

Industrials/Multi-Industry

**DEM #568: Global Industrials Conference
2024 key questions**

Estimate Change

Global Industrials Conference 3/19 – 3/21

We are hosting the 2024 BofA Global Industrials Conference in London on March 19th – 21st. This year, there are over 75 companies attending and multiple experts. We will be holding management fireside chats and group meetings with Parker-Hannifin (PH), Carrier (CARR), Rockwell (ROK), Fortive (FTV), Allegion (ALLE), ITT (ITT), and Vontier (VNT). Eaton (ETN) will only be hosting 1x1 meetings. Inside this note, we present our top questions for each of our companies attending. Earlier this week we published an extensive preview which includes a detailed schedule of the event, [see note here](#). See our full multi-industrial [question bank here](#).

Adjusting ROK and ALLE estimates

We maintain our 2024 ROK EPS estimates and lower 2025 EPS estimates by \$0.02 to reflect intra-quarter updates on the company's quarterly margin targets. We maintain our 2024 and 2025 Allegion EPS estimates but adjust our pricing estimates for 2024.

15 March 2024

Equity
Americas
Industrials/Multi-Industry

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Acronym guide is located on the
inside of the note

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Upcoming events

Monday March	Tuesday	Wednesday	Thursday	Friday
11	12	13	14	15 US March Production Situation Release
18	19 BofA Global Industrials Conference	20 BofA Global Industrials Conference	21 BofA Global Industrials Conference PMI – March situation release	22
25	26	27	28	29
April				
1	2	3	4	5

Exhibit 1: BofA Global Research Reports

Reports published week ending March 15, 2024

Title: Subtitle

[Core & Main: 4QF23 preview: pricing in focus, updating for many corporate actions](#)

[Industrials/Multi-Industry: Fluid Power Survey #168: Outlook strong, demand stays near breakeven levels](#)

[3M Company: Unexpected CEO transition may point to more execution driven story](#)

[Eaton Corp PLC: Technology Showcase takeaways: the future is electrifying](#)

[Emerson Electric Co: Emerson's boundless automation \(and ambition\)](#)

Source: BofA Global Research

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Allegion – ALLE, Underperform, \$95 PO

Fireside chat with Mike Wagnes, SVP & CFO

Wednesday, March 20th at 3:40 – 4:20PM GMT (11:40am – 12:20pm EDT)

- Electronics has been highlighted as one of your key priorities during your analyst day. What is driving different electronics adoption by region (NA ~10%, EMEA ~5%, ANZ ~8%)? What is the impact of electronics growth on margins? How does the push into electronics impact your supply chain strategy?
- Software and services is another key strategic priority for the company how has the addition of Stanley Access Technologies change the business model going forward, how can Allegion leverage its new services expertise in its core hardware business. What are the strategic opportunities available to the company related to software, are there obvious adjacencies, white spaces that you can target? How is Interflex strategy evolving - what are the opportunities to scale it up with existing customers, what else can you do with it?
- Capital allocation priorities, how should we think about acquisitions? Are there any sizeable opportunities available in the market? How high are you comfortable leveraging up, can you flex north of 3x? What is a good run rate for leverage historical range seems to be 1.5-2.5x. What is behind your 2-3% capital deployment contribution on top of 8-10% EPS growth – helps us frame it.
- EBITDA margins going forward, what would it take to exceed prior peak – You are highlighting 50-100bps per year going forward but is this this right framework given higher percentage of the service business and potential internal software investments.

Americas

- Residential: How should we model the timing of housing starts vs. completions? Help us think about the channel - are there differences in inventory levels between big box and homebuilders. When does the market bottom. Competitive dynamic in North America particularly v. Assa Abloy, ability to fully regain market share in the big box?
- Where is the institutional market today - how do you track the impact of the federal stimulus v. local bond issuance (which was down)?
- How should we think about your commercial market exposure in North America, key verticals to consider, new v. remodel. How is the business impacted by work from home?
- Pricing environment in North America?
- How to think about NA margins in the long run with the addition of Access Technologies. How has Access technologies changes/enhanced your go to market model?
- How has the ramping up of the Mexico plant been going? What other opportunities are there to nearshore certain products? How is Mexican labor inflation impacting your operations?

International

- Can you take us around the world what are some of the weaker and stronger markets? Can you help us size the portable security business - how much has it declined? When does it bottom? Why does it impact the margin so much. What are the key opportunities to improve the channel in the international markets?



Carrier – CARR, Underperform, \$55 PO

Fireside chat with Patrick Goris, Senior Vice President & CFO

Thursday, March 21st at 9:40 – 10:20 AM GMT (5:40 – 6:20 AM EDT)

- Using \$2.55 as a base and the same 14% growth rate it is assuming for '24 EPS growth implies EPS of ~\$2.91 for '25. What are the levers needed to achieve the 14% growth to hit the 2025 EPS target?
- What is the opportunity to “attach” software solutions like Abound and Lynx to Carrier’s installed base?
- What is driving China strength? Orders were up ~20% in 4Q23, was this a function of comps or outperformance? You noted that most of your China exposure is now 75% industrial/infrastructure v. 30% in the past, could you talk about this transition?
- How is the bankruptcy process going for KFI? Has there been plaintiff pushback? Is the bankruptcy affecting the timing of the resi/commercial fire divestiture?
- Inventory in 2023 was down y/y, but still elevated vs pre-COVID. Are you expecting to reduce inventory further in 2024? What are the levers to return to historical inventory levels?
- How much cash should we assume you have available for buybacks/other in '25 – ie FCF + incremental M&A proceeds + potential leverage

HVAC

Resi

- For resi, although destocking is now expected to continue in the short term in '24, is the destocking going to be as significant as it was in 4Q23? How did the ambiguity of the EPA’s original refrigerant transition guidelines affect destock in 4Q23? When does resi business return to growth in '24?
- Based on commentary it appears Carrier will be one of the first companies to put its new refrigerant product in the market for resi, do you think this gives you a significant advantage? As the EPA has amended the sell through rules, are you going to continue to produce the r-410a products after launching the r-454b line?
- With the March increase on the old R-410a HVAC units, how should we think about the costs of the new refrigerant units in comparison, ie is the 15-20% price increase cited is incremental to this price increase?
- As heat pump adoption rises how do you see competition evolving from new lower priced entrants - ie the Chinese product. How can Carrier lever Giwee and Toshiba product better in North America going forward?

Light Commercial

- With light commercial guided to be down mid-single digits, how should we think about the underlying demand v. Inventory in the channel. When do you expect light commercial demand to turn positive?
- With orders related to the ESSER funds have to be placed by September 30th, how should we think about the size of your education vertical for 2025 (both applied and light commercial)? With states first applying for rebates created under the IRA in January, are you expecting to see a benefit from the IRA in 2024 or is the benefit delayed until 2025?

Applied

- What is Carrier's datacenter exposure? Can the rate of growth be sustained over the next several years? Is there anything different about the HVAC product for the data centers. Do you need new cooling solutions to service the AI data center market? How should we think about Carrier industrial exposure? Do you have visibility on reshoring particularly as construction for semiconductor fabs and electric vehicle plants pick up into '24? How is your pipeline, are you seeing any orders stemming from these conversations? How is the data center demand visibility?
- How is Carrier driving higher service attachment rates – aftermarket up 12% in '23, 10% in '22. What's a good aftermarket growth assumption in '24 and beyond. What changes have you been making to incentivize the salesforce to sell more applied product with services. Was it about the number of people? technology? Incentives?

Viessmann

- What makes Viessmann distribution network such a valuable asset? How can you leverage Carrier, Toshiba and Giwee product with Viessmann distributors? How do you scale up Viessmann distribution for higher volumes in Europe? What are the opportunities with Viessmann distributors for Carrier in North America?
- What are the sources of savings/synergies at Viessmann going forward? Is it facility consolidation, sourcing?
- Have you recalibrated LT heat pump growth opportunity in Europe? Originally you have forecasted the European market to growth to 4-6mn units by '27 and 6-10mn units by 2030. How should we think about the regulatory environment for climate change legislation in Europe vs a year ago? How are you thinking about the recent changes to the European Union's Energy Performance for Building Directive which now allows more leeway on implementation? Does this impact the long-term adoption rates for heat pumps? During the September business update and 3Q23 earnings, you were relatively constructive on Viessmann outlook into year end, however EBITDA came in at €650mn vs expected €700mn. What happened towards the end of the year? What were the negative surprises? What are you forecasting for the German heat pump market in '24 (v. '23 at 356,000), how do you see the quarterly cadence. How much backlog coverage does Viessmann have?
- Why would boiler demand grow in 2024 in the face of weak German construction market and consumer demand? Was there pent-up demand in 2023?
- What is driving the guide for Viessmann's PV business to be down in 2024? Is the PV business impacted by German Court decision taking away manufacturing benefits? When do you expect the business to bottom?

Refrigeration

- For North America and Europe truck/trailer you guided to outperform ACT forecast citing previous outgrowth. What is driving the outperformance? What are you doing to win market share vs your competitors? Can you go into more detail on your forecast for container recovery –you noted “strong rebound in the container business, both in terms of market and in terms of share” ?



Eaton – ETN, Buy, \$320 PO

Only 1x1 meetings

- Eaton's 2025 margin targets were for ~21.5%. The company achieved 22% operating margins in 2023, with 22.6% margins at the midpoint in 2024. The key driver of upside has been Electrical Americas. How is your approach to internal margin targets evolving with the increased secular drivers for Electrical (data centers, grid, reshoring)?
- Eaton issued its 5-8% organic revenue CAGR from 2020-2025 in March 2022. Eaton has grown organic topline at 10% on a 4-year stack (2021-2024E) and all-in revenue at 9% from 2020-2024E. Organic growth would need to turn negative for Eaton to not outperform its 5-8% target. How does Eaton internally think about raising its targets? What does Eaton need to see to raise?
- How does Eaton think about pricing going forward? Schneider pricing decelerated from high-single digits to mid-single digits throughout 2023. Are industry capacity constraints supportive of more pricing?

Electrical

- What are your expectations about growth by end market?
- In 3Q23 earnings, Eaton upgraded its Data Center market growth rate to a +16% CAGR from 2022-2025. In your analyst day from 2022, you talked about a +7% CAGR for the data center and distributed IT market. Like-for-like, how much did Eaton raise its growth? Our math is that distributed IT would have grown at a 5% CAGR, largely from Tripp Lite, and that the data center at an 8% CAGR would blend to ~7% CAGR. This would imply data center raised from 8% CAGR to 16%. Is that the correct way of thinking about it?
- Eaton has been relatively well-insulated from the destocking headwinds facing many other multi-industrial names. What does it take to drive destock?
 - What conversations does Eaton have with its distributors about their inventory levels? What would make Eaton concerned about potential destocking?
- Can you talk about the timing of Eaton's capacity additions?
 - Is Eaton concerned about competitors also adding capacity?
 - How does Eaton decide internally how much capacity to add?
- With the current expansion coming online in 2025, what was the algorithm to determine how much to add?
- What does Eaton need to see in the marketplace to increase it further?
- How does it impact incrementals as all this capacity starts to come online?
- As data centers get more complex, hotter, and take up more space, liquid cooling has emerged as a competitor to traditional methods of cooling. What conversations does Eaton have with customers about the changing cooling landscape? What are their concerns?
- Vertiv acquired a company in the liquid cooling space called CoolTera. Would Eaton consider pursuing a similar strategy?

