

Eaton Corp. (ETN)

Industrial Manufacturing

November 13, 2024

Stock Rating

SELL

Investment Thesis

We recommend SELL on Eaton with NO ACTION to our portfolio given an implied price of \$174, signifying a decrease of 52% from the current trading price. Eaton has done well for competitive positioning into key end markets that are expected to experience strong growth. As a result, they are trading at a premium far beyond their intrinsic value.

Drivers of Thesis

- Eaton has experienced only an 8% increase in revenue over the past 5 years but consensus expects them to increase by 24% over the next three years due to trends in electrification, data centers and EV's.
- Eaton boasts expanding margins year after year, but much of the expansion has been the result of the sale of the low margin hydraulics segment rather than inherent improvements in operations.
- We forecast COGS will continue to decrease as a portion of revenues in line with historical estimates at a rate of 0.08%, but consensus remains far more aggressive which we believe to be unsubstantiated given risks to long term increases in the price of copper – a key input commodity for Eaton.

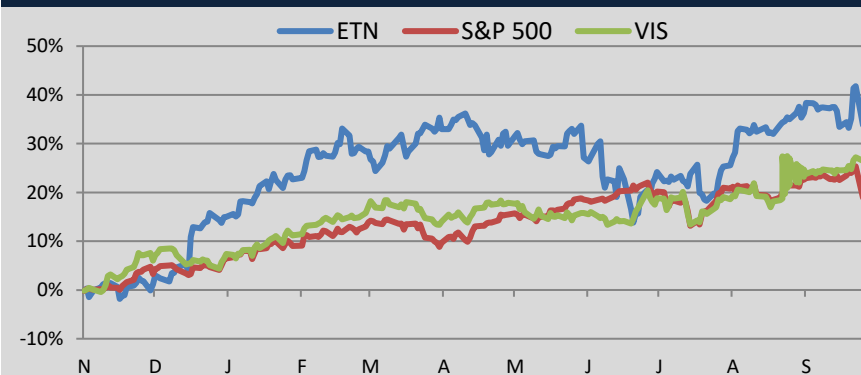
Risks to Thesis

- Tailwinds in data center growth and EV adoption can prove to have a profound impact on Eaton's sales that cause unprecedented growth.
- An EBCI of 58.3 highlights optimism in electrical manufacturing that may continue to fuel Eaton's electrical segment.
- The US defense budget allocation of \$25 billion to increase long term fleet growth and the 11.9% increase in global air passenger traffic insinuate the aerospace segment will remain healthy and could see robust growth.

Earnings Estimates

Year	2021	2022	2023	2024E	2025E	2026E
EPS	\$5.38	\$6.14	\$8.02	\$9.71	\$11.14	\$13.53
HF est.				\$9.76	\$10.59	\$11.52
Growth		14.1%	30.6%	21.0%	11.8%	9.0%

12 Month Performance



Target Price

\$160-\$170

Henry Fund DCF	\$174
Henry Fund DDM	\$149
Relative Multiple	\$364

Price Data

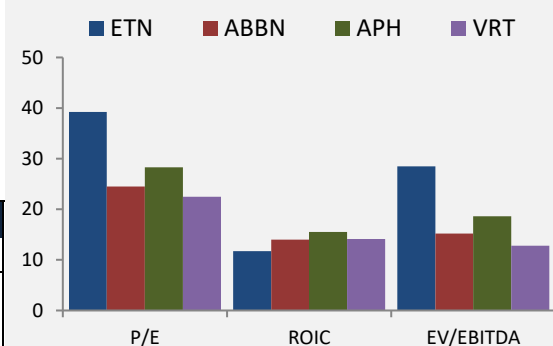
Current Price	\$366.67
52wk Range	\$215.64 – 369.29
Consensus 1yr Target	\$366.65

Key Statistics

Market Cap (B)	\$145.926.39
Shares Outstanding (M)	399
Institutional Ownership	83.93%
Beta	1.01
Dividend Yield	1.03%
Est. 5yr Growth	6.58%
Price/Earnings (TTM)	30.02
Price/Earnings (FY1)	36.98
Price/Sales (TTM)	4.16
Price/Book (mrq)	7.35

Profitability

Operating Margin	17.22%
Profit Margin	15.31%
Return on Assets (TTM)	7.40%
Return on Equity (TTM)	20.08%



Company Description

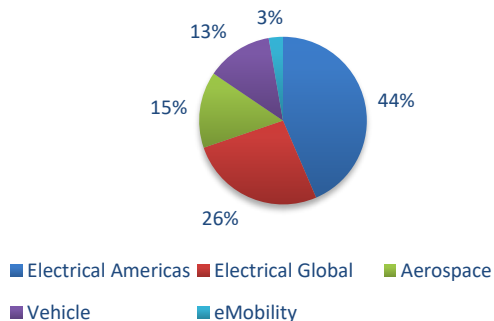
Headquartered in Dublin, Ireland, Eaton is a global power management company with significant operations both globally and within the United States. Eaton offers a wide array of products that range from electrical products and systems, power distribution solutions and control systems. Eaton also maintains portfolios of offerings in the Aerospace, Vehicle and more recently, eMobility spaces. Globally, Eaton caters its offerings based on the specific markets it is supplying.

COMPANY DESCRIPTION

Eaton Corporation plc stands as a leading intelligent power management company headquartered in Dublin, Ireland, maintaining an operational stronghold in Beachwood, Ohio. Eaton, initially founded in 1911 in Bloomfield, New Jersey, began as a heavy-duty truck axle manufacturer. Eaton had made 23 major acquisitions by 1973, expanding its operations into automotive transmissions and appliance and automotive controls sectors.

Decreased demand for American cars in the 70's resulted a reduction to auto exposure by selling subsidiaries and acquiring companies involved in other spaces – most notably the acquisition of power control and distribution company Culter-Hammer in 1978 was it's first electrical exposure with their electronic component sales as a percentage of total revenue consequently increasing from 21% in 1978 to 54% in 1983₂. Eaton's acquisition of Cooper industries, a leader in electrical equipment manufacturing based in Ireland, cemented their offerings in both the upstream and downstream electrical industry; Cooper allowed Eaton to increase Utility and Industrial sales as a proportion of total sales by 14%.

2023 Revenue by Segment (\$23B)

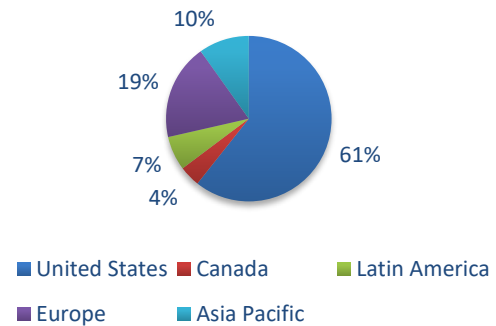


Source: 2023 Eaton 10-K

As a power management company, Eaton aims to leverage global trends in energy transition, renewable energy, digitalization and electrification. Eaton now serves a diverse range of markets including data centers, utilities, industrial, commercial, aerospace, and mobility in 160 countries. The company can be decomposed into two core sectors: the electrical sector which provides products and end-to-end solutions for power quality, distribution and control and the industrial sector which revolve around the aerospace, vehicle and mobility businesses. Revenues from Eaton's different geographic operations can be seen

below:

Net Sales by Geographic Location



Source: 2023 Eaton 10-K

Electrical Americas & Electrical Global (70%)

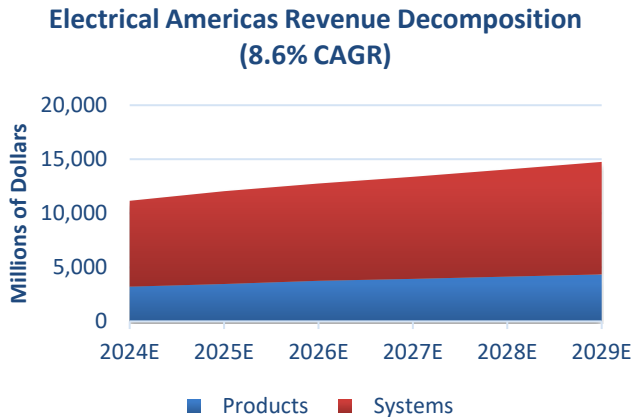
The electrical segment is further divided into two segments, the Americas and Global segments, that each cater to geographic specific needs.

Electrical Americas (44%)

The electrical Americas segment maintains a broad range of products and solutions that include industrial components, power distribution systems, residential products, single and three-phase power quality solutions, wiring devices and circuit protection. The America's segment thus focuses on aiding power distribution, reliability and connectivity in commercial and residential settings. Markets that require such devices and systems include data centers, utilities, factories and energy facilities. The aforementioned key markets are expected to contribute robust growth in electricity demand which is, in turn, forecasted to aid in the industrial electrical component market size to grow from \$57.2 billion in 2024 to \$90.48 billion in 2029 (representing a CAGR of 4%)¹⁴. As a result, by 2026 we anticipate the Electrical Americas segment will have grown by 27%.

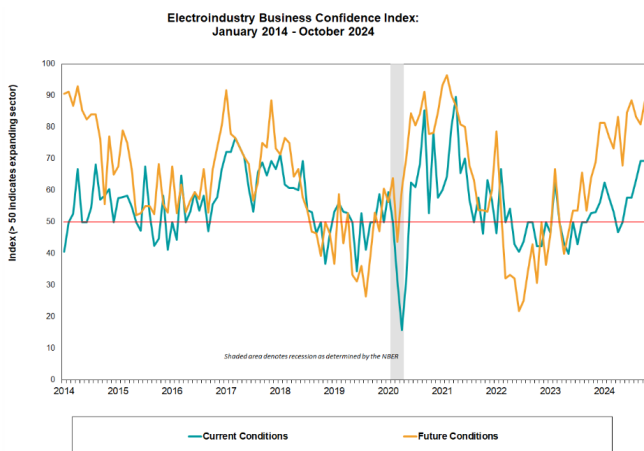
Historically, systems have represented a larger proportion of the revenue as datacenters, utilities, manufacturing facilities, and similar clients prefer complete integrated solutions due to the eased installation since many individual parts require customized configurations. As a result, we forecast the increase in datacenters, factories and manufacturing facilities in the Americas will continue to drive revenue for systems more heavily than products. Our thesis is supported by industry trends where U.S. construction spending on manufacturing facilities alone has grown by 76% from 2022 to 2023 at an annual rate of

\$194 billion and data center investment exceeded \$25 billion in 2023 (representing a record break year with 500 new data center projects announced in the past two years)¹⁵. The chart below highlights our forecasted growth in revenue for the Electrical Americas segment, decomposed to highlight the individual contributions of products and systems:



Source: 2023 Eaton 10-K & HF Estimates

The Electroindustry Business Confidence Index (EBCI) by the National Electrical Manufacturers Association represents the results of a monthly survey of senior managers at NEMA member companies and highlight trends in the electrical equipment manufacturing business environment. A value of 50 or greater indicates that the business environment improved over the previous month. The chart below highlights the optimism facing the sector in 2024 – while the Henry Fund agrees that the sector will see growth, this brings into question how much of the growth is already priced in relative to Eaton’s current valuation.



Source: NEMA

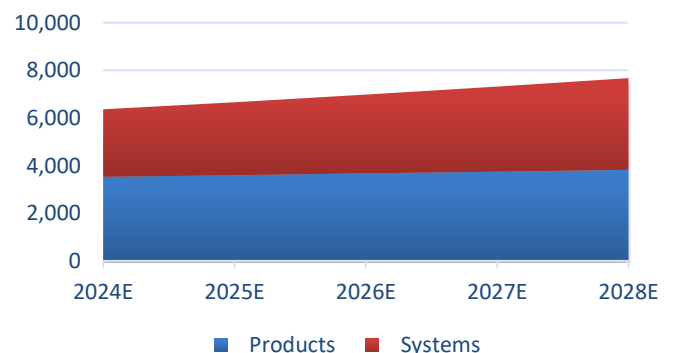
Electrical Global (26%)

The Electrical Global segment primarily serves Europe, the Middle East, Africa and Asia Pacific countries. The products and systems offered cater to the needs of the region in which they operate. Within the Middle East and Africa, Eaton offers products such as hazardous duty equipment, fire detection systems and explosion proof devices which are in heavy demand in the oil and gas, mining and chemical processing industries. Asia-Pacific countries demand products and systems that aid in the fast-paced industrialization and urbanization such as power distribution systems and emergency lighting.

In Europe, stringent regional standards developed by the International Electrotechnical Commission that are adopted by the EU tend to emphasize higher levels of sustainability, efficiency and safety in comparison to the Americas; Eaton’s global segment is consequently tailored to meet the more rigorous European standards in its European offerings. Eaton’s Europe, Middle East, and Africa segment saw a 8% year-over-year growth in the third quarter of 2024 that can be attributed to electrical components for major smart city projects such as Saudi Arabia’s \$500 billion NEOM and UAE’s Al Dhafra solar project as well as Europe’s industrial automation market which is projected to grow at a CAGR of 9.2% through to 2030¹⁶. Over the next two years we forecast revenues from the electrical global segment will have grown by 15% where, similar to the Americas segment, much of the growth being attributed to integrated systems as opposed to individual components. The chart below highlights our forecasted growth in revenue for the Electrical Americas segment:

Electrical Global Revenue Decomposition

(4.8% CAGR)



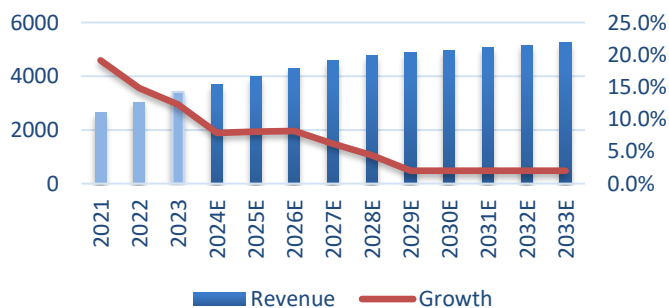
Source: 2023 Eaton 10-K & HF Estimates

Aerospace (15%)

Eaton's aerospace segment supplies advanced aerospace systems and parts to both commercial and military markets. The segment's portfolio includes hydraulic power generation systems such as pumps, motors, power units, and fittings tailored for aerospace as well as controls and sensing products such as valves, cylinders and electromechanical actuators (devices that convert electrical energy into mechanical motion). Specialized systems offered include aircraft flap, slat controls and nose wheel steering, and vital mission systems such as oxygen generation, payload management and air-to-air refueling equipment.

