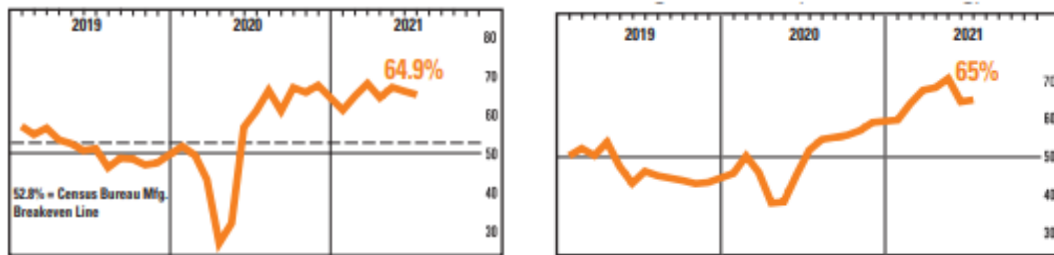


Our Executive Summary

The latest economic indicators (July) all continue to point to strong growth for industrial manufacturing and production. From the CEO to the Purchasing Managers to our fellow systems integrators, everyone is expressing optimism while facing similar challenges. Most prominently are supply issues and difficulty finding sufficient workforce to meet demand.

Consequently, manufacturers are struggling to meet demand as seen in the [ISM charts](#) below for orders and backlog respectively. In the first chart, you can see that orders have not only recovered, but are exceeding those prior to the pandemic. With respect to backorders (on the right), we can see a steady growth in back orders as manufacturers struggle ramp up production with limited supply and workforce.



Looking closer at suppliers within our own industry, we see RA reporting over 50% growth in orders with only a 26.4% organic sales growth. Similarly, NI is reporting orders up 33% and sales up 15%. And, the outlook for demand just keeps growing with the CEO index showing 60% wanting to increase CapEx and ISM listing work absenteeism and difficulty filling positions as a key challenge which could only lead to more automation.

It is interesting that Siemens seems to be the only one that feels they have most of the supply chain issues resolved but even with that statement they have a book to bill ratio of a whopping 1.27.

The questions we would ask are:

- With all this optimism and supply side challenges are system integrators going to take on all the risk or will they contractually push some of that on to their customers?
- Will we see more of [this](#) “SNC-Lavalin Group Inc. (TSX:SNC) today announced that it is exiting lump-sum turnkey (LSTK) contracting?
- Will we see more customer pushing the hardware purchase back to the integrators to minimize their direct exposure to cost increases?
- Will we see suppliers letting their key customers jump to the head of the line for product delivery (see RA large orders notation in an overbooked environment)?
- With vendors saying they “will face the impact of rising costs of raw materials and other inputs” but increase their bottom line percentage, how high and how fast will material costs go up?

Key Economic Indicator Summary

[CEO Confidence Index](#) - rose to 7.3 out of 10 in July.

After two consecutive months on the decline, CEO optimism roared back in July to 2018 levels as strong demand and progress battling the pandemic fueled an ever-brighter outlook that business—and society—are returning to normal. Among the reasons driving polled CEOs' enthusiasm are increasing demand, continued low interest rates and a return to normalcy that they expect will curb the talent shortage and further lower the unemployment rate.



[Purchasing Managers Index](#) dropped to 59.5% (-1.1)

This is the 14th month of growth. Purchasing Managers expressed struggles to meet demand due to COVID limiting supplies with near record-long raw-material lead times, continued shortages of critical basic materials, rising commodities prices, difficulties in transporting products. Work absenteeism and difficulty filling positions. Still all 6 biggest industries have moderate to strong growth (Chemical Products; Fabricated Metal Products; Transportation Equipment; Computer & Electronic Products; and Food, Beverage & Tobacco Products; Oil/Coal).



[CSIA](#)

Revenues outpacing last year and sentiments remained strong with 86% saying that things are looking up. 40% are highly to moderately concerned about losing employees primarily to end users / manufacturers and other SIs.



Key Vendor Performance Summary

[Emerson](#) - Net Sales were \$4.7 billion up 20 percent from the year prior; Underlying Sales were up 15 percent

Accelerating sales growth in key end markets combined with strong execution by operations helped deliver exceptional financial results. Ongoing strength in our residential businesses and rapid improvement in both commercial and industrial end markets. Importantly, our core North American process automation markets turned sharply back to growth, complementing the ongoing strength in discrete and hybrid markets.



[Schneider](#) - Q2 2021 revenues of €7.2 billion, up +24% org

In H1 2021, Schneider delivered record financial performance in revenues, profits and cash flow; resulting from the strong recovery and dynamics of their markets, the increased interest of our customers in our sustainability solutions based on digitization and low-carbon electrification, and new efficiencies in their way of working learned during the past 18 months. Our H1 exceeds pre-pandemic levels.



[RA](#) - Sales up 32.6 percent year over year; organic sales up 26.4 percent. Record orders of over \$2B, up over 50% YOY.



Rockwell delivered an outstanding quarter, with record orders and organic sales growth of 26% exceeding our expectations. These results reflect the high demand for Rockwell's core automation and digital transformation solutions, which provide their customers with the resiliency, agility and sustainability they need to be successful for the long term.

[Siemens](#) – Orders increased 47% to €20.5B, double-digit growth in all industrial businesses



Siemens is consistently pursuing its goal of accelerated high-value growth. In the third quarter, once again we delivered – with strong and profitable growth in all businesses. They are successfully supporting our customers in their transformation through digitalization, automation and sustainability. And we're mastering a challenging environment – for example in their supply chains.

[NI](#) - Record GAAP revenue for a second quarter of \$347 million, up 15 percent Y-o-Y

NI is very pleased with the strong results in the second quarter with revenue exceeding the high end of guidance. Momentum in customer demand continued with the total value of orders for Q2 up 33 percent year-over-year. This represents record orders for a second quarter and double-digit growth year-over-year across all industries and all regions. NI believe these results are proof that our strategy is working, and our continued market focus is paying off.



