

Fourth Quarter 2024 Earnings Release

Craig Arnold, Paulo Ruiz & Olivier Leonetti | January 31, 2025

Forward-looking statements and non-GAAP financial information

This presentation or the comments we make on our call today contain forward-looking statements concerning, among other matters, full year and first quarter 2025 adjusted earnings per share, organic revenue growth and segment operating margins; full year 2025 operating cash flow, free cash flow, and anticipated share repurchases; and assumptions about the impact on the foregoing of currency translation, tax rate and corporate expenses. These statements should be used with caution and are subject to various risks and uncertainties, many of which are outside the company's control. The following factors could cause actual results to differ materially from those in the forward-looking statements: potential global pandemics, unanticipated changes in the markets for the company's business segments; unanticipated downturns in business relationships with customers or their purchases from us; competitive pressures on sales and pricing; continued supply chain disruptions, unanticipated changes in the cost of material, labor and other production costs, or unexpected costs that cannot be recouped in product pricing; the introduction of disruptive or competing technologies; unexpected technical or marketing difficulties; unexpected claims, charges, litigation or dispute resolutions; strikes or other labor unrest at Eaton or at our customers or suppliers; the performance of recent acquisitions; unanticipated difficulties closing or integrating acquisitions; unexpected difficulties completing divestitures, new laws, tariffs and governmental regulations; interest rate changes; stock market and currency fluctuations; geo-political tensions, war, civil or political unrest or terrorism; and unanticipated deterioration of economic and financial conditions in the United States and around the world. We do not assume any obligation to update these forward-looking statements.

This presentation includes certain non-GAAP measures as defined by SEC rules, including the following: adjusted earnings, adjusted earnings per share, adjusted earnings per share guidance for the first quarter and full year 2025, free cash flow, and free cash flow guidance for full year 2025. These non-GAAP measures are reconciled to their nearest GAAP equivalent in the Appendix to this presentation.

Highlights

Adjusted earnings per share of \$2.83 in Q4, up 11% versus 4Q23, and \$10.80 for the full year 2024, up 18% versus 2023, an all-time full year record.



























































Record segment margins of 24.7%, up 190 bps versus 4Q23.

Strong orders growth of 16% in Electrical Americas and 10% in Aerospace on a rolling 12-month basis.

Electrical Americas and Aerospace backlog up 29% and 16% in 4Q24 with book-to-bill ratio at 1.2 and 1.1, respectively.

Initiating 2025 guidance with midpoint of 8% organic growth driving 11% adjusted earnings per share growth and operating cash flow growth of 11%.

Key drivers of Eaton's long term growth outlook

Megatrends		Key Markets							
		 Commercial & Institutional	 Data Center	 Industrial	 Residential Buildings	 Utility	 Aerospace	 e-Mobility	 Legacy Vehicle
FY2024 Organic Growth									
 Electrification									
 Energy Transition									
 Digitalization									
 Infrastructure Spending									
 Reindustrialization									
 Green Regulations									

Announced mega projects continue to grow, with a \$1.9T backlog

\$1.7T

in cumulative
North America
mega projects
since Jan. 2021

4Q'24 Totals

\$154B

Announced
projects

65

Announced
projects (#)

40%

Growth
(vs. 4Q'23)

Backlog

33% | \$1.9T

YoY | Total

Monthly pace

~\$51B per month

Average last twelve months

Cancellation rates

~11%

Below historical levels

Projects started

~15%

Multi-year runway

Win Rate

~40%

2025 targeted starts
setting the stage for
megaproject starts
record in 2025

Eaton Data Center market continues to support robust market growth

Sales

(YoY, %)



+45%

Electrical Americas Negotiations Pipeline

(YoY, %)



+65%

Orders

(trailing twelve months, %)



+75%

Backlog

(YoY, %)



+50%

Eaton Data Center organic growth with Hyperscalers was particularly strong, up ~75% YoY

In 2024, data centers represented 17% of mega project announcements⁽¹⁾

U.S. Data Center construction starts nearly doubled in 2024 and we expect U.S. Hyperscaler capex of ~\$295B in 2025, up 35% YoY⁽¹⁾

U.S. Data Center construction backlog, ~\$234 billion

U.S. Data Center construction backlog represents ~7 years of construction at the 2024 build rates



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(1) Based on Dodge Data & Analytics, Eaton Economics.

