Rising to the New Challenge
2017 Investor Conference
Business Update

David N. Farr
Chairman and Chief Executive Officer
February 16, 2017

Safe Harbor Statement
Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the remainder of the year, and Emerson undertakes no obligation to update any such statement to reflect later developments. Factors that could cause actual results to vary materially from those discussed today are provided in our most recent Annual Report on Form 10-K and subsequent reports as filed with the SEC.

Non-GAAP Measures
In this presentation we will discuss some non-GAAP measures (denoted with an *) 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 is available at our website www.emerson.com under the investors tab.
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<table>
<thead>
<tr>
<th>Time</th>
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<tbody>
<tr>
<td>8:30 – 10:00</td>
<td>Business Overview / Strategic Update</td>
<td>David Farr</td>
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<tr>
<td>10:00 – 10:15</td>
<td>Break</td>
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<tr>
<td>10:15 – 11:15</td>
<td>Automation Solutions</td>
<td>Mike Train</td>
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<td>11:15 – 12:15</td>
<td>Commercial &amp; Residential Solutions</td>
<td>Bob Sharp</td>
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<td>12:15 – 12:45</td>
<td>Questions &amp; Answers</td>
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## Investor Conference – Emerson Attendees

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>David Farr</td>
<td>Chairman and Chief Executive Officer</td>
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<tr>
<td>Ed Monser</td>
<td>President</td>
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<tr>
<td>Frank Dellaquila</td>
<td>Senior Executive Vice President and Chief Financial Officer</td>
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<tr>
<td>Ed Purvis</td>
<td>Executive Vice President and Chief Operating Officer</td>
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<tr>
<td>Steve Pelch</td>
<td>Executive Vice President, Organization Planning and Development</td>
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<tr>
<td>Bob Sharp</td>
<td>Executive President, Emerson Commercial &amp; Residential Solutions</td>
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<tr>
<td>Mike Train</td>
<td>Executive President, Emerson Automation Solutions</td>
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<tr>
<td>Sara Bosco</td>
<td>Senior Vice President, Secretary and General Counsel</td>
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<tr>
<td>Mark Bulanda</td>
<td>Senior Vice President, Acquisition Planning and Development</td>
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<tr>
<td>Kathy Button Bell</td>
<td>Senior Vice President and Chief Marketing Officer</td>
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<tr>
<td>Craig Rossman</td>
<td>Director, Investor Relations</td>
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<tr>
<td>David Bersaglini</td>
<td>Vice President, Planning</td>
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<td>Name</td>
<td>Position</td>
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<tr>
<td>1</td>
<td>2016 Review</td>
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<tr>
<td>2</td>
<td>2017 Performance Expectations</td>
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<tr>
<td>3</td>
<td>2021 Vision for Value Creation</td>
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## Agenda

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## 2016 February Investor Day
Versus 2016 Actual Performance

### Step 1: Restructure
- Continue restructuring with cost reductions in line with a challenging global economy, and a smaller, more focused Emerson
- Global economies are struggling to generate any growth acceleration. Therefore, moderate growth expectations persist through fiscal 2017
- Maintain year-to-date profitability, cash flow

**Action:** Initiated February 2015 and ongoing through 2016 – 2017, until global growth returns

2016 Costs: $96M\(^1\); 2017E Costs $50 – 75M (Including Initial Pentair V&C Integration)

### Step 2: Reposition
- Complete sales of the Network Power, and Motors & Drives / Power Generation businesses -- Plan to sell ClosetMaid business in 2017

**Action:** Initiated June 2015 -- Targeted to be completed before Dec 31\(^{st}\), 2016

Both Signed July 30\(^{th}\), 2016 -- And Both Closed -- $5.2B Gross Proceeds

### Step 3: Acquire
- Aggressively pursue acquisitions to rebuild the new core, focused Emerson to ~$20B -- Intent is to reinvest repositioning cash proceeds within two businesses platforms to rebuild sales, earnings, and cash flow

**Action:** Ongoing and increasing focus

$3.15B Bid Accepted for ~$1.6B Revenue Pentair V&C -- August 2\(^{nd}\) 2016

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\(^1\)From Continuing Ops
Emerson’s 2016 Financial Performance: Continuing Operations Basis

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2015-16 Change</th>
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<tbody>
<tr>
<td>Sales</td>
<td>$16.2B</td>
<td>$14.5B</td>
<td>(11%)</td>
</tr>
<tr>
<td>Underlying*</td>
<td>43.1%</td>
<td>43.1%</td>
<td>-</td>
</tr>
<tr>
<td>GP %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT % Adjusted*</td>
<td>18.1%</td>
<td>17.2%</td>
<td>(90 bps)</td>
</tr>
<tr>
<td>Operating Cash Flow*</td>
<td>$2.5B</td>
<td>$2.9B</td>
<td>14%</td>
</tr>
<tr>
<td>Shareholder Payout Ratio</td>
<td>149%</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>EPS Reported*</td>
<td>$3.99</td>
<td>$2.52</td>
<td>(37%)</td>
</tr>
<tr>
<td>EPS Adjusted*</td>
<td>$2.81</td>
<td>$2.45</td>
<td>(13%)</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>$1.88</td>
<td>$1.90</td>
<td>1%</td>
</tr>
</tbody>
</table>

1Excludes gains from divestitures of $1,039M pretax, or $0.90 per share in 2015, and discontinued operations in both years
2Includes Discontinued Operations

Restructuring Update -- Costs
2015 – 2017E

Restructuring Is Being Implemented on Plan:
Base Company Restructuring Spend Expected to Decline in 2017 --
Still Work to Be Done in 2017 and 2018 With Addition of the Pentair V&C Business
Restructuring Update -- Benefits
2015 – 2017E

Savings Are Flowing Through --
Forming the Foundation for Profitable Growth in the Future -- Assuming Minimal Benefits in 2017 From Initial Pentair V&C Restructuring
Emerson Global Presence 2016
-- As We Start 2017 With the New Emerson

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales</th>
<th>Employees</th>
<th>Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>$14.5 billion</td>
<td>74,000</td>
<td>155</td>
</tr>
<tr>
<td>United States and Canada</td>
<td>$7.5 billion</td>
<td>22,000</td>
<td>59</td>
</tr>
<tr>
<td>Latin America</td>
<td>$834 million</td>
<td>13,000</td>
<td>19</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>$957 million</td>
<td>1,000</td>
<td>5</td>
</tr>
<tr>
<td>Europe and Russia</td>
<td>$2.3 billion</td>
<td>14,000</td>
<td>33</td>
</tr>
<tr>
<td>Asia</td>
<td>$2.9 billion</td>
<td>24,000</td>
<td>39</td>
</tr>
</tbody>
</table>

“Locations” include manufacturing locations only
Emerson New Business Focus and Market Growth Opportunities

Two Strong, Global, Market Leading Business Platforms

2016 Revenues: $14.5B
- Automation Solutions: $9B
- Commercial & Residential Solutions: $5.5B

Market Growth Opportunities

Market Growth Drivers

**Automation Solutions**
- Lifecycle Services
- Hybrid and Discrete Automation
- Wireless Solutions
- Pipeline Management
- Integrated Coordination and Control
- Pervasive Sensing
- Industrial Internet of Things
- Energy Management, Reliability and Safety

**Commercial & Residential Solutions**
- HVAC, Refrigeration Lifecycle Services
- Environmentally Friendly Refrigerants
- Sensors, Controls and Connectivity
- Global Disposer Adoption
- E-commerce
- Food and Pharma Transport Solutions
- Food Waste to Energy

~ $200B
~ $30B

Two Strong, Global, Market Leading Business Platforms
Agenda

1. 2016 Review
2. 2017 Performance Expectations
3. 2021 Vision for Value Creation
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## Next Steps: 2017 Game Plan and Priorities

### Perform as “New Emerson”

- Finish executing on restructuring plans to right-size cost structure given global macroeconomic trends and smaller two platform business footprint
- Use cash proceeds and strong cash flow / balance sheet to **aggressively acquire and enable organic growth**
- Position company to fully **capitalize on pending global energy market recovery**

### 1. Fully Integrate Acquisitions

- Aggressively execute on initial cost and revenue synergy plans
- Explore additional synergy opportunities as they emerge

### 2. Continue Rationalizing Base

- **Perfect Execution**
  - Boost profitability, creating a leaner organization positioned for premium growth and premium valuation -- **Key to Controlling Our Own Destiny**

### 3. Position and Execute for Growth

- Pursue both organic growth opportunities and acquisitions, especially in Process / Hybrid / Discrete Automation and Commercial & Residential areas
- Execute **deals worth ~$3B, adding ~$2B to total sales by 2021**, in addition to the acquisition of Pentair V&C
- Potential for **additional $1-2B strategic acquisition for another ~$1B of sales**
- Regrow Emerson to ~$20+B in annual revenues by 2021, recover lost earnings and cash flow

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In 2017, Our Organization Will Be Aligned Towards Executing on These Strategic Priorities as We Benefit From Improvement in Our Core Markets and the Critical Integration of the Pentair V&C Acquisition
# Emerson’s 2017 Key Financial Guidance -- The Current Business Make-Up

<table>
<thead>
<tr>
<th></th>
<th>2016¹</th>
<th>2017E Forecast¹</th>
<th>% Change 2016-17E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (GAAP)</td>
<td>$14.5B</td>
<td>$14.1 – $14.4B</td>
<td>(3%) – (1%)</td>
</tr>
<tr>
<td>Underlying Growth*</td>
<td>(7%)</td>
<td>(2%) – 0%</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>43.1%</td>
<td>~43.4%</td>
<td>+30 bps</td>
</tr>
<tr>
<td>EBIT Margin*</td>
<td>17.2%</td>
<td>~17.9%</td>
<td>+70 bps</td>
</tr>
<tr>
<td>EPS Reported Continuing Ops</td>
<td>$2.45</td>
<td>$2.47 – $2.62</td>
<td>1% – 7%</td>
</tr>
<tr>
<td>Dividends Per Share</td>
<td>$1.90</td>
<td>$1.92</td>
<td>+1%</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>$2.5B</td>
<td>~$2.5B</td>
<td>~ Flat</td>
</tr>
<tr>
<td>Cash Returned to Shareholders</td>
<td>$1.8B</td>
<td>~$1.5B</td>
<td></td>
</tr>
</tbody>
</table>

**Global GFI: FY 2017 2016-17E**

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>2.0% – 3.0%</td>
</tr>
<tr>
<td>Canada</td>
<td>(2.5%) – (1.5%)</td>
</tr>
<tr>
<td>Europe</td>
<td>1.0% – 1.5%</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>0.5% – 1.5%</td>
</tr>
<tr>
<td>China</td>
<td>4.0% – 5.0%</td>
</tr>
<tr>
<td>Asia Pacific Excl. China</td>
<td>2.0% – 3.0%</td>
</tr>
<tr>
<td>Latin America</td>
<td>(3.0%) – (2.0%)</td>
</tr>
</tbody>
</table>

**Other 2017 key assumptions:**
- Currency Headwinds ~($0.2)B
- Tax Rate: ~29%
- 2017 Share Repurchase: ~$250M
- Acquisitions: ~$3.65B (includes Pentair V&C)
- Capital Expenditures: ~$475M, ~3.5% of sales
- Price – Cost: Expected to be in the range of ($25)M to $0M

¹ Continuing Operations; 2017 excluding Pentair V&C
Quarterly Underlying Sales* Growth

Emerson underlying sales growth (year over year change by quarter)

2+ Year “Industrial Recession” Driven by Dramatic Declines in Oil & Gas, Strong U.S. Dollar, and Weak U.S. and Emerging Market Business Spend
• But it is Turning Back Up!

Emerson and Many of Our Core Markets Entered an Industrial Capital Spend Recession in the 2nd Quarter of 2015. However, We Are Starting to See Some Signs of Stabilization and Recovery in Early 2017

Note: All data shows Emerson continuing operations
Trailing 3-Month Underlying Orders Decreased 0.3 Percent in December, a 4.4 Point Improvement Versus Prior Month
We Expect Mature Market Growth to Be ~1.7% in 2017 And Total World GFI Growth of ~2.2%!