In the third quarter of 2024, Eaton's Aerospace segment saw a 9% increase from the same quarter the previous year (8% of which was organic growth and 1% was a positive impact from currency translation)¹. Additionally, the 12 month rolling average of orders in the third quarter increased by 6%. We believe the Aerospace segment will continue to see growth driven by the recovery of the commercial aerospace sector as well as robust spending in defense and military aerospace components. As of August 2024, global air passenger traffic saw a 11.9% increase year to date and available seat kilometers (a metric used to gage total capacity) increased 10.2% year to date¹⁷. The Henry Fund also anticipates geopolitical tensions to continue to represent a tailwind for defense spending as the US defense budget has already authorized an additional \$25 billion for new aircraft programs as part of long-term fleet growth. As a result, we forecast revenues from the Aerospace segment will have increased by 26% by 2026.

**Aerospace Segment Revenue and Growth
(6.3% CAGR)**

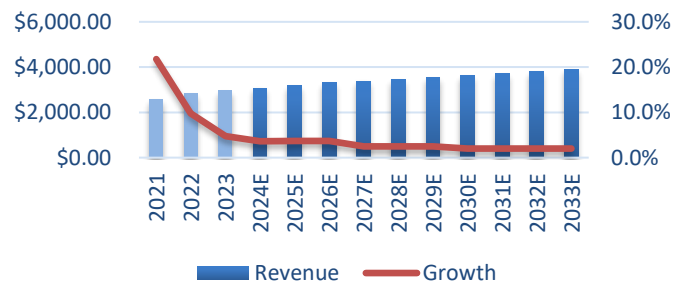


Source: 2023 Eaton 10-K & HF Estimates

Vehicle (13%)

The vehicle segment involves the designing, manufacturing, marketing and supplying of drivetrain and powertrain systems. Additionally, they supply critical components that enhance fuel economy, performance and safety. The segment's portfolio includes transmissions, clutches, hybrid power systems, superchargers and valve actuation systems. Eaton's vehicle segment's offerings cater to both original equipment manufacturers (OEMs) and aftermarket customers in sectors that include heavy, medium and light duty trucks, SUVs, CUVs, construction and agricultural equipment. The vehicle segment saw a 1% increase in revenues in the third quarter of 2024 from the same period the previous year – though this increase was the result of currency translation as organic sales had actually declined by 1%. The automotive industry has seen a difficult few years since the pandemic, with US light-vehicle sales dropping almost 15% in 2020 (the sharpest decline since the GFC) with Eaton's vehicle segment sales dropping by 31.1% the same year¹. Nonetheless, we forecast a slow and gradual recovery in the automotive industry. Moreover, as the shift towards electric vehicles grows, we expect tempered growth in the vehicle segment which primarily focus on drivetrain and powertrain components for internal combustion engine (ICE) vehicles. As a result, we forecast only an 8% growth in the segment's revenue by 2026.

**Vehicle Segment Revenue & Growth
(3.1% CAGR)**



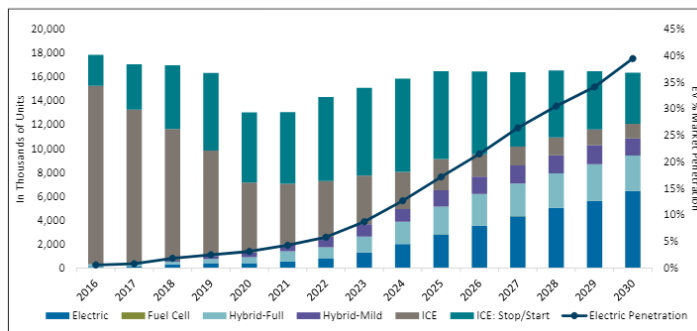
Source: 2023 Eaton 10-K & HF Estimates

eMobility (3%)

Eaton's eMobility segment is involved in the designing, manufacturing and marketing a range of mechanical,

electrical and electronic components and systems to aid in the advancement of vehicle electrification. The segment's portfolio includes high-voltage inverters, converters, circuit protection units, fuel tank silation valves and commercial vehicle hybrid systems. The solutions offered are EV specific and maintain different electrical architectures to ICE vehicles. In the second quarter of 2024, the eMobility segment saw a 18% increase from the same period the previous year – a record increase for the segment. We forecast this segment will see continued robust growth in light of the growth of electric vehicles. 6% of the 14 million cars produced in North America in 2022 were EV's while 82% were ICE; by 2030, EV production is expected to increase to 40% of total production while ICE will represent only 35%¹⁸. The chart below by IHS automotive highlights the trend towards greater EV production:

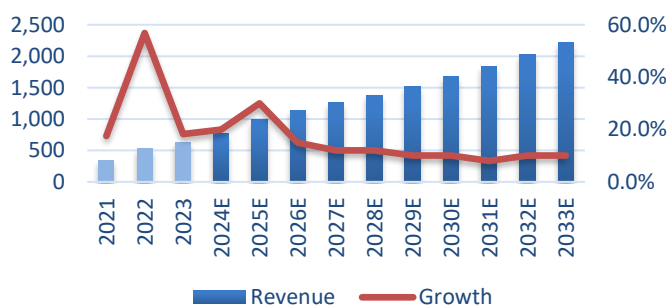
Figure 344: North America Vehicle Production by Propulsion Type



Source: IHS Automotive

The global electric vehicle market as a whole is projected to grow by a CAGR of 13.8% from 2024 through to 2032¹⁸ and as such we believe Eaton's continued investments into their growing eMobility segment will result accelerating sales growth relative to the other segments. By 2026 we forecast the eMobility segment will have grown by 79%.

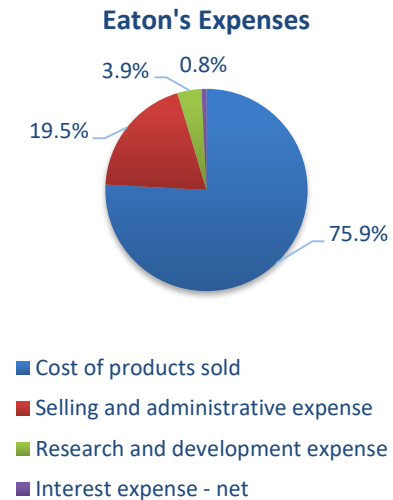
eMobility Segment Revenue & Growth (15.6% CAGR)



Source: 2023 Eaton 10-K & HF Estimates

Cost Structure

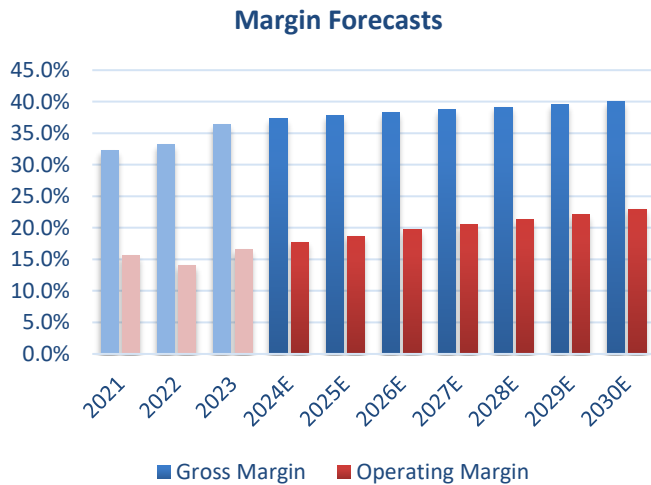
Eaton's costs primarily involve the direct expenses associated with manufacturing and delivering their products and are recognized their costs of products sold. The chart below decomposes Eaton's expenses:



Source: 2023 Eaton 10-K & HF Estimates

In 2023, Eaton maintained a gross margin of 36.4%, which represents a 3% increase from the prior year¹. We believe the increase in gross margin to be the result of increased sales volumes and effective net price realization as they have been able to leverage inflationary pressures to increase prices (Eaton increased prices 6 times in 2022 alone). Eaton's operating margin also increased by 2.4%, driven by higher sales in the commercial & institutional, utility, industrial and data-center end markets within the Electrical Americas segment which saw a 4% increase in its respective operating margin. The Electrical Americas segment maintained the highest operating margins in 2023 followed by the aerospace segment at 26.5% and 22.9%, respectively. Looking forward, we anticipate Eaton's history of margin expansion to continue as they maintain strong organic growth and a growing backlog with Electrical Americas up 26% and Aerospace up 14%². We do, however, anticipate margin expansion will be tempered relative to previous years as most of recent margin expansion can be attributed to their divesting of their hydraulics business in 2021 (which faced challenges due to cyclical demand in the construction and agricultural sectors as well as lower pricing power) resulting in increased focus on core competencies such as electric products and systems. We forecast Eaton's gross margin

to reach 40% in 2030, seeing steady growth throughout the forecast period. The chart below highlights our gross and operating margin forecasts:



Source: 2023 Eaton 10-K & HF Estimates

Debt Maturity Analysis

Eaton maintains a structured approach to its debt obligations, possessing significant maturities in 2024 and 2026, followed by tapering amounts in 2027 and 2028. We believe the concentration of near-term maturities may indicate a desire to refinance due to the rollover risk in 2026 while spreads currently remain tight. In 2023, Eaton issued €300 million as a proactive measure in floating rate notes that mature in 2024 and \$500 million in senior notes maturing in 2028. While the floating euro-denominated debt may expose Eaton to rate fluctuations tied to the Euro Interbank Offered Rate and increase costs if rates rise, the Euribor has been exhibiting a downward trend that we expect to continue following the European Central Bank's recent monetary policy adjustments to stimulate economic activity within the Eurozone. Eaton also maintains a strong liquidity position that is aided by a \$3 billion revolving credit facility that was not tapped into as of December 31, 2023. The following table highlights Eaton's debt maturity schedule:

Fiscal Year	Payment (In Millions)
2024	\$1,017
2025	\$706
2026	\$1,073
2027	\$704
2028	\$502

Source: Eaton 10-K

As a result of recent issuances and rate hikes, the interest expenses incurred by Eaton have also consequently increased as can be seen below:

Fiscal Year	Payment (In Millions)
2023	\$319
2022	\$250
2021	\$207

Source: Eaton 10-K

We believe that Eaton will not see any hardship in servicing its debt obligations. Eaton maintains a A- credit rating from both S&P Global and Fitch, but more importantly, their debt to total assets in 2023 was 24%, representing a low reliance on debt to finance their assets. For context, the industries that tend to have such low debt to total assets tend to be technology sector companies that averaged an industry average of 26% in 2020. While not a technology company, Eaton has displayed an emphasis on financial flexibility that makes us confident in their ability to meet any near-term or long-term debt obligations. The chart below highlights their debt rating relative to some of their peers.

Company Name	S&P Global Ratings	Fitch
Eaton	A-	A-
Parker-Hannifin	A-	A-
ABB Ltd	A-	A
Vertiv Holdings	BB	BB
Safran S.A.	A-	A-
Legrand S.A.	A-	A-
Woodward, Inc.	BBB	BBB

Source: FactSet

ESG Analysis

Eaton has continued to make substantial efforts towards a variety of ESG goals that are verified by undisclosed external independent organizations. With regards to energy efficiency, Eaton has currently implemented upgrades such as those at the Reynosa Mobility site, which has already reduced electricity consumption by almost 10% due to the installation of variable speed air compressors and solar powered systems. Eaton also implemented a zero-waste-to-landfill program to 79% of its sites.

With respect to carbon emissions, Eaton currently targets a 50% decrease in both scope 1 and scope 2 emissions with hopes of achieving carbon neutrality by 2030. As of 2023, they have made good progress achieving 31% which we believe is encouraging for future progress. With regards to scope 3 emissions, Eaton hopes to achieve a 15% reduction by 2030 that would result from a shift in their sales mix as they prioritize lower-carbon intensity items in their portfolios.

Finally, Eaton has partnered with global companies as they strive to affect positive change. In India, Eaton has partnered with TERRE Policy Center to plant 12,500 native trees in the Pune region, having already done similar initiatives in Costa Rica, Indonesia and Mexico. The Eaton India Foundation also collaborates with the Watershed Organization trust to check dams and farm bunds in rural communities. Eaton's ESG rating alongside their peers can be seen in the chart below:

Company Name	ESG Rating	
Eaton	24.1	Medium
Parker-Hannifin	26.7	Medium
ABB Ltd	15.2	Low
Vertiv Holdings	22.6	Medium
Safran S.A.	22.2	Medium
Legrand S.A.	10.3	Low
Woodward, Inc.	31.0	Low

Source: Sustainalytics

The price of crude oil has remained relatively consistent, trading within a band of \$67-\$77 which we believe will persist; as a result, we forecast much of the variability in crack spreads to be the result of product prices rather than

input costs. Overall, we believe cost of revenues will increase by 10% in 2025, primarily due to increases in gasoline and distillate production from upcoming capacity expansions in the Detroit and Galveston Bay refineries.

RECENT DEVELOPMENTS

Recent Earnings Announcement

On October 31st, 2024, Eaton reported record third quarter earnings at \$2.53 per share, which represents a 14% increase over the same period in the previous year. Sales also reached a quarterly record of \$6.35 billion supported by organic growth despite headwinds such as Hurricane Helene and aerospace labor strikes that took place. Despite Eaton beating EPS consensus of \$2.50, market reaction was mixed as they slightly underperformed relative to revenue expectations of \$6.37 billion⁵. Management guidance for 2024 EPS was conservatively raised to \$9.53, slightly below HF estimates of \$9.73, which we believe is due to management tempering expectations given the already record high earnings. Of all their segments, the Electrical segment saw the greatest organic increase of 14% year over year, amounting to \$3 billion. The electrical segment backlog also grew 26% year over year representing a strong demand pipeline.

The company's cash flow position also remains robust, reporting \$1.3 billion in operating cash flow and \$1.1 billion in free cash flow that are up 15% and 23% respectively year over year. Looking forward, Eaton raised guidance for 2024's EPS to \$9.47-\$9.53 as a result of the healthy cash flow growth. We believe the positive forward guidance also represents confidence in continued demand, markedly within the electrical segment.

