



Q2 2019 Earnings Call

July 31, 2019



Forward-looking statements

Safe Harbor Statement

This presentation contains forward-looking statements, which concern 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 the results discussed in the forward-looking statements. Risks and uncertainties that could cause such results to differ include: 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 and abroad, particularly in China, South Korea, Germany, Hungary and Belgium, where we maintain significant manufacturing, sales or administrative operations; the ongoing trade policy dispute between the United States and China, as well as adverse changes in trade policy, tariff regulation or other trade restrictions; fluctuations in foreign currency exchange rates; the results of our research and development efforts; adverse competitive developments; business development transactions and related integration considerations, including failure to realize, or delays in the realization of anticipated benefits of such transactions; the outcome of ongoing and future litigation, including our asbestos-related product liability litigation; inability to obtain raw materials, including commodities, from single or limited source suppliers in a timely and cost effective manner; uncertainties with regard to the timing, expense and cash outlays associated with the termination and settlement of the Rogers Corporation Defined Benefit Pension Plan; 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 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 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 net income, which the Company defines as net income excluding amortization of acquisition-related intangible assets and discrete items, such as restructuring, severance, impairments and other related costs, acquisition and related integration costs, change in foreign jurisdiction tax regulation on equity awards attributable to a prior period, asbestos litigation-related charges, transition services related to the asset acquisition, and gains or losses on asset or business dispositions (collectively, "Discrete Items")
- (2) Adjusted earnings per diluted share, which the Company defines as earnings per diluted share excluding acquisition-related amortization of intangible assets and Discrete items;
- (3) Adjusted operating expenses, which the Company defines as operating expenses excluding acquisition-related amortization of intangible assets and Discrete Items;
- (4) Adjusted operating income, which the Company defines as operating income excluding acquisition-related amortization of intangible assets and Discrete Items;
- (5) Adjusted operating margin, which the Company defines as operating margin excluding acquisition-related amortization of intangible assets and Discrete Items;
- (6) Adjusted EBITDA, which the company defines as net income excluding interest expense, income tax expense, depreciation and amortization, stock-based compensation and Discrete Items; and
- (7) 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 of such items. As a result, management believes that adjusted net income, adjusted earnings per diluted share, adjusted operating expenses, 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.

Introductions



Bruce Hoechner

President &
Chief Executive Officer



Mike Ludwig

Senior Vice President &
Chief Financial Officer



Bob Daigle

Senior Vice President &
Chief Technology Officer

Q2-2019 Summary

Results

- Record quarterly net sales of \$243M
- Gross margin of 35.3%
- Quarterly adjusted EPS* of \$1.64 per diluted share

Highlights

- Advanced Connectivity: Strong 5G and solid 4G wireless infrastructure demand
- Advanced Mobility: Continued strength in ADAS and growth in applications for EV/HEV batteries
- Strong long-term outlook for 5G, ADAS and EV/HEV markets

Challenges

- Weakness in general industrial & conventional auto markets. Near-term uncertainty from trade disputes.
- Higher tariff costs impacting gross margins
- PES operational improvements ongoing

Long-term Advanced Connectivity & Advanced Mobility outlook remains strong

Growth Drivers

Advanced Connectivity

Today's Markets



4G & 5G wireless infrastructure



Portable Electronics

New Opportunities



Internet of Things



Low Earth Orbit (LEO) Broadband

Advanced Mobility



ADAS



*EV/HEV Power Modules
EV Batteries*



Vehicle Electrification



Semi & Fully Autonomous Vehicles



Vehicle-to-Vehicle Communications

Advanced Connectivity Solutions (ACS)



Q2 2019 Update

- Record net sales of \$92.5M, up 15% over Q1 2019
- Strong 5G and solid 4G wireless infrastructure demand
- Continued strength in ADAS

Strategy

- Leverage innovation to capitalize on market opportunities in key areas:
 - Wireless infrastructure
 - Automotive safety sensors
- Invest in capacity and capabilities to capitalize on projected market growth

Expected long-term 5G and ADAS growth opportunities remain strong

Elastomeric Material Solutions (EMS)



Q2 2019 Update

- Net sales of \$93.9M, up 1% over Q1 2019
- Strength in portable electronics, EV/HEV batteries and mass transit
- Weaker general industrial demand
- Making progress optimizing most recent acquisitions

