

Good first half, expectations for the full year unchanged

Interim Results
August 8th 2023

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

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for Future Generations





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Summary

Good H1 performance

Growth+ strategy benefits

Record order book provides visibility

Highlights

Double-digit growth

Orders
+11.9%
OCC¹
£387m

KPI

Revenues
+17.2%
OCC¹
£335m

Margin and ROCE progress

KPI

Adjusted²
operating margin
19.5%
(H1 2022: 19.0%)

KPI

ROCE
32.7%
(H1 2022: 27.0%)

Balance sheet strength

Closing net cash
£98m
(End 2022: £106m)

KPI

Cash conversion
116%
Of adj². operating profit

Performing for all stakeholders

£20m special
contribution de-
risks pension

KPI

LTIR
0.07
(H1 2022: 0.20)

Note: 1) OCC results are restated at H1 2022 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Financial review

Presented by
Jonathan Davis, Group Finance Director



Financial highlights

- Double-digit YoY growth in orders and sales
- Delivery performance improved but still impacted by residual supply chain challenges
- Adjusted margins up 50bps, ROCE 32.7% (+570bps)
- Cash conversion in H1 2022 reflects revenue phasing
- £20m special pension contribution
- Interim dividend 2.55p (2.3x cover)

	H1 2022	H1 2023	%	OCC ^{1%}
Order intake	£340m	£387m	+13.8%	+11.9%
Revenue	£280m	£335m	+19.5%	+17.2%
Adjusted ² operating profit	£53.3m	£65.3m	+22.5%	+20.2%
Adjusted ² operating margin	19.0%	19.5%	+50bps	+50bps
Adjusted ² EPS	4.8p	5.8p	+21.9%	+19.7%
Cash conversion	68%	116%	-	-
Interim dividend	2.40p	2.55p	+6.3%	-

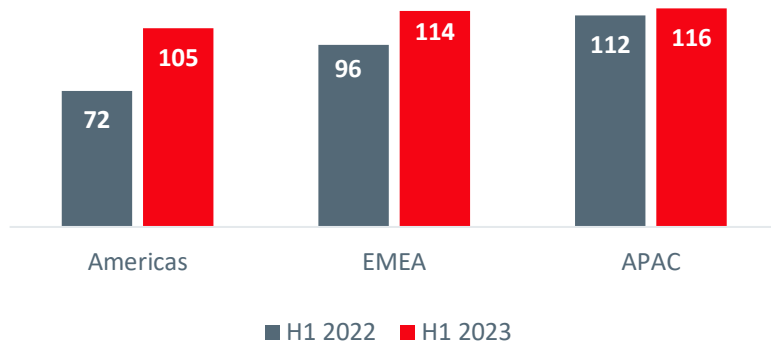
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Group revenue

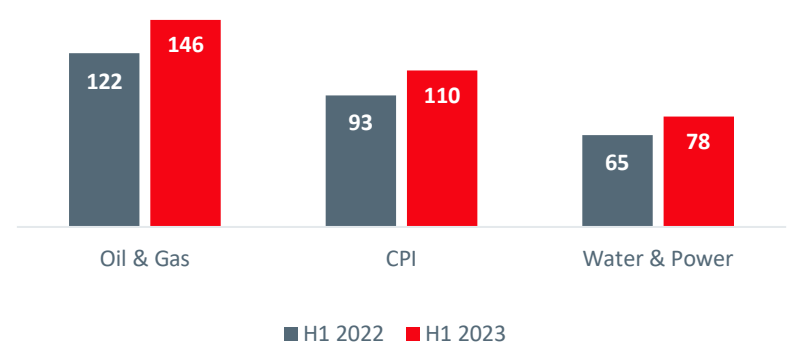
- Revenue +19.5% YoY (+17.2% OCC)
- All divisions grew at similar rates to the group
- APAC higher at W&P and CPI but O&G lower
- EMEA strong growth at O&G
- Americas growth across all divisions
- Rotork Site Services 19% of sales

Oil & Gas	H1 2022	H1 2023
Upstream	10%	12%
Midstream	11%	11%
Downstream	23%	21%
Contribution to revenue	44%	44%

