

Emerson's digital solutions and analytics software help safeguard critical products like temperature-sensitive food, medications, and vaccines.



Emerson First Quarter 2021 Earnings Conference Call

February 2, 2021



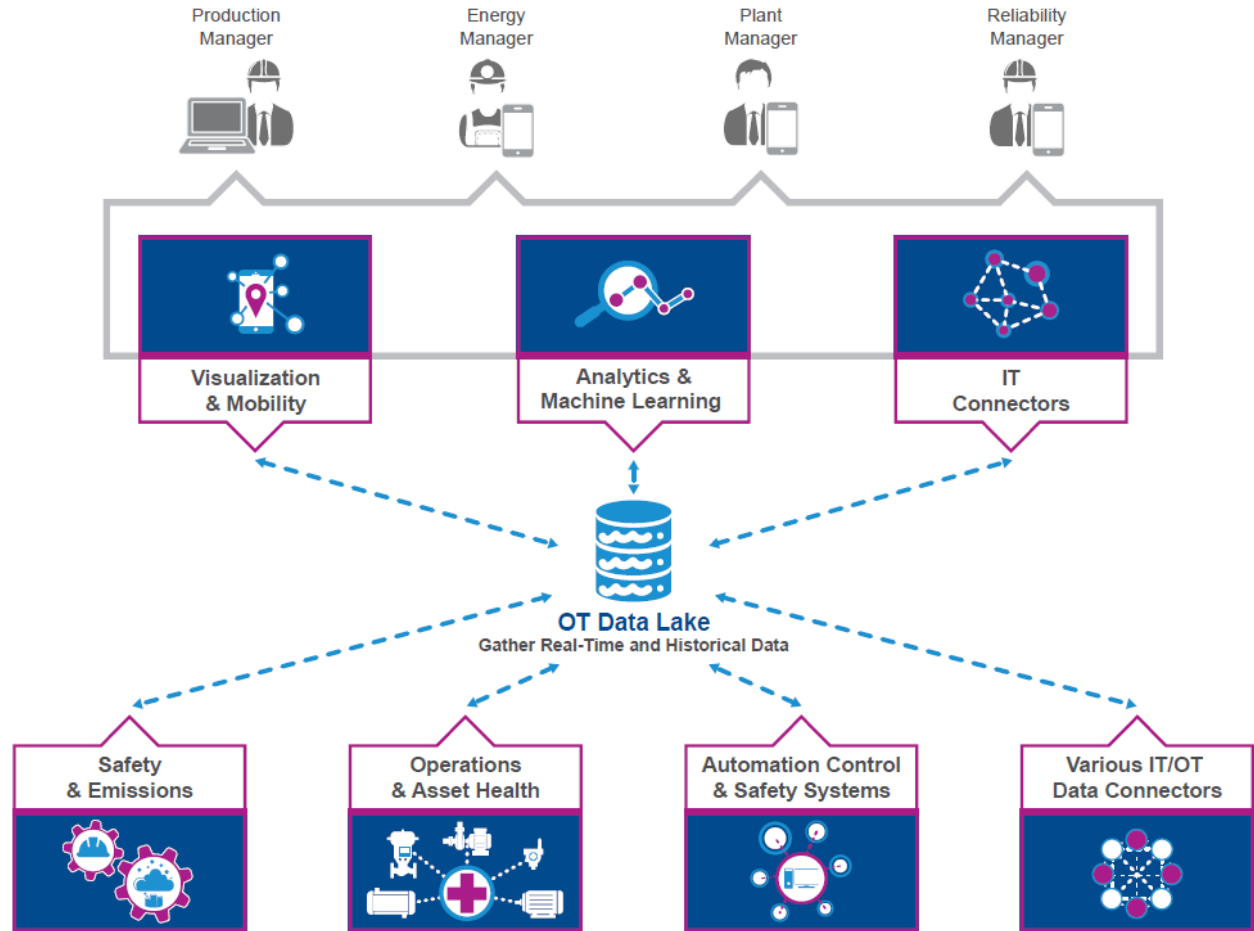
Safe Harbor Statement

Statements in this presentation and our commentary and responses to questions that 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 the scope, duration and ultimate impact of the COVID-19 pandemic, as well as economic and currency conditions, market demand, including related to the pandemic and oil and gas price declines and volatility, 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.

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 Receives 2021 IoT Breakthrough Award for Plantweb Optics Analytics Software



EMERSON'S PLANTWEB OPTICS ANALYTICS SOFTWARE HELPS CUSTOMERS COLLECT OPERATIONAL TECHNOLOGY (OT) DATA AND ANALYZE OPERATIONAL PERFORMANCE, DELIVERING KEY INSIGHTS - TO THE RIGHT PEOPLE - AT THE RIGHT TIME

Emerson Receives Control 2021 Reader's Choice Award Accolades

Emerson was 1st place in 37 out of 80 total control and instrumentation technology categories. For reference, the next organization was 1st place in 5 categories.



<https://www.controlglobal.com/articles/2021/2021-readers-choice-awards>

First Quarter 2021 Highlights

KEY HIGHLIGHTS

- Priorities & Operations**
 - ✓ Steadfast in prioritizing safety and health, serving our critical industry customers, **disciplined cost control**, and positioning for **long-term value creation**
 - ✓ Well-established **regionalized operations** and supply chain remain stable, safe, and productive
- Performance & Results**
 - ✓ Operational execution drives **Adj EPS*** (which excludes restructuring and first year purchase accounting) of **\$0.83, up 24%** from year prior
 - ✓ Initiated **\$69M of additional restructuring** and related actions in the quarter
 - ✓ Strong **free cash flow*** of **\$686M, up 121%**, representing 152% conversion* of net earnings – stability and diversity of **two platform portfolio remains critical** and beneficial
 - ✓ **Grew adjusted segment EBIT*** by 230 bps to **17.7%**, on down 2% underlying sales*
- Orders & Sales**
 - ✓ Despite continued uncertainty and many challenging automation end markets, **orders and sales finished ahead of November guidance**
 - ✓ **Commercial & Residential Solutions underlying orders grew by 15%**, while Automation Solutions continues to show signs of stabilization and improvement
 - ✓ **Updating full year outlook** given stronger than expected revenue and profitability



EMERSON'S STRONG EXECUTION HAS BEEN ENABLED BY OUR EARLY START WITH COST RESET ACTIONS WELL BEFORE THE PANDEMIC TOOK HOLD AND OUR CONSISTENT EXECUTION DURING THE PANDEMIC

Q1 Results

First Quarter 2021 Results

SUMMARY

Orders and sales continue to improve, and were ahead of previous expectations: underlying sales* down 2 percent; Dec 3-month trailing underlying orders down 4.5 percent

- Automation Solutions underlying sales* down 9 percent, Dec 3-month trailing underlying orders down 13 percent
- Commercial & Residential Solutions underlying sales* up 12 percent; Dec 3-month trailing underlying orders up 15 percent

Strong cash flow generation

- **Record** first quarter operating cash flow \$808 million, up 90 percent
- **Record** free cash flow* \$686 million, up 121 percent, representing 152% conversion* of net earnings

