



Q2 2024 Earnings Call

JULY 25, 2024



Forward-looking statements

Safe Harbor Statement

Statements included in this presentation that are not a description of historical facts are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are generally accompanied by words or phrases such as “anticipate,” “assume,” “believe,” “could,” “estimate,” “expect,” “foresee,” “goal,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “seek,” “target” or similar expressions that convey uncertainty as to the future events or outcomes. Forward-looking statements are based on assumptions and beliefs that we believe to be reasonable; however, assumed facts almost always vary from actual results, and the differences between assumed facts and actual results could be material depending upon the circumstances. Where we express an expectation or belief as to future results, that expectation or belief is expressed in good faith and based on assumptions believed to have a reasonable basis. 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 following, without limitation: failure to capitalize on, volatility within, or other adverse changes with respect to the Company's growth drivers, such as delays in adoption or implementation of new technologies; failure to successfully execute on our long-term growth strategy as a standalone company; uncertain business, economic and political conditions in the United States (U.S.) and abroad, particularly in China, Germany, Belgium, England, South Korea and Hungary, 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, as well as the potential for U.S.-China supply chain decoupling; 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, 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; 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. Our forward-looking statements are expressly qualified by these cautionary statements, which you should consider carefully. 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 and related integration costs, dispositions, intangible amortization, (gains) 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 (recoveries) charges, asbestos-related charges (credits), and the related income tax effect on these 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 and related integration costs, dispositions, intangible amortization, (gains) 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 (recoveries) charges, asbestos-related charges (credits), and the related income tax effect on these items;;
- (4) Adjusted net income, which the Company defines as net income (loss) excluding acquisition and related integration costs, dispositions, intangible amortization, (gains) 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 (recoveries) charges, asbestos-related charges (credits), pension settlement charges and the related income tax effect on these items;
- (5) Adjusted earnings per diluted share, which the Company defines as earnings per diluted share excluding acquisition and related integration costs, dispositions, intangible amortization, (gains) 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 (recoveries) charges, asbestos-related charges (credits), pension settlement charges, and the related income tax effect on these items, divided by adjusted weighted average shares outstanding - diluted;
- (6) Adjusted EBITDA, which the Company defines as net income (loss) excluding acquisition and related integration costs, dispositions, intangible amortization, (gains) 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 (recoveries) charges, asbestos-related charges (credits), pension settlement charges, interest expense, net, income tax expense (benefit), depreciation of fixed assets, equity compensation expense, and the related income tax effect on these 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, adjusted EBITDA margin and free cash flow 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



Today's Key Messages

1

Solid execution to deliver Q2 results in line with expectations

2

Demand environment remains uneven as higher sales in key markets were tempered by higher customer inventory levels

3

Implemented additional manufacturing footprint actions to better meet customer needs and further improve cost structure

4

Continuing to drive innovation and measured investments to support growth strategy

