

# Emerson Q2 Earnings Conference Call

May 4, 2022



## 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 impacts of the COVID-19 pandemic and the Russia-Ukraine conflict, 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, 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, excluding the expected AspenTech and Therm-O-Disc transactions, and the impact related to exiting our Russia business, other than as noted herein.*

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## 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](http://www.Emerson.com) under Investors.*

# Upcoming Investor Events

**Event:**  
**Investor Conference**

**Date:**  
**Nov. 29, 2022**

**Location:**  
**New York City**

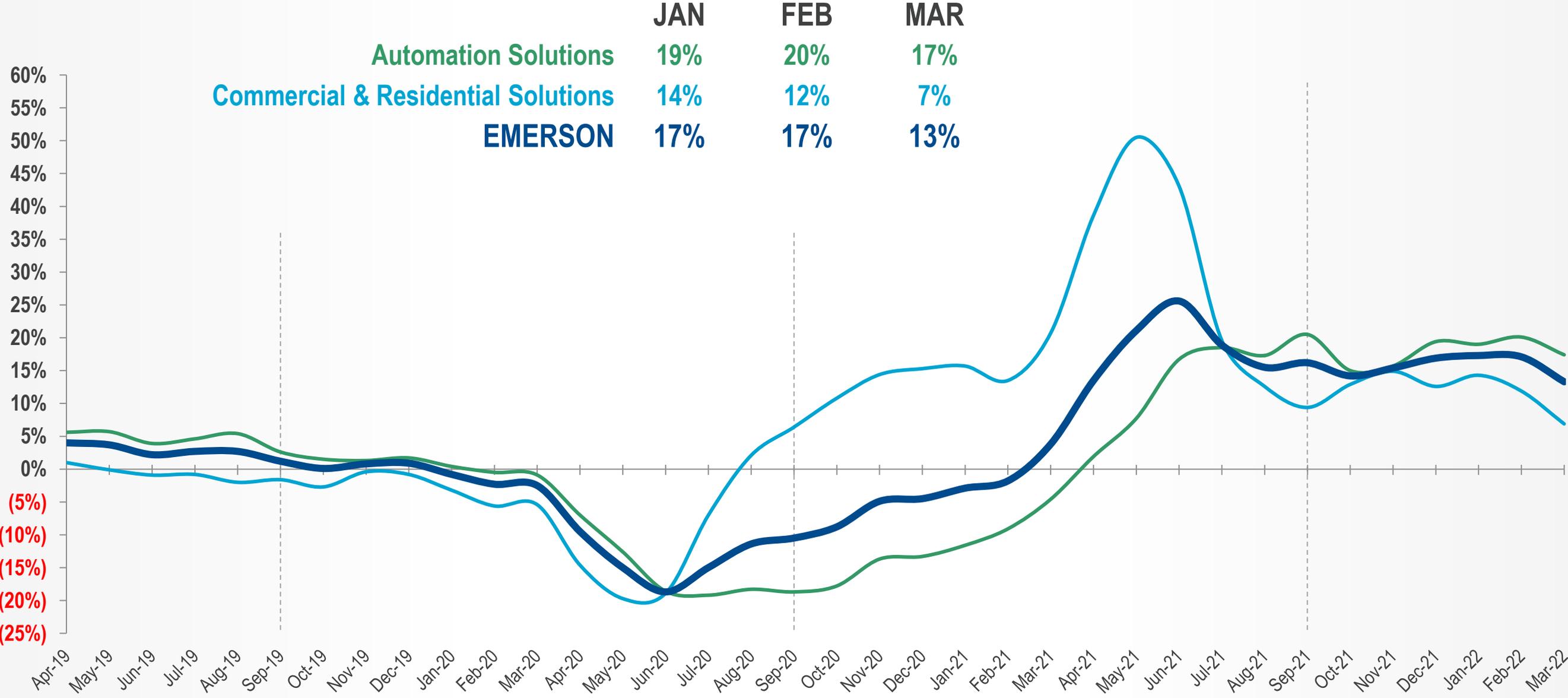




# Q2 Results



# Emerson Trailing Three-Month Underlying Orders Versus Prior Year



# Emerson Is Well Positioned to Benefit From Ongoing Energy Dynamics

## “TRANSITION” ENERGY – LIQUEFIED NATURAL GAS

Early stages of next LNG “wave” – driven by U.S. / Middle East projects and Europe demand



**Liquefaction Facility**

U.S. Gulf  
Middle East



**LNG  
Carriers**



**Regasification Terminals**

Europe  
Asia

Estimated Automation Potential for Next LNG Wave (2023 – 2030)

**\$1B+**

## CLEAN FUELS / RENEWABLES

Acceleration of alternative fuels / energy investments due to improved economics and need to support energy independence

