Building Long-Term Value that Transcends Multiple Industries
Building Long-Term Value that Transcends Multiple Industries
# Emerson Attendees

## Company Leadership

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

**Some of the Next Generation of Leaders**

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Andrew White</td>
<td>Automation Solutions</td>
</tr>
<tr>
<td>Anthony Hartman</td>
<td>Automation Solutions</td>
</tr>
<tr>
<td>Colleen Mettler</td>
<td>Automation Solutions</td>
</tr>
<tr>
<td>Laura Schafer</td>
<td>Automation Solutions</td>
</tr>
<tr>
<td>Vincent Servello</td>
<td>Automation Solutions</td>
</tr>
<tr>
<td>Mark Bills</td>
<td>Commercial &amp; Residential Solutions</td>
</tr>
<tr>
<td>Melanie Carlton</td>
<td>Commercial &amp; Residential Solutions</td>
</tr>
<tr>
<td>Paul McAndrew</td>
<td>Commercial &amp; Residential Solutions</td>
</tr>
<tr>
<td>Sandro Matic</td>
<td>Commercial &amp; Residential Solutions</td>
</tr>
<tr>
<td>Tim Reeves</td>
<td>Commercial &amp; Residential Solutions</td>
</tr>
<tr>
<td>Tracy Reiter</td>
<td>Commercial &amp; Residential Solutions</td>
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</tbody>
</table>
2020 Emerson Investor Conference  
New York City, NY

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00 – 9:00</td>
<td>Business Overview / Strategic Update</td>
<td>David Farr</td>
</tr>
<tr>
<td>9:00 – 9:45</td>
<td>Automation Solutions</td>
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</tr>
<tr>
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<tr>
<td>12:20 – 1:00</td>
<td>Questions &amp; Answers</td>
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Thursday, February 13th, 2020
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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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

4. **2020 Summary**
   - 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
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 2c** -- 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

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

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

Note: All data shows Emerson continuing operations
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
<table>
<thead>
<tr>
<th>1</th>
<th>2019 Review</th>
<th>• Achieved Some of our Growth Targets in Spite of Challenging Macro Economic Industrial Environment, Which Led to an Internal Business Review</th>
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| 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 |
| 4 | 2020 Summary | • 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 |
Short Term G7 GFI Has Declined Substantially Over the Last 12 Months -- Growth Is Now <2% in Every Year

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

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 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

Portfolio Review

Capital Allocation Review

Operational Review

**Corporate**
- Cost action plans formation & execution

**Automation Solutions**
- Cost action plans formation & execution

**Commercial & Residential Solutions**
- Cost action plans formation & execution

Cost Reset Plan Completed in Dec 2019, Board Review Completed and Approved Feb 2020

Enterprise wide functional G&A review supported by consultant

Triangulation to in-flight initiatives + new, complementary initiatives, including quick wins
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

**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

**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

**Outcomes**
- Deliver Peak EBITDA Margins Through Cost Actions in a Low Growth Environment
- $12B (~70% OPCF) to Shareholders During 2019-2023
- Capacity for Organic and Inorganic Investments
- 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

$425M/+2% pts

$3,950M Adj. EBITDA

$1.4B of Actions

$450+M Savings Associated With Restructuring

Increase due to higher stock price and lower discount rates

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

Strong Leverage on Low Sales Growth -- Any Incremental Sales Growth Over Plan Will Leverage Nicely on Reset Cost Structure
Plan Achieves New Peak Margin Performance in 2022 - 2023 With a Moderate Growth Sales Forecast
$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

$425M/+2% pts

$3,950M Adj. EBITDA

$1.4B of Actions

$450+M Savings Associated With Restructuring

2023 Base $570M

2023 Acquisitions $300M

2023 Consolidated $570M

Increase due to higher stock price and lower discount rates

$300M Increase due to higher stock price and lower discount rates

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

Globalization + Restructuring

Repositioning + Restructuring

Strategic Acquisitions Runway & Operational Actions Drive Margins Above Post Peak Levels

~$425M Restructuring in 2019-2022
$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

$425M/+2% pts

$3,950M Adj. EBITDA

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Increase due to higher stock price and lower discount rates

Strong Leverage on Low Sales Growth -- Any Incremental Sales Growth Over Plan Will Leverage Nicely on Reset Cost Structure
Our Business Units Are Working Diligently to Manage Price / Cost Pressures, While Balancing Sales and Margins

Content Intentionally Omitted
$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

$425M/+2% pts

$3,950M Adj. EBITDA

Increase due to higher stock price and lower discount rates

(0.8) Pts $825M ($945M) $400M

(4.6) Pts $625M $570M $150M

21.5% 23.5%

$1.4B of Actions

$425M Savings Associated With Restructuring

$450+M Savings Associated With Restructuring

~$4.8B Adj. EBITDA

~$5.1B Adj. EBITDA

23+%

$300M

(0.4 Pts)

2020 Stock Comp + Pension Headwind + FX

Volume @ 30% Leverage

Inflation / Other

Price / NMI

Cost Reductions / Productivity

Footprint Reduction

Org Structure

Net G&A Reductions

2023 Base

Acquisitions

2023 Consolidated

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

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

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
- 1.5x
- 1.3x
- 1.5x
- 1.7-1.8x

FCF / Net Earnings
- 110%
- 105%
- 131%
- 135%
- 114%
- 105%
- >110%

Dividend / Share
- $1.72
- $1.88
- $1.90
- $1.92
- $1.94
- $1.96
- $2.00

Maintain 40%-45% Div/FCF

~$4B

Dividends to Free Cash Flow

OCF – Target 17-18% of Sales
FCF – Target 13-15% of Sales

$3.7B
$3.0B
$3.1B
$2.7B
$2.9B
$3.0B
$3.15B

$2.9B
$2.3B
$2.5B
$2.2B
$2.3B
$2.4B
$2.5B

$1.0B
$2.0B
$3.0B
$4.0B
$5.0B

0%
10%
20%
30%
40%
50%

1Cash flows exclude impact of repositioning items in 2015 and 2016, divesture gains in 2015, and impairments in 2014
Div/FCF excludes tax and separation costs on divestitures
Continuing Operations
Excluding 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

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
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

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.
Primary Strategic Acquisition Targets Being Worked

Content Intentionally Omitted
Emerson Delivers Best in Class Profitability Across All Operating Segments

**EBITDA**

<table>
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<th>Automation Solutions</th>
<th>Commercial &amp; Residential</th>
<th>Emerson</th>
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<tbody>
<tr>
<td>($12.2B - 66% of revenue)</td>
<td>($6.2B - 34% of revenue)</td>
<td>($18.4B)</td>
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**Excluding Final Control**

- Automation Solutions: 21%
- Commercial & Residential: 25%

**2019**

- Emerson: 21%

**2023T**

- Emerson: 23%+

Peer Weighted Avg. ~16%

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

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<td><strong>EMR</strong></td>
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<td>39.6%</td>
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Industrial Peers: ABB, GE, Honeywell, Rockwell, Schneider, Siemens

Source: FactSet
Emerson’s Forward P/E In Line with Industrial Peer Group

Shareholders Value Emerson’s Capital Allocation and Long-Term Strategy to Create Value as One Emerson
Operational, Capital Allocation, and Portfolio Review

Summary

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

**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
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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

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

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

World

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

Source: IHS Economics and Emerson Management Assessment, January GFI
Global Macro Economics 2019 – 2023F
Mature Markets: Gross Fixed Investment (GFI) Trends

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Source: IHS Economics and Emerson Management Assessment, January GFI
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%

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

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

Source: IHS Economics and Emerson Management Assessment, January GFI
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

Note: Does not reflect impact of potential divestitures
The Challenging and Weaker Macro Environment Has Prompted Us to Reset Our 3-Year **EPS Guidance**

**Feb. 14th 2019 Inv Conf 3-Yr Plan**

- **2018A**
  - U/L Growth 5.3%
  - Margin Expansion ~2pts
  - Headwinds: Tax Rate & 2018 1-Time Charges
  - Capital Allocation Benefit

- **2021T**
  - ~$4.50

**Feb. 13th 2020 Inv Conf 3-Yr Plan**

- **2019A**
  - U/L Growth 2.4%
  - Margin Expansion ~3pts
  - Headwinds: Stock Comp & Pension
  - Capital Allocation Benefit

- **2022T**
  - $4.50+

**Updated 2021E EPS: $4.00+**

- Due to higher share price and lower discount rate
- Increased Share Repurchase
A Challenging / Weaker Macro Business Investment Environment Has Pushed Our 2021 Sales Plans Back to 2023

Note: Does not reflect impact of potential divestitures
2019 Bridge to 2023T Adjusted EPS
February 2020 Investors Conference

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

- Adjusted EPS
- Future Acquisition Opportunities ~$0.30
- Core Sales Growth and Restructuring Benefit ~$1.15

EPS $:
2019A GAAP $3.71
Discrete Tax ($0.14)
Restructuring $0.12
2019A Adjusted $3.69
Tax Rate ($0.06)
2020 EPS Headwind ($0.26)
2020 EPS $5.00+
2019 Corp Uplift & FX $1.15+
Base Company
Acquisitions ~$0.15
Share Repurchase ~$0.30
2023T

