State of the Industry

Q2-2021

Our Executive Summary

The latest economic indicators which were all pointing to strong growth. As I mentioned, the PMI index is as high as it has been in over 25 years. According to Yahoo!News, US manufacturing activity hits a 37-year high. The upswing in new orders is prompted by pent-up demand. This is great news for our SI community as increased manufacturing inevitably fuels the need for more automation, perhaps even more so in this COVID era where there is a push to reduce manufacturing dependency on manual labor.

The concern that we see with all this activity is the potential lack of supply. Do we have the people to handle a double-digit growth in business? When RA is reporting orders up double digit but sales up only 1.3% the implication is that they cannot fulfill the orders in a timely fashion. PMI is predicting strong growth, but inventories have remained low for a long time. We are even hearing of integrators building up their own inventory just to be able to deliver on time. Should we expect all this demand to force our supplier's prices up? If that happens what protection do we have in our contracts? Are we going to enforce the length of time a proposal is valid? If you have a service group, how will they get parts?

Key Economic Indicators

CEO Confidence Index - rose to 7.3 out of 10 in April.

After plateauing in March, CEO confidence in business conditions 12 months from now gained 3 percent in April to reach its highest level since May 2018. CEOs say the vaccine becoming widely available across the nation is fueling their optimism for a full reopening of the economy in the near term.

Purchasing Managers Index rose to PMI 64.7 in March.

The manufacturing economy continued its recovery in March. However, Survey Committee Members reported that their companies and suppliers continue to struggle to meet increasing rates of demand due to coronavirus (COVID-19) impacts limiting availability of parts and materials. Extended lead times, wide-scale shortages of critical basic materials, rising commodities prices and difficulties in transporting products are affecting all segments of the manufacturing economy.

CSIA

- Confidence rose to 87% in April, revenue much higher than last year.
- A new Up and coming leader development group is forming.
- Best Practices group broken into strategic direction an BP development.
- We may soon see the historical Pulse data report.
- Next year will see a f2f conference. Denver near the end of June.

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Key Vendor Performances

Emerson - GAAP net sales of $4.2 billion were flat from the year prior

Orders and sales continued their upward trajectory in the quarter, and operating results exceeded expectations. These factors enabled us to deliver strong profitability, earnings and cash flow, driven by our ongoing robust cost containment and restructuring actions, as well as improvement in some of our end markets. As the broader macroeconomic outlook continues to stabilize, we are well-positioned with a more agile, lean, and technology-centric organization going forward.

Schneider - Strong start to 2021; Revenues up +13.5% organic in Q1

STRONG PERFORMANCE IN INDUSTRIAL AUTOMATION UP +13% ORGANIC. The Group delivered +12.9% organic growth in Industrial Automation in Q1, contrasted between strong growth in sales made into Discrete automation end-markets, and a more moderate performance in Process end markets, which continued to recover more slowly. There was good traction in Field Services.

RA - Reported sales up 5.6 percent year over year; organic sales up 1.3%

This is an exciting time at Rockwell. We had our first-ever $2 billion orders quarter, powered by growth in core automation platforms, Information Solutions & Connected Services (IS/CS), and recent acquisitions. The value of our portfolio of products and services has never been more evident, and we are well positioned to accelerate profitable growth as we help the world recover.

Siemens - Orders climbed 11% and revenue rose 9%

As our order intake and revenue in the second quarter impressively demonstrate, our customers place great trust in us. We support them with their digital transformation, which enables them to become faster, more efficient and more sustainable. Although we continue to anticipate a complex macroeconomic environment influenced by COVID-19, we expect our businesses to continue to deliver a strong performance in the second half of fiscal 2021.

NI - Revenue of $335 million, up 8 percent year-over-year

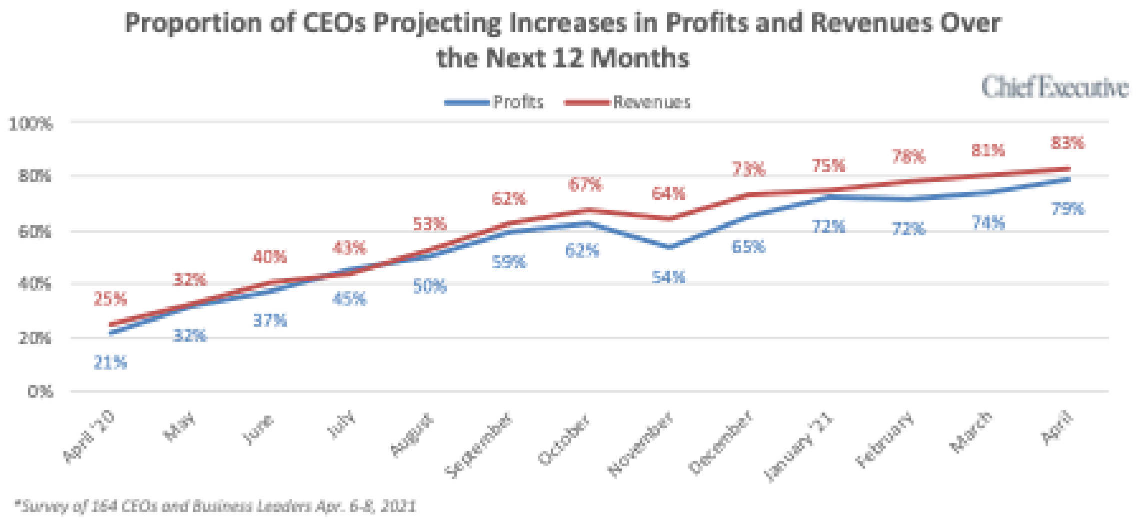
“Momentum continued with an all-time record for first quarter orders. Demand was above typical seasonality with orders up year-over-year across all regions and business units,” said Eric Starkloff, NI CEO. “I'm inspired by our long-term growth opportunities and confident in the solid global execution of our growth strategy. Our continued focus on systems and enterprise software can serve as a strong foundation to deliver sustainable growth while creating value for all our stakeholders.”

Economic Indicators

CEO Confidence Index

The CEO Confidence Index is America's largest monthly survey of chief executives. Each month, Chief Executive surveys CEOs across corporate America, at organizations of all types and sizes, to compile our CEO Confidence Index data. Survey results are released each month on ChiefExecutive.net and reported on by TV and media outlets throughout the world.

