

Welcome to our *Industry Insights* report which is a collection of industry data. For your convenience, Exotek has gathered information from our industry. We include leading industry indicators including the CEO Confidence Index, Purchasing Managers Index, and CSIA EZStats. We also include the latest financial releases from the major vendors in our industry including Rockwell, Siemens, NI, and others.

For our valued client and subscribers, we provide our additional insights in lieu of this simple overview. If you would like access to 'Inside Edition', please contact us at info@exotek.com. Further, If you would like Exotek to give a presentation during your next [strategic planning](#) event about how the state of the industry is impacting and creating opportunities for systems integrators, give us a call to schedule an engagement.

Economic Indicator Summary

[CEO Confidence Index](#) (Feb) - 6.3 out of 10 on our scale

CEOs are encouraged by the recovering market and easing inflation but remain concerned about a possible Fed-led recession. Just like last month. If there's anything clear about where the economy might be headed in the next few months, that'd be news to chief executives across the nation.



[Purchasing Managers Index](#) (Jan) = 47.4% (-1.0), 3 months of retraction

Economic activity in the **manufacturing sector contracted in January for the third consecutive month** following a 28-month period of growth, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.



The U.S. manufacturing sector again contracted, with the Manufacturing PMI® at its lowest level since the coronavirus pandemic recovery began. With Business Survey Committee panelists reporting softening new order rates over the previous nine months, the January composite index reading reflects companies slowing outputs to better match demand in the first half of 2023 and prepare for growth in the second half of the year. **Demand** eased, with the (1) New Orders Index contracting strongly, (2) New Export Orders Index still below 50 percent but improving, (3) Customers' Inventories Index contracting slightly, a positive for future production and (4) Backlog of Orders Index recovering for a second month, but still in strong contraction. **Output/Consumption** (measured by the Production and Employment indexes) was negative, with a combined 0.8-percentage point downward impact on the Manufacturing PMI® calculation. The Employment Index remained just above 50 percent and the Production Index logged a second month in contraction territory. Panelists' companies are indicating that they are not going to substantially reduce head counts as they are positive about the second half of the year. **Inputs** — defined as supplier deliveries, inventories, prices and imports — continue to accommodate future demand growth. The Supplier Deliveries Index indicated faster deliveries, and the Inventories Index expanded at a slower rate as panelists' companies manage the total supply chain inventory. The Prices Index contracted for the fourth consecutive month, but at a slower rate.

[CSIA](#) (Jan)

Our CSIA community is enjoying tremendous revenue growth. In particular, SIs in the upper and mid quartiles are reporting nearly 2X the revenue of last year. Capacity is again being stressed with 56% saying they have no excess capacity. The revenue outlook is positive 81% of surveyed thinking the future looks good.



Key Vendor Performance Summary

[RA Q1](#) - Demand remained strong; orders and backlog up sequentially.

“Our strong execution and continued focus on supply chain resiliency helped Rockwell exceed our expectations in the quarter, with earnings growing double digits year over year. In addition to a gradually improving supply chain environment, we are encouraged by the continued strength of our customers’ demand across all business segments and regions,” said Blake Moret, Chairman and CEO.



[NI](#) Achieves Record Revenue for Q4 and Fiscal Year 2022

“2022 was a strong year as we continued to make strides in transforming NI into a higher-growth, more profitable, and more resilient company. Despite ongoing global macroeconomic uncertainty, we delivered on the 2022 targets we shared at our September investor conference with record revenue of \$1.7 billion, up 13 percent YOY, and non-GAAP operating margin of 20 percent, up 130 bps as compared to 2021,” said Eric Starkloff, NI president and CEO. “As we head into 2023, even in a recessionary environment, we now expect to exceed our 300 bps non-GAAP margin expansion target.”



[Emerson Q1](#) – Net sales were \$3.4 billion, up 7 percent from the year prior; underlying sales¹ were up 6 percent

“Emerson remains committed to disciplined capital allocation and shareholder return, completing \$2 billion of share repurchase in the first quarter,” Karsanbhai continued. “We continue to actively pursue opportunities to deploy capital effectively, including our proposal to acquire National Instruments (NI) for \$53 per share, a unique value creation opportunity for Emerson and NI shareholders.”



[Siemens Q1](#) – Revenue for the first quarter climbed 10% year-over-year, to €18.1 billion; orders came in very strong and well above revenue at €22.6 billion.

“We achieved our all-time strongest start to a new fiscal year, with €2.7 billion in profit in our Industrial Business. The impressive growth momentum of our business in the first quarter once again highlights the great trust that our customers place in the relevance of our portfolio and our ability to perform. Our outstanding order backlog in terms of quality and quantity, together with the strong execution capabilities throughout Team Siemens, provide confidence for raising our outlook for fiscal 2023.”



[Schneider Q1](#) - FY22 revenues of €34 billion, up +12% organic, +18% reported

“We deliver a strong 2022, despite the multiple challenges confronting businesses and individuals around the world. The strategic choices we made in past years position ourselves on the twin trends of Electrification and Digitization





Industry Insights

2023 Q1

as our customers seek greater sustainability and resilience. The transformation of our business over past years positions us well for the future and our offers have never been more relevant. The unique operating model we have developed, based on a balanced and empowered geographical organization, a strong digital capability combined with a focus on sustainability has allowed us to respond effectively to the challenges we faced and to our customers' needs."