Balance Sheet Leverage Ratios
- Operating Cash Flow ~$4B
- Operating Cash Flow / Total Debt (>45%) ~47%
- Total Debt / EBITDA (<1.75X) ~1.7x
- Net Debt / EBITDA ~1.25x
- Dividend / Free Cash Flow (40-50%) ~40%

U/L Growth ~3%; Margin Expansion ~3 pts
($0.18) Stock Comp & Pension
($0.02) FX Headwind
Emerson’s 2019 - 2023 Shareholder Value Creation Model
Focus on Margin Actions to Drive EPS Growth → Versus Higher Sales Growth

- **Share Repurchase**: ~$1B per year, Elevated to $1.5B in 2020-21
- **Acquisitions**: ~$1B per year

**Underlying Sales Growth**: 2% – 4%

**Adj. EBIT Margin**: 17% – 19%
**Adj. EBITDA Margin**: 21% – 23%

**Drive EPS**: 8% – 12% CAGR

**ROTC**: 20+%

**Operating Capital Efficiency**
- Working Capital – ~15% - 16% of Sales
- Capital Spending – ~3.2% - 3.6% of Sales

**Free Cash Flow Target**: 13% – 15% of Sales

**2023T**
- Sales: ~$22B
- Adj. EBIT Margin: ~19%
- Operating Cash Flow: ~$4B
- Adj. EPS: $5.00+

Focus on Margin Actions to Drive Value Creation During Slower Business Investment Growth Environment
Emerson’s 2019-2023 Financial Plan Summary Assumptions

<table>
<thead>
<tr>
<th>Economic Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Global macroeconomic outlook indicates slower growth in 2020</td>
</tr>
<tr>
<td>• Recovery to more moderate growth anticipated in late 2021, early 2022</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted EBITDA Margins</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Actions underway to return underlying platforms to peak EBITDA margin performance</td>
</tr>
<tr>
<td>• Automation Solutions: Adj. EBITDA ~24%</td>
</tr>
<tr>
<td>• Commercial &amp; Residential Solutions: Adj. EBITDA ~28%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Cash Flow and EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continued strong cash conversion at ~110%+</td>
</tr>
<tr>
<td>• On path to 2023 $5.00+ EPS driven thru higher operating margins and moderate acquisitions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Elevated to ~3.6% in 2020-2021 to support aggressive cost reset actions</td>
</tr>
<tr>
<td>• Return to ~3.3% range beyond 2021</td>
</tr>
<tr>
<td>• Significant capacity for more in our focus areas if strategic assets become available -- ample flexibility for additional spend</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 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</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share Repurchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Elevated to $1.5B in 2020 and 2021 unless acquisition activity increases -- highly flexible balance sheet</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increased 2% to $2.00 per share in 2020 -- 64th year of increases</td>
</tr>
<tr>
<td>• Plan to elevate annual increase to 3%+ starting in 2021 to return to 40-45% payout</td>
</tr>
</tbody>
</table>

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
   - 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

4. 2020 Summary
   - 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
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

### 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

### Global GFI: FY 2020 Assumptions

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2019–20E</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>1.0% – 2.0%</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>1.5% – 2.5%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>1.0% – 2.0%</td>
<td></td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>2.0% – 3.0%</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>4.0% – 5.0%</td>
<td></td>
</tr>
<tr>
<td>Asia Pacific Excl. China</td>
<td>2.0% – 3.0%</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>(1.5%) – (0.5%)</td>
<td></td>
</tr>
</tbody>
</table>

### Key Financial Metrics

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

Underlying Growth refers to the estimated growth rate excluding currency headwinds and oil price effects.
Underlying Order Trends
Marginal 2020 Underlying Sales Growth Expected

Trailing 3-Month Average vs. Prior Year

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

Quarterly Sales vs. Prior Year

Q1: 7%  Q2: 8%  Q3: 8%  Q4: 8%

Q1: 4.5%  Q2: 4%  Q3: 2%  Q4: 3%

Q1: .3%  Q2E: (1%)  Q3E: (1%)  Q4E: (1%) - (1%)

2018: 8%  2019: 3%  2020E: (2%) - 2%
Emerson Operations in China: Safety Is One of Our Core Values and We Will Not Take Chances

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

Live Update on Thursday
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6. Organization Update and Summary
   - Expect Some Major Changes in Senior Leadership Planned in Late 2020
The Emerson Management Process and One Emerson Strategy Create a Sustained Value Differentiation, Securing Above Market Growth, Profits, and Cash Flow

We innovate to create unique solutions and serve customers in our chosen end markets

Superior Technology
- Industry leading devices and control systems
- Invest in core technologies
- Combine our domain knowledge with data to convert into information

Serve our customers where they are -- Regional Strategy
- Capacity, speed, and reliable on-time delivery
- World class lab environments for next generation products

Global Infrastructure

Global Leadership

Industry Stewardship
- Loyal customer relationships
- More efficient customer solutions for reduced customer carbon footprint
- Help customers through regulatory changes
- Massive installed base
- Strong global footprint
- Superior product portfolio
- Strong cash generation for future investment

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

Promote environmental sustainability by improving efficiency, reducing emissions and conserving resources

Steward of the industries we serve through technical, regulatory and economic complexity

Advance human health, comfort, and safety

Protect food integrity and minimize food waste

Nurture the diverse communities in which we work and live

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**

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. Innovations in systems and software bolster solutions focused projects and operations.

**Digital Transformation**

- Simulation & Digital Twin
- AI & Machine Learning
- Plant Health & Performance: Customizable Multi-asset Models for Health & Efficiency
- Machinery 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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>CAGR (2019-2023T)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>~$600M</td>
<td></td>
</tr>
<tr>
<td>2023T</td>
<td>~$740M</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Analytics**

*Edge, On-Premise, and Cloud*

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

Innovations in Systems and Software Bolster Solutions Focused Projects and Operations -- Key Investment Areas for Cutting Edge Technology and Growth
Even With Aggressive Cost Reset Actions, We Continue to Invest for the Long Term Organic Growth of Emerson -- Technology Advantages

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

<table>
<thead>
<tr>
<th>Global Market Trends</th>
<th>Residential</th>
<th>Commercial</th>
<th>Cold Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency</td>
<td>Modulation &amp; Controls</td>
<td>Modulation &amp; Controls, Centrifugal</td>
<td>New Designs</td>
</tr>
<tr>
<td>Comfort &amp; Air Quality</td>
<td>Indoor Air Quality, Heat Pump</td>
<td>Dehumidification, Sensing &amp; Mitigation</td>
<td>Controls &amp; ProAct, Cargo Solutions</td>
</tr>
<tr>
<td>Food Quality &amp; Safety</td>
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<tr>
<td>Refrigerant Regulations</td>
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<tr>
<td>Connectivity</td>
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<tr>
<td>Food Waste Management</td>
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<tr>
<td>e-Commerce</td>
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<tr>
<td>Emerging Market</td>
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<tr>
<td>Middle Class</td>
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<td></td>
<td>Low Global Warming Potential Refrigerants and New Compressor Designs</td>
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<td></td>
<td>Sensi WiFi Thermostat, Sensi Predict, Simple Building Management</td>
<td>Electronic Controls Remote Monitoring</td>
<td></td>
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<tr>
<td></td>
<td>Food Disposer Adoption</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>OneEmerson, Amazon, HomeDepot.com, Other Online Channels</td>
<td></td>
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<tr>
<td></td>
<td>China/Europe Residential Heating</td>
<td>China District and Industrial Heating</td>
<td>Food Safety Focus</td>
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<td></td>
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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.
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
# 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 2019 – 2023T Financial Forecast

### 2023 Targets

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

### 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

### 2018 – 2019 Change

<table>
<thead>
<tr>
<th>Metric</th>
<th>2018</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$11.4B</td>
<td>$12.2B</td>
<td>7%</td>
</tr>
<tr>
<td>Underlying</td>
<td></td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>Adj EBIT</td>
<td>$1.9B</td>
<td>$2.0B</td>
<td>4%</td>
</tr>
<tr>
<td>% of Sales</td>
<td>16.8%</td>
<td>16.5%</td>
<td>(30 bps)</td>
</tr>
<tr>
<td>Adj EBITDA</td>
<td>21.1%</td>
<td>20.9%</td>
<td>(20 bps)</td>
</tr>
</tbody>
</table>

### 2019 Sales by Market

- **Discrete**: 25%
- **Hybrid**: 8%
- **Power**: 13%
- **Refining & Chemical**: 20%
- **Pipeline & Terminals**: 11%
- **Upstream Oil & Gas**: 20%
- **Other**: 8%

### 2019 Sales by Geography

- **Americas**: 48%
- **Europe**: 20%
- **Asia, Middle East & Africa**: 32%

### 2019 Sales by KOB

- **KOB1 (Greenfield)**: 20%
- **KOB2 (Upgrades & Modernizations)**: 23%
- **KOB3 (MRO)**: 57%

^Sales Mixes Reflect Partial Year of Machine Automation Solutions
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

Content Intentionally Omitted
Strategic Investments Have Created Value Through Recent Cycles

