



**Rockwell
Automation**

expanding human possibility[®]

Q4 Fiscal 2022 Earnings Presentation

November 2, 2022



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.



Q4 FY22 Results Highlights

- Orders continued to outpace shipments
- Reported sales up 17.6% YOY; Organic sales up 20.5% YOY
 - Price contributed ~4.5 pts to growth, Volume contributed ~16 pts to growth
 - Acquisitions contributed 1.9%
 - Currency reduced sales (4.8)%
- Information Solutions & Connected Services (IS/CS) orders and sales up double digits YOY
- Annual Recurring Revenue (ARR) up 14% YOY
- Segment operating margin of 23.3%, up 540 bps
- Adjusted EPS of \$3.04; up 30% YOY
- Announced acquisition of CUBIC that closed October 31st, 2022

Good execution delivered a strong finish to fiscal year



Q4 FY22 Organic Industry Segment Performance

	% of Q4 FY22 Sales	Q4 FY22 vs. Q4 FY21	Q4 FY22 vs. Q4 FY21
 <p>Discrete</p>	~25%	Up ~20%	<ul style="list-style-type: none"> ▲ Automotive up ~25% ▲ Semiconductor up ~30% ▲ e-Commerce & Warehouse Automation up high single digits
 <p>Hybrid</p>	~ 45%	Up ~25%	<ul style="list-style-type: none"> ▲ Food & Beverage up ~20% ▲ Life Sciences up over 35% ▲ Tire up ~20%
 <p>Process</p>	~ 30%	Up mid teens	<ul style="list-style-type: none"> ▲ Oil & Gas up high single digits ▲ Mining up low single digits ▲ Chemicals up ~30%

Note: Organic sales growth rates depicted above exclude the impact of acquisitions and currency. Arrows reflect positive/negative directional growth vs prior year. Results primarily impacted by component availability versus underlying demand.

Q4 and Full Year FY22 Organic Sales Growth

North America

Q4: +20.1%

FY: +10.7%

EMEA

Q4: +24.1%

FY: +11.8%

Asia Pacific

Q4: +17.8%

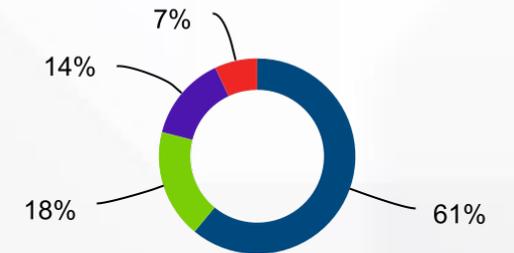
FY: +10.8%

Latin America

Q4: +20.0%

FY: 15.8%

% of FY22 Sales



Double-digit growth across all regions

Orders, Sales & Backlog

Record backlog and supply chain stabilization set the stage for strong FY2023



*Net of Cancellations

Full Year FY22 Highlights

- Record orders over \$10B, up over 20% YOY
- Reported sales up 10.9% YOY; Organic sales up 11.3% YOY
 - Acquisitions contributed 2.3%
 - Currency reduced sales (2.7)%
- IS/CS over \$800M of revenue; IS/CS up strong double digits
- ARR up 14% YOY; ARR over 8% of total revenue
- Adjusted EPS of \$9.49; up 1% YOY
 - Up 11% YOY excluding tax rate and prior year one-time net benefits
- Free Cash Flow of \$682M; 61% conversion
 - Higher working capital impacted conversion

We are accelerating profitable growth in a challenging environment

Full Year FY23 Outlook Highlights

- Total sales growth of ~9.5% YOY at the guidance midpoint
- Organic sales growth of 11% YOY at the guidance midpoint
 - Price to contribute ~4 pts, Volume to contribute ~7 pts
- Acquisitions expected to contribute ~1 pt of growth
- Currency expected to reduce sales by ~(2.5) pts
- ARR to grow ~15% YOY
- Segment margin projected to be ~20.5%, up 60 bps YOY
- Adjusted EPS of \$10.60 at the midpoint, up ~12% YOY
- Free Cash Flow generation over \$1.1B, conversion of ~95%

Note: Guidance as of November 2, 2022

Supply chain stabilization and a more resilient operating model position us well for the future

Q4 FY22 Key Financial Information

(\$ in millions, except per share amounts)

	Q4 2022	Q4 2021	YOY B/(W)
SALES	\$2,126	\$1,808	Organic Growth +20.5 % Inorganic Growth +1.9 % Currency Translation (4.8) % Reported Growth <u>+17.6 %</u>
SEGMENT OPERATING MARGIN	23.3%	17.9%	540 bps
CORPORATE AND OTHER	\$35	\$33	\$(2)
ADJUSTED EPS	\$3.04	\$2.33	30%
ADJUSTED EFFECTIVE TAX RATE	17.8%	(3.1)%	(20.9) pts
FREE CASH FLOW	\$359	\$160	\$199