**Focused On Growth Strategy While
Driving Near-term Profitability and Cash Flow Improvements**

Results Overview

Q2 2024 SUMMARY

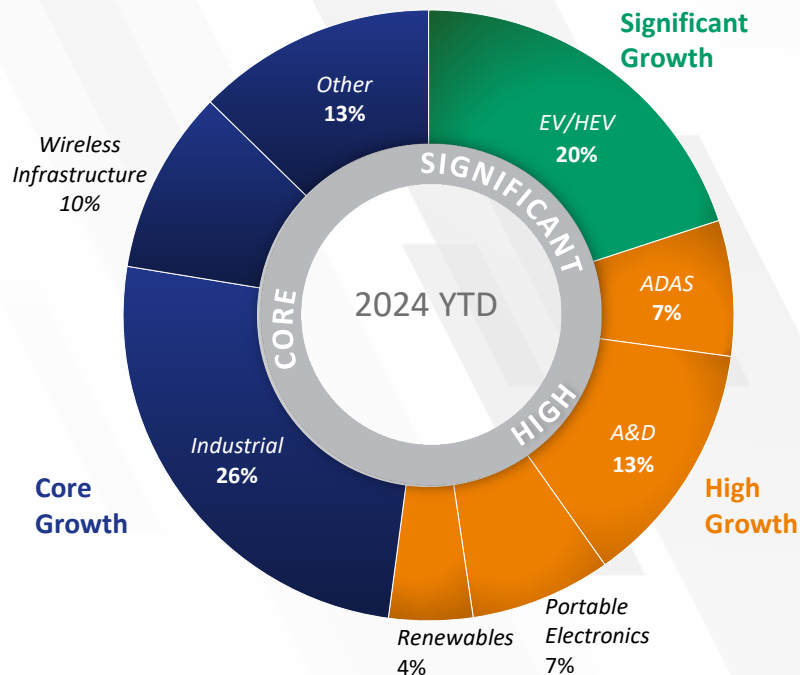
HIGHLIGHTS

- Strong gross margin improvement versus prior quarter
- Record quarterly EV/HEV sales in EMS business
- Stronger seasonal demand for portable electronics products
- Wireless infrastructure sales increase from stronger India demand
- New design wins in EV/HEV

CHALLENGES

- AES EV/HEV and industrial sales lower impacted by near-term inventory management at key customers
- Macro conditions showing little improvement as regional economic challenges weigh on demand

REVENUE BY MARKET SEGMENT



Percentages may not add due to rounding



New Sustainability Report Released

2024 ESG Report Highlights



- Rogers' participation in markets that reduce CO2 emissions, including EVs and renewable energy
- Progress made to reduce energy consumption, GHG emissions and water usage in our operations
- A commitment to achieve a 20% reduction in Scope 1 and Scope 2 GHG emissions by 2030
- Focus on employee safety, development, and recognition
- Ongoing dedication to conducting business with ethics and integrity and fostering a culture of compliance
- ESG Report available on [rogerscorp.com](https://www.rogerscorp.com)



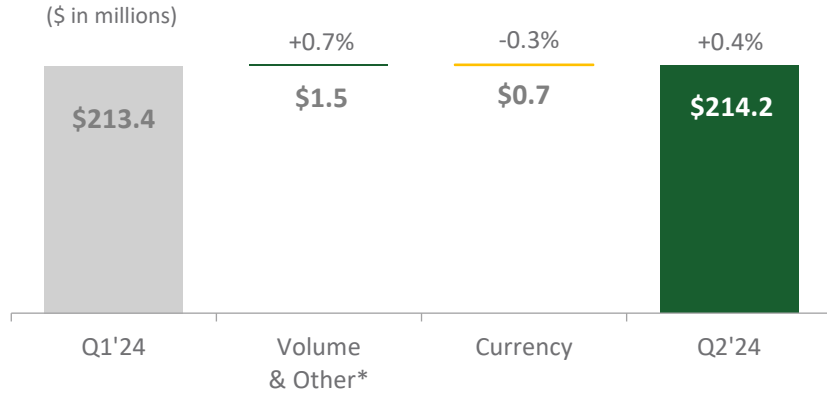


Q2 2024 Financial Highlights

(in millions, except for EPS)	Q2 2024	Q1 2024
Net Sales	\$214.2	\$213.4
Gross Margin	\$73.1	\$68.2
Gross Margin %	34.1%	32.0%
Operating Income	\$11.3	\$11.7
Operating Margin %	5.3%	5.5%
Adjusted Operating Income[*]	\$17.5	\$15.9
Adjusted Operating Margin % [*]	8.2%	7.5%
Net Income	\$8.1	\$7.8
Net Income % of Net Sales	3.8%	3.7%
Adjusted EBITDA[*]	\$31.9	\$28.3
Adjusted EBITDA Margin % [*]	14.9%	13.3%
Earnings Per Diluted Share	\$0.44	\$0.42
Adjusted Earnings Per Diluted Share[*]	\$0.69	\$0.58

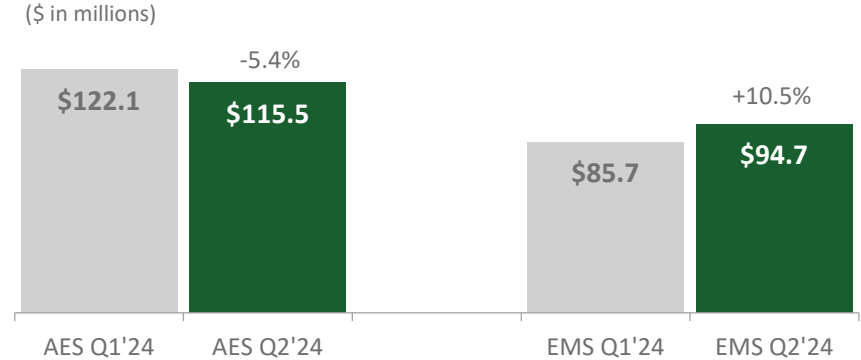
Q2 2024 Revenue Results

Consolidated Revenue QoQ



- Revenues of \$214.2 million increased 0.4% versus Q1'24.
- Higher volume primarily from portable electronics and wireless infrastructure markets, partially offset by lower industrial demand.
- Unfavorable currency impact primarily from euro and CNY sales.

