

Emerson Q4 & Full Year 2022 Earnings and Climate Technologies Announcement

October 31, 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 Climate Technologies transaction, the proposed sale of its InSinkErator food waste disposal business, 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.

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.*



Q4 and Full Year 2022 Results



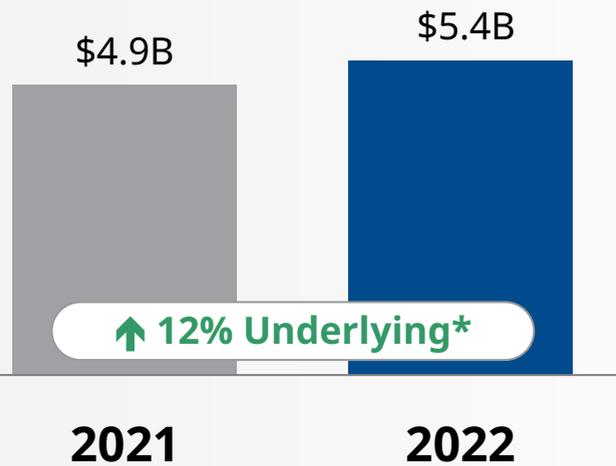
EMERSON[™]

2022 Performance Vs. Guidance

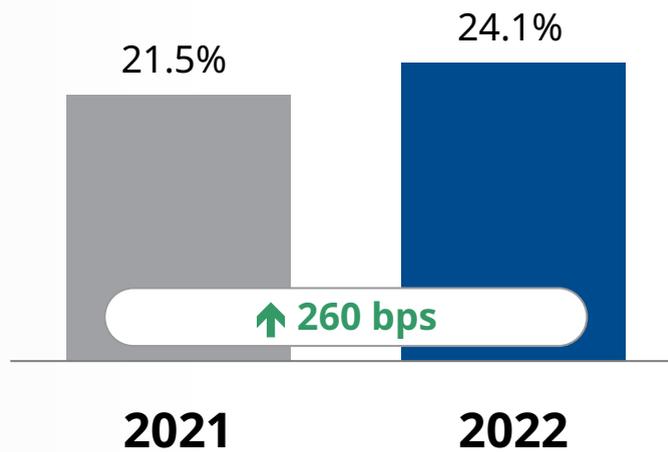
	Original Guidance (November 3, 2021)	Prior Guidance (August 9, 2022)	Actual
Net Sales Growth	5% – 7%	7% – 8%	8%
Acquisitions	~0 pts	1-2 pts	2 pts
Divestitures	~0 pts	(~1 pt)	(1 pt)
FX	(~1 pt)	(2-3 pts)	(2 pts)
Underlying Sales Growth*	6% – 8%	9% – 10%	9%
Automation Solutions	6% – 8%	6% – 7%	7%
Commercial & Residential Solutions	6% – 9%	13% – 14%	13%
Restructuring Actions	~\$150M	~\$150M	\$129M
Tax Rate	~22%	~22%	21%
Operating Cash Flow	~\$3.8B	~\$3.0B	\$2.9B
Capital Spend	~\$650M	~\$525M	\$531M
Free Cash Flow*	~\$3.1B	~\$2.5B	\$2.4B
Dividend	~\$1.2B	~\$1.2B	\$1.2B
Share Repurchase	\$250M – \$500M	~\$500M	\$500M
GAAP EPS	\$4.21 – \$4.36	\$5.25 – \$5.35	\$5.41
Adjusted EPS*	\$4.82 – \$4.97	\$5.05 – \$5.15	\$5.25

2022 Q4 Performance Summary

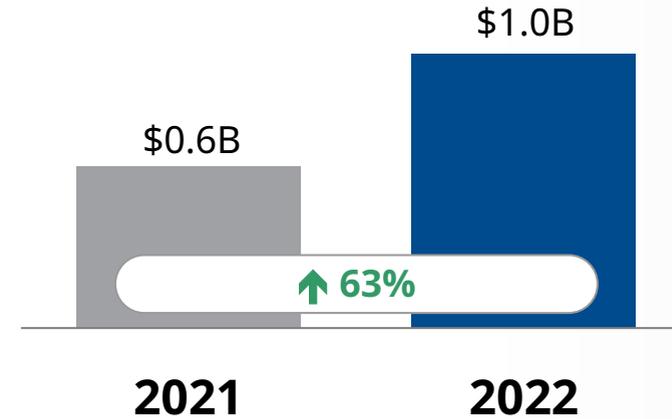
Sales



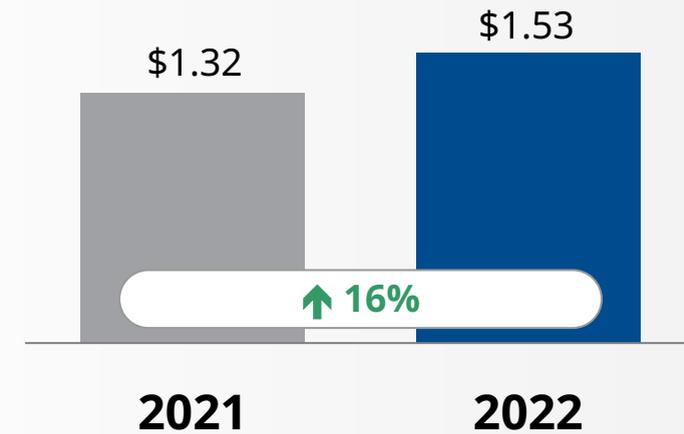
Adjusted Segment EBITA*



Free Cash Flow*



Adjusted EPS*



- Strength across all major end markets
- 17% growth in the Americas
- Price contributed 6 points to growth

- 54% adjusted segment EBITA* leverage – excluding acquisitions and divestitures
- Portfolio actions favorably impacted margins by +40 bps

- Improved working capital versus prior year

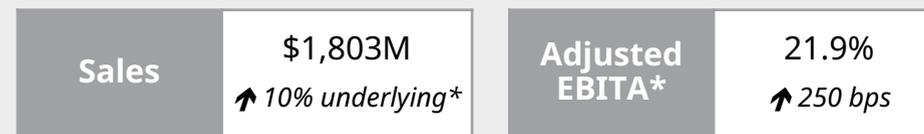
- Adjusted EPS* of \$1.53, including \$0.04 contribution of AspenTech

AUTOMATION SOLUTIONS



- September trailing 3-month underlying orders: ↑ 6%
- Process, hybrid and discrete all up double digits driven by Americas, Asia and Middle East demand
- 53% adjusted EBITA* leverage
- Backlog \$5.8B, up 14% YoY

COMMERCIAL & RESIDENTIAL SOLUTIONS



- September trailing 3-month underlying orders: ↑ 7%
- Strength in Climate Technologies offset moderating demand for Tools & Home Products
- Price contributed 11 points to growth
- 58% adjusted EBITA* leverage – excluding divestitures
- Backlog \$1.2B, up 16% YoY

