

WESTPEAK RESEARCH ASSOCIATION

Eaton Corporation PLC (NYSE: ETN) Industrials – Specialty Industrial Equipment

Powering the Future

January 30, 2026

Eaton Corporation ("ETN") is a global power management company headquartered in Dublin, Ireland. Originally founded in 1911, the company designs, manufactures, and sells electrical components, power systems, and aerospace solutions.

Industry Overview

ETN operates in the industrial equipment industry, specializing in electrical equipment and systems which supplies the hardware and software that enable efficient delivery of electrical power across commercial, industrial, utility, and infrastructure markets. Valued globally at approximately \$1.9 trillion in 2025, the electrical equipment industry's growth has been driven by increased data consumption and cloud computing requirements. Key players include Schneider Electric, Asea Brown Boveri (ABB), and Mitsubishi Electric.

Thesis

ETN's growth trajectory is supported by secular tailwinds and a deliberate capital deployment strategy, combining organic investments with selective vertical acquisitions to expand capabilities. To better serve global demand, Eaton has localized manufacturing and sourcing across strategic regions such as Canada, India, and the Middle East, reducing lead times, mitigating geopolitical and logistics risk, and improving margins.

Valuation

We forecasted individual segment growth and margin adjustments on a quarterly basis. Our target share price is USD \$393.23, indicating a premium of 11.9% which was calculated using both intrinsic and peer analysis.

Analyst: William Xi, BCom. '28
contact@westpeakresearch.com

Equity Research	US
Price Target	USD\$ 393.23
Rating	BUY
Share Price (Jan. 30 Close)	USD\$ 351.42
Total Return	11.9%

Key Statistics	
52 Week H/L	\$399.56/\$231.85
Market Capitalization	\$131.1B
Average Daily Volume (3M)	2.8M
Net Debt	\$10.7B
Enterprise Value	\$141.9B
Net Debt/EBITDA	1.9x
Diluted Shares Out.	388M
Free Float	99.7%
Dividend Yield	1.1%

Analyst Forecast			
	2024A	2025E	2026E
Revenue	\$24.9B	\$27.4B	\$31.3B
EBITDA	\$5.6B	\$6.4B	\$7.9B
Net Income	\$3.8B	\$4.3B	\$5.3B
EPS	\$9.50	\$11.01	\$13.52
P/E	35.5x	30.7x	25.0x
EV/EBITDA	25.4x	22.0x	18.0x



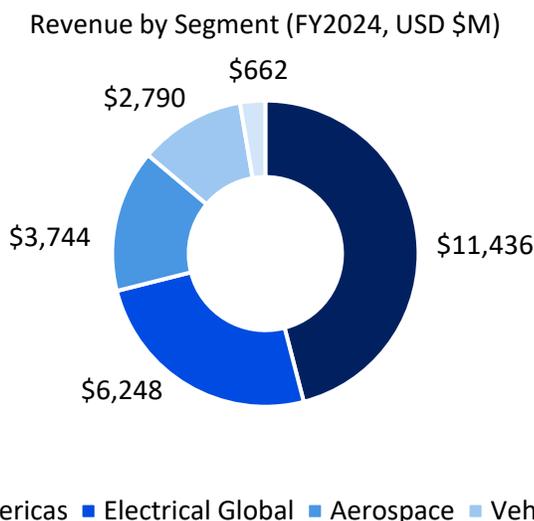
Business Overview

Company Overview

Founded in 1911, Eaton Corporation PLC (NYSE: ETN) is a global power management company headquartered in Dublin, Ireland. The company designs, manufactures, and sells electrical components and power systems that help customers manage power more efficiently. ETN participates in the entire electrical power chain and looks to benefit from momentum in the data center and utility end markets as well as a growth cycle in the OEM and aftermarket aerospace markets.

Business Segments

ETN operates through five primary business segments: Electrical Americas, Electrical Global, Aerospace, Vehicle, and eMobility, accounting for 46%, 25%, 15%, 11%, and 3% of total net sales respectively in FY2024. Large weighting in the Electrical segments reflect ETN's pivot toward margin expansion and high-growth electrical systems following the 2021 divestiture of its hydraulics division. Geographically, North America represented about 61% of total sales, followed by Europe at 18%, Asia-Pacific at 10%, and other regions making up 11%. Across all segments, no single purchaser represented greater than 10% of net sales in 2024, 2023 or 2022.



Electrical Americas & Global

Combining to encompass 71% of total revenue, ETN's Electrical segment has seen significant strength fueled primarily by data center demand, and secondarily by commercial and utility markets. Sales contracts typically include industrial and electrical components, power management systems, wiring devices, and other structural support systems. The recent digitalization theme has caused a notable surge in cloud computing, data consumption, and artificial intelligence. In turn, more pressure is placed on electrical infrastructure to allow for reliable power distribution, as seen by a 20% year-over-year backlog growth in Q3 FY25 in the Americas region.

Aerospace

Within the aerospace segment, the OEM and aftermarket subsegments exhibit the most durability and growth potential for ETN. In 2024, 23% of this segment's sales were made to four large original equipment manufacturers of aircraft, indicating a meaningful but not excessive customer concentration risk. ETN's growth in its OEM market is closely tied to the production and fleet expansion rates of the major aircraft OEMs it serves. Executed distributor agreements in 2022 with Boeing and 2025 with Satair (Airbus) provide visibility into continued organic growth of ETN's aerospace segment.

Vehicle & eMobility

ETN's commercial and light-duty vehicles markets have seen softness particularly in North America and Europe, but can be offset by strength in the South American region. These segments have also seen operating margin weakness in recent quarters, but this can be partially attributed to external factors such as commodity inflation and a one-time sale in 2024 rather than operating inefficiencies. Electric vehicle OEM rollouts have been slow off the back of lower-than-expected consumer demand, hampering ETN's ability to supply components and systems. Despite this, European market strength has offset some of the other persistent eMobility weaknesses.

Industry Analysis

Overview

ETN operates in the industrial equipment industry but has two very distinct markets that it caters to. Its primary market is electrical equipment and power management, which represents the core of the company's business and makes up the vast majority of its revenue. Its secondary market includes other related industrial equipment industries such as aerospace and vehicles.