Economic Indicators

CEO Confidence Index (July)

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 Confidence Rebounding To Multi-Year High (7.3 out of 10)
 - After two consecutive months on the decline, CEO optimism roared back in July to 2018 levels as strong demand and progress battling the pandemic fueled an ever-brighter outlook that business—and society—are returning to normal.
 - Among the reasons driving polled CEOs' enthusiasm are increasing demand, continued low interest rates and a return to normalcy that they expect will curb the talent shortage and further lower the unemployment rate.
- Majority of CEOs now have positive outlook for next 12 months
 - Up to 85% (+4) projecting positive revenues
 - Up to 80% (+7) projecting positive profits
 - Up to 60% (+9) projecting CapEx increase



Purchasing Manager Index (July)

- [PMI](#) 59.5% (-1.1)
- 14th month of growth
- Struggle to meet demand due to COVID limiting supplies
 - Near record-long raw-material lead times
 - Continued shortages of critical basic materials
 - Rising commodities prices
 - Difficulties in transporting products
 - Work absenteeism and difficulty filling positions
- All 6 biggest industries have moderate to strong growth
 - Chemical Products; Fabricated Metal Products; Transportation Equipment; Computer & Electronic Products; and Food, Beverage & Tobacco Products; Oil/Coal

Business Survey Committee panelists reported that their companies and suppliers continue to struggle to meet increasing demand levels. As we enter the third quarter, all segments of the manufacturing economy are impacted by near record-long raw-material lead times, continued shortages of critical basic materials, rising commodities prices and difficulties in transporting products. Worker absenteeism, short-term shutdowns due to parts shortages and difficulties in filling open positions continue to be issues limiting manufacturing-growth potential. Optimistic panel sentiment remained strong, with 13 positive comments for every cautious comment. Demand expanded, with the (1) New Orders Index growing, supported by continued expansion of the New Export Orders Index, (2) Customers' Inventories Index remaining at very low levels and (3) Backlog of Orders Index staying at a very high level. Consumption (measured by the Production and Employment indexes) improved in the period, posting a combined 0.6-percentage point increase to the Manufacturing PMI® calculation. The Employment Index returned to expansion after one month of contraction; panelists continued to note significant difficulties in attracting and retaining labor at their companies' and suppliers' facilities, although there were signs of improvement. Inputs — expressed as supplier deliveries, inventories, and imports — continued to support input-driven constraints to production expansion, at slower rates compared to June as the Supplier Deliveries Index softened while the Inventories Index contracted, likely due to long lead times. The Prices Index expanded for the 14th consecutive month, indicating continued supplier pricing power and scarcity of supply chain goods.



All of the six biggest manufacturing industries — Computer & Electronic Products; Fabricated Metal Products; Chemical Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Petroleum & Coal Products, in that order — registered moderate to strong growth in July.

Manufacturing performed well for the 14th straight month, with demand, consumption and inputs registering growth compared to June. Panelists' companies and their supply chains continue to struggle to respond to strong demand due to difficulties in hiring and retaining direct labor. Comments indicate slight improvements in labor and supplier deliveries offset by continued problems in the transportation sector. High backlog levels, too low customers' inventories and near record raw-materials lead times continue to be reported. Labor challenges across the entire value chain and transportation inefficiencies are the major obstacles to increasing growth.

Seventeen of 18 manufacturing industries reported growth in July, in the following order: Furniture & Related Products; Printing & Related Support Activities; Apparel, Leather & Allied Products; Miscellaneous Manufacturing; Computer & Electronic Products; Nonmetallic Mineral Products; Machinery; Fabricated Metal Products; Paper Products; Chemical Products; Food, Beverage & Tobacco Products; Primary Metals; Plastics & Rubber Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Wood Products; and Petroleum & Coal Products. The only industry reporting a decrease in July compared to June was Textile Mills. and Wood Products.

Manufacturing at a Glance

July 2021

Index	Series Index Jul	Series Index Jun	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Manufacturing PMI®	59.5	60.6	-1.1	Growing	Slower	14
New Orders	64.9	66.0	-1.1	Growing	Slower	14
Production	58.4	60.8	-2.4	Growing	Slower	14
Employment	52.9	49.9	+3.0	Growing	From Contracting	1
Supplier Deliveries	72.5	75.1	-2.6	Slowing	Slower	65
Inventories	48.9	51.1	-2.2	Contracting	From Growing	1
Customers' Inventories	25.0	30.8	-5.8	Too Low	Faster	58
Prices	85.7	92.1	-6.4	Increasing	Slower	14
Backlog of Orders	65.0	64.5	+0.5	Growing	Faster	13
New Export Orders	55.7	56.2	-0.5	Growing	Slower	13
Imports	53.7	61.0	-7.3	Growing	Slower	13
OVERALL ECONOMY				Growing	Slower	14
Manufacturing Sector				Growing	Slower	14

Manufacturing ISM® Report On Business® data is seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.
*Number of months moving in current direction.

