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Keeping the World Flowing  
for Future Generations

# Strong H1 performance

2024 interim results  
6<sup>th</sup> August 2024

Presented by  
Kiet Huynh – Chief Executive Officer  
Ben Peacock – Chief Financial Officer





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# Strong H1 performance – our Growth+ strategy is delivering

## Key highlights

Highlights

Strategy

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### Double-digit revenue growth

**Group revenue**  
**+11.6%** OCC<sup>1</sup>  
£361m

**Rotork Site Services**  
**22%**  
of Group revenue

### Margin and ROCE progress

**Adj.<sup>2</sup> operating margin**  
**21.2%**  
H1 2023: 19.5%

**ROCE**  
**36.9%**  
H1 2023: 32.7%

### Good cash conversion

**Closing net cash**  
**£119m**  
End 2023: £134m

**Cash conversion**  
**106%**  
of adj.<sup>2</sup> operating profit

### Performing for all stakeholders

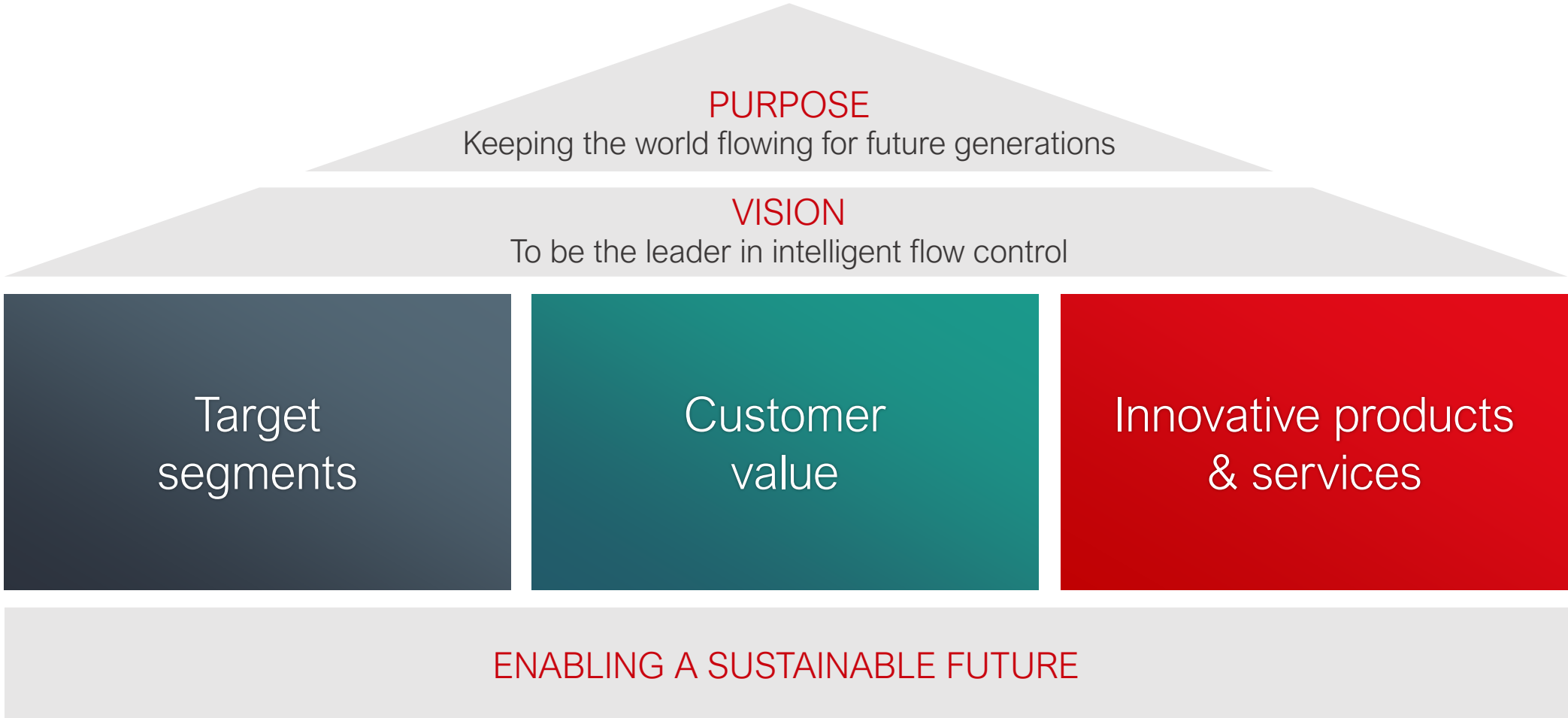
**TRIR**  
**0.19**  
H1 2023: 0.20

**MSCI ESG rating**  
**'AAA'**

Note: 1. OCC results are excluding acquired businesses and restated at 2023 exchange rates 2. Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

