



Fiscal Year 2020 Second Quarter Conference Call

April 28, 2020



PUBLIC

Safe Harbor Statement

THIS PRESENTATION INCLUDES GUIDANCE AND OTHER 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, MANY OF WHICH ARE BEYOND OUR CONTROL, INCLUDING THE SEVERITY AND DURATION OF THE IMPACTS OF THE COVID-19 PANDEMIC AND EFFORTS TO MANAGE IT ON THE GLOBAL ECONOMY, LIQUIDITY AND FINANCIAL MARKETS, DEMAND FOR OUR HARDWARE AND SOFTWARE PRODUCTS, SOLUTIONS AND SERVICES, OUR SUPPLY CHAIN, OUR WORK FORCE, OUR LIQUIDITY AND THE VALUE OF THE ASSETS WE OWN, AS WELL AS THOSE RISKS AND UNCERTAINTIES 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.

Priorities in Response to COVID-19 Impact

Employees

- Support well-being of employees and communities
- Early initiation of our business continuity plans
- Successfully implemented social distancing and remote work at unprecedented scale

Customers

- Laser focused on helping customers manage through the crisis
- Digital technologies used to support customers remotely
- Additional support provided to scale up and pivot existing manufacturing infrastructure to produce critical products

Q2 FY20 Results Highlights

Solid Adjusted EPS and Free Cash Flow growth

- Reported sales up 1.5% YOY
 - Inorganic investments contributed 3%
- Organic sales flat YOY, in line with expectations
 - Logix up 8%, driven by North American Auto and Food & Beverage
 - Strong growth in Independent Cart Technology and Network Infrastructure
 - Information Solutions & Connected Services (IS/CS) down slightly
 - Difficult YOY comparison; built strong backlog
 - Still expect \$400 million of organic sales for the year
- Adjusted EPS of \$2.43; up 19% YOY
- Free Cash Flow up ~90% YOY

Organic Industry Segment Performance

	% of Q2 FY20 Sales	Q2 FY20 vs. Q2 FY19	Q2 FY20 vs. Q2 FY19
 Discrete	~ 25%	Up high single digits	<ul style="list-style-type: none"> ▲ Automotive up double digits ▲ Semiconductor up double digits
 Hybrid	~ 40%	Flat	<ul style="list-style-type: none"> ▲ Food & Beverage up low single digits ▼ Life Sciences down mid single digits ▼ Tire down high single digits
 Process	~ 35%	Down mid single digits	<ul style="list-style-type: none"> ▼ O&G down mid single digits ▼ Mining/Aggregate/Cement down mid single digits ▼ Chemicals down high single digits

Note: Organic growth rates depicted above exclude the impact of acquisitions and currency

Q2 FY20 Organic Sales Growth

North America

+1.4%

EMEA
(1.9)%

Asia Pacific
(6.4)%

Latin America
+2.7%



Highlights *

- North America results driven by strength in Automotive and weakness in Oil & Gas
- EMEA down, but saw growth in Automotive, Food & Beverage, Life Sciences, and Semiconductors
- Asia Pacific grew excluding China and was led by EV battery
- Latin America growth due to strong Oil & Gas, partially offset by Chemicals and Household & Personal Care
- Emerging markets declined mid single digits, with steepest decline in China

* All growth comments refer to organic growth

How We Are Navigating The Current Environment

Our focus remains on helping our customers and employees

- Employee safety is our first priority
- Helping customers provide critical goods in the fight against COVID-19
- Addressing supply chain and operational challenges
- Taking actions to better align costs with expected sales
- Preserving strong financial position and liquidity
- Maintaining capital deployment priorities
- Delivering more value than ever to support customers in new environment

Inorganic Investments Highlights

- Information Solutions / Connected Services
- Process Expertise
- Market access in Europe / Asia



- Leading provider of Industrial PCs, Human Machine Interface (HMI) hardware and software, remote access capabilities, and secure Industrial IoT gateway solutions
- Significantly expands our EMEA market presence with locations in Italy and Germany
- Well-positioned to accelerate growth with OEM customers
- Industrial Computing Center of Excellence

KALYPSO



- Software delivery and consulting firm specializing in the digital transformation of industrial companies
- Specific expertise in Consumer and Life Sciences
- Augments our design-to-manufacturing digital thread capabilities
- Leverages our open, agnostic approach with best of breed enterprise software providers

Note: These two pending acquisitions are expected to close within the next few weeks.

