



# Citi's Global Industrial Tech and Mobility Conference

February 20, 2024

# SAFE HARBOR STATEMENT

This presentation includes statements related to the expected future results of the company and are therefore forward-looking statements. Actual results may differ materially from those projections due to a wide range of risks and uncertainties, including those that are listed in our SEC filings.

This presentation also contains non-GAAP financial information and reconciliations to GAAP are included in the appendix. All information should be read in conjunction with our historical financial statements.



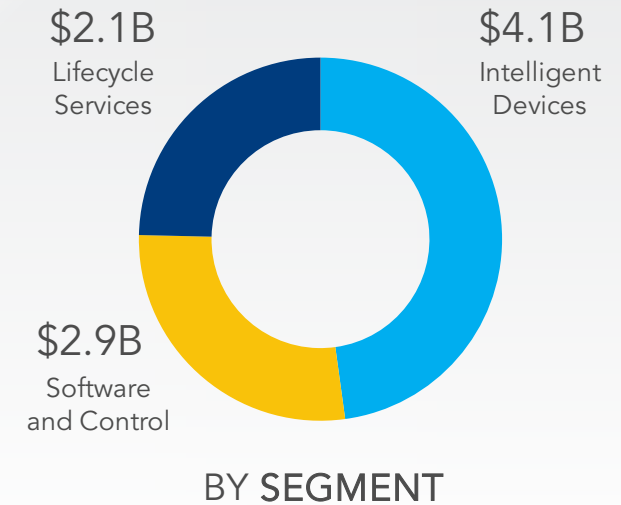
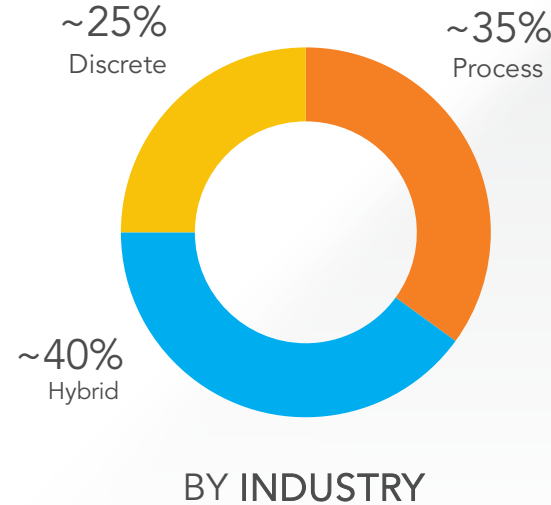
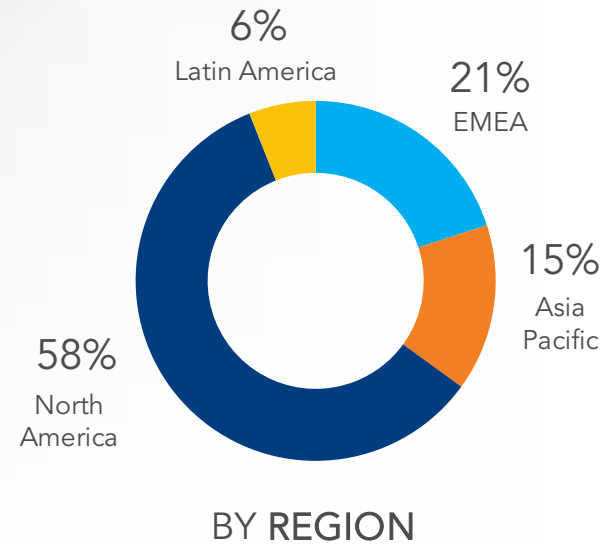
expanding human possibility®

As the world's largest pure-play industrial automation and digital transformation company, we are creating the future of industrial operations.