# Our Growth+ strategy

Delivering our ambition of mid to high single-digit revenue growth and mid 20s operating margins over time



# Target segments underpin Growth+

We estimate target segment market growth at high single-digit



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## Oil & Gas



Market size

£1,600m

Divisional sales within target segments



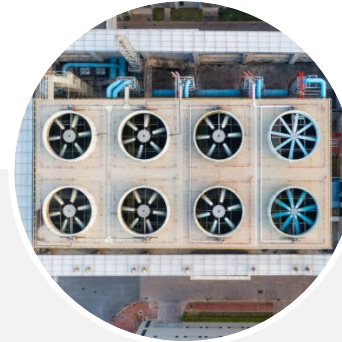
Market growth rate

High single-digit

Example

Electrification of upstream & midstream

## Chemical, Process & Industrial



Market size

£900m

Divisional sales within target segments



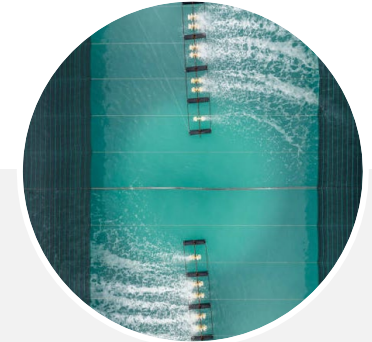
Market growth rate

Low double-digit

Example

Critical HVAC for technology sectors

## Water & Power



Market size

£1,500m

Divisional sales within target segments



Market growth rate

Mid to high single-digit

Example

Automation of water infrastructure

Target segment market sizes and target segment market growth rates are management estimates

# Momentum building beyond North American wellsites

## Electrification of upstream and midstream oil & gas

Highlights

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### The commitment to emissions reduction



### Electrification momentum building in upstream and midstream and outside N. America



### How Rotork products and services are helping address this industry need

- The sector is committed to reducing its scope 1 & 2 greenhouse gas emissions, which account for 15% of global energy-related emissions
- Approaches include
  - | Electric powered actuators running on renewable energy
  - | Eliminating non-emergency flaring
  - | Eliminating all methane-emitting pneumatic control equipment
- The IEA calculates that this is one of the lowest cost ways to reduce total GHG emissions of any activity\*

- Electric actuator penetration of wellhead chokes and of well site production processes increasing
- Momentum is now building in other upstream process stages including completion, and in midstream pipeline
- Greenfield and replacement activity accelerating in N. America, Europe and Australasia
- The electrification trends in these markets provide Rotork further opportunities to grow

- Rotork supplies a broad range of electric and electro-hydraulic actuators
- These are used in upstream and midstream applications
- Examples include onshore and offshore production facilities, pipelines and compressor stations



**IQ3 Pro** range of intelligent actuators enabling smart control

**CMA** range of modulating control actuators for precise positioning



**8% of group sales were in upstream and midstream electrification in H1**

\* IEA Study: Emissions from Oil & Gas operations in net zero transitions", June 2023

# Supporting customers in eliminating their methane emissions

Innovative products & services

Highlights

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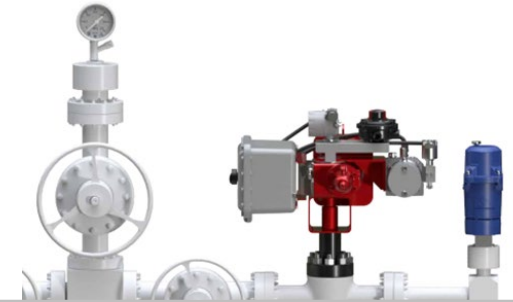
Outlook



## Innovative Rotork solutions

- Oil & Gas customers seek zero-emission emergency shutdown solutions for use on existing wellheads and pipelines
- Rotork has engineered a modular Electro-Hydraulic ('EH') actuator range that combines the simplicity of electric operation with the high torque of hydraulics
- EH actuators have zero methane emissions, low power consumption and can be used in applications requiring the highest safety certifications
- The EH can be easily retrofitted onto existing fluid power actuators
- Applications:
  - | Upstream wellheads – surface safety valves
  - | Midstream pipelines, processing & compression, emergency shutdown valves
  - | Suitable for both new installations and retrofits

Electro-hydraulic actuators for upstream and midstream **methane emissions reduction**