- Has Eaton considered investing organically build out liquid cooling? Why/why not?
- Utility is about 10% of Eaton's portfolio, but growth has been accretive the last two years. Historically this was a dilutive margin business. Would this be dilutive to margin going forward as it continues to outgrow other parts of the business?
- Who are Eaton's main competitors in grid?
- In March 2022, Eaton highlighted that it wanted to do a future ~\$700mn in revenues of acquisitions in the industrial sector. Eaton has not done any acquisitions within this business since the investor day. Given the excitement around data centers and electrification, could an industrial acquisition still be in the future?
 - What is the logic to grow the Industrial business? What would the priorities be here?
- Can you give an update on what you're seeing in the Global Energy Infrastructure Solutions business? And to clarify, this is included in Electrical Global?
 - How would Eaton size the margin profile of this business?
 - What are Eaton's key oil & gas customers saying?
 - What major trends is Eaton seeing in the oil & gas space by region?
- The demand environment is very supportive for electrical. Eaton just announced a three-year \$375mn program. The last time Eaton did a similar-sized restructuring program was 2015-2017, a period with flattish revenue. Can you discuss the rationale for undertaking a restructuring program now?
 - What are the key goals of the restructuring program?
 - What are the risks associated with doing a current restructuring program during such a high growth time period?
- Can you size Eaton's electrical content on industrial facilities? What do you estimate Eaton's market share is?

Aerospace

- Since 2019, Eaton has acquired Souriau (from TransDigm) and Cobham Mission Systems. How has this shifted the aerospace portfolio?
 - Would you consider further growing your aerospace business?
 - What are the key programs in commercial to track that drive your aerospace business?
 - Key programs in defense?
- Long-term, how should we think about Aerospace growth? Can it be a HSD-grower in the next 3-5 years? Structurally, should it undergrow the peer set given the filtration/golf grips business?
- Given the peer set, it seems your Aerospace business is undergrowing peers given slower growth from the filtration and golf grips businesses. Has Eaton thought about divesting these businesses?



- Can you size Eaton's filtration business? What end markets does it sell into? What demand trends are you seeing? When does destocking end?

Vehicle

- How does Eaton track its vehicle markets? What is the right IHS data for this business?
- The company's 2025 target is for 19% operating margins in Vehicle. 2024 guidance is for 16.5% margins at the midpoint. How does this guidance fit inside the framework for the long-term 19% target? What needs to happen to reach the 19% target?

eMobility

- At the 2022 investor day, Eaton guided to 27% organic CAGR for eMobility driven by 14% market growth and 13% outgrowth. The segment has grown about 17% from 2021-2024E. BofAe is modeling 24% growth this year. Can the business re-accelerate from here?
 - How should we think about the margin inflection in eMobility? The segment guide is for 1-2% in 2024. Old targets were for 11% margins in 2025 – is that still achievable?
- What's the algorithm to raise margins in eMobility? Is it scale, is it working through contracts and backlog, what are the key buckets here?

Capital allocation/M&A

- Can you talk about Eaton's capital allocation strategy? What is driving the accelerated buyback? Given the current valuation, why not pursue M&A?
- Under Craig Arnold, Eaton has pursued a joint-venture strategy to engage in China (7 major JVs total, 4 since 2021 all focused on electrical). Can you talk about the strategy in the China market?

Fortive – FTV, Neutral, \$90 PO

Fireside chat with Chuck McLaughlin, SVP & CFO

Tuesday, March 19th at 2:50 – 3:30PM GMT (10:50 – 11:30 AM EDT)

EA Elektro-Automatik

- How cyclical has EA's revenues been historically? What are the major end markets and what % is tied to EV battery build out?
- Clear cross-selling strategy – Tektronix's salespeople sell EA products. How quickly can you train the sales force and start getting pull-through on orders?
- What portion of EA's revenue was tied to software? How does EA's software strategy compare to Tektronix's?
- Now expect EA to accretive in year one – what changed versus initial guidance of dilutive in year one?

ASP

- You've talked in the past about how new product introduction takes longer in life sciences. Where are you in terms of product vitality for ASP? And outside of the US, what are you seeing in terms of growth rates and are you making investments in these regions?
- Are there any market trends which have worked against vaporized hydrogen peroxide (ASP's technology)? Are ethylene oxide (EO) or dual-sterilants (VHP + ozone) gaining share?

Connected Workflows strategy

- **Connected Reliability:** You launched Fluke solar tester and made a tuck-in acquisition (Solmetric Sept. 2023). Are there other niche adjacencies that could help improve your organic growth here?
- **Environmental Health & Safety:** Have you been able to leverage your existing Industrial Scientific/iNet hardware installed base to accelerate growth at InteleX? Would the pending SEC regulations around scope 1/2/3 carbon emissions reporting be a tailwind for InteleX software sales?
- **Facility & Asset Lifecycle:** Fortive has built out a full software offering for firms self-performing (Gordian, Accruent) or using third-parties (ServiceChannel). Why is this a secular growth market? What do you think the market growth rate is versus your own HSD revenue growth?
- **Product Realization:** EA Elektro-Automatik is the acquisition to be added around Tektronix since Fortive went public. Does this reflect a scarcity of available assets, high transaction multiples, or a lack of interest in investment in the test & measurement space?
- **Perioperative Loop:** The Provation acquisition has had HSD revenue growth since acquisition. What portion of the installed base is now on SaaS? What is the typical uplift you get from an on-premise to SaaS transition?

2025 targets

- Fortive is targeting ~\$4.50 in adjusted EPS for 2025 versus current consensus of ~\$4.15. How much of the gap is around your implied assumption from capital deployment?



Capital return

- Fortive recently increased its quarterly dividend for the first time since going public. How are you thinking about capital return more broadly? Are you considering moving from an opportunistic to a more systematic (e.g., offsetting share grant dilution) repurchase strategy?

ITT – ITT, Buy, \$135 PO

Fireside chat with Luca Savi, President & CEO

Tuesday, March 19th at 1:05 PM – 1:45 PM GMT (9:05-9:45 AM EDT)

- Long-term guidance: ITT's organic growth guidance of 3-6% in 2024 compares to the 5-7% guidance given at the 2022 investor day. How does the 2024 guide fit within this framework?
- The midpoint of 2024 EPS guidance implies 8.8% EPS growth, below the long-term CAGR target of 10+%. How does the EPS guidance fit within your long-term EPS framework?
- Can you give an overview of demand trends? Where are you seeing structural tailwinds and where are you seeing structural headwinds?
- Can you discuss the key R&D projects ITT is excited about?
- Can you please describe the decision to fund Svanehoj with commercial paper and a term loan rather than cash?
- Asia Pacific was highlighted as a platform for growth in 2022. Can you please describe what the formula here is for growth? Where are you expanding? ~80% of your Asia business is in Motion Tech. What are the plans to scale the Industrial Process and Connect & Control Technologies businesses here?
 - How large is the IP Oksan facility? Any direction is helpful.
 - How large is the Connectors Shenzhen facility? Any direction is helpful.
- How does ITT structurally improve its cash flow generation? You had 100% in 2023, but historically cash conversion has been lumpy (69% FCF as a % of net income from 2012-2023 on average). What does it take to see more consistent cash generation?

Industrial Process

- Can you please talk about self-help opportunities in IP, particularly in the SFO facility? What sort of productivity investments have you been making recently to get to the ~20% long term margin target?
- What impact will closing the SFO facility's foundry have on the business? Is there a way to size the margin impact? Is the benefit embedded in 2024 guidance?
- ITT has a +MSD target for its energy end market in Industrial Process (25% of IP). Given the recent trends of energy independence and LNG coming back, how do you think about outperforming this target?
- Any thoughts on CIRCOR's KKR acquisition? ITT does not compete much directly, but it is part of the same industry. Does this have any potential to shift the competitive landscape in pumps and valves?
- The long-term growth target for Industrial Process's mining business is high-single digits. We have heard some concerns about the mining end market into 2025. What are your customers saying? How do you think about the structural potential for this business?



Motion Tech

- You have over 50% market share in Europe. How do you continue to grow that market share? Can you give any targets for continuing to expand that market share and what buckets drive it?
- On the 4Q23 conference call, there was a comment about finishing the year with 29% market share in Friction OE. The company had 28% market share in 2021 with a 33% target in 2025E. How is the market share target tracking?
 - Does faster market growth help ITT pick up incremental share?
- What are the levers to reach 18% operating margins in 2024 in 1H24 vs. 2H24? What KPIs should we watch to understand whether the 18% target will be reached sooner rather than later?
- How is your target for \$0.5bn in electrified vehicle revenue by 2025 tracking?
- What's the playbook to reach ~20% margins in MT? Can we walk through the major buckets here?
- Is there any restructuring/footprint included in this target?
- What's the attachment rate for aftermarket? Are you in line with the industry? What's the margin range differential between aftermarket and OE in MT? Do you have any targets to grow the aftermarket business?
- The long-term growth trajectory for auto aftermarket is low-single digits. Do you expect to outgrow that in 2024 given lapping the destock headwinds?

Connect & Control Technologies

- This is one area of the business that ITT has telegraphed slowing and seeing destocking, particularly since distribution is 1/3 of sales. What are you seeing in terms of destocking?
- How does it impact margins if you have declining sales in short cycle industrial but growth in defense? Is that a positive margin mix?
- You've flagged a revenue growth CAGR of ~20%+ from 2021-2025 in the electrification business. How is this trending two years in? Have expectations about EV adoption been pushed to the right?
- The margin target for CC&T from your 2022 investor day is the highest of the three segments. What's the underlying framework for having a higher long-term target? Are the gross margins in the business higher? Is there more room to reduce SG&A?

Parker Hannifin – PH, Buy, \$600 PO

Fireside chat with Jennifer Parmentier, CEO

Tuesday, March 19th at 11:25 am -12:05 PM GMT (7:25 – 8:05 AM EDT)

- Long-term growth targets: Parker's long-term growth target is for 4-6% growth through FY27. How does 2024 guidance fit in with this framework?
 - Can you please talk about the decision to move away from an Industrial Production (e.g., 2x IP) driven target to a through-the-cycle number?
- Long-term margin targets: Parker has a long-term margin target for 25% in FY27. 2024 earnings guide is for 24.3% at the midpoint. How does Parker think about raising its margin target?
- Long-term EPS CAGR: What is included in the 10%+ FY27 EPS CAGR? Earnings grew 15% in 2023, and the midpoint of 2024 guidance is for 12.3% growth. Does the 10% CAGR indicate a deceleration in earnings growth in FY25/FY26? Is there incremental M&A included in the target?
- Pricing: While Parker doesn't disclose price, can you walk through the current pricing environment? Relative to previous years, should we expect price to be a bigger contributor to topline going forward?
- What are your expectations for price/cost embedded in the guide in 2H24?
- Move to long cycle: Aerospace has scaled to be 1/3 of the business. The industrial pieces of the portfolio have also become more Fundamentally, does this require a different playbook from Parker? How does increased visibility change the way you manage the business, as the company becomes more long-cycle?
- Win Strategy: How does the Win Strategy drive margin over time? What are the key KPIs that you track? What are the key priorities?

