

Rogers Corporation Q2-2017 Earnings Call

August 1, 2017



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Forward-looking statements

Safe Harbor Statement

This presentation contains forward-looking statements, which may concern our plans, objectives, outlook, goals, strategies, future events, future net sales or performance, capital expenditures, financing needs, 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 the results discussed in the forward-looking statements. Risks that could cause such results to differ include: failure to capitalize on, and volatility within, the Company's growth drivers, including internet connectivity, clean energy, and safety and protection, as well as specific market and industry trends within these growth drivers; business, economic and political conditions in the United States and abroad, particularly in China, South Korea, Germany, Hungary and Belgium, where we maintain significant manufacturing, sales or administrative operations; fluctuations in foreign currency exchange rates; research and development efforts; competitive developments; business development transactions and related integration considerations; the outcome of ongoing and future litigation, including our asbestos-related product liability litigation; and changes in laws and regulations applicable to our business. 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 filed with the Securities and Exchange Commission. Rogers Corporation assumes no responsibility to update any forward-looking statements contained herein except as required by law.

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 earnings per diluted share, which the Company defines as earnings per diluted share excluding acquisition-related amortization of intangible assets and discrete items, such as restructuring expenses, certain costs associated with acquisitions, and gains or losses on asset or business dispositions (collectively, "Discrete Items")
- (2) Adjusted operating income, which the Company defines as operating income excluding acquisition-related amortization of intangible assets and Discrete Items;
- (3) Adjusted operating margin, which the Company defines as operating margin excluding acquisition-related amortization of intangible assets and Discrete Items;
- (4) Adjusted EBITDA, which the company defines as net income excluding interest expense, income tax expense, depreciation and amortization, and Discrete Items; and
- (5) Adjusted EBITDA margin, which the Company defines as net income margin excluding interest expense, income tax expense, depreciation and amortization, and Discrete Items.

Management believes each of these measures is 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 the potential variability across periods based on the timing, frequency and magnitude. As a result, management believes that adjusted net sales, adjusted earnings per diluted share, adjusted EBITDA, adjusted operating income, adjusted operating margin and adjusted EBITDA margin enhance the ability of investors to analyze trends in the Company's business and evaluate the Company's performance relative to peer companies. However, non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or solely as alternatives to, financial measures prepared in accordance with GAAP. In addition, these non-GAAP financial measures may differ from 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 at the end of this document. Management also believes that providing net sales information on a constant currency or FX adjusted basis is useful to investors as it allows for the comparison of net sales for the current period to past periods without the impact of changes in exchange rates (from various local currencies into US dollars) which occurred during the intervening time. To calculate "constant currency" or "FX adjusted" revenues, we converted current period local currency revenues to US dollars at prior period rates, and used the resulting US dollar revenues to calculate growth vs. the prior period reported revenues.

Introductions



Bruce Hoechner
President &
Chief Executive Officer



Janice Stipp
Senior Vice President &
Chief Financial Officer



Bob Daigle
Senior Vice President &
Chief Technology Officer

Q2 2017

- Net sales of \$201 million, growth of 28%, 30% constant currency
- Record gross margin of 40.0%, up 180 basis points
- Adjusted EBITDA of \$47 million, up 60%
- Adjusted earnings* of \$1.33 per diluted share, up 51%
- Integrations of DeWAL and Diversified Silicone Products essentially complete

**Another quarter of exceptional growth
across all strategic business units**

Rogers' strategic roadmap

Strategic intent...

Build and optimize businesses for profitable growth and scale through innovation and acquisitions

... leveraging our competencies ...

For markets that demand performance, Rogers applies technical problem solving and engineering capabilities to identify, develop and deliver highly-engineered materials and solutions

... enabled by four pillars...

Market-driven organization

Innovation leadership

Synergistic M&A

Operational excellence

... to deliver our goals...

Top quartile operating profit growth

... and power, protect, connect our world

Market driven innovation

Providing enabling solutions for:

TODAY'S
Growth Applications

- HEV Power Modules
- EV Batteries
- Vehicle Electrification
- Advanced Driver Assistance Systems