They combine the **simplicity of electrics** with the high torque of hydraulic control

# Supporting high value processes operate at peak performance

## Critical HVAC in the tech sector



Opportunities in niche critical process automation



Key applications

- Identifying and solving customer's critical reliability, sustainability and safety challenges
- Key end markets

- | Battery storage
- | Data centres
- | Semiconductors
- | Renewables

- Air quality
- Explosion protection
- Precise control
- Critical cooling (air or liquid)
- Clean rooms & processes

Max range of part-turn **explosion proof** actuators



Critical HVAC – a key target segment for CPI

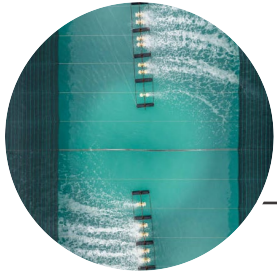
A structurally growing market offering share gain opportunities

**The CPI division delivered an 11.4% revenue CAGR over 2020-23**



# Enabling universal access to clean water and sanitation

## Water and wastewater automation



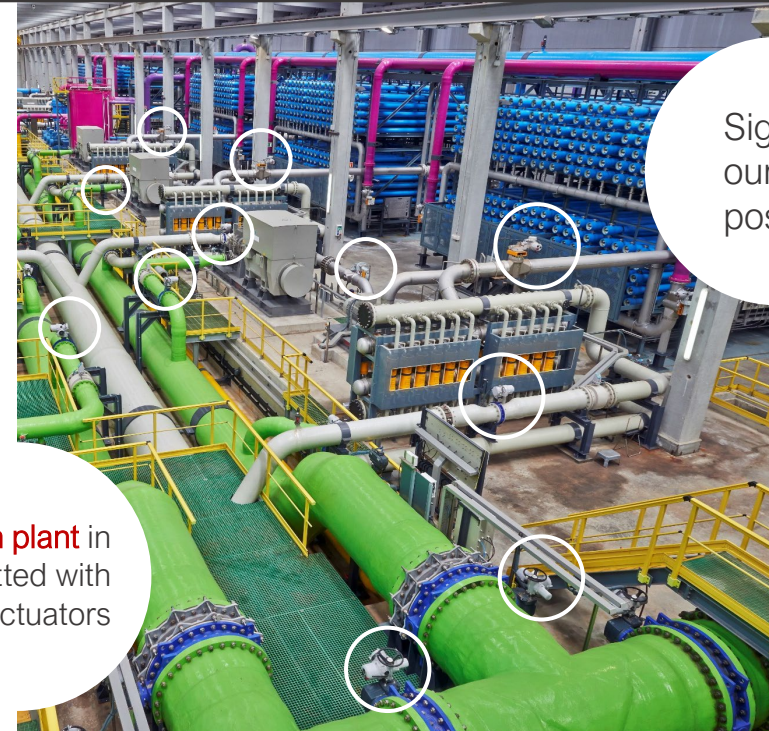
### Tackling water challenges



### Key applications

- Fresh water is a crucial commodity and resource. Demand is growing due to population growth, urbanisation and technology sector usage
- Key drivers delivering mid to high single-digit market growth medium-term
  - | Utility staffing shortages - automation
  - | Aging infrastructure
  - | Emerging market urbanisation
  - | Climate change adaptation

- Water infrastructure (incl. irrigation)
- Water and wastewater treatment
- Desalination



**Desalination plant** in Barcelona, Spain fitted with Rotork actuators

Significantly improved our competitive positioning through:

- Sales force expansion and realignment
- Product positioning
- Rotork Site Services

**The water sector delivered a 9% revenue CAGR over 2020-23**

\* IEA Study: Emissions from Oil & Gas operations in net zero transitions", June 2023

# Unlocking new markets, decarb and protecting the environment

Innovative products and services

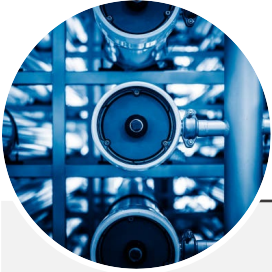


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## Innovative Rotork solutions

- Rotork have engineered a Battery Back-Up ('BBU') electric actuator which can move a valve to a safe position if power fails, creating new valve automation opportunities
- The BBU variant of the IQT/IQTF electric actuator is unique in being explosion proof and containing a lithium-ion battery. It benefits from simplicity of installation and operation, being energy efficient (meaning it can operate off-grid using local renewable electricity) and being zero emission when renewable powered
- Applications:
  - | Water treatment plant outlets – automating valves which traditionally are manually operated
  - | Upstream wellheads – choke valves, safety valves, new installations and replacement (particularly on lower producing-wells)
  - | New energies – carbon capture utilisation and storage, offshore wind
- BBU actuators have a broad range of applications including water and wellhead electrification



