



**Rotork Plc**

## **Trading update**

### **Improved resilience demonstrated and guidance reinstated**

**25 November 2020**

Rotork plc ("Rotork"), the global flow control and instrumentation group, today issues the following trading update covering the four months to 1 November 2020.

#### **Trading update**

Order intake in the third quarter showed sequential improvement, whilst remaining lower year-on-year on an OCC<sup>1</sup> basis, with the decline slightly less than the 15.6% experienced in the first half. The majority of Rotork's activity is driven by customers' operational rather than capital expenditure and they continue to spend on automation and environmental projects as well as maintenance and refurbishment. Large project activity has remained subdued.

During the third quarter Group revenues were at 97% of the 2019 level on an OCC basis, an improvement on the first-half's 9.6% year-on-year decline. The third quarter performance largely reflected reduced activity at Rotork Site Services.

Oil & Gas sales declined more than the Group, with revenue higher year-on-year in the quarter in EMEA and Asia Pacific, but lower in the Americas. Water & Power sales grew, continuing the encouraging performance seen earlier in the year. Trading conditions remained mixed at CPI, however the Asia Pacific region returned to year-on-year growth. Overall, CPI revenue was down less than in the first half (when CPI sales were 16.8% lower).

Third quarter adjusted operating profit margins benefited from continued execution of the Growth Acceleration Programme and other management actions and we now anticipate full-year margin progress year-on-year, absent any further Covid-19 related disruption to operations.

Our Growth Acceleration Programme is on track. Our innovation and new product development initiatives are progressing well and the second half features several important launches. Our factory footprint optimisation work continues, and we recently formally opened our expanded Rochester, New York, facility. The regional back office simplification initiative is well under way.

Rotork remains highly cash generative with a strong balance sheet. Net cash at 1 November 2020 was £146.8m (£106.1m at 31 December 2019 including £10.7m of lease liabilities) after paying an interim dividend on 25 September 2020 of £34.0m in lieu of the deferred 2019 final dividend.

#### **Covid-19 update**

Our priority is the health and safety of our colleagues and their families, our customers, and suppliers. We continue to take decisive actions to manage the Covid-19 situation.

All our production facilities are currently open, albeit in a small number of cases operating at below normal output levels. Whilst every effort is being made to keep our facilities open, we will not hesitate to close them if required or if we believe there is any risk to our colleagues or their families.

#### **Outlook**

The Group's performance in the first ten months has demonstrated the improved resilience of the business. Although there remains uncertainty on the continuing impact of the Covid-19 pandemic,

and risks of temporary factory closures and logistics issues, we expect 2020 adjusted operating profit to be at, or slightly above, the top end of the range of current market expectations<sup>2</sup>.

Rotork will publish 2020 full-year results on Tuesday 2 March 2021.

<sup>1</sup> OCC is organic constant currency results excluding discontinued businesses and restated at 2019 exchange rates

<sup>2</sup> The current range of market expectations (company compiled) for 2020 adjusted operating profit is £124m-136m

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**About Rotork**

Rotork is a market-leading global provider of mission-critical flow control and instrumentation solutions for oil & gas, water and wastewater, power, chemical process and industrial applications. We help customers around the world to improve efficiency, reduce emissions, minimise their environmental impact and assure safety. Rotork employs about 3,500 people, has manufacturing facilities in more than 20 locations and serves 173 countries through a global service network. Its shares have a premium listing on the London Stock Exchange (symbol: ROR) and are a constituent of the FTSE 250 index. For more information please visit [www.rotork.com](http://www.rotork.com).