Automation Solutions Reported Sales 2009 – 2019

- Industrial Growth
- Hydrocarbon Recession
- Curtailed Recovery

Reported Sales CAGR: 5.0%

Adjusted EBITDA:
- 2009: ~21%
- 2014: Peak Margin
- 2014 adjusted EBITDA reflects pro forma Valves and Controls
- 2014 reflects current composition of Industrial Solutions business
- 2015: ~24%
- 2016: ~21%
- 2017: ~21%
- 2018: ~21%
- 2019: ~21%

Automation Solutions Is a Highly Differentiated Franchise
Technology Leadership and Cost Discipline Will Deliver Peak Margin by 2023

- **Growth above market**
- **Operational diligence**
- **Portfolio management**

### Peak Margin Roadmap
- Acquired Valves & Controls
- Expanded World Area presence
- Integrated Industrial Solutions and acquired Aventics

### Adjusted EBITDA
- **2014**
  - Systems & Solutions: $10.9B, 21%
  - Instrumentation: $12.2B, 31%
  - Industrial Solutions: ~$13.7B, 31%
- **2019**
  - Systems & Solutions: ~21%
  - Instrumentation: ~37%
  - Industrial Solutions: ~19%
- **2023**
  - Systems & Solutions: ~24%
  - Instrumentation: ~31%
  - Industrial Solutions: ~17%

2014 adjusted EBITDA reflects pro forma Valves and Controls
2014 reflects current composition of Industrial Solutions business
Automation Solutions Is a Unique Business That Drives Premium Margins Compared to Peers

EBITDA

<table>
<thead>
<tr>
<th>Systems and Solutions</th>
<th>Final Control</th>
<th>Instrumentation</th>
<th>Industrial Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>(19% of Sales)</td>
<td>(31% of Sales)</td>
<td>(31% of Sales)</td>
<td>(19% of Sales)</td>
</tr>
</tbody>
</table>

Source: JP Morgan, Company Data
Automation Solutions -- Accelerated Cost Actions Achieve Prior Peak Margin

- $2,550M Adj. EBITDA
- +1.0 Pts
- $460M

~$260M/+2 pts

~$1.0B of Actions

= $375M+ Savings Associated With Restructuring

2019 Volume @ 30% Leverage  Inflation / Other  Price / NMI  Footprint, Org Structure, Cost Reductions, and Productivity  2023

21%

2020-2023 margin plan excludes impact of any future acquisitions
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

Aggressive Cost Actions Are Underway to Drive Significant Margin Improvements

**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

Content Intentionally Omitted
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**

- Permian: November 2017 - 766, November 2018 - 912, November 2019 - 1153 (Permian down -21%)
- Bakken: November 2017 - 154, November 2018 - 188, November 2019 - 139

**Private E&P’s doubled share over two years**

- **Public Shale E&P’s share** in Nov. 2019: 47%
- **Supermajor production share** has grown from 3% in Nov. 2017 to 17% in Nov. 2019

---

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

![Purchasing Managers' Index (PMI)]

**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

Source: Goldman Sachs Global Investment Research, Autodata, ACEA, ANFAVEA, Bloomberg, AEB, ADEFA, OSD
Source: Fitch Solutions, IHS Markit, DIW Berlin, Center for Automotive Research, and Deutsche Bank
Large Project Pipeline Remains Robust Though Some Projects Have Shifted Out

Conversion of Project Commitments to Orders Has Started to Break Loose and Flow
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

- **Americas**:
  - $50B
  - 1,685 90+

- **Europe**:
  - $30B
  - 1,100 80+

- **Asia, Middle East & Africa**:
  - $29B
  - 1,295 60+

- **Service Personnel**:
  - $6B

- **Service Centers**:
  - $5B
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 Programs Will Generate 16% of 2020 Sales

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

Develop Breakthrough Hardware, Software or Services to Address Emerging Trends

Expand to Attractive Adjacent Markets and Application Spaces

Maintain and Grow Technology Leadership
### New Product Introductions Continue to Deliver Enhanced Analytics Capabilities That Customers Value

<table>
<thead>
<tr>
<th>New to the World</th>
<th>Plantweb Optics</th>
<th>PK Controller</th>
<th>Single Use Sensors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New to Business</strong></td>
<td>Digital Isolation</td>
<td>Location Awareness</td>
<td>2-Wire Coriolis</td>
</tr>
<tr>
<td><strong>Core</strong></td>
<td>DeltaV 14.3.1</td>
<td>FIELDVUE FP1000</td>
<td>Next Gen Platform</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Pressure</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Temperature</td>
</tr>
</tbody>
</table>
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**: $450M
- **2019 Market**: $10.0B
- **CAGR (’19-’23)**: 5%

**Analytics and Digital Twin**

- **2019 Bookings**: $150M
- **2019 Market**: $2.0B
- **CAGR (’19-’23)**: 7%

Focused, industry specific applications to optimize production

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

Integrated, Scalable Packages
- Principles and data driven analytics
- Plant, unit and equipment optimization
- Persona-based decision support
- Workforce Collaboration
Subscription Programs Create Recurring Revenue and Increase Customer Loyalty

**Systems Support Agreements**

1000 DeltaV Scans Per Month  Complex Data Analytics  Simple System Health Score

**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

Content Intentionally Omitted
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

- Advanced Control
  - Advanced Calculations
  - Sequence Advisor
  - Sensor Validation

- 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

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• 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

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

#### 2023 Sales by Market

- **Discrete**: 14%
- **Hybrid**: 9%
- **Power**: 12%
- **Pipeline & Terminals**: 12%
- **Refining & Chemical**: 25%
- **Upstream Oil & Gas**: 20%
- **Other**: 8%

#### 2023 Sales by Geography

- **Americas**: 49%
- **Europe**: 19%
- **Asia, Middle East & Africa**: 32%

#### 2023 Sales by KOB

- **KOB1 (Greenfield)**: 20%
- **KOB2 (Upgrades & Modernizations)**: 22%
- **KOB3 (MRO)**: 58%

^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

<table>
<thead>
<tr>
<th></th>
<th>2014 Pre V&amp;C Acquisition</th>
<th>2017&lt;sup&gt;1&lt;/sup&gt;</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$2.8B</td>
<td>$3.5B</td>
<td>$3.8B</td>
<td>$3.8B</td>
</tr>
<tr>
<td><strong>Underlying</strong></td>
<td></td>
<td></td>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>GP %</strong></td>
<td>42%</td>
<td>34%</td>
<td>37%</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Adj. EBITDA</strong></td>
<td>21%</td>
<td>13%</td>
<td>16%</td>
<td>16%</td>
</tr>
</tbody>
</table>

### 2019 Sales by Market

- **Power**: 18%
- **Mining**: 9%
- **Midstream Oil & Gas**: 19%
- **Refining & Chemical**: 32%
- **Upstream Oil & Gas**: 18%
- **Other**: 4%

### 2019 Sales by Geography

- **Americas**: 48%
- **Asia, Middle East & Africa**: 35%
- **Europe**: 17%

### 2019 Sales by KOB

- **KOB1 (Greenfield)**: 15%
- **KOB2 (Upgrades & Modernizations)**: 25%
- **KOB3 (MRO)**: 60%

---

<sup>1</sup>Includes full year of Valves & Controls

<sup>2</sup>2019-23 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

**Year-End TWC $M**

- **2017**
  - Base Company: $300M
  - Valves & Controls: $500M

- **2018**
  - Base Company: $250M
  - Valves & Controls: $400M

- **2019**
  - Base Company: $240M
  - Valves & Controls: $300M

- **2020E**
  - Base Company: $230M
  - Valves & Controls: $210M

- **2021T**
  - Base Company: $210M
  - Valves & Controls: $200M

- **2022T**
  - Base Company: $200M
  - Valves & Controls: $190M

**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

Gained 1 Point of Market Participation Since 2017

Content Intentionally Omitted
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
Top 125 Projects by Order Timing

Content Intentionally Omitted
Leveraging Our Large Installed Base to Grow the KOB3 Business

2019 Global Installed Base $40B

- North America: $16B
- Europe: $9B
- Asia: $10B
- Latin America: $2B
- Middle East and Africa: $3B

2019 Business Mix

- CapEx:
  - 25% KOB2 Brownfield Projects
  - 15% KOB1 Greenfield Projects
- OpEx:
  - 60% KOB3 After-market (MRO)

Targeting KOB3 at ~60% of Sales Through 2023

- 2018 KOB3 Sales: $2.2B
- 2019 KOB3 Sales: $2.3B
- 2023T KOB3 Sales: $2.7B
Significant KOB3 Opportunities Remain Across Our Key Served Markets

5 MTPA LNG Facility

- Liquification Plant
- LNG Storage
- Gas Processing Facilities
- Export Terminal
- LNG Tanker
- Regasification
- Pipelines

KOB1 Capex
Potential: $46M
Opportunity: $31M

1200 MW Combined Cycle Power Plant

- Heat Recovery Steam Generator
- Combustion Turbine
- Condensate System
- Feedwater System
- Steam Turbine
- Turbine Bypass

KOB1 Capex
Potential: $15M
Opportunity: $15M

300 KTPA Copper Processing Facility

- Crushers
- Mills
- Cyclones
- Thickeners
- Flotation
- Cleaners
- Screens
- Slurry Pipeline
- Electro-winning
- Solvent Extraction