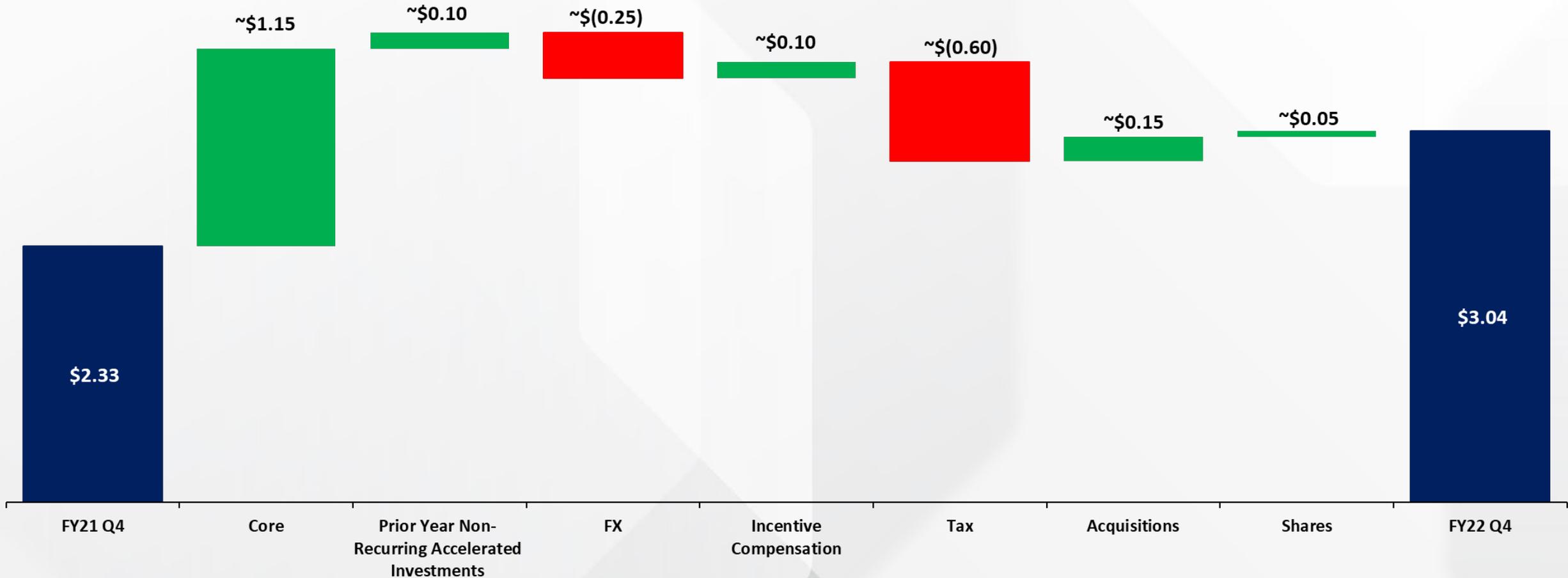


Q4 FY22 Segment Results

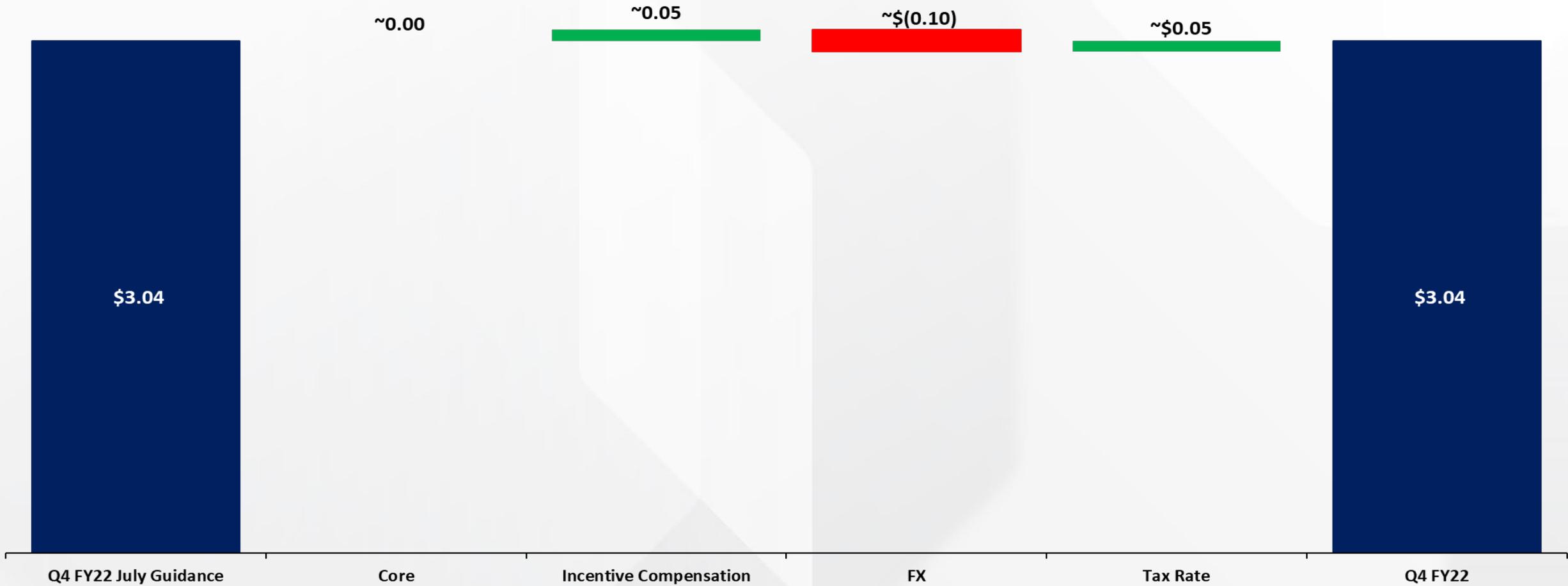
	SALES (\$ in millions; YOY growth %)		SEGMENT OPERATING MARGIN	SEGMENT HIGHLIGHTS
Intelligent Devices	\$957M	Organic +16.3 %	22.3% +290 bps YOY	<ul style="list-style-type: none"> Higher segment margin YOY driven by higher sales and positive price/cost, partially offset by unfavorable currency impact
		Inorganic — %		
		Currency (4.6)%		
		Reported +11.7 %		
Software & Control	\$657M	Organic +32.2 %	34.5% +1030 bps YOY	<ul style="list-style-type: none"> Higher segment margin YOY driven by higher sales and positive price/cost, partially offset by unfavorable currency impact
		Inorganic +6.1 %		
		Currency (5.3)%		
		Reported +33.0 %		
Lifecycle Services	\$512M	Organic +15.8 %	10.7% +260 bps YOY	<ul style="list-style-type: none"> Higher segment margin YOY driven by higher sales Book-to-bill of 1.02
		Inorganic +0.9 %		
		Currency (4.6)%		
		Reported +12.1 %		



