

Emerson Q4 Earnings Conference Call

November 3, 2021



EMERSONTM

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 Company’s ability to successfully complete on the terms and conditions contemplated, and the financial impact of, the proposed AspenTech transaction, 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. The outlook contained herein represents the Company’s expectations for its consolidated results, excluding the expected AspenTech transaction.

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.*

01-12 NOV 2021
GLASGOW

COP26

IN PARTNERSHIP WITH ITALY



GREENING WITH Emerson

Emerson's Chief Sustainability Officer, Mike Train, will be a panelist in the upcoming 2021 United Nations Climate Change Conference (COP26)



Announcing EMERSON VENTURES

Emerson Ventures invests in early-stage companies with innovative technologies that complement our growth strategies

\$100 million

over next five years for initial and follow-on investments

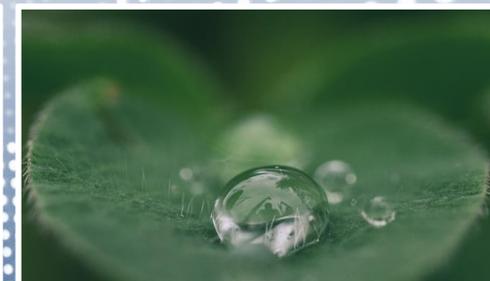
INVESTMENT FOCUS



DISCRETE
AUTOMATION



INDUSTRIAL
SOFTWARE

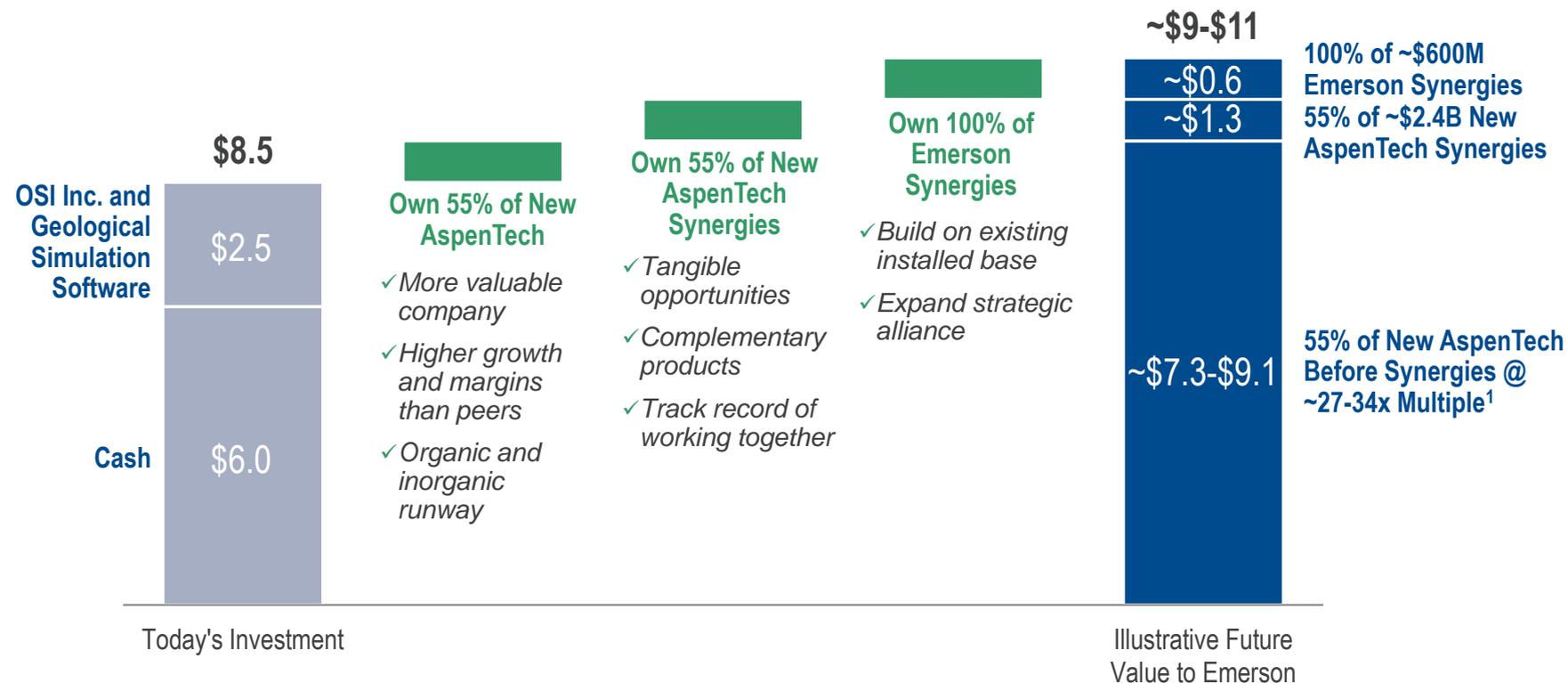


ENVIRONMENTAL
SUSTAINABILITY

Emerson and AspenTech Announced on October 11, 2021, the Agreement to Create a High-Performance Industrial Software Leader

Accelerates and unlocks value of Emerson's software strategy and builds a higher growth, more diversified and sustainable portfolio

VALUE CREATION FOR EMERSON OVER TIME (\$B)



Next Steps and Current Activities to Get to Close

- Customary regulatory approvals
- Effectiveness of registration statement on Form S-4
- AspenTech shareholder approval

VALUE DRIVERS

1. Optimize performance of contributed assets as part of a pure-play software company
2. Access to complementary portfolio that enables significant growth opportunities
3. Platform with strong equity currency to pursue diverse opportunity set

¹Represents range of average of peer median multiple over last 3 years (27x) to current peer median multiple (34x); peers include ANSYS, Autodesk, AVEVA, Bentley Systems, Dassault Systemes and PTC; market data as of 06-Oct-2021



Q4 and Full Year 2021 Results

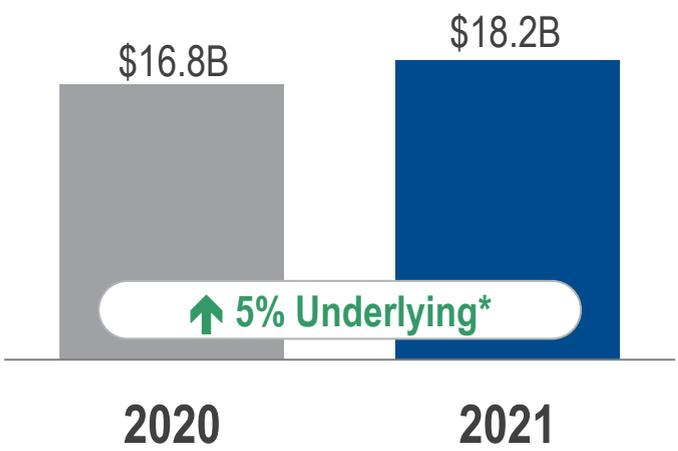
Fiscal 2021 Performance

	Original Guidance (November 3, 2020)	Prior Guidance (August 4, 2021)	Actual	
Net Sales Growth	1% – 4%	9% – 10%	9%	✓
Acquisitions	1 pt	1 pt	1 pt	
FX	1 pt	3 pts	3 pts	
Underlying Sales* Growth	(1%) – 2%	5% – 6%	5%	✓
Automation Solutions	(4%) – (1%)	Flat – 1%	Flat	
Commercial & Residential Solutions	4% – 7%	15% – 16%	16%	
Adjusted EBIT*		18%	18%	✓
Adjusted EBITDA*		23%	23%	
Price-Cost	+\$50M	(\$75M)	(\$90M)	✓
Restructuring Actions	\$200M+	\$200M	\$188M	
Tax Rate	22.5%	22%	20.1%	
Operating Cash Flow	\$3.1B	\$3.6B	\$3.6B	
Capital Spend	\$600M	\$600M	\$581M	
Free Cash Flow*	\$2.5B	\$3.0B	\$3.0B	
Dividend	\$1.2B	\$1.2B	\$1.2B	
Share Repurchase / M&A ¹	\$500M – \$1.0B	\$500M	\$500M	
GAAP EPS	\$3.11 +/- \$0.05	\$3.79 +/- \$0.01	\$3.82	
Adjusted EPS*	\$3.45 +/- \$0.05	\$4.07 +/- \$0.01	\$4.10	

