leading to improved sales. Solartron will also enjoy the full benefit of the cost savings achieved last year from the integration of Mobrey.

Increased investment in new programme engineering at Weston, together with the new contracts won, will begin to show yields over the next few years as these programmes come into production. However, the near term picture remains relatively flat.

Having taken account of these factors, the Board looks forward to another year of improved performance and remains confident that Roxboro will deliver increased shareholder value in both the short and longer term.



\*Pre goodwill amortisation

# £24.9m

Operating profit pre goodwill amortisation grew by 35% to £24.9m (1999: £18.5m).