



**rotork<sup>®</sup>**

# Capital Markets Event

## 2 November 2022

**Achieving our ambition through Growth+**



**rotork<sup>®</sup>**

## CEO Introduction

**Presented by**

**Kiet Huynh**



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# Agenda

CEO Introduction (45m)

Divisional MDs (30m)

Rotork Site Services (10m)

Short Break (10m)

Breakout Sessions (45m)

Finance Update (10m)

Questions & Answers (30m)

# Key messages

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Our Growth+ strategy is designed to drive growth, through focus on target segments, customer value and innovation

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Megatrends of automation, electrification and digitalisation benefit all of our markets and further support our growth

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Sustainability is a great opportunity for us – including through the Eco-transition portfolio

---

Rotork Site Services is a differentiator within the industry with the potential for above group average growth and returns

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**Our ambition remains to deliver mid to high single-digit revenue growth and mid 20s adjusted operating margins over time**

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# Executive team



**Kiet Huynh**

Chief Executive Officer  
4 years at Rotork



**Jonathan Davis**

Group Finance Director  
20 years at Rotork



**Neil Manning**

MD, Oil & Gas  
4 years at Rotork



**Lyndsey Norris**

MD, CPI  
4 years at Rotork



**Metin Gerceker**

MD, Water & Power  
5 months at Rotork



**Mike Pelezo**

RSS Director  
18 months at Rotork

**A strong bench of committed, enthusiastic and experienced leaders**

# Rotork at a glance

Rotork is a market-leading global provider of mission-critical intelligent flow control 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