Economic Indicators

CEO Confidence Index (Feb)

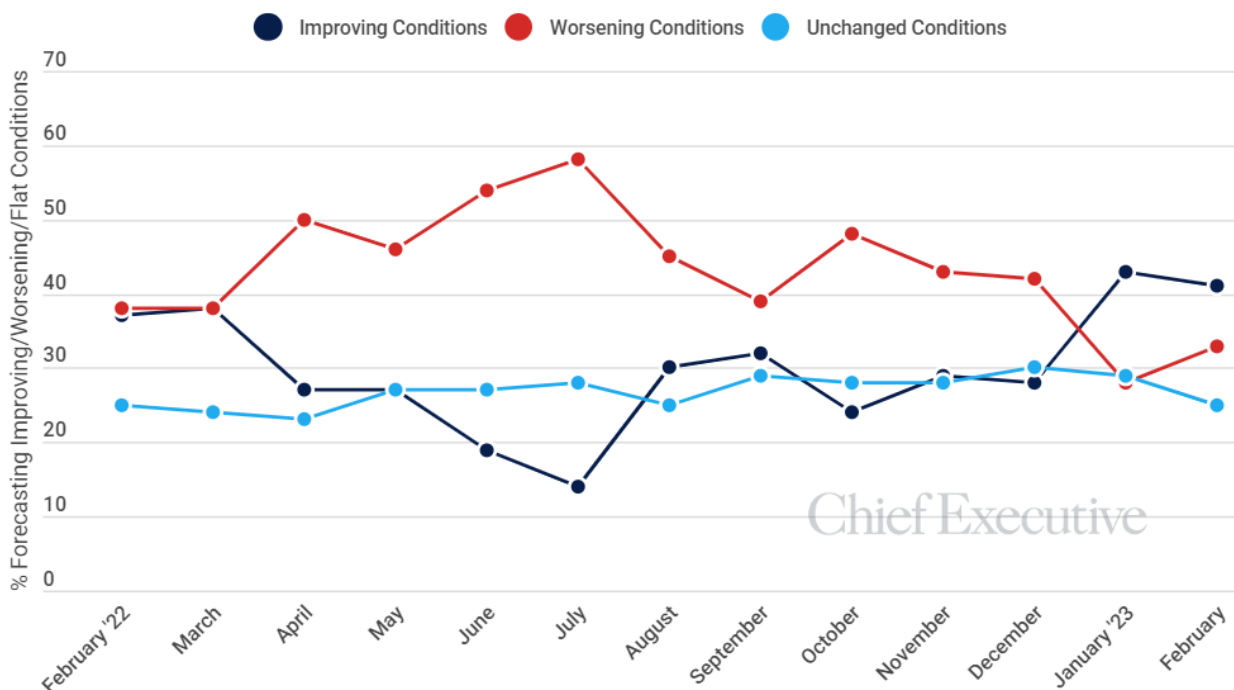
CEOs are encouraged by the recovering market and easing inflation but remain concerned about a possible Fed-led recession. Just like last month. If there's anything clear about where the economy might be headed in the next few months, that'd be news to chief executives across the nation.

Our February poll—of 177 U.S. CEOs, fielded February 7-9—finds muted optimism about the future as strong economic indicators including a surprisingly robust labor market—normally great news—continue to fuel fears of a Fed-led recession instigated to snap inflation. Overall, CEOs say they are motivated by easing inflation and strong employment numbers but remain concerned that high interest rates and potential layoffs will diminish consumer spending power and slow the economy.

The Index—which asks CEOs to predict business conditions 12 months from now—remains at 6.3 out of 10 on our scale (1=poor and 10=excellent), unchanged from last month. Meanwhile, the proportion of CEOs who forecast improving conditions slid this month, after reaching a multi-year peak in January. CEOs' confidence in current business conditions ticked up 2 percent to 6.2 out of 10, up sharply from last quarter as business owners say that demand has yet to falter in most industries.

“Due to a brisk first half of 2022, our overall 2023 expectations are slightly below 2022 results,” says Jim Vandegrift, President at R&M Materials Handling. “However, we exceeded our January forecast and appear to be headed to do the same in February. I do not see recessionary pressures on our business at this time, but the prospect is hard to ignore through the constant chatter of the media.” He predicts future conditions at a 5, below the 7 out of 10 he rates current conditions.

CEO Forecast for Business 12 Months From Now



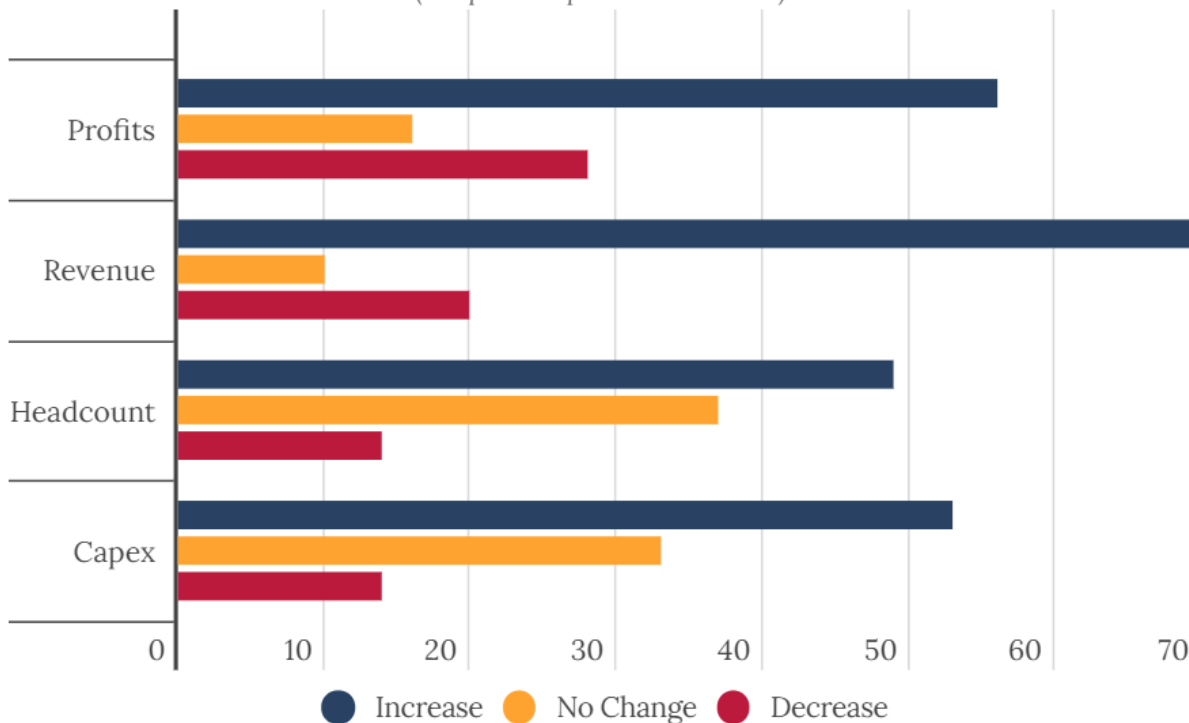
In February, 56 percent of CEOs forecast increases in profits over the coming year, down 9 percent from January. Meanwhile, 70 percent of CEOs project increases in revenues, unchanged from the month prior.

