



Q3 2023 Earnings Call

OCTOBER 26, 2023



Forward-looking statements

Safe Harbor Statement

Statements included in this presentation that are not a description of historical facts are forward-looking statements. Words or phrases such as “believe,” “may,” “could,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “seek,” “plan,” “expect,” “should,” “would” or similar expressions are intended to identify forward-looking statements, and are based on Rogers’ current beliefs and expectations. This release contains forward-looking statements regarding our plans, objectives, outlook, goals, strategies, future events, future net sales or performance, capital expenditures, future restructuring, plans or intentions relating to expansions, business trends and other information that is not historical information. All forward-looking statements are based upon information available to us on the date of this release and are subject to risks, uncertainties and other factors, many of which are outside of our control, which could cause actual results to differ materially from those indicated by the forward-looking statements. Other risks and uncertainties that could cause such results to differ include: the duration and impacts of the coronavirus global pandemic and efforts to contain its transmission and distribute vaccines, including the effect of these factors on our business, suppliers, customers, end users and economic conditions generally; continuing disruptions to global supply chains and our ability, or the ability of our suppliers, to obtain necessary product components; failure to capitalize on, volatility within, or other adverse changes with respect to the Company’s growth drivers, including advanced mobility and advanced connectivity, such as delays in adoption or implementation of new technologies; uncertain business, economic and political conditions in the United States (U.S.) and abroad, particularly in China, South Korea, Germany, the United Kingdom, Hungary and Belgium, where we maintain significant manufacturing, sales or administrative operations; the trade policy dynamics between the U.S. and China reflected in trade agreement negotiations and the imposition of tariffs and other trade restrictions, including trade restrictions on Huawei Technologies Co., Ltd. (Huawei); fluctuations in foreign currency exchange rates; our ability to develop innovative products and the extent to which our products are incorporated into end-user products and systems and the extent to which end-user products and systems incorporating our products achieve commercial success; the ability and willingness of our sole or limited source suppliers to deliver certain key raw materials, including commodities, to us in a timely and cost-effective manner; intense global competition affecting both our existing products and products currently under development; business interruptions due to catastrophes or other similar events, such as natural disasters, war, including the ongoing conflict between Russia and Ukraine, terrorism or public health crises; the impact of sanctions, export controls and other foreign asset or investment restrictions; failure to realize, or delays in the realization of anticipated benefits of acquisitions and divestitures due to, among other things, the existence of unknown liabilities or difficulty integrating acquired businesses; our ability to attract and retain management and skilled technical personnel; our ability to protect our proprietary technology from infringement by third parties and/or allegations that our technology infringes third party rights; changes in effective tax rates or tax laws and regulations in the jurisdictions in which we operate; failure to comply with financial and restrictive covenants in our credit agreement or restrictions on our operational and financial flexibility due to such covenants; the outcome of ongoing and future litigation, including our asbestos-related product liability litigation or risks arising from the terminated DuPont Merger; changes in environmental laws and regulations applicable to our business; and disruptions in, or breaches of, our information technology systems. Should any risks and uncertainties develop into actual events, these developments could have a material adverse effect on the Company. For additional information about the risks, uncertainties and other factors that may affect our business, please see our most recent annual report on Form 10-K and any subsequent reports filed with the Securities and Exchange Commission, including quarterly reports on Form 10-Q. Rogers Corporation assumes no responsibility to update any forward-looking statements contained herein except as required by law.



Non-GAAP and Additional Information

Non-GAAP Information

This presentation includes the following financial measures that are not presented in accordance with generally accepted accounting principles in the United States of America (“GAAP”):