WHAT RESPONDENTS ARE SAYING

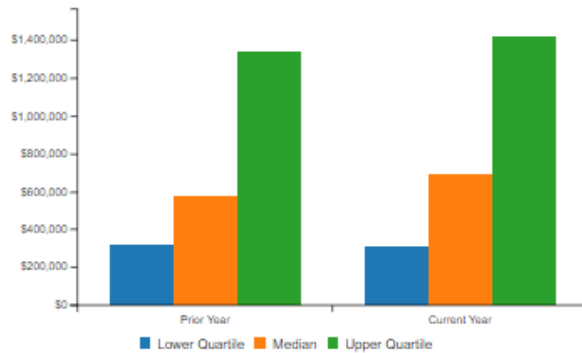
- “Business levels continue to exhibit strong demand, with no signs of backing down. Purchases continue to have long lead times due to shortages of raw materials and labor force, as well as logistics challenges. Increased costs are being passed to customers.” [Computer & Electronic Products]
- “Supply chains are slowly, very slowly filling up. Like a water hose, starting upstream and slowly flowing downstream. Rumor is a full return to ‘normal’ may be nearer to year’s end, but the situation is progressing. Transportation (equipment and drivers) is the current pinch point, more so than material shortages.” [Chemical Products]
- “Strong sales continue, and inventories are low as the chip shortage is keeping production numbers down — we have idled several of our assembly plants to reduce the strain on the chip supply base.” [Transportation Equipment]
- “Still dealing with price increases from force majeure issues as well as overseas shipping premiums and higher costs of items like fuel. Customer demand still high; pushing plant to max production rates.” [Food, Beverage & Tobacco Products]
- “Strong operations, (with) new programs, orders and launches. Continue to have hiring difficulties and are unable to fill production and salaried jobs (due to) a lack of candidates. Raw materials are still in short supply, with longer lead times.” [Fabricated Metal Products]
- “Incoming bookings continue to be strong, and economy continues to return. Still struggling with inflation and availability (of materials, labor and freight).” [Furniture & Related Products]
- “Sales are above last year by a good percentage, but meeting demand is just not possible due to force majeure situations, logistics, and labor shortages. We don’t anticipate this ending until well into 2022.” [Nonmetallic Mineral Products]
- “Supply chain continues to be extremely challenging in a variety of categories. Having to place orders months ahead of time just to get a place in line.” [Machinery]
- “Very busy with new orders. Material costs continue to rise, and supplies are sometimes delayed. Labor issues are still affecting us the most with finding proper labor. Labor— costs are increasing as we are competing locally for top talent.” [Miscellaneous Manufacturing]
- “Business levels continue to be very strong, but we also continue to struggle finding employees. We can only fill 75 percent of our order requirements due to the labor shortage.” [Primary Metals]

Other Resources

- [CEO Confidence Survey Definition \(investopedia.com\)](https://www.investopedia.com/terms/c/ceo-confidence-survey-definition.asp)
- [Vistage CEO Confidence Index | Vistage Research Center](https://www.vistageresearch.com/ceo-confidence-index/)
- [CEO Confidence Index Methodology \(chiefexecutive.net\)](https://www.chiefexecutive.net/ceo-confidence-index-methodology/)
- [Business confidence index \(BCI\) - OECD Data](https://data.oecd.org/business-confidence/)

CSIA update

Revenue June 2020 vs 2021



Sentiment for July 2021



By the numbers

Things are looking up:

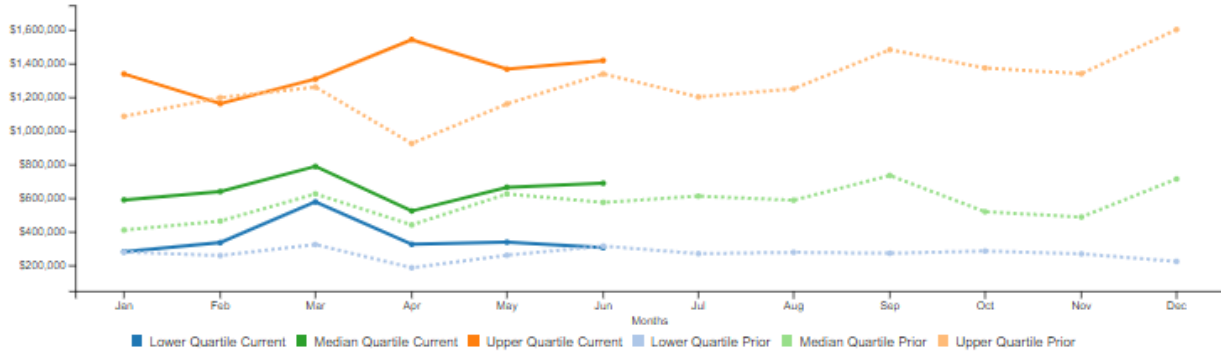
86 %

Trouble Ahead:

14 %

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 Third Quarter 2021 Results; Raises 2021 Outlook

- Net Sales were \$4.7 billion up 20 percent from the year prior; Underlying Sales were up 15 percent
- GAAP EPS was \$1.04, up 55 percent from the year prior; Adjusted EPS, which excludes restructuring and first year purchase accounting charges, was \$1.09, up 36 percent
- Operating Cash Flow was \$1.1 billion, up 31 percent; Free Cash Flow (FCF) was \$977 million, up 32 percent, resulting in FCF conversion of 154 percent
- Restructuring and related actions of \$32 million were initiated in the quarter, continuing execution of the comprehensive cost reset program to return the company to record adjusted EBIT margins
- Declared regular quarterly cash dividend of \$0.505 per share of common stock payable September 10, 2021 to stockholders of record August 13, 2021
- Published new Environmental, Social, and Governance (ESG) Report in June, introducing goal of doubling representation of women globally and U.S. minorities at the leadership level by 2030

ST. LOUIS, August 4, 2021 - Emerson (NYSE: EMR) today reported results for the third fiscal quarter ended June 30, 2021.

"We are pleased with our results this quarter, as accelerating sales growth in key end markets combined with strong execution by operations helped us deliver exceptional financial results," said Emerson President and Chief Executive Officer Lal Karsanbhai. "In particular, we saw ongoing strength in our residential businesses and rapid improvement in both commercial and industrial end markets. Importantly, our core North American process automation markets turned sharply back to growth, complementing the ongoing strength in discrete and hybrid markets. These results contributed to solid margin improvement as we fully leveraged the benefits of our broad ongoing cost reset plan. Cash flow performance was strong as a result of earnings growth and effective working capital management. This gives us optionality with regard to capital allocation in 2022 and beyond."

"Despite a challenging operating environment – material costs, availability, logistics, and labor constraints all required diligent management – I am extremely proud of our operations team, which has worked tirelessly to limit the impact of these issues as the world reopens and demand rebounds across our customer base. The hard work of our global teams – combined with our reset cost structure and improving demand in longer-cycle markets – is allowing us to improve our outlook for the year. It has also facilitated acceleration of investment in key technologies that are expected to drive further differentiation and increased relevance with our customers."

