

Event will begin at 8:30 ET

# 2021 Investor Conference

February 16, 2021

### **Safe Harbor Statement**

This presentation contains commentary and responses to your questions may contain “forward-looking” statements including outlook for the remainder of the fiscal year, 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, and 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 presentation we will discuss some non-GAAP measures 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 is available at our website [www.emerson.com](http://www.emerson.com) under the investors tab.

### **Trademark Ownership Statement**

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### **Restructuring Actions**

Indicated restructuring actions at specific locations are preliminary proposals, subject to consultation, negotiation or other legal requirements.

# 2021 Emerson Investor Conference

## St. Louis, MO

Tuesday, February 16<sup>th</sup>, 2021

7:30 CT Welcome

Lal Karsanbhai

7:30 – 9:00 Business Overview & Strategic Update

Lal Karsanbhai & David Farr

9:00 – 9:30 Environmental Sustainability Initiatives

Mike Train

9:30 – 9:45 Break

9:45 – 10:15 Commercial & Residential Solutions

Jamie Froedge

10:15 – 10:45 Automation Solutions

Lal Karsanbhai

10:45 – 10:55 Break & Analyst Dial-in

10:55 – 11:30 Questions & Answers

Panel of EMR Leadership

# AGENDA

**2020 Review &  
The Path  
Forward**

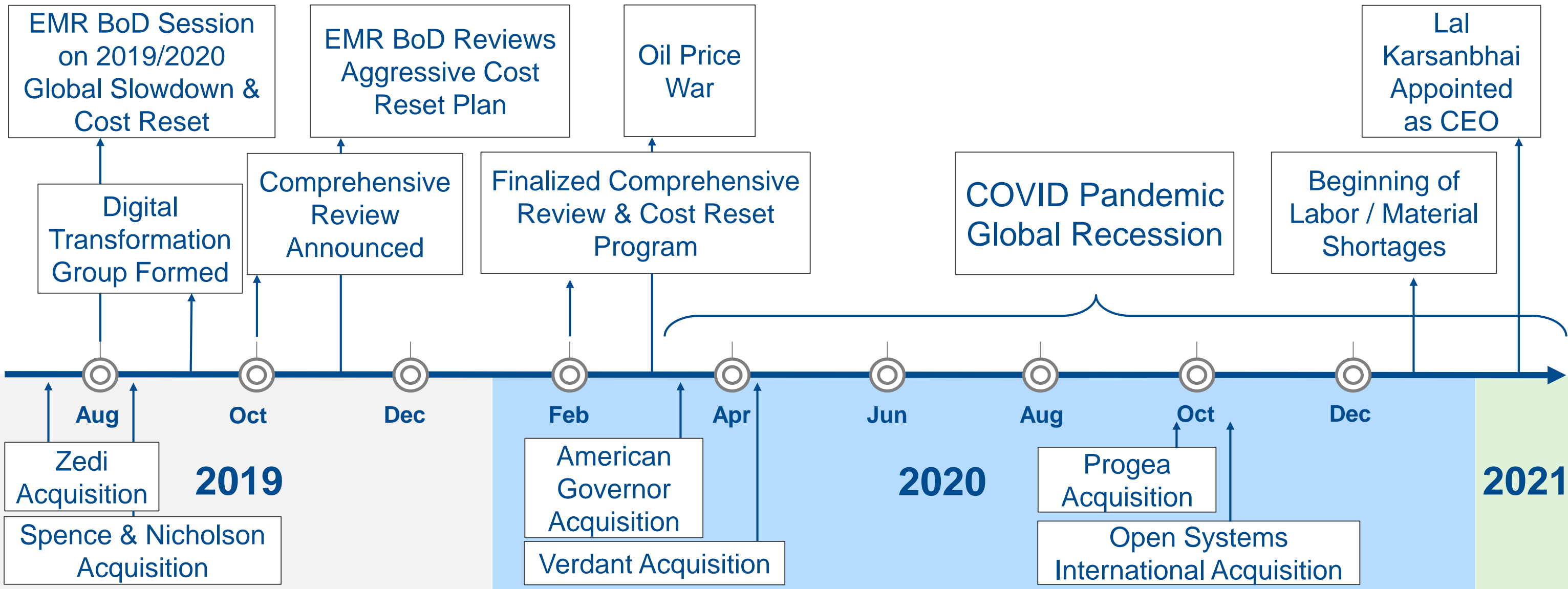
**Our Culture**

**Market Dynamics  
& Growth  
Opportunities**

**Emerson  
Financial Plan**



# We have been preparing for a zero or low growth environment since June 2019 - the hard work has positioned us well to execute during the coming global business upturn in 2021 and 2022



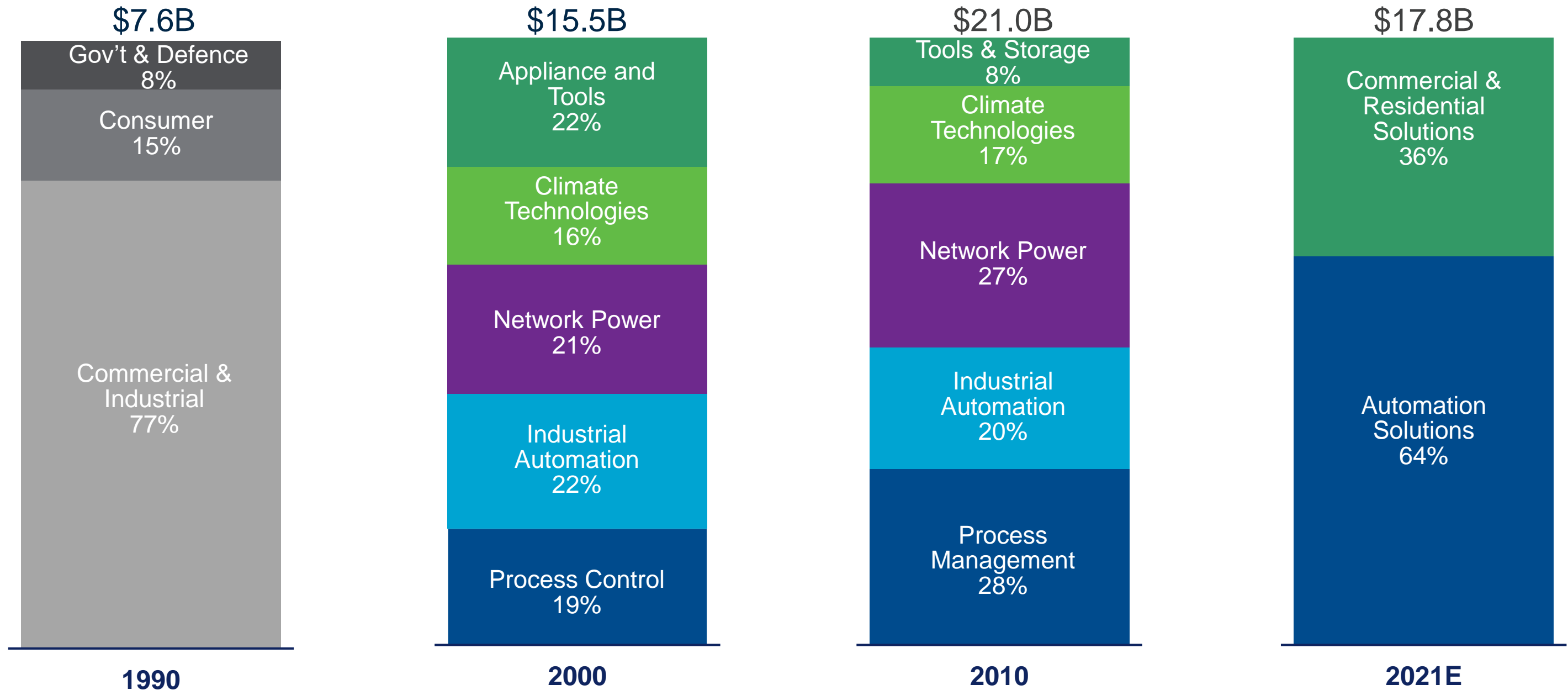
A lot has unfolded the last 18 months – With an aggressive cost reset to drive new record margins; completed several strategic acquisitions; dealt with the global pandemic recession – And now returning to sales, earnings, and cash flow growth. **Thanks to all Emerson employee's support**

# Emerson delivered on our April 21<sup>st</sup> reset commitment to the investors and aggressive cost reduction program while continuing strategic technology investments

	<u>2019 Actual</u>	<u>April 21<sup>st</sup> 2020 Guidance</u> <i>Reset Plan</i>	<u>2020 Actual</u> <i>As Reported</i>	<u>2019/20 %Δ</u>
Sales	\$18.4B	~\$16.6B	\$16.8B ✓	(9%)
Underlying Sales Growth	3%	(9%) – (7%)	(8%)	
Gross Margin	42.5%	~42%	41.8%	(0.7 pts)
Adjusted EBIT Margin	17.0%	~16%	16.7% ✓	(0.3 pts)
Restructuring Costs	\$95M	~\$280M	\$304M ✓	
Operating Cash Flow	\$3.0B	~\$2.75B	\$3.1B ✓	3%
Adjusted EPS	\$3.69	\$3.00 - \$3.20	\$3.46 ✓	(6%)
Dividends per share	\$1.96	\$2.00	\$2.00	2%
Dividend to FCF Ratio	50%	~55%	48%	
Cash Returned to Shareholders	\$2.5B	~\$2.2B	\$2.2B ✓	

Emerson is ready to take share as the global markets recover -- We capitalized on a difficult COVID induced recession to position for strong value creation in this next cycle -- Cost reset, strategic OSI software / American Governor acquisitions and rebalanced global organization for new growth markets and new growth opportunities

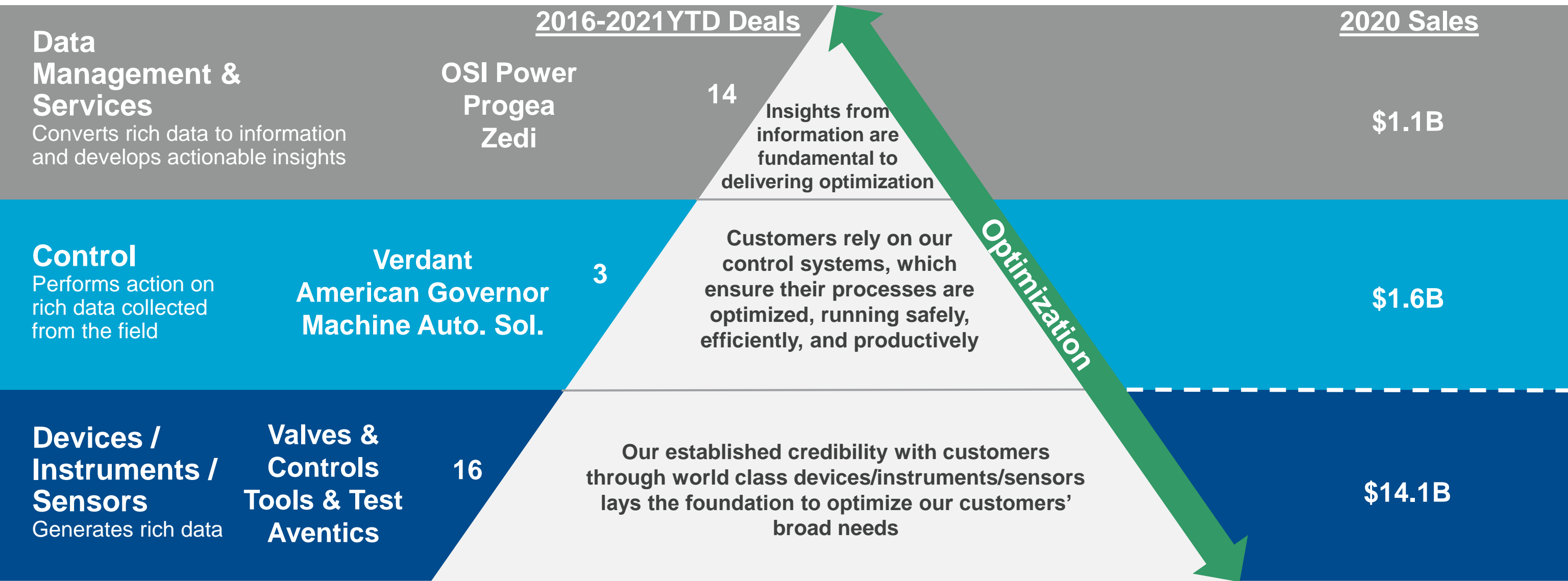
**Our portfolio has evolved through the decades, and we have two world-class platforms with room to expand – Emerson has continuously transformed itself to be relevant for global growth, penetration and strong profitability**



Over the last 30 years Emerson has acquired \$14B and divested \$13B in sales, continuously repositioning itself for sustained value creation -- This will continue under the new CEO leadership -- Give him time



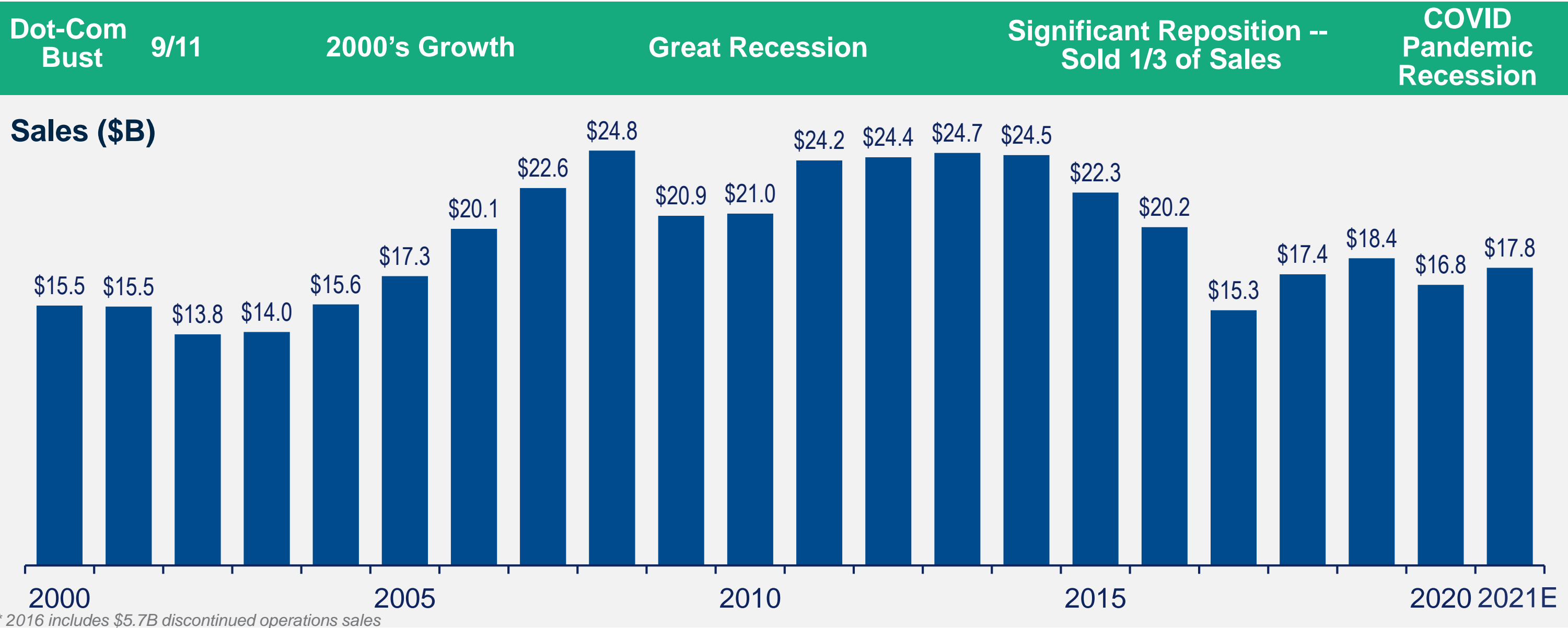
# Acquisitions are an important element to mix towards higher growth, higher margin markets - - at all levels of Emerson's technology stack



This business focus and technology pyramid come out of the 2015 repositioning process – Gives us a clear road-map for internal investments and strategic acquisitions

# Emerson continuously remixing the portfolio over the last 20 years

## – Drives sustainable value creation



Emerson's management has consistently managed the business portfolio; profitability structure; and strong cash flow conversion to drive sustainable value creation through many challenging business cycles

# Emerson is well positioned to outperform in the global post-COVID pandemic recovery

## Global Macro Economics

Economies have adjusted to the reality of COVID being with us for a while

Global V shaped recovery firmly underway -- per Emerson's orders over the last 5 months

GFI accelerating through the 2<sup>nd</sup> half of 2021 and through 2022

GFI Growth	2021E	2022F
U.S.	4.5%	4.0%
G7	2.0%	3.0%

*\*IHS Forecasts & Management Assessment*

Global government stimulus supports a strong growth cycle over the next few years

## Markets

End market demand driving growth in Commercial & Residential Solutions businesses in 2021/22 -- refrigerant changes driving stronger growth through 2023

Power market is in an unprecedented upheaval due to renewable energy and carbon reduction targets

Life science and medical booming due to COVID-19 medical needs

Traditional energy types in a recovery phase for next 2 – 3 years – as needed energy sources are rebalanced

Our long-term build-out in digital capabilities, energy efficiency / productivity management are Emerson advantages

## Emerson

The start of next growth cycle has begun -- expect (1%) – 1% underlying sales for Q2

Emerson's global market diversification has paid dividends and is positioned to do so over next 2 – 3 years

The aggressive cost reset plan is being executed and reading through our results -- New peak margins are in focus

We continued to invest in technology development and acquisitions

Strong cash returned to shareholders (50-60%)

Strong domain knowledge and large installed base positions Emerson to win in our customers digital transformation

Broad leadership development process provides a strong, next generation team led by Lal Karsanbhai

Emerson is well positioned with current portfolio; strong profitability plans, and high levels of cash flow conversion for new leadership to take Emerson to new performance heights

# LAL KARSANBHAI

*Lal has served as Executive President of the company's Automation Solutions business since 2018. Lal has led Automation Solutions to strong performance, elevating Emerson's software profile and digital transformation business.*



## EMERSON CAREER

- 1995** International Planner
- 1999** Director Corporate Planning
- 2002** VP Industrial Regulators
- 2005** VP & GM Natural Gas
- 2008** President, Fisher Regulator Technologies
- 2012** VP Corporate Planning & Strategy
- 2014** President Network Power, Europe & MEA
- 2016** Group President, Measurement & Analytical
- 2018** Executive President, Automation Solutions
- 2021** Chief Executive Officer

## BACKGROUND

- Birthplace** Lisbon, Portugal
- Education** University of Michigan, B.A. Economics  
Washington University, MBA
- Interests** Runner, Reader  
Lived in Europe, North America & Africa

# DAVID N. FARR

*Under David's leadership, Emerson has transformed from a component manufacturing company to an industrial software leader with a singular purpose uniting nearly 85,000 employees. He built on the company's longstanding disciplined management strategy, making it one of the few companies to increase its dividend to shareholders for 64 consecutive years. Additionally, he has been a fierce champion and sought-after voice for manufacturing.*



## EMERSON CAREER

- 1981** Financial Analyst
- 1983** Assistant to Vice Chairman
- 1985** Manager Investor Relations
- 1986** VP Corporate Planning & Strategy
- 1989** President, Ridge Tool
- 1993** President, Asia-Pacific
- 1994** CEO, Astec
- 1997** Executive VP, Fisher-Rosemount (Process Management)
- 1999** COO
- 2000** CEO
- 2004** Chairman, Chief Executive Officer
- 2021** Non-Executive Chairman

## BACKGROUND

- Birthplace** Syracuse, New York
- Education** Wake Forest University, B.S. Chemistry & Physics  
Vanderbilt University, MBA
- Interests** Golf, Reading (Baseball Bats)  
Lived in Europe, Asia, North America

# Financial performance

*Emerson has performed well under David's leadership*



## TSR vs. S&P, XLI

**400%**

EMR TSR (2000-2021)

**350%**

XLI (2000-2021)

**325%**

S&P 500 (2000-2021)

## Return of cash to shareholders

(Q1'FY01 – Q1'FY21)

DIVIDEND PAYOUT

**\$20.1B**

SHARE REPURCHASE

**\$15.7B**

**\$35.8B**

TOTAL RETURN

# Globalization

## EMERGING MARKET EXPANSION

David established Emerson in China in 1993 and **drove Emerson's push into emerging markets** with its own investments and acquisitions while competitors were following an export strategy. David led the effort in **multiplying the footing of every business, increasing corporate support and implementing corporate programs**, and **attracting divisional management to the region**.

## REGIONAL OPERATIONAL STRATEGY

Emerson is a leader in "being local." David was **passionate about serving the emerging markets** with a presence across sales, marketing, engineering, operations, and supply chain. You had to be a local company to compete, but **Emerson was able to leverage its global scale to advance its emerging market competitiveness**.

## LEADERSHIP

While expats have a role to play when establishing a business in international locations, David **led the efforts to develop local leaders to take the helm of the companies Emerson established around the world** when he was in Asia and when he became CEO.



*David has built a successful global company*

# Repositioning for growth

*Collaboration is essential to provide solutions that span the technology layers of connected devices, controls, and software*



## OPERATIONAL EXCELLENCE

Unwavering commitment to investing in world class operations to drive **a safer work environment for all**.

Through exceptional customer commitment, David drove **improved on-time delivery** resulting in increased speed and efficiency for our customers.

David brought a unique focus on **high quality earnings**, driven by the Emerson Management Process.

## REPOSITIONING THREE FRANCHISES

Undertook **three major repositioning efforts** since 2000. In 2015, Emerson successfully executed a strategic repositioning of the company, divesting multiple businesses and narrowing its focus from **five platforms to two**.

**Notable acquisitions include Westinghouse Process Control, Pentair Valves & Controls, Cooper-Atkins, Tools & Test, Aventics, Intelligent Platforms, Verdant, American Governor, and Open Systems International.**

## EMBRACING SOFTWARE DEVELOPMENT

Prior to becoming CEO, David put in motion **key development programs centered around digital transformation**, helping support the **growth of the Plantweb Digital Ecosystem**.

In 2020, David **led several acquisitions to broaden and complement** Emerson's unique scalable offerings, reinforcing the company's commitment to **software as a key value driver**.

Under David's leadership, Emerson **grew its software-enabled innovation portfolio to \$2.4B**.



# Passionately engaging all stakeholders

## CUSTOMERS



*Fostering relationships at senior levels of our customer base*

## INDUSTRY STEWARDSHIP



*Presenting as the Chairman of the National Association of Manufacturers*

## INVESTORS



*Ring the bell at the New York Stock Exchange*

## COMMUNITY



*Building a new playground in Ferguson, Missouri*

# Developing future leaders



As a leader, you must see opportunities, recognize those opportunities, and **make an impact.**

Effective leaders take risks, they know how to evaluate risk, they know the pluses and minuses, and they know when to take it. **You will fail, just don't fail too often.**

I encourage people to fail and try, because that **is the way you learn.**

Get personally engaged in your career development and **raise your hand,** be ready to put something on the line.



# AGENDA



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**Our Culture**

**Market Dynamics  
& Growth  
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**Emerson  
Financial Plan**



**Culture Drives  
Performance**

**Performance  
Creates Value**

# Emerson has a culture that is driven to create value for its employees, customers, and shareholders

## OUR PURPOSE

Overarching Goal that Guides Us, The Impact or Change We Can Make in the World

We Drive Innovation That Makes The World Healthier, Safer, Smarter, and More Sustainable

## THE EMERSON MANAGEMENT PROCESS

Puts Our Values in Action

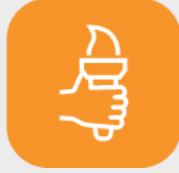
THE EMERSON MANAGEMENT PROCESS



Planet



Humanity



Champion



Inclusion



Future

## OUR CAUSES

Aspirations and Activities that Provide Proof Behind Our Purpose

## OUR VALUES

Foundation of Our Character and Behavior

Integrity

Continuous Improvement

Safety & Quality

Collaboration

Support Our People

Innovation

Customer Focus

# Our people went above and beyond to support customers and communities during the pandemic

## ITALY HUMAN RESOURCES

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Celestina  
Raggi

Led the coordination of the COVID-19 crisis for two business units in Europe from the beginning, working to ensure the **highest standards of social distancing, PPE, and temperature screening**. Made **daily personal sacrifices to protect the company and our employees**.

## MEXICO PLANT MANAGER

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Asencion  
Garcia

Immediately enacted new health safety processes for COVID-19 to protect employees while delivering record production outputs during COVID -- **2020 Q4 output was 10% higher than the plant's previous record**.

## MIDDLE EAST SERVICE ENGINEERING

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Walid  
Sabri



Hussain  
Aqeel

Despite increasing travel restrictions, Walid and Hussain elected to stay on location, **away from their families for 3 months**, to continue to serve our customers.

## UNITED KINGDOM CORPORATE IT

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Andy  
Priest

Andy carried out the coordination with multiple vendors globally to **ensure connectivity and capacity for 40,000 employees** at a time when everyone in the world was trying to increase bandwidth – **he worked this diligently**.

**Culture and people are the most critical elements to creating sustained value and driving better business outcomes**



**1 TRUST, EMPOWERMENT & INTENTIONAL DEVELOPMENT**

**2 DIVERSITY & INCLUSION**

**3 GOVERNANCE**

# Trust, empowerment, and intentional development



*My management style is built on two principles, which I intend to use fully as CEO of the company. It's built on **trust and empowerment**. I've always believed that if you **trust the team** and you **empower the individuals** to do the work, **you get the best results**. People feel **excited** that they own it, that they can **run with it**. I do hold people accountable, but if you empower and trust, that **accountability is expected**."*

## EXPERIENCES

Stretch roles and business assignments  
Different geographies, businesses, mobility  
Organization reviews

## NETWORKING & RELATIONSHIPS

Focus on drivers, traits, competencies  
360 feedback  
Mentoring opportunities

## FORMAL & CONTINUOUS EDUCATION

Planning conferences  
Leadership development programs

## LEADERSHIP DEVELOPMENT IS INTEGRAL TO EMERSON'S MANAGEMENT PROCESS

This tenet leads to **great senior leadership retention** and **broad perspectives for our young talent**





# Diversity & Inclusion

Having a diverse and inclusive workplace allows us to strengthen our innovation through a variety of perspectives and backgrounds

As an organization, we aspire to focused and intentional action to enhance our culture of diversity & inclusion. This will contribute to the rich exchange of ideas that inspires innovation and brings the best business solutions to our customers.



## RECOGNITION



**AMERICA'S BEST EMPLOYERS FOR WOMEN**

*Forbes Magazine*

**BEST PLACES TO WORK FOR LGBTQ EQUALITY 100% CORPORATE EQUALITY INDEX RATING**

*Human Rights Campaign*

**TOP 50 EMPLOYER, READER'S CHOICE**

*Ranked #13, Woman Engineer Magazine*

**TOP 50 EMPLOYER, READER'S CHOICE**

*Ranked #25, STEM Workforce Diversity Magazine*

**2019 CORPORATE CHAMPION**

*Women's Forum of New York*

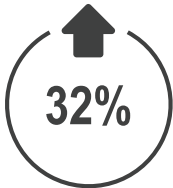
**2020 WORLD'S MOST ADMIRABLE COMPANIES**

*Fortune Magazine*

## WORKFORCE DIVERSITY



**THE PERCENTAGE OF WOMEN** in management positions in our U.S. workforce has increased by 15% since 2015.



**THE PERCENTAGE OF MINORITIES** in U.S. management positions has increased by 32% since 2015.



**DIVERSE SLATES** targeting for all salaried positions to recruit, develop & retain diverse talent.

## EMPLOYEE RESOURCE GROUPS



**TOTAL EMPLOYEES PARTICIPATING AND GROWING**

**Veterans Resource Group**

**Blacks Reinforcing Diversity**

**Women in STEM**

**Somos**

**LGBTQ + Allies**

# Governance

Emerson’s Board of Directors is active & engaged on governance & compliance

**PRODUCT SAFETY**

Safety programs, safe product development

**ETHICS INVESTIGATIONS**

Anonymous reporting, ethics committee

**THIRD PARTY MANAGEMENT SYSTEM**

Due diligence screening, anti-bribery clause, and audit rights

**RISK ASSESSMENT**

Enterprise risk management, compliance risk assessment, and external assessment of program

**CODE OF CONDUCT & POLICIES**

Internal control questionnaire, acquisition integration process

**COMMUNICATION & TRAINING**

Annual ethics training, policy letter to 3<sup>rd</sup> parties

**MONITORING**

Anti-corruption audits, employee opinion surveys

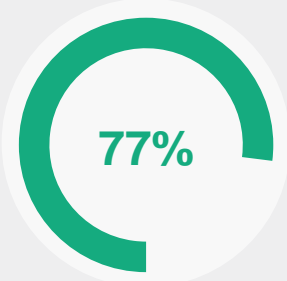
**ALIGNING INCENTIVES**

Executive compensation focus on EPS growth & FCF, beginning in FY21, relative TSR will be included

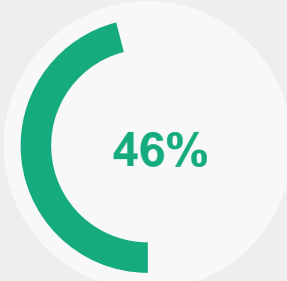
Emerson’s Board of Directors



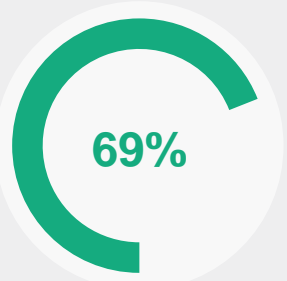
INDUSTRY EXPERTISE



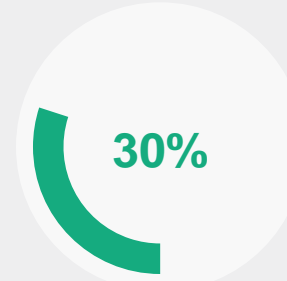
CURRENT / FORMER CEO



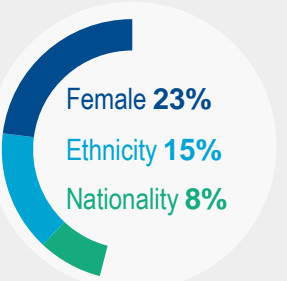
WORKED / WORKING OUTSIDE U.S.



