



**Rockwell
Automation**

expanding human possibility[®]

Q1 Fiscal 2023 Earnings Presentation

January 26, 2023



PUBLIC

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.

Q1 FY23 Results Highlights

- ▶ Demand remained strong; orders and backlog up sequentially
 - ▶ Cancellations flat to prior quarter and remain in low single digits
- ▶ Reported sales up 6.7% YOY; Organic sales up 9.9% YOY
 - ▶ Currency reduced sales (4.0)%
 - ▶ Acquisitions contributed 0.8%
- ▶ Information Solutions & Connected Services (IS/CS) sales up double digits YOY
- ▶ Organic ARR up 14%
- ▶ Segment margin of 20.2%, up 110 bps YOY
- ▶ Adjusted EPS of \$2.46, up 15% YOY

Strong execution and continued customer demand amid a dynamic environment

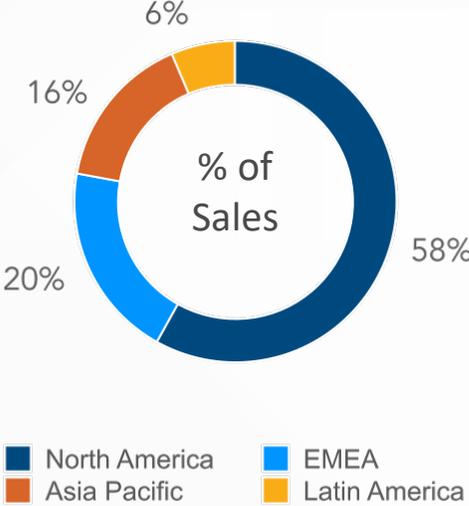
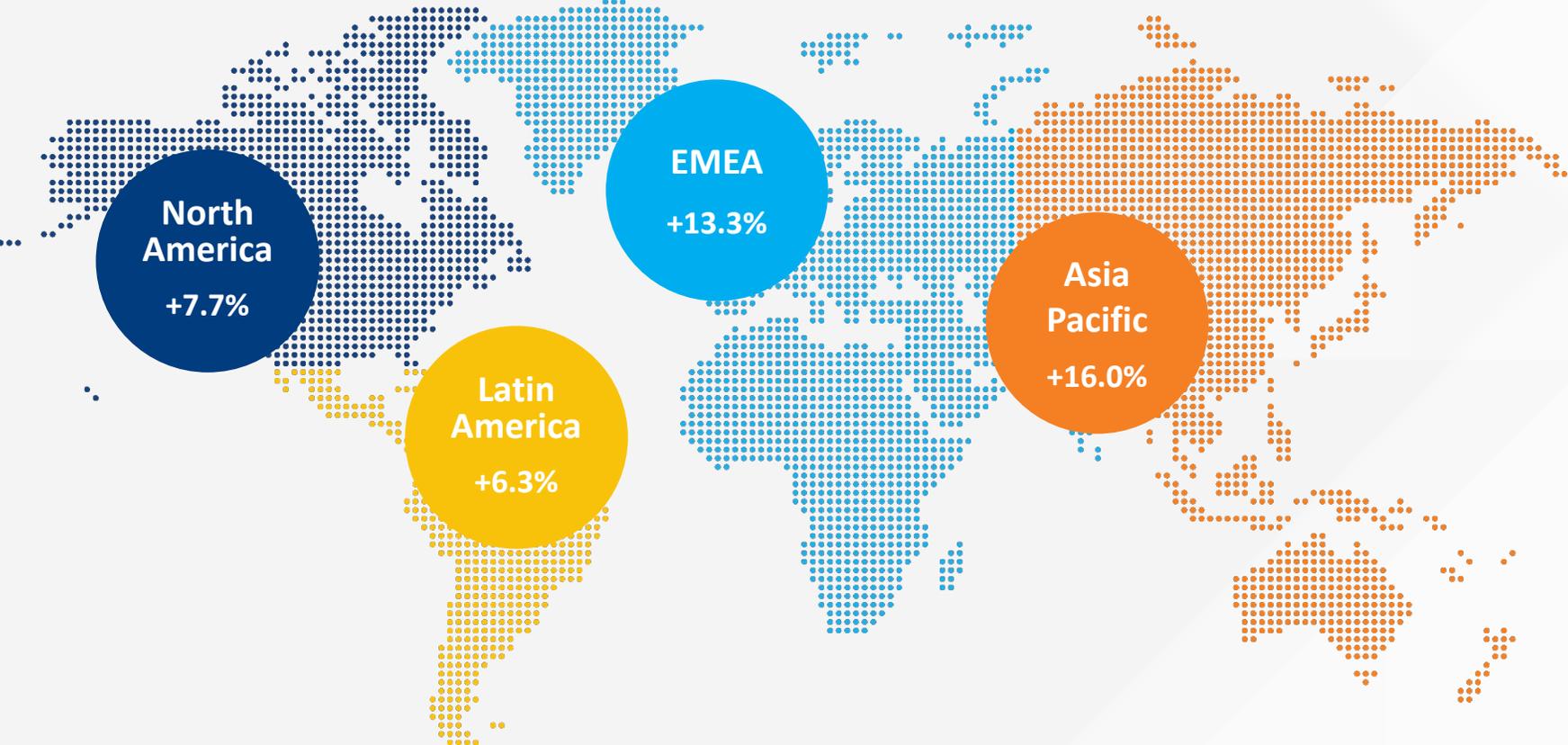
Q1 FY23 Organic Industry Segment Performance