KOB1 Capex
Potential: $10M
Opportunity: $20M

200,000 BBL/D Refinery

- Hydrocracker
- Hydrogen Plant
- Coker
- Continuous Catalytic Reforming
- Gas Plant
- Sulphur Unit
- Distillation Column
- Steam Generation
- Water Treatment

KOB1 Capex
Potential: $21M
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

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<td>Sales</td>
<td>$3.8B</td>
<td>~$3.9B</td>
<td>~$4.5B 2023T</td>
</tr>
<tr>
<td>Underlying</td>
<td>3%</td>
<td>~4%</td>
<td>~4% CAGR</td>
</tr>
<tr>
<td>Market Growth</td>
<td></td>
<td></td>
<td>~2% CAGR</td>
</tr>
</tbody>
</table>

- 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

- **Refining & Chemical**: 34%
- **Midstream Oil & Gas**: 21%
- **Upstream Oil & Gas**: 18%
- **Power**: 15%
- **Mining**: 4%
- **Other**: 8%

### 2023T Sales by Geography

- **Americas**: 47%
- **Asia, Middle East & Africa**: 37%
- **Europe**: 16%

### 2023T Sales by KOB

- **KOB1 (Greenfield)**: 60%
- **KOB2 (Upgrades & Modernizations)**: 20%
- **KOB3 (MRO)**: 20%
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
Digital Transformation

Stuart Harris
Group President, Digital Transformation
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
Content Intentionally Omitted
Improvement From Average to Top Quartile Provides the Business Case for Digital Transformation

**Safety**
- 3X fewer recordables and process incidents
- 4% higher availability
- Half the maintenance costs

**Reliability**
- Process Incidents
- Maintenance
- Availability
- 4% higher availability
- Half the maintenance costs

**Production**
- Operating Costs
- Utilization
- 20% lower operating costs
- 10% higher utilization rate
- 30% lower emissions
- 30% less energy use

**Emissions**
- CO₂ Emissions
- Energy Use
- 30% lower emissions
- 30% less energy use

**Digital Transformation**
- Start with a Problem
- Build the Business Case
- Measure Impact

Sources: Refining and Petrochemical Benchmarks, API, Solomon, OSHA, IHS Markit and Company Reports
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

CONSULTING
“IT” consulting & Digital Transformation business planning
Current Market - $$$
Growth ↑↑

SAFETY
Current Market - $$
Growth ↑↑

RELIABILITY
Current Market - $$
Growth ↑↑↑

PRODUCTION
Current Market - $$$
Growth ↑↑

ENERGY & EMISSIONS
Current Market - $
Growth ↑

SOFTWARE & ANALYTICS
Collaborate and Analyze
Current Market - $$
Growth ↑↑↑

PERVASIVE SENSING
New sensors and networks
Point solutions
Current Market - $$
Growth ↑↑↑

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

**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
- Project, Lifecycle, and Educational Services
- Production Optimization
- Operator Performance
- Control & Safety Systems
- SCADA

DIGITAL TRANSFORMATION
- Consulting & Implementation
  - Industry Expertise
    - Shutdowns, Turnarounds, & Outages
- Service Models
  - Software-as-a-Service
  - Cloud-Deployed Applications
- Connected Services
  - Remote Asset Monitoring

Connectivity
- Edge, On-Premise, and Cloud

Analytics
- Platform, Lifecycle, and Educational Services
- Production Optimization
- Operator Performance
- Control & Safety Systems
- SCADA

Data
- Measurement Instrumentation
- Valves & Actuators
- Motion Control

Intelligent Field Devices

Secure Connectivity

Asset Performance Platform
- Connect, Analyze, and Collaborate

Device & Machinery Diagnostics
- Condition-Based Analytics

Asset Health Apps
- Pre-Configured Analytics

Digital Twins
- Plant & Asset Optimization

Workforce Effectiveness
- Digitally Enabled People

Cybersecurity
- Embedded at All Levels

Pervasive Sensing
- Process
- Environment
- Equipment
- People & Assets
Innovative Solutions to Priority Customer Challenges Deliver Rapid Return On Investment (ROI)

**Pump Health Monitoring**
- **CONNECTED SERVICES**
- **SOFTWARE & ANALYTICS**
- **GATEWAYS**
- **WIRELESS SENSORS**

**Location Awareness**
- **MUSTERING**
- **GEOFENCING**
- **SAFETY ALERTS**
- **SOFTWARE & ANALYTICS**
- **GATEWAYS & ACCESS POINTS**
- **ANCHORS**
- **PERSONNEL TAGS**
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

Note: Illustrative list of applications
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

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 2019
Emerson Has Built the Industry’s Most Comprehensive Operational Analytics Capability and Installed Base

- **Simulation & Digital Twin**
  - Mimic, Paradigm

- **AI & Machine Learning**
  - KNet

- **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

- **Plantweb Optics**

- **Operational Certainty Consulting**

- **Data Management & Integration**

**$4B+ Installed Base**

- 20,000 AMS Systems with 6 Million connected devices
- 52,000 wireless networks
- 800 plant Digital Twins

^ 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
Commercial & Residential Solutions
2019 Summary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$6.0B</td>
<td>$6.2B</td>
<td>3%</td>
</tr>
<tr>
<td><em>Underlying</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adj. EBIT</strong></td>
<td>$1.4B</td>
<td>$1.3B</td>
<td>(1%)</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>23.0%</td>
<td>21.0%</td>
<td>(200) bps</td>
</tr>
<tr>
<td><strong>Adj. EBITDA</strong></td>
<td>26.6%</td>
<td>25.0%</td>
<td>(160) bps</td>
</tr>
</tbody>
</table>

^2018 includes one quarter of Textron Tools acquisition

2019 Sales by Market

- Tools & Home Products: 30%
- Heating & AC: 49%
- Cold Chain: 21%

2019 Sales by Geography

- Americas: 70%
- Asia, Middle East & Africa: 19%
- Europe: 11%
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.

The Emerson Brand Promise is our foundation.

Global Leadership

Tools & Home Products | Heating & AC | Cold Chain

Helping to ensure human comfort and health | Helping protect food quality and sustainability | Creating sustainable infrastructure

Advancing energy efficiency and environmental conservation

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.

Integrity | Safety & Quality | Support Our People | Customer Focus

Continuous Improvement | Collaboration | Innovation
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

Annual Underlying Sales Growth

Trailing 3-Month Underlying Orders

Accelerated Restructuring Since Q4 2018
First Quarter 2020
Commercial & Residential Solutions

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

<table>
<thead>
<tr>
<th>UNDERLYING SALES CHANGE VS. PY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
</tr>
<tr>
<td>Total Europe</td>
</tr>
<tr>
<td>Western Europe</td>
</tr>
<tr>
<td>Asia, Middle East &amp; Africa</td>
</tr>
<tr>
<td>Commercial &amp; Residential Solutions</td>
</tr>
<tr>
<td>FX Impact</td>
</tr>
<tr>
<td>Div Impact</td>
</tr>
<tr>
<td>Reported Net Sales</td>
</tr>
</tbody>
</table>

- 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**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Sales (1%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.7% EBIT%</td>
<td>18.2%</td>
<td></td>
</tr>
<tr>
<td>22.8% Adj EBITDA%</td>
<td>23.7%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>T3M Orders, Excl. Acq / Div, Incl. FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct</td>
</tr>
<tr>
<td>Nov</td>
</tr>
<tr>
<td>Dec</td>
</tr>
</tbody>
</table>

Dec 3-month underlying orders were down 1%
Commercial & Residential Solutions
Peak Adj. EBIT / Adj. EBITDA Dynamics

Incremental Actions Drive Margins to New Peak

Adj. EBITDA %
Adj. EBIT %


27.9% Peak in 2017
26.7% w/ Textron Tools
24.4% Peak in 2017
22.8% w/ Textron Tools
25.0%
21.0%

~28%
~24%

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

$1,540M Adj. EBITDA

$1,540M Adj. EBITDA

Volume @ 30% Leverage

Inflation / Other

Price / NMI

Footprint, Org Structure, Cost Reductions, and Productivity

~$145M/+2 pts

2020-2023 margin plan excludes impact of any future acquisitions
Commercial & Residential Solutions
Aggressive Cost Reset Actions

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

$1,540M Adj. EBITDA

25%

$178M

+0.8 Pts

$330M of Actions

28%

2019

Volume @ 30% Leverage

Inflation / Other

Price / NMI

Footprint, Org Structure, Cost Reductions, and Productivity

2023

2020-2023 margin plan excludes impact of any future acquisitions
Long-Term Value Creation Continues to Focus on 1+ pt Growth Above Market

Commercial & Residential Solutions Has Cycled Closely With the Market for 10+ Years 2019 – 2023T Base Sales Plan Delivers ~1+ pt of Growth Above Market
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