Q4 FY21 to Q4 FY22 Adjusted EPS Walk



Q4 FY22 Guidance Midpoint to Q4 FY22 Adjusted EPS Walk



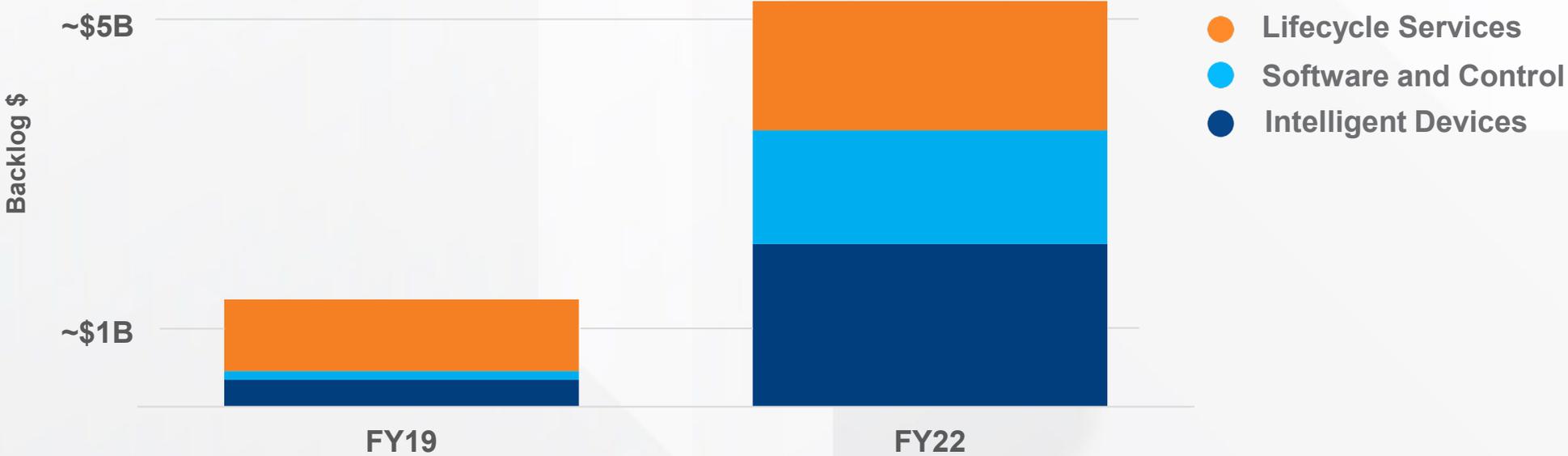
Full Year FY22 Key Financial Information

(in millions, except per share amounts)

	2022	2021	YOY B/(W)	
SALES	\$7,760	\$6,997	Organic Growth	+11.3 %
			Inorganic Growth	+2.3 %
			Currency Translation	(2.7) %
			Reported Growth	+10.9 %
SEGMENT OPERATING MARGIN	19.9%	19.9%		0 bps
CORPORATE AND OTHER	\$105	\$121		\$16
ADJUSTED EPS	\$9.49	\$9.43		1%
ADJUSTED EFFECTIVE TAX RATE	16.0%	11.6%		(4.4) pts
FREE CASH FLOW	\$682	\$1,141		\$(459)
ROIC	15.2%	30.7%		(15.5) pts



Backlog by Segment



Record backlog includes benefits of higher pricing



Fiscal Year 23 Guidance

	Full Year Outlook
Sales Midpoint	~ \$8.5B
Organic Growth Range	9% - 13%
Inorganic Growth ⁽¹⁾	~ 1%
Currency Translation	~ (2.5)%
Segment Operating Margin	~ 20.5%
Adjusted Effective Tax Rate	~ 18.0%
Adjusted EPS	\$10.20 - \$11.00
Free Cash Flow as a % of Adjusted Income	~ 95%
Note: As of November 2, 2022	

(1) Includes estimated impact of CUBIC acquisition in fiscal year 2023.