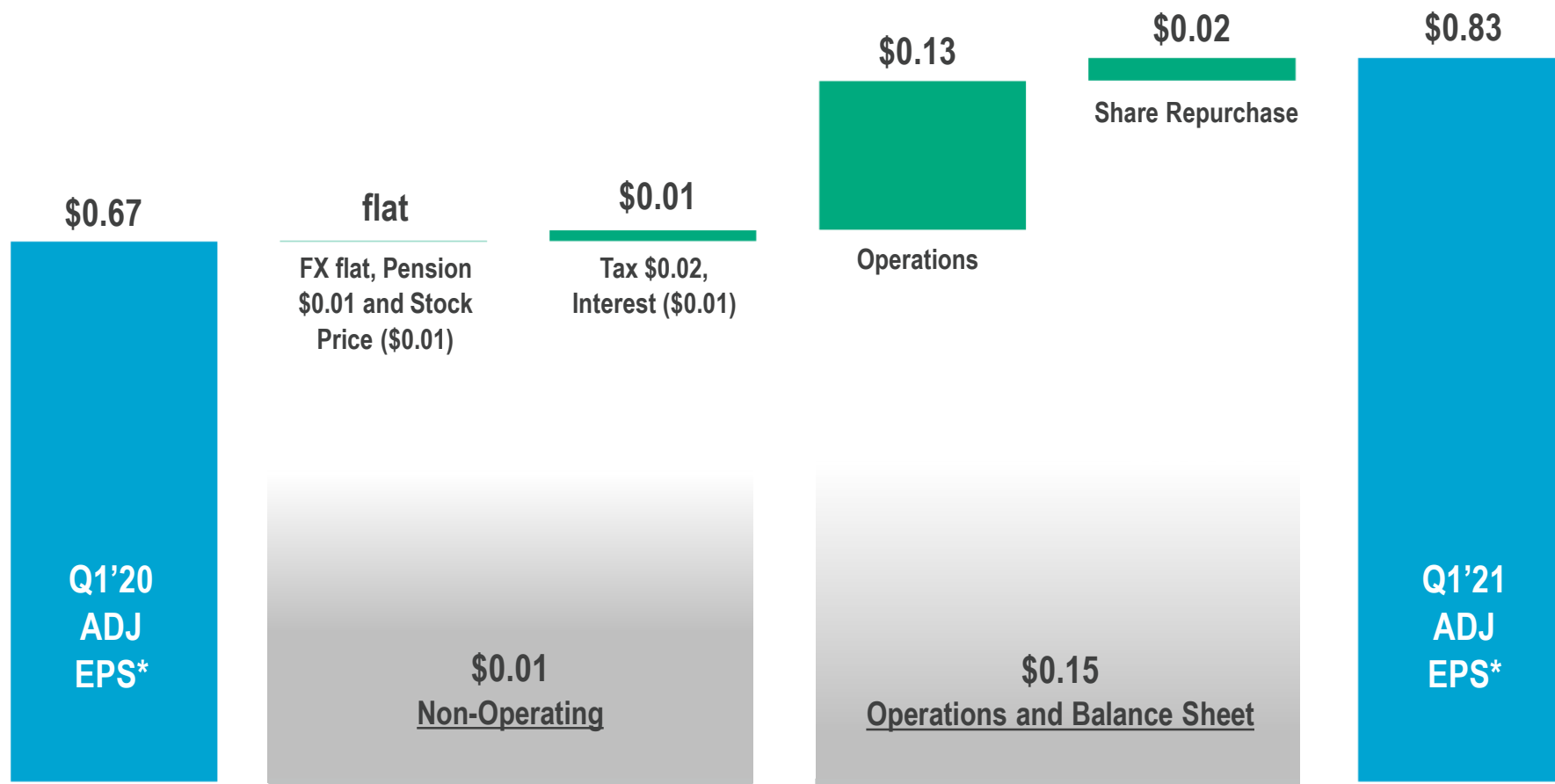
Continued restructuring momentum, initiated \$69 million of actions in the quarter for long term benefits

	2020	EPS	2021
GAAP	\$0.53	40%	\$0.74
ADJ*	\$0.67	24%	\$0.83
NET SALES			
	flat		
	\$4.2B		\$4.2B
	Underlying Sales*: (2%)		
	2020		2021
T3M Orders, Excl. Acq / Div, Incl. FX			
	Oct		(10%) to (5%)
	Nov		(5%) to 0
	Dec		(5%) to 0



STRONG RESULTS DRIVEN BY IMPROVING REVENUES AND ONGOING EXECUTION OF RESTRUCTURING AND COST RESET ACTIONS TO DELIVER AND SUSTAIN NEW RECORD MARGINS

Q1 2020 to Q1 2021 Adjusted EPS Bridge




 INCREASE OF 16 CENTS YEAR OVER YEAR IN ADJUSTED EPS* PRIMARILY ATTRIBUTABLE TO STRONG OPERATIONAL EXECUTION

First Quarter P&L Summary

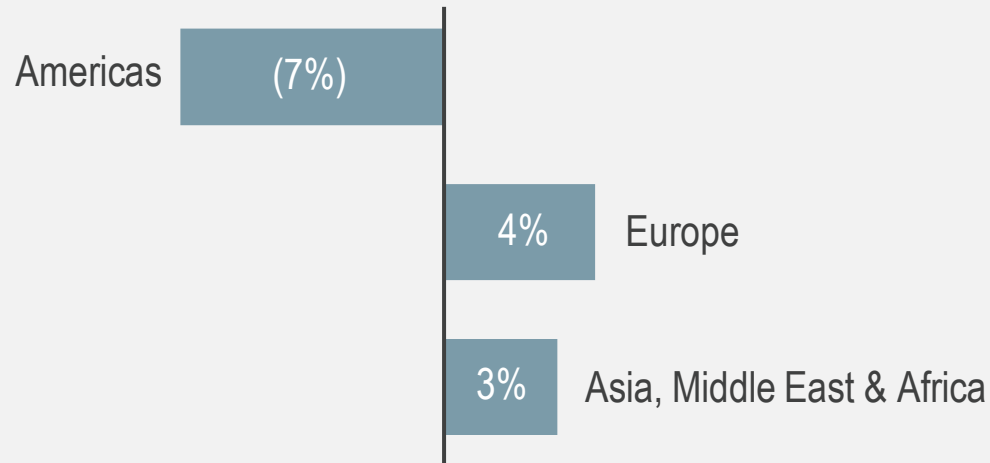
(\$M EXCEPT EPS)	2020	2021	Change	
Sales	\$4,151	\$4,161	flat	
Gross profit	\$1,759	\$1,723		Driven by volume and mix
% of sales	42.4%	41.4%	(100 bps)	
SG&A expense	(\$1,123)	(\$998)	(11%)	Continued aggressive cost control taking effect
% of sales	27.1%	24.0%		
EBIT*	\$458	\$603	32%	
% of sales*	11.0%	14.5%	350 bps	
Adj EBIT*	\$568	\$677	19%	Excludes restructuring of \$110 and \$69 in 2020 and 2021, respectively
% of sales*	13.7%	16.3%	260 bps	
Tax Rate	22.2%	19.7%		
Shares	614.1	601.9		
Adjusted EPS*	\$0.67	\$0.83	24%	



WITH UNDERLYING VOLUME DOWN 2 PERCENT, THE BUSINESS GENERATED STRONG PROFITABILITY AS ONGOING RESTRUCTURING AND COST CONTAINMENT ACTIONS TOOK EFFECT AND UNDERLYING GROWTH IMPROVED

Global Underlying Sales

FIRST QUARTER



North America demand remained weak, but starting to improve, at down 8 percent. Strength in residential, cold chain, life science, and food & beverage markets was more than offset by weakness in most automation markets. Europe grew by 4 percent while Asia, Middle East & Africa was driven by China which grew at 7 percent.



