



rotork[®]

Encouraging momentum, outlook confirmed

2022 Interim Results

August 2nd 2022

Presented by

Chief Executive Officer – Kiet Huynh
Group Finance Director – Jonathan Davis



Keeping the World Flowing for Future Generations

Stronger Together - Always Innovating - Trusted Partner

How we create value for all our stakeholders

Innovative solutions to our customers' flow control challenges

Committed to enabling a sustainable future

A safe, diverse and inclusive environment for our people

Financial performance and strength

Encouraging momentum, outlook confirmed

Growing orders,
sales impacted
by supply chain

Orders
+12.1% OCC¹
£340m

KPI

Revenue growth
-4.8% OCC¹
£280m

Resilient
margins and
returns

KPI

Adjusted²
operating margin
19.0%
(2021: 21.8%)

KPI

ROCE
27.0%
(2021: 32.9%)

Strong balance
sheet

Closing net cash
£90m
(2021: £114m)

KPI

Cash conversion
68%
Of adj². operating profit

Performing for
all stakeholders

KPI

Carbon emissions
2021: 14.6 TnCO₂e
(2020: 14.5)

2nd Sustainability
Report published

Note: 1) OCC results are restated at 2021 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Financial Review

Presented by
Jonathan Davis, Group Finance Director

2022 Interim Results

rotork

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Financial highlights

- Encouraging order growth
- Supply chain impacts revenue
- Strategic inventory impacts cash conversion
- ROCE 27.0% (-590bps)
- Interim dividend 2.40p

| | H1 2021 | H1 2022 | % | OCC ^{1%} |
|--|---------|---------|---------|-------------------|
| Order intake | £298m | £340m | +14.0% | +12.1% |
| Revenue | £288m | £280m | -2.9% | -4.8% |
| Adjusted ² operating profit | £63m | £53m | -15.0% | -17.9% |
| Adjusted ² operating margin | 21.8% | 19.0% | -280bps | -300bps |
| Adjusted ² EPS | 5.5p | 4.8p | -12.7% | -15.9% |
| Cash conversion | 94% | 68% | - | - |
| Interim dividend | 2.35p | 2.40p | +2.1% | - |

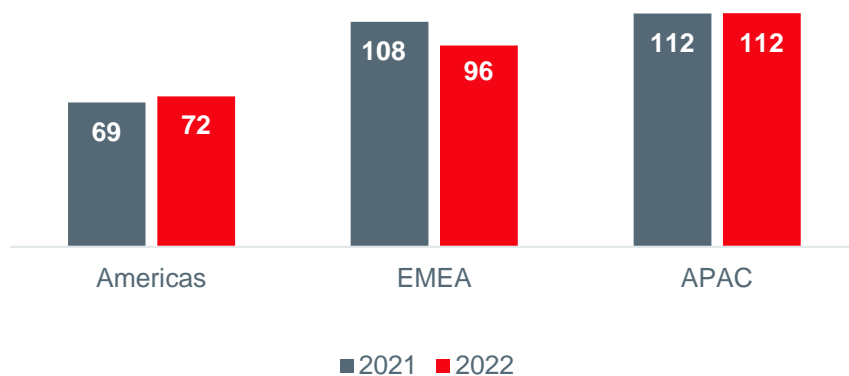
Note: 1) OCC results are restated at 2021 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Group revenue

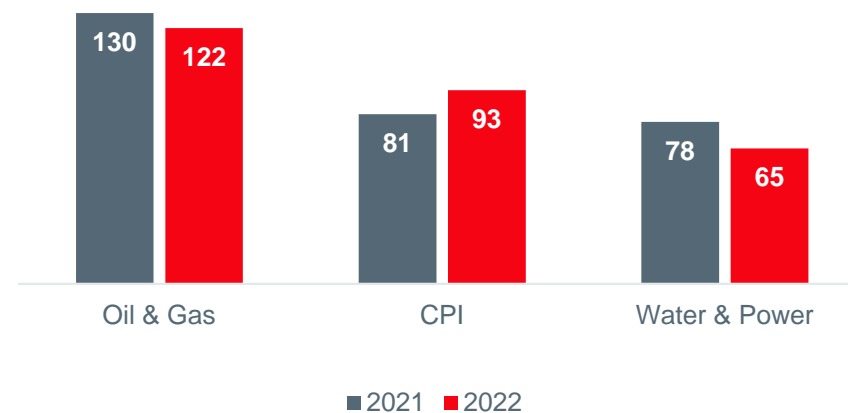
- Group revenue -2.9% YoY (-4.8% OCC)
- Revenue decline due to supply chain challenges
- Americas revenues grew with both Oil & Gas and CPI higher
- EMEA decline largely due to Oil & Gas
- APAC sales were unchanged YoY
- Rotork Site Services 19% of sales (2021: 19%)

| Oil & Gas | H1 2021 | H1 2022 |
|-------------------------|---------|---------|
| Upstream | 11% | 10% |
| Midstream | 11% | 11% |
| Downstream | 23% | 23% |
| Contribution to revenue | 45% | 44% |

