2020 Full Year Results

March 2, 2021

Presented by
Chief Executive – Kevin Hostetler
Finance Director – Jonathan Davis

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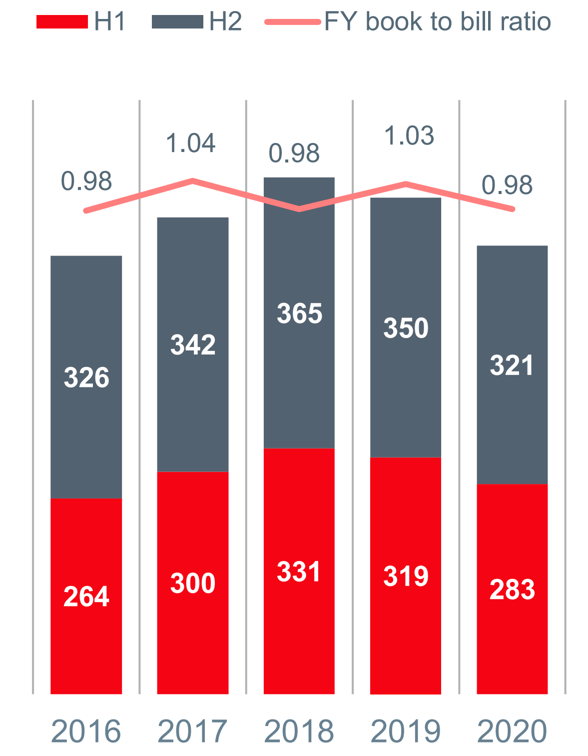
Keeping the World Flowing
for Future Generations

Highlights

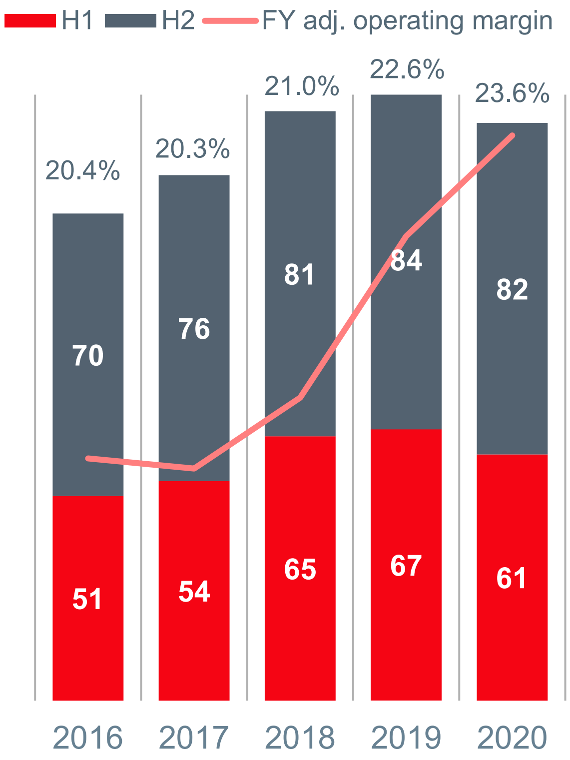
Performance

- Demonstrating resilience – Our people, our business model, and our balance sheet
- Strong earnings, cash and returns
  - Operating margin expansion of 100bps to 23.6%
  - Downside flowthrough limited to 12%
  - Cash Conversion 130%
  - Year-ending Net Cash £178M
  - ROCE 31.9%
- Rotork Site Services – 19% of Group Revenues

Revenue £M



Adjusted[1] operating profit £M



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

Growth Acceleration Programme - 3 Year Review[1]

In addition to the successful re-alignment of our business to market facing segments, since its 2018 inception, our Growth Acceleration Programme has delivered

£23M of profit improvement and £48M reduction in working capital

EBITA Margin
from **20.3%** to **23.6%**
330 bps increase

Footprint
10 mfg. facilities closed
33% reduction

Lean & Productivity
>400 lean events
£4.1M savings[2]

Productivity
18% Improvement
in EBITA per FTE

WC as a % of Sales
from **29.3%** to **23.2%**
(610) bps reduction

Sourcing
£7.5M net savings

Inventory
from **£92M** to **£61M**
34% reduction

Organization re-alignment
£4M savings

ROCE
from **24.9%** to **31.9%**
700 bps improvement

Innovation
31 new products launched

>42,000 Hours
of Value Selling Training and Development

Portfolio Actions
4 businesses sold or closed
>2K SKUs eliminated
11 offices closed or consolidated