¹OSI Inc. closed on Oct. 1, 2020, the first day of the fiscal year, and is excluded
Note: All guidance values approximate

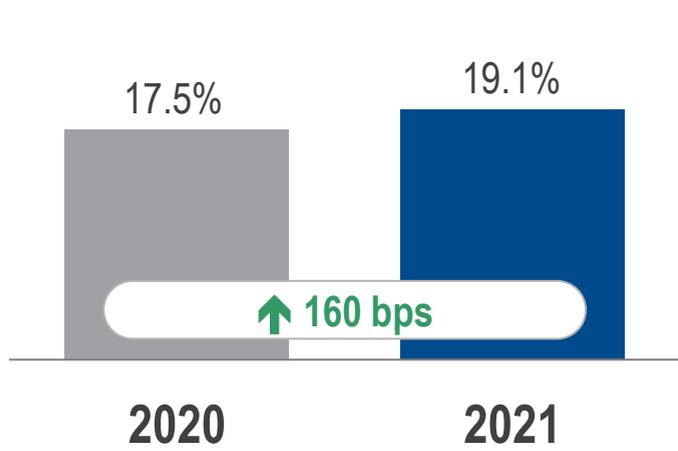
Fiscal 2021 Performance Summary

Sales



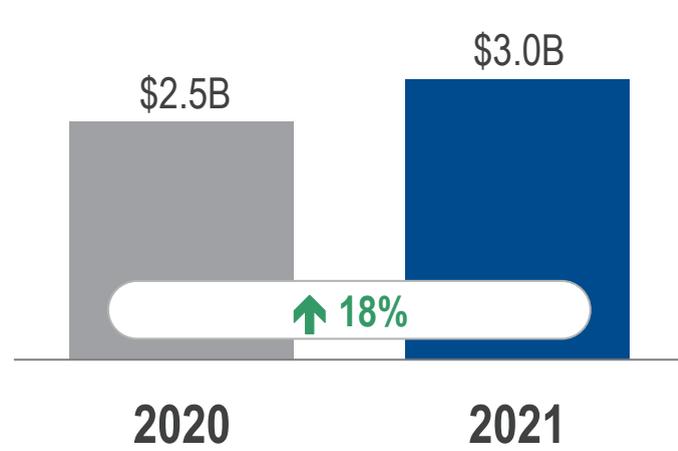
- Continued recovery of key end markets
- Combating supply chain and operational challenges

Adjusted Segment EBIT*



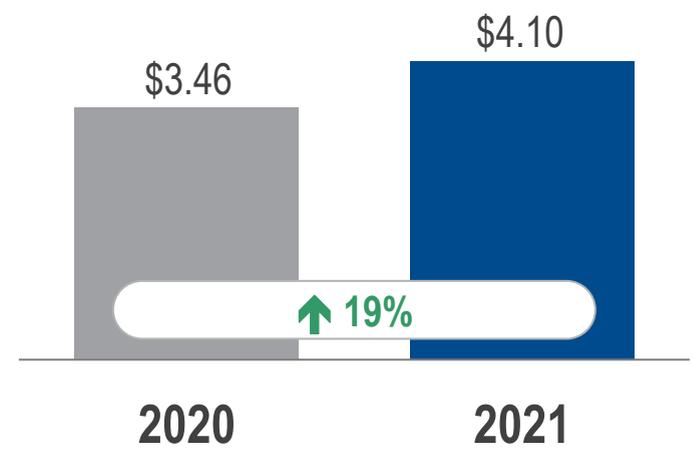
- Strong margin growth driven by volume, leverage and cost reset savings despite price-cost headwinds and supply chain constraints

Free Cash Flow*



- Robust cash flow generation
- Operating cash flow \$3.6B (up 16%)
- Free cash flow conversion*: 129%

Adjusted EPS*



- Adjusted EPS* of \$4.10 exceeded guidance of \$4.07 +/- \$0.01

AUTOMATION SOLUTIONS

Sales	\$11,610M <i>flat underlying*</i>
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- Strong recovery in discrete and hybrid markets while process automation markets delivered sequential improvement throughout the year
- Europe and Asia, Middle East & Africa saw low single digit growth (China up mid teens) while the Americas late recovery resulted in a slight decline versus prior year
- Adjusted EBIT* up 230 bps driven by leverage and cost reductions

Adjusted EBIT*	18.1% ↑ 230 bps
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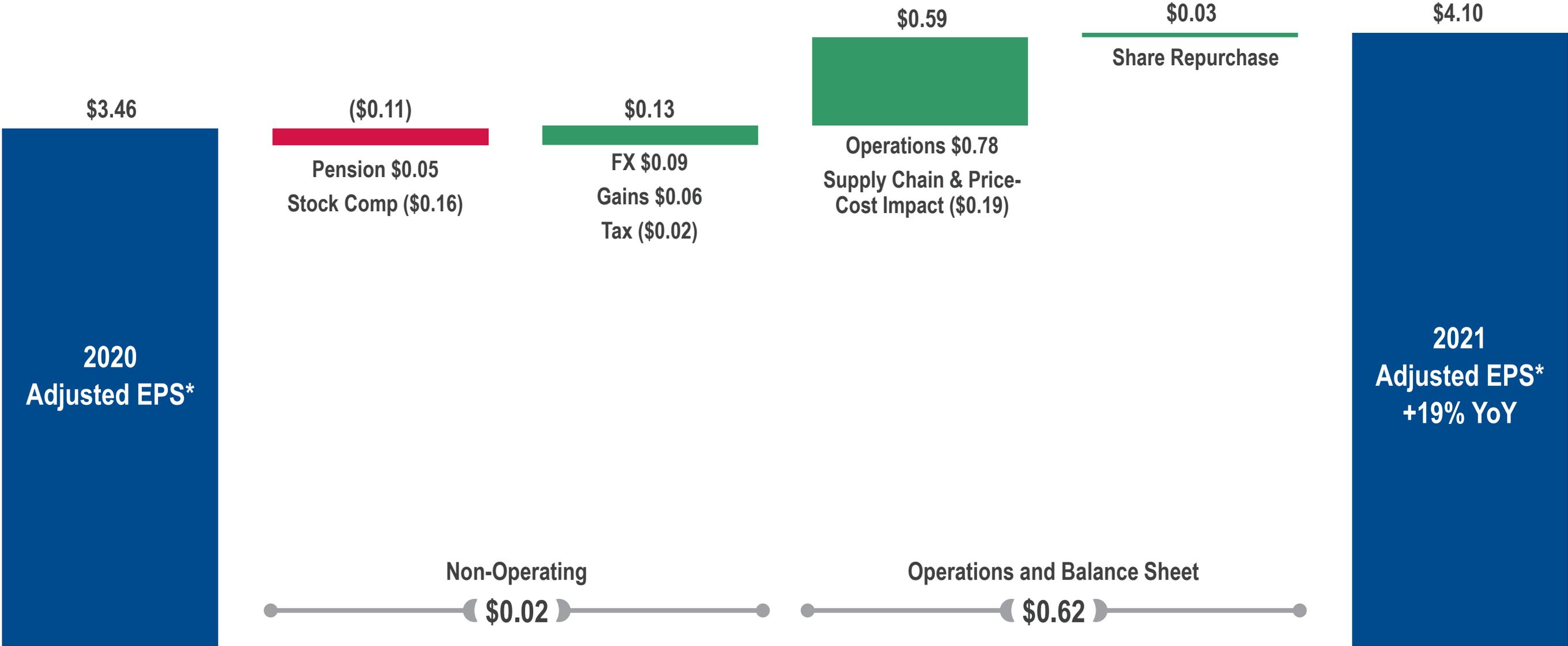
COMMERCIAL & RESIDENTIAL SOLUTIONS

