



expanding human possibility®

# Q2 Fiscal 2023 Earnings Presentation

April 27, 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.

# Q2 FY23 Results Highlights

- ▶ Orders remained strong with \$4.8B in the first half
  - ▶ Cancellation rates remain in low single digits
- ▶ Reported sales up 25.8% YOY; Organic sales up 27.3% YOY
  - ▶ Currency reduced sales 2.8%
  - ▶ Acquisitions contributed 1.3%
- ▶ Information Solutions & Connected Services (IS/CS) sales up ~10% YOY
- ▶ Total ARR up 15% YOY
- ▶ Segment margin of 21.3%, up 560 bps YOY
- ▶ Adjusted EPS of \$3.01, up 81% YOY
- ▶ Completed acquisition of Knowledge Lens

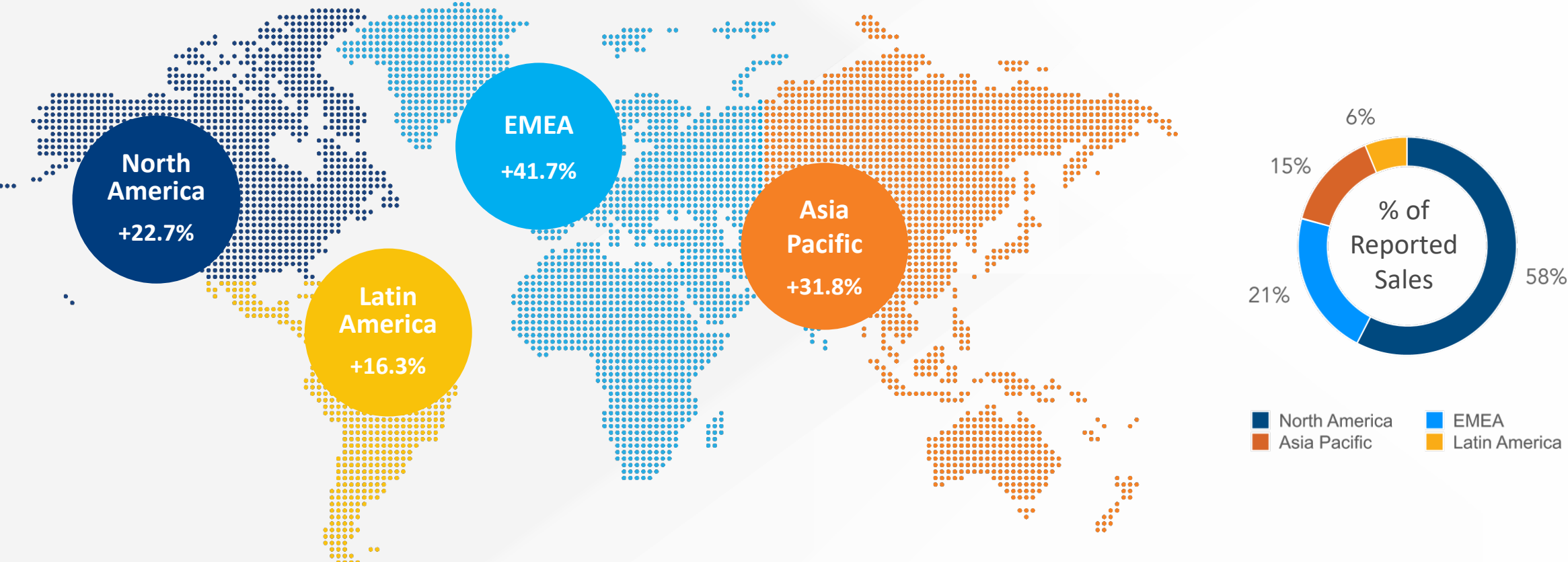
Strong execution and improving supply chain