1 Measured from YE 2017 through YE 2020
2 Inclusive of workforce planning tool utilization

Growth Acceleration Programme - 3 Year Review

Talent & Culture

- Aligning the organization for success:
  - New market facing structure and operating model changes implemented
  - Created and launched new Purpose, Vision, Mission, Values & OneRotork
  - Performance approach now linked to reward systems
- Progress made against gender diversity plans – PLC Board, Management Board and Senior Leaders levels are all above 20% female staff
- Pulse surveys and change diagnostic surveys introduced to "check in" on employees thoughts on pace of change, belief in the vision and direction and recommending working at Rotork

Information Technology & Core Business Processes

- >100 bespoke applications streamlined to 6 enterprise solutions for Customer Support, Document Management, HR, HSE, Operations, Sales & Marketing, Site Services, Travel & Expenses and Quality Assurance
- >2000 unique business processes rationalised to <500 common business processes
- 12M locally-stored documents migrated to a single, centralised repository
- Remote connectivity services up 700% from 500 to 3500 users
- Enterprise Data Platform delivering >50 critical KPI dashboards

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Financial Review

Presented by
Jonathan Davis, Finance Director

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Financial review

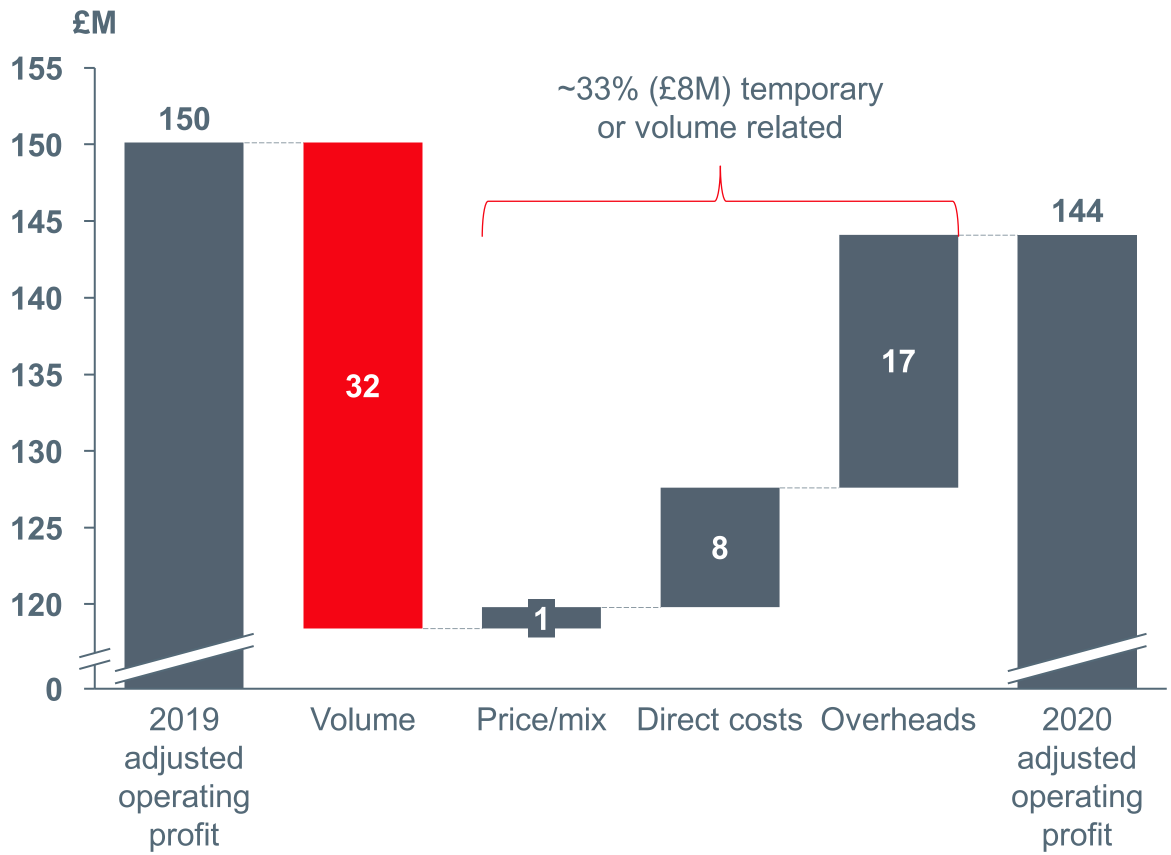
- Revenue -9.7% (OCC: -7.4%)
- Adjusted operating margin +90bps to 23.6%
- Disposal contributed £8.2M revenue/£0.9M profit in 2019
- Cash conversion 130%
- ROCE 31.9% (+10bps)
- 6.3p dividend declared payable in May 2021

