2025 Q2 Earnings

May 7, 2025

EMERSON

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, under Investors.

Continuing Operations

All financial metrics in this presentation are on a continuing operations basis, unless otherwise noted.

Key Messages for the Quarter

Exceptional Q2

Solid underlying orders growth of 4% with all regions positive. Process and hybrid businesses were up 6%, and T&M turned positive – up 8%.

Underlying sales were at the top of guide with another record margin quarter. Adjusted EPS exceeded top of guide by $0.06.

Macro Outlook – Tariffs & Demand

Sustained momentum in process and hybrid markets with discrete recovery. Demand for industrial software remains strong.

2025 tariff exposure is ~$245M; expect to fully mitigate earnings impact

Updated 2025 Guidance

Underlying sales at ~4%

Raising adjusted EPS midpoint, now $5.90 - $6.05

Updating free cash flow to $3.1B - $3.2B

$2.3B capital return to shareholders through dividend and share repurchase

Completed Portfolio Transformation

Closed AspenTech acquisition and expect to be modestly accretive to 2025 Adjusted EPS. Targeting $100M of cost synergies by 2028.

Fully integrated T&M and completed all actions to achieve run-rate of $200M cost synergies.

Determined retaining Safety & Productivity is the best value for our shareholders.

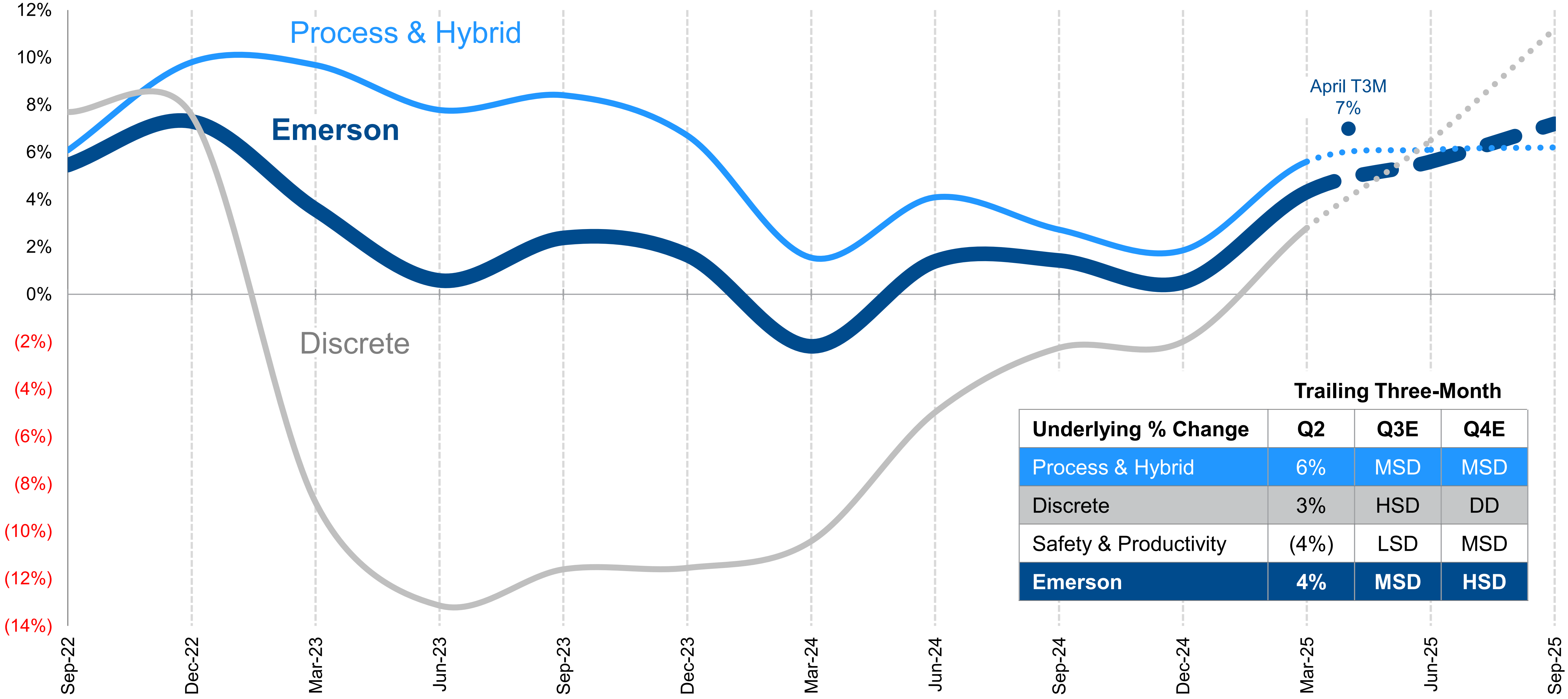
2025 Q2 Key Metrics

	Results	February Guidance
ACV Growth	11%	
Underlying Orders Growth[1]	4%	
Underlying Sales Growth	2%	1% – 2%
Gross Profit Margin	53.5%	
Adjusted Segment EBITA Margin	28.0%	~26.5%
Operating Leverage	*180%*	
Adjusted EPS	$1.48	$1.38 – $1.42
Free Cash Flow	$738M	