Electricals

ETN's offerings range from generation, transmission, and distribution products. Power grid modernization spending grew 16% in 2025, reaching \$470 billion in global spending with no signs of slowing down as expectations for 2026 remain elevated at 10% growth to reach \$517 billion. The United States remained the largest contributor to the capital spending at 25% or \$115 billion, with China following behind at 20%. Transmission investment growth is set to outpace distribution through to 2027 at a CAGR of 16% versus 9% respectively, though total investment is still higher in distribution. This implies that grid constraints are upstream rather than local, supported by the fact that 70% of US transmission lines are over 25 years old. This also connects the electrification trend to the global energy transition, in which renewable energy will be primarily generated offshore and will require reliable transportation over long-distances.

Data centers are the primary driver behind power grid infrastructure investments. Data center demand is expected to grow at 17% CAGR through to 2028, with downside and upside forecasts ranging from 14% to 20% respectively. This is because artificial intelligence is expected to generate up to \$10 trillion in productivity gains through to 2035, which is balanced out by the expected \$7 trillion in infrastructure spending. As a result of this massive buildout, data center power demand is forecasted to hit 106 GW by 2035, or 3% of total global energy consumption. Lastly, forecasts released by analysts are

constantly rising, as not only are more projects being built, but the maximum electrical load capacity is also sharply increasing.

Aerospace, Vehicles, and EVs

The primary standouts for the aerospace industry include the durability of commercial and military OEMs and the potential scalability of commercial aircraft aftermarkets. Boeing and Airbus have both released forecasts through to 2044, highlighting expected commercial fleet CAGR of 3.1% and 1.9% respectively, providing a baseline for OEM expectations. Outside of the US, growth prospects are more attractive, as markets like Southeast Asia and South Asia expect fleet growth of up to 6.6%. Military markets are also seeing large expansion forecasts, with the US Air Force publicly declaring that they intend to expand the current fleet size by 22% by 2035. The aftermarket is not tied to fleet construction and can easily outpace OEMs. Production backlogs are currently forcing existing commercial fleets to be flown for longer, prompting more aftermarket purchases.

New US EPA (Environmental Protection Agency) regulations are set to go into effect for Model Years (MY) 2027 and later, affecting passenger, light-duty, and medium-duty vehicles. They will require progressively lower greenhouse gas and air pollutant emissions, incentivizing greater adoption of low- and zero-emission vehicles. Similar regulations are also being enforced on heavy-duty vehicles in US EPA's 'Phase Three,' building on previous heavy-duty programs.

Competitive Environment

ETN operates in a highly competitive industry in which market leaders lead acquisition efforts to further consolidate the environment. The power and utilities sector saw \$142 billion in deal activity from Nov 2024 to Nov 2025, with corporate transactions making up 91% of the volume, further emphasizing this consolidation trend. The electrical equipment industry also sports a high barrier to entry, with capital and scale requirements making it difficult for any small manufacturer. Technical and regulatory hurdles force products to meet strict safety and performance standards, further straining entry.

Market View

Despite strong demand and record backlog, ETN continues to face significant supply chain pressures that threaten near-term execution and margin sustainability. Input costs have surged, with commodity prices causing high single-digit operating margin weakness across all business segments. Broader supply chain finance obligations have also risen 26% from Q1 FY25 through to Q3 FY25, signalling that ETN is increasingly relying on working capital to keep production running amid persistent supply constraints. This surge in financing needs not only exposes the company to interest rate and inflationary risk but also underscores that operational inefficiencies may accumulate if not materially improved.

ETN's lead times have materially improved, as management has cited a 20-25% YoY improvement. Despite this, they remain well above historical norms, particularly for transformers and other critical grid infrastructure components. This issue is not limited solely to ETN, as lead times have drastically impacted the entire equipment industry. Previously, transformers were shipped in ~30 weeks but current levels have ballooned to ~120 weeks, effectively 3x pre-pandemic levels. Prolonged lead times directly amplify the risk that backlog will fail to convert into revenue, no matter how strong demand is. Backlog accumulation is already being observed, as will be discussed below.

Investment Theses

Electrical Secular Tailwinds and Capital Positioning

Demand has hit all-time highs for ETN and shows no signs of softness. As of Q3 FY25, backlog for Electrical Americas grew 20% year-over-year, reaching \$12 billion. An impressive book-to-bill of 1.1 also indicates that momentum is not slowing down, with backlog likely continuing to build. Lastly, data center orders specifically are exploding, reaching a book-to-bill of 1.7, order growth of 70% year-over-year, and revenue growth of 40% year-over-year.

The company has declared increasing capital expenditure levels across 2026 to meet the electrical infrastructure demands across the Americas, EMEA, and APAC regions. ETN has also consistently participated in acquisitions to drive inorganic growth. In April 2025, the company completed the acquisition of Fibrebond to bolster its data center and utility offerings through modular enclosures. Later in August 2025, the company also completed the acquisition of Resilient Power Systems which enhanced transformer technologies. Lastly, the integration of Boyd Thermal, which is scheduled to be finalized in Q2 FY26, is expected to notably support margin expansion and revenue growth as 80% of Boyd's revenue comes from the data center industry. This combination of ramping capital expenditures and synergies from acquisitions enhance ETN's already extensive portfolio, allowing them to provide the most comprehensive set of electrical solutions when compared to any competitor.

In the next 18 months, ETN has the opportunity to continue aggressively spending in order to maximize backlog conversion. Industry consolidation allows for ETN to swallow up the target's existing contracts and will help to reduce churn. With record-high backlog, accelerating data center demand, and intelligent capital deployment, ETN is positioned to convert order momentum into sustained revenue growth, expanding margins, and superior returns on invested capital.

Localized Manufacturing Expansions

To ensure there is a reliable supply of electrical solutions for customers, manufacturing plants are being expanded to support capacity for three-phase transformers and voltage regulators, which are used in both transmission and distribution systems. In August 2023, ETN announced plans to invest up to \$500 million in North American manufacturing, which quickly snowballed into over \$1 billion spent up to the present. Key additions include a \$100 million expansion project in Texas, a \$340 million expansion project in South Carolina, and a \$15 million expansion project in Ontario. Outside of the Americas, efforts have also been made to build local capabilities. In 2020, ETN partnered with Abunayyan Holding to form Eaton Arabia, a manufacturer that specializes in providing comprehensive solutions and EPC relationships to customers across the Middle East. ETN also expects a 100,000 sq. ft. manufacturing facility in Chennai, India to be completed in late 2026, further strengthening its operations in a strategic hub. Lastly, European manufacturing and distributions are being enhanced at various German, Finnish, and Polish facilities primarily to enhance the power portfolio.