### Clean Fuels

Biofuels, Hydrogen



**Main automation partner for world's largest renewable diesel facility**

### Renewable Energy

Wind, Solar, Hydro, Geothermal



**Mita-Teknik and American Governor acquisitions**

**Geological simulation software selected by HITA geothermal**

### Battery Storage

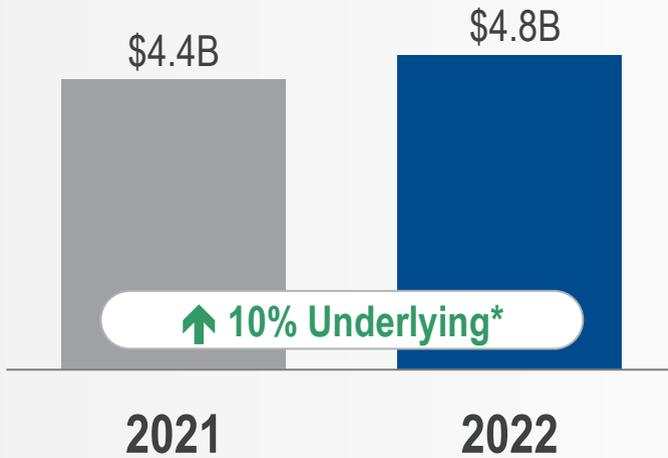
Battery Storage, Energy Storage



**Software and controls provider for world's largest battery storage facility**

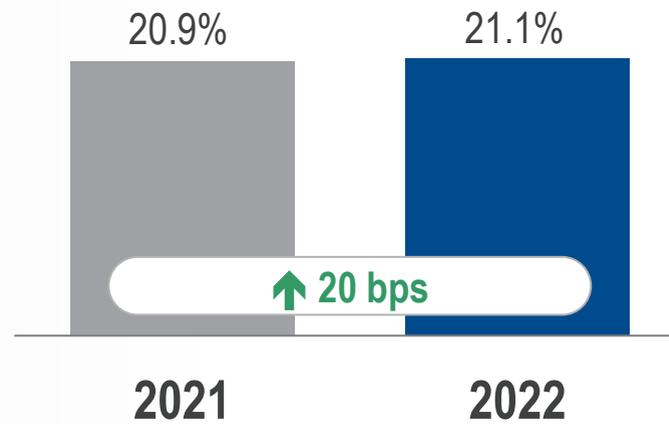
# 2022 Q2 Performance Summary

## Sales



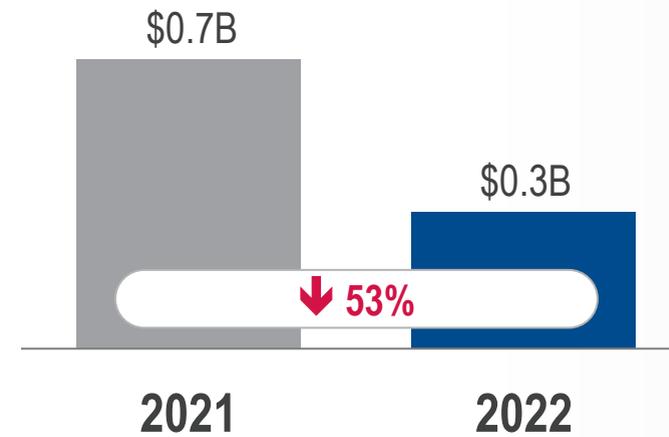
- Growth in all world areas led by the Americas and China
- Supply chain and operational challenges impacting growth

## Adjusted Segment EBITA\*



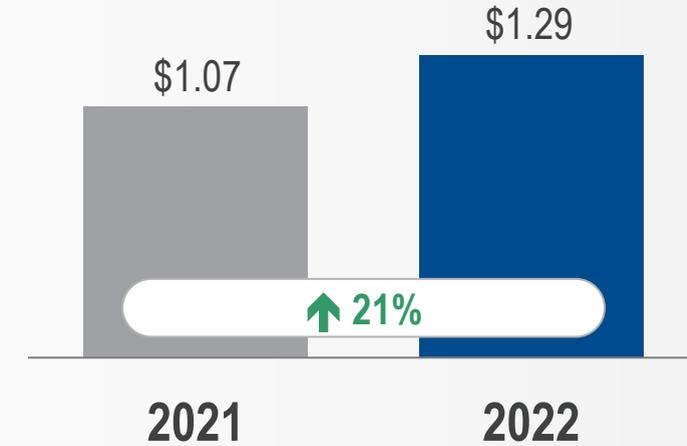
- Driven by volume, leverage, continued cost reset savings and mix, offset by inflation
- Price less net material inflation slightly positive

## Free Cash Flow\*



- Higher inventory mainly due to supply chain, higher receivables and timing

## Adjusted EPS\*



- Adjusted EPS\* of \$1.29 exceeded guidance of \$1.15 – \$1.20 and includes \$0.08 of tax benefits