	2019	2020	%	OCC[1]%
Order intake	£692M	£590M	-14.7%	-12.4%
Revenue	£669M	£605M	-9.7%	-7.4%
Adjusted[2] operating profit	£151M	£143M	-5.6%	-3.8%
Adjusted[2] operating margin	22.6%	23.6%	+100bps	+90bps
Adjusted[2] EPS	13.0p	12.5p	-3.8%	-3.1%
Cash conversion	131%	130%		
Full year dividend	6.2p[3]	6.3p	+1.6%	

Note: 1) OCC results exclude disposals and are restated at 2019 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments
3) 2019 & 2020 interim dividends reported as being in respect of 2019

Adjusted² operating profit bridge (OCC¹)

- Price/mix driven by lower pneumatic/hydraulic actuator sales
- Gross margin +40bps to 47% (+10bps OCC)
- Gross profit flowthrough 46% OCC
- Adjusted operating margin +100bps to 23.6% (+90bps OCC)
- Operating profit flowthrough 12% OCC



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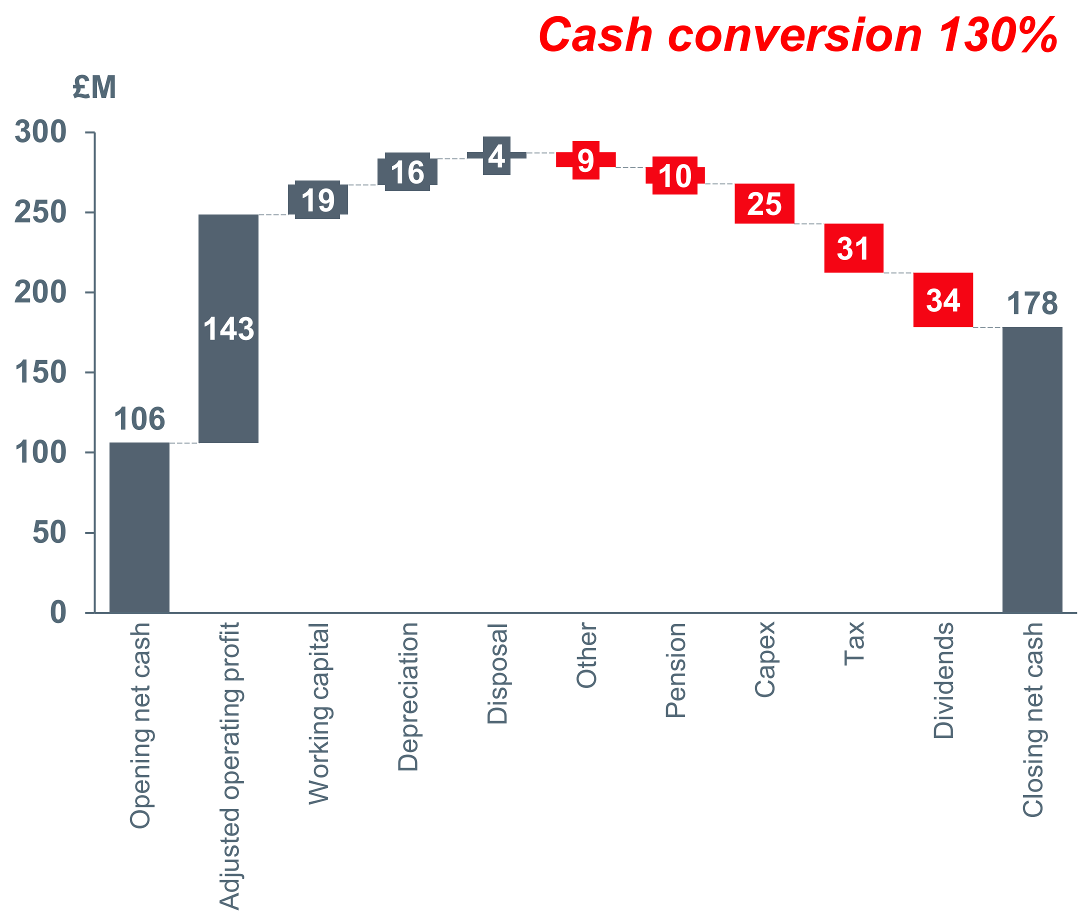
Cash flow

- Cash conversion 130% (2019: 131%)
- Net working capital/sales 23.2% (24.2%)
- Inventory 10.2% of sales (11.0%)
- Trade receivables 56 DSO (57)
- Dividend is delayed 2019 final dividend only