End destination (£m)

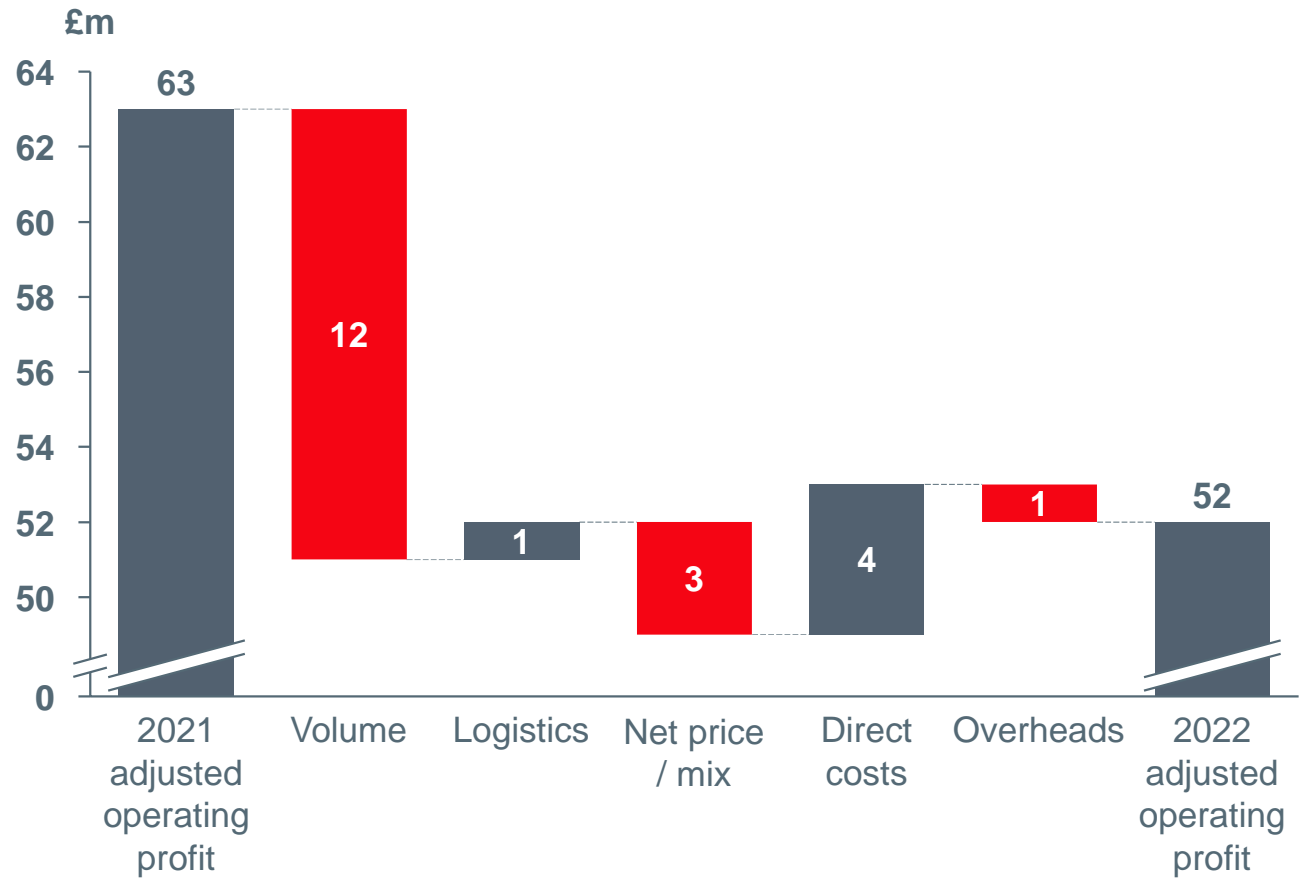


End user market (£m)



Adjusted² operating profit bridge (OCC¹)