The IQT BBU actuator provides **fail-safe** operation by utilising power from a battery source in the case of mains supply interruption

# Financial review

Presented by  
**Ben Peacock** - Chief Financial Officer



# Growth+ delivering double-digit revenue and profit growth<sup>1</sup>

## Financial highlights

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	H1 2024	H1 2023	% Growth	OCC <sup>1%</sup>
Order intake	£374m	£387m	-3.2%	+0.2%
Revenue	£361m	£335m	+8.0%	+11.6%
Adjusted <sup>2</sup> operating profit	£76.5m	£65.3m	+17.1%	+22.3%
Adjusted <sup>2</sup> operating margin	21.2%	19.5%	+170bps	+190bps
Cash conversion	106%	116%		
Adjusted <sup>2</sup> EPS	6.9p	5.8p	+18.0%	+26.1%
Interim year dividend	2.75p	2.55p	+7.8%	

### Key takeaways:

- Orders marginally ahead OCC despite a significant number of large orders in H1 2023
- Double-digit growth in revenue OCC
- RSS 22% of Group revenues
- Adj. operating margins 170bps higher at 21.2%
- Good cash conversion
- ROCE 36.9%
- £18m of £50m share buyback completed in H1

Note: 1. OCC results are excluding acquired businesses and restated at 2023 exchange rates 2. Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

# Oil & Gas

Strong growth driven by electrification and energy security



	H1 2024	H1 2023	% Growth	OCC <sup>1</sup> % change
Revenue	£170m	£146m	+16.5%	+20.4%
Adjusted <sup>2</sup> operating profit	£38.8m	£31.3m	+23.7%	+28.7%
Adjusted <sup>2</sup> operating margin	22.8%	21.4%	+140bps	+150bps
Segment contribution				
Upstream %	24%	28%		
Midstream %	23%	25%		
Downstream %	53%	47%		

## Key takeaways:

- Revenue 20.4% higher OCC driven by spend on increasing output, improving productivity and reducing emissions
- Good progress in Oil & Gas downstream driven by refinery and storage activity
- Adj. operating margins rose 140bps to 22.8% with good drop-through on higher revenues

Double-digit year-on-year revenue and adjusted<sup>2</sup> operating profit growth

Note: 1. OCC results are excluding acquired businesses and restated at 2023 exchange rates 2. Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

# Chemical, Process & Industrial

Growth in key target segments offset by non-repeat of mining project activity



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	H1 2024	H1 2023	% Growth	OCC <sup>1</sup> % change
Revenue	£101m	£110m	-8.7%	-6.1%
Adjusted <sup>2</sup> operating profit	£23.7m	£25.0m	-5.1%	-3.1%
Adjusted <sup>2</sup> operating margin	23.5%	22.7%	+80bps	+70bps

## Key takeaways:

- Revenue was 6.1% lower OCC largely due to reduced mining project activity compared to the previous year
- Solid growth in target segments chemicals and critical HVAC
- Adj. operating margins benefited from positive price/mix

Medium/long-term fundamentals remain attractive – 2020-23 revenue CAGR 11.4%

Note: 1. OCC results are excluding acquired businesses and restated at 2023 exchange rates 2. Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

# Water & Power

Global infrastructure spend driving double-digit growth in both sectors



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	H1 2024	H1 2023	% Growth	OCC <sup>1</sup> % change
Revenue	£90m	£78m	+15.6%	+20.2%
Adjusted <sup>2</sup> operating profit	£24.3m	£17.0m	+42.8%	+50.4%
Adjusted <sup>2</sup> operating margin	26.9%	21.8%	+510bps	+550bps

## Key takeaways:

- Revenue grew double-digit with water & wastewater and power sector sales growing at similar rates
- Target segments – water infrastructure and desalination grew strongly
- Adj. operating margins reflect increased volumes, changes in product mix, improved labour productivity and materials pricing

Strong drop-through of higher sales reflecting product mix and improved productivity