Revenue By Operating Segment QoQ**



- AES: Lower EV/HEV, industrial and A&D sales, partially offset by higher wireless infrastructure sales. Unfavorable foreign currency \$0.4 million.
- EMS: Higher EV/HEV and seasonal portable electronics sales, partially offset by lower A&D sales. Unfavorable foreign currency of \$0.3 million.

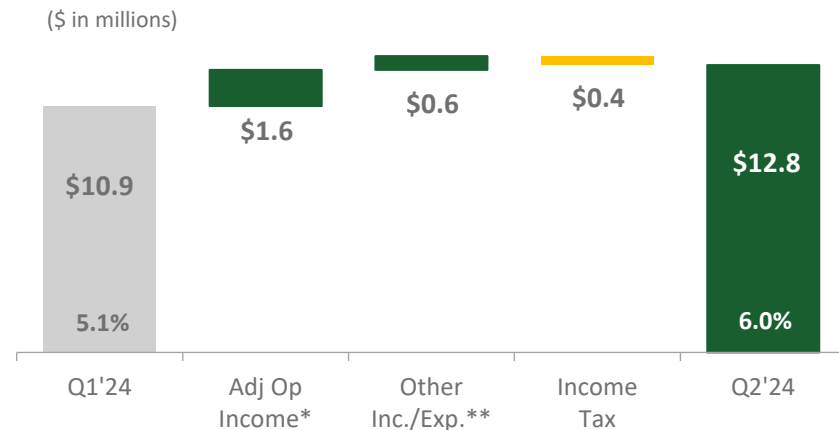
Q2 2024 Gross Margin and Adjusted Net Income*

Gross Margin



- Higher sales volume and favorable product mix.
- Cost reduction actions to address underutilization in AES from lower power substrate sales.

