



**Rotork plc
Trading update**

Rotork plc ("Rotork"), the market-leading actuator manufacturer and flow control company, issues the following trading update covering the third quarter and the year to 28 October 2018.

We continue to anticipate a robust financial performance in 2018 and management expectations for the full year remain unchanged.

Group order intake in the third quarter decreased by 4.0%, or 2.0% on an organic constant currency (OCC) basis on the comparable period, while revenue increased by 8.4% (+9.9% OCC), reflecting the variation in the timing of project orders and deliveries compared with 2017. Cumulative (to 28 October 2018) order intake was up 3.6% (+7.0% OCC) with a 9.8% increase in revenue (+13.0% OCC) resulting in a book to bill of 1.02. The order book at 28 October 2018 was £204.1m, 6.0% (+6.9% OCC) higher than at 31 December 2017.

	Q3				Cumulative YTD			
	Order intake		Revenue		Order intake		Revenue	
	Change	OCC ² Change	Change	OCC ² Change	Change	OCC ² Change	Change	OCC ² Change
Controls	-3.3%	-1.3%	12.9%	14.9%	4.9%	8.8%	10.0%	13.9%
Fluid Systems	-19.7%	-17.6%	6.7%	8.4%	-2.2%	1.0%	13.1%	16.1%
Gears	-1.9%	0.9%	-4.1%	-2.6%	2.8%	5.5%	2.2%	4.7%
Instruments	11.9%	11.4%	-0.1%	-0.6%	6.2%	7.6%	7.8%	9.2%
Group	-4.0%	-2.0%	8.4%	9.9%	3.6%	7.0%	9.8%	13.0%

The results for the third quarter reflect a continued improvement in overall levels of activity, particularly in downstream, led by the delivery of further phases of the large projects in the Far East highlighted at the half year. Upstream was lower than the comparative period as was the power market. Industrial process markets continued the strong performance we saw in the first half, whilst midstream and water showed modest growth in the quarter compared with the slight decline in the first half.

Geographically we saw the strongest growth in the Far East. The Americas, Western Europe and the Middle East were similar to the comparative period and Eastern Europe experienced a decline as a result of project delivery timing.

Growth acceleration programme update

We continue to make good progress across the range of activities encompassed in our growth acceleration programme. Within the commercial excellence pillar, we have recruited a Group Strategy and M&A Director to accelerate the development of our end-market strategy and address the most attractive adjacencies, and appointed a Group Engineering Director to bring a more uniform approach to innovation and product development opportunities. Our service organisation has grown as expected, with a further 15 engineers recruited in the third quarter. The transition from

product to market segment orientation remains on target for the start of a phased introduction in 2019.

Under the operational excellence pillar we have now sold or closed the three non-core business units identified in our half year results and site improvement plans have been developed for eight of our largest factories. Our tailored lean programme training has been developed and is being deployed. Our new central procurement team is now fully staffed and working on the second wave of the programme, which focuses on higher-value components used in the manufacture of our products, and which will drive the savings to be generated in 2019.

As part of our talent pillar we have recruited a Talent Acquisitions and Development Director. A coordinated approach to recruitment and development of our key personnel will ensure we identify and develop the next generation of leaders.

As part of our IT pillar, we have nearly completed the selection process for our ERP implementation partner in preparation for the first stage of the design and build programme.

We expect the second half restructuring costs of the growth acceleration programme will be slightly lower than the first half of the year at around £4m.

Financial position

The Group continues to be highly cash generative with a strong balance sheet. Net cash at 28 October 2018 was £12.2m (net debt of £12.6m at 31 December 2017).

Kevin Hostetler, Chief Executive, commented:

“Based on our performance to the end of October and anticipated shipments in the remaining two months of the year, we continue to anticipate a robust financial performance in 2018 and management expectations for the full year remain unchanged. I am pleased with the progress we have made across all four pillars of our growth acceleration programme, where we have moved from consultation and analysis to implementation and execution.”

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Notes

1. 2018 figures quoted are at actual exchange rates and 2017 are as previously reported.
2. OCC (organic constant currency) growth rates remove the results of the business disposed of or closed during 2018 that were not consistently in both periods' results and restate 2018 at 2017 exchange rates.

3. Third quarter results refer to the period from 1 July 2018 to 30 September 2018. Cumulative results refer to the period from 1 January 2018 to 28 October 2018.
4. Rotork will be announcing results for the year ending 31 December 2018 on Monday 4 March 2019.
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.