FY20 Full Year Outlook Highlights

Revising guidance as a result of rapid deterioration in macro environment

- Organic sales down (8)% YOY at the guidance midpoint
 - Expect ~20% decline in Q3 YOY with a sequential improvement in Q4
 - IS/CS expected to benefit from strong backlog built in Q2
- Inorganic investments expected to contribute 4.0% - 4.5% to sales growth
- Adjusted EPS of \$7.30 at the midpoint
- Free Cash Flow conversion over 100%

Note: Guidance as of April 28, 2020

Organic Industry Segment Outlook

	FY20 vs FY19	FY20 Assumptions at Guidance Midpoint
 Discrete	Down high single digits	<ul style="list-style-type: none">↓ Automotive down double digits (2nd half down ~35%)↑ Semiconductor up mid single digits
 Hybrid	Down mid single digits	<ul style="list-style-type: none">↓ Food & Beverage down low single digits➔ Life Sciences flat↓ Tire down double digits
 Process	Down double digits	<ul style="list-style-type: none">↓ Oil & Gas down double digits (2nd half down ~30%)↓ Mining/Aggregate/Cement down mid single digit↓ Chemicals down high single digits

Note: Organic growth rates depicted above exclude the impact of acquisitions and currency

Q2 FY20 Key Financial Information

(\$ in millions, except per share amounts)

	Q2 FY20	Q2 FY19	YOY B/(W)	
SALES	\$1,681	\$1,657	Organic Growth	(0.2)%
			Inorganic Growth	+3.2%
			Currency Translation	(1.5)%
			Reported Growth	+1.5%
SEGMENT OPERATING MARGIN	22.1%	21.3%		80 bps
GENERAL CORPORATE - NET	\$18	\$27		\$9
ADJUSTED EPS	\$2.43	\$2.04		19%
ADJUSTED EFFECTIVE TAX RATE	12.4%	18.6%		6.2 pts
FREE CASH FLOW	\$198	\$105		\$93

Q2 FY20 Segment Results

SALES
(\$ in millions)

SEGMENT OPERATING MARGIN

HIGHLIGHTS

ARCHITECTURE & SOFTWARE

\$757.1

30.7%

Organic	+4.0%
Inorganic	+0.1%
Currency	<u>(1.7)%</u>
Reported	+2.4%

+230 bps

- Strong Logix performance
- Segment operating margin YOY increase mainly due to ~200 bps tailwind from lower incentive compensation expense, partially offset by a ~100 bps currency headwind