Acquisitions

Eaton's history of acquisition activity continues as they acquired Exertherm, a UK-based provider in thermal monitoring systems, in May of 2024. Exertherm offers solutions continuous temperature monitoring that are integrated into low-voltage and medium-voltage switchgear, busway, transformers, and motor control centers and are deployed globally. One of the complimentary ways we expect Exertherm to benefit Eaton is integration into Brightlayer, Eaton's digital software platform. Brightlayer allows users to monitor, manage and optimize energy and electrical systems. As previously mentioned, we foresee end to end electrical

systems dominating growth in the electrical segment as data centers and energy facilities that are emerging look for integrated systems; we therefore anticipate Eaton will continue to improve their integrated offerings through such acquisitions. As Exertherm is a private company, specific details regarding the purchase price and transaction terms were not disclosed. Other recent acquisitions include the acquisition of Royal Power Solutions in January of 2022 for \$600 million; this acquisition paved the way for Eaton's entry into high-precision connectivity components that are vital to the EV market, supporting their growing eMobility segment. Looking forward, Eaton's history of acquisitions to support growing segments lead us to believe acquisitions to support the eMobility segment will persist, alongside acquisitions to support their end to end system solutions within the electrical segment.

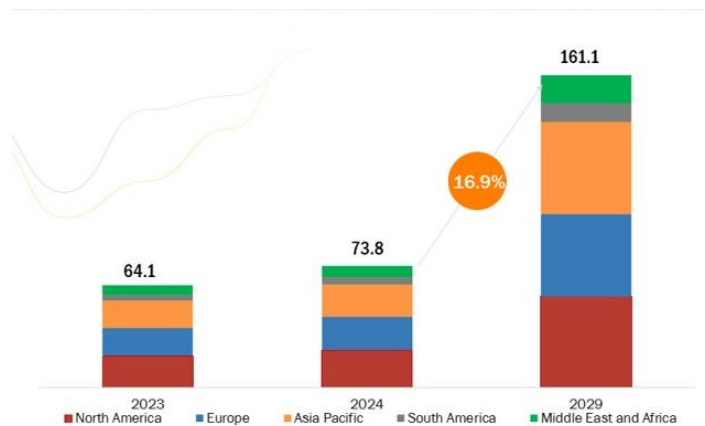
CES 2024

The Consumer Electronics Show (CES) in 2024 allowed Eaton to showcase a suite of new technologies as part of their electrical segment. Eaton introduced residential energy management products such as a WiFi outdoor receptacle and fan speed controller, promoting energy conservation and convenience and a compact home network Uninterruptable Power Supply (UPS). With the growing discussions around the US power grid's age and limitations as 70% of transmission lines and transformers are over 25 years old, Eaton introduced a concept of buildings as a grid as part of its plan for sustainable urban infrastructure; whereby local power generation, energy storage and control systems optimize energy use within buildings, converting them into energy hubs that help stabilize the grid. Eaton also discussed their EV charging solutions that include the Green Motion Fleet Pro and 50-150kW DC fast chargers. The Green Motion Fleet is a level 2 AC charger designed to offer up to 19.2 kW of power at 240 Vac which essentially means it is suitable for a range of plug-in hybrid and all electric vehicles. Typically level 2 chargers provide up to 7.2 kW of power, so the Green Motion Fleet Pro differentiates itself in its ability to reduce charging time for EVs. The charger was only made available for purchase in November of 2024 and we believe that it will contribute heavily to the 30% growth we forecast for eMobility revenues in 2026.

INDUSTRY TRENDS

Smart Grid & Digitalization

The shift towards smart grids has been an active trend reshaping Eaton's operating landscape. Smart grids refer to modernized electrical grids that use technology to control, monitor and optimize the generation and distribution of electricity. The North American smart grid market is expected to grow at a CAGR of 10% from 2024 to 2032, reaching over USD 15.4 billion by 2032¹⁷. The need to integrate renewable energy, manage EV vehicle demand and to enhance energy efficiency is expected to contribute to the growth of this market. We foresee this trend to be a strong tailwind for Eaton whose digital power management platforms, such as Brightlayer, allow for real-time data which power grids increasingly rely on for stability and efficiency. As EV's, Data Centers and AI place more stress on current grid infrastructure, data analytics and monitoring of the health of the infrastructure becomes more important. The smart grid deployment and integration services segment specifically, that which Eaton primarily operates in, is expected to see a CAGR of 9.5% through 2032¹⁷. The chart below highlights the current overall global grid market size as a whole and its projected growth through 2029, which is expected to see a CAGR of 16.9%.

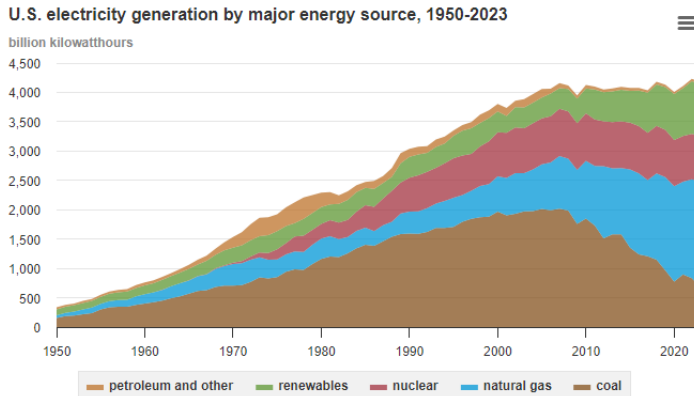


Source: Markets & Markets

Renewable Energy

The global trend towards renewable energy is accelerating, with renewable electricity capacity additions reaching an estimated 507 gigawatts in 2023 (representing a 50% increase from 2022)¹⁷. This shift is the result of policies supporting renewable energy expansion in more than 130 countries. In 2023, renewables accounted for

21% of the nation's entire utility-scale electricity generation and continue to grow as can be seen in the chart below:



Source: EIA

Eaton has positioned its offerings closely with this trend as they possess offerings relating to energy storage, microgrid solutions, and electrical distribution equipment. Increasing renewable energy requires an increasingly decentralized energy network that Eaton attempts to address. Eaton's development of xStorage Home and xStorage grid, designed for residential and commercial use respectively, highlight their understanding of the importance of energy storage in the coming years. The xStorage Home is a battery pack with a hybrid converter that allows homeowners to store energy from renewables and the xStorage Grid facilitates the balancing of supply and demand by storing excess supply during periods of low demand and releasing it during peak times which we believe addresses a key hindrance of widescale adoption of renewables – reliability.

Localization

Recent years, as a byproduct of supply chain disruptions, regulation and geopolitics, have seen a trend towards onshoring and nearshoring. With newly elected President Trump specifically, a revitalization of domestic manufacturing can be expected with regards to policies in the US. Eaton's portfolio in power management and electrical systems positions it well for reshoring efforts as their products and systems can aid in upgrading manufacturing facilities and meet demand from industrial automation sectors. President Trump has also proposed reducing the corporate tax rate to 15% for companies that produce their goods in the US¹⁹ which could not only further encourage onshoring but also provide tax savings

for Eaton who is invested more than \$500 million in 2023 to add more than 200,000 square feet to its manufacturing facility in Nacogdoches, Texas². While Eaton does not disclose the exact percentage of products produced in the US, we believe they will continue to expand US production, especially in light of Trump's proposed policies.

MARKETS AND COMPETITION

Looking at Eaton's key markets, the global electrical equipment and power management sectors are valued at \$1,619 and \$5.8 billion respectively. The electrical equipment's 6.1% CAGR is the result of technological advancements in energy efficient infrastructure and positive governmental policies globally. The global power management market's CAGR of 5.4% through to 2028 is attributed to factors such as the increasing adoption of the Internet of Things (IoT) and cloud-based platforms that allow for the gathering and analysis of real time data.

Peer Comparisons

The peers chosen for comparison include Parker-Hannifin, ABB, Amphenol, Vertiv, and Woodward – all of whom participate in the power management, electrical and industrial sectors. Alongside Eaton, all these companies share a focus on enhancing energy efficiency and providing infrastructure solutions across industrial, aerospace and electrical applications.

Name	Ticker	Mkt Cap (M)	Sales (M)	Net Income (M)
Eaton	ETN-US	148,031	24,605	3,218
Parker-Hannifin	PH-US	93,171	19,986	2,083
ABB	ABBN-CH	108,915	32,499	3,824
Amphenol A	APH-US	93,503	14,232	1,946
Vertiv Holdings A	VRT-US	49,489	7,531	460
Woodward	WWD-US	10,932	3,247	232

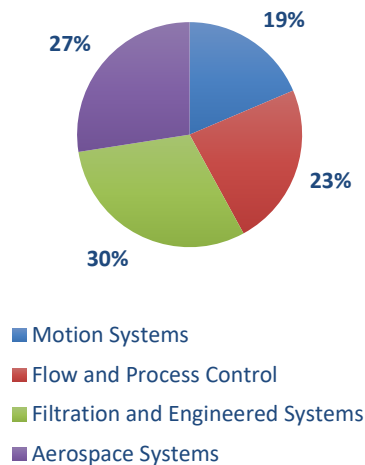
Source: FactSet

As illustrated in the table above, amongst their peers, Eaton maintains the largest market capitalization by a wide margin at \$148 billion, despite having second to largest revenue volumes. As market caps reflect expectations about future growth and profitability, we believe this insinuates that the market is valuing Eaton at a premium relative to their peers.

Parker-Hannifin - PH

Established in 1917, Parker-Hannifin Corporation offers a range of products specifically within motion and control technologies. They operate in aerospace, climate control, electromechanical, hydraulics and process control. In 2023, they reported revenues of \$19 billion, representing roughly a 20% increase from the prior year. While Parker-Hannifin and Eaton overlap in sectors such as aerospace and previously in hydraulics, the two companies diverge in their core competencies - Parker-Hannifin opting to focus on motion and control technologies, catering to broader manufacturing and industrial automation.

Parker - Hannifin Revenues 2023

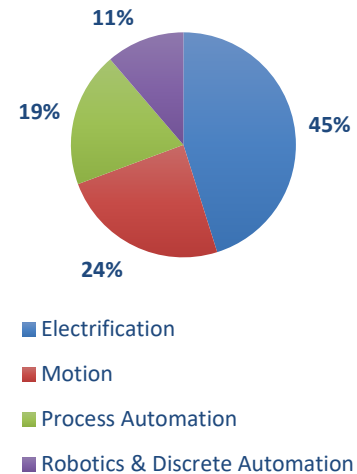


Source: Parker-Hannifin 10-K

ABB Ltd. - ABBN

ABB was established in 1988 as the result of a merger of ASEA and Brown, Boveri & Cie and stands as a swiss-swedish company that specializes in electrification, automation, robotics and motion. ABB's revenues in 2023 were \$32.2 billion, roughly \$14.5 billion of which is from their electrification segment. ABB and Eaton both operate in the electrical distribution and management segment though they diverge in ABB's focus on robotics, motion and drives. As a result, ABB's portfolio is situated to capitalize most on industrial automation and digitalization in comparison to Eaton's goal of capitalizing on energy efficiency and sustainability.

ABB Revenues

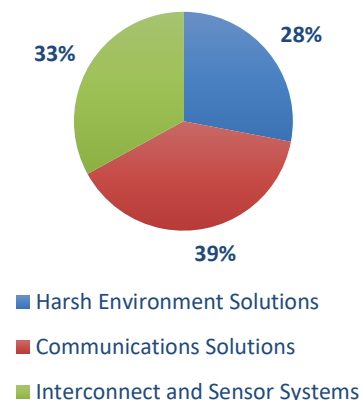


Source: ABB 10-K

Amphenol Corporation - APH

Founded in 1932, Amphenol corporation is a company that specializes in interconnect, antenna and sensor solutions with multiple end markets that include automotive, industrial, information technology and telecommunications. Amphenol reported \$14 billion in revenues in 2023, more than a third of which is attributed to their communications solutions segment. While both Eaton and Amphenol supply components and systems to the aerospace and automotive markets, Amphenol does not have the pronounced presence in the electrical systems and power management sector. Amphenol can be regarded as aiming to capitalize on connectivity solutions across multiple industries.

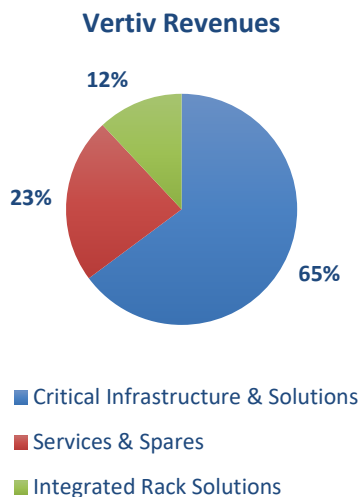
Amphenol Revenues



Source: Amphenol 10-K

Vertiv - VRT

Vertiv is a fairly recent company, established in 2016, that provides critical digital infrastructure and continuity solutions for data centers, communication networks and commercial and industrial facilities. Vertiv's 2023 revenues were just shy of \$7 billion, two thirds of which is attributed to their critical infrastructure and solutions segment. The critical infrastructure and solutions segment encompasses a variety of offerings that include AC and DC power management, thermal management and integrated modular systems. While both Eaton and Vertiv offer solutions for data center infrastructure, Eaton specializes in electrical components and systems such as circuit breakers, switchgear and energy management systems whilst Vertiv is more concerned with critical power, cooling and communication infrastructure.



Source: Vertiv 10-K

Woodward - WWD

Woodward, Inc. is a control solutions company, founded in 1870 that caters to the aerospace and industrial markets. In 2023, Woodward reported revenues of \$2.915 billion, two thirds of which solely derived from the aerospace segment. Their aerospace segment can further be decomposed into commercial and defense, with the former contributing most of the revenue attributed to the segment at a 2:1 ratio to defense. While both Eaton and Woodward provide components and systems for aerospace to enhance aircraft performance and efficiency, Woodward does not participate in the electrical and power management sectors that comprise most of Eaton's revenues. Moreover, Woodward further focuses on

aerospace offerings that Eaton lacks such as fuel systems and combustion controls.

Financial and Operating Metrics

ROA & ROE

Name	ROE	ROA
Eaton	20.08%	7.40%
Parker-Hannifin	24.64%	8.55%
ABB	27.28%	8.14%
Amphenol A	25.29%	10.76%
Vertiv Holdings A	32.96%	9.32%
Woodward	17.54%	6.90%

Source: FacSet

In analyzing the return on equity for the peer group, we observe Vertiv had the highest ROE at 32.9% which can be attributed to their focus on high-demand sectors such as data centers and telecommunications – both of which have experienced exceptional growth. Eaton's ROE stands at 20%, which is lower than the peer groups average of 22%, which we believe is due to the substantial investments made into electrification and eMobility that will eventually position it for more sustainable long-term growth. Amphenol has the highest ROA at 10.76%, which is likely due to their focus on high margin interconnect and sensor solutions. Eaton once again maintains an ROA slightly below the average of the peer group of 7.9% that is likely the result of their M&A activity which increases goodwill and lowers ROA as well as their participation in more capital intensive markets such as power management and infrastructure. Overall, we believe that Eaton's marginally lower ROE and ROA are short term effects that are a byproduct of them enhancing their competitive position with respect to evolving trends in the markets they participate in.