CEOs seem to be more optimistic around capital expenditures. The proportion who are planning increases over the next 12 months jumped 18 percent m/m. Now, 53 percent of CEOs say they are looking at increasing capex—the highest proportion since April 2022.

Only 49 percent of CEOs are planning to increase their headcount over the coming year, down 5 percent from January.

CEO Forecast Over the Next 12 Months

(compared to previous 12 months)



Purchasing Manager Index (Jan)

Manufacturing PMI® at 47.4%

January 2023 Manufacturing ISM® Report On Business®

New Orders and Production Contracting

Backlogs Contracting

Supplier Deliveries Faster

Raw Materials Inventories Growing; Customers' Inventories Too Low

Prices Decreasing; Exports and Imports Contracting

“The January Manufacturing PMI® registered 47.4 percent, 1 percentage point lower than the seasonally adjusted 48.4 percent recorded in December. Regarding the overall economy, this figure indicates a second month of contraction after a 30-month period of expansion. The Manufacturing PMI® figure is the lowest since May 2020, when it registered a seasonally adjusted 43.5 percent. The New Orders Index remained in contraction territory at 42.5 percent, 2.6 percentage points lower than the seasonally adjusted figure of 45.1 percent recorded in December. The Production Index reading of 48 percent is a 0.6-percentage point decrease compared to December’s seasonally adjusted figure of 48.6 percent. The Prices Index registered 44.5 percent, up 5.1 percentage points compared to the December figure of 39.4 percent. The Backlog of Orders Index registered 43.4 percent, 2 percentage points higher than the December reading of 41.4 percent. The Employment Index continued in expansion territory (50.6 percent, down 0.2 percentage point from December’s seasonally adjusted 50.8 percent) after emerging from contraction territory (48.9 percent, seasonally adjusted) in November. The Supplier Deliveries Index figure of 45.6 percent is 0.5 percentage point higher than the 45.1 percent recorded in December; the last two readings are the index’s lowest since March 2009 (43.2 percent). The Inventories Index registered 50.2 percent, 2.1 percentage points lower than the seasonally adjusted December reading of 52.3 percent. The New Export Orders Index reading of 49.4 percent is 3.2 percentage points higher than December’s figure of 46.2 percent. The Imports Index continued in contraction territory at 47.8 percent, 2.7 percentage points above the December reading of 45.1 percent.”

Fiore continues, “The U.S. manufacturing sector again contracted, with the Manufacturing PMI® at its lowest level since the coronavirus pandemic recovery began. With Business Survey Committee panelists reporting softening new order rates over the previous nine months, the January composite index reading reflects companies slowing outputs to better match demand in the first half of 2023 and prepare for growth in the second half of the year. **Demand** eased, with the (1) New Orders Index contracting strongly, (2) New Export Orders Index still below 50 percent but improving, (3) Customers’ Inventories Index contracting slightly, a positive for future production and (4) Backlog of Orders Index recovering for a second month, but still in strong contraction. **Output/Consumption** (measured by the Production and Employment indexes) was negative, with a combined 0.8-percentage point downward impact on the Manufacturing PMI® calculation. The Employment Index remained just above 50 percent and the Production Index logged a second month in contraction territory. Panelists’ companies are indicating that they are not going to substantially reduce head counts as they are positive about the second half of the year. **Inputs** — defined as supplier deliveries, inventories, prices and imports —

continue to accommodate future demand growth. The Supplier Deliveries Index indicated faster deliveries, and the Inventories Index expanded at a slower rate as panelists' companies manage the total supply chain inventory. The Prices Index contracted for the fourth consecutive month, but at a slower rate.

"Of the six biggest manufacturing industries, one — Transportation Equipment — registered growth in January.

"New order rates remain depressed due to buyer and supplier disagreements regarding price levels and delivery lead times; these should be resolved by the second quarter. In the meantime, panelists' companies are attempting to maintain head-count levels during the anticipated slow first half in preparation for a strong performance in the second half of 2023. Eighty-six percent of manufacturing gross domestic product (GDP) is contracting, up from 85 percent in December. However, 26 percent of sector industries had a composite PMI® calculation of below 45 percent in January (a stronger indication of industry sluggishness), down from 35 percent the previous month," says Fiore.

The two manufacturing industries that reported growth in January are: Miscellaneous Manufacturing; and Transportation Equipment. The 15 industries reporting contraction in January, in the following order, are: Wood Products; Textile Mills; Paper Products; Furniture & Related Products; Apparel, Leather & Allied Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Primary Metals; Nonmetallic Mineral Products; Fabricated Metal Products; Chemical Products; Machinery; Food, Beverage & Tobacco Products; Petroleum & Coal Products; and Computer & Electronic Products.