## AUTOMATION SOLUTIONS

### Sales

\$2,937M  
↑ 7% underlying\*

- Process end markets continue to strengthen with sustained demand in discrete and hybrid
- Double-digit growth in the U.S. and China
- MRO / recurring revenue (KOB3) largest contributor to growth
- Electronic component availability stabilized but continued to impact sales in the quarter
- Backlog at \$6.4B, up \$400M versus prior quarter

### Adjusted EBITA\*

21.5%  
↑ 170 bps

## COMMERCIAL & RESIDENTIAL SOLUTIONS

### Sales

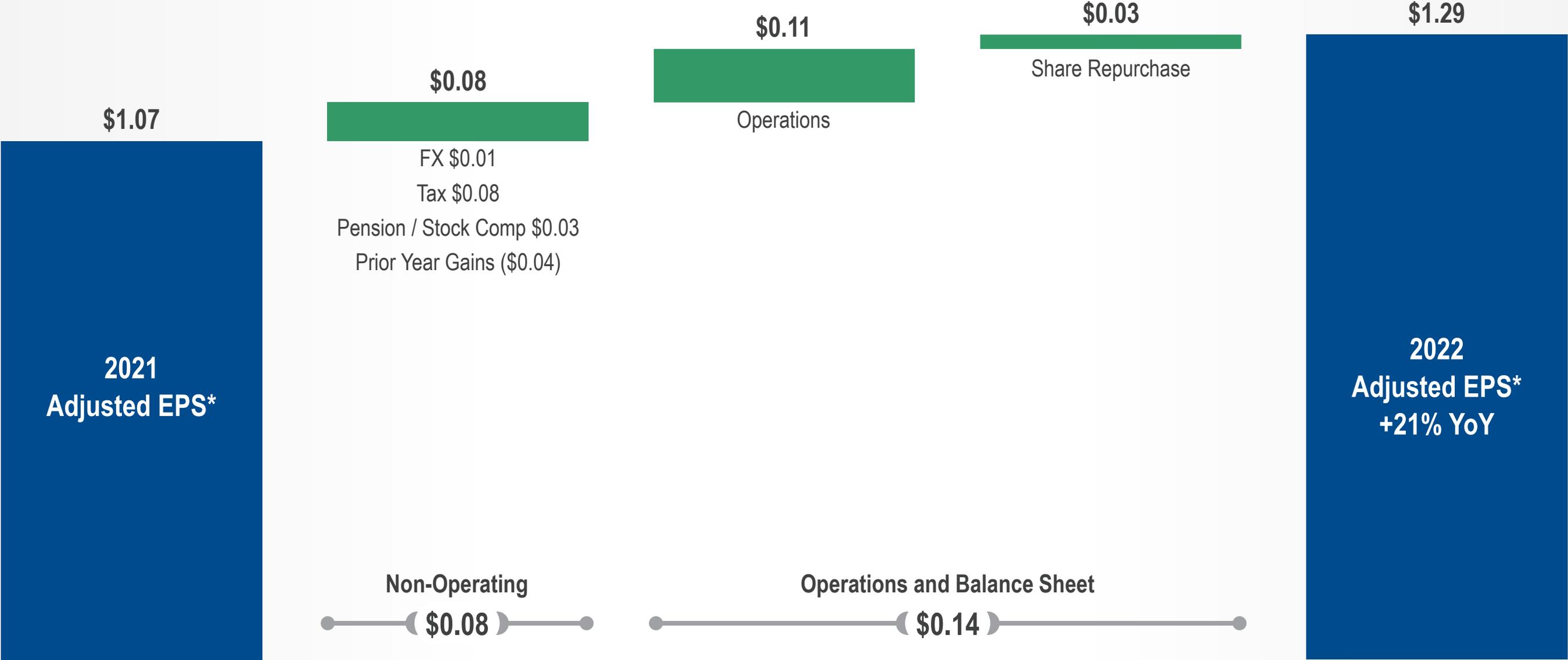
\$1,857M  
↑ 14% underlying\*

- Continued strength in commercial and industrial segments; early signs of residential moderation
- Heat pumps, air conditioning and battery hydraulic tools large contributors to growth
- Double-digit growth in all world areas
- Price less net material inflation now positive but remained margin dilutive
- Backlog at \$1.4B, up \$100M versus prior quarter

