WE SEE
THE STRENGTH OF ONE EMERSON
WE SEE
THE STRENGTH OF ONE EMERSON
### 2018 Emerson Investor Conference
New York City, NY

**Thursday, February 15, 2018**

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:30 – 9:45</td>
<td>Business Overview / Strategic Update</td>
<td>David Farr</td>
</tr>
<tr>
<td>9:45 – 10:45</td>
<td>Automation Solutions</td>
<td>Mike Train</td>
</tr>
<tr>
<td>10:45 – 11:00</td>
<td>Break</td>
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</tr>
<tr>
<td>11:00 – 11:20</td>
<td>Final Control Update, V&amp;C Integration</td>
<td>Ed Monser</td>
</tr>
<tr>
<td>11:20 – 12:20</td>
<td>Commercial &amp; Residential Solutions</td>
<td>Bob Sharp</td>
</tr>
<tr>
<td>12:20 – 1:00</td>
<td>Questions &amp; Answers</td>
<td></td>
</tr>
<tr>
<td>1:00 – 2:00</td>
<td>Lunch</td>
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</tbody>
</table>
# Emerson Attendees

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>David Farr</td>
<td>Chairman and Chief Executive Officer</td>
</tr>
<tr>
<td>Ed Monser</td>
<td>President</td>
</tr>
<tr>
<td>Frank Dellaquila</td>
<td>Senior Executive Vice President and Chief Financial Officer</td>
</tr>
<tr>
<td>Steve Pelch</td>
<td>Chief Operating Officer and Executive Vice President - Organization Planning and Development</td>
</tr>
<tr>
<td>Bob Sharp</td>
<td>Executive President, Emerson Commercial &amp; Residential Solutions</td>
</tr>
<tr>
<td>Mike Train</td>
<td>Executive President, Emerson Automation Solutions</td>
</tr>
<tr>
<td>Sara Bosco</td>
<td>Senior Vice President, Secretary and General Counsel</td>
</tr>
<tr>
<td>Mark Bulanda</td>
<td>Senior Vice President, Planning and Development</td>
</tr>
<tr>
<td>Kathy Button Bell</td>
<td>Senior Vice President and Chief Marketing Officer</td>
</tr>
<tr>
<td>Tim Reeves</td>
<td>Director, Investor Relations</td>
</tr>
<tr>
<td>Judson Duncan</td>
<td>Vice President, Planning</td>
</tr>
</tbody>
</table>
2018 Investor Conference
Business Update

David N. Farr
Chairman and Chief Executive Officer
February 15, 2018
Safe Harbor Statement

Given the complexities associated with the Tax Cuts and Jobs Act (the “Tax Act”), the ultimate effects on repatriation cost and other tax items may differ materially from the provisional amounts presented herein due to additional regulatory guidance that may be issued and further evaluation of the Company’s actions, assumptions and interpretations.

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, as well as the impact of the Tax Act described above.

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.

Trademark Ownership Statement

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### 2017 February Investor Conference -- Versus 2017 Actual Performance

**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 complementary businesses and enable organic growth
- Position company to fully capitalize on pending global energy market recovery

<table>
<thead>
<tr>
<th>1. Fully Integrate Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Aggressively execute on initial cost and revenue synergy plans</td>
</tr>
<tr>
<td>✓ Explore additional synergy opportunities as they emerge</td>
</tr>
<tr>
<td>✓ Pentair V&amp;C Integration is ahead of plan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Continue Rationalizing Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Continue rationalization and restructuring of our 2 core platforms -- <strong>Perfect Execution</strong></td>
</tr>
<tr>
<td>✓ Boost profitability, creating a leaner organization positioned for premium growth and premium valuation -- <strong>Key to Controlling Our Own Destiny</strong></td>
</tr>
</tbody>
</table>

**Note:** We have one last piece, optimizing touch points among Corporate and our two Platforms

<table>
<thead>
<tr>
<th>3. Position and Execute for Growth</th>
</tr>
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<tbody>
<tr>
<td>✓ Pursue both organic growth opportunities and acquisitions, especially in Process / Hybrid / Discrete Automation and Commercial &amp; Residential areas</td>
</tr>
<tr>
<td>Execute <strong>deals worth ~$3B, adding ~$2B to total sales by 2021</strong>, in addition to the acquisition of Pentair V&amp;C</td>
</tr>
<tr>
<td>Potential for <strong>additional $1-2B of strategic acquisitions for another ~$1B of sales</strong></td>
</tr>
<tr>
<td>✓ Regrow Emerson to $20+B in annual revenues by 2021, recover lost earnings and cash flow</td>
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We Successfully Built the Foundation for the New Emerson
### Emerson’s 2017 Financial Performance -- Compared to Guidance at Last Year’s Investor Conference

<table>
<thead>
<tr>
<th></th>
<th>2017 Guidance</th>
<th>2017 Actual*</th>
<th>2017 Actual as Reported</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Feb. 2017</td>
<td>Excl. V&amp;C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investor Conference¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>$14.1 - $14.4B</td>
<td>$14.7B</td>
<td>$15.3B</td>
</tr>
<tr>
<td>Underlying Sales Growth*</td>
<td>(2%) - 0%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>~43.4%</td>
<td>43.2%</td>
<td>42.0%</td>
</tr>
<tr>
<td>EBIT Margin*</td>
<td>~17.9%</td>
<td>17.9%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Operating Cash Flow Continuing Ops</td>
<td>~$2.5B</td>
<td>$2.7B</td>
<td></td>
</tr>
<tr>
<td>EPS Continuing Ops</td>
<td>$2.47 - $2.62</td>
<td>$2.69</td>
<td>$2.54</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>$1.92</td>
<td></td>
<td>$1.92</td>
</tr>
<tr>
<td>Dividend to FCF Continuing Ops Ratio*</td>
<td>62%</td>
<td></td>
<td>56%</td>
</tr>
<tr>
<td>Cash Returned to Shareholders</td>
<td>~1.5B</td>
<td></td>
<td>$1.6B</td>
</tr>
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</table>

¹ At the February 2017 Investor Conference, guidance did not account for results of the V&C acquisition which was completed April 29, 2017

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# 2018 Investor Conference -- Fiscal 2018 Key Focus Areas

## Key 2018 Take Aways
- Achieve premium underlying sales* growth for all of Emerson: 5% - 7%
- Drive strong earnings momentum within GAAP EPS by reaching $3.05 - $3.15 EPS in 2018 -- ~20% GAAP EPS growth
- Deliver another strong year of operating cash flow -- $2.9+B -- 17% of sales
- Expected dividend per share increase of 2¢

## 1. Grow Underlying Sales* in Both Platforms: 5% - 7%
- Deliver positive underlying sales* growth within both platforms -- 5 - 7% EMR growth
- Return Automation Solutions to above market underlying* growth: 6% - 8% in 2018
- Continue strong, above market underlying* growth within Commercial & Residential Solutions -- 3rd year. Targeting another premium underlying *sales growth year: 4% - 6% in 2018

## 2. Continue Margin Expansion and Drive V&C Operating Margins* to 10%+ by 2nd half of 2018
- Strong profit margin performance within both platforms is important to return to Emerson consolidated margin improvement -- Especially within Automation Solutions -- Must leverage profitability at ~ 35% as sales growth returns and absorbs V&C lower margins
- Successfully integrate V&C acquisition and expand margins to deliver Automation Solutions leverage goals – fiscal 2018 earnings / cash flow accretive

## 3. Grow Operating and Free Cash Flow to Fund Growth and Shareholder Returns
- Continued focus on cash flow management as Emerson returns to growth by generating $2.9+B in operating cash flow
- Invest $575M of capital, enhanced by new Tax Reform
- Maintain FCF / Net Income Conversion* ~120%

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2018 Will Be an Exciting Year -- It Is an Opportunity for Both Focused Platforms Within Our Organization to Grow While Maintaining a Strong Focus on Margins and Cash Conversion -- A Strong Demonstration of Emerson’s New Focused 2 Platform Strategy
Emerson’s 2018 Forecast --
Stronger Sales, Earnings, and Cash Flow Growth

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018E Forecast</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (GAAP)</td>
<td>$15.3B</td>
<td>$17.0 – $17.3B</td>
<td>11% - 13%</td>
</tr>
<tr>
<td>Underlying Growth*</td>
<td>1%</td>
<td>5% - 7%</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>42.0%</td>
<td>~43.1%</td>
<td>~110 bps</td>
</tr>
<tr>
<td>EBIT Margin*</td>
<td>16.4%</td>
<td>~16.7%</td>
<td>~30 bps</td>
</tr>
<tr>
<td>GAAP EPS Continuing Ops</td>
<td>$2.54</td>
<td>$3.05 - $3.15</td>
<td>20% - 24%</td>
</tr>
<tr>
<td>Dividends Per Share</td>
<td>$1.92</td>
<td>$1.94</td>
<td>+1%</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>$2.7B</td>
<td>~$2.9B</td>
<td>+8%</td>
</tr>
<tr>
<td>Cash Returned to Shareholders</td>
<td>$1.6B</td>
<td>~$2.0B</td>
<td></td>
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</tbody>
</table>

Other 2018 key assumptions:
- Currency Tailwinds ~$0.3B
- Tax Rate: 25%-27%
- 2018 Share Repurchase: ~$750M ($1B by end of calendar year)
- Closed acquisitions: ~$750M (includes Paradigm & Cooper Atkins)
- Capital Expenditures: ~$575M, ~3.4% of sales
- Oil prices: $50-$70
- First year pre-tax acquisition acctg. charges: 2017 ($93M), 2018E ~(~$45M)
- Intangibles amortization: 2017 ($117M), 2018E ~(~$180M)
Mature Markets: Gross Fixed Investment (GFI) Trends
2018 and 2019 Look Pretty Good -- GFI Not GDP!

Canada
- Nonresidential investment continues to trend higher as business confidence remains high
- Energy investments accelerating in 2018
- NAFTA concerns, but should be resolved by 2019

2017: 0.6%
2018E: 4.0%
2018E - 2021F: 3.0%

United States
- Baseline GFI growth better than expected -- driven by improved business spending
- Good GDP growth -- driven by business spending/investments and the new tax plan
- Stronger growth results in a lower unemployment rate, higher wages and improved consumer spending

2017: 2.3%
2018E: 4.0%
2018E - 2021F: 3.5%

Europe
- Western Europe expected to continue to grow ~4%
- Eastern Europe should improve growth to 4+
- Russian GFI growth should rebound as interest rates come down, and Oil & Gas prices stay firm, and investments start happening

2017: 3.9%
2018E: 4.0%
2018E - 2021F: 2.5%

World
2017: 2.8%
2018E: 3.8%
2018E - 2021F: 3.7%

Source: IHS Economics and Emerson Management Assessment; Europe ignores impact of Ireland ~$50B Intellectual Property investment

Mature Markets Expected to Grow ~3.5% in 2018 -- Better Than the 2.8% in 2017. Emerson Expects to Deliver 5+% Underlying Sales Growth* in Mature Markets in 2018
### Emerging Markets: Gross Fixed Investment (GFI) Trends

2018 and 2019 Will Accelerate Due to Strong Growth in USA and Europe

#### Middle East & Africa
- Saudi Arabia’s economy expected to emerge from recession in 2018
- Capital expenditures expected to improve, especially around energy and downstream investments
- New power investments are happening

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.2%</td>
</tr>
<tr>
<td>2018E</td>
<td>3.7%</td>
</tr>
<tr>
<td>2018E - 2021F</td>
<td>4.5%</td>
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</table>

#### China
- Steady capital investments continue around export expansion, environmental improvements and new technology industries
- Exports will add to China’s economic growth and new investments

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth (%)</th>
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</thead>
<tbody>
<tr>
<td>2017</td>
<td>2.9%</td>
</tr>
<tr>
<td>2018E</td>
<td>5.0%</td>
</tr>
<tr>
<td>2018E - 2021F</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