	% of Q1 FY23 Sales	Q1 FY23 vs. Q1 FY22	Q1 FY23 vs. Q1 FY22
 <p>DISCRETE</p>	~25%	Up low teens	<ul style="list-style-type: none"> ▲ Automotive up ~25% ▲ Semiconductor up ~20% ▼ e-Commerce & Warehouse Automation down low teens
 <p>HYBRID</p>	~ 45%	Up low teens	<ul style="list-style-type: none"> ▲ Food & Beverage up ~15% ▲ Life Sciences up mid single digits ▲ Tire up mid single digits
 <p>PROCESS</p>	~ 30%	Up mid single digits	<ul style="list-style-type: none"> ▲ Oil & Gas up mid single digits ▲ Mining up ~10% ▲ Chemicals up low single digits

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.



Q1 FY23 Organic Sales Growth



Strong year-over-year growth in all regions



Full Year Outlook Update

- ▶ Total sales growth range of 10% - 14%; Organic growth range of 11% - 15%
 - ▶ Currency to reduce sales ~(2.0) pts
 - ▶ Acquisitions to contribute ~1.0 pt of growth
- ▶ Information Solutions & Connected Services (IS/CS) sales to grow double digits
- ▶ Organic ARR expected to grow ~15% YOY
- ▶ Expect segment margin of ~21.0%
- ▶ Adjusted EPS range of \$10.70 - \$11.50
- ▶ Expect Free Cash Flow conversion of 95%

Note: Updated Guidance as of January 26, 2023

Strong backlog, improving supply chain, and continued customer demand

FY23 Organic Industry Segment Outlook

	% of FY23 Sales	FY23 vs. FY22	Assumptions at Guidance Midpoint	B/(W) vs Prior Guidance
 <p>DISCRETE</p>	~25%	Up low teens	<ul style="list-style-type: none"> ▲ Automotive up high teens ▲ Semiconductor up mid teens ▲ e-Commerce & Warehouse Automation up low teens 	+
 <p>HYBRID</p>	~40%	Up low teens	<ul style="list-style-type: none"> ▲ Food & Beverage up low teens ▲ Life Sciences up low teens ▲ Tire up strong double digits 	+
 <p>PROCESS</p>	~35%	Up low teens	<ul style="list-style-type: none"> ▲ Oil & Gas up low teens ▲ Mining up mid teens ▲ Chemicals up low teens 	=

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.