Industrial

- Going through the business units in Industrial, Motion was up 0.5% y/y, Flow & Process Control was down (4.3)% y/y, and Filtration and Engineered Materials was up 1.5% y/y. Can you talk about the performance of the three different sub-segments and what's driving the divergence?
- What markets are driving the weakness in Flow & Process control? I I
- Between the three Industrial units (Motion, Flow & Process Control, and Filtration/Engineered Materials) what is the most accretive to margin and what is the least?
- What is giving you confidence that in Industrial growth should improve from 3Q24 to 4Q24?
- What conversations are you having distributors about their inventory levels? What are their concerns? What gives you confidence that the destock should start to abate after 3Q? What metrics do they look at to determine when they are comfortable with their own levels?
- The filings are constructive on oil & gas end user demand. Can we talk about the trends you're seeing there? Any detail across upstream, downstream, and LNG is helpful.



- Decrementals: Parker was able to grow operating income with organic sales declines in F2Q in Industrial NA and Industrial International. Can this hold in a steeper downturn?
- Market share: Can you walk us through how Parker reaches 20% market share?
 - How should we think about the market share in different parts of the portfolio?
 - Is the strategy to grow the areas where it's weaker? What are the areas where market share is weaker?

Aerospace

- Meggitt: Management has been bullish on the Meggitt transaction and the \$300mn in synergies by the end of FY26. What are the key priorities? What's the key to meeting the synergies? Can you size the relevant buckets?
- Meggitt: Can you describe the revenue synergies and opportunities at Meggitt?
- Defense: The military business grew +10.5% on a blended basis (12.5% OE, 8% AM). This is faster than an average of GE, HON, and ETN (+6% y/y). Is Parker gaining share, or does this reflect different programs?
- Wheels & Brakes: The Wheels & Brakes business (divested when the company purchased Meggitt) was ~38% EBITDA margins. Long-term, where can Meggitt margins go?
- Topline: Historically, PH was compared to PMI because it was so short term. How should we think about the drivers of topline?
- Compensation: Parker recently revamped its compensation plan. Can you talk through the changes in incentives for business managers and what you hope to achieve through these shifts?

Other

- New product blueprinting: Can you talk about shifts in your R&D strategy over time? How do you work with your customers to develop new products?

Portfolio and M&A

- Portfolio reshaping: Parker has diversified its portfolio by acquiring less cyclical businesses. What is the internal criteria Parker uses to evaluate whether its businesses are up for par?
- Prior M&A: Clarcor, Lord, and Exotic acquisitions have been successful. What have you learned from these acquisitions and from Meggitt?
 - Has the process with Meggitt changed your approach to M&A?
- M&A environment: Aerospace has been a priority end market for Parker. What other areas of the business do you like enough to scale? What are your M&A priorities?
- Scale: Today, Parker is a >\$60bn market cap company. 10 years ago, prior to the acquisitions, it was a \$15-20bn name. How does the scale change your approach to the M&A environment going forward?

Rockwell – ROK, Neutral, \$300 PO

Tessa Myers, SVP Intelligence Devices

Wednesday, March 20th at 2:50 – 3:30PM GMT (10:50 – 11:30 AM EDT)

- Overview: Intelligent Devices is ~45% of Rockwell sales. For the audience, can you please give an overview of the business you run and how it fits within the broader Rockwell portfolio?
- Growth through the cycle: What is ROK's view on industrial / manufacturing renaissance in the US? Where are we in the cycle?
- Automation: What is driving your customers to adopt automation? What concerns do they have? Can you describe the differences between the conversations you have in greenfield expansion as opposed to brownfield?
- R&D: What are the key areas of reinvestment that you're excited about? What are the key priorities when you're developing new products?
- Distribution: What is your visibility into your distributors own inventory levels? What conversations are you having with your distributors? What are the key concerns that your distributors are having? What do your distributors need to see in order to start ordering products again?
- Process opportunity: How large is the process automation opportunity for ROK? What is the latest expectation for Process growth through the cycle?
- Backlog normalization: Our framework for ROK backlog coverage is that while it clearly won't stay in the 60% peak range from 2022, it won't go back down to historical levels of 20%. Where do you see your backlog coverage getting to long-term? Is Intelligent Devices "longer-cycle" than it was 4-5 years ago?
- What part of the backlog coverage extending is structural? Have you increased the percent of your portfolio that isn't just book-and-ship?
- Supply chain: During COVID, many companies had to reinvest in supply chains in order to get product to the customer. Have you had to reinvest?
 - When you diversify your supply chain, how do you normalize it? How difficult is it to simplify it back?
- Lead times: It seems that there continue to be supply chain issues, and the company is building back buffer stock of its own components. What continues to be a bottleneck?
- Cross-sell with Logix: Can you discuss the cross-sell opportunities for Intelligent Devices with the Software & Control segment? Do you go-to-market with the Logix product? Is there customer overlap?
- Cross-sell with software: How do you think about the potential for synergies between your software acquisitions (e.g., Plex, Fiix) and the hardware in Intelligent Devices?
- Key end markets: What are the key market verticals and adjacencies that you are targeting over the next several years?
 - How does the end market mix differ in Intelligent Devices relative to Rockwell as a whole?



- Semiconductor industry: How has ROK been increasing its wallet share in semiconductor manufacturing? How large can this vertical be for ROK (currently 5% of sales)?
- Electric Vehicles: What is your strategy on Electric Vehicles and what sort of activity have you been seeing in this area? Is it your sense that the EV transition has been pushed out and to the right?
 - How is ROK positioned on EVs relative to ICE? What about hybrid?
- Robotics: ROK has recently made some forays into the robotics space (e.g., Clearpath Robotics/Otto Motors). This has largely been in the autonomous mobile robots (AMRs) space – what made this particular area of robotics attractive for ROK? Are there other robotics areas that ROK is thinking of expanding into? Do you plan to build this space through M&A or organically?
- Reshoring: What visibility do you have on reshoring and moving supply chain back to the US? Particularly as construction for semiconductor fabs and electric vehicle plants pick up into 2024. How is your pipeline trending and are you seeing conversations translate into orders? Have you been able to gain market share as companies move production to the US?
- Competitive dynamics: How does ROK think about competitive dynamics in a higher capex environment? How big of a competitive advantage is ROK's diverse portfolio and are you seeing competitors emerging on this field? (E.g., HON, EMR moving into discrete)?
- Market share: What's your perspective on market share in discrete in recent quarters, particularly as it relates to Siemens DI?
- Sales organization: The investor day seemed to emphasize vertical offerings and organization. How has ROK internally shifted its sales and operations teams to push more vertical-specific strategy?
- Independent cart (i-Trak): How large is your independent cart business? Can you talk about the successes there, and any lessons learned?

Vontier – VNT, Buy, \$48 PO

Anshooman Aga, CFO

Tuesday, March 19th at 10:35 – 11:15AM GMT (6:35 – 7:15 AM EDT)

Retail Solutions (point-of-sale, payments & automation software; 15% of revenue)

- Last year, you announced contracts with 20,000 gas stations across two large chains. Are there other large chains that are looking to transition to the iNFX platform?
- How quickly can you ramp implementations? Will it take +/- 2 years to reach full revenue run-rate on the existing contract wins?

Matco (automotive repair tools; 22% of revenue)

- Competitor Snap-on reported a 5% y/y decline in its Tools segment (4Q23), as auto repair technicians pulled back on spending (particularly for higher ticket items). What are the demand trends you are seeing?
- How can you accelerate your franchisee growth from the historical 2-3% growth?

US fuel dispensers (10% of revenue)

- Based on customers' current plans, what is the range of potential outcomes for 2024 revenue?
- Have you fully right-sized the cost basis for US fuel dispensers? Should we expect additional costs to come out in 2024?

International fuel dispensers (15% of revenue)

- Are there any regulatory drivers or government tenders to highlight as potential demand drivers in 2024?

DRB (car wash software & payments; 8% of revenue)

- Can you talk about the progress on your new SaaS offering (Pantheon)? What portion of the installed base has upgraded? Is this a tailwind to revenue growth in 2024?
- Given higher interest rates, the pace of new car wash locations is set to slow. How much of DRB's 10+% growth comes from new locations versus competitive wins, pricing, and upgrades?

Capital deployment

- How do you see Vontier balancing M&A, buybacks, and debt repayment over the next 2-3 years?
- What are the areas of highest interest for acquisitions? Did you bid on the Bulloch Technologies (Canadian payments software for gas stations)?
- After the Global Traffic Technologies (April '23) and Coats (Jan '24) divestitures, are you considering any other potential divestitures out of the portfolio?