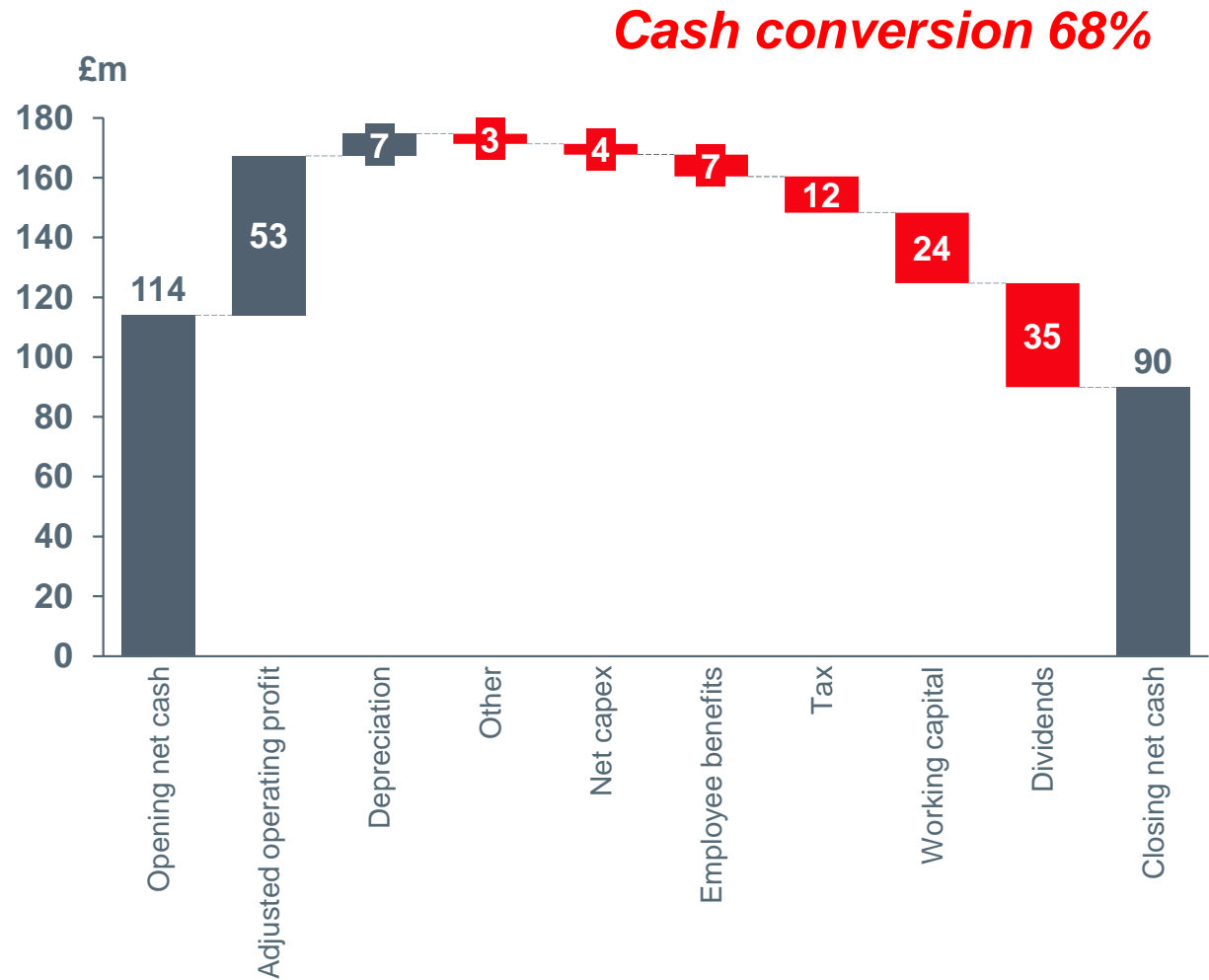
- Lower volumes a significant headwind
- Gross margin 44.6% (-160bps)
- Adjusted operating margin -280bps to 19.0%



Note: 1) OCC results are restated at 2021 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Cash flow

- Cash conversion 68% (H1 2021: 94%)
- Inventory 16.2% of sales (H1 2021: 10.9%)
- Trade receivables 51 DSO (H1 2021: 57)
- Net working capital/sales 28.1% (H1 2021: 22.9%)
- Dividend is full year 2021 payment (4.05p)



Note: 1) OCC results are restated at 2021 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Adjustments to operating profit

- SaaS full year costs ~£7m
- Russian sales and service operations suspended
- No further Russia costs expected in full year

| £m | H1 2021 | H1 2022 |
|--|---------|---------|
| Amortisation of acquired intangibles | 4.7 | 3.1 |
| Gain on property disposal | (1.6) | (1.2) |
| Software as a Service configurations costs | 3.5 | 3.5 |
| Redundancy / restructuring | 5.6 | 0.3 |
| Russia market exit | - | 3.6 |
| | 12.2 | 9.3 |