2021 group sales



Oil & Gas

CPI

W&P

2021 group adj. EBITA



Products

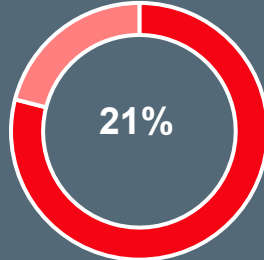
RSS

Product\*



Electric  
Fluid Power  
Instruments  
Gears

RSS\*



Employees  
3,200

Countries served  
170

Manufacturing facilities  
17

Asset light  
business model

2021 adj. EBITA margin  
22.5%

Geography\*



APAC

EMEA

Americas

Order sizes



Small <£10k

Small to mid £10-100k

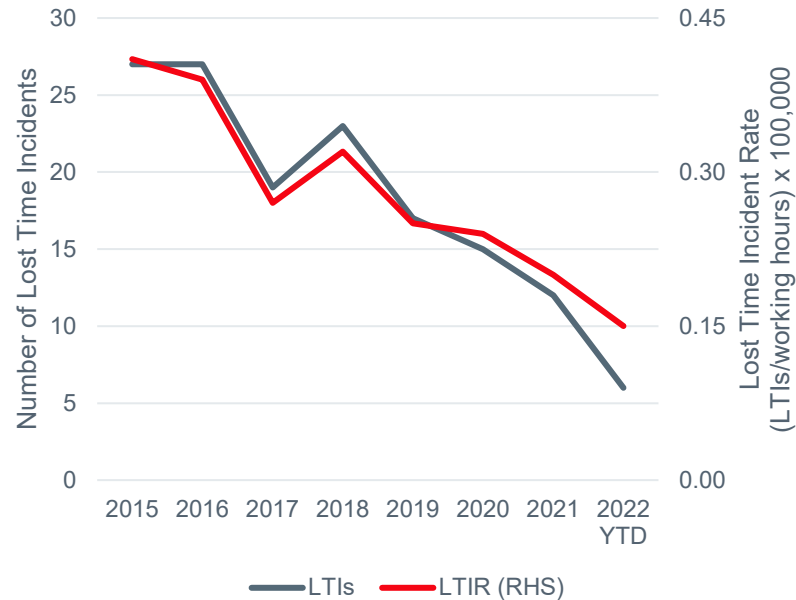
Mid to large £100k-1m

Large >£1m

\*2021 sales split

# Working at Rotork

## Safety at Rotork



## A great place to work

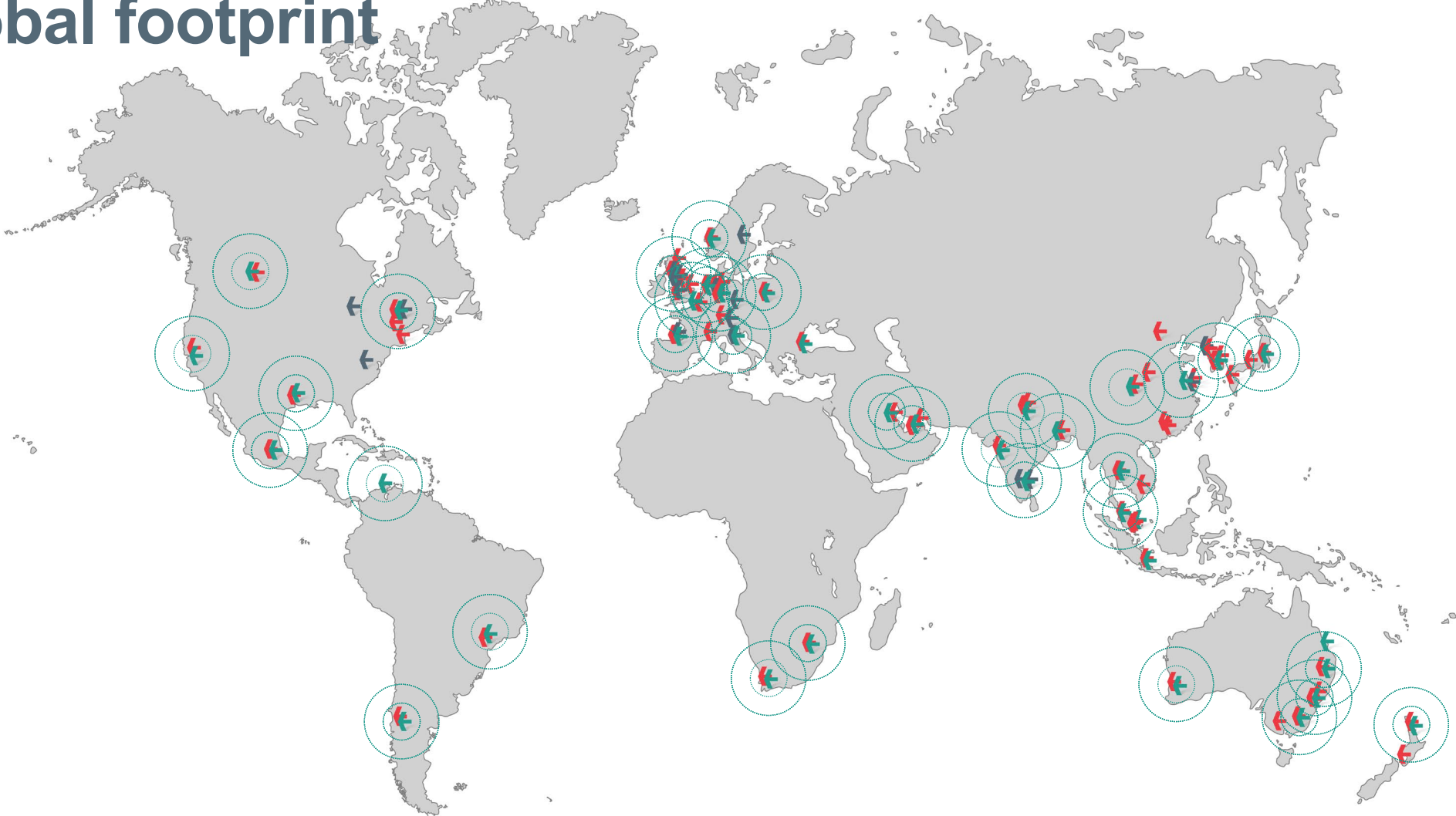


- Rotork strives to be a great place to work
- We are committed to sustainability, diversity and inclusivity
- More than half our colleagues are shareholders

**We strive for a zero-harm workplace. Engaged and committed people are key to the successful delivery of our purpose.**



# Our global footprint



- Key
- Offices
  - Manufacturing
  - Service Centres

**A largely local-for-local, asset light, manufacturing model and a customer centric global service network**

# What is a Rotork flow control solution?



*The Pueblo dam in Colorado, USA, in operation with reservoir water flowing through a 60-inch valve of the type shown on the left (complete with Rotork IQ actuator) © Howell Bunger*

**Rotork's flow control products are mission critical and highly differentiated**

# Typical flow control applications



Extraction



Processing



Transportation



Storage

Safety, productivity & efficiency



Utilisation



Heating & Cooling



Recovery



Recycling

The flow control markets Rotork serves have great potential for growth



# What makes Rotork market leader

## Barriers to entry

- Industry and customer certification requirements
- Approved vendor status
- Market leading product range
- Global presence with local service support
- High cost of failure
- Unrivalled installed base

## Key competitive strengths

- Brand and reputation, track record and references
- Product performance and quality
- Application and technology expertise
- Customer and end user relationships
- High quality field service offering
- Intellectual property

**Leadership driven by technical capabilities, quality, reliability and reputation**

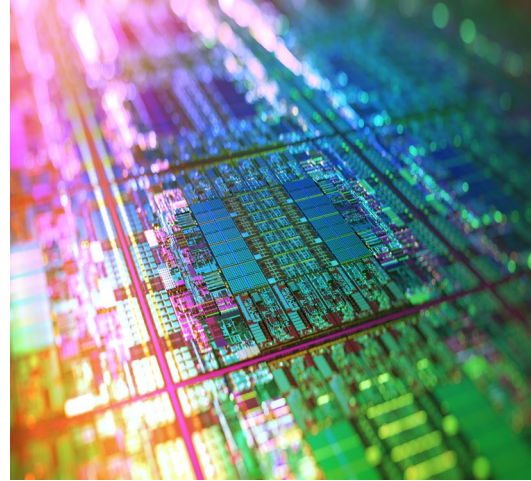


# Introduction to our divisions



## Oil & Gas

- Leading supplier of electric critical duty actuators to the sector with the largest installed base and services team
- A high return industrial franchise with growth potential for years to come



## CPI

- Supplier of specialist actuators and instruments for niche applications in the broad chemical, process industry and industrial sectors
- A high return niche business with significant growth opportunities driven by megatrends