Canada
- Improved outlook for commodity prices driving GFI growth
- Low Canadian Dollar will bolster exports

2016: (4.4%)
2017E: (2.0%)

United States
- Pickup in non-residential market and energy sector driving improved 2017 GFI
- Expected tax and regulation reforms driving improved business outlook

2016: 1.4%
2017E: 2.5%

Europe
- Brexit-related uncertainties, political instability, and banking problems will restrain Western European growth
- Russia's economy stabilizing

2016: 2.2%
2017E: 1.0%

World

2016: 1.4%
2017E: 2.2%

Source: IHS Economics and Emerson Management Assessment
World Gross Fixed Investment (GFI) Trends
2017 Expectations for Emerging Markets

Middle East & Africa
- Low oil prices, fiscal tightening, and regional instability, have restrained growth
- Rising commodity prices are helping to revive growth -- some investments are starting to happen

2016: (0.5%)
2017E: 1.0%

China
- Expected to slow further due to imbalances in credit, housing, and industrial markets -- excess capacity
- Input costs and output prices rising
- Still see pockets of growth for Emerson sectors

2016: 4.5%
2017E: 4.0%

Latin America
- Mexico’s economy depends on U.S. trade and immigration policies -- But the only real growth chance in 2017
- Brazil’s recession is abating, but recovery / growth is far from certain

2016: (7.4%)
2017E: (2.5%)

Asia Pacific (Excluding China)
- India expected to outpace China despite liquidity shortages
- Indonesia growing 5%+
- SE Asia -- positive growth

2016: 0.5%
2017E: 2.5%

Source: IHS Economics and Emerson Management Assessment

We Expect Emerging Market Growth to Be ~2.7% in 2017
And Total World GFI Growth of ~2.2%!
## Oil & Gas Industry Capital Expenditures Priorities and Outlook

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Industry CapEx</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2014</td>
<td>~$3.6T</td>
</tr>
<tr>
<td>2015-2016</td>
<td>~$1.1T</td>
</tr>
<tr>
<td>2017-2021</td>
<td>~$3.2T</td>
</tr>
</tbody>
</table>

During the “investment boom” in a high oil price environment, many oil and gas customers executed capital projects very quickly, often sacrificing execution to bring projects online as fast as possible – *Speed was paramount to deliver increased revenue, not efficiency or operational excellence*.

In the “industry reset” low oil price environment, new capital projects were delayed and poor performing assets were closed, as customers instead focused on maximizing efficiency of their higher performing assets.

In the “new normal” paradigm, we expect many customers to *maintain caution* with their new project spending, but maintenance and replacement *will grow roughly in line with demand growth*. Meanwhile, *remaining producers can operate profitably at $50-60 oil*.

Source: IHS Economics and Emerson Estimates

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**Wall Street Journal “U.S. Oil Producers Ramp Up Spending”**

20 Jan 2017

- “Preliminary capital spending plans released in recent weeks…show an average of 60% budget increase for the group.”
- “Several U.S. oil producers…have said that advanced technology and efficiency gains implemented during the downturn will allow them to not just survive but thrive.”

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Oil & Gas Customers Will Focus on Operational Efficiency and Cash Maximization in the Near Term -- As Oil Prices Stabilize, MRO Investment Will Pick Up, and Customers Will Begin Reviving Previously Shelved Exploration and Production Projects
We Expect the Capital Spending for Our Large Customers to Be Mixed in 2017, But Stabilizing, after 2 Years of Sustained Heavy Reductions, Due to Increased Confidence in the Price of Oil Between $50 – $60+

Automation Solutions -- 2017 End Markets Outlook

**O&G Exploration & Production**

2017E: (5%) – (6%)

Increase in investment led by North American onshore projects; international spending flat, offshore uptick still on hold

**Chemical**

2017E: 0% – 2%

Favorable feedstock costs continue further expansion of ethylene and methanol capacity in the U.S.

**O&G Midstream**

2017E: (3%) – (5%)

Continued investment in LNG storage and pipeline constructions and expansions

**Power**

2017E: 0% – 1%

Regulatory standards, increase in emerging market demand generating project activity

**Refining**

2017E: (2%) – (4%)

Declining margins to slow projects but activate maintenance spending

**Hybrid Industries**

2017E: 0% – 2%

Aging population and growing middle class driving Life Sciences demand; weak commodity pricing persists in Metals & Mining

**Discrete Industries**

2017E: 1% – 3%

Emerging market urbanization and industrialization

**SOURCE:** IIR, Barclay’s, IHS, HPI, BMI 2017 Outlook Reports

Note: Spending on Automation Equipment tends to lag overall capital spending by at least 6-12 months
# Commercial & Residential Solutions -- 2017 End Markets Outlook

<table>
<thead>
<tr>
<th>Category</th>
<th>2017E: 4% – 5%</th>
<th>2016E: 3% – 5%</th>
<th>2017E: ~ 5%</th>
<th>2017E: 2% – 4%</th>
<th>2017E: 5% – 7%</th>
<th>2017E: 1% – 3%</th>
<th>2017E: 2% – 3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential A/C</td>
<td>Solid housing starts; summer weather is key driver</td>
<td>New efficiency standards drive modulation technology adoption</td>
<td>Driven by improved consumer wealth and increase in spending</td>
<td>Rising energy costs, food quality management &amp; profitability</td>
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<tr>
<td>U.S. Residential Construction</td>
<td>Increased housing starts and private residential spending</td>
<td>DOE &amp; EPA regulations creating widespread redesigns</td>
<td></td>
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<tr>
<td>U.S. Housing Starts</td>
<td>Robust building permits, and elevated homebuilder optimism fuel the growth</td>
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<td>U.S. Home Improvements</td>
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<td>Commercial A/C</td>
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<tr>
<td>U.S. Non-Residential Construction</td>
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<td>Transport</td>
<td></td>
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<td>Retail Solutions</td>
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Quarterly Underlying Sales* Growth -- Finally Turning Positive

Emerson underlying sales growth (year over year change by quarter)

- 2+ Year “Industrial Recession” Driven by Dramatic Declines in Oil & Gas, Strong U.S. Dollar, and Weak U.S. and Emerging Market Business Spend
- But It is Turning Back Up!

Emerson and Many of Our Core Markets Entered an Industrial Capital Spend Recession in the 2nd Quarter of 2015. However, We Are Starting to See Some Signs of Stabilization, Recovery, and Increased Investments in 2017

Note: All data shows Emerson continuing operations
We Anticipate the Recent Recovery in Automation Solutions Orders to Continue to be Positive for 2nd Half of 2017. Combined with Strong Commercial & Residential Solutions Orders, We Should See Positive Overall Orders Momentum Through the End of 2017!
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This Slide Intentionally Omitted
### New Presidential Administration: Mixed Outlook --- The Next 180 Days Will Be Telling

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Business Impact</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelving of Trans Pacific Partnership (TPP)</td>
<td></td>
<td>By relinquishing its role as a trade leader in the region, the U.S. might possibly be opening the door for Chinese influence -- Need to re-engage our trade strategy</td>
</tr>
<tr>
<td>Repeal of Obamacare</td>
<td></td>
<td>Expected to consume a significant amount of the government’s time and effort -- May delay other business policy priorities</td>
</tr>
<tr>
<td>Infrastructure Spending</td>
<td></td>
<td>An organized effort to repair roads, bridges, and undertake other infrastructure projects will bolster industrial investment</td>
</tr>
<tr>
<td>Corporate Tax Overhaul</td>
<td></td>
<td>Simplification and reduction in the corporate tax rate will likely positively impact corporate earnings</td>
</tr>
<tr>
<td>Cash Repatriation Holiday</td>
<td></td>
<td>Opportunity to free up “trapped cash” abroad and re-deploy within the U.S.</td>
</tr>
<tr>
<td>Personal Pressure On Outsourcing and Imports</td>
<td></td>
<td>New administration has set a strong precedent for publicly engaging companies that have plans to migrate production to Mexico or other low cost countries</td>
</tr>
</tbody>
</table>

The New Administration’s Prioritization and Sequencing of Policy Initiatives Will Be Very Important -- Emerson Must Be Nimble in Our Approach to this Dynamic Regulatory Environment -- We Are Ready for Anything but Planning Many Scenarios Right Now -- Net, Net it Will Be Positive for U.S. Multinationals
This Slide Intentionally Omitted
2017 Expectations

• Continue to see slightly better economic activity in the U.S., Europe, and Asia-Pacific -- But do see some negative headwinds from Washington D.C. rhetoric around protectionism and new tax policies

• OPEC production cuts will support oil prices spurring a modest recovery in our core Automation Solutions End Markets -- Also improved global economic activity helps higher oil prices / output
  – Orders will flatten and turn positive by 2\textsuperscript{nd} half of fiscal 2017 (maybe even Q2), driving underlying sales of (2%) – 0% for the year

• Continued margin benefit from restructuring efforts during the downturn \rightarrow improved EBIT margin, solid operating margin, and better cash flow

• Completed repositioning efforts will enable the more focused Emerson to make value added investments and acquisitions for sales and earnings growth

Sales and Earnings Will Turn up as Emerson Key Strategic Actions Position Our Company for an Improvement in Core Markets in 2017 -- Will Improve Quarter by Quarter Based on Current Trends
## Emerson’s 2017 Key Financial Guidance -- The Current Business Make-Up

<table>
<thead>
<tr>
<th></th>
<th>2016¹</th>
<th>2017E Forecast¹</th>
<th>% Change 2016-17E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (GAAP)</td>
<td>$14.5B</td>
<td>$14.1 – $14.4B</td>
<td>(3%) – (1%)</td>
</tr>
<tr>
<td>Underlying Growth*</td>
<td>(7%)</td>
<td>(2%) – 0%</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>43.1%</td>
<td>~43.4%</td>
<td>+30 bps</td>
</tr>
<tr>
<td>EBIT Margin*</td>
<td>17.2%</td>
<td>~17.9%</td>
<td>+70 bps</td>
</tr>
<tr>
<td>EPS Reported Continuing Ops</td>
<td>$2.45</td>
<td>$2.47 – $2.62</td>
<td>1% – 7%</td>
</tr>
<tr>
<td>Dividends Per Share</td>
<td>$1.90</td>
<td>$1.92</td>
<td>+1%</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>$2.5B</td>
<td>~$2.5B</td>
<td>~ Flat</td>
</tr>
<tr>
<td>Cash Returned to Shareholders</td>
<td>$1.8B</td>
<td>~$1.5B</td>
<td></td>
</tr>
</tbody>
</table>

### Other 2017 key assumptions:
- Currency Headwinds ~($0.2)B
- Tax Rate: ~29%
- 2017 Share Repurchase: ~$250M
- Acquisitions: ~$3.65B (includes Pentair V&C)
- Capital Expenditures: ~$475M, ~3.5% of sales
- Price – Cost: Expected to be in the range of ($25)M to $0M

### Global GFI: FY 2017 2016-17E Assumptions % Change
<table>
<thead>
<tr>
<th></th>
<th>2016-17E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assumptions</strong></td>
<td>% Change</td>
</tr>
<tr>
<td>U.S.</td>
<td>2.0% – 3.0%</td>
</tr>
<tr>
<td>Canada</td>
<td>(2.5%) – (1.5%)</td>
</tr>
<tr>
<td>Europe</td>
<td>1.0% – 1.5%</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>0.5% – 1.5%</td>
</tr>
<tr>
<td>China</td>
<td>4.0% – 5.0%</td>
</tr>
<tr>
<td>Asia Pacific Excl. China</td>
<td>2.0% – 3.0%</td>
</tr>
<tr>
<td>Latin America</td>
<td>(3.0%) – (2.0%)</td>
</tr>
</tbody>
</table>

¹ Continuing Operations; 2017 excluding Pentair V&C
Emerson Has a History of Strong Cash Flow Generation

Factors of the Decline:
- ~$500M taxes paid on divestitures
- ~$600M lower earnings

We WillContinue to Generate Strong Cash Flow as the New Emerson to Fund Internal Investments, Increasing Dividends, Share Repurchases, and Acquisitions

Operating Cash Flow

Total Cash Generated: $21.6B

Total Cash Generated: $21.9B
This Slide Intentionally Omitted
Repositioning Nearly Complete: Acquisitions & Divestitures Update Financial Impact

Continuing Operations

We now expect earnings from continuing operations to be **$2.47 – $2.62 per share** for Fiscal Year 2017 -- up from $2.45 per share in 2016.

