



The visit of Scotland's First Minister, Jack McConnell, to Howden Hua, Beijing where he cut the ribbon to mark the formal opening of the new factory



Axial fans manufacture in Belfast

Air and gas handling

Sales	£241.6m
Adjusted operating profit ⁽ⁱ⁾	£15.1m
Operating margin	6.3%
Employees	2,556

(i) before exceptional items and amortisation of goodwill

Overview

Howden is the world's largest and longest established manufacturer of air and gas handling equipment. Howden has wide ranging experience of air and gas handling technology, a comprehensive product portfolio and operates globally.

Key products

Howden is a world leader in fan, heat exchanger and compressor technology. Ancillary equipment includes gas cleaning equipment, electronic controls and instrumentation and pumps.

Major markets

Howden serves a broad range of industries, including power generation, steel, cement, mining, construction, petrochemical, process and transportation.

Manufacturing

Europe:	UK; Germany; Netherlands; France; Spain
North America:	USA; Mexico
Rest of World:	China; South Africa

In 2004 Howden's adjusted operating profit was £15.1 million (2003: £6.3 million), a year on year improvement of 140 per cent. This was due to a combination of factors, including strong markets in China, benefits derived from earlier restructuring, lower warranty costs, better contract authorisation and execution procedures and the £1.4 million settlement of a claim.

Howden's order intake during 2004 was stronger than in previous years and orders in hand at year end were £181.0 million, 57 per cent ahead of last year. All four Howden divisions increased their booking levels year on year, with the increase in the Power division being particularly significant.

Howden's turnover in 2004 was £241.6 million compared with £256.9 million in 2003, a decrease of 6.0 per cent. This decrease was due to earlier closures of loss making businesses in North America and to the deconsolidation of £10.7 million in sales following the creation of a joint venture within the South African business.

Prospects for the Howden business are good as the worldwide power market increasingly responds to continued growth and enhanced environmental controls and standards, which provide a buoyant market for many of Howden's products. In addition, the global aftermarket offers a broad range of opportunities for Howden, from the supply of simple spares to technologically advanced upgrades and retrofits. The outlook for increased application of flue gas desulphurisation is also encouraging.

Howden's key markets have been strong throughout the year, and particularly so in the second half and should continue in 2005. In