Note: Definition for annual contract value (ACV) can be found in the end notes.
1 Excludes AspenTech

Discrete Recovery and Confidence in Strong Capital Cycle Support Our 2025 Orders Outlook

Trailing Three-Month Underlying Orders[1] Versus Prior Year



Underlying % Change	Trailing Three-Month Q2	Q3E	Q4E
Process & Hybrid	6%	MSD	MSD
Discrete	3%	HSD	DD
Safety & Productivity	(4%)	LSD	MSD
Emerson	**4%**	**MSD**	**HSD**

Note: Process & Hybrid includes Control Systems & Software, Measurement & Analytical and Final Control. Discrete includes Test & Measurement and Discrete Automation.
1 Excludes AspenTech. Orders data includes Test & Measurement results in all periods presented, including on a pro forma basis for periods prior to the acquisition close on October 11, 2023.

Favorable Demand Setup Leads to Second Half Acceleration in Underlying Sales for All World Areas With Robust Software Growth

	Americas ~50% of sales		Europe ~20% of sales		Asia, Middle East & Africa ~30% of sales		
	U/L Sales: H1 +3% | 2025E MSD		U/L Sales: H1 (2%) | 2025E ~flat		U/L Sales: H1 +3% | 2025E MSD		
	H1	**2025E**	**H1**	**2025E**		**H1**	**2025E**
PROCESS & HYBRID	MSD	MSD	LSD	LSD	**Ex-China**	HSD+	HSD+
					China	(≥MSD)	(LSD)
DISCRETE	flat	MSD	(≥MSD)	(LSD)	**Ex-China**	MSD	HSD+
					China	(≥MSD)	(≥MSD)

INDUSTRIAL SOFTWARE

2025E ACV Growth: >10%

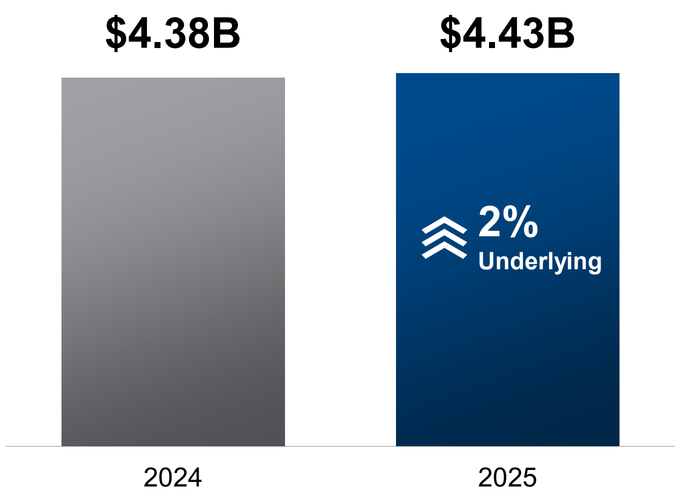
H1	HSD+	Favorability AspenTech's Digital Grid Management (DGM) & Manufacturing and Supply Chain (MSC) Robust growth in DeltaV subscriptions and solid performance for LabVIEW driven by enterprise agreements
2025E	HSD+	Strong EPC project backlog across Energy and Energy Transition, bulk Chemical pressured Sustained momentum in Power, Life Sciences, Semiconductor and Aerospace & Defense

Note: Process & Hybrid includes Control Systems & Software, Measurement & Analytical and Final Control. Discrete includes Test & Measurement and Discrete Automation. Underlying industrial software sales are embedded within regional and end-market performances and outlooks.