ALL COMMERCIAL & RESIDENTIAL SOLUTIONS REGIONS TURNED TO GROWTH. DEMAND ENVIRONMENT REMAINS CHALLENGING IN MANY NORTH AMERICAN AUTOMATION MARKETS, BUT THEY ARE BEGINNING TO IMPROVE

Business Segment Earnings & Cash Flow

(\$M)	2020	2021	Change	
Adjusted Segment EBIT*	\$640	\$738	15%	Aggressive cost control measures resulted in strong margin expansion
% of sales*	15.4%	17.7%	230 bps	
Stock price	(\$56)	(\$64)	(\$8)	
Corporate pension and OPEB	\$13	\$24	\$11	
Adjusted corporate and other*	(\$29)	(\$21)	\$8	
Interest expense, net	(\$35)	(\$40)	(\$5)	
Adjusted pretax earnings*	\$533	\$637	20%	
% of sales*	12.8%	15.3%	250 bps	
Operating cash flow	\$424	\$808	90%	<u>New record !!</u> first quarter OCF
Capital expenditures	(\$114)	(\$122)		
Free cash flow*	\$310	\$686	121%	Strong cash flow management: 152% FCF conversion of net earnings*
Trade working capital	\$3,141	\$2,971		Favorable payables and inventory – Excellent trade working capital execution by operations
% of sales	18.9%	17.8%		

Business Platforms

First Quarter 2021 Emerson Automation Solutions

UNDERLYING SALES CHANGE VS. PY

Americas	(20%)
Europe	2%
Asia, Middle East & Africa	2%
Automation Solutions	(9%)
FX Impact	2 Pts
Acq Impact	1 Pts
Reported Net Sales	(6%)

Europe and Asia, Middle East & Africa sales (driven by China at 6%) both grew by low single digits

Market demand remained subdued across North America in most industries, however life sciences, medical, food & beverage, and power remained robust

Restructuring and related actions totaled \$64M across the platform

Adj EBIT* and Adj EBITDA* margins expanded by 200 bps and 290 bps on down 9% underlying sales*

Increased backlog by ~\$600M to \$5.3B compared to prior quarter (of which OSI acquisition represented ~\$300M of that increase)

REPORTED NET SALES

↓ (6%)

\$2,852M

\$2,692M

Underlying Sales* (9%)

13.8% Adj EBIT%* 15.8%

18.7% Adj EBITDA%* 21.6%

2020

2021

T3M Orders, Excl. Acq / Div, Incl. FX

Oct (20%) to (15%)

Nov (15%) to (10%)

Dec (15%) to (10%)

Dec 3-month underlying orders were down 13%



EXPANDED ADJUSTED EBIT* MARGINS BY 200 BASIS POINTS ON DOWN 9% UNDERLYING SALES* WITH FOCUS ON COST ACTIONS

First Quarter 2021 Emerson Commercial & Residential Solutions

UNDERLYING SALES CHANGE VS. PY

Americas	14%
Europe	8%
Asia, Middle East & Africa	7%
Commercial & Residential Solutions	12%
FX Impact	1 pts
Acq Impact	-
Reported Net Sales	13%

Dec trailing 3-month underlying orders up 15%, reflecting ongoing strong demand in our core markets of global residential and cold chain

Americas sales surged 14%, driven by home products and residential HVAC, resulting in increased market participation. Europe showed continued strength in the heat pump and efficient appliance markets. Asia, Middle East & Africa was led by China which grew 10%

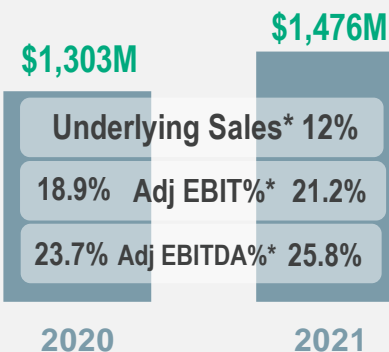
Adj EBIT* margin and Adj EBITDA* margin up 230 bps and 210 bps respectively

Restructuring and related actions totaled \$3M across the platform. Initiated several multi-year facility restructuring initiatives.

Backlog increased by \$200M to end the quarter at ~\$800M

REPORTED NET SALES

↑ 13%



T3M Orders, Excl. Acq / Div, Incl. FX

Oct	10% to 15%
Nov	15% to 20%
Dec	15% to 20%

Dec 3-month underlying orders were up 15%



BUSINESS PLATFORM HAS SOLIDLY TURNED TO GROWTH WITH ALL CORE GEOGRAPHIES IN POSITIVE TERRITORY

Second Quarter and Updated Full Year Outlook

Second Quarter 2021 Guidance

Q2 2021 Guidance

Net Sales

3% – 5%

Underlying Sales*

(1%) – 1%

GAAP EPS

\$0.83
+/- \$0.02

Adj EPS*

\$0.89
+/- \$0.02

Segment Adj. EBIT %*

17.0% – 17.5%

Segment Adj EBITDA %*

22.2% – 22.8%

Q2 Adj EPS Bridge

Q2'20

Q2'21E

GAAP EPS

\$0.84

\$0.83
+/- \$0.02

Add:
Purchase Accounting

-

+\$0.01

Add:
Restructuring Costs

+\$0.05

+\$0.05

Adj EPS*

\$0.89

\$0.89
+/- \$0.02

Note: Restructuring

\$40M

~\$40M

Note: Stock Price

+\$0.05

(\$0.06)

delta: \$0.11

Note 1: In Q2, adjusted EPS will exclude restructuring and related costs as well as first year purchase accounting associated with OSI Inc



EXPECTING ROUGHLY FLAT UNDERLYING SALES GROWTH AS STRENGTH IN RESIDENTIAL, COLD CHAIN, LIFE SCIENCES, MEDICAL, AND FOOD & BEVERAGE OFFSET BY STABILIZING BUT IMPROVING OTHER AUTOMATION MARKETS

Updated Fiscal 2021 Outlook

	Guidance: Nov 3, 2020	Guidance: Feb 2, 2021
Net Sales Growth	1% – 4%	4% – 8%
Acquisitions impact	1 pt	1 pt
FX Impact	1 pt	3 pts
Underlying Sales* Growth	(1%) – 2%	flat – 4%
Automation Solutions	(4%) – (1%)	(3%) – 1%
Comm. & Res. Sols.	4% – 7%	8% – 10%
Restructuring Actions	~\$200M+	~\$200M
Tax Rate	~22.5%	~22%
Operating Cash Flow	~\$3.1B	~\$3.15B
Capital Spend	~\$600M	~\$600M
Free Cash Flow*	~\$2.5B	~\$2.55B
Share Repurchase / M&A	\$500M – \$1.0B	\$500M – \$1.0B
Dividend	~\$1.2B	~\$1.2B
GAAP EPS	\$3.11 +/- \$0.05	\$3.39 +/- \$0.10
Adjusted EPS*	Flat: \$3.45 +/- \$0.05	\$3.70 +/- \$0.10

Key assumptions:

- Demand continues to stabilize and gradually improve
- No major supply chain or operational challenges
- Oil prices: \$45-\$55 WTI ppb

2021 Profit Headwinds / Tailwinds:

No change:

- Pension: +\$40M
- OSI Inc Amortization: (\$65M)

Improved:

- COVID-Related Savings: (\$40M)

Declined:

- Price Cost: (\$25M) in 2021 after +\$150M in 2020 -- Working This Hard
- Stock Price: (\$80M)



CHALLENGING BUT STEADILY IMPROVING DEMAND RESULTS IN 0 TO 4 PERCENT UNDERLYING GROWTH. CONTINUED FOCUS ON MARGIN EXPANSION EFFORTS TO CAPITALIZE ON PENDING REBOUND. ALSO WORKING HARD TO MITIGATE MATERIAL COSTS AND SUPPLY CHALLENGES

Estimated Reset Restructuring Spend and Savings, and COVID-Related Savings Update

