First Quarter 2023 Earnings Release

Craig Arnold & Tom Okray | May 2, 2023

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Forward-looking statements and non-GAAP financial information

This presentation or the comments we make on our call today contain forward-looking statements concerning, among other matters, full year and second quarter 2023 adjusted earnings per share, organic revenue growth, segment operating margins, impact from currency translation, tax rate and corporate expenses; full year 2023 operating cash flow, free cash flow, capital expenditures and share repurchases; and progress toward our 2025 financial goals. These statements should be used with caution and are subject to various risks and uncertainties, many of which are outside the company's control. The following factors could cause actual results to differ materially from those in the forward-looking statements: the course of the COVID – 19 pandemic and government responses thereto, unanticipated changes in the markets for the company's business segments; unanticipated downturns in business relationships with customers or their purchases from us; competitive pressures on sales and pricing; continued supply chain disruptions, unanticipated changes in the cost of material, labor and other production costs, or unexpected costs that cannot be recouped in product pricing; the introduction of competing technologies; unexpected technical or marketing difficulties; unexpected claims, charges, litigation or dispute resolutions; strikes or other labor unrest; the performance of recent acquisitions; unanticipated difficulties closing or integrating acquisitions; unexpected difficulties completing divestitures, new laws and governmental regulations; interest rate changes; stock market and currency fluctuations; war, civil or political unrest or terrorism; and unanticipated deterioration of economic and financial conditions in the United States and around the world. We do not assume any obligation to update these forward-looking statements.

This presentation includes certain non-GAAP measures as defined by SEC rules, including the following: adjusted earnings, adjusted earnings per share, adjusted earnings per share guidance for the second quarter and full year 2023, free cash flow, and free cash flow guidance for full year 2023. These non-GAAP measures are reconciled to their nearest GAAP equivalent in the Appendix to this presentation.

Highlights

Megatrends, re-industrialization, infrastructure spending have changed the long-term growth outlook for our company.

Q1 adjusted earnings per share of $1.88, up 16% over 1Q22, and segment operating margin of 19.7% are both Q1 records.

Sales of $5.5B up 13%, with organic revenue growth of 15%, well above the high end of the guidance range.

Segment margins of 19.7%, up 90 bps versus 1Q22.

Strong growth in Electrical sector backlog up 39% and rolling 12-month orders up 13%. Aerospace backlog up 27% with rolling 12-month orders up 21%.

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Celebrating 100 years on the NYSE

We have **reinvented ourselves time and again**, in pace with what society and its people need.

We've stayed focused on **our responsibility to stakeholders** -- employees, customers, shareholders, communities -- and society.

Today, Eaton is on the leading edge of **solving the world's most urgent power management challenges.**

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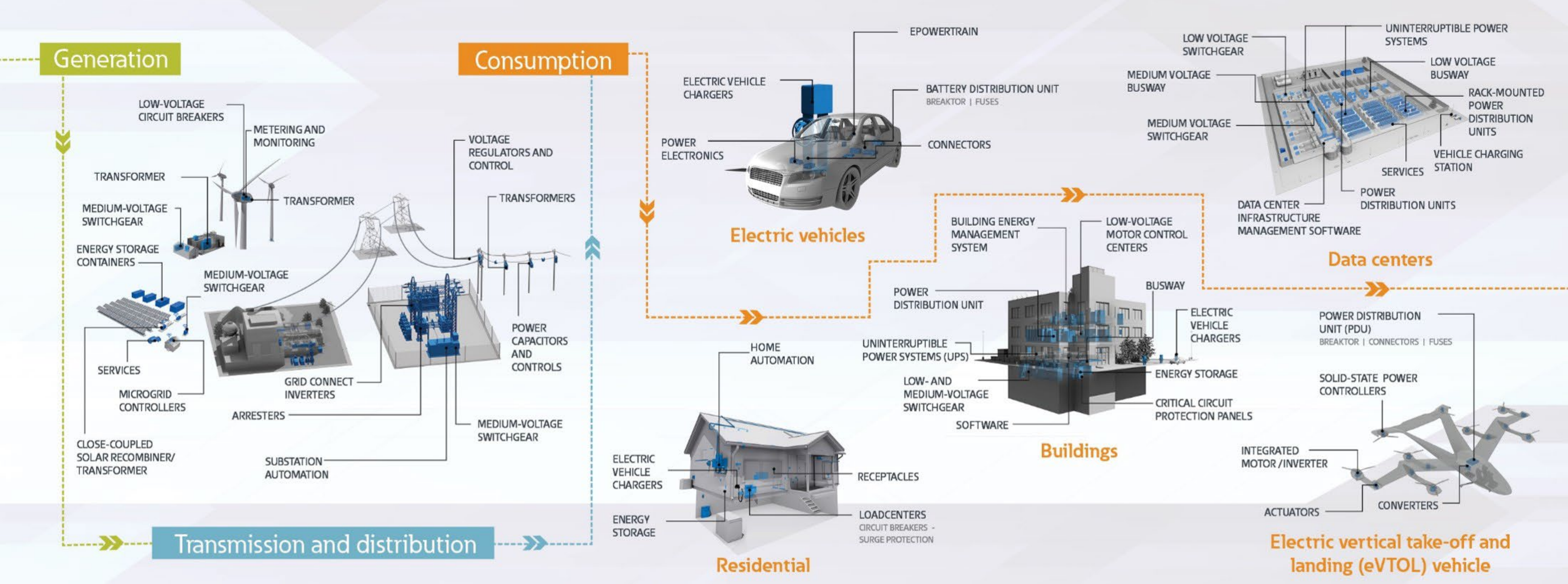
We’re creating a company that plays across the electrical power chain