FY23 Tailwinds/Headwinds

TAILWINDS

SALES

- Record high backlog entering FY23
- Low cancellation rate
- Cumulative benefit of multiple price increases
- Resiliency from product redesign and capacity expansion
- ~1% of inorganic growth from CUBIC

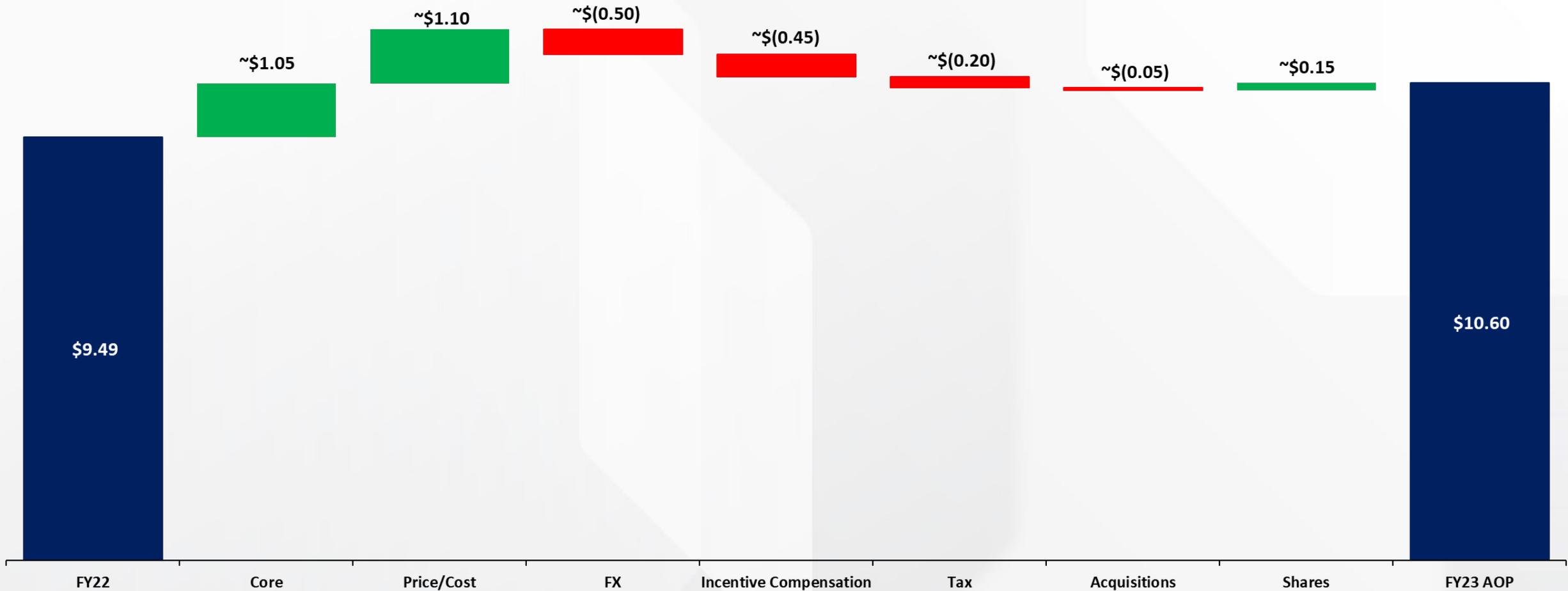
ADJUSTED EPS

- Increasing price realization
- Higher sales and volume leverage
- Lower pension expense due to higher discount rates
- Shareowner returns through share repurchases

