



# Emerson Overview

August 2024



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## Safe Harbor Statement

*Statements in this presentation and our commentary and responses to questions that are not strictly historical may be “forward-looking” statements, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. These risks and uncertainties include the scope, duration and ultimate impacts of the Russia-Ukraine and other global conflicts, as well as economic and currency conditions, market demand, pricing, protection of intellectual property, cybersecurity, tariffs, competitive and technological factors, inflation, among others, as set forth in the Company's most recent Annual Report on Form 10-K and subsequent reports filed with the SEC. The outlook contained herein represents the Company's expectation for its consolidated results, other than as noted herein.*

## 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.*

## Continuing Operations

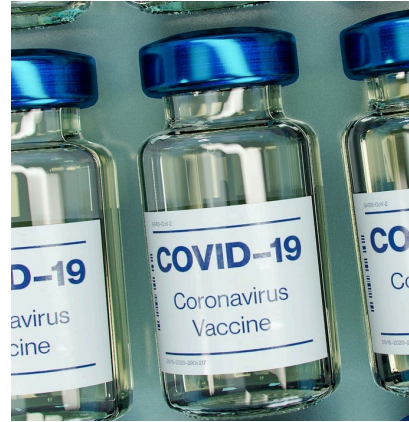
*All financial metrics in this presentation are on a continuing operations basis, unless otherwise noted. Please refer to endnotes for the definition of certain terms used in this presentation.*

# Emerson Overview

# Leading the Future of Automation

Emerson's strong portfolio of technology and software provide innovative automation solutions for the world's essential industries.

## LIFE SCIENCES



**25 of the top 25** life sciences companies use Emerson software, control systems, and intelligent devices

## RENEWABLES & ENERGY STORAGE



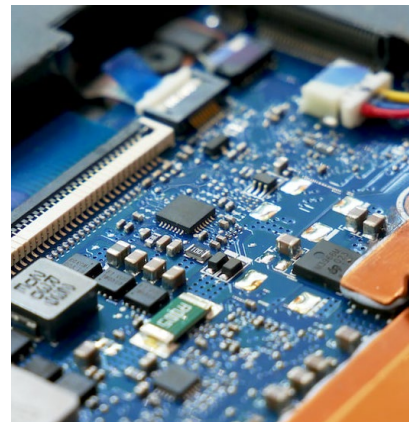
Emerson systems control **60,000** wind turbines globally

## GREEN HYDROGEN



Emerson valves and measurement devices automate **one of the world's largest** green hydrogen facilities

## SEMICONDUCTOR



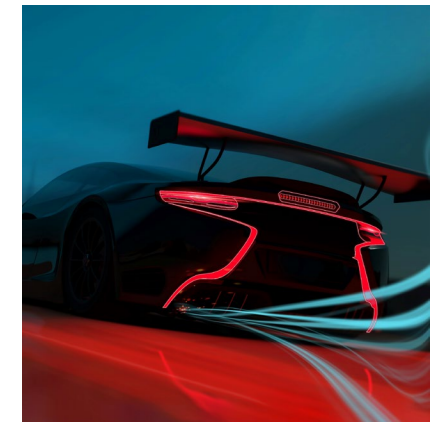
**9 of the top 10** semiconductor manufacturers use Emerson intelligent devices and controls

## POWER GENERATION



**50%** of North America power generation is automated using Emerson control systems and software (20% globally)

## ELECTRIC VEHICLES



**69%** of electric vehicles in 2023 were produced using Emerson technology

# Strong Operational Performance Focused on Value Creation



## Secular Growth Drivers

Differentiated portfolio supporting digital transformation, energy security & affordability, nearshoring and sustainability & decarbonization



## Innovation Opportunities

Wave of new products focused on solving customers' sustainability and digital challenges



## Portfolio Evolution Driving Synergies

Realizing synergies from inorganic investments and recognizing value from cohesive, diversified portfolio