HSD+ MSD LSD flat (LSD) (≥MSD)

2025 Q2 Performance Summary

Sales

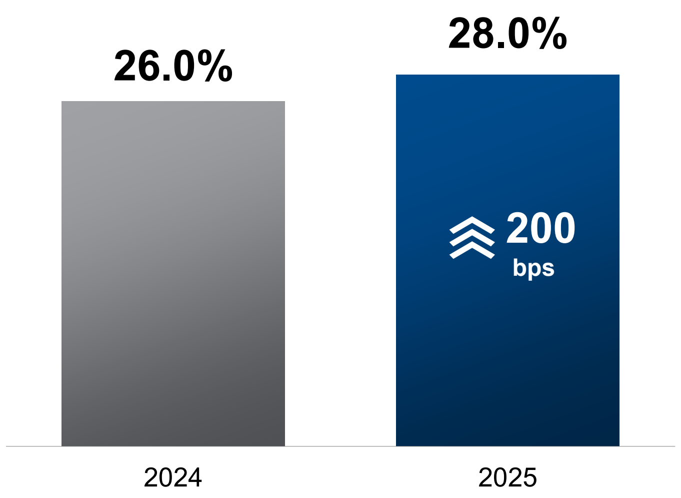


Process and hybrid businesses grew MSD

Price contributed 1.5 pts

Backlog[1]: $7.5B

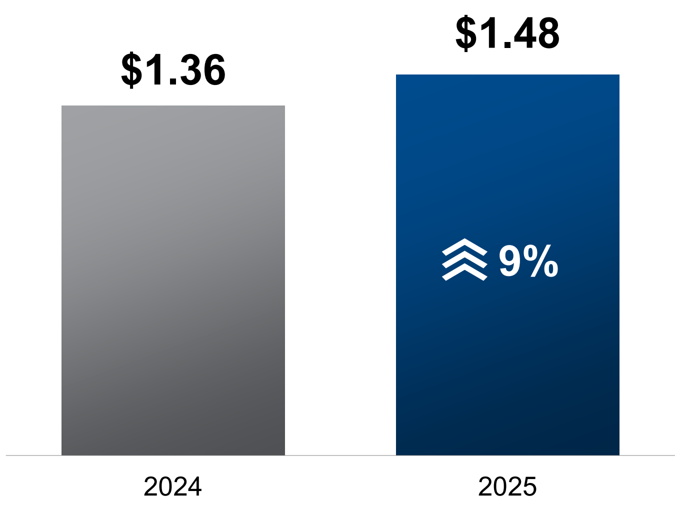
Adjusted Segment EBITA



Price-cost, cost reductions and segment mix

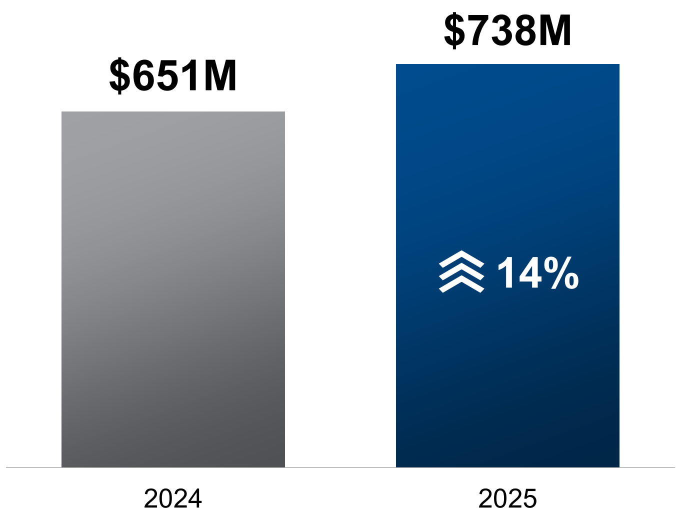
Operating leverage: 180%

Adjusted EPS



Outstanding operational performance, especially from AspenTech

Free Cash Flow



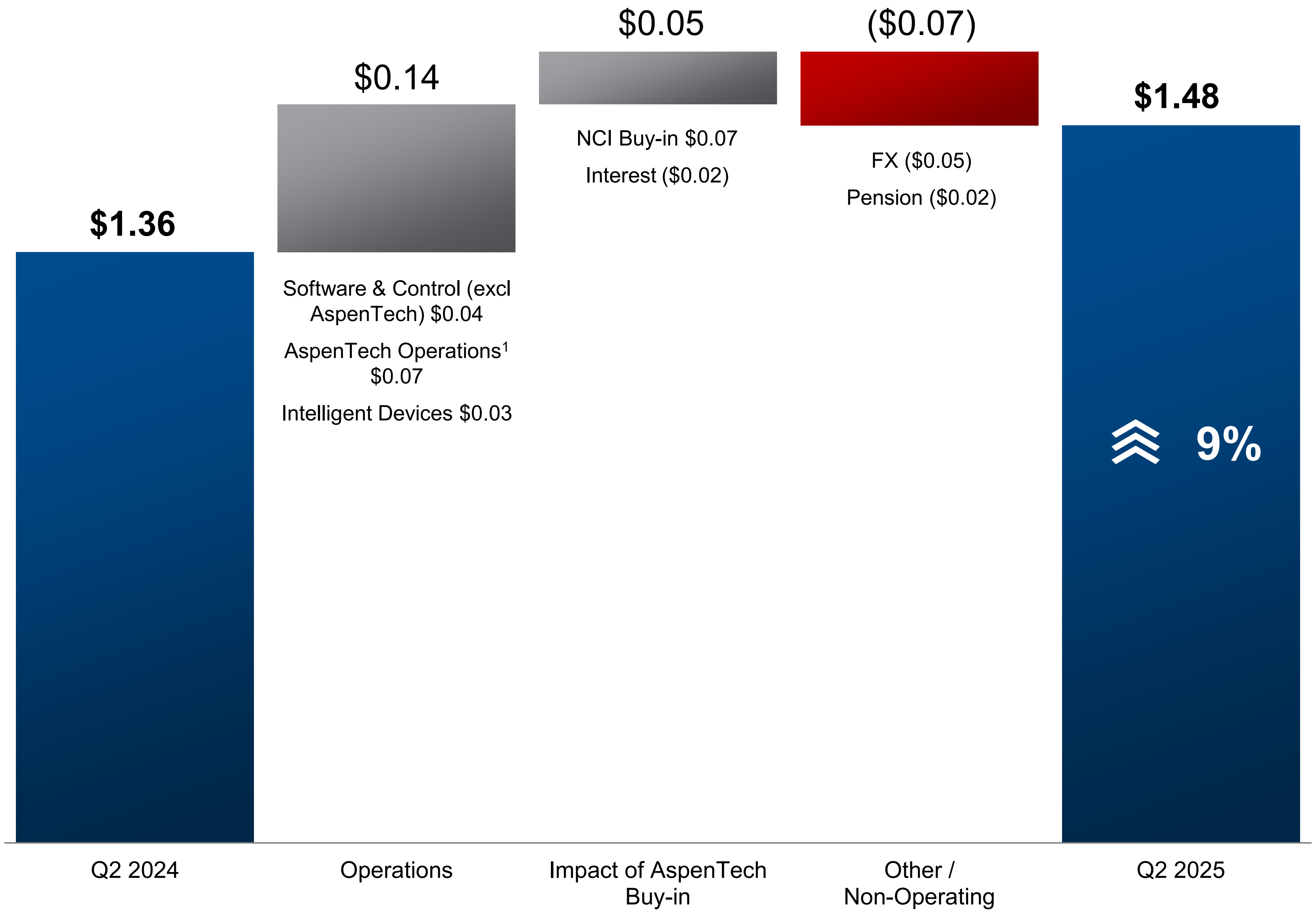