Financial & other items update

- Procurement focus remains on security of supply
- Current year currency impact estimated at ~4% tailwind
- Capex spend ~£18M

| GAP P&L benefits £m | 2021 | 2022 previous | 2022 latest |
|-----------------------------|-------|---------------|-------------|
| Organisation change | 1.7 | ↘ | ↘ |
| Footprint optimisation | 1.0 | ↗ | ↗ |
| Procurement | (1.8) | ↗ | ↘ |
| New product development | 3.7 | ↗ | ↗ |
| Continuous improvement/lean | 2.2 | ↘ | ↘ |
| | 6.8 | | |

| | 2021 | 2022 |
|-----------------------------|-------|-------|
| Headline effective tax rate | 24.2% | 24.4% |
| Adjusted effective tax rate | 23.8% | 23.9% |

Oil & Gas

| | H1 2021 | H1 2022 | Change | OCC ¹ Change |
|--|---------|---------|---------|----------------------------|
| Revenue | £129.6m | £122.3m | -5.6% | -7.4% |
| Adjusted ² operating profit | £26.9m | £23.6m | -12.5% | -12.9% |
| Adjusted ² operating margin | 20.8% | 19.3% | -150bps | -130bps |

- Momentum improved through 2022
- Revenue lower, the result of supply chain disruption and the withdrawal from Russia
- EMEA sales fell with all segments down YoY
- APAC revenues were lower despite the upstream growing
- Americas sales grew with the midstream and downstream strong
- Margins impacted by lower volumes

Note: 1) OCC results are restated at 2021 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Chemical, Process & Industrial

| | H1 2021 | H1 2022 | Change | OCC ¹ Change |
|--|---------|---------|--------|-------------------------|
| Revenue | £81.2m | £92.8m | +14.3% | +12.4% |
| Adjusted ² operating profit | £20.6m | £22.7m | +10.2% | +10.4% |
| Adjusted ² operating margin | 25.4% | 24.5% | -90bps | -40bps |

- Sales grew in all segments
- APAC revenues grew strongly, led by China
- EMEA sales were modestly ahead, chemical sector positive
- Americas revenues unchanged despite good performance in mining
- Margin benefited from higher revenue offset by higher component costs and share of common costs

Note: 1) OCC results are restated at 2021 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Water & Power

| | H1 2021 | H1 2022 | Change | OCC ¹ Change |
|--|---------|---------|---------|----------------------------|
| Revenue | £77.5m | £64.9m | -16.2% | -18.4% |
| Adjusted ² operating profit | £21.0m | £13.4m | -36.2% | -37.4% |
| Adjusted ² operating margin | 27.1% | 20.7% | -640bps | -630bps |

- W&P saw most significant supply chain disruption
- Revenue lower with all geographies declining
- APAC lower in total, water marginally lower
- Americas impacted by supply chain, water close to flat
- EMEA modest decline in water and power
- Margins saw disproportionate impact of lower volume, negative product mix and higher electronics component costs