Localized manufacturing expansions will allow for shorter lead times and more durable operations. Supply chains will become more reliable and local manufacturing will act as a buffer against global disruptions. Costs associated with tariffs, long-distance shipping, and delivery delays will also be reduced. These risk factors have been the primary bottleneck for ETN, as will be discussed in the following risks section.

Valuation

Intrinsic Analysis

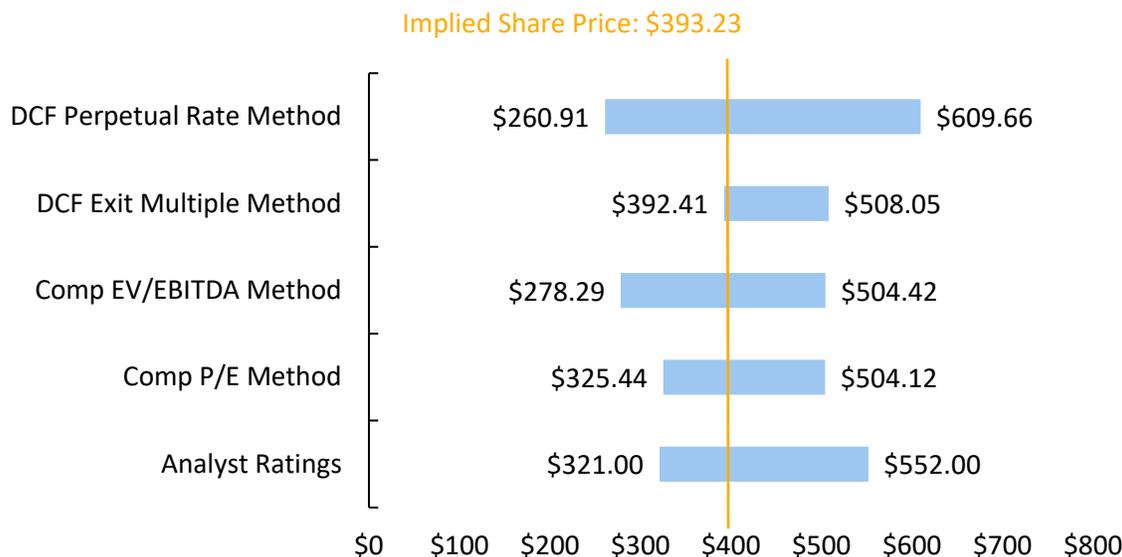
We employed primarily a top-down approach to modelling ETN, focusing on secular trends and how that interacts with current growth. Some bottom-up analysis was used to model specifically the Electrical Americas segment, forecasting revenue and operating margins based on guided post-acquisition integration impacts, publicly available information on Boyd's financial profile, and current backlog and book-to-bill ratios. Key assumptions in our model include the following:

- Electrical Americas to experience 26% YoY Systems Growth and 8% YoY Products Growth beginning in Q2 FY26 through to the end of the year, reflecting Boyd Thermal's integration into ETN. Return to normalization in after Q2 FY27 forecasted.
 - Projecting forward non-integration growth versus our estimate reflects an increase of \$621 million, a comparatively conservative value compared to the expected \$1.5 billion of Boyd's liquid cooling revenue for data center orders.
- Electrical Americas to experience 34% segment margin, or a ~13% margin expansion YoY, beginning in Q1 FY27.
- Aerospace OEM and aftermarket growth of 6% and 20% respectively, reflecting conservatism in OEMs compared to a historical average of 8.4% to align with fleet construction and neutrality in aftermarkets.
- Optimistic approach to remaining segments.
- Capital expenditures, share buybacks, and acquisition costs as historically seen or as set forth in active programs.
- Straight-line incremental growth for all segments beginning in Q1 FY29 to show forecast visibility decreases.

The discount rate used is 8.19%, incorporating present day US 20-year treasury yields, ETN's recent signed revolving credit agreements, and broader market estimates for all other figures. Perpetuity growth and exit multiple methods suggest intrinsic share prices of USD \$368.34 and USD \$447.62 respectively based off a terminal growth rate of 3% and exit P/E of 24.7x. The perpetuity growth rate is the ceiling for what is reasonably allowable given US GDP growth and the growth-heavy thematic tailwinds supporting ETN. The exit multiple is the median FY26 EV/EBITDA multiple of our peer set. Each method was assigned 30% weight respectively.

Comparables Analysis

Our peer set includes Schneider Electric S.E., Siemens Energy AG, ABB Ltd., Rockwell Automation Inc., Vertiv Holdings Co., and Hubbell Incorporated, each of which operates within the global electrical and power infrastructure industry. Collectively, these companies provide power distribution, electrical components, automation, and infrastructure solutions across utility, industrial, commercial, and data center end markets, closely aligning with Eaton's core electrical segment. While individual firms differ in product mix and end-markets, they are similarly positioned to benefit from long product life cycles, high regulatory and certification barriers, and sticky customer relationships, making them appropriate benchmarks for valuation. Both EV/EBITDA and P/E methods were assigned 20% weight respectively.



Investment Horizon

Our investment recommendation has a duration of 18 months, extending through to Q2 FY27. We have modelled aggressive capital expenditures, acquisitions, and share buybacks that are in line with both company objectives and the overarching strategy that many companies in the electricals/data center infrastructure industry are implementing. Past Q2 FY27, much of the aggressive growth spending is reduced, with capital expenditures reduced to 60% of prior level and the share buyback program ending.