CONTROL PRODUCTS & SOLUTIONS

\$924.2

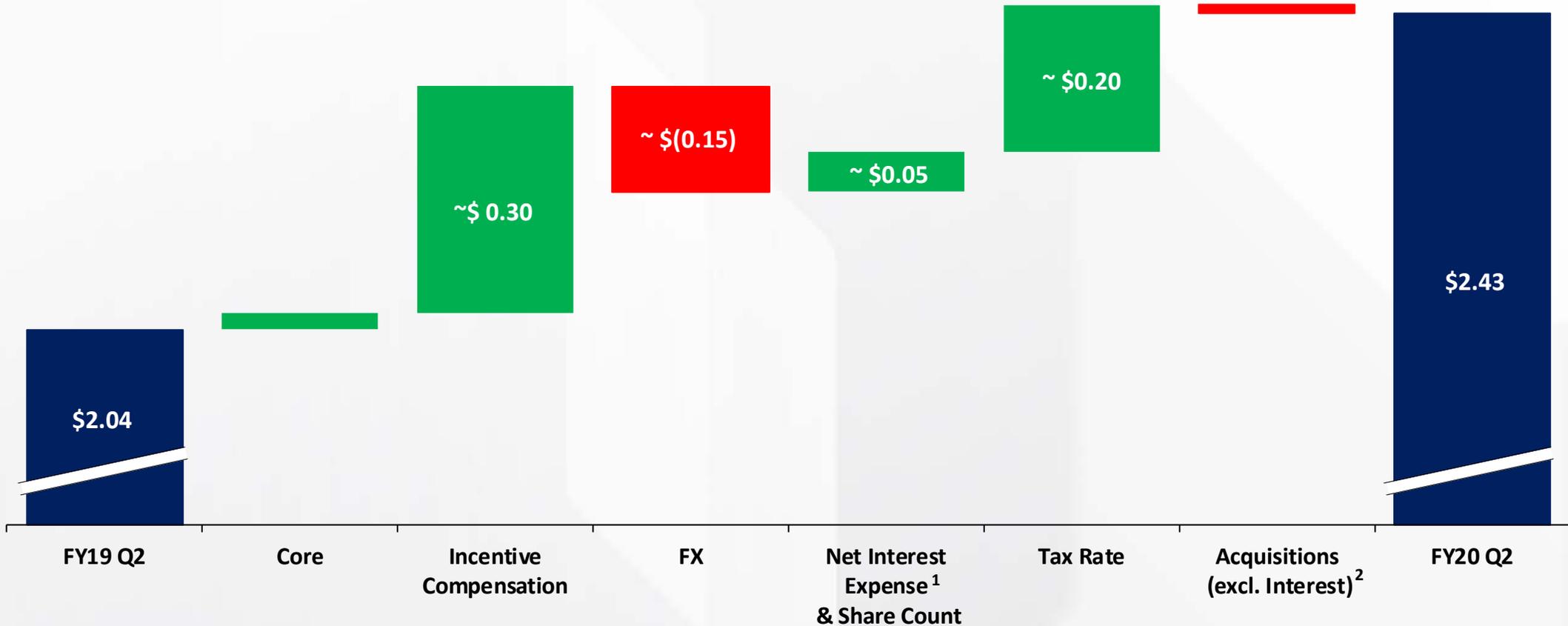
15.0%

Organic	(3.6)%
Inorganic	+5.8%
Currency	<u>(1.5)%</u>
Reported	+0.7%

(70) bps

- Increase in project delays starting in March
- Segment operating margin down YOY, with a 250 bps tailwind from lower incentive compensation expense, offset by lower organic sales, currency, and acquisitions

Q2 FY19 to Q2 FY20 Adjusted EPS Walk



¹ Includes net interest expense related to Sensia.

² Sensia within acquisitions consists of the incremental operating earnings, intangible amortization, transaction fees, setup costs, and non-controlling interest adjustments related to Schlumberger's ownership in Sensia.

Strong Balance Sheet and Liquidity

Debt Structure

- Total debt of \$2.1B at March 31
 - \$82M of short-term debt, primarily commercial paper borrowings
 - \$2.0B of long-term debt (next maturity is 2025)
 - \$400M term loan executed in April
-

Current Liquidity Position

- Cash on balance sheet in excess of \$1.0 billion, including term loan proceeds
 - We have access to the commercial paper market to fund daily operations
 - Existing \$1.25B credit facility remains available, if needed
-

Financial Covenants

- Under our credit facility and term loan agreements, we must maintain an EBITDA / Interest Expense ratio of at least 3.0x
 - There is ample room under this covenant (at 13.9x as of March 31st)
-

Cash Flow Levers

- Adjusting inventory levels to align with expected demand
- Deferring non-essential capital expenditures
- Expect to take advantage of tax payment extension opportunities

Supply Chain and Operations Update

Supply Chain

- Proactively increased inventory levels of selected components and finished goods
- Isolated supply and cross-border transit disruptions
- Implementing freight surcharges to help mitigate impact of higher air freight costs

Operations

- Enhanced our global safety and hygiene processes to keep our employees safe
- ROK is an essential business to support critical infrastructure
- Global manufacturing facilities and distribution centers are operating

Solutions & Services

- Thousands of domain experts delivering and supporting customer applications
- Increased use of technology enables remote capabilities
- Limited access to certain customer locations for on-site commissioning and support
 - Project Final Acceptance Test delays and temporary labor inefficiencies