#### Latin America
- Mexico’s economy finally improving and now expects solid fixed investment growth in 2018 and 2019
- Brazil’s economy is still weak and we don’t see much improvement in our end markets in 2018
- NAFTA concerns, but should be resolved by 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>(2.0%)</td>
</tr>
<tr>
<td>2018E</td>
<td>2.0%</td>
</tr>
<tr>
<td>2018E - 2021F</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

#### Asia Pacific (Excluding China)
- India’s GFI growth will improve to ~5% with solid industrial / environmental investments
- Southeast Asia’s GFI growth of ~4.5% will be driven by all industrial sectors

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<tr>
<td>2018E - 2021F</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

Source: IHS Economics and Emerson Management Assessment

Emerging Markets Expected to Grow ~4.5% in 2018, Outgrowing Mature Markets, Emerson Expects to Deliver 6 - 7% Underlying Sales Growth* in Emerging Markets in 2018
Mature Markets: GFI and Emerson Sales Growth Rates

Mature Market Growth Should Increase to ~3% -- With a Stronger North America and Western Europe, Emerson Should Drive Premium Growth With This Economic Scenario -- Similar to 2002 - 2007

Source: GFI - IHS Economics; EMR Sales - Underlying sales excluding acquisitions, divestitures and currency impact*
Emerging Markets: GFI and Emerson Sales Growth Rates

Expected to Outpace Mature Market GFI Over the Next 3 Years, We Will Leverage Our Strong Position in Emerging Markets to See Solid 6% - 7% Underlying Sales Growth* -- Like We Did in 2002 - 2007 Time Period -- Lower Growth, but Larger Stronger Base
Gross Fixed Capital Formation Is Showing Steady or Accelerating Capital Expenditure Forecasts Across Our Core End Markets
U.S. Tax Reform Positively Impacts Our Core Markets and Incremental Capital Investment

“At ExxonMobil, we plan to **invest more than $50 billion** over the next five years to expand our business in the United States. These investments are underpinned by the unique strengths of our company and **enhanced by the historic tax reform** recently signed into law…. The recent changes to the U.S. corporate tax rate coupled with smarter regulation create an **environment for future capital investments**.”

Darren Woods, ExxonMobil CEO

“We see the comprehensive **tax reform** in the United States as a **catalyst for increased domestic capital investment**, which will take advantage of enhanced competitiveness and pro-business investment incentives.”

Andrew Liveris, DowDuPont Executive Chairman

“Tax reform clearly **provides incentives** for us to **invest heavily** in innovation and advanced technologies here in the U.S., and that is exactly what we will do… we expect to **invest on the order of $2.5 billion in capital expenditures in the U.S.** over the next 5 years.”

Robert Bradway, Amgen CEO

**“From a business standpoint, tax reform is quite transformational… there will be a lot of capital attracted to the U.S. in my opinion, just speaking from BP’s perspective”**

Bob Dudley, BP CEO

**“The benefit that the franchises and the company will receive as a result of U.S. tax reform, we are further accelerating our investment in Experience of the Future in the U.S. … Between the company and our franchises **over the next 2 years, we will invest approximately $6B** to transform the U.S. business.”**

Steve Easterbrook, McDonald’s CEO

**Additional Investments Brought on by Tax Reform Are Not ‘Shovel Ready’ Projects -- Companies Are Evaluating Opportunities and We Anticipate Orders and Sales Will Come Starting in Late 2018 and Going Into 2019 and 2020**
Underlying Order Trends --
Continue to Support Solid 2018 Underlying Sales Growth

Emerson’s Orders Are Expected to Rebound Into the 5 - 10% Range for the Next 10 Months. Comparisons Are Tough, but Underlying Demand Is Still Very Good. We Will Bounce Between the 5 - 10% Range -- + or – Some Months

Trailing 3-Month Average vs. Prior Year

Commercial & Residential Solutions

Automation Solutions

Expected

Jan. Prelim

Emerson
Throughout 2017 We Saw Global Stabilization, Recovery, and Increased Investments. Now 2018 Is Seeing a Stronger and Improving Business Investment Environment Driving Our 5% - 7% Underlying Growth* Year for Emerson
Three Phases of Our June 2015 Transformation Journey Announced After a 12 Month Internal Review

**The Path Is Clear and We Are Charging Forward – The Core Company Is Strong and Has Many Value Creation Opportunities Through Organic and Acquisitive Growth**

**Phase 1**
- Repositioning Emerson around two key platforms
  - Executed divestitures
  - Announced V&C Acquisition

**Phase 2**
- Building the new Emerson core and returning to profitable sales, earnings, and cash flow growth
  - Orders have turned
  - Foundation for growth in place

**Phase 3**
- Position the Company for the Next Generation
  - Accelerating core growth:
    - Strong end market growth
    - Technological innovation
    - Bolt-on acquisitions
  - Continue to build the synergies between our two world class platforms
    - Expand solutions to customers in common end markets
    - Leverage software to create actionable insights from our data-rich technologies

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**We continuously evaluate our portfolio for divestitures and strategic acquisitions in both platforms**

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The Path Is Clear and We Are Charging Forward – The Core Company Is Strong and Has Many Value Creation Opportunities Through Organic and Acquisitive Growth
Emerson’s Two Core Business Platforms

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

**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

**COMMERCIAL & RESIDENTIAL SOLUTIONS**

- Ensuring human comfort and health
- Protecting food quality and sustainability
- Advancing energy efficiency and environmental conservation
- Creating sustainable infrastructure
- Continuing momentum at our Helix Innovation Center

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$204B Market  
~$11.1B 2018E Sales  
~53,500¹ Employees

$39B Market  
~$6.0B 2018E Sales  
~26,500 Employees

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¹Reflects number of employees at 9/30/17, including the impact of the Valves & Controls acquisition
Emerson’s Two Platform Strategy: Continue to Move Up the Technology Pyramid Utilizing Our Strong Position in the Devices / Instruments / Sensors and Control Levels

Data Management
Converts rich data to information and develops actionable insights

Control
Performs action on rich data collected from the field

Devices / Instruments / Sensors
Generates rich data

Insights from information are fundamental to delivering optimization

Customers rely on our control systems, which ensure their processes are optimized, running safely, efficiently, and productively

Our established credibility with customers through world class devices/instruments/sensors lays the foundation to optimize our customers’ broad needs

Emerson Has Tremendous Credibility With Our Customers and We Are Uniquely Positioned to Provide Optimized Solutions for Our Customers Up and Down the Technology Pyramid
Emerson Offers Intelligent Devices, Instruments, Sensors, Controls, and Software Across the Two Platforms

<table>
<thead>
<tr>
<th>High</th>
<th>Data Management</th>
<th>Automation Solutions</th>
<th>Commercial &amp; Residential Solutions</th>
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<tbody>
<tr>
<td></td>
<td>Converts rich data to information</td>
<td>Syncade</td>
<td>ProAct™</td>
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<td></td>
<td>- Predictive Diagnostics</td>
<td>AMS</td>
<td>Sensi Monitoring</td>
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<td></td>
<td>- Data Analytics &amp; Traceability</td>
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<tr>
<td></td>
<td>Integrate with external information</td>
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<td>- Production functions</td>
<td>MYNAH</td>
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<td></td>
<td>- Enterprise functions</td>
<td>PARADIGM</td>
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<table>
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<tr>
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<td>- Testing</td>
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<table>
<thead>
<tr>
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<th>GEOFIELDS</th>
<th>Cooper Atkins</th>
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<tr>
<td></td>
<td>- Control signal</td>
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<td>- Safety signal</td>
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<td></td>
<td>- Status signal</td>
<td>PROSYS</td>
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<td></td>
<td>- Product Quality signal</td>
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Automation Solutions: A Complete Portfolio of Solutions for Our Customers

Automation Solutions Has Built a Leading Portfolio Through Organic Technology Developments and Acquisitions Over the Last 20 Years -- In Order to Develop Optimized Solutions for Customers
Acquisitions and Partnerships Will Play a Key Role in Becoming a Complete Automation Player

Multiple Paths to Expand Offerings -- Significant Progress Since Introducing This Framework in our February 2016 & 2017 Investor Conferences -- Much More To Be Done
Automation Solutions Has Built Our Global Franchise on Strong Technology Development and Acquisitions, and the Successful Integration of These Acquisitions

Opportunity for Acquisitions Across All Technology Layers and End Markets -- A Strong Focus on Discrete and Hybrid Niches for the Next Several Years for Internal Investments and Acquisitions
We Are Continuously Investing and Innovating Our Products and Solutions Across All Platforms

Provide a Broader / Deeper Solution

Innovate

Acquire

Process Refinery Operations

Digital Valve Controller

CHARMs

Fisher Controls
Acquired in 1992

Rosemount
Acquired in 1976

FMC Blending & Transfer Systems
Acquired in 2016

We Are Providing Our Customers a Solution That Will Improve Decision Making, Avoid Health and Safety Incidents, Extend the Life of Their Critical Assets, and Enhance Operational Excellence
Automation Solutions Has Built Our Global Franchise on Strong Technology Development and Acquisitions, and the Successful Integration of These Acquisitions

<table>
<thead>
<tr>
<th>Highly Strategic</th>
<th>No Channel Synergy</th>
<th>Integral to Delivering a Complete Solution</th>
<th>Yes Channel Synergy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>Target</td>
<td>Target</td>
<td>Target</td>
</tr>
<tr>
<td>PENTAIR Valves &amp; Controls</td>
<td>PARADIGM</td>
<td>MYNAH</td>
<td>Target</td>
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<tr>
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<td>MYNAH</td>
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<td></td>
<td>Target</td>
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<td>Target</td>
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<td>Target</td>
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<tr>
<td>Machine Control</td>
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<tr>
<td>Machine Control</td>
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<tr>
<td>Target</td>
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</tr>
<tr>
<td>High Channel Synergy</td>
<td>Low Channel Synergy</td>
<td>Low Channel Synergy</td>
<td>High Channel Synergy</td>
</tr>
</tbody>
</table>

Opportunity for Acquisitions Across All Technology Layers and End Markets -- A Strong Focus on Discrete and Hybrid Niches for the Next Several Years for Internal Investments and Acquisitions
We Are Continuously Investing and Innovating Our Products and Solutions Across All Platforms

Provide a Broader / Deeper Solution

Innovate

Acquire

We Plan to Acquire, Invest, and Innovate in Order to Build Upon Our History as a Leader in Sensing and Control to Provide the Full Discrete / Hybrid Solution

Hybrid Bottle Filling & Packaging

GO Switches
Acquired 2008

G3 Fieldbus Electronics

F-Series Compact, Drainable Coriolis Flow and Density Meters

Aerosol Microleak Detection System

TopWorx
Acquired 2008

ASCO
Acquired 1985

Micro Motion
Acquired 1984

Cascade Technologies
Acquired 2014
This Slide Intentionally Omitted
Automation Solutions Continues to Invest Across Global Facilities in Order to Drive Innovation

**Systems & Solutions**
- **Austin, TX**
  - Modular Control (PK)
  - Web based HMI
- **Pittsburgh, PA**
  - Simulation
  - Microgrid (OCC100)
  - Reliability software platform
- **Manilla, Philippines**
  - Emerson Export Engineering Center
- **Pune, India**

**Flow**
- **Boulder, CO**
  - Next generation Coriolis
- **Stavanger, Norway**
  - IIOT flow apps
- **Houston, TX**
  - Pervasive multiphase
  - Ultrasonic flow technology
- **Nanjing, China**
  - Flow Technology Center

**Measurement & Analytical**
- **Shakopee, MN**
  - Pressure, temperature, & new sensing technologies
  - Wireless
- **Singapore**
  - New analytical instruments
  - IIOT apps

**Discrete & Industrial**
- **Rosemont, IL**
  - Next generation LED lighting
- **Florham Park, NJ**
  - Fluid control
- **Louisville, KY**
  - Industrial Applications
- **Houston, TX**