	Spend in 2019	Spend in 2020	Spend in 2021E	Savings in 2019	Savings in 2020			Incremental Savings in 2021E		
				Reset Restruct.	Reset Restruct.	COVID-Related	Total	Reset Restruct.	COVID-Related	Total
Automation Solutions	\$65M	\$244M	\$155M	\$55M	\$175M	\$95M	\$270M	\$215M	(\$20M)	\$195M
Comm. & Residential Solutions	\$25M	\$52M	\$30M	\$15M	\$35M	\$45M	\$80M	\$40M	(\$15M)	\$25M
Total Emerson (incl. Corp.)	\$95M	\$304M	\$200M	\$70M	\$220M	\$150M	\$370M	\$260M	(\$40M)	\$220M

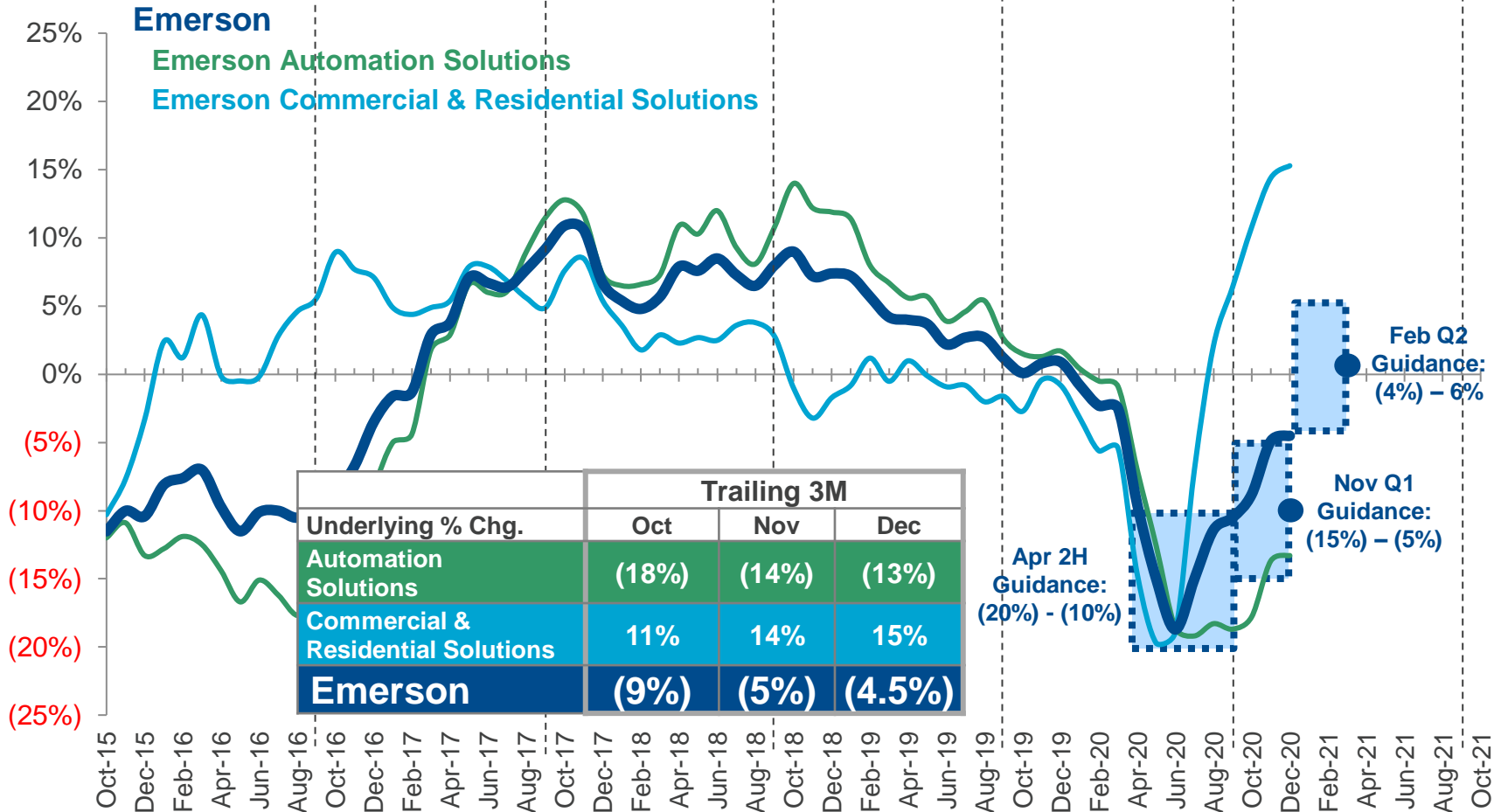
Note: all figures are approximate



~\$40M OF THE ~\$150M COVID-RELATED SAVINGS WILL LIKELY BE A HEADWIND IN 2021. LONG-RUN TOTAL ANNUALIZED SAVINGS OF RESET RESTRUCTURING PROGRAM EXPECTED TO BE \$650M+