**ADVANCED
MOBILITY**

*A History of Enabling Innovation
For Today's and Tomorrow's Solutions*

**ADVANCED
CONNECTIVITY**

- 4G/LTE Power Amplifiers
- Multiband Antennas
- Mobile Internet Devices

TOMORROW'S
Emerging Market Opportunities

**Autonomous
Vehicles**

**Vehicle-to-Vehicle
Communications**

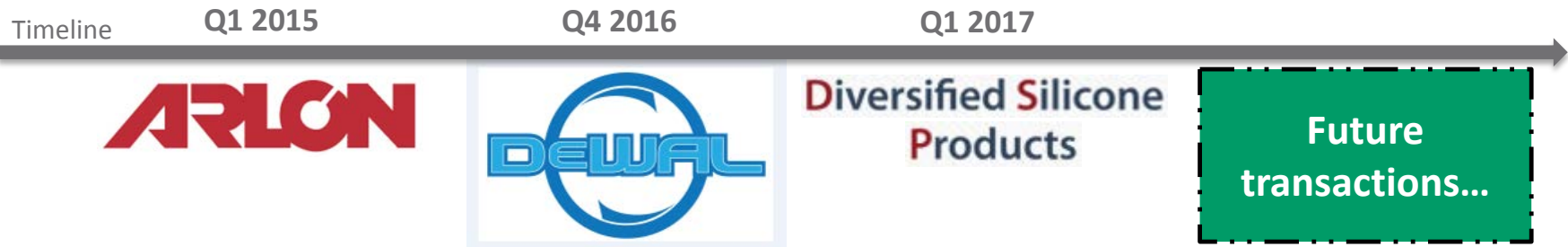
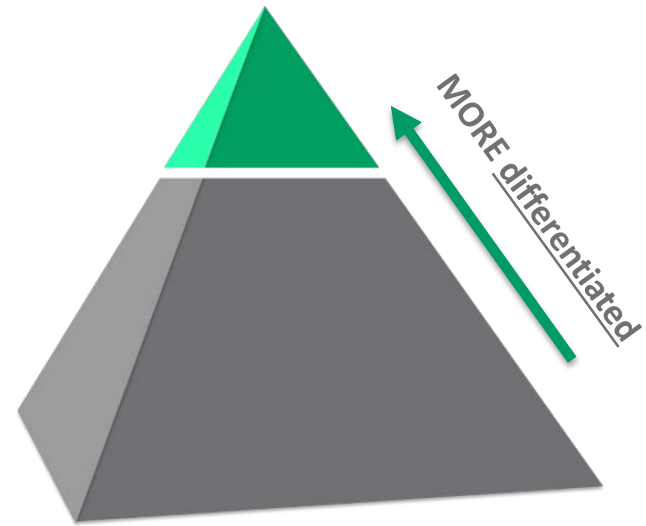
**4.5G & 5G
Wireless
Infrastructure**

**Internet of Things
(IoT)**

Synergistic M&A: strategy and execution

“Top of the Pyramid” criteria:

- Market and technology leadership
- Highly engineered applications
- Differentiated offerings
- Attractive financial profile



Continuing focus on differentiated growth businesses

Advanced Connectivity Solutions (ACS)

Highlights

- \$74M, 11% increase over Q2 2016
- Strong demand for ADAS, aerospace / defense
- As anticipated, softness in 4G/LTE base stations and antennas

Strategy

- Continue to leverage innovation to capitalize on market strength in key areas:
 - Wireless infrastructure
 - Automotive safety
 - Wired infrastructure

Focusing on innovative technologies for diversification and growth



Elastomeric Material Solutions (EMS)

Highlights

- All-time record quarterly sales, 70% growth
- Organic sales increase of 21% (\$10M); higher demand for general industrial, portable electronics, automotive and mass transit
- Integration / synergies of DeWAL and DSP on track

Strategy

- Broaden portfolio through top of pyramid acquisitions, leveraging acquisition synergies
- Continue focus on applications in key markets of portable electronics, automotive and general industrial
- Increase international revenues

Focusing on organic growth and synergistic M&A



Power Electronics Solutions (PES)

Highlights

- Net sales of \$44M, 14% growth
- Strong demand across diverse markets of laser diode coolers, renewable energy, EV/HEV and variable frequency motor drives
- Sales growth and operational excellence driving profitability improvement

Strategy

- Broaden Advanced Mobility solutions to increase penetration and content
 - EV / HEV and vehicle electrification
- Execute on operational excellence initiatives to increase profitability and expand margins

Focusing on Advanced Mobility and operational excellence



Market outlook

Favorable



Advanced connectivity



Advanced mobility



Business confidence

Neutral



Global GDP growth/ inflation



Competitive intensity



Interest rates

Unfavorable



Geopolitical tensions



Commodity prices



Currency exchange rates

**Managing through an uncertain global picture with
a mix of favorable and unfavorable drivers**

Financial Overview

Janice Stipp, Senior Vice President & Chief Financial Officer



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Q2-2017 summary results

(\$ in millions, except EPS)	Q2-2017	Q2-2016	Variance
Net sales	\$201.4	\$157.5	\$43.9
Growth %			27.9%
Operating income	\$32.8	\$18.8	\$14.0
Operating margin %	16.3%	11.9%	440bps
Adjusted operating income*	\$38.4	\$21.3	\$17.1
Adjusted operating margin %*	19.1%	13.5%	560bps
Net income	\$20.9	\$5.4	\$15.5
Net income % of net sales	10.4%	3.4%	700bps
Adjusted EBITDA*	\$46.5	\$29.0	\$17.5
Adjusted EBITDA margin*	23.1%	18.4%	470bps
EPS	\$1.13	\$0.29	\$0.84
Adjusted EPS*	\$1.33	\$0.88	\$0.45

