

The background features a dynamic, abstract composition of light trails in shades of blue, white, and red, suggesting motion and technology. A faint grid pattern is visible in the upper right quadrant.

# Emerson InMotion

Investor Conference 2022

## Safe Harbor Statement

*This presentation contains various forward-looking statements and includes assumptions concerning Emerson's operations, future results and prospects. These forward-looking statements are based on current expectations and are subject to risks and uncertainties. Emerson undertakes no obligation to update any such statements to reflect later developments. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Emerson provides the following cautionary statements identifying important economic, political and technological factors, among others, changes in which could cause the actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions. Such factors include, but are not limited to, the following: (1) the current and future business environment, including capital and consumer spending, potential volatility of the end markets served, interest rates, and currency exchange rates; (2) competitive factors and competitor responses to Emerson initiatives; (3) development and market introduction of anticipated new products; (4) the ability to defend and protect our intellectual property rights; (5) favorable environments for and execution of acquisitions and divestitures, domestic and foreign, including regulatory requirements and market values of candidates; (6) integration of acquisitions and separation of disposed businesses; (7) the availability of raw materials and purchased components; (8) stability of governments and business conditions in countries where we operate which could result in adverse changes in exchange rates, changes in regulation, tariffs or trade barriers, nationalization of facilities or disruption of operations; (9) unrestricted access to capital markets; (10) our ability to attract, develop and retain key personnel; (11) ability to prevent security breaches or disruptions of our information technology systems; (12) impact of potential product failures or similar events caused by product defects, cybersecurity incidents or other intentional acts; (13) the Company's ability to successfully complete on the terms and conditions contemplated, and the financial impact of, the proposed Climate Technologies transaction; (14) the scope, duration and ultimate impact of the COVID-19 pandemic, on the global economy and our customers, the Russia-Ukraine conflict, oil and gas price declines and volatility; (15) changes in tax rates, laws or regulations and the resolution of tax disputes in U.S. and non-U.S. jurisdictions; (16) the impact of improper conduct by our employees, agents or business partners; and (17) the outcome of pending and future litigation, including environmental compliance, among others as set forth on our most recent Annual Report filed on Form 10-K and subsequent reports filed with the SEC. Statements in this presentation regarding our aspirational purpose, causes, values, and related commitments, goals or targets, including those regarding sustainability, greenhouse gas emissions, our net zero ambition and related goals, diversity, equity and 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, labor markets, availability of candidates, 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. The outlook contained herein represents the Company's expectation for its consolidated results.*

## 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 available at our website, [www.Emerson.com](http://www.Emerson.com), under Investors.*

## Attribution Statement

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## Continuing Operations

*All financial metrics in this presentation are on a continuing operations basis, unless otherwise noted. Please refer to the endnotes for more detail.*

## Endnotes

*Please refer to endnotes for the definition of certain terms used in this presentation.*

# Agenda

Introduction

Transforming  
Emerson

Greening  
Through  
Automation

Accelerating  
Organic  
Growth

Unlocking  
Value



**Colleen Mettler**  
*Vice President of  
Investor Relations*



**Lal Karsanbhai**  
*President and  
Chief Executive Officer*



**Mike Train**  
*Senior Vice President and  
Chief Sustainability Officer*



**Ram Krishnan**  
*Executive Vice President  
and Chief Operating Officer*



**Frank Dellaquila**  
*Senior Executive Vice President  
and Chief Financial Officer*

LAL KARSANBHAI | PRESIDENT AND CHIEF EXECUTIVE OFFICER

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# Transforming Emerson

## What We Are Setting In Motion

Going boldly towards **Emerson's future** – a global automation leader

---

Focusing on value creation – **organic growth, portfolio management** and **operational excellence**

---

Evolving our **management system** and **culture** to achieve higher growth, accelerate innovation and deliver on our commitments

---

Delivering **4-7% organic growth, ~35% incremental margins, double-digit adjusted EPS growth, ~100% free cash flow conversion** and **disciplined capital allocation**

# Delivered Strong Financial Results In 2022; Strong Performance Expected In 2023

## Delivered Strong Reported 2022 Performance

Underlying Sales

≡ 9%

Adjusted Segment EBITA

22.3%

≡ 140 Basis Points

Adjusted EPS

\$5.25

≡ 16%

Free Cash Flow Conversion

98%<sup>1</sup>

## Continuing Operations Delivered Exceptional 2022 Performance

Underlying Sales

≡ 7%

Adjusted Segment EBITA

22.8%

≡ 230 Basis Points

Adjusted EPS

\$3.64

≡ 21%

Continuing Operations will be  
referenced for rest of the  
presentation, unless noted

## Reiterating Continuing Operations<sup>2</sup> 2023 Guidance

Underlying Sales

≡ 6.5% - 8.5%

Operating Leverage<sup>3</sup>

Mid-To-High 30s

Adjusted EPS

\$4.00 - \$4.15

Free Cash Flow Conversion

~100%

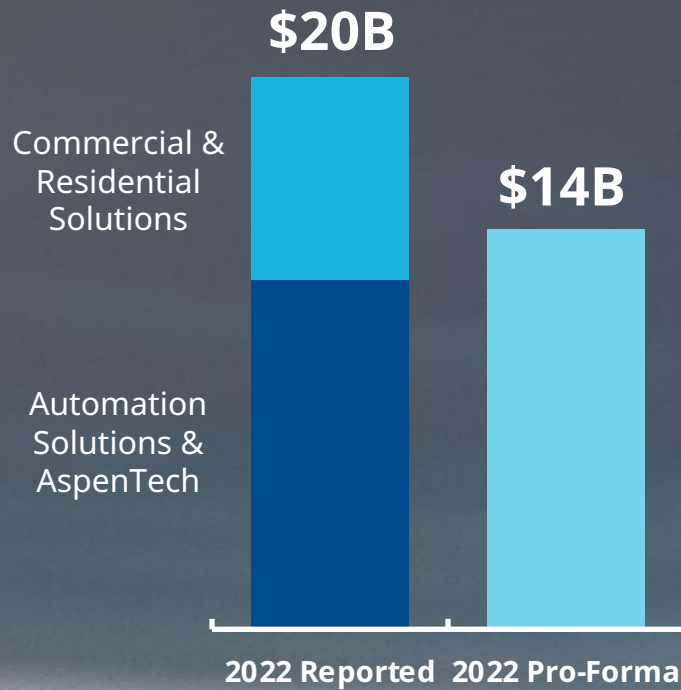
<sup>1</sup> Excludes discrete items

<sup>2</sup> Refer to endnotes for 2023 continuing operations details

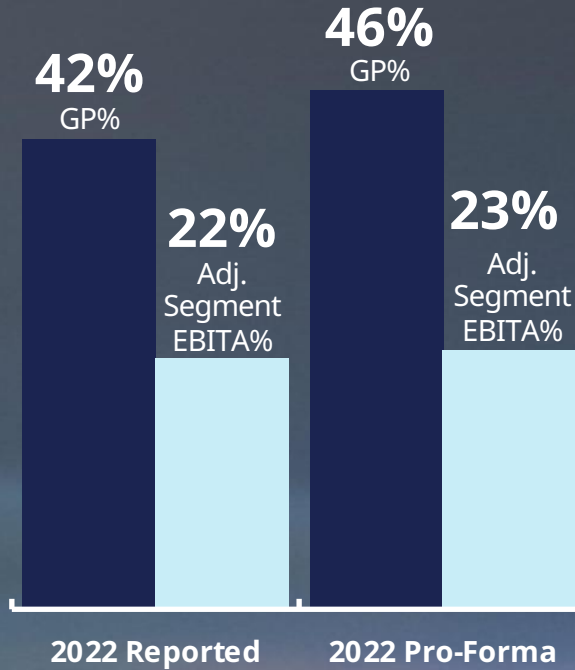
<sup>3</sup> Excluding AspenTech

# We Have Begun To Transform Emerson Through Significant Changes To Our Portfolio

## Net Sales



## Profitability



Global automation leader with compelling opportunities for growth

Serving \$230B automation and software market

Note: pro-forma Emerson includes full-year heritage AspenTech and excludes Micromine and any announced or completed divestitures

# Higher Growth, More Profitable, Cohesive

## Acquisitions



micromine



~\$9B

Invested in intelligent automation technology and software

> **10%+** Growth Expectations

~**90%** Estimated Adjusted Gross Profit %

~**50%** Estimated Adjusted EBITA %

Growth

Gross Profit

Adjusted EBITA

> **2%** Historical Growth (2011-2021)

**32%** 2022 Gross Profit %

**21%** 2022 Adjusted EBITA %

## Divestitures

CLIMATE TECHNOLOGIES



THERM-O-DISC



~\$18B

Gross value from divestitures of non-core assets at attractive valuations

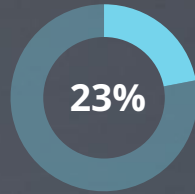
Note: acquisition growth, gross profit and adjusted EBITA exclude Micromine



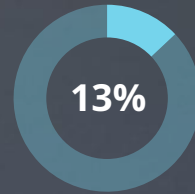
# Global Automation Leader With World-Class Software And Technology



Net Sales



Adjusted Segment EBITA Margin

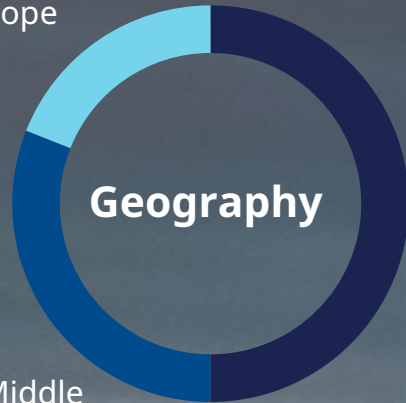


Software % Of Sales



Installed Base

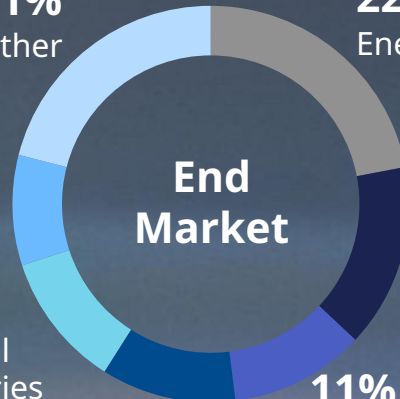
19% Europe



31% Asia, Middle East & Africa

50% Americas

21% Other



9% Hybrid

11% General Industries

11% Discrete

22% Energy

15% Chemical

11% Power & Renewables

Software



Control



**DELTA V™**  
**Ovation™**

Intelligent Devices



**ROSEMOUNT™**  
**FISHER™**  
**MICRO MOTION™**  
**ASCO™**  
**RIDGID™**

Note: all numbers represent pro-forma 2022 Emerson including full-year heritage AspenTech, and excluding Micromine and any announced or completed divestitures

# Major Macro Trends Underpin Growing Automation Demand

## Digital Transformation



Unlocking greater value and improving returns through software and intelligent solutions

## Energy Security & Affordability



Improving the availability of energy sources at an affordable price

## Sustainability & Decarbonization



Decarbonizing existing assets and transitioning to new energy markets

## Nearshoring



Strengthening supply chains and bringing manufacturing nearshore via incremental capital investment

# Emerson's Value Creation Framework

## Organic Growth

Accelerating innovation and aligning with secular growth trends

## Portfolio Management

Building a higher growth, cohesive automation portfolio

## Operational Excellence

Continuing our long tradition of delivering margin and cash performance

**4 - 7%**

Through-The-Cycle Organic Growth

**~35%**

Incremental Margins

**Double-Digit**

Adjusted EPS Growth

**~100%**

Free Cash Flow Conversion

# Accelerating Organic Growth Through Innovation And Growth Vectors

**Organic Growth**

**Portfolio Management**

**Operational Excellence**

## Organic Growth Drivers

### Growth Platforms

*Winning in long-term growth markets supported by macro tailwinds*



### Breakthrough Innovation

*Systematic innovation and new offerings addressing large, growing markets*

# Performance In Growth Platforms Is Our Biggest Organic Growth Lever



**Growth Platforms**

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Equipping The <b>Energy Transition</b>	<b>\$12B</b> TAM	<b>DD</b> Market Growth
Advancing <b>Industrial Software</b>	<b>\$35B</b> TAM	<b>HSD-LDD</b> Market Growth
Scaling In <b>Priority Discrete &amp; Hybrid Markets</b>	<b>\$97B</b> TAM	<b>MSD</b> Market Growth

Note: pro-forma Emerson includes full-year heritage AspenTech, and excludes Micromine and any announced or completed divestitures; for TAM definition, please refer to endnotes

# Success Has Been Built On Decades Of Innovation Redefining The Automation Market

## Transforming The Process Automation Landscape

Analog > Digital

Centralized Control > Control In The Field

Proprietary Technology > Off-The-Shelf Technology

Reactive Maintenance > Performance Diagnostics



**3051 Pressure Transmitter**  
Launched: 1988  
10M+ Sold



**FIELDVUE**  
Launched: 1994  
3M+ Sold



**DeltaV**  
Launched: 1996  
11K+ Active



**Wireless**  
Launched: 2008  
500K+ Devices Sold



**CHARMs**  
Launched: 2010  
4.5M+ Sold



**PK Controller**  
Launched: 2018  
5K+ Sold

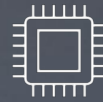
# New Systematic Approach To Reinvigorate Innovation

## Innovation Process



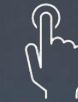
**Chief Technology Officer**  
Responsible for driving  
innovation process

## 4 Critical Technology Areas For Innovation



### Disruptive Measurement Technologies

High-margin core products  
with reoccurring  
revenue elements



### Software-Defined Automation Systems

Dramatic shift to  
software-defined enterprise  
operations platform



### Self-Optimizing Asset Software

High-value recurring software  
that transforms enterprise  
asset management

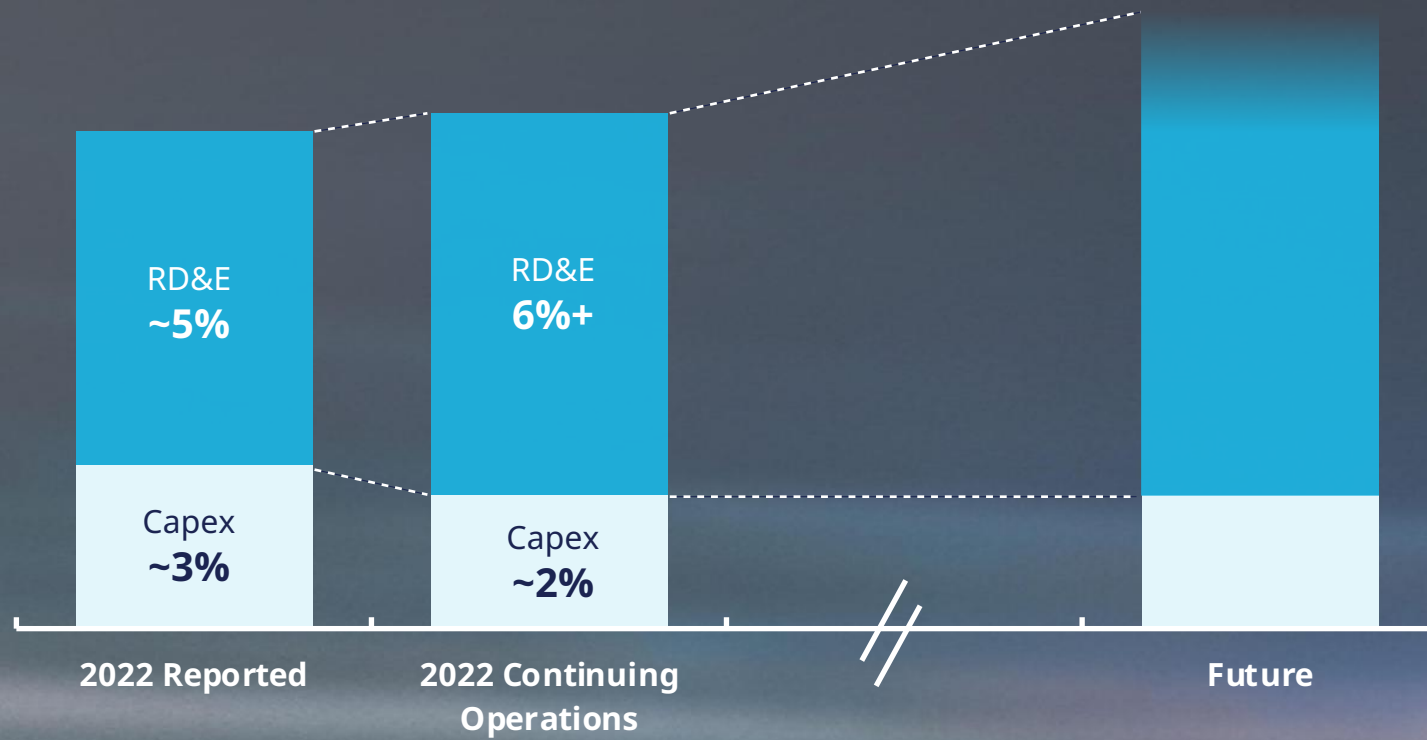


### Sustainability

Sustainability technology  
solutions to help customers  
address the dual challenge