SERVING CUSTOMERS FOR 121 YEARS

# AT A GLANCE

\$9.1B 2023 sales



# GLOBAL

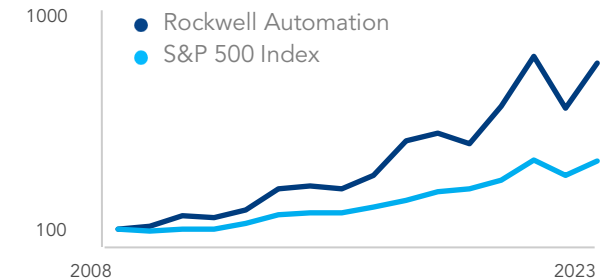
100+ Number of countries

29k Employees: more than half outside the U.S.

2023 WORLD'S MOST ETHICAL COMPANIES™  
ETHISPHERE  
15-TIME HONOREE  
World's Most Ethical Companies

**FAST COMPANY** The 50 best places to work for innovators

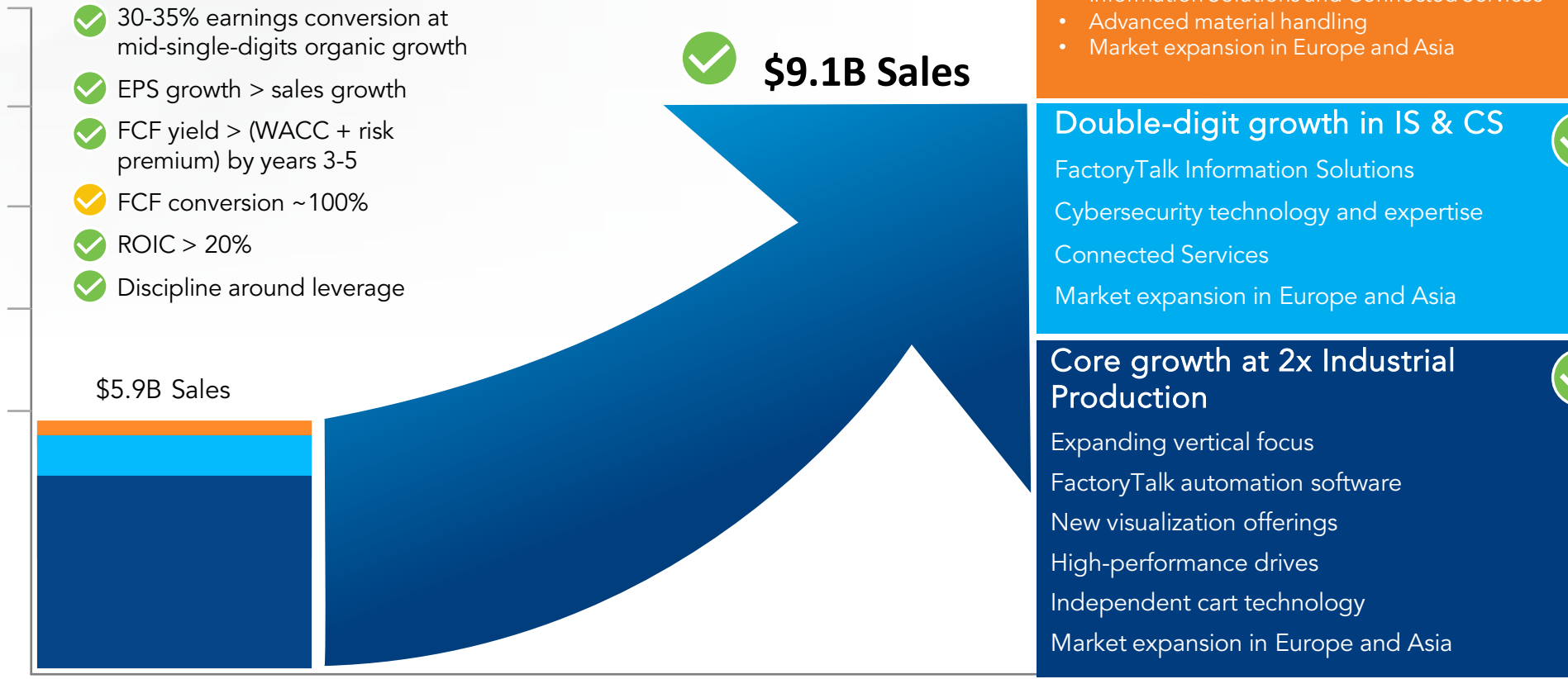
# Total shareowner return



# Building on a strong foundation

## Financial Framework

- ✓ 30-35% earnings conversion at mid-single-digits organic growth
- ✓ EPS growth > sales growth
- ✓ FCF yield > (WACC + risk premium) by years 3-5
- ✓ FCF conversion ~100%
- ✓ ROIC > 20%
- ✓ Discipline around leverage