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Financial Summary

(M)	4Q '24	4Q '23	V '23
Sales	\$6,240	\$5,967	↑ 5%
Segment Operating Profit	1,542	1,360	↑ 13%
Segment Operating Margin	24.7%	22.8%	↑ 190 bps
Adjusted Earnings	1,120	1,024	↑ 9%
Adjusted EPS	\$2.83	\$2.55	↑ 11%

\$6,240M

Q4 Record
Quarterly Sales

\$1,542M

Q4 Record
Segment operating profit

24.7%

Record Quarterly
Segment operating margin




Sales Growth:





Organic	6%
Acquisition	--
Forex	(1%)
Total	5%



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Electrical Americas Segment

(M)	4Q '24	4Q '23	V '23
Sales	\$2,905	\$2,672	 9%
Operating Profit	918	763	 20%
Operating Margin	31.6%	28.5%	 310 bps

-  **Record** operating profit & margin and Q4 record sales.
-  Orders **up 16%** on a rolling 12-month basis.
-  Backlog up **29%** year-over-year.
-  Book-to-bill ratio of **1.2** on rolling 12-month basis.

Sales Growth:

Organic	9%
Acquisition	--
Forex	--
Total	9%

Electrical Global Segment




(M)	4Q '24	4Q '23	V '23
Sales	\$1,569	\$1,512	▲ 4%
Operating Profit	277	284	▼ (2)%
Operating Margin	17.7%	18.8%	▼ (110)bps




- Orders **up 4%** on a rolling 12-month basis.
- Backlog up **16%** year-over-year.
- Book-to-bill ratio of **1.1** on a rolling 12-month basis.

Sales Growth:

Organic	5.5%
Forex	(1.5)%
Total	4%

Aerospace Segment

(M)	4Q '24	4Q '23	V '23
Sales	\$971	\$895	 9%
Operating Profit	222	200	 11%
Operating Margin	22.9%	22.4%	 50 bps

-  **Record** sales and Q4 record operating profit.
-  Backlog up **16%** year-over-year.
-  Book-to-bill ratio of **1.1** on a rolling 12-month basis.

Sales Growth:

Organic	9%
Forex	--
Total	9%

Vehicle Segment

(M)	4Q '24	4Q '23	V '23
Sales	\$647	\$723	▼ (10)%
Operating Profit	122	129	▼ (5)%
Operating Margin	18.8%	17.9%	▲ 90 bps

○ Strong **operational performance** producing higher margins on lower sales year-over-year.

Sales Growth:

Organic	(7)%
Forex	(3)%
Total	(10)%

eMobility Segment

(M)	4Q '24	4Q '23	V '23
Sales	\$147	\$165	▼ (11)%
Operating Profit / (Loss)	3	(16)	▲ 119%
Operating Margin	1.8%	(9.4)%	▲ 1,120 bps

