

Emerson Second Quarter 2020 Earnings Conference Call

April 21, 2020



*Emerson's Branson Ultrasonic Welders support
increased production of face masks at Honeywell.*



Safe Harbor Statement

Statements in this presentation and our commentary and responses to questions that are not strictly historical may be “forward-looking” statements, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. These risks and uncertainties include the scope, duration and ultimate impact of the COVID-19 pandemic, as well as economic and currency conditions, market demand, including related to the pandemic and oil and gas price declines and volatility, pricing, protection of intellectual property, cybersecurity, tariffs, competitive and technological factors, among others, as set forth in the Company's most recent Annual Report on Form 10-K and subsequent reports filed with the SEC.

Non-GAAP Measures

*In this call we will discuss some non-GAAP measures (denoted with *) in talking about our company's performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or available at our website www.Emerson.com under Investors.*

Q2 2020 Results

Second Quarter 2020 Results

SUMMARY

Underlying sales* down 7 percent; Mar 3-month trailing underlying orders down 3 percent

- Automation Solutions down 8 percent underlying sales*; Mar 3-month trailing underlying orders down 1 percent
- Commercial & Residential Solutions down 5 percent underlying sales*; Mar 3-month trailing underlying orders down 5 percent
- Both platforms exceeded adjusted total segment EBIT* and EBITDA* peak margin plans for the quarter

Strong cash flow generation

- Operating cash flow \$588 million in quarter, up \$55 million or 10% vs prior year
- Free cash flow* \$477 million in quarter, up \$63 million or 15% vs prior year

Returned \$1.1 billion to shareholders

- Included \$306 million in dividends and \$813 million in share repurchases

Continued aggressive restructuring plan, initiating \$40 million of actions in the quarter

| | 2019 | EPS | 2020 |
|---------------------------------------|--------|--------|-----------|
| GAAP | \$0.84 | ↔ flat | \$0.84 |
| ADJ* | \$0.83 | ↑ 7% | \$0.89 |
| NET SALES | | | |
| ↓ (9%) | | | |
| <p>Underlying Sales*: (7%)</p> | | | |
| | 2019 | | 2020 |
| T3M Orders, Excl. Acq / Div, Incl. FX | | | |
| | Jan | | (5) to 0% |
| | Feb | | (5) to 0% |
| | Mar | | (5) to 0% |



ADJUSTED EPS* OF \$0.89, WHICH EXCLUDES RESTRUCTURING AND RELATED CHARGES, EXCEEDED GUIDANCE OF \$0.79 TO \$0.83, DUE TO NON OPERATING ITEMS AND AGGRESSIVE COST RESET ACTIONS

Second Quarter 2020

P&L Summary

| (\$M EXCEPT EPS) | 2019 | 2020 | Change | |
|------------------------|-----------|---------|---------|--|
| Sales | \$4,570 | \$4,162 | (9%) | |
| Gross profit | \$1,925 | \$1,750 | | Cost containment and favorable price-cost facilitate flat GP on decreasing sales |
| % of sales | 42.1% | 42.1% | flat | |
| SG&A expense | (\$1,145) | (\$983) | | |
| % of sales | 25.0% | 23.7% | | |
| EBIT* | \$723 | \$725 | flat | |
| % of sales* | 15.8% | 17.4% | 160 bps | |
| Adj EBIT* | \$733 | \$765 | 5% | Excludes restructuring of \$10 and \$40 in 2019 and 2020, respectively. |
| % of sales* | 16.0% | 18.4% | 240 bps | |
| Adj EBITDA* % of sales | 20.5% | 23.5% | 300 bps | Adj EBIT and Adj EBITDA improvement driven by lower stock compensation costs and aggressive cost containment actions |
| Tax Rate | 22.3% | 24.0% | | |
| Shares | 618.1 | 611.0 | | |
| Adjusted EPS* | \$0.83 | \$0.89 | 7% | |

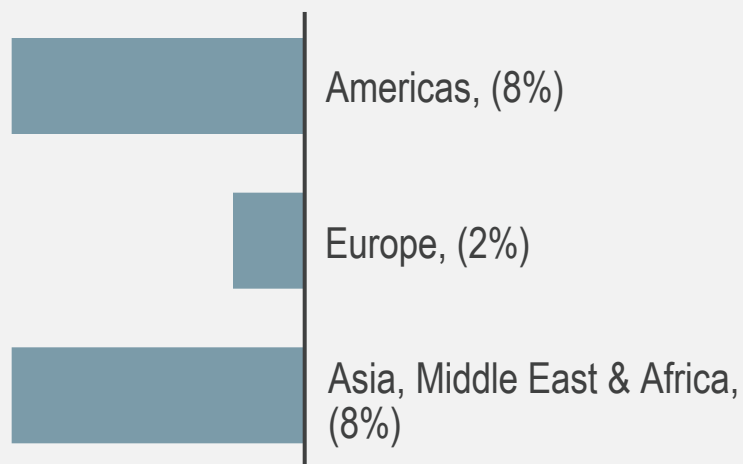


IN THE SECOND QUARTER, WE CONTINUED TO EXECUTE ON PEAK MARGIN PLANS OUTLINED AT THE FEBRUARY INVESTOR CONFERENCE AND RESPONDED QUICKLY WITH ADDITIONAL ACTIONS AS VOLUME DECLINED

Second Quarter 2020

Underlying Sales

UNDERLYING SALES CHANGE



Broad weakness across geographic end markets, but especially evident in US and China, down 8 percent and over 20 percent, respectively.

| | |
|-------------------|---------|
| Underlying sales* | (7%) |
| Acquisitions, net | 0 pts |
| FX impact | (2) pts |
| Net sales | (9%) |



CHALLENGING GLOBAL DEMAND ENVIRONMENT AS COUNTRIES CLOSED BORDERS AND CUSTOMERS FACED UNPRECEDENTED UNCERTAINTY

Second Quarter 2020

Business Segment Earnings & Cash Flow

| (\$M) | 2019 | 2020 | CHG. | |
|----------------------------|---------------|---------------|-------------|---|
| Adjusted Segment EBIT* | \$781 | \$736 | (6%) | Aggressive cost control measures helped drive margin expansion |
| % of sales* | 17.1% | 17.6% | 50 bps | |
| Stock compensation | (\$59) | \$38 | \$97 | Lower stock compensation costs due to lower stock price |
| Corporate pension and OPEB | \$27 | \$12 | (\$15) | |
| Adj. corporate and other* | (\$16) | (\$21) | (\$5) | |
| Interest expense, net | <u>(\$48)</u> | <u>(\$36)</u> | <u>\$12</u> | |
| Adjusted pretax earnings* | \$685 | \$729 | 6% | |
| % of sales* | 15.0% | 17.5% | 250 bps | |
| Operating cash flow | \$533 | \$588 | 10% | |
| Capital expenditures | (\$119) | (\$111) | | |
| Free cash flow* | \$414 | \$477 | 15% | |
| Trade working capital | \$3,254 | \$3,169 | | 91% conversion of net earnings* |
| % of sales | 17.7% | 19.0% | 130 bps | Weaker than expected March resulted in increase in ending inventory |

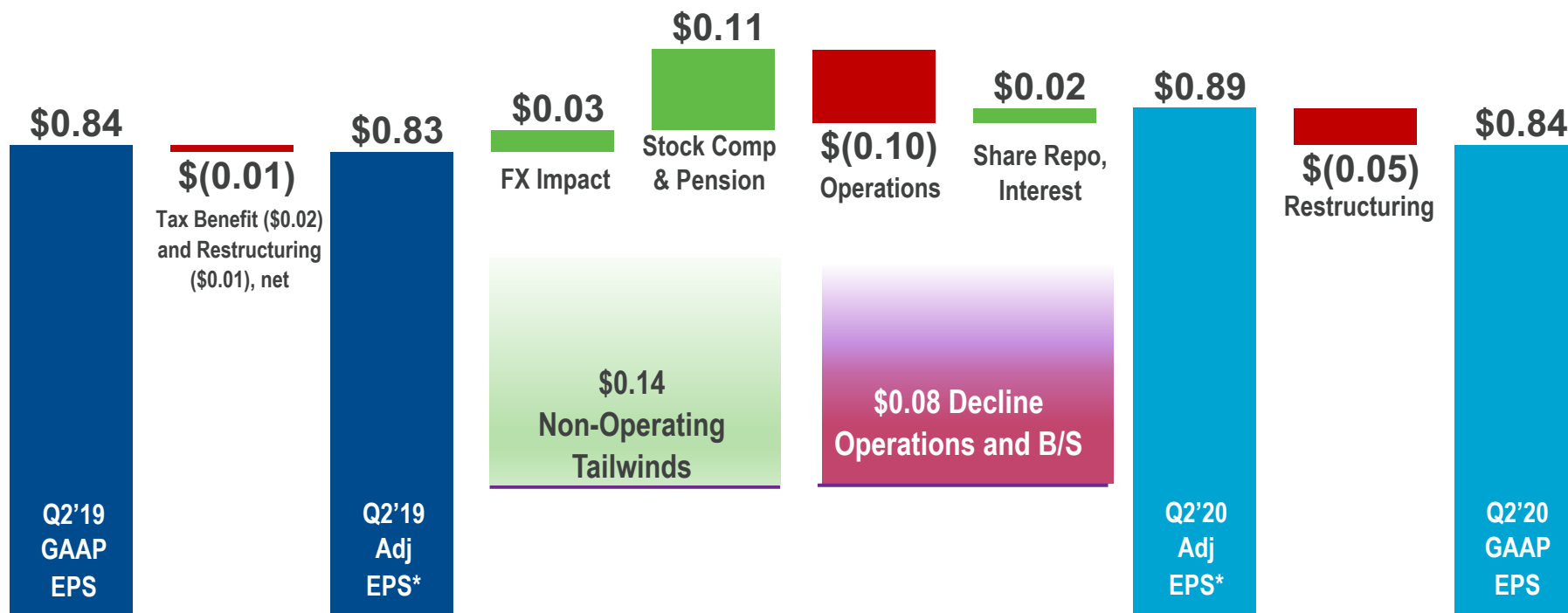
Second Quarter 2020 EPS Bridge

Guidance

- GAAP EPS \$0.75, Adjusted EPS* \$0.81 +/- \$0.02
- Net sales growth (2%) to flat, underlying* (1%) to 1%
- Total Segment Adj EBIT* ~+20 bps, Adj EBITDA* ~+60 bps

Actual Results

- ✓ GAAP EPS \$0.84, Adjusted EPS* \$0.89, driven by non-operating tailwinds and strong cost control measures
- ↓ Net sales (9%), underlying sales* (7%)
- ✓ Total Segment Adj EBIT*+50 bps, Adj EBITDA* +120 bps



> NON-OPERATING TAILWINDS LARGELY OFFSET BY NEGATIVE EFFECTS OF COVID-19 ON OPERATIONS; OPERATIONS CONTAINED DELEVERAGE TO 9% AT ADJUSTED TOTAL SEGMENT EBITDA*

Business Platforms

Second Quarter 2020 Automation Solutions

UNDERLYING SALES CHANGE VS. PY

| | |
|----------------------------|---------|
| Americas | (11%) |
| Europe | (3%) |
| Asia, Middle East & Africa | (6%) |
| Automation Solutions | (8%) |
| FX Impact | (2) Pts |
| Acq Impact | (0) Pts |
| Reported Net Sales | (10%) |

In the US, down 12%, declines in upstream oil and gas activity more than offset momentum in life sciences and food & beverage markets. Asia declined 8%, driven by a sharp drop in China by over 20%

Restructuring actions totaled \$29M across the platform in the quarter and \$112M YTD

Adjusted EBIT and EBITDA margin*, up 50 bps and 130 bps respectively, driven by aggressive cost actions

Second quarter backlog increased 3% to \$5.1B sequentially, compared to prior quarter

REPORTED NET SALES

↓ (10%)

\$3,010M

\$2,709M

Underlying Sales* (8%)

15.0% Adj EBIT%* 15.5%

19.3% Adj EBITDA%* 20.6%

2019

2020

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

Jan 0%

Feb (5%) to 0%

Mar (5%) to 0%

Mar 3-month trailing underlying orders were down 1%



AUTOMATION SOLUTIONS BUSINESS DELIVERED STRONG PROFITABILITY WITH AGGRESSIVE COST ACTIONS AMIDST A CHALLENGING DEMAND ENVIRONMENT

Second Quarter 2020

Commercial & Residential Solutions

UNDERLYING SALES CHANGE VS. PY

| | |
|------------------------------------|-------|
| Americas | (3%) |
| Total Europe | (1%) |
| Asia, Middle East & Africa | (15%) |
| Commercial & Residential Solutions | (5%) |
| FX Impact | (1%) |
| Div Impact | (1%) |
| Reported Net Sales | (7%) |

The Americas, down 3%, and particularly North America, softened dramatically in the last few weeks of March. Europe was down 1%, as modest strength in the heat pump business was more than offset by declines in the tools business. Asia, Middle East & Africa was down 15%, with China down over 30%.

