



Rotork plc Trading update

Rotork plc ("Rotork"), the market-leading actuator manufacturer and flow control company, issues the following trading update covering the third quarter and the year to 29 October 2017.

Group order intake in the third quarter increased by 11.8%, or 7.9% on an organic constant currency (OCC) basis, while revenue increased by 5.1% (+0.9% OCC), reflecting a continuation of the slightly more favourable market trends seen during the first half of the year. Cumulative (to 29 October 2017) order intake was up 15.3% (+6.2% OCC) on the comparable period with an 8.9% increase in revenue (+0.8% OCC). The order book at 29 October 2017 was £219.4m, 21.4% (23.2% OCC) higher than at 31 December 2016.

Order intake	Q3		Cumulative YTD	
	Change	OCC ² Change	Change	OCC ² Change
Controls	5.3%	0.9%	13.0%	5.5%
Fluid Systems	30.2%	23.2%	18.0%	5.4%
Gears	14.4%	16.1%	24.9%	5.1%
Instruments	7.6%	5.5%	9.4%	4.3%
Group	11.8%	7.9%	15.3%	6.2%

The results for the third quarter reflect a continued improvement in levels of activity in upstream, with a slight increase in downstream over the comparative period in the prior year. Midstream remained challenging. We saw good progress across the water, power and industrial process markets. Geographically we saw growth in the Middle East, parts of Asia, North America and Europe while Latin America remained subdued.

Strategic progress

As previously communicated, we are committed, over time, to returning Rotork to the higher levels of organic growth and margins previously delivered by the Group. This will require a significant increase in investment in new products and service, funded primarily by a reshaping of our sales and operating infrastructure.

The process to appoint a new Chief Executive is progressing. Simultaneously, working with external consultants, we are engaged in a series of reviews, to examine our routes to market, innovation funnel, operations footprint, supply chain, talent development and IT systems. We expect this work to yield a number of options in support of our growth and margin objectives, and to contribute significantly to the plans formulated by the new Chief Executive during the course of next year. Some initial opportunities are beginning to emerge, which we are already pursuing. The one-off costs associated with these reviews, together with any restructuring costs arising from early implementation, are anticipated to be mid-single digit £ millions for 2017, and will be separately detailed in our published full year results.

Financial position

The Group continues to be highly cash generative with a strong balance sheet and net debt of £39.0m at 29 October 2017 (£55.0m at 31 December 2016).

Outlook

Based on our performance to date, anticipated shipments in the remaining two months of the year, and a slightly reduced tailwind from currency, results for the full year remain in line with management expectations.

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Notes

1. 2017 figures quoted are at actual exchange rates and 2016 are as previously reported.
2. OCC (organic constant currency) growth rates remove the results of the business acquired during 2016 that were not consistently in both periods' results and restate 2017 at 2016 exchange rates.
3. Third quarter results refer to the period from 3 July 2017 to 1 October 2017. Cumulative results refer to the period from 1 January 2017 to 29 October 2017.
4. Rotork will be announcing results for the year ending 31 December 2017 on 6 March 2018.
5. This announcement contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this announcement, and Rotork undertakes no obligation to update these forward-looking statements. Nothing in this Trading Statement should be construed as a profit forecast.