Valuation metrics

Exhibit 2: Multi-industrial summary valuation metrics

Summary valuation metrics

	Ticker	Price	Price Obj.	Revenue Growth (%)			Operating Margin (%)			EPS Growth (%)		
				2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
3M	MMM	\$103.12	\$110	-3.6%	-4.5%	1.4%	21.1%	20.3%	21.5%	-6.4%	-7.4%	14.4%
Allegion	ALLE	\$130.06	\$95	14.1%	11.6%	2.0%	20.2%	21.9%	21.0%	9.9%	14.4%	-1.5%
AMETEK	AME	\$181.62	\$182	10.9%	7.3%	12.0%	24.4%	25.9%	25.3%	17.1%	11.5%	7.7%
Carrier	CARR	\$57.31	\$55	-0.9%	8.2%	17.8%	14.2%	14.5%	15.2%	3.1%	15.4%	11.3%
Core & Main	CNM	\$50.28	\$33	32.9%	1.1%	4.9%	11.7%	11.0%	10.2%	N/M	0.4%	0.0%
Dover	DOV	\$175.07	\$180	7.6%	-0.8%	2.0%	16.9%	17.2%	18.0%	10.7%	4.2%	3.7%
Eaton	ETN	\$300.29	\$320	5.7%	11.8%	7.4%	14.7%	17.0%	17.9%	12.0%	21.6%	9.2%
Emerson	EMR	\$110.41	\$130	-17.4%	11.3%	12.5%	18.9%	18.8%	18.6%	-10.5%	20.7%	15.5%
Flowserve	FLS	\$44.15	\$48	2.1%	19.5%	5.8%	6.2%	9.5%	10.8%	-20.6%	N/M	20.4%
Fortive	FTV	\$85.78	\$90	10.9%	4.1%	6.5%	24.3%	25.9%	27.0%	14.6%	7.1%	4.2%
Honeywell	HON	\$196.35	\$250	3.1%	3.4%	5.4%	22.0%	23.2%	23.8%	8.8%	4.8%	9.8%
Illinois Tool Works	ITW	\$264.92	\$235	10.2%	1.1%	3.2%	23.8%	25.1%	24.7%	14.7%	-0.2%	2.9%
ITT	ITT	\$126.90	\$135	8.1%	9.9%	11.6%	15.9%	16.9%	17.6%	9.5%	17.5%	16.2%
John Bean Technologies	JBT	\$101.41	\$85	15.9%	-23.2%	5.7%	9.2%	10.9%	11.9%	25.0%	-15.8%	14.8%
Johnson Controls International	JCI	\$63.09	\$64	6.4%	6.2%	4.6%	11.6%	12.6%	13.4%	12.3%	18.6%	13.6%
Montrose Environmental Group	MEG	\$38.48	\$48	-0.4%	14.7%	11.4%	-5.1%	-4.6%	-0.2%	N/M	N/M	N/M
Parker Hannifin	PH	\$536.25	\$600	15.1%	12.9%	5.0%	19.7%	21.8%	21.9%	19.8%	11.9%	9.0%
Pentair	PNR	\$80.61	\$84	9.5%	-0.4%	2.5%	18.6%	20.8%	22.3%	8.2%	1.2%	9.0%
Rockwell	ROK	\$280.00	\$300	12.5%	13.8%	5.9%	17.1%	17.6%	19.7%	7.5%	22.4%	10.2%
Trane Technologies	TT	\$291.94	\$292	13.1%	10.5%	7.1%	14.9%	16.3%	16.7%	21.2%	19.3%	10.8%
Vontier	VNT	\$42.72	\$48	6.5%	-2.8%	0.7%	20.0%	18.8%	20.1%	7.0%	-7.1%	6.8%
Vertiv	VRT	\$73.92	\$80	13.9%	20.6%	11.2%	3.9%	12.7%	15.5%	-29.9%	N/M	30.6%
AVERAGE				8.9%	5.0%	6.1%	15.1%	16.5%	17.4%	8.4%	7.4%	12.5%
MEDIAN				8.8%	6.8%	5.2%	15.4%	16.9%	17.8%	11.3%	7.1%	9.5%

Source: Company Reports, BofA Global Research estimates; Data calendarized for Dec.31st year end

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Exhibit 3: Multi-industrial summary valuation metrics

Summary valuation metrics

	Ticker	P/E				Cash P/E			EV/EBITDA			Dividend Yield		
		2022	2023E	2024E	10-yr Avg	2022	2023E	2024E	2022	2023E	2024E	2022	2023	2024
3M	MMM	10.4 x	11.3 x	9.8 x	15.7 x	15.2 x	11.3 x	18.5 x	8.0 x	8.2 x	7.8 x	5.8%	5.8%	5.8%
Allegion	ALLE	21.7 x	19.0 x	19.3 x	17.7 x	29.0 x	22.2 x	21.1 x	18.4 x	15.2 x	14.1 x	1.2%	1.4%	1.5%
AMETEK	AME	NM	28.7 x	26.6 x	17.9 x	NM	26.3 x	26.3 x	24.1 x	22.2 x	19.4 x	0.5%	0.6%	0.6%
Carrier	CARR	24.5 x	21.2 x	19.0 x	N/A	35.5 x	22.9 x	NM	17.0 x	14.7 x	14.4 x	1.0%	1.3%	1.3%
Core & Main	CNM	23.2 x	23.1 x	23.1 x	N/A	32.9 x	11.7 x	21.9 x	15.2 x	13.8 x	12.8 x	0.0%	0.0%	0.0%
Dover	DOV	20.7 x	19.9 x	19.2 x	13.4 x	NM	21.5 x	19.5 x	16.3 x	15.6 x	13.9 x	1.1%	1.2%	1.2%
Eaton	ETN	NM	NM	NM	12.0 x	NM	NM	35.3 x	32.0 x	26.3 x	23.3 x	1.1%	1.1%	1.3%
Emerson	EMR	28.7 x	23.8 x	20.6 x	16.8 x	31.8 x	28.7 x	23.1 x	20.9 x	15.6 x	15.4 x	1.9%	1.9%	1.9%
Flowserve	FLS	NM	22.1 x	18.3 x	16.3 x	NM	22.5 x	18.3 x	21.3 x	13.0 x	10.9 x	1.8%	1.8%	1.8%
Fortive	FTV	27.2 x	25.4 x	24.4 x	20.4 x	25.5 x	24.5 x	22.6 x	22.3 x	19.6 x	17.9 x	0.3%	0.3%	0.4%
Honeywell	HON	22.4 x	21.4 x	19.5 x	15.2 x	29.8 x	30.5 x	22.0 x	15.9 x	14.5 x	13.0 x	2.0%	2.1%	2.2%
Illinois Tool Works	ITW	27.1 x	27.2 x	26.4 x	0.0 x	NM	26.1 x	25.5 x	21.3 x	19.7 x	19.0 x	1.9%	2.0%	2.2%
ITT	ITT	28.6 x	24.3 x	20.9 x	14.4 x	NM	24.4 x	23.4 x	18.1 x	15.7 x	13.3 x	0.8%	0.9%	1.0%
John Bean Technologies	JBT	21.2 x	25.1 x	21.9 x	16.0 x	NM	NM	20.2 x	14.8 x	12.5 x	10.9 x	0.4%	0.4%	0.4%
Johnson Controls International	JCI	20.4 x	17.2 x	15.1 x	N/A	30.0 x	23.0 x	16.9 x	13.4 x	12.3 x	11.1 x	2.2%	2.3%	2.3%
Montrose Environmental Group	MEG	NM	NM	NM	N/A	NM	24.0 x	17.8 x	NM	NM	33.9 x	0.0%	0.0%	0.0%
Parker Hannifin	PH	26.8 x	24.0 x	22.0 x	15.1 x	31.6 x	26.8 x	20.5 x	0.0 x	8.6 x	13.5 x	0.8%	0.0%	0.0%
Pentair	PNR	21.9 x	21.6 x	19.8 x	17.8 x	NM	22.3 x	20.2 x	19.0 x	16.7 x	14.9 x	1.0%	1.1%	1.2%
Rockwell	ROK	27.6 x	22.5 x	20.4 x	N/A	NM	NM	20.5 x	22.2 x	18.4 x	15.6 x	1.6%	1.7%	1.8%
Trane Technologies	TT	NM	NM	29.9 x	14.0 x	NM	NM	NM	26.8 x	23.0 x	21.0 x	0.9%	1.0%	1.1%
Vontier	VNT	13.9 x	14.9 x	14.0 x	N/A	26.3 x	16.9 x	13.8 x	12.3 x	12.2 x	11.4 x	0.2%	0.2%	0.2%
Vertiv	VRT	NM	NM	NM	N/A	NM	37.3 x	34.2 x	NM	27.0 x	21.4 x	0.0%	0.0%	0.1%
AVERAGE		22.5 x	21.7 x	20.5 x	13.9 x	29.5 x	23.9 x	22.7 x	18.1 x	16.9 x	16.4 x	1.1%	1.2%	1.2%
MEDIAN		22.4 x	22.1 x	20.1 x	15.2 x	29.9 x	23.5 x	20.8 x	18.2 x	15.6 x	14.3 x	1.0%	1.1%	1.1%

Source: Company Reports, BofA Global Research estimates; Data calendarized for Dec.31st year end

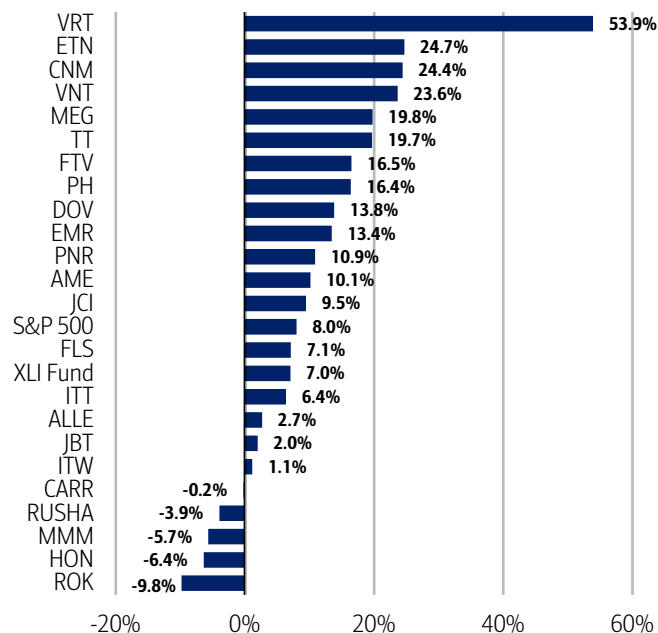
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Stock performance

Exhibit 4: YTD Stock Performance

VRT is the best YTD stock performer

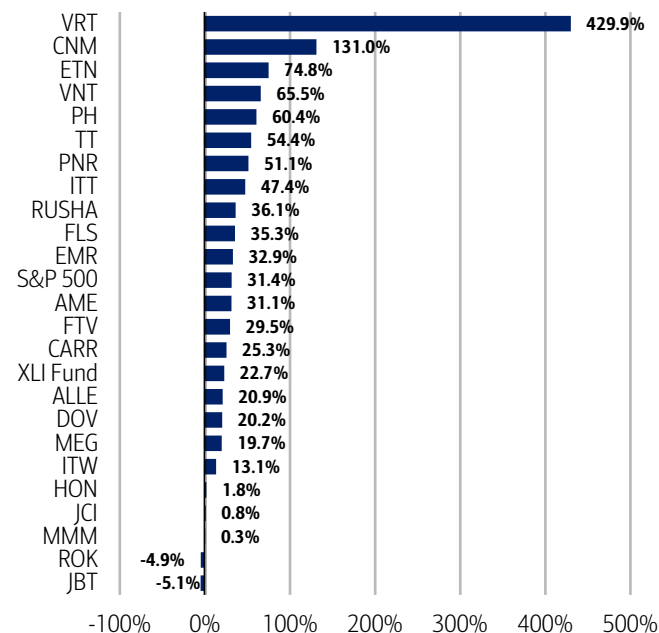


Source: BofA Global Research, Bloomberg

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Exhibit 5: 1-Year Stock Performance