# Q2 FY23 Organic Industry Segment Performance

|                                                                                                  | % of Q2<br>FY23 Sales | Q2 FY23<br>vs. Q2 FY22 | Q2 FY23<br>vs. Q2 FY22                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------|-----------------------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>DISCRETE</p> | ~25%                  | Up ~20%                | <ul style="list-style-type: none"> <li>▲ Automotive up ~40%</li> <li>▲ Semiconductor up mid teens</li> <li>▼ e-Commerce &amp; Warehouse Automation down mid single digits</li> </ul> |
|  <p>HYBRID</p>   | ~ 45%                 | Up ~35%                | <ul style="list-style-type: none"> <li>▲ Food &amp; Beverage up ~40%</li> <li>▲ Life Sciences up ~20%</li> <li>▲ Tire up ~50%</li> </ul>                                             |
|  <p>PROCESS</p> | ~ 30%                 | Up ~25%                | <ul style="list-style-type: none"> <li>▲ Oil &amp; Gas up ~25%</li> <li>▲ Mining up ~25%</li> <li>▲ Chemicals up high teens</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. Results primarily impacted by component availability versus underlying demand.

# Q2 FY23 Organic Sales Growth



Double-digit YOY growth in all regions



# Full Year Outlook Update

- ▶ Total sales growth range of 12.5% - 16.5%; Organic growth range of 13% - 17%
  - ▶ Currency to reduce sales ~(1.5) 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 ~21.5%, up ~160 bps YOY
- ▶ Adjusted EPS range of \$11.50 - \$12.20, up ~25% at the midpoint
- ▶ Expect Free Cash Flow conversion of ~95%
- ▶ Expect ~\$9B in orders
- ▶ Expect to exit the year with backlog of ~\$5B

Note: Updated Guidance as of April 27, 2023

Strong execution and continuing momentum for future growth and profitability

# FY23 Organic Industry Segment Outlook

|                                                                                   | % of<br>FY23 Sales | FY23<br>vs. FY22 | Assumptions at<br>Guidance Midpoint                                                                                                                                       | B/(W) vs.<br>Prior Guidance |
|-----------------------------------------------------------------------------------|--------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|   | ~25%               | Up low teens     | <ul style="list-style-type: none"> <li>▲ Automotive up high teens</li> <li>▲ Semiconductor up high teens</li> <li>➔ e-Commerce &amp; Warehouse Automation flat</li> </ul> | =                           |
|   | ~40%               | Up high teens    | <ul style="list-style-type: none"> <li>▲ Food &amp; Beverage up mid teens</li> <li>▲ Life Sciences up low teens</li> <li>▲ Tire up strong double digits</li> </ul>        | +                           |
|  | ~35%               | Up low teens     | <ul style="list-style-type: none"> <li>▲ Oil &amp; Gas up mid teens</li> <li>▲ Mining up strong double digits</li> <li>▲ Chemicals up high 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. Results primarily impacted by component availability versus underlying demand.

Note: Updated Guidance as of April 27, 2023; Prior Guidance as of January 26, 2023