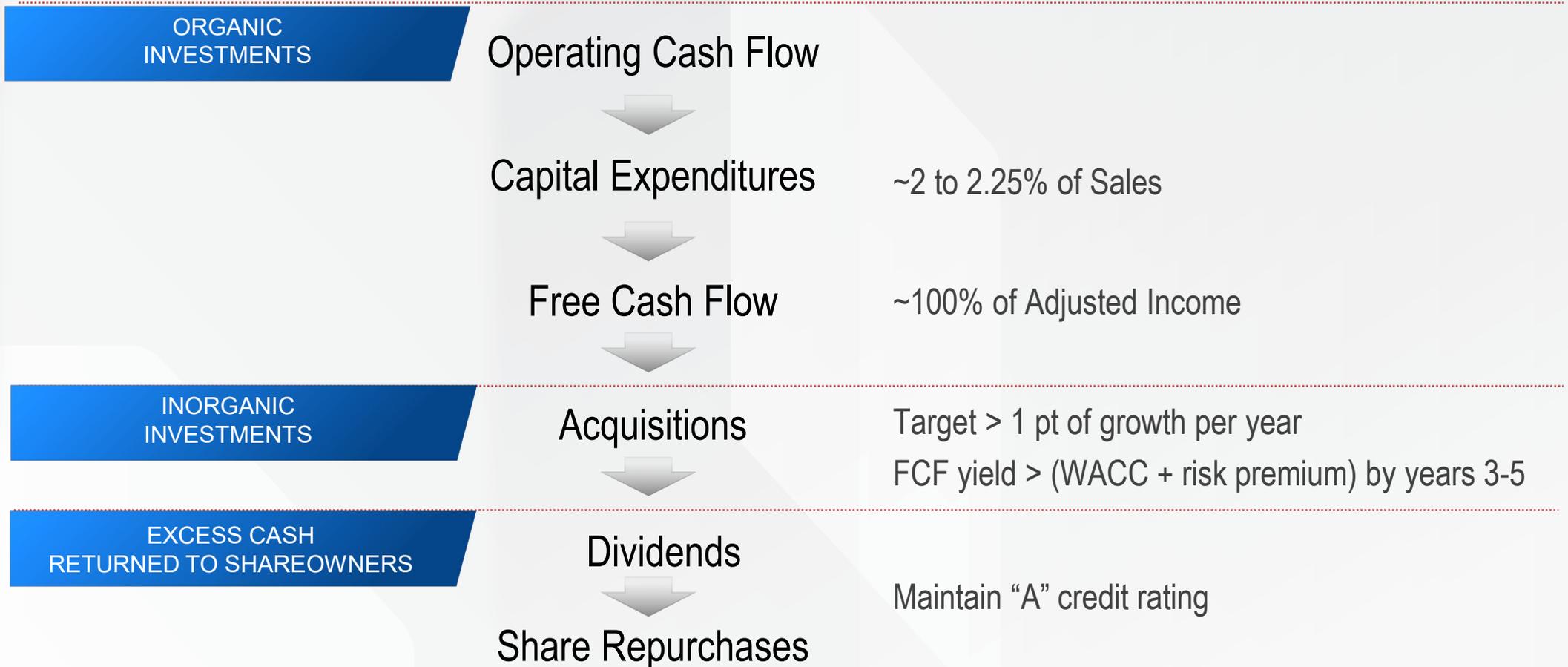
HEADWINDS

- Supply chain volatility
- Macroeconomic environment
- Foreign currency rate impact
- Increased investments in talent and growth
- Higher input costs
- Foreign currency rate impact on margins
- Unfavorable mix
- Higher effective tax rate

FY22 Actuals to FY23 Guidance Adjusted EPS Walk



Capital Deployment Framework





Automation Fair[®]



SAVE THE DATE • INVESTOR DAY

NOV 15 & 16 • CHICAGO, ILLINOIS



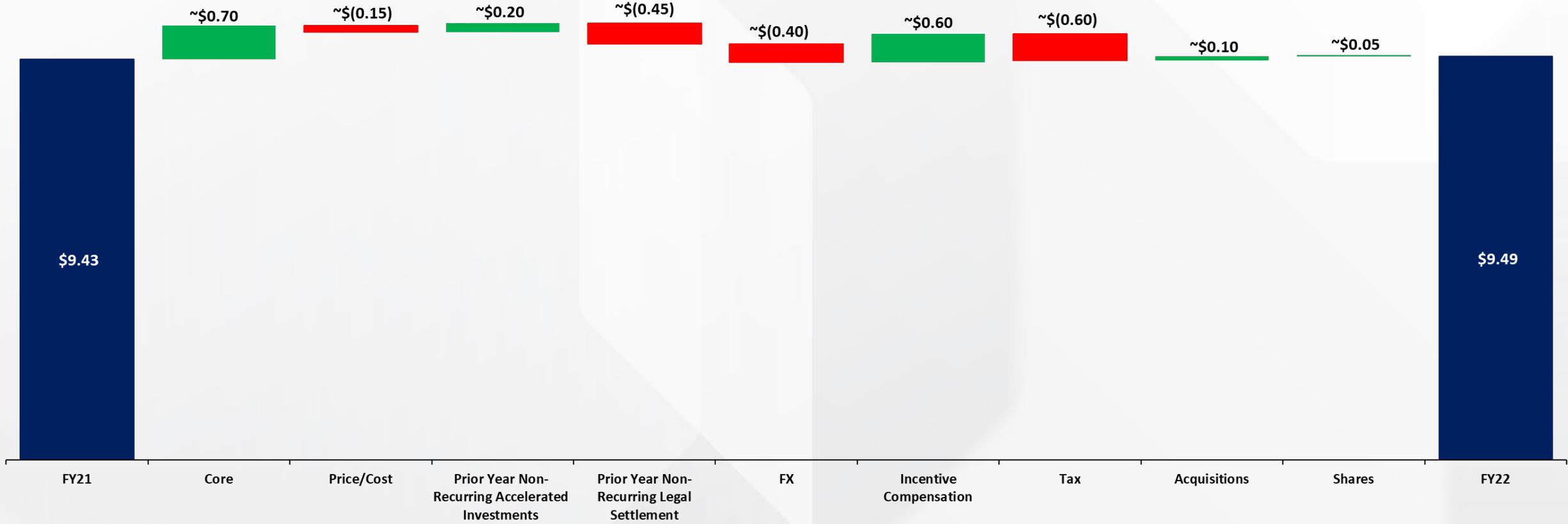
APPENDIX

FY22 Organic Industry Segment Performance

	% of FY22 Sales	FY22 vs. FY21	FY22 vs FY21
 <p>Discrete</p>	~25%	Up high single digits	<ul style="list-style-type: none"> ▲ Automotive up high single digits ▲ Semiconductor up ~15% ▲ e-Commerce & Warehouse Automation up mid single digits
 <p>Hybrid</p>	~ 40%	Up low teens	<ul style="list-style-type: none"> ▲ Food & Beverage up ~10% ▲ Life Sciences up ~20% ▲ Tire up high teens
 <p>Process</p>	~ 35%	Up low teens	<ul style="list-style-type: none"> ▲ Oil & Gas up ~15% ▲ Mining up low single digits ▲ Chemicals up ~15%

Note: Organic sales growth rates depicted above exclude the impact of acquisitions and currency. Arrows reflect positive/negative directional growth vs prior year. Results primarily impacted by component availability versus underlying demand.