Solving our customers’ power management challenges

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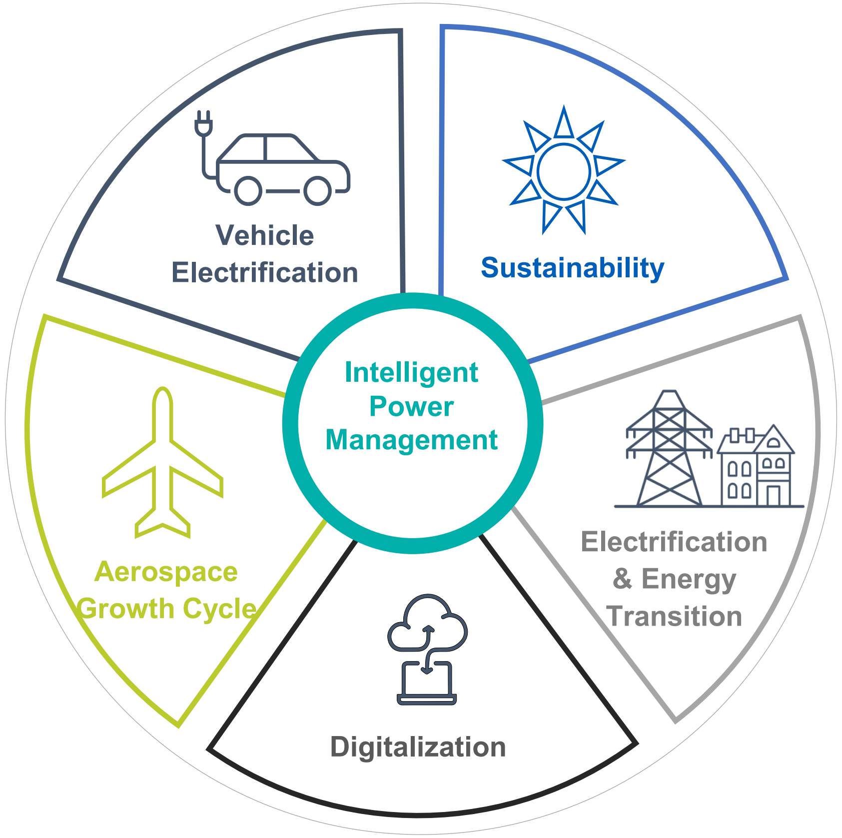
Megatrends, global infrastructure and re-industrialization are driving large increases in capital investments

