Eaton Corporation (NYSE: ETN)

October 2025

SPINDLETOP
ENERGY INVESTMENT FUND

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I. Introduction

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ENERGY INVESTMENT FUND

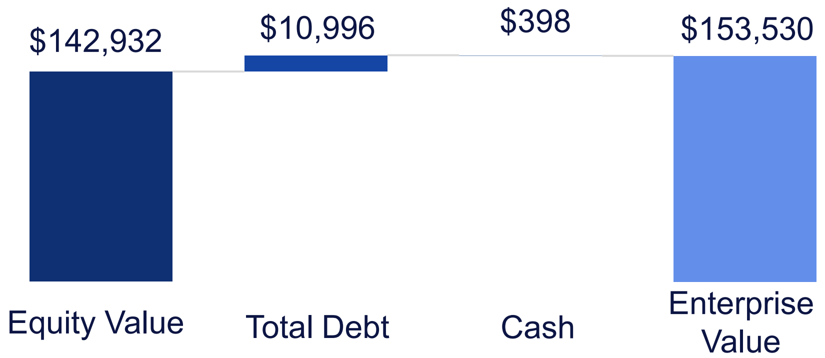
Company Overview

$ Figures in Millions

Company Information

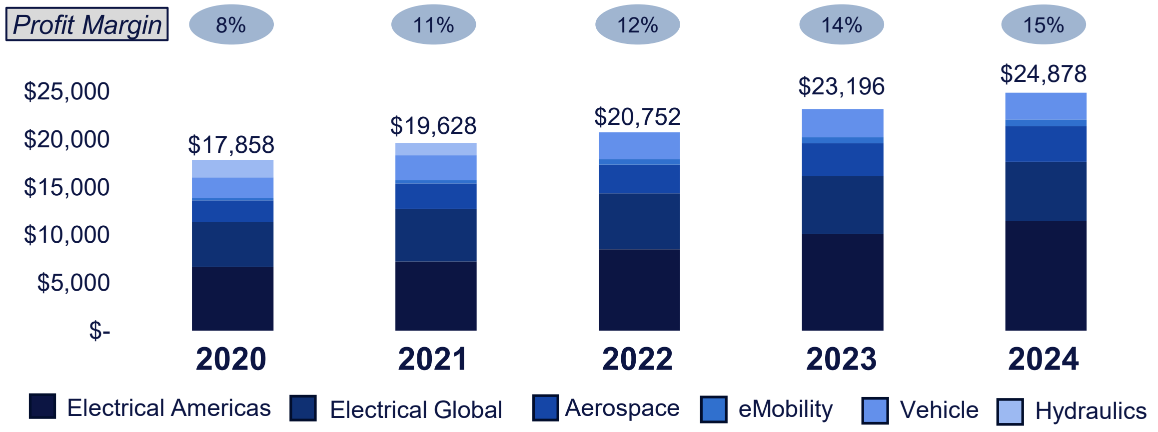
- Eaton is a **global power management** company founded in 1911, helping customers manage electrical and mechanical power needs more efficiently
- Offer wide variety of diverse products and services in **Electrical**, **Aerospace**, **Vehicle**, and **eMobility** markets, serving customers in 175+ countries globally
- Headquartered in Dublin, Ireland with operational HQ in Cleveland, Ohio
- 2025 acquisitions include **Ultra PCS ($1.55bn)** and **Firebond Corp. ($1.4bn)**
  - Expands Eaton's service offerings in fast-growing **aerospace** sector
  - Strengthens presence in **modular solutions** market for data centers

Capital Structure & Relevant Metrics

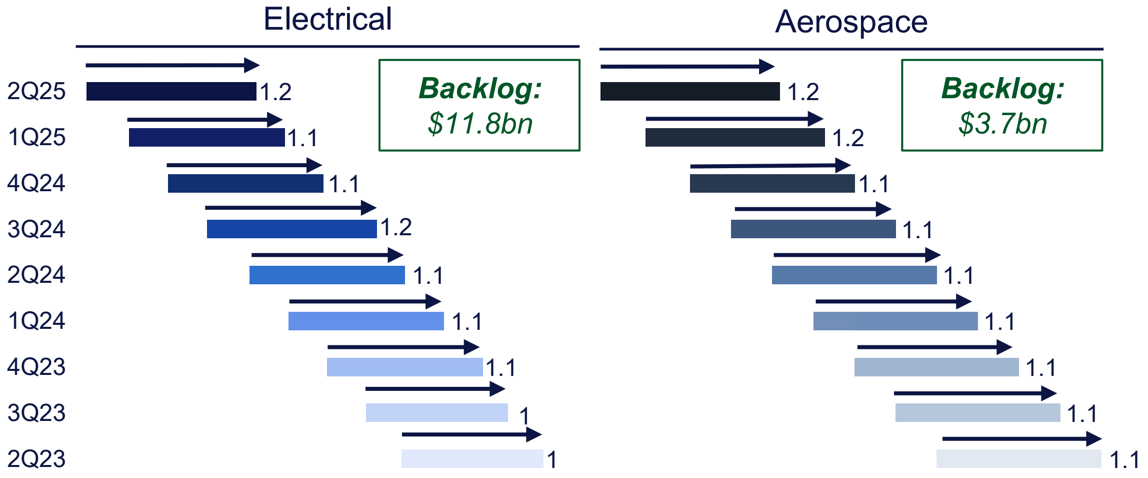


2Q25 EV/EBITDA **24.6x**
2Q25 P/E **35.9x**
2Q25 P/FCF **34.4x**
2Q25 Dividend Yield **1.11%**
2Q25 Buybacks **$670mm**

Sales and Profit Margin by Segment



Rolling 12 Month Book-to-Bill Ratio



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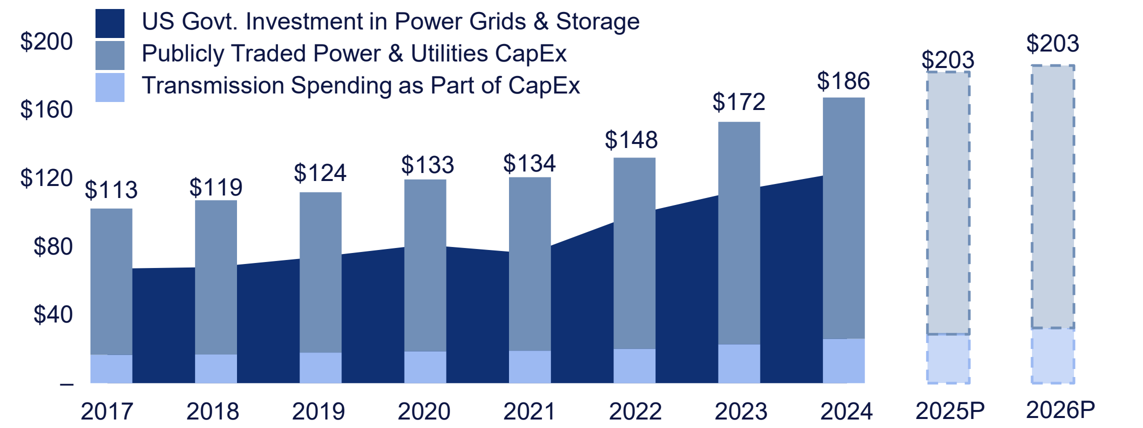
Notes: Market data as of 9/29//25.
Sources: FactSet, Company Filings.

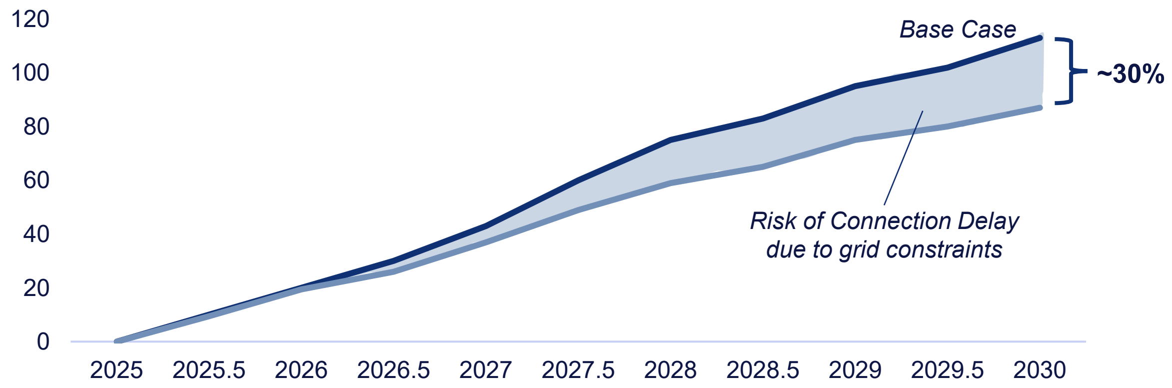
Industry Backdrop

Strong tailwinds for transmission, storage and distribution, the parts of the power supply chain that Eaton is most exposed to are due in large part to data center demand driving the grid past its current capacity. This creates an acute demand for electrical equipment product portfolio