VRT is the best 1-year stock performer

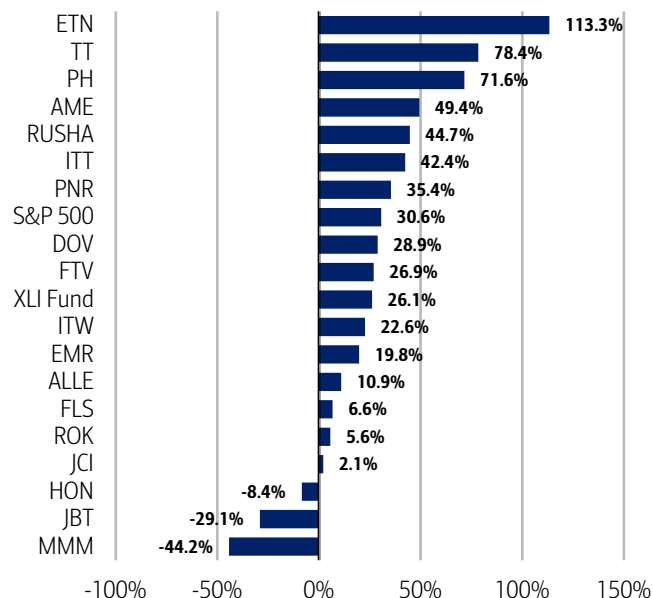


Source: BofA Global Research, Bloomberg

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Exhibit 6: 3-Years Stock Performance

ETN is the best 3-year stock performer

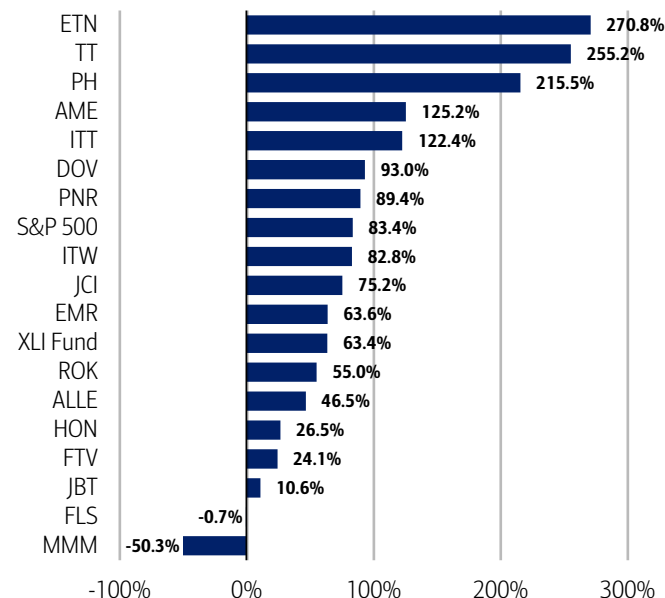


Source: BofA Global Research, Bloomberg

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Exhibit 7: 5-Years Stock Performance

ETN is the best 5-year stock performer



Source: BofA Global Research, Bloomberg

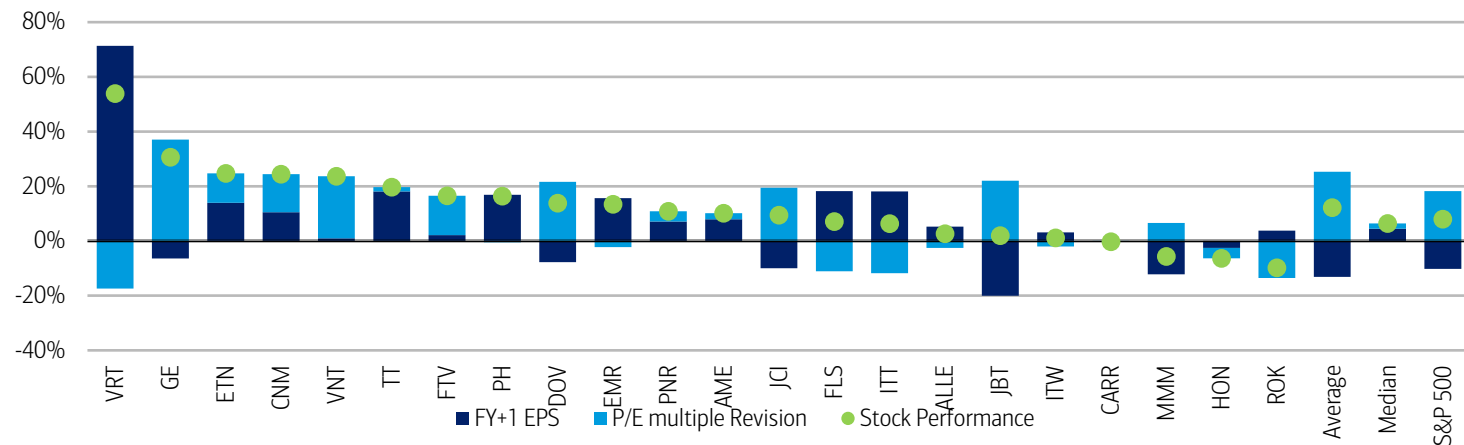
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YTD stock performance attribution

Year-to-date, stock performance across our coverage (up 11.9% on average) has been driven more by earnings revisions rather than multiple expansion.

Exhibit 8: Stock performance attribution (P/E multiple revision vs. '24 EPS revision)

Stock performance attribution, P/E multiple revisions versus FY+1 EPS revisions

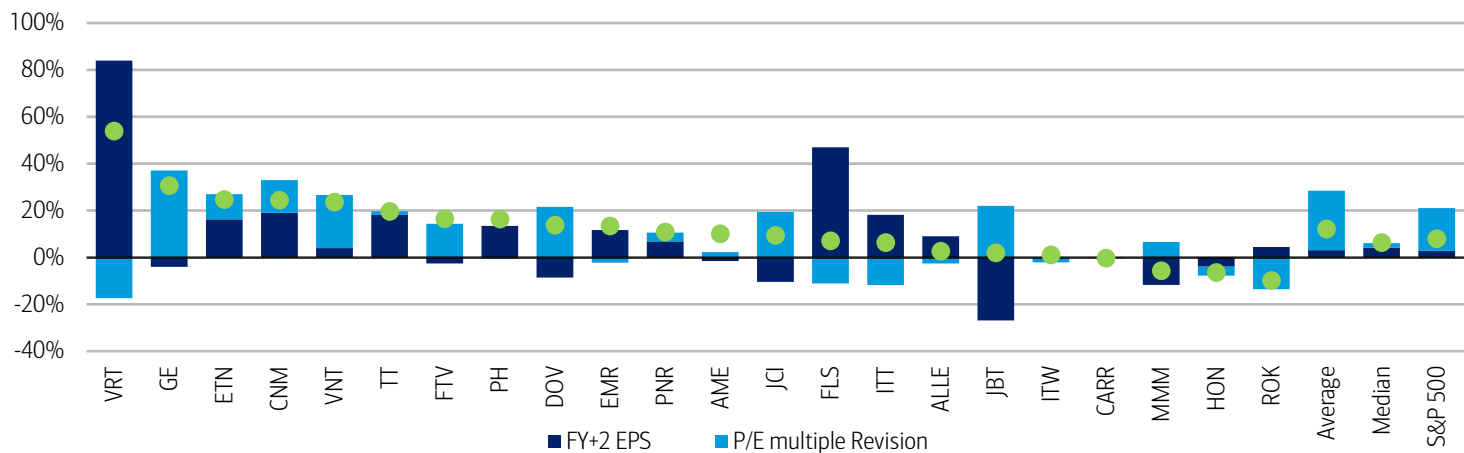


Source: BofA Global Research, Bloomberg

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Exhibit 9: Stock performance attribution (P/E multiple revision vs. '25 EPS revision)

Stock performance attribution, P/E multiple revisions versus FY+2 EPS revisions



Source: BofA Global Research, Bloomberg

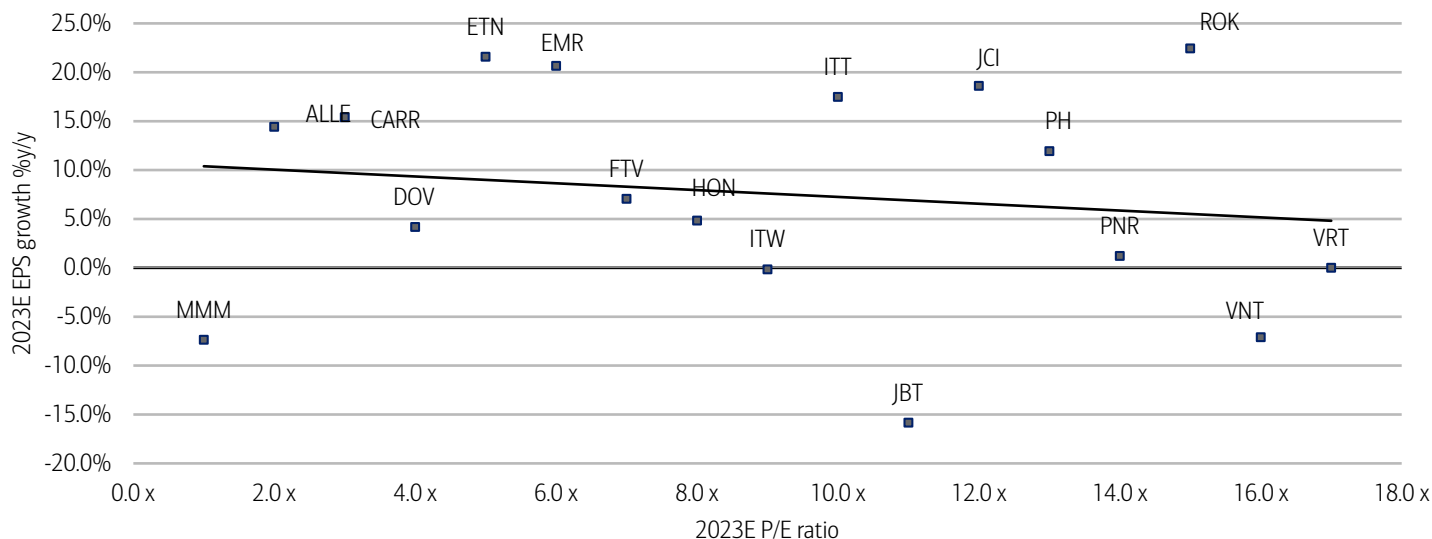
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Multi-industrial valuation charts

The chart below illustrates what 2023E P/E ratio investors are paying for 2023E earnings growth. We think the market will generally pay a premium for names with faster earnings growth, assuming forecasts are achievable.

