

*Emerson completed the acquisition of OSI Inc, a key software technology platform for advanced grid management.*



*Emerson added to its growing discrete and hybrid portfolio with the acquisition of Progea Group, a leader in software-based HMI, SCADA, and analytics solutions.*

# Emerson 4th Quarter 2020 Earnings Conference Call

November 3, 2020



### Safe Harbor Statement

*Statements in this presentation and our commentary and responses to questions that are not strictly historical may be “forward-looking” statements, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. These risks and uncertainties include the scope, duration and ultimate impact of the COVID-19 pandemic, as well as economic and currency conditions, market demand, including related to the pandemic and oil and gas price declines and volatility, pricing, protection of intellectual property, cybersecurity, tariffs, competitive and technological factors, among others, as set forth in the Company's most recent Annual Report on Form 10-K and subsequent reports filed with the SEC.*

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### Non-GAAP Measures

*In this call we will discuss some non-GAAP measures (denoted with \*) in talking about our company's performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or available at our website [www.Emerson.com](http://www.Emerson.com) under Investors.*



CORPORATE SOCIAL  
RESPONSIBILITY REPORT

2019

# Emerson's Corporate Social Responsibility Report

Available on  
[Emerson.com](http://Emerson.com)

*A detailed review of Emerson's  
priorities and efforts across  
the sustainability spectrum*



**EMERSON**

# Fourth Quarter and Full Year 2020

## KEY HIGHLIGHTS

### Priorities & Operations

- ✓ Steadfast in prioritizing safety and health of employees and customers, **business continuity** and serving critical industries, **disciplined cost control**, and positioning for **long-term value creation**
- ✓ Well-established **regionalized operations** and supply chain remain stable, safe, and productive

### Performance & Results

- ✓ Strong finish to year: operational execution drives Adj EPS\* (which excludes restructuring and certain tax benefits) of **\$1.10 for Q4** and **\$3.46 for the full year**
- ✓ Initiated **\$73M of restructuring and related actions** in the quarter, totaling **\$304M for the full year**
- ✓ Strong **free cash flow\*** of **\$2.55B** for the year, **up 6%**, representing 128% conversion\* of net earnings – stability and diversity of **two platform strategy was critical** to this outcome
- ✓ **Limited deleverage** on total segment adjusted EBITDA\* **to 21%** on down 8% underlying sales\* for the full year, realizing **total savings of ~\$370M**

### Orders & Sales

- ✓ Despite overall uncertainty and challenging end markets, **orders and sales finished in-line August guidance**
- ✓ **Commercial & Residential Solutions underlying orders grew by 6%**, expect to turn to positive sales growth earlier than previously expected
- ✓ Conservative 2021 macroeconomic outlook given uncertainty, but **expect consolidated sales to turn positive in Q3**



EMERSON CONTINUED TO EXECUTE WELL IN THE ONGOING CHALLENGING, BUT STABILIZING, DEMAND ENVIRONMENT

# Q4 and Full Year 2020 Results

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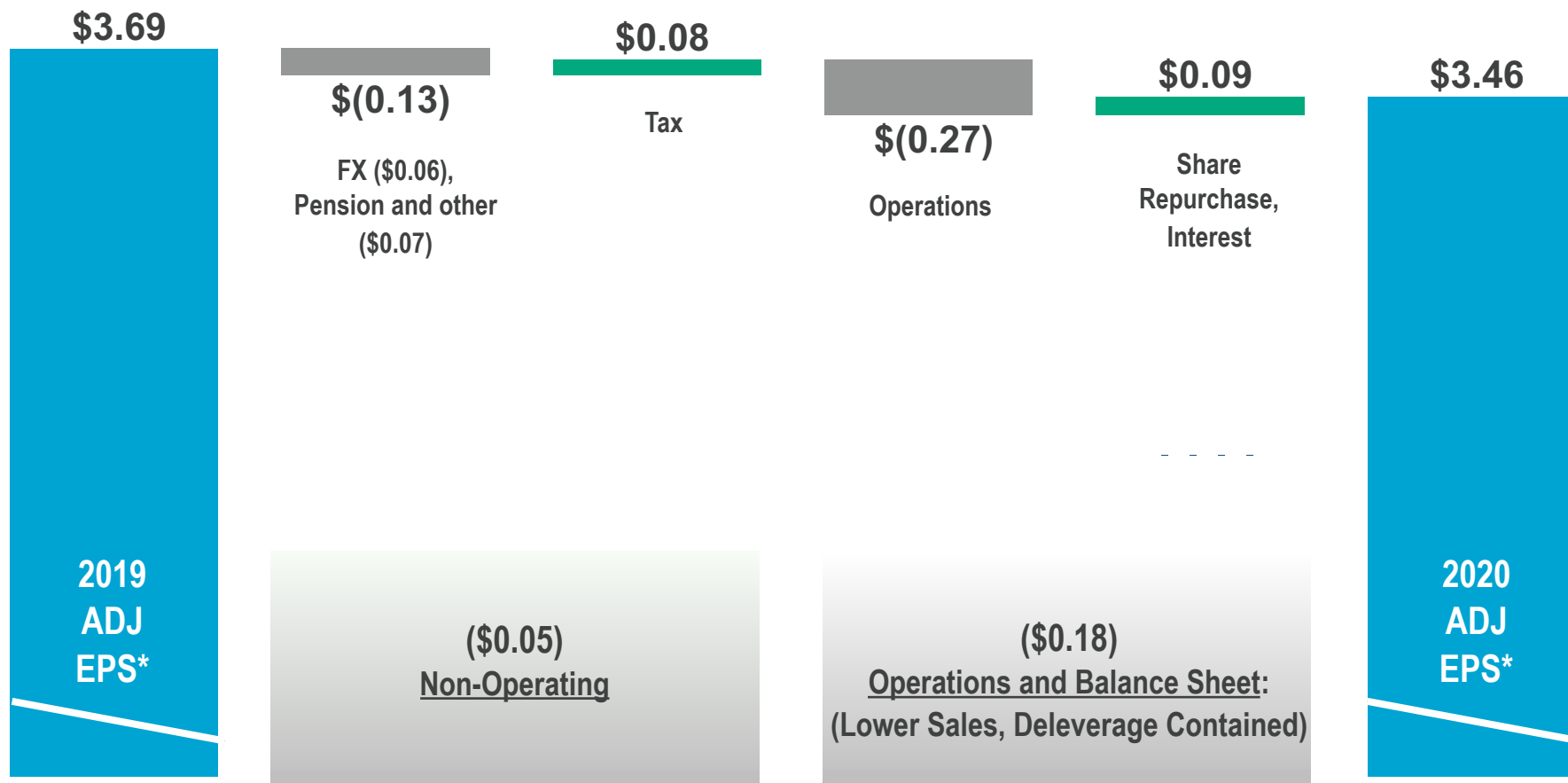
# Fiscal 2020 Performance

	Guidance: Aug 4, 2020	Actual	
<b>Net Sales Growth</b>	(10%) – (9%)	(9%)	✓
Acquisitions impact	Flat	Flat	
FX Impact	(1 pt)	(1 pt)	
<b>Underlying Sales* Growth</b>	(9%) – (7.5%)	(8%)	✓
Automation Solutions	(9%) – (7%)	(8%)	
Commercial & Residential Solutions	(10%) – (8%)	(7%)	
<b>GAAP EPS</b>	\$2.80 to \$2.95	\$3.24	✓
<b>Adjusted EPS*</b>	\$3.20 to \$3.35	\$3.46	✓ ✓
Tax Rate	~20%	15%	
<b>Restructuring and Related Costs</b>	~\$300M	\$304M	✓
<b>Operating Cash Flow</b>	~\$2.8B	\$3.08B	
Capital Spend	~\$550M	\$538M	✓ ✓
Share Repurchase	~\$950M	~\$950M	
Free Cash Flow*	~\$2.25B	\$2.55B	



STRONG FINISH TO THE YEAR AS SALES FINISHED AT HIGHER END OF GUIDANCE, SAVINGS FROM COST ACTIONS TOOK EFFECT, AND LOWER EFFECTIVE TAX RATE --- STRONG CASH FLOW GENERATION

# 2019 to 2020 Adjusted EPS Bridge




**OPERATIONAL HEADWINDS DUE TO COVID-19 MITIGATED BY RESTRUCTURING AND COST CONTAINMENT EFFORTS**

# Fourth Quarter 2020 Results

## SUMMARY

Underlying sales\* improving: down 9 percent; Sept 3-month trailing underlying orders down 11 percent

- Automation Solutions underlying sales\* down 11 percent, Sept 3-month trailing underlying orders down 19 percent
- Commercial & Residential Solutions underlying sales\* down 3 percent; Sept 3-month trailing underlying orders up 6 percent

Strong cash flow generation

- Operating cash flow \$1.23 billion in quarter, and \$3.08 billion for the full year (up 3% vs prior year)
- Free cash flow\* \$1.02 billion in quarter, representing 140% conversion\* of net earnings
- Free cash flow\* of \$2.55 billion for the full year (up 6% vs prior year), representing 128% conversion\* of net earnings

Continued strong restructuring execution, initiated \$73 million of actions in the quarter