WHAT RESPONDENTS ARE SAYING

- "Business is still strong, but we have begun to see softening in some pricing, and lead times seem to be improving." [Computer & Electronic Products]
- "Conditions are reasonable. Sales are a little better than planned. Cost pressures are easing for most products. There have been a lot fewer supply disruptions so far this year, and few expected in the short term. The crystal ball remains a little blurry for the rest of 2023." [Chemical Products]
- "Sales have dropped (as expected) at the beginning of the year. Forecast from the sales department is showing even lower sales than we expected. If this holds true, inventory levels will rise slightly over next month and a half." [Food, Beverage & Tobacco Products]
- "Supply chain issues continue to plague our production schedules. Transportation from our overseas suppliers is also contributing to delays. Lead times have doubled for critical electronics, gaskets, sealants, and specialized steel." [Transportation Equipment]
- "Strong big ag demand continues to drive heightened demand for parts. Large construction/off highway original equipment manufacturers have strong demand as well. Creating continued capacity constraints with the supply base." [Machinery]
- "Some business segments showing demand softening globally. Many materials showing improved lead times as well as cost deflation." [Electrical Equipment, Appliances & Components]
- "Thus far, the outlook for the first half of 2023 looks very soft. Demand for our products has taken a sharp downward turn. Our inventories are high, as well as our customers'. It seems everyone is bracing for a recession." [Fabricated Metal Products]
- "Customers are being quite aggressive in pursuing price decreases, far beyond the price relief we are actually receiving from our suppliers." [Miscellaneous Manufacturing]
- "Industrial construction is strong. Commercial construction is slower." [Nonmetallic Mineral Products]
- "In the past two weeks, we are seeing a slowing of new orders." [Primary Metals]

MANUFACTURING AT A GLANCE

January 2023

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Manufacturing PMI®	47.4	48.4	-1.0	Contracting	Faster	3
New Orders	42.5	45.1	-2.6	Contracting	Faster	5
Production	48.0	48.6	-0.6	Contracting	Faster	2
Employment	50.6	50.8	-0.2	Growing	Slower	2
Supplier Deliveries	45.6	45.1	+0.5	Faster	Slower	4
Inventories	50.2	52.3	-2.1	Growing	Slower	18
Customers' Inventories	47.4	48.2	-0.8	Too Low	Faster	76
Prices	44.5	39.4	+5.1	Decreasing	Slower	4
Backlog of Orders	43.4	41.4	+2.0	Contracting	Slower	4
New Export Orders	49.4	46.2	+3.2	Contracting	Slower	6
Imports	47.8	45.1	+2.7	Contracting	Slower	3
OVERALL ECONOMY				Contracting	Faster	2
Manufacturing Sector				Contracting	Faster	3

Manufacturing ISM® *Report On Business*® data is seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.

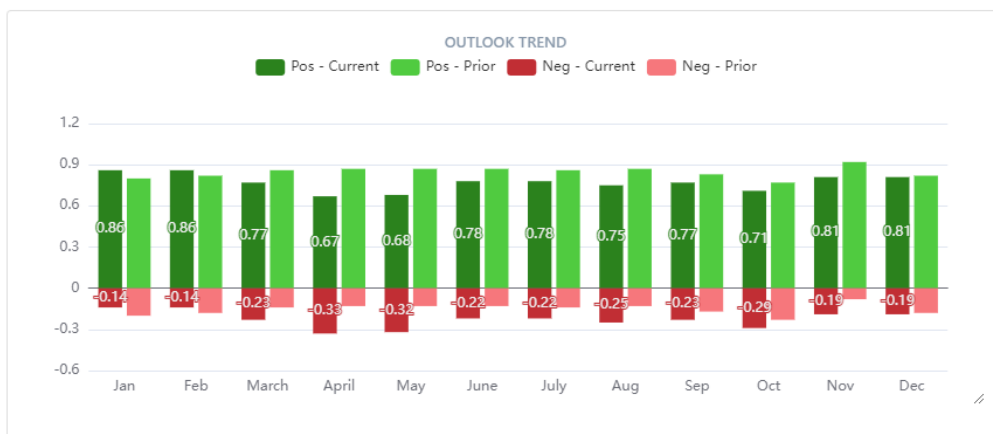
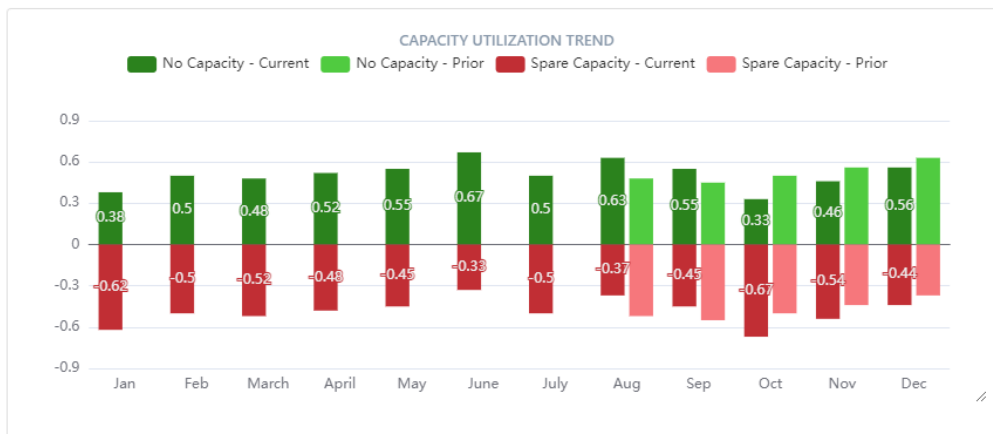
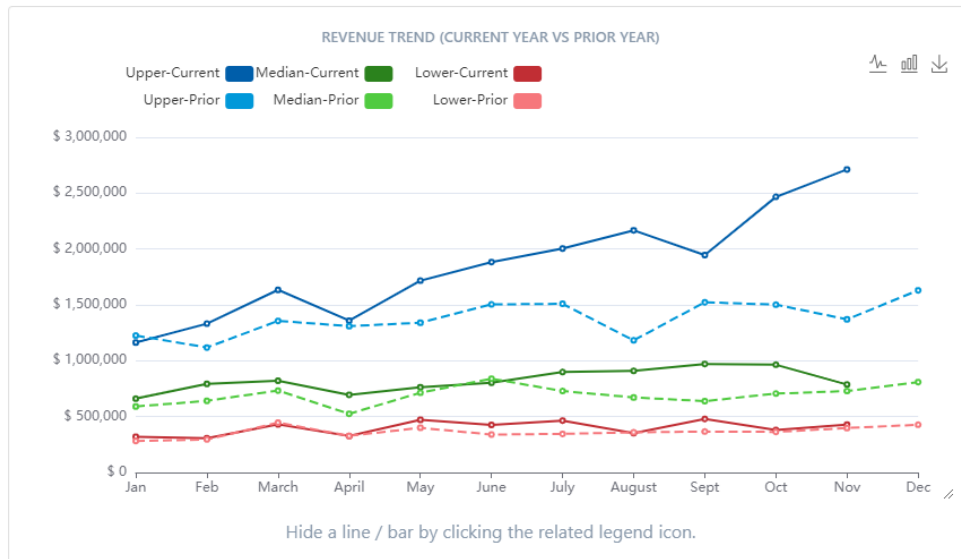
*Number of months moving in current direction.