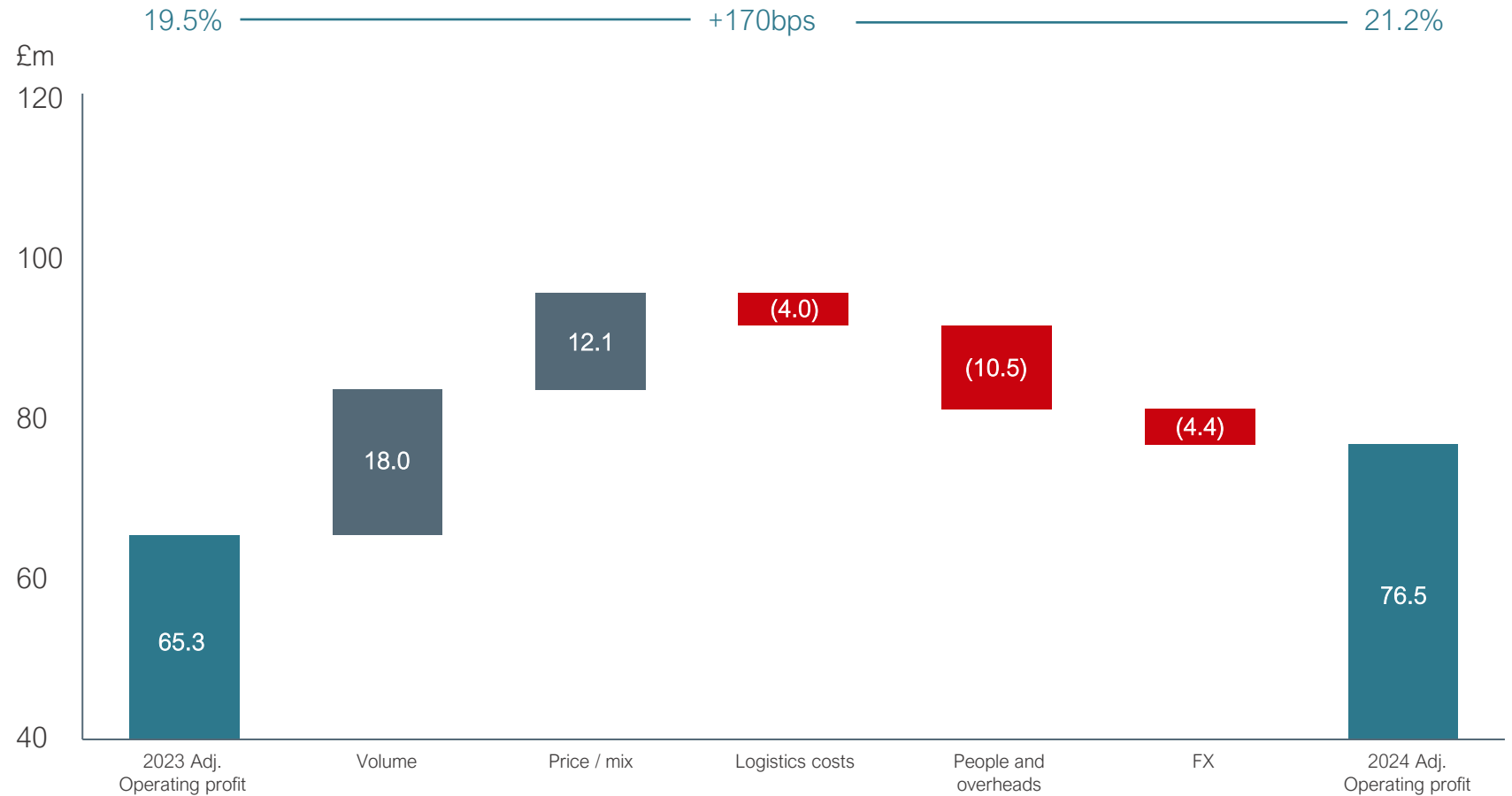
Note: 1. OCC results are excluding acquired businesses and restated at 2023 exchange rates 2. Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

# Strong profit growth driven by increased revenues and positive operating leverage

Adjusted<sup>1</sup> operating profit bridge

## Key takeaways:

- Price increases back to normal levels and cover increased people costs
- Mix reflects higher % of electric actuators
- People costs are a mix of inflation, higher variable compensation and additions to support Growth+
- Adjusted operating margin improvement +170bps