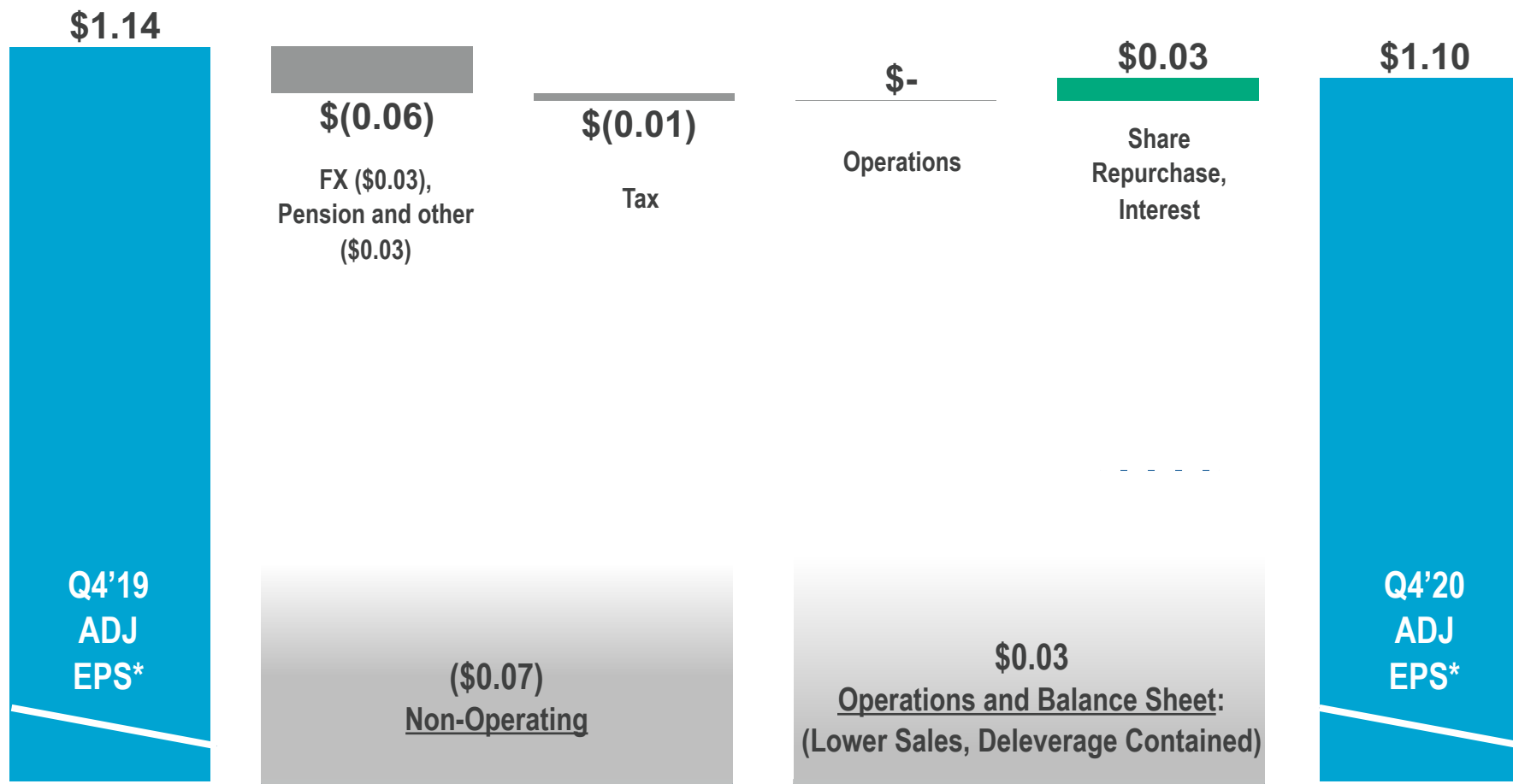
	2019	EPS	2020
GAAP	\$1.16	<span style="color: green;">↑ 3%</span>	\$1.20
ADJ*	\$1.14	<span style="color: grey;">↓ (4%)</span>	\$1.10
NET SALES			
	<span style="color: grey;">↓ (8%)</span>		
	<b>\$5.0B</b>		<b>\$4.6B</b>
	Underlying Sales*: (9%)		
	2019		2020
T3M Orders, Excl. Acq / Div, Incl. FX			
	July	(20%) to (15%)	
	Aug	(15%) to (10%)	
	Sept	(10%)	



**STRONG FOURTH QUARTER RESULTS DRIVEN BY ONGOING OPERATIONAL EXECUTION OF RESTRUCTURING AND COST RESET ACTIONS**



# Q4 2019 to Q4 2020 Adjusted EPS Bridge




**OPERATIONS DELEVERAGE FULLY CONTAINED. NON-OPERATING HEADWINDS PARTIALLY OFFSET BY PREVIOUSLY COMPLETED SHARE REPURCHASE ACTIVITY**

# Fourth Quarter 2020 P&L Summary

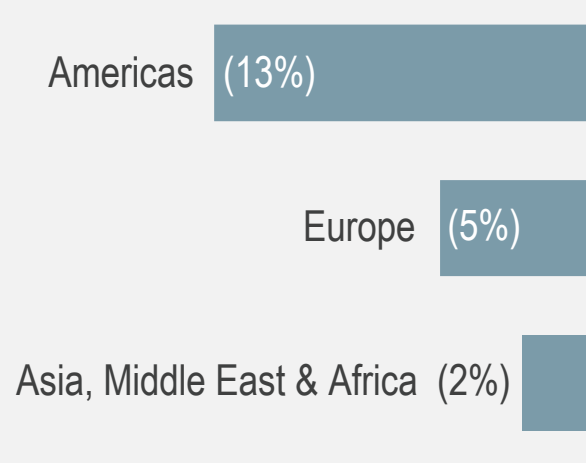
(\$M EXCEPT EPS)	2019	2020	Change	
Sales	\$4,971	\$4,558	(8%)	
Gross profit	\$2,128	\$1,882		Deleverage and unfavorable mix partially offset by favorable price-cost
% of sales	42.8%	41.3%	(150 bps)	
SG&A expense	(\$1,109)	(\$946)	(15%)	Continued cost control actions amidst volume reduction
% of sales	22.3%	20.8%		
EBIT*	\$866	\$805		
% of sales*	17.4%	17.7%	30 bps	
Adj EBIT*	\$921	\$878	(5%)	Excludes restructuring of \$55 and \$73 in 2019 and 2020, respectively
% of sales*	18.5%	19.3%	80 bps	
Adj EBITDA* % of sales	22.8%	24.2%	140 bps	
Tax Rate	12.3%	4.5%		Lower tax rate driven by foreign subsidiary reorganizations
Shares	617.5	601.1		
Adjusted EPS*	\$1.14	\$1.10	(4%)	



DESPITE VOLUME REMAINING CHALLENGED, STRONG EXECUTION IN THE QUARTER DRIVEN BY COST CONTAINMENT AND RESTRUCTURING ACTIONS

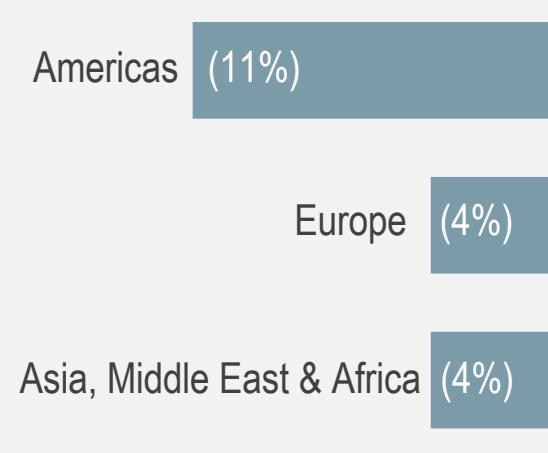
# Fourth Quarter and Full Year 2020 Underlying Sales

## FOURTH QUARTER



US demand remained weak, but showed early signs of improvement at down 13%.  
Asia, Middle East & Africa driven by Southeast Asia growth in low single digits

## FULL YEAR 2020



US declined 11%, while Europe and Asia, Middle East & Africa each declined 4%



CHALLENGING GLOBAL DEMAND ENVIRONMENT HAS STABILIZED AND IS STEADILY IMPROVING, DRIVEN BY RESIDENTIAL, LIFE SCIENCE, MEDICAL, AND FOOD & BEVERAGE MARKETS

# Fourth Quarter 2020 Business Segment Earnings & Cash Flow

(\$M)	2019	2020	CHG.	
Adjusted Segment EBIT*	\$1,007	\$906	(10%)	Aggressive cost control measures resulted in favorable decremental margin performance:
% of sales*	20.2%	19.9%	(30) bps	
Stock price	(\$37)	(\$41)	(\$4)	
Corporate pension and OPEB	\$27	\$16	(\$11)	
Adjusted corporate and other*	(\$76)	(\$3)	\$73	
Interest expense, net	(\$40)	(\$40)	\$0	
Adjusted pretax earnings*	\$881	\$838	(5%)	<ul style="list-style-type: none"> <li>Total segment Adj EBITDA* deleverage limited to 21% for the quarter</li> </ul>
% of sales*	17.7%	18.4%	70 bps	
Operating cash flow	\$1,204	\$1,229	2%	
Capital expenditures	(\$199)	(\$209)		
Free cash flow*	\$1,005	\$1,020	2%	Exceptional cash flow management by whole company ---140% conversion of net earnings*
Trade working capital	\$2,991	\$3,015		
% of sales	15.0%	16.5%		