Management Updates

Emerson Trailing Three Month Underlying Orders vs Prior Year

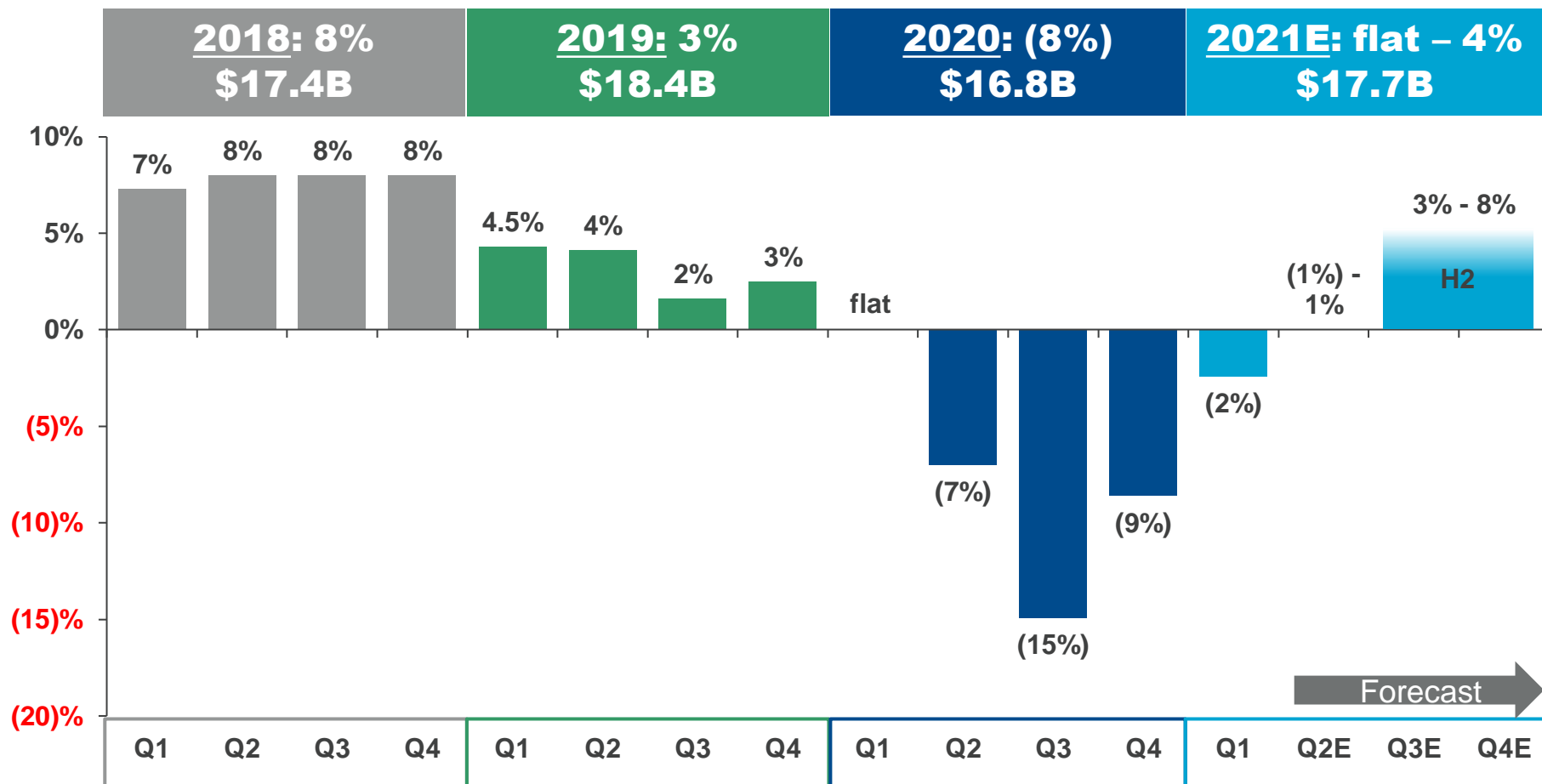


Orders data includes the Valves & Controls acquisition results in all periods presented, including on a pro forma basis for periods prior to the acquisition close April 28, 2017.



STRONG ORDERS TREND FOR COMMERCIAL & RESIDENTIAL SOLUTIONS CONTINUES, AND AUTOMATION SOLUTIONS RECOVERY FORMING WITH ASIA PACIFIC TURNED POSITIVE AND EUROPE DOWN LOW SINGLE DIGITS BUT IMPROVING

Emerson 2021 Underlying Sales Growth Outlook



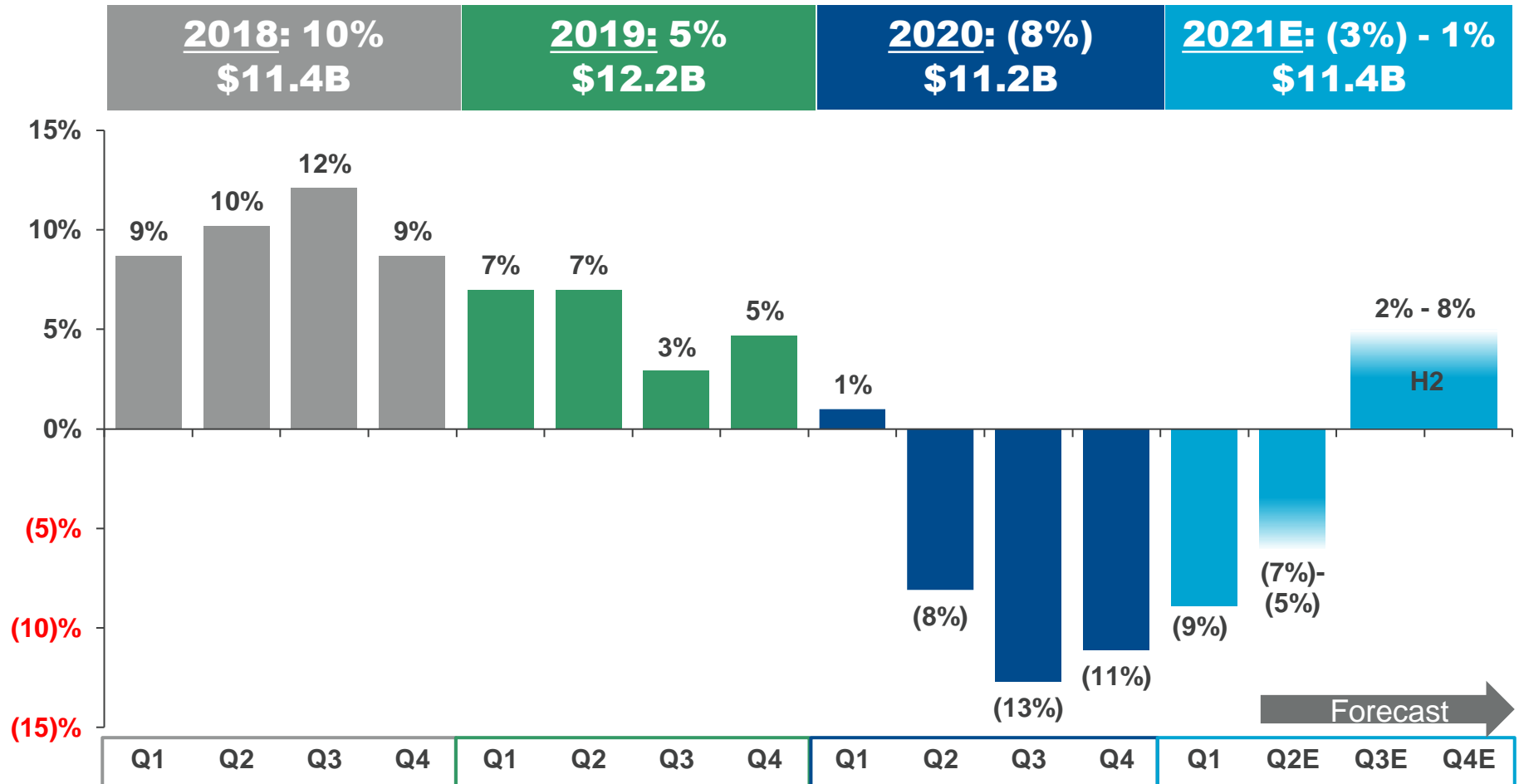
Note: sales dollars are GAAP (includes OSI)



EXPECT CONSOLIDATED SALES TO RETURN TO POSITIVE GROWTH AS EARLY AS SECOND QUARTER

Emerson Automation Solutions

2021 Underlying Sales Growth Outlook



Note: Sales dollars are GAAP (includes OSI)



EXPECTING CHALLENGING OVERALL MARKET CONDITIONS TO PERSIST THROUGH THE FIRST HALF OF THE YEAR, BUT POSITIVE TRENDS ARE EMERGING

Emerson Automation Solutions 2021 Market Outlook

Market Sales Outlook	FY 2021 Expectations	Change from November Guidance	Comments
Process	(4%) – (2%)	➔	<ul style="list-style-type: none"> • Slight improvement in international Upstream Oil & Gas spending • Chemical outlook remains stable • Renewables and Alternative Fuels growth underway
Hybrid	2% – 4%	➔	<ul style="list-style-type: none"> • Continued investment in Life Sciences and Food & Beverage • Mining supported by improved demand
Discrete	1% – 3%	➔	<ul style="list-style-type: none"> • First quarter discrete orders up low single digits • Stronger recovery in Automotive • Machine Builder activity increasing

Note: all percentages represent sales growth versus prior year



IMPROVED OUTLOOK IN INTERNATIONAL AND NOW IN NORTH AMERICA DISCRETE MARKETS HAS INCREASED OUR CONFIDENCE IN AN EARLY CYCLE RECOVERY

Emerson Automation Solutions 2021 World Area Outlook



Europe	
H1	H2
1% to 4%	2% to 6%
<ul style="list-style-type: none"> • Machine Builders in Germany leading broader Discrete recovery – all regional PMIs in expansion • Hydropower and Nuclear strength in Eastern and Southern Europe • Clean Fuels and brownfield decarbonization expanding 2021 funnel 	



Americas	
H1	H2
(18%) to (15%)	5% to 10%
<ul style="list-style-type: none"> • Sequential improvement in Upstream O&G Capex spending to “production maintenance” levels driven by independents • Life Sciences remains strong with vaccine production ramp-up • Mining and Power projects in Brazil, Chile, and Peru 	