Driven by strong profit and working capital performance

Q2'25 includes ~$130M of acquisition-related costs and integration activities compared to ~$60M in Q2'24

Free cash flow margin of 17%

1 Excludes AspenTech

Q2 Adjusted EPS Bridge

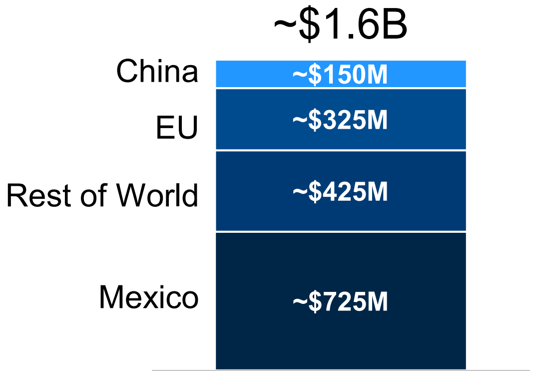


1 Operations performance modeled for AspenTech at 57%

Expect to Offset ~$455M Annualized Gross Incremental Tariffs

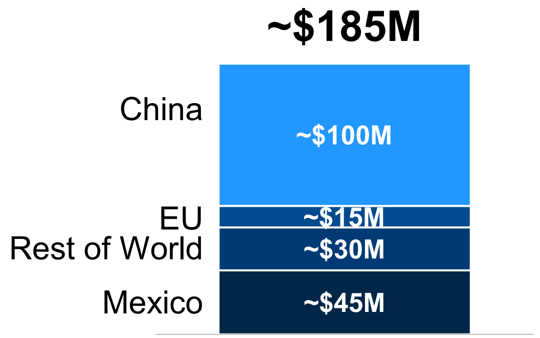
1 U.S. Tariffs on Imports – Gross

2024 Import Value



~19% of COGS

Incremental 2025E Gross[1]