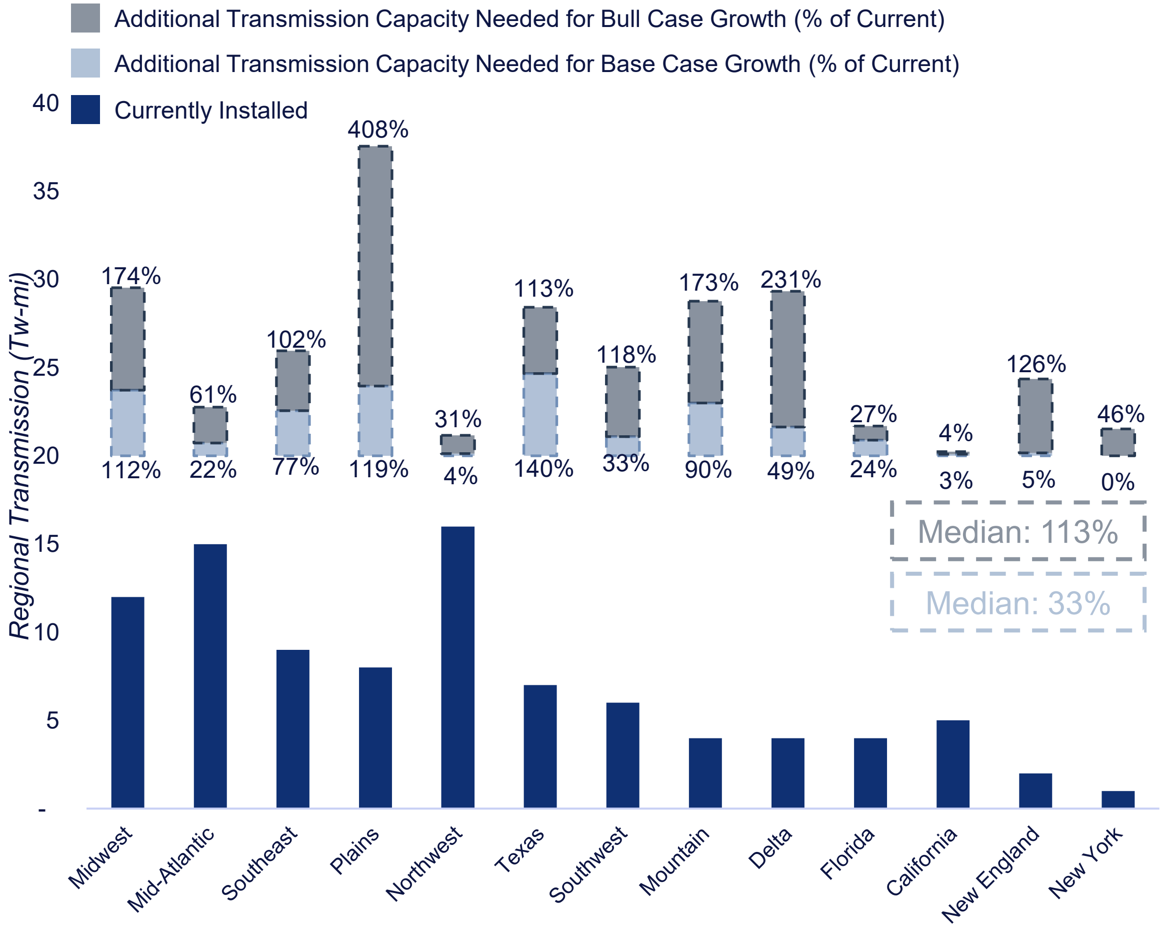
Transmission, Storage, and Distribution Spend ($bn)



Global Data Centre Capacity Additions (Gw)



Anticipated Transmission Need in 2035



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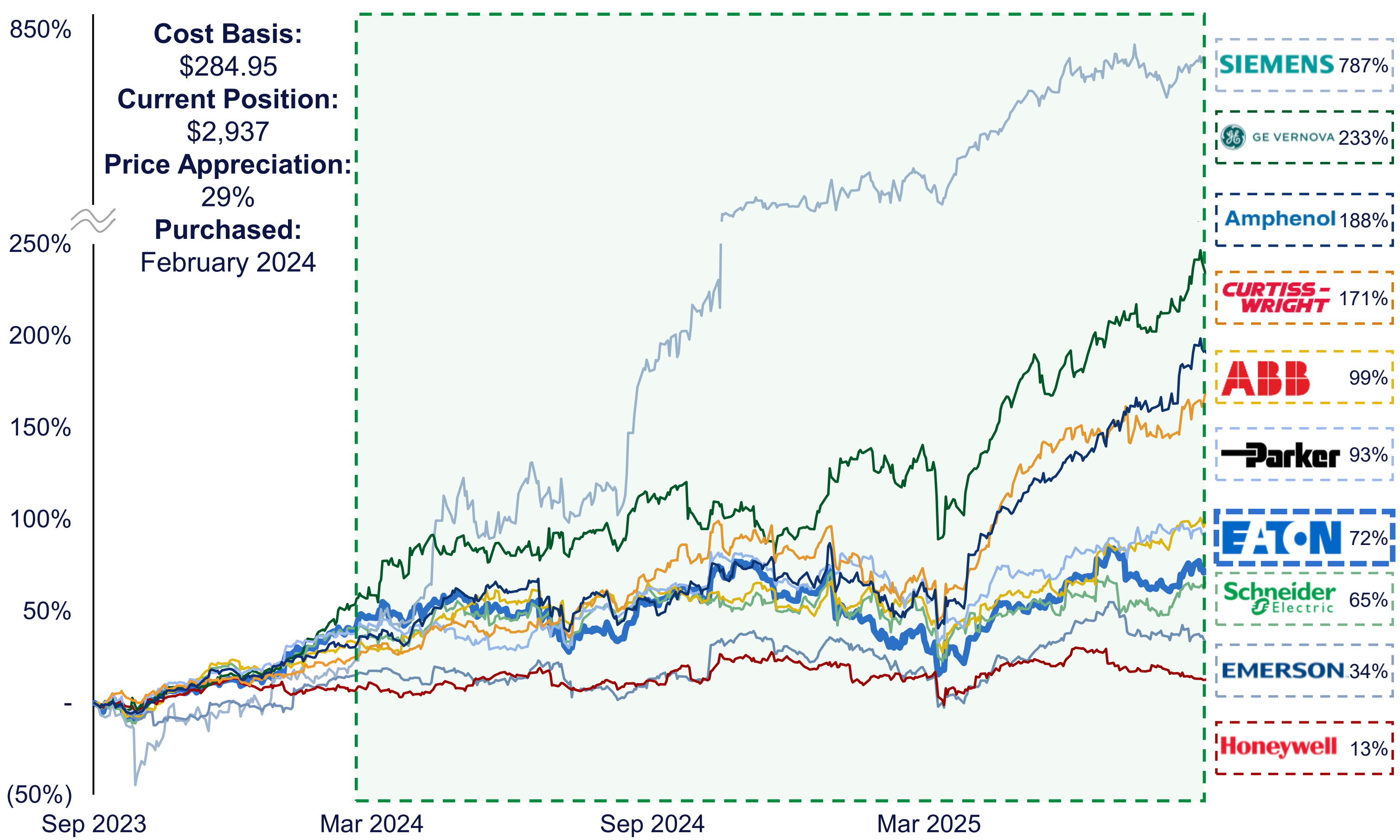
Sources: IEA, National Infrastructure Advisory Council.

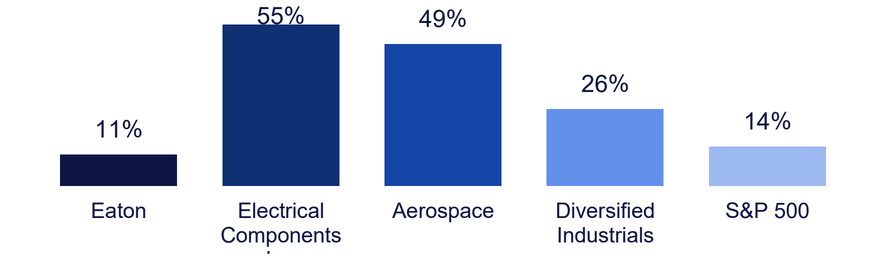
Stock Performance

Eaton has been able to capture tailwinds of higher growth industries such as Aerospace, while also outperforming peers in the Electric and Industrials segments

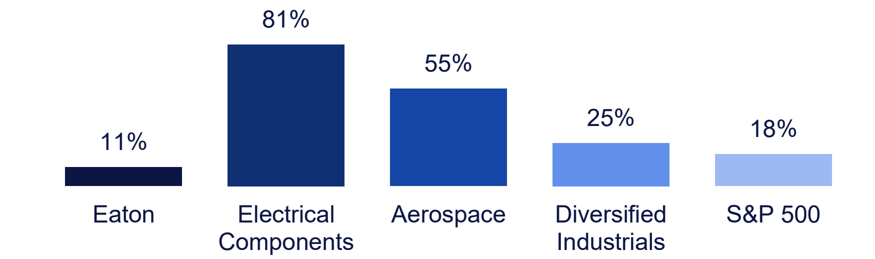
Two-year Share Price Performance vs. Peers



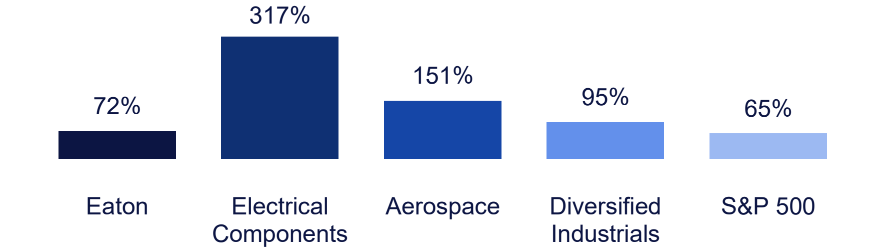
YTD



1 Year



2 Year



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Notes: Market data as of 9/29/25.
Sources: FactSet, Company Filings.