FY16

**1%+ from inorganic growth**

Emulate3D, Sensia, Kalypso, ASEM, Avnet, Oylo, Fiix, Plex, AVATA, Cubic, KnowledgeLens

Priorities:

- Information Solutions and Connected Services
- Advanced material handling
- Market expansion in Europe and Asia

**Double-digit growth in IS & CS**

FactoryTalk Information Solutions  
Cybersecurity technology and expertise  
Connected Services  
Market expansion in Europe and Asia

**Core growth at 2x Industrial Production**

Expanding vertical focus  
FactoryTalk automation software  
New visualization offerings  
High-performance drives  
Independent cart technology  
Market expansion in Europe and Asia

## FY16 - FY23 PERFORMANCE

✓ Inorganic Growth Contributed **1.4%**

✓ IS & CS Growth of **12.4%**

✓ Core Growth at **4.1x Industrial Production**



# Next Horizon: New Strategic Growth Framework

Accelerating profitable growth with new ways to win

CUSTOMER NEEDS

EXAMPLE OF ROK DIFFERENTIATION

CUSTOMER NEEDS		EXAMPLE OF ROK DIFFERENTIATION		LONG-TERM FINANCIAL FRAMEWORK	
<b>Faster secular growth</b>	Resiliency Agility Sustainability	Cybersecurity, Augmented Workforce Multi-discipline Logix Energy Transition Capabilities	3-5%	<ul style="list-style-type: none"> <li>• 35% core earnings conversion</li> <li>• EPS growth &gt; sales growth</li> <li>• FCF conversion ~100%</li> <li>• FCF yield for acquisitions &gt; (WACC + risk premium) by years 3-5</li> <li>• ROIC &gt; 20%</li> <li>• Target 2x leverage</li> </ul>	
<b>Share growth and expanded market</b>	Shoring / Stimulus / Mega Projects Software-defined Automation Autonomous Operations Capacity Build-out in Focus Industries Manufacturing Lifecycle Mgmt	ROK Ecosystem Evolution Scalable Solutions & Business Models AI-enabled Design, Control & Logistics Industry-specific Solutions Simplified Digital Threads	1-2%		
<b>ARR</b> Recurring Software & Services	Flexible & Scalable Data Mgmt	Edge & Cloud Portfolio	1%		
<b>Acquisitions</b>	Key Priorities: <ul style="list-style-type: none"> <li>• Annual Recurring Revenue</li> <li>• Market expansion in Europe and Asia</li> <li>• Application-specific technology in focus industries</li> </ul>		1%		
<b>TOTAL ANNUAL GROWTH THROUGH THE CYCLE</b>			<b>6-9%</b>		



# Margin Expansion

	Margin Growth Drivers	Long-term Range*
Intelligent Devices	<ul style="list-style-type: none"> <li>• Share gain from next gen product launches across core platforms</li> <li>• Further synergies from recent acquisitions</li> <li>• Product cost optimization</li> </ul>	22% - 24%
Software & Control	<ul style="list-style-type: none"> <li>• Continued share gains in Control</li> <li>• Further synergies from recent acquisitions</li> <li>• Higher software mix accelerated by key product launches</li> </ul>	31% - 34%
Lifecycle Services	<ul style="list-style-type: none"> <li>• Focus on high-growth recurring services</li> <li>• Streamlined organization for faster growth</li> <li>• Improved growth and profitability of Sensia</li> </ul>	13% - 15%
Total ROK	<ul style="list-style-type: none"> <li>Productivity</li> <li>Supply chain improvement</li> <li>Accelerated top line growth</li> </ul>	