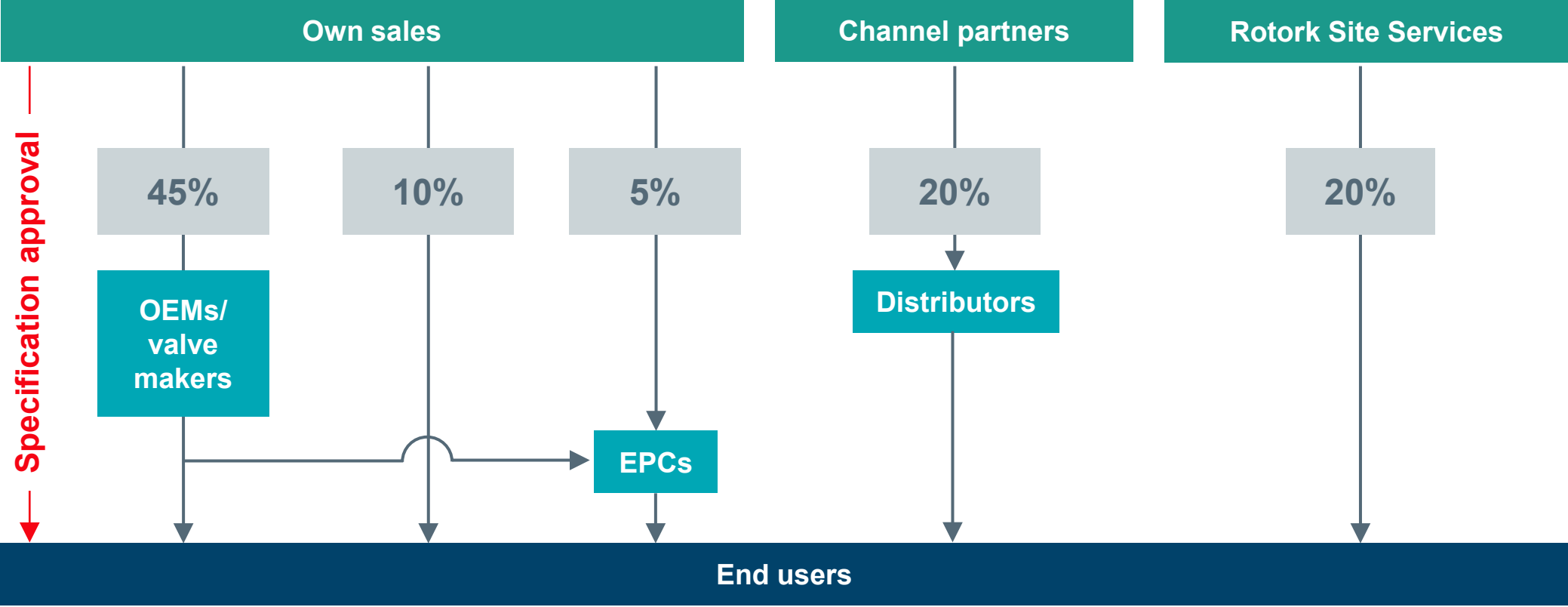


## Water & Power

- Supplier of premium actuators, predominantly electric, and gearboxes for applications in the water and power generation sectors
- A business with attractive returns and good growth potential driven by water opportunities

**All businesses are asset light and have scope for significant growth without major investment**

# Our routes to market\*



\* Numbers illustrative

**Specification approval key to direct or indirect sales**

# Our growth drivers



Automation



Electrification



Digitalisation



Sustainability



Energy security



Water scarcity



Water quality



New energies

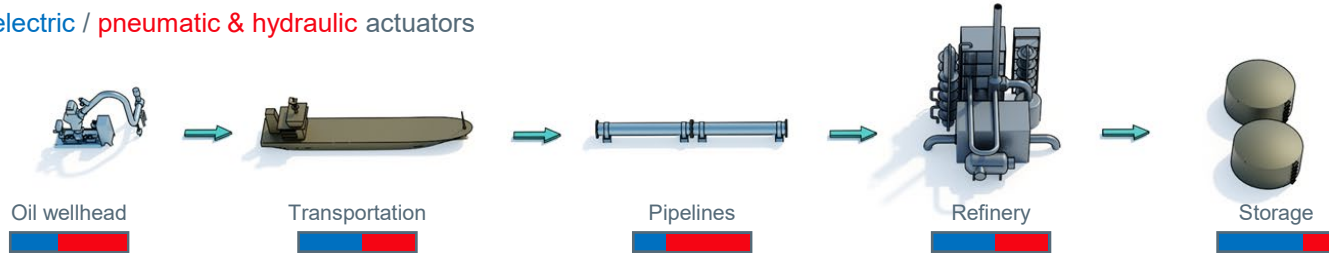
**Growth driven by long term mega trends supported by our own initiatives**



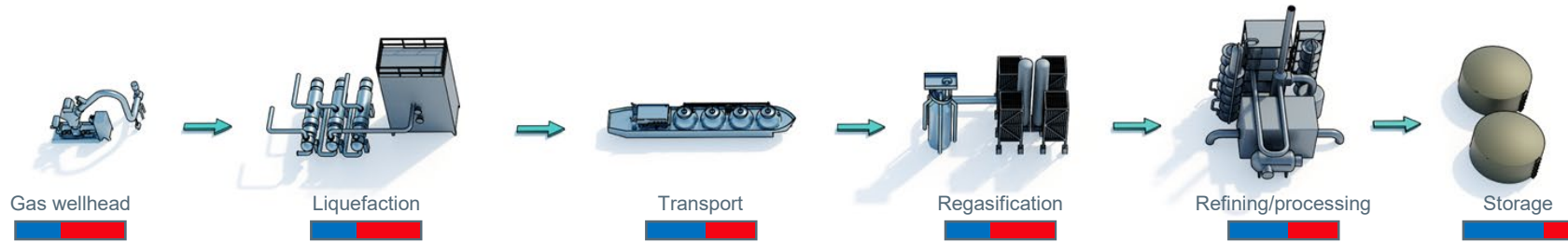
# Actuator intensity in the energy sector

 = Illustrative split of electric / pneumatic & hydraulic actuators

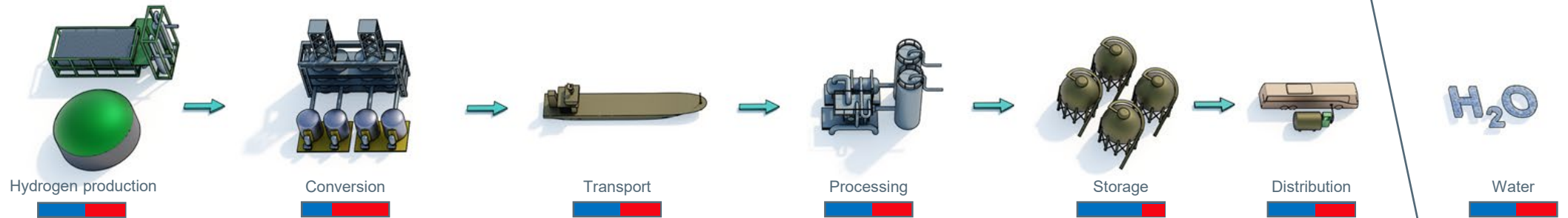
## Conventional Energy



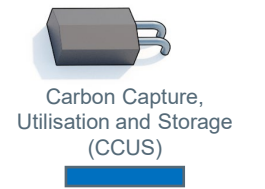
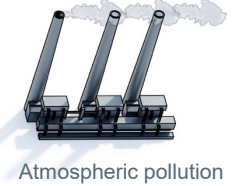
## Liquefied Natural Gas (LNG)