II. Peer Analysis

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Competitor Leaderboard

Eaton acts as a "Goldilocks" among its peers, offering competitive FCF Yield, low leverage, and strong backlog due to its diverse exposure to high growth as well as more stable industries

Company	Mkt. Cap ($MM)	Enterprise Value ($MM)	Net Debt ($MM)	Backlog ($MM)	2026E EBIT ($MM)	2026E EV/EBIT	2026E Leverage Ratio	2026E FCF Yield
EATON	**$142,701**	**$153,694**	**$10,382**	**$15,900**	**$6,343**	**24.2x**	**1.4x**	**3.0%**
Schneider Electric	$152,807	$173,670	$19,857	$22,230	$9,230	18.8x	1.8x	3.4%
SIEMENS	$97,146	$91,790	($5,654)	$137,100	$4,468	20.5x	(0.9x)	2.8%
ABB	$128,877	$132,719	$3,704	$24,975[1]	$6,750	19.7x	0.5x	3.4%
EMERSON	$73,850	$85,968	$12,102	$8,900	$5,040	17.1x	2.2x	4.1%
Honeywell	$132,783	$160,105	$26,641	$36,600	$10,231	15.6x	2.4x	3.9%
GE VERNOVA	$169,194	$161,147	($7,892)	$128,650[1]	$4,070	39.6x	(1.5x)	2.2%
Parker	$96,115	$104,942	$8,818	$11,000	$5,623	18.7x	1.5x	3.8%
CURTISS-WRIGHT	$19,636	$20,262	$627	$3,900	$698	29.0x	0.8x	2.8%
Amphenol	$157,952	$162,952	$4,839	N/A	$6,086	26.8x	0.7x	2.7%

Aerospace & Defense Electric/Power Equipment Diversified Industrials

Notes: Market Data as of 9/29/25.
Sources: FactSet, Company Filings.
(1) Backlog not explicitly disclosed, but remaining payout obligations used as proxy.

End Market Examination

Eaton is exposed to key high-growth end markets, allowing for upside exposure coupled with limited downside risk due to customer diversity

Company	Utilities & Grid (Reclosers, Transformers)	AI & Data Centers	Buildings (Distribution, BMS)	Industrial Automation & Motion	Process Industries (Valves & Controls)	Robots & Discrete Automation	Aerospace Systems & Components	Defense, Naval, & Nuclear	EV In-vehicle Power Protection	Interconnects (Connectors & Cables)
GE VERNOVA	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗
SIEMENS	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗
ABB	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗
Schneider Electric	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗
EATON	✓	✓	✓	✗	✗	✗	✓	✓	✓	✗
Amphenol	✓	✓	✗	✗	✗	✗	✓	✗	✓	✓
EMERSON	✗	✗	✗	✓	✓	✗	✗	✗	✗	✗
CURTISS-WRIGHT	✗	✗	✗	✗	✗	✗	✓	✓	✗	✗
Parker	✗	✗	✗	✓	✗	✗	✓	✗	✗	✗
Honeywell	✗	✗	✓	✓	✗	✗	✓	✗	✗	✗

= *Industries of anticipated high growth*

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Notes: Market Data as of 9/29/25.
Sources: Company Filings.

Supplier/Buyer Analysis

Eaton is afforded lower exposure to their top 10 customers in large part due to their diversified end markets. Higher exposure to power and utilities companies, which make up a large portion of Machine Building category, also provide a tailwind for Eaton as opposed to their peers

Supplier Overview – Peerset

Aerospace	Construction	Data Centers	Utilities	Vehicles	Govt. & Military	Food & Beverage	Machine Building	Residential	Natural Resources
0.1%	0.1%	0.6%	0.0%	0.2%	0.0%	0.0%	2.8%	0.0%	0.7%

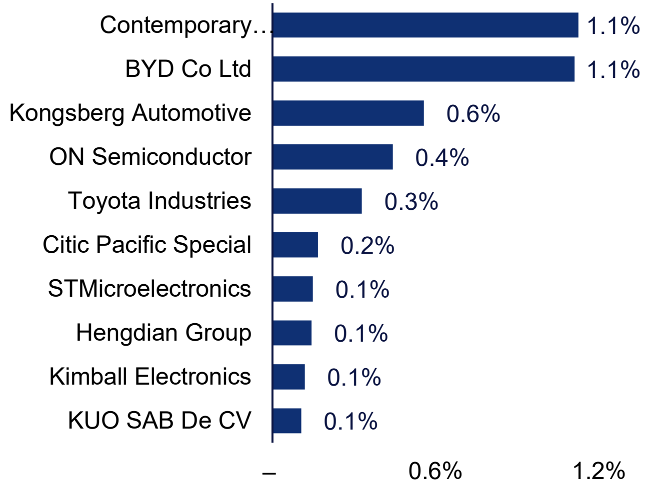
*Avg. T-10 Supplier Concentration: **3.7%***

Buyer Overview – Peerset

Aerospace	Construction	Data Centers	Utilities	Vehicles	Govt. & Military	Food & Beverage	Machine Building	Residential	Natural Resources
8.1%	3.7%	0.7%	0.3%	1.3%	6.8%	0.0%	5.0%	0.0%	1.3%

*Avg. T-10 Customer Concentration: **24.7%***

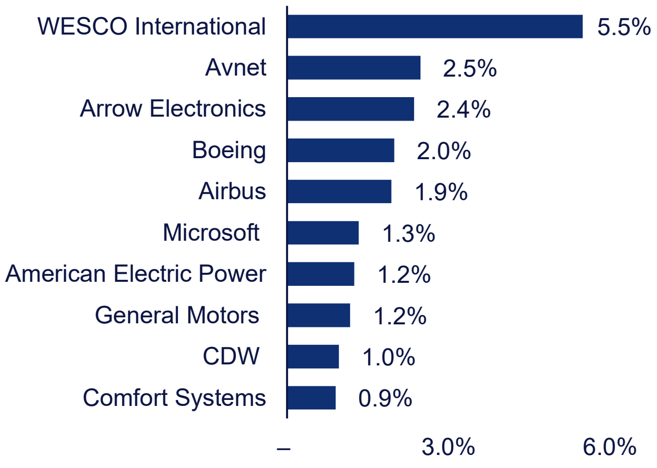
Supplier Overview – Eaton



*Avg. T-10 Supplier Concentration: **4%***

Industry	Exposure
Machine Building	4.1%
Vehicles	0.6%
Natural Resources	0.3%
Food & Beverage	0.1%
Government & Military	0.1%

Buyer Overview – Eaton



*Avg. T-10 Customer Concentration: **20%***

Industry	Exposure
Machine Building	11.1%
Aerospace	5.8%
Vehicles	2.9%
Data Centers	2.3%
Utilities	1.2%

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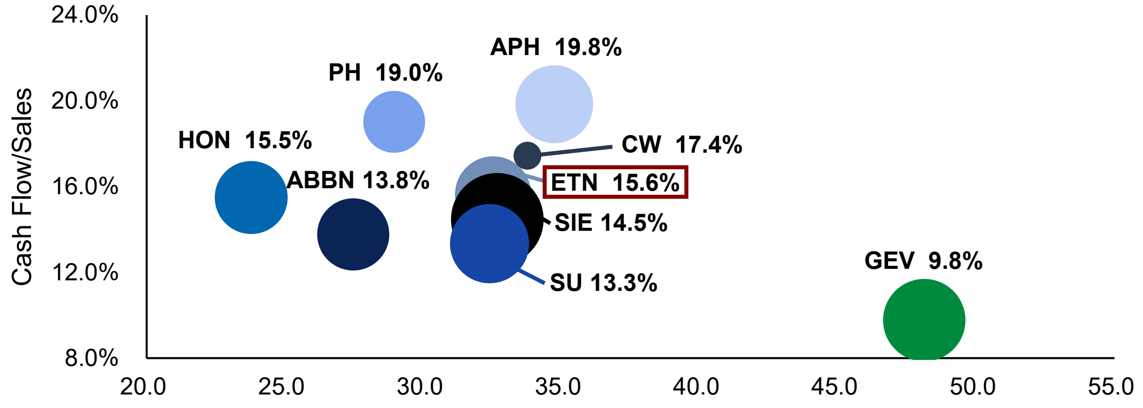
Sources: Bloomberg.

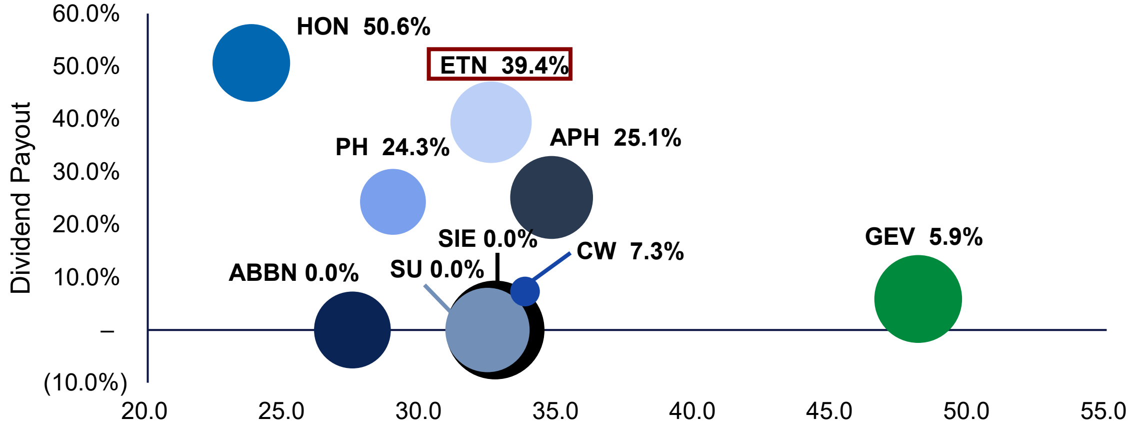
Volatility Trade Off

Eaton provides an attractive dividend payout when compared to peers, and high estimated cash flow growth and ROIC for relatively modest volatility, demonstrating Eaton’s strength as a steady “up and to the right “ player that serves to counterbalance higher beta growth companies

