Q1 2023 Earnings Call

APRIL 27, 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 novel 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, 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, UTIS fire and recovery charges, (income) costs associated with terminated merger, 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 EBITDA, which the Company defines as net income excluding interest expense, net, income tax expense, depreciation and amortization, stock-based compensation expense, pension settlement charges and discrete items;
(5) Adjusted EBITDA Margin, which the Company defines as the percentage that results from dividing Adjusted EBITDA by total net sales;
(6) Adjusted net income, which the Company defines as net income excluding amortization of acquisition intangible assets, pension settlement charges and discrete items;
(7) 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;
(8) Free Cash Flow, which the Company defines as net cash provided by 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

Our Path Forward

Achieving Breakthrough Growth and Profitability

ELEVATE
2025+

- *Financial Performance*
- *Opportunity Funnel Leads To Increased Design Wins*
- *Commercialization Of Innovation Pipeline*

ACCELERATE
2024 - 2025

- *Secular Market Trends*
- *Commercial Excellence*
- *Secured design Wins Begin To Ramp*
- *Scale The Organization*

RESTORE
2023

- *Cost Improvement*
- *Margin Focus*
- *Bolster Organization*

Results Overview

Q1 2023 SUMMARY

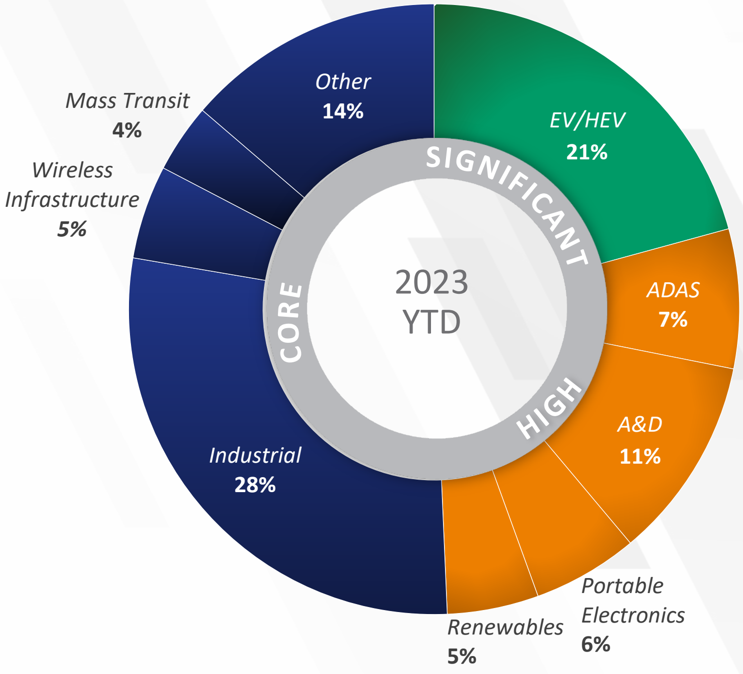
HIGHLIGHTS

- New design wins in ADAS, EV and renewable energy markets
- Continued growth in ADAS market sales following customer disruptions in 2H 2022
- Strong growth in renewable energy market sales
- Improvement in general industrial sales following decline in Q4
- Executing on profitability improvement actions

CHALLENGES

- Uncertainty in global macroeconomic environment
- Lower portable electronics market sales due to seasonality and weak consumer demand
- Decline in EV market sales following a strong fourth quarter

REVENUE BY MARKET SEGMENT



Percentages may not add due to rounding

Why Invest In Rogers?

