

Building Long-Term Value

that Transcends Multiple Industries



EMERSON[™]

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that Transcends Multiple Industries



EMERSON™

Emerson Attendees

Company Leadership

David Farr	Chairman and Chief Executive Officer
Mike Train	President
Frank Dellaquila	Senior Executive Vice President and Chief Financial Officer
Steve Pelch	Executive Vice President and Chief Operating Officer
Bob Sharp	Executive President, Commercial & Residential Solutions
Lal Karsanbhai	Executive President, Automation Solutions
Michael Baughman	Vice President and Controller, Finance
Sara Bosco	Senior Vice President, Secretary and General Counsel
Mark Bulanda	Senior Vice President, Planning and Development
Kathy Button Bell	Senior Vice President and Chief Marketing Officer
Tim Ferry	Group President, Tools & Home Products
Ram Krishnan	Group President, Final Control
Stuart Harris	Group President, Digital Transformation
Judson Duncan	Vice President, Planning
Pete Lilly	Director, Investor Relations

Emerson Attendees

Some of the Next Generation of Leaders

Andrew White	Automation Solutions
Anthony Hartman	Automation Solutions
Colleen Mettler	Automation Solutions
Laura Schafer	Automation Solutions
Vincent Servello	Automation Solutions
Mark Bills	Commercial & Residential Solutions
Melanie Carlton	Commercial & Residential Solutions
Paul McAndrew	Commercial & Residential Solutions
Sandro Matic	Commercial & Residential Solutions
Tim Reeves	Commercial & Residential Solutions
Tracy Reiter	Commercial & Residential Solutions

2020 Emerson Investor Conference

New York City, NY

Thursday, February 13th, 2020

8:00 – 9:00	Business Overview / Strategic Update	David Farr
9:00 – 9:45	Automation Solutions	Lal Karsanbhai
9:45 – 10:15	Final Control	Ram Krishnan
10:15 – 10:45	Digital Transformation	Stuart Harris
10:45 – 11:00	Break	
11:00 – 11:45	Commercial & Residential Solutions	Bob Sharp
11:45 – 12:15	Tools & Home Products	Tim Ferry
12:15 – 12:20	Break	
12:20 – 1:00	Questions & Answers	

2020 Investor Conference

Business Overview / Strategic Update

David N. Farr

Chairman and Chief Executive Officer

February 13, 2020

Safe Harbor Statement

This presentation contains commentary and responses to your questions may contain “forward-looking” statements including outlook for the remainder of the fiscal year, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. These risks and uncertainties include economic and currency conditions, market demand, pricing, protection of intellectual property, cybersecurity, tariffs, and competitive and technological factors, among others, as set forth in the company’s most recent Annual Report on Form 10-K and subsequent reports filed with the SEC.

Non-GAAP Measures

In this presentation we will discuss some non-GAAP measures in talking about our company’s performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or is available at our website www.emerson.com under the investors tab.

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Restructuring Actions

Indicated restructuring actions at specific locations are preliminary proposals, subject to consultation, negotiation or other legal requirements.



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Today's Discussion

1	2019 Review	<ul style="list-style-type: none">Achieved Some of our Growth Targets in Spite of Challenging Macro Economic Industrial Environment, Which Led to an Internal Business Review
2	Operational, Capital Allocation, and Portfolio Review	<ul style="list-style-type: none">Operational Efficiencies in Organizational Structure, Footprint, and G&A Costs are Being Pursued AggressivelyStrong Cash Flow and Balance Sheet Allow for Continued Dividend and Share Repurchase -- ~70% of Op. Cash Flow Returned to Shareholders
3	2019 - 2023 Macro Outlook and Emerson Plan	<ul style="list-style-type: none">A Muted Macro Business Investment Environment, in Mature and Emerging Markets, Has Pushed Sales Plans Back to 2023Margin Actions are Underway to Deliver \$5.00+ EPS in 2023, and New Peak Margins
4	2020 Summary	<ul style="list-style-type: none">2020 Will be Defined by Aggressive Cost Resets to Counter Weaker Underlying Sales Growth -- <u>Expect Zero Underlying Sales Growth</u>
5	Investments to Drive Above Market Growth	<ul style="list-style-type: none">Investments Continue in Key Technologies and Innovation for Automation Solutions and Commercial & Residential Solutions for Stronger Long Term Growth
6	Organization Update and Summary	<ul style="list-style-type: none">Expect Some Major Changes in Senior Leadership Planned in Late 2020

2019 February Investor Conference -- Scorecard

Versus 2019 Actual Performance

Key Fiscal 2019 Targets

- Achieve premium underlying sales growth for both Emerson platforms: 4% – 7%
- ✓ • **Continue to provide strong earnings** with GAAP EPS reaching \$3.60 – \$3.75 EPS in 2019 -- 4% – 8% GAAP EPS growth
- Deliver another strong year of operating cash flow -- \$3.2B -- 17% of sales
- ✓ • **Dividend per share increase of 2¢** -- targeting larger increases in 2020 and 2021

1. Grow Underlying Sales in Both Platforms: 4% – 7%

- Deliver positive underlying sales growth within both platforms -- 4 – 7% EMR growth
- ✓ • Provide **above market underlying growth for Automation Solutions**: 5% – 8% in 2019
- Continue strong, above market underlying growth within Commercial & Residential Solutions – 4th year. Targeting another premium underlying sales growth year: 3% – 5% in 2019

2. Continue Margin Expansion Through the Cycle

- Strong profit margin performance within both platforms is important to return to Emerson consolidated margin improvement -- Must leverage base company profitability at ~ 30% as sales growth continues and absorbs lower margins from acquisitions
- ✓ • Continue to make **strategic growth and technology investments** while delivering 30% incremental margins
- Successfully integrate Intelligent Platforms, Textron Tools Business, Aventics -- and expand margins to deliver acquisition leverage goals

3. Grow Operating and Free Cash Flow to Fund Growth and Shareholder Returns

- Focus on cash flow management as Emerson continues to grow by generating \$3.2B in operating cash flow
- Invest ~\$650M of capital expenditures
- ✓ • **Maintain Free Cash Flow Conversion >100%**

We Hit a Number of Our Growth Targets During What Turned Out to Be a Much More Challenging Sales Growth Year -- While Maintaining a Strong Focus on Margins and Cash Conversion

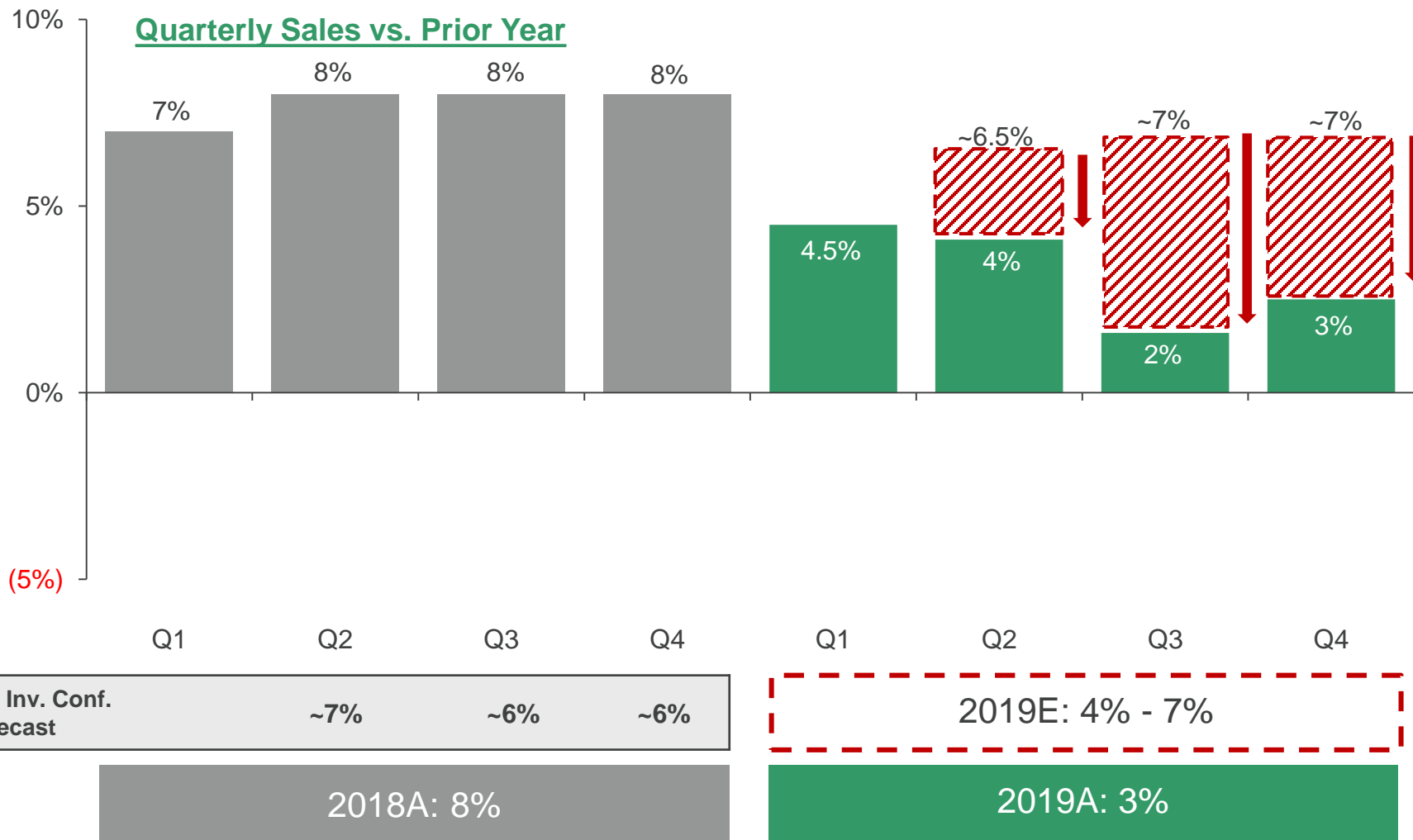
Emerson's 2019 Financial Performance --

Compared to Guidance at Last Year's Investor Conference

	<u>2019 Guidance</u> <i>Feb. 2019 Investor Conference</i>	<u>2019 Actual</u> <i>as Reported</i>
Sales	~\$19.0B	\$18.4B
Underlying Sales Growth	4% - 7%	3%
Gross Margin	~43%	42.5%
EBIT Margin	~17%	16.5%
Operating Cash Flow	~\$3.2B	\$3.0B
GAAP EPS	\$3.60 - \$3.75	\$3.71
Dividends per share	\$1.96	\$1.96
Dividend to FCF Ratio	~47%	50%
Cash Returned to Shareholders	\$2.2B	\$2.5B

2019 Supplied Some Unique Challenges in Both Business and Macro Economic Environments Which the Emerson Global Team Handled Successfully -- We Launched an Aggressive Cost Reset in April / May 2019 -- Setting Emerson Up for a Stronger Fiscal 2020, 2021, and 2022

Emerson's 2018 and 2019 Quarterly Underlying Sales Growth

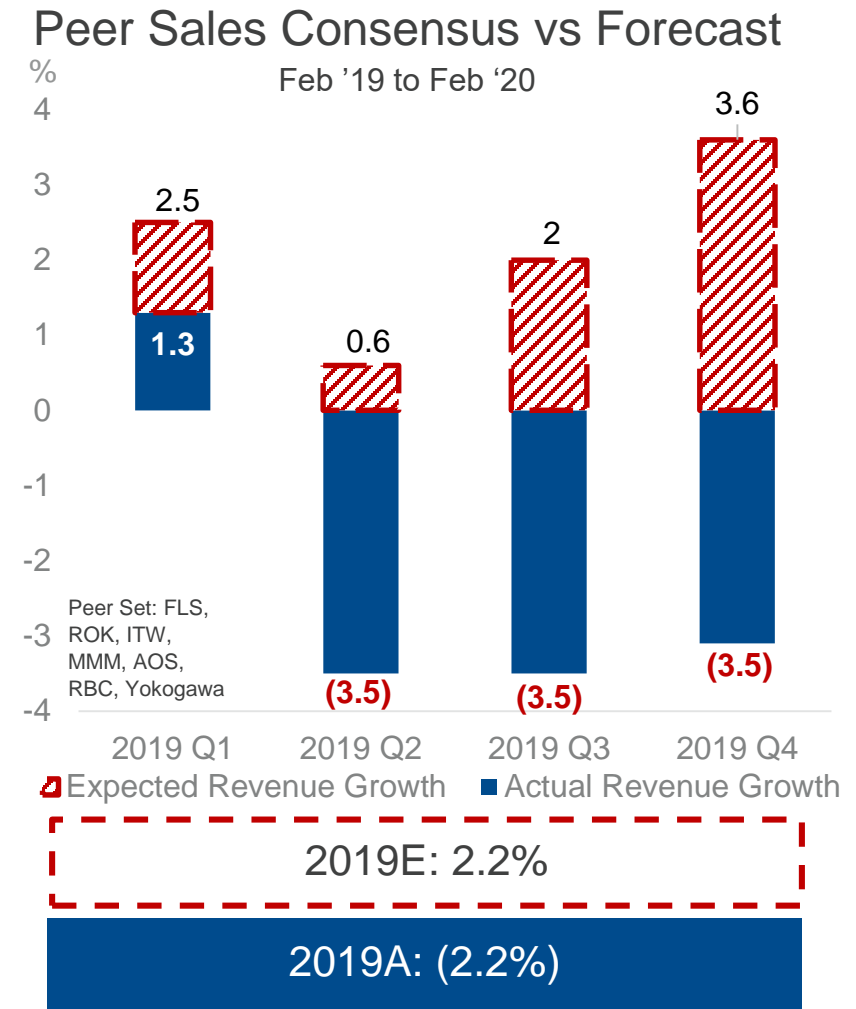
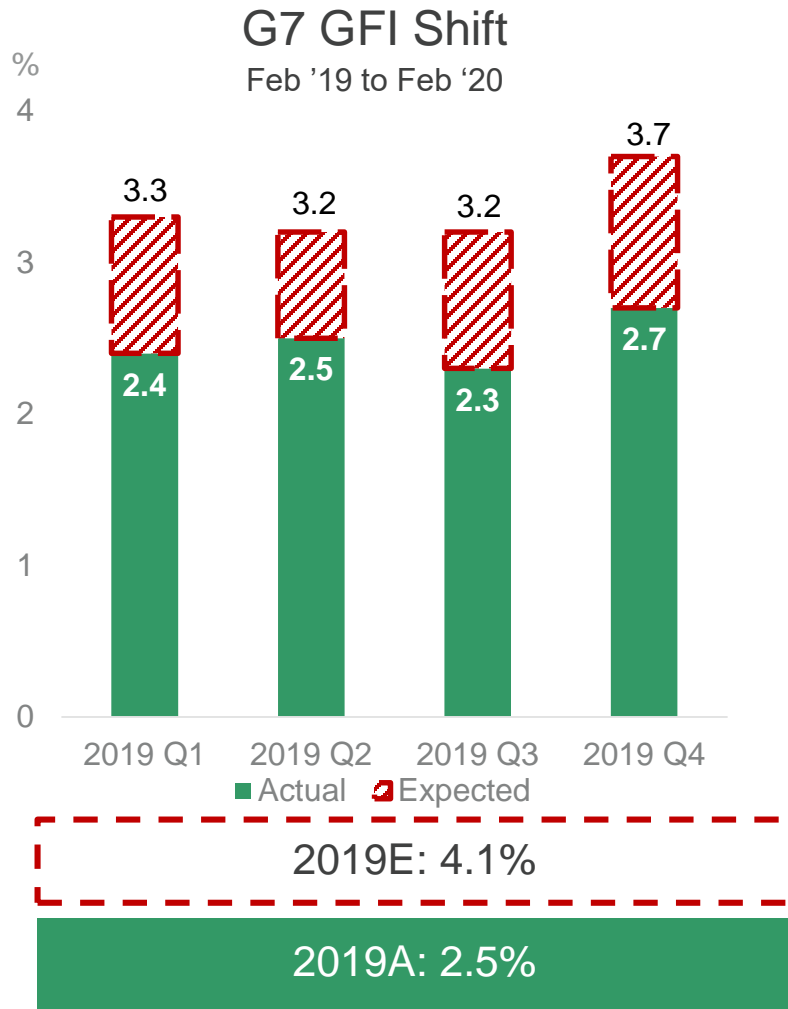


Note: All data shows Emerson continuing operations

2019 Saw a Slower Than Anticipated Global Growth Environment -- Expect This Challenging Business Investment Trendline to Drive Even Weaker Underlying Sales Growth in 2020

Macro Economic Conditions Have Deteriorated, Affecting Emerson's Key Industrial Competitors as Well

-- Versus Emerson's +3% Sales Growth in 2019



The Economic Conditions Have Changed the Operating Environment, Emerson Recognized This Trend and Has Made Strides to Shift Priorities

Today's Discussion

1 2019 Review

- Achieved Some of our Growth Targets in Spite of Challenging Macro Economic Industrial Environment, Which Led to an Internal Business Review

2 Operational, Capital Allocation, and Portfolio Review

- Operational Efficiencies in Organizational Structure, Footprint, and G&A Costs are Being Pursued Aggressively
- Strong Cash Flow and Balance Sheet Allow for Continued Dividend and Share Repurchase -- ~70% of Op. Cash Flow Returned to Shareholders

3 2019 - 2023 Macro Outlook and Emerson Plan

- A Muted Macro Business Investment Environment, in Mature and Emerging Markets, Has Pushed Sales Plans Back to 2023
- Margin Actions are Underway to Deliver \$5.00+ EPS in 2023, and New Peak Margins

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- 2020 Will be Defined by Aggressive Cost Resets to Counter Weaker Underlying Sales Growth -- Expect Zero Underlying Sales Growth

5 Investments to Drive Above Market Growth

- Investments Continue in Key Technologies and Innovation for Automation Solutions and Commercial & Residential Solutions for Stronger Long Term Growth

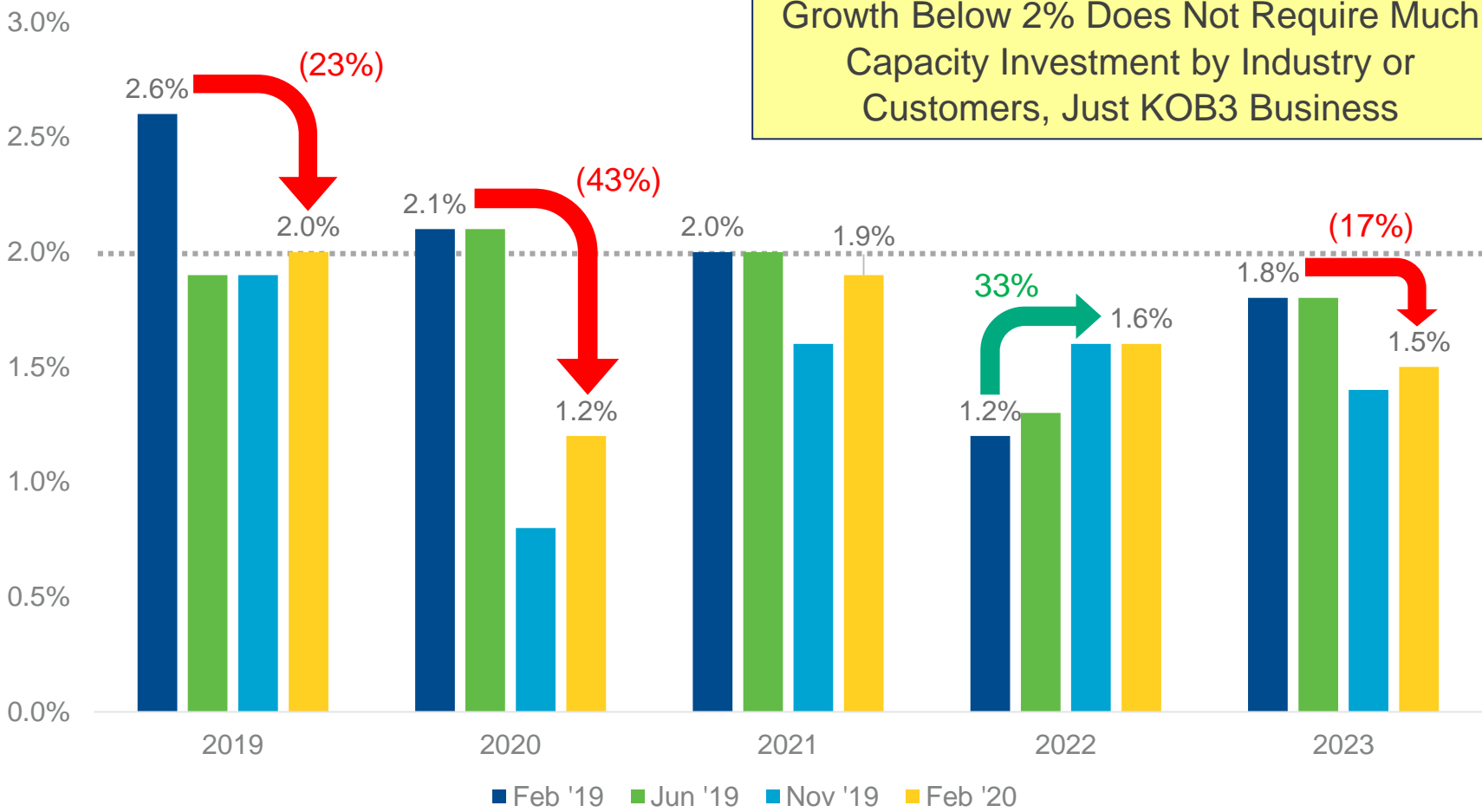
6 Organization Update and Summary

- Expect Some Major Changes in Senior Leadership Planned in Late 2020

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Short Term G7 GFI Has Declined Substantially Over the Last 12 Months -- Growth Is Now <2% in Every Year

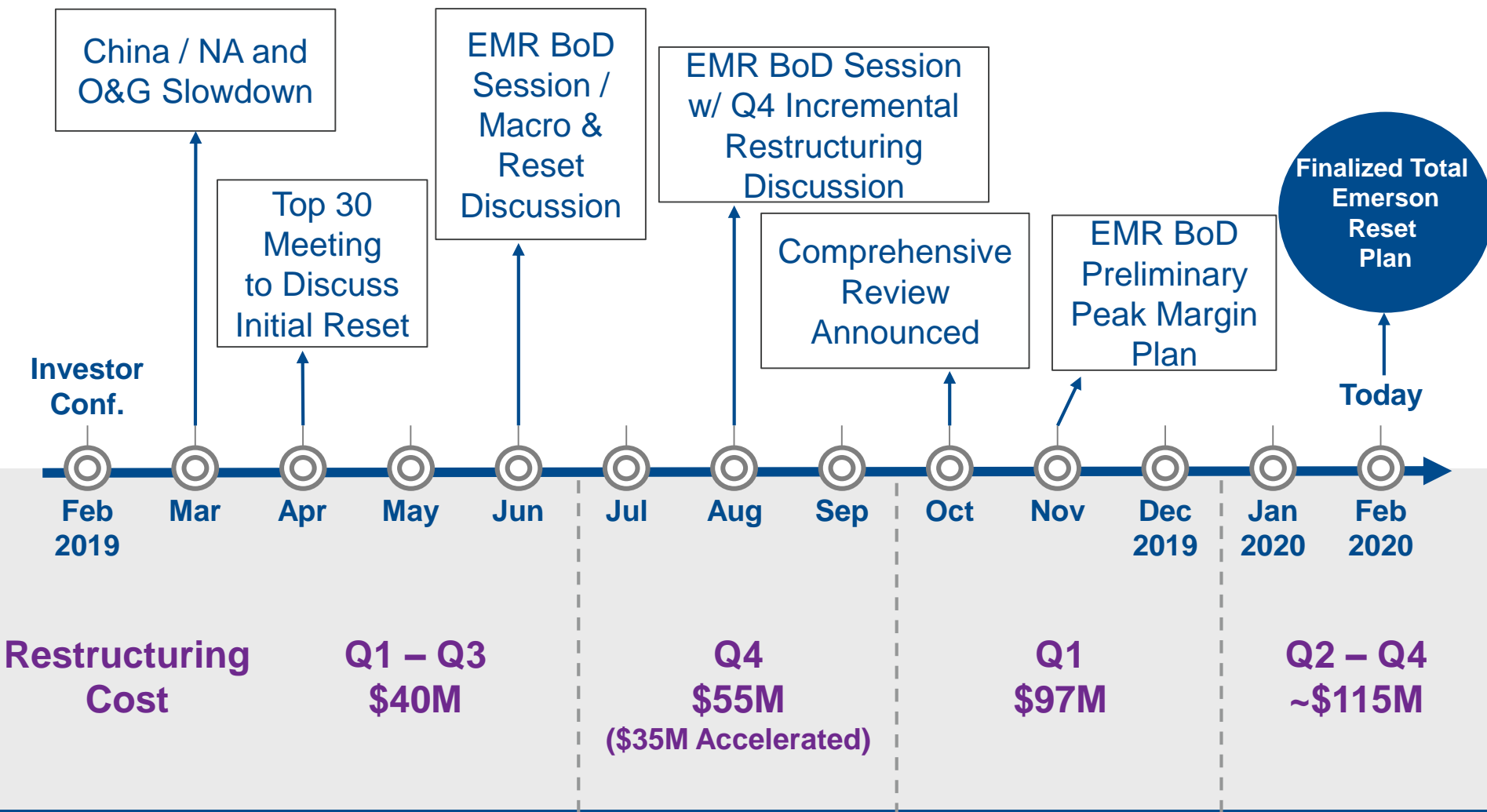
Growth Below 2% Does Not Require Much Capacity Investment by Industry or Customers, Just KOB3 Business



Source: IHS Economics and Emerson Management Assessment, January GFI

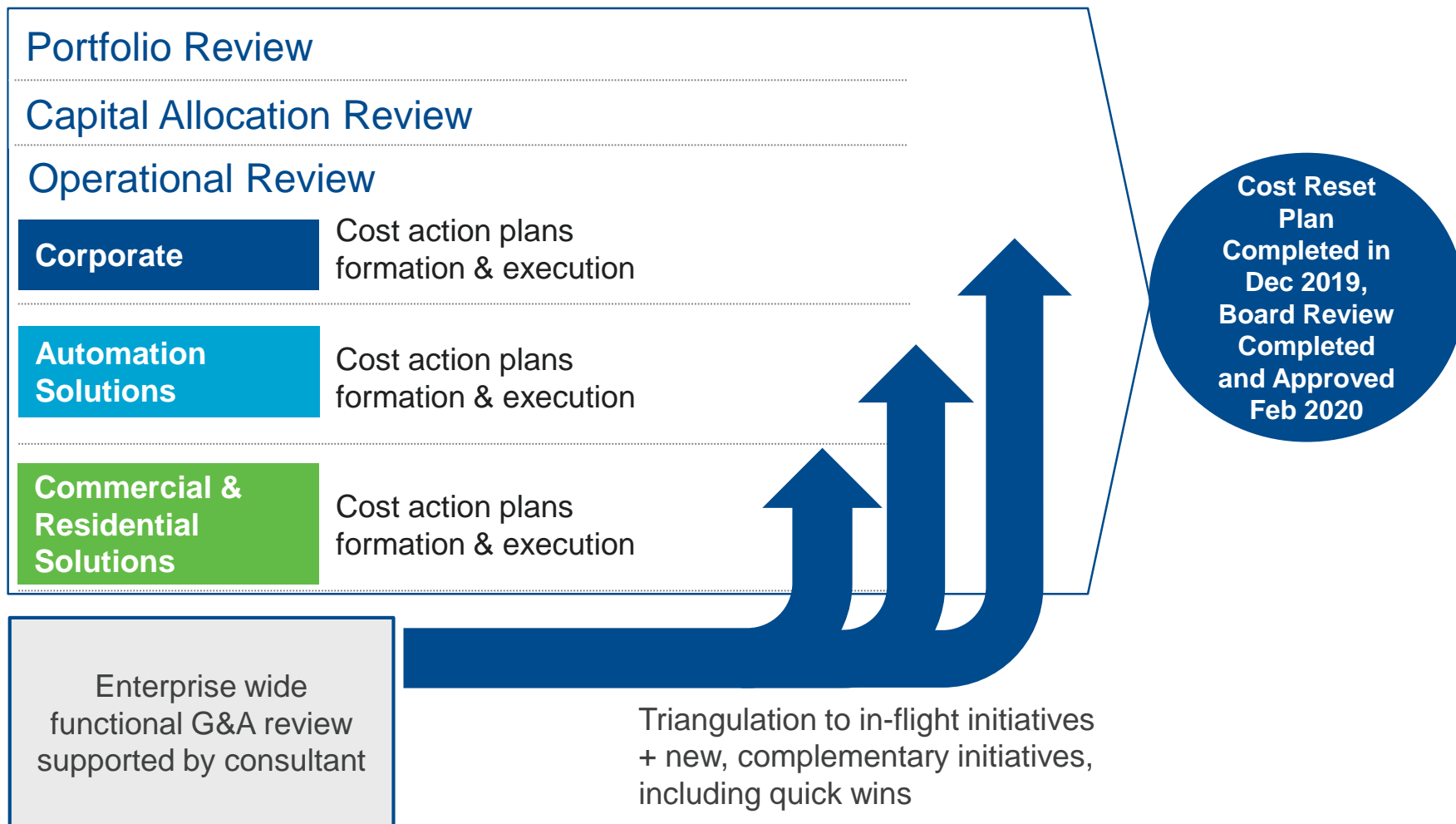
We Will Be Watching to See When Economics Pivot to Higher Levels -- Leading Indicators Are Beginning to Suggest Higher Growth in Late 2021 and Early 2022

We Have Been Working on a Response to the Sudden Macro Slowdown Since Last March / April -- to Drive Higher Margins in a Zero or Low Growth Environment



The Outcome of the Review Was Driven by Bottoms Up Work From the Two Business Platforms, Corporate Leaders, and With Outside Support From a 3rd Party Consultant

Comprehensive Review Ramped Up Through 2019 to Pivot Value Creation in a Low Growth Environment



Comprehensive Review of Operational, Capital Allocation and Portfolio Initiatives Is Complete and Forward Plans Are Being Executed Over Next 18 Months

Operational

- Developed a comprehensive plan for cost savings across both platforms and corporate
- Emerson has undertaken three major cost reset efforts since 2000 in response to macro softness
- Engaged with independent leading global consultant to support efforts

Outcomes

Deliver Peak EBITDA Margins Through Cost Actions in a Low Growth Environment

Capital Allocation

- Evaluated optimal capital structure, mindful of cycle context, technology investments, and balance sheet flexibility
- Capital allocation strategy provides opportunities to return additional capital to shareholders, invest in our platforms, and pursue strategic M&A

\$12B (~70% OPCF) to Shareholders During 2019-2023
Capacity for Organic and Inorganic Investments

Portfolio

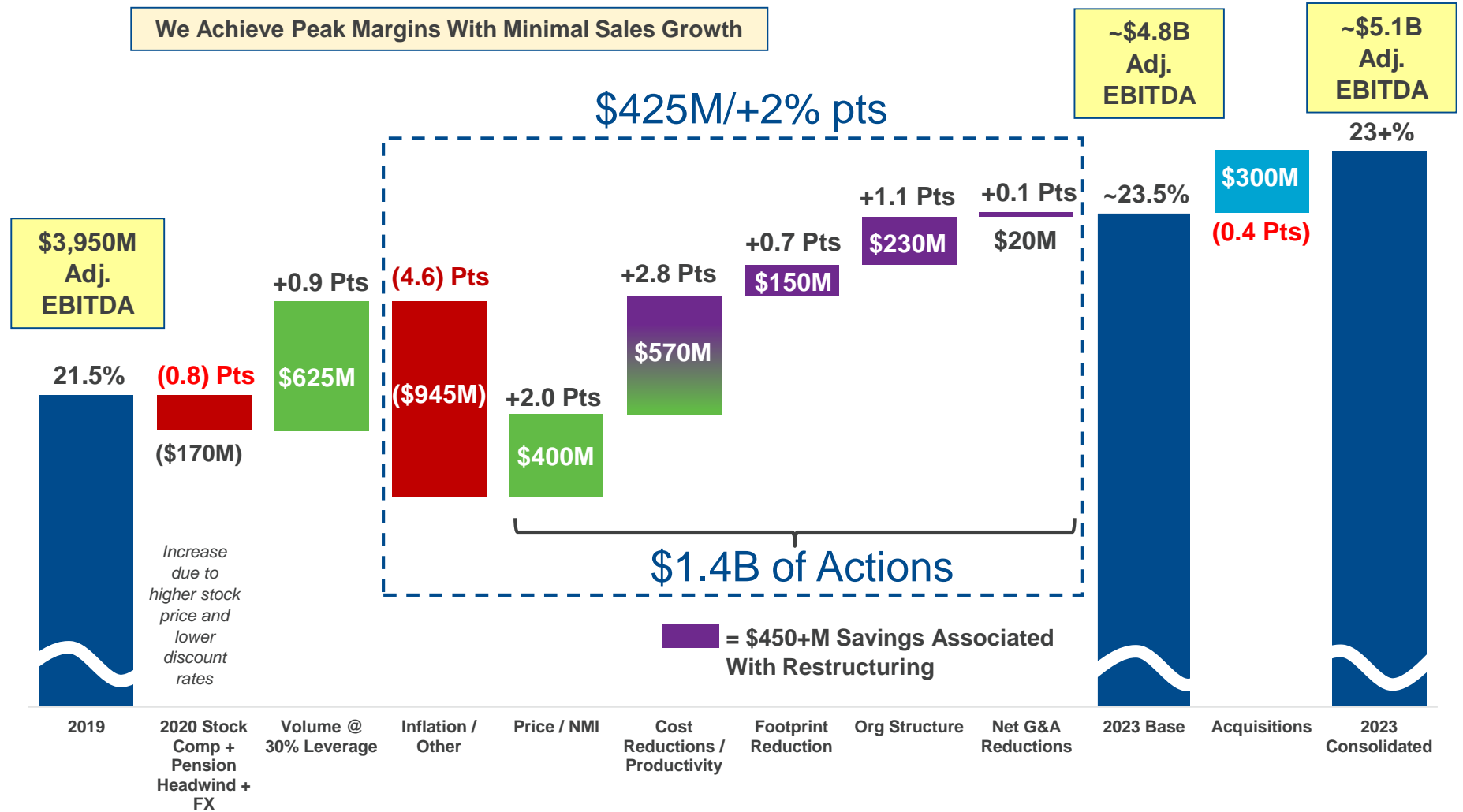
- Portfolio review and adjustments are an important continuous part of Emerson's Management Process
- Emerson has undertaken three repositioning efforts since 2000 and has continually remixed the portfolio

Current Portfolio Is Strong
Working Strategic Deals Hard
Divestiture Timing Based on Business Cycle

Aggressive Forward Plan Has Been Developed With Many Actions Already Underway
-- \$425M Flows Through to Profit Improvement to Achieve Peak Margins

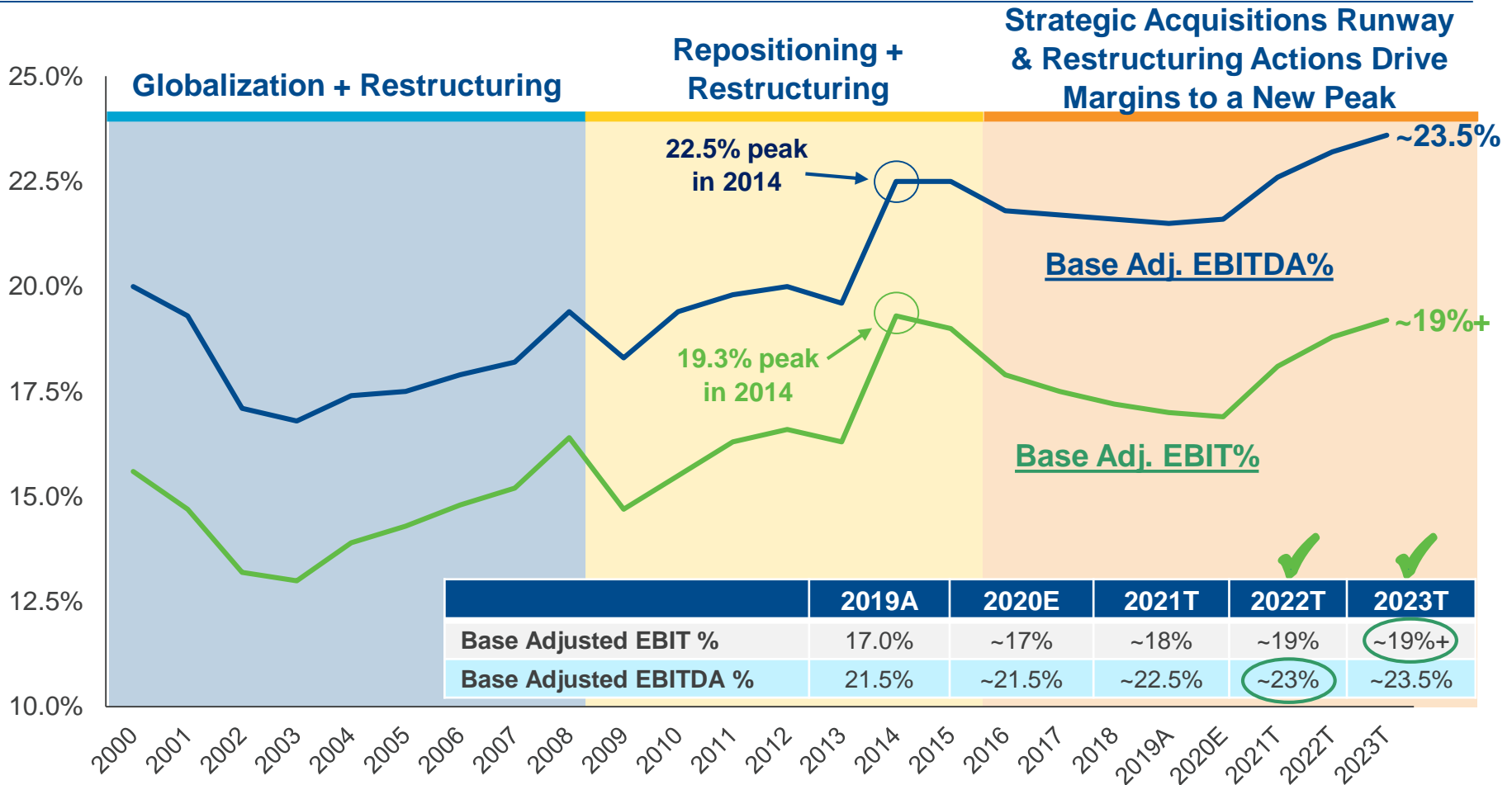
\$1.4B in Actions Reset Emerson's Cost Structure to Offset Inflation and Drive 2% Points of Margin Expansion

We Achieve Peak Margins With Minimal Sales Growth



Strong Leverage on Low Sales Growth -- Any Incremental Sales Growth Over Plan Will Leverage Nicely on Reset Cost Structure

Emerson Peak Adjusted EBIT / EBITDA Margin

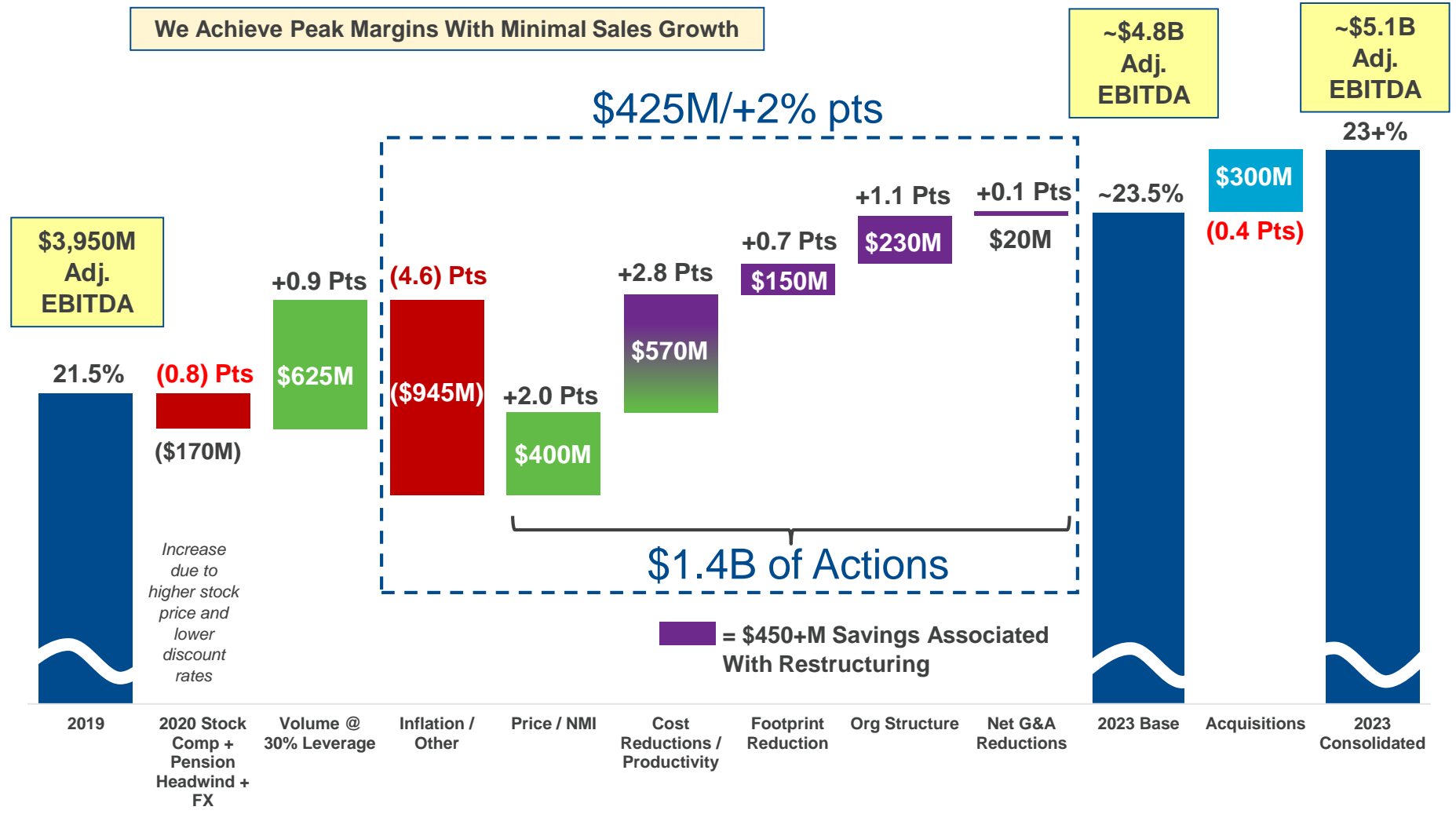


Excludes gains/losses from divestitures/stock sales, impairments, and 1-time purchase accounting