**Final Control**
- **Marshalltown, IA**
  - Additive manufacturing
  - Next generation DVC & RFID
- **Singapore**
  - Valve actuation technologies
- **Houston, TX**
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Commercial & Residential Solutions Are Moving Up the Technology Pyramid Utilizing Intelligent Devices, Controls, and Software Across the Platform

Data Management
Converts rich data to information and develops actionable insights

Control
Performs action on rich data

Devices / Instruments / Sensors
Generates rich data

Optimization

Multiple Thermostats
Building Mgmt
Cargo & Remote Monitoring
Transformative Wave

Cooper - Atkins
Paksense
Locus Traxx

Thermostats
Drives
Compressor Controls

AC Controls
Ref Controls

Fans
Pressing
Temperature Monitoring
Pipe Tools

7AC
Paksense
Locus Traxx

Compressors
Loggers

Gas Valves
Temperature Monitoring

Ref Systems
Pipe Tools

Transformative Wave

Commercial & Residential Solutions Is Utilizing New Product Programs, Early-Stage Investments, Helix Innovation, and Acquisitions to Fill Out Key Capabilities
### Acquisitions, Partnerships, and New Software Development Will Play a Key Role

<table>
<thead>
<tr>
<th>Investment</th>
<th>Residential: $22B</th>
<th>Commercial: $9B</th>
<th>Cold Chain: $8B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data Management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Controls</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Devices / Instruments / Sensors</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Emerson Commercial & Residential Solutions**

- Locus Traxx
- PakSense
- Cooper-Atkins

**Residential:** $22B

**Commercial:** $9B

**Cold Chain:** $8B

Transformative Wave

7AC

Commercial & Residential Solutions Continues to Expand its Solutions Portfolio Through Acquisitions and New Internal Software and Hardware Development
Robust Acquisition Activity in Commercial & Residential Solutions

Opportunity for Acquisitions Across All Technology Layers and End Markets, the Majority Are Smaller and New Technologies That Connect With Our Core Solution Capabilities and Broaden / Deepen Our Capabilities
We Are Continuously Investing and Innovating Our Products and Solutions Across All Platforms

Provide a Broader / Deeper Solution

Innovate

Acquire

Cold Chain Food Service

Condensing Unit

ProAct

Controllers for Small and Medium Compressor Racks

Temperature Monitoring

Copeland Acquired in 1986

Computer Process Controls (CPC) Acquired in 1996

Dixell Acquired 2009

Cooper - Atkins Acquired 2018

We Continuously Invest and Innovate Across Our Business in Order to Provide a Solutions Offering to Our Customers
This Slide Intentionally Omitted
Commercial & Residential Solutions Continues to Invest Across Global Facilities in Order to Drive Innovation

**Cold Chain**
- Dayton, OH (Helix)
- Sidney, OH
- Suzhou, China
- Aachen, Germany
  - Modular refrigeration systems
  - Commercial kitchen energy management
  - Integrated thermal storage
  - Ammonia scroll technologies

**Heating & Air Conditioning**
- Dayton, OH (Helix)
- Sidney, OH
- Suzhou, China
- Aachen, Germany
  - Residential indoor air quality controls
  - Simple building management systems
  - Compressor modulation
  - Low global warming refrigerants

**Tools & Home Products**
- Racine, WI
- Elyria, OH
- St. Louis, MO
- St. Truiden, Belgium
  - Food-load sensing in waste disposers
  - RIDGIDConnect data management
  - Hybrid AC/DC vacuum technologies

**Sensors & Controls**
- St. Louis, MO
- Mansfield, OH
  - HVAC / IoT monitoring
  - WirelessHART power meter
  - High temperature smart packaged sensor

**Electronics & Solutions**
- Atlanta, GA (Helix)
- Belluno, Italy
  - IoT cellular sensors
  - Temperature sensor system
  - Machine learning algorithms
Three Phases of Our June 2015 Transformation Journey Announced After a 12 Month Internal Review

Phase 1
Repositioning Emerson around two key platforms
- Executed divestitures
- Announced V&C Acquisition

Sales: $22.3B
EPS: $3.17*
Div / FCF: 56%
2015

Phase 2
Building the new Emerson core and returning to profitable sales, earnings, and cash flow growth
- Orders have turned
- Foundation for growth in place

Sales: $15.3B
EPS: $2.64*
Div / FCF: 56%
2017

Phase 3
Position the Company for the Next Generation
Accelerating core growth:
- Strong end market growth
- Technological innovation
- Bolt-on acquisitions

Continue to build the synergies between our two world class platforms
- Expand solutions to customers in common end markets
- Leverage software to create actionable insights from our data-rich technologies

We continuously evaluate our portfolio for divestitures and strategic acquisitions in both platforms

The Path Is Clear and We Are Charging Forward – The Core Company Is Strong and Has Many Value Creation Opportunities Through Organic and Acquisitive Growth
Corporate Structure and Platform Interface: Re-evaluating the Right Touch Points

We Must Optimize the Right New Touch Points Relative to Corporate and Platforms / Business Units to Ensure Governance, Compliance, and Oversight ---While Reconfirming Accountability in the Most Efficient / Cost Effective Manner, The Right Balance Between Governance / Cost / Speed / Efficiency

2015

2016 - 2017

1st Wave of Evaluation Began in Phase 2

2018

This second phase started in the late summer of 2017 and will be completed by 09/30/18

Corporate

Business Platforms

Business Units

Task Force
Subset of OCE led by CEO
Organization Update -- Changes Will Continue to Unfold Through 2021

The New Organizational Structure Will Help Drive Our Transformation to a More Focused and Growth-Oriented Company... Then There Will Be an Orderly Transition to the Next Chairman and CEO
Organization Update --
Changes Will Continue to Unfold Through 2021

The New Organizational Structure Will Help Drive Our Transformation to a More Focused and Growth-Oriented Company… Then There Will Be an Orderly Transition to the Next Chairman and CEO
Emerson’s Shareholder Value Creation Model 2016 - 2021 -- Should be a Solid Growth Period

Underlying Sales Growth: 4% – 7%

Acquisitions
~$550M / Year
+ Pentair V&C

EBIT Margin
16% – 19%

Share Repurchase
~$550M per Year

Drive EPS\(^1\)
10% – 12%
CAGR

ROTC
20% – 30%

Operating Capital Efficiency
• Working Capital – ~18% of Sales
• Capital Spending – 3% - 3.5% of Sales

Free Cash Flow Target
13% – 15% of Sales

\(^1\) Excludes Tax Reform impact – (with tax reform ~13%)
### 2018 Key Messages Highlighting Financial Plan Versus 2017 Investor Conference

#### Economic Conditions
- Improving underlying markets -- key / critical global economies aligned for growth
  - Automation Solutions is just starting the 2017 - 2020 growth cycle
  - Commercial & Residential Solutions is 7 quarters into their growth cycle

#### Margins
- Platform margin targets unchanged for 2020 / 2021
  - Automation Solutions: ~19%
  - Commercial & Residential Solutions: ~25%

#### Earnings per Share
- Impact to 2021:
  - ~$0.30 increase from operational improvements and share repurchase
  - ~$0.35 increase from tax reform

#### Operating Cash Flow
- Impact to 2021:
  - ~$0.3B increase from operational improvements
  - ~$0.2B increase from tax reform

#### Acquisitions
- Plan unchanged, significant capacity for more if strategic assets become available -- **Currently evaluating adding $4B of additional spend for acquisitions and share repurchase**

#### Capital Expenditures
- Average of ~3.3% - 3.5% of sales through 2021 -- slightly increased

#### Share Repurchases
- ~$600M increase to plan through 2021 and front end loaded --- However, capital allocation plans / strategy will be re-evaluated in 2018 under new tax reform

#### Dividends
- Plan to increase dividend versus current pace in 2020, but sooner if we get back to 45% free cash flow coverage by 2019
The Repositioned Emerson Has Solid Internal Growth Opportunities Along With Smaller Bolt-On Acquisitions and Potential Larger Strategic Acquisitions ($3B - $5B Size)
2016 Bridge to 2021T Sales
2018 Investor Conference (New York, NY)

2017 Underlying Sales* Were Stronger by $0.4B and Now With Better Global Growth and Both Businesses Growing, We Raised 2016 - 2021 Core Sales Growth by $1B --- No Changes to Bolt-on Acquisitions or V&C Sales Plans
The Goal of the Repositioned / Refocused Emerson Is to Grow Faster, Expand EBIT Margins, and Increase Acquisitions to Drive a Faster EPS Growth Company.
The Faster Core Underlying Sales Growth, the Success of the Valves & Controls Integration, the Slightly Higher Share Repurchase, and the Tax Reform Benefit Drives a $4.50 EPS by 2021 --- 13% EPS CAGR
Operating Capital Efficiency Drives Significantly Higher Cash Flow and Returns for Shareholders

A Strong Legacy of Cash Flow Generation Sets the Foundation for Future Operating Cashflow Growth and Continued Strong Pay Out to Shareholders: 50% - 60% of Operating Cash Flow

1Excludes impact of repositioning items in 2015 and 2016, divestiture gains in 2015, and impairments in 2013 through 2014*
2Continuing Ops
Emerson Planned 2018 - 2021 Dividend to Free Cash Flow* Ratio

Better Internal Growth and Acquisitions Will Be Key to Achieving Targeted Annual Dividend to Free Cash Flow of 40% - 50% in 2019 -- Reaching 65 Years of Continuous Dividend / Share Increases for Emerson Shareholders in 2021

Dividend / Share
- 2013: $1.64
- 2014: $1.72
- 2015: $1.88
- 2016: $1.90
- 2017: $1.92
- 2018E: $1.94
- 2019T: $1.96
- 2020T: $2.04
- 2021T: $2.14

Annual Dividend Growth
- 2013: 3%
- 2014: 5%
- 2015: 9%
- 2016: 1%
- 2017: 1%
- 2018: 1%
- 2019: 1%
- 2020: 4%
- 2021: 5%

*Excludes tax and separation costs on divestitures
Continuing Operations
Sources and Uses of Cash: ~$21B of Capital Being Deployed Through 2021

Capital Allocation Decisions Are Critical to Increase Long-Term Shareholder Value -- We Have Continuously Planned to Return ~50% - 60% of Cash Flow to Shareholders
Emerson Has the Capacity To Add $4.0B for Acquisitions and Share Repurchase

The Upside Case Leverages Our Strong Balance Sheet by Adding $4B of Incremental Debt To Be Spent on Acquisitions and Share Repurchases -- We Are Evaluating a New Capital Allocation Plan That Could Begin in 2019
### Key 2018 Take Aways

<table>
<thead>
<tr>
<th>Key 2018 Take Aways</th>
<th>1. Grow Underlying Sales* in Both Platforms: 5% - 7%</th>
<th>2. Continue Margin Expansion and Drive V&amp;C Operating Margins* to 10%+ by 2nd half of 2018</th>
<th>3. Grow Operating and Free Cash Flow to Fund Growth and Shareholder Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve premium underlying sales* growth for all of Emerson: 5% - 7%</td>
<td>Deliver positive underlying sales* growth within both platforms -- 5 - 7% EMR growth</td>
<td>Strong profit margin performance within both platforms is important to return to Emerson consolidated margin improvement -- Especially within Automation Solutions -- Must leverage profitability at ~ 35% as sales growth returns and absorbs V&amp;C lower margins</td>
<td>Continued focus on cash flow management as Emerson returns to growth by generating $2.9+B in operating cash flow</td>
</tr>
<tr>
<td>Drive strong earnings momentum within GAAP EPS by reaching $3.05 - $3.15 EPS in 2018 -- ~20% GAAP EPS growth</td>
<td>Return Automation Solutions to above market underlying* growth: 6% - 8% in 2018</td>
<td>Successfully integrate V&amp;C acquisition and expand margins to deliver Automation Solutions leverage goals – fiscal 2018 earnings / cash flow accretive</td>
<td>Invest $575M of capital, enhanced by new Tax Reform</td>
</tr>
<tr>
<td>Deliver another strong year of operating cash flow -- $2.9+B -- 17% of sales</td>
<td>Continue strong, above market underlying* growth within Commercial &amp; Residential Solutions -- 3rd year. Targeting another premium underlying *sales growth year: 4% - 6% in 2018</td>
<td>Maintain FCF / Net Income Conversion* ~120%</td>
<td>Maintain FCF / Net Income Conversion* ~120%</td>
</tr>
<tr>
<td>Expected dividend per share increase of 2¢</td>
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</table>