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Financial summary

Encouraging momentum entering H2

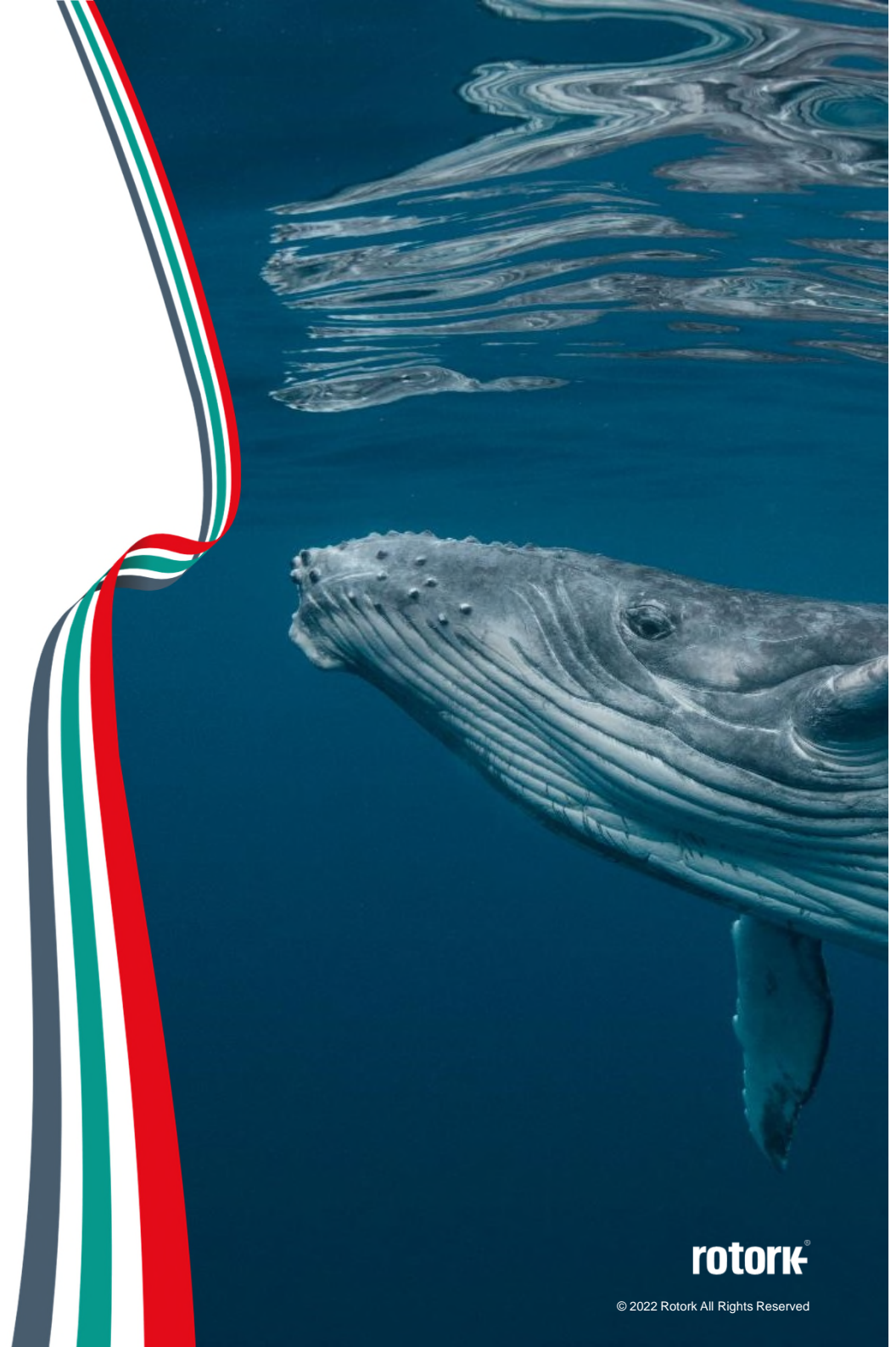
Supply chain challenges stabilising

Order book at record level

Greater benefit from price increases

Supply chain, strategic focus & outlook

Presented by
Kiet Huynh, Chief Executive Officer



Supply chain update

MATERIALS

Shortages of:

- Semiconductor chips
- Transistors, diodes, capacitors and sensors
- Castings
- Specialist alloys and plastics

*Signs of stabilisation
in some areas – e.g.
chips*

LOGISTICS DELAYS

Typical sea freight journey time
increases in 2021:

- Asia to Europe from 7 to 12 weeks
- Asia to USA from 7 to 14 weeks
- Europe to USA from 5 to 12 weeks

Journey times are longer and more unpredictable

*Europe to USA
reduced by ~2
weeks*

Above bullets extracted from 2021 prelims



Our responses (August 2022 update)

- Supply chain escalation process
- Forward purchasing plan for critical components
- Re-engineering and recertification of products
- Lead time reduction programme
- Global transportation programme
- Global shortages programme

Strategic focus

Target segments



- Opportunities in developing markets
- Automation and energy efficiency
- Infrastructure modernisation
- Climate change aligned

Customer value



- Go to market enhancement
- Global supply chain programme
- Improved customer experience
- Leverage RSS

Innovative products & services



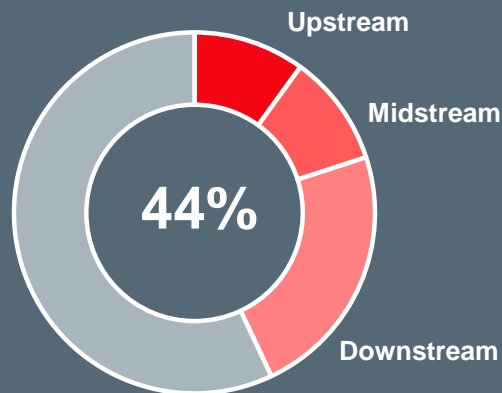
- Target segment aligned
- Electrification
- Connected and digital
- Make-vs-buy

Market outlook

Oil & Gas

- Global demand recovering
- Industry confidence returning, energy security higher priority
- Highest oil price since 2012
- Energy transition and emissions reduction opportunities