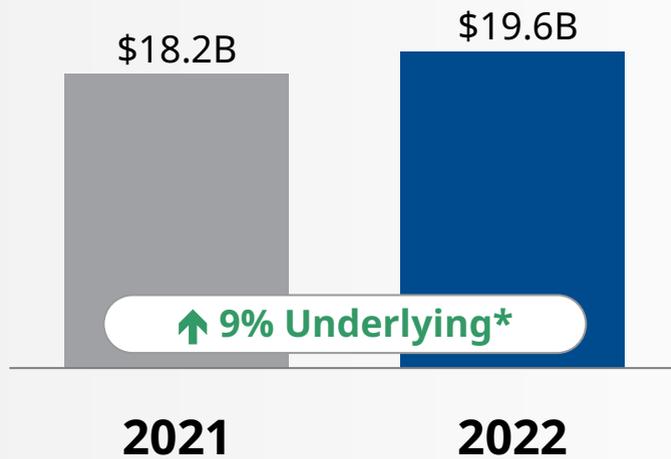
ASPENTECH



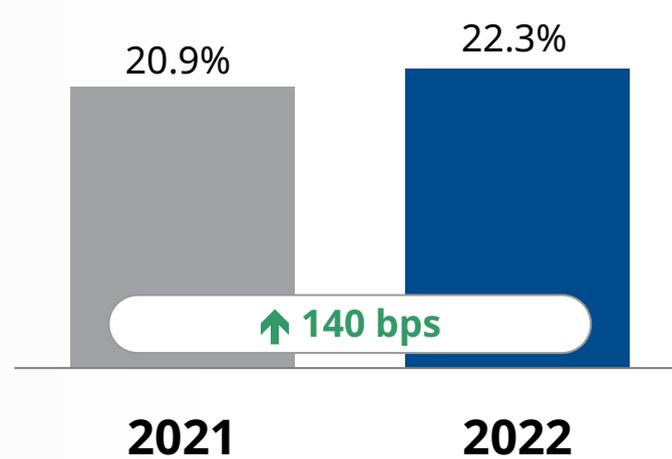
- Good quarter in chemical as customers invest in operational execution and sustainability programs
- Energy strong with transportation demand increasing
- OSI signed first term license agreement in the quarter

2022 Performance Summary

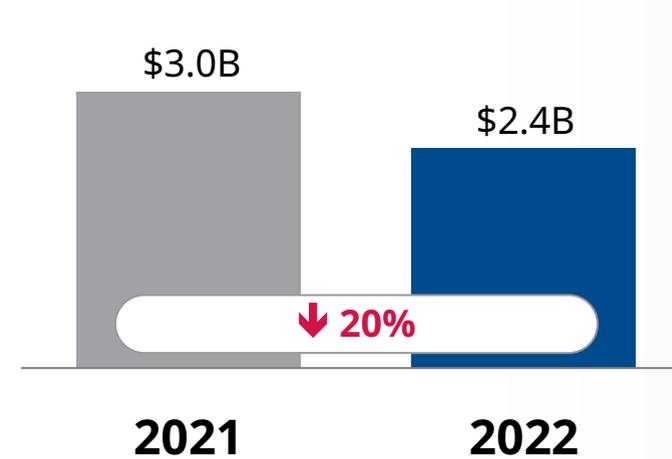
Sales



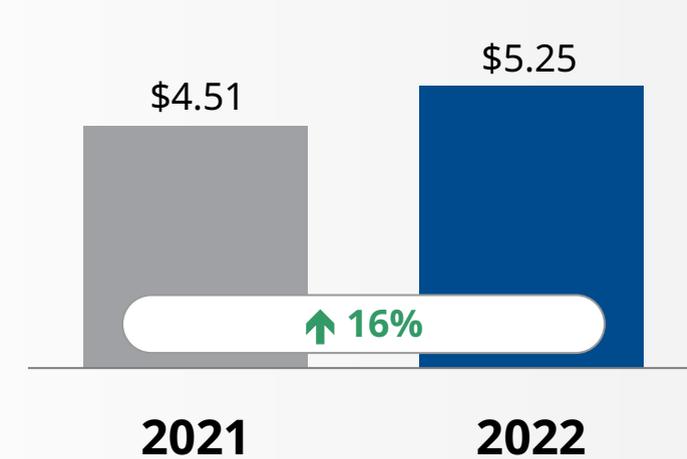
Adjusted Segment EBITA*



Free Cash Flow*



Adjusted EPS*



- Broad strength across end markets in both platforms
- All world areas up led by Americas (up 14%)

- 36% adjusted segment EBITA* leverage – excluding acquisitions and divestitures
- Portfolio actions favorably impacted margins by +50 bps

- Higher working capital from supply chain constraints throughout the year
- Free cash flow conversion*: 98% – excluding discrete items

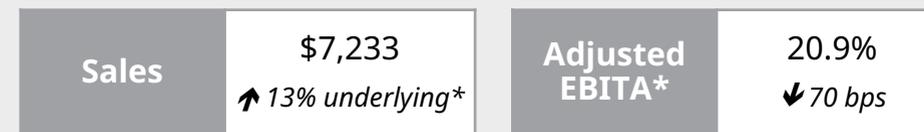
- Adjusted EPS* of \$5.25, 10 cents above high end of guidance (\$5.05 – \$5.15)

AUTOMATION SOLUTIONS



- Process, hybrid and discrete all up MSD-HSD
- Widespread demand for energy, life sciences and factory automation
- Americas up double digits
- 70% adjusted EBITA* leverage

COMMERCIAL & RESIDENTIAL SOLUTIONS



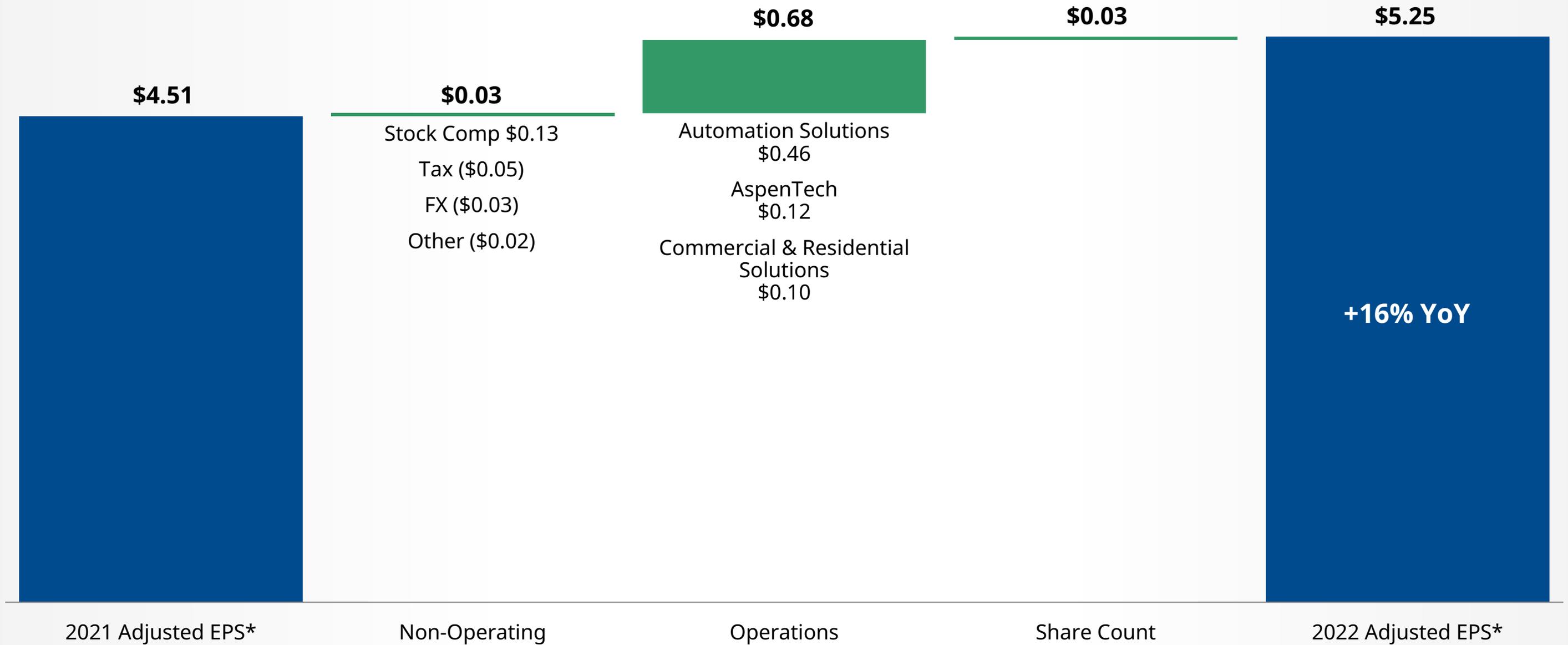
- Broad strength across residential, commercial and industrial markets
- Americas and Europe up double digits led by HVACR demand
- Price contributed 10 points of growth
- 13% adjusted EBITA* leverage – excluding divestitures