- CEO Optimism Again Climbs In April Amid Soaring Vaccination Rate (7.3 out of 10)
    - After plateauing in March, CEO confidence in business conditions 12 months from now gained 3 percent in April to reach its highest level since May 2018.
    - CEOs say the vaccine becoming widely available across the nation is fueling their optimism for a full reopening of the economy in the near term
- Majority of CEOs now have positive outlook for next 12 months
    - Up to 83% projecting positive revenues
    - Up to 79% projecting positive profits
    - Up to 65% projecting CapEx increase (Up 15% since March, highest since 2018)



Purchasing Manager Index

- PMI 60.7 (April 2021)

- 11th month of growth
- Struggle to meet demand due to COVID limiting supplies
- All 6 biggest industries registering strong growth
    - Chemical Products; Fabricated Metal Products; Transportation Equipment; Computer & Electronic Products; and Food, Beverage & Tobacco Products; Oil/Coal

The manufacturing economy continued expansion in April. Survey Committee Members reported that their companies and suppliers continue to struggle to meet increasing rates of demand due to coronavirus (COVID-19) impacts limiting availability of parts and materials. Recent record-long lead times, wide-scale shortages of critical basic materials, rising commodities prices and difficulties in transporting products are continuing to affect all segments of the manufacturing economy. Worker absenteeism, short-term shutdowns due to part shortages, and difficulties in filling open positions continue to be issues that limit manufacturing-growth potential. Optimistic panel sentiment increased, with 11 positive comments for every cautious comment, compared to an 8-to-1 ratio in March. **Demand** expanded, with the (1) New Orders Index growing at a strong level, supported by the New Export Orders Index continuing to expand, (2) Customers' Inventories Index hitting another all-time low and (3) Backlog of Orders Index continuing at a record-high level. **Consumption** (measured by the Production and Employment indexes) indicated some cooling, posting a combined 10.1-percentage point decrease to the Manufacturing PMI® calculation. All top six industries reported moderate to strong consumption expansion. The Employment Index expanded for the fifth straight month, but panelists continue to note significant difficulties in attracting and retaining labor at their companies' and suppliers' facilities. **Inputs** — expressed as supplier deliveries, inventories, and imports — continued to support input-driven constraints to production expansion, at lower rates compared to March, due to an undesired inventory draw down. Inputs negatively contributed to the PMI® calculation, by a combined 5.9 percentage points. The importation of items marginally slowed in the period, driven by port backlogs. The Prices Index expanded for the 11th consecutive month, indicating continued supplier pricing power and scarcity of supply chain goods..

"All of the six biggest manufacturing industries — Fabricated Metal Products; Chemical Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Transportation Equipment; and Petroleum & Coal Products, in that order — registered moderate to strong growth in April.
"Manufacturing performed well for the 11th straight month, with demand, consumption and inputs registering strong growth compared to March. Labor-market difficulties at panelists' companies and their suppliers persist. End-user lead times (for refilling customers' inventories) are extending. This is due to very high demand and output restrictions, as supply chains continue to respond to strong demand amid COVID-19 impacts," says Fiore.
All 18 manufacturing industries reported growth in April, in the following order: Electrical Equipment, Appliances & Components; Textile Mills; Furniture & Related Products; Machinery; Fabricated Metal Products; Primary Metals; Miscellaneous Manufacturing; Chemical Products; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Nonmetallic Mineral Products; Apparel, Leather & Allied Products; Transportation Equipment; Paper Products; Petroleum & Coal Products; Printing & Related Support Activities; and Wood Products.

Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Manufacturing PMI®	60.7	64.7	-4.0	Growing	Slower	11
New Orders	64.3	68.0	-3.7	Growing	Slower	11
Production	62.5	68.1	-5.6	Growing	Slower	11
Employment	55.1	59.6	-4.5	Growing	Slower	5
Supplier Deliveries	75.0	76.6	-1.6	Slowing	Slower	62
Inventories	46.5	50.8	-4.3	Contracting	From Growing	1
Customers' Inventories	28.4	29.9	-1.5	Too Low	Faster	55
Prices	89.6	85.6	+4.0	Increasing	Faster	11
Backlog of Orders	68.2	67.5	+0.7	Growing	Faster	10
New Export Orders	54.9	54.5	+0.4	Growing	Faster	10
Imports	52.2	56.7	-4.5	Growing	Slower	10
OVERALL ECONOMY				Growing	Slower	11
Manufacturing Sector				Growing	Slower	11

WHAT RESPONDENTS ARE SAYING

- "The current electronics/semiconductor shortage is having tremendous impacts on lead times and pricing. Additionally, there appears to be a general inflation of prices across most, if not all, supply lines." (Computer & Electronic Products)
- "Upstream producers/suppliers are back online and working towards full rates. Demand is outpacing supply and will continue into the third quarter, when the supply chain is expected to be refilled. Supply/demand should be more balanced in Q3/Q4, but demand will continue as customers run hard to meet their demand and rebuild inventory." (Chemical Products)
- "Continued strong sales; however, we have had to trim some production due to the global chip shortage. Hasn't affected inventories greatly yet, but a continued decrease will begin to reduce available inventories if we don't recover chip supply shortly." (Transportation Equipment)
- "Business is picking up as restaurants open." (Food, Beverage & Tobacco Products)
- "Oil production has been steady, along with market prices and capital expenditures." (Petroleum & Coal Products)
- "Steel prices are crazy high. The normal checks on the domestic steel mills are not functioning — imported steel is distorted by the Section 232 tariffs." (Fabricated Metal Products)
- "It's getting much more difficult to supply production with materials that are made with copper or steel. Lots of work on the floor, but I am worried about getting the materials to support." (Electrical Equipment, Appliances & Components)
- "Market capacity in most areas is oversold, with no realistic improvement on the horizon. In fact, it appears that demand will continue to strengthen, leading to more significant disruptions." (Furniture & Related Products)
- "In 35 years of purchasing, I've never seen everything like these extended lead times and rising prices — from colors, film, corrugate to resins, they're all up. The only thing plentiful at present, according to my spam filter, is personal protective equipment [PPE]." (Plastics & Rubber Products)
- "The metals markets remain very challenging at best. Shortages of raw materials have increased, especially in aluminum and carbon steel. Prices continue to rapidly increase. Transportation and trucking [are] also a big challenge." (Primary Metals)
- "Demand continues to be very strong. Supply chain delays hamper our availability and ability to sell more." (Machinery)

Other Resources

- CEO Confidence Survey Definition (investopedia.com)
- Vistage CEO Confidence Index | Vistage Research Center
- CEO Confidence Index Methodology (chiefexecutive.net)
- Business confidence index (BCI) - OECD Data

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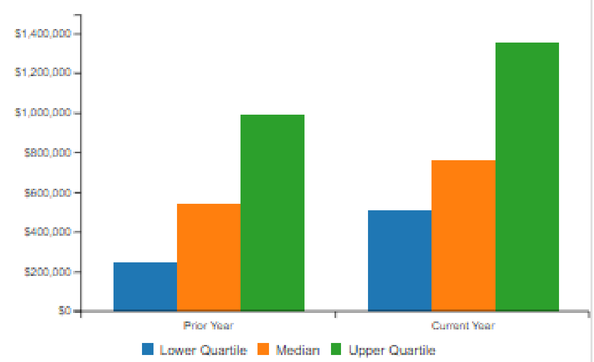
CSIA update…