End destination (£m)

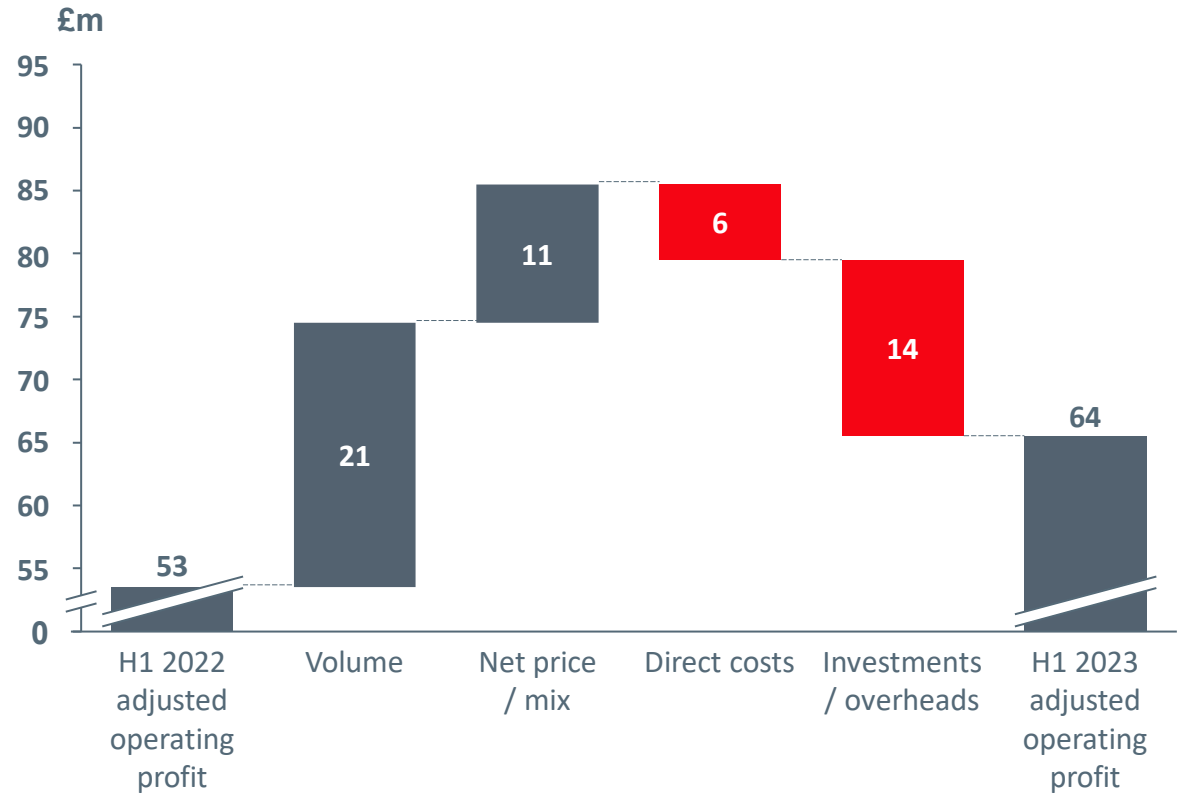


End user market (£m)



Adjusted² operating profit bridge (OCC¹)