Completed \$9M of restructuring actions in the quarter and \$19M YTD, along with several other cost actions

Adjusted EBIT margin and EBITDA margin* up 40 bps and 90 bps respectively driven by benefits from restructuring and other cost actions and favorable price-cost

REPORTED NET SALES

↓ (7%)

\$1,561M

\$1,458M

Underlying Sales* (5%)

21.2% Adj EBIT%* 21.6%

25.2% Adj EBITDA%* 26.1%

2019

2020

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

Jan (5%) to 0%

Feb (10%) to (5%)

Mar (10%) to (5%)

Mar 3-month underlying orders were down 5%



EXCLUDING RESTRUCTURING, THE BUSINESS MORE THAN OFFSET VOLUME DELEVERAGE WITH COST REDUCTIONS AND FAVORABLE PRICE COST

2020 Outlook

Fiscal 2020 Updated Outlook

Key assumptions:

- Oil price range: \$20–\$30
- Demand environment continues to deteriorate in Q3 and remain negative through 1H of 2021

| | Guidance Feb 4, 2020 | Updated Guidance Apr 21, 2020 | |
|------------------------------------|-------------------------|----------------------------------|---|
| Net Sales Growth | (2%) – 2% | (11%) – (9%) | Macroeconomic outlook rapidly deteriorated due to COVID-19 |
| Acquisitions impact | Flat | Flat | |
| FX Impact | Flat | (2 pts) | |
| Underlying Sales* Growth | (2%) – 2% | (9%) – (7%) | |
| Automation Solutions | (1%) – 3% | (8%) – (6%) | |
| Commercial & Residential Solutions | (3%) – 1% | (11%) – (9%) | |
| GAAP EPS | \$3.27 to \$3.52 | \$2.62 to \$2.82 | |
| Adjusted EPS* | \$3.55 to \$3.80 | \$3.00 to \$3.20 | |
| Tax Rate | ~23% | ~22% | |
| Restructuring Costs | ~\$215M | ~\$280M | Restructuring by segment: Automation Sol. ~\$230M Commercial & Res. ~\$45M Corp. ~\$5M |
| Operating Cash Flow | \$3.15B | ~\$2.75B | |
| Capex | \$650M | ~\$550M | |
| Share Repurchase | \$1.5B | ~\$950M | |
| Free Cash Flow* | \$2.5B | ~\$2.2B | |



REDUCING ADJUSTED EPS 2020 OUTLOOK DUE TO COVID-19 END MARKET DEMAND DISRUPTION AND UNFOLDING DYNAMICS AROUND OIL AND GAS

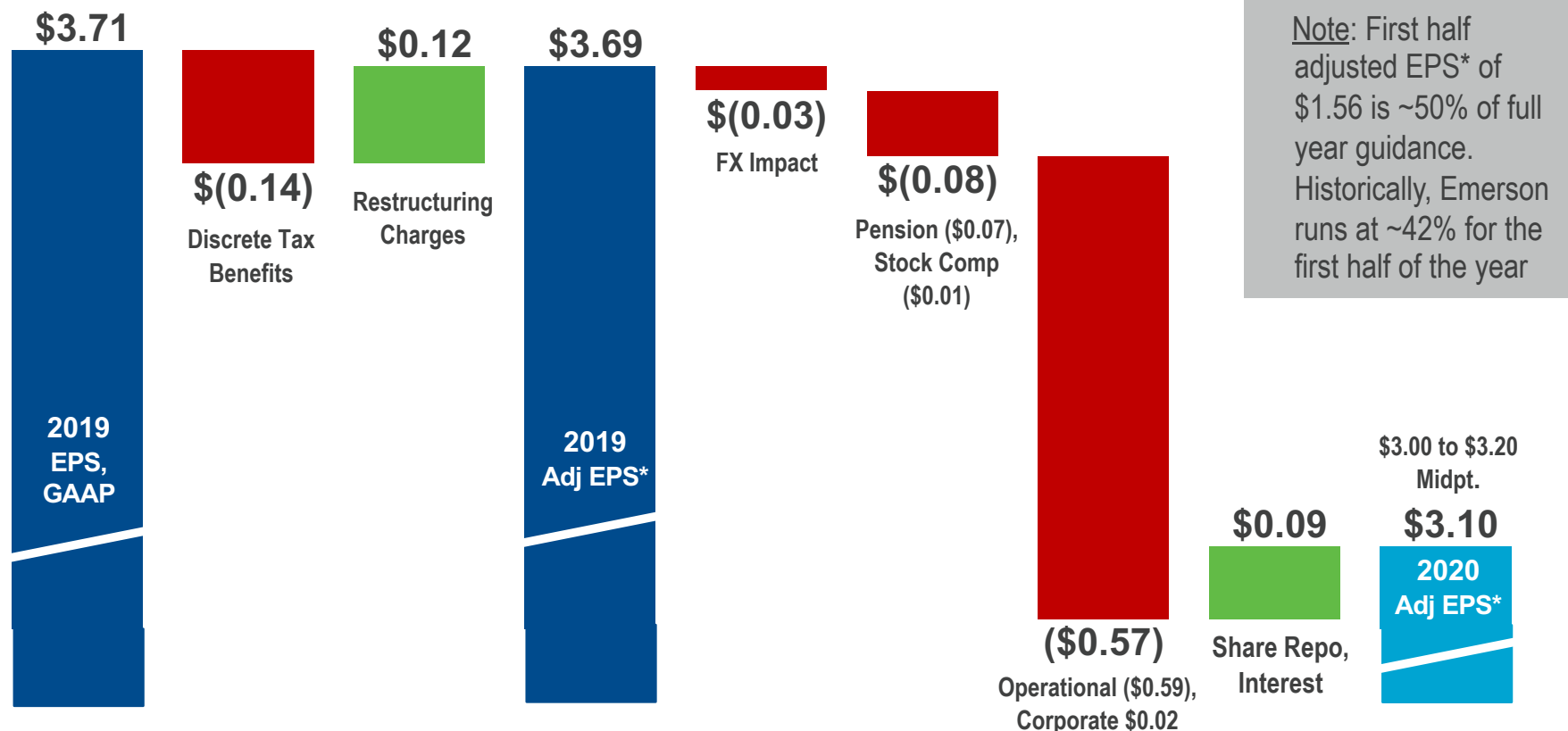
Fiscal 2020 Adjusted EPS Bridge

Full year planned restructuring actions now ~\$280M

Underlying Sales* Growth (9%) – (7%)

Automation Solutions (8%) – (6%)

Commercial & Residential Solutions (11%) – (9%)



SIGNIFICANT OPERATIONAL HEADWINDS DUE TO DEMAND REDUCTION ONLY
SOMEWHAT OFFSET BY BALANCE SHEET ACTIVITY AND REDUCED STOCK
COMPENSATION COSTS

Fiscal Third Quarter 2020 Guidance

| Q3 2020 Guidance | | Q3 Adjusted EPS Bridges | | |
|-----------------------------|----------------------|-------------------------------|----------------|----------------------|
| Net Sales | (19%) – (16%) | | Q3'19 | Q3'20E |
| Underlying Sales* | (16%) – (13%) | GAAP EPS | \$0.97 | \$0.47 +/- \$0.04 |
| GAAP EPS | \$0.47 +/- \$0.04 | Less: Discrete Tax | (\$0.03) | -- |
| Adj EPS* | \$0.60 +/- \$0.04 | Add: Restructuring | <u>+\$0.03</u> | <u>+\$0.13</u> |
| Total Segment Adj. EBIT %* | 15.0% – 15.5% | Adjusted EPS* | \$0.97 | \$0.60 +/- \$0.04 |
| Total Segment Adj EBITDA %* | 20.0 – 20.5% | <u>Memo:</u> Restructuring \$ | \$20M | ~\$100M |

Note: Q3 expected tax rate ~18%



CHALLENGING CONDITIONS IN Q3 ACROSS EUROPE AND THE AMERICAS MORE THAN OFFSETS SOME STABILIZATION IN CHINA

Liquidity and Operations

Emerson's Liquidity Position is Strong

- **Strong cash generation**
 - Free cash flow* ~130% of Net Earnings
- **Liquid capital structure**
 - ~1.9x 2020E Debt/EBITDA and ~65% long term debt on average in FY 2020
- **Consistent access to commercial paper and term debt markets**
- **\$2.6B global cash at 3/31/20**
 - \$1.7B same day/next day available
- **\$3.5B undrawn bank facility through April 2023 at earliest**
- **A2/A debt rating since 2002**
 - Maintained through restructurings and several financial crises

| 2020 Revised Plan* | |
|--------------------|----------------|
| Op. Cash Flow | \$2.75B |
| CapEx | \$0.55B |
| Dividend | <u>\$1.21B</u> |
| Avail. Cash Flow | ~\$1.0B |
| Total Debt 9/30/20 | \$5.9B |
| Long Term | \$3.9B |
| % of Total | 65% |

*Excludes possible issuance of LTD



FUNDING REQUIREMENTS ARE WELL COVERED THROUGH ECONOMIC DOWNTURN

Multiple Liquidity Sources and Cash on Hand

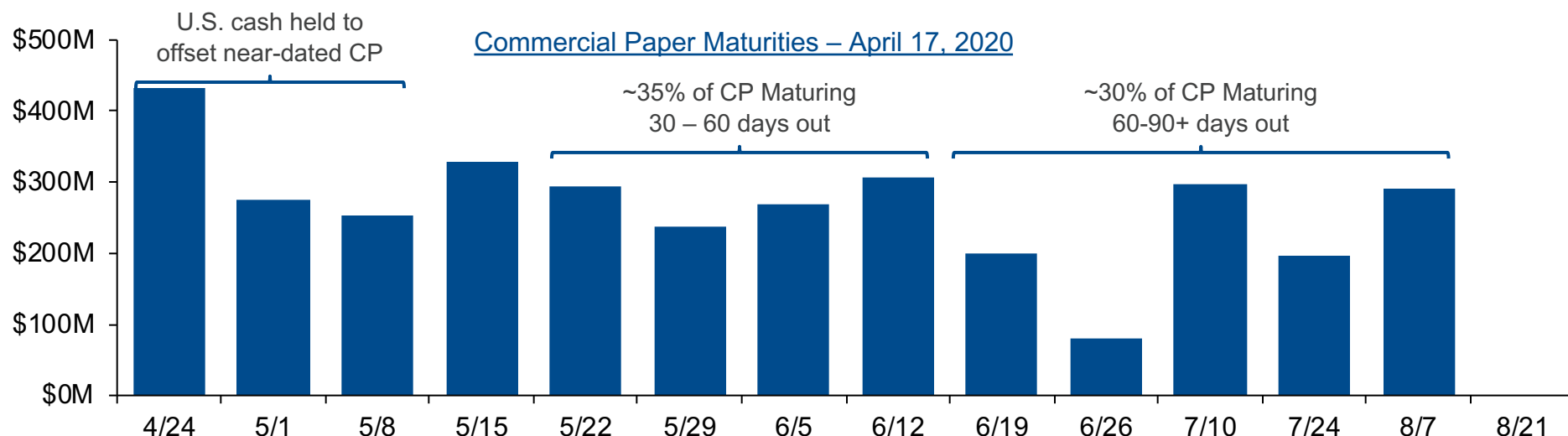
- **Continuous access to commercial paper market**

- Began extending maturities in February: average maturity 20 days → 45 days
- Maintaining \$1 billion cash buffer in U.S.