**PRODUCT**
- Core component and application specific solutions

**OEM / CHANNEL**
- Providing technical training for installation and ongoing service

**CONTRACTOR**
- Understanding needs and supporting ease of use

**END USER**
- Increased Engagement

**STANDARD BODIES**
- Participating with industry associations to make recommendations on policy and regulations

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

<table>
<thead>
<tr>
<th>Refrigerants</th>
<th>United States</th>
<th>Europe</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>- HVACR industry urging Kigali approval</td>
<td>- F-Gas phase-down schedule is more aggressive than Kigali</td>
<td>- Large units R22 → R410A conversions continue</td>
<td></td>
</tr>
<tr>
<td>- California proposing new measures</td>
<td>- F-Gas has begun to force to move towards new refrigerants (flammable refrigerants)</td>
<td>- China, Japan &amp; Thailand active in promoting low GWP applications</td>
<td></td>
</tr>
<tr>
<td>- U.S. Court of Appeals upheld the decision to vacate EPA rule</td>
<td>- Price increases in higher GWP refrigerants like R404A, R410A, and R134a drive faster interest in alternatives</td>
<td>- Certain OEMs continuing to push R32 aggressively in Southeast Asia and China</td>
<td></td>
</tr>
<tr>
<td>- EPA delist of R410A in chiller effective Jan 1, 2024 expected to be vacated</td>
<td>-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Efficiencies

<table>
<thead>
<tr>
<th>United States</th>
<th>Europe</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 2023 DOE Rooftop Minimums will drive major commercial equipment redesigns</td>
<td>- OEMs plan to redesign for 2021 EcoDesign efficiency standards with LGWP refrigerant</td>
<td>- Majority of countries moving toward part-load efficiency</td>
</tr>
<tr>
<td>- OEMs in early stages of LGWP planning for RTUs &amp; Scroll Chillers</td>
<td>- Market moving fast to variable speed, driven by EcoDesign</td>
<td>- System efficiency evaluation method moving to APF and low GWP refrigerant</td>
</tr>
</tbody>
</table>

## Clean Air

<table>
<thead>
<tr>
<th>United States</th>
<th>Europe</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 40 States have idling restrictions</td>
<td>- Ambient Air Quality Directive impacting IAQ market</td>
<td>- Legislation efforts to meet ambient air quality standards</td>
</tr>
<tr>
<td>- California CARB laws to reduce diesel emissions</td>
<td>- Renewable Energy Directive drives renewable energy use</td>
<td>- Clean Air Asia Programs</td>
</tr>
</tbody>
</table>

## Food Waste

<table>
<thead>
<tr>
<th>United States</th>
<th>Europe</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Landfill bans of organics &amp; diversion goals in key states</td>
<td>- EU Directive on Waste has aggressive food waste reduction targets</td>
<td>- Food Recycling Law</td>
</tr>
<tr>
<td>- Green bin programs or curbside collection of organics</td>
<td></td>
<td>- RFID food waste disposal system (Pay as you trash)</td>
</tr>
</tbody>
</table>
Key Programs Aligned to Global Market Trends Drive Incremental Growth Above Market

<table>
<thead>
<tr>
<th>Global Trends</th>
<th>Residential</th>
<th>Commercial</th>
<th>Cold Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency</td>
<td>Modulation &amp; Controls</td>
<td>Modulation &amp; Controls, Centrifugal</td>
<td>New Designs</td>
</tr>
<tr>
<td>Comfort &amp; Air Quality</td>
<td>Indoor Air Quality, Heat Pump</td>
<td>Dehumidification, Sensing &amp; Mitigation</td>
<td></td>
</tr>
<tr>
<td>Food Quality &amp; Safety</td>
<td></td>
<td></td>
<td>Controls &amp; ProAct, Cargo Solutions</td>
</tr>
<tr>
<td>Refrigerant Regulations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connectivity</td>
<td>Low Global Warming Potential Refrigerants and New Compressor Designs</td>
<td>Sensi WiFi Thermostat, Sensi Predict, Simple Building Management</td>
<td>Electronic Controls Remote Monitoring</td>
</tr>
<tr>
<td>Food Waste Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e-Commerce</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emerging Market Middle Class</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Controls & ProAct
- Cargo Solutions
- Sensi WiFi Thermostat, Sensi Predict, Simple Building Management
- Electronic Controls Remote Monitoring
- Food Disposer Adoption
- Grind2Energy
- OneEmerson, Amazon, HomeDepot.com, Other Online Channels
- 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
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
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

**Centrifugal Compressor**

*New Centrifugal design addresses low GWP regulations and efficiency*

**Emerson Strategy**

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

| $350+M | 98 |
| Addressable Segment by 2023 | Distribution Partners |

| ~$1B |
| Segment Size |

Content Intentionally Omitted
Sensi Ecosystem Unlocks New Customers and Growth Opportunities

**Sensi Ecosystem**

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

- Sensi Thermostats
- Indoor Air Quality
- Multi-Thermostat Manager
- Sensi Predict

**Emerson Strategy**

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

**Sensi Predict**

*Sensi Predict leverages connectivity to create smart service contracts*

- Sensi Predict
- Multi-Dwelling Units in USA

**Emerson Strategy**

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

<table>
<thead>
<tr>
<th>$10+B</th>
<th>30+%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addressable Segment</td>
<td>Sales Growth Rate (Smart Thermostat)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$3+B</th>
<th>5+M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Opportunity Today</td>
<td>Multi-Dwelling Units in USA</td>
</tr>
</tbody>
</table>
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

INDIA 2ND LARGEST DAIRY & PRODUCE MARKET

40% TO 60% SUPERMARKET ENERGY DEVOTED TO HVACR

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 (CO2, 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

- New-to-the-World CO2 scroll compressor for both centralized / large format and decentralized / small format

- 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

**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

**Segment Size**

- $200+M (Food In-Transit)
- ~20% Sales CAGR Since Acquisition
- $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*

**CO₂ Scroll**

*New CO₂ Scroll design for energy efficiency and sustainability*

**Emerson Strategy**

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

$300+M Addressable Segment

New to the Market

**Emerson Strategy**

- Breakthrough in cost / performance
- Both rack and decentralized systems
- Partner with OEMs and Contractors

$150+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

- **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

**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

**$90+M**

Segment Size

30+%  

Expected Annual Segment Growth Through 2024

49%

2019 YoY Underlying Sales Growth for InSinkErator
New Professional Tools Programs Further Expand Market Positions

Battery Hydraulic Tools

Content Intentionally Omitted

New Insulated Tool for Improved SAFETY
Smaller, Uptime, Connectivity

1000 V

Wet / Dry Vacuums

New NXT Wet/Dry Line with New Cordless Vacs

New NXT Wet/Dry Line with New Cordless Vacs

Dual Batteries = More Runtime
Modular Air System = More Power
NXT = Fully Featured

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
# Commercial & Residential Solutions

## 2019 Summary, 2020 Guidance, and 2023 Target

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

### 2019 Sales by Market
- Tools & Home Products: 49%
- Cold Chain: 21%
- Heating & AC: 30%

### 2019 Sales by Geography
- Americas: 70%
- Asia, Middle East & Africa: 19%
- Europe: 11%
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
2019 Summary

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$1.5B</td>
<td>$1.9B</td>
<td>22%</td>
</tr>
<tr>
<td>Underlying</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. EBIT</td>
<td>$0.4B</td>
<td>$0.4B</td>
<td>2%</td>
</tr>
<tr>
<td>% of Sales</td>
<td>25.1%</td>
<td>21.2%</td>
<td>(390) bps</td>
</tr>
<tr>
<td>Adj. EBITDA</td>
<td>28.0%</td>
<td>25.1%</td>
<td>(290) bps</td>
</tr>
</tbody>
</table>

^2018 includes one quarter of Textron Tools acquisition

2019 Sales by Market Segment

- Residential: 34%
- Industrial: 21%
- Other: 3%
- Commercial: 42%

2019 Sales by Geography

- Americas: 79%
- Europe: 15%
- Asia / MEA: 6%
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:**

- United States: 56%
- Europe: 31%
- All Others: 13%

**By Product:**

- Joining: 38%  
- Electrical: 33%  
- Other: 29%
Combination Gives Emerson the Broadest Portfolio to Serve Mechanical, Electrical and Plumbing Contractors

<table>
<thead>
<tr>
<th>Mechanical</th>
<th>Electrical</th>
<th>Plumbing</th>
</tr>
</thead>
</table>

**RISE OF M-E-P**

**Professional Distribution**
- 350+ Shared Accounts

**Big Box**
- 25+ Year Partnership with Leading Home Improvement Retailer

**eCommerce**
- 135 Preferred Online Distributors
- 25 Countries

**Comprehensive solution** for the MEP Contractor

**Our Brands Support Pro Focus**

**eCommerce**
- 5-year Sales CAGR 24%
New Professional Tools Organizational Structure

Tools and Home Products
Group President
Tim Ferry

Functional Leaders
- Operations
- Information Technology
- Marketing & Business Development

Finance
Human Resources

Regional Leaders
- Americas
- Europe
- China
- Rest of Asia

Business Leaders
- Pipe & Electrical Solutions
- Underground Technologies
- Battery Hydraulic Tools
- Wet/Dry Vacs
New Professional Tools Product Segments

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

Impacted by Textron Tools
We Are Leveraging Key Industry Trends and Mechanical-Electrical-Plumbing Contractor Business Challenges