EMERGING MARKET PARTICIPATION



CURRENT / FORMER FINANCIAL OFFICER



BOARD DIVERSITY

AVERAGE DIRECTOR TENURE: 7 YEARS

# AGENDA



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# Emerson has built two global platforms encompassing three world class franchises

## AUTOMATION SOLUTIONS



Diversifying in high growth markets leveraging strengths in sensing, control, and software  
Solving new energy problems and capitalizing on investments in solutions for a more sustainable world

## CLIMATE TECHNOLOGIES



Innovating new solutions that improve efficiency and lower the global warming potential impact of refrigerants  
Delivering integrated solutions to diverse end markets in food and pharmaceuticals

## TOOLS & HOME PRODUCTS

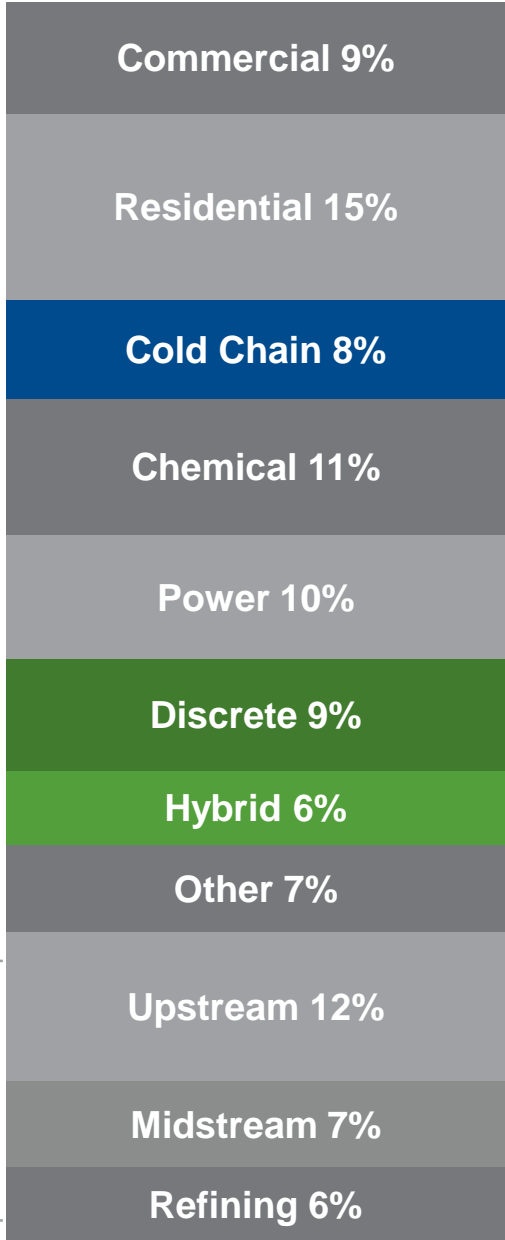


Innovating smart and connected solutions to solve the skilled trade gap and enable the new workforce  
Delivering best in class home solutions via operational excellence

## AUTOMATION SOLUTIONS

## COMMERCIAL & RESIDENTIAL SOLUTIONS

# Emerson continues to diversify in growing end markets



## Cold Chain



**Cold Chain**  
**6%**  
 '20-'23T Sales CAGR

### SD Biosensor Test Kits

XpressPDF & GO Real-Time LUX Tracker to monitor environmental conditions through distribution

**Expanded distribution of COVID-19 tests to 126 countries**

## Discrete



**Machine Automation Solutions (PLC)**  
**6%**  
 '20-'23T Sales CAGR

### Aluminum Palletizers

Combined solution of PACSystems platform & other Emerson intelligent devices to create "smart" palletizer

**Greater overall equipment effectiveness**



**Aventics (Motion Control)**  
**44%**  
 YoY Global Commercial Vehicle FY21 Q1

### Commercial Vehicle Growth

China release of CN6 Emissions Regulations provides > 350k medium & heavy-duty vehicles for Emerson (affecting 5 regional customers)

**Lower emissions benefit the global environment**

## Hybrid



**Life Sciences**  
**8%**  
 '20-'23T Sales CAGR

### Batch to Continuous Manufacturing

Systems, software and domain knowledge of continuous manufacturing to reduce costs, improve quantity, quality and reliability of pharmaceutical manufacturing

**Achieve maximum product quality at minimal cost**

2020 Emerson Sales by End Market

9 pts. vs. 2014

\*Growth percentages for reported sales by business and industry  
 \*\*Life Sciences includes distributed control systems and software

# We are building our franchises through innovation and acquisitions across all technology layers

## DATA MANAGEMENT

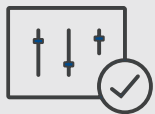
\$1.1B SALES



Power Transmission & Distribution Software Platform



Cloud Supervisory Control & SCADA Platforms



Comfort Optimization



Simulation, Modeling & Scheduling Software for Life Sciences



Production Management



Real-Time Cold Storage Monitoring & Tracking



Wireless Monitoring



Analytics & Data Lake

## CONTROL

\$1.6B SALES



Control, Visualization & IoT



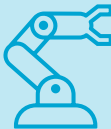
Hydroelectric Turbine Control



Energy Management and Optimization



Discrete Process Control



Machine & Motion Control, I/O Networking



Comfort Management

## DEVICE

\$14.1B SALES



Valves & Actuation



Test & Measurement Instruments



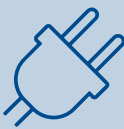
Gas Detection



Fluid Automation



Steam Regulators



Energy Efficiency Technology

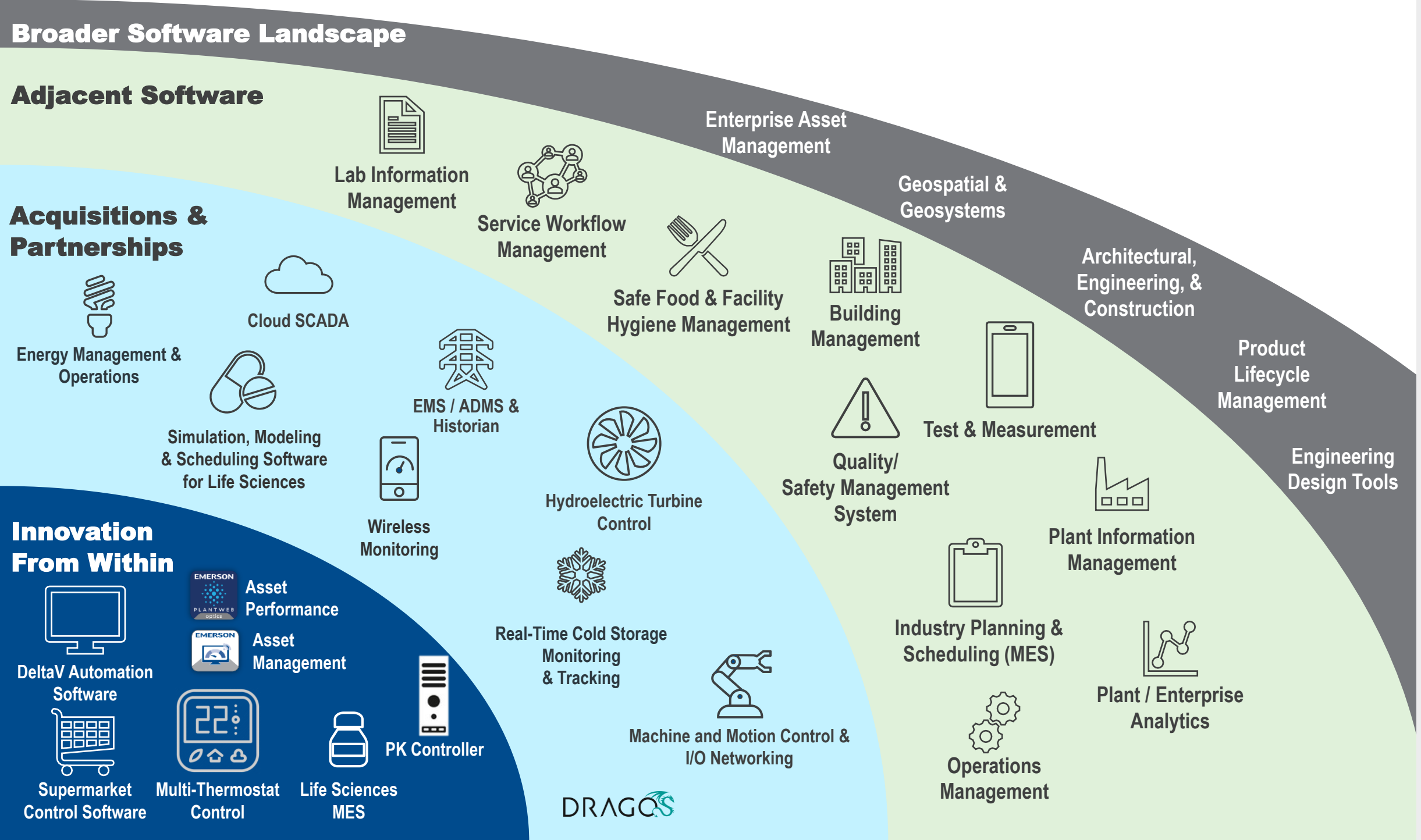


Corrosion Monitoring

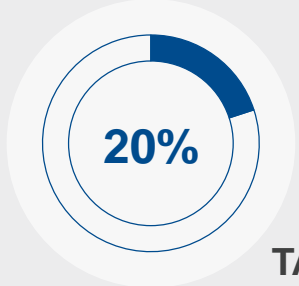


Measurement Devices

# Emerson's established portfolio of software innovations represents \$2.4B in revenue



- Expansion into vertical software platforms leverages Emerson's installed base of devices that create the data
- Domain knowledge gives Emerson a competitive advantage vs its industrial peers and pure software entrants to the market
- Emerson's comprehensive solutions will drive a return on our customers investment



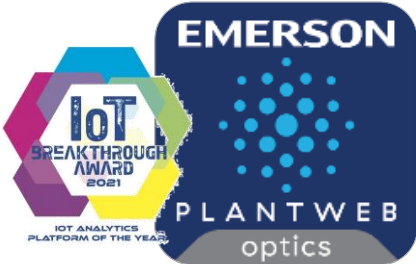
TARGET TOTAL SOFTWARE REVENUE

# Digital transformation remains highly relevant to customers' current and long-term business goals

## Integrated operational performance platform

### Plantweb Optics

Unifies data, people, and systems to drive operational performance



Analytics



Data Lake



Portal

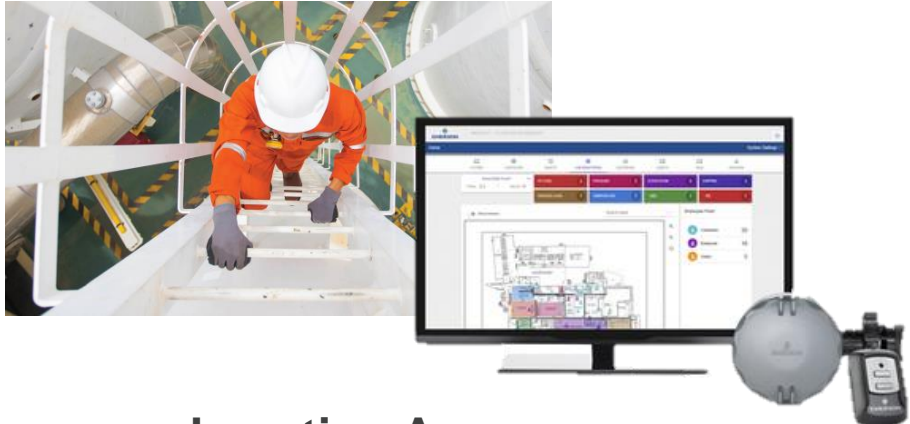


Connectors

## New innovations



Wireless Vibration Monitor



Location Awareness

## Scaling proven applications

### 2020 RESULTS

# 45 SITES

with Digital Transformation installed base of \$2M, deploying 3+ distinct solutions



### 2022 TARGET

# 100 SITES

with Digital Transformation installed base of \$5M, deploying 5+ distinct solutions



# Emerson's end to end solutions are a critical part of the new energy value chain, helping our customers meet sustainability goals



## ENABLING TRANSITION & RENEWABLE ENERGY SOURCES

## OPTIMIZING ENERGY SUPPLY

## EFFICIENCY

## Environmental Sustainability Solutions

### PROCESS & GENERATION

- Pervasive sensing
- Metering
- Edge computing
- Location/tracking
- Intelligent data
- Digital twin
- Remote operations

### TRANSMISSION

### DISTRIBUTION

- Sensing
- Actuation
- Asset health analytics
- Advanced data management systems

### CONSUMPTION

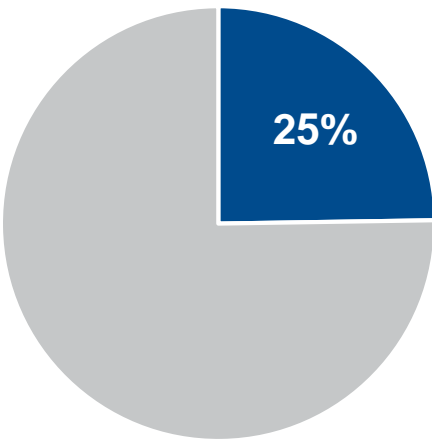
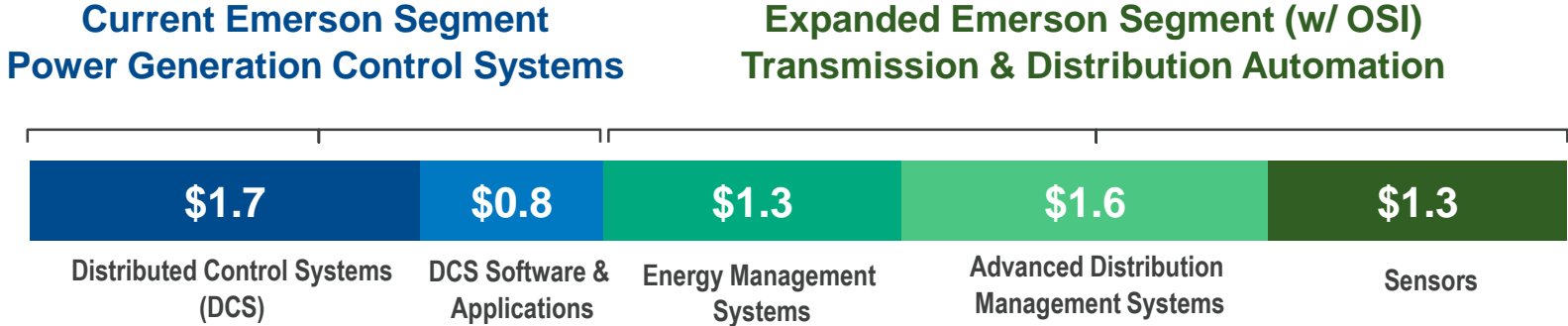
- Pervasive sensing
- Edge computing
- Control systems
- Intelligent data
- Compression
- Connected solutions

- ① Greening of Emerson
- ② Greening by Emerson
- ③ Greening with Emerson

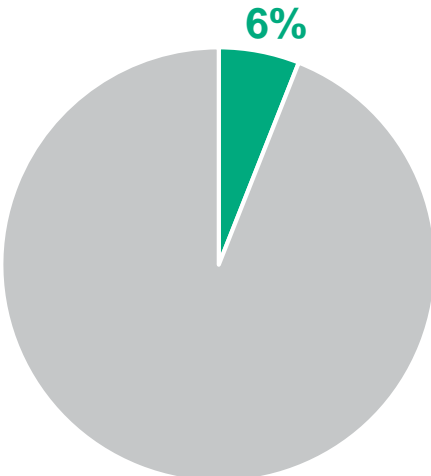


# Acquisition of OSI expands our addressable market in global power automation to \$6.7B

## TOTAL ADDRESSABLE GLOBAL POWER SEGMENT \$6.7B WITH OSI



2020 Power Generation DCS Market Emerson Participation

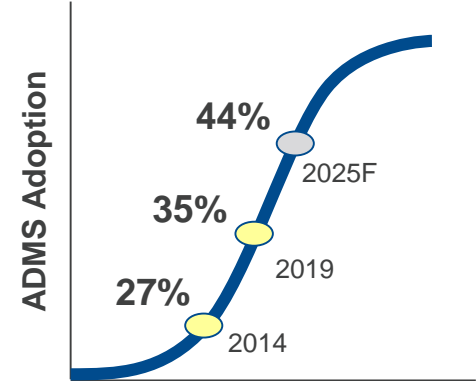


2020 Transmission and Distribution Market OSI Participation

Emerson Participation	1998	2020	OSI Participation	2020	2029F
Global	13%	25%	Global	6%	2x+

### ATTRACTIVE PENETRATION POTENTIAL

65% of Utilities Have Yet to Transition to ADMS



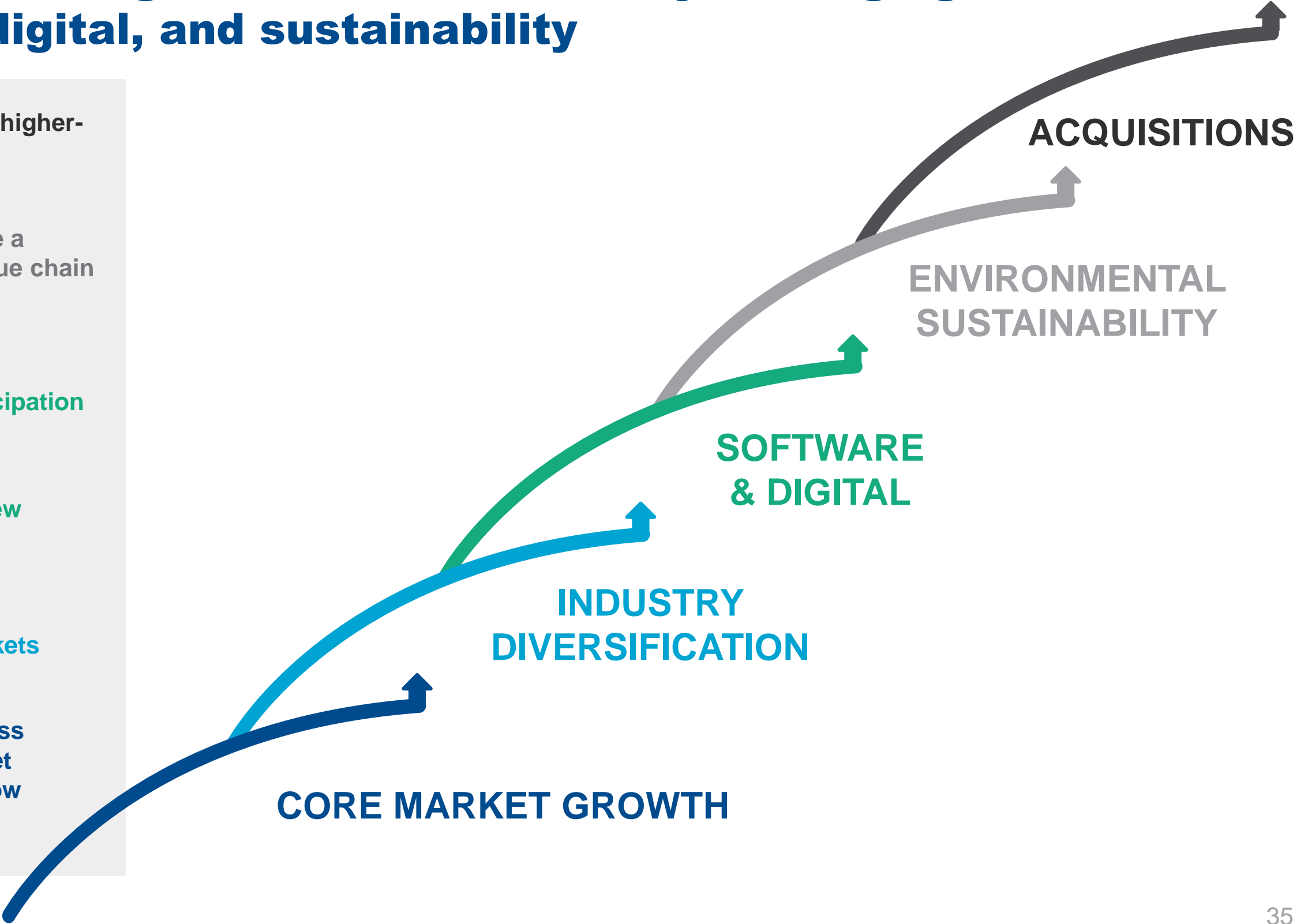
- North American Utilities have shifted CAPEX budgets from ~50% T&D in 2009 to ~67% T&D
- Advanced Transmission & Distribution Automation Technologies Market expected to grow 7% CAGR from 2020 to 2030

- OSI moves Emerson into transmission and distribution
- Replication of Emerson's proven market penetration strategy
  - Leverage relationship with existing power customers
  - Expansion into international markets
- Decentralization – distributed energy resources key to renewable progress
- The expanded segment enables additional bolt on acquisitions

Source: ARC, IHS, internal estimates; Participation is representative of current served market

# Emerson will achieve growth above market by leveraging diversification, digital, and sustainability

- Continued focus on software and higher-growth adjacent markets
- Emerson end-to-end solutions are a critical part of the new energy value chain
- Enhance digital offering
- Increase industrial software participation in target industries
- Continue to pursue industry diversification and expand into new markets
- Focus on solutions delivery
- Focus on higher-growth end markets
- Emerson has built three world class franchises that have strong market position, profitability, and cash flow



# AGENDA



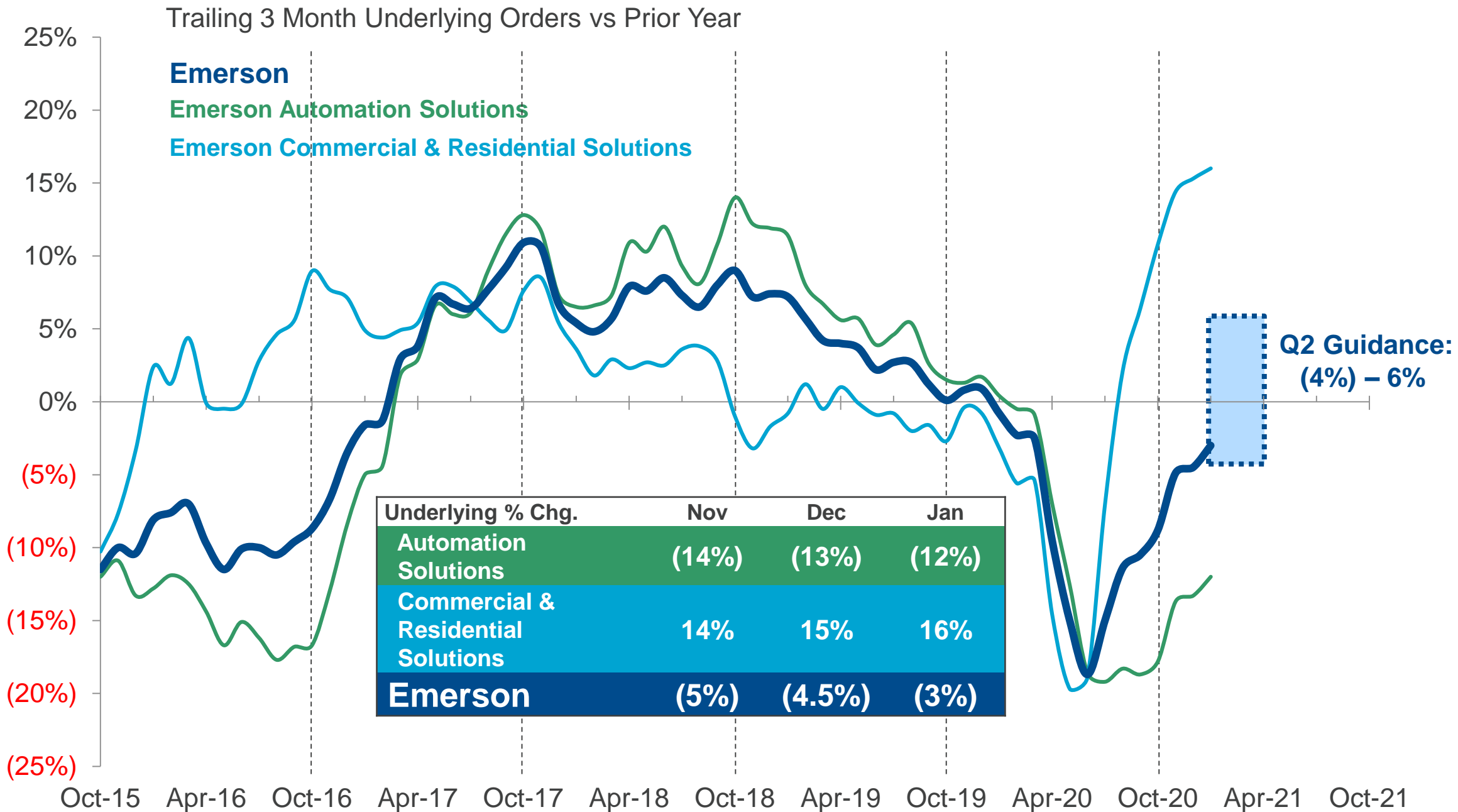
**2020 Review &  
The Path  
Forward**

**Our Culture**

**Market Dynamics  
& Growth  
Opportunities**

**Emerson  
Financial Plan**

# V-shaped recovery underway and market fundamentals continue to improve



- North America recovery in Automation Solutions is the final geography to fall in place for continued improvement
- All Commercial & Residential Solutions segments are growing but some will moderate later in 2021
- Prior cycles indicate continued order improvement through 2021
- Economic recovery is setting up an improved 2022 and 2023

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

# Emerson 2021E forecast

## No change from February 2nd earnings call

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

### Key assumptions:

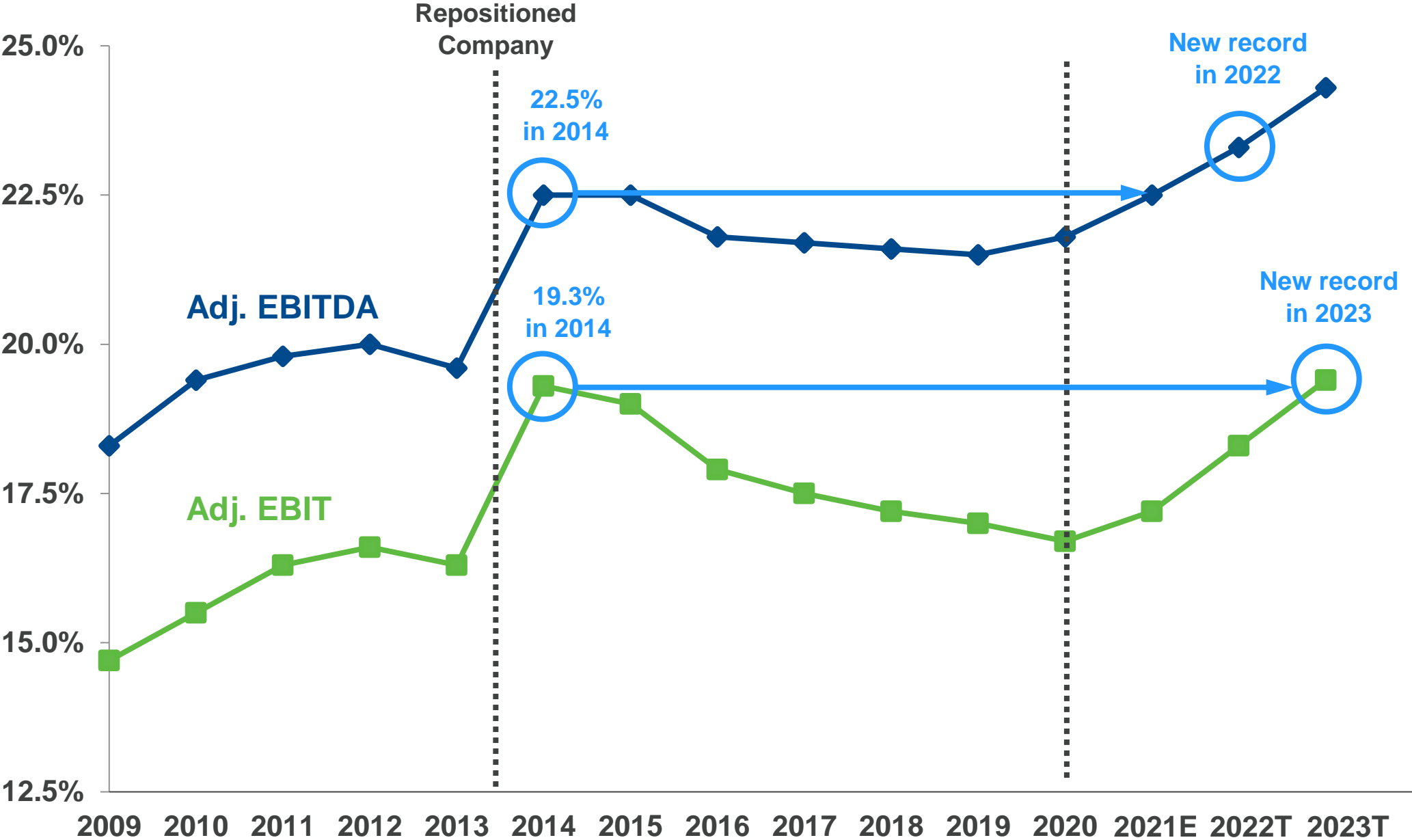
- Demand continues to stabilize and gradually improve
- No major supply chain or operational challenges
- Oil prices: \$45 to \$55 WTI ppb

### 2021 profit

#### Headwinds / tailwinds vs. Prior year:

- Pension: +\$40M
- OSI Inc amortization: (\$65M)
- COVID-related savings: (\$40M)
- Price cost: (\$25M) in 2021 after +\$150M in 2020
- Stock price: (\$80M)

# Emerson executing to exceed previous record profitability

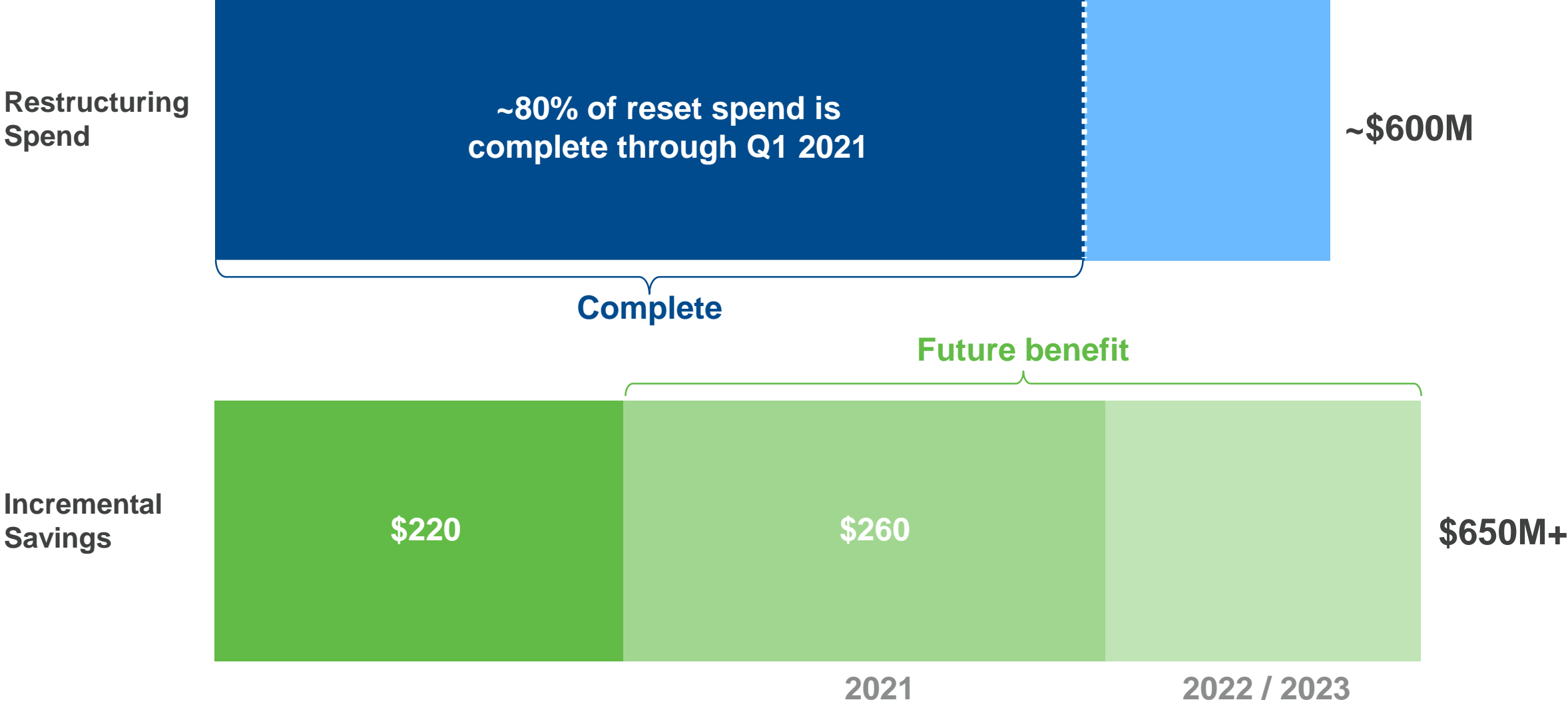


- Emerson is positioned to deliver margin improvement as presented in February 2020, but on \$2B lower sales in 2023
- We are entering the upswing of the next cycle
- The reset cost structure and sales growth drives planned margins