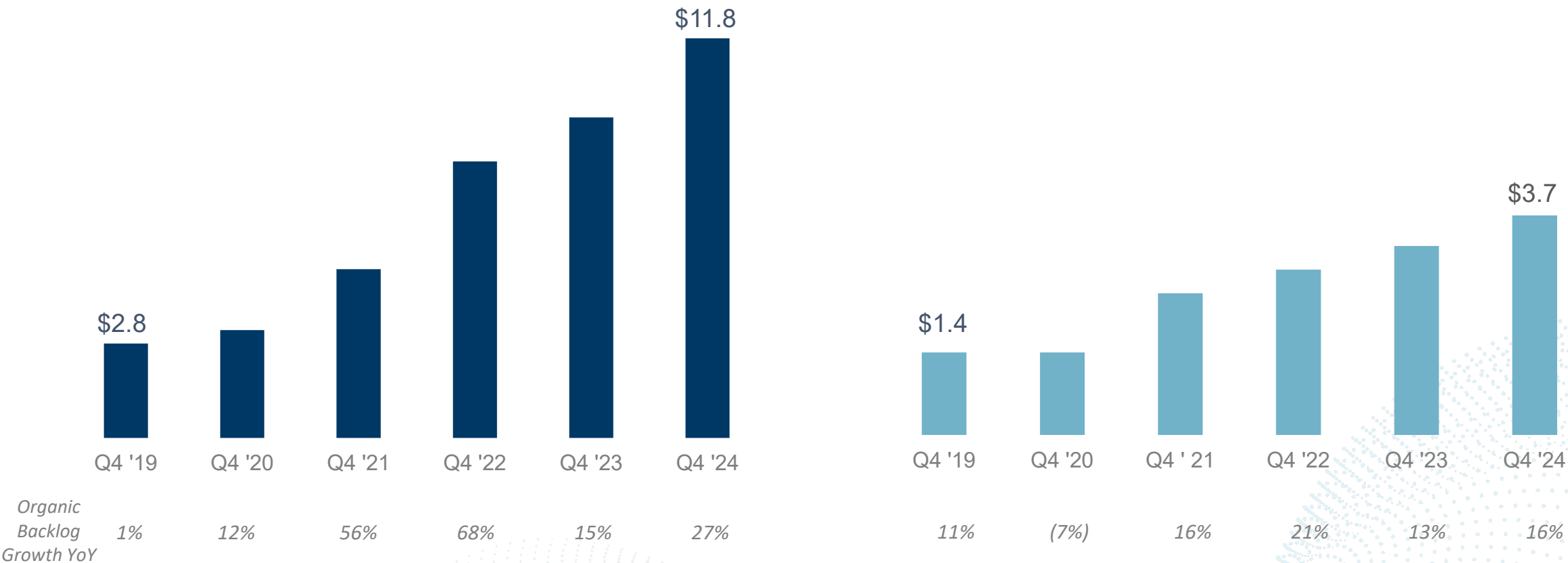
Sales Growth:

Organic	(10)%
Forex	(1)%
Total	(11)%

Electrical and Aerospace