Plan Achieves New Peak Margin Performance in 2022 - 2023 With a Moderate Growth Sales Forecast

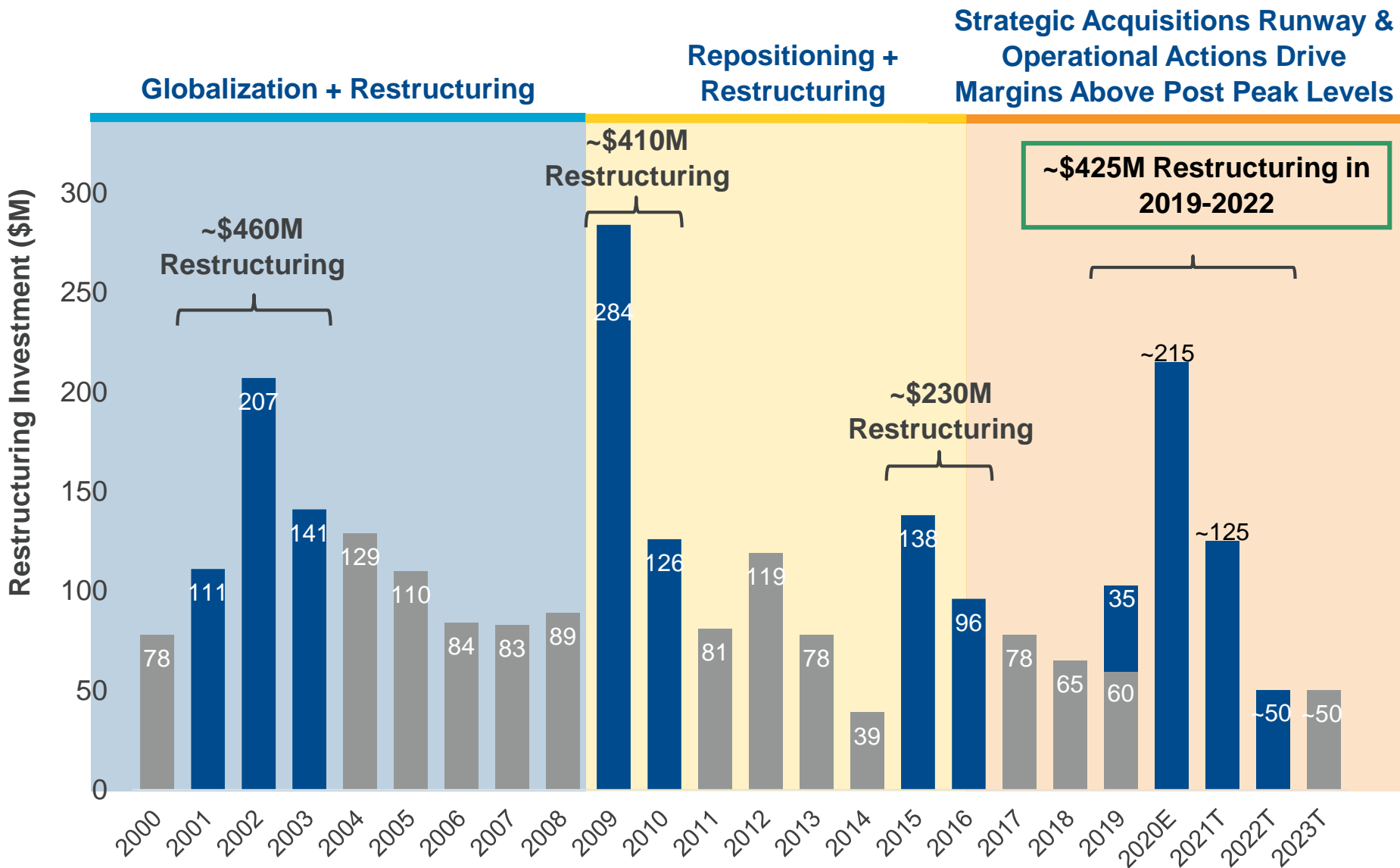
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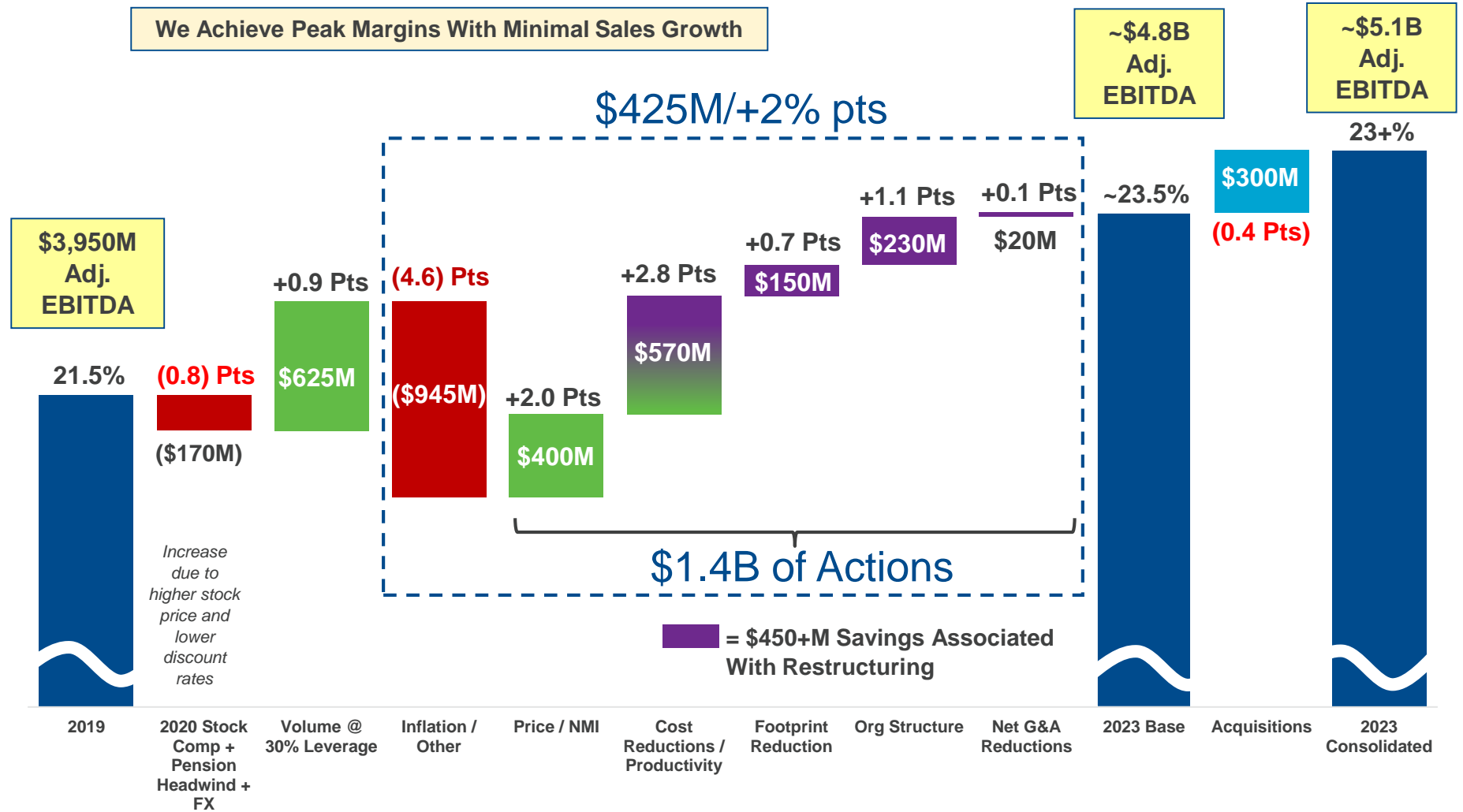
Strong Leverage on Low Sales Growth -- Any Incremental Sales Growth Over Plan Will Leverage Nicely on Reset Cost Structure

Emerson Has Always Proactively Accelerated Restructuring Investments in Down Cycles to Drive Higher Profit Margins and Cash Flow



\$1.4B in Actions Reset Emerson's Cost Structure to Offset Inflation and Drive 2% Points of Margin Expansion

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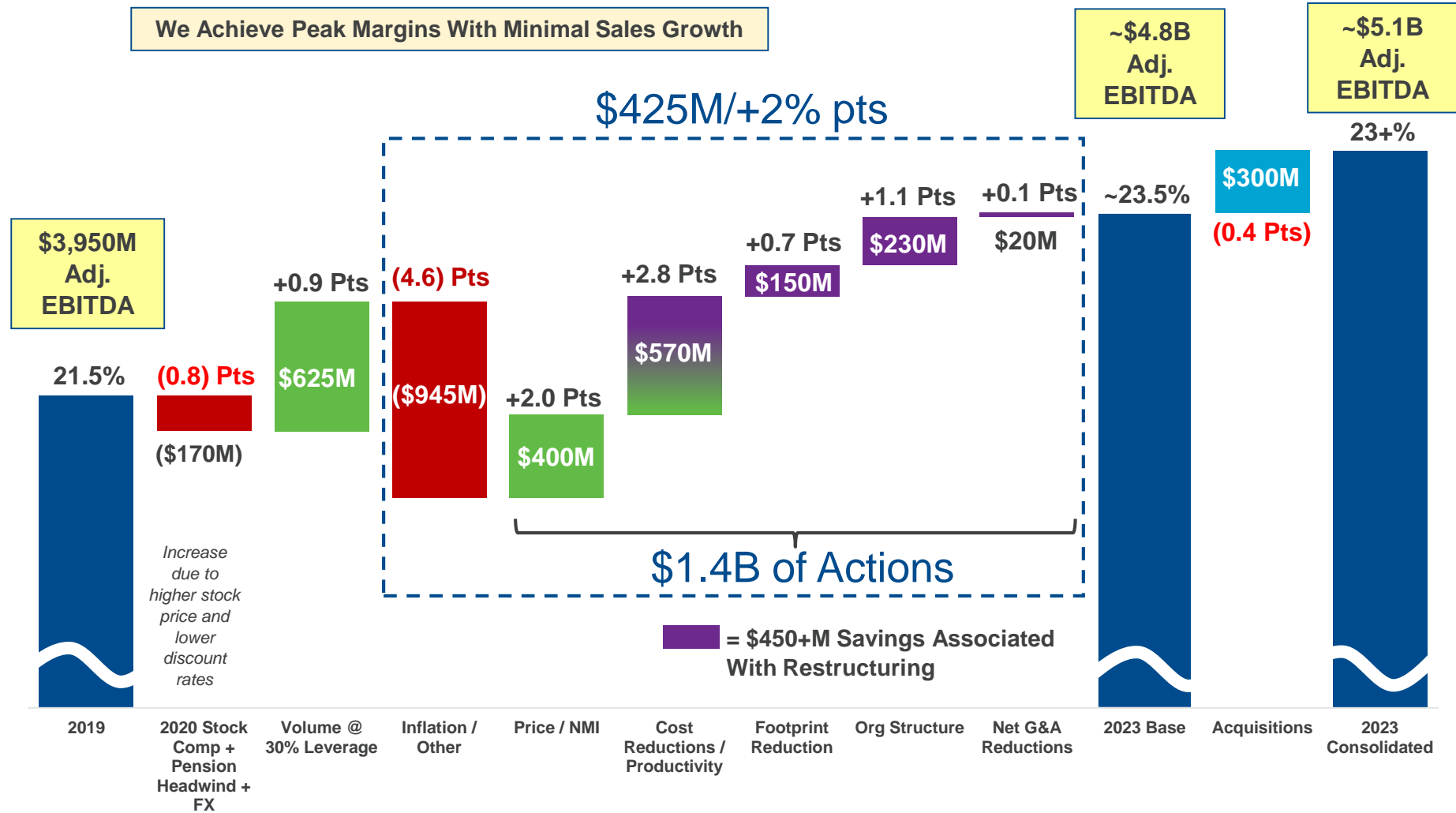
Our Business Units Are Working Diligently to Manage Price / Cost Pressures, While Balancing Sales and Margins

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Price / Cost Pressure Has Shifted to a Tailwind in 2020
as Global Economy Has Slowed

\$1.4B in Actions Reset Emerson's Cost Structure to Offset Inflation and Drive 2% Points of Margin Expansion

We Achieve Peak Margins With Minimal Sales Growth



Strong Leverage on Low Sales Growth -- Any Incremental Sales Growth Over Plan Will Leverage Nicely on Reset Cost Structure

Emerson's Aggressive Cost Reset Actions

Footprint

- Facility consolidation & footprint shift towards Better Cost Location
- M&A synergy plan execution
- Consolidation of sales / services sites
- Legal entity simplification / consolidation

Organization Structure

- Structural optimization across the two Platforms, Corporate, Business Units
- G&A centralization into Better Cost Location shared service centers
- Recent acquisition synergy plans acceleration

Cost Reductions & Productivity

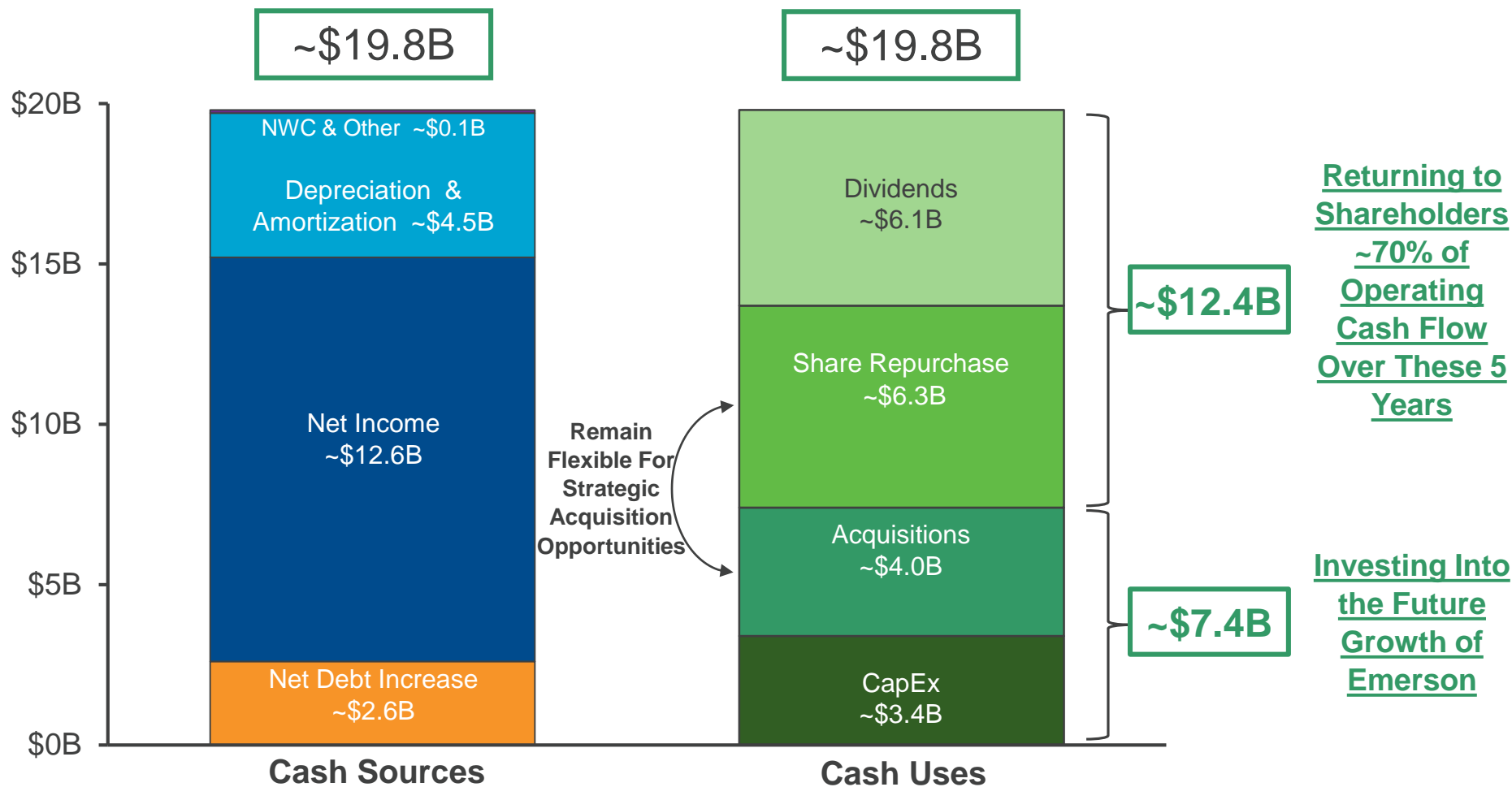
- Engineering cost reductions
- Recent acquisition synergy plan acceleration
- Automation & optimization

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Aggressive Cost Actions Are Underway to Drive Significant Margin Improvements and at the Same Time Rebalance Where We Invest Our Dollars for Growth

Capital Allocation Plans

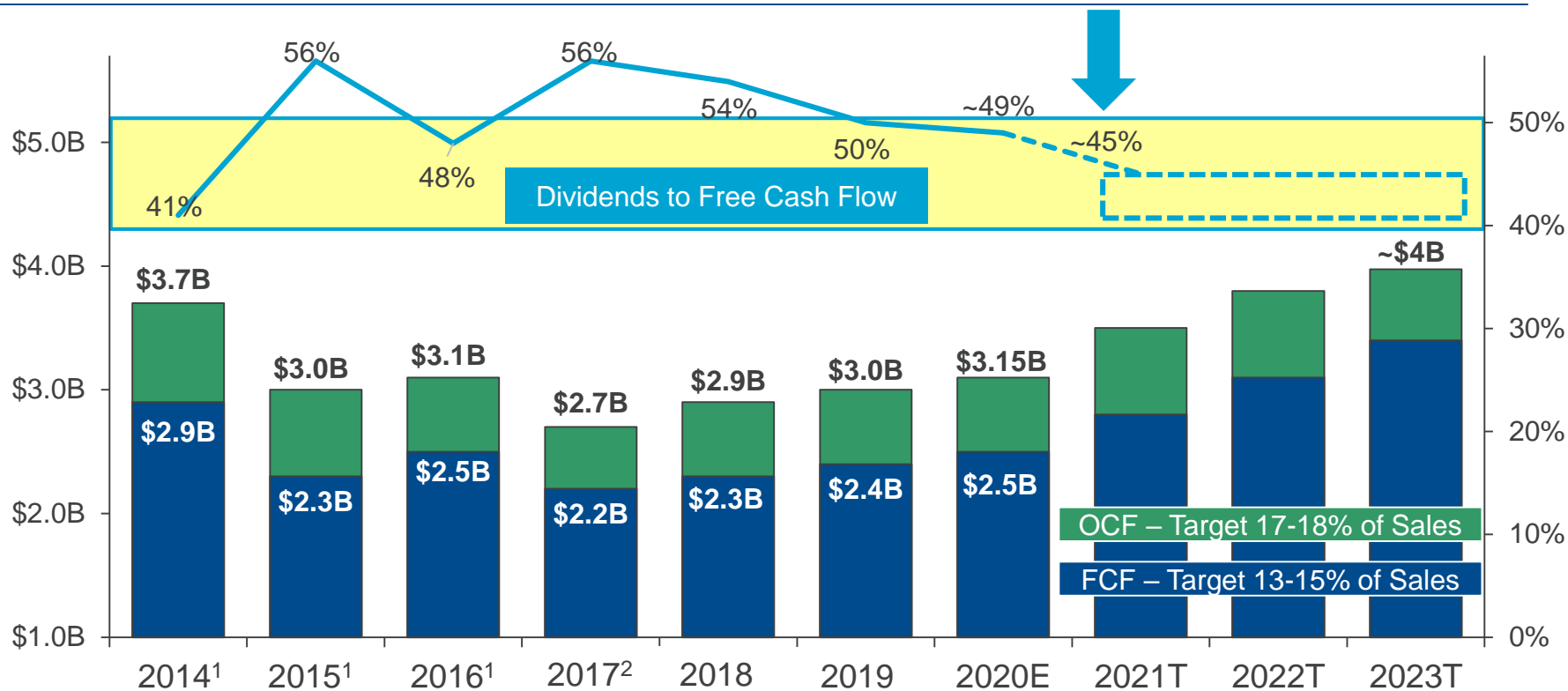
Cash Sources and Uses -- 2019 – 2023T



Inclusive of Cash Sources and Uses from '19, '20E, '21T, '22T & '23T

Capital Allocation Decisions Are Critical to Increase Long-Term Shareholder Value --
We Have Continuously Targeted Long-Term to Return
~50-60% of Cash Flow to Shareholders

Operating Capital Efficiency Drives Higher Cash Flow Benefits and Returns for Shareholders



Total Debt / EBITDA	1.4x	1.3x	2.2x ²	1.5x	1.3x	1.5x	1.7-1.8x	1.7 - 1.8x
FCF / Net Earnings	110%	105%	131%	135%	114% ³	105%	>110%	>110%
Dividend / Share	\$1.72	\$1.88	\$1.90	\$1.92	\$1.94	\$1.96	\$2.00	Maintain 40%-45% Div/FCF

¹Cash flows exclude impact of repositioning items in 2015 and 2016, divestiture gains in 2015, and impairments in 2014
 Div/FCF excludes tax and separation costs on divestitures ²Continuing Operations ³Excluding one-time non-cash tax benefits

Strong Cash Flow and Balance Sheet Supports Continued Dividend/Share Growth and Capital Allocation Flexibility for Shareholders, Capital Spend, and Acquisitions

A History of Reshaping Our Business Portfolio -- For Customer and Shareholder Value Creation

Content Intentionally Omitted

We Have Rebalanced Our Business Portfolio Over the Years to Focus on Delivering Better Returns and Sustainable Customer Solutions -- We Now Have Two Strong Platforms With Critical Mass That Are Relevant to Their End Markets -- [But Reshaping at Emerson Will Always Happen!](#)²⁹

Emerson Is Constantly Evaluating Its Portfolio to Maximize Long-Term Shareholder Value

Potential Acquisitions

- Faster growth markets aligned to core markets and influenced by mega trends
 - Delivers margins and cash flow at or above Emerson averages
 - Provides technology to augment our solutions and service capabilities that serve our customers
-

Portfolio Repositioning

- Structural change in end market that impacts long term value creation
 - Typically impacts entire platform
 - Do not see significant portfolio repositioning without a catalyst from strategic acquisitions
-

Potential Divestitures

- Business units that peak their ability to create value within Emerson
- Good businesses that have higher absolute margin and cash vs peers
- Product lines dilutive and / or not required as part of a total solution purchase / aftermarket service strategy

Emerson Has Consistently Shown the Ability to Evaluate and Execute Portfolio Decisions to Drive Shareholder Value -- We Have Divested \$12B of Sales Over the Last 20 Years

A History of Reshaping Our Business Portfolio -- For Customer and Shareholder Value Creation

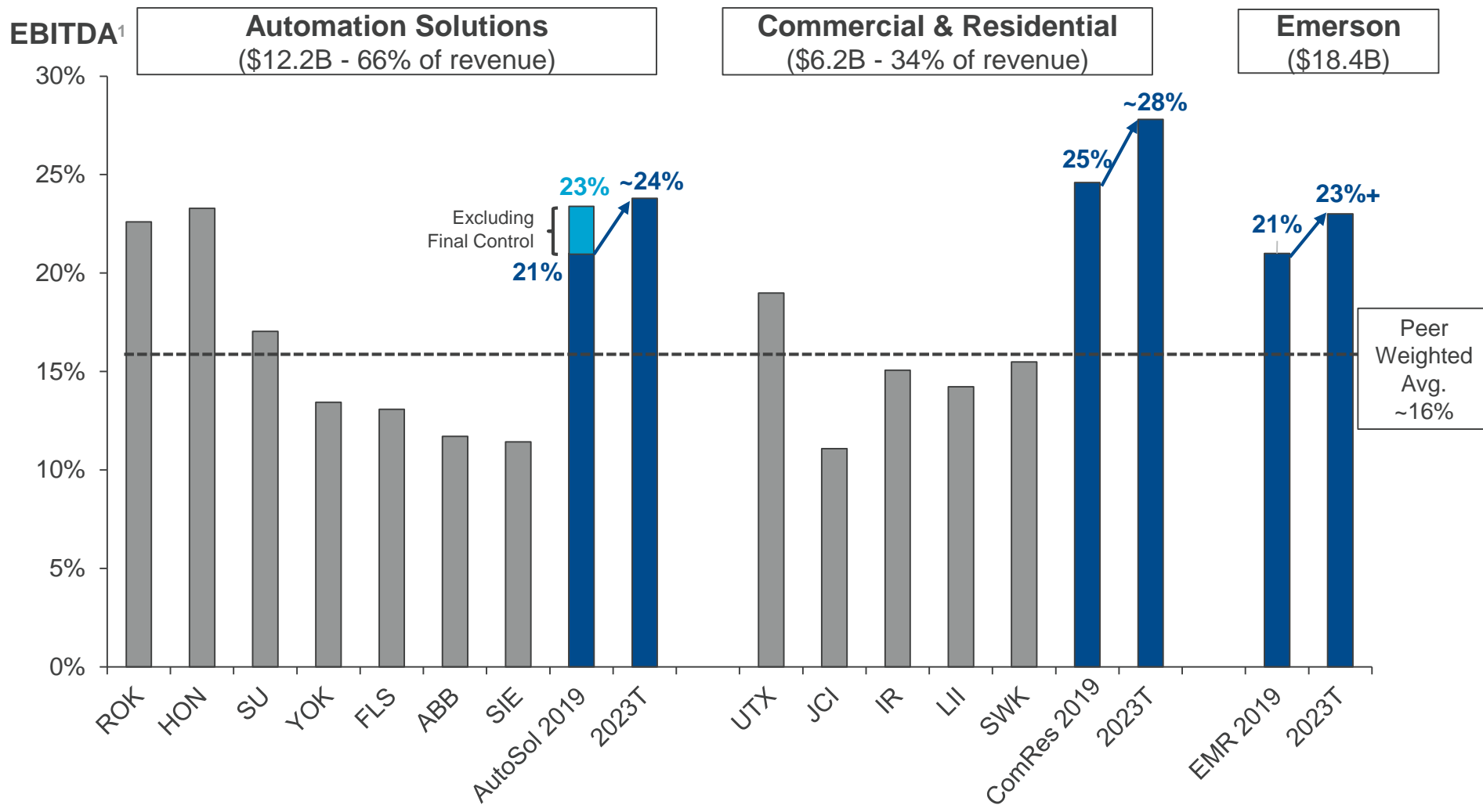
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Primary Strategic Acquisition Targets Being Worked

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Emerson Delivers Best in Class Profitability Across All Operating Segments



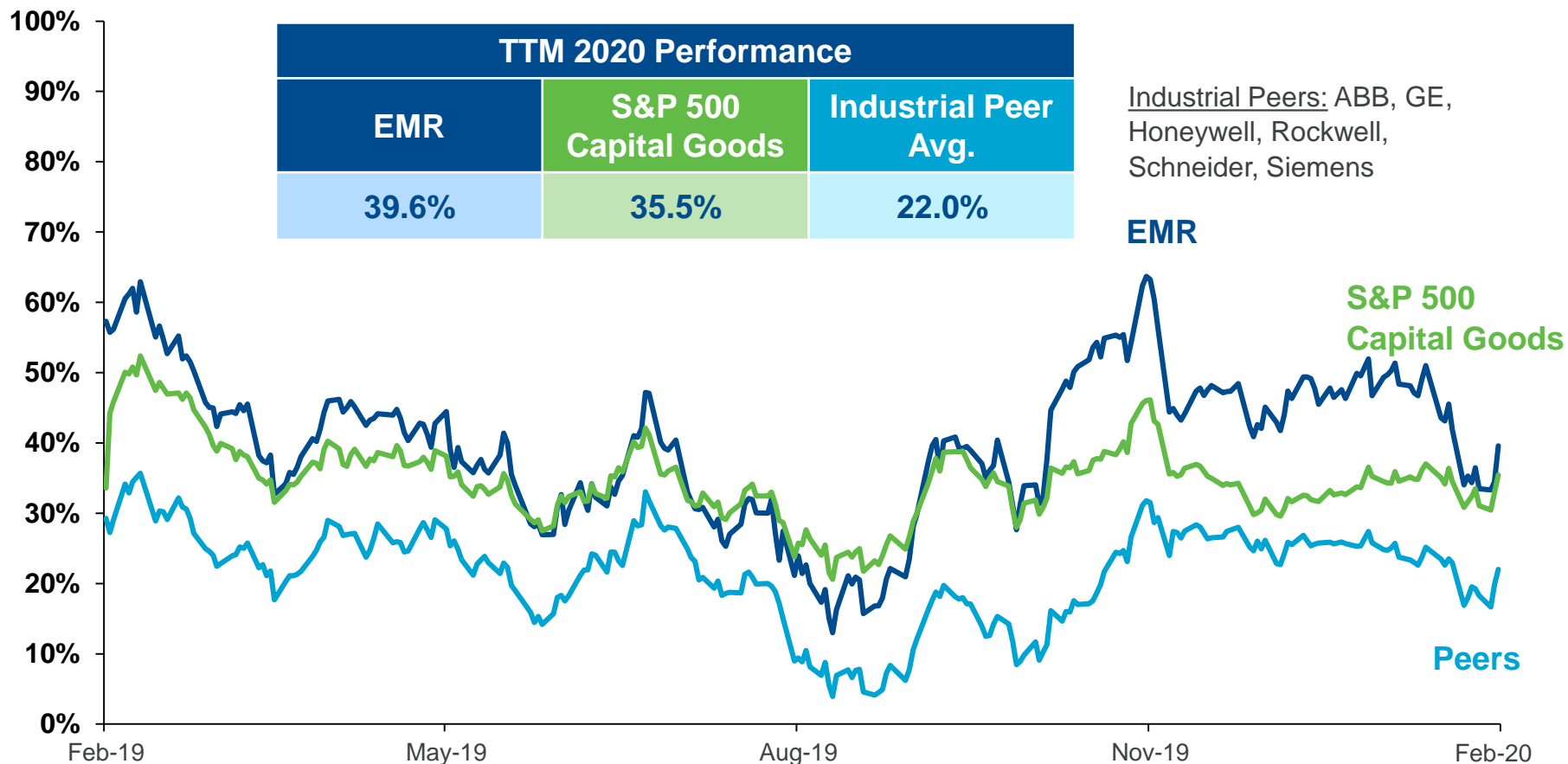
Emerson's Management Process Drives Superior Financial Performance Across All Segments **AND** Provides the Resources to Make Investments Required for Growth

9/30/2019 LTM EBITDA % per CapIQ, ¹ EMR reflects Adj. EBITDA

Emerson's SG&A Investments Deliver Best in Class Gross Profit Margins -- Higher Value Business Model

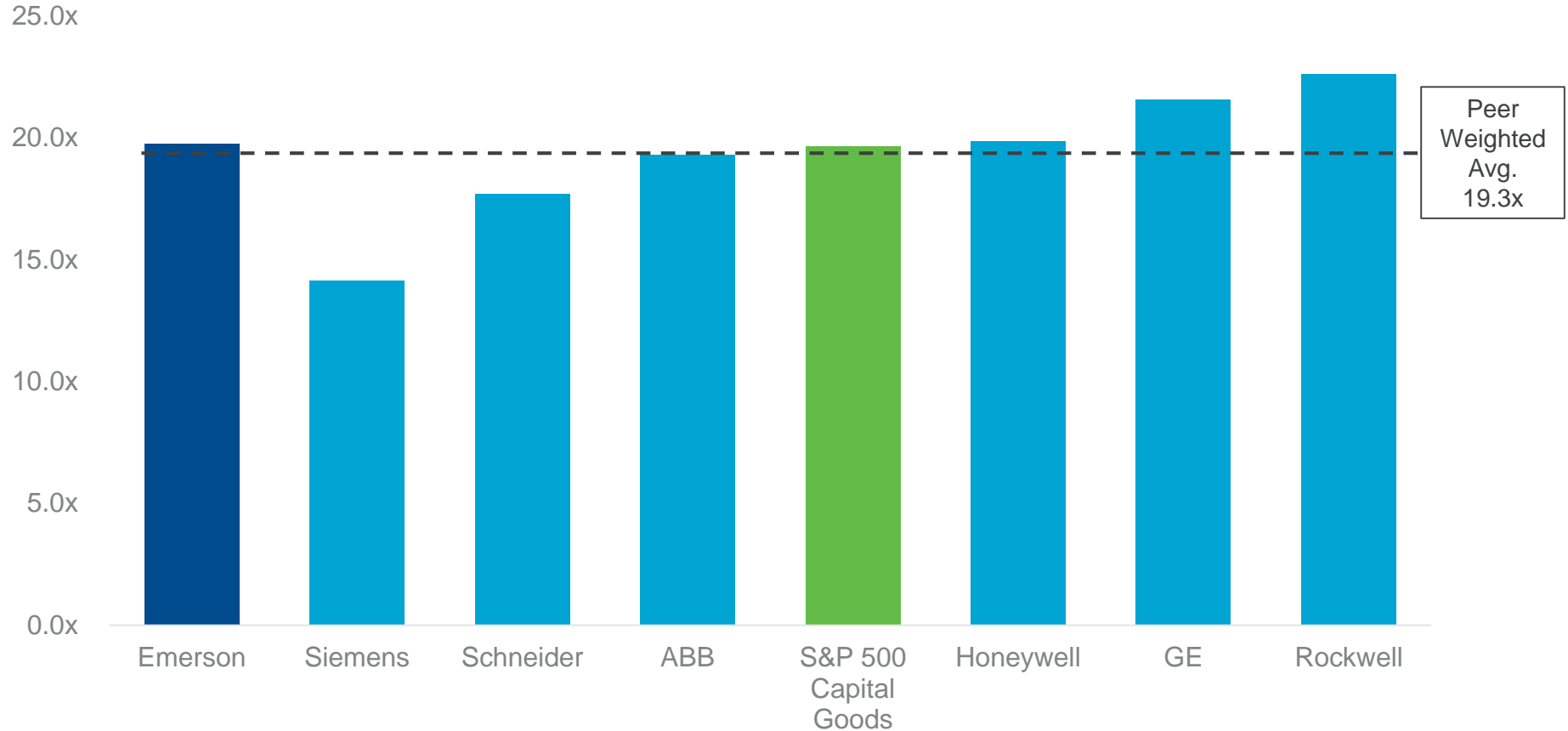
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Emerson 3-Year Rolling Total Shareholder Return Has Outperformed the S&P 500 Capital Goods & Peer Group



Emerson's Forward P/E In Line with Industrial Peer Group

Forward P/E



Source: FactSet

Shareholders Value Emerson's Capital Allocation and Long-Term Strategy to Create Value as One Emerson

Operational, Capital Allocation, and Portfolio Review Summary

Operational

Return to Peak Margin

- Pivoted towards value creation through margin actions -- with a bit of growth
- \$1.4B of actions offset inflation and improve adjusted EBITDA to ~23.5% - - ~2% pts increase vs 2019
- Review was comprehensive
- Actions are broad based across platforms and corporate
- Investments for growth continue and will drive for share gains when market rebounds

Capital Allocation

Return ~70% of OPCF to Shareholders 2019-2023T

- \$6B through dividends -- approaching 40% of FCF
- \$6B in share repurchase
- \$3B/3.5% of sales invested in capital for the business
- \$4B for acquisitions to strengthen Emerson's competitive advantage
- Target 1.75x total debt/EBITDA

Portfolio

Two Strong Platforms with Scale That Are Leaders in Their Sectors

- No breakup unless a major strategic acquisition catalyst is actioned
- \$4B targeted for acquisitions
- Aggressively pursue corporate carve outs and public company acquisitions
- Continue business unit divestitures at opportune time in the cycle

Aggressive Cost Reset Will Position Emerson for Continued Value Creation --
With Many New Value Levers to be Used

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Global Macro Economics 2019 – 2023F

Mature Markets: Gross Fixed Investment (GFI) Trends

Canada

- Export growth continues to underperform along with soft domestic demand
- Trade uncertainty and housing imbalances remain
- Real household spending growth accelerated as household expenditures on goods and services and wage growth advanced as well

2019 - 2020E: 2.0%

2019 - 2023F CAGR: 1.7%

United States

- Strong gains in household wealth and solid growth in real income provide a firm foundation for continued strength in consumer spending
- An end to the GM strike, resumption of 737 MAX and spending on the census boost growth
- Employment gains should be healthy through mid-2020 providing an unemployment rate cycle low
- Business investment still muted in 1st half 2020

2019 - 2020E: 1.3%

2019 - 2023F CAGR: 1.9%

Source: IHS Economics and Emerson Management Assessment, January GFI

Western Europe

- Weak political leadership contributing to uncertainty and delays in investments -- no consistent direction
- **German** growth appears to be bottoming as key leading indicators have modestly recovered
- Growth picks up owing to a **United Kingdom** Brexit relief rebound with the potential of USA / UK trade deal -- UK could be a positive surprise
- US trade concerns remain a risk, but strong diversity in trading partners is helping to mitigate

2019 - 2020E: 1.3%

2019 - 2023F CAGR: 1.4%

World

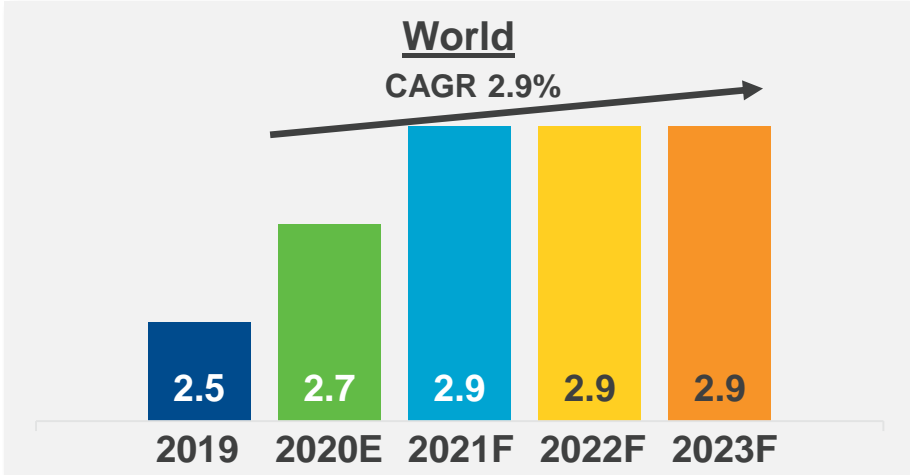
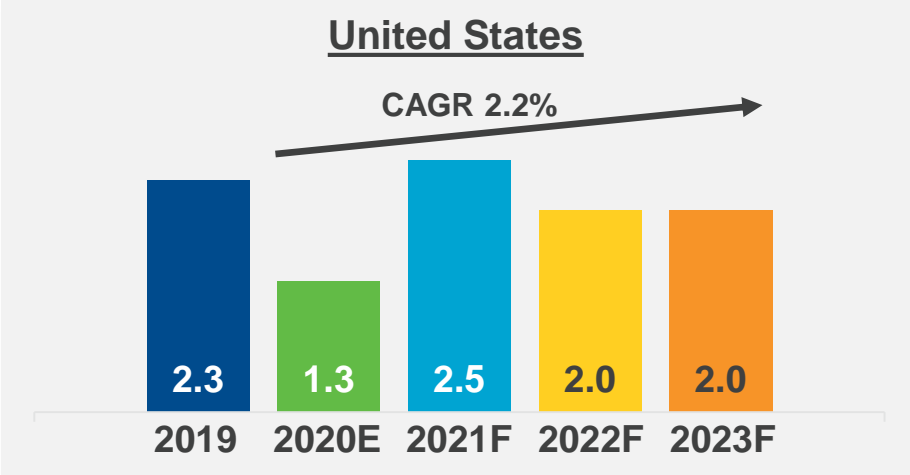
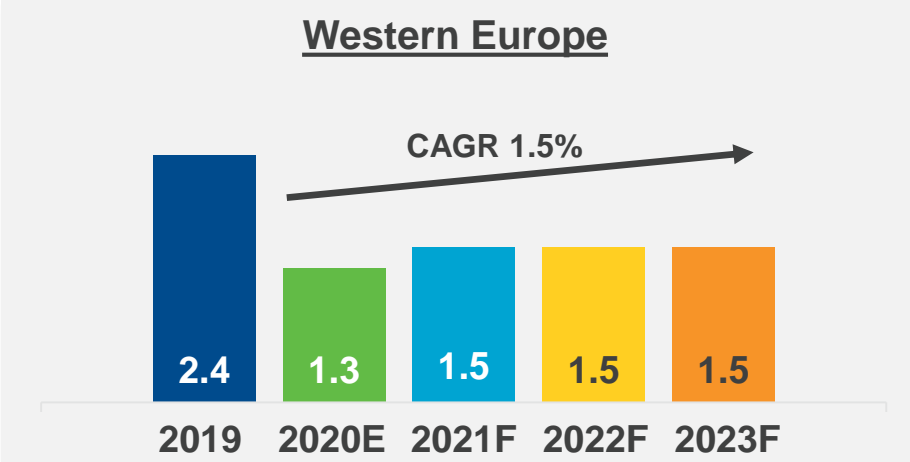
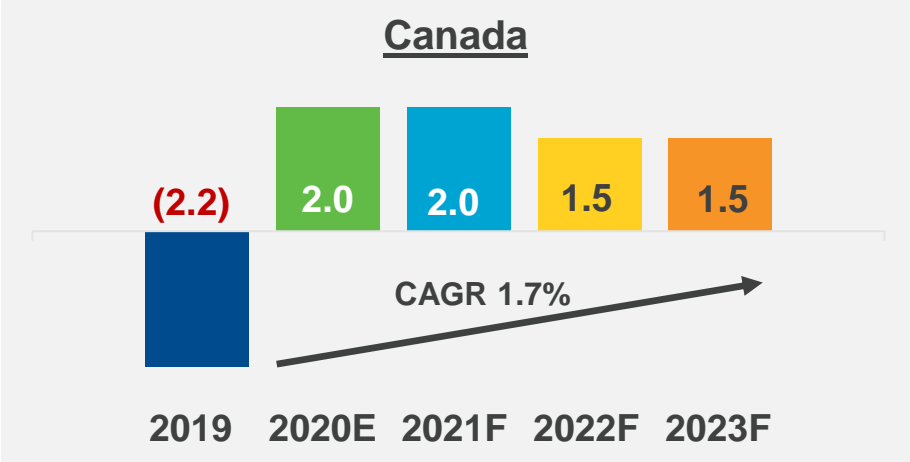
2019 - 2020E: 2.7%

2019 - 2023F CAGR: 2.8%

Mature Markets GFI Expected to Grow 1.3% in 2020, Down From 2.0% in 2019 Due to Western Europe and United States Weakening -- We Expect ~(-3)-0% Mature Market Underlying Sales Growth in 2020

Global Macro Economics 2019 – 2023F

Mature Markets: Gross Fixed Investment (GFI) Trends



Source: IHS Economics and Emerson Management Assessment, January GFI

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Global Macro Economics 2019 – 2023F

Emerging Markets: Gross Fixed Investment (GFI) Trends

Middle East & Africa

- **Saudi Arabia's** economy growth could be slower from headwinds facing oil sector given OPEC quotas
- Non-oil growth is expected to soften amid lower oil prices, weakening external demand and geopolitical tensions
- Vertical integration and technology investments continuing to create optionality and mitigate energy price volatility

2019 - 2020E: 2.7%

2019 - 2023F CAGR: 3.3%

Latin America

- **Mexico** continues to send signals pointing to the economy becoming more government managed which has hurt business sentiment -- weaker
- **Brazil** has seen a faster pace of economic growth after stagnation in 2019
- USMCA ratification will solidify strength and confidence in Mexico -- maybe a better second half 2020

2019 - 2020E: (1.0%)

2019 - 2023F CAGR: 0.7%

Source: IHS Economics and Emerson Management Assessment, January GFI

Eastern Europe

- Western Europe slowdown
- **Russia's** growth slowed due to weak domestic demand and mild export growth -- OPEC quotas hurt
- GFI has suffered due to reduced capacity utilization, financing availability, high interest rates

2019 - 2020E: 1.5%

2019 - 2023F CAGR: 2.2%

China

- Phase 1 US-China trade agreement -- a help, but need Phase 2 to be started ASAP
- Coronavirus to hurt 2020 growth -- but how much?