# Organic Growth Spend Mixes Toward Innovation

## Growth Spend As A Percent Of Sales



## Strong Foundation

5K+

R&D-Focused Engineers

15

Major Innovation Hubs

25%

New Product Vitality

Note: for RD&E and new product vitality definitions, please refer to endnotes



# Active Portfolio Management Will Orient Emerson Toward Attractive Markets

Organic Growth

Portfolio Management

Operational Excellence

## Active Portfolio Management

### Cohesive Portfolio

*Strategically creating a cohesive, higher-growth automation leader*



### Attractive Adjacencies

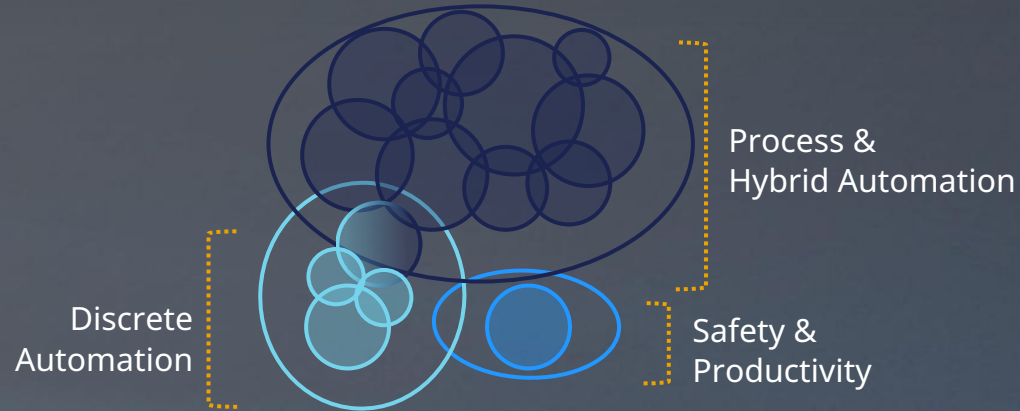
*Pursuing high-growth, large adjacencies across diverse end markets*

# Transforming To A Cohesive, Higher-Growth Automation Portfolio

2021 Portfolio

2022 Continuing Operations Portfolio

Core



**Cohesive  
Higher Growth**

Disconnected



**Divesting Lower-Growth  
Non-Core Assets**

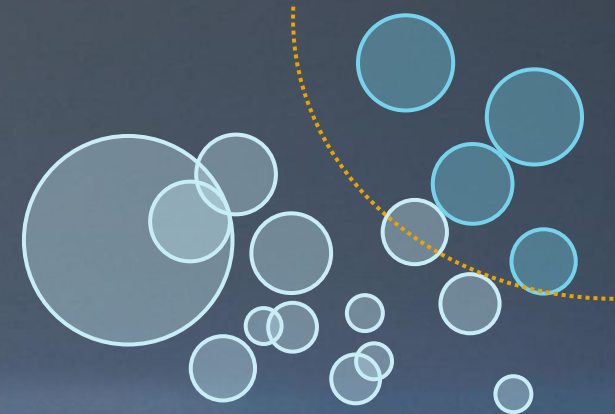
# Rigorous Analytical Process Identified Potential Adjacent Markets

## Assessed 15 Critical Macrotrends

Digital Transformation	Labor Automation	Electrification & Decarbonization
Aging Population	Shifting Government Regulations	Post-Globalization
Infrastructure Modernization	Ex-Urbanization	Slowing Capital Abundance
Mobility	Emerging Market Modernization	Resource Scarcity
Sustainable Consumption	Tech Advancement	Growth Of Vertical Oligopolies

## Identified And Evaluated 17 Adjacent Markets

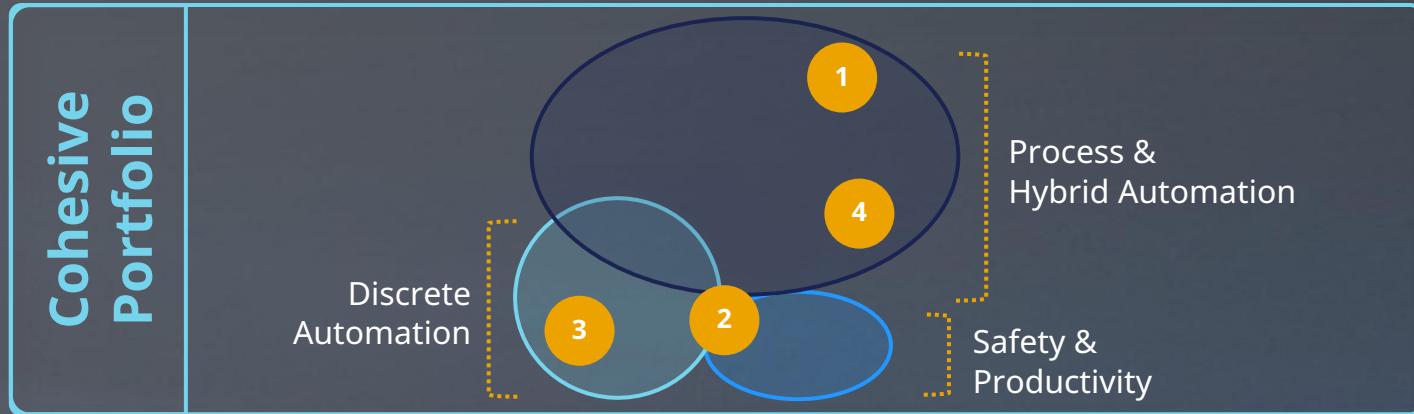
**Attractiveness**  
(size, growth rate, profitability, resiliency)



**Emerson Relatedness**  
(capabilities, end market, cost structure)

# Pursuing Attractive Adjacencies Aligned To Our Cohesive Portfolio

2022 & Beyond



+

<b>Pursuing Adjacencies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	<b>Industrial Software</b>	<b>Test &amp; Measurement</b>	<b>Factory Automation</b>	<b>Smart Grid Solutions</b>
<p><b>\$100B Priority TAM   MSD – HSD Growth 20%+ Average Operating Margin</b></p>				

## Highly Attractive Adjacencies

Large, higher-growth, profitable, serving diversified automation markets



## Strong Fit

Fits technology stack, creates more value for customers, drive synergies and value creation

PORTFOLIO MANAGEMENT  
**Industrial Software**

**\$35B**

M&A Priority TAM

**HSD-  
LDD**

Market Growth

**Market Verticals**



Life Sciences



Energy



Chemical



Metals & Mining

**Focus Segments**

Environmental,  
Health & Safety

Enterprise Asset  
Management

Lab Information  
Management

Manufacturing  
Execution Systems

Production  
Simulation

Quality Management  
Systems

**Growth Drivers**



Workflow  
Automation



Cloud  
Deployment



Sustainability



Machine  
Learning

# Emerson And AspenTech

## Highly Complementary Partnership



**EMERSON**<sup>TM</sup>

Leading positions in intelligent devices and control systems



 **aspentech**

Leading industrial software portfolio

## Tremendous Progress And Value Creation

### Delivering On Synergies



Revenue



Technology



Cost



Business Model

### Scaling Industrial Software Through Compelling M&A Opportunities

Leveraging AspenTech's equity currency

Attractive and complementary industrial software assets

Diversification into hybrid markets

**micromine**

*End-to-end leader in metals & mining software*

**inmation:**

*Real-time information management leader*

# Test & Measurement

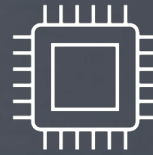
**\$35B**

M&A Priority TAM

**MSD**

Market Growth

## Market Verticals



Semiconductor



Aerospace / Defense



Automotive

## Focus Segments

Discrete & Modular Devices

Data Acquisition

Humidity & Gas Detection

Automated Test Equipment

## Growth Drivers



Ubiquity Of Semiconductor Chips



Autonomous / Electric Vehicles



Sustainability



Battery Growth

# Factory Automation

**\$20B**

M&A Priority TAM

**MSD**

Market Growth

## Market Verticals



Machinery & Automotive



Distribution & Packaging



Consumer Goods



Food & Beverage

## Focus Segments

Intelligent Sensors

Machine Vision / Safety

Electric Linear Motion

Industrial Robotics

## Growth Drivers



Labor Shortages



Reshoring Of Supply Chains



Workplace Safety



Digital Transformation



PORTFOLIO MANAGEMENT

# Smart Grid Solutions

**\$10B**

M&A Priority TAM

**HSD**

Market Growth

## Market Verticals



Power



EV Charging



Battery Storage

## Focus Segments

Advanced Sensors  
& Relays

Distributed  
Control

Transmission &  
Distribution Software

## Growth Drivers



Decarbonization /  
Electrification



Distributed Energy  
Resources (DER)



Grid  
Modernization



Emerging  
Market Growth

# Continuing Demonstrated Operational Excellence

Organic  
Growth

Portfolio  
Management

Operational  
Excellence

## Operational Excellence Drivers

### Operational Execution

*Operational execution is a hallmark of Emerson and will continue to be*

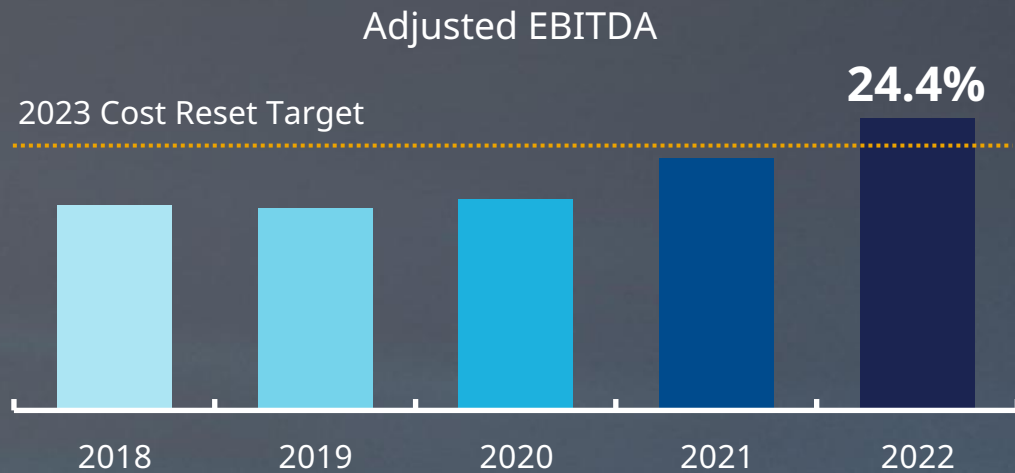


### Cost Actions

*Decisive cost actions have driven leading margins and we are pursuing more opportunities to reduce cost*

# Consistently Delivered Margin Expansion Through Strategic Cost Programs

## Cost Reset Program



Restructuring Spend



Annual Savings

## Corporate And Platform Right-Sizing



Eliminating platform overhead



Right-sizing corporate functions



Expanding shared services



Corporate headquarters relocation



**NO**

Stranded cost at close of Climate Technologies transaction

**\$100M**

Corporate and platform annualized cost savings by 2024

Note: cost reset program represents Emerson whole company as reported

# Significant Profit Levers For Margin Expansion

Ongoing Cost Savings

Factory Automation

Best Cost

Regionalization

M&A Execution

Centralization  
Of Functions



Legal



HR



IT



Finance

**\$50M**

Annualized Opportunity

**6**

Lighthouse Sites In 2023

**4**

Best Cost Manufacturing  
Facilities Opened

**3**

Best Cost Manufacturing  
Facilities Underway

**~80%**

Spend Regionalized



Supply  
Chain Stability

Valves &  
Controls (2017)