GROWTH FOCUS	*Strong, diversified growth opportunities driven by key secular trends and core markets*
INNOVATION LEADER	*Proven track record of developing and commercializing unique material solutions for leading-edge applications*
VALUE CREATION MODEL	*A repeatable customer engagement process that has created a strong competitive advantage and deep relationships*
FINANCIAL OPPORTUNITY	*Targeting significant revenue growth and EBITDA margin expansion over the next three years, and beyond*

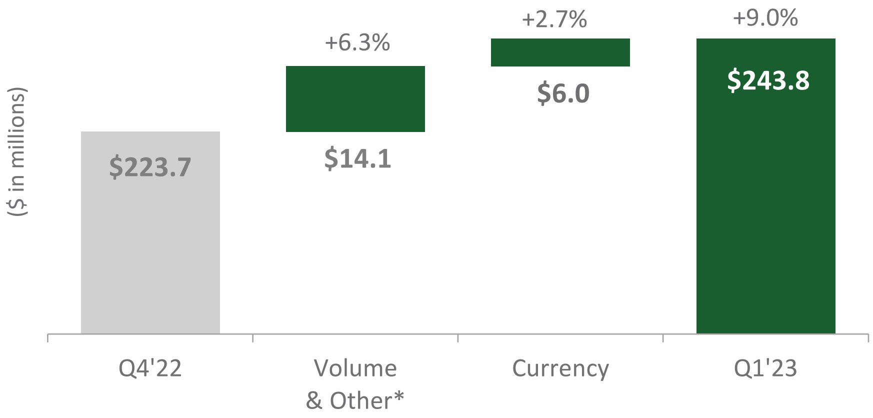
Q1 2023 Financial Highlights

($ in millions, except EPS)	Q1-2023	Q4-2022
Net sales	**$243.8**	**$223.7**
Gross margin	**$79.7**	**$71.0**
Gross margin %	32.7%	31.8%
Operating income	**($0.3)**	**$82.7**
Operating margin %	-0.1%	37.0%
Adjusted operating income*	**$25.5**	**$20.7**
Adjusted operating margin %*	10.5%	9.3%
Net income	**($3.5)**	**$67.3**
Net income % of net sales	-1.4%	30.1%
Adjusted EBITDA*	**$35.1**	**$27.8**
Adjusted EBITDA margin %*	14.4%	12.5%
EPS	**($0.19)**	**$3.58**
Adjusted EPS*	**$0.87**	**$1.04**

*See Appendix for reconciliation of non-GAAP measures.

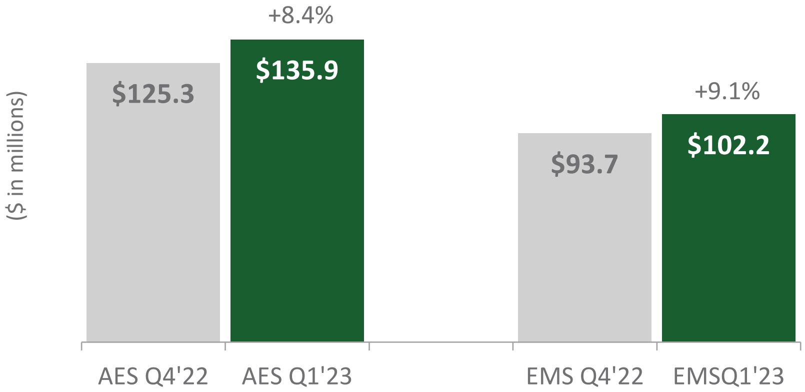
Q1 2023 Revenue Results

Consolidated Revenue QoQ



- Revenues of $243.8 million increased 9.0% versus Q4’22
- Improved demand for ADAS, General Industrial and Renewable Energy markets contributed to QoQ growth
- Favorable currency impact primarily from Euro and RMB sales

Revenue by Business Segment QoQ**



- AES: Higher ADAS, renewable energy and industrial market sales, partially offset by lower EV/HEV and wireless infrastructure sales. $4.1 million favorable foreign currency.
- EMS: Higher general industrial and A&D market sales, partially offset by lower portable electronics customer demand. $1.8 million favorable foreign currency impact.