Divestiture Closures

The sale of Network Power, Leroy-Somer and Control Techniques are done -- cash received. Final cash repatriation will occur later this year and all closing transactions will be completed in our 2nd quarter.

Pentair V&C Deal Closure

We expect to see the deal closure delay until end of March and be **slightly EPS dilutive** including restructuring and intangible amortization but excluding one time purchase accounting impact -- Cash flow accretive!

Repatriation Efforts

**Q1 and Q2 tax bookings ~$100M**\(^1\), but we expect to hold off on ~$900M of repatriation efforts in Fiscal Year 2017 until comprehensive tax reform or a repatriation holiday is announced -- later 2017.

---

\(^1\)Reported in discontinued operations

\(^2\)Subject to conclusion of ongoing regulatory reviews

Note: Outlook excludes Pentair V&C

---

Two Large Divestitures Are Done -- We Have $5.2B in Gross Proceeds From Divestitures -- $1.6B Repatriation in 2017 -- Remaining Depends on New Tax Policies -- Pentair V&C Should be Closed by End of March 2017\(^2\)
Net Debt Reduced to $2.4B by End of Fiscal 2017

Our Balance Sheet Supports Additional Acquisitions and Is Very Liquid and Flexible for the Right Strategic Moves

1 Assumes full repatriation of divestiture cash
Pentair Valves & Controls Acquisition Update

**Fiscal 2017**

- Acquisition is projected to be **cash accretive** -- ~$75M Operating & ~$45M Free Cash Flow
- **EPS is slightly dilutive** including ~$25M of restructuring spend & intangible amortization of ~$50M
- Excludes one-time purchase accounting actions at closing -- estimate of $225M to $275M, ($0.25) to ($0.30) per share
  - Profit in inventory and backlog hurts 2017 / 2018 P&L. Expected to be recognized within 6 to 12 months after close

**Years 2 Through 5**

- Continued intangible amortization of ~$100M per year, ($0.11) per share
- **Additional restructuring spend of ~$175M** over the next 24 months
- **Synergy opportunity is ~$200M**, net of SG&A investments
- **Year 5 sales target of ~$2B** including synergies on the acquired business

---

1 Assumes six months of contribution from Pentair V&C acquisition

V&C Acquisition Is Projected to Be Cash Accretive Immediately and EPS Accretive in Year 2. Sales Synergy Opportunity Represents Significant Upside
Delivering Pentair Valves & Controls Acquisition Success Through Integration

• We picked the right target, that fits the Emerson DNA and growth strategy
  – We know the industry, we know the products, we know the channel, we know the customers. Emerson has done this before – similar to the Fisher Valves Acquisition

• The Synergy Board Plan for Final Control + Pentair V&C is heavily focused on cost in the early years, then on growth synergies as we move past Year 2

• The identified cost actions are known, achievable and begin immediately upon deal closure
  – Pre-close period focuses on “Day One” readiness

• Synergy sales coincide with expected market recovery (2018)

• Valves & Controls’ Balance Sheet / Working Capital provides an opportunity to drive early cash accretion

• We continue to identify additional synergies

• Dedicated focused resources for critical activities such as integration

We Have Identified the Synergies and Know How to Get Them -- And the Team and Consolidated Organization Will Be in Place on Day 1
After Completing Multiple Major Accomplishments in 2016, 2017 Requires Executing the Final Critical Details

Timeline for Key Strategic Actions

November 30, 2016: Closed Network Power Sale

December 31, 2016: Antitrust Filings

January 31, 2017: Closed LS-CT Sale

March 31, 2017: Expected Pentair V&C Acquisition Closing

2017

Day One Readiness:
- Ensure Emerson Core Principles
- Business Continuation
- Value Capture

Structural Integration Planning

Execute on Cost Synergies

Communication Planning

Explore additional synergy opportunities

Complete another ~$500M of Bolt-on Acquisitions

4th Quarter, Fiscal Year: Divest ClosetMaid

2016 Was the “Transition” Year -- 2017 Will Be the “Foundation” Building Year as Our Two Platforms Return to Growth, We Begin the Integration of Pentair V&C, and We Build a Stronger, More Focused Emerson
This Slide Intentionally Omitted
Agenda

1. 2016 Review
2. 2017 Performance Expectations
3. 2021 Vision for Value Creation
Agenda

1. 2016 Review
2. 2017 Performance Expectations
3. 2021 Vision for Value Creation
The Rebased Emerson Has Solid Internal Growth Opportunities Along With Smaller Bolt-On Acquisitions and Potential Larger Strategic Acquisitions (Like Pentair V&C)

<table>
<thead>
<tr>
<th>2016 Adjusted Basis*</th>
<th>Strategic Divestitures</th>
<th>2016 Continuing Ops</th>
<th>Underlying Growth &amp; Bolt-On Acquisitions</th>
<th>Larger Market Expanding Acquisition(s)</th>
<th>2019 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>~$20B</td>
<td>~($6B)</td>
<td>~$15B</td>
<td>~$1.8B</td>
<td>~$3-6B</td>
<td>~$18B</td>
</tr>
<tr>
<td></td>
<td></td>
<td>~$14.5B</td>
<td>~$2-3B</td>
<td>~$1.7B + ~3% Underlying Growth + ~2% Growth from Bolt-on Acquisitions</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~$20+B</td>
<td></td>
</tr>
</tbody>
</table>

Legend:
- Feb 2016 Expectations (Austin, TX)
- Feb 2017 Expectations (New York, NY)

*Includes results of discontinued operations

- ~$1B reduction from organic sales
- ~$1B reduction from acquisitions
The Rebased Emerson Has Solid Internal Growth Opportunities Along With Smaller Bolt-On Acquisitions and Potential Larger Strategic Acquisitions (Like Pentair V&C)
The Goal of the New, Smaller, More Profitable Emerson Is to Grow Faster, Expand EBIT Margins, and Increase Acquisitions to Drive a Faster EPS Growth Company Through This 5 Year Planning Horizon

Legend:
- 2016 Expectations (Austin, TX)
- Feb 2016 Adjusted Basis*1
- Strategic Divestitures
- Feb 2017 Expectations (New York, NY)
- Feb 2017 Continuing Ops
- Underlying Sales Growth: ~3%
- EBIT Expansion: ~1.7%
- ~$0.70-$0.80
- (~6% CAGR)
- ~$0.50
- Share Count Reduction
- ~$0.05
- Acquisition(s)
- ~$0.18-$0.23
- ~$0.12-$0.17
- ~$2.98
- ($0.53)
- ~$0.10
- (~8% CAGR)
- ~$2.60
- ~$3.15
- (~$0.55)
- ~$3.00
- 2019 Target

---

1 Excludes taxes and separation costs on divestitures
2 Includes interest reduction
The Goal of the New, Smaller, More Profitable Emerson Is to Grow Faster, Expand EBIT Margins, and Increase Acquisitions to Drive a Faster EPS Growth Company Through This 5 Year Planning Horizon.
Gross Fixed Investment (GFI) Trends 2017 - 2021 Expectations for Mature Markets

Canada
- Prices of oil and other commodities expected to rise, sparking a recovery in the Canadian dollar

2017E – 2021F: ~2.5%

United States
- Sustained improved growth depends on timing and extent of regulatory and tax reforms as well as productivity gains
- Fiscal stimulus, accelerating prices and wages, and strengthening loan demand will lead to higher interest rates

2017E – 2021F: ~3.0%

Europe
- Aggressive monetary stimulus and a weaker euro will support growth in Western Europe
- Political stability will determine whether that growth is sustained
- Sluggish export markets in Western Europe and adverse demographic trends will restrain growth in Emerging Europe

2017E – 2021F: ~2.1%

World
2017E – 2021F: ~3.2%

Source: IHS Economics and Emerson Management Assessment

We Expect Mature Market Growth to Be ~2.2% for 2017 - 2021 and The World GFI to Grow ~3.2%
Gross Fixed Investment (GFI) Trends 2017 - 2021 Expectations for Emerging Markets

Middle East & Africa
- Addressing job growth and economic diversification will be critical to growth in the Middle East
- Poor infrastructure, political instability, and corruption remain obstacles in Africa

2017E – 2021F: ~4.2%

Latin America
- Long-term challenges include inadequate infrastructure, restrictive business environments, and income inequality

2017E – 2021F: ~2.5%

Asia Pacific (Excluding China)
- Capital inflows are critical to address infrastructure needs
- New manufacturing hubs such as Vietnam are emerging

2017E – 2021F: ~3.5%

China
- Services will account for ~70% of growth over this time period as China looks to transform its economy -- But productivity and energy efficiency are still key growth areas

2017E – 2021F: ~4.5%

Source: IHS Economics and Emerson Management Assessment

We Expect Emerging Market Growth to Be ~4.3% for 2017 - 2021 and The World GFI to Grow ~3.2%
### Emerson’s Core Platform Growth Through the Cycle Targets

Emerson Must Expand Upon It’s History of Beating Market Growth Within Automation Solutions and Establish a Sustainable Market Growth Premium Within Commercial & Residential Solutions

<table>
<thead>
<tr>
<th>Period</th>
<th>Emerson Automation Solutions</th>
<th>Emerson Commercial &amp; Residential Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 – 2015</td>
<td>Served Market Emerson Platform Growth</td>
<td>~3% ~6%</td>
</tr>
<tr>
<td>2016 – 2021F</td>
<td>Served Market Emerson Platform Growth</td>
<td>1% - 3% ~3%</td>
</tr>
<tr>
<td>2017E – 2021F</td>
<td>Served Market Emerson Platform Growth</td>
<td>3% - 5% 3.5% - 6%</td>
</tr>
</tbody>
</table>
2017 – 2021 Growth Expectations and Market Trends / Drivers

- **U.S. Presidential Administration** – Mixed economic outcome which will largely depend on whether traditional pro-growth deregulation and fiscal stimulus initiatives outweigh the potential protectionist agenda items -- This will unfold throughout 2017 and likely be positive for U.S. multinationals

- **Energy Outlook** – Should see a positive inflection point in 2017 or early 2018 with spending starting with MRO and brownfield projects, and slowly migrating into previously delayed greenfield projects

- **Industrial Internet of Things** – There will be broader adoption by 2020 as companies begin to accurately measure and implement the value of their data streams and associated savings -- A significant opportunity for both Emerson Platforms

- **Residential and Non-Residential Construction** – We should see investment pick up in both single family and multi-family as the U.S. market sees slightly better GDP growth and family incomes rise

- **Regulations** – After a brief resetting of environmental and efficiency standards early in the new Administration, the trend will ultimately reset a course towards increasing regulation across our end markets -- But a much more balanced approach for business investments

- **U.S. Dollar Strength** – The U.S. will likely remain the world’s most attractive location for foreign investment, especially as interest rates rise -- the dollar will remain relatively strong, but maybe not as strong as we have seen the last 12 months

Emerson Will Be Positioned to Capitalize on These Trends -- Targeting to Deliver Above Market Growth in Sales and Earnings Through This Cycle!
Automation Solutions and Commercial & Residential Solutions -- A Strong Foundation Off of Which to Build!