FY21 to FY22 Adjusted EPS Walk



FY23 Organic Industry Segment Outlook

	% of FY22 Sales	FY23 vs. FY22	Assumptions at Guidance Midpoint
 <p>Discrete</p>	~25%	Up ~10%	<ul style="list-style-type: none"> ▲ Automotive up low teens ▲ Semiconductor up mid teens ▲ e-Commerce & Warehouse Automation up low teens
 <p>Hybrid</p>	~ 40%	Up ~10%	<ul style="list-style-type: none"> ▲ Food & Beverage up ~10% ▲ Life Sciences up low teens ▲ Tire up ~10%
 <p>Process</p>	~ 35%	Up low teens	<ul style="list-style-type: none"> ▲ Oil & Gas up low teens ▲ Mining up low teens ▲ Chemicals up ~10%

Note: Organic sales growth rates depicted above exclude the impact of acquisitions and currency. Arrows reflect positive/negative directional growth vs prior year. Results primarily impacted by component availability versus underlying demand.

Industry Segmentation

% of FY22 Sales

Discrete

- ~10% Automotive
- ~5% Semiconductor
- ~5% e-Commerce & Warehouse Automation
- ~5% General Industries
 - Printing & Publishing
 - Marine
 - Glass
 - Fiber & Textiles
 - Airports
 - Aerospace
 - 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
 - Waste Management
 - Mass Transit
 - Renewable Energy

Total Hybrid Industries ~40% of sales

Process

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

Total Process Industries ~35% of sales

Q4 FY22 Results: Summary

(in millions, except per share amounts)

	<u>Q4 2022</u>	<u>Q4 2021</u>
Total Sales	<u>\$ 2,126.3</u>	<u>\$ 1,807.8</u>
Total Segment Operating Earnings	\$ 494.9	\$ 323.2
Purchase Accounting Depreciation and Amortization	(25.8)	(17.4)
Corporate and other	(35.1)	(33.0)
Non-operating pension and postretirement benefit credit (cost)	0.3	(15.5)
Change in fair value of investments ¹	1.4	(227.2)
Interest (expense) income, net	(29.9)	(25.8)
Income tax (provision) benefit	(69.8)	70.3
Net income	<u>\$ 336.0</u>	<u>\$ 74.6</u>
Net loss attributable to noncontrolling interests	(2.9)	(3.9)
Net income attributable to Rockwell Automation	<u>\$ 338.9</u>	<u>\$ 78.5</u>
<u>Adjustments</u>		
Non-operating pension and postretirement benefit credit (cost), net of tax	(1.3)	11.7
Purchase accounting amortization, net of tax	17.3	10.9
Change in fair value of investments, net of tax ¹	(1.1)	172.4
Adjusted Income	<u>\$ 353.8</u>	<u>\$ 273.5</u>
Adjusted EPS	<u>\$ 3.04</u>	<u>\$ 2.33</u>
Average Diluted Shares	<u>115.8</u>	<u>117.2</u>

¹Primarily relates to the change in value of our investment in PTC.



Reconciliation to Non-GAAP Measures

Free Cash Flow

(in millions)

	<u>Q4 2022</u>	<u>FY 2022</u>
Net Income	\$ 336.0	\$ 919.1
Depreciation/Amortization	60.7	238.9
Retirement Benefits Expense	14.7	76.4
Receivables/Inventory/Payables	(122.6)	(536.4)
Compensation and Benefits	36.7	(78.2)
Pension Contributions	(30.5)	(53.6)
Income Taxes	39.7	(162.9)
Change in fair value of investments ¹	(1.4)	136.9
Other	66.1	282.9
Cash Flow From Operations	399.4	823.1
Capital Expenditures	(40.8)	(141.1)
Free Cash Flow	<u>\$ 358.6</u>	<u>\$ 682.0</u>
Adjusted Income	\$ 353.8	\$ 1,110.7
Free Cash Flow as a % of Adjusted Income	101 %	61 %

¹Primarily relates to the change in value of our investment in PTC.