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Growth Acceleration Programme update

- Restructuring costs comprise redundancy and asset write offs
- P&L benefit over three years exceed restructuring costs (£23M vs £17M)
- Net cash benefits after restructuring costs £5M in year and £20M over three years

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- Net working capital reduction £48M over three years
- Building and IT capex £24M over three years

£M	Restructuring costs		P&L benefit		Net cash benefits	
	2019	2020	2019	2020	2019	2020
Organisation changes	(1.4)	(5.8)	1.0	3.0	(0.4)	(2.0)
Footprint optimisation	(4.4)	(0.4)	1.9	2.3	(1.0)	1.3
Procurement (net)	-	-	3.5	2.3	3.5	2.3
New product development	-	-	1.5	2.1	1.5	2.1
Continuous improvement/lean	-	-	1.5	1.5	1.5	1.5
Closure/sale of business	0.6	0.2	-	-	4.3	-
Total	(5.2)	(6.0)	9.4	11.2	9.4	5.2

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2021 Financial update

- Full year currency impact ~4% headwind (assuming $1.40/€1.15)
- GAP initiatives continue to drive value
- Logistics and commodity headwinds in 2021
- £4-5M restructuring costs
- Reversal of £8M temporary savings
- Capex ~£25M full year

£M	2020	2021
Organisation change	3.0	↘
Footprint optimisation	2.3	↘
Procurement	2.3	↗
New product development	2.1	↗
Continuous improvement/lean	1.5	→
	11.2	

	2019	2020
Headline effective tax rate	24.1%	23.5%
Adjusted effective tax rate	23.5%	23.4%

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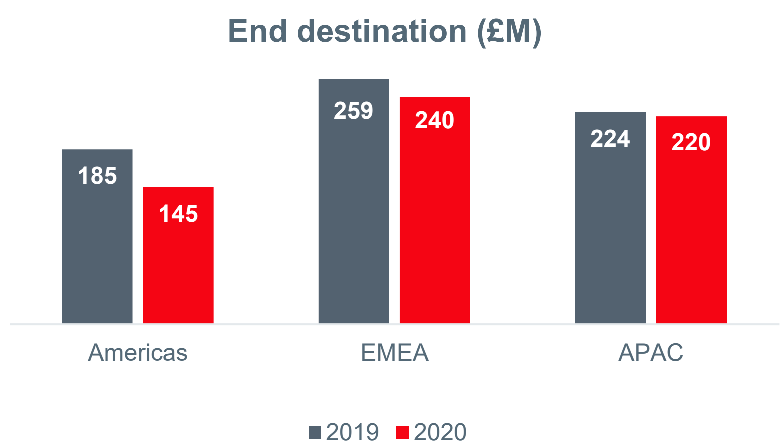
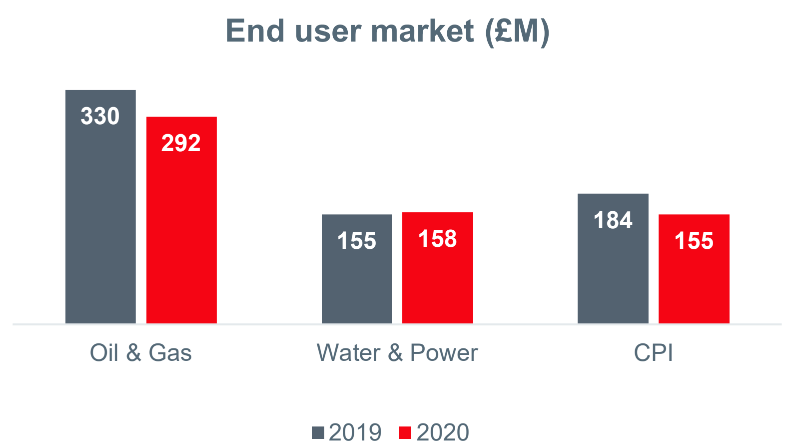
Group revenue

- Group revenue was 9.7% lower (7.4% OCC)
- Sales growth at Water & Power was more than offset by lower Oil & Gas and CPI revenues
- APAC revenues only down 1% after strong H2
- EMEA revenue decline largest in CPI
- Americas revenues reported largest decline, with Oil & Gas the largest contributor

Oil & Gas	2019	2020
Upstream	14%	13%
Midstream	10%	10%
Downstream	25%	25%
Contribution to revenue	49%	48%