backlogs remain robust and growing

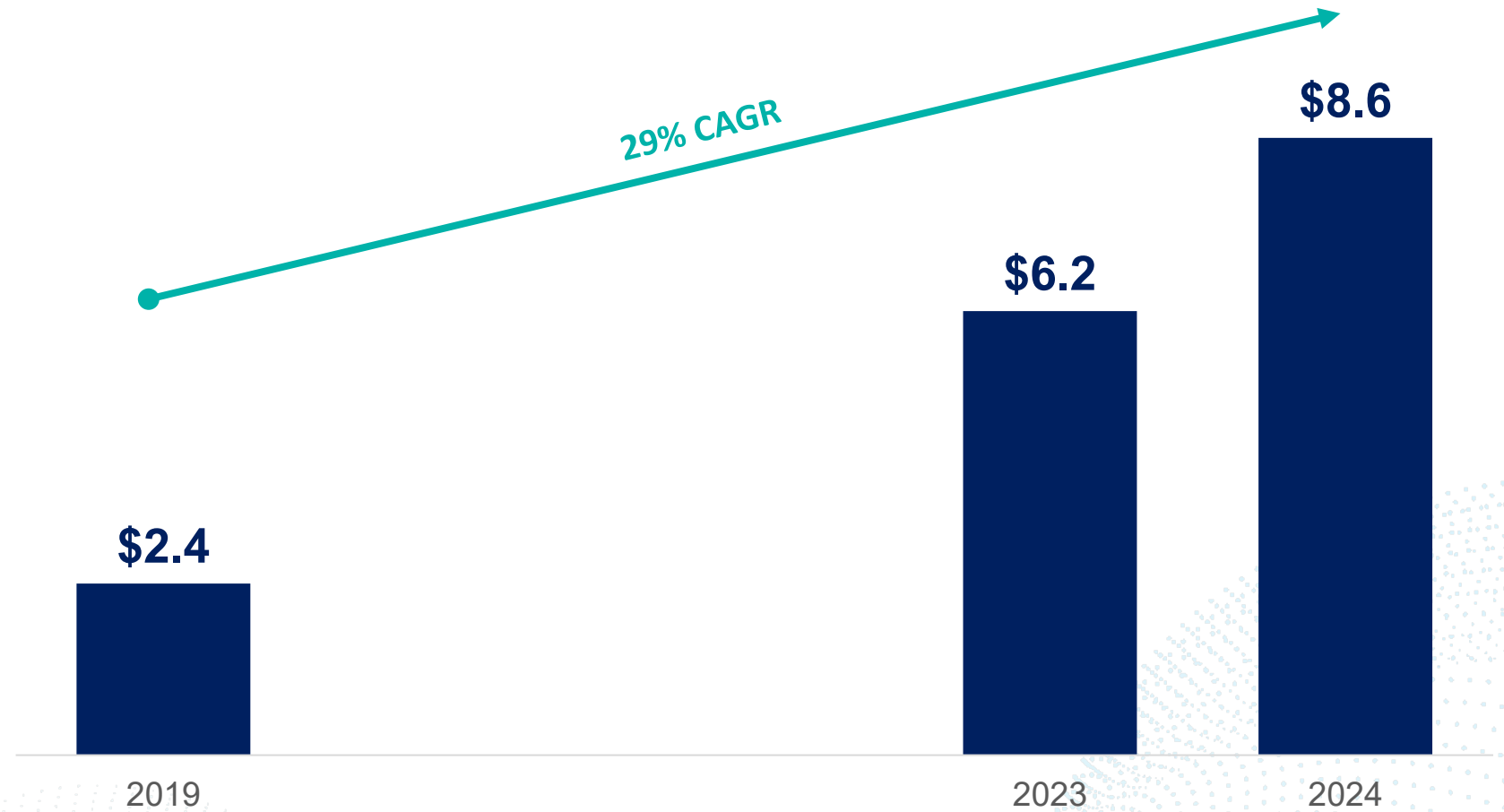
Electrical Sector Historical Backlog
(\$ blns)