2019 - 2020E: 5.0%

2019 - 2023F CAGR: 4.5%

Asia Pacific (Excluding China)

- **India** has signs of sustained weak domestic demand. Monetary and fiscal stimuli should boost -- growth soon
- **Southeast Asia's** GFI growth could exceed ~5.0% -- but China weakness will hurt
- **Australia** mining showing less mineral projects complete -- weakness

2019 - 2020E: 2.7%

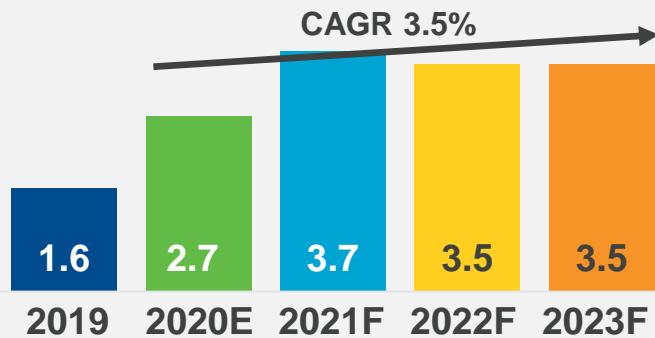
2019 - 2023F CAGR: 3.0%

Emerging Markets GFI Expected to Grow at 4.0% in 2020, Outgrowing Mature Markets
We Expect to Deliver ~2-5% Underlying Sales Growth in Emerging Markets in 2020

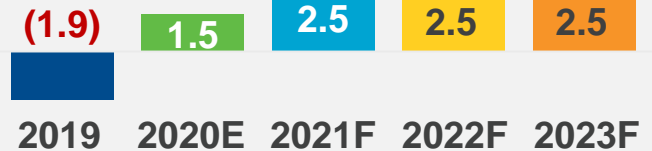
Global Macro Economics 2019 – 2023F

Emerging Markets: Gross Fixed Investment (GFI) Trends

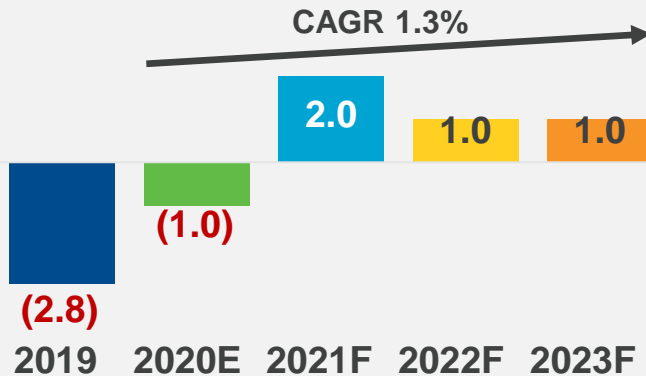
Middle East & Africa



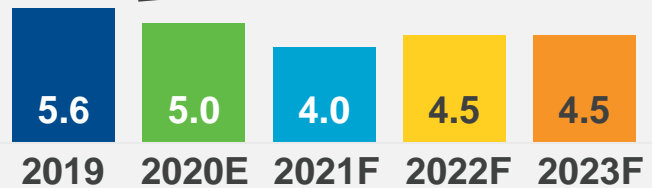
Eastern Europe CAGR 2.5%



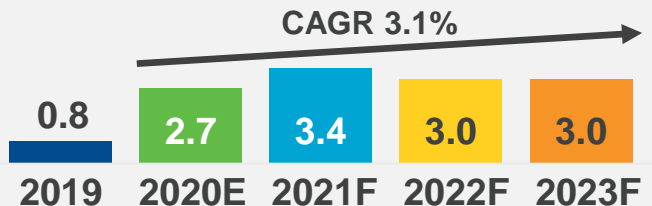
Latin America



China CAGR 4.3%



Asia Pacific (Excluding China)

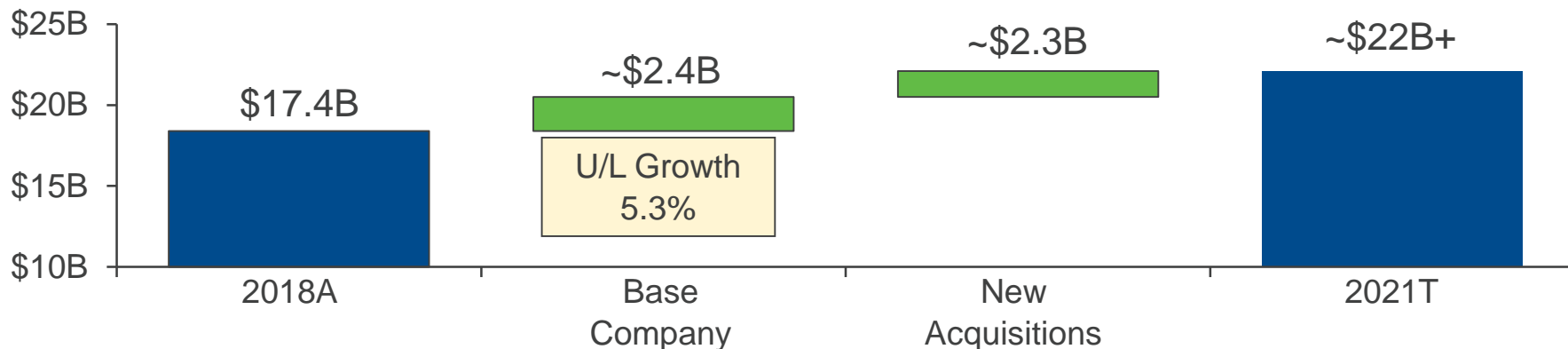


Source: IHS Economics and Emerson Management Assessment, January GFI

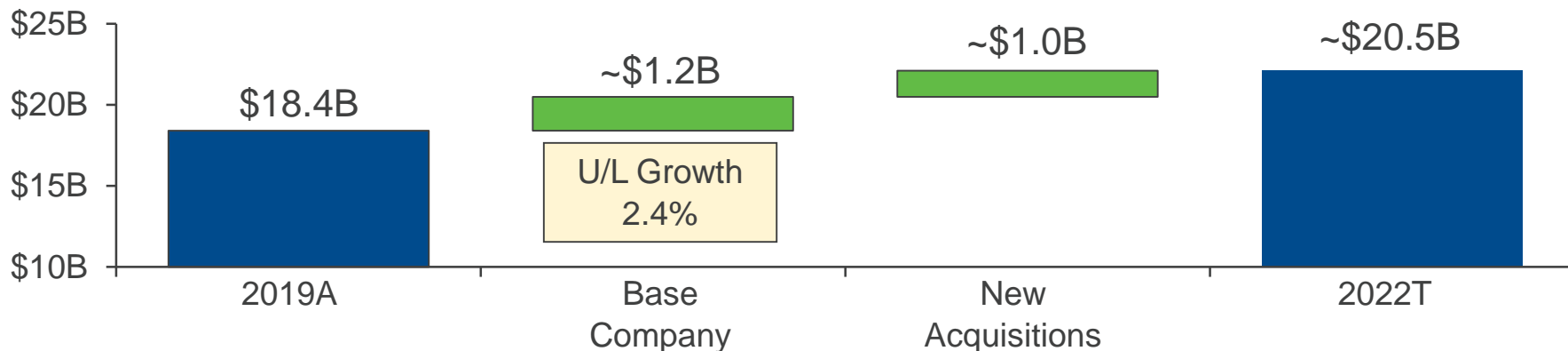
Emerging Markets GFI Expected to Grow at 4.0% in 2020, Outgrowing Mature Markets
 We Expect to Deliver ~2-5% Underlying Sales Growth in Emerging Markets in 2020

The Challenging and Weaker Macro Environment Has Prompted Us to Reset Our 3-Year Sales Plan

Feb. 14th 2019 Inv Conf 3-Yr Plan

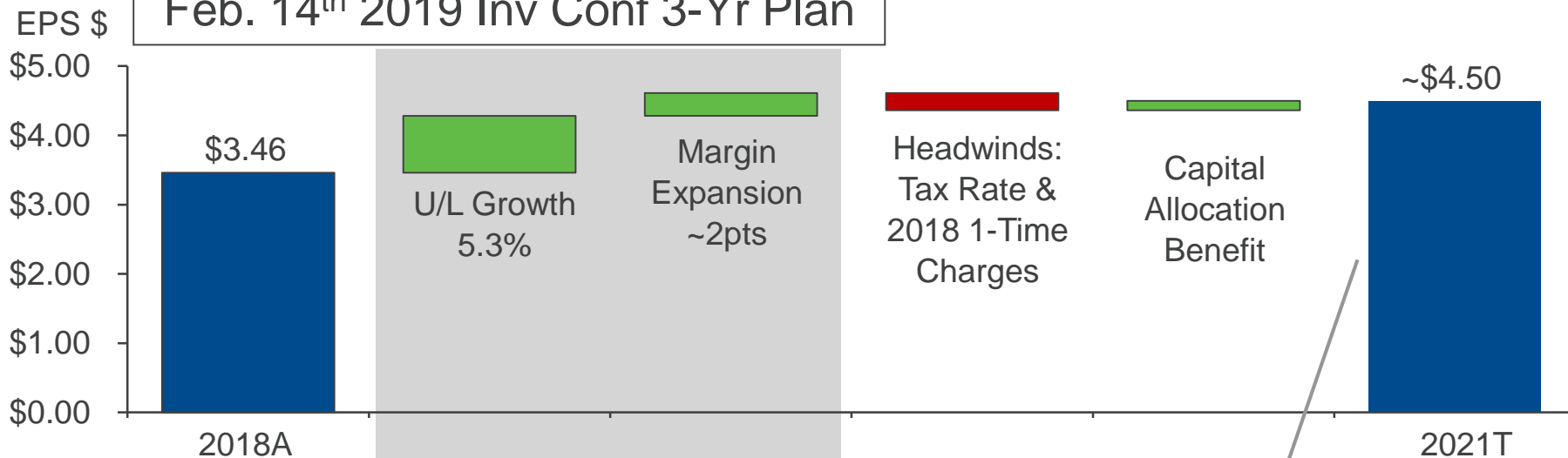


Feb. 13th 2020 Inv Conf 3-Yr Plan

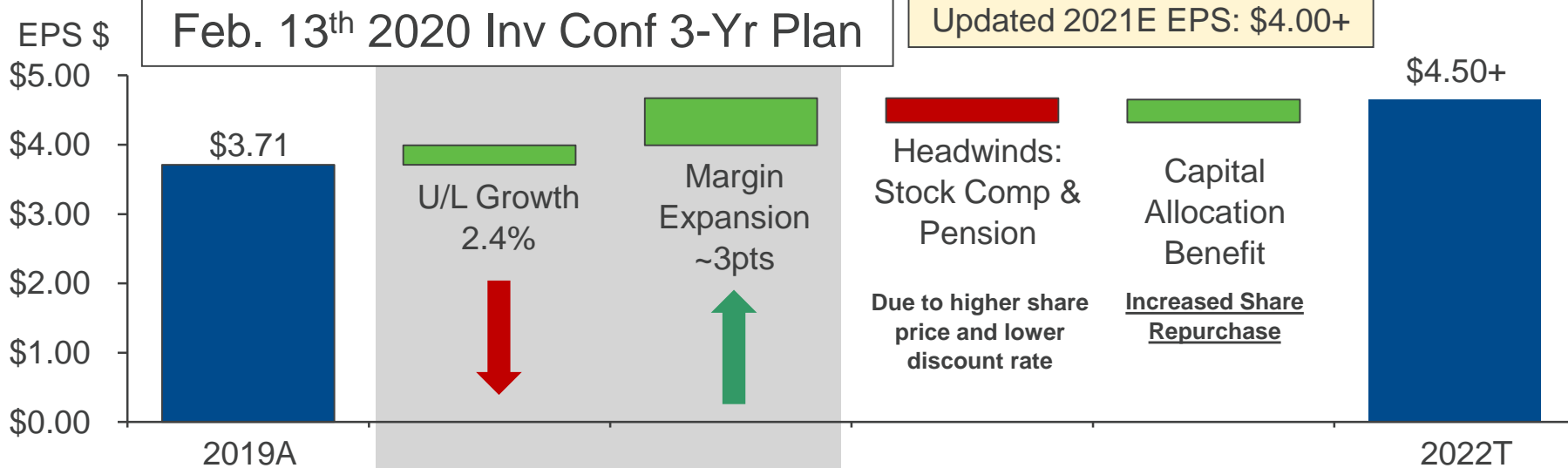


The Challenging and Weaker Macro Environment Has Prompted Us to Reset Our 3-Year EPS Guidance

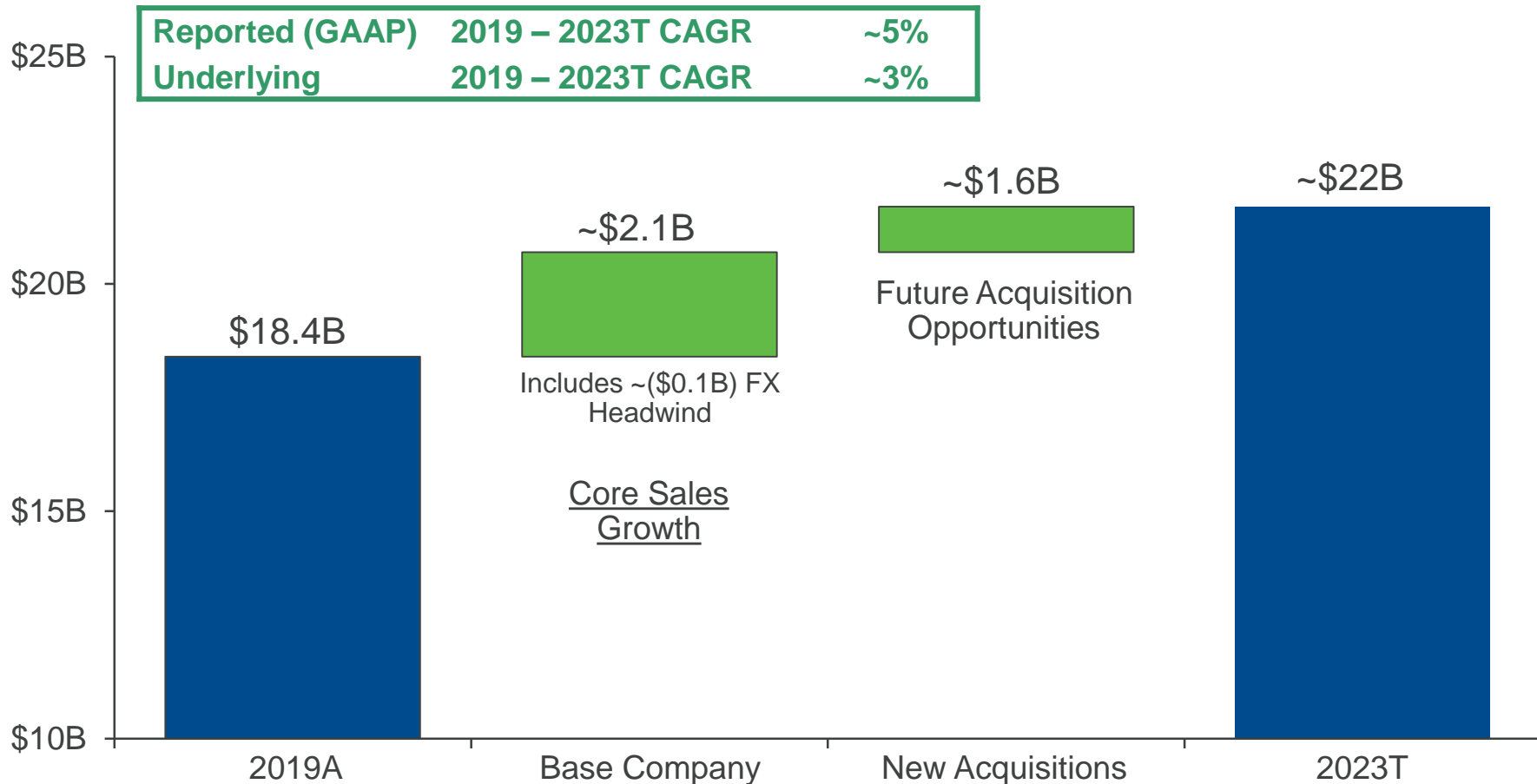
Feb. 14th 2019 Inv Conf 3-Yr Plan



Feb. 13th 2020 Inv Conf 3-Yr Plan



2019 Bridge to 2023T Sales February 2020 Investors Conference

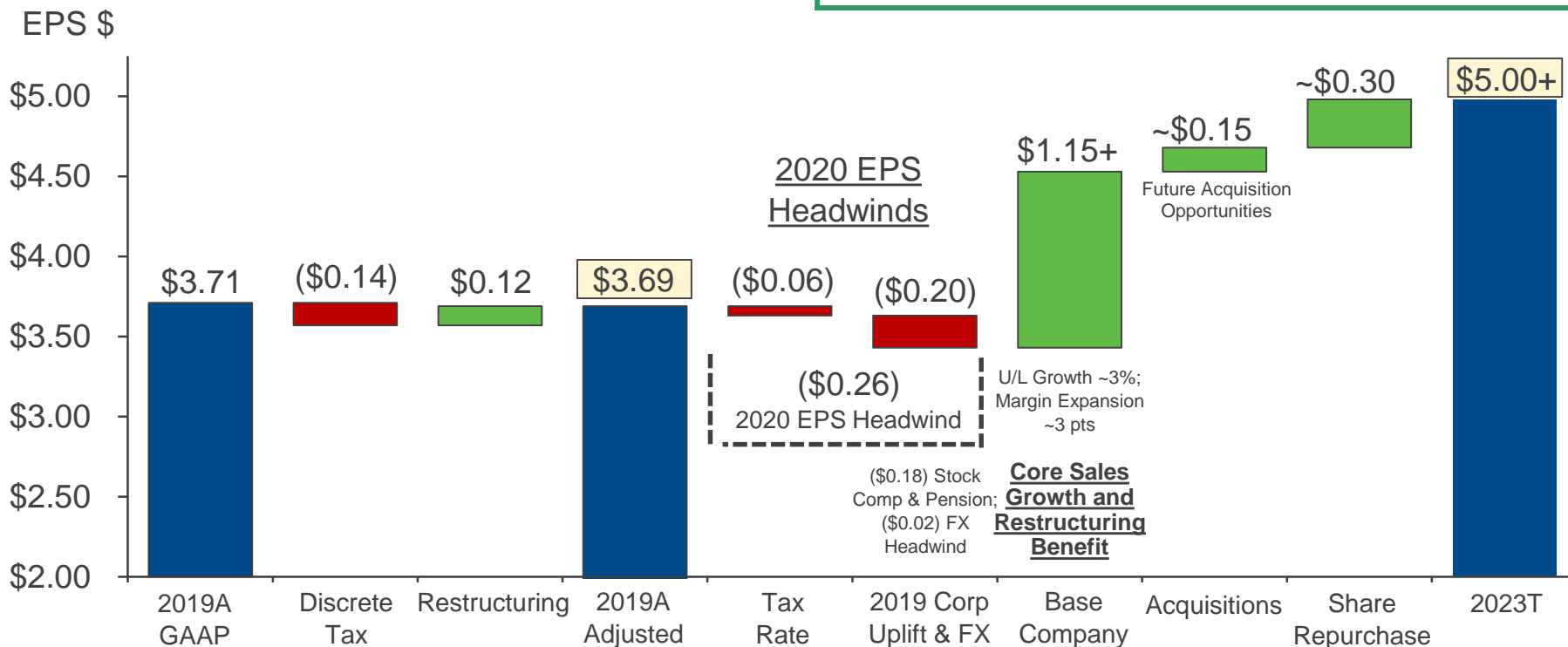


Note: Does not reflect impact of potential divestitures

A Challenging / Weaker Macro Business Investment Environment Has Pushed Our 2021 Sales Plans Back to 2023

2019 Bridge to 2023T Adjusted EPS February 2020 Investors Conference

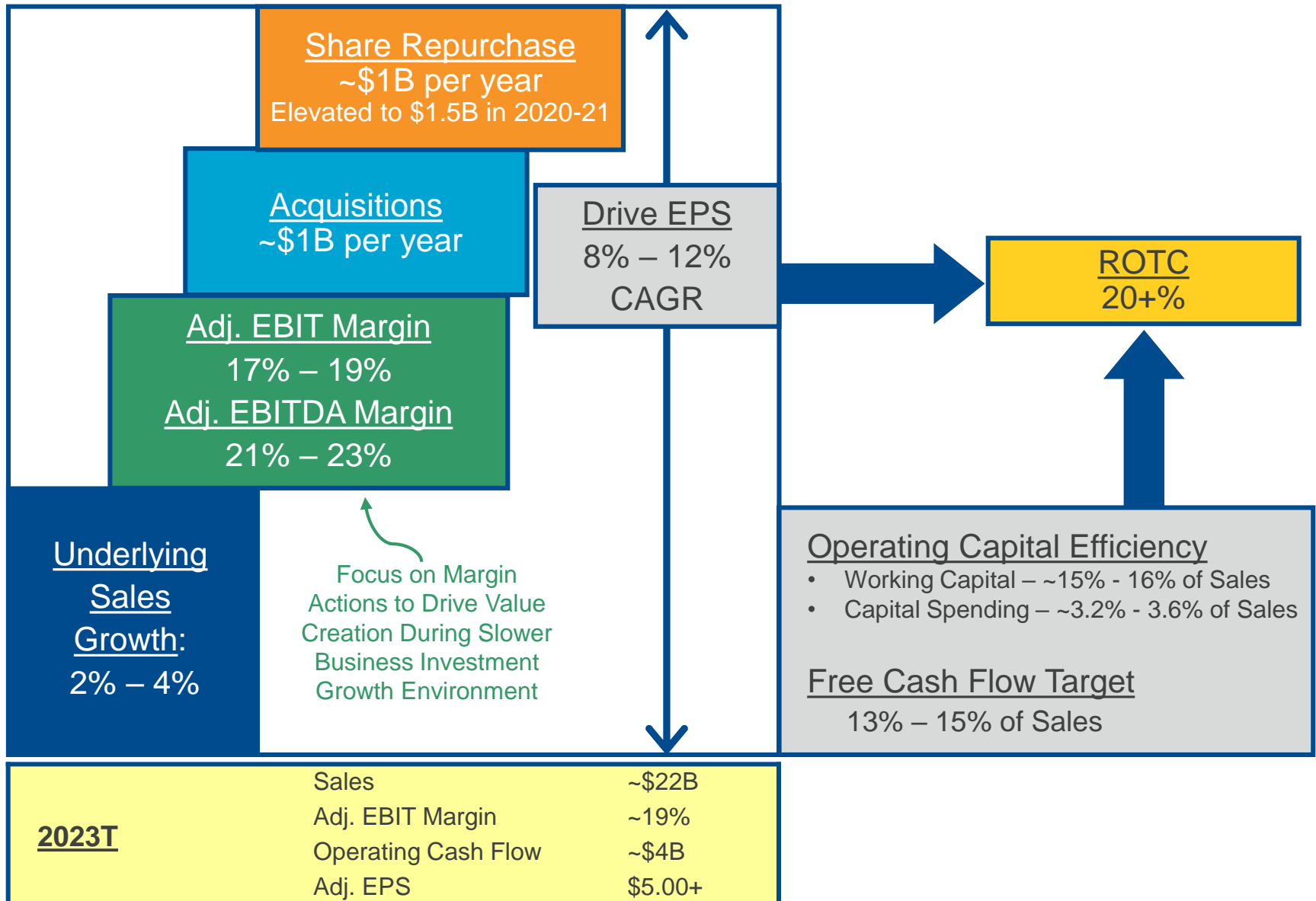
Adjusted EPS	2019 – 2023T CAGR	~9%
Ex-Headwinds		~11%



2019A	Balance Sheet Leverage Ratios	2023T
\$3.0B	Operating Cash Flow	~\$4B
53%	Operating Cash Flow / Total Debt (>45%)	~47%
1.5x	Total Debt / EBITDA (<1.75X)	~1.7x
1.1x	Net Debt / EBITDA	~1.25x
50%	Dividend / Free Cash Flow (40-50%)	~40%

Emerson's 2019 - 2023 Shareholder Value Creation Model

Focus on Margin Actions to Drive EPS Growth → Versus Higher Sales Growth



Emerson's 2019-2023 Financial Plan Summary Assumptions

Economic Conditions

- Global macroeconomic outlook indicates slower growth in 2020
- Recovery to more moderate growth anticipated in late 2021, early 2022

Adjusted EBITDA Margins

- Actions underway to return underlying platforms to peak EBITDA margin performance
 - Automation Solutions: Adj. EBITDA ~24%
 - Commercial & Residential Solutions: Adj. EBITDA ~28%

Operating Cash Flow and EPS

- Continued strong cash conversion at ~110%+
- On path to 2023 \$5.00+ EPS driven thru higher operating margins and moderate acquisitions

Capital Expenditures

- Elevated to ~3.6% in 2020-2021 to support aggressive cost reset actions
- Return to ~3.3% range beyond 2021

Acquisitions

- Significant capacity for more in our focus areas if strategic assets become available -- **ample flexibility for additional spend**
- We will continue to evaluate portfolio for divestiture opportunities to maximize value for **all shareholders** -- over this cycle as we have done in the past

Share Repurchases

- Elevated to \$1.5B in 2020 and 2021 unless acquisition activity increases -- **highly flexible balance sheet**

Dividends

- Increased 2% to \$2.00 per share in 2020 -- **64th year of increases**
- Plan to elevate annual increase to 3%+ starting in 2021 to return to 40-45% payout

Margin Actions Are Underway to Deliver \$5.00+ EPS in 2023 With Strong Cash Flow Conversion and Increased Cash Returned to Shareholders

Today's Discussion

1 2019 Review

- Achieved Some of our Growth Targets in Spite of Challenging Macro Economic Industrial Environment, Which Led to an Internal Business Review

2 Operational, Capital Allocation, and Portfolio Review

- Operational Efficiencies in Organizational Structure, Footprint, and G&A Costs are Being Pursued Aggressively
- Strong Cash Flow and Balance Sheet Allow for Continued Dividend and Share Repurchase -- ~70% of Op. Cash Flow Returned to Shareholders

3 2019 - 2023 Macro Outlook and Emerson Plan

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- 2020 Will be Defined by Aggressive Cost Resets to Counter Weaker Underlying Sales Growth -- Expect Zero Underlying Sales Growth

5 Investments to Drive Above Market Growth

- Investments Continue in Key Technologies and Innovation for Automation Solutions and Commercial & Residential Solutions for Stronger Long Term Growth

6 Organization Update and Summary

- Expect Some Major Changes in Senior Leadership Planned in Late 2020

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2020 February 13th Investor Conference --

Fiscal 2020 Key Focus Areas

Key Fiscal 2020 Targets

- Achieve underlying sales growth for total Emerson: (2%) – 2%
- Deliver another strong year of operating cash flow -- ~\$3.15B
- \$3.55 – \$3.80 Adj. EPS in 2020 -- (4%) – 3% Adj. EPS growth
- Dividend per share increase of 4¢ -- +2% increase -- **64th year of increases**

1. Maintain Underlying Sales in Both Platforms: (2%) – 2%

- Deliver underlying sales growth within both platforms -- (2%) – 2% EMR growth
- Provide above market underlying growth for Automation Solutions: (1%) – 3% in 2020
- Protect underlying growth in Commercial & Residential Solutions in this low growth and challenging macro environment. Targeting underlying sales growth: (3%) – 1% in 2020

2. Continue EBITDA Margin Expansion Through Cost Out Actions and Peak Margin Plan

- Execute aggressive cost out action plan that leads the way to exceeding 22.5% 2014 peak Adj. EBITDA margin by 2022 -- supported by \$425M in restructuring spend
- **Strong profit margin performance within both platforms is important to return to Emerson peak margins** -- Commercial & Residential Solutions peak Adj. EBITDA target of ~28% and Automation Solutions EBITDA Adj. target of ~24% -- by 2023
- Continue to make strategic growth and technology investments while delivering new peak EBITDA margins -- **we won't jeopardize future of our franchises**

3. Grow Operating and Free Cash Flow to Fund Growth and Shareholder Returns

- Focus on cash flow management as Emerson continues to grow by **generating ~\$3.15B in operating cash flow**
- Invest ~\$650M of capital expenditures -- 3.6% of sales
- Maintain Free Cash Flow conversion >110%

In 2020, Our Organization Will Be Aligned Towards Executing on These Strategic Priorities as a Part of the Peak Margin Plan Put in Place Through 2023
The Aggressive Cost Reset Is Underway

Emerson's 2020 Forecast -- A Year of Aggressive Cost Reset in a Low / No Growth Sales Year

	<u>2019</u>	<u>2020E Forecast</u>	<u>% Change 2019 – 20E</u>
Sales (GAAP)	\$18.4B	~\$18.3B	(2%) – 2%
Underlying Growth	3%	(2%) – 2%	
Gross Margin	42.5%	~43%	~0.5 bps
Adj. EBIT Margin	17.0%	~17%	~ - bps
Adj. EBITDA Margin	21.5%	~21.5%	~ - bps
Adj. EPS	\$3.69	\$3.55 - \$3.80	(4%) – 3%
Dividends Per Share	\$1.96	\$2.00	+2%
Operating Cash Flow	\$3.0B	~\$3.15B	~5%
Cash Returned to Shareholders	\$2.5B	~\$2.7B	

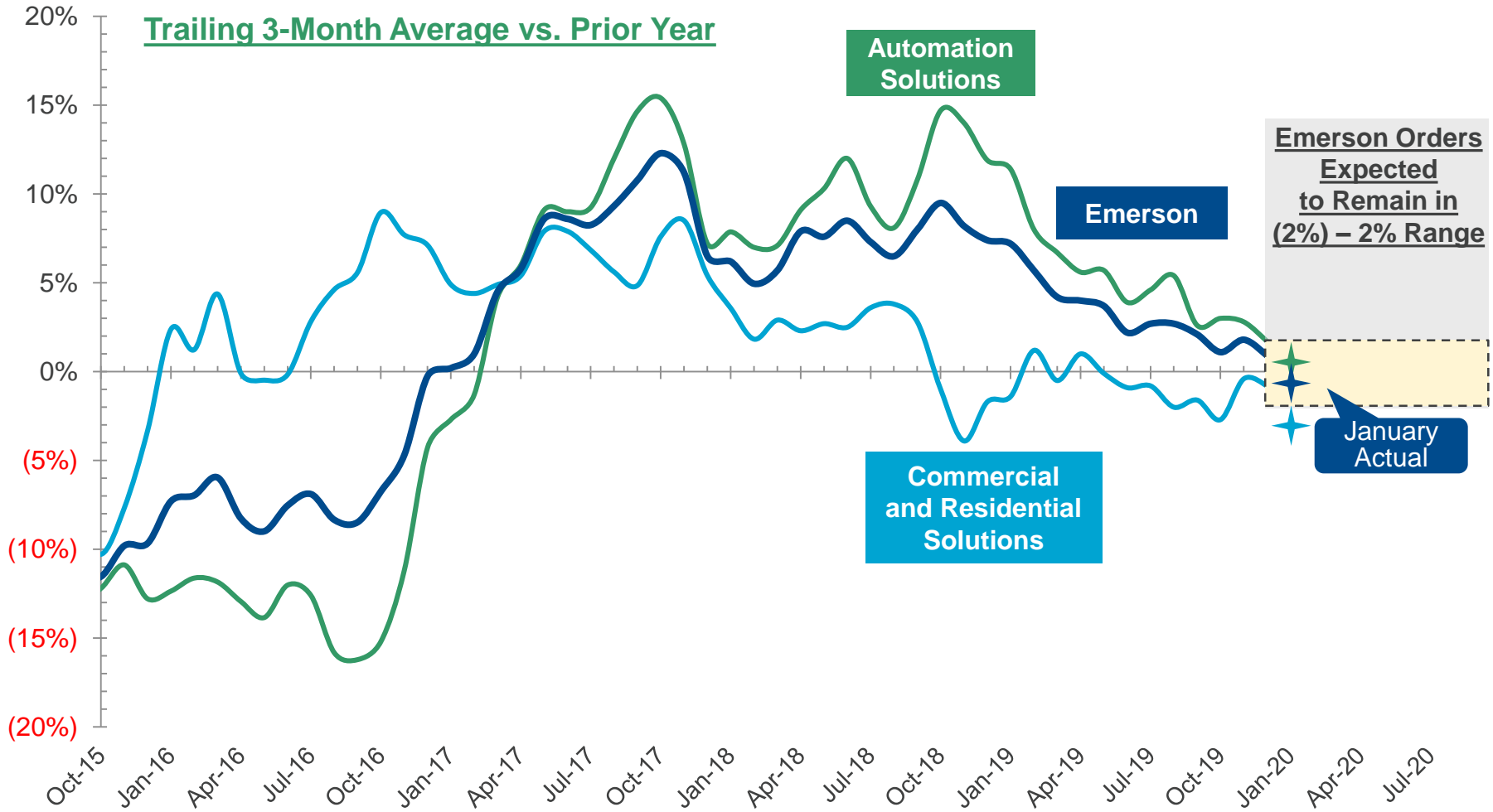
<u>Global GFI: FY 2020</u>	<u>2019–20E</u>
<u>Assumptions</u>	<u>% Change</u>
U.S.	1.0% – 2.0%
Canada	1.5% – 2.5%
Europe	1.0% – 2.0%
Middle East & Africa	2.0% – 3.0%
China	4.0% – 5.0%
Asia Pacific Excl. China	2.0% – 3.0%
Latin America	(1.5%) – (0.5%)

Other 2020 key assumptions:

- Currency Headwinds ~\$0.1B
- Tax Rate: ~23%
- Share Repurchase: \$1.5B
- Capital Expenditures: ~\$650M, ~3.6% of sales
- Oil price range: \$45–\$60
- No financial impact from coronavirus
- Corporate headwinds (\$0.26 -- pension, tax, FX, stock comp due to higher share price) offset by strong profit margins at operations and share repurchase

Underlying Order Trends

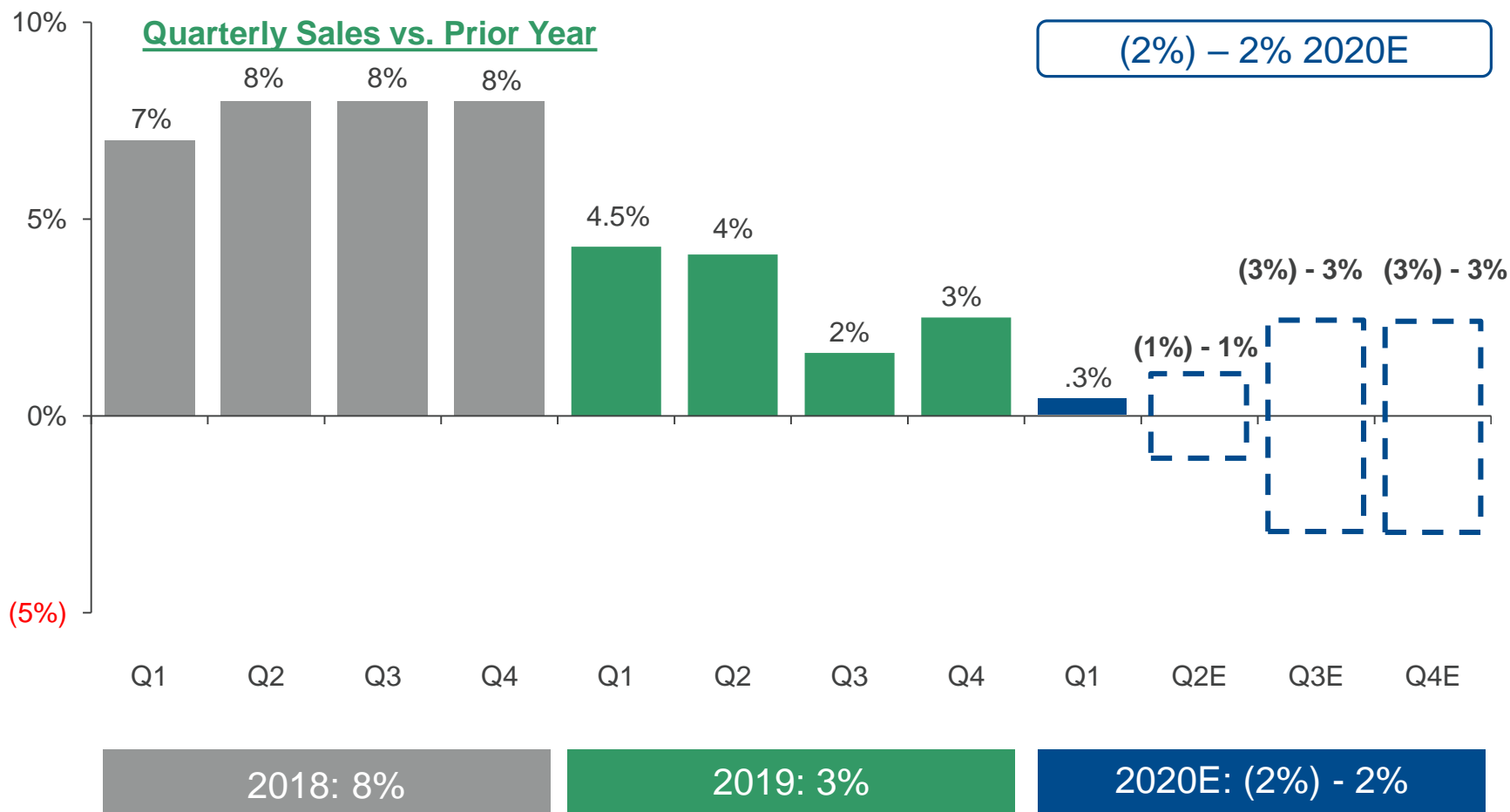
Marginal 2020 Underlying Sales Growth Expected



Orders at FY20 Base Company, 9/30/19 Fixed Rate; Growth rates are adjusted to normalize the number of days equivalent to prior year.