Indexes reflect newly released seasonal adjustment factors.

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.vistage.com/research/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/business-confidence-index-bci/)

CSIA update (Jan)



Emerson (Feb)

- Net sales were \$3.4 billion, up 7 percent from the year prior; underlying sales were up 6 percent
- Strong operational performance to start 2023 offset by foreign exchange and stock compensation headwinds
- GAAP EPS was \$0.56; adjusted EPS² was \$0.78, including \$0.09 unfavorable impact from stock compensation
- Completed \$2 billion of share repurchase in the first quarter
- Updated 2023 full year net sales and GAAP EPS outlook; maintained underlying sales and adjusted EPS outlook despite stock compensation headwind
- Announced St. Louis selected as global headquarters
- Declared quarterly cash dividend of \$0.52 per share of common stock payable March 10, 2023 to stockholders of record February 17, 2023

ST. LOUIS (Feb. 8, 2023) - Emerson (NYSE: EMR) today reported results for its first quarter ended December 31, 2022 and updated its full year outlook for fiscal 2023, which are presented on a continuing operations basis.

"Emerson remains committed to disciplined capital allocation and shareholder return, completing \$2 billion of share repurchase in the first quarter," Karsanbhai continued. "We continue to actively pursue opportunities to deploy capital effectively, including our proposal to acquire National Instruments (NI) for \$53 per share, a unique value creation opportunity for Emerson and NI shareholders."

"Lastly, following a comprehensive review, we selected St. Louis, Missouri as our headquarters and are working to identify an appropriate location in the area," Karsanbhai ended.

Underlying orders³ were up 5 percent. Net sales were up 7 percent for the quarter and underlying sales were up 6 percent. The Americas were up 13 percent, Europe was down 2 percent, and Asia, Middle East & Africa was flat.

Pretax margin was 12.5 percent for the quarter, down 1730 basis points. Adjusted segment EBITA margin⁴ was 22.7 percent, up 130 basis points.

Earnings per share were \$0.56 for the quarter, down 55 percent. Earnings per share growth was impacted by a prior year gain of \$0.60 related to our Vertiv subordinated interest. Adjusted earnings per share were \$0.78, down 1 percent. The quarter was unfavorably impacted by \$0.09 due to a 31 percent increase in the company stock price in the quarter and resulting impact on mark-to-market stock compensation plans.

Operating cash flow was \$302 million for the quarter, down 20 percent, and free cash flow was \$243 million, down 20 percent. Cash flow results reflected higher working capital versus prior year.

2023 Outlook

The Company's 2023 continuing operations after the Climate Technologies divestiture (assumed to close March 31, 2023 for the purposes of guidance) will reflect the 45% common equity ownership in the income, or loss, of Climate Technologies. Emerson will not control Climate Technologies post-closing and

is therefore unable to estimate the amount of its 45% share of Climate Technologies' post-close results. The effect of Emerson's 45% share of Climate Technologies is expected to be immaterial to post-closing cash flows.

The following tables summarize the fiscal year 2023 guidance framework for continuing operations. Full year net sales and GAAP EPS outlook have been updated. Underlying sales and adjusted EPS outlook remain unchanged despite stock compensation headwind. The 2023 outlook includes \$2 billion returned to shareholders through share repurchases completed in the first quarter and approximately \$1.2 billion of dividend payments. Guidance figures are approximate.

Rockwell (Jan)

Rockwell Automation Reports First Quarter 2023 Results; Updates Fiscal 2023 Guidance

January 26, 2023

- Demand remained strong; orders and backlog up sequentially
 - Cancellations flat to prior quarter and remain in low single digits
- Reported sales up 6.7% year over year; organic sales up 9.9% year over year
 - Currency reduced sales (4.0)%
 - Acquisitions contributed 0.8%
- Organic ARR up 14%
- Diluted EPS of \$3.31 and adjusted EPS of \$2.46; up 61% and 15% year over year, respectively
- Updates fiscal 2023 reported sales growth guidance to 10.0% - 14.0%; organic sales growth to 11.0% - 15.0%
- Updates fiscal 2023 diluted EPS guidance to \$10.99 - \$11.79; Adjusted EPS guidance to \$10.70 - \$11.50

MILWAUKEE--(BUSINESS WIRE)-- Rockwell Automation, Inc. (NYSE: ROK) today reported first quarter fiscal 2023 results.