ASPENTECH



- Synergy funnel expanding across world areas
- Integration of OSI and SSE progressing well – transition to term and token models underway
- Sustainability and operational excellence remain top customer investment priorities

2021 To 2022 Adjusted EPS* Bridge





Climate Technologies Announcement



EMERSON[™]

Major Milestone In Portfolio Transformation

Emerson divesting a **majority stake in Climate Technologies to Blackstone**

\$9.5B upfront cash and retaining **45% common equity non-controlling interest** – transaction valued at **12.7x** fiscal 2022 EBITDA*

Transaction continues **Emerson portfolio evolution** into a leading global **pure-play automation company** serving diversified end markets

Portfolio of **high-value intelligent solutions and software** positioned to capture automation, digitalization, sustainability, decarbonization and nearshoring secular growth trends

Attractive financial outlook – higher-growth profile and margins

Strengthen and diversify automation portfolio through **strategic M&A** while **returning cash to shareholders**

**Creating A Leading
Global Pure-Play
Automation
Company**

**Cohesive Portfolio,
With Higher Growth
And Profitability**

**Significant Value
Creation For
Emerson
Shareholders**

Transaction Highlights

Key Terms

Selling majority stake in Climate Technologies to funds managed by Blackstone, valuing the business at \$14.0 billion
Total upfront, pre-tax cash proceeds of \$9.5 billion
Emerson retains 45% common equity non-controlling interest in new joint venture; Blackstone owns 55%
Emerson will receive additional cash proceeds upon repayment of seller note at exit of its non-controlling interest

Financials & Valuation

Climate Technologies fiscal 2022 sales of \$5.0 billion
Transaction value represents multiple of 12.7x fiscal 2022 EBITDA*, including standalone costs

Financing

\$2.4 billion common equity and \$2.0 billion convertible preferred from Blackstone
\$5.5 billion committed third-party debt financing
\$2.25 billion note due to Emerson, senior to common and convertible preferred equity

Timing

Expect closing in first half of calendar year 2023, subject to regulatory and customary closing conditions
Results for Climate Technologies, InSinkErator and Therm-O-Disc will be reported as discontinued operations in 2023 Q1

Cost Actions

Emerson to right-size corporate and platform cost structure to align with go-forward business – no stranded costs
Emerson to sell its St. Louis, MO campus to the joint venture and enter 3-year lease with option to extend 2 more years

CLIMATE TECHNOLOGIES

Leading global manufacturer of HVAC and refrigeration compression products, related solutions and controls

Technology leader enabling energy efficiency, climate-friendly refrigerants, and the electrification of heating and cooling

\$5.0B

2022 Revenue

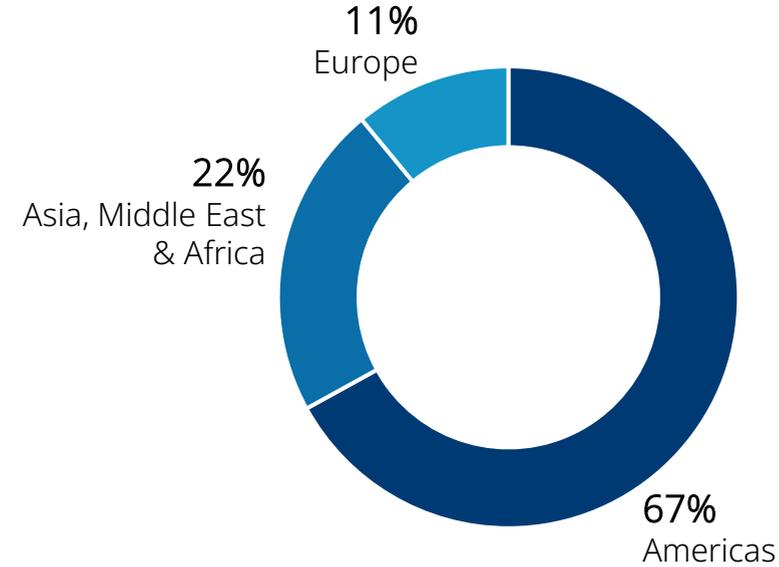
21%

2022 Adjusted EBITA* %

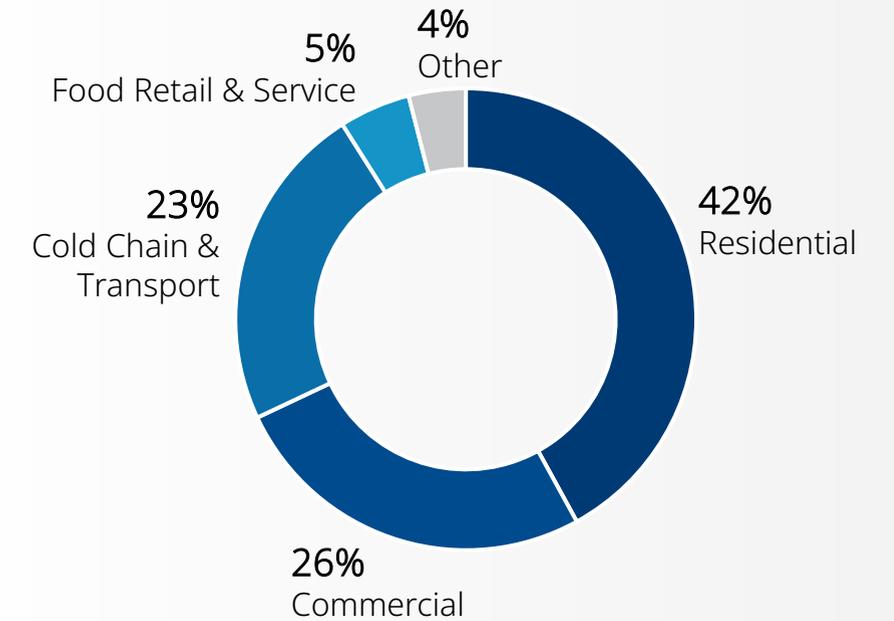
18,000

Employees

GEOGRAPHY



END-MARKET



BRANDS

COPELAND™

WHITE-RODGERS™

VILTER™

sen|si

DIXELL™

CUSTOMERS

Carrier

TRANE®

LENNOX

DAIKIN

Midea®

VIESSMANN

Strategic M&A Has Transformed Emerson

M&A is transforming the portfolio to a higher growth and cohesive pure-play automation company serving diverse end-markets