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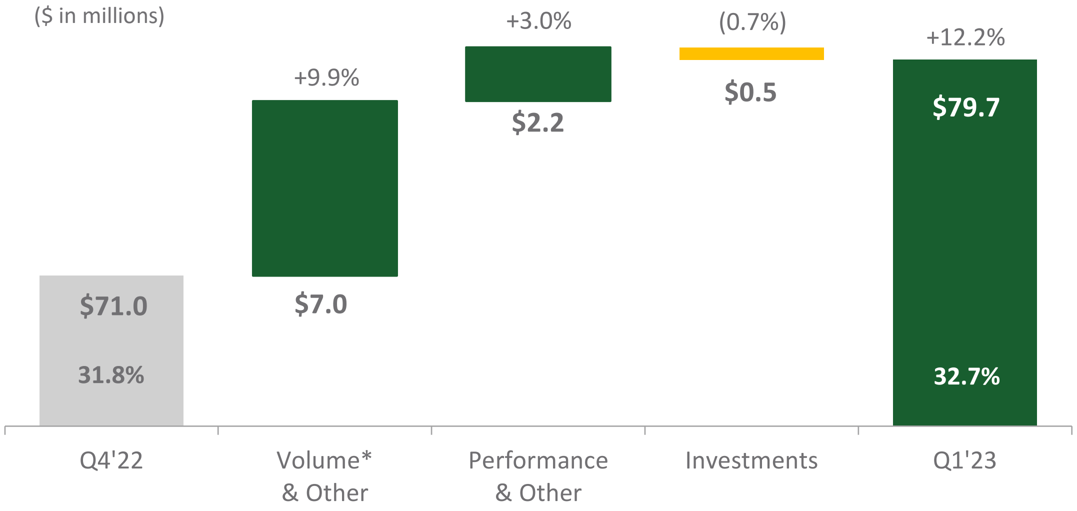
*Volume & Other of $14.1 million represents change in volume, price and mix excluding the impact of FX.
**"Other” business unit not included.
Note: percentages and dollars may not add due to rounding

Q1 2023 Gross Margin

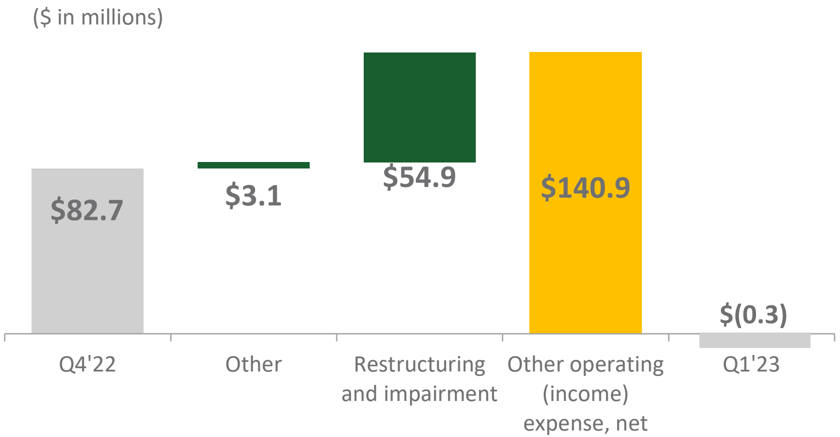
- Volume: Demand increase across both business segments partially offset by unfavorable product mix
- Performance: Favorable factory utilization driven by higher demand and lower logistics costs



*Volume & Other of $7.0 million represents change in sales volume, price, mix and FX.
Note: percentages and dollars may not add due to rounding