Exhibit 10: Headline P/E ratio (BofA estimates) versus 2023 EPS forecast growth (BofA)

Higher P/E ratios are associated with higher earnings growth

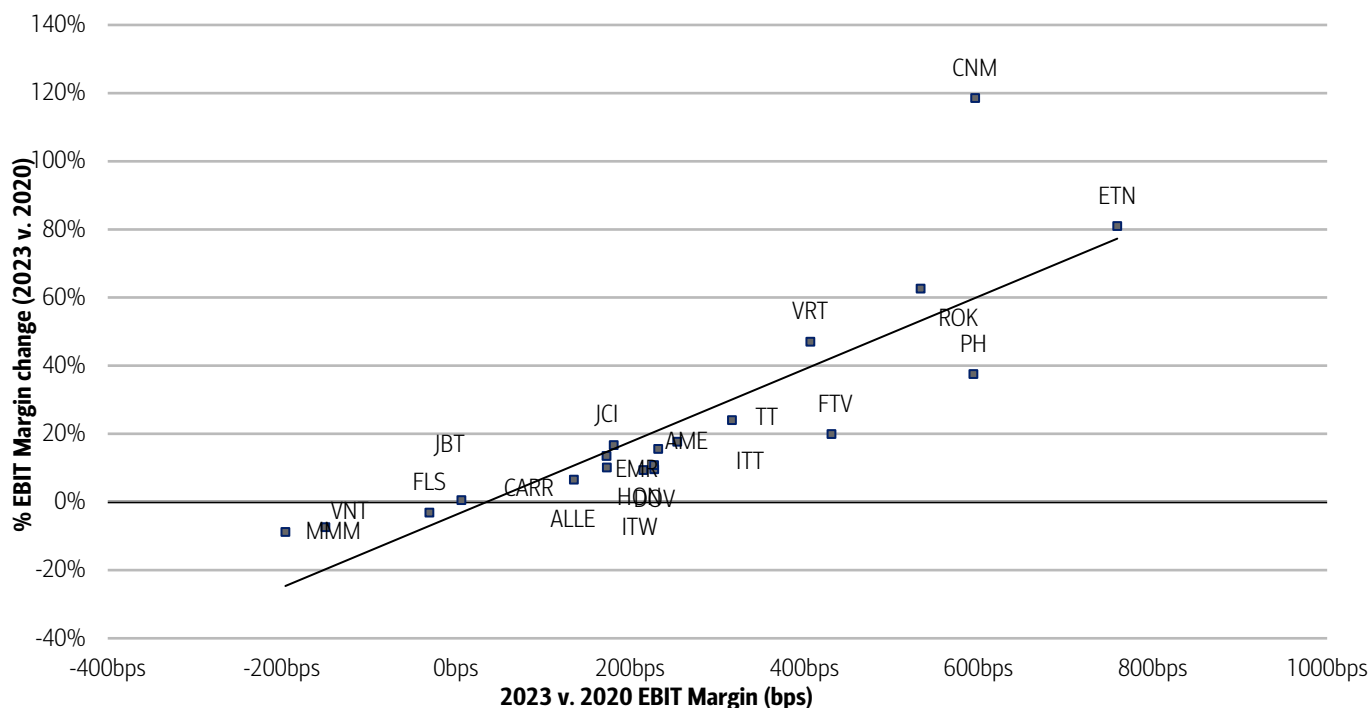


Source: BofA Global Research estimates

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Exhibit 11: 2023 vs. 2020 EBIT margin expansion

Within our coverage, CNM and ETN stand out as having the highest '20-'23 margin expansion



Source: Company Reports, BofA Global Research estimates

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Valuation metrics

Exhibit 12: Multi-Industrial summary valuation metrics

Summary valuation metrics

		ROIC			ROTA			FCF Conversion		
	Ticker	2022	2023	2024	2022	2023	2024	2022	2023	2024
3M	MMM	14.6%	14.4%	17.3%	20.0%	18.1%	20.4%	68.5%	98.9%	58.0%
Allegion	ALLE	20.6%	19.9%	19.0%	31.6%	32.3%	30.2%	74.8%	84.0%	87.7%
AMETEK	AME	11.7%	11.5%	11.4%	39.3%	38.4%	37.9%	76.8%	108.2%	101.4%
Carrier	CARR	10.6%	11.9%	12.6%	14.2%	16.3%	16.7%	69.7%	91.8%	32.6%
Core & Main	CNM	14.8%	12.6%	12.6%	23.0%	17.0%	17.0%	70.3%	196.5%	103.7%
Dover	DOV	15.2%	15.1%	14.8%	27.8%	26.9%	24.9%	54.5%	107.8%	111.1%
Eaton	ETN	9.6%	11.6%	0.0%	19.5%	22.1%	22.2%	75.0%	87.6%	93.8%
Emerson	EMR	8.3%	6.9%	6.5%	14.5%	12.4%	12.4%	104.6%	98.6%	112.3%
Flowserve	FLS	4.9%	7.9%	8.8%	5.5%	8.6%	9.4%	-80.5%	93.1%	96.4%
Fortive	FTV	8.4%	9.2%	9.6%	35.9%	37.8%	36.7%	106.6%	103.6%	107.9%
Honeywell	HON	13.0%	14.1%	15.2%	14.9%	15.9%	17.2%	75.3%	70.3%	88.3%
Illinois Tool Works	ITW	27.4%	27.0%	25.4%	20.6%	20.6%	20.8%	63.8%	104.2%	105.4%
ITT	ITT	12.8%	14.6%	16.2%	14.3%	16.3%	17.7%	46.8%	99.7%	92.1%
John Bean Technologies	JBT	9.3%	6.3%	6.5%	13.5%	9.0%	9.2%	35.6%	14.5%	98.1%
Johnson Controls International	JCI	5.2%	6.7%	8.5%	9.0%	10.5%	13.0%	68.2%	74.8%	90.0%
Montrose Environmental Group	MEG	-2.6%	-0.1%	2.7%	-5.5%	-0.1%	4.7%	NM	NM	0.0%
Parker Hannifin	PH	13.5%	0.0%	0.0%	22.2%	24.9%	30.1%	85.0%	0.0%	123.7%
Pentair	PNR	14.4%	13.4%	14.0%	33.4%	33.9%	33.0%	46.4%	96.2%	94.5%
Rockwell	ROK	14.8%	17.6%	18.6%	19.5%	22.3%	22.7%	65.4%	33.9%	100.3%
Trane Technologies	TT	14.0%	16.8%	17.7%	20.6%	24.0%	24.9%	81.2%	67.5%	60.4%
Vontier	VNT	16.1%	15.1%	15.1%	27.3%	26.0%	26.0%	52.7%	87.7%	98.0%
Vertiv	VRT	-0.8%	11.6%	11.6%	-1.1%	14.4%	14.4%	1844.8%	157.5%	118.8%
AVERAGE		11.9%	12.3%	11.9%	18.8%	20.0%	20.1%	142.9%	92.9%	89.3%
MEDIAN		12.9%	12.2%	12.6%	19.8%	19.3%	20.6%	69.7%	93.1%	97.2%

Source: Company Reports, BofA Global Research estimates

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Exhibit 13: Multi-Industrial summary valuation metrics

Summary valuation metrics

	BofA	Ratings			FY+1 EPS			FY+2 EPS				
	Rating	Buy	Neutral	U/P	BofA	Consensus	Low	High	BofA	Consensus	Low	High
3M	Neutral	1	17	1	\$9.24	\$9.12	\$9.01	\$9.20	\$9.60	\$9.55	\$9.38	\$9.65
Allegion	Underperform	3	10	1	\$6.96	\$6.87	\$6.80	\$6.90	\$7.02	\$7.07	\$7.00	\$7.15
AMETEK	Neutral	10	8	0	\$6.38	\$6.34	\$6.31	\$6.38	\$6.82	\$6.83	\$6.70	\$6.95
Carrier	Underperform	12	9	3	\$2.73	\$2.72	\$2.69	\$2.79	\$2.75	\$2.84	\$2.70	\$3.00
Core & Main	Underperform	9	2	1	\$2.19	\$2.12	\$1.85	\$2.24	\$2.21	\$2.23	\$2.02	\$2.60
Dover	Buy	12	6	0	\$8.80	\$8.77	\$8.67	\$8.85	\$9.08	\$9.01	\$8.12	\$9.15
Eaton	Buy	14	6	2	\$9.12	\$9.04	\$9.00	\$9.08	\$10.15	\$10.20	\$9.38	\$10.45
Emerson	Buy	20	5	0	\$4.44	\$4.46	\$4.43	\$4.52	\$5.36	\$5.39	\$5.34	\$5.45
Flowserve	Buy	8	3	1	\$2.10	\$2.02	\$1.99	\$2.06	\$2.50	\$2.53	\$2.43	\$2.61
Fortive	Neutral	13	8	0	\$3.43	\$3.39	\$3.37	\$3.41	\$3.75	\$3.79	\$3.75	\$3.82
Honeywell	Buy	16	9	1	\$9.16	\$9.16	\$9.11	\$9.20	\$10.10	\$9.96	\$9.72	\$10.10
Illinois Tool Works	Underperform	3	11	7	\$9.74	\$9.77	\$9.65	\$9.93	\$9.87	\$10.15	\$9.87	\$10.30
ITT	Buy	11	2	0	\$5.21	\$5.21	\$5.20	\$5.23	\$5.90	\$5.76	\$5.65	\$5.90
John Bean Technologies	Underperform	3	1	1	\$4.10	\$4.03	\$4.00	\$4.07	\$5.12	\$5.11	\$4.88	\$5.30
Johnson Controls International	Neutral	12	10	1	\$3.50	\$3.55	\$3.51	\$3.67	\$3.66	\$3.61	\$3.52	\$3.67
Montrose Environmental Group	Buy	6	1	0	-\$1.57	-\$0.51	-\$1.61	\$0.42	-\$0.62	-\$0.58	-\$1.65	\$1.16
Parker Hannifin	Buy	16	3	1	\$21.55	\$20.84	\$19.24	\$21.14	\$24.50	\$24.38	\$24.07	\$24.67
Pentair	Neutral	12	7	1	\$3.75	\$3.75	\$3.72	\$3.80	\$4.21	\$4.21	\$4.15	\$4.27
Rockwell	Neutral	9	14	4	\$12.15	\$11.97	\$11.73	\$12.23	\$13.38	\$12.17	\$10.85	\$13.38
Trane Technologies	Neutral	8	14	2	\$9.04	\$9.01	\$8.98	\$9.15	\$10.21	\$10.23	\$10.08	\$10.54
Vontier	Buy	6	5	0	\$2.89	\$2.83	\$2.48	\$2.88	\$3.15	\$3.09	\$2.72	\$3.15
Vertiv	Buy	11	1	0	\$1.77	\$1.75	\$1.72	\$1.77	\$2.34	\$2.33	\$2.23	\$2.64

Source: Company Reports, BofA Global Research estimates

BofA GLOBAL RESEARCH

Revenue breakout by region

We present the geographic breakout for our multi-industrials coverage below.

Exhibit 14: Revenue breakout by region

Multi-Industrial coverage revenue breakout by geographic exposure

Company	Ticker	Americas	Europe (EMEA)	Asia (APAC)	China	Other
Allegion	ALLE	78%	18%	4%	2%	
AMETEK	AME	51%	19%	21%	9%	9%
Carrier	CARR	60%	23%	17%	5%	
Core & Main	CNM	100%				
Dover	DOV	65%	21%	11%	6%	3%
Emerson	EMR	56%	16%	28%	12%	
Eaton	ETN	70%	19%	11%	5%	
Flowserve	FLS	49%	32%	18%	5%	
Fortive	FTV	57%	13%	12%	12%	18%
Honeywell	HON	60%	19%	21%	6%	
ITT	ITT	41%	38%	18%	10%	4%
Illinois Tool Works	ITW	57%	25%	19%	11%	
Johnson Controls	JCI	51%	17%	23%	4%	10%
Montrose	MEG	80%	5%			15%
3M	MMM	54%	17%	29%	11%	
Parker Hannifin	PH	68%	20%	12%	6%	
Pentair	PNR	71%	11%	5%	5%	14%
Rockwell	ROK	67%	19%	14%	5%	
Rush Enterprise	RUSHA	100%				
Trane Technologies	TT	79%	13%	8%	5%	
Vertiv	VRT	50%	23%	27%	13%	
Vontier	VNT	75%	9%	12%	4%	4%

Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH

The table below illustrates the end market breakout for our coverage.