# Strategic Rationale for Maintaining and Leveraging Emerson’s Two Platform Portfolio

## Technology and Innovation

1. Leverage Global Innovation Centers Across Both Platforms
2. Scale Sensing Technologies and Development Knowledge Across Portfolio of Intelligent Devices
3. Drive Synergies Across Common Hardware and Software Development
4. Develop Common Internet of Things Application Foundation to Enable Industry Specific Solutions

## Markets and Customers

1. Share Domain Knowledge Across Common End Markets (Life Sciences and Food & Beverage)
2. Leverage E-business and Digital Customer Experience Capabilities Across All Markets and Customers
4. Pursue Common Adjacent Spaces for New Growth

## Best Practices and Global Enterprise

1. Share Best Practices and Management Processes i.e. Perfect Execution
2. Leverage and Share Talent Development
3. Maximize Shared Services and Shared Facilities
4. Achieve World Area Penetration, Share Local Trends, Government Relations, and Labor Insights
Cross-Platform Collaboration Opportunities On Multiple Layers of the Technology “Stack”

Technology and Innovation

Cross Platform Collaboration On Common Application Backbone

Synergies Among Hardware & Software Design and Interface

Devices Specific to Customer Application

Emerson Will Leverage Technologies and Commonalities Across Our Two Platforms
Leverage Domain Knowledge Across Common End Markets

Common End Markets:

Life Sciences / Pharmaceuticals

Food & Beverage

Key Trends:
- Pharma 4.0
- Temperature Sensitive Biopharma
- Continuous Manufacturing
- Single Use Technologies
- Regulatory Reform

Technology:
- Flexible Manufacturing
- Food Safety
- Product Traceability and Reliability
- Packaging Proliferation

Emerson Automation Solutions
Emerson Commercial & Residential Solutions

Customer Insights and “Know-How” Span Across Common End Markets in Automation Solutions and Commercial & Residential Solutions
Share Best Practices in Emerson Management Process

Our Portfolio Structure Allows Us to Leverage Best Practices Within the Emerson Management Process
**Perfect Execution Facilitates Leveraging Unique Business Model Learnings Across Platforms**

<table>
<thead>
<tr>
<th>Understand</th>
<th>Design</th>
<th>Plan</th>
<th>Execute</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lead Time Stratification</td>
<td>• Design for Manufacturability</td>
<td>• Delivery Frequency on High Volume Parts</td>
<td>• Continuous Flow</td>
</tr>
<tr>
<td>• Sales &amp; Operations Planning</td>
<td>• Preferred SKUs</td>
<td>• Supply Regionalization</td>
<td>• Pull Systems</td>
</tr>
<tr>
<td>• Complexity Reduction</td>
<td>• Complexity Reduction</td>
<td>• Supply Regionalization</td>
<td>• Global Project Management</td>
</tr>
</tbody>
</table>

### Business Models

<table>
<thead>
<tr>
<th>Make-To-Order</th>
<th>Engineer &amp; Configure-To-Order</th>
<th>Solutions &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lead Time Stratification</td>
<td>• Front-End Processes</td>
<td>• Customer Collaboration</td>
</tr>
<tr>
<td>• Sales &amp; Operations Planning</td>
<td>• Demand Shaping &amp; Product</td>
<td>Through Business Process</td>
</tr>
<tr>
<td></td>
<td>Configurators</td>
<td>Excellence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• CRM Tools</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Design for</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Serviceability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Flexible Delivery</td>
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<tr>
<td></td>
<td></td>
<td>Models</td>
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<td></td>
<td></td>
<td>• Design for</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Serviceability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Excellence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pull Systems for</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Service Parts</td>
</tr>
</tbody>
</table>

### Design for Manufacturability
- Preferred SKUs
- Complexity Reduction

### Plan
- Delivery Frequency on High Volume Parts
- Supply Regionalization

### Execute
- Continuous Flow
- Pull Systems

### Business Group:
- **Auto. Sol.**
- **Comm. & Res. Sol.**

### Product / Service Example:
- **Discrete & Industrial**
- **Sensors & Controls**
- **Flow Solutions**
- **Refrigeration**
- **Systems & Solutions**
- **Tools & Home Products**
Evolving Our Emerson Message to Focus on “Critical Issues” and a True Solutions Approach


Emerson Automation Solutions

- Making the greatest use of the world’s valuable resources
- Helping nations move their economies forward in a responsible way
- Enabling the performance and safety of industry when it matters most
- Advancing the industries that are the backbone of daily life

Emerson Commercial & Residential Solutions

- Ensuring human comfort and health
- Protecting food quality and sustainability
- Advancing energy efficiency and environmental conservation
- Creating sustainable infrastructure
- Innovating at The Helix
Introducing the New Emerson.com -- An Industries Solution Focus for Our Global Customers

Going Forward, the One Emerson Website Will Be Cohesive, Clear, and Intuitive -- Facilitating Visibility and Understanding for Our Customers, Investors, and Employees
This Slide Intentionally Omitted
Automation Solutions Market Outlook

- Successful implementation of OPEC production cuts and stable oil prices will support **increased customer spending within our core process markets in late 2017 and into 2018**
  - We *expect a strong rebound in 2018* driven by increased maintenance, repair, and overhaul activity -- which had been deferred
  - We *expect a return to moderate growth through 2021* after an initial growth spike in 2018
- We continue to see strong market fundamentals in our **Hybrid and Discrete** market segments
- **Asia** will continue to be a significant source of market growth followed closely by **North America**

Markets Are Turning in Our Favor -- We Are Well Positioned to Take Advantage of These Improving Markets and Drive Above Market Growth
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Key Priorities for Automation Solutions Through 2021

**Invest**
- **Continue critical internal investment** in technology to exit industrial recession in a strong position

  Plantweb digital ecosystem is the foundation for further investments!

**Create Solutions**
- **Focus on solving the customers’ biggest problems** --- productivity improvement required in today’s $50-$60 per barrel oil price

  Top Quartile Performance is a foundation for broader solutions engagement with customers!

**Acquire**
- **Add product & solution competency through acquisition** -- diversify into non-oil & gas markets

  Pending acquisition of Pentair V&C is a strong start!

**Perform**
- **We must perform better in the next two years and separate from the market now!**

  History of outperformance -- We know how to outperform the market!
This Slide Intentionally Omitted
This Slide Intentionally Omitted
• Stronger U.S. economy should **fuel U.S. Residential and Commercial construction**
  – We expect to continue to benefit from the **strong performance of these markets** through 2021
  – Focus will be on increasing profitability and cash flow as we grow sales

• **Emerging markets** (especially China and India) **offer a great growth opportunity** in the Food Quality / Cold Chain arenas

• **Increasing focus on energy efficiency, sustainability, and comfort** allows us to further solidify our presence in our served markets **globally**!
  – Global Variable Speed Residential Solutions
  – Global VRF Commercial Solutions

Commercial & Residential Solutions Markets Offer a Resilient Source of Growth and Profits
This Slide Intentionally Omitted
Priorities for Commercial & Residential Solutions Through 2021

**Perform in Core Markets**
- Exploit our industry leading technology to **further penetrate** existing and adjacent markets

**Expand in Served Markets**
- **Aggressively acquire** to enable robust solutions and expand market definition and participation

**Invest in Technology**
- **Invest in and acquire technologies** that have potential to scale in our ecosystem

**Maintain Industry Stewardship**
- Lead our customers through change as the **industry steward**

Rebased company enables focus on core markets -- Enabling above market growth!

Minority investments in 7AC and Transformative Wave -- Recent examples of successful efforts -- More will happen

Acquired PakSense and Locus Traxx to expand served market in cold chain transport -- Will find further opportunities

Engaging with governments and customers around the world to lead through refrigerant changes!
This Slide Intentionally Omitted
This Slide Intentionally Omitted
This Slide Intentionally Omitted
The Rebased Emerson Has Solid Internal Growth Opportunities Along With Smaller Bolt-On Acquisitions and Potential Larger Strategic Acquisitions (Like Pentair V&C)

1Includes results of discontinued operations
The Goal of the New, Smaller, More Profitable Emerson Is to Grow Faster, Expand EBIT Margins, and Increase Acquisitions to Drive a Faster EPS Growth Company Through This 5 Year Planning Horizon.
Operating Capital Efficiency Drives Significantly Higher Cash Flow and Returns

The Long-Range Targets Include the New Pentair V&C Acquisition, so We Will Learn More After 18 - 24 Months -- But in the Near-Term the Pentair V&C Acquisition Takes Our Trade Working Capital Over 20%

Note: TWC using a 4-point average; TWC for 2012-2016 includes the discontinued businesses

1Excludes impact of repositioning items in 2015 and 2016, divestiture gains in 2015, and impairments in 2012 through 2014; 2Continuing Ops

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Emerson Dividend to Free Cash Flow Ratio Plan

Better Internal Growth and Acquisitions Will Be Key to Achieving Targeted Annual Dividend of 40% - 50% of Free Cash Flow -- Reaching 65 Years of DPS Increases

Targeting 60% -- $1.2B Dividend: $2.0B FCF

1Excludes tax and separation costs on divestitures
2Continuing Operations
The New Emerson’s Roadmap to Creating Value Through 2021

<table>
<thead>
<tr>
<th>Sales Growth</th>
<th>Operating Margin</th>
<th>EBIT Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target: 2% - 4% Underlying</td>
<td>18% - 20+%</td>
<td>16% - 19+%</td>
</tr>
<tr>
<td>+3% - 4% Through Acquisitions</td>
<td>Consolidated: 5% - 8%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Free Cash Flow (% of Sales)</th>
<th>ROTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target: 11% – 14%</td>
<td>Target: 18% - 25%</td>
</tr>
</tbody>
</table>

As We Move Through 2017, We Will Drive Higher Profit Margins and Higher Returns on Capital for Emerson’s Shareholders -- Driving EPS Growth by 8% - 10% Annually
# 2017 – 2021 -- Roadmap to a Stronger Emerson

<table>
<thead>
<tr>
<th></th>
<th>2016¹</th>
<th>2017E¹</th>
<th>2021T</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$14.5B</td>
<td>$14.1 - $14.4B</td>
<td>~$20+B</td>
</tr>
<tr>
<td><strong>Gross Profit %</strong></td>
<td>43.1%</td>
<td>~43.4%</td>
<td>~44%</td>
</tr>
<tr>
<td><strong>EBIT %</strong></td>
<td>17.2%</td>
<td>~17.9%</td>
<td>~19%</td>
</tr>
<tr>
<td><strong>EPS Reported</strong></td>
<td>$2.45</td>
<td>$2.47 - $2.62</td>
<td>~$3.85</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>$2.5B</td>
<td>~$2.5B</td>
<td>~$3.3B</td>
</tr>
<tr>
<td><strong>CapEx</strong></td>
<td>$447M</td>
<td>~$475M</td>
<td>~$600M</td>
</tr>
<tr>
<td>% of Sales</td>
<td>3.1%</td>
<td>~3.5%</td>
<td>~3%</td>
</tr>
</tbody>
</table>

Note: 2017E does not include impact of Pentair V&C, But 2021T Does

¹Continuing Operations

By 2021, We Plan to Reach 44% GP Margin, 19% EBIT Margin*, and ~$3.3B Operating Cash Flow for Increased Internal / Acquisition Investment to Drive Sales to $20+B
Next Steps: 2017 Game Plan and Priorities

Perform as “New Emerson”

- Finish executing on restructuring plans to right-size cost structure given global macroeconomic trends and smaller two platform business footprint
- Use cash proceeds and strong cash flow / balance sheet to **aggressively acquire and enable organic growth**
- Position company to fully **capitalize on pending global energy market recovery**

1. Fully Integrate Acquisitions

- Aggressively execute on initial cost and revenue synergy plans
- Explore additional synergy opportunities as they emerge

2. Continue Rationalizing Base

- Continue rationalization and restructuring of our 2 core platforms -- **Perfect Execution**
- Boost profitability, creating a leaner organization positioned for premium growth and premium valuation -- **Key to Controlling Our Own Destiny**

3. Position and Execute for Growth

- Pursue both organic growth opportunities and acquisitions, especially in Process / Hybrid / Discrete Automation and Commercial & Residential areas
- Execute **deals worth ~$3B, adding ~$2B to total sales by 2021**, in addition to the acquisition of Pentair V&C
- Potential for **additional $1-2B strategic acquisition for another ~$1B of sales**
- Regrow Emerson to ~$20+B in annual revenues by 2021, recover lost earnings and cash flow