- **Significant alternate sources of liquidity**

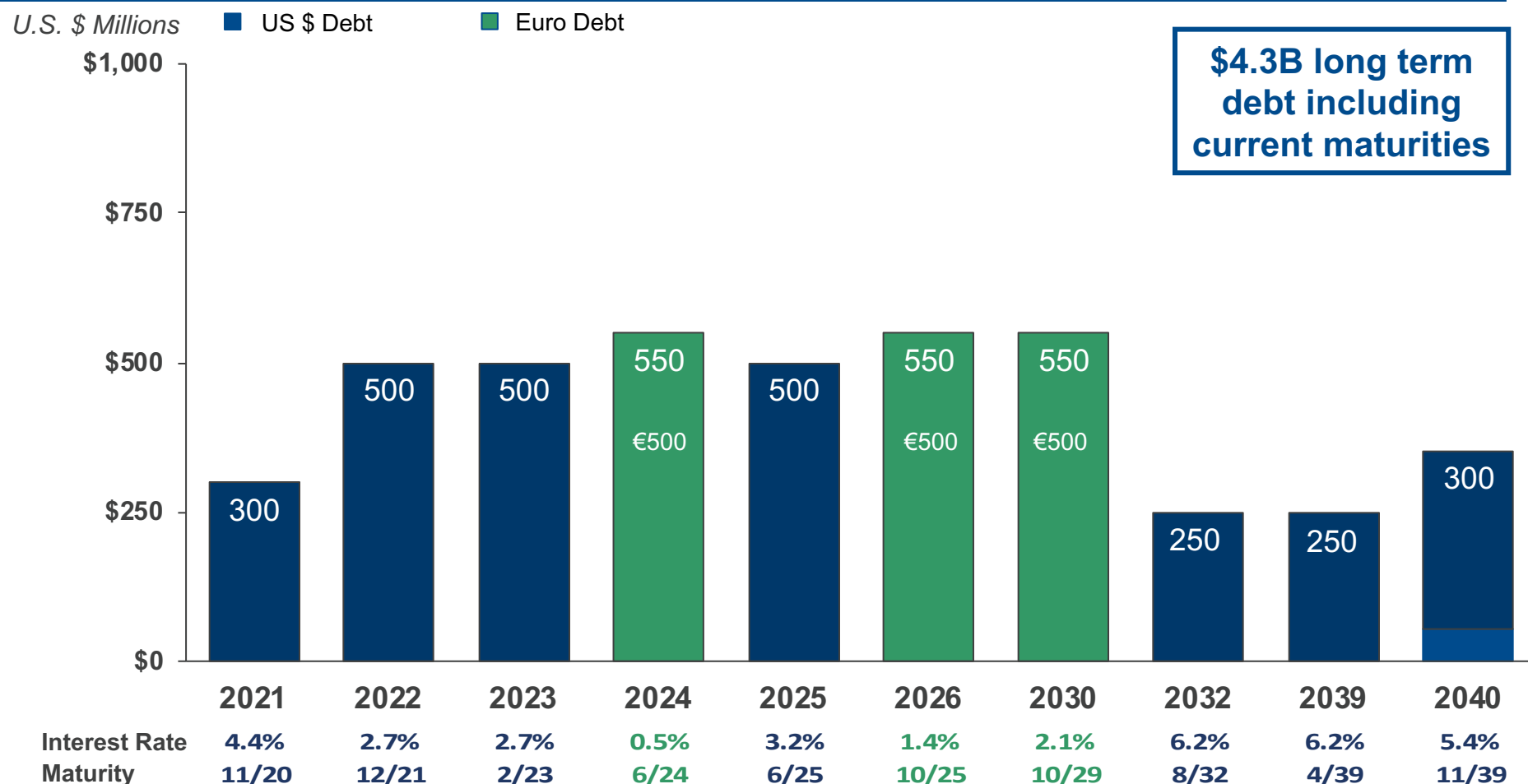
- Non-U.S. operations are self-financing
- Cash of \$0.8B in Europe, \$0.7B in Asia
- \$3.5B undrawn revolver, no financial covenants

- **May issue \$1B to \$2B of term debt**



FUNDING REQUIREMENTS ARE WELL COVERED THROUGH ECONOMIC DOWNTURN

Long-Term Debt Maturities Are Spread Out - Only \$300 Million Maturing Through December 2021



DEBT LADDER ACCOMMODATES MULTIPLE NEW MATURITIES;
CONSIDERING ISSUANCE OF \$1B TO \$2B

Emerson Regionalization Strategy Scorecard

1 = Low (less than ~20%)
5 = High (more than ~80%)

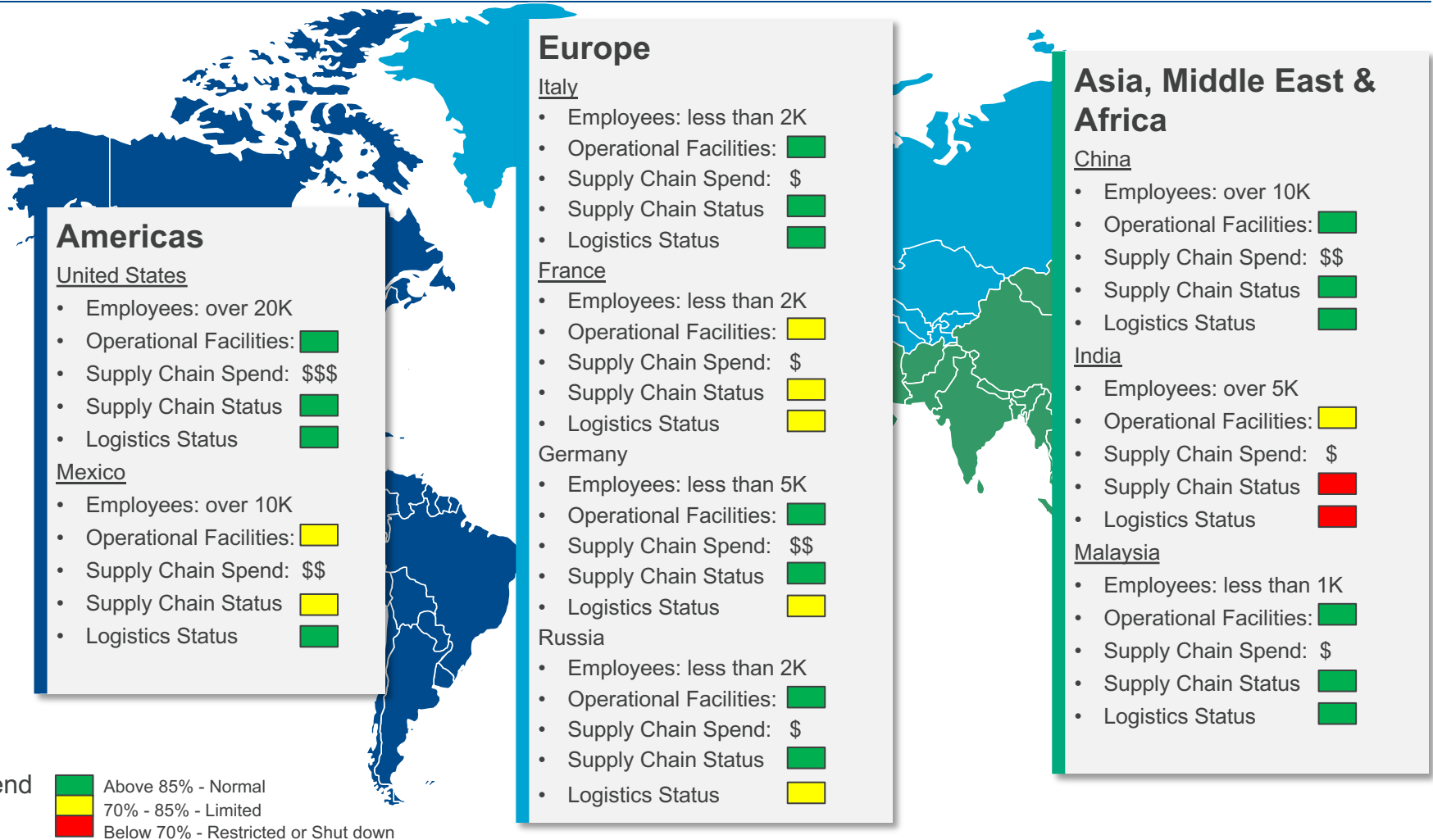
| Origin Locations | | End Market Location | | | | | | | | |
|------------------|--------------------------|---------------------|------|------|--------|------|------|--------------|------|------|
| | | Americas | | | Europe | | | Asia Pacific | | |
| | | 2000 | 2019 | 2022 | 2000 | 2019 | 2022 | 2000 | 2019 | 2022 |
| Americas | Manufacturing | 4 | 5 | 5 | 3 | 2 | 2 | 3 | 2 | 2 |
| | Engineering | 5 | 4 | 5 | 4 | 3 | 3 | 2 | 2 | 2 |
| | Supply Chain | 4 | 5 | 5 | 2 | 2 | 2 | 2 | 1 | 1 |
| | Customer Sales / Service | 5 | 4 | 5 | 2 | 2 | 1 | 3 | 2 | 1 |
| Europe | Manufacturing | 2 | 2 | 2 | 2 | 3 | 4 | 2 | 2 | 2 |
| | Engineering | 2 | 2 | 2 | 3 | 3 | 4 | 2 | 2 | 2 |
| | Supply Chain | 2 | 1 | 1 | 3 | 4 | 4 | 2 | 1 | 1 |
| | Customer Sales / Service | 2 | 2 | 1 | 4 | 4 | 5 | 2 | 2 | 1 |
| Asia Pacific | Manufacturing | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 5 | 5 |
| | Engineering | 2 | 4 | 3 | 2 | 2 | 2 | 1 | 3 | 4 |
| | Supply Chain | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 5 | 5 |
| | Customer Sales / Service | 1 | 2 | 2 | 1 | 2 | 1 | 3 | 4 | 4 |

Note: Chart for illustrative purposes only



EMERSON HAS BEEN DRIVING OUR REGIONALIZATION STRATEGY FOR NEARLY 20 YEARS TO MAXIMIZE SPEED AND LOCALIZE SUPPLY CHAINS

As A Critical Infrastructure and Essential Services Provider, Emerson is Navigating A Complex Environment

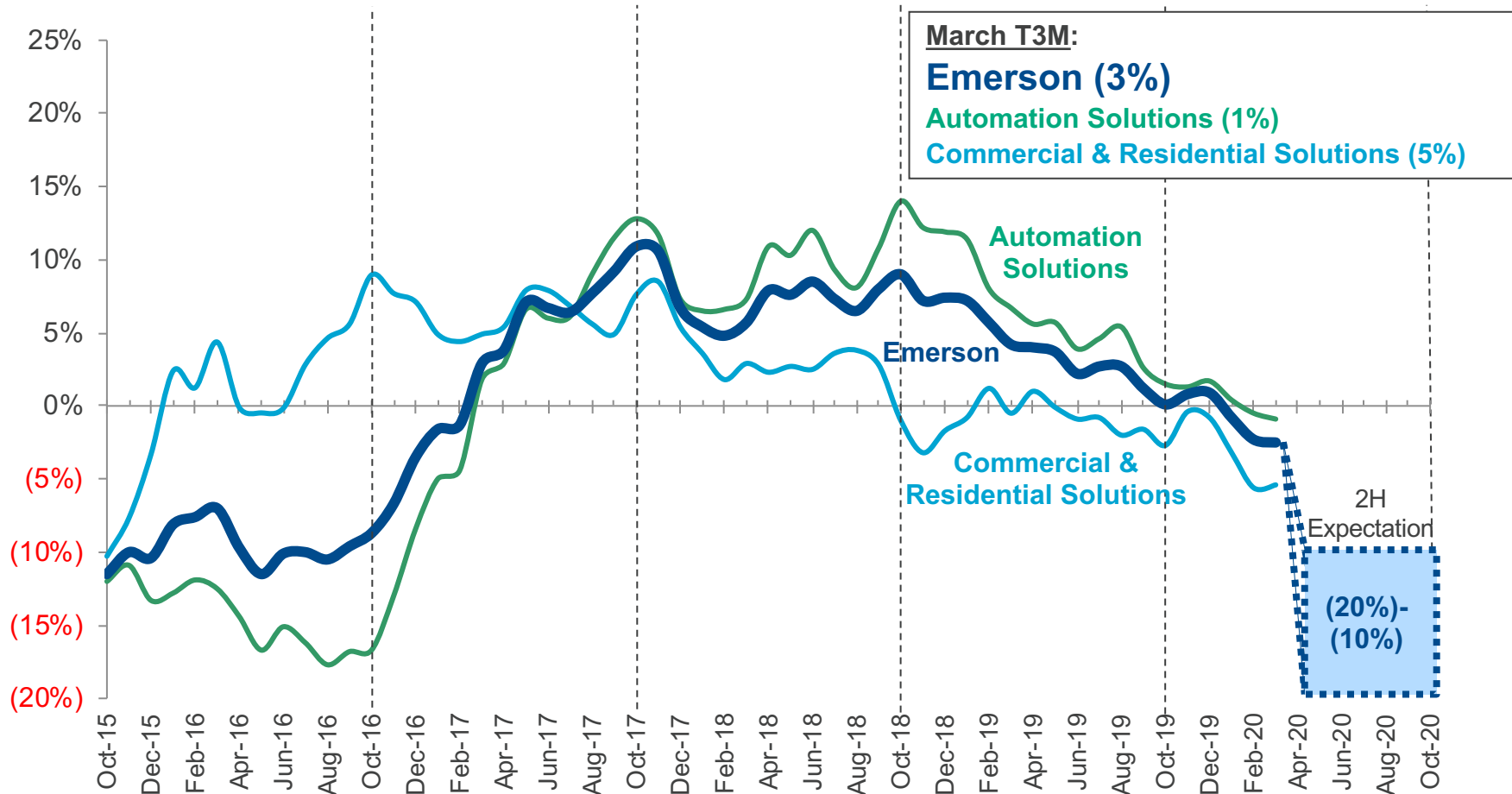


EMERSON HAS ~200 MANUFACTURING LOCATIONS WORLDWIDE – CURRENTLY THE VAST MAJORITY ARE OPERATIONAL AND WE ARE WORKING HARD TO SAFELY KEEP OPERATING AND SUPPORT OUR CRITICAL-ESSENTIAL CUSTOMERS