- (1) Adjusted operating income, which the Company defines as operating income excluding acquisition-related amortization of intangible assets and discrete items, which are acquisition and related integration costs, dispositions, gains or losses on the sale or disposal of property, plant and equipment, restructuring, severance, impairment and other related costs, non-routine shareholder advisory costs, (income) costs associated with terminated merger, UTIS fire (recovery) charges and the related income tax effect on these items (collectively, “discrete items”);
- (2) Adjusted operating margin, which the Company defines as adjusted operating income as a percentage of total net sales;
- (3) Adjusted operating expenses, which the Company defines as operating expenses excluding acquisition-related amortization of intangible assets and discrete items;
- (4) Adjusted net income, which the Company defines as net income (loss) excluding amortization of acquisition intangible assets, pension settlement charges and discrete items;
- (5) Adjusted earnings per diluted share, which the Company defines as earnings per diluted share excluding amortization of acquisition intangible assets, pension settlement charges and discrete items, divided by adjusted weighted average shares outstanding – diluted;
- (6) Adjusted EBITDA, which the Company defines as net income (loss) excluding interest expense, net, income tax expense (benefit), depreciation and amortization, stock-based compensation expense, pension settlement charges and discrete items;
- (7) Adjusted EBITDA Margin, which the Company defines as the percentage that results from dividing Adjusted EBITDA by total net sales;
- (8) Free Cash Flow, which the Company defines as net cash provided by (used in) operating activities less non-acquisition capital expenditures.

Management believes adjusted operating income, adjusted operating margin, adjusted operating expenses, adjusted net income, adjusted earnings per diluted share, adjusted EBITDA and adjusted EBITDA margin are useful to investors because they allow for comparison to the Company’s performance in prior periods without the effect of items that, by their nature, tend to obscure the Company’s core operating results due to potential variability across periods based on the timing, frequency and magnitude of such items. As a result, management believes that these measures enhance the ability of investors to analyze trends in the Company’s business and evaluate the Company’s performance relative to peer companies.

Management also believes free cash flow is useful to investors as an additional way of viewing the Company’s liquidity and provides a more complete understanding of factors and trends affecting the Company’s cash flows. However, non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or as alternatives to, financial measures prepared in accordance with GAAP. In addition, these non-GAAP financial measures may differ from, and should not be compared to, similarly named measures used by other companies. Reconciliations of the differences between these non-GAAP financial measures and their most directly comparable financial measures calculated in accordance with GAAP are set forth below.

Introductions



Colin Gouveia
President &
Chief Executive Officer



Ram Mayampurath
Senior Vice President &
Chief Financial Officer



Executing On Our Proven Strategy

Market Driven

- Focusing on opportunities in secular growth markets
- Moving forward with targeted investments in new capacity
- Continued progress securing new design wins

Innovation Leadership

- Product and process innovation in AES & EMS businesses
- Griffin Gappert hired as new Chief Technology Officer

Operational Excellence

- Gross margin improvement
- Focus on procurement and supply chain savings

Synergistic M&A

- Silicone Engineering acquired in Q4 2021
- Reinvigorating M&A pipeline

Results Overview

Q3 2023 SUMMARY

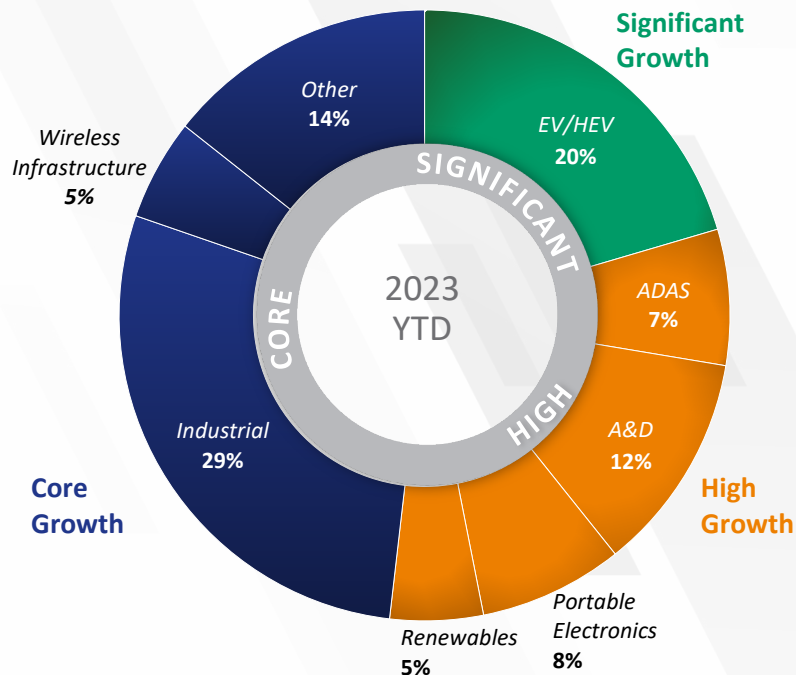
HIGHLIGHTS

- Gross margin of 35.1% increased 60 bps versus the prior quarter
- Higher Q3 portable electronics market sales versus the prior quarter
- Stronger year-to-date sales in renewable energy and ADAS markets
- Significant new design wins in EV market