### Adjusted EBITA\*

20.5%  
↓ 230 bps

# 2021 Q2 to 2022 Q2 Adjusted EPS\* Bridge





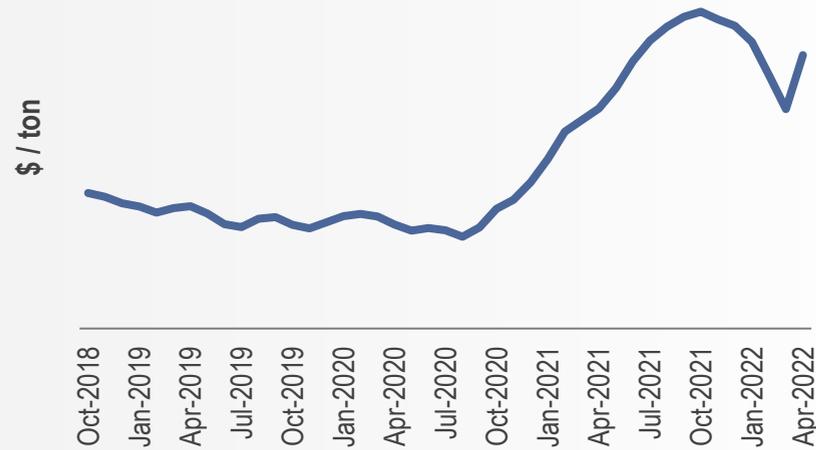
# **Q3 and Full Year 2022 Outlook**



# Supply Chain Challenges Continue, Exacerbated by Geopolitical Environment and China COVID-19 Lockdowns

## COMMODITIES

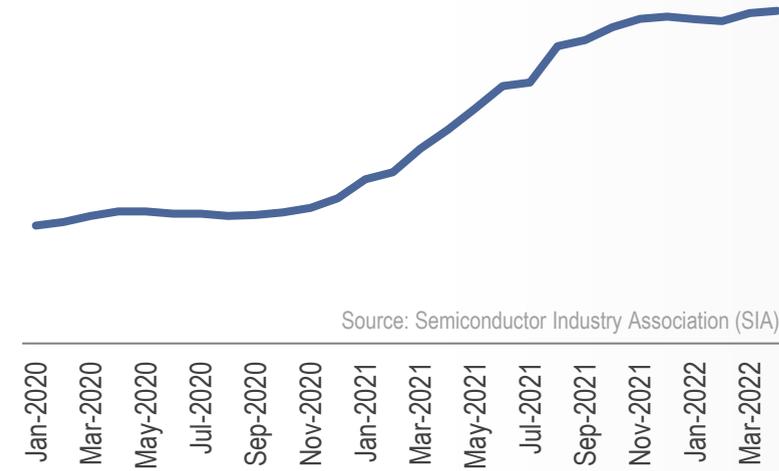
North American Cold-Rolled Steel Pricing



- Steel pricing reversed course as Ukraine conflict began
- Nickel prices up over 50% from January 2022, driving up stainless steel costs
- High oil prices causing inflation on plastics and lubricants

## ELECTRONICS

Average Component Lead Times

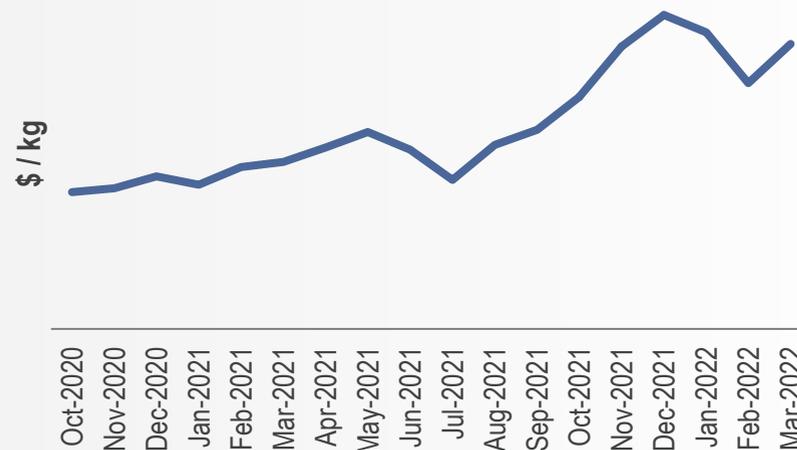


Source: Semiconductor Industry Association (SIA)

- Stabilization and slight improvement in 2022 Q2
- Anticipating market to remain tight well into 2023 – capacity adds not keeping up with demand
- Seeing continued inflation and elevated spot prices

## LOGISTICS

Air Cargo Rates



- Fuel prices driving inflation across all transportation modes
- Air cargo rates rising again due to flight cancellations, lengthier diverted flights and fuel prices
- China lockdowns extending transit times

