Electrical Products Group Conference

David N. Farr
Emerson Chairman and Chief Executive Officer
May 23, 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 presentation 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.
### 2018 Outlook

**Underlying Sales Growth**
- Automation Solutions: ~7%
- Commercial & Residential Solutions: ~8%
- ~5%

**GAAP EPS**
- % change vs. PY Cont. Ops.
  - $3.10 to $3.20
  - 22% to 26%

**Operating Cash Flow**
- Capex: $2.9B
  - ~$575M
  - ~115%

**Q3 Net Sales Growth / Underlying Growth**
- ~11% / ~7%

**Q3 GAAP EPS**
- ~$0.85
- 35%

*Note: All values are approximate.*

We Are Positioned to Deliver Strong Earnings and Cash Flow in 2018
In Power Markets, We Continue to Strengthen Our DCS Platform, Ovation, to Expand Our Plant Footprint and Drive Into Adjacent Markets

Our Horizontal Expansion Strategy Enables Strong Participation in Plant Retrofits and Greenfield Projects -- Power Net Sales and Orders Grew in the 1st Half
Final Control Momentum Continues
April Trailing 3-Month Underlying Orders Were 15%

Valves & Controls
Year 1 Accomplishments

- **Main Valve Partner™** strategy launched; resulting in many ‘combined portfolio’ wins
- **Operating Model Transformation (OMT) unwind** successfully completed
- $17+M of **supply chain synergy savings** negotiated
- 6 **manufacturing facilities** closed or in progress; targeting 11 **total facility closures** by the end of 2018
- Significant improvements in **service levels** achieved as we reduce overdue backlog
- Delivered >$150M of **operating cash flow** in year one

Valves & Controls 3-Month Underlying Orders Have Been Positive Since October, Growth Programs Are Showing Traction and Integration Is on Track
Emerson Will Continue to Expand Automation Solutions’ Capabilities

Data Management
Converts rich data to information and develops actionable insights

Control
Performs action on rich data collected from the field

Devices / Instruments / Sensors
Generates rich data

Areas of Focus
Recent Acquisitions

Enterprise Management

Production Management
(Data Management, Manufacturing Execution System (MES))

Enterprise Management

Process Control
Machine Control

I/O Networking

Instrumentation
Intelligent Sensors

Control & Actuated Valves
Motion Control

On/Off Valves & Fittings
Pneumatics

Mechanical Processes
Specialty & Robotics

Rotating Equipment
Motors & Drives

Electrical & Power

Areas of Focus

Paradigm
Geofields
Prosys

Solutions & Services
- Packaged Solutions
- Machine Integration
- Energy & Environment
- Consulting

Pentair Valves & Controls

Aventics

Safety & Control

Hybrid

Discrete

Process

Areas of Focus

Recent Acquisitions
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

End Market Mix

- 1% growth above 3-5% market, driven by cross-selling and solutions offering
- >5 points margin expansion, closer to Fluid & Motion Control margins

Geographic Mix

Sales

Margins
Emerson Will Continue to Expand Our Leadership in Commercial & Residential Solutions’ Markets

Areas of Focus
- Container Monitoring
- Building Management
- Sensi Monitoring
- Multiple Thermostats

Recent Acquisitions
- Locus Traxx & PakSense
- Cooper-Atkins

Data Management
Converts rich data to information and develops actionable insights
- Temperature Monitoring
- Cargo Monitoring

Control
Performs action on rich data collected from the field
- Dampers & Actuators
- HVAC Controls

Devices / Instruments / Sensors
Generates rich data
- Condensing Units/ Systems
- Heat Pump Solutions
- Disposers
- Gas Valves
- Temperature Monitoring
- Joining Technologies
- Loggers
- Sensors
- Electrical Tools
- AC & Ref Compressors
- Dehumidification
- Inspection Tools

Residential
Commercial
Cold Chain
Contractor

Texton Tools & Test
Tools & Test Update -- Greenlee & Klauke

<table>
<thead>
<tr>
<th>FY 2017</th>
<th>EMR Tools &amp; Home Products¹</th>
<th>Tools &amp; Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$1,645M</td>
<td>$470M</td>
</tr>
<tr>
<td>EBIT %</td>
<td>23%</td>
<td>11%</td>
</tr>
</tbody>
</table>