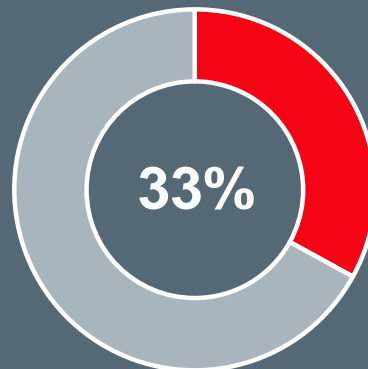
% of revenue



Chemical, Process & Industrial

- Targeting niche opportunities in decarbonisation, chemical, HVAC and mining
- Drive to lower industry's CO2 emissions gaining momentum
- Shortest cycle Rotork division

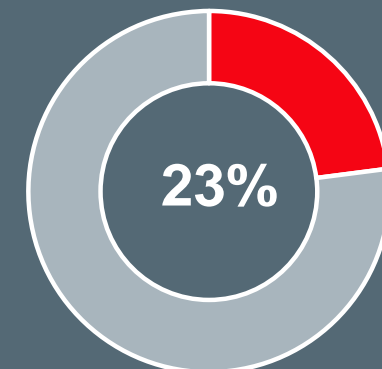
% of revenue



Water & Power

- Water infrastructure investment a global priority
- Seeing clear benefits of our end market alignment
- Power sector refurbishment activity to return in H2

% of revenue



Summary

**Keeping the World Flowing
for Future Generations**

Creating value for all stakeholders

Enabling a sustainable future

Capital Markets Event in November

End market recovery continues

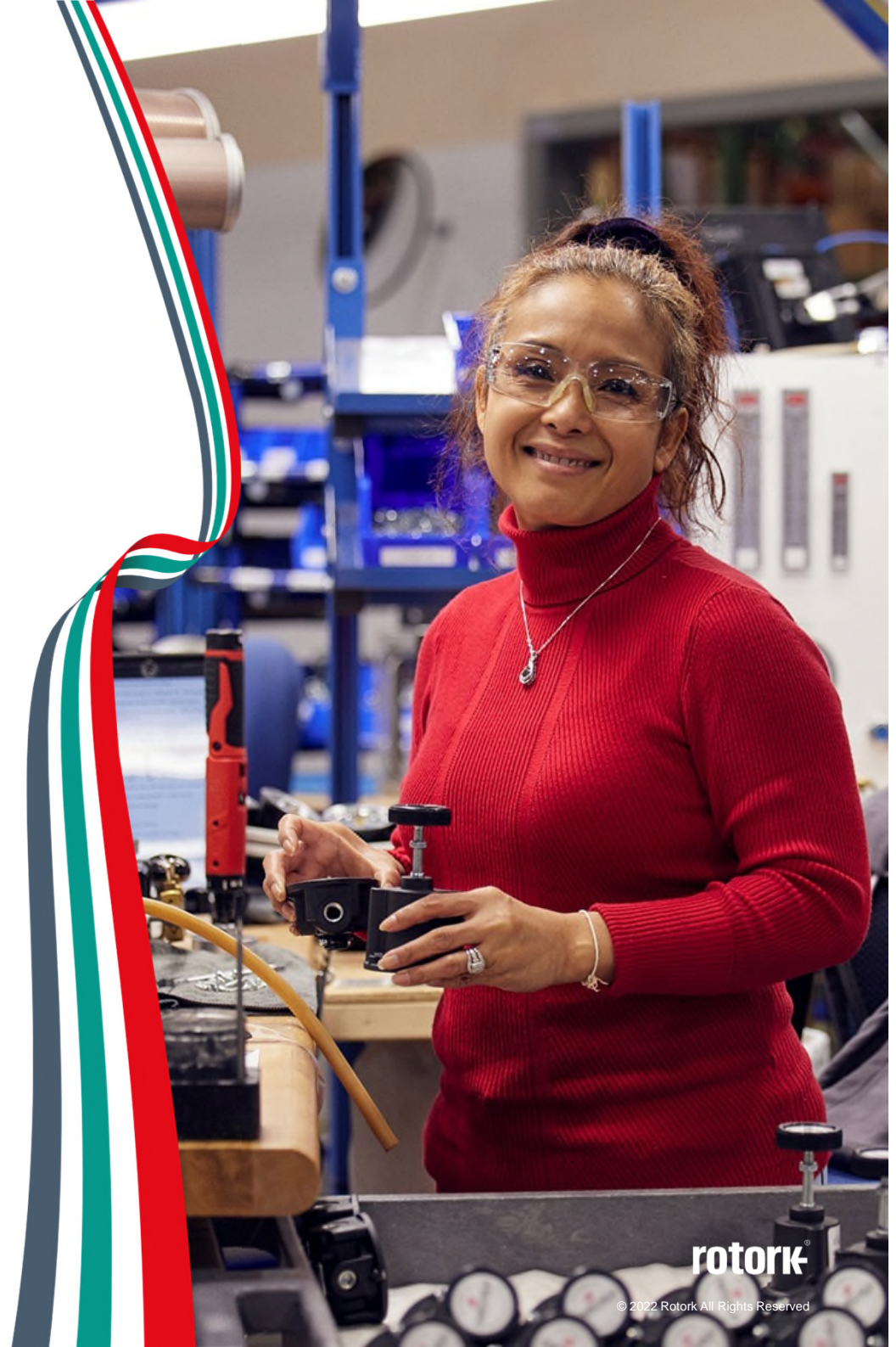
- Encouraging order intake, driven by Oil & Gas and CPI and successful price rises
- H1 sales and profits lower due to supply chain challenges and the phasing of price benefit due to the record order book