# Q2 FY23 Key Financial Information

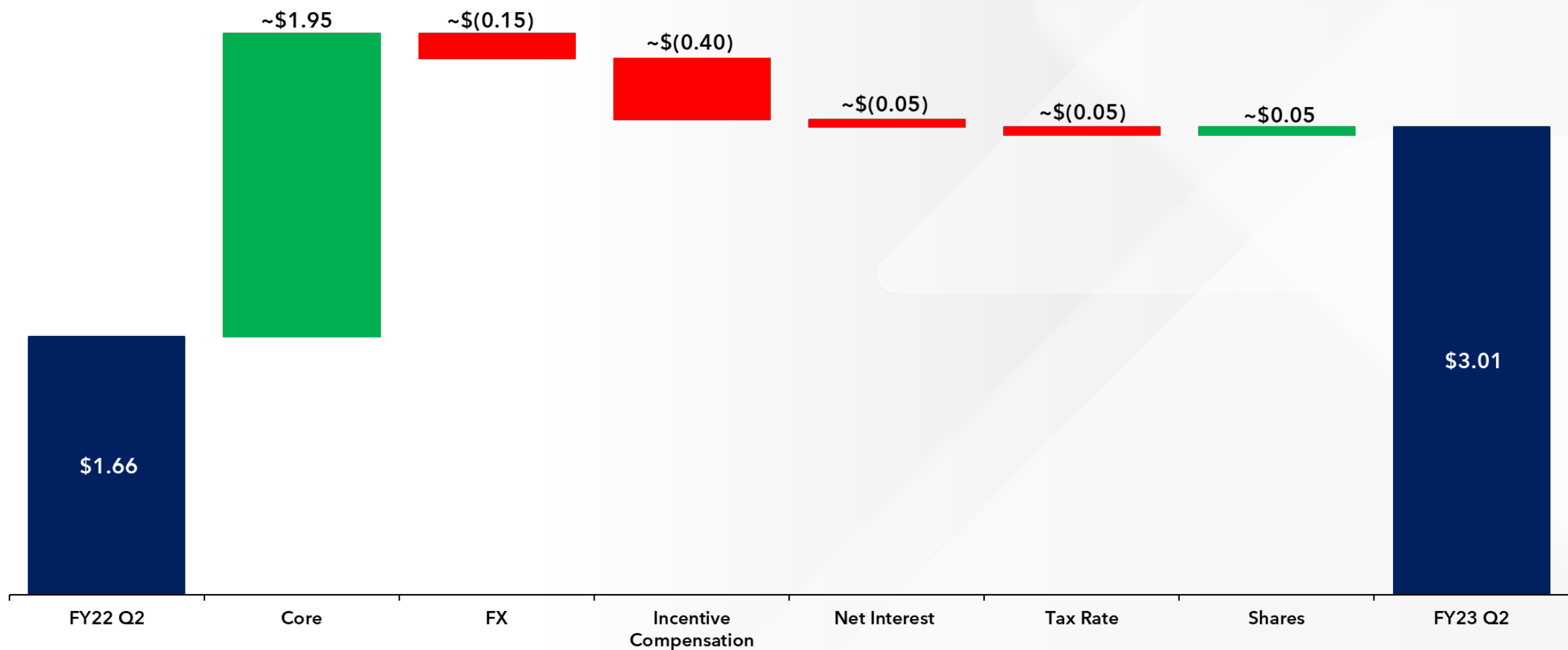
(\$ in millions, except per share amounts)

|                             | Q2 FY23 | Q2 FY22 | YOY B/(W)                                                                                                                         |
|-----------------------------|---------|---------|-----------------------------------------------------------------------------------------------------------------------------------|
| Sales                       | \$2,275 | \$1,808 | <b>Organic Growth</b> +27.3 %<br>Inorganic Growth +1.3 %<br>Currency Translation <u>(2.8) %</u><br><b>Reported Growth</b> +25.8 % |
| Segment Operating Margin    | 21.3%   | 15.7%   | 560 bps                                                                                                                           |
| Corporate and Other         | \$29    | \$25    | \$(4)                                                                                                                             |
| Adjusted EPS                | \$3.01  | \$1.66  | 81%                                                                                                                               |
| Adjusted Effective Tax Rate | 17.4%   | 16.0%   | (1.4) pts                                                                                                                         |
| Free Cash Flow              | \$156   | \$46    | \$110                                                                                                                             |

# Q2 FY23 Segment Results

|                     | Sales (\$ in millions; YOY growth %) |           |         | Segment Operating Margin | Segment Highlights                                                                                                                                                                 |
|---------------------|--------------------------------------|-----------|---------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Intelligent Devices | \$1,023M                             | Organic   | +26.8 % | 20.2%<br>+560 bps YOY    | Higher segment margin driven by positive price/cost and higher sales volume, partially offset by higher investment spend and incentive compensation                                |
|                     |                                      | Inorganic | +2.4 %  |                          |                                                                                                                                                                                    |
|                     |                                      | Currency  | (2.7) % |                          |                                                                                                                                                                                    |
|                     |                                      | Reported  | +26.5 % |                          |                                                                                                                                                                                    |
| Software & Control  | \$741M                               | Organic   | +41.6 % | 33.6%<br>+900 bps YOY    | Higher segment margin driven by higher sales volume and positive price/cost, partially offset by higher investment spend and incentive compensation                                |
|                     |                                      | Inorganic | — %     |                          |                                                                                                                                                                                    |
|                     |                                      | Currency  | (3.1) % |                          |                                                                                                                                                                                    |
|                     |                                      | Reported  | +38.5 % |                          |                                                                                                                                                                                    |
| Lifecycle Services  | \$511M                               | Organic   | +11.7 % | 5.5%<br>(180) bps YOY    | Segment margin declined as higher sales were more than offset by higher incentive compensation costs and one-time items to expand future profitability<br><br>Book-to-bill of 1.27 |
|                     |                                      | Inorganic | +0.8 %  |                          |                                                                                                                                                                                    |
|                     |                                      | Currency  | (2.5) % |                          |                                                                                                                                                                                    |
|                     |                                      | Reported  | +10.0 % |                          |                                                                                                                                                                                    |