Megatrends



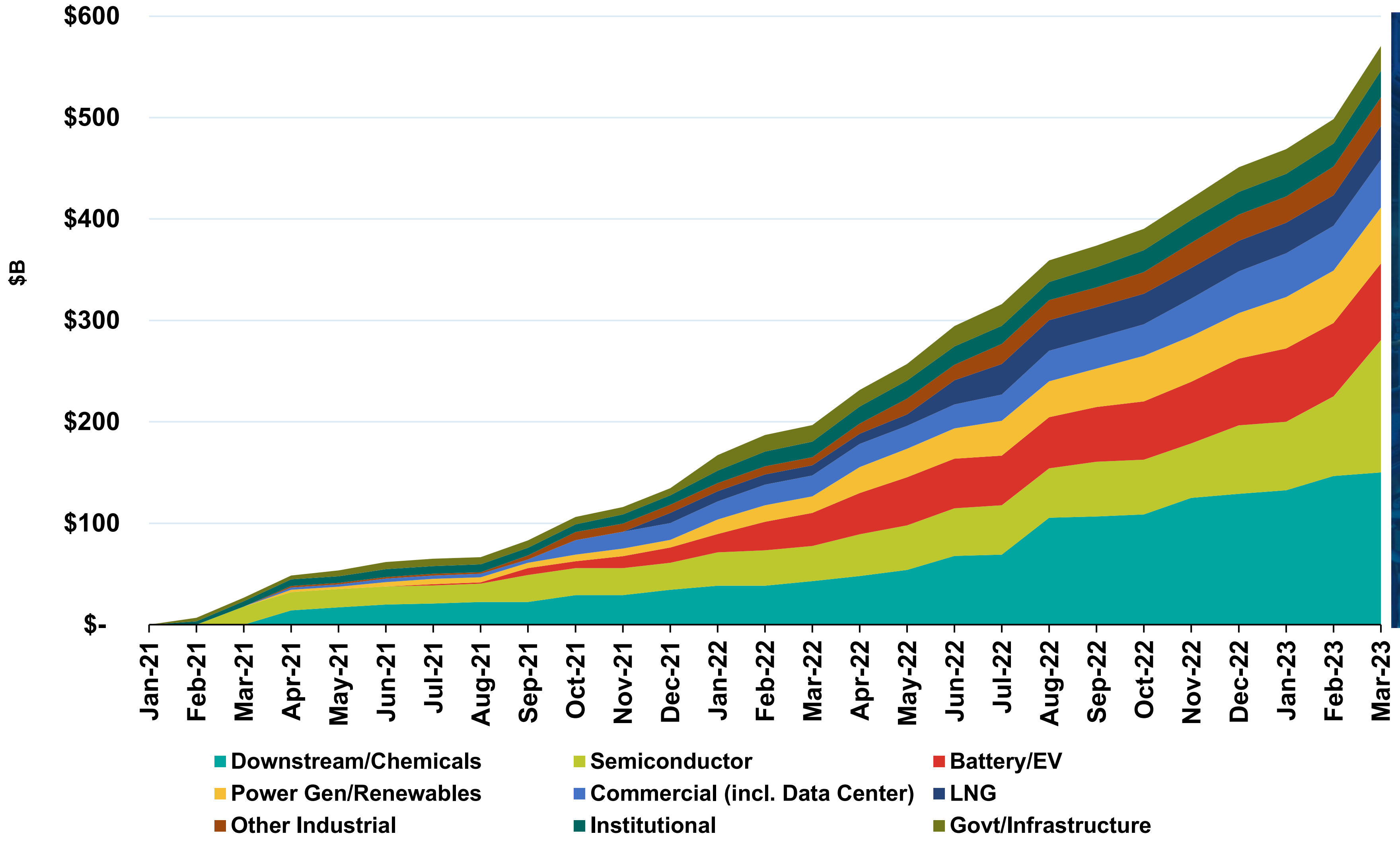
Global Infrastructure and Re-industrialization

- Inflation Reduction Act
  – Incentives for onshoring EV OEM and battery manufacturing and Renewables
- CHIPS and Science Act
  – Incentives for onshoring semiconductor manufacturing
- Resilient supply chain
  – Onshoring for risk mitigation
- U.S. Infrastructure Investment & Jobs Act
  – $88B for power grid updates and EV charging networks
- EU Recovery Plan
  – $240B focused on energy transition
- China “1+N” Policy Framework
  – Large investments in renewables, EVCI and grid infrastructure

And creating long term growth opportunities in most of Eaton’s end markets

Resulting in an unprecedented number of Mega project announcements

Cumulative U.S. / Canada Mega Project ($1B+) Announcements since Jan-2021



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Source: Dodge Data & Analytics, Eaton Economics
Data through April 4, 2023

Which are creating significant growth tailwinds for Electrical markets

$12-20B

electrical content opportunity @ 3-5% of incremental mega project value

$2-4B

line of sight to annual incremental electrical market opportunity over next 5 to 7 years

And expected to fundamentally change the growth outlook for our Electrical business