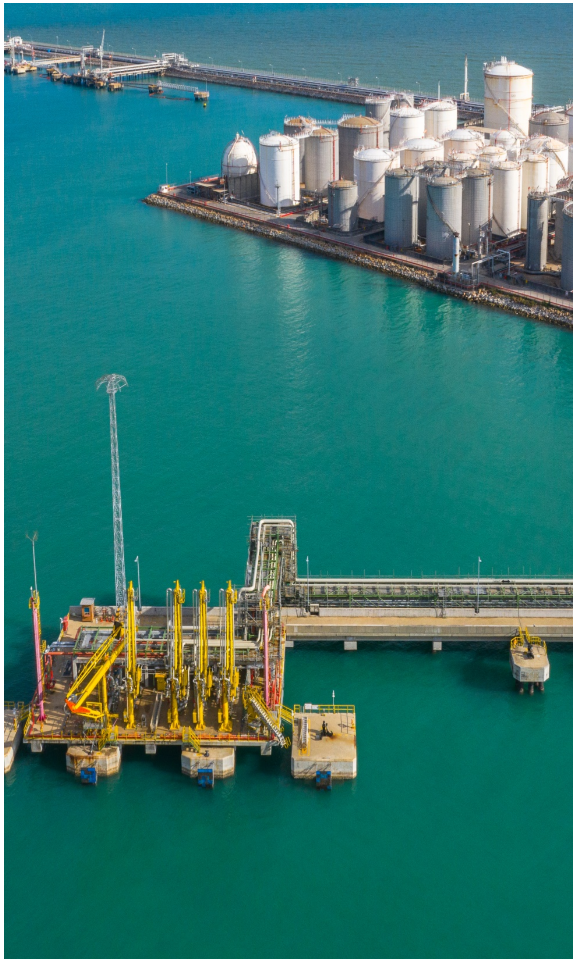




Oil & Gas

	2019	2020	Change	OCC[1] Change
Revenue	£330.0M	£292.2M	-11.5%	-10.1%
Adjusted[2] operating profit	£75.5M	£67.9M	-10.1%	-8.7%
Adjusted[2] operating margin	22.9%	23.3%	+40bps	+40bps

- Revenue lower in all regions, with greatest decline in Americas
- EMEA sales were modestly lower with all segments down
- Asia Pacific sales were similarly down, but grew in the second half
- Margins rose 40bps to 23.3%



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Water & Power

	2019	2020	Change	OCC[1] Change
Revenue	£154.9M	£157.8M	+1.9%	+4.0%
Adjusted[2] operating profit	£45.1M	£47.0M	+4.3%	+5.7%
Adjusted[2] operating margin	29.1%	29.8%	+70bps	+40bps

- All geographic regions saw revenue growth
- Asia Pacific water saw strong growth, particularly in China
- In the Americas, power sales were higher, whilst water was flat
- Margins up 70bps to 29.8% reflecting GAP benefits

Note: 1) OCC results exclude disposals and are restated at 2019 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Chemical, Process & Industrial

	2019	2020	Change	OCC[1] Change
Revenue	£184.4M	£154.6M	-16.2%	-12.4%
Adjusted[2] operating profit	£42.0M	£38.9M	-8.2%	-5.7%
Adjusted[2] operating margin	22.8%	24.9%	+210bps	+170bps

- Sales fell 12.4% OCC, with the greatest decline in the Americas
- Asia Pacific sales returned to growth in H2
- EMEA sales lower, with COVID-19 impacting customer activity
- Margins rose 210bps despite lower revenues

Note: 1) OCC results exclude disposals and are restated at 2019 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

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Market Outlook & Growth Update

Presented by

Kevin Hostetler, Chief Executive

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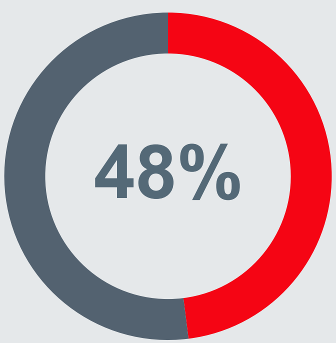
Market outlook

Oil & Gas

- Oil prices back to pre-pandemic levels
- Customer site access steadily improving
- Sector emissions under scrutiny – electrification has a role to play

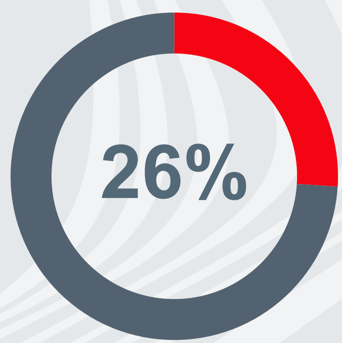
% of revenue



Water & Power

- Water infrastructure investment a global priority post COVID-19
- Power sector refurbishment activity to continue through 2021