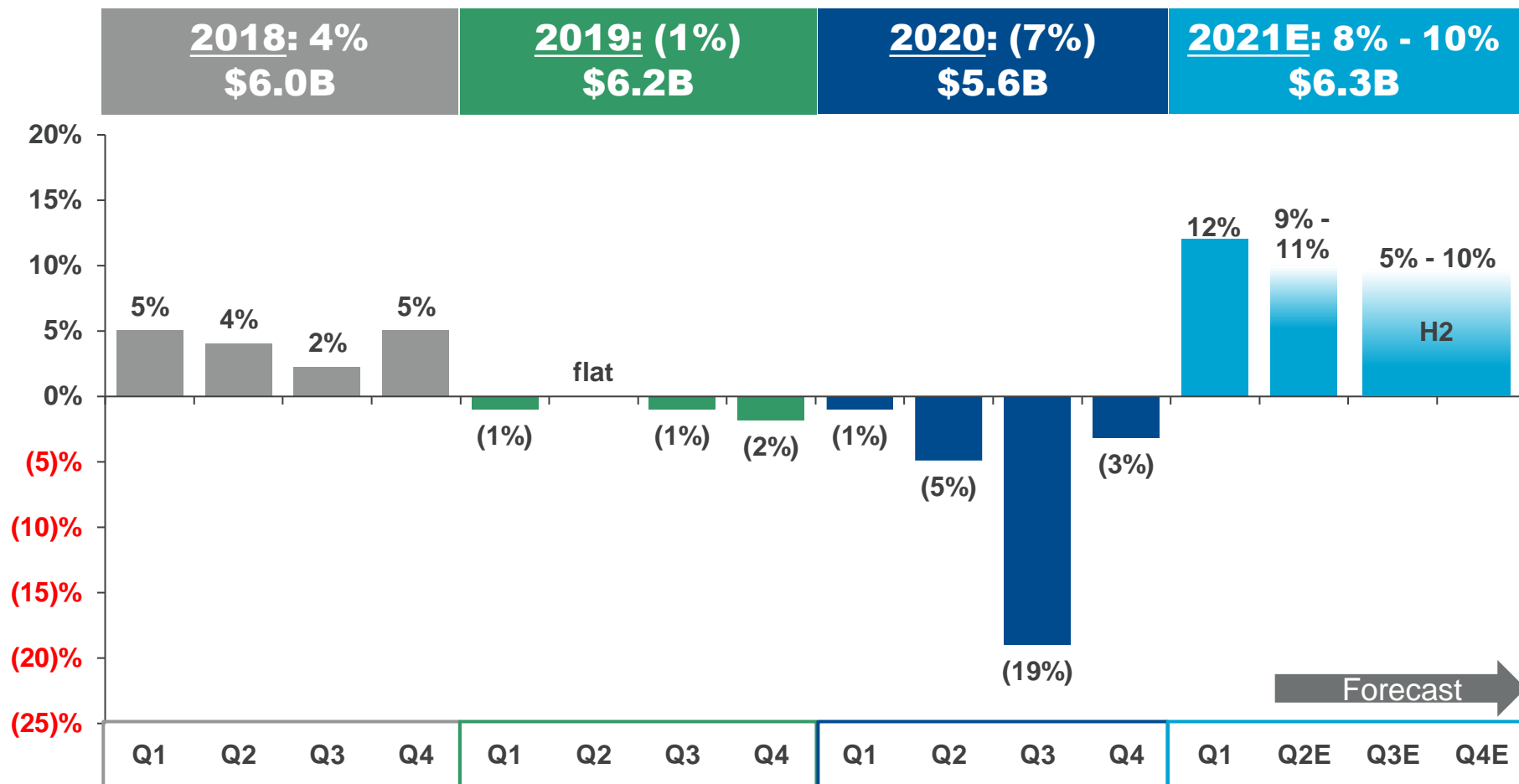
Asia, Middle East & Africa	
H1	H2
1% to 4%	2% to 6%
<ul style="list-style-type: none"> • Automotive bounce back in China driven by consumer demand • Domestic China project funnel continues to be robust driven by Chemical • Digitalization and remote operations driving engagement with strategic customers in Middle East – key successes in Saudi Arabia 	

Note: all percentages represent sales growth versus prior year



STRENGTHENING IN INTERNATIONAL MARKETS HAVE IMPROVED OUR OUTLOOK FOR SEQUENTIAL GROWTH THROUGHOUT THE YEAR

Emerson Commercial & Residential Solutions 2021 Underlying Sales Growth Outlook



Note: Sales dollars are GAAP



STRENGTH IN FIRST HALF DRIVEN BY RESIDENTIAL AND EARLIER RETURN TO GROWTH IN COLD CHAIN AND MARKETS OUTSIDE NORTH AMERICA, FOLLOWED BY STABILIZATION ACROSS ALL MARKETS IN SECOND HALF

Emerson Commercial & Residential Solutions 2021 Market Outlook

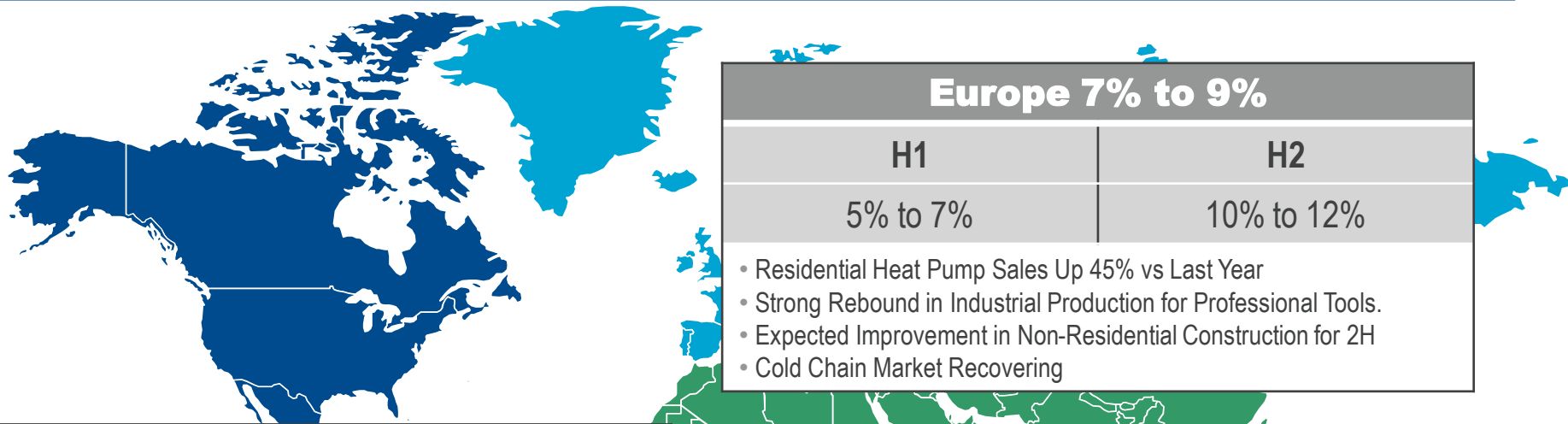
Market Sales Outlook	FY 2021 Growth Expectations	Change from November Guidance	Comments
Heating & AC	9% - 12%	↑	<ul style="list-style-type: none"> • Strong recovery of NA HVAC Residential market • Strong momentum for residential heat pump in Europe and China • Demand momentum from FY20 drives record first half production and shipments
Cold Chain	6% - 9%	↑	<ul style="list-style-type: none"> • Strong reefer and super freezer demand • Aftermarket key customers replenishing inventories • Renewable gas demand in industrial markets • Steady growth in Food Retail • Continued slow recovery in Foodservice
Tools & Home Products	6% - 9%	↑	<ul style="list-style-type: none"> • Continued strength in home improvement markets -- gained market penetration • Weak commercial building construction globally, but expecting some recovery in 2H