## Hydrogen



## By-products



**Electric actuator adoption to continue to increase over time**



# From GAP to Growth+

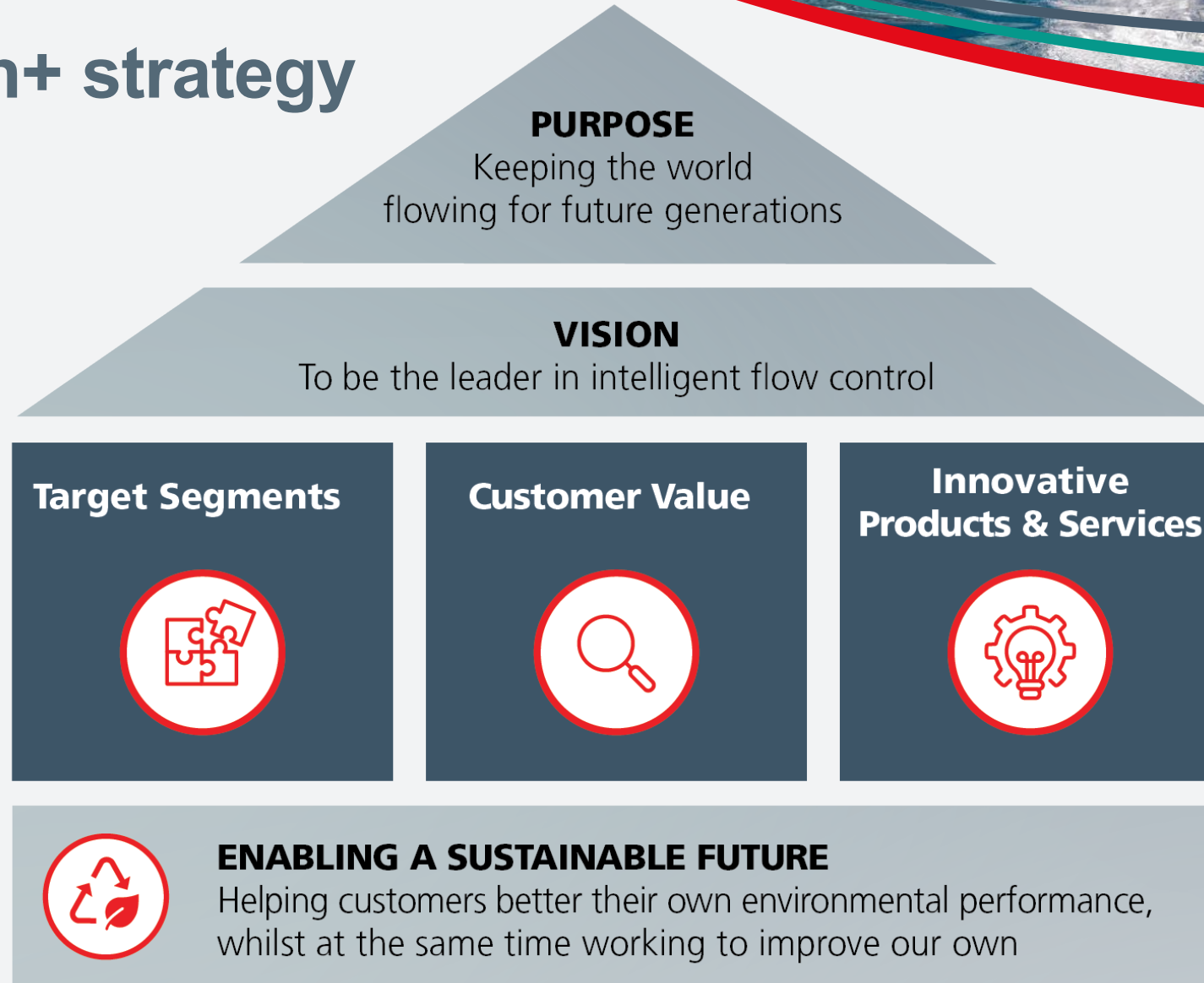
## Growth Acceleration Programme initiatives

- Salesforce re-alignment
- Value selling
- RSS expansion
- Global strategic sourcing
- Footprint optimisation
- Inventory reduction

- Continuous improvement and lean
- Performance appraisal process
- Aligned strategy, goals, behaviours and reward systems
- Core business process improvement
- IT/systems enhancements

**GAP has positioned Rotork for an exciting future and evolves to Growth+ to drive profitable growth**

# Our Growth+ strategy



# Our purpose and vision



**Our purpose remains very relevant and is unchanged –  
‘Keeping the world flowing for future generations’**



**Our new vision is to be the leader in intelligent flow control.  
This is an evolution of our earlier vision and recognises the  
ever-increasing importance of connectivity to our end users**

**For everyone at Rotork, our purpose and vision are powerful motivators**

# Growth+ strategy pillars







# Target Segments

	Oil & Gas	CPI	Water & Power
Target segments market size (£m)	1,500	800	1,400
Target segments growth rate (CAGR)	High single-digit*	Low double-digit	Mid to high single-digit
Example	40% of the 1m North American producing wells will switch to low/zero bleed actuators	The hydrogen electrolyser market is forecast to grow rapidly	Reverse osmosis desalination forecast to grow low double-digit over the next 5-10 years

\* Includes the benefit of conversion from pneumatic to electric actuation

# Growth+ strategy pillars

**Target Segments**



**Customer Value**



**Innovative Products & Services**



**Go to market enhancement**

- Global key account management
- Project pursuit programme
- Sales force academy
- RSS network expansion

**Global supply chain programme**

- Lead time reduction programme
- Global transportation programme
- Global shortages programme

**Improved customer experience**

- Business process re-engineering
- Faster quotations; on-time delivery



# Customer Value in action

## Recent mining sector success

- Key account management and market focus
- Customer service
- Streamlined business processes
- Engagement, a 'can do, will do' attitude
- End to end ownership, no silos
- Information sharing, fast track process