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2018 Will Be an Exciting Year -- It Is an Opportunity for Both Focused Platforms Within Our Organization to Grow While Maintaining a Strong Focus on Margins and Cash Conversion -- A Strong Demonstration of Emerson’s New Focused 2 Platform Strategy
# 2017 – 2021 -- Financial Forecast

<table>
<thead>
<tr>
<th>GAAP</th>
<th>2017</th>
<th>2018E</th>
<th>2021T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$15.3</td>
<td>$17.0 - $17.3</td>
<td>~$21+B</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>42.0%</td>
<td>~43.1%</td>
<td>~44%</td>
</tr>
<tr>
<td>EBIT Margin*</td>
<td>16.4%</td>
<td>~16.7%</td>
<td>~19%</td>
</tr>
<tr>
<td>EPS Reported Continuing Ops</td>
<td>$2.54</td>
<td>$3.05 - $3.15</td>
<td>~$4.50</td>
</tr>
<tr>
<td>Operating Cash Flow Continuing Ops</td>
<td>$2.7B</td>
<td>~$2.9B</td>
<td>~$3.8B</td>
</tr>
<tr>
<td>CapEx</td>
<td>$476M</td>
<td>~$575M</td>
<td>~$675M</td>
</tr>
<tr>
<td>% of Sales</td>
<td>3.1%</td>
<td>~3.4%</td>
<td>~3.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance Sheet Leverage Ratios</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Operating Cash Flow / Total Debt</td>
<td>58%</td>
<td>~65%</td>
<td>~85%</td>
</tr>
<tr>
<td>Total Debt / EBITDA</td>
<td>1.5x</td>
<td>~1.2x</td>
<td>~0.9x</td>
</tr>
</tbody>
</table>

Note: 2018 Includes 10 months Paradigm, 9 months Cooper Atkins

By 2021, We Plan to Reach ~44% GP Margin, ~19% EBIT* Margin, and ~$3.8B Operating Cash Flow for Increased Internal / Acquisition Investment to Drive Sales to ~$21+B and EPS to ~$4.50
WE SEE
THE STRENGTH OF ONE EMERSON
WE SEE
THE STRENGTH OF ONE EMERSON
2018 Investor Conference
Automation Solutions
Business Overview

Mike Train
Executive President
February 15, 2018
2018 Investor Conference
Automation Solutions
Business Overview

Mike Train
Executive President
February 15, 2018
Automation Solutions
Key Messages

• **Automation Solutions performed very well in 2017** with strong margin growth in the base business and strategic portfolio expansion with Valves & Controls

• **Our $204B automation market is growing** with a rebound in Process and continued investment in Hybrid and Discrete industries

• **Automation continues to grow in scope and relevance** as customers look to improve performance and overcome strategic challenges

• **Emerson is uniquely positioned to lead the growth** of automation and IIoT leveraging our complete technology portfolio, industry expertise and customer engagement strategies

• We will continue to focus acquisitions on **elevating our position in Process** and **Hybrid**, while **diversifying within specific Discrete industries**
### Automation Solutions
#### 2017 Summary

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales (GAAP)</strong></td>
<td>$9.0B</td>
<td>$9.4B</td>
<td>5%</td>
<td>(1%)</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>$1.5B</td>
<td>$1.5B</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>16.2%</td>
<td>16.2%</td>
<td>0 bps</td>
<td>150 bps</td>
</tr>
<tr>
<td><strong>ROTC</strong></td>
<td>17%</td>
<td>14%</td>
<td></td>
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</tbody>
</table>

*Underlying Excl. V&C*

#### 2017 Major Markets Served

- **Discrete**: 12%
- **Hybrid**: 9%
- **Refining**: 14%
- **Power**: 14%
- **Chemical**: 14%
- **Midstream Oil & Gas**: 10%
- **Upstream Oil & Gas**: 19%
- **Other**: 12%

#### 2017 Sales by Geography

- **North America**: 44%
- **Europe**: 23%
- **Asia**: 8%
- **Latin America**: 5%
- **Middle East & Africa**: 12%
- **Hybrid**: 10%
Emerson’s Strength Is Our Technology, People, and Ability to Create Value for Our Customers
Emerson’s Strength Is Our Technology, People, and Ability to Create Value for Our Customers

World-class People and Expertise

- 53,500¹ Automation Solutions Employees
- 3,000+ Engineering & Development
- 11,000+ Salespeople
- 100+ Industry Consultants
- 5,000+ Project Services Personnel
- 3,700+ Lifecycle Services Professionals
- 200+ Service Centers

¹Headcount at 9/30/17, inclusive of V&C acquisition

Solutions Enabling Top Quartile Performance

Project Certainty
Enable customers to eliminate cost, reduce complexity, and accommodate late changes on capital projects.

Operational Certainty
Help customers optimize production, improve reliability, minimize emissions, and ensure safety.

We Have Unique Capabilities to Bring Customers Predictable Success From Project Design Through the Entire Operational Lifecycle
Have Consistently Outperformed Market and Delivered Transformative Solutions and Approaches

**AUTOMATION SOLUTIONS**

**GROWTH & MARKET SEPARATION**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market</th>
<th>Acquisition</th>
<th>Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>$1.9B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>$7.5B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017*</td>
<td>$10.3B</td>
<td></td>
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</tr>
</tbody>
</table>

*Includes full year of V&C sales*
Emerson Is a Recognized Leader Across the Total Automation Spectrum

<table>
<thead>
<tr>
<th>Devices</th>
<th>Control</th>
<th>Data Mgmt</th>
</tr>
</thead>
<tbody>
<tr>
<td>~$140B</td>
<td>~$40B</td>
<td>~$20B</td>
</tr>
</tbody>
</table>

**Devices Participation**

- #1 in Final Control
- #1 in Measurement & Analytical
- #1 in Flow Solutions

**Emerson Participation: 6%**

**#1 in 28 Field Device Categories**

- #1 Continuous
- #1 Chemicals
- #1 Power
- #1 Oil & Gas
- #1 Life Sciences

- #1 Batch
- #1 Chemicals
- #1 Refining
- #1 Life Sciences

- #1 Advanced Process Control
- #1 Asset Management Software
- #1 Loop-Tuning
- #1 Simulation

- Pressure
- Temperature
- Level
- Coriolis Flow
- Ultrasonic Flow
- Magnetic Flow
- Vortex Flow
- Control Valves
- On/Off Valves
- Valve Actuators
- Liquid Analyzers
- Gas Analyzers
Emerson Is the Innovation Leader in Control, and We Continue to Grow Our Presence

### Process Control Systems Evolution

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Technology</td>
<td>Provox, RS3, WDPF</td>
<td>DeltaV, Ovation</td>
<td>DeltaV CHARMs, Ovation</td>
<td></td>
</tr>
<tr>
<td>DCS Participation$^1$</td>
<td>5%</td>
<td>9%</td>
<td>12%</td>
<td>15%</td>
</tr>
</tbody>
</table>

“Emerson... overturns 35 years of industry thinking of I/O”
*Industrial Automation Insider - Oct 2009*

### Control Systems for World’s Power

- 1,300 Gigawatts globally, ~20% of the world
- Over 68% of 600MW and 1,000 MW Ultra-supercritical units in China

Since 2000, we have replaced >3,200 competitive systems

---

$^1$Served Market Participation for DeltaV and Ovation based on ARC, Frost & Sullivan, and Internal Estimates
2018 Will Include Emerson’s Biggest Control Platform Technology Launches Ever

<table>
<thead>
<tr>
<th>DeltaV v14</th>
<th>Ovation 3.7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PK Controller</strong></td>
<td><strong>New Data Management Capabilities Built-in</strong></td>
</tr>
<tr>
<td>Powerful Standalone Easily Integrated</td>
<td>- Integrated Machinery Health Monitoring</td>
</tr>
<tr>
<td></td>
<td>- Synchronized predictive simulation</td>
</tr>
<tr>
<td><strong>IloT</strong></td>
<td><strong>Extending Industry Leading Controls</strong></td>
</tr>
<tr>
<td>OPC UA Communications</td>
<td>- Ovation Compact Controller</td>
</tr>
<tr>
<td>ISASecure SSA Level 1 Certification</td>
<td>- Integrated Generator Excitation Control</td>
</tr>
<tr>
<td><strong>Distributed CHARMs</strong></td>
<td><strong>Flow Computers</strong></td>
</tr>
<tr>
<td>Saves Millions on Cabling</td>
<td>Next Generation Flow Computer, Remote Terminal Unit, and SCADA for Oil &amp; Gas Control and Optimization</td>
</tr>
<tr>
<td><strong>Smart Commissioning</strong></td>
<td></td>
</tr>
<tr>
<td>From 140 min. to 25 min. per device</td>
<td></td>
</tr>
<tr>
<td><strong>DeltaV Discovery</strong></td>
<td></td>
</tr>
<tr>
<td>Common platform research to production</td>
<td></td>
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</tbody>
</table>
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Process Industries Rebounding in 2018 with Strong Growth Dynamics Going Forward

<table>
<thead>
<tr>
<th>Process Industries</th>
<th>2018 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 continues; strong project activity in MEA</td>
</tr>
<tr>
<td>Oil &amp; Gas – Midstream</td>
<td></td>
<td></td>
<td>LNG and increasing globalization of natural gas; pipeline buildout in emerging markets</td>
</tr>
<tr>
<td>Refining</td>
<td></td>
<td></td>
<td>Global increase in coking units led by China; India to double refining capacity</td>
</tr>
<tr>
<td>Chemical &amp; Petrochemical</td>
<td></td>
<td></td>
<td>U.S. investment to continue in 18; China to double ethylene over next 5 years</td>
</tr>
<tr>
<td>Power</td>
<td></td>
<td></td>
<td>Coal &amp; renewable investment in China and India; gas conversions and new builds in NA</td>
</tr>
<tr>
<td>Process Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2018 Total Automation Market Up 5% to 7%
Expecting Sustained Growth Period through 2021
## Hybrid and Discrete Industries Continue To Be Attractive for Growth and Diversification

### Hybrid Industries 2018 Outlook 2018-21 Outlook Key Investment Trends:

<table>
<thead>
<tr>
<th>Industry</th>
<th>2018 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>Increased innovation spend in NA and EUR; medicines in emerging markets</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 AP</td>
</tr>
<tr>
<td>Pulp &amp; Paper</td>
<td>↑↑↓↓</td>
<td>↑</td>
<td>Investment to upgrade assets in pulp; strong packaging demand in AP</td>
</tr>
<tr>
<td>Hybrid Total</td>
<td>↑↑</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Discrete Industries 2018 Outlook 2018-21 Outlook Key Investment Trends:

<table>
<thead>
<tr>
<th>Industry</th>
<th>2018 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>Industry 4.0 increasing automation spend in manufacturing</td>
</tr>
<tr>
<td>Automotive</td>
<td>↑↑↓↓</td>
<td>↑</td>
<td>Electric vehicle manufacturing capacity globally; Emerging Markets</td>
</tr>
<tr>
<td>Packaging</td>
<td>↑</td>
<td>↑</td>
<td>Investment in U.S.; automation of manual process in emerging markets</td>
</tr>
<tr>
<td>Discrete Total</td>
<td>↑↑</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Accelerated Recovery Period Has Emerson Strongly Positioned to Capture Broad Growth Globally