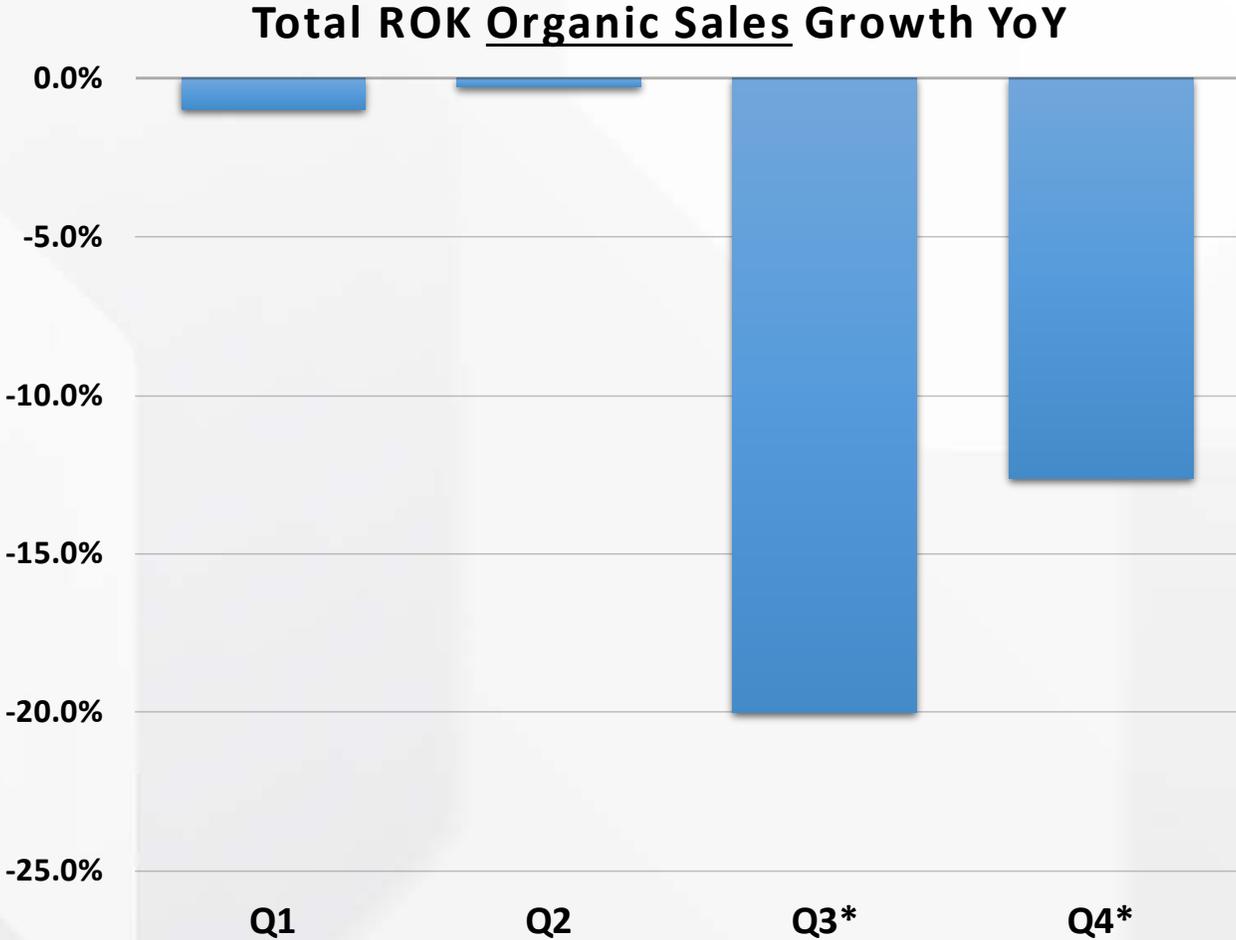
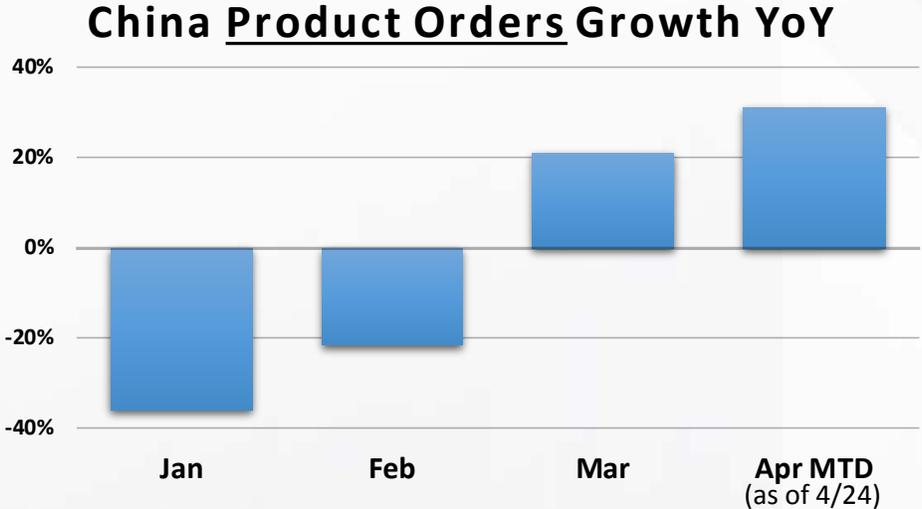
Overview of Cost Actions