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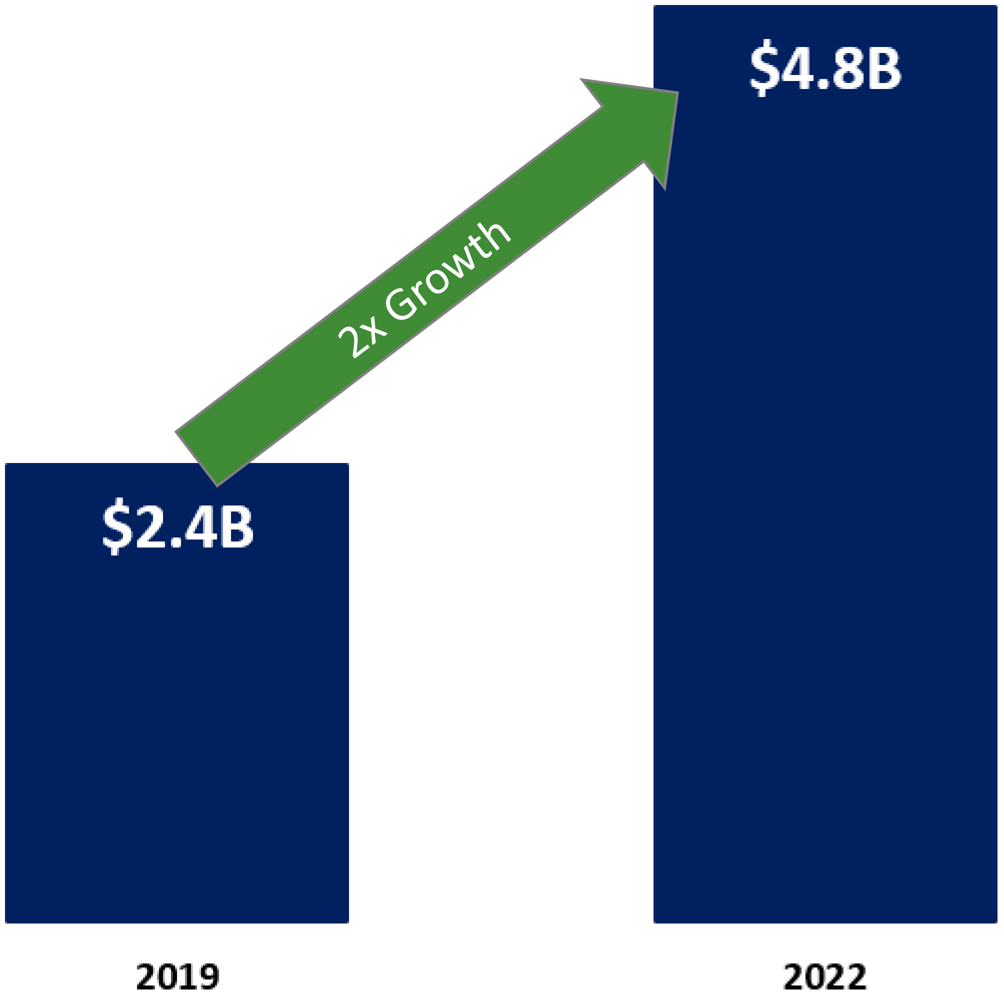
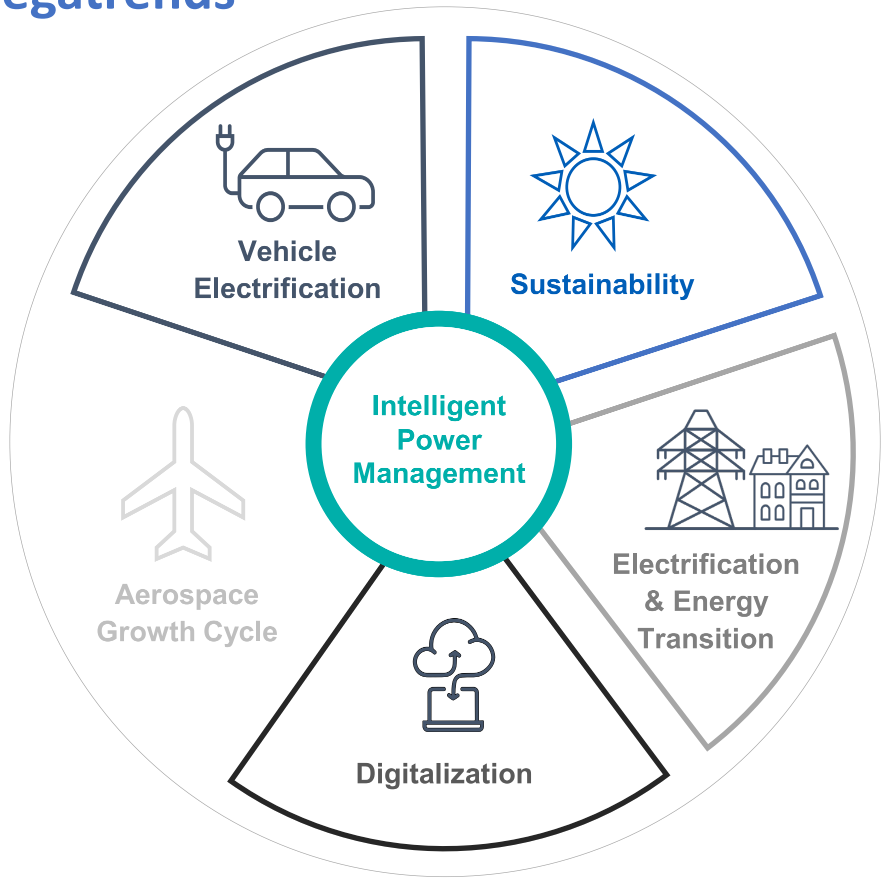
Higher growth expectation is validated by our increased negotiations pipeline

For example, the Electrical Americas negotiation pipeline….