\*Excludes impact of future acquisitions



# Fiscal Year 2024

	Q1 FY24	Q2 FY24	2H FY24	FY24	FY24 Performance Drivers
Orders	Double-digit sequential growth	Double-digit sequential growth	Continued sequential growth	Low-single-digit growth YOY	<ul style="list-style-type: none"> <li>• Distributor inventory normalization in FQ2</li> <li>• Continued positive end-market trends</li> <li>• Share gains with expanded portfolio</li> <li>• Acquisitions growth above expectations</li> </ul>
Organic Sales	Up ~1% YOY	Down ~12% YOY	Up ~7% YOY	Up ~1% YOY	<ul style="list-style-type: none"> <li>• Remaining operational headwinds addressed in FQ2</li> <li>• Building safety stock across entire portfolio</li> <li>• Organizational and internal process improvements</li> <li>• Dependent on continued sequential growth in orders</li> </ul>
Segment Margin	~17%	~17%	~25%	~21.5%	<ul style="list-style-type: none"> <li>• 2H volume ramp with improving orders</li> <li>• Strong spend controls with flat spend through FY24</li> <li>• Lower incentive comp &amp; restructuring savings</li> <li>• Better factory utilization</li> </ul>
ROK Focus	Manufacturing execution		Productivity & cost discipline		Accelerated top line growth in 2H

Note: Guidance as of January 31, 2024



# FY24 Margins

	Q1 FY24	Q2 FY24	FY24	Comments
Intelligent Devices	16%	~16%	~21%	<ul style="list-style-type: none"> <li>Q2 margin similar to Q1 on flat sequential sales</li> <li>Improving operational execution in Q2, but with higher portion of sales dependent on new orders</li> <li>2H margin ramp on <b>higher volume</b>, flat spend, and better supply chain utilization</li> <li><b>FY24 margin flat to slightly up vs. FY23</b></li> </ul>
Software & Control	25%	~22%	~28%	<ul style="list-style-type: none"> <li>Q2 margin down sequentially and YOY due to mix and difficult comps</li> <li>2H ramp on higher volume and flat spend</li> <li><b>FY24 margin down YOY on lower full-year sales</b></li> </ul>
Lifecycle Services	10%	~15%	~14%	<ul style="list-style-type: none"> <li>Q2 margin up sequentially on higher sales</li> <li>Continued savings from prior structural actions</li> <li>Improved growth and profitability of Sensia</li> <li><b>FY24 margin up ~700 bps from prior year</b></li> </ul>
<b>ROK Focus</b>	Manufacturing execution		Productivity & cost discipline	Accelerated top line growth in 2H

Note: Guidance as of January 31, 2024





# Full Year Outlook

- ▶ Orders still expected to increase low single digits year over year
- ▶ Total sales growth range of 0.5% - 6.5%; organic growth range of (2.0)% - 4.0%
  - ▶ Currency to increase sales ~1.0 pt
  - ▶ Acquisitions to contribute ~1.5 pts of growth
- ▶ Total ARR still expected to grow ~15% YOY
- ▶ Continue to expect segment margin of ~21.5%
- ▶ Adjusted EPS range of \$12.00 - \$13.50, up ~5% YOY at the midpoint
- ▶ Expect Free Cash Flow conversion of ~100%

Note: Guidance as of January 31, 2024

Focus on driving operational execution and winning share






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# Appendix



# FY24 Organic Industry Segment Outlook

	% of FY24 Sales	FY24 vs. FY23	Assumptions at Guidance Midpoint	B/(W) vs. Prior Guidance
 <p>DISCRETE</p>	~25%	Down low single digits	<ul style="list-style-type: none"> <li>▲ Automotive up low single digits</li> <li>▼ Semiconductor down low single digits</li> <li>▲ e-Commerce &amp; Warehouse Automation up low single digits</li> </ul>	=
 <p>HYBRID</p>	~40%	Up low single digits	<ul style="list-style-type: none"> <li>▲ Food &amp; Beverage up low single digits</li> <li>▲ Life Sciences up low single digits</li> <li>▼ Tire down low single digits</li> </ul>	=
 <p>PROCESS</p>	~35%	Up low single digits	<ul style="list-style-type: none"> <li>▲ Oil &amp; Gas up high single digits</li> <li>▲ Mining up low single digits</li> <li>▲ Chemicals up low single digits</li> </ul>	=