Management Updates

Second Quarter 2020

Trailing Three Month Underlying Orders vs Prior Year



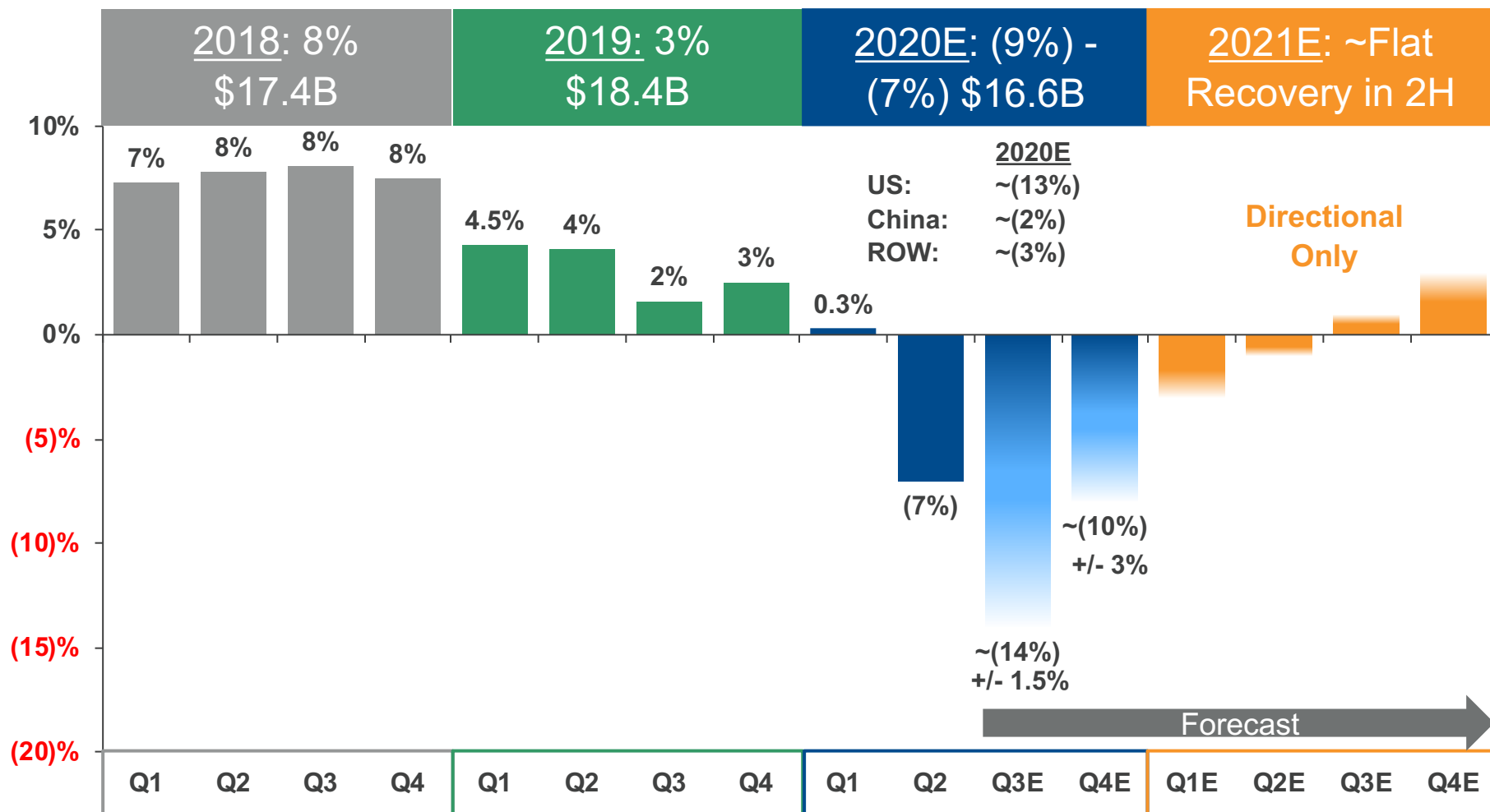
Orders data includes the Valves & Controls acquisition results in all periods presented, including on a pro forma basis for periods prior to the acquisition close April 28, 2017.



MARCH TRAILING 3 MONTH UNDERLYING ORDERS WERE DOWN 3 PERCENT, REFLECTING THE DETERIORATING DEMAND ENVIRONMENT DUE TO COVID-19

Emerson

Underlying Sales Growth Rates



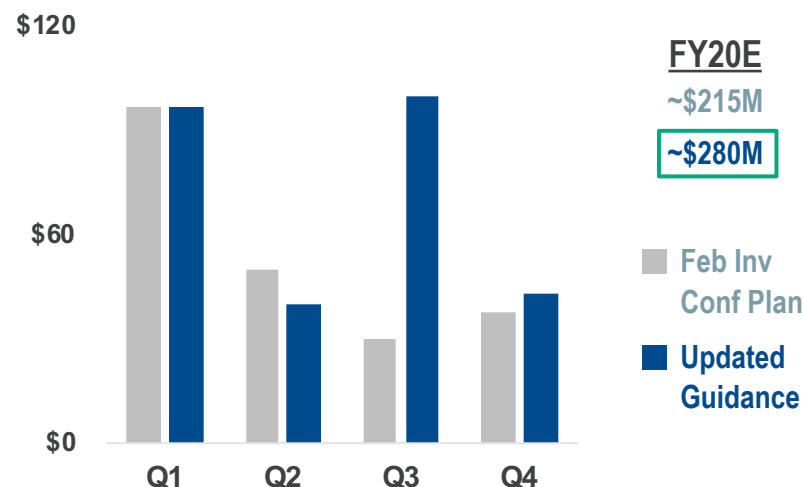
SIGNIFICANT ECONOMIC DAMAGE FROM COVID-19
RECOVERY EXPECTED TO TAKE FOUR TO SIX QUARTERS

Aggressive Cost Actions Over the Last Year Put Emerson in a Strong Position to Weather the Downturn

Q2 and Updated 2020E Guidance

| | Vs. Prior Year | | Vs. Prior Guidance | |
|----------------------|----------------|-----------|--------------------|-----------|
| | Q2'20 | FY'20E | Q2'20 | FY'20E |
| Sales | (\$408) | (\$1,795) | (\$340) | (\$1,735) |
| Segment Adj. EBITDA* | (36) | (440) | (50) | (585) |
| Deleverage % | 9% | 25% | 15% | 34% |
| Capex Spend | | (50) | | (100) |
| Free Cash Flow* | | (200) | | (300) |

Updated 2020E Restructuring Plan



2020 Actions to protect profitability and cash flow

- Curtailed investments and discretionary spend
- Salary and hiring freeze; salary reduction for Board of Directors and top 1,000 leaders

Accelerating restructuring actions in the second half of 2020

- >\$350M Cumulative restructuring Q3'19 thru FY20E

Prioritizing business continuity and serving customers

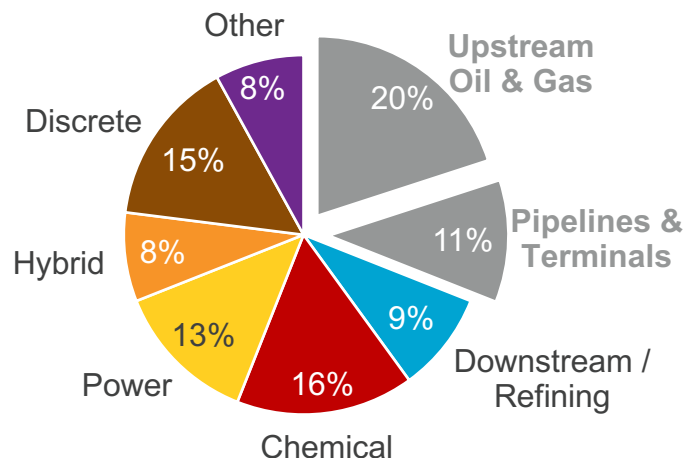


WE CONTINUE TO WORK AND ACCELERATE THE PEAK MARGIN PLANS LAID OUT AT FEBRUARY INVESTOR CONFERENCE – PROTECT PROFITABILITY AND CASH FLOW AS SIGNIFICANT VOLUME COMES OUT

Emerson's Portfolio:

~80% Non Oil & Gas End Markets

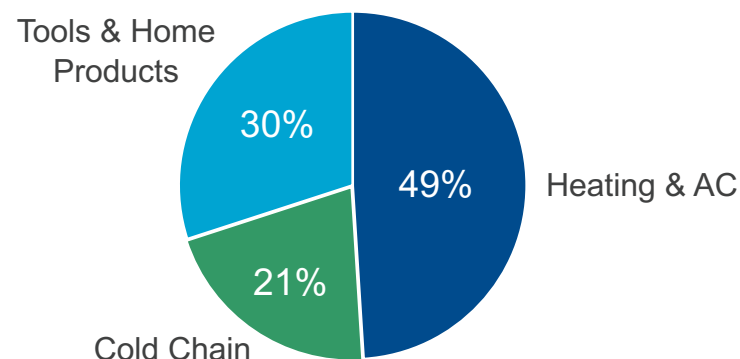
Automation Solutions Sales by Market



Total 2019 Sales: \$12.2B

Total 2019 Upstream & Midstream
Revenue: ~\$3.7B
(~\$4.9B incl. Downstream / Refining)

Commercial & Residential Solutions Sales by Market



Total 2019 Sales: \$6.2B

Total 2019 Emerson Revenue: ~\$18.4B



ALTHOUGH OIL & GAS IS A SIGNIFICANT END MARKET FOR EMERSON,
~80% OF THE PORTFOLIO IS BROADLY UNRELATED TO OIL AND GAS PRICE
VOLATILITY

North America Oil & Gas Sales Exposure Has Decreased Compared to the Past Two Cycles

| | Financial Crisis | | Industrial Recession | | COVID-19 / Oil | |
|---------------------------------|------------------|-----------|----------------------|---------|----------------|----------|
| \$M | 2008 | 2009 | 2014 | 2015 | 2019 | 2020E |
| Sales | \$785 | \$895 | \$1,555 | \$1,405 | \$1,620 | ~\$1,250 |
| % of Automation Solutions Sales | 14% | 14% | 17% | 17% | 13% | 10-12% |
| | | Upstream | \$1,200 | \$1,025 | \$900 | ~\$750 |
| | | Midstream | \$355 | \$380 | \$715 | ~\$500 |

Data for 2008 and 2009 reflects Emerson Process Management



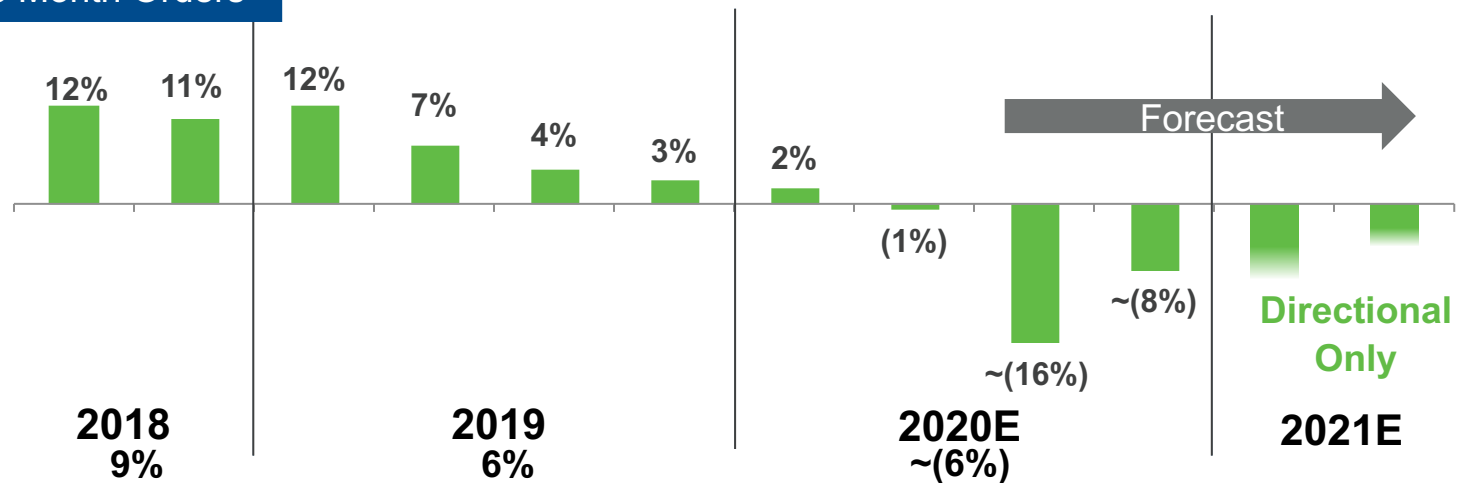
A MORE DIVERSE INDUSTRY MIX FOR AUTOMATION SOLUTIONS
WILL MITIGATE THE IMPACT OF THIS OIL & GAS DOWN CYCLE

