BARCLAYS

Equity Research
18 May 2025

U.S. Multi-Industry

Main investor topics of debate post-earnings; Questions & Catalysts for 2Q25

We think FTV, LII, PNR, SWK offer the most room to 'talk up' the outlook / trends they are seeing in the coming weeks vs what we heard at Q1 earnings, with FTV having the biggest Q2 'catalyst' per the CMD / split.

For our detailed thoughts on the sector post-earnings, please see our report.

- **We retain a Neutral industry view.** After last month's rally, the sector is slightly underperforming (-1%) the S&P YTD. Most investors are telling us the cyclical rally will continue / valuations do not matter in that there is no ceiling to valuation multiples (just as valuations apparently did not matter in early April / there was no floor to how low they could sink), which makes us somewhat wary about whether the sector can really sustain its recent bounce. For 2025 overall, we think the sector will perform in line with the S&P; large cap valuations now look elevated again, with many trading at a 3% '25 FCF yield.

- **Some main topics of discussion / what seems top of mind for investors:**

  (i) Does consumer keep getting worse / should we stay away from Resi plays (we think investors should be adding to positions in these names; we upgraded LII to OW in March, and upgraded SWK to OW in May);

  (ii) In Short Cycle Industrials, do we see a PMI bounce now that tariffs look less scary, and this helps SCI revenues re-couple with strong orders data in recent quarters, or does the orders growth slow down / sales stay muted, as pre-tariff pre-buy unwinds (we think a large pre-buy unwind / headwind is unlikely, but growth will stay muted, with moderately rising PMIs supporting SCI multiples);

  (iii) In Datacenter, do we go back to trying to pay 2% FCF yields for the more-exposed names and forget about DeepSeek / MSFT capex etc (we think one should not do this, but the hype around these names we can recall being similar to the telcom equipment / Internet hardware hype of 2000, so are not sure where the ceiling could be on valuations near-term - we prefer a bar bell approach in electricals of short cycle i.e. NVT and very long cycle i.e. GEV);

  (iv) Who has upside to EPS / margins amidst the evolving tariff environment (we think Electricals, HVAC, FTV and SWK screen as most likely here).

U.S. Multi-Industry
NEUTRAL

U.S. Multi-Industry

Julian Mitchell
+1 212 526 1661
julian.mitchell@barclays.com
BCI, US

Jack Cauchi
+1 212 526 9154
jack.cauchi@barclays.com
BCI, US

Kenyon C Pelletier
+1 212 526 7516
kenyonc.pelletier@barclays.com
BCI, US

Matthew Laflash
+1 212 526 8639
matthew.laflash@barclays.com
BCI, US

Jimmy Yunhao Jiang
+1 212 526 6042
jimmy.jiang@barclays.com
BCI, US

Haemaru Chung
+1 212 526 4758
haemaru.chung@barclays.com
BCI, US

Barclays Capital Inc. and/or one of its affiliates does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Please see analyst certifications and important disclosures beginning on page 131.
Completed: 18-May-25, 17:55 GMT Released: 18-May-25, 17:59 GMT Restricted - External

- **Positioning:** We think most short-term investors we speak with favor ETN, GEV, JCI, NVT, PNR, VRT. On the other side, ALLE, HUBB, IR, ITW, KMT, LII, OTIS, SWK seem less favored.

- **Over the rest of Q2, who is likely to have a better message than they did at Q1 earnings?** The MI underperformers (share price wise) were DOV, FTV, HUBB, ITW, KMT, LII, MMM, OTIS, PNR, ROP, SWK.

  Of these, we think FTV, LII, PNR, SWK can deliver better news for investors:

  FTV – we think its guide on Ralliant's top line and tariffs impact was very conservative, and the company can emphasize this to investors at the CMD on June 10;

  LII – the guide embeds mid-teens % declines in RHVAC volumes YoY over Q2-Q4 after they were flat in Q1, and amidst industry peers sounding upbeat;

  PNR – the reiteration that the cost headwinds can be passed through even with severe tariffs underscores the 'Transformation' is working;

  SWK – the company had guided to almost zero earnings in Q2, and a major tariff net headwind for 2025 overall; we think this message will be toned down.

- **Coming out of earnings, which stocks may be seeing some inflection in buyside sentiment?**

  ROK (+ve) - sales have turned the corner, with YoY growth now for the 1st time in 18 months, and the June Q EPS guide looks conservative (after a 2-3 year period of declining Street estimate revisions);

  HON (+ve) - it appears that management had set out a conservative guide, and it could return to being a beat and raise story (after a 2-3 year period of subdued Street estimate revisions);

  NVT (+ve) – it appears that management had set out a conservative guide, and the top-line / orders were encouraging (after subdued 2H24 numbers);

  RRX (+ve) – keeping the guide was a surprise, coupled with a better Q2 outlook; perhaps after 2 years of negative EPS revision momentum since Altra closed, this one could be on the up again;

  OTIS (-ve) – the Service mis-step is rare, and it is possible the Repair 'hangover' (after a strong 2-3 year period of growth) could last longer than one quarter.

- **Coming out of earnings, who built in some 'contingency' into the guide?** Many companies beat our Q1 estimates on op. profit and EPS and did not raise the FY guide or in a couple of cases lowered it (so in some sense that is a contingency) – these names include ALLE, DOV, GEV, GTES, MMM, PH, PNR, RRX, TT, and VNT.

- **Whose 2025 guides look most / least conservative to us?** We think the GEV, HON, JCI, LII, ROK, TT 2025 earnings / EPS guides look very conservative. Names where we think the guide looks less conservative include HUBB, EMR, IR.

CONTENTS

Catalysts, our ests. vs guidance, Q1 heat map

We show below our sector catalyst list.

FIGURE 1. US Multi-Industry NTM Potential Catalysts

Company	Ticker	Scope for major cap. deployment?	New financial targets / new CEO update?	Portfolio change / strategic review?	Other events
Allegion	ALLE				
APi Group	APG		Capital Markets Day (May 21, 2025)		
Carrier	CARR		Capital Markets Day (May 19, 2025)		
Dover	DOV			SIKORA Acquisition (Closes Q225)	
Emerson	EMR				
Eaton	ETN		New CEO (June 1,2025)		
Fortive	FTV		Capital Markets Day (June 10, 2025)	Spin of Ralliant (end of Q225)	
GE Vernova	GEV				
Gates	GTES				
Honeywell	HON			Spin of Solstice Advanced Materials (end of '25 / early '26) Separation of Aero and Automation (2H26)	
Hubbell	HUBB				
Illinois Tool Works	ITW				
Ingersoll-Rand	IR				
Johnson Controls	JCI	R&LC sale proceeds	New CEO has taken over		
Kennametal	KMT				
Lennox	LII				
MMM	MMM				
nVent	NVT				
Otis	OTIS				
Parker Hannifin	PH				
Pentair	PNR				
Regal Rexnord	RRX				
Rockwell Automation	ROK		ROK Automation Fair / CMD Nov 17-20		
Roper Tech	ROP				
Stanley	SWK				
Trane Technologies	TT				
Vontier	VNT				
Vertiv	VRT				

We show below our estimates for FY25/26, compared to Street estimates and the companies' guides.

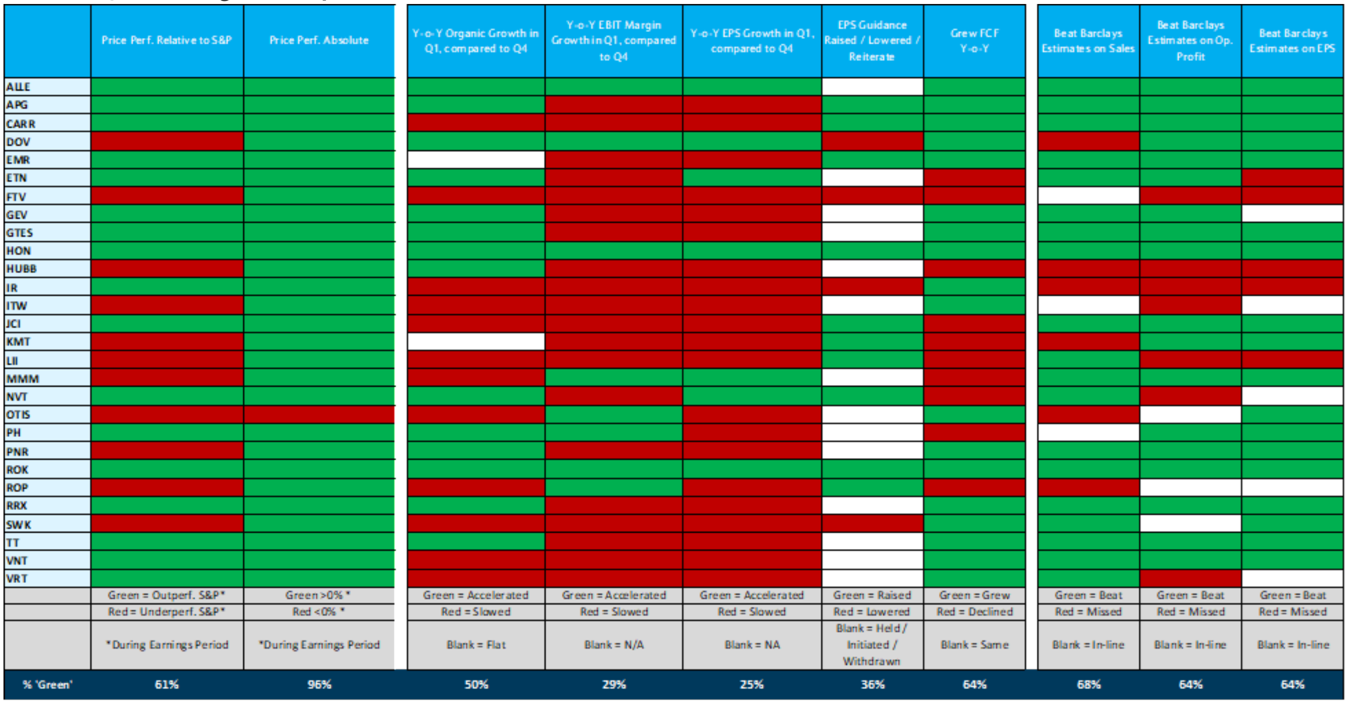
FIGURE 2. Barclays Annual EPS Estimates vs. Consensus and Company Guidance

Annual Consensus vs Barclays Estimate								
Company	FY end	2025 Guidance	2025 Consensus	2025 Barclays Estimate	2025 Barclays vs Consensus	2026 Consensus	2026 Barclays Estimate	2026 Barclays vs Consensus
ALLE	Dec	$7.65-7.85	$7.83	$7.84	0%	$8.43	$8.52	1%
APG**	Dec	$985-1035m	$2.07	$2.06	0%	$2.37	$2.37	0%
CARR	Dec	$3.00-3.10	$3.03	$3.03	0%	$3.44	$3.52	3%
DOV	Dec	$9.20-9.40	$9.33	$9.36	0%	$10.18	$10.09	-1%
EMR*	Sept	$5.90-6.05	$5.98	$5.96	0%	$6.46	$6.34	-2%
ETN	Dec	$11.80-12.20	$12.02	$12.10	1%	$13.53	$13.60	1%
FTV	Dec	$3.80-4.00	$3.87	$3.87	0%	$4.23	$4.09	-3%
GEV**	Dec	~$2500-3300m	$3,205m	$3,423m	7%	$4,736m	$4,895m	3%
GTES	Dec	$1.36-1.52	$1.43	$1.40	-2%	$1.66	$1.59	-5%
HON	Dec	$10.20-10.50	$10.38	$10.41	0%	$11.29	$11.38	1%
HUBB	Dec	$17.35-17.85	$17.42	$17.48	0%	$18.97	$18.79	-1%
IR	Dec	$3.28-3.40	$3.35	$3.27	-2%	$3.67	$3.62	-2%
ITW	Dec	$10.15-10.55	$10.28	$10.07	-2%	$11.13	$10.66	-4%
JCI*	Sept	~$3.60	$3.61	$3.65	1%	$4.21	$4.35	3%
KMT*	Jun	$1.30-1.45	$1.39	$1.41	1%	$1.40	$1.56	11%
LII	Dec	$22.25-23.50	$22.80	$23.45	3%	$25.10	$25.93	3%
MMM	Dec	$7.60-7.90	$7.65	$7.74	1%	$8.32	$8.57	3%
NVT	Dec	$3.03-3.13	$3.06	$3.09	1%	$3.43	$3.46	1%
OTIS	Dec	$4.00-4.10	$4.03	$4.09	1%	$4.49	$4.60	2%
PH*	Jun	$26.60-26.80	$26.68	$26.70	0%	$28.86	$28.59	-1%
PNR	Dec	$4.65-4.80	$4.72	$4.74	0%	$5.21	$5.33	2%
ROK*	Sept	$9.20-10.20	$9.69	$9.94	3%	$11.27	$11.31	0%
ROP	Dec	$19.80-20.05	$19.94	$20.02	0%	$21.69	$21.56	-1%
RRX	Dec	$9.60-10.40	$9.84	$9.46	-4%	$11.32	$10.46	-8%
SWK	Dec	~$4.50	$4.25	$4.53	7%	$5.66	$5.76	2%
TT	Dec	$12.70-12.90	$12.91	$13.03	1%	$14.47	$14.60	1%
VNT	Dec	$3.00-3.15	$3.11	$3.08	-1%	$3.45	$3.42	-1%
VRT	Dec	$3.45-3.65	$3.57	$3.65	2%	$4.34	$4.42	2%
Avg.					0%			1%
Median					1%			0%

Note: Consensus is from Bloomberg; *KMT and PH: FYE June; EMR, JCI and ROK: FYE Sep; **Adj. EBITDA; GEV '25 guide is implied from sales / margins guide; SWK 2025 EPS guide is a 'planning scenario' number.
Source: Barclays Research, Bloomberg. Company Data

We show below a 'heat map' of how MI companies performed over the Q125 earnings season.

FIGURE 3. Q1 25 Earnings Heat Map



Source: Barclays Research, Bloomberg, Company Data. Note: Past performance is not necessarily indicative of future results.

Multi-Industry Recent Highlights – Links to Notes

Key themes / topics we recently explored:

Sector Notes:

1. US Multi-Industry: Set-ups into APG / CARR CMDs next week; Potential implications for MI; May 14, 2025
2. US Multi-Industry: Bonus Depreciation; End of tariff war = a tailwind for US shoring? Sure, why not...; May 13, 2025
3. US Multi-Industry: Assessing opp'ies after the tariff news / looking to the 2H25; Upgrading SWK; May 13, 2025
4. US Multi-Industry: HVACR: Upbeat US RHVAC outlook; Europe Heat pump visibility remains very low - Read-across from Copeland; May 12, 2025
5. US Multi-Industry: China-US tariffs being lowered; US onshoring likely to remain elusive; May 12, 2025
6. US Multi-Industry: AHRI HVAC March Data: Shipments -2% y/y, similar to Feb y-o-y; Softness in CHVAC; implications for CARR, LII, TT; May 9, 2025
7. US Multi-Industry: Short Cycle Industrial update - raising estimates and price targets on GTES, KMT, RRX; better risk/reward; May 9, 2025
8. Global Multi-Industry: Gas Turbine Market Q125: Global MW orders +36% y-o-y; US orders +187% y-o-y; ENR / GEV #1 / #2 in share; May 9, 2025
9. US Multi-Industry: US March Imports: Large pre-buy, contrary to Co commentary; HVAC, Electrical equipment, Pool, Power Tools up DD% YoY, Locks muted; May 6, 2025

Rating Changes / Primers:

1. *US Multi-Industry: Assessing opp'ies after the tariff news / looking to the 2H25; Upgrading SWK; May 13, 2025*
2. *US Multi-Industry: Opportunities and risks amidst a rather dynamic backdrop; Downgrade EMR to UW; March 9, 2025*
3. *LII: Upgrade to OW: Pre-buy concerns look overblown; Decent growth outlook ahead; February 26, 2025*
4. *VRT: High growth, high expectations; Initiate coverage at Equal Weight; December 12, 2024*
5. *GEV: Turning up the Gas, Initiate at OW; Superior top- and bottom-line growth profile, with capital deployment catalyst ahead; September 16, 2024*
6. *US Multi-Industry: End-markets framework: Dimmer top-line outlook, with intra-sector growth rates to remain DIFFUSE; Downgrade ALLE to UW (from EW), SWK to EW (from OW); June 4, 2024*
7. *Global Multi-Industry: Potential Portfolio Change, Capital Deployment Moves; Focus on FTV, HON, IR, JCI, KMT, LII, MMM, and PH; April 11, 2024*
8. *US Multi-Industry: Q1 Preview: Bottoming top lines, Orders set to improve; Upgrade ETN to EW; April 2, 2024*
9. *MMM: Upgrade to OW: Further portfolio and cost structure optimization ahead; Bottoming SCI / Electronics markets; March 19, 2024*

ALLEGION

Recent Key Reports:

ALLE: CMD: Electronics growth focus, amidst effort to accelerate overall volume growth vs recent years; Cap. Deployment / M&A to remain focused on the core; May 6, 2025

ALLE: Managing tariffs with a firm hand, with some share gain opp'y; CMD ahead; April 24, 2025

General

- Does the company think that Office and Multi-family demand will recover strongly in the medium term, or stay at a lower level for longer?
- What does the company use to track the next 6-12 months' outlook in end-market demand? Clearly conversations with customers are important, but given that ALLE products are installed late into a construction project's life-cycle, does management have more forward-looking reports that are tracked?
- Per the 2023 investor day, electromechanical adoption remains fairly low globally (~10% in NA, ~5% in EMEA, ~8% in Australia / New Zealand). What are the biggest obstacles to increasing adoption?
- Is electromechanical demand growth fairly steady now in most countries, or is it accelerating?
- Is ALLE's electromechanical revenue more tied to new construction or to replacement / aftermarket? Is this split expected to change significantly as mechanical locks are replaced with more electromechanical locks (which have shorter product lifespans)?
- Are electronic locks still at a similar margin rate to the base business, and could they ever move to a higher margin rate (due to manufacturing efficiencies / lower investment needs)?
- Electronic Products / Access-Control Systems / Workforce Productivity constituted ~25% of 2024 sales. What are management's medium-term goals for the sales mix?
- Electronic products are over $1bn in sales now - electromechanical adoption remains fairly low globally, how should we think about the medium-term growth rate?
- How is management assessing the strength of ALLE's IoT and electromechanical offerings relative to peers?
- Does ALLE see a plethora of aggressive new competitors emerging in the market, who have more of an electronic / pure IT background? Does ALLE have to acquire constantly in order to stay ahead in the electromechanical arena, or does it have sufficient in-house expertise?
- How much of current investment spend is targeted towards IoT and electromechanical capabilities?
- Does the rise of electromechanical locks / rising IT penetration in the access control market mean that R&D will need to be elevated and / or increased (from ~3% of sales), or is the majority of the investment step-up now behind us from an electromechanical standpoint?
- ROP recently highlighted that their CBORD business helps create a connected campus at universities by allowing students / staff to access buildings / dorms and the ability to pay for

meals from their student ID card. How much overlap / competition does ALLE have with a product such as CBORD?

- ALLE tends to prefer ‘open standards’ when dealing with the electromechanical world. What are the positives and negatives of this approach?
- How does management assess the impact of AMZN’s (covered by Ross Sandler) ‘Amazon One’ product? How is the AMZN relationship playing out (with ‘Key’ etc.)?
- Is there any increase in competition at the low end of the Residential mechanical security market in the Americas, for instance from emerging market providers? What is ALLE’s strategy at this end of the market?
- Specification Writing has been frequently cited as a competitive advantage (particularly on the non-residential side). Is there any evidence of lower-end competition attempting to replicate this service? What market conditions would incentivize these types of competitors to make this change?
- In a ‘normal’ year, how many price increases does ALLE typically put through? Does the company have a target for how much of a price benefit the top-line should see every year?
- How is the pricing outlook - is there any change in the low end mechanical market – could tariffs help reduce competition here? How is the competitive landscape in electromechanical locks?
- Is pricing pressure increasing in electromechanical due to new entrants / market maturity / e-commerce becoming a larger channel to market?
- The company’s manufacturing base does not seem that highly automated – is there scope for more automation, or does the amount of engineering / specification work provide a major barrier to entry that means the degree of automation will likely remain low?
- ALLE noted in its 2024 10-K that its 10 largest customers comprise 27% of total revenue. Is there more concentration on the residential side for ALLE, given that the company sells products through big box stores such as Home Depot and Lowe’s? Who are some of the top customers?
- At its 2023 investor day, ALLE cited expertise in designing and specifying openings for complex spaces, particularly in healthcare and medical settings. What is ALLE’s sales exposure to healthcare?
- How interested is ALLE in moving into the services / subscription market?
- Services and software has grown to 5% of sales - what is the organic growth rate here expected to be for the medium-term, and what type of services and software is ALLE focused on growing?
- In some of the weaker end-markets such as Office or Multi-family, which are combined maybe 20-25% of global sales, how well is the 50% or so of sales that is replacement / aftermarket holding up?
- Company-wide, ALLE has enjoyed strong margin expansion in the last 2 years from the net of ‘Pricing / productivity in excess of inflation and investment’ – what is the expectation for how meaningful a margin contributor this line can be for the next few years?

- In its 2025 CMD, ALLE noted it has 12,000+ full-time global employees, implying ~$300k of 2024 sales per employee - how does ALLE plan to improve this number?
- What progress is being made on the 'ALLE Ventures' initiatives? What are recent technologies that management views as disruptive, and worth either a partnership or outright acquisition?
- How is ALLE's Overtur platform providing increased stickiness with customers? Do ALLE's competitors have similar platforms?
- What is the status of the new manufacturing facility in Mexico? With 80-95% operational capacity targeted in 2025, what volume step-up should we expect? How will the plant ramp-up affect margins in the next couple of years?
- HON acquired CARR's Security business – what effect does ALLE think this might have for the competitive environment of its own business, if any?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Portfolio

- The acquired Access Tech business generates ~38% of revenues from services (as of 2021), something ALLE did not have much exposure to previously (especially in the Americas). Would ALLE be interested in acquiring other assets with services exposure?
- Does ALLE have any appetite to further broaden its exposure within the Security market, for instance into areas such as electronic monitoring, or expand into broader commercial building controls?
- How does the company feel about the need for pure software / electronics M&A? Management highlighted smartphone technology as a catalyst to adoption - does ALLE need to acquire to bulk up in this market?
- How does management think about acquisitions / product introductions of complementary hardware assets to the current portfolio? Does management see cross-selling opportunities by expanding the portfolio?
- What do the Unicel and Kreiger acquisitions bring to ALLE?
- How should we expect M&A capital to be balanced between the traditional Locks and Door hardware business, which are around 68% of sales, and then the rest i.e. Electronics, Productivity related sales and software?
- What regions does ALLE not have a large presence in where it would like to bulk up?

Balance sheet / Capital allocation

- How would ALLE characterize the M&A market and its pipeline at present?
- At the 2025 CMD, ALLE highlighted that it expects 3%+ in annual sales contributions from M&A over the cycle, whereas since 2014, M&A has contributed closer to 2% growth on an annual basis. What gives ALLE confidence that going forward, M&A will be a larger contributor to growth, when presently higher interest rates likely mute the number of attractive M&A opportunities?

- Per its 2025 CMD, ALLE expects 3%+ in annual contributions from M&A to its topline growth, but in its long term value framework for EPS growth, capital deployment as a whole is only a ~3% contribution. Is ALLE therefore suggesting that it is not concerned with margin-accretion when doing M&A? What is ALLE's reasoning behind such a strategy?

Americas

- What percentage of revenue is comprised of large institutional projects that can sit in backlog for multiple years (i.e., what % of revenue has the most visibility)?

- ALLE has cited in the past that a potential structural headwind could be that building codes in the US converge / standardize, similar to those in Europe, creating simpler contracts that require less need for specification. Is there any evidence of this happening? What would be the signs that management look for?

- What is the update on the progress on the Lennar (covered by Matt Bouley) partnership?

- The company has exceptionally high operating margins in the Americas – is there really runway for these to move higher in the medium term? What are the levers behind any such further increase?

- How wide is the profitability gap between Residential and Non-residential sales? Which segment offers the most margin upside in the medium term?

- Will there be a margin tailwind generated by manufacturing efficiencies once electromechanical locks comprise a more significant share of revenue?

- Management stated there are few gaps in the North American market (most products are served by ALLE and ASSA) except for a few niche end-markets. What markets is ALLE interested in entering and does ALLE see M&A in these markets as attractive / feasible?

- Core institutional markets are largely funded with muni bonds - How could results from the recent US elections impact the muni bond dependence that ALLE has? How much exposure does ALLE have to municipal governments?

- Americas operating margins have returned to prior peaks of around 29%, how should we think about operating leverage here – do we need to see M&A or portfolio change for margins to keep moving materially higher?

International

- ALLE has argued there are more hardware M&A opportunities available in the international segment because specifications and products vary widely country to country (and ALLE's market share is relatively low Internationally) - should we expect more M&A in this segment?

- Are acquisitions needed to push profit margins higher, or can the current portfolio / market share allow for a large margin step-up?

- How satisfied is ALLE with its manufacturing footprint in EMEIA - could more consolidation of plants drive up margins?

- Within APAC, the biggest markets today are Australia / New Zealand for ALLE... how well-positioned is ALLE in N Asia (S Korea, Japan), where security technology adoption can be faster than in the US / Europe? Are there any plans to enter this market in a more significant capacity than ALLE has currently?

- What is ALLE's market share in Australia / New Zealand? What is the TAM of this region, and where does ALLE see further opportunity here?
- Are there potential synergies across businesses in the EU (DORCAS, BOSS door, CISA, Interflex, etc.) that have not yet been realized? How is ALLE driving those potential synergies?
- International margins have been stuck in the low teens for several years now – is there a plan to push these higher, or should we expect current levels to be sustained?

API GROUP

Recent Key Reports:

US Multi-Industry: Set-ups into APG / CARR CMDs next week; Potential implications for MI; May 14, 2025

US Multi-Industry: Earnings / CMD set-ups for the week ahead; Updated tariff commentary; Raising Price Targets on APG & VNT; May 5, 2025

APG: Twin Cities management HQ meetings; Increase MMM PT; MI Implications (CARR, JCI, LII, OTIS, SWK, TT, etc.); May 28, 2024

General

- How would APG characterize the current demand environment, after a 2024 where there were some project push-outs and little organic revenue growth?
- Has APG seen any change in the competitive landscape?
- Does APG think that the 13%+ EBITDA margin goal is causing it to lose market share vs rivals who are less margin-sensitive? Would management consider placing greater emphasis on EBITDA growth rather than margins?
- What % of APG's revenue is based on statutorily mandated services? At what frequency do federal / state laws stipulate that fire protection equipment (fire sprinklers, extinguishers) must be inspected?
- What is the typical duration of an APG contract for services that are statutorily mandated?
- In APG's core life safety business, it has taken considerable market share in recent years. Who are its main competitors, and where is it taking market share (i.e. are there any regions or end-markets where APG has had considerable success with share gain in recent years, beyond the US)?
- APG has talked about intentionally pruning certain customers in areas that are less profitable (such as HVAC installation) and pruning the portfolio in areas that are more capital-intensive - how big is the remaining pruning opportunity for APG?
- How should we expect price vs volume mix to play out in 2025+?
- In light of management's focus on the 'already built' environment and on growing inspection work, how does management assess the company's exposure to non-resi new construction activity? What are the company's aspirations for this exposure over time?

- How does APG's non-residential commercial exposure compare with the institutional exposure in terms of size and business activity (i.e., weighted towards inspection or service)?
- Which sub verticals within Commercial/Institutional (i.e., retail / office / hospitality / school etc.) does APG have the greatest strength in? How does APG's market share look within these markets and which ones are management targeting for potential share expansion?
- How much of APG's activity comprises new commercial buildings?
- How active is APG in the Datacenter and Power markets in the US, and what share of sales do they comprise?
- In terms of product categories, HVAC and Elevators service are two areas that investors favor for growth or margin potential – what is the strategy for APG to win share in these two areas?
- Telecom and Utilities represent 15% of total sales… what is the growth profile of this medium-term?
- Within commercial buildings - does APG compete against the likes of JCI, HON or partner with them?
- What has enabled APG to gain market share from the likes of Simplex Grinnell (within Tyco / JCI) in recent years?
- How would management assess its market share across its various market verticals / businesses?
- How do operating metrics in the US compare vs international operations (growth/margins/ mix)?
- Management said on the Q124 earnings call that the international sales force is undergoing a 'transformation'; what exactly does this entail, and how does this effort align with APG's medium-term sales growth target?
- The company has said it intends to grow the top-line by expanding its channel presence – how does the company intend to go about this?
- What is APG's definition of 'recurring service'? How is management driving the mix shift towards recurring service, and does APG's strategy differ on this front across its segments and end-markets?
- Are there MT/LT growth targets by segment, or if not how does normalized/run-rate growth look by segment and relative to one another?
- Inspection, Service and Monitoring were around 54% of sales in 2024 – when could we see the 60% goal be reached, and how large a share of the business could these revenues comprise by the end of the decade? How do the EBITDA margins here compare vs the firm-wide average?
- How do margin profiles vary by the Non-Resi sub verticals? How are these differences playing into the project selectivity efforts?
- To what degree are price 'escalators' built into projects?
- How should we think about typical incremental margins at APG, and how different are they between the 2 segments?

- Labor and payroll represent around 40% of COGS, and People are 70% of SG&A costs… how is APG keeping a lid on these wage / people costs given the current environment?

- It seems labor represents the largest portion of direct costs and this is typically 'variable' in nature – but we have also seen the substantive investments the company has made in developing its people (i.e., Chief Learning Officer, Leadership Development Center, etc.); how does management think about this balance of managing costs while retaining / developing talent?

- Apart from labor, what are the main input costs and how does the company source its materials?

- Given the company's acquisitive history and portfolio of smaller businesses, how does management centralize operations (if at all)? Are there shared operating systems or business practices across all businesses?

- The combined HVAC and Specialty business – what should we expect for its growth and margin expansion over the medium-term?

- Has APG seen an uptake in HVAC servicing given the current macro environment?

- Does the 80% FCF conversion goal (from EBITDA) require minimal / no sales growth or can it hit this goal even with decent sales growth?

- When should the gap between FCF and adjusted FCF shrink?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly can the company offset these higher costs?

Chubb

- How fast has Chubb grown the top-line since it was acquired by APG, and how does this compare with its growth prior to its acquisition?

- How have metrics such as customer attrition and retention at Chubb trended since the acquisition?

- Is Chubb now earning mid teens adj. EBITDA margins vs ~9% in 2021, per the upgraded target? How high can margins go?

- Where are we on Chubb synergies realization now and how much is left?

- What sort of Year 3 or 5 returns is APG set to make on the Chubb acquisition?

Portfolio

- APG made some divestitures in early 2020 and late 2023/early 2024, how does management think about 'fixing' vs exiting assets?

- What are some end market or geographic market adjacencies that the company views as attractive to enter both organically and through M&A?

- What does the typical integration process look like for acquired companies? Does existing management typically stay on? What benefits do target companies get from becoming part of APG?

- What are some of the acquisitions in the past that management considers the biggest ‘successes’? What are some that in retrospect could have gone better?
- Management highlighted that the acquisition of Elevated opens up $10bn+ in additional TAM for APG, as well as significant cross-selling opportunities. What are some examples of these cross-selling opportunities, and when can we expect them to start meaningfully contributing to top-line?
- How confident is management in Elevated's ability to continue outgrowing the market?
- Elevated enjoys ~20% adjusted EBITDA margins at present, significantly higher than the LDD margins that APG has overall - what is the medium-term margin target for Elevated?
- What is the progress on the Elevated deal integration? How should we think about Elevated’s performance for the year ahead?
- How keen is APG to pursue more deals in the E&E market?
- On M&A, does the experience of SKF, Elevated and Chubb make APG more keen to do larger acquisitions rather than just bolt-on deals?
- In light of the Chubb experience, is APG more or less likely to do M&A outside the US?
- Should we expect almost all M&A to occur in the Safety segment as opposed to Specialty? Would APG consider doing more deals in HVAC?

Balance sheet / Capital allocation

- How much bolt-on M&A is expected in the NTM? What markets / regions are of most interest for APG at present? Should this bolt-on M&A be similar to the type of M&A discussed at the 2022 investor day (4-7X LTM EBITDA of ~$10m, running at a ~7% margin)?
- Among APG’s acquisition criteria, accretive businesses that add to APG’s moat and customer base, have adjacent capabilities, strong FCF, and a recurring revenue profile appear to be more of the focus for potential M&A targets vs. pure growth; is this a correct assessment? What level of top-line growth would render a target unattractive?
- How important are synergies when assessing a potential M&A target? In what areas does APG typically see/realize synergy benefits?
- Management has traditionally paid 4-7x LTM EBITDA for small, bolt-on type acquisitions, but paid a higher multiple for the more recent, larger deals (~11.5x for SK Fire Safety, ~13X for Chubb, ~13X for Elevated). Is this the ‘new normal’ we should expect for future deals (low teens EV/EBITDA)?

CARRIER

Recent Key Reports:

US Multi-Industry: Set-ups into APG / CARR CMDs next week; Potential implications for MI; May 14, 2025

US Multi-Industry: AHRI HVAC March Data: Shipments -2% y/y, similar to Feb y-o-y; Softness in CHVAC; implications for CARR, LII, TT; May 9, 2025

CARR: Am. RHVAC continues to surprise the bears, although Europe RLC still under pressure; CMD ahead; May 6, 2025

US Multi-Industry: Transport Refrigeration - T3M Builds down -30% y/y, T3M orders increased +54% y/y; backlog down y-o-y still, but up m-o-m; April 21, 2025

CARR: CFO Meetings: HVAC profit growth likely to remain robust despite near-term Europe challenges; June 14, 2024

General

- Away from the near-term, how confident does CARR feel about the 6-8% organic sales growth target for the medium-term, now the large portfolio changes are complete? Which businesses should lead that growth rate?

- On margins, how should we think about the scale of stranded costs following all the recent divestments, and how quickly these can be worked down?

- For Carrier overall, how should we think about the margin opportunity with its settled portfolio – is 30% incremental margins the right placeholder for the medium-term?

- How are Aftermarket attrition rates trending across the Aftermarket business, and vs 2-3 years ago?

- How large are the sales in CARR's Lynx (cold chain fleet monitoring) and Abound (building monitoring system) offerings? How are these offerings sold at present, and what is the profit margin relative to the company average?

- How does CARR's building monitoring system, Abound, compare with that of competitors (such as JCI's OpenBlue)?

- What is the operating leverage that CARR expects for the company medium-term… the company had guided for +50bps of OMX / year, but with the new go forward portfolio and Viessmann synergies, should we expect higher margin expansion than this?

- How much more G&A / stranded costs reduction scope is there now, following all the 2024 divestments?

- How does CARR expect NA HVAC market dynamics to change as a result of Bosch's acquisition of JCI's R&LC assets?

- Does the company expect much to change competitively in VRF as a result of the Samsung-LII tie-up in VRF?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Portfolio / M&A

- On portfolio simplification, where are we now on the (formerly ~55+) number of JVs and partnerships – how quickly could we see this number come down further?

- Across the company, Aftermarket sales were up double digits again in 2024 for the 4th year in a row – what share of the business do they comprise now, and how is the progress across the largest businesses in driving this?

- Carrier has recently highlighted its push into Systems as a revenue category – can you give us some examples of what this means, and how large is this business today?

- What was the thought process behind the new segments / subsegments?

Balance sheet / Cash flow / Capital deployment

- When should we expect large-scale M&A to potentially resume?

- What measures will Carrier take to improve cash conversion at the non-consolidated entities?

- On the balance sheet, once the $3bn share buyback is completed this year, CARR will be around 2X levered - how should we think about capital deployment priorities thereafter, and is that 2X level the right framework to use?

HVAC

- In US RHVAC, many investors remain very concerned about the pre-buy hangover risk – how does CARR feel about this risk compared with 3-6 months ago – how is movement or sell through at present, across both ACs, and furnace demand?

- How much excess inventory does CARR think there is at distributors in US RHVAC at present, and how is the A2L transition playing out in the industry overall at present, in terms of industry discipline and so forth?

- Is CARR worried about the opportunity for R32 to take share vs 454B in the refrigerant transition, given some OEMs are pushing R32 instead?

- In Applied HVAC, how does CARR assess its market share progress at present – how is the effort to add capacity going, and how comfortable is CARR regarding Datacenter market share – what is the Datacenter share of sales?

- LII highlighted at Q423 earnings that N America light commercial 'rooftop units are aged past historical averages and will need to be replaced soon'. To what extent does CARR expect this to be a tailwind to their N America light commercial business over the next 5 years?

- The K-12 vertical used to represent ~10% of both light commercial and North American Applied, but with the ESSER funds and its growth, it is now closer to 20% for both now. As we are now in the later innings of ESSER funding, when does that tailwind reverse / could US Education vertical sales be down in 2026?

- CARR had previously said it expects the global VRF market to surpass the Applied equipment market by 2025 – what is its updated view of the VRF market, how does CARR view its positioning in this market following the TCC combination?

- Per CARR's 2022 investor day, the company is targeting >50bps of margin expansion per year medium term. Is there more room for margin enhancement in large Commercial than Residential given the aftermarket push?
- How, and how quickly, can Carrier increase its post-warranty service attachment rate in large HVAC (currently ~45% against some HVAC peers at 50%+)?
- In light commercial and Applied HVAC globally, does CARR see any acceleration under way in equipment replacement rates?
- In Applied HVAC, CARR had scaled back its market share gain ambitions (between 2020 and 2022, due to pricing concerns) – how is it thinking about its market share now in Applied?
- How satisfied is Carrier with the Watsco relationship in N America?
- Within Datacenter– what are CARR's thoughts on the merits of liquid vs air cooling? How well positioned is CARR in liquid cooling?
- At Viessmann, EBITA margins for 2024 were in the mid teens - what synergies should we expect in 2025 and 2026, and where should EBITDA margins end up by Year 3 after the transaction?
- Is CARR worried that a lot of capacity has been added and is being added in the Europe heat pump market by various players, and whether this may erode margins and returns for Viessmann in the medium term as companies make a grab for heat pump volume market share, once the market recovers?
- What kind of subsidy regime in Europe vs today does CARR need to see for VCS to grow its sales at the 10%+ medium term targeted rate?
- How are margins split across the different products at Viessmann, and different geographies (Germany vs RoW)?
- What is the progress on VCS cost synergies – what should these contribute in 2025-2026?
- How large could the sales synergies from VCS be, and when could these start to be realized?
- What operating margin potential does CARR see at Viessmann in the medium term, vs a low teens rate in 2024?
- What is the risk of the boiler business being cannibalized by the heat pump part of Viessmann? At what rate does CARR assume this market shrinks in the long term?

Transportation

- In Transport, rival TT's ThermoKing brand has made a big push into APUs, and also into markets such as rail, bus and air freight, beyond the traditional container and truck reefer markets – how well positioned is Carrier in these other markets?
- What is CARR's NA sales mix between trailer (for which ACT provides data / forecasts), truck, and APU? Over the medium/long term, does it expect any of the 3 to have different growth rates?
- What is the pace of electrification in this market for truck / trailer, and how is CARR positioned for it?

- Marine Container comprises 20-30% of Transport Refrigeration revenues – what is the profitability like in this business vs NA Truck & Trailer, Europe Truck & Trailer?
- Operating margins are in the mid teens for Transport - shouldn't they be much higher than this given it is a very concentrated market with TT in the US and Europe?

DOVER

Recent Key Reports:

DOV: Acquisition of SIKORA: High growth, fairly high takeout multiple; May 5, 2025

DOV: Sensible 'top-down' adjustment to FY guidance, with confidence on tariff cost offsets; April 24, 2025

DOV: CEO Meeting: Confident tone on organic sales improvement, decent incremental margins in '25; M&A should step up next year, ongoing divestment opportunities; MI implications; December 12, 2024

General

- Two years on from the investor day, how is Dover's confidence in the 4-6% organic sales growth through cycle goal? Are more portfolio moves needed to hit this goal?
- DOV is focused on the 'Equipment with aftermarket opportunity' business model (Equipment is 41% of sales, with Digital & Services / Consumables / Parts at 9% / 12% / 11%) – which product areas offer the most aftermarket upside potential?
- DOV has talked more about digital and e-commerce capabilities recently. What are some of the practical examples / applications of this, and which are the most successful at present in driving up sales?
- Recurring demand (which includes parts, consumables, services and software) represents ~30% of revenue – where could this ratio reach in the medium-term, assuming desirable portfolio changes?
- Which segments should drive the most margin upside over the medium-term?
- Given the accelerated portfolio transformation, what is the updated longer-term incremental margin profile of the company?
- Per the 2023 investor day, emerging markets are ~10% of DOV's revenue. What does DOV classify as emerging markets, and is there any intention to increase this exposure?
- There are 5 double digit growth businesses this year that Dover highlighted recently - CO2 Systems, Clean energy components, Precision components, biopharma and liquid cooling… how are the profitability levels across all five of them at present i.e. around segment average margin?
- On profitability, Dover has cited 40% incremental margins this year helped by Mix - at the investor day a couple of years ago, the company had cited 25-35% conversion rates as the placeholder…given the portfolio changes etc since, is the high end of this range now the norm, or the Mix is just abnormally helpful at present?

- From the investor day, Dover had targeted low 20%s as the upper operating margin band for DEP, does that still hold or is Dover expecting more now, given the portfolio changes and productivity efforts, and the segment was already at 19% in 2024?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Portfolio

- What are the main considerations when DOV is weighing up the merits of major portfolio moves (spinning off 1-2 segments) vs more 'incremental' steps (buying or selling businesses that are 2-3% of sales)? How appealing is a major step at present, if at all? Do the recent divestments of De-Sta-Co and ESG signal smaller divestments will be the approach going forward?

- DOV has quite a broad range of businesses - how does it think about the merits of trying to 'time' M&A in those markets which are near trough, given that at any one time some portion of the portfolio is in a cyclical slump?

- There has been a heightened investor focus on break-ups in the sector in light of the GE, MMM, FTV, HON news, etc… what are management's thoughts on the merits of such an approach?

- Amidst many industrial companies continuing to break up, does Dover see itself as undervalued on a SoTP basis, or it views the best value creation lever as driving up margins and growth in the assets it owns today?

- DOV highlighted a less cyclical business profile at its 2023 investor day, which had been a key goal at its prior one. How much more opportunity is there to further reduce cyclicality?

- Peers such as Lennox and TT sold their retail refrigeration businesses over the past few years, and CARR divested its commercial refrigeration business. How much more time is management willing to spend to turn around the remaining portion of the Climate & Sustainability Tech segment, where EBITDA margins are still well below the other four segments?

- At Q224 earnings, DOV mentioned they had invested ~$2bn in acquisitions since 2021 to 'build a global platform of critical components for industrial gases and clean energy'. What has been the ROIC (and other KPIs DOV uses) on these acquisitions? This part of the portfolio is ~$1bn today; how large does DOV want this to become?

- Is it a necessary but not sufficient condition for a segment or a business to be expected to earn a 20% segment margin minimum to stay a part of Dover's portfolio?

Balance sheet / Capital allocation

- On inorganic and organic capital deployment - should these 'DD grower' five businesses naturally expect to receive more capital than the rest of Dover?

- There is the stated aspiration to do Technology M&A that can scale revenue 5-25X – how confident is DOV in acquiring these assets at reasonable valuations, considering the current M&A environment, and in achieving its ROIC target?

- What is the size of deals within the M&A pipeline (historically deal sizes are ~$100m)? Are there any large deals being considered? Is it mostly bolt-ons, or is return profile the only focus, with the search being irrespective of deal size?

- The recent acquisition of SIKORA was based on a fairly high takeout multiple; should we expect future deals to occur at similar valuation levels moving forward, or was this a more opportunistic purchase?

- How would DOV characterize the M&A market and its pipeline at present? DCEF and DPPS have comprised the vast majority of M&A capital in the past 5 years – should we expect this to continue?