Note: Updated Guidance as of January 26, 2023; Prior Guidance as of November 2, 2022



Q1 FY23 Key Financial Information

(\$ in millions, except per share amounts)

	Q1 FY23	Q1 FY22	YOY B/(W)								
Sales	\$1,981	\$1,857	<table border="0"> <tr> <td>Organic Growth</td> <td>+9.9 %</td> </tr> <tr> <td>Inorganic Growth</td> <td>+0.8 %</td> </tr> <tr> <td>Currency Translation</td> <td>(4.0) %</td> </tr> <tr> <td>Reported Growth</td> <td>+6.7 %</td> </tr> </table>	Organic Growth	+9.9 %	Inorganic Growth	+0.8 %	Currency Translation	(4.0) %	Reported Growth	+6.7 %
Organic Growth	+9.9 %										
Inorganic Growth	+0.8 %										
Currency Translation	(4.0) %										
Reported Growth	+6.7 %										
Segment Operating Margin	20.2%	19.1%	110 bps								
Corporate and Other	\$27	\$29	\$2								
Adjusted EPS	\$2.46	\$2.14	15%								
Adjusted Effective Tax Rate	17.1%	15.3%	(1.8) pts								
Free Cash Flow	\$42	\$(49)	\$91								

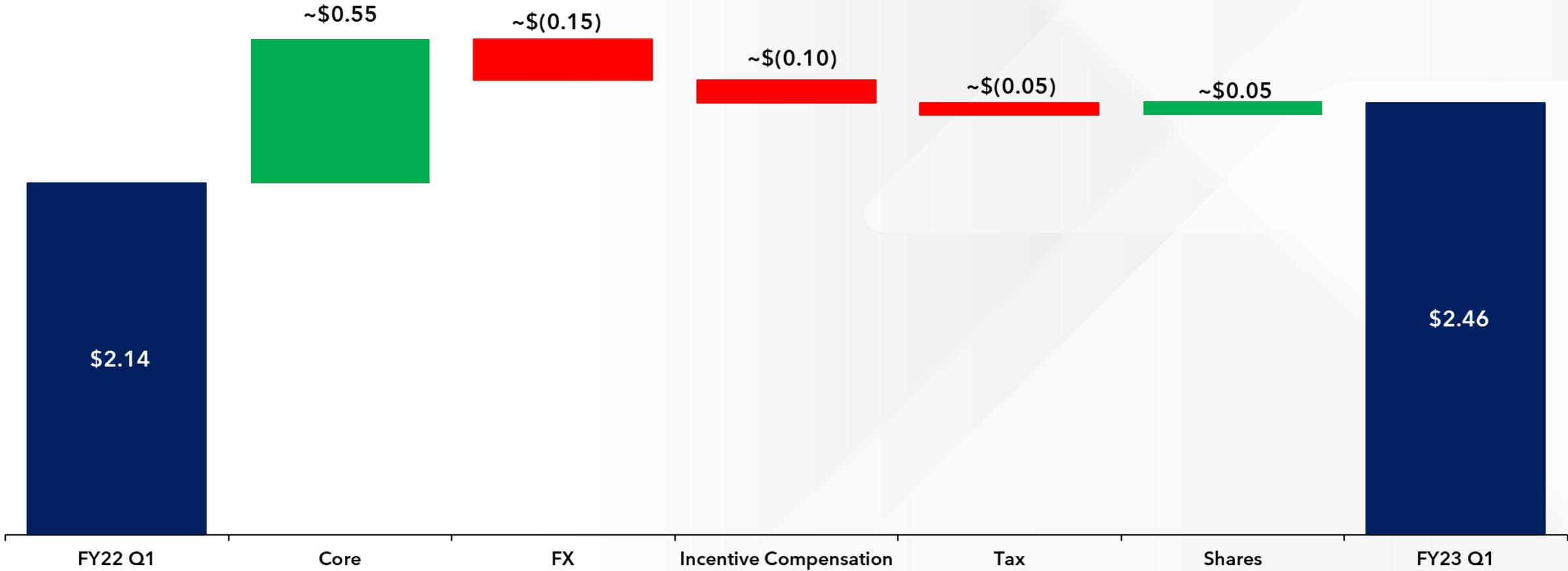


Q1 FY23 Segment Results

	Sales (\$ in millions; YOY growth %)	Segment Operating Margin	Segment Highlights								
Intelligent Devices	<p>\$936M</p> <table border="1"> <tr> <td>Organic</td> <td>+6.6 %</td> </tr> <tr> <td>Inorganic</td> <td>+1.5 %</td> </tr> <tr> <td>Currency</td> <td>(4.1) %</td> </tr> <tr> <td>Reported</td> <td>+4.0 %</td> </tr> </table>	Organic	+6.6 %	Inorganic	+1.5 %	Currency	(4.1) %	Reported	+4.0 %	