ACQUISITIONS

~\$9B

invested in intelligent automation technology and software since 2021

Higher Growth and Profitability

Cohesive Automation Portfolio

End-Market Diversification



DIVESTITURES

~\$18B

gross value from divestitures of non-core assets at attractive valuations since 2021

Lower Growth

Disconnected From Automation Portfolio



10%+
Growth Expectations

Growth

2%
Historical Growth (2011-2021)

~90%
Expected Adjusted Gross Profit* %

Gross Profit

32%
2022 Gross Profit %

~50%
Expected Adjusted EBITA* %

Adjusted EBITA

21%
2022 Adjusted EBITA* %

Global Automation Leader With World-Class Technology And Software

SOFTWARE & CONTROL SYSTEMS

PLC **Digital Twin** **Manufacturing & Supply Chain** **aspentech**
DCS **Engineering** **Asset Performance Management** **DELTA V™**
OVATION™

\$14.2B

2022 Net Sales*

23%

2022 Adjusted Segment EBITA*

13%

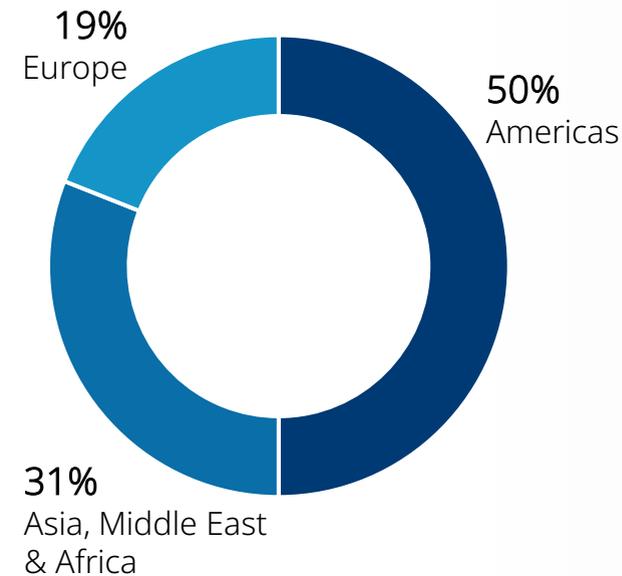
Software % of Sales

INTELLIGENT DEVICES

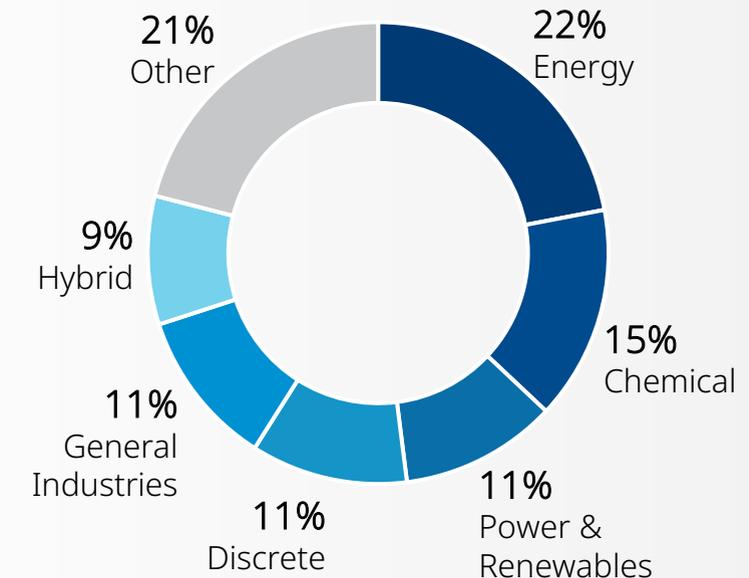
ROSEMOUNT™
FISHER™
MICRO MOTION
ASCO™
RIDGID

Valves & Actuators **Discrete Automation**
Measurement & Analytical **Safety & Productivity**

GEOGRAPHY



END-MARKET



Our Portfolio Aligns With Key Secular Growth Drivers

DIGITAL TRANSFORMATION

Unlock greater value and improve returns through software and intelligent solutions

SUSTAINABILITY & DECARBONIZATION

Decarbonize existing assets while transitioning to new energy markets

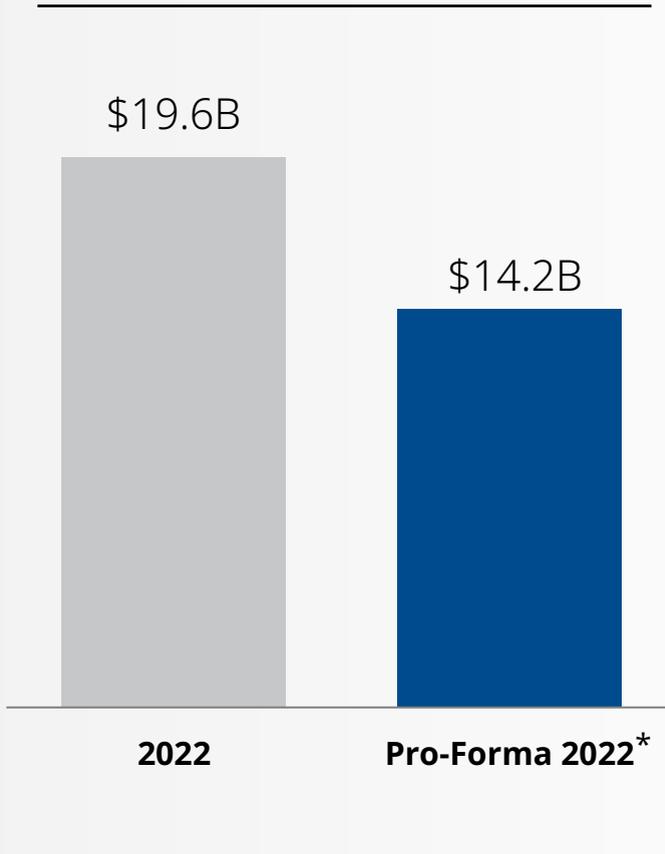
NEARSHORING

Strengthen supply chains and bring manufacturing nearshore via incremental capital investment