## Operational Excellence

Top-quartile performance and execution driven by Emerson Management System

# Global Automation Leader With Diversified End-Market Exposure

**\$17B**

Net Sales

**>50%**

Gross Profit

**~25%**

Adjusted Segment EBITA

**~13%**

Software % Of Sales

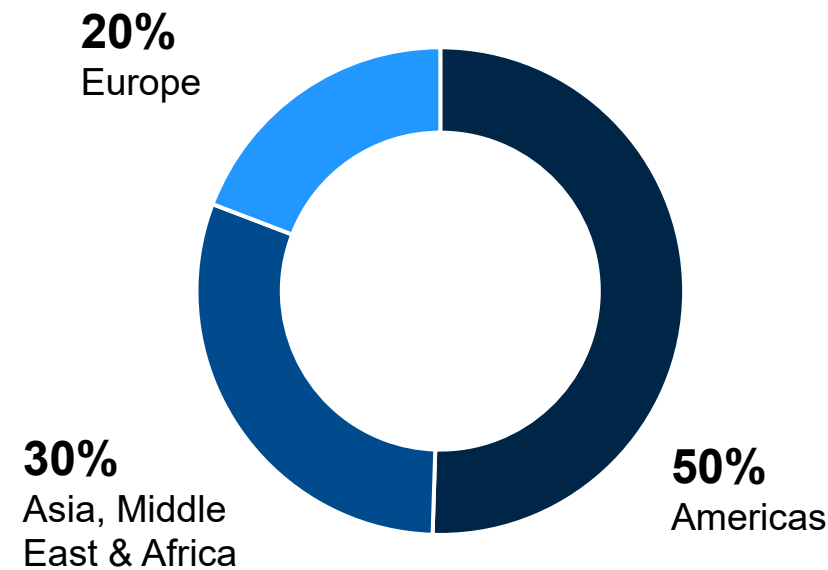
**>60%**

MRO / Recurring Revenue

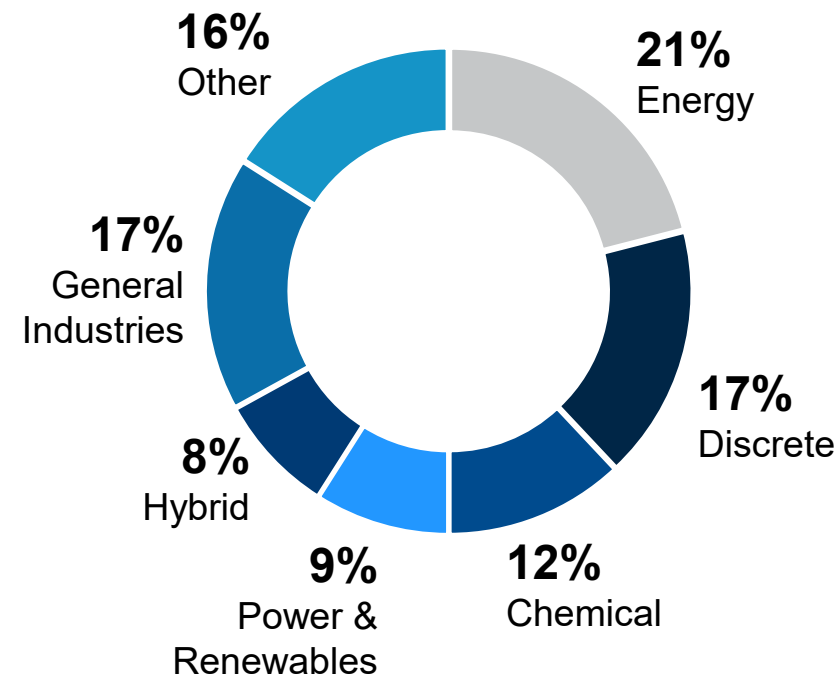
**~\$150B**

Installed Base

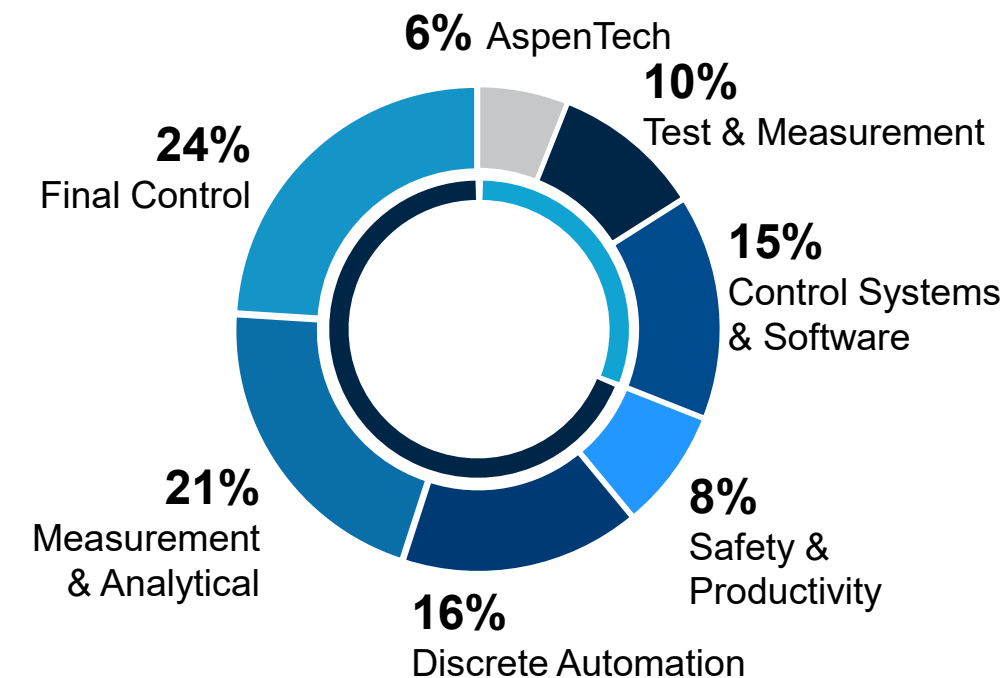
## GEOGRAPHY



## END-MARKET



## SEGMENT



Intelligent Devices    Software & Control

Note: Figures above represent 2023 Emerson as-reported in addition to an annualized NI (Test & Measurement) on an Emerson basis

# World-class Automation Portfolio for Process, Hybrid and Discrete Industries



## OPTIMIZE

*Modeling & AI-Powered software to design, optimize and maintain operations for maximum performance*