…and has already translated into sizable wins in our Electrical business

Megatrends



$180M orders to provide power management solutions for two new electric vehicle battery plants in North America

- Power distribution equipment
- Brightlayer Industrial Remote Monitoring

$100M order to provide power management solutions for U.S. semiconductor plant

- Power distribution equipment
- Brightlayer Industrial Remote Monitoring
- Potential significant additional orders

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Megatrends also fueling secular growth tailwinds in Industrial markets…

Aerospace growth cycle

2x

historic growth driven by both commercial and defense

Vehicle electrification

50%

Projected EV penetration rate by 2030

2x

Increase in eMobility addressable market over near term

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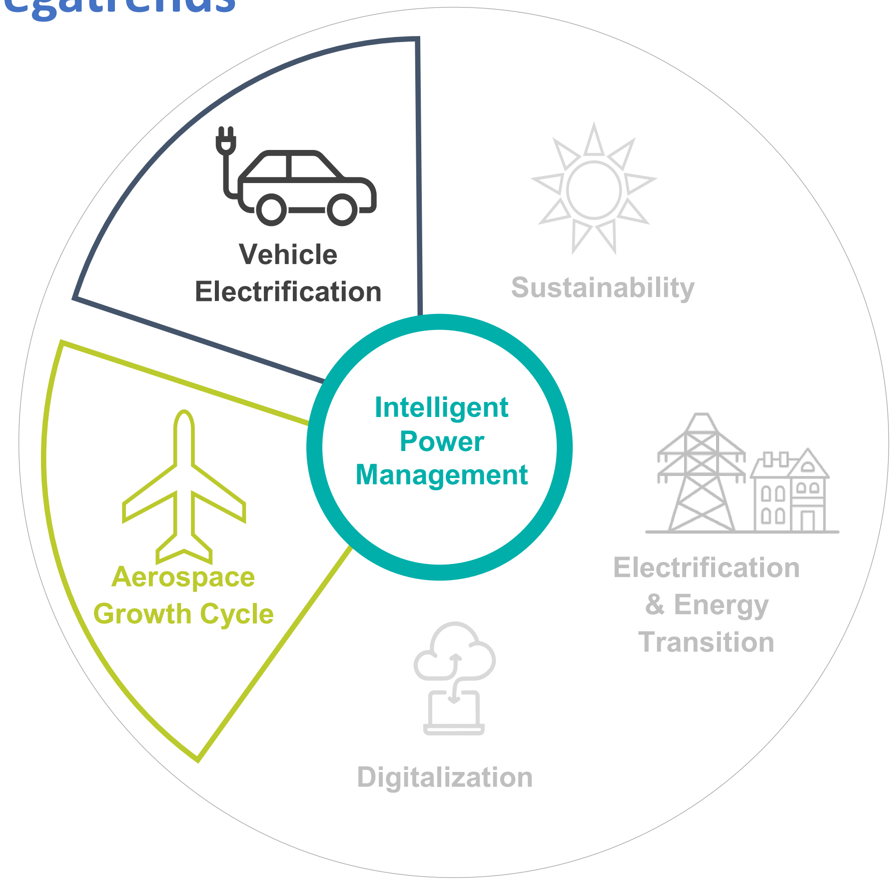
…and we're seeing a significant number of early wins

Megatrends



$500M+ life-of-program win to supply cryogenic cooler and controller for advanced infrared systems for U.S. Army helicopters

CityAirbus urban air mobility win for power distribution unit demonstrates electrical capabilities in Aerospace

More than 30% increase in commercial and defense aftermarket orders with OEM build rates projected to grow mid-teens through 2026

$100M mature year wins to supply Breaktor to leading European automotive OEM

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Financial Summary

(M)	1Q '23	1Q '22	V '22
Sales	$5,483	$4,843	▲ 13%
Segment Operating Profit	1,082	909	▲ 19%
Segment Operating Margin	19.7%	18.8%	▲ 90 bps
Adjusted Earnings	753	649	▲ 16%
Adjusted EPS	$1.88	$1.62	▲ 16%

$1.88 — **1st Quarter Record** Adjusted earnings per share

$1,082M — **1st Quarter Record** Segment operating profit

19.7% — **1st Quarter Record** Segment operating margin

Sales Growth:

Organic	15%
Forex	(2)%
Total	**13%**

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Electrical Americas Segment

(M)	1Q '23	1Q '22	V '22
Sales	$2,294	$1,891	▲ 21%
Operating Profit	525	361	▲ 45%
Operating Margin	22.9%	19.1%	▲ 380 bps

- Orders up 18% on a rolling 12-month basis with growth remaining at high levels and strength driven by data center, utility and industrial markets
- Backlog up 51%
- 1st quarter record sales, operating profit and margin

Sales Growth:

Organic	22%
Forex	(0)%
Total	**21%**

Electrical Global Segment

(M)	1Q '23	1Q '22	V '22
Sales	$1,500	$1,437	▲ 4%
Operating Profit	274	279	▼ (2)%
Operating Margin	18.3%	19.4%	▼ (110) bps

- Orders up 4% on a rolling 12-month basis with growth remaining at high levels and strength driven by data center, commercial & institutional and utility markets
- Backlog up 3%
- All-time record sales
- Closed acquisition of a 49% stake in Jiangsu Ryan Electrical Co. Ltd. which manufactures power distribution and transformers.

