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End market outlook improving following a challenging year

2021 Preliminary Results

March 1st 2022

Presented by
Chief Executive Officer – Kiet Huynh
Group Finance Director – Jonathan Davis



Keeping the World Flowing for Future Generations

Stronger Together - Always Innovating - Trusted Partner

How we create value for all our stakeholders

Innovative solutions to our customers' flow control challenges

Committed to enabling a sustainable future

A safe, diverse and inclusive environment for our people

Financial performance and strength

End market outlook improving following a challenging year

**Growing orders,
sales impacted
by supply chain**

Orders
+7.8% OCC
£614M

KPI

Revenue
-2.5% OCC
£569M

**Strong cash
generation and
balance sheet**

KPI

Cash conversion
108%
Of adj. operating profit

Closing net cash
£114M
(H1 2021: £144M)

**Resilient
margins, strong
returns**

KPI

Return on sales
22.5%
(2020: 23.6%)

KPI

ROCE
30.1%
(2020: 32.5%)

**Performing for
all stakeholders**

KPI

Carbon emissions
2021: 14.6 TnCO₂e
(2020: 14.5)

Net-zero target dates
announced. Near term
Science Based
Targets set

Financial Review

Keeping the World Flowing for
Future Generations

Presented by
Jonathan Davis, Group Finance Director

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Financial highlights

- Orders +4.1%
(OCC +7.8%)
- Revenue -5.9%
(OCC -2.5%)
- Adjusted operating margin
-110bps to 22.5%
- Cash conversion 108%
- ROCE 30.1% (-240bps)
- Full year dividend 6.40p

	2020	2021	%	OCC ^{1%}
Order intake	£590M	£614M	+4.1%	+7.8%
Revenue	£605M	£569M	-5.9%	-2.5%
Adjusted ² operating profit	£143M	£128M	-10.1%	-8.2%
Adjusted ² operating margin	23.6%	22.5%	-110bps	-140bps
Adjusted ² EPS	12.5p	11.3p	-9.6%	-8.0%
Free cash conversion	130%	108%	-	-
Full year dividend	6.30p	6.40p	+1.6%	-

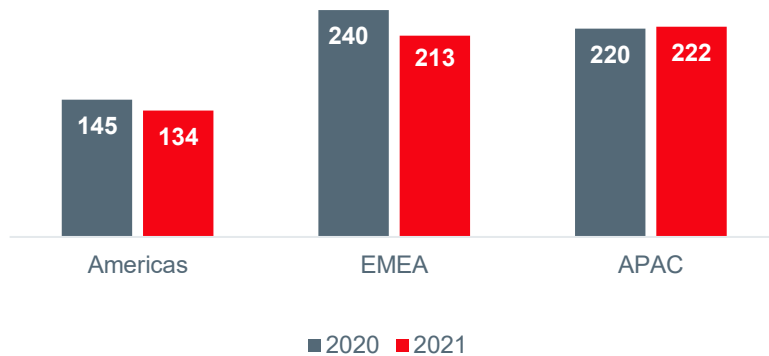
Note: 1) OCC results are restated at 2020 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Group revenue

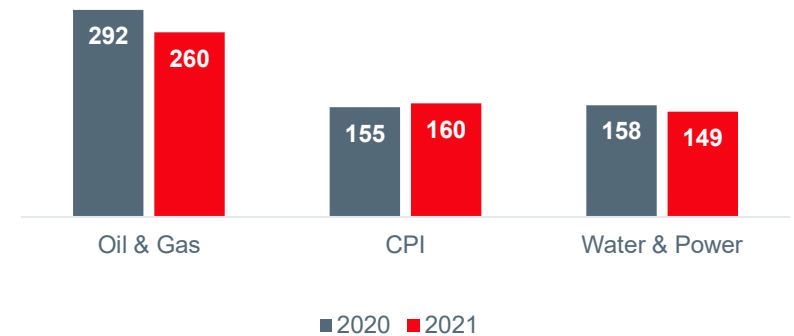
- Group revenue -3% YoY OCC (-6% reported)
- Revenue decline due to supply chain constraints which intensified as the year went on
- APAC grew mid-single digits YoY OCC
- EMEA decline largely due to Oil & Gas
- Americas sales were modestly lower (OCC)
- Rotork Site Services 21% of sales (2020: 19%)

Oil & Gas	2020	2021
Upstream	13%	11%
Midstream	10%	11%
Downstream	25%	24%
Contribution to revenue	48%	46%