Strategy

- Continue focus on applications in key markets of EV/HEV, portable electronics and general industrial
- Optimize acquisitions to expand profitable growth
- Increase international revenues

Focused on growth opportunities in Advanced Connectivity and Advanced Mobility

Power Electronics Solutions (PES)



Q2 2019 Update

- Net sales of \$51.7M, down 14% over Q1 2019
- Weakness in industrial power and vehicle electrification demand
- Efforts underway to address operating performance and add capacity for new EV/HEV products

Strategy

- Leverage our proven technology to capitalize on strong market growth opportunities in Advanced Mobility applications
 - Invest in capacity to support accelerating demand for EV/HEV applications
 - Execute on business improvement initiatives to increase profitability

**Substantial demand for Advanced Mobility applications
Focused on improving operating performance**

Rogers Vision for 2020

Strategic Elements

Market-Driven
Organization

Innovation
Leadership

Synergistic
M&A

Operational
Excellence

Financial Objectives

Organic
growth:
7-10%

\$1.2B
Revenues

Synergistic
M&A growth:
5-8%

15%
Total growth

20%
Adjusted operating margin*

Capitalize on strong tailwinds in Advanced Connectivity and Advanced Mobility applications to drive profitable growth

*The Company is unable to provide a reconciliation of this measure to operating margin, the most directly comparable GAAP measure, without unreasonable efforts because the nature and amount of the potential adjustments in 2020 are not presently identifiable or calculable.

Financial overview

Mike Ludwig, Sr. Vice President and Chief Financial Officer



Q2 2019 Financial highlights

(\$ in millions, except EPS)	Q2-2019	Q1-2019	Q2-2018
Net sales	\$242.9	\$239.8	\$214.7
Gross margin	\$85.8	\$85.4	\$76.7
Gross margin %	35.3%	35.6%	35.7%
Operating income	\$33.2	\$32.8	\$25.2
Operating margin %	13.7%	13.7%	11.7%
Adjusted operating income*	\$41.7	\$41.0	\$31.7
Adjusted operating margin %*	17.2%	17.1%	14.8%
Net income	\$24.3	\$28.4	\$17.3
Net income % of net sales	10.0%	11.8%	8.1%
Adjusted EBITDA*	\$53.1	\$53.1	\$43.8
Adjusted EBITDA margin %*	21.9%	22.2%	20.4%
EPS	\$1.30	\$1.52	\$0.93
Adjusted EPS*	\$1.64	\$1.85	\$1.19

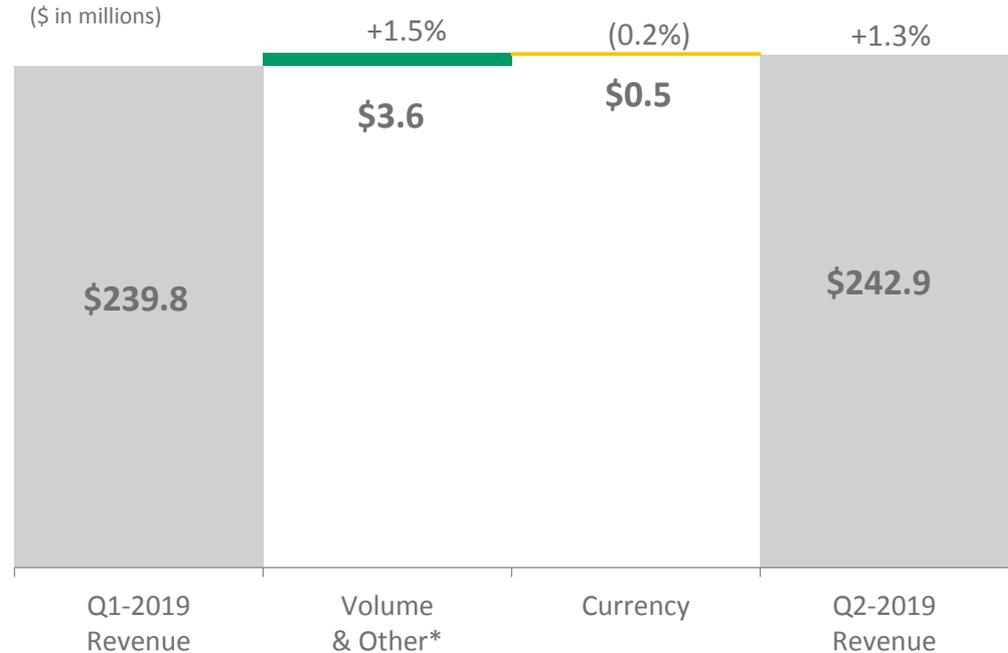
Achieved record quarterly net sales; adjusted earnings per share* exceeded guidance

*See reconciliations to adjusted metrics 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. Adjusted EBITDA for the second quarter of 2018 has been recast to reflect the add-back of stock-based compensation expense.