“Our strong execution and continued focus on supply chain resiliency helped Rockwell exceed our expectations in the quarter, with earnings growing double digits year over year. In addition to a gradually improving supply chain environment, we are encouraged by the continued strength of our customers’ demand across all business segments and regions,” said Blake Moret, Chairman and CEO.

Fiscal Q1 2023 Financial Results

Fiscal 2023 first quarter sales were \$1,981 million, up 6.7% from \$1,857 million in the first quarter of fiscal 2022. Organic sales increased 9.9%, currency translation decreased sales by 4.0%, and acquisitions increased sales by 0.8%.

Fiscal 2023 first quarter Net income attributable to Rockwell Automation was \$384 million or \$3.31 per share, compared to \$242 million or \$2.05 per share in the first quarter of fiscal 2022. The increases in Net income attributable to Rockwell Automation and diluted EPS are primarily due to fair value adjustments recognized in fiscal 2023 and fiscal 2022 in connection with our investment in PTC (the "PTC adjustments"). Fiscal 2023 first quarter adjusted EPS was \$2.46, up 15% compared to \$2.14 in the first quarter of fiscal 2022 primarily due to higher sales, partially offset by higher input costs.

Pre-tax margin was 23.6% in the first quarter of fiscal 2023 compared to 15.2% in the same period last year. The increase in pre-tax margin was primarily due to the PTC adjustments.

Total segment operating earnings were \$401 million in the first quarter of fiscal 2023, up 12.9% from \$355 million in the same period of fiscal 2022. Total segment operating margin was 20.2% compared to

19.1% a year ago primarily due to positive price/cost and higher sales volume partially offset by higher investment spend.

Cash flow generated by operating activities in the first quarter of fiscal 2023 was \$66.3 million, compared to \$(12.0) million in the first quarter of fiscal 2022. Free cash flow in the first quarter of fiscal 2023 was \$42.1 million, compared to \$(49.1) million in the same period last year. Increases in cash flow provided by operating activities and free cash flow were primarily driven by higher pre-tax income.

Fiscal Year 2023 Outlook

The table below provides guidance for sales growth and earnings per share for fiscal 2023. Our updated guidance reflects first quarter performance and record backlog. It also assumes a gradually improving supply chain environment.

	<u>Updated Guidance</u>	<u>Prior Guidance</u>
Reported sales growth	10.0% - 14.0%	7.5% - 11.5%
Organic sales growth	11.0% - 15.0%	9.0% - 13.0%
Inorganic sales growth	~1.0%	~1.0%
Currency translation	~(2.0)%	~(2.5)%
Diluted EPS	\$10.99 - \$11.79	\$9.54 - \$10.34
Adjusted EPS	\$10.70 - \$11.50	\$10.20 - \$11.00

"Automation has never been more important in solving our customers' greatest challenges, and Rockwell is front and center as a trusted partner in these dynamic times. We look forward to another year of delivering strong growth and new customer value," Moret continued.

Following is a discussion of first quarter results for our business segments.

Intelligent Devices

Intelligent Devices first quarter fiscal 2023 sales were \$936 million, an increase of 4.0% compared to \$900 million in the same period last year. Organic sales increased 6.6%, currency translation decreased sales by 4.1%, and the acquisition of CUBIC increased sales by 1.5%. Segment operating earnings were \$209 million compared to \$213 million in the same period last year. Segment operating margin decreased to 22.4% from 23.7% a year ago. The decrease from prior year includes higher investment spend, and an unfavorable currency impact, partially offset by the positive impact from higher price/cost.

Software & Control

Software & Control first quarter fiscal 2023 sales were \$573 million, an increase of 11.6% compared to \$514 million in the same period last year. Organic sales increased 15.5% and currency translation decreased sales by 3.9%. Segment operating earnings were \$167 million compared to \$118 million in the same period last year. Segment operating margin increased to 29.2% from 22.9% a year ago, driven by positive price/cost, the favorable year-over-year impact of Plex, and higher sales.

Lifecycle Services



Industry Insights

2023 Q1

Lifecycle Services first quarter fiscal 2023 sales were \$472 million, an increase of 6.4% compared to \$443 million in the same period last year. Organic sales increased 10.2%, currency translation decreased sales by 4.2%, and acquisitions increased sales by 0.4%. Segment operating earnings were \$24.3 million compared to \$24.5 million in the same period last year. Segment operating margin decreased to 5.2% from 5.5% a year ago.

National Instruments (Jan)

NI Achieves Record Revenue for Q4 and Fiscal Year 2022

Q4 2022 Highlights

- All-time record revenue of \$448 million, up 7 percent year over year
- Q4 GAAP operating margin of 13 percent; Q4 non-GAAP operating margin of 25 percent
- Strong diluted GAAP EPS of \$0.30; all-time record diluted non-GAAP EPS of \$0.63
- Cash and cash equivalents of \$140 million as of December 31, 2022

AUSTIN, Texas--(BUSINESS WIRE)--Jan. 31, 2023-- National Instruments Corporation (Nasdaq: NATI) today announced Q4 2022 revenue of \$448 million, up 7 percent year over year and an all-time quarterly record.

In Q4 2022, the value of the company's total orders was down 3 percent year over year. Geographic order growth for Q4 2022 compared with Q4 2021 was down 7 percent in the Americas, down 9 percent in APAC and up 7 percent in EMEA.