THESE DYNAMICS REQUIRE
**INCREASED
AUTOMATION**

Enhanced Growth And Profitability

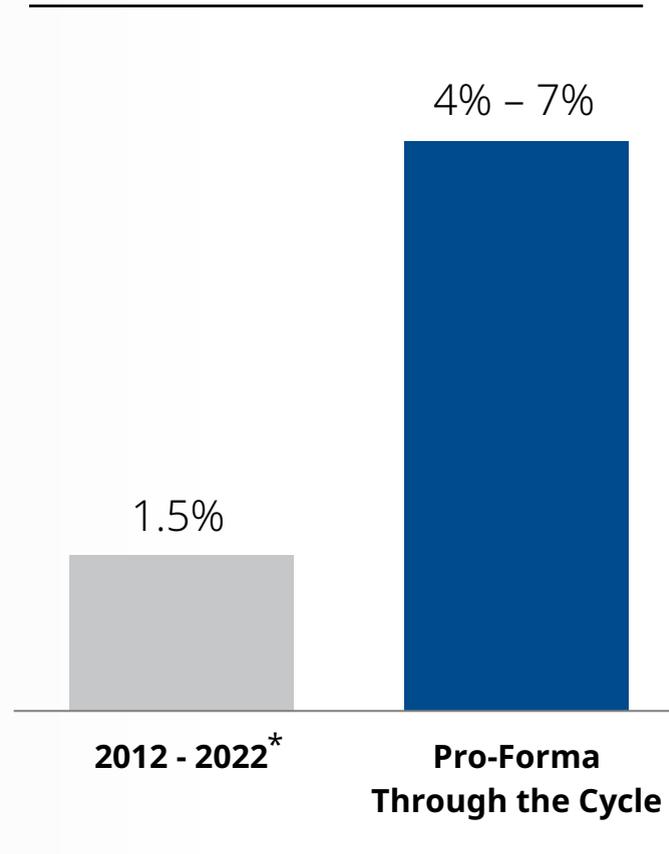
Net Sales



Streamlined organization with singular focus on automation

Cohesive higher-value and higher-growth portfolio

Underlying Sales CAGR

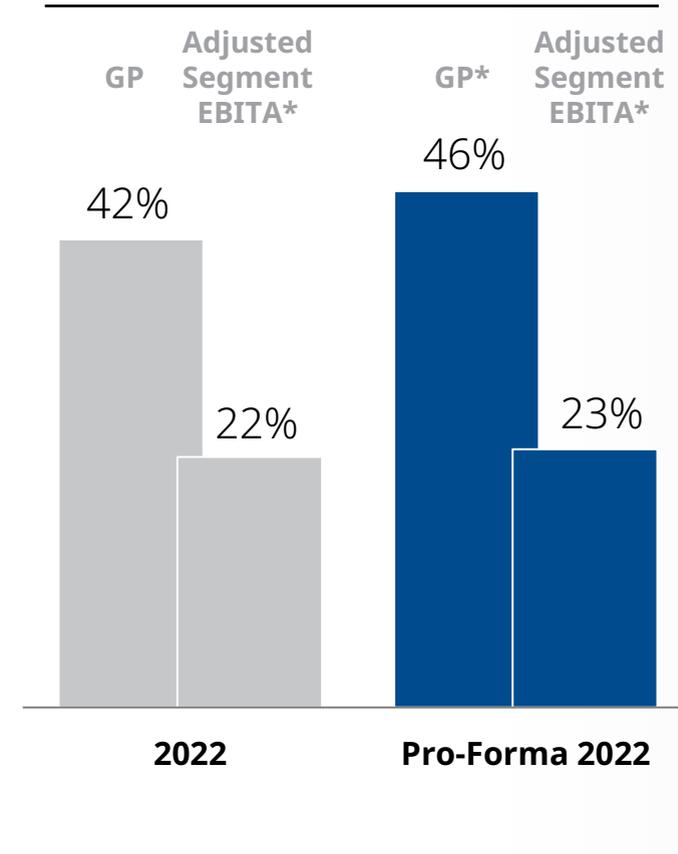


Portfolio addresses large, high-growth secular trends:

- Digital transformation
- Sustainability & decarbonization
- Nearshoring

Focused on accelerating innovation and commercial excellence

Profitability

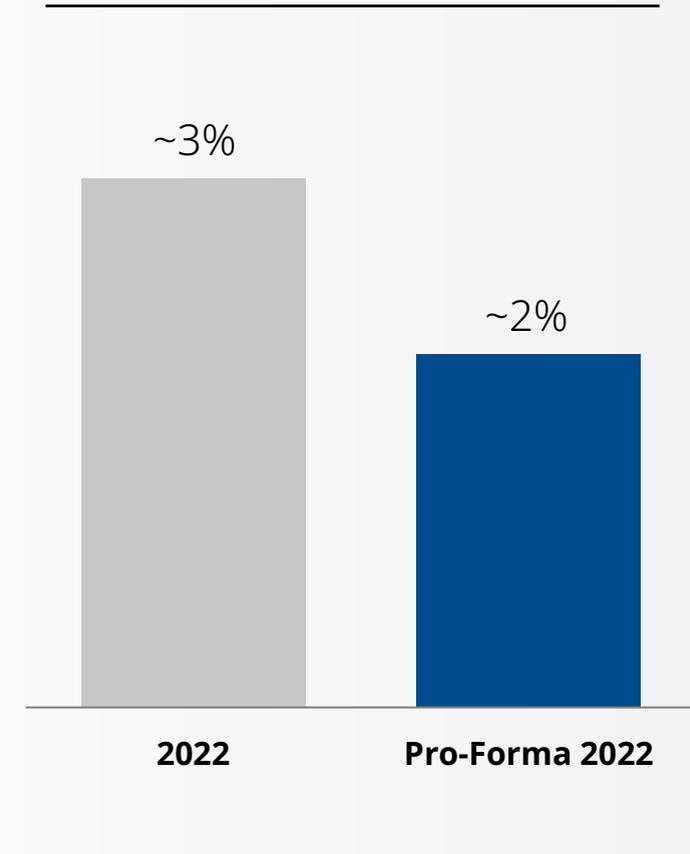


~35% incremental margins

Differentiated technology and solutions

High-margin recurring aftermarket and software subscription revenues supporting large installed base

Capital Intensity



Focus on high-return innovation programs

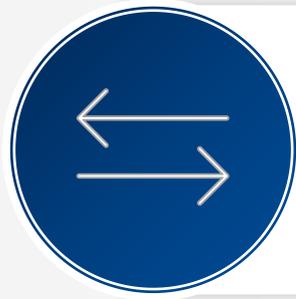
High quality earnings – free cash flow conversion* ~100%

Committed To Disciplined Capital Allocation



ORGANIC GROWTH

Accelerating innovation through new processes and focus on breakthrough technologies