In 2017, Our Organization Will Be Aligned Towards Executing on These Strategic Priorities As We Benefit From Improvement in Our Core Markets and the Critical Integration of the Pentair V&C Acquisition
Emerson’s 2017 Key Financial Guidance -- The Current Business Make-Up

<table>
<thead>
<tr>
<th></th>
<th>2016¹</th>
<th>2017E Forecast¹</th>
<th>% Change 2016-17E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (GAAP)</td>
<td>$14.5B</td>
<td>$14.1 – $14.4B</td>
<td>(3%) – (1%)</td>
</tr>
<tr>
<td>Underlying Growth*</td>
<td>(7%)</td>
<td>(2%) – 0%</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>43.1%</td>
<td>~43.4%</td>
<td>+30 bps</td>
</tr>
<tr>
<td>EBIT Margin*</td>
<td>17.2%</td>
<td>~17.9%</td>
<td>+70 bps</td>
</tr>
<tr>
<td>EPS Reported Continuing Ops</td>
<td>$2.45</td>
<td>$2.47 – $2.62</td>
<td>1% – 7%</td>
</tr>
<tr>
<td>Dividends Per Share</td>
<td>$1.90</td>
<td>$1.92</td>
<td>+1%</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>$2.5B</td>
<td>~$2.5B</td>
<td>~ Flat</td>
</tr>
<tr>
<td>Cash Returned to Shareholders</td>
<td>$1.8B</td>
<td>~$1.5B</td>
<td></td>
</tr>
</tbody>
</table>

Other 2017 key assumptions:
- Currency Headwinds ~(0.2)B
- Tax Rate: ~29%
- 2017 Share Repurchase: ~$250M
- Acquisitions: ~$3.65B (includes Pentair V&C)
- Capital Expenditures: ~$475M, ~3.5% of sales
- Price – Cost: Expected to be in the range of (25)M to $0M

¹ Continuing Operations; 2017 excluding Pentair V&C
Break
Break
2017 Investor Conference
Automation Solutions
Business Overview

Mike Train
Executive President
February 16, 2017
2017 Investor Conference
Automation Solutions
Business Overview

Mike Train
Executive President
February 16, 2017
Automation Solutions
2016 Summary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$10.2B</td>
<td>$9.0B</td>
<td>(12%)</td>
</tr>
<tr>
<td>EBIT</td>
<td>$1.8B</td>
<td>$1.5B</td>
<td>(21%)</td>
</tr>
<tr>
<td>% of Sales</td>
<td>18.2%</td>
<td>16.2%</td>
<td>(200 bps)</td>
</tr>
<tr>
<td>ROTC</td>
<td>22%</td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

2016 Major Markets Served

- Upstream Oil & Gas: 21%
- Midstream Oil & Gas: 14%
- Power: 13%
- Chemical: 12%
- Refining: 9%
- Hybrid: 9%
- Discrete: 11%
- Other: 11%

2016 Sales by Geography

- Middle East & Africa: 44%
- Latin America: 8%
- Europe: 20%
- Asia: 22%
- North America: 6%
Key Messages

• Our **problem solving strategy** has driven strong growth through the cycle, and is the foundation for Emerson’s continued industry leadership.

• Global process **markets remained challenging** in 2016 led by the Oil & Gas reset.

• Made significant strides to position Automation Solutions for stronger long-term growth based on a **deep understanding of our customers** and investment trends.

• Our customers must aggressively pursue **Top Quartile project and operational performance** to deliver results in this challenging business environment.

• Emerson has launched **Operational Certainty** enabled by the **Plantweb Digital Ecosystem** to help customers achieve Top Quartile operational performance.

• **Valves & Controls** acquisition greatly expands our ability to serve customers through new project and operational certainty offerings.

• As Automation Solutions, Emerson is building off its strength in process automation to **penetrate hybrid** and **discrete** markets.
Emerson Automation Solutions
Trusted Advisor When it Matters Most

Taking on the industry’s toughest challenges, and bringing predictable success any time, any place.

Measure
Real-time insights to bring clarity to all aspects of your entire operation

Control
Control your process and your business with precision, certainty and safety

Optimize
The decision integrity to confidently run your business at its maximum potential

Power
Safe, productive and reliable installations, even in harsh environments

Solve
Achieve your performance goals through dependable definition, execution and support of your automation vision

The most complete portfolio of products, services & expertise in the industry

APPLETON™  ASCO™  BETTIS™  BRANSON  DELTAV™
FISHER™  MICRO MOTION  OVATION™  ROSEMOUNT™
Automation Solutions Has Consistently Outperformed the Market and Is Well Positioned for the Future

Automation Solutions Market Separation

**Automation Solutions Growth 2009 – 2016: 2.7%**

- **Market Growth 2009 – 2016: -0.5%**
- **Acquisitions**
- **Penetration**

**Growth Drivers**

- **Industries & Regions**
  - Oil & Gas
    - Floating Liquefied Natural Gas, Shale, Middle East, North Sea, Russia, Mexico
  - Power
    - North America, China, Eastern Europe
  - Life Sciences and Food & Beverage
    - UK, India, China
  - Automotive
    - Asia Pacific

- **Strategic Acquisitions**
  - Non-intrusive Corrosion
  - Blending & Transfer Systems
  - Pipeline Management Software
  - Engineered On/Off Valves
  - Flame & Gas Detection

Automation Solutions Grew +3.2 Points Above Market Through the Cycle and Gained 1.9 pts of Participation
## Process Industry Investment Trends

<table>
<thead>
<tr>
<th>Process Industries</th>
<th>2017 Outlook</th>
<th>2018-21 Outlook</th>
<th>Key Investment Trends:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas – Upstream</td>
<td>🔻</td>
<td>🔺</td>
<td>NA shale recovery; increase in international NOC investments</td>
</tr>
<tr>
<td>Oil &amp; Gas – Midstream</td>
<td>🔻</td>
<td>🔺</td>
<td>NA expansion with Natural Gas exports and Mexico Energy Reform</td>
</tr>
<tr>
<td>Refining</td>
<td>🔻</td>
<td>🔺</td>
<td>Clean fuels technology investments in Middle East, U.S., China, and India</td>
</tr>
<tr>
<td>Chemical &amp; Petrochemical</td>
<td>🔻</td>
<td>🔺</td>
<td>U.S. ethylene capacity buildout; global demand for chemical derived products</td>
</tr>
<tr>
<td>Power</td>
<td>🔺</td>
<td>🔺</td>
<td>Continued investment in China and India; coal to gas conversions in NA</td>
</tr>
<tr>
<td>Process Total</td>
<td>🔻</td>
<td>🔺</td>
<td></td>
</tr>
</tbody>
</table>
## Hybrid and Discrete Industry Investment Trends

### Hybrid Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>2017 Outlook</th>
<th>2018-21 Outlook</th>
<th>Key Investment Trends:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Sciences</td>
<td></td>
<td></td>
<td>Significant biotech investments in Ireland; generics growth in AP and NA</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td></td>
<td></td>
<td>Global increase in operational improvement and food safety spend</td>
</tr>
<tr>
<td>Metals &amp; Mining</td>
<td></td>
<td></td>
<td>Gold and copper recovery spurring project spend in LA and EUR</td>
</tr>
<tr>
<td>Pulp &amp; Paper</td>
<td></td>
<td></td>
<td>Bio-product capacity additions in EUR; strong packaging demand in AP</td>
</tr>
<tr>
<td>Hybrid Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Discrete Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>2017 Outlook</th>
<th>2018-21 Outlook</th>
<th>Key Investment Trends:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Machinery</td>
<td></td>
<td></td>
<td>Continued automation across industrial manufacturing segments</td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
<td>Growth in production and new model programs in NA, Emerging Markets</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td></td>
<td></td>
<td>Convenience segment growth in U.S.; emerging middle class in China</td>
</tr>
<tr>
<td>Discrete Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Operational Improvements Will Take Priority Over New Construction as Markets Recover

Automation Solutions Market by Type of Business

- KOB1: Greenfield Projects
- KOB2: Brownfield Projects
- KOB3: Maintenance and Repair

A bottom-up market recovery offers strong margin and growth opportunity.

Customers’ spend will be focused on efficiently running, expanding and optimizing their existing assets.

Note: Chart is illustrative
Industry Research Confirms Process Manufacturers Are Prioritizing Operational Performance Investments

"There is a sense of needing to be in the top quartile to survive."


"The challenge is knowing if there will be a real benefit... definitely the trend in the industry is to not invest unless there is certainty it will improve things."

Source: Q3 2016 Earnings Calls

Key Customer Strategies

“...we're focused on **expanding margins** by **increasing efficiencies in our operations** and on capturing maximum value from the resource base.”

**Bruce Niemeyer**
Chevron Corporation
Vice President, Mid-Continent

“We are advancing our strategic capital investments and maintaining our **focus on operational excellence** and **value to our customers.**”

**Lynn Good**
Duke Energy Corporation
Chairman, President and CEO

Operational Excellence Research
Life Sciences Leads Hybrid Industries Transformation With a Focus on Optimization and Pharma 4.0

69% equipment and technology budgets for pharmaceutical companies over past 3 years¹

“The increased spending for equipment and technology is based on dramatic changes in the pharmaceutical and biotechnology industry along with fierce competition. This industry transformation is driven by pressures to lower costs and increase productivity and pipelines.”²

Major Industry Trends

Continuous Manufacturing connecting modular operations with real-time monitoring, advanced control

Pharma 4.0 improving technology transfer, data analytics, easy product changeover

¹The 2016 Nice Insight Pharmaceutical Equipment Annual Study
²http://www.pharmamanufacturing.com/articles/2016/2016-pharmaceutical-equipment-buying-trends/?start=1
Discrete Industries Are Rapidly Increasing Automation

"With our vision of Industry 4.0, we are digitizing the entire value creation process — from design and development to production, sales and service."
Daimler 2015 Annual Report

“Henkel will leverage Industry 4.0 to better plan, source, produce and deliver its products and solutions.”
Henkel 2020+ 2016 Investor & Analyst Conference

"With our vision of Industry 4.0, we are digitizing the entire value creation process — from design and development to production, sales and service."
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Smart manufacturing is promising to yield profitability and high efficiency, but 87% of US manufacturers are yet to adopt it.
Brian Kennell, CEO Tetra Pak North America

Industry 4.0 adoption will more than double global level of digitalization by 2020

Source: PwC’s 2016 Global Industry 4.0 Survey
Top Quartile Programs Enable Peer-Leading Results in Capital Investments & On-Going Operations

Capital Efficiency

1 to 5 years

- Eliminate Cost
- Reduce Complexity
- Accommodate Change

- Appraise
- Front End Engineering & Design
- Execute
- Startup

$430B Opportunity

Project Certainty

- Transformational Technology
- Enabling Methodologies
- Expert Partnering

- Lowest Compliant Price
- Select Best Practices

Launched Project Certainty in 2016 to Help Customers Achieve Top Quartile Project Performance
Top Quartile Programs Enable Peer-Leading Results in Capital Investments & On-Going Operations

Operational Efficiency

20 to 60 years

Optimize Production
Improve Reliability
Minimize Emissions
Ensure Safety

Maintenance & Repair
Shutdowms, Turnarounds, & Outages
Optimize, Expand & Upgrade

Operational Certainty

Expert Partnering

Lifecycle Services
Industry Solutions

Launching Operational Certainty in 2017 to Help Customers Achieve Top Quartile Operational Performance
Top Quartile Manufacturers Significantly Outperform Their Average Peers

**Safety**

- **3X fewer recordables**
- and process incidents

**Reliability**

- **4% higher availability**
- Half the maintenance costs

**Production**

- **20% lower operating costs**
- **10% higher Utilization Rate**

**Emissions**

- **30% lower emissions**
- **30% less energy use**

Sources: Refining and Petrochemical Benchmarks, API, Solomon, OSHA, IHS Markit and Company Reports
Top Quartile Manufacturers Utilize Advanced Technology and Processes to Drive Long Term Results

Behaviors of Top Quartile Operational Performers

- Utilize integrated information management, production and logistics
- Run proactive maintenance programs supported by condition based monitoring
- Implement automatic process control
- Optimize processes with real-time data
- Make investment decisions for sustainable value

Operational Business Performance

Refining and Petrochemical Industries
For a Typical Facility

(Earnings)

Optimal Range

Average Range

Top Quartile Performer

Average Performer

15% Earnings Improvement Opportunity

Safety

Production & Emissions

Reliability

Source: Internal Estimates; EBITDA has been used as a proxy for Business Performance (Earnings)
To Achieve Top Quartile Results, Customers Must Continuously Measure, Analyze & Decide, and Act

Logic Analytics Modeling

Diverse, rich data sets
“Unlimited” storage and processing
Modeling, embedded domain expertise

Continuously improving expertise and efficiency

Securely distributed to anyone, anywhere

Not just control Energy, Reliability, Safety, Optimization

REAL-TIME DATA
EXPERTISE
MOBILITY
Industrial IoT Enables New Deployment Models for Operational Excellence Applications and Expertise

What Customers Need Is an Approach and an Architecture that Leverages All These Deployments
Introducing The Plantweb Digital Ecosystem: Industry's Most Comprehensive Industrial IoT Portfolio
From Intranet to Internet of Things: Advanced Technologies Have Altered the Cost-Benefit Equation for Access to Expertise and Efficiency
Pervasive Sensing Is the Foundation of Plantweb, Building off Industry Leading Presence and Experience

Customers can now collect data that’s never been possible before.