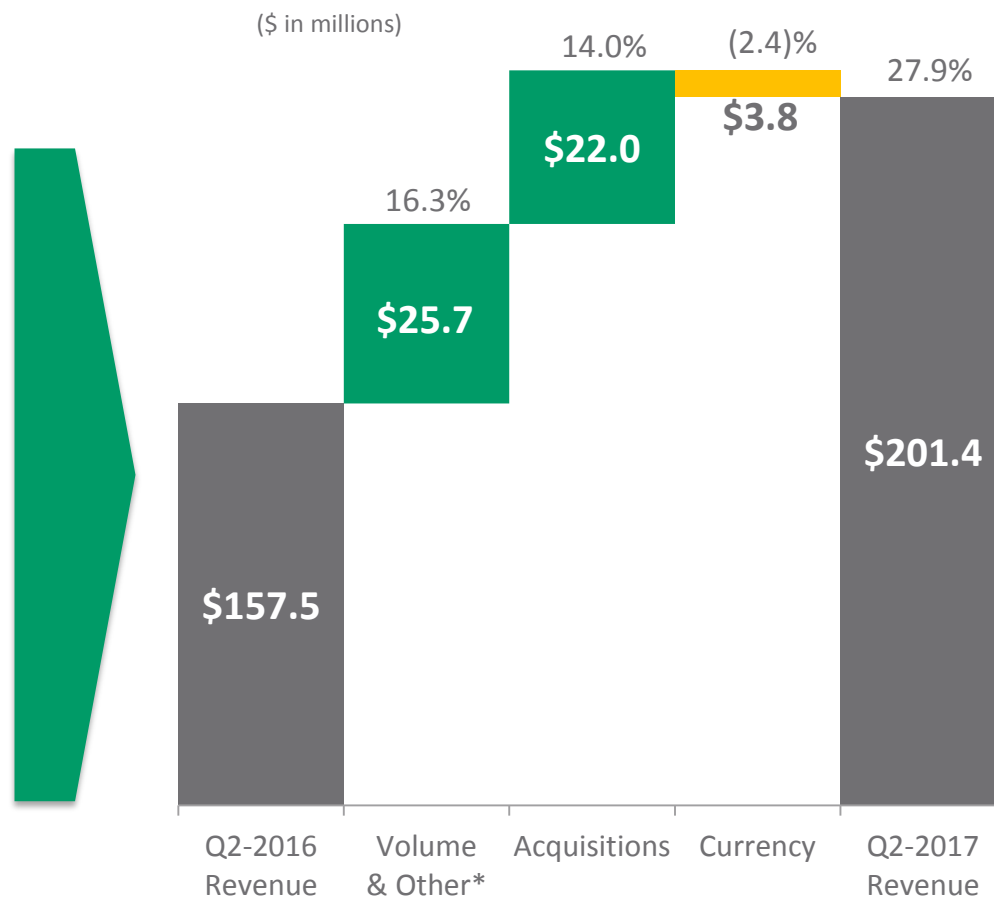
Outstanding Q2 results

*See reconciliations in the appendix: adjusted operating income to operating income, adjusted operating margin to operating margin, adjusted EBITDA to net income and adjusted earnings per diluted share to earnings per diluted share.

Q2-2017 revenue bridge

Q2 revenue highlights

- Revenues of \$201.4 million
- Reported growth of 27.9%
- Underlying organic growth of 16.3%
- Acquisition driven growth of 14.0%
- Currency impact of (2.4)%