**Customer Value and Target Segments have been instrumental in trebling sales to this customer**

# Growth+ strategy pillars

Target Segments



Customer Value



Innovative Products  
& Services



Strategic segment aligned

Electrification

Connected and digital

Make-vs-buy / M&A

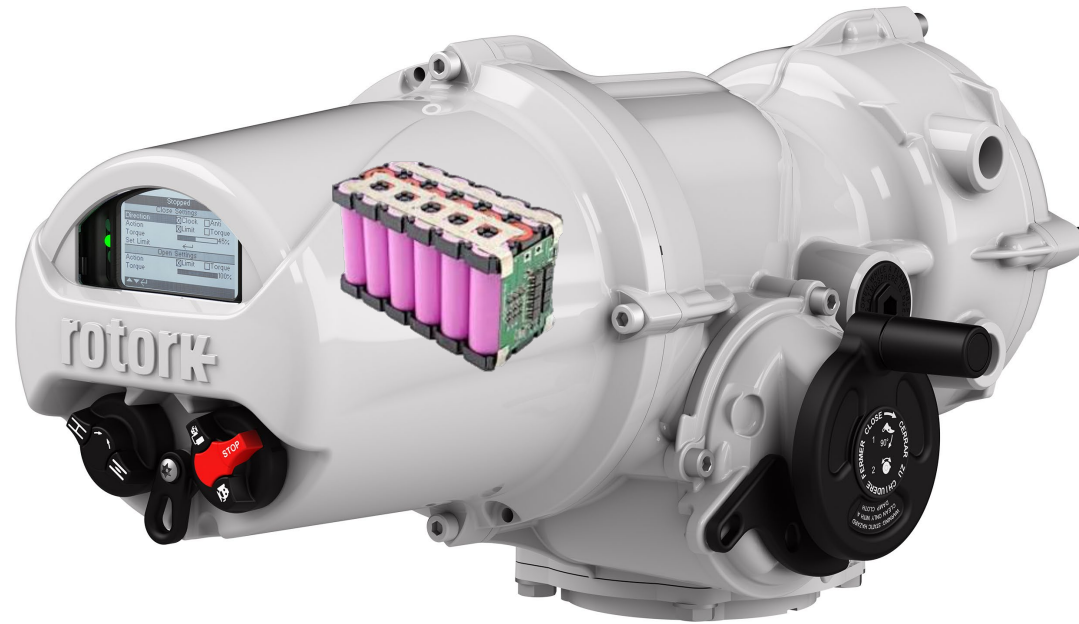
Leverage RSS





# Innovative Products & Services in action

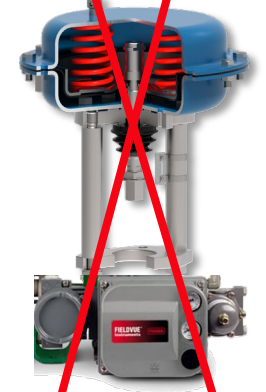
- IQT Battery Backup
- Configurable emergency operation
- Unique explosion-proof/extreme environment solution
- Highly efficient, digitally connected
- Large-scale factory and remote automation applications
- Eliminates need for air compressor or direct methane emissions



Targeting the substitution of fluid-powered solutions



Air compressor



Spring-return actuator

Li-ion battery enables electric alternative to traditional fluid-powered spring-return actuators





# Enabling a Sustainable Future

## Operating Responsibly

We aim to run safe, efficient and sustainable operations

- Striving for zero harm
- SBTi validated emissions reduction targets across scopes 1, 2 & 3



## Enabling a Sustainable Future

We want to help drive the transition to a cleaner future where environmental resources are used responsibly

- Management of water resources
- Enabling efficiency improvement and emissions reduction



## Making a Positive Social Impact

We aim to support thriving, fair and resilient communities

- 100% of employees covered by our fair pay framework
- Social targets to be launched shortly



### Our leading ESG ratings

MSCI

# AA

Leader

S&P Global CSA

# Top 5%

Ranked in the top 5% in our industry globally

Sustainalytics

# Top

Industry Top Rated

Bloomberg ESG

# 57.9

Leading ESG disclosure score among peers



# Enabling a Sustainable Future

## The Rotork eco-transition portfolio ...

### Water and wastewater portfolio

Potable water treatment  
Potable water distribution  
Sewage treatment  
Irrigation

### Methane emissions reduction portfolio

Electric actuators used in:

- Oil & gas upstream (incl. onshore and offshore)
- Oil & gas pipelines (incl. terminals, compressor stations)

### New energies & tech. portfolio

Carbon capture  
LNG  
Biofuels  
Hydrogen  
Nuclear  
Renewable energy

... represented more than 30% of Rotork sales in 2021

# Achieving our ambition through Growth+

## Growth+ strategy



Target segments



Customer Value



Innovative Products & Services

## Industrial megatrends



Automation



Electrification



Digitalisation

## End markets



Oil & Gas



CPI



Water & Power

Enabling a sustainable future



**rotork**<sup>®</sup>

**Oil & Gas**

**Presented by  
Neil Manning**

# Key takeaways

- The leading supplier of electric critical duty actuators to the global O&G sector with the largest installed base and site services team
- Margins unmatched in the industry courtesy of a highly differentiated product and services offering and an unrivalled installed base
- Set to benefit from end market growth (incl. maintenance and modernization), energy security initiatives and the drive for the cleanest possible fossil fuel eco-system
- Target segments include methane emissions reduction, LNG (energy transition bridge), Asian infrastructure growth and brownfield potential
- We estimate the total market size of our target segments to be c. £1.5bn and that these in aggregate will grow high single-digits p.a.

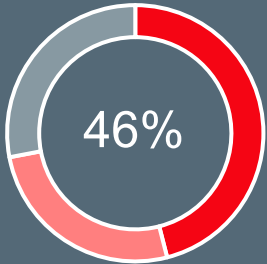
**A high return industrial franchise with growth potential for years to come**



# Oil & Gas at a glance

The leading supplier of electric critical duty actuators and related services to the global Oil & Gas sector with the largest installed base and site services team