Clean Energy & Fueling

- How large is the Clean Energy business now (sales-wise) and is it growing in-line with the HSD-DD medium-term growth goal – what are its main products here?

- Post the EMV liability shift in the US, management pointed to regulatory tailwinds in emerging markets. How big are these opportunities, and over what time frame should we expect these opportunities to materialize?

- Within retail fueling, what is the margin differential between the dispensers and the 'kits'?

- DOV partnered with ABB to enter the EV charger market; how large of an opportunity could this be for DOV, and how quickly can it be scaled up?

- Is management open to more partnerships in the EV space, and how satisfied is it with its position in the EV world?

- Vehicle Wash is viewed as a favorable opportunity given consumer demand trends, the potential for improving operator economics, and accelerating demand for automated car washes. Is management satisfied with its current portfolio, or is it considering further M&A in this space (perhaps to expand its software and access solutions offerings)?

- What tailwinds has DOV seen from consolidation in the retail fueling / car wash space?

- How do margins compare across retail fueling vs car wash vs Clean Energy?

Climate & Sustainability Technology

- On DCST, as Dover had talked 2 years ago about a high teens margin aspiration and last year it was at 16% - is high teens the real ceiling here?

- DOV expects high growth in CO2 systems, and at Q424 earnings noted it is the leading market player in this area with the largest install base – who are its main competitors here / what is the profit margin and market structure like? Is DOV worried about competition?

- How quick is the customer roll-out of CO2 systems – what are the main barriers to further penetration gains?

- How satisfied is management with progress to-date regarding margins in this business?

- Belvac, DOV's can equipment making business, is guided to experience a moderate recovery in 2025, with growth in aftermarket (after seeing recent -DD% top-line declines). What are the longer-term secular drivers here?

- In Refrigeration / cases and doors (>50% of sales), the majority of the business serves big box retail / grocery stores... how have orders trended here recently? What is the through cycle growth rate outlook for this specific business? How worried is management that many of the growth problems here are structural vs. cyclical?

- How does DOV expect to benefit from regulatory changes in refrigerants?
- How big is DOV's heat pump exposure, and who are the main customers? What kind of market share does DOV have here? Would DOV ever look to bulk up its market share inorganically, now that the market is near a cycle floor?
- What does DOV think heat pump demand growth will be medium-term?
- How much higher are Belvac and SWEP margins than the segment average?

Engineered Products

- Following the divestment of De-Sta-Co and ESG, what should DEP op. margins be in the medium-term?
- When thinking about Engineered Products – what are the one or two attributes / brands that management wants investors to focus on, given its disparate business mix?
- DOV has the #1 or #2 market position in every sub-segment; what technology / structural drivers does the company need to invest in, to sustain these leading positions?
- What is the 'spread' on operating margins across the different assets within EP?
- EP has a very diverse portfolio still – is there any reason why the current line-up of brands will be intact in five years' time?
- Where is management prioritizing market share gains / R&D / investments to drive growth?

Imaging & Identification

- Digital Printing has historically been one of DOV's fastest growing businesses; are there opportunities for consolidation or increased organic investment to scale up this business? How fragmented is the market place here?
- Does DOV want to expand its exposure to serialization software, which has been growing steadily?
- How is DOV positioning itself in Digital Printing vs traditional Marking & Coding?
- Consumables are 45% of sales – what is the growth rate here?
- How does DOV view itself in terms of positioning against Veralto? How is DOV differentiated in this market?
- How different is DOV's textile exposure vs. Kornit Digital? How large is the Digital textile business now?

Pumps & Process Solutions

- DOV has a top 3 position in positive displacement pumps – how high is its market share / those combined of the major players?
- Similar to DOV's acquisition of Cryogenic Machinery Corp., does the company plan on undertaking similar acquisitions to gain share in the centrifugal pumps market?

- How large is DOV's Thermal Connectors / liquid cooling business? What exposure does this business have to datacenters / would DOV explore M&A to expand this exposure?
- How high is DOV's heat exchanger share in the heat pumps market - who are the main customers / key geographic exposures?
- DOV expects plastics to see well above GDP growth, but there are many efforts globally to reduce plastics usage – why does DOV have a different view?
- Given the double-digit growth rate DOV expects in the Biopharma & Medical market long-term (mid-DD in single-use Biopharma per the 2023 investor day), does DOV plan on pursuing additional M&A in this space, or is it satisfied with its current portfolio? How large is DOV's exposure to these markets?

EMERSON ELECTRIC

Recent Key Reports:

EMR: Process Aut. momentum likely at a plateau amidst O&G looming headwinds, with others in MI more exposed to likely Discrete / T&M recoveries; May 7, 2025

US Multi-Industry: Opportunities and risks amidst a rather dynamic backdrop; Downgrade EMR to UW; March 9, 2025

General

- Is EMR still confident that process automation demand will see sustainable growth vs discrete automation, despite oil capex likely slowing down (based on the Majors' capex pronouncements), and the historical 'lag' between discrete and process automation trends?
- How sensitive does EMR think its top-line is to changes in the oil price now, vs the past?
- EMR has talked about N America reshoring in some disparate areas on its recent earnings calls…life sciences, battery, LNG… how well is EMR positioned in the hybrid and discrete markets (life sciences, battery, etc)?
- 64-65% of sales were maintenance, repair, and operations (MRO) in 2023 and 2024 – is this the likely go-forward steady-state rate?
- Does EMR worry that expanding into the T&M market via the NI acquisition, and the push into Discrete Automation markets, has increased the cyclicality of the company - both markets have been very weak recently vs the rest of EMR?
- Can EMR expand on what kind of LT growth it expects in the T&M market vs existing EMR markets today... MSD or so growth is targeted for overall T&M, but can EMR expand on what are some of the most attractive areas within T&M?
- How should the growth rate differ between the ID and S&C segments in the medium-term?
- How should incremental margins differ between the ID and S&C segments in the medium-term?
- HON is making a push into Hybrid automation, as are Siemens and ROK… HON and EMR are both moving into Factory automation given the LT headwinds in O&G... does EMR worry the returns in Hybrid / Factory automation may be worn down by excess competition?

- Factory / Discrete Automation – EMR has highlighted Industrial Robotics and Machine vision / safety as focus segments – does it have any presence in these areas today? How can it differentiate in Robotics, where there are very well established peers with large market shares, and margins can be challenging as it is a very hardware-centric business? In Robotics – are products like AMR (Autonomous Mobile Robots) where EMR would focus vs more traditional static robot 'arms'?

- How well is EMR positioned to take advantage of the broader energy transition in Process markets, by offering emissions reduction productions and technologies?

- The company is generating high organic operating leverage in 2025… how sustainable is this level of performance, and how much of this is driven by price / cost tailwinds or Mix tailwinds?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Portfolio

- Does NI give EMR sufficient scale in the Test & Measurement arena, or could we see follow-on M&A?

- Smart Grid Solutions is a priority adjacent market – what is EMR's existing presence here / how does it aim to enter or expand it?

- Does EMR have any preference for selling MV or HV electrical product into the Grid – how much is it looking at hardware vs software assets in the Grid?

- Does management view there being much / any SOTP-based upside potential for the EMR shares?

- Does management worry that bringing AZPN fully in-house means the value of the software exposure of the company is 'lost' in the overall conglomerate structure, vs if AZPN / OSI had stayed as a separate public entity? Whether in terms of valuation or the performance of the business itself (talent retention, market share etc)?

- How does management view its electrical equipment business (Appleton) in general – could electrical markets at some point represent a structural growth area for EMR to focus on (investors look very favourably upon electrical equipment today)?

Balance sheet / Capital allocation

- Could EMR contemplate another acquisition of scale now that the rest of AZPN has been brought in, or will there will likely be a period of 12-18 months where the portfolio will be kept steady / debt paydown will be the preferred use of any excess cash?

- Why has AZPN done so little M&A since EMR took a majority stake in it?

Intelligent Devices

- Factory / Discrete automation markets (one of its four priority adjacent markets) – how is the company's position here / in which product categories does it have the highest share?

- Why has Measurement & Analytical seen such sales outgrowth vs Final Control in the last few years?

- In which of the three main pieces within ID (Measurement & Analytical, Final Control, Discrete) does EMR see the most margin upside longer-term?
- What is the strategy for Safety & Productivity now that it is being retained?

Software and Control

- How satisfied is EMR with the progress of the AZPN partnership to date, from a commercial standpoint?
- What is the phasing of the synergy realization goal for AZPN now that it has been fully brought into EMR?
- How confident is EMR in the 31% EBITA margin goal (Year 5) for NI?
- Are there any sales synergies of NI / T&M with the rest of EMR that are becoming apparent?

EATON

Recent Key Reports:

ETN: Amidst share gains, Datacenters continue to drive substantially all of ETN's growth; Backlog trends may suggest Electrical Systems normalization is underway; May 4, 2025

ETN: CMD: 2030 targets broadly as expected (~$20 implied EPS); Lead times normalizing, with backlog unlikely to shrink in '25; March 11, 2025

General

- How might some of the focus areas for Mr Ruiz as CEO differ from those of Mr Arnold?
- Within the 6-9% organic sales growth guide through 2030, what is the assumption by main end-market for ETN?
- What is the visibility like on the megaprojects pipeline – what is ETN's typical $ content per megaproject?
- What is the progress on the restructuring / cost-out program?
- Where should FCF conversion / margins settle out medium-term, after several years of being 80% (this is the level included in the 2025 guide)?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Portfolio

- ETN's portfolio is very much 'traditional hardware' in nature; does the company aspire to grow recurring revenues or move into more software-based / Digital business?

- There has been a heightened investor focus on break-ups in the sector in light of the GE, MMM, FTV, HON news etc… what are management's thoughts on the merits of such an approach?

- How appealing is Thermal management / cooling in the Datacenter market?

- Does the company think there is material share price upside potential at ETN from a SoTP perspective? If so, what can management do to narrow the gap?

- How many more acquisitions are needed to ensure eMobility has sufficient scale to be self-sustaining in the long-term?

- Could we see a review of eMobility / EV charging businesses at some point, or does ETN think investors are valuing them appropriately at present?

- How does ETN think about synergies between eMobility and Vehicle?

- Does Eaton think that large-scale trans-Atlantic or trans-Pacific Electrical consolidation is desirable / possible / attractive, as its market shares in the US are very high, and there could be large cost synergies from electrical M&A (per ETN's own Cooper deal in 2012)?

Balance sheet / Capital allocation

- Why has M&A been so limited?

- What is the right leverage level for ETN longer-term?

Aerospace

- What are the main two or three product categories in the segment where ETN has a leading market position?

- What aspects of the industry are most attractive...does ETN think it should migrate its portfolio toward software / avionics in order to mitigate the pricing pressure from the OEMs on traditional mechanical components?

- How do margins differ across the Commercial and Defense parts of the portfolio?

- What near-term and medium-term growth assumptions does ETN have for its Defense business? What are the major platforms driving ETN's Defense sales?

- What is R&D/sales in this business… How is R&D likely to trend through the next few years?

- Operating margins have been flat in recent years…what is being done to drive them higher?

- Could we see a margin mix headwind later this decade as Commercial OE production rates ramp up?

- Is the 27% segment margin target (as laid out at the company's 2025 Investor Day) solely dependent on volumes and mix, or is there some other major driver?

Electrical

- When should we start to see Megaprojects really boost orders and sales?

- What is ETN's typical $ content in a new US semiconductor / battery / EV plant?

- What is ETN's typical $ content in a new hyperscaler-built datacenter?

- How is the ETN $/MW content trending in Datacenters at the moment / how does it compare with history?
- Datacenter sales grew 45% in 2024 (and higher than this in Q125)…including 75% growth from hyperscale customers – it seems this growth comprised the vast majority of ETN's Electrical sales growth – why is there not more evidence of broader Electrification trends in the economy?
- Within Electrical Americas and Electrical Global, what is the visibility like on the strength of the Datacenter demand outlook?
- How does ETN assess what impact DeepSeek could have on DC capex beyond 2025?
- How large are the price tailwinds in Electrical at present?
- What kind of incremental margins should we expect in the medium-term, as price/cost tailwinds are now easing?
- What is ETN's market share in products such as transformers, UPS, and switchgear – how much higher is domestic market share vs international?
- In which product types are lead times still long / how are lead times trending in the large product categories? When will supply and demand get more aligned in areas where capacity is tight such as transformers, UPS, and switchgear?
- Is ETN worried about the capacity additions being undertaken by various equipment players in the US? Or are they relatively small in aggregate?
- Is ETN seeing a faster pace of electrical hardware upgrades now than pre-Covid in Industrial facilities and Commercial & Institutional buildings, due to energy efficiency considerations?
- Is Residential behaviour changing structurally in terms of greater electrical content in the home (solar, EV charging)?
- There is considerable investor discussion regarding 'Electrification' / Utility grid spending – where does ETN see medium-term growth in Utility markets?
- In Grid, the power transformer market was always very cyclical, with high booms and low busts, with capacity often being added just as market demand started to roll over (this is why ABB was forced to divest its power grid business) – why is it different this time?
- ETN had previously been dismissive of the profit margin potential in EV charging infrastructure given intense competition, but it entered the market a few years ago – what profitability level does it think it can earn in this market over time?
- How is the Systems vs. Products mix within EA and EG expected to evolve from here? How substantive is the operating margin difference between Systems and Products?
- Does ETN think that its Electrical business is too hardware-centric? Is it planning to try to up-scale the business into IoT / software more?
- What does the margin profile look like between the various Electrical end-markets (Commercial & Institutional, Residential, Utility, Data Centers & Distributed IT, Industrial Facilities, and Machinery / MOEM)?

eMobility

- What are the single biggest products where ETN enjoys high market share?
- Who are the main OEM customers of this segment today?
- How high is R&D/sales, and where is this expected to trend by the end of the decade?
- How much of its sales relate to ICE vehicles?
- Based on the significant internal investment that is required to scale this business, what profit margins does management hope to achieve over the next decade? Are they much higher than the ~16% target given at the 2025 CMD?

Vehicle

- What is the strategy to cope with the rise of electric vehicles? How much of a risk will this trend be to Vehicle sales in the next five years?
- Does management think the supercharger business within light vehicles can cope well with the rise of electric vehicles? How much of the segment's sales accrue from superchargers?
- How is the truck JV with Cummins (covered by Adam Seiden) progressing (in terms of demand and profitability)?
- Does management worry about rising vertical integration in the truck industry – how much of ETN's sales are at risk from this threat?

FORTIVE

Recent Key Reports:

FTV: Ralliant Form 10; SoTPs imply $84/ share fair value; CMDs ahead; May 5, 2025

FTV: Management meetings: PT bottoming out, with solid growth in IOS/AHS; M&A returns improving; A closer look at the SoTP; September 26, 2024

General

- The RemainCo has a complex portfolio even after the spin – what is the synergy / overlap between FAL software and AHS sterilization equipment; why keep FAL and AHS together? Is it solely the Recurring revenue nature that they share?
- How is the 'FORT' concept at Fortive developing? Are there examples of where it has driven growth or margins?
- What progress is being made on the Fortive Growth Accelerator / Pioneer Square Labs initiatives? What are recent technologies that management views as disruptive, and worth either a partnership or outright acquisition?
- 'Recurring sales' are ~50% of New FTV sales – how does FTV define them?
- How much of total sales accrue from SaaS sales today, and how does this split out across the three segments?

- Both Recurring revenues and Software revenues as a share of total revenues are expected to grow over the next 5 years, per the 2023 investor day – is software growth the key driver to both? Are these two metrics dependent on each other?

- Software sales at New FTV are ~$1bn in total, with 2/3 of that being defined as ARR - should we expect that mix to remain steady as software sales grow, or will ARR become an even larger portion of software sales over time?

- Acquired revenues have grown 2x core growth over the last 5 years (as of 2023 investor day). What are some of the acquisitions that are outperforming this growth rate? What are some acquisitions that have underwhelmed in terms of growth?

- R&D has run at 6-7% of sales – how does FTV ensure it generates high returns on this high investment? How much are the new acquisitions expected to drive up this investment (assuming these businesses need a higher run-rate of investment to stay competitive in their respective markets)?

- FTV's R&D spend has been about steady, at $400m per annum since 2022. What KPI is FTV using to track the success of R&D spending? Has the Vitality index increased / has FTV seen an improvement in margins on new products?

- How high are margins in the software businesses overall, and what is their organic growth outlook?

- The ~75bps/year OMX goal for the medium-term implies ~40% operating leverage (off MSD core sales growth) – does this require a mix up from changing the portfolio, or does it reflect an organic incremental margin run rate with the current portfolio? How will incremental margins compare at Ralliant vs the RemainCo?

- What kind of earnings growth ‘algorithm’ should investors expect from the new FTV post-separation?

- How satisfied is management with the digitization of the FTV portfolio on an organic basis, for instance with efforts like Fluke Digital Systems?

- FTV has a quite global sourcing network, and a big reliance on China – are there any plans to revisit / change this approach? Does the company see any need for in-house ‘re-shoring’?

- FTV is guiding for a net tariff headwind in 2025, vs most MI companies guiding for a neutral in-year impact. Is this mainly just a result of having a larger reliance on China?

- Where does FTV see its long-term tax rate, following several years in the mid teens, amidst Pillar Two changes? How will the tax rate differ between Ralliant and the RemainCo?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

- The ‘Government’ vertical represents close to 10% of sales for new FTV – is this mostly US, and how should we think about framing the DOGE risks here?

Portfolio

- Who does management think are the best public peers for Ralliant and the RemainCo?

- Investors have seen substantial portfolio change at FTV down the years – should we expect the new FTV to retain a steady portfolio for a couple of years post-separation, with a mix of buybacks and bolt-on M&A, and minor divestments?

Balance sheet / Capital allocation

- Is it fair to say that shareholders will receive ~40% of FCF (via buybacks or dividends) from the RemainCo, and ~60% of FCF from Ralliant once it spins out?
- How will capital deployment differ between Ralliant and the RemainCo?
- How quickly could we see material M&A at the RemainCo or Ralliant, post-spin?
- What will the two new companies' leverage profile be in the medium-term?

Advanced Healthcare Solutions

- How are the changes to the route to market that FTV implemented in 2023 playing out now?
- A low-70%s share of segment sales are 'recurring' (per the 2023 investor day) – what is the longer-term target in this segment? What share of the installed base of ASP in different geographies is under service contracts?
- The company is guiding for +MSD organic CAGR through 2028 (per the 2023 investor day), although its CAGR from 2019-2024 was +LSD. What gives management confidence that it can maintain this growth over the medium term?
- FTV is guiding for ~30% adj. op margins in 2028 at AHS (per the 2023 investor day), implying +100bps of margin expansion annually. What are the main levers here?
- At ASP, there is a perception the business has continued to lose share, from its position of significant dominance a few years back… where can the market share settle out?
- Why is management not concerned about the 'single use' phenomenon eroding the long-term organic growth of the sterilization business (within ASP)?

Intelligent Operating Solutions

- Why has Fluke demand held up so much better than at Tektronix – what are the main end-markets driving demand at Fluke?
- In FAL, what is the medium-term organic sales growth outlook?
- What is the market share of FAL? Who are the other key players in this market?
- Does FTV need more acquisitions in the FAL business, or is it largely set now?
- FTV is guiding for MSD+ organic CAGR through 2028 in IOS – what parts of IOS are expected to grow above / below segment average?
- FTV is guiding for ~34% adj. op margins in 2028 at IOS but reached ~33% in 2024 – does the goal look conservative now?
- How is the progress on pushing Industrial Scientific and Accruent to have a more global / less US-centric sales mix?
- Our impression is that margins at FAL are below the IOS average and below where Fluke margins sit – given it is a software business, how should we think about the margin expansion path at FAL, and where could they end up in a few years' time?

Ralliant

- Management is guiding for +MSD% organic CAGR from 2022-2028 in PT. What gives management confidence that it can do slightly better going forward than the historical growth rate for PT?
- FTV is guiding for ~30% adj. op margins in 2028 at PT (per the 2023 investor day), implying +75-100bps of margin expansion annually. Is the expected margin expansion mostly a function of operating leverage or is there room for cost out as well?
- Of the ~12% of sales that is Comms / Electronics / Semiconductors – how much is tied to consumer electronics vs semiconductor capital equipment?
- How much of Tektronix's sales relate to software and services today, and what is being done to expand this share?
- Tektronix has been trying to push into certain high-growth segments such as Data Center, Automotive, and Power – what is its success rate in this effort?
- Tektronix has been trying to expand share in China – where does it sit today, and what is the market share in China? Does recent weakness in China change plans / expectations?
- What synergies is it seeing between EA and Tektronix? How are the synergies affected by FTV retaining the SSO?
- Qualitrol (utility and power, within Field Solutions) – what is the growth outlook here medium term – is it benefiting from rising Power Gen / Grid spending in the US?
- Sensing is a very competitive market – how does FTV differentiate here?
- How is Pacific Scientific looking to benefit from the emergence of private operators in Space / the 'commercialization' of the Space market?
- EA Elektro Automatik – what medium-term growth should we expect after a decline in 2024?
- Per the Form 10, Ralliant had ~20% FCF margins in 2024, with ~80% FCF conversion from adj. EBITDA. What are the drivers behind such strong cash generation? Should we continue to expect similar FCF metrics once Ralliant becomes its own standalone public entity?

GATES INDUSTRIAL

Recent Key Reports:

US Multi-Industry: Short Cycle Industrial update – raising estimates and price targets on GTES, KMT, RRX; better risk/reward; May 9, 2025

GTES: CEO Meetings: Confidence on margin expansion; encouraging distributor inventory levels in Diversified Industrial; November 24, 2024

General

- Gates highlighted at Q424 earnings three secular growth opportunities in Mobility, Data centers, and Auto replacement – can you expand a little on what progress it is making on these fronts in 2025?

- On profitability, gross margins are guided to expand by 200bps between 2024 and 2026 with material costs and conversion cost being two key self-help drivers here – how should we think about the weighting of these tailwinds between 2025 and 2026?

- Gates has mentioned in the past that it should enjoy outsized operating leverage in the early part of the cyclical revenue upturn, which could be as soon as the 2H25 – what sort of incrementals can we expect once sales return to growth?

- FCF conversion was 75% in 2024 and is guided at 90% in 2025 – what's the confidence that the 90% goal can be hit this year, and is there anything structural preventing Gates from getting to 100% conversion over the medium-term?

- The 3-5% organic sales CAGR goal (through 2026) marks a sharp turnaround from recent years – how much of this is share gain vs TAM growth, and price vs volume? Is the low end of this goal now looking more realistic?

- GTES highlighted cost savings measures from Enterprise Initiatives over 2024-2026. Can management quantify the the cadence of expected benefits, and the biggest opportunities (material cost, 80/20, strategic pricing, footprint optimization, etc.)?

- In Personal Mobility, a recovery is underway - how much of this is due to market share vs the market - is this vertical much more competitive than most others that GTES competes in - how is its profitability in this vertical?

- Overall the company has ~5% market share globally, out of a total market of ~$70bn. What are the main areas where the company thinks that it is taking share today?

- Who are the key channel partners by end-market? How are inventory levels in the channel in your key end-markets?

- Where is GTES most recently targeting its investments in terms of its end-market exposures?

- Where is GTES most recently targeting its investments in terms of its geographic exposures?

- In China, is competition stepping up amidst what has been a prolonged sluggish market backdrop?

- What does GTES think about the arguments for and against N America onshoring – does it subscribe to this concept in terms of how it sees its customer behavior, or its own behavior?

- AM currently makes up ~65-70% of the overall portfolio, what is the margin differential between the AM business and OE; is ~65-70% share the 'ideal' mix, or is GTES agnostic about the share of sales from AM, depending on the pace of OE growth?

- Medium term, how does GTES think about growth between the 2 segments – should they grow organically at a similar pace… is there any preference on M&A between the two?

- Management has stated that its targeted gross margin is ~42% in 2026. Does management have any additional 'levers' at its disposal to achieve this goal, or will it be achieved through volume leverage and material cost reduction/operational improvements ?

- What are some of the examples of these material costs and conversion cost efforts being implemented?

- Does GTES see more margin upside in any particular segment in the mid-term or should we expect both segments to reach the ~23.5-25.5% adjusted EBITDA margin 2026 target?

- How satisfied is management with the prevalence of 80/20 practices through the organization ?

- In the Hydraulics market, does GTES think that it is investing more than its peers, who tend to have more diverse business portfolios (e.g., the MXT product launch)?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly can the company offset these higher costs?

- On footprint optimization, how does a world of more tariffs and less free trade affect GTES decisions on where and how it optimizes its footprint?

Balance Sheet / Cash flow / Capital allocation

- GTES has a 2026 1-2X net leverage target – when could we expect M&A to step-up?

- Does the mid 20%s ROIC goal for 2026 limit the M&A that GTES can do (i.e. few targets can match this)?

Fluid Power

- Fluid Power represents $1.3bn of revenue, with an implied ~5% share of a $30bn addressable market; what is the company doing to drive up share further in the highlighted submarkets such as Engine Systems Fluids, Oil & Gas Hose, and the Premium Hydraulic Hose market?

- Fluid Power has ~65-70% of sales from N America… how quickly can it grow market share internationally?

- What is the TAM for GTES' datacenter thermal management products? What is GTES' datacenter exposure as a % of total sales? What is the strategy to win share in this market?

Power Transmission

- Within Power Transmission, GTES has ~5.5% share, what is the company doing to drive up share further in the highlighted submarkets such as Personal Mobility, Precision Motion Control, Belt-to-Belt, and Chain-to-Belt?

- Within automotive, GTES highlighted a ~2.4X average content uplift in EVs. What is profitability like on the EV / hybrid side? How is GTES' market share on EV platforms at the various OEMs, during this ICE-EV transition?

- Whether on the Auto OE or the Auto Replacement side, amidst the transition to EVs, how is GTES trending in terms of share of EVs, and content per vehicle?

- What share of revenues accrue from Electric Vehicles at present? How does the contribution margin compare with that of traditional ICE vehicles?

- In the 2024 investor day, it was mentioned that car parc opportunities in both India and MEA are ~65m vehicles. Which of these markets provides a more compelling opportunity for expansion for GTES and why?

- How mature is the chain-to-belt transition? How does the durability / uptime / lifespan for a belt impact the future AM opportunities in belt-to-belt compared to the current chain-to-belt transition?

- It was mentioned that GTES is 'selectively participating in our Automotive OEM segment' at the 2024 investor day. Does this mean it will likely carry on losing market share in Auto First fit?

GE VERNOVA

Recent Key Reports:

Global Multi-Industry: Gas Turbine Market Q125: Global MW orders +36% y-o-y; US orders +187% y-o-y; ENR / GEV #1 / #2 in share; May 9, 2025

GEV: Company meeting: Strong order outlook in Gas Power; Power operating leverage should be substantial; April 29, 2025

GEV: Cycle positioning and self-help continue to render the stock attractive; April 23, 2025

General

- Of the medium-term goal of HSD organic sales growth, how much is comprised of price vs volume?

- How does GEV think about the EBITDA margin growth being driven in terms of gross margins vs SG&A leverage?

- What is the operating leverage entitlement (i.e. $1 of extra sales = how much extra EBITDA?) for GEV over the medium-term?

- How does the COGS base split out across various types of cost i.e. labor / raw materials / components etc?

- The G&A reduction program was increased by $100m to $600m in late 2024 – how lean is the G&A function now?

- Where is GEV on its lean journey across the segments and how could this drive upside to the 2028 outlook?

- The corporate cost line was guided at $300-350m for 2025 – what is the right medium-term level here?

- The tax rate is guided at 25% medium-term – isn't there room for this to come down given the tax rate of most US electrical / industrial companies (nearer 21%)?

- How optimal is the portfolio in GEV's view – is it well balanced in terms of cyclicality vs recurring sales / renewable vs traditional energy?

- Does GEV view Wind business as core or as a 'hedge' in case Gas power falls out of fashion again?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Cash flow / Balance sheet / Capital allocation

- Given tight demand in Gas Power and Grid, is GEV seeing abnormally high down payments / pre-payments now from Power / Electrification customers when orders are signed?

- There have been very large cash inflows from customer advances in the last couple of years, what's the risk that these reverse in 2025-2026?
- How should Capex trend vs Depreciation / D&A in the coming years, given capacity expansions underway?
- What is the natural minimum cash balance GEV feels it needs, vs sales / working capital flows?
- What is the largest acquisition size that GEV would contemplate at present?
- GEV started buying back shares in December 2024 – how aggressive could it be on this front?
- How keen would the company be to move into a net debt position in the medium-term?

Power

- How long does GEV think the current Gas up-cycle can last? How is the up-cycle split in terms of US vs non-US demand?
- GEV has won ~50% share in the US HDGT new equipment market over the past 5 years – is this high market share sustainable?
- How is Gas Power fleet utilization trending at present? What are the key drivers of Gas Power services growth going forward?
- How much of medium-term Gas Power equipment demand does GEV expect to win in the US vs overseas – is there a big difference in price and margins?
- What type of price increases is GEV seeing in Gas Power equipment at present?
- Could GEV earn double digit operating margins in equipment later this decade?
- How long are lead times now in HDGTs? More specifically, how long are lead times now in HAs?
- Capacity is being added in GEV for new equipment, with capacity of ~80 HDGT units exiting 2026 vs 55-60 today – are the peers also adding capacity / what is the risk of excess supply in a few years' time?
- What would GEV need to see before deciding whether to increase gas turbine capacity above 80 heavy duty units? How scalable is GEV's production capacity?
- Can GEV explain better the warranty / Service tie in to New equipment sales in Gas Power i.e. how long is a typical warranty period for new HDGTs, and what % of these installed turbines automatically roll onto a Service contract post-warranty for GEV, and how long is the typical warranty period for these initial Service contracts?
- How much does the margin step down when a service contract rolls off / is renegotiated?
- Is there more upside in operating margins for contractual or transactional service margins? How similar are the margins today across the two?
- How does pricing differ in Gas Power transactional service vs contractual service / CSAs (each are ~50% of the Service business) – can price be moved up easily in CSAs during the contract period?

- Is there a trend of independent service providers winning share vs GEV / SIE Energy / Mitsubishi in the Gas Power service market, or is the balance of Service market shares quite stable of OEM vs ISPs?
- What is the strategy relating to the non-Gas Power businesses? Nuclear / hydro / steam?
- How is profitability across Nuclear / hydro / steam?
- How well developed is GEV's SMR offering in nuclear? When could this become a 'material' business for GEV / when should we expect some orders to materialize?
- What kind of market share does GEV think it can win in SMRs in the US / overseas?

Wind

- How is price trending in onshore wind turbines, is there a big difference in the US vs overseas?
- Is there a risk that as Offshore opportunities dwindle, turbine makers switch all their capacity to Onshore production, and this will weigh on pricing there?
- Why is the onshore wind Service market so limited for OEMs such as GEV – is there anything changing in this respect i.e. trying to make it more like the Gas Power model with high Service margins / large Service TAM?
- Which are the overseas markets where GEV is focused on onshore wind new wins?
- In Wind, what is the rationale for the increased crews and cranes that are driving higher Onshore services costs? When does GEV expect these costs to slow down or decline, and how does the company benefit financially from this?
- How high does GEV think its US market share in onshore wind should be in the medium-term?
- How does GEV think regulatory policy changes in the US could affect the onshore wind market in the coming years – how confident is it in a 'flat' market for onshore over the medium-term (vs declines)?
- In Offshore, is it fair to assume GEV revenues are similar in 2025 and 2026, and then fall sharply in 2027 (assuming no new order wins)?
- Are all the offshore wind turbine blade issues fixed now - what actions were taken in the Canadian plant / have any new issues come up?
- How are the main offshore wind projects of Vineyard Wind progressing vs Dogger Bank?
- Is the company worried about missing out on considerable growth potential if it exits the offshore market when the current backlog winds down?
- How is the working capital affected by the running down of the Offshore backlog - what effect does this have on FCF?

Electrification

- Within Electrification – how is the volume / price outlook differing between HVDC and non-HVDC products?
- How is price trending in the Grid business, is there a big difference in the US vs overseas?
- What is GEV's market share in Grid in the US vs overseas?

- Is a large portion of the Grid backlog tied to Offshore wind project connections, and is there therefore some heightened uncertainty on this front?
- How does GEV ensure that it can manage the EPC side of the Grid / that if it shrinks the EPC side, it will not lose share?
- GEV is doubling capacity in the Power transmission part of Grid - are the peers also adding capacity / what is the risk of excess supply in a few years' time? What regions does management anticipate will have the most risk / opportunity?
- What are the key products in the Grid business i.e. transformers / switchgear etc – how are lead times trending across these?
- What is the strategy for the Prolec (MW transformers) JV – how high is its market share in the US / the Americas?
- What is the strategy relating to the non-Grid businesses? Power Conversion / Electrification SW / Solar & Storage Solutions?
- How is profitability across Power Conversion / Electrification SW / Solar & Storage Solutions?
- How is GEV trying to de-risk Grid / move up margins aside from via price – historically, Grid was very volatile with large project / EPC risk?

HONEYWELL

Recent Key Reports:

HON: More conservative guide approach on top-line and tariffs, self-help, and undemanding valuation should allow the stock to work; MI implications; April 29, 2025

HON: CEO and Aero / AAM meetings: Portfolio change to persist; Bright defense and AAM growth outlook, Productivity push in Aerospace; September 19, 2024

General

- How should investors think about the organic growth and margin expansion entitlement of the overall Automation company - what are some of the businesses within it that management are most excited about in terms of earnings growth potential medium-term?
- What are some examples of the operational or strategic advantages that the individual companies could enjoy as independent entities, or opportunities they missed out on or didn't take advantage of as part of HON in the past decade?
- What should stranded costs and stand up costs be for the 3 future public companies?
- Is HON concerned at all that there has been an excessive focus on margins, which may have weighed on the top-line, and now some catch-up organic investment spend / M&A might be needed?
- To accelerate top-line growth, does it mean that margins cannot grow for a time (given how high HON margins are vs peers), as HON has to compete against peers who accept lower margins…does the relatively limited Op margin expansion over 2024-2025 somewhat reflect this issue?

- How confident is HON in the 40-60bps annual OMX goal, as 2024-2025 are coming in below this rate?
- The businesses acquired in 2024 came into HON at very low operating margins – how quickly can they ramp up in 2025-2026?
- HON aims to instill more standardized processes across its four main business models (Services, Projects, Software and Products) – how is this Accelerator effort proceeding thus far, what could it contribute to that 6-10% organic operating profit growth goal?
- What market share is HON targeting in Quantum computing and who are its main rivals in this market – how does its investment spend compare with theirs?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Portfolio

- There has been considerable Aerospace industry consolidation in the past decade… HON stood on the sidelines in this respect – how eager would it be to engage in future consolidation?
- The Automation company is viewed by many investors as something of a conglomerate in its own right – how likely is it that we could see further portfolio pruning here, either in the next 18 months or after the Aerospace separation?
- How appealing is a push into Hybrid / Factory automation?
- On Quantinuum, what are the gating factors preventing HON from listing a portion of the business? How does HON think about Quantinuum’s valuation against some of the public pure play peers?
- How confident is HON in the announced timeline for spinning off Advanced Materials, and for the Automation vs Aerospace split?

Balance sheet / Capital allocation

- The company is spending $3bn on buybacks in 2025 - should we expect M&A to be very muted until the Aerospace vs Automation split?
- Should we expect Aerospace and Automation to have similar balance sheet leverage profiles and / or different capital deployment philosophies as the split occurs?
- How do FCF conversion / margins differ between Aerospace and Automation at present?

Aerospace Technologies

- At Aerospace, HON has guided for MSD-HSD% organic sales growth in 2025 (exc-BBD) - does this represent the new trendline, or are we likely to see growth continue to decelerate from here as the Commercial aerospace up-cycle matures?
- How satisfied is HON with the mix of business – ~40% Defense & Space, ~60% Commercial?
- Aerospace margins are suffering from a margin mix headwind in 2023 / 2024 / 2025… when will margins start to move past this headwind?

- How quickly can profit margins in the recently acquired assets (Case) expand?
- How confident is HON that the more mechanical parts of its portfolio (exc-Connected, Avionics and Engines) can see margin expansion / reasonable pricing power, amidst efforts from the OEMs to squeeze their suppliers?
- In Defense & Space, how different is the medium-term revenue growth outlook in US vs International D&S spending? How different is profitability in US vs. International for HON?
- How is HON positioned in Space, as new commercial entrants into the Space market seem to be gaining traction?
- There is some concern in Aero that this business has been under-invested in and is already under-growing, or will under-grow industry peers – how does HON respond to this argument?
- What new OE platforms is HON most focused on winning over the next couple of years, in Commercial and Military?
- Does the 29% LT margin goal allow scope for HON to continue to make sufficient investments to compete / win market share, or is the aspiration to hold share flat at best?

Building Automation (Automation Co)

- How should we think about the relative medium-term organic growth rates of Products vs Solutions?
- Do Products or Solutions offer more margin upside medium-term?
- HON has a weak position in Security and Electrical & Lighting Controls, relative to BMS, Fire, Software / analytics and Install / Services – does it see many potential M&A targets in these two fields? (It is already buying CARR Security.)
- HON is trying to increase its share of sales from Services… what are the levers it is using to drive up Services sales?
- How much of the business is pure software, and what is the profitability like on this software? How much of the business is SaaS?
- What is the strategy for dealing with low-cost, high-volume competitors in the hardware world, such as Hikvision?
- Is there any real differentiation in the building controls / commercial building security market – how are attrition rates trending?
- Does HON see large synergies between offering Building / energy controls, and HVAC equipment, as JCI argues for? Or does HON view HVAC as a fundamentally different offering, and it has no / little desire to expand into the HVAC world?
- The 27% LT margin target – what does this embed for Products (~40-45% of sales) margins vs Projects / Solutions / Software? What factors explain why HON's margins are so much higher than its peers?

Energy and Sustainability Solutions (Automation Co)

- Within UOP, what Breakthrough Growth Initiatives is HON most excited about at present? Which ones could be the most material sales growth drivers in the next 2-3 years?

- Within UOP, HON has been positive on the Gasoline growth outlook for some time, but has this view been tempered at all by the emergence of electric vehicles – how does HON think about the interplay between electric vehicles and the LT growth outlook for UOP?

- Why does it make sense for UOP to remain a standalone segment within HON, once Advanced Materials is spun out?

Industrial Automation (Automation Co)

- Looking at the future Automation public company, Process Solutions is one of the largest single businesses within it - how is the near and medium term growth outlook here, after LSD growth last year?

- How satisfied is management with the Process business' efforts to shift away from its petrochemical background in Process Solutions?

- In HPS, the business is working hard to diversify, with 35-40% of sales now in Hybrid/discrete markets, and it is building a Renewables/sustainability (energy management systems, battery storage, peak prediction, virtual power plant capabilities for battery energy storage, Li-ion battery manufacturing, biofuels, hydrogen & ecofining applications) business (currently <5% of sales)... what could the business mix look like in the medium-long term?

- Within Process solutions, Smart Energy / Meters has had a tough time since the acquisition of Elster – how is this business performing now?

- How actively is HON making a push into Discrete automation, organically (it has tried on and off in PLCs down the years)?

- Is HON seeing much evidence of 'on-shoring' among its customers on the Productivity side?

- What is HON's market share in Warehouse automation, and how is this trending – is it giving up share in OE because the margin / pricing is so weak?

- How are margins in Warehouse and Workflow Solutions specifically – what is the LT aspiration? How severe is pricing pressure in Warehouse automation?

- Within Warehouse and Workflow Solutions, how different are the margins between OE and AM sales? What is the typical conversion rate of OE wins to service contracts on that equipment?

- Advanced Sensing is a high-growth market, but one where it appears hard for manufacturers of the sensors to differentiate… how does HON differentiate in this market?

- Machine vision seems to be core to many of the end markets that IA serves, especially warehouse automation… is this an area that may see more internal or external investment by HON? Is HON content with its current sensing / sensors portfolio?

Solstice Advanced Materials (SpinCo)

- What leverage profile should we expect this to have at the time of the spin?

- Who are the main rivals / competitors?

- Will the business have to step up reinvestment post-spin, or has HON invested adequately in recent years?

- When should we expect a CMD for this business to take place ahead of the spin?

HUBBELL

Recent Key Reports:

HUBB: Implied volume ramp-up through '25 looks steep; Above-average gross tariff cost share of '24 profits; May 1, 2025

HUBB: CFO Meeting: Confident tone on HUS sales outlook for '25+, despite Meters headwind; Decent M&A pipeline; Sanguine on tariff risks; November 26, 2024

General

- What gives HUBB the confidence that pricing will hold in Utility and Electrical markets after HUBB (and peers) saw price growth well in excess of material cost inflation over the last 24 months or so?

- At the 2024 Investor Day, HUBB highlighted a 'significant multi-year opportunity' from megaprojects, said that the typical megaproject timeline spans 5+ years, and highlighted >$15bn of federal infrastructure investment to harden and modernize the electrical grid. How much federal investment funding has HUBB seen flow through / what percent of HUBB's sales today are from megaprojects?

- Is HUBB seeing much 'on-shoring' among customers into the US and W Europe? When would it expect to see this become meaningful, if ever?

- On the broad theme of Electrification, what is the medium-term outlook for volumes? Should we think about Electrification as more of a medium-term or out-year sales driver?

- ~90% of HUBB sales are US-focused… to what extent would HUBB be interested in expanding internationally?

- HUBB primarily sells through distribution… how are inventory levels in the channel for its utility and electrical stock products?

- At the 2024 Investor Day, HUBB estimated US Industrial Infrastructure would see a +3-5% CAGR through 2027 and HUBB's growth strategy for US Industrial Infrastructure includes 'expanding megaproject content opportunities' and 'Bolt-on M&A'. Which specific end-markets is HUBB targeting, and where is HUBB currently serving this growth vertical?

- After huge OMX in recent years, how much opp'y is left?

- On margins more broadly, there isn't much margin expansion dialed into the guide for 2025, maybe 50bps or so, despite substantial expansion in Q4 - why is this - how is Mix expected to affect margins near term, given tailwinds like Utility distribution but also headwinds like Meters declining?

- It looks as if HUBB this year could hit the 2027 goal of 22.5% operating margins - would HUBB like this goal to prove conservative, or it is more focused on investing for growth beyond this year?

- Per the 2024 Investor day, HUBB is targeting ~50bps annual run-rate sourcing and procurement savings by 2027. How is management planning to deliver these savings / how is the current progress?

- Per the 2024 Investor Day, HUBB's market growth profile improved to ~2x GDP in 2023 vs ~GDP market growth in 2017. What portfolio changes were instrumental in increasing HUBB's growth profile / does HUBB want to increase the growth profile even further?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Balance Sheet / Capital Allocation / Portfolio

- HUBB has talked about M&A investment contributing +2-3% to annual sales growth at the 2024 Investor day… what verticals / products are most interesting to HUBB to add exposure to inorganically? Could HUBB look to add more datacenter exposure?

- While HUBB has historically focused on bolt-on M&A, it has done larger acquisitions from time to time including Aclara (2017; $1.1bn purchase price) and Systems Control (2023; $1.1bn purchase price). Is the ROIC from these better or worse than a typical bolt-on acquisition for HUBB?

- What typical returns should investors expect from M&A at HUBB, given the current environment?

- Are there businesses in the portfolio that are not viewed as 'core'? Are there certain levels of returns / margins / organic growth that a business needs to maintain in order to remain part of the portfolio?

- Does management prefer to look at 'fixer-uppers', or businesses that are already very well-run, when assessing M&A?

- On M&A, it has been over a year since the Systems Control deal closed - how likely is it that Hubbell would do another deal of that size in 2025?

- Datacenter is a relatively small part of Hubbell's direct sales but is one of the company's five strategic growth verticals (per the 2024 CMD) - would the company consider expanding in this market via M&A, or multiples are just too high currently?

Utility Solutions

- How well is HUBB positioned in Transmission vs Distribution spending by customers?

- What is HON's content / exposure in Transmission capex?

- HUBB has talked about aging grid assets in the US… is it already seeing significant tailwinds from grid modernization / replacement as a result?