Aligning our cost structure with current and anticipated market conditions

- Anticipate no payout for incentive compensation plans
- Cost structure changes:
 - Eliminating all discretionary spend
 - Delays of non-critical investments
 - Contract labor adjustments
 - Deferral of non-essential expenditures
- Temporary cost actions effective May 1:
 - Salary reductions
 - Temporary suspension of 401(k) match
- Evaluating additional cost actions to implement, if needed

These actions are expected to generate >\$150M in FY20 savings

FY20 Order and Revenue Trends and Estimates



*FY20 Q3 and Q4 YOY growth rate estimates at the midpoint of April 28, 2020 guidance.

FY20 Guidance

	January Guidance	April Guidance
Sales Midpoint	~ \$7.0B	~ \$6.35B
Organic Growth Range	(1.5)% - 1.5%	(9.5)% - (6.5)%
Inorganic Growth	~ 4%	4.0% - 4.5%
Currency Translation	~ (0.5)%	~ (1)%
Segment Operating Margin	~ 21.5%	18.5% - 19.5%
Adjusted Effective Tax Rate¹	~ 15.5%	~ 13%
Adjusted EPS²	\$8.70 - \$9.10	\$6.90 - \$7.70
Free Cash Flow as a % of Adjusted Income	~ 100%	>100%

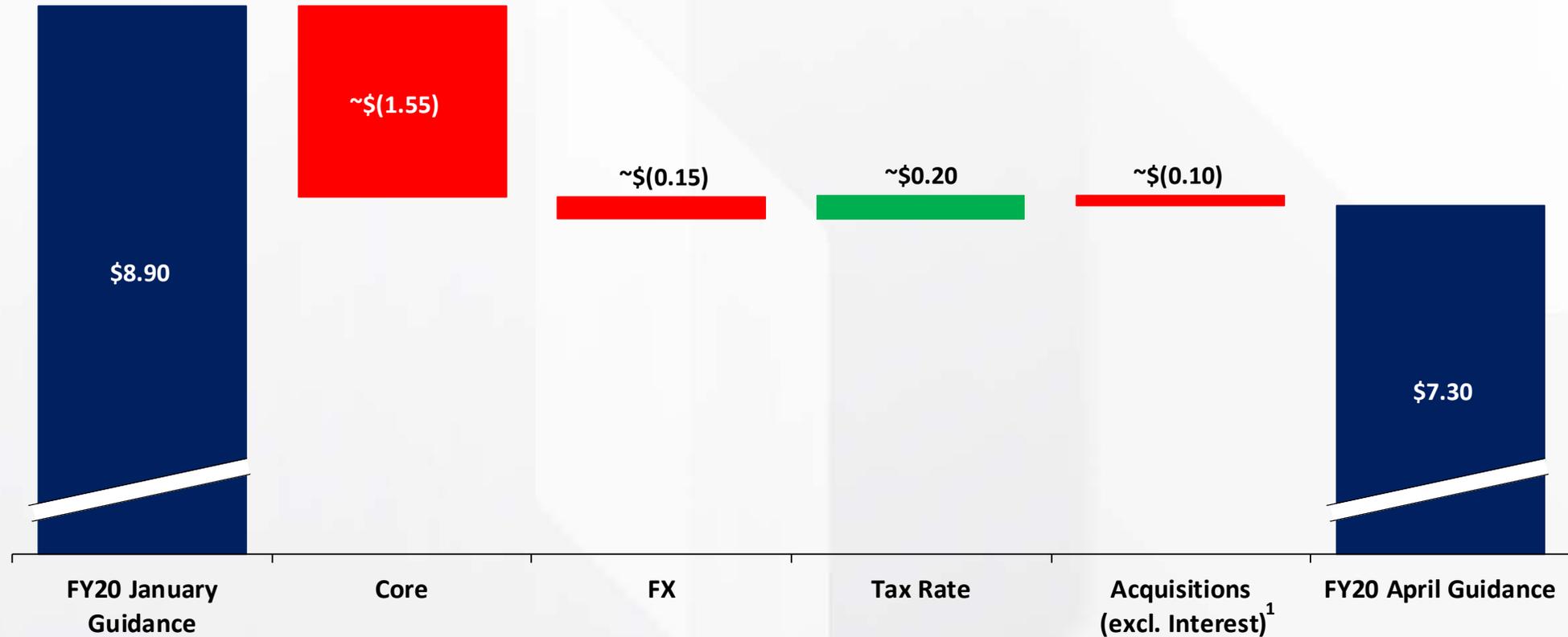
Note: As of April 28, 2020

¹ Includes the impact of a tax benefit recognized upon the formation of the Sensia joint venture on October 1, 2019.