Note: Organic sales growth rates depicted above exclude the impact of acquisitions and currency. Arrows reflect positive/negative directional growth vs prior year.

Note: Guidance as of January 31, 2024; Prior Guidance as of November 2, 2023



# Industry Segmentation

% of FY23 Sales



## DISCRETE

~25%  
of sales

- ~10% Automotive
- ~5% Semiconductor
- ~5% e-Commerce & Warehouse Automation
- ~5% General Industries
  - ▶ Printing & Publishing
  - ▶ Marine
  - ▶ Glass
  - ▶ Fiber & Textiles
  - ▶ Airports
  - ▶ Aerospace
  - ▶ Other Discrete



## HYBRID

~40%  
of sales

- ~20% Food & Beverage
- ~5% Life Sciences
- ~5% Household & Personal Care
- ~5% Tire
- ~5% Eco Industrial
  - ▶ Water / Wastewater
  - ▶ Waste Management
  - ▶ Mass Transit
  - ▶ Renewable Energy



## PROCESS

~35%  
of sales

- ~10% Oil & Gas
- ~5% Mining
- ~5% Metals
- ~5% Chemicals
- ~5% Pulp & Paper
- ~5% Other Process

# Q1 FY24 Results: Summary

(\$ in millions, except per share amounts)

	<b>Three Months Ended</b>	
	<b>Q1 2024</b>	<b>Q1 2023</b>
Total Sales	\$ 2,052.1	\$ 1,981.0
Total segment operating earnings	\$ 355.5	\$ 401.0
Purchase accounting depreciation and amortization	(35.6)	(26.0)
Corporate and other	(40.0)	(27.3)
Non-operating pension and postretirement credit	4.9	12.4
Change in fair value of investments <sup>(1)</sup>	3.1	140.6
Interest expense, net	(28.3)	(32.8)
Income tax provision	(46.9)	(89.2)
Net income	\$ 212.7	\$ 378.7
Net loss attributable to noncontrolling interests	(2.5)	(5.3)
Net income attributable to Rockwell Automation	\$ 215.2	\$ 384.0
<u>Adjustments</u>		
Non-operating pension and postretirement benefit credit, net of tax	\$ (3.9)	\$ (9.6)
Purchase accounting depreciation and amortization attributable to Rockwell Automation, net of tax	27.2	17.4
Change in fair value of investments, net of tax <sup>(1)</sup>	(2.5)	(106.5)
Adjusted income	\$ 236.0	\$ 285.3
Adjusted EPS	\$ 2.04	\$ 2.46
Average Diluted Shares	115.2	115.5

<sup>(1)</sup> Amount in the three months ended December 31, 2022, primarily relates to the change in fair value of our previous investment in PTC.

# Reconciliation to Non-GAAP Measures

## Free Cash Flow

(\$ in millions)

	Three Months Ended	
	Q1 2024	Q1 2023
Net Income	\$ 212.7	\$ 378.7
Depreciation/Amortization	76.9	57.8
Change in Fair Value of Investments <sup>(1)</sup>	(3.1)	(140.6)
Retirement Benefits Expense (Income)	4.5	(1.7)
Receivables/Inventory/Payables	52.4	(237.7)
Compensation and Benefits	(243.4)	(40.2)
Pension Contributions	(5.9)	(7.0)
Income Taxes	1.6	73.1
Other	(63.1)	(16.1)
Cash Flow From Operations	32.6	66.3
Capital Expenditures	(67.9)	(24.2)
Free Cash Flow	\$ (35.3)	\$ 42.1
Adjusted Income	\$ 236.0	\$ 285.3
Free Cash Flow Conversion	(15)%	15 %

<sup>(1)</sup> Amount in the three months ended December 31, 2022, primarily relates to the change in fair value of our previous investment in PTC.