**\$300M**

Year Five Synergies  
Realization

**790 bps**

2018-2022 Final Control Adjusted  
EBITA Margin Expansion

# Evolving The Emerson Management Process To Meet Today's Company Needs

## Emerson Management Process (1970s)



Designed to manage  
60+ distinct operating units

Oriented towards  
operational execution

Overallocation of time  
towards meeting preparation

Promoted control culture

## Emerson Management System



Focused on the enterprise as a cohesive entity



Equally dedicated to operational execution and growth

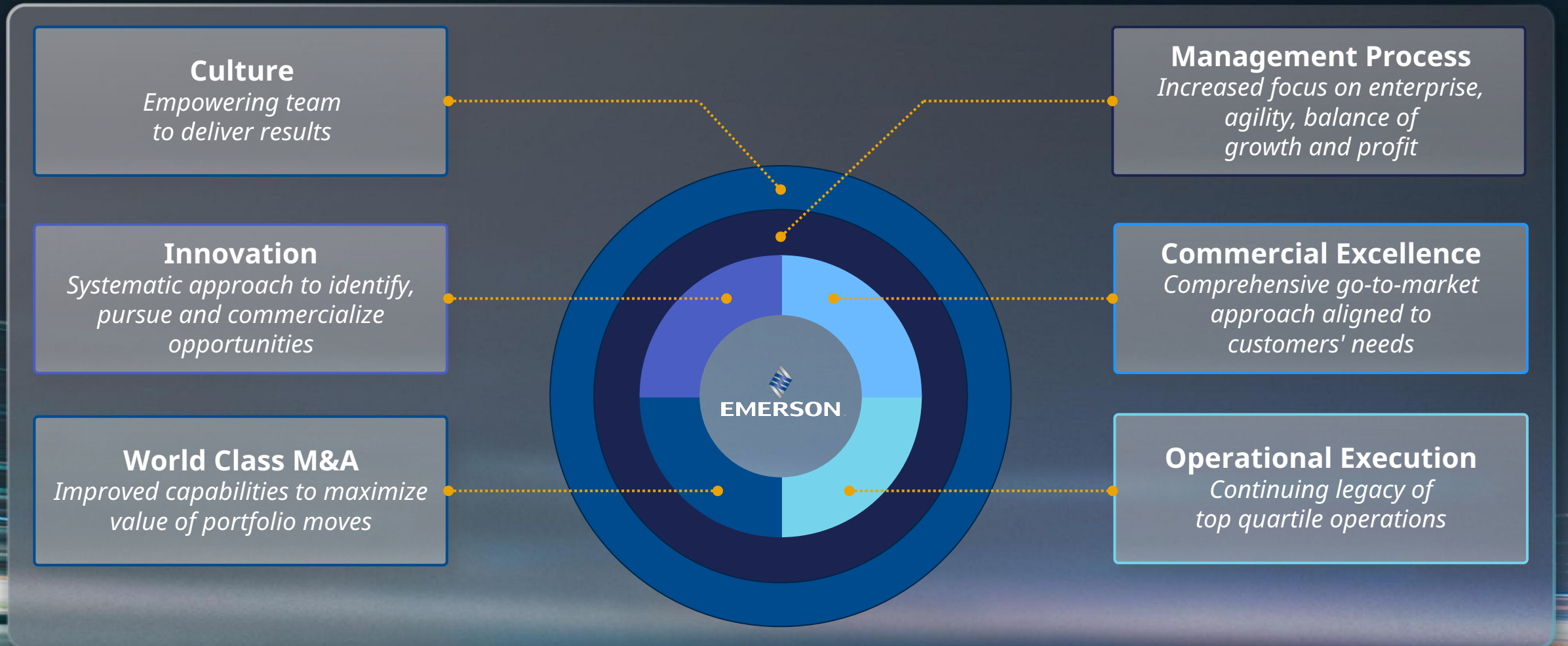


Efficient allocation of leaders' time and resources



Promotes balanced risk taking and innovation

# Emerson Management System To Support New Portfolio And Value Creation Framework

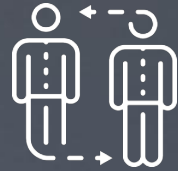


# Modernizing Our Culture To Enable Value Creation

## Coordinated Cultural Actions



Trust &  
Empowerment



Accountability &  
Transparency



Diversity, Inclusion  
& Belonging



Passion For Value-  
Creating Results



Talent  
Engine



Employee Value  
Proposition



Attract & Retain  
Top Talent



Deliver Growth &  
Unlock Innovation

# Incentives Are Aligned To Performance And Culture

## Past

### Short-Term Cash Bonuses

Discretionary cash bonuses for corporate executives



### Long-Term Incentives

Long-term incentive targets tied to growth of G7 GDP + 3 pts

## 2023

### Short-Term Cash Bonuses

Financial Metrics  
*organic growth, margins and cash flow*

Diversity Targets  
*women and minority leadership targets*

Sustainability Targets  
*path to net zero GHG emissions by 2045*

### Long-Term Incentives

3-Year Operating Plan  
*earnings and cash flow*

TSR Multiplier  
*based on performance vs. peers and market*

---

**Executives** compensated based on **financial performance, diversity** and **sustainability targets**



# Organization Structured To Deliver Value



**Lal Karsanbhai**  
President and  
Chief Executive Officer



**Frank Dellaquila**  
Chief Financial Officer



**Elizabeth Adefioye**  
Chief People Officer



**Ram Krishnan**  
Chief Operating Officer



**Sara Yang Bosco**  
Chief Legal Officer



**Katherine Button Bell**  
Chief Marketing Officer



**Mike Train**  
Chief Sustainability Officer



**Lisa Flavin**  
Chief Compliance Officer



**Peter Zornio**  
Chief Technology Officer

## Focused On Three Value Creation Levers To Drive Peer-Leading Financial Performance

### Organic Growth

Accelerating innovation and aligning with secular growth trends

### Portfolio Management

Building a higher growth, cohesive automation portfolio

### Operational Excellence

Continuing our long tradition of delivering margin and cash performance

**4 – 7%**

Through-The-Cycle Organic Growth

**~35%**

Incremental Margins

**Double-Digit**

Adjusted EPS Growth

**~100%**

Free Cash Flow Conversion

# *Emerson In Motion*

...Transforming  
into a global  
automation leader

...Delivering 4%  
to 7% organic  
growth with a  
renewed emphasis  
on innovation

...Continuing our  
exceptional margin  
performance and  
looking to invest in  
the future growth  
of our business

MIKE TRAIN | CHIEF SUSTAINABILITY OFFICER

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# Greening Through Automation

# Sustainability Is A Value Creation Opportunity For Emerson

## GREENING OF



How we improve our own internal environmental sustainability performance

## GREENING BY



How Emerson technologies, solutions and expertise enable customers' sustainability journeys

## GREENING WITH



How we foster dialogue, collaboration and innovation amongst external stakeholders

# Differentiated Net Zero Targets

**By 2030**

**Net Zero  
Operations**

Scopes 1, 2

**SBTi  
Approved**

**25%  
Scope 3  
Reductions**

**By 2045**

**Net Zero  
Value Chain**

Scopes 1, 2, 3

**SBTi  
Aligned**

# Clear Roadmap To Achieve Targets And Strengthen Competitive Advantage

## Energy & Emissions Treasure Hunts

Average ~15% reduction of energy usage

## Renewable Electricity & On-Site Generation

25% renewable electricity sourcing already achieved

## Electrification & Low-Carbon Fuels

Used throughout operations and supply chain

## Neutralization

To achieve full net zero target

## Achieve Net Zero Targets



Lessons learned from Greening Of Emerson will enable us to drive emission reductions for our customers, suppliers and partners

# Engaging External Stakeholders To Drive Priorities



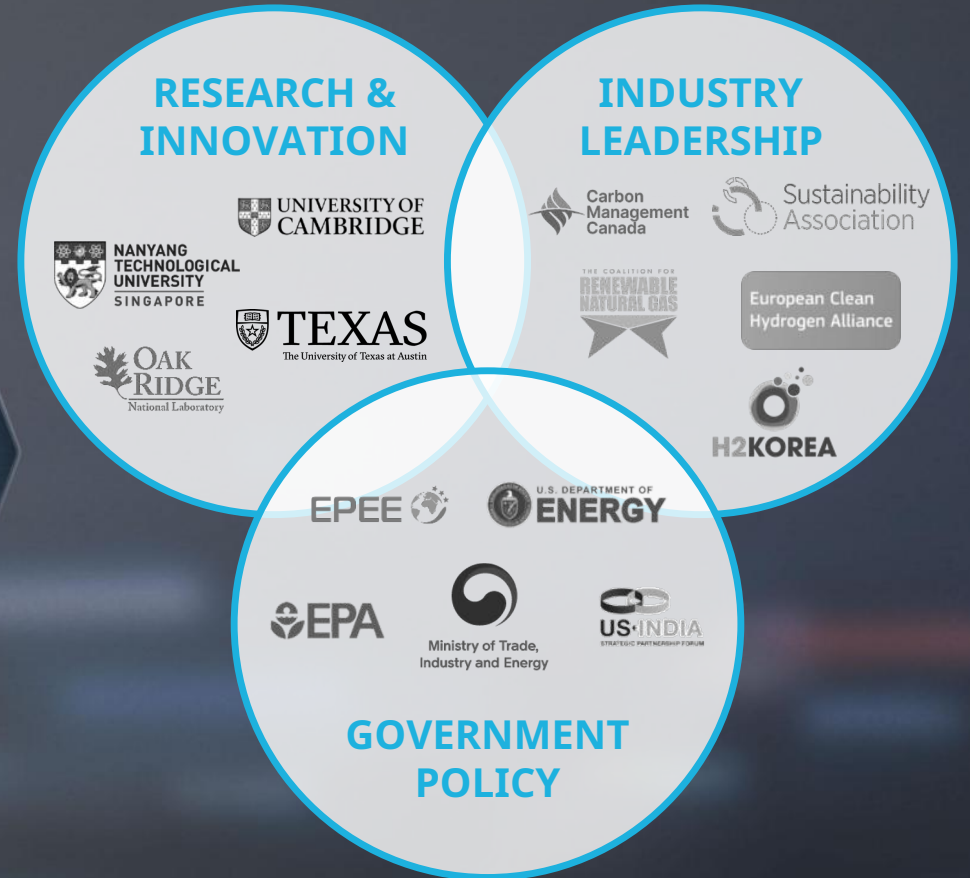
Partnering with customers and research institutions to develop new solutions



Engaging industry experts and consortia for early engagement in projects



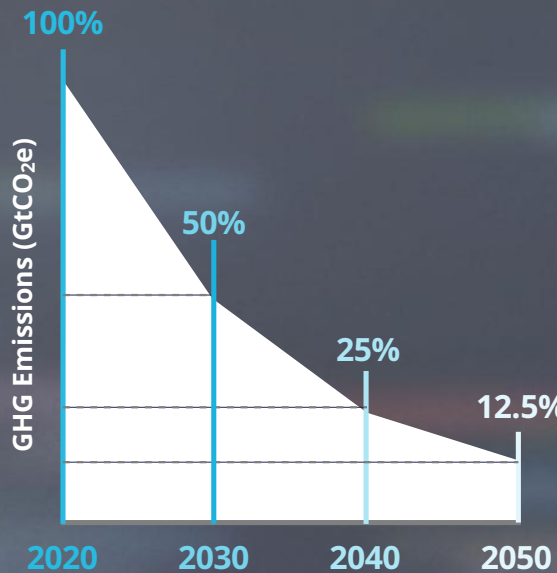
Collaborating with governments and organizations for regulations and policy



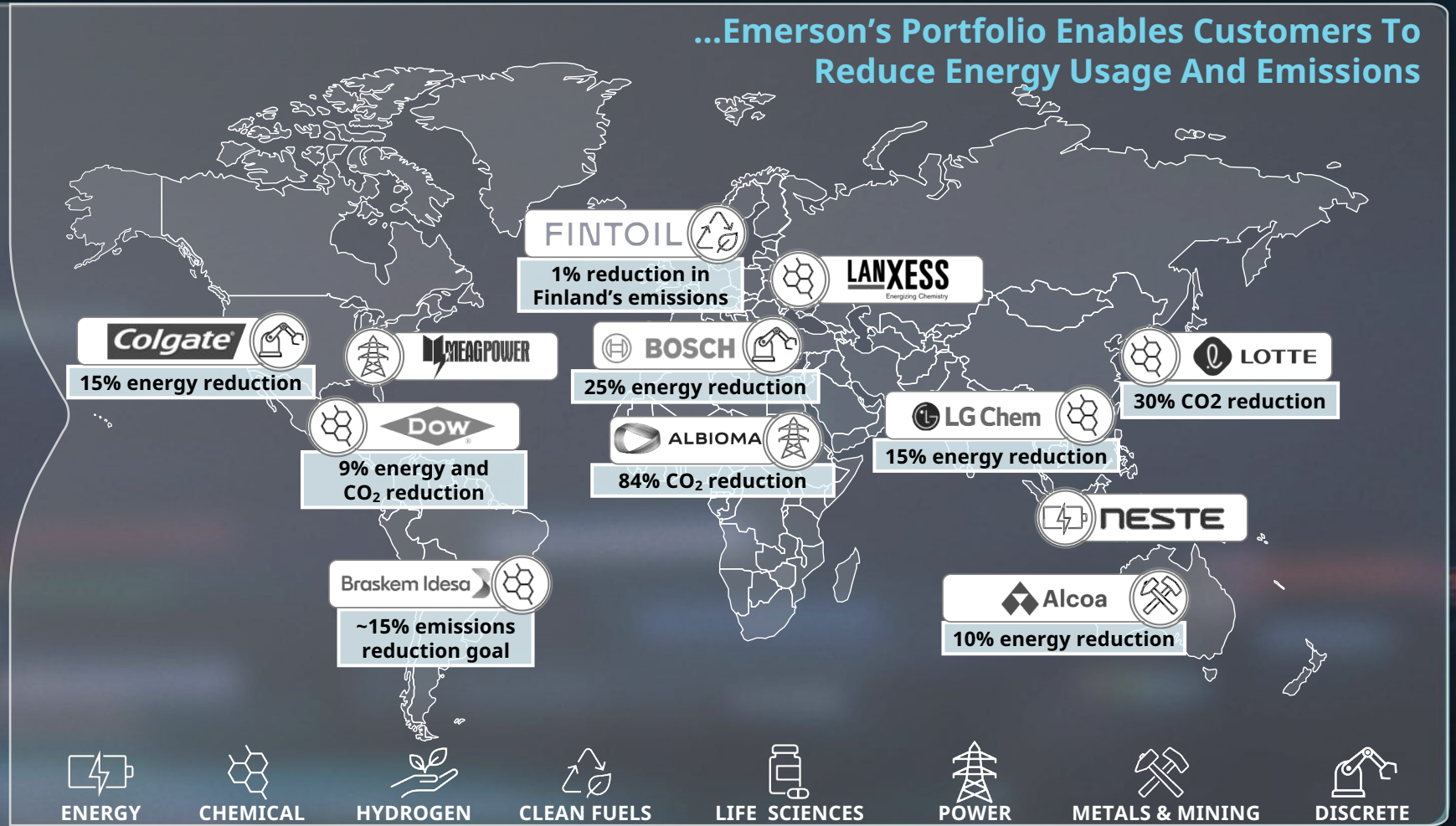


# Automation Is Critical For The World To Reach Net Zero

The World Must Halve Emissions Every Decade...