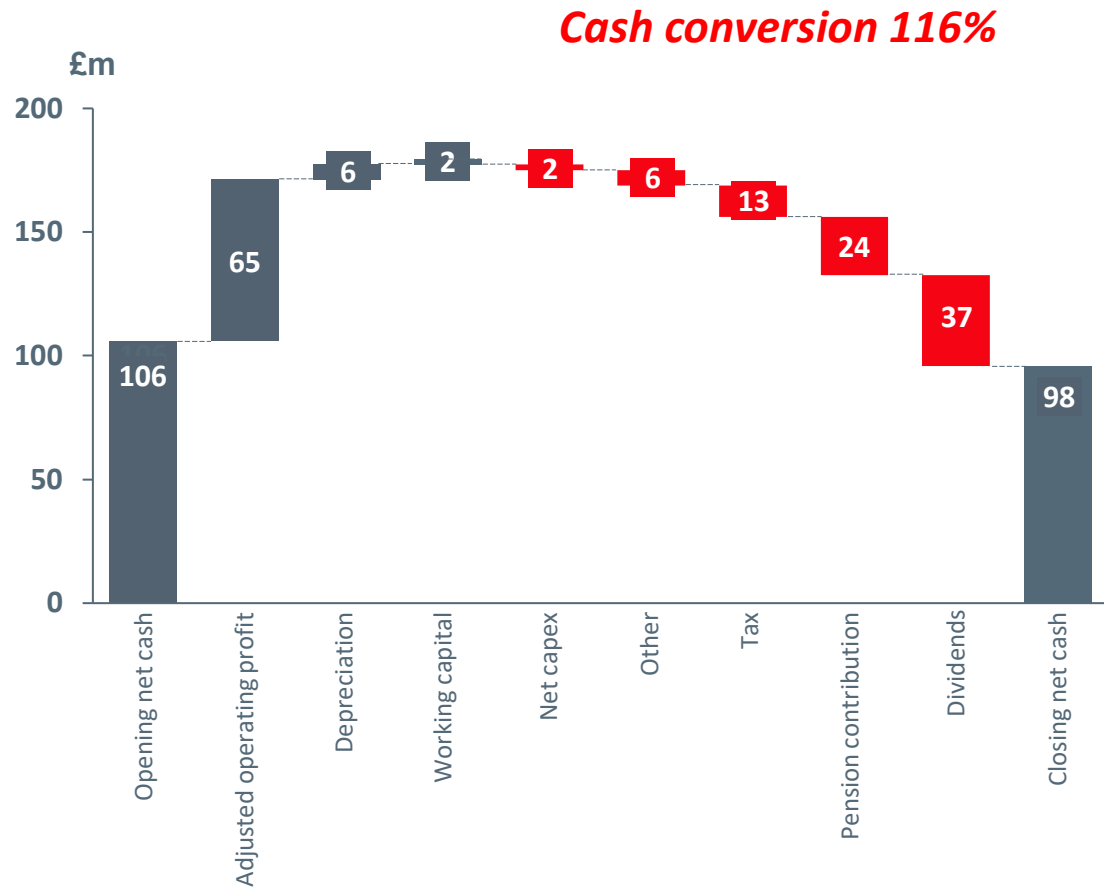
- Significantly higher volumes
- Direct costs rose supporting increased volumes
- Gross margin 45.6% (+100bps)
- Investments / overhead includes wage inflation
- Adjusted operating margin +50bps to 19.5% OCC



Note: 1) OCC results are restated at H1 2022 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Cash flow

- Net working capital/sales 25.9% (28.7% at Dec 2022)
 - Trade debtors / sales 18.7% (20.9% at Dec 2022)
 - Trade receivables days sales outstanding 56 days (58 days Dec 2022)
 - Inventory / sales 13.6% (14.4% Dec 2022)
- Pension includes £20m special contribution



Note: 1) OCC results are restated at 2022 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Items below adjusted operating profit

- Business transformation costs include Bath go-live and preparation for rollout programme

Adjustments to operating profit (£m)	H1 2022	H1 2023
Amortisation of acquired intangibles	(3.1)	(0.6)
Gain on disposal of properties	1.2	0.7
Business transformation costs	(3.5)	(5.9)
Redundancy / restructuring	(0.3)	(0.1)
Russia market exit	(3.6)	-
	(9.3)	(5.9)

	H1 2022	H1 2023
Headline effective tax rate	24.4%	24.5%
Adjusted effective tax rate	23.9%	24.5%

Oil & Gas

	H1 2022	H1 2023	Change	OCC ¹ Change
Revenue	£122.3m	£146.1m	+19.5%	+16.4%
Adjusted ² operating profit	£23.6m	£31.3m	+33.0%	+30.3%
Adjusted ² operating margin	19.3%	21.4%	+210bps	+230bps

- EMEA revenue grew benefiting from increase in project activity including in the Middle East
- Americas sales grew strongest benefiting from methane emissions reduction sales
- APAC revenues lower despite growth in upstream
- Margins benefited from strong volume growth and improved labour productivity