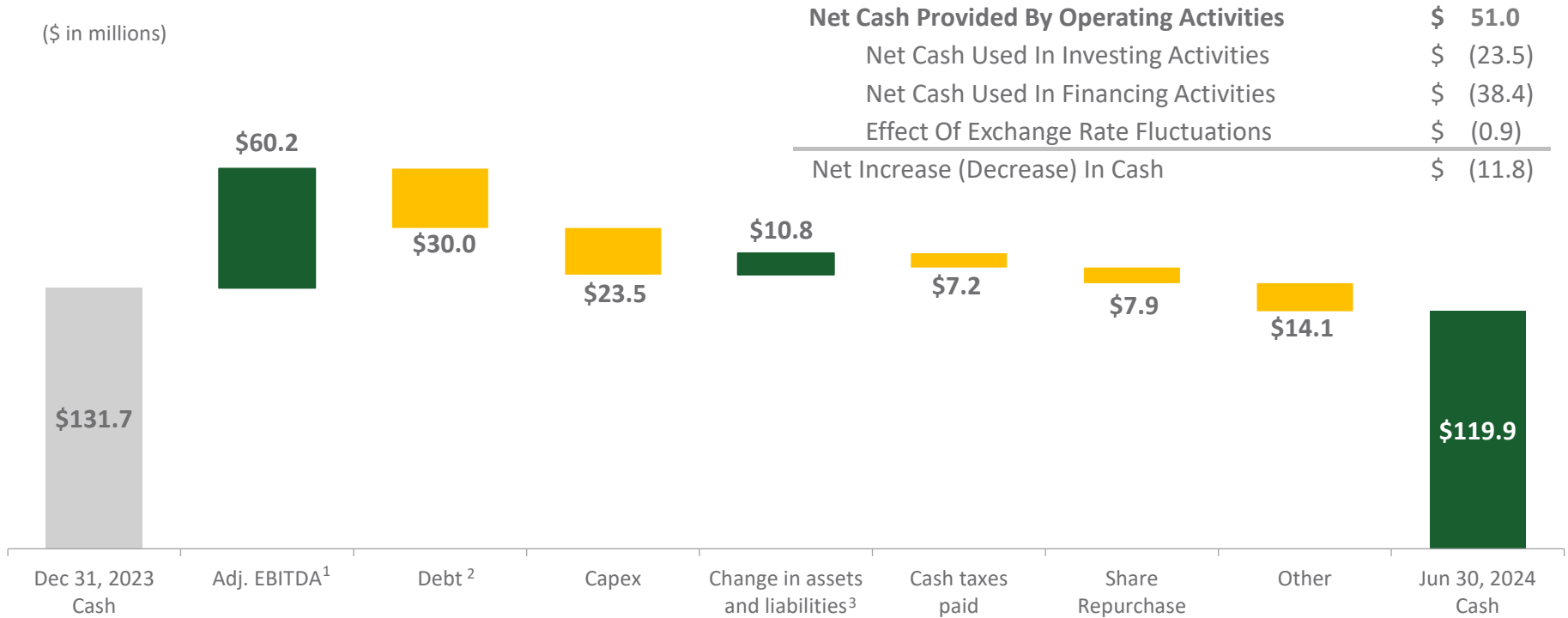
Adjusted Net Income*



- Adjusted Op Income*: Improvement from higher gross profit, partially offset by an increase in adjusted operating expenses.
- Other Income/Expense**: Decrease primarily from lower interest expense.

Cash Utilization

(\$ in millions)



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.

Q3 2024 Guidance

Net Sales \$215M - \$225M

Gross Margin 34.0% - 35.0%

Earnings Per Diluted Share \$0.32 - \$0.52

Adjusted Earnings Per Diluted Share* \$0.75 - \$0.95





Appendix

Q2 2024: Adjusted Operating Expenses Reconciliation*

(\$ in millions)	Q2 2024	Q2 2024	Q1 2024	Q1 2024
GAAP Operating Expenses and Margin	\$61.8	28.9%	\$56.5	26.5%
Acquisitions and Divestiture Related Costs:				
Dispositions	-	-	-	-
Intangible Amortization	(\$3.1)	(1.4%)	(\$3.1)	(1.5%)
(Gain) Loss on Sale or Disposal of PPE	-	-	-	-
Restructuring, Business Realignment and Other Cost Saving Initiatives:				
Restructuring, Severance, Impairment and Other Related Costs	(\$3.1)	(1.4%)	(\$1.1)	(0.5%)
Non-Routine Shareholder Advisory Costs	-	-	-	-
(Income) Costs Associated with Terminated Merger	-	-	-	-
Utis Fire (Recoveries) Charges	-	-	-	-
Total Adjustments	(\$6.2)	(2.9%)	(\$4.2)	(2.0%)
Adjusted Operating Expenses and Margin	\$55.6	26.0%	\$52.3	24.5%

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.

Q2 2024: Adjusted Operating Income and Margin Reconciliation

(\$ in millions)	Q2 2024	Q2 2024	Q1 2024	Q1 2024
GAAP Operating Income and Margin	\$11.3	5.3%	\$11.7	5.5%
Acquisitions and Divestiture Related Costs:				
Dispositions	-	-	-	-
Intangible Amortization	\$3.1	1.4%	\$3.1	1.5%
(Gain) Loss on Sale or Disposal of PPE	-	-	-	-
Restructuring, Business Realignment and Other Cost Saving Initiatives:				
Restructuring, Severance, Impairment and Other Related Costs	\$3.1	1.4%	\$1.1	0.5%
Non-Routine Shareholder Advisory Costs	-	-	-	-
(Income) Costs Associated with Terminated Merger	-	-	-	-
Utis Fire (Recoveries) Charges	-	-	-	-
Total Adjustments	\$6.2	2.9%	\$4.2	2.0%
Adjusted Operating Income and Margin	\$17.5	8.2%	\$15.9	7.5%

Q2 2024: Segment Adjusted Operating Income and Margin Reconciliation

(\$ in millions)	AES Q2 2024	AES Q2 2024	EMS Q2 2024	EMS Q2 2024
GAAP Operating Income and Margin	\$3.0	2.6%	\$7.2	7.6%
Acquisitions and Divestiture Related Costs:				
Dispositions	-	-	-	-
Intangible Amortization	\$0.5	0.4%	\$2.6	2.7%
(Gain) Loss on Sale or Disposal of PPE	-	-	-	-
Restructuring, Business Realignment and Other Cost Saving Initiatives:				
Restructuring, Severance, Impairment and Other Related Costs	\$2.3	2.0%	\$0.8	0.8%
Non-Routine Shareholder Advisory Costs	-	-	-	-
(Income) Costs Associated with Terminated Merger	-	-	-	-
Utis Fire (Recoveries) Charges	-	-	-	-
Total Adjustments	\$2.8	2.4 %	\$3.4	3.6%
Adjusted Operating Income and Margin	\$5.8	5.0%	\$10.6	11.2%