Sales Growth:

Organic	8%
Forex	(3)%
Divestiture	(1)%
Total	**4%**

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Aerospace Segment

(M)	1Q '23	1Q '22	V '22
Sales	$803	$718	▲ 12%
Operating Profit	180	159	▲ 13%
Operating Margin	22.5%	22.1%	▲ 40 bps

- Orders increased 21% in Q1 on a rolling 12-month basis organically from strength across all end markets
- Backlog growth of 27%
- 1st quarter record sales and operating profit

Sales Growth:

Organic	13%
Forex	(1)%
Total	**12%**

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Vehicle Segment

(M)	1Q '23	1Q '22	V '22
Sales	$739	$671	▲ 10%
Operating Profit	107	113	▼ (5)%
Operating Margin	14.5%	16.8%	▼ (230) bps

- Organic growth driven by strength in Americas and EMEA
- Awarded multiple new programs for sustainable ePowertrain product offerings

Sales Growth:

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

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eMobility Segment

(M)	1Q '23	1Q '22	V '22
Sales	$147	$126	▲ 17%
Operating Profit (Loss)	(4)	(3)	▼ (33)%
Operating Margin	(2.7)%	(2.4)%	▼ (30) bps

- Over $1.4B in wins since eMobility was launched in 2018
- Won cumulative program total of $100M with European OEM by leveraging Breaktor technology on next generation battery platforms

Sales Growth:

Organic	18%
Forex	(1)%
Total	**17%**

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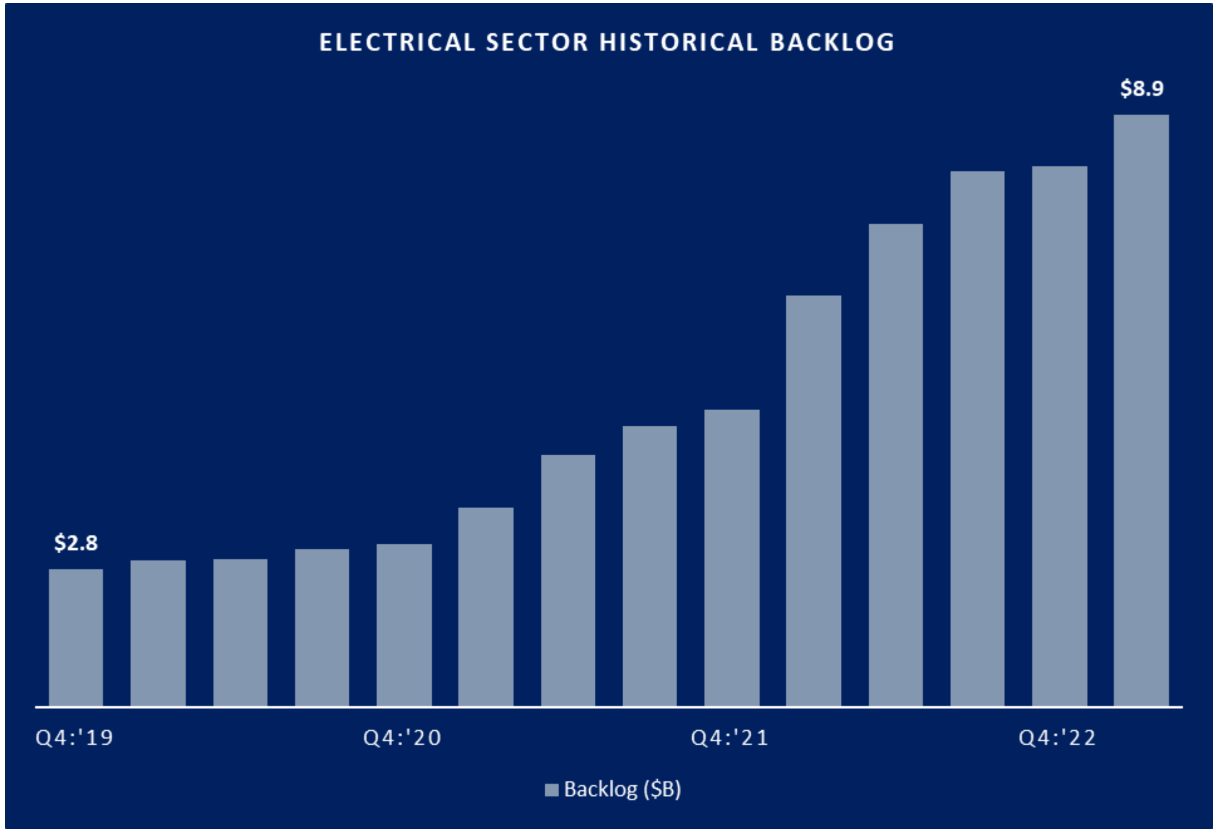
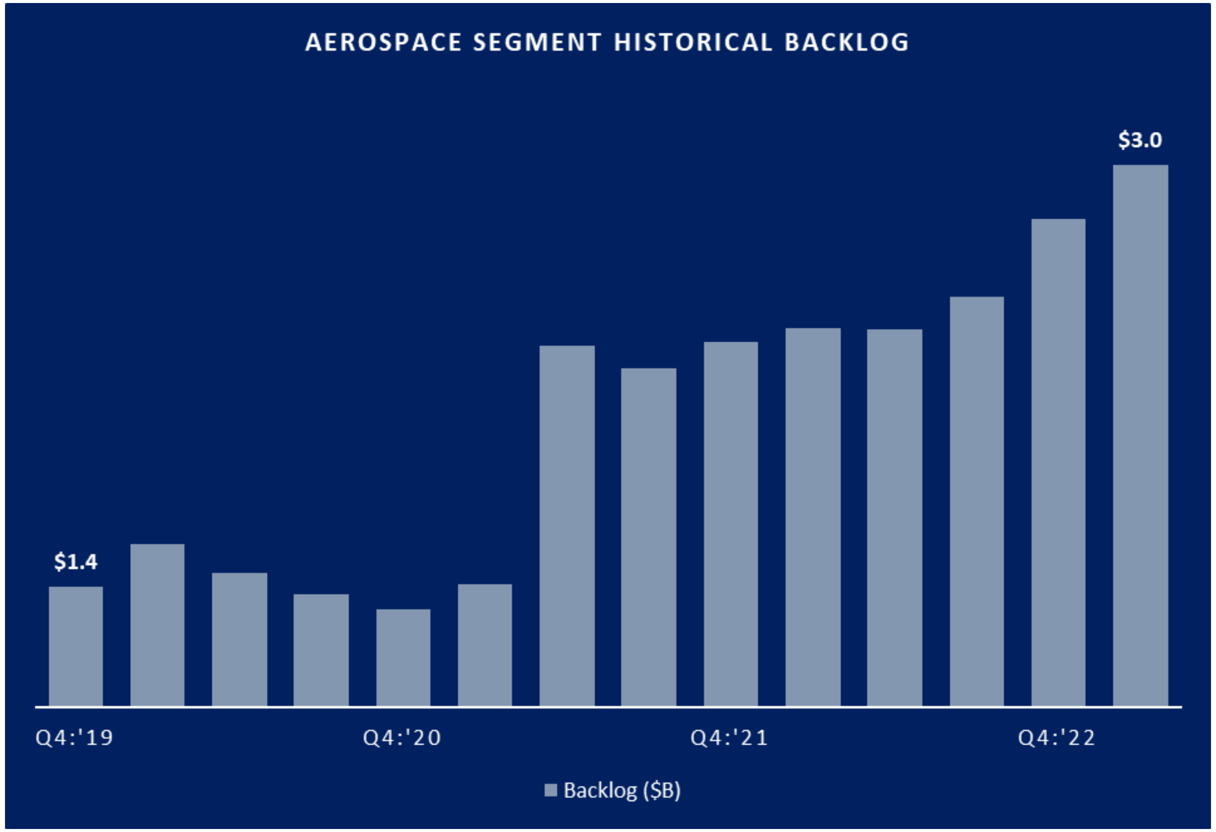
Electrical and Aerospace backlog growth remains robust as orders and supply chain begin to normalize gradually





Record backlog provides tremendous visibility and confidence in 2023 outlook

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2023 Organic Growth and Operating Margin Guidance

Segment	Organic Growth Guidance	Operating Margin Guidance
Electrical Americas	▲ 11 – 13%	▲ 23.3% – 23.7%
Electrical Global	▲ 6 – 8%	19.5% – 19.9%
Aerospace	▲ 10 – 12%	23.7% – 24.1%
Vehicle	3 – 5%	16.3% – 16.7%
eMobility	▼ 25 – 35%	▼ 0% – 2.0%
Eaton	▲ 9 – 11%	20.7% – 21.1%

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2023 Guidance

2023 Full Year Outlook

Adjusted Earnings Per Share	**\$8.30 – \$8.50**
Organic Revenue	9 – 11%
Currency Translation	(\$150)M
Segment Operating Margins	20.7% – 21.1%
Corporate Expenses	\$710M
Tax Rate on Adjusted Earnings	16% – 17%
Operating Cash Flow	\$3.2B – \$3.6B
Free Cash Flow	\$2.6B – \$3.0B
Capex	~ \$700M
Share Repurchases	\$300M – \$600M