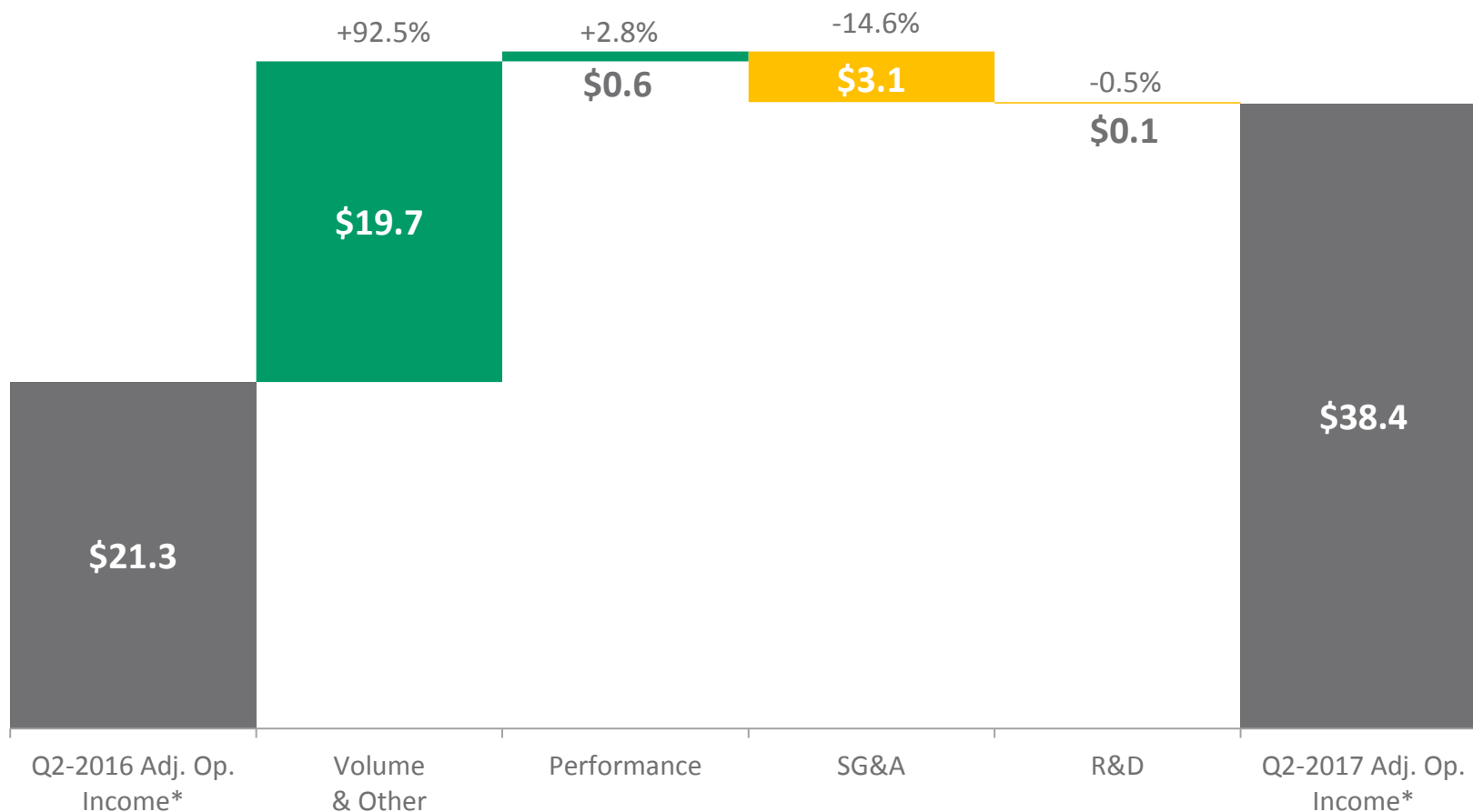


Revenue growth accelerates

*Volume & Other of \$25.7 million represents organic growth excluding the impact of FX.

Q2-2017 adjusted operating income* bridge

(\$ in millions)

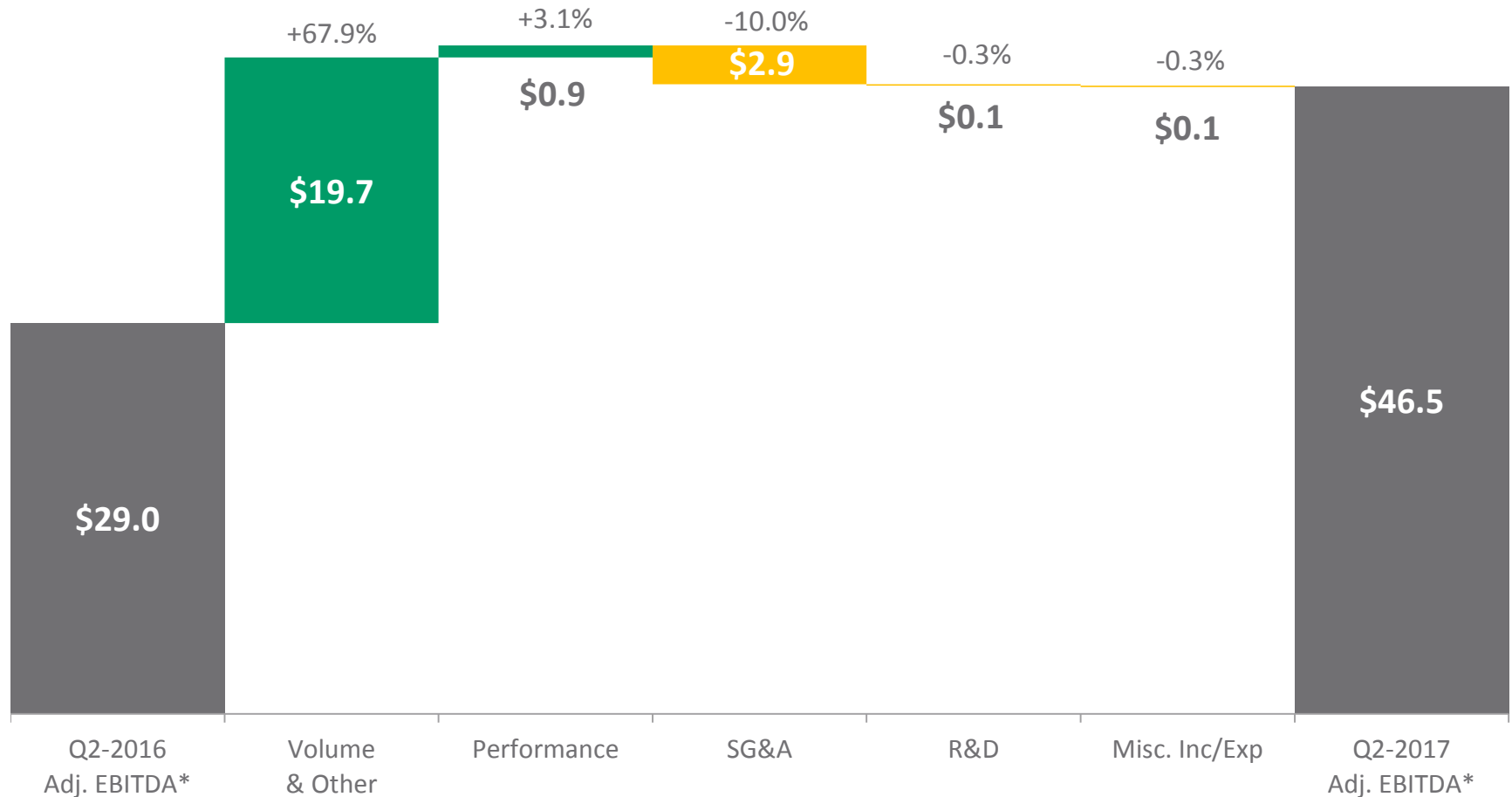


Adjusted operating margins* increase to 19.1%

*See reconciliations in the appendix: adjusted operating income to operating income and adjusted operating margin to operating margin.