Revenue bridge vs prior quarter

Q2-2019 Update

- Revenues of \$243 million or 1.3% increase sequentially
- Volume & other benefit driven by 5G growth in ACS business; EMS revenue increases slightly; PES demand declines sequentially
- Weaker Euro contributes to unfavorable currency impact



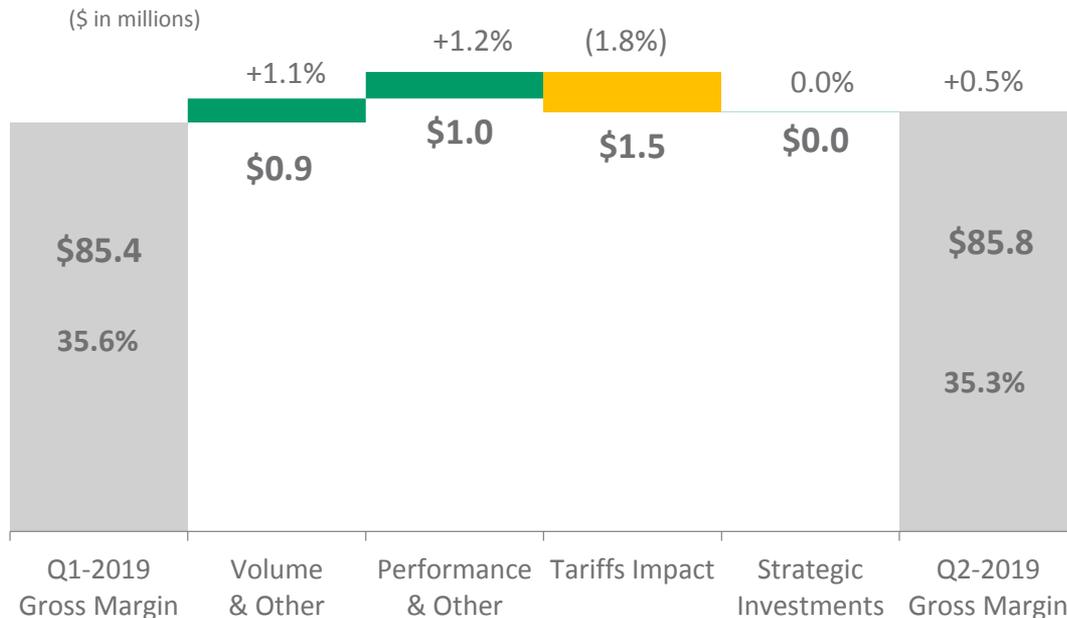
Record quarterly revenues driven by strong ACS volume performance

*Volume & Other of \$3.6 million represents change in volume, price and mix excluding the impact of FX.

Gross margin bridge vs prior quarter

Q2-2019 Update

- Favorable ACS/EMS volume & other conversion offset by lower PES margins
- Performance & other improvements driven by ACS/EMS productivity efficiencies; offset by PES operational challenges
- 60 bps impact from higher tariffs