<p>22.4%</p> <p>(130) bps YOY</p>	<p>Decrease in segment margin from prior year includes higher investment spend, and an unfavorable currency impact, partially offset by the positive impact from higher price/cost</p>
Organic	+6.6 %										
Inorganic	+1.5 %										
Currency	(4.1) %										
Reported	+4.0 %										
Software & Control	<p>\$573M</p> <table border="1"> <tr> <td>Organic</td> <td>+15.5 %</td> </tr> <tr> <td>Inorganic</td> <td>— %</td> </tr> <tr> <td>Currency</td> <td>(3.9) %</td> </tr> <tr> <td>Reported</td> <td>+11.6 %</td> </tr> </table>	Organic	+15.5 %	Inorganic	— %	Currency	(3.9) %	Reported	+11.6 %	<p>29.2%</p> <p>+630 bps YOY</p>	<p>Higher segment margin YOY driven by positive price/cost, the favorable year-over-year impact of Plex, and higher sales</p>
Organic	+15.5 %										
Inorganic	— %										
Currency	(3.9) %										
Reported	+11.6 %										
Lifecycle Services	<p>\$472M</p> <table border="1"> <tr> <td>Organic</td> <td>+10.2 %</td> </tr> <tr> <td>Inorganic</td> <td>+0.4 %</td> </tr> <tr> <td>Currency</td> <td>(4.2) %</td> </tr> <tr> <td>Reported</td> <td>+6.4 %</td> </tr> </table>	Organic	+10.2 %	Inorganic	+0.4 %	Currency	(4.2) %	Reported	+6.4 %	<p>5.2%</p> <p>(30) bps YOY</p>	<p>Segment margin flat YOY</p> <p>Q1 Book-to-bill of 1.21</p>
Organic	+10.2 %										
Inorganic	+0.4 %										
Currency	(4.2) %										
Reported	+6.4 %										