Note: 1) OCC results are restated at H1 2022 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments



Chemical, Process & Industrial

	H1 2022	H1 2023	Change	OCC ¹ Change
Revenue	£92.8m	£110.4m	+19.0%	+17.2%
Adjusted ² operating profit	£22.7m	£25.0m	+10.0%	+8.4%
Adjusted ² operating margin	24.5%	22.7%	-180bps	-180bps

- Sales grew in all segments and all regions
- APAC revenues grew, led by chemical
- EMEA sales increased mid-teens
- Americas revenue growth strongest, driven by Process
- Margin reflected adverse product and geographic mix

Note: 1) OCC results are restated at H1 2022 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Water & Power

	H1 2022	H1 2023	Change	OCC ¹ Change
Revenue	£64.9m	£78.1m	+20.4%	+18.7%
Adjusted ² operating profit	£13.4m	£17.0m	+27.1%	+25.6%
Adjusted ² operating margin	20.7%	21.8%	+110bps	+110bps

- Sales grew in both segments and in all regions
- APAC revenue grew mid-teens
- Americas strongest growth despite lower power sales
- EMEA water & wastewater sales were broadly flat
- Margins benefited from strong volume growth and improved labour productivity

Note: 1) OCC results are restated at H1 2022 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments



Financial summary

- Investment in Growth+ continues
- Small H2 contribution from Hanbay
- Current year currency impact estimated at ~1% headwind
- Full year capex spend ~£14m plus a further ~£12m business transformation roll-out costs