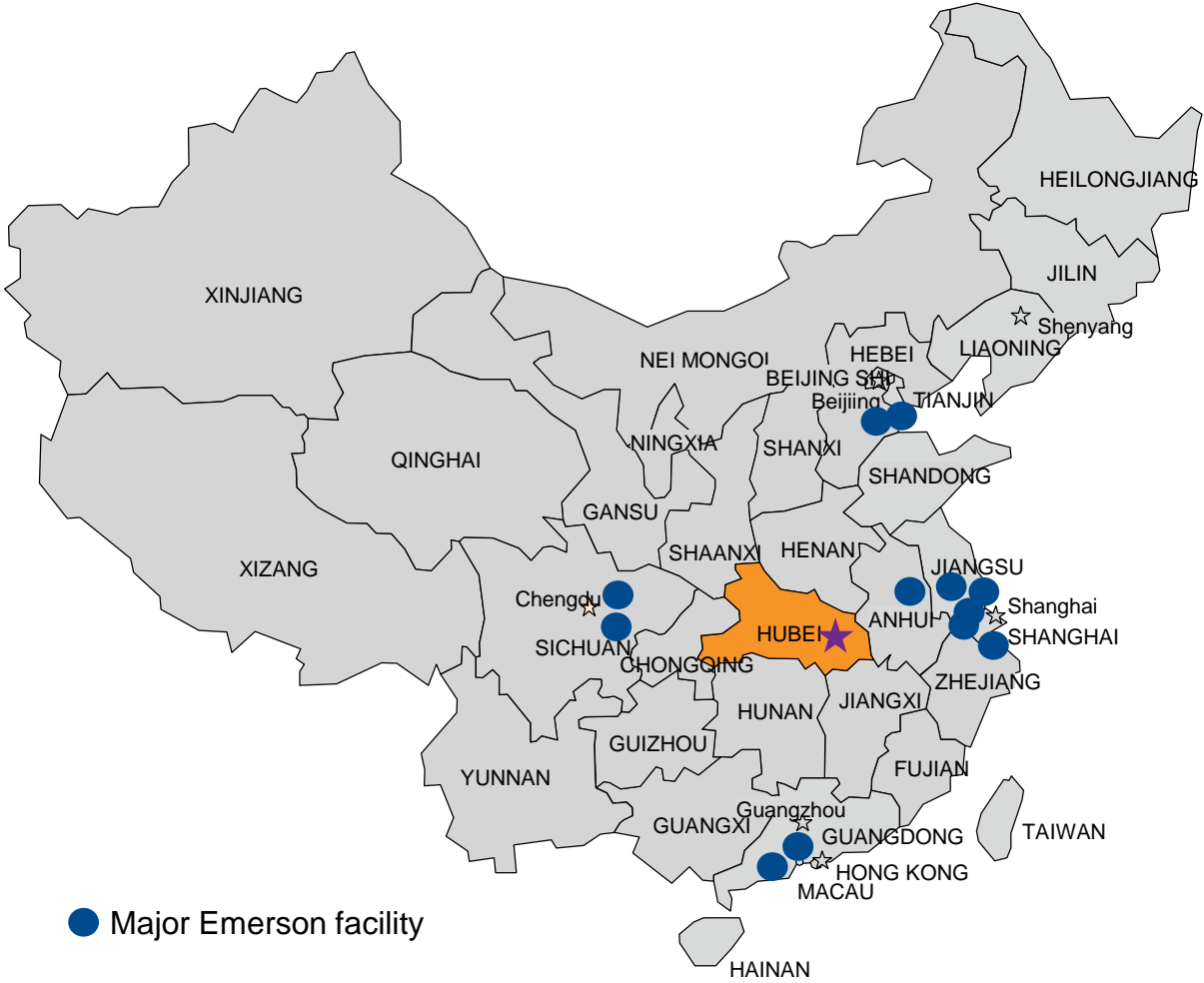
Trailing Three-month Underlying Orders Settled in at 1% in December and We Expect Orders to Stay in +/- 2% Range Until 2nd Half of 2020

Quarterly Underlying Sales Growth



2019 Saw a Slower Than Anticipated Global Growth Environment -- Expect This Challenging Business Investment Trendline to Drive Even Weaker Underlying Sales Growth in 2020

Emerson Operations in China: Safety Is One of Our Core Values and We Will Not Take Chances



ESTIMATED RESUMPTION OF OPERATIONS

As of Feb. 12

33 of 36 Key Facilities are operational at some capacity

Total Emerson Employees in China

10,700

Emerson Operations in China: Safety Is One of Our Core Values and We Will Not Take Chances

As of Feb 12

Operations:

- 55% of production employees have returned to work
- Additional 11% of employees are working remotely

Supply Chain

- 1600+ suppliers, \$750M in purchases of which \$250M is for export
- Our top 36 suppliers have resumed operating at 25% to 60% levels

Logistics

- Logistics present a challenge, but material is starting to flow

Key issues continue to be supply chain and logistics interruption, and timing of customer factory restart

Second quarter impact **\$75 - 100M** lost sales. Half of which should be recovered in the year.

We will benefit from some of the Chinese Government stimulus programs later in the fiscal year.

Morning of Feb 13th Update:

Wuqing facility granted approval to open

Fiscal Year 2019 Sales in China Were ~\$2.0B

Emerson Has No Major Facilities and Limited Supply Chain Activity in Hubei Region 58

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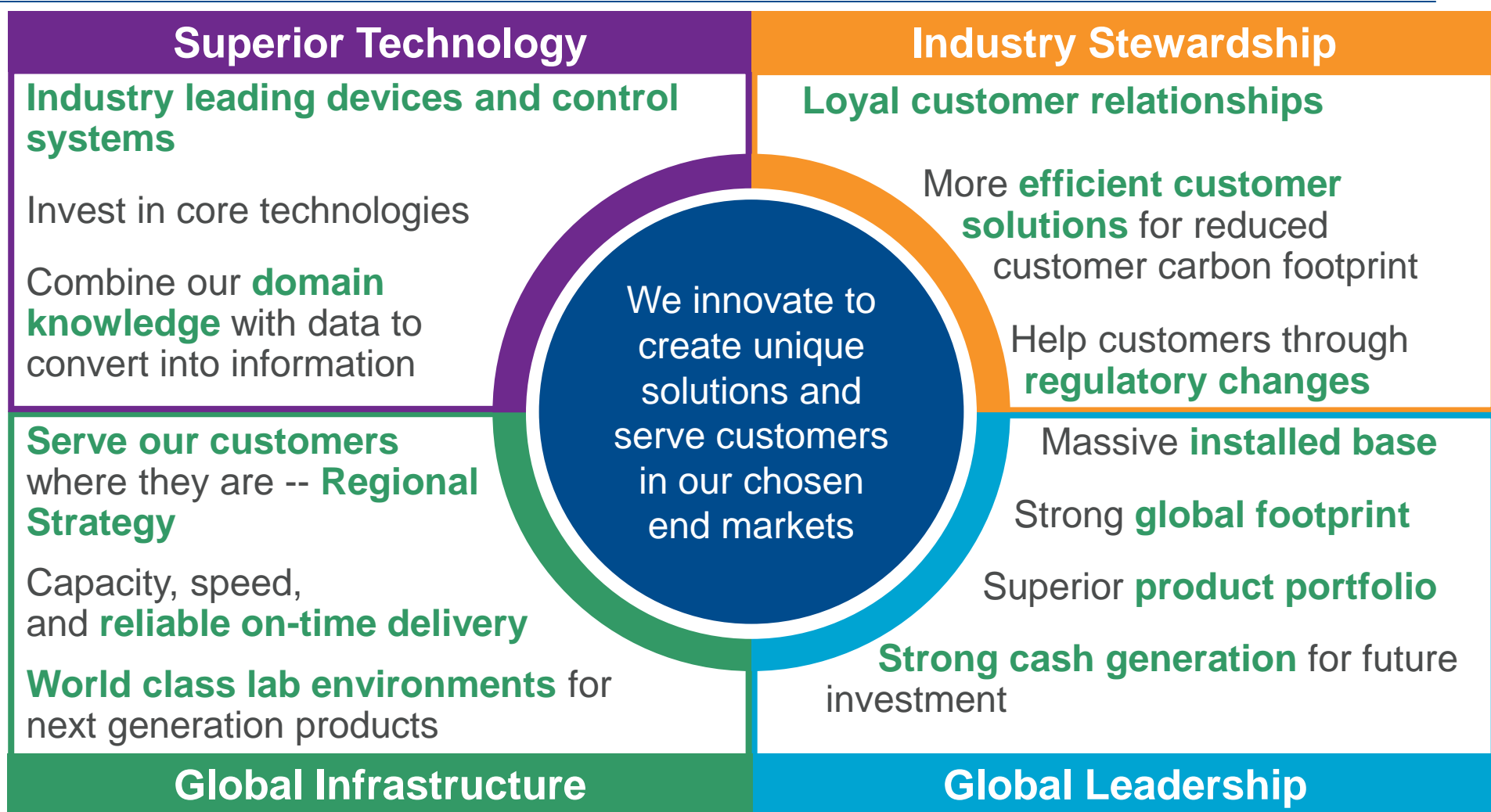
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The Emerson Management Process and One Emerson Strategy Create a Sustained Value Differentiation, Securing Above Market Growth, Profits, and Cash Flow



We Leverage the Emerson Management Process to Deliver Value to Our Shareholders and Drive Progress in Our Core Markets and Customers

Aligning Megatrends to Our Core Values Allows Us to Keep a Focus on the Future, Continuing to Support Stakeholders in the Markets We Serve



It Is Our Responsibility to Use Our Scale and Scope to Transform Ourselves and the Industries We Serve in Order to Leave Our World in a Better Place Than We Found It

Even With Aggressive Cost Reset Actions, We Continue to Invest for the Long Term Organic Growth of Emerson -- Technology Advantages

Automation Solutions

Commercial & Residential Solutions

Major New Release Planned

Data Management

Converts rich data to information and develops actionable insights

- Plantweb Optics V 1.6
- Guardian V13

- Grind2Energy
- Sensi Predict

Control

Performs action on rich data collected from the field

- DeltaV V14 DCS
- Ovation 3.8 DCS
- PK Controller & OCC DCS
- PAC Motion PLC

- Residential Air Quality
- Dehumidification
- Sensi Hydro
- Micro-Booster

Devices / Instruments / Sensors

Generates rich data

- AMS Asset Monitor
- Next Gen Valve Instrument
- Next Gen Pressure Instrument
- Location Awareness

- Next Gen Scroll
- Centrifugal Compressors
- Pro Tools Innovation
- InSinkErator Platform

We Are Committed to Protecting Our Key Technology / Innovation Investments and Enhancing the Franchises of Emerson -- For Customers and Investors

It Is Critical to Protect and Increase Key Investments in Digital and Software Focused Solutions

Digital Transformation

Simulation & Digital Twin

AI & Machine Learning

Plant Health & Performance
Customizable Multi-asset
Models for Health & Efficiency

Machinery Health

Equipment Health

Device Diagnostics

Predictive Field Analytics

Our Digital Transformation Business Group will allow Emerson to keep a **critical focus on protecting and evolving our digital customer solutions and offerings**

Unique Software Offering

Standalone software growth is robust and **subscription licensing model** transition has begun

Standalone Software Bookings

<u>2019</u>	<u>2023T</u>	<u>CAGR</u> (2019-2023T)
~\$600M	~\$740M	6%

Analytics

Edge, On-Premise, and Cloud

Platforms and Software	Asset Performance Platform	Workforce Effectiveness	Digital Twins
	Connect, Analyze and Collaborate	Digitally Enabled People	Plant & Asset Optimization
	Device and Machinery Diagnostics	Asset Health Apps	
	Condition-Based Analytics	Pre-Configured Analytics	

Innovations in Systems and Software Bolster Solutions Focused Projects and Operations -- Key Investment Areas for Cutting Edge Technology and Growth

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We Are Committed to Protecting Our Key Technology / Innovation Investments and Enhancing the Franchises of Emerson -- For Customers and Investors

Maintaining Focus on Key Innovation Programs and New Products Must Continue During Restructuring Efforts

Global Market Trends

Residential

Commercial

Cold Chain

Energy Efficiency	Modulation & Controls	Modulation & Controls, Centrifugal	New Designs
Comfort & Air Quality	Indoor Air Quality, Heat Pump	Dehumidification, Sensing & Mitigation	
Food Quality & Safety			Controls & ProAct, Cargo Solutions
Refrigerant Regulations	Low Global Warming Potential Refrigerants and New Compressor Designs		
Connectivity	Sensi WiFi Thermostat, Sensi Predict, Simple Building Management		Electronic Controls Remote Monitoring
Food Waste Management	Food Disposer Adoption		Grind2Energy
e-Commerce	OneEmerson, Amazon, HomeDepot.com, Other Online Channels		
Emerging Market Middle Class	China/Europe Residential Heating	China District and Industrial Heating	Food Safety Focus

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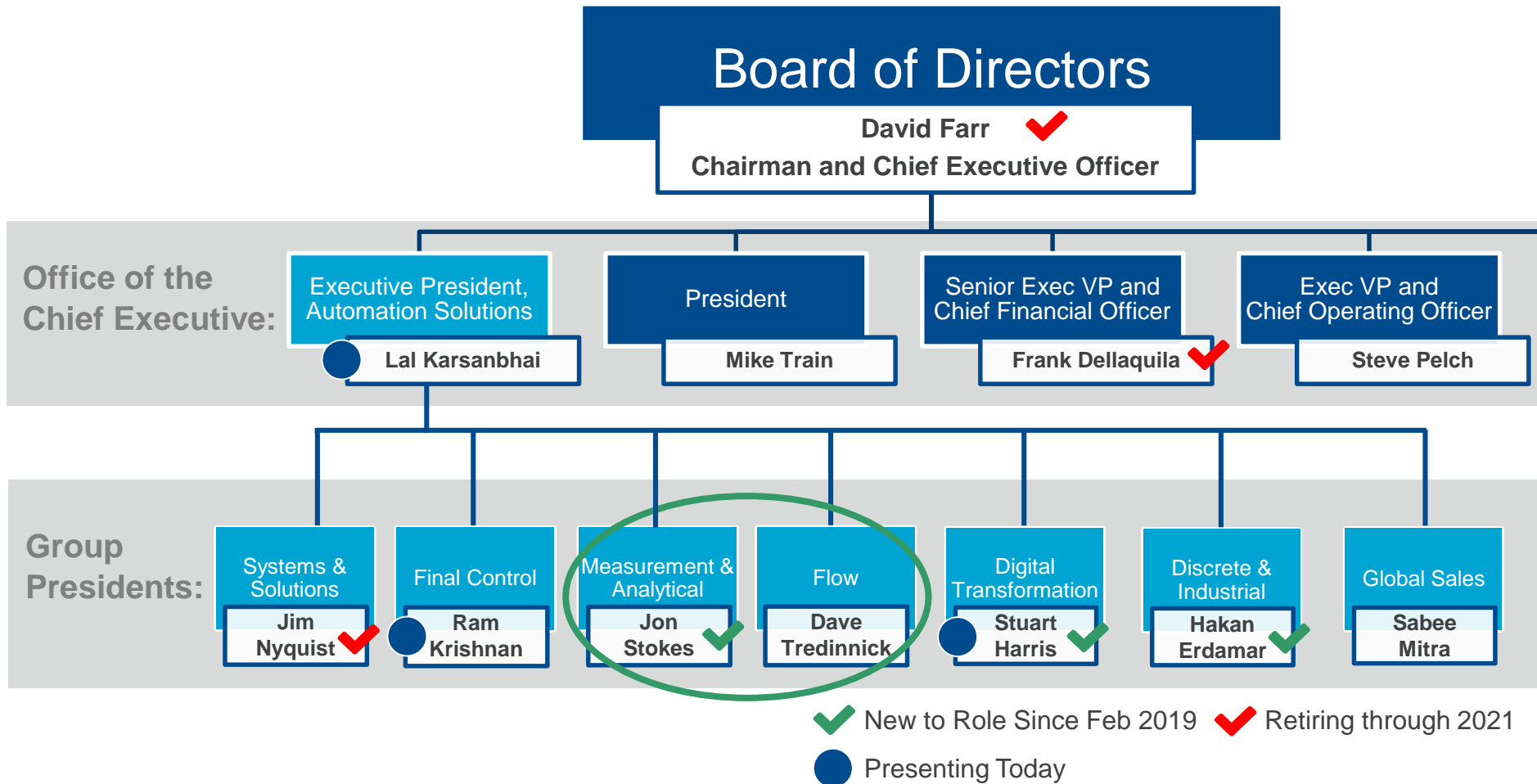
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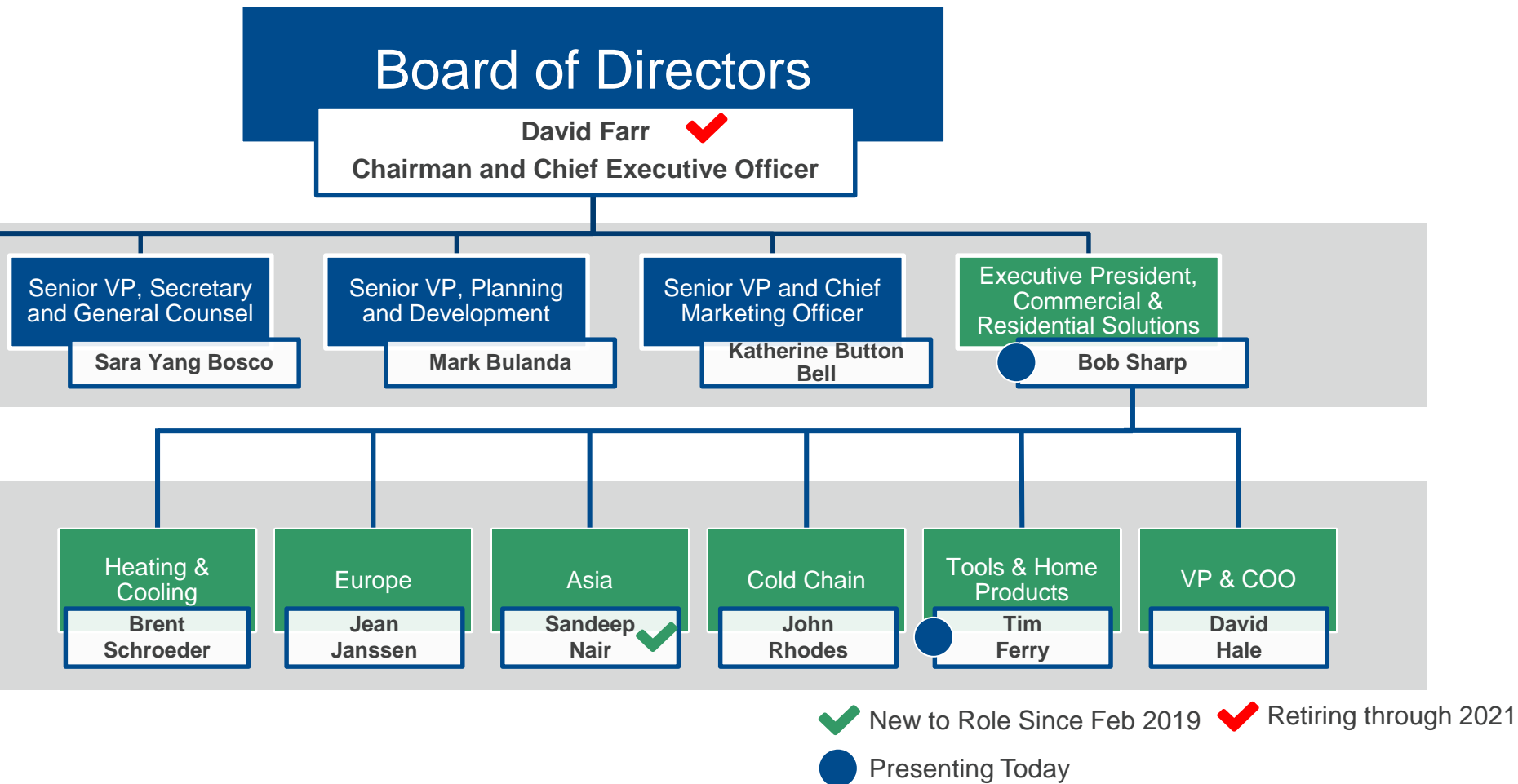
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Organization Update -- Changes Will Continue to Unfold Through 2021



The New Organizational Structure Will Help Drive Our Transformation to a More Cost Effective and Technology Driven Company With Premium Sales Growth, Facilitating an Orderly Transition to the Next Chairman and CEO

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2020 February 13th Investor Conference --

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Emerson's 2019 – 2023T Financial Forecast

	2019	2020E	2023 Targets	
			2023T	2023T Excluding Any New Acquisitions
Sales	\$18.4B	~\$18.3B	~\$22B	~\$20.5B
Gross Margin	42.5%	~43%	~44%	~44+%
Adj. EBIT Margin	17.0%	~17%	~18.5%	~19%
Adj. EBITDA Margin	21.5%	~21.5%	~23+%	~23.5%
EPS Adjusted	\$3.69	\$3.55 - \$3.80	\$5.00+	~\$4.85+
Operating Cash Flow	\$3.0B	~\$3.15B	~\$4B	~\$3.8B
CapEx	\$594M	~\$650M	~\$700M	~\$650M
<i>% of Sales</i>	3.2%	~3.6%	~3.2%	~3.2%

Balance Sheet Leverage Ratios

Operating Cash Flow / Total Debt

53%

~47%

~47%

Total Debt / EBITDA

1.5x

1.7x-1.8x

~1.7x

Net Debt / EBITDA

1.1x

~1.3x

~1.25x

By 2023, Our Target Is to Reach ~44% GP Margin, ~19% Adj. EBIT Margin, and ~\$4B Operating Cash Flow for Increased Internal / Acquisition Investment and to Drive Sales to ~\$22B and Adj. EPS to ~\$5.00+

Automation Solutions

Lal Karsanbhai
Executive President



Automation Solutions

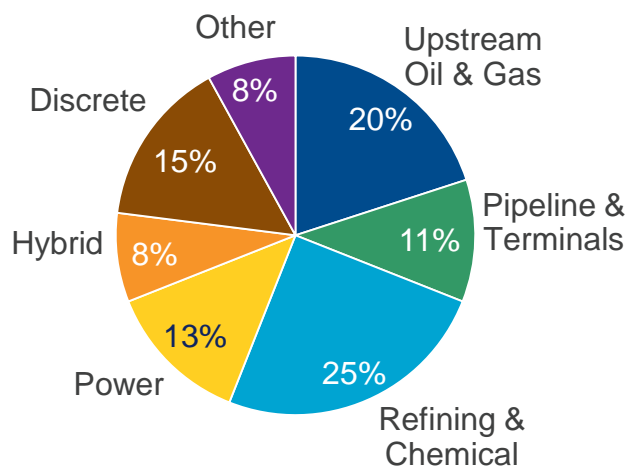
Key Messages

- **Automation Solutions executed in a challenging 2019** to deliver 5% underlying sales growth and 35% base company adjusted EBITDA leverage
- We are **committed to achieve our operational plan** that reshapes our organization while protecting core differentiation
- Growth in **International Process** and **Hybrid** markets, but **North America Upstream O&G** and **Global Discrete** markets continue to weaken
- Capital investment wave is slow with some projects becoming less likely to pass Final Investment Decision (FID); our team is **selectively pursuing the most attractive opportunities**
- Connected programs to support our **significant \$120B installed base** are the foundation to deliver **profitable, above market growth**
- Technology investment and acquisitions have formed a **\$1.8B software business**; expanding customer relevance and accelerating growth
- **Final Control** performance and execution is exceeding plan and continues to be a **significant value creation lever**
- Emerson is **delivering on the promise of digital transformation** with a dedicated organization and differentiated Plantweb technologies

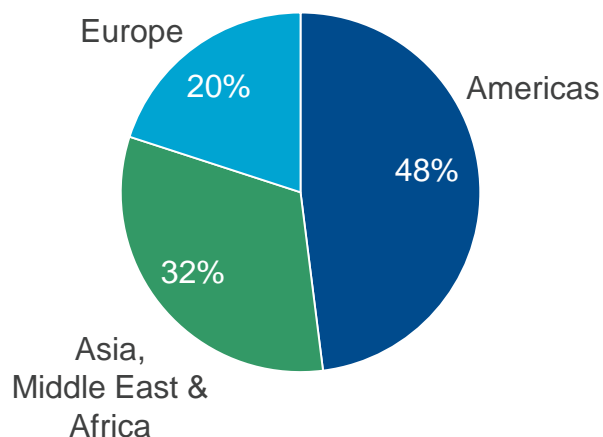
Automation Solutions 2019 Business Profile

	<u>2018</u>	<u>2019</u>	<u>2018 – 2019 Change</u>
Sales	\$11.4B	\$12.2B	7%
Underlying			5%
Adj EBIT	\$1.9B	\$2.0B	4%
% of Sales	16.8%	16.5%	(30 bps)
Adj EBITDA	21.1%	20.9%	(20 bps)

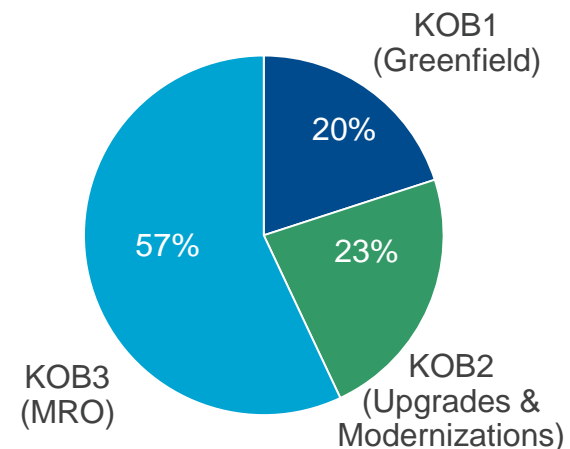
2019 Sales by Market



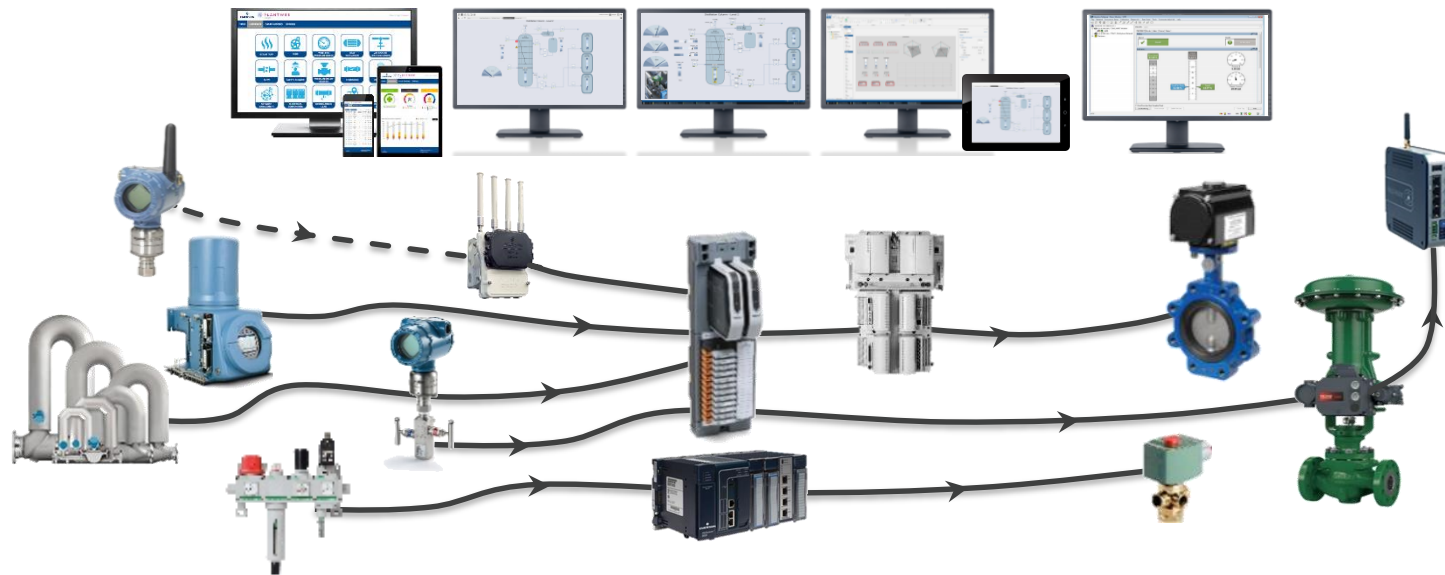
2019 Sales by Geography



2019 Sales by KOB



Emerson Is the Only Company With a Complete Automation Products and Software Portfolio



Technology Leadership

- **#1** in Instrumentation, Final Control, Systems and Software
- Pushing the **technology frontier**
 - Control Systems: **17,000+** installed base
 - Wireless: **17B+** operating hours
 - Digital Valve Controller: **2.5M+** units
- **31 acquisitions** since 2014

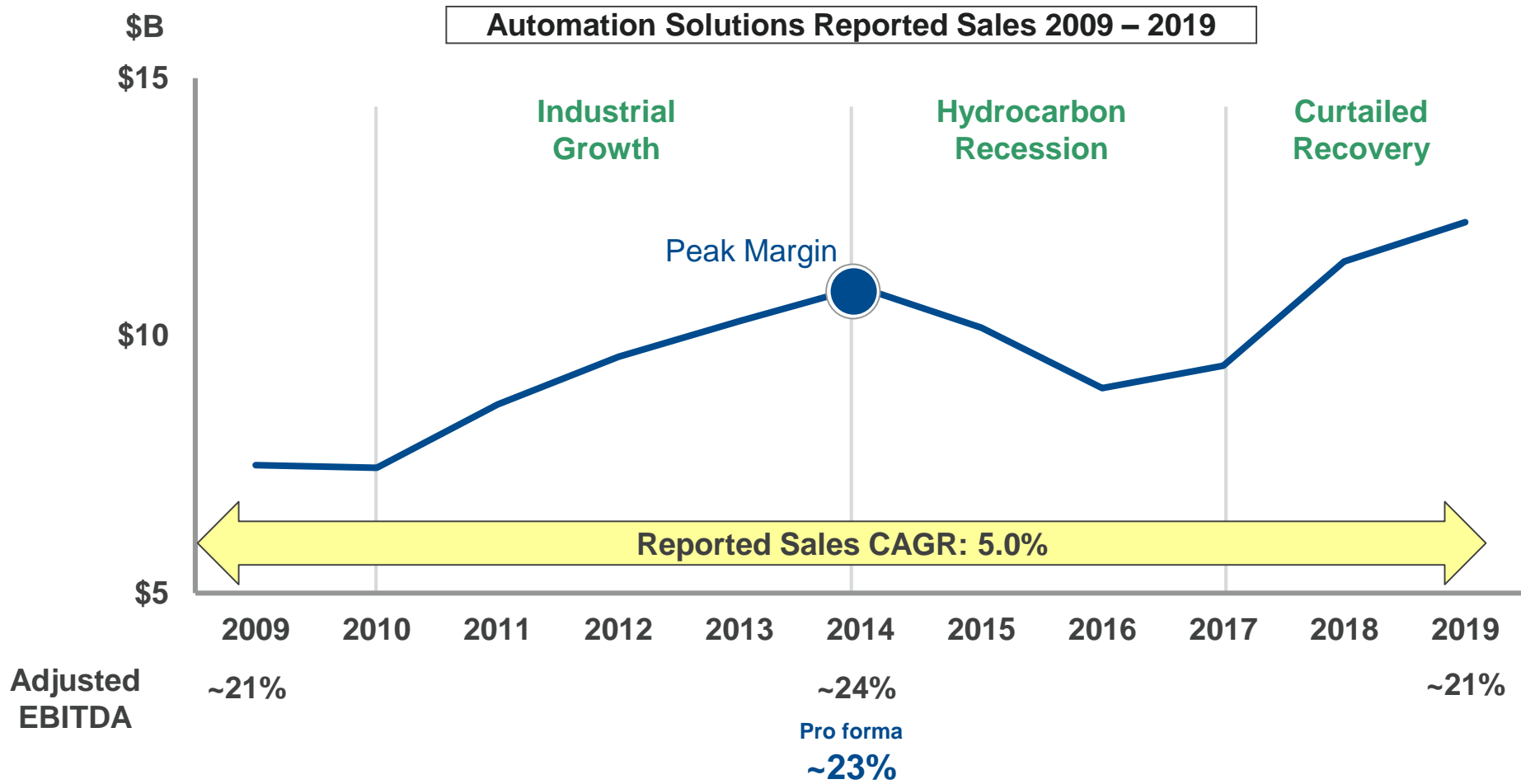
Customer Engagement

- **200+** Service centers with **4,200+** Service personal
 - **\$28B+** increase in international installed base since 2014
- Site / Account strategic sales focus
- **Regional fulfilment**
 - Expanded capabilities in North America, China, and Russia
- **100+** Industry consultants

Emerson Is a Leader Across the Full Process Automation Spectrum

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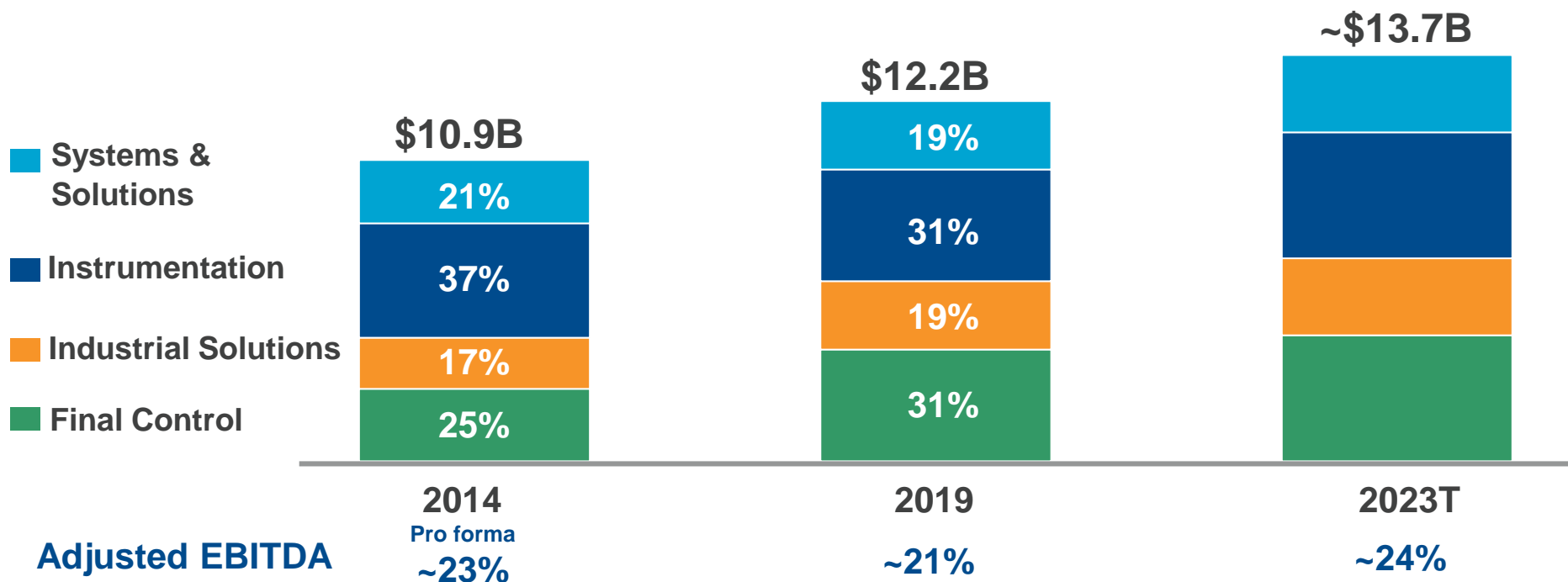
Strategic Investments Have Created Value Through Recent Cycles



2014 adjusted EBITDA reflects pro forma Valves and Controls
 2014 reflects current composition of Industrial Solutions business

Automation Solutions Is a Highly Differentiated Franchise

Technology Leadership and Cost Discipline Will Deliver Peak Margin by 2023



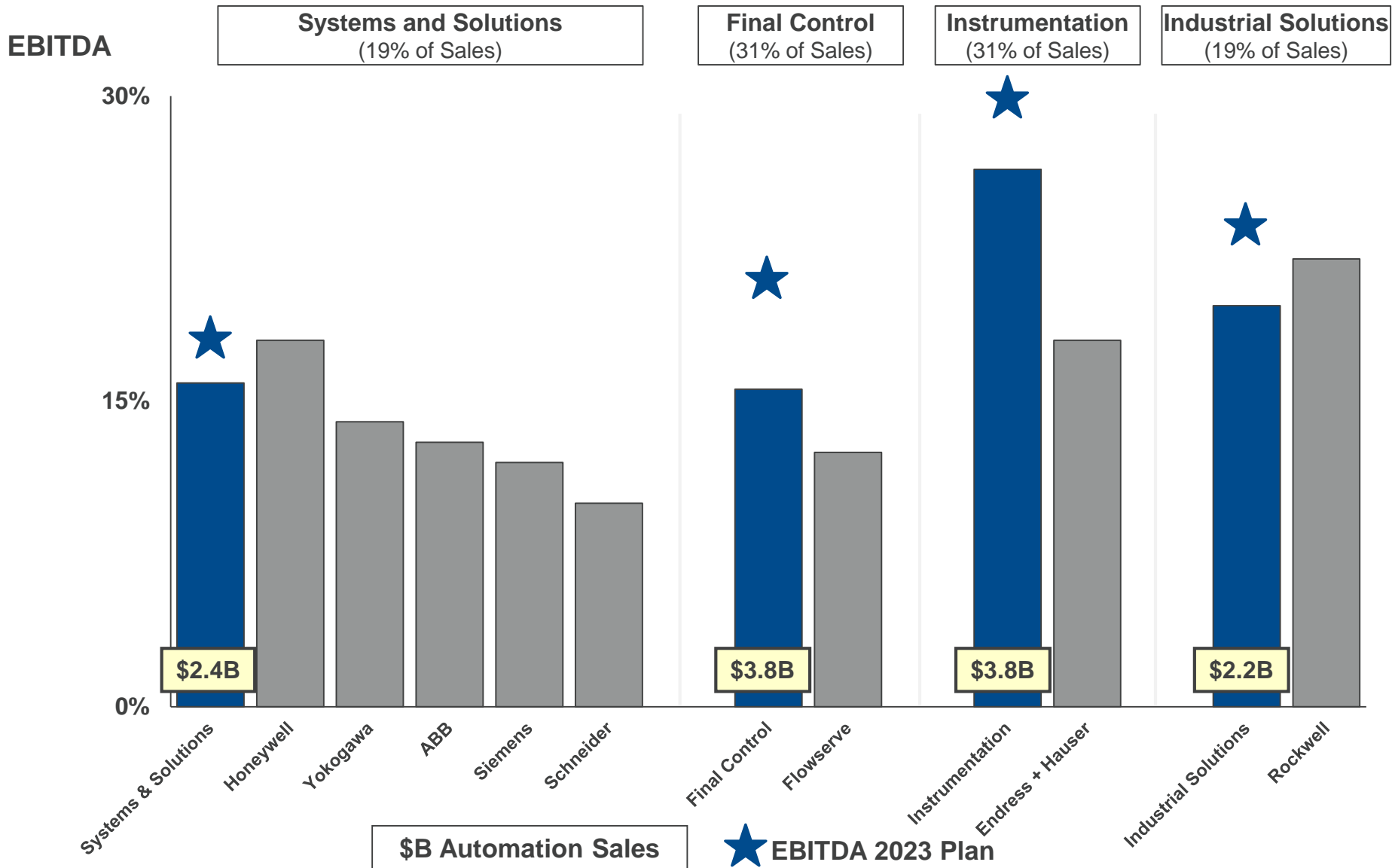
Business Evolution

- Acquired Valves & Controls
- Expanded World Area presence
- Integrated Industrial Solutions and acquired Aventics