- How long do Grid assets typically last, and are there any stages of a grid assets' useful life when it becomes more lucrative for HUBB? What is the average useful life of a HUBB component used in Transmission and Distribution?

- Grid Infrastructure was guided at the 2024 Investor Day to have a +5-6% CAGR through 2027, though declined in 2024. When should the segment return to the guided medium-term growth?

- The 2024 Investor Day Slides mentioned HUBB serves >85% of products on a T&D line. What cross selling synergies is HUBB currently seeing / does HUBB want to expand its product offering in this space? Would HUBB benefit from focusing on more profitable SKUs?

- Telecom markets were weak in 2024… when should we see the impact of the Broadband Equity, Access, and Deployment (BEAD) program (which should provide ~$40bn to expand high-speed internet across the US)?

- HUBB often talks about how the hardware/components it sells in Utility Transmission and Distribution (now in Grid Infrastructure) are a small portion of the total cost of an above-ground power line… after +25-30% price growth in Utility Solutions in the last 3 years does HUBB get any pushback from customers about price increases, or the small cost of components relative to the total cost of power lines is still too small to make a dent in Utility CapEx/Opex budgets?

- Who are HUBB's main competitors in Utility Transmission & Distributions Solutions / Grid Infrastructure… how easily can a Utility switch to using a different branded product? What is HUBB's market share in this market and how does that compare with peers?

- What are the main 'moats' around HUBB's Utility T&D business?

- Why are the margins lower at Aclara (vs rest of HUBB) and is there room for further margin improvement at Aclara?

- Given that HUBB has been calling for the end of destock as regards Utility customers for quite some time, how might HUBB improve its insight into these customers' inventories to be able to better forecast demand in the future?

- Can we think about any kind of crude multiplier of US electrical load growth, to HUBB's Distribution sales growth?

- Does the advanced age of the US Grid really stand out today as requiring a major refresh? There have been few stories of large blackouts or power failures like the New York one of 2003 for example?

- Within Utility Solutions, how deep and prolonged is the Grid Automation or Utility meters revenue downturn expected to be?

- Beyond the near-term on Utility, what is driving HUBB's bullishness on medium-term growth prospects and how central is a datacenter fueled acceleration to electrical load growth, vs other drivers, e.g. government stimulus or broad macro drivers of faster load growth?

Electrical Solutions

- Is HUBB seeing a faster pace of electrical hardware upgrades now than it did pre-Covid in Industrial facilities and Commercial & Institutional buildings, due to energy efficiency considerations?

- Per the 2024 Investor Day, HUBB is targeting a >30% reduction in unique SKUs by 2027. What end-markets / subsegments are seeing the majority of the SKU reduction / could this affect market share?

- With HUBB listing Datacenters as the highest growth vertical (Double Digit CAGR through 2027) at its 2024 Investor Day, does management plan on substantially increasing the company's exposure to this end-market? Where is it positioned within data centers at present?

- What is HUBB's 'moat' in its Electrical Solutions business? To the untrained eye, some of the products it sells appear as if lower-priced competition could take market share from HUBB for products such as lugs, cables, fittings, connectors and grounding. Does this concern HUBB at all?

- HUBB has talked about optimizing its manufacturing footprint and investing in automation in Electrical Solutions… what progress has HUBB made on these two efforts?

- Where could we see more of the Electrical Solutions portfolio trimmed?

- Management has noted that it is reaching the upper limits on margin expansion in the Utility segment - where does management envision the upper limits of HES's margins might be?

- In the Electrical segment, what products or markets would HUBB say that it is strongest in, after some divestments have been made?

- How is Price trending across the two segments - how is the spread between price and cost expected to differ in 2025 from 2024, if at all?

- How much capacity is being added by Hubbell and its peers in the $50bn US electrical products market - does the Co worry that capacity adds may yield worse industry pricing down the road?

- Within the Electrical segment there are a number of self-help measures underway to push up margins - how are these progressing and should these mean that the segment can grow margins faster than HUS through 2027?

ILLINOIS TOOL WORKS

Recent Key Reports:

ITW: Cost-out / PLS appears to be winning the day still against growth / CBI; organic sales guide for '25 and the medium term looks challenging; April 30, 2025

General

- How do the priorities of Mr O'Herlihy as CEO differ from his predecessor?

- How should we think about the interplay between Enterprise Initiatives / Product Line Simplification / Customer-Back Innovation?

- ITW has spent more time in 2025 talking about PLS (Product Line Simplification) headwinds again to sales (maybe 1% headwind to sales in 2025) – why is this becoming a headwind again if, per the 2023 CMD, the company is now focusing more on sales growth?

- What are some examples of Customer-Back Innovation, which are targeted to yield +2-3% of organic growth over 2023-2030?

- How does the company ensure that 'Enterprise Initiatives', which have driven 100bps+ of margin expansion per year for several years, stay vibrant and productive?

- Is a large Product Line Simplification effort integral to ongoing Enterprise Initiative-driven operating margin expansion?

- Historically, ITW saw high decremental margins in slowdowns, and even higher incremental margins in upturns – in recent quarters though, margins have risen despite soft sales – does this reflect a change in approach by the management team (with gains booked in Corporate costs in Q124 etc), to ‘smooth out’ earnings vs the past?

- ITW is aiming to drive above-market organic growth over 2023-2030; how can it do this without raising R&D / capex? R&D and capex/sales have been flat for years, and there has been minimal M&A…why does ITW think it can grow market share without investing more – are none of its competitors investing either, or they are just investing less efficiently than ITW is?

- What are the main levers to reach the +4-7% organic growth target over 2023-2030 vs the +1% history over 2010-2019 and +2% over 2023-2025, assuming global GDP / IP growth stays steady with the pre Covid era / post Covid era?

- Does ITW worry that to avoid market share loss, it has to sacrifice margins in most segments, given how high its margins are vs peers?

- ITW aims for 35-40% incremental margins through cycle in a normal macro environment - how will this vary by segment?

- Which segments offer the highest EBIT margin expansion potential medium-term vs today?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

- Which segments / end-markets are most affected by tariffs? How can the company offset these impacts?

Portfolio

- Is it realistic that ITW could actively contemplate adding an 8th segment via M&A, or would acquisitions likely remain in the existing seven segments?

- ITW’s portfolio is very hardware focused at present - does management aspire to increase the share of recurring / software / digital sales akin to portfolio shifts among broader MI companies?

- There has been a heightened investor focus on break-ups in the sector in light of the GE, MMM, FTV, HON news etc…what are management’s thoughts on the merits of such an approach?

- Does management think that ITW trades at a premium to its SoTP valuation?

- How interested is management in simplifying the ITW portfolio in the coming years? Which segments or businesses within ITW are management least enamoured with, and why?

Balance sheet / Capital allocation

- Why has ITW’s M&A not stepped up in recent years despite the stated ambition to / management’s successful track record at increasing margins across the portfolio over 10-15 years?

- Why is M&A spend so limited vs buybacks? Organic growth at ITW has been very weak for two decades…isn't the company worried about its lack of sales growth / the need to position the company more effectively for long-term growth?

- What are the key financial criteria for M&A?

- ITW's capital allocation priorities measured as a share of operating cash flow are external investments and buybacks (40-50%), funding the dividend (35-45%) and internal investments (20-25%) – is this sufficient to allow more of a focus on top-line growth, as M&A spend will be minimal it seems?

Automotive OEM

- ITW noted at its 2023 CMD that its EVs yielded $39/car in 2023 vs ICE at $52 – how does $39 increase to $52 by 2027?

- Auto OEM margins peaked at 24% in 2015-2016, and look set to be several hundred points below this in 2025…Is a low-mid 20%s margin (the 2026 target) realistic still given the pressures in the industry?

- Does ITW worry it is 'over-indexed' to the Big 3 / traditional ICE Auto OEMs, and this could yield under-growth vs global production medium-term?

- The company has a strong position in China – what underpins this / is it sustainable?

- How have tariffs affected the Auto OEM segment / what is the segments international exposure?

Food Equipment

- FE margins made new highs at 28% in 2024…should we carry on seeing high operating leverage / margin expansion post-2024?

- How does management assess the slope of future sales CAGR in different markets i.e. Warewash is 30% of sales, Cooking 20%, Refrigeration 15%?

- Warewashing seems to be an attractive market with generally higher price points (vs. hot/cold side equipment); if ITW has 20-30% share in this market, who are the other major competitors and what is their positioning like? How big is the opportunity in this market?

- Is there a big difference in ITW's market share / strategy across the main verticals (institutional is 40-45% of sales, Restaurants at 40-45%, Retail 15%)?

- What does the replacement cycle for Food Equipment look like? What is the average useful life of equipment and when was the last major investment cycle?

- How is ITW impacted by the movement towards the 'connected kitchen' and digitization on the front and back end? Has ITW invested to develop a 'connected' offering?

Test & Measurement and Electronics

- Management identified further share penetration opportunity within T&ME – who does the company view as the main competitors and how does ITW plan to take share?

- ITW's current Test & Measurement and Electronics exposure is highly diversified – which areas of T&ME are most attractive in terms of growing ITW's presence in (either organically or inorganically)?

- Semiconductor and Electronics manufacturing is 25% of sales; does the company aspire to decrease the segment revenue exposure to cyclical end-markets / increase the Biomedical share from the current 10-15%?

- Management likened the MTS T&S opportunity to Instron back in 2005, with entry operating margins of 6% expected to rise to 'ITW caliber' (i.e. >20%) by the end of year 5 – what does the margin ramp of this business look like today, 4 years since the deal was announced?

- Are there any significant margin differences between Test & Measurement vs. Electronics?

- T&ME accrues the majority of revenues from international geographies (~60% EMEA + APAC & Other), which regions are most attractive (in terms of revenue growth opportunity / profitability) that the company currently operates in / would look to expand in?

Welding

- What is ITW's competitive advantage vs. Lincoln Electric Welding and ESAB?

- ESAB has talked about Digital Solutions, 2nd Wave robotics and Medical & Specialty Gas Control as being segments that can grow 6-8% annually…what is ITW's revenue exposure here / what are its plans in these areas?

- ITW has a higher mix of Equipment vs. Consumables as compared with direct peers (~60% equipment vs peers 30-40%) – does this difference in mix help explain the margin differential vs peers?

- What is the difference in margin on ITW's Welding equipment vs consumables? Does ITW currently have the 'right' mix of equipment vs consumables?

- As ITW looks to take market share from competitors, what does this mean for the margin dynamics in the business? Are there any pricing concessions being made to increase volume?

- Is there a significant difference between ITW's market share on the commercial side (smaller businesses / individual users) vs. industrial? Do these businesses have similar margins?

Poly & Fluids

- At one point ITW sized the Polymers & Fluids market at ~$30bn – this implies ITW maintains ~5% share, well below its targeted 15-20% market share within its '80' markets – is 15-20% market share attainable for this segment?

- How do the margins between Automotive AM, Polymers, and Fluids compare?

- Poly & Fluids segment margins are approaching the high-20%s, after ~23% pre-Covid – is this margin improvement structural / can these margins keep expanding?

- Poly & Fluids averaged 0% organic revenue growth from 2014-2019 while Auto OEM averaged ~3% organic revenue growth over the same period – given Poly & Fluids' auto aftermarket exposure, why hasn't this segment seen higher growth historically?

Construction Products

- What share of revenues go through 'big box' retailers? Does ITW have the right mix of sales through 'big box' retailers?

- How much of the business is US Residential Greenfield construction?

- Does ITW have a robust e-commerce platform for Construction Products? Is this a channel the company is looking to expand?
- Geographically, are there any significant differences in margins?

Specialty Products

- Management has often said that the Specialty Products segment serves as an 'incubator' for developing larger platforms – what are some of the 'gems' of the Specialty Products segment?
- How much pruning / PLS / portfolio change could we see here, after a major PLS effort since the CEO change in early 2024?
- How does management think about which of these businesses could become an 8th segment for ITW?
- There was high sales growth in 2024 due to the airport ground handling business – what is the growth outlook here for 2025+?
- Specialty saw high margin expansion in 2024 – is it sustainable?
- Who does ITW define as close peers for the Specialty Products segment? How does management think about drivers of growth in this segment?
- In which of these products does the company have the highest market share and / or biggest competitive differentiation?

INGERSOLL RAND

Recent Key Reports:

IR: Lowered guidance consistent with our broad Short Cycle Industrial expectations; revised guidance still does not look conservative; May 2, 2025

IR: Management meetings & ILCD Rossens site visit underscore TAM opp'y; The 'Rule of 40', and DGX discussions; '24 OMX guide looks conservative; June 9, 2024

General

- Should we expect an orders recovery to lead the organic sales recovery, by a quarter or two, as normal, or do differences in comps etc mean that orders may not be a reliable lead indicator or that orders and sales should move concurrently this year?
- The company has talked about progressing from the 'Rule of 35' to the 'Rule of 40' (i.e. low-mid 30%s EBITDA margin, and MSD-HSD organic sales growth) as its business characteristics – what is it doing to drive this outcome and when might it be reached? Does this goal mean that a shift in the portfolio towards more Healthcare via M&A will be needed?
- Does management agree that the MSD-HSD organic growth goal seems very ambitious given the run rate in recent years…would achieving this CAGR require major portfolio changes?
- IR had mentioned at the Investor Days in 2021 & 2023 that it wants to be viewed as a 'premier growth compounder' – what does this mean for future strategy?

- At its 2023 investor day, IR noted that it is targeting ~$1.0bn in recurring revenue by 2027, up from ~$0.2bn in 2023, with the majority of growth tied to CARE comprehensive service. How is this progressing?

- What are the (target) margin levels on this recurring revenue - Care currently enjoys 60%+ gross margins and forms ~90% of the recurring revenue base - what type of operating leverage should we expect (given higher investments needed in the non-Care parts)?

- At its 2023 investor day, IR noted 'IIoT-Ready' products should represent ~20% of 2023 sales and is targeting for this to rise to >25% / >30% of sales by 2025 / 2027. What businesses or products are driving the increasing mix towards higher IIoT penetration?

- IR sees adj. EBITDA margins rising to 28-30% by 2027 - what are the main levers driving this?

- Management has recently described reducing the tax rate as a 'good, meaningful, opportunity' – how low of a tax rate should we expect in the medium-term, in light of Pillar Two implementation?

- Can management size how big of a tailwind energy efficiency regulation is for compressor demand?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Portfolio

- Should we expect IR's M&A strategy going forward will remain focused on Hardware assets bought at reasonable (<20X EBITDA) multiples, as in the past?

- IR has minimal software exposure – is this an attractive avenue for M&A?

- IR has roughly 2/3 of all available positive displacement pump technologies in the portfolio following the Seepex acquisition (progressive cavity pumps); what is IR's appetite to acquire additional pump technologies and what synergies (if any) could there be?

- Power Tools – does management see valuations here as too low per where SWK trades? What are the margins like in this business, relative to the segment average?

- Many industrial companies have decided against owning large healthcare businesses and have exited them in recent years (GE, MMM, CFX); how does IR assess the merits / downsides of having a large healthcare business (i.e. bulking up this exposure at PST) inside the company, per the ILC DOV acquisition?

- Management highlighted GLP-1 as a growth driver for ILC-Dover – what kind of market share / position does it have in this market?

- IR has cited its hydrogen refueling positioning - how large is the market / IR's sales, how quickly is it growing, and what is IR's market share? How does the margin profile of this vertical compare with the rest of IR?

Balance sheet / Capital allocation

- When thinking about IR's intention to make one large acquisition every 3-5 years, what verticals would IR like to pursue with its next big acquisition? Are there any industries that IR views as particularly attractive opportunities? What makes these industries attractive to IR?
- When might we see another large-scale acquisition such as ILC Dover?
- IR is targeting MSD% revenue growth from M&A over 2023-2027 (on top of MSD organic revenue growth). What end-markets / products is IR most focused on acquiring in?
- Is IR still primarily focused on 'highly synergistic' bolt-ons vs larger deals, per ILCD? What is the definition of 'bolt-on' for IR?

Industrial Technologies & Services

- To what extent was the top-line boosted by high commodity price-driven capex post-Ukraine invasion (i.e. due to energy efficiency drivers), and with lower oil prices today maybe the growth rate here will now be more muted?
- How does IR think it is performing market share wise against its peers in compressors?
- What market share does IR have in compressors in various regions / markets?
- Looking at the compressor business within ITS – there is an investor perception that compressor sales are very tied to energy prices, and so a fall in energy prices might be bad for customer investment here. How does IR assess that argument - is compressor demand more tied to gas prices, or IP, general animal spirits in the economy, or something else?
- China is a large market - is IR facing more competition from local competitors now that domestic top-line growth has slowed?
- Does IR believe that long-term compressor market dynamics are more favorable now given the industry consolidation in recent years? How is pricing power?
- Management is targeting ~50bps of adj. EBITDA margin expansion annually to reach a ~30% adj. EBITDA margin in ITS by 2027 (per the 2023 investor day). What parts of the ITS portfolio does management see as having the most room for improvement? What i2V initiatives are being pursued in this respect? How much of this margin expansion is expected to come from higher attachment rates via long-term service agreements on compressors?
- What are margins in the 65% of segment sales that accrue from compressors?
- IR's compressor EBITDA margins are similar now to the Atlas Copco CT segment. What is the opportunity to expand margins in Europe (~25% of IT&S sales), where Atlas has significant scale advantages vs IR compressors today?
- How satisfied is management with IR's efforts to increase its Aftermarket business in compressors? How much of a gap is there in AM between IR and the global leader, if any?
- How confident is management in the through-cycle organic sales growth target of IT&S (targeting +MSD), given that the 10-year organic sales CAGR of former IR Industrial is ~2%?
- What is IR's position in the ~$3bn global oil free compressor market? Is it still winning market share here?

- Around 30% of segment sales are non-compressor related – vacuums, blowers, winches, power tool products – which of these are more or less of a priority for future investment? In which areas is IR's market position strongest or weakest?

- What is the profitability level in the various non-compressor business lines (tools etc.)?

Precision & Science Technologies

- What sort of slope of near-term acceleration / through cycle growth should we expect for the Biopharma / life sciences market in PST?

- The ILCD acquisition opens up 'Big Pharma' volume manufacturing as a new TAM for IR (its life sciences exposure was previously focused on R&D) - how large could this opportunity be for the company?

- How is IR treating the non-healthcare business at ILCD, after its sales shortfall in 2024?

- What are the company's medium-term assumptions for sales growth in the Space-related part of ILCD?

- Management is targeting ~100bps of adj. EBITDA margin expansion annually to reach a mid-30%s adj. EBITDA margin in PST by 2027 (per the 2023 investor day). What parts of the PST portfolio does management see as having the most room for improvement? What i2V initiatives are being pursued in this respect?

- At PST, EBITDA margins in 2024 were similar to 2020 levels at just under 30%, despite a 75% increase in sales over the period – why has operating leverage been so limited in the segment, and how realistic is its 35% EBITDA margin goal by 2027?

- IR highlighted planned expansion of its CARE service offerings to P&ST at the 2023 investor day. How is the progress on this going? Have the offerings been launched yet, and if so, what has been the uptake?

- Pumps is a very fragmented market, with masses of competitors – how does IR differentiate here?

- What are the main pump technologies that IR thinks it is strongest at…where does it want to be bigger, and what are the pump technologies it is least interested in?

- What are the main drivers of P&ST sales, excluding the 30-40% of sales that are Medical, as it seems very diverse (including animal health, water, industrial, food & beverage et al.)?

- Which end-markets or products beyond Medical is IR focused on expanding its presence in? Water, for instance, has been viewed as an attractive growth market on and off in the past two decades.

- The AM presence in the segment is quite low (at low-20%s of sales) - how high can it go in the medium-term?

- What level of incremental margins should we expect? Is there much of a margin difference between the Medical and non-Medical parts of the business?

- Who are the closest peers / most common competitors for this segment? What are the main verticals within the Medical business that drive its sales?

JOHNSON CONTROLS

Recent Key Reports:

JCI: Optimism on margin self-help abounds (again); Question mark around F&S' margins / place in the portfolio persists; May 13, 2025

JCI: CFO meeting: Substantial sales and margin opp'y ahead as business model simplifies; December 18, 2024

General

- Should we expect Mr Weidemanis to largely maintain the current portfolio, after a thorough review was done in 2024?
- What is the phasing of the $400m restructuring charges plan, and the associated $500m in savings?
- What are the main sources of the $500m savings, whether by segment or COGS / Opex or Footprint vs G&A etc? How much of this $500m should investors expect to drop through into operating profit vs being reinvested?
- JCI has talked about high teens segment operating margins for the medium-term vs 16-17% today – how quickly can margins get there? How soon could a 20%+ type margin be attained with this simpler portfolio?
- Mr Weidemanis has run businesses with 25%+ operating margins in the past – could JCI ever get to that level with its current portfolio?
- What are the main product or geographic areas where JCI thinks its margins are really lagging peers?
- Datacenters comprise 10% of sales - how fast is this vertical growing, and how much capacity is JCI adding here?
- Within Datacenter– what are JCI's thoughts on the merits of liquid vs air cooling? How well positioned is JCI in liquid cooling?
- Who would JCI view as its main peers, now that it is a focused Building Solutions provider?
- JCI recently sized its TAM as being $400-500bn, compared with $300bn as of the 2021 investor day - how does that break down between Service / HVAC & Controls / F&S?
- How does the split of Systems / Service / Products sales vary across HVAC / Controls / F&S? How do margins vary across these various business models?
- How large is the revenue base in the 'Outcomes as a Service' business now? How does this differ from the more traditional 'performance contracting' business at JCI?
- Overall full-service average contract attachment rates are in the 'low to high 40s', with the 'best businesses' in the 60s and 70s (per the Q125 earnings call)…which businesses is this in reference to, and how do these vary by region or by product (F&S vs. Applied HVAC)?
- What are the steps to achieving an overall 70%+ attachment rate, which the company has highlighted as being its potential entitlement?

- Is there any timeline on when we might start to see the Service top-line growth rate reflect the ambition that OpenBlue (now 4-5 years since launch) could add 2-3% to this growth? What is the cannibalization risk of this product relative to existing JCI Service offerings?
- How successful has JCI been in driving sales synergies between Building management controls / HVAC and Fire & Security, in the ~9 years since the TYC deal closed?
- How does resegmenting by geography help JCI reach its cross-sell entitlement of ~15-25% vs ~10% today?
- HVAC comprises just 30% of sales, but is the vast majority of investor attention - internally, where is JCI prioritizing its investments i.e. HVAC vs Controls / BMS vs Fire vs Security vs Refrigeration?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?
- On PFAS – with the US public water settlement now announced, what are the next steps (per personal injury claims for instance)? How are the insurance recovery claims proceeding?
- Is there any evidence of accelerating replacement cycles in CHVAC, due to energy efficiency / regulatory considerations?
- What are the main upcoming emissions / refrigerant standards changes in the HVACR world, which could impact demand / the industry, either domestically or globally?
- In HVAC, how strongly positioned is JCI in the heat pump market, in different geographies globally?
- Are there any particular verticals within the HVAC or F&S markets (low/mid/high end in terms of price & efficiency) where the company wants to expand / shrink its share?
- What is the margin differential between the Building Management / HVAC Equipment / F&S sections of the business?
- How does JCI cope with strong competition from emerging market based F&S product manufacturers (such as Hikvision)? What type of pricing pressure does the company see in F&S hardware now?
- The business is mostly labor-based - what kind of incremental margins should we expect in the future, and how does this vary by region?
- What is the share of Systems vs. Service activity by region? How wide are the margin differentials between the two activities / any big regional variations on margins?
- What is the 'mix' of longer-term contractual service agreements relative to more 'ad hoc' service sales? Is the mix higher recently (i.e., is there greater intake of contractual service agreements now than there was previously)? Does this vary across the product categories i.e. F&S vs HVAC?
- How is JCI prioritizing its efforts at top-line growth between Install / Systems and Service?

- It sounds as if management are analyzing the Install business, in terms of when / where it makes sense to do so - what are some findings here, and what does JCI see as the future of this business?
- How are attrition / retention rates on the Service business trending?
- How satisfied is JCI with its labor productivity in the field – what are the main KPIs it tracks to measure this?
- What measures are JCI pushing to increase Service and Systems pricing?
- How does JCI's Service market share vary across HVAC / F&S / Controls?
- How does JCI's market share compare in Systems vs Service across different geographic regions?

Portfolio

- How satisfied is JCI with growth in the F&S business – the investor perception is that growth at TYC and the F&S industry is fairly low?
- Could JCI look to review parts of F&S?
- CARR divested F&S in 2024, TT spun Security in 2013, and SWK sold its Security business – why does JCI view the F&S business more attractively than CARR, TT or SWK?
- If JCI were to shrink the Install / Systems business somewhat in order to drive up margins, what effect would this have on the Products and Services businesses in terms of market share / sales / profitability?
- What are the remaining non core areas of the portfolio now that R&LC is being divested?
- How satisfied is management with the current product suite (particularly in F&S); do Locks / Low Voltage represent attractive Product adjacencies in terms of increasing the Security offering and Energy efficiency exposure?
- Does management think that large-scale HVAC consolidation is likely in the next few years? What type of combinations would make the most sense, in management's view?
- What are the primary 'product line gaps' that are being looked at by the company?
- How does management weigh the opportunities for bolt-on acquisitions in terms of expanding geographic / channel capabilities vs technology offerings? What would be the type of target that JCI would look to do a larger scale (i.e. $500m-$2bn revenue range) acquisition of?

Balance sheet / Capital allocation

- Excluding the share repurchase program that management highlighted would be put into place using the divestment proceeds in 2025-2026, how does the company prioritize buyback vs. other forms of capital deployment?
- What might some of the priority areas of M&A for the new CEO be? Should we assume the business should be largely stable in the next couple of years, or does the arrival of a new CEO mean that we could see some major action?
- Should we expect JCI to run at 2-2.5X leverage once all the R&LC proceeds come in, or will it keep some dry powder for M&A?

Americas

- What is the through-cycle organic sales growth of the Americas segment?
- What is the medium-term margin target for the Americas segment?
- How much higher is JCI's market share in the Americas than the other two segment regions?

EMEA

- What is the through-cycle organic sales growth of the EMEA segment?
- What is the medium-term margin target for the EMEA segment?
- EMEA currently has the lowest operating margins of the three geographic segments – why is that? What can be done to push these higher? How wide is the margin 'spread' across countries / regions? Is there much of a case for pruning / exiting some of the country exposure?

APAC

- What is the through-cycle organic sales growth of the APAC segment?
- What is the medium-term margin target for the APAC segment?
- In APAC, how is the competitive landscape - is there much pricing pressure, particularly in China? How aggressive are local Install/Systems and Service providers in China?

KENNAMETAL

Recent Key Reports:

US Multi-Industry: Short Cycle Industrial update – raising estimates and price targets on GTES, KMT, RRX; better risk/reward; May 9, 2025

KMT: Innovation Day: Fruits of investment & automation; Selling approach may evolve; June 12, 2024

General

- If we look beyond the near term, the company has talked about three value creation pillars – 'deliver growth, continuous improvement, and portfolio optimization' – which of these are taking more of management's time at present, and where is KMT furthest off where it needs to be?
- The company is guiding for +MSD organic sales CAGR through FY27 (per the 2023 Investor Day), although its CAGR since FY18 is +LSD. What gives management confidence that KMT's organic growth will accelerate over this time frame and beyond?
- How widely does the level of inventory at its customers vary vs normal now i.e. are they at a reasonable level in General Engineering, but still very high in Off-highway etc? Any regional differences?
- On the 'Deliver growth' aspiration - KMT has talked more about dynamic resource allocation - where is management spending the time and effort to try and invest more and grow market share, & have there been any shifts in this approach since the change in CEO?

- What are some examples of the ‘Continuous improvement’ efforts that are being implemented or revamped now, to try and get margins up?
- The current cost-cutting plan dating from 2023 calls for low 20%s EBITDA margins by 2027, vs mid-teens right now – does management think this low 20%s goal is achievable with the current cost base?
- Should we expect another big cost cutting announcement once the CEO has had more time to review things?
- There have been various cost-cutting plans over the last couple of decades, but operating margins have gone sideways in that time – is the key headwind the top-line i.e. lack of volume growth is somehow absorbing the cost savings, or are the cost savings just being passed straight onto customers via pricing?
- How does KMT assess whether its fixed cost base / manufacturing footprint is appropriate in terms of square footage as well as number of sites?
- How efficient is the plant footprint at KMT? There have been one or two internal automation waves – is more needed?
- When we look at the Metal Cutting business, operating margins were in the mid teens 6 years ago, but are HSD now – what has changed in the competitive landscape here? Sales are 10-20% lower, but it seems odd that margins have halved?
- Why does the company believe it is entitled to mid-40%s operating leverage in the medium term, assuming sales growth resumes?
- Business model-wise, what can KMT do to make the business more stable / more recurring / less volatile?
- During Mr Chowbey's time as head of Metal Cutting, a common sales strategy to win new customers was to solve their hardest problem, and then cross sell on other products. Assuming harder problems are likely to require higher-margin solutions, what is the difference in operating margins between these bespoke/advanced solutions and more standard products that are cross-sold after?
- Why will the current cost-cutting plan, aiming for low 20%s EBITDA margins by FY27, be more successful than the prior plan which aimed for mid-20%s margins by FY21? What are the learnings from that prior plan that are being applied to the current plan to make it more successful?
- It seems that further cost-cutting is being announced per the Feb 2025 announcement – how does it differ vs the plan announced in 2023? Why is the ’23 cost-savings program not yielding the required returns?
- Per the 2023 Investor Day, KMT is guiding for adj. EBITDA margins of 20-23% through FY27, currently these are in the mid-teens…what initiatives other than volume leverage are embedded in KMT's guide for significant margin expansion? Is management concerned about any risks given structural pressure in O&G and ICE Automotive markets?
- Why does KMT think that the margin gap to its main peer has not narrowed despite the productivity efforts over the last decade…is this something it aspires to narrow, or are there structural reasons for the gap to persist?

- KMT has noted that it is benefiting from the conversion to green energy and increased infrastructure spending via trenching (for things such as internet and electric grid expansion) and road & bridge rehabilitation and construction. Should we expect better than average growth from Earthworks (~14% of total sales) over the next few years as a result, or when should the stimulus start to impact KMT?

- KMT has a large China business, which has been under pressure - how would the company characterize the state of play / its strategy in China?

- KMT has a very global perspective - what does the company think about the arguments for and against N America onshoring - does it subscribe to this concept in terms of how it sees its customer behavior, or its own behavior?

- KMT sells into numerous industries - what are some of the areas where KMT is trying to take share / where is the company prioritizing its investments?

- Would KMT consider moving into adjacent products, away from tooling, in order to improve the company's organic growth rate?

- Aerospace represents a ~LDD share of sales for KMT, and the company has noted recently that it expects to 'continue to take share as aircraft build rates improve.' What is driving KMT's share gain here? What % of total sales could Aerospace reach medium-term?

- In the past, KMT has suffered both when tungsten prices inflate and deflate, why is this?

- How will the recent escalation in tungsten prices affect profitability once it rolls down the P&L (after ~2 quarters of lag) - does KMT expect this rise in tungsten prices to last?

- R&D is running at ~2% of sales – why is management confident that this re-investment rate is sufficient for KMT to win market share?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Portfolio

- On 'portfolio optimization' value creation - how much of a portfolio review has been undertaken since the CEO change, in terms of the potential for exiting businesses, shrinking the SKU count etc?

- KMT has recently discussed interest in bolt-on M&A to further penetrate underserved markets. What markets is KMT underserving at present (beyond a recent focus on engaging further in A&D)?

- KMT has mentioned that it plans to use dynamic resource allocation to pivot to more favorable verticals where it can win market share. Which end-markets / products is KMT allocating towards / away from? Has management considered inorganic growth in these end-markets?

- What are the criteria for assets that KMT might be interested in regarding M&A? What does the M&A pipeline look like currently?

- Sandvik SMS has made some acquisitions in software...how appealing is the push towards software / Digital for KMT – what can it do here?

- Longer term – how does management see the rise of additive manufacturing impacting the KMT business model? How has management prepared for this potential disruption? Is there potential for KMT to expand into this area through M&A?

- Does KMT have any desire to reduce its Infrastructure exposure, given the volatile top-line and low margins?

- Could we see KMT add a third segment, or is management very satisfied with the current portfolio mix?

- Does KMT need to own a Tungsten powder business? How satisfied is management with the degree of KMT's vertical integration?

- What end-markets / adjacencies could KMT see itself expanding further into? Where would KMT like to reduce its exposure?

Balance sheet / Capital allocation

- KMT initiated a $200m share repurchase program in FQ125 – perhaps M&A is a better use of cash for the long term in order to raise the growth rate and margins?

- At the 2023 Investor Day, KMT highlighted that it has ~$1-1.2bn of cash available through 2027 to pursue M&A, pay dividends, and repurchase shares – how does management think about sizing of the allocation of capital between those three priorities?

- What is the appropriate leverage level for KMT through-cycle?

LENNOX

Recent Key Reports:

US Multi-Industry: AHRI HVAC March Data: Shipments -2% y/y, similar to Feb y-o-y; Softness in CHVAC; implications for CARR, LII, TT; May 9, 2025

LII: 2025 guide on RHVAC volumes looks conservative vs Q1 trends / other MI guides; BCS performance is a concern; April 23, 2025

LII: Upgrade to OW: Pre-buy concerns look overblown; Decent growth outlook ahead; February 26, 2025

General

- What is a normalized operating leverage level for the company in the medium term?

- Management sized a $50bn TAM at its 2022 Investor Day, what are the main initiatives management are enacting to gain share?

- How is the refrigerant change playing out in the US market at present - any surprises in the market?

- Considering the partnership with Samsung, is LII concerned about the opportunity for R32 to take share vs 454B in the refrigerant transition in the US - some OEMs are pushing R32 instead?

- With another round of price/mix tailwinds in 2025, is LII concerned about customers ‘pushing back’ on price increases / is the shift towards replacement and away from repair expected to continue?
- How is LII positioned in heat pumps now – does it think it has ‘caught up’ here in terms of technology and capacity, given the expanded offerings and capabilities supported by the Samsung JV?
- What is the strategy now regarding the PartsPlus store build out?
- Where does LII feel it is in its Digital Investment (e.g., E-commerce, Controls, Factory Productivity) cycle (i.e., 'early innings' or later in the process) and is it making a real difference to the company’s top-line or market share?
- TT and CARR have strong VRF partnerships and access to technology – what does the Samsung partnership now bring to LII that Midea could not?
- Management noted during Q124 earnings that 45% of residential sales are through the LennoxPros.com digital platform - How successful have e-commerce initiatives been / what share of parts sales today are conducted online and how do margins look in that channel vs. in physical stores?
- FCF conversion improved notably in 2024 to 97%, from weaker levels in 2023 and 2022... in the long run, should we expect FCF margins to move up broadly in-line with operating margins?
- How does LII expect NA HVAC market dynamics to change from Bosch's acquisition of JCI's R&LC assets?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Portfolio

- Which technologies is LII most focused on expanding its expertise in, and what are the merits of doing this 100% in-house / organic vs partnership vs outright M&A?
- Management mentioned on the Q124 call that it would potentially be interested in acquiring non-US HVAC assets in VRF / resi or light CHVAC - is LII comfortable in expanding again exc-US?
- Trane mentioned that share gains among the major HVAC OEMs may make large-scale (top 5) consolidation very difficult from an anti-trust perspective – does LII agree with this assessment?
- Would LII prefer to stay focused on its core of unitary HVAC, or is it at all interested in making a push into Applied HVAC / VRF or even non-HVA product categories?
- Barring a large HVAC deal, what M&A areas would LII like to address with smaller bolt-ons?

Balance Sheet / Capital Allocation

- The balance sheet is very un-levered; what balance sheet leverage level would LII be comfortable with for a large acquisition, and then also from a through-cycle standpoint?

- How is the M&A landscape at present compared with recent years, when LII looks at its M&A funnel?
- LII re-introduced buybacks in Q324 and mentioned at Q424 that it plans to continue repurchasing shares - how does LII evaluate share repurchases as part of its capital allocation strategy? Are they going to be strictly opportunistic?

Home Comfort Solutions (Residential)

- LII has talked about capturing more Distribution margin, which would potentially allow margins in Resi to reach the mid-20%s at some point – how feasible is this margin step up in LII's view / are there other examples where this value capture in distribution has occurred, and under what sort of time frame could this value capture play out for LII?
- ~80% of the Home Comfort Solutions business is replacement demand. How does LII assess where we are in the Resi replacement cycle in the US?
- It seems that LII is looking to sell more product through independent distribution now than before – why is this, and where could the mix of direct (70% of the mix today) vs independent distributor end up?
- What % of the market in the US could be 454B in 2025 / 2026?

Building Climate Solutions (Commercial)

- LII highlighted at Q423 earnings that N America light commercial 'rooftop units are aged past historical averages and will need to be replaced soon'. To what extent does LII expect this to be a tailwind to their N America light commercial business over the next 5 years?
- After a few years of high growth, is LII concerned this market may be poised for a downturn soon?
- Is LII concerned that tariffs could hurt retail demand? How has this played out so far?
- What makes emergency replacement an attractive market? How is the emergency replacement product rollout faring so far?
- What are the related margin effects from the new plant in Mexico over the next couple of years?
- Can LII size the $ synergies from the AES acquisition in 2025?
- Is there anything LII can do to increase the 'stickiness' of its Commercial replacement business in terms of increasing the recurring or contractual share of this replacement activity – is this something that many of the HVAC OEM peers seem to be aiming for at present?
- Trane and York claim there are big synergies from offering both HVAC Controls, and HVAC Equipment to Commercial customers in particular. Does LII agree with this claim? It seems as if the company is indeed investing more in Controls now?
- Service represents 15-20% of Building Climate Solutions HVAC sales... how much of this is contractual as opposed to spare parts / ad hoc activity? Are profitability levels here the same as for OE?
- The remaining legacy Refrigeration business is predominantly Heatcraft. Is this a core asset? What is the outlook here in terms of organic sales growth and margins?

- Are there any verticals within LII's refrigeration business where management would like to add to / reduce its exposure?
- The ESSER has been a meaningful tailwind to Education sales in the last couple of years - when does that tailwind reverse?
- In Commercial, it seems the average age of the installed base is very high now – does Lennox see any catalysts to help spur a replacement rate acceleration in the next year or two?

MMM

Recent Key Reports:

MMM: Management meetings: Top-line growth push gaining momentum; 'flywheel' around re-investment should soon start to turn; May 15, 2025

MMM: PFAS settlement with state of NJ; May 12, 2025

MMM: Cycle exposure, self-help, and valuation continue to render MMM appealing; April 22, 2025

MMM: CMD (#2): Organic top-line focus suggests 3%+ goal (also our est.) may prove conservative; ~$10 in '27 EPS / FCF per share remains credible; February 26, 2025

General

- MMM has targeted $1bn of sales outgrowth vs macro over 2025-2027 - is this all coming from the 11 Priority verticals? What is the split of Price vs volume within this outgrowth?
- The company has classified 120 profit centers across the portfolio - how wide is the spread on top line growth and margins across them and how quickly is pruning taking place at the slower growth ones?
- Does MMM think it is holding market share against its larger competitors, or have the legal issues and cost-cutting weighed on its top-line?
- Does MMM view much of its business as being at risk from greater structural pressures (growth / margins) than 5-10 years ago? How is management assessing the increasing competition from 'generics' against the 3M brand?
- MMM has talked about 1000 new product launches over 3 years vs 169 in 2024, and 215 targeted for 2025 - how much of the $1bn outgrowth is driven by these?
- In terms of organization / transparency, does management think that it is getting all the numbers it needs to measure MMM's turnaround progress - how is the operating culture evolving?
- How much of the top management has changed over the last 12-18 months?
- The goal is 100bps of gross margin expansion annually and 100bps of operating margin annually (to reach 25% op margins in 2027 vs 21.4% in 2024) - what topline growth does this require?
- Why are there no goals to reduce Opex / sales annually?

- Management has talked about $1bn of net productivity savings within $13bn of COGS by 2027, mostly driven by Internal and external manufacturing - how are these efforts progressing?
- The company has 110 plants and 88 distribution centers - what is the progress on rationalizing this number and where could it end up in 2027?
- Management talked about $250m of re-investment spend through 2027, or $80m rate per year of spend – what are the main categories of this reinvestment?
- The 'On time in full' or OTIF ratio was 88% in 2024 - what rate is it expanding at?
- The 'Overall Equipment Effectiveness' or OEE ratio was 52% in 2024 - what rate is it expanding at?
- Is there too much headcount at MMM – revenue per head is flat over 5-6 years vs the MI average being up 25-30% over that period…there are 43K people at the company?
- How quickly should we expect MMM to work down stranded costs from Solventum, and how large are they? How large are the TSA tailwinds for SOLV, and how do those scale down in the coming years?
- How large are the remaining headwinds from winding down PFAS production?
- Can price be a top-line lever for MMM, or is it likely to be flat over the medium-term?
- Which segment offers the greatest / least potential for margin expansion in the medium-term?
- Many industrial companies are focused more and more on Digital / IoT / Software. Given MMM's product mix today, it does not appear to be well-positioned at first glance in regards to some of these trends – what is the strategy at MMM to benefit from them to ensure that its organic top-line growth can exceed IPI / GDP growth?
- Across the company, how is MMM navigating the Electric vehicle transition, which is proceeding at an uneven pace – how large is the Auto electrification business today, and how do margins compare with ICE?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?
- MMM has talked about a $300bn+ TAM for these 11 Priority Verticals - where does its market share sit today? Across these 11 verticals, where is MMM's share highest or lowest?
- 5-year new product sales have fallen from $7bn to $2.4bn - the goal is $3bn this year and $5bn by 2027 - what is the progress here?
- MMM has talked about increasing the 'accountability' of the NPI launches - how is this progressing?
- How confident is MMM that a big increase in R&D or capex is not needed in order to drive this higher topline growth and faster NPI cadence?

- How much is investment stepping up in the 11 Priority Verticals?
- What is the progress on these NPI launches, with NPI vitality targeted at 12% in 2025 and 20% in 2027 vs 10% in 2024?

Litigation (PFAS, Combat arms)

- How satisfied is MMM with its progress on insurance recoveries relating to PFAS and Combat Arms?
- What are the next steps on PFAS in dealing with US States / US individuals / the US EPA / foreign governments and individuals?

Portfolio

- Why is Consumer being retained - why is MMM confident that Consumer will / can reinvest in itself sufficiently inside MMM, in a way that Health Care did not?
- Should we expect a major rationalization of businesses in the medium-term (per that 120 profit center count), or is most of MMM viewed as ‘core’?

Balance sheet / Capital allocation

- What is the right balance sheet leverage profile for MMM?
- How appealing are share buybacks vs M&A?
- How much do potential unannounced future environmental liabilities weigh on the Board’s thoughts as to the scope for capital deployment at MMM?

Consumer

- The Consumer business is not targeted to see macro outgrowth unlike the other 2 segments - what are the main anchors on growth here?
- How does this segment benefit from being part of MMM, rather than as a stand-alone business?
- Is MMM concerned that its broader B2B focus means that it will always struggle to match market / peer growth rates in the B2C world, given some of the structural changes among consumers, and that MMM may therefore struggle to keep pace with these changes?
- Across the 4 sub segment pieces (Packaging, Home improvement, Safety, Home & Auto), which offer the highest growth rate medium term / where is MMM best and worst positioned today?
- How should we think about NPI momentum here vs the other two segments?
- Where can operating margins expand to, medium-term – they have been flat for 5 years?
- How does MMM toggle between focusing on end-consumers, relative to distributors – is it making more effort now to focus on the former? What is the company doing to increase brand awareness?
- How ambitious is MMM on growing Consumer in emerging markets, where the division’s exposure is fairly small relative to other MMM segments?
- Are operating margin levels for MMM the same, regardless of its channel (brick & mortar vs. online) to market?

Safety & Industrial

- Are there any areas (e.g., Personal Safety, or Automotive AM) that the company believes can grow meaningfully faster than the rest of the segment on a run-rate basis?

- Manufacturing is 65% of sales for the segment - what areas is MMM strongest at on the plant floor?