# Business Platforms

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# Fourth Quarter 2020 Emerson Automation Solutions

## UNDERLYING SALES CHANGE VS. PY

Americas	(23%)
Europe	(6%)
Asia, Middle East & Africa	1%
Automation Solutions	(11%)
FX Impact	0 Pts
Acq Impact	0 Pts
Reported Net Sales	(11%)

Asia, Middle East & Africa grew by low single digits, driven by SE Asia and India

Market demand remained subdued across the US in most industries, however life sciences, medical, food & beverage, and power were robust

Restructuring and related actions totaled \$52M across the platform in the quarter and \$244M for the full year

Adj EBIT\* and Adj EBITDA\* margin were limited to down 80 bps and 20 bps respectively

Converted ~\$400M of backlog, per the plan, leaving balance at \$4.7B

Overall, expecting a challenging start to fiscal 2021

## REPORTED NET SALES

↓ (11%)

\$3,368M

\$3,005M

Underlying Sales\* (11%)

19.5% Adj EBIT%\* 18.7%

23.7% Adj EBITDA%\* 23.5%

2019

2020

T3M Orders, Excl. Acq / Div, Incl. FX

July (20%)

Aug (20%) to (15%)

Sept (20%) to (15%)

Sept 3-month underlying orders were down 19%



LIMITED ADJ EBITDA\* DECREMENTAL MARGINS TO 26% ON DOWN 11% UNDERLYING SALES\* WITH FOCUS ON INCREASED COST ACTIONS AND PROFITABILITY

# Fourth Quarter 2020 Emerson Commercial & Residential Solutions

## UNDERLYING SALES CHANGE VS. PY

Americas	(1%)
Europe	(1%)
Asia, Middle East & Africa	(13%)
<b>Commercial &amp; Residential Solutions</b>	<b>(3%)</b>
FX Impact	0 pts
Div Impact	0 pts
Reported Net Sales	(3%)

## REPORTED NET SALES

↓ (3%)

\$1,608M

\$1,555M

Underlying Sales\* (3%)

21.6% Adj EBIT%\* 22.1%

25.4% Adj EBITDA%\* 26.6%

2019

2020

T3M Orders, Excl. Acq / Div, Incl. FX

July (10%) to (5%)

Aug 0% to 5%

Sept 5% to 10%

Sept 3-month underlying orders were up 6%

Sept trailing 3 month underlying orders up 6%, reflecting strong residential and big-box retail demand, and stabilizing cold chain markets

Europe was flattish, as continued strength in the heat pump business was offset by commercial market weakness. Asia, Middle East & Africa remained challenged, with China down 11%.

Restructuring and related actions totaled \$21M across the platform in the quarter and \$52M for the full year

Adj EBIT\* margin and Adj EBITDA\* margin up 50 bps and 120 bps respectively

ADJ EBITDA\* IMPROVED BY 120 BPS WITH CONTINUED FOCUS ON COST ACTIONS -  
-- ORDERS SHOWING POSITIVE TREND DRIVEN BY RESIDENTIAL DEMAND AND  
COLD CHAIN STABILIZATION

# Q1 and Full Year 2021 Outlook

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# Fiscal First Quarter 2021 Guidance

Q1 2021 Guidance		Q1 Adjusted EPS Bridges		
Net Sales	(5%) – (4%)		Q1'20	Q1'21E
Underlying Sales*	(7%) – (6%)	GAAP EPS	\$0.53	\$0.52 +/- \$0.02
GAAP EPS	\$0.52 +/- \$0.02	Add: Purchase Accounting	-	+\$0.03
Adj EPS*	\$0.67 +/- \$0.02	Add: Restructuring Costs	<u>+\$0.14</u>	<u>+\$0.12</u>
Segment Adj. EBIT %*	15.5% – 16.0%	Adjusted EPS*	\$0.67	\$0.67 +/- \$0.02
Segment Adj EBITDA %*	21.2 – 21.8%	<u>Memo: Restructuring \$</u>	\$110M	~\$95M

Note 1: Q1 expected tax rate ~22.5%

Note 2: In Q1, adjusted EPS will exclude restructuring and related costs as well as purchase accounting associated with OSI Inc



GROWTH IN RESIDENTIAL, LIFE SCIENCES, MEDICAL, FOOD & BEVERAGE OFFSET BY NEGATIVE, BUT STABILIZING, OTHER PROCESS AND DISCRETE END MARKETS

# Fiscal 2021 Outlook

	Guidance: Nov 3, 2020
<b>Net Sales Growth</b>	1% – 4%
Acquisitions impact	1 pt
FX Impact	1 pt
<b>Underlying Sales* Growth</b>	(1%) – 2%
Automation Solutions	(4%) – (1%)
Commercial & Residential Sols.	4% – 7%
<b>Restructuring Actions</b>	~\$200M+
<b>Tax Rate</b>	~22.5%
<b>Operating Cash Flow</b>	~\$3.1B
Capital Spend	~\$600M
<b>Free Cash Flow*</b>	~\$2.5B
Share Repurchase / M&A	\$500M – \$1.0B
Dividend	~\$1.2B
<b>GAAP EPS</b>	\$3.11 +/- \$0.05
<b>Adjusted EPS*</b>	Flat: \$3.45 +/- \$0.05

## Key assumptions:

- Demand continues to stabilize and gradually improve, turning positive in Q3
- No major supply chain or operational challenges
- Oil prices: \$35-\$50 WTI ppb

## Restructuring by segment:

- Automation Solutions ~\$160M
- Commercial & Residential Solutions ~\$30M
- Corporate ~\$10M

## 2021 Profit Headwinds / Tailwinds:

- Price Cost: +\$50M in 2021 after +\$150M in 2020 (Less Positive)
- COVID-Related Savings: (\$70M)
- Pension: +\$40M
- Stock Price: (\$50M)
- OSI Inc Amortization: (\$65M)



MANAGEMENT ASSUMING A CONSERVATIVE 2021 FORECAST GIVEN THE MACROECONOMIC UNCERTAINTY. CHALLENGING BUT STEADILY IMPROVING DEMAND RESULTS IN FLAT REVENUE --- CONTINUED FOCUS ON MARGIN EXPANSION EFFORTS TO CAPITALIZE ON COMING REBOUND

# Estimated Reset Restructuring Spend and Savings, and COVID-Related Savings Update

	Spend in 2019	Spend in 2020	Spend in 2021E	Savings in 2019	Savings in 2020E			Incremental Savings in 2021E		
					Reset Restruct.	COVID-Related	Total	Reset Restruct.	COVID-Related	Total
Automation Solutions	\$65M	\$244M	\$160M <sup>^</sup>	\$55M	\$175M	\$95M	\$270M	\$205M	(\$40M)	\$165M
Comm. & Residential Solutions	\$25M	\$52M	\$30M	\$15M	\$35M	\$45M	\$80M	\$35M	(\$20M)	\$15M
<b>Total Emerson (incl. Corp.)</b>	<b>\$95M</b>	<b>\$304M</b>	<b>\$200M<sup>^</sup></b>	<b>\$70M</b>	<b>\$220M</b>	<b>\$150M</b>	<b>\$370M</b>	<b>\$245M</b>	<b>(\$70M)</b>	<b>\$175M</b>

<sup>^</sup> Increased Automation Solutions restructuring spend / actions in 2021 due to delayed market recovery expectations in many automation markets