Revenue: March 2020 vs 2021



Sentiment for April 2021

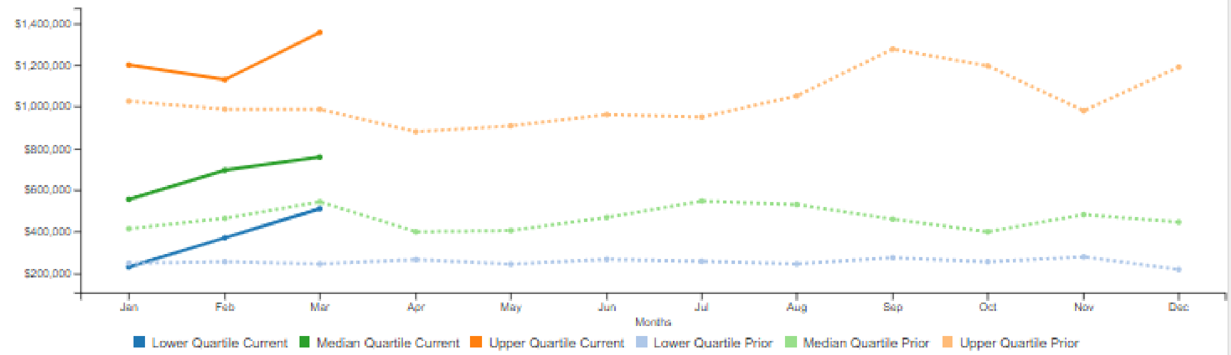
By the numbers

Things are looking up: 87 %

Trouble Ahead: 13 %

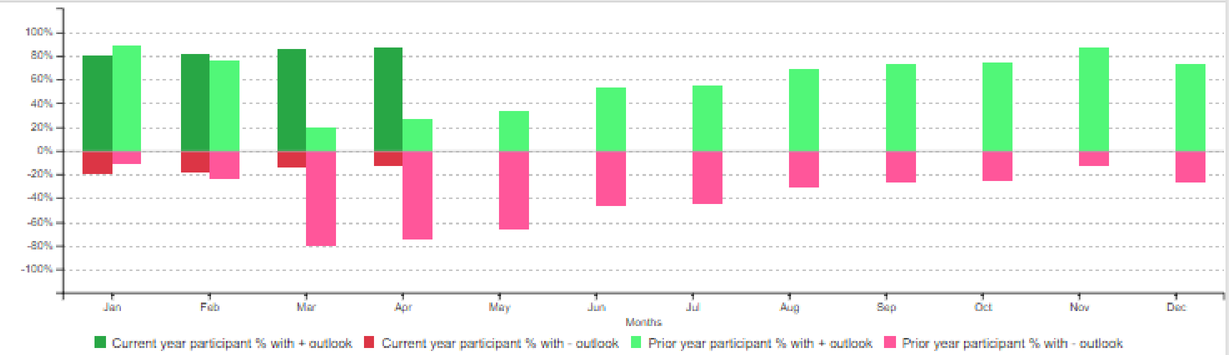
Revenue Trends

Solid lines display current year's data; dashed lines show prior year's data.



Click period icon to hide/display its line.

Sentiment Trends



Emerson

Emerson Reports First Quarter 2021 Results, Updates 2021 Outlook

- First quarter GAAP net sales of $4.2 billion were flat from the year prior; underlying sales were down 2 percent, which was ahead of management's November guidance.
- First quarter GAAP EPS was $0.74, up 40 percent from the year prior; adjusted EPS, which excludes restructuring and first year purchase accounting charges and fees, was $0.83, up 24 percent.
- Strong operating cash flow of $808 million in the quarter, up 90 percent; Free cash flow was $686 million, up 121 percent.
- Restructuring and related actions of $69 million were initiated in the quarter, continuing aggressive execution of the comprehensive cost reset program to return the company to record adjusted EBIT margins.

ST. LOUIS, Feb 2, 2021 - Emerson (NYSE: EMR) today reported results for the first fiscal quarter ended December 31, 2020.

First quarter GAAP net sales were flat and underlying sales were only down 2 percent excluding favorable currency of 1 percent and impact from acquisitions of 1 percent. Revenue for the quarter was ahead of management's November guidance, with both business platforms finishing above expectations. Overall, the company continued to see a sharp bifurcation in North American markets, with residential markets showing continued strength while many core automation markets remained subdued. Overall, North America was down high single-digits in the quarter. All other regions trended to growth with Europe up mid single-digits and Asia, Middle East & Africa up low single-digits.

December trailing three-month underlying orders were only down 4.5 percent, ahead of previous expectations, as strength in residential-facing, cold chain, life sciences, medical, and food & beverage markets was more than offset by ongoing weakness in many process industries. Commercial & Residential Solutions trailing three-month underlying orders showed continued strength, up 15 percent, with growth across all businesses and geographies. Additionally, Automation Solutions trailing three-month underlying orders continued to stabilize, down 13 percent, as KOB3 demand was steady and KOB2 demand improved slightly.

First quarter gross profit margin of 41.4 percent was down 100 basis points from the previous year primarily due to deleverage and business mix. Pretax margin of 13.5 percent and EBIT margin of 14.5 percent were up 330 basis points and 350 basis points, respectively, as ongoing comprehensive cost reduction actions took effect. Adjusted EBIT margin, which excludes restructuring and first year purchase accounting charges and fees, was 16.3 percent for the quarter, up 260 basis points.

GAAP earnings per share was $0.74 for the quarter, up 40%, and adjusted earnings per share was $0.83, up 24 percent. Earnings in the quarter exceeded management guidance and benefited significantly from better volume, as well as ongoing restructuring and cost reduction actions.

Operating cash flow was $808 million for the quarter, up 90 percent. Free cash flow was $686 million, up 121 percent for the quarter, resulting in strong free cash flow conversion of 152 percent. Cash flow results reflected higher earnings due to rigorous operational execution across the two business platforms and favorable trade working capital management.

"Emerson's leadership team and global operations remain steadfastly focused on safely serving customers and protecting business continuity in essential industries including life sciences, power, food and beverage, home comfort, energy, and water," said Emerson Chairman and CEO David N. Farr. "Our dedicated team across the globe continues to make me proud as they work tirelessly to help our customers navigate ongoing industry and macroeconomic turbulence. As more COVID-19 vaccines are approved and begin to be distributed, we remain optimistic for some stabilization in the second half of the year. In the meantime, we will continue to operate nimbly and safely to serve our customers in vital industries.

"Orders and sales continued their upward trajectory in the quarter, and operating results exceeded expectations. These factors enabled us to deliver strong profitability, earnings and cash flow, driven by our ongoing robust cost containment and restructuring actions, as well as improvement in some of our end markets. As the broader macroeconomic outlook continues to stabilize, we are well-positioned with a more agile, lean, and technology-centric organization going forward."

Automation Solutions net sales decreased 6 percent in the quarter, with underlying sales down 9 percent, which was ahead of November guidance. The improvement in orders and sales was primarily driven by European power, chemical, and life sciences markets, and energy markets in Asia, Middle East & Africa.