Sales	\$6,653M ↑ 16% underlying*
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- Robust residential HVAC and home products demand in the Americas, heat pump momentum in Europe, cold chain and retail food strength in Asia
- Broad growth with all world areas up mid teens
- Adjusted EBIT* driven by leverage and cost reductions offset by unfavorable price-cost headwinds in the second half

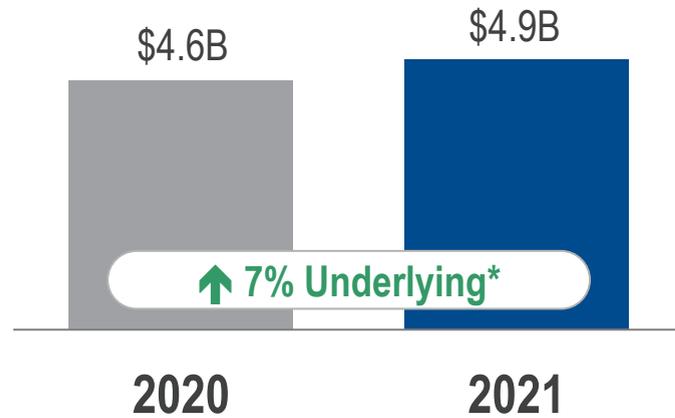
Adjusted EBIT*	20.9% ↑ 20 bps
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Full Year 2020 to 2021 Adjusted EPS* Bridge



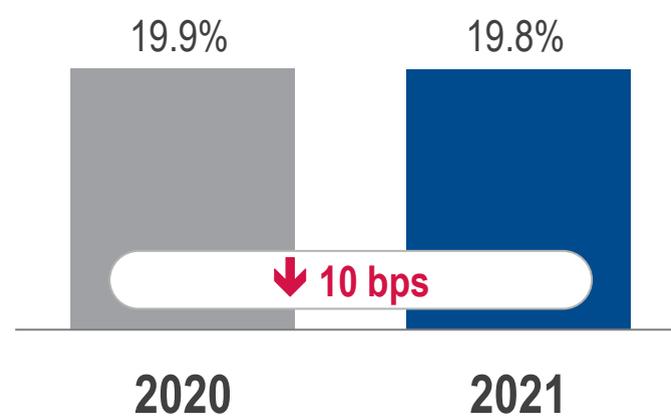
Q4 2021 Performance Summary

Sales



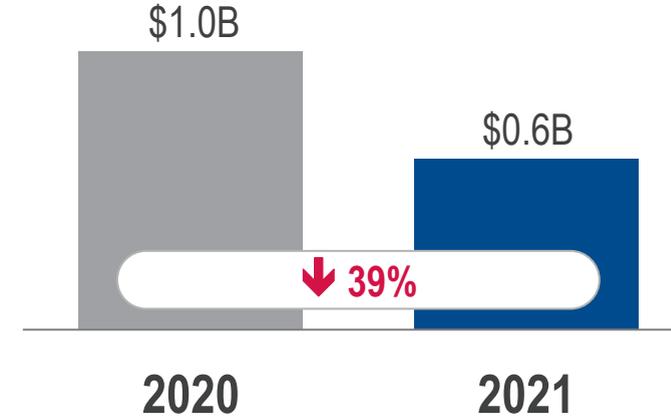
- \$175M impact due to supply chain, logistics, and labor constraints

Adjusted Segment EBIT*



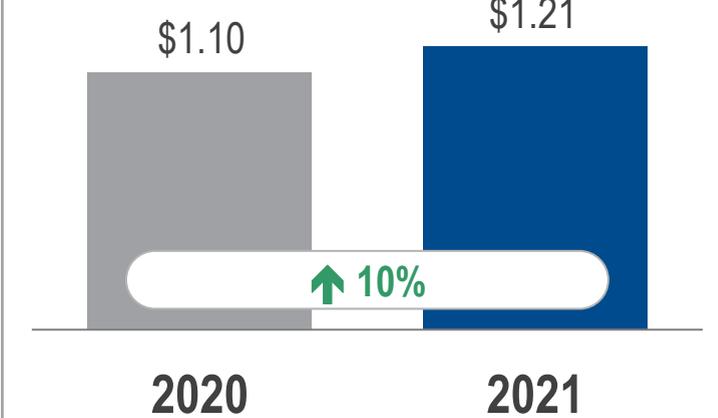
- Reflects price-cost impact in Commercial & Residential Solutions and supply chain constraints (200 bps)

Free Cash Flow*



- Resulting from changes in working capital due to strong demand and sales growth

Adjusted EPS*



- Double-digit Adjusted EPS* growth

AUTOMATION SOLUTIONS

Sales

\$3,178M
↑ 3% underlying*

- Sales impacted by \$125M due to supply chain constraints
- Strong recovery in the Americas with growth in discrete and hybrid markets and process automation growth in power and chemical segments

Adjusted EBIT*

20.4%
↑ 170 bps

- Adjusted EBIT* driven by leverage and cost reductions despite unfavorable volume impact from supply chain constraints
- Backlog at \$5.4B, up 16% YTD

COMMERCIAL & RESIDENTIAL SOLUTIONS

Sales

\$1,775M
↑ 13% underlying*

- Sales impacted by \$50M due to supply chain constraints
- Continued strength in residential HVAC and home products markets in addition to ongoing demand in Europe for heat pumps