Profitability Margins

Name	Gross Yield	EBIT Margin	Net Margin
Eaton	37.8%	18.8%	15.3%
Parker-Hannifin	36.1%	19.9%	14.5%
ABB	37.1%	16.0%	11.9%
Amphenol A	33.4%	21.3%	15.4%
Vertiv Holdings A	34.1%	16.0%	7.7%
Woodward	26.4%	12.7%	11.5%

Source: Factset

We observe Eaton maintains the highest gross margin amongst its peers at 37.8%, indicating they are effective at controlling the costs of goods sold. Amphenol and Parker-Hannifin maintain the highest EBIT margins indicating they possess strong operational efficiencies. Woodward maintains the lowest gross and operating margins that can be attributed to their specialization in the niche, high-cost control system markets for engines and turbines which have strict quality and safety requirements. These markets often necessitate high levels of customization, precision engineering, and regulatory compliance. Eaton and Amphenol both maintain the highest net margins. Eaton specifically sees tax advantages that we believe aid its margins as a result of their strategic focus on renewable energy and energy-efficient solutions. Moreover, in many jurisdictions research and development tax credits are available to offset R&D costs – as a result Eaton’s marginal tax rate in recent years has averaged less than 15%.

Ratio Analysis

Name	Div Yield	P/E
Eaton	1.01%	39.56x
Parker-Hannifin	0.92%	31.98x
ABB	1.72%	27.55x
Amphenol A	0.90%	42.12x
Vertiv Holdings A	0.08%	84.38x
Woodward	0.57%	29.51x

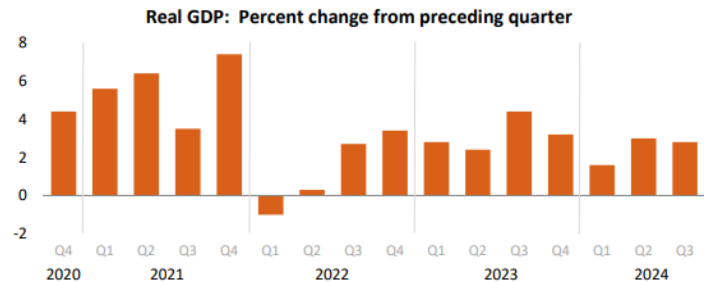
Source: FactSet

We observe Vertiv to have the highest P/E ratio at 84x, indicating investors have extremely high expectations for its growth. This is not surprising given their focus on digital infrastructure and centering much of their key end markets around data centers. Eaton’s P/E ratio at 39x is also considered fairly high as the market is optimistic about their potential. For reference, Eaton’s P/E ratio in 2019 was less than half its current value at 18x. We can observe all P/E multiples in this peer group are quite high, which leads us to believe that the market has taken strong bets on the industry and priced in growth that goes beyond historical valuation. With regards to dividend yields, we observe ABB maintains the highest at 1.72% which may appeal to income focused investors – ABB has maintained sustained dividend growth since 2014 with the exception of 2020 when dividend per share remained the same.

ECONOMIC OUTLOOK

GDP Growth

Real GDP growth in the third quarter of 2024 showed strength, increasing at an annualized rate of 2.8%:

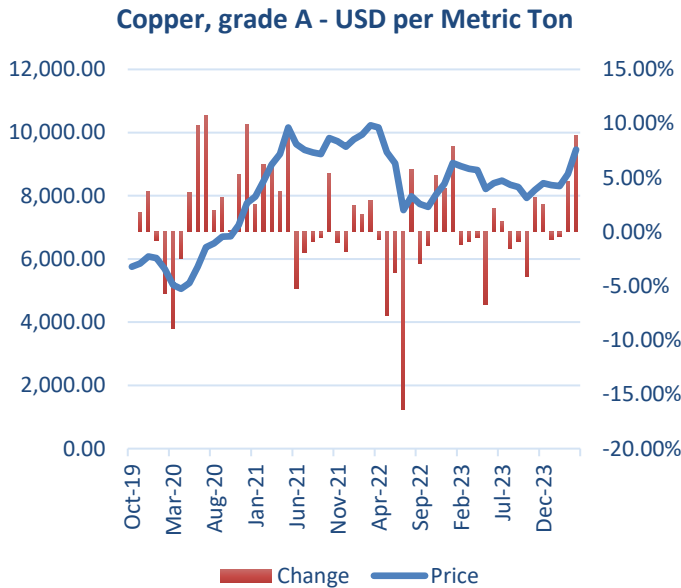


A key driving component of GDP growth can be attributed to strong consumer spending which rose by 3.7% as well as significant increase in exports which grew by 8.9%. Additionally, business investment within equipment specifically rose by 11.1% which we believe directly relates to Eaton’s \$6.3 billion in sales for the quarter (an 8% increase from the same period last year). For the fourth quarter, the Atlanta Fed’s revised their forecasts for growth sit at 2.5%. Regardless, the US economy displays resilience which is a tailwind Eaton’s portfolio of offerings – specifically the Electrical segment which caters to factories, utilities and energy facilities. The Henry Fund maintains a long-term GDP growth rate forecast of 2.9% which correlates with increased industrial demand and enhanced infrastructure which will serve Eaton positively.

Commodities

Eaton’s key commodities used that represent inputs for their operations are copper and aluminum. UBS projects copper prices on the London Metal Exchange (LME) will average \$10,500 per metric ton in 2025 and \$11,000 in 2026 which would represent an all time high. Golman Sachs also revised their 2025 forecast to \$10,100 from \$15,000 largely due to decreased demand from China, specifically within their property sector. The current price of copper per metric ton is roughly \$9,002 which we believe will continue to moderately increase in line with estimates as the Chinese property sector continues to struggle. Though China instituted a \$1.4 trillion stimulus package, it primarily targets local government debt, designed to shift some of the burden to the central government. As a result, we don’t expect sharp increases in the demand for copper outside of the growth currently

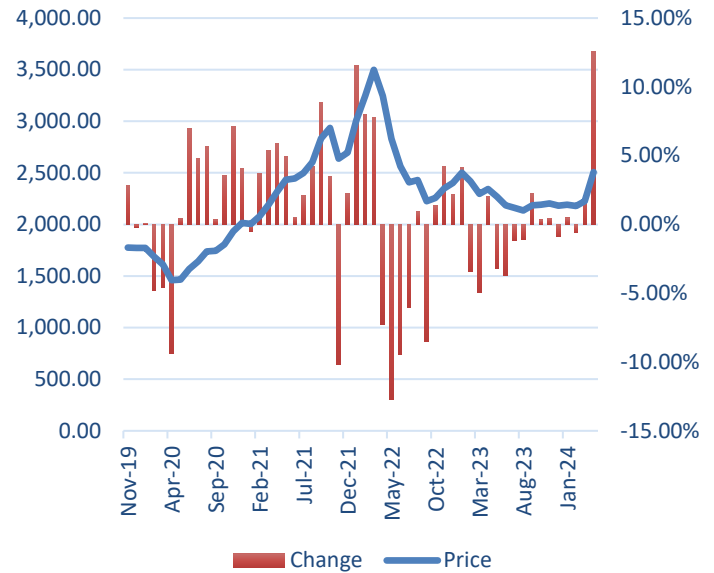
priced, whereas we do expect higher prices from the tightening of supply. Copper smelters are currently suffering losses due to historically low treatment charges which we forecast could reduce production and contribute to increased copper prices. The chart below illustrates historical copper futures end of day settlement prices over the past 5 years:



Source: IndexMundi

Aluminum is also expected to see an increase to \$2,430 from an estimated \$2,275 in the current year as a result of consumption in sectors such as automotive, packaging and renewable energy. Nonetheless, we don't expect a surge in the price of Aluminum as China has increased aluminum production in recent months, increasing production 5% year over year in June of 2024 with no plans of slowing down in the near term. While the price of copper appears to be the commodity most likely to impact Eaton, it is also their most hedged commodity as they maintain commodity contracts worth 11 million pounds of copper with terms between 1-12 months – as a result, we don't foresee dramatic impacts to their costs of products sold in the near term. The chart below illustrates historical aluminum futures end of day settlement prices over the past 5 years:

Aluminum - USD per Metric Ton



Source: IndexMundi

Interest Rates & Inflation

Inflation in the United States cooled to an annual inflation rate of 2.4% with the Federal Reserve maintaining the fed funds rate between 4.75% and 5%. The federal reserve cut rates by 50 basis points in September of 2024, and we expect the positive market sentiments to slowly effect the long end of the yield curve as demand for safe assets decreases. We expect this will positively affect Eaton in their debt refinancing which we expect 2026 given their large maturities that year. Moreover, as inflation cools, raw materials such as steel, copper and electrical components that comprise Eaton's costs are less likely to squeeze margins as they did in 2021, especially for Eaton's Vehicle segment. Looking forward, we expect CPI inflation to decrease to 2.29% over the next two years. If inflation remains sticky, we expect this to impact the eMobility and Vehicle segments more than the Electrical and Aerospace segments who have already displayed a strong ability to pass costs on to customers given their integral nature in electrical and high cost of failure in aerospace.

VALUATION

Revenues

We forecast Eaton's total revenues will grow by 9.3%, 6.8% and 6.0% in 2024, 2025 and 2026 respectively. Revenue growth was deconstructed by segment, with the electrical

Americas and eMobility segments seeing the highest rates of growth at 13.5% and 20.0% respectively for 2024. Supporting our thesis are growth trends in US manufacturing facilities, data centers and overall nearshoring and onshoring of US operations with the newly elected President Trump. eMobility is still in its infancy stage but forecasts that suggest 40% of all North American cars will EV's highlight the rapid growth this segment may be exposed to. We expect the eMobility segment growth rates to see sustained growth in 2028 at 10% through to the end of the decade as the segment matures.

Operating Costs

As discussed previously, costs of goods sold have been marginally decreasing as a percentage of sales. Bloomberg census forecasts indicate costs of goods sold as a percentage of sales will be lower than they have ever been at roughly 62.6% in comparison to the 10-year historical average that sits at 67.5%. Given the trend of decreasing costs of goods sold we used forecasts for costs of goods sold that were more conservative and in line with previous reductions in cost of goods sold who's % of total revenue decreased at a rate of 0.8%.

Capital Expenditures

Eaton has been increasing capital expenditures in recent years to facilitate the growth of their production capacity in different markets. 2024 capital expenditures were derived from management guidance at \$800 million. Management has shared that they expect capital expenditures to remain elevated for 5 years as they grow production capacity before tapering. As a result, we incrementally increased capital expenditures by their recent rate of growth followed by a 10 year historical average in 2029 through to 2033.

WACC

The Henry Fund constructed a Weighted Average Cost of Capital of 9.03% for Eaton using the following assumptions:

- **Risk-Free Rate:** The risk-free rate of 4.31% is the current 10 US year treasury note.
- **Beta:** A raw (historical) beta of 1.01 was sourced from Bloomberg.

- **Equity Risk Premium:** A Henry Fund consensus of an equity risk premium of 5% was utilized.
- **Pre-Tax Cost of Debt:** A pre-tax cost of debt of 4.9 was derived from Bloomberg's interpolated debt issuance curve.
- **Tax Rate:** Using their historical average, we derived an implied marginal tax rate of 14.48%.

DCF / EP Models

The DCF model offered an implied price of \$174, which represents a decrease of roughly 52% from it's current trading price. We believe that this price highlights the growth premiums that the market has priced in for Eaton. Eaton has a hand in every key end market has a positive yet somewhat ambiguously quantified trajectory – data centers, smart grids, energy facilities and EV's. While we anticipate growth, we incorporated what we believe to be realistic growth rates in our model and believe that the DCF maintains the most accurate valuation with respect to Eaton's intrinsic value. The equity risk premium of 5% also reflects a conservative estimate that was derived as an average of Damodaran's equity risk premium and the historical geometric average. Lower equity risk premiums significantly raised our implied price (albeit still far below the current trading price) as can be seen in the table below:

	DCF		Beta					
	173.90	0.56	0.71	0.86	1.01	1.16	1.31	1.46
Equity Risk Premium	4.10%	325.58	274.81	236.77	207.21	183.59	164.29	148.23
	4.40%	310.10	260.45	223.51	194.95	172.22	153.71	138.34
	4.70%	295.91	247.40	211.51	183.91	162.01	144.23	129.51
	5.00%	282.86	235.47	200.61	173.90	152.80	135.70	121.57
	5.30%	270.83	224.54	190.66	164.81	144.44	127.98	114.40
	5.60%	259.69	214.47	181.54	156.50	136.82	120.96	107.90
	5.90%	249.34	205.18	173.15	148.88	129.85	114.54	101.97

DDM Model

Our dividend discount model gave an implied price of \$149, also representing a 56% decrease from the current trading price. While the conservative equity risk premium also increases the cost of equity resulting in a larger discount rate for the DDM model, the overall implied price remains far lower than the current trading price even with more liberal ERPs, which we believe is in part due to their dividend payouts being below their theoretic ability. While our earnings and dividend payouts match consensus in FY24 and are fairly close in FY25, future growth estimates that consensus holds offer much larger EPS into the

forecast horizon that we do not believe are substantiated. We believe the DDM model establishes a floor to our target price.

Relative Valuation

In our relative valuation model, we assessed Eaton relative to its peers within the industry. Peers were Parker-Hannifin, ABB Amphenol, Vertiv Holdings, Safran, Legrand and Woodward – all of whom focus on enhancing energy efficiency and providing infrastructure solutions across industrial, aerospace and electrical applications. The price achieved from the P/E valuation was \$364 and \$320 for P/E24 and P/E25 respectively. The much larger implied prices insinuate that the optimism goes beyond Eaton and is a shared sentiment amongst most companies within the shared space. While this model insinuates that, using FY25 P/E values, Eaton is still overpriced relative to their peers, we still believe this valuation model as a whole overestimates Eaton's intrinsic value as many of the peers are subject to the same premiums related to industry expectations. It is key to note, however, that we believe Eaton's diversified end markets in booming sectors justify it trading at a premium specifically relative to its peers.