(1) Excludes gains/losses from divestitures/stock sales, impairments, and 1-time purchase accounting  
 (2) 2021-2023 Target based on Company Plan - excludes future acquisitions

# Cost reset planning is complete; focus has shifted to execution, which is well underway

## 2019-2023 Cost Reset Plan Progress

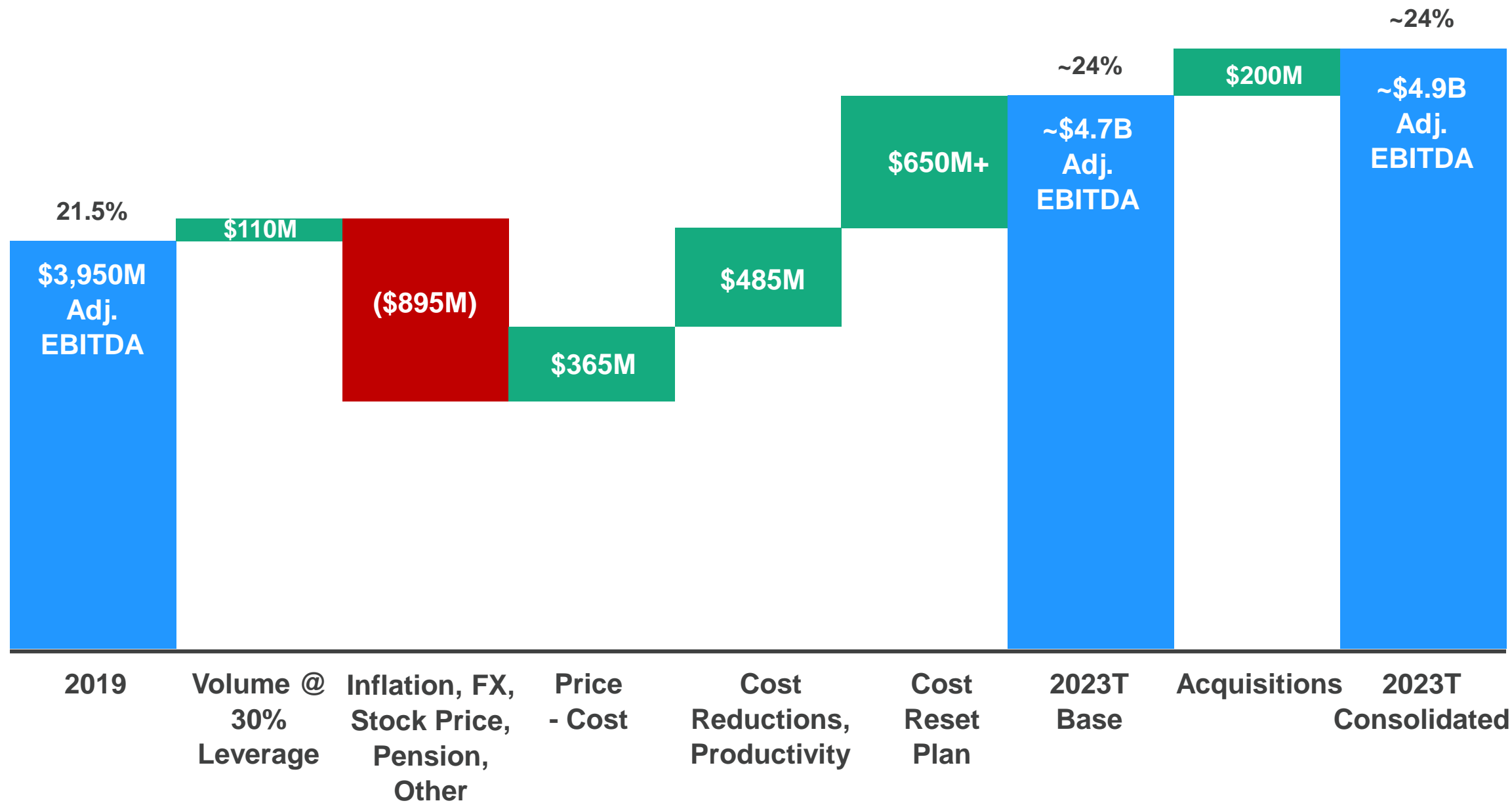


- Cost reset plan has less than a one-year payback on average
- Early actions were quickly completed and have read through our earnings over the last 6 months
- Facility moves have longer payback, are in flight, and will be managed

Note: Savings includes ~\$20M of Corporate

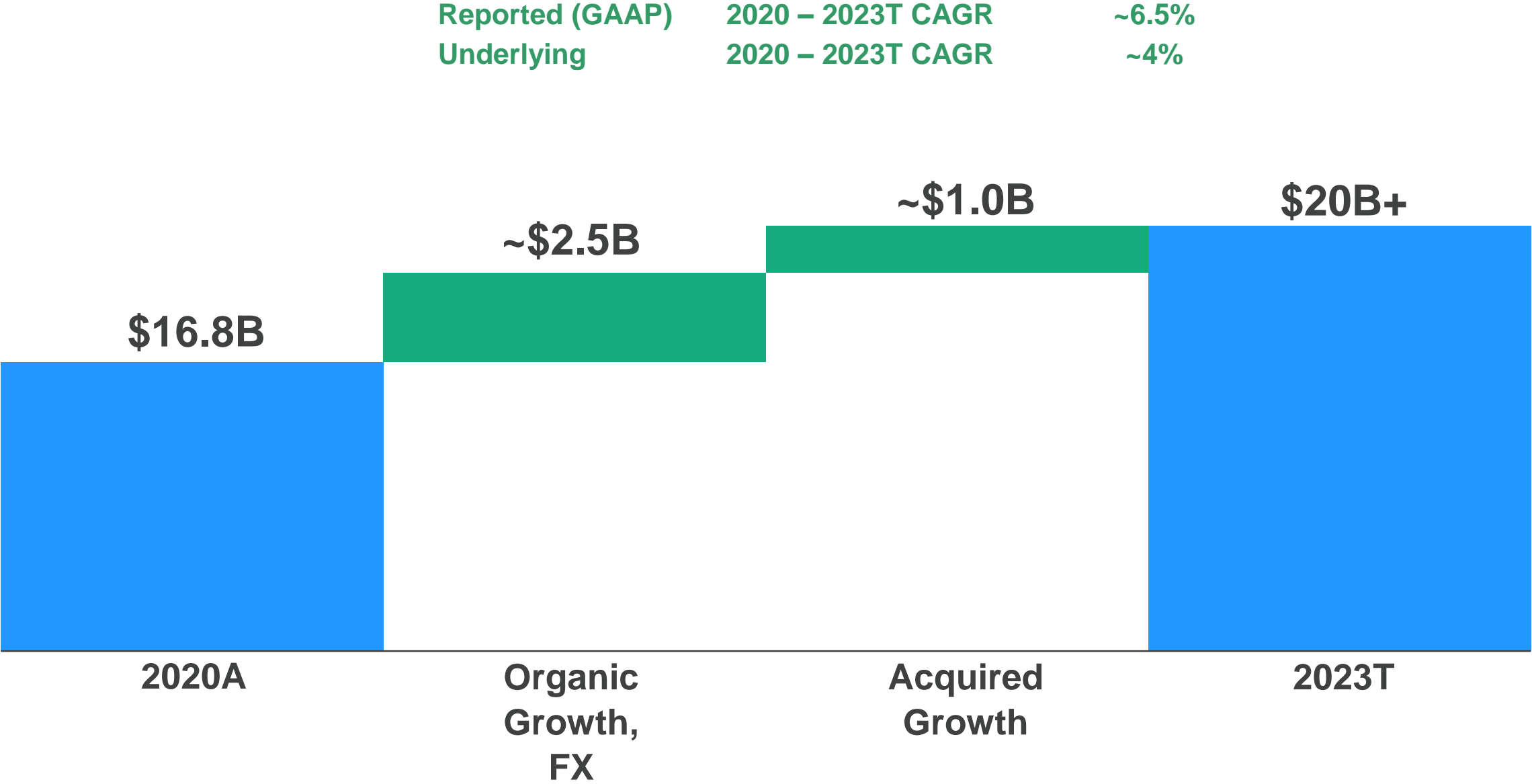


# 2023 target adjusted EBITDA remains ~24% despite COVID pandemic



- Cost reset program target ~24% EBITDA in 2023
- ~2.5% wage inflation is primary profitability headwind (~\$500M)
- ~1.5% freight and other inflation is secondary profitability headwind contributor (~\$200M)
- Price cost headwind in 2021 will normalize and return to tailwind over planning period
- Over the long run, we expect 70% to 80% of COVID related savings to return into the business

# Emerson has a strong path to exceeding \$20B in sales in 2023T

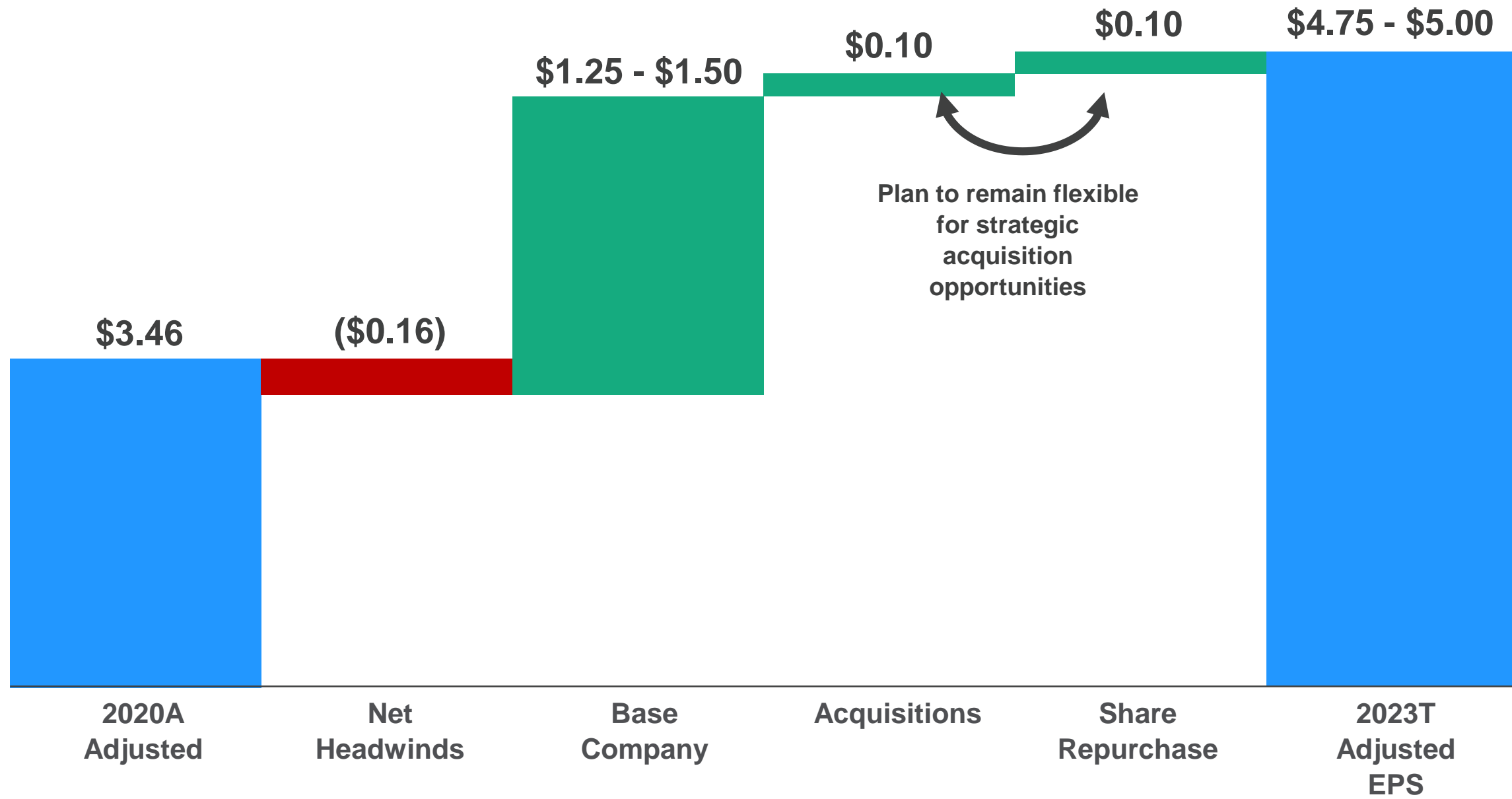


Reported (GAAP) 2020 – 2023T CAGR ~6.5%  
 Underlying 2020 – 2023T CAGR ~4%

- Market growth ~3%
- Share gains drive above market organic growth
- Commercial & Residential Solutions growth is expected to be 5% to 7% in this plan
- Automation Solutions growth expected to be 3% to 5% in this plan
- OSI contributes ~30% of the acquisitive growth in this period - - but more importantly, enables entry into transmission & distribution market
- Acquisition activity expected to increase post COVID

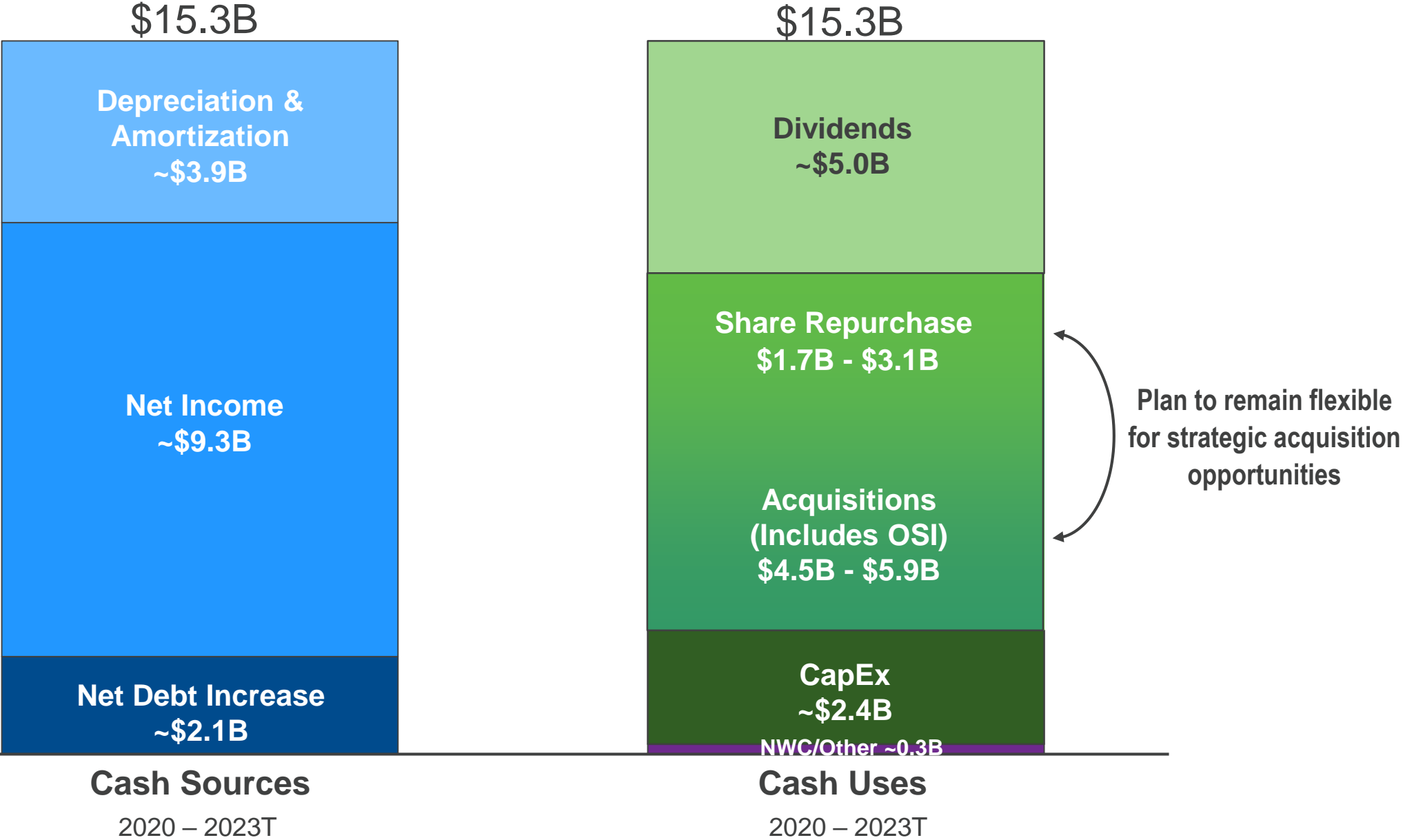
Note: Does not reflect impact of potential divestitures

# Adjusted EPS driven by cost reset actions and operational excellence



- Line-of-sight to \$5 per share in 2023
- Base company growth and margin expansion are primary drivers of EPS
- In this plan, we are assuming fewer acquisitions and share repurchases due to \$7B cumulative less revenue compared to the 2020 Investor Conference plan
- Net headwinds primarily consist of partial restoration of COVID cost savings

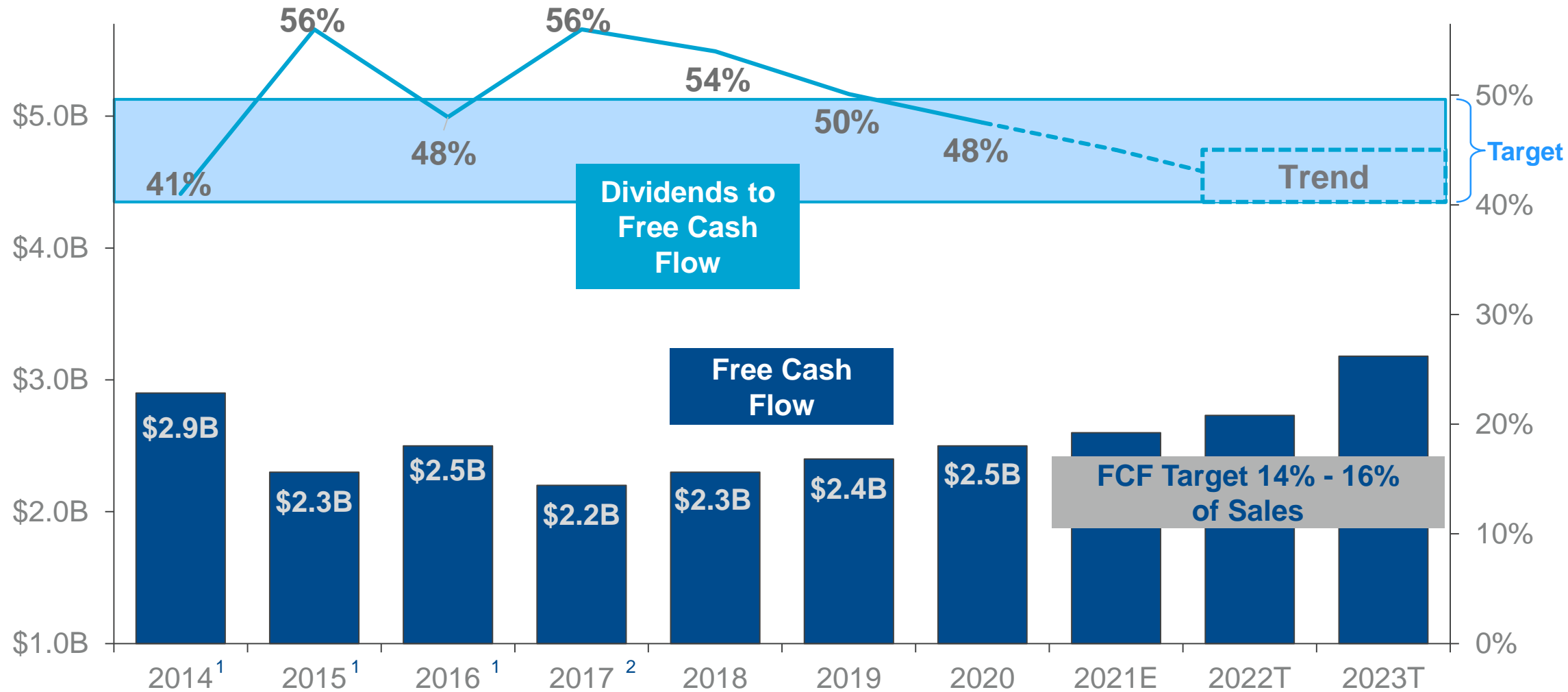
# Emerson remains focused on returning 50% to 60% of operating cash flow to shareholders



- Dividends remain an important component of returning cash to our shareholders
- Share repurchase modulates to deliver 50 to 60% of OPCF to shareholders over time
- Planned cash flow supports up to \$6B in acquisitions with balance sheet flexibility if the right strategic deals emerge
- Discipline in acquisition pursuit and valuation
- Continued investment into the business with ~3% Capex - - business requirements are fully funded

Note: Inclusive of 2020, 2021E, 2022T, 2023T

# Operating capital efficiency drives higher free cash flow and supports shareholder returns



- Emerson has strong path to grow FCF each year during this plan
- We continue to target 14% to 16% of FCF as a percent of sales
- History of high-quality earnings - - converting >110% of net earnings to FCF in this plan
- FCF growth supports target range of dividend to FCF of 40% to 50%

<b>FCF / Net Earnings</b>	110%	105%	131%	135%	114% <sup>3</sup>	105%	128%	~120%	>110%
<b>Dividend / Share</b>	\$1.72	\$1.88	\$1.90	\$1.92	\$1.94	\$1.96	\$2.00	\$2.02	Div / FCF: 40% - 45%

<sup>1</sup>Cash flows exclude impact of repositioning items in 2015 and 2016, divestiture gains in 2015, and impairments in 2014  
 Div/FCF excludes tax and separation costs on divestitures; <sup>2</sup>Continuing Operations; <sup>3</sup>Excluding one-time non-cash tax benefits

## Emerson's 2021E – 2023T financial forecast

	2020	2021E	2023T
<b>Sales</b>	\$16.8B	\$17.8B	\$20B+
<b>Gross profit</b>	41.8%	42%	44%
<b>Adj EBIT Margin</b>	16.7%	17%	19%
<b>Adj. EBITDA Margin</b>	21.8%	22.5%	24%
<b>Adj. EPS</b>	\$3.46	\$3.70+/- \$0.10	\$4.75 - \$5.00
<b>Operating Cash Flow</b>	\$3.1B	\$3.15B	\$3.8B
<b>CAPEX</b>	\$538M	\$600M	\$660M
<i>% Sales</i>	3.2%	3.4%	3.3%
<b>BALANCE SHEET LEVERAGE RATIOS</b>			
<b>Operating Cash Flow / Total Debt</b>	41%	45%	45%
<b>Total Debt / Adj. EBITDA</b>	2.0x	1.8x	1.7x

# Executing margin expansion and capitalizing on upswing in sales

**Transforming Industries**

① Culture drives performance, leading to sustained shareholder value creation

---

② World class franchises serving diverse high growth markets

---

③ Exceptional execution and discipline drive higher margins and cash flow

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④ Performance drives EPS growth and strong balance sheet to provide investment optionality

**Enabling Sustainability**

**Creating Value**



**EMERSON**





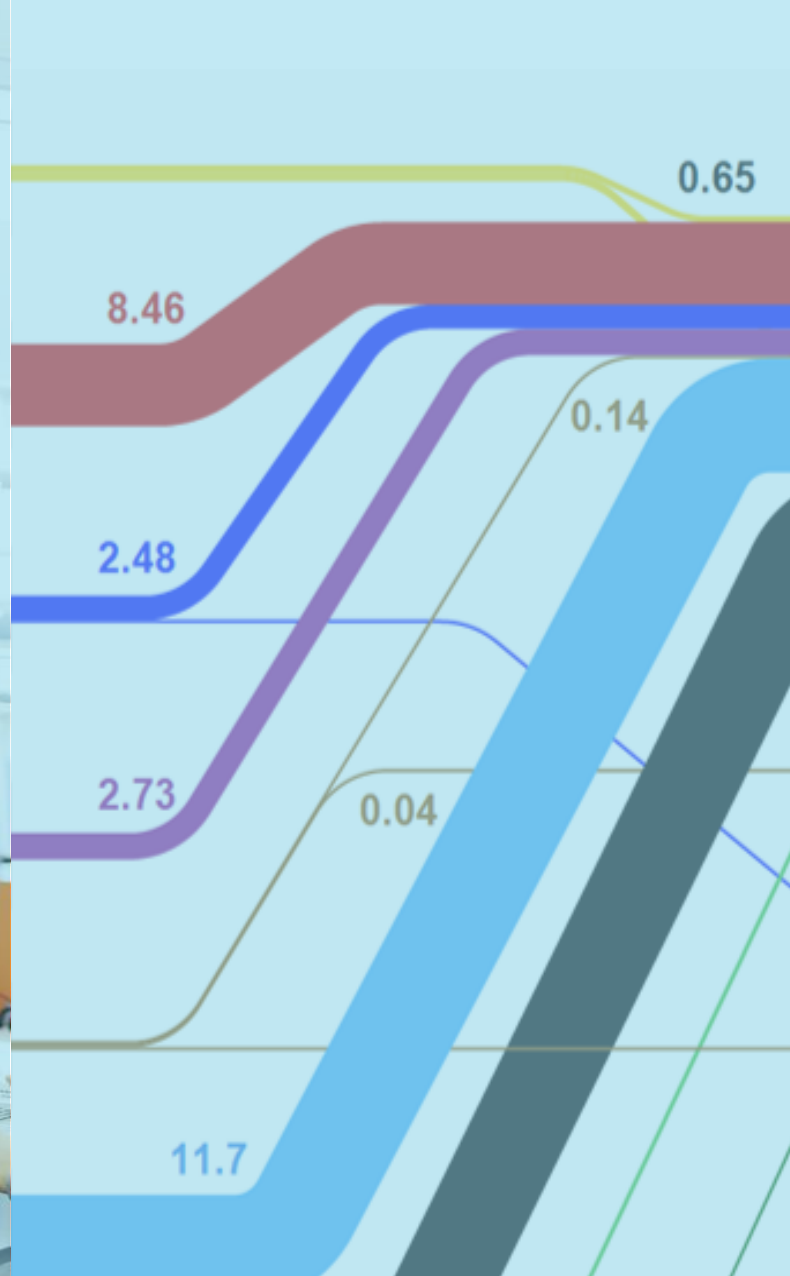
# **Executing on Environmental Sustainability Priorities & Opportunities**

February 16, 2021

# AGENDA



## Greening OF Emerson



## Sources and Uses of Energy



## Greening BY Emerson



## Greening WITH Emerson

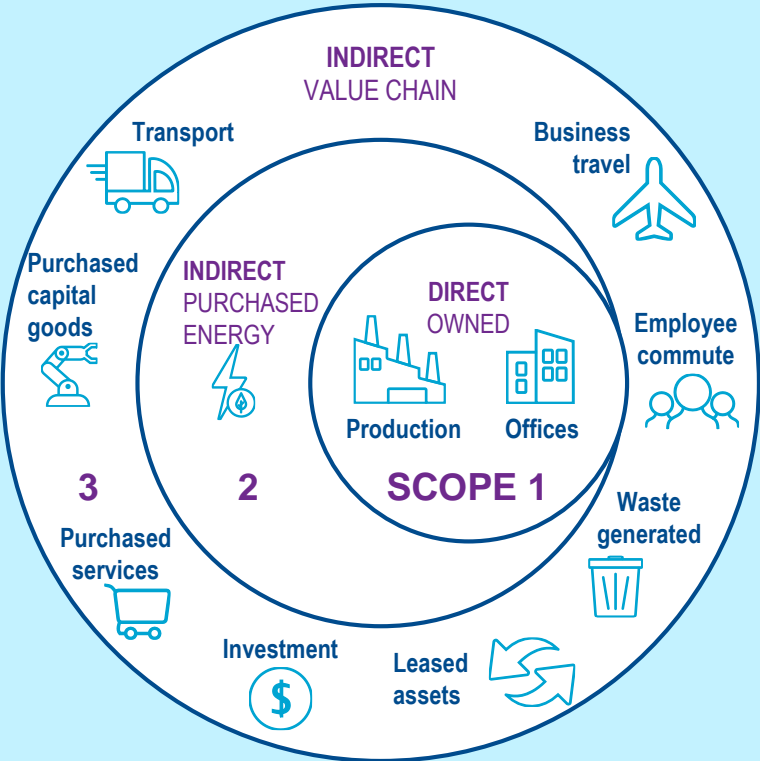
# Emerson’s environmental sustainability framework — we are highly relevant, across our portfolio, to a lower carbon future

## GREENING OF

Reducing GHG emissions intensity by 20% across 185 major sites by 2028.

Enlisting our energy providers, supply chain partners, and logistics services to support similar objectives.

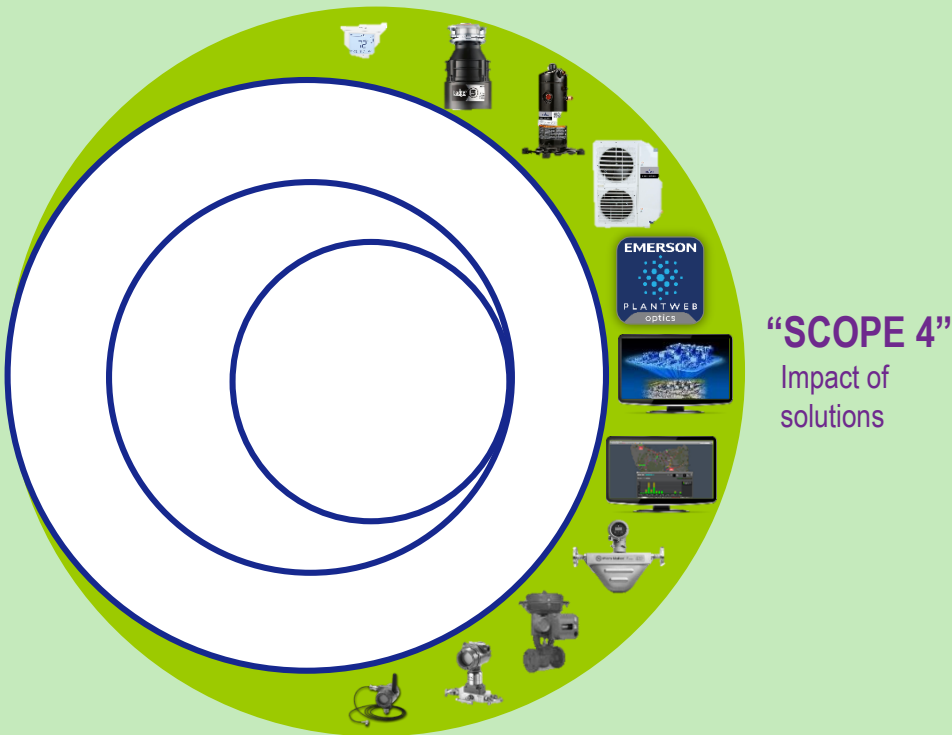
Embedding sustainability focus throughout our management process.