Q2 2024: Adjusted Net Income and Margin Reconciliation

(\$ in millions)	Q2 2024	Q2 2024	Q1 2024	Q1 2024
GAAP Net Income and Margin	\$8.1	3.8%	\$7.8	3.7%
Acquisitions and Divestiture Related Costs:				
Dispositions	-	-	-	-
Intangible Amortization	\$3.1	1.4%	\$3.1	1.5%
(Gain) Loss on Sale or Disposal of PPE	-	-	-	-
Restructuring, Business Realignment and Other Cost Saving Initiatives:				
Restructuring, Severance, Impairment and Other Related Costs	\$3.1	1.4%	\$1.1	0.5%
Non-Routine Shareholder Advisory Costs	-	-	-	-
(Income) Costs Associated with Terminated Merger	-	-	-	-
Utis Fire (Recoveries) Charges	-	-	-	-
Estimated Income Tax Impact of Adjustments	(\$1.5)	(0.7%)	(\$1.1)	(0.5%)
Total Adjustments	\$4.7	2.2%	\$3.1	1.5%
Adjusted Net Income and Margin	\$12.8	6.0%	\$10.9	5.1%

Q2 2024: Adjusted Earnings Per Diluted Share Reconciliation

	Q2 2024	Q1 2024
GAAP Earnings Per Diluted Share	\$0.44	\$0.42
Acquisitions and Divestiture Related Costs:		
Dispositions	-	-
Intangible Amortization	\$0.17	\$0.17
(Gain) Loss on Sale or Disposal of PPE	-	-
Restructuring, Business Realignment and Other Cost Saving Initiatives:		
Restructuring, Severance, Impairment and Other Related Costs	\$0.17	\$0.06
Non-Routine Shareholder Advisory Costs	-	-
(Income) Costs Associated with Terminated Merger	-	-
Utis Fire (Recoveries) Charges	-	-
Estimated Income Tax Impact of Adjustments	(\$0.08)	(\$0.06)
Total Adjustments	\$0.25	\$0.17
Adjusted Earnings Per Diluted Share	\$0.69	\$0.58

Q2 2024: Adjusted EBITDA and Margin Reconciliation

(\$ in millions)	Q2 2024	Q1 2024
GAAP Net Income	\$8.1	\$7.8
Acquisitions and Divestiture Related Costs:		
Dispositions	-	-
Intangible Amortization	\$3.1	\$3.1
(Gain) Loss on Sale or Disposal of PPE	-	-
Restructuring, Business Realignment and Other Cost Saving Initiatives:		
Restructuring, Severance, Impairment and Other Related Costs	\$3.1	\$1.1
Non-Routine Shareholder Advisory Costs	-	-
(Income) Costs Associated with Terminated Merger	-	-
Utis Fire (Recoveries) Charges	-	-
Interest Expense, net	\$0.2	\$0.8
Income Tax Expense	\$3.8	\$3.8
Depreciation	\$8.2	\$8.2
Equity Compensation Expense	\$5.3	\$3.5
Adjusted EBITDA	\$31.9	\$28.3
Divided by Total Net Sales	\$214.2	\$213.4
Adjusted EBITDA Margin	14.9%	13.3%

Q2 2024: Free Cash Flow Reconciliation

(\$ in millions)	Q2 2024	Q1 2024
Net Cash Provided By Operating Activities	\$22.9	\$28.1
Non-Acquisition Capital Expenditures	(\$14.1)	(\$9.4)
Free Cash Flow	\$8.8	\$18.7

Q3 2024: Guidance Reconciliation

(\$ in millions)	Q3 2024
GAAP Earnings Per Diluted Share	\$0.32 – \$0.52
Intangible Amortization	\$0.13
Other Adjustments*	\$0.30
Adjusted Earnings Per Diluted Share	\$0.75 - \$0.95

*Other adjustments includes expected restructuring charges associated with the wind down of AES manufacturing operations in our Evergem, Belgium facility