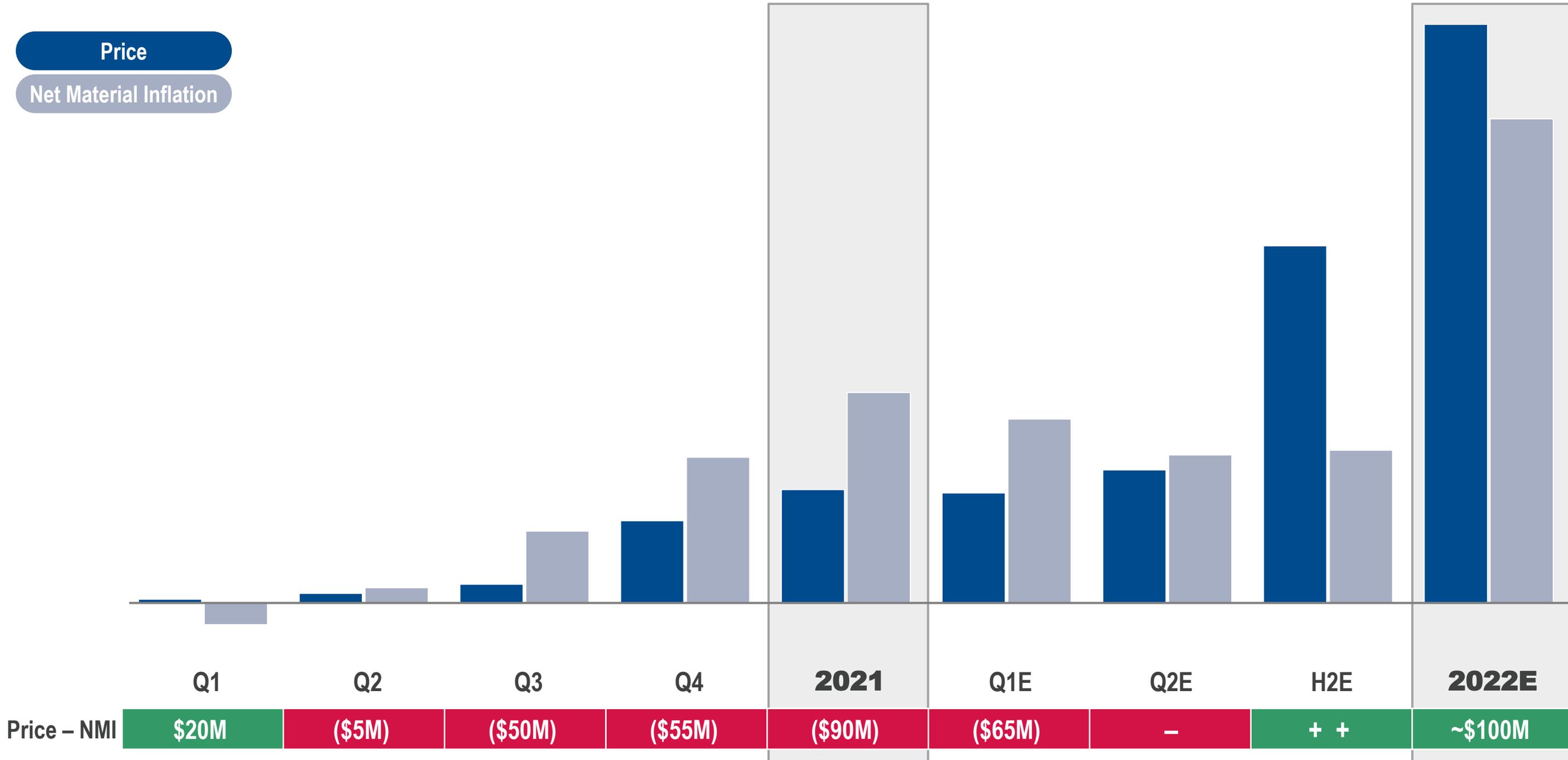
Adjusted EBIT*

18.7%
↓ 340 bps

- Unfavorable price-cost headwinds drove Adjusted EBIT* to decline 340 bps
- Backlog remains \$1.1B

Historic Pricing Levels on Commodities and Electronics Driving Significant Net Material Inflation in the First Half of 2022

Price
Net Material Inflation



Note: Bar sizes illustrative

Unprecedented Inflation, Availability and Supply Chain Challenges Impacting Global Operations

COMMODITIES

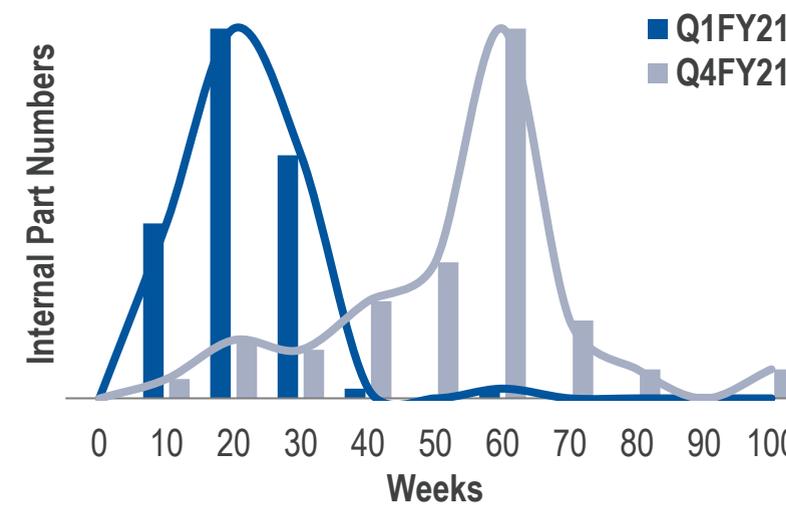
North American Cold-Rolled Steel Pricing



- 245% price increase over 14 months on North American cold-rolled steel, but prices are showing signs of flattening
- Plastic resin prices remain elevated due to demand and weather impact on supply
- Copper prices continue to surge to record highs

ELECTRONICS

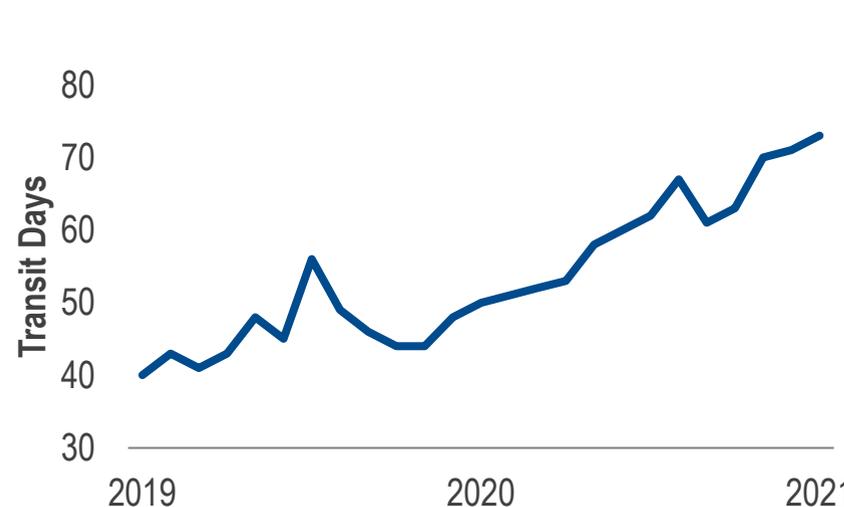
Microcontroller Lead Times



- Shortages and lead time extensions worsening
- China power outages further driving supply constraints and silicon price increases
- Manufacturers accelerating end-of-life on high-mix, low-volume electronic components

LOGISTICS

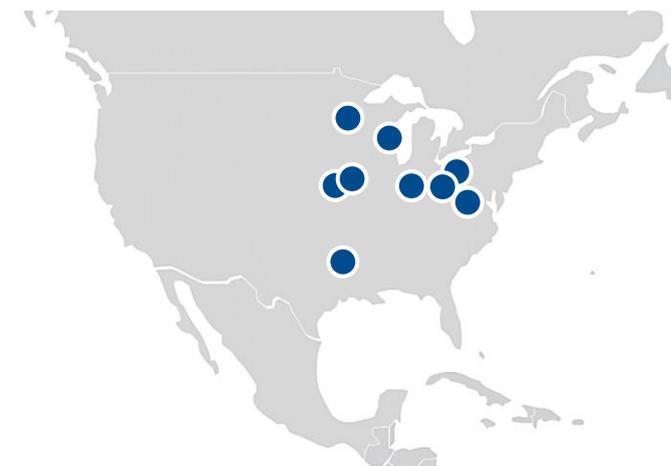
Average Transit Time for China-U.S. Ocean Freight



- Asia to U.S. ocean freight up over 20% year-over-year
- U.S. port congestion with record numbers of ships waiting at Long Beach and Los Angeles
- Weather and COVID-related port shutdowns in China

LABOR

High Turnover in Key U.S. Facilities



- Hiring and retention challenges continue with high competition for available labor
- High turnover within entry level roles and temporary workforce
- Rolling waves of COVID-related absenteeism