End destination (£M)

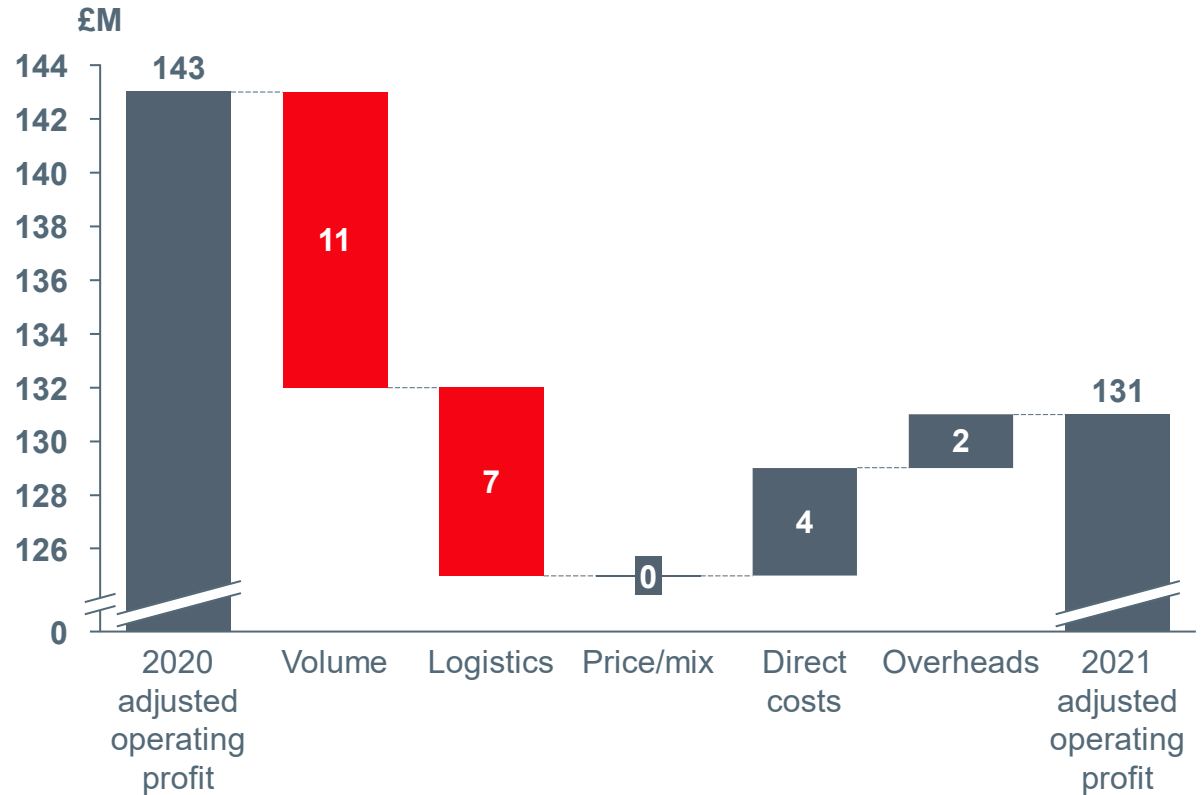


End user market (£M)



Adjusted² operating profit bridge (OCC¹)