Automation Solutions

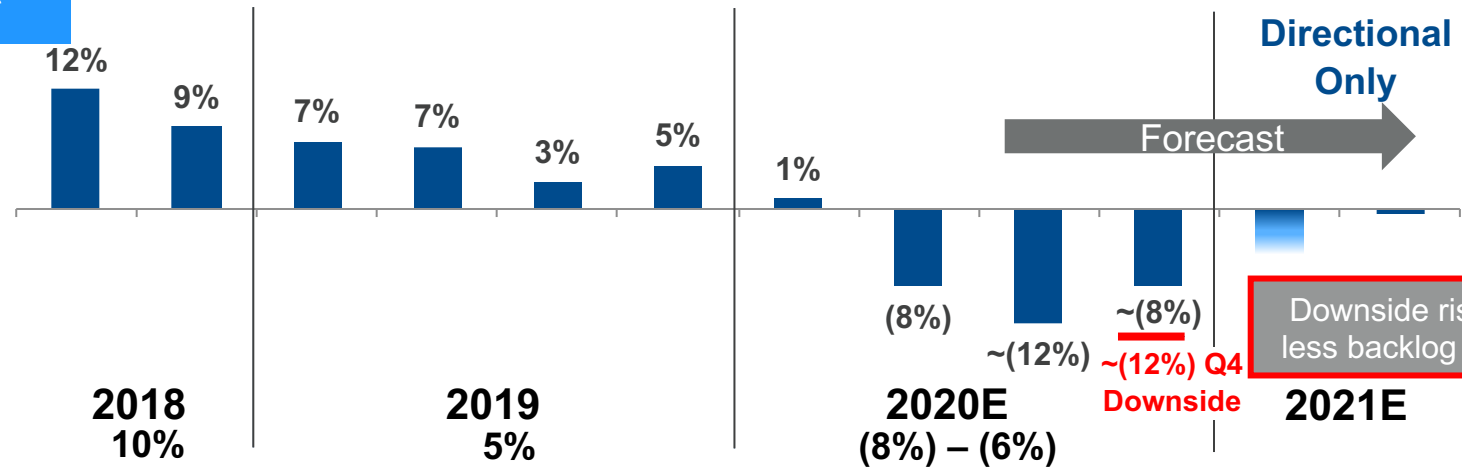
Quarterly Underlying Orders and Sales

Trailing 3 Month Orders

vs prior year



Sales*



Downside risk involves less backlog conversion

Fixed Backlog*: \$4.5B \$4.4B \$4.6B \$4.8B \$4.9B \$4.6B \$4.9B \$5.2B \$5.1B \$4.9B \$5.0B \$5.2B

Peak Margin Plan on Track with Strong Execution in H1 2020; Additional Actions Identified

2023 Peak Margin Plan – Investor Conference

~2300 Salaried
Headcount Reduced
+
~700 Salaried Headcount
Moves to Better Cost
Locations
=
~10% Total Salaried
~110
Facility Reductions
~\$700M
Cost Actions

| | Spend | Annualized Savings |
|------|--------|--------------------|
| 2019 | \$65M | \$78M |
| 2020 | \$177M | \$216M |
| 2021 | \$83M | \$95M |

2020 Update

Execution of plan already underway:

- \$112M of restructuring spend in first half
 - Impacted ~1,300 headcount
- Overall savings of \$46M in first half

New 2020 actions to offset reduced volume:

- \$53M of incremental restructuring spend taking the 2020 total spend to \$230M
 - Impacting ~1,100 additional headcount
- \$40M of incremental cost actions including non restructuring programs and discretionary savings

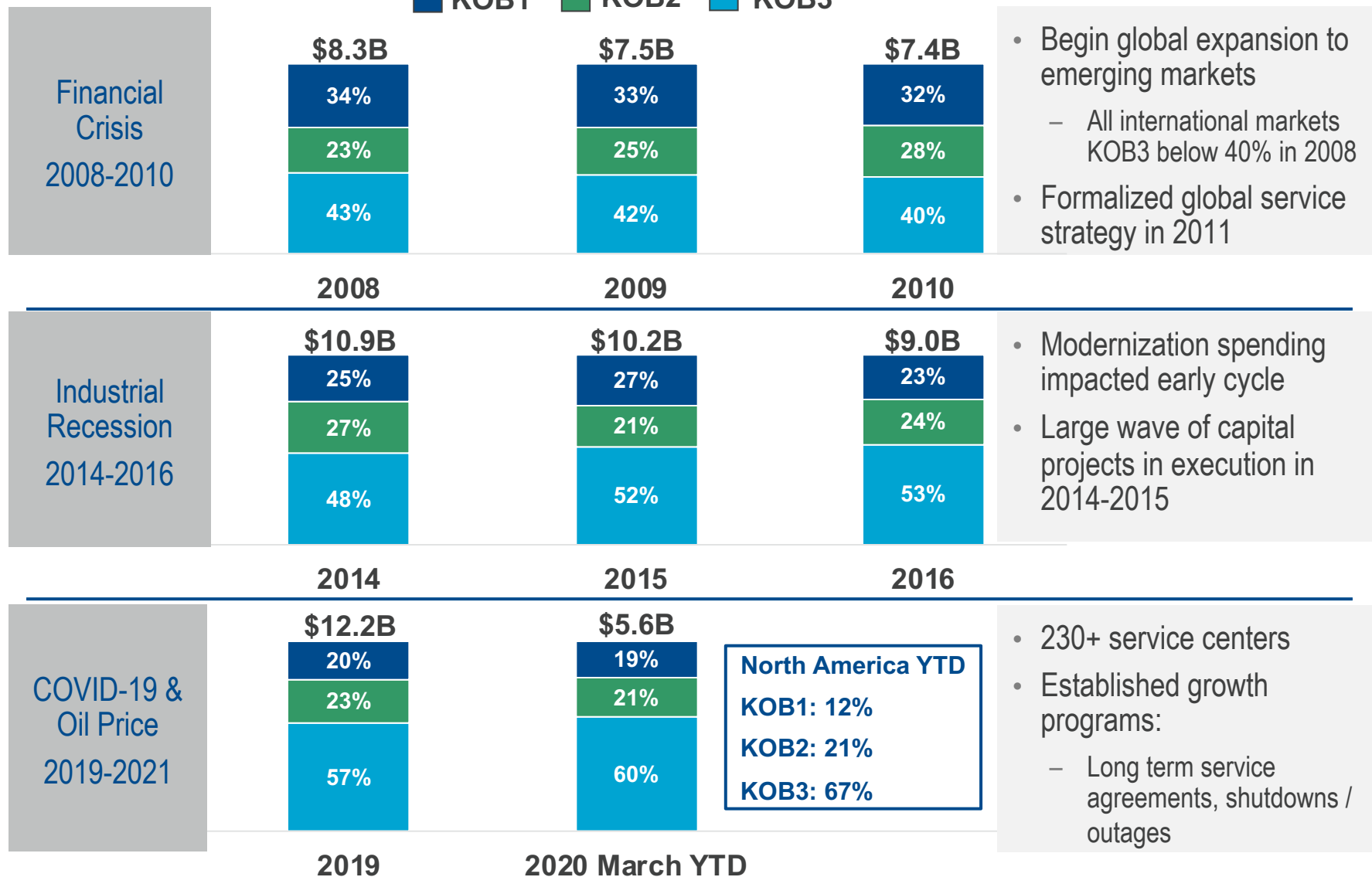
| | 1st Half | 2nd Half | New | Total |
|--------------------|----------|----------|-------|--------|
| Spend | \$112M | \$65M | \$53M | \$230M |
| Annualized Savings | | | | \$314M |



EXECUTING PEAK MARGIN PLAN IN ADDITION TO NEW ACTIONS

This Cycle Is Different: Our Mature Automation Service (KOB3) Capabilities and Infrastructure Are Resilient

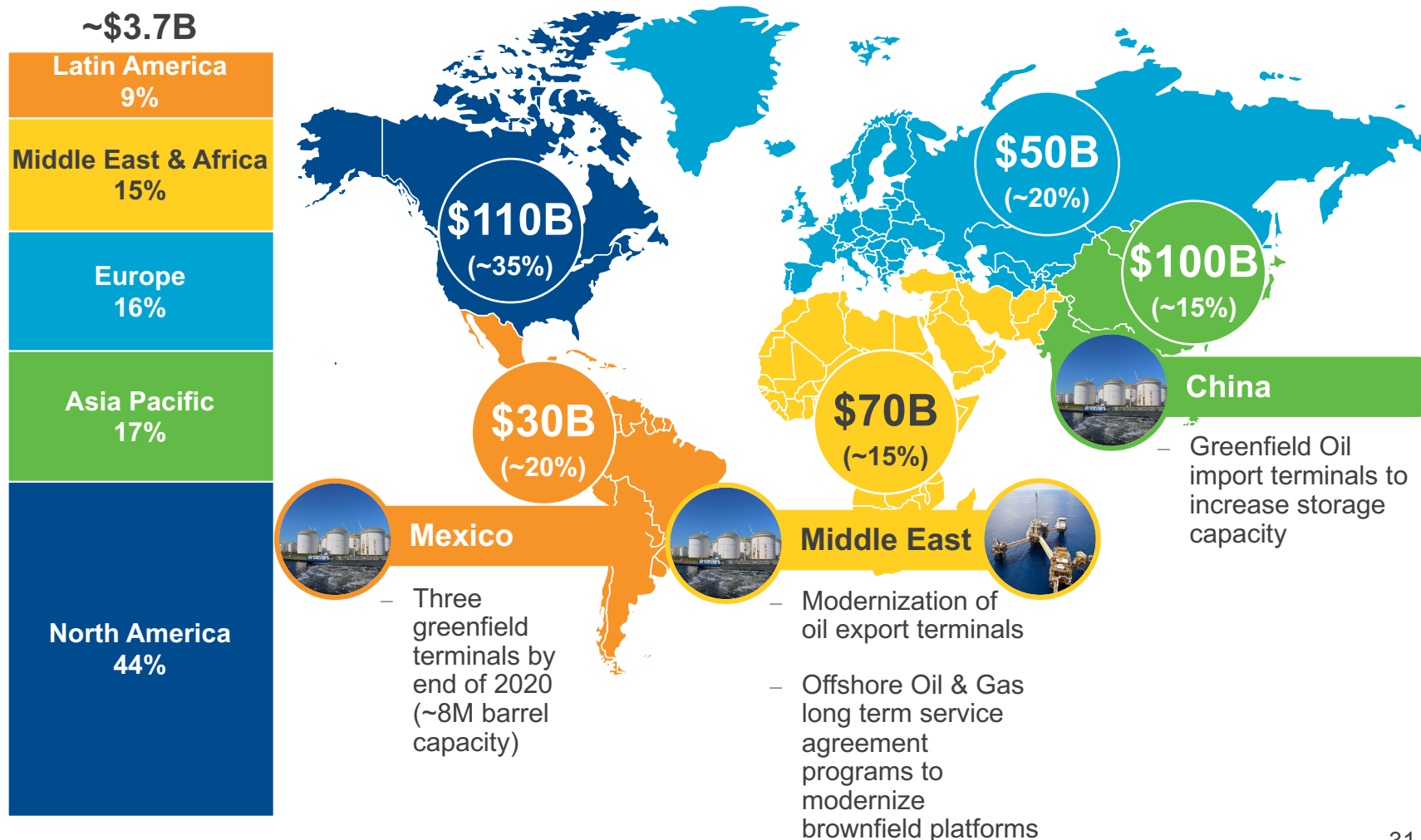
■ KOB1 ■ KOB2 ■ KOB3



Shale Customers Responded Quickly With Dramatic Budget Cuts but International Investment Continues

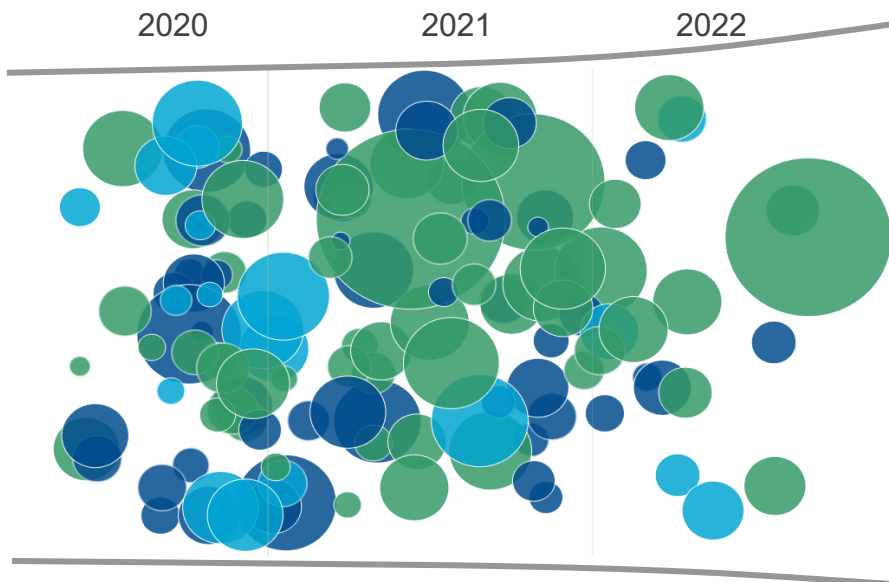
Total 2019 Upstream and
Pipelines & Terminals Sales