## CHINA COVID-19 LOCKDOWNS

China Lockdown Map

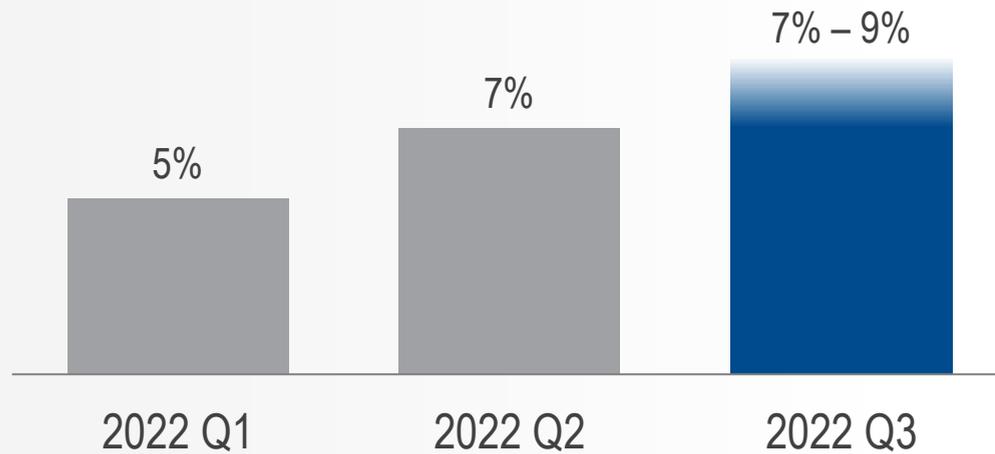


- Production complications in Shanghai manufacturing facilities due to lockdowns
- Other China operations slowed by supply shortages from Shanghai suppliers
- Difficulty delivering orders to customers in lockdown areas

# 2022 Outlook

## AUTOMATION SOLUTIONS

Underlying Sales Growth\*



2022 Underlying Sales Growth\*

**7% – 9%**

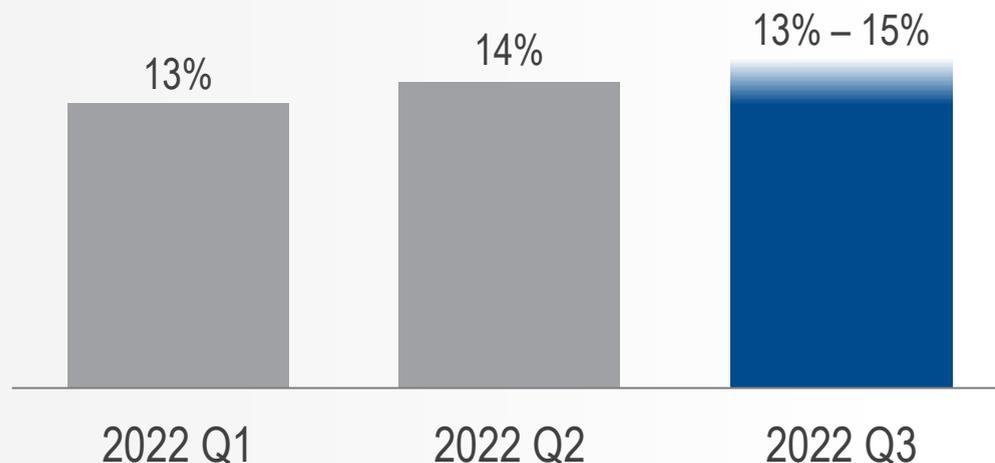
Process: ↑ HSD

Hybrid: ↑ MSD-HSD

Discrete: ↑ HSD-LDD

## COMMERCIAL & RESIDENTIAL SOLUTIONS

Underlying Sales Growth\*



2022 Underlying Sales Growth\*

**12% – 14%**

Climate Residential: ↑ DD

Climate Non-Residential: ↑ DD

Tools: ↑ DD

## ENVIRONMENT / KEY ASSUMPTIONS

- Order strength and backlog support second half growth
- Supply chain constraints persist; electronic component availability remains challenging but stabilizing
- Inflationary pressure continues; incremental price programs to offset
- COVID-19 uncertainty remains – continuously assessing China situation
- Includes estimated operational impact of exiting Russia

# 2022 Guidance

	February 2022 Guidance	May 2022 Guidance
<b>Net Sales Growth</b>	6% – 8%	8% – 10%
Acquisitions	~0 pts	~0 pts
FX	(~1 pt)	(~1 pt)
<b>Underlying Sales Growth*</b>	7% – 9%	9% – 11%
Automation Solutions	7% – 9%	7% – 9%
Commercial & Residential Solutions	9% – 11%	12% – 14%
Restructuring Actions	~\$150M	~\$150M
Tax Rate	~22%	~22%
<b>Operating Cash Flow</b>	<b>~\$3.8B</b>	<b>~\$3.6B</b>
Capital Spend	~\$650M	~\$600M
<b>Free Cash Flow*</b>	<b>~\$3.1B</b>	<b>~\$3.0B</b>
Dividend	~\$1.2B	~\$1.2B
Share Repurchase	\$250M – \$500M	\$250M – \$500M
<b>GAAP EPS</b>	<b>\$4.71 – \$4.86</b>	<b>\$4.77 – \$4.92</b>
<b>Adjusted EPS*</b>	<b>\$4.90 – \$5.05</b>	<b>\$4.95 – \$5.10</b>