~1% of sales

Annualized

~$320M

~1.75% of sales

ASSUMPTIONS

- IEEPA and Section 232 tariffs held at current levels[2]
- Reciprocal tariffs (ex-China) assumed at 10% for Q3 and ~15% for Q4 (and annualized)
- Reciprocal tariffs (China) assumed at 125%

2 China Tariffs on U.S. Exports – Gross

2024 Import Value

~1% of COGS

Incremental 2025E Gross

~0.35% of sales

Annualized

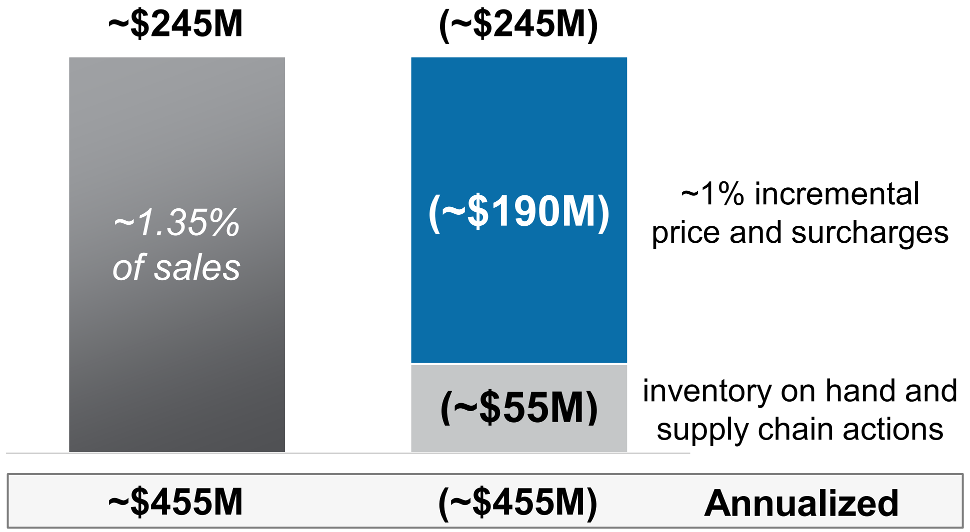
~$135M

~0.75% of sales

ASSUMPTIONS

- Round 3 tariff[3] of 125%, effective 4/10/25
- No waiver or exemption mechanism
- Country of origin for semiconductor fabrication will be based on location of wafer fabrication

2025E Gross Tariffs | **2025E Mitigations**



~2.5% of sales

Mitigation Measures

1. Price actions in place to cover tariffs on U.S. imports
2. Applying surcharges to backlog
3. ~80% of imports from Mexico are mitigated by USMCA compliance or in-bond services
4. Regionalization efforts have moved supply chain away from China
   – Americas: 80% regionalized COGS
   – Europe: 82% regionalized COGS
   – AMEA: 85% regionalized COGS
5. Utilizing Emerson's global manufacturing footprint for China customers
6. Production shifts to plants in southeast Asia

Note: Numbers may not foot due to rounding. Import value excludes impact from tariffs / duties in place in 2024.

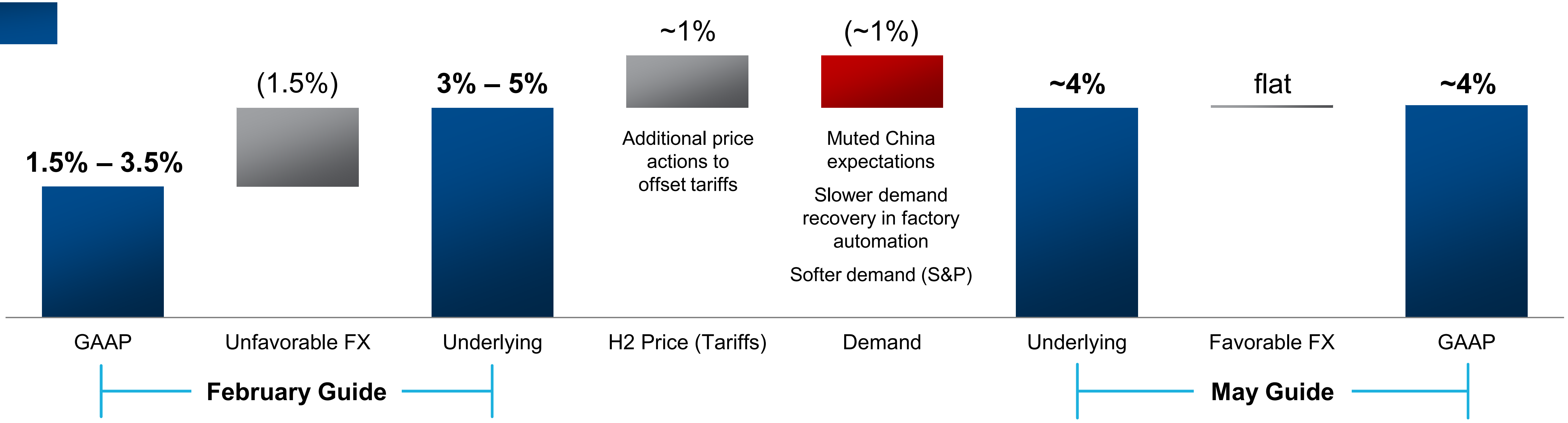
1 Includes impact of IEEPA tariffs effective February 4 (China) and March 4 (Mexico/Canada) with benefit of USMCA exemptions. 2 As of May 6, 2025. 3 Round 1 and 2 retaliatory tariffs on U.S. exports to China were not impactful to Emerson.