...Emerson's Portfolio Enables Customers To Reduce Energy Usage And Emissions



- ENERGY
- CHEMICAL
- HYDROGEN
- CLEAN FUELS
- LIFE SCIENCES
- POWER
- METALS & MINING
- DISCRETE

# Emerson Has A Central Role In Energy Transition

## Energy Transition Impact IEA Scenarios Simulation\*

### Stated Policies

Countries pursue existing policies

### Announced Pledges

Countries meet announced pledges

### Sustainable Development

Countries pursue sustainability development path

Regardless of the  
pace of adoption,  
Emerson expects to  
benefit from the  
energy transition

## Energy Transition Markets

**LNG** LNG



Nuclear



Renewables & Energy Storage



Clean Fuels

**H<sub>2</sub>**

Hydrogen

**CO<sub>2</sub>**

Carbon Capture

\*Transition risk and opportunity analyses prepared by PwC for Emerson using Emerson's business strategy, data and assumptions

# Utilizing Our Leading Portfolio And Investing In New Technology To Win With All Customers

## Sustainability Software Models

~100 sustainability models for process design, simulation, advanced control and supply chain management



Bio-Based Feedstock

CO<sub>2</sub>

Carbon Capture

H<sub>2</sub>

Hydrogen



Emissions Reduction



Materials Recycling

## Automation & Control Solutions

Hydrogen portfolio, renewable power control systems, power transmission & distribution software



Wind Control Systems



Hydro Control System



Hydrogen Portfolio



## Established Customers

moderna

MITSUBISHI POWER

ExxonMobil equinor

Takeda

Braskem Idesa

Southern Company

Chevron

ORIGIN

ReNew ELP

BayoTech ON-SITE HYDROGEN

## Emerging Entrants

PURECYCLE

# Emerson's Portfolio Is Aligned With Global Sustainability Imperatives



## Energy Efficiency & Emissions Reduction

Energy efficiency, energy optimization, predictive maintenance, carbon capture, emissions



## Renewable & Clean Energy

Wind, solar, hydro, geothermal, nuclear



## Clean & Low-Carbon Fuels

Biofuels, biomass, biochemical, hydrogen



## Electrification & Resource Circularity

Energy storage, smart grid solutions, battery value chain, plastic recycling

~70%

Of Emerson sales  
tied to sustainability  
enabling technologies

Note: for sustainability enabling technologies definition, please refer to endnotes

# Emerson *In Motion*

## ...Greening Of

improving our  
internal  
environmental  
sustainability  
performance

## ...Greening By

enabling our  
customers'  
sustainability  
journeys through  
our technologies,  
solutions and  
expertise

## ...Greening With

fostering dialogue,  
collaboration and  
innovation amongst  
external stakeholders

RAM KRISHNAN | CHIEF OPERATING OFFICER

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# Accelerating Organic Growth

# Directing Resources And Spend To High-Potential Opportunities

## Growth Platforms

Winning in long-term growth markets supported by macro tailwinds



## Breakthrough Innovation

Systematic innovation and new offerings addressing large, growing markets



Energy Transition



Industrial Software



Priority Discrete & Hybrid Markets



Market Disruption Opportunities

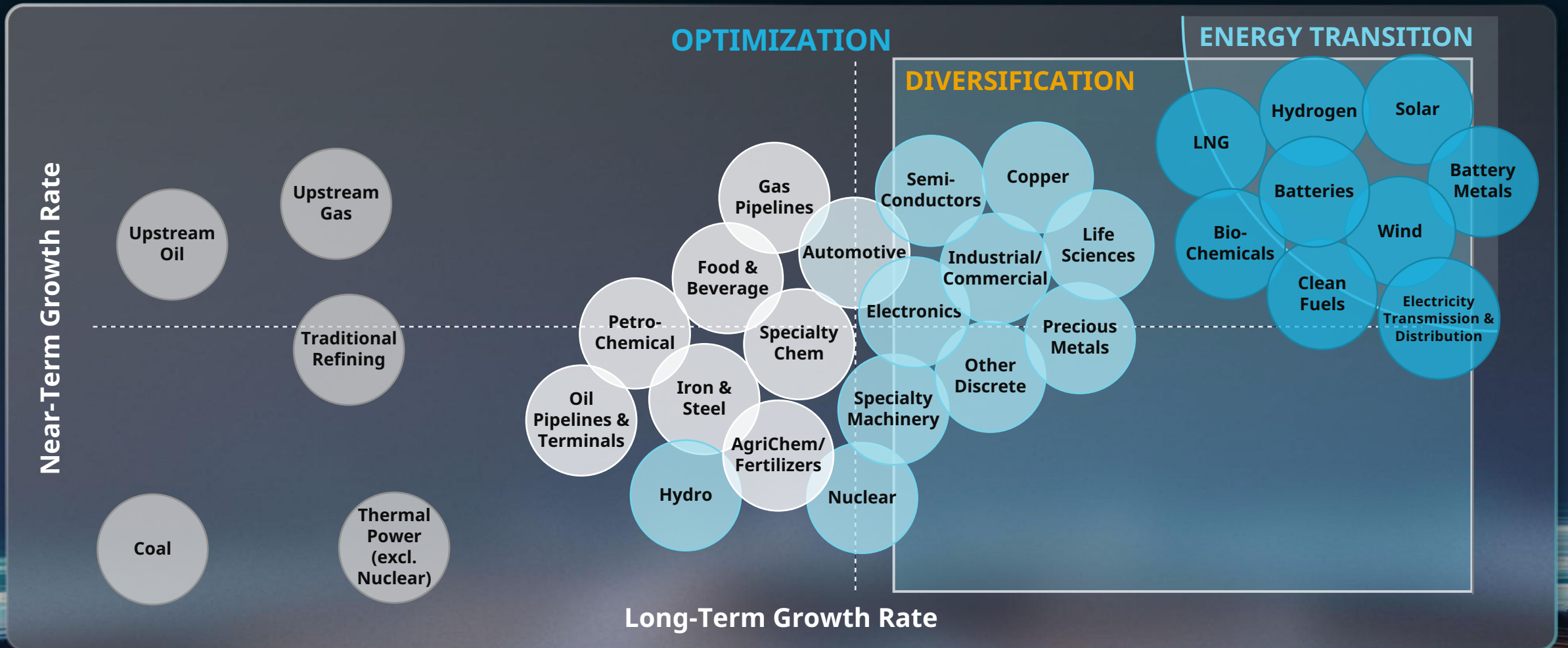


New Processes & Performance Metrics



Big-Bet Technology Programs

# Growth Platforms Are Aligned With Shifting Customer Needs





# ~30% Of Sales Are Aligned To Three Key Growth Platforms



## Equipping The ENERGY TRANSITION

2022 Sales: \$0.8B



2022 TAM



Market Growth

## Advancing INDUSTRIAL SOFTWARE

2022 Sales: \$1.8B



2022 TAM



Market Growth

## Scaling In PRIORITY DISCRETE & HYBRID MARKETS

2022 Sales: \$1.8B



2022 TAM



Market Growth

Note: all numbers represent 2022 pro-forma Emerson, including full-year heritage AspenTech, and excluding Micromine and any announced or completed divestitures

# Energy Transition Markets Represent A \$12B TAM Growing Double Digits

## LNG



### HSD

Market Growth



Energy security to drive doubling of gas infrastructure

## NUCLEAR



### MSD

Market Growth



Plant extensions and small-scale new reactors

## RENEWABLES & ENERGY STORAGE



### DD

Market Growth



Build-out of renewable generating capacity

## CLEAN FUELS



### HSD

Market Growth



Conversions of existing refining units

## HYDROGEN



### DD

Market Growth



Power generation, industrial and transportation uses

## CARBON CAPTURE



### DD




Market Growth



Enabling emissions reduction in carbon-based applications

# Automation Technology Is Enabling The Energy Transition

## Automation Opportunity

<b>LNG</b>	<b>LNG</b>	<b>\$10M</b> per MTPA of liquefaction	<b>250</b> MTPA to 2030
	<b>Nuclear</b>	<b>\$40M</b> per reactor	<b>55</b> reactors to 2030
	<b>Renewables &amp; Energy Storage</b>	<b>\$2M</b> per GWh of BESS	<b>250</b> GWh of BESS to 2030
	<b>Clean Fuels</b>	<b>\$7M</b> per 10 kbpd	<b>650</b> kbpd to 2030
<b>H<sub>2</sub></b>	<b>Hydrogen</b>	<b>\$40M</b> per GW	<b>135</b> GW to 2030
<b>CO<sub>2</sub></b>	<b>Carbon Capture</b>	<b>\$7M</b> per MtCO <sub>2</sub>	<b>220</b> MtCO <sub>2</sub> to 2030

**\$800M**

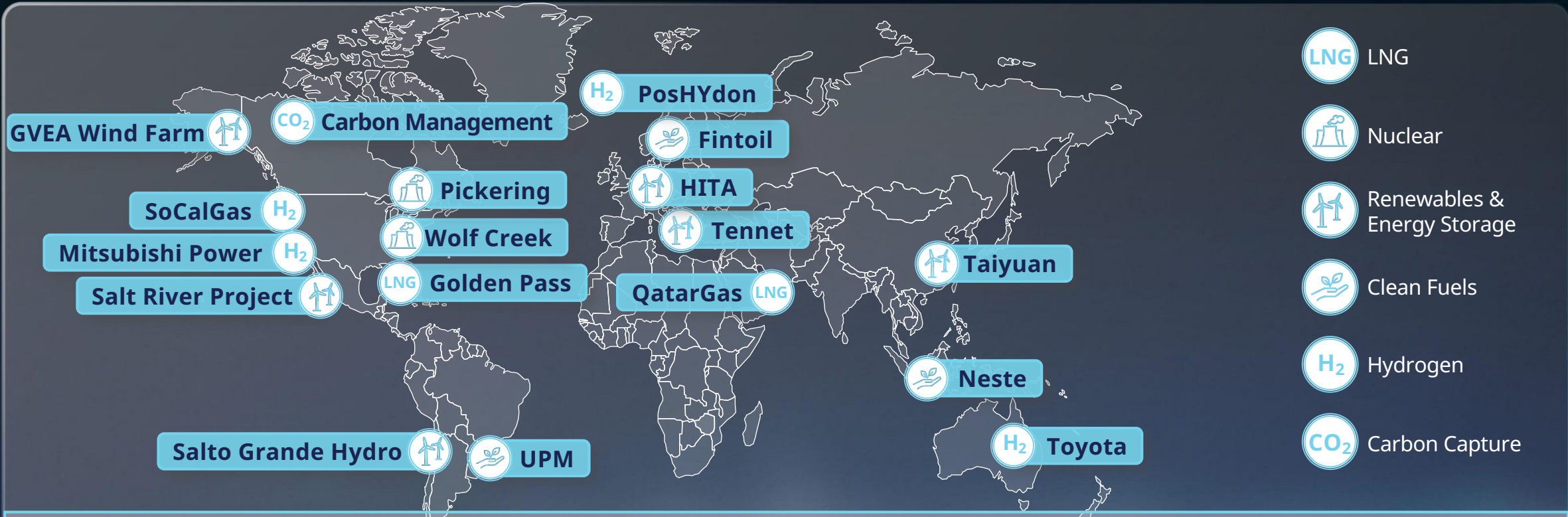
2022 Pro-Forma Sales

**DD**

Sales Growth

Note: pro-forma Emerson includes full-year heritage AspenTech, and excludes Micromine and any announced or completed divestitures

# Leading Partner For Customers' Energy Transition Projects



- LNG
- Nuclear
- Renewables & Energy Storage
- Clean Fuels
- Hydrogen
- Carbon Capture

**~50%**

LNG and hydrogen project win rate

**90%**

Of nuclear reactors use Emerson technology

**60,000**

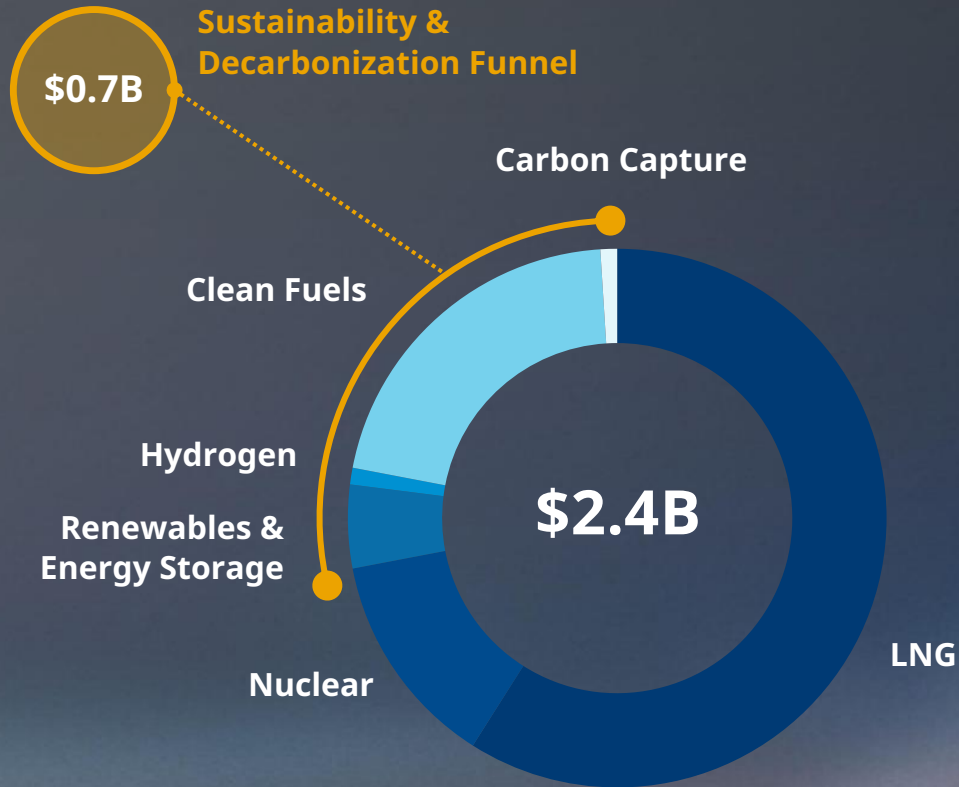
Wind turbines controlled with Emerson systems

**#1**

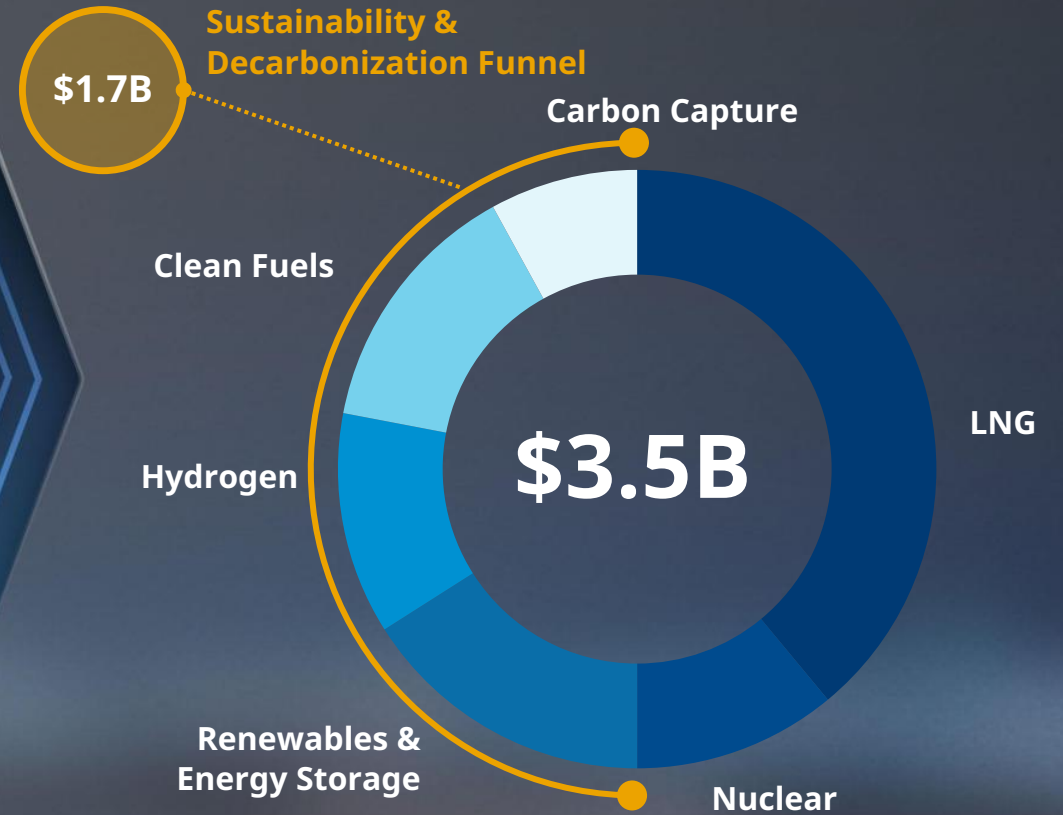
Automation partner for world's largest renewable diesel facility