# Reconciliation to Non-GAAP Measures

## Organic Sales

(\$ in millions)

	Three Months Ended December 31,								
	2023			2022					
	Reported Sales(a)	Less: Effect of Acquisitions(e)	Effect of Changes in Currency(d)	Organic Sales(b)	Reported Sales(c)	Reported Sales Growth (a)/(c)	Less: Effect of Acquisitions (e)/(c)	Effect of Changes in Currency (d)/(c)	Organic Sales Growth (b)/(c)
North America	\$ 1,247.1	\$ 18.8	\$ (0.2)	\$ 1,228.5	\$ 1,178.9	5.8%	1.6%	—%	4.2%
EMEA	388.3	6.3	17.4	364.6	372.8	4.2%	1.7%	4.7%	(2.2)%
Asia Pacific	275.6	2.7	(1.7)	274.6	296.5	(7.0)%	0.9%	(0.5)%	(7.4)%
Latin America	141.1	—	8.9	132.2	132.8	6.2%	—%	6.7%	(0.5)%
Total	\$ 2,052.1	\$ 27.8	\$ 24.4	\$ 1,999.9	\$ 1,981.0	3.6%	1.4%	1.2%	1.0%

	Three Months Ended December 31,								
	2023			2022					
	Reported Sales(a)	Less: Effect of Acquisitions(e)	Effect of Changes in Currency(d)	Organic Sales(b)	Reported Sales(c)	Reported Sales Growth (a)/(c)	Less: Effect of Acquisitions (e)/(c)	Effect of Changes in Currency (d)/(c)	Organic Sales Growth (b)/(c)
Intelligent Devices	\$ 927.3	\$ 21.1	\$ 11.9	\$ 894.3	\$ 936.2	(1.0)%	2.3%	1.2%	(4.5)%
Software & Control	603.6	—	7.5	596.1	573.3	5.3%	—%	1.3%	4.0%
Lifecycle Services	521.2	6.7	5.0	509.5	471.5	10.5%	1.4%	1.0%	8.1%
Total	\$ 2,052.1	\$ 27.8	\$ 24.4	\$ 1,999.9	\$ 1,981.0	3.6%	1.4%	1.2%	1.0%



# Reconciliation to Non-GAAP Measures

## Segment Operating Margin

(\$ in millions)

	Three Months Ended	
	December 31, 2023	December 31, 2022
Sales		
Intelligent Devices (a)	\$ 927.3	\$ 936.2
Software & Control (b)	603.6	573.3
Lifecycle Services (c)	521.2	471.5
Total sales (d)	<u>\$ 2,052.1</u>	<u>\$ 1,981.0</u>
Segment operating earnings		
Intelligent Devices (e)	\$ 150.2	\$ 209.4
Software & Control (f)	151.0	167.3
Lifecycle Services (g)	54.3	24.3
Total segment operating earnings <sup>(1)</sup> (h)	<u>355.5</u>	<u>401.0</u>
Purchase accounting depreciation and amortization	(35.6)	(26.0)
Corporate and other	(40.0)	(27.3)
Non-operating pension and postretirement benefit credit	4.9	12.4
Change in fair value of investments	3.1	140.6
Interest expense, net	<u>(28.3)</u>	<u>(32.8)</u>
Income before income taxes (i)	<u>\$ 259.6</u>	<u>\$ 467.9</u>
Pretax margin (i/d)	12.7 %	23.6 %
Segment operating margin:		
Intelligent Devices (e/a)	16.2 %	22.4 %
Software & Control (f/b)	25.0 %	29.2 %
Lifecycle Services (g/c)	10.4 %	5.2 %
Total segment operating margin <sup>(1)</sup> (h/d)	17.3 %	20.2 %

<sup>(1)</sup>Total segment operating earnings and total segment operating margin are non-GAAP financial measures. We exclude purchase accounting depreciation and amortization, corporate and other, non-operating pension and postretirement credit, change in fair value of investments, interest expense, net, and income tax provision because we do not consider these items to be directly related to the operating performance of our segments. We believe total segment operating earnings and total segment operating margin are useful to investors as measures of operating performance. We use these measures to monitor and evaluate the profitability of our operating segments. Our measures of total segment operating earnings and total segment operating margin may be different from measures used by other companies.