Despite Headwinds, Our Teams Have Responded Well to Meet Customers' Needs

1 SUPPLY AVAILABILITY



Ramped up secondary sources and qualified alternative suppliers



Increased communication and extended forecast horizon visibility



Redesigned products to utilize available components

2 LOGISTICS



Leveraged contract prices and volume with carriers



Redirected freight to avoid backlogged ports



Increased freight surcharges to recover rising costs

3 LABOR



Accelerated hiring and adjusted wages to ensure competitiveness



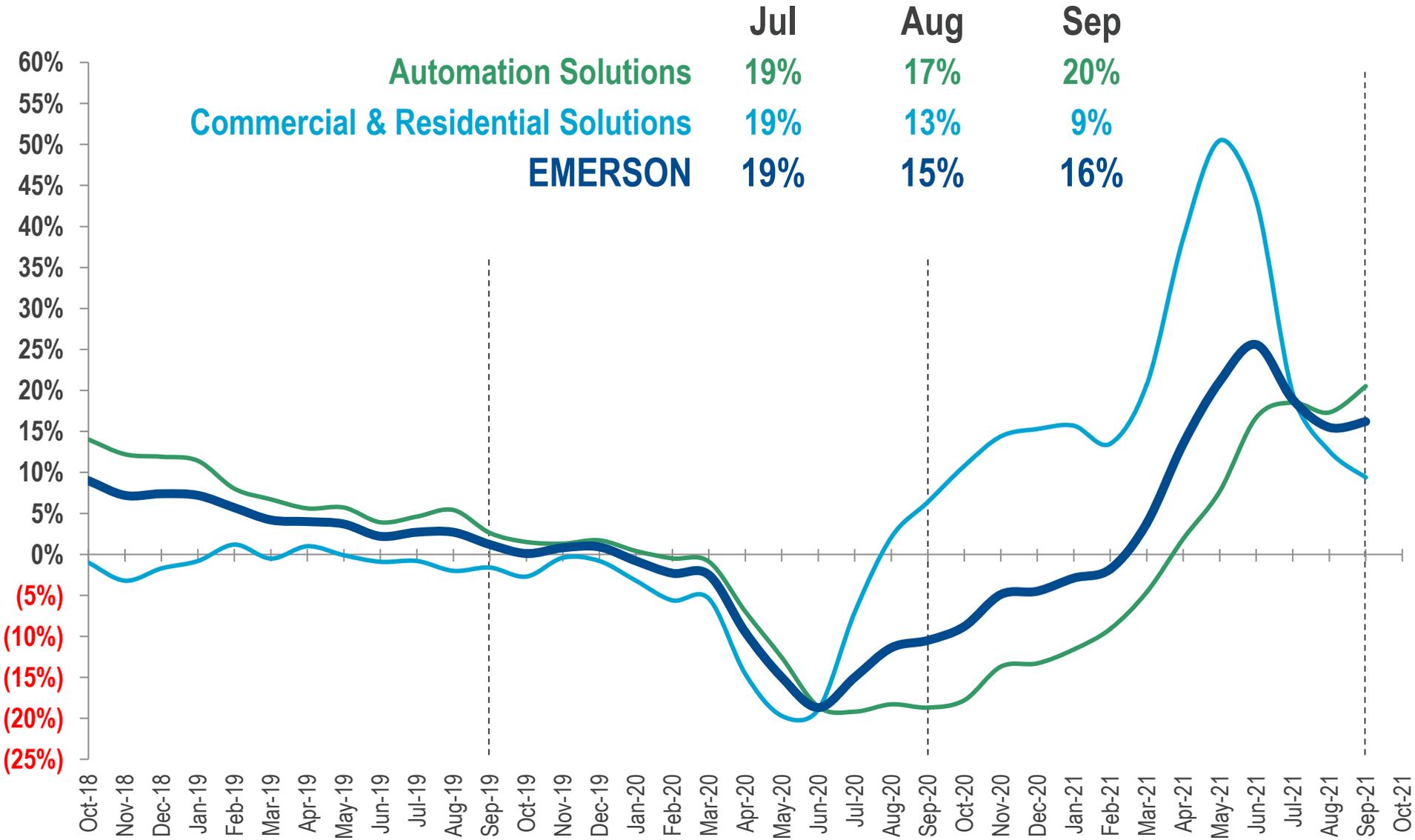
Shifted production to facilities with more stable workforces



Deployed factory automation to unlock additional capacity

Q1 and Full Year 2022 Outlook

Emerson Trailing Three Month Underlying Orders Versus Prior Year



Automation Solutions

- New infrastructure (KOB1) bookings expected to improve driven by LNG and Decarbonization projects
- Digital transformation and factory automation programs driving incremental bookings
- Increased walkdown and shutdown, turnaround, and outage (STO) activity as site access normalizes

Commercial & Residential Solutions

- U.S. and Europe order rate remains steady; Asia order rate moderating
- Key segments (aftermarket refrigeration, residential heat pump, food retail, and commercial HVAC) continue momentum
- Industrial activity growth across all segments in plumbing and electrical

2022 Will Be Characterized by Strong Underlying Demand and Improving Operating Environment

2022 Landscape



Process automation continuing recovery with mid single digit growth



Moderating residential demand



Discrete and Hybrid continued strength with high single digit and mid single digit growth, respectively



Improving commercial and industrial environments



Decarbonization and sustainability projects providing growth opportunities



Challenging environment due to supply chain, logistics, and labor constraints



Continued modernization and MRO opportunities with recovery in capital spend



COVID restrictions easing but not back to "normal"

2022 Guidance Assumptions

Solid underlying demand in key end markets

Supply chain and price-cost challenges continue in the first half

Price-cost headwinds turn to tailwinds in the second half and positive for the year

Cost reset plan on track; Adjusted EBITDA target will be surpassed in 2022

2022 Guidance

Net Sales Growth	5% – 7%
Acquisitions	~0 pts
FX	(~1 pt)
Underlying Sales* Growth	6% – 8%
Automation Solutions	6% – 8%
Commercial & Residential Solutions	6% – 9%
Price-Cost	~+\$100M
Restructuring Actions	~\$150M
Tax Rate	~22%
Operating Cash Flow	~\$3.8B
Capital Spend	~\$650M
Free Cash Flow*	~\$3.1B
Dividend	~\$1.2B
Share Repurchase	\$250M – \$500M
GAAP EPS	\$4.21 – \$4.36
Adjusted EPS*	\$4.82 – \$4.97

ADJUSTED EPS BRIDGE

	2021	2022E
GAAP EPS	\$3.82	\$4.21 – \$4.36
Restructuring / Other	\$0.28	~\$0.19
Prior Adjusted EPS*	\$4.10	\$4.40 – \$4.55
Amortization	\$0.41	~\$0.42
Adjusted EPS*	\$4.51	\$4.82 – \$4.97

Q1 2022 Guidance

Net Sales Growth	7% – 9%
Underlying Sales* Growth	7% – 9%
Automation Solutions	6% – 8%
Commercial & Residential Solutions	9% – 12%
GAAP EPS	\$0.85 – \$0.89
Adjusted EPS*	\$0.98 – \$1.02

ADJUSTED EPS BRIDGE

	Q1 2021	Q1 2022E
GAAP EPS	\$0.74	\$0.85 – \$0.89
Restructuring / Other	\$0.09	~\$0.03
Prior Adjusted EPS*	\$0.83	\$0.88 – \$0.92
Amortization	\$0.10	~\$0.10
Adjusted EPS*	\$0.93	\$0.98 – \$1.02

Q&A

Appendix

Q4 2021 P&L Summary

(\$M, EXCEPT EPS)	2020	2021	Change
Sales	\$4,558	\$4,947	9%
Gross profit	\$1,882	\$1,996	
% of sales	41.3%	40.4%	(90 bps)
SG&A expense	(\$946)	(\$1,054)	
% of sales	20.8%	21.3%	50 bps
EBIT*	\$805	\$867	
% of sales*	17.7%	17.5%	(20 bps)
Adj EBIT*	\$878	\$942	
% of sales*	19.3%	19.0%	(30 bps)
Tax Rate	4.5%	18.7%	
Shares	601	600	
Adjusted EPS*	\$1.10	\$1.21	

Q4 2021 Earnings & Cash Flow

(\$M)	2020	2021	Change
Adjusted Segment EBIT*	\$906	\$980	8%
% of sales*	19.9%	19.8%	(10 bps)
Stock compensation	(\$41)	(\$33)	\$8
Corporate pension and OPEB	\$16	\$23	\$7
Adjusted corporate and other*	(\$3)	(\$28)	(\$25)
Interest expense, net	(\$40)	(\$39)	\$1
Adjusted pretax earnings*	\$838	\$903	8%
% of sales*	18.4%	18.3%	(10 bps)
Operating cash flow	\$1,229	\$855	(30%)
Capital expenditures	\$209	\$231	
Free cash flow*	\$1,020	\$624	(39%)
Trade working capital	\$3,015	\$2,913	
% of sales	16.5%	14.7%	

Adjusted EBITA* and Adjusted EPS* Bridges

Starting in 2022, Emerson will move to Adjusted EBITA* and Adjusted EPS*, excluding intangibles amortization expense

(\$M)	Q1		Full Year	
	2020	2021	2020	2021
EBIT*	\$458	\$603	\$2,491	\$3,066
Restructuring	\$110	\$69	\$317	\$188
Gains	---	(\$17)	---	(\$17)
First-Year Purchase Accounting	---	\$21	---	\$50
Amortization	\$63	\$81	\$256	\$327
Adjusted EBITA*	\$631	\$757	\$3,064	\$3,614