# Energy Transition Funnel Is Rapidly Expanding

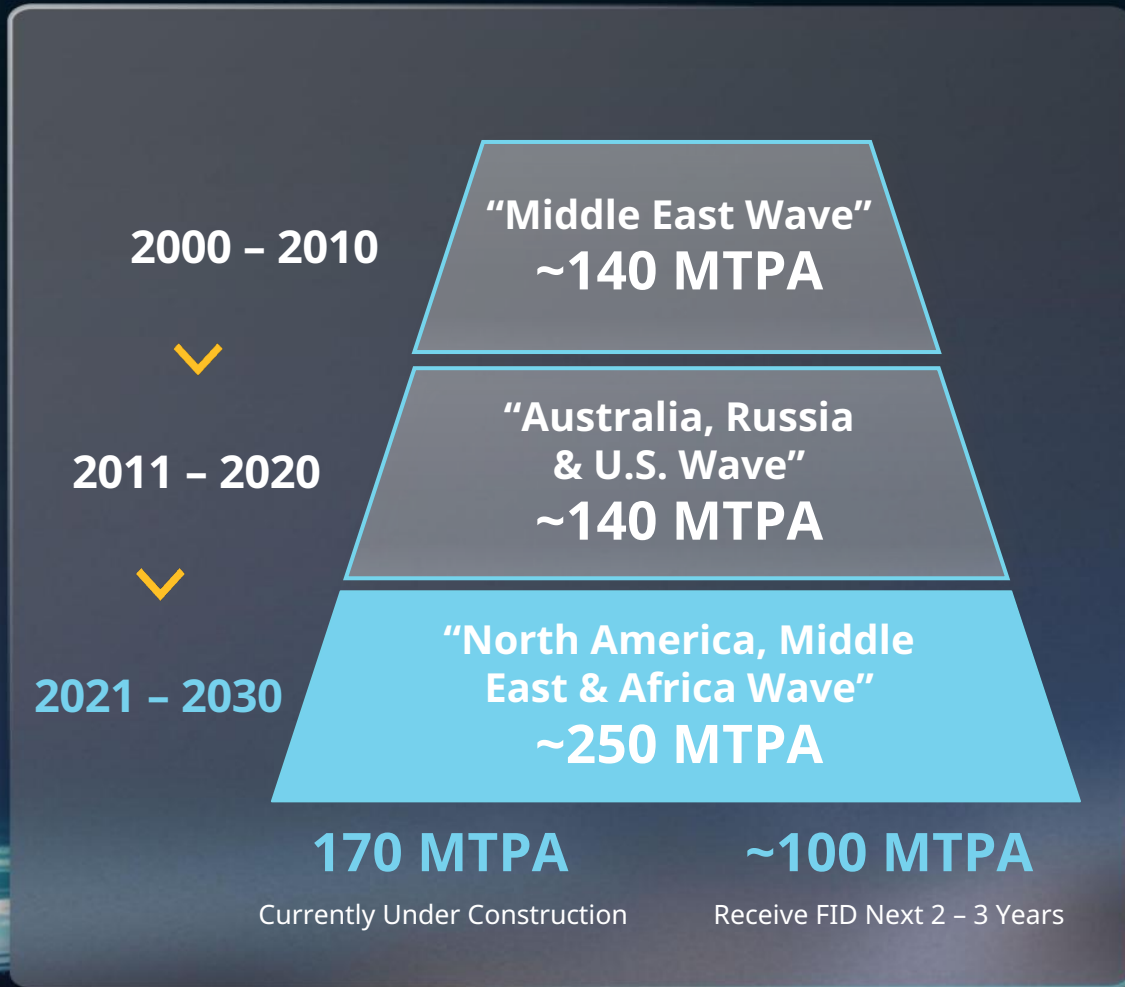
November 2021



November 2022



# European Energy Crisis Is Accelerating The Third Wave Of LNG



**\$10 MILLION**

Typical Project Opportunity  
(per 1 MTPA Liquefaction)



**\$4 MILLION**

Typical Project Opportunity  
(per Carrier)











**\$3 MILLION**

Typical Project Opportunity  
(per 1 MTPA Regasification)



# Current Portfolio Is Positioned To Win In Hydrogen

<b>Software</b>	 Electrolysis Design	 Production Optimization	 Hydrogen Supply Chain Design
<b>Control</b>	 PLC / IPC		 Control Systems
<b>Intelligent Devices</b>	 Hydrogen Valves	 Hydrogen Instrumentation	 Hydrogen Flow Control

## We Are Building A Strong Foundation...

**50%** Greenfield project win rate

**130** Hydrogen products launched



Automation partner for world's largest green H<sub>2</sub> production and storage facility



## ...To Capture Future Investments

**460** H<sub>2</sub> projects under development

**135 GW** Expected to be online by 2030

**\$40M** Automation opportunity per GW

# Industrial Software Enables Customers To Address The Dual Challenge

## EXPANDED PRODUCTION



Meet the increasing demand for resources through expanded production and throughput

## SUSTAINABILITY INITIATIVES



Decarbonize existing assets through energy efficiency and emissions reduction while transitioning to new energy markets

ENABLED BY

## INDUSTRIAL SOFTWARE



ENERGY



CHEMICAL



HYDROGEN



CLEAN FUELS



LIFE SCIENCES



POWER



METALS & MINING



DISCRETE

\$35B

Total Addressable Market

HSD-LDD

Market Growth

2x

Industrial Software Growth Over PP&E



# Emerson, With AspenTech, Has A Leading Industrial Software Portfolio



## FULL SOLUTION ACROSS CUSTOMER LIFECYCLE

### Collect, Analyze & Visualize



Information Management



Enterprise Analytics



Digital Twins



AI Models

### Design



Process Design



Simulation



Engineering



Operator Training

### Operate



Advanced Control



Optimization



Supply Chain



Control Software

### Maintain



Reliability



Asset Performance



Multivariate Analysis



Diagnostics

\$1.8B

2022 Pro-Forma Sales

\$1.0B

2022 Pro-Forma ACV

13%

Software % Of Total Sales

Note: all numbers represent 2022 pro-forma Emerson including full-year heritage AspenTech and excluding Micromine and any announced or completed divestitures; for annual contract value (ACV) definition, please refer to endnotes

# Synergy Opportunities Are On Plan



# Cross-Selling Opportunities In Two Domains

## Customer Whitespace

1

Utilizing Emerson's installed base and sales channel to expand AspenTech's reach

**70%** Of Emerson control systems do not have AspenTech software

**9K** Emerson systems and software in life sciences and power

**14K** Emerson machinery and device health systems

**5** Market expansion opportunities: China, India, Germany, Qatar / Kuwait, Southern Cone

**REVENUE  
SYNERGIES**

2

## Greenfield Projects

Joint pursuits with differentiated solutions in intelligent devices, control systems and software

Emerson large project funnel **\$7B**

Active projects **460**

Emerson salespeople actively selling AspenTech software **1K+**

Emerson energy transition funnel **\$3.5B**

# Robust Incremental Opportunity Funnel Leading To Early Successes

## Customer Whitespace

Competitive displacement for combined cycle power plant



**North America Power Generation**

Information management system for waste-to-energy



**Asia Waste-To-Energy**

Process simulation on Ovation control system



**North America Power Generation**

## Greenfield Projects



## Greenfield Projects

**North America Biorefinery**

Process simulation for first of 5 renewable fuel and biodiesel sites



**North America Chemical**

Digitalization program for greenfield chemical facility



**North America Plastics Recycling**

Capital cost estimator for born digital strategy



# Industrial Software Business Primed For Strong Growth And Profitability



Industrial software market increasingly critical to customer operations

Emerson, with AspenTech, is a global industrial software leader

Joint selling and technology investments driving synergy realization

Scaling capabilities through acquisitions (Fluxa, Micromine, inmation)

## Rule Of 55


10%+

ACV growth

45%

Adjusted EBITA Margins

# \$1.8B Of Sales In Prioritized Diversification Markets



## Factory Automation

<b>\$80B</b>	<b>MSD</b>
Total Addressable Market	Market Growth

- Specialty Machinery
- Electronics & Semiconductor
- Battery Manufacturing

**\$900M**  
2022 Sales



## Life Sciences

<b>\$7B</b>	<b>MSD</b>
Total Addressable Market	Market Growth

- Continuous Manufacturing
- Personalized Medicine
- Drug Development Acceleration

**\$450M**  
2022 Sales









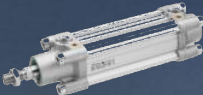

## Metals & Mining

<b>\$10B</b>	<b>MSD</b>
Total Addressable Market	Market Growth

- Decarbonization
- Reshoring
- Electrification (Battery Metals)

**\$450M**  
2022 Sales

# Strong Foundation In Factory Automation Built On Strategic Acquisitions

<b>Software</b>	   <p>SCADA      HMI Software      Energy Management System</p>
<b>Control</b>	 <p>PLC / IPC</p>
<b>Intelligent Devices</b>	    <p>Valve Systems      Air Preparation      Actuators      Sensors</p>

## Our Strong Foundation...

**\$25B**

Installed base in factory automation markets

**9**

Of the top 10 semiconductor manufacturers use Emerson technology

**65%**

Of 2022 electric vehicles were produced using Emerson solutions



## ...Enables Emerson To Capture Future Investments

**\$15M**

Automation opportunity per semiconductor fab

**\$1M**

Automation opportunity per 1 GWh EV battery manufacturing

**2,000**

GWh of EV battery manufacturing announced

# Floor To Cloud Capabilities In Factory Automation Through Disciplined Investment

## CLOUD

**MOVICON™**  
(Progea - acquired 2020)



**Innovation At The Edge  
Has Established A Differentiated  
Emerson Discrete Solution**

## EDGE

**PACSYSTEMS™**  
(GE Intelligent Platforms - acquired 2019)

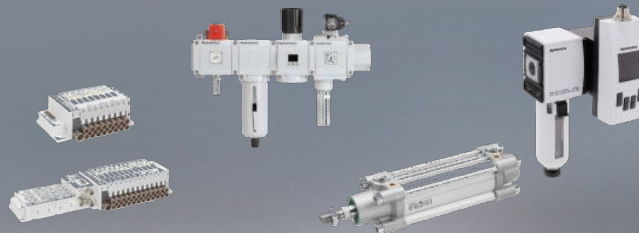


Seamless integration of  
high-speed control, motion,  
HMI and analytics

Simplified logic,  
visualization, programming  
and edge applications










## FLOOR

**AVENTICS™**  
(Acquired 2018)





# Leveraging Control System Strength To Grow Life Sciences

<b>Software</b>	 Multivariate Analysis	 Production Execution	 fluxa Process Knowledge Management	
<b>Control</b>	 PLC / IPC	 Control Systems		
<b>Intelligent Devices</b>	 Single-Use Devices	 Fluid Control	 Hygienic Instrumentation	 Valves

## Our Strong Foundation...

75%

Of Western COVID vaccines developed use Emerson automation and software

4K

Systems and software installed base in life sciences



24

Of the top 25 life sciences companies use Emerson technology



## ...Enables Emerson To Capture Future Investments

30%

Increase in life sciences projects since 2020 with expansion outside traditional regions









\$1B

Active new project pursuits

\$50M

Opportunity in large-scale projects

# Metals & Mining Growth Enabled By Expanded Scope

Software	 micromine origin 3D Modeling	 micromine beyond Design & Optimization	 micromine alastri Planning & Scheduling
Control	 PLC / IPC		 Machinery Health
Intelligent Devices	 Valves	 Wireless Devices	 Vibration Monitoring

## Our Strong Foundation...

- \$4B** Installed base in metals & mining
- 2,000+** Customer sites in all major regions
- 800+** Global customers across all commodities



## ...Enables Emerson To Capture Future Investments

- \$300M** Active project pursuits
- 15%** Growth in lithium demand to 2025
- 2x** Copper demand to double to 2035

Note: AspenTech acquisition of Micromine pending

# Directing Resources And Spend To High-Potential Opportunities

## Growth Platforms

Winning in long-term growth markets supported by macro tailwinds



## Breakthrough Innovation

Systematic innovation and new offerings addressing large, growing markets



Energy Transition



Industrial Software



Priority Discrete & Hybrid Markets



Market Disruption Opportunities



New Processes & Performance Metrics



Big-Bet Technology Programs

# Emerson Has Transformed The Process Automation Landscape



## Disruptive Advances In Innovation

Analog



Digital

Centralized Control



Control In The Field

Proprietary Technology



Off-The-Shelf Technology

Reactive Maintenance



Performance Diagnostics

## Leadership Throughout The Technology Stack

Software

19/20 top energy companies  
20/20 top chemical companies

Control Systems

16K control systems  
14K machinery / device health systems

Intelligent Devices

3M+ digital valve controller units  
10M+ 3051 transmitters

\$130B

Installed Base

BREAKTHROUGH INNOVATION

# Self-Optimizing Plant Is The Next Frontier For Automation Disruption



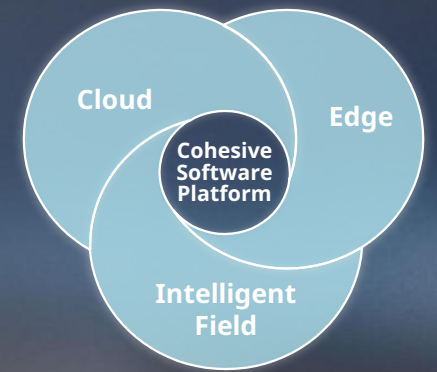
**ANALOG CONTROL**



**DIGITALLY CONNECTED PLANT**



Cloud  
Novel Sensing  
Artificial Intelligence  
Machine Learning  
State-Based Control  
Hyper-Converged Infrastructure  
Adaptive Processing  
Virtualization



# Revamping Emerson Innovation Process Under Chief Technology Officer

## INNOVATION STRATEGY



Portfolio Strategy



Technology Roadmaps

## INNOVATION LEADERSHIP & TALENT



Training & Development



Organization



## INNOVATION PATHWAYS



Capabilities Assessment



Scaling Enablers

## INNOVATION APPROACH



NPD 4.0 & SAFe



Business Model

# Revamped Process And Increased Innovation Spend Will Result In Higher Vitality



## SOFTWARE

**15%+**

RD&E Spend % Of Sales



**100%**

New Product Vitality Target



## CONTROL

**10%+**

RD&E Spend % Of Sales



**75%**

New Product Vitality Target



## INTELLIGENT DEVICES

**~4%**

RD&E Spend % Of Sales

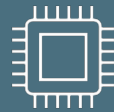


**10%**

New Product Vitality Target

# Breakthrough Innovations Targeted In Four Critical Technology Areas

High-margin  
core products  
with reoccurring  
revenue elements



## Disruptive Measurement Technologies

Next-gen pressure  
and Coriolis  
Radar-on-a-chip  
Industrial IoT and  
SaaS solutions



## Software-Defined Automation Systems

Software-defined control  
OT edge and secure by design  
Hyperconverged  
Cloud-native applications  
Enterprise operations

Dramatic shift  
to software-  
defined enterprise  
operations platform



High-value recurring  
software that  
transforms enterprise  
asset management



## Self-Optimizing Asset Software

Asset performance management  
Hybrid artificial intelligence  
Field-to-enterprise visibility  
Autonomous operations



## Sustainability

Hydrogen portfolio  
Optimization software  
Electric actuation  
Low-emission valves  
Emissions measurement

Sustainable  
technology solutions  
to help customers  
address the  
dual challenge