2020 Upstream Oil & Gas CAPEX Estimates
\$360B; (~20%) YoY

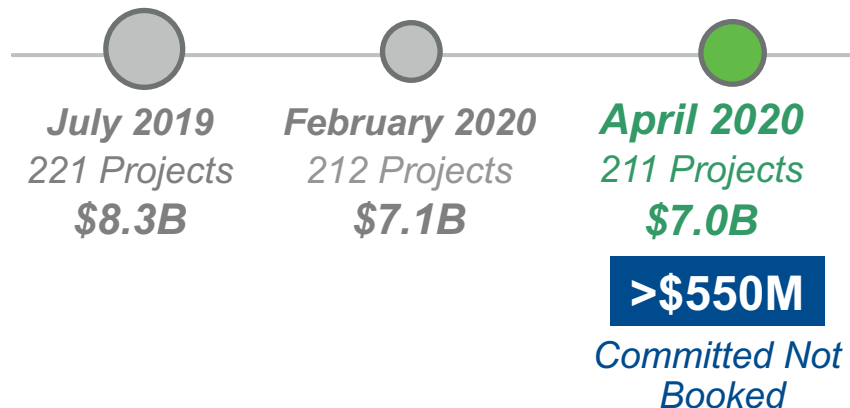


Oil Price Shock Has Triggered Deferred Investment Decisions While Committed Projects Remain Stable

Investment Decision Dates By Destination



| World Area | # | Value |
|------------------------------------|----|--------|
| Americas | 86 | \$2.3B |
| Asia Pacific, Middle East & Africa | 97 | \$3.7B |
| Europe | 28 | \$1.0B |



Since Feb Investor Conference

Projects have Booked

Booked > \$100M out of the funnel

Committed Not Booked is Robust

Commitments have remained steady >\$550M

Projects in the Pipeline have Shifted Out

\$900M has shifted out of 2020 into 2021

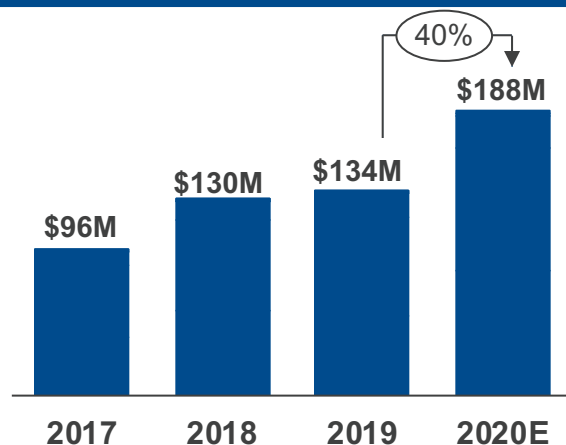
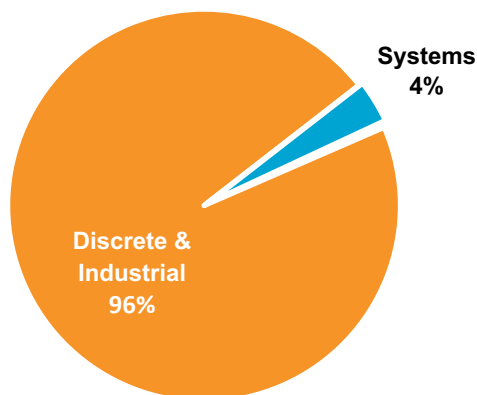
Project Funnel includes large project opportunities under active pursuit



PROJECTS REMOVED FROM FUNNEL PRIMARILY IN AMERICAS DUE TO INCREASINGLY CHALLENGED ECONOMICS

Emerson is Well-Positioned to Serve the Expanding Needs of the Medical and Life Sciences Markets

2019 Medical Sales: \$134M, ~1% of Total Automation Sales



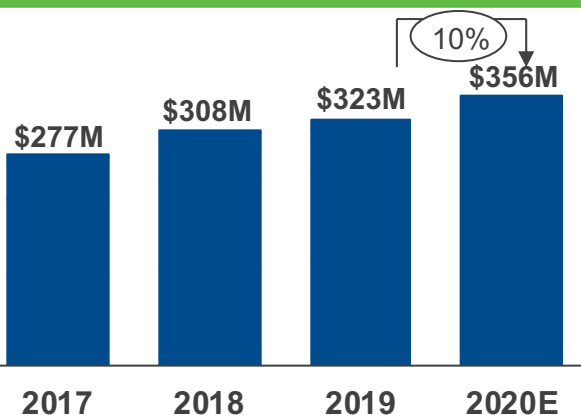
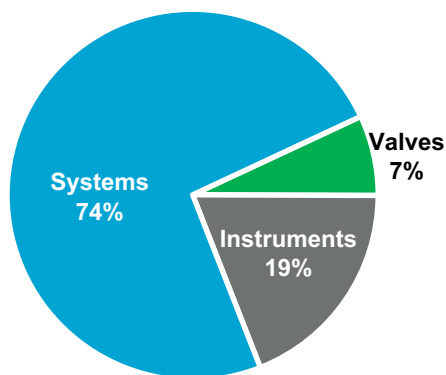
Isolation Valves

Medical Regulator



Ventilator Valves

2019 Life Sciences Sales: \$323M, ~3% of Total Automation Sales



PLC



PK Controller



Single-Use Sensors



Hygienic Pressure & Temp



THE MEDICAL AND LIFE SCIENCE BUSINESS IS POISED FOR GROWTH, ESPECIALLY IF WE SEE ON-SHORING OF MEDICAL AND PHARMACEUTICAL CAPACITY TO LOCAL END MARKETS

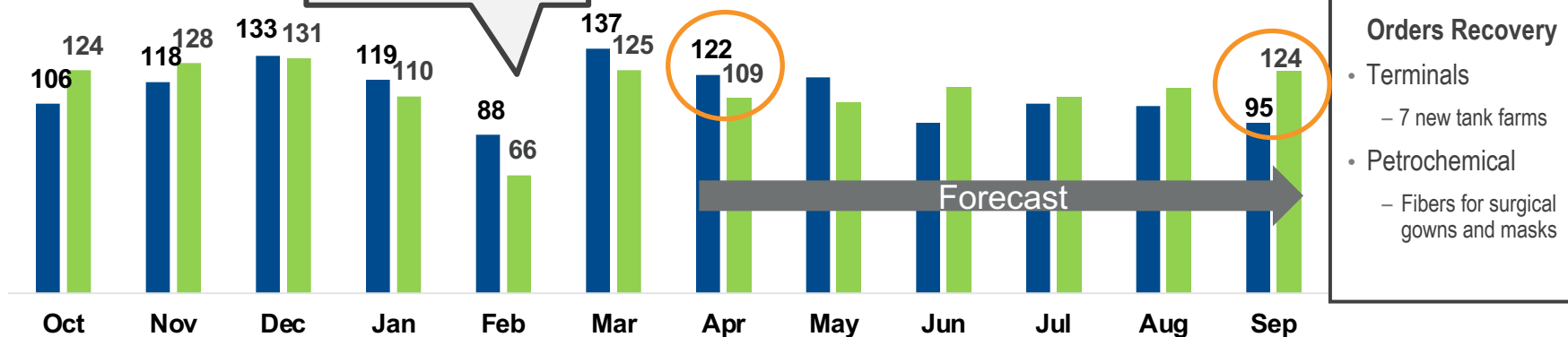
Automation Solutions: Trajectory of China's Recovery May Provide Insight for Other Geographies

Orders \$M

■ 2019
■ 2020

Lockdowns extended beyond New Year holiday; most operations resume by Feb 10th

| \$M | 2019 | 2020E | Δ YoY |
|--------|---------|---------|-------|
| Orders | \$1,345 | \$1,364 | +1.4% |
| Sales | \$1,367 | \$1,370 | 0.2% |

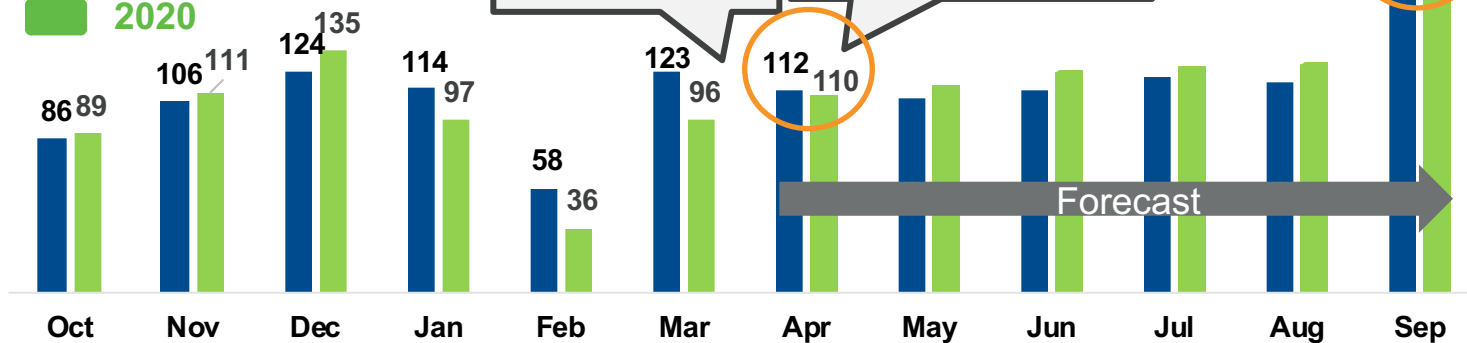


Sales \$M

■ 2019
■ 2020

Production capacity:
Mar 2nd: 85%
Mar 30th: 96%

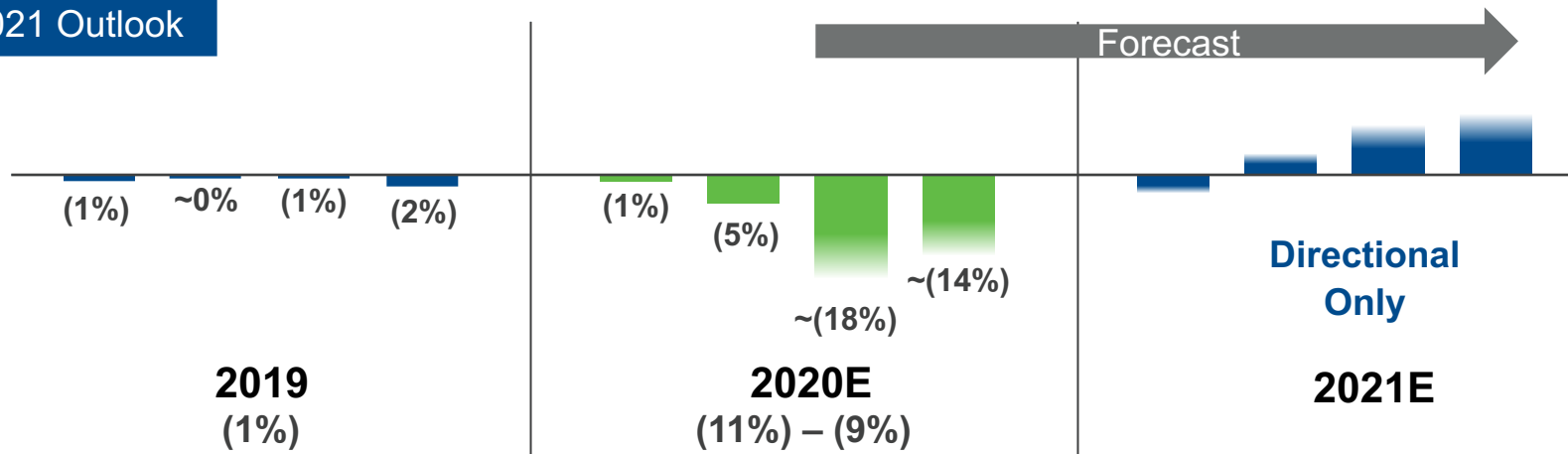
Mid - April
Production capacity: 98%
Manpower availability: 98%



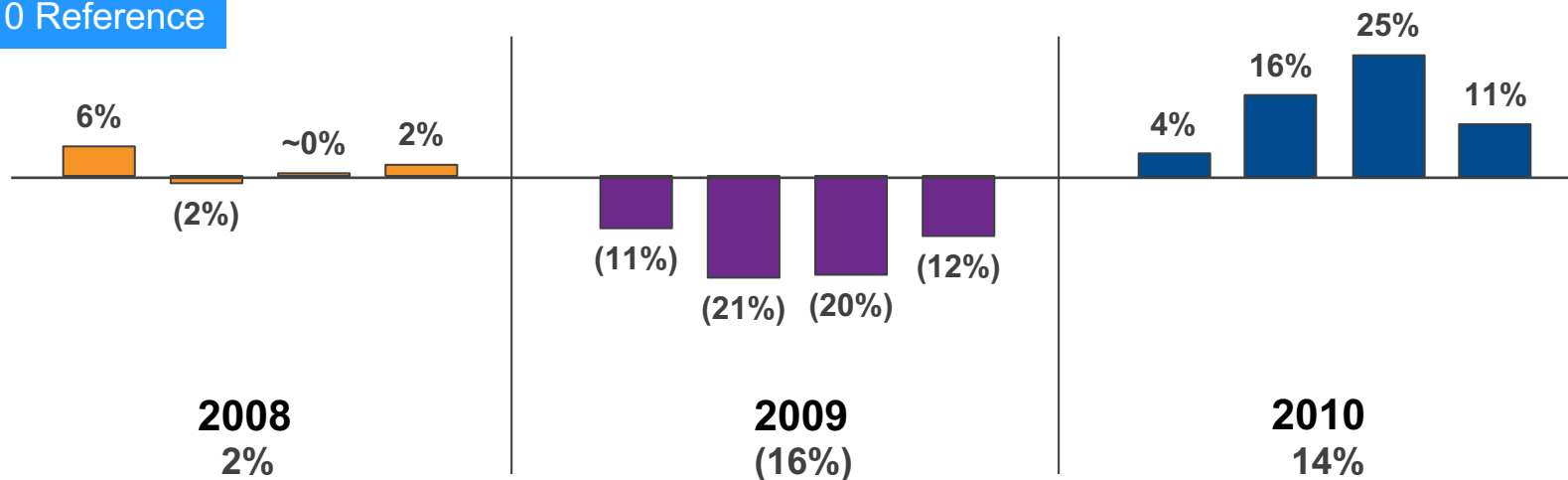
Commercial & Residential Solutions

Quarterly Underlying Sales*

2019 - 2021 Outlook



2008 - 2010 Reference



Commercial & Residential Solutions Operational Response to COVID-19

February Investor Meeting - Peak Plan Summary

Commercial & Residential Solutions Aggressive Cost Reset Actions

~\$330M Total Actions

~500 Salaried
Headcount Reduced,
~6%

~250 Salaried
Headcount to Better
Cost Location

~10% of Hourly
Headcount Impacted
by Automation or
Move to Better Cost

~35 Facility
Consolidations
Price/NMI

Footprint

- Manufacturing facility consolidation & footprint shifts to Better Cost Locations
- Consolidation of sales/engineering/distribution centers
- Acquisition synergy plans execution