% of 2021 group sales



% of 2021 group adj. EBITA



2021 adj. EBITA margin

21.7%

Geography\*



■ EMEA ■ APAC ■ Americas

Product\*



■ Electric ■ Fluid Power  
■ Gears ■ Instruments

RSS\*



■ Products ■ RSS

Sectors\*



■ Downstream ■ Midstream ■ Upstream

Customer concentration\*



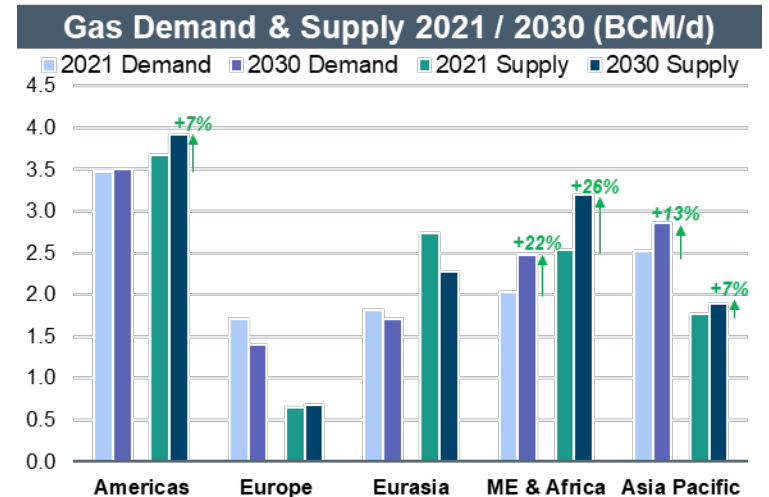
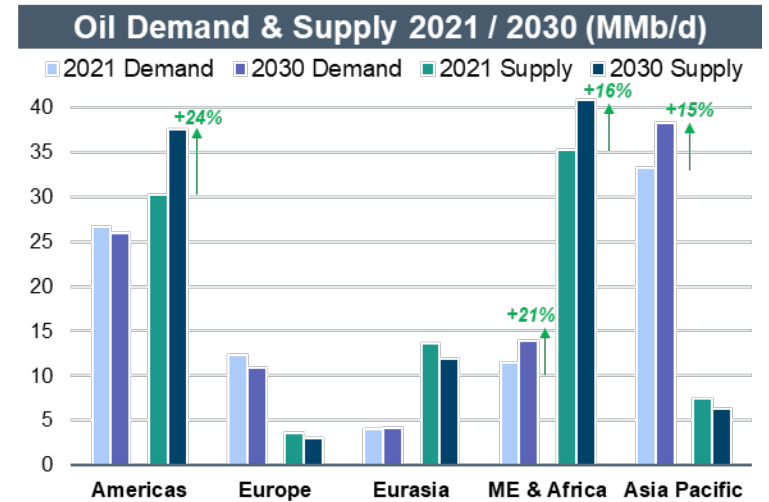
■ Top 5 ■ Next 20 ■ Remainder

\*2021 sales split

# Medium term end market outlook

- North America to remain the largest O&G producer
- APAC demand growth to drive greenfield projects
- Supply imbalances in Europe and East Asia
- Russian supply expected to be replaced by Middle East (oil and LNG) and North America (LNG)
- European energy transition accelerating

*Eurasia in the charts consists of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan*



Source: EA World Energy Outlook 2022 report and associated dataset, published in October 2022

**Demand for oil and gas will grow through at least 2030**

# Growth+ Target Segments

## Methane emissions reduction

- Countries representing over 40% of annual oil & gas sector methane emissions have committed to halving their emissions in the coming years. The majority of methane emissions are from the upstream segment however there are also emissions from pipeline and distribution activities. Rotork has a robust solution portfolio that can support the electrification of upstream and midstream assets

## LNG (the energy transition bridge)

- The LNG market is forecast to grow by as much as 50% by 2030 driven by energy security initiatives and its position as a transition fuel. Rotork offers a broad range of actuation solutions and controls, and benefits from a significant installed base and global service footprint and its dedicated LNG project pursuit team

## Asian infrastructure growth

- Oil & gas infrastructure is forecast to grow strongly in Asia through 2030 – e.g. upstream capex up 40%. Rotork has a leading local-for-local product portfolio, a strong presence on NOC vendor lists and excellent relationships with the international valve makers that will benefit from this growth

## Brownfield potential

- Over half of Oil & Gas's revenues are generated by retrofits, upgrades, maintenance, spares and services to our installed base (>50% share) in Western European and North American refineries, tank terminals and storage facilities

**We estimate the total market size of our target segments to be c. £1.5bn and that these in aggregate will grow high single-digits p.a.**

# Innovation successes

## IQTF for upstream wellhead choke valves

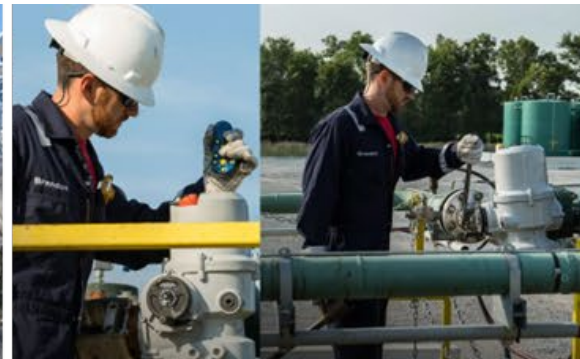
*What is the IQTF?* An explosionproof, low energy usage, battery backed up, full turn electric actuator

*What used for?* Actuating choke valves on upstream wellheads across North American shales

*Why successful?* Rotork's low power consumption IQTF electric actuator solution is often spec'd by end-users as a more reliable option than hydraulic or pneumatic actuation

### Key Factors:

- Avoids leakage/emissions
- Battery & solar capable; important for remote areas



**New products positioning us in key growth markets**



# What you'll see in the Oil & Gas breakout



## Methane emissions reduction solutions for the upstream sector

- Global commitment to reduce methane emissions
- Rotork applications
- Market opportunity



## Rotork's embedded base in LNG positions for future growth

- LNG demand
- Capacity expansion
- Rotork solutions and differentiators

# Key takeaways

- **The leading supplier of electric critical duty actuators to the global O&G sector with the largest installed base and site services team**
- **Margins unmatched in the industry courtesy of a highly differentiated product and services offering and an unrivalled installed base**
- **Set to benefit from end market growth (incl. maintenance and modernization), energy security initiatives and the drive for the cleanest possible fossil fuel eco-system**
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**A high return industrial franchise with growth potential for years to come**