RECOMMENDATION SUMMARY

In assessing Eaton's performance and future growth potential, the following are the key drivers behind our recommendation:

- Electric systems and components, smart grids, data centers and EV's are all attractive markets that skew and heavily bias Eaton's valuation.
- We forecast the Electrical segment to be a primary driver for their performance as it most differentiates them from their peers – though growth estimates beyond 2026 are lower than consensus as consensus prices in growth from key markets that are relatively new and not Eaton's traditional markets.
- Consensus estimates for cost of goods sold as a percentage of revenue are substantially lower than historical averages which inflate future profits.
- Long term increases in commodities such as copper can further drive-up costs of operations.

Keys to Monitor

- Eaton's historical revenue growth does not paint a strong narrative for future growth. To date Eaton has focused on competitive positioning rather than scaling in key end markets that maintain strong growth potential. The eMobility segment specifically should be monitored as products such as the Green Fleet Pro that were launched this month can offer insight into the strength and trajectory of this new segment. If margins for eMobility which were negative in 2023 (-3.6%) rise drastically as the segment matures, we believe this to be confirmation of the health of the segment and future growth potential.
- Eaton's history of acquisitions insinuate that this is a trend that will continue as they look for counterparts that can develop their product and systems as they did with Exertherm and Brightlayer. Continuous monitoring of deal activity and their implications into current offerings can indicate which end markets they are leaning most into.

In summary, the Henry Fund has placed a NO ACTION rating on Eaton.

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3. FactSet
4. Bloomberg
5. Reuters
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10. Woodward 10-K
11. Safran 10-K
12. Federal Reserve Bank of Atlanta
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17. Business Market Insights
18. S&P Global
19. FactCheck

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Eaton Corp. Plc
Revenue Decomposition

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net Sales	22,552	20,855	19,747	20,404	21,609	21,390	17,858	19,628	20,752	23,196	25,346	27,233	29,134	31,005	32,814	34,576	36,151	37,814	39,572	41,431
Business Segment Breakdown																				
Electrical Americas																				
Products	-	-	-	-	4,112	3,675	2,255	2,255	2,732	2,949	3,244	3,374	3,644	3,935	4,132	4,338	4,555	4,783	5,022	5,273
growth	-	-	-	-	-	-10.6%	-38.6%	0.0%	21.2%	7.9%	10.0%	4.0%	8.0%	8%	5%	5%	5%	5%	5%	5%
Systems	-	-	-	-	3,936	4,500	4,425	4,987	5,765	7,149	8,221	9,043	9,767	10,548	11,392	12,190	12,799	13,439	14,111	14,817
growth	-	-	-	-	-	14.3%	-1.7%	12.7%	15.6%	24.0%	15%	10%	8%	8%	8%	7%	5%	5%	5%	5%
Total	-	-	-	-	8,048	8,175	6,680	7,242	8,497	10,098	11,465	12,417	13,411	14,483	15,524	16,528	17,354	18,222	19,133	20,090
growth	-	-	-	-	-	1.6%	-18.3%	8.4%	17.3%	18.8%	13.5%	8.3%	8.0%	8.0%	7.2%	6.5%	5.0%	5.0%	5.0%	5.0%
Electrical Global																				
Products	-	-	-	-	3,012	2,782	2,608	3,283	3,424	3,462	3,531	3,602	3,674	3,747	3,822	3,899	3,977	4,056	4,137	4,220
growth	-	-	-	-	-	-7.6%	-6.3%	25.9%	4.3%	1.1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Systems	-	-	-	-	2,088	2,390	2,095	2,233	2,424	2,622	2,832	3,058	3,303	3,567	3,853	4,161	4,494	4,853	5,241	5,661
growth	-	-	-	-	-	14.5%	-12.3%	6.6%	8.6%	8.2%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Total	-	-	-	-	5,100	5,172	4,703	5,516	5,848	6,084	6,363	6,660	6,977	7,315	7,675	8,060	8,470	8,909	9,379	9,881
growth	-	-	-	-	-	1.4%	-9.1%	17.3%	6.0%	4.0%	4.6%	4.7%	4.8%	4.8%	4.9%	5.0%	5.1%	5.2%	5.3%	5.4%
Aerospace (No further breakdown prior to 2018)																				
Original Equipment Manufacturers	-	-	-	-	1,085	1,178	986	1,018	1,209	1,350	1,485	1,634	1,797	1,887	1,981	2,021	2,061	2,102	2,144	2,187
growth	-	-	-	-	-	8.6%	-16.3%	3.2%	18.8%	11.7%	10%	10%	10%	5%	5%	2%	2%	2%	2%	2%
Aftermarket	-	-	-	-	811	859	685	823	977	1,183	1,301	1,431	1,575	1,732	1,819	1,910	1,948	1,987	2,026	2,067
growth	-	-	-	-	-	5.9%	-20.3%	20.1%	18.7%	21.1%	10%	10%	10%	10%	5%	5%	2%	2%	2%	2%
Industrial and Other	-	-	-	-	-	443	552	807	854	878	896	913	932	950	969	989	1,009	1,029	1,049	1,070
growth	-	-	-	-	-	-	24.6%	46.2%	5.8%	2.8%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Total	1,860	1,807	1,753	1,744	1,896	2,480	2,223	2,648	3,040	3,413	3,682	3,978	4,303	4,569	4,769	4,919	5,017	5,118	5,220	5,324
growth	-	-2.8%	-3.0%	-0.5%	8.7%	30.8%	-10.4%	19.1%	14.8%	12.3%	7.9%	8.1%	8.2%	6.2%	4.4%	3.1%	2.0%	2.0%	2.0%	2.0%
Vehicle (No further breakdown prior to 2018)																				
Commercial	-	-	-	-	1,759	1,538	1,060	1,438	1,736	1,784	1,833	1,884	1,936	1,990	2,045	2,101	2,159	2,219	2,280	2,343
growth	-	-	-	-	-	-12.6%	-31.1%	35.7%	20.7%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Passenger and Light Duty	-	-	-	-	1,730	1,500	1,058	1,141	1,094	1,180	1,239	1,301	1,366	1,393	1,421	1,450	1,479	1,508	1,538	1,569
growth	-	-	-	-	-	-13.3%	-29.5%	7.8%	-4.1%	7.9%	5.0%	5.0%	5.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Total	4,006	3,682	3,153	3,333	3,489	3,038	2,118	2,579	2,830	2,965	3,072	3,185	3,302	3,383	3,466	3,551	3,638	3,727	3,819	3,913
growth	-	-8.1%	-14.4%	5.7%	4.7%	-12.9%	-30.3%	21.8%	9.7%	4.8%	3.6%	3.7%	3.7%	2.4%	2.4%	2.5%	2.5%	2.5%	2.5%	2.5%
eMobility (Introduced as a revenue segment in 2018)																				
					320	321	292	343	538	636	763	992	1,141	1,255	1,381	1,519	1,671	1,838	2,021	2,223
growth					-	0.3%	-9.0%	17.5%	56.9%	18.2%	20.0%	30.0%	15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total	22,552	20,855	19,747	20,404	21,609	21,390	17,858	19,628	20,753	23,196	25,346	27,233	29,134	31,005	32,814	34,576	36,151	37,814	39,572	41,431
Growth		-7.5%	-5.3%	3.3%	5.9%	-1.0%	-16.5%	9.9%	5.7%	11.8%	9.3%	7.4%	7.0%	6.4%	5.8%	5.4%	4.6%	4.6%	4.6%	4.7%

Eaton Corp. Plc
Income Statement

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net sales	22,552	20,855	19,747	20,404	21,609	21,390	17,858	19,628	20,752	23,196	25,346	27,233	29,134	31,005	32,814	34,576	36,151	37,814	39,572	41,431
Cost of products sold	-15,646	-14,304	-13,396	-13,756	-14,511	-14,338	-12,408	-13,293	-13,865	-14,762	-15,866	-17,048	-18,238	-19,409	-20,542	-21,645	-22,630	-23,672	-24,772	-25,936
Selling and administrative expense	-3,810	-3,596	-3,464	-3,526	-3,548	-3,583	-3,075	-3,256	-3,227	-3,795	-3,954	-4,313	-4,614	-4,910	-5,197	-5,476	-5,725	-5,989	-6,267	-6,561
Research and development expense	-647	-625	-587	-584	-584	-606	-551	-616	-665	-754	-758	-815	-872	-928	-982	-1,034	-1,081	-1,131	-1,184	-1,239
Interest expense - net	-227	-232	-233	-246	-258	-199	-149	-144	-144	-151	-455	-455	-482	-478	-481	-469	-483	-495	-507	-519
Gain on sale of business	0	0	0	1,077	0	0	221	617	24	0	0	0	0	0	0	0	0	0	0	0
Other income / expense - net	183	35	51	-1	-9	-73	-150	-40	36	93	104	197	295	358	423	482	565	646	731	824
Income / loss before income taxes	1,761	2,133	2,118	3,368	2,424	2,591	1,746	2,896	2,911	3,827	4,417	4,799	5,223	5,638	6,036	6,434	6,796	7,174	7,573	7,999
Income tax expense / benefit	42	-159	-199	-382	-278	-378	-331	-750	-445	-604	-639	-695	-756	-816	-874	-931	-984	-1,038	-1,096	-1,158
Income / loss from continuing operations	1,803	1,974	1,919	2,986	2,146	2,213	1,415	2,146	2,466	3,223	3,778	4,105	4,467	4,822	5,162	5,503	5,812	6,136	6,477	6,841
Net loss / income for noncontrolling interests	-10	-2	-3	-1	-1	-2	-5	-2	-4	-5	-5	-6	-6	-7	-8	-8	-9	-10	-10	-11
Net income / loss attributable to Eaton ordinary shareholders	1,793	1,972	1,916	2,985	2,145	2,211	1,410	2,144	2,462	3,218	3,772	4,099	4,461	4,815	5,155	5,495	5,804	6,126	6,466	6,830
Net income per share attributable to Eaton																				
Basic	3.78	4.23	4.21	6.71	4.93	5.28	3.51	5.38	6.17	8.06	9.76	10.59	11.52	12.42	13.28	14.15	14.95	15.78	16.65	17.59
Weighted-average number of ordinary shares outstanding																				
Basic	474.1	465.5	455	445	434	419	402	399	399	399	386	387	387	388	388	388	388	388	388	388
Cash dividends declared per ordinary share	1.96	2.20	2.28	2.40	2.64	2.84	2.92	3.04	3.24	3.44	3.76	4.72	5.13	6.49	6.94	7.39	7.81	8.24	8.70	9.19

Eaton Corp. Plc
Balance Sheet

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Assets																				
Cash	781	268	543	561	283	370	438	297	294	488	2,709	5,064	6,541	8,065	9,439	11,396	13,298	15,302	17,484	19,826
Short-term investments	245	177	203	534	157	221	664	271	261	2,121	2,213	2,309	2,409	2,514	2,623	2,737	2,856	2,980	3,109	3,244
Accounts receivable - net	3,667	3,479	5,090	3,943	3,858	3,437	2,904	3,297	4,076	4,475	4,562	4,901	5,244	5,580	5,906	6,223	6,506	6,806	7,122	7,457
Inventory	2,428	2,323	2,346	2,620	2,785	2,805	2,109	2,969	3,430	3,739	3,685	3,703	4,033	4,353	4,647	4,940	5,208	5,545	5,785	5,978
Prepaid expenses and Other current assets	979	369	381	679	507	518	576	677	685	851	755	774	859	946	992	1,069	1,142	1,192	1,235	1,286
Total current assets	8,100	6,616	8,182	8,337	7,590	8,728	9,178	7,511	8,746	11,675	13,923	16,751	19,086	21,459	23,606	26,364	29,009	31,824	34,736	37,790
Gross property, plant and equipment	7,964	7,884	8,039	8,505	8,572	8,706	7,588	7,818	8,013	8,738	9,538	10,101	10,663	11,226	11,788	12,351	12,914	13,476	14,039	14,601
Accumulated depreciation	-4,214	-4,319	-4,596	-5,003	-5,105	-5,210	-4,624	-4,754	-4,867	-5,208	-5,328	-5,470	-5,627	-5,798	-5,981	-6,178	-6,387	-6,608	-6,841	-7,085
Property, plant and equipment - net	3,750	3,565	3,443	3,502	3,467	3,496	2,964	3,064	3,146	3,530	4,210	4,630	5,036	5,428	5,807	6,173	6,526	6,868	7,198	7,517
Other non current assets																				
Goodwill	13,893	13,479	13,201	13,568	13,328	13,456	12,903	14,751	14,796	14,977	14,977	14,977	14,977	14,977	14,977	14,977	14,977	14,977	14,977	14,977
Other intangible assets	6,556	6,014	5,828	5,265	4,846	4,638	4,175	5,855	5,485	5,091	4,685	4,284	3,899	3,523	3,208	2,930	2,676	2,444	2,233	2,039
Operating lease assets						436	428	442	570	648	707	749	791	832	874	916	958	999	1,041	1,083
Deferred income taxes	228	362	360	253	293	372	426	392	330	458	532	609	694	786	885	992	1,105	1,225	1,351	1,485
Other assets	1,002	960	960	1,698	1,568	1,679	1,750	2,012	1,940	2,052	2,003	2,252	2,520	2,693	2,902	3,097	3,204	3,293	3,418	3,568
Total assets	33,529	30,996	30,771	32,623	31,092	32,805	31,824	34,027	35,014	38,432	41,038	44,254	47,003	49,699	52,260	55,449	58,455	61,630	64,953	68,459
Short-term debt	2	426	14	6	414	255	1	13	324	8	184	191	207	222	236	250	262	276	289	300
Current portion of long-term debt	1,008	242	1,552	578	339	248	1,047	1,735	10	1,017	706	1073	704	502						
Accounts payable	1,940	1,758	1,718	2,166	2,130	2,114	1,987	2,797	3,072	3,365	3,680	3,954	4,230	4,502	4,765	5,020	5,249	5,491	5,746	6,016
Accrued compensation	420	366	379	453	457	449	351	501	467	676	557	612	666	711	759	807	859	891	937	956
Other current liabilities	1,985	1,833	1,822	1,872	1,814	1,741	2,027	2,166	2,488	2,680	2,525	2,748	2,968	3,194	3,450	3,726	3,872	4,037	4,167	4,316
Total current liabilities	5,355	4,625	5,485	5,075	5,154	5,132	5,881	7,212	6,360	7,746	7,652	8,579	8,775	9,130	9,208	9,803	10,243	10,695	11,139	11,588
Long-term debt	8,024	7,746	6,711	7,167	6,768	7,819	7,010	6,831	8,321	8,244	8,389	8,567	8,839	9,087	9,337	9,597	9,826	10,069	10,304	10,543
Pension liabilities	1,812	1,586	1,659	1,226	1,304	1,462	1,588	872	649	768	691	614	538	461	384	307	230	154	77	0
Other postretirement benefits liabilities	513	440	368	362	321	328	330	263	177	180	162	144	126	108	90	72	54	36	18	0
Operating lease liabilities					0	331	326	337	459	533	553	586	619	651	684	716	749	782	814	847
Deferred income taxes	901	390	321	538	349	396	277	559	530	402	673	379	59	-287	-656	-1,051	-1,467	-1,906	-2,370	-2,860
Other noncurrent liabilities	1,085	978	934	965	1,054	1,204	1,439	1,502	1,444	1,489	1,514	1,665	1,826	1,996	2,170	2,324	2,376	2,440	2,531	2,649
Total noncurrent liabilities	12,335	11,140	9,993	10,258	9,796	11,540	10,970	10,364	11,580	11,616	11,982	11,954	12,006	12,016	12,008	11,966	11,768	11,574	11,374	11,179
Common Equity	11,610	11,706	11,512	11,991	12,094	12,204	12,333	12,453	12,516	12,638	12,674	12,710	12,745	12,781	12,817	12,835	12,835	12,835	12,835	12,835
Retained earnings	7,078	7,346	-4,242	8,669	8,161	8,170	6,794	7,594	8,468	10,304	12,623	14,896	17,369	19,670	22,133	24,758	27,532	30,459	33,548	36,812
Accumulated other comprehensive loss	-2,899	-3,863	7,687	-3,404	-4,145	-4,290	-4,195	-3,633	-3,946	-3,906	-3,906	-3,906	-3,906	-3,906	-3,906	-3,906	-3,906	-3,906	-3,906	-3,906
Shares held in trust	-3	-3	-3	-3	-3	-2	-2	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Eaton shareholders' equity	15,786	15,186	14,954	17,253	16,107	16,082	14,930	16,413	17,038	19,035	21,390	23,698	26,208	28,544	31,043	33,687	36,460	39,387	42,477	45,740
Noncontrolling interests	53	45	44	37	35	51	43	38	38	33	28	22	15	8	1	-7	-16	-26	-36	-48
Total equity	15,839	15,231	14,998	17,290	16,142	16,133	14,973	16,451	17,075	19,068	21,404	23,720	26,223	28,552	31,044	33,679	36,444	39,361	42,440	45,692
Total liabilities and equity	33,529	30,996	30,771	32,623	31,092	32,805	31,824	34,027	35,014	38,430	41,038	44,254	47,003	49,699	52,260	55,449	58,455	61,630	64,953	68,459