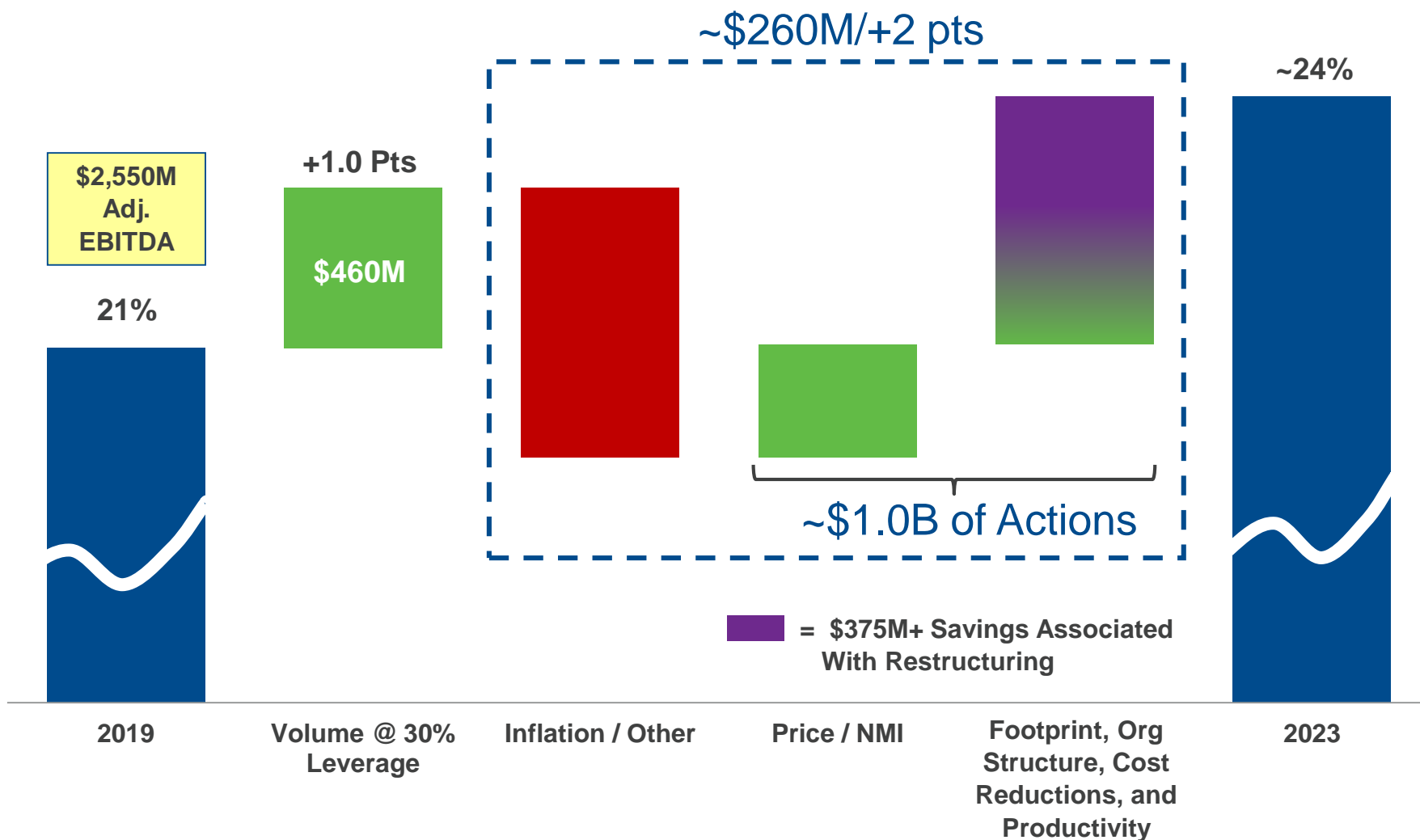
Peak Margin Roadmap

- Growth above market
- Operational diligence
- Portfolio management

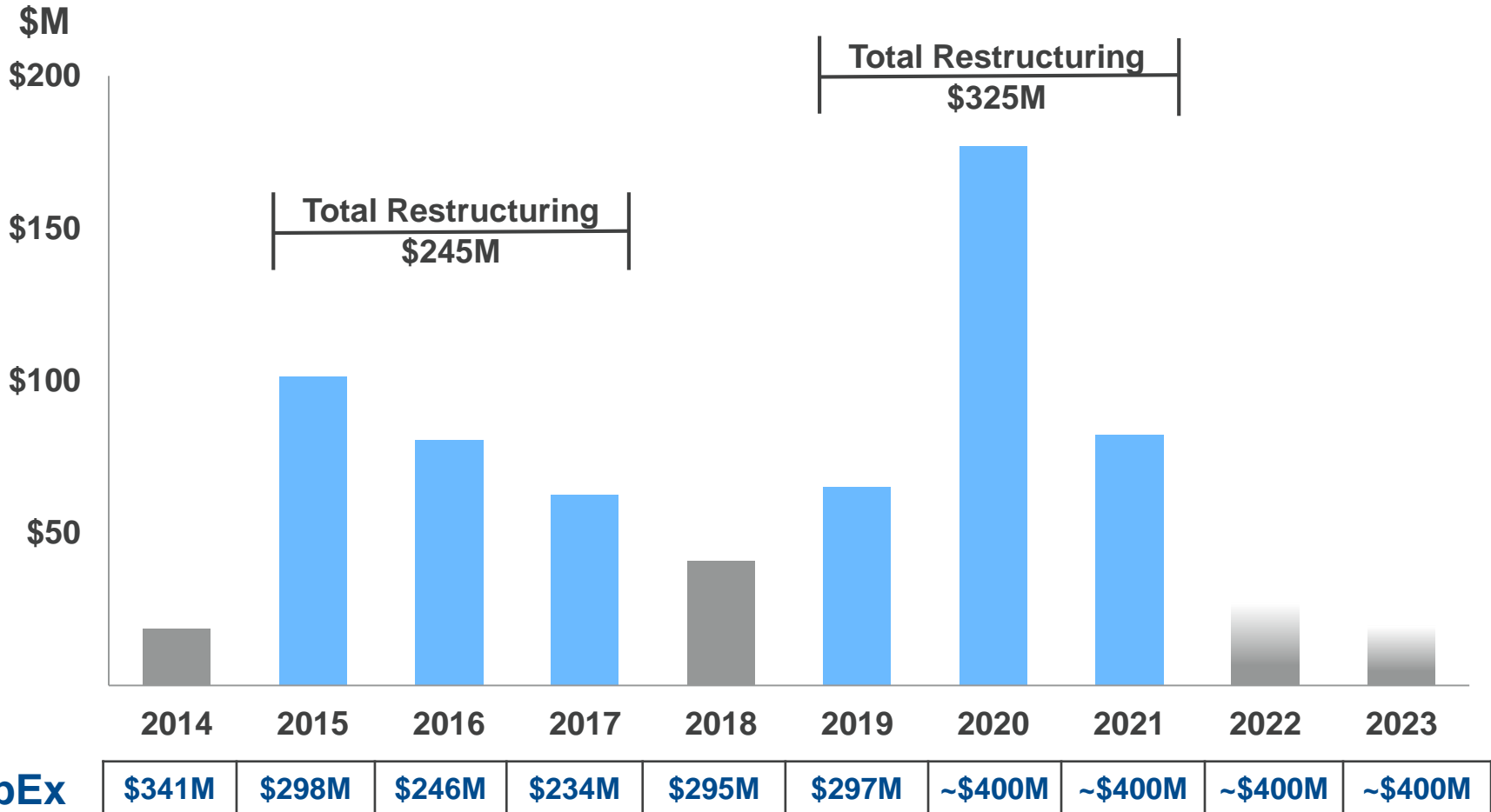
Automation Solutions Is a Unique Business That Drives Premium Margins Compared to Peers



Automation Solutions -- Accelerated Cost Actions Achieve Prior Peak Margin



Prior Restructuring Programs Demonstrate an Ability to Reposition and Generate Value



Accelerated Restructuring and Capital Investments Will Drive Best Cost Utilization and Footprint Consolidation

Restructuring Programs Will Reset Our Cost Structure and Reposition Us for Growth

Content
Intentionally
Omitted

Footprint

- Footprint shift towards Better Cost Locations
- Continued manufacturing regionalization to support customers
- Sales and service rooftop consolidations
- Legal entity structure simplification

Organization Structure

- Streamline organizational structures while ensuring responsiveness and focus
- Shift customer facing resources closer to customer sites
- Drive acquisition sales and cost synergies

Cost Reductions & Productivity

- Utilize better cost locations for non-customer facing roles
- Deploy technology and automation

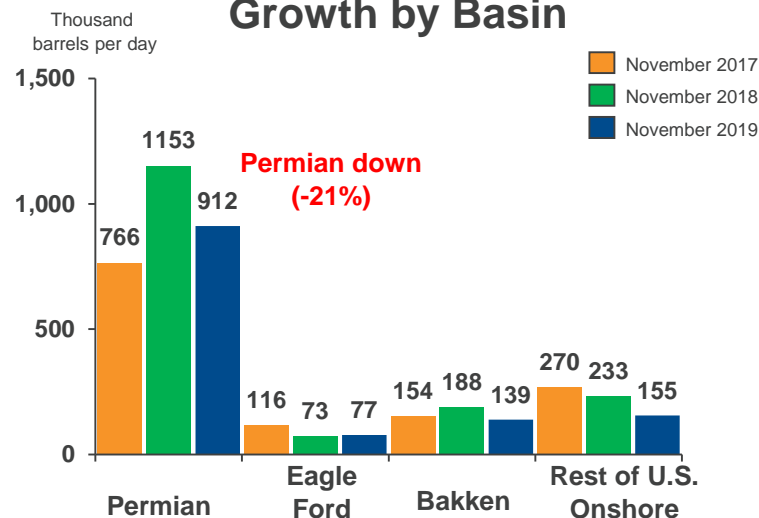
Aggressive Cost Actions Are Underway to Drive Significant Margin Improvements

Short Cycle Dynamics Have Evolved in Key End Markets: Onshore Oil & Gas

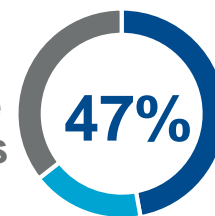
North America

- Pace of **U.S. onshore production growth has slowed**
- **Supermajors and private operators** increasing share of production
- U.S. independent producers reducing capital budget to pursue debt repayment, **~30% reduction from 2018 to 2020**
- **Dampened investment outlook** likely to lead to reductions in **well completion rates (down 6% YoY)**

U.S. Onshore Production Growth by Basin



Private E&P's doubled share over two years



Public Shale E&P's share in Nov. 2019

Supermajor production share has grown

Nov. 2017 **3%** > Nov. 2019 **17%**

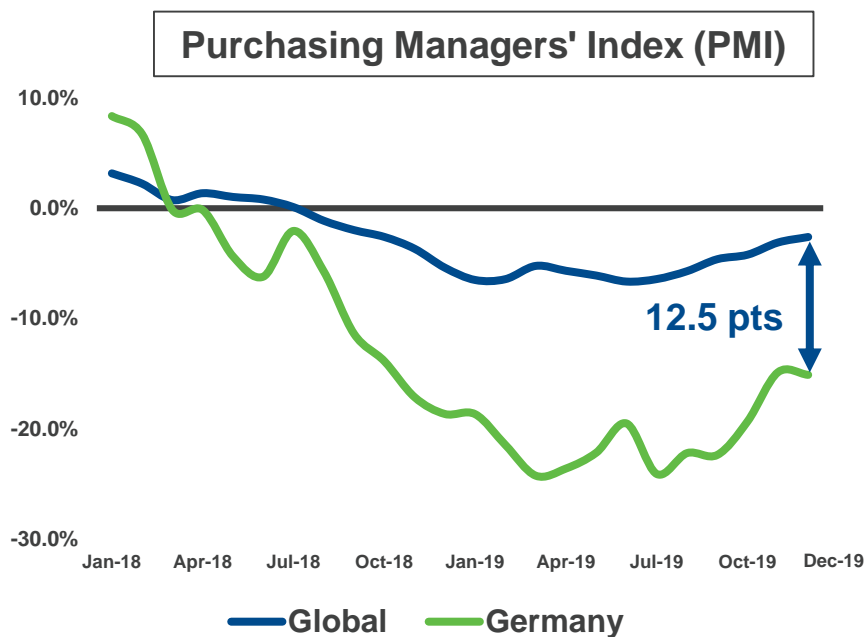
U.S. Onshore production refers to unconventional Light Tight Oil

Source: Rystad Energy ShaleWellCube, Credit Suisse

US Onshore Spending Will Continue to Be Stressed in 2020

Global Discrete Markets to Remain Muted in Near Term With Germany Continuing to Lag

- German manufacturing sector in **recession since April 2018** due to falling global demand



Automotive

- Passenger vehicle sales **to decline for 3rd consecutive year** with EV transition limiting long-term powertrain investments



Machinery

- Spending on **Machinery and Equipment down (1%)** year over year



Commercial & Industrial

- Global geo-political tensions and trade uncertainty** causing delayed infrastructure investments

Large Project Pipeline Remains Robust Though Some Projects Have Shifted Out

Content Intentionally Omitted

Large Project Funnel Industry Mix Continues to Be Favorable for Our Broad Portfolio

Content Intentionally Omitted

Digital Transformation, Modernization Capabilities and Our \$120B Installed Base Are Driving Demand Creation

Pervasive Sensing

Wireless, Location Awareness, Corrosion

Analytics and Services

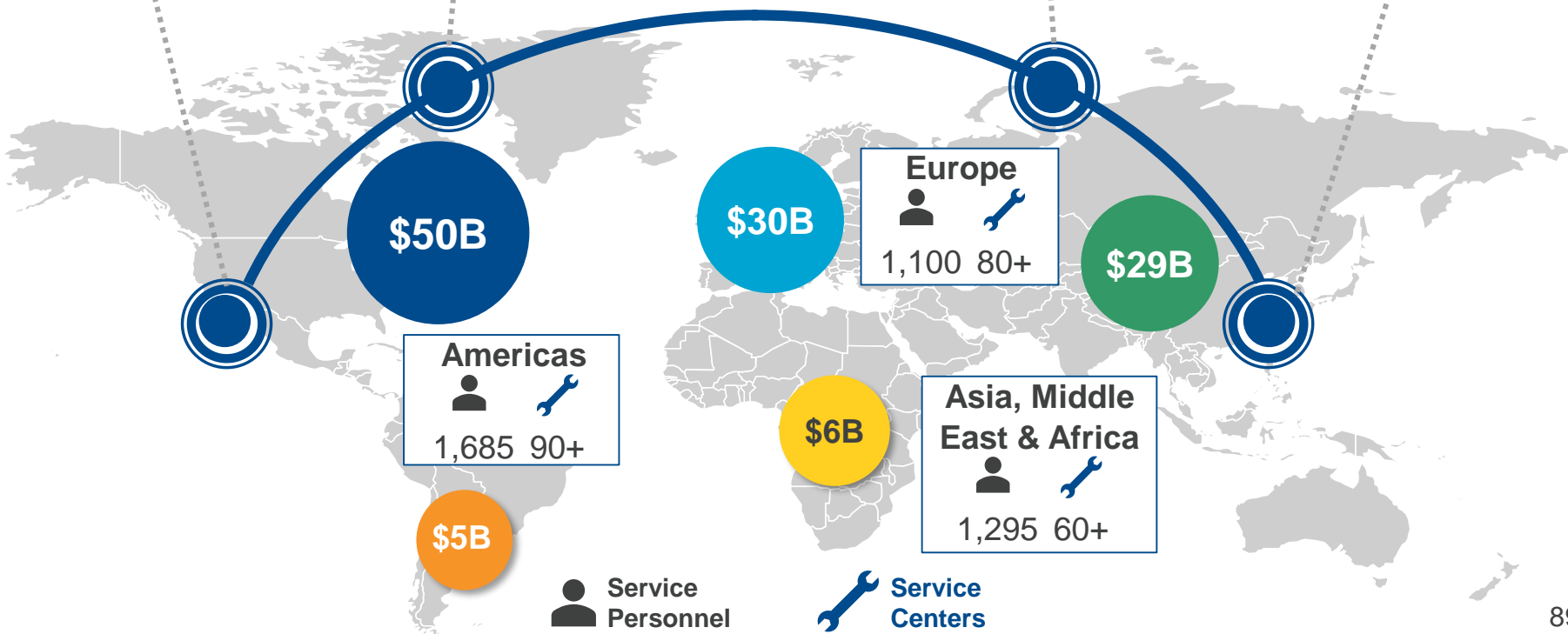
Plantweb Optics, KNet Analytics, Insight, Data Management Consulting

Modernizations / Upgrades

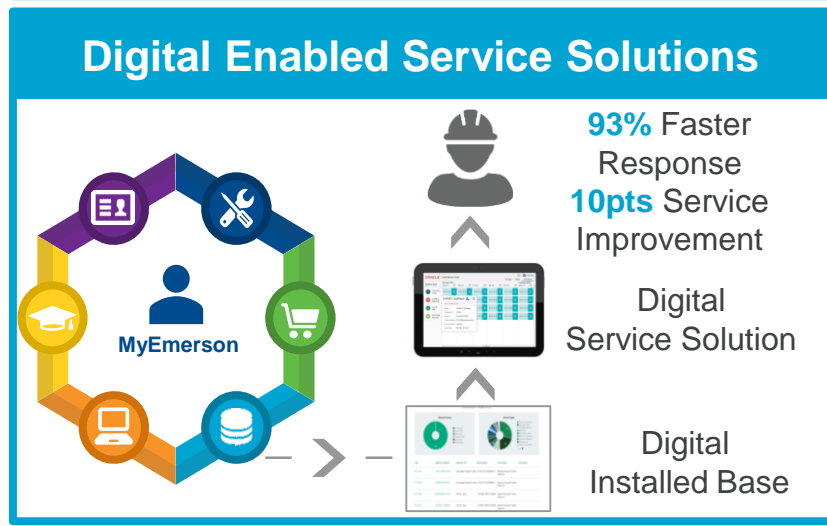
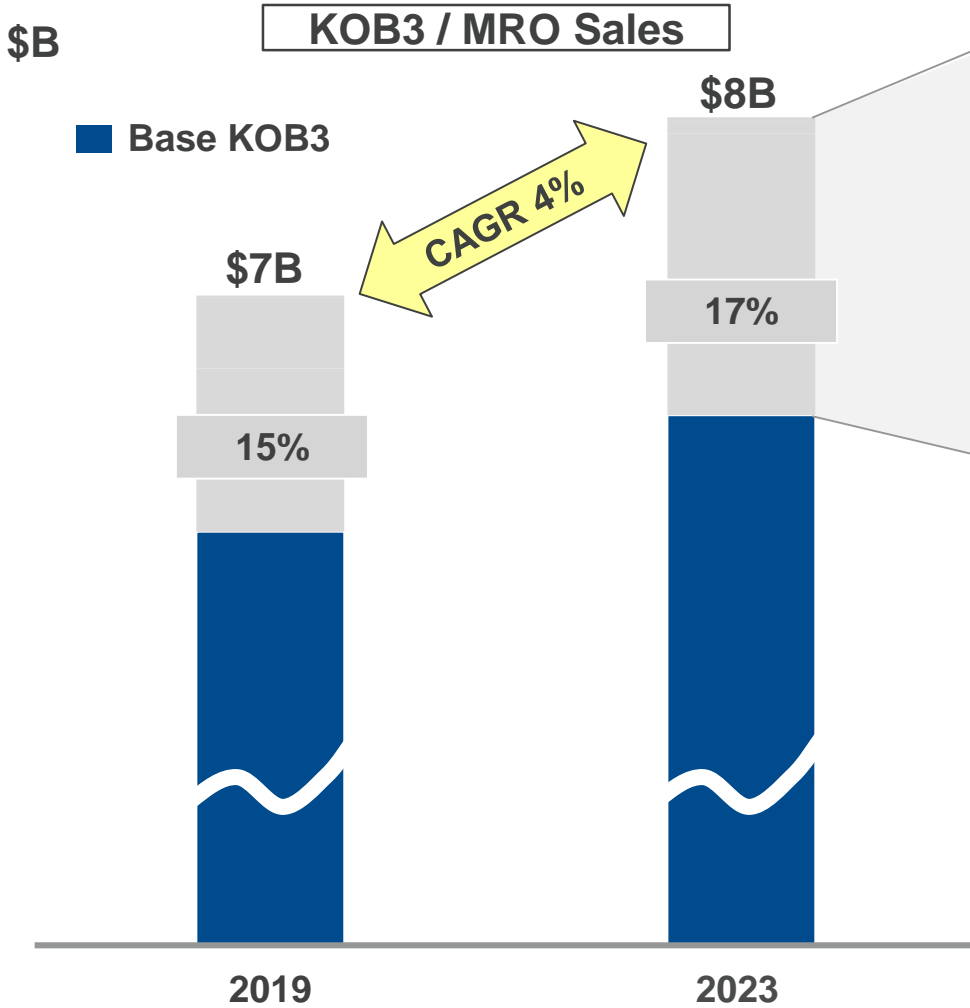
Competitive Displacement Programs, Migration Tools and Services

Lifecycle Services Programs

Shutdowns / Outages, Long Term Service Agreements, Connected Services, Walkdowns



We Will Sustain Installed Base Investments While Enhancing Connected Programs



Digital Tools Seamlessly Integrate Us With Customer Work Processes
Furthering Our Aftermarket Competitive Advantage

Our Innovation Pipeline Is Robust; Accelerating Growth and Generating Strong Returns

New Product Development

Develop Breakthrough
Hardware, Software or Services
to Address Emerging Trends

Expand to Attractive Adjacent
Markets and Application Spaces

Maintain and Grow Technology
Leadership

New to World

5%

of R&D Spend

**High
Double Digit**

2019-2021 Sales CAGR

New to Business

10%

of R&D Spend

**Low
Double Digit**

2019-2021 Sales CAGR

CORE

85%

of R&D Spend

**High
Single Digit**

2019-2021 Sales CAGR

Emerson defines new product development as products launched in the last 3 years

New Product Development Programs Will Generate 16% of 2020 Sales

New Product Introductions Continue to Deliver Enhanced Analytics Capabilities That Customers Value

New to the World

Plantweb Optics



PK Controller



Single Use Sensors



New to Business

Digital Isolation



Location Awareness



2-Wire Coriolis



Core

DeltaV 14.3.1



FIELDVUE FP1000



Next Gen Platform

Pressure



Temperature

Software Is a Critical Differentiator for Our Core Process Control Technologies

Embedded Device and Control Software

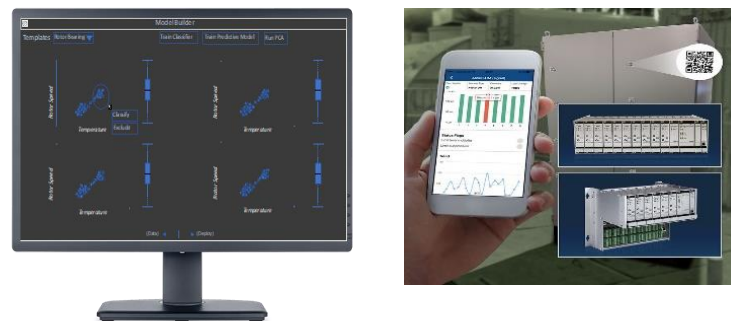
2019 Bookings ~\$1.2B

Field Devices



Advanced diagnostics that deliver improved operational insights

Control System



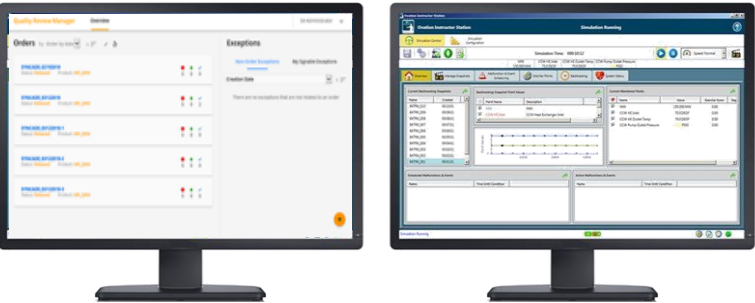
Real-time, closed loop for critical production functions

Standalone Application Software Is a High Growth Segment and a Focus of Our Innovation Roadmap

Operational Performance

2019 Bookings 2019 Market \$10.0B

~\$450M CAGR ('19-'23) 5%

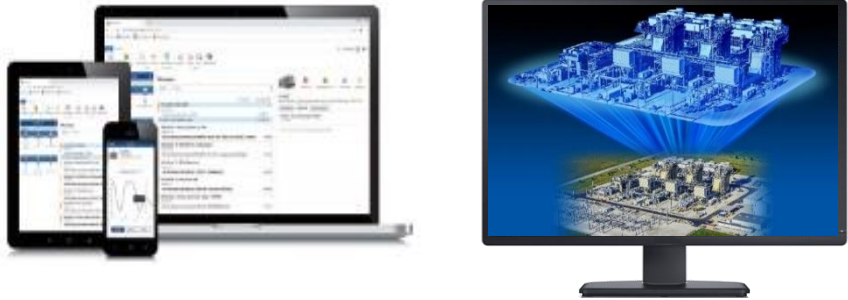


Focused, industry specific applications to optimize production

Analytics and Digital Twin

2019 Bookings 2019 Market \$2.0B

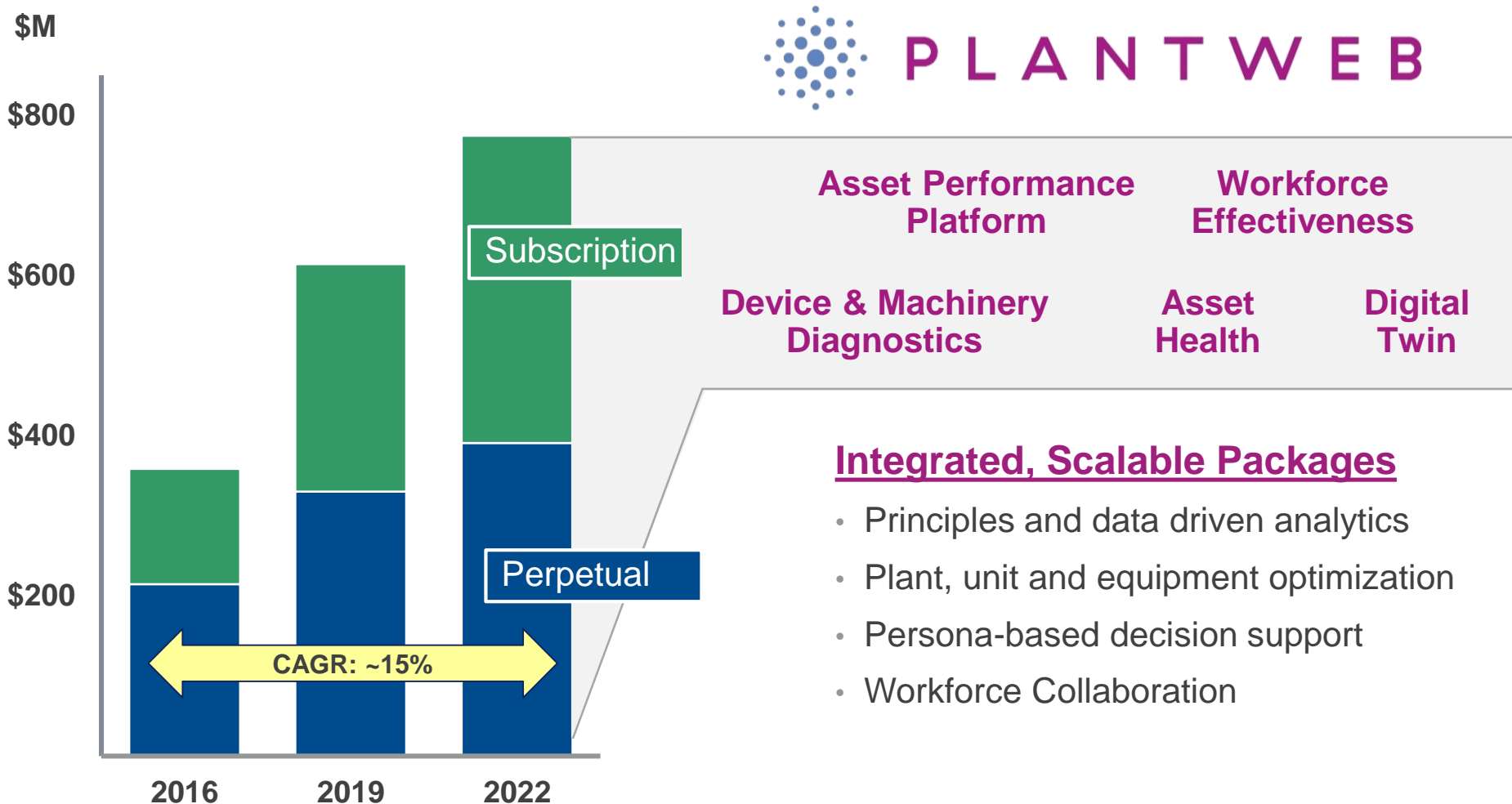
~\$150M CAGR ('19-'23) 7%



Predictive modeling and visualization based on deep domain expertise

Bookings totals include software licensing and exclude application engineering and implementation services
Sources: ARC, Frost & Sullivan, EIF, Other 3rd Party Reports, RSR Marketing, IHS Markit, internal estimates

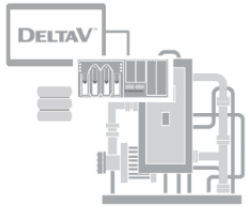
Standalone Software Growth is Robust and the Transition to Subscription Licensing Models Has Begun



Actionable Analytics Complement Our Foundational Digital Transformation Capabilities: Intelligent Field Devices, Control and Mobility Tools

Subscription Programs Create Recurring Revenue and Increase Customer Loyalty

Systems Support Agreements



1000 DeltaV
Scans Per Month

Complex Data
Analytics

Simple System
Health Score



Content Intentionally Omitted

Connected Services

Wireless Corrosion



Service contract for remote wellsite pipeline monitoring

Machinery Condition



Yearly service contract for critical rotating equipment

Control Valve Condition



Annual service contract for control valves during shutdown / turnarounds

Customers Are Seeking Digital Transformation Solutions to Solve a Variety of Operational Challenges

TOP BUSINESS DRIVERS

for Digital Transformation Projects

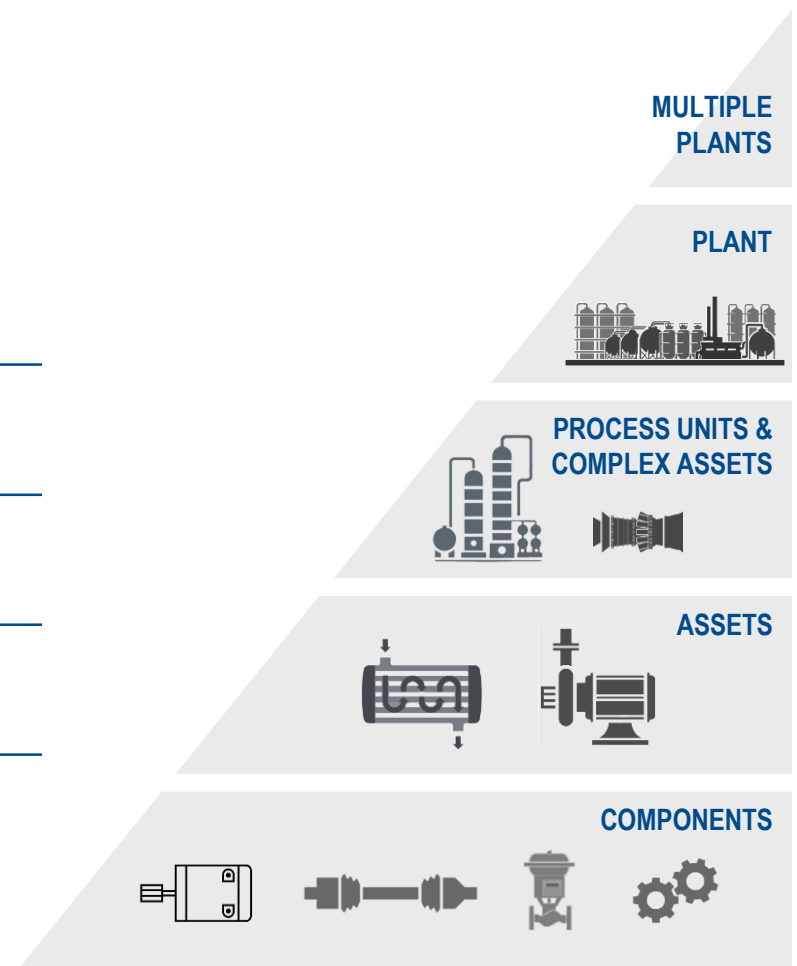
Production / Operations Optimization

Cybersecurity

Business Systems Optimization

Maintenance and Reliability

Personnel Safety

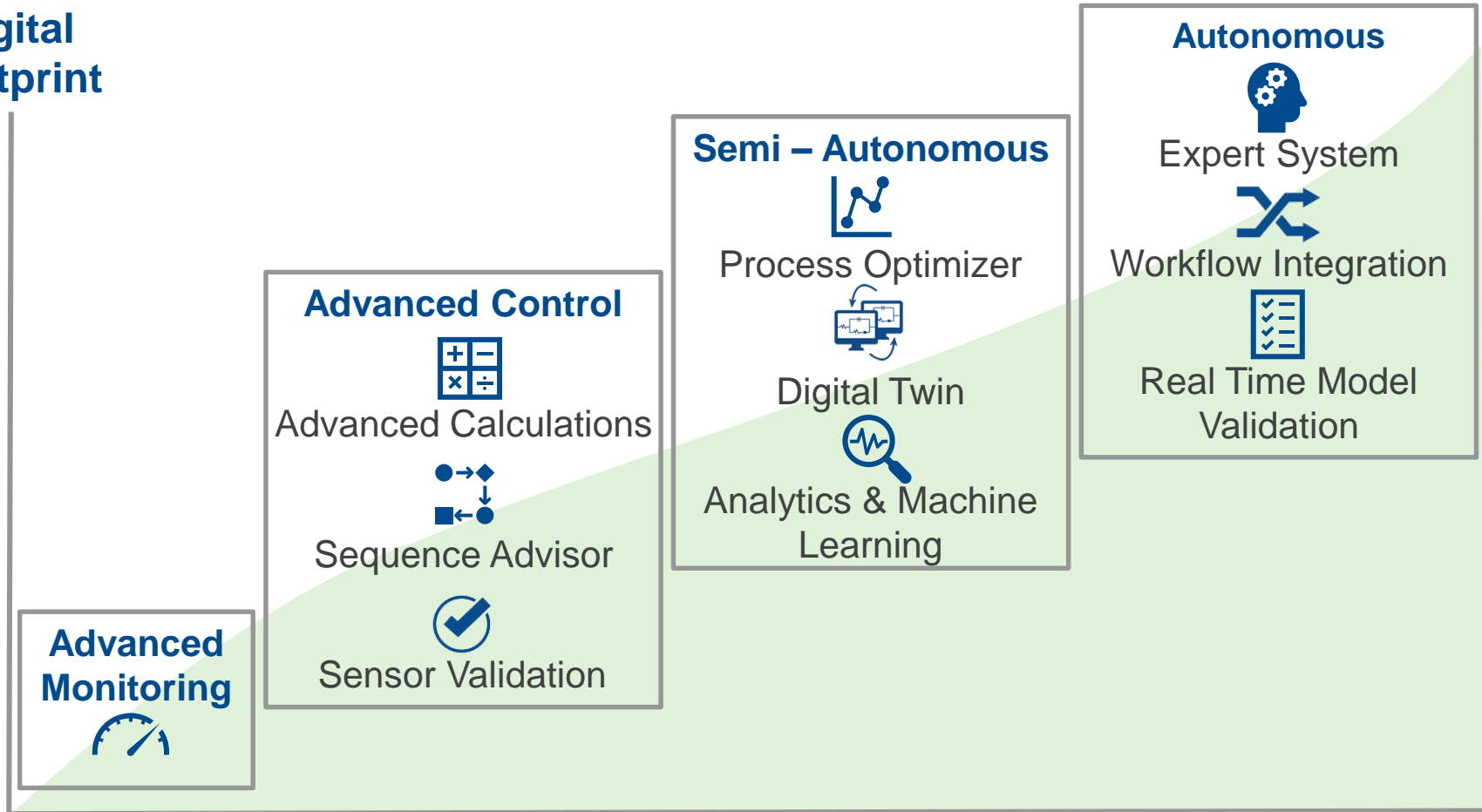


Emerson Digital Transformation Report 2018, Rated as "Very or Extremely Important"

Our Distinctive Approach to Digital Transformation Builds on
Our Core Automation Expertise

A Scalable Roadmap for Traditional Power Generation

Digital Footprint



Operations & Maintenance Savings

A Solid Digital Foundation Is Necessary to Achieve Business Outcomes From Digital Transformation -- We Can Leverage Our Strong Power Industry Installed Base to Optimize the US Power Industry

Automation Solutions

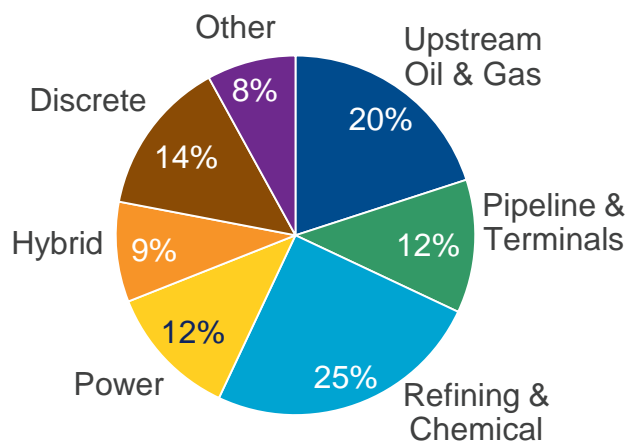
Key Messages

- **Automation Solutions executed in a challenging 2019** to deliver 5% underlying sales growth and 35% base company adjusted EBITDA leverage
- We are **committed to achieve our operational plan** that reshapes our organization while protecting core differentiation
- Growth in **International Process** and **Hybrid** markets, but **North America Upstream O&G** and **Global Discrete** markets continue to weaken
- Capital investment wave is slow with some projects becoming less likely to pass Final Investment Decision (FID); our team is **selectively pursuing the most attractive opportunities**
- Connected programs to support our **significant \$120B installed base** are the foundation to deliver **profitable, above market growth**
- Technology investment and acquisitions have formed a **\$1.8B software business**; expanding customer relevance and accelerating growth
- **Final Control** performance and execution is exceeding plan and continues to be a **significant value creation lever**
- Emerson is **delivering on the promise of digital transformation** with a dedicated organization and differentiated Plantweb technologies

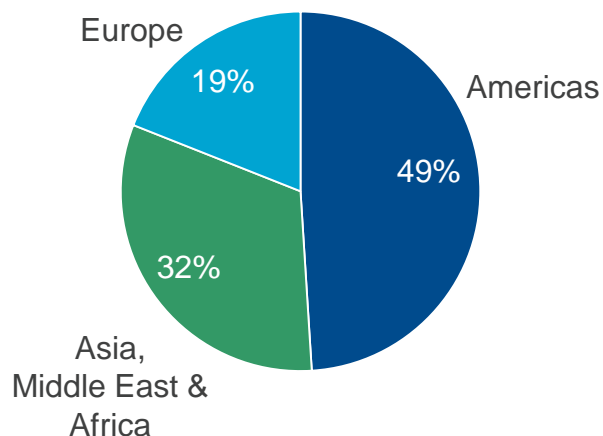
Automation Solutions 2019 Summary, 2020 Guidance & 2023 Target

	<u>2019</u>	<u>2020E</u>	<u>2019 – 2023T Change</u>
Sales	\$12.2B	(1%) – 3%	~\$13.7B 2023T
Underlying		(1%) – 3%	2 – 4% CAGR
Adj EBIT	\$2.0B		
% of Sales	16.5%	40 – 80 bps	
Adj EBITDA	20.9%	70 – 90 bps	~24% 2023T

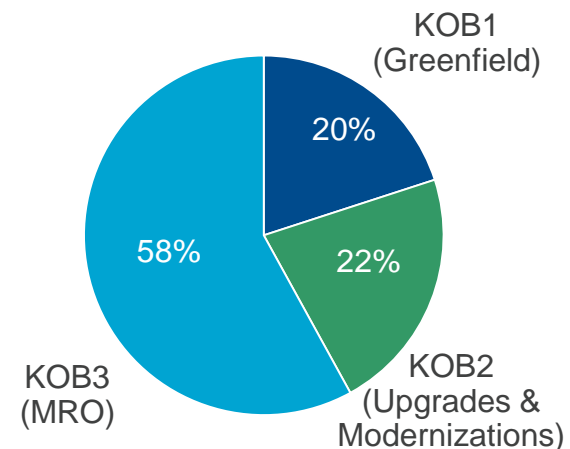
2023 Sales by Market



2023 Sales by Geography



2023 Sales by KOB



^Sales Mixes Reflect Partial Year of Machine Automation Solutions

Final Control

Ram Krishnan

Group President, Final Control



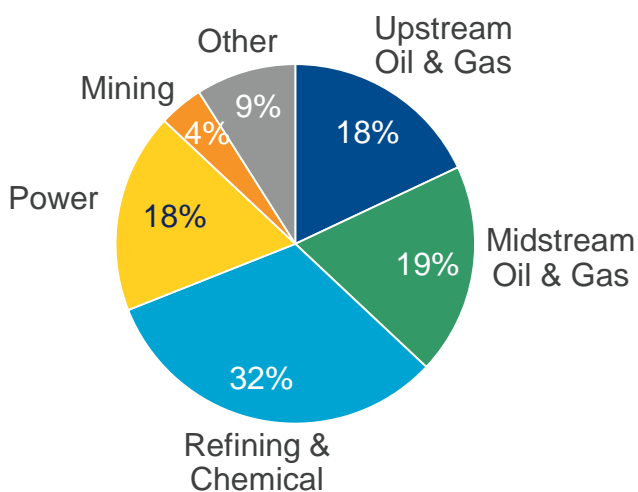
Final Control Key Messages

- Final Control continues to **outperform the synergy plan** with strong growth, margin expansion, and working capital improvements – **delivered a strong 2019 and significantly more progress in 2020**
- Our **unmatched breadth and technology** delivering project wins and positions us well for the upcoming large **investment waves** in LNG, refining, and chemical
- Enabling customers to achieve **Top Quartile Performance** in their operational environments as the **Main Valve Partner™**
- Continued investments in **regional manufacturing capacity and technology programs** will ensure continued differentiation from our competition as we build out a **world-class Final Control franchise**

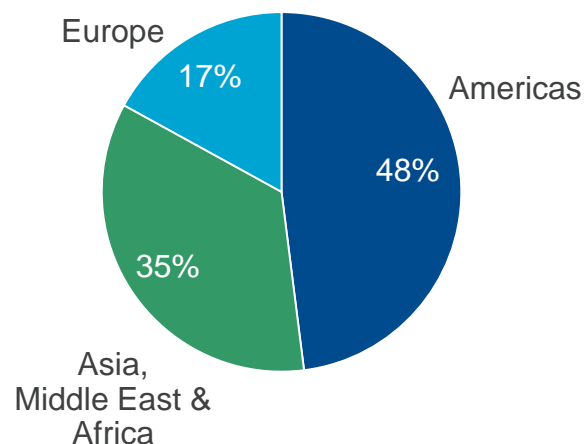
Final Control Financial Summary

	<u>2014</u> <u>Pre V&C Acquisition</u>	<u>2017</u> ¹	<u>2018</u>	<u>2019</u>
Sales	\$2.8B	\$3.5B	\$3.8B	\$3.8B
Underlying			13%	3%
GP %	42%	34%	37%	38%
Adj. EBITDA	21%	13%	16%	16%