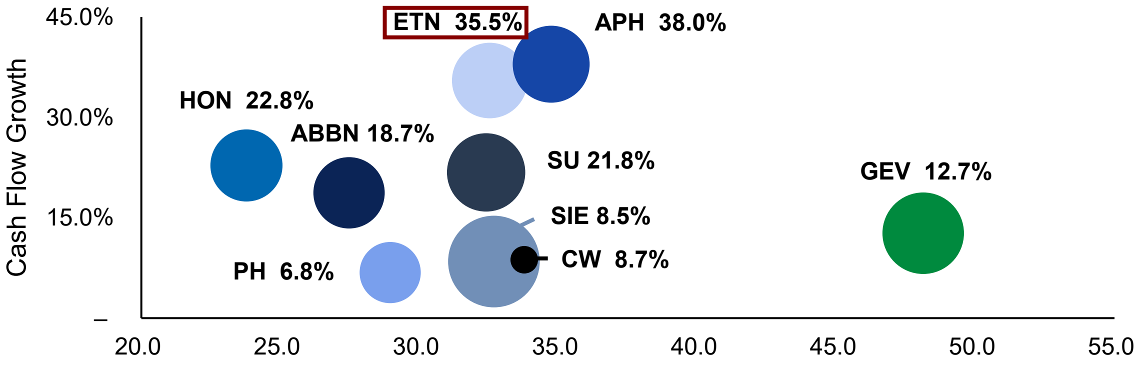
Volatility vs. Cash Flow/Sales



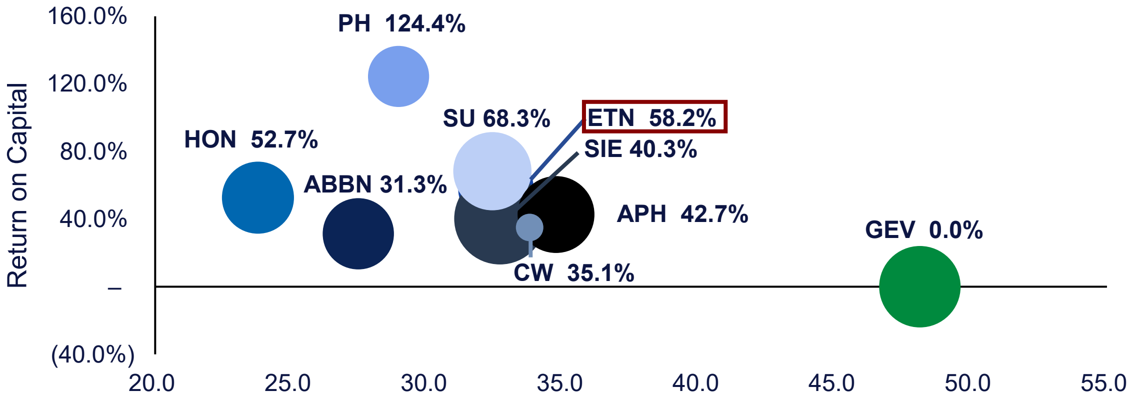
Volatility vs. Dividend Payout



Volatility vs. Estimated Cash Flow Growth



Volatility vs. Estimated Return on Capital



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Notes: Market Data as of 9/29/25.
Sources: FactSet, Company Filings.

II. Growth Story

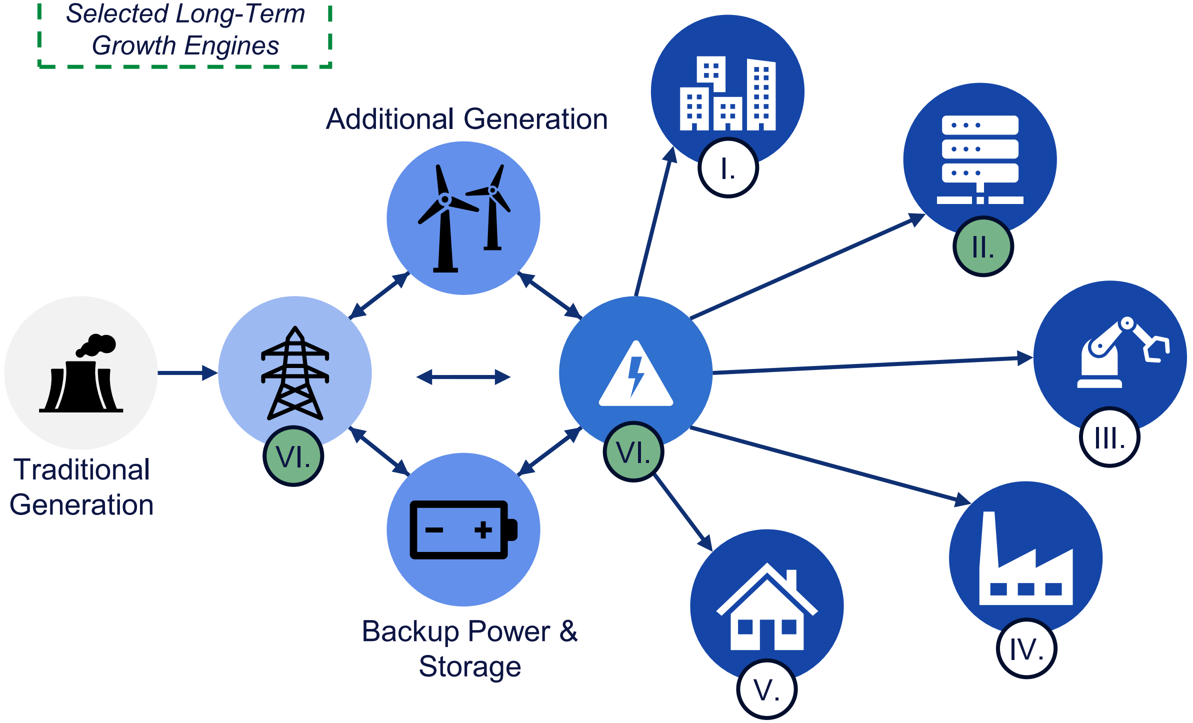
Electrical Segment Growth Engines

Electrical, Eaton's largest segment, serves as the strongest growth story for the next 5-10 years. Data centers are creeping closer to urban centers, and the proportion of hyperscale and colocation projects will only further drive demand for grid infrastructure

End Market Exposure Across Both Sides of Electric Meter

Electrical Segment End Markets		
I. Commercial & Institutional	II. Data Centers	III. Machinery OEMs
IV. Industrial	V. Residential	VI. Utilities

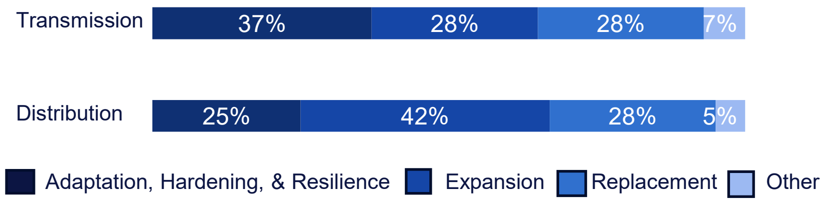
Selected Long-Term Growth Engines

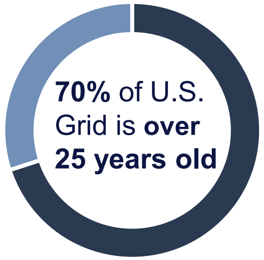


Utilities

- **Key Products**:3-phase transformers & voltage regulators, line installation & protection products
- **2024 Sales:** $2.7bn (15% of Electrical Segment revenue, 11% of total revenue)
- Focus on Transmission & Distribution especially Grid Hardening Solutions

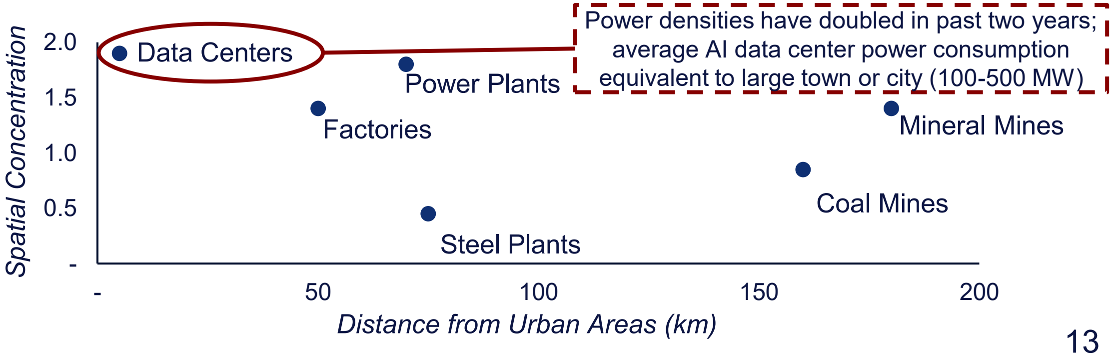
Public Electric Utility T&D CapEx by Category





Data Centers

- **Key Products**: Switchboards & Panelboards, 3-phase UPS, low & medium voltage assembly
- **2024 Sales:** $4.3bn (24% of Electrical Segment revenue, 17% of total revenue)
- Focus on power management solutions for hyperscale and colocation data centers



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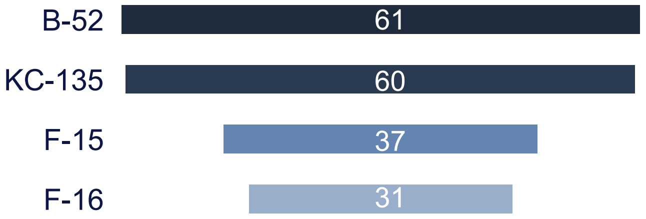
Sources: Company Filings, IEA, EEI.

