Coronavirus and Operations Update
28 February, 2020

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

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

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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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