



29 April 2016

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 3 April 2016 (“first quarter”) ahead of its Annual General Meeting to be held later today.

Order intake and revenue in the first quarter increased 2.5% and 0.7% respectively, benefiting from favourable exchange rates and the contribution from acquisitions. Currency contributed 3.1% to order intake and 3.0% to revenue, with acquisitions contributing 8.4% to order intake and 9.2% to revenue. On an organic constant currency (OCC) basis, order intake and revenue declined by 9.0% and 11.5% respectively. The order book at 3 April 2016 was £189.3m, 13.9% (8.0% OCC) higher than at 31 December 2015.

Oil and gas remained challenging, with weakness evident in the midstream sector. Power was impacted by continued weakness in China. There was good activity in the water and industrial markets. Geographically, Latin America, parts of North America and India remained subdued. The integration of the businesses we acquired last year is going well, and our international sales network is leveraging the new product opportunities. We remain well placed internationally to benefit from opportunities in our key markets.

The Group has made progress against the cost reduction plan detailed in our full year results presentation in March, and we continue to examine further opportunities to drive improvements throughout the business.

Rotork separately also announces today the acquisition of the Mastergear from Regal Beloit Corporation.

Rotork Controls

Order intake in the first quarter decreased 5.6% (-9.9% OCC) compared to the prior year period. The rate of order intake was similar to previous two quarters. Weakness in the North American midstream oil and gas sector and in the power market, particularly in China, were the primary causes of the reduction. All other markets, including upstream and downstream oil and gas, water and industrial processes, recorded growth. Geographically, Asia remained weak. There was modest growth in Europe and the Middle East. Activity in the Americas was similar to the prior year.

Rotork Fluid Systems

Order intake in the first quarter decreased 6.6% (-9.8% OCC) compared to the prior year period as the business continued to be affected by the on-going challenging conditions in the oil and gas industry, although the rate of order intake was similar to the previous two quarters. Industrial

process and power industries both declined modestly compared to the prior year, whilst water improved slightly. Geographically, business in the Middle East & Africa was good, although all other regions declined relative to the first quarter last year.

Rotork Gears

First quarter order intake increased 15.2% (+4.5% OCC) driven by growth in new markets such as industrial applications and the contribution from the acquisition of Roto Hammer. Water, power and industrial processes all showed good growth over the prior year period. Geographically, the Americas, Europe and Middle East & Africa were robust, with Asia slightly down on the prior year.

Rotork Instruments

The Instruments business benefited from several acquisitions completed last year which contributed to our product diversification strategy and increased first quarter order intake by 53.6%. On an organic constant currency basis, order intake was 6.4% lower than the same quarter in the prior year, due to exposure to the oil and gas market and the timing of a large product order in Rotork Midland. There was strong growth in the water and power markets. As expected, oil and gas, excluding acquisitions, was lower than in the first quarter last year. Geographically, most regions were broadly in line with the prior year period. Asia was the exception, reflecting the general slowdown in China.

Financial position

The Group continues to be highly cash generative with a strong balance sheet and net debt of £58.2m at 3 April 2016 (£71.1m at 31 December 2015).

Outlook

We anticipate that the energy markets will remain challenging throughout the year. However, our strategy of expanding our end markets and products organically and through acquisition has resulted in a strong product portfolio and a geographic presence that will generate continued opportunities.

Taking into account revenue in the first quarter, order visibility and order intake trends, revenue for the full year is anticipated to be slightly weighted to the second half of the year, in line with our traditional historical pattern. Associated lower volumes will also be reflected in first half margins. We continue to make progress on our accelerated cost reduction programme and are examining further opportunities to reduce our cost base in line with market conditions.

Management expectations for the full year are unchanged.

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Notes

1. 2016 figures quoted are at actual exchange rates and 2015 are as previously reported.
2. OCC (organic constant currency) growth rates remove the results of the businesses acquired during 2015 that were not consistently in both periods' results and restate 2016 at 2015 exchange rates.
3. Rotork will be announcing its half year results for the period ending 30 June 2016 on 2 August 2016.
4. 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.