Reconciliation to Non-GAAP Measures

Organic Sales

(in millions, except percentages)

	Three Months Ended September 30,								
	2022			2021		Reported Sales Growth (Decline) (a)/(c)	Acquisition Growth (e)/(c)	Currency Growth (Decline) (d)/(c)	Organic Growth (Decline) (b)/(c)
	Reported Sales(a)	Less: Effect of Acquisitions(e)	Effect of Changes in Currency(d)	Organic Sales(b)	Reported Sales(c)				
North America	\$ 1,309.8	\$ 32.0	\$ (5.0)	\$ 1,282.8	\$ 1,068.1	22.6%	3.0%	(0.5)%	20.1%
EMEA	381.4	2.2	(58.9)	438.1	352.9	8.1%	0.6%	(16.6)%	24.1%
Asia Pacific	296.1	—	(20.2)	316.3	268.6	10.2%	—%	(7.6)%	17.8%
Latin America	139.0	0.4	(3.2)	141.8	118.2	17.6%	0.3%	(2.7)%	20.0%
Total	\$ 2,126.3	\$ 34.6	\$ (87.3)	\$ 2,179.0	\$ 1,807.8	17.6%	1.9%	(4.8)%	20.5%

	Twelve Months Ended September 30,								
	2022			2021		Reported Sales Growth (Decline) (a)/(c)	Acquisition Growth (e)/(c)	Currency Growth (Decline) (d)/(c)	Organic Growth (Decline) (b)/(c)
	Reported Sales(a)	Less: Effect of Acquisitions(e)	Effect of Changes in Currency(d)	Organic Sales(b)	Reported Sales(c)				
North America	\$ 4,722.0	\$ 152.0	\$ (6.5)	\$ 4,576.5	\$ 4,132.8	14.3%	3.7%	(0.1)%	10.7%
EMEA	1,437.6	6.8	(140.5)	1,571.3	1,405.7	2.3%	0.5%	(10.0)%	11.8%
Asia Pacific	1,088.0	0.4	(34.4)	1,122.0	1,012.2	7.5%	—%	(3.3)%	10.8%
Latin America	512.8	2.3	(6.6)	517.1	446.7	14.8%	0.5%	(1.5)%	15.8%
Total	\$ 7,760.4	\$ 161.5	\$ (188.0)	\$ 7,786.9	\$ 6,997.4	10.9%	2.3%	(2.7)%	11.3%

Reconciliation to Non-GAAP Measures

Organic Sales

(in millions, except percentages)

	Three Months Ended September 30,								
	2022			2021					
	Reported Sales(a)	Less: Effect of Acquisitions(e)	Effect of Changes in Currency(d)	Organic Sales(b)	Reported Sales(c)	Sales Growth (Decline) (a)/(c)	Acquisition Growth (e)/(c)	Currency Growth (Decline) (d)/(c)	Organic Growth (Decline) (b)/(c)
Intelligent Devices	\$ 957.4	\$ —	\$ (39.7)	\$ 997.1	\$ 857.1	11.7%	—%	(4.6)%	16.3%
Software & Control	657.2	30.3	(26.4)	653.3	494.1	33.0%	6.1%	(5.3)%	32.2%
Lifecycle Services	511.7	4.3	(21.2)	528.6	456.6	12.1%	0.9%	(4.6)%	15.8%
Total	\$ 2,126.3	\$ 34.6	\$ (87.3)	\$ 2,179.0	\$ 1,807.8	17.6%	1.9%	(4.8)%	20.5%

	Twelve Months Ended September 30,								
	2022			2021					
	Reported Sales(a)	Less: Effect of Acquisitions(e)	Effect of Changes in Currency(d)	Organic Sales(b)	Reported Sales(c)	Sales Growth (Decline) (a)/(c)	Acquisition Growth (e)/(c)	Currency Growth (Decline) (d)/(c)	Organic Growth (Decline) (b)/(c)
Intelligent Devices	\$ 3,544.6	\$ —	\$ (89.8)	\$ 3,634.4	\$ 3,311.9	7.0%	—%	(2.7)%	9.7%
Software & Control	2,312.9	150.6	(52.7)	2,215.0	1,947.0	18.8%	7.7%	(2.7)%	13.8%
Lifecycle Services	1,902.9	10.9	(45.5)	1,937.5	1,738.5	9.5%	0.6%	(2.5)%	11.4%
Total	\$ 7,760.4	\$ 161.5	\$ (188.0)	\$ 7,786.9	\$ 6,997.4	10.9%	2.3%	(2.7)%	11.3%

Reconciliation to Non-GAAP Measures

Segment Operating Margin

(in millions, except percentages)

	Three Months Ended		Twelve Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Sales				
Intelligent Devices (a)	\$ 957.4	\$ 857.1	\$ 3,544.6	\$ 3,311.9
Software & Control (b)	657.2	494.1	2,312.9	1,947.0
Lifecycle Services (c)	511.7	456.6	1,902.9	1,738.5
Total sales (d)	<u>\$ 2,126.3</u>	<u>\$ 1,807.8</u>	<u>\$ 7,760.4</u>	<u>\$ 6,997.4</u>
Segment operating earnings				
Intelligent Devices (e)	\$ 213.2	\$ 166.3	\$ 717.6	\$ 702.1
Software & Control (f)	227.0	119.8	666.7	531.0
Lifecycle Services (g)	54.7	37.1	158.3	158.2
Total segment operating earnings ¹ (h)	<u>494.9</u>	<u>323.2</u>	<u>1,542.6</u>	<u>1,391.3</u>
Purchase accounting depreciation and amortization	(25.8)	(17.4)	(103.9)	(55.1)
Corporate and other	(35.1)	(33.0)	(104.7)	(120.6)
Non-operating pension and postretirement benefit credit (cost)	0.3	(15.5)	(4.7)	(63.8)
Legal Settlement	—	—	—	70.0
Change in fair value of investments	1.4	(227.2)	(136.9)	397.4
Interest (expense) income, net	(29.9)	(25.8)	(118.8)	(93.0)
Income before income taxes (i)	<u>\$ 405.8</u>	<u>\$ 4.3</u>	<u>\$ 1,073.6</u>	<u>\$ 1,526.2</u>
Segment operating margin:				
Intelligent Devices (e/a)	22.3 %	19.4 %	20.2 %	21.2 %
Software & Control (f/b)	34.5 %	24.2 %	28.8 %	27.3 %
Lifecycle Services (g/c)	10.7 %	8.1 %	8.3 %	9.1 %
Total segment operating margin (h/d)	23.3 %	17.9 %	19.9 %	19.9 %
Pretax margin (i/d)	19.1 %	0.2 %	13.8 %	21.8 %