Devices are easily deployed and maintained at a fraction of the cost.

Supported by industry leading wireless expertise and services.

- 40+ unique devices and growing
- 65% less time to install
- 60% lower installed cost
- 90% smaller rack room footprint

Hundreds of Thousands of Wireless Devices Installed Across >3500 Customer Sites Worldwide Totaling Over 8 Billion Operating Hours
Our Secure First Mile™ Architecture Is a Simpler and Safer Approach for Connecting OT and IT Systems

The Industrial IoT Challenge

Secure IT Environment
- Private Clouds

How to Securely Bridge OT and IT Environments?

Secure OT Environment
- Control Systems
- Asset Management

Wireless Networks
- RTUs & SCADA

Microsoft Azure

Secure IT Environment

Emerson Solution: Secure First Mile™

Secure IT Environment

Edge Gateway
- Converts protocols and provides secure data transfer to the IT Systems

Data Diode
- Physically disables the inbound path, creating an air gap for inbound communication

Field Gateway
- Collects data from OT systems and converts into protocols that support unidirectional data flow

Three Key Components
A Scalable Suite of Applications that Delivers Actionable Information

**Plantweb Insight™**
- Lightweight, asset-specific apps providing pre-built analytics with minimal configuration
  - Low barrier proof-of-concept / ROI
  - Minimal business system integration
  - Intuitive design and consistent user interface

**Plantweb Advisor™**
- Integrated suite of enterprise software providing robust, statistical analytics
  - Tight business system integration
  - Leverages existing investments
  - Easily scalable to thousands of assets across multiple facilities
Connected Services Deliver Insights and Outcomes Through New Monitoring Solutions

Emerson Connected Services

Automation System Health Monitoring
Steam Trap Monitoring
Control Valve Condition Monitoring
Machinery Condition Monitoring

Emerson Monitoring

Customer Site
On-Premises Sensing and Data Collection

Expert Analysis

Decide

See

Act

Customer Site
Repair Recommendations, Collaboration, or Services
Our Customers Have Been Investing in Operational Excellence Technologies for Years

The challenge has been that point solutions lead to disconnected, underperforming silos…

…and bringing them all together has been a major challenge

Bringing Engineering Expertise and Technology Together, Emerson Has Solved This Challenge
Plantweb Digital Ecosystem Is Designed With a Deep Understanding of Our Customers’ Operations

By Partnering With Emerson, Our Customers Can Be Confident They Will Achieve Results

Emerson works with customers to,

- **Understand** their operations and technology investments
- **Design** an architecture that leverages Emerson and 3rd party technologies
- **Plan and Execute** an implementation to drive top quartile performance
Emerson Enables Customers to Make IoT a Reality Today, Whether Monitoring a Single Asset…

**Customer:** National Refining Company

**Pain:** Unknown vibration, cavitation, and seal fluid issues on rotating pumps were causing shutdowns

**Solution:** Pump health monitoring

**17%** savings in maintenance costs

**Customer:** International Oil & Gas Company

**Pain:** Heat exchanger fouling and heat duty error were causing process interruptions and energy losses

**Solution:** Enterprise wide heat exchanger monitoring

**9-month** investment payback

**Customer:** International Chemical Company

**Pain:** 25% of steam traps were in failed state, customer didn’t have visibility

**Solution:** Emerson cloud based steam trap monitoring services

**7%** steam savings
… Or Creating a Completely Virtual Plant

**Solutions**
- Integrated plant control & simulation
- Cybersecurity
- Decision support
- Plant wide optimization

- Automated intelligence
- Model-based control
- Expert systems
- Plantweb Advisor

- Digital asset twins
- Plantweb Insight

**Impact**

**Plant Virtualization**

**Process Optimization**

**Asset Availability**

**Benefit**

- **People**
  - Expertise
  - Utilization
  - Productivity

- **Plant**
  - Availability
  - Flexibility
  - Compliance

- **Process**
  - Efficiency
  - Precision
  - Self-learning

- **Asset**
  - Reliability
  - Safety
Top Quartile Projects Significantly Outperform Their Average Peers

Capital Project Crisis

65% of projects over $1B are...

>50% above budget
>25% over schedule

Project Costs

54% Lower Cost for top quartile projects

Project Schedules

49% Shorter Schedules for top quartile projects

Project Certainty Can Make Projects Viable That Are Currently On Hold
Project Certainty Is Emerson’s Approach to Helping Customers Achieve Top Quartile Project Execution

Project Certainty is showing real world results
Where customers are adopting our technology and work process enablers, they are seeing game changing returns.

- **Oil & Gas End User**
  - Reduce Engineering
    - 30-40% Engineering Hours
  - Reduce Cabinets / Wiring
    - 60-70% w/ Smart Junction Boxes
  - Shorter I&C Project Schedule
    - 15-25% Schedule
  - Lower Total Installed Costs
    - 30-40% Installed Automation Costs

- **Engineering & Procurement Contractor (EPC)**
  - Reduce HW Design Steps
    - 50-60% Reduction (Target)
  - Eliminate HW / SW FAT Hours
    - 80% Elimination (Target)
  - Reduce System HW & Loop Drawings
  - Lower Total Installed Costs
    - 90% Elimination (Target)
    - 30-40% Installed Automation Costs

Figures Based on a Large LNG Project in the USA for Which Emerson Is the Main Automation Contractor
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Valves & Controls Expands Emerson’s Operational Certainty Capabilities

One Global Manufacturer Servicing All Valves

- Long-term service agreements ensure on-time repair & upgrades to all valves
- Diagnostics on critical valves increases uptime and lowers onsite inventory

Valves in a typical plant

Control Valves
Pressure Management and Isolation Valves

2-3x
Expanded valve service revenue opportunity per site
Valves & Controls Expands Project Certainty Capabilities With Transformational Approaches to Valve Projects

Main Valve Partner

- Lower Procurement Costs
- Standardized Products
- Compatibility guaranteed
- Original Equipment Manufacturer Expertise at Front End Engineering & Design
- >1000 Certified Service Engineers for commissioning
- One call for all valve support

Automated Isolation Valve Opportunity

Traditional Approach

- Offers components
  - Instrument
  - Actuator
  - Isolation valve
- Ships separately
- Requires engineering, assembly, configuration, and testing on site

Integrated Emerson Solution

- Industry first capability to deliver a fully engineered, integrated, configured and tested valve solution from a single supplier
- Reduce risk of incompatibility
- Minimize ordering and commissioning complexity
- Improve change order management
Emerson Has Enabled Major Shifts in the Life Sciences Industry Through Innovative Technologies & Services

Recent Industry Focus: Optimizing Manufacturing Capabilities

- **Increasing Regulatory Compliance**
  - Systems Validation Consulting
  - Partnering with customers to reduce FDA validation period

- **Electronic Records Management**
  - Batch Recipe Software
  - Ensuring right-first-time manufacturing for batch operations

- **DeltaV Discovery**
  - Control solution for R&D applications enabling improved technology transfer

- **Accelerating Product Pipelines**
We Will Continue to Lead the Industry With Forward Thinking Innovations to Maximize Business Results

Future Industry Focus: Maximizing Enterprise Performance

Continuous Manufacturing
Connecting modular operations with real-time monitoring, advanced control

PK Controller
Skid control solution for modular applications

Pharma 4.0
Improving technology transfer, data analytics, easy product changeover

Elevating Software Capabilities
Providing advanced Operations Management capabilities unique to Life Sciences industries

Expanding Hygienic Instrumentation Portfolio
Improving data coverage of the entire operation for better control and optimization
Emerson Has an Established Product Portfolio Serving Discrete Industries

<table>
<thead>
<tr>
<th>Pneumatics</th>
<th>Material Joining</th>
<th>Electrical</th>
<th>Sensors &amp; Analyzers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directional Valves</td>
<td>Vibration Joining</td>
<td>Power Supplies</td>
<td>Leak Detection</td>
</tr>
<tr>
<td>Proportional Valves</td>
<td>Infrared Joining</td>
<td>Lighting</td>
<td>Flame Detection</td>
</tr>
<tr>
<td>Cylinders &amp; Actuators</td>
<td>Laser Joining</td>
<td>Electrical Apparatus</td>
<td>Proximity</td>
</tr>
<tr>
<td>Grippers</td>
<td>Ultrasonic Joining</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air Preparation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Our Existing Capabilities Provide Unique and Differentiated Solutions

Packaging
- Filling & Sealing
  - Filling control
  - Container sealing

Material Handling
- Sorting
- Loading / unloading

Inspection
- Leak detection

Secondary Packing & End of Line
- Motion control
- Product grippers
- Compressed air

Automotive
- Paint Shop
  - Lighting and power
  - Flow Control

Press Room & Stamping
- Gripping and transfer
- Pressure control

Plastic Joining
- Bumpers and taillights
- Engine covers
- Dashboard and consoles

Tire & Ride Control
- Tire making
- Air ride systems

Metal Joining
- Battery and wiring

Precision Cleaning

Aerospace
- Ground Support Equipment
- Automated Testing Systems
- On & Off Valves
- Pressure Control
- Rocket Fueling Control
Enhancing Our Position in the Smart Factory Will Complement Our Strong Process Market Leadership

Become a trusted partner for machine builders and end-users
- Build upon our history as a leader in sensing and control
- Enable operational improvement through smart, connected technologies
We Have Identified Target Markets With Strong Growth, Differentiated Technologies and Viable Entry Points

Focus segments:
- High growth and high innovation
- High value to design of machines
- Industry 4.0 enablers
- Presence of available partners and acquisitions

Capitalize on Industry 4.0 and diversify served markets
Automation Solutions Strategic Direction to Drive Growth Across the Entire Portfolio

One Strategy Focused on Solving Customer Problems Across Process, Hybrid, and Discrete Markets

People Development

- Talent Management & Development
- High Performance Leadership & Work Culture

Technology Leadership

- Plantweb Digital Ecosystem
- Breakthrough Innovation
- Additive Technologies

Perfect Execution

- Strategic Accounts & Critical Sites
- Digital Customer Experience
- Industry Solutions

Lifecycle Management

- Project Certainty
- Safety & Quality
- Operational Performance

- Operational Certainty
- Shutdowns, Turnarounds & Outages
- Digitally Enabled Field Services

One Emerson Experience

Problem Solving

Customer
This Slide Intentionally Omitted
### Automation Solutions
#### 2016 Summary & 2017 Guidance

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$10.2B</td>
<td>$9.0B</td>
<td>(5%) - (3%)</td>
</tr>
<tr>
<td>EBIT</td>
<td>$1.8B</td>
<td>$1.5B</td>
<td>Underlying Growth*</td>
</tr>
<tr>
<td>% of Sales</td>
<td>18.2%</td>
<td>16.2%</td>
<td>17% - 18%</td>
</tr>
<tr>
<td>ROTC</td>
<td>22%</td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

*Underlying Growth* refers to the growth rate excluding the impact of currency translation.