Double-digit YoY growth in orders and sales

Record order book gives good visibility

Managing residual supply chain challenges

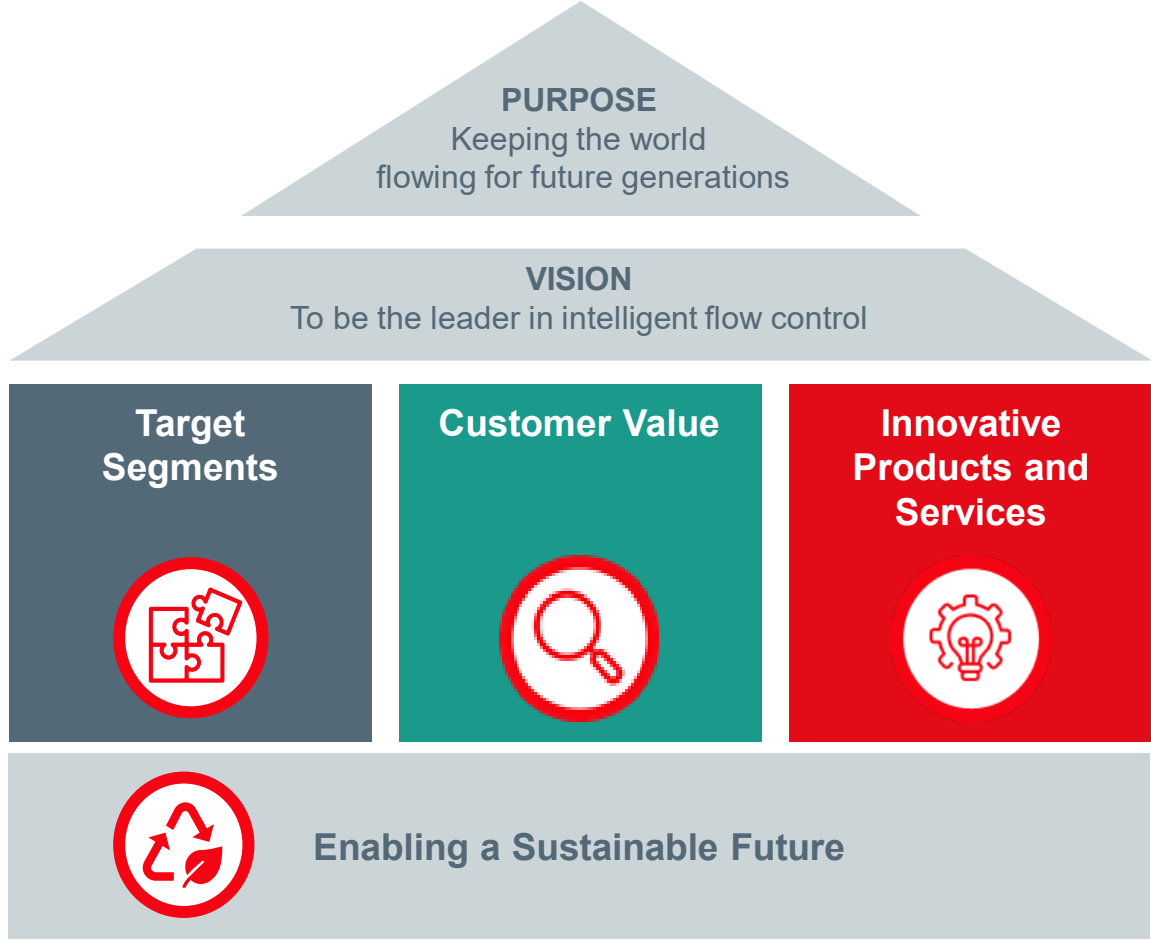
Growth+ investments

Growth+ update & outlook

Presented by
Kiet Huynh, Chief Executive Officer



Growth+ strategy



Growth+ update

Target segments



- Methane emissions reduction (O&G)
- LNG (O&G)
- Metals & mining (CPI)
- Desalination (W&P)
- Decarbonisation (now a target segment for all divisions)

Customer value



- Transforming our business processes and systems
 - Efficiencies
 - Lead times
 - Customer experience

Innovative products & services

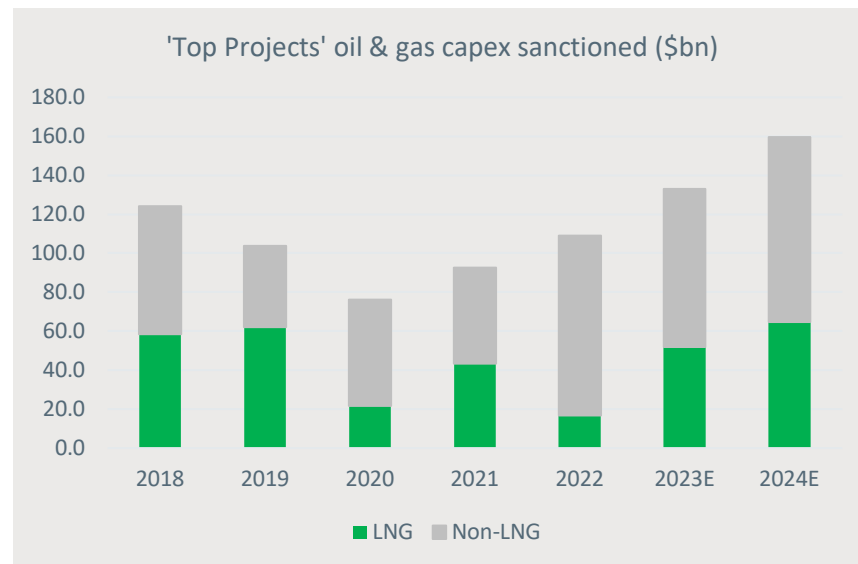


- IQ3 *Pro* and app
- Enhanced iAM
- Hanbay acquisition
- Sustainability goals incorporated into product development process

Target segments update: Oil & Gas



Source: IEA report dated 27 June 2023



Source: Goldman Sachs Global Investment Research's "Top projects 2023 Back to growth", June 2023

- **Methane emissions reduction becoming an industry priority**
 - COP28 expected to call for a step-up in policy and financing efforts
- **Earlier under-investment and energy security driving a recovery in oil & gas projects**
 - LNG activity forecast to accelerate

Target segments in action

Methane emissions reduction & LNG

- IQTF established as the leading electric actuator for wellhead choke valve applications
- Major SE Texas LNG liquefaction project win, deliveries start H2 2023



Mining

- CPI chosen to supply a large actuation package (electric and fluid power actuators) to a major nickel/cobalt processing plant in Indonesia