	Q1			Full Year		
	2020	2021	2022E	2020	2021	2022E
GAAP EPS	\$0.53	\$0.74	\$0.85 – \$0.89	\$3.24	\$3.82	\$4.21 – \$4.36
Restructuring	\$0.14	\$0.09	~\$0.03	\$0.42	\$0.24	~\$0.19
Discrete Tax	---	---	---	(\$0.20)	---	---
Gains	---	(\$0.03)	---	---	(\$0.03)	---
First-Year Purchase Accounting	---	\$0.03	---	---	\$0.07	---
Amortization	\$0.08	\$0.10	~\$0.10	\$0.32	\$0.41	~\$0.42
Adjusted EPS*	\$0.75	\$0.93	\$0.98 – \$1.02	\$3.78	\$4.51	\$4.82 – \$4.97

Adjusted EBITA*

Supplemental

Starting in fiscal 2022, Emerson will revise Adjusted EBIT to exclude intangibles amortization expense, in addition to previously excluded restructuring expense and first year purchase accounting related items

	2021				
	Q1	Q2	Q3	Q4	FY
Pretax earnings (GAAP)	\$ 563	737	784	828	2,912
Interest expense, net	40	38	37	39	154
Earnings before interest and taxes*	\$ 603	775	821	867	3,066
Restructuring and related costs	69	21	32	66	188
Gain on acquisition of full ownership of equity investment	(17)	-	-	-	(17)
OSI purchase accounting items	21	10	10	9	50
Prior adjusted earnings before interest and taxes*	\$ 676	806	863	942	3,287
Amortization of intangibles	81	82	79	85	327
Adjusted EBITA*	\$ 757	888	942	1,027	3,614
	2020				
	Q1	Q2	Q3	Q4	FY
Pretax earnings (GAAP)	\$ 423	689	458	765	2,335
Interest expense, net	35	36	45	40	156
Earnings before interest and taxes*	\$ 458	725	503	805	2,491
Restructuring and related costs and advisory fees	110	40	94	73	317
Prior adjusted earnings before interest and taxes*	\$ 568	765	597	878	2,808
Amortization of intangibles	63	63	65	65	256
Adjusted EBITA*	\$ 631	828	662	943	3,064

Adjusted Segment EBITA*

Supplemental

Starting in fiscal 2022, Emerson will revise Adjusted EBIT to exclude intangibles amortization expense, in addition to previously excluded restructuring expense and first year purchase accounting related items

Automation Solutions

	2021				
	Q1	Q2	Q3	Q4	FY
Automation Solutions EBIT	\$ 361	471	521	595	1,948
Restructuring and related costs	64	14	18	52	148
Prior adjusted segment EBIT*	\$ 425	485	539	647	2,096
Amortization of intangibles	68	69	66	72	275
Automation Solutions Adjusted EBITA*	\$ 493	554	605	719	2,371
	2020				
	Q1	Q2	Q3	Q4	FY
Automation Solutions EBIT	\$ 310	391	311	511	1,523
Restructuring and related costs	83	29	80	52	244
Prior adjusted segment EBIT*	\$ 393	420	391	563	1,767
Amortization of intangibles	52	52	52	51	207
Automation Solutions Adjusted EBITA*	\$ 445	472	443	614	1,974

Adjusted Segment EBITA*

Supplemental

Starting in fiscal 2022, Emerson will revise Adjusted EBIT to exclude intangibles amortization expense, in addition to previously excluded restructuring expense and first year purchase accounting related items

Commercial & Residential Solutions

	2021				
	Q1	Q2	Q3	Q4	FY
Commercial & Residential Solutions EBIT	\$ 310	357	375	322	1,364
Restructuring and related costs	3	5	7	11	26
Prior adjusted segment EBIT*	\$ 313	362	382	333	1,390
Amortization of intangibles	13	13	13	13	52
Commercial & Residential Solutions Adjusted EBITA*	\$ 326	375	395	346	1,442
	2020				
	Q1	Q2	Q3	Q4	FY
Commercial & Residential Solutions EBIT	\$ 237	306	253	322	1,118
Restructuring and related costs	10	9	12	21	52
Prior adjusted segment EBIT*	\$ 247	315	265	343	1,170
Amortization of intangibles	11	11	13	14	49
Commercial & Residential Solutions Adjusted EBITA*	\$ 258	326	278	357	1,219

Adjusted EPS*

Supplemental

Starting in fiscal 2022, Emerson will revise Adjusted EPS to exclude intangibles amortization expense, in addition to previously excluded restructuring expense and first year purchase accounting related items

	2021				
	Q1	Q2	Q3	Q4	FY
GAAP earnings per share	\$ 0.74	0.93	1.04	1.11	3.82
Restructuring and related costs	0.09	0.03	0.04	0.08	0.24
Gain on acquisition of full ownership of equity investment	(0.03)	-	-	-	(0.03)
OSI purchase accounting items	0.03	0.01	0.01	0.02	0.07
Prior adjusted earnings per share*	\$ 0.83	0.97	1.09	1.21	4.10
Amortization of intangibles	0.10	0.10	0.10	0.11	0.41
Adjusted earnings per share*	\$ 0.93	1.07	1.19	1.32	4.51
	2020				
	Q1	Q2	Q3	Q4	FY
GAAP earnings per share	\$ 0.53	0.84	0.67	1.20	3.24
Restructuring and related costs and advisory fees	0.14	0.05	0.13	0.10	0.42
Discrete tax items	-	-	-	(0.20)	(0.20)
Prior adjusted earnings per share*	\$ 0.67	0.89	0.80	1.10	3.46
Amortization of intangibles	0.08	0.08	0.08	0.08	0.32
Adjusted earnings per share*	\$ 0.75	0.97	0.88	1.18	3.78

World Area Underlying Sales Growth

	Americas		Europe		Asia, Middle East & Africa China		TOTAL*	
	Q4	2021	Q4	2021	Q4	2021	Q4	2021
Automation Solutions	19%	(2%)	(7%)	1%	(6%) 12%	2% 14%	3%	flat
Commercial & Residential Solutions	13%	16%	17%	17%	12% 5%	17% 17%	13%	16%
EMERSON*	16%	6%	(2%)	5%	(3%) 10%	5% 15%	7%	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)

	Auto Solns	Comm & Res Solns	Emerson
Q4 2021 Underlying Sales Change			
Reported (GAAP)	6%	14%	9%
(Favorable) / Unfavorable FX	(1)%	(1)%	(1)%
Acquisitions / Divestitures	(2)%	-%	(1)%
Underlying*	3%	13%	7%
2021 Underlying Sales Change			
Reported (GAAP)	4%	18%	9%
(Favorable) / Unfavorable FX	(2)%	(2)%	(3)%
Acquisitions / Divestitures	(2)%	-%	(1)%
Underlying*	-%	16%	5%
Q1 2022E Underlying Sales Change			
Reported (GAAP)	6% -8%	9% -12%	7% -9%
(Favorable) / Unfavorable FX	- %	- %	- %
Acquisitions / Divestitures	- %	- %	- %
Underlying*	6% -8%	9% -12%	7% -9%

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.