Automation Solutions Market by Type of Business

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

Large project funnel visibility has more than doubled since Feb. 2017

First priority spend is driving smaller expansion and optimization projects with faster payback for customers

Customers are looking for new, and more lifecycle services driving improved foundational growth

Note: Chart is illustrative
Lifecycle Management Initiatives Are Driving Growth in Our KOB3 Business

Executed >5,000 customer site walk downs in 2017 to identify opportunities in our installed base and drive new services

**Shutdowns, Turnarounds, & Outages**
Managing & executing plant turnarounds  
**$75M**  
YoY Growth

**Connected Services**
IloT-enabled services on connected devices  
**190+**  
Active Contracts

**Long-term Service Agreements**
Partnership agreements across all service levels to support customer operations  
**1800+**  
Customer Contracts

**Product**
Advanced Lifecycle Management programs build greater customer intimacy and drive new demand

**Outcome**
Advanced services will help drive >$2B KOB3 total growth by 2021
Launched Plantweb and Introduced Operational Certainty Consulting to Drive KOB2 Growth

**Identified Market Opportunity**
- Top Quartile performance
- KPI’s by industry
  - Reliability
  - Performance
  - Safety
  - Energy/Emissions

**Launched Solutions & Services**
- Plantweb Digital Ecosystem
- Operational Certainty Consulting
  - 100+ Consulting Leads
  - 5000+ Automation Experts

**Mapped Pains to Solutions**
- Identified high impact applications
- Prioritized solution opportunities

**Executing Market Engagement**
- Plantweb and Top Quartile launch events
  - 8000+ customers reached in 30+ countries
- Top Quartile workshops
  - Link digital strategy to business objectives
  - Incorporate deep domain expertise
  - Identify highest impact opportunities
  - Provide pragmatic business case for investment

Plantweb IIoT Solutions Grew 30+% in 2017, Forecasting $1B by 2021
Plantweb Digital Ecosystem: Recognized as Industry’s Most Complete and Integrated IIoT Solution

Plantweb Provides a Scalable Approach to Realize the Promise of IIoT, and Delivers Measurable Business Results
This Slide Intentionally Omitted
This Slide Intentionally Omitted
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Automation Is Growing in Scope and Customer Relevance

**Services**

- **Product maintenance, reactive repair and replacement**
- **Consulting, connected, outcome-based offerings**

**Data Management**

- **On-premise, standalone software packages for operations experts**
- **Cloud-enabled integrated software platforms for multiple personas**

**Control**

- **Large systems running highly secure, industry-based logic for control and safety**
- **Modular controllers expanding control and optimization of data islands**

**Device**

- **Hard-wired, intrusive, highly accurate and reliable sensors generating continuous data**
- **Wireless, non-intrusive sensors fulfilling new data needs**
Emerson Is Leading the World in New Innovations That Help Customers Transform Their Projects and Operations

Virtual Project & Consulting Services

Connected Services for remote asset monitoring

Growing ecosystem of Plantweb applications

Simulation and synchronization: Digital Twins

Modular Controllers

SCADA, Flow Computers and RTUs with Edge Applications for Oil & Gas

Expanding portfolio of non-intrusive sensors

32,000 Networks
146 countries
>10B operating hours

10 YEARS

10 YEARS
Emerson’s Capabilities Span the Full Oil & Gas Value Chain

Upstream
- Exploration
- Development & Production

Midstream
- Transportation & Trade
- Refining, Processing, Blending & Distribution

Downstream
- International oil and gas markets
- Biofuels
- Petrochemicals
- Lubricants
- Fuels

Maximize asset utilization due to low oil prices
- Production Optimization
- Structural Cost Reductions

Aging infrastructure and expertise
- Leak Detection
- Digitization of Operations

Increased importance of asset integrity
- Corrosion Detection
- Predictive Maintenance

Image Source: BP Strategic Report 2015
Transforming Upstream Oil & Gas From Reservoir to Well Pad

Paradigm + Roxar
Subsurface Modeling & Simulation

Subsurface Knowledge

PLANNING
OPERATIONS

Production Automation
Top-side Production & Equipment Data

Operational Intelligence

Enables dynamic optimization of new and existing reservoirs

Well Pad of the Past

Multiphase Flowmeter

Well Pad of Today

$21B
Upstream
Installed Base
## Digitizing Midstream Operations

<table>
<thead>
<tr>
<th>Pipeline Asset Data</th>
<th>Scheduling, operations, and commercial management</th>
<th>Pipeline Integrity, risk analysis, and visualization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipeline Automation</td>
<td>ESI</td>
<td>GeoFields</td>
</tr>
</tbody>
</table>

**SCADA, Flow Computers, and RTUs**, enable greater fleet management and optimization for operators in the field -- deliver key requirements for digitizing operations.

### Key Features
- **Security and Mobility**
- **Low Maintenance**
- **Guided Workflows**
- **Simple Configuration Verification**

**$9B**

Midstream Installed Base

Real-time pipeline integrity insight and optimization
Expanding High Value Solutions Portfolio at Every Level for Downstream Facilities

Digitally-empowered **turnaround services** enable **shorter shutdowns, faster startup, and improved confidence** in operations

**Mynah & ProSys acquisitions** and **AspenTech alliance** add new integrated software solutions

**DeltaV V14** extends control and IIoT leadership

- Cybersecurity
- Mobility
- Integration by Design
- Modularity
- Virtualization
- Efficiency

**Non-Intrusive Wireless Corrosion Monitoring**

Corrosion is the **industry’s #1 maintenance problem**

- **Easily deploy** corrosion monitoring anywhere
- **Automate manual, intrusive inspections** with real-time data

**$25B**

**Downstream Installed Base**
Leveraging Our Leadership in Power Generation to Help Customers Evolve in This New Market

Traditional Generation | Microgrids | Distributed Generation

Renewable Generation adds new demand for control and challenges traditional generators

- Distributed Generation
- Reliability, Flexibility, and Performance

Focus on Security due to increased prevalence of malware and hacker attacks

- Compliance and incident response services
- Certified technologies
Extending Reach of Control and Digital Services for the Power Industry

Emerson offers complete Cybersecurity services supported by Qualified Anti-Terrorism Technology (QATT) designated by US Department of Homeland Security

New Ovation Compact Controller extends control to new applications in plant and beyond

High fidelity embedded simulation for complete plant optimization

New Final Control capabilities extend connected services and predictive maintenance strategies to every valve in a plant

Digital Walk Down

Connected Services

Mobile Service Center

$14B Power Installed Base
Helping Life Sciences Customers Stay Ahead of New Market Trends

Development

Process Development & Clinical

Drug Substance

Primary

Drug Product

Secondary

Packaging

Time to market pressure in biosimilars and generics

Technology Transfer

Demand for smaller batches and modular production

Single-Use Processing & Instrumentation

Growing number and complexity of regulations

Regulatory Approval & Traceability

Business Mix

M&A

Valves

SYSS

Industrial
Delivering Innovative Sensors, Connected Controllers, and Consulting Services

Full Life Science operations consulting services to ensure Operational Excellence and expedite FDA validation

DeltaV Discovery connects R&D to production, speeding up technology transfer and manufacturing scale up

PK Controller connects modular operations for advanced control

Growing World-Class Hygienic Portfolio
Expanding hygienic instrument portfolio and launching new line of single-use sensors for next-gen biologics manufacturing

$2B Life Sciences Installed Base
Helping Packaging Customers Increase Speed and Systems Integration

Increased risk due to speed of operations

- Real-Time Insights
- Faster restarts

Excess waste impacting production costs

- Precise filling
- Effective sealing
Discrete Innovations Extend Our Portfolio of Intelligent Devices and Controls

ASCO G3 Fieldbus and 580 CHARMs seamlessly integrate pneumatic control -- **simplifying commissioning**, improving **visual status** and enhancing **diagnostics**

Quantum Cascade Laser quickly **detects leaks** and rejects products with **100% accuracy** at 600 packages per minute, **3x faster** than previous solutions
This Slide Intentionally Omitted
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### Automation Solutions
#### 2017 Summary & 2018 Guidance

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (GAAP)</td>
<td>$9.0B</td>
<td>$9.4B</td>
<td>18 – 20%</td>
</tr>
<tr>
<td>Underlying*</td>
<td></td>
<td></td>
<td>6 – 8%</td>
</tr>
<tr>
<td>EBIT</td>
<td>$1.5B</td>
<td>$1.5B</td>
<td></td>
</tr>
<tr>
<td>% of Sales</td>
<td>16.2%</td>
<td>16.2%</td>
<td>16-17%</td>
</tr>
<tr>
<td>ROTC</td>
<td>17%</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

#### 2017 Major Markets Served

- **Discrete**: 12%
- **Hybrid**: 9%
- **Refining**: 14%
- **Power**: 10%
- **Chemical**: 14%
- **Upstream Oil & Gas**: 19%
- **Midstream Oil & Gas**: 10%
- **Other**: 12%

#### 2017 Sales by Geography

- **Middle East & Africa**: 44%
- **North America**: 23%
- **Europe**: 20%
- **Asia**: 8%
- **Latin America**: 5%
- **Other**: 8%
This Slide Intentionally Omitted
This Slide Intentionally Omitted
This Slide Intentionally Omitted
WE SEE
THE STRENGTH OF ONE EMERSON
WE SEE
THE STRENGTH OF ONE EMERSON
2018 Investor Conference
Final Control and V&C Integration Update

Ed Monser
President
February 15, 2018
2018 Investor Conference
Final Control and V&C Integration Update

Ed Monser
President
February 15, 2018
Final Control -- Key Messages

• Acquisition of Valves & Controls transforms Final Control into the biggest / broadest solutions provider and strengthens Automation Solutions

• Integration activities progressing to plan and building strong momentum

• Focused, early concentration on customer engagement resulting in accelerating order activity with many ‘combined portfolio’ wins

• Transitions to the Single Integrated Channel have been timely and seamless

• Manufacturing facility consolidation and restructuring programs underway, targeting 10 plant closures by the end of 2018

• $17+M of negotiated supply chain savings finalized in the first 180 days

• Product rationalization and positioning direction has been set; execution of the plan is underway -- excellent progress

• Operating Model Transformation (OMT) realignment completed in February 2018 -- 2nd quarter will be key
This Slide Intentionally Omitted
Portfolio and Market Diversification With Valves & Controls Strengthens our Global Presence

<table>
<thead>
<tr>
<th>2017 Sales</th>
<th>Valves &amp; Controls $1.4B</th>
<th>Final Control $2.1B</th>
<th>Combined $3.5B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geography</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America MEA</td>
<td>9% 10%</td>
<td>Latin America MEA</td>
<td>5% 12%</td>
</tr>
<tr>
<td>Europe</td>
<td>28%</td>
<td>Europe</td>
<td>12%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>31%</td>
<td>Asia Pacific</td>
<td>20%</td>
</tr>
<tr>
<td>North America</td>
<td>28%</td>
<td>North America</td>
<td>51%</td>
</tr>
<tr>
<td>Industry</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Mining Power</td>
<td>6% 20%</td>
<td>Other Mining Power</td>
<td>8% 12%</td>
</tr>
<tr>
<td>Chemical</td>
<td>40%</td>
<td>Chemical</td>
<td>13%</td>
</tr>
<tr>
<td>Refining</td>
<td>9% 5% 13%</td>
<td>Refining</td>
<td>14%</td>
</tr>
<tr>
<td>Midstream Oil &amp; Gas</td>
<td>5%</td>
<td>Midstream Oil &amp; Gas</td>
<td>22%</td>
</tr>
<tr>
<td>Upstream Oil &amp; Gas</td>
<td>13%</td>
<td>Upstream Oil &amp; Gas</td>
<td>29%</td>
</tr>
<tr>
<td>Business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuation Technologies</td>
<td>5%</td>
<td>Actuation Technologies</td>
<td>12%</td>
</tr>
<tr>
<td>Pressure Management</td>
<td>23%</td>
<td>Pressure Management</td>
<td>18%</td>
</tr>
<tr>
<td>Isolation Valves</td>
<td>64%</td>
<td>Isolation Valves</td>
<td>6%</td>
</tr>
<tr>
<td>Flow Controls</td>
<td>8%</td>
<td>Flow Controls</td>
<td>64%</td>
</tr>
</tbody>
</table>

Note: 2017 includes full year Valves & Controls impact.
The New Final Control Business Has a Significant Global Footprint --- Best in the Industry...