Note: all figures are approximate

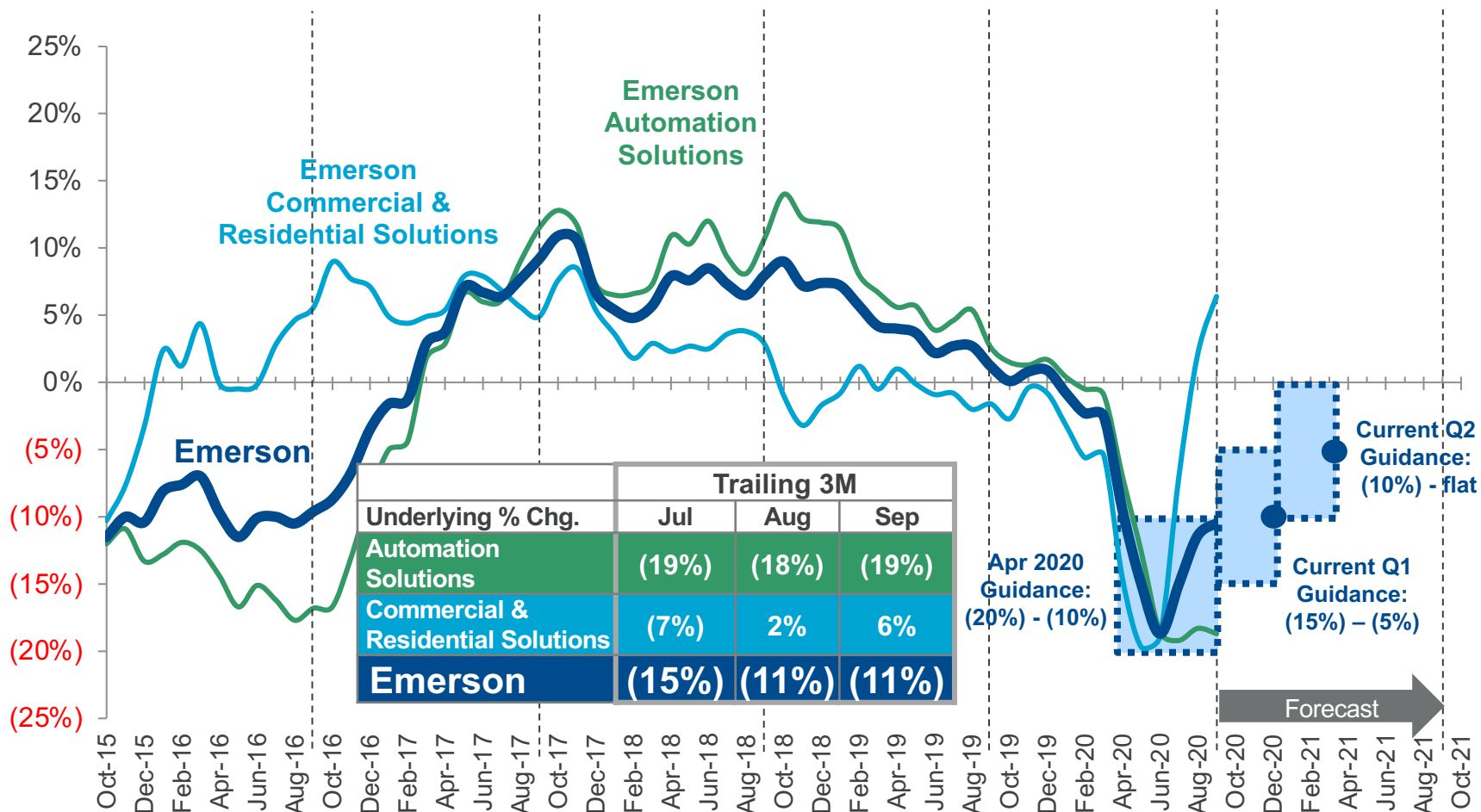


~\$70M OF THE ~\$150M COVID-RELATED SAVINGS WILL LIKELY BE A HEADWIND IN 2021. LONG-RUN TOTAL ANNUALIZED SAVINGS OF RESET RESTRUCTURING PROGRAM EXPECTED TO BE **\$650M+**

# Management Updates

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# Fourth Quarter 2020 Trailing Three Month Underlying Orders vs Prior Year

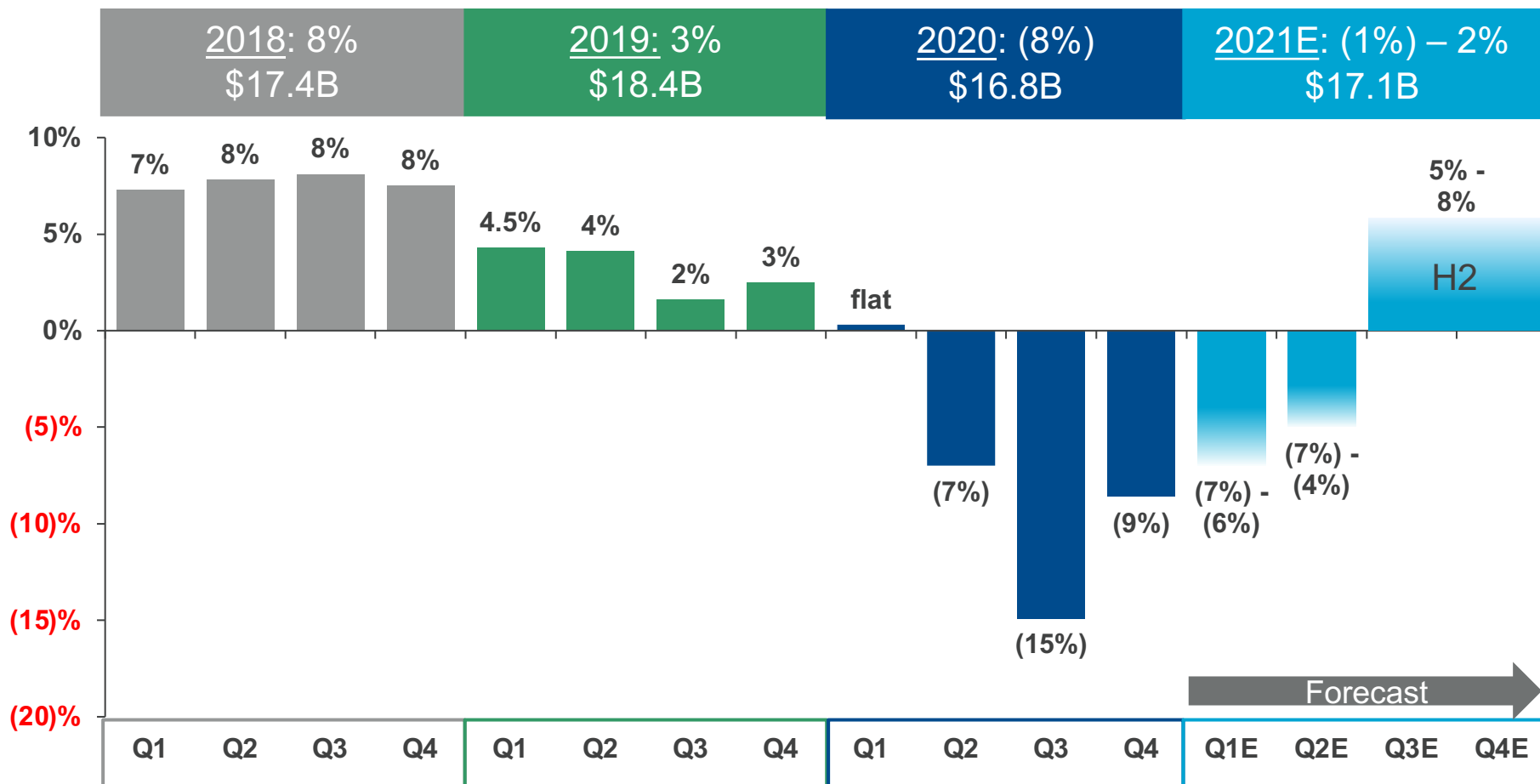


Orders data includes the Valves & Controls acquisition results in all periods presented, including on a pro forma basis for periods prior to the acquisition close April 28, 2017.



SHARP UPTURN IN Q4 COMMERCIAL & RESIDENTIAL SOLUTIONS ORDERS. AUTOMATION SOLUTIONS ORDERS REMAINED STAGNANT BUT STABILIZED, AND EXPECTED TO TURN POSITIVE IN 2<sup>ND</sup> HALF OF 2021

# Emerson 2021 Underlying Sales Growth Outlook

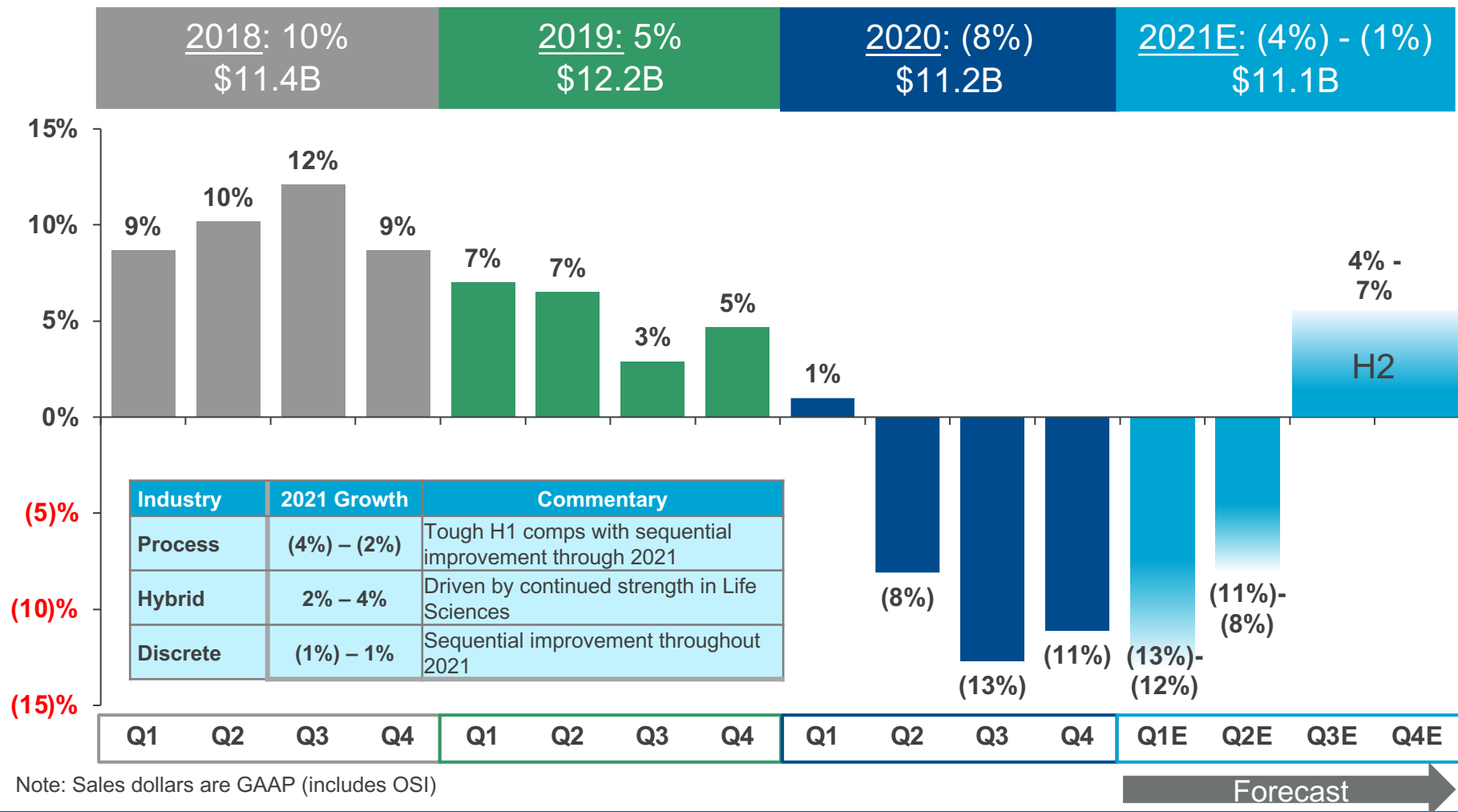


Note: sales dollars are GAAP (includes OSI)