Solid Execution in a Fluid Environment – Increasing Net Sales and Midpoint of Adjusted EPS 2025 Guidance

Sales

Holding midpoint of underlying guide as price offsets pockets of subdued demand

FX improved 1.5 pts

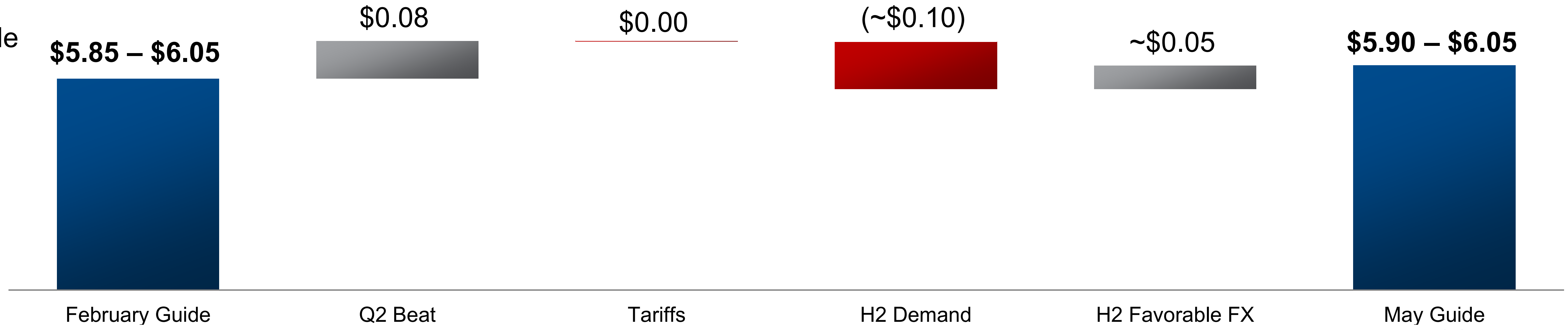


Adjusted EPS

Raising midpoint of guide

Strong Q2 operational performance offsets H2 demand impact

H2 FX provides ~5c upside to prior guide



2025 Guidance

	2025 Q3	2025 Full Year
Net Sales Growth	**4.5% – 5.5%**	**~4%**
FX	~1 pt	flat
Underlying Sales Growth	**3.5% – 4.5%**	**~4%**
Adjusted Segment EBITA	**~27%**	**~27%**
Operating Leverage		60s
Adjusted EPS	**$1.48 – $1.52**	**$5.90 – $6.05**
YoY Growth		7.5% - 10%
Free Cash Flow		**$3.1B – $3.2B**
FCF Margin		~17%