## SOFTWARE



## DECIDE

*Control Systems for intuitive and automated plant process control to maximize quality, efficiency and safety*

## CONTROL



## ACT

*Precision Control to ensure safe, responsive operations by controlling flow of liquids and gases*

## INTELLIGENT DEVICES



## SEE

*Sensing & Measurement to measure and collect critical process data to optimize insight and decision making*



# 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

### THROUGH-THE-CYCLE TARGETS

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4 – 7%

Through-The-Cycle Organic Growth

•

~35%

Incremental Margins

•

Double-Digit

Adjusted EPS Growth

•

15 – 18%

Free Cash Flow Margin



# Why Emerson



Leading technology and software portfolio exposed to critical secular trends and attractive growth markets



Track record of strong operational performance and leading margins using differentiated Emerson Management System



History of innovation and market disruptions resulting in market-leading solutions and products



World-class M&A philosophy enables expansion into growth markets and diversification opportunities



Strong balance sheet and clear capital allocation framework including returning capital to shareholders



Resilient and experienced leadership team focused on attracting and retaining the best talent



Differentiated financial framework of 4 – 7% through-the-cycle organic growth, double-digit Adj. EPS growth and 15 – 18% free cash flow margin

# Organic Growth Platforms

# Portfolio Is Aligned to Major Macro Trends Supporting Our Growth Platforms

## SECULAR TRENDS

<p><b>Digital Transformation</b></p> <p><i>Unlocking greater value and improving returns through software and intelligent solutions</i></p>	<p><b>Energy Security &amp; Affordability</b></p> <p><i>Improving the availability of energy sources at an affordable price</i></p>
<p><b>Sustainability &amp; Decarbonization</b></p> <p><i>Decarbonizing existing assets and transitioning to new energy markets</i></p>	<p><b>Nearshoring</b></p> <p><i>Strengthening supply chains and bringing manufacturing nearshore via incremental capital investment</i></p>

## GROWTH PLATFORMS

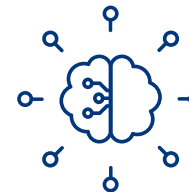
*Expected to grow ~10% through-the-cycle*



### Energy Transition

Leadership in energy transition markets to drive resilient through-the-cycle growth

*LNG, nuclear, hydrogen, clean fuels, renewables, carbon capture*



### Industrial Software

Enable customers to address the dual challenge of production and sustainability through productivity enhancements

*AspenTech, NI, DeltaV*



### Priority Hybrid & Discrete Markets

Accelerate end-market diversification by leveraging strong position in segments poised for continued investment

*Life Sciences, Metals & Mining, Factory Automation*

# Energy Transition Markets Are Critical to Decarbonization and Have a \$12B TAM Growing Double Digits

LNG

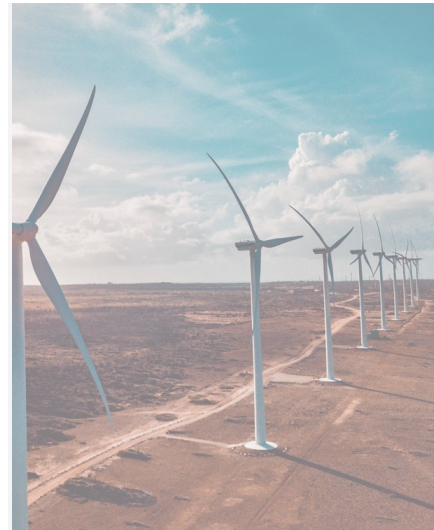
NUCLEAR

RENEWABLES & ENERGY STORAGE

CLEAN FUELS

HYDROGEN

CARBON CAPTURE



Energy security to drive doubling of gas infrastructure

Plant extensions and small-scale new reactors

Build-out of renewable generating capacity

Conversions of existing refining units

Power generation, industrial and transportation uses

Enabling emissions reduction in carbon-based applications



250

55

250

650

135

220

MTPA to 2030

Reactors to 2030

GWh of BESS to 2030

kbpd to 2030

GW to 2030

MtCO<sub>2</sub> to 2030

# Industrial Software Will Play a Critical Role Across All End-Markets

Enables customers to meet increasing demand while decarbonizing and transitioning to new energy markets

Production



Sustainability

World-class portfolio covers the full customer lifecycle



+



DESIGN

OPERATE

MAINTAIN

Process Design  
Simulation  
Engineering  
Operator Training

Advanced Control  
Optimization  
Supply Chain  
Control Software

Reliability  
Asset Performance  
Multivariate Analysis  
Diagnostics

Collect, Analyze and Visualize

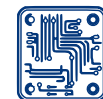
Information Management

Enterprise Analytics

Digital Twins

AI Models

Industrial Software market has reached an inflection point



Edge



Cloud



Hybrid AI

\$35B

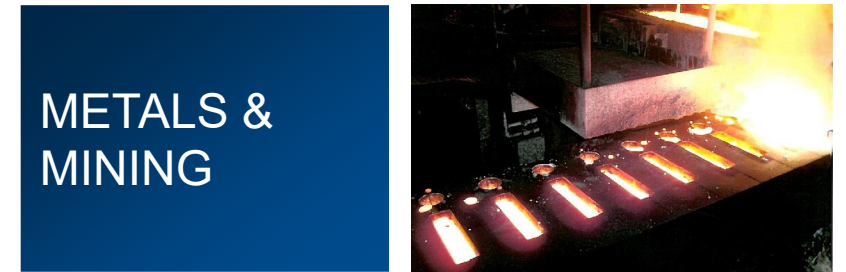
TAM

HSD-LDD

Market Growth

Note: all numbers as of November 2022. Total Addressable Market (TAM) and market growth sources: ARC, RedChalk, S&P Global, Frost & Sullivan, public company reports and presentations and internal estimates