² Based on Adjusted Income, which excludes Schlumberger's non-controlling interest in Sensia.

FY20 January Guidance to April Guidance Adjusted EPS Walk

At the midpoint of guidance



¹ Sensia within acquisitions consists of the incremental operating earnings, intangible amortization, transaction fees, setup costs, a tax benefit recognizable upon formation of the joint venture on October 1, 2019, and non-controlling interest adjustments related to Schlumberger's ownership in Sensia.

Note: Guidance as of April 28, 2020



**Rockwell
Automation**

Appendix

Supplemental Financial Information and
Reconciliations to Non-GAAP Measures

Q2 FY20 Results: Summary

(\$ in millions, except per share amounts)

	<u>Q2 2020</u>	<u>Q2 2019</u>
Total Sales	\$ 1,681.3	\$ 1,657.2
Total Segment Operating Earnings	\$ 371.5	\$ 353.8
Purchase Accounting Depreciation and Amortization	(9.5)	(4.3)
General Corporate - Net	(17.7)	(26.7)
Non-operating pension and postretirement benefit (cost) credit	(8.6)	2.6
Change in fair value of investments ¹	(144.8)	98.2
Interest (expense) income, net	(23.5)	(21.2)
Income tax provision	(37.5)	(56.4)
Net income	\$ 129.9	\$ 346.0
Net (loss) income attributable to noncontrolling interests	(2.3)	—
Net income attributable to Rockwell Automation	<u>\$ 132.2</u>	<u>\$ 346.0</u>
<u>Adjustments</u>		
Non-operating pension and postretirement benefit cost (credit), net of tax	6.2	(2.2)
Change in fair value of investments ¹	144.8	(98.2)
Tax effect of change in fair value of investments ¹	—	—
Adjusted Income	<u>\$ 283.2</u>	<u>\$ 245.6</u>
Adjusted EPS	<u>\$ 2.43</u>	<u>\$ 2.04</u>
Average Diluted Shares	<u>116.6</u>	<u>120.0</u>

¹In the three ended March 31, 2020, Change in fair value of investments included a \$144.8 million loss due to the change in value of our investment in PTC. In the three months ended March 31, 2019, change in fair value of investments included a \$98.2 million gain due to the change in value of our investment in PTC.

Free Cash Flow

(\$ in millions)	<u>Q2 2020</u>	<u>Q2 2019</u>
Net Income	\$ 130	\$ 346
Depreciation/Amortization	42	39
Retirement Benefits Expense	32	17
Receivables/Inventory/Payables	(12)	(50)
Compensation and Benefits	(61)	(5)
Pension Contributions	(10)	(9)
Income Taxes	(62)	(79)
Change in fair value of investments ¹	145	(98)
Other	13	(17)
Cash Flow From Operations	217	144
Capital Expenditures	(19)	(39)
Free Cash Flow	<u>\$ 198</u>	<u>\$ 105</u>
Adjusted Income	\$ 283	\$ 246
Free Cash Flow as a % of Adjusted Income	70%	43%

¹In the three months ended March 31, 2020, Change in fair value of investments included a \$144.8 million loss due to the change in value of our investment in PTC. In the three months ended March 31, 2019, change in fair value of investments included a \$98.2 million gain due to the change in value of our investment in PTC.

Industry Segmentation

% of FY19 Sales

Discrete

- ~10% Automotive
- ~5% Semiconductor
- ~5% General Industries
 - Warehousing & Logistics
 - Printing & Publishing
 - Marine
 - Glass
 - Fiber & Textiles
 - Airports
 - Aerospace
- ~10% Other Discrete

Total Discrete Industries ~25% of sales

Hybrid

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

Total Hybrid Industries ~40% of sales

Process

- ~10% Oil & Gas
- ~5% Mining, Aggregates & Cement
- ~5% Metals
- ~5% Chemicals
- ~5% Pulp & Paper
- ~5% Other Process
 - Traditional Power
 - Other Process

Total Process Industries ~35% of sales

Reconciliation to Non-GAAP Measures

Organic Sales

(\$ in millions)