In the Americas, underlying sales were down 20 percent, resulting from continued broad-based demand challenges, particularly in North America. These challenges were partially offset by continued momentum in life sciences, food & beverage, and semiconductor markets, as well as some early signs of improvement in upstream energy markets. Europe underlying sales were up 2 percent, driven by strength in Eastern Europe. Asia, Middle East & Africa underlying sales remained positive in the low single-digits, as strength in China (up 6 percent) and the rest of Asia (up 7 percent) was offset by weakness in the Middle East & Africa.

December trailing three-month underlying orders were down 13 percent, consistent with November and reflecting ongoing weakness, but stabilization, across many key automation end markets. However, growth momentum continues in life sciences, medical, food & beverage, and semiconductor markets. Geographically, the Americas continue to be most challenged, down 27 percent. Asia, Middle East & Africa declined modestly by 1 percent, supported by China orders growing 6 percent. Europe declined by 3 percent due to weakness in energy markets somewhat offset by chemical, power and life science projects. Backlog in the business finished the quarter at $5.3 billion, an increase of approximately $600 million (of which the OSI acquisition represented approximately $300 million). Lastly, OSI had a strong first quarter as a part of the Emerson team, booking nearly $100 million of orders, reflecting early momentum well above revenue synergy plans. Overall, while the global demand environment stabilizes and begins to improve, key North American markets remain challenged for the Automation Solutions business, but they have stabilized and appear to be turning.

Segment EBIT margin increased 250 basis points to 13.4 percent, on down sales, as savings from cost actions and favorable price-cost more than offset volume deleverage and mix. Adjusted segment EBIT margin, which excludes restructuring and related costs, increased 200 basis points to 15.8 percent. Total restructuring and related actions in the quarter totaled $64 million.

2021 Updated Outlook

As macroeconomic uncertainties related to COVID-19 begin to slowly wane, we continue to expect a slow-but-steady improvement in industrial demand over the course of 2021 as more vaccines become available and distribution methods mature. We also expect that residential demand for many of our markets around the world will remain robust through the year.

Within this framework, we now expect underlying revenue to be positive for the full year. However, due to the delayed recovery timeline in many key automation markets, especially in North America, we remain committed to our plan of total company restructuring spend of approximately $200 million for the full year. Lastly, the updated guidance assumes no major operational or supply chain disruptions and oil prices in the $45 to $55 range for the remainder of the year.

2021 Guidance

Net Sales Growth	4% - 8%	Operating Cash Flow % of sales	~$3.15B ~18%
Automation Solutions	2% - 6%	Capital Spend	~$600M
Commercial & Residential Solutions	10% - 12%	Free Cash Flow % of sales	~$2.55B ~14%
Underlying Sales Growth	flat - 4%	Dividend	~$1.2B
Automation Solutions	(3%) - 1%	Share Repurchase	
Commercial & Residential Solutions	8% - 10%	/ M&A (excl. OSI)[1]	$500M - $1.0B
GAAP EPS	$3.39 +/- $.10	Tax Rate	~22%
Adjusted EPS	$3.70 +/- $.10	Restructuring Actions	~$200M

“Looking ahead to the remainder of the fiscal year, we will continue to invest in core technologies, software solutions, and other capabilities that strengthen our position in attractive and growing marketplaces, including alternative fuels, renewable energy, power transmission and distribution, and life sciences, among others,” Farr said. “Digital transformation and ESG initiatives continue to gain momentum among many of our industrial customers, and these portfolio enhancements and development efforts will enable us to help more customers not only adapt, but truly excel in their new operating realities post-pandemic.”

Schneider

Strong start to 2021; Revenues up +13.5% organic in Q1

FY 2021 Target upgraded

- Q1 Group revenues of €6.5 billion, with growth in both business and all regions
- Energy Management up +13.7% org.; up in all regions
- Industrial Automation up +12.9% org.; Discrete automation continues strong growth trajectory, Process segments recovering more slowly
- Delivering on key strategic priorities:
  - Continued strong growth in Product sales, up +17% org. driven by underlying demand and some stocking impact
  - Good growth in Software & Services, up +6% org.
  - 2021-2025 Schneider Sustainability Impact program underway;
  - Multiple customer wins linked to Sustainability
- Future-ready portfolio enhanced with closing of OSIsoft transaction, acquired through AVEVA; disposal program progresses in Q1
- Full year 2021 Target upgraded

Rueil-Malmaison (France), April 27, 2021 - Schneider Electric announced today its first quarter revenues for the period ending March 31, 2021. Jean-Pascal Tricoire, Chairman and CEO commented: “We had a strong start to 2021, driven by continued and accelerating demand in both businesses and our four end-markets. We stay focused on executing our strategy, leveraging our unique portfolio to provide customers energy and automation digital solutions for efficiency and sustainability. In Q1 our majority-owned subsidiary AVEVA completes the acquisition of OSIsoft. We also kickstart our new 5-year Schneider Sustainability Impact program. The uncertainty surrounding the rest of 2021 remains, with recent uptick of COVID-19 contagion in specific countries, and potential global supply-chain pressures. However, given the strong underlying demand trends witnessed in Q1 and factoring the current uncertainties as of today, we upgrade our full-year target.”

I. FIRST QUARTER REVENUES WERE UP +13.5% ORGANIC

2021 Q1 revenues were €6,526 million, up +13.5% organic and up +11.9% on a reported basis.

Products (60% of Q1 revenues) grew +17% organic in Q1, benefitting from a strong recovery in short-cycle demand as the Group continues to leverage its multi-local approach and unrivaled partner network. Growth was supplemented by some customer stocking, and by the carryover of price actions from H2 2020, all against a low base of comparison. Growth was strong across the full product range, including the Group’s offers for the

Buildings end-market, notably in Residential & Small buildings in both developed and emerging economies, and also in the Infrastructure and Industry end-markets.

Systems (22% of Q1 revenues) increased +10% organic in Q1. Overall, the growth of Systems revenues was stronger in Energy Management, benefitting from strong demand across the full suite of technologies, although by end-market there remained some weakness in non-residential buildings, as expected. In Industrial Automation, Systems revenues grew well, most notably through OEM sales, while demand in Process & Hybrid end-markets remained weak.

Software & Services (18% of Q1 revenues) grew +6% organic in Q1. Software and Digital Services grew midsingle digit organic in the quarter, with AVEVA impacted by a high base of comparison and the pull-forward of a contract renewal into Q4 2020. Excluding AVEVA, organic growth of Software and Digital Services was double-digit led by Energy Management software and the Group's EcoStruxure advisor offers. Field Services grew strongly, with contribution from both businesses. The Group's offers for Sustainability services continued to gain traction with customers and grew well.