Note: all percentages represent sales growth versus prior year



WHILE CONTINUED STRENGTH OF RESIDENTIAL MARKET DRIVES RECOVERY, WE ARE BEGINNING TO SEE INDUSTRIAL AND COMMERCIAL MARKETS GAIN MOMENTUM AND TURN TO GROWTH

Emerson Commercial & Residential Solutions 2021 World Area Outlook



Americas 8% to 10%	
H1	H2
10% to 12%	6% to 8%
<ul style="list-style-type: none"> • Strong recovery of NA HVAC Residential market • Strength in Transportation driven by reefer and super freezer demand • Strength in Residential service and construction / remodeling • Continued weakness in Commercial Building market 	

Europe 7% to 9%	
H1	H2
5% to 7%	10% to 12%
<ul style="list-style-type: none"> • Residential Heat Pump Sales Up 45% vs Last Year • Strong Rebound in Industrial Production for Professional Tools. • Expected Improvement in Non-Residential Construction for 2H • Cold Chain Market Recovering 	

Asia, Middle East & Africa 10% to 12%	
H1	H2
11% to 13%	8% to 10%
<ul style="list-style-type: none"> • Post COVID recovery led by China / MEA • Momentum in Cold Chain across the region and strong heat pump demand in China • Professional Tools recovery in Q1 driven by strength in China 	

Note: all percentages represent sales growth versus prior year



GLOBAL RECOVERY TRENDS ARE POSITIVE AND ARE EXPECTED TO CARRY THROUGH THE SECOND HALF OF CALENDAR YEAR 2021



Thank You and Please Stay Safe and Healthy!



Q&A

Appendix

Reconciliation of Non-GAAP Measures

This information reconciles non-GAAP measures (denoted with a *) with the most directly comparable GAAP measure. (dollars in millions, except per share amounts)

Q1 2021 Underlying Sales Change

	Auto Solns	Comm & Res Solns	Emerson
Reported (GAAP)	(6)%	13%	- %
(Favorable) / Unfavorable FX	(2)%	(1)%	(1)%
Acquisitions / Divestitures	(1)%	- %	(1)%
Underlying*	(9)%	12%	(2)%

FY 2021E Underlying Sales Change

	Auto Solns	Comm & Res Solns	Emerson
Reported (GAAP)	2% - 6%	10% - 12%	4% - 8%
(Favorable) / Unfavorable FX	~ (3) %	~ (2) %	~ (3) %
Acquisitions / Divestitures	~ (2) %	- %	~ (1) %
Underlying*	(3)% - 1%	8% - 10%	0% - 4%

Q2 2021E Underlying Sales Change

	Emerson
Reported (GAAP)	3% - 5%
(Favorable) / Unfavorable FX	~ (3)%
Acquisitions / Divestitures	~ (1)%
Underlying*	(1)% - 1%

References to trailing 3-month or T3M orders in this presentation refer to the Company's trailing three-month average orders growth versus the prior year, excluding acquisitions and divestitures

References to underlying orders in this presentation refer to the Company's trailing three-month average orders growth versus the prior year, excluding currency, acquisitions and divestitures

References to underlying sales in this presentation exclude the impact of acquisitions, divestitures and currency translation.

Reconciliation of Non-GAAP Measures

This information reconciles non-GAAP measures (denoted with a *) with the most directly comparable GAAP measure. (dollars in millions, except per share amounts)

FY 2021E November Guidance Underlying Sales Change	Comm & Res		
	Auto Solns	Solns	Emerson
Reported (GAAP)	(1)% - 2%	5% - 8%	1% - 4%
(Favorable) / Unfavorable FX	~ (1)%	~ (1)%	~ (1)%
Acquisitions / Divestitures	~ (2)%	~ - %	~ (1)%
Underlying*	(4)% - (1)%	4% - 7%	(1)% - 2%

	EBIT		Change
	Q1 FY20	Q1 FY21	
Pretax earnings (GAAP)	\$ 423	\$ 563	33%
Interest expense, net	35	40	(1)%
Earnings before interest and taxes*	\$ 458	\$ 603	32%
Restructuring and related costs & advisory fees	110	69	(13)%
OSI purchase accounting items & fees	-	22	4%
Equity investment gain	-	(17)	(4)%
Adjusted earnings before interest and taxes*	\$ 568	\$ 677	19%

	EBIT Margin		Change
	Q1 FY20	Q1 FY21	
Pretax margin (GAAP)	10.2%	13.5%	330 bps
Interest expense, net	0.8%	1.0%	20 bps
EBIT margin*	11.0%	14.5%	350 bps
Restructuring and related costs & advisory fees	2.7%	1.7%	(100) bps
OSI purchase accounting items & fees	-%	0.5%	50 bps
Equity investment gain	-%	(0.4)%	(40) bps
Adjusted EBIT margin*	13.7%	16.3%	260 bps

References to trailing 3-month or T3M orders in this presentation refer to the Company's trailing three-month average orders growth versus the prior year, excluding acquisitions and divestitures

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Reconciliation of Non-GAAP Measures

This information reconciles non-GAAP measures (denoted with a *) with the most directly comparable GAAP measure. (dollars in millions, except per share amounts)

Q1 Earnings Per Share

	Q1 FY20	Q1 FY21	Change
Earnings per share (GAAP)	\$ 0.53	\$ 0.74	40%
Restructuring and related costs & advisory fees	0.14	0.09	(16)%
OSI purchase accounting items & fees	-	(0.03)	(6)%
Equity investment gain	-	0.03	6%
Adjusted earnings per share*	\$ 0.67	\$ 0.83	24%

Earnings Per Share

	FY21E Midpoint Nov Guidance	FY21E Midpoint Feb Guidance	Q2 FY20	Q2 FY21E Midpoint Feb Guidance
Earnings per share (GAAP)	~ \$3.11	~ \$3.39	\$ 0.84	~ \$0.83
Restructuring and related costs	~ 0.28	~ 0.27	0.05	~ 0.05
OSI purchase accounting charges and fees	~ 0.06	~ 0.07	-	~ 0.01
Equity investment gain	~ -	~ (0.03)	-	~ -
Adjusted earnings per share*	~ \$3.45	~ \$3.70	\$ 0.89	~ \$0.89

Business Segment EBIT

	Q1 FY20	Q1 FY21	Change
Pretax earnings (GAAP)	\$ 423	\$ 563	33%
Corp. items and interest expense, net	124	108	(10)%
Business segment EBIT*	547	671	23%
Restructuring and related costs	93	67	(8)%
Adjusted business segment EBIT*	\$ 640	\$ 738	15%

References to trailing 3-month or T3M orders in this presentation refer to the Company's trailing three-month average orders growth versus the prior year, excluding acquisitions and divestitures

References to underlying orders in this presentation refer to the Company's trailing three-month average orders growth versus the prior year, excluding currency, acquisitions and divestitures

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Reconciliation of Non-GAAP Measures

This information reconciles non-GAAP measures (denoted with a *) with the most directly comparable GAAP measure. (dollars in millions, except per share amounts)