Q2-2017 adjusted EBITDA* bridge

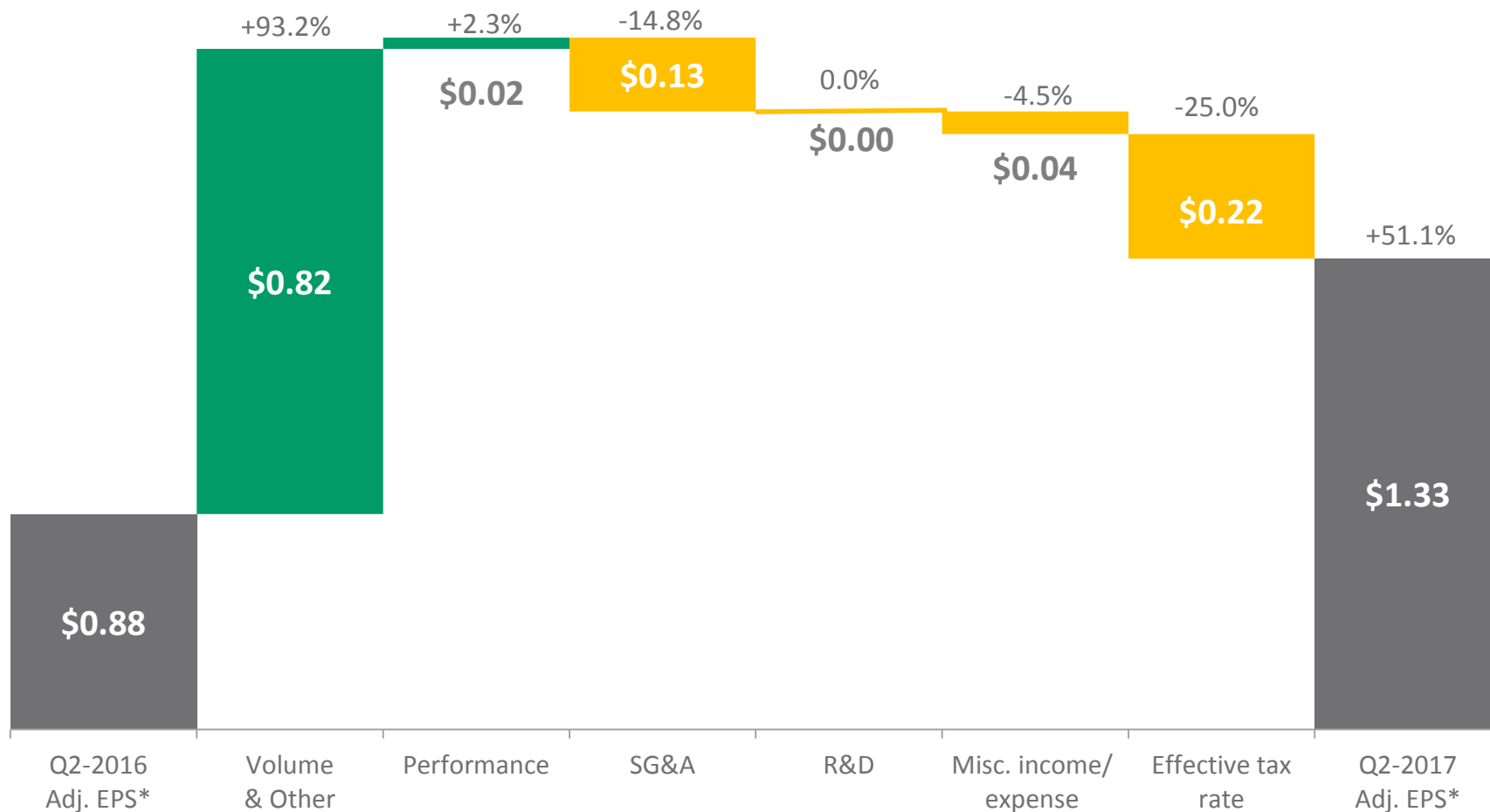
(\$ in millions)



Adjusted EBITDA margins* increase to 23.1%

*See reconciliations in the appendix: adjusted EBITDA to net income and adjusted EBITDA margin to net income margin .