"We are energized by our financial performance and operational management, and by the momentum around modernization of the Emerson culture," Karsanbhai continued. "In our most recent ESG report, we announced a goal to double the number of women globally and U.S. minorities at the leadership level by 2030. We are modernizing work practices and are actively refreshing our management process to continue advancing ESG transparency and reporting. In the long run, I firmly believe these cultural efforts will be important and tangible business enablers."



State of the Industry

Q3-2021

June Trailing Three-Month **Underlying Orders were up 26 percent**, as strength in residential, cold chain, professional tools, hybrid and discrete automation markets was bolstered by recovery in later cycle process automation markets.

Third quarter Net Sales were up 20 percent and **Underlying Sales were up 15 percent**, excluding favorable currency of 4 percent and an impact of 1 percent from acquisitions. Revenue for the quarter came in ahead of expectations driven by strength across commercial and residential markets, as well as a sharp recovery in core North American process automation markets. By geography, the Americas grew 18 percent, Europe grew 13 percent, and Asia, Middle East & Africa grew 11 percent. China grew 7 percent.

Third quarter Gross Profit Margin of 42.2 percent was up 90 basis points from the previous year primarily due to cost reductions and leverage across the enterprise. Pretax Margin of 16.7 percent was up 500 basis points while EBIT Margin of 17.5 percent was up 460 basis points, as ongoing cost reduction actions and leverage more than offset price cost headwinds. Adjusted EBIT Margin, which excludes restructuring and first year purchase accounting charges, was 18.4 percent, up 310 basis points.

Earnings Per Share were \$1.04 for the quarter, up 55 percent, and Adjusted Earnings Per Share, which excludes restructuring and first year purchase accounting charges, were \$1.09, up 36 percent. Earnings in the quarter were ahead of management expectations, benefiting from higher volume and ongoing cost reduction actions.

Operating Cash Flow was \$1.1 billion for the quarter, up 31 percent, and \$2.7 billion year-to-date, up 47 percent. Free Cash Flow was \$977 million, up 32 percent, and \$2.4 billion year-to-date, up 55 percent. Cash flow results reflected higher earnings due to volume, operational execution across the two business platforms and favorable trade working capital.

Business Platform Results

Automation Solutions June trailing three-month underlying orders were up 17 percent. By geography, the Americas showed the most improvement, up 29 percent. Europe was up 8 percent. Asia, Middle East & Africa grew 8 percent, with China orders increasing sharply by 23 percent. Backlog increased \$200 million compared to the prior quarter to \$5.5 billion, and was up 17 percent year-to-date.

Net sales increased 14 percent in the quarter, with underlying sales up 8 percent. Results reflected ongoing strength across discrete and hybrid markets, and sharp improvement in longer cycle core process automation markets. Importantly, the Americas underlying sales recovered sharply, growing by 9 percent, driven by continued momentum in life sciences, food & beverage, and medical markets paired with growth trends across process automation and sustainability related business. As expected, KOB3/MRO and KOB2/modernization business led the recovery, however some KOB1 project activity began to materialize, particularly in chemical, biofuels, and power markets. Europe underlying sales were up 6 percent, driven by life sciences and biofuels demand. Asia, Middle East & Africa underlying sales grew 7 percent while China grew by 5 percent.

Segment EBIT margin increased 570 basis points to 17.7 percent, as savings from cost actions paired with strong volume leverage. Adjusted segment EBIT margin, which excludes restructuring and related



State of the Industry

Q3-2021

costs, increased 320 basis points to 18.3 percent. Total restructuring and related actions in the quarter totaled \$18 million.

Commercial & Residential Solutions June trailing three-month underlying orders were up 43 percent. The Americas grew by 43 percent, while Europe was up 64 percent. Asia, Middle East & Africa orders increased by 30 percent, with China up 11 percent. Backlog ended the quarter at \$1.1 billion.

Net sales increased 32 percent and underlying sales were up 29 percent, with all businesses and geographies showing strong double-digit underlying growth. Underlying sales in the Americas were up 29 percent, reflecting ongoing strength in residential markets, bolstered by cold chain and professional tools momentum. Europe was up 37 percent as heat pump demand remained robust and demand for professional tools surged. Asia, Middle East & Africa was up 25 percent driven by cold chain and heating technologies. China grew by 15 percent.

Segment EBIT margin increased 220 basis points to 21.3 percent as leverage and cost reduction actions were somewhat offset by price-cost headwinds. Adjusted segment EBIT margin, which excludes restructuring and related costs, increased 170 basis points to 21.7 percent. Total restructuring and related actions in the quarter totaled \$7 million.

2021 Updated Outlook

Despite ongoing pandemic challenges with the COVID delta variant, we expect overall continued improvement in industrial and commercial demand over the remainder of 2021. We also expect the operational, supply chain, and materials inflation environment to remain challenging through the remainder of the fiscal year.

The following table summarizes the updated 2021 guidance framework:

2021 Guidance

Net Sales Growth	9% - 10%	Operating Cash Flow	\$3.6B
Automation Solutions	5% - 6%	Capital Spend	\$600M
Commercial & Residential Solutions	17% - 18%	Free Cash Flow	\$3.0B
		Dividend	\$1.2B
Underlying Sales Growth	5% - 6%	Share Repurchase	\$500M
Automation Solutions	flat - 1%		
Commercial & Residential Solutions	15% - 16%	Tax Rate	22%
		Restructuring Actions	\$200M
Pretax Margin	16%		
Adjusted EBIT	18%		
Adjusted EBITDA	23%		
GAAP EPS	\$3.79 +/- \$.01		
Adjusted EPS	\$4.07 +/- \$.01		

Note 1: All figures are approximate

Schneider

2021 Half Year Results

Record performance in Revenues, Profitability and Cash flow. Full Year 2021 Target upgraded.