**rotork<sup>®</sup>**

# Chemical, Process & Industrial

**Presented by  
Lyndsey Norris**



# Key takeaways

- **Supplier of specialist actuators and instruments for niche applications in the broad chemical, process industry and industrial sectors with a serviceable addressable market of ~£2bn**
- **Industry-leading returns driven by our ability to identify and solve our customers' critical reliability, efficiency and safety challenges**
- **Significant growth opportunities driven by decarbonisation as well as the automation, electrification and digitalisation megatrends**
- **Target segments include decarbonisation, chemical, HVAC and mining**
- **We estimate the total market size of our target segments to be c. £0.8bn and that these in aggregate will grow low double-digits p.a.**

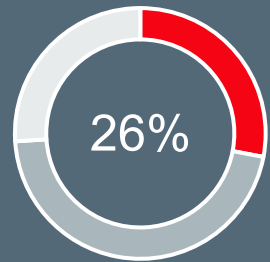
**A high return niche business with significant growth opportunities driven by mega trends**



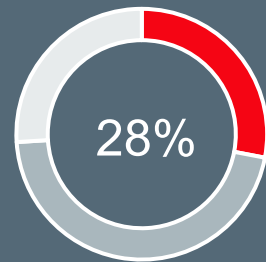
# CPI at a glance

Supplier of specialist actuators and instruments for niche applications in the broad chemical, process industry and industrial sectors

% of 2021 group sales



% of 2021 group adj. EBITA



2021 adj. EBITA margin

26.7%

Geography\*



APAC EMEA Americas

Product\*



Electric Instruments Fluid Power Gears

RSS\*



Products RSS

Sectors\*



Process Chemicals Industrial

Group order book split (June 2022)



Oil & Gas Water & Power CPI

\*2021 sales split

# CPI in action

## Business development case study – hydrogen and CCUS

- CPI identified the growth potential of hydrogen and CCUS at the time of the division's creation in 2019
- Rotork products have proven experience in hydrogen production and CCUS applications
- The division has recently invested in decarbonisation-focused business development and sales teams
- Strategy targeted at establishing a mindset that recognises the value of electric solutions over pneumatics



Creating value through identifying and solving our customers' critical process challenges

# Growth+ Target Segments

## Decarbonisation

- At COP26, 200 countries agreed to keep alive the goal of limiting global warming ideally to 1.5 degrees celsius and to strengthen carbon emissions reduction goals. Hydrogen and CCUS have important roles to play, are forecast to grow rapidly and are already material revenue contributors

## Chemical

- The chemical segment is already a significant one for CPI, and all geographies offer good growth opportunities, including through market share gain, electrification and leveraging RSS's strong position

## HVAC

- Capturing new applications for Rotork's intelligent flow control products through the 'go to market' enhancement initiative, for example in air quality, ventilation and cooling applications in the high growth semiconductor, data centre and battery markets

## Mining

- The metals and mining sectors benefit from increased demand for rechargeable batteries. Related CPI revenues are growing, and we look to continue this through NPD and working closely with key partners

**We estimate the total market size of our target segments to be c. £0.8bn and that these in aggregate will grow low double-digits p.a.**



# What you'll see in the CPI breakout



The decarbonisation value chain – the exciting potential of hydrogen markets and the high levels of safety certification in them



How Rotork products play an important role in protecting \$100m of work in progress in a semi-conductor facility

# Key takeaways

- **Supplier of specialist actuators and instruments for niche applications in the broad chemical, process industry and industrial sectors with a serviceable addressable market of ~£2bn**
- **Industry-leading returns driven by our ability to identify and solve our customers' critical reliability, efficiency and safety challenges**
- **Significant growth opportunities driven by decarbonisation as well as the automation, electrification and digitalisation megatrends**
- **Target segments include decarbonisation, chemical, HVAC and mining**
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**A high return niche business with significant growth opportunities driven by mega trends**





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**Water & Power**

**Presented by  
Metin Gerceker**

# Key takeaways

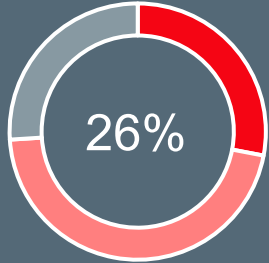
- **Supplier of premium actuators, predominantly electric, and gearboxes for applications in the water and power generation sectors**
- **Attractive returns driven by existing strong customer relationships, portfolio breadth, successful value selling and aftermarket support**
- **Significant growth opportunities solving water quality and scarcity challenges as well as automation, electrification and digitalisation trends**
- **Target segments include water infrastructure; water, wastewater and treatment; desalination; and alternative energy**
- **We estimate the total market size of our target segments to be c. £1.4bn and that these in aggregate will grow mid to high single-digits p.a.**

**A business with attractive returns and good growth potential driven by water opportunities**

# Water & Power at a glance

Supplier of premium actuators, predominantly electric, and gearboxes for applications in the water and power generation sectors

% of 2021 group sales



% of 2021 group adj. EBITA



2021 adj. EBITA margin

27.2%

Geography\*



■ APAC ■ Americas ■ EMEA

Product\*



■ Electric ■ Gears  
■ Fluid Power ■ Instrumts

RSS\*



■ Products ■ RSS

Sectors\*



■ Water ■ Power

Eco-transition portfolio\*



■ Water ■ Other

\*2021 sales split



# Water & Power in action

## Key drivers



### Water quality

- Regulation
- Innovation



### Fresh water scarcity

- Global population growth
- Industrial demand



### Climate change adaptation

- Flooding
- Droughts



### Automation and electrification

- Remote operation
- Reliability

## Examples of recent strategic successes



### Water Infrastructure / Wastewater treatment

We supplied several hundred actuators, a control system and a site service contract to Pure Water



### Desalination

We supplied several hundred actuators and a control system to Saudi Arabia's largest desalination plant Al Jubail 3B



### Renewable power

We supplied electric actuators to a 152 MW geothermal power station in New Zealand



### Remote connectivity / Off-grid power supply

We supplied solar powered actuators with 4G connectivity allowing remote operation in hard-to-access installations.