<table>
<thead>
<tr>
<th>Key Industry Trend</th>
<th>Adoption</th>
<th>Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plumbing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazing</td>
<td>Ø</td>
<td>Urbanization</td>
</tr>
<tr>
<td>Welding</td>
<td>→ Pressing</td>
<td>Emerging Market maturation</td>
</tr>
<tr>
<td>Electrical</td>
<td></td>
<td>Sustainability/Water</td>
</tr>
<tr>
<td>Soldering</td>
<td>→ Crimping</td>
<td>Skilled Labor Shortage</td>
</tr>
<tr>
<td>Digitization</td>
<td></td>
<td>Electrification</td>
</tr>
<tr>
<td>Penetration</td>
<td>→ Locating, Imaging, Mapping, Verifying</td>
<td>Sustainability/Renewables</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Skilled Labor Shortage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Urbanization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Safety &amp; Security</td>
</tr>
</tbody>
</table>

Contractor Business Challenges

<table>
<thead>
<tr>
<th>Workforce and Customer Safety</th>
<th>Productivity</th>
<th>Digital Transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insulated Tools</td>
<td>Prefab</td>
<td>Digitally-Influenced Purchases</td>
</tr>
<tr>
<td>No Flames</td>
<td>Quick Install</td>
<td>Smart, Connected Tools</td>
</tr>
<tr>
<td>Remote Cutting</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
Delivering Customer Value through “One Face to the Customer” Approach for Professional Tools

Disparate Customer Contacts

Shared Customer Interactions

- Unified organization structures for Americas, Europe and Asia
- Harmonized functional discount pricing program
- Implemented common CRM system and sales processes
- Streamlined customer and technical services
- Leverage training best practices
- Working on single ERP system - Oracle

PROAction

360 INSIGHT
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
Professional Tools
Pipe & Electrical Solutions Overview

2019 Business Sales

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

Served Industries

• Non-Res construction
• Industrial
• Energy
• Utility

Grow the Core Franchises
Professional Tools
Underground Technologies Overview

2019 Business Sales

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

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

Served Industries
- Non-Res construction
- Res & Com service
- Industrial
- Utility
Professional Tools
RIDGID Wet Dry Vacs

2019 Business Sales

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

**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

**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

**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

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  Sep’19
Utility Equip.

Retained Textron Tools Business

Achieved 40% of Synergy Plan Savings in First Year, With Continued Momentum
Tools & Home Products Key Messages

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Analyst Q&A
Analyst Q&A
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

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)

### 2019E vs. 2019

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales change (GAAP)</td>
<td>~10%</td>
<td>7 -10%</td>
<td>4 - 7%</td>
<td>7 - 10%</td>
<td>9%</td>
<td>8%</td>
<td>5%</td>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
<td>FX</td>
<td>~ 3%</td>
<td>~ 2%</td>
<td>~ 1%</td>
<td>~ 2%</td>
<td>1.5%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Acq / Div</td>
<td>~ (6.5)%</td>
<td>~ (5)%</td>
<td>~ (1)%</td>
<td>~ (5)%</td>
<td>(6)%</td>
<td>(6)%</td>
<td>(5)%</td>
<td>(1)%</td>
<td>(5)%</td>
</tr>
<tr>
<td>Underlying*</td>
<td>~6.5%</td>
<td>4 - 7%</td>
<td>4 - 7%</td>
<td>4 - 7%</td>
<td>4.5%</td>
<td>4%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
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</table>

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
<th>Q1</th>
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<th>Q3</th>
<th>Q4</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales change (GAAP)</td>
<td>~18%</td>
<td>~10%</td>
<td>~6%</td>
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<td>10%</td>
<td>14%</td>
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</tr>
<tr>
<td>FX</td>
<td>~(3)%</td>
<td>~(3)%</td>
<td>~(1)%</td>
<td>(3)%</td>
<td>(3)%</td>
<td>(1)%</td>
<td>2%</td>
<td>(1)%</td>
<td></td>
</tr>
<tr>
<td>Acq / Div</td>
<td>~(8)%</td>
<td>~(1)%</td>
<td>~1%</td>
<td>(9)%</td>
<td>(8)%</td>
<td>(1)%</td>
<td>(4)%</td>
<td>(5)%</td>
<td></td>
</tr>
<tr>
<td>Underlying*</td>
<td>~7%</td>
<td>~6%</td>
<td>~6%</td>
<td>7%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
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</table>

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>Q1 2020</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
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<tbody>
<tr>
<td>Sales change (GAAP)</td>
<td>~%</td>
<td>(2)% - 0%</td>
<td>(4)% - 4%</td>
<td>(3) - 3%</td>
<td>(2)% - 2%</td>
</tr>
<tr>
<td>FX</td>
<td>1%</td>
<td>~ 1%</td>
<td>~ 1%</td>
<td>~ - %</td>
<td>~ - %</td>
</tr>
<tr>
<td>Acq / Div</td>
<td>~(1)%</td>
<td>~ - %</td>
<td>~ - %</td>
<td>~ - %</td>
<td>~ - %</td>
</tr>
<tr>
<td>Underlying*</td>
<td>~%</td>
<td>(1)% - 1%</td>
<td>(3)% - 3%</td>
<td>(3) - 3%</td>
<td>(2)% - 2%</td>
</tr>
</tbody>
</table>

### 2020E vs. 2020

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales change (GAAP)</td>
<td>-%</td>
<td>(2)% - 0%</td>
<td>(4)% - 4%</td>
<td>(3) - 3%</td>
</tr>
<tr>
<td>FX</td>
<td>-%</td>
<td>~ - %</td>
<td>~ - %</td>
<td>~ - %</td>
</tr>
<tr>
<td>Acq / Div</td>
<td>~(1)%</td>
<td>~ - %</td>
<td>~ - %</td>
<td>~ - %</td>
</tr>
<tr>
<td>Underlying*</td>
<td>-%</td>
<td>(1)% - 1%</td>
<td>(3)% - 3%</td>
<td>(3) - 3%</td>
</tr>
</tbody>
</table>

### 2020E Sales % chg. vs. PY

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>Auto Solns</th>
<th>Comm &amp; Res Solns</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)% - 3%</td>
<td>(4)% - 0%</td>
<td></td>
</tr>
<tr>
<td>~ - %</td>
<td>~ - %</td>
<td></td>
</tr>
<tr>
<td>~(1)% - 1%</td>
<td>(3)% - 1%</td>
<td></td>
</tr>
</tbody>
</table>

### Sales CAGR

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>~5%</td>
<td>~4%</td>
<td>~8%</td>
<td></td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>(2)%</td>
<td>~ (1.6)%</td>
<td>~ (2.7)%</td>
</tr>
<tr>
<td>Sales underlying CAGR*</td>
<td>~3%</td>
<td>2.4%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

### EPS Growth

<table>
<thead>
<tr>
<th>EPS growth (GAAP)</th>
<th>2019-2023T</th>
</tr>
</thead>
<tbody>
<tr>
<td>~9%</td>
<td></td>
</tr>
<tr>
<td>Discrete tax and restructuring impact</td>
<td>~%</td>
</tr>
<tr>
<td>Adjusted EPS growth*</td>
<td>~9%</td>
</tr>
<tr>
<td>Headwinds impact</td>
<td>2%</td>
</tr>
<tr>
<td>Adjusted EPS growth excluding headwinds*</td>
<td>~11%</td>
</tr>
</tbody>
</table>
Reconciliation of Non-GAAP Measures

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretax margin (GAAP)</td>
<td>18.0%</td>
<td>15.6%</td>
<td>~15%</td>
<td>(60) bps</td>
<td>~16%</td>
<td>~17%</td>
<td>~18%</td>
<td>~18%</td>
<td>2.4 pts</td>
<td></td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>1.1%</td>
<td>0.9%</td>
<td>1%</td>
<td>10 bps</td>
<td>1%</td>
<td>1%</td>
<td>~%</td>
<td>~%</td>
<td>0.1 pts</td>
<td></td>
</tr>
<tr>
<td>EBIT margin*</td>
<td>19.1%</td>
<td>16.5%</td>
<td>~16%</td>
<td>(50) bps</td>
<td>~17%</td>
<td>~18%</td>
<td>~19%</td>
<td>~18%</td>
<td>2.5 pts</td>
<td></td>
</tr>
<tr>
<td>Restructuring impact</td>
<td>0.2%</td>
<td>0.5%</td>
<td>1%</td>
<td>50 bps</td>
<td>1%</td>
<td>1%</td>
<td>~%</td>
<td>~%</td>
<td>0.5% (0.5) pts</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBIT margin*</td>
<td>19.3%</td>
<td>17.0%</td>
<td>~17%</td>
<td>~ bps</td>
<td>~18%</td>
<td>~19%</td>
<td>~19%</td>
<td>~18.5%</td>
<td>2 pts</td>
<td></td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>3.2%</td>
<td>4.5%</td>
<td>4.5%</td>
<td>~ bps</td>
<td>4.5%</td>
<td>4%</td>
<td>~%</td>
<td>~%</td>
<td>4.5% - pts</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA margin*</td>
<td>22.5%</td>
<td>21.5%</td>
<td>~21.5%</td>
<td>~ bps</td>
<td>~22.5%</td>
<td>~23%</td>
<td>~23.5%</td>
<td>~23%</td>
<td>2 pts</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted EBITDA ($ in Millions)</th>
<th>2019</th>
<th>2023T Base</th>
<th>2023T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretax earnings (GAAP)</td>
<td>2,859</td>
<td>3,800</td>
<td>~3,900</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>174</td>
<td>~100</td>
<td>~200</td>
</tr>
<tr>
<td>EBIT*</td>
<td>3,033</td>
<td>~3,900</td>
<td>~4,100</td>
</tr>
<tr>
<td>Restructuring impact</td>
<td>95</td>
<td>~</td>
<td>~</td>
</tr>
<tr>
<td>Adjusted EBIT*</td>
<td>3,128</td>
<td>~3,900</td>
<td>~4,100</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>822</td>
<td>~900</td>
<td>~1,000</td>
</tr>
<tr>
<td>Adjusted EBITDA*</td>
<td>3,950</td>
<td>~4,800</td>
<td>~5,100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Automation Solutions EBITDA Margin</th>
<th>2019</th>
<th>2023T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Solutions Segment EBIT Margin (GAAP)</td>
<td>16%</td>
<td>~20%</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Automation Solutions Segment EBITDA Margin*</td>
<td>20%</td>
<td>~24%</td>
</tr>
<tr>
<td>Final Control impact</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Automation Solutions Segment EBITDA Margin excluding Final Control*</td>
<td>23%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercial &amp; Residential Solutions EBITDA Margin</th>
<th>2019</th>
<th>2023T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial &amp; Residential Solutions EBIT Margin (GAAP)</td>
<td>21%</td>
<td>~24%</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Commercial &amp; Residential Solutions EBITDA Margin*</td>
<td>25%</td>
<td>~28%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBITDA Margin</th>
<th>2019</th>
<th>2023T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretax margin (GAAP)</td>
<td>15.6%</td>
<td>~18%</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>0.9%</td>
<td>~%</td>
</tr>
<tr>
<td>EBIT margin*</td>
<td>16.5%</td>
<td>~18%</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>4.5%</td>
<td>5%</td>
</tr>
<tr>
<td>EBITDA margin*</td>
<td>21%</td>
<td>~23%</td>
</tr>
</tbody>
</table>
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)