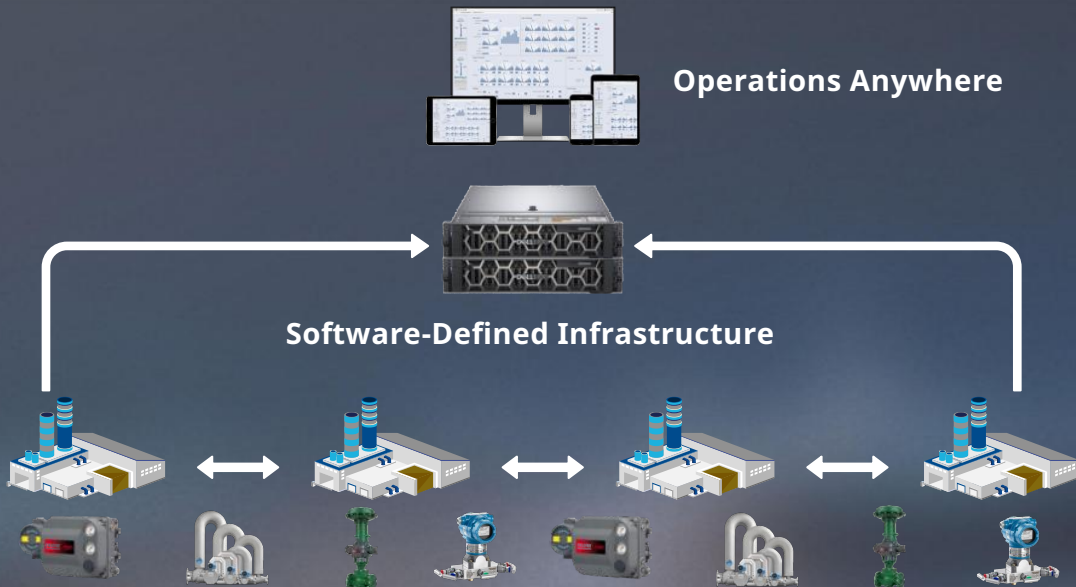
BREAKTHROUGH INNOVATION

# Leading The Way To Tomorrow's Automation Architecture

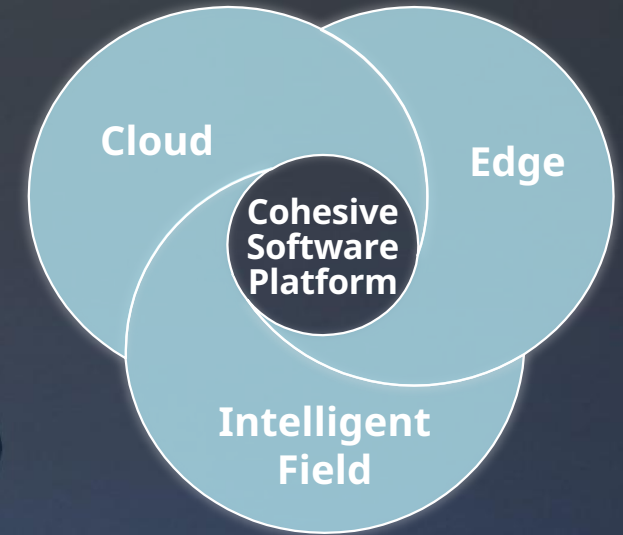
CLOUD



EDGE



FIELD



Software Defined  
Data Centric  
Cloud Enabled  
Enterprise Operations  
Secure By Design

# Emerson *In Motion*

...Focusing our resources to accelerate organic growth

...Investing in three Growth Platforms – long-term growth markets supported by macro tailwinds

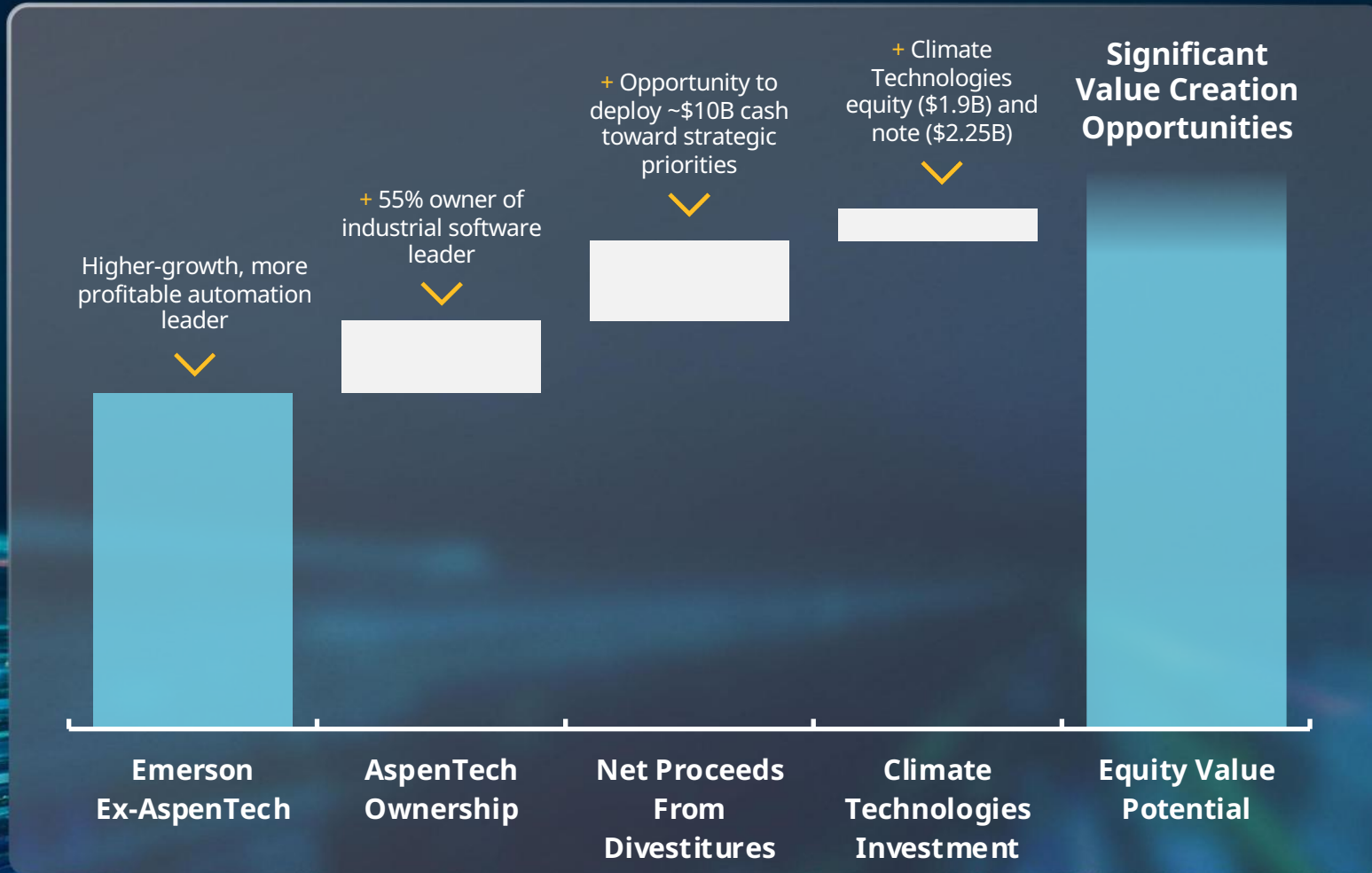
...Increasing innovation spend and rigor to drive systematic innovation and new offerings

FRANK DELLAQUILA | CHIEF FINANCIAL OFFICER

# Unlocking Value



# Significant Value Creation For Emerson Shareholders



## Global Automation Leader

Metrics compare favorably to automation peers

- 4-7% Through-The-Cycle Underlying Growth
- 23% Adjusted Segment EBITA Margins
- ~100% Free Cash Flow Conversion
- 13% Software % Of Sales

Note: adjusted segment EBITA margin and software % of sales represent 2022 pro-forma Emerson including full-year heritage AspenTech and excluding Micromine and any announced or completed divestitures

# Well Positioned To Achieve Value Creation Objectives

## Organic Growth



**Growth Platforms**  
winning in long-term growth markets supported by macro tailwinds

**Breakthrough Innovation**  
systematic innovation and new offerings addressing large growing markets

## Portfolio Management



**Cohesive Portfolio**  
strategically creating a cohesive higher-growth automation leader

**Attractive Adjacencies**  
pursuing high-growth, large adjacencies across diverse end markets

## Operational Excellence



**Operational Execution**  
operational execution is a hallmark of Emerson and will continue to be

**Cost Actions**  
decisive cost actions have driven leading margins and we are pursuing opportunities to reduce costs

**4% – 7%**

Through-The-Cycle Organic Growth



**~35%**

Incremental Margins



**Double-Digit**

Adjusted EPS Growth



**~100%**

Free Cash Flow Conversion

# Value Creation Framework To Deliver 4 To 7% Organic Growth At Accretive Margins

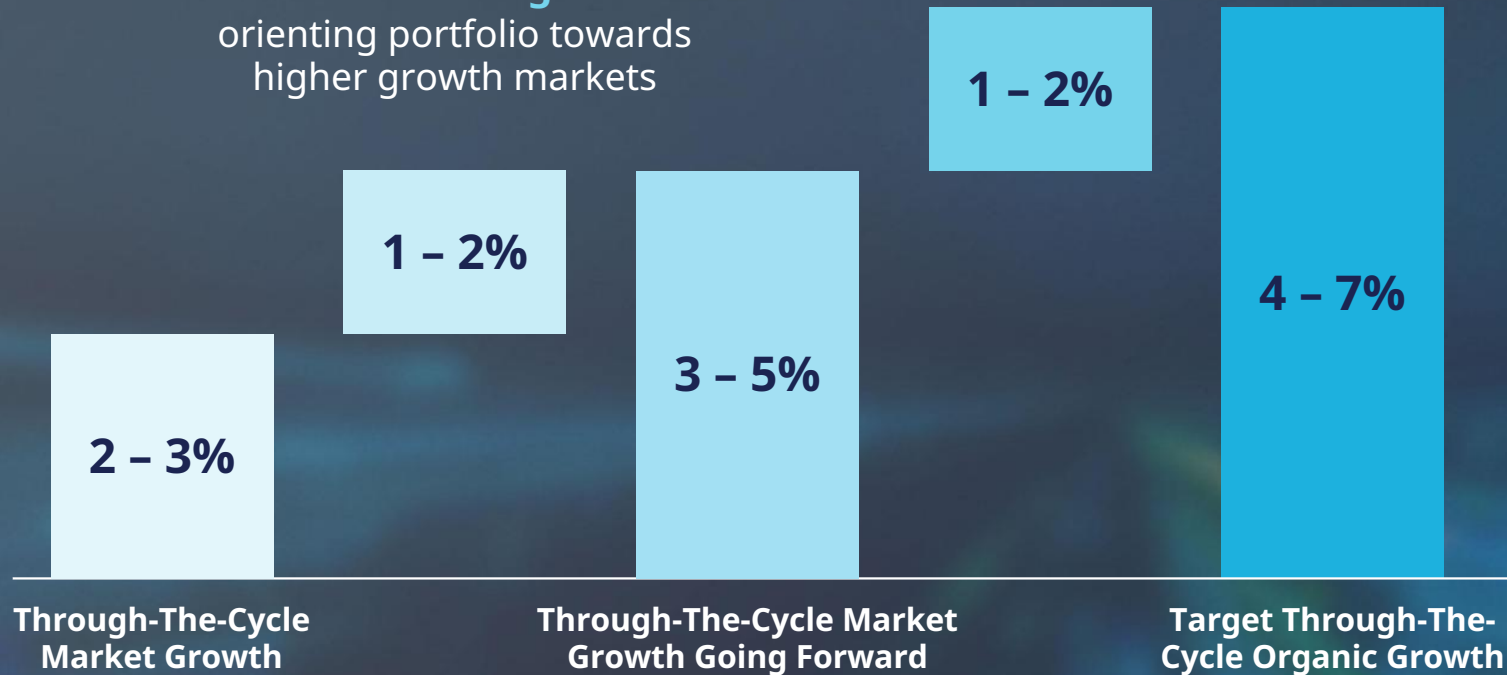
**Organic Growth Initiatives**  
winning in growth platforms  
and accelerating innovation

**Portfolio Management**  
orienting portfolio towards  
higher growth markets

**Operational  
Excellence**

~35%  
Incremental Margins

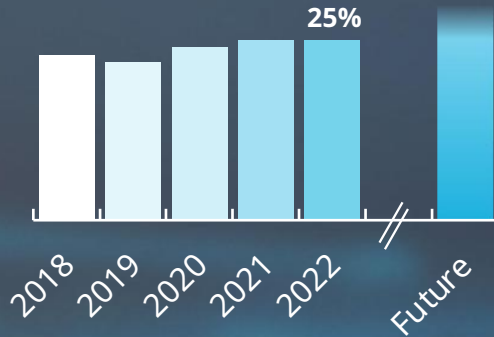
~100%  
Free Cash Flow  
Conversion



# Multiple Levers For Improved Through-The-Cycle Growth

**25%**

New Product Vitality

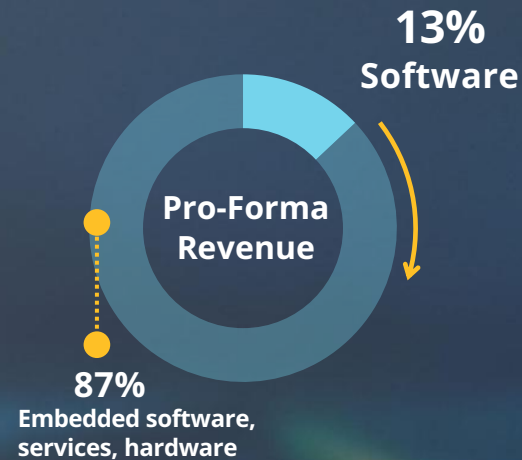


Revamped innovation process

Disruptive technologies

**13%**

Software % Of Sales

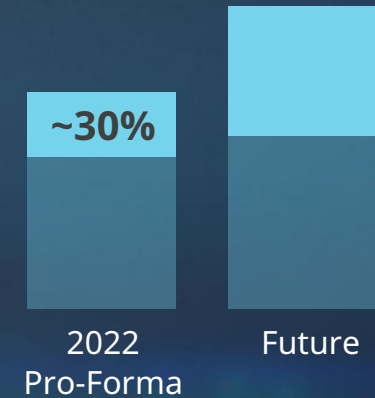


Higher-growth software

\$1.0B of ACV growing double digits

**~30%**

Growth Platforms % Of Sales



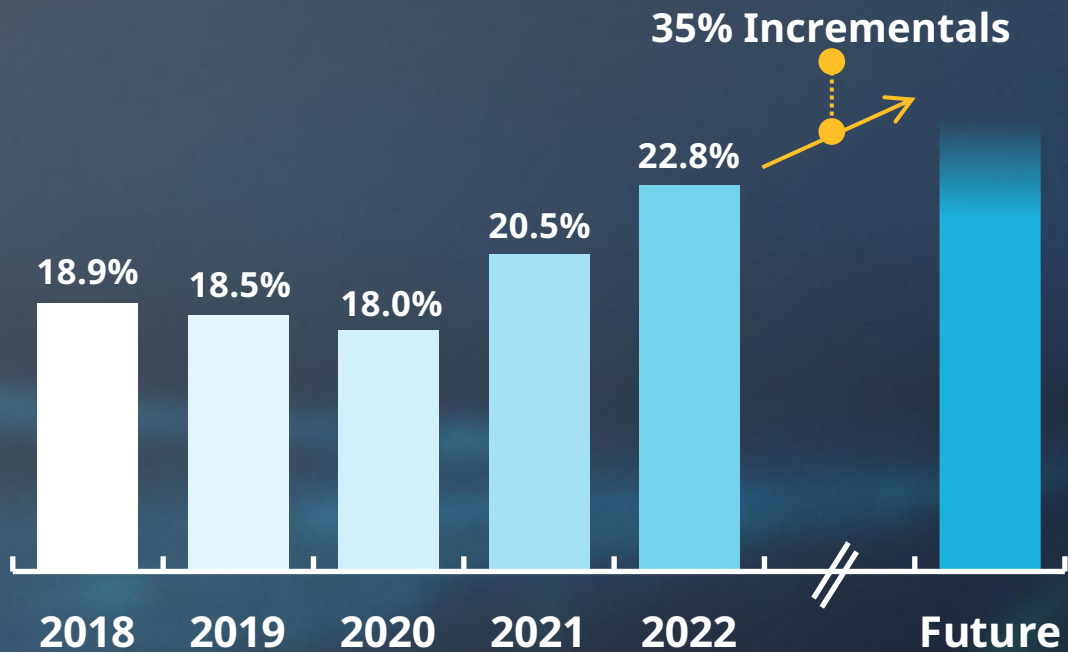
Growing ~10%

Sales tied to secular growth trends

Note: pro-forma Emerson includes full-year heritage AspenTech and excludes Micromine and any announced or completed divestitures