Catalysts

Renewable Tax Credits

In 2022, the Inflation Reduction Act (“IRA) dedicated around \$370 billion into the clean energy transition to attempt to reduce carbon emissions by ~40% by 2030. Key credits include the Qualifying Advanced Energy Project Tax Credit (48C Program), under which ETN was even granted \$26.6 million in Investment Tax Credits (“ITCs”), and the Alternative Fuel Vehicle Refueling Property Credit (30C Program), which encouraged the installation of electric vehicle (EV) charging stations and other alternative fuel infrastructure. However, in 2025, the One Big Beautiful Bill Act (“BBB”) was introduced under the Trump administration which cut tax incentives and is forcing wind and solar projects to begin construction by July 2026 to qualify for ITCs. After construction or safe harbour (spending a certain amount on capital expenditures or construction, typically as a percentage of estimated costs) is started, projects have four years to be placed in service. These extra constraints caution external investors from investing in project development, making it harder for any projects to reach COD and financially constraining developers whose portfolios are heavily weighted toward projects still in development. The BBB is expected to decrease clean energy generation by more than 820 TWh in 2035, around 200 TWh more than the amount of electricity Canada produced in 2023.

Despite the administration's open disdain for wind and solar and the constant use of the term "beautiful clean coal," coal-fired plants are rapidly being retired, as will be discussed in further detail below. The return of renewable ITCs, more flexible construction guidelines, and natural need for more electricity due to the phasing out of coal will allow more capital to flow into the sector, increasing the number of projects that are financially viable and accelerating deployment timelines. ETN will be able to provide switchgear, power distribution, and other energy storage solutions to these developers, driving organic growth.

Natural Gas-Fired Plants to Replace Coal-Fired Plants

In 2025, the US planned to retire approximately 8.1 GW of coal plant capacity, a 65% increase over the 4.9 GW retired in 2024. Industry forecasts also project that between 2025 and 2030, nearly 64% of the U.S. coal fleet capacity will retire, reducing coal capacity from around 203 GW in 2024 to approximately 72 GW by 2030. This reflects a trend that, outside of legislative interference, utilities are naturally shifting away from coal due to its high maintenance costs, labour intensity, and constant environmental pressures.

Ultra-efficient gas-fired plants have emerged as the lead replacement. Natural gas aligns with decarbonization trends while remaining a cheaper and more reliable option than many energy sources like wind, solar, or nuclear. Liquefied natural gas capacity expansions in the US and Qatar will allow up to 300 billion cubic meters of LNG export capacity to be added by 2030, further driving demand. 2025 also saw the second highest amount of LNG capacity expansion reaching FID (final investment decision) in a single year. Heightened levels of projects reaching FID reflect US market confidence in LNG as a long-term export option, and global confidence in LNG as an energy option.

Risks

Supply Constraints

ETN's operations have repeatedly ran into supply chain constraints that significantly affected the business. In late 2020, management openly declared intermittent factory shutdowns and logistics bottlenecks tied to COVID-19 as a key reason delivery came in slower than demand, especially in Electrical Americas where residential and data-center orders remained strong, but production struggled to keep up. In 2021, Eaton reported record backlogs, with Electricals growing more than 50% YoY, but customer orders outpaced the company's ability to ship, in large part because component shortages and supplier delivery delays limited output. In prior earnings calls, ETN management has noted that Electrical Americas sales were constrained by supply availability, even as orders accelerated, forcing Eaton to prioritize limited inventory and extend lead times. Lastly, the firm has noted significant persisting labour shortages in select markets. Overall, because the company relies on supplier networks and tight scheduling, even small disruptions in component availability or delivery timing can quickly compound.

Commodity and Components Inflation

Commodities had a huge surge in 2025, causing ETN's raw material and component suppliers to quickly raise prices. This impact is reflected in ETN's recent earnings, citing commodity inflation as the reason gross margin fell by 3.4% YoY as of Q3 FY25. Some key inputs that have impacted ETN include:

- Copper (+38% YoY): forecasts have copper prices hovering around the \$4.90/lb to \$5.20/lb range for 2026, expecting no more significant price increases from EOY 2025.
- Aluminum (+25% YoY): forecasts are relatively bearish, with TD and Goldman Sachs expecting oversupply to edge prices down to \$1.20/lb and \$1.18/lb respectively.
- Silver (+191% YoY): with silver only recently having reached all-time highs, forecasts are divided but generally expect some type of price correction in 2026 and 2027.

Other commodities like iron ore and steel had mid-year price increases but have reached relative stability. Despite any outlooks released by research firms or banks, commodity inflation remains an ever-present threat for ETN.

Recommendation

We recommend a **BUY** on Eaton Corporation at a price target of USD \$393.23, implying a potential upside of 11.9% based on January 30, 2026 closing prices. ETN is being driven forward by secular tailwinds and is intelligently investing in capital expenditures and vertical acquisitions to bolster both organic and inorganic growth. To target global markets, they have localized sourcing in numerous markets like Canada, India, and the Middle East to reduce shipping delays, increase margins, and create more durable operations.