Q1 2023 Operating Income Results

Q1 Operating Income QoQ

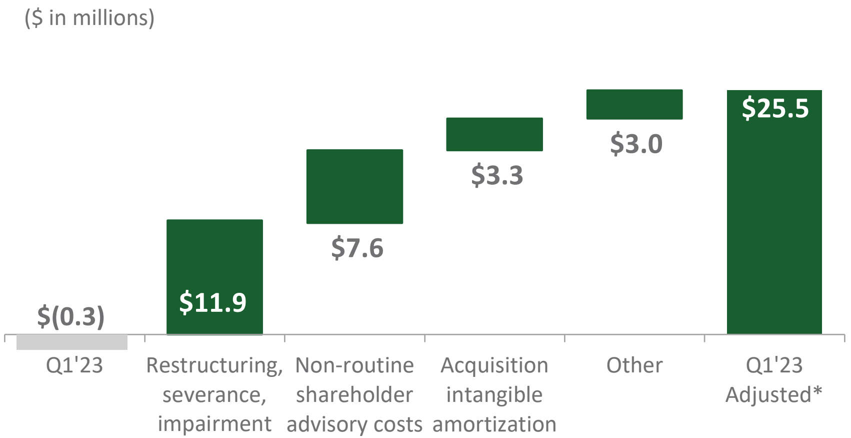


Operating Income declined ~$83M versus Q4'22

- Other operating (income) expense decreased primarily from $142.1 million termination fee, net of expenses received in Q4'22

+ Lower restructuring and impairment charges

Q1 Operating Income GAAP versus Non-GAAP



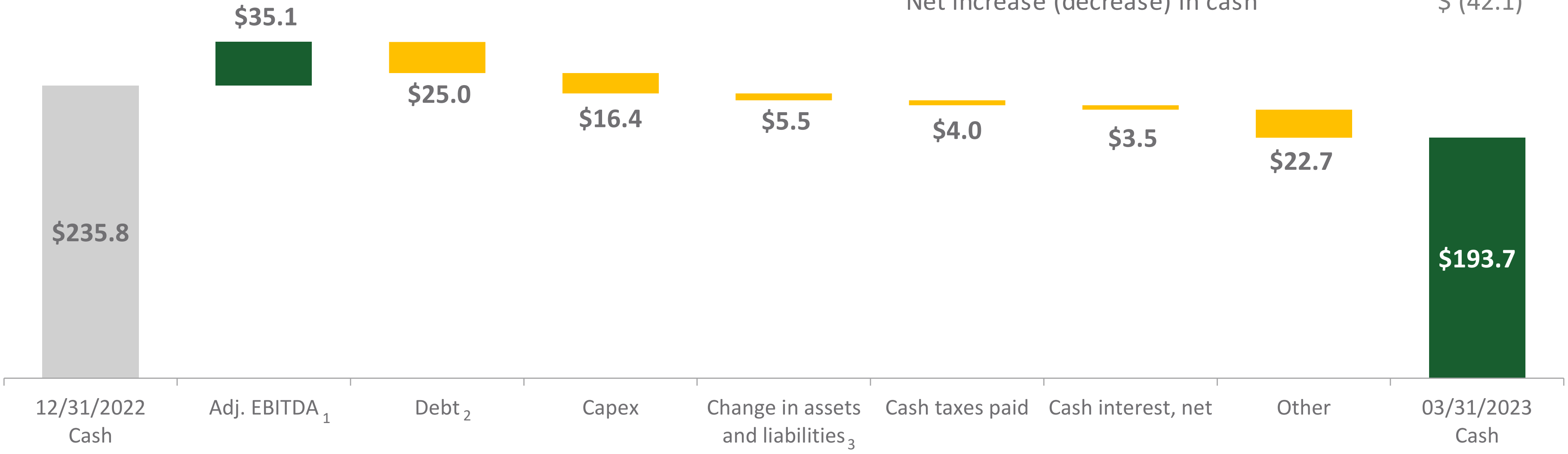
Q1 Adjusted Operating Income of $25.5M or 10.5% of sales

- Restructuring, severance and impairment charges of $11.9 million, primarily related to workforce reduction and manufacturing consolidation
- Non-routine shareholder advisory costs comprised of professional and legal fees

Cash Utilization

Net cash provided by operating activities	**$ 1.8**
Net cash used in investing activities	$ (15.4)
Net cash provided by financing activities	$ (29.4)
Effect of FX	$ 0.8
Net increase (decrease) in cash	$ (42.1)

($ 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. Finance lease obligations of approximately $0.1 million included in "Other" category
3 - Change in assets and liabilities per the statements of cash flows.

Note: dollars may not add due to rounding.