EXPECT DOWNTURN TO PERSIST 5 QUARTERS IN TOTAL, WITH CONSOLIDATED SALES RETURNING TO POSITIVE GROWTH IN THIRD QUARTER

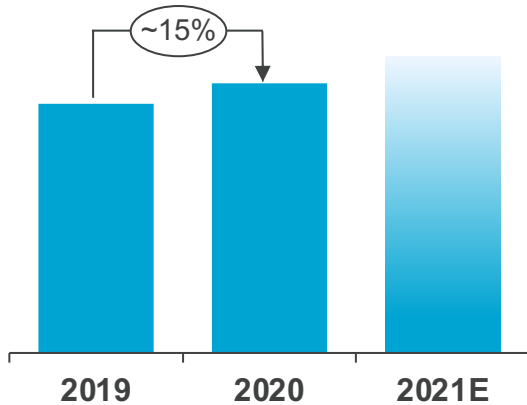
# Emerson Automation Solutions 2021 Underlying Sales Growth Outlook



EXPECTING CHALLENGING OVERALL MARKET CONDITIONS TO PERSIST THROUGH THE FIRST HALF OF THE YEAR

# Emerson's Focus on Industry Solutions and Expertise Delivered \$100M+ Sales Growth From Key Segments

## Life Sciences



### Key Engagements:

- 20+ COVID-19 vaccine developments globally
- Leading DCS business in Life Sciences (3K+ installed base)

### Enabling Technology



Syncade



DeltaV Live

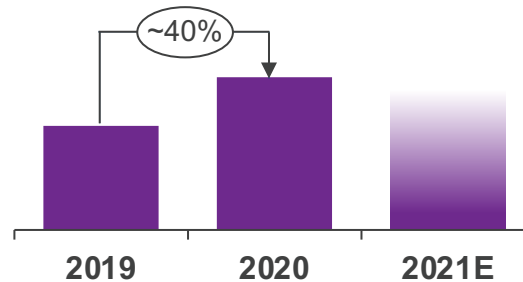


Single-Use Sensors



580 CHARMs & Valve System

## Medical



### Key Engagements:

- Ultrasonic welders for surgical mask manufacturing
- Valves and regulators for ventilators and oxygen therapy devices

### Enabling Technology



ASCO  
Preciflow IPC



Series 084  
Cartridge Valve

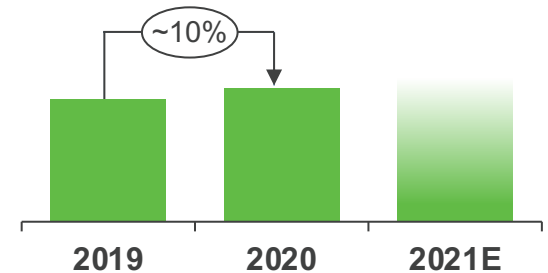


Series RB



2000Xc Micro  
Laser Welder

## Clean Fuels and Renewables



### Key Engagements:

- Hydrogen partnerships across the value chain from Production to Distribution and Use
- Biofuels and Biochemical projects

### Enabling Technology



PK Controller



ASCO 210  
Solenoid Valve



Micro Motion  
Coriolis Meter



TESCOM  
Pressure Regulator



# Despite the Challenges of the Pandemic, We Continue to Invest in Key Technologies Around Software, Digitization, Renewables, and Transmission & Distribution

## American Governor

Hydroelectric turbine control technologies



### Capabilities

- Hydro turbine governor control system upgrades
- Repair and maintenance services

## Open System Intl. (OSI)

Advanced software for power grid management



### Capabilities

- Monitor, control and optimize real-time grid operations
- Advanced Distribution Mgmt. Systems (ADMS), Energy Mgmt. Systems (EMS)

## Progea

Analytics, HMI, and SCADA technologies



### Capabilities

- Data acquisition, management and visualization software
- Solutions for PLC applications in Discrete and Hybrid markets

## inmation *(Equity Investment)*

Integrated operations software infrastructure

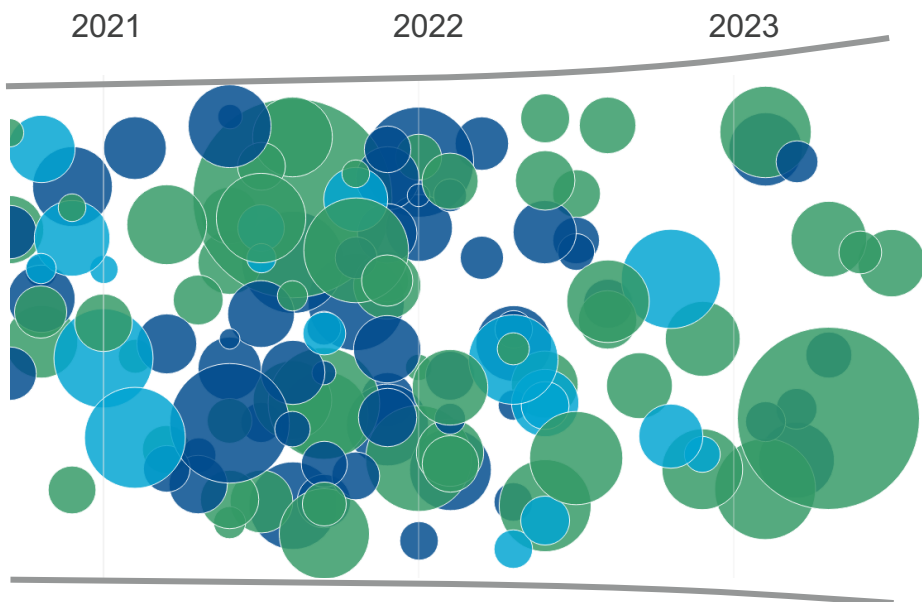


### Capabilities

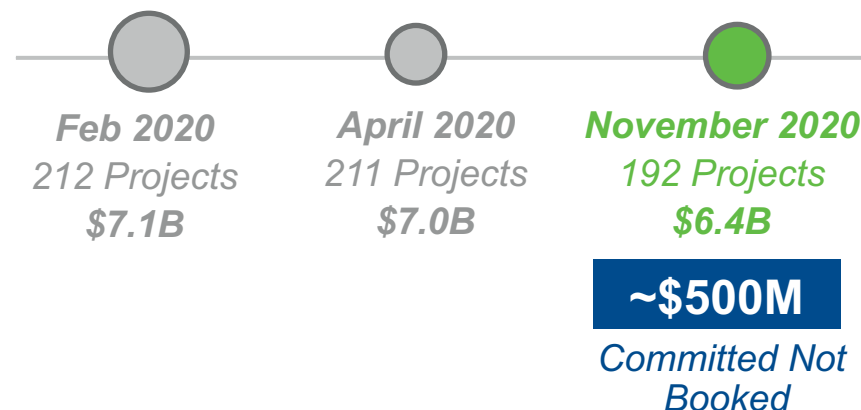
- Digitalization platform to bridge IT / OT gap
- Next generation cloud native historian technology

# Oil and Refining Projects Continue to be Economically Challenged as the Funnel Mix Shifts to Gas, Power, and KOB3

## Investment Decision Dates By Destination



World Area	#	Value
Americas	79	\$2.2B
Asia Pacific, Middle East & Africa	89	\$3.4B
Europe	24	\$0.8B