Exhibit 15: Revenue breakout by end market

Multi-Industrial coverage revenue breakout by end market exposure

End Market	ALLE	AME	CARR	CNM	DOV	EMR	ETN	FLS	FTV	GE	HON	ITT	ITW	JBT	JCI	MEG	MMM	PH	PNR	ROK	TT	VRT	VNT
Upstream Oil & Gas		2%				11%		2%	2%		2%	2%	3%			7%		1%		5%			
Midstream Oil & Gas						5%		8%	2%		3%	3%				2%				3%			
Downstream Oil & Gas		2%				6%		30%	2%		6%	4%				4%				2%			
Chemicals					7%	15%		22%			7%	9%				4%				5%			
Materials & Metals					3%			13%			7%	3%				3%		12%		20%			
Industrial		13%	9%		21%	17%	6%		27%		22%	22%	10%	10%			25%	40%		5%			
Aerospace		9%				2%	9%		1%	35%	18%	5%	1%			1%	5%	14%					
Defense		9%					6%		4%	8%	16%	5%						17%					
Residential Construction	25%		33%	22%			8%						22%		13%				60%		39%		
Commercial Construction	35%		25%	39%			10%						12%		45%	23%	1%		26%		30%	5%	
Institutional Construction	40%		10%	39%			20%		10%				23%		31%	11%			14%		16%	5%	1%
Commercial & Professional Services			10%														5%				6%		
Transportation			12%			5%				5%	3%	6%					2%						
Autos		5%				3%	17%					42%	25%					11%		10%	9%		
Consumer Durables & Apparel								7%			6%					8%	20%			5%			
Consumer Services					34%																		99%
Consumer Staples		4%			25%			5%						86%			12%			20%			
Healthcare		23%			6%	14%		30%		6%		4%	4%			29%	2%		5%				
Information Technology							5%	8%	5%	4%										5%			
Semiconductors & Semiconductor Equipment		13%				4%		4%										3%		5%			
Telecommunication		4%														18%				5%		20%	
Utilities/ Power Gen		16%			7%	15%	10%	16%	8%	48%	1%					18%		1%					
Data Center						9%									12%					5%		70%	

Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH



Exhibit 16: Companies referenced in this report

Ticker, rating, price

	Ticker	Rating	Price
3M	MMM	B-2-8	\$ 103.12
Allegion	ALLE	B-3-7	\$ 130.06
AMETEK Inc	AME	B-2-7	\$ 181.62
Carrier	CARR	B-3-7	\$ 57.31
Core & Main	CNM	B-3-9	\$ 50.28
Dover	DOV	B-1-7	\$ 175.07
Eaton Corp.	ETN	B-1-7	\$ 300.29
Emerson	EMR	B-1-7	\$ 110.41
Flowserve	FLS	B-1-7	\$ 44.15
Fortive	FTV	B-2-7	\$ 85.78
Honeywell	HON	B-1-7	\$ 196.35
Illinois Tool Works	ITW	B-3-7	\$ 126.90
ITT	ITT	B-1-7	\$ 126.90
John Bean Technologies	JBT	B-3-7	\$ 101.41
Johnson Controls International	JCI	B-2-7	\$ 63.09
Montrose Environmental Group	MEG	C-1-9	\$ 38.48
Parker Hannifin	PH	B-1-7	\$ 536.25
Pentair	PNR	B-2-7	\$ 80.61
Rockwell	ROK	B-2-7	\$ 280.00
Trane Technologies	TT	B-2-7	\$ 291.94
Vertiv	VRT	C-1-7	\$ 73.92
Vontier	VNT	B-1-7	\$ 42.72

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 17: Acronyms mentioned in report

Frequently used acronyms

ACT	Americas Commercial Transportation Research
ANZ	Australia, New Zealand
ASP	Advanced Sterilization Products
EPA	Environmental Protection Agency
ESSER	Elementary and Secondary School Emergency Relief Fund
EV	Electric Vehicle
HSD	High single digit
HVAC	heating, ventilation, and air conditioning
ICE	Internal Combustion Engines
IRA	Inflation Reduction Act
JV	Joint Venture
KFI	Kidde-Fenwal, Inc.
KKR	Kohlberg Kravis Roberts & Co
KPI	Key Performance Indicator
LNG	liquified natural gas
LSD	low single digit
MSD	mid-single digit
OEM	Original equipment manufacturer
PV	Photovoltaics

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk**3M Company (MMM)**

We base our \$110 price objective on 11x P/E on our 2025 estimates. Our 11x target multiple is at a discount to Industrial peers trading at 22x on 2024 estimates. 11x is also at a discount to high quality consumer goods peers trading at 24x on 2024E. We believe

valuation at a discount to peers is warranted given 3M's lower growth outlook, choppy execution, and PFAS liability risk.

Upside risks to our PO are 1) little headline risk/market reaction to PFAS liability, 2) limited PFAS legislative action taken by the federal government, and 3) better-than-expected operational execution.

Downside risks to our PO are 1) a need for greater investment could be a margin headwind, 2) slower-than-anticipated recovery of end markets, and 3) PFAS litigation risk.

Allegion (ALLE)

We base our \$95 price objective on a 11x EV/EBITDA of our 2025 estimates. Our 11x target multiple is slightly below peers trading at 12x on 2024E given our concerns for ALLE's end markets, partially offset by ALLE's strong margins.

Upside risks are: 1) North American residential downturn less severe than expected and 2) pricing holds up into '24. Downside risks are: 1) Greater-than-expected headwinds from raw material inflation and supply chain headwinds, 2) Lost market share to North American competitor, and 3) Emerging market slowdown could impact the company's growth, reliant on increased security demand from urbanization.

AMETEK Inc (AME)

We base our \$182 price objective on an 18x EV/EBITDA multiple of our 2025 estimates. Our target 18x multiple is in line with the 18x peer average on 2024E, reflecting similar earnings trajectory as peers.

Downside risks to our price objective are: 1) weaker industrial production trends, 2) slower pace of acquisitions, and 3) cyclical risks on shorter cycle component businesses. Upside risks are: 1) secular growth in automation and aerospace end markets, 2) accretive acquisitions, and 3) share gains for differentiated products.

Carrier Global Corp. (CARR)

We base our \$55 price objective on 13x EV/EBITDA of our 2025 estimates. Our 13x target multiple is at a discount to peers, trading at 14x on 2024 estimates. We believe that the discount is warranted given the potential for destocking across res and non-res.

Upside risks to our price objective are: 1) continued solid execution in 2023, 2) non-residential markets take longer to crack than our thesis, and 3) price increases offset impact of destocking cycle.

Downside risks to our price objective are: 1) slower-than-expected macro recovery, 2) inability to execute on announced cost savings plan, and 3) lost market share to competitors.

Core & Main (CNM)

We base our \$33 price objective on an 9x EV/EBITDA multiple of our CY25 estimate. Our target multiple is below the peer average of 18x on CY24 estimates. We argue a below-peer multiple is warranted given CNM's higher financial leverage and slower near-term EBITDA growth.

Downside risks to our price objective are: 1) the ability to raise pricing in excess of cost inflation, 2) a downturn in new construction markets (approximately 45% of revenue), 3) risks around acquisition selection and integration, and 4) above-peer financial leverage may limit the company's ability to pursue its M&A strategy. Upside risks to our price objective are: 1) accretive M&A transactions, 2) better than expected growth in new

construction, and 3) sustained period of premium pricing on manufacturing supply chain constraints.

Dover Corp (DOV)

We base our \$180 price objective on a 13x EV/EBITDA multiple of our 2025 estimates. Our target multiple is a discount to multi-industrial peers trading at 16x on 2024 estimates. We argue a valuation discount is fair given Dover's improved portfolio mix, capital allocation strategy, and margin trajectory, offset by slower near-term revenue growth.

Downside risks to our PO are 1) slowing US industrial production, 2) not achieving expected returns from organic investments or acquisitions, and 3) slower-than-expected margin improvement.

Eaton Corp PLC (ETN)

We base our \$320 price objective on a 23x EV/EBITDA multiple of our 2025 estimates. Our target multiple is at a premium to the 17x peer average on 2024 estimates. We argue a premium valuation is warranted due to expected upside from cyclical operating leverage, strong margin performance, and Eaton's less cyclical portfolio mix.

Downside risks to our PO are 1) a slower-than-expected manufacturing capex growth, 2) a more active M&A is inherently risky as it relies on the availability of accretive synergistic targets and the company's ability to integrate, and 3) the trajectory of the recovery in automotive and aerospace end markets.

Emerson Electric Co (EMR)

We base our \$130 price objective on a 16x EV/EBITDA multiple of our CY25E EBITDA. Our target multiple is at a discount with multi-industrial peers trading at 17x CY24 estimates. We argue a discounted multiple is warranted given above-peer margins offset by higher merger integration risks.

Downside risks to our PO are 1) deterioration in energy capex outlook or oil price correction 2) emerging market slowdown, which could impact the company's growth, and 3) acquisition integration risks.

Flowserve (FLS)

We base our \$48 price objective on a 10x EV/EBITDA multiple on our 2025 estimates. A 10x multiple puts the company at a discount to the 13x peer average multiple on 2024. We think the discount is warranted given below-peer margins.

Upside risks to our PO are: 1) Faster-than-expected recovery in oil & gas capital spending, and 2) Better than anticipated global industrial production growth. Downside risks: 1) a reduction in capital spending in the key end-markets, specifically oil & gas 2) Greater consolidation in the flow control market increases competition and reduces prices across the industry, and 3) weaker than anticipated global industrial production.

Fortive Corporation (FTV)

We base our \$90 price objective on a 17x EV/EBITDA multiple of our 2025 EBITDA estimate. Our target multiple is a discount to the 21x peer average on 2024 estimates. We argue a discount is warranted given below-peer margins and EPS growth.

Upside risks to our PO are: 1) stronger industrial demand, 2) better than expected pricing, 3) potential accretive acquisitions.

Downside risks to our PO are: 1) weaker-than-expected capex cycle, 2) acquisition integration risks, 3) continued weakness in China (approx. 12% of revenue).

Honeywell International Inc. (HON)

We base our \$250 price objective on 16x 2025E EV/EBITDA. Our target multiple is in line with peers trading at 16x on 2024E. We argue an in-line multiple is warranted given top-quartile execution is offset by near-term end market headwinds.