Q2 2023 Guidance

Net sales	$235M - $245M
Gross Margin	33.5% - 34.5%
EPS	$0.65 - $0.85
Adjusted EPS*	$0.95 - $1.15

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

Appendix

Q1 2023: Adjusted operating expenses reconciliation*

($ in millions)	Q4-22($)	Q4-22(%)	Q1-23($)	Q1-23(%)
GAAP operating expenses	$ (11.6)	(5.2%)	$ 80.0	32.8%
Acquisitions and divestiture related costs:				
Acquisition and related integration costs	$ (0.1)	(0.1%)	$ (0.1)	(0.0%)
Dispositions	$ (3.2)	(1.4%)	$ (1.2)	(0.5%)
Loss/(gain) on sale or disposal of assets	$ (0.5)	(0.2%)	$ 0.0	0.0%
Restructuring, business realignment and other cost saving initiatives:				
Restructuring, severance, impairment and other related costs	$ (68.6)	(30.7%)	$ (11.9)	(4.9%)
Non-routine shareholder advisory costs	$ -	0.0%	$ (7.6)	(3.1%)
(Income) costs associated with terminated merger	$ 138.6	62.0%	$ (1.9)	(0.8%)
Utis fire (recovery)/charges	$ (0.4)	(0.2%)	$ 0.2	0.1%
Asbestos-related charges	$ (0.1)	(0.0%)	$ -	0.0%
Total discrete items	$ 65.7	29.4%	$ (22.5)	(9.2%)
Operating expenses adjusted for discrete items	$ 54.1	24.2%	$ 57.5	23.6%
Acquisition intangible amortization	$ (3.8)	(1.7%)	$ (3.3)	(1.4%)
Adjusted operating expenses	$ 50.3	22.5%	$ 54.2	22.2%

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.

Q1 2023: Adjusted operating income and margin reconciliation

($ in millions)	Q4-22($)	Q4-22(%)	Q1-23($)	Q1-23(%)
GAAP operating income (loss) and margin	$ 82.7	37.0%	$ (0.3)	(0.1%)
Acquisitions and divestiture related costs:				
Acquisition and related integration costs	$ 0.1	0.1%	$ 0.1	0.0%
Dispositions	$ 3.2	1.4%	$ 1.2	0.5%
Loss/(gain) on sale or disposal of assets	$ 0.5	0.2%	$ (0.0)	(0.0%)
Restructuring, business realignment and other cost saving initiatives:				
Restructuring, severance, impairment and other related costs	$ 68.6	30.7%	$ 11.9	4.9%
Non-routine shareholder advisory costs	$ -	0.0%	$ 7.6	3.1%
(Income) costs associated with terminated merger	$ (138.6)	(62.0%)	$ 1.9	0.8%
Utis fire (recovery)/charges	$ 0.4	0.2%	$ (0.2)	(0.1%)
Asbestos-related charges	$ 0.1	0.0%	$ -	0.0%
Total discrete items	$ (65.7)	(29.4%)	$ 22.5	9.2%
Operating income and margin adjusted for discrete items	$ 16.9	7.6%	$ 22.2	9.1%
Acquisition intangible amortization	$ 3.8	1.7%	$ 3.3	1.4%
Adjusted operating margin	$ 20.7	9.3%	$ 25.5	10.5%

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

Q1 2023: Adjusted EBITDA and adjusted EBITDA margin reconciliation

($ in millions)	Q4-22($)	Q1-23($)
GAAP net income	$ 67.3	$ (3.5)
Interest expense, net	$ 4.0	$ 3.5
Income tax expense	$ 11.1	$ (0.1)
Depreciation	$ 7.7	$ 11.3
Amortization	$ 3.8	$ 3.3
Stock-based compensation expense	$ 0.2	$ 2.1
Acquisitions and divestiture related costs:		
Acquisition and related integration costs	$ 0.1	$ 0.1
Dispositions	$ 3.2	$ 1.2
Loss/(gain) on sale or disposal of assets	$ 0.5	$ (0.0)
Restructuring, business realignment and other cost saving initiatives:		
Restructuring, severance, impairment and other related costs	$ 68.1	$ 8.6
Non-routine shareholder advisory costs	$ -	$ 7.6
(Income) costs associated with terminated merger	$ (138.6)	$ 1.3
Utis fire (recovery)/charges	$ 0.4	$ (0.2)
Asbestos-related charges	$ 0.1	$ -
Adjusted EBITDA	$ 27.8	$ 35.1
Divided by Total Net Sales	$ 223.7	$ 243.8
Adjusted EBITDA Margin	12.5%	14.4%