- MMM undertook considerable M&A in the Personal Safety market (Capital Safety, Scott Safety) a decade ago – how happy is management with the Safety portfolio now? Is the company considering a review of core/noncore assets here, as growth is quite low (HON recently announced its exit from PPE)?

- What is the LT growth rate for Personal Safety (30-35% of sales) expected to be (2025+), now the post-Covid normalization is behind us?

- Across the 7 different sub-sectors, which ones carry the highest and lowest margin?

- What are the main focus growth areas in this segment for MMM? Where is MMM aiming to maximize its market share gains near term / medium term?

- Electrical markets (LDD% of sales) have seen some growth for MMM – what are MMM's main exposures here….does MMM see many secular drivers propelling higher growth in the medium-term / how is its Datacenter position ?

- The OTIF ratio is just 81% in 2024 - below other segments - how quickly is it ramping up?

Transportation & Electronics

- 60% of sales are tied to Priority verticals which can grow MSD - should we expect this to be the highest growth segment, medium term?

- MMM has focused for years on Automotive Electrification ($0.65bn in 2023 sales), where sales grew 30% in 2023 and 2022 – how are margins and growth here compared with the ICE market?

- Is there any negative margin implication for MMM from the rise of EVs vs. ICE vehicles? What is the $ content for MMM in ICE vs EV?

- China is playing a large role in the rise of EVs in terms of technology and manufacturing capacity - how well positioned is MMM in the Chinese EV market?

- In Electronics (~30-35% of sales), how different are the demand trends / outlook in the consumer device businesses (Display Materials) relative to capex / corporate spending (Electronics Materials)? Is the profitability similar for both?

- Electronics sales at MMM had a -LSD% CAGR over 2019-2024 - MMM's electronics sales have appeared to be more sluggish / less volatile than trends in the broader semiconductor / consumer electronics markets – does it reflect mix differences?

- How wide is the operating margin gap between Transportation, and Electronics (the latter used to carry higher margins)?

- Is MMM confident that margins can expand in Electronics, given the very rapid product cycles, tough competition in Asia, high capital intensity, and the very demanding customer base?

NVENT

Recent Key Reports:

NVT: Infrastructure business now up to 40% of the total; Strong execution amidst tariff / Avail margin headwinds; May 2, 2025

NVT: Acquisition of EPG; Reasonable price paid; March 10, 2025

General

- Price / cost was negative in Q424 - should we expect it to be positive for FY25 and beyond? If input costs rise, is NVT concerned that it may be harder now to pass on price increases than in the past, due to the degree of price inflation it has already pushed through?

- NVT's operating margins are flattish now, having seen high growth pre-2024 - are the margins near a peak?

- Do both segments have equal margin expansion opportunities?

- What is NVT's typical $ content per datacenter – is it strongest in hyperscale or smaller scale DCs? Where does NVT have the most opportunity to take market share?

- Regarding datacenters, how are NVT's margins in liquid cooling and how large is its sales base / market share? Management has stated NVT is agnostic on the type of liquid cooling (cold plate vs immersion); is there any profitability difference regarding different methods?

- Per the Q324 earnings call, NVT has invested in expanding liquid cooling capacity by ~4x - when should we expect to see the bulk of that new capacity come online?

- What is the expected through-cycle organic sales growth rate by key vertical (Industrial, Infrastructure, Commercial & Residential, Energy)?

- In which of its segments, or product lines, does management think that NVT has the biggest competitive advantage vs peers?

- The NPI wave has stepped up - can this continue? How much volume growth in any given year is tied to New Product Introductions vs legacy products?

- For NVT to sustain the NPI momentum, would it require a step-up in R&D spend? Does a 3% long–term R&D / sales ratio still seem like the right number?

- How does NVT balance M&A and organic product launches? Are there any products that have been removed from the portfolio and what are the criteria?

- How satisfied is NVT with its effort to digitize the business, and its Digital Transformation?

- How does the company assess its market share progress in recent years / the outlook for market share?

- Five large electrical distributors represent 25% of NVT's revenue, with approximately 2/3 of NVT's revenue going through distribution (March 2023 Investor day). How confident is NVT that it will reach its targeted >6% total strategic distribution sales growth by 2026? How confident is NVT that it will reach its >8% total European strategic distribution sales growth target by 2026?

- The expansion into non-US markets – how is this playing out, and what are the next steps in this effort?
- NVT's emerging market sales exposure is below that of most Multi-Industry companies...are there any concerns that expansion into these markets could lead to erosion of NVT's high operating margins?
- Are there major differences between NVT's profit margins in N America and International (as we see at some other US electrical equipment players)?
- Over the years, there has been a common investor concern regarding lower-end / Chinese competitors impinging on the Fastener / Electrical protection business. What are NVT's thoughts on this – how high are the barriers to entry?
- How would NVT characterize the competitive dynamics across EFS and Enclosures – where is competition most intense?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Balance sheet / Capital allocation / Portfolio

- How rich is the M&A pipeline regarding the $2bn of M&A firepower?
- NVT targets over 1% of inorganic sales growth annually, but is running at MSD%+ since the spin-out, with a notable acceleration in more recent years – is this inorganic rate sustainable?
- In which industries is NVT prioritizing M&A investments?
- What typical returns should investors expect from M&A at NVT, given the current environment?
- Would the company envisage adding another leg to the business, or is it more likely to build out existing platforms?
- What are the financial criteria for M&A deals?
- How is the Trachte integration coming along?
- How is the Avail EPG integration coming along? Will NVT look to bulk up its power utilities exposure even more following this acquisition, or is it satisfied with the current platform following the acquisitions of Trachte and Avail EPG?
- NVT entered the switchgear equipment market via the Avail EPG acquisition - is this an area that we could expect to see further M&A in?
- Given both Avail EPG and Trachte are within the Systems Protection segment, should we expect that the majority of future M&A will be within this segment as well?
- Does management prefer to look at 'fixer-uppers', or businesses that are already very well-run, when assessing M&A?
- Medium-term balance sheet leverage aspirations are 2.0-2.5X (March '23 Investor Day); what is the upper limit if the right M&A opportunity presents itself?

- Are there businesses in the portfolio that are not viewed as 'core'? Are there certain levels of returns / margins / organic growth that a business needs to maintain to remain part of the portfolio?

Systems Protection

- Systems Protection operating margins in 2024 exceeded the 2025 Enclosures target by 260bps – is there any natural ceiling approaching?

- Do the Eldon and CIS Global acquisitions put Systems Protection within 'striking distance' of Rittal for #1 market share globally? Does NVT believe it could take the #1 spot through inorganic measures?

- Liquid cooling is an area NVT has cited as a fast growing opportunity (per the March 2023 Investor day), with the market growing 3x faster than legacy cooling and only 5% of data centers being liquid cooled today. Within NVT's $600m of sales (2024) from Data Solutions, what portion is liquid cooling? What growth rates does NVT expect in the medium term for this market?

- How is the competitive environment in liquid cooling at present?

- Is NVT confident it can earn high returns in the liquid cooling market?

Electrical Connections

- Electrical Connections has 80+% of revenue in North America – can it be expanded geographically on an organic basis, or is the distribution network not robust enough outside the US to make this a feasible prospect?

- Electrical Connections margins in 2024 exceeded the 2025 Electrical & Fastening Solutions target margin by 150bps – is there any natural ceiling approaching?

- How satisfied is management with the ECM integration so far?

OTIS WORLDWIDE

Recent Key reports:

OTIS: Repair trends in focus after strong out-growth; Defensive play, but non-residential trends are sluggish; April 24, 2025

OTIS: CMD: Service's premium credentials; Subdued Non-Resi market outlook aside from APAC ex-China - Implications for MI; February 15, 2024

General

- Organic sales growth is guided at a +L-MSD% rate for the medium term per the 2024 Investor Day – does this embed any market share gains? What does it embed for pricing – there is pricing pressure in NE, but we are also in an inflationary macro environment?

- What does the recent cost-out plan in China imply for medium-term growth in that market?

- The UpLift cost-out program – what are the remaining cost savings to be realized from this and the new China cost-out plan?

- If Otis were to undertake larger consolidation, would it make sense to consider expanding further into Asia, as Western markets appear to be fairly consolidated?

- The ownership of ThyssenKrupp Elevator by private equity – what impact is this having, if any, on the competitive landscape in the E&E industry?
- What margin or top-line growth uplift can we expect OTIS to derive from its ongoing Digital rollouts, now that they have been underway for some years in certain countries?
- OTIS guides in the medium term for +40-50bps of adj. operating margin expansion annually per the 2024 Investor Day – what does this embed for NE and Service, as well as core operating leverage and pricing pressure, for the total company and in each of the two segments?
- Otis is targeting ~3% in gross factory supply chain savings annually; >65% of its material spend ($3bn+ / year in total) is sourced from local suppliers – to what extent can these costs be squeezed – what is the target reduction in the supplier count? What is the progress on this effort to date?
- What incremental pricing power / $ revenue per unit does the ‘connected’ / Otis ONE products give Otis? Or is the benefit of this mainly on the cost to serve side (i.e., margins, not top-line)? How well does Otis ONE drive retention?
- Does Otis charge any price premium (on OE or service) for ‘connected’ vs non-connected units?
- Digital strategic investments were guided to expand - are we at a steady run-rate now?
- What color can Otis provide on the Escalator business – what share of sales does it comprise, what is the regional and OE vs. AM split, and how are profitability levels?
- Free cash flow (reported basis) was flat over 2020-2024 – what needs to change for FCF to grow?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?
- What actions has OTIS taken to offset the impacts of tariffs in the short-term and what actions are OTIS planning to take in the long-term / be prepared for changes in tariffs?
- What percent of OTIS sales are from government contracts? Has OTIS seen any headwinds from DOGE / government spending cuts? Is OTIS concerned the Chinese government may push future contracts towards local / non-US manufacturers?

Balance sheet / Capital allocation

- Management is targeting $50-100m of spend annually on bolt-on M&A per the 2024 Investor Day – is this all likely to be used for buying local ISPs? In which regions does it prioritize these acquisitions?
- What valuation multiples do these service provider acquisitions typically occur at, and what is the typical profitability level of these ISPs that Otis has acquired?
- Management is targeting ~2X leverage through-cycle – what level would management be comfortable stretching to, if the right assets were to present themselves?

New Equipment

- How contingent is overall NE profit growth on trends in the China market?
- How is the tough market outlook impacting competition in China? How is pricing in China?
- Installation & Field costs are 60-70% of total costs – what measures are being taken to drive up service productivity (average maintenance hours / unit fell by 2% over 2017-2019, and maintenance & repair sales per number of Service technicians increased 9% over 2017-2021)?
- How has uptake been on the Gen3 Core elevator in North America (launched in Q323)? Has it been successful in addressing needs of customers in the large 2-6 story building segment?
- Does Otis expect itself and other overseas OEMs to win share collectively against local manufacturers in China – is it seeing the consolidation among local manufacturers accelerate? The top 10 E&E OEMs now comprise >90% share in China – is there any scope for more consolidation?
- In China, there appears to be consolidation underway among the property developers, with the large property developers taking a bigger share of the real estate investment market – how well is Otis positioned for this trend?
- Otis was early in expanding into emerging markets relative to many peers, but it lost the #1 spot in China to Kone over a decade ago, and the perception is that it fell behind in other emerging markets too – what is it doing to re-take share in emerging markets beyond China, such as SE Asia, India, the Middle East, Latin America?
- How large is the India opportunity, and how is Otis positioned in that market? How is NE profitability in India?
- How satisfied is Otis that it has the right product and brand for different ‘tiers’ of the market in various regions – is it still too focused on the high end?

Service

- How is Service pricing at present, especially in Europe…what impact does an elevated inflationary environment have on OTIS service technicians' wages, and on the pricing that OTIS can charge to its service customers?
- In China, OTIS's conversion rates to service are ~50% in total, with higher conversion rates coming from NE to service contracts, but much lower rates for other activities (i.e., coming from Mod) - how does OTIS see these two conversion rates trending in the medium term?
- How is Otis’ market share of Service in China progressing?
- OTIS Service margins in China are below the global average…won't this create a margin headwind to OTIS globally as China's share of the Service market rises over time?
- Can China Service margins expand, or is the market too competitive, especially as large players seem to be giving up on growth prospects in the NE market?
- How should we think about OTIS's margin 'entitlement' in Service, given its #1 installed base? What should typical Service incremental margins be?
- Otis has >2.4m units under a maintenance contract (driving >$7bn in 2024 Maintenance and Repair sales) – around 25% of these were not installed by Otis – how is OTIS looking to

increase this number / how aggressively is OTIS pursuing maintenance contracts on other OEMs' equipment?

- How is profitability on the 25% of units that OTIS didn't install (but services), vs. the 75% of units that Otis installed and maintains?
- Around 2m units have been installed by Otis where it does not have a maintenance contract - what is the progress on trying to shrink this number, if any?
- About 50% of the ~22m unit global installed base for the industry is serviced by independent service providers – in which regions or market tiers is this share higher or lower, and where is this share that is serviced by the ISPs rising or falling most notably?
- Globally, Otis notes it has a ~92% maintenance contract retention rate – is this near a ceiling now? How much does it vary by region (e.g., it was ~94% in EMEA in 2019)?
- How has the $ value of Otis' Service contract per maintained unit trended in recent years – what are the main levers it is pulling to increase this $ value per maintenance contract? What are the major regional differences regarding the $ value of maintenance contracts? In which regions is it easiest / hardest to increase the $ value of maintenance contracts?
- Service revenue per unit has grown at a +LSD pace since 2017 (to ~$3700 in 2024, vs ~$3450 in 2017) – how fast can this grow in the medium term? Is Otis' service $ per maintenance contract expected to grow in-line with service revenue per unit?
- How different are service sales / unit in different geographic regions?
- What impact is the rise of 'connected' units (about ~40% of the ~2.3m units under OTIS's service are connected, per the 2024 Investor Day) having on attrition rates for Otis in Service (investors we have spoken with are under the impression that in Spain, cancellation rates on the Otis 'connected' units are only a third of those seen on non-connected units)?
- About 40% of Otis' units are currently connected (as of end-2024), with a goal of ~60% by 2026 per the 2024 Investor Day. What factors could accelerate or slow down this rollout? Does 60% represent a 'ceiling' on market penetration?
- China has >13K independent service providers – what was this figure a decade ago, and where does Otis think it will be a decade from now?
- How does Otis' strategy differ for growth in Modernization relative to Maintenance & Repair? How about the strategy within M&R, i.e., Maintenance vs Repair?
- What is the margin differential for Maintenance vs Repair? Within M&R, what is the rough sales split for Maintenance vs Repair?
- Otis has talked about a potential wave of modernization growth in China within a couple years. How well positioned is the company to take advantage of this opportunity? Has OTIS seen any early signs of Modernization activity accelerating in China?
- OTIS has mentioned (per Q323 earnings call) that most of its modernization is on non-OTIS equipment in China. Is this true of other regions as well? Are the modernization margins worse for modernizing non-OTIS equipment?
- Is Otis seeing many new competitors that have a Digital background?
- How is Otis' performance in terms of driving down installation hours / unit?

- Modernization sales represent ~19% of Service sales; operating margins are now higher than New equipment – what measures are underway to drive these margins higher / how high could they go?

PARKER HANNIFIN

Recent Key reports:

PH: Organic sales trough should be near at hand; Mixed picture on DI orders vs sales; May 1, 2025

PH: CEO Meetings: Win strategy continues to bear fruit amidst tepid Industrial demand environment; M&A discipline holding; March 21, 2025

PH: CMD: Organic growth drivers spelt out; High-teens FCF margins ahead; May 16, 2024

General

- Per the 2024 CMD, PH is targeting 4-6% through cycle organic sales growth…the Off-highway and Transportation markets are guided to grow +LSD – what are the areas PH is focused on, to grow faster in these low growth markets?

- In which of its main six end-markets does PH have the highest / lowest market share (vs mid teens % total PH share)?

- Energy is 8% of PH sales – can PH clarify what types of products / end-market applications it has the highest share in here?

- PH highlighted that it targets productivity of greater than 3-4% annually (at FQ323 earnings). How long does PH think it can sustain that level of productivity improvement annually?

- PH is targeting ~210bps+ of OMX through 2029 (vs 2024) – how is this weighted across the segments?

- The company has consolidated from 126 divisions, down to 85 (per the 2024 CMD), since FY15. Is there further simplification potential here from de-layering the organizational structure?

- Is PH concerned that it has focused 'too much' on operating margins / cost-out – how much has the focus on margins led to a headwind on sales / how much 'pruning' has gone on – what has been the downside if any on the revenue line from the margin increases?

- Looking at the gross margins, these are running at the high 30%s right now at least on a GAAP basis – what are some of the things that Parker is doing with its footprint or other measures to keep driving these higher, up to say 40% or so?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly can the company offset these higher costs?

Balance sheet / Capital allocation

- How confident is Parker in its M&A integration approach, and the ability to carry on doing large transactions – does it have aspirations to become a type of M&A 'compounder'?

- Now that PH's margins are so high, does this affect its M&A approach, i.e., is it more or less likely to buy companies with lower margins?

- What is the expected growth profile of the typical acquisitions that PH would look to do?

- On the acquisition front, Parker has clearly been actively looking for deals across the Industrial and Aerospace markets - should we assume that there are many options, but that larger deals are more likely to be attractive, and hence these are naturally harder to get over the line, than smaller bolt-on deals?
- When looking at the type of prospective acquisitions that seem most appealing in the deal funnel at present, do those tend to be more 'growth-oriented', or more 'fixer upper with high synergy potential' in nature?

Portfolio

- To increase exposure to Longer cycle business models and Secular trends, does PH expect to invest organically or acquire? Will there be a review of Short cycle businesses or would they just receive less investment / focus?
- Does PH see upside in a SoTP for the stock, and if so, how does it aim to close this gap?
- Away from the cycle - does Parker think it has lost any market share, or is there any large revenue headwind from pruning efforts to keep pushing up Industrial margins? Perhaps this is more about the Motion Technology platform, but is it a question for broader Parker too?
- When thinking about how PH focuses both inorganic and organic investments across the Market verticals, should we expect Industrial in plant, HVAC and Aerospace to be the main focus areas, as opposed to On and Off highway or Energy?
- Overall Parker operating margins are running at ~26% now, with the 2029 guide being 27% - is it fair to assume that PH can hit this guide early without requiring further M&A or portfolio changes? And second part would be - to get to say 30% margins, would that require big M&A with synergies, or divestments?
- On the portfolio front, does the length of this Industrial downturn and the fact that there have been 5 such downturns over the past 2 decades mean that Parker is keener to bulk up on adjacent markets or non-Industrial areas, areas that Parker is not involved in so much today in-scale?

Diversified Industrial

- What are the operating margins for the main technology platforms within the Industrial platform? Is there a large discrepancy between Motion Systems, Engineered Materials, Filtration, etc.?
- Is the backlog visibility the same across these three Industrial technology platforms?
- The Filtration and Engineered Materials Technology platform has the largest sales of the four (at one-third of PH sales) – how should we think about Parker's market share in this business, and which companies are its major competitors…what is the company's competitive advantage?
- Why has there been minimal growth at the Motion Systems business between FY15 and FY24? What can Parker do to rejuvenate growth in Motion, or is it too competitive to be worth taking more share in?
- Distribution = 55% of NA sales, vs 44% of International (per 1H24 results) – what is the 'ideal' mix here – why are NA margins similar to International despite NA having a higher domestic distribution sales mix, and PH having a higher market share domestically?
- How much lower is PH's market share in International relative to N America?

- Which regions in International is PH most keen on increasing market share?
- How satisfied is PH with its competitive position in emerging markets?
- Is the FCF margin similar across both Industrial segments as their operating margins are fairly similar?
- Slicing it geographically – the International DI business has done a great job with profitability despite macro issues in China and Europe – are there any geographies where Parker is really excelling or looking for the next big leg up, whether in market share or margin terms?

Aerospace Systems

- How high can Meggitt / Aerospace segment margins go later this decade – which companies does PH benchmark against?
- What are the different margin profiles of Commercial OEM / Commercial AM / Military OEM / Military AM?
- Which product area is PH most excited about growing share in / where does it have a major competitive advantage?
- Aftermarket makes up 45-50% of segment sales (including ~33% from Commercial AM). Does PH think it can increase its AM presence over the next few years? What are the main initiatives being taken to do this? What is the optimal split of OE / AM for the Aero business?
- In Aerospace, the EBITDA margins are near 30% now, and Meggitt is probably close to that too - should we expect further margin upside beyond this level, for Meggitt and the broader Aerospace segment, or could OE mix headwind in Commercial be quite large as OE production rates move up in the coming years?

PENTAIR

Recent Key Reports:

PNR: Cycle exposure, self-help, and valuation continue to render PNR appealing; April 22, 2025

APG / MMM / PNR: Twin Cities management HQ meetings; Increase MMM PT; MI Implications (CARR, JCI, LII, OTIS, SWK, TT, etc.); May 28, 2024

General

- Alongside Q424 results, PNR tweaked its 2026 goals (lower sales, higher margins) – what were the main drivers behind these moves?

- How much of a headwind to sales growth will 80/20 measures be?

- The company has talked more about moving toward a direct sales model and being 'closer to the customer', to drive 'differentiated growth' – are there any metrics the company wishes to hit in the medium term to show this effort is having the desired impact? What can the topline benefit of this approach ultimately be?

- At the 2024 investor day, 'value-based pricing' was one of the transformation initiatives mentioned as part of the framework to reach the 2026 targets - how is that progressing?

- Per the 2024 investor day, PNR laid out its pricing playbook through 2026 as occurring in 3 waves: (i) list price optimization, (ii) net price optimization, and (iii) channel price optimization. What does each wave entail, and what wave are we in currently?

- Is PNR at all concerned that, now that their price increases are in place (and are remaining intact), they stand to lose share to those competitors with lower prices? How disciplined is the competitive landscape proving to be?

- How is inflation expected to play out in 2025, given what we know on tariffs as of today – it was a $93m headwind in 2024?

- The $80m of transformation and 80/20 savings that are targeted for this year – what are some of the main initiatives or examples that PNR would highlight? How meaningful could the Transformation savings be in 2026+?

- Per the 2024 investor day, PNR targets $1.6bn of savings from 2022 material spend across three waves of sourcing optimization. How far along is PNR in these savings?

- How is management using the 80/20 framework outlined at the 2024 investor day to evaluate cost savings, business transformation, etc.?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Portfolio

- How is the integration of Manitowoc Ice proceeding? What financial returns by Year 3 or 5 should we expect Manitowoc Ice to generate?

- Which parts of PNR's businesses are best positioned vs competitors to deal with tariffs? Where does PNR see opportunity to take share, and what in areas might PNR be wary that competitors may be better positioned to do the same?

- There has been a heightened investor focus on break-ups in the sector in light of GE, MMM, FTV, HON news, etc…what are management's thoughts on the merits of such an approach?

- Across the segments, how keen might PNR be to do M&A in the Flow segment to re-shape the portfolio into being higher growth, vs the LSD+ expected CAGR it has today?

- There is some consolidation underway in the Flow control market – is PNR interested in participating as a potential buyer or as a seller regarding Flow control for its Flow segment?

- What are the synergies among the three segments?

- Looking at the portfolio – is management satisfied with the overlap across the businesses it has today – does it see SoTP upside for PNR, and would it consider a review of core/noncore assets ?

- Management previously stated that it is using the 80/20 framework to evaluate potential areas of divestment (amounting to less than 25% of the portfolio). What might some of these areas include?

Balance sheet / Capital allocation

- Management has shown an interest in increasing capex and R&D spend - which segment could benefit most from additional investment? How much of the R&D will focus on expanding into new product verticals vs. strengthening the company's current offerings?

- What rate of return can we expect from M&A in general at PNR?

- Per the 2024 investor day, management noted that debt reduction is still the top priority in terms of capital allocation, and that PNR has ~$2bn of firepower to deploy toward share repurchases / M&A; especially considering ND/EBITDA is around 1.5X today, which would PNR consider to be a better use of cash, and why?

Flow

- PNR has significantly reduced its exposure to the Industrial Filtration vertical; given current structural tailwinds in that market (such as PFAS-related clean up demand), what would it take for the company to reconsider this exit and accept new projects?

- PNR is targeting +LSD organic growth in Pumps - why can it not grow faster here / most peers (IR, DOV, etc.) seem to be expecting higher growth?

- Pumps are one of the more diverse product categories that the company participates in (some are highly commoditized, other parts are very specified, etc.) – where does management believe it has a technological or market leading position, and are there areas in which PNR thinks it is lacking?

- Filtration has made a concerted effort to shift away from the project business, into the aftermarket / components / systems businesses. What is the sales mix today for this business (was 50 / 50 previously), and where is it likely to be in the medium term?

- What does the aftermarket cycle look like within the Ag businesses?

- Has management considered shedding lower margin Ag businesses (irrigation) to improve the profile of the segment as a whole?
- The business is currently 40% residential, 30-35% industrial, 15% commercial, and 10-15% agriculture, what does management see as the ideal mix – which areas does it want to focus more on?
- PNR's presence in 'niche' verticals (for example CO2 recapture within F&B) has offered some protection to the business from broader end market slowdowns. Does management see additional incremental revenue opportunities in niche areas or are the markets simply too small to be worthwhile?
- Management gave a medium-term margin expansion target of 600bps from 2023 levels for the Flow segment; what are the levers to achieving that?
- At the 2024 investor day, PNR talked about 'operational excellence' as a key initiative for margin expansion; within that, footprint optimization was called out as one of the levers. There appears to be a ripe opportunity to consolidate facilities within Flow; how should we think about the possible scope of pruning over the next few years?
- PNR recently launched its first commercial PFAS product; in light of increased news flow, how large of an opportunity could water treatment solutions for PFAS chemicals be?
- In terms of the medium-term segment sales goals, the Flow business is assumed to have the lowest organic growth – is that because of its weighting to Industrial markets?

Pool

- How does PNR think about the medium-term growth of the new pool market in the US?
- Where are we on the penetration of variable speed pumps in existing pools?
- Beyond large distributors (such as Pool Corp), the channel appears to be highly fragmented. How can management improve insights on the status / performance of those smaller dealers?
- PNR's gross margins at the total company level are ~35-40%, below Pool peers such as Hayward and Fluidra (both >45% in FY23). Does PNR see a path for gross margins to reach these levels – where are its GMs in Pool?
- What is PNR's market share in Pool and what level of share gains is it targeting?
- Fluidra appears to have dominant share in the European Pool Market (>70%), with very high share in APAC as well (~35-40%). How interested is management in expanding PNR's share within these regions? Can this occur organically, or are acquisitions necessary - are there many potential M&A targets worth pursuing?
- Management appears to be encouraged by the potential of new tech within the Pool space. Are any of these offerings unique to PNR? Can they aid in preserving pricing power in the medium term?
- How much of the business is sold via an e-commerce platform? Does the company believe this will start to take more share of the overall revenue platform? Are the margins much different depending on the sales channels?

Water Solutions

- How much margin upside potential is left after 700-800bps of OMX over 2022-2024?

- Management has discussed significant sales synergies associated with the Manitowoc Ice acquisition with KBI and Everpure. How are these tracking to date? Can management quantify the remaining unrealized synergies from Manitowoc Ice, and the timeline to realize them?

- PNR is beginning to enter the office water market - how confident is management that the company can compete in such a fragmented space (particularly where other large players are also looking to make an entrance)? What other markets does the company see as an opportunity to leverage current products and expertise?

- What is the long-term outlook for Water Solutions? Does management expect to target commercial investments over other end markets?

- What medium-term underlying growth rates should we expect from hospitality, food and beverage, and commercial food service end-markets?

- For residential water solutions, what growth rate does management expect for this business medium-term?

- Which companies are PNR's main competitors in Residential water solutions?

- Within Commercial Water solutions, which companies are PNR's main competitors for Manitowoc Ice, Everpure, and KBI?

- Water Solutions Commercial sales were down -5% in 2024, and are guided to be up LSD in 2025 - after two very strong years in 2022 and 2023, why is PNR confident that growth can resume so soon?

REGAL REXNORD

Recent Key Reports:

US Multi-Industry: Short Cycle Industrial update – raising estimates and price targets on GTES, KMT, RRX; better risk/reward; May 9, 2025

RRX: CEO, CFO Meetings: Choppy General Industrial demand environment; confidence on tariff offsets and synergy realization; US MI implications; March 21, 2025

RRX: CMD Takeaways #2: Realistic sales goal (vs most of MI), EPS CAGR goal excludes buybacks; $16 '27 FCF/share looks likely based off the targets; MI implications; September 17, 2024

General

- There have been a number of guidance reductions over the past 18 months – did RRX try to set a more deliberately conservative guide for 2025, or not necessarily?

- RRX is assuming flattish sales this year after 2 years of declines – if we see a 3rd year of down sales and not much growth in 2026, should we then expect a major restructuring program to be announced later this year?

- In the near-term, RRX in common with many others, has seen sluggish sales in Q4 and now Q1, but has enjoyed decent organic orders growth in late 2024 – what does RRX think explains the difference between the strong orders and weak sales, i.e., does it reflect real improvement in customer demand, or just easy comps or some pull-forward ahead of tariffs?

- How would RRX assess the level of inventories at customers and channel partners in its key end-markets now?
- General industrial and off-highway are perhaps ~30% of sales and are a couple of the verticals where RRX has seen notable sales headwinds – how is the company thinking about their recovery slopes?
- When we think about the interplay of 80/20 with the top-line share gain efforts – how much of a tension is there here, i.e., is the effort to push EBITDA margins up to 25% medium-term weighing on the top-line as RRX has to cede a lot of lower margin market share?
- EBITDA margins are guided to be up over 100bps this year, but didn't grow much y-o-y in Q1 and may not grow much in the 1H - why does RRX believe it can achieve its margin goal for the year?
- When we see the organic sales upturn, should we expect operating leverage to be much higher than the 30-35% placeholder RRX has for the long-term?
- On the balance sheet – the pace of de-levering has proved slow given the weaker top-line – when can we expect the sub-2X leverage goal to be reached, and would RRX envisage a review of core/non-core assets to accelerate debt reduction?
- Based on investor discussions, RRX is not viewed as having particularly strong secular top-line drivers... of the secular tailwinds RRX recently outlined (Discrete Automation, Residential HVAC, F&B, Medical, Data Center), what are some of the main ones that the company is most enthused about?
- Why does IPS have smaller exposures to secular growth trends than PES but is guided to a higher through-cycle growth rate?
- Is RRX concerned that AIMC is a fairly low organic growth asset...how does management plan to optimize and reinvest in the asset to ramp up organic sales growth in the medium term?
- Many industrial companies are focused on increasing their digital / software expertise. How can RRX capitalize on this theme, given its focus on electrical and mechanical component manufacturing? How much exposure does RRX currently have to this?
- On the portfolio, does management see upside on a SoTP approach in terms of the RRX valuation? If so – what is it contemplating to do to shrink this discount?
- Can management do much to increase the 'recurring' share of sales at RRX?
- Does the company's sales split of 40%/ 60% between distribution and OEM have scope to change as e-commerce sales rise? What is the margin differential between these two categories for any given product?
- Now that we have seen the new portfolio go through some cycle ups and downs, what gives management confidence in the +2-5% through cycle organic growth guide?
- How do the company's pricing mechanisms and implementation vary by segment? Are there segments where the company has a better ability to hold price?
- What are some of the areas where RRX is trying to take share / where is the company prioritizing its investments? What gives management confidence that it will be able to outgrow the market annually by +0.5-1.5% over the next 3 years?

- Can management provide an update on cross-selling goals? How has the more general in nature salesforce / company wide ERP improved RRX's ability to cross-sell across different segments?
- RRX aims for a top 3 position across most product categories. Is there any concern of new / Asia-based rivals winning share in the US or Europe over the medium term?
- In terms of profitability – assuming a steady state portfolio, should we expect RRX EBITDA margins to grow around 100bps a year after the 25% target exiting 2025?
- What operating leverage / incremental margins should we expect across the three main segments in the medium term?
- Of the current margin expansion efforts underway, how much of each can be ascribed to 80/20 and lean initiatives vs M&A synergies?
- Free cash flow generation has been a point of strength historically for RRX - what is a sustainable rate of FCF conversion? Should we expect FCF margins to move up over time, alongside operating margins?
- How should we think about the scale of ongoing restructuring as a headwind to FCF conversion vs adjusted net income?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind and how quickly can the company offset these higher costs?

Balance sheet / Capital allocation

- What pace and slope of de-levering should we expect at RRX?
- Would RRX prefer to look for other large deals similar to AIMC, or are bolt-ons the preferred path once M&A resumes?

Portfolio

- The Altra transaction expands medical and automation exposure - are these end-markets / core capabilities that RRX intends to grow organically / inorganically? What secular drivers make these attractive areas?
- The last two major acquisitions have been in Motion control / automation - should we expect future M&A to also occur in these two areas?
- Which companies does RRX see as its main peers now...does management see SoTP upside potential in the shares, and if so, what is it doing to close the valuation gap?
- What are the key reasons for keeping PES within the portfolio, given its underperformance vs IPS and AMC in recent years?

Automation & Motion Control

- What market share does RRX have and which companies are the main competitors between Automation vs MC?

- The AMC segment has a 6% mid cycle sales growth target – how much extra investment is needed to hit this rate, after 4% growth over the past 5 years? In which products or markets in this segment does RRX think it is taking share?

- How digitized is the Automation offering? Is there much ambition on RRX's part to add more software content on the Automation side?

- How much of the business is Automation vs traditional Motion Control, and how do the margins compare across these two platforms?

- What gives management confidence in seeing AMC growth ~6% through the cycle (vs ~4.5% over 2019-2023)?

- RRX has highlighted that 85% of its portfolio in AMC is exposed to secular market trends with 3-year CAGRs ranging from +L-MSD% to HSD% - what keeps RRX attached to the other 15%, assuming the through-cycle CAGR of this portion of the company is +LSD% at best?

Industrial Powertrain Solutions

- What is RRX's Powertrain market share now in N America after all the transactions?

- In IPS – is RRX tangibly taking share given its integrated offering, or it is hard to tell given the weak end-markets?

- How much overlap is there with the Motion Control part of A&MC – is there cross-selling with the A&MC segment?

- What gives management confidence in ~4% organic sales growth through the cycle (vs ~2.5% over 2019-2023)?

- What is the share gain strategy?

- What are the biggest end markets for cross-selling at IPS? As cross-sell opportunities accelerate growth, how does RRX expect organic growth to perform relative to the broader end-market?

Power Efficiency Solutions

- How can RRX increase HVAC market share, or is it capped now / is the RRX share under more pressure from Asian players?

- In PES, there has been a lot of discussion around the US RHVAC pre-buy, and this market is worth ~10% of RRX sales. How would RRX size this impact, and what degree of hangover from this pre-buy has been dialed into the 2025 guidance, given smaller-than-expected evidence of pre-buy in Q1?

- Is management concerned that it is losing market share at PES given the flattish sales over the past 5 years – what is being done in that business to take share, or stop share losses?

- What through-cycle pricing power should we expect at PES?

- What gives management confidence in seeing PES growth 3% through the cycle (vs flat over 2019-2023)?

- Which initiatives / efforts has management found to be most effective in driving margins toward their 17-18% goal? Could these practices expand margins beyond the current targets?

ROCKWELL AUTOMATION

Recent Key Reports:

ROK: Discrete automation recovery at hand, but tariff pre-buy may mute its slope, and ROK's valuation is at the highs vs comparable points of prior up-cycles; May 7, 2025

ROK: CFO, CTO Meeting: Major effort / good momentum on cost control, with ongoing investment spend benefiting from a targeted approach; December 12, 2024

General

- How much of Rockwell's business is tied to Greenfield plant activity including Megaprojects?
- Why does ROK think that the wave of Megaprojects, etc. that pushed its orders to $10bn per year / sales to $9bn per year over 2020-2023 has dried up – is it timing, or the fact that these projects turned out to have low ROIs, and so are not being further pursued by customers?
- Since ROK gave the 5-8% organic sales CAGR goal in late CY23, its sales declined -10% in 2024, and it has guided for a slight decline in 2025….is it concerned that the growth rates it had seen in the 2022-2023 were reflective of one-time boosts around stimulus / low rates / post-Covid, and hence did not reflect normal conditions, and now that we are back to normal conditions, ROK's through-cycle growth is reverting to the LSD rate we saw pre-Covid?
- Within its 5-8% organic sales CAGR goal, ROK is targeting +3-5% organic growth through 'Faster secular growth' per its 2023 investor day. What gives ROK the confidence that secular growth will accelerate, and in which industries is this most likely?
- What is ROK's average $ content per new plant in the US for Auto / Battery / Semiconductor markets?
- Is ROK concerned that its market share and / or profitability in the Automotive / Truck markets will be lower in the EV world, than in ICE?
- Is ROK winning much business in the new US semiconductor plants / does it expect to win much future business? How is ROK expanding its penetration in the semiconductor market?
- How lean are inventories at customers and channel partners now for ROK's key hardware products such as controllers and drives and industrial components?
- Over the medium term, which of the three operating segments does ROK think offers the highest potential for organic sales growth?
- ROK seems to have pivoted over the last 18 months to focusing on cost-out / raising margins (as opposed to driving organic and inorganic top-line growth) - what caused this about-turn - how large could the potential margin upside be in the medium term, after 7-8 years when operating margins have gone sideways?
- Is there any type of peer benchmarking that suggests to management that there is substantial margin upside potential?
- Cost-cutting has been underway for a few quarters now - often with these programs, the more one does, the more opportunities are uncovered – could we see the $250m cost-out of 2025 be rolled into a bigger cost-out program into 2026+? What are some of the main 'buckets' where ROK is extracting the biggest savings?

- Does ROK think it needs to step up investments, not cut spending, to hit the 5-8% organic sales CAGR goal, as it seems to be running some way below the goal (even including 2023 growth, the 2023-2025 organic sales CAGR is ~2%)?
- Despite the cost savings in 2024-2025, segment margins are no higher in 2025 than over the last decade – does ROK need to drive another cost-cutting program to push margins up in 2026, or is it relying on volume growth to push segment margins back to the ~20% historical average rate?
- With ROK focused on SKU rationalization / increased pricing on less SKUs, is management concerned about share loss?
- Segment margins are unchanged vs pre-COVID, despite rising software and ARR sales in the mix – is this because margins in the base hardware or Products business are under pressure for secular reasons?
- R&D is just under 6% of sales for ROK…is R&D growth likely to stall now given the spending restraints?
- ROK has spoken favorably in the past of pursuing partnerships with software assets as a go-to-market strategy (similar to PTC) – or does it think the 'own' approach makes more sense now?
- How is the commercial partnership with PTC playing out, since ROK left the PTC Board / eliminated its equity stake?
- Pure software is close to ~10% of sales…how high a share of the total could this reach in 5 years' time?
- What 'cannibalization' is ROK seeing / is ROK concerned about amidst rising IT penetration on the plant floor? Is ROK concerned that traditional discrete automation products (PLCs, drives, etc.), which form the vast majority of its sales mix today, will lose their share of 'wallet' in the plant, in the transition to more software / digital spend, and hence ROK needs to rapidly shift its own sales mix (toward CAD, PLM, MES, plant design and other software), if it is to generate similar (or faster) organic growth in future, relative to the past?
- ROK introduced annual recurring revenue (ARR) as a target metric in its management compensation structure (it is a little bit more than 10% of sales at present)...How is this defined, and how is it split in terms of software vs services? What is the aggregate profitability of the ARR activity vs the company average? To what extent is achieving this goal a function of M&A vs. organic investment?
- ROK's recurring sales (such as data-center leasing, subscription software, embedded engineers) amount to ~$0.9bn / year today – how long does ROK expect to be able to grow this business at a double-digit rate? Is all of this revenue essentially subscription-based sales, with a high renewal rate? How does profitability here compare with the firm-wide average?
- One of management's mantras is 'simplification' (amid a more crowded / complicated plant floor) – but is there a risk that a more 'monolithic' / one-stop-shop approach from a single automation supplier (offering drives, motors, PLCs, CAD, PLM, MES, etc.) can offer this simplicity in a way that a more 'open' / best-of-breed approach (another of ROK's mantras) cannot (as it involves numerous different companies partnering together project-by-project)?

- Is ROK concerned that the combination of the 'cloud' and smarter devices on the plant floor will render the PLC layer obsolete in the plant in 10-15 years' time (with potential risk to ROK, as controller sales represent one-third of its total revenue)?

- Where does management see the most opportunity in the rise of 'edge' computing/ processing in automation? Does ROK feel prepared for the potential disruption brought by the shift?

- Is there any appetite on management's part to move further into Warehouse automation (building on its existing e-commerce business) to augment its position in Hybrid / Process / Discrete markets?

- How satisfied is ROK with its process industries market share progress, and does it still see this as a key strategic area where it can take more share than in its discrete business, or has the focus shifted more to discrete, given the weaker LT outlook for O&G spending?

- In China, is ROK satisfied with its positioning in the market, as other discrete automation companies in the past few years seem to have higher growth there? Does it have a dimmer view now of China's long-term growth than before, i.e., it is satisfied with having low share?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

Balance sheet / Capital allocation

- How does ROK think about its current inventory levels, which are at a mid-teens% of sales vs. HSD% pre-Covid (and this share stayed steady even as sales fell)? Management has recently stated inventory levels have been kept inflated to meet expect near-term customer demand - is under-production necessary at some plants to prevent further inventory build-up? Is there concern customers / distributors will not be eager to re-stock after recent industry-wide de-stocking? What is ROK's target for inventory as a % of sales?

- What kind of financial returns should we expect Clearpath and Verve to generate in Year 3 or 5 post-the deals? How large are the cost / revenue synergies that ROK can extract from these businesses?

- ROK has previously said at investor conferences it is willing to increase leverage to 3.5X for the right M&A deal – would it ever consider issuing equity?

- How would ROK characterize the M&A market and its pipeline at present and how do the returns on buybacks vs M&A compare?

- ROK has three focus areas for M&A – Annual Recurring Revenue, Market access in Europe / Asia, Application-specific technology in focus industries – does it have the right M&A teams (size, experience) in place now to execute on more and larger deals?

- Following the Clearpath and Verve deals, which focus area is ROK most interested in now with regards to future M&A?

- Does the Sensia deal, and the fact that we have had 3 severe O&G industry downturns in only 11 years, mean that ROK will not pursue further M&A in the O&G market?

Intelligent Devices

- What differentiates ROK's independent car technology and track and trace capabilities? How do these lower the TCO for customers?
- Which end-markets does management intend to focus on penetrating or expanding share in with the independent car technology / track and trace capabilities?
- Which products does management intend to invest the most heavily in – drives, motion, safety, sensing, industrial components, configured-to-order products?
- This business had relatively steady ~20% operating margins over 2018-2023, but now they are in the high teens (2024-2025) – what's the path to get back to the 20% level….how realistic is the 22-24% target range, and when could we expect ROK to reach those levels?
- What rate of organic growth does management target in the medium-term in this segment?
- How do the margins compare across different products in this segment?

Software & Control

- Software comprises ~13.5% of total ROK sales (or ~$1.1bn); most of it is based on a perpetual license model today – how quickly can management convert this toward more of a subscription basis?
- Pure software represents ~50% of sales in the segment…how high could this share be in 5 years' time?
- How should we think about growth rate of Logix in the medium term?
- Which end-markets are ROK's focus for driving ARR growth?
- What degree of growth does management target in the medium term in this segment?
- Manufacturing Execution Systems (MES) software is a large potential market, and one that ROK looks well placed to benefit from – what is ROK's market share here… does ROK view this as a market where it can drive up the addressable market size, and its own share, dramatically?
- Margins have been extremely volatile over the past few years, reaching 33% in 2023 and 24% in 2024 – should we assume that incremental / decremental margins are 50-60% in Logix? How steady has profitability in the Software part of the business been?