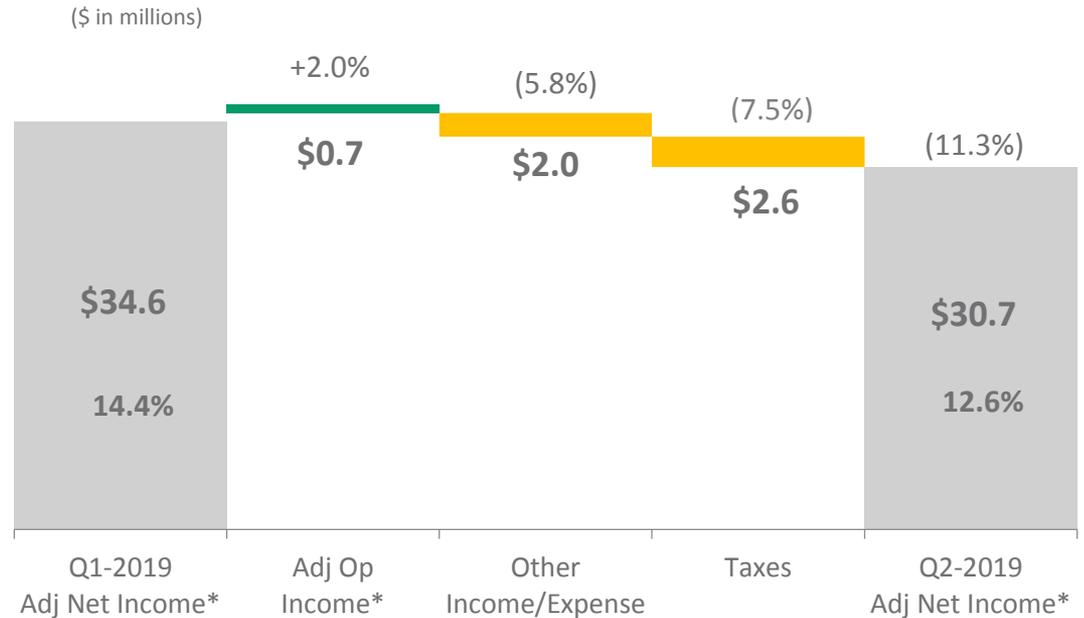


Volume & performance gains offset by PES operational challenges & higher tariffs

Adjusted net income* bridge vs prior quarter

Q2-2019 Update

- Adjusted Op Income* positively impacted by higher revenue & lower operating expenses
- Other income/expense unfavorably impacted by currencies and commodities losses; partially offset by higher JV equity income
- GAAP tax rate 22.9% vs. 14.2% in Q1