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

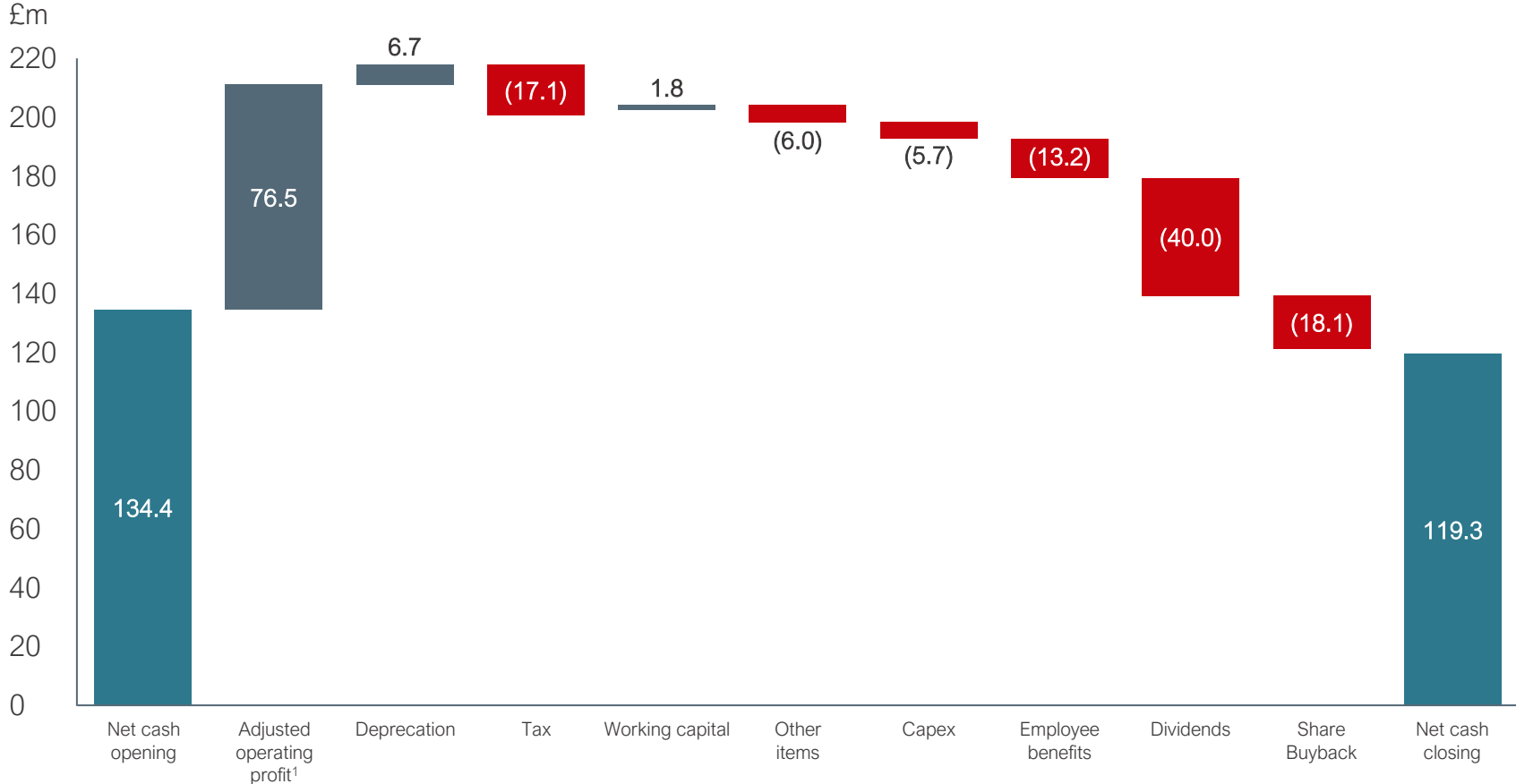


# Solid cash flow funding growth, investment and returns

## Cash flow bridge

### Key takeaways:

- Good working capital performance given revenue growth
- Working capital % revenue 26.4% (Dec 2023 27.3%)
- Other items includes Business Transformation investment
- £58m returned to shareholders
- Clear capital allocation policy unchanged



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

# Reengineering our business processes and systems

Items below adjusted operating profit



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## Key takeaways:

- Investment in Business Transformation continues with more sites now progressing on their implementation journey
- Other costs include relocating manufacturing in China
- Effective tax rates expected to rise by 50-100bps in 2024

## Adjustments to operating profit

	H1 2024	H1 2023
Business Transformation investment	£7.6m	£5.9m
Amortisation of acquired intangibles	£1.3m	£0.6m
Other costs	£0.7m	£0.1m
Gain on property disposal		£(0.7)m
	<b>£9.6m</b>	<b>£5.9m</b>

## Tax

Headline effective rate	25.3%	24.5%
Adjusted effective rate	25.3%	24.5%

# Strong H1 performance – double-digit sales & profit growth OCC

## Guidance and financial summary

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## Full year guidance



- Currency impact now estimated at c. 4% headwind
- Capex c. £15m
- Business transformation investment c. £20m
- China factory relocation c. £5m