Appendix 1: Revenue Build Schedule

	Year Period	2022 FY	2023 FY	2024 FY	2025 FY	2026 FY	2027 FY	2028 FY	2029 FY	2030 FY
Electrical Americas										
Products		2,732	2,949	3,009	3,131	3,343	3,521	3,618	3,715	3,812
Systems		5,765	7,149	8,426	10,034	12,546	15,524	18,893	22,262	25,631
Total		8,497	10,098	11,436	13,166	15,889	19,045	22,511	25,977	29,442
Operating Expenses		6,584	7,423	7,981	9,168	11,064	12,570	14,857	17,145	19,432
Operating Profit		1,913	2,675	3,455	3,998	4,825	5,782	7,654	8,832	10,010
Products YoY Growth				2.0%	4.1%	6.8%	5.3%	2.8%	2.7%	2.6%
Systems YoY Growth				17.9%	19.1%	25.0%	23.7%	21.7%	17.8%	15.1%
Total Segment Margin		22.5%	26.5%	30.2%	30.4%	30.4%	34.0%	34.0%	34.0%	34.0%
Electrical Global										
Products		3,424	3,462	3,493	3,964	4,598	5,334	6,188	7,041	7,894
Systems		2,424	2,622	2,755	2,887	3,118	3,368	3,637	3,907	4,176
Total		5,848	6,084	6,248	6,853	7,717	8,702	9,825	10,948	12,071
Operating Expenses		4,714	4,909	5,099	5,481	6,019	6,788	7,663	8,539	9,415
Operating Profit		1,134	1,175	1,149	1,371	1,698	1,914	2,161	2,409	2,656
Products YoY Growth				0.9%	13.5%	16.0%	16.0%	16.0%	13.8%	12.1%
Systems YoY Growth				5.1%	4.8%	8.0%	8.0%	8.0%	7.4%	6.9%
Total Segment Margin		19.4%	19.3%	18.4%	20.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Aerospace										
Original Equipment Manufacturers		1,209	1,350	1,500	1,615	1,712	1,815	1,924	2,033	2,142
Aftermarket		977	1,183	1,312	1,571	1,885	2,263	2,715	3,168	3,620
Industrial and Other		854	878	931	1,051	1,208	1,389	1,598	1,806	2,014
Total		3,039	3,413	3,744	4,237	4,806	5,467	6,237	7,006	7,776
Operating Expenses		2,334	2,633	2,885	3,206	3,561	4,051	4,621	5,192	5,762
Operating Profit		705	780	859	1,031	1,245	1,416	1,615	1,815	2,014
Original Equipment Manufacturers YoY Growth				11.1%	7.7%	6.0%	6.0%	6.0%	5.7%	5.4%
Aftermarket YoY Growth				10.9%	19.8%	20.0%	20.0%	20.0%	16.7%	14.3%
Industrial and Other YoY Growth				6.0%	12.8%	15.0%	15.0%	15.0%	13.0%	11.5%
Total Segment Margin		23.2%	22.9%	22.9%	24.3%	25.9%	25.9%	25.9%	25.9%	25.9%
Vehicle										
Commercial		1,736	1,784	1,707	1,447	1,229	1,176	1,125	1,069	1,015
Passenger and Light Duty		1,094	1,180	1,083	1,064	1,048	1,079	1,112	1,144	1,176
Total		2,830	2,965	2,790	2,512	2,276	2,255	2,237	2,213	2,192
Operating Expenses		2,377	2,483	2,287	2,083	1,866	1,827	1,791	1,751	1,714
Operating Profit		453	482	503	429	410	428	446	462	478
Commercial YoY Growth				-4.3%	-15.2%	-15.1%	-4.3%	-4.3%	-5.0%	-5.0%
Passenger and Light Duty YoY Growth				-8.2%	-1.7%	-1.5%	3.0%	3.0%	2.9%	2.8%
Total Segment Margin		16.0%	16.3%	18.0%	17.1%	18.0%	19.0%	19.9%	20.9%	21.8%
eMobility										
eMobility Solutions		538	636	662	613	590	614	636	657	679
Total		538	636	662	613	590	614	636	657	679
Operating Expenses		547	657	669	644	606	617	624	630	635
Operating Profit		(9)	(21)	(7)	(31)	(16)	(3)	12	27	44
eMobility Solutions YoY Growth				4.1%	-7.4%	-3.8%	4.1%	3.5%	3.4%	3.3%
Total Segment Margin		-1.7%	-3.3%	-1.1%	-5.1%	-2.8%	-0.5%	1.8%	4.1%	6.4%
Total Revenue		20,752	23,196	24,878	27,380	31,278	36,084	41,445	46,801	52,159
Total Operating Expenses		16,556	18,105	18,921	20,583	23,116	25,853	29,557	33,257	36,957
Revenue YoY Growth				7.3%	10.1%	14.2%	15.4%	14.9%	12.9%	11.4%
Total Operating Segment Margin		20.2%	21.9%	23.9%	24.8%	26.1%	28.4%	28.7%	28.9%	29.1%

Appendix 2: Income Statement

Operating Model										
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30	
All Figures in mm USD	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	
x Income Statement										
Revenue	20,752	23,196	24,878	27,380	31,278	36,084	41,445	46,801	52,159	
Segment Items (COGS, SG&A, R&D, Depreciation)	16,556	18,105	18,921	20,583	23,116	25,853	29,557	33,257	36,957	
Operating Profit	4,196	5,091	5,957	6,798	8,161	10,231	11,888	13,544	15,202	
Amortization	(499)	(450)	(425)	(468)	(534)	(616)	(708)	(800)	(891)	
Other Income (Expenses)	(643)	(665)	(837)	(921)	(1,052)	(1,214)	(1,394)	(1,575)	(1,755)	
EBIT	3,054	3,976	4,695	5,409	6,575	8,400	9,785	11,170	12,556	
Interest Expense	(144)	(151)	(130)	(307)	(307)	(1,142)	(1,212)	(900)	(486)	
EBT	2,910	3,825	4,565	5,102	6,268	7,258	8,573	10,270	12,070	
Tax Expense	(445)	(604)	(768)	(791)	(972)	(1,125)	(1,329)	(1,592)	(1,871)	
Net Income	2,465	3,221	3,797	4,311	5,297	6,133	7,244	8,678	10,199	
EBITDA	4,008	4,902	5,616	6,438	7,870	9,481	11,035	12,591	14,150	
Tax Rate	-15.3%	-15.8%	-16.8%	-15.5%	-15.5%	-15.5%	-15.5%	-15.5%	-15.5%	
Other Income (Expenses) as a % of Revenue	-3.1%	-2.9%	-3.4%	-3.4%	-3.4%	-3.4%	-3.4%	-3.4%	-3.4%	
Revenue Growth Rate		11.8%	7.3%	10.1%	14.2%	15.4%	14.9%	12.9%	11.4%	