GUIDANCE ASSUMPTIONS

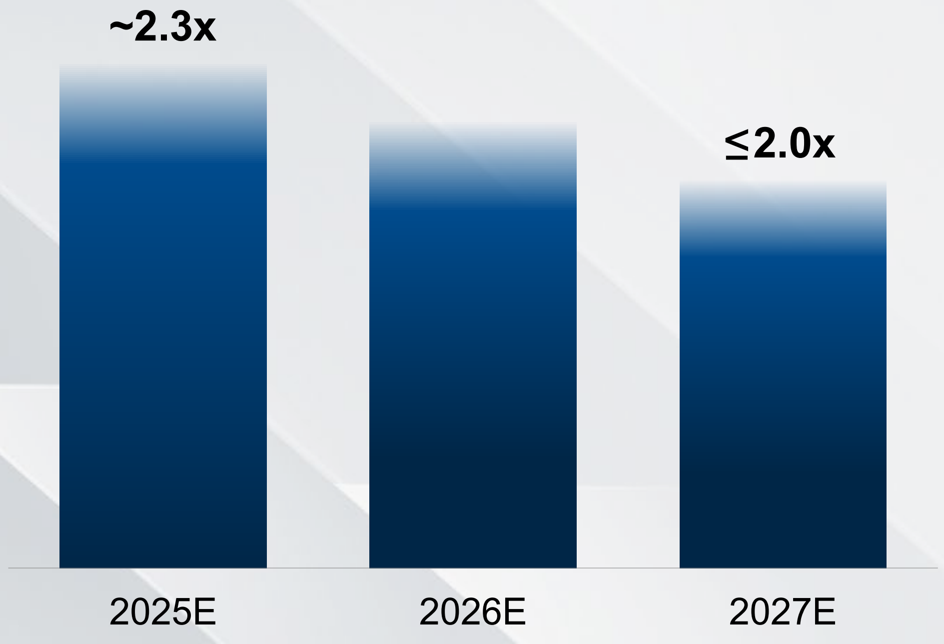
Returning $2.3B to shareholders through dividend and share repurchase

Tax rate: ~22%

Remain Committed to Disciplined Capital Allocation

Priorities	2025 Guide	2026 – 2027
Organic Growth	Investing for innovation and growth	
Dividend	69^{th} Year of Increased Dividends - $1.2B in 2025	Continues to be a priority
Share Repurchase	$1.1B in 2025	Expect ~$2.5B over 2 years balanced between share repurchase and strategic bolt-on M&A
Strategic M&A	Completed AspenTech acquisition and focused on integration in 2025	
Debt Paydown	Net Debt / Adj EBITDA expected to be ~2.3x by year end	Net Debt / Adj EBITDA expected to be less than or equal to 2x by end of 2027

Net Debt / Adjusted EBITDA[1]



Focused on maintaining A2 / A credit ratings

1 At fiscal year end

Appendix

Corporate and Other Items

(in millions)	2025 Q2 Results	2025 Q3 Expectations	2025 Expectations
Stock Compensation – GAAP	**($59)**	**~($70)**	**~($250)**
Integration-Related Stock Compensation Expense	$9	~$25	~$40
Adjusted Stock Compensation – Non-GAAP	**($50)**	**~($45)**	**~($210)**
Pension	**$27**	**~$25**	**~$110**
Corporate & Other – GAAP	**($238)**	**~($65)**	**~($410)**
Restructuring and Related Costs	$4	**~$5**	~$15
Acquisition / Divestiture Fees and Related Costs	$160	**~$5**	~$190
Adjusted Corporate & Other – Non-GAAP	**($74)**	**~($55)**	**~($205)**
Interest Income / (Expense)	**($41)**	**~($100)**	**~($240)**
Non-Controlling Interest – GAAP	**$55**	**-**	**~$50**
Amortization of Intangibles (AspenTech)	($32)	-	($73)
NCI impact from the transaction costs incurred by AspenTech.	($48)	-	($48)
Adjusted Non-Controlling Interest – Non-GAAP	**($25)**	**-**	**~($71)**
Average Diluted Share Count	**565.4**	**~564**	**~566**

Control Systems & Software
Historical Results Including AspenTech

This information is being provided for investors to see the historical results of Control Systems & Software that now includes AspenTech.

	2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024	Q1 2025
Sales	$3,648	$932	$965	$1,043	$995	$3,935	$993
EBIT (GAAP)	$422	$114	$143	$217	$98	$572	$208
EBIT margin (GAAP)	*11.6%*	*12.3%*	*14.8%*	*20.8%*	*9.8%*	*14.5%*	*20.9%*
Amortization of intangibles	508	127	132	127	126	512	127
Restructuring and related costs	10	1	3	4	15	23	2
Adjusted segment EBITA (non-GAAP)	$940	$242	$278	$348	$239	$1,107	$337
Adjusted segment EBITA margin (non-GAAP)	*25.8%*	*26.0%*	*28.8%*	*33.3%*	*24.0%*	*28.1%*	*33.8%*

Reconciliation of Non-GAAP Measures

Underlying Sales Growth

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

Underlying Sales Growth	2025 Q2	2025 Q3 Guidance	2025 Guidance
Reported (GAAP)	1%	4.5% - 5.5%	~4%
(Favorable) / Unfavorable FX	1%	(1%)	-
(Acquisitions) / Divestitures	-	-	-
Underlying (non-GAAP)	2%	3.5% - 4.5%	~4%