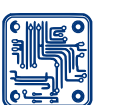

# Differentiated Technology Stack Aligned With Premium Growth in Priority Hybrid & Discrete Markets









**\$80B** TAM  
**MSD** Market Growth

**\$7B** TAM  
**MSD** Market Growth

**\$10B** TAM  
**MSD** Market Growth

-  Specialty Machinery
-  Electronics & Semiconductor
-  Battery Manufacturing

-  Continuous manufacturing
-  Personalized medicine
-  Drug development acceleration

-  Decarbonization
-  Reshoring
-  Electrification (battery metals)

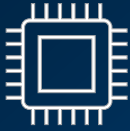
**\$25B** installed base in factory automation markets

**~4K** systems and software installations in Life Sciences facilities

**\$4B** installed base in metals & mining facilities


# Organic Growth Through Breakthrough Innovation in Four Critical Technology Areas

High-margin core products with reoccurring revenue streams



**Disruptive Measurement Technologies**

Next-gen pressure and Coriolis  
Radar-on-a-chip  
Industrial IIoT 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 management

Sustainable technology solutions to help customers address the dual challenge

## RECENT PRODUCT LAUNCHES



Ovation Green Renewables Software



aspenONE V14 – Sustainability Models

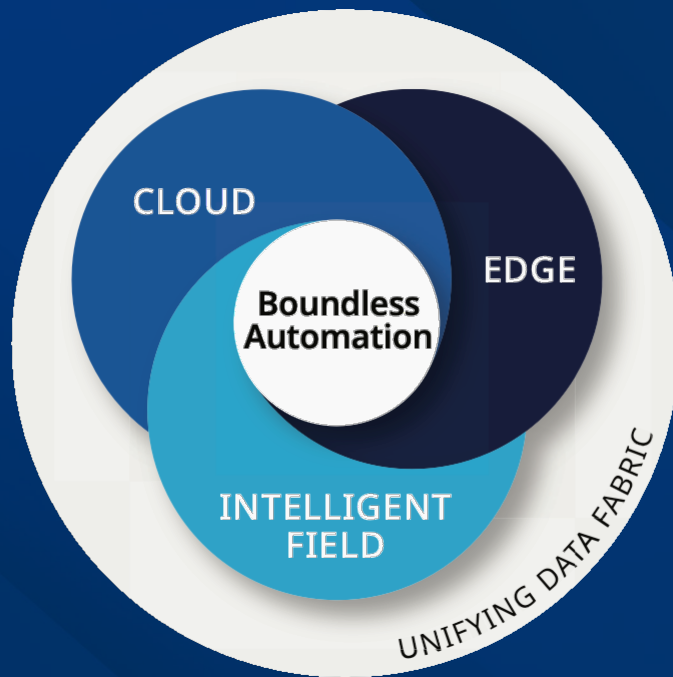


DeltaV Automation Platform & DeltaV Flex System



Compact Coriolis

# The Future of Automation



Liberating data to unleash the power of software for world class performance

## CLOUD

- Powering complex and enterprise operations and engineering
- Unparalleled analytic computing power
- Integrated engineering environment
- Limitless scalability
- On-demand, tailored support

## EDGE

- Unified automation & control software
- Compute power and contextual data closest to its user
- Enables IT / OT collaboration & innovation
- Zero Trust security model

## FIELD

- Easier deployment of advanced sensor technology
- Enhanced onboard analytics
- Portfolio of next-gen wireless devices
- Streamlined connectivity from anywhere