# Reconciliation to Non-GAAP Measures

## Adjusted Income, Adjusted EPS, and Adjusted Effective Tax Rate

(\$ in millions, except per share amounts)

	Three Months Ended	
	December 31, 2023	December 31, 2022
Net income attributable to Rockwell Automation	\$ 215.2	\$ 384.0
Non-operating pension and postretirement benefit credit	(4.9)	(12.4)
Tax effect of non-operating pension and postretirement benefit credit	1.0	2.8
Purchase accounting depreciation and amortization attributable to Rockwell Automation	32.7	23.0
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	(5.5)	(5.6)
Change in fair value of investments <sup>(1)</sup>	(3.1)	(140.6)
Tax effect of change in fair value of investments <sup>(1)</sup>	0.6	34.1
Adjusted income	<u>\$ 236.0</u>	<u>\$ 285.3</u>
Diluted EPS	\$ 1.86	\$ 3.31
Non-operating pension and postretirement benefit credit	(0.04)	(0.10)
Tax effect of non-operating pension and postretirement benefit credit	0.01	0.02
Purchase accounting depreciation and amortization attributable to Rockwell Automation	0.28	0.20
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	(0.05)	(0.05)
Change in fair value of investments <sup>(1)</sup>	(0.03)	(1.22)
Tax effect of change in fair value of investments <sup>(1)</sup>	0.01	0.30
Adjusted EPS	<u>\$ 2.04</u>	<u>\$ 2.46</u>
Effective tax rate	18.1 %	19.1 %
Tax effect of non-operating pension and postretirement benefit credit	(0.1)%	(0.1)%
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	(0.1)%	0.5 %
Tax effect of change in fair value of investments <sup>(1)</sup>	— %	(2.4)%
Adjusted effective tax rate	<u>17.9 %</u>	<u>17.1 %</u>

## Non-operating pension and postretirement benefit credit

(in millions)

	Three Months Ended	
	December 31, 2023	December 31, 2022
Interest cost	\$ 37.2	\$ 39.8
Expected return on plan assets	(42.2)	(51.3)
Amortization of net actuarial loss (gain)	0.1	(0.9)
Non-operating pension and postretirement benefit credit	<u>\$ (4.9)</u>	<u>\$ (12.4)</u>

<sup>(1)</sup> Amount in the three months ended December 31, 2022, primarily relates to the change in fair value of our previous investment in PTC.

# Reconciliation to Non-GAAP Measures

## Fiscal 2024 Guidance

(\$ in billions, except per share amounts)

### Organic Sales

Organic sales growth  
Inorganic sales growth  
Foreign currency impact  
Reported sales growth

### Segment Operating Margin

Total sales (a)  
Total segment operating earnings (b)  
Costs not allocated to segments  
Income before income taxes (c)  
Total segment operating margin (b/a)  
Pretax margin (c/a)

### Adjusted Effective Tax Rate

Effective tax rate  
Tax effect of non-operating pension and postretirement benefit cost  
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation  
Tax effect of change in fair value of investments <sup>(2)</sup>  
Adjusted effective tax rate

### Adjusted EPS

Diluted EPS <sup>(1)</sup>  
Non-operating pension and postretirement benefit credit  
Tax effect of non-operating pension and postretirement benefit credit  
Purchase accounting depreciation and amortization attributable to Rockwell Automation  
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation  
Change in fair value of investments <sup>(2)</sup>  
Tax effect of change in fair value of investments <sup>(2)</sup>  
Adjusted EPS