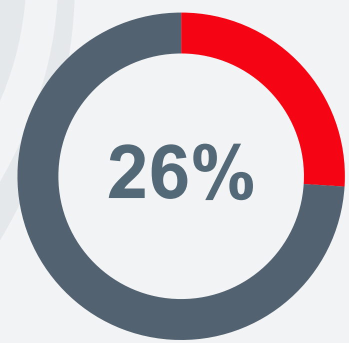
% of revenue



Chemical, Process & Industrial

- Drive to lower industry's CO_2 emissions gaining momentum
- New energy technology opportunities (hydrogen, carbon capture)

% of revenue



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Driving our growth

End-market alignment
- Increasing customer intimacy
- Winning value propositions shared between geographies

Rotork Site Services expansion
- Lifetime Management & Intelligent Asset Management (iAM) programs launched
- New service centres in actuator intensive locations

High growth regions
- Adding sales, customer service, business development, strategy and RSS resources to emerging markets
- Localizing production

Innovation and NPD
- Improved processes and additional resources
- More and more meaningful new product development targeting greater incremental revenues

Adjacencies
- Biofuels
- Waste-to-energy
- Hydrogen
- Carbon capture, usage, and storage

Automation

Electrification

Digitalisation

Be easier to do business with

Our ESG Journey

Presented by
Kevin Hostetler, Chief Executive

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ESG & Sustainability update

- 12%
Reduction in LTIs

-18%
Carbon Emissions (Scope 1 & 2, YoY)

-5%
Water Usage

-8%
Electricity Usage

50%+
Employees Owning Shares

23%
Women in Senior Roles

Employee Pulse Survey

7.1 (7.3)
Engagement

6.6 (6.3)
Pace of Change

(Prior Yr Score)

MSCI
Rating: AA (Leader)

FTSE4Good

Bloomberg
Disclosure score of 46; highest among peers

Institutional Investor
No. 2 Rated ESG Company in European Small & Mid Cap Capital Goods

Our ESG momentum

In the last year our team has:

Increased our focused resources

- Formed an ESG sub-committee of our Plc Board
- On-boarded our full-time Head of ESG & Sustainability

Developed a new sustainability framework

- Materiality assessment undertaken to confirm sustainability priorities
- UN Sustainable Development Goals chosen to align with key focus areas
- Developed our new strategic sustainability framework

Increased our alignment to our ESG agenda

- Further embedded ESG criteria into strategy, M&A and core business processes
- Aligned 10% senior leaders' bonuses to our ESG ambition

Increased our disclosure

- Published our inaugural People and Environment Report
- Additional ESG disclosures in our 2020 Annual Report and Accounts
- Sustainability Report in summer 2021, aligned to GRI, SASB & TCFD

Our sustainability framework

Our Purpose and sustainability vision are one and the same

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Keeping the World Flowing for Future Generations

Pillars	**1** **Operating Responsibly**	**2** **Enabling a Sustainable Future**	**3** **Making a Positive Social Impact**
Ambitions	**We aim to run safe, efficient and sustainable operations.**	**We want to help drive the transition to a cleaner future where environmental resources are used sustainably.**	**We aim to support fair, resilient and thriving societies.**
Key Areas of Focus	• Driving health & safety excellence for our people and other stakeholders • Playing our part in the transition to net-zero • Maximising the benefits created in our supply chain for us and others • Living our Values and acting ethically in the way we do business	• Innovating to support customers' sustainability objectives • Assisting the shift from fossil-fuel based systems to renewable sources • Providing reliable, energy efficient solutions • Contributing to the roll-out and modernisation of critical infrastructure	• Attracting, developing and retaining talented people • Commitment to diversity and inclusion and fair and equal pay • Supporting customers' health and safety initiatives • Proactive and transparent engagement with stakeholders • Supporting communities' development and resilience

Our sustainability framework (ctd.)