- Q2 2021 revenues of €7.2 billion, up +24% org. (c.+6% vs. Q2 2019)
 - Energy Management revenue up +26% org. (c.+6% vs. Q2 2019), above pre-pandemic level in all regions
 - Industrial Automation revenue up +18% org. (c.+6% vs. Q2 2019), highest ever quarter in absolute value
 - Software & Services revenue up +14% org.; strong double-digit growth for Sustainability business
- H1 Group revenues of €13.8 billion, up +19% org. (c.+6% vs. H1 2019)
- Gross Profit at €5.7 billion, record high for H1, Gross Margin of 41.4%
- Adjusted EBITA at €2.4 billion, Adj. EBITA margin of 17.1%, expanding by +350 bps org.; both record highs for H1
- Adjusted Net Income of €1.6 billion, up +63%, all-time H1 high
- Record H1 FCF of €1.1 billion despite working capital requirements
- Existing share buyback program re-instated, to be completed by 2022
- New 2021-2025 Schneider Sustainability Impact program underway; Zero Carbon Project off to good start

Jean-Pascal Tricoire, Chairman and CEO, commented:

“In H1 2021, we are delivering record financial performance in revenues, profits and cash flow; resulting from the strong recovery and dynamics of our markets, the increased interest of our customers in our sustainability solutions based on digitization and low-carbon electrification, and new efficiencies in our way of working learned during the past 18 months. Our H1 exceeds pre-pandemic levels.

In a constrained supply chain environment, we are working closely with our suppliers to deliver to our customers and to support their growth and businesses, while also managing the increase of costs of materials, electronics and transportation. As always, we give the highest priority to the safety of our employees, partners and customers in a world which is still getting to grips with the pandemic.

In H1, we closed the acquisition of ETAP, and AVEVA closed the acquisition of OSIsoft. We are also progressing with the integration of ProLeiT and of RIB Software where we initiated the squeeze-out process. We have also announced our intention to launch a simplified tender offer for the remaining shares of IGE+XAO in order to accelerate the implementation of our strategy in Energy Management Software. We made strong steps in the integration of L&T E&A division, reinforcing our presence in India.



State of the Industry

Q3-2021

We have launched our new Schneider Sustainability Impact 2021-25 program, and we continue to grow our Sustainability business, delivering solutions to provide efficiency and sustainability to customers while also advising them on their ongoing sustainability journey.

We continue to progress on our ongoing optimization program, refocusing our portfolio through the disposal of €0.8 billion of revenues since the start of the program, and delivering over €200 million of structural efficiency savings in H1.

Based on the strength of our cash flows, we are reopening our share buyback program in H2 2021.

As we move into H2, we shall continue to prioritize serving our customers, supporting their growth and their needs in sustainability, digitization and electrification. In H2, we will face the impact of rising costs of raw materials and other inputs, along with continued tightness in global supply chains as we look to satisfy strong and sustained levels of demand. Despite the increased cost pressures, we upgrade our full year target."



Rockwell

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

- Reported sales up 32.6 percent year over year; **organic sales up 26.4 percent**
- Record orders of over \$2 billion, up double digits year over year
- Inorganic investments contributed 1.1 percent to reported sales growth
- Diluted EPS of \$2.32; Adjusted EPS of \$2.31
- Cash Flow from Operations of \$461.5 million; Free Cash Flow conversion of 161%
- Updating fiscal 2021 sales growth guidance to ~12% and organic sales growth guidance to ~8%
- Updating fiscal 2021 Diluted EPS guidance to \$12.85 - \$13.05 and Adjusted EPS guidance to \$9.10 - \$9.30, including \$(0.15) from anticipated Plex acquisition

MILWAUKEE--(BUSINESS WIRE)-- Rockwell Automation, Inc. (NYSE: ROK) today reported third quarter fiscal 2021 results.

"Rockwell delivered an outstanding quarter, with record orders and organic sales growth of 26% exceeding our expectations. These results reflect the high demand we are seeing for Rockwell's core automation and digital transformation solutions, which provide our customers with the resiliency, agility and sustainability they need to be successful for the long term," said Blake Moret, Chairman and CEO.

Fiscal 2021 Q3 Financial Results

Fiscal 2021 third quarter sales were \$1,848.2 million, up 32.6 percent from \$1,394.0 million in the third quarter of fiscal 2020. Organic sales increased 26.4 percent, currency translation increased sales by 5.1 percent, and acquisitions increased sales by 1.1 percent.

Fiscal 2021 third quarter GAAP net income attributable to Rockwell Automation was \$271.3 million or \$2.32 per share, compared to \$317.8 million or \$2.73 per share in the third quarter of fiscal 2020. The decreases in GAAP net income attributable to Rockwell Automation and Diluted EPS were primarily due to lower fair-value gains in fiscal 2021 versus fiscal 2020 in connection with our investment in PTC (the "PTC adjustments"). Fiscal 2021 third quarter Adjusted EPS was \$2.31, up 75.0 percent compared to \$1.32 in the third quarter of fiscal 2020, primarily driven by higher sales.

Pre-tax margin was 17.0 percent in the third quarter of fiscal 2021 compared to 24.0 percent in the same period last year. The decrease in pre-tax margin was primarily due to the PTC adjustments.

Total segment operating earnings were \$368.7 million in the third quarter of fiscal 2021, up 60.7 percent from \$229.4 million in the same period of fiscal 2020. Total segment operating margin was 19.9 percent compared to 16.5 percent a year ago, primarily driven by higher sales.

Cash flow provided by operating activities in the third quarter of fiscal 2021 was \$461.5 million, compared to \$346.2 million in the third quarter of fiscal 2020. Free cash flow in the third quarter of fiscal 2021 was \$437.0 million, compared to \$310.9 million in the same period last year, primarily due to higher Adjusted Income partially offset by higher income tax payments.