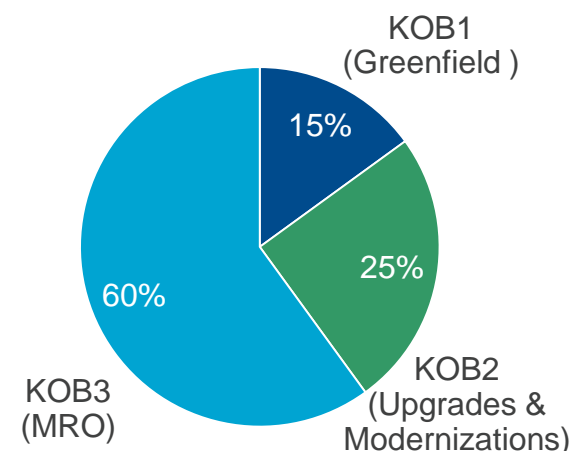
2019 Sales by Market



2019 Sales by Geography



2019 Sales by KOB



¹Includes full year of Valves & Controls
²'19-'23 CAGR

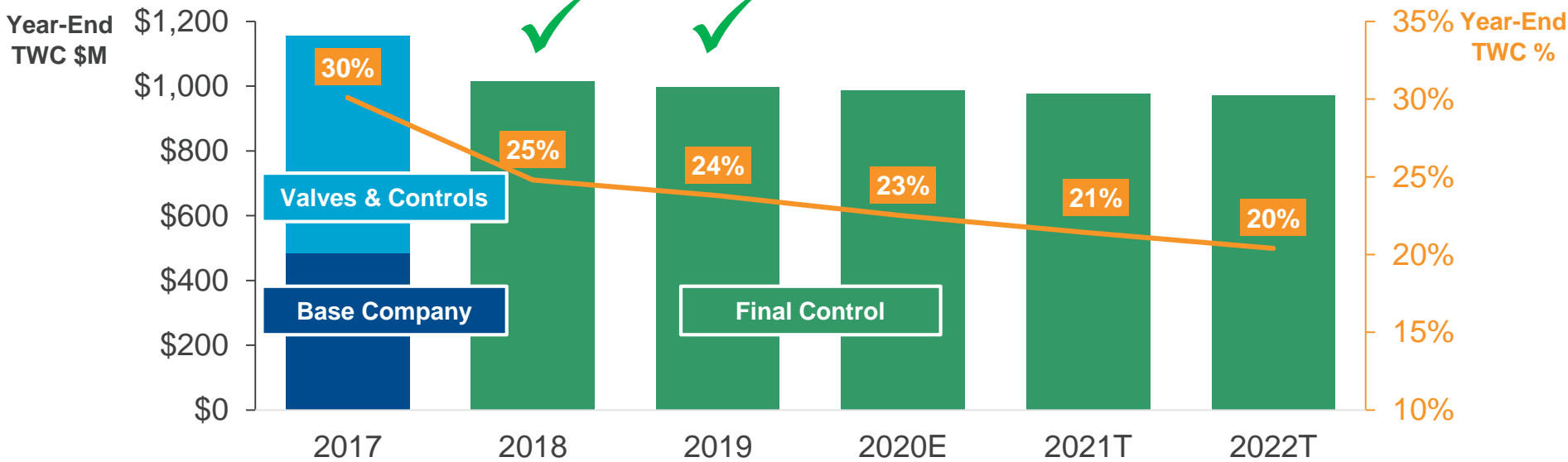
Valves & Controls Integration Well Ahead of Plan; Synergy Actions Driving Results

Content Intentionally Omitted

Synergy Programs Expected to Exceed the \$200M Year 5 Commitment

Content Intentionally Omitted

Trade Working Capital Productivity Programs Expected to Deliver ~\$450M+ in Cash by 2022



Trade Working Capital Programs

Inventory

- Focus on top 15 manufacturing plants
- Raw materials days on hand, supplier lead times, pull, and regional sourcing

Receivables

- Implement GetPaid IT processes & procedures
- Leverage Automation Solutions infrastructure & processes to drive down past-dues

Payables

- Harmonize with Emerson terms; 70+% of Valves & Controls spend is an opportunity
- Supplier reduction

Relentless Focus on Operational Execution Remains a Critical Element of Our Plan; Pace Is Accelerating

Content Intentionally Omitted

Global Final Control 2019 Served Market by Product Technology

Content Intentionally Omitted

Gained 1 Point of Market Participation Since 2017

Final Control Is Delivering Quality Growth by Outpacing the Competition While Expanding Margins

Content Intentionally Omitted

Early Project Engagement as the Main Valve Partner™ Resulting in Project Success Across the Entire Final Control Scope

Content Intentionally Omitted

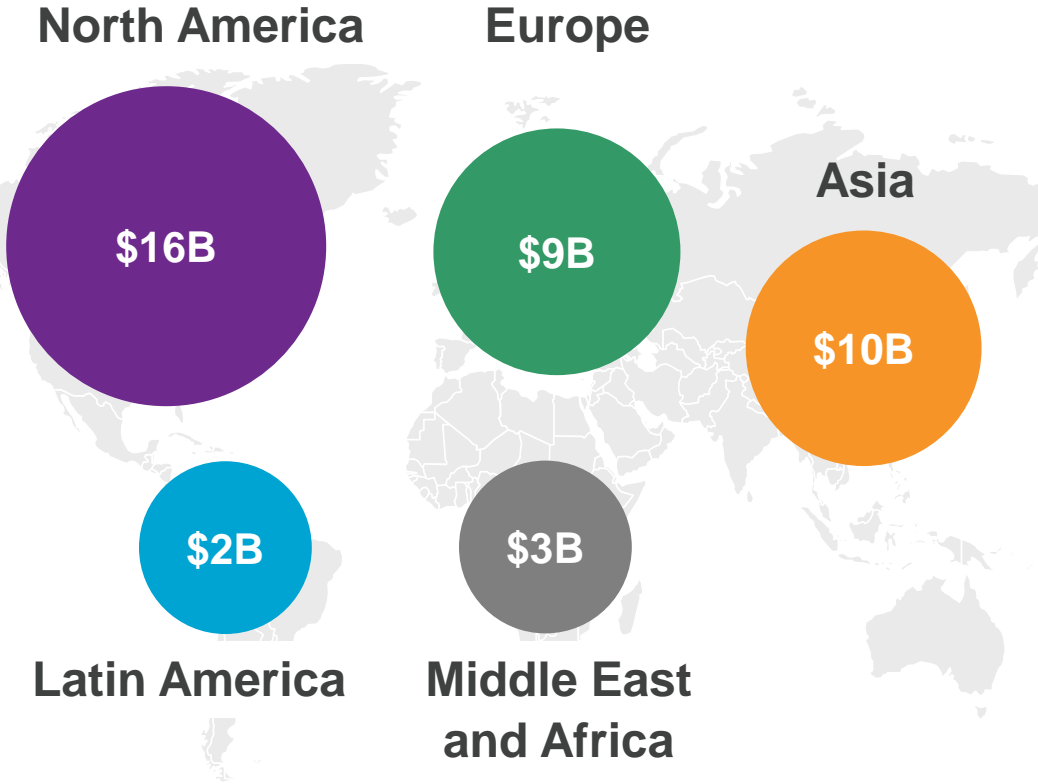
Early Cycle Win Rates at 50+%

Top 125 Projects by Order Timing

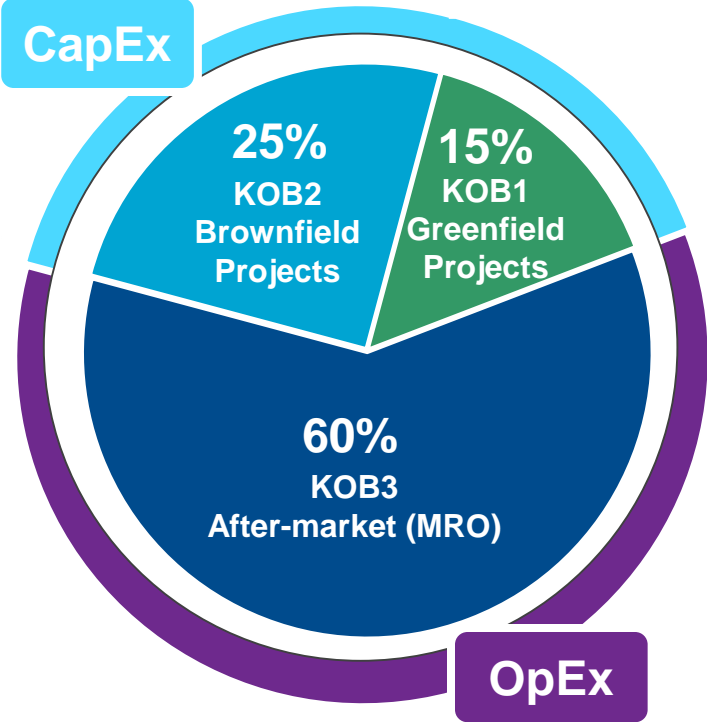
Content Intentionally Omitted

Leveraging Our Large Installed Base to Grow the KOB3 Business

2019 Global Installed Base \$40B



2019 Business Mix

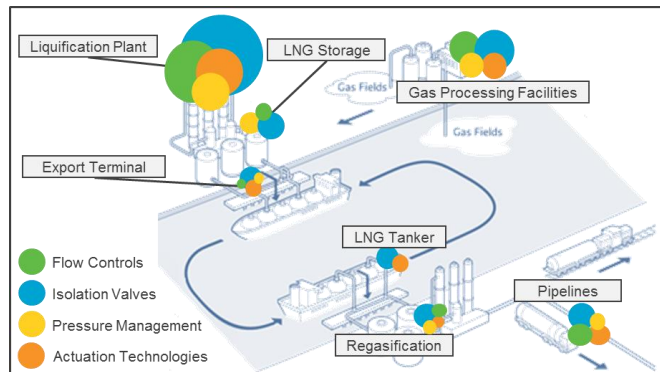


	2018	2019	2023T
KOB3 Sales	\$2.2B	\$2.3B	\$2.7B

Targeting KOB3 at ~60% of Sales Through 2023

Significant KOB3 Opportunities Remain Across Our Key Served Markets

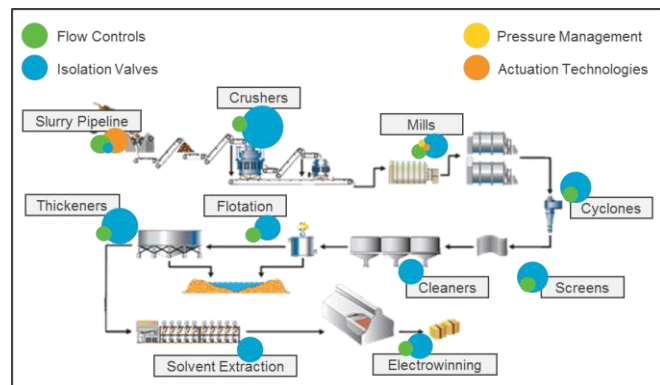
5 MTPA LNG Facility



KOB1 Capex Potential: \$46M

10yr KOB3 Opex Opportunity: \$31M

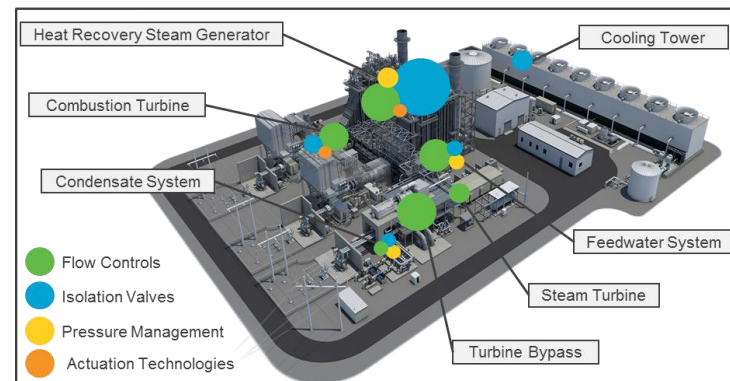
300 KTPA Copper Processing Facility



KOB1 Capex Potential: \$10M

10yr KOB3 Opex Opportunity: \$20M

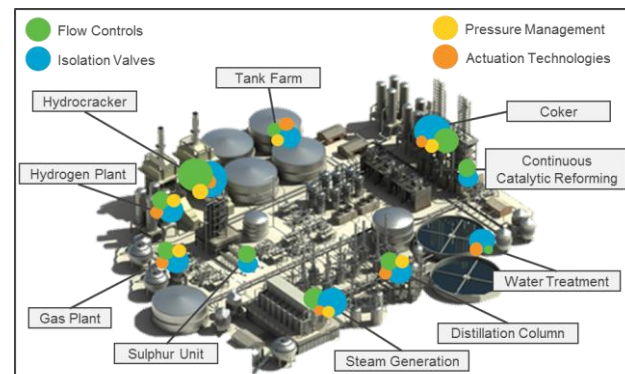
1200 MW Combined Cycle Power Plant



KOB1 Capex Potential: \$15M

10yr KOB3 Opex Opportunity: \$15M

200,000 BBL/D Refinery



KOB1 Capex Potential: \$21M

10yr KOB3 Opex Opportunity: \$33M

Lifecycle Services Programs Focused on Building Loyalty as the Main Valve Partner™

QuickShip and Parts Distribution



- Same-day critical spares availability
- Regionalized valve machining and assembly centers

\$325M+ in QuickShip and parts business today at >50% gross margins

Long-term Service Agreements



- Differentiated expertise and support for the entire valve installed base
- Drive effective maintenance practices

180 Service Agreements with critical sites and greenfield projects

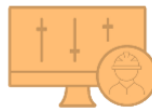
Shutdowns, Turnarounds & Outages



- Mobile Service Centers customized to plant needs
- Digital tools driving execution efficiency

\$400M+ in sales generated through ~2.5K events and ~1.5K walkdowns in 2019

Valve Condition Monitoring



- Remote monitoring of all critical valve assets
- Built on the Plantweb Digital Ecosystem

Driving to \$50M and 50,000 tags at 360 customers

Delivering Lifecycle Success for All Critical Valves
Through a Consistent Framework and Global Footprint

The Final Control Business Has a Significant Global Service Footprint – A Competitive Advantage!

Content Intentionally Omitted

Manufacturing Regionalization Will Be Critical to Serve Our Customers Locally

Content Intentionally Omitted

Next Generation Products Will Drive Continued Technology Leadership and Market Separation

Content Intentionally Omitted

Final Control Key Messages

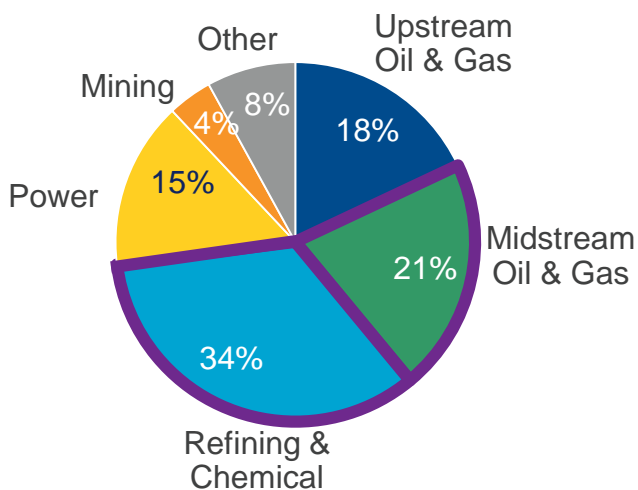
- Final Control continues to **outperform the synergy plan** with strong growth, margin expansion, and working capital improvements – **delivered a strong 2019 and significantly more progress in 2020**
- Our **unmatched breadth and technology** delivering project wins and positions us well for the upcoming large **investment waves** in LNG, refining, and chemical
- Enabling customers to achieve **Top Quartile Performance** in their operational environments as the **Main Valve Partner™**
- Continued investments in **regional manufacturing capacity and technology programs** will ensure continued differentiation from our competition as we build out a **world-class Final Control franchise**

Final Control 2019 Summary, 2020 Estimate & 2023 Target

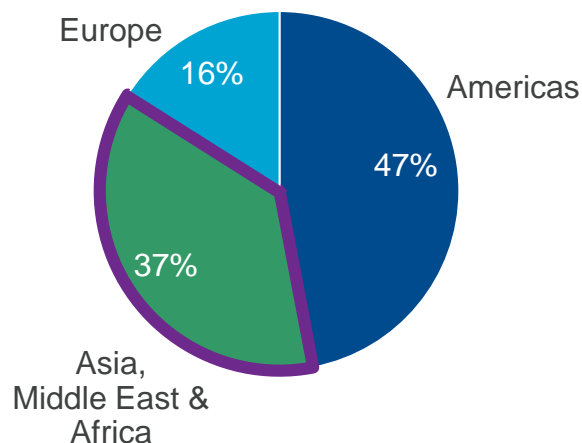
	<u>2019</u>	<u>2020E</u>	<u>2019 – 2023T</u>
Sales	\$3.8B	~\$3.9B	~\$4.5B 2023T
Underlying	3%	~4%	~4% CAGR
Market Growth			~2% CAGR

- Integration of Valves & Controls progressing well; **synergy programs exceeding plan**
- Well positioned to capture **large project investment waves**
- Continued **investments to lead and separate**

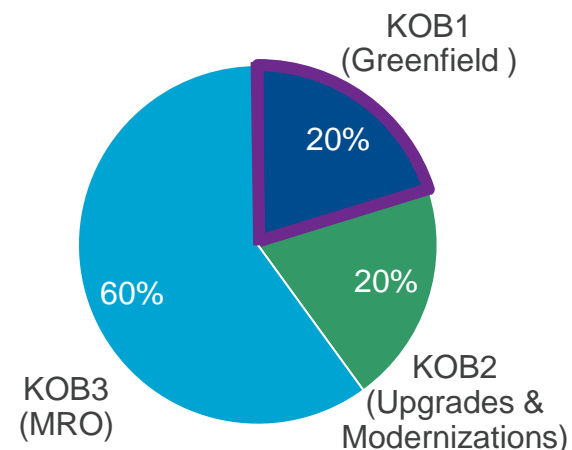
2023T Sales by Market



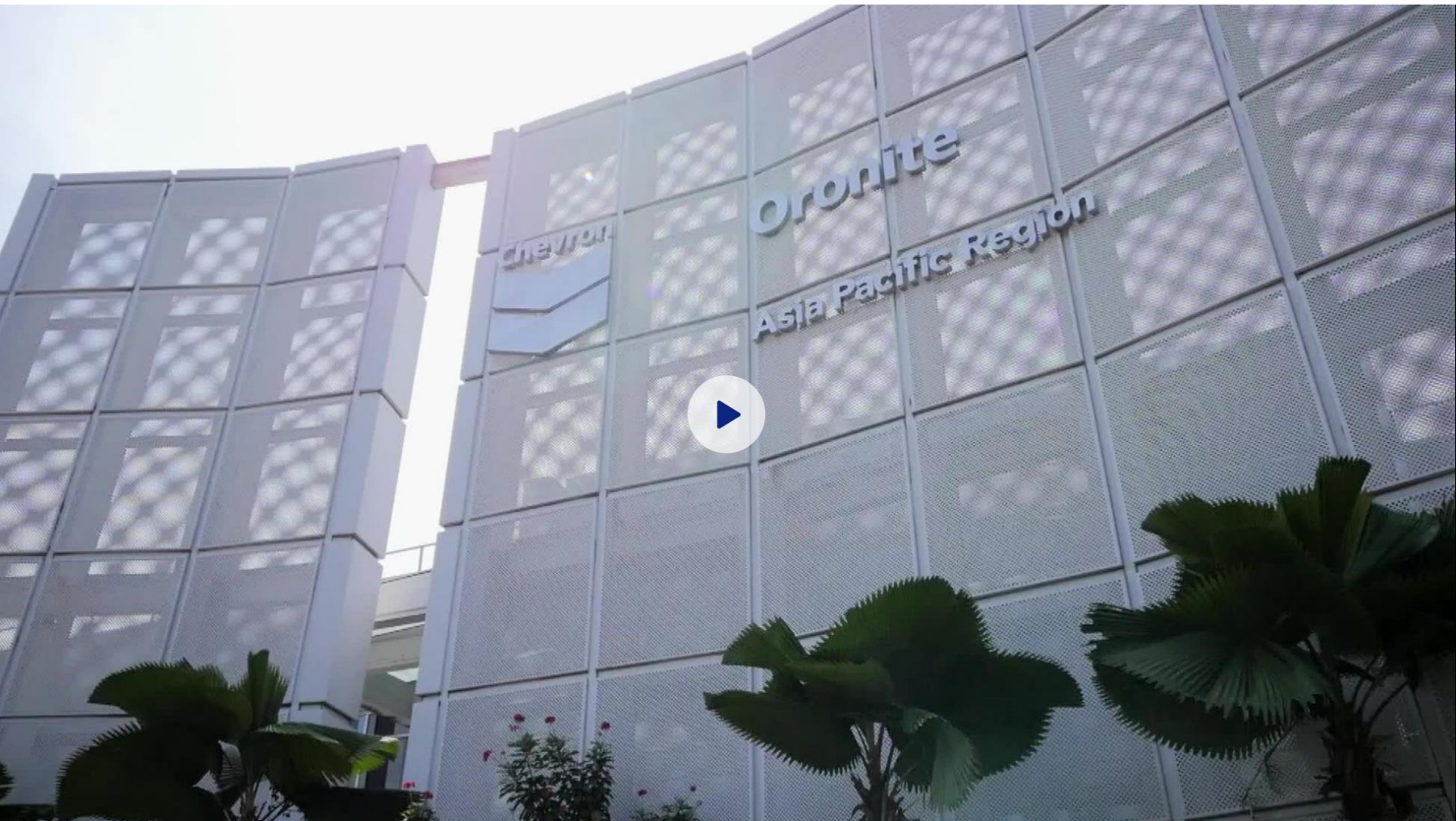
2023T Sales by Geography



2023T Sales by KOB



Chevron Oronite Is Partnering With Emerson to Digitally Transform Its Operations



Please see video playing on your right, in the webcast.

Companies Around the World Are Counting on Digital Transformation to Realize Their Performance Goals

Content Intentionally Omitted

Many Digital Transformation Programs Have Direct CEO / Board Engagement

Digital Transformation

Stuart Harris

Group President, Digital Transformation



Digital Transformation

Key Messages

- Digital Transformation is a **\$750M** business **growing mid-teens** at **accretive margins**
- **Customers are moving forward** with Digital Transformation programs; now is our time to capture this opportunity
- Customers are partnering with Emerson because of our unique combination of **expertise, technology and services**
- **Clear connection to operational performance** makes us relevant across customers' organizations and impactful to their business goals
- Digital Transformation programs leverage and **build on our \$120B installed base**
- **Focused Business Group** with ~1,000 resources is unifying message, channel, technology, project strategies, and growth programs
- Clear strategy to reach **\$1B in two-to-three years**

Delivering on the Promise of Digital Transformation – TODAY

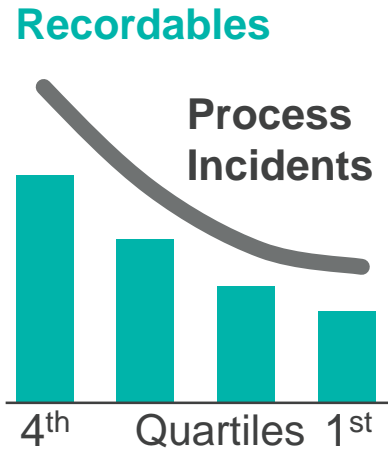
Digital Transformation 2019 Business Profile

Content Intentionally Omitted

Improvement From Average to Top Quartile Provides the Business Case for Digital Transformation

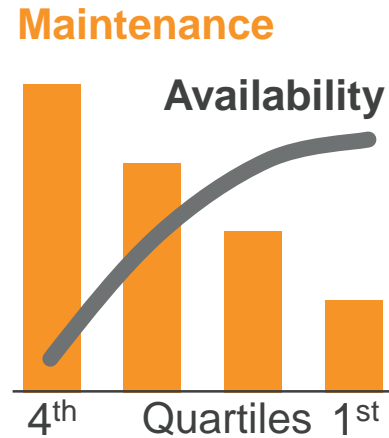
Safety

3X fewer recordables and process incidents



Reliability

4% higher availability
Half the maintenance costs



Digital Transformation

Start with a Problem



Build the Business Case



Measure Impact

Production

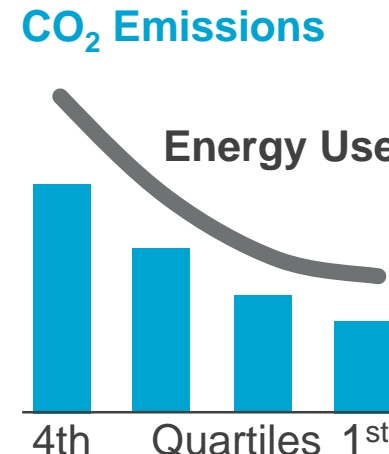
20% lower operating costs

10% higher utilization Rate



Emissions

30% lower emissions
30% less energy use



Opportunities for Digital Transformation Across the Customers' Lifecycle and Organizational Functions

Lifecycle (KOB)



Operational Excellence

Increase production and reduce cost

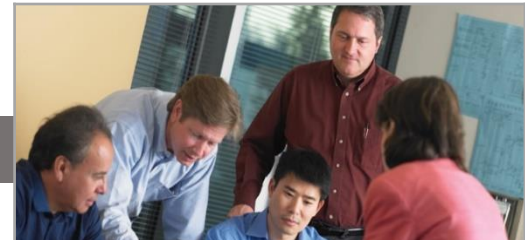
Budget: **OPEX**



Upgrades & Modernizations

Enhance performance of existing operations

Budget: **OPEX / CAPEX**



Greenfield Projects

Design for Top Quartile from the beginning

Budget: **CAPEX**

Organizational Functions

Operations, Reliability

Practical Applications

Engineering, IT

Technology, Standards

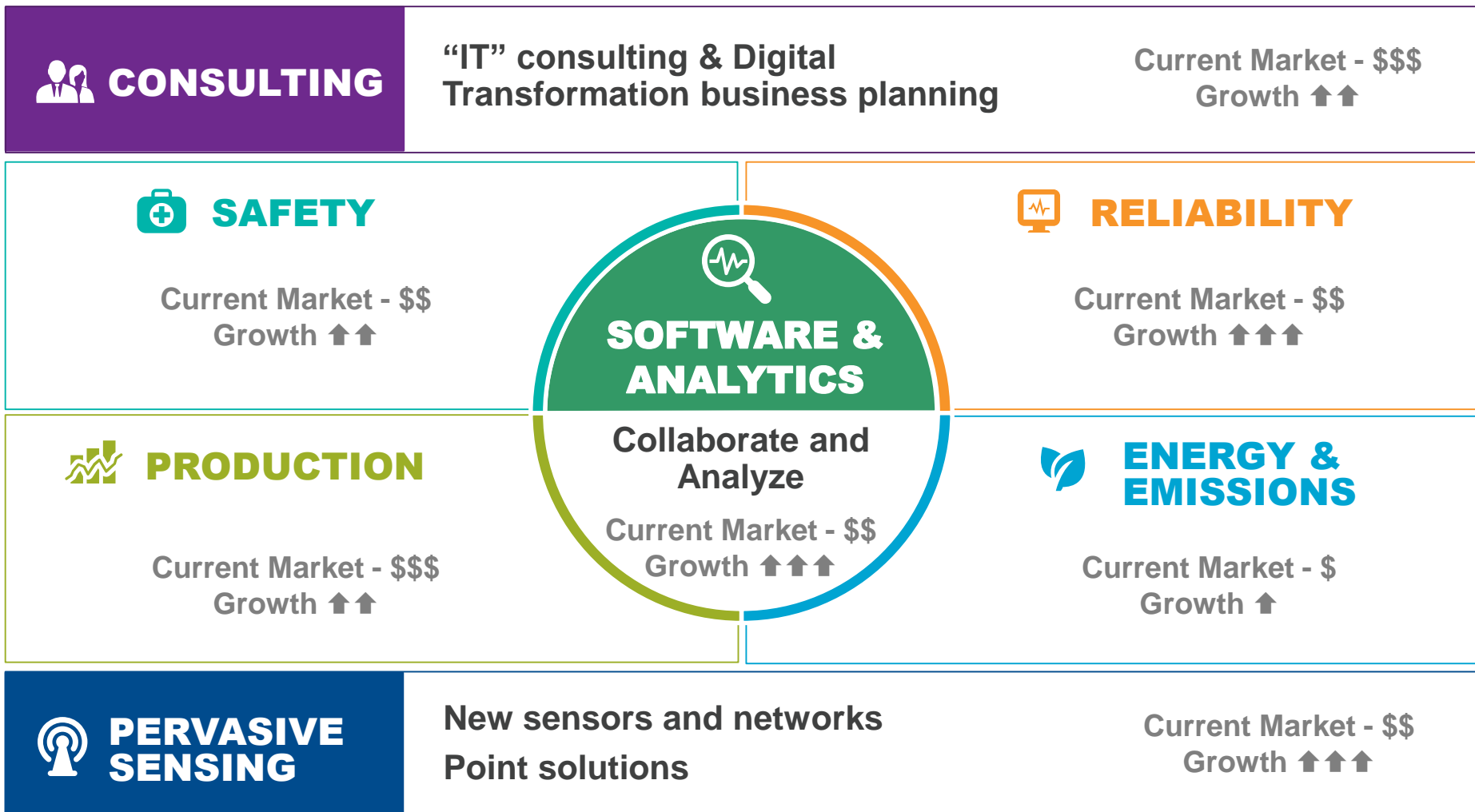
Operations Management

Business Case

Business Management, IT

Vision, Strategy

Digital Transformation Market Still Forming; We Are Focusing on Highest Priority Areas



Unique Opportunity for Emerson to Connect Proven Solutions to Digital Transformation Visions

Partnering With Customers to Define the Path Forward and Achieve Top Quartile Performance



PLANTWEB

EXPERTISE

to define the business case

- **100+ consultants and solutions architects** combining industry, automation, operational, and digital expertise
- Top Quartile **benchmarks**
- Facilitated **workshops**

ROADMAP

to start in focused high-impact areas

- Workstreams for:
- Functional **collaboration**
 - **Organizational** effectiveness
 - **Technology** selection
 - Information **architectures**
 - **ROI** calculations

IMPLEMENTATION

to enable Top Quartile performance

- Services for:
- **Design** and **engineering**
 - Site **deployment**
 - **Change management**
 - Measuring **business impact**

SCALABLE PLATFORM of Sensors, Software, and Services

- **Target known issues and prove ROI**
- **Scale rapidly**
- **Replicate to other solutions**

The Plantweb Digital Ecosystem: Proven and Practical Approach to Digital Transformation



DIGITAL FOUNDATION

DIGITAL TRANSFORMATION

Services

Project, Lifecycle, and Educational Services

Consulting & Implementation

Industry Expertise

Shutdowns, Turnarounds, & Outages

Service Models

Software-as-a-Service
Cloud-Deployed Applications

Connected Services
Remote Asset Monitoring

Analytics

Edge, On-Premise, and Cloud

Production Optimization

Operator Performance

Control & Safety Systems



Asset Performance Platform
Connect, Analyze, and Collaborate

Workforce Effectiveness
Digitally Enabled People

Platforms & Software

Device & Machinery Diagnostics
Condition-Based Analytics

Asset Health Apps
Pre-Configured Analytics

Digital Twins
Plant & Asset Optimization

Connectivity

SCADA

Secure Connectivity

Data Integration
Architectures & Network Design

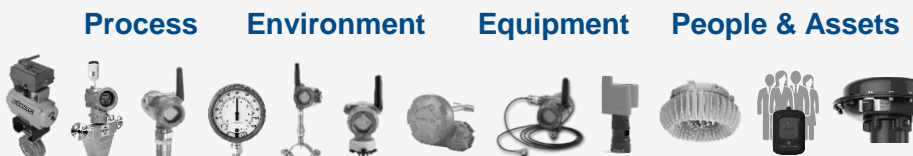
Cybersecurity
Embedded at All Levels

Data

Intelligent Field Devices

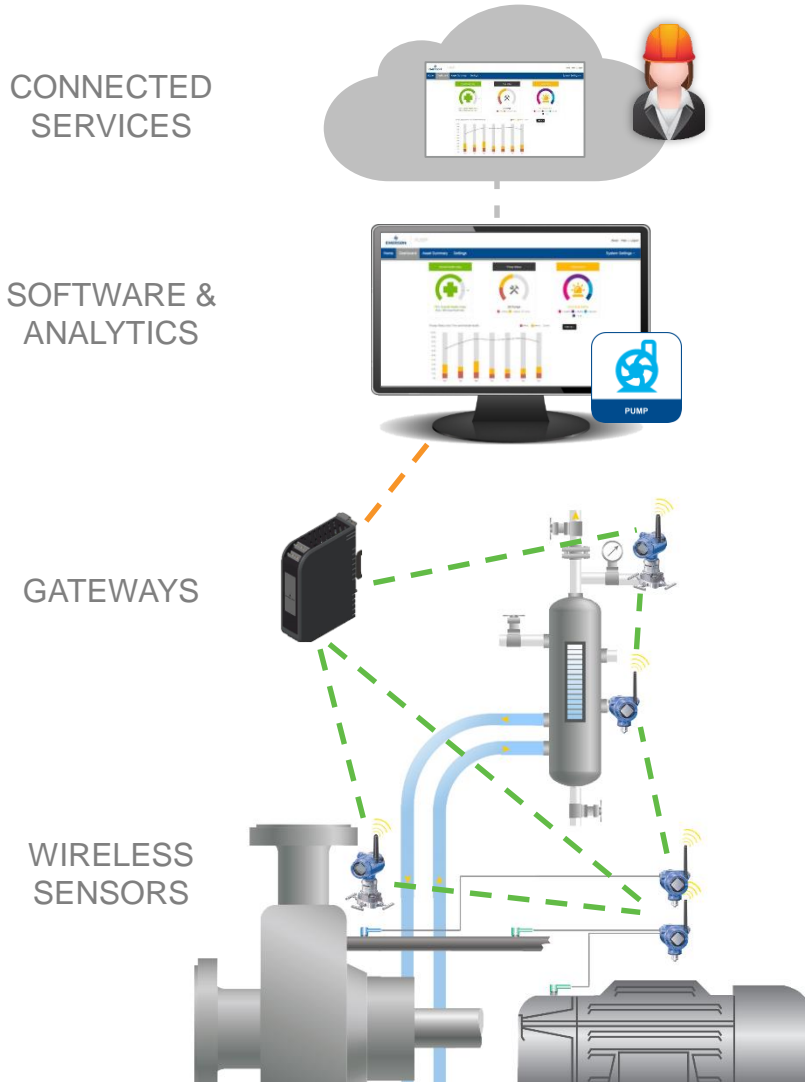


Pervasive Sensing

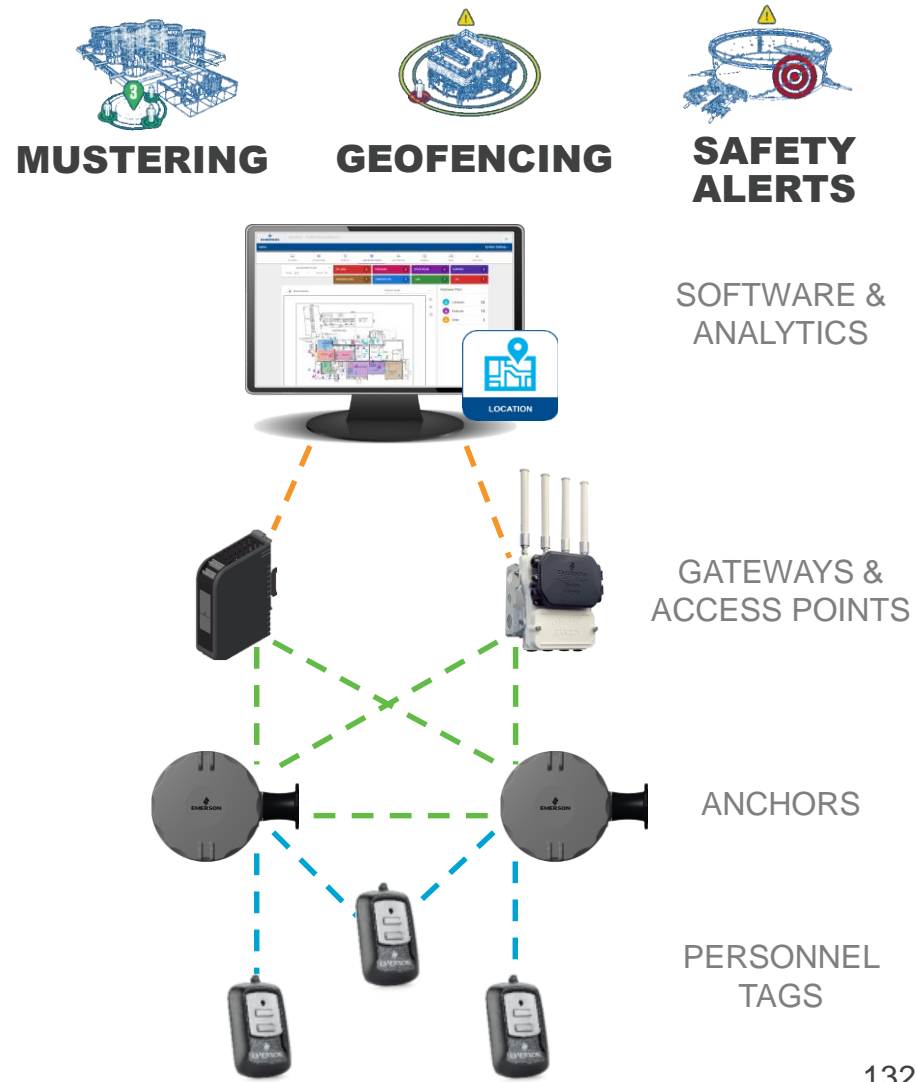


Innovative Solutions to Priority Customer Challenges Deliver Rapid Return On Investment (ROI)

Pump Health Monitoring



Location Awareness



Known Solutions to Known Problems... Scale and Replicate Successes to Realize Enterprise Value



Impact: Improve asset reliability and operational performance

Differentiation:

- 20+ pre-engineered analytics for specific asset classes
- Easy to deploy, realize immediate benefits, highly scalable

Storage Tank
Monitor Inventory and Hydrocarbon Leakage

Pump
Predictive Health Monitoring

Air Cooled Heat Exchanger
Predictive Health Monitoring

Steam Trap
Identify Failures Instantly

Corrosion
Monitor Pipe Integrity and Health

Pressure Relief Device
Identify Releases and Leakages

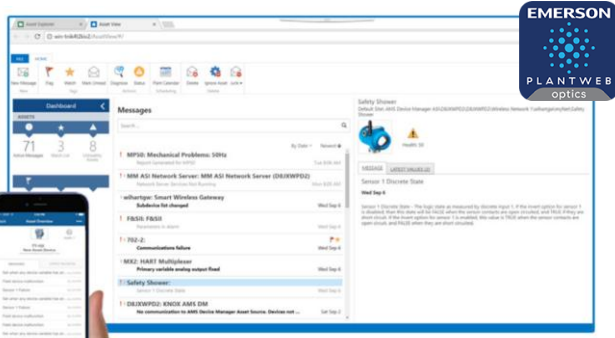
Cooling Tower
Predict Health and Identify Water Quality

Heat Exchanger
Instant Visibility to Improve Efficiency

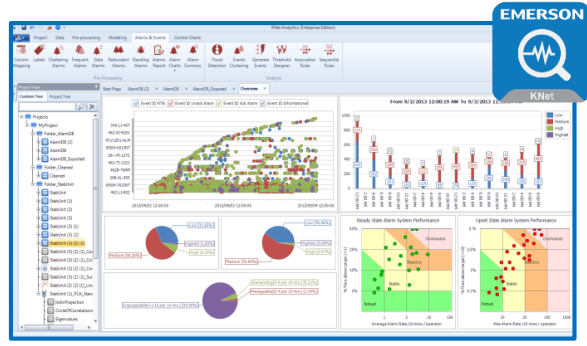
Safety Shower & Eye Wash
Improve Incident Reporting

Toxic Gas
Early Gas Leak Detection

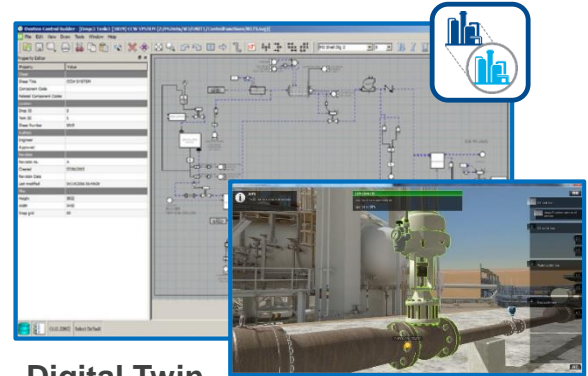
Advanced Plantweb Software Enables Better Decisions Across the Plant and Enterprise



Asset Performance Platform
Collaborate and Analyze



Advanced Analytics
AI and Machine Learning



Digital Twin
Plant and Asset Optimization

Impact: Increase plant availability, optimize maintenance with predictive diagnostics

Differentiation:

- Persona-based notifications
- Aggregate view of asset health and performance
- Maintenance management system and advanced analytics integration

Impact: Maximize plant performance and safety by detecting abnormal behavior of process and assets

Differentiation:

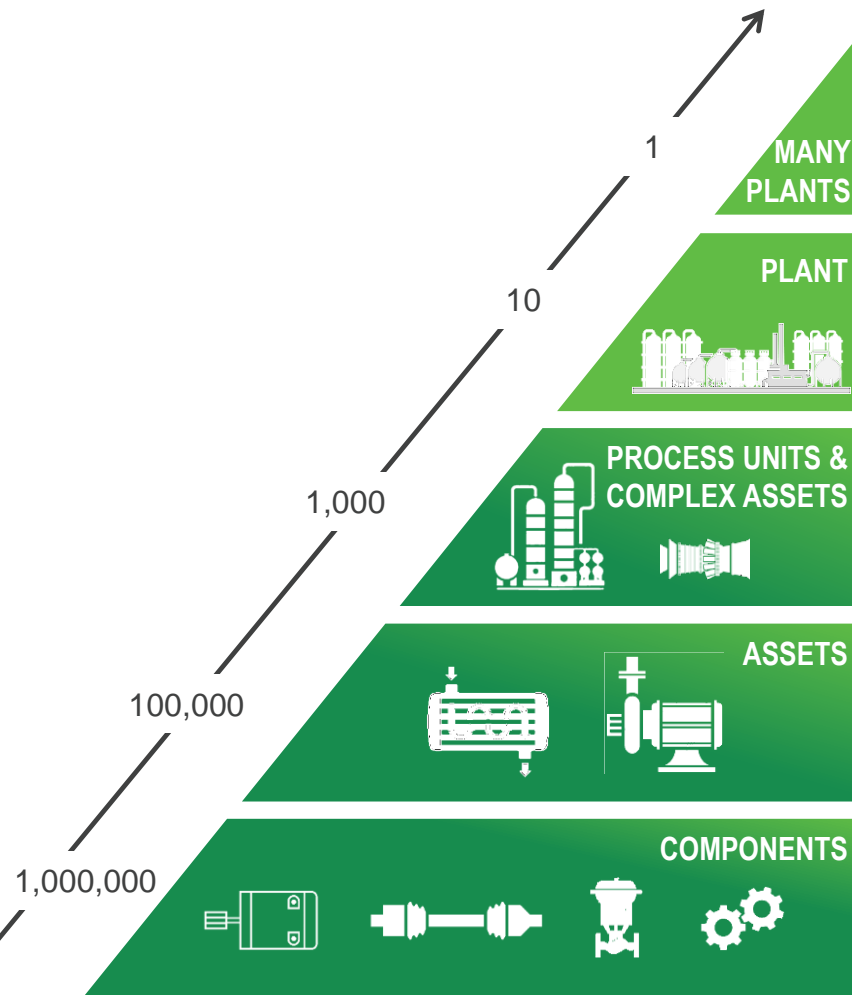
- Real-time AI and Machine Learning
- Predefined asset models and zero coding interface accelerate implementation and value
- Root cause analysis; FMEAs for ~500 asset types

Impact: Optimize production through process simulation, operator training, and advanced testing

Differentiation:

- Runs in real-time alongside the actual process
- Fully integrated with DeltaV and Ovation control systems
- Speed of deployment, ease of maintenance

Applying the Right Analytical Tools Is Proven to Deliver Business Impact With Least Effort

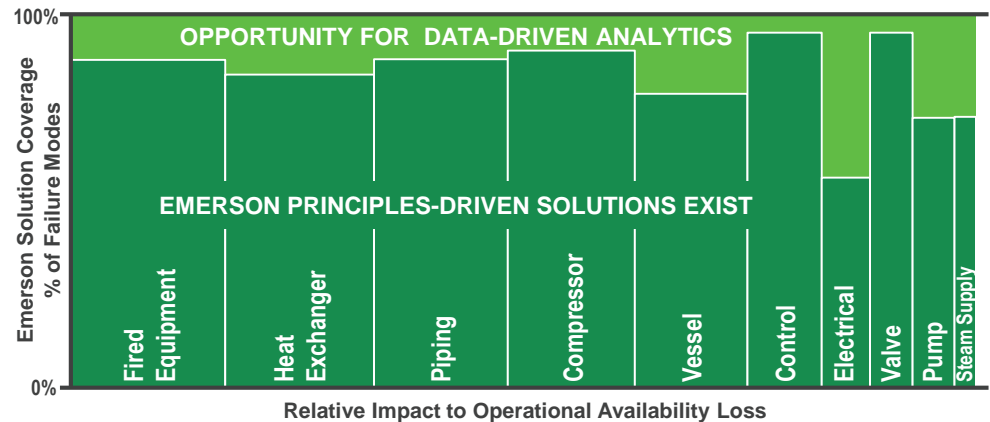


© Emerson 2019

Solutions exist to detect or prevent **over 80% of known asset failure** modes

Solve problems **close to the source**; this keeps data in context and reduces cybersecurity risk, bandwidth, and cost

Solving **known problems** makes solving unknown problems easier



6,200+
Equipment
Templates

492
Failure Modes &
Effects (FMEA)
Templates

600+
Reliability
Engagements

Emerson Has Built the Industry's Most Comprehensive Operational Analytics Capability and Installed Base



Simulation & Digital Twin
Mimic, Paradigm

AI & Machine Learning
KNet

 **Plantweb Optics**

 **Operational Certainty Consulting**

 **Data Management & Integration**

Plant Health & Performance
Customizable Multi-asset
Models for Health & Efficiency

Machinery Health
PeakVue & Integrated
Prediction and Protection

Equipment Health
20+ Plantweb Insight
Applications

Device Diagnostics
1000s of Embedded Diagnostics
AMS: Industry Leading Asset Manager

Predictive Field Analytics
Analytics in Devices & Software
Device Health Alerts

\$4B+ Installed Base[^]



Enterprise & Cloud Integration



800 plant Digital Twins

**20,000 AMS Systems with
6 Million connected devices**

52,000 wireless networks

[^] Includes Pervasive Sensing, Reliability & Predictive Diagnostics, Software & Analytics

Successful Projects Lead to Programs Generating Ongoing Revenue and Customer Engagement

Content Intentionally Omitted

Key Takeaways

Emerson's Digital Transformation Strategy

- **\$750M** business **growing mid-teens**
- Dedicated organization and a strong leadership team driving **continued accelerated growth** and **accretive margins**
- Supports industry penetration and **diversification**
- **Differentiated portfolio** in the diverse Digital Transformation market
- Providing the most comprehensive **operational analytics, software and solutions** capability
- Digital Transformation programs drive **customer engagement, recurring revenue**, and **solution stickiness**
- Leverages and **builds on \$120B installed base**
- Will continue to make **strategic bolt-on acquisitions**
- Clear strategy to reach **\$1B in two-to-three years**

Commercial & Residential Solutions

Bob Sharp
Executive President



Commercial & Residential Solutions

Key Messages

- 2019 was a challenging year – In response, we accelerated many additional cost actions and are executing a plan to **reach new peak margins by 2023**
- Commercial & Residential Solutions has a **unique industry position and key role as Industry Steward**. This provides an important advantage and is fundamental to us delivering sustained above-market growth
- While competitive pressures exist, we have **successfully maintained our market-leading position** for decades. In addition, **several major new programs provide a foundation for incremental growth and continued value creation**
- **We continue to invest in a breadth of new technologies to expand our market and engage directly with end users across three key verticals** – Residential Home Comfort, Commercial Building Efficiency & Cold Chain
- Our Tools & Home Products business is world class and centered around customer-centric product innovations and a best-in-class professional channel. **The 2018 Textron Tools acquisition is a great addition and integration is running ahead of plan**

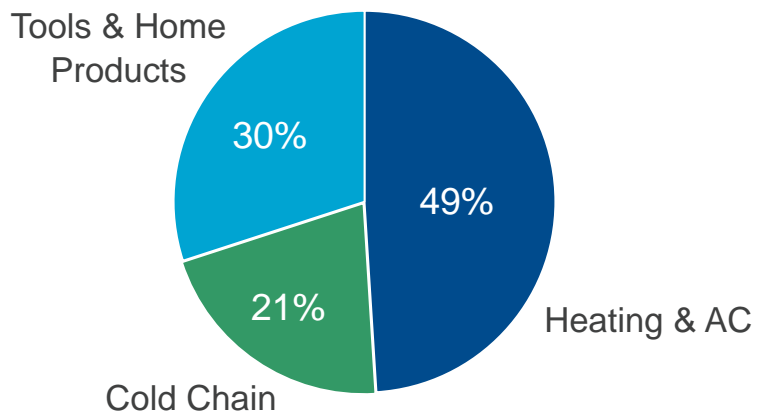
We Are Committed to Delivering Sustained Above-Market Sales Growth While Maintaining Strong Profit Margins and Asset Management Performance

Commercial & Residential Solutions 2019 Summary

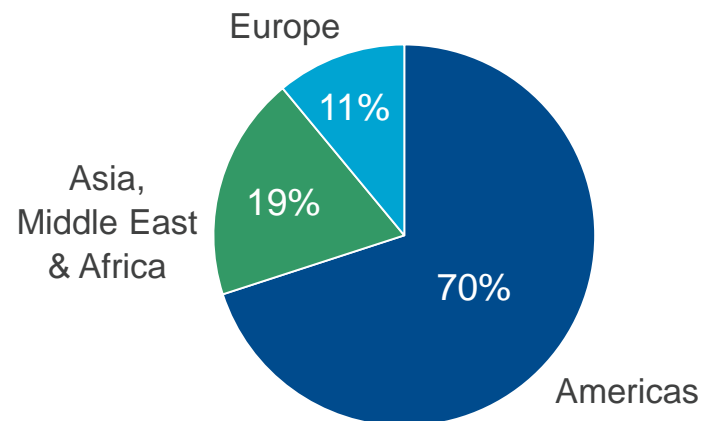
	<u>2018</u>	<u>2019</u>	<u>2018 – 2019 Change</u>
Sales	\$6.0B	\$6.2B	3%
<i>Underlying</i>			(1%)
Adj. EBIT	\$1.4B	\$1.3B	(6%)
% of Sales	23.0%	21.0%	(200) bps
Adj. EBITDA	26.6%	25.0%	(160) bps

^2018 includes one quarter of Textron Tools acquisition

2019 Sales by Market

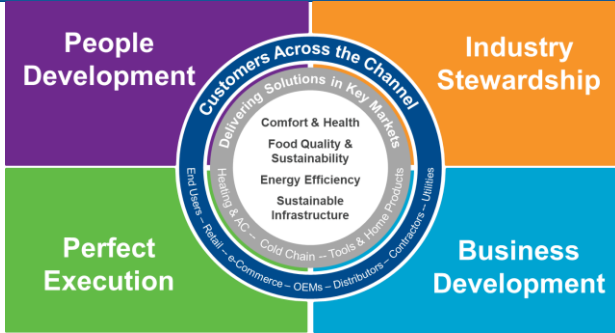


2019 Sales by Geography



Our Strategic Framework Clearly Shows the Logic and Fit of Commercial & Residential Solutions Within Emerson

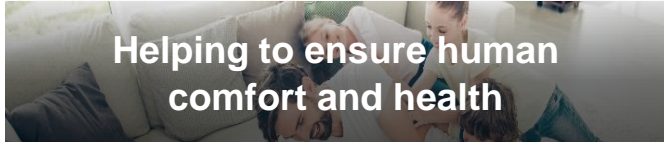
Our **Strategic Priorities** and **Value Creation** model drive above-market performance and support Emerson's overall goals



We provide our customers **Differentiated Value** in each market and region of the world



Emerson's **"Noble Causes"** define our mission / markets



OneEmerson **Values** define how we do what we do

Integrity | **Safety & Quality** | **Support Our People** | **Customer Focus**
Continuous Improvement | **Collaboration** | **Innovation**

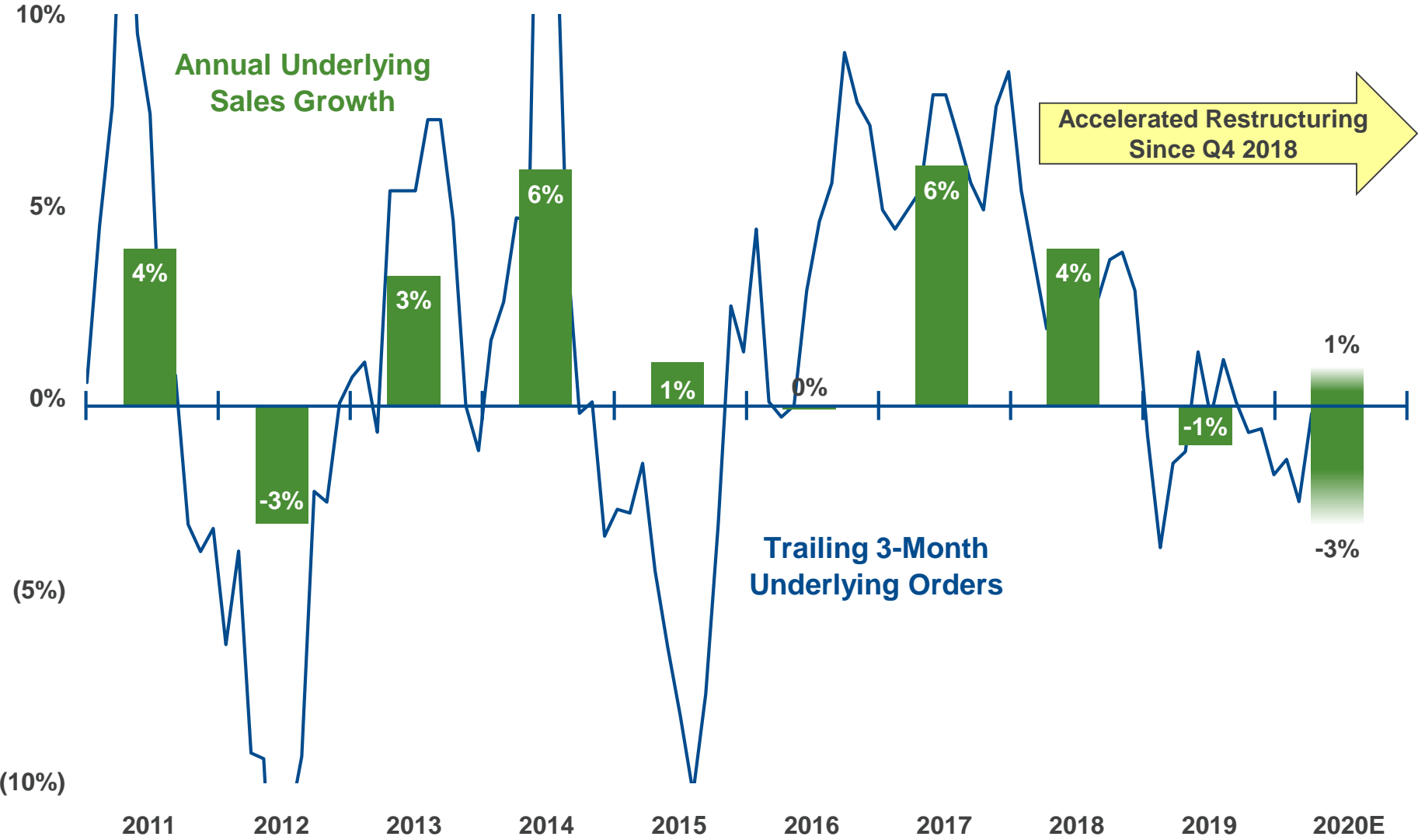
The Emerson **Brand Promise** is our foundation

Emerson is where **technology and engineering** come together to create **solutions** for the benefit of our customers, **driven without compromise** for a **world in action**.

Commercial & Residential Solutions Delivers Steady Sales and Earnings to Emerson, With Exceptional Cash Flow

Content Intentionally Omitted

Commercial & Residential Solutions Underlying Orders and Sales Dynamics



First Quarter 2020 Commercial & Residential Solutions

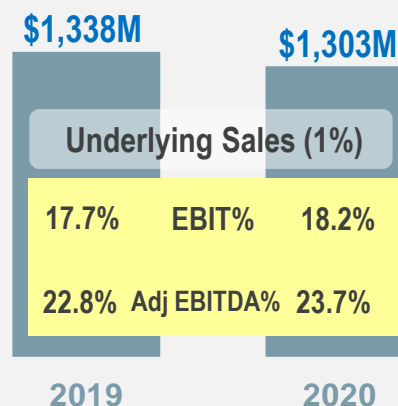
UNDERLYING SALES CHANGE VS. PY

Americas	(3%)
Total Europe	1%
Western Europe	flat
Asia, Middle East & Africa	5%
Commercial & Residential Solutions	(1%)
FX Impact	(1) pt
Div Impact	(1) pt
Reported Net Sales	(3%)

- Softness in North American HVAC markets persisted
- Asia, Middle East & Africa, Latin America, E. Europe and Climate W. Europe each grew 5+%
- Global professional tools and cold chain markets showed softness, each down mid-single digits
- Adjusted EBITDA margin up 90 bps driven by favorable price-cost and benefits from prior year restructuring actions
- Initiated \$10M of restructuring actions in the quarter

REPORTED NET SALES

↓ (3%)



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

Oct	(5) to 0%
Nov	(5) to 0%
Dec	(5) to 0%

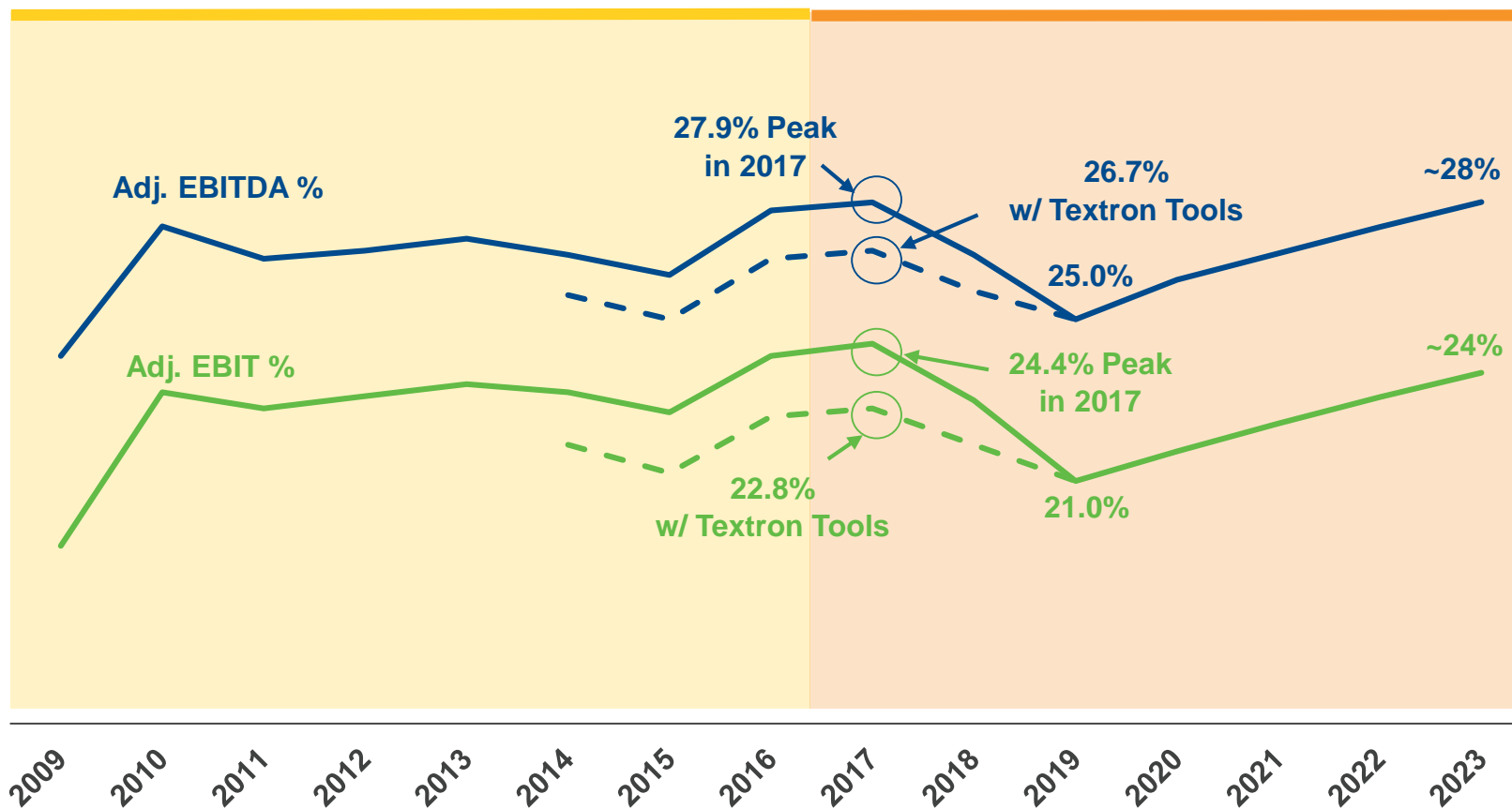
Dec 3-month underlying orders were down 1%

Growth in Asia, Middle East & Africa and Other Regions More Than Offset by Softness in North America. Strong Start to Year for Profit Improvement

Commercial & Residential Solutions

Peak Adj. EBIT / Adj. EBITDA Dynamics

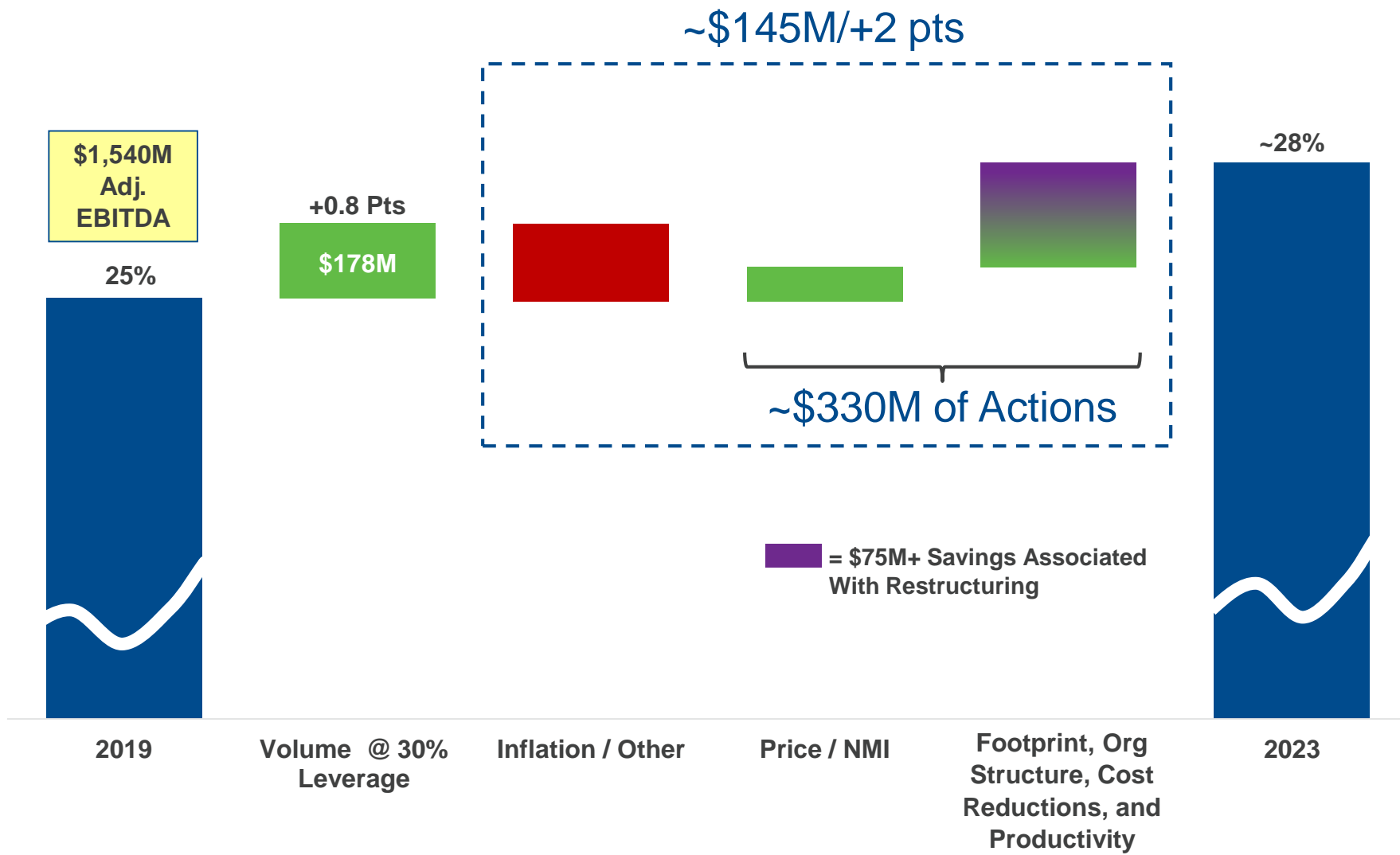
Incremental Actions Drive Margins to New Peak



Note: Results exclude historical divestitures

2023 Adj. EBIT Margin Plan Exceeds Prior Performance Peak

Commercial & Residential Solutions -- Accelerated Cost Actions Drive Margins Above Prior Peak



2020-2023 margin plan excludes impact of any future acquisitions

Commercial & Residential Solutions

Aggressive Cost Reset Actions

Content Intentionally
Omitted

Footprint

- Manufacturing facility consolidation & footprint shifts to Better Cost Locations
- Consolidation of sales/engineering/distribution centers
- Acquisition synergy plans execution

Organization Structure

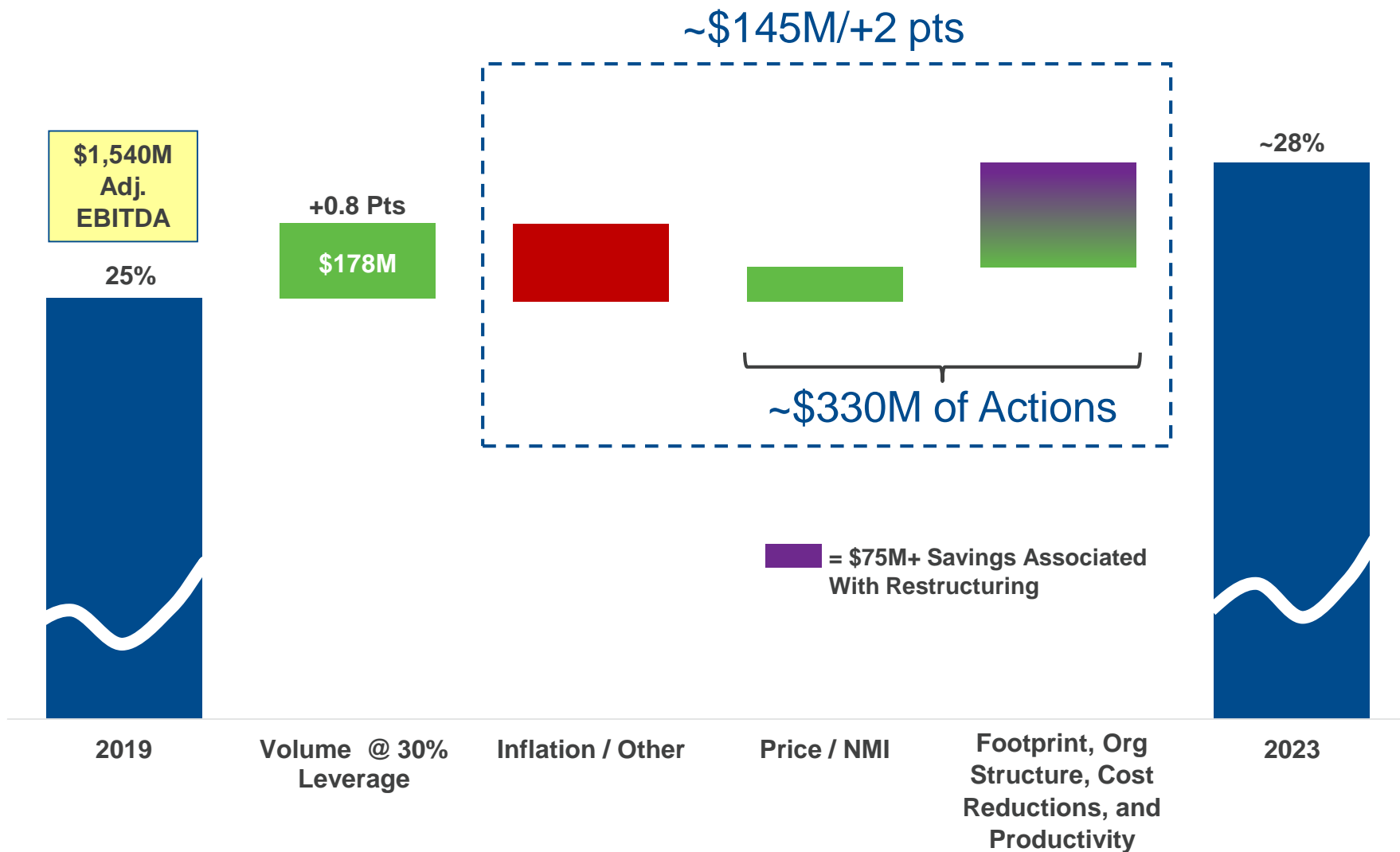
- Structural optimization across the Platform
- G&A centralization into Better Cost Locations shared service centers
- Recent acquisition synergy plans acceleration

Cost Reductions & Productivity

- Automation & optimization in factories and offices
- Engineering-driven cost reductions
- Recent acquisition synergy plans acceleration

Aggressive Cost Actions Are Underway to Drive Significant Margin Improvements

Commercial & Residential Solutions -- Accelerated Cost Actions Drive Margins Above Prior Peak



Long-Term Value Creation Continues to Focus on 1+ pt Growth Above Market

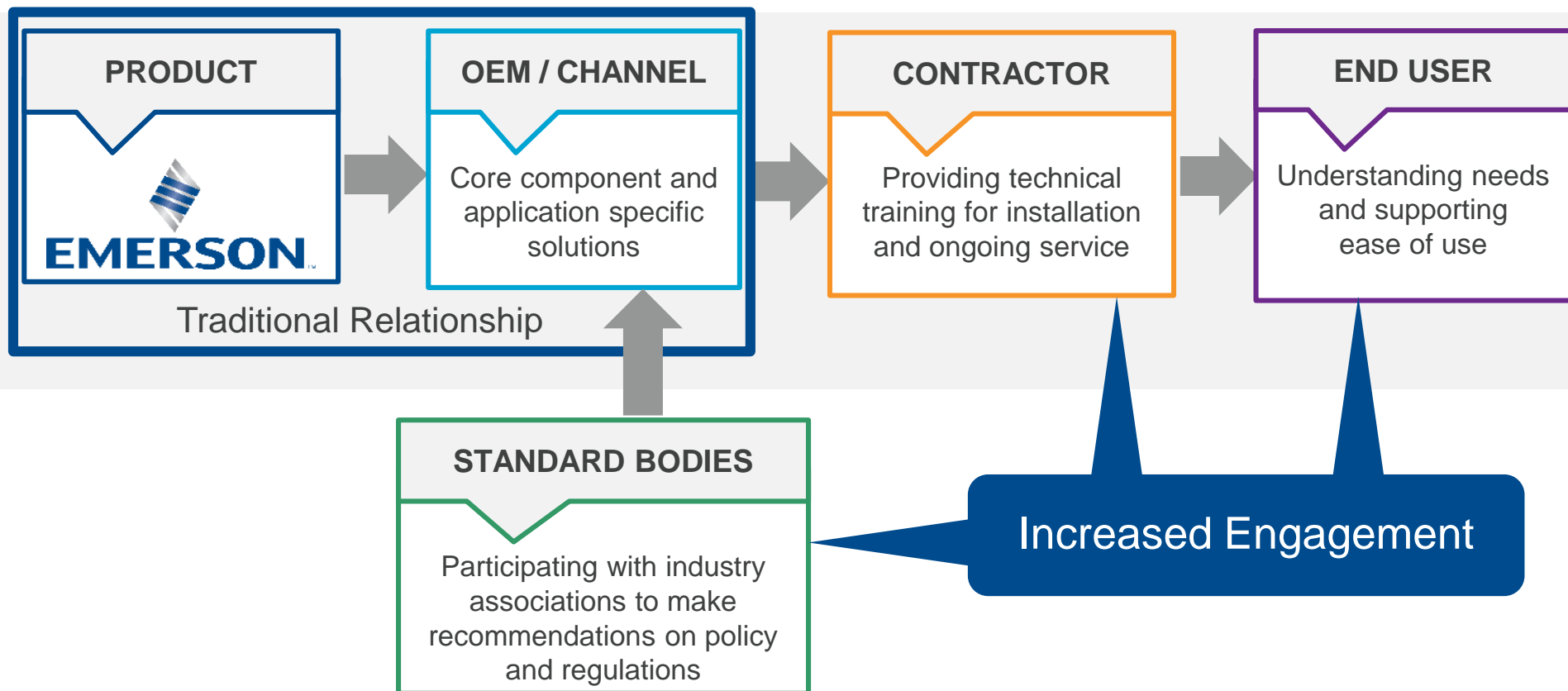
Content Intentionally Omitted

Participation by Product Type

Content Intentionally Omitted

We Have a Leadership Position in Each Key Vertical From Which to
Drive Accelerated Sales

Our Domain Knowledge, Product Strength & 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

Regulations Continue to Be Key Driver of 2019-2025 Industry Changes

	United States	Europe	Asia
Refrigerants	<ul style="list-style-type: none"> HVACR industry urging Kigali approval California proposing new measures U.S. Court of Appeals upheld the decision to vacate EPA rule EPA delist of R410A in chiller effective Jan 1, 2024 expected to be vacated 	<ul style="list-style-type: none"> F-Gas phase-down schedule is more aggressive than Kigali, F-Gas has begun to force to move towards new refrigerants (flammable refrigerants) Price increases in higher GWP refrigerants like R404A, R410A, and R134a drive faster interest in alternatives 	<ul style="list-style-type: none"> Large units R22 → R410A conversions continue China, Japan & Thailand active in promoting low GWP applications Certain OEMs continuing to push R32 aggressively in Southeast Asia and China
Efficiencies	<ul style="list-style-type: none"> 2023 DOE Rooftop Minimums will drive major commercial equipment redesigns OEMs in early stages of LGWP planning for RTUs & Scroll Chillers 	<ul style="list-style-type: none"> OEMs plan to redesign for 2021 EcoDesign efficiency standards with LGWP refrigerant Market moving fast to variable speed, driven by EcoDesign 	<ul style="list-style-type: none"> Majority of countries moving toward part-load efficiency System efficiency evaluation method moving to APF and low GWP refrigerant
Clean Air	<ul style="list-style-type: none"> 40 States have idling restrictions California CARB laws to reduce diesel emissions 	<ul style="list-style-type: none"> Ambient Air Quality Directive impacting IAQ market. Renewable Energy Directive drives renewable energy use 	<ul style="list-style-type: none"> Legislation efforts to meet ambient air quality standards Clean Air Asia Programs
Food Waste	<ul style="list-style-type: none"> Landfill bans of organics & diversion goals in key states Green bin programs or curbside collection of organics 	<ul style="list-style-type: none"> EU Directive on Waste has aggressive food waste reduction targets 	<ul style="list-style-type: none"> Food Recycling Law RFID food waste disposal system (Pay as you trash)

Key Programs Aligned to Global Market Trends Drive Incremental Growth Above Market

Global Trends	Residential	Commercial	Cold Chain
Energy Efficiency	Modulation & Controls	Modulation & Controls, Centrifugal	New Designs
Comfort & Air Quality	Indoor Air Quality, Heat Pump	Dehumidification, Sensing & Mitigation	
Food Quality & Safety			Controls & ProAct, Cargo Solutions
Refrigerant Regulations	Low Global Warming Potential Refrigerants and New Compressor Designs		
Connectivity	Sensi WiFi Thermostat, Sensi Predict, Simple Building Management		Electronic Controls Remote Monitoring
Food Waste Management	Food Disposer Adoption		Grind2Energy
e-Commerce	OneEmerson, Amazon, HomeDepot.com, Other Online Channels		
Emerging Market Middle Class	China/Europe Residential Heating	China District and Industrial Heating	Food Safety Focus

Major Programs & Key Bets Extend Throughout the Technology Pyramid

Content Intentionally Omitted

Major Programs & Key Bets Extend Across All Market Verticals

Content Intentionally Omitted

Heating & Air Conditioning Strategy

Focus Areas

- Support industry transition to **new refrigerant and efficiency standards**
- **Maintain US residential leadership**, delivering additional value creation through continued product innovation and cost reductions
- Capitalize on strong demand for **heat pumps** in China and Europe
- Expand product portfolio and “key bet” programs to address more of the **Commercial HVAC** space
- Build off **Sensi as connected home platform**
- Continue to expand Residential, Commercial **monitoring and controls offering**

Key Initiatives



Next-gen fixed speed scrolls



Leverage EMR multi-stage technology with energy standards



Heat pumps for China and Europe



Oil-less centrifugal and dehumidification



Sensi Predict smart service



Sensi IAQ solution

Maintain Leading Position in North America While Executing Global Growth Programs and Expanding Home Solutions Footprint

New Innovations in Air Conditioning & Heating Drive Served Market Expansion and Growth

Sensi Hydro in China

Sensi Hydro System addresses sustainability and comfort for premium Chinese residential homes



Emerson Strategy

- Tap sustainable heating trend in China
- Enter systems segment with unique premium tier opportunity
- Partner for go-to-market and service

\$350+M

Addressable Segment
by 2023

98

Distribution
Partners

Centrifugal Compressor

New Centrifugal design addresses low GWP regulations and efficiency

Content Intentionally Omitted

Emerson Strategy

- Provide customers requested alternative
- New IP for improved cost / performance
- Expand participation in Chiller market

~\$1B

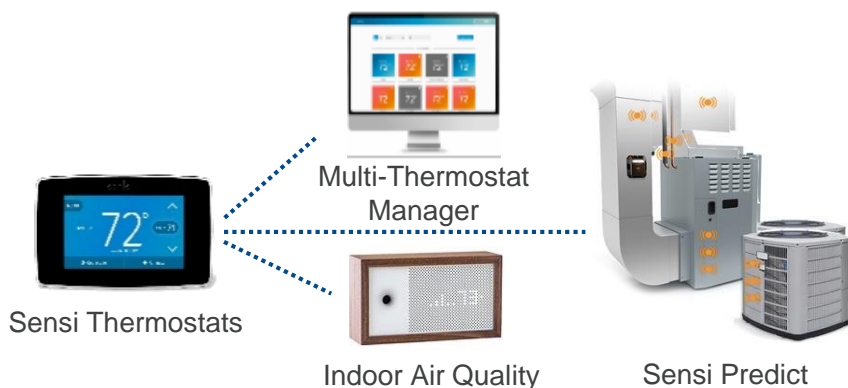
Segment Size

Complement
to Scroll
Technology

Sensi Ecosystem Unlocks New Customers and Growth Opportunities

Sensi Ecosystem

Sensi Ecosystem addresses connected homes, utility incentives, and air quality



Emerson Strategy

- Tap connected home trend
- Use Wi-Fi thermostat as ecosystem cornerstone
- Expand in to adjacent opportunities including light commercial

\$10+B

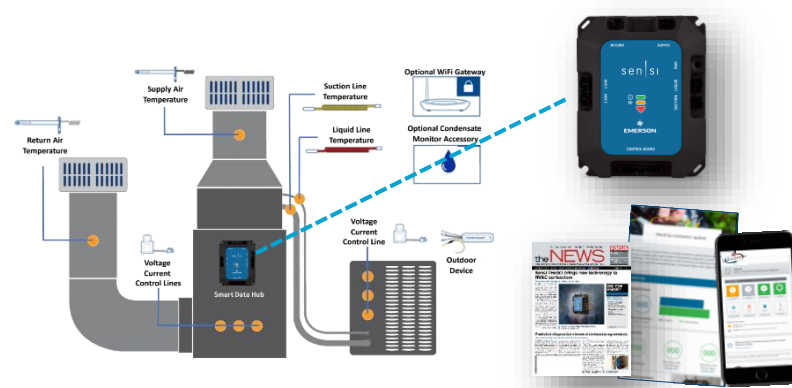
Addressable Segment

30+%

Sales Growth Rate
(Smart Thermostat)

Sensi Predict

Sensi Predict leverages connectivity to create smart service contracts



Emerson Strategy

- Connected diagnostics from system know how
- Enable new service models for contractors
- Multi-channel sales model

\$3+B

Residential
Opportunity Today

5+M

Multi-Dwelling
Units in USA

Helping Keep Food Fresh Throughout the Cold Chain

Food Quality and Safety Solutions Across the Cold Chain



DOLLAR STORES



INTERNET RETAILERS



CLICK AND COLLECT



SUPERMARKETS



CONVENIENCE STORES



DRUG STORES



RESTAURANTS



INSTITUTIONS AND OTHER

40% 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

Cold Chain Strategy

Focus Areas

- Expand portfolio of compressors for **low GWP** refrigerants (Propane, etc.)
- Go to market as **one Cold Chain** organization with **solutions** that leverage our full offering
- Capitalize on trend to **modular architecture** to increase value add with solutions and sub-systems
- Capitalize on installed base and deep domain knowledge to expand **data driven solutions**

Key Initiatives



Expanded propane scroll offering, for decentralized / small format



Content Intentionally Omitted



New system architecture innovations for efficiency maximization & refrigerant reduction



Integrated data-driven solutions for end users



Continue to scale Temperature Management acquisitions

One Cold Chain Organization, Solutions Selling, Technology Innovations, and Continued Scaling of Recent Acquisitions Are Keys to Driving Value

Cargo Solutions and Cooper Atkins Extend Emerson's Cold Chain Offerings Into New High-Growth Segments

Cargo Solutions

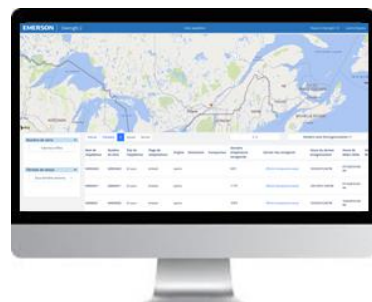
Cargo Solutions addressing food quality and safety in the supply chain



4G/CAT-M Trackers



GO PDF Mini (Asia)



Oversight 2.0 IoT Cloud

Emerson Strategy

- Drive grower/retailer quality programs
- Aggressive international expansion
- Expand data and services offering

\$200+M

Segment Size
(Food In-Transit)

~20%

Sales CAGR
Since Acquisition

Cooper Atkins

Expanding safety and quality to foodservice and healthcare



Emerson Strategy

- Scale connected temperature management
- Aggressive international expansion
- Healthcare Cold Chain / Chain of Custody