STRATEGIC ACQUISITIONS

Strategic acquisitions to strengthen and diversify automation portfolio



DIVIDEND

Continues to be a priority

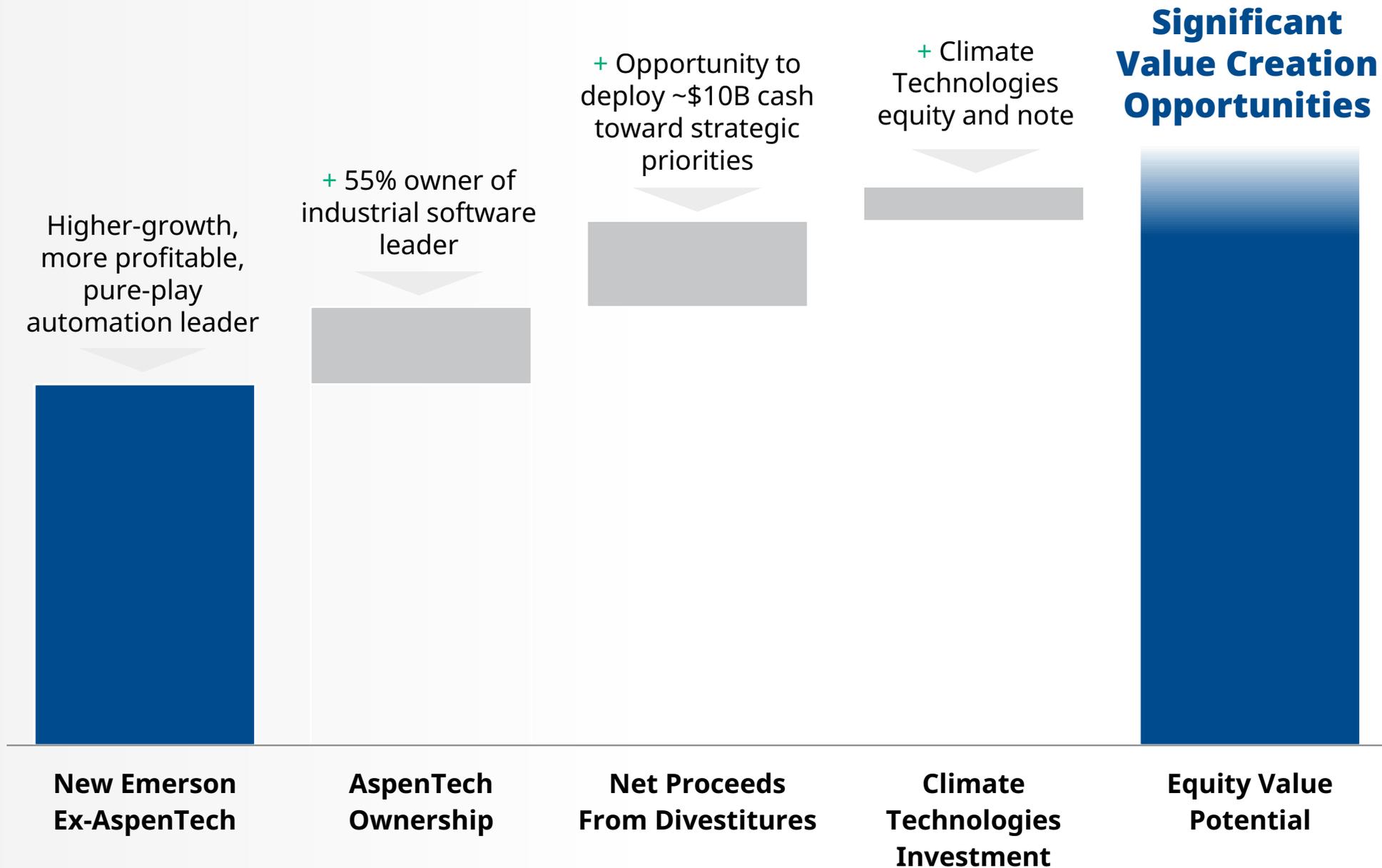


SHARE REPURCHASE

Expecting ~\$2B in 2023

Significant Value Creation For Emerson Shareholders

Multiple levers to drive long-term value creation



Global Automation Leader

Metrics compare favorably to automation peers

4 - 7%

Through-the-Cycle Underlying Growth

23%

Adjusted Segment EBITA* Margins

~100%

Free Cash Flow Conversion*

13%

Software % of Sales





2023 Outlook



Continuing Operations

Starting in 2023 Q1, Emerson intends to report Climate Technologies, InSinkErator and Therm-O-Disc financial results as discontinued operations. Below are Emerson's 2022 reported and continuing operations financials. 2022 Q1 and 2021 continuing operations results have been provided in the Appendix.

2022 REPORTED

(MILLIONS, EXCEPT EPS)	2022
Sales	\$19,629
<i>Underlying sales growth*</i>	<i>9%</i>
Gross Profit	41.7%
Adjusted Segment EBITA*	22.3%
Earnings Per Share	\$5.41
Adjusted EPS*	\$5.25
Operating Cash Flow	\$2,922
Free Cash Flow*	\$2,391

2022 CONTINUING OPERATIONS¹

(MILLIONS, EXCEPT EPS)	2022
Sales*	\$13,804
<i>Underlying sales growth*</i>	<i>7%</i>
Gross Profit*	45.7%
Adjusted Segment EBITA*	22.8%
Earnings Per Share*	\$3.16
Adjusted EPS*	\$3.64
Operating Cash Flow*	\$2,048
Free Cash Flow*	\$1,749

2023 Industry Outlook – Continuing Operations



Energy security and **resiliency** driving increased capital investments in energy markets



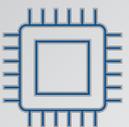
Brownfield **decarbonization**, renewables, **clean fuels** and **hydrogen** investments continue to accelerate



Life sciences growth supported by capacity expansions and personalized medicine



Metals & mining demand led by **battery** and **electrification** metals



Domestic security and supply chain resilience continue to support **semiconductor** and **battery assembly** projects

MSD – HSD
UNDERLYING SALES GROWTH
ACROSS PROCESS, HYBRID
AND DISCRETE

2023 Guidance – Continuing Operations¹

	2023 Q1	2023
Net Sales Growth	6% – 8%	7% – 9%
FX	(~6 pts)	(~3.5 pts)
Acquisitions / Divestitures	~6 pts	~4 pts
Underlying Sales Growth*	6% – 8%	6.5% – 8.5%
Operating Leverage²	Mid-to-High-30s	
Adjusted EPS*	\$0.85 – \$0.89	\$4.00 – \$4.15
Free Cash Flow Conversion*		~100%

Key Assumptions

Order strength and backlog support
2023 sales growth

Tax rate: ~22.5%

~\$2B share repurchase; ~\$1.2B dividend

12% adjusted EPS* growth at midpoint of
2023 guidance

¹ Refer to footnotes 8 and 9 in the earnings release

² Operational leverage 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 net sales for the current period less the prior period, excluding AspenTech

Long-Term Value Creation For Emerson Shareholders



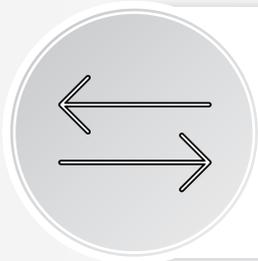
Monetization of Climate Technologies at an attractive valuation with significant upfront proceeds



Transforming into a leading global pure-play automation company



Portfolio addresses many of the world's secular trends, enabling above-market growth



Strengthen and diversify automation portfolio through strategic M&A while returning cash to shareholders

Emerson In Motion

Investor Conference
November 29th, 2022
Starting at 9 A.M. EST





Appendix



2022 World Area Underlying Sales Growth

Q4	Automation Solutions	Commercial & Residential Solutions	Emerson
Americas	21%	12%	17%
Europe	Flat	12%	3%
Asia, Middle East & Africa	10%	(2%)	7%
<i>China</i>	14%	(8%)	9%
	13%	10%	12%

2022	Automation Solutions	Commercial & Residential Solutions	Emerson
Americas	14%	15%	14%
Europe	(1%)	11%	2%
Asia, Middle East & Africa	5%	5%	5%
<i>China</i>	11%	(7%)	7%
	7%	13%	9%

Continuing Operations¹

(MILLIONS, EXCEPT EPS)	2021	2022	2022 Q1
Sales*	\$12,932	\$13,804	\$3,156
<i>Underlying sales growth*</i>	<i>1%</i>	<i>7%</i>	<i>6%</i>
Gross Profit* %	44.3%	45.7%	44.8%
Adjusted Segment EBITA* %	20.5%	22.8%	21.4%
Earnings Per Share*	\$2.35	\$3.16	\$1.25
Adjusted EPS*	\$3.01	\$3.64	\$0.79
Operating Cash Flow*	\$2,458	\$2,048	\$377
Free Cash Flow*	\$2,054	\$1,749	\$304

AspenTech Contribution To Emerson 2022 Q4 Adjusted EBITA*

The below illustrates how AspenTech reported financials flow into Emerson. Please note certain items are captured under Emerson corporate.