Water infrastructure

- Won a very large network automation project for a Middle Eastern end user. Actively discussing additional opportunities



Target segments represent around half of Group sales

Innovative products & services in action

IQ3 *Pro* and smartphone app

- Improved user experience in configuration and operation – leveraging Rotork's 50+ years in electric actuation
- Easier export of logged performance data to the Rotork cloud and iAM
- Performance extended through more powerful processor
- Backwards compatible, enabling upgrade of existing IQ3s



Innovative products & services in action

Enhanced iAM well received

Market opportunity

- Strong predictive diagnostic market
- iAM applicable across all end markets and geographies

Customer need

- Greater process uptime
- Cost & risk reduction through intuitive digital solution

Technology

- Easily accessible and actionable insight on asset health
- Enables optimised maintenance planning via cloud-based solution



Innovative products & services in action

Technology platform bolt-on acquisition

Strategic rationale

- Consistent with all Growth+ strategy pillars
- Expands Rotork's electric actuator offering, providing additional sales opportunities for all three divisions
- Addressable market predominantly a fluid powered one with great electrification potential
- Strengthens our decarbonisation product suite

Hanbay acquisition

- Designer and manufacturer of compact, high torque electric valve actuators for both non-hazardous and hazardous applications
- Headquartered in Montreal, Canada
- Sales in 2023 expected to be in the region of CAD10m with margins in-line with the Rotork group average

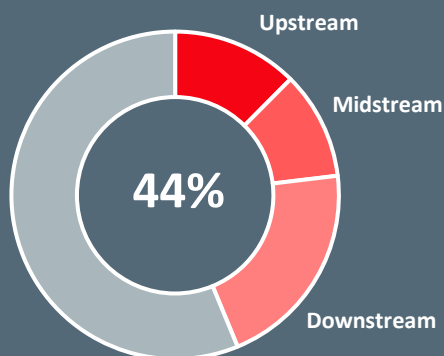


Market outlook

Oil & Gas

- Investment for energy security and 'catch-up' occurring
- Recovery in large projects
- LNG and methane emissions reduction opportunities

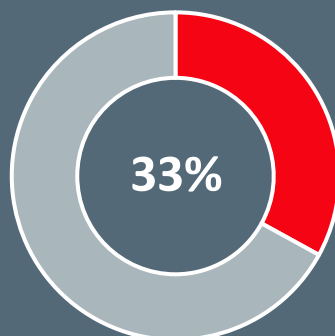
% of revenue



CPI

- Focused on opportunities in niche automation segments
- HVAC and mining active
- Continued good momentum despite China recovery delay