\$250+M

Segment Size

Leverage Core and
Cargo Solutions
Channels

Refrigeration Architecture Shift and Environmental Regulations Provide Growth Opportunities in Cold Chain

Micro-Booster & Cases

Micro-Booster solution addresses new refrigerants and evolving shopping dynamics



Content
Intentionally
Omitted

Content Intentionally Omitted

Emerson Strategy

- Helix innovation
- Leverage scroll for patented “booster” system
- Partner with OEMs to commercialize

\$300+M

Addressable Segment

New to
the Market

Driving Continued Innovation & Growth in Tools & Home Products

Content Intentionally Omitted

Tools & Home Products Strategy

Focus Areas

- Serve **professionals** with tools and vacuum solutions that provide improved productivity, enhanced safety and unsurpassed performance
- Serve **homeowners and businesses** with food waste disposal and water usage solutions for efficiency, convenience, and sustainability
- **Key growth areas** include disposal adoption, battery powered tools, joining, measurement and underground technologies
- Capitalize on the growth of **eCommerce**, and maintain our participation leadership

Key Initiatives

Content Intentionally Omitted



Footprint optimization



New China-for-China disposer

New disposer platform

eCommerce & digital engagement

Create Value by Executing the Pro Tools Synergy Plan, Managing Strong Relationships With Contractors, Retailers and eCommerce, and Strong Growth in China

New China Food Waste Regulations Create Significant Sales Growth Opportunity for InSinkErator

\$90+M

Segment Size

30+%

Expected Annual Segment Growth Through 2024

49%

2019 YoY Underlying Sales Growth for InSinkErator

Segment Dynamics

- Rapidly increasing waste regulations in China are driving high demand for food waste disposers
- Global brands are preferred by many consumers
- eCommerce continues to experience strong growth

Emerson Strategy

- Tap sustainability trend in food waste
- US-Produced product for premium tier
- China-for-China disposer for mid-tier
- Aggressive eCommerce / digital marketing



New Professional Tools Programs Further Expand Market Positions

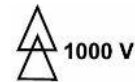
Content Intentionally Omitted

Battery Hydraulic Tools



Smaller, ↑ Uptime, Bluetooth Connectivity

New Insulated Tool for Improved SAFETY



Wet / Dry Vacuums



New NXT Wet/Dry Line with New Cordless Vacs

Content Intentionally Omitted



Commercial & Residential Solutions

Key Messages

- 2019 was a challenging year – In response, we accelerated many additional cost actions and are executing a plan to **reach new peak margins by 2023**
- Commercial & Residential Solutions has a **unique industry position and key role as Industry Steward**. This provides an important advantage and is fundamental to us delivering sustained above-market growth
- While competitive pressures exist, we have **successfully maintained our market-leading position** for decades. In addition, **several major new programs provide a foundation for incremental growth and continued value creation**
- **We continue to invest in a breadth of new technologies to expand our market and engage directly with end users across three key verticals** – Residential Home Comfort, Commercial Building Efficiency & Cold Chain
- Our Tools & Home Products business is world class and centered around customer-centric product innovations and a best-in-class professional channel. **The 2018 Textron Tools acquisition is a great addition and integration is running ahead of plan**

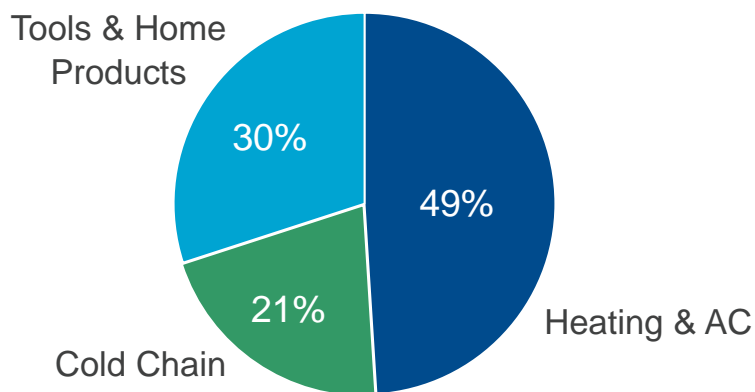
We Are Committed to Delivering Sustained Above-Market Sales Growth While Maintaining Strong Profit Margins and Asset Management Performance

Commercial & Residential Solutions

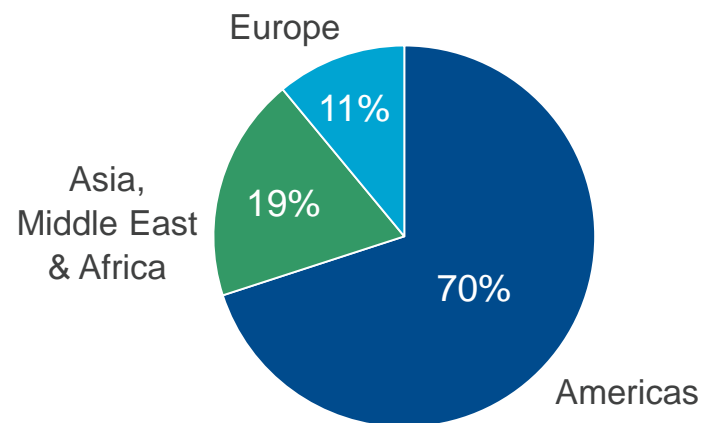
2019 Summary, 2020 Guidance, and 2023 Target

	<u>2019</u>	<u>2020E</u>	<u>2019 – 2023T</u>
Sales	\$6.2B	(4) – 0%	~\$6.8B
<i>Underlying</i>		(3) – 1%	2 – 3% CAGR
Adj. EBIT	\$1.3B		
% of Sales	21.0%	60 - 80 bps	~24% 2023T
Adj. EBITDA	25.0%	~100 bps	~28% 2023T

2019 Sales by Market



2019 Sales by Geography



Tools & Home Products

Tim Ferry

Group President, Tools & Home Products



Tools & Home Products

Key Messages

- Emerson has **world-class products under franchise brands** to serve growing professional tool and food waste markets
- Tools & Home Products underlying growth from 2009-2019 was ~4.5% and we are **well positioned for continued growth** from Professional Tools integration synergies and new product innovations
- **Food Waste Disposers support global sustainability trends**, providing significant opportunity for served market expansion and accelerated growth
- **Acquisition of Textron Tools has expanded our presence** in the growing Mechanical, Electrical, Plumbing (M-E-P) professional contractor segment
- Professional Tools integration is progressing on plan – we are **on track to deliver our synergy commitments**

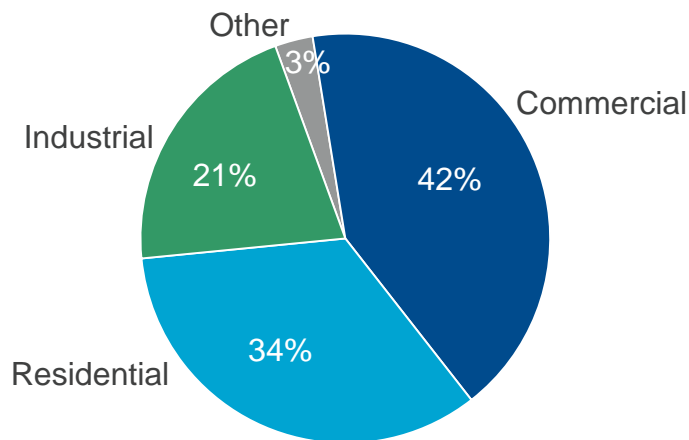
Tools & Home Products Is an Important Value Creator for Emerson With Leading Franchise Positions and Numerous Opportunities for Continued Growth

Tools & Home Products 2019 Summary

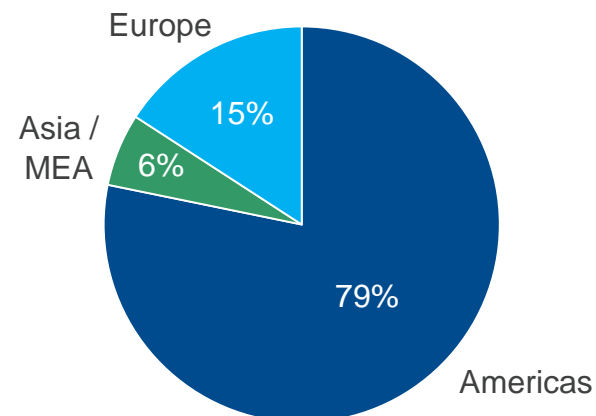
	<u>2018</u>	<u>2019</u>	<u>2018 – 2019 Change</u>
Sales	\$1.5B	\$1.9B	22%
<i>Underlying</i>			2%
Adj. EBIT	\$0.4B	\$0.4B	3%
% of Sales	25.1%	21.2%	(390) bps
Adj. EBITDA	28.0%	25.1%	(290) bps

^2018 includes one quarter of Textron Tools acquisition

2019 Sales by Market Segment



2019 Sales by Geography



Textron Tools Acquired in July, 2018

Company Profile

Headquarters: Rockford, IL

2017 Sales: \$470M

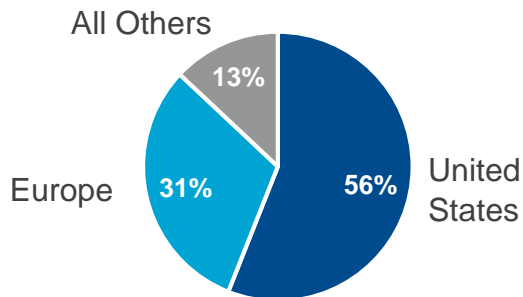
Employees: 2,260

Global Footprint: 11 mfg. facilities across four countries

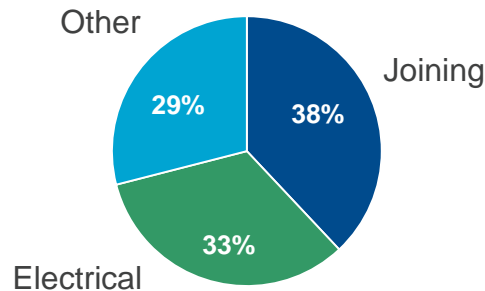
Description: Designs and manufactures tools and equipment for professionals in the electrical, construction, plumbing, utility, telecommunications, data communications, and maintenance industries

Sales Mix

By Geography:












By Product:



Products

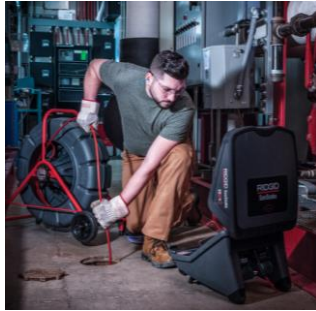
Klauke®

GREENLEE®

Joining	Electrical
 Crimp Tools	 Bending
 Press Tools	 Cable Tools
 Lugs	 Knockouts, Pullers
Other	
 Utility Tools	 Communications
 Test & Measurement	

Combination Gives Emerson the Broadest Portfolio to Serve Mechanical, Electrical and Plumbing Contractors

RISE OF M-E-P



Mechanical | Electrical | Plumbing

CHANNEL DYNAMICS

Professional Distribution

350+
Shared Accounts

Comprehensive solution for the MEP Contractor

Big Box

25+
Year Partnership with Leading Home Improvement Retailer



Our Brands Support **Pro Focus**

eCommerce

135
Preferred Online Distributors

25
Countries



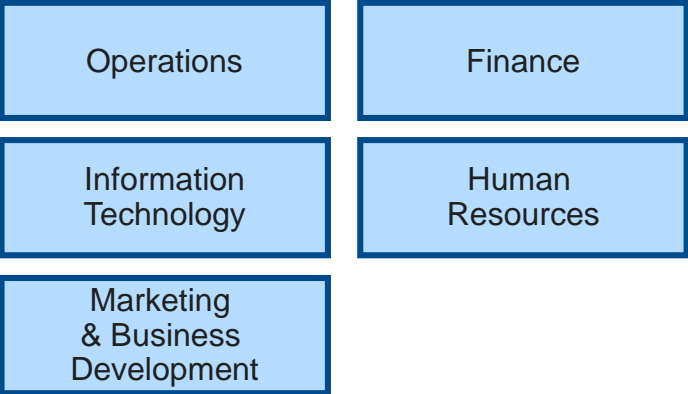
eCommerce
5-year Sales CAGR 24%

New Professional Tools Organizational Structure

Tools and Home Products
Group President
Tim Ferry

Professional Tools

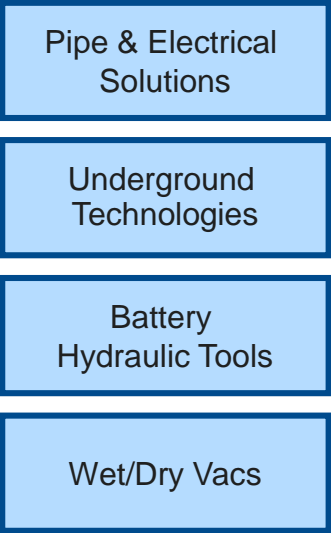
Functional Leaders



Regional Leaders



Business Leaders












Impacted by
Textron Tools

New Professional Tools Product Segments

Professional Tools

Pipe & Electrical Solutions

-  Threading
-  Pipe & Tubing Tools
-  Conduit Bending ✓
-  Pulling ✓
-  Fishing ✓
-  Hole Making & Material Storage ✓
-  Test & Measurement ✓




Underground Technologies

-  Drain Cleaning
-  Pipe Inspection
-  Locating

Battery Hydraulic Tools

-  Pressing ✓
-  Crimping ✓
-  Jaws ✓

Wet / Dry Vacuums

-  Vacuums
-  Filters
-  Accessories



We Are Leveraging Key Industry Trends and Mechanical-Electrical-Plumbing Contractor Business Challenges

Key Industry Trend	Adoption	Drivers
Plumbing BRAZING → PRESSING WELDING → PRESSING		Urbanization Emerging Market maturation Sustainability/Water Skilled Labor Shortage
Electrical SOLDERING → CRIMPING		Electrification Sustainability/Renewables Skilled Labor Shortage
Digitization PENETRATION → LOCATING, IMAGING, MAPPING, VERIFYING		Urbanization Safety & Security

Contractor Business Challenges

Workforce and Customer Safety

INSULATED TOOLS

NO FLAMES

REMOTE CUTTING

Productivity

CORDLESS

PREFAB

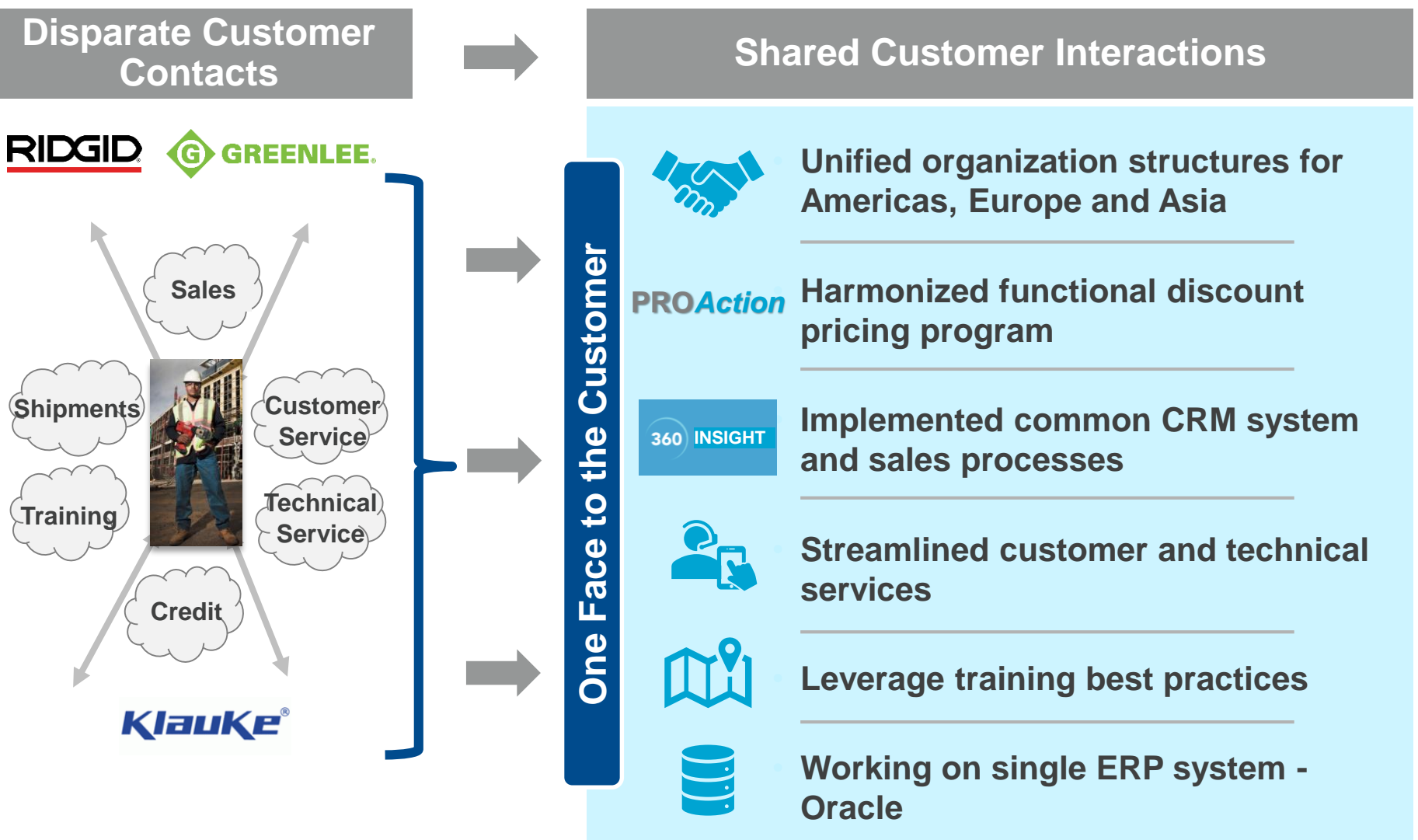
QUICK INSTALL

Digital Transformation

DIGITALLY-INFLUENCED PURCHASES

SMART, CONNECTED TOOLS

Delivering Customer Value through “One Face to the Customer” Approach for Professional Tools



Served Market Segments With Strong Positions Across All Major Categories and Emphasis on Pros

Content Intentionally Omitted

We Have Continued to Expand Our Leadership in the Growing M-E-P Space

Content Intentionally Omitted

Professional Tools Pipe & Electrical Solutions Overview

2019 Business Sales

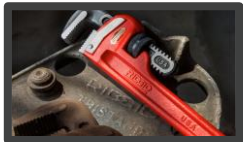
RIDGID
Pipe Tools



GREENLEE
Klauke
Electrical Tools

Served Industries

- Non-Res construction
- Industrial
- Energy
- Utility



Key Drivers

- Productivity
- Skilled Labor Shortage

How We Win

- Provide industry leading solutions with meaningful innovation, e.g. new cable pulling equipment for electricians
- Expand software and connected tool applications to drive jobsite efficiency

Grow the Core Franchises

Professional Tools Underground Technologies Overview

2019 Business Sales



RIDGID
Inspection &
Locating

RIDGID
Drain
Cleaning

Served Industries

- Residential
- Commercial
- Facility maintenance



Key Drivers

- Productivity
- Durability
- Connectivity

How We Win

- Extend FlexShaft offering, new models / applications
- Deliver data enabled solutions with drain cleaning machines
- New inspection cameras provide contractors significant productivity advantages

Strengthen Diagnostics Leadership

Professional Tools Battery Hydraulic Tools Overview

2019 Business Sales



Served Industries

- Non-Res construction
- Res & Com service
- Industrial
- Utility



Key Drivers

- New Materials / Applications
- Ergonomics / Safety
- Battery System / Brushless DC Motors

How We Win

- Introduce new to the world insulated tools
- Drive new application adoption and strengthen strategic partnerships
- Scale platform technology and volume positions

Innovate in Rapidly Growing Segment

Professional Tools RIDGID Wet Dry Vacs

2019 Business Sales



Served Industries

- Residential
- Commercial
- Industrial



Key Drivers

- Favorable Residential Construction and Remodeling
- eCommerce Growth
- Cordless Expansion

How We Win

- Maintain leadership position with new NXT line and cordless vac innovation
- Enhance digital marketing efforts
- Grow consumables – filters and accessories

Deliver Customer Driven Innovations

Textron Tools Acquisition Rationale

Desirable Target

Highly Respected Portfolio Complements Emerson's

- Iconic professional trade brands: Greenlee & Klauke
- Leading portfolio of Joining and Diagnostic technologies
- Consistent performance and cash flow generation, with room to improve

Strengthen Market Position

Complements Emerson's Leadership in Professional Tools

- Expands Emerson's addressable market segments ~\$2B
- Creates broadest tools offering for professional tradespeople
- Scales channel presence and customer footprint
- Improves geographic mix

Value Creation

Bolt-On Acquisition With Potential for Meaningful Value Creation

- Significant margin expansion – reach ~20% EBIT excl. amortization costs
- Trade working capital and cash flow improvement
 - Original TWC guidance of \$25-50M now raised to >\$50M
 - Now expect \$>100M OCF Contribution + proceeds from non-core asset sales
- After-market sell through channel leverage and cross-selling

Acquisition Combines Iconic Professional Tools Brands – Greenlee, Klauke, and RIDGID – to Create the Industry's Broadest Portfolio for Pros

Professional Tools Synergy Progress



RIDGID



GREENLEE



Klauke

Results To-Date

- **55%** improvement in safety
- **\$200M** spend terms increased by **33** days
- Optimized business portfolio
- Unified organizational structures
- “One Face to the Customer” actions
- Digital infrastructure
- Global footprint optimization plan underway



Divestitures

Endura Hand Tools	Sep'18
Communications Equip.	Jan'19
Sherman & Reilly	
Utility Equip.	Sep'19

Retained Textron Tools Business



Achieved 40% of Synergy Plan Savings in First Year,
With Continued Momentum

Tools & Home Products

Key Messages

- Emerson has **world-class products under franchise brands** to serve growing professional tool and food waste markets
- Tools & Home Products underlying growth from 2009-2019 was ~4.5% and we are **well positioned for continued growth** from Professional Tools integration synergies and new product innovations
- **Food Waste Disposers support global sustainability trends**, providing significant opportunity for served market expansion and accelerated growth
- **Acquisition of Textron Tools has expanded our presence** in the growing Mechanical, Electrical, Plumbing (M-E-P) professional contractor segment
- Professional Tools integration is progressing on plan – we are **on track to deliver our synergy commitments**

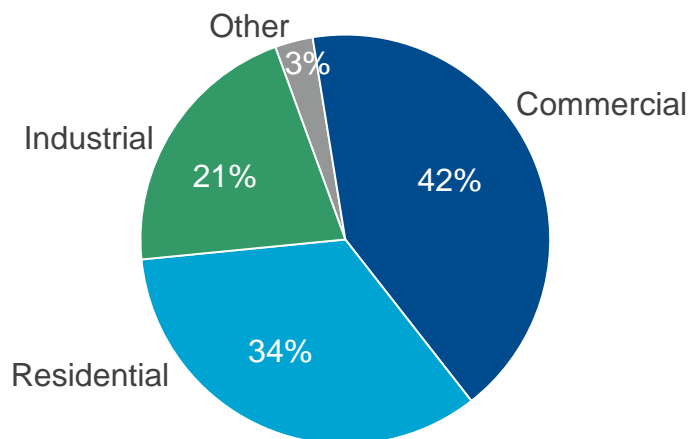
Tools & Home Products Is an Important Value Creator for Emerson With Leading Franchise Positions and Numerous Opportunities for Continued Growth

Tools & Home Products

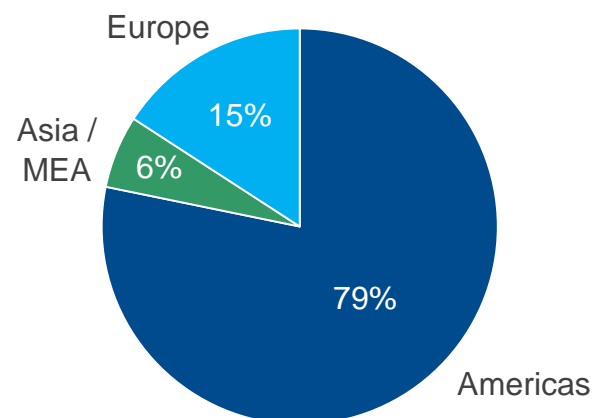
2019 Summary & 2020 Guidance and 2023 Target

	<u>2019</u>	<u>2020E</u>	<u>2019 – 2023T</u>
Sales	\$1.9B	(3) – 1%	2 – 4% CAGR
<i>Underlying</i>	2%		
Adj. EBIT	\$0.4B		
% of Sales	21.2%	60 - 80 bps	24 – 25% 2023T
Adj. EBITDA	\$0.5B		
% of Sales	25.1%	~100 bps	28 – 29% 2023T

2019 Sales by Market Segment



2019 Sales by Geography



Analyst Q&A



EMERSON™

Analyst Q&A



EMERSON[™]

Reconciliation of Non-GAAP Measures

In this presentation, we have included certain “non-GAAP financial measures,” as such term is defined in Regulation G under SEC rules, to clarify and enhance understanding of past performance and prospects for the future. Generally, a non-GAAP financial measure is a numerical measure of a company’s operating performance, financial position or cash flows that excludes or includes amounts that are included in or excluded from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. For example, non-GAAP measures may exclude the impact of certain items such as our strategic repositioning actions, other acquisitions or divestitures, U.S. tax reform, changes in reporting segments, gains, losses and impairments, or items outside of management’s control, such as foreign currency exchange rate fluctuations. We believe that the non-GAAP financial measures discussed in this presentation provide investors and analysts useful insight into the Company’s financial position and operating performance. Any non-GAAP measure provided should be viewed in addition to, and not as an alternative to, the most directly comparable measure determined in accordance with U.S. GAAP. Further, the calculation of these non-GAAP financial measures may differ from the calculation of similarly titled financial measures presented by other companies and therefore may not be comparable among companies. A reconciliation of all non-GAAP measures to the most directly comparable U.S. GAAP measure is included in the tables that follow. Refer to our most recently filed Form 10-K for further discussion of these non-GAAP measures.

Reconciliation of Non-GAAP Measures

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

Sales % chg. vs. PY

	2019E				2019				
	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Sales change (GAAP)	~10%	7 - 10%	4 - 7%	7 - 10%	9%	8%	5%	2%	6%
FX	~ 3%	~ 2%	~ 1%	~ 2%	1.5%	2%	2%	2%	2%
Acq / Div	~ (6.5)%	~(5)%	~ (1)%	~ (5)%	(6)%	(6)%	(5)%	(1)%	(5)%
Underlying*	~6.5%	4 - 7%	4 - 7%	4 - 7%	4.5%	4%	2%	3%	3%

Sales % chg. vs. PY

	2018E			2018				
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY
Sales change (GAAP)	~18%	~10%	~6%	19%	19%	10%	10%	14%
FX	~(3)%	~(3)%	~(1)%	(3)%	(3)%	(1)%	2%	(1)%
Acq / Div	~(8)%	~(1)%	~1%	(9)%	(8)%	(1)%	(4)%	(5)%
Underlying*	~7%	~6%	~6%	7%	8%	8%	8%	8%

Sales % chg. vs. PY

	Q1 2020	2020E			
		Q2	Q3	Q4	FY
Sales change (GAAP)	-%	(2)% - 0%	(4)% - 4%	(3) - 3%	(2)% - 2%
FX	1%	~ 1%	~ 1%	~ - %	~ - %
Acq / Div	(1)%	~ - %	~ - %	~ - %	~ - %
Underlying*	-%	(1)% - 1%	(3)% - 3%	(3) - 3%	(2)% - 2%

2020E Sales % chg. vs. PY

	Auto Solns	Comm & Res Solns
Sales change (GAAP)	(1)% - 3%	(4)% - 0%
FX	~ - %	~ - %
Acq / Div	~ - %	~ 1%
Underlying*	(1)% - 3%	(3)% - 1%

Sales CAGR

	2019-2023T	2019-2022T	2018-2021T
Sales CAGR (GAAP)	~5%	~4%	~8+%
Acq/Div/FX	(2)%	~(1.6)%	~(2.7)%
Sales underlying CAGR*	~3%	2.4%	5.3%

EPS Growth

	2019-2023T
EPS growth (GAAP)	~9%
Discrete tax and restructuring impact	-%
Adjusted EPS growth*	~9%
Headwinds impact	2%
Adjusted EPS growth excluding headwinds*	~11%

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

Adjusted EBITDA Margin

	2014	2019	2020E	2019 - 2020E Change	2021T	2022T	2023T Base	2023T	2019 - 2023T Change
Pretax margin (GAAP)	18.0%	15.6%	~15%	(60) bps	~16%	~17%	~18%	~18%	2.4 pts
Interest expense, net	1.1%	0.9%	1%	10 bps	1%	1%	1%	- %	0.1 pts
EBIT margin*	19.1%	16.5%	~16%	(50) bps	~17%	~18%	~19%	~18%	2.5 pts
Restructuring impact	0.2%	0.5%	1%	50 bps	1%	1%	-%	0.5%	(0.5) pts
Adjusted EBIT margin*	19.3%	17.0%	~17%	- bps	~18%	~19%	~19%	~18.5%	2 pts
Depreciation / amortization	3.2%	4.5%	4.5%	- bps	4.5%	4%	-%	4.5%	- pts
Adjusted EBITDA margin*	22.5%	21.5%	~21.5%	- bps	~22.5%	~23%	~23.5%	~23%	2 pts

Adjusted EBITDA (\$ in Millions)

	2019	2023T Base	2023T
Pretax earnings (GAAP)	2,859	3,800	~3,900
Interest expense, net	174	~100	~200
EBIT*	3,033	~3,900	~4,100
Restructuring impact	95	-	-
Adjusted EBIT*	3,128	~3,900	~4,100
Depreciation / amortization	822	~900	~1,000
Adjusted EBITDA*	3,950	~4,800	~5,100

Automation Solutions EBITDA Margin

	2019	2023T
Automation Solutions Segment EBIT Margin (GAAP)	16%	~20%
Depreciation / amortization	4%	4%
Automation Solutions Segment EBITDA Margin*	20%	~24%
Final Control impact	3%	
Automation Solutions Segment EBITDA Margin excluding Final Control*	23%	

Commercial & Residential Solutions EBITDA Margin

	2019	2023T
Commercial & Residential Solutions EBIT Margin (GAAP)	21%	~24%
Depreciation / amortization	4%	4%
Commercial & Residential Solutions EBITDA Margin*	25%	~28%

EBITDA Margin

	2019	2023T
Pretax margin (GAAP)	15.6%	~18%
Interest expense, net	0.9%	- %
EBIT margin*	16.5%	~18%
Depreciation / amortization	4.5%	5%
EBITDA margin*	21%	~23%

Reconciliation of Non-GAAP Measures

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

Earnings Per Share

	2019	2020E	Change	2023T
Earnings per share (GAAP)	\$ 3.71	\$3.27 - \$3.52	(12)% - (5)%	\$5.00+
Discrete tax benefits	(0.14)	-	-4%	-
Restructuring and related charges	0.12	~ 0.28	-4%	-
Adjusted earnings per share*	\$ 3.69	\$3.55 - \$3.80	(4)% - 3%	\$5.00+
Acquisitions impact				0.15
Adjusted earnings per share excluding acquisitions*				\$4.85+

Free Cash Flow

	2014	2015	2016	2017	2018	2019	2020E
Operating cash flow (GAAP)	3.7	2.5	2.9	2.7	2.9	3.0	~3.15
Impact of taxes on divestiture gains and repositioning items	-	0.5	0.2	-	-	-	-
Operating cash flow adjusted*	3.7	3.0	3.1	2.7	2.9	3.0	~3.15
Capital expenditures	(0.8)	(0.7)	(0.6)	(0.5)	(0.6)	(0.6)	0.65
Free cash flow*	2.9	2.3	2.5	2.2	2.3	2.4	~2.5

Free Cash Flow to Net Earnings Common Stockholders

	2014	2015	2016	2017	2018	2019E	2019	2020E	2021T - 2023T
Operating cash flow to net earnings (GAAP)	172%	93%	176%	164%	131%	~140%	130%	~150%	~140%
Capital expenditures & impact of divestiture gains (& taxes paid), repositioning items, impairments & tax reform	(62)%	12%	(45)%	(29)%	(17)%	~(40)%	(25)%	~(40)%	~(30)%
Free cash flow to net earnings adjusted*	110%	105%	131%	135%	114%	~>100%	105%	> ~110%	> ~ 110%

Dividend To Free Cash Flow

	2014	2015	2016	2017	2018	2019E	2019	2020E	2021T	2023T	2021T - 2023T
Dividends to operating cash flow (GAAP)	33%	50%	43%	46%	43%	~38%	40%	~38%	~35%	~30%	30 - 35%
Capital expenditures & impact of taxes on divestiture gains & repositioning items	8%	6%	5%	10%	11%	9%	10%	11%	10%	10%	~10%
Dividends to free cash flow*	41%	56%	48%	56%	54%	~47%	50%	~49%	~45%	~40%	40 - 45%

Total Debt / EBITDA

	2014	2015	2016	2017	2018	2019	2020T	2023T	2021T - 2023T
Total debt / pretax earnings (GAAP)	1.8x	1.6x	2.9x	2.0x	1.8x	2.0x	2.4 - 2.5x	~2.2x	2.3 - 2.4x
Interest, taxes, depreciation, amortization	(0.4)	(0.3)	(0.7)	(0.5)	(0.5)	(0.5)	(0.7)	(0.5)	(0.6)
Total debt / EBITDA*	1.4x	1.3x	2.2x	1.5x	1.3x	1.5x	1.7 - 1.8x	~1.7x	1.7 - 1.8x

Reconciliation of Non-GAAP Measures

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

Automation Solutions Underlying Sales Growth

	2019E	2019	2019-2023T
Automation Solutions sales growth reported (GAAP)	7 - 10%	7%	2 - 4%
Acq/Div/FX	~(2)%	(2)%	~%
Automation Solutions underlying sales growth*	5 - 8%	5%	2 - 4%

Automation Solutions Adjusted EBIT

	2018	2019	2018 vs 2019
Automation Solutions Segment EBIT (GAAP)	1.9	1.9	3%
Restructuring	-	0.1	1%
Automation Solutions Segment Adjusted EBIT*	1.9	2.0	4%
Depreciation / amortization		0.55	
Automation Solutions Segment Adjusted EBITDA*		2.55	

Automation Solutions Adjusted EBITDA Margin

	2018	2019	2018 vs 2019	2019 vs 2020E	2023T
Automation Solutions Segment EBIT (GAAP)	16.5%	16.0%	(5) bps	30 - 70 bps	~20%
Restructuring	0.3%	0.5%	20 bps	10 bps	~0%
Adjusted EBIT Margin*	16.8%	16.5%	(3) bps	40 - 80 bps	~20%
Depreciation / amortization	4.3%	4.4%	10 bps	30 - 10 bps	~4%
Automation Solutions Segment Adjusted EBITDA Margin*	21.1%	20.9%	(2) bps	70 - 90 bps	~24%

Automation Solutions Adjusted EBITDA Margin

	2009	2014
Automation Solutions Segment EBIT (GAAP)	17%	21%
Depreciation / amortization / restructuring	4%	3%
Automation Solutions Segment Adjusted EBITDA Margin*	~21%	~24%
Pro forma acquisitions		~1%
Automation Solutions Segment Pro forma Adjusted EBITDA Margin*		~23%

Automation Solutions Adjusted EBITDA Leverage

	2019
Automation Solutions Segment EBIT Leverage (GAAP)	8%
Depreciation / amortization / restructuring / acquisitions	27%
Adjusted EBITDA Leverage*	35%

Final Control Underlying Sales

	2018	2019	2020E	2019 - 2023T CAGR
Sales change (GAAP)	41%	1%	~4%	~4%
FX / Acq / Div	(28)%	2%	~%	~%
Underlying*	13%	3%	~4%	~4%

Final Control Sales (\$ in Millions)

	2018	2019
Final Control Sales (GAAP)	3,749	3,794
Intercompany sales	25	25
Final Control Net Sales"	3,774	3,819

Reconciliation of Non-GAAP Measures

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

Final Control Adjusted EBITDA (\$ in Millions)

	2018	2019	2023T
Pretax earnings (GAAP)	362	413	~750
Interest / depreciation / amortization / restructuring	225	209	200
Adjusted EBITDA*	587	622	~950

Final Control Adjusted EBITDA

	2014	2017 PF	2018	2019	2018 vs 2017	2019 vs 2018	2023T
Final Control Pretax Margin (GAAP)	19%	10%	10%	11%	10 bps	120 bps	~16.5%
Interest / depreciation / amortization / impact of Valves & Controls	2%	1%	5%	5%	340 bps	(60) bps	4.5%
Final Control EBITDA Margin*	21%	11%	15%	16%	350 bps	60 bps	~21%
Restructuring	- %	2%	1%	- %	(140) bps	10 bps	- %
Final Control Adjusted EBITDA Margin*	21%	13%	16%	16%	210 bps	70 bps	~21%

Final Control Adjusted EBITDA Leverage

	2018	2019
Final Control Pretax Leverage (GAAP)	10%	117%
Depreciation / amortization / restructuring / V&C impact	34%	(39)%
Final Control Adjusted EBITDA Leverage*	44%	78%

Commercial & Residential Solutions Underlying Sales

	2011	2012	2013	2014	2015	2016	2017	2019 - 2023T CAGR
Sales (GAAP)	6%	(4)%	3%	6%	(1)%	(1)%	5%	2 - 3%
FX / Acq / Div	(2)%	1%	- %	- %	2%	1%	1%	~-%
Underlying*	4%	(3)%	3%	6%	1%	- %	6%	2 - 3%

Commercial & Residential Solutions Underlying Sales

	2018	2019E	2019	2020E	Q1 2020
Sales (GAAP)	2%	8 - 10%	3%	(4)% - 0%	(3)%
FX / Acq / Div	2%	~(5)%	(4)%	~1%	2%
Underlying*	4%	3 - 5%	(1)%	(3) - 1%	(1)%

Commercial & Residential Solutions Adjusted EBIT

	2018	2019	2018 vs 2019
Commercial & Residential Solutions EBIT (GAAP)	1.4	1.30	(6)%
Restructuring	-	-	- %
Commercial & Residential Solutions Adjusted EBIT*	1.4	1.30	(6)%
Depreciation / amortization	0.2	0.24	- %
Commercial & Residential Solutions Adjusted EBITDA*	1.6	1.54	(6)%

Reconciliation of Non-GAAP Measures

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

Commercial & Residential Solutions Adjusted EBITDA Margin

	2018	2019	2018 vs 2019	Q1 2019	Q1 2020	Q1 2020 vs 2019	2020E vs 2019	2023T
Commercial & Residential Solutions EBIT (GAAP)	22.6%	20.6%	(200) bps	17.7%	18.2%	50 bps	50 - 70 bps	~24%
Restructuring	0.4%	0.4%	~ - bps	0.4%	0.7%	30 bps	~10 bps	~ - %
Adjusted EBIT Margin*	23.0%	21.0%	(200) bps	18.1%	18.9%	80 bps	60 - 80 bps	~24%
Depreciation / amortization	3.6%	4.0%	40 bps	4.7%	4.8%	10 bps	~20 bps	~4%
Commercial & Residential Solutions Adjusted EBITDA Margin*	26.6%	25.0%	(160) bps	22.8%	23.7%	90 bps	~100 bps	~28%

Comm & Res Sols Excluding ClosetMaid Sales CAGRs

	2005-2019
Sales CAGR (GAAP)	~ 2.0%
Acq/Div/FX	~1.0%
Underlying sales excluding ClosetMaid CAGR*	~3.0%

Commercial & Residential Solutions Adjusted EBIT Margin

	2017
Commercial & Residential Solutions EBIT (GAAP)	23.2%
Restructuring	1.2%
Adjusted EBIT Margin*	24.4%
Textron Tools Impact	(1.6)%
Adjusted EBIT Margin with Textron Tools*	22.8%

Commercial & Residential Solutions Adjusted EBITDA Margin

	2017
Commercial & Residential Solutions EBIT (GAAP)	23.2%
Depreciation / amortization / restructuring	4.7%
Commercial & Residential Solutions Adjusted EBITDA Margin*	27.9%
Textron Tools Impact	(1.2)%
Commercial & Residential Solutions Adjusted EBITDA Margin with Textron Too	26.7%

Reconciliation of Non-GAAP Measures

In this presentation non-GAAP measures (denoted in the tables below 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)

Tools & Home Products Underlying Sales Growth

Tools & Home Products sales growth reported (GAAP)

Acq/Div/FX

Tools & Home Products underlying sales growth*

2019	2009-2019 CAGR	2020E	2019 - 2023T CAGR
22%	4.0%	(5)% - (1)%	2 - 4%
(20)%	0.5%	~ 2%	~-%
2%	4.5%	(3)% - 1%	2 - 4%

Tools & Home Products EBITDA

Tools & Home Products EBIT (GAAP)

Restructuring impact

Adjusted EBIT*

Depreciation / amortization

Adjusted EBITDA*

2018	2019	2018 vs 2019
0.4	0.4	2%
-	-	1%
0.4	0.4	3%
-	0.1	6%
0.4	0.5	9%

Tools & Home Products EBITDA Margin

Tools & Home Products EBIT Margin (GAAP)

Restructuring impact

Adjusted EBIT margin*

Depreciation / amortization

Adjusted EBITDA margin*

2018	2019	2018 vs 2019	2020E	2023T
24.9%	20.9%	(400) bps	~20 bps	22 - 24%
0.2%	0.3%	~10 bps	40 - 60 bps	1 - 2%
25.1%	21.2%	(390) bps	60 - 80 bps	24 - 25%
2.9%	3.9%	100 bps	40 - 20 bps	~4%
28.0%	25.1%	(290) bps	~100 bps	28 - 29%

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