State of the Industry

Q3-2021

Fiscal Year 2021 Outlook

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 three quarters 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	~12%	9.0% - 12.0%
Organic sales growth	~8%	5.5% - 8.5%
Inorganic sales growth ¹	~1.5%	~1.5%
Currency translation	~2.5%	~2.0%
Diluted EPS	\$12.85 - \$13.05	\$12.53 - \$12.93
Adjusted EPS	\$9.10 - \$9.30	\$8.95 - \$9.35
Estimated impact of pending Plex acquisition ²	~\$(0.15)	—

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

² Assuming the acquisition of Plex Systems closes on August 31, 2021

"Our strong quarterly performance and raised outlook reflect our high level of execution and the organic and inorganic investments we continue to make to accelerate our strategy. As always, the foundation of our success lies in our talented, engaged employees around the world. Across all three business segments and in each functional area, the dedication to our customers' success sets us apart," Moret concluded.

Intelligent Devices

Intelligent Devices third quarter fiscal 2021 sales were \$882.9 million, an increase of 33.8 percent compared to \$659.9 million in the same period last year. Organic sales increased 28.8 percent and currency translation increased sales by 5.0 percent. Segment operating earnings were \$193.6 million compared to \$111.6 million in the same period last year. Segment operating margin increased to 21.9 percent from 16.9 percent a year ago, mainly due to higher sales.

Software & Control

Software & Control third quarter fiscal 2021 sales were \$509.6 million, an increase of 39.7 percent compared to \$364.7 million in the same period last year. Organic sales increased 31.5 percent, currency translation increased sales by 5.5 percent, and acquisitions increased sales by 2.7 percent. Segment operating earnings were \$128.3 million compared to \$82.1 million in the same period last year. Segment operating margin increased to 25.2 percent from 22.5 percent a year ago, driven by higher sales partially offset by higher investment spend.

Lifecycle Services

Lifecycle Services third quarter fiscal 2021 sales were \$455.7 million, a increase of 23.4 percent compared to \$369.4 million in the same period last year. Organic sales increased 17.2 percent, currency translation increased sales by 4.6 percent, and acquisitions increased sales by 1.6 percent. Segment operating earnings were \$46.8 million compared to \$35.7 million in the same period last year. Segment operating margin increased to 10.3 percent from 9.7 percent a year ago, primarily due to higher sales, partially offset by the reinstatement of incentive compensation.

From Rockwell's presentation to investors

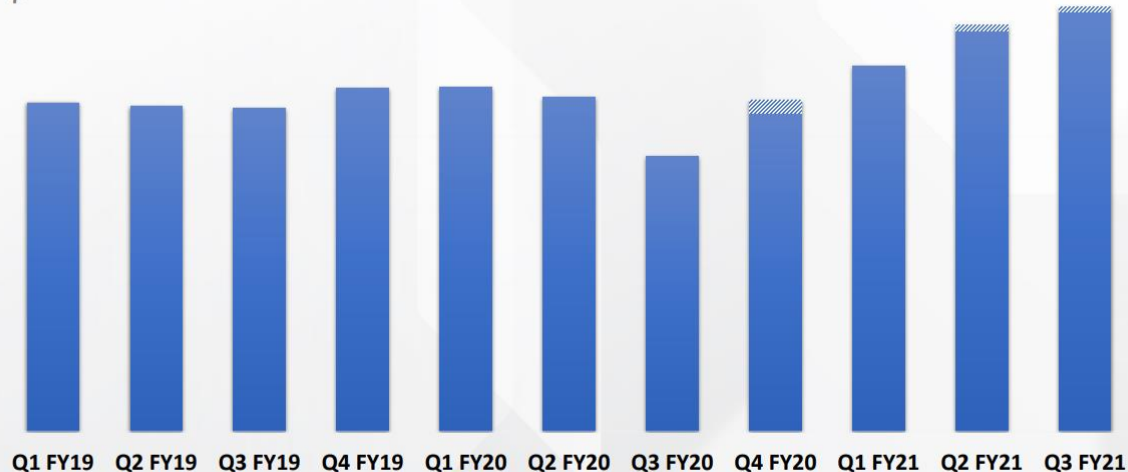
Q3 FY21 Results Highlights 3

- Record orders of over \$2B, up over 50% YOY
- Reported sales up 32.6% YOY; acquisitions contributed 1.1%
 - Quarterly sales above fiscal year 2019 levels, setting a new record
- Organic sales up 26.4% YOY
 - Information Solutions & Connected Services (IS/CS) orders and sales up strong double digits
 - Broad-based strength across all three industry segments
- Segment margin of 19.9%, up 340 bps, primarily driven by higher sales
- Adjusted EPS of \$2.31, up 75% YOY
- Annual Recurring Revenue (ARR) up double digits
- Announced Plex Systems Software-as-a-Service acquisition, expected to close in Q4

Quarterly Product Order Trends: Q1 FY19 – Q3 FY21

Global Daily Average Product Orders

\$



Impact of large orders booked in the quarter

Note: product orders represent ~2/3 of total business and includes both software and hardware products

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Siemens

Excellent results – Guidance raised again

“Siemens is consistently pursuing its goal of accelerated high-value growth. In the third quarter, once again we delivered – with strong and profitable growth in all businesses,” said Roland Busch, President and CEO of Siemens AG. “We’re successfully supporting our customers in their transformation through digitalization, automation and sustainability. And we’re mastering a challenging environment – for example in our supply chains. A big thank you to the global Siemens team for another strong performance,” said Roland Busch, President and Chief Executive Officer of Siemens AG. “We are continuing the very positive business development of the first half of the year and are once again delivering strong results despite the continuing challenging environment. The strong performance of our focused technology company was demonstrated in the third quarter by double-digit revenue growth, increased profitability and another strong Free cash flow. Consequently, we are again raising our outlook for fiscal 2021,” added Ralf P. Thomas, Chief Financial Officer of Siemens AG.