Q2-2017 adjusted EPS* bridge

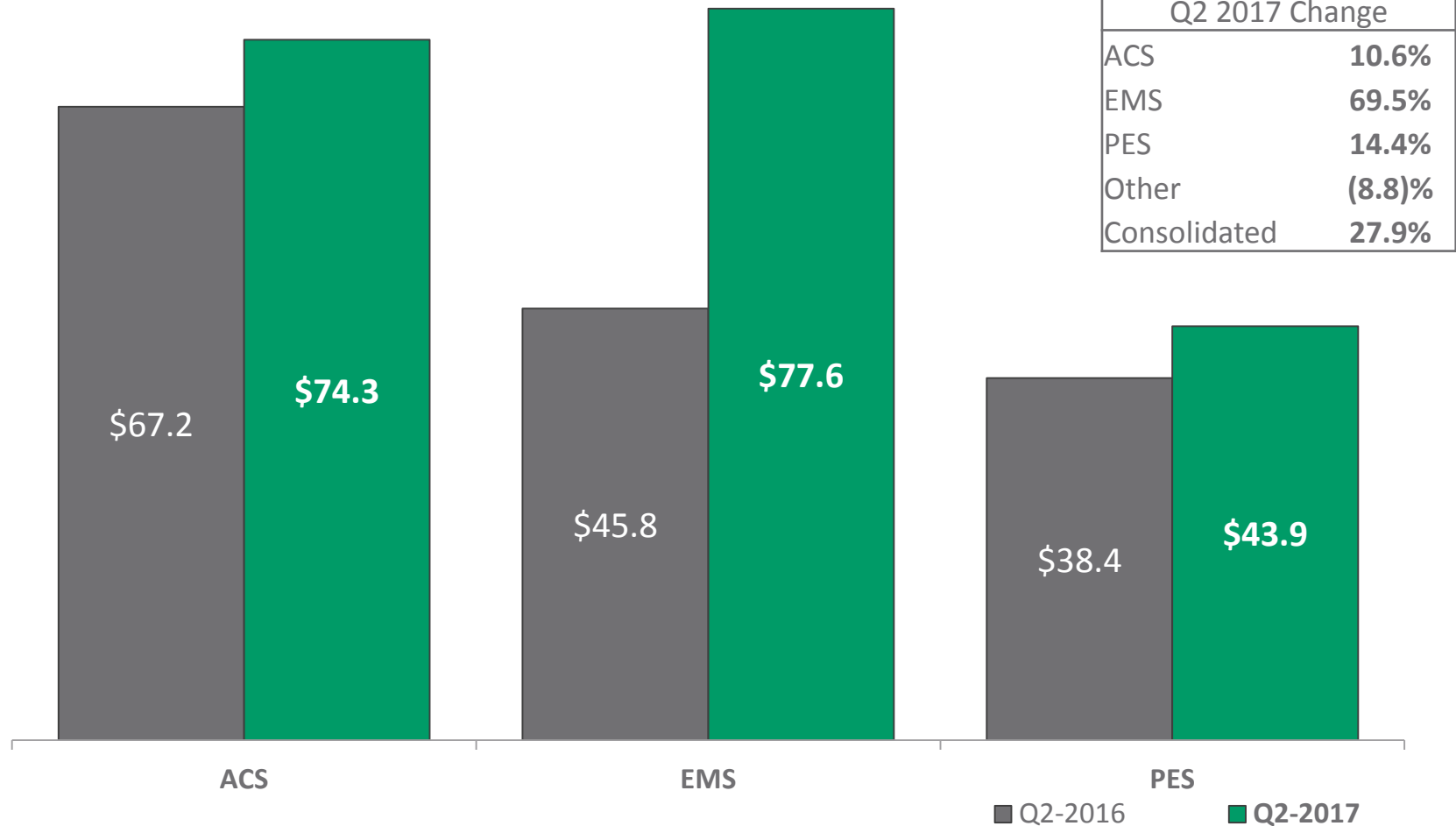


Strong double digit adjusted EPS* growth

*Reconciliation of adjusted earnings per diluted share to earnings per diluted share is included in the appendix.
 Note: adjusted EPS variances displayed net of tax expense.

Q2-2017 segment revenue

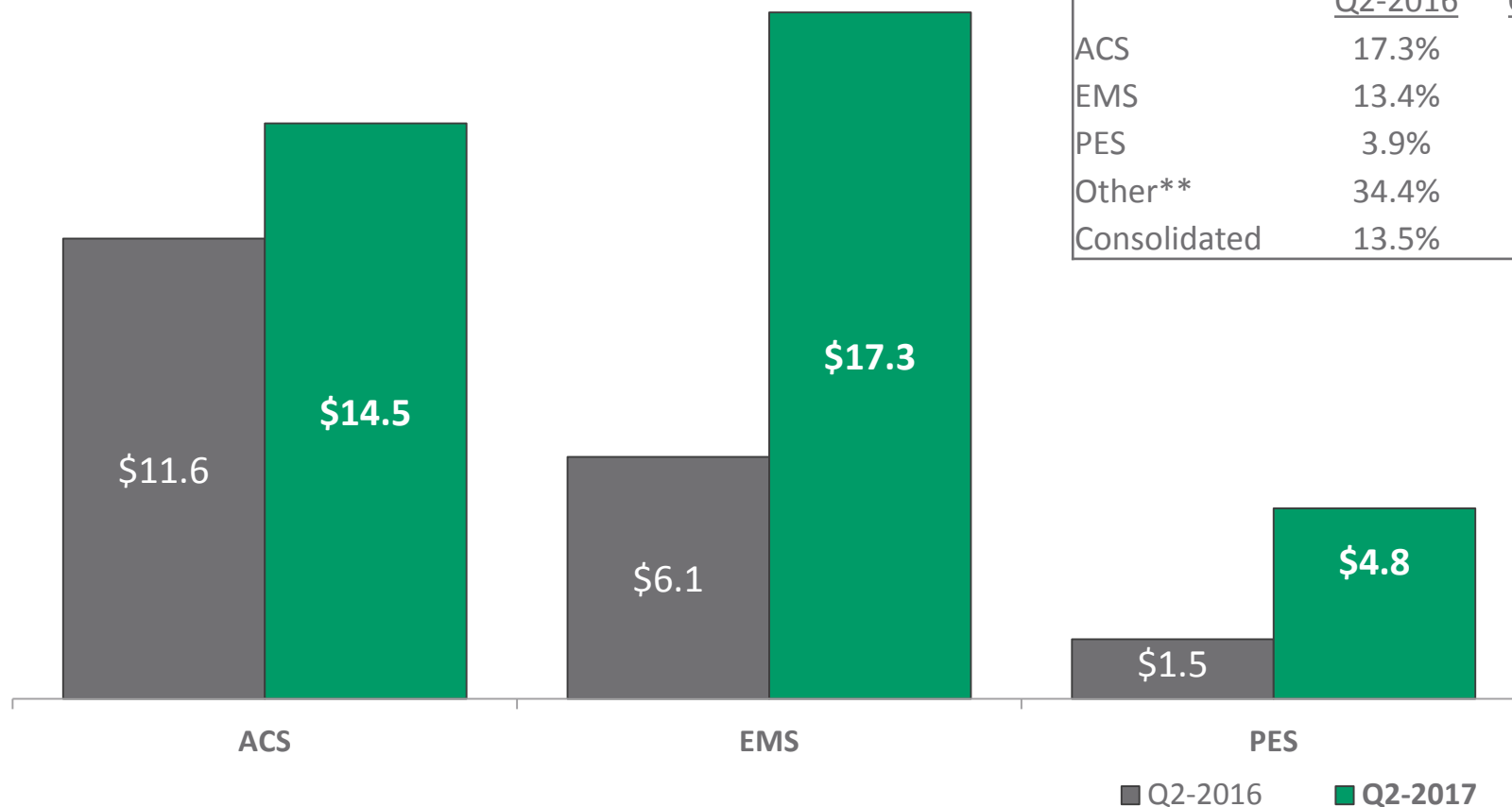
(\$ in millions)