## ADJUSTED EPS BRIDGE

<b>GAAP EPS</b>	<b>\$4.77 – \$4.92</b>
Restructuring / Related Costs	~\$0.20
Amortization of Intangibles	~\$0.39
Gain on Subordinated Interest	(\$0.60)
AspenTech Transaction Costs and Interest Expense	~\$0.19
<b>Adjusted EPS*</b>	<b>\$4.95 – \$5.10</b>

Note: does not include the operational impact of the transaction with AspenTech, which is expected to close in the second calendar quarter of 2022, but has been updated to include estimated transaction fees and interest expense on \$3B of debt already issued to fund the transaction;

Excludes the effect of the Therm-O-Disc sale, expected to close in the second calendar quarter of 2022;

Includes the estimated operational impact of exiting our Russia business, but excludes any potential charges or other costs associated with the exit

## 2022 Q3 Guidance

<b>Net Sales Growth</b>	<b>7% – 9%</b>
<b>Underlying Sales Growth*</b>	<b>9% – 11%</b>
Automation Solutions	7% – 9%
Commercial & Residential Solutions	13% – 15%
<b>GAAP EPS</b>	<b>\$1.00 – \$1.05</b>
<b>Adjusted EPS*</b>	<b>\$1.25 – \$1.30</b>

## ADJUSTED EPS BRIDGE

<b>GAAP EPS</b>	<b>\$1.00 – \$1.05</b>
Restructuring / Related Costs	~\$0.05
Amortization of Intangibles	~\$0.10
AspenTech Transaction Costs and Interest Expense	~\$0.10
<b>Adjusted EPS*</b>	<b>\$1.25 – \$1.30</b>

Note: does not include the operational impact of the transaction with AspenTech, which is expected to close in the second calendar quarter of 2022, but has been updated to include estimated transaction fees and interest expense on \$3B of debt already issued to fund the transaction;  
 Excludes the effect of the Therm-O-Disc sale, expected to close in the second calendar quarter of 2022;  
 Includes the estimated operational impact of exiting our Russia business, but excludes any potential charges or other costs associated with the exit



# Q&A





# Appendix



## 2022 Q2 P&L Summary

(\$M, EXCEPT EPS)	2021	2022	Change
Sales	\$4,431	\$4,791	8%
Gross profit	\$1,862	\$1,952	
% of sales	42.0%	40.7%	(130 bps)
SG&A expense	\$1,054	\$1,049	
% of sales	23.8%	21.9%	(190 bps)
EBIT*	\$775	\$863	
% of sales*	17.5%	18.0%	50 bps
Adjusted EBITA*	\$888	\$967	
% of sales*	20.0%	20.2%	20 bps
Tax rate	23.0%	16.8%	
Shares	603	597	
Adjusted EPS*	\$1.07	\$1.29	21%

## 2022 Q2 Earnings & Cash Flow

(\$M)	2021	2022	Change
Adjusted segment EBITA*	\$929	\$1,011	9%
% of sales*	20.9%	21.1%	20 bps
Stock compensation	(\$61)	(\$50)	\$11
Corporate pension and OPEB	\$23	\$25	\$2
Adjusted corporate and other*	(\$3)	(\$19)	(\$16)
Adjusted interest expense, net*	(\$38)	(\$34)	\$4
Adjusted pretax earnings*	\$850	\$933	10%
% of sales*	19.1%	19.5%	40 bps
Operating cash flow	\$807	\$442	(45%)
Capital expenditures	(\$100)	(\$109)	
Free cash flow*	\$707	\$333	(53%)
Trade working capital	\$2,973	\$3,358	
% of sales	16.8%	17.5%	

## 2022 Q2 World Area Underlying Sales Growth

	<b>Automation Solutions</b>	<b>Commercial &amp; Residential Solutions</b>	<b>Emerson</b>
Americas	13%	15%	<b>14%</b>
Europe	(3%)	14%	<b>2%</b>
Asia, Middle East & Africa	6%	11%	<b>7%</b>
<i>China</i>	17%	(6%)	<b>11%</b>
	<b>7%</b>	<b>14%</b>	<b>10%</b>

# 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)

	<b>Automation Solutions</b>	<b>Commercial &amp; Residential Solutions</b>	<b>Emerson</b>
<b>Q2 2022 Underlying Sales Change</b>			
Reported (GAAP)	5%	13%	8%
(Favorable) / Unfavorable FX	2%	1%	2%
Acquisitions / Divestitures	-%	-%	-%
Underlying*	7%	14%	10%

	<b>Automation Solutions</b>	<b>Commercial &amp; Residential Solutions</b>	<b>Emerson</b>
<b>Q1 2022 Underlying Sales Change</b>			
Reported (GAAP)	4%	13%	8%
(Favorable) / Unfavorable FX	1%	-%	-%
Acquisitions / Divestitures	- %	-%	-%
Underlying*	5%	13%	8%