2025 Q2 Underlying Sales Change	Reported (GAAP)	(Favorable) / Unfavorable FX	(Acquisitions) / Divestitures	Underlying (Non-GAAP)
Intelligent Devices	(1%)	(1%)	-	-
Software and Control	7%	-	-	7%

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

Reconciliation of Non-GAAP Measures
Adjusted Segment EBITA

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

Adjusted Segment EBITA	2024 Q2	2024	2025 Q2
Net sales	$4,376	$17,492	$4,432
Pretax earnings (GAAP)	711	2,020	629
Pretax earnings margin (GAAP)	*16.3%*	*11.5%*	*14.2%*
Corporate items and interest expense, net	85	1,069	311
Amortization of intangibles	322	1,274	278
Restructuring and related costs	21	189	22
Adjusted segment EBITA (non-GAAP)	$1,139	$4,552	$1,240
Adjusted segment EBITA margin (non-GAAP)	*26.0%*	*26.0%*	*28.0%*

Adjusted Segment EBITA Margin	2025 Q3 Guidance	2025 Guidance
Pretax earnings margin (GAAP)	~16%	~17%
Corporate items and interest expense, net / amortization of intangibles / restructuring and related costs	~11%	~10%
Adjusted segment EBITA margin (non-GAAP)	~27%	~27%

Operating Leverage	2025 Q2	2025 Guidance
Pretax margin leverage (GAAP)	(148%)	~140%
Corporate items and interest expense, net / amortization of intangibles / restructuring and related costs	328%	(~80%)
Adjusted segment EBITA leverage (non-GAAP)	180%	60s

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.

Reconciliation of Non-GAAP Measures
Adjusted EPS

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

	2024 Q2	2024	2025 Q2	2025 Q3 Guidance	2025 Guidance
Earnings per share (GAAP)	$0.95	$2.82	$0.86	$1.04 - $1.08	$4.05 - $4.20
Amortization of intangibles	0.36	1.43	0.32	~0.36	~1.34
Restructuring and related costs	0.05	0.33	0.04	~0.06	~0.20
Acquisition/divestitures fees and related costs	0.03	0.26	0.17	~0.02	~0.22
Amortization of acquisition-related inventory step-up	-	0.38	-	-	-
Discrete taxes	-	(0.10)	0.09	-	0.09
Loss on Copeland note receivable	-	0.38	-	-	-
Gain on subordinated interest	(0.10)	(0.10)	-	-	-
Loss on divestiture of business	0.07	0.09	-	-	-
Adjusted earnings per share (non-GAAP)	$1.36	$5.49	$1.48	$1.48 - $1.52	$5.90 - $6.05

Reconciliation of Non-GAAP Measures
Free Cash Flow

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

	2024 Q2	2025 Q2	$ in billions 2025 Guidance
Net Sales	$4,376	$4,432	~$18.2
Operating cash flow (GAAP)	733	825	$3.5 - $3.6
Operating cash flow margin (GAAP)	*17%*	*19%*	*~19%*
Capital expenditures	(82)	(87)	~(0.4)
Free cash flow (non-GAAP)	$651	$738	$3.1 - $3.2
Free cash flow margin (non-GAAP)	*15%*	*17%*	*~17%*

Reconciliation of Non-GAAP Measures
Net Debt / Adjusted EBITDA

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

	2025E
Net Debt / pretax earnings (GAAP)	3.8x
Interest, depreciation, amortization	(1.4x)
Acquisition/divestiture fees and related costs, restructuring and related costs	(0.1x)
Net Debt / Adjusted EBITDA (non-GAAP)	2.3x

Reconciliation of Non-GAAP Measures
Other

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

	December 31, 2024	March 31, 2025
Backlog (GAAP)	$8.52	$8.8
AspenTech	(1.25)	(1.3)
Backlog excluding AspenTech (non-GAAP)	$7.27	$7.5

Endnotes

Annual Contract Value (ACV):
ACV is an estimate of the annual value of our portfolio of term license and software maintenance and support (SMS) contracts, the annual value of SMS agreements purchased with perpetual licenses and the annual value of standalone SMS agreements purchased with certain legacy AspenTech term license agreements. Because software revenue recognition rules require upfront recognition of a significant portion of agreements, comparisons of revenue across periods is primarily impacted by the timing of term license renewals. ACV approximates the estimated annual billings associated with our recurring term license and SMS agreements at a point in time, and management finds this business metric useful in evaluating the growth and performance of our industrial software business.

For agreements denominated in other currencies, a fixed historical rate is used to calculate ACV in U.S. dollars in order to eliminate the impact of currency fluctuations.