## GREENING BY

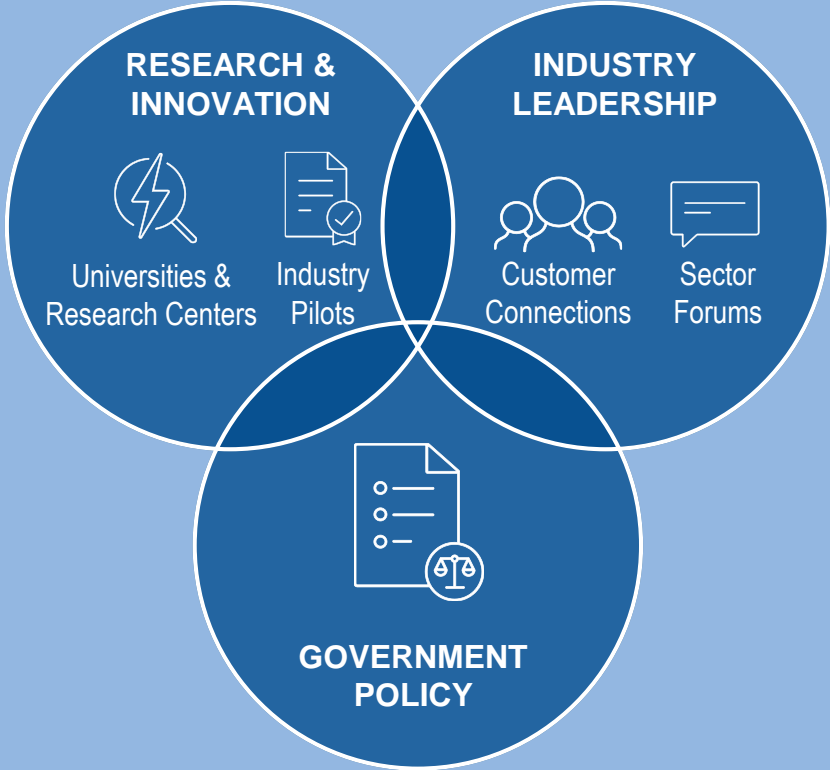
Providing products, expertise, solutions & services to help our customers transition to lower carbon by:

- Energy Source Decarbonization
- Emissions Management
- Electrification & System Integration
- Energy Efficiency & Optimization



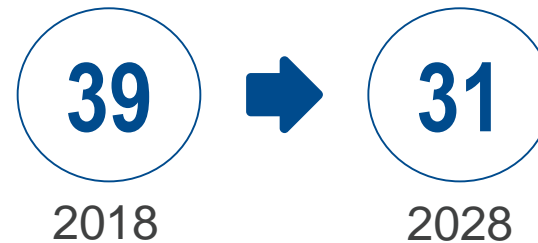
## GREENING WITH

- Engaging external stakeholders by:
- Partnering to develop innovative solutions
- Participating in sector and customer initiatives
- Sharing our expertise to shape future policy developments globally



# Emerson committed to a 20% greenhouse gas emissions intensity reduction by 2028

Committed to **20% reduction** of GHG intensity measured at **185 sites globally**



Intensity: metric tons CO2e / sales \$M

**Reduction in energy usage & Increasing mix of renewable energy**

**Led by Board of Directors**

**Environmental sustainability steering committee**

**Embedded in the management process**

**Environmental sustainability leaders and teams at every site**

## **LEADING ENGAGEMENTS**

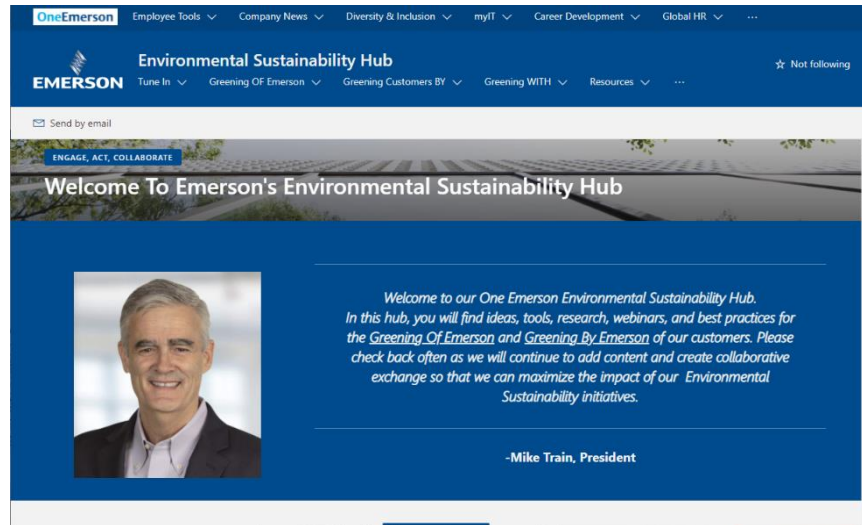
Energy suppliers

Supply chain

Logistic partners

# Embedding sustainability into the culture of Emerson

## ENVIRONMENTAL SUSTAINABILITY HUB



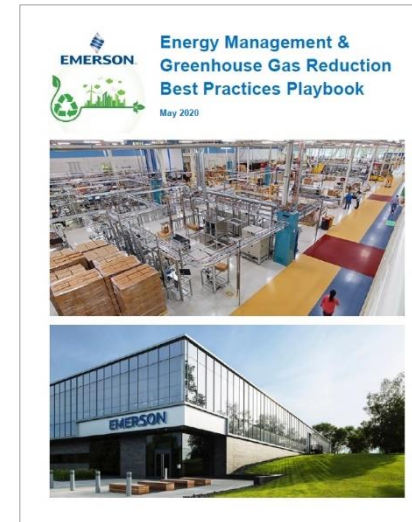
Resources



Podcasts



Webinars



Best Practices

## ENERGY TREASURE HUNTS

**Participation:** Sustainability site team and internal subject matter experts

**Process:** Evaluate energy usage weekday and weekend. Look, listen, measure

**Prioritize:** Largest energy usages, improvement opportunities, capital

## TOP FACILITY OPPORTUNITIES



Equipment Shutdown



LED Lighting



Building Control Systems



HVAC Setback



Compressed Air Optimization



Cleaning & Temp. Chambers

## HIGHLIGHTS



**Onsite Power Generation**

2.6MW rooftop solar in Dubai



**Renewable Energy Purchases**

~820K sqft. Cluj, Romania site powered by 100% renewable energy



**Efficient Equipment**

LED lighting project reduces energy and maintenance costs by 77%

New melt furnaces reduce energy 68%



**Volatile Organic Compound Reduction**

Filtering & absorption systems

Transition to low VOC paints

Water-soluble cutting fluid



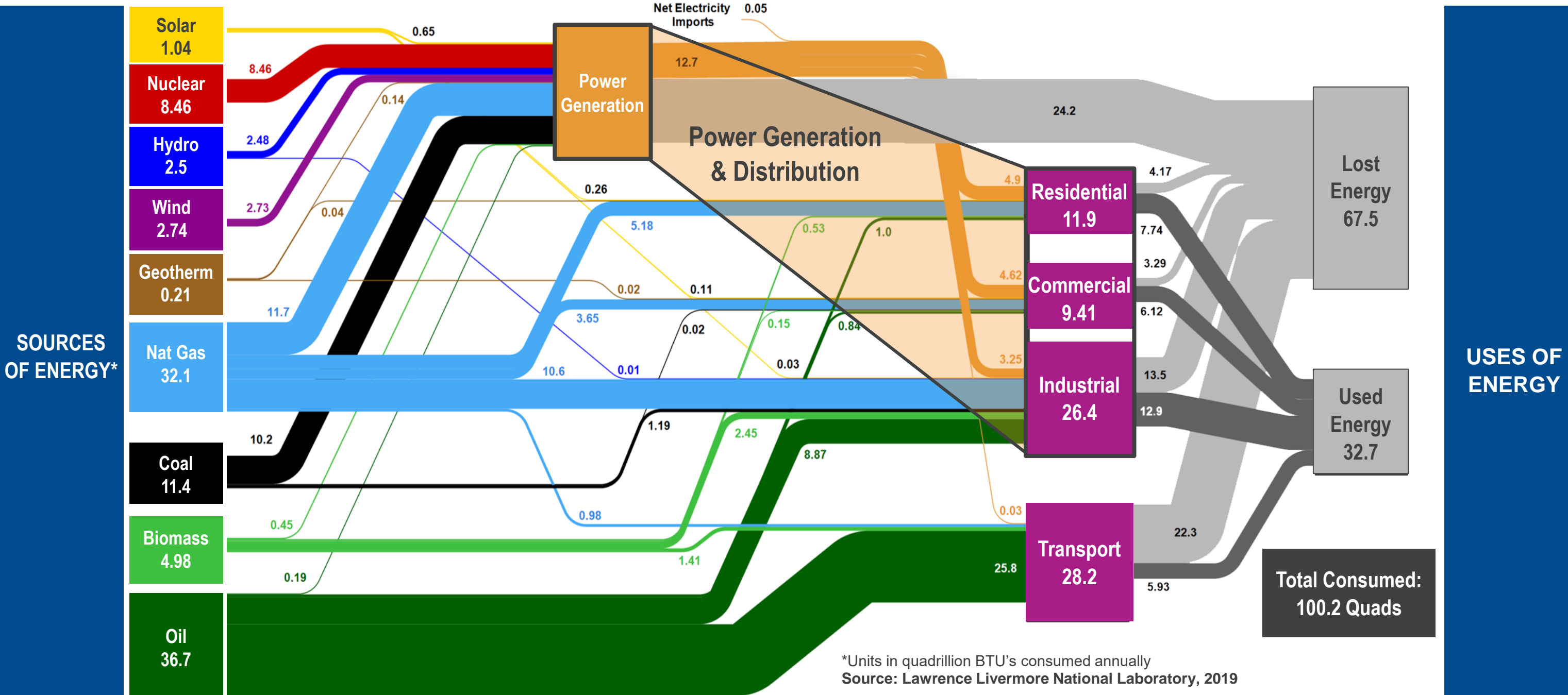
**Recycling & Waste Initiatives**

Waste recycling

Food diversion

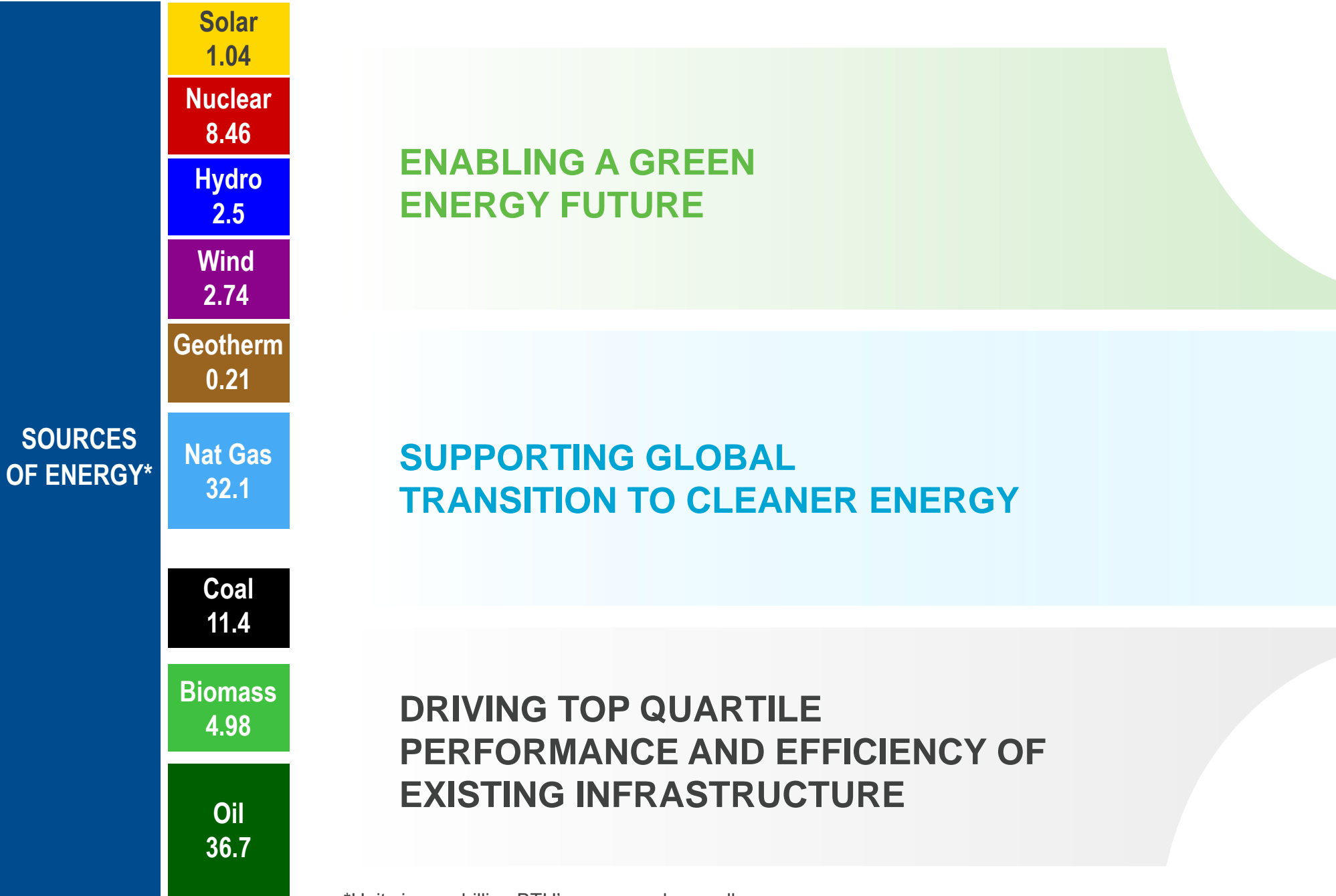
Water treatment / re-use at multiple locations

# Sources and uses of energy in the US: Navigating the Sankey diagram



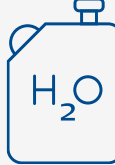


\*Units in quadrillion BTU's consumed annually  
Source: Lawrence Livermore National Laboratory, 2019

# Leading our customers through their decarbonization journey




## ENERGY SOURCE DECARBONIZATION

- 
**LOW-CARBON POWER (SOLAR, WIND, NUCLEAR, HYDRO)**
- 
**LOW-CARBON FUELS (BIOFUELS, LNG)**
- 
**HYDROGEN & HYDROGEN-BASED FUELS**

---

**RECENT ACQUISITION:**



Hydroelectric turbine control technologies and service

\*Units in quadrillion BTU's consumed annually  
 Source: Lawrence Livermore National Laboratory, 2019

# Real examples of energy source decarbonization today

1 Engaged with start-up and established renewable energy providers

## SOLAR & WIND

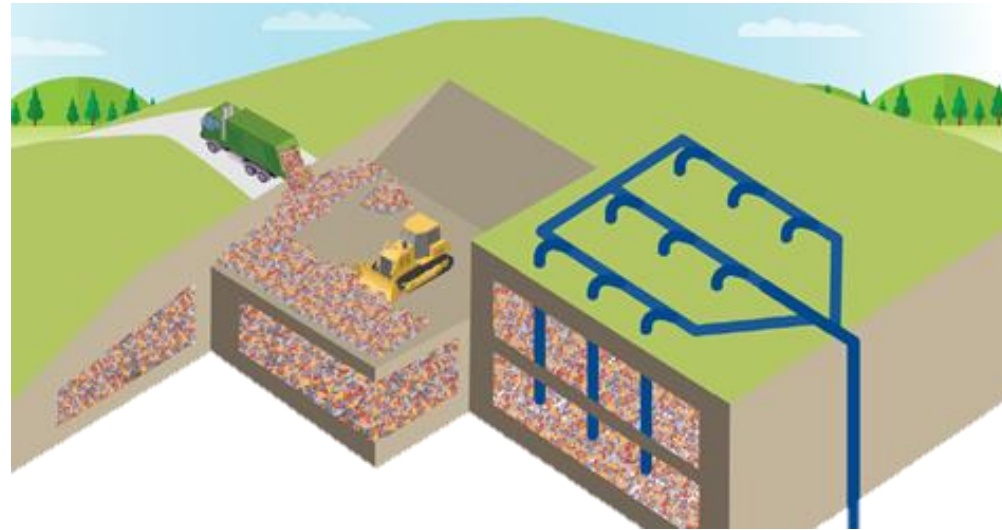


8 MW hybrid PV solar plant

Mennetou, France

2 Compression solutions used to process landfill gases to biogas

## RENEWABLE NATURAL GAS



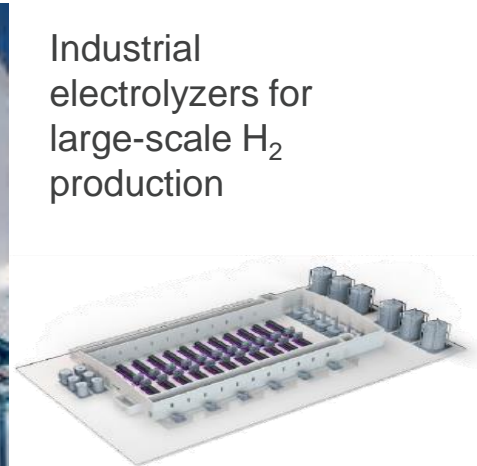
3 Next generation of energy solutions

## AMMONIA FOR STORAGE AND TRANSPORT OF GREEN H<sub>2</sub>

Applications



Cooling and separation of high purity gasses



Industrial electrolyzers for large-scale H<sub>2</sub> production

### SOLUTIONS

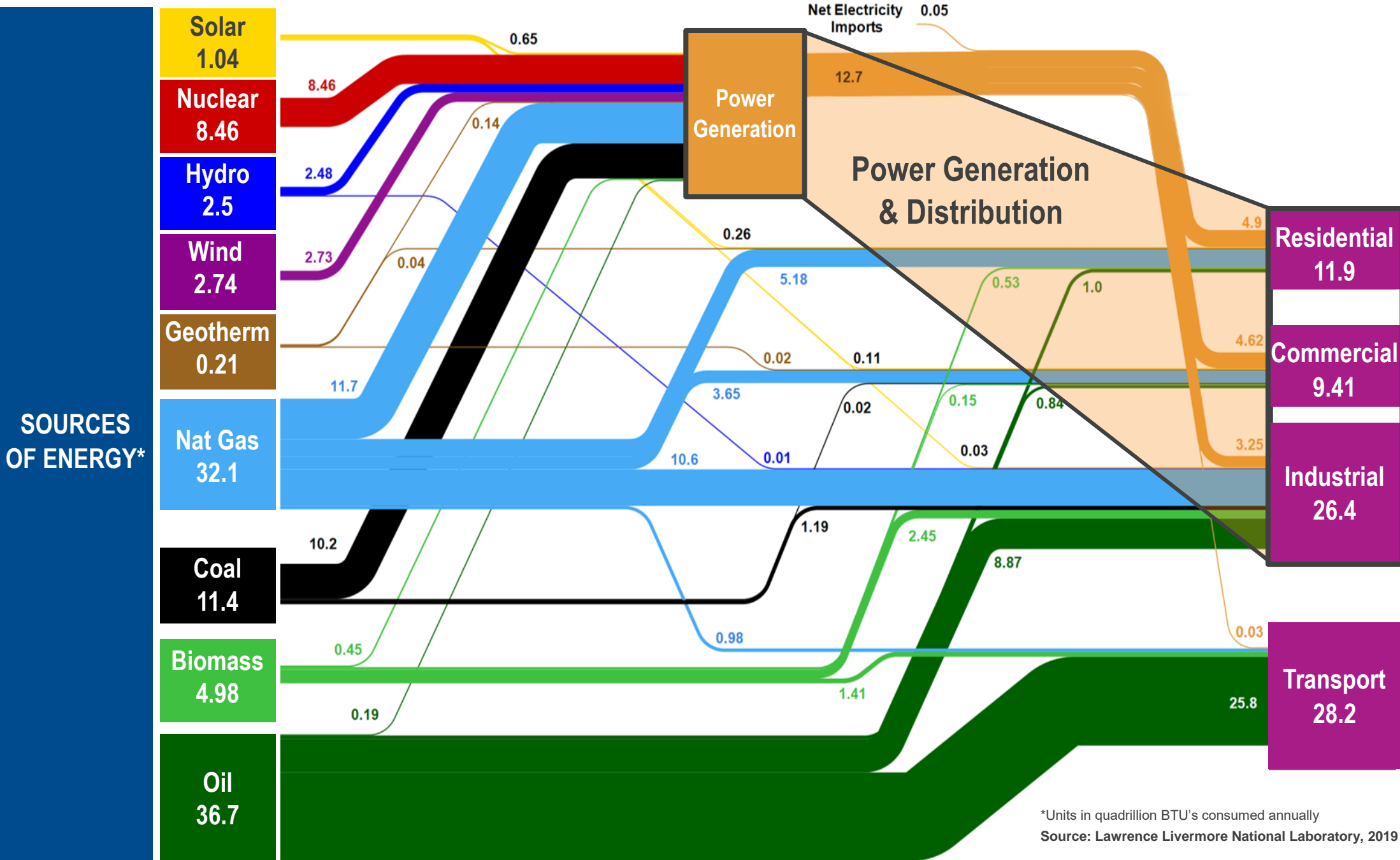
- Ovation SCADA
- Controllers & Monitors
- Remote Access
- Commissioning

- Compression
- Edge Computing
- DeltaV DCS/SIS
- Boiler & Fuel Control
- Pressure, Temperature, Control/Safety
- Valves/Regulators




- Asset Performance
- Digital Twin Simulation
- Distributed Control
- Edge Computing
- Coriolis Flow Meters
- Regulators



# Reducing emissions of primary energy and electricity



## EMISSIONS MANAGEMENT

- 
**EMISSIONS MONITORING & CONTROL**
- 
**CARBON CAPTURE UTILIZATION & STORAGE**
- 
**NATURAL & LOW GHG REFRIGANTS**

Energy Flow

# Real examples of capturing emissions today

## 1 Carbon Capture Utilization & Storage



**Abu Dhabi National Oil Company Project**

**800K tons of CO<sub>2</sub> / year**

**Products & Services**

DeltaV DCS & SIS

Instruments & Valves

Automation Contractor Services

## 2 Fugitive Emissions Reduction



**Loss of Product  
Legal Penalties  
Higher Operating Costs**

Suite of Devices and Monitors

**Data Management**



**Monitoring**



**Devices**



## 3 CO<sub>2</sub> Natural Refrigerant Heat Pump



**Hydro Quebec Large Capacity Heating, Cooling and Hot Water**

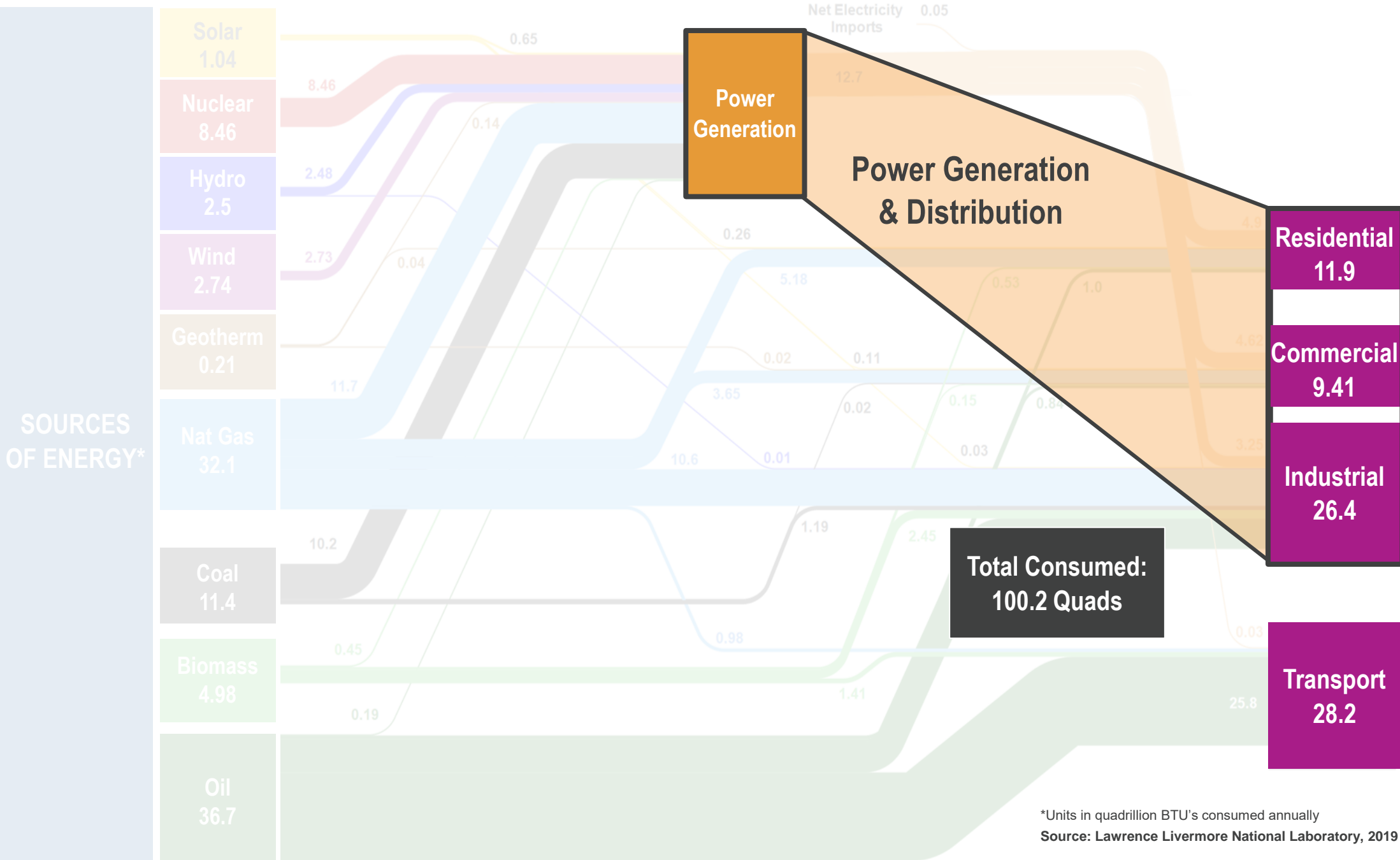
~4x Efficient As Traditional Technologies for Water Heating/Cooling

Clean Energy Powered

Uses the Lowest GWP Refrigerant



# Replacing traditional combustion & managing grids



## ELECTRIFICATION & SYSTEM INTEGRATION

- END-USE ELECTRIFICATION (HEAT PUMPS)**
- ENERGY SUPPLY OPTIMIZATION**
- ENERGY STORAGE & GRID MANAGEMENT**

### RECENT ACQUISITIONS:

**OSI** Electric power and utilities transmission and distribution

**progea** SCADA/HMI platforms for industrial supervision



# Real examples of electrification & grid management today

**1** Electric Heat Pump Replacing Traditional Combustion

## DECARBONIZING HEATING & COOLING

Transitioning away from fossil fuels and operating more efficiently



**2** Gas & Liquid Management

## PRECISE DISTRIBUTION, FULFILLMENT & CONTROL

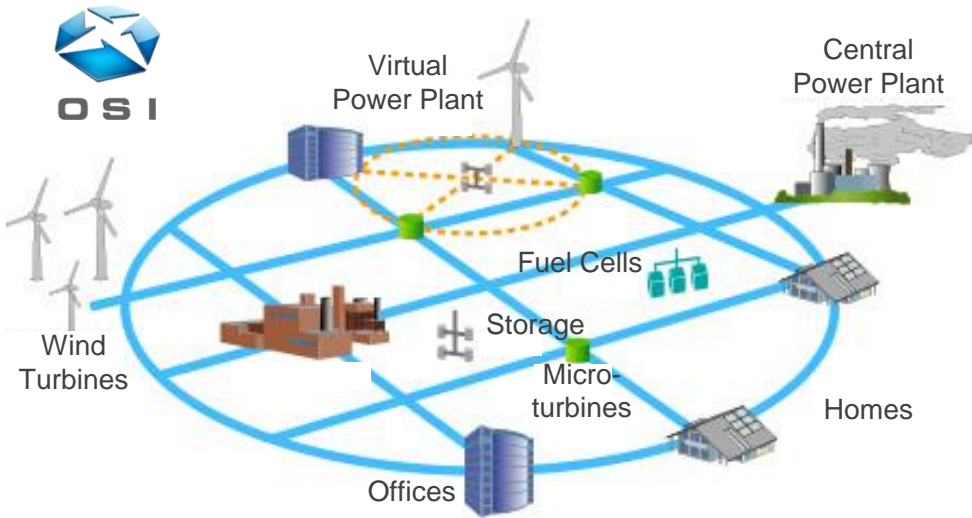
Integrating business and operational activities for efficient resource management



