



Rotork plc Trading update

Rotork plc ("Rotork"), the market-leading actuator manufacturer and flow control company, issues the following trading update covering the first quarter period from 1 January to 1 April 2018 ("first quarter") ahead of its Annual General Meeting to be held on Friday 27th April.

In the first quarter, revenue increased by 10.2% (+15.8% OCC) with order intake up 20.9%, or 27.0% on an organic constant currency (OCC) basis, reflecting a continuation of the more favourable market trends seen during the last quarter of 2017 and the receipt of several significant orders. The order book at 1 April 2018 was £228.3m, 18.6% (21.5% OCC) higher than at 31 December 2017 and 12.3% higher than Q1 of 2017.

Order intake	Change	OCC² Change
Controls	20.1%	27.7%
Fluid Systems	40.9%	45.8%
Gears	3.4%	7.5%
Instruments	7.7%	11.5%
Group	20.9%	27.0%

On an OCC basis, order intake increased across all divisions, albeit against much softer comparatives for Controls and Fluid Systems as the improvement in order intake in these divisions in 2017 started in the second quarter. Customers' spend on maintenance and upgrades appears to be increasing to compensate for the lack of investment over the previous few years and we saw an improvement in investment in larger projects towards the end of the quarter.

The end market environment continues to improve. In oil and gas, we saw growth in upstream and the improvement that we saw in downstream in the last quarter of 2017 continued. Midstream remained challenging and we do not expect this to improve in the near term. We saw steady progress across the industrial process market while water and power remained flat. Geographically, Asia, Europe and parts of North America grew, whilst the Middle East and Latin America were flat. We remain well placed internationally to benefit from opportunities in our key markets.

Strategic progress

As previously communicated, we are committed, over time, to returning Rotork to the higher levels of organic growth and margins previously delivered by the Group, on a long term and sustainable basis, and are engaged in a series of reviews to examine our routes to market, innovation funnel, operations footprint, supply chain, talent development and IT systems.

The outcome of the analysis will contribute significantly to the growth acceleration programme which is currently being formulated and we expect to be in a position to give further details of our plans with the announcement of our half year results.

Financial position

The Group continues to be highly cash generative with a strong balance sheet and net debt of £10.0m at 1 April 2018 (£12.6m at 31 December 2017).

Outlook

We are encouraged by the stronger than anticipated order intake in the first quarter. We now expect revenues for the full year to show mid to high single digit growth over last year on a reported basis, despite a currency headwind of circa 5%, based on current rates.

As previously announced, we intend to invest much of the profit contribution from the anticipated increase in revenue in new products, an expansion of our service infrastructure and accelerated investment in our IT infrastructure to support our growth acceleration programme. Despite an unfavourable divisional mix, with stronger growth in Fluid Systems, and a small number of large projects in Asia both having a dilutive impact, we now expect adjusted operating margins to be slightly ahead of the prior year, given the stronger than anticipated growth.

Enquiries:

Rotork plc

Tel: +44 (0)1225 733 200

Kevin Hostetler, Chief Executive

Jonathan Davis, Finance Director

Sarah Matthews-DeMers, Director of Strategy and Investor Relations

FTI Consulting

Tel: + 44 (0)20 3727 1340

Nick Hasell / Susanne Yule

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014. The figures quoted in this announcement are unaudited and are subject to the review process that will be undertaken for the H1 18 results announcement. The person responsible for arranging for the release of this announcement on behalf of Rotork is Stephen Rhys Jones (Company Secretary).

Notes

1. 2018 figures quoted are at actual exchange rates and 2017 are as previously reported.
2. OCC (organic constant currency) growth rates restate 2018 at 2017 exchange rates.
3. Rotork will be announcing its half year results for the period ending 30 June 2018 on 7 August 2018.
4. Adjusted operating margins are calculated based on operating profit before the amortisation of intangible assets and other adjustments as defined in the 2017 Annual Report and Accounts.
5. This announcement contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this announcement, and Rotork undertakes no obligation to update these forward-looking statements. Nothing in this Trading Statement should be construed as a profit forecast.