Q1 FY22 to Q1 FY23 Adjusted EPS Walk



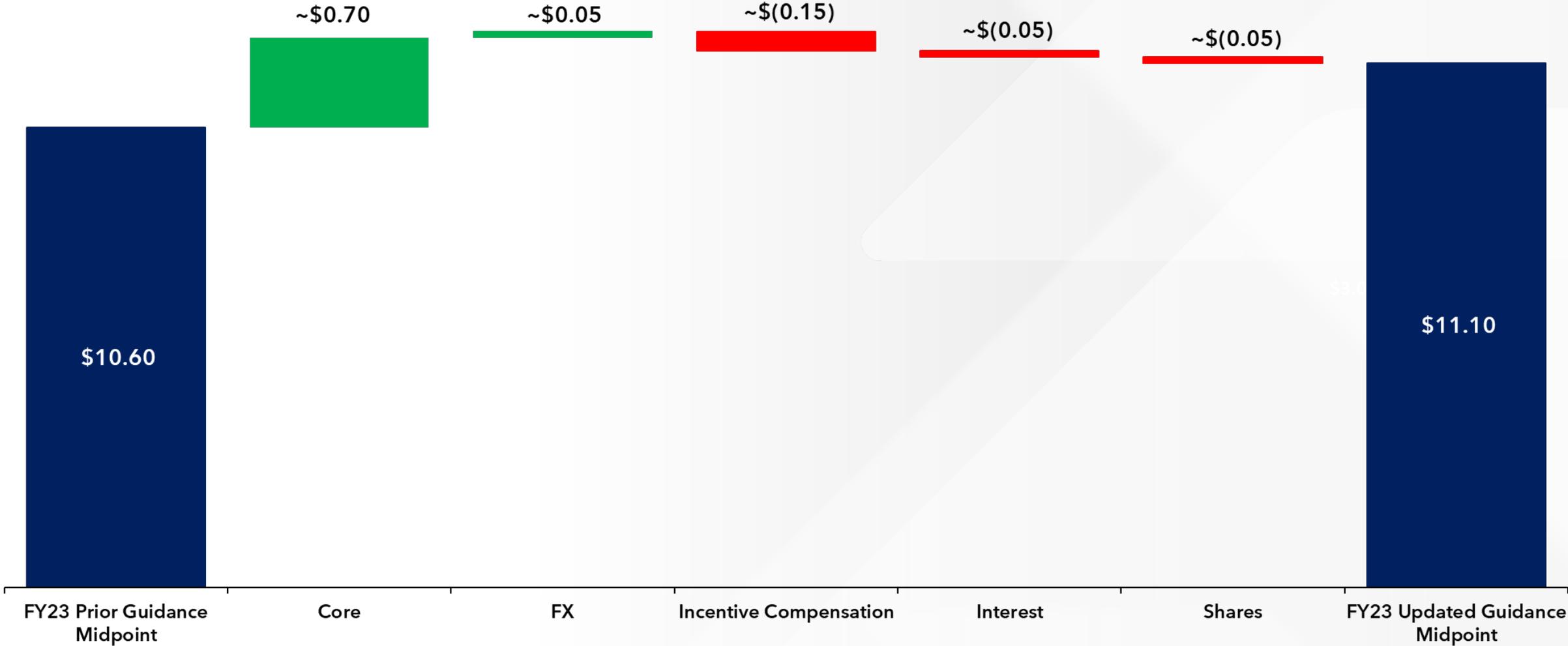
Fiscal Year 2023 Guidance

	Updated Guidance	Prior Guidance
Sales Midpoint	~ \$8.7B	~ \$8.5B
Organic Growth Range	11% - 15%	9% - 13%
Inorganic Growth	~ 1.0%	~ 1.0%
Currency Translation	~ (2.0)%	~ (2.5)%
Segment Operating Margin	~ 21%	~ 20.5%
Adjusted Effective Tax Rate	~ 18%	~ 18%
Adjusted EPS Range	\$10.70 - \$11.50	\$10.20 - \$11.00
Free Cash Flow as a % of Adjusted Income	~ 95%	~ 95%

Note: Updated Guidance as of January 26, 2023; Prior Guidance as of November 2, 2022



FY23 Updated vs Prior Guidance Adjusted EPS Walk



Note: Updated Guidance as of January 26, 2023; Prior Guidance as of November 2, 2022





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Appendix



Industry Segmentation

% of FY22 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 FY23 Results: Summary

(\$ in millions, except per share amounts)

	<u>Q1 2023</u>	<u>Q1 2022</u>
Total Sales	\$ 1,981.0	\$ 1,857.3
Total segment operating earnings	\$ 401.0	\$ 355.1
Purchase accounting depreciation and amortization	(26.0)	(26.1)
Corporate and other	(27.3)	(29.4)
Non-operating pension and postretirement benefit credit	12.4	4.4
Change in fair value of investments ⁽¹⁾	140.6	7.6
Interest expense, net	(32.8)	(29.1)
Income tax provision	(89.2)	(43.6)
Net income	\$ 378.7	\$ 238.9
Net loss attributable to noncontrolling interests	(5.3)	(2.6)
Net income attributable to Rockwell Automation	\$ 384.0	\$ 241.5
<u>Adjustments</u>		
Non-operating pension and postretirement benefit credit, net of tax	(9.6)	(3.6)
Purchase accounting depreciation and amortization attributable to Rockwell Automation, net of tax	17.4	17.5
Change in fair value of investments, net of tax ⁽¹⁾	(106.5)	(4.1)
Adjusted income	\$ 285.3	\$ 251.3
Adjusted EPS	\$ 2.46	\$ 2.14
Average Diluted Shares	115.5	117.3

⁽¹⁾ Primarily relates to the change in fair value of investment in PTC.