Digital update: The Group continues to prioritize and track digital adoption with good progress in the growth of Assets under Management (AuM), reaching 4.5 million, up +47% year-on-year by the end of

The breakdown of revenue by business and geography was as follows:

€ million		Q1 2021		
		Revenues	Organic Growth	Reported Growth
Energy Management	North America	1,492	+4.3%	-3.6%
	Western Europe	1,341	+13.2%	+16.3%
	Asia Pacific	1,437	+28.8%	+39.9%
	Rest of the World	679	+10.2%	+3.6%
	Total Energy Management	**4,949**	**+13.7%**	**+12.9%**
Industrial Automation	North America	255	-8.6%	-18.0%
	Western Europe	496	+4.1%	+5.5%
	Asia Pacific	591	+40.1%	+40.9%
	Rest of the World	235	+6.1%	-4.6%
	Total Industrial Automation	**1,577**	**+12.9%**	**+9.0%**
Group	North America	1,747	+2.2%	-6.0%
	Western Europe	1,837	+10.6%	+13.2%
	Asia Pacific	2,028	+32.1%	+40.2%
	Rest of the World	914	+9.1%	+1.4%
	Total Group	**6,526**	**+13.5%**	**+11.9%**

STRONG PERFORMANCE IN ENERGY MANAGEMENT UP +14% ORGANIC

Energy Management delivered a strong performance in the quarter, growing by +13.7% organic, and with growth in all regions. Growth was supported by strong demand through distribution channels and some customer stocking. Pricing actions also contributed to the organic sales growth. The main drivers of growth in the Group's four end-markets are detailed below. The Group sells its Energy Management offers in conjunction with Industrial Automation primarily in the Industry and Infrastructure end-markets.

• Buildings – The Group saw strong demand overall in the Buildings end-market, supportive of the growth in the quarter. Residential construction continues to be the main contributor to organic growth in most regions. Non-Residential building demand remains good in Hospitals, Healthcare, Life Science and Warehouse/Distribution with some project delays and weakness in Hotels and Office buildings.

• Data Center – The Group saw continued strong demand across the full range of Data Center & Network customers, from the large Hyperscale installations through to smaller Edge applications and offerings sold through the Group's distributed IT channels. Demand in the U.S. was strong, and this was complemented by accelerating levels of demand across a number of countries as customers require more localized Data Centers driven by the need to reduce latency, improve fidelity and increase data security & sovereignty. Demand is not limited to new Data Center construction, but also due to upgrade cycles within existing facilities and networks. The Group's global footprint and full spectrum of products (incorporating MV, LV and BMS offers), systems, software (including AVEVA's Unified Operations Center) and services is well aligned to the needs of larger customers (Hyperscale, Co-location, Telco and associated networks) as well as smaller Edge and multi-national industrial/commercial customers.

• Infrastructure - Demand from the electric utility segment continued to grow in Q1 despite a high base of comparison from 2020. Demand was relatively stronger in the U.S. particularly given recent weather-related issues and government policy which have focused attention on improving grid stability, flexibility and resilience. Similar trends continue to support demand elsewhere in the world although with some COVID19 related delays still impacting in some emerging economies. The Group's build-out of Egypt's grid network contributed in the quarter and will be supportive of growth throughout the year. The Group continues to see good demand for Smart Grids, Microgrids and offers related to improved efficiency and sustainability. The transportation segment (rail, road, ports and airports) saw good demand, while Water and Wastewater (WWW) saw reduced demand in the quarter.

• Industry – Sales into Discrete end-markets improved in most countries with good OEM demand, particularly from customers in the packaging, material handling and logistics segments. Field services grew as site access continued to return to normal notwithstanding new lockdowns seen towards the end of the quarter in certain countries. Sales into Process & Hybrid end-markets remained impacted by last year's oil price weakness, notably in the Oil & Gas (O&G) segment. Improved commodity prices supported demand in the Metal, Mining and Minerals (MMM) segment. Consumer Packaged Goods (CPG) which includes Food & Beverage saw stable demand having been an area of resilience through 2020.

Trends for Energy Management, by geography:

North America (30% of Q1 revenues) was up +4.3% organic. The U.S. saw good growth, while Canada grew double-digit, partly offset by Mexico which contracted low single-digit. Sequentially, all three countries saw an improvement on Q4 2020. February saw some impact from weather related issues particularly in southwestern states of the U.S. primarily offset by a strong recovery in March. Strong demand continued in Residential markets and Data Center performed well as did Infrastructure, including grid related investments and offers for enhanced efficiency and sustainability. Weakness in new Commercial buildings was partly offset by renovation and mixed-use modifications. In Canada performance was mainly attributable to Residential while Mexico was impacted by continued weakness in investment.

Western Europe (27% of Q1 revenues) was up +13.2% organic, with growth accelerating toward the end of the quarter, due to both market demand and an easier base of comparison in most countries due to the effect of lockdowns in March 2020. The five major economies of the region each grew double-digit, with the largest impact coming from France, followed by the U.K., Italy, Germany and Spain. France saw increased momentum through the quarter, including through distribution channels where growth was strong, but largely reflective of the external demand. Growth was further supported by project execution in the Data Center end-market. The U.K. continued to see good demand in Residential buildings and in Data Center, while specific areas of the Non-residential buildings market performed well. Italy delivered strong growth showing a sequential improvement against Q4 2020 recovering across end-markets. Germany continued to benefit from good traction in Residential building and Data Center markets, despite a high base of comparison from Q1 2020 due to project execution. Spain continued to benefit from project execution in the Infrastructure end-market, while there was good growth from offers for Residential buildings. There was good growth across the rest of the region, in particular in Denmark which grew strongly benefiting from good demand and project execution.

Asia-Pacific (29% of Q1 revenues) was up +28.8% organic. China showed strong double-digit growth, against a low base of comparison associated with the COVID-19 pandemic in Q1 2020. Underlying market demand continued to be very strong and was complemented by several customers continuing operations during the Lunar new year. Performance was strong across end-markets, with public buildings and utilities showing strong demand supported by increasing investment, while the Residential buildings market rebounded against the low base of comparison though impacted by tighter credit policy measures. Demand in the Data Center end-market remains strong, with growth impacted by a high base of comparison, while the transportation sector remains an area of good growth. The Group's non-consolidated subsidiary Delixi also benefitted from these market dynamics and delivered strong double-digit growth in Q1. India also delivered strong double-digit growth in the quarter, led by demand across the Group's Residential and small buildings offers. Recent acquisition L&T Electrical & Automation division also posted a strong quarter, although not included in the organic growth for Q1. There was good growth in Australia, where demand for Energy Management products in residential buildings continued, however systems demand remained soft with projects delayed. There was strong growth in South Korea and much of South East Asia, although as expected Indonesia remained challenged and was down in the quarter, as was Singapore due to project execution in Q1 2020. Field Services performed well across the region, delivering strong growth.

Rest of the World (14% of Q1 revenues) was up +10.2% organic. Africa, Central & Eastern Europe and the CIS all grew double-digit. In Africa, the performance was led by Egypt as the Group continued to execute on a large infrastructure project, while in CIS, Russia grew strongly as a result of demand from the Infrastructure and Residential buildings markets. The Middle East saw strong growth as Turkey continued to perform well, while there was a return to growth in Saudi Arabia helped in part by execution on a smart metering project alongside good demand for products. South America delivered solid growth against a high base of comparison, with good performance in Brazil and Argentina.