Organization Structure

- Structural optimization across the Platform
- G&A centralization into BCC shared service centers
- Recent acquisition synergy plans acceleration

Cost Reductions & Productivity

- Automation & optimization in factories and offices
- Engineering-driven cost reductions
- Recent acquisition synergy plans acceleration

Aggressive Cost Actions Are Underway To Drive Significant Margin Improvements

Update

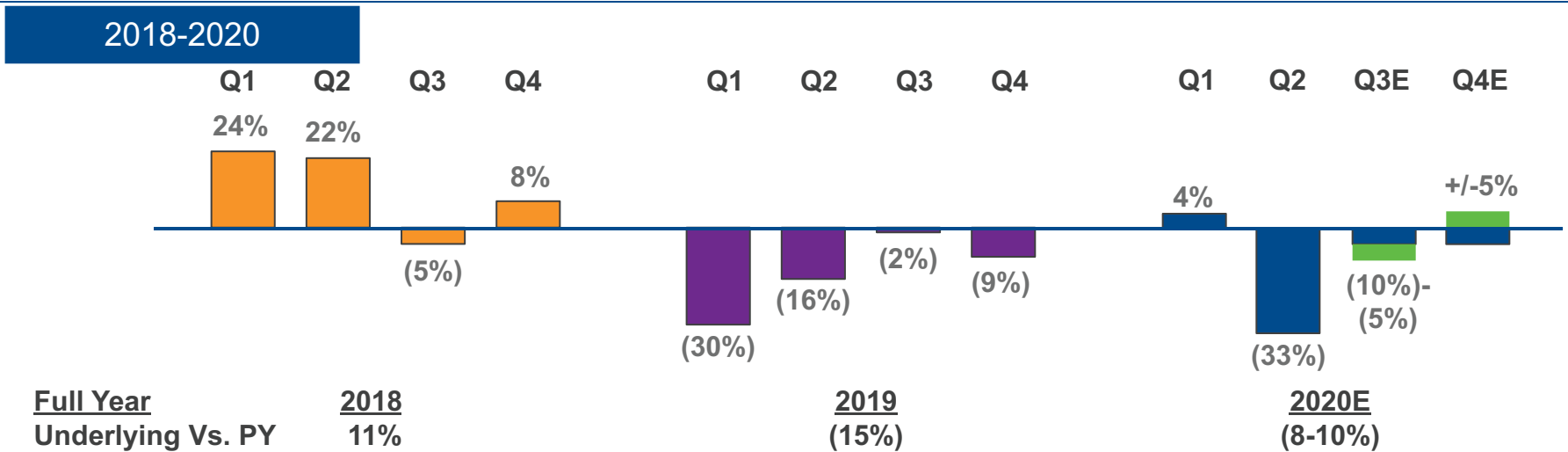
- **Beat H1 Peak Plan** margin, despite sales challenges in final weeks
- **~300 additional salaried headcount actions** for H2 versus Peak Plan
- Executing **widespread furloughing** of salaried employees during H2
- **\$31M total additional cost actions for H2**
- **H2 SG&A spend in total now reduced by >10%** versus Peak Plan
- **Managing numerous supplier, internal, customer, and other disruptions** to keep operations running and customers supplied



PEAK PLAN PROGRAMS ON TRACK, PLUS ADDITIONAL ACTIONS TO
ADDRESS SIGNIFICANT COVID-19 SALES DISRUPTION

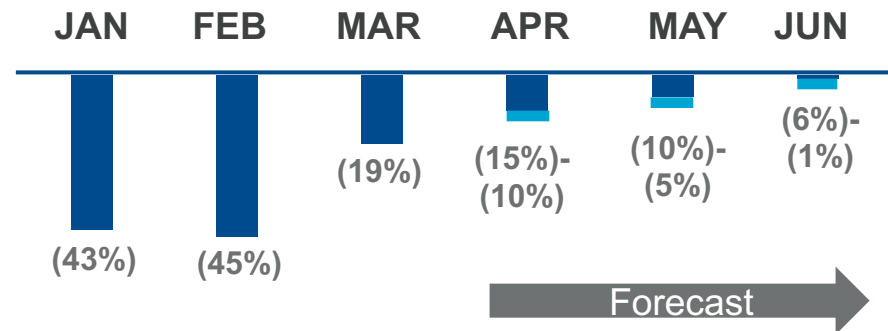
Commercial & Residential Solutions

China Underlying Sales Trends



| Province | Invest 2020 (RMB billion) | Projects |
|-----------|---------------------------|----------|
| Anhui | 1305.4 | 6,878 |
| Henan | 837 | 980 |
| Guizhou | 726 | 3,357 |
| Guangdong | 700 | 1,230 |
| Sichuan | 618 | 700 |
| Jiangsu | 541 | 240 |
| Fujian | 501 | 1,567 |
| Total | 5,228.4 | 14,952 |

FY 2020 China Destination Sales by Month



Provincial Investment Plans Stimulate Recovery

Supporting the Fight Against COVID-19

Commercial & Residential Solutions: COVID-19 Support for Communities, Essential Businesses

PPE donations to local healthcare organizations, first responders, and elderly care facilities in: Ohio, Illinois, Missouri, Louisiana, Mexico, and Belgium



38,570
K/N95 Masks



30,000
Gloves



5,200
Assorted PPE



Our Cargo Solutions business delivered **tracking devices in S. Korea** on a Sunday for a Monday **shipment of COVID-19 test kits**, after the prior shipment was destroyed during an Alaska layover











Our Cold Chain business provided emergency shipments of compressors and condensing units for **test kit manufacturing and critical medicine and test kit storage equipment**



Our Greenlee automatic cable cutting machines delivered by employees to the Corps of Army Engineers for **lighting and power in “pop up” care facilities** in Denver & Miami convention centers

Automation Solutions:

COVID-19 Support for Communities, Essential Businesses

| | Drug Development | Testing | Medical PPE | Patient Therapy |
|---------------------|--|--|---|--|
| Customer(s) | Major Drug manufacturer  | Major Test Manufacturer  | Major Industrial company  | Major Medical Manufacturer  |
| Customer Challenges | <ul style="list-style-type: none"> Fast track before fall breakout of COVID-19 Required timeline of 4-6 months versus original 18 months | <ul style="list-style-type: none"> Precision required to fill cartridge reagent in testing equipment Used for COVID-19 testing to produce 45-min results | <ul style="list-style-type: none"> Shortage of medical PPE from COVID-19 Must expand rapidly to meet global health needs | <ul style="list-style-type: none"> Oxygen therapy required for lung damage caused by COVID-19 Stationary unit demand rose to 3.5X normal |
| Emerson Solution | <ul style="list-style-type: none"> Preselected DeltaV and Syncade solution to double batches/week Bio-G software to identify process bottlenecks  | <ul style="list-style-type: none"> Micro Motion ELITE Coriolis Meters trusted to fill reagent cartridges High accuracy, high turndown  | <ul style="list-style-type: none"> Branson Ultrasonic Welders assist medical PPE manufacturers meet increasing production targets  | <ul style="list-style-type: none"> FLMC airside process modules and oxygen control manifold chosen Collaborative approach provided fast, reliable solutions  |

Q&A

Please Stay Safe and Healthy!
Thank you.



LOWER HEADBAND

BRANSON

 **EMERSON** | **Honeywell**

*Emerson's Branson Ultrasonic Welders support
increased production of face masks at Honeywell.*

 **EMERSON**

Appendix

Reconciliation of Non-GAAP Measures

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

Q2 2020 Underlying Sales Change

Reported (GAAP)

(Favorable) / Unfavorable FX

Acquisitions / Divestitures

Underlying*

| Auto Solns | Comm & Res Solns | Emerson |
|-------------------|-----------------------------|----------------|
| (10)% | (7)% | (9)% |
| 2% | 1% | 2% |
| -% | 1% | -% |
| (8)% | (5)% | (7)% |

Q3 2020E Underlying Sales Change

Reported (GAAP)

(Favorable) / Unfavorable FX

Acquisitions / Divestitures

Underlying*

| Emerson |
|----------------|
| (19)% - (16)% |
| ~ 3% |
| ~ - % |
| (16)% - (13)% |

FY 2020E Underlying Sales Change

Reported (GAAP)

(Favorable) / Unfavorable FX

Acquisitions / Divestitures

Underlying*

| Auto Solns | Comm & Res Solns | Emerson |
|-------------------|-----------------------------|----------------|
| (10)% - (8)% | (13)% - (11)% | (11)% - (9)% |
| ~ 2% | ~ 1% | ~ 2% |
| ~ - % | ~ 1% | ~ - % |
| (8)% - (6)% | (11)% - (9)% | (9)% - (7)% |

Reconciliation of Non-GAAP Measures

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

Q2 2020E February 2020 Underlying Sales Change

Reported (GAAP)

(Favorable) / Unfavorable FX

Acquisitions / Divestitures

Underlying*

Emerson

(2)% - 0%

~ 1%

~ - %

(1)% - 1%

FY 2020E February 2020 Underlying Sales Change

Reported (GAAP)

(Favorable) / Unfavorable FX

Acquisitions / Divestitures

Underlying*

Auto Solns

(1)% - 3%

~ - %

~ - %

(1)% - 3%

Comm & Res Solns

(4)% - 0%

~ - %

~ 1%

(3)% - 1%

Emerson

(2)% - 2%

~ - %

~ - %

(2)% - 2%

EBIT

Pretax earnings (GAAP)

Interest expense, net

Earnings before interest and taxes*

Restructuring and related charges

Adjusted earnings before interest and taxes*

Q2 FY19

\$ 675

48

\$ 723

10

\$ 733

Q2 FY20

\$ 689

36

\$ 725

40

\$ 765

Change

2%

(2)%

-%

5%

5%

Reconciliation of Non-GAAP Measures

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

EBIT Margin

| | Q2 FY19 | Q2 FY20 | Change |
|--|---------|---------|----------|
| Pretax margin (GAAP) | 14.8% | 16.6% | 180 bps |
| Interest expense, net % of sales | 1.0% | 0.8% | (20) bps |
| EBIT margin* | 15.8% | 17.4% | 160 bps |
| Restructuring and related charges % of sales | 0.2% | 1.0% | 80 bps |
| Adjusted EBIT margin* | 16.0% | 18.4% | 240 bps |
| Depreciation / amortization % of sales | 4.5% | 5.1% | 60 bps |
| Adjusted EBITDA margin* | 20.5% | 23.5% | 300 bps |

Q2 Earnings Per Share

| | Q1 FY20 | Q2 FY20 | Change |
|---|---------|---------|--------|
| Earnings per share (GAAP) | \$ 0.84 | \$ 0.84 | -% |
| Restructuring and related charges and prior year tax benefits | (0.01) | 0.05 | 7% |
| Adjusted earnings per share* | \$ 0.83 | \$ 0.89 | 7% |

First Half Earnings Per Share

| | 1H FY20 |
|-----------------------------------|---------|
| Earnings per share (GAAP) | \$ 1.37 |
| Restructuring and related charges | 0.19 |
| Adjusted earnings per share* | \$ 1.56 |