Aerospace Growth Engines

Exposure to Aerospace and Defense is a unique strength for Eaton, as strong growth in the sector provides a kick to share price that we would not get elsewhere in the portfolio. End market diversification between commercial and military sectors strengthen Eaton's foothold in the industry

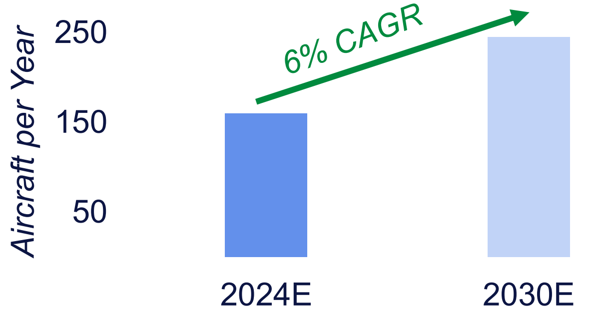
Military

Average U.S. Airforce Age



*Average age: **47 Years***

Key Defense Platform Production



2024 Segment Wide Margin: **23%**

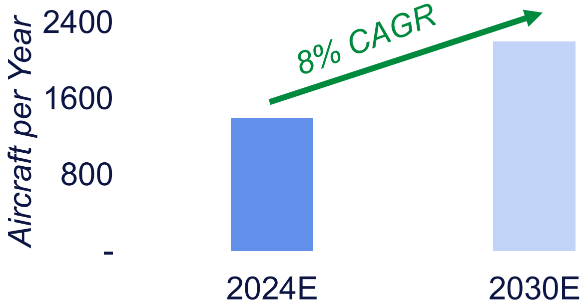
2030 Segment Wide Target Margin: **27%**

Commercial

Key Project Ramp

- **Airbus A320NEO:** Production Ramp
- **Boeing B7373MAX:** Production Ramp
- **Airbus A350F:** Production Ramp
- **Boeing 777X:** Entry into Service
- **COMAC C919:** Early Export

Large Commercial Production

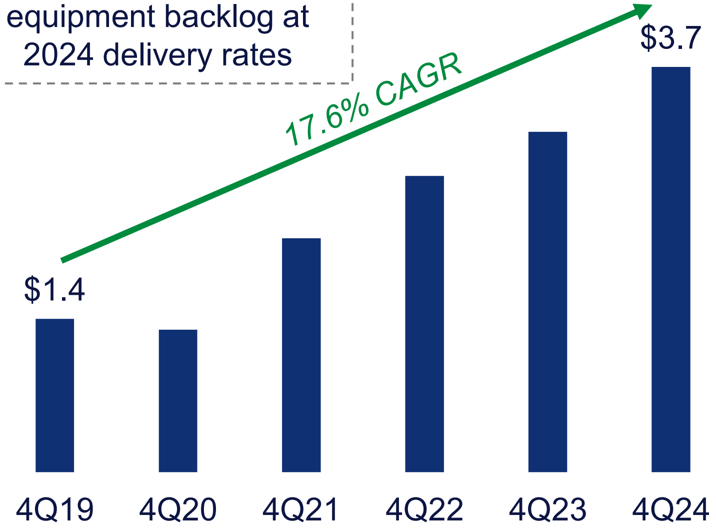


Aerospace Product Suite

- **Key Products:** Engine & Oxygen Systems, Electrical Subsystems, Hydraulics & Motion Control, Fuel Conveyance
- **2024 Sales:** $3.7bn (15% of total Revenue)
- Focus on Retrofits, Modifications & Upgrades (RMUs), Life Cycle Management, Front End Tools & Processes Upgrades

Historic Aerospace Backlog

13+ Years of original equipment backlog at 2024 delivery rates



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Sources: Company Filings.

Inorganic Growth Engines

Eaton has continuously found ways to inorganically grow their business by doubling down on their successful segments

Aug 2021	Jan 2022	Apr 2023	May 2024	May 2024	Apr 2025	Jun 2025	Jul 2025
	Royal POWER SOLUTIONS	瑞恩 Jiangsu Ryan Electric	NordicEPOD	EXERTHERM	FIBREBOND	ULTRA	RESILIENT POWER
Hydraulics	Electrical	Power	Power	Thermal	Power	Aerospace	Power
$3,300 (MM)	$600 (MM)	Undiscolsed	Undisclosed	Undisclosed	$1,400 (MM)	$1,550 (MM)	Undisclosed
Global	United States	China	Europe	United Kingdom	United States	United Kingdom	United States
Divested its Hydraulics segment, **focusing on its core power management** business.	**Electrical connectivity components** products for **electric vehicles,** energy management	49% stake in a manufacturer specializing in **power distribution and transformers**	Acquired 49% stake to bolster **standardized power modules manufacturing capacity,** addressing the growing demands	Expand into **continuous thermal monitoring,** enhancing safety and reliability of critical electrical infrastructure	Enhance its capabilities in providing **pre-integrated modular power enclosures**	Complementary to its existing aerospace business with an expansion in **safety- and mission-critical aerospace systems**	Integrate innovative energy solutions into its portfolio, with applications in **data centers and energy storage**

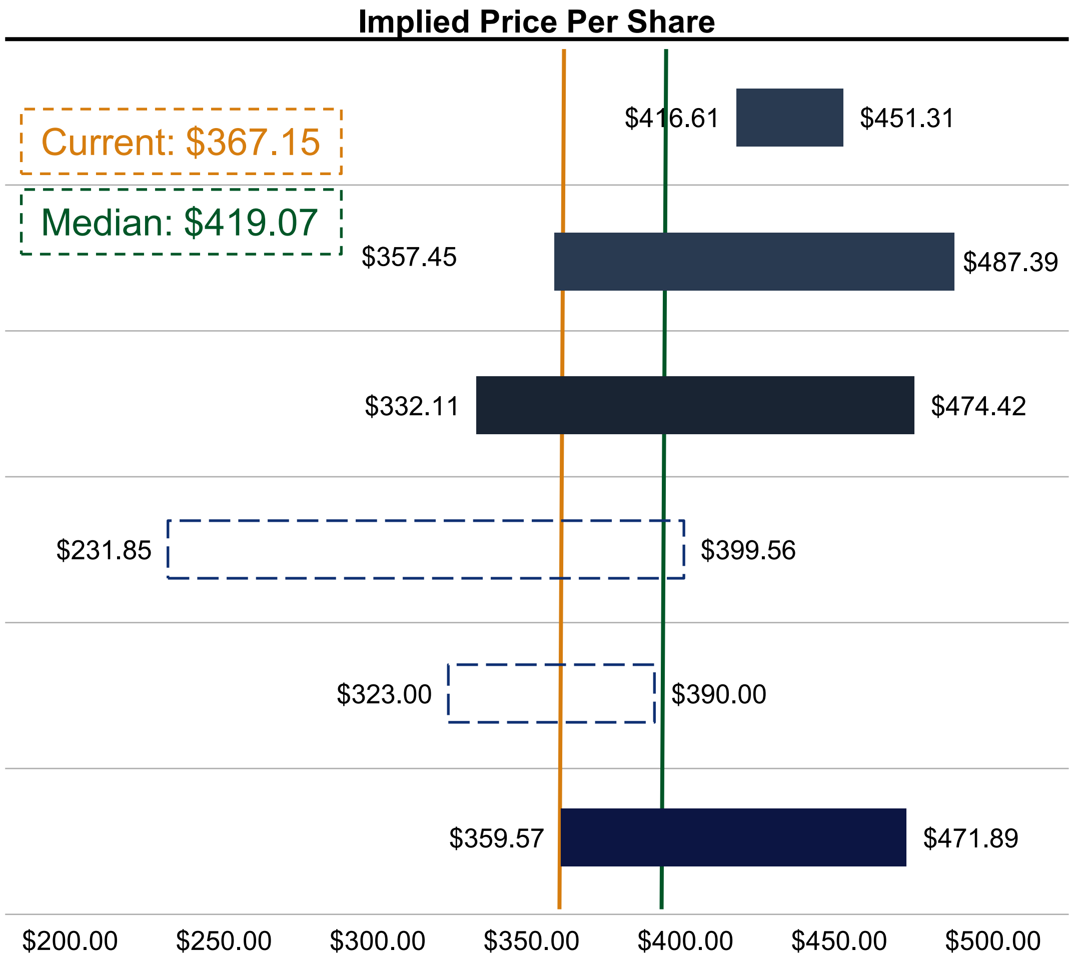
Sources: Business Wire, Eaton Company Press Releases.

III. Valuation

Football Field

Using a discounted cash flow analysis and sum of the parts analysis, our team arrived at an implied price per share of $419.07 and upside 14%

	Methodology	Metrics	Reference Range
	Discounted Cash Flow Analysis	Gordon Growth Rate	3%
		Exit Multiple	18.8x
	Sum of the Parts	EV/2025E EBIT	23.1x[1]
For Reference	52-Week	52-Week Trade Range (Low - High)	
For Reference	Wall Street Research	Share Price Target Range (Low - High)	
	Team Valuation	DCF and Sum of the Parts	50% DCF/50% Sum of the Parts



Notes: Market Data as of 9/29/25.
Sources: FactSet, Company Filings.
(1) Weighted average of median multiple used for each segment.

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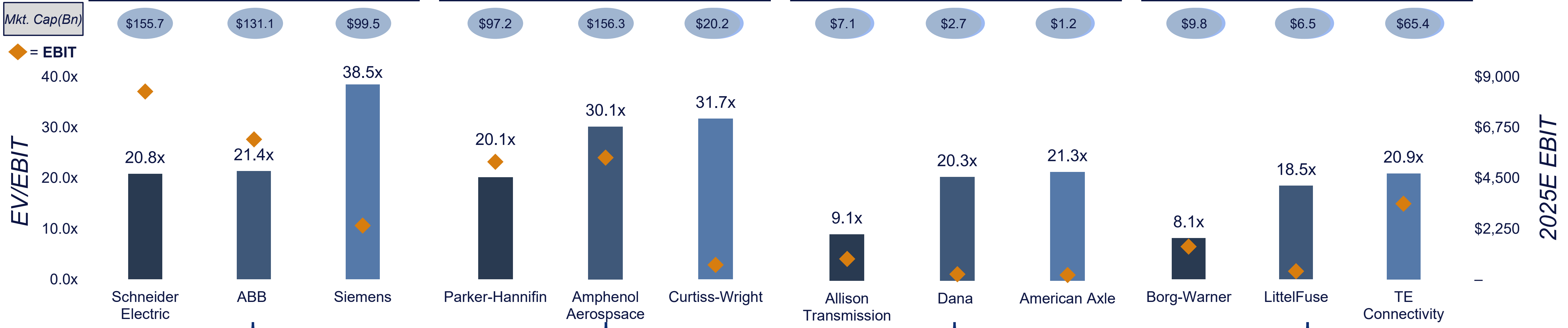
Sum of the Parts