## Summary



- The outlook for our end markets remains positive
- Encouraging order intake in June and July
- Order book provides good visibility
- Anticipate 2024 to be another year of progress (OCC)



# Outlook

Presented by  
**Kiet Huynh** – Chief Executive Officer



# The outlook for our end markets remains positive

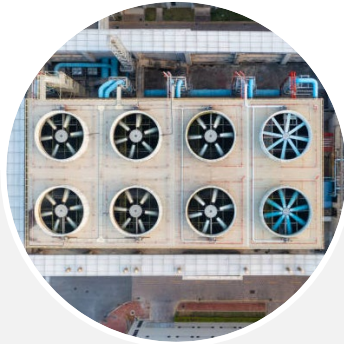
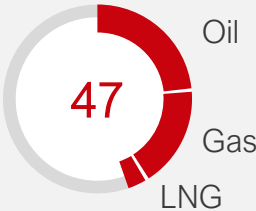
## Market outlook



### Oil & Gas

- Electrification of upstream and midstream operations an increased priority
- Gas and LNG represent close to half of Oil & Gas divisional sales

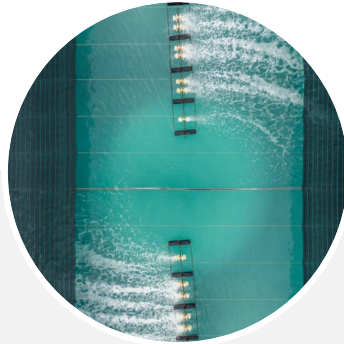
Revenue %



### Chemical, Process & Industrial

- Structural growth in critical HVAC
- Specialty chemicals offsetting bulk chemicals
- Winning share in target segments and markets where Rotork has been historically under-represented
- H2 has easier prior year comparatives

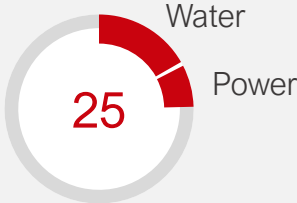
Revenue %



### Water & Power

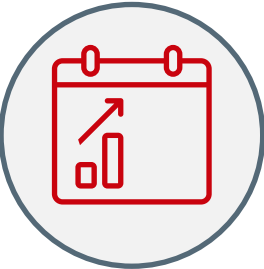
- Growth expected in water and wastewater markets in all key regions
- Positive outlook for both traditional and non-traditional power markets

Revenue %



# The Growth+ strategy is delivering

## Summary



- Double-digit increases in H1 revenue, adj. profit and EPS OCC
- Strong H1 returns on sales and capital employed
- Financial position supports organic investment, shareholder returns and M&A
- End market outlook remains positive
- Order book provides good visibility. Full year expectations unchanged



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# Analysis of movements

	2024 as Reported	Adjust to OCC <sup>1</sup>	2024 at OCC <sup>1</sup>	2023 as Reported
Order intake	£374.4m	£13.4m	£387.8m	£386.9m
	-3.2%		+0.2%	
Revenue	£361.4m	£12.2m	£373.6m	£334.7m
	+8.0%		+11.6%	
Adjusted <sup>2</sup> operating profit	£76.5m	£3.3m	£79.8m	£65.3m
	+17.1%		+22.3%	
Adjusted <sup>2</sup> operating margin	21.2%		21.4%	19.5%
	+170bps		+190bps	

- Revenue split 39% US\$, 26% Euro, 14% GBP and 21% other currencies
- Adjustments relate to intangible amortisation of £1.3m (2023: £0.6m) and other adjustments £8.3m (2023: £5.3m)

Note: 1. OCC results are excluding acquired businesses and restated at 2023 exchange rates 2. Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments



# Constant currency analysis

	2024 as Reported	Adjust to OCC <sup>1</sup>	2024 at OCC <sup>1</sup>	2023 as Reported
Revenue	£361.4m	£12.2m	£373.6m	£334.7m
Cost of sales	£(187.5)m	£(7.0)m	£(194.5)m	£(182.9)m
Gross profit	£173.9m	£5.1m	£179.0m	£151.8m
	48.1%		47.9%	45.4%
Overheads	£(97.4)m	£(1.8)m	£(99.2)m	£(86.5)m
	27.0%		26.6%	25.8%
Adjusted <sup>2</sup> operating profit	£76.5m	£3.3m	£79.8m	£65.3m
	21.2%		21.4%	19.5%