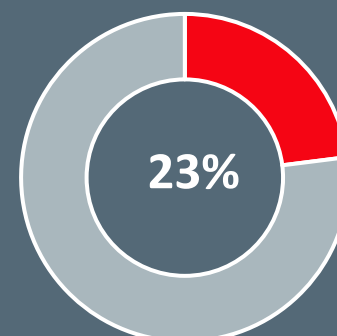
% of revenue



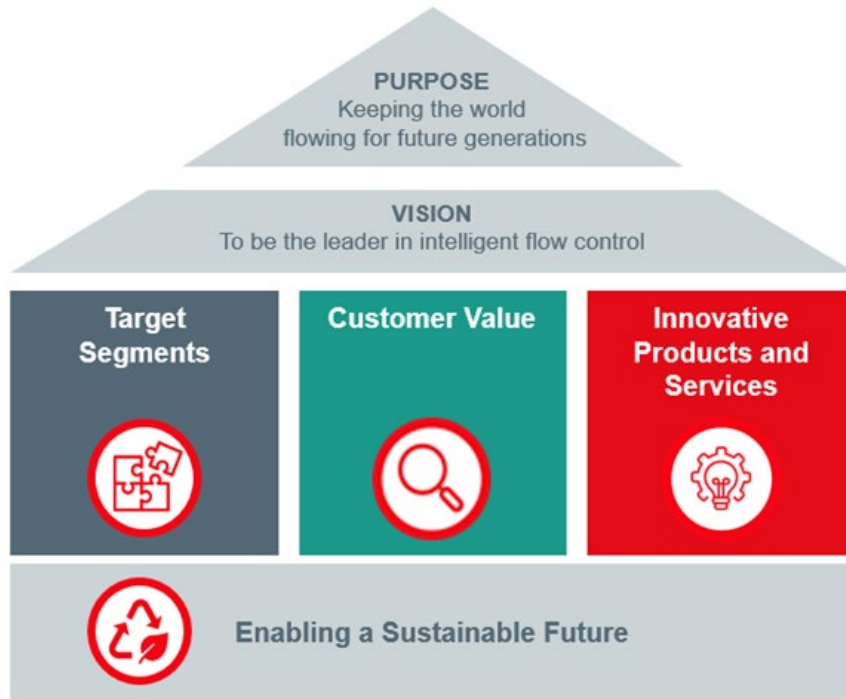
Water & Power

- EMEA water treatment, water infrastructure and desalination markets busy
- Renovation opportunities in the power sector
- High voltage direct current

% of revenue



Summary & outlook



A good first half

- Double-digit growth in orders and sales
- Margin and ROCE progress after Growth+ investments and despite some supply chain challenges continuing
- Progress across all strategic pillars

Expectations for the full year unchanged

- Record order book entering H2
- We anticipate delivering further progress in 2023 in line with expectations on an OCC basis

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

Appendices



Analysis of movements

£m	2023 as Reported	Adjust to CC	2023 at OCC ¹	2022 as Reported
Order intake	386.9	(6.3)	380.6	340.1
	+13.8%		+11.9%	
Revenue	334.7	(6.6)	328.1	280.0
	+19.5%		+17.2%	
Adjusted ² operating profit	65.3	(1.2)	64.1	53.3
	+22.5%		+20.2%	
Adjusted ² operating margin	19.5%		+19.5%	
	+50bps		+50bps	

- Revenue split 47% US\$ and US\$ linked, 30% Euro, 14% GBP and 8% other currencies
- Adjustments relate to intangible amortisation of £0.6m (2022: £3.1m) and other adjustments £5.3m (2022: £6.2m)

Note:

¹ OCC results exclude acquisitions / disposals and are restated at 2022 exchange rates.

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

Constant currency analysis

	2023 as Reported		Adjust to CC	2023 at OCC ¹		2022 as Reported	
Revenue	334.7		(6.6)	328.1		280.0	
Cost of sales	(182.9)		4.2	(178.7)		(155.2)	
Gross profit	151.8	45.4%	(2.3)	149.5	45.6%	124.8	44.6%
Overheads	(86.5)	26.4%	1.1	(85.4)	29.1%	(71.5)	25.5%
Adjusted ² operating profit	65.3	19.5%	(1.2)	64.1	19.5%	53.3	19.0%

- OCC¹ gross margin increased 100bps
- OCC¹ adjusted² operating profit margin increased 50bps

Note:

¹ OCC results exclude acquisitions / disposals and are restated at 2022 exchange rates.

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

Revenue and adjusted operating margins²

Revenue £m	H1 2023	H1 2022 OCC ¹	H1 2022	FY 2022
Oil and Gas	146.1	142.3	122.3	283.3
Chemical, Process & Industrial	110.4	108.7	92.8	198.3
Water & Power	78.2	77.1	64.9	160.2
Group	334.7	328.1	280.0	641.8

Adjusted operating profit %	H1 2023	H1 2022 OCC ¹	H1 2022	FY 2022
Oil and Gas	21.4%	21.6%	19.3%	22.6%
Chemical, Process & Industrial	22.7%	22.7%	24.5%	25.8%
Water & Power	21.8%	21.8%	20.7%	25.2%
Group	19.5%	19.5%	19.0%	22.3%

Note:

¹ OCC results exclude acquisitions / disposals and are restated at 2022 exchange rates.