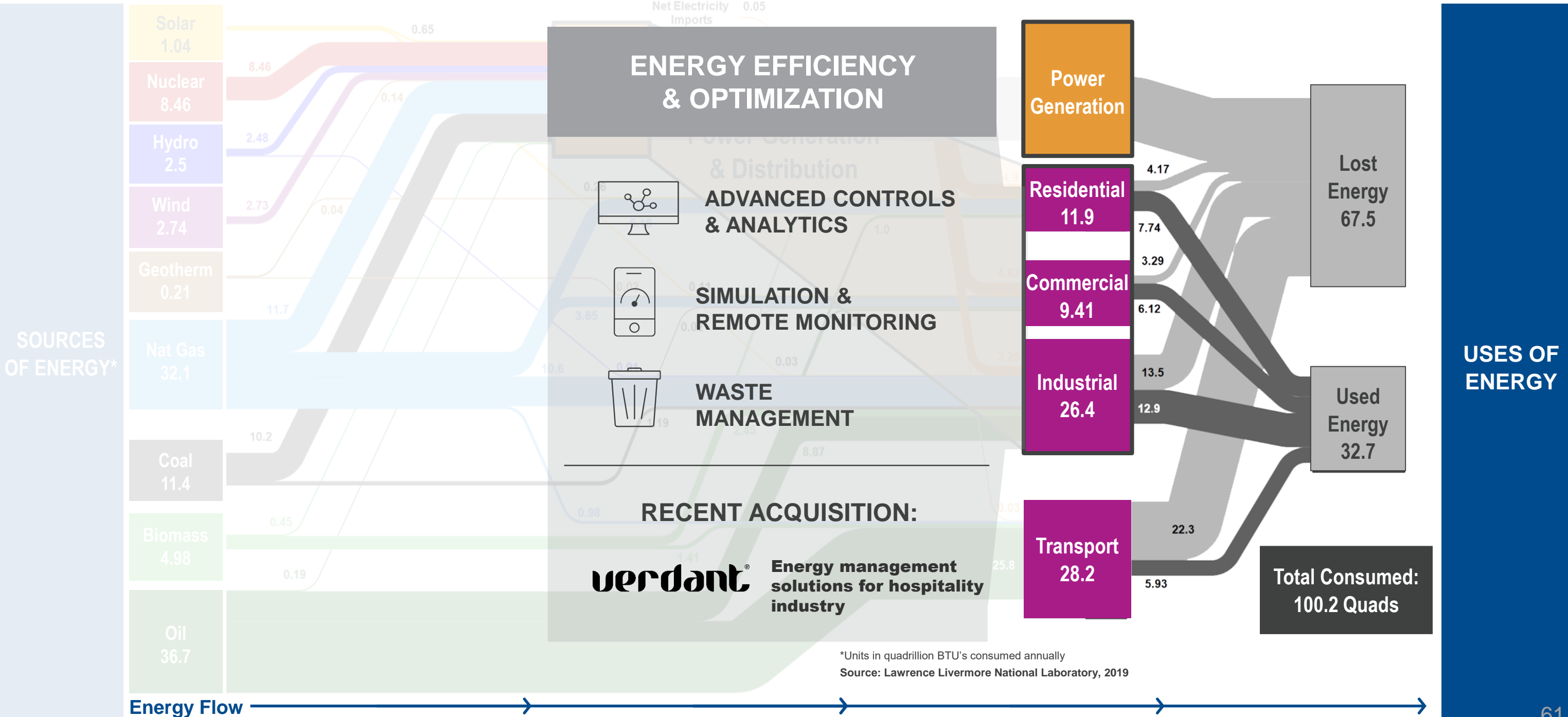
**3** Real Time Grid Management

## OPTIMIZE ENERGY TRANSMISSION & DISTRIBUTION

Controls power flow and voltage to end users and distributed energy resources



# Reducing waste & enhancing efficiency



# Real examples of energy efficiency & optimization today

## 1 Sensi™ Smart Thermostats

**USERS SAVE 23% HVAC ENERGY CONSUMPTION**

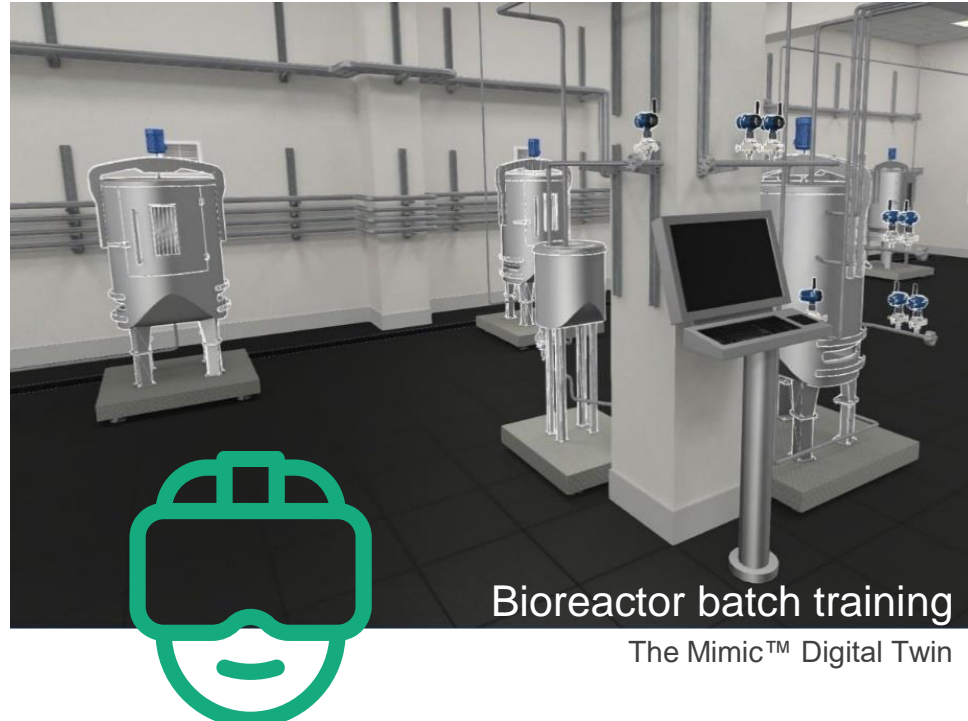
Remote access, usage reports, flexible scheduling, geo-fencing



## 2 Full Operations Digital Twin

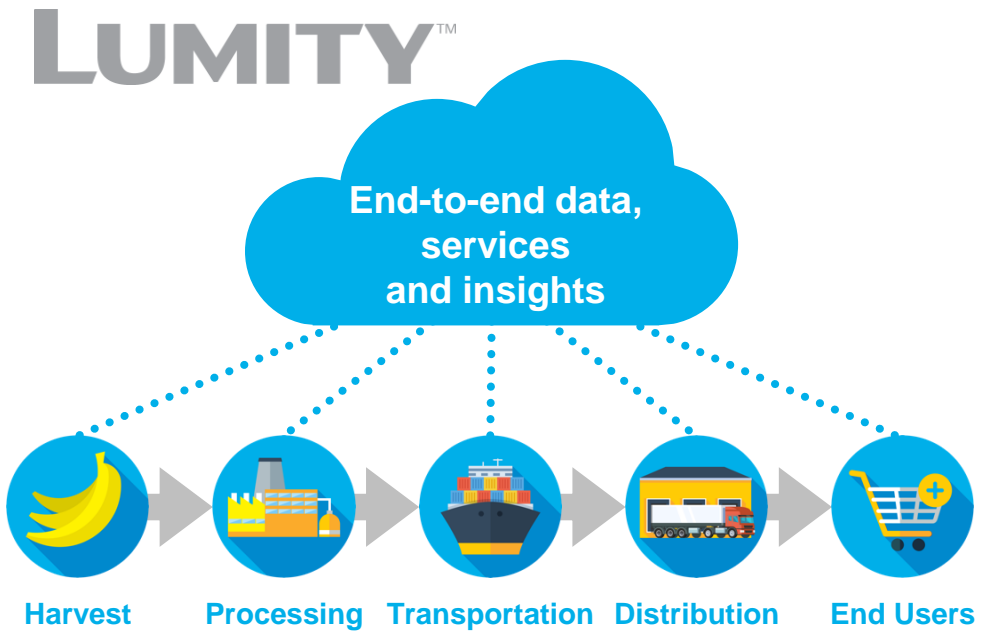
**DYNAMIC TRAINING ON CONTROL ROOM ACTIONS & FIELD OPERATIONS**

Train on running a virtual batch ensures life sciences production stays on schedule

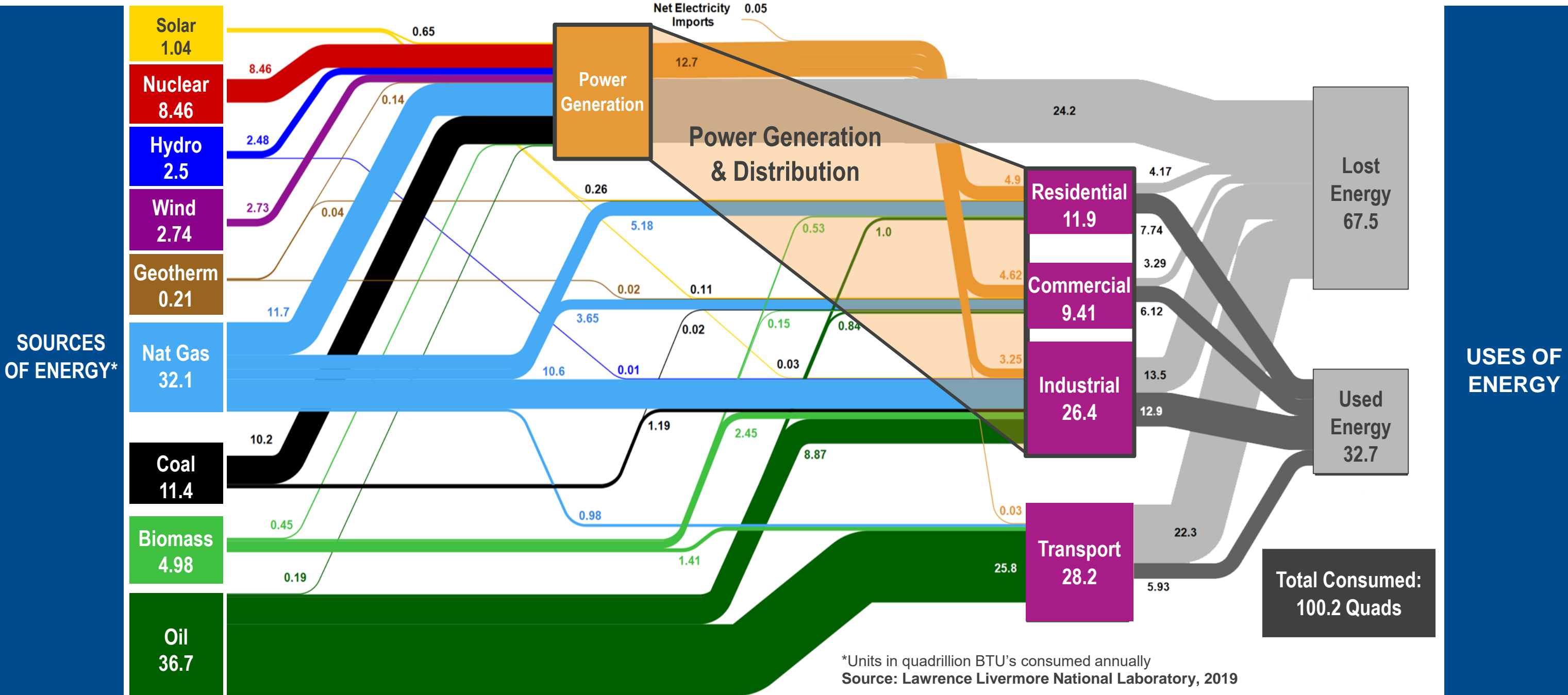


## 3 Monitor Food from Farm to Fork

**TEMPERATURE, LOCATION, QUALITY MONITORING FOR END-TO-END COLD CHAIN INTEGRITY**



# Sources and uses of energy in the US: Navigating the Sankey diagram



# Applications for hydrogen are accelerating

## Four use cases – broad Emerson capabilities applicable to all



### BLENDING INTO NATURAL GAS

Injection into existing infrastructure

5% to 30% blend projects underway



### FUEL INFRASTRUCTURE FOR TRANSPORTATION

Production, transportation, metering & dispensing value chain

Commercial trucking and daytime fleets



### INDUSTRIAL PROCESSES

Transition high temperature fossil fuel combustion processes to hydrogen

Examples: Steel, cement, petrochemicals

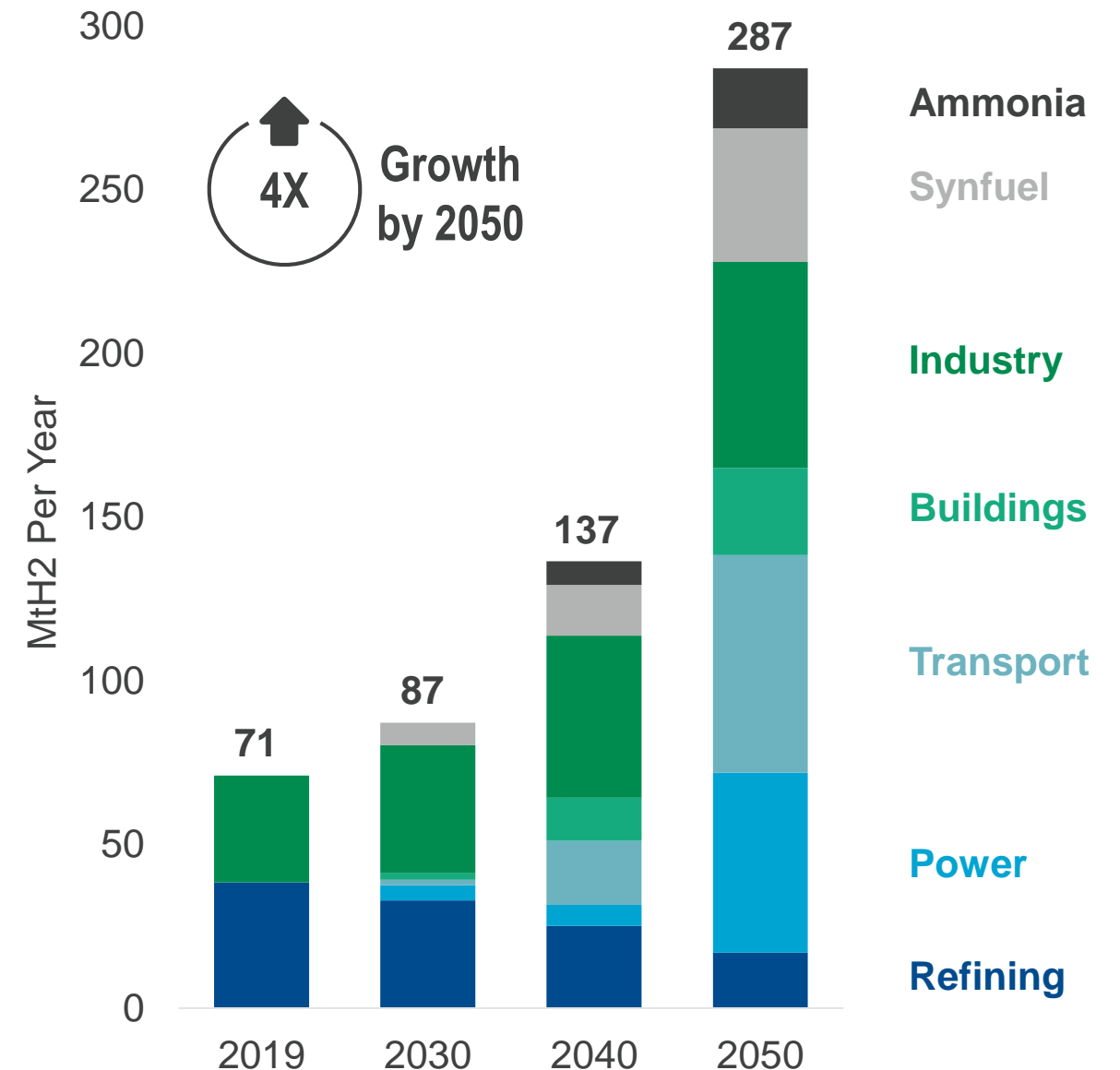


### POWER GENERATION

Electrolyzer to separate hydrogen from water

Store hydrogen for future “dispatchable” use in turbines for electricity production

WORLD ENERGY OUTLOOK  
GLOBAL HYDROGEN DEMAND BY SECTOR

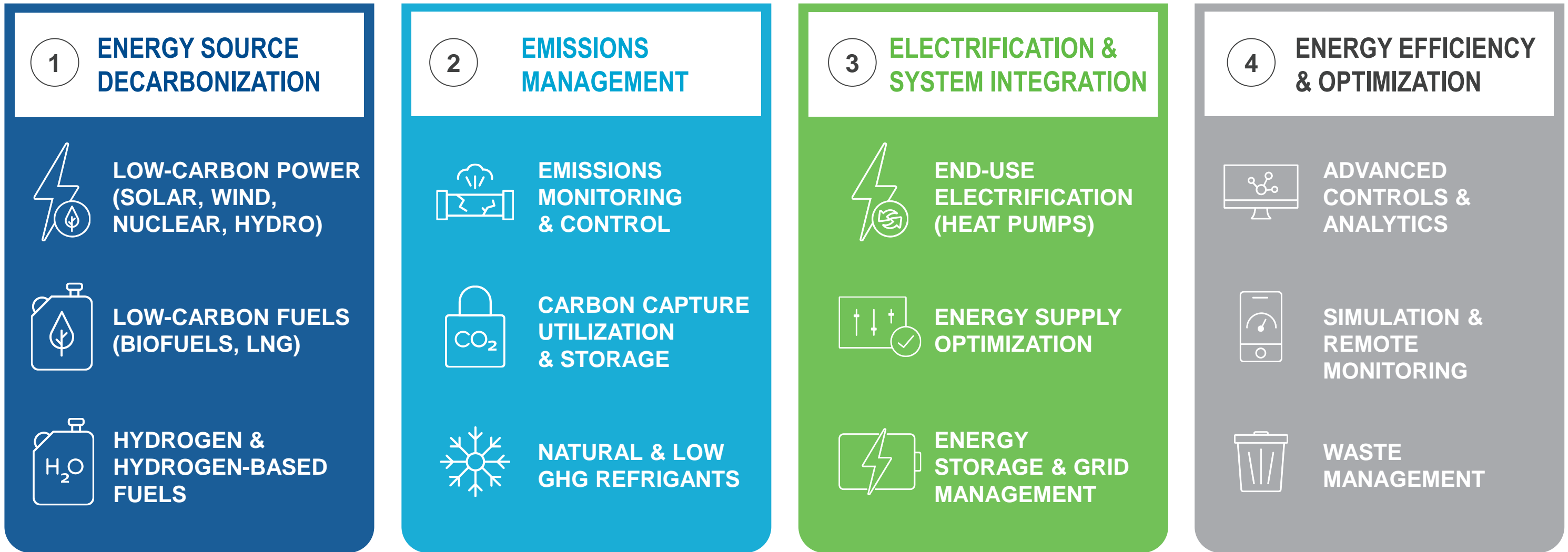


Sustainable Development Scenario, 2019-2050  
IEA World Energy Outlook 2020



# Emerson is highly relevant in a lower carbon future

## Four major strategies for environmental sustainability

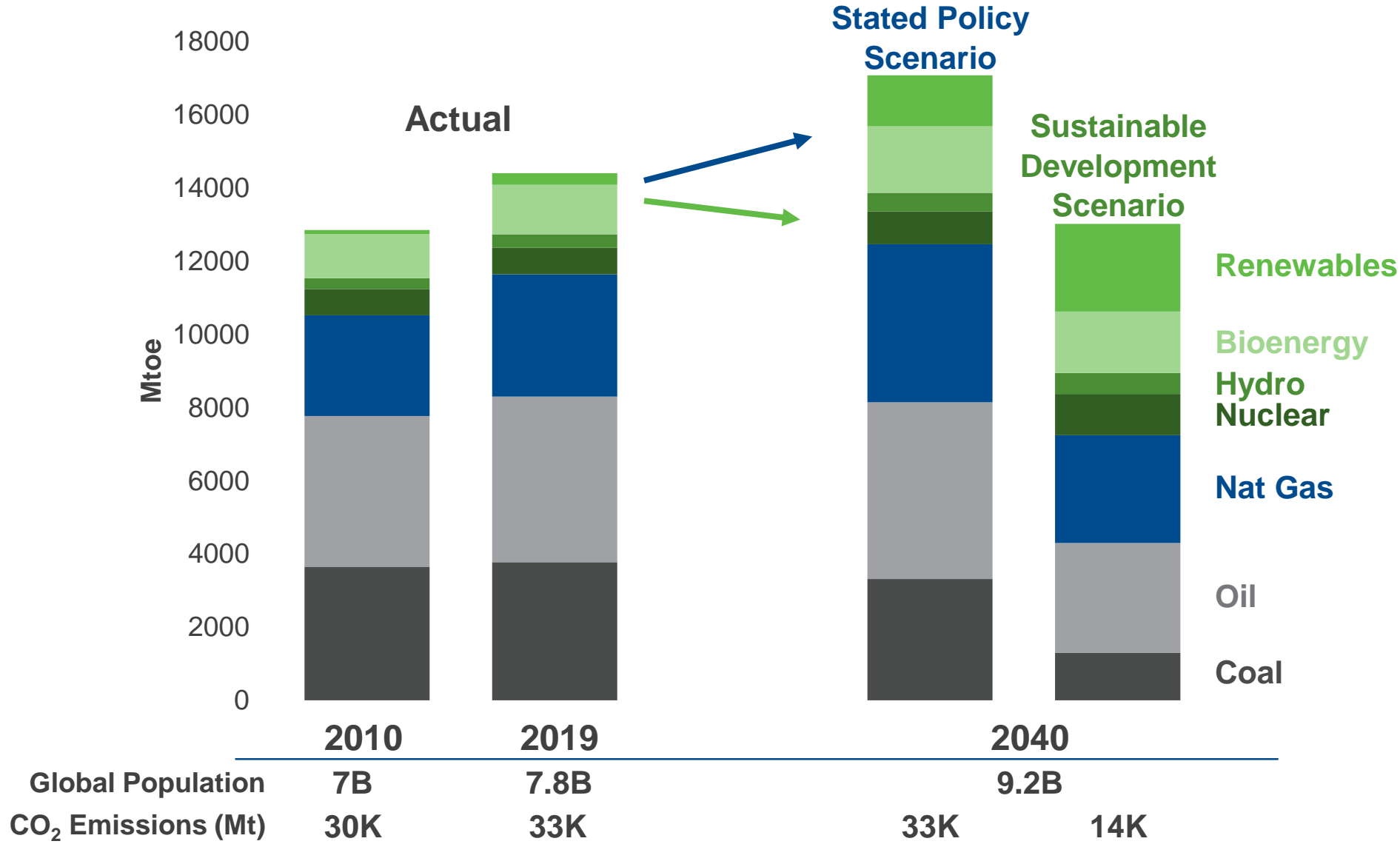


# Emerson technologies and domain expertise are relevant in a wide range of sustainability solutions

	Sensing	Metering	Wireless	Compression	Pneumatic / Hydraulic	Final Control	Edge Compute	Control Systems	Analytics	Location / Tracking	Simulation / Digital Twin	Remote Ops	Cyber
Biomethane	•	•	•	•	•	•	•		•		•	•	•
Biofuel	•	•	•	•	•	•	•	•	•	•	•	•	•
Renewable Natural Gas	•	•	•	•	•	•	•		•	•	•	•	•
Waste Plastics to Energy	•	•	•			•	•	•	•	•	•	•	•
Emissions Control & Monitoring	•	•	•			•	•	•	•		•	•	•
Grid Advanced Dist. Mgmt			•				•	•	•	•	•	•	•
Carbon Capture & Storage	•	•	•	•	•	•	•	•	•	•	•	•	•
CO <sub>2</sub> Heat Pump	•		•	•	•	•	•		•		•	•	•
Industrial Hydrogen	•	•	•	•	•	•	•	•	•	•	•	•	•
Hydrogen Infrastructure	•	•	•	•	•	•	•	•	•	•	•	•	•

# Supporting the transition to a lower carbon future

## WORLD ENERGY OUTLOOK PRIMARY ENERGY DEMAND



## CHALLENGES ARE NUMEROUS

- Rare earth minerals & processing
- Energy storage
- Leveraging existing infrastructure
- Grid resiliency/spinning reserves
- Population/economic growth
- Energy access and energy security
- Land use and water resources
- Negative carbon offset technologies
- Resource efficiency
- Eco design
- Product lifecycle/end of life recycling

**Collaboration required to get more at-scale implementations put in place so we can all learn and enhance roadmaps**

International Energy Agency World Energy Outlook 2020  
 Mtoe – Million Tonne Oil Equivalent  
 United Nations, Department of Economic and Social Affairs, Population Division (2018)

# Emerson globally engaging with many constituents to help advance sustainability policy and technology

## GOVERNMENT & POLICY

## INNOVATION & INDUSTRY

### NORTH AMERICA



Policy-based alignment with industry



Influence HVAC/R policy through standards & committee governance



Shape HVAC/R policy around environmentally friendly refrigerants



Pre-commercial collaboration with industry groups



Improved efficiency of HVAC/R eco-systems



Cold climate heat pump innovation with sustainable refrigerants



Assist companies in developing authentic sustainability roadmaps



Improve operational efficiency of steam-methane furnaces



Education for optimizing operations to minimize energy & carbon emissions

### EUROPE



Engaging & shaping EU legislation & funding



F-gas & energy efficiency Working group



Understand long term material trends that impact Emerson



Provide technical input and expertise on refrigerants



Collaborate with key industry players to achieve EU's net-zero target



Applying resource efficiency methodology from University of Cambridge



Engaging experts and participating in at-scale cutting-edge solutions to decarbonization challenges



### ASIA & MEA



Resource efficiency & benefits to energy & material reduction



Drive waste reduction & recycling with government programs



Technology exchange for higher efficiency and lower pollution



Collaboration on sustainability responsive government policy recommendations



Collaboration with economic development board



Discussing proof of concept projects for local industry



Opportunity for low-carbon development study partnership



Higher energy efficiency & best cost for refrigeration solutions



MOU Partnership for sustainability lab

# Emerson is focusing on environmental, social, and governance priorities

## GREENING OF EMERSON

focuses on embedding environmental sustainability into our culture and delivering on our GHG intensity reduction target of **20% by 2028**

## GREENING BY EMERSON

of our customers is a real opportunity to make a difference across all critical sustainability strategies:

- Energy Source Decarbonization
- Emissions Management
- Electrification & System Integration
- Energy Efficiency & Optimization

## GREENING WITH EMERSON

leverages our global perspective, relationships, and collaborations to find real pathways forward and accelerate at-scale implementations

**EMERSON HAS ESTABLISHED SIGNIFICANT MOMENTUM** in building a more inclusive culture, supporting communities, and advocating for more STEM skill development

**EMERSON INTEGRITY** emanates from a strong, global, and connected governance process led by our Board of Directors





**EMERSON**

Break: Presentations will resume shortly

# Commercial & Residential Solutions

February 16, 2021



# During the pandemic, Emerson solutions enabled human health and comfort while protecting critical infrastructure and supply chains

Cargo Monitoring

**3 Million**

temperature-sensitive trips monitored per year



Marine Container Monitoring

**~1.6 Million**

ocean container trips monitored per year



Facility Monitoring & Controls

**9 Million+**

connected pieces of equipment monitored



Health & Human Comfort

**90 Million+ Compressors**

in global residences

Healthcare

**300,000 Sensors**

capturing 8 billion data points each year

Food Retail

**\$250 Billion+**

of perishable product is protected annually by our monitored controls and software

# AGENDA

**Commercial & Residential Solutions Overview**

**Financial Summary**

**Growth & Market Dynamics**

# COMMERCIAL & RESIDENTIAL SOLUTIONS



RESIDENTIAL

COMMERCIAL

FOOD RETAIL

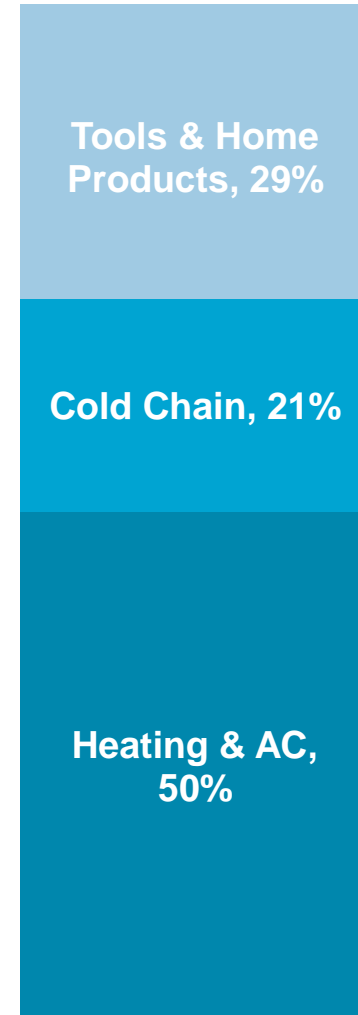
TRANSPORT



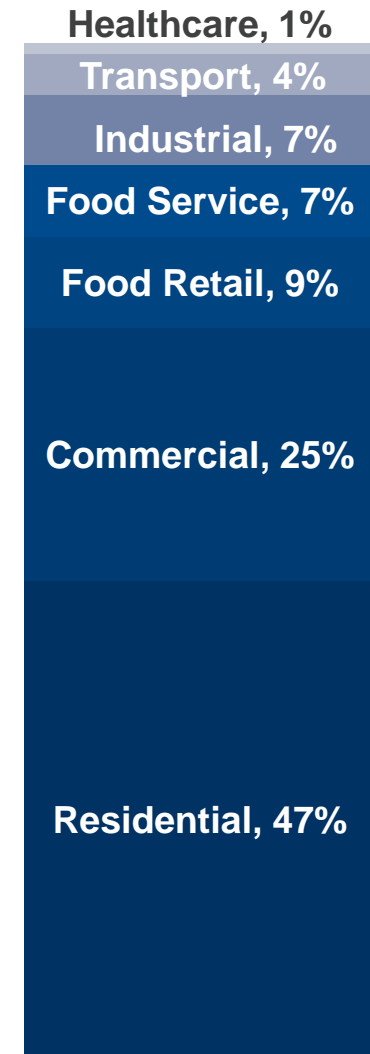
FOOD SERVICE

INDUSTRIAL

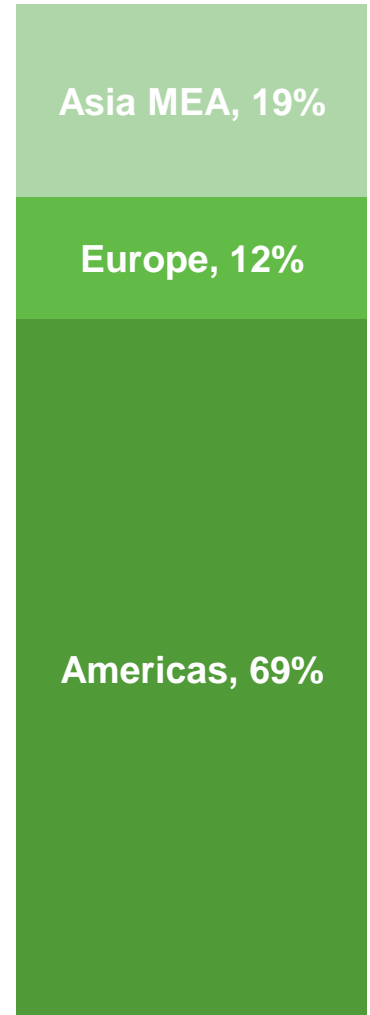
HEALTHCARE



Businesses



Verticals



Geographies

# COMMERCIAL & RESIDENTIAL SOLUTIONS



## 2020 Platform Sales: \$5.6B

\*2020 Financials

### Heating & AC (\$2.8B)

*Residential  
Commercial Buildings  
Hospitality  
Multi-Dwelling Units*

Human Health & Comfort, Energy Management, Environmental Sustainability

### Cold Chain (\$1.2B)

*Food Retail, Foodservice  
Healthcare  
Industrial  
Transport*

Safety & Quality of Food and Medicine, Energy Management, Sustainability

### Tools & Home Products (\$1.6B)

*Residential  
Commercial  
Industrial*

Productivity & Safety of Infrastructure, Sustainability

Software & Control

~\$0.2B



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COPELAND™



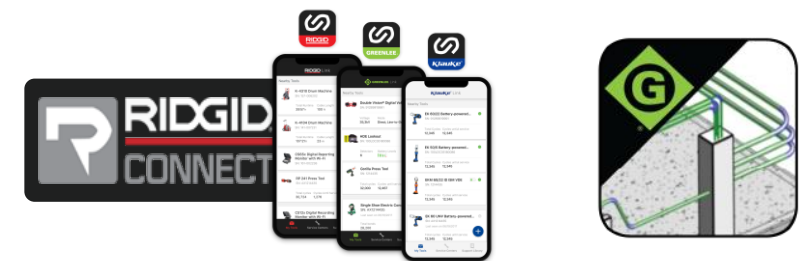
\$19B Served Market



LUMITY™

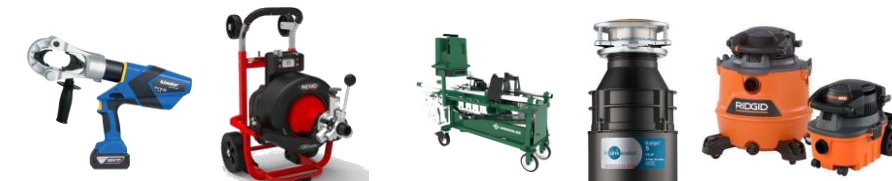


\$8B Served Market



RIDGID

GREENLEE®



\$11B Served Market

# AGENDA

**Commercial &  
Residential  
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# COMMERCIAL & RESIDENTIAL SOLUTIONS



	2020	2021E	2023T
Sales	\$5.6B	10% - 12%	\$6.7B
<i>Underlying</i>		8% - 10%	5% – 7% CAGR (2020 – 2023T)
Adj. EBIT	\$1.2B		
Adj. EBIT Margin	20.7%	30+ bps	
Adj. EBITDA Margin	25.4%	20+ bps	28%