<table>
<thead>
<tr>
<th>Region</th>
<th>2017 Sales</th>
<th>Service Locations</th>
<th>Employees</th>
<th>Manufacturing Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>$1.4B</td>
<td>66</td>
<td>5,300</td>
<td>11</td>
</tr>
<tr>
<td>Europe</td>
<td>$0.7B</td>
<td>23</td>
<td>5,000</td>
<td>18</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>$0.9B</td>
<td>40</td>
<td>5,500</td>
<td>24</td>
</tr>
<tr>
<td>Latin America</td>
<td>$0.2B</td>
<td>6</td>
<td>400</td>
<td>4</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>$0.3B</td>
<td>14</td>
<td>1,100</td>
<td>4</td>
</tr>
<tr>
<td>Global</td>
<td>$3.5B*</td>
<td>~150</td>
<td>~17,300</td>
<td>61</td>
</tr>
</tbody>
</table>

*2017 V&C sales included on a pro forma basis

... to Serve Customers With Local Expertise, Manufacturing, Project Engineering, After-Market Services, and Speed
New Final Control Business Group
Management Structure

Business Group

- Flow Controls
- Pressure Management
- Isolation Valves
- Actuation Technologies

Business Unit

- Sliding Stem
- Rotary
- Engineered Products
- Nuclear
- Instrumentation
- Fisher Digital Isolation

Strategic Product Business Unit

- Pressure Relief
- Safety Relief
- Industrial Regulators
- Natural Gas Regulators
- Gate / Globe / Check
- Automated Isolation Valves

2017 Sales - $1.5B
2017 Sales - $0.7B
2017 Sales - $1.0B
2017 Sales - $0.3B

Impacted by V&C
This Slide Intentionally Omitted
Focused and Early Concentration on Customer Engagement Resulting in Accelerating Order Activity

<table>
<thead>
<tr>
<th>Trailing 3 Month Order Rates vs. Prior Year</th>
<th>Oct*</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Control Base</td>
<td>18%</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>Valves &amp; Controls Proforma</td>
<td>1%</td>
<td>1%</td>
<td>9%</td>
</tr>
<tr>
<td>Final Control Proforma</td>
<td>11%</td>
<td>11%</td>
<td>10%</td>
</tr>
</tbody>
</table>

*Note: Adjusted to exclude impact of sales channel returns

Acquisition Announced August 18, 2016

Acquisition Closed April 28, 2017
Key Growth Programs Will Drive $200M in Incremental Growth by 2020; $70M+ Will Be Realized in 2018

Strategic Accounts

- Emerson
- Chevron

Valves & Controls

- BASF
- DOW

Industry Focus

- Oil & Gas MidStream
  - Pipelines
- Power
  - Coal Fired, Natural Gas, Nuclear
- Chemical
  - Specialty Ethylene
- Mining
  - Alumina, Iron Ore, Coal, Copper / Gold

Automated Valves

- Fully Engineered & Integrated
- Factory Configured and Tested

Fisher Digital Isolation™

Automated Isolation Valves

Lifecycle Services

- $40B Installed Base
  - North America $16B
  - Asia $10B
  - Europe $7B
  - Middle East & Africa $4B
  - Latin America $3B
Early Project Engagement as Main Valve Partner Is Delivering Schedule & Cost Improvements for Customers

### PEMEX Abkatun-A2 Offshore Platform

**Challenge**
- Complex project with expedited delivery schedule

**Solution**
- Engaged at Front-End Engineering & Design as Main Instrument Vendor
- Applied unrivalled application expertise for critical valve specification and design

#### Final Control Portfolio Participation
- Control Valves
- Isolation Valves
- Pressure Relief
- Actuators

**Emerson Value** $9M

**Location** Mexico

**Industry** Upstream O&G

### Hengli Group Hengli Refinery and Ethylene Project

**Challenge**
- Customer needed strong technical and engineering support for large, complex project

**Solution**
- Cross-functional teams utilized to closely engage with customer
- Full Final Control engagement to shorten decision process

#### Final Control Portfolio Participation
- Control Valves
- Isolation Valves
- Pressure Relief
- Actuators

**Emerson Value** $18M

**Location** China

**Industry** Refining, Petrochemical
Final Control Expertise as an Operational Partner Is Delivering Lower **Total Cost of Ownership & Improved Productivity**

**Combined Cycle Power Plant**
- Asheville Project

**USA**
- **$6M** Emerson Value

**Challenge**
- Extreme conditions and specialized applications for a plant expansion

**Solution**
- Offered unparalleled portfolio
- Applied unrivalled application expertise for critical valve specification and design

**Final Control Portfolio Participation**
- Control Valves
- Isolation Valves
- Actuators
- Turbine Bypass

---

**Petrochemical Customer**
- Jubail Chemical Plant

**Saudi Arabia**
- **$2M** Emerson Value

**Challenge**
- Reduce costs and procurement complexity, and simplify maintenance for improved operating performance

**Solution**
- Broad portfolio of service offerings with embedded service personnel and local presence

**Final Control Portfolio Participation**
- Service Agreement
- Connected Services
- QuickShip
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This Slide Intentionally Omitted
Supply Chain Programs Will Deliver $30M in Cost Savings by 2020

Before Deal Closure…

- **420** Projects Identified
- **60** Global Leaders Trained
- **$12M-$20M** Savings Potential Identified

- **400+** Supplier Negotiations in First 180 Days
- **$17+M** Savings Realized
- **95+%** Supply Chain Regionalization by 2020

$30M in Net Material Inflation by 2020

**Castings**
Regional foundry development and 3D printed sand molds for D-part castings

**Machined Parts**
Expanding capacity in Toluca, Mexico to support North America plants on machined parts

**Indirect**
Implementing spend visibility tools to accelerate cross-BU tensioning
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OMT\(^1\) Realignment Will Drive Service Level Improvements While Reducing Inventory

### OMT Performance Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDSL(^2)</td>
<td>~65%</td>
</tr>
<tr>
<td>Inventory Turnover</td>
<td>~1.9</td>
</tr>
<tr>
<td>Past-Due Receivables</td>
<td>~38%</td>
</tr>
</tbody>
</table>

### Emerson Target Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDSL(^2)</td>
<td>&gt;95%</td>
</tr>
<tr>
<td>Inventory Turnover</td>
<td>&gt;5.0</td>
</tr>
<tr>
<td>Past-Due Receivables</td>
<td>&lt;15%</td>
</tr>
</tbody>
</table>

1 Operating Model Transformation
2 On-Time to Request Date Service Levels
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Final Control -- Summary

- Acquisition of Valves & Controls **transforms Final Control** and **broadens Automation Solutions**
  - One global manufacturer supplying and servicing all valves everywhere;
  - Global #1 player, with 16%+ served market participation and **$5B in sales by 2022**

- Rapid organic growth driven by enhancing our **relevance** – **Connecting To Customers to capture investment waves**
  - Strategic direction focused on **Problem Solving** enabling customers to achieve **Top Quartile Performance** in both operational and project environments
  - Simplifying and elevating customer interactions through a **Single Integrated Channel**

- **Technology Leadership** position to **separate from the competition**
  - **Electric actuation** remains a priority for accelerated investment

- **Lifecycle Management** of the $40B global installed base to **build loyalty and drive sustained growth** through traditional and outcome-based service models

- **Perfect Execution** focus to drive **regionalization** and **supply chain speed** resulting in superior **operating margin** and **cash flow generation**

**Final Control Will Drive Value Creation for Our Global Customers**
We Are the Main Valve Partner Helping Customers Achieve Top Quartile Performance

Category Leading Products
Brand, Breadth, and Service

Technology Leadership

Pla nt Web

Condition Monitoring
Uptime & Reliability

Trusted Advisor
Main Valve Partner

• Build in Optimized Solutions at Front-End Engineering & Design
• Project Execution Expertise
• Single Partner Accountability

Top Quartile Performance
Problem Solving

• Project Certainty
• Operational Certainty

New Final Control

Flow Controls
Pressure Management
Isolation Valves
Actuation Technologies
WE SEE
THE STRENGTH OF ONE EMERSON
WE SEE
THE STRENGTH OF ONE EMERSON
2018 Investor Conference
Commercial & Residential
Solutions Business Overview

Bob Sharp
Executive President
February 15, 2018
2018 Investor Conference
Commercial & Residential
Solutions Business Overview

Bob Sharp
Executive President
February 15, 2018
# Commercial & Residential Solutions
## 2017 Summary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$5.2B</td>
<td>$5.6B</td>
<td>6%</td>
</tr>
<tr>
<td>EBIT</td>
<td>$1.3B</td>
<td>$1.3B</td>
<td>7%</td>
</tr>
<tr>
<td>% of Sales</td>
<td>24.0%</td>
<td>24.2%</td>
<td>+20 bps</td>
</tr>
<tr>
<td>ROTC</td>
<td>48%</td>
<td>52%</td>
<td></td>
</tr>
</tbody>
</table>

## 2017 Sales by Market

- Cold Chain: 21%
- Commercial: 30%
- Residential: 49%

## 2017 Sales by Geography

- US & Canada: 62%
- Asia: 19%
- Europe: 10%
- L. America: 5%
- Middle East & Africa: 4%
Commercial & Residential Solutions
Key Messages

• Commercial & Residential Solutions is **uniquely positioned in an attractive market** that consistently delivers ~3% underlying through-the-cycle growth.

• Our platform is built upon **franchise businesses** that serve as **industry stewards**, essential attributes that have enabled a **long-term proven record of value creation**.

• Our significant **market positions get challenged, but we have managed these challenges** for decades. In addition, **several major new programs provide the foundation for incremental above-market growth and value creation**.

• New areas of focus **have expanded our addressable market by $8B, to $39B**. And we are working **additional internal and acquisition opportunities in Electronics and Professional Tools** areas to further increase our served space.

• With our **broad product portfolio**, we have a **differentiated position from which to deliver solutions** and act as a **technology partner to our customers**.

• **Traction over the past ~18 months has been very solid**: We achieved 6.1% underlying sales* growth in 2017, and expect 4-6% growth in 2018.