Double digit revenue growth across all strategic business units

Q2-2017 segment adjusted operating income*

(\$ in millions)



Segment adjusted operating margin*		
	Q2-2016	Q2-2017
ACS	17.3%	19.5%
EMS	13.4%	22.3%
PES	3.9%	10.8%
Other**	34.4%	32.6%
Consolidated	13.5%	19.1%

Underlying profitability improves across Rogers' strategic businesses

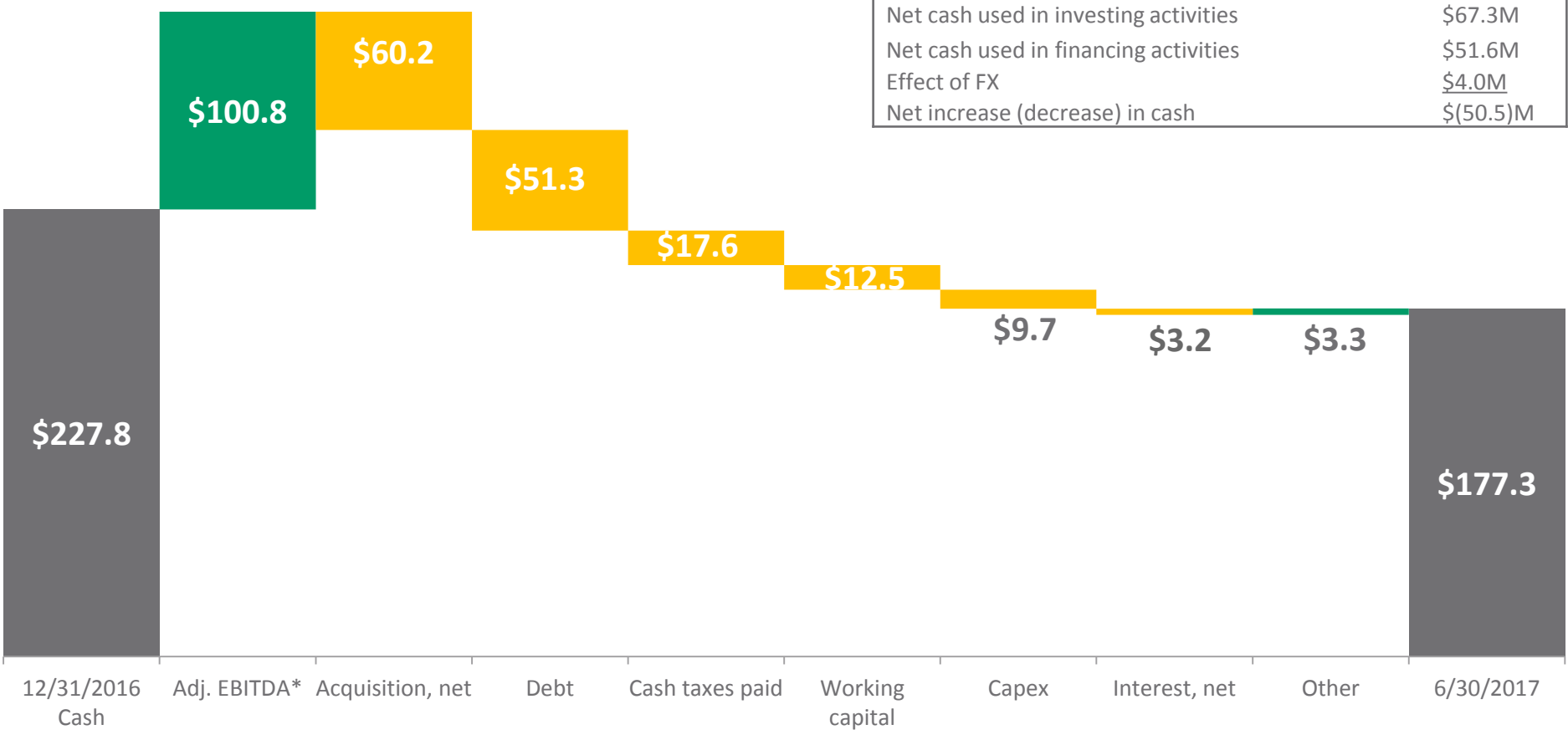
*See reconciliations of adjusted operating income and adjusted operating income margin by segment in the appendix.

**Amounts reflect other operating income – no adjustments made.

YTD 2017 cash utilization

(\$ in millions)

Net cash provided by operating activities	\$64.5M
Net cash used in investing activities	\$67.3M
Net cash used in financing activities	\$51.6M
Effect of FX	<u>\$4.0M</u>
Net increase (decrease) in cash	\$(50.5)M



Strong cash generation finances strategic priorities

* See reconciliation of adjusted EBITDA to net income in the appendix.