Appendix 3: Balance Sheet Statement

		Operating Model									
		31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30	
All Figures in mm USD		2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	
x	Balance Sheet										
	Assets										
	Cash	294	488	555	645	645	645	645	645	5,458	
	Inventory	3,430	3,739	4,227	5,614	6,620	7,774	9,333	11,026	12,865	
	Accounts Receivable	4,309	4,764	4,949	4,176	5,015	5,946	6,942	7,890	8,876	
	Prepaid Expenses	383	532	516	516	516	516	516	516	516	
	Other Current Assets	69	31	29	29	29	29	29	29	29	
	Short Term Securities	261	2,121	1,525	1,525	1,525	1,525	1,525	1,525	1,525	
	Total Current Assets	8,746	11,675	11,801	12,506	14,350	16,435	18,990	21,631	29,269	
	Net Property, Plant and Equipment	3,717	4,178	4,535	4,874	5,313	5,570	5,857	6,171	6,512	
	Intangible Assets	20,281	20,068	19,371	20,875	31,925	32,977	32,977	32,977	32,977	
	Long Term Securities	788	860	872	872	872	872	872	872	872	
	Total Other Long Term Assets	1,482	1,651	1,802	1,802	1,802	1,802	1,802	1,802	1,802	
	Total Assets	35,014	38,432	38,381	40,928	54,262	57,656	60,498	63,454	71,431	
	Liabilities										
	Accounts Payable	3,072	3,365	3,678	5,614	6,620	7,774	9,333	11,026	12,865	
	Short Term Debt	-	1,004	665	665	665	665	665	665	665	
	Accrued Expenses	933	1,144	1,105	1,105	1,105	1,105	1,105	1,105	1,105	
	Current Unearned Revenue	489	610	611	611	611	611	611	611	611	
	Other Current Liabilities	1,866	1,624	1,798	1,798	1,798	1,798	1,798	1,798	1,798	
	Current Liabilities	6,360	7,747	7,857	9,793	10,799	11,953	13,512	15,205	17,044	
	Long Term Debt	8,303	8,225	8,460	8,460	8,460	8,460	8,460	8,460	8,460	
	Pensions & Retirement	826	948	905	905	905	905	905	905	905	
	Long Term Leases	477	555	688	688	688	688	688	688	688	
	Non-Current Deferred Tax	530	402	275	275	275	275	275	275	275	
	Revolving Credit Facility	-	-	-	-	11,931	12,938	8,477	2,561	-	
	Other Non Current Liabilities	1,442	1,486	1,665	1,665	1,665	1,665	1,665	1,665	1,665	
	Total Liabilities	17,938	19,363	19,850	21,786	34,723	36,884	33,981	29,759	29,037	
	Shareholders Equity										
	Common Stock	4	4	4	4	4	4	4	4	4	
	Additional Paid in Capital	12,512	12,634	12,731	12,731	12,731	12,731	12,731	12,731	12,731	
	Minority Interest	38	33	43	43	43	43	43	43	43	
	Retained Earnings	8,468	10,305	10,096	10,707	11,104	12,337	18,081	25,260	33,959	
	Other Comprehensive	(3,946)	(3,907)	(4,343)	(4,343)	(4,343)	(4,343)	(4,343)	(4,343)	(4,343)	
	Total Equity	17,076	19,069	18,531	19,142	19,539	20,772	26,516	33,695	42,394	
	Total Assets	35,014	38,432	38,381	40,928	54,262	57,656	60,498	63,454	71,431	
	Total Liabilities & Shareholders Equity	35,014	38,432	38,381	40,928	54,262	57,656	60,498	63,454	71,431	
	CHECK	YES	YES	YES	YES	YES	YES	YES	YES	YES	

Appendix 4: Cash Flow Statement

		31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
All Figures in mm USD		2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Operating Model										
x Cash Flow Statement										
Cash from Operating Activities										
Net Income		2,465	3,221	3,797	4,311	5,297	6,133	7,244	8,678	10,199
Change in Accounts Receivable - net		(743)	(341)	(215)	773	(838)	(931)	(997)	(948)	(985)
Change in Accounts Payable - net		334	256	399	1,936	1,006	1,154	1,558	1,693	1,840
Change in Inventory - net		(490)	(282)	(566)	(1,387)	(1,006)	(1,154)	(1,558)	(1,693)	(1,840)
Change in other NOA - net		211	218	163	-	-	-	-	-	-
(Gain) Loss on Sale of Asset		(24)	-	-	-	-	-	-	-	-
Other Operating Activities		(171)	(371)	(169)	-	-	-	-	-	-
Depreciation		455	476	496	561	761	465	542	621	703
Amortization		499	450	425	-	-	-	-	-	-
CFO		2,536	3,627	4,330	6,194	5,219	5,667	6,790	8,351	9,917
Cash from Investing Activities										
Capital Expenditures		(598)	(757)	(808)	(900)	(1,200)	(722)	(829)	(936)	(1,043)
Acquisitions		(610)	-	(50)	(1,504)	(11,050)	(1,052)	-	-	-
Sale of PP&E		163	76	85	-	-	-	-	-	-
Divestures		31	(2)	-	-	-	-	-	-	-
Investments in Securities		(60)	(1,920)	538	-	-	-	-	-	-
Other Investing Activities		(126)	28	(36)	-	-	-	-	-	-
CFI		(1,200)	(2,575)	(271)	(2,404)	(12,250)	(1,774)	(829)	(936)	(1,043)
Cash from Financing Activities										
Revolver Draw (Paydown)		-	-	-	-	11,931	1,007	(4,461)	(5,915)	(2,561)
Stock Issuance		28	78	69	-	-	-	-	-	-
Share Repurchases		(346)	(49)	(2,562)	(2,200)	(3,400)	(3,400)	-	-	-
Dividends		(1,299)	(1,379)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Debt Repayments		(2,012)	(330)	(1,023)	-	-	-	-	-	-
Debt Issuance		2,312	818	1,084	-	-	-	-	-	-
Other Financing Activities		(23)	(9)	(4)	-	-	-	-	-	-
CFF		(1,340)	(871)	(3,936)	(3,700)	7,031	(3,893)	(5,961)	(7,415)	(4,061)
Net Change in Cash		(4)	181	123	90	-	-	-	-	4,812