Reconciliation of Non-GAAP Measures

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

| FY 2020E Earnings Per Share | Q2 FY20E | FY20E Feb Guidance | Q3 FY20E | FY20E |
|------------------------------------|-----------------|---------------------------|-----------------|-----------------|
| Earnings per share (GAAP) | \$0.73 - \$0.77 | \$3.27 - \$3.52 | \$0.43 - \$0.51 | \$2.62 - \$2.82 |
| Restructuring and related charges | ~ 0.06 | ~ \$0.28 | ~ 0.13 | ~ \$0.38 |
| Adjusted earnings per share* | \$0.79 - \$0.83 | \$3.55 - \$3.80 | \$0.56 - \$0.64 | \$3.00 - \$3.20 |

| FY 2020E Midpoint Earnings Per Share | FY 2019 | FY 20E Midpoint |
|---|----------------|------------------------|
| Earnings per share (GAAP) | \$ 3.71 | \$ 2.72 |
| Discrete tax benefits | (0.14) | - |
| Restructuring and related charges | 0.12 | 0.38 |
| Adjusted earnings per share* | \$ 3.69 | \$ 3.10 |

| Business Segment EBIT | Q2 FY19 | Q2 FY20 | Change |
|---------------------------------------|----------------|----------------|---------------|
| Pretax earnings (GAAP) | \$ 675 | \$ 689 | 2% |
| Corp. items and interest expense, net | 97 | 8 | (12)% |
| Business segment EBIT* | 772 | 697 | (10)% |
| Restructuring charges | 9 | 39 | 4% |
| Adjusted business segment EBIT* | \$ 781 | \$ 736 | (6)% |

| Business Segment EBIT Margin | Q2 FY19 | Q2 FY20 | Change |
|--|----------------|----------------|---------------|
| Pretax margin (GAAP) | 14.8% | 16.6% | 180 bps |
| Corp. items and interest expense, net % of sales | 2.1% | 0.1% | (200) bps |
| Business segment EBIT margin* | 16.9% | 16.7% | (20) bps |
| Restructuring charges % of sales | 0.2% | 0.9% | 70 bps |
| Adjusted business segment EBIT margin* | 17.1% | 17.6% | 50 bps |
| Depreciation / amortization % of sales | 4.2% | 4.9% | 70 bps |
| Adjusted business segment EBITDA margin* | 21.3% | 22.5% | 120 bps |

Reconciliation of Non-GAAP Measures

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

| | Q2 FY20 vs. Prior Year | FY20 vs. Prior Year | Q2 FY20 vs. Prior Guidance | FY20 vs. Prior Guidance |
|---|---------------------------|------------------------|-------------------------------|-------------------------------|
| Business Segment Adjusted EBITDA | | | | |
| Pretax margin (GAAP) | \$ 14 | ~\$(700) | ~\$74 | ~\$(560) |
| Corp. items, interest, restructuring, depreciation/amortization | (50) | 260 | (124) | (25) |
| Adjusted business segment EBITDA* | \$ (36) | ~\$(440) | ~\$(50) | ~\$(585) |
| Pretax Earnings | Q2 FY19 | Q2 FY20 | Change | |
| Pretax earnings (GAAP) | \$ 675 | \$ 689 | 2% | |
| Restructuring and related charges | 10 | 40 | 4% | |
| Adjusted pretax earnings* | \$ 685 | \$ 729 | 6% | |
| Corporate and Other | Q2 FY19 | Q2 FY20 | Change | |
| Corporate and other (GAAP) | \$ (17) | \$ (22) | (5) | |
| Restructuring and related charges | 1 | 1 | - | |
| Adjusted Corporate and other* | \$ (16) | \$ (21) | (5) | |
| Pretax Margin | Q1 FY19 | Q1 FY20 | Change | |
| Pretax margin (GAAP) | 14.8% | 16.6% | 180 bps | |
| Restructuring and related charges | 0.2% | 0.9% | 70 bps | |
| Adjusted pretax margin* | 15.0% | 17.5% | 250 bps | |

Reconciliation of Non-GAAP Measures

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

Automation Solutions Segment EBIT Margin

| | Q2 FY19 | Q2 FY20 | Change |
|--|---------|---------|----------|
| Automation Solutions Segment EBIT margin (GAAP) | 14.8% | 14.4% | (40) bps |
| Restructuring charges | 0.2% | 1.1% | 90 bps |
| Automation Solutions Adjusted Segment EBIT margin* | 15.0% | 15.5% | 50 bps |
| Depreciation / amortization | 4.3% | 5.1% | 80 bps |
| Automation Solutions Adjusted Segment EBITDA margin* | 19.3% | 20.6% | 130 bps |

Commercial & Residential Solutions EBIT Margin

| | Q2 FY19 | Q2 FY20 | Change |
|--|---------|---------|--------|
| Com & Res Sols EBIT margin (GAAP) | 21.0% | 21.0% | - bps |
| Restructuring charges | 0.2% | 0.6% | 40 bps |
| Com & Res Sols Adjusted EBIT margin* | 21.2% | 21.6% | 40 bps |
| Depreciation / amortization | 4.0% | 4.5% | 50 bps |
| Com & Res Sols Adjusted EBITDA margin* | 25.2% | 26.1% | 90 bps |

Cash Flow

| | Q2 FY19 | Q2 FY20 | Change | % Change | FY20E Feb Guidance | FY20E |
|----------------------------|---------|---------|--------|----------|--------------------|----------|
| Operating cash flow (GAAP) | \$ 533 | \$ 588 | \$ 55 | 10% | \$ 3.15B | \$ 2.75B |
| Capital expenditures | (119) | (111) | 8 | 5% | ~ (650M) | ~ (550M) |
| Free cash flow* | \$ 414 | \$ 477 | \$ 63 | 15% | \$ 2.5B | \$ 2.2B |

Reconciliation of Non-GAAP Measures

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

Cash Flow to Net Earnings Conversion

| | Q2 FY20 | FY20E |
|---------------------------------------|---------|---------|
| Operating cash flow conversion (GAAP) | 112% | ~ 165% |
| Capital expenditures | (21)% | ~ (35)% |
| Free cash flow conversion* | 91% | ~ 130% |

Cash Flow

| | Q2 FY20 vs. Prior Year | FY20 vs. Prior Guidance |
|----------------------------|---------------------------|----------------------------|
| Operating cash flow (GAAP) | ~\$(250) | ~\$(400) |
| Capital expenditures | 50 | 100 |
| Free cash flow* | ~\$(200) | ~\$(300) |

2019 Quarterly Adjusted EPS

| | Q1 | Q2 | Q3 | Q4 | FY19 |
|-----------------------|---------|---------|---------|---------|---------|
| Reported EPS (GAAP) | \$ 0.74 | \$ 0.84 | \$ 0.97 | \$ 1.16 | \$ 3.71 |
| Reported Tax Rate | 20.9% | 22.3% | 20.3% | 12.3% | 18.6% |
| Discrete tax benefits | - | (0.02) | | (0.09) | |
| Restructuring Charges | 0.01 | 0.01 | (0.03) | 0.07 | (0.14) |
| Adjusted EPS* | \$ 0.75 | \$ 0.83 | \$ 0.97 | \$ 1.14 | \$ 3.69 |
| Adjusted Tax Rate* | 20.9% | 24.2% | 22.7% | 19.1% | 21.6% |

Reconciliation of Non-GAAP Measures

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

Business Segment EBIT Margin

| | Q2 FY19 | Q2 FY20E | Change |
|--|---------|----------|------------|
| Pretax margin (GAAP) | 14.8% | ~ 13.7% | ~(150) bps |
| Corp. items and interest expense, net % of sales | 2.1% | 2.5% | 80 bps |
| Business segment EBIT margin* | 16.9% | ~ 16.2% | ~ (70) bps |
| Restructuring charges % of sales | 0.2% | 1.1% | 90 bps |
| Adjusted business segment EBIT margin* | 17.1% | ~ 17.3% | ~ 20 bps |
| Depreciation / amortization % of sales | 4.2% | 4.6% | 40 bps |
| Adjusted business segment EBITDA margin* | 21.3% | ~ 21.9% | ~ 60 bps |

Business Segment EBIT Margin

| | Q3 FY19 | Q3 FY20E |
|--|---------|---------------|
| Pretax margin (GAAP) | 16.4% | 9.0% - 9.5% |
| Corp. items and interest expense, net % of sales | 1.7% | ~ 3.5% |
| Business segment EBIT margin* | 18.1% | 12.5% - 13.0% |
| Restructuring charges % of sales | 0.4% | ~ 2.5% |
| Adjusted business segment EBIT margin* | 18.5% | 15.0% - 15.5% |
| Depreciation / amortization % of sales | 4.1% | ~ 5.0% |
| Adjusted business segment EBITDA margin* | 22.6% | 20.0% - 20.5% |

Total Debt / EBITDA

| | FY20E |
|---|--------|
| Total debt / pretax earnings (GAAP) | ~ 2.7x |
| Interest, taxes, depreciation, amortization | (0.8) |
| Total debt / EBITDA* | ~1.9x |

Reconciliation of Non-GAAP Measures

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

Emerson FY 2018 Underlying Sales

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

Emerson FY 2019 Underlying Sales

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

Emerson FY 2020E Underlying Sales

| | Q1 | Q2 | Q3E | Q4E | FY20E |
|----------------|-----|------|-------------------|--------------|--------------|
| Sales (GAAP) | -% | (9)% | (17.5)% - (14.5)% | (15)% - (9)% | (11)% - (9)% |
| FX / Acq / Div | -% | 2% | 2% | 2% | ~ 2% |
| Underlying* | - % | (7)% | (15.5)% - (12.5)% | (13)% - (7)% | (9)% - (7)% |

Reconciliation of Non-GAAP Measures

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

Automation Solutions FY 2018 Underlying Sales

| | Q3 | Q4 | FY18 |
|----------------|------|------|-------|
| Sales (GAAP) | 18% | 11% | 21% |
| FX / Acq / Div | (6)% | (2)% | (11)% |
| Underlying* | 12% | 9% | 10% |

Automation Solutions FY 2019 Underlying Sales

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

Automation Solutions FY 2020E Underlying Sales

| | Q1 | Q2 | Q3E | Q4E | FY20E |
|----------------|------|-------|---------|---------|--------------|
| Sales (GAAP) | 2% | (10)% | ~ (15)% | ~ (10)% | (10)% - (8)% |
| FX / Acq / Div | (1)% | 2% | 3% | 2% | ~ 2% |
| Underlying* | 1% | (8)% | ~ (12)% | ~ (8)% | (8)% - (6)% |

Reconciliation of Non-GAAP Measures

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

Commercial & Residential Solutions FY 2008 Underlying

| | Q1 | Q2 | Q3 | Q4 | FY08 |
|----------------|------|------|------|------|------|
| Sales | | | | | |
| Sales (GAAP) | 9% | 1% | 4% | 5% | 4% |
| FX / Acq / Div | (3)% | (3)% | (4)% | (3)% | (2)% |
| Underlying* | 6% | (2)% | -% | 2% | 2% |

Commercial & Residential Solutions FY 2009 Underlying

| | Q1 | Q2 | Q3 | Q4 | FY09 |
|----------------|-------|-------|-------|-------|-------|
| Sales | | | | | |
| Sales (GAAP) | (13)% | (23)% | (22)% | (12)% | (18)% |
| FX / Acq / Div | 2% | 2% | 2% | -% | 2% |
| Underlying* | (11)% | (21)% | (20)% | (12)% | (16)% |

Commercial & Residential Solutions FY 2010 Underlying

| | Q1 | Q2 | Q3 | Q4 | FY10 |
|----------------|------|------|------|-----|------|
| Sales | | | | | |
| Sales (GAAP) | 11% | 22% | 27% | 10% | 17% |
| FX / Acq / Div | (7)% | (6)% | (2)% | 1% | 3% |
| Underlying* | 4% | 16% | 25% | 11% | 14% |

Commercial & Residential Solutions FY 2019 Underlying

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

Commercial & Residential Solutions FY 2020E Underlying

| | Q1 | Q2 | Q3 | Q4 | FY20E |
|----------------|------|------|---------|---------|---------------|
| Sales | | | | | |
| Sales (GAAP) | (3)% | (7)% | ~ (20)% | ~ (15)% | (13)% - (11)% |
| FX / Acq / Div | 2% | 2% | 2% | 1% | ~ 2% |
| Underlying* | (1)% | (5)% | ~ (18)% | ~ (14)% | (11)% - (9)% |

Reconciliation of Non-GAAP Measures

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

Automation Solutions Backlog

GAAP Backlog

FX

Fixed Backlog

| 2018 | | 2019 | | | |
|-------|-------|-------|-------|-----|-----|
| Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| 4.7 | 4.5 | 4.7 | 4.9 | 4.9 | 4.6 |
| (0.2) | (0.1) | (0.1) | (0.1) | - | - |
| 4.5 | 4.4 | 4.6 | 4.8 | 4.9 | 4.6 |

Automation Solutions Backlog

GAAP Backlog

FX

Fixed Backlog

| 2020 | | | | 2021T | |
|------|-----|-------|-------|-------|-------|
| Q1 | Q2 | Q3E | Q4E | Q1T | Q2T |
| 4.9 | 5.1 | ~ 5.0 | ~ 4.7 | ~ 4.9 | ~ 5.1 |
| - | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 |
| 4.9 | 5.2 | ~ 5.1 | ~ 4.9 | ~ 5.0 | ~ 5.2 |

Automation Solutions China Sales

Sales (GAAP)

FX / Acq / Div

Underlying*

| 2019 | 2020E | Change |
|----------|----------|--------|
| \$ 1,409 | \$ 1,335 | (5)% |
| (42) | 35 | 5% |
| \$ 1,367 | \$ 1,370 | - % |

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

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

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