**Commercial & Residential Solutions positioned to exceed prior highs in key financial metrics through the cycle**

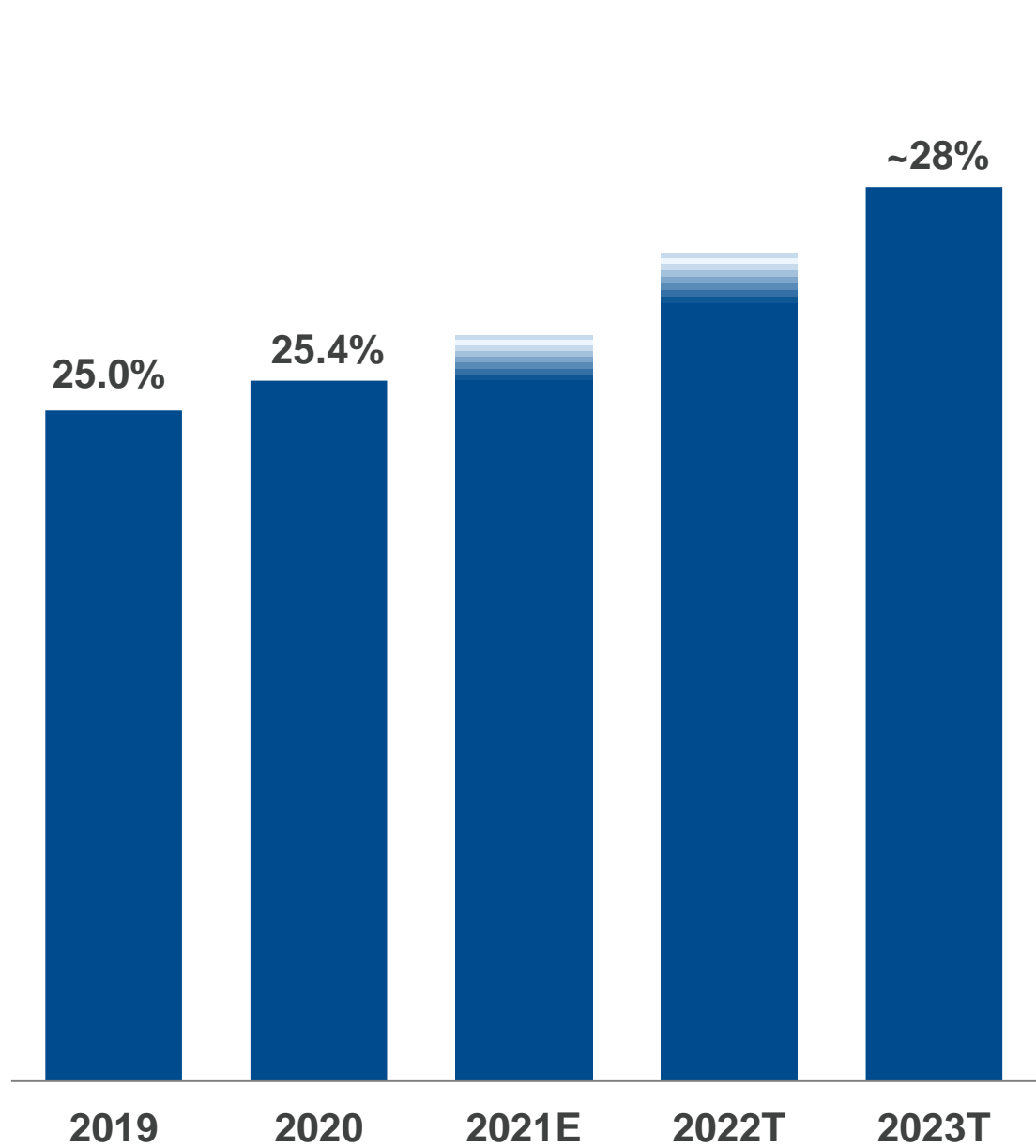
**Sales - 2021**

**Adj. EBITDA - 2023**

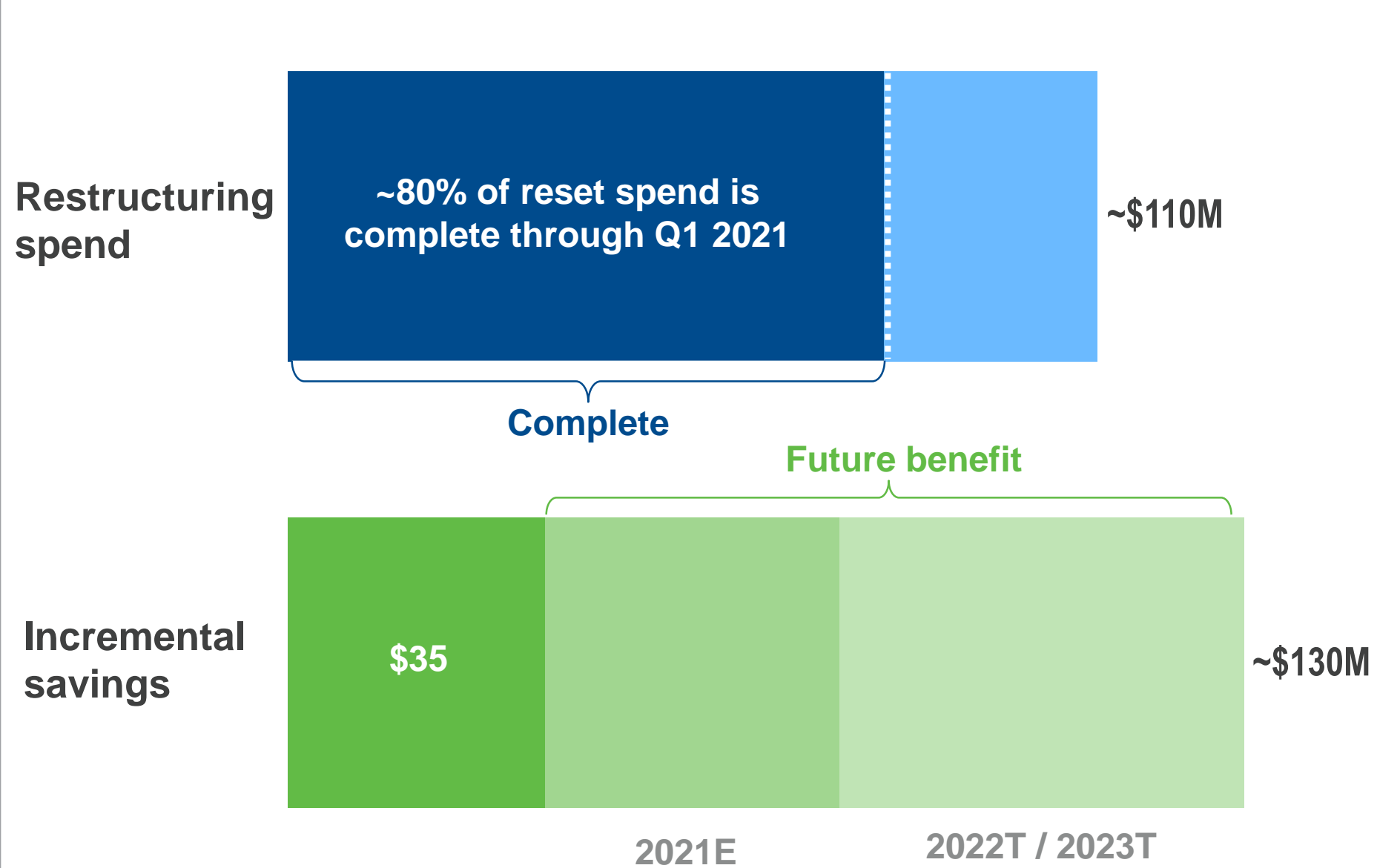
**Operating Cash Flow - 2022**

# Cost reset planning is complete, focus has shifted to execution

## 2019 – 2023 Adj. EBITDA



## 2019-2023 Cost Reset Plan Progress



# AGENDA

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# Value creation persists through regulatory cycles; user preferences and macro trends drive growth opportunities via technology and solution delivery

## Heating & AC

2021      2022-2023



### MARKET

### GROWTH DRIVERS

Residential AC

Home remodeling and new construction, channel replenishment; efficiency standards & low GWP refrigerants

Commercial AC

New efficiency standards & low GWP refrigerants

Global Heating

Europe heat pump; China coal to heat pump conversion

## Cold Chain

2021      2022-2023



Food Retail

Regulations and user preferences drive redesigns, energy efficiency; new store formats, food safety and quality

Food Service

Growth tied to COVID stabilization, food safety and quality

Healthcare

Strong growth due increased pharmaceutical monitoring trend

Transport

Electrification, decarbonization, and emissions management

Industrial

Accelerating growth in renewable gas

## Tools & Home Products

2021      2022-2023



Residential

Home remodeling and new construction

Commercial

Expect longer, slower recovery

Industrial

Manufacturing and infrastructure upgrades drive recovery

# Our portfolio is well positioned to address market needs; driven by regulations, macro trends, and changing user preferences

## STRATEGIC IMPERATIVES

## REGULATIONS / MARKET TRENDS

## CUSTOMER SOLUTIONS

Energy efficiency and optimization  
Emissions management  
Decarbonization & sustainability

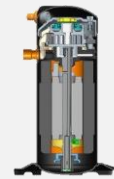
- US transition to new efficiency standards: Jan. 2023
- AIM act: EPA to regulate GWP refrigerants
- Kigali amendment
- “F-gas” phase down accelerating



Low Sound Heat Pump



Commercial Scroll Compressor



Residential Scroll Compressor



Renewable Gas Solutions

Human health and comfort

- Medicine/vaccine supply chain
- Increasing expectations of air quality at home and at work



Lumity Medicine Temp Monitoring



Thermostats



Residential Scroll Compressor



Wet/Dry Vac

Food quality, safety, and sustainability

- China waste classification
- Increased focus on food chain of custody, quality, and safety



Cargo Monitoring



Food Temp Probe



China InSinkErator

Infrastructure management; productivity and safety

- Building and manufacturing more sustainable infrastructure
- Skilled worker shortage



60V Battery Platform



Greenlee Tools



Drain Cleaning

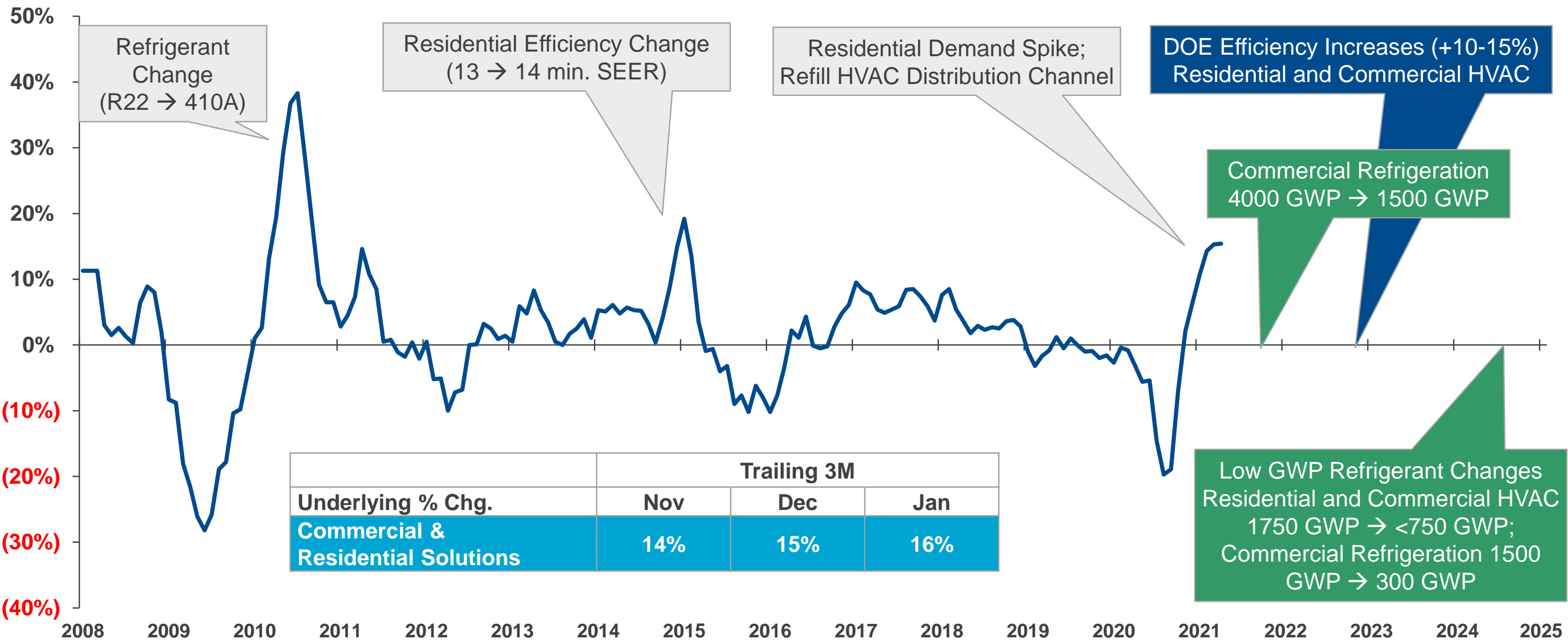
**FlexShaft™**



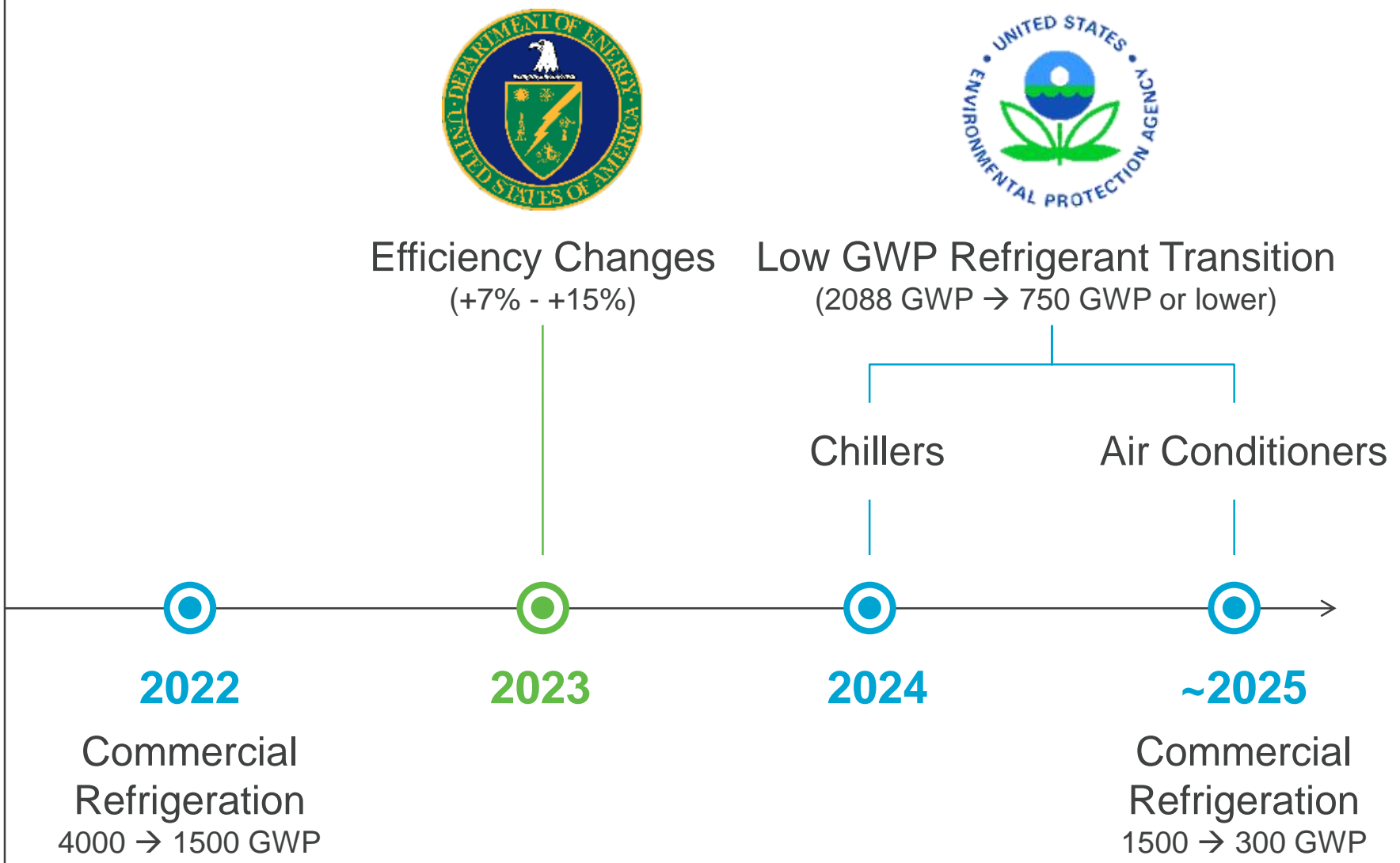
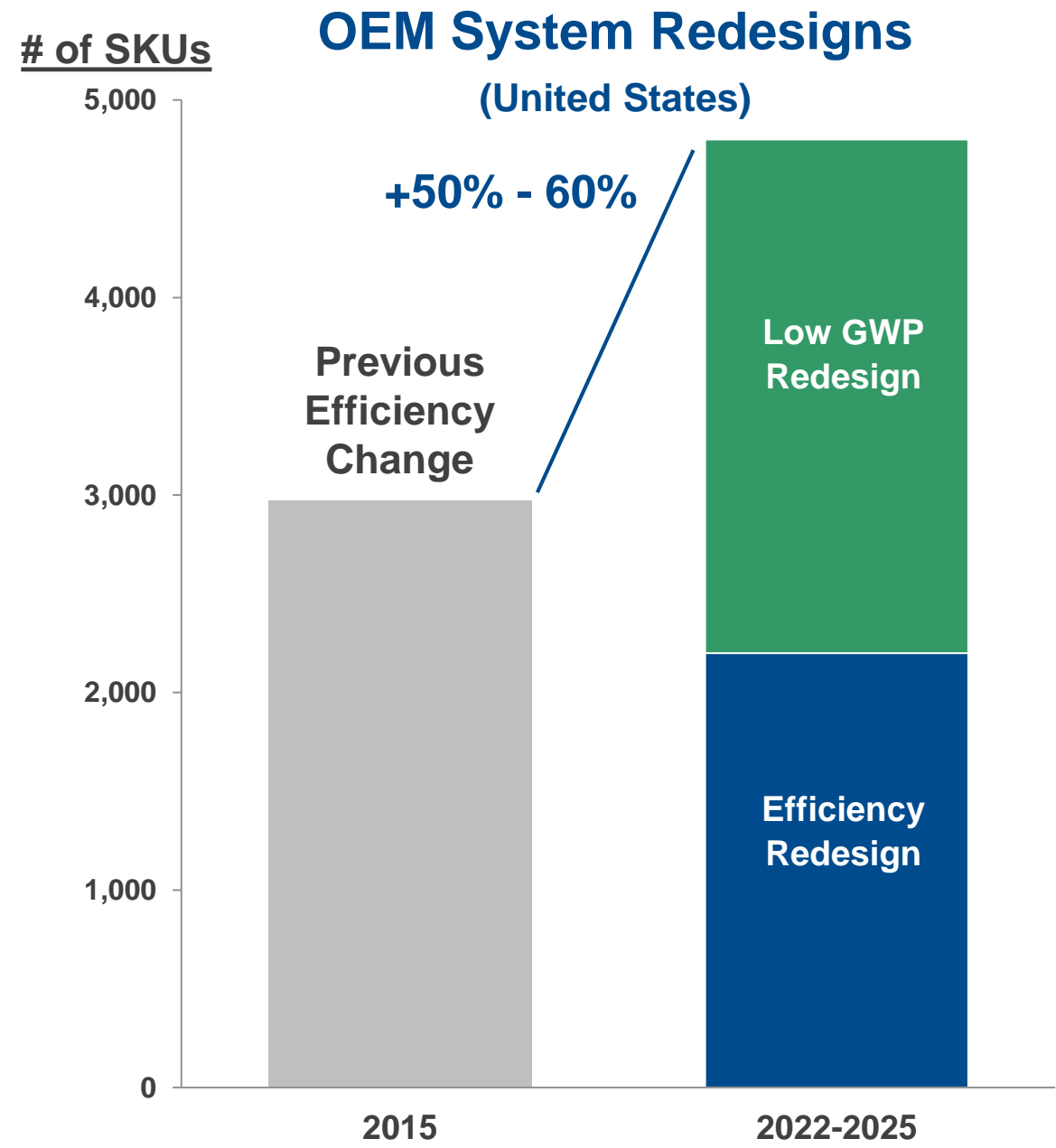
Hydraulic Tools

# HVAC/R regulation changes are a key driver in overall growth; current recovery driven by channel replenishment and strength of residential markets

Commercial & Residential Solutions T3M Underlying Orders



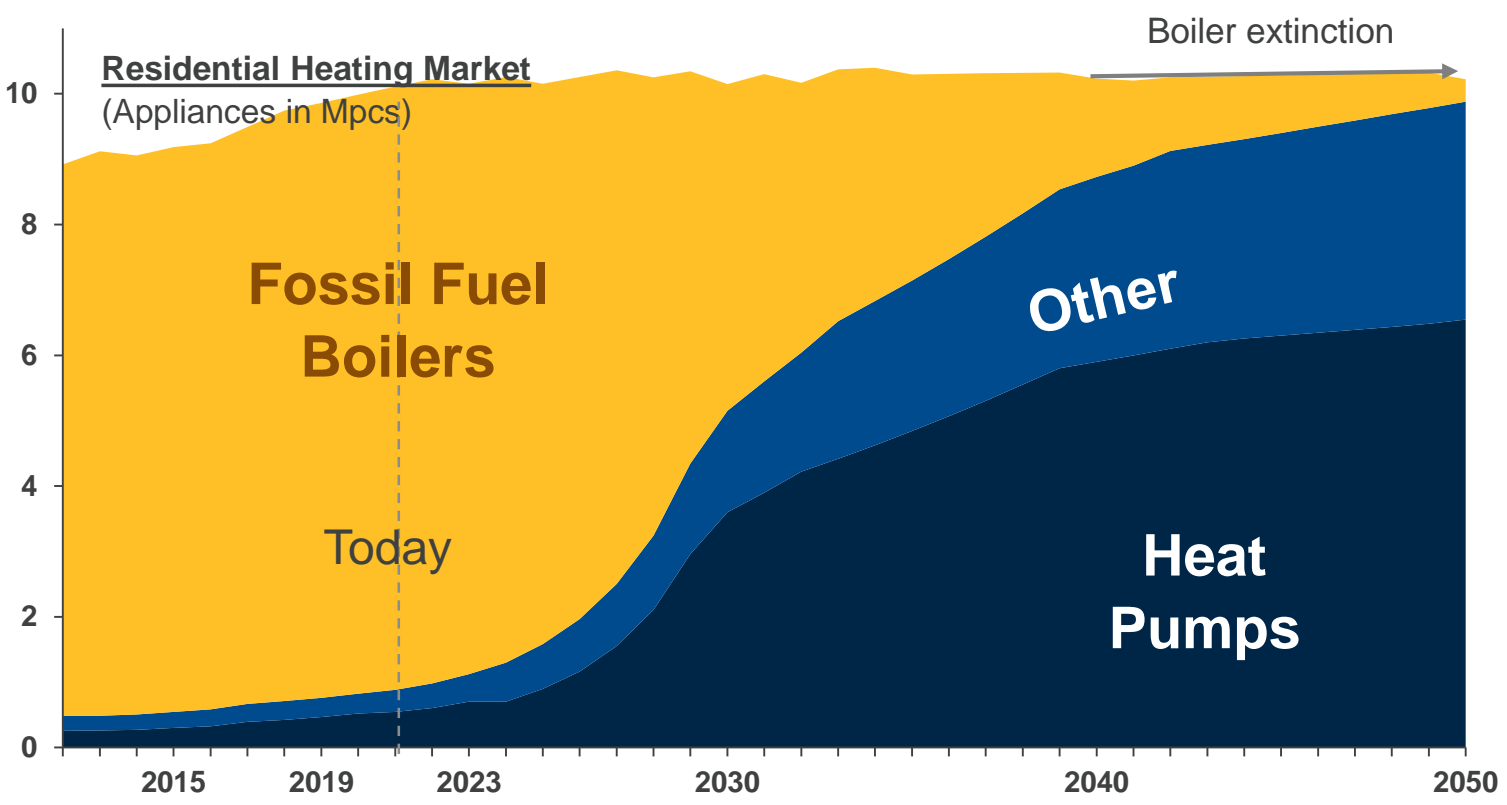
# Upcoming Regulations Drive Change in HVAC/R Architectures While Advancing Sustainability



# Accelerating decarbonization and electrification trends drive growth in European and China heating markets

## Europe Heat Pump

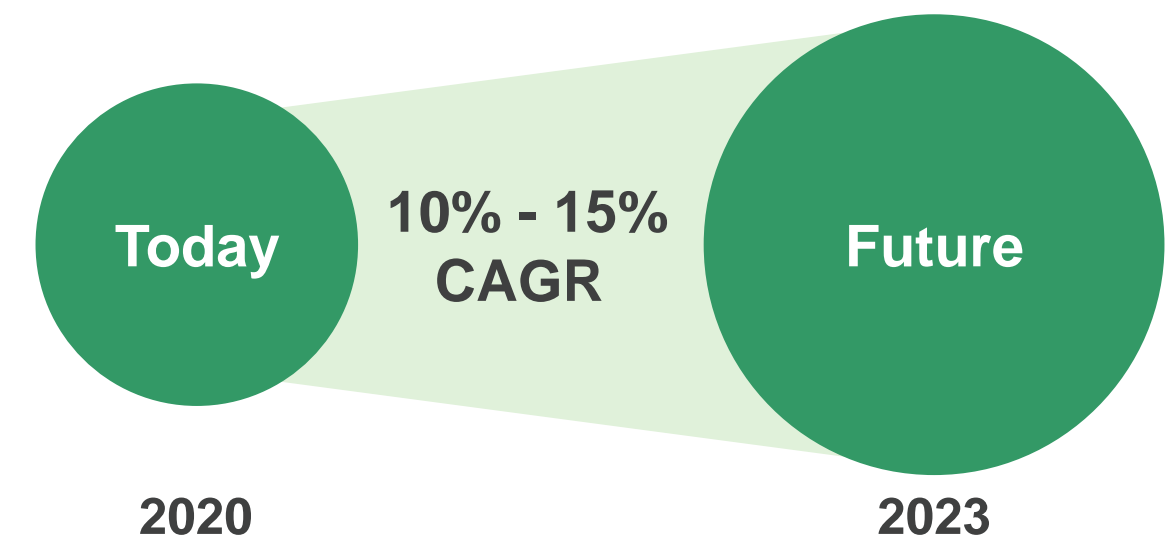
EU decarbonization objective generates incentives for renewable heating



On track to grow 25% in 2021; ~\$400M opportunity by 2030 and ~\$700M opportunity over next 30 years

## China Heating & Comfort

China heating market benefits from decarbonization policies discouraging fossil fuel boilers



Emerson Heating Markets  
District Industrial Sanitary Individual

# Commercial & Residential Solutions helps ensure the integrity of the Healthcare and Life Sciences value chain

## Healthcare and Life Sciences Value Chain

Full Refrigeration, Transportation, Cargo Management and Monitoring Solutions

10%+

Expected Sales CAGR Next 3 Years

Container compression, controls and monitoring

In-transit temperature monitoring services

Ultra low temp compression and control

Temperature and environmental monitoring



Help ensure the safe transport, storage, and compliance of critical vaccines and pharmaceuticals

# Driving sustainability across entire food value chain

## Food Value Chain

Full Refrigeration, Cargo Tracking and Monitoring, Temperature Management, and Waste Management Solutions  
*Broadest Portfolio Across Served Markets*

\$1.7B

Sales in 2020

New system architectures and Sustainable refrigerant solutions

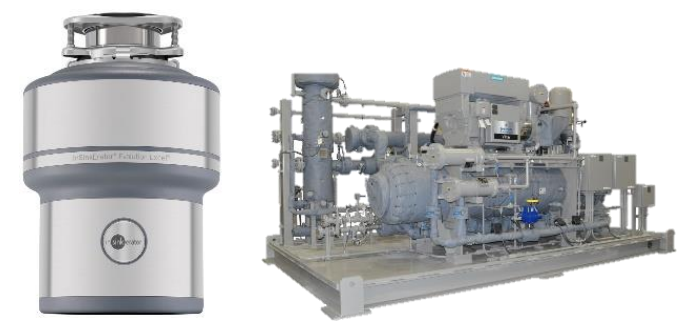
In-transit Cargo monitoring

Food waste and renewable natural gas solutions

**COPELAND**<sup>TM</sup>

**LUMITY**<sup>TM</sup>

in sink erator



Shopper preferences changing

Retailers need to navigate regulatory compliance

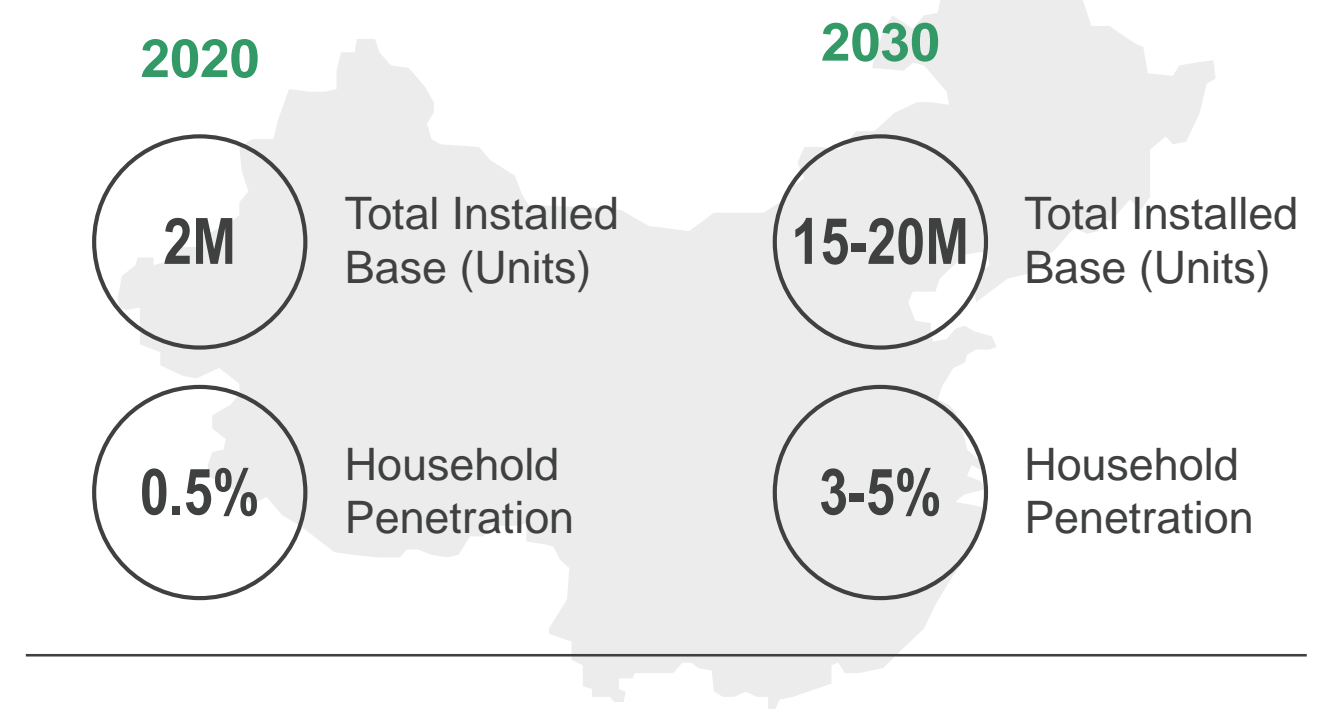
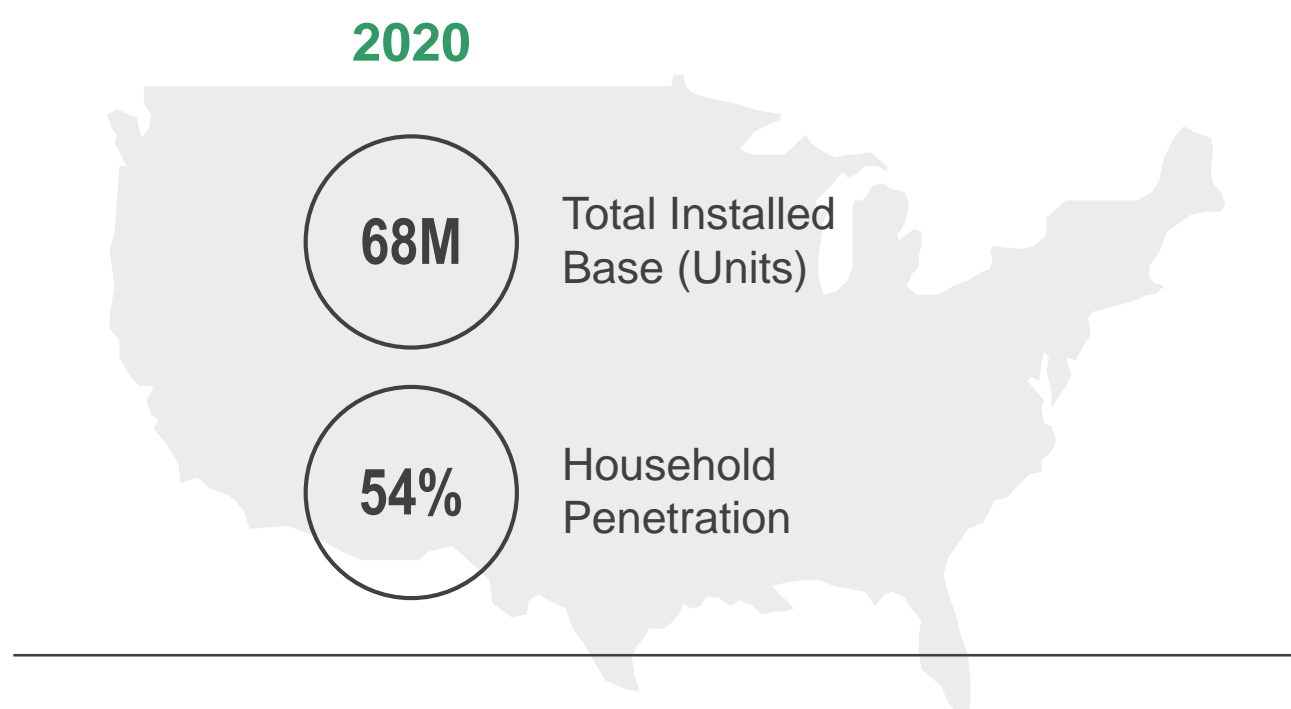
Cellular based IoT services improve quality and safety