# Q2 FY22 to Q2 FY23 Adjusted EPS Walk

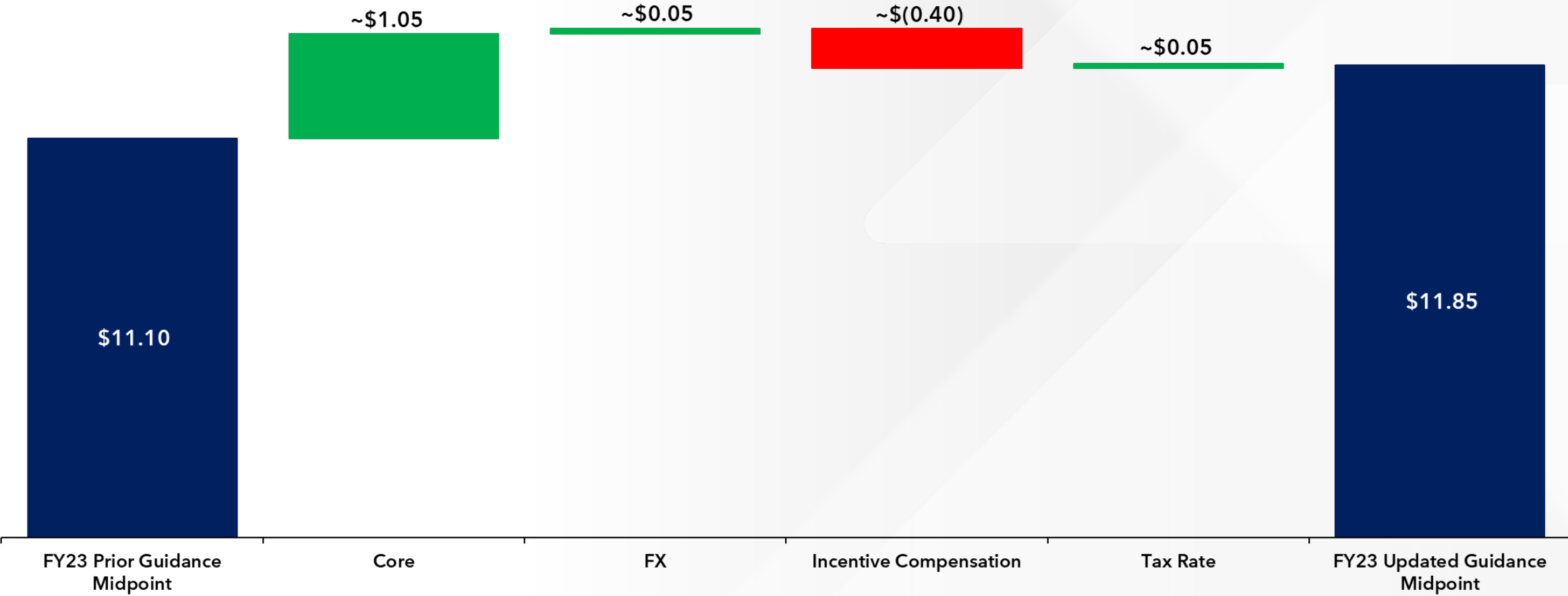


# Fiscal Year 2023 Guidance

|                             | Updated Guidance  | Prior Guidance    |
|-----------------------------|-------------------|-------------------|
| Sales Midpoint              | ~ \$8.9B          | ~ \$8.7B          |
| Organic Growth Range        | 13% - 17%         | 11% - 15%         |
| Inorganic Growth            | ~ 1.0%            | ~ 1.0%            |
| Currency Translation        | ~ (1.5)%          | ~ (2.0)%          |
| Segment Operating Margin    | ~ 21.5%           | ~ 21%             |
| Adjusted Effective Tax Rate | ~ 17.5%           | ~ 18%             |
| Adjusted EPS Range          | \$11.50 - \$12.20 | \$10.70 - \$11.50 |
| Free Cash Flow Conversion   | ~ 95%             | ~ 95%             |

Note: Updated Guidance as of April 27, 2023; Prior Guidance as of January 26, 2023

# FY23 Updated vs Prior Guidance Adjusted EPS Walk



Note: Updated Guidance as of April 27, 2023; Prior Guidance as of January 26, 2023





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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

# Q2 FY23 Results: Summary

(\$ in millions, except per share amounts)

Total Sales

Total segment operating earnings

Purchase accounting depreciation and amortization

Corporate and other

Non-operating pension and postretirement benefit cost

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

Interest expense, net

Income tax (provision) benefit

Net income

Net loss attributable to noncontrolling interests

Net income attributable to Rockwell Automation

## Adjustments

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

Adjusted EPS

Average Diluted Shares

|                                                                                                   | Q2 2023    | Q2 2022    |
|---------------------------------------------------------------------------------------------------|------------|------------|
| Total Sales                                                                                       | \$ 2,275.4 | \$ 1,808.1 |
| Total segment operating earnings                                                                  | \$ 484.1   | \$ 283.4   |