## CLOUD

### Enterprise Operations Platform



Operations Anywhere

### Unifying Data Fabric

## EDGE

Production Reliability Safety Sustainability

### Software-defined Automation

Secure, Modern Computing Environment



IT / OT Synergy

### Unifying Data Fabric

## INTELLIGENT FIELD

Expanded sources, connectivity & applications

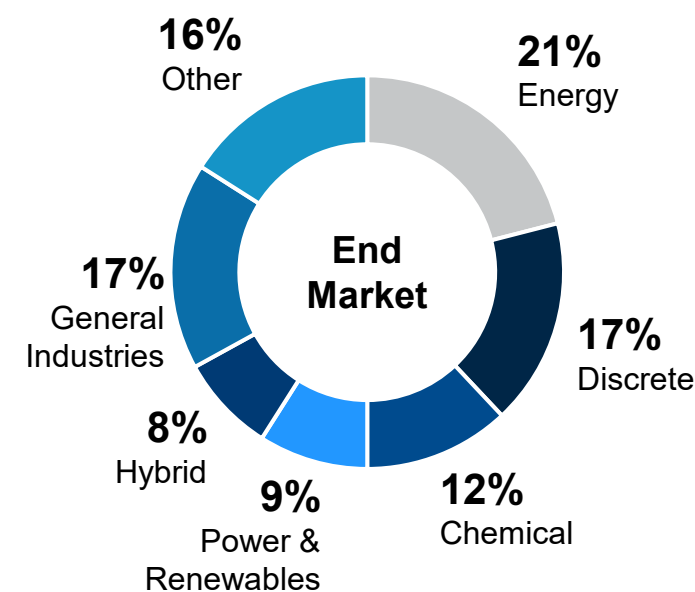
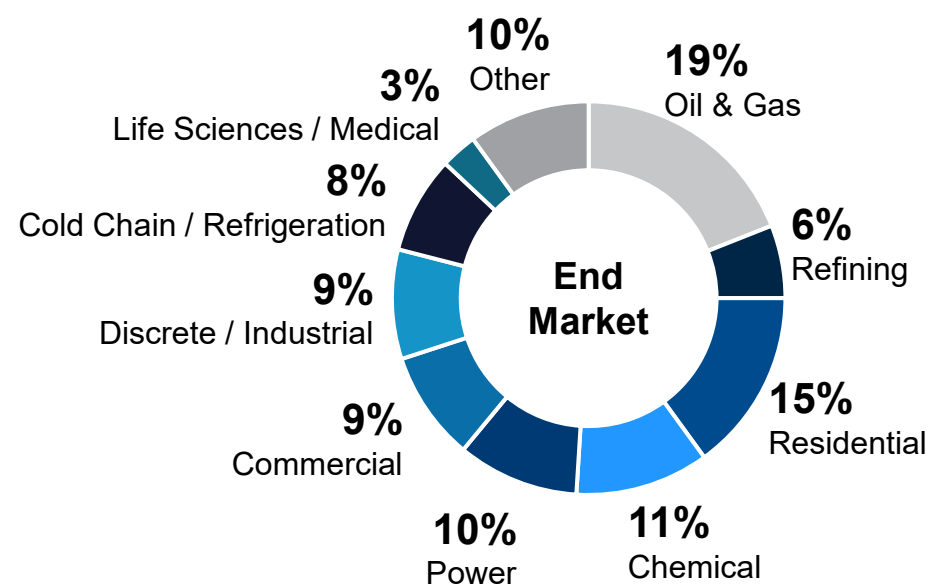




# Portfolio Management

# Emerson's Leading Portfolio Is Poised to Deliver on Long- Term Framework for Value Creation

	Emerson 2020		Emerson 2023
Sales	\$17B	>	~\$17B
Gross Profit Margin	42%	>	>50%
Adjusted Segment EBITA Margin	19%	>	~25%
Software % of Sales	6%	>	~13%



Note: Emerson 2023 is as-reported in addition to an annualized NI on an Emerson basis  
 Note: Emerson 2020 is not reported on a continuing operations basis.

# \$36B in Transactions to Drive a Cohesive, Higher Growth and More Profitable Portfolio

## ACQUISITIONS



~\$18B

Invested in intelligent automation technology and software



### HSD-LDD

Growth Expectations

~75%  
Estimated Adjusted Gross Profit %

~30%  
Estimated Adjusted EBITA %

Growth

Gross Profit

Adjusted EBITA

## DIVESTITURES



~\$18B

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




2%  
Historical Growth (2011-2021)


32%  
2022 Gross Profit %


21%  
2022 Adjusted EBITA %


# Majority Ownership of Industrial Software Leader




 Scale Through M&A: ability to scale with software platform for M&A

 Revenue: customer whitespace and greenfield projects

 Technology: embedded solutions and seamless integration

 Business Model: OSI and SSE subscription transition

 Cost Synergies: optimizing spend from joint R&D and SG&A

## Example Greenfield Synergy Wins

### Chevron Phillips Chemical and QatarEnergy Golden Triangle Polymers

*Emerson and AspenTech selected for world-scale chemical facility*

### Ras Laffan Chemical Complex

*Emerson and AspenTech selected for largest ethane facility in the Middle East*

## Example Whitespace Synergy Wins

### Leading Pulp & Paper Producer

*AspenTech displaced incumbent leveraging Emerson integration and installed base*

\$1.7B

2023 Net Sales

~20%

Software % Of Sales

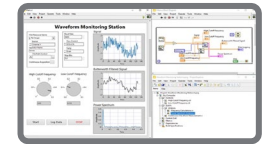
# NI Acquisition Advances Emerson's Global Automation Focus Into Test & Measurement