#### 2016 Major Markets Served

- **Upstream** 21%
- **Midstream** 14%
- **Refining** 13%
- **Discrete** 11%
- **Hybrid** 9%
- **Other** 11%
- **Power** 9%
- **Chemical** 12%

#### 2016 Sales by Geography

- **North America** 44%
- **Asia** 22%
- **Europe** 20%
- **Latin America** 6%
- **Middle East & Africa** 8%
- **Other** 8%
This Slide Intentionally Omitted
Rising to the New Challenge
2017 Investor Conference
Commercial & Residential Solutions Business Overview

Bob Sharp
Executive President
February 16, 2017
2017 Investor Conference
Commercial & Residential Solutions Business Overview

Bob Sharp
Executive President
February 16, 2017
Commercial & Residential Solutions
2016 Summary

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<td>$1.3B</td>
<td>7%</td>
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<tr>
<td>% of Sales</td>
<td>21.3%</td>
<td>23.2%</td>
<td>190 bps</td>
</tr>
<tr>
<td>ROTC</td>
<td>42%</td>
<td>45%</td>
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2016 Sales by Market

- Residential AC: 31%
- Non-Residential Construction: 18%
- Residential Construction: 17%
- Commercial and Industrial: 10%
- Cold Chain: 20%
- Other Commercial and Industrial: 4%

2016 Sales by Geography

- North America: 65%
- Asia: 17%
- Europe: 9%
- Latin America: 5%
- Middle East & Africa: 4%
Key Messages

• Commercial & Residential Solutions has a long-term history of growth and profitability, built upon franchise businesses and industry stewardship

• We have favorable market dynamics, and trends around efficiency, sustainability, comfort, and new refrigerants provide catalysts for new growth

• Internet of Things technology is highly applicable to our business; we are investing in internal and external opportunities to make this a platform for growth

• We are actively working to leverage our global operational footprint for cost and delivery improvements, and making facility upgrades to enhance the work environment and productivity

• We are pursuing several acquisitions and early-stage investments within the core market segments and new adjacent spaces – 5 closed in past 18 months

• 7% underlying* growth for first quarter provides strong start to 2017
Core Business Platforms

We concentrate on the most complex and important challenges facing the world in the process, industrial, commercial and residential markets.

- Making the greatest use of the world’s valuable resources
- Helping nations move their economies forward in a responsible way
- Enabling the performance and safety of industry when it matters most
- Advancing the industries that are the backbone of daily life
- Ensuring human comfort and health
- Protecting food quality and sustainability
- Advancing energy efficiency and environmental conservation
- Creating sustainable infrastructure
- Continuing momentum through our Helix Innovation Network
Comprehensive Range of Technologies and Solutions

BRINGING COMFORT AND CONVENIENCE TO HOMES

ENABLING HIGH PERFORMANCE BUILDINGS

KEEPING FOOD FRESH THROUGH COLD CHAIN SOLUTIONS

Helping Customers, Contractors and End Users Navigate Change
Increased Collaboration as Commercial & Residential Solutions Can **Unleash Greater Value Creation**

<table>
<thead>
<tr>
<th>COMMON END MARKETS</th>
<th>Residential Homeowners</th>
<th>Commercial Building Managers</th>
<th>Cold Chain Stakeholders</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>COMMON CUSTOMERS &amp; INFLUENCERS</th>
<th>OEMs</th>
<th>Engineers/Consultants</th>
<th>Contractors</th>
<th>End Users</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Wholesalers/Distributors</td>
<td>Utilities</td>
<td>Builders</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>END MARKET CHALLENGES</th>
<th>Ensuring human comfort and health</th>
<th>Advancing energy efficiency and environmental conservation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Protecting food quality and sustainability</td>
<td>Creating sustainable infrastructure</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES &amp; SYNERGIES</th>
<th>Branding / Digital Marketing</th>
<th>Omni Channel Capabilities</th>
<th>Big Data / Analytics</th>
<th>Functional Support</th>
<th>Research &amp; Technology</th>
<th>Global Reach</th>
</tr>
</thead>
</table>
Internal, Channel, and Customer Facing Synergy Programs Are Underway

<table>
<thead>
<tr>
<th>Customers</th>
<th>Channels</th>
<th>Capabilities</th>
<th>Core Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers / End Users</td>
<td>eCommerce</td>
<td>Analytics</td>
<td>Human Resources</td>
</tr>
<tr>
<td>Contractors / Facilities</td>
<td>Industrial / Wholesale</td>
<td>Digital Engagement / Social</td>
<td>Marketing</td>
</tr>
<tr>
<td>Engineers</td>
<td>Home Centers / Retail</td>
<td>Sales Force Automation</td>
<td>Operations &amp; Supply Chain</td>
</tr>
<tr>
<td>Government / Utilities</td>
<td></td>
<td>Customer Intelligence</td>
<td>Research &amp; Technology</td>
</tr>
<tr>
<td>OEMs</td>
<td></td>
<td>Cloud Computing / Monitoring</td>
<td>Finance &amp; Legal</td>
</tr>
<tr>
<td>Marquee Accounts</td>
<td></td>
<td>Mobile App Development</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Food Retail / Service</td>
<td></td>
<td>Software Development</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Electronics Design</td>
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<td>Human Centered Design</td>
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<td></td>
<td></td>
<td>Service</td>
<td></td>
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<td></td>
<td></td>
<td>Warehousing</td>
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<td></td>
<td></td>
<td>Logistics</td>
<td></td>
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</table>

<table>
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<tr>
<th>Tools &amp; Home Products</th>
<th>Air Conditioning</th>
<th>Refrigeration</th>
<th>Sensors &amp; Controls</th>
<th>Electronics &amp; Solutions</th>
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</table>

# Growth Summary by Key Market Space

<table>
<thead>
<tr>
<th>Industry</th>
<th>Forward Market</th>
<th>Trends</th>
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</thead>
<tbody>
<tr>
<td>Residential</td>
<td>2%-5%</td>
<td>• Energy efficiency / conservation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Home automation / wireless</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Channel dynamics</td>
</tr>
<tr>
<td>Commercial</td>
<td>2%-5%</td>
<td>• Emerging market &amp; population growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Energy scarcity &amp; regulations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Building automation &amp; indoor air quality</td>
</tr>
<tr>
<td>Food Retail /</td>
<td>2%-3%</td>
<td>• Rising energy costs and regulations</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td>• Food Safety Modernization Act (FSMA)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Organic waste disposal requirements</td>
</tr>
<tr>
<td>Cold Chain</td>
<td>2%-4%</td>
<td>• Perishable shipments by marine container</td>
</tr>
<tr>
<td>Transport</td>
<td></td>
<td>• Emerging market public transportation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Emission standards in truck / trailer</td>
</tr>
</tbody>
</table>
This Slide Intentionally Omitted
Comprehensive Range of Technologies and Solutions

Bringing comfort and convenience to homes

Enabling high performance buildings

Keeping food fresh through cold chain solutions

Helping customers, contractors and end users navigate change
Bringing Comfort and Convenience to Homes

Efficiency
- Ceiling Fans
- Disposers
- Modulating Compression

 Connectivity
- Thermostats
- Monitoring

Convenience
- Hot Water Dispensers
- Easy Heat Floor Heating

134 Million U.S. Housing Units

58% Home Energy Consumed by HVAC & Water Heater

$21 Billion Home Automation Market by 2020

China Clean Energy Heating Initiatives
Enabling High Performance Buildings

Providing solutions to drive efficiency and control

- Compression
- Monitoring
- Thermostats
- Dehumidification

Small Buildings | Medium Buildings | Large Buildings

36% Energy Consumption HVACR Systems & 25% from Lighting

Consortium of Zero Energy Buildings Doubled since 2012

$4 Billion in Private Sector Investment in Clean Energy Innovation

3% Productivity Loss Due to Poor Indoor Air Quality
Keeping Food Fresh Throughout the Cold Chain

Food quality and safety solutions across the cold chain

- Farm
- Processing
- Transport
- Distribution

Grind2Energy

- Convenience Stores
- Supermarkets
- Restaurants

40% Energy to 60% Supermarket energy devoted to HVACR

India 2nd largest dairy & produce market

30% Food wasted during processing, transport & storage

28 million refrigerated truck loads per year
This Slide Intentionally Omitted
Growing Base of Sensi Comfort Monitoring Installations

Big Box Channel a Key Opportunity

- Sensi Comfort Monitoring and Smart Service
- Improves customer experience and ensures quality installation
- Provides ongoing relationship with customer

Contractor Install & Maintenance Support

- Reliable new installs and service agreements
- Partnering with large national contractors
- Remote data access and improved productivity
- Targeting 15+M basic service agreements that exist today

- 7 sensors, with 50 algorithms providing real-time system checks
- New installation verification
- Smart service agreements with 24/7 monitoring service
- Early notification of developing problems before comfort is impacted

Monitoring Delivers Quality Install and Service Support Provides Advanced Warning and Diagnostics for Any Issues
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Our Scroll Technology Supports China Clean Air Initiatives Including Home and District Heat Pumps

- Government actively working to address air quality issues
- Air source heat pump recognized as the best solution versus coal boiler heating systems
- Emerson scroll has technology advantage in low ambient environment
- Rapid growth today, with increasing number of local subsidy programs

China Heating Coverage

- Rural Coal Boiler
- Urban Coal Boiler
- Gas Heating
- District Heating
- Municipal Heating

Supporting Chinese Government and System OEMs With Emerson Solutions Expertise
Leveraging Industry Stewardship Position to Engage With Entire Value Chain

We’re Leveraging Expertise, Relationships, and Capabilities for Solutions, Even in the Most Competitive Global Markets
Our Components and Solutions Are the Backbone of HVAC and Refrigeration Systems

Refrigeration  | Commercial AC & Heating  | Residential Heating
---|---|---
System Level | Cases, Racks, Units | Chillers | Heat Pumps
Application Specific Solutions
Core Components
Example of Solutions Partnership With European Refrigerated Display Case Producer

Central Plant Architecture Requires Mechanical Room and Extensive Piping

Integral Cases Provide Flexibility and More Selling Space

Integral Display Case Infrastructure Delivers 21% Savings to the Retailer Driven by Service and Maintenance Reductions
## Expanding Our Portfolio of Commercial AC Efficiency Solutions

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
</table>
| **Replace HVAC Equipment** | - New HVAC equipment with higher efficiency  
- High first cost competes with lower operating costs  
- Capital outlay may be impediment |
| **Upgrade Installed Equipment Base** | - Retrofit existing equipment to improve efficiency  
- Rebate incentives drive retrofit actions  
- Upgrades improve building comfort |
| **Building Management System (BMS)** | - Visibility of system health and fault detection  
- Virtual “building controls” via connectivity and cloud  
- System complexity varies depending on building size |
| **Variable Refrigerant Flow (VRF)** | - High first cost, high refrigerant charge and technically complex  
- Applicability to US market is still being determined  
- Compressor and electronics are well-suited to Emerson offering |
Delivery of Commercial Building Solutions Through New Technologies and Helix Innovation

- **Copeland Scroll Two-Stage**
- **Copeland Scroll Variable Speed**
- **CoreSense Communications**
- **Catalyst Lite** Variable speed drive for rooftop units
- **Catalyst eIQ** Variable speed drive plus sensors, controller and connectivity
- **eIQ Platform** Cloud-based monitoring and diagnostics
- **ProAct**
- **Site Supervisor**
- **Copeland Scroll Variable Speed**
- **Copeland Scroll Two-Stage**
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Refrigeration Industry Also Facing Many Complex Challenges