| Purchase accounting depreciation and amortization                                                 | (26.6)     | (26.1)     |
| Corporate and other                                                                               | (29.2)     | (24.6)     |
| Non-operating pension and postretirement benefit cost                                             | (105.4)    | (21.3)     |
| Change in fair value of investments <sup>(1)</sup>                                                | 63.0       | (140.7)    |
| Interest expense, net                                                                             | (34.5)     | (29.6)     |
| Income tax (provision) benefit                                                                    | (56.5)     | 8.3        |
| Net income                                                                                        | \$ 294.9   | \$ 49.4    |
| Net loss attributable to noncontrolling interests                                                 | (5.4)      | (4.5)      |
| Net income attributable to Rockwell Automation                                                    | \$ 300.3   | \$ 53.9    |
| <u>Adjustments</u>                                                                                |            |            |
| Non-operating pension and postretirement benefit cost, net of tax                                 | \$ 79.8    | \$ 15.8    |
| Purchase accounting depreciation and amortization attributable to Rockwell Automation, net of tax | 17.8       | 17.5       |
| Change in fair value of investments, net of tax <sup>(1)</sup>                                    | (47.8)     | 107.3      |
| Adjusted income                                                                                   | \$ 350.1   | \$ 194.5   |
| Adjusted EPS                                                                                      | \$ 3.01    | \$ 1.66    |
| Average Diluted Shares                                                                            | 115.6      | 117.1      |

<sup>(1)</sup> Primarily relates to the change in fair value of investment in PTC.

# Reconciliation to Non-GAAP Measures

## Free Cash Flow

(\$ in millions)