- Orders increased 47% to €20.5 billion, driven by double-digit growth in all industrial businesses, and revenue rose 24%, to €16.1 billion, with double-digit growth in a majority of industrial businesses; the book-to-bill ratio was 1.27
- Orders surged 44% on a comparable basis, excluding currency translation and portfolio effects, and revenue climbed 21%
- Adjusted EBITA Industrial Businesses was €2.3 billion, a 29% increase on strong performances in all industrial businesses, resulting in Adjusted EBITA margin Industrial Businesses of 15.3%
- Net income and basic earnings per share (EPS) rose sharply to €1.5 billion and €1.68, respectively, due to higher Adjusted EBITA Industrial Businesses and a substantial positive swing within discontinued operations
- Again excellent Free cash flow from continuing and discontinued operations, reaching €2.3 billion for the quarter

Siemens

- Increased growth opportunities in many key markets for Siemens compared to the challenging prior-year quarter in which volume and income of Siemens’ businesses were noticeably affected by the coronavirus pandemic (COVID-19). Ongoing supply chain risks associated primarily with electronics components and raw materials, which were successfully mitigated during the quarter
- Very strong order intake, driven by double-digit growth in all industrial businesses and reporting regions; volume from large orders almost doubled compared to the prior-year period and included a €2.8 billion contract win for Mobility in the U.S.
- Substantial revenue growth on increases in all industrial businesses, including double-digit growth in Siemens Healthineers, Digital Industries and Smart Infrastructure and in all reporting regions
- Significant currency translation effects took five percentage points from order and three percentage points from revenue growth yearover-year; portfolio effects, primarily related to the acquisition of Varian Medical Systems Inc. (Varian) during the quarter, added eight percentage points to order and six percentage points to revenue growth

- Higher Adjusted EBITA Industrial Businesses due mainly to sharp increases at Siemens Healthineers and Smart Infrastructure; continued strong performance at Digital Industries, which in Q3 FY 2020 included a positive €0.2 billion effect related to revaluation of the stake in Bentley Systems, Inc. (Bentley) and at Mobility
- Outside Industrial Businesses, sharply higher earnings at Siemens Financial Services were more than offset by other factors, primarily a negative result from Siemens Energy Investment and higher amortization of intangible assets acquired in business combinations resulting mainly from the Varian acquisition
- Net income rose sharply on higher Adjusted EBITA Industrial Businesses, lower income tax expenses due mainly to the reversal of income tax provisions, and a positive swing in discontinued operations, which also benefited from a reversal of income tax provisions; in Q3 FY 2020 discontinued operations recorded a loss mainly related to the former energy business
- Significantly higher Free cash flow generation for Industrial Businesses in the third quarter, with broad-based improvements continuing the strong performance in the first half of FY 2021; this resulted in Free cash flow for Industrial Businesses of €2.4 billion, up from €2.1 billion in Q3 FY 2020, on a cash conversion rate of 1.04; Free cash flow from discontinued operations was close to zero, while in Q3 FY 2020 significant cash inflows were recorded mainly from the former energy business
- Cash outflows of €13.4 billion related to the Varian acquisition; payments are not part of Free cash flow
- Provisions for pensions and similar obligations as of June 30, 2021: €2.9 billion (March 31, 2021: €3.3 billion); decreased mainly due to a positive return on plan assets, which was partly offset by lower discount rate assumptions
- ROCE increased due mainly to higher net income

Digital Industries

Sharp order increases in the short-cycle automation businesses on continued recovery in their most important customer industries such as automotive and machine building; continued strength in the software business was highlighted by significant growth for product lifecycle management software, while orders for electronic design automation software did not reach the high level of Q3 FY 2020 which included a number of larger contract wins

- Revenue was up in all businesses on a comparable basis, with the strongest increases coming from the automation business which successfully mitigated ongoing supply chain risks primarily associated with electronics components
- On a geographic basis, volume grew in all reporting regions, with the highest increases in China and Europe
- Continued strong Adjusted EBITA performance including sharp increases in the short-cycle activities on higher revenue and supported by prior cost structure improvements; Adjusted EBITA in Q3 FY 2020 included a positive €211 million effect related to revaluation of the stake in Bentley, which added 5.7 percentage points to Adjusted EBITA margin

- In August 2021, Digital Industries closed the USD 0.7 billion acquisition of Supplyframe, Inc., a marketplace for the global electronics value chain

Smart Infrastructure

Orders and revenue rose in all businesses led by the products business, including strong demand from industrial customers, and by the systems and software business which recorded a number of significant contract wins

- On a geographic basis, volume grew in all three reporting regions, including substantial order growth in Europe and Asia while revenue growth was balanced more evenly across the reporting regions
- Adjusted EBITA and profitability improved in all businesses, most notably in the products business, due largely to higher capacity utilization related to increased revenue and cost savings across the businesses achieved through prior execution of the competitiveness program

Mobility

Significant contract wins in both reporting periods underscore demand for Mobility's advanced technology solutions; orders sharply higher due among others to a €2.8. billion order for trainsets including dual powered and hybrid battery vehicles and associated services in the U.S., Mobility's largest-ever order in the Americas; order intake also included a €0.4 billion order for passenger coaches in the Czech Republic and a €0.2 billion order for a signaling system in Taiwan

- Higher revenue and Adjusted EBITA were driven largely by the rail infrastructure business
- Results overall benefited from partially reduced restrictions related to COVID-19 year-over-year, particularly regarding employee access to work sites

Healthineers

Reported results for Siemens Healthineers now include results for Varian subsequent to April 15, 2021, when the acquisition closed

- Double-digit volume growth in all businesses and reporting regions compared to the challenging quarter a year earlier during the first wave of pandemic restrictions; most notably, the diagnostics business saw both peak volume in rapid coronavirus antigen testing and higher volume from testing for routine care
- Very strong Adjusted EBITA and increase in profitability due primarily to the confluence of positive factors in the diagnostics business mentioned above; Adjusted EBITA included expenses totaling €0.1 billion related to the closing of the Varian transaction and its ongoing integration

Financial Services

Strong earnings contribution from the debt business driven by sharply lower expenses for credit risk provisions compared to Q3 FY 2020, when results were significantly influenced by effects related to COVID-19

- Moderate earnings from the equity business in part related to seasonal effects on offshore wind-farm projects; Q3 FY 2020 included an impairment on an equity investment