Lifecycle Services

- How does ROK intend to drive recurring revenue growth in its Lifecycle Services business?
- Segment margins are above the 13-15% LT goal – should we expect this goal to be raised?
- What degree of growth does management target in the medium term in this segment?
- What share of revenues in Lifecycle Services are recurring in nature at present? Management noted recently that recurring revenues are now a larger part of the segment - what has the strategy been there? How do the margins on these revenues compare with that of perpetual sales?
- Management has mentioned that despite the cyclical nature of its end-market, Sensia would see growth that would be somewhat independent of oil price moves…has this played out as expected?

- Which companies does ROK view as its main competitors in this segment?

ROPER TECH

Recent Key Reports:

ROP: Organic growth 'entitlement' remains a question after +5% LTM rate; 1-year M&A deal accretion remains challenging; April 28, 2025

ROP: Acquisition of CentralReach – higher multiple paid than normal, for a high growth asset; March 24, 2025

ROP: Management Meetings: Thoughtful approach to upgrading organic growth profile; AI and M&A opportunities increasingly attractive; March 24, 2024

General

- How are Mr. Hunn's twin goals of increasing the focus on organic growth, and improving upon the talent development at ROP, playing out?

- ROP's approach to M&A appears to be shifting away from large standalone platform deals and toward more bolt-on oriented M&A with cost-synergies (as evidenced by the recent acquisition of Transact Campus, which will be combined with CBORD, the acquisition of Syntellis, which is combined with Strata, and Replicon and ProPricer, which are combined with Deltek). How do the economics of these bolt-on deals differ from standalone, larger platform deals?

- With Transact Campus being integrated with CBORD, will there be any synergies with Procare and prior education software acquisitions such as Frontline? Does management see cross-selling / business integration opportunities in the education space?

- ROP highlighted at Q124 earnings that Aderant, Deltek, DAT, ConstructConnect, and Foundry have products using generative AI. What financial impact (if any) does ROP expect from these tools / products? How are these products being monetized? How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly, can the company offset these higher costs?

- Is ROP seeing any demand weakness in trucking related end-markets from tariffs?

- There is a common investor view based on our conversations that Roper likely does limited innovation organically, and 'buys in' the innovation via its M&A activity, particularly in software…what does ROP think of this view, and what are the main examples of new product introductions in software that it has launched for businesses acquired over the past 5+ years? How sure is the company that its R&D/sales is high enough for example, and it is investing enough relative to its software rivals?

- How does an increasing share of sales from SaaS impact ROP's net working capital and cash flow generation profile?

- Does ROP view the Application Software segment as offering more or fewer attractive organic and inorganic growth opportunities relative to Network Software?

- How does ROP typically 'screen' the executives of acquired companies to determine if they will fit well with ROP's CRI focus?
- It seems as if the vast majority of senior management is retained following acquisitions. Can ROP give an example (over the past decade) where this was not the case and why it occurred? With little integration / cost synergy push / centralization of M&A deals after they have been acquired, how does ROP align incentives of the newly integrated companies with those of the core business?
- What is the typical rate of employee attrition seen at newly acquired companies? Is it very small since ROP has no enterprise-wide compensation structure?
- What's the average length of ROP's current SaaS contracts? What does the optimal contract length look like in the medium term?
- What is ROP's definition of 'ARR', and how large is its ARR?
- For ROP's software businesses, where is the gross retention rate high? Where is it relatively low?
- Non-recurring software revenue (~10-15% of total ROP sales) – what is expected for this in 2025? To what extent will this be impacted by the SaaS transition of Foundry and other ROP businesses?
- Recurring and reoccurring software revenue is worth over 60% of sales for Roper – what is the expected growth rate through cycle for this share of ROP's business? What share of total sales comes from SaaS? What will this reach in the medium term?
- Net working capital - how low can working capital go in the medium term, and how large a share of sales could deferred revenue become?
- Operating leverage was ~40% the past 10 quarters, and EBITDA margins are currently ~40%...should investors think about the earnings 'algorithm' as being high single-digit to double-digit sales growth annually including M&A, and steady operating margins over time?
- Within ROP's recurring vertical software, it generates 70-75% from SaaS subscriptions and 20-25% from On-Prem annual maintenance (per the 2023 Investor day). Does ROP expect one of these to grow faster than the other in the medium term? Are the margin profiles similar?
- Within ROP's vertical software revenue, are there differences in the margins between Recurring vs Nonrecurring revenue?
- ROP is targeting mid-teens FCF growth compounded over the long term. Does it expect similar FCF growth in each segment, or for software to see stronger FCF growth than the products businesses?

Portfolio

- How do we think about ROP's '7-year' time horizon as it pertains to the law of large numbers in the context of current deal multiples?
- As ROP grows larger, how will its M&A deal size scale up, and how will this factor into ROP's desire to remain in 'niche' markets (vs moving into larger TAMs that may risk fiercer competition)?

- When thinking about the returns on future M&A – how would ROP characterize the expected rate, in terms of conventional ROIC, and also based on the CRI metric that the company uses?

- How would ROP characterize the M&A environment at present?

- How should we think about the monetization path and timing for the remaining minority stake in Indicor that ROP owns?

- Should we expect the two software segments to receive 90%+ of M&A capital?

- Does management see any upside potential in a SoTP equity value approach for ROP, and if so, how does it aim to close this gap?

- Would ROP consider exiting TEP, and become a pure software company (see here)?

Balance sheet / Capital allocation

- What is the optimal level of leverage in the medium term and how much is management willing to exceed that for the right deal?

Application Software

- Should we expect more education software acquisitions in this segment? Why does ROP see this as an attractive end-market?

- Which companies does ROP see as its main peers here?

- Gross margins are in the high 60%s – are future increases in gross margins likely to occur more from portfolio changes rather than organic / productivity measures, given how high the GMs are now?

- What is the normal operating leverage in the segment?

- With the increasing focus on SaaS offerings, how does management view deferred revenues in terms of working capital management and the asset-light model in the long term? How much of a headwind could the SaaS transition be to the perpetual license business in 2025 and in the medium term?

- What lessons did ROP learn from the challenges faced at Sunquest and the salesforce retooling efforts at PowerPlan, in terms of operating/integrating a software acquisition? Did this change how management evaluates future deals?

- What is preventing Data Innovations and CliniSys from facing the competitive challenges seen at Sunquest, given they all operate in the Lab Software market?

- When Deltek was acquired, management cited it as a key beneficiary of any increased US infrastructure spending – what are management's expectations for infrastructure spending/ stimulus in the medium term?

- Deltek has anywhere from 10-69% market share in the various end-markets it serves (US Government Contracting, Architecture & engineering, Construction SMB, Consulting, Creative) – what gives ROP confidence the business can continue to take market share despite having high levels of share already?

Network Software

- Which companies does ROP see as its main peers here?

- What kind of operating leverage should we see at NS in the medium term? EBITDA margins are in the mid-high 50%s level - why are they sustainably higher than in AS, and are they at risk of being competed down from this high level?

- Is ROP seeing any increased competition at DAT / Freight Match, as the broader fleet management / telematics arena seems to be seeing more and more competition, from the likes of Verizon and others? How does ROP see this market evolving? How is the freight recovery playing out?

- When should Foundry be past the industry strike-related headwinds?

- What are the differences between businesses in Network Software vs. Application Software? It seems as if an argument can be made for certain acquisitions to be classified in either (e.g., Foundry)?

- The company has frequently highlighted that the R&D spend (as a % of sales) at the software businesses is much higher…what is the % of R&D spend in Network Software? Is it the same or higher than in Application Software?

- How well-positioned does ROP view ConstructConnect, and does it need to keep acquiring in this area to stay ahead?

- ROP has stated that ConstructConnect has a countercyclical demand behavior attached to it. How is it behaving at present?

Technology Enabled Products

- Management is guiding for +HSD organic growth in 2025, after strong growth in 2021-2024… what is the medium-term growth rate of this business?

- What is the typical mix of price and volume for ROP's product businesses?

- How sensitive are the revenues of businesses such as Neptune to changes in state and municipal budgets? What share of total company sales do these revenue streams represent?

- With new product launches at Neptune and Verathon serving as significant growth drivers in recent years, does ROP plan on having an increased focus on product development?

- The company has highlighted a rising share of reoccurring revenue from one-time use consumables within the healthcare businesses – does management see continuing opportunity within this market? How high could the share of reoccurring revenue reach within the segment? Are the margins higher on consumables vs other healthcare equipment?

- Verathon has a $1bn+ served available market (SAM) as of Q1 2023, up from ~$448m in 2019. What gives ROP confidence that the company can double its SAM again, and over what time period? What type of revenue impact can we expect once Verathon expands into the 'logical adjacencies' (including additional endoscopy and additional imaging areas next to the bladder) discussed at the 2023 investor day?

- Who are Neptune's main peers, and what is the medium-term outlook for this business?

- Which parts of this segment is ROP spending the most capital / time to develop – Products / Alternative site Healthcare / Acute care?

STANLEY BLACK & DECKER

Recent Key Reports:

US Multi-Industry: Assessing opp'ies after the tariff news / looking to the 2H25; Upgrading SWK; May 13, 2025

SWK: Net tariff scenario headwind of $140m in '25 likely to prove tough to hit, but potential domestic share gain opportunities exist; April 30, 2025

SWK: CMD Takeaways (2): High teens LT EBITDA Margin goal, Share gain efforts in T&O; November 20, 2024

General

- How would Stanley characterize the demand environment...understand the year started slow, but March improved and April looks fine. How is point of sale in Tools progressing so far in Q2?

- The guidance for this year embeds a better exit rate on the top line than today...is that based off interest rate reductions helping future volumes, or further pricing increases to offset tariffs?

- The company is aiming for market share gains with 200-300bps of out-growth, esp. in Tools & Outdoor - how are the efforts to enhance end-user engagement progressing?

- The company has highlighted market share gains underway in the DeWalt brand - what are the main levers and does SWK think these share gains are sustainable?

- SWK is spending up to $500m on efforts to invest and take share, with a $100m increase in such spend in 2025…what are these current efforts focused on? What is the outlook like for the level of these $ investments and for SG&A / sales for SWK beyond 2025?

- SWK has done a lot of work done on improving supply chain productivity and footprint consolidation, which has formed a large part of the $2bn of cost-out...what are some of the most transformative elements of this program?

- How far along is the company in the SKU reduction program & how should we think about the effects of that vs the efforts to take market share?

- What drives the next leg of gross margin expansion after 2025, as the $2bn cost-out program is set to conclude at the end of this year...should we expect another discrete cost-out program, or the productivity will be more steady-state and ongoing?

- Inventories seem high still as a share of sales at Stanley vs pre-Covid levels...how quickly can these be brought down, and how does the cost of the materials, etc. in the current inventory compare with, say, 12 months ago?

- Free cash flow was down slightly in 2024 and is guided to be down in 2025 despite higher earnings...how should we think about the FCF growth rate medium-term, and when should it recouple to grow in-line with adjusted net income?

- The 2-2.5x net leverage goal - when does SWK aim to be within this range?

- Given the current tariff environment, does Stanley believe it can take substantial market share from Chinese competitors in the US, as it seems to import relatively less from China vs its direct competitors? How about in other regions?
- Where is T&O on its journey to grow 200-300bps above the market growth rate (2027 target)?
- Management has highlighted the need to make more investment around 'Activation' and increasing the size of its field workforce who can help educate users. How is this progressing?
- How concerned is SWK that Tools pricing may roll over as many of the main Tools manufacturers have excess inventory / consumer demand that is sluggish?
- Ex-tariffs, how have pricing initiatives played out, relative to expectations; is SWK seeing any evidence of weaker pricing among competitors amidst a very volatile demand environment? How does SWK feel about 'pricing power' across its two segments?
- How is SWK balancing the need for inventory liquidation vs keeping gross margins respectable, and balancing cash preservation with the need to re-invest in the business to stop share losses?
- What is the right level of inventory that SWK is aiming for – pre-Covid, inventory/sales was 15%, and is now ~30%? When does it think it can get to this right level of inventory?
- Once the current $2bn cost-out is complete (end 2025), what will be the main margin levers after that?
- The adjusted EBITDA goal is 16-19% margins over the LT vs ~10% in 2024 (and 7% in '23) – how confident is SWK that its competitive landscape esp. in Tools will allow it to earn these margins?
- SWK had approved ~70k of SKU reduction - what has been the customer reception so far to the fully decommissioned SKU reduction? Is there much share loss underway?
- A decent portion of the gross savings are being re-invested – what are the main priority areas for this $300-$500m of re-investment and how quickly does SWK think it can get a payback on these investments? How much of the reinvestment is left after 2025 ($100m spend increase)?
- How is the 'Breakthrough Innovation' pipeline?
- Per a June 2023 press release, Home Depot is targeting >85% of its outdoor lawn equipment sales (specifically push lawn mowers and handheld outdoor equipment like leaf blowers and trimmers) in FY28 to be battery-powered. How much of SWK's outdoor portfolio is electrified today?
- Management has recently mentioned some wins at Home Depot. How is the current competition for shelf space / can you quantify the recent wins?
- Can the company expand on its 'digital' initiatives – how large could the 'connected jobsite' opportunity be?
- The adj. tax rate was ~7% in 2024 and is guided to ~15% in 2025 – where should the medium-term rate settle out, in light of Pillar Two implementation?
- FCF conversion is targeted at ~100% of GAAP net income – what does this imply for FCF margin or FCF conversion from adjusted EBITDA margins?

- When should we expect FCF margins to move higher alongside operating or net P&L margins?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly can the company offset these higher costs?

Portfolio

- SWK has talked about restructuring the portfolio in Engineered Fastening and now that the company sold off Attachment Tools/O&G, should we expect news on additional Engineered Fastening divestments over the next 18 months?
- Are there any synergies of the Engineered Fastening segment with T&O?
- As SWK has become a more and more Tools-centric company, how does management think about impacts of this shift on its valuation multiple?

Balance sheet / Capital allocation

- How should we think about the pace and slope of de-leveraging from here, after 4x leverage as of end 2024? How much will asset divestment proceeds contribute to that?
- ND/EBITDA is targeted at 2-2.5X – when could SWK reach this level?

Tools & Outdoor

- Market share in Outdoor in particular and Tools to a lesser extent has been under pressure - what is being done to reverse these share losses / limit how much one of its large competitors can take?
- How is the effort to get closer again to Home centers in the US proceeding?
- At Q423 earnings, SWK highlighted that the US retail point of sale demand for T&O is above 2019 levels (and was modestly negative y-o-y in Q324). Can this be tracked across other geographic regions?
- T&O operating margins have been very volatile in recent years…with the Outdoor build-out being margin-dilutive, what does SWK think its medium-term operating margin entitlement is?
- How are operating margins in the Outdoor business today, and where can they go medium term vs the core Tools business?
- Where do we stand on the turnaround in Outdoor...how does its profitability compare with Tools, and where can gross or operating margins get to in Outdoor?
- Would the the company contemplate a review of core/non-core assets in Outdoor to boost overall returns and margins?
- What are the gross margin profiles of the different product lines within Tools?
- How should we think about longer-term operating leverage at Tools & Outdoor and at the company, in terms of what is a desirable drop-through, while still re-investing for growth?
- Management has talked about the 'Black & Decker' initiative and re-invigoration of the brand, akin to the Craftsman playbook – what are the key pillars specifically that management

intend to use to reinvigorate growth at this brand? How additive to top-line growth could this be?

- DEWALT has performed very well as of late, gaining share for 7 consecutive quarters as of Q424 earnings. What has SWK done to drive growth here, and can a similar playbook be followed at SWK's other brands?
- Besides potential margin differential, what are the primary differences between E-commerce and standard sales channels (i.e., pricing increases, customer base, etc.)?
- How does management think about e-commerce as an opportunity (~20% of Tools sales are sold on-line now)? How do its profitability levels compare with the 'brick and mortar' business?
- How should we think about the effects on SWK of the electrification of the Tool and Outdoor markets?

Engineered Fastening

- What are SWK's priorities here? How does SWK ensure that this segment is not under-managed while it turns around T&O?
- What is the business split now within Engineered Fastening?
- What is the medium-term organic sales growth aspiration?
- Following some divestments / portfolio changes – where should operating margins be in the medium term?
- Are there plans to divest Engineered Fastening down the road, so that SWK is a pure player in Tools?

TRANE TECHNOLOGIES

Recent Key Reports:

TT: Management meetings: High industry growth across various verticals and market share gains render TT a rare stand-out in MI; May 15, 2025

US Multi-Industry: AHRI HVAC March Data: Shipments -2% y/y, similar to Feb y-o-y; Softness in CHVAC; implications for CARR, LII, TT; May 9, 2025

TT: Re-assuring CHVAC bookings growth; RHVAC continues to show minimal pre-buy 'hangover' (per HARDI data); April 30, 2025

US Multi-Industry: Transport Refrigeration - T3M Builds down -30% y/y, T3M orders increased +54% y/y; backlog down y-o-y still, but up m-o-m; April 21, 2025

TT: Customer site visit/mgmt meeting: CHVAC secular growth credentials reinforced; cautious reads for electricity growth; best-of-breed becoming more dominant; September 30, 2024

General

- What type of through-cycle organic sales growth should TT generate, given the global backdrop of rising cooling degree days / higher energy efficiency needs among customers?

- TT's backlog remains elevated (from a dollar and % of annual sales perspective) - when does TT expect to return to more normal levels of backlog coverage, in the ~15-20% of NTM sales range?
- What are the main upcoming emissions / refrigerant standards changes that could impact demand / the industry, either domestically or globally?
- ~75-80% of TT sales are in N America - how keen is management to diversify its geographic sales footprint? Can it do this all organically?
- How large is TT’s global heat pumps business today?
- TT is guiding for higher investment spend in 2025, amidst 25%+ organic operating leverage – what are the main focus areas for this higher investment?
- How different are the operating margins between the five main pieces of TT (Commercial HVAC equipment, Commercial Service, Parts & Contracting, Resi HVAC, Transport Refrigeration)?
- What level of through-cycle price should we expect from TT?
- How has TT’s strategy in China / its view of China’s long-term growth rate changed in recent years?
- How does TT expect NA HVAC market dynamics to change from Bosch's acquisition of JCI's R&LC assets?
- Management recently noted that new product innovation is far higher now than 15 years ago. What KPIs does TT use to track innovation goals and can management size the returns from increased product innovation?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly can the company offset these higher costs?

Non-Resi / Resi

- What is driving TT's growth in the verticals beyond Datacenter?
- The ESSER has been a meaningful tailwind to Education sales in the US in the last couple of years - could Education vertical sales be down in 2026?
- Within Datacenter– what are TT’s thoughts on the merits of liquid vs air cooling? How well positioned is TT in liquid cooling?
- What is TT's $ content in a new Datacenter or semiconductor plant?
- How much capacity is TT adding in Datacenters? How capacity constrained is TT in the Datacenter vertical / Applied HVAC in general?
- Is there much of a difference in growth rates underway in Light Commercial vs Applied markets in the US?
- TT seems to be taking share in CHVAC– what is driving this / is it sustainable?

- Can TT flesh out why its 'direct' approach in Applied CHVAC is so unique / what the competitive advantage is?
- Can TT flesh out why its 'systems' approach in Applied CHVAC is so unique / what the competitive advantage is?
- In Non-resi, TT has enjoyed considerable success with its Energy Controls business, taking market share in commercial buildings. What is the growth outlook like here? How is profitability in this business compared with the rest of TT?
- How much of the Non-residential HVAC sales are into Applied product vs Unitary product? How does this split in terms of OE vs. AM, or by geography?
- Only ~25% of Trane non-resi HVAC sales are Greenfield OE - for the other 75%+, what is the profitability level, and how fast has it grown in recent years? How much of these sales are contractual service (as opposed to spare parts / ad hoc service), and what are the typical lengths of the contracts?
- The Service business in Applied HVAC has grown at a DD CAGR for several years now vs a pre-Covid CAGR of HSD – what has changed here to drive higher growth?
- Services have grown at a steady low double digit rate in recent years – given the installed base increase in recent years from high equipment sales growth, should we expect this service growth rate to persist for some years ahead even if equipment growth decelerates at some point?
- Is there anything noteworthy to call out as regards the contractual Service business in terms of pricing or contract length or attrition rates or margins that differs across different verticals or geographic regions?
- The Equipment business in CHVAC has seen a DD CAGR in recent years - how quickly does this convert into Service sales / what is a sustainable Service growth rate in the years ahead?
- What are the attachment rates for the commercial HVAC contractual or recurring service agreements at present? How much do these differ by region or market, and how quickly does management think it can increase these attachment rates?
- What is the average contract length for aftermarket agreements currently? What would be the company's target in the medium term?
- How much 'outcome-based' service does TT offer (for instance in terms of guaranteeing energy performance in a commercial building, to customers)?
- What share of Commercial and Residential HVAC equipment comes from New Construction vs. Replacement? How does the shape of growth differ among these verticals over the next few years?
- How much of the Non-residential HVAC sales (~60% of sales) are into institutional construction vs commercial construction markets? How does this split in terms of OE vs AM?
- How is the Mitsubishi Electric JV on VRF performing?
- RHVAC – what % of the market in the US does TT think could be 454B in 2025 / 2026? How much could R32 comprise?

ThermoKing

- In ThermoKing, how much of it is tied to the US truck & trailer market now, in terms of OE and replacement? What is the sales split for TK?
- In ThermoKing, what is the NA sales mix between trailer (for which ACT provides data / forecasts), truck, and APU? Over the medium/long term, does it expect any of the 3 to have different growth rates?
- What gives TT confidence it can continue to outgrow the market?
- ACT forecasts that Reefer trailer scrappage and fleet age will rise over the next few years. Does TT agree with this outlook and would this create some level of structural tailwinds for demand in the medium term?
- Looking at transport refrigeration globally – what is the pace of electrification in this market for truck & trailer…also how interested is TT in expanding in marine container refrigeration?
- Operating margins are in the high teens – given this market is concentrated between TT and CARR, why aren't the margins much higher?

Portfolio

- Over 2020-2024, TT focused its capital deployment on share repurchases and dividends, with some bolt-on M&A. Should we expect any changes to this mix going forward?
- What ROIC should we expect from the BrainBox acquisition?
- Which areas of TT does management think are most attractive in terms of adding to, inorganically?
- With the European heat pump market having a tough downcycle, how likely is this market for Trane to potentially look for acquisition opportunities?
- What are the main criteria / attributes of partners that TT considers when weighing up M&A?
- TT does not have a large building management / controls business – does it need to make IT type acquisitions to ensure it stays ahead in CHVAC as buildings increasingly digitize?
- Does TT see any need to step up inorganic Digital investments, and expand its software offering for building operators, or does it prefer to stay focused on HVAC controls and hardware?

Balance sheet / Capital allocation

- TT's leverage is well below peers. What does management think is the optimal leverage level for the company in the medium term?
- How attractive is the M&A market at present – how likely is it that Trane could undertake a meaningful acquisition over the next 12 months?
- Trane has been disciplined on capital deployment - does it have any ambitions to undertake larger M&A, for instance in areas like heat pumps or broader building controls?

VONTIER CORPORATION

Recent Key Reports:

US Multi-Industry: Earnings / CMD set-ups for the week ahead; Updated tariff commentary; Raising Price Targets on APG & VNT; May 5, 2025

VNT: Management Meetings: Under-appreciated Energy transition play, and emerging King of the (gas station fore) Court; June 13, 2024

General

- How confident is VNT in reaching its 2026 goals of a MSD organic sales CAGR vs 2024? Is a LSD CAGR more likely for now, with a MSD growth rate over the balance of the decade?
- When thinking about its portfolio, can management size the main revenue buckets across the main brands in 2024, in terms of fuel dispensing, car wash or DRB, Invenco, Teletrac, the payment systems for C-stores, ANGI, etc.?
- What is the top-line growth / operating margin profile of Invenco? What can we expect long term?
- Within EFS, it has been over 2 years since Invenco was acquired – it has won a couple of large contracts recently – what organic growth rate should investors expect for the medium-term?
- VNT has an R&D / sales rate which is 2-3X the Multi-Industry average, at 6% - in which of these main areas or brands does the company prioritize its organic investments at the moment, and what are the areas where it is taking market share, or which are offering the highest market growth opportunities?
- Do 30-35% incremental margins still seem like the right placeholder for the medium-term, and which of the segments offer the most margin upside?
- What are the main levers behind VNT's 2024-2026 organic sales growth / margin expansion aspirations of +MSD% / +150bps (cumulative)?
- How confident is VNT in reaching its goal of 150bps of operating margin expansion over 2024-2026?
- Since the spin-out from FTV, what are the main areas where VNT thinks it has taken market share as an independent company?
- What cross-selling opportunities currently exist across the portfolio? To what degree has recent M&A driven higher $ spend per customer in the gas station / mobility 'ecosystem'?
- What are the highest growth parts of the gas station ecosystem?
- Beyond the gas station / C-store, what growth opportunities is VNT most excited about (telematics does not seem to be a growth focus at present)?
- Recurring revenue is now around one-third of total VNT sales, and we can see the relatively low volatility of Vontier's top-line – what are the main businesses or brands where recurring sales are most evident, and where are the opportunities for VNT to increase its recurring revenue penetration?

- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?

- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly can the company offset these higher costs?

Capital Deployment / Balance Sheet / Portfolio

- Which markets does VNT find most attractive for increasing its exposure? How likely is it that VNT's M&A will lead it into business models or end-markets that are very different from its existing portfolio?

- Much of the company's sales in EFS and Mobility relate to the gas station eco-system in terms of payments in the C store, fuel dispensers, car wash, repair tools – are there some adjacent markets that it is looking to move into and expand its TAM at the gas station?

- VNT has stated that targeted M&A returns would typically be a double-digit ROIC by Year 5 - does this include any software acquisitions the company might make?

- Would VNT ever issue equity for a transaction, or is that highly unlikely?

- How highly levered would VNT be willing to go for the right acquisition?

- What is VNT's dividend and share buyback philosophy?

- The stock's valuation has been cheap ever since it spun out from FTV, and remains cheap, and VNT had made buybacks its capital deployment focus for 2024 and is guiding for $200m in buybacks for 2025 - at what point will acquisitions begin to look more appealing again?

- What parts of its current portfolio is VNT least enamored with? Would VNT consider a review of core/noncore assets to improve margins?

Environmental & Fueling Solutions

Gilbarco Veeder-Root (GVR)

- What is the ideal mix of AM / Service as a percentage of GVR sales? How do margins here compare vs. other Fueling?

- In traditional GVR, how is VNT thinking about the medium-term growth outlook, and equipment vs services, in light of recent changes in expected EV industry adoption rates globally exc-China?

- When looking at GVR, how does VNT think about the medium or long-term growth rates in both the gas station installed base, and then its own $ content per gas station globally?

- About 20-25% of sales accrue from High Growth Regions - what has the sales CAGR been in these regions? How fast are these regions expected to grow in the medium term?

- How large is the India business for VNT / GVR, and what is its market position here?

- How wide is the operating margin gap between N America and RoW for GVR?

- How does GVR's market share differ in N America vs RoW?

- What are the upcoming regulatory changes in the global retail fueling market that could be most impactful for the business?

- How aggressive will management be in driving GVR's own businesses toward a world that is increasingly EV-centric?

- VNT has ~ 110k charge plugs under management, more than the number of TSLA's charge plugs under management (~60k+). Given TSLA's success in partnering with other automotive OEMs to provide supercharging, what competitive advantages does VNT offer over TSLA with its EV network software that will enable it to continue keeping pace?

Mobility Technologies

Teletrac Navman

- What medium-term organic sales CAGR should we expect?

- How has subscriber growth trended in recent years (gross and net)? What information can VNT provide on trends in ARPUs and subscriber acquisition costs? How has the churn rate improved?

- What are the paths to push the margins higher? What are the re-investment requirements that might continue to weigh on profitability as the business seeks to regain market share?

- In which segment (Service Fleets, Transportation, Construction, Government & Utilities) is VNT's position strongest or weakest? Which areas is it looking to retake share in?

- How confident is VNT that its technology offering / reinvestment rate is sufficient to stay ahead / abreast of very large competitors (such as Verizon) that have entered this market?

- At what point would management say that the turnaround efforts are not gaining traction?

- What is the mix of Traditional / Newer High-Value / Additional High-Value Solutions currently?

DRB Systems

- DRB sales are guided to be flat/down in 2025, after double digit declines in Q1 and over -20% declines in 2024... when is the current downturn expected to reverse?

- What is the margin profile of Hardware / Software in this business?

Retail Solutions

- As of the 2023 investor day, Retail Solutions has a #2 position in Point-of-Sale in North America, as well as 37% of revenues being International. Does VNT plan to drive growth above the market's MSD rate, and how much share is there to be gained in the medium term?

- How much opportunity is there for VNT to increase its C-store content?

- What is the penetration rate of the iNFX operating system? Who are its main rivals?

Driivz

- How much market share does Driivz have?

- What type of sales CAGR should we expect from this business over the next 5-10 years?

- Auto OEMs (such as Ford, Tesla) have announced that they are pushing out EV-related CapEx due to softer market demand - how will this affect the topline in the coming years?

Repair Solutions

- How is VNT looking to grow the franchisee base? What growth rate should we expect medium term?

- In Repair, the margin profile seems to have changed - it earned high 20%s operating margins in 2022, mid 20%s in 2023, and around 21% since Q224 - what explains this stepping down, and how should we think about operating margins for the medium-term in this segment?

- How sustainable is the ~30+% product vitality rate? Does VNT envisage incorporating M&A to support new product introductions, or is in-house development / innovation partnerships the main focus following the divestment of Coats (previously Hennessy)?

- VNT highlighted that the company has increased their new product vitality index in Repair Solutions to drive market share wins - Can VNT provide examples of product innovation that has helped win market share in the past?

- How aggressive is VNT on the customer financing front - how is industry / competitor discipline on this front?

VERTIV

Recent Key Reports:

VRT: Strong Q1 orders, but broader cycle concerns keep us on the sidelines; 2H margin ramp guide does not look easy; April 23, 2025

VRT: High growth, high expectations; Initiate coverage at Equal Weight; December 12, 2024

General

- When thinking about the main Product categories – Power management, Thermal, IT – which of these offers the strongest sales growth ahead?

- In which of its product lines does management think VRT has the biggest competitive advantage vs peers?

- How does the company assess its market share progress in recent years / the outlook for market share?

- In which geographic regions is VRT aiming to push up share (e.g. India)?

- Are there any regions within EMEA or APAC which investors should think more about, as opportunities for Datacenters / VRT?

- How much of the Services & Spares business is contractual, if any?

- How large are the price tailwinds at present, to sales and to profit margins / any difference here across the Product categories?

- Is the competitive landscape staying disciplined amidst all the capacity additions at peers? How strong is price at the moment?

- How are lead times trending for some of the larger Products (Switchgear, Chillers, Busway, UPS)? How significant are the capacity additions that VRT is making, and what is the phasing of how this new capacity comes on-line?

- Operating margins are guided at 21% in 2025, and 25% by 2029 – simplistically should we just add 100bps / year of OMX, at ~30% operating leverage?
- Productivity and Commercial execution are each guided to comprise ~100bps of OMX tailwind over 2024-2029 – how are these progressing?
- Across the main Product categories (Power management, Thermal, IT), is there much of a difference in profitability?
- How much higher is profitability in Services & Spares as compared with Products?
- How significant are the capacity additions that the company is making, and what is the phasing of how this new capacity comes on-line?
- How does the company aim to take advantage of AI, whether through productivity, or faster sales growth?
- How significant could tariffs be on the gross cost base / how much of this headwind, and how quickly can the company offset these higher costs?
- Does VRT have any concerns on China sales decreasing due to similar government action as we have seen with DuPont?

Datacenter

- How much of the company's Datacenter orders or sales growth last year was tied to hyperscale customers?
- How does VRT assess what impact DeepSeek could have on DC capex beyond 2025?
- Has the company felt the effects of hyperscaler datacenter cancellations, and how would the company contextualize the extent of cancellations to date, i.e., how might these cancellations affect its top-line?
- Electrical intensity in datacenters has moved up and down in cycles, and recently moved higher – VRT has suggested its addressable content is $2.75-3.5m per MW – how has this number changed vs a decade ago, and where it could be at the end of this decade?
- What is VRT's typical $ content in a new hyperscaler-built datacenter – does the $3-3.5m/MW 'high density compute' number that the company provided capture this opp'y?
- Which VRT's datacenter products does VRT think offer the highest margin upside medium term?
- One product area that investors have been focused on is liquid cooling – what is VRT's revenue scale, growth rate, and market position here?
- What happens to VRT's traditional cooling products (chillers, precision air cooling) amidst the rise in liquid cooling – do they get displaced / commoditized over time?
- What would the company estimate for its liquid cooling sales in 2025 vs 2024?
- What is the revenue scale of the 45x capacity increase in liquid cooling and how quickly will that be realized?
- How does the growth in liquid cooling compare with the traditional AC products at VRT?

- What advantages does VRT see in the strategy to do their DC power designs in-house, rather than 'white labeling' the technology?

Other Markets

- Is VRT seeing a faster pace of electrical hardware upgrades now than pre-Covid in Industrial facilities and Commercial & Institutional buildings, due to energy efficiency considerations?
- How do margins differ by vertical market, i.e., Telecom vs C&I vs Datacenter?

Balance Sheet / Cash Flow

- What is the highest leverage the company would take on for M&A?
- When should FCF return to being 100% of adjusted net income (vs ~90% in ’25)?

Portfolio

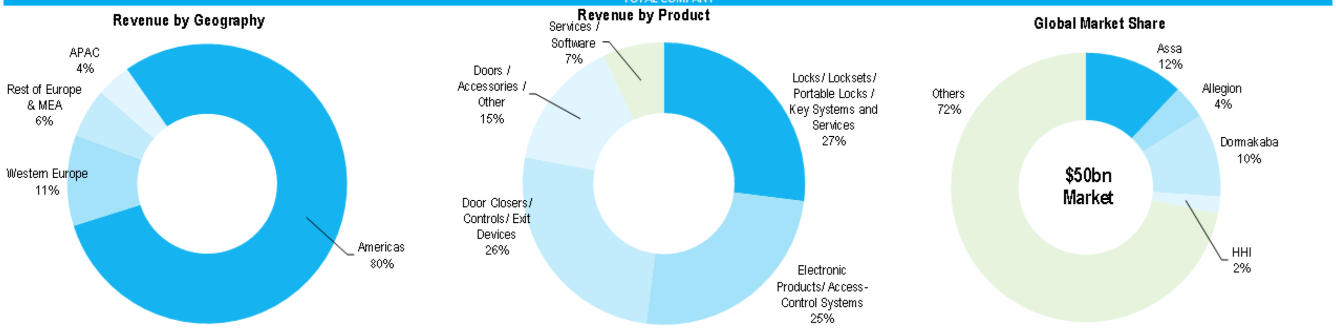
- VRT’s portfolio is very much ‘traditional hardware’ in nature; does the company aspire to grow recurring revenues / move more into more software-based / Digital business?
- How keen is VRT to expand inorganically into the Electric Utility market, if at all?
- Which parts of the Products portfolio would VRT look to strengthen through M&A?
- What are its financial criteria for M&A deals?

COMPANY ONE PAGERS

FIGURE 4. ALLE

Allegion PLC

TOTAL COMPANY



SEGMENT

2024 ($mn)	Americas	International	Segment Total
Revenues	3,012.4	759.8	3,772.2
% of sales	80%	20%	100%
Operating Profit	860	99	959
Operating margin	28.5%	13.0%	25.4%
% of Operating Profit	90%	10%	100%
EBITDA	898.9	117.2	1,016.1
Margin	29.8%	15.4%	26.9%
Brands	Electronic Software and Products and Access Control Systems: Isonas, Locknetics, Schlage, Von Duprin, Yonomi Doors and Door Systems: AD Systems, Falcon, Republic, Steelcraft, TCP Other Accessories: Brio, Clynn-Johnson, Isonas, Ives, Kryptonite, Locknetics, Zero	Electronic Softwre and Products and Access Control Systems: Bricard, CISA, FSH, Cainsborough, interflex, Legge, Milre, PegaSys, Schlage, Simons Voss, Von Duprin Doors and Door Systems: Bricard, Steelcraft, TCP Other Accessories: AXA, Briacrd, Brio, Briton, CISA, Cainsborough, Clynn-Johnson, Ives, Kryptonite, Legge, Normbau, Trelock, Zero	
Business by End Market	Institutional (45%), Commercial (30%), Residential (25%)	Commercial/Institutional (56%), Residential (28%), Portable (16%)	Institutional (40%), Commercial (35%), Residential (25%)
Mechanical vs. Electronic	Mechanical (83%), Electronics (17%)	Mechanical (62%), Electronics (38%)	Mechanical (70%), Electronics (26%), Services and SW (3%)
Greenfield vs Replacement	Greenfield (50%), Replacement (50%)		Greenfield (50%), Replacement (50%)
Distribution Channel	Non-Resi: Distribution (100%), Residential: Wholesale (50%) / Big Box / Amazon (50%)		Wholesale (84%), Big Box / Amazon (17%)
Total Market Size ($bn)	$20.0	$20.0	$40.0
Market Share	27%	11%	9%
Competitors	ASSA, Dormakaba, HHI (Spectrum Brands)		

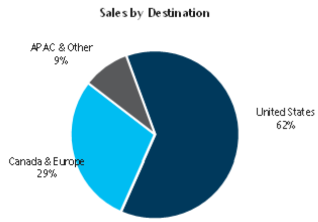
Geographic Split				
US	88%			70%
Other Americas	12%			10%
Americas Total	**100%**			**80%**
Central Europe		35%		6%
South Europe		30%		5%
Rest of Europe		25%		4%
MEA		10%		2%
EMEA Total		**100%**		**16%**
Australia & New Zealand			60%	2%
China			20%	1%
South Korea			10%	0%
Southeast Asia			10%	0%
APAC Total			**100%**	**4%**
Total				**100%**

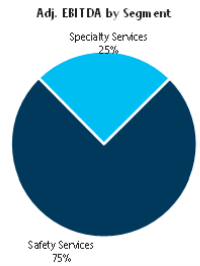
Source: Barclays Research, Company Data

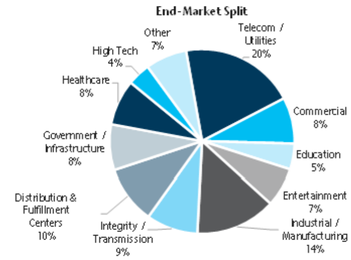
FIGURE 5. APG

APi Group

TOTAL COMPANY







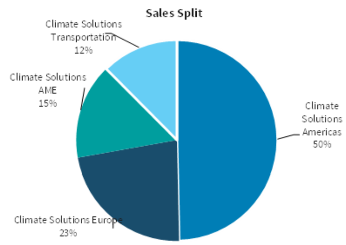
SEGMENT			
2024	Safety Services	Specialty Services	Total
Sales ($m)	4,797	2,228	7,025
% of sales	68%	32%	100%
Adj. EBITDA profit ($m)	765	253	1,018
Adj. EBITDA margin	15.9%	11.4%	14.5%
% of Adj. EBITDA	75%	25%	100%
Business Split	US Fire & Life Safety (~$1,800 / 26%), Int'l Fire & Life Safety (~$2,600 / 37%), HVAC (~$500 / 7%), Elevator & Escalator (~$200 / 3%)	Infrastructure/Utility (56%), Fabrication (13%), Specialty Contracting (31%)	
Service Split	54%	Service (40%), Other (60%)	~54%
Project Split	Projects over $100,000 (1%), All other work (99%)	Projects over $100,000 (2%), All other work (98%)	Projects over $100,000 (1%), All other work (99%)
Average Project Sizes	~$5,000	~$70,000	~$5000
Greenfield vs Replacement	Greenfield (10%), Replacement (90%)	Greenfield (20%), Replacement (80%)	Greenfield (13%), Replacement (87%)
Service examples	Backflow devices; controls technology & entry systems; emergency and exit lighting; emergency fire suppression systems; fire alarm and detection systems; fire pumps; HVAC systems and service and maintenance; plumbing engineering and installation; security & surveillance systems; standby systems	Electric & gas utility maintenance, fiber optic and cellular system installation and maintenance including 5G; insulation, ventilation, and temperature control; natural gas line distribution services; plant maintenance & outage services; specialty & industrial ductwork; structural fabrication & erection; underground electrical, transmission line, & fiber optic cable installation; water line & sewer installation	
End-Markets	Commercial / Education / Entertainment (25%), Industrial / Manufacturing (15%), Distribution & Fulfillment Centers (11%), Other (10%), High Tech (6%), Healthcare (9%), Government / Infrastructure (7%), Telecom / Utilities (12%); Integrity / Transmission (5%)	Telecom / Utilities (39%), Integrity / Transmission (19%), Industrial / Manufacturing (12%), Government / Infrastructure (9%), Commercial / Education / Entertainment (6%), Healthcare (5%), Distribution & Fulfillment Centers (8%), High Tech (1%), Other (1%)	See chart above
Brands / Companies	3S Incorporated, American Fire Protection Group, APi National Service Group, Chubb, Davis-Ulmer Fire Protection, Grunau, International Fire Protection, MMC, Security Fire, Tessier's Mechanical Contractors, Texas Sprinkler, Twin City Garage Door, United States Alliance Fire Protection, Viking Fire Protection Group, Vipond, Western States Fire Protection	APi Construction Co, APi Distribution, Classic Industrial Services, ICS, Jamar, J. Fletcher Creamer & Son, Lejeune, Mid-Ohio Pipeline Services, MP, Nyco, Jomax Pipeline Construction, Northland, Summit Pipeline Services, United Piping	
Customers	Aecom, American Water, Andeavor, Apple, AT&T, Bechtel, Best Buy, Boldt, Cabela's, Calpine, CenterPoint Energy, Coca-Cola, Columbia Gas, Disney, Enbridge, Facebook, FedEx, Google, Honeywell, Intel, Kraus-Anderson, Mayo Clinic, McGough, Microsoft, Mortenson Construction, Nike, NiSource, Pfizer, PSEG, Ryan, Sappi, Shell, Suez, Target, TransCanda, US Department of Veterans Affairs, USS, Verizon, Verso, Walmart, Williams, Xcel Energy		
Competitors	Comfort Systems, Emcor, Tyco (JCI)	Comfort Systems, Dycom, Emcor, MasTec, Quanta Services	
Employees	82%	18%	~29000
Operating Companies	15+	15+	30+
Locations	425	75	500+
Geographic sales split			
United States	54%	81%	62%
Canada & Europe	42%	0%	29%
APAC & Other	12%	2%	9%
Total	109%	83%	100%

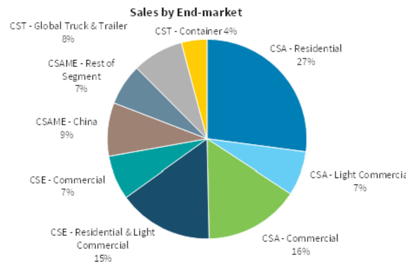
Source: Barclays Research, Company Data

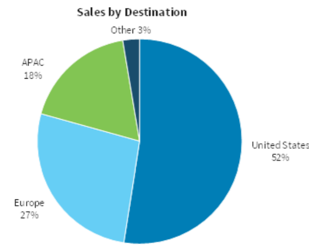
FIGURE 6. CARR

Carrier

TOTAL COMPANY







SEGMENT

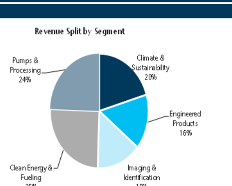
2025E	Climate Solutions Americas	Climate Solutions Europe	Climate Solutions AME	Climate Solutions Transportation	Total
Sales ($m)	11,345	5,140	3,520	2,835	22,840
% of sales	50%	23%	15%	12%	
Adj. Operating profit ($m)	2,623.9	522.9	464.9	460	4,072
Adj. Operating margin	23.1%	10.2%	13.2%	16.2%	17.8%
% of operating profit	64%	13%	11%	11%	
Business Split	Resi HVAC (57%), Light Comm'l HVAC (14%), Comm'l HVAC (29%)	Resi and Light Comm'l HVAC (70%), Comm'l HVAC (30%)	China (60%), Rest of Segment (40%)	100% Transport Refrigeration	
Greenfield vs Replacement		Greenfield (25%), Replacement (75%)		Greenfield (72%), Replacement (28%)	Greenfield (21%), Replacement (41%)
Products sold		HVAC products, controls, services, and solutions		**Transport refrigeration** (equipment and monitoring systems for trucks, trailers, shipping containers, intermodal and rail), **Sensitech** (solutions and services for supply chain visibility)	
Major Brands		Automated Logic, Bryant, Carrier, CIAT, Day & Night, Heil, NORESCO, Riello, Viessmann		Transicold, Sensitech, Lynx	
Competitors		Trane, Daikin, York, Lennox, Gree, Midea, Mitsubishi, Nibe, Ariston		Panasonic, Mitsubishi, Trane	
JV Partners		Automated Logic, Bryant, Carrier, CIAT, Day & Night, Heil, NORESCO, Riello, Viessmann			