|                                                    | Three Months Ended |                | Six Months Ended |                 |
|----------------------------------------------------|--------------------|----------------|------------------|-----------------|
|                                                    | Q2 2023            | Q2 2022        | Q2 2023          | Q2 2022         |
| Net Income                                         | \$ 294.9           | \$ 49.4        | \$ 673.6         | \$ 288.3        |
| Depreciation/Amortization                          | 62.1               | 62.5           | 119.9            | 121.4           |
| Change in Fair Value of Investments <sup>(1)</sup> | (63.0)             | 140.7          | (203.6)          | 133.1           |
| Retirement Benefits Expense                        | 116.1              | 41.8           | 114.4            | 58.0            |
| Receivables/Inventory/Payables                     | (269.5)            | (40.8)         | (507.2)          | (226.5)         |
| Compensation and Benefits                          | 54.3               | (9.7)          | 14.1             | (145.0)         |
| Pension Contributions                              | (6.4)              | (8.3)          | (13.4)           | (15.8)          |
| Income Taxes                                       | (103.9)            | (192.1)        | (30.8)           | (229.7)         |
| Other                                              | 102.5              | 47.3           | 86.4             | 95.0            |
| Cash Flow From Operations                          | 187.1              | 90.8           | 253.4            | 78.8            |
| Capital Expenditures                               | (31.5)             | (44.9)         | (55.7)           | (82.0)          |
| Free Cash Flow                                     | <u>\$ 155.6</u>    | <u>\$ 45.9</u> | <u>\$ 197.7</u>  | <u>\$ (3.2)</u> |
| Adjusted Income                                    | \$ 350.1           | \$ 194.5       | \$ 635.4         | \$ 445.8        |
| Free Cash Flow Conversion                          | 44 %               | 24 %           | 31 %             | (1) %           |

<sup>(1)</sup> Primarily relates to the change in fair value of investment in PTC.

# Reconciliation to Non-GAAP Measures

## Organic Sales

(\$ in millions)

| Three Months Ended March 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                | \$ 1,310.6        | \$ 3.1                          | \$ (7.6)                         | \$ 1,315.1       | \$ 1,071.6        | 22.3%                         | 0.3%                                 | (0.7)%                                | 22.7%                        |
| EMEA                         | 486.5             | 14.7                            | (22.6)                           | 494.4            | 348.9             | 39.4%                         | 4.2%                                 | (6.5)%                                | 41.7%                        |
| Asia Pacific                 | 334.2             | 5.3                             | (22.0)                           | 350.9            | 266.2             | 25.5%                         | 2.0%                                 | (8.3)%                                | 31.8%                        |
| Latin America                | 144.1             | —                               | 2.9                              | 141.2            | 121.4             | 18.7%                         | —%                                   | 2.4%                                  | 16.3%                        |
| Total                        | \$ 2,275.4        | \$ 23.1                         | \$ (49.3)                        | \$ 2,301.6       | \$ 1,808.1        | 25.8%                         | 1.3%                                 | (2.8)%                                | 27.3%                        |

| Three Months Ended March 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          | \$ 1,023.2        | \$ 19.3                         | \$ (21.5)                        | \$ 1,025.4       | \$ 808.6          | 26.5%                         | 2.4%                                 | (2.7)%                                | 26.8%                        |
| Software & Control           | 741.1             | —                               | (16.2)                           | 757.3            | 534.9             | 38.5%                         | —%                                   | (3.1)%                                | 41.6%                        |
| Lifecycle Services           | 511.1             | 3.8                             | (11.6)                           | 518.9            | 464.6             | 10.0%                         | 0.8%                                 | (2.5)%                                | 11.7%                        |
| Total                        | \$ 2,275.4        | \$ 23.1                         | \$ (49.3)                        | \$ 2,301.6       | \$ 1,808.1        | 25.8%                         | 1.3%                                 | (2.8)%                                | 27.3%                        |

# Reconciliation to Non-GAAP Measures

## Segment Operating Margin

(\$ in millions)