Q3-2017 guidance

(\$ in millions, except EPS)

Net sales \$193M - \$203M

EPS \$1.14 - \$1.24

Adjusted EPS* \$1.20 - \$1.30



*See reconciliation of adjusted earnings per diluted share to earnings per diluted share in the appendix.

Q&A



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Appendix



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Q2-2017 adjusted operating income and operating margin reconciliation*

(\$ in millions)

	Q2-17 (%)	Q2-17 (\$)	Q2-16 (%)	Q2-16 (\$)
Operating margin & operating income	16.3%	\$32.8	11.9%	\$18.8
Restructuring, severance and other related costs	0.5%	\$1.1	-	-
Acquisition related costs	0.5%	\$0.9	-	-
Operating margin & operating income, adjusted for Discrete Items	17.3%	\$34.8	11.9%	\$18.8
Acquisition intangible amortization	1.8%	\$3.6	1.6%	\$2.5
Adjusted operating margin & operating income	19.1%	\$38.4	13.5%	\$21.3

* Percentages in table may not add due to rounding.

Q2-2017 adjusted EBITDA and EBITDA margin reconciliation*

(\$ in millions)

	Q2-17 (\$)	Q2-17 (%)	Q2-16 (\$)	Q2-16 (%)
Net Income	\$20.9	10.4%	\$5.4	3.4%
Interest, net	\$1.9	1.0%	\$1.1	0.7%
Income tax expense (benefit)	\$10.7	5.3%	\$13.2	8.4%
Depreciation	\$7.2	3.6%	\$6.6	4.2%
Intangible amortization	\$3.8	1.9%	\$2.7	1.7%
Restructuring severance and other related charges	\$1.1	0.5%	-	-
Acquisition related costs	\$0.9	0.5%	-	-
Adjusted EBITDA	\$46.5	23.1%	\$29.0	18.4%

* Percentages in table may not add due to rounding.

Q2-2017 adjusted EPS reconciliation

(\$ per diluted share)

	Q2-17 (\$)	Q2-16 (\$)
Earnings per diluted share	\$1.13	\$0.29
Restructuring, severance and other related costs	0.04	-
Acquisition related costs	0.03	-
Tax Discrete Items	-	\$0.49
Total Discrete Items	0.07	\$0.49
Earnings per diluted share, adjusted for Discrete Items	\$1.20	\$0.78
Acquisition intangible amortization	\$0.13	\$0.10
Adjusted earnings per diluted share	\$1.33	\$0.88

Q2-2017 ACS adjusted operating income and operating margin reconciliation

(\$ in millions)

	Q2-17 (%)	Q2-17 (\$)	Q2-16 (%)	Q2-16 (\$)
Operating margin & operating income (ACS)	17.7%	\$13.2	16.1%	\$10.8
Restructuring severance & other related costs	0.7%	\$0.5	-	-
Purchase accounting inventory adjustment	-	-	-	-
Gain / Loss on sale of non-core assets	-	-	-	-
Acquisition related costs	-	-	-	-
Operating margin & operating income, adjusted for Discrete Items	18.4%	\$13.7	16.1%	\$10.8
Acquisition intangible amortization	1.1%	\$0.8	1.2%	\$0.8
Adjusted operating margin & operating income	19.5%	\$14.5	17.3%	\$11.6

Q2-2017 EMS adjusted operating income and operating margin reconciliation

(\$ in millions)

	Q2-17 (%)	Q2-17 (\$)	Q2-16 (%)	Q2-16 (\$)
Operating margin & operating income (EMS)	18.2%	\$14.1	11.7%	\$5.3
Restructuring severance & other related costs	0.3%	\$0.3	-	-
Purchase accounting inventory adjustment	-	-	-	-
Gain / Loss on sale of non-core assets	-	-	-	-
Acquisition related costs	1.2%	\$0.9	-	-
Operating margin & operating income, adjusted for Discrete Items	19.7%	\$15.3	11.7%	\$5.3
Acquisition intangible amortization	2.6%	\$2.0	1.7%	\$0.8
Adjusted operating margin & operating income	22.3%	\$17.3	13.4%	\$6.1

Q2-2017 PES adjusted operating income and operating margin reconciliation

(\$ in millions)

	Q2-17 (%)	Q2-17 (\$)	Q2-16 (%)	Q2-16 (\$)
Operating margin & operating income (PES)	8.3%	\$3.6	1.3%	\$0.5
Restructuring severance & other related costs	0.6%	\$0.3	-	-
Purchase accounting inventory adjustment	-	-	-	-
Gain / Loss on sale of non-core assets	-	-	-	-
Acquisition related costs	-	-	-	-
Operating margin & operating income, adjusted for Discrete Items	8.9%	\$3.9	1.3%	\$0.5
Acquisition intangible amortization	1.9%	\$0.9	2.6%	\$1.0
Adjusted operating margin & operating income	10.8%	\$4.8	3.9%	\$1.5

Q3-2017 guidance reconciliation

	Q3-17 (\$)
Guidance Q3-17 earnings per diluted share	\$1.14 - \$1.24
Add back adjustments:	
Restructuring/other expenses	-\$0.07
Acquisition intangible amortization	\$0.13
Guidance Q3-17 adjusted earnings per diluted share	\$1.20 - \$1.30



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