## Strong Automation Technology

### SOFTWARE

LabVIEW  
Optimal +

TestStand  
FlexLogger



### CONTROL

PXI Controllers  
CompactRIO

CompactDAQ



### INTELLIGENT DEVICES

Oscilloscopes  
RF Generators

Spectrum Analyzers  
Multimeters



## Exposed to Compelling Growth Vectors



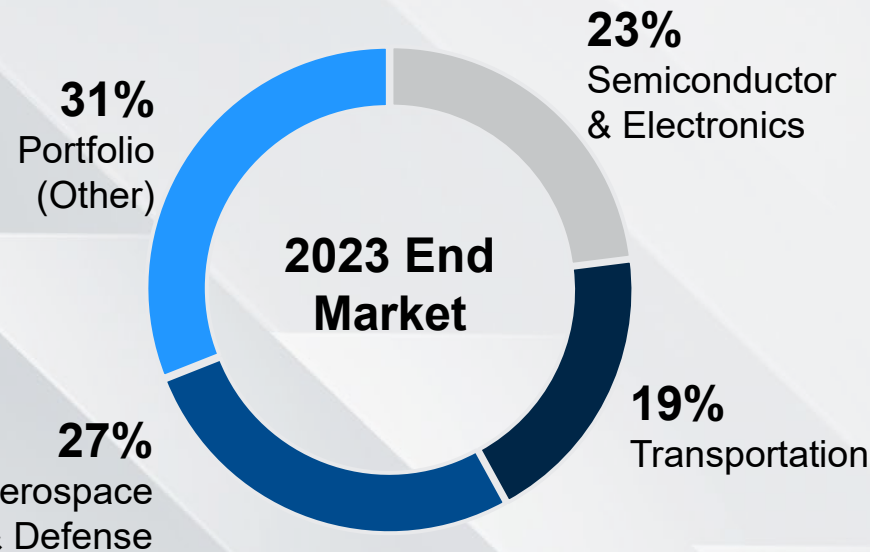
Semiconductor



Electric / Autonomous Vehicles



Cognitive Systems / New Space



### TARGETS

\$185M

Cost synergies by end of year 3

~31%

Adjusted Segment EBITA by year 5

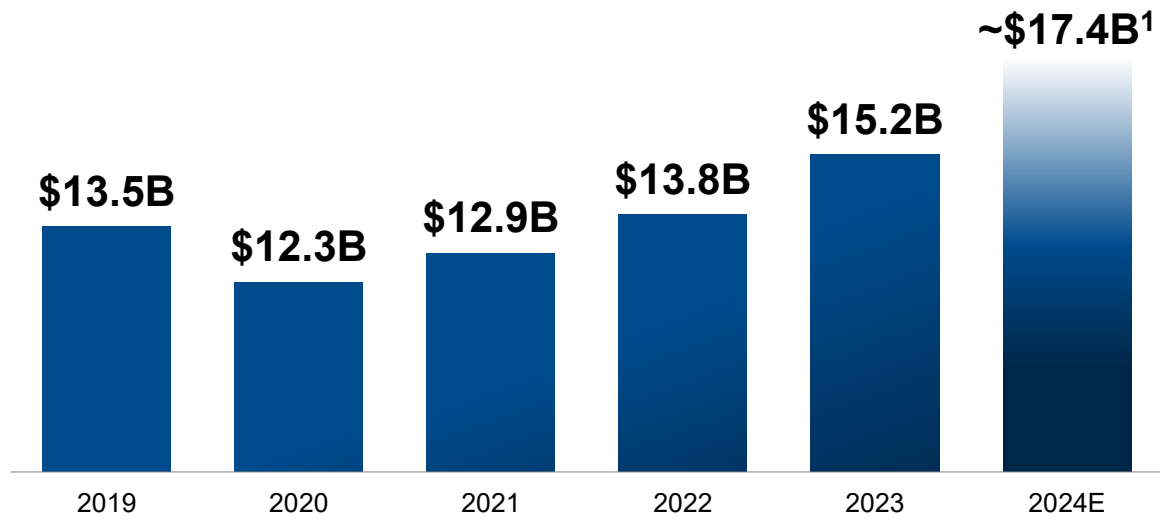
# Operational Excellence

# Emerson Management System Drives New Portfolio and Value Creation Framework

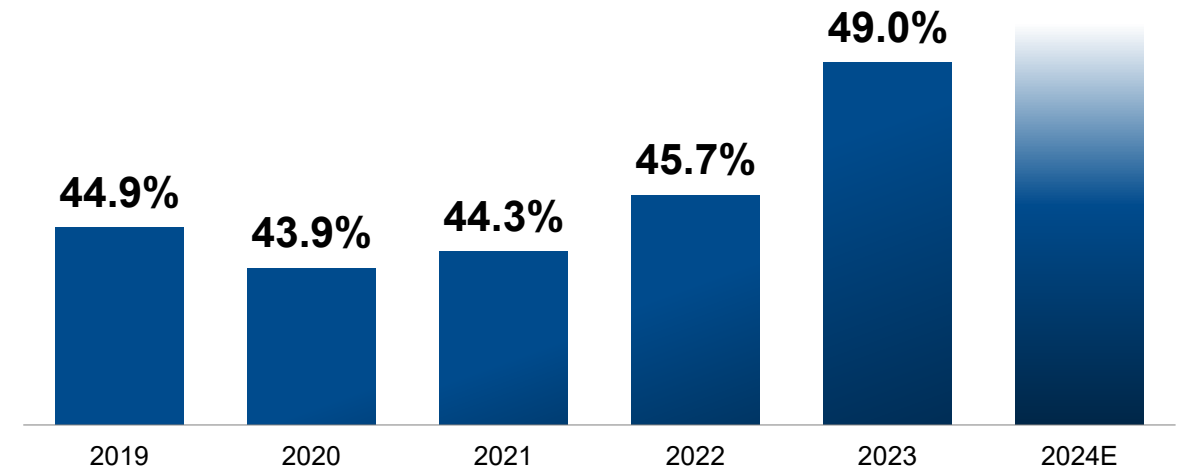