AspenTech Reported Financials

(MILLIONS)	Results
Sales	\$251
Net income	(\$11)
Income taxes	(\$94)
Income before income taxes	(\$105)
Interest income	(\$5)
Stock compensation	\$18
Micromine purchase price hedge	\$50
Other	\$3
Segment EBIT	(\$39)

Emerson Reported AspenTech Segment

(MILLIONS)	Results
AspenTech sales	\$251
AspenTech segment earnings (EBIT)	(\$39)
Restructuring	(\$1)
Amortization of intangibles	\$121
Adjusted EBITA*	\$81
<i>% of sales</i>	<i>32.9%</i>

Emerson Corporate

(MILLIONS)	Results
Interest income	(\$5)
Stock compensation	\$18
Micromine purchase price hedge	\$50
Other	\$3

AspenTech Contribution To Emerson 2022 Q4 GAAP EPS And Adjusted EPS*

The below illustrates how AspenTech reported financials flow into Emerson EPS.

AspenTech Reported Financials

(MILLIONS)	Results
Sales	\$251
Net income	(\$11)
Year-end vs. interim tax reporting	(\$64)
Net earnings common stockholders	(\$75)

Emerson EPS Contribution

(MILLIONS, EXCEPT EPS)	Results
Sales	\$251
Net earnings	(\$75)
Non-controlling interest	\$33
Net earnings common stockholders	(\$42)
Shares	595
GAAP EPS	(\$0.07)
Amortization of intangibles	\$0.07
Micromine purchase price hedge	\$0.04
Restructuring	\$0.00
AspenTech contribution to adjusted EPS*	\$0.04

55% add-back (consistent with ownership stake) of reconciling items

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)

2022 Underlying Sales Change

Reported (GAAP)

(Favorable) / Unfavorable FX

Acquisitions

Divestitures

Underlying*

	Automation Solutions	Commercial & Residential Solutions	Emerson
Reported (GAAP)	4%	9%	8%
(Favorable) / Unfavorable FX	3%	2%	2%
Acquisitions	-%	-%	(2)%
Divestitures	-%	2%	1%
Underlying*	7%	13%	9%

Q4 2022 Underlying Sales Change

Reported (GAAP)

(Favorable) / Unfavorable FX

Acquisitions

Divestitures

Underlying*

	Automation Solutions	Commercial & Residential Solutions	Emerson
Reported (GAAP)	7%	2%	8%
(Favorable) / Unfavorable FX	6%	3%	5%
Acquisitions	-%	-%	(3)%
Divestitures	-%	5%	2%
Underlying*	13%	10%	12%

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 November 2021 Guidance Underlying Sales Change

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

Automation Solutions	Commercial & Residential Solutions	Emerson
5% - 7%	6% - 9%	5% - 7%
1%	- %	1%
- %	- %	- %
6% - 8%	6% - 9%	6% - 8%

FY 2022E August 2022 Guidance Underlying Sales Change

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

Automation Solutions	Commercial & Residential Solutions	Emerson
4% - 5%	9% - 10%	7% - 8%
2%	1%	2% - 3%
- %	3%	(1)% - (2)%
- %	- %	1%
6% - 7%	13% - 14%	9% - 10%

2023E October 2022 Guidance Underlying Sales Change

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

Q1 FY23E	FY23E
6% - 8%	7% - 9%
6%	3.5%
(6)%	(4)%
6% - 8%	6.5% - 8.5%

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)

Underlying Sales Change - Continuing Operations

	FY21	FY22	Q1 FY22
Reported (GAAP)	5%	8%	8%
Divested businesses	-%	(1)%	(2)%
Continuing operations*	5%	7%	6%
(Favorable) / Unfavorable FX	(2)%	3%	- %
Acquisitions	(2)%	(3)%	- %
Divestitures	- %	- %	- %
Underlying*	1%	7%	6%

Sales - Continuing Operations

	FY2021	FY2022	Q1 FY2022
Reported sales (GAAP)	\$ 18,236	\$ 19,629	\$ 4,473
Divested businesses	(5,304)	(5,825)	(1,317)
Continuing operations sales*	\$ 12,932	\$ 13,804	\$ 3,156

Gross Profit Margin- Continuing Operations

	FY2021	FY2022	Q1 FY2022
Reported gross profit margin (GAAP)	41.5%	41.7%	40.7%
Divested businesses	2.8%	(4.0)%	4.1%
Continuing operations gross profit margin*	44.3%	45.7%	44.8%

Business Segment Adjusted EBITA - Continuing Operations

	FY21	FY22	Q1 FY22
Pretax earning margin reported (GAAP)	16.0%	20.8%	26.3%
Divested businesses	(2.4)%	(3.2)%	3.5%
Corporate items and interest expense continuing operations, net % of sales	3.4%	1.4%	(11.1)%
Restructuring and related costs % of sales	1.2%	0.7%	0.4%
Amortization of intangibles % of sales	2.3%	3.1%	2.3%
Business Segment adjusted earnings before interest and taxes margin*	20.5%	22.8%	21.4%

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 Earnings Per Share

	FY21	FY22	Change
Earnings per share (GAAP)	\$ 1.11	\$ 1.24	12%
Restructuring and related costs	0.08	0.07	(1)%
Amortization of intangibles	0.11	0.15	2%
Russia business exit	-	0.03	2%
Acquisition/divestiture costs and interest on pre-acquisition AspenTech debt	-	0.02	1%
AspenTech Micromine purchase price hedge	-	0.04	2%
Investment-related gains	-	(0.02)	(1)%
OSI purchase accounting	0.02	-	(1)%
Adjusted earnings per share*	\$ 1.32	\$ 1.53	16%

Earnings Per Share

	FY21	FY22	Change
Earnings per share (GAAP)	\$ 3.82	\$ 5.41	42%
Restructuring and related costs	0.24	0.15	(5)%
Amortization of intangibles	0.41	0.48	(2)%
Gain on subordinated interest	-	(0.60)	(13)%
Gain on sale of business	-	(0.72)	(16)%
Russia business exit	-	0.32	7%
Acquisition/divestiture costs and interest on pre-acquisition AspenTech debt	-	0.19	4%
AspenTech Micromine purchase price hedge	-	0.04	1%
Investment-related gains	(0.03)	(0.02)	-%
OSI purchase accounting	0.07	-	(2)%
Adjusted earnings per share*	\$ 4.51	\$ 5.25	16%

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)