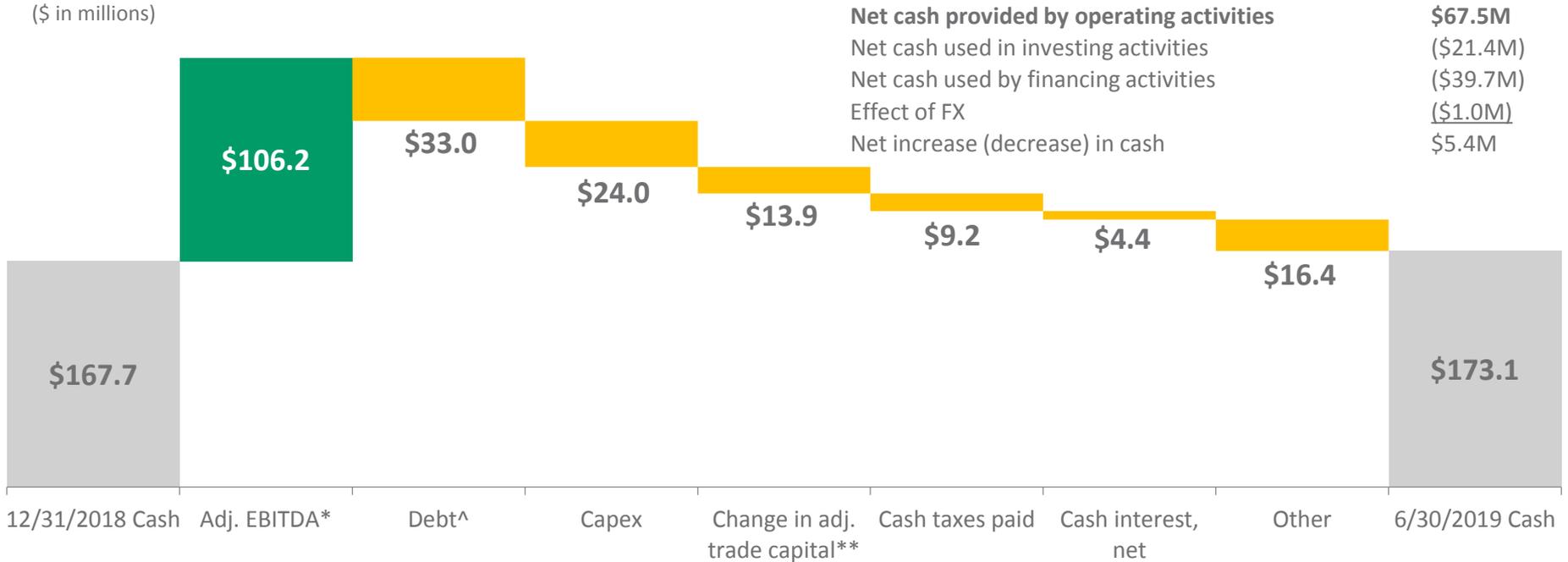


Currencies, commodities and taxes results in lower adjusted net income*

*Reconciliation of adjusted net income to net income and adjusted operating income to operating income is included in the appendix.

Cash utilization

(\$ in millions)



Net cash provided by operating activities	\$67.5M
Net cash used in investing activities	(\$21.4M)
Net cash used by financing activities	(\$39.7M)
Effect of FX	(\$1.0M)
Net increase (decrease) in cash	\$5.4M

Cash utilization improves due to strong adjusted EBITDA* performance

*See reconciliations of adjusted EBITDA to net income in the appendix. **Change in Adjusted Trade Capital represents change in assets and liabilities, per the statement of cash flows. ^Repayment of debt principal and finance lease obligations is \$33.2 million per statement of cash flows. Finance lease obligations of approximately \$0.2 million included in "Other" category.

Q3-2019 guidance

(\$ in millions, except EPS)

Net sales	\$225M - \$235M
Gross Margin	35.0% - 36.0%
EPS	\$1.05 - \$1.20
Adjusted EPS*	\$1.30 - \$1.45



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



Appendix



Q2-2019: Adjusted operating income and operating margin reconciliation

(\$ in millions)	Q2-18(\$)	Q2-18(%)	Q1-19(\$)	Q1-19(%)	Q2-19(\$)	Q2-19(%)
Operating income and operating margin	\$25.2	11.7%	\$32.8	13.7%	\$33.2	13.7%
Restructuring, severance, impairment and other related costs	\$2.2	1.0%	\$1.9	0.8%	\$3.7	1.5%
Acquisition and related integration costs	\$0.9	0.4%	\$0.5	0.2%	\$0.3	0.1%
Change in foreign jurisdiction tax regulation on equity awards attributable to a prior period	-	-	\$0.5	0.2%	-	-
Asbestos-related charges	-	-	-	-	\$0.1	0.0%
Transition services, net	-	-	\$0.6	0.3%	\$0.0	0.0%
Loss (gain) on sale of long-lived assets	(\$0.4)	(0.2%)	\$0.3	0.1%	-	-
Total discrete items	\$2.7	1.2%	\$3.8	1.6%	\$4.1	1.7%
Operating income and operating margin, adjusted for discrete items	\$27.9	13.0%	\$36.6	15.3%	\$37.3	15.4%
Acquisition intangible amortization	\$3.8	1.8%	\$4.4	1.8%	\$4.4	1.8%
Adjusted operating income and operating margin	\$31.7	14.8%	\$41.0	17.1%	\$41.7	17.2%

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

Q2-2019: Adjusted EBITDA and adjusted EBITDA margin reconciliation

(\$ in millions)	Q2-18(\$)	Q2-18(%)	Q1-19(\$)	Q1-19(%)	Q2-19(\$)	Q2-19(%)
Net Income	\$17.3	8.1%	\$28.4	11.8%	\$24.3	10.0%
Interest expense, net	\$1.3	0.6%	\$1.9	0.8%	\$2.0	0.8%
Income tax expense	\$8.4	3.9%	\$4.7	2.0%	\$7.2	3.0%
Depreciation	\$7.1	3.3%	\$8.5	3.6%	\$7.7	3.2%
Amortization	\$3.8	1.8%	\$4.5	1.9%	\$4.4	1.8%
Stock-based compensation expense	\$3.1	1.5%	\$2.5	1.0%	\$3.7	1.5%
Restructuring, severance, impairment and other related charges	\$2.2	1.0%	\$1.9	0.8%	\$3.7	1.5%
Acquisition and related integration costs	\$0.9	0.4%	\$0.5	0.2%	\$0.3	0.1%
Change in foreign jurisdiction tax regulation on equity awards attributable to a prior period	-	-	\$0.5	0.2%	-	-
Asbestos-related charges	-	-	-	-	\$0.1	0.0%
Transition services lease income	-	-	(\$0.6)	(0.3%)	(\$0.3)	(0.1%)
Loss (gain) on sale of long-lived assets	(\$0.4)	(0.2%)	\$0.3	0.1%	-	-
Adjusted EBITDA*	\$43.8	20.4%	\$53.1	22.2%	\$53.1	21.9%

