Emerson To Acquire Tools & Test from Textron

April 18, 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.
Emerson Will Continue to Expand Our Leadership in Residential, Commercial & Cold Chain through Organic Investments and Acquisitions

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

Data Management
- Container Monitoring
- Building Management
- Sensi Monitoring
- Multiple Thermostats
- IAQ Controls
- Case Controls
- Refrigeration Controls
- Compressor Controls

Control
- Facility/Asset Monitoring
- Cargo Monitoring
- Temperature Monitoring
- Dampers & Actuators
- Sensi Thermostats
- HVAC Controls
- Drives

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

Residential
Commercial
Cold Chain
Contractor

Tools & Test is a Great Addition to Emerson’s Tools & Home Products Group and Provides Excellent Value Creation Opportunities to Increase Sales and Improve Margins and Cash Flow
Company Profile

Headquarters: Rockford, IL  
2017 Sales: $470M  
Employees: 2,260  
Global Footprint: 11 mfg. facilities across four countries  
Description: Designs and manufactures tools and equipment for professionals in the electrical, construction, plumbing, utility, telecommunications, data communications, and maintenance industries

Sales Mix

By Geography:  
- United States: 56%  
- Europe: 31%  
- All Others: 13%

By Product:  
- Joining: 38%  
- Electrical: 33%  
- Other: 29%
Tools & Test Acquisition Rationale

Desirable Target

Highly Respected Portfolio Complements Emerson’s
- Iconic professional trade brands: Greenlee & Klauke
- Leading portfolio of Joining and Diagnostic technologies
- Consistent performance and cash flow generation, with room to improve

Strengthen Market Position

Complements Emerson’s Leadership in Professional Tools Market
- Expands Emerson’s addressable market ~$2B
- Creates broadest tools offering for professional tradespeople
- Scales channel presence and customer footprint
- Improves geographic mix

Value Creation

Bolt-On Acquisition with Potential for Meaningful Value Creation
- Significant margin expansion opportunity
- Trade working capital and cash flow improvement
- 3 to 5% market growth with channel leverage and cross-selling synergies

Acquisition Combines Iconic Professional Tools Brands – Greenlee and Klauke with Emerson’s RIDGID – to Create the Industry’s Broadest Portfolio for Pros and a Leading Position Globally in Joining, Diagnostic, and Mapping Technologies
Combination Gives Emerson the Broadest Portfolio to Serve Mechanical, Electrical and Plumbing Contractors

Ridge Tool

Joining

Diagnóstics

Core Segment Served

Mechanical & Plumbing

M-E-P Contractor

Electrical
Synergies and Transaction Summary

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

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

Sales by Geography

- United States
- Europe
- All Others

- $810M purchase price, <12x 2018E EBITDA
- Expected Q4 2018 one-time accounting charges of ~$25M pre-tax
- Ongoing amortization (full year): ~$25M
- Earnings and cash accretive in Fiscal 2019

¹ Reported, includes ClosetMaid results (divested Oct 2017)