Earnings Per Share - Continuing Operations

	FY21	FY22	Q1 FY22
Earnings per share reported (GAAP)	\$ 3.82	\$ 5.41	\$ 1.50
Divested businesses	(1.47)	(2.25)	(0.25)
Earnings per share continuing operations*	\$ 2.35	\$ 3.16	\$ 1.25
Restructuring and related costs	0.21	0.14	0.02
Amortization of intangibles	0.38	0.45	0.09
Gain on subordinated interest	-	(0.60)	(0.60)
Russia business exit	-	0.32	-
Acquisition/divestiture costs and interest on pre-acquisition AspenTech debt	-	0.15	0.03
AspenTech Micromine purchase price hedge	-	0.04	-
Investment-related gains	-	(0.02)	-
OSI purchase accounting	0.07	-	-
Adjusted earnings per share continuing operations*	\$ 3.01	\$ 3.64	\$ 0.79

Earnings Per Share

	FY22E November Guidance	FY22E August Guidance	Q1 FY23E October Guidance	FY23E October Guidance
Earnings per share (GAAP)	\$4.21 - \$4.36	\$5.25 - \$5.35	\$0.67 - \$0.71	\$3.51 - \$3.66
Restructuring and related costs	0.19	0.20	0.03	0.13
Amortization of intangibles	0.42	0.47	0.15	0.61
Gain on subordinated interest	-	(0.60)	-	-
Gain on sale of business	-	(0.72)	-	-
Russia business exit	-	0.29	-	-
Acquisition/divestiture costs and interest on pre-acquisition AspenTech debt	-	0.16	-	-
Interest on note receivable from climate technologies	-	-	-	(0.10)
Interest income on undeployed proceeds	-	-	-	(0.15)
Adjusted earnings per share*	\$4.82 - \$4.97	\$5.05 - \$5.15	\$0.85 - \$0.89	\$4.00 - \$4.15

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)

	FY23 EPS Growth Midpoint
Earnings Per Share Growth - Continuing Operations	
Earnings per share (GAAP)	14%
Restructuring & related costs	(1)%
Amortization of intangibles	2%
Interest on note receivable from climate technologies	(2)%
Interest income on undeployed proceeds	(4)%
Gain on subordinated interest	21%
Russia business exit	(12)%
Acquisition/divestiture costs and interest on pre-acquisition AspenTech debt	(5)%
AspenTech Micromine purchase price hedge	(2)%
Investment-related gains	1%
Adjusted earnings per share growth*	12%

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 EBITA Margin

Pretax earnings margin (GAAP)
 Corp. items and interest expense, net
 Restructuring and related costs
 Amortization of intangibles
 Adjusted business segment EBITA* margin

	<u>FY21</u>	<u>FY22</u>	<u>Change</u>
	16.0%	20.8%	480 bps
	2.1%	(1.4)%	(350) bps
	1.0%	0.6%	(40) bps
	1.8%	2.3%	50 bps
	<u>20.9%</u>	<u>22.3%</u>	<u>140 bps</u>

Business Segment EBIT Margin

Pretax margin (GAAP)
 Corp. items and interest expense, net % of sales
 Business Segment EBIT
 Restructuring and related costs % of sales
 Amortization of intangibles % of sales
 Adjusted business segment EBITA margin*

	<u>Q4 FY21</u>	<u>Q4 FY22</u>	<u>Change</u>
	16.7%	16.9%	20 bps
	1.8%	3.0%	120 bps
	18.5%	19.9%	140 bps
	1.3%	1.0%	(30) bps
	1.7%	3.2%	150 bps
	<u>21.5%</u>	<u>24.1%</u>	<u>260 bps</u>

Q4 Automation Solutions Segment EBIT Margin

Automation Solutions Segment EBIT margin (GAAP)
 Restructuring and related costs
 Amortization of intangibles
 Automation Solutions Adjusted Segment EBITA margin*

	<u>Q4 2021</u>	<u>Q4 2022</u>	<u>Change</u>
	19.4%	22.3%	290 bps
	1.7%	1.1%	(60) bps
	1.6%	1.2%	(40) bps
	<u>22.7%</u>	<u>24.6%</u>	<u>190 bps</u>

Automation Solutions Segment EBIT Margin

Automation Solutions Segment EBIT margin (GAAP)
 Restructuring and related costs
 Amortization of intangibles
 Automation Solutions Adjusted Segment EBITA margin*

	<u>FY21</u>	<u>FY22</u>	<u>Change</u>
	17.3%	20.0%	270 bps
	1.3%	0.8%	(50) bps
	1.7%	1.4%	(30) bps
	<u>20.3%</u>	<u>22.2%</u>	<u>190 bps</u>

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 Commercial & Residential Solutions EBIT Margin

Commercial & Residential Solutions EBIT margin (GAAP)

Restructuring and related costs

Amortization of intangibles

Commercial & Residential Solutions Adjusted Segment EBITA margin*

Q4 2021	Q4 2022	Change
18.1%	20.4%	230 bps
0.6%	0.9%	30 bps
0.7%	0.6%	(10) bps
19.4%	21.9%	250 bps

Commercial & Residential Solutions EBIT Margin

Commercial & Residential Solutions EBIT margin (GAAP)

Restructuring and related costs

Amortization of intangibles

Commercial & Residential Solutions Adjusted Segment EBITA margin*

FY21	FY22	Change
20.5%	19.9%	(60) bps
0.3%	0.3%	- bps
0.8%	0.7%	(10) bps
21.6%	20.9%	(70) bps

AspenTech EBIT Margin

AspenTech EBIT margin (GAAP)

Restructuring and related costs

Amortization of intangibles

AspenTech Adjusted Segment EBITA margin*

FY22	Q4 2022
1.9%	(15.2)%
-%	(0.2)%
36.1%	48.3%
38.0%	32.9%

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)

FY22 Adjusted Business Segment EBITA Leverage

Pretax margin leverage
 Corp. items and interest expense, net / acquisitions / divestitures / restructuring / amortization
 Business Segment adjusted EBITA leverage*

Business Segment
84%
(48)%
36%

FY22 Adjusted EBITA Leverage

EBIT margin leverage
 Restructuring / amortization / divestitures
 Adjusted EBITA leverage*

Automation Solutions	Commercial & Residential Solutions
86%	13%
(16)%	-%
70%	13%

Q4 FY22 Adjusted Business Segment EBITA Leverage

Pretax leverage
 Corp. items and interest expense, net / acquisitions / divestitures / restructuring / amortization
 Business Segment adjusted EBITA leverage*

Business Segment
18%
36%
54%

Q4 FY22 Adjusted EBITA Leverage

EBIT margin leverage
 Restructuring / amortization / divestitures
 Adjusted EBITA leverage*

Automation Solutions	Commercial & Residential Solutions
66%	166%
(13)%	(108)%
53%	58%

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

Operating cash flow (GAAP)
Capital expenditures
Free cash flow*

	<u>FY21</u>	<u>FY22</u>	<u>Change</u>
	\$ 3,575	\$ 2,922	(18)%
	(581)	(531)	(2)%
	\$ 2,994	\$ 2,391	(20)%

Q4 Cash Flow

Operating cash flow (GAAP)
Capital expenditures
Free cash flow*

	<u>Q4 FY21</u>	<u>Q4 FY22</u>	<u>Change</u>
	\$ 855	\$ 1,217	42%
	(231)	(196)	21%
	\$ 624	\$ 1,021	63%

Cash Flow - Continuing Operations

Operating cash flow reported (GAAP)
Divested businesses
Operating cash flow continuing operations*
Capital expenditures
Free cash flow continuing operations*

	<u>FY21</u>	<u>FY22</u>	<u>Q1 FY22</