Note: percentages and dollars may not add due to rounding

*Adjusted EBITDA for the second quarter of 2018 has been recast to reflect the add-back of stock-based compensation expense.

Q2-2019: Adjusted EPS reconciliation

	Q2-18 (\$)	Q1-19 (\$)	Q2-19 (\$)
GAAP earnings per diluted share	\$0.93	\$1.52	\$1.30
Restructuring, severance, impairment and other related costs	\$0.09	\$0.07	\$0.15
Acquisition and related integration costs	\$0.04	\$0.02	\$0.01
Change in foreign jurisdiction tax regulation on equity awards attributable to a prior period	-	\$0.02	-
Asbestos-related charges	-	-	-
Transition services, net		\$0.03	-
Loss (gain) on sale of long-lived assets	(\$0.02)	\$0.01	-
Total discrete items	\$0.11	\$0.15	\$0.16
Earnings per diluted share adjusted for discrete items	\$1.04	\$1.67	\$1.46
Acquisition intangible amortization	\$0.15	\$0.18	\$0.18
Adjusted earnings per diluted share	\$1.19	\$1.85	\$1.64

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

Q2-2019: Adjusted net income reconciliation

(\$ in millions)	Q1-19 (\$)	Q1-19(%)	Q2-19 (\$)	Q2-19(%)
Net Income	\$28.4	11.8%	\$24.3	10.0%
Restructuring, severance, impairment and other related costs	\$1.9	0.8%	\$3.7	1.5%
Acquisition and related integration costs	\$0.5	0.2%	\$0.3	0.1%
Change in foreign jurisdiction tax regulation on equity awards attributable to a prior period	\$0.5	0.2%	-	-
Asbestos-related charges	-	-	\$0.1	0.0%
Transition services, net	\$0.6	0.3%	-	-
Loss (gain) on sale of long-lived assets	\$0.3	0.1%	-	-
Acquisition intangible amortization	\$4.4	1.8%	\$4.4	1.8%
Income tax effect of non-GAAP adjustments and intangible amortization	(\$2.0)	(0.8%)	(\$2.1)	(0.9%)
Adjusted net income	\$34.6	14.4%	\$30.7	12.6%

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

Q2-2019: Adjusted operating expenses reconciliation*

(\$ in millions)	Q1-19(\$)	Q1-19(%)	Q2-19(\$)	Q2-19(%)
Operating expenses	\$52.6	21.9%	\$52.6	21.7%
Restructuring, severance, impairment and other related costs	(\$1.9)	(0.8%)	(\$3.7)	(1.5%)
Acquisition and related integration costs	(\$0.5)	(0.2%)	(\$0.3)	(0.1%)
Change in foreign jurisdiction tax regulation on equity awards attributable to a prior period	(\$0.5)	(0.2%)	-	-
Asbestos-related charges	-	-	(\$0.1)	(0.0%)
(Loss) gain on sale of long-lived assets	(\$0.3)	(0.1%)	-	-
Transition services, net	(\$0.6)	(0.3%)	\$0.0	0.0%
Total discrete items	(\$3.8)	(1.6%)	(\$4.1)	(1.7%)
Operating expenses, adjusted for discrete items	\$48.8	20.3%	\$48.5	20.0%
Acquisition intangible amortization	(\$4.4)	(1.8%)	(\$4.4)	(1.8%)
Adjusted operating expenses	\$44.4	18.5%	\$44.1	18.2%

Note: percentages and dollars may not add due to rounding

*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 statement of operations.

Q3-2019 guidance reconciliation

	Q3-19 (\$)
GAAP earnings per diluted share	\$1.05 - \$1.20
Discrete items	\$0.07
Acquisition intangible amortization	\$0.18
Adjusted earnings per diluted share	\$1.30 - \$1.45

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