Pillars

1 Operating Responsibly	2 Enabling a Sustainable Future	3 Making a Positive Social Impact
• Driving a comprehensive safety and well-being programme • Reducing energy and resource consumption • Optimizing our operating footprint and logistics • Implementation of lean manufacturing • Driving sustainability in our supply chain through improved assessments and monitoring	• Enabling customers to shift towards cleaner and renewable energy sources • Innovation for sustainability through New Product Development • Enabling our customers' energy and emissions reductions • Enabling water efficiency for our customers	• Equal pay & equal opportunity programmes • Driving diversity and inclusion through the entire employment life-cycle • Providing a "living wage" throughout our company

Initiatives underway

Enhanced measurement, reporting and disclosure
Aligned incentives and decision making processes

Sustainable Development Goals

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

Our chosen initiatives will enable our customers to realize their environmental and sustainability goals

Summary & Outlook

Presented by
Kevin Hostetler, Chief Executive

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Summary

Resilient performance

- Margins higher, benefiting from GAP initiatives, despite lower sales
- Strong execution on GAP initiatives despite COVID-19 disruptions

Positioned for revenue growth

- ‘Ease of doing business with’ improved
- End-market alignment driving benefits
- Site Services positioned for recovery
- Innovation and new product development momentum
- Greater exposure to high-growth regions
- Winning in high-growth adjacencies

Driving our ESG agenda

Outlook

Delivering Resilience, Investing for Growth

Whilst the outlook for our end markets is improving, COVID-19 related uncertainty remains. Our production facilities are currently operating largely as normal, we have a solid order book and the considerable flexibility provided by our strong balance sheet.

Our investments in IT systems, targeted geographies, innovation and new product development, and aftermarket activities are progressing well and yielding benefits.

We continue to strengthen our business and are well placed to benefit from recovering demand. We remain committed to delivering sustainable mid to high single digit revenue growth and mid 20s adjusted operating margins over time.

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for Future Generations

Appendices

GAP 2020 Delivering resilience, investing for growth

Year One

Year Two

Year Three

Commercial Excellence

- Sales force realignment completed
- 42,000 Hours of Value Selling training
- 10 New Products launched
- Headcount re-allocated towards HGRs
- Rotork Site Services
  - Intelligent Asset Management (iAM) launched
  - Lifetime Management solution launched
  - Highest growth in actuators under contract in last 5 years

Operational Excellence

- 2 additional sites consolidated
- £2.3M net sourcing savings
- 300 Lean Events generated £1.5M in "Hard Savings"
- £12M inventory reduction
- Rochester facility expansion completed on time and to budget
- Launched Cost of Quality workstream

Talent & Culture

- New market facing structure and operating model changes implemented
- Embedded our new Purpose, Vision, Mission, Values and OneRotork and aligned these to our rewards systems
- Communication and wellbeing initiatives stepped up in light of COVID-19
- Launched Rotork Benevolent Support charity

IT & Core Business Processes

- >100 bespoke applications streamlined to 6 enterprise solutions for Customer Support, Document Management, HR, HSE, Operations, Sales & Marketing, Site Services, Travel & Expenses and Quality Assurance
- >2000 unique business processes rationalised to <500 common business processes
- Remote connectivity services up 700%
- Launched revised Rotork.com website

Strategy, portfolio and product line assessments

Margin Enhancement | *Growth* | *Key Enabler*

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Analysis of movements

£M	2020 as Reported	Adjust to CC	Remove Disposals	2020 at OCC[1]	2019[2]	2019 as Reported
Order intake	**590.2**	8.6	-	**598.8**	683.6	691.8
	-14.7%			-12.4%		
Revenue	**604.5**	7.5	-	**612.0**	661.2	669.3
	-9.7%			-7.4%		
Adjusted[3] operating profit	**142.5**	1.9	-	**144.4**	150.1	151.0
	-5.6%			-3.8%		
Adjusted[3] operating margin	**23.6%**			**23.6%**	22.7%	22.6%
	+100bps			+100bps		

- Revenue split 41% US$, 32% Euro, 15% GBP and 12% other currencies
- Adjustments relate to intangible amortisation of £14.1M (2019: £18.8M) and restructuring costs £6.0M (2019: £5.2M)

Note:
[1] OCC results exclude acquisitions / disposals and are restated at 2019 exchange rates.
[2] 2019 reported figures excluding disposals.
[3] Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments.

Constant currency analysis

£M	2020 as Reported		Adjust to CC	2020 at 2019 rates		2020 at OCC[1]		2019[2]	
Revenue	604.5		7.5	612.0		612.0		661.2	
Cost of sales	(320.2)		(4.8)	(325.0)		(325)		(351.7)	
Gross profit	284.3	47.0%	2.7	287.0	46.9%	287.0	46.9%	309.5	46.8%
Overheads	(141.8)	23.5%	(0.8)	(142.6)	23.3%	(142.6)	23.3%	(159.4)	24.1%
Adjusted[3] operating profit	142.5	23.6%	1.9	144.4	23.6%	144.4	23.6%	150.1	22.7%

- OCC[1] gross margins increased 10bps
- OCC[1] net margin 90bps higher

Note:
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[2] 2019 reported figures excluding disposals.
[3] Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments.