Appendix 5: Schedules

Operating Model										
All Figures in mm USD										
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30	
	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	
* Debt & Interest Schedule										
*Minimum Cash Balance = 645										
Cash from Operations	2,536	3,627	4,330	6,194	5,219	5,667	6,790	8,351	9,917	
Cash from Investing	(1,200)	(2,575)	(271)	(2,404)	(12,250)	(1,774)	(829)	(936)	(1,043)	
Cash from Financing - Net Revolver	(1,340)	(871)	(3,936)	(3,700)	(4,900)	(4,900)	(1,500)	(1,500)	(1,500)	
Ending Cash Net Revolver	293	475	611	645	(11,931)	(1,007)	4,461	5,915	7,374	
Beginning Revolver Balance				-	-	11,931	12,938	8,477	2,561	
Drawdowns				-	11,931	1,007	-	-	-	
Repayments				-	-	-	4,461	5,915	2,561	
Ending Revolver Balance				-	11,931	12,938	8,477	2,561	-	
Revolver Interest Rate				7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	
Interest Payment				-	-	835	906	593	179	
LT Debt Interest Rate				3.625%	3.625%	3.625%	3.625%	3.625%	3.625%	
Interest Payment				307	307	307	307	307	307	
* PP&E & Total D&A Schedules										
Property, Plant & Equipment										
Starting Gross Property, Plant & Equipment				4,535	4,874	5,313	5,570	5,857	6,171	
Capex	598	757	808	900	1,200	722	829	936	1,043	
Depreciation	(455)	(476)	(496)	(561)	(761)	(465)	(542)	(621)	(703)	
Ending Property, Plant & Equipment	3,717	4,178	4,535	4,874	5,313	5,570	5,857	6,171	6,512	
Amortization	(499)	(450)	(425)	(468)	(534)	(616)	(708)	(800)	(891)	
Total Depreciation & Amortization	(954)	(926)	(921)	(1,029)	(1,295)	(1,081)	(1,250)	(1,421)	(1,594)	
Amortization as a % of Revenue	-2.4%	-1.9%	-1.7%	-1.7%	-1.7%	-1.7%	-1.7%	-1.7%	-1.7%	
Capex as a % of Revenue	2.9%	3.3%	3.2%	3.3%	3.8%	2.0%	2.0%	2.0%	2.0%	
D&A as a % of Capex	-76.1%	-62.9%	-61.4%	-62.4%	-63.4%	-64.4%	-65.4%	-66.4%	-67.4%	1.0%
* Retained Earnings Schedule										
Retained Earnings										
Starting Retained Earnings				10,096	10,707	11,104	12,337	18,081	25,260	
Net Income	2,465	3,221	3,797	4,311	5,297	6,133	7,244	8,678	10,199	
Share Repurchases	(346)	(49)	(2,562)	(2,200)	(3,400)	(3,400)	-	-	-	
Dividends	(1,299)	(1,379)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	
Ending Retained Earnings	8,468	10,305	10,096	10,707	11,104	12,337	18,081	25,260	33,959	
* Working Capital Schedule										
*Revenue Growth Attributable to:										
Organic		70%								
Acquisitions		30%								
Revenue	20,752	23,196	24,878	27,380	31,278	36,084	41,445	46,801	52,159	
Growth		2,444	1,682	2,502	3,898	4,806	5,361	5,356	5,359	
Organic				1,752	2,728	3,364	3,753	3,749	3,751	
Acquisition				525	819	1,009	1,126	1,125	1,125	
Accounts Receivable										
BOP Balance				4,949	4,176	5,015	5,946	6,942	7,890	
Increases / (Decreases)				(773)	838	931	997	948	985	
EOP Balance	4,309	4,764	4,949	4,176	5,015	5,946	6,942	7,890	8,876	
Days Sales Outstanding	69 Days	71 Days	71 Days	73 Days	74 Days	76 Days	77 Days	79 Days	80 Days	2.0%
Accounts Payable										
BOP Balance				3,678	4,811	5,673	6,662	7,997	9,448	
Increases / (Decreases)				1,133	862	989	1,335	1,451	1,576	
EOP Balance	3,072	3,365	3,678	4,811	5,673	6,662	7,997	9,448	11,025	
Days Payables Outstanding	75 Days	78 Days	81 Days	85 Days	90 Days	94 Days	99 Days	104 Days	109 Days	5.0%
Inventory										
BOP Balance				4,227	5,614	6,620	7,774	9,333	11,026	
Increases / (Decreases)				1,387	1,006	1,154	1,558	1,693	1,840	
EOP Balance	3,430	3,739	4,227	5,614	6,620	7,774	9,333	11,026	12,865	
Days Inventory Outstanding	84 Days	89 Days	95 Days	100 Days	105 Days	110 Days	115 Days	121 Days	127 Days	5.0%

Appendix 6: Discounted Cash Flow Analysis

Discounted Cash Flow Analysis

Discount Rate Calculation

All Figures in mm USD

Cost of Equity	
Risk-free Rate	4.260%
Expected Market Return	8.0%
Market Risk Premium	3.7%
Levered Beta	1.17x
Cost of Equity	8.6%

Cost of Debt	
Pre-tax Cost of Debt	3.63%
Effective Tax Rate	16.8%
Cost of Debt	3.0%

WACC	
Market Value of Equity	131,147
Market Value of Debt	11,267
Total Capitalization	142,414
Cost of Equity	8.6%
Cost of Debt	3.0%
WACC	8.19%

Free Cash Flow

All Figures in mm USD	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30	Valuation Date	EO First FY
	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E		
EBIT	3,054	3,976	4,695	5,409	6,575	8,400	9,785	11,170	12,556	30-Jan-26	
Less: Tax Expense	(445)	(604)	(768)	(791)	(972)	(1,125)	(1,329)	(1,592)	(1,871)	31-Dec-25	
Add: Depreciation and Amortization	954	926	921	1,029	1,295	1,081	1,250	1,421	1,594		
Less: Capital Expenditures	(598)	(757)	(808)	(900)	(1,200)	(722)	(829)	(936)	(1,043)		
Less: Change in Net Working Capital	(688)	(149)	(219)	1,322	(838)	(931)	(997)	(948)	(985)		
Unlevered Free Cash Flow	2,277	3,392	3,821	6,069	4,860	6,704	7,881	9,115	10,251		
Stub				0.08							
Stub Adjusted UFCF				506	4,860	6,704	7,881	9,115	10,251		
Discount Period				1	2	3	4	5	6		
Present Value of Unlevered Free Cash Flow				467	4,152	5,293	5,752	6,149	6,392		

Valuation

Perpetuity Growth Rate	
Perpetuity Growth Rate	3.0%
PV Sum of UFCF	28,205
Terminal Value	126,817
Enterprise Value	155,022
Add: Cash	565
Less: Debt	11,267
Less: Other EV Adjustments	42
Equity Value	144,278
Shares Outstanding	392
Implied Share Price	368.34
Current Share Price	351.42
Total Return	4.81%