|                            |                                                       | Three Months Ended |                   |
|----------------------------|-------------------------------------------------------|--------------------|-------------------|
|                            |                                                       | March 31, 2023     | March 31, 2022    |
| Sales                      |                                                       |                    |                   |
|                            | Intelligent Devices (a)                               | \$ 1,023.2         | \$ 808.6          |
|                            | Software & Control (b)                                | 741.1              | 534.9             |
|                            | Lifecycle Services (c)                                | 511.1              | 464.6             |
|                            | Total sales (d)                                       | <u>\$ 2,275.4</u>  | <u>\$ 1,808.1</u> |
| Segment operating earnings |                                                       |                    |                   |
|                            | Intelligent Devices (e)                               | \$ 206.9           | \$ 118.2          |
|                            | Software & Control (f)                                | 249.3              | 131.5             |
|                            | Lifecycle Services (g)                                | 27.9               | 33.7              |
|                            | Total segment operating earnings <sup>(1)</sup> (h)   | <u>484.1</u>       | <u>283.4</u>      |
|                            | Purchase accounting depreciation and amortization     | (26.6)             | (26.1)            |
|                            | Corporate and other                                   | (29.2)             | (24.6)            |
|                            | Non-operating pension and postretirement benefit cost | (105.4)            | (21.3)            |
|                            | Change in fair value of investments                   | 63.0               | (140.7)           |
|                            | Interest expense, net                                 | (34.5)             | (29.6)            |
|                            | Income before income taxes (i)                        | <u>\$ 351.4</u>    | <u>\$ 41.1</u>    |
| Pretax margin (i/d)        |                                                       | 15.4 %             | 2.3 %             |
| Segment operating margin:  |                                                       |                    |                   |
|                            | Intelligent Devices (e/a)                             | 20.2 %             | 14.6 %            |
|                            | Software & Control (f/b)                              | 33.6 %             | 24.6 %            |
|                            | Lifecycle Services (g/c)                              | 5.5 %              | 7.3 %             |
|                            | Total segment operating margin <sup>(1)</sup> (h/d)   | 21.3 %             | 15.7 %            |

<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 benefit cost, change in fair value of investments, 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)

|                                                                                                     |
|-----------------------------------------------------------------------------------------------------|
| Net income attributable to Rockwell Automation                                                      |
| Non-operating pension and postretirement benefit cost <sup>(1)</sup>                                |
| Tax effect of non-operating pension and postretirement benefit cost <sup>(1)</sup>                  |
| 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 income                                                                                     |

|                                                                                                     |
|-----------------------------------------------------------------------------------------------------|
| Diluted EPS                                                                                         |
| Non-operating pension and postretirement benefit cost <sup>(1)</sup>                                |
| Tax effect of non-operating pension and postretirement benefit cost <sup>(1)</sup>                  |
| 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                                                                                        |

|                                                                                                     |
|-----------------------------------------------------------------------------------------------------|
| Effective tax rate                                                                                  |
| Tax effect of non-operating pension and postretirement benefit cost <sup>(1)</sup>                  |
| 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                                                                         |

## Non-operating pension and postretirement benefit cost

(in millions)

|                                                       |
|-------------------------------------------------------|
| Interest cost                                         |
| Expected return on plan assets                        |
| Amortization of prior service cost                    |
| Amortization of net actuarial (gain) loss             |
| Settlement charge                                     |
| Non-operating pension and postretirement benefit cost |

| Three Months Ended |         |                |          |
|--------------------|---------|----------------|----------|
| March 31, 2023     |         | March 31, 2022 |          |
| \$                 | 300.3   | \$             | 53.9     |
|                    | 105.4   |                | 21.3     |
|                    | (25.6)  |                | (5.5)    |
|                    | 23.6    |                | 23.1     |
|                    | (5.8)   |                | (5.6)    |
|                    | (63.0)  |                | 140.7    |
|                    | 15.2    |                | (33.4)   |
| \$                 | 350.1   | \$             | 194.5    |
| \$                 | 2.59    | \$             | 0.46     |
|                    | 0.90    |                | 0.19     |
|                    | (0.22)  |                | (0.05)   |
|                    | 0.20    |                | 0.20     |
|                    | (0.05)  |                | (0.05)   |
|                    | (0.54)  |                | 1.20     |
|                    | 0.13    |                | (0.29)   |
| \$                 | 3.01    | \$             | 1.66     |
|                    | 16.1 %  |                | (20.2) % |
|                    | 1.9 %   |                | 15.7 %   |
|                    | 0.4 %   |                | 1.0 %    |
|                    | (1.0) % |                | 19.5 %   |
|                    | 17.4 %  |                | 16.0 %   |

| Three Months Ended |        |                |        |
|--------------------|--------|----------------|--------|
| March 31, 2023     |        | March 31, 2022 |        |
| \$                 | 40.0   | \$             | 32.7   |
|                    | (51.7) |                | (59.3) |
|                    | —      |                | 0.6    |
|                    | (0.8)  |                | 22.4   |
|                    | 117.9  |                | 24.9   |
| \$                 | 105.4  | \$             | 21.3   |

<sup>(1)</sup>Includes settlement expense of \$117.9 million for the three and six months ended March 31, 2023, and \$24.9 million for the three and six months ended March 31, 2022.

