

# Coronavirus and Operations Update

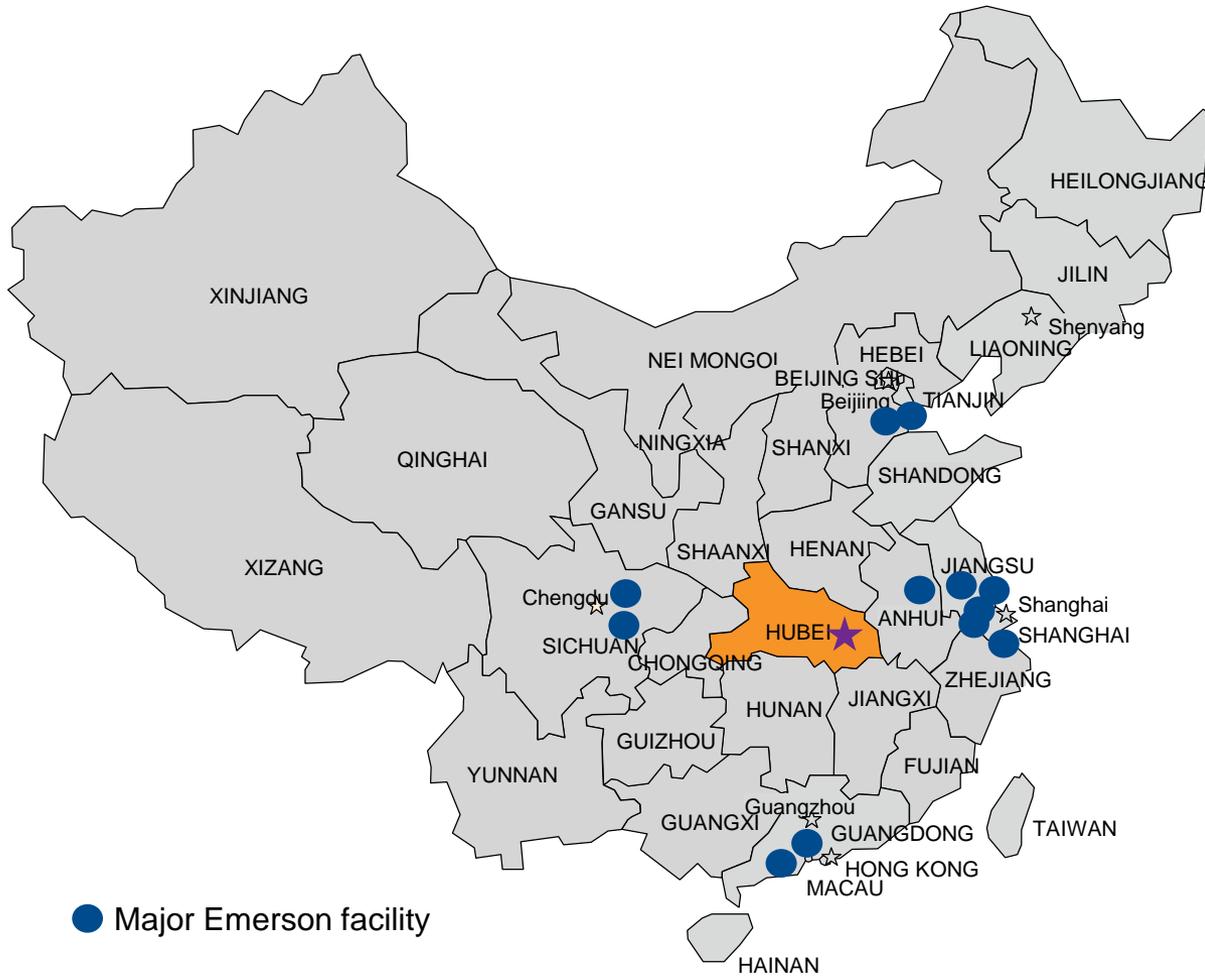
28 February, 2020

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Forward-Looking and Cautionary Statements in this Current Report are not strictly historical may be “forward-looking” statements, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. These risks and uncertainties include impact of the coronavirus, economic and currency conditions, market demand, pricing, protection of intellectual property, cybersecurity, tariffs, 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.



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



## RESUMPTION OF OPERATIONS

As of Feb. 27

All key facilities are currently operational, with ~85% production capacity available on average

Total Emerson Employees in China

10,700

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

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

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

## As of Feb 27

### Operations:

- ~85% of production employees have returned to work at this point

### Supply Chain:

- 1,600+ suppliers, \$750M in purchases of which \$250M is for export
- Vast majority of supply chain (over 95%) has restarted production, with current average capacity of 57% steadily increasing

### Logistics:

- Logistics still present a challenge: material is flowing, but at ~75% of the normal rate
- Transit times are delayed and have roughly doubled on average, with much higher costing rates

Key issues continue to be supply chain and logistics interruption, and timing of customer factory restarts – in addition we are now dealing with more of a customer demand issue as opposed to a production issue for the China market.

Second quarter negative impact to sales estimated at **\$100 - 150M**. Half expected to be recovered in the year. But the longer the coronavirus continues, the lower the likelihood of recovery.

We expect to benefit from the anticipated Chinese Government stimulus programs later in the fiscal year.

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