**Sales by Geography**

- United States: 82%
- Europe: 11%
- All Others: 7%

**Tools & Test contributes ~$100M of OPCF in 2022**

**Meaningful Value Creation**

- Grow sales 1% above market
- Drive to ~20% EBIT margin excluding amortization costs
- Reduce TWC by $25M - $50M

**Transaction Update**

- Expected closing June / July 2018
- Expected Q4 2018 one-time accounting charges of ~$25M pre-tax, or ~($0.03) EPS impact
- Ongoing amortization (full year): ~$25M
- Earnings and cash accretive in Fiscal 2019

¹ Reported, includes ClosetMaid results (divested Oct 2017)

**No change to 2018 GAAP EPS Guidance of $3.10 to $3.20**
2016 Bridge to 2021T Sales

~$1.5+B
Pentair V&C

~$3.5B
Underlying Growth 2016 - 2021

~$1.5+B
Bolt-On Acquisitions
Including:
- Paradigm
- Cooper-Atkins
+ Tools & Test
+ Aventics

~$2.0B

~$21+B
2021 Target

Reported 2016 - 2021 CAGR: ~8%
Reported 2017 - 2021 CAGR: ~8.5%
Underlying* 2016 - 2021 CAGR: ~5%
Underlying* 2017 - 2021 CAGR: ~5.5%

2017 Actual Excl. V&C*

Continuing Ops

$14.5B

$14.7B

~5%
Underlying Growth 2016 - 2021

Acquisitions Contribution for the 2021 Sales Target Is Now Secured ---
Additional Debt Capacity Allows Us to Target ~$2.5B of Incremental Dollar Spend on Bolt-On Acquisitions / Internal Investments
Acquisition Contribution for 2021 EPS Target Is Now Secured ---
Potential ~$0.20 Upside to $4.50 Plan Driven by ~$0.4B / Year Higher Share Repurchase (Totaling ~$1B / Year) and Additional Bolt-On Acquisitions
$4B Additional Debt Capacity Provides Upside to 2021 Plan

The $4B of Higher Capital Allocation Is Due to Higher Underlying Sales Growth, Better Earnings Growth, and the Benefit of U.S. Tax Reform
Key Messages

- **Orders momentum is on track** and supports Emerson’s 2018 ~7% underlying growth*

- **Valves & Controls target margin improvement** is reading through -- integration with Final Control is near completion

- Completed / Announced ~$2.3B of strategic bolt-on acquisitions over the last 6 months -- accretive and in our two core platforms

- Set-up into 2019 is solid:
  - **Large project momentum continues** in our key end markets
  - **Emerging markets will outpace mature markets**, picking-up in 2019

<table>
<thead>
<tr>
<th>2017 - 2020 Growth CAGR</th>
<th>Mature Markets: 3+% GFI Drives 5+% Sales Growth*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Emerging Markets: 5+% GFI Drives 6% - 7% Sales Growth*</td>
</tr>
</tbody>
</table>

- Emerson is **positioned to outperform**

- 2021 acquisition plan targets are complete -- **Deploying an additional $4B capital** to acquisitions, internal investments and share repurchase

We Expect a Strong 2nd Half Finish to 2018 With Orders Pace Continuing and Large Projects Starting to Convert
# Reconciliation of Non-GAAP Measures

Reconciliations of Non-GAAP measures (denoted by *) with the most directly comparable GAAP measure (dollars in millions, except per share amounts):

## Q3 2018E Underlying Sales Change

<table>
<thead>
<tr>
<th></th>
<th>Emerson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported (GAAP)</td>
<td>~ 11%</td>
</tr>
<tr>
<td>FX</td>
<td>~ (3)%</td>
</tr>
<tr>
<td>Acquisitions/Divestitures</td>
<td>~ (1)%</td>
</tr>
<tr>
<td>Underlying*</td>
<td>~ 7%</td>
</tr>
</tbody>
</table>