Free Cash Flow

(\$ in millions)	Three Months Ended	
	Q1 2023	Q1 2022
Net Income	\$ 378.7	\$ 238.9
Depreciation/Amortization	57.8	58.9
Change in Fair Value of Investments ⁽¹⁾	(140.6)	(7.6)
Retirement Benefits (Income) Expense	(1.7)	16.2
Receivables/Inventory/Payables	(237.7)	(185.7)
Compensation and Benefits	(40.2)	(135.3)
Pension Contributions	(7.0)	(7.5)
Income Taxes	73.1	(37.6)
Other	(16.1)	47.7
Cash Flow From Operations	66.3	(12.0)
Capital Expenditures	(24.2)	(37.1)
Free Cash Flow	\$ 42.1	\$ (49.1)
Adjusted Income	\$ 285.3	\$ 251.3
Free Cash Flow as a % of Adjusted Income	15 %	(20)%

⁽¹⁾ Primarily relates to the change in fair value of investment in PTC.

Reconciliation to Non-GAAP Measures

Organic Sales

(\$ in millions)

	Three Months Ended December 31,								
	2022		2021						
	Reported Sales(a)	Less: Effect of Acquisitions(e)	Effect of Changes in Currency(d)	Organic Sales(b)	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	\$ 1,178.9	\$ 1.2	\$ (8.1)	\$ 1,185.8	\$ 1,100.7	7.1%	0.1%	(0.7)%	7.7%
EMEA	372.8	11.7	(40.9)	402.0	354.7	5.1%	3.3%	(11.5)%	13.3%
Asia Pacific	296.5	2.7	(29.7)	323.5	278.9	6.3%	1.0%	(10.7)%	16.0%
Latin America	132.8	—	2.1	130.7	123.0	8.0%	—%	1.7%	6.3%
Total	\$ 1,981.0	\$ 15.6	\$ (76.6)	\$ 2,042.0	\$ 1,857.3	6.7%	0.8%	(4.0)%	9.9%

Reconciliation to Non-GAAP Measures

Segment Operating Margin

(\$ in millions)

	Three Months Ended	
	December 31, 2022	December 31, 2021
Sales		
Intelligent Devices (a)	\$ 936.2	\$ 900.3
Software & Control (b)	573.3	513.9
Lifecycle Services (c)	471.5	443.1
Total sales (d)	<u>\$ 1,981.0</u>	<u>\$ 1,857.3</u>
Segment operating earnings		
Intelligent Devices (e)	\$ 209.4	\$ 213.0
Software & Control (f)	167.3	117.6
Lifecycle Services (g)	24.3	24.5
Total segment operating earnings ⁽¹⁾ (h)	<u>401.0</u>	<u>355.1</u>
Purchase accounting depreciation and amortization	(26.0)	(26.1)
Corporate and other	(27.3)	(29.4)
Non-operating pension and postretirement benefit credit	12.4	4.4
Change in fair value of investments	140.6	7.6
Interest expense, net	(32.8)	(29.1)
Income before income taxes (i)	<u>\$ 467.9</u>	<u>\$ 282.5</u>
Segment operating margin:		
Intelligent Devices (e/a)	22.4 %	23.7 %
Software & Control (f/b)	29.2 %	22.9 %
Lifecycle Services (g/c)	5.2 %	5.5 %
Total segment operating margin ⁽¹⁾ (h/d)	20.2 %	19.1 %
Pretax margin (i/d)	23.6 %	15.2 %