## Since April Earnings Call

### Projects have Booked

Booked approximately **\$150M** out of the funnel

Projects removed from the funnel ~\$800M

### Projects in the Pipeline have Shifted Out

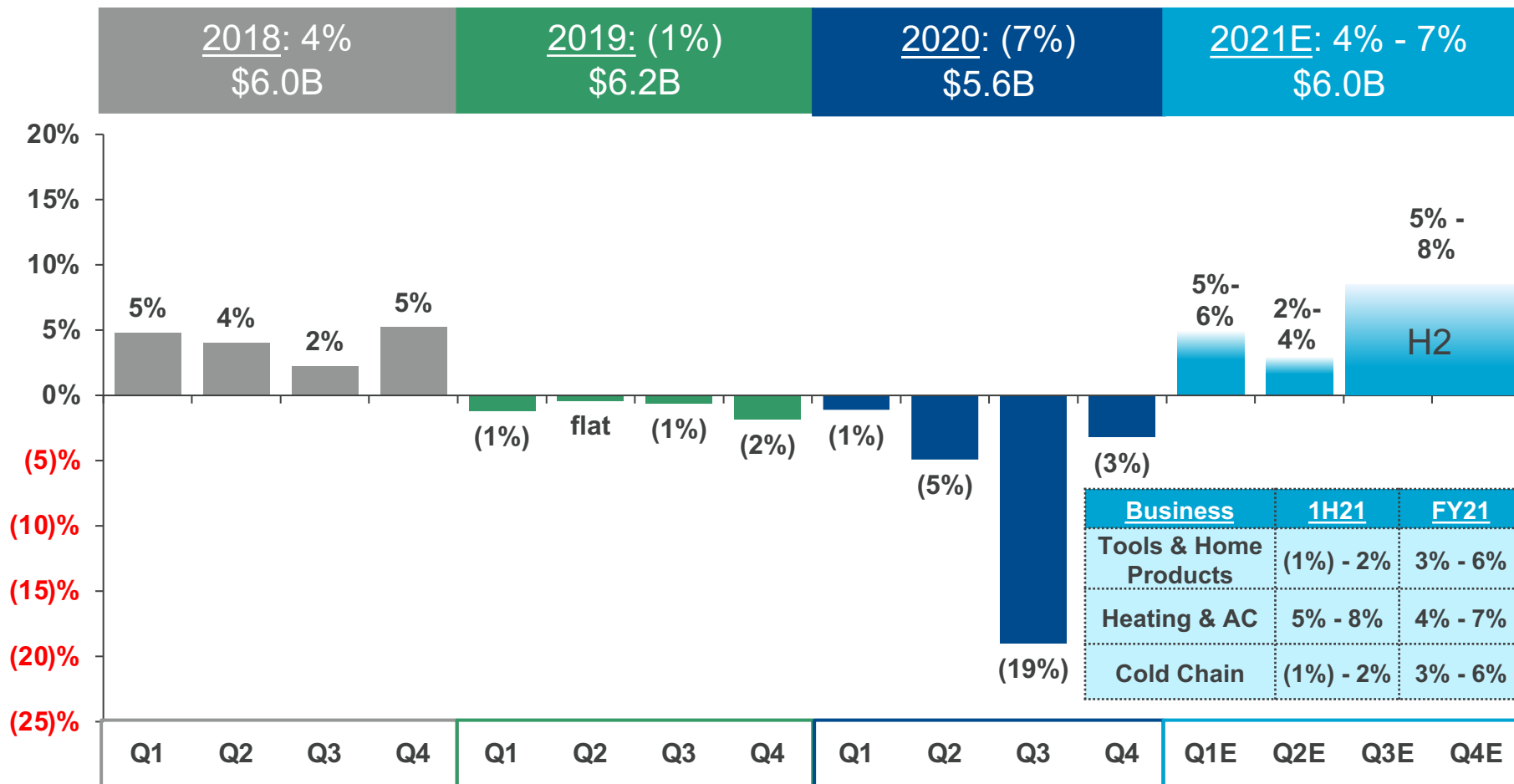
**\$700M** shifted out to 2021 and 2022+

Project Funnel includes large project opportunities under active pursuit



**~\$400M BOOKED FROM THE LARGE PROJECT FUNNEL IN 2020  
SUPPORTED BY A STRONG PROJECT WIN RATE**

# Emerson Commercial & Residential Solutions 2021 Underlying Sales Growth Outlook



Note: Sales dollars are GAAP

Forecast



EXPECT STRONG REBOUND IN 2021 DRIVEN BY RESIDENTIAL MARKETS --  
COLD CHAIN AND PROFESSIONAL TOOLS TO STABILIZE AND START GROWING  
IN 2<sup>ND</sup> HALF OF 2021

# Heating & AC Growth Driven by NA Residential Space, Sensi Momentum Continues

## NA Residential AC

FY20Q4 Sales  9.5%

FY21Q1E Sales Outlook  
 >50% from FY20



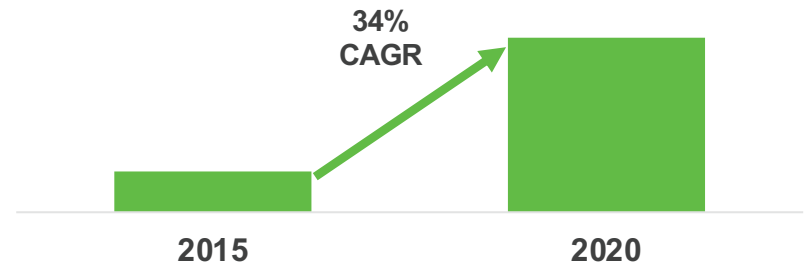
### COPELAND™

#### “K7” Scroll:

- *Partnering with OEMs to Help Meet Efficiency and Refrigerant Standards*
- *Focused on High Efficiency*
- *Supporting Customer Transition to Next Gen Refrigerants*

## Sensi Platform

'19 – '20 Growth  
 52%



#### Top-Rated App



#2 4.6 stars  
60k reviews



#1 4.4 stars  
6k reviews

#### Energy Star



Partner of the Year  
2020

#### PC Magazine



Top-Rated  
Smart Thermostat  
2020

# Strong Tailwinds for Residential Products, Investments in Professional Tools to Drive Growth in 2H FY21

Residential

## New RIDGID Wet/Dry Vac Lineup

## InSinkErator Disposers

**RIDGID**  
NXT  
WET/DRY VACS

Improved Performance and User Ergonomics

New Cordless Vac With Expanded Run Time

**Sales**  
Combined FY20Q4  $\uparrow$  10%  
Combined FY21Q1E  $\uparrow$   $\approx$ 15%

Standard Series      Quiet Series      Power Series

InSinkErator has a series for every kitchen

New Features, New Packaging

## RIDGID Drain and Diagnostic Products

## Next Generation Battery Hydraulic Tools

Commercial/Industrial

**FlexShaft™**

High Speed Drain Cleaning

RIDGID Pipe Inspection



Industry-First Zero Service Tool with 100K Cycles, 2X  $\uparrow$



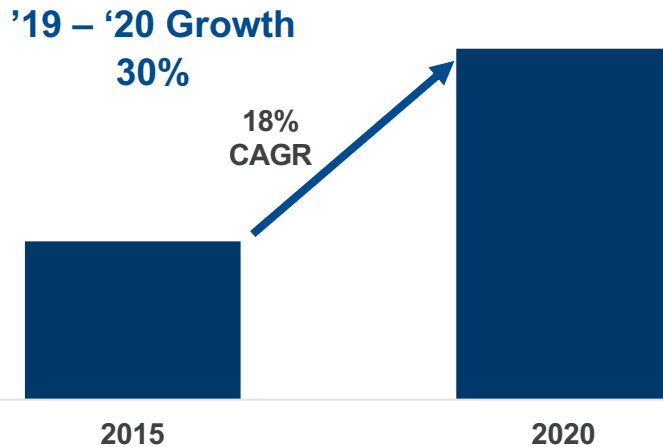
Industry-First Fully Insulated Battery Hydraulic Tools