Eaton Corp. Plc
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Activities										
Net income / loss	1,803	1,974	1,919	2,986	2,146	2,213	1,415	2,146	2,465	3,223
Depreciation and amortization	983	925	929	914	903	884	811	922	954	926
Deferred income taxes	-382	-105	-83	-206	-115	-71	-86	-111	-128	-182
Pension and other postretirement benefits expense	293	323	235	208	159	157	210	53	54	15
Contributions to pension plans	-362	-330	-262	-473	-126	-119	-122	-343	-116	-113
Contributions to other postretirement benefits plans	-40	-31	-30	-20	-25	-15	-23	-20	-24	-20
After-tax gain / loss on sale of consolidated subsidiary an	-68	0	0	-843	0	66	-91	-197	-24	0
Accounts receivable - net	-205	5	-170	-231	-152	172	219	-271	-743	-341
Inventory	-152	-8	34	-202	-242	-60	371	-629	-490	-282
Accounts payable	49	-120	0	388	23	147	76	832	334	256
Accrued compensation	-32	-28	20	59	23	-23	-65	154	-16	197
Other current assets	73	7	-21	2	25	12	-67	-116	-179	-112
Other current liabilities	8	-38	-44	-203	-19	-21	196	38	236	72
Accrued income and other taxes	-73	-9	30	-4	1	16	-95	-317	170	61
Other - net	-	-156	13	291	57	93	195	22	40	-76
Net cash provided by operating activities	1,895	2,409	2,570	2,666	2,658	3,451	2,944	2,163	2,533	3,624
Investing Activities										
Capital expenditures for property, plant and equipment	-632	-506	-497	-520	-565	-587	-389	-575	-598	-757
Cash received from / paid for acquisitions of businesses, i	2	-72	-	0	0	-1,180	-200	-4,500	-610	0
Proceeds from sale of businesses	282	1	0	607	0	-36	1,408	3,129	31	-2
Proceeds from sales of property, plant and equipment -	-	-	-	-	-	-	12	44	163	76
Other - net excluding proceeds from sales of property, pl	-	-	-	-	-	-	-68	-90	-79	-54
Investments in associate companies	-	-	-	-	-	-11	-19	-124	-42	-68
Sales / purchases of short-term investments - net	522	37	-40	-298	355	-70	-441	379	-19	-1,861
Proceeds / payments for settlement of currency exchange	-	-	0	0	-110	54	94	-27	-47	92
Net cash provided by / used in investing activities	143	-575	-529	-217	-398	-1,866	397	-1,764	-1,200	-2,575
Financing Activities										
Short-term debt, net	-	-	-	-	-	-159	-254	20	317	-311
Proceeds from borrowings	0	425	631	1,000	410	1,232	0	1,798	1,995	818
Payments on borrowings	-582	-1,027	-653	-1,554	-574	-348	-249	-1,013	-2,012	-19
Cash dividends paid	-929	-1,026	-1,037	-1,068	-1,149	-1,201	-1,175	-1,219	-1,299	-1,379
Exercise of employee stock options	54	52	74	66	29	66	71	63	28	78
Other-net excluding exercise of employee stock options	-23	-9	-5	-14	-2	-9	-6	-15	-23	-9
Repurchase / issuance of shares	-650	-682	-730	-850	-1,271	-1,029	-1,608	-122	-286	0
Employee taxes paid from shares withheld	-	-38	-18	-22	-24	-46	-37	-47	-60	-49
Net cash used in / provided by financing activities	-2,130	-2,305	-1,738	-2,442	-2,581	-1,494	-3,258	-535	-1,340	-871
Effect of currency on cash	-25	-42	-28	11	43	-4	-15	-5	4	16
Total decrease / increase in cash	-134	-513	275	18	-278	87	68	-141	-3	194
Cash at the beginning of the period	915	781	268	543	561	283	370	438	297	294
Cash at the end of the period	781	268	543	561	283	370	438	297	294	488

Eaton Corp. Plc
Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net income / loss attributable to										
Eaton ordinary shareholders	3,772	4,099	4,461	4,815	5,155	5,495	5,804	6,126	6,466	6,830
Depreciation & Amortization	120	143	157	171	184	197	209	221	233	244
Accounts receivable - net	-87	-340	-342	-337	-326	-317	-283	-299	-316	-335
Inventory	54	-18	-330	-320	-293	-293	-267	-338	-240	-193
Prepaid expenses and Other current assets	96	-19	-85	-87	-46	-77	-73	-50	-44	-51
Deferred income taxes	-74	-78	-85	-92	-99	-106	-113	-120	-126	-133
Other assets	49	-249	-268	-173	-209	-194	-107	-89	-125	-151
Accounts payable	315	274	276	272	263	256	229	242	255	270
Accrued compensation	-119	55	53	45	48	49	52	32	46	19
Other current liabilities	-155	223	220	226	256	276	147	165	130	149
Deferred income taxes	271	-294	-320	-345	-370	-394	-416	-439	-464	-490
Other postretirement benefits liabilities	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18
Other noncurrent liabilities	25	151	161	170	173	154	52	64	91	118
Net Cash From Operating Activities	4,249	3,930	3,880	4,326	4,717	5,027	5,213	5,496	5,889	6,259
Gross property, plant and equipment	-800	-563	-563	-563	-563	-563	-563	-563	-563	-563
Short-term investments	-92	-96	-100	-105	-109	-114	-119	-124	-129	-135
Goodwill	0	0	0	0	0	0	0	0	0	0
Net Cash From Investing Activities	-892	-659	-663	-667	-672	-676	-681	-687	-692	-698
Short-term debt	176	8	15	15	14	14	13	14	12	12
Other intangible assets	406	401	385	376	315	278	254	232	212	193
Operating lease assets	-59	-42	-42	-42	-42	-42	-42	-42	-42	-42
Current portion of long-term debt	-311	367	-369	-202	-502	0	0	0	0	0
Long-term debt	145	178	272	248	251	260	229	243	235	239
Operating lease liabilities	20	33	33	33	33	33	33	33	33	33
Pension liabilities	-77	-77	-77	-77	-77	-77	-77	-77	-77	-77
Common Equity	36	36	36	36	36	18	0	0	0	0
Accumulated other comprehensive loss	0	0	0	0	0	0	0	0	0	0
Shares held in trust	0	0	0	0	0	0	0	0	0	0
Dividends Paid	-1,453	-1,826	-1,987	-2,514	-2,692	-2,869	-3,030	-3,199	-3,377	-3,566
Repurchases	-13	13	0	0	0	0	0	0	0	0
Noncontrolling interests	-5	-6	-6	-7	-8	-8	-9	-10	-10	-11
Net Cash From Financing Activities	-1,136	-916	-1,740	-2,134	-2,672	-2,394	-2,630	-2,805	-3,014	-3,219
Change in Cash	2,221	2,355	1,477	1,524	1,373	1,957	1,902	2,004	2,183	2,342
Cash at the beginning of the year	488	2,709	5,064	6,541	8,065	9,439	11,396	13,298	15,302	17,484
Cash at year end	2,709	5,064	6,541	8,065	9,439	11,396	13,298	15,302	17,484	19,826

Eaton Corp. Plc
Income Statement

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of products sold	-69.4%	-68.6%	-67.8%	-67.4%	-67.2%	-67.0%	-69.5%	-67.7%	-66.8%	-63.6%	-62.6%	-62.6%	-62.6%	-62.6%	-62.6%	-62.6%	-62.6%	-62.6%	-62.6%	-62.6%
Selling and administrative expense	-16.9%	-17.2%	-17.5%	-17.3%	-16.4%	-16.8%	-17.2%	-16.6%	-15.6%	-16.4%	-15.6%	-15.8%	-15.8%	-15.8%	-15.8%	-15.8%	-15.8%	-15.8%	-15.8%	-15.8%
Research and development expense	-2.9%	-3.0%	-3.0%	-2.9%	-2.7%	-2.8%	-3.1%	-3.1%	-3.2%	-3.3%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%
Interest expense - net	-1.0%	-1.1%	-1.2%	-1.2%	-1.2%	-0.9%	-0.8%	-0.7%	-0.7%	-0.7%	-1.8%	-1.7%	-1.7%	-1.5%	-1.5%	-1.4%	-1.3%	-1.3%	-1.3%	-1.3%
Gain on sale of business	0.0%	0.0%	0.0%	5.3%	0.0%	0.0%	1.2%	3.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other income / expense - net	0.8%	0.2%	0.3%	0.0%	0.0%	-0.3%	-0.8%	-0.2%	0.2%	0.4%	0.4%	0.7%	1.0%	1.2%	1.3%	1.4%	1.6%	1.7%	1.8%	2.0%
Income / loss before income taxes	7.8%	10.2%	10.7%	16.5%	11.2%	12.1%	9.8%	14.8%	14.0%	16.5%	17.4%	17.6%	17.9%	18.2%	18.4%	18.6%	18.8%	19.0%	19.1%	19.3%
Income tax expense / benefit	0.2%	-0.8%	-1.0%	-1.9%	-1.3%	-1.8%	-1.9%	-3.8%	-2.1%	-2.6%	-2.5%	-2.6%	-2.6%	-2.6%	-2.7%	-2.7%	-2.7%	-2.7%	-2.8%	-2.8%
Income / loss from continuing operations	8.0%	9.5%	9.7%	14.6%	9.9%	10.3%	7.9%	10.9%	11.9%	13.9%	14.9%	15.1%	15.3%	15.6%	15.7%	15.9%	16.1%	16.2%	16.4%	16.5%
Net loss / income for noncontrolling interests	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income / loss attributable to Eaton ordinary shareholders	8.0%	9.5%	9.7%	14.6%	9.9%	10.3%	7.9%	10.9%	11.9%	13.9%	14.9%	15.1%	15.3%	15.5%	15.7%	15.9%	16.1%	16.2%	16.3%	16.5%