Driven by sustainability trends; accelerated by regulations and credits

# Waste classification regulations in China are expected to provide strong waste disposer growth opportunities

## Global Waste Disposer

Increased focus on more sustainable waste management, combined with our market leadership to drive increased US and global adoption



### United States Growth Drivers

- Residential Housing Starts/Remodels
- Septic Adoption
- Hygiene Focus



### China Growth Drivers

- Waste Classification Regulations
- Sustainability, Hygiene Focus
- Kitchen Convenience



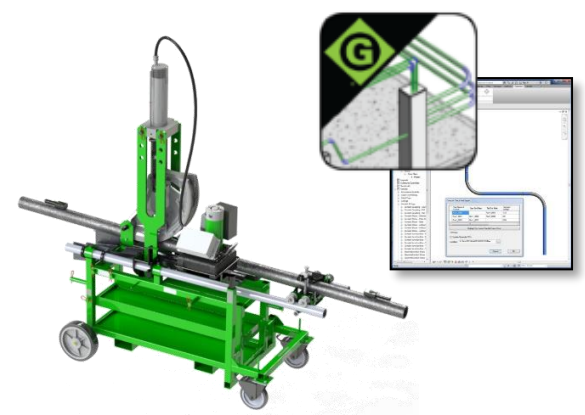
# Professional Tools well positioned with strong, signature brands offering productivity and safety enhancement solutions

## Global Mechanical, Electrical, Plumbing (MEP)

Software, Controls, and Applications Accelerating Growth and Driving Productivity & Safety Features to New Heights

~\$0.9B

Sales in 2020



### Leading Conduit Bending Technology with Integrated Building Information Modeling

- **35% scrap** reduction; improves fabrication **productivity by 40%**



### MegaPress – Pressing Product Eliminates Need to Thread Larger Pipes

- **75% faster** vs threading on 2"
- **85% faster** vs welding on 4"
- **Flameless** connections



### Industry-First Fully Insulated Battery Hydraulic Tools

- Helps prevent **~60%** of common accidents
- IP-Protected **3-Layer** insulation



### Award Winning Remote Cutter

- Enhances safety for cutting **underground cables**

Productivity

Safety

# Accelerating development of software enabled solutions by leveraging large and diverse installed bases

## Residential, Hospitality, Multi-Dwelling Units



92M Residential Compressor Installations  
 59M InSinkErator Disposers  
 1.4M Sensi Thermostats  
 430K Verdant Monitoring Units

## Cold Chain



10M Refrigeration Compressor Installations  
 850K Cold Chain Case Controls  
 150K Units Lumity Supervisory Control Platform

## Commercial / Industrial



27M Commercial Compressor Installations  
 265K Connected Tools

# Developing markets and adjacencies to drive incremental growth

Heating & AC	Cold Chain	Tools & Home Products
~\$19B + Adj. Segments	~\$8B + Adj. Segments	~\$11B + Adj. Segments

	<ul style="list-style-type: none"> <li>Air Management &amp; Quality</li> <li>Energy Management</li> <li>Environmental Sensing</li> <li>Cold Weather Heat Pump</li> <li>Emissions Management</li> <li>Indoor Farming</li> </ul>	<ul style="list-style-type: none"> <li>Life Sciences &amp; Pharmaceuticals</li> <li>Food Safety &amp; Quality</li> <li>Renewable Gas Solutions</li> <li>Industrial Heat Pump</li> <li>Vehicle Electrification</li> </ul>	<ul style="list-style-type: none"> <li>Test &amp; Measurement</li> <li>Battery Hydraulic Power Tools</li> <li>Global Expansion</li> <li>Hygiene Solutions</li> </ul>
<b>Emerson</b>	<b>Emerson</b>	<b>Emerson</b>	<b>Emerson</b>

# Executing margin expansion and capitalizing on sales momentum

## Transforming Industries

- 1 Sustainability, health, productivity, and safety trends are leading to double-digit growth opportunities across our portfolio

- 2 Our global leadership within HVAC/R industries positions us well to navigate the largest efficiency and refrigerant period of change in history

- 3 Our installed base across industries and applications creates a runway for software-enabled solutions

- 4 Market trends and our core strengths align well with multiple adjacent, expansion opportunities

- 5 The path to ~28% adjusted EBITDA in 2023 is in focus, with the majority of key actions completed or underway

## Enabling Sustainability

## Creating Value



**EMERSON**

# Automation Solutions

February 16, 2021

# AGENDA

**Automation  
Solutions  
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**Market Dynamics  
& Growth  
Programs**

# AUTOMATION SOLUTIONS



## 2020 Sales: \$11.2B

### DATA MANAGEMENT



**\$1.1B**  
Standalone Software  
& Associated Services

### CONTROL



**\$1.4B**  
Control & Safety  
Systems

### INTELLIGENT DEVICES



**\$8.7B**  
Instrumentation  
and Final Control



# AUTOMATION SOLUTIONS



## Global Footprint – 55,000 Employees

### Americas

**\$58B Installed Base**

Plants  
60

Service Centers  
70

### Europe

**\$29B Installed Base**

Plants  
40

Service Centers  
80

### Asia, Middle East & Africa

**\$36B Installed Base**

Plants  
30

Service Centers  
60

Europe  
21%

Asia, Middle East  
& Africa  
34%

Americas  
45%

2020 Sales

# AUTOMATION SOLUTIONS



## \$203B Automation Market Segments

Other 10%
Discrete 13%
Hybrid 9%
Power & Renewables 16%
Chemical & Clean Fuels 16%
Refining 9%
Pipelines & Terminals 10%
Upstream O&G 17%

### Process \$101B



### Hybrid \$43B



### Discrete \$59B




New Infrastructure (KOB1) 20%
Upgrades / Modernizations (KOB2) 23%
MRO / Recurring Revenue (KOB3) 57%

2020 Sales

2020 Sales

# Emerson technology is essential to critical infrastructure, human safety, and COVID response networks

**COVID Vaccine Manufacturing**  
**75%**  
of globally approved vaccines utilize Emerson control systems and software

A photograph showing several glass vials of COVID-19 vaccine. The labels on the vials clearly state "COVID-19 Coronavirus Vaccine". The vials are arranged in a row, with some in the foreground and others slightly behind.

**Personal Protective Equipment**  
**2 Billion+ Masks**  
made using Emerson products

A photograph showing a close-up of several blue surgical masks. The masks are stacked and slightly overlapping, showing their pleated texture and white elastic ear loops.

**Ventilators and Oxygen Therapy**  
**1.2 Million**  
products supplied since March 2020

A photograph of a hand interacting with a medical monitor. The screen displays a white ECG waveform on a dark background, along with various numerical readouts such as "121/75 mmHg AP", "73 heart rate", and "100 SpO2".

**Global Power Generation**  
**20%**  
automated using Emerson solutions

**Transmission and Distribution**  
**41%**  
of Top 100 US utilities managed by Emerson solutions

**Global Pipelines**  
**200,000 Miles**  
supervised by Emerson software solutions

# AGENDA

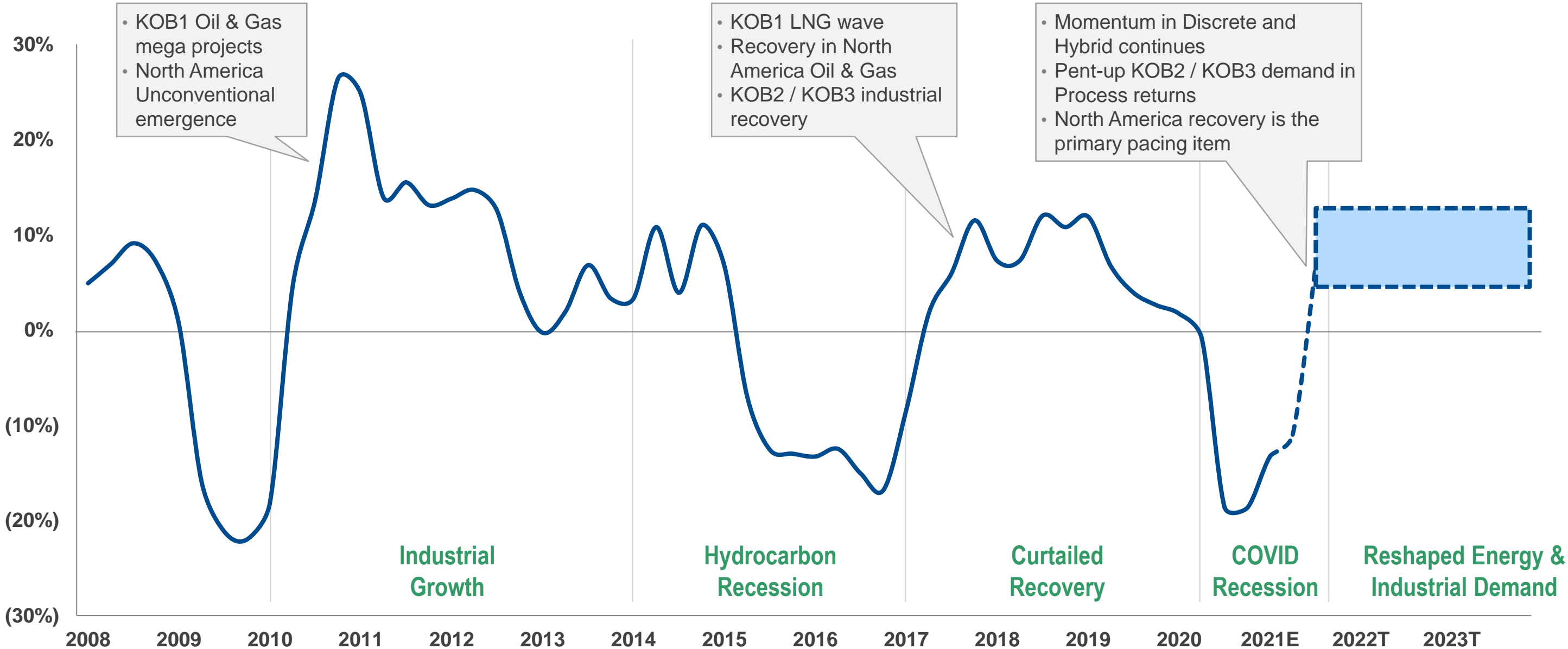
**Automation  
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# Hybrid and Discrete are supporting an early-cycle recovery that will broaden to include more sustainable investments by traditional Process customers

Automation Solutions Quarterly Underlying Trailing 3 Month YoY Orders



Orders data includes the Valves & Controls acquisition results, including on a pro forma basis between October 1, 2015 and the acquisition close on April 28, 2017

## Automation Solutions is focused on executing the structural cost reset plan and will take advantage of the market rebound in this planning period

	2020	2021E	2023T
Sales	\$11.2B	2% – 6%	\$12.8B
<i>Underlying</i>		(3%) – 1%	3% – 5% CAGR (2020 – 2023)
Adj. EBIT	\$1.8B		
Adj. EBIT Margin	15.8%	60 bps	
Adj. EBITDA Margin	20.8%	100 bps	24%

**Automation Solutions plans to exceed prior highs in key financial metrics by 2023**

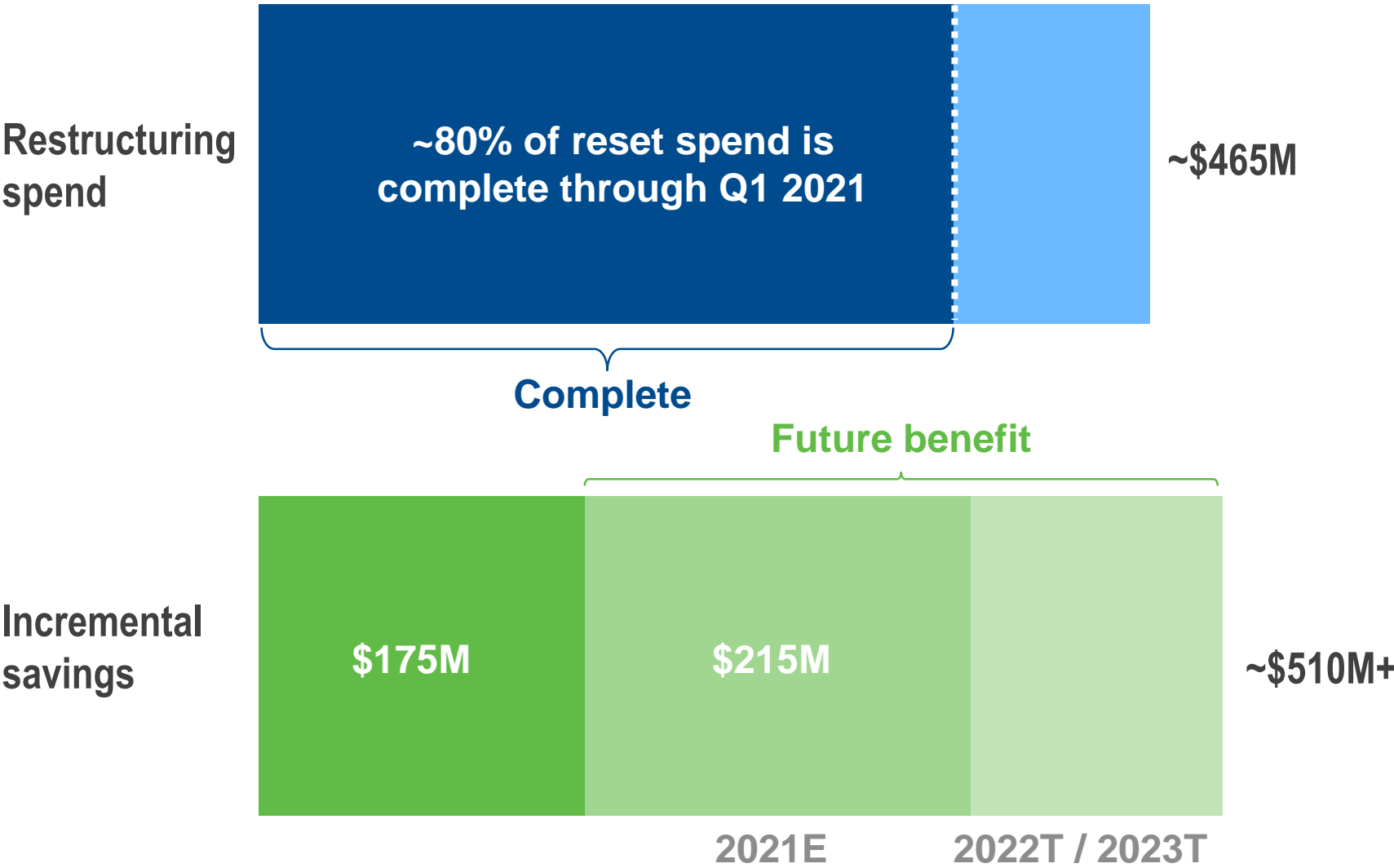
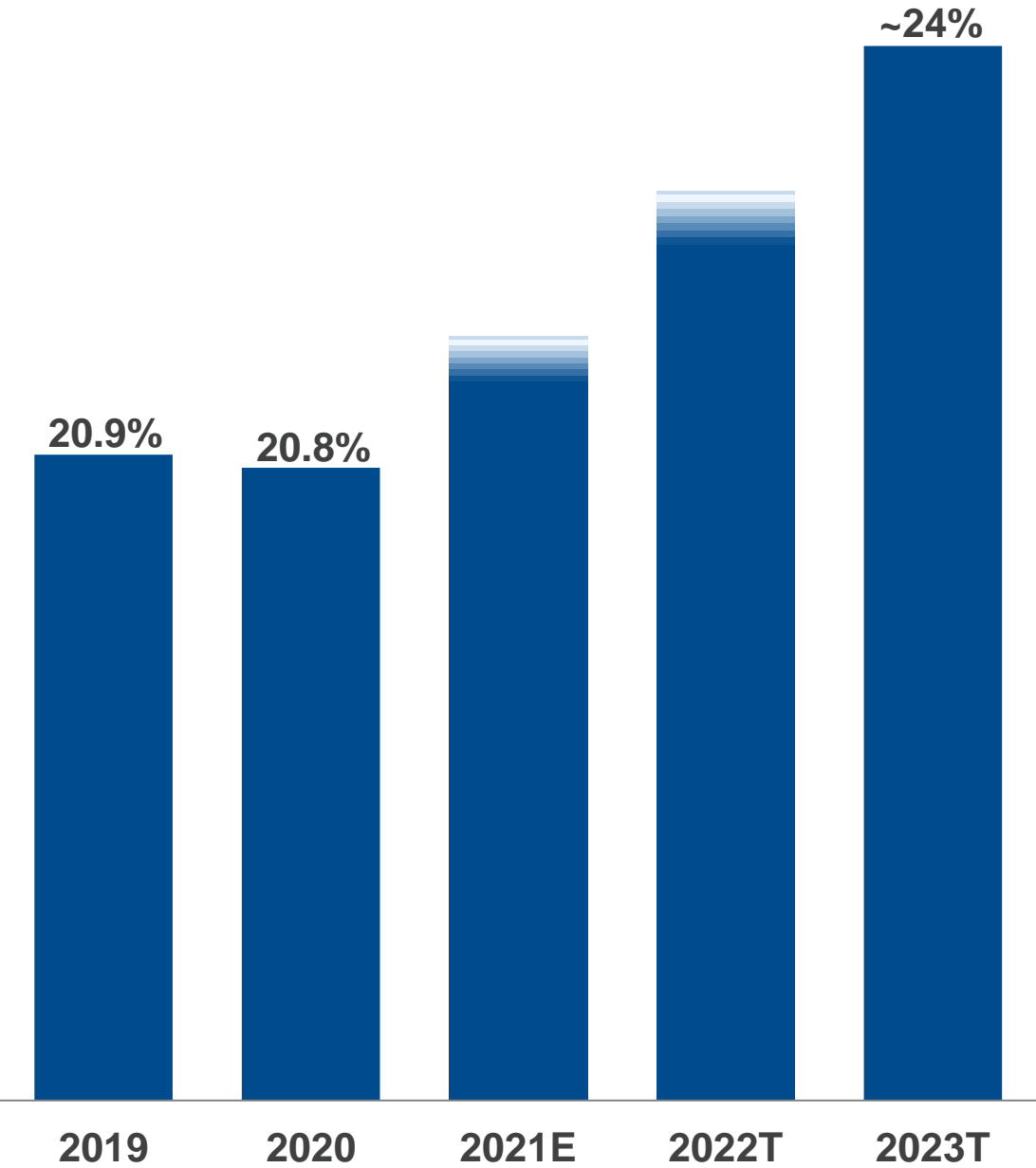
**Sales**

**Adj. EBITDA**

**Operating Cash Flow**

# Decisive action and execution of restructuring programs has repositioned the business to create value as growth returns

**2019 – 2023 Adj. EBITDA**



# AGENDA

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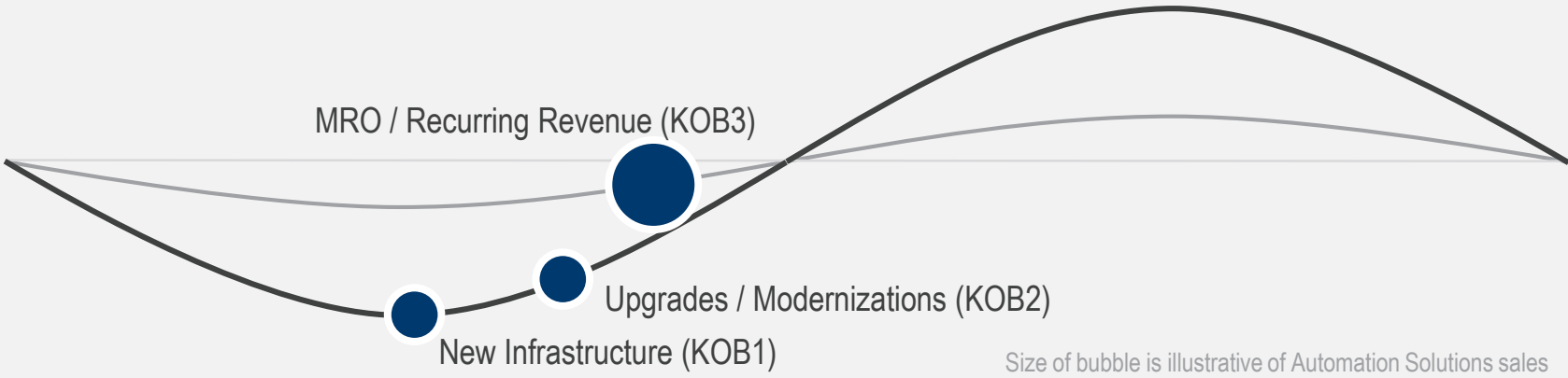
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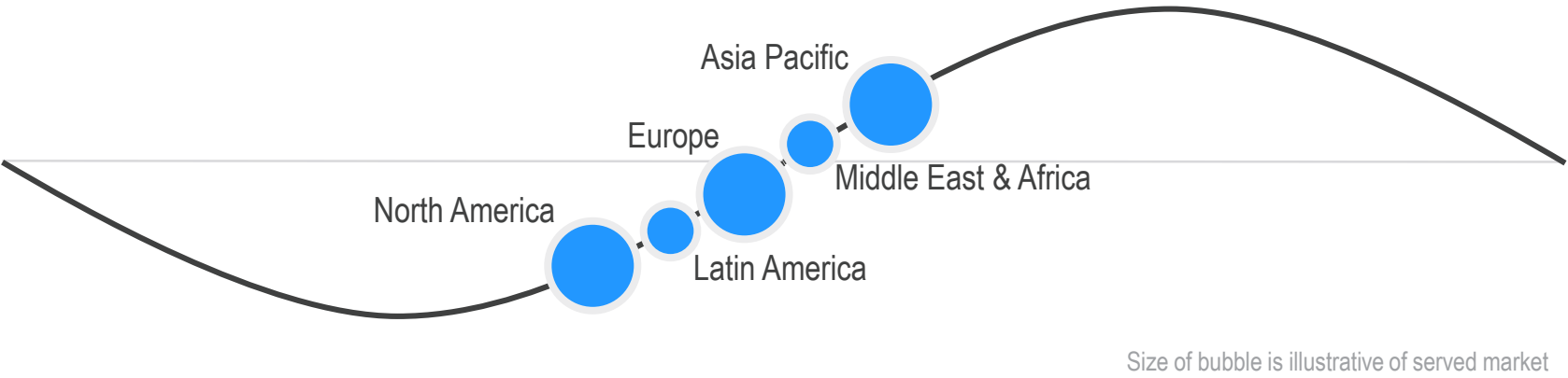
# Day-to-day spend is accelerating as all geographies trend toward growth; the balance of our diverse end markets provides confidence in the recovery

## Kind of Business



- KOB3 to lead out of downturn with “break-fix” transitioning to production optimization
- KOB2 projects tied to digital transformation and sustainability programs
- Project funnel steady but limited progression towards final decision

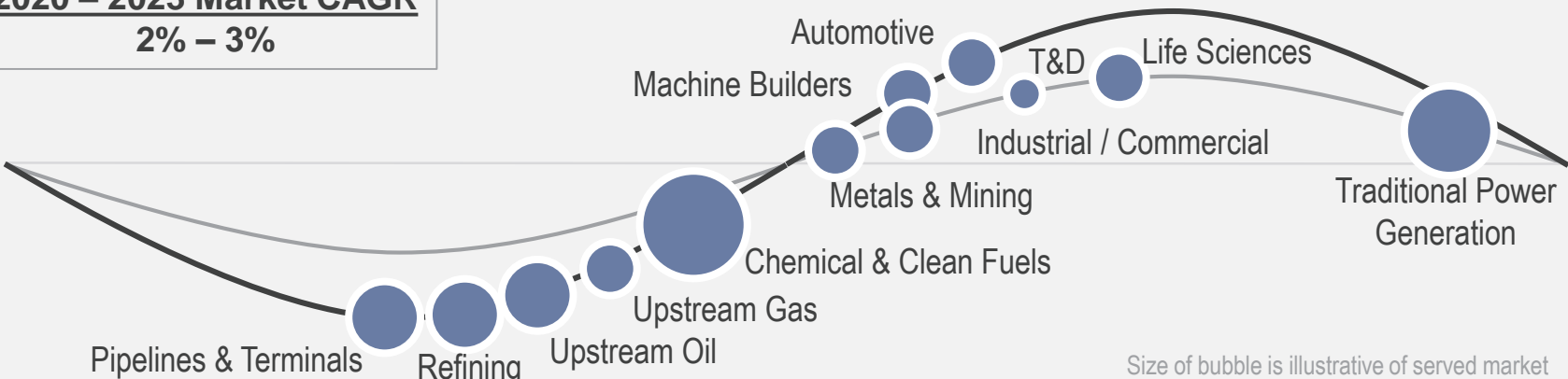
## World Area



- Asia bounce back driven by China consumer demand strength
- Europe to follow with Discrete and Clean Fuels opportunities
- Americas to lag with sequential improvement throughout 2021 leading into 2022 growth

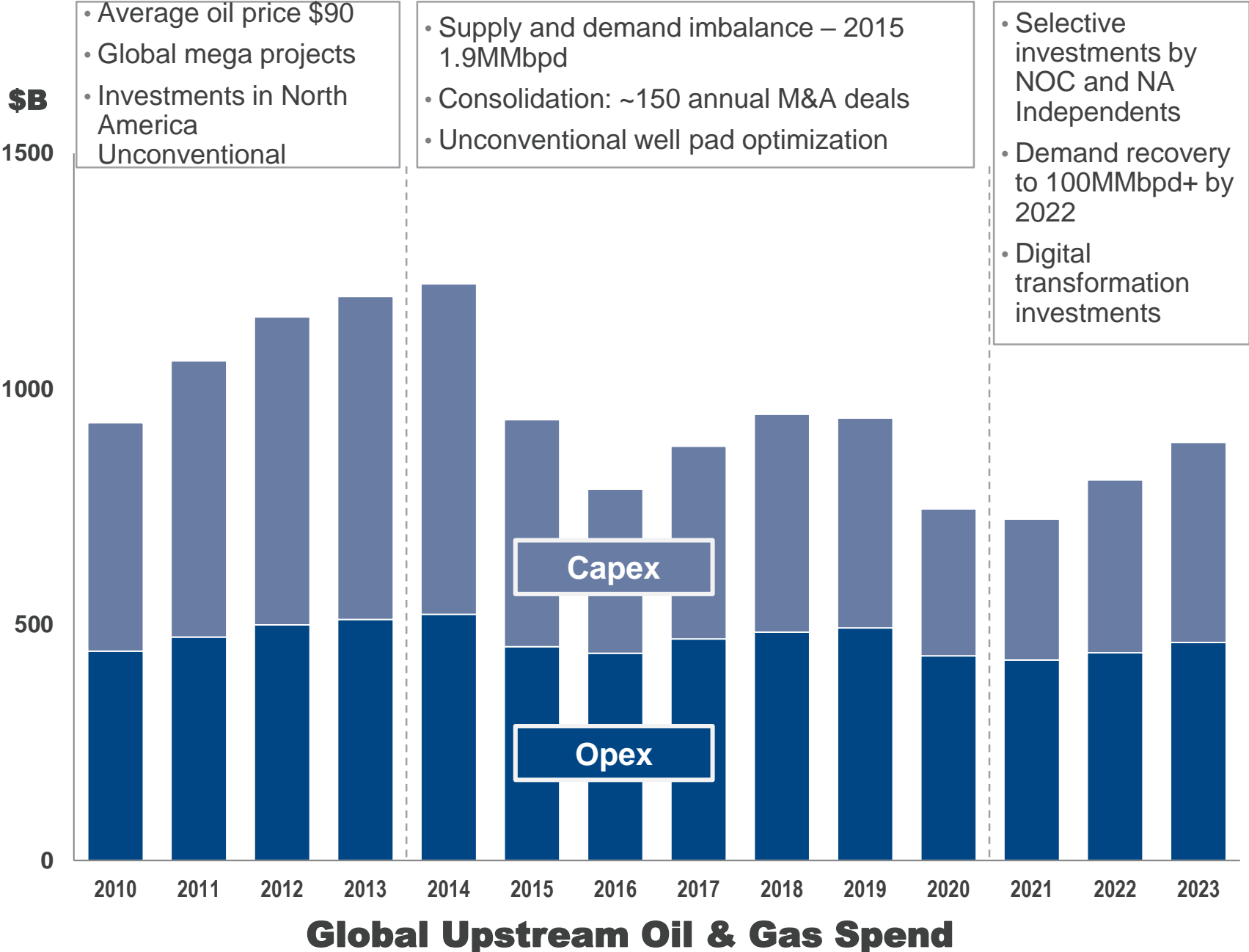
## Industry

**2020 – 2023 Market CAGR**  
2% – 3%



- Early-cycle Discrete markets to lead recovery
- Continued strength in Transmission & Distribution and Life Sciences
- Metals & Mining and Chemical outlook improved with demand
- Oil & Gas markets to lag with Gas showing long-term potential as transition fuel