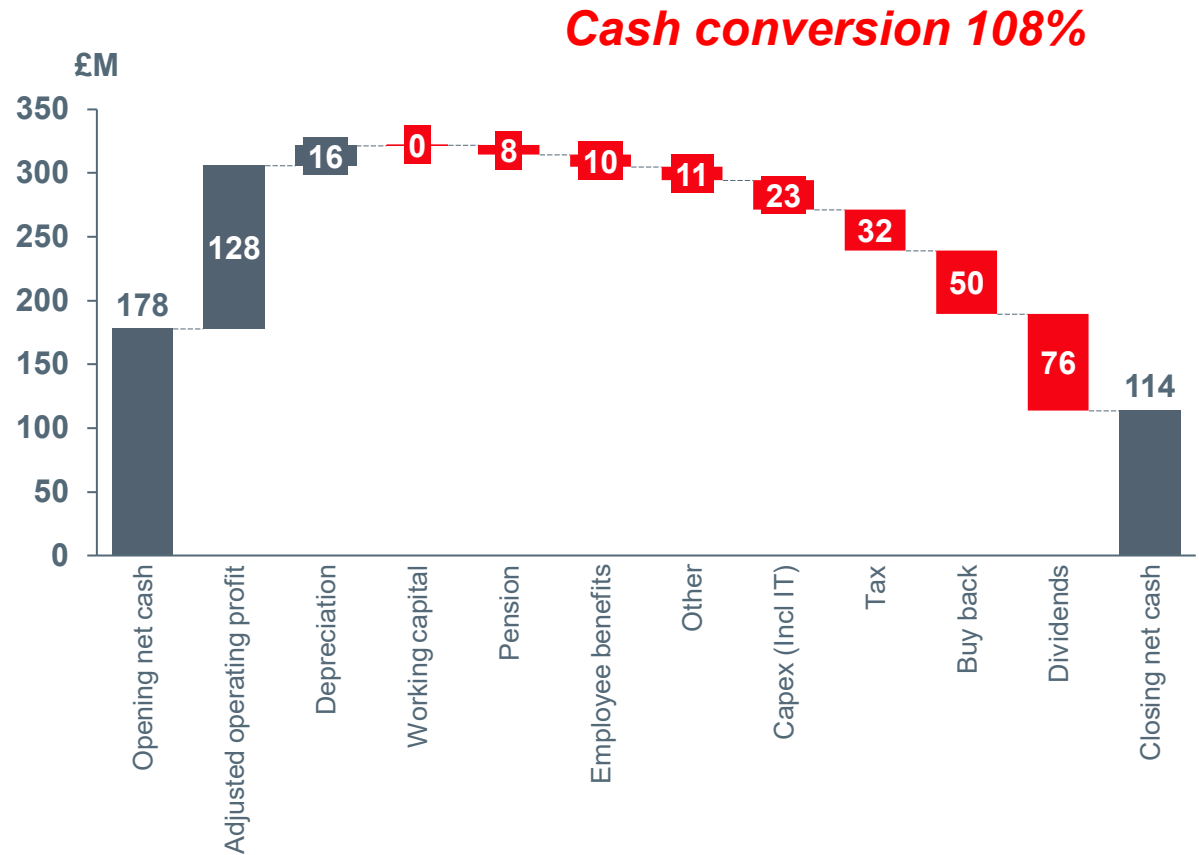
- Higher logistics costs a significant headwind
- Gross margin 46.2% (-80bps)
- Adjusted operating margin -110bps to 22.5%



Note: 1) OCC results are restated at 2020 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Cash flow

- Cash conversion 108% (2020: 130%)
- Net working capital/sales 21.8% (2020: 23.2%)
- Inventory 12.0% of sales (2020: 10.2%)
- Trade receivables 57 DSO (2020: 56)
- Buy back £50M
- Dividend is full year 2020 payment (6.30p) plus 2021 interim



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Growth Acceleration Programme - 4 year review¹

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

£30M of profit improvement and £40M reduction in working capital

<p>EBITA Margin from 20.3% to 22.5% 220 bps increase</p>	<p>WC as a % of Sales from 29.3% to 21.8% (750) bps reduction</p>	<p>ROCE from 24.9% to 30.1% 520 bps improvement</p>
<p>Footprint 13 mfg. facilities closed 43% reduction</p>	<p>Sourcing £5.7M net savings</p>	<p>Innovation 36 new products launched</p>
<p>Lean & Productivity >750 lean events £6.3M savings²</p>	<p>Inventory from £92M to £68M 26% reduction</p>	<p>>45,000 Hours of Value Selling Training and Development</p>
<p>Productivity 8% Improvement in EBITA per FTE</p>	<p>Organisation Re-alignment £6M savings</p>	<p>Portfolio Actions 4 businesses sold or closed 12 offices closed or consolidated</p>

¹ Measured from YE 2017 through YE 2021

² Inclusive of workforce planning tool utilisation






Software as a Service (IAS38)

- Charges in income statement do not impact adjusted operating profit
- Operating profit reduced by
 - £5.1M in 2019
 - £9.5M in 2020
 - £8.5M in 2021
- 2020 basic earnings per share reduced from 10.7p to 9.8p
- No impact to adjusted basic earnings per share

£M	2020 as presented	Restate	2020 restated
Adjusted operating profit	143	-	143
Adjustments	(20)	(10)	(30)
Operating profit	123	(10)	113
Property, plant & equipment	100	(14)	86
Deferred tax assets	17	3	20
Other assets	646	-	646
Total assets	763	(11)	752