We Are Committed to Delivering Sustained Above-Market Sales Growth While Maintaining Record Profit Margins and Asset Management for Continued Value Creation.
Served Market Showing Steady Growth, With Attractive Market Drivers to Leverage

<table>
<thead>
<tr>
<th>Market Drivers</th>
<th>2018</th>
<th>2018-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cold Chain</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Refrigeration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Retail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Residential</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential AC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential Construction</td>
<td></td>
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</tr>
<tr>
<td><strong>Commercial</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial AC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Heating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Residential Construction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Expect 2018 Total Commercial & Residential Global Market up 3% to 5% -- Commercial & Residential Solutions Underlying Sales* Expected To Be up 4% to 6%**
### Several Key Programs to Address Our Core Opportunities

<table>
<thead>
<tr>
<th>Key Programs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Protecting Food Quality &amp; Sustainability</strong></td>
<td>Keeping food fresh across the cold chain while lowering cost and improving customer experience</td>
</tr>
<tr>
<td>✓ Temperature Management</td>
<td>✓ Facility/Asset Monitoring</td>
</tr>
<tr>
<td><strong>Ensuring Human Comfort &amp; Health</strong></td>
<td>Transforming homes with comfort, efficiency and connectivity solutions</td>
</tr>
<tr>
<td>✓ Heat Pumps Solutions</td>
<td>✓ Sensi Thermostats</td>
</tr>
<tr>
<td><strong>Advancing Energy Efficiency</strong></td>
<td>Enabling high-performance, comfortable and controllable workplace environments</td>
</tr>
<tr>
<td>✓ Modulation &amp; Control</td>
<td>✓ Dehumidification</td>
</tr>
<tr>
<td><strong>Creating Sustainable Infrastructure</strong></td>
<td>Food waste management solutions for home, businesses and communities</td>
</tr>
<tr>
<td>✓ Disposer Adoption</td>
<td>✓ Grind2Energy</td>
</tr>
</tbody>
</table>
This Slide Intentionally Omitted
Moving Up the Technology Pyramid Utilizing Intelligent Devices, Controls and Software Across the Platform

Data Management
Converts raw data to information and develops actionable insights

Control
Performs action on raw data

Devices / Instruments / Sensors
Generates raw data

Integrating & Optimized Solutions
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Our Domain Knowledge, Product Strength and Solutions Capability Enable Us to Serve as an Industry Steward

We Are Leveraging Expertise, Relationships, and Capabilities for Solutions, Even in the Most Competitive Global Markets
COMPREHENSIVE RANGE OF TECHNOLOGIES AND SOLUTIONS

BRINGING COMFORT AND CONVENIENCE TO HOMES

KEEPING FOOD FRESH THROUGH COLD CHAIN SOLUTIONS

ENABLING HIGH PERFORMANCE BUILDINGS

HELPING CUSTOMERS, CONTRACTORS AND END USERS NAVIGATE CHANGE
Keeping Food Fresh Throughout the Cold Chain

Food Quality and Safety Solutions Across the Cold Chain

- 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
End-to-End Cold Chain Solutions Offer a Significant Opportunity to Protect Food Quality & Safety
We Are Focused on Integrated Solutions at Each Node and Across the Cold Chain

<table>
<thead>
<tr>
<th>Harvest</th>
<th>Processing</th>
<th>Transportation</th>
<th>Distribution</th>
<th>End-Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-cool products prior to shipment</td>
<td>Production of food products</td>
<td>Reduce product loss &amp; monitor food safety</td>
<td>Ensure food quality &amp; maintain freshness</td>
<td>Deliver fresh products &amp; energy savings</td>
</tr>
<tr>
<td>Refrigeration for storage facilities &amp; warehouses</td>
<td>Refrigeration for food process cooling &amp; cold storage</td>
<td>Refrigeration &amp; monitoring for containers &amp; trailers</td>
<td>Refrigeration for cold rooms &amp; warehouses</td>
<td>Refrigeration for point of sale providers</td>
</tr>
<tr>
<td>Fixed monitoring on-site</td>
<td>Fixed monitoring with data analytics &amp; recording keeping</td>
<td>Container fleet asset management &amp; maintenance</td>
<td>Fixed monitoring with data analytics</td>
<td>Fixed &amp; remote monitoring with data analytics &amp; record keeping, predictive maintenance</td>
</tr>
<tr>
<td>Mobile monitoring for cargo from field forward</td>
<td>HVAC solutions</td>
<td>Mobile monitoring for cargo through the supply chain</td>
<td>HVAC solutions</td>
<td></td>
</tr>
</tbody>
</table>

Cold Chain Teams Organized Around Food Retail, Food Service, Industrial, Transportation and Distribution. 2x Larger Than Next Participant in an $8B Served Portion of Global Market With Several Opportunities to Expand.
The Food Retail Market Is Going Through a Major Upheaval With Shifting Architecture & Market Trends

Traditional Supermarket Architecture

- Shift to small footprint stores
  - Need for flexibility
  - Optimize space
  - Reduce operating expense

- Increasing home delivery growth by e-tailers & traditional supermarkets
  - Shifting to large scale perishable food delivery
  - New architectures shift away from retail food display
  - Cold storage distribution centers growing to support trend

Retailers Focused on Improving Operational Cost Through Energy Efficient Infrastructure Designs
We Have Solutions to Support New Food Retail Architectures and Business Models

Small-Format Architecture

- Heat removal water loop
- Integrated compressors
- External unit heat removal
- Plug-in cases

E-Commerce Models

- New Cold Chain Space in Traditional Distribution Centers
- Integrated Solutions for Refrigeration Case Manufacturers
- New Staging Infrastructure for Click & Collect
Convenience Stores & Restaurants Continue to Expand Fresh Food Offering, Requiring New Solutions

Food Quality, Energy Efficiency and Consistency are Critical to Success and Brand Equity
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Cooper-Atkins Further Expands Our Connected Solutions for the Cold Chain

Cargo Monitoring

Food Monitoring

INTERNET RETAILERS
CLICK AND COLLECT
SUPERMARKETS
CONVENIENCE & DOLLAR STORES
DRUG STORES
RESTAURANTS
COMPREHENSIVE RANGE OF TECHNOLOGIES AND SOLUTIONS

BRINGING COMFORT AND CONVENIENCE TO HOMES

KEEPING FOOD FRESH THROUGH COLD CHAIN SOLUTIONS

ENABLING HIGH PERFORMANCE BUILDINGS

HELPING CUSTOMERS, CONTRACTORS AND END USERS NAVIGATE CHANGE
Bringing Comfort And Convenience to Homes as Part of The Critical Infrastructure
This Slide Intentionally Omitted
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Variable Speed Market Dynamics Vary by Region, and We Address With Local Presence

### Asia
Delivering integrated variable speed solutions to strategic and small OEMs
Differentiation for specialty applications

### Europe
Variable speed key for penetrating the heat pump space due to efficiency requirements
Emerson heating & electronic solutions differentiate

### North America
Delivering variable speed solutions to multiple OEMs
Continues to be a niche market due to contractor reluctance & price level

Competitive Variable Speed Offering in All Regions
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Enabling High Performance Commercial Buildings as Part of the Critical Infrastructure

- Compressors & Controls
- Dehumidification
- Rooftop Unit Drives
- HVAC Monitoring & Diagnostics
- Multiple Thermostat Manager

$4 BILLION PRIVATE SECTOR INVESTMENT IN CLEAN ENERGY INNOVATION

36% ENERGY CONSUMPTION HVAC/R SYSTEMS & 25% FROM LIGHTING
Integrated HVAC Solutions Deliver Additional Value & Efficiency to Commercial Buildings

System Level Solution

Integrated Solution

Compressor + Drive

Compressor

Building Solution

Building Management & System Supervisor

End User Value
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Multiple Thermostat Manager Software Aggregates Sensi Thermostats for Easy Commercial Application

Sensi Multiple Thermostat Manager Portal

Centralized Monitoring & Control
multi thermostat dashboard

Smart Schedule
scheduling special events

Multi User Controls
with administrator functionality

Solution Cost
Sensi Thermostat + $1/month/thermostat

Launched in November
This Slide Intentionally Omitted
China Heat Pump Offering Now Includes Commercial Applications, a Significant Market Expansion

1M Heat Pumps Installed Annually in China

District, Industrial and Sanitary Heating Market Will Continue to Drive China Heating
Our Connection With Contractors Extends Into Professional Tools

Professional Contractor Relationships Are a Key Driver of Brand Strength, Helping Balance Relationships With OEMs and Retail Channel Partners
This Slide Intentionally Omitted
This Slide Intentionally Omitted
Business Development Focus Areas Across Our End Markets

<table>
<thead>
<tr>
<th>Residential Home Comfort</th>
<th>Energy Efficient Commercial Buildings</th>
<th>Food Quality &amp; Safety Across the Cold Chain</th>
<th>Efficient Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Home HVAC and Critical Infrastructure Monitoring</td>
<td>• Liquid Desiccant Dehumidification</td>
<td>• Grind2Energy</td>
<td>• Test &amp; Measurement Solutions</td>
</tr>
<tr>
<td>• Smart Fans</td>
<td>• Transformative Wave</td>
<td>• Industrial Refrigeration Solutions</td>
<td>• RIDGID Connect</td>
</tr>
<tr>
<td>• Indoor Air Quality</td>
<td>• Small &amp; Medium BMS</td>
<td>• Expanded Cold Chain Services</td>
<td>• Contractor Tools and Enriched Data</td>
</tr>
<tr>
<td>• Modulating Compressors</td>
<td>• New Compression</td>
<td>• Non-food Cold Chain Solutions</td>
<td>• E-Commerce</td>
</tr>
<tr>
<td>• Asia &amp; Europe Heat Pumps</td>
<td>• Modulating and Variable Speed Compressors</td>
<td>• Portable Temperature Monitoring</td>
<td>• Refrigeration Joining</td>
</tr>
</tbody>
</table>

From 2017 INVESTOR MEETING

FROM 2017

Plus

- Heat Pumps
- Modulating and Variable Speed Compressors

Efficient Contractors

- Test & Measurement Solutions
- RIDGID Connect
- Contractor Tools and Enriched Data
- E-Commerce
- Refrigeration Joining
# Commercial & Residential Solutions
## 2017 Summary & 2018 Guidance

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$5.2B</td>
<td>$5.6B</td>
<td>4% - 6%</td>
</tr>
<tr>
<td>EBIT</td>
<td>$1.3B</td>
<td>$1.3B</td>
<td>~24%</td>
</tr>
<tr>
<td>% of Sales</td>
<td>24.0%</td>
<td>24.2%</td>
<td>~24%</td>
</tr>
<tr>
<td>ROTC</td>
<td>48%</td>
<td>52%</td>
<td></td>
</tr>
</tbody>
</table>

## 2017 Sales by Market
- Commercial: 30%
- Residential: 49%
- Cold Chain: 21%

## 2017 Sales by Geography
- US & Canada: 62%
- Asia: 19%
- Europe: 10%
- Middle East & Africa: 4%
- L. America: 5%

*All figures exclude ClosetMaid*
This Slide Intentionally Omitted
WE SEE
THE STRENGTH OF ONE EMERSON
WE SEE
THE STRENGTH OF ONE EMERSON
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. ($ in billions, except per share amounts or where noted)
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($ in billions, except per share amounts or where noted)

Sales CAGR
Sales CAGR (GAAP)
Acq/Div/FX
Sales underlying CAGR*

Mature Market Sales CAGR
Sales CAGR (GAAP)
Acq/Div/FX
Sales underlying CAGR*

Emerging Market Sales CAGR
Sales CAGR (GAAP)
Acq/Div/FX
Sales underlying CAGR*

Automation Solutions Sales CAGR
Sales CAGR (GAAP)
Acq/Div/FX
Underlying sales CAGR*

Comm & Res Sols Excluding ClosetMaid Sales CAGR
Sales CAGR (GAAP)
Acq/Div/FX
Underlying sales excluding ClosetMaid CAGR*
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($ in billions, except per share amounts or where noted)

<table>
<thead>
<tr>
<th>EBIT Margin</th>
<th>2017</th>
<th>2018E</th>
<th>2021T</th>
<th>2017 vs 2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretax margin (GAAP)</td>
<td>15.3%</td>
<td>~15.8%</td>
<td>~18%</td>
<td>~50 bps</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>1.1%</td>
<td>~0.9%</td>
<td>~1%</td>
<td>~(20) bps</td>
</tr>
<tr>
<td>EBIT margin*</td>
<td>16.4%</td>
<td>~16.7%</td>
<td>~19%</td>
<td>~30 bps</td>
</tr>
<tr>
<td>Additional $4B spend</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT with additional spend*</td>
<td></td>
<td></td>
<td></td>
<td>(1)%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings Per Share</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted earnings per share (GAAP)</td>
<td>$ 3.99</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repositioning items and divestiture gains</td>
<td>(0.82)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted diluted earnings per share*</td>
<td>$ 3.17</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings Per Share</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share from continuing operations (GAAP)</td>
<td>$ 2.54</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valves &amp; Controls first year acquisition accounting charges</td>
<td>0.10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per share from continuing operations, excluding Valves &amp; Controls first year acquisition accounting charges*</td>
<td>2.64</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valves &amp; Controls operations</td>
<td></td>
<td></td>
<td></td>
<td>0.05</td>
</tr>
<tr>
<td>Earnings per share excluding Valves &amp; Controls*</td>
<td>$ 2.69</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Reconciliation of Non-GAAP Measures