Business Segment EBIT Margin	Q1 FY20	Q1 FY21	Change	Q2 FY21E
Pretax margin (GAAP)	10.2%	13.5%	330 bps	14.2% - 14.7%
Corp. items and interest expense, net % of sales	3.0%	2.6%	(40) bps	~ 2.0%
Business segment EBIT margin*	13.2%	16.1%	290 bps	16.2% - 16.7%
Restructuring and related costs % of sales	2.2%	1.6%	(60) bps	~ 0.8%
Adjusted business segment EBIT margin*	15.4%	17.7%	230 bps	17.0% - 17.5%
Depreciation / amortization % of sales				~ 5.2% - 5.3%
Adjusted business segment EBITDA margin*				22.2% - 22.8%

Pretax Earnings	Q1 FY20	Q1 FY21	Change
Pretax earnings (GAAP)	\$ 423	\$ 563	33%
Restructuring and related costs & advisory fees	110	69	(14)%
OSI purchase accounting charges and fees	-	22	5%
Equity investment gain	-	(17)	(4)%
Adjusted pretax earnings*	\$ 533	\$ 637	20%

Corporate and Other	Q1 FY20	Q1 FY21	Change
Corporate and other (GAAP)	\$ (46)	\$ (28)	\$ 18
Restructuring and related costs & advisory fees	17	2	(15)
OSI purchase accounting charges and fees	-	22	22
Equity investment gain	-	(17)	(17)
Adjusted Corporate and other*	\$ (29)	\$ (21)	\$ 8

Pretax Margin	Q1 FY20	Q1 FY21	Change
Pretax margin (GAAP)	10.2%	13.5%	330 bps
Restructuring and related costs & advisory fees	2.6%	1.7%	(90) bps
OSI purchase accounting charges and fees	-%	0.5%	50 bps
Equity investment gain	-%	(0.4)%	(40) bps
Adjusted pretax margin*	12.8%	15.3%	250 bps

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Reconciliation of Non-GAAP Measures

This information reconciles non-GAAP measures (denoted with a *) with the most directly comparable GAAP measure. (dollars in millions, except per share amounts)

Automation Solutions Segment EBIT Margin

	<u>Q1 FY20</u>	<u>Q1 FY21</u>	<u>Change</u>
Automation Solutions Segment EBIT margin (GAAP)	10.9%	13.4%	250 bps
Restructuring and related costs	2.9%	2.4%	(50) bps
Automation Solutions Adjusted Segment EBIT margin*	13.8%	15.8%	200 bps
Depreciation / amortization	4.9%	5.8%	90 bps
Automation Solutions Adjusted Segment EBITDA margin*	18.7%	21.6%	290 bps

Commercial & Residential Solutions EBIT Margin

	<u>Q1 FY20</u>	<u>Q1 FY21</u>	<u>Change</u>
Com & Res Sols EBIT margin (GAAP)	18.2%	21.0%	280 bps
Restructuring and related costs	0.7%	0.2%	(50) bps
Com & Res Sols Adjusted EBIT margin*	18.9%	21.2%	230 bps
Depreciation / amortization	4.8%	4.6%	(20) bps
Com & Res Sols Adjusted EBITDA margin*	23.7%	25.8%	210 bps

Cash Flow

	<u>Q1 FY20</u>	<u>Q1 FY21</u>	<u>Change</u>	<u>FY21E Nov Guidance</u>	<u>FY2021E Feb Guidance</u>
Operating cash flow (GAAP)	\$ 424	\$ 808	90%	~ \$3.1B	~ \$3.15B
Capital expenditures	(114)	(122)	31%	~ (600)	~ (600)
Free cash flow*	\$ 310	\$ 686	121%	~ \$2.5B	~ \$2.55B

Cash Flow to Net Earnings Conversion

	<u>Q1 FY21</u>
Operating cash flow conversion (GAAP)	179%
Capital expenditures	(27)%
Free cash flow conversion*	152%

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Reconciliation of Non-GAAP Measures

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Emerson FY 2018 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY18</u>
Sales (GAAP)	19%	19%	10%	10%	14%
FX / Acq / Div	(12)%	(11)%	(2)%	(2)%	(6)%
Underlying*	7%	8%	8%	8%	8%

Emerson FY 2019 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY19</u>
Sales (GAAP)	9%	8%	5%	2%	6%
FX / Acq / Div	(4.5)%	(4)%	(3)%	1%	(3)%
Underlying*	4.5%	4%	2%	3%	3%

Emerson FY 2020 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY20</u>
Sales (GAAP)	-%	(9)%	(16)%	(8)%	(9)%
FX / Acq / Div	-%	2%	1%	(1)%	1%
Underlying*	-%	(7)%	(15)%	(9)%	(8)%

Emerson FY 2021E Underlying Sales

	<u>Q1</u>	<u>Q2E</u>	<u>H2 FY21E</u>	<u>FY21E</u>
Sales (GAAP)	-%	3% - 5%	7% - 12%	4% - 8%
FX / Acq / Div	(2)%	~ (4)%	~ (4)%	~ (4)%
Underlying*	(2)%	(1)% - 1%	3% - 8%	0% - 4%

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Reconciliation of Non-GAAP Measures

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Automation Solutions FY 2018 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY18</u>
Sales (GAAP)	31%	31%	18%	11%	21%
FX / Acq / Div	(22)%	(21)%	(6)%	(2)%	(11)%
Underlying*	9%	10%	12%	9%	10%

Automation Solutions FY 2019 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY19</u>
Sales (GAAP)	9%	9%	5%	4%	7%
FX / Acq / Div	(2)%	(2)%	(2)%	1%	(2)%
Underlying*	7%	7%	3%	5%	5%

Automation Solutions FY 2020 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY20</u>
Sales (GAAP)	2%	(10)%	(14)%	(11)%	(9)%
FX / Acq / Div	(1)%	2%	1%	-%	1%
Underlying*	1%	(8)%	(13)%	(11)%	(8)%

Automation Solutions FY 2021E Underlying Sales

	<u>Q1</u>	<u>Q2E</u>	<u>H2 FY21E</u>	<u>FY21E</u>
Sales (GAAP)	(6)%	(2)% - 0%	7% - 13%	2% - 6%
FX / Acq / Div	(3)%	~ (5)%	~ (5)%	~ (5)%
Underlying*	(9)%	(7)% - (5)%	2% - 8%	(3)% - 1%

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Reconciliation of Non-GAAP Measures

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Commercial & Residential Solutions FY 2018 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY18</u>
Sales (GAAP)	-%	2%	(1)%	7%	6%
FX / Acq / Div	<u>5%</u>	<u>2%</u>	<u>3%</u>	<u>(2)%</u>	<u>(2)%</u>
Underlying*	5%	4%	2%	5%	4%

Commercial & Residential Solutions FY 2019 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY19</u>
Sales (GAAP)	7%	5%	4%	(3)%	3%
FX / Acq / Div	<u>(8)%</u>	<u>(5)%</u>	<u>(5)%</u>	<u>1%</u>	<u>(4)%</u>
Underlying*	(1)%	0%	(1)%	(2)%	(1)%

Commercial & Residential Solutions FY 2020 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY20</u>
Sales (GAAP)	(3)%	(7)%	(20)%	(3)%	(9)%
FX / Acq / Div	<u>2%</u>	<u>2%</u>	<u>1%</u>	<u>-%</u>	<u>2%</u>
Underlying*	(1)%	(5)%	(19)%	(3)%	(7)%

Commercial & Residential Solutions FY 2021E Underlying Sales

	<u>Q1</u>	<u>Q2E</u>	<u>H2 FY21E</u>	<u>FY21E</u>
Sales (GAAP)	13%	11% - 13%	7% - 12%	10% - 12%
FX / Acq / Div	<u>(1)%</u>	<u>~ (2)%</u>	<u>~ (2)%</u>	<u>~ (2)%</u>
Underlying*	12%	9% - 11%	5% - 10%	8% - 10%

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