CHALLENGES

- Global economy remains weak with impacts from inflation, higher interest rates and other factors
- Manufacturing contraction continued in US and EU
- Production ramps for some EV/HEV customers progressing slower than expected

REVENUE BY MARKET SEGMENT



Percentages may not add due to rounding



Key Drivers of Growth



*Recovery in
general
industrial
market*

Sales impact: +

*Expected Timing:
Uncertain and
subject to macro
environment*



*Recovery in
portable
electronics
market*

Sales impact: +

*Expected Timing:
Uncertain and
subject to macro
environment*



EV design wins

Sales impact: ++

*Expected Timing:
Increasing in 2024,
but magnitude
subject to timing of
production ramp by
key customers*



*Power
substrate
process
innovation*

Sales impact: +

*Expected Timing:
In 2024 with benefits
to both increased
output and improved
product performance*



*New power
substrate
capacity online*

Sales impact: +++

*Expected Timing:
Start of production
expected in late
2024 with
meaningful volume
in 2025*

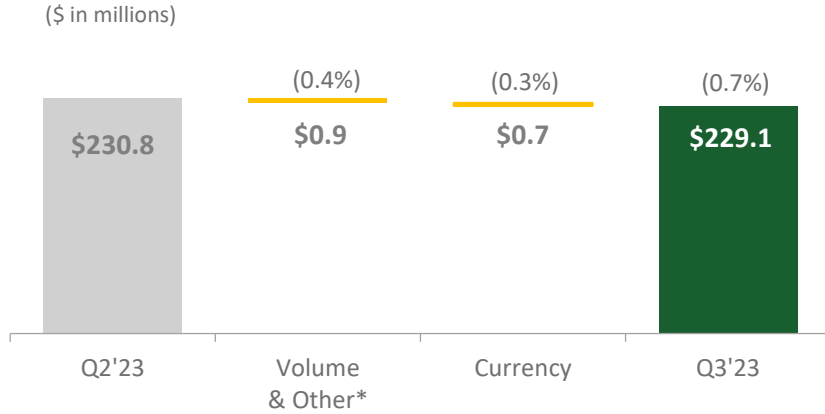


Q3 2023 Financial Highlights

(in millions, except for EPS)	Q3 2023	Q2 2023
Net sales	\$229.1	\$230.8
Gross margin	\$80.4	\$79.6
Gross margin %	35.1%	34.5%
Operating income	\$27.1	\$27.9
Operating margin %	11.8%	12.1%
Adjusted operating income*	\$32.7	\$31.0
Adjusted operating margin %*	14.3%	13.4%
Net income	\$19.0	\$17.9
Net income % of net sales	8.3%	7.7%
Adjusted EBITDA*	\$45.4	\$43.7
Adjusted EBITDA margin %*	19.8%	18.9%
EPS	\$1.02	\$0.96
Adjusted EPS*	\$1.24	\$1.07

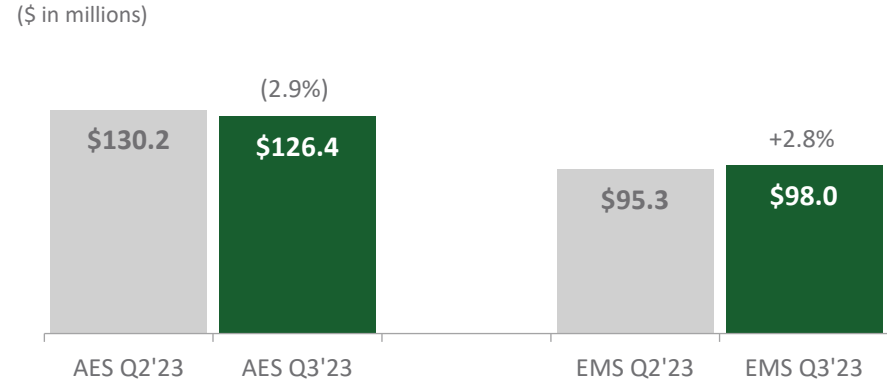
Q3 2023 Revenue Results

Consolidated Revenue QoQ



- Revenues of \$229.1 million decreased 0.7% versus Q2'23.
- Lower volume primarily from decline in industrial sales.
- Unfavorable currency impact primarily from RMB sales.