STRONG PERFORMANCE IN INDUSTRIAL AUTOMATION UP +13% ORGANIC

The Group delivered +12.9% organic growth in Industrial Automation in Q1, contrasted between strong growth in sales made into Discrete automation end-markets, and a more moderate performance in Process endmarkets, which continued to recover more slowly. There was good traction in Field Services.

• Sales into Discrete end-markets were up double-digit with broad-based growth across geographies. China remained the outstanding area of growth with strength in OEM demand, including in hoisting, material handling and packaging. The U.S. showed sequential improvement on last quarter, with good demand in targeted segments of OEM, such as packaging and conveying equipment.

• Process and Hybrid end-markets remain challenged in the first quarter, with North America and Rest of the World still impacted by the weaker oil price in 2020. The Group continues to see delayed investment decisions by customers and longer lead-times on projects, particularly impacting the O&G segment. Other segments including CPG, Utilities and MMM saw good demand in Q1, although demand from WWW remained soft. The Group's industrial software offer through AVEVA was impacted by a high base of comparison in the quarter, and also the effect of the pull-forward of a contract renewal into Q4 2020.

Trends for Industrial Automation, by geography:

North America (16% of Q1 revenues) was down -8.6% organic. Sales in the U.S. remained weak while improving slightly on Q4 2020 and turning positive toward the end of the quarter. Discrete automation segments including machinery, packaging and conveyors grew strongly. Sales to Process & Hybrid end-markets, remained weak as expected due to present economic impacts on specific segments, and a high base of comparison in industrial software. Canada reported good growth while Mexico remained weak albeit improving from Q4 2020 levels.

Western Europe (31% of Q1 revenues) was up +4.1% organic, with an acceleration towards the end of the quarter. France was the stand-out in the region with strong growth in Discrete automation markets led by distribution channels and OEM demand. In Process & Hybrid end-markets, there was strong growth from the Group's industrial software offer, while Process Automation was around flat. Italy grew well in the quarter also due to an accelerating recovery of OEM demand. Spain was flat for Q1, having seen a slight sequential improvement in Discrete automation markets compared to last quarter. Germany was down but saw a good level of demand toward the end of the quarter. The UK was down, in part due to a high base of comparison in Software which could not be fully offset by strong growth in Discrete automation markets.

Asia-Pacific (37% of Q1 revenues) was up +40.1% organic, with China continuing to lead the region, up strong double-digit, against a low base of comparison. OEM demand remained particularly strong from customers in both the export and domestic markets across multiple applications, led by hoisting, packaging and material handling. The smaller Process & Hybrid market also delivered good growth, including AVEVA which continues to increase its presence in the market. India grew double-digit in the quarter, led by demand for the Group's discrete automation offers, particularly from OEM's across multiple segments. Australia saw strong growth driven by performance in Software, but in respect of products and systems growth was broadly flat having been resilient in Q1'20. Japan and South Korea were both down, largely in relation to Process & Hybrid end markets which remained challenged in the quarter, while growth in offers to Discrete markets was around flat, with the market showing some signs of recovery. Other countries in East Asia performed well, due to Discrete automation demand.

Rest of the World (16% of Q1 revenues) was up +6.1% organic. South America delivered strong growth, led by Discrete automation markets in Brazil where there was strong OEM demand from machine exporters, and in Argentina. There was good growth in the Middle East, where Turkey continued to perform strongly in Discrete markets, partly offset by weaker project demand from Process & Hybrid industries in some Gulf countries. The CIS, Africa and Central & Eastern Europe were all around flat, with growth from Discrete automation markets a slight positive and from Process & Hybrid markets a slight negative.

Rockwell

Rockwell Automation Reports Second Quarter Fiscal 2021 Results; Updates Fiscal 2021 Guidance

- Reported sales up 5.6 percent year over year; organic sales up 1.3 percent
- Record orders over $2 billion, up double digits sequentially and year over year
- Inorganic investments contributed 1.9 percent to reported sales growth
- Diluted EPS of $3.54; Adjusted EPS of $2.41
- Updating fiscal 2021 sales growth guidance to 10.5% and organic sales growth guidance to 7% at the midpoint
- Updating fiscal 2021 Diluted EPS guidance to $12.53 - $12.93 and Adjusted EPS guidance to $8.95 - $9.35

"This is an exciting time at Rockwell. We had our first-ever $2 billion orders quarter, powered by growth in core automation platforms, Information Solutions & Connected Services (IS/CS), and recent acquisitions. The value of our portfolio of products and services has never been more evident, and we are well positioned to accelerate profitable growth as we help the world recover," said Blake Moret, Chairman and CEO.

Fiscal 2021 Q2 Financial Results

Fiscal 2021 second quarter sales were $1,776.1 million, up 5.6 percent from $1,681.3 million in the second quarter of fiscal 2020. Organic sales increased 1.3 percent, currency translation increased sales by 2.4 percent, and acquisitions increased sales by 1.9 percent.

Fiscal 2021 second quarter net income attributable to Rockwell Automation was $415.0 million or $3.54 per share, compared to $132.2 million or $1.13 per share in the second quarter of fiscal 2020. The increases in net income attributable to Rockwell Automation and EPS were primarily due to fair-value adjustments recognized in fiscal 2021 and fiscal 2020 in connection with our investment in PTC (the "PTC adjustments"). Fiscal 2021 second quarter Adjusted EPS was $2.41, down 2.4 percent compared to $2.47 in the second quarter of fiscal 2020. Higher volume and favorable mix were offset by the reinstatement of incentive compensation and a higher Adjusted Effective Tax Rate.

Pre-tax margin was 28.6 percent in the second quarter of fiscal 2021 compared to 10.0 percent in the same period last year. The increase in pre-tax margin was primarily due to the PTC adjustments.

Total segment operating earnings were $390.1 million in the second quarter of fiscal 2021, up 5.0 percent from $371.5 million in the same period of fiscal 2020. Total segment operating margin was 22.0 percent compared to 22.1 percent a year ago.

Cash flow provided by operating activities in the second quarter of fiscal 2021 was $248.9 million, compared to $217.4 million in the second quarter of fiscal 2020. Free cash flow in the second quarter of fiscal 2021 was $223.9 million, compared to $197.8 million in the same period last year.

Outlook

State of the Industry

Q2-2021

The COVID-19 pandemic and global efforts to respond to it continue to evolve. We are updating our guidance considering our performance through the first half of the year, our expectation of continued orders strength, and anticipation of continued supply chain constraints.

The following table provides guidance for projected sales growth and earnings per share for fiscal 2021:

	Updated Guidance	Prior Guidance
Reported sales growth	9.0% - 12.0%	8.5% - 11.5%
Organic sales growth	5.5% - 8.5%	4.5% - 7.5%
Inorganic sales growth[1]	~1.5%	~1.5%
Currency translation	~2.0%	~2.5%
Diluted EPS	\$12.53 - \$12.93	\$11.07 - \$11.47
Adjusted EPS	\$8.95 - \$9.35	\$8.70 - \$9.10

[1]Estimate for incremental sales resulting from businesses acquired in fiscal year 2020 and Oylo and Fiix acquired in the first quarter of fiscal 2021.