	<b>Automation Solutions</b>	<b>Commercial &amp; Residential Solutions</b>	<b>Emerson</b>
<b>Q3 2022E Underlying Sales Change</b>			
Reported (GAAP)	4% - 6%	11% - 13%	7% - 9%
(Favorable) / Unfavorable FX	3%	2%	2%
Acquisitions / Divestitures	-%	-%	-%
Underlying*	7% - 9%	13% - 15%	9% - 11%

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

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	<b>Automation Solutions</b>	<b>Commercial &amp; Residential Solutions</b>	<b>Emerson</b>
<b>FY 2022E <u>May 2022 Guidance</u> Underlying Sales Change</b>			
Reported (GAAP)	6% - 8%	11% - 13%	8% - 10%
(Favorable) / Unfavorable FX	1%	1%	1%
Acquisitions / Divestitures	-%	-%	-%
Underlying*	7% - 9%	12% - 14%	9% - 11%

	<b>Automation Solutions</b>	<b>Commercial &amp; Residential Solutions</b>	<b>Emerson</b>
<b>FY 2022E <u>Feb 2022 Guidance</u> Underlying Sales Change</b>			
Reported (GAAP)	5% - 7%	8% - 10%	6% - 8%
(Favorable) / Unfavorable FX	2%	1%	1%
Acquisitions / Divestitures	- %	-%	-%
Underlying*	7% - 9%	9% - 11%	7% - 9%

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# Reconciliation of Non-GAAP Measures

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<b>EBIT</b>	<b>Q2 FY21</b>	<b>Q2 FY22</b>	
Pretax earnings (GAAP)	\$ 737	\$ 811	
Interest expense, net	38	52	
Earnings before interest and taxes*	775	863	
Restructuring and related costs	21	15	
Amortization of intangibles	82	76	
Acquisition/divestiture costs	-	13	
OSI purchase accounting	10	-	
Adjusted earnings before interest and taxes*	\$ 888	\$ 967	

<b>EBIT Margin</b>	<b>Q2 FY21</b>	<b>Q2 FY22</b>	<b>Change</b>
Pretax margin (GAAP)	16.6%	16.9%	30 bps
Interest expense, net	0.9%	1.1%	20 bps
EBIT margin*	17.5%	18.0%	50 bps
Restructuring and related costs	0.5%	0.3%	(20) bps
Amortization of intangibles	1.8%	1.6%	(20) bps
Acquisition/divestiture costs	-	0.3%	30 bps
OSI purchase accounting	0.2%	-	(20) bps
Adjusted EBITA margin*	20.0%	20.2%	20 bps

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# Reconciliation of Non-GAAP Measures

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<b>Q2 Earnings Per Share</b>	<b>Q2 FY21</b>	<b>Q2 FY22</b>	<b>Change</b>	<b>Q2 FY22E Feb Guidance</b>
Earnings per share (GAAP)	\$ 0.93	\$ 1.13	22%	\$0.98 - \$1.03
Restructuring and related costs	0.03	0.02	(1)%	0.04
Amortization of intangibles	0.10	0.10	(3)%	0.10
Acquisition/divestiture costs and interest on AspenTech debt	-	0.04	4%	0.03
OSI purchase accounting	0.01	-	(1)%	-
Adjusted earnings per share*	\$ 1.07	\$ 1.29	21%	\$1.15 - \$1.20

<b>Earnings Per Share</b>	<b>Q3 FY22E May Guidance</b>	<b>FY22E May Guidance</b>	<b>FY22E Feb Guidance</b>
Earnings per share (GAAP)	\$1.00 - \$1.05	\$4.77 - \$4.92	\$4.71 - \$4.86
Restructuring and related costs	0.05	0.20	0.20
Amortization of intangibles	0.10	0.39	0.39
Gain on subordinated interest	-	(0.60)	(0.60)
Acquisition/divestiture costs and interest on AspenTech debt	0.10	0.19	0.20
Adjusted earnings per share*	\$1.25 - \$1.30	\$4.95 - \$5.10	\$4.90 - \$5.05

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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)

<b>Business Segment EBIT</b>	<b>Q2 FY21</b>	<b>Q2 FY22</b>	<b>Change</b>
Pretax earnings (GAAP)	\$ 737	\$ 811	10%
Corp. items and interest expense, net	91	110	1%
Business segment EBIT	828	921	11%
Restructuring and related costs	19	14	(1)%
Amortization of intangibles	82	76	(1)%
Adjusted business segment EBITA*	\$ 929	\$ 1,011	9%

<b>Business Segment EBIT Margin</b>	<b>Q2 FY21</b>	<b>Q2 FY22</b>	<b>Change</b>
Pretax margin (GAAP)	16.6%	16.9%	30 bps
Corp. items and interest expense, net % of sales	2.0%	2.3%	30 bps
Restructuring and related costs % of sales	0.5%	0.3%	(20) bps
Amortization of intangibles % of sales	1.8%	1.6%	(20) bps
Adjusted business segment EBITA margin*	20.9%	21.1%	20 bps

