

The logo for BAIRD, consisting of the word "BAIRD" in white, uppercase, sans-serif font, set against a blue parallelogram background.A large, stylized image of an industrial factory floor with a blue overlay. The text "INDUSTRIAL CONFERENCE TAKEAWAYS" is written in large, white, uppercase, sans-serif font across the center.

# INDUSTRIAL CONFERENCE TAKEAWAYS

December 2022



# SUMMARY OF BAIRD'S GLOBAL INDUSTRIAL CONFERENCE

*Insights from leading publicly listed and privately owned industrial companies*



## Baird's 52<sup>nd</sup> Global Industrial Conference

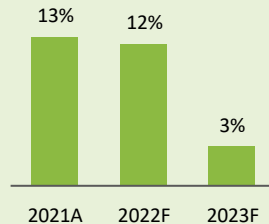
- **2,706** total attendees
- Three days in Chicago (8–10 Nov 2022)
- **266** presenting companies
- **6,340** breakout sessions and 1x1 meetings
- Virtual private company track (2–3 Nov 2022)
- **39** presenting companies
- **933** 1x1 meetings



## US relatively strong compared to Europe, China and Japan

- Global manufacturing **PMI 49.4** in October 2022 – **28-month low** as Europe, China and Japan production contracts while US grows slightly
- Growth drivers for **onshoring in the US** include the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA, “Chips Bill”)
- Notable **reduction in new orders in Europe** as customers hold on to existing stock and capital given the energy crisis and recessionary outlook

Average Organic Revenue Growth for Conference Participants



*Inflation / pricing makes revenue growth in 2022 and 2023 higher than underlying volume growth*



## Most subsectors seeing continued, if slower, growth

- **Short cycle demand to decline** in H1 2023 e.g. 20% fall in US residential construction from rising interest rates
- **Order backlogs at peak** – customers built inventories and “pre-buys” last 18 months due to supply chain issues and inflation – customer orders now normalizing to levels closely reflecting underlying industrial demand
- **Strong commercial aerospace recovery** – narrow body market now 95% of pre-Covid levels and wide body 70%
- **Defense** driven by Russia’s invasion of Ukraine



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