2nd Quarter Outlook

Adjusted Earnings Per Share	**\$2.04 – \$2.14**
Organic Revenue	10 – 12%
Currency Translation	(\$60)M
Segment Operating Margins	20.5% – 20.9%
Corporate Expenses	\$30M to \$35M above 2Q22
Tax Rate on Adjusted Earnings	17% – 18%

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Eaton's end market growth assumptions are improving – *2023 outlook*

Electrical Sector

Outlook	End market	% of Total Eaton Sales 2022 FY
Strong/Double Digit Growth	Utility *	10%
Solid Growth	Industrial Facilities	12%
Solid Growth	Data Centers & Distributed IT	14%
Solid Growth	Commercial & Institutional	19%
Modest Growth	Machinery / MOEM	6%
Flat	Residential *	8%

Electrical Total: ~70%

Industrial Sector

Outlook	End market	% of Total Eaton Sales 2022 FY
Strong/Double Digit Growth	Electric Vehicles	3%
Strong/Double Digit Growth	Commercial Aerospace	9%
Modest Growth	ICE Light Vehicles	6%
Modest Growth	Defense Aerospace	6%
Flat	Commercial Vehicles	8%

Industrial Total: ~30%

Declining *Flat* *Modest Growth* *Solid Growth* *Strong/Double Digit Growth*

** Denotes change in market assumption versus prior quarter outlook*

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Summary

Megatrends, re-industrialization, infrastructure spending already driving higher growth and have changed the long-term growth outlook for our company.

First quarter record financial performance demonstrates strong ongoing operating execution to deliver profitable growth.

Record backlogs and solid orders remain robust and underpin growth expectations for the year and continued benefits from secular growth tailwinds.

Well positioned to deliver on 2023 results, and raised full year guidance, after posting Q1 that exceeded our commitments.

Expect to exceed our 2025 targets for organic revenue growth, margin improvement and adjusted EPS growth.

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APPENDIX

Eaton Corporation plc

Reconciliation of Non-GAAP Financial Information

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

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

	1Q 2022	2022	1Q 2023	Q2 2023 Guidance Low	Q2 2023 Guidance High	2023 Guidance Low	2023 Guidance High
Net income attributable to Eaton ordinary shareholders	$ 532	$ 2,462	$ 638				
Acquisition and divestiture charges, after-tax	4	147	11				
Restructuring program charges, after-tax	14	29	8				
Intangible asset amortization expense, after-tax	99	394	97				
Adjusted earnings	$ 649	$ 3,032	$ 753				
Net income attributable to Eaton ordinary shareholders per share - diluted	$ 1.33	$ 6.14	$ 1.59	$ 1.75	$ 1.85	$ 7.18	$ 7.38
Per share impact of acquisition and divestiture charges, after-tax	0.01	0.37	0.03	0.05	0.05	0.17	0.17
Per share impact of restructuring program charges, after-tax	0.03	0.07	0.02	0.02	0.02	0.06	0.06
Per share impact of intangible asset amortization expense, after-tax	0.25	0.99	0.24	0.22	0.22	0.89	0.89
Adjusted earnings per ordinary share	$ 1.62	$ 7.57	$ 1.88	$ 2.04	$ 2.14	$ 8.30	$ 8.50

Acquisition and divestiture charges:

	1Q 2022	2022	1Q 2023
Acquisition integration, divesture charges and transaction costs	$ 29	$ 194	$ 13
Gain on sale of the Hydraulics business	(24)	(24)	-
Total charges before income taxes	5	170	13
Income tax benefit	1	23	3
Total charges after income taxes	$ 4	$ 147	$ 10
Per ordinary share - diluted	$ 0.01	$ 0.37	$ 0.03

Restructuring program charges:

	1Q 2022	2022	1Q 2023
Restructuring program charges	$ 18	$ 33	$ 10
Income tax benefit	4	4	2
Total charges after income taxes	$ 14	$ 29	$ 8
Per ordinary share - diluted	$ 0.03	$ 0.07	$ 0.02

Intangible asset amortization expense:

	1Q 2022	2022	1Q 2023
Intangible asset amortization expense	$ 128	$ 499	$ 124
Income tax benefit	29	105	27
Total after income taxes	$ 99	$ 394	$ 97
Per ordinary share - diluted	$ 0.25	$ 0.99	$ 0.24

Reconciliation of operating cash flow to free cash flow

	1Q 2022	1Q 2023	2023 Guidance ($ Billions) Low	2023 Guidance ($ Billions) High
Operating cash flow	$ 42	$ 335	$ 3.3	$ 3.7
Capital expenditures for property, plant and equipment	(115)	(126)	(0.7)	(0.7)
Free cash flow	$ (73)	$ 209	$ 2.6	$ 3.0