Aerospace Segment Historical Backlog
(\$ blns)



Our negotiations
pipeline
continues to
show
accelerating
growth

Electrical Americas negotiation pipeline (\$B)




2024 Financial Highlights


	Original Guidance		2024 Actual
Adjusted EPS	\$9.95 – \$10.35	>	\$10.80
Organic Revenue	6.5 – 8.5%	>	8%
Segment Operating Margins	22.4 – 22.8%	>	24.0%
Free Cash Flow	\$3.2B – \$3.6B	>	\$3.5B

All-time record full year results in 2024 including segment margins and adjusted EPS


2024 Summary




Eaton's unique position continues to result in differentiated performance.



Achieved record financial performance in 2024 supporting our expectations for structurally higher growth and higher margins.

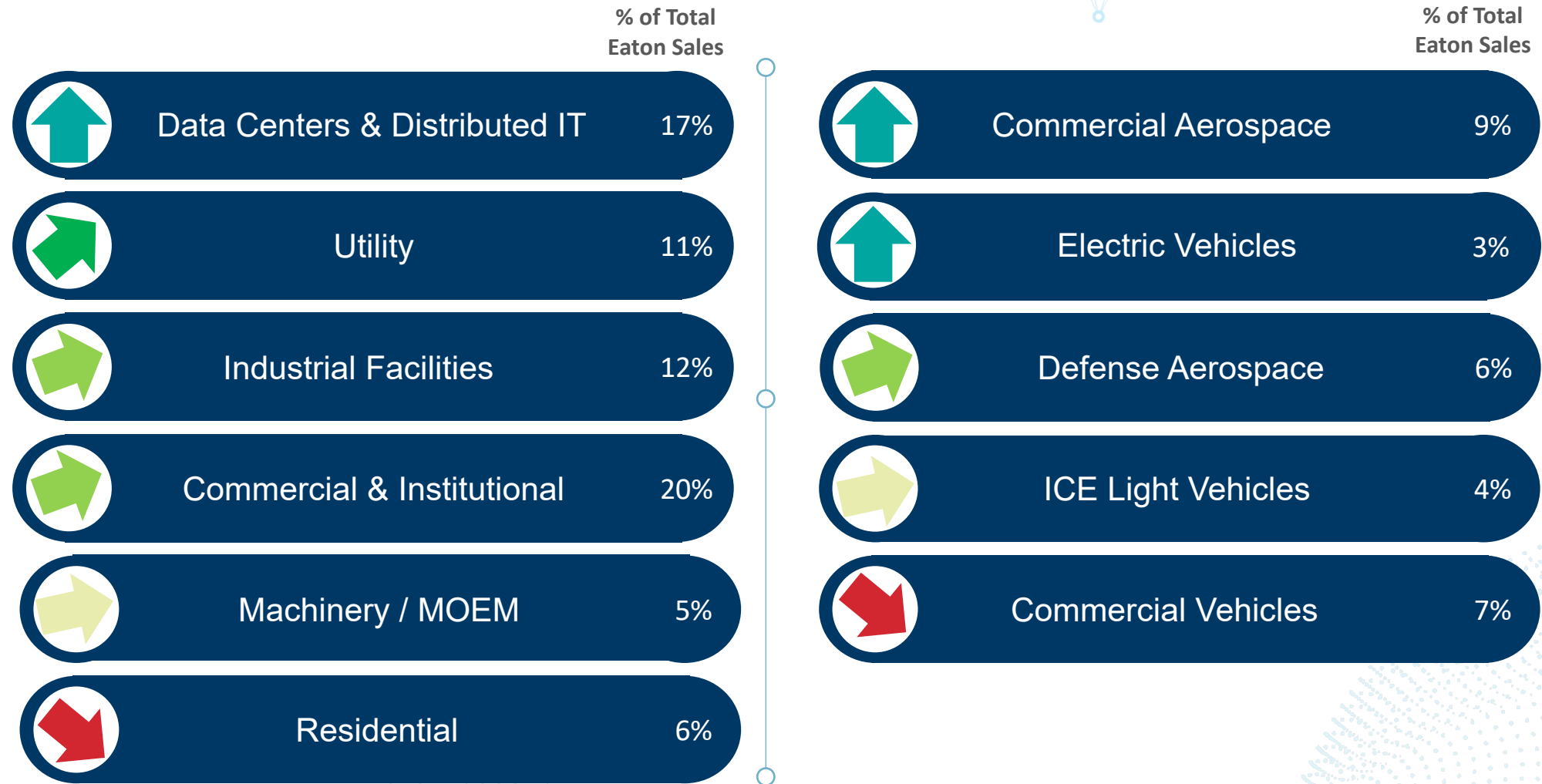


Continued strength in orders and record backlogs reaffirms Eaton remains well positioned to capitalize on the megatrends and reindustrialization.



Strong set-up for 2025 and our teams are looking forward to delivering another exceptional year

Eaton's end market growth – 2025 Assumptions



2025 Organic Growth and Operating Margin Guidance

Segment	Organic Growth Guidance	Operating Margin Guidance
Electrical Americas	10.5 – 12.5%	30.1 – 30.5%
Electrical Global	4.5 – 6.5%	19.2 – 19.6%
Aerospace	7 – 9%	23.4 – 23.8%
Vehicle	(2) – (0)%	17.8 – 18.2%
eMobility	8 – 12%	2 – 3%
Eaton	7 – 9%	24.4 – 24.8%

2025 Guidance

1st Quarter Outlook

2025 FY Outlook

Adjusted Earnings Per Share	\$2.65 – \$2.75	\$11.80 – \$12.20
Organic Revenue	5.5 – 7.5%	7 – 9%
Segment Operating Margins	23.7 – 24.1%	24.4 – 24.8%
Operating Cash Flow	N/A	\$4.6B – \$5.0B
Free Cash Flow	N/A	\$3.7B – \$4.1B
Share Repurchases	N/A	\$2.0B - \$2.4B

Investor Conference - March 11, 2025

Stay tuned for webcast registration: Eaton.com/investor

► **Craig Arnold**
Chairman and Chief Executive Officer

► **Raja Macha**
Executive Vice President, Chief Technology Officer

► **Heath Monesmith**
President and Chief Operating Officer, Electrical Sector

► **Paulo Ruiz**
President and Chief Operating Officer

► **Olivier Leonetti**
Executive Vice President, Chief Financial Officer

► **John Sapp**
President, Aerospace



Hear more about our financial performance, the evolution of our culture and strategy, and 2030 targets