⁽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, 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, 2022	December 31, 2021
Net income attributable to Rockwell Automation	\$ 384.0	\$ 241.5
Non-operating pension and postretirement benefit credit	(12.4)	(4.4)
Tax effect of non-operating pension and postretirement benefit credit	2.8	0.8
Purchase accounting depreciation and amortization attributable to Rockwell Automation	23.0	23.1
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	(5.6)	(5.6)
Change in fair value of investments ⁽¹⁾	(140.6)	(7.6)
Tax effect of change in fair value of investments ⁽¹⁾	34.1	3.5
Adjusted income	<u>\$ 285.3</u>	<u>\$ 251.3</u>
Diluted EPS	\$ 3.31	\$ 2.05
Non-operating pension and postretirement benefit credit	(0.10)	(0.04)
Tax effect of non-operating pension and postretirement benefit credit	0.02	0.01
Purchase accounting depreciation and amortization attributable to Rockwell Automation	0.20	0.20
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	(0.05)	(0.05)
Change in fair value of investments ⁽¹⁾	(1.22)	(0.06)
Tax effect of change in fair value of investments ⁽¹⁾	0.30	0.03
Adjusted EPS	<u>\$ 2.46</u>	<u>\$ 2.14</u>
Effective tax rate	19.1 %	15.4 %
Tax effect of non-operating pension and postretirement benefit credit	(0.1)%	— %
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	0.5 %	0.8 %
Tax effect of change in fair value of investments ⁽¹⁾	(2.4)%	(0.9)%
Adjusted effective tax rate	<u>17.1 %</u>	<u>15.3 %</u>

Non-operating pension and postretirement benefit credit

(in millions)

	Three Months Ended	
	December 31, 2022	December 31, 2021
Interest cost	\$ 39.8	\$ 32.7
Expected return on plan assets	(51.3)	(59.4)
Amortization of prior service credit	—	(0.2)
Amortization of net actuarial (gain) loss	(0.9)	22.5
Non-operating pension and postretirement benefit credit	<u>\$ (12.4)</u>	<u>\$ (4.4)</u>

⁽¹⁾ Primarily relates to the change in fair value of investment in PTC.



Reconciliation to Non-GAAP Measures

Return On Invested Capital

(\$ in millions)

	Twelve Months Ended	
	December 31,	
	2022	2021
(a) Return		
Net income	\$ 1,058.9	\$ 992.8
Interest expense	127.8	101.6
Income tax provision	200.1	115.2
Purchase accounting depreciation and amortization	103.8	69.5
Return	<u>\$ 1,490.6</u>	<u>\$ 1,279.1</u>
(b) Average invested capital		
Short-term debt	\$ 794.7	\$ 263.3
Long-term debt	3,226.7	2,573.9
Shareowners' equity	2,925.4	2,416.3
Accumulated amortization of goodwill and intangibles	1,017.4	1,007.8
Cash and cash equivalents	(483.3)	(697.7)
Short-term and long-term investments	(7.6)	(0.6)
Average invested capital	<u>\$ 7,473.3</u>	<u>\$ 5,563.0</u>
(c) Effective tax rate		
Income tax provision	200.1	115.2
Income before income taxes	<u>\$ 1,259.0</u>	<u>\$ 1,108.0</u>
Effective tax rate	<u>15.9 %</u>	<u>10.4 %</u>
(a) / (b) * (1-c) Return On Invested Capital	<u><u>16.8 %</u></u>	<u><u>20.6 %</u></u>

Reconciliation to Non-GAAP Measures

Fiscal 2023 Guidance

(\$ in billions, except per share amounts)

Organic Sales

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

Segment Operating Margin

Total sales (a)
Total segment operating earnings (b)
(Income)/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 ⁽¹⁾
Adjusted effective tax rate

Adjusted EPS

Diluted EPS
Non-operating pension and postretirement benefit cost
Tax effect of non-operating pension and postretirement benefit cost
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 ⁽¹⁾
Tax effect of change in fair value of investments ⁽¹⁾
Adjusted EPS

Fiscal 2023 Guidance

10% - 14%
~ 1.0%
~ (2.0)%

11% - 15%

\$ ~ 8.7

~ 1.8

~ 0.2

\$ ~ 1.6

~ 21%

~ 18.0 %

~ 18.0%
~ —%
~ 0.5%
~ (0.5)%

~ 18.0%

\$10.99 - \$11.79
0.04
(0.01)
0.79
(0.19)
(1.22)
0.30

\$10.70 - \$11.50

⁽¹⁾ The actual year-to-date adjustments, which are based on PTC's share price at December 31, 2022, and year-to-date sales of PTC shares, 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 26, 2023



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.



Thank you



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