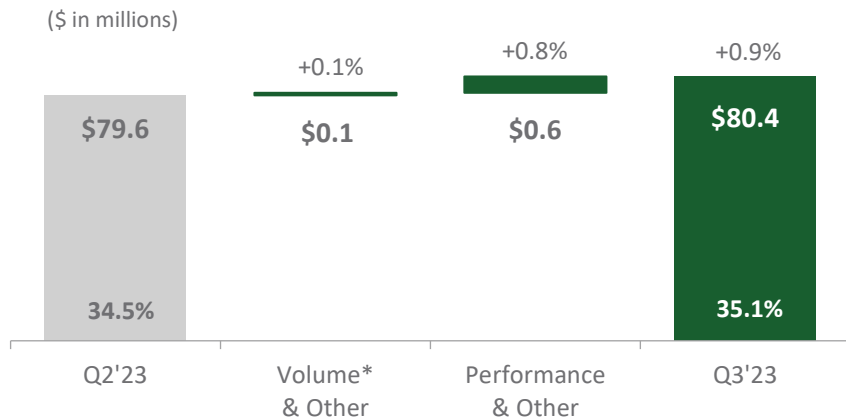
Revenue by Operating Segment QoQ**



- AES: Lower EV/HEV, aerospace and defense (A&D) and ADAS sales.
- EMS: Higher portable electronics and A&D sales, partially offset by lower general industrial sales. Unfavorable foreign currency impact of \$0.6 million.

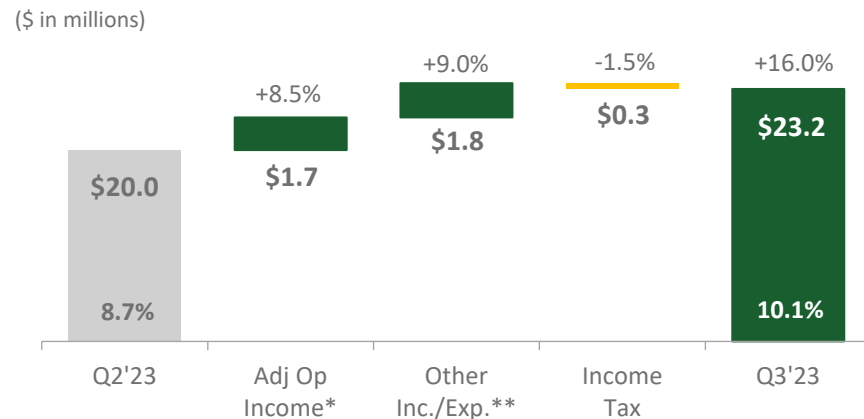
Q3 2023 Gross Margin and Adjusted Net Income*

Q3 Gross Margin



- Favorable product mix partially offset by lower volume and unfavorable currency impact.
- Favorable performance from procurement cost savings.