2025E EV/EBIT multiple method implied base case price per share of $350.10 and downside of 5%, with first and third quartiles implying $474.42 & 29% upside and $332.11 & 10% downside, respectively

Total Implied Enterprise Value:	*Total Implied Equity Value:*	*Total Implied Price per Share:*	*Weighted Average EV/EBIT:*
$147,356	***$136,974***	***$350.10***	***23.1x***

Electrical | **Aerospace** | **Vehicle** | **eMobility**



	Electrical		Aerospace		Vehicle		eMobility	
	Segment EBIT	$5,122	Segment EBIT	$981	Segment EBIT	$416	Segment EBIT	$(3)
	Median Multiple	21.7x	Median Multiple	29.8x	Median Multiple	16.9x	Median Multiple	18.5x
	Implied Segment Value	**$111,095**	**Implied Segment Value**	**$29,235**	**Implied Segment Value**	**$7,025**	**Implied Segment Value**	**NM**
	% of TEV	*75%*	*% of TEV*	*20%*	*% of TEV*	*5%*	*% of TEV*	*NM*

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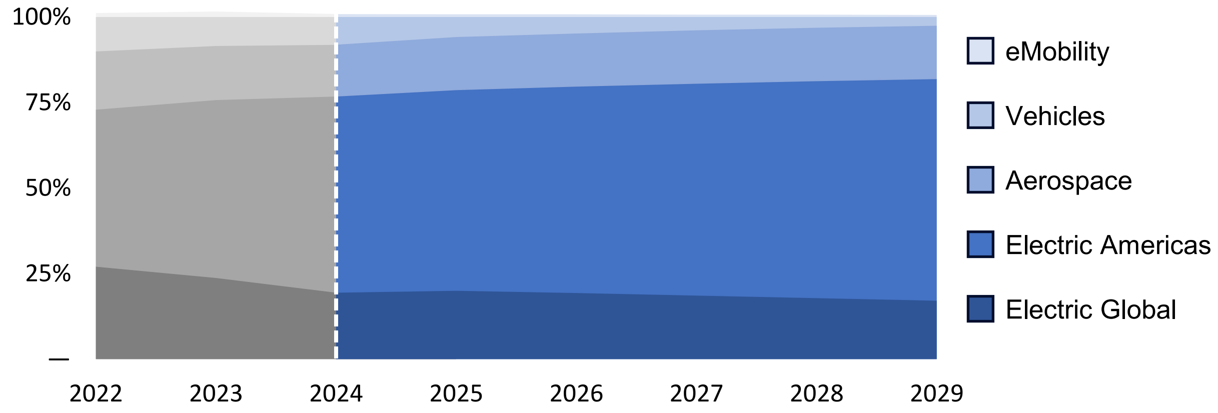
Notes: Market Data as of 9/26/25.
Sources: FactSet, Company Filings.

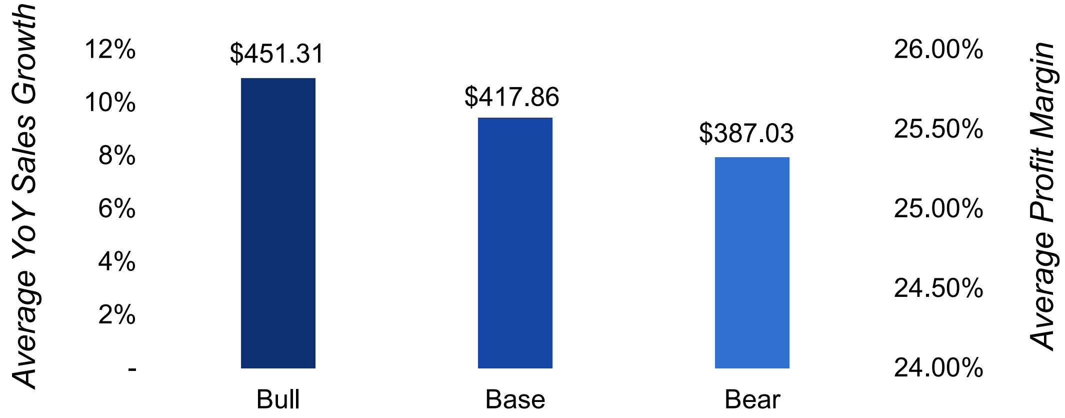
Discounted Cash Flow Analysis

Combined DCF valuation yields an implied upside of ~14%, with downside protection due to ETN's strong balance sheet and low beta business

EBITDA less Capital Expenditures by Segment



Implied Price Per Share[1]



Sensitivity Analysis

Gordon Growth Rate

WACC	2.0%	2.5%	3.0%	3.5%	4.0%
7.0%	$393.41 / 7%	$429.09 / 17%	$473.69 / 29%	$531.04 / 45%	$607.50 / 65%
7.5%	$360.33 / (2%)	$389.17 / 6%	$424.42 / 16%	$468.48 / 28%	$525.13 / 43%
8.0%	$332.77 / (9%)	**$356.51 / (3%)**	**$385.00 / 5%**	**$419.82 / 14%**	$463.35 / 26%
8.5%	$309.46 / (16%)	$329.30 / (10%)	$352.76 / (4%)	$380.90 / 4%	$415.30 / 13%
9.0%	$289.48 / (21%)	$306.28 / (17%)	$325.89 / (11%)	$349.06 / (5%)	$376.87 / 3%

EBITDA Exit Multiple

WACC	17.5x	18.5x	19.5x	20.5x	21.5x
7.0%	$437.92 / 19%	$457.96 / 25%	$477.99 / 30%	$498.03 / 36%	$518.07 / 41%
7.5%	$430.45 / 17%	$450.10 / 23%	$469.74 / 28%	$489.38 / 33%	$509.02 / 39%
8.0%	$423.16 / 15%	**$442.42 / 21%**	**$461.68 / 26%**	**$480.94 / 31%**	$500.20 / 36%
8.5%	$416.04 / 13%	$434.92 / 18%	$453.81 / 24%	$472.69 / 29%	$491.57 / 34%
9.0%	$409.09 / 11%	$427.60 / 16%	$446.12 / 22%	$464.64 / 27%	$483.16 / 32%

Notes: Market data as of 9/29/25.
Sources: FactSet, Company Filings.
(1) Average of Gordon Growth Method and Exit Multiple Method in each case.

IV. Conclusion

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Investment Thesis

Final Recommendation: Buy **27 Shares** of ETN at $367.15 for total investment of **~$10,000** using proceeds from TLN and DUK

Investment Considerations

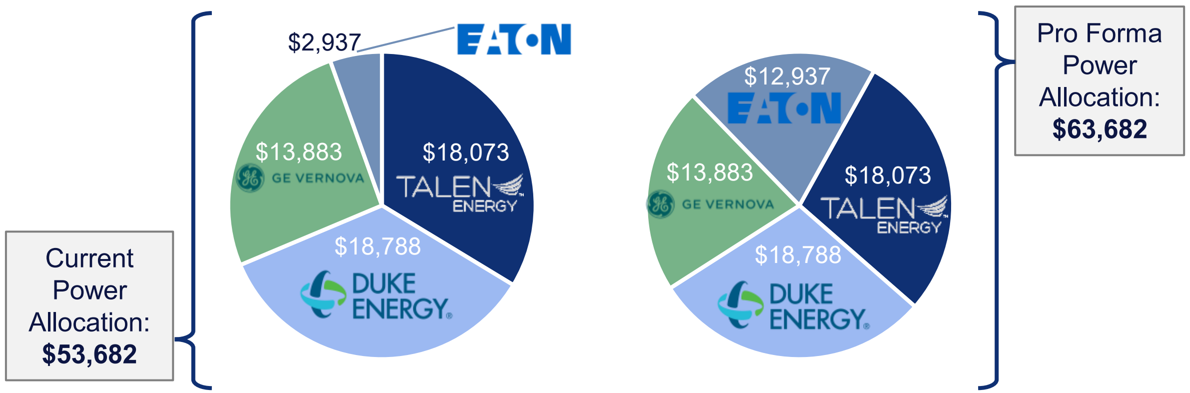
I. Promising organic & inorganic growth story; history of feeding winning segments

II. Strong returns and anticipated growth relative to low volatility

III. Unique exposure to power and aerospace tailwinds by way of vast product portfolio

IV. Diversified end markets & supply chain resilience

Pro Forma Portfolio Power Allocation



Increasing exposure to Eaton will serve to I. increase power exposure and II. counterbalance higher growth plays

Eaton's History in Portfolio

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Notes: Market Data as of 9/29/25.
Sources: FactSet.

V. Appendix

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Product Offerings – Electrical

Power Distribution & Protection
- Backup power, UPS, Surge & IT Distribution
- Low-voltage Power Distribution & Control Systems
- Medium-voltage Power Distribution and Control Systems
- Dry Type Transformers Technical Support
- Electrical Circuit Protection

Controls, Automation & Safety
- Industrial Controls, Drives, Automation & Sensors
- Process Safety, Automation, Test & Measurement
- Safety, Security & Emergency Communications

Infrastructure & Enclosures
- Conduit, Cable & Wire Management
- Enclosures
- Server Racks, Enclosures & Thermal Management
- Support Systems

Components & Connectivity
- Electronic Components
- Wiring Devices & Connectivity

Applications & End Markets
- Lighting & Controls
- Residential
- Utility & Grid Solutions

Sources: Company Filings.

Product Offerings – Aerospace

Fluid & Fuel Systems	Hydraulics & Motion Control	Power & Engine Systems
Fuel Systems	Actuators & Motion Control	Engine Solutions
Fuel Conveyance Installations	Motion Control	Electrical power
Fuel Systems, Emissions & Components	Hydraulic Power Packs & Accumulators	Medium-voltage Power Distribution & Control Systems
Hose, Tubing, Fittings & Connectors	Hydraulic Motors & Generators	
Ducting Solutions	Hydraulics Systems	
Air Conveyance		
Oxygen Systems		

SPINDLETOP ENERGY INVESTMENT FUND

Sources: Company Filings.