Financial & other items update

- Logistics and commodity headwinds impact net procurement savings in 2021
- Current year currency impact estimated at <1% tailwind
- Net nil restructuring costs
- Capex spend ~£18M
- SaaS spend ~£7M

GAP P&L benefits £M	2021	2022
Organisation change	1.7	
Footprint optimisation	1.0	
Procurement	(1.8)	
New product development	3.7	
Continuous improvement/lean	2.2	
	6.8	

	2020	2021
Headline effective tax rate	23.8%	24.2%
Adjusted effective tax rate	23.4%	23.8%

Oil & Gas

	2020	2021	Change	OCC ¹ Change
Revenue	£292.2M	£260.2M	-11.0%	-7.7%
Adjusted ² operating profit	£67.9M	£56.3M	-17.1%	-14.3%
Adjusted ² operating margin	23.3%	21.7%	-160bps	-170bps

- Momentum improved through 2022
- Revenue lower, largely the result of supply chain disruption
- EMEA sales fell despite higher midstream revenues
- APAC grew, driven by the mid and downstream
- Americas sales were modestly lower, with South America particularly strong
- Margins impacted by lower volumes and higher logistics costs

Note: 1) OCC results are restated at 2020 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Chemical, Process & Industrial

	2020	2021	Change	OCC ¹ Change
Revenue	£154.6M	£160.5M	+3.8%	+7.7%
Adjusted ² operating profit	£38.6M	£42.8M	+11.0%	+15.7%
Adjusted ² operating margin	24.9%	26.7%	+180bps	+190bps

- Sales grew in all regions despite impact of disruption
- APAC sales grew high single-digits OCC with targeted niches showing encouraging growth
- EMEA growth accelerated after a slow start
- Americas was the fastest growing geography
- Margin benefitted from higher revenue and positive mix

Note: 1) OCC results are restated at 2020 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Water & Power

	2020	2021	Change	OCC ¹ Change
Revenue	£157.8M	£148.6M	-5.8%	-2.7%
Adjusted ² operating profit	£47.0M	£40.4M	-14.0%	-11.3%
Adjusted ² operating margin	29.8%	27.2%	-260bps	-260bps

- W&P saw significant supply chain disruption in H2
- Revenue lower with EMEA the only geography growing
- Asia Pacific lower in total, growth in water
- Americas impacted by supply chain but water still grew
- EMEA growth broad based, UK water strongest
- Margins saw disproportionate impact from higher logistics costs

Note: 1) OCC results are restated at 2020 exchange rates 2) Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

Immediate priorities, sustainability update & outlook

Presented by
Kiet Huynh, Chief Executive Officer

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Immediate priorities

Delivering on our record opening order book

Continuing to execute the Growth Acceleration Programme

Supply chain update

MATERIALS

Shortages of:

- Semiconductor chips
- Transistors, diodes, capacitors and sensors
- Castings
- Specialist alloys and plastics

LOGISTICS DELAYS

Typical sea freight journey time increases in 2021:

- Asia to Europe from 7 to 12 weeks
- Asia to USA from 7 to 14 weeks
- Europe to USA from 5 to 12 weeks

Journey times are longer and more unpredictable



Our responses

- Communication with key suppliers
- Buying chips forward through distribution
 - Re-engineering of circuit boards
- Cost reduction and price increases

Immediate priorities

Delivering on our record opening order book

Continuing to execute the Growth Acceleration Programme

Additional focus areas

Greater focus on customer value



- End market structure
- Key account management

Innovation and NPD



- Stream-lined, customer aligned, commercialisation process
- Accelerate launches, especially of highly energy efficient products

Enabling a sustainable future



- 'Electrification of everything'
- New energy technologies and energy transition opportunities

Automation **Electrification** **Digitalisation**
 **Be easier to do business with**

Sustainability update

KEEPING THE WORLD FLOWING FOR FUTURE GENERATIONS

Our Paris agreement aligned GHG emissions targets

NET-ZERO BY 2035

Scopes 1 & 2

NET-ZERO BY 2045

Scope 3

SCIENCE-BASED TARGETS

Rotork operations: 42% by 2030

Use of sold products: 25% by 2030

Suppliers: 25% to have SBTs by 2027

OUR TWO MAIN CATEGORIES

- Those arising from energy used by our products during operation
- Upstream emissions relating to our purchase of goods/services

We have submitted a commitment letter to the SBTi and will shortly apply for validation

Sustainability update cont.