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

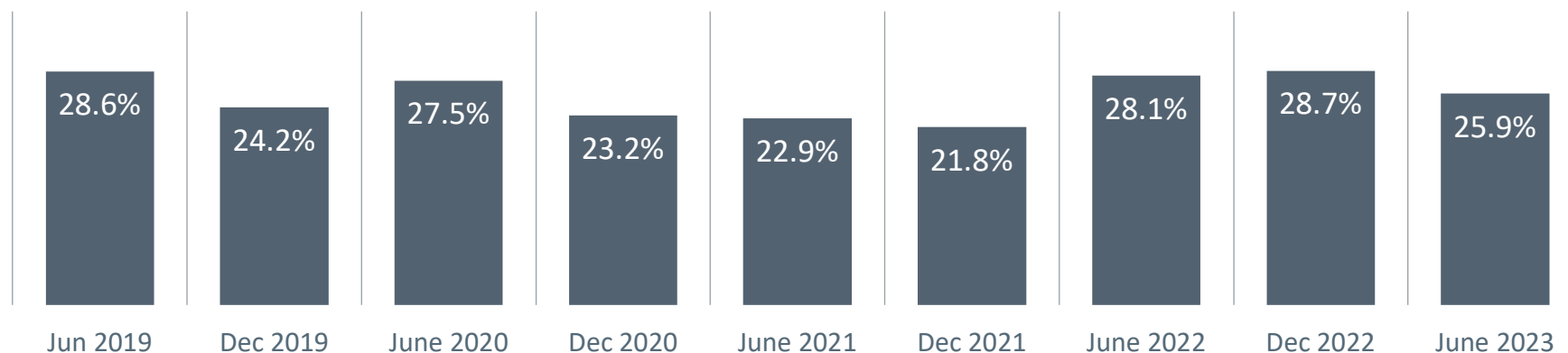
Earnings per share

£m	H1 2023	H1 2022	Change
PBT as reported	60.2	44.6	+35.1%
Adjusted ¹ PBT	66.1	53.8	+22.8%
Effective tax rate	24.5%	24.4%	
Adjusted ¹ effective tax rate	24.5%	23.9%	
Basic EPS as reported	5.3p	3.9p	+34.9%
Adjusted ¹ basic EPS	5.8p	4.8p	+21.9%

Note:

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

Working capital



£m	June 2022	% Revenue	Dec 2022	% Revenue	June 2023	% Revenue
Inventory	90.5	16.2%	92.3	14.4%	91.1	13.6%
Trade Receivables	108.1	19.3% (51 D.S.O.)	134.3	20.9% (58 D.S.O.)	125.0	18.7% (56 D.S.O.)
Trade Payables	(41.3)	7.4%	(42.3)	6.6%	(42.6)	6.4%
Net Working Capital	157.3	28.1%	184.3	28.7%	173.5	25.9%

Exchange rates

	US \$	Euro €
Average rates		
H1 2022	1.30	1.19
Full year 2022	1.24	1.17
H1 2023	1.23	1.14
+ = GBP STRENGTHENING / - = GBP WEAKENING		
H1 2023 v H1 2022	-5.4%	-4.2%
HY 2023 v FY 2022	-0.8%	-2.6%
Period end rates		
June 2022	1.22	1.16
December 2022	1.21	1.13
June 2023	1.27	1.16
+ = GBP STRENGTHENING / - = GBP WEAKENING		
June 2023 v June 2022	+4.1%	-
June 2023 v December 2022	+5.0%	+2.7%

Dividends

- 2023 interim dividend increased 6.3% to 2.55p
- Dividend cover 2.1 times (adjusted cover 2.3 times)

Core Dividend	Month Paid / Payable	Amount (pence)	Cost (£m)
2021 Final	May 2022	4.05p	34.8
2022 interim	September 2022	2.40p	20.6
Payable in 2022		6.45p	55.4
2022 Final	May 2023	4.3p	37.0
2023 interim	September 2023	2.55p	21.9
Payable in 2023		6.85p	58.9

The image features the Rotork logo in the top left corner, consisting of the word "rotork" in a bold, red, lowercase sans-serif font with a registered trademark symbol. Below the logo is the tagline "Keeping the World Flowing for Future Generations" in a smaller, dark grey font. A decorative graphic of three overlapping, curved ribbons in red, teal, and dark blue extends from the left side of the page towards the right, creating a sense of motion and flow.

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