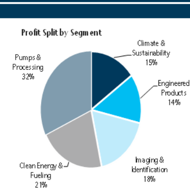
Source: Barclays Research, Company Data

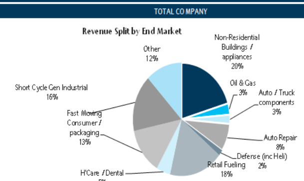
FIGURE 7. DOV

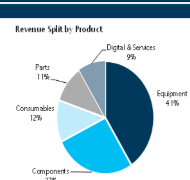
DOVER

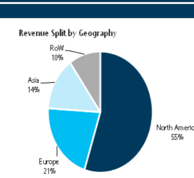
TOTAL COMPANY











SEGMENT

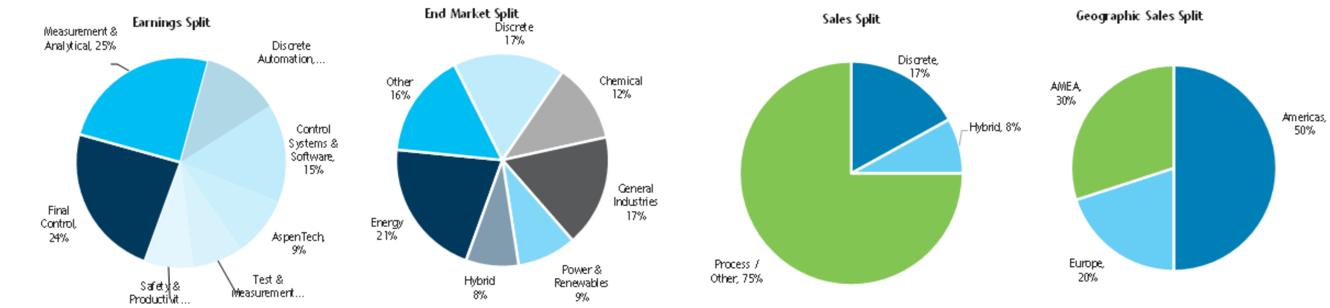
2024	Climate & Sustainability	Engineered Products	Imaging & Identification	Clean Energy & Fueling	Pumps & Processing	Segment Total
Sales	1,579.6	1,202.5	1,137.2	1,936.8	1,894.6	7,750.6
% of sales	20%	16%	15%	25%	24%	100%
Operating Profit (bn)	250.9	231.2	301.7	360.0	536.6	1,680.4
% of operating profit	15%	14%	18%	21%	32%	100%
Operating Margin (%)	15.9%	19.2%	26.5%	18.6%	28.3%	21.7%
Recurring Revenue (2021)	~15%	~15%	~70%	~35%	~35%	~30%
Sales by Market	**Climate & Sustainability:** Other (5%), Consumer Goods (9%), Hospitality & Restaurants (10%), HVAC (11%), Food & General Retail (65%)	**Engineered Products:** General Industrial (24%), Space & Defense (10%), Automotive OEM (16%), Automotive AM (50%)	**Imaging & Identification:** Other (19%), General Industrial (16%), Textile (19%), Consumer Goods (46%)	**Clean Energy & Fueling:** Dispensers (38%), Underground & Hanging Hardware (20%), Systems & Software (14%), Aftermarket Parts & Services (14%), Transportation Components (9%, Vehicle Wash Solutions (5%)	**Pumps & Processing Solutions:** Industrial Applications (31%), Chemical (8%), Biopharma & Hygienic (17%), O&G (21%), Plastic & Polymers (23%)	**Total:** Life Science (6%), Clean Energy (7%), Plastics & Chemicals (6%), Waste Management (9%), Vechicle Wash and Aftermarket (11%), Food Retail (11%), Consumer Goods & Packaging (13%), Convenience & Fuel Retailing (15%), Flow Control and Industrial Applications (22%)
Sales by Product (2023)	**Climate & Sustainability Technologies:** Digital & Services (4%), Parts (7%), Components (20%), Equipment (69%)	**Engineered Products:** Consumables, Digital & Services (8%), Parts (10%), Components (21%), Equipment (61%)	**Imaging & Identification:** Digital & Services (17%), Consumables (45%), Parts (15%), Equipment (23%)	**Clean Energy & Fueling:** Digital and Services (14%), Consumables and Parts (21%), Components (35%), Equipment (30%)	**Pumps & Processing Solutions:** Digital & Services (5%), Consumables (14%), Equipment (15%), Parts (18%), Components (48%)	**Total:** Equipment (41%), Components (27%), Parts (11%), Consumables (12%), Digital & Services (9%)
Greenfield vs Replacement	Greenfield (35%), Replacement (66%)	Greenfield (31%), Replacement (70%)	Greenfield (45%), Replacement (55%)	Greenfield (65%), Replacement (35%)	Greenfield (25%), Replacement (75%)	Greenfield (41%), Replacement (59%)
Distribution	60-70% via distribution	60-70% via distribution	40-50% via distribution	30% via distribution	30% via distribution	Approx. 40-50% of total DOV sales go through distribution
Estimated Market Size	$500m-1bn Food Retail & Retail Refrigeration; ~$1bn Brazed plate heat exchangers; ~$2.5bn Heat Transfer Solutions		~$3.5bn Marking & Coding; ~$2.0bn Digital Printing	~$12bn ($3.5bn Fueling Equipment, $5bn Site-wide Systems, $1bn Fluid Transfer Solutions, $1.5bn Vehicle Wash Solutions, $1bn Alternative Fuels & EV)	~$20bn CCT by 2026; ~$15bn+ Pumps	
Brands / businesses	DOV Food Retail, Hill-Phoenix, Anthony, SWEP, Groen, Randell, Belvac, Tipper Tie	Rotary Lift (VSG), Microwave Products Group (Space & Defense), OK International (General Industrial), Tulsa Winch Group	Markem-Imaje, DOV Digital Printing, Systech, Blue Bite	DOV Fueling Solutions, OPW	Pumps: PSG, CPC, Hydro; Process Solutions: Colder Products Company, Maag, Cook, Waukesha, Inpro/Seal Engineered bearings and isolators: DOV Precision Components	
Key Competitors	Refrigeration (DOV Food Retail): Hussmann (Panasonic), LII, CARR Can Making Equipment (Belvac): Crown Heat Transfer Solutions (SWEP): Alfa Laval, Danfoss	Auto after-market equip (VSG): Snap-on, Car-o-liner, VNT Other: Teledyne, Nordson	Marking & Coding (MI): DHR (Videojet), Domino (Brother) Digital Printing (MS & JK): EFI, Konica Minolta, Sensient Traceability and Connected Product Solutions: Antares Vision Group	Retail Fueling (OPW): Vontier (GVR), Franklin Electric (Fueling Systems) Car Washing: WashTec, Mister, VNT (DRB), National Carwash Solutions Safety / Flow Control Components: IR (Emco Wheaton, Haskel), EMR (Fisher), Dixon Valve & Coupling	Pumps & Connectors (PSG & CPC): Idex, IR, SPX FLOW, Nordson, Atlas Copco, Shimadsu, Danaher (Cytiva) Hygienic & Pharma: IDEX, SPX Flow Plastics Processing Equipment: Nordson	
Geographic sales split						
North America	51%	68%	27%	53%	68%	55%
Europe	23%	12%	44%	18%	15%	21%
Asia	15%	11%	16%	16%	13%	14%
RoW	11%	8%	14%	13%	4%	10%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 8. EMR

Emerson

TOTAL COMPANY



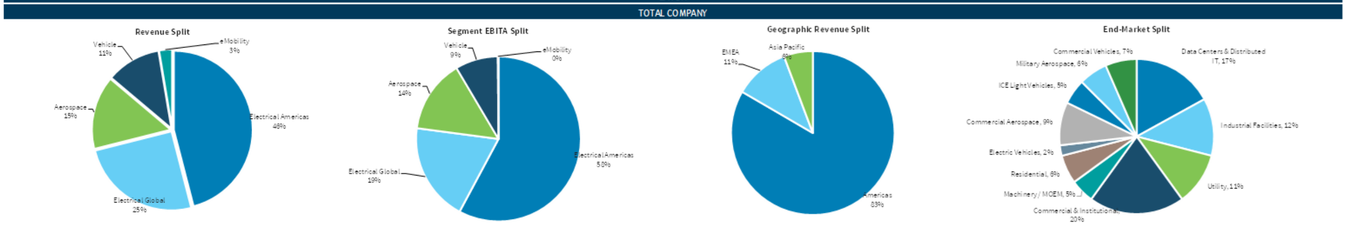
SEGMENT			
2025E	Intelligent Devices	Software and Control	SEGMENT TOTAL
Sales ($B)	12,339	5,667	18,006
% of sales	69%	31%	100%
Operating Profit ($B)	3,232	1,728	4,961
Operating Margin	26.2%	30.5%	27.5%
% of Operating Profit	65%	35%	100%
End-market split			Energy (21%), Discrete (17%), Chemical (12%), General Industries (17%), Power & Renewables (9%), Hybrid (8%), Other (16%)
Type of Product	KOB1 (New Infrastructure): 20%, KOB2 (Upgrades & Modernizations): 23%, KOB3 (MRO): 57%		>60% of sales are MRO / Recurring revenue
Business Groups / Product Lines	Final Control (~34%), Measurement & Analytical (~31%), Discrete Automation (~23%), Safety & Productivity (~12%)	AspenTech (~20%), Control Systems & Software (~50%), Test & Measurement (~30%)	
Brands	Appleton, ASCO, Aventics, Bettis, Branson, Keystone, KTM, Fisher, Micro Motion, RIDGID, Rosemount, Vanessa	AZPN, DeltaV, Ovation, PACSystems, LabVIEW, Optimal +, TestStand, FlexLogger, National Instruments	
Sales through Distribution			<20%
Products	Hydrogen Valves, Hydrogen Instrumentation, Hydrogen Flow Control, Valve Systems, Air Preparation, Actuators, Sensors, Single-Use Devices, Fluid Control, Hygienic Instrumentation, Valves (Life Sciences, Metals & Mining), Electrical & lighting products (including plugs and receptacles, enclosures, junction boxes, distribution equipment, hazadous location fittings, reels, switches, heat tracing products, electrical heating cable products for resi and commercial applications, and general lighting products)	PLC / IPC, Control Systems, Electrolysis Design, Production Optimization, Hydrogen Supply Chain Design, SCADA, HMI Software, Energy Management System, Multivariate Analysis, Production Execution, Process Knowledge Management (fluxa), Machinery Health, PXI Controllers, CompactRIO, Compact DAQ, Oscilloscopes, RF Generators, Spectrum Analyzers, Multimeters	
Competitors	Measurement & Analytical: Endress & Hauser, Krohne, Yokogawa, ABB Final Control: BKR, FLS, IMI, ROR Discrete Automation: ROK, SIE, Mitsubishi Electric, ABB, PH, SMC, Airtac, ABB Safety & Productivity: IR, SWK, Atlas CopCo	AZPN: GAINSystems, HON, SAP, Schneider, Siemens Control Systems & Software: ABB, HON, SU, Yokogawa Test & Measurement (NI): Advantest, Anritsu, Fortive, Keysight, Rohde & Schwarz, Teradyne	
Greenfield vs Replacement	Greenfield (30%), Replacement (70%)	Greenfield (40%), Replacement (60%)	Greenfield (33%), Replacement (67%)
Market Size $bn		~$35bn TAM (Industrial Software) ~$35bn TAM (T&M)	$230bn
Geographic sales split			
Americas	52%	47%	50%
Europe	18%	24%	20%
AMEA	31%	29%	30%
Total	100%	100%	100%

Source: Barclays Research, Company Data

FIGURE 9. ETN

EATON

TOTAL COMPANY



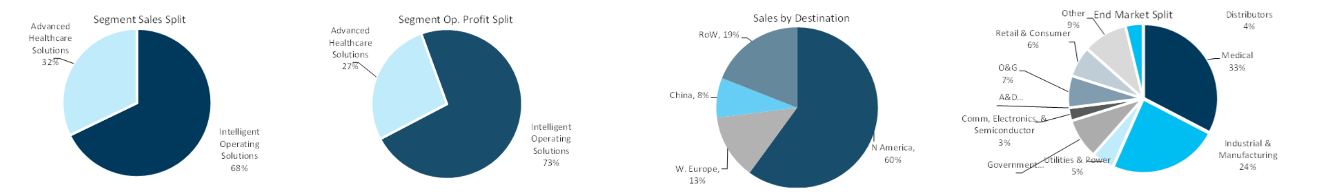
SEGMENT

2024	Electrical Americas	Electrical Global	Aerospace	Vehicle	eMobility	Segment Total*
Sales ($B)	11.4	6.2	3.7	2.8	0.7	24.9
% of	46%	25%	15%	11%	3%	100%
Adj. Operating Profit ($B)	3.5	1.1	0.9	0.5	(0.0)	6.0
% of	58.0%	19.3%	14.4%	8.4%	-0.1%	100.0%
Adj. Operating Profit Margin (%)	30.2%	18.4%	24.0%	18.0%	-1.0%	24.0%
Products Sold	Electrical components, industrial components, power distribution and assemblies, residential products, single phase power quality and connectivity, three phase power quality, wiring devices, circuit protection, utility power distribution, power reliability equipment, and services that are primarily produced and sold in North and South America.	Electrical components, industrial components, power distribution and assemblies, single phase and three phase power quality, and services that are primarily produced and sold outside of North and South America; as well as hazardous duty electrical equipment, emergency lighting, fire detection, intrinsically safe explosion-proof instrumentation, and structural support systems that are produced and sold globally.	Hydraulic power generation systems for aerospace applications including pumps, motors, hydraulic power units, hose and fittings, electro-hydraulic pumps; controls and sensing products fluid conveyance products, fuel systems, mission systems, high performance interconnect products including wiring connectors and cables.	Transmissions and transmission components, clutches, hybrid power systems, superchargers, engine valves and valve actuation systems, locking and limited slip differentials, transmission controls, and fuel vapor components.	High voltage inverters, converters, fuses, circuit protection units, vehicle controls, power distribution, fuel tank isolation valves, and commercial vehicle hybrid systems.	
Major Brands	Cooper: Access, Arista, Armafix, Breech-Lok, Burton, Cam-Lok, Coiltronics, Ametrix, AtLite, Corelite Eaton: Eaton, Moeller, Holec,MEM, Powerware, Cutler-Hammer, Elec, Tabula	Cooper: Bussman, Crouse-Hinds, Blessing, Capri, CEAG Crompton, Arkite, ArkGard, CYME, Envirotemp, Envirotran Eaton: Eaton, Moeller, Holec,MEM, Powerware, Cutler-Hammer, Elec, Tabula	Aeroquip, Argo-Tech, Carter, Centurion, Dynapower, Vickers, Eaton Filtration, Golf Pride	Truck: Eaton VORAD, Eaton Fuller, Roadranger, Eaton Solo Advantage, Easy Pedal Advantage Automotive: Detroit Locker, TVS Supercharger		
End Markets	Data Centers & Distributed IT (24%), Commercial & Institutional (28%), Residential (8%), Industrial Facilities (17%), Machinery/MOEM (7%), Utility (15%)		Military (37%), Commercial (35%), Other & Industrial (28%)	Commercial Vehicle (52%), Passenger Car (40%), Other (8%)	Commercial & Passenger Vehicle (65%), Off road % Other (35%); Internal combustion (70%), EV (30%)	
Electrical Exposure (by voltage)	70% low voltage, 30% medium voltage, 0% high voltage				75% low voltage, 25% high voltage	
Total Electrical / Industrial End Markets	Data Centers & Distributed IT (24%), Commercial & Institutional (28%), Residential (8%), Industrial Facilities (17%), Machinery/MOEM (7%), Utility (15%)		Commercial Aero (31%), Commercial Vehicles (24%), ICE Light Vehicles (14%), Military Aerospace (21%), Electric Vehicles (10%)			
Main Competitors	Utility: ABB, GEV, Hammond, Hitachi Energy, Hubbell, Hyundai Electric, Nexans, Powell, Quanta Services, Schneider, Siemens, Virginia Transformer, WEG Industrial Automation: ABB, Inovance, Mitsubishi Electric, Omron, Rockwell Automation, Schneider, Siemens Low Voltage: ABB, HUBB, Legrand, Leviton, NVT, Schneider, Siemens, WEG Busway / Power Distribution: ABB, Delta, Flex, Legrand, Liteon, Murata, Schneider, Siemens, Vertiv UPS : Delta, Schneider, VRT Switchgear: ABB, Delta, Legrand, Schneider, SIE		Moog, Parker Hannifin, TCI, Woodward	Truck: Allison Transmission, ZF Friedrichshafen AG Automotive: BorgWarner, German Schaettler, TRW Automotive	Littelfuse; Aptiv	
Addressable market	Datacenter $34bn TAM, Industrial $30bn, Utility $28bn		$28bn	$40bn	$60bn	
Market Share			13%	7%		
Product Mix (Systems)	74%	44%				
Product Mix (Products)	26%	56%				
Product Mix (OE)			53%	75%		
Product Mix (AM)			47%	25%		
Channel to Market	80% Distributor, 20% Direct to OEM	65-70% Distributor, '30-35% Direct to OEM	40% Distributor, 60% Direct to OEM	Direct to OEM		
Greenfield vs Replacement	Greenfield (55%), Replacement (45%)	Greenfield (55%), Replacement (45%)	Greenfield (48%), Replacement (52%)	Greenfield (68%), Replacement (33%)	Greenfield (75%), Replacement (25%)	Greenfield (56%), Replacement (44%)
Geographic sales split						
Americas	100%		60%	54%	67%	143%
EMEA		66%	35%	18%	21%	19%
Asia Pacific		34%	5%	27%	12%	10%
Total	100%	100%	100%	100%	100%	172%

Source: Barclays Research, Company Data

FIGURE 10. FTV

Fortive



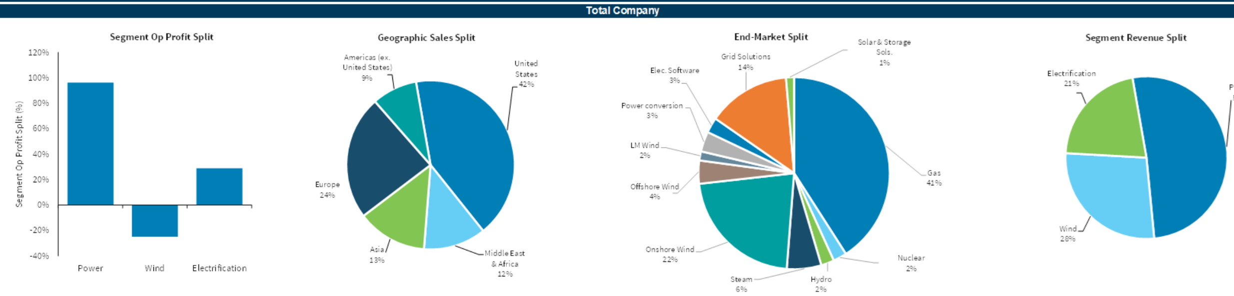
Segment			
2024	Intelligent Operating Solutions	Advanced Healthcare Solutions	Total
Sales ($bn)	**2.7**	**1.3**	**4.0**
% of sales	68%	32%	100%
Gross margin (adjusted)	Mid 60%	Mid 50%	
Operating profit ($bn)	**0.9**	**0.3**	**1.2**
Operating margin	33%	26%	31%
% of operating profit	73%	27%	100%
Customers / End-market split	Electrical engineers, electricians, electronic technicians, EHSQ professionals, network technicians, facility managers, first-responders, maintenance professionals	Hospitals and other healthcare facilities	
Addressable market size ($B)	~$30 bn	$10 bn	>$60 bn
Market positioning / share	14%	13%	10%
Major Brands	Accruent, Fluke, Fluke Networks, Gordian, Industrial Scientific, Intelex, Pruftechnik	ASP, Censis, Censitrac, Evotech, Fluke Biomedical, Landauer, Raysafe, Sterrad	
Competitors	Fluke: Megger, FLIR, Keysight, Ideal Industries; ISC: MSA, Honeywell, Drager, 3M (Scott); Intelex: Cority, Enablon, Velocity EHS; Gordian: APPA, Sierra West; Accruent: Planon, Archibus, Dude Solutions, IBM Maximo (on-prem)	ASP: Steris, Getinge, Belimed, Cantel, 3M; Fluke HS: Mirion, RTI, Rigel, BC Group; Censis: Microsystems (Steris), T-DOC (Getinge); Invetech: FLEX, Hitachi, Stratec Biomedical	
Products vs. services split (%)	Products (89%), Services (11%)	Products (76%), Services (24%)	Products (85%), Services (15%)
Greenfield vs Replacement	Greenfield (25%), Replacement (75%)	Greenfield (23%), Replacement (77%)	Greenfield (25%), Replacement (75%)
Recurring Revenue	~33%	~70%	40%
Software	30%		~16% Revenue
Distribution	High 50s% Direct, Low 40s% Distribution	High 70s% Direct, Low 20s% Distribution	65% Direct, 35% Through Distribution
Geographic sales split, by location			
N America			60%
W. Europe			13%
China			8%
RoW			19%
Total	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 11. GEV

GEV

Total Company

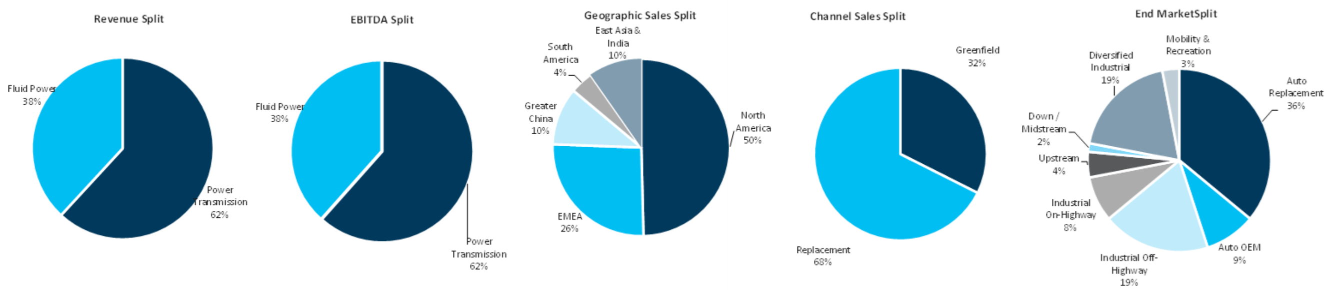


Segments				
2024	Power	Wind	Electrification	Segment Total
Sales ($M)	18,127.0	9,701.0	7,550.0	35,378.0
% of segments sales	51%	27%	21%	100%
Adj. EBITDA	2,268.0	(588.0)	679.0	2,359.0
Adj. EBITDA Margin	13%	-6%	9%	7%
% of segment Op Profit	96%	-25%	29%	100%
Customers / end-market split	Gas (76%), Nuclear (5%), Hydro (5%), Steam (14%)	Onshore Wind (79%), Offshore Wind (15%), LM Wind (6%)	Grid Solutions (62%), Power Conversion (16%), Electrification Software (14%), Solar & Storage Solutions (8%)	see chart
Products sold	Equipment (aero derivative gas turbines, heavy duty and combined cycle gas turbines, hydropower and water control, nuclear solar power, steam turbines, wind turbines); Services (AM including equipment upgrades, LT maintenance service agreements, etc)	Equipment (wind turbines); Services (LT maintenance service agreements, digital solutions platform, equipment upgrades)	Equipment (motors, generators, transformers, advanced permanent magnet machines, electrical submersible pumps, power and energy management, asset management, distribution operations, energy storage, solar inverters); Services (cyber security solutions, implementation, LT maintenance, automation services)	
Division Head	Mavi Zingoni	Vic Abate	Philippe Piron (Systems) ; Scott Reese (Software)	
Competitors	Siemens Energy, Mitsubishi Power, Shanghai Electric, Sulzer, Ansaldo Energia, Doosan, DongFang, Westinghouse, NuScale, Rolls-Royce, Andritz, Voith	Nordex, Goldwind, Siemens Energy (Gamesa), Vestas, Windey, Enercon, Shanghai Electric	ABB, Hitachi Energy, Schneider Electric, Siemens Energy (Grid Technologies), Valmont (Utility Support Structures), WEG (GTD), Mitsubishi Electric, Nidec, Kongsberg, Wartsila, Sungrow, CATL	
Served Available Segment (includes capex & services)	$110bn	$80bn	$75bn in 2022, $175bn by 2030	$265bn in 2022, $435bn by 2030
Equipment (% of Sales)	31%	83%	73%	55%
Services (% of Sales)	69%	17%	27%	45%
Geographic Sales Estimate				
United States	36%	52%	44%	42%
Europe	18%	21%	41%	24%
China				2%
Asia	20%	12%	0%	13%
Americas (ex. United States)	11%	9%	3%	9%
Middle East and Africa	15%	6%	13%	12%
Total	**100%**	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 12. GTES

GATES CORP
TOTAL COMPANY



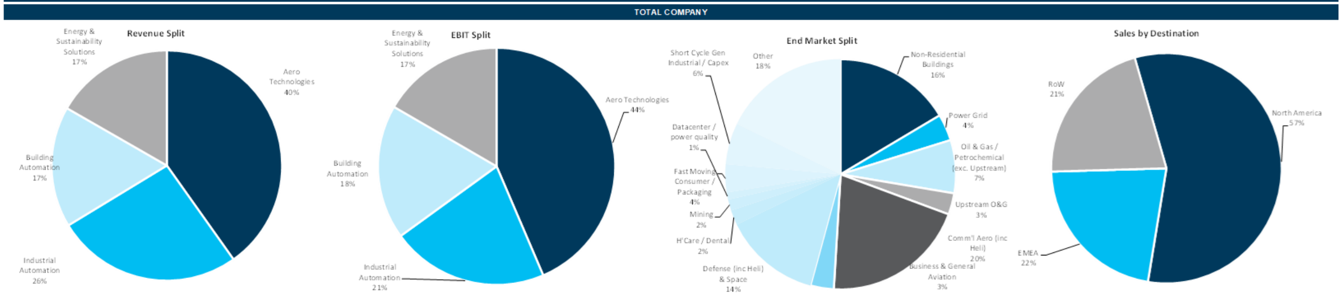
SEGMENT			
2024	**Power Transmission**	**Fluid Power**	**Segment Total**
Sales ($m)	2,108.1	1,300.1	3,408.2
% of sales	62%	38%	100%
EBITDA ($m)	468.7	292.4	761.1
EBITDA margin	22.2%	22.5%	22.3%
% of EBITDA	62%	38%	100%
Market share	Synchronous Drive Systems: $500m (26% share) Asynchronous Drive Systems: $700m (23% share) Metals: $700m (9% share)	Hydraulics: $600m (10% share) Industrial Hose: $150m (4% share) Engine Hose: $150m (1% share)	
TAM	~$40bn TAM	~$30bn TAM	~$70bn (Diversified Industrial, $29bn; Personal Mobility, $4bn; Automotive, $23bn; Off-Highway, $8bn; On-Highway, $2bn; Energy & Resources, $4bn)
Implied Market share	5.3%	4.3%	4.9%
Customers	AGCO, Deere, Kaman, GM, Schaeffler Auto, NAPA, O'Reilly Auto, Daimler, Harley Davidson	Vestas, Bobcat, Caterpillar, JCB, Deere, Daimler, Komatsu, Advance Auto Parts, Doosan	
Products sold	Synchronous belts; V-belts, CVT & Micro-V belts; Metal Drive Components; TPU Positioning & Conveyance belts	Hydraulic hose, Tubing and related components; Thermal Management Hose; Industrial Fluid Conveyance Hose; O&G Hose	
Applications	Stationary drives (Ag storage, HVAC, Wastewater) Mobile drives (Agriculture, Construction, Transport) Personal mobility (Scooters, Motorcycles, Bicycles, Rec Vehicles) Engine systems (Auto, Rec Vehicles, Transport) Vertical lift (Mat handling, Elevators, Forklifts)	Stationary hydraulics (Manufacturing, Mining, Industrial processing) Mobile hydraulics (Ag & Forestry, Construction, Mat Handling) Engine systems (Auto, Transport, Ag & Construction) General Industrial (Manufacturing, Energy, Chemical, F&B)	
Competitors	ContiTech, Dayco, Bando, Mitsubishi Belting, Optibelt	Parker Hannifin, Danfoss, Alfagomma, Manuli	
Channel Split			
Greenfield	34%	30%	32%
Replacement	66%	70%	68%
Total	**100%**	**100%**	**100%**
Geographic sales split			
North America	38%	68%	50%
EMEA	30%	20%	26%
Greater China	14%	3%	11%
South America	5%	3%	4%

Source: Barclays Research, Company Data

FIGURE 13. HON

HONEYWELL

TOTAL COMPANY



SEGMENT

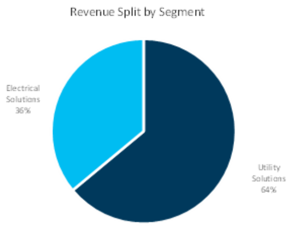
2024	Aerospace Technologies	Industrial Automation	Building Automation	Energy and Sustainability Solutions	SEGMENT TOTAL
Sales ($B)	15.5	10.1	6.5	6.4	38.5
% of sales	40%	26%	17%	17%	100%
Operating profit ($B)	4.0	2.0	1.7	1.5	9.2
Operating margin	25.8%	19.5%	25.7%	23.7%	23.8%
% of operating profit	44%	21%	18%	17%	100%
Target Growth Rate	MSD-HSD		MSD-HSD		4-7%
Long Term margin Target	29%		27%		
Offerings / Sub-Segment Splits	Electronic Solutions (34%) Engines & Power Systems (33%); Mechanical Systems & Components (28%); Services & Connectivity (5%)	Sending and Safety Technologies; Productivity Solutions and Services; Process Solutions; Warehouse and Workflow Solutions	Building Products (61%) Building Solutions (39%)	UOP Advanced Materials	
Verticals	Commercial OE (15%) - (ES 25%, E&PS 21%, MS&C 21%, S&C 19%); Commercial AM (38%) - (ES 29%, E&PS 50%, MS&C 44%, S&C 62%); US Defense & Space (38%) - (ES 35%, E&PS 20%, MS&C 27%, S&C 12%); Int'l Defense (9%) - (ES 11%, E&PS 9%, MS&C 8%, S&C 7%)		Office, Industrial, General Use (44%), Institutional (24%), Infrastructure (12%), Healthcare / Hospitality (10%), Retail (10%)	Energy Transition (40%), Sustainability Solutions (37%), Electronic Materials (13%), Other (10%)	
Vertical Split (%)			60% Commercial / 40% Institutional & Critical Infrastructure		
Addressable market size ($B) - selected	$180bn	$260bn	$130bn	$100bn	
Market Growth Rate (2023-2026 CAGR)	5%	6%	5%	6%	
Major Brands		Handheld, Metrologic, North, RMG	Ademco, Fire-Lite, MK Electric, Notifier, System Sensor	Aclar, Enovate, Novar, Spectra, UOP	
Competitors	Garmin, L3 Harris, Northrop Grumman, Safran, Thales, RTX	Safety (Halma, MMM, MSA); Productivity / Warehouse / Sensing (Daifuku, Datalogic, Kion, Knapp, SSI Schafer, TE Connectivity, Toyota Industries, Zebra Technologies); HPS (ABB, EMR, Yokogawa, Schneider)	Johnson Controls, Schneider, Siemens	UOP (ABB, Albemarle, KBR); Advanced Materials (Arkema, Chemours, Dupont, Element Solutions)	
Geographic sales split					
North America	69%		39%		57%
EMEA	18%		38%		22%
APAC	11%		23%		
RoW	2%		0%		21%
Total	**100%**		**100%**		**100%**

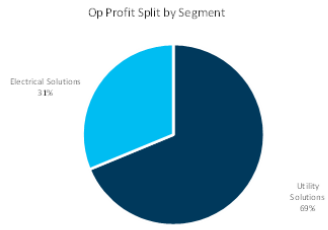
Source: Barclays Research, Company Data

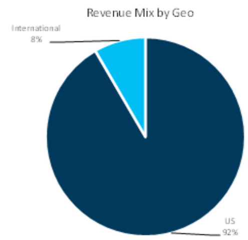
FIGURE 14. HUBB

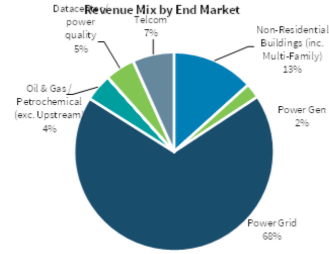
Hubbell

TOTAL COMPANY









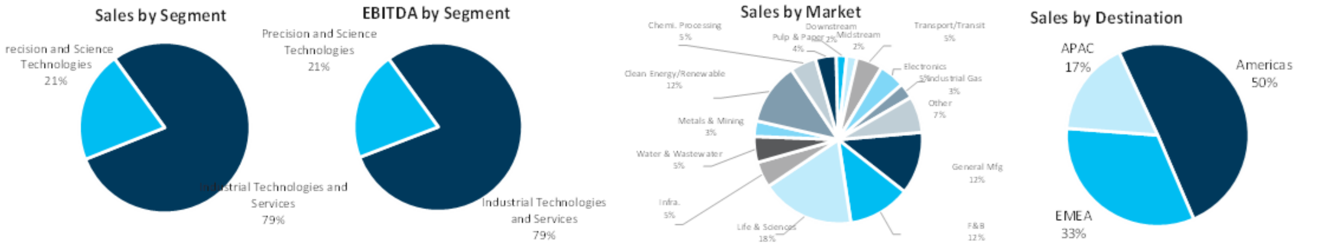
2024 ($m)	Utility Solutions	Electrical Solutions	Segment Total
Revenues	3,601	2,028	5,629
% of total	64%	36%	100.0%
Segment Profit (Adj, $m)	848	385	1,233
Margin	23.5%	19.0%	21.9%
% of total	68.8%	31.2%	100.0%
Other Info	**Utility Solutions**	**Electrical Solutions**	**Total**
Sub-segments	Utility T&D Components, Utility Communications and Controls	Electrical Products, Connection and Bonding, Industrial Controls	
End-markets	Electrical Distribution (34%), Electrical Substation (12%), Electrical Transmission (12%), Gas Distribution (6%), Telcom (9%), Utility Meters & AMI (17%), Grid Protection & Control (11%)	Non-residential (28%), Light Industrial (30%), Electrical T&D (10%), Renewables (5%), Datacenter (10%), Heavy Industrial (18%)	Non-Residential Buildings inc. Multi-Family (10%), Power Gen (2%), Power Grid (58%), O&G (4%), Datacenter / Power Quality (4%), Short Cycle Gen Industrial (17%), Telcom (6%)
Products	Arresters, Insulators, Connectors, Anchors, Pole-line Hardware, Bushings, Utility and Telcom Enclosures, Gas Connectors and Accessories, Control & Relay Panels, Turnkey Control Buildings, Smart Meters, Advanced Metering Infrastructure, Reclosers, Controllers, Capacitor Banks, Smart Switches, Fuses	Wiring Systems, Receptacles, Enclosures, Boxes and Fittings, Connectors and Lugs, Bonding and Grounding, Specialty Tooling, Industrial Fittings, Power Quality Solutions, Reels and Resistors, Harsh Protection, Industrial Controls	
Brands	Hubbell Power Systems, PCORE, Ohio Brass, Ripley, Chance, Meramec, Anderson, Cantega Tech, EMC, FARGO, Quazite, Hubbell Gas Utility Solutions, Armorcast, Lyall, AEC, Hotbox, GasBreaker, pence, Continental Industries, Systems Control, Aclara, Beckwith Electric, Turner Electric, EIG, USCO, RFL	Hubbell Premise Wiring, Bryant, Hubbell Wiring Device-Kellems, AccelTex, RACO, Bell Outdoor, TayMac, Wiegmann, Burndy, Connector Manufacturing Company, CPI, Killark, Acme Electric, austdac, Cableform, Chalmit, EC&M, Gleason Reel, GAI-TRONICS, Hawke International, Hubbell Industrial Controls, PCX, Powerohm Resistors	~75 brands
Customers			Distributors, wholesalers, electric utilities, OEMs, electrical contractors, telecommunications companies and retail and hardware outlets. **Top 10 customers account for ~42% of total sales**
Competitors	**Power:** McLaine Power Systems, Cooper (ETN), Thomas & Betts (ABB Installation Products) **Aclara:** Itron, Landis+Gyr **Water & Gas Automated Metering Infrastructure (AMI):** HON, XYL	Broadly ETN and NVT, but also Legrand (wiring), EMR (Appleton brand in Heavy Industrial), ABB (Thomas & Betts in Heavy Industrial)	
OE vs. AM			
Greenfield vs Replacement	Greenfield (45%), Replacement (55%)	Greenfield (67%), Replacement (33%)	Greenfield (53%), Replacement (47%)
Distribution vs Direct	~65% Distribution / ~35% Direct	~65% Distribution / ~35% Direct	~65% Distribution / ~35% Direct
TAM ($bn)	**Power:** ~$18bn **Aclara:** ~$10bn **Water & Gas Automated Metering Infrastructure (AMI):** ~$8bn		2024 Investor Day: ~$50bn Serviceable Opportunity for Systems and Solutions + Electrical Components and Connectors 2022 Investor Day: ~$115bn US Electrical Products market (~$20bn Apparatus, ~$55bn Electrical Components and Connectors, ~$40bn Commodity Products)
Employees			18317 employees
Sales By Geography	**Utility Solutions**	**Electrical Solutions**	**Total**
US	95%	87%	92%
International	5%	13%	8%
Total	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 15. IR

Ingersoll Rand

TOTAL COMPANY



SEGMENT

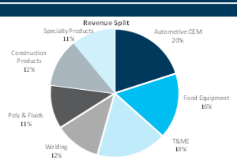
2025E	Industrial Technologies and Services	Precision and Science Technologies	Segment Total
Sales (mn)	5,870	1,566	7,436
% of sales	79%	21%	100%
Adjusted EBITDA (mn)	1,760	464	2,224
% of Adjusted EBITDA	79%	21%	100%
Adj. EBITDA Margin (%)	30.0%	29.6%	29.9%
Products	Compressors, Blowers, Vacuums, Compact Vehicles, Power Tools, Material Handling, Fluid Management, Couplers, Vacuum Pumps, Engineered Systems. Split: Air/gas Compressors and air treatment (70%), Industrial Vacuum pumps & systems and Blowers (25%), Pressure & Vacuum Solutions, Power Tools & Lifting (5%)	Liquid Pumps, Gas Pumps, Liquid Handling Solutions, Pumps, Mixers, and Systems, Valves, Chemical Injectors, Liquid Sampling; Split: Medical Pumps (26%), General Industrial (28%), Chemicals (8%), Environmental (9%), F&B (5%), Midstream (13%), Other (11%)	
End-Markets	Clean Energy (13%), Life Sciences (12%), F&B (12%), Gen. Mfg (12%), Infrastructure (7%), Electronics (6%), Transport & Distribution (6%), Pulp & Paper (5%), Industrial Gas (4%), Chem. Processing (4%), Water (3%), Metals & Mining (3%), Downstream (3%), Midstream (2%), Other (8%)	Life Sciences (36%), Water (9%), Clean Energy (8%), Gen. Mfg (9%), F&B (11%), Chem. Processing (9%), Downstream (3%), Midstream (2%), Infrastructure (2%), Metals & Mining (3%), Pulp & Paper (2%), Industrial Gas (1%), Electronics (1%), Other (2%)	Gen. Mfg (12%), F&B (12%), Life Sciences (18%), Infrastructure (5%), Water (5%), Metals & Mining (3%), Clean Energy (12%), Chem. Processing (5%), Pulp & Paper (4%), Downstream (2%), Midstream (2%), Transport/Transit (5%), Electronics (5%), Industrial Gas (3%), Other (7%)
Original Equipment (as % of sales)	60%	78%	64%
Aftermarket (as % of sales)	40%	22%	36%
Channel (as % of sales)	Direct (58%), Distributor (42%)	Direct (49%), Distributor (51%)	Direct (45%), Indirect (55%)
Greenfield vs Replacement	Greenfield (30%), Replacement (70%)	Greenfield (44%), Replacement (56%)	Greenfield (36%), Replacement (64%)
TAM	~$40bn	~$15bn	~$57bn
Market Share	18%	10%	13%
Market Position	#2 Globally and #1 NA in Air/gas Compressors and air treatment (70% of segment sales) #2 Globally in both Industrial Vacuum pumps & systems and Blowers (25% of segment sales) #1 in US pneumatic impact tools; #1 in high-capacity hoists (within Pressure & Vacuum Solutions, Power Tools & Lifting; 5% of segment sales)		#1 in: North America air compressors, Oil-free compressors in China, Diaphragm/piston gas pumps. Air-operated diaphragm pumps, Agriculture injectors, Gas odorization #2 in: Global air compressors, Global blowers, Global industrial vacuums, Global positive displacement (PD) pumps, Chemical metering pumps, Progressive cavity pumps
Brands	Gardner Denver, Robuschi, CompAir, Elmo Rietschl, Drume, Champion, gieffe systems, Todo, Wittig, Emco Wheaton, Nash, Hoffman & Hamson, Hydrovane, Oberdorfer, Garo, Ingersoll-Rand, Runtech, BellissMorcom, ZEKS, Kinney, Hibon, Lamson, M-D Pneumatics	PFS: Haskel, BuTech, Hartell, Williams, Dosatron, YZ Systems LMI, Milton Roy, ARO, Seepex, Maximus; Medical: Thomas, TriContinent, Welch, Innovative Labor Systeme, Zinsser Analytic	
Competitors	Atlas Copco, Parker Hannifin, Hitachi, VAT Group, Emerson, Stanley Black & Decker, ESAB, Idex, Kaeser, Dover, SVT, TechnipFMC, Flowserve, Busch-Holding	Circor, DCI, Idex, Watson-Marlow, KNF Neuberger, Thermo Fischer	
Geographic sales split			
Americas	50%	52%	50%
EMEIA	32%	37%	33%
APAC	18%	11%	17%
Total	**100%**	**100%**	**100%**