Eaton Corp. Plc
Balance Sheet

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Assets																				
Cash	3.5%	1.3%	2.7%	2.7%	1.3%	1.7%	2.5%	1.5%	1.4%	2.1%	10.7%	18.6%	22.5%	26.0%	28.8%	33.0%	36.8%	40.5%	44.2%	47.9%
Short-term investments	1.1%	0.8%	1.0%	2.6%	0.7%	1.0%	3.7%	1.4%	1.3%	9.1%	8.7%	8.5%	8.3%	8.1%	8.0%	7.9%	7.9%	7.9%	7.9%	7.8%
Accounts receivable - net	16.3%	16.7%	25.8%	19.3%	17.9%	16.1%	16.3%	16.8%	19.6%	19.3%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Inventory	10.8%	11.1%	11.9%	12.8%	12.9%	13.1%	11.8%	15.1%	16.5%	16.1%	14.5%	13.6%	13.8%	14.0%	14.2%	14.3%	14.4%	14.7%	14.6%	14.4%
Prepaid expenses and Other current assets	4.3%	1.8%	1.9%	3.3%	2.3%	2.4%	3.2%	3.4%	3.3%	3.7%	3.0%	2.8%	2.9%	3.1%	3.0%	3.1%	3.2%	3.2%	3.1%	3.1%
Total current assets	35.9%	31.7%	41.4%	40.9%	35.1%	40.8%	51.4%	38.3%	42.1%	50.3%	54.9%	61.5%	65.5%	69.2%	71.9%	76.3%	80.2%	84.2%	87.8%	91.2%
Gross property, plant and equipment	35.3%	37.8%	40.7%	41.7%	39.7%	40.7%	42.5%	39.8%	38.6%	37.7%	37.6%	37.1%	36.6%	36.2%	35.9%	35.7%	35.7%	35.6%	35.5%	35.2%
Accumulated depreciation	-18.7%	-20.7%	-23.3%	-24.5%	-23.6%	-24.4%	-25.9%	-24.2%	-23.5%	-22.5%	-21.0%	-20.1%	-19.3%	-18.7%	-18.2%	-17.9%	-17.7%	-17.5%	-17.3%	-17.1%
Property, plant and equipment - net	16.6%	17.1%	17.4%	17.2%	16.0%	16.3%	16.6%	15.6%	15.2%	15.2%	16.6%	17.0%	17.3%	17.5%	17.7%	17.9%	18.1%	18.2%	18.2%	18.1%
Other non current assets																				
Goodwill	61.6%	64.6%	66.9%	66.5%	61.7%	62.9%	72.3%	75.2%	71.3%	64.6%	59.1%	55.0%	51.4%	48.3%	45.6%	43.3%	41.4%	39.6%	37.8%	36.1%
Other intangible assets	29.1%	28.8%	29.5%	25.8%	22.4%	21.7%	23.4%	29.8%	26.4%	21.9%	18.5%	15.7%	13.4%	11.4%	9.8%	8.5%	7.4%	6.5%	5.6%	4.9%
Operating lease assets	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.4%	2.3%	2.7%	2.8%	2.4%	2.5%	2.6%	2.6%	2.6%	2.5%	2.6%	2.6%	2.6%	2.6%
Deferred income taxes	1.0%	1.7%	1.8%	1.2%	1.4%	1.7%	2.4%	2.0%	1.6%	2.0%	2.1%	2.2%	2.4%	2.5%	2.7%	2.9%	3.1%	3.2%	3.4%	3.6%
Other assets	4.4%	4.6%	4.9%	8.3%	7.3%	7.8%	9.8%	10.3%	9.3%	8.8%	7.9%	8.3%	8.6%	8.7%	8.8%	9.0%	8.9%	8.7%	8.6%	8.6%
Total assets	148.7%	148.6%	155.8%	159.9%	143.9%	153.4%	178.2%	173.4%	168.7%	165.7%	161.9%	162.5%	161.3%	160.3%	159.3%	160.4%	161.7%	163.0%	164.1%	165.2%
Short-term debt	0.0%	2.0%	0.1%	0.0%	1.9%	1.2%	0.0%	0.1%	1.6%	0.0%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Current portion of long-term debt	4.5%	1.2%	7.9%	2.8%	1.6%	1.2%	5.9%	8.8%	0.0%	4.4%	2.8%	3.9%	2.4%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	8.6%	8.4%	8.7%	10.6%	9.9%	9.9%	11.1%	14.3%	14.8%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
Accrued compensation	1.9%	1.8%	1.9%	2.2%	2.1%	2.1%	2.0%	2.6%	2.3%	2.9%	2.2%	2.2%	2.3%	2.3%	2.3%	2.4%	2.4%	2.4%	2.4%	2.3%
Other current liabilities	8.8%	8.8%	9.2%	9.2%	8.4%	8.1%	11.4%	11.0%	12.0%	11.6%	10.0%	10.1%	10.2%	10.3%	10.5%	10.8%	10.7%	10.7%	10.5%	10.4%
Total current liabilities	23.7%	22.2%	27.8%	24.9%	23.9%	24.0%	32.9%	36.7%	30.6%	33.4%	30.2%	31.5%	30.1%	29.4%	28.1%	28.4%	28.3%	28.3%	28.1%	28.0%
Long-term debt	35.6%	37.1%	34.0%	35.1%	31.3%	36.6%	39.3%	34.8%	40.1%	35.5%	33.1%	31.5%	30.3%	29.3%	28.5%	27.8%	27.2%	26.6%	26.0%	25.4%
Pension liabilities	8.0%	7.6%	8.4%	6.0%	6.0%	6.8%	8.9%	4.4%	3.1%	3.3%	2.7%	2.3%	1.8%	1.5%	1.2%	0.9%	0.6%	0.4%	0.2%	0.0%
Other postretirement benefits liabilities	2.3%	2.1%	1.9%	1.8%	1.5%	1.5%	1.8%	1.3%	0.9%	0.8%	0.6%	0.5%	0.4%	0.3%	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%
Operating lease liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	1.8%	1.7%	2.2%	2.3%	2.2%	2.2%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.0%
Deferred income taxes	4.0%	1.9%	1.6%	2.6%	1.6%	1.9%	1.6%	2.8%	2.6%	1.7%	2.7%	1.4%	0.2%	-0.9%	-2.0%	-3.0%	-4.1%	-5.0%	-6.0%	-6.9%
Other noncurrent liabilities	4.8%	4.7%	4.7%	4.7%	4.9%	5.6%	8.1%	7.7%	7.0%	6.4%	6.0%	6.1%	6.3%	6.4%	6.6%	6.7%	6.6%	6.5%	6.4%	6.4%
Total noncurrent liabilities	54.7%	53.4%	50.6%	50.3%	45.3%	54.0%	61.4%	52.8%	55.8%	50.1%	47.3%	43.9%	41.2%	38.8%	36.6%	34.6%	32.6%	30.6%	28.7%	27.0%
Common Equity	51.5%	56.1%	58.3%	58.8%	56.0%	57.1%	69.1%	63.4%	60.3%	54.5%	50.0%	46.7%	43.7%	41.2%	39.1%	37.1%	35.5%	33.9%	32.4%	31.0%
Retained earnings	31.4%	35.2%	-21.5%	42.5%	37.8%	38.2%	38.0%	38.7%	40.8%	44.4%	49.8%	54.7%	59.6%	63.4%	67.4%	71.6%	76.2%	80.5%	84.8%	88.9%
Accumulated other comprehensive loss	-12.9%	-18.5%	38.9%	-16.7%	-19.2%	-20.1%	-23.5%	-18.5%	-19.0%	-16.8%	-15.4%	-14.3%	-13.4%	-12.6%	-11.9%	-11.3%	-10.8%	-10.3%	-9.9%	-9.4%
Shares held in trust	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Eaton shareholders' equity	70.0%	72.8%	75.7%	84.6%	74.5%	75.2%	83.6%	83.6%	82.1%	82.1%	84.4%	87.0%	90.0%	92.1%	94.6%	97.4%	100.9%	104.2%	107.3%	110.4%
Noncontrolling interests	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%
Total equity	70.2%	73.0%	76.0%	84.7%	74.7%	75.4%	83.8%	83.8%	82.3%	82.2%	84.4%	87.1%	90.0%	92.1%	94.6%	97.4%	100.8%	104.1%	107.2%	110.3%
Total liabilities and equity	148.7%	148.6%	155.8%	159.9%	143.9%	153.4%	178.2%	173.4%	168.7%	165.7%	161.9%	162.5%	161.3%	160.3%	159.3%	160.4%	161.7%	163.0%	164.1%	165.2%

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
NOPLAT:																				
EBIT																				
Net sales	22,552	20,855	19,747	20,404	21,609	21,390	17,858	19,628	20,752	23,196	25,346	27,233	29,134	31,005	32,814	34,576	36,151	37,814	39,572	41,431
Operating Expenses																				
Cost of products sold	-15,646	-14,304	-13,396	-13,756	-14,511	-14,338	-12,408	-13,293	-13,865	-14,762	-15,866	-17,048	-18,238	-19,409	-20,542	-21,645	-22,630	-23,672	-24,772	-25,936
Selling and administrative expense	-3,810	-3,596	-3,464	-3,526	-3,548	-3,583	-3,075	-3,256	-3,227	-3,795	-3,954	-4,313	-4,614	-4,910	-5,197	-5,476	-5,725	-5,989	-6,267	-6,561
Research and development expense	-647	-625	-587	-584	-584	-606	-551	-616	-665	-754	-758	-815	-872	-928	-982	-1,034	-1,081	-1,131	-1,184	-1,239
Interest on PV operating leases		0	0	0	0	0	21	21	22	28	32	35	37	39	41	43	45	47	49	51
Other income / expense - net	183	35	51	-1	9	-73	-150	-40	36	93	104	197	295	358	423	482	565	646	731	824
EBIT	2,632	2,365	2,351	2,537	2,957	2,790	1,695	2,444	3,053	4,006	4,903	5,289	5,742	6,155	6,558	6,947	7,324	7,716	8,129	8,569
Less: Adjusted Taxes																				
Income Taxes provision (benefit)	42	-159	-199	-382	-278	-378	-331	-750	-445	-604	-639	-695	-756	-816	-874	-931	-984	-1,038	-1,096	-1,158
+ Interest expense - net	-33	-34	-34	-36	-37	-29	-22	-21	-21	-22	-66	-66	-70	-69	-70	-68	-70	-72	-73	-75
+ Tax Shield on operating lease interest		0	0	0	0	0	-3	-3	-3	-4	-5	-5	-5	-6	-6	-6	-7	-7	-7	-7
- Gain on sale of business	0	0	0	156	0	0	32	89	3	0	0	0	0	0	0	0	0	0	0	0
Total Adjusted Taxes	9	-193	-233	-574	-315	-407	-388	-863	-472	-630	-710	-766	-831	-891	-949	-1,006	-1,060	-1,117	-1,177	-1,240
Deferred Income Taxes	-382	-105	-83	-206	-115	-71	-86	-111	-128	-182	271	-294	-320	-345	-370	-394	-416	-439	-464	-490
NOPLAT	2,259	2,067	2,035	1,757	2,527	2,312	1,222	1,470	2,452	3,194	4,464	4,230	4,591	4,919	5,239	5,547	5,847	6,159	6,489	6,839
Invested Capital (IC):																				
Operating Current Assets																				
Normal Cash	290	268	254	262	278	275	229	252	267	298	326	350	374	398	422	444	465	486	509	532
Accounts receivable - net	3,667	3,479	5,090	3,943	3,858	3,437	2,904	3,297	4,076	4,475	4,562	4,901	5,244	5,580	5,906	6,223	6,506	6,806	7,122	7,457
Inventory	2,428	2,323	2,346	2,620	2,785	2,805	2,109	2,969	3,430	3,739	3,685	3,703	4,033	4,353	4,647	4,940	5,208	5,545	5,785	5,978
Prepaid expenses and Other current assets	979	369	381	679	507	518	576	677	685	851	755	774	859	946	992	1,069	1,142	1,192	1,235	1,286
Total Current Assets	7,364	6,439	8,071	7,504	7,428	7,035	5,818	7,195	8,458	9,363	9,327	9,728	10,510	11,278	11,966	12,676	13,320	14,029	14,651	15,253
Operating Current Liabilities																				
Accounts payable	1,940	1,758	1,718	2,166	2,130	2,114	1,987	2,797	3,072	3,365	3,680	3,954	4,230	4,502	4,765	5,020	5,249	5,491	5,746	6,016
Accrued compensation	420	366	379	453	457	449	351	501	467	676	557	612	666	711	759	807	859	891	937	956
Other current liabilities	1,965	1,833	1,822	1,872	1,814	1,741	2,027	2,166	2,488	2,680	2,525	2,748	2,968	3,194	3,450	3,726	3,872	4,037	4,167	4,316
Total Current Liabilities	4,345	3,957	3,919	4,491	4,401	4,304	4,365	5,464	6,027	6,721	6,762	7,315	7,864	8,406	8,973	9,554	9,981	10,419	10,850	11,288
Net Operating Working Capital	3,019	2,482	4,152	3,013	3,027	2,731	1,453	1,731	2,431	2,642	2,565	2,414	2,646	2,872	2,994	3,123	3,340	3,610	3,801	3,965
Total net PPE	3,750	3,565	3,443	3,502	3,467	3,496	2,964	3,064	3,146	3,530	4,210	4,630	5,036	5,428	5,807	6,173	6,526	6,868	7,198	7,517
Other Operating Assets																				
Other intangible assets	6,556	6,014	5,828	5,265	4,846	4,638	4,175	5,855	5,485	5,091	4,685	4,284	3,899	3,523	3,208	2,930	2,676	2,444	2,233	2,039
Operating lease assets	0	0	0	0	0	0	436	428	442	570	648	707	749	791	832	874	916	958	999	1,041
Other assets	1,002	960	960	1,698	1,568	1,679	1,750	2,012	1,940	2,052	2,003	2,252	2,520	2,693	2,902	3,097	3,204	3,293	3,418	3,568
Other Operating Liabilities																				
Other noncurrent liabilities	1,085	978	934	965	1,054	1,204	1,439	1,502	1,444	1,489	1,514	1,665	1,826	1,996	2,170	2,324	2,376	2,440	2,531	2,649
Invested Capital	12,240	11,083	12,489	10,815	10,286	9,661	9,339	11,588	12,000	12,396	12,598	12,623	13,025	13,311	13,574	13,872	14,286	14,732	15,117	15,481
Free Cash Flow (FCF):																				
NOPLAT	2,259	2,067	2,035	1,757	2,527	2,312	1,222	1,470	2,452	3,194	4,464	4,230	4,591	4,919	5,239	5,547	5,847	6,159	6,489	6,839
Change in IC	-1,157	1,406	-1,674	-530	-625	-321	2,249	411	396	202	202	25	402	286	263	298	413	447	384	364
FCF	3,224	630	341	305	2,902	1,991	3,471	1,881	2,848	3,396	4,666	4,255	5,000	5,205	5,507	5,860	6,260	6,543	6,873	7,203
Return on Invested Capital (ROIC):																				
NOPLAT	2,259	2,067	2,035	1,757	2,527	2,312	1,222	1,470	2,452	3,194	4,464	4,230	4,591	4,919	5,239	5,547	5,847	6,159	6,489	6,839
Beginning IC	12,240	11,083	12,489	10,815	10,286	9,661	9,339	11,588	12,000	12,396	12,598	12,623	13,025	13,311	13,574	13,872	14,286	14,732	15,117	15,481
ROIC	16.89%	18.36%	14.07%	23.36%	22.48%	12.65%	15.74%	21.16%	26.62%	36.01%	33.57%	36.37%	37.76%	39.36%	40.86%	42.15%	43.12%	44.04%	45.24%	46.21%
Economic Profit (EP):																				
Beginning IC		12,240	11,083	12,489	10,815	10,286	9,661	9,339	11,588	12,000	12,396	12,598	12,623	13,025	13,311	13,574	13,872	14,286	14,732	15,117
x (ROIC - WACC)	-9.03%	7.86%	9.33%	5.04%	14.33%	13.45%	3.62%	6.71%	12.13%	17.59%	26.98%	24.54%	27.34%	28.73%	30.33%	31.83%	33.12%	34.08%	35.01%	36.21%
EP		962	1,034	630	1,550	1,383	349	626	1,406	2,110	3,345	3,092	3,451	3,742	4,017	4,321	4,595	4,869	5,158	5,474