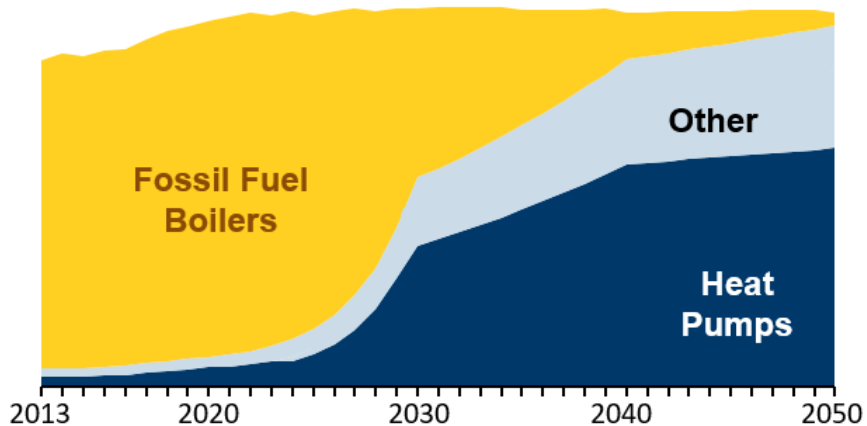
Remote Cable Cutter Enhances Safety

# Decarbonization Trend Is Driving Residential Heating and Renewable Natural Gas Growth

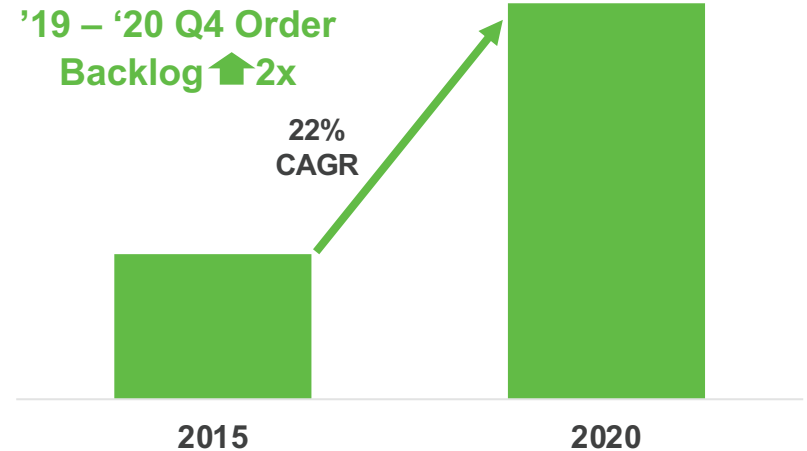
## European Heat Pumps



## Decarbonization of Resi Heating (Appliances in Mpcs)



## Renewable Natural Gas



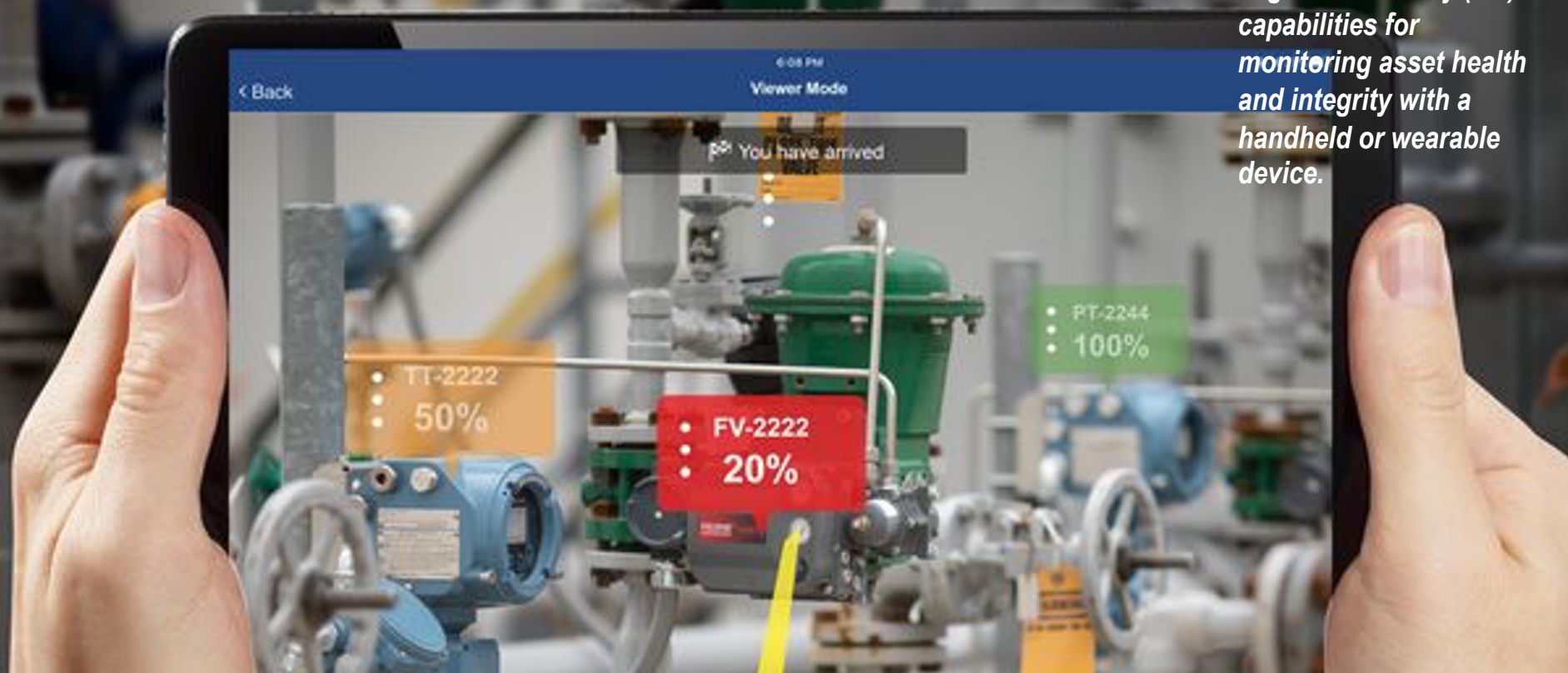
## Solution Delivery at Digester Site



Differentiated Single-Screw Tech  
Strong product-segment fit



*Emerson's Plantweb Optics suite has robust augmented reality (AR) capabilities for monitoring asset health and integrity with a handheld or wearable device.*



Thank you and  
Please Stay Safe  
and Healthy!



# Q&A

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# Appendix

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# Reconciliation of Non-GAAP Measures

This information reconciles non-GAAP measures (denoted with a \*) with the most directly comparable GAAP measure. (dollars in millions, except per share amounts)

## Q4 2020 Underlying Sales Change

Reported (GAAP)  
(Favorable) / Unfavorable FX  
Acquisitions / Divestitures  
Underlying\*

	<b>Auto Solns</b>	<b>Comm &amp; Res Solns</b>	<b>Emerson</b>
	(11)%	(3)%	(8)%
	-%	-%	(1)%
	-%	-%	-%
	(11)%	(3)%	(9)%

## 2020 Underlying Sales Change

Reported (GAAP)  
(Favorable) / Unfavorable FX  
Acquisitions / Divestitures  
Underlying\*

	<b>Auto Solns</b>	<b>Comm &amp; Res Solns</b>	<b>Emerson</b>
	(9)%	(9)%	(9)%
	1%	1%	1%
	-%	1%	-%
	(8)%	(7)%	(8)%

## Q1 2021E Underlying Sales Change

Reported (GAAP)  
(Favorable) / Unfavorable FX  
Acquisitions / Divestitures  
Underlying\*

	<b>Emerson</b>
	(5)% - (4)%
	~ (1)%
	~ (1)%
	(7)% - (6)%

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# Reconciliation of Non-GAAP Measures

This information reconciles non-GAAP measures (denoted with a \*) with the most directly comparable GAAP measure. (dollars in millions, except per share amounts)

	<b>Auto Solns</b>	<b>Comm &amp; Res Solns</b>	<b>Emerson</b>
<b>FY 2021E Underlying Sales Change</b>			
Reported (GAAP)	(1)% - 2%	5% - 8%	1% - 4%
(Favorable) / Unfavorable FX	~ (1)%	~ (1)%	~ (1)%
Acquisitions / Divestitures	~ (2)%	~ - %	~ (1)%
Underlying*	(4)% - (1)%	4% - 7%	(1)% - 2%
	<b>Auto Solns</b>	<b>Comm &amp; Res Solns</b>	<b>Emerson</b>
<b>FY 2020E Aug 2020 Underlying Sales Change</b>			
Reported (GAAP)	(10)% - (8)%	(11)% - (9)%	(10)% - (9)%
(Favorable) / Unfavorable FX	~ 1%	~ 1%	1% - 1.5%
Acquisitions / Divestitures	~ - %	~ - %	~ - %
Underlying*	(9)% - (7)%	(10)% - (8)%	(9)% - (7.5)%
	<b>Q4 FY19</b>	<b>Q4 FY20</b>	<b>Change</b>
<b>EBIT</b>			
Pretax earnings (GAAP)	\$ 826	\$ 765	(7)%
Interest expense, net	40	40	-%
Earnings before interest and taxes*	\$ 866	\$ 805	(7)%
Restructuring and related charges	55	73	2%
Adjusted earnings before interest and taxes*	\$ 921	\$ 878	(5)%

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# Reconciliation of Non-GAAP Measures

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## EBIT Margin

	Q4 FY19	Q4 FY20	Change
Pretax margin (GAAP)	16.6%	16.8%	20 bps
Interest expense, net	0.8%	0.9%	10 bps
EBIT margin*	17.4%	17.7%	30 bps
Restructuring and related charges impact	1.1%	1.6%	50 bps
Adjusted EBIT margin*	18.5%	19.3%	80 bps
Depreciation / amortization % of sales	4.3%	4.9%	60 bps
Adjusted EBITDA margin*	22.8%	24.2%	140 bps

## Q4 Earnings Per Share

	Q4 FY19	Q4 FY20	Change
Earnings per share (GAAP)	\$ 1.16	\$ 1.20	3%
Restructuring and related charges	0.07	0.10	3%
Certain tax benefits	(0.09)	(0.20)	(10)%
Adjusted earnings per share*	\$ 1.14	\$ 1.10	(4)%

## Earnings Per Share

	FY19	FY20	Change	FY20E Aug Guidance
Earnings per share (GAAP)	\$ 3.71	\$ 3.24	(13)%	\$2.80 - \$2.95
Restructuring and related charges	0.12	0.42	9%	~ 0.40
Certain tax benefits	(0.14)	(0.20)	(2)%	~ -
Adjusted earnings per share*	\$ 3.69	\$ 3.46	(6)%	\$3.20 - \$3.35

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# Reconciliation of Non-GAAP Measures