In Q4, GAAP gross margin was 68 percent and non-GAAP gross margin was 70 percent. Total Q4 GAAP operating expenses were \$244 million, down 1 percent year over year. Total Q4 non-GAAP operating expenses were \$201 million, down 6 percent year over year. GAAP operating margin was 13 percent in Q4, with GAAP operating income of \$60 million, up 21 percent year over year. Non-GAAP operating margin was 25 percent in Q4, with non-GAAP operating income of \$112 million, up 16 percent year over year.

GAAP net income for Q4 was \$40 million, with diluted earnings per share ("EPS") of \$0.30, and non-GAAP net income was \$83 million, with non-GAAP diluted EPS of \$0.63.

"2022 was a strong year as we continued to make strides in transforming NI into a higher-growth, more profitable, and more resilient company. Despite ongoing global macroeconomic uncertainty, we delivered on the 2022 targets we shared at our September investor conference with record revenue of \$1.7 billion, up 13 percent YOY, and non-GAAP operating margin of 20 percent, up 130 bps as compared to 2021," said Eric Starkloff, NI president and CEO. "As we head into 2023, even in a recessionary environment, we now expect to exceed our 300 bps non-GAAP margin expansion target."

"In my first few weeks at NI, I've been impressed with the high level of talent in the organization, as well as the NI culture of engineering and commitment to its customers," said Daniel Berenbaum, NI CFO. "My focus will be on accelerating operational improvements to achieve our margin targets, improving working capital management and cash flow generation, and building investor confidence in our ability to execute. We have already undertaken a number of initiatives which underpin our confidence in being able to generate significant operating margin improvement in 2023."

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 gain/loss on acquisitions, restructuring charges, tax reform charges, disposal gains on

buildings/assets 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 NI's GAAP and non-GAAP results are included as part of this news release.

FY 2022 Highlights

- All-time record revenue of \$1.66 billion, up 13 percent year over year
- GAAP operating margin of 12 percent; Non-GAAP operating margin of 20 percent
- Strong diluted GAAP EPS of \$1.05; record diluted non-GAAP EPS of \$1.93
- Returned \$300 million to stockholders through dividends and stock repurchases

In 2022, GAAP operating expenses were \$964 million, up 4 percent year over year, and non-GAAP operating expenses were \$836 million, up 1 percent year over year. GAAP net income in 2022 was \$140 million, up 56 percent year over year, and non-GAAP net income was \$255 million, up 14 percent year over year.

As of December 31, 2022, NI had \$140 million in cash with \$43 million in cash generated from operations in 2022. During Q4, NI paid \$37 million in dividends. For the year, we returned \$300 million to our stockholders through dividends and stock repurchases, including the repurchase of 3.8 million shares at an average price of \$40.04 per share. The NI Board of Directors approved a dividend of \$0.28 per share payable on March 6, 2023, to stockholders of record at the close of business on February 13, 2023.

Q1 2023 Guidance

- GAAP revenue to be in the range of \$415 million to \$445 million, up 12 percent year over year at the midpoint
- GAAP diluted EPS to be in the range of \$0.14 to \$0.28, up 2 cents year over year at the midpoint
- Non-GAAP diluted EPS expected to be in the range of \$0.48 to \$0.62, up 34 percent year over year at the midpoint

Siemens (Feb)

Flying start to fiscal 2023 – Guidance raised “We achieved our all-time strongest start to a new fiscal year, with €2.7 billion in profit in our Industrial Business. The impressive growth momentum of our business in the first quarter once again highlights the great trust that our customers place in the relevance of our portfolio and our ability to perform. Our outstanding order backlog in terms of quality and quantity, together with the strong execution capabilities throughout Team Siemens, provide confidence for raising our outlook for fiscal 2023,” said Roland Busch, President and Chief Executive Officer of Siemens AG. “In the first quarter of fiscal 2023, we were able to seamlessly continue our strong operational performance from fiscal 2022. Digital Industries and Smart Infrastructure, in particular, achieved excellent results for both top and bottom line. With full order books and a temporary and deliberate build-up of critical inventories, we are well prepared for further profitable growth in the upcoming quarters. Accordingly, we raise our revenue and earnings targets for fiscal 2023,” said Ralf P. Thomas, Chief Financial Officer of Siemens AG.

- Revenue for the first quarter climbed 10% year-over-year, to €18.1 billion; orders came in very strong and well above revenue at €22.6 billion, 7% below Q1 FY 2022 which included extraordinarily high order intake at Digital Industries and Mobility; the book-to-bill ratio was robust at 1.25
- On a comparable basis, excluding currency translation and portfolio effects, revenue rose 8% and orders declined 8%
- Profit Industrial Business increased 9%, to €2.7 billion, with a profit margin of 15.6%, driven by sharp profit increase in Smart Infrastructure and substantially higher profit in Digital Industries
- Net income was €1.6 billion; corresponding basic earnings per share (EPS) were €1.87 and EPS before purchase price allocation accounting (EPS pre PPA) were €2.08

Siemens

Very strong order intake including double-digit growth in Smart Infrastructure; Q1 FY 2022 included an extraordinarily high level of orders in Digital Industries and Mobility

- Continuing strong revenue growth, driven by double-digit increases at Smart Infrastructure and Digital Industries
- Order backlog remained strong at €102 billion despite significant negative currency translation effects; proportion of short-cycle business further increased
- Currency translation effects added three percentage points to order development and four percentage points to revenue growth; portfolio effects took one percentage point each from order development and revenue growth
- Profit Industrial Business rose on sharply higher profit at Smart Infrastructure driven by the electrical products business, and on substantially higher profit at Digital Industries driven by the automation businesses; substantially lower profit at Siemens Healthineers due mainly to the diagnostics business
- Profit outside Industrial Business benefited from a €0.1 billion gain from the sale of the Commercial Vehicles business; Siemens Energy Investment recorded a wider loss of €0.2 billion and Earnings before

taxes at Siemens Financial Services declined due to a lower earnings contribution from the debt business; Q1 FY 2022 included a €0.3 billion gain related to the investment in Fluence Energy (Fluence) following its initial public offering