Energy

In 2017, the DoE is requiring

35% IMPROVEMENT in reach-in energy efficiency

37% IMPROVEMENT in walk-in energy efficiency

Environment

14X INCREASE in alternative refrigerant testing in the last 5 years by major retailers

Economics

Dwindling workforce, resulting in a shortage of 60,000 technicians in 2015

Equipment

2X or more INCREASE for component electronics value in systems with natural refrigerants
E360 Industry Program Helps Make Sense of the Most Pressing Issues in Refrigeration

Participants recognize our domain expertise
• 97% rated content highly valuable
• 94% would recommend to a colleague

90K Industry Touchpoints

9K Live Event Participants

Oct
E360 Forum
Tucson, AZ
DOE Compliance Webinar
SNAP Ruling & Refrigerants Webinar
AHR Expo
Las Vegas, NV
March
NAFEM Show
Orlando, FL
E360 Forum
Raleigh, NC
The Importance of Serving Contractors Extends to Plumbing – RIDGID Is a Leader in the Space

**Contractor Education**

- Extensive use of YouTube for contractor education
  - 200k hours of RIDGID video watched

- Hands-on tool demonstrations to contractors
  - 75k tools demonstrated

- Communicating with customers via social media
  - 800k followers

- RIDGID Net Promoter Score is 73
  - Customers highly satisfied and loyal to brand
  - Similar NPS as Apple, Amazon and Netflix

**Contractor Efficiency**

**Solder Joining**
- Drain line
- Prep tube
- Apply flux
- Heat with flame
- Melt solder
- Can be up to 40 mins / joint

**Press Joining**
- Fast and easy
- No flame or fire watch
- Use on wet systems
- ½” to 4” fitting in 5 secs
IoT Solutions Extend Throughout the Commercial & Residential Solutions Platform

CrossChek

Smart Drain Cleaning

Thermal Imaging

Connected Solutions Helping Contractors Navigate Changes
Increased Attention to Cold Chain for Both Traceability and Loss Prevention

Big, high-stakes impact areas for participants and retailers

- **$990 BILLION**
  Annual Global Food Loss/Waste

- **$32 BILLION**
  Annual Energy Spend in Global Markets

- **$18 BILLION**
  Annual Facility Maintenance Cost

Space constraints and local regulations are restricting food waste in landfills

- **CHINA 1**
  IF FOOD WASTE WERE A COUNTRY, IT WOULD BE THE THIRD LARGEST PRODUCER OF GREENHOUSE GASSES IN THE WORLD.

- **US 2**

- **3 FOOD WASTE**
Emerson Solutions Are Helping Stakeholders at Multiple Points Across the Cold Chain

Delivering Benefits to Our Customers

**Connected Solutions**
- End-to-end food quality
- Reduced food shrinkage
- Shelf life strategies
- Robust supply
- Regulation compliance
- Predictive equipment alerts

**Grind2Energy**
Delivered major sustainability impact in 2016:
- Diverted 7K tons of food waste
- Scheduled 1,200 pump outs of disposed food waste
- Reduced greenhouse gas emissions equal to 12M car miles
- Slurry produced 2.5M kWh of power
We Now Have an End to End Monitoring Presence Across the Cold Chain

- Farm
- Processing
- Transport
- Distribution
- Food Retail

Monitoring the cargo

LocusTraxx
Focus from grower-forward

- Real-time monitoring, tracking & control of container
- Monitoring system for vessels at sea
- Container fleet asset management & maintenance

PakSense
Focus from retailer-back

- Food temperature sensors
- Remote food monitoring
- Compliance reporting

Monitoring the container

Monitoring the facility

- Alarms
- Food quality reports
- Smart dispatch
- Energy monitoring
Grind2Energy Solving Food Waste Management Challenges for Retail and Commercial Kitchens

- No upfront costs. Monthly subscription service:
  - Installation
  - Maintenance
  - Monitoring
  - Pickups / delivery
- Emerson monitors tank levels in real-time via sensors
  - Partnering with AT&T on IoT connectivity
  - Data analytics to customers
- Pump-out scheduling and coordination
- Predictive maintenance and remote service visibility

Grind2Energy Solutions Have Diverted 7,400 Tons of Food Waste From Landfills, Equivalent to 12M Car Miles
Industry and Customer Response to the Helix Center Has Been Tremendous
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## Commercial & Residential Solutions
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Rising to the New Challenge
Rising to the New Challenge
Rising to the New Challenge
Rising to the New Challenge
Reconciliation of Non-GAAP Measures

In this presentation non-GAAP measures (denoted with an *) are used when talking about the Company's performance, and a reconciliation of those measures to the most comparable GAAP measures is contained below.

### Sales % chg. vs. PY

**2015**

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
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</thead>
<tbody>
<tr>
<td>Sales change (GAAP)</td>
<td>1%</td>
<td>(6%)</td>
<td>(11%)</td>
<td>(15%)</td>
<td>(8%)</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>7%</td>
<td>7%</td>
<td>8%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Underlying*</td>
<td>8%</td>
<td>1%</td>
<td>(3%)</td>
<td>(7%)</td>
<td>(1%)</td>
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**2016**

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<td>2%</td>
<td>1%</td>
<td>4%</td>
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**2017**

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<th>Q4</th>
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<tbody>
<tr>
<td>Sales change (GAAP)</td>
<td>(4%)</td>
<td>(3%) - (2%)</td>
<td>(1%) - 0%</td>
<td>(1%) - 1%</td>
<td>(3%) - (1%)</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>1%</td>
<td>~1%</td>
<td>~1%</td>
<td>~1%</td>
<td>~1%</td>
</tr>
<tr>
<td>Underlying*</td>
<td>(3%)</td>
<td>(2%) - (1%)</td>
<td>0 - 1%</td>
<td>0 - 2%</td>
<td>(2) - 0%</td>
</tr>
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</table>

### Sales % chg. vs. PY

**2017**

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<tbody>
<tr>
<td>Comm &amp; Res Sols</td>
<td>6%</td>
<td>3 - 5%</td>
</tr>
<tr>
<td>Auto Sols</td>
<td>0%</td>
<td>(7) - (5%)</td>
</tr>
</tbody>
</table>

**2017**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales change (GAAP)</td>
<td>1%</td>
<td>~2%</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>7%</td>
<td>3 - 5%</td>
</tr>
</tbody>
</table>
Reconciliation of Non-GAAP Measures

In this presentation non-GAAP measures (denoted with an *) are used when talking about the Company's performance, and a reconciliation of those measures to the most comparable GAAP measures is contained below.

**EBIT Margin**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017E</th>
<th>2021T</th>
<th>15 vs '16</th>
<th>16 vs '17E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretax margin (GAAP)</td>
<td>23.4%</td>
<td>16.0%</td>
<td>~16.7%</td>
<td>~18%</td>
<td>(740) bps</td>
<td>70 bps</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>1.1%</td>
<td>1.2%</td>
<td>~1.2%</td>
<td>~1%</td>
<td>10 bps</td>
<td>-</td>
</tr>
<tr>
<td>EBIT margin*</td>
<td>24.5%</td>
<td>17.2%</td>
<td>~17.9%</td>
<td>~19%</td>
<td>(730) bps</td>
<td>70 bps</td>
</tr>
<tr>
<td>Divestiture gains</td>
<td>(6.4%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>640 bps</td>
<td>-</td>
</tr>
<tr>
<td>EBIT margin adjusted*</td>
<td>18.1%</td>
<td>17.2%</td>
<td>~17.9%</td>
<td>~19%</td>
<td>(90) bps</td>
<td>70 bps</td>
</tr>
</tbody>
</table>

**Earnings Per Share**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted earnings per share (GAAP)</td>
<td>$ 3.99</td>
<td>2.52</td>
<td>(37%)</td>
</tr>
<tr>
<td>Repositioning items and divestiture gains</td>
<td>(0.82)</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td>Adjusted basis diluted earnings per share*</td>
<td>3.17</td>
<td>2.98</td>
<td>(6%)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(0.36)</td>
<td>(0.53)</td>
<td></td>
</tr>
<tr>
<td>Diluted earnings per share continuing ops. adjusted*</td>
<td>$ 2.81</td>
<td>2.45</td>
<td>(13%)</td>
</tr>
</tbody>
</table>

**Free Cash Flow**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow (GAAP)</td>
<td>$ 2,881</td>
<td></td>
<td></td>
<td></td>
<td>179</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact of repositioning items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cash flow adjusted*</td>
<td>3,060</td>
<td>3,041</td>
<td>3,039</td>
<td>3,037</td>
<td>3,035</td>
<td>3,033</td>
<td>3,031</td>
</tr>
<tr>
<td>Capital expenditures including discontinued operations</td>
<td>(523)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow*</td>
<td>2,537</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact of discontinued operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow continuing operations*</td>
<td>(485)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 2,052</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Free Cash Flow**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow (GAAP)</td>
<td>$ 3.1</td>
<td>3.6</td>
<td>3.7</td>
<td>2.5</td>
<td>2.9</td>
<td>~2.5</td>
<td>~3.3</td>
</tr>
<tr>
<td>Impact of taxes on divestiture gains and repositioning items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating cash flow adjusted*</td>
<td>3.1</td>
<td>3.6</td>
<td>3.7</td>
<td>3.0</td>
<td>3.1</td>
<td>~2.5</td>
<td>~3.3</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(0.7)</td>
<td>(0.6)</td>
<td>(0.8)</td>
<td>(0.7)</td>
<td>(0.6)</td>
<td>~0.5</td>
<td>~0.6</td>
</tr>
<tr>
<td>Free cash flow*</td>
<td>$ 2.4</td>
<td>3.0</td>
<td>2.9</td>
<td>2.3</td>
<td>2.5</td>
<td>~2.0</td>
<td>~2.7</td>
</tr>
</tbody>
</table>
Reconciliation of Non-GAAP Measures

In this presentation non-GAAP measures (denoted with an *) are used when talking about the Company’s performance, and a reconciliation of those measures to the most comparable GAAP measures is contained below.

**Free Cash Flow to Net Earnings Common Stockholders**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow to net earnings (GAAP)</td>
<td>155%</td>
<td>182%</td>
<td>172%</td>
<td>93%</td>
<td>176%</td>
<td>~153%</td>
</tr>
<tr>
<td>Capital expenditures &amp; impact of divestiture gains (&amp; taxes paid), repositioning items &amp; impairments</td>
<td>(59%)</td>
<td>(66%)</td>
<td>(62%)</td>
<td>12%</td>
<td>(45%)</td>
<td>~31%</td>
</tr>
<tr>
<td>Free cash flow to net earnings adjusted*</td>
<td>96%</td>
<td>116%</td>
<td>110%</td>
<td>105%</td>
<td>131%</td>
<td>~122%</td>
</tr>
</tbody>
</table>

**Dividend to Free Cash Flow Ratio**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2015</th>
<th>2016</th>
<th>2017E</th>
<th>2021T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends to operating cash flow (GAAP)</td>
<td>32%</td>
<td>50%</td>
<td>43%</td>
<td>~49%</td>
<td>~38%</td>
</tr>
<tr>
<td>Capital expenditures &amp; impact of taxes on divestiture gains &amp; repositioning items</td>
<td>8%</td>
<td>6%</td>
<td>5%</td>
<td>~13%</td>
<td>~9%</td>
</tr>
<tr>
<td>Dividends to free cash flow*</td>
<td>40%</td>
<td>56%</td>
<td>48%</td>
<td>~62%</td>
<td>~47%</td>
</tr>
</tbody>
</table>

**Operating Cash Flow % of Sales**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow continuing ops. % of sales (GAAP)</td>
<td>17.2%</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>Operating cash flow % of adjusted basis sales*</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

**Debt / EBITDA**

<table>
<thead>
<tr>
<th></th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt / Net earnings (GAAP)</td>
<td>~2.7</td>
</tr>
<tr>
<td>Impact of depreciation and amortization, net interest expense and income taxes</td>
<td>~(1.3)</td>
</tr>
<tr>
<td>Debt / EBITDA*</td>
<td>~1.4</td>
</tr>
</tbody>
</table>