ENABLING A SUSTAINABLE FUTURE

Water & Waste Water Portfolio

- Potable water treatment
- Potable water distribution
 - Sewage treatment
 - Irrigation

Methane Emissions Reduction Portfolio

- Electric actuators used in:
- Oil & gas upstream (incl. onshore and offshore)
 - Oil & gas pipelines (incl. terminals, compressor stations)

New Energies & Tech. Portfolio

- Carbon capture
 - LNG
 - Biofuels
 - Hydrogen
 - Nuclear
- Renewable energy

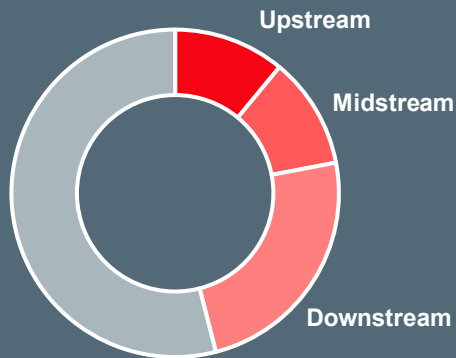
Our 'eco-transition' portfolio represents a significant proportion of our sales. It is not possible for us to quantify them all precisely (e.g. our equipment and services used in process water management or in gasification). However we estimate that just the three portfolios highlighted above contributed around 30% of sales in 2021

Market outlook

Oil & Gas

- Global demand recovering
- Industry confidence returning
- Highest oil price since 2014
- Energy transition and emissions reduction opportunities

% of revenue



Chemical, Process & Industrial

- Targeting niche opportunities in HVAC, chemicals and basic materials as well as hydrogen and carbon capture
- Drive to lower industry's CO2 emissions gaining momentum
- Shortest cycle Rotork division

% of revenue



Water & Power

- Water infrastructure investment a global priority
- Seeing clear benefits of our end market alignment
- Power sector refurbishment activity continues

% of revenue



Summary

Keeping the World Flowing
for Future Generations

Creating value for all stakeholders

Enabling a sustainable future

Focused on delivering
on our growth ambition

End market outlook improving following a challenging year

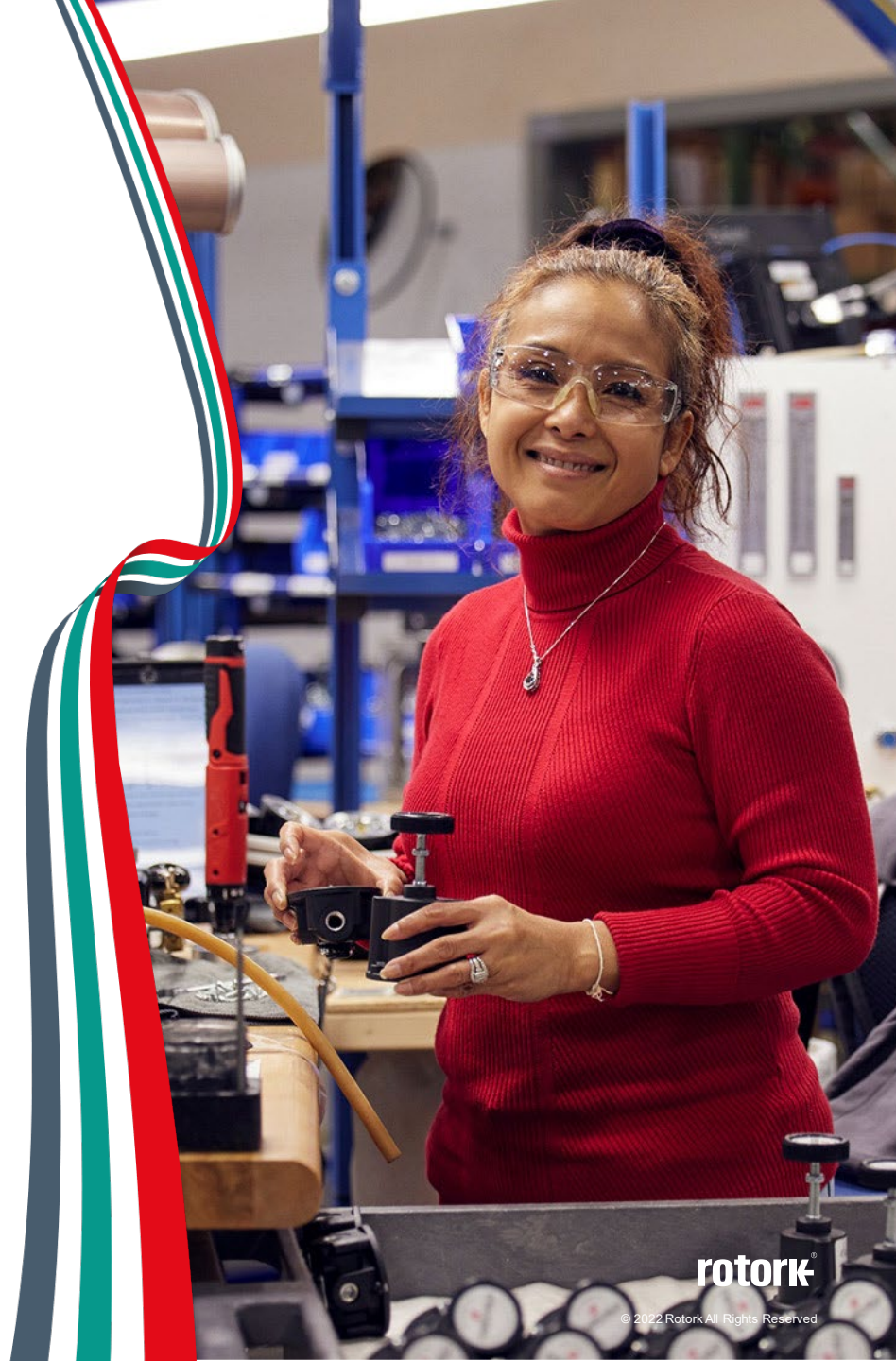
- Order growth resumed; sales lower due to supply constraints; resilient margins despite reduced volumes