**Creating significant value for all our stakeholders**

# Growth+ Target Segments

## Water infrastructure

- This market offers significant growth potential driven by population growth and climate change adaptation. Infrastructure needs to be made resilient and adaptive. We see significant opportunities, including in reservoirs, rivers, stormwater pipelines and irrigation management

## Water and wastewater treatment

- The wastewater and water treatment markets are the core of the division and have significant growth potential globally but particularly in developing markets. We are well positioned to grow our share through the shift to electric actuators, our customer value initiative and Rotork Site Services

## Desalination

- The outlook for the desalination segment is positive, driven by the global shortage of quality potable water. We will look to grow our share, including through the introduction of new technologies

## Alternative energy

- Sectors such as waste-to-energy, concentrated solar power and energy storage are flow control intensive and represent significant growth opportunities for the division

**We estimate the total market size of our target segments to be ~£1.4bn and that these in aggregate will grow mid to high single-digits p.a.**



# What you'll see in the Water & Power breakout



Desalination, energy efficiency drive supports adoption of modern actuation technology. How Rotork's products and services ensure water quality through:

- Accurate chemical mixing
- Maintaining the media turbidity level
- Blending with other water sources



Water infrastructure and waste water treatment, opportunities for the automation, electrification and digitalisation of processes:

- Automation of manual valves used for reservoir level control
- Automation of remote assets with low power consumption actuators

# Key takeaways

- **Supplier of premium actuators, predominantly electric, and gearboxes for applications in the water and power generation sectors**
- **Attractive returns driven by existing strong customer relationships, portfolio breadth, successful value selling and aftermarket support**
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**A business with attractive returns and good growth potential driven by water opportunities**





**rotork**<sup>®</sup>

## Rotork Site Services

**Presented by**

**Mike Pelezo**

# Key takeaways

- **Rotork Site Services aims to deliver product support safely whilst exceeding client expectations for service and responsiveness. It is not a separate division – it operates across the three reporting segments**
- **Attractive returns, largely recurring, driven by Rotork's products being highly specified with low third-party serviceability, typically used in demanding and critical applications, and often in tough environments**
- **Significant growth opportunity through footprint expansion, Lifetime Management rollout (growing the installed base under service contract) and through our aftermarket programmes (e.g. iAM)**
- **Strategic segments include footprint expansion in high-growth markets, service partnerships, and improving the customer experience (greater responsiveness, speed to fix, etc)**

**A business with attractive returns, largely recurring, and strong growth prospects**



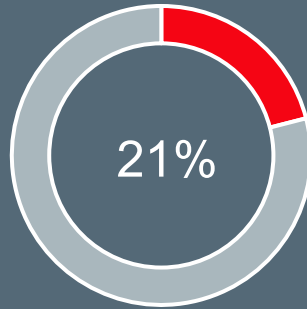
# Rotork Site Services at a glance

RSS aims to deliver product support safely whilst exceeding client expectations for service and responsiveness

% of 2020 group sales



% of 2021 group sales



By division\*



Oil & Gas Water & Power CPI

By geography\*



EMEA APAC Americas

\*2021 sales split

Core Business		Field Service
		Workshop Service
		Upgrade Services
		Valve Automation
Aftermarket		Lifetime Management
		Spares
		Intelligent Asset Management
		Training

# Maximising Customer Lifetime Value



*Product performance maximised by service and aftermarket activity*

**Customer value and loyalty delivered through innovative solutions plus strong service and aftermarket capabilities**

# Overview of opportunities and approaches

	Oil & Gas	Chemical, Process & Industrial	Water & Power
Opportunities targeted	<ul style="list-style-type: none"> <li>Opex spend increasing (including environmental)</li> <li>Reliability and uptime the priority</li> </ul>	<ul style="list-style-type: none"> <li>Clean fuels production and infrastructure</li> <li>Electrification trend in the process industry</li> </ul>	<ul style="list-style-type: none"> <li>Water management a global focus</li> <li>Water scarcity challenges</li> </ul>
Approach taken	<ul style="list-style-type: none"> <li>Targeted expansion and marketing in key locations</li> <li>Reliability through Lifetime Management</li> </ul>	<ul style="list-style-type: none"> <li>Engage with early adopters</li> <li>Upgrade services</li> <li>Value selling</li> </ul>	<ul style="list-style-type: none"> <li>Follow the installed base – marketing, sales, service</li> <li>Promote battery backup/solar conversions</li> </ul>
Focus segments	<ul style="list-style-type: none"> <li>Tank storage &amp; terminals</li> <li>LNG import terminals</li> <li>Refinery conversions</li> </ul>	<ul style="list-style-type: none"> <li>Semiconductors</li> <li>Hydrogen</li> <li>Tunnel safety</li> </ul>	<ul style="list-style-type: none"> <li>Water treatment</li> <li>Reservoir &amp; irrigation</li> <li>Desalination</li> </ul>

**Growth through footprint expansion, best-in-class customer experience, increasing the installed base under service contract and aftermarket programmes**

# Key takeaways

- **Rotork Site Services aims to deliver product support safely whilst exceeding client expectations for service and responsiveness. It is not a separate division – it operates across the three reporting segments**
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**A business with attractive returns, largely recurring, and strong growth prospects**





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## Finance Update

**Presented by  
Jonathan Davis**

# Delivering mid-20s margins

## 2018 - 2022 GAP

- Footprint rationalisation
- Continuous improvement/lean
- Strategic sourcing

## 2021 - 2022 Supply chain challenges

- Pricing and efficiency initiatives to offset inflation
- Product re-certification and tactical inventory build

## Growth+

- Focus on our sales growth ambition
- Returns to benefit from operational leverage

## Beyond 2022

- Further benefit from:
  - Additional process simplification
  - Continuous improvement



## Price increases announced

- 2021: 3
- 2022: 2

## Products re-certified

- 29 to end June

## Key semiconductors acquired

- To end Q3 2023

# Capital allocation



**A clear and disciplined capital allocation framework**

# Investment proposition







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## CEO wrap up

**Presented by**

**Kiet Huynh**

# Achieving our ambition through Growth+

## Growth+ strategy



Target segments



Customer Value



Innovative Products & Services

## Industrial megatrends



Automation



Electrification



Digitalisation

## End markets



Oil & Gas



CPI



Water & Power

Enabling a sustainable future





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