# Runway For Further Margin Expansion

## Adjusted Segment EBITA %



### Factory Automation

~\$50M annualized savings opportunity  
6 lighthouse sites in 2023



### Best Cost / Regionalization

~80% of spend regionalized  
~60% best cost direct labor head count



### Price / Cost

Price as a key lever  
Material containment and supply excellence



### Ongoing Cost Savings

Streamline corporate and platform costs  
Ongoing restructuring / productivity



### Portfolio Transformation Benefits

Higher-margin software  
Recurring revenue / subscription models





# Committed To Disciplined Capital Allocation



## Organic Growth

Accelerating innovation through new processes and focus on breakthrough technologies

RD&E: 6%+ of sales; Capex: ~2% of sales



## Strategic Acquisitions

Strategic acquisitions to strengthen automation portfolio and diversify end markets

Expected cash-on-cash returns > risk adjusted cost of capital by year 5



## Dividend

Dividend increase a priority

Starting 67<sup>th</sup> consecutive year of increases



## Share Repurchase

Offset dilution / opportunistic

Expect ~\$2B in 2023

# Disciplined Criteria And A Clear Roadmap For Evaluating Acquisitions

## Strategic Discipline

Aligned with core automation business

Proactive identification within 4 targeted markets

Diversifying end-market exposure



Acquisitions strengthen cohesive portfolio serving diverse end markets

## Financial Discipline

Accretive to growth

Accretive margins

Expected cash-on-cash returns > risk adjusted cost of capital by year 5



Acquisitions must be additive to core business financials

## Integration Discipline

Dedicated corporate-led integration management office

Defined and tracked synergies

Operational excellence applied through Emerson Management System



Focus on delivering shareholder value through multiple levers

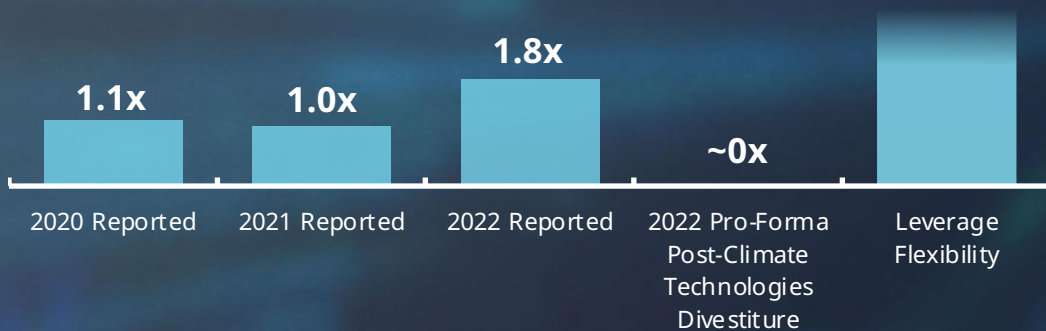
# Strong Balance Sheet Provides M&A Capacity

## Available Proceeds

Pro-Forma Post-Climate Technologies Divestiture



## Net Debt / Adjusted EBITDA



## M&A Capacity

Available Proceeds

Leverage Flexibility

Strong EBITDA Growth

History of Strong Investment-Grade Credit Ratings



S&P

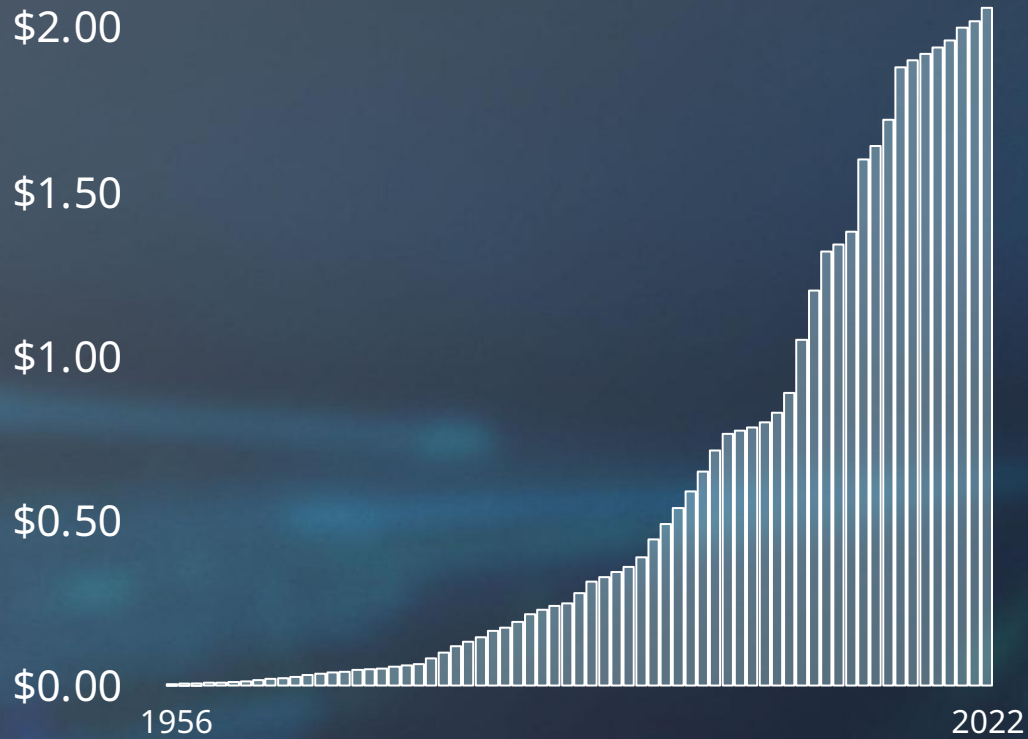


Moody's

Note: pro-forma Emerson includes full-year heritage AspenTech, excludes Micromine and any announced or completed divestitures, excludes restructuring and discrete items, and includes expected divestiture proceeds; Moody's rating under review

# Committed To Returning Cash To Shareholders

66 Consecutive Years Of Dividend Increases



## Priorities Of Cash Return To Shareholders



Dividend increases – entering 67<sup>th</sup> consecutive year



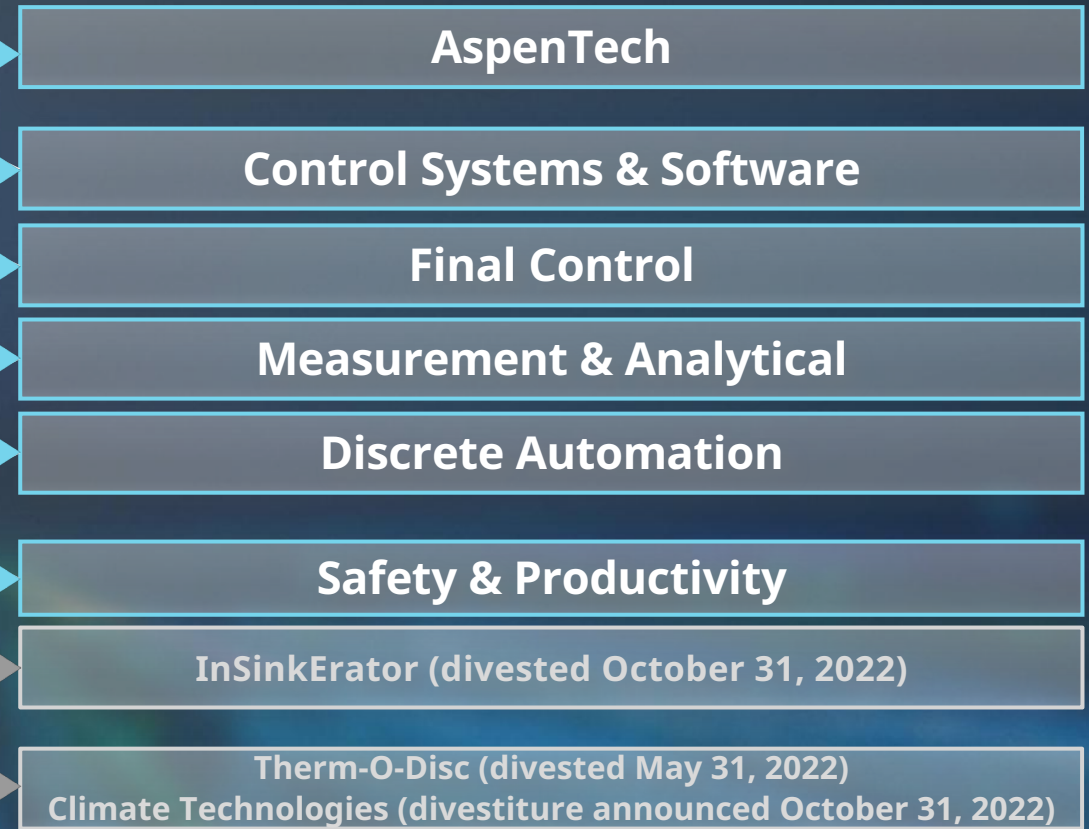
Share repurchase, at a minimum, offsets dilution from incentives

# New 2023 Reporting Segments

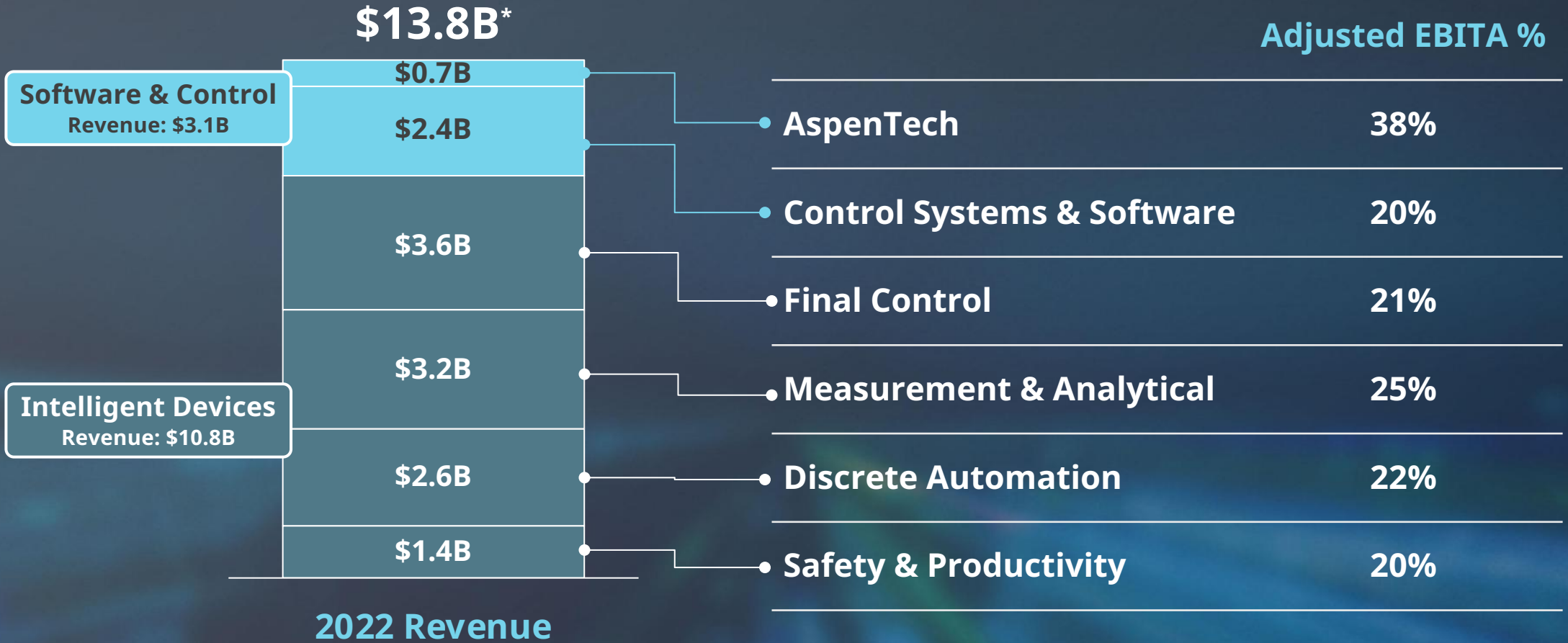
## 2022: FOUR SEGMENTS



## 2023: SIX SEGMENTS



# Market-Leading Segments With Strong Profitability



\*Net of sales eliminations

2023 Guidance<sup>1</sup>

	2023 Q1	2023
<b>Net Sales Growth</b>		
FX	6% – 8%	7% – 9%
Acquisitions	(~6 pts)	(~3.5 pts)
	~6 pts	~4 pts
<b>Underlying Sales Growth</b>	6% – 8%	6.5% – 8.5%
<b>Operating Leverage<sup>2</sup></b>	Mid-to-High-30s	
<b>Adjusted EPS</b>	\$0.85 – \$0.89	\$4.00 – \$4.15
<b>Free Cash Flow Conversion</b>		~100%

## Key Assumptions

Order strength and backlog (\$5.9B) support 2023 sales growth

Tax rate: ~22.5%

~\$2B share repurchase  
~\$1.2B dividend

12% adjusted EPS growth at midpoint of 2023 guidance

## Adjusted EPS excludes:

- PIK interest from seller's note
- Interest on undeployed divestiture proceeds
- 45% share of post-closing results – estimated to be de-minimus due to interest cost & purchase price accounting

<sup>1</sup> Refer to endnotes for 2023 continuing operations details

<sup>2</sup> Excluding AspenTech

# *Emerson In Motion*

...Building strong programs to drive our value creation framework and financial performance

...Investing in growth and disciplined M&A, while continuing to return cash to our shareholders

...Pursuing the highest return opportunities that are in line with our portfolio



## APPENDIX

# Endnotes

**Total Addressable Market (TAM)** and market growth sources throughout the presentation: ARC, RedChalk, S&P Global, Frost & Sullivan, public company reports and presentations, and internal estimates

**Research, Development & Engineering (RD&E)** throughout the presentation includes R&D expense, engineering expense and customer-funded engineering and development

**New Product Vitality** throughout the presentation is defined as the percentage of sales generated from new products introduced in the last 5 years

**Annual Contract Value (ACV)** throughout the presentation is defined as the estimate of the annual value of our portfolio of term license and software maintenance and support contracts

**Operating Leverage**, or **Incremental Margins**, throughout the presentation is defined as the ratio of the change in adjusted segment EBITA for the current period less the prior period, divided by the change in the net sales for the current period less the prior period

**Sustainability Enabling Technologies** is defined as Emerson's technologies which are capable of being utilized for sustainability enabling activities based on the following criteria:

- Energy Efficiency, Resource Efficiency & Emissions Reductions – products or solutions that contribute to improvements or efficiency in energy or resource usage, the optimization of energy usage, or reduction of harmful emissions or contaminant discharges.
- Renewable & Clean Energy – products or solutions that assist in the production of wind, solar, hydro, geothermal, or nuclear power.
- Clean & Low-Carbon Fuels – products or solutions that assist in the production of biofuels, biomass, biochemical, or hydrogen.
- Electrification & Resource Circularity – products or solutions that support energy storage, electricity transmission & distribution, the battery value chain or recycling efforts.