Our immediate priorities

- Deliver on record opening order book
- Continue to execute GAP
- We do not anticipate current supply chain disruptions improving in H1

We remain committed to delivering mid to high single digit revenue growth and mid 20s adjusted operating margins over time

Appendices



Analysis of movements

£M	2021 as Reported	Adjust to CC	2021 at OCC ¹	2020 as Reported
Order intake	614.1	22.2	636.3	590.2
	+4.1%		+7.8%	
Revenue	569.2	20.5	589.7	604.5
	-5.9%		-2.5%	
Adjusted ² operating profit	128.1	2.7	130.8	142.5
	-10.1%		-8.2%	
Adjusted ² operating margin	22.5%		22.2%	23.6%
	-110bps		-140bps	

- Revenue split 37% US\$, 32% Euro, 17% GBP and 14% other currencies
- Adjustments relate to intangible amortisation of £9.0M (2020: £14.1M) and other adjustments £13.4M (2020: £15.3M)

Note:

¹ OCC results exclude acquisitions / disposals and are restated at 2020 exchange rates.

² Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments.

Constant currency analysis

	2021 as Reported		Adjust to CC	2021 at OCC ¹		2020 as Reported	
Revenue	569.2		20.5	589.7		604.5	
Cost of sales	(306.4)		(12.5)	(318.9)		(320.2)	
Gross profit	262.8	46.2%	8.0	270.8	45.9%	284.3	47.0%
Overheads	(134.7)	23.7%	(5.2)	(139.9)	23.7%	(141.8)	23.5%
Adjusted ² operating profit	128.1	22.5%	2.7	130.8	22.2%	142.5	23.6%

- OCC¹ gross margin decreased 110bps
- OCC¹ net margin decreased 140bps

Note:

¹ OCC results exclude acquisitions / disposals and are restated at 2020 exchange rates.

² Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments.

Revenue and adjusted operating margins²

Revenue £M	H1 2021	H2 2021	FY 2021	FY 2021 OCC ¹	FY 2020
Oil and Gas	129.6	130.5	260.1	269.6	292.2
Chemical, Process & Industrial	81.2	79.3	160.5	166.5	154.6
Water & Power	77.5	71.1	148.6	153.6	157.8
Group	288.3	280.9	569.2	589.7	604.5

Adjusted operating profit %	H1 2021	H2 2021	FY 2021	FY 2021 OCC ¹	FY 2020
Oil and Gas	21.2%	22.1%	21.7%	21.6%	23.3%
Chemical, Process & Industrial	25.9%	27.5%	26.7%	26.8%	24.9%
Water & Power	27.5%	26.9%	27.2%	27.2%	29.8%
Group	21.7%	23.3%	22.5%	22.2%	23.6%

Note:

¹ OCC results exclude acquisitions / disposals and are restated at 2020 exchange rates.