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	FY20	FY21E Midpoint	Change	Q1 FY20	Q1 FY21E Midpoint
<b>Earnings Per Share</b>					
Earnings per share (GAAP)	\$ 3.24	~ \$3.11	(4)%	\$ 0.53	~ \$0.52
Restructuring and related charges	0.42	~ 0.28	(5)%	0.14	~ 0.12
Certain tax benefits	(0.20)	~ -	7%	-	~ -
OSI purchase accounting charges	-	~ 0.06	2%	-	~ 0.03
Adjusted earnings per share*	\$ 3.46	~ \$3.45	~ -%	\$ 0.67	~ \$0.67
<b>Business Segment EBIT</b>					
	Q4 FY19	Q4 FY20	Change		
Pretax earnings (GAAP)	\$ 826	\$ 765	(7)%		
Corp. items and interest expense, net	128	68	(6)%		
Business segment EBIT*	954	833	(13)%		
Restructuring charges	53	73	3%		
Adjusted business segment EBIT*	\$ 1,007	\$ 906	(10)%		
<b>Business Segment EBIT Margin</b>					
	Q4 FY19	Q4 FY20	Change	Q1 FY21E	
Pretax margin (GAAP)	16.6%	16.8%	20 bps	10.4% - 10.9%	
Corp. items and interest expense, net % of sales	2.6%	1.5%	(110) bps	~ 2.8%	
Business segment EBIT margin*	19.2%	18.3%	(90) bps	13.2% - 13.7%	
Restructuring charges % of sales	1.0%	1.6%	60 bps	~ 2.3%	
Adjusted business segment EBIT margin*	20.2%	19.9%	(30) bps	15.5% - 16.0%	
Depreciation / amortization % of sales	4.1%	4.6%	50 bps	5.7% - 5.8%	
Adjusted business segment EBITDA margin*	24.3%	24.5%	20 bps	21.2% - 21.8%	

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# Reconciliation of Non-GAAP Measures

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<b>Pretax Earnings</b>	<b>Q4 FY19</b>	<b>Q4 FY20</b>	<b>Change</b>
Pretax earnings (GAAP)	\$ 826	\$ 765	(18)%
Restructuring charges	55	73	13%
Adjusted pretax earnings*	\$ 881	\$ 838	(5)%
<b>Corporate and Other</b>	<b>Q4 FY19</b>	<b>Q4 FY20</b>	<b>Change</b>
Corporate and other (GAAP)	\$ (78)	\$ (3)	\$ 75
Restructuring charges	2	-	(2)
Adjusted Corporate and other*	\$ (76)	\$ (3)	\$ 73
<b>Pretax Margin</b>	<b>Q4 FY19</b>	<b>Q4 FY20</b>	<b>Change</b>
Pretax margin (GAAP)	16.6%	16.8%	20 bps
Restructuring charges	1.1%	1.6%	50 bps
Adjusted pretax margin*	17.7%	18.4%	70 bps
<b>Automation Solutions Segment EBIT Margin</b>	<b>Q4 FY19</b>	<b>Q4 FY20</b>	<b>Change</b>
Automation Solutions Segment EBIT margin (GAAP)	18.4%	17.0%	(140) bps
Restructuring charges	1.1%	1.7%	60 bps
Automation Solutions Adjusted Segment EBIT margin*	19.5%	18.7%	(80) bps
Depreciation / amortization	4.2%	4.8%	60 bps
Automation Solutions Adjusted Segment EBITDA margin*	23.7%	23.5%	(20) bps

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# Reconciliation of Non-GAAP Measures

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## Commercial & Residential Solutions EBIT Margin

	Q4 FY19	Q4 FY20	Change
Com & Res Sols EBIT margin (GAAP)	20.8%	20.7%	(10) bps
Restructuring charges	0.8%	1.4%	60 bps
Com & Res Sols Adjusted EBIT margin*	21.6%	22.1%	50 bps
Depreciation / amortization	3.8%	4.5%	70 bps
Com & Res Sols Adjusted EBITDA margin*	25.4%	26.6%	120 bps

## Q4 Cash Flow

	Q4 FY19	Q4 FY20	% Change
Operating cash flow (GAAP)	\$ 1,204	\$ 1,229	2%
Capital expenditures	(199)	(209)	-%
Free cash flow*	\$ 1,005	\$ 1,020	2%

## Cash Flow

	FY19	FY20	% Change	FY20E Aug Guidance	FY21E
Operating cash flow (GAAP)	\$ 3,006	\$ 3,083	3%	~ \$2.80B	~ \$3.1B
Capital expenditures	(594)	(538)	3%	~ (550M)	~ (600)
Free cash flow*	\$ 2,412	\$ 2,545	6%	~ \$2.25B	~ \$2.5B

## Cash Flow to Net Earnings Conversion

	Q4 FY20	FY20 YTD
Operating cash flow conversion (GAAP)	168%	155%
Capital expenditures	(28)%	(27)%
Free cash flow conversion*	140%	128%

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# Reconciliation of Non-GAAP Measures

This information reconciles non-GAAP measures (denoted with a \*) with the most directly comparable GAAP measure. (dollars in millions, except per share amounts)

## Emerson FY 2018 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY18</u>
Sales (GAAP)	19%	19%	10%	10%	14%
FX / Acq / Div	(12)%	(11)%	(2)%	(2)%	(6)%
Underlying*	7%	8%	8%	8%	8%

## Emerson FY 2019 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY19</u>
Sales (GAAP)	9%	8%	5%	2%	6%
FX / Acq / Div	(4.5)%	(4)%	(3)%	1%	(3)%
Underlying*	4.5%	4%	2%	3%	3%

## Emerson FY 2020 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY20</u>
Sales (GAAP)	-%	(9)%	(16)%	(8)%	(9)%
FX / Acq / Div	-%	2%	1%	(1)%	1%
Underlying*	-%	(7)%	(15)%	(9)%	(8)%

## Emerson FY 2021E Underlying Sales

	<u>Q1E</u>	<u>Q2E</u>	<u>H2 FY21E</u>	<u>FY21E</u>
Sales (GAAP)	(5)% - (4)%	(5)% - (2)%	7% - 10%	1% - 4%
FX / Acq / Div	~ (2)%	~ (2)%	~ (2)%	~ (2)%
Underlying*	(7)% - (6)%	(7)% - (4)%	5% - 8%	(1)% - 2%

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# Reconciliation of Non-GAAP Measures

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## Automation Solutions FY 2018 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY18</u>
Sales (GAAP)	31%	31%	18%	11%	21%
FX / Acq / Div	(22)%	(21)%	(6)%	(2)%	(11)%
Underlying*	9%	10%	12%	9%	10%

## Automation Solutions FY 2019 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY19</u>
Sales (GAAP)	9%	9%	5%	4%	7%
FX / Acq / Div	(2)%	(2)%	(2)%	1%	(2)%
Underlying*	7%	7%	3%	5%	5%

## Automation Solutions FY 2020 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY20</u>
Sales (GAAP)	2%	(10)%	(14)%	(11)%	(9)%
FX / Acq / Div	(1)%	2%	1%	-%	1%
Underlying*	1%	(8)%	(13)%	(11)%	(8)%

## Automation Solutions FY 2021E Underlying Sales

	<u>Q1E</u>	<u>Q2E</u>	<u>H2 FY21E</u>	<u>FY21E</u>
Sales (GAAP)	(11)% - (10)%	(8)% - (5)%	7% - 10%	(1)% - 2%
FX / Acq / Div	~ (2)%	~ (3)%	~ (3)%	~ (3)%
Underlying*	(13)% - (12)%	(11)% - (8)%	4% - 7%	(4)% - (1)%

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# Reconciliation of Non-GAAP Measures

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## Commercial & Residential Solutions FY 2018 Underlying Sales

	Q1	Q2	Q3	Q4	FY18
Sales (GAAP)	-%	2%	(1)%	7%	6%
FX / Acq / Div	5%	2%	3%	(2)%	(2)%
Underlying*	5%	4%	2%	5%	4%

## Commercial & Residential Solutions FY 2019 Underlying Sales

	Q1	Q2	Q3	Q4	FY19
Sales (GAAP)	7%	5%	4%	(3)%	3%
FX / Acq / Div	(8)%	(5)%	(5)%	1%	(4)%
Underlying*	(1)%	0%	(1)%	(2)%	(1)%

## Commercial & Residential Solutions FY 2020 Underlying Sales

	Q1	Q2	Q3	Q4	FY20
Sales (GAAP)	(3)%	(7)%	(20)%	(3)%	(9)%
FX / Acq / Div	2%	2%	1%	-%	2%
Underlying*	(1)%	(5)%	(19)%	(3)%	(7)%

## Commercial & Residential Solutions FY 2021E Underlying Sales

	Q1E	Q2E	H2 FY21E	FY21E
Sales (GAAP)	6% - 7%	3% - 5%	6% - 9%	5% - 8%
FX / Acq / Div	~ (1)%	~ (1)%	~ (1)%	~ (1)%
Underlying*	5% - 6%	2% - 4%	5% - 8%	4% - 7%

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# Reconciliation of Non-GAAP Measures

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## Business Segment Adjusted EBITDA Deleverage

	<u>Q4 FY20</u>	<u>Q4 FY20</u>
Pretax earnings deleverage (GAAP)	15%	33%
Corp. items, interest, restructuring, and depreciation/amortization	6%	(12)%
Adjusted business segment EBITDA deleverage*	<u>21%</u>	<u>21%</u>

## Automation Solutions Adjusted Segment EBITDA Deleverage

	<u>Q4 FY20</u>
Automation Solutions Segment EBIT deleverage (GAAP)	30%
Restructuring charges and depreciation/amortization	(4)%
Automation Solutions Adjusted Segment EBITDA deleverage*	<u>26%</u>

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