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 2022E Underlying Sales Change

Reported (GAAP)
(Favorable) / Unfavorable FX
Acquisitions / Divestitures
Underlying*

	Auto Solns	Comm & Res Solns	Emerson
	5% - 7%	6% - 9%	5% - 7%
	1%	- %	1%
	- %	- %	- %
	6% - 8%	6% - 9%	6% - 8%

FY 2021E Aug 2021 Guidance Underlying Sales Change

Reported (GAAP)
(Favorable) / Unfavorable FX
Acquisitions / Divestitures
Underlying*

	Auto Solns	Comm & Res Solns	Emerson
	5% - 6%	17% - 18%	9% - 10%
	(3)%	(2)%	(3)%
	(2)%	- %	(1)%
	flat - 1%	15% - 16%	5% - 6%

FY 2021E November Guidance Underlying Sales Change

Reported (GAAP)
(Favorable) / Unfavorable FX
Acquisitions / Divestitures
Underlying*

	Auto Solns	Comm & Res Solns	Emerson
	(1)% - 2%	5% - 8%	1% - 4%
	~ (1)%	~ (1)%	~ (1)%
	~ (2)%	~ - %	~ (1)%
	(4)% - (1)%	4% - 7%	(1)% - 2%

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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

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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)

Q4 EBIT

	Q4 FY20	Q4 FY21
Pretax earnings (GAAP)	\$ 765	\$ 828
Interest expense, net	40	39
Earnings before interest and taxes*	805	867
Restructuring and related charges	73	66
OSI purchase accounting items	-	9
Adjusted earnings before interest and taxes*	\$ 878	\$ 942

EBIT

	FY20	FY21	Q1 FY20	Q1 FY21
Pretax earnings	\$ 2,335	\$ 2,912	\$ 423	\$ 563
Interest expense, net	156	154	35	40
Earnings before interest and taxes*	2,491	3,066	458	603
Restructuring and related charges and advisory fees	317	188	110	69
OSI purchase accounting items and fees	-	50	-	21
Gain on acquisition of full ownership of equity investment	-	(17)	-	(17)
Adjusted earnings before interest and taxes*	2,808	3,287	568	676
Amortization of intangibles	256	327	63	81
Adjusted EBITA margin*	\$ 3,064	\$ 3,614	\$ 631	\$ 757

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	Q4 FY20	Q4 FY21	Change
Q4 EBIT Margin			
Pretax margin (GAAP)	16.8%	16.7%	(10) bps
Interest expense, net	0.9%	0.8%	(10) bps
EBIT margin*	17.7%	17.5%	(20) bps
Restructuring and related costs	1.6%	1.2%	(40) bps
OSI purchase accounting items	- %	0.3%	30 bps
Adjusted EBIT margin*	19.3%	19.0%	(30) bps
	FY21E		
	August		
	Guidance	FY21	
EBIT Margin			
Pretax margin (GAAP)	16%	16%	
Interest expense, net	1%	1%	
EBIT margin*	17%	17%	
Restructuring	1%	1%	
OSI purchase accounting items	- %	- %	
Adjusted EBIT margin*	18%	18%	
Depreciation / amortization % of sales	5%	5%	
Adjusted EBITDA margin*	23%	23%	

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Reconciliation of Non-GAAP Measures

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Q4 Earnings Per Share	Q4 FY20	Q4 FY21	Change
Earnings per share (GAAP)	\$ 1.20	\$ 1.11	(8)%
Restructuring and related charges	0.10	0.08	(2)%
Certain tax benefits	(0.20)	-	18%
OSI purchase accounting items	-	0.02	2%
Adjusted earnings per share*	\$ 1.10	\$ 1.21	10%

Earnings Per Share	FY20	FY21	Change	FY21E Aug Guidance	FY21E Midpoint Nov Guidance
Earnings per share (GAAP)	\$ 3.24	\$ 3.82	18%	\$3.78 - \$3.80	~ \$3.11
Restructuring and related charges	0.42	0.24	(7)%	0.24	0.28
Certain tax items	(0.20)	-	7%	-	-
OSI purchase accounting and fees	-	0.07	2%	0.07	0.06
Gain on acquisition of full ownership of equity investment	-	(0.03)	(1)%	(0.03)	-
Prior adjusted earnings per share*	\$ 3.46	\$ 4.10	19%	\$4.06 - \$4.08	~ \$3.45
Amortization of intangibles	0.32	0.41			
Adjusted earnings per share*	\$ 3.78	\$ 4.51			

Earnings Per Share	FY22E	Q1 FY20	Q1 FY21	Q1 FY22E
Earnings per share (GAAP)	\$4.21 - \$4.36	\$ 0.53	\$ 0.74	\$0.85 - \$0.89
Restructuring and related charges	0.19	0.14	0.09	0.03
Certain tax benefits	-	-	-	-
OSI purchase accounting charges	-	-	0.03	-
Gain on acquisition of full ownership of equity investment	-	-	(0.03)	-
Prior Adjusted earnings per share	\$4.40 - \$4.55	0.67	0.83	\$0.88 - \$0.92
Amortization of intangibles	\$0.42	0.08	0.10	0.10
Adjusted earnings per share*	\$4.82 - \$4.97	\$ 0.75	\$ 0.93	\$0.98 - \$1.02

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	Q4 FY20	Q4 FY21	Change
Q4 Business Segment EBIT			
Pretax earnings (GAAP)	\$ 765	\$ 828	8%
Corp. items and interest expense, net	68	89	2%
Business segment EBIT*	833	917	10%
Restructuring and related charges impact	73	63	(2)%
Adjusted business segment EBIT*	\$ 906	\$ 980	8%
Q4 Business Segment EBIT Margin			
Pretax margin (GAAP)	16.8%	16.7%	(10) bps
Corp. items and interest expense, net % of sales	1.5%	1.8%	30 bps
Business segment EBIT margin*	18.3%	18.5%	20 bps
Restructuring and related charges % of sales	1.6%	1.3%	(30) bps
Adjusted business segment EBIT margin*	19.9%	19.8%	(10) bps
Business Segment EBIT Margin			
Pretax margin (GAAP)	13.9%	16.0%	210 bps
Corp. items and interest expense, net % of sales	1.8%	2.1%	30 bps
Business segment EBIT margin*	15.7%	18.1%	240 bps
Restructuring and related charges % of sales	1.8%	1.0%	(80) bps
Adjusted business segment EBIT margin*	17.5%	19.1%	160 bps

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	<u>Q4 FY20</u>	<u>Q4 FY21</u>	<u>Change</u>
Q4 Pretax Earnings			
Pretax earnings (GAAP)	\$ 765	\$ 828	8%
Restructuring and related charges	73	66	(1)%
OSI purchase accounting charges	-	9	1%
Adjusted pretax earnings*	<u>\$ 838</u>	<u>\$ 903</u>	<u>8%</u>
Q4 Corporate and Other			
Corporate and other (GAAP)	\$ (3)	\$ (40)	\$ (37)
Restructuring and related charges	-	3	3
OSI purchase accounting charges	-	9	9
Adjusted corporate and other*	<u>\$ (3)</u>	<u>\$ (28)</u>	<u>\$ (25)</u>
Q4 Pretax Margin			
Pretax margin (GAAP)	16.8%	16.7%	(10) bps
Restructuring and related charges	1.6%	1.4%	(20) bps
OSI purchase accounting charges	-	0.2%	20 bps
Adjusted pretax margin*	<u>18.4%</u>	<u>18.3%</u>	<u>(10) bps</u>

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Reconciliation of Non-GAAP Measures

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Q4 Automation Solutions Segment EBIT Margin	Q4 FY20	Q4 FY21	Change
Automation Solutions Segment EBIT margin (GAAP)	17.0%	18.7%	170 bps
Restructuring and related charges impact	1.7%	1.7%	- bps
Automation Solutions Adjusted Segment EBIT margin*	18.7%	20.4%	170 bps
Q4 Commercial & Residential Solutions EBIT Margin	Q4 FY20	Q4 FY21	Change
Com & Res Sols EBIT margin (GAAP)	20.7%	18.1%	(260) bps
Restructuring and related charges impact	1.4%	0.6%	(80) bps
Com & Res Sols Adjusted EBIT margin*	22.1%	18.7%	(340) bps
Automation Solutions Segment EBIT Margin	FY20	FY21	Change
Automation Solutions Segment EBIT margin (GAAP)	13.6%	16.8%	320 bps
Restructuring and related charges impact	2.2%	1.3%	(90) bps
Automation Solutions Adjusted Segment EBIT margin*	15.8%	18.1%	230 bps
Commercial & Residential EBIT Margin	FY20	FY21	Change
Commercial & Residential EBIT margin (GAAP)	19.8%	20.5%	70 bps
Restructuring and related charges impact	0.9%	0.4%	(50) bps
Commercial & Residential Adjusted Segment EBIT margin*	20.7%	20.9%	20 bps