## Fiscal 2024 Guidance

		(2.0)% - 4.0%
		~ 1.5%
		~ 1.0%
		<u>0.5% - 6.5%</u>
	\$	~ 9.4
		~ 2.0
		~ (0.3)
	\$	~ 1.7
		~ 1.5%
		~ 18.1%
		~ 16.8%
		~ —%
		~ 0.2%
		~ —%
		<u>~ 17.0%</u>
		\$11.24 - \$12.74
		(0.17)
		0.04
		1.15
		(0.24)
		(0.03)
		0.01
		<u>\$12.00 - \$13.50</u>

(1) Fiscal 2024 guidance based on adjusted income attributable to Rockwell, which includes an adjustment for SLB's non-controlling interest in Sensia.

(2) The actual year-to-date adjustments are used for guidance, as estimates of these adjustments on a forward-looking basis are not available due to variability, complexity, and limited visibility of these items.

Note: Guidance as of January 31, 2024

# Reconciliation to Non-GAAP Measures

## Free Cash Flow Conversion

(\$ in billions)

Net income attributable to Rockwell Automation at the mid-point

Non-operating pension and postretirement benefit cost, net of tax

Purchase accounting depreciation and amortization attributable to Rockwell Automation, net of tax

Change in fair value of investments, net of tax <sup>(1)</sup>

Adjusted income at the mid-point (a)

Cash provided by operating activities

Capital expenditures

Free cash flow (b)

Free cash flow conversion (b/a)

### Fiscal 2024 Guidance

\$ ~ 1.4

~ —

~ 0.1

~ —

\$ ~ 1.5

\$ ~ 1.7

~ (0.2)

\$ ~ 1.5

~ 100%

<sup>(1)</sup>The actual year-to-date adjustments are used for guidance, as estimates of these adjustments on a forward-looking basis are not available due to variability, complexity, and limited visibility of these items.

Note: Guidance as of January 31, 2024

# Performance Metric Definition

## ***Organic ARR***

Annual recurring revenue (ARR) is a key metric that enables measurement of progress in growing our recurring revenue business. It represents the annual contract value of all active recurring revenue contracts at any point in time. Recurring revenue is defined as a revenue stream that is contractual, typically for a period of 12 months or more, and has a high probability of renewal. The probability of renewal is based on historical renewal experience of the individual revenue streams, or management's best estimates if historical renewal experience is not available. Organic ARR growth is calculated as the dollar change in ARR, adjusted to exclude the effects of currency translation and acquisitions, divided by ARR as of the prior period. The effects of currency translation are excluded by calculating Organic ARR on a constant currency basis. When we acquire businesses, we exclude the effect of ARR in the current period for which there was no comparable ARR in the prior period. We believe that Organic ARR provides useful information to investors because it reflects our recurring revenue performance period over period without the effect of acquisitions and changes in currency exchange rates. Organic ARR growth is also used as a financial measure of performance for our annual incentive compensation. Our measure of ARR may be different from measures used by other companies. Because ARR is based on annual contract value, it does not represent revenue recognized during a particular reporting period or revenue to be recognized in future reporting periods and is not intended to be a substitute for revenue, contract liabilities, or backlog.

## ***Total ARR***

Total ARR growth is calculated as the dollar change in ARR, adjusted to exclude the effects of currency. The effects of currency translation are excluded by calculating Total ARR on a constant currency basis. Total ARR includes acquisitions even if there was no comparable ARR in the prior period. We believe that Total ARR provides useful information to investors because it reflects our recurring revenue performance period over period including the effect of acquisitions.

## ***Book to bill***

Book to bill is a key metric that provides an indication on the level of demand. Book to bill represents the growth or decline in backlog in the Lifecycle Services segment. A book to bill greater than one indicates a growing backlog while a book to bill less than one indicates a declining backlog. Book to bill is calculated as net orders divided by sales for a specified period. We believe that book to bill provides useful information to investors about the strength of our Lifecycle Services segment backlog. Our measure of book to bill may be different from measures used by other companies.



Thank you



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expanding human possibility<sup>®</sup>