Product Offerings – Vehicles

Clutches & Brake	Differentials	Engine Solutions	Fuel Systems	MegaWatt	Valves
Commercial Vehicle	Aftermarket Differentials	Aerospace Seals	Aerial Refueling		Aerospace Valves
Magnetic operated shoe brakes	Original Equipment	Aerospace Sensors	Fuel Inerting		Air Dry Systems
		Valves & Valvetrain	Measurement & Management		Air Valves
		TSV Precision Air Flow Tech	Ground Fueling		Coolant Valves
			Fuel Emissions Control		Lifters & Valve Actuation
					Ground fuel Valves
					Refueling Boom Valves
					Fuel Emissions Control

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Sources: Company Filings.

Product Offerings – eMobility

Vehicle Electrification

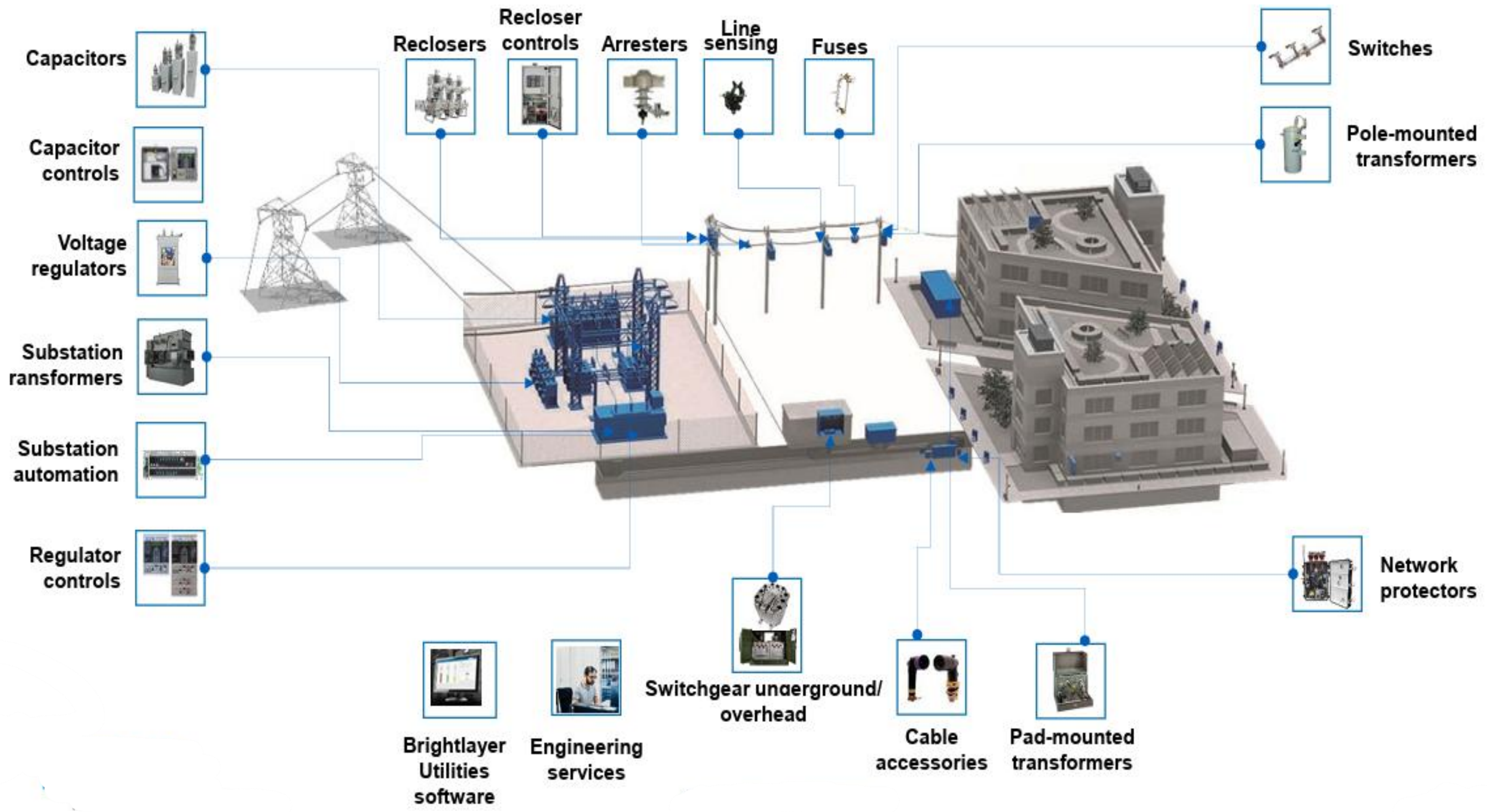
- 48-volt commercial vehicle solutions
- High-voltage Power distribution and protection
- Low-voltage Power Conversion
- Low-voltage Power Management
- Vehicle Controls
- ePowertrain
- Low-voltage Circuit Protection
- Low-Voltage Power Distribution
- Power Electronics
- Wireless Mobile Machine Controls

EV Charging

- EV Charging
- EV Charging Products

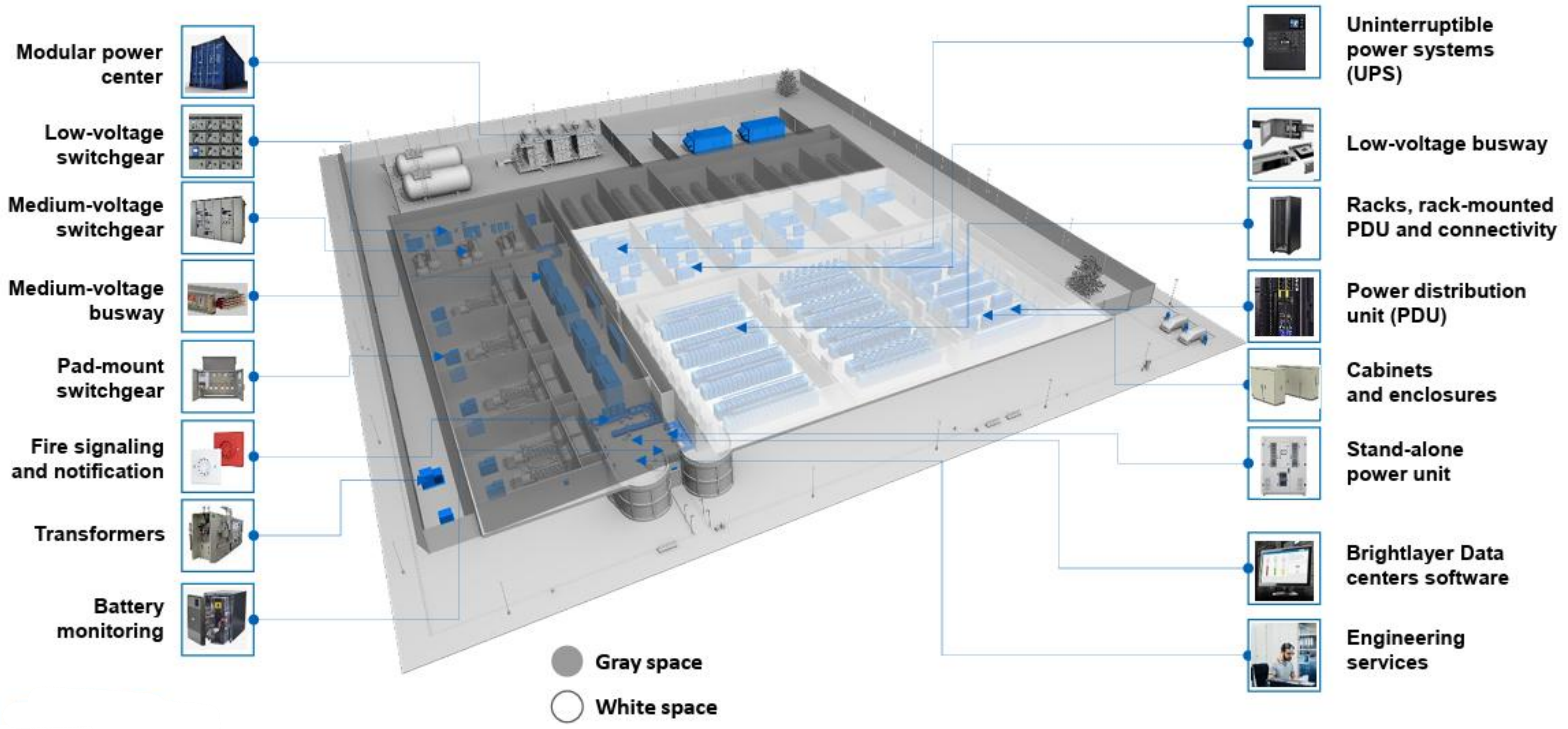
Sources: Company Filings.

Electrical Grid Hardware Portfolio



Sources: Eaton Investor Presentations.