Exit Multiple Method	
P/E Exit Multiple	24.7x
PV Sum of UFCF	28,205
Terminal Value	157,872
Enterprise Value	186,077
Add: Cash	565
Less: Debt	11,267
Less: Other EV Adjustments	42
Equity Value	175,333
Shares Outstanding	392
Implied Share Price	447.62
Current Share Price	351.42
Total Return	27.4%

Perpetuity Growth Rate	368.34	WACC				
		7.2%	7.7%	8.2%	8.7%	9.2%
2.0%	386.39	346.67	313.41	285.17	260.91	
2.5%	424.36	377.24	338.46	306.00	278.43	
3.0%	471.39	414.34	368.34	330.48	298.78	
3.5%	531.16	460.29	404.59	359.67	322.71	
4.0%	609.66	518.68	449.48	395.09	351.24	

Exit Multiple (EV / EBITDA)	447.62	WACC				
		7.2%	7.7%	8.2%	8.7%	9.2%
22.7x	439.04	426.82	414.99	403.52	392.41	
23.7x	456.29	443.60	431.30	419.39	407.85	
24.7x	473.54	460.38	447.62	435.26	423.29	
25.7x	490.79	477.15	463.94	451.14	438.73	
26.7x	508.05	493.93	480.26	467.01	454.17	

Appendix 7: Comparable Companies Analysis

Comparable Company Analysis									
All Figures in mm USD, EUR/USD @ 1.16									
Company	Ticker	Balance Sheet Data		EV / EBITDA			Price / Earnings		
		Equity Value	Enterprise Value	2024A EV/EBITDA	2025E EV/EBITDA	2026E EV/EBITDA	2024A P/E	2025E P/E	2026E P/E
Schneider Electric S.E.	(EPA: SU)	155,132	171,151	17.9x	17.5x	15.8x	31.2x	29.2x	24.1x
ABB Ltd.	(SWX: ABB)	134,753	138,907	23.7x	19.6x	19.4x	34.2x	29.2x	24.4x
Siemens Energy AG	(ETR: ENR)	120,586	114,914	25.2x	16.6x	15.1x	73.3x	33.8x	24.8x
Vertiv Holdings Co.	(NYSE: VRT)	69,032	70,279	42.7x	34.4x	26.3x	139.2x	50.4x	37.3x
Rockwell Automation Inc.	(NYSE: ROK)	46,122	49,358	27.6x	24.1x	22.1x	53.1x	36.8x	32.5x
Hubbell Incorporated	(NYSE: HUBB)	23,765	25,245	19.4x	19.2x	17.4x	30.6x	26.6x	24.7x
Eaton Corporation	(NYSE: ETN)	131,147.1	141,891.1	25.4x	22.0x	18.0x	35.5	30.7	25.0
High		155,132	171,151	42.7x	34.4x	26.3x	139.2x	50.4x	37.3x
75th Percentile		139,848	146,968	31.4x	26.7x	23.1x	89.8x	40.2x	33.7x
Median		94,809	92,597	24.4x	19.4x	18.4x	43.7x	31.5x	24.7x
Mean		91,565	94,976	26.1x	21.9x	19.3x	60.3x	34.3x	27.9x
25th Percentile		40,533	43,330	19.0x	17.3x	15.6x	31.1x	28.5x	24.3x
Low		23,765	25,245	17.9x	16.6x	15.1x	30.6x	26.6x	24.1x
EV / EBITDA Implied Price									
High				\$587.9	\$542.5	\$504.4	\$1,322.7	\$554.9	\$504.1
75th Percentile				\$424.6	\$414.5	\$441.2	\$852.7	\$442.7	\$455.8
Median				\$323.9	\$294.5	\$345.2	\$414.8	\$347.1	\$334.5
Mean				\$347.9	\$335.6	\$364.3	\$572.5	\$378.0	\$377.9
75th Percentile				\$246.0	\$258.9	\$288.9	\$295.0	\$314.0	\$328.4
Low				\$230.2	\$247.5	\$278.3	\$290.3	\$292.4	\$325.4
P / E Implied Price									
High							\$1,322.7	\$554.9	\$504.1
75th Percentile							\$852.7	\$442.7	\$455.8
Median							\$414.8	\$347.1	\$334.5
Mean							\$572.5	\$378.0	\$377.9
75th Percentile							\$295.0	\$314.0	\$328.4
Low							\$290.3	\$292.4	\$325.4

Appendix 8: Summary Page

Valuation Method	Value	Weight
DCF Perpetual Rate Method	368.34	30%
DCF Exit Multiple Method	447.62	30%
Comp EV/EBITDA Method	364.27	20%
Comp P/E Method	377.93	20%
Implied Price	393.23	
Actual Price	351.42	
Implied Return	11.9%	

Legal Disclaimer

The content, opinions, estimates, and projections contained in this report are those of WestPeak Research Association (known as “WestPeak” or “WestPeak Research”) and its directors, analysts, and affiliates and are subject to change without notice. The content, opinions, estimates, and projections on this report may not have been updated directly by WestPeak and its directors, analysts, and affiliates and may also have been altered or without your or our knowledge. WestPeak and its directors, analysts, and affiliates, without exception, do not accept any liability for factual, typographical, and grammatical errors, omissions, or content in this report. WestPeak and its directors, analysts, and affiliates do not accept any liability for damages arising from the use of or reliance on any of the content, opinions, estimates, and projections on this report. WestPeak and its directors, analysts, and affiliates endeavor to ensure that the content, opinions, estimates, and projections have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. Information may be available to WestPeak and its directors, analysts, and affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. This report is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. WestPeak and its directors, analysts, and affiliates may have a personal long or short position in any of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that WestPeak and its directors, analysts, and affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The reader, by the viewing of and use of the content, opinions, estimates, and projections contained in this report is assumed by WestPeak and its directors, analysts, and affiliates to have fully read, understood, and unconditionally agreed to all the terms and conditions set forth in this legal disclaimer.

William Xi
Senior Analyst

WestPeak Research Association
contact@westpeakresearch.com