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Q4 Cash Flow

	<u>Q4 FY20</u>	<u>Q4 FY21</u>	<u>% Change</u>
Operating cash flow (GAAP)	\$ 1,229	\$ 855	(30)%
Capital expenditures	(209)	(231)	(9)%
Free cash flow*	\$ 1,020	\$ 624	(39)%

Cash Flow

	<u>FY20</u>	<u>FY21</u>	<u>% Change</u>	<u>FY21E Aug Guidance</u>	<u>FY21E Nov Guidance</u>	<u>FY22E</u>
Operating cash flow (GAAP)	\$ 3,083	\$ 3,575	16%	~ \$3.6B	~ \$3.1B	~\$ 3.8B
Capital expenditures	(538)	(581)	2%	(600)M	(600)M	(650)M
Free cash flow*	\$ 2,545	\$ 2,994	18%	~ \$3.0B	~ \$2.5B	~\$ 3.1B

Cash Flow to Net Earnings Conversion

	<u>FY21 YTD</u>
Operating cash flow conversion (GAAP)	154%
Capital expenditures	(25)%
Free cash flow conversion*	129%

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Additional Information and Where to Find It

In connection with the proposed transaction between Emerson Electric Co. (“Emerson”) and Aspen Technology, Inc. (“AspenTech”), a subsidiary of Emerson, Emersub CX, Inc. (“new AspenTech”), will prepare and file with the Securities and Exchange Commission (the “SEC”) a registration statement on Form S-4 that will include a combined proxy statement/prospectus of new AspenTech and AspenTech (the “Combined Proxy Statement/Prospectus”). AspenTech and new AspenTech will prepare and file the Combined Proxy Statement/Prospectus with the SEC, and AspenTech will mail the Combined Proxy Statement/Prospectus to its stockholders and file other documents regarding the proposed transaction with the SEC. This communication is not a substitute for any proxy statement, registration statement, proxy statement/prospectus or other documents AspenTech and/or new AspenTech may file with the SEC in connection with the proposed transaction. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS, SECURITY HOLDERS OF EMERSON AND SECURITY HOLDERS OF ASPENTECH ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THE COMBINED PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE AND THE OTHER DOCUMENTS THAT ARE FILED OR WILL BE FILED BY ASPENTECH OR NEW ASPENTECH WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, IN CONNECTION WITH THE PROPOSED TRANSACTION, BECAUSE THESE DOCUMENTS CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and security holders will be able to obtain free copies of the Combined Proxy Statement/Prospectus and other documents filed with the SEC by AspenTech and/or new AspenTech without charge through the website maintained by the SEC at www.sec.gov or by contacting the investor relations department of Emerson or AspenTech"

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Participants in the Solicitation

Emerson, Aspen, Newco and certain of their respective directors and executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of proxies in connection with the proposed transaction, including a description of their direct or indirect interests in the transaction, by security holdings or otherwise, will be set forth in the Combined Proxy Statement/Prospectus and other relevant materials when it is filed with the SEC. Information regarding the directors and executive officers of Emerson is contained in Emerson’s proxy statement for its 2021 annual meeting of stockholders, filed with the SEC on December 11, 2020, its Annual Report on Form 10-K for the year ended September 30, 2020, which was filed with the SEC on November 16, 2020 and certain of its Current Reports filed on Form 8-K. Information regarding the directors and executive officers of Aspen is contained in Aspen’s proxy statement for its 2021 annual meeting of stockholders, filed with the SEC on December 9, 2020, its Annual Report on Form 10-K for the year ended June 30, 2021, which was filed with the SEC on August 18, 2021 and certain of its Current Reports filed on Form 8-K. These documents can be obtained free of charge from the sources indicated above.

continued

Additional Information and Where to Find It

Caution Concerning Forward-Looking Statements

This communication contains “forward-looking” statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. All statements, other than historical facts, are forward-looking statements, including: statements regarding the expected timing and structure of the proposed transaction; the ability of the parties to complete the proposed transaction considering the various closing conditions; the expected benefits of the proposed transaction, such as improved operations, enhanced revenues and cash flow, synergies, growth potential, market profile, business plans, expanded portfolio and financial strength; the competitive ability and position of new AspenTech following completion of the proposed transaction; legal, economic and regulatory conditions; and any assumptions underlying any of the foregoing. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words “may,” “will,” “should,” “potential,” “intend,” “expect,” “endeavor,” “seek,” “anticipate,” “estimate,” “overestimate,” “underestimate,” “believe,” “plan,” “could,” “would,” “project,” “predict,” “continue,” “target” or other similar words or expressions or negatives of these words, but not all forward-looking statements include such identifying words. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. We can give no assurance that such plans, estimates or expectations will be achieved and therefore, actual results may differ materially from any plans, estimates or expectations in such forward-looking statements.

Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others: (1) that one or more closing conditions to the transaction, including certain regulatory approvals, may not be satisfied or waived, on a timely basis or otherwise, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the proposed transaction, may require conditions, limitations or restrictions in connection with such approvals or that the required approval by the stockholders of AspenTech may not be obtained; (2) the risk that the proposed transaction may not be completed in the time frame expected by Emerson, AspenTech or new AspenTech, or at all; (3) unexpected costs, charges or expenses resulting from the proposed transaction; (4) uncertainty of the expected financial performance of new AspenTech following completion of the proposed transaction; (5) failure to realize the anticipated benefits of the proposed transaction, including as a result of delay in completing the proposed transaction or integrating the industrial software business of Emerson with the business of AspenTech; (6) the ability of new AspenTech to implement its business strategy; (7) difficulties and delays in achieving revenue and cost synergies of new AspenTech; (8) inability to retain and hire key personnel; (9) the occurrence of any event that could give rise to termination of the proposed transaction; (10) potential litigation in connection with the proposed transaction or other settlements or investigations that may affect the timing or occurrence of the contemplated transaction or result in significant costs of defense, indemnification and liability; (11) evolving legal, regulatory and tax regimes; (12) changes in economic, financial, political and regulatory conditions, in the United States and elsewhere, and other factors that contribute to uncertainty and volatility, natural and man-made disasters, civil unrest, pandemics (e.g., the coronavirus (COVID-19) pandemic (the “COVID-19 pandemic”)), geopolitical uncertainty, and conditions that may result from legislative, regulatory, trade and policy changes associated with the current or subsequent U.S. administration; (13) the ability of Emerson, AspenTech and new AspenTech to successfully recover from a disaster or other business continuity problem due to a hurricane, flood, earthquake, terrorist attack, war, pandemic, security breach, cyber-attack, power loss, telecommunications failure or other natural or man-made event, including the ability to function remotely during long-term disruptions such as the COVID-19 pandemic; (14) the impact of public health crises, such as pandemics (including the COVID-19 pandemic) and epidemics and any related company or governmental policies and actions to protect the health and safety of individuals or governmental policies or actions to maintain the functioning of national or global economies and markets, including any quarantine, “shelter in place,” “stay at home,” workforce reduction, social distancing, shut down or similar actions and policies; (15) actions by third parties, including government agencies; (16) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the transaction; (17) the risk that disruptions from the proposed transaction will harm Emerson’s and AspenTech’s business, including current plans and operations; (18) certain restrictions during the pendency of the acquisition that may impact Emerson’s or AspenTech’s ability to pursue certain business opportunities or strategic transactions; (19) Emerson’s, AspenTech’s and new AspenTech’s ability to meet expectations regarding the accounting and tax treatments of the proposed transaction; and (20) other risk factors as detailed from time to time in Emerson’s and AspenTech’s reports filed with the SEC, including Emerson’s and AspenTech’s annual report on Form 10-K, periodic quarterly reports on Form 10-Q, periodic current reports on Form 8-K and other documents filed with the SEC. These risks, as well as other risks associated with the proposed transaction, will be more fully discussed in the Combined Proxy Statement/Prospectus. While the list of factors presented here is, and the list of factors to be presented in the Combined Proxy Statement/Prospectus will be, considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Any forward-looking statements speak only as of the date of this communication. Neither Emerson, AspenTech nor new AspenTech undertakes any obligation to update any forward-looking statements, whether as a result of new information or development, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.