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Appendix

2025 Guidance – Additional Modeling Assumptions

	1 st Quarter Outlook	2025 FY Outlook
Currency Translation	~(\$100M)	~(\$200M)
Corporate Expenses	~\$5M more than 1Q24	\$820M
Tax Rate on Adjusted Earnings	17 – 18%	17.5 – 18.5%
Capex	N/A	~\$900M

Eaton Corporation plc

Reconciliation of Non-GAAP Financial Information

All amounts are in millions except per share amounts, unless otherwise noted. Columns may not add due to rounding.

Reconciliation of net income attributable to Eaton ordinary shareholders to adjusted earnings and net income attributable to Eaton ordinary shareholders per share to adjusted earnings per ordinary share

	4Q 2023	2023	4Q 2024	2024	Q1 2025 Guidance		2025 Guidance	
					Low	High	Low	High
Net income attributable to Eaton ordinary shareholders	\$ 946	\$ 3,218	\$ 971	\$ 3,794				
Acquisition and divestiture charges (income), after-tax	(15)	39	9	26				
Restructuring program charges, after-tax	9	46	56	160				
Intangible asset amortization expense, after-tax	83	353	84	335				
Adjusted earnings	\$ 1,024	\$ 3,657	\$ 1,120	\$ 4,314				
Net income attributable to Eaton ordinary shareholders per share - diluted	\$ 2.35	\$ 8.02	\$ 2.45	\$ 9.50	\$ 2.30	\$ 2.40	\$ 10.60	\$ 11.00
Per share impact of acquisition and divestiture charges (income), after-tax	(0.04)	0.10	0.02	0.06	0.01	0.01	0.04	0.04
Per share impact of restructuring program charges, after-tax	0.02	0.11	0.14	0.40	0.13	0.13	0.32	0.32
Per share impact of intangible asset amortization expense, after-tax	0.22	0.89	0.22	0.84	0.21	0.21	0.84	0.84
Adjusted earnings per ordinary share	\$ 2.55	\$ 9.12	\$ 2.83	\$ 10.80	\$ 2.65	\$ 2.75	\$ 11.80	\$ 12.20

Acquisition and divestiture charges (income):

	4Q 2023	2023	4Q 2024	2024
Acquisition integration, divestiture charges and transaction costs (income)	\$ (14)	\$ 54	\$ 13	\$ 36
Income tax benefit	1	15	4	10
Total charges (income) after income taxes	\$ (15)	\$ 39	\$ 9	\$ 26
Per ordinary share - diluted	\$ (0.04)	\$ 0.10	\$ 0.02	\$ 0.06

Restructuring program charges:

	4Q 2023	2023	4Q 2024	2024
Restructuring program charges	\$ 11	\$ 57	\$ 70	\$ 202
Income tax benefit	2	11	14	43
Total after income taxes	\$ 9	\$ 46	\$ 56	\$ 160
Per ordinary share - diluted	\$ 0.02	\$ 0.11	\$ 0.14	\$ 0.40

Intangible asset amortization expense:

	4Q 2023	2023	4Q 2024	2024
Intangible asset amortization expense	\$ 107	\$ 450	\$ 107	\$ 425
Income tax benefit	23	98	23	91
Total after income taxes	\$ 83	\$ 353	\$ 84	\$ 335
Per ordinary share - diluted	\$ 0.22	\$ 0.89	\$ 0.22	\$ 0.84

Reconciliation of operating cash flow to free cash flow

	4Q 2023	2023	4Q 2024	2024	2025 Guidance (\$ Billions)	
					Low	High
Operating cash flow	\$ 1,298	\$ 3,624	\$ 1,597	\$ 4,327	\$ 4.6	\$ 5.0
Capital expenditures for property, plant and equipment	(243)	(757)	(255)	(808)	(0.9)	(0.9)
Free cash flow	\$ 1,055	\$ 2,867	\$ 1,342	\$ 3,518	\$ 3.7	\$ 4.1