Data Center Solutions Portfolio



Electrical Grid Hardware Portfolio

Custom Power Conversion Solutions 

Nozzles 

Pressure Sensors 

Oil Condition Monitor 

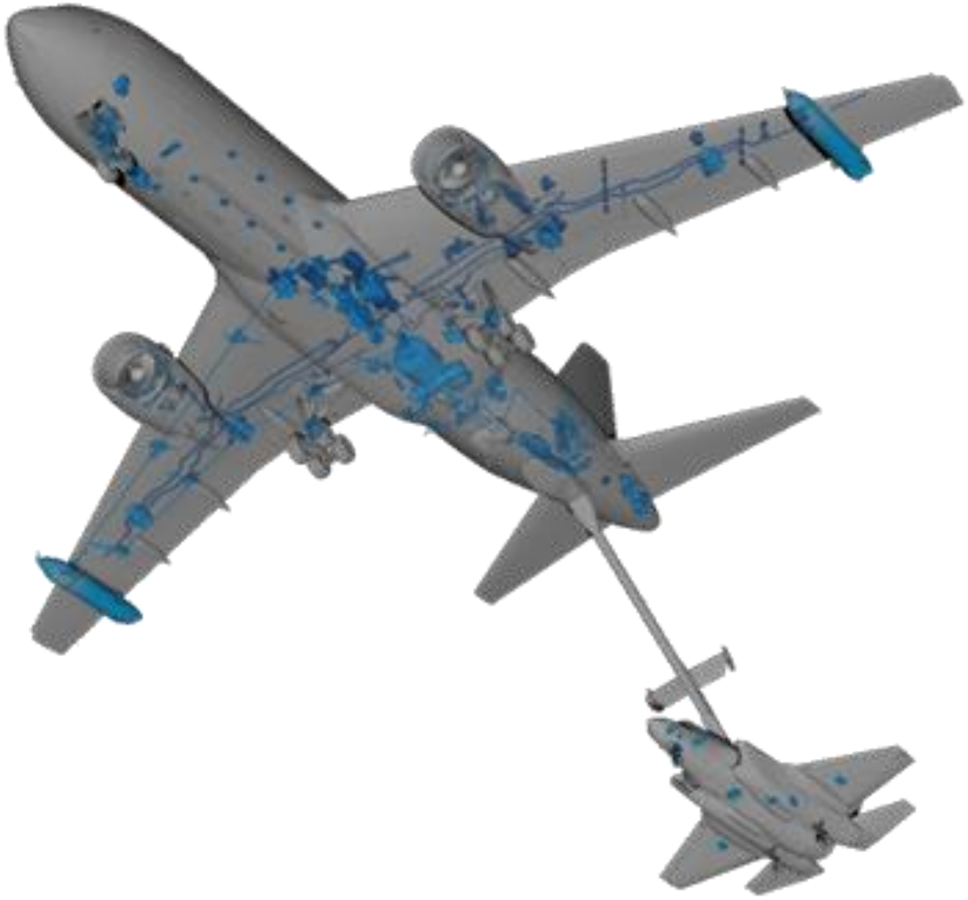
Chip Detector 

Seals 

Threadless Joints 

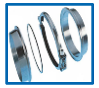
Flexible Joints 

Actuators and Release Mechanisms 



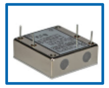
 **Secondary Flight Controls**

 **Couplings**

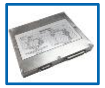
 **Machined Clamps**

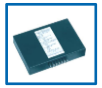
 **Custom Cable Assemblies**

 **28V ad 48V Rectifiers**

 **EMI Filters and Accessories**

 **Laser Power Supplies**

 **DC/DC Solutions**

 **AC/DC Solutions**

 **DPA and IBA Front Ends**

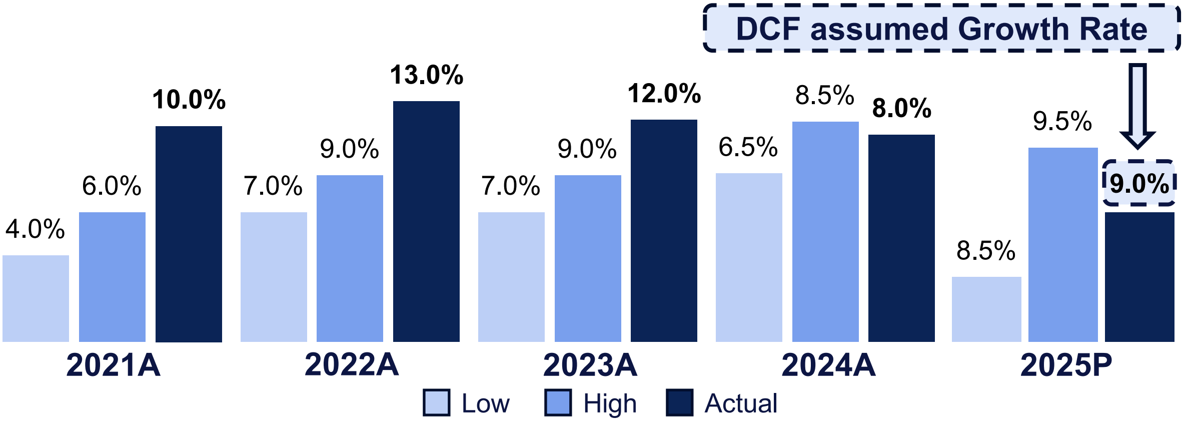
 **Connectors**

Sources: Company Filings.

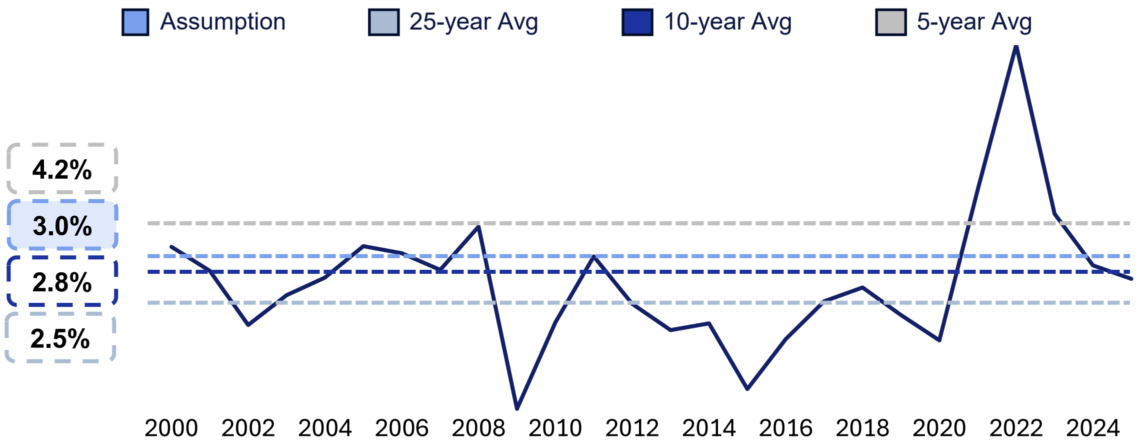
Investment Thesis

Management has consistently met or outperformed organic growth expectations, projected 2025 sales growth to be in line with DCF analysis.

YoY Sales Growth: Management Guidance



Historic Rate of Inflation



Cost of Capital Build

Weight of Equity	**93.2%**
Weight of Debt	**6.8%**
Risk Free Rate	3.9%
Beta	1.09
Equity Risk Premium	3.7%
Cost of Equity	**3.8%**
Pretax Cost of Debt	3.6%
Tax Rate	16.8%
After Tax Cost of Debt	**3.0%**
Adjusted WACC	8.0%

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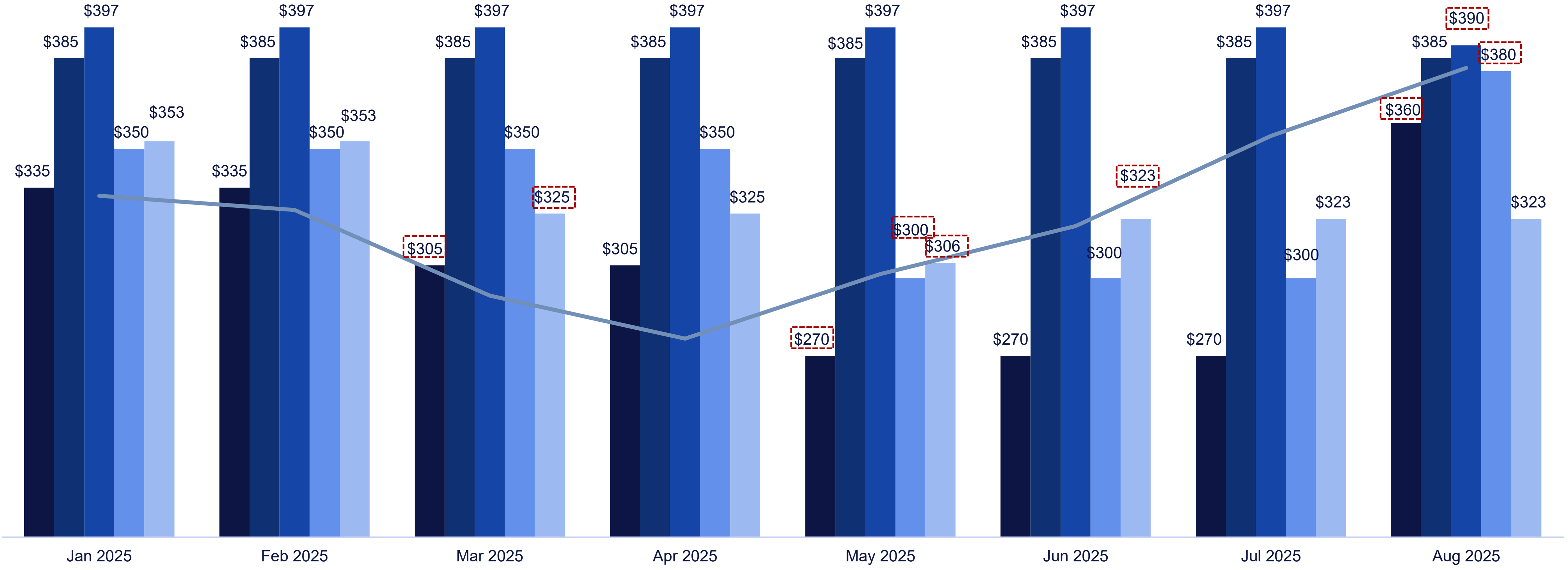
Sources: FactSet, Company Filings.

Broker Outlook

Broker	Wells Fargo	Mizhou	Deutsche Bank	JP Morgan	Barclays
Current Rating	**Buy**	**Buy**	**Buy**	**Buy**	**Buy**

Broker Price Change

Current Share Price	**$367.15**



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Notes: Market data as of 9/29/25.
Sources: FactSet, Bloomberg.

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