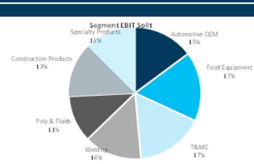
Source: Barclays Research, Company Data

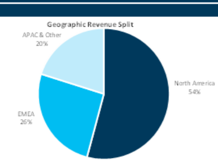
FIGURE 16. ITW

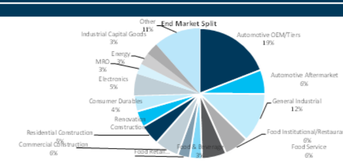
ITW

TOTAL COMPANY









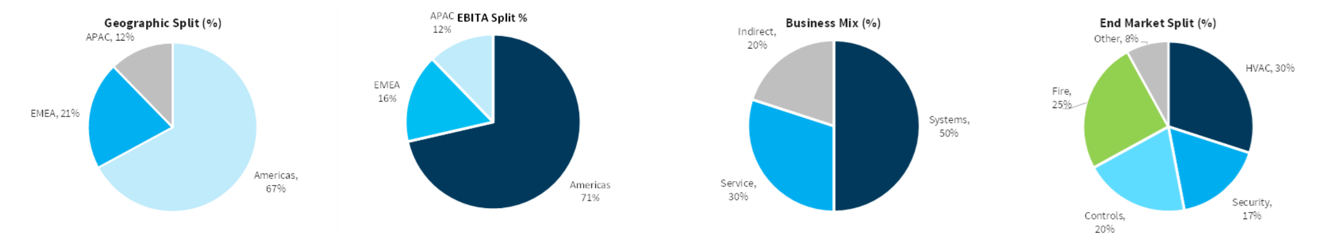
SEGMENT

2024	Automotive OEM	Food Equipment	T&ME	Welding	Poly & Fluids	Construction Products	Specialty Products	Segment Total
Sales ($B)	3.2	2.6	2.8	1.9	1.8	1.9	1.7	15.9
% of Total	20%	17%	18%	12%	11%	12%	11%	100%
Operating income ($B)	0.6	0.7	0.7	0.6	0.5	0.6	0.5	4.2
% of Total	15%	17%	17%	14%	11%	13%	13%	100%
Operating margin	19.6%	27.2%	24.9%	32.3%	27.4%	29.3%	30.3%	26.5%
Products Sold	Plastic and metal components, fasteners, and assemblies for automobiles, light trucks, and other industrial uses	Warewashing equipment; cooking equipment, ovens, ranges, & boilers; refrigeration equipment, including refrigerators, freezers, and prep tables; food processing equipment, including slicers, mixers, and scales; kitchen exhaust, ventilation, and pollution control systems; food equipment service, maintenance, and repair	Equipment, consumables, and related software for testing and measure of materials, structures, gases, and fluids; electronic assembly equipment and related consumable solder materials; electronic components and component packaging; static control equipment and consumables used for contamination control in clean room environments; pressure sensitive adhesive and components for electronics, medical, transportation, and telecommunications applications	Arc welding equipment, metal arc welding consumables and related accessories, and metal jacking and other insulation products	Adhesives for industrial, construction and consumer purposes; chemical fluids which clean or add lubrication to machines; epoxy and resin-based coating products for industrial applications; hand wipes and cleaners for industrial applications; fluids, polymers and other supplies for auto aftermarket maintenance and appearance; fillers and putties for auto body repair; polyester coatings and patch and repair products for the marine industry	Fasteners and related fastening tools for wood and metal applications; anchors, fasteners and related tools for concrete applications; metal plate truss components and related equipment and software; packaged hardware, fasteners, anchors and other products for retail	Line integration, conveyor systems and line automation for the food and beverage industries; plastic consumables that multi-pack cans and bottles and related equipment; foil, film and related equipment used to decorate consumer products; product coding and marking equipment and related consumables; plastic and metal closures and components for appliances; airport ground support equipment; components for medical devices	
Major Brands	Deltar, ITW Drawform, ITW Shakeproof	Baxter, Bonnet, Elro, Gamko, Foster, Hobart, MBM, Stero, Traulsen, Vesta, Vulcan	T&M: Avery Weigh-Tronix, Brooks Instrument, Buehler, Loma Systems, Magnaflux, MTS, Instron, Wilson; Electronics: ITW EAE, Camalot, Despatch, Electrovert, MPM, Simco, Stokvis Tapes, Texwipe	Bernard, E.H. Wachs, Hobart Filler Metals, Miller, Orbitalum, Tregakiss	Black Magic, Devcon, LPS, Permatex, Plexus, rainx, Rocol, slime, Wynn's	Alpine, ITW Buildex, GRK Fasteners, Paslode, Ramset, Red Head, reid, spit, Tapcon, Elematic, NKT Fasteners, Cullen	Filterek, ITW GSE, ITW Hartness, HI CONE, Meurer, ZIP PAK, Diagraph	
End Markets	Automotive OEM (91%), Automotive Aftermarket (2%), Other (7%)	Institutional (~50%), Restaurants (~35%), Retail (~15%)	General Industrial (15%), Microelectronics (13%), Electronic Assembly (11%), Ground Transportation (11%), Electronic Components (6%), Life Science / HC (5%), Food & Beverage (5%), Aerospace (4%), Manufacturing (4%), O&G (4%), Other (22%) Semiconductor & Electronics Mfg. (25-30%), Biomedical (10-15%), Automotive (15-20%), Other Industrial (25-30%)	General Industrial (35%), Energy (14%), MRO (10%), Commercial Construction (8%), Industrial Capital Goods (5%), Other (28%)	Auto Aftermarket (42%), General Industrial (14%), MRO (12%), Commercial Construction (7%), Other (24%)	Residential Construction (37%), Renovation Construction (33%), Commercial Construction (27%), Other (3%)	Food & Beverage (25%), Consumer Durables (14%), General Industrial (13%), Industrial Capital Goods (6%), Other (42%)	Auto OEM (19%), General Industrial (12%), Food Service/Retail (15%), Construction (15%), Auto Aftermarket (6%), Consumer Durables (5%), Other (28%)
TAM	58-70m builds	$17-23bn	$15-20bn					
Revenue by Product Type	Consumables (100%)	Equipment (65%), Service (35%) Warewash (~30%), Cooking (~20%), Refrigeration (~15%), Food Machines (~5%), Service (~30%)	Equipment (40%), Consumables (27%), Components (19%), Service (11%), Accessories (3%) Testing Equipment (~30%), Semiconductor Mfg. Products (~20%), Electronics Equipment (~20%), Weighing & Inspection (~15%), Service (~15%)	Equipment (54%), Consumables (42%), Service (4%)	Consumables (98%), Equipment (1%), Service (1%)	Consumables (86%), Equipment (12%), Service (2%)	Consumables (69%), Equipment (23%), Service (8%)	Consumables (63%), Equipment (28%), Service (9%)
Revenue by Channel	Direct (50%), Distribution (50%)	Direct (~70%), Distribution (~30%)	Direct (~80%), Distribution (~20%)	Direct (~70%), Distribution (~30%)		Direct (~30%), Distribution (~70%)		Direct (30%), Distribution (70%)
Greenfield vs Replacement	Greenfield (100%), Replacement (0%)	Greenfield (33%), Replacement (68%)	Greenfield (20%), Replacement (80%)	Greenfield (31%), Replacement (69%)	Greenfield (20%), Replacement (80%)	Greenfield (52%), Replacement (48%)	Greenfield (20%), Replacement (80%)	Greenfield (43%), Replacement (57%)
Main Competitors	Allison Transmission, Enerpac, WESCO, & BorgWarner	Middleby	Ametek, Fortive, Keysight, Mettler Toledo, Renishaw, Spectris, Thermo Fisher	Lincoln Electric, ESAB, Kennametal	Dupont, Huntsman, MMM	Carlisle, Crane, Stanley Black & Decker, IR, Masco	Ball, Berry Global, Amcor	
Geographic sales split								
North America	37%	62%	40%	83%	59%	53%	64%	54%
EMEA	33%	32%	29%	6%	22%	25%	24%	26%
APAC & Other	30%	6%	31%	11%	19%	22%	12%	20%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 17. JCI

Johnson Controls



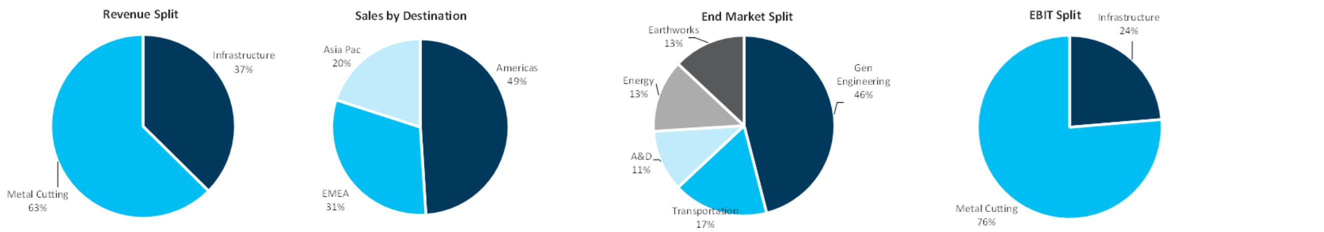
2025E	Americas	EMEA	APAC	Total
Sales (mn)	15,626	4,807	2,860	23,293
% of total	67%	21%	12%	100%
Adj. EBITA (mn)	2,835	650	485	3,970
% of total	71%	16%	12%	100%
EBITA margin (%)	18.1%	13.5%	16.9%	17.0%
Products/ Services		Global Products (20%) **Building Management:** Controls, Fire Detection, Security **HVAC:** Chillers, Unitary, HVAC Products, Industrial Refrigeration, Marine **Specialty Products:** Fire Suppression (Sprinklers / Extinguishers etc) **Building Solutions (80%)** Maintenance, Install, Service and Monitoring services (NA - 63% / EMEA - 24% / Asia Pac - 13%)		
Major Brands		York, Metasys, Titus, Ruskin, Tyco, Sensormatic, WORMALD		
Main Competitors		HVAC Equipment: Carrier, Trane, Daikin Fire & Security: Securitas, HON, Siemens BMS: HON, Schneider, Siemens		
Sales Split (%)		Products (20%), Service (~32%), Systems / Install (~48%)		
Greenfield vs Replacement				Greenfield (34%), Replacement (66%)
TAM		Services ($150bn), HVAC & Controls ($123bn), F&S ($27bn)		$300bn
Market Share		Services (~4%). Non-services (~12%)		8%
Geographic sales split				
North America	96%			64%
Europe		90%		19%
MEA		10%		2%
LatAm	4%			3%
APAC			100%	12%
Total	**100%**	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 18. KMT

Kennametal

TOTAL COMPANY



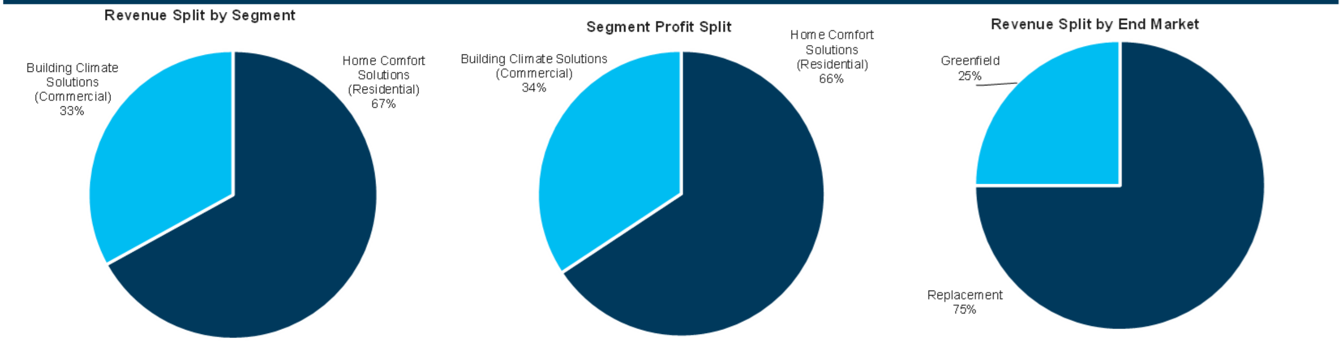
SEGMENT

2024	Infrastructure	Metal Cutting	Total
Sales ($B)	0.8	1.3	2.0
% of sales	37%	63%	100%
Operating profit ($B)	0.0	0.1	0.2
Operating margin	5.7%	11.0%	9.0%
% of operating profit	24%	76%	100%
Customers / End-market split	Construction, Mining, Industrial Applications, Oil & Gas, Processing Earthworks (36%), General Engineering (34%), Energy (24%), Aerospace & Defense (6%)	General Engineering (55%), Transportation (27%), Aerospace & Defense (11%), Energy (7%)	see chart
Addressable market size ($B)	Total (8); Defense (0.9), Ceramics (0.3), Mining (0.9), O&G (0.3)	Total (14); Aerospace & Defense (1.5), Transportation (3.7), General Engineering (4.5)	22
Market positioning / share	10%	9%	9%
Greenfield vs Replacement	Greenfield (60%), Replacement (40%)	Greenfield (30%), Replacement (70%)	Greenfield (41%), Replacement (59%)
Channel	<50% of sales via distribution	>50% of sales via distribution	<50% of sales through Distribution
Products sold	**Mining:** longwall shearer and continuous miner drums, blocks, conical bits, drills, pinning rods, augers, cladded products, wear pins **Construction:** carbide-tipped bits for ditching, trenching and road planning, grader blades for site preparation and routine roadbed control and snowplow blades and shoes for winter road plowing	**Metalworking products:** solid end mills, indexable milling, holemaking, turning, tapping, and tooling systems **Industrial products:** steel tool holder and cutting tools such as index able inserts, indexable drills, solid end drills, thread mills made from cemented tungsten carbides, ceramics, cermets or other hard materials (used for cutting edges, removing metals, holemaking)	
Major Brands	Kennametal (90% of sales) and Widia (comprises 10% of the business and is designed to meet a more customized solution for the client)		
Competitors	Sandvik, SECO, ISCAR, Betek, OSG, IMC, TaeguTec, DormerPramet		
Geographic sales split			
Americas	60%	42%	49%
EMEA	18%	39%	31%
Asia Pac	22%	19%	20%
Total	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 19. LII

Lennox



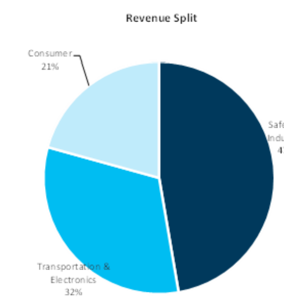
2024	Home Comfort Solutions (Residential)	Building Climate Solutions (Commercial)	Segment Total
Sales (mn)	3577.1	1764.2	5341.3
% of total	67%	33%	100%
Operating Profit	759.7	396.9	1156.6
% of total	65.7%	34.3%	100.0%
Operating Margin (%)	21.2%	22.5%	21.7%
Products / Services	Furnaces, air conditioners, heat pumps, packaged heating and cooling systems, indoor air quality equipment, comfort control products, replacement parts & supplies	Unitary heating and A/C equipment, applied systems, controls, installation and service, of commercial heating & cooling equipment; Also includes NA refrigeration equipment e.g. condensing units, unit coolers, fluid coolers, air-cooled condensers, air handlers, process chillers, controls & compressorized racks	
Major Brands	Lennox, Dave Lennox Signature Collection, Armstrong Air, Ducane, AirEase, Concord, MagicPak, ADP Advanced Distributor Products, Allied, Elite Series, Merit Series, Comfort Sync, Healthy Climate, Healthy Climate Solutions, iComfort, ComfortSense and Lennox Stores	Lennox, Model L, CORE, Enlight, Xion, Energence, Prodigy, Strategos, Raider, Lennox, VRF, Lennox National Account Services, Allied Commercial, Elite, AES Industries, AES Mechanical, AES Recycle, Heatcraft Worldwide Refrigeration, Bohn, MAGNA, Larkin, Climate Control, Chandler Refrigeration, IntelliGen, Interlink	
Main Competitors	Carrier, Daikin, Johnson Controls, Melrose Industries, Paloma Industries, Trane	AAON, Carrier, Daikin Industries, Johnson Controls, Paloma Industries, Trane Technologies	
Customer Detail		HVAC - 67% [North America HVAC (75%) North America Service (25%)] NA Refrigeration - 33%	Residential (68%), Commercial (32%)
Replacement	80%	70%	75%
Greenfield	20%	30%	25%
Greenfield Split (%)		70% Commercial / 30% Institutional	
Exclusive LII Brand	70%	95%	75%
Allied Brand	30%	5%	25%
TAM ($bn)			50.0
Implied Market Share			11%
Geographic sales split			
Americas	100%	100%	100%
Europe	0%	0%	0%
Asia Pacific	0%	0%	0%

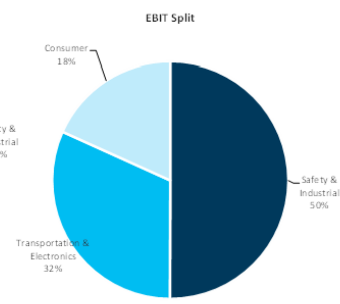
Source: Barclays Research, Company Data

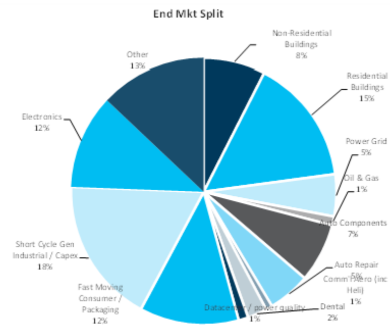
FIGURE 20. MMM

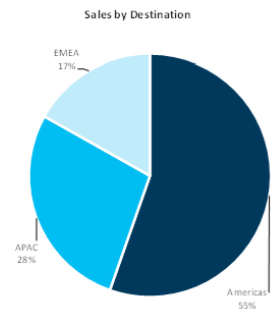
MMM

TOTAL COMPANY









Segment

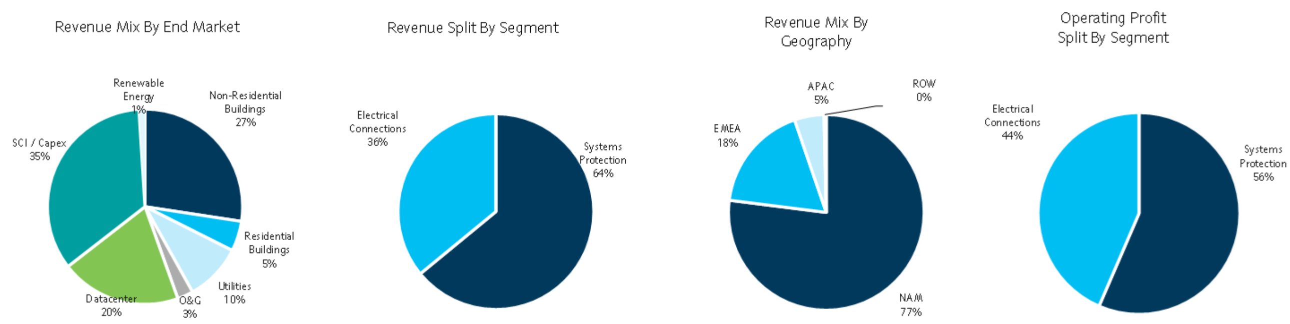
2025E	Safety & Industrial	Transportation & Electronics	Consumer	Segment Total
Sales ($m)	11,203	7,572	4,911	23,686
% of sales	47%	32%	21%	100%
EBIT ($m)	2,736	1,732	998	5,467
Operating margin	24.4%	22.9%	20.3%	23.1%
% of operating profit	50%	32%	18%	100%
Customers / end-market split	Industrial Adhesives & Tapes (19%), Abrasives (12%), Electrical Markets (12%), Automotive Aftermarket (11%), Industrial Specialties (10%), Industrial Minerals (5%), Personal Safety (31%)	Advanced Materials (7%), Automotive & Aerospace (26%), Electronics (33%), Commercial Bonding & Transportation (34%)	Home Improvement (30%), Home & Auto Care (24%), Consumer Safety & Well-Being (22%), Packaging & Expressions (24%); Warehouse Clubs & Superstores (40%), Home Centers & Hardware (30%), Ecommerce (10%), Office Supplies & Stationary Stores (10%), Other (10%)	
Products sold	Personal safety, adhesives and tapes, abrasives, closure and masking systems, electrical markets, automotive aftermarket, and roofing granules. This segment also includes the refrigeration filtration product lines (within Other Safety and Industrial).	Electronics (display materials and systems, electronic materials solutions), automotive and aerospace, commercial solutions, advanced materials, and transportation safety.	Consumer tapes, Repositionable notes, Home air filtration, Cleaning products for the home, Consumer bandages braces and supports, Retail abrasives	
Division Head	Chris Goralski	Wendy Bauer	Karina Chavez	
Major Brands	Industrial: Scotch-Weld, Meguiar's, bondo, VHB, Cubitron II, Filtrete Safety: Scotchprint, Thinsulate, Speedglas, Peltor, 3M Diamond Grade, Scotch-Brite, Envision Graphics	Vikuiti, Scotch Super, Tartan	Scotch tape, Scotch-Brite, Scotch Gard, Post-It, Command, Meguiar's	
Competitors	Industrial: Avery Dennison, Sika, Danaher, HB Fuller, Henkel, IDEX, AMETEK, Illinois Tool Works, Donaldson, Pentair, Snap-On, Dow, Dupont Safety: MSA Safety, Honeywell	RTX, Avery Dennison, Borg Warner, Gentex, Illinois Tool Works, Amphenol, Corning, Dupont	Procter & Gamble, Church & Dwight, Kimberly Clark, Newell Rubbermaid, Johnson & Johnson, Unilever, Colgate-Palmolive	
Greenfield vs Replacement	Greenfield (30%), Replacement (70%)	Greenfield (30%), Replacement (70%)	Greenfield (30%), Replacement (70%)	Greenfield (30%), Replacement (70%)
Distribution	General Industrial (50%); Specialized Industrial (30%); Converter (10%); Direct (10%)	Electronics: 100% Direct	Direct to retail: 85%	70% Distribution
Geographic sales split				
Americas	59%	36%	77%	55%
APAC	19%	49%	15%	28%
EMEA	22%	15%	8%	17%
Total	100%	100%	100%	100%

Source: Barclays Research, Company Data

FIGURE 21. NVT

nVent

TOTAL COMPANY

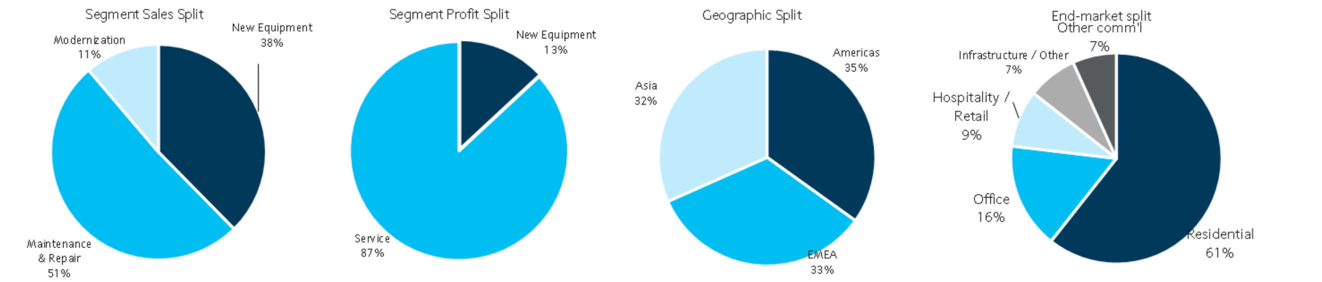


2025E ($m)	Systems Protection	Electrical Connections	Segment Total
Revenues	2,300	1,291	3,591
% of total	64%	36%	100%
Segment Profit (Adj, $m)	466	359	825
Margin	20.3%	27.8%	23.0%
% of total	56%	44%	100%
Other Info	**Systems Protection**	**Electrical Connections**	**Total**
Products	Equipment protection (industrial controls/automation, oil & gas controls, F&B, commercial construction, data centers & networking), Electronics protection (rail signaling and control, test & measurement, A&D, data centers & networking)	Fastening solutions (electrical installation, seismic & fire protection, data comms, HVAC), electrical solutions (electrical installation & protection, rail & transit, telecom, utility & industrial facilities)	Cable Management, Equipment Protection, Power Connections, Control Buildings, Liquid Cooling, Power Management
Brands	Hoffman, Schroff	Caddy, ERICO	
Competitors	Rittal, Eaton, Hubbell, Schneider	Eaton, Atkore, ABB, Hubbell	
OE vs. AM	Almost all OE	Almost all OE	
Greenfield vs Replacement	Greenfield (75%), Replacement (25%)	Greenfield (75%), Replacement (25%)	Greenfield (75%), Replacement (25%)
Distribution vs Direct	~80% Distribution	~90% Distribution	
Sales By Region	**Systems Protection**	**Electrical Connections**	**Total**
Geography			
NAM	73%	84%	77%
EMEA	21%	12%	18%
APAC	6%	3%	5%
ROW	0%	1%	0%
Total	**100%**	**100%**	**100%**
Sales by Segment			
Industrial	50%	13%	35%
Commercial & Residential	13%	54%	29%
Energy	2%	4%	3%
Infrastructure	35%	29%	33%
Total	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 22. OTIS

Otis Worldwide Corporation

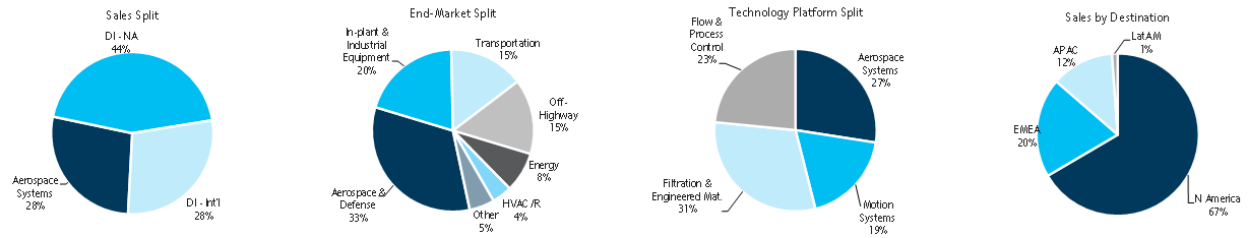


Segment Detail			
2024	New Equipment	Service	Segment Total
Sales ($bn)	5.4	8.9	14.3
% of sales	38%	62%	100%
Adj. Operating Profit ($B)	0.3	2.2	2.5
Adj. Operating margin	6%	25%	18%
% of operating profit	13%	87%	100%
Customers / end-market split	Residential and commercial buildings; real-estate and building developers, general contractors, architects, government agencies; Residential (70%), Office (10%), Hospitality / Retail (10%), Infrastrcture / Other 7%, Other commercial 3%	Building owners, facility managers, housing associations, government agencies that operate buildings; Residential (55%), Office (20%), Hospitality / Retail (8%), Infrastructure / Other (8%), Other Commercial (9%)	See chart
Products sold	Passenger and freight elevators, escalators, moving walkways	Performs maintenance & repair (82% of segment revenue) and modernization services (18% of segment revenue)	
Sales Representatives	~1,500	~2,700	
Technicians	~7,000	~34,000 (1,400 branches)	
Market Share (%)	20% (Units)	12% (Units) / 18% (Revenue)	18% (Revenue)
TAM			$80bn
Competitors	KONE, Schindler, ThyssenKrupp, Hitachi, Mitsubishi	KONE, Schindler, ThyssenKrupp, Hitachi, Mitsubish; Independent service providers / small local competitors	
Geographic Split			
Americas	35%	35%	35%
EMEA	31%	35%	33%
Asia	34%	30%	32%
Total	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 23. PH

PARKER HANNIFIN CORPORATION
TOTAL COMPANY



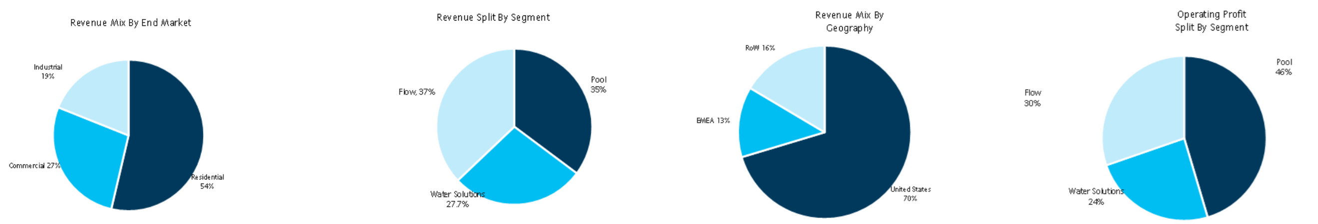
SEGMENT				
2024	Aerospace Systems	Diversified Industrial		Total
		NA	International	
Sales ($B)	5.5	8.8	5.7	19.9
% of sales	27%	44%	28%	100%
Operating profit ($B)	1.5	2.2	1.3	5.0
Operating margin	27%	25%	24%	25%
% of operating profit	29%	44%	27%	100%
EBITDA	1.6	2.4	1.6	5.6
% of sales	29%	27%	28%	28%
Sales by Market Segment	Commercial Transport (38%), Military Fixed Wing (29%), Business Jets (15%), Regional Transport (8%), Helicopters (5%), Energy & Other (5%)	Aerospace, Automotive, Military, Heavy Duty, Oil & Gas, Telecommunications, Engine & Mobile, Hydraulic, Industrial Air, Process		
Sales by Product Type	OEM (55%), MRO (45%) Spares, maintenance, repair and overhaul	OEM (46%), MRO (54%) Manufacturing, packaging, processing, transportation, mobile construction, refrigeration and air conditioning, agricultural and military machinery, and equipment industries		49% OEM; 51% MRO
Addressable market size ($B)				145
Market positioning / share				14%
Products sold	Control actuation, Engine systems, Fluid conveyance, Fluid metering, Fuel systems, Fuel tanks, Hydraulic systems, Lubrication components, Pneumatic controls, Power conditioning, Thermal management, Wheels & brakes, Aircraft fire protection and safety systems, Electro-thermal ice protection, Power generation, conversion and storage, Avionics and air data systems, High performance sensors, Flexible fuel tanks, Sealing solutions, Flow Control, Thermal Systems, Energy Sensing & Controls, Heatric	Sealing devices, Thermal management, Vibration dampening, Silicone tubing, Medical device fabrication, Filters, Systems, and Diagnostics Solutions to monitor and remove contaminants from liquids and gases, Connectors (Valves, Hoses, Couplings, Tubing, Plastic fittings), Critical flow components for process instrumentation (Healthcare, HVAC, F&B, Processing, Emissions), Hydraulic actuation units, Pneumatic Actuation - used in industrial, R&D, lab, production and quality inspection applications, Hydraulic Braking coupling systems, Flow Control Solutions for Liquid and gas, electronic, manual and thermal mass flow controllers		
Major Brands	Airteck, Jet-Pipe, Bayside, Atlas Cylinders, Bayside, Chelsea, Compumotor, CTC, Gold Ring, Meggitt, Pioneer	Baldwin Filters, Fuel Manager, Clark Filter, Purolator, PECO Facet, Airguard, Altair, BHA, Clearcurrent, Hastings, United Specialists, Keddeg and Purolator		
Competitors	Eaton, Honeywell, Triumph Group , Moog, Woodward, Raytheon, Safran, Senior	Emerson, Danaher (Pall), Gates, Bosch Rexroth, Donaldson, Danfoss, DuPont, MMM, SMC Corp., IMI, Trelleborg, Festo, Freudenberg, Swagelok, Mahle, Henkel		
Greenfield vs Replacement	Greenfield (53%), Replacement (47%)	Greenfield (46%), Replacement (54%)		
Distribution	82% Direct, 18% Distribution	NA: 45% Direct / 55% Distribution; Intl: 56% Direct / 44% Distribution		
Customers	PH 7 of top 10 customers (firmwide) are in Aerospace	No 1 customer is worth more than 4% of sales		548,000 total customers
Revenue sub-segment splits (FY24)				
Motion Systems		26%		19%
Flow & Process Control		32%		23%
Filtration & Engineered Materials		42%		30%
Flight Controls	26%			7%
Fuel & Inerting	16%			4%
Hydraulics	16%			4%
Engine Fluid Mechanical	16%			4%
Engine & EBU Technologies	17%			5%
Airframe Conveyance	7%			2%
Wheels & Brakes	2%			1%
Total	**100%**	**100%**		**100%**
Geographic sales split, by destination				
N America	60%	100%	0%	67%
International	40%	0%	100%	33%
EMEA	25%	0%	57%	20%
APAC	10%	0%	38%	12%
LatAM	5%	0%	6%	1%
Total	**100%**	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 24. PNR

Pentair

TOTAL COMPANY



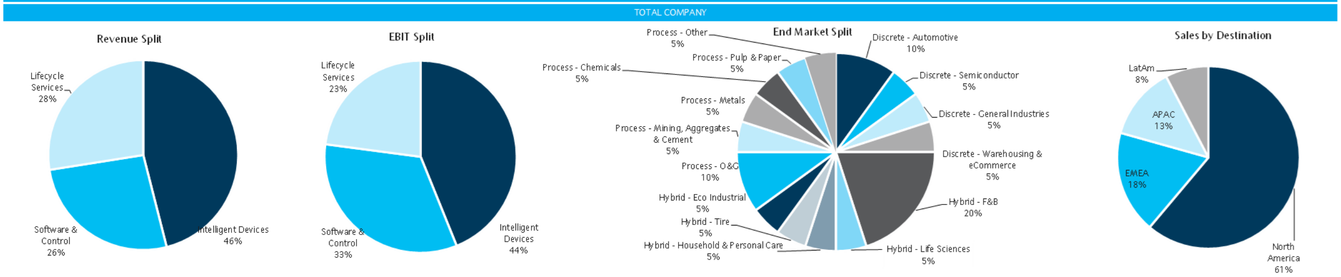
2024 ($mn)	Pool	Water Solutions	Flow	Segment Total
Revenues	1,436	1,131	1,514	4,081
% of total	35.2%	27.7%	37.1%	100.0%
Operating Profit (Adj)	477	255	318	1,050
Margin	33.2%	22.6%	21.0%	25.7%
% of total	45.4%	24.3%	30.3%	100.0%
Other Info	**Pool**	**Water Solutions**	**Flow**	**Total**
Business Mix	New Pools (20%), Remodels (20%), Aftermarket (60%)	Commercial (68%), Residential (32%)	Residential (~40%), Industrial Solutions (~35%), Commercial (~25%)	
Products	Pool cleaners, Filters, Heaters & Heat pumps, Above ground systems, Pool maintenance & safety equipment, Sanitizers, Valves, Water features, Replacement parts / aftermarket support	Filtration membranes, Water filtration systems / sanitization systems for residential & commercial use	Energy efficient pumps, valves, process and control for industrial and infrastructure applications; Water supply and disposal, Biogas recovery, Beer membrane filtration	
Sales by Activity / Solutions		Sales by Activity: Installed / Aftermarket (75%), New (15%), Service (10%)	Sales by Solution: Pumps (63%), Separation Technologies (27%), Other (10%)	
Brands	Kreepy Krauly, Pleatco	Everpure, Ken's Beverage, Pentair Water Solutions, RainSoft, Sta-Rite	Pentair, Aurora, Berkeley, Codeline, Fairbanks-Nijhuis, Haffmans, Hydromatic, Hypro, Jung Pumpen, Myers, Sta-Rite, Shurflo, Südmo, X-Flow	
Competitors	Hayward Pool, Fluidra	AO Smith, Evoqua, Veralto; Resi (water softening manufacturers (Clack Corporation and Wave Cyber), filtration technologies (MMM)	Small pumps - Franklin Electric, Grundfos (Germany) Large pumps - Corman Rupp, Xylem; SPX Flow, Evoqua, PH (Clarcor)	
Key Customers		Everpure and KBI Service (within Commercial) Quick service restaurateurs (with additional exposure in coffee speciality, fast food and full-service restaurant		
Distribution vs Direct				75%
TAM	~$10bn	~$25bn	~$30bn	~$65bn
% AM	80%	60%	65%	72%
% OEM	20%	40%	30%	25%
% Service			5%	3%
Total	**100%**	**100%**	**100%**	**100%**
	Pool	**Water Solutions**	**Flow**	**Total**
Geography				
United States	90%	70%	52%	70%
EMEA		10%	28%	13%
RoW	10%	20%	20%	16%
Total	**100%**	**100%**	**100%**	**100%**
Sales by Segment	**Pool**	**Water Solutions**	**Flow**	**Total**
Residential	80%	32%	35%	54%
Commercial	20%	69%	34%	27%
Industrial			31%	19%
Total	**100%**	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 25. ROK

ROCKWELL AUTOMATION

TOTAL COMPANY

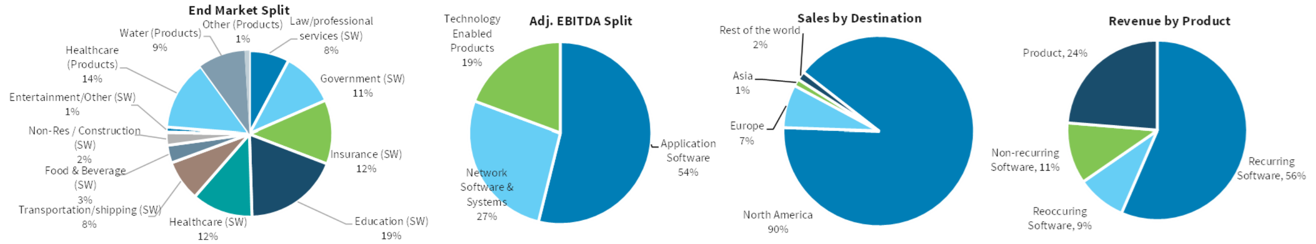


2024	Intelligent Devices	Software & Control	Lifecycle Services	SEGMENT TOTAL
Sales ($B)	3.8	2.2	2.3	8.3
% of sales	46%	26%	28%	100%
Operating profit ($B)	0.7	0.5	0.4	1.6
Operating margin	18.4%	24.2%	16.1%	19.3%
% of operating profit	44%	33%	23%	100%
Customers / end-market split		Heavy Industry: Oil & Gas, Metals & Mining, Pulp and Paper, Semi-conductor, Wastewater Consumer: Food and Beverage, Home and Personal Care, Life Sciences Transportation: Automotive, Tire, Off-road vehicle Other: Marine, Textiles, Entertainment		
Sales Mix	Software embedded hardware: 70%; Pure Software = 5%+; Services = 11%; Solutions = 20% ARR: >8% of sales in 2023, >10% of sales in 2024			
Product Available Market ($B)				~$120bn
Market positioning / share				7%
Products sold	Drives, motion, safety, sensing, industrial components, configured-to-order products	Control software & hardware, visualization software & hardware, digital twin & simulation software, information solutions software (MES, data analytics, IoT visualization AR, device / enterprise connectivity), network & security infrastructure	Consulting, professional services, connected services (remote monitoring, network & security, safety services, infrastructure-as-a-service), maintenance services (asset management, workforce training, etc.), Sensia business	
Major Brands		Allen-Bradley, Rockwell Software, FactoryTalk, ICS Triplex, Plex		
Competitors		Siemens, ABB, Schneider, Emerson, Omron, Mitsubishi Electric, Honeywell, AVEVA, Dassault Systemes, GE Digital, Aspen Technology, Critical Manufacturing, iBASEt, Korber (Werum), iTAC, Sepasoft, Apprentice.io, Tulip, Parsec, and MPDV		
Greenfield vs Replacement	Greenfield (55%), Replacement (45%)	Greenfield (40%), Replacement (60%)	Greenfield (12%), Replacement (88%)	Greenfield (39%), Replacement (61%)
Distribution		65% of sales through independent distributors; 2 largest distributors (McNaughton-McKay and Sonepar) comprise 20% of sales		
Geographic sales split				
North America	66%	65%	50%	61%
EMEA	16%	16%	24%	18%
APAC	10%	12%	18%	13%
LatAm	8%	7%	8%	8%
Total	**100%**	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 26. ROP

Roper Technologies
Total Company



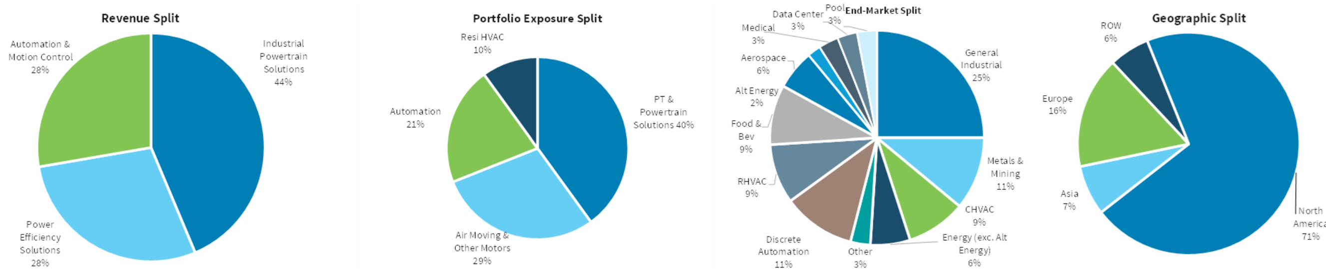
Segment				
2024	**Application Software**	**Network Software & Systems**	**Technology Enabled Products**	**Segment Total**
Sales ($b)	3.9	1.5	1.7	7.0
% of sales	55%	21%	24%	100%
Gross Profit	2.6	1.3	1.0	4.9
Gross Margin	68%	85%	58%	69%
Adj. EBITDA ($b)	1.7	0.8	0.6	3.1
Adj. EBITDA Margin	43%	56%	35%	44%
% of Segment adj. EBITDA	54%	27%	19%	100%
Products / Services	Business management software, Payment systems, Laboratory and medical software, Enterprise information systems, Food service software, Supply chain management systems, Legal and regulatory analytics, Financial analytics, Education admin software, Project management and other enterprise software	Construction management software, Supply chain management systems and databases, Software as a service for food industry, Healthcare management systems	Laboratory data analysis software, Medical imaging software, Fluid meter products, Medical automation, Monitoring equipment, RFID card readers, Sensor and other wireless technology	
Customer / End Markets	Government, Education, Healthcare, Food service and suppliers, Logistics providers, Professional services firms	Government, Healthcare providers (primary and continuing care), Pharmacies, Construction, Trucking	Healthcare, Residential / Commercial / Industrial water management, Water, Refrigeration, Utilities; Water (40%), Medical (60%)	
Major Brands	Aderant, CBORD, CliniSys, Data Innovations, Deltek, Frontline Education, IntelliTrans, PowerPlan, Strata, Vertafore	ConstructConnect, DAT, Foundry, iPipeline, iTradeNetwork, Loadlink, MHA, SHP, SoftWriters	CIVCO Medical Solutions, FMI, Inovonics, IPA, Neptune, Northern Digital, rf IDEAS, Verathon	
Greenfield vs Replacement	Greenfield (0%), Replacement (100%)	Greenfield (0%), Replacement (100%)	Greenfield (30%), Replacement (70%)	Greenfield (7%), Replacement (93%)
Geographic Sales Split				
North America	91%	94%	85%	90%
Europe	8%	4%	8%	7%
Asia	0%	1%	4%	1%
Rest of the world	1%	1%	3%	1%
Total	**100%**	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 27. RRX

Regal Rexnord

TOTAL COMPANY



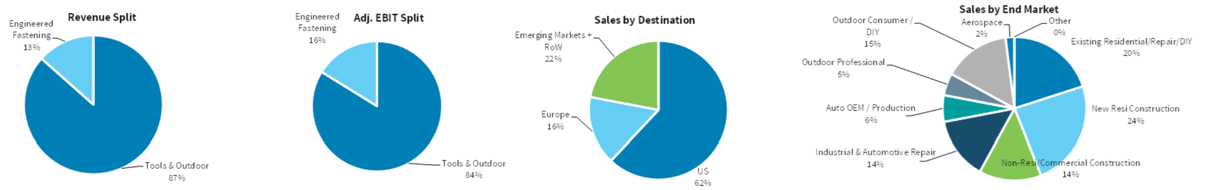
2025E	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Segment Total
Sales (mn)	2,554	1,676	1,621	5,851
% of sales	44%	29%	28%	100%
Adj. EBITDA (mn)	672	273	358	1,303
% of total Adj. EBITDA	51.6%	20.9%	27.5%	100.0%
Adj. EBITDA Margin (%)	26%	16%	22%	22%
OEM / Direct	50%	75%	68%	62%
Distribution	50%	25%	32%	38%
Products Sold	Gearing, Bearings, Couplings, IoT, Clutches & Brakes, Industrial Powertrains	Super Premium Efficiency Motors, Premium Efficiency Air Moving Systems, Blowers, Axial Fans	Conveying Solutions, Precision Components, Linear Actuators, Servo Motors, Servo Drives & Systems, Power Management	
Division Head	Jerry Morton	Brooke E. Lang	Kevin J. Zaba	
Primary Brands	Tollok, Rexnord, Stearns, Boston Gear, Perceptiv, TB Wood's, Stromag, Browning, Berg, Centa, SealMaster, Jaure, McGill, Grove Gear, Falk	Century, Leeson, Marathon Motors, Perceptiv, ELCO, FASCO, Genteq, Nicotra Gebhardt	Kollmorgen, Perceptiv, Thomson, Rexnord, Marathon Special Products, Rexnord Aerospace, System Plast. Thomson Power Systems, Arrowhead Conveyor LLC, Portescap, Busse/SJI LLC	
End-Markets	Metals & Mining (24%), General Industrial (24%), Energy (11%), Machinery / Off-Highway (10%), Discrete Automation (10%), CHVAC (6%), Alt Energy (6%), Food & Bev (4%), Aerospace & Defense (1%), Other (4)	RHVAC (33%), General Commercial (26%), CHVAC (23%), Pool (8%), Food & Bev (4%), Data Center (3%), Other (3%)	Discrete Automation (30%), Food & Bev (20%), Aerospace & Defense (20%), General Industrial (14%), Medical (10%), Data Center (6%)	General Industrial (22%), Metals & Mining (10%), CHVAC (9%), Energy (5%), Machinery / Off-Highway (4%), Other (3%), Discrete Automation (13%), RHVAC (10%), Food & Bev (8%), Aerospace (6%), Alt Energy (3%), Medical (3%), Data Center (2%), Pool (2%)
Main Competitors	Dodge, SKF, The Timken Co, RBC Bearings	Nidec, Broad-Ocean Motor, ebm-papst Mulfingen, Welling Holding, McMillan Motors, Panasonic, Lafert, ABB, Siemens AG, Weg	Dodge, SKF, The Timken Co, RBC Bearings	
Sales By Region				
North America	68.1%	78.5%	66.3%	**70.6%**
Asia	7.0%	9.9%	5.0%	**7.3%**
Europe	17.5%	8.3%	22.6%	**16.3%**
ROW	7.4%	3.4%	6.1%	**5.9%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Barclays Research, Company Data