Revenue and adjusted operating margins[3]

Revenue £M	H1 2020	H2 2020	FY 2020	FY 2020 OCC[1]	FY 2019[2]
Oil and Gas	137.2	155.0	292.2	296.1	329.3
Water & Power	73.2	84.6	157.8	159.8	153.7
Chemical, Process & Industrial	72.9	81.8	154.6	156.1	178.2
Group	283.2	321.3	604.5	612.0	661.2

Adjusted operating profit %	H1 2020	H2 2020	FY 2020	FY 2020 OCC[1]	FY 2019[2]
Oil and Gas	21.1%	25.2%	23.3%	23.3%	22.9%
Water & Power	28.2%	31.2%	29.8%	29.7%	29.3%
Chemical, Process & Industrial	23.0%	26.6%	24.9%	24.9%	23.2%
Group	21.6%	25.3%	23.6%	23.6%	22.7%

Note:
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Earnings per share

£M	2020	2019	Change
PBT as reported	122.0	124.1	-1.6%
Adjusted[1] PBT	142.0	148.1	-4.1%
Effective tax rate	23.5%	24.1%	
Adjusted[1] effective tax rate	23.4%	23.5%	
Basic EPS as reported	10.7p	10.8p	-0.9%
Adjusted[1] basic EPS	12.5p	13.0p	-3.8%

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

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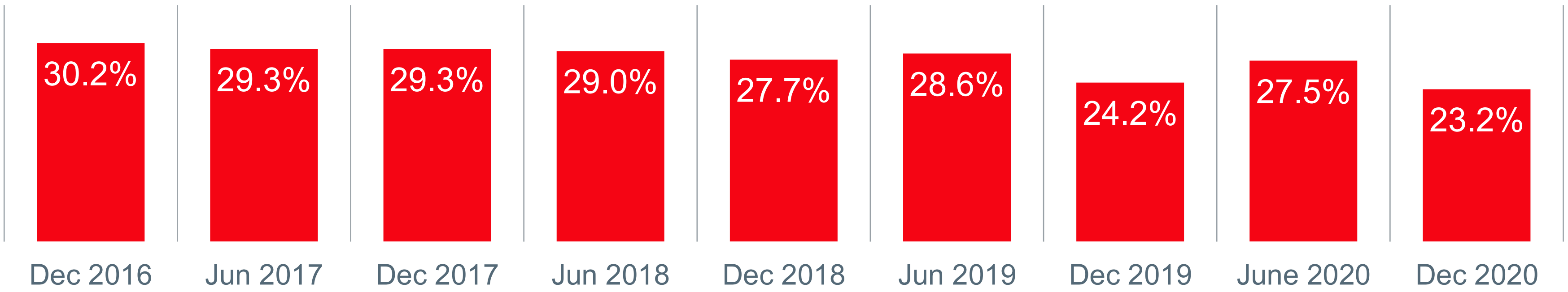
Working capital



£M	Dec 2019	% Revenue	Dec 2020	% Revenue
Inventory	73.9	11.0%	61.5	10.2%
Trade Receivables	129.4	19.3% (57 D.S.O.)	112.6	18.6% (56 D.S.O.)
Trade Payables	(41.4)	6.2%	(33.6)	5.6%
Net Working Capital	161.9	24.2%	140.5	23.2%

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Exchange rates

	US $	Euro €
Average rates		
H1 2019	1.29	1.15
Full Year 2019	1.28	1.14
H1 2020	1.26	1.14
Full Year 2020	1.28	1.12
+ = GBP STRENGTHENING / - = GBP WEAKENING		
H1 2020 v H1 2019	-2.3%	-0.9%
FY 2020 v FY 2019	0%	-1.8%
Period end rates		
December 2019	1.31	1.17
June 2020	1.24	1.10
December 2020	1.37	1.12
+ = GBP STRENGTHENING / - = GBP WEAKENING		
December 2020 v December 2019	+4.6%	-4.3%

Dividends

- 2020 full year dividend increased by 1.6% to 6.3 pence
- Dividend cover 1.7 times (adjusted cover 2.0 times)

Core Dividend	Month Paid / Payable	Amount (pence)	Cost (£M)
2018 Final	May 2019	3.70p	32.2
2019 Interim	September 2019	2.30p	20.1
Paid in 2019		6.00p	52.3
2019 Final	September 2020	3.90p	34.0
Paid in 2020		3.90p	34.0
2020 Final		6.30p	55.1

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