	Three Months Ended March 31,					Reported Sales Growth (Decline) (a)/(c)	Acquisition Growth (Decline) (e)/(c)	Currency Growth (Decline) (d)/(c)	Organic Growth (Decline) (b)/(c)
	2020		2019						
	Sales(a)	Effect of Acquisitions(e) ¹	Effect of Changes in Currency(d)	Organic Sales(b)	Sales(c)				
North America	\$ 1,022.1	\$ (22.0)	\$ 0.6	\$ 1,000.7	\$ 987.1	3.5%	2.2%	(0.1)%	1.4%
EMEA	333.6	(19.3)	10.4	324.7	331.1	0.8%	5.8%	(3.1)%	(1.9)%
Asia Pacific	200.8	(6.1)	6.3	201.0	214.7	(6.5)%	2.8%	(2.9)%	(6.4)%
Latin America	124.8	(6.4)	9.3	127.7	124.3	0.4%	5.1%	(7.4)%	2.7%
Total	\$ 1,681.3	\$ (53.8)	\$ 26.6	\$ 1,654.1	\$ 1,657.2	1.5%	3.2%	(1.5)%	(0.2)%

	Three Months Ended March 31,					Reported Sales Growth (Decline) (a)/(c)	Acquisition Growth (Decline) (e)/(c)	Currency Growth (Decline) (d)/(c)	Organic Growth (Decline) (b)/(c)
	2020		2019						
	Sales(a)	Effect of Acquisitions(e)	Effect of Changes in Currency(d)	Organic Sales(b)	Sales(c)				
Architecture & Software	\$ 757.1	\$ (0.4)	\$ 12.5	\$ 769.2	\$ 739.7	2.4%	0.1%	(1.7)%	4.0%
Control Products & Solutions	924.2	(53.4) ¹	14.1	884.9	917.5	0.7%	5.8%	(1.5)%	(3.6)%
Total	\$ 1,681.3	\$ (53.8)	\$ 26.6	\$ 1,654.1	\$ 1,657.2	1.5%	3.2%	(1.5)%	(0.2)%

¹Includes incremental sales resulting from the formation of the Sensia joint venture.

Reconciliation to Non-GAAP Measures

Segment Operating Margin

(\$ in millions)

	Three Months Ended	
	March 31, 2020	March 31, 2019
Sales		
Architecture & Software (a)	\$ 757.1	\$ 739.7
Control Products & Solutions (b)	924.2	917.5
Total sales (c)	<u>\$ 1,681.3</u>	<u>\$ 1,657.2</u>
Segment operating earnings		
Architecture & Software (d)	\$ 232.8	\$ 209.9
Control Products & Solutions (e)	138.7	143.9
Total segment operating earnings ¹ (f)	<u>371.5</u>	<u>353.8</u>
Purchase accounting depreciation and amortization	(9.5)	(4.3)
General corporate - net	(17.7)	(26.7)
Non-operating pension and postretirement benefit (cost) credit	(8.6)	2.6
Change in fair value of investments	(144.8)	98.2
Interest (expense) income, net	(23.5)	(21.2)
Income before income taxes (g)	<u>\$ 167.4</u>	<u>\$ 402.4</u>
Segment operating margin:		
Architecture & Software (d/a)	30.7%	28.4%
Control Products & Solutions (e/b)	15.0%	15.7%
Total segment operating margin ¹ (f/c)	22.1%	21.3%
Pretax margin (g/c)	10.0%	24.3%

¹Total segment operating earnings and total segment operating margin are non-GAAP financial measures. We exclude purchase accounting depreciation and amortization, general corporate – net, non-operating pension and postretirement benefit (cost) credit, gains and losses on investments, valuation adjustments related to the registration of PTC Shares, gains and losses from the disposition of businesses, interest (expense) income, net and income tax provision because we do not consider these costs 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	
	March 31, 2020	March 31, 2019
Net Income attributable to Rockwell Automation	\$ 132.2	\$ 346.0
Non-operating pension and postretirement benefit cost (credit)	8.6	(2.6)
Tax effect of non-operating pension and postretirement benefit cost (credit)	(2.4)	0.4
Change in fair value of investments	144.8	(98.2)
Tax effect of change in fair value of investments	—	—
Adjusted Income	\$ 283.2	\$ 245.6
Diluted EPS	\$ 1.13	\$ 2.88
Non-operating pension and postretirement benefit cost (credit)	0.08	(0.02)
Tax effect of non-operating pension and postretirement benefit cost (credit)	(0.02)	—
Change in fair value of investments	1.24	(0.82)
Tax effect of change in fair value of investments	—	—
Adjusted EPS	\$ 2.43	\$ 2.04
Effective Tax Rate	22.4%	14.0%
Tax effect of non-operating pension and postretirement benefit cost (credit)	0.2%	0.1%
Tax effect of change in fair value of investments	(10.2)%	4.5%
Adjusted Effective Tax Rate	12.4%	18.6%