"I'm extremely proud of the many ways our employees are helping customers meet current challenges and also accelerate their digital transformation. Our strong orders performance and increased guidance validate our confidence in delivering value today while investing for the future," Moret concluded.

Intelligent Devices

Intelligent Devices second quarter fiscal 2021 sales were $850.2 million, an increase of 8.3 percent compared to $785.0 million in the same period last year. Organic sales increased 5.8 percent and currency translation increased sales by 2.5 percent. Segment operating earnings were $202.0 million compared to $180.7 million in the same period last year. Segment operating margin increased to 23.8 percent from 23.0 percent a year ago, primarily due to higher sales and lower spend, partially offset by the reinstatement of incentive compensation.

Software & Control

Software & Control second quarter fiscal 2021 sales were $502.3 million, an increase of 12.1 percent compared to $448.2 million in the same period last year. Organic sales increased 5.6 percent, currency translation increased sales by 2.6 percent, and acquisitions increased sales by 3.9 percent. Segment operating earnings were $149.8 million compared to $136.8 million in the same period last year. Segment operating margin decreased to 29.8 percent from 30.5 percent a year ago, primarily due to the reinstatement of incentive compensation, partially offset by higher sales.

Lifecycle Services

Lifecycle Services second quarter fiscal 2021 sales were $423.6 million, a decrease of 5.5 percent compared to $448.1 million in the same period last year. Organic sales decreased 11.0 percent, currency translation increased sales by 2.2 percent, and acquisitions increased sales by 3.3 percent. Segment operating earnings were $38.3 million compared to $54.0 million in the same period last year. Segment operating margin decreased to 9.0 percent from 12.1 percent a year ago, primarily due to lower sales and the reinstatement of incentive compensation, partially offset by favorable mix and cost savings from actions taken in the prior year.

Siemens

Excellent results across all businesses – Guidance raised again

"As our order intake and revenue in the second quarter impressively demonstrate, our customers place great trust in us. We support them with their digital transformation, which enables them to become faster, more efficient and more sustainable," said Roland Busch, President and Chief Executive Officer of Siemens AG. "I'm extremely pleased that all our businesses are delivering excellent results and that we're growing profitably – despite continuing uncertainties. My thanks go to all the people at Siemens worldwide for their dedication and for always embracing a growth mindset."

"The second quarter once again underscores Siemens' performance capabilities and reliability, especially under challenging conditions, which was reflected in all key financial figures. Growth momentum came, in particular, from the automotive industry, machine building, our software business and – from a geographic perspective – from China. Besides the gratifying margin developments at our Industrial Businesses, our successful portfolio management also paid off. In addition, Siemens has once again achieved excellent cash flow. On this basis, we are even more confident about the second half of our fiscal year and are raising our guidance significantly for both our Industrial Businesses and net income," said Ralf P. Thomas, Chief Financial Officer of Siemens AG.

- Orders climbed 11% on a comparable basis, excluding currency translation and portfolio effects, and revenue rose 9%
- On a nominal basis, orders increased 8% to €15.9 billion, driven by double-digit growth in Siemens Healthineers, and revenue rose 6%, to €14.7 billion, on growth in all industrial businesses; the book-to-bill ratio was 1.08
- Adjusted EBITA Industrial Businesses was €2.1 billion, a 31% increase on strong performances in all Industrial Businesses, resulting in Adjusted EBITA margin Industrial Businesses of 15.1%
- Net income and basic earnings per share (EPS) were sharply higher, at €2.4 billion and €2.82, respectively, on higher Adjusted EBITA Industrial Businesses, a €0.9 billion gain on the sale of Flender GmbH (Flender) within discontinued operations, and favorable effects outside Industrial Businesses; in Q2 FY 2020 net income of €0.7 billion and basic EPS of €0.80 included a loss of €0.3 billion from discontinued operations
- Excellent Free cash flow from continuing and discontinued operations of €1.2 billion (Q2 FY 2020: €0.1 billion), including increases in all industrial businesses

Siemens

• Continuing complex macroeconomic environment influenced by the coronavirus pandemic (COVID-19); pent-up demand and growth opportunities during the quarter that varied by business and geographic region, including strong growth in China compared to Q2 FY 2020 when pandemic restrictions were first initiated

• Significant currency translation effects took four percentage points each from order and revenue growth year-over-year; portfolio effects added one percentage point each

• Strong order intake on a comparable basis, driven by double-digit growth in Siemens Healthineers and Smart Infrastructure

• Revenue up in all four industrial businesses on a comparable basis, led by double-digit growth in Digital Industries and Siemens Healthineers

• Adjusted EBITA Industrial Businesses rose substantially with Smart Infrastructure more than doubling its Adjusted EBITA and Digital Industries and Siemens Healthineers posting double-digit increases; Mobility kept profitability close to the strong prior-year level; Adjusted EBITA Industrial Businesses benefited from expense reductions year-over-year due to COVID-19 restrictions, such as lower travel and marketing expenses, which are expected to diminish in coming quarters

• Outside Industrial Businesses, positive swing in Corporate items primarily from a €0.2 billion gain in connection with the transfer of Siemens' stake in ChargePoint Holdings, Inc. (ChargePoint) to Siemens Pension-Trust e.V. and a higher earnings contribution from Siemens Financial Services

• Net income rose sharply on substantially higher Adjusted EBITA Industrial Businesses and a positive contribution from discontinued operations, mainly related to a €0.9 billion gain from the sale of Flender; the loss from discontinued operations in Q2 FY 2020 was mainly related to the former energy business

• Industrial Businesses generated outstanding second-quarter Free cash flow of €2.1 billion, up from €1.1 billion in Q2 FY 2020, with improvements in all industrial businesses resulting in a cash conversion rate of 1.03; this sharp increase was partly offset by substantially higher tax payments, which were €1.2 billion, outside of Free cash flow from Industrial Businesses; Free cash flow from discontinued operations improved compared to Q2 FY 2020, when significant cash outflows were recorded mainly from Siemens Energy

• Consideration for the sale of Flender amounted to €1.8 billion net of cash disposed; cash inflows included €1.6 billion in Q2 FY 2021, with proceeds of €0.2 billion to follow in Q3 FY 2021; payments are not part of Free cash flow

• Provisions for pensions and similar obligations as of March 31, 2021: €3.3 billion (December 31, 2020: €5.0 billion): decreased mainly due to higher discount rate assumptions and to contributions of financial assets, including the stake in ChargePoint, to Siemens Pension Trust e.V., to strengthen Siemens' pension assets for the post-employment benefits of employees

• ROCE increased on a combination of sharply higher net income and a substantial decrease in average capital employed; the gain from the sale of Flender added 7.5 percentage points to ROCE

Digital Industries

• Strong volume development despite substantial negative currency translation effects