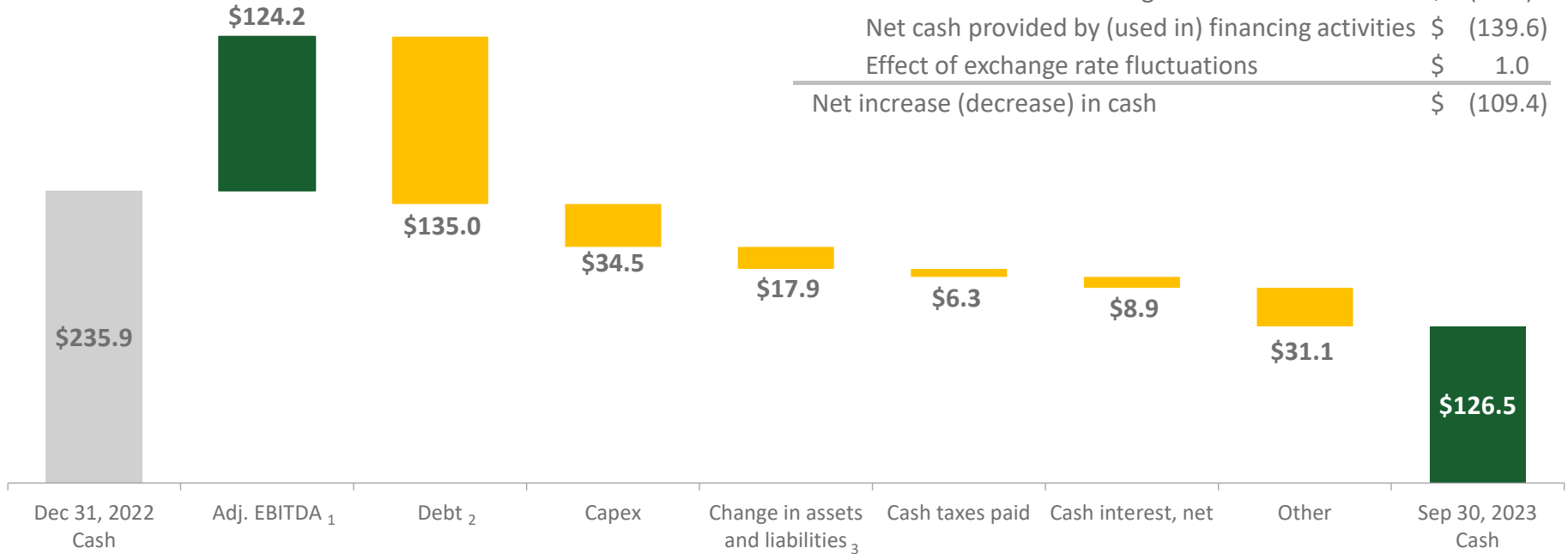
Adjusted Net Income*



- Adjusted Op Income*: Improvement due to higher gross margin and lower adjusted operating expenses.
- Other Income/Expense**: Improvement due to gains on foreign currency transactions and lower interest expense.

Cash Utilization

(\$ in millions)



Net cash provided by operating activities	\$ 59.5
Net cash used in investing activities	\$ (30.3)
Net cash provided by (used in) financing activities	\$ (139.6)
Effect of exchange rate fluctuations	\$ 1.0
Net increase (decrease) in cash	\$ (109.4)

1 - See reconciliation of adjusted EBITDA to GAAP net income in the appendix.

2 - Represents proceeds from borrowings under revolving credit facility less repayment of debt principal and finance lease obligations.

3 - Change in assets and liabilities per the statements of cash flows.

Note: dollars may not add due to rounding.

Q4 2023 Guidance

Net sales \$215M - \$225M

Gross Margin 34.0% - 35.0%

EPS \$0.71 - \$0.91

Adjusted EPS* \$0.90 - \$1.10





Appendix

Q3 2023: Adjusted operating expenses reconciliation*

(\$ in millions)	Q2 2023	Q2 2023	Q3 2023	Q3 2023
GAAP operating expenses and margin	\$51.7	22.4%	\$53.2	23.2%
Acquisitions and divestiture related costs:				
Acquisition and related integration costs	(\$0.0)	(0.0%)	\$0.0	0.0%
Dispositions	(\$0.1)	(0.0%)	\$0.7	0.3%
Loss/(gain) on sale or disposal of assets	\$0.5	0.2%	\$0.2	0.1%
Restructuring, business realignment and other cost saving initiatives:				
Restructuring, severance, impairment and other related costs	(\$4.6)	(2.0%)	(\$2.3)	(1.0%)
Non-routine shareholder advisory costs	(\$0.1)	(0.0%)	\$0.0	0.0%
(Income) costs associated with terminated merger	(\$1.5)	(0.7%)	(\$1.4)	(0.6%)
Utis fire (recovery)/charges	\$5.9	2.6%	\$0.7	0.3%
Total discrete items	\$0.2	0.1%	(\$2.2)	(1.0%)
Operating expenses adjusted for discrete items	\$51.9	22.5%	\$51.1	22.3%
Acquisition intangible amortization	(\$3.3)	(1.4%)	(\$3.4)	(1.5%)
Adjusted operating expenses and margin	\$48.6	21.1%	\$47.7	20.8%

Note: percentages and dollars may not add due to rounding.