- The change in Free cash flow was due mainly to Industrial Business, which generated Free cash flow of €0.4 billion compared to a strong €1.4 billion in Q1 FY 2022; the decline was driven by a buildup of inventories and by timing effects related to customer payments
- Provisions for pensions and similar obligations as of December 31, 2022 decreased to €1.8 billion (September 30, 2022: €2.3 billion) including a positive return on plan assets
- ROCE decreased due mainly to lower net income

Digital Industries

- Orders in the automation businesses were strong but came in lower compared to the extraordinary level in Q1 FY 2022; orders in the software business rose mainly driven by larger contract wins in the product lifecycle management software business; book-to-bill ratio was at 1.24
- Revenue growth was driven by double-digit increases in the automation businesses; revenue in the software business declined due to lower volume from larger contracts in the electronic design automation business; on a geographic basis, revenue growth was driven mainly by double-digit growth in the region Asia, Australia, including China and in Europe, C.I.S., Africa, Middle East
- Profit and profitability rose in all automation businesses supported by higher capacity utilization and a more favorable product mix with improved availability of components for high-margin products; profit in the software business declined due to lower revenue and higher expenses related to cloud-based activities, including the transition to software as a service (SaaS)

Smart Infrastructure

Orders were up in all businesses led by substantial growth in the electrification business due to a number of larger contract wins from the semiconductor industry among others

- Revenue also rose in all businesses, with the strongest contributions coming from the electrical products and the electrification businesses including continued growth in data centers
- On a geographic basis, volume rose in all regions with the largest growth contribution coming from the Americas, driven by the U.S.
- Profit and profitability rose due to higher volume and higher capacity utilization, positive currency effects, and cost reductions achieved through prior execution of the ongoing competitiveness program

Schneider (Feb)

Full Year 2022 Results

All-time high Revenues, Adj. EBITA and Net Income Well positioned for sustainable growth in coming years Enacting new governance structure, effective May 2023

- FY22 revenues of €34 billion, up +12% organic, +18% reported
 - o Energy Management up +13% organic
 - o Industrial Automation up +10% organic
- Q4 Group revenues up +16% organic
- FY22 Adj. EBITA €6 billion, up +14% organic, +21% reported
 - o Adj. EBITA Margin 17.6%, up +40bps organic
- Net Income of €3.5 billion, up +9%; Adj. Net Income €4.0 billion, up +16%
- FCF of €3.3 billion; up +19% with strong contribution in H2
- Disposal program completed: €1.7 billion of revenues addressed
- Structural savings of €1 billion delivered (2020-2022)
- Progressive dividend¹ at €3.15/share, up +9%
- Schneider Sustainability Impact - score of 4.91 vs. target of 4.70
- 2023 Financial Target – Adj. EBITA org. growth between +12% and +16%, driven by +9% to +11% org. revenue growth and +50bps to +80bps org. Adj. EBITA margin improvement
- Chairman and CEO roles to be separated as previously announced: Jean-Pascal Tricoire to continue as Chairman, Peter Herweck appointed as new CEO, effective May 4, 2023
- Capital Markets Day expected in Q4 2023

Jean-Pascal Tricoire, Chairman and CEO, commented:

“We deliver a strong 2022, despite the multiple challenges confronting businesses and individuals around the world. The strategic choices we made in past years position ourselves on the twin trends of Electrification and Digitization as our customers seek greater sustainability and resilience. The transformation of our business over past years positions us well for the future and our offers have never been more relevant. The unique operating model we have developed, based on a balanced and empowered geographical organization, a strong digital capability combined with a focus on sustainability has allowed us to respond effectively to the challenges we faced and to our customers’ needs.

We announce a year of record revenues, profitability and net income. On free cash flow, we finish the year strongly, reflective of a progressive easing in supply chains and our ability to service the backlog we

had built, which remains high. This strong performance allows us to deliver a progressive dividend for the 13th consecutive year, and we shall propose a dividend of €3.15 per share. As an Impact company, we appreciate that in order to do well we also need to do good. As such we are proud to deliver a score of 4.91 against a target of 4.70 in the second year of our ambitious 2021-2025 Schneider Sustainability Impact program.

2022 was a significant year for the evolution of our portfolio. We have now completed the transaction to acquire the entire share capital of AVEVA, which will allow us to accelerate on our software strategy, building a single data-hub to bring together the industry twin and the energy twin of our customers' enterprise. We also completed our portfolio optimization program, disposing or deconsolidating €1.7 billion of revenues over the program, and €2.2 billion if we include our Russia operations which we transferred to local management.

Looking forward, I remain confident in our positioning for the future. This allows us to set an ambitious financial objective for 2023 where we target organic growth in our adjusted EBITA of between +12% and +16%, driven by strong organic revenue growth and adjusted EBITA margin expansion.

I fully support the future appointment of Peter Herweck as Chief Executive Officer. The selection process has been exemplary. Peter has 30 years of experience in our industry and has learnt our company over the past 7 years. His experience in software and automation are paired with a firm commitment to the Group's values, culture and ambition to be an Impact Company. He has acquired CEO experience in building and transforming AVEVA. We have a long history of working well together on key transformations, especially in digital. With this change of governance, which combines continuity and renewal, the Group is starting a new chapter in its history – with more digital, more software, more technology and more sustainability. I am looking forward to continuing to fully contribute to the success of the team, as Chairman.”