Encouraging momentum, outlook confirmed

- Order book gives good visibility, higher prices to boost H2 sales
- Improvement actions benefit supply chain
- We continue to expect results to have a greater than usual weighting to H2, will be even more pronounced if recent GBP weakness continues

**We remain committed to delivering mid to high single digit revenue growth
and mid 20s adjusted operating margins over time**

Appendices



Analysis of movements

| £m | 2022 as Reported | Adjust to CC | 2022 at OCC ¹ | 2021 as Reported |
|--|------------------|--------------|--------------------------|------------------|
| Order intake | 340.1 | (5.7) | 334.4 | 298.2 |
| | +14.0% | | +12.1% | |
| Revenue | 280.0 | (5.5) | 274.5 | 288.3 |
| | -2.9% | | -4.8% | |
| Adjusted ² operating profit | 53.3 | (1.8) | 51.5 | 62.7 |
| | -15.0% | | -17.9% | |
| Adjusted ² operating margin | 19.0% | | 18.8% | 21.8% |
| | -280bps | | -300bps | |

- Revenue split 39% US\$, 28% Euro, 14% GBP and 19% other currencies
- Adjustments relate to intangible amortisation of £3.1m (2021: £4.7m) and other adjustments £6.2m (2021: £7.5m)

Note:

¹ OCC results exclude acquisitions / disposals and are restated at 2021 exchange rates.

² Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments.

Constant currency analysis

| | 2022 as Reported | | Adjust to CC | 2022 at OCC ¹ | | 2021 as Reported | |
|--|------------------|-------|-----------------|--------------------------|-------|------------------|-------|
| Revenue | 280.0 | | (5.5) | 274.5 | | 288.3 | |
| Cost of sales | (155.2) | | 3.2 | (152.0) | | (155.1) | |
| Gross profit | 124.8 | 44.6% | (2.3) | 122.5 | 44.6% | 133.2 | 46.2% |
| Overheads | (71.5) | 25.5% | 0.6 | (70.9) | 25.8% | (70.4) | 24.4% |
| Adjusted ² operating profit | 53.3 | 19.0% | (1.8) | 51.5 | 18.8% | 62.7 | 21.8% |

- OCC¹ gross margin decreased 160bps
- OCC¹ adjusted² operating profit margin decreased 300bps

Note:

¹ OCC results exclude acquisitions / disposals and are restated at 2021 exchange rates.

² Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments.

Revenue and adjusted operating margins²

| Revenue £m | H1 2022 | H1 2022 OCC ¹ | H1 2021 | FY 2021 |
|--------------------------------|------------|-----------------------------|------------|------------|
| Oil and Gas | 122.3 | 120.0 | 129.6 | 260.2 |
| Chemical, Process & Industrial | 92.8 | 91.2 | 81.2 | 160.5 |
| Water & Power | 64.9 | 63.3 | 77.5 | 148.5 |
| Group | 280.0 | 274.5 | 288.3 | 569.2 |

| Adjusted operating profit % | H1 2022 | H1 2022 OCC ¹ | H1 2021 | FY 2021 |
|--------------------------------|------------|-----------------------------|------------|------------|
| Oil and Gas | 19.3% | 19.5% | 20.8% | 21.7% |
| Chemical, Process & Industrial | 24.5% | 25.0% | 25.4% | 26.7% |
| Water & Power | 20.7% | 20.8% | 27.1% | 27.2% |
| Group | 19.0% | 18.8% | 21.8% | 22.5% |

Note:

¹ OCC results exclude acquisitions / disposals and are restated at 2021 exchange rates.

² Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

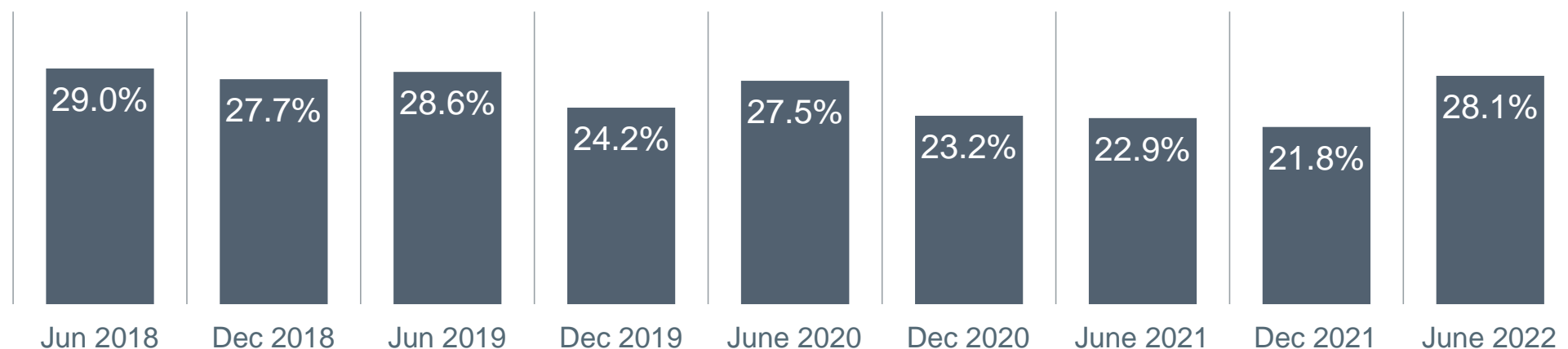
Earnings per share

| £m | H1 2022 | H1 2021 | Change |
|--|---------|---------|--------|
| PBT as reported | 44.6 | 50.7 | -12.0% |
| Adjusted ¹ PBT | 53.9 | 62.9 | -14.3% |
| Effective tax rate | 24.4% | 24.5% | |
| Adjusted ¹ effective tax rate | 23.9% | 23.9% | |
| Basic EPS as reported | 3.9p | 4.4p | -11.4% |
| Adjusted ¹ basic EPS | 4.8p | 5.5p | -12.7% |

Note:

¹ Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments.

Working capital



| £m | June 2021 | % Revenue | Dec 2021 | % Revenue | June 2022 | % Revenue |
|---------------------|-----------|----------------------|----------|----------------------|-----------|----------------------|
| Inventory | 63.1 | 10.9% | 68.4 | 12.0% | 90.5 | 16.2% |
| Trade Receivables | 104.1 | 18.1% (57 D.S.O.) | 94.2 | 16.5% (57 D.S.O.) | 108.1 | 19.3% (51 D.S.O.) |
| Trade Payables | (35.4) | 6.1% | (38.8) | 6.8% | (41.3) | 7.4% |
| Net Working Capital | 131.8 | 22.9% | 123.8 | 21.8% | 157.3 | 28.1% |

Exchange rates

| | US \$ | Euro € |
|---|-------------|-------------|
| Average rates | | |
| H1 2021 | 1.39 | 1.15 |
| Full year 2021 | 1.38 | 1.16 |
| H1 2022 | 1.30 | 1.19 |
| + = GBP STRENGTHENING / - = GBP WEAKENING | | |
| H1 2022 v H1 2021 | -6.5% | 3.5% |
| HY 2022 v FY 2021 | -5.8% | 2.6% |
| Period end rates | | |
| June 2021 | 1.38 | 1.17 |
| December 2021 | 1.35 | 1.19 |
| June 2022 | 1.22 | 1.16 |
| + = GBP STRENGTHENING / - = GBP WEAKENING | | |
| June 2022 v December 2021 | -9.6% | -2.5% |

Dividends

- 2019 final dividend was withdrawn as a result of the COVID-19 pandemic and an interim dividend of an equivalent amount was paid in the second half of 2020
- In March 2021 a dividend, reflecting the combined interim and final dividends, was proposed in respect of the year to 31 December 2020
- 2022 interim dividend increased 2.1% to 2.40p
- Dividend cover 1.6 times (adjusted cover 2.0 times)

| Core Dividend | Month Paid / Payable | Amount (pence) | Cost (£m) |
|------------------------|----------------------|----------------|-------------|
| 2020 interim and final | May 2021 | 6.30p | 55.0 |
| 2021 interim | September 2021 | 2.35p | 20.5 |
| Paid in 2021 | | 8.65p | 75.5 |
| 2021 Final | May 2022 | 4.05p | 34.8 |
| 2022 interim | September 2022 | 2.40p | 20.6 |
| Payable in 2022 | | 6.45p | 55.4 |



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