# Established Track Record of Strong Financial and Operational Performance Driven by Emerson Management System

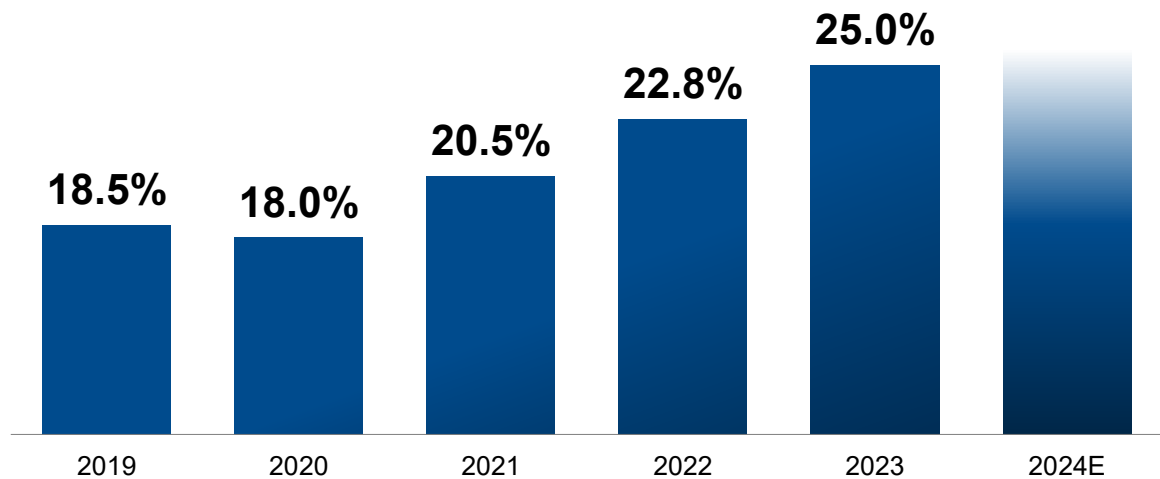
Sales



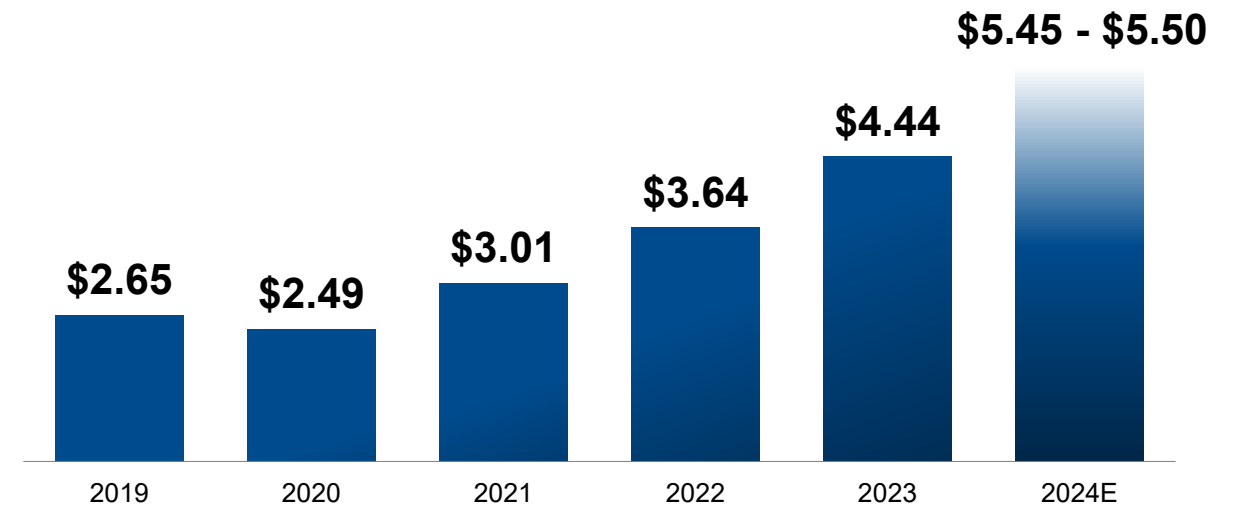
Gross Profit Margins



Adjusted Segment EBITA Margins



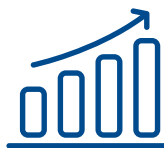
Adjusted Earnings Per Share



<sup>1</sup> Mid-point of August 2024E guidance  
 Note: Data shown is on a continuing operations basis; 2024E based on August 7, 2024 guidance

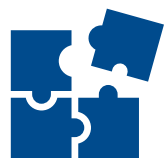


# Committed to Disciplined Capital Allocation



## Organic Growth

Accelerating innovation through new processes and focus on breakthrough technologies



## Strategic Acquisitions

Strategic acquisitions to strengthen automation portfolio and diversify end markets