- OCC<sup>1</sup> gross margin increased 250bps
- OCC<sup>1</sup> adjusted<sup>2</sup> operating profit margin increased 190bps

Note: 1. OCC results are excluding acquired businesses and restated at 2023 exchange rates. 2. Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

# Revenue and adjusted operating margins<sup>2</sup>

Revenue	H1 2024	H1 2024 OCC <sup>1</sup>	H1 2023	FY 2023
Oil and Gas	£170.2m	£175.9m	£146.1m	£328.4m
Chemical, Process & Industrial	£100.9m	£103.7m	£110.4m	£213.7m
Water & Power	£90.3m	£94.0m	£78.1m	£177.0m
Group	£361.4m	£373.6m	£334.7m	£719.1m

Adjusted operating profit %	H1 2024	H1 2024 OCC <sup>1</sup>	H1 2023	FY 2023
Oil and Gas	22.8%	22.9%	21.4%	25.5%
Chemical, Process & Industrial	23.5%	23.4%	22.7%	24.0%
Water & Power	26.9%	27.3%	21.8%	26.2%
Group	21.2%	21.4%	19.5%	22.9%

Note: 1. OCC results are excluding acquired businesses and restated at 2023 exchange rates 2. Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

# Earnings per share

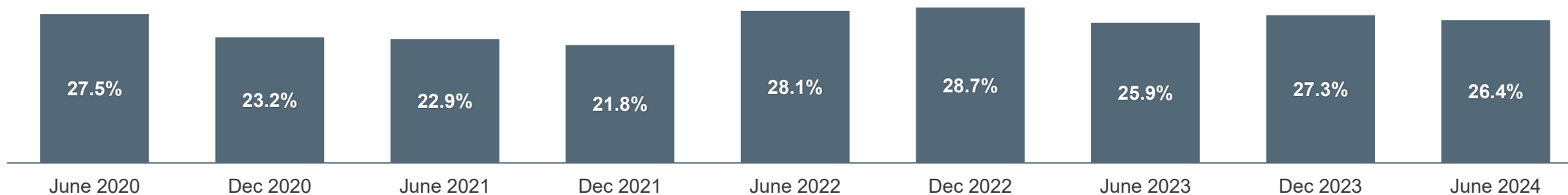
	2024	2023	% Growth
PBT as reported	£69.7m	£60.2m	+15.6%
Adjusted <sup>1</sup> PBT	£79.3m	£66.1m	+19.9%
Effective tax rate	25.3%	24.5%	-
Adjusted <sup>1</sup> effective tax rate	25.3%	24.5%	-
Basic EPS as reported	6.0p	5.3p	+13.7%
Adjusted <sup>1</sup> basic EPS	6.9p	5.8p	+18.0%

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

# Working capital



	June 2024	% Revenue	June 2023	% Revenue
Inventory	£93.9m	13.0%	£91.1m	13.6%
Trade Receivables	£137.4m	19.0% (61 D.S.O.)	£125.0m	18.7% (56 D.S.O.)
Trade Payables	£(40.4)m	5.6%	£(42.6)m	6.4%
Net Working Capital	£190.9m	26.4%	£173.5m	25.9%



# Exchange rates



	USD	Euro	
<b>Average rates</b>	H1 2023	1.23	1.14
	FY 2023	1.24	1.15
	H1 2024	1.27	1.17
	+ = GBP strengthening / - = GBP weakening		
	H1 2024 v H1 2023	+2.9%	+2.6%
	H1 2024 v FY 2023	+1.7%	+1.7%
<b>Period end rates</b>	June 2023	1.27	1.16
	December 2023	1.27	1.15
	<b>June 2024</b>	<b>1.26</b>	<b>1.18</b>
	+ = GBP strengthening / - = GBP weakening		
	June 2024 v June 2023	-0.5%	1.4%
	June 2024 v December 2023	-0.7%	2.3%

# Dividends

## Key takeaways:

- 2024 interim dividend increased 7.8% to 2.75p
- Dividend cover 2.2 times (adjusted cover 2.5 times)

Core dividend	Monthly paid / Payable	Amount	Cost
2022 Final	May 2023	4.30p	£36.9m
2023 interim	September 2023	2.55p	£21.9m
<b>Paid in 2023</b>		<b>6.85p</b>	<b>£58.8m</b>
2023 Final	May 2024	4.65p	£39.9m
2024 interim	September 2024	2.75p	£23.5m*
<b>Payable in 2024</b>		<b>7.40p</b>	<b>£63.4m*</b>

\* Management estimates