² Adjusted figures exclude the amortisation of acquired intangible assets and other adjustments

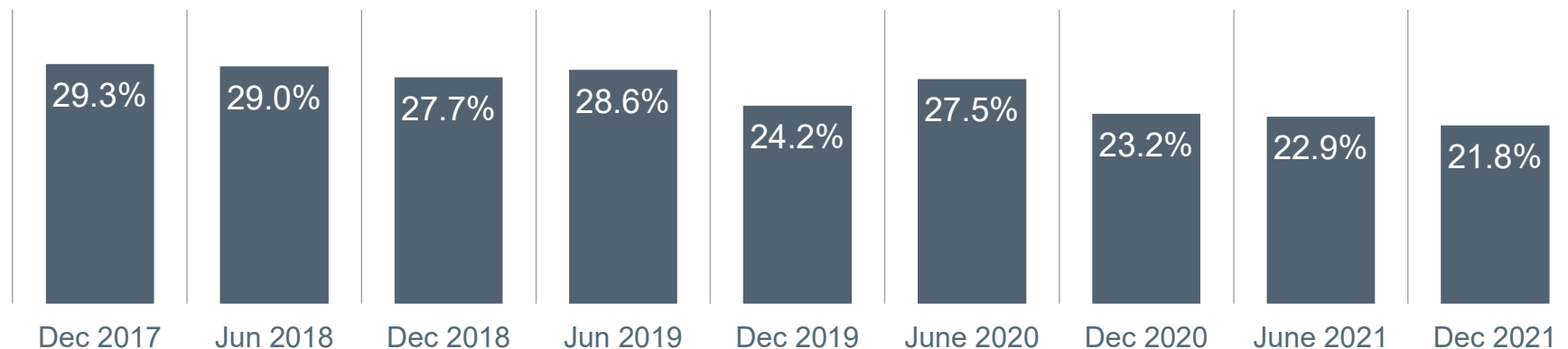
Earnings per share

£M	2021	2020	Change
PBT as reported	105.9	112.6	-5.9%
Adjusted ¹ PBT	128.3	142.0	-9.7%
Effective tax rate	24.2%	23.8%	
Adjusted ¹ effective tax rate	23.8%	23.4%	
Basic EPS as reported	9.2p	9.8p	-6.1%
Adjusted ¹ basic EPS	11.3p	12.5p	-9.6%

Note:

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

Working capital



£M	Dec 2021	% Revenue	Dec 2020	% Revenue
Inventory	68.4	12.0%	61.5	10.2%
Trade Receivables	94.2	16.5% (57 D.S.O.)	112.6	18.6% (56 D.S.O.)
Trade Payables	(38.8)	6.8%	(33.6)	5.6%
Net Working Capital	123.8	21.8%	140.5	23.2%

Exchange rates

	US \$	Euro €
Average rates		
H1 2020	1.26	1.14
Full year 2020	1.28	1.12
H1 2021	1.39	1.15
Full Year 2021	1.38	1.16
+ = GBP STRENGTHENING / - = GBP WEAKENING		
H1 2021 v H1 2020	+10.3%	+0.9%
FY 2021 v FY 2020	+7.2%	+3.4%
Period end rates		
December 2020	1.37	1.12
June 2021	1.38	1.17
December 2021	1.35	1.19
+ = GBP STRENGTHENING / - = GBP WEAKENING		
December 2021 v December 2020	-1.5%	+5.9%

Dividends

- 2019 final dividend was withdrawn as a result of the COVID-19 pandemic and an interim dividend of an equivalent amount was paid in the second half of 2020
- In March 2021 a dividend, reflecting the combined interim and final dividends, was proposed in respect of the year to 31 December 2020
- 2021 full year dividend increased 1.6% to 6.40p
- Dividend cover 1.4 times (adjusted cover 1.8 times)

Core Dividend	Month Paid / Payable	Amount (pence)	Cost (£M)
2019 final	September 2020	3.90p	33.9
Paid in 2020		3.90p	33.9
2020 interim and final	May 2021	6.30p	55.0
2021 interim	September 2021	2.35p	20.5
Paid in 2021		8.65p	75.5
2021 proposed final	May 2022	4.05p	34.8



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