<sup>(2)</sup>Primarily relates to the change in fair value of investment in PTC.



# Reconciliation to Non-GAAP Measures

## Return On Invested Capital

(\$ in millions)

### (a) Return

Net income  
Interest expense  
Income tax provision  
Purchase accounting depreciation and amortization  
Return

| Twelve Months Ended<br>March 31, |                 |
|----------------------------------|-----------------|
| 2023                             | 2022            |
| \$ 1,304.4                       | \$ 631.9        |
| 133.5                            | 108.4           |
| 264.9                            | 9.5             |
| 104.3                            | 82.5            |
| <u>\$ 1,807.1</u>                | <u>\$ 832.3</u> |

### (b) Average invested capital

Short-term debt  
Long-term debt  
Shareowners' equity  
Accumulated amortization of goodwill and intangibles  
Cash and cash equivalents  
Short-term and long-term investments  
Average invested capital

|                   |                   |
|-------------------|-------------------|
| \$ 898.0          | \$ 361.4          |
| 3,106.5           | 2,871.0           |
| 3,051.1           | 2,627.5           |
| 1,023.4           | 1,008.3           |
| (466.5)           | (640.2)           |
| (7.6)             | (1.8)             |
| <u>\$ 7,604.9</u> | <u>\$ 6,226.2</u> |

### (c) Effective tax rate

Income tax provision  
Income before income taxes  
Effective tax rate

|                   |                 |
|-------------------|-----------------|
| 264.9             | 9.5             |
| <u>\$ 1,569.3</u> | <u>\$ 641.4</u> |
| <u>16.9 %</u>     | <u>1.5 %</u>    |
| <u>19.7 %</u>     | <u>13.2 %</u>   |

### (a) / (b) \* (1-c) Return On Invested Capital

# 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)  
  
Pretax margin (c/a)  
  
Total segment operating margin (b/a)

### Adjusted Effective Tax Rate

Effective tax rate  
Tax effect of non-operating pension and postretirement benefit cost <sup>(1)</sup>  
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  
Non-operating pension and postretirement benefit cost <sup>(1)</sup>  
Tax effect of non-operating pension and postretirement benefit cost <sup>(1)</sup>  
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 2023 Guidance

12.5% - 16.5%  
~ 1.0%  
~ (1.5)%  
13% - 17%

\$ ~ 8.9

~ 1.9

~ 0.3

\$ ~ 1.6

~ 18.0%

~ 21.5%

~ 17.5%

~ 0.5%

~ 0.5%

~ (1.0)%

~ 17.5%

\$11.71 - \$12.41

0.66

(0.17)

0.82

(0.20)

(1.75)

0.43

\$11.50 - \$12.20

<sup>(1)</sup> Year-to-date pension settlement charges 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.

<sup>(2)</sup> The actual year-to-date adjustments, which are based on PTC's share price at March 31, 2023, 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 April 27, 2023

# 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 <sup>(1)</sup>

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

Change in fair value of investments, net of tax <sup>(2)</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 2023 Guidance |   |       |
|----------------------|---|-------|
| \$                   | ~ | 1.4   |
|                      | ~ | 0.1   |
|                      | ~ | 0.1   |
|                      | ~ | (0.2) |
| \$                   | ~ | 1.4   |
| <hr/>                |   |       |
| \$                   | ~ | 1.5   |
|                      | ~ | (0.2) |
| \$                   | ~ | 1.3   |
| <hr/>                |   |       |
|                      | ~ | 95%   |

<sup>(1)</sup> Year-to-date pension settlement charges 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.

<sup>(2)</sup> The actual year-to-date adjustments, which are based on PTC's share price at March 31, 2023, 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 April 27, 2023

# 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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