Emerson to Acquire Aventics

May 17, 2018

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

Non-GAAP Measures
*In this call we will discuss some non-GAAP measures (denoted with *) in talking about our company’s performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or available at our website www.Emerson.com under Investors.*
Emerson Will Continue to Expand Our Automation Solutions’ Capabilities

We Will Continue Our Focus on Building Out Solutions Capabilities in Targeted Hybrid and Discrete End Markets
Aventics Overview

Company Profile

Headquarters: Luxembourg; Central office in Laatzen, Germany

2017 Sales: $425M

Employees: ~2,100

Global Footprint: 5 mfg. facilities across five countries

Description: Designs and manufactures pneumatic devices and systems, including diagnostic and monitoring capabilities, for machine builders and OEMs in hybrid and discrete manufacturing

Sales Mix

By Geography

- Asia Pacific: 10%
- Americas: 16%
- Germany: 37%
- Rest of Europe: 37%

By End Market

- Industrial: 66%
- Hybrid (e.g. Food & Beverage): 11%
- Discrete (e.g. Factory Automation): 23%

Products

- Pneumatic Valve
- Cylinders & Actuators
- Air Preparation & Sensors
- Hygienic & Washdown
Aventics Is a Strong Complementary Fit with Emerson’s Fluid & Motion Control Business

**Desirable Target**

**Complementary Fit** with Emerson that Creates ~$1.5B Business
- Provides valuable footprint in key automation market - Germany
- Strengthens Emerson’s portfolio of factory automation technologies
- Adds 2-3 pts. to Automation Solutions’ hybrid and discrete end market mix

**Strengthen Market Position**

Bolsters Emerson’s Leadership in **$13B Fluid Automation Market**
- Creates the broadest fluid automation offering in the market
- Brings complementary products with North American and European standards
- Provides access to key customers in targeted hybrid and discrete end markets
- Adds diagnostic and monitoring capability that enables smart factories

**Value Creation**

Bolt-On Acquisition with **Meaningful Value Creation** Opportunity
- Combined global footprint creates greater reach for customer engagement
- Emerson-wide pull through in key markets like F&B, Packaging and Life Science
- Margin improvement opportunity with leverage across the combined businesses
Automation Investment Is Driving Technology Convergence Between Fluid Control and Pneumatics

Aventics Strengthens Our Pneumatics Offering – Giving Emerson the Broadest Fluid Automation Portfolio to Support Customers Across All End Markets
Fluid Automation Is a Key Focus Area for Enabling Improved Factory Automation

Factory Automation

Pneumatics offer an **efficient, reliable solution** to automate machine functions such as:

- Driving Motion
- Gripping Products
- Applying Force

Our Combined Portfolios Create a Comprehensive / Intelligent Motion & Handling Solution
Aventics Synergies and Transaction Summary

**Transaction Summary**

- Cash purchase price €527M, ~12x 2018E EBITDA
- Slightly EPS accretive in 2019, excluding restructuring and acquisition accounting charges
- Preliminary amortization and acquisition accounting charges communicated after close
- Expected closing in fiscal Q4 2018

**Strategic Bolt-on Acquisition Brings Strong European Presence and Position In Targeted Hybrid and Discrete End Markets**