- Increase in total assets since the end of fiscal 2020 mainly due to growth in the debt business

Portfolio Companies

- Sharp order growth, supported by increases in all businesses, including a higher volume from larger orders compared to Q3 FY 2020
- Revenue rose across most of the businesses; sharp increase at Siemens Energy Assets, where revenue in Q3 FY 2020 was held back by effects related to COVID-19; additionally substantial growth contribution from Siemens Logistics, most evidently in the parcel-handling business
- Fully consolidated units delivered an overall positive earnings performance above the prior-year level, which was negatively influenced by COVID-19; decreased burden recorded for the equity investment in Valeo Siemens eAutomotive
- Equity investment results are expected to remain volatile in coming quarters

Outlook

Following our excellent performance in the first nine months of fiscal 2021, we expect our businesses to again deliver a strong close for the full fiscal year. We assume that our businesses do not experience significant supply chain constraints during the remainder of the fiscal year. Given these assumptions, we again raise our outlook for the fiscal year and include in our outlook for net income effects in connection with Siemens Healthineers' acquisition of Varian Medical Systems, Inc.

We raise our expectation for comparable revenue, net of currency translation and portfolio effects, to growth of 11% to 12% (formerly 9% to 11%). We continue to expect a book-to-bill ratio above 1.

Digital Industries expects comparable revenue to grow in the range of 10% to 12% (formerly 9% to 11%) year-over-year. The expectation for Adjusted EBITA margin continues to be 20% to 21%.

Smart Infrastructure expects to achieve comparable revenue growth of 8% to 9% in fiscal 2021 (formerly 5% to 7%). The expectation for Adjusted EBITA margin continues to be 11% to 12%.

Mobility continues to anticipate mid-single-digit comparable revenue growth and an Adjusted EBITA margin of 9.5% to 10.5% in fiscal 2021.

Based on the results already achieved during the first nine months of fiscal 2021 and the expectations described above, we raise our outlook for net income to the range from €6.1 billion to €6.4 billion (formerly €5.7 billion to €6.2 billion).

This outlook excludes burdens from legal and regulatory issues



National Instruments

Revenue of \$347 million exceeds high end of guidance as momentum continues into Q3

Q2 2021 Summary

- Record GAAP revenue for a second quarter of \$347 million, up 15 percent year over year
- Record orders for a second quarter up 33 percent year over year
- Strong GAAP operating income of \$25 million, up 50 percent year over year
- Record non-GAAP operating income for a second quarter of \$60 million, up 38 percent year over year
- Strong diluted GAAP EPS of \$0.13 and record diluted non-GAAP EPS for a second quarter of \$0.35
- Cash and short-term investments of \$265 million as of June 30, 2021

AUSTIN, Texas--(BUSINESS WIRE)--Jul. 29, 2021-- National Instruments Corporation (Nasdaq: NATI) today announced Q2 2021 revenue of \$347 million, up 15 percent year over year, a record for a second quarter.

In Q2 2021 the value of the company's orders was up 33 percent year over year. For Q2 2021, year over year orders were up 22 percent in the Americas, up 51 percent in EMEA, and up 36 percent in APAC.

Geographic revenue in U.S. dollar terms for Q2 2021 compared with Q2 2020 was up 11 percent in the Americas, up 17 percent in APAC and up 19 percent in EMEA. Historical revenue from these three regions can be found on NI's investor website at www.ni.com/nati.

In Q2, GAAP gross margin was 71 percent and non-GAAP gross margin was 75 percent. Total GAAP operating expenses were \$223 million. Total non-GAAP operating expenses were \$200 million. GAAP operating income for Q2 was \$25 million with non-GAAP operating income of \$60 million. GAAP net income for Q2 was \$17 million and non-GAAP net income was \$47 million, with GAAP diluted EPS of \$0.13 and non-GAAP diluted EPS of \$0.35. Our GAAP diluted EPS was above the high-end of our guidance while our non-GAAP diluted EPS was at the high-end of our guidance.

"We were very pleased with the strong results in the second quarter with revenue exceeding the high end of guidance. Momentum in customer demand continued with the total value of orders for Q2 up 33 percent year-over-year. This represents record orders for a second quarter and double-digit growth year-over-year across all industries and all regions," said Eric Starkloff, NI President and CEO. "We believe these results are proof that our strategy is working, and our continued market focus is paying off."

"We delivered record non-GAAP Operating Income for a second quarter, up 38 percent year-over-year. While we continue to invest in areas of critical importance, our focus on driving scale is making our business model more resilient," said Karen Rapp, NI CFO. "We remain committed to the execution of our growth strategy while also improving our profitability in order to ensure our priority of maximizing shareholder value."



State of the Industry

Q3-2021

As of June 30, 2021, NI had \$265 million in cash and short-term investments. During the second quarter, NI paid \$36 million in dividends. The NI Board of Directors approved a quarterly dividend of \$0.27 per share payable on August 30, 2021, to stockholders of record on August 9, 2021.

NI's non-GAAP results exclude, as applicable, the impact of purchase accounting fair value adjustments, 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 loss on acquisitions, restructuring charges, tax reform charges, disposal gains on buildings and related charitable contributions, tax effects related to businesses held for sale, gain on sale of businesses, and capitalization and amortization of internally developed software costs. Reconciliations of the NI's GAAP and non-GAAP results are included as part of this news release.

H1 2021 Summary

- Record GAAP revenue for a first half of \$682 million, up 12 percent year over year
- Strong GAAP operating income of \$34 million
- Record non-GAAP operating income for a first half of \$111 million
- Strong diluted GAAP EPS of \$0.16 and record diluted non-GAAP EPS for a first half of \$0.67

Guidance

- Q3 GAAP revenue to be in the range of \$355 million to \$385 million, up 20 percent year over year at the midpoint
- GAAP diluted EPS to be in the range of \$0.10 to \$0.24 for Q3, up 21 cents year over year at the midpoint
- Non-GAAP diluted EPS expected to be in the range of \$0.31 to \$0.45, up 65 percent year over year at the midpoint