## FY 2018E Underlying Sales Change

<table>
<thead>
<tr>
<th></th>
<th>Auto Solns</th>
<th>Comm &amp; Res Solns</th>
<th>Emerson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported (GAAP)</td>
<td>~ 20%</td>
<td>~ 2%</td>
<td>~ 13%</td>
</tr>
<tr>
<td>FX</td>
<td>~ (3)%</td>
<td>~ (2)%</td>
<td>~ (2)%</td>
</tr>
<tr>
<td>Acquisitions/Divestitures</td>
<td>~ (9)%</td>
<td>~ 5%</td>
<td>~ (4)%</td>
</tr>
<tr>
<td>Underlying*</td>
<td>~ 8%</td>
<td>~ 5%</td>
<td>~ 7%</td>
</tr>
</tbody>
</table>

## Free Cash Flow Conversion

<table>
<thead>
<tr>
<th></th>
<th>FY18E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow Conversion (GAAP)</td>
<td>~ 145%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>~ (30)</td>
</tr>
<tr>
<td>Free Cash Flow Conversion*</td>
<td>~ 115%</td>
</tr>
</tbody>
</table>


Reconciliation of Non-GAAP Measures

Reconciliations of Non-GAAP measures (denoted by *) with the most directly comparable GAAP measure (dollars in millions, except per share amounts):

### Sales CAGR

<table>
<thead>
<tr>
<th></th>
<th>2016-2021T</th>
<th>2017-2021T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales CAGR (GAAP)</td>
<td>~8%</td>
<td>~8.5%</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>~(3)%</td>
<td>~(3)%</td>
</tr>
<tr>
<td>Sales underlying CAGR*</td>
<td>~5%</td>
<td>~5.5%</td>
</tr>
</tbody>
</table>

### EPS Growth

<table>
<thead>
<tr>
<th></th>
<th>2016-2021T</th>
<th>2017-2021T</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS growth with tax reform (GAAP)</td>
<td>~13%</td>
<td>~15.5%</td>
</tr>
<tr>
<td>Tax reform impact</td>
<td>~(2)%</td>
<td>~(4.0)%</td>
</tr>
<tr>
<td>EPS growth without tax reform*</td>
<td>~11%</td>
<td>~11.5%</td>
</tr>
</tbody>
</table>

### Free Cash Flow ($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow (GAAP)</td>
<td>$2,881</td>
</tr>
<tr>
<td>Impact of repositioning items</td>
<td>179</td>
</tr>
<tr>
<td>Operating cash flow adjusted*</td>
<td>3,060</td>
</tr>
<tr>
<td>Capital expenditures including discontinued operations</td>
<td>(523)</td>
</tr>
<tr>
<td>Free cash flow*</td>
<td>2,537</td>
</tr>
<tr>
<td>Impact of discontinued operations</td>
<td>(485)</td>
</tr>
<tr>
<td>Free cash flow continuing operations*</td>
<td>$2,052</td>
</tr>
</tbody>
</table>
Reconciliation of Non-GAAP Measures

Reconciliations of Non-GAAP measures (denoted by *) with the most directly comparable GAAP measure (dollars in millions, except per share amounts):

**Free Cash Flow**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2021T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow (GAAP)</td>
<td>$2,690</td>
<td>~3,800</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(476)</td>
<td>~700</td>
</tr>
<tr>
<td>Free cash flow*</td>
<td>$2,214</td>
<td>~3,100</td>
</tr>
<tr>
<td>Impact of tax reform</td>
<td></td>
<td>~200</td>
</tr>
<tr>
<td>Free cash flow excluding tax reform*</td>
<td></td>
<td>~2,900</td>
</tr>
</tbody>
</table>

Mature Market Sales CAGR

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 - 2020T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales CAGR (GAAP)</td>
<td>~6+%</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>~(1)%</td>
</tr>
<tr>
<td>Sales underlying CAGR*</td>
<td>~5+%</td>
</tr>
</tbody>
</table>

Emerging Market Sales CAGR

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 - 2020T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales CAGR (GAAP)</td>
<td>8 - 9%</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>~(2)%</td>
</tr>
<tr>
<td>Sales underlying CAGR*</td>
<td>6 - 7%</td>
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