*GAAP operating expenses include (i) selling, general and administrative expenses, (ii) research and development expenses, (iii) restructuring and impairment charges and (iv) other operating (income) expense, net per condensed consolidated statements of operations.

Q3 2023: Adjusted operating income and margin reconciliation

(\$ in millions)	Q2 2023	Q2 2023	Q3 2023	Q3 2023
GAAP operating income and margin	\$27.9	12.1%	\$27.1	11.8%
Acquisitions and divestiture related costs:				
Acquisition and related integration costs	\$0.0	0.0%	\$0.0	0.0%
Dispositions	\$0.1	0.0%	(\$0.7)	(0.3%)
Loss/(gain) on sale or disposal of assets	(\$0.5)	(0.2%)	(\$0.2)	(0.1%)
Restructuring, business realignment and other cost saving initiatives:				
Restructuring, severance, impairment and other related costs	\$4.6	2.0%	\$2.3	1.0%
Non-routine shareholder advisory costs	\$0.1	0.0%	\$0.0	0.0%
(Income) costs associated with terminated merger	\$1.5	0.7%	\$1.4	0.6%
Utis fire (recovery)/charges	(\$5.9)	(2.6%)	(\$0.7)	(0.3%)
Total discrete items	(\$0.2)	(0.1%)	\$2.2	1.0%
Operating income and margin adjusted for discrete items	\$27.7	12.0%	\$29.3	12.8%
Acquisition intangible amortization	\$3.3	1.4%	\$3.4	1.5%
Adjusted operating income and margin	\$31.0	13.4%	\$32.7	14.3%

Q3 2023: Segment adjusted operating income and margin reconciliation

(\$ in millions)	AES Q3 2023	AES Q3 2023	EMS Q3 2023	EMS Q3 2023
GAAP operating income and margin	\$5.7	4.5%	\$19.9	20.3%
Acquisitions and divestiture related costs:				
Acquisition and related integration costs	\$0.0	0.0%	\$0.0	0.0%
Dispositions	\$0.0	0.0%	(\$0.7)	(0.7%)
Loss/(gain) on sale or disposal of assets	(\$0.2)	(0.1%)	\$0.0	0.0%
Restructuring, business realignment and other cost saving initiatives:				
Restructuring, severance, impairment and other related costs	\$1.9	1.5%	\$0.4	0.4%
Non-routine shareholder advisory costs	\$0.0	0.0%	\$0.0	0.0%
(Income) costs associated with terminated merger	\$1.0	0.8%	\$0.4	0.4%
Utis fire (recovery)/charges	\$0.0	0.0%	(\$0.7)	(0.7%)
Total discrete items	\$2.8	2.2%	(\$0.6)	(0.6%)
Operating income and margin adjusted for discrete items	\$8.5	6.7%	\$19.3	19.7%
Acquisition intangible amortization	\$0.5	0.4%	\$2.8	2.9%
Adjusted operating income and margin	\$9.0	7.1%	\$22.1	22.6%

YTD 2023: Segment adjusted operating income and margin reconciliation

(\$ in millions)	AES	AES	EMS	EMS
	Q3'23 YTD	Q3'23 YTD	Q3'23 YTD	Q3'23 YTD
GAAP operating income and margin	\$6.0	1.5%	\$43.3	14.6%
Acquisitions and divestiture related costs:				
Acquisition and related integration costs	\$0.0	0.0%	\$0.1	0.0%
Dispositions	\$0.0	0.0%	\$0.5	0.2%
Loss/(gain) on sale or disposal of assets	(\$0.6)	(0.2%)	(\$0.0)	0.0%
Restructuring, business realignment and other cost saving initiatives:				
Restructuring, severance, impairment and other related costs	\$11.9	3.0%	\$6.9	2.3%
Non-routine shareholder advisory costs	\$5.6	1.4%	\$2.1	0.7%
(Income) costs associated with terminated merger	\$3.5	0.9%	\$1.3	0.4%
Utis fire (recovery)/charges	\$0.0	0.0%	(\$6.8)	(2.3%)
Total discrete items	\$20.3	5.2%	\$4.1	1.4%
Operating income and margin adjusted for discrete items	\$26.3	6.7%	\$47.4	16.0%
Acquisition intangible amortization	\$1.6	0.4%	\$8.4	2.9%
Adjusted operating income and margin	\$27.9	7.1%	\$55.8	18.9%