Neutral technologies such as services, enclosures, mechanical devices and buyouts are excluded from sustainability enabling technologies as they do not have a direct impact enabling any of the criteria discussed. Emerson's definition of sustainability enabling technologies is not intended to and does not align to any governmental or other third-party taxonomy or framework.

**Continuing Operations:** Following the announcement of its Climate Technologies divestiture, Emerson will report financial results for Climate Technologies, InSinkErator and Therm-O-Disc as discontinued operations for all periods presented, beginning in 2023. The earnings from discontinued operations for 2023 are expected to be \$10 billion to \$11 billion, or \$17 to \$19 per share, including the net gains on 2023 divestitures. The Company's 2023 continuing operations after the Climate Technologies divestiture (assumed to close March 31, 2023 for the purposes of guidance) will include interest income from the \$2.25 billion note receivable from Climate Technologies and reflect the 45% common equity ownership in the income, or loss, of Climate Technologies. Emerson will not control Climate Technologies post-closing and is therefore unable to estimate the amount of its 45% share of Climate Technologies' post-close results. The Company will exclude the interest income from the note receivable from Climate Technologies and its share of Climate Technologies' operations in its calculation of 2023 adjusted earnings per share. Also excluded from adjusted earnings per share is the interest income on any undeployed net proceeds. The effect of Emerson's 45% share of Climate Technologies is expected to be immaterial to post-closing cash flows. 2023 earnings per share guidance from continuing operations excludes any potential impact from the 45% common equity ownership in Climate Technologies' income or loss post-close. Emerson will not control Climate Technologies post-closing and is therefore unable to estimate the probable significance or impact on our earnings per share results from the 45% share of Climate Technologies' post-close results. Emerson will exclude its 45% share of Climate Technologies' post-close operations from the calculation of its 2023 adjusted earnings per share.

# Non-GAAP Reconciliations

Reconciliations of Non-GAAP measures with the most directly comparable GAAP measure  
(dollars in millions, except per share amounts or where noted)

## 2022 Underlying Sales Change

	Emerson
Reported (GAAP)	8%
(Favorable) / Unfavorable FX	2%
Acquisitions	(2)%
Divestitures	1%
Underlying (Non-GAAP)	9%

## 2023E October 2022 Guidance Underlying Sales Change

	Q1 FY23E	FY23E
Reported (GAAP)	6% - 8%	7% - 9%
(Favorable) / Unfavorable FX	6%	3.5%
Acquisitions / Divestitures	(6)%	(4)%
Underlying (Non-GAAP)	6% - 8%	6.5% - 8.5%

Note: all fiscal year 2023E are figures are approximate, except where range is given.

# Non-GAAP Reconciliations

Reconciliations of Non-GAAP measures with the most directly comparable GAAP measure  
(dollars in millions, except per share amounts or where noted)

## Underlying Sales Change - Continuing Operations

	FY22
Continuing operations (GAAP)	7%
(Favorable) / Unfavorable FX	3%
Acquisitions	(3)%
Divestitures	- %
Underlying (Non-GAAP)	7%

## Business Segment Adjusted EBITA - Continuing Operations

	FY21	FY22	Change
Pretax earnings margin reported (GAAP)	16.0%	20.8%	480 bps
Divested businesses	(2.4)%	(3.2)%	(80) bps
Corporate items and interest expense continuing operations, net % of sales	3.4%	1.4%	(200) bps
Restructuring and related costs continuing operations % of sales	1.2%	0.7%	(50) bps
Amortization of intangibles continuing operations % of sales	2.3%	3.1%	80 bps
Adjusted business segment EBITA - continuing operations (Non-GAAP)	20.5%	22.8%	230 bps

## Business Segment Adjusted EBITA - Continuing Operations

	FY18	FY19	FY20
Pretax earnings margin (GAAP)	15.3%	15.6%	13.9%
Divested businesses	(2.9)%	(2.1)%	(2.7)%
Corporate items and interest expense continuing operations, net % of sales	4.8%	2.8%	2.8%
Restructuring and related costs continuing operations % of sales	0.3%	0.5%	2.1%
Amortization of intangibles continuing operations % of sales	1.4%	1.7%	1.9%
Adjusted business segment EBITA - continuing operations (Non-GAAP)	18.9%	18.5%	18.0%

Note: all fiscal year 2023E are figures are approximate, except where range is given.

# Non-GAAP Reconciliations

Reconciliations of Non-GAAP measures with the most directly comparable GAAP measure  
(dollars in millions, except per share amounts or where noted)

## Earnings Per Share

	FY21	FY22	Change
Earnings per share (GAAP)	\$ 3.82	\$ 5.41	42%
Restructuring and related costs	0.24	0.15	(5)%
Amortization of intangibles	0.41	0.48	(2)%
Gain on subordinated interest	-	(0.60)	(13)%
Gain on sale of business	-	(0.72)	(16)%
Russia business exit	-	0.32	7%
Acquisition/divestiture costs and interest on pre-acquisition AspenTech debt	-	0.19	4%
AspenTech Micromine purchase price hedge	-	0.04	1%
Investment-related gains	(0.03)	(0.02)	-%
OSI purchase accounting	0.07	-	(2)%
Adjusted earnings per share (Non-GAAP)	\$ 4.51	\$ 5.25	16%

## Earnings Per Share - Continuing Operations

	FY21	FY22	Change
Earnings per share continuing operations (GAAP)	\$ 2.35	\$ 3.16	34%
Restructuring and related costs	0.21	0.14	(5)%
Amortization of intangibles	0.38	0.45	5%
Gain on subordinated interest	-	(0.60)	(45)%
Russia business exit	-	0.32	24%
Acquisition/divestiture costs and interest on pre-acquisition AspenTech debt	-	0.15	11%
AspenTech Micromine purchase price hedge	-	0.04	3%
Investment-related gains	-	(0.02)	(1)%
OSI purchase accounting	0.07	-	(5)%
Adjusted earnings per share continuing operations (Non-GAAP)	\$ 3.01	\$ 3.64	21%

Note: all fiscal year 2023E are figures are approximate, except where range is given.

# Non-GAAP Reconciliations

Reconciliations of Non-GAAP measures with the most directly comparable GAAP measure  
(dollars in millions, except per share amounts or where noted)

## Earnings Per Share

	Q1 FY23E October Guidance	FY23E October Guidance
Earnings per share (GAAP)	\$0.67 - \$0.71	\$3.51 - \$3.66
Restructuring and related costs	0.03	0.13
Amortization of intangibles	0.15	0.61
Interest on note receivable from Climate Technologies	-	(0.10)
Interest income on undeployed proceeds	-	(0.15)
Adjusted earnings per share (Non-GAAP)	\$0.85 - \$0.89	\$4.00 - \$4.15

## Earnings Per Share Growth - Continuing Operations

	FY23 EPS Growth Midpoint
Earnings per share (GAAP)	14%
Restructuring & related costs	(1)%
Amortization of intangibles	2%
Interest on note receivable from Climate Technologies	(2)%
Interest income on undeployed proceeds	(4)%
Gain on subordinated interest	21%
Russia business exit	(12)%
Acquisition/divestiture costs and interest on pre-acquisition AspenTech debt	(5)%
AspenTech Micromine purchase price hedge	(2)%
Investment-related gains	1%
Adjusted earnings per share growth (Non-GAAP)	12%

Note: all fiscal year 2023E are figures are approximate, except where range is given.

# Non-GAAP Reconciliations

Reconciliations of Non-GAAP measures with the most directly comparable GAAP measure  
(dollars in millions, except per share amounts or where noted)

## Business Segment EBITA Margin

	FY21	FY22	Change
Pretax earnings margin (GAAP)	16.0%	20.8%	480 bps
Corp. items and interest expense, net	2.1%	(1.4)%	(350) bps
Restructuring and related costs	1.0%	0.6%	(40) bps
Amortization of intangibles	1.8%	2.3%	50 bps
Adjusted business segment EBITA margin (Non-GAAP)	20.9%	22.3%	140 bps

## 2022 Segment EBITA Margin

	AspenTech	Control Systems & Software	Final Control
Segment EBIT margin (GAAP)	2%	18%	16%
Restructuring and related costs	- %	1%	2%
Amortization of intangibles	36%	1%	3%
Adjusted segment EBITA margin (Non-GAAP)	38%	20%	21%

## 2022 Segment EBITA Margin

	Measurement & Analytical	Discrete Automation	Safety & Productivity
Segment EBIT margin (GAAP)	24%	21%	18%
Restructuring and related costs	- %	- %	- %
Amortization of intangibles	1%	1%	2%
Adjusted segment EBITA margin (Non-GAAP)	25%	22%	20%

Note: all fiscal year 2023E are figures are approximate, except where range is given.

# Non-GAAP Reconciliations

Reconciliations of Non-GAAP measures with the most directly comparable GAAP measure  
(dollars in millions, except per share amounts or where noted)

## Final Control Adjusted EBITA Margin Expansion

	FY18 - FY22
Segment EBIT margin expansion (GAAP)	630 bps
Restructuring and related costs	150 bps
Amortization of intangibles	10 bps
Adjusted segment EBITA margin expansion (Non-GAAP)	790 bps

## Industrial Software Business Adjusted EBITA Margin

Pretax margin (GAAP)	20%
Restructuring and related costs	-%
Amortization of intangibles	25%
Adjusted EBITA margin (Non-GAAP)	45%

Note: all fiscal year 2023E are figures are approximate, except where range is given.

# Non-GAAP Reconciliations

Reconciliations of Non-GAAP measures with the most directly comparable GAAP measure  
(dollars in millions, except per share amounts or where noted)

## Cash Flow to Net Earnings Conversion

	FY22	FY23E Oct Guidance
Operating cash flow to net earnings (GAAP)	90%	~ 120%
Capital expenditures	(16)%	(20)%
Free cash flow to net earnings (Non-GAAP)	74%	~ 100%
Vertiv gain & taxes paid / Therm-O-Disc gain and taxes paid / Russia business exit	24%	
Adjusted free cash flow to net earnings (Non-GAAP)	98%	

## Emerson Pro-Forma Sales

	FY 2022 (\$ in billions)
Emerson reported sales (GAAP)	\$19.6
Acquisitions	0.4
Divestitures	(5.8)
Emerson pro-forma sales (Non-GAAP)	\$14.2

## Emerson Pro-Forma Gross Profit Margin

	FY 2022
Emerson gross profit margin (GAAP)	42%
Acquisitions / divestitures impact	4%
Emerson pro-forma gross profit margin (Non-GAAP)	46%

Note: all fiscal year 2023E are figures are approximate, except where range is given.



# Non-GAAP Reconciliations

Reconciliations of Non-GAAP measures with the most directly comparable GAAP measure  
(dollars in millions, except per share amounts or where noted)

## Energy Transition Pro-Forma Sales

	FY 2022 (\$ in billions)
Reported sales (GAAP)	\$0.8
Acquisitions	0.0
Pro-forma sales (Non-GAAP)	\$0.8

## Industrial Software Pro-Forma Sales

	FY 2022 (\$ in billions)
Reported sales (GAAP)	\$1.4
Acquisitions	0.4
Pro-forma sales (Non-GAAP)	\$1.8

## Priority Discrete & Hybrid Markets Pro-Forma Sales

	FY 2022 (\$ in billions)
Reported sales (GAAP)	\$1.8
Acquisitions	0.0
Pro-forma sales (Non-GAAP)	\$1.8

# Non-GAAP Reconciliations

Reconciliations of Non-GAAP measures with the most directly comparable GAAP measure  
(dollars in millions, except per share amounts or where noted)

## Emerson Pro-Forma Business Segment EBITA

	FY2022
Emerson pretax earnings margin (GAAP)	21%
Divestitures including gain on Therm-O-Disc divestiture	(4)%
Corp. items and interest expense, net	1%
Business segment restructuring and related costs	1%
Business segment amortization of intangibles	4%
Emerson pro-forma adjusted business segment EBITA margin (Non-GAAP)	23%

## Emerson Acquisitions Adjusted Gross Profit Margin

	FY2023E
Acquired businesses gross profit margin (GAAP)	~ 70%
Acquired businesses intangibles amortization	~ 20%
Acquired businesses adjusted gross profit margin (Non-GAAP)	~ 90%

## Emerson Acquisitions Adjusted EBITA

	FY2023E
Acquisitions pretax margin (GAAP)	~ -%
Interest income, net	~ (5)%
Intangibles amortization	~ 55%
Acquired businesses adjusted EBITA margin (Non-GAAP)	~ 50%

## Emerson Divestiture Adjusted EBITA

	FY 2022
Divestitures pretax margin (GAAP)	20%
Restructuring / amortization of intangibles	1%
Divested businesses adjusted EBITA margin (Non-GAAP)	21%

Note: all fiscal year 2023E are figures are approximate, except where range is given.

# Non-GAAP Reconciliations

Reconciliations of Non-GAAP measures with the most directly comparable GAAP measure  
(dollars in millions, except per share amounts or where noted)

## EBITDA Margin

	FY 2022
Pretax margin (GAAP)	20.8%
Interest expense, net	1.0%
Restructuring and related costs	0.6%
Amortization	2.7%
Depreciation expense	2.4%
Gain on sale of Therm-O-Disc	(2.5)%
Gain on subordinated interest	(2.3)%
Russia business exit	0.9%
Acquisition/divestiture costs	0.6%
AspenTech Micromine purchase price hedge	0.3%
Investment-related gains	(0.1)%
Adjusted EBITDA margin (Non-GAAP)	24.4%

## Net Debt to EBITDA

	FY20	FY21	FY22
Net debt / pretax earnings (GAAP)	1.8	2.0	2.1
Interest, depreciation, amortization	(0.6)	(0.9)	(0.5)
Net debt / EBITDA (Non-GAAP)	1.2	1.1	1.6
Restructuring, gain on sale of Therm-O-Disc, gain on sale of subordinated interest, Russia business exit, AspenTech hedging loss, acquisition/divestiture costs, purchasing accounting items, investment-related gains	(0.1)	(0.1)	0.2
Net debt / Adjusted EBITDA (Non-GAAP)	1.1	1.0	1.8
Impact of Climate Technologies divestiture, including proceeds			~ (1.8)
Net debt / Adjusted EBITDA with impact of Climate Technologies divestiture including proceeds (Non-GAAP)			~ 0

Note: all fiscal year 2023E are figures are approximate, except where range is given.