Eaton Corp. Plc*Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	4.31%
Beta	1.01
Equity Risk Premium	5.00%
Cost of Equity	9.36%

ASSUMPTIONS:

10-Year Treasury bond
Raw Beta from Bloomberg
Henry Fund Consensus

Cost of Debt:

Risk-Free Rate	4.31%
Implied Default Premium	0.59%
Pre-Tax Cost of Debt	4.90%
Marginal Tax Rate	14%
After-Tax Cost of Debt	4.19%

10-Year Treasury bond

Cost of Debt retrieved from FactSet

Market Value of Common Equity:

Total Shares Outstanding	399
Current Stock Price	\$362.48
MV of Equity	144,665.77

MV Weights

93.63%

Market Value of Debt:

Short-Term Debt	8
Current Portion of LTD	1,017
Long-Term Debt	8,244
PV of Operating Leases	570
MV of Total Debt	9,839.00

6.37%

Market Value of the Firm

154,504.77

100.00%

Estimated WACC

9.03%

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

CV Growth of NOPLAT	3.00%
CV Year ROIC	45.24%
WACC	9.03%
Cost of Equity	9.36%

DCF Model:

- Value of Operating Assets:
- Non-Operating Adjustments
- Short-term investments
- Excess Cash
- Short-term debt
- Current portion of long-term debt
- Long-term debt
- Pension liabilities
- Other postretirement benefits liabilities
- Non Controlling Interests
- Operating Leases
- ESOP
- Value of Equity
- Shares Outstanding
- Intrinsic Value of Last FYE
- Implied Price as of Today**

Economic Profit (EP)	3,345	3,092	3,451	3,742	4,037	4,321	4,595	4,869	5,158	5,474
Continuing Value (CV)										90,758
PV of EP	3,068	2,601	2,663	2,648	2,620	2,572	2,508	2,438	2,369	41,680

Total PV of EP	65,167
Invested Capital (last FYE)	12,396
Value of Operating Assets:	77,563
Non-Operating Adjustments	
Short-term investments	2,121
Excess Cash	190
Short-term debt	-8
Current portion of long-term debt	-1,017
Long-term debt	-8,244
Pension liabilities	-768
Other postretirement benefits liabilities	-180
Non Controlling Interests	-5
Operating Leases	-570
ESOP	-596
Value of Equity	68,486
Shares Outstanding	399
Intrinsic Value of Last FYE	172
Implied Price as of Today	173.9

Eaton Corp. Plc*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

Fiscal Years Ending	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
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EPS	\$ 9.76	\$ 10.59	\$ 11.52	\$ 12.42	\$ 13.28	\$ 14.15	\$ 14.95	\$ 15.78	\$ 16.65	\$ 17.59
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Key Assumptions

CV growth of EPS 3.00%

CV Year ROE 16.09%

Cost of Equity 9.36%

Future Cash Flows

P/E Multiple (CV Year) 12.79

EPS (CV Year) \$ 17.59

Future Stock Price \$ 225.01

Dividends Per Share 3.76 4.72 5.13 6.49 6.94 7.39 7.81 8.24 8.70

Discounted Cash Flows 3.44 3.95 3.92 4.53 4.43 4.32 4.17 4.03 3.89 \$ 109.99

Intrinsic Value as of Last FYE \$ 146.67

Implied Price as of Today \$ 148.64

Eaton Corp. Plc*Relative Valuation Models*

Ticker	Company	Price	EPS	EPS	P/E 24	P/E 25
			2024E	2025E		
PH	Parker-Hannifin	\$695.58	\$21.84	\$23.17	31.85	30.02
ABBN	ABB	\$57.24	\$2.01	\$2.19	28.48	26.14
APH	Amphenol A	\$73.87	\$1.85	\$2.21	39.93	33.43
VRT	Vertic Holdings A	\$125.75	\$1.74	\$3.01	72.27	41.78
SAF	Safran	\$236.26	\$6.72	\$8.28	35.16	28.53
LR	Legrand	\$105.86	\$4.61	\$4.97	22.96	21.30
WWD	Woodward	\$178.45	\$5.93	\$5.85	30.09	30.50
Average					37.25	30.24

ETN	Eaton Corp. Plc	\$362.48	\$9.76	\$10.59	37.1	34.2
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Implied Relative Value:

P/E (EPS24)	\$	363.55
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P/E (EPS25)	\$	320.40
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Eaton Corp. Plc
Key Management Ratios

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Liquidity Ratios:																				
Quick Ratio: (Current Assets-Inventories) / Current Liabilities	1.06	0.93	1.06	1.13	0.93	1.15	1.20	0.63	0.84	1.02	1.34	1.52	1.72	1.87	2.06	2.19	2.32	2.46	2.60	2.75
Cash Ratio: Cash/Current Liabilities	0.15	0.06	0.10	0.11	0.05	0.07	0.07	0.04	0.05	0.06	0.35	0.59	0.75	0.88	1.03	1.16	1.30	1.43	1.57	1.71
Current Ratio: Current Assets / Current Liabilities	1.51	1.43	1.49	1.64	1.47	1.70	1.56	1.04	1.38	1.51	1.82	1.95	2.18	2.35	2.56	2.69	2.83	2.98	3.12	3.26
Asset-Management Ratios:																				
Current Asset Turnover: Sales / Current Assets	2.78	3.15	2.41	2.45	2.85	2.45	1.95	2.61	2.37	1.99	1.82	1.63	1.53	1.44	1.39	1.31	1.25	1.19	1.14	1.10
Total Asset Turnover: Sales / Total Assets	0.67	0.67	0.64	0.63	0.70	0.65	0.56	0.58	0.59	0.60	0.62	0.62	0.62	0.62	0.63	0.62	0.62	0.61	0.61	0.61
Fixed Asset Turnover: Sales / Property Plant and Equipment	6.01	5.85	5.74	5.83	6.23	6.12	6.02	6.41	6.60	6.57	6.02	5.88	5.78	5.71	5.65	5.60	5.54	5.51	5.50	5.51
Financial Leverage Ratios:																				
Debt Ratio: Total Debt / Total Assets	0.27	0.27	0.27	0.24	0.24	0.25	0.25	0.25	0.25	0.24	0.23	0.22	0.21	0.20	0.18	0.18	0.17	0.17	0.16	0.16
LT Debt to Assets: LT Debt / Total Assets	0.24	0.25	0.22	0.22	0.22	0.24	0.22	0.20	0.24	0.21	0.20	0.19	0.19	0.18	0.18	0.17	0.17	0.16	0.16	0.15
LT Debt to Equity: LT Debt / Total Equity	0.51	0.51	0.45	0.41	0.42	0.48	0.47	0.42	0.49	0.43	0.39	0.36	0.34	0.32	0.30	0.28	0.27	0.26	0.24	0.23
Profitability Ratios:																				
Return on Equity (NI/Beg TSE)		12.49%	12.62%	19.96%	12.43%	13.73%	8.77%	14.36%	15.00%	18.89%	19.82%	19.16%	18.82%	18.37%	18.06%	17.70%	17.23%	16.80%	16.42%	16.08%
Net Margin: Net Income / Total Revenue and other income	7.95%	9.46%	9.70%	14.63%	9.93%	10.34%	7.90%	10.92%	11.86%	13.87%	14.88%	15.05%	15.31%	15.53%	15.71%	15.89%	16.05%	16.20%	16.34%	16.48%
Return on Assets: Net Income / Total Assets	5.35%	6.36%	6.23%	9.15%	6.90%	6.74%	4.43%	6.30%	7.03%	8.37%	9.19%	9.26%	9.49%	9.69%	9.86%	9.91%	9.93%	9.94%	9.96%	9.98%
Payout Policy Ratios:																				
Dividend Payout Ratio (Dividend/EPS)	0.52	0.52	0.54	0.36	0.54	0.54	0.83	0.57	0.53	0.43	0.39	0.45	0.45	0.52	0.52	0.52	0.52	0.52	0.52	0.52
Total Payout Ratio ((Divs. + Repurchases)/NI)	0.52	0.52	0.54	0.36	0.53	0.54	0.83	0.57	0.52	0.43	0.56	0.61	0.61	0.70	0.77	0.71	0.80	0.54	0.57	0.52

Eaton Corp. Plc
Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	2.2
Average Time to Maturity (years):	5.60
Expected Annual Number of Options Exercised:	0.4

Current Average Strike Price:	\$ 91.15
Cost of Equity:	9.36%
Current Stock Price:	\$362.48

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Increase in Shares Outstanding:	0.4	0.4	0.4	0.4	0.4	0.2	0	0	0	0
Average Strike Price:	\$ 91.15	\$ 91.15	\$ 91.15	\$ 91.15	\$ 91.15	\$ 91.15	\$ 91.15	\$ 91.15	\$ 91.15	\$ 91.15
Increase in Common Stock Account:	36	36	36	36	36	18	-	-	-	-
Share Repurchases (\$)	4,714	0	0	0	0	0	0	0	0	0
Expected Price of Repurchased Shares:	\$ 362.48	\$ 392.67	\$ 425.38	\$ 460.82	\$ 499.21	\$ 540.79	\$ 585.84	\$ 634.64	\$ 687.50	\$ 744.77
Number of Shares Repurchased:	13	-	-	-	-	-	-	-	-	-
Shares Outstanding (beginning of the year)	399	386	387	387	388	388	388	388	388	388
Plus: Shares Issued Through ESOP	0	0	0	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	13	-	-	-	-	-	-	-	-	-
Shares Outstanding (end of the year)	386	387	387	388	388	388	388	388	388	388
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Historical Repurchase	650	682	730	850	1271	1029	1608	122	286	0

Eaton Corp. Plc*Valuation of Options Granted under ESOP*

Current Stock Price	\$362.48
Risk Free Rate	4.31%
Current Dividend Yield	1.03%
Annualized St. Dev. of Stock Returns	29.30%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	2.2	91.15	5.60	\$ 270.99	\$ 596
Range 2					
Range 3					
Range 4					
Range 5					
Range 6				\$	-
Range 7				\$	-
Range 8				\$	-
Range 9				\$	-
Total	2.2	\$ 91.15	5.60	\$ 291.21	\$ 596

Eaton Corp. Plc
Sensitivity Tables

Risk Free Rate	DCF		NOPLAT Growth					
	173.90	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%
	3.56%	184.68	189.54	194.84	200.63	206.99	214.02	221.80
	3.81%	176.63	181.01	185.78	190.97	196.65	202.89	209.78
	4.06%	169.15	173.12	177.42	182.09	187.18	192.75	198.87
	4.31%	162.20	165.80	169.69	173.90	178.48	183.47	188.94
	4.56%	155.71	158.99	162.52	166.33	170.46	174.95	179.84
	4.81%	149.65	152.64	155.85	159.31	163.05	167.09	171.49
	5.06%	143.98	146.71	149.64	152.78	156.17	159.83	163.79

Historical Avg Capex	DCF		Pre Tax Cost of Debt					
	173.90	4.15%	4.40%	4.65%	4.90%	5.15%	5.40%	5.65%
	-263	181.58	181.12	180.66	180.21	179.75	179.30	178.85
	-363	179.46	179.01	178.56	178.11	177.66	177.22	176.77
	-463	177.34	176.89	176.45	176.01	175.57	175.13	174.69
	-563	175.22	174.78	174.34	173.90	173.47	173.04	172.61
	-663	173.09	172.66	172.23	171.80	171.38	170.95	170.53
	-763	170.97	170.55	170.12	169.70	169.28	168.87	168.45
	-863	168.85	168.43	168.02	167.60	167.19	166.78	166.37

Equity Risk Premium	DCF		Beta					
	173.90	0.56	0.71	0.86	1.01	1.16	1.31	1.46
	4.10%	325.58	274.81	236.77	207.21	183.59	164.29	148.23
	4.40%	310.10	260.45	223.51	194.95	172.22	153.71	138.34
	4.70%	295.91	247.40	211.51	183.91	162.01	144.23	129.51
	5.00%	282.86	235.47	200.61	173.90	152.80	135.70	121.57
	5.30%	270.83	224.54	190.66	164.81	144.44	127.98	114.40
	5.60%	259.69	214.47	181.54	156.50	136.82	120.96	107.90
	5.90%	249.34	205.18	173.15	148.88	129.85	114.54	101.97

Growth Rate of EPS	DDM		Payout Ratio					
	\$ 148.64	31.09%	38.59%	46.09%	53.59%	61.09%	68.59%	76.09%
	2.25%	133.98	137.07	140.12	143.14	146.13	149.08	152.00
	2.50%	135.56	138.75	141.91	145.03	148.12	151.17	154.19
	2.75%	137.25	140.56	143.83	147.06	150.26	153.42	156.55
	3.00%	139.08	142.51	145.90	149.25	152.57	155.84	159.09
	3.25%	141.05	144.61	148.13	151.62	155.06	158.47	161.84
	3.50%	143.20	146.90	150.57	154.19	157.77	161.31	164.82
	3.75%	145.53	149.39	153.21	156.99	160.72	164.42	168.07

2024 Cost of Revenue	DCF		Depreciation Rate					
	\$ 173.90	1.14%	1.89%	2.64%	3.39%	4.14%	4.89%	5.64%
	61.7%	181.19	182.22	183.20	184.13	185.03	185.88	186.69
	62.0%	177.78	178.81	179.79	180.72	181.62	182.47	183.28
	62.3%	174.37	175.40	176.38	177.31	178.21	179.06	179.87
	62.6%	170.97	171.99	172.97	173.90	174.80	175.65	176.46
	62.9%	167.56	168.58	169.56	170.50	171.39	172.24	173.05
	63.2%	164.15	165.17	166.15	167.09	167.98	168.83	169.65
	63.5%	160.74	161.76	162.74	163.68	164.57	165.42	166.24

2024 SG&A Expense	DDM		Cost of Equity					
	\$ 148.64	8.61%	8.86%	9.11%	9.36%	9.61%	9.86%	10.11%
	13.4%	179.39	170.59	162.53	155.11	148.27	141.95	136.08
	14.1%	176.86	168.19	160.25	152.95	146.21	139.98	134.20
	14.9%	174.34	165.80	157.98	150.79	144.16	138.02	132.33
	15.6%	171.82	163.42	155.72	148.64	142.11	136.07	130.47
	16.4%	169.31	161.04	153.46	146.50	140.07	134.13	128.61
	17.1%	166.81	158.67	151.22	144.36	138.04	132.19	126.77
	17.9%	164.32	156.32	148.99	142.24	136.02	130.27	124.93