Q3 2023: Adjusted net income and margin reconciliation

(\$ in millions)	Q2 2023	Q2 2023	Q3 2023	Q3 2023
GAAP net income and margin	\$17.9	7.7%	\$19.0	8.3%
Acquisitions and divestiture related costs:				
Acquisition and related integration costs	\$0.0	0.0%	\$0.0	0.0%
Acquisition intangible amortization	\$3.3	1.4%	\$3.4	1.5%
Dispositions	\$0.1	0.0%	(\$0.7)	(0.3%)
Loss/(gain) on sale or disposal of assets	(\$0.5)	(0.2%)	(\$0.2)	(0.1%)
Restructuring, business realignment and other cost saving initiatives:				
Restructuring, severance, impairment and other related costs	\$4.6	2.0%	\$2.3	1.0%
Non-routine shareholder advisory costs	\$0.1	0.0%	\$0.0	0.0%
(Income) costs associated with terminated merger	\$1.5	0.7%	\$1.4	0.6%
Utis fire (recovery)/charges	(\$5.9)	(2.6%)	(\$0.7)	(0.3%)
Income tax effect of non-GAAP adjustments and intangible amortization	(\$1.0)	(0.4%)	(\$1.4)	(0.6%)
Adjusted net income and margin	\$20.0	8.7%	\$23.2	10.1%

Q3 2023: Adjusted earnings per share reconciliation

	Q2 2023	Q3 2023
GAAP earnings per diluted share	\$0.96	\$1.02
Acquisitions and divestiture related costs:		
Acquisition and related integration costs	\$0.00	\$0.00
Dispositions	\$0.00	(\$0.03)
Loss/(gain) on sale or disposal of assets	(\$0.02)	(\$0.01)
Restructuring, business realignment and other cost saving initiatives:		
Restructuring, severance, impairment and other related costs	\$0.18	\$0.09
Non-routine shareholder advisory costs	\$0.00	\$0.00
(Income) costs associated with terminated merger	\$0.06	\$0.06
Utis fire (recovery)/charges	(\$0.25)	(\$0.03)
Impact of including dilutive securities	\$0.00	(\$0.00)
Total discrete items	(\$0.01)	\$0.09
Earnings per diluted share adjusted for discrete items	\$0.94	\$1.11
Acquisition intangible amortization	\$0.13	\$0.13
Adjusted earnings per diluted share	\$1.07	\$1.24

Q3 2023: Adjusted EBITDA and margin reconciliation

(\$ in millions)	Q2 2023	Q3 2023
GAAP net income	\$17.9	\$19.0
Interest expense, net	\$2.8	\$2.3
Income tax expense	\$7.3	\$7.2
Depreciation	\$10.4	\$8.1
Amortization	\$3.3	\$3.4
Stock-based compensation expense	\$5.0	\$3.8
Acquisitions and divestiture related costs:		
Acquisition and related integration costs	\$0.0	\$0.0
Dispositions	\$0.1	(\$0.7)
Loss/(gain) on sale or disposal of assets	(\$0.5)	(\$0.2)
Restructuring, business realignment and other cost saving initiatives:		
Restructuring, severance, impairment and other related costs	\$2.3	\$2.3
Non-routine shareholder advisory costs	\$0.1	\$0.0
(Income) costs associated with terminated merger	\$1.0	\$0.9
Utis fire (recovery)/charges	(\$5.9)	(\$0.7)
Adjusted EBITDA	\$43.7	\$45.4
Divided by total net sales	\$230.8	\$229.1
Adjusted EBITDA margin	18.9%	19.8%

Q3 2023: Free cash flow reconciliation

(\$ in millions)	Q2 2023	Q3 2023
Net cash provided by operating activities	\$15.7	\$42.0
Non-acquisition capital expenditures	(\$11.5)	(\$6.7)
Free cash flow	\$4.2	\$35.3

Q4 2023: Guidance Reconciliation

(\$ in millions)	Q4 2023
GAAP earnings per diluted share	\$0.71 – \$0.91
Discrete items	\$0.06
Acquisition intangible amortization	\$0.13
Adjusted earnings per diluted share	\$0.90 - \$1.10