• Order growth driven by double-digit growth in the short-cycle businesses on continued recovery in their most important customer industries such as automotive and machine building

• Revenue rose in all businesses with the strongest contribution coming from the short-cycle businesses
• On a geographic basis, volume grew in all reporting regions, with the highest increases coming from the Asia, Australia region, driven by China

• Adjusted EBITA higher in all businesses, with particularly strong increases in the electronic design automation (EDA) software business and the short-cycle businesses on higher revenue as well as expense reductions due to COVID-19 restrictions and prior cost structure improvements; ongoing cost structure improvement resulted in sharply higher severance charges year-over-year

Smart Infrastructure

• Volume development substantially impacted by negative currency translation effects

• Orders rose in all businesses with the strongest growth coming from the systems and software business and the products business

• Revenue growth was driven mainly by the products business due partly to a recovery in short-cycle markets

• On a geographic basis, volume growth was led by the Asia, Australia region including particularly strong contributions from China

• Adjusted EBITA and profitability rose in all businesses, due largely to sharply lower severance charges, higher capacity utilization, cost savings related to prior execution of the competitiveness program and expense reductions related to COVID-19 restrictions

Outlook

Although we continue to anticipate a complex macroeconomic environment influenced by COVID-19, we expect our businesses to continue to deliver a strong performance in the second half of fiscal 2021. Furthermore, we realized substantial gains from portfolio transactions in the first half of the fiscal year. Therefore, we again raise our outlook for the fiscal year. We continue to anticipate that negative currency effects will strongly burden both nominal growth rates in volume and Adjusted EBITA for our industrial businesses in fiscal 2021. We now raise our expectation for comparable revenue, net of currency translation and portfolio effects, to growth of 9% to 11%, above the range of mid- to high-single-digit growth given in the Earnings Release for Q1 FY 2021. We continue to expect a book-to-bill ratio above 1. Digital Industries now expects fiscal 2021 comparable revenue to grow in the range of 9% to 11% year-over-year. The expectation for Adjusted EBITA margin is now 20% to 21%, an increase of one percentage point. Smart Infrastructure expects to achieve comparable revenue growth of 5% to 7% in fiscal 2021. The expectation for Adjusted EBITA margin is now 11% to 12%, an increase of half a percentage point. Mobility continues to anticipate mid-single-digit comparable revenue growth and an Adjusted EBITA margin of 9.5% to 10.5% in fiscal 2021. In line with the results already achieved during the first half of fiscal 2021 and the expectations described above, we raise our outlook for net income to the range from €5.7 to €6.2 billion, well above the previous expectation of net income in the range of €5.0 to €5.5 billion. As previously, this outlook excludes burdens from legal and regulatory issues and effects in connection with Siemens Healthineers’ acquisition of Varian Medical Systems, Inc.

National Instruments

NI Reports Record Revenue for a First Quarter of $335 Million

Momentum continued with strong YOY order growth across all regions and business units

Q1 2021 Highlights

- Revenue of $335 million, up 8 percent year-over-year
- GAAP gross margin of 72 percent and non-GAAP gross margin of 75 percent
- Fully diluted GAAP EPS of $0.03 and fully diluted non-GAAP EPS of $0.32
- Cash and short-term investments of $299 million as of Mar. 31, 2021

AUSTIN, Texas--(BUSINESS WIRE)--Apr. 29, 2021-- NI (Nasdaq: NATI) today announced Q1 2021 revenue of $335 million, up 8 percent year-over-year, a record for a first quarter.

For Q1 2021, the company's orders were up 19 percent year-over-year. For Q1, year-over-year orders in the Americas region were up 8 percent, in EMEA orders were up 2 percent, and in APAC orders were up 51 percent.

Geographic revenue in U.S. dollar terms for Q1 2021 compared with Q1 2020 was up 1 percent in the Americas, up 26 percent in APAC and down 1 percent in EMEA. Historical revenue from these three regions can be found on NI's investor website at www.ni.com/nati.

In Q1, GAAP gross margin was 72 percent and non-GAAP gross margin was 75 percent. GAAP operating expenses were $230 million, up 8 percent year-over-year. Total non-GAAP operating expenses were up 4 percent year-over-year at $201 million. GAAP operating margin was 3 percent in Q1, with GAAP operating income of $10 million, down 94 percent year-over-year, due primarily to the sale of our AWR subsidiary in Q1 2020. Non-GAAP operating margin was 15 percent in Q1, with non-GAAP operating income of $52 million, up 27 percent year-over-year.

GAAP net income for Q1 was $4 million, with fully diluted earnings per share (EPS) of $0.03, and non-GAAP net income was $42 million, with non-GAAP fully diluted EPS of $0.32.

“Momentum continued with an all-time record for first quarter orders. Demand was above typical seasonality with orders up year-over-year across all regions and business units,” said Eric Starkloff, NI CEO. “I'm inspired by our long-term growth opportunities and confident in the solid global execution of our growth strategy. Our continued focus on systems and enterprise software can serve as a strong foundation to deliver sustainable growth while creating value for all our stakeholders.”

"In Q1, we reported record revenue for a first quarter. Due to broad supply chain constraints across our industry, not all orders were shipped within the quarter resulting in an increase in backlog,” said Karen Rapp, NI CFO. “We remain confident in our ability to ultimately ship our backlog and optimistic in the continued strength in our business as we continue to align resources to higher growth opportunities in pursuit of our long-term financial model. Our ability to accelerate our growth strategy is indicative of the value customers see in our innovative platform, stability provided by our industry diversity, and our operational excellence."

As of Mar. 31, 2021, NI had $299 million in cash and short-term investments. During Q1, NI paid $36 million in dividends. The NI Board of Directors approved a dividend of $0.27 per share payable on June 1, 2021, to stockholders of record on May 10, 2021.

The company's non-GAAP results exclude, as applicable, the impact of stock-based compensation, amortization of acquisition-related intangibles, acquisition-related transaction and integration costs, taxes levied on the transfer of acquired intellectual property, foreign exchange gain/loss on acquisitions, restructuring charges, tax reform charges, disposal gain/loss on buildings and related charitable contributions, tax effects related to businesses held for sale, gain/loss on sale of business, impairment losses on equity-method investments, and capitalization and amortization of internally developed software costs. Reconciliations of the company's GAAP and non-GAAP results are included as part of this news release.

Guidance

Company expects revenue in Q2 to be constrained by component availability with estimated order growth in the range of 20 percent to 25 percent YOY. NI currently expects Q2 revenue to be in the range of $304 million to $334 million and Q2 non-GAAP revenue, which we define as GAAP revenue adjusted to exclude the impact of purchase price accounting (which for Q2 2021 we expect to relate to our acquired OptimalPlus subsidiary) to be in the range of $305 million to $335 million. The company currently expects that GAAP diluted EPS will be in the range of ($0.02) to $0.12 for Q2, with non-GAAP diluted EPS expected to be in the range of $0.21 to $0.35. For 2021, NI estimates its non-GAAP effective tax rate to be approximately 17 percent to 18 percent.