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	Q2 FY21	Q2 FY22	Change
<b>Pretax Earnings</b>			
Pretax earnings (GAAP)	\$ 737	811	10%
Restructuring and related costs	21	15	(2)%
Amortization of intangibles	82	76	(1)%
Acquisition/divestiture costs and interest on AspenTech debt	-	31	5%
OSI purchase accounting	10	-	(2)%
Adjusted pretax earnings*	\$ 850	933	10%
<b>Corporate and Other</b>			
Corporate and other (GAAP)	\$ (15)	(33)	\$ (18)
Restructuring and related costs	2	1	(1)
Acquisition/divestiture costs	-	13	13
OSI purchase accounting	10	-	(10)
Adjusted Corporate and other*	\$ (3)	\$ (19)	\$ (16)
<b>Interest expense, net</b>			
Interest expense, net (GAAP)	\$ 38	\$ 52	14
Interest on AspenTech debt	-	(18)	(18)
Adjusted interest expense, net*	\$ 38	\$ 34	(4)

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<b>Pretax Margin</b>	<b>Q2 FY21</b>	<b>Q2 FY22</b>	<b>Change</b>
Pretax margin (GAAP)	16.6%	16.9%	30 bps
Restructuring and related costs	0.5%	0.3%	(20) bps
Amortization of intangibles	1.8%	1.6%	(20) bps
Acquisition/divestiture costs and interest on AspenTech debt	-	0.7%	70 bps
OSI purchase accounting	0.2%	-	(20) bps
Adjusted pretax margin*	19.1%	19.5%	40 bps

<b>Automation Solutions Segment EBIT Margin</b>	<b>Q2 FY21</b>	<b>Q2 FY22</b>	<b>Change</b>
Automation Solutions Segment EBIT margin (GAAP)	16.8%	18.9%	210 bps
Restructuring and related costs	0.5%	0.4%	(10) bps
Amortization of intangibles	2.5%	2.2%	(30) bps
Automation Solutions Adjusted Segment EBITA margin*	19.8%	21.5%	170 bps

<b>Commercial &amp; Residential Solutions EBIT Margin</b>	<b>Q2 FY21</b>	<b>Q2 FY22</b>	<b>Change</b>
Com & Res Sols EBIT margin (GAAP)	21.7%	19.7%	(200) bps
Restructuring and related costs	0.3%	0.2%	(10) bps
Amortization of intangibles	0.8%	0.6%	(20) bps
Com & Res Sols Adjusted Segment EBITA margin*	22.8%	20.5%	(230) bps

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# Reconciliation of Non-GAAP Measures

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## Q2 Cash Flow

	Q2 FY21	Q2 FY22	Change
Operating cash flow (GAAP)	\$ 807	\$ 442	(45)%
Capital expenditures	(100)	(109)	(8)%
Free cash flow*	\$ 707	\$ 333	(53)%

## FY 2022E Cash Flow

	FY22E May Guidance	FY22E Feb Guidance
Operating cash flow (GAAP)	~ \$3.6B	~ \$3.8B
Capital expenditures	(600)M	(650)M
Free cash flow*	~ \$3.0B	~ \$3.1B

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

# Additional Information and Where to Find It

In connection with the proposed transaction, Emersub CX, Inc. (“New AspenTech”), has filed with the Securities and Exchange Commission (“SEC”), and the SEC has declared effective on April 18, 2022, a registration statement on Form S-4 (File No. 333-262106) that includes a proxy statement of Aspen Technology, Inc. (“AspenTech”) and that also constitutes a prospectus with respect to shares of New AspenTech’s common stock to be issued in the proposed transaction (“Combined Proxy Statement/Prospectus”). AspenTech and New AspenTech may also file other documents with the SEC regarding the proposed transaction. This document is not a substitute for the Combined Proxy Statement/Prospectus or any other document which AspenTech or New AspenTech may file with the SEC. INVESTORS, ASPENTECH STOCKHOLDERS AND PROSPECTIVE NEW ASPENTECH STOCKHOLDERS ARE URGED TO READ THE COMBINED PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors, AspenTech stockholders and prospective New AspenTech stockholders may obtain free copies of the Combined Proxy Statement/Prospectus and other documents that are filed or will be filed with the SEC by AspenTech or New AspenTech through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov) or by contacting the investor relations departments of AspenTech or Emerson Electric Co. at the following:

## Emerson

8000 West Florissant Avenue, P.O. Box 4100  
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[www.emerson.com/en-us/investors](http://www.emerson.com/en-us/investors)

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## AspenTech

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## No Offer or Solicitation

This communication is for informational purposes only and is not intended to and does not constitute an offer to subscribe for, buy or sell, the solicitation of an offer to subscribe for, buy or sell or an invitation to subscribe for, buy or sell any securities or the solicitation of any vote or approval in any jurisdiction pursuant to or in connection with the proposed transaction or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, and otherwise in accordance with applicable law.

## 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.

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# 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.