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<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cash flow (GAAP)</td>
<td>$3.0</td>
<td>$2.9</td>
<td>$2.3</td>
<td>$2.3</td>
<td>$2.2</td>
<td>$2.3</td>
<td>$2.7</td>
<td>$3.1</td>
</tr>
<tr>
<td>Impact of taxes on divestiture gains and repositioning items</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating cash flow adjusted*</td>
<td>3.5</td>
<td>3.7</td>
<td>3.6</td>
<td>3.1</td>
<td>2.7</td>
<td>-2.9</td>
<td>-3.8</td>
<td>-3.3</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(0.5)</td>
<td>(0.8)</td>
<td>(0.7)</td>
<td>(0.6)</td>
<td>(0.5)</td>
<td>(0.6)</td>
<td>(0.6)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Free cash flow*</td>
<td>$3.0</td>
<td>$2.9</td>
<td>$2.3</td>
<td>$2.3</td>
<td>$2.2</td>
<td>$2.3</td>
<td>$2.7</td>
<td>$3.1</td>
</tr>
<tr>
<td>Impact of tax reform</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Free cash flow excluding tax reform*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| **Free Cash Flow % of Sales**                  | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E |       |       |
| Operating cash flow as a % of sales (GAAP)     | 14.8% | 15.0% | 11.3% | 14.2% | 17.5% | 16.8% |       |       |
| Taxes paid on divestiture gains and repositioning items | 14.8% | 15.0% | 13.2% | 15.1% | 17.5% | 16.8% |       |       |
| Operating cash flow as a % of sales adjusted*  | (2.8)% | (3.1)% | (3.0)% | (2.8)% | (2.1)% | (~3.3)% |       |       |
| Capital expenditures                           | 12.0% | 11.9% | 10.2% | 12.5% | 14.5% | 13.5% |       |       |
| Free cash flow as a % of sales*                | 12.0% | 11.9% | 10.2% | 12.5% | 14.5% | 13.5% |       |       |

| **Free Cash Flow to Net Earnings Common Stockholders** | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E |       |       |
| Operating cash flow to net earnings (GAAP)       | 182% | 172% | 93%  | 176% | 164% | ~150% |       |       |
| Capital expenditures & impact of divestiture gains & repositioning items & impairments | (66)% | (62)% | 12%  | (45)% | (29)% | (~30)% |       |       |
| Free cash flow to net earnings adjusted*         | 115% | 110% | 105% | 131% | 135% | ~120% |       |       |

| Dividends to operating cash flow (GAAP)         | 32%  | 33%  | 50%  | 43%  | 40%  | ~49%  | ~42%  | ~36%  | ~36%  | ~35%  |
| Capital expenditures & impact of taxes on divestiture gains & repositioning | 8%    | 8%    | 6%    | 5%    | 10%    | 13%    | ~11%    | ~10%    | ~8%    | ~8%    |
| Dividends to free cash flow*                    | 40%  | 41%  | 56%  | 48%  | 55%  | ~52%  | ~53%  | ~49%  | ~45%  | ~43%  |
Reconciliation of Non-GAAP Measures

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($ in billions, except per share amounts or where noted)

<table>
<thead>
<tr>
<th>Sales</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (GAAP)</td>
<td>$15.3</td>
</tr>
<tr>
<td>Valves &amp; Controls impact</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Sales excluding Valves &amp; Controls*</td>
<td>$14.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross Profit Margin</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit margin (GAAP)</td>
<td>42.0%</td>
</tr>
<tr>
<td>Valves &amp; Controls impact</td>
<td>1.2%</td>
</tr>
<tr>
<td>Gross profit margin excluding Valves &amp; Controls*</td>
<td>43.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBIT Margin</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretax margin (GAAP)</td>
<td>15.3%</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>1.1%</td>
</tr>
<tr>
<td>EBIT margin*</td>
<td>16.4%</td>
</tr>
<tr>
<td>Valves &amp; Controls impact</td>
<td>1.5%</td>
</tr>
<tr>
<td>EBIT margin excluding Valves &amp; Controls*</td>
<td>17.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Debt / EBITDA</th>
<th>2017</th>
<th>2018E</th>
<th>2021T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt / pretax earnings (GAAP)</td>
<td>2.0x</td>
<td>~1.6x</td>
<td>~1.1x</td>
</tr>
<tr>
<td>Interest, taxes, depreciation, amortization</td>
<td>(0.5)</td>
<td>~(-0.4)</td>
<td>~(-0.2)</td>
</tr>
<tr>
<td>Total debt / EBITDA*</td>
<td>1.5x</td>
<td>~1.2x</td>
<td>~0.9x</td>
</tr>
<tr>
<td>Additional $4B spend</td>
<td></td>
<td></td>
<td>~6</td>
</tr>
<tr>
<td>Total debt / EBITDA with additional spend*</td>
<td></td>
<td></td>
<td>~1.5x</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.

($ in billions, except per share amounts or where noted)

<table>
<thead>
<tr>
<th>Free Cash Flow ($ in millions)</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow (GAAP)</td>
<td>$ 2,881</td>
</tr>
<tr>
<td>Impact of repositioning items</td>
<td>179</td>
</tr>
<tr>
<td>Operating cash flow adjusted*</td>
<td>3,060</td>
</tr>
<tr>
<td>Capital expenditures including discontinued operations</td>
<td>(523)</td>
</tr>
<tr>
<td>Free cash flow*</td>
<td>2,537</td>
</tr>
<tr>
<td>Impact of discontinued operations</td>
<td>(485)</td>
</tr>
<tr>
<td>Free cash flow continuing operations*</td>
<td>$ 2,052</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EPS Growth</th>
<th>2016-2021T</th>
<th>2017-2021T</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS growth with tax reform (GAAP)</td>
<td>~13%</td>
<td>~15.5%</td>
</tr>
<tr>
<td>Tax reform impact</td>
<td>~2%</td>
<td>~4.0%</td>
</tr>
<tr>
<td>EPS growth without tax reform*</td>
<td>~11%</td>
<td>~11.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Automation Solutions Underlying Sales Growth</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Solutions Sales Growth Reported (GAAP)</td>
<td>5%</td>
</tr>
<tr>
<td>Acquisitions/FX</td>
<td>(6)%</td>
</tr>
<tr>
<td>Automation Solutions underlying sales growth*</td>
<td>(1)%</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.

($ in billions, except per share amounts or where noted)

<table>
<thead>
<tr>
<th>Automation Solutions EBIT Excluding Valves &amp; Controls</th>
<th>2016</th>
<th>2017</th>
<th>2016 vs 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Solutions EBIT (GAAP)</td>
<td>$1.5</td>
<td>$1.5</td>
<td>5%</td>
</tr>
<tr>
<td>Valves &amp; Controls</td>
<td>-</td>
<td>0.1</td>
<td>2%</td>
</tr>
<tr>
<td>Automation Solutions EBIT excluding Valves &amp; Controls*</td>
<td>$1.5</td>
<td>$1.6</td>
<td>7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Automation Solutions EBIT Margin Excluding Valves &amp; Controls</th>
<th>2016</th>
<th>2017</th>
<th>2016 vs 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Solutions EBIT Margin (GAAP)</td>
<td>16.2%</td>
<td>16.2%</td>
<td>-</td>
</tr>
<tr>
<td>Valves &amp; Controls</td>
<td>0%</td>
<td>1.5%</td>
<td>150 bps</td>
</tr>
<tr>
<td>Automation Solutions EBIT Margin excluding Valves &amp; Controls*</td>
<td>16.2%</td>
<td>17.7%</td>
<td>150 bps</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Automation Solutions Pro Forma Sales</th>
<th>2017 PF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Solutions Reported (GAAP)</td>
<td>$9.4</td>
</tr>
<tr>
<td>Valves &amp; Controls</td>
<td>0.9</td>
</tr>
<tr>
<td>Automation Solutions pro forma sales*</td>
<td>$10.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Valves &amp; Controls EBIT Margin</th>
<th>2018E</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT (GAAP)</td>
<td>~1%</td>
<td>~3%</td>
</tr>
<tr>
<td>Other income (deductions)</td>
<td>~8%</td>
<td>~7%</td>
</tr>
<tr>
<td>Operating margin*</td>
<td>~7%</td>
<td>~10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Final Control Pro Forma Sales</th>
<th>2017PF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Control (GAAP)</td>
<td>$2.7</td>
</tr>
<tr>
<td>Valves &amp; Controls impact</td>
<td>0.8</td>
</tr>
<tr>
<td>Final Control pro forma*</td>
<td>$3.5</td>
</tr>
</tbody>
</table>
Reconciliation of Non-GAAP Measures

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($ in billions, except per share amounts or where noted)

<table>
<thead>
<tr>
<th>Commercial &amp; Residential Sales</th>
<th>2016</th>
<th>2017</th>
<th>2016 vs 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (GAAP)</td>
<td>5.6</td>
<td>5.9</td>
<td>5%</td>
</tr>
<tr>
<td>ClosetMaid impact</td>
<td>(0.4)</td>
<td>(0.3)</td>
<td>1%</td>
</tr>
<tr>
<td>Sales excluding ClosetMaid</td>
<td>5.2</td>
<td>5.6</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercial &amp; Residential EBIT</th>
<th>2016</th>
<th>2017</th>
<th>2016 vs 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial &amp; Residential EBIT (GAAP)</td>
<td>1.3</td>
<td>1.4</td>
<td>6%</td>
</tr>
<tr>
<td>ClosetMaid impact</td>
<td>-</td>
<td>(0.1)</td>
<td>1%</td>
</tr>
<tr>
<td>Commercial &amp; Residential EBIT excluding ClosetMaid</td>
<td>1.3</td>
<td>1.3</td>
<td>7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercial &amp; Residential EBIT Margin</th>
<th>2016</th>
<th>2017</th>
<th>2016 vs 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial &amp; Residential EBIT margin (GAAP)</td>
<td>23.2%</td>
<td>23.2%</td>
<td>0 bps</td>
</tr>
<tr>
<td>ClosetMaid impact</td>
<td>0.8%</td>
<td>1.0%</td>
<td>20 bps</td>
</tr>
<tr>
<td>Commercial &amp; Residential EBIT margin excluding ClosetMaid*</td>
<td>24.0%</td>
<td>24.2%</td>
<td>20 bps</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercial &amp; Residential Return on Total Capital (ROTC)</th>
<th>2016</th>
<th>2017</th>
<th>2016 vs 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial &amp; Residential ROTC (GAAP)</td>
<td>45.0%</td>
<td>48.0%</td>
<td></td>
</tr>
<tr>
<td>ClosetMaid impact</td>
<td>3.0%</td>
<td>4.0%</td>
<td></td>
</tr>
<tr>
<td>Commercial &amp; Residential ROTC excluding ClosetMaid*</td>
<td>48.0%</td>
<td>52.0%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY17 Comm &amp; Residential Sales by Geography</th>
<th>US &amp; CAD</th>
<th>ASIA</th>
<th>EUR</th>
<th>MEA</th>
<th>LAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales by Geography (GAAP)</td>
<td>64%</td>
<td>18%</td>
<td>9%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>ClosetMaid impact</td>
<td>(2)%</td>
<td>1%</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial &amp; Residential Sales by Geography excluding ClosetMaid*</td>
<td>62%</td>
<td>19%</td>
<td>10%</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>
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