## Dividend

Returning cash to shareholders through annual dividend increases is a priority



## Share Repurchase

Offset dilution / opportunistic

# Appendix

# Reconciliation of Non-GAAP Measures

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

<b>Earnings Per Share</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024 Guidance</b>
Earnings per share (GAAP)	\$2.42	\$2.02	\$2.35	\$3.16	\$3.96	\$2.82 - \$2.87
Amortization of intangibles	0.28	0.29	0.38	0.45	0.62	~1.42
Restructuring and related costs	0.09	0.38	0.21	0.14	0.14	~0.34
Acquisition/divestiture fees and related costs and pre-acquisition interest on AspenTech debt	-	-	-	0.15	0.13	~0.24
Gain on Subordinated Interest	-	-	-	(0.60)	(0.21)	(0.10)
Loss on divestiture of business	-	-	-	-	-	0.07
National Instrument investment gain	-	-	-	-	(0.07)	-
Other investment-related gains	-	-	-	(0.02)	-	-
AspenTech Micromine purchase price hedge	-	-	-	0.04	(0.02)	-
Interest Income on undeployed proceeds from Copeland	-	-	-	-	(0.19)	-
Russia business exit	-	-	-	0.32	0.08	-
OSI first year acquisition accounting charges and fees	-	-	0.07	-	-	-
Discrete tax benefits	(0.14)	(0.20)	-	-	-	(0.10)
Amortization of acquisition-related inventory step-up	-	-	-	-	-	0.38
Loss on Copeland note receivable	-	-	-	-	-	0.38
<b>Adjusted earnings per share (non-GAAP)</b>	<b>\$2.65</b>	<b>\$2.49</b>	<b>\$3.01</b>	<b>\$3.64</b>	<b>\$4.44</b>	<b>\$5.45 - \$5.50</b>

Note: Data shown is on a continuing operations basis

# Reconciliation of Non-GAAP Measures

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

## Adjusted Segment EBITA

	2019	2020	2021	2022	2023
Net Sales	\$13,535	\$12,283	\$12,932	\$13,804	\$15,165
Pretax earnings (GAAP)	1,826	1,376	1,762	2,432	2,903
<i>Pretax earnings margin (GAAP)</i>	13.5%	11.2%	13.6%	17.6%	19.1%
Corporate items and interest expense, net	383	343	442	186	135
Amortization of Intangibles	228	234	304	430	678
Restructuring and related costs	68	257	151	99	78
Adjusted segment EBITA (non-GAAP)	\$2,505	\$2,210	\$2,659	\$3,147	\$3,794
<i>Adjusted segment EBITA margin (non-GAAP)</i>	18.5%	18.0%	20.5%	22.8%	25.0%

## Emerson Post-Acquisitions Gross Profit Margin

FY23

Emerson gross profit margin (GAAP)	49%
NI impact on gross profit margin (GAAP)	>1%
Emerson post-acquisitions gross profit margin (GAAP)	>50%

# Reconciliation of Non-GAAP Measures

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

## Emerson Acquisitions Adjusted Gross Profit Margin

**FY23**

Acquired businesses gross profit margin (GAAP)	~70%
Acquired businesses intangibles amortization	~5%
Acquired businesses adjusted gross profit margin (GAAP)	~75%

## Emerson Acquisitions Adjusted EBITA Margin

**FY23**

Acquisitions pretax margin (GAAP)	~5%
Interest income, net / intangibles amortization / restructuring	~25%
Acquired businesses adjusted EBITA margin (non-GAAP)	~30%

## Emerson Divestiture Adjusted EBITA Margin

**FY22**

Divestitures pretax margin (GAAP)	28%
Restructuring / amortization of intangibles / divestiture gain	(7)%
Divestitures adjusted EBITA margin (non-GAAP)	21%

# Reconciliation of Non-GAAP Measures

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

## Emerson Sales in Addition to Annualized Emerson

### Basis NI

**FY23**

FY23 Sales (GAAP)	~\$15B
NI Sales on 2023 Emerson fiscal year basis	~\$2B
Emerson as-reported in addition to an annualized NI on an Emerson basis (non-GAAP)	~\$17B

## Emerson Adjusted Segment EBITA Margin in

### Addition to Annualized Emerson Basis NI

**FY23**

Emerson Adjusted Segment EBITA Margin	25.0%
Impact of NI Acquisition	~-
Post-Acquisition adjusted total business segment EBITA margin (non-GAAP)	~25%

# Endnotes

## **Continuing Operations:**

With the June 6, 2024 definitive agreement to completely exit its remaining interests in the Copeland joint venture, Emerson will report financial results for the Copeland equity ownership as discontinued operations for all periods presented, beginning in Q3 2024. The earnings from discontinued operations for 2024 are expected to be \$0.55 to \$0.60 per share, including the after-tax gain on the equity stake in Copeland. The Company's 2024 continuing operations after the complete Copeland divestiture (assumed to close by the end of August 2024) will include interest income earned from the Copeland Note Receivable through June 6, 2024. The pretax loss on the sale of the note receivable, \$279M (\$217M after-tax), is also reported in continuing operations but excluded from adjusted earnings per share, (\$0.38).