⁽¹⁾ 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 benefit credit (cost), change in fair value of investments, the \$70 million legal settlement in fiscal 2021, interest expense, net, and income tax (provision) benefit 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		Twelve Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net Income attributable to Rockwell Automation	\$ 338.9	\$ 78.5	\$ 932.2	\$ 1,358.1
Non-operating pension and postretirement benefit (credit) cost	(0.3)	15.5	4.7	63.8
Tax effect of non-operating pension and postretirement benefit (credit) cost	(1.0)	(3.8)	(1.9)	(16.0)
Change in fair value of investments	(1.4)	227.2	136.9	(397.4)
Tax effect of change in fair value of investments	0.3	(54.8)	(30.8)	64.7
Purchase accounting depreciation and amortization attributable to Rockwell Automation	22.8	14.4	91.9	43.2
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	(5.5)	(3.5)	(22.3)	(10.5)
Adjusted Income	\$ 353.8	\$ 273.5	\$ 1,110.7	\$ 1,105.9
Diluted EPS	\$ 2.91	\$ 0.67	\$ 7.97	\$ 11.58
Non-operating pension and postretirement benefit cost	—	0.13	0.04	0.55
Tax effect of non-operating pension and postretirement benefit cost	(0.01)	(0.03)	(0.02)	(0.14)
Change in fair value of investments	(0.01)	1.94	1.17	(3.39)
Tax effect of change in fair value of investments	—	(0.47)	(0.26)	0.55
Purchase accounting depreciation and amortization attributable to Rockwell Automation	0.20	0.12	0.78	0.37
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	(0.05)	(0.03)	(0.19)	(0.09)
Adjusted EPS	\$ 3.04	\$ 2.33	\$ 9.49	\$ 9.43
Effective Tax Rate	17.2 %	(1,634.9)%	14.4 %	11.9 %
Tax effect of non-operating pension and postretirement benefit (credit) cost	0.3 %	1,299.0 %	0.1 %	0.5 %
Tax effect of change in fair value of investments	— %	331.2 %	0.9 %	(1.2)%
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	0.3 %	1.6 %	0.6 %	0.4 %
Adjusted Effective Tax Rate	17.8 %	(3.1)%	16.0 %	11.6 %

Non-operating pension and postretirement benefit cost

(in millions)

	Three Months Ended		Twelve Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Interest cost	\$ 36.7	\$ 31.6	\$ 136.9	\$ 126.8
Expected return on plan assets	(55.6)	(59.3)	(230.7)	(241.3)
Amortization of prior service credit	(0.4)	(0.9)	(0.2)	(4.0)
Amortization of net actuarial loss	4.6	31.1	60.1	142.5
Settlements	14.4	13.0	38.6	39.8
Non-operating pension and postretirement benefit cost	\$ (0.3)	\$ 15.5	\$ 4.7	\$ 63.8



Reconciliation to Non-GAAP Measures

Return On Invested Capital

(\$ in millions)

	Twelve Months Ended	
	September 30,	
	2022	2021
(a) Return		
Net income	\$ 919.1	\$ 1,344.3
Interest expense	123.2	94.6
Income tax provision	154.5	181.9
Purchase accounting depreciation and amortization	103.9	55.1
Return	<u>1,300.7</u>	<u>1,675.9</u>
(b) Average invested capital		
Short-term debt	665.3	147.0
Long-term debt	3,346.3	2,275.0
Shareowners' equity	2,826.6	2,124.3
Accumulated amortization of goodwill and intangibles	1,012.1	988.5
Cash and cash equivalents	(523.8)	(730.6)
Short-term and long-term investments	(5.3)	(0.6)
Average invested capital	<u>7,321.2</u>	<u>4,803.6</u>
(c) Effective tax rate		
Income tax provision	154.5	181.9
Income from continuing operations before income taxes	\$ 1,073.6	\$ 1,526.2
Effective tax rate	<u>14.4 %</u>	<u>11.9 %</u>
(a) / (b) * (1-c) Return On Invested Capital	<u>15.2 %</u>	<u>30.7 %</u>

Performance Metric Definition

Organic ARR Growth

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. Organic ARR growth is also used as a financial measure of performance for our annual incentive compensation. 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.



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