FIGURE 28. SWK

Stanley Black & Decker

Total Company



Segment

2024	Tools & Outdoor	Engineered Fastening	Segment Total
Sales ($b)	13.3	2.1	15.4
% of sales	87%	13%	100%
Adj. Operating Income ($b)	1.3	0.3	1.6
Adj. Operating Margin	10%	13%	10%
Operating Income (% of Total)	84%	16%	100%
Products / Services	Professional Power Tools (~59%): Sanding, Drillers, Cutting Tools, Batteries + Chargers; Construction Hand Tools / Industrial+Auto Hand Tools / Accessories (~35%): Mechanics Tools, Saws, Fastening Tools, Laser measures; Outdoor Equipment (~6%): Handhelds, Mowers, Pressure Washers	Screws & Bolts, Drive Systems for Fasteners, Surface Finishes & Coatings	
Greenfield vs Replacement	Greenfield (44%), Replacement (56%)	Greenfield (58%), Replacement (43%)	Greenfield (46%), Replacement (54%)
Customer / End Markets	Existing Residential / Repair / DIY (23%), New Residential Construction (27%), Non-Resi./Commercial Construction (16%), Industrial & Auto Repair (11%), Outdoor Professional (7%), Outdoor Consumer / DIY (15%), Other (1%)	Automotive (49%), General Industrial (34%), Aerospace (17%)	Existing Residential / Repair / DIY (20%), New Residential Construction (23%), Non-Resi./Commercial Construction (14%), Industrial & Auto Repair (14%), Auto OEM (7%), Aerospace (2%), Outdoor Professional (6%), Outdoor Consumer / DIY (13%), Other (1%)
Served Market Size:	>$100bn total; ~$40bn Professional Power Tools; ~$25bn Hand Tools / Accessories / Storage; ~$3bn Outdoor (electric)	~$85bn total; ~$16bn Automotive; ~$17bn Aerospace; ~$17bn Electronics; ~$9bn Construction; ~$20bn General Industry; ~$6bn Medical	
Competition	Apex Tools Group, Bosch, TTI, Makita, SnapOn, Hitachi, St. Gobain, Hilti, Matco, Husqvarna, Ingersoll Rand, Ideal, Klein, Wurth Berner, Gedore, ITW, Chervon, Flex, Festool, Hikoki	Fasteners: ITW, Nifco, lisj, A Raymond, SFS; Tools & Fasteners: Penn Engineering, Atlas Copco, Bollhoff, Howmet Aerospace	

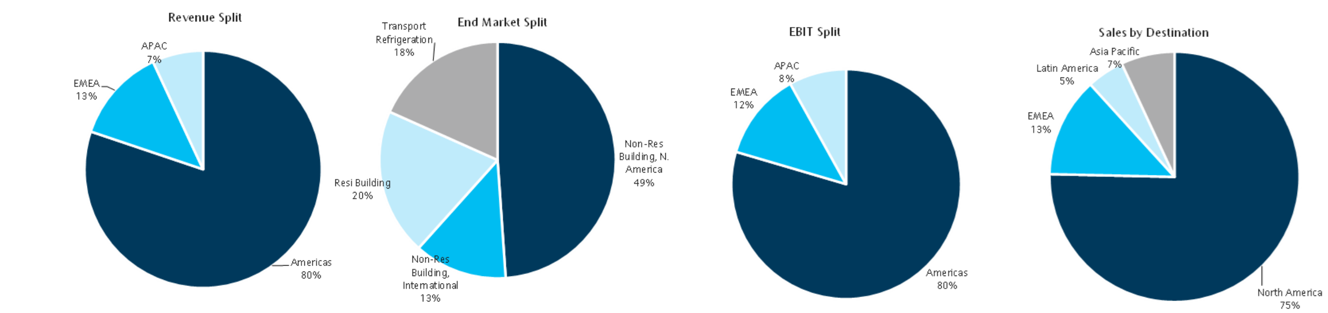
Geographic Sales Split	Tools & Outdoor	Engineered Fastening	Segment Total
US	63%	52%	62%
Europe	15%	21%	16%
Emerging Markets + RoW	22%	27%	22%
Total	**100%**	**100%**	**100%**

End-Market Split	Tools & Outdoor	Engineered Fastening	Segment Total
Existing Residential/Repair/DIY	23%	0%	20%
New Resi Construction	27%	0%	24%
Total Residential	50%	0%	44%
Non-Resi/Commercial Construction	16%	0%	14%
Industrial & Automotive Repair	11%	34%	14%
Auto OEM / Production	0%	49%	6%
Outdoor Professional	6%	0%	5%
Outdoor Consumer / DIY	17%	0%	15%
Outdoor	23%	0%	20%
Aerospace	0%	17%	2%
Other	0%	0%	0%
Total	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 29. TT

TraneTech
TOTAL COMPANY



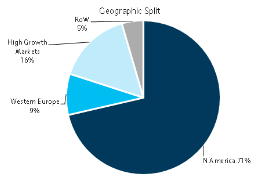
SEGMENT				
2024	Americas	EMEA	APAC	SEGMENT TOTAL
Sales ($B)	15.9	2.6	1.4	19.8
% of sales	80%	13%	7%	100%
Operating profit ($B)	3.0	0.5	0.3	3.8
Operating margin	19.1%	18.5%	22.4%	19.3%
% of operating profit	80%	12%	8%	100%
Addressable market size ($B)*		Transport Refrigeration (~$10bn)		
Market positioning / share		Transport Refrigeration (~25%)		
End Market Split	Commercial HVAC (61%) Transport Refrigeration (14%) Residential HVAC (25%)	Commercial HVAC (52%) Transport Refrigeration (48%)	Commercial HVAC (87%) Transport Refrigeration (13%)	Commercial HVAC (62%) Transport Refrigeration (18%) Residential HVAC (19%)
Route to Market				67% Direct / 33% Independent Distribution; Comm'l HVAC 95% / 5%; Resi HVAC 50% / 50%; Transport Refrig. 0% / 100%
Greenfield / Replacement Split	Greenfield (27%), Replacement (73%)	Greenfield (37%), Replacement (63%)	Greenfield (28%), Replacement (72%)	Greenfield (28%), Replacement (72%)
Products sold		Residential HVAC: Air Conditioners, Coils, Furnaces, Heat Pumps, Packaged / Ductless Systems, Thermostats; Comm HVAC: HVAC Building & Industrial Equipment and Systems, Refrigeration & food service equipment; Building Automation & Energy Services; Transport Refrig: Transport Temperature Systems for Trailers, truck bodies, buses, shipboard containers, and rail cars		
Major Brands		Trane; Thermo King, FrigoBlock; American Standard, Ameristar, Oxbox		
Competitors	Comm: HVAC: York, Carrier, Daikin, Gree, Midea, Haier; Transport Refrig: TransiCold (Carrier); Res HVAC: York, Carrier, Daikin, Rheem, Mitsubishi, Gree, Midea, Haier	Comm: HVAC: York, Carrier, Daikin, Gree, Midea, Haier; Transport Refrig: TransiCold (Carrier); Res HVAC: York, Carrier, Daikin, Rheem, Mitsubishi, Gree, Midea, Haier		
Parts and Services vs Equipment	32% Parts vs 68% Equipment	31% Parts vs 69% Equipment	30% Parts vs 70% Equipment	31% Parts vs 69% Equipment
Geographic sales split				
North America	94%			75%
EMEA		100%		13%
Latin America	6%			5%
Asia Pacific			100%	7%
Total	100%	100%	100%	100%

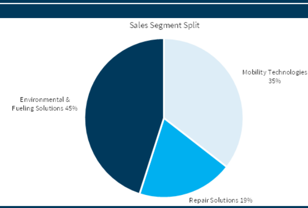
Source: Barclays Research, Company Data

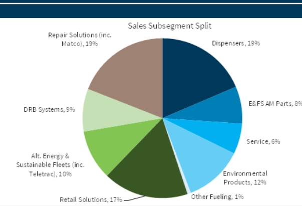
FIGURE 30. VNT

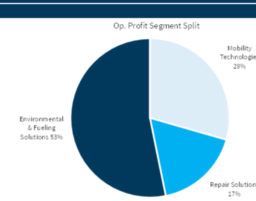
Vontier

TOTAL COMPANY









SEGMENT

2025	Mobility Technologies	Repair Solutions	Environmental & Fueling Solutions	Total
Sales ($B)	**1.1**	**0.6**	**1.4**	**3.1**
% of sales	35%	19%	45%	100%
Operating profit ($B)	**0.2**	**0.1**	**0.4**	**0.6**
% of Op. profit	29%	17%	53%	100%
Operating margin	20%	21%	28%	21%
End Markets	Retail POS and Payment, EV Charging, Commercial Fueling, Fleet Management	Vehicle Service & Repair, Automotive AM	Environmental Products, Fuel Dispensing Equipment, AM Parts & Service	
Addressable market size ($B)	$21bn (DRB $1.8bn, ANGI Alt. Energy ~$1bn, Retail Solutions ~$4.4bn, Teletrac $6.5bn)	$5.7bn	$3bn (Fueling AM $1bn)	~$30bn
Market growth rate	HSD (DRB MSD, ANGI MSD+, Retail Solutions MSD, Teletrac LDD)	MSD	LSD (International Fueling Equipment LSD, Service Flat, AM Parts HSD, Environmental Solutions MSD, US Dispensers LSD)	MSD
Market positioning / share	5%	10%	46%	11%
Products sold	*DRB/Retail Solutions* - PoS payment, inventory planning/supply chain management *Alternative Energy & Sustainability Fleets* - Vehicle tracking, fleet management hardware/software, EV charging network software, refueling systems	*Professional tools* - tools, toolboxes, automotive diagnostic equipment, software for auto aftermarket	*Retail/Commercial Fueling* - Monitoring and leak detection systems, fuel dispensers, vapor recovery equipment	
Greenfield vs Replacement	Greenfield (17%), Replacement (84%)	Greenfield (4%), Replacement (96%)	Greenfield (73%), Replacement (27%)	Greenfield (39%), Replacement (61%)
Major Brands	ANGI, DRB, Driivz, Retail Solutions, Teletrac Navman, Invenco	Matco Tools	Gilbarco Veeder-Root (GVR), Invenco	
Customers	Car wash operators, convenience store retailers, energy companies, fueling stations, fleet operators, municipalities	Automotive technicians, national automotive aftermarket retailers, technical education students, tire installation and repair shops	Energy companies, fueling stations	
Competitors	TomTom, Trimble Navigation, WashTech, Zebra Technologies	Snap-On, Stanley	Dover, Franklin Electric	
Distribution				~60% Direct, ~40% Through Distribution

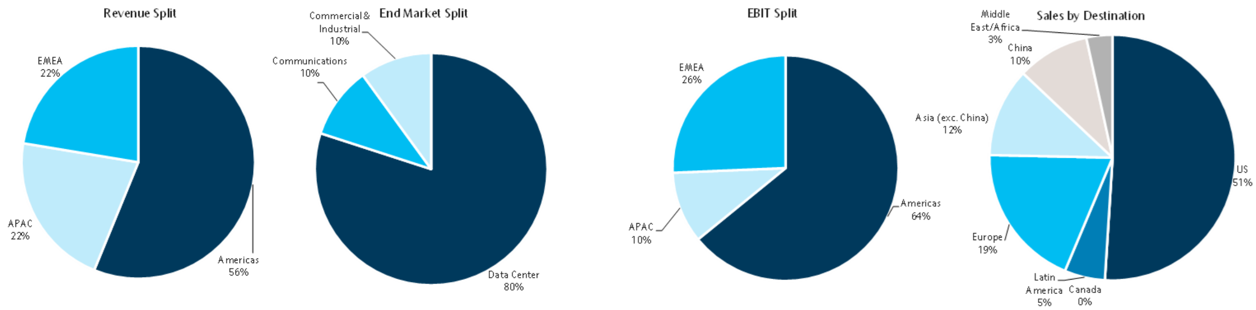
Geographic sales split, by location	Mobility Technologies	Repair Solutions	Environmental & Fueling Solutions	Total
N America	66%	100%	62%	71%
Western Europe	10%	0%	12%	9%
High Growth Markets	16%	0%	22%	16%
RoW	8%	0%	4%	5%
Total	**100%**	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

FIGURE 31. VRT

Vertiv

TOTAL COMPANY



SEGMENT				
2024	**Americas**	**APAC**	**EMEA**	**SEGMENT TOTAL**
Sales ($B)	4.5	1.7	1.8	8.0
% of sales	56%	21%	22%	100%
Operating profit ($B)	1.1	0.2	0.4	1.7
Operating margin	24.4%	10.2%	24.5%	21.4%
% of operating profit	64%	10%	26%	100%
Addressable market size ($B)*	Data Centers (~$39.5bn): Cloud & Colocation (~$21.5bn), Enterprise & Distributed IT (~$18bn) Communication Networks (~$7.5bn) Commercial & Industrial (~$5bn)			
Market positioning / share	Data Centers (~15%); Communications (~10%); Commercial & Industrial (~15%); **Total (~15%)**			
End Market Split	Data Center (80%); Communications (10%); Commercial & Industrial (10%)			
Route to Market	90% Direct / 10% Distribution			
Products sold / services offered	**Critical infrastructure & solutions:** AC & DC power management, thermal management, integrated modular solutions **Integrated rack solutions:** racks, rack power, rack power distribution, rack thermal systems, configurable integrated solutions, hardware for managing IT equipment **Services & spares:** preventative maintenance, acceptance testing, engineering & consulting, performance assessments, remote monitoring, training, spare parts, critical infrastructure software			
Services mix	Lifecyle, Recurring (75%); Project Based (25%)			
Major Brands	Vertiv, Liebert, Netsure, Geist, Energy Labs, E&I, Albér, Avocent			
Competitors	Large scale / global: Schneider Electric, S.E., Eaton, Legrand, Huawei Niche players: Delta Electronics, Stulz, JCI, Socomec, nVent			
Services & Spares vs Equipment	Services & Spares (20%) / Equipment (80%)	Services & Spares (27%) / Equipment (73%)	Services & Spares (21%) / Equipment (79%)	Services & Spares (22%) / Equipment (78%)
Greenfield / Replacement Split	Greenfield (50%) / Replacement (50%)			
Geographic sales split				
US	91%			51%
Canada	0%			
Latin America	9%			5%
Europe		85%		19%
Asia (exc. China)			55%	12%
China			45%	10%
Middle East/Africa		15%		3%
Total	**100%**	**100%**	**100%**	**100%**

Source: Barclays Research, Company Data

Analyst(s) Certification(s):
I, Julian Mitchell, hereby certify (1) that the views expressed in this research report accurately reflect my personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures:
Barclays Research is produced by the Investment Bank of Barclays Bank PLC and its affiliates (collectively and each individually, "Barclays"). All authors contributing to this research report are Research Analysts unless otherwise indicated. The publication date at the top of the report reflects the local time where the report was produced and may differ from the release date provided in GMT.

Availability of Disclosures:
Where any companies are the subject of this research report, for current important disclosures regarding those companies please refer to https://publicresearch.barclays.com or alternatively send a written request to: Barclays Research Compliance, 745 Seventh Avenue, 13th Floor, New York, NY 10019 or call +1-212-526-1072.

The analysts responsible for preparing this research report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by investment banking activities, the profitability and revenues of the Markets business and the potential interest of the firm's investing clients in research with respect to the asset class covered by the analyst.

Analysts regularly conduct site visits to view the material operations of covered companies, but Barclays policy prohibits them from accepting payment or reimbursement by any covered company of their travel expenses for such visits.

Barclays Research Department produces various types of research including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of Barclays Research may differ from those contained in other types of Barclays Research, whether as a result of differing time horizons, methodologies, or otherwise.

In order to access Barclays Statement regarding Research Dissemination Policies and Procedures, please refer to https://publicresearch.barclays.com/S/RD.htm. In order to access Barclays Research Conflict Management Policy Statement, please refer to: https://publicresearch.barclays.com/S/CM.htm.

Materially Mentioned Stocks (Ticker, Date, Price)
APi Group (APG, 15-May-2025, USD 45.78), Overweight/Neutral, CE/D/E/J/L

Allegion plc (ALLE, 15-May-2025, USD 142.91), Underweight/Neutral, CD/CE/J

Carrier Global Corp. (CARR, 15-May-2025, USD 73.48), Overweight/Neutral, CD/CE/D/E/J/K/L/M/N

Dover Corporation (DOV, 15-May-2025, USD 184.35), Equal Weight/Neutral, CD/CE/J

Eaton Corporation (ETN, 15-May-2025, USD 326.82), Equal Weight/Neutral, A/CE/D/E/J/K/L/N

Emerson Electric Co. (EMR, 15-May-2025, USD 120.25), Underweight/Neutral, A/CD/CE/D/E/J/K/L/M/N

Fortive Corporation (FTV, 15-May-2025, USD 72.48), Overweight/Neutral, CD/CE/E/J/K/L/M/N

GE Vernova Inc (GEV, 15-May-2025, USD 426.97), Overweight/Neutral, CE/J/K/M/N

Gates Industrial Corp. Plc (GTES, 15-May-2025, USD 21.91), Overweight/Neutral, A/CE/D/E/J/L

Honeywell International Inc. (HON, 15-May-2025, USD 222.29), Overweight/Neutral, A/CD/CE/D/E/J/K/L/M/N

Hubbell, Inc. (HUBB, 15-May-2025, USD 386.64), Equal Weight/Neutral, CD/J

Illinois Tool Works Inc. (ITW, 15-May-2025, USD 247.97), Equal Weight/Neutral, CD/CE/E/J/K/L/M/N

Ingersoll Rand Inc. (IR, 15-May-2025, USD 83.00), Overweight/Neutral, CD/CE/D/E/J/K/L/M

Johnson Controls International (JCI, 15-May-2025, USD 96.79), Equal Weight/Neutral, A/CD/CE/D/E/J/K/L/M/N

Kennametal (KMT, 15-May-2025, USD 21.52), Equal Weight/Neutral, CD/J/K/N

Lennox International (LII, 15-May-2025, USD 594.22), Overweight/Neutral, CD/CE/J

Otis Worldwide Corp. (OTIS, 15-May-2025, USD 97.86), Underweight/Neutral, A/CD/CE/D/E/J/K/L/M/N

Parker-Hannifin Corp (PH, 15-May-2025, USD 672.64), Overweight/Neutral, A/CD/CE/D/E/J/K/L/M/N

Pentair plc (PNR, 15-May-2025, USD 97.81), Overweight/Neutral, CE/J/K/N

Regal Rexnord Corporation (RRX, 15-May-2025, USD 139.70), Overweight/Neutral, CD/CE/E/J/K/L/M

Rockwell Automation Inc. (ROK, 15-May-2025, USD 307.86), Equal Weight/Neutral, CD/CE/J

Roper Technologies Inc (ROP, 15-May-2025, USD 574.40), Underweight/Neutral, CD/CE/J/K/N

Stanley Black & Decker Inc. (SWK, 15-May-2025, USD 70.70), Overweight/Neutral, CD/CE/E/J/K/L/M/N

The 3M Company (MMM, 15-May-2025, USD 148.74), Overweight/Neutral, A/CD/CE/D/E/J/K/L/M/N

Trane Technologies plc (TT, 15-May-2025, USD 422.35), Overweight/Neutral, CE/J/K/M

Vertiv Holdings Co. (VRT, 15-May-2025, USD 105.38), Equal Weight/Neutral, J

Vontier Corporation (VNT, 15-May-2025, USD 36.83), Overweight/Neutral, CD/E/FA/J/K/L/M

nVent Electric plc (NVT, 15-May-2025, USD 66.85), Overweight/Neutral, J

Unless otherwise indicated, prices are sourced from Bloomberg and reflect the closing price in the relevant trading market, which may not be the last available closing price at the time of publication.

Disclosure Legend:
A: Barclays Bank PLC and/or an affiliate has been lead manager or co-lead manager of a publicly disclosed offer of securities of the issuer in the previous 12 months.

B: An employee or non-executive director of Barclays PLC is a director of this issuer.

CD: Barclays Bank PLC and/or an affiliate is a market-maker in debt securities issued by this issuer.

CE: Barclays Bank PLC and/or an affiliate is a market-maker in equity securities issued by this issuer.

CH: Barclays Bank PLC and/or its group companies makes, or will make, a market in the securities (as defined under paragraph 16.2 (k) of the HK SFC Code of Conduct) in respect of this issuer.

D: Barclays Bank PLC and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

E: Barclays Bank PLC and/or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer within the next 3 months.

FA: Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with US regulations.

FB: Barclays Bank PLC and/or an affiliate beneficially owns a long position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.

FC: Barclays Bank PLC and/or an affiliate beneficially owns a short position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.

FD: Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with South Korean regulations.

FE: Barclays Bank PLC and/or its group companies has financial interests in relation to this issuer and such interests aggregate to an amount equal to or more than 1% of this issuer's market capitalization, as calculated in accordance with HK regulations.

GD: One of the Research Analysts on the fundamental credit coverage team (and/or a member of his or her household) has a long position in the common equity securities of this issuer.

GE: One of the Research Analysts on the fundamental equity coverage team (and/or a member of his or her household) has a long position in the common equity securities of this issuer.

H: This issuer beneficially owns more than 5% of any class of common equity securities of Barclays PLC.

I: Barclays Bank PLC and/or an affiliate is party to an agreement with this issuer for the provision of financial services to Barclays Bank PLC and/or an affiliate.

J: Barclays Bank PLC and/or an affiliate is a liquidity provider and/or trades regularly in the securities of this issuer and/or in any related derivatives.

K: Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation (including compensation for brokerage services, if applicable) from this issuer within the past 12 months.

L: This issuer is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.

M: This issuer is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

N: This issuer is, or during the past 12 months has been, a non-investment banking client (non-securities related services) of Barclays Bank PLC and/or an affiliate.

O: Not in use.

P: A partner, director or officer of Barclays Capital Canada Inc. has, during the preceding 12 months, provided services to the subject company for remuneration, other than normal course investment advisory or trade execution services.

Q: Barclays Bank PLC and/or an affiliate is a Corporate Broker to this issuer.

R: Barclays Capital Canada Inc. and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

S: This issuer is a Corporate Broker to Barclays PLC.

T: Barclays Bank PLC and/or an affiliate is providing investor engagement services to this issuer.

U: The equity securities of this Canadian issuer include subordinate voting restricted shares.

V: The equity securities of this Canadian issuer include non-voting restricted shares.

Risk Disclosure(s)
Master limited partnerships (MLPs) are pass-through entities structured as publicly listed partnerships. For tax purposes, distributions to MLP unit holders may be treated as a return of principal. Investors should consult their own tax advisors before investing in MLP units.

Disclosure(s) regarding Information Sources
Bloomberg® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg") and the Bloomberg Indices are trademarks of Bloomberg. Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Bloomberg does not approve or endorse this material, or guarantee the accuracy or completeness of any information herein, or make any warranty, express or implied, as to the results

to be obtained therefrom and, to the maximum extent allowed by law, Bloomberg shall have no liability or responsibility for injury or damages arising in connection therewith.

Guide to the Barclays Fundamental Equity Research Rating System:
Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating
Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Underweight - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

Industry View
Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

U.S. Multi-Industry		
Allegion plc (ALLE)	APi Group (APG)	Carrier Global Corp. (CARR)
Dover Corporation (DOV)	Eaton Corporation (ETN)	Emerson Electric Co. (EMR)
Fortive Corporation (FTV)	Gates Industrial Corp. Plc (GTES)	GE Vernova Inc (GEV)
Honeywell International Inc. (HON)	Hubbell, Inc. (HUBB)	Illinois Tool Works Inc. (ITW)
Ingersoll Rand Inc. (IR)	Johnson Controls International (JCI)	Kennametal (KMT)
Lennox International (LII)	nVent Electric plc (NVT)	Otis Worldwide Corp. (OTIS)
Parker-Hannifin Corp (PH)	Pentair plc (PNR)	Regal Rexnord Corporation (RRX)
Rockwell Automation Inc. (ROK)	Roper Technologies Inc (ROP)	Stanley Black & Decker Inc. (SWK)
The 3M Company (MMM)	Trane Technologies plc (TT)	Vertiv Holdings Co. (VRT)
Vontier Corporation (VNT)		

Distribution of Ratings:
Barclays Equity Research has 1828 companies under coverage.

47% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 55% of companies with this rating are investment banking clients of the Firm; 72% of the issuers with this rating have received financial services from the Firm.

37% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 47% of companies with this rating are investment banking clients of the Firm; 63% of the issuers with this rating have received financial services from the Firm.

15% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 34% of companies with this rating are investment banking clients of the Firm; 54% of the issuers with this rating have received financial services from the Firm.

Guide to the Barclays Research Price Target:
Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

Types of investment recommendations produced by Barclays Equity Research:
In addition to any ratings assigned under Barclays' formal rating systems, this publication may contain investment recommendations in the form of trade ideas, thematic screens, scorecards or portfolio recommendations that have been produced by analysts within Equity Research. Any such investment recommendations shall remain open until they are subsequently amended, rebalanced or closed in a future research report.

Barclays may also re-distribute equity research reports produced by third-party research providers that contain recommendations that differ from and/or conflict with those published by Barclays' Equity Research Department.

Disclosure of other investment recommendations produced by Barclays Equity Research:
Barclays Equity Research may have published other investment recommendations in respect of the same securities/instruments recommended in this research report during the preceding 12 months. To view all investment recommendations published by Barclays Equity Research in the preceding 12 months please refer to https://live.barcap.com/go/research/Recommendations.

Legal entities involved in producing Barclays Research:
Barclays Bank PLC (Barclays, UK)

Barclays Capital Inc. (BCI, US)

Barclays Bank Ireland PLC, Frankfurt Branch (BBI, Frankfurt)

Barclays Bank Ireland PLC, Paris Branch (BBI, Paris)

Barclays Bank Ireland PLC, Milan Branch (BBI, Milan)

Barclays Securities Japan Limited (BSJL, Japan)

Barclays Bank PLC, Hong Kong Branch (Barclays Bank, Hong Kong)

Barclays Bank Mexico, S.A. (BBMX, Mexico)

Barclays Capital Casa de Bolsa, S.A. de C.V. (BCCB, Mexico)

Barclays Securities (India) Private Limited (BSIPL, India)

Barclays Bank PLC, Singapore Branch (Barclays Bank, Singapore)

Barclays Bank PLC, DIFC Branch (Barclays Bank, DIFC)

Disclaimer:
This publication has been produced by Barclays Research Department in the Investment Bank of Barclays Bank PLC and/or one or more of its affiliates (collectively and each individually, "Barclays").

It has been prepared for institutional investors and not for retail investors. It has been distributed by one or more Barclays affiliated legal entities listed below or by an independent and non-affiliated third-party entity (as may be communicated to you by such third-party entity in its communications with you). It is provided for information purposes only, and Barclays makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this publication. To the extent that this publication states on the front page that it is intended for institutional investors and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors under U.S. FINRA Rule 2242, it is an “institutional debt research report” and distribution to retail investors is strictly prohibited. Barclays also distributes such institutional debt research reports to various issuers, media, regulatory and academic organisations for their own internal informational news gathering, regulatory or academic purposes and not for the purpose of making investment decisions regarding any debt securities. Media organisations are prohibited from re-publishing any opinion or recommendation concerning a debt issuer or debt security contained in any Barclays institutional debt research report. Any such recipients that do not want to continue receiving Barclays institutional debt research reports should contact debtresearch@barclays.com. Unless clients have agreed to receive “institutional debt research reports” as required by US FINRA Rule 2242, they will not receive any such reports that may be co-authored by non-debt research analysts. Eligible clients may get access to such cross asset reports by contacting debtresearch@barclays.com. Barclays will not treat unauthorized recipients of this report as its clients and accepts no liability for use by them of the contents which may not be suitable for their personal use. Prices shown are indicative and Barclays is not offering to buy or sell or soliciting offers to buy or sell any financial instrument.

Without limiting any of the foregoing and to the extent permitted by law, in no event shall Barclays, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this publication or its contents.

Other than disclosures relating to Barclays, the information contained in this publication has been obtained from sources that Barclays Research believes to be reliable, but Barclays does not represent or warrant that it is accurate or complete. Appearances by Third-Party Speakers: Any views or opinions expressed by third-party speakers during this event are solely those of the speaker and do not represent the views or opinions of Barclays. Barclays is not responsible for, and makes no warranties whatsoever as to, the information or opinions contained in any written, electronic, audio or video presentations by any third-party speakers at the event (“Third-Party Content”). Any such Third-Party Content has not been adopted or endorsed by Barclays and does not represent the views or opinions of Barclays. Third-Party Content is provided for information purposes only and has not been independently verified by Barclays for its accuracy or completeness.

The views in this publication are solely and exclusively those of the authoring analyst(s) and are subject to change, and Barclays Research has no obligation to update its opinions or the information in this publication. Unless otherwise disclosed herein, the analysts who authored this report have not received any compensation from the subject companies in the past 12 months. If this publication contains recommendations, they are general recommendations that were prepared independently of any other interests, including those of Barclays and/or its affiliates, and/or the subject companies. This publication does not contain personal investment recommendations or investment advice or take into account the individual financial circumstances or investment objectives of the clients who receive it. Barclays is not a fiduciary to any recipient of this publication. The securities and other investments discussed herein may not be suitable for all investors and may not be available for purchase in all jurisdictions. The United States imposed sanctions on certain Chinese companies (https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/chinese-military-companies-sanctions), which may restrict U.S. persons from purchasing securities issued by those companies. Investors must independently evaluate the merits and risks of the investments discussed herein, including any sanctions restrictions that may apply, consult any independent advisors they believe necessary, and exercise independent judgment with regard to any investment decision. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results. The information provided does not constitute a financial benchmark and should not be used as a submission or contribution of input data for the purposes of determining a financial benchmark.

This publication is not investment company sales literature as defined by Section 270.24(b) of the US Investment Company Act of 1940, nor is it intended to constitute an offer, promotion or recommendation of, and should not be viewed as marketing (including, without limitation, for the purposes of the UK Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) or AIFMD (Directive 2011/61)) or pre-marketing (including, without limitation, for the purposes of Directive (EU) 2019/1160) of the securities, products or issuers that are the subject of this report.

Third Party Distribution: Any views expressed in this communication are solely those of Barclays and have not been adopted or endorsed by any third party distributor.

United Kingdom: This document is being distributed (1) only by or with the approval of an authorised person (Barclays Bank PLC) or (2) to, and is directed at (a) persons in the United Kingdom having professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (b) high net worth companies, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (c) other persons to whom it may otherwise lawfully be communicated (all such persons being "Relevant Persons"). Any investment or investment activity to which this communication relates is only available to and will only be engaged in with Relevant Persons. Any other persons who receive this communication should not rely on or act upon it. Barclays Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange.

European Economic Area (“EEA”): This material is being distributed to any “Authorised User” located in a Restricted EEA Country by Barclays Bank Ireland PLC. The Restricted EEA Countries are Austria, Bulgaria, Estonia, Finland, Hungary, Iceland, Liechtenstein, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovakia and Slovenia. For any other “Authorised User” located in a country of the European Economic Area, this material is being distributed by Barclays Bank PLC. Barclays Bank Ireland PLC is a bank authorised by the Central Bank of Ireland whose registered office is at 1 Molesworth Street, Dublin 2, Ireland. Barclays Bank PLC is not registered in France with the Autorité des marchés financiers or the Autorité de contrôle prudentiel. Authorised User means each individual associated with the Client who is notified by the Client to Barclays and authorised to use the Research Services. The Restricted EEA Countries will be amended if required.

Finland: Notwithstanding Finland’s status as a Restricted EEA Country, Research Services may also be provided by Barclays Bank PLC where permitted by the terms of its cross-border license.

Americas: The Investment Bank of Barclays Bank PLC undertakes U.S. securities business in the name of its wholly owned subsidiary Barclays Capital Inc., a FINRA and SIPC member. Barclays Capital Inc., a U.S. registered broker/dealer, is distributing this material in the United States and, in connection therewith accepts responsibility for its contents. Any U.S. person wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Barclays Capital Inc. in the U.S. at 745 Seventh Avenue, New York, New York 10019.

Non-U.S. persons should contact and execute transactions through a Barclays Bank PLC branch or affiliate in their home jurisdiction unless local regulations permit otherwise.

This material is distributed in Canada by Barclays Capital Canada Inc., a registered investment dealer, a Dealer Member of Canadian Investment Regulatory Organization (www.ciro.ca), and a Member of the Canadian Investor Protection Fund (CIPF).

This material is distributed in Mexico by Barclays Bank Mexico, S.A. and/or Barclays Capital Casa de Bolsa, S.A. de C.V. This material is distributed in the Cayman Islands and in the Bahamas by Barclays Capital Inc., which it is not licensed or registered to conduct and does not conduct business in, from or within those jurisdictions and has not filed this material with any regulatory body in those jurisdictions.

Japan: This material is being distributed to institutional investors in Japan by Barclays Securities Japan Limited. Barclays Securities Japan Limited is a joint-stock company incorporated in Japan with registered office of 6-10-1 Roppongi, Minato-ku, Tokyo 106-6131, Japan. It is a subsidiary of Barclays Bank PLC and a registered financial instruments firm regulated by the Financial Services Agency of Japan. Registered Number: Kanto Zaimukyokucho (kinsho) No. 143.

Asia Pacific (excluding Japan): Barclays Bank PLC, Hong Kong Branch is distributing this material in Hong Kong as an authorised institution regulated by the Hong Kong Monetary Authority. Registered Office: 41/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

All Indian securities-related research and other equity research produced by Barclays’ Investment Bank are distributed in India by Barclays Securities (India) Private Limited (BSIPL). BSIPL is a company incorporated under the Companies Act, 1956 having CIN U67120MH2006PTC161063. BSIPL is registered and regulated by the Securities and Exchange Board of India (SEBI) as a Research Analyst: INH000001519; Portfolio Manager INP000002585; Stock Broker INZ000269539 (member of NSE and BSE); Depository Participant with the National Securities & Depositories Limited (NSDL): DP ID: IN-DP-NSDL-478-2020; Investment Adviser: INA000000391. BSIPL is also registered as a Mutual Fund Advisor having AMFI ARN No. 53308. The registered office of BSIPL is at Nirlon Knowledge Park, 9th floor, Block B-6, Off. Western Express Highway, Goregaon (East), Mumbai – 400063, India. Telephone No: +91 22 61754000 Fax number: +91 22 61754099. Any other reports produced by Barclays’ Investment Bank are distributed in India by Barclays Bank PLC, India Branch, an associate of BSIPL in India that is registered with Reserve Bank of India (RBI) as a Banking Company under the provisions of The Banking Regulation Act, 1949 (Regn No BOM43) and registered with SEBI as Merchant Banker (Regn No INM000002129) and also as Banker to the Issue (Regn No INBI00000950). Barclays Investments and Loans (India) Limited, registered with RBI as Non Banking Financial Company (Regn No RBI CoR-07-00258), and Barclays Wealth Trustees (India) Private Limited, registered with Registrar of Companies (CIN U93000MH2008PTC188438), are associates of BSIPL in India that are not authorised to distribute any reports produced by Barclays’ Investment Bank.

This material is distributed in Singapore by the Singapore Branch of Barclays Bank PLC, a bank licensed in Singapore by the Monetary Authority of Singapore. For matters in connection with this material, recipients in Singapore may contact the Singapore branch of Barclays Bank PLC, whose registered address is 10 Marina Boulevard, #23-01 Marina Bay Financial Centre Tower 2, Singapore 018983.

This material, where distributed to persons in Australia, is produced or provided by Barclays Bank PLC.

This communication is directed at persons who are a “Wholesale Client” as defined by the Australian Corporations Act 2001.

Please note that the Australian Securities and Investments Commission (ASIC) has provided certain exemptions to Barclays Bank PLC (BBPLC) under paragraph 911A(2)(l) of the Corporations Act 2001 from the requirement to hold an Australian financial services licence (AFSL) in respect of financial services provided to Australian Wholesale Clients, on the basis that BBPLC is authorised by the Prudential Regulation Authority of the United Kingdom (PRA) and regulated by the Financial Conduct Authority (FCA) of the United Kingdom and the PRA under United Kingdom laws. The United Kingdom has laws which differ from Australian laws. To the extent that this communication involves the provision of financial services by BBPLC to Australian Wholesale Clients, BBPLC relies on the relevant exemption from the requirement to hold an AFSL. Accordingly, BBPLC does not hold an AFSL.

This communication may be distributed to you by either: (i) Barclays Bank PLC directly, (ii) Barrenjoey Markets Pty Limited (ACN 636 976 059, “Barrenjoey”), the holder of Australian Financial Services Licence (AFSL) 521800, a non-affiliated third party distributor, where clearly identified to you by Barrenjoey. Barrenjoey is not an agent of Barclays Bank PLC or (iii) such other non-affiliated third-party distributor(s) as may be clearly identified to you. Such non-affiliated third-party distributor(s) are not agents of Barclays Bank PLC.

This material, where distributed in New Zealand, is produced or provided by Barclays Bank PLC. Barclays Bank PLC is not registered, filed with or approved by any New Zealand regulatory authority. This material is not provided under or in accordance with the Financial Markets Conduct Act of 2013 (“FMCA”), and is not a disclosure document or “financial advice” under the FMCA. This material is distributed to you by either: (i) Barclays Bank PLC directly or (ii) Barrenjoey Markets Pty Limited (“Barrenjoey”), a non-affiliated third party distributor, where clearly identified to you by Barrenjoey. Barrenjoey is not an agent of Barclays Bank PLC. This material may only be distributed to “wholesale investors” that meet the “investment business”, “investment activity”, “large”, or “government agency” criteria specified in Schedule 1 of the FMCA.

Middle East: Nothing herein should be considered investment advice as defined in the Israeli Regulation of Investment Advisory, Investment Marketing and Portfolio Management Law, 1995 (“Advisory Law”). This document is being made to eligible clients (as defined under the Advisory Law) only. Barclays Israeli branch previously held an investment marketing license with the Israel Securities Authority but it cancelled such license on 30/11/2014 as it solely provides its services to eligible clients pursuant to available exemptions under the Advisory Law, therefore a license with the Israel Securities Authority is not required. Accordingly, Barclays does not maintain an insurance coverage pursuant to the Advisory Law.

This material is distributed in the United Arab Emirates (including the Dubai International Financial Centre) and Qatar by Barclays Bank PLC. Barclays Bank PLC in the Dubai International Financial Centre (Registered No. 0060) is regulated by the Dubai Financial Services Authority (DFSA). Principal place of business in the Dubai International Financial Centre: The Gate Village, Building 4, Level 4, PO Box 506504, Dubai, United Arab Emirates. Barclays Bank PLC-DIFC Branch, may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority. Barclays Bank PLC in the UAE is regulated by the Central Bank of the UAE and is licensed to conduct business activities as a branch of a commercial bank incorporated outside the UAE in Dubai (Licence No.: 13/1844/2008, Registered Office: Building No. 6, Burj Dubai Business Hub, Sheikh Zayed Road, Dubai City) and Abu Dhabi (Licence No.: 13/952/2008, Registered Office: Al Jazira Towers, Hamdan Street, PO Box 2734, Abu Dhabi). This material does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase, any securities or investment products in the UAE (including the Dubai International Financial Centre) and accordingly should not be construed as such. Furthermore, this information is being made available on the basis that the recipient acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the UAE Central Bank, the Dubai Financial Services Authority or any other relevant licensing authority or governmental agency in the UAE. The content of this report has not been approved by or filed with the UAE Central Bank or Dubai Financial Services Authority. Barclays Bank PLC in the Qatar Financial Centre (Registered No. 00018) is authorised by the Qatar Financial Centre Regulatory Authority (QFCRA). Barclays Bank PLC-QFC Branch may only undertake the regulated activities that fall within the scope of its existing QFCRA licence. Principal place of business in Qatar: Qatar Financial Centre, Office 1002, 10th Floor, QFC Tower, Diplomatic Area, West Bay, PO Box 15891, Doha, Qatar. Related financial products or services are only available to Business Customers as defined by the Qatar Financial Centre Regulatory Authority.

Russia: This material is not intended for investors who are not Qualified Investors according to the laws of the Russian Federation as it might contain information about or description of the features of financial instruments not admitted for public offering and/or circulation in the Russian Federation and thus not eligible for non-Qualified Investors. If you are not a Qualified Investor according to the laws of the Russian Federation, please dispose of any copy of this material in your possession.

Sustainable Investing Related Research: There is currently no globally accepted framework or definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes a ‘sustainable’, ‘ESG’, ‘green’, ‘climate-friendly’ or an equivalent company, investment, strategy or consideration or what precise attributes are required to be eligible to be categorised by such terms. This means there are different ways to evaluate a company or an investment and so different values may be placed on certain sustainability credentials as well as adverse ESG-related impacts of companies and ESG controversies. The evolving nature of sustainable investing considerations, models and methodologies means it can be challenging to definitively and universally classify a company or investment under a sustainable investing label and there may be areas where such companies and investments could improve or where adverse ESG-related impacts or ESG controversies exist. The evolving nature of sustainable finance related regulations and the development of jurisdiction-specific regulatory criteria also means that there is likely to be a degree of divergence as to the interpretation of such terms in the market. We expect industry guidance, market practice, and regulations in this field to continue to evolve.

Any information, data, image, or other content including from a third party source contained, referred to herein or used for whatsoever purpose by Barclays or a third party (“Information”), in relation to any actual or potential ‘ESG’, ‘sustainable' or equivalent objective, issue, factor or consideration is not intended to be relied upon for ESG or sustainability classification, regulatory regime or industry initiative purposes (“ESG Regimes”), unless otherwise stated. Nothing in these materials, including any images included therein, is intended to convey, suggest or indicate that Barclays considers or represents any product, service, person or body mentioned in these materials as meeting or qualifying for any ESG or sustainability classification, label or similar standards that may exist under ESG Regimes. Barclays has not conducted any assessment of compliance with ESG Regimes. Parties are reminded to make their own assessments for these purposes.

IRS Circular 230 Prepared Materials Disclaimer: Barclays does not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

© Copyright Barclays Bank PLC (2025). All rights reserved. No part of this publication may be reproduced or redistributed in any manner without the prior written permission of Barclays. Barclays Bank PLC is registered in England No. 1026167. Registered office 1 Churchill Place, London, E14 5HP. Additional information regarding this publication will be furnished upon request.