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

Q1 2023: Adjusted net income reconciliation

($ in millions)	Q4-22($)	Q4-22(%)	Q1-23($)	Q1-23(%)
GAAP Net Income	$ 67.3	30.1%	$ (3.5)	(1.4%)
Acquisitions and divestiture related costs:				
Acquisition and related integration costs	$ 0.1	0.1%	$ 0.1	0.0%
Acquisition intangible amortization	$ 3.8	1.7%	$ 3.3	1.4%
Dispositions	$ 3.2	1.4%	$ 1.2	0.5%
Loss/(gain) on sale or disposal of assets	$ 0.5	0.2%	$ (0.0)	(0.0%)
Restructuring, business realignment and other cost saving initiatives:				
Restructuring, severance, impairment and other related costs	$ 68.6	30.7%	$ 11.9	4.9%
Non-routine shareholder advisory costs	$ -	0.0%	$ 7.6	3.1%
(Income) costs associated with terminated merger	$(138.6)	(62.0%)	$ 1.9	0.8%
Utis fire (recovery)/charges	$ 0.4	0.2%	$ (0.2)	(0.1%)
Asbestos-related charges	$ 0.1	0.0%	$ -	0.0%
Income tax effect of non-GAAP adjustments and intangible amortization	$ 14.1	6.3%	$ (6.1)	(2.5%)
Adjusted net income	$ 19.5	8.7%	$ 16.2	6.6%

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

Q1 2023: Adjusted earnings per share reconciliation

	Q4-22($)	Q1-23($)
GAAP earnings per diluted share	$ 3.58	$ (0.19)
Acquisitions and divestiture related costs:		
Acquisition and related integration costs	$ 0.00	$ 0.00
Dispositions	$ 0.13	$ 0.05
Loss/(gain) on sale or disposal of assets	$ 0.02	$ (0.00)
Restructuring, business realignment and other cost saving initiatives:		
Restructuring, severance, impairment and other related costs	$ 2.81	$ 0.49
Non-routine shareholder advisory costs	$ -	$ 0.31
(Income) costs associated with terminated merger	$ (5.67)	$ 0.08
Utis fire (recovery)/charges	$ 0.02	$ (0.01)
Asbestos-related charges	$ 0.00	$ -
Impact of including dilutive securities	$ -	$ (0.00)
Total discrete items	$ (2.69)	$ 0.92
Earnings per diluted share adjusted for discrete items	$ 0.89	$ 0.73
Acquisition intangible amortization	$ 0.15	$ 0.14
Adjusted earnings per diluted share	$ 1.04	$ 0.87

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Note: dollars may not add due to rounding.

Q1 2023: Free cash flow reconciliation

($ in millions)	Q4-22($)	Q1-23($)
Net cash provided by operating activities	$ 127.6	$ 1.8
Non-acquisition capital expenditures	$ (29.8)	$ (16.4)
Free cash flow	$ 97.8	$ (14.6)

Note: dollars may not add due to rounding.
*Free cash flow defined as net cash provided by operating activities less non-acquisition capital expenditures per condensed consolidated statements of cash flows.

Q2 2023: Guidance Reconciliation

	Q2-23
GAAP earnings per diluted share	$0.65 – $0.85
Discrete items	$0.16
Acquisition intangible amortization	$0.14
Adjusted earnings per diluted share	$0.95 - $1.15

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Note: dollars may not add due to rounding.