Non-operating pension and postretirement benefit cost (credit)

(in millions)

	Three Months Ended	
	March 31, 2020	March 31, 2019
Interest cost	\$ 34.5	\$ 40.1
Expected return on plan assets	(61.2)	(61.2)
Amortization of prior service credit	(1.0)	(1.0)
Amortization of net actuarial loss	37.1	19.7
Settlements	(0.7)	(0.2)
Non-operating pension and postretirement benefit cost (credit)	\$ 8.7	\$ (2.6)

Reconciliation to Non-GAAP Measures

Return On Invested Capital

(\$ in millions)

	Twelve Months Ended	
	March 31,	
	2020	2019
(a) Return		
Net income	\$ 714.8	\$ 970.8
Interest expense	105.7	80.1
Income tax provision	165.0	285.8
Purchase accounting depreciation and amortization	27.7	16.9
Return	<u>1,013.2</u>	<u>1,353.6</u>
(b) Average invested capital		
Short-term debt	260.9	358.1
Long-term debt	1,950.6	1,370.0
Shareowners' equity	974.3	1,523.9
Accumulated amortization of goodwill and intangibles	898.1	875.1
Cash and cash equivalents	(831.0)	(881.0)
Short-term and long-term investments	(79.8)	(480.8)
Average invested capital	<u>3,173.1</u>	<u>2,765.3</u>
(c) Effective tax rate		
Income tax provision ¹	165.0	238.7
Income before income taxes	\$ 879.8	\$ 1,256.6
Effective tax rate	<u>18.8%</u>	<u>19.0%</u>
(a) / (b) * (1-c) Return On Invested Capital	<u>25.9%</u>	<u>39.6%</u>

¹The income tax provision used to calculate the effective tax rate is adjusted to remove amounts associated with the enactment of the Tax Act. For the twelve months ended March 31, 2020 and March 31, 2019, these adjustments were zero and \$47.1 million, respectively.

Reconciliation to Non-GAAP Measures

Logix Sales Growth

	Three Months Ended March 31, 2020
<u>Logix</u>	
Logix reported growth	6 %
Effect of currency translation	2 %
Logix organic growth	<u>8 %</u>

Control Products & Solutions Sales Growth

	Three Months Ended March 31, 2020
<u>Control Products</u>	
Control Products reported growth	(4) %
Effect of currency translation	1 %
Effect of inorganic investments	— %
Control Products organic growth	<u>(3) %</u>
<u>Solutions & Services</u>	
Solutions & Services reported growth	4 %
Effect of currency translation	2 %
Effect of inorganic investments	(10) %
Solutions & Services organic growth	<u>(4) %</u>

Reconciliation to Non-GAAP Measures

Fiscal 2020 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 Rate¹

Effective tax rate
Tax effect of non-operating pension and postretirement benefit cost
Tax effect of change in fair value of investments³
Adjusted Effective Tax Rate

Adjusted EPS²

Diluted EPS
Non-operating pension and postretirement benefit cost
Tax effect of non-operating pension and postretirement benefit cost
Change in fair value of investments³
Adjusted EPS

Fiscal 2020 Guidance

(9.5)% - (6.5)%
4.0% - 4.5%
~ (1)%
(6.5)% - (3.0)%

\$ ~ 6.4

~ 1.2

~ 0.2

\$ ~ 1.0

18.5% - 19.5% %

~ 15.5 %

~ 13.5 %

~ 0.5 %

~ (1.0) %

~ 13.0 %

\$6.05 - \$6.85

0.30

(0.08)

0.63

\$6.90 - \$7.70

¹ Includes the impact of a tax benefit recognized upon the formation of the Sensia joint venture on October 1, 2019. This tax benefit is expected to reduce the full year Effective tax rate and the Adjusted Effective Tax Rate by approximately 150 basis points.

² Based on Adjusted Income, which excludes Schlumberger's non-controlling interest in Sensia.

³ The actual year-to-date adjustments, which are based on PTC's share price at March 31, 2020, 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.



Thank you



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