Downside risks to our price objective are: 1) Acquisitions, specifically that Honeywell overpays for deals in the pursuit of diversifying and expanding into new, faster-growing adjacent markets, 2) Lack of re-acceleration in short cycle end markets pressures organic growth.

Illinois Tool Works (ITW)

We base our \$235 price objective on 16x 2025E EV/EBITDA. This compares to the peer average at 15x and high-quality compounders at 18x. We maintain a slight premium to the industrial group given above-average EBITDA margins.

Upside risks to our PO are 1) Auto production volumes revised upward, driving better near-term margin expansion and topline, 2) Welding price/cost and volumes better than expected, and 3) T&M&E recovers from cyclical downturn faster than forecasted. More margin expansion vs. our forecast would alleviate pressure on the multiple and drive positive earnings revisions. Downside risks are: 1) Auto volumes remain depressed, limiting near-term margin expansion, 2) investor sentiment pressured more than expected on lackluster earnings growth.

ITT Inc. (ITT)

Our \$135 price objective reflects 12x our 2025 estimates, in line with peers trading at 12x 2024E. We believe an in-line valuation is warranted given better EPS growth and margin expansion in '24, offset by decelerating organic growth.

Downside risks to our PO are: 1) ITT may overpay for deals in the pursuit of diversifying and expanding its product portfolio, 2) Lower than expected capex spending in the auto, oil & gas, power gen, and other key end markets, 3) Short-cycle and chemical pumps could slow, 4) above-peer exposure to European markets, and 5) declining backlog coverage may limit visibility.

John Bean Technologies (JBT)

We base our \$85 price objective on an 9x EV/EBITDA multiple of our 2025 estimates. Our 9x target multiple is below the peer average trading at 16x on 2024 estimates. We argue a discounted valuation is warranted given JBT's below-peer EBITDA margins and below-peer cash conversion.

Upside risks to our PO are: 1) better than expected execution on restructuring/facility consolidation, 2) lower input cost inflation, and 3) faster pace of accretive M&A.

Downside risks to our PO are: 1) valuation already implies future M&A, 2) ability to source accretive acquisitions, 3) execution risk in restructuring/facility consolidation, 4) input cost inflation, 5) rising low-cost competition, and 6) failure for AeroTech sale to complete.

Johnson Controls International PLC (JCI)

We base our \$64 price objective on 11x EV/EBITDA of our 2025 estimates. Our 11x target multiple is below the peer group average trading at 16x on 2024 estimates. We think the discount valuation is warranted given risk from slowdown in the non-residential cycle.

Downside risks to our price objective are 1) potential loss of market share to peer and building automation competitors, 2) execution risks, particularly on the cost takeout plan, and 3) risks from the aqueous film forming foam litigation.

Montrose Environmental Group, Inc. (MEG)

We base our \$48 price objective on 28x EV/EBITDA of our 2025 estimates. This is at a premium to the peer group average trading at 11x on 2024E. We believe the premium is warranted capital allocation and secular growth trends from US environmental regulations/infrastructure stimulus.

Downside risks to our PO are 1) greater-than-expected y/y declines in the CTEH business, 2) inability to source or integrate deals, and 3) poor execution tied to ERP rollout and initiation of European operations.

Parker Hannifin Corporation (PH)

We base our \$600 price objective on a 16x EV/EBITDA multiple applied to our CY25E estimate. Our 16x target multiple is in line with the 16x multi-industrial peer average on 2024E and 16x Aerospace Suppliers peer average on 2024E. Parker has historically traded at a discount, but we believe it should start to close the gap with high quality peers AME and ITW.

Downside risks are: 1) industrial short-cycle destocking worse than expected, 2) Meggitt integration, and 3) the ability to offset material inflation through pricing. Upside risks are: 1) Aerospace recovery has more upside given more exposure from Meggitt, and 2) Multiple expansion as the company closes the performance gap.

Pentair plc (PNR)

We base our \$84 price objective on a 13.5x EV/EBITDA multiple of our 2025 estimates. This slightly below the peer group trading at 15x on 2024 estimates. We think the below-peer valuation is fair given above average EBITDA margins offset by more cyclical topline.

Upside risks are: 1) better-than-expected revenue growth in pools, 2) success on incremental productivity actions. Downside risks are: 1) Reinvestment in most profitable (Pool) segment, 2) execution risk on sourcing & consolidation activities.

Rockwell (ROK)

We base our \$300 price objective on a 16x EV/EBITDA multiple of our CY25 estimate, at a premium to peers trading at 15x on 2024E. We argue a 1-turn premium is warranted given the company's market share and exposure to secular themes, partially offset by destocking headwinds and a lack of near-term catalysts.

Upside risks are 1) supply chain improvement, 2) potentially accretive acquisitions.

Downside risks are 1) delays in global capex, 2) execution risks, 3) supply-chain constraints, and 4) greater competition.

Trane Technologies PLC (TT)

We base our \$292 price objective on 18x 2025E EV/EBITDA. Our 18x target multiple is above the peer group average trading at 14x on 2024 estimates. We believe the premium is warranted given above-average performance.

Downside risks are 1) slower-than-expected macro recovery, 2) lower-than-expected productivity improvement and cost synergies, 3) loss of market share to competitors. Upside risks are 1) continued solid execution in 2024, 2) non-residential markets take longer to crack than our thesis, and 3) price increases offset impact of destocking cycle.

Vertiv (VRT)

We base our \$80 price objective on an 18x EV/EBITDA of our 2025 estimates. Our target multiple is at a premium to the 16x peer average on 2024E. We argue the slightly higher multiple is warranted given above-peers earnings growth.

Downside risks to our price objective are 1) declines in company-owned data centers, 2) inability to execute on cost savings plans, 3) pricing deterioration due to competition, and 4) disruptions due to supply chain or manufacturing execution.

Vontier (VNT)

We base our \$48 price objective on 11x our 2025E EBITDA estimate. This is a discount to the peer average of 14x on 2024 estimates to reflect above-peer leverage.

Downside risks to our price objective are 1) greater-than-expected decline in US fuel dispenser revenue, 2) acquisition timing, selection, and integration risks, 3) greater adoption of electric vehicles hurting demand for retail fueling infrastructure.

Analyst Certification

I, Andrew Obin, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Special Disclosures

BofA Securities is currently acting as Financial Advisor to Carrier Global Corp in relation to the sale of its commercial refrigeration business to Haier Smart Home Co Ltd., which was announced on December 13, 2023.

US - Multi-Industrials/Engineering and Construction Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	AspenTech	AZPN	AZPN US	Andrew Obin
	Atmus Filtration	ATMU	ATMU US	Andrew Obin
	Dover Corp	DOV	DOV US	Andrew Obin
	Eaton Corp PLC	ETN	ETN US	Andrew Obin
	Emerson Electric Co	EMR	EMR US	Andrew Obin
	Flowserve	FLS	FLS US	Andrew Obin
	Honeywell International Inc.	HON	HON US	Andrew Obin
	ITT Inc.	ITT	ITT US	Andrew Obin
	Montrose Environmental Group, Inc.	MEG	MEG US	Andrew Obin
	Parker Hannifin Corporation	PH	PH US	Andrew Obin
	PTC Inc.	PTC	PTC US	Andrew Obin
	Rush	RUSHA	RUSHA US	Andrew Obin
	Vertiv	VRT	VRT US	Andrew Obin
	Vontier	VNT	VNT US	Andrew Obin
NEUTRAL				
	3M Company	MMM	MMM US	Andrew Obin
	AMETEK Inc	AME	AME US	Andrew Obin
	Fortive Corporation	FTV	FTV US	Andrew Obin
	Johnson Controls International PLC	JCI	JCI US	Andrew Obin
	Pentair plc	PNR	PNR US	Andrew Obin
	Rockwell	ROK	ROK US	Andrew Obin
	Trane Technologies PLC	TT	TT US	Andrew Obin
UNDERPERFORM				
	Allegion	ALLE	ALLE US	Andrew Obin
	Carrier Global Corp.	CARR	CARR US	Andrew Obin
	Core & Main	CNM	CNM US	Andrew Obin
	Illinois Tool Works	ITW	ITW US	Andrew Obin
	John Bean Technologies	JBT	JBT US	Andrew Obin
	Keysight	KEYS	KEYS US	David Ridley-Lane, CFA

Disclosures

Important Disclosures

Equity Investment Rating Distribution: Electrical Equipment Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	14	53.85%	Buy	10	71.43%
Hold	6	23.08%	Hold	3	50.00%
Sell	6	23.08%	Sell	1	16.67%

Equity Investment Rating Distribution: Industrials/Multi-Industry Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	45	50.56%	Buy	25	55.56%
Hold	26	29.21%	Hold	13	50.00%
Sell	18	20.22%	Sell	7	38.89%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2}Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: 3M, Allegion, AMETEK, Carrier, Core & Main, Dover Corp, Eaton Corp PLC, Emerson, Flowserve, Fortive, Honeywell, Illinois Tool Works, ITT Inc., John Bean Tech, Johnson Controls Int, Montrose, Parker Hannifin, Pentair plc, Rockwell, Trane Technologies, Vertiv, Vontier.

BofAS or an affiliate was a manager of a public offering of securities of this issuer within the last 12 months: Carrier Global Corp., Fortive Corporation, Honeywell, Johnson Controls Int, Vertiv.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: 3M, Allegion, Carrier Global Corp., Core & Main, Dover Corp, Eaton Corp PLC, Emerson, Flowserve, Fortive Corporation, Honeywell, Illinois Tool Works, John Bean Tech, Johnson Controls Int, Montrose, Parker Hannifin, Pentair plc, Rockwell, Trane Technologies, Vertiv, Vontier.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: 3M, Allegion, AMETEK Inc, Carrier Global Corp., Core & Main, Dover Corp, Eaton Corp PLC, Emerson, Flowserve, Fortive Corporation, Honeywell, ITT Inc., John Bean Tech, Johnson Controls Int, Montrose, Parker Hannifin, Pentair plc, Rockwell, Trane Technologies, Vertiv, Vontier.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: 3M, Allegion, AMETEK Inc, Carrier Global Corp., Core & Main, Dover Corp, Eaton Corp PLC, Emerson, Flowserve, Fortive Corporation, Honeywell, Illinois Tool Works, ITT Inc., John Bean Tech, Johnson Controls Int, Montrose, Parker Hannifin, Pentair plc, Rockwell, Trane Technologies, Vertiv, Vontier.

An officer, director or employee of BofAS or one of its affiliates is an officer or director of this issuer: Trane Technologies.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: 3M, Allegion, Carrier Global Corp., Core & Main, Dover Corp, Eaton Corp PLC, Emerson, Fortive Corporation, Honeywell, John Bean Tech, Johnson Controls Int, Montrose, Pentair plc, Rockwell, Trane Technologies, Vertiv.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: 3M, Allegion, Carrier Global Corp., Dover Corp, Eaton Corp PLC, Emerson, Flowserve, Fortive Corporation, Honeywell, Illinois Tool Works, Johnson Controls Int, Parker Hannifin, Pentair plc, Rockwell, Trane Technologies, Vontier.

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