# Oil & Gas will continue to be vital elements of the global energy mix; this investment cycle will likely rely even more on gas as a transition fuel



- Average oil price \$90
- Global mega projects
- Investments in North America Unconventional

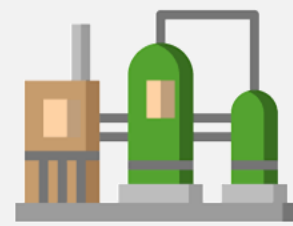
- Supply and demand imbalance – 2015 1.9MMbpd
- Consolidation: ~150 annual M&A deals
- Unconventional well pad optimization

- Selective investments by NOC and NA Independents
- Demand recovery to 100MMbpd+ by 2022
- Digital transformation investments

Stated Policies Scenario

Sustainable Development Scenario (Paris Agreement + Others)

## Oil Production



- Oil will remain a critical part of the world's energy supply
- Capital spend will shift from new infrastructure to upgrades
- Increased investment to improve sustainability through efficiency gains and emissions reduction

**Spend on Oil Production Expected to Shift Towards Emerson Solutions**

## Gas Production



- Natural gas becomes a larger part of the world's energy supply
- Capital spend split across new capacity and modernization
- Increased investment to improve sustainability through efficiency gains and emissions reduction

**Spend on Gas Production Expected to Shift Towards Emerson Solutions**

Source: IHS Markit  
NOC = National Oil Company

Source: IEA World Energy Outlook 2020  
bcm = billion cubic meters; MMbpd = million barrels per day

# Evolving customer business priorities are aligned with Emerson investments in software, digital transformation, and sustainability

## Automation Mega Trends



SUSTAINABILITY



DIGITAL  
TRANSFORMATION



AUTONOMOUS  
OPERATIONS



INFRASTRUCTURE  
MODERNIZATION



INDUSTRY  
DIVERSIFICATION



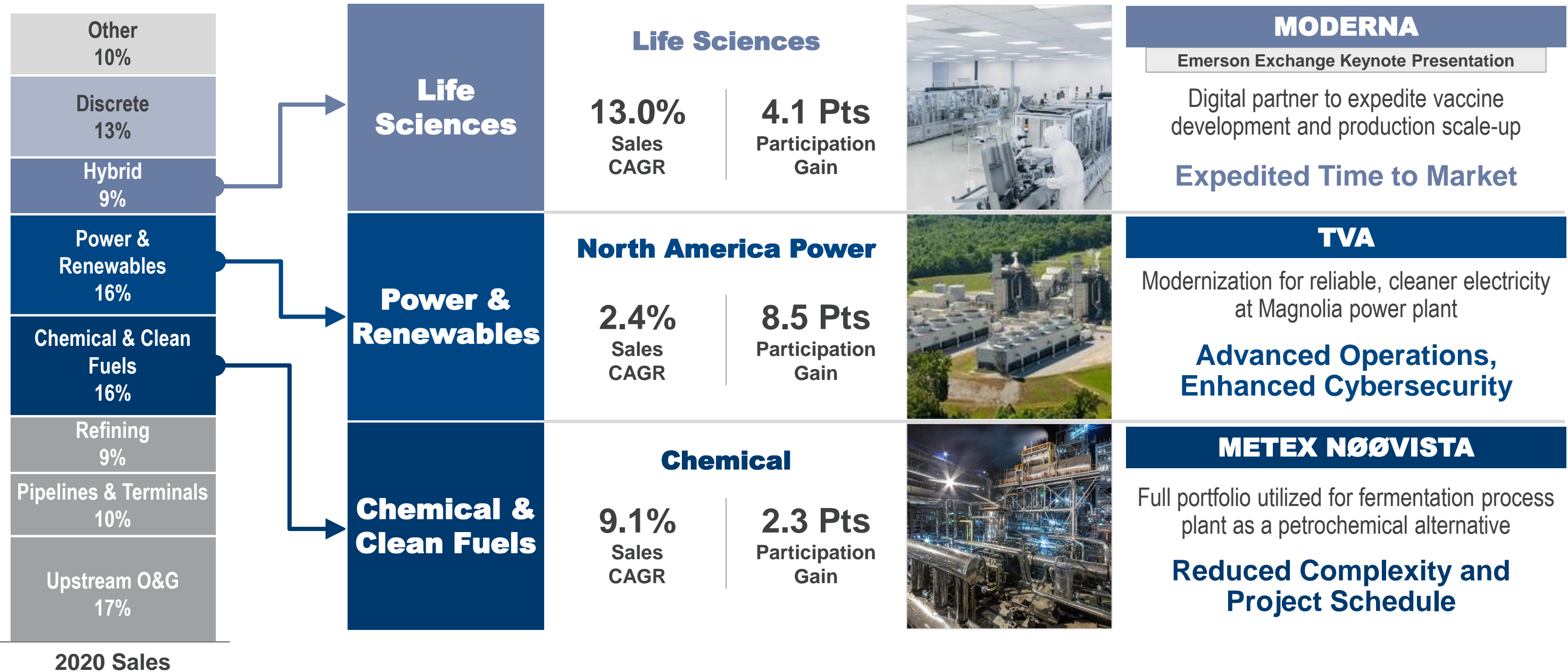
SOFTWARE



ELECTRIFICATION &  
DECARBONIZATION

**Emerson Strategic Initiatives Discussed Today**

# Our proven approach to industry diversification programs has delivered accelerated growth in attractive markets



All sales CAGR and market participation represent 2017-2020 GAAP sales  
 Life Sciences includes distributed control systems and software; North America Power includes distributed control systems and software

# Software is a core differentiator and Emerson is well positioned to capture spend as customers transition to cloud and subscription models

## Standalone Software & Associated Services

2020 Sales: **\$1.1B**

Short-Term Sales CAGR: **High Single Digits**



Automation and Control Software



Operations Management Software



Advanced Industry Software

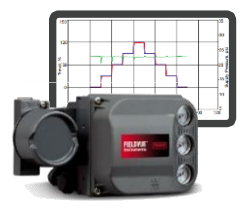
## Embedded Device & Control Software

2020 Sales: **\$1.1B**

Short-Term Sales CAGR: **Mid Single Digits**



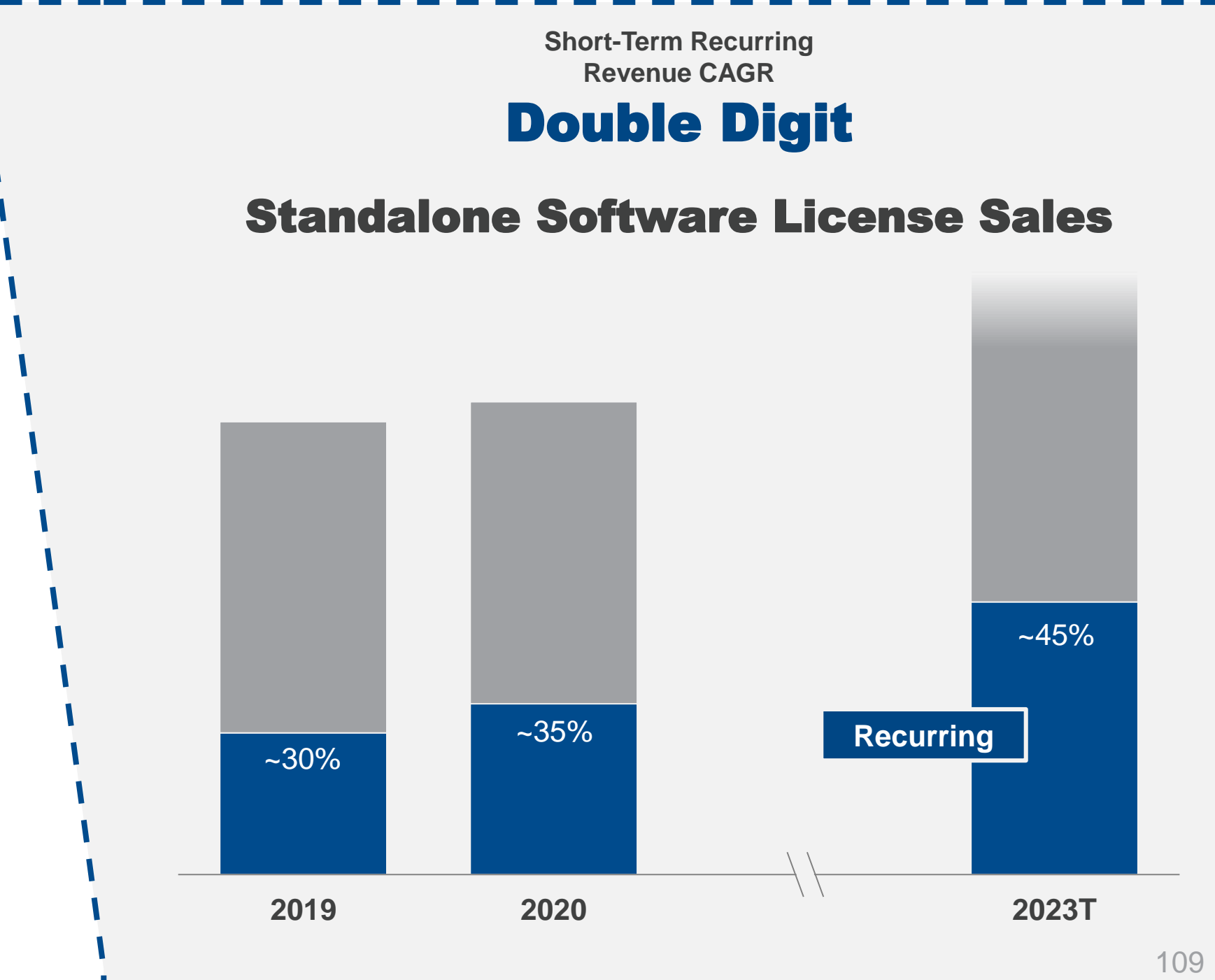
Device Diagnostics



Digital Valve Controller Diagnostics



Licensed Control Software

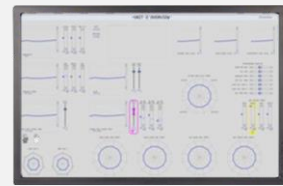


# Organic software developments are the foundation of our software business enhancing current capabilities and modernizing deployment models

## Automation and Control Software



DeltaV Application Software



Ovation Application Software



Cybersecurity



AMS Device Manager

### Development Priorities

Remote / Autonomous Operations

Cybersecurity

Visualization

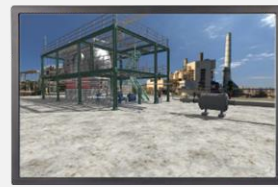
## Operations Management Software



Plantweb Insight Analytics



Plantweb Optics Platform



Digital Twin / Simulation



Alarm Analytics

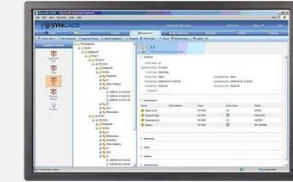
### Development Priorities

Edge / Cloud

SaaS / Subscription

IT / OT Integration

## Advanced Industry Software



Syncade MES



Pipeline Digital Twin



Ovation Power Applications



Terminal Manager

















### Development Priorities

Industry Analytics

Edge / Cloud

SaaS / Subscription

## Software acquisitions must meet rigorous criteria aligned with our value creation framework and be quickly integrated into our software ecosystem

		Industry Diversification			Software Acquisition Strategic Criteria
		Process	Hybrid	Discrete	Acquisition Candidates Should Meet the Following Standards
<b>Progea</b>	HMI / SCADA / IIoT Solutions				<ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Attractive Adjacency</b> <ul style="list-style-type: none"> <li>– Visualization</li> <li>– Analytics</li> <li>– IT / OT Connectivity</li> <li>– Simulation / Optimization</li> </ul> </li>   <li><input type="checkbox"/> <b>Domain Expertise</b> <ul style="list-style-type: none"> <li>– Specialized knowledge embedded in application suites / vertical platforms</li> <li>– Reliability, safety, sustainability / emissions</li> </ul> </li>   <li><input type="checkbox"/> <b>Modern Technology Stack</b> <ul style="list-style-type: none"> <li>– SaaS / Cloud</li> <li>– Ease of deployment</li> <li>– Extensibility across the business</li> </ul> </li> </ul>
<b>OSI</b>	Power Grid Management Solutions		Power Transmission & Distribution		
<b>inmation</b> (equity investment)	Enterprise Information Management				
<b>Zedi</b>	Cloud SCADA	 Oil & Gas Water & Wastewater			
<b>Bio-G</b>	Production Scheduling Analytics		 Life Sciences		
<b>KnowledgeNet</b>	Process / Asset Analytics				
<b>ProSys</b>	Alarm Management				
<b>Paradigm</b>	Exploration & Production Software	 Oil & Gas	 Metals & Mining		
<b>GeoFields</b>	Pipeline Integrity	 Pipelines & Terminals			

# Automation is highly relevant in a more sustainable world, improving the economic viability and operational efficiency of decarbonization investments

ENERGY SOURCE  
DECARBONIZATION

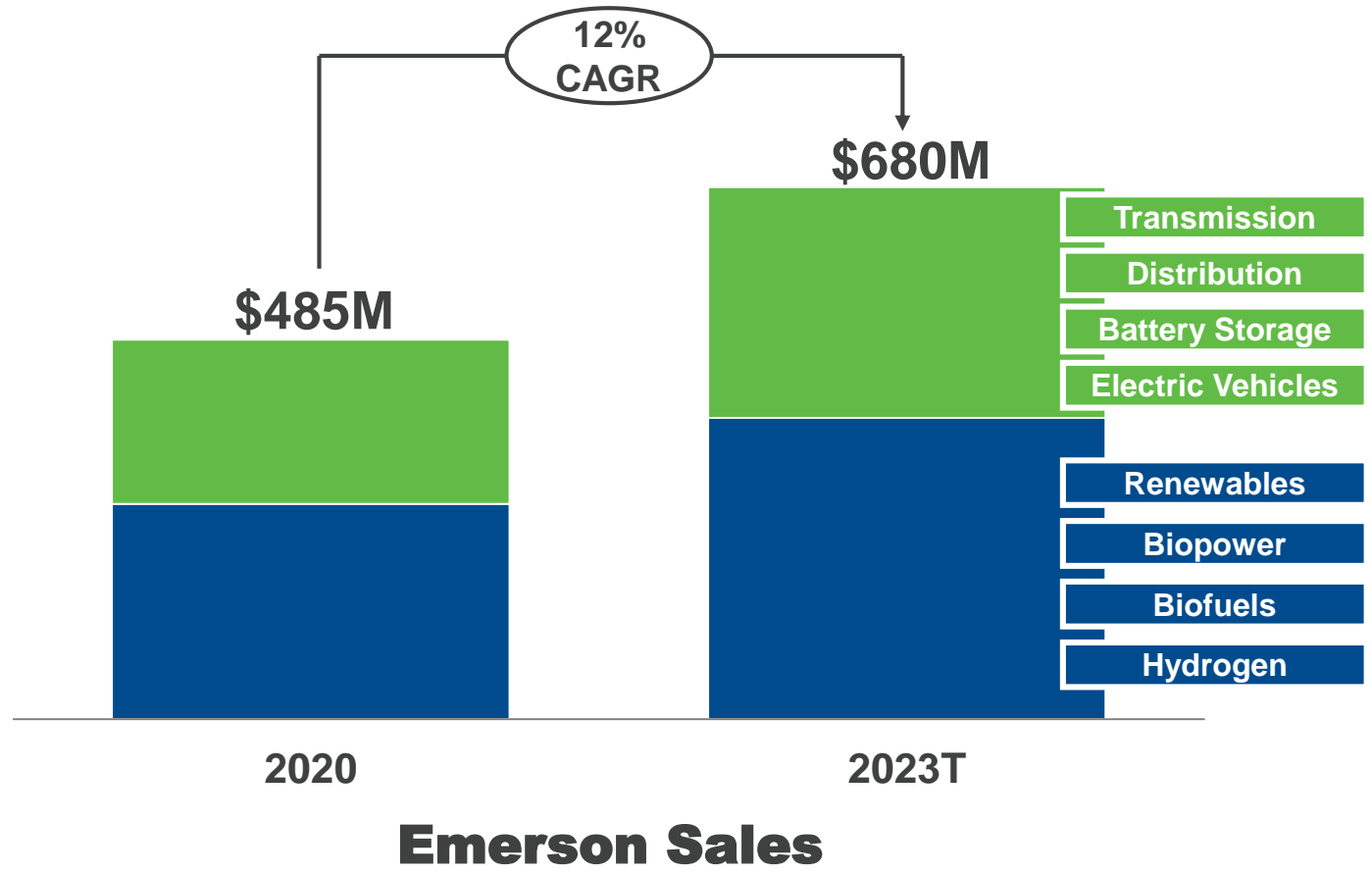
ELECTRIFICATION &  
SYSTEM INTEGRATION

EMISSIONS  
MANAGEMENT

ENERGY EFFICIENCY  
& OPTIMIZATION

## 2020 – 2023 Market CAGR High Single Digits

## 2020 – 2023 Market CAGR Mid Single Digits



**Optimize Production**

Largest lever in IEA Sustainable Development Scenario

**Energy Intensity**

Eliminate fuel waste in support of increased product demand

**Regulatory Driven**

Flaring, fugitive emissions, emissions monitoring

**Investor Pressure**

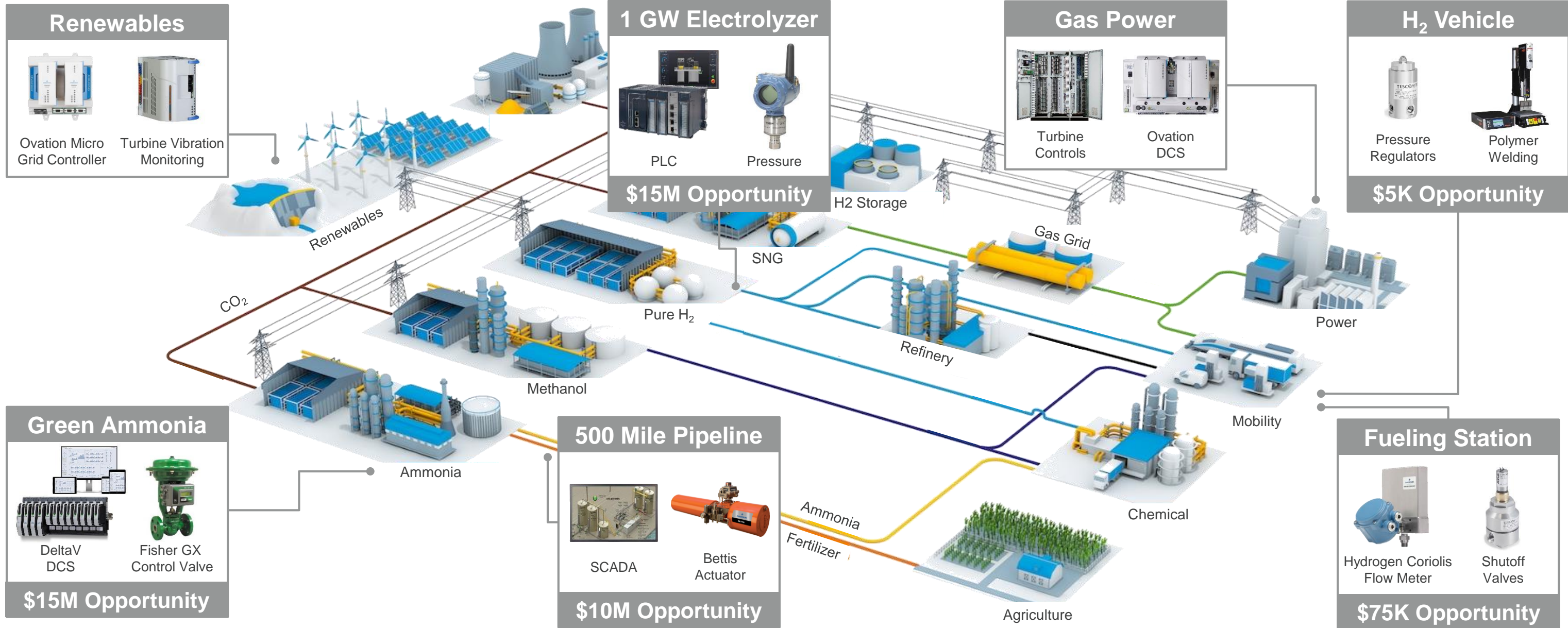
Customers making decarbonization commitments



Enabling Top Quartile Performance With the Industry's Broadest Portfolio of Digital Solutions



# Emerson technology can be leveraged throughout the hydrogen value chain – upcoming green hydrogen wave is a \$750M+ automation opportunity



# Automation Solutions is in an early cycle recovery and poised for growth, participation gain, and profit improvement

## Transforming Industries

① Unique software, control, and intelligent device franchise in \$203B global automation market

② Disciplined execution of operational plans to achieve 2023 margin expansion target – ~24% adjusted EBITDA

③ Diversified market strategies will deliver Strong underlying growth

④ \$1.1B standalone software & associated services business with double digit recurring revenue growth

⑤ Domain knowledge to help customers with their digital transformation journey

## Enabling Sustainability

## Creating Value

# 2021 Investor Conference

February 16, 2021

Break: Q&A will begin shortly



**EMERSON**

Q & A

# Appendix

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# Reconciliation of Non-GAAP Measures

In this presentation non-GAAP measures (denoted with an \*) are used when talking about the Company's performance, and a reconciliation of those measures to the most comparable GAAP measures is contained below.

Emerson's commitment to 20% GHG reduction is normalized to sales, across our global manufacturing and shared service facilities by the year 2028, measured by our baseline year of 2018.

Statements in this presentation regarding our aspirational purpose, causes, values, and related commitments, goals or targets, including those regarding sustainability, greenhouse gas emissions, inclusion or other initiatives, contain forward looking statements and are also intended to qualify for the protections of the "safe harbor" protections of the Private Securities Litigation Reform Act of 1995. Such statements are intended to help Emerson adapt and rise to the call of our various stakeholders. Because success in these areas depends on the collective efforts of others and other factors such as competing economic and regulatory factors, technical advances, policy changes, and supplier and customer engagement, there may be times where actual outcomes vary from those expected. While we strive to live our purpose and make a positive impact on society while continuing to advance towards our commitments, sometimes challenges may delay or block progress and we cannot assure you that the results reflected or implied by any such statements will be realized or achieved.

# Reconciliation of Non-GAAP Measures

## Sales % chg. vs. PY

Sales change (GAAP)  
FX  
Acq / Div  
Underlying\*

2019	2020E Apr. Guidance	2020	2021E	Q2 2021E
6%	(11)% - (9)%	(9)%	4% - 8%	3% - 5%
2%	~ 2%	1%	~ (3)%	~ (3)%
(5)%	~ -%	-%	~ (1)%	~ (1)%
3%	(9)% - (7)%	(8)%	0% - 4%	(1)% -1%

## 2021E Sales % chg. vs. PY

Sales change (GAAP)  
FX  
Acq / Div  
Underlying\*

Auto Solns	Comm & Res Solns
2% - 6%	10% - 12%
~ (3) %	~ (2) %
~ (2) %	- %
(3)% - 1%	8% - 10%

## Sales CAGR

Sales CAGR (GAAP)  
Acq/Div/FX  
Sales underlying CAGR\*

2020-2023T
~6.5%
(2.5)%
~4%

## Adjusted EBITDA (\$ in Millions)

Pretax earnings (GAAP)  
Interest expense, net  
EBIT\*  
Restructuring costs  
Purchase accounting charges  
Adjusted EBIT\*  
Depreciation / amortization  
Adjusted EBITDA\*  
Acquisitions  
Adjusted EBITDA excluding acquisitions\*

2019	2023T
\$ 2,859	~\$3,600
174	150
3,033	3,750
95	50
-	50
3,128	3,850
822	1,050
\$ 3,950	~\$4,900
	(200)
	~\$4,700



# Reconciliation of Non-GAAP Measures

## Adjusted EBITDA Margin

	2014	2019	2020E Apr. Guidance	2020	2019 - 2020 % Change	2021E	2023T
Pretax margin (GAAP)	18.0%	15.6%	~13%	13.9%	(170) pts	~15%	~18%
Interest expense, net	1.1%	0.9%	1%	0.9%	- pts	1%	0.5%
EBIT margin*	19.1%	16.5%	~14%	14.8%	(170) pts	~16%	~18.5%
Restructuring and related costs & advisory fees	0.2%	0.5%	2%	1.9%	140 pts	1%	0.5%
Adjusted EBIT margin*	19.3%	17.0%	~16%	16.7%	(30) pts	~17%	~19%
Depreciation / amortization	3.2%	4.5%		5.1%		5.5%	5%
Adjusted EBITDA margin*	22.5%	21.5%		21.8%		~22.5%	~24%
Acquisitions							~ -%
Adjusted EBITDA margin excluding acquisitions*							~24%

## Earnings Per Share

	2019	2020	2019 - 2020 % Change	2020E Apr. Guidance
Earnings per share (GAAP)	\$ 3.71	\$ 3.24	(13)%	\$2.62 - \$2.82
Restructuring and related costs & advisory fees	0.12	0.42	9%	~ 0.38
Certain tax benefits	(0.14)	(0.20)	(2)%	~ -
Adjusted earnings per share*	\$ 3.69	\$ 3.46	(6)%	\$3.00 - \$3.20

## Earnings Per Share

	2021E	2023T
Earnings per share (GAAP)	\$3.29 - \$3.49	\$4.62 - \$4.87
Restructuring and related costs	~ 0.27	~ 0.07
Purchase accounting charges and fees	~ 0.07	~ 0.06
Equity investment gain	~ (0.03)	~ -
Adjusted earnings per share*	\$3.60 - \$3.80	\$4.75 - \$5.00

# Reconciliation of Non-GAAP Measures

## Free Cash Flow

	2014	2015	2016	2017	2018	2019	2020	2021E
Operating cash flow (GAAP)	\$3.7	\$2.5	\$2.9	\$2.7	\$2.9	\$3.0	\$3.1	~\$3.15
Impact of taxes on divestiture gains and repositioning items	-	0.5	0.2	-	-	-	-	-
Operating cash flow adjusted*	3.7	3.0	3.1	2.7	2.9	3.0	3.1	~3.15
Capital expenditures	(0.8)	(0.7)	(0.6)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)
Free cash flow*	\$2.9	\$2.3	\$2.5	\$2.2	\$2.3	\$2.4	\$2.5	~\$2.55

## Free Cash Flow to Net Earnings

	2014	2015	2016	2017	2018	2019	2020	2021E	2022T - 2023T
Operating cash flow to net earnings (GAAP)	172%	93%	176%	164%	131%	130%	155%	~150%	> 135%
Impact of taxes on divestiture gains, repositioning items and non-cash tax benefits	(33)%	44%	(18)%	-%	14%	-%	-%	-%	-%
Operating cash flow to net earnings adjusted*	139%	137%	158%	164%	145%	130%	155%	~150%	> 135%
Capital expenditures	(29)%	(32)%	(27)%	(29)%	(31)%	(25)%	(27)%	(30)%	(25)%
Free cash flow to net earnings adjusted*	110%	105%	131%	135%	114%	105%	128%	~120%	> 110%

## Dividend To Free Cash Flow

	2014	2015	2016	2017	2018	2019	2020E Apr. Guidance	2020	2021E - 2023T
Dividends to operating cash flow (GAAP)	33%	50%	43%	46%	43%	40%	~44%	39%	35% - 40%
Impact of taxes on divestiture gains and repositioning items	-%	(7)%	(3)%	-%	-%	-%	-%	-%	~ -%
Dividends to operating cash flow adjusted*	33%	43%	40%	46%	43%	40%	~44%	39%	35% - 40%
Capital expenditures	8%	13%	8%	10%	11%	10%	11%	9%	~5%
Dividends to free cash flow*	41%	56%	48%	56%	54%	50%	~55%	48%	40% - 45%

\*All values are in billions, except per share amounts or where noted

# Reconciliation of Non-GAAP Measures

## Total Debt / EBITDA

	2020	2021E	2023T
Total debt / pretax earnings (GAAP)	3.2x	~2.6x	~2.3x
Interest, taxes, depreciation, amortization	(1.0)	(0.8)	(0.6)
Total debt / EBITDA*	2.2x	~1.8x	~1.7x
Restructuring and related costs & advisory fees	(0.2)	(0.0)	(0.0)
Total debt / Adjusted EBITDA*	2.0x	~1.8x	~1.7x

## Free Cash Flow % Sales

	2021E - 2023T
Operating cash flow % of sales	17% - 19%
Capital expenditures % Sales	(3)%
Free cash flow % of sales	14% - 16%

## Automation Solutions Adjusted EBIT

	2020
Automation Solutions Segment EBIT (GAAP)	\$1.5
Restructuring and related costs	0.3
Automation Solutions Segment Adjusted EBIT*	\$1.8

## Automation Solutions Adjusted EBITDA Margin

	2019	2020	2020 vs 2021E	2023T
Automation Solutions Segment EBIT (GAAP)	16.0%	13.6%	~140 bps	~19%
Restructuring and related costs	0.5%	2.2%	~ (80) bps	~-%
Automation Solutions Adjusted EBIT Margin*	16.5%	15.8%	~ 60 bps	~19%
Depreciation / amortization	4.4%	5.0%	~ 40 bps	~5%
Automation Solutions Segment Adjusted EBITDA Margin*	20.9%	20.8%	~ 100 bps	~24%

## Automation Solutions Sales CAGR

	2020-2023T CAGR
Sales CAGR (GAAP)	3% - 5%
Acq/Div/FX	~ -%
Sales underlying CAGR*	3% - 5%

# Reconciliation of Non-GAAP Measures

<b><u>Commercial &amp; Residential Solutions Adjusted EBIT</u></b>	<b>2020</b>			
Commercial & Residential Solutions EBIT (GAAP)				\$1.1
Restructuring and related costs				0.1
Commercial & Residential Solutions Adjusted EBIT*				<u>\$1.2</u>

<b><u>Commercial &amp; Residential Solutions Adjusted EBITDA Margin</u></b>	<b>2019</b>	<b>2020</b>	<b>2020 - 2021E Change</b>	<b>2023T</b>
Commercial & Residential Solutions EBIT Margin (GAAP)	20.6%	19.8%	70+ bps	~23.6%
Restructuring and related costs	0.4%	0.9%	~ (40) bps	0.1%
Commercial & Residential Solutions Adjusted EBIT Margin*	21.0%	20.7%	30+ bps	~23.7 %
Depreciation / amortization	4.0%	4.7%	~ (10) bps	4.3%
Commercial & Residential Solutions Adjusted EBITDA Margin*	25.0%	25.4%	20+ bps	~28.0%

<b><u>Commercial &amp; Residential Solutions Sales CAGR</u></b>	<b>2020-2023T CAGR</b>
Sales CAGR (GAAP)	5% - 7%
Acq/Div/FX	<u>~ -%</u>
Sales underlying CAGR*	5% - 7%