### Earnings Per Share

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

### Free Cash Flow

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow (GAAP)</td>
<td>3.7</td>
<td>2.5</td>
<td>2.9</td>
<td>2.7</td>
<td>2.9</td>
<td>3.0</td>
<td>-3.15</td>
</tr>
<tr>
<td>Impact of taxes on divestiture gains and repositioning items</td>
<td>-</td>
<td>0.5</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating cash flow adjusted*</td>
<td>3.7</td>
<td>3.0</td>
<td>3.1</td>
<td>2.7</td>
<td>2.9</td>
<td>3.0</td>
<td>-3.15</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(0.8)</td>
<td>(0.7)</td>
<td>(0.6)</td>
<td>(0.5)</td>
<td>(0.6)</td>
<td>(0.6)</td>
<td>0.65</td>
</tr>
<tr>
<td>Free cash flow*</td>
<td>2.9</td>
<td>2.3</td>
<td>2.5</td>
<td>2.2</td>
<td>2.3</td>
<td>2.4</td>
<td>-2.5</td>
</tr>
</tbody>
</table>

### Free Cash Flow to Net Earnings Common Stockholders

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow to net earnings (GAAP)</td>
<td>172%</td>
<td>93%</td>
<td>176%</td>
<td>164%</td>
<td>131%</td>
<td>-140%</td>
<td>130%</td>
<td>-150%</td>
<td>-140%</td>
</tr>
<tr>
<td>Capital expenditures &amp; impact of divestiture gains &amp; taxes paid, repositioning items, impairments &amp; tax reform</td>
<td>(62)%</td>
<td>12%</td>
<td>(45)%</td>
<td>(29)%</td>
<td>(17)%</td>
<td>-40%</td>
<td>(25)%</td>
<td>-40%</td>
<td>-(30)%</td>
</tr>
<tr>
<td>Free cash flow to net earnings adjusted*</td>
<td>110%</td>
<td>105%</td>
<td>131%</td>
<td>135%</td>
<td>114%</td>
<td>~&gt;100%</td>
<td>105%</td>
<td>&gt;~110%</td>
<td>&gt;~110%</td>
</tr>
</tbody>
</table>

### Dividend To Free Cash Flow

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends to operating cash flow (GAAP)</td>
<td>33%</td>
<td>50%</td>
<td>43%</td>
<td>46%</td>
<td>43%</td>
<td>-38%</td>
<td>40%</td>
<td>-38%</td>
<td>-35%</td>
</tr>
<tr>
<td>Capital expenditures &amp; impact of taxes on divestiture gains &amp; repositioning items</td>
<td>8%</td>
<td>6%</td>
<td>5%</td>
<td>10%</td>
<td>11%</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>Dividends to free cash flow*</td>
<td>41%</td>
<td>56%</td>
<td>48%</td>
<td>56%</td>
<td>54%</td>
<td>-47%</td>
<td>50%</td>
<td>-49%</td>
<td>-45%</td>
</tr>
</tbody>
</table>

### Total Debt / EBITDA

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt / pretax earnings (GAAP)</td>
<td>1.8x</td>
<td>1.6x</td>
<td>2.9x</td>
<td>2.0x</td>
<td>1.8x</td>
<td>2.0x</td>
<td>2.4 - 2.5x</td>
<td>-2.2x</td>
<td>2.3 - 2.4x</td>
</tr>
<tr>
<td>Interest, taxes, depreciation, amortization</td>
<td>(0.4)</td>
<td>(0.3)</td>
<td>(0.7)</td>
<td>(0.5)</td>
<td>(0.5)</td>
<td>(0.5)</td>
<td>(0.7)</td>
<td>(0.5)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Total debt / EBITDA*</td>
<td>1.4X</td>
<td>1.3x</td>
<td>2.2x</td>
<td>1.5x</td>
<td>1.3x</td>
<td>1.5x</td>
<td>1.7 - 1.8x</td>
<td>-1.7x</td>
<td>1.7 - 1.8x</td>
</tr>
</tbody>
</table>
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)

**Automation Solutions Underlying Sales Growth**

<table>
<thead>
<tr>
<th></th>
<th>2019E</th>
<th>2019</th>
<th>2019-2023T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Solutions sales growth reported (GAAP)</td>
<td>7 - 10%</td>
<td>7%</td>
<td>2 - 4%</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>-2%</td>
<td>(2)%</td>
<td>-%</td>
</tr>
<tr>
<td>Automation Solutions underlying sales growth*</td>
<td>5 - 8%</td>
<td>5%</td>
<td>2 - 4%</td>
</tr>
</tbody>
</table>

**Automation Solutions Adjusted EBIT**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2018 vs 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Solutions Segment EBIT (GAAP)</td>
<td>1.9</td>
<td>1.9</td>
<td>3%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>-</td>
<td>0.1</td>
<td>1%</td>
</tr>
<tr>
<td>Automation Solutions Segment Adjusted EBIT*</td>
<td>1.9</td>
<td>2.0</td>
<td>4%</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>0.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automation Solutions Segment Adjusted EBITDA*</td>
<td></td>
<td></td>
<td>2.55</td>
</tr>
</tbody>
</table>

**Automation Solutions Adjusted EBITDA Margin**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Solutions Segment EBIT (GAAP)</td>
<td>16.5%</td>
<td>16.0%</td>
<td>(50) bps</td>
<td>30 - 70 bps</td>
<td>~20%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>0.3%</td>
<td>0.5%</td>
<td>20 bps</td>
<td>10 bps</td>
<td>~0%</td>
</tr>
<tr>
<td>Adjusted EBIT Margin*</td>
<td>16.8%</td>
<td>16.5%</td>
<td>(30) bps</td>
<td>40 - 80 bps</td>
<td>~20%</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>4.3%</td>
<td>4.4%</td>
<td>10 bps</td>
<td>30 - 10 bps</td>
<td>~4%</td>
</tr>
<tr>
<td>Automation Solutions Segment Adjusted EBITDA Margin*</td>
<td>21.1%</td>
<td>20.9%</td>
<td>(20) bps</td>
<td>70 - 90 bps</td>
<td>~24%</td>
</tr>
</tbody>
</table>

**Automation Solutions Adjusted EBITDA Margin**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Solutions Segment EBIT (GAAP)</td>
<td>17%</td>
<td>21%</td>
</tr>
<tr>
<td>Depreciation / amortization / restructuring</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Automation Solutions Segment Adjusted EBITDA Margin*</td>
<td>~21%</td>
<td>~24%</td>
</tr>
<tr>
<td>Pro forma acquisitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automation Solutions Segment Pro forma Adjusted EBITDA Margin*</td>
<td></td>
<td>~23%</td>
</tr>
</tbody>
</table>

**Automation Solutions Adjusted EBITDA Leverage**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Solutions Segment EBIT (GAAP)</td>
<td>8%</td>
</tr>
<tr>
<td>Depreciation / amortization / restructuring / acquisitions</td>
<td>27%</td>
</tr>
<tr>
<td>Adjusted EBITDA Leverage*</td>
<td>35%</td>
</tr>
</tbody>
</table>

**Final Control Underlying Sales**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales change (GAAP)</td>
<td>41%</td>
<td>1%</td>
</tr>
<tr>
<td>FX / Acq / Div</td>
<td>-4%</td>
<td>-4%</td>
</tr>
<tr>
<td>Underlying*</td>
<td>13%</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Final Control Sales ($ in Millions)**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Control Sales (GAAP)</td>
<td>3,749</td>
<td>3,794</td>
</tr>
<tr>
<td>Intercompany sales</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Final Control Net Sales*</td>
<td>3,774</td>
<td>3,819</td>
</tr>
</tbody>
</table>
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)

### Final Control Adjusted EBITDA ($ in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2023T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretax earnings (GAAP)</td>
<td>362</td>
<td>413</td>
<td>~750</td>
</tr>
<tr>
<td>Interest / depreciation / amortization / restructuring</td>
<td>225</td>
<td>209</td>
<td>200</td>
</tr>
<tr>
<td>Adjusted EBITDA*</td>
<td>587</td>
<td>622</td>
<td>~950</td>
</tr>
</tbody>
</table>

### Final Control Adjusted EBITDA

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretax earnings (GAAP)</td>
<td>19%</td>
<td>10%</td>
<td>10%</td>
<td>11%</td>
<td>10 bps</td>
<td>120 bps</td>
<td>~16.5%</td>
</tr>
<tr>
<td>Interest / depreciation / amortization / impact of Valves &amp; Controls</td>
<td>2%</td>
<td>1%</td>
<td>5%</td>
<td>5%</td>
<td>340 bps</td>
<td>(60) bps</td>
<td>4.5%</td>
</tr>
<tr>
<td>Final Control EBITDA Margin*</td>
<td>21%</td>
<td>11%</td>
<td>15%</td>
<td>16%</td>
<td>350 bps</td>
<td>60 bps</td>
<td>~21%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>- %</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>- %</td>
<td>- %</td>
<td>- %</td>
</tr>
<tr>
<td>Final Control Adjusted EBITDA Margin*</td>
<td>21%</td>
<td>15%</td>
<td>16%</td>
<td>16%</td>
<td>210 bps</td>
<td>70 bps</td>
<td>~21%</td>
</tr>
</tbody>
</table>

### Final Control Adjusted EBITDA Leverage

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Control Pretax Leverage (GAAP)</td>
<td>10%</td>
<td>117%</td>
</tr>
<tr>
<td>Depreciation / amortization / restructuring / V&amp;C impact</td>
<td>34%</td>
<td>(39)%</td>
</tr>
<tr>
<td>Final Control Adjusted EBITDA Leverage*</td>
<td>44%</td>
<td>78%</td>
</tr>
</tbody>
</table>

### Commercial & Residential Solutions Underlying Sales

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (GAAP)</td>
<td>6%</td>
<td>(4)%</td>
<td>3%</td>
<td>6%</td>
<td>(1)%</td>
<td>(1)%</td>
<td>5%</td>
<td>2 - 3%</td>
</tr>
<tr>
<td>FX / Acq / Div</td>
<td>(2)%</td>
<td>-</td>
<td>-%</td>
<td>-%</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>-%</td>
</tr>
<tr>
<td>Underlying*</td>
<td>4%</td>
<td>(3)%</td>
<td>3%</td>
<td>6%</td>
<td>1%</td>
<td>-%</td>
<td>6%</td>
<td>2 - 3%</td>
</tr>
</tbody>
</table>

### Commercial & Residential Solutions Underlying Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020E</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (GAAP)</td>
<td>2%</td>
<td>8 - 10%</td>
<td>3%</td>
<td>(4)% - 0%</td>
</tr>
<tr>
<td>FX / Acq / Div</td>
<td>2%</td>
<td>~(5)%</td>
<td>(4)%</td>
<td>~1%</td>
</tr>
<tr>
<td>Underlying*</td>
<td>4%</td>
<td>3 - 5%</td>
<td>(1)%</td>
<td>(3) - 1%</td>
</tr>
</tbody>
</table>

### Commercial & Residential Solutions Adjusted EBIT

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2018 vs 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial &amp; Residential Solutions EBIT (GAAP)</td>
<td>1.4</td>
<td>1.30</td>
<td>(6)%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>-</td>
<td>-</td>
<td>-%</td>
</tr>
<tr>
<td>Commercial &amp; Residential Solutions Adjusted EBIT*</td>
<td>1.4</td>
<td>1.30</td>
<td>(6)%</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>0.2</td>
<td>0.24</td>
<td>-%</td>
</tr>
<tr>
<td>Commercial &amp; Residential Solutions Adjusted EBITDA*</td>
<td>1.6</td>
<td>1.54</td>
<td>(6)%</td>
</tr>
</tbody>
</table>
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)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial &amp; Residential Solutions EBIT (GAAP)</td>
<td>22.6%</td>
<td>20.6%</td>
<td>(200) bps</td>
<td>17.7%</td>
<td>18.2%</td>
<td>50 bps</td>
<td>50 - 70 bps</td>
<td>~24%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>0.4%</td>
<td>0.4%</td>
<td>~ - bps</td>
<td>0.4%</td>
<td>0.7%</td>
<td>30 bps</td>
<td>~10 bps</td>
<td>~ - %</td>
</tr>
<tr>
<td>Adjusted EBIT Margin*</td>
<td>23.0%</td>
<td>21.0%</td>
<td>(200) bps</td>
<td>18.1%</td>
<td>18.9%</td>
<td>80 bps</td>
<td>60 - 80 bps</td>
<td>~24%</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>3.6%</td>
<td>4.0%</td>
<td>40 bps</td>
<td>4.7%</td>
<td>4.8%</td>
<td>10 bps</td>
<td>~20 bps</td>
<td>~4%</td>
</tr>
<tr>
<td>Commercial &amp; Residential Solutions Adjusted EBITDA Margin*</td>
<td>26.6%</td>
<td>25.0%</td>
<td>(160) bps</td>
<td>22.8%</td>
<td>23.7%</td>
<td>90 bps</td>
<td>~100 bps</td>
<td>~28%</td>
</tr>
</tbody>
</table>

Commercial & Residential Solutions Excluding ClosetMaid Sales CAGRs

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

Commercial & Residential Solutions Adjusted EBIT Margin

<table>
<thead>
<tr>
<th>Commercial &amp; Residential Solutions EBIT (GAAP)</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring</td>
<td>1.2%</td>
</tr>
<tr>
<td>Adjusted EBIT Margin*</td>
<td>24.4%</td>
</tr>
<tr>
<td>Textron Tools Impact</td>
<td>(1.6)%</td>
</tr>
<tr>
<td>Adjusted EBIT Margin with Textron Tools*</td>
<td>22.8%</td>
</tr>
</tbody>
</table>

Commercial & Residential Solutions Adjusted EBITDA Margin

<table>
<thead>
<tr>
<th>Commercial &amp; Residential Solutions EBIT (GAAP)</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation / amortization / restructuring</td>
<td>4.7%</td>
</tr>
<tr>
<td>Commercial &amp; Residential Solutions Adjusted EBITDA Margin*</td>
<td>27.9%</td>
</tr>
<tr>
<td>Textron Tools Impact</td>
<td>(1.2)%</td>
</tr>
<tr>
<td>Commercial &amp; Residential Solutions Adjusted EBITDA Margin with Textron Too</td>
<td>26.7%</td>
</tr>
</tbody>
</table>
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)

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tools &amp; Home Products sales growth reported (GAAP)</td>
<td>22%</td>
<td>4.0%</td>
<td>(5)% - (1)%</td>
<td>2 - 4%</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>(20)%</td>
<td>0.5%</td>
<td>~ 2%</td>
<td>~%</td>
</tr>
<tr>
<td>Tools &amp; Home Products underlying sales growth*</td>
<td>2%</td>
<td>4.5%</td>
<td>(3)% - 1%</td>
<td>2 - 4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tools &amp; Home Products EBITDA</th>
<th>2018</th>
<th>2019</th>
<th>2018 vs 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tools &amp; Home Products EBIT (GAAP)</td>
<td>0.4</td>
<td>0.4</td>
<td>2%</td>
</tr>
<tr>
<td>Restructuring impact</td>
<td>-</td>
<td>-</td>
<td>1%</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>-</td>
<td>0.1</td>
<td>6%</td>
</tr>
<tr>
<td>Adjusted EBIT*</td>
<td>0.4</td>
<td>0.5</td>
<td>9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tools &amp; Home Products EBIT Margin (GAAP)</td>
<td>24.9%</td>
<td>20.9%</td>
<td>(400) bps</td>
<td>~20 bps</td>
<td>22 - 24%</td>
</tr>
<tr>
<td>Restructuring impact</td>
<td>0.2%</td>
<td>0.3%</td>
<td>~10 bps</td>
<td>40 - 60 bps</td>
<td>1 - 2%</td>
</tr>
<tr>
<td>Adjusted EBIT margin*</td>
<td>25.1%</td>
<td>21.2%</td>
<td>(390) bps</td>
<td>60 - 80 bps</td>
<td>24 - 25%</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>2.9%</td>
<td>3.9%</td>
<td>100 bps</td>
<td>40 - 20 bps</td>
<td>~4%</td>
</tr>
<tr>
<td>Adjusted EBITDA margin*</td>
<td>28.0%</td>
<td>25.1%</td>
<td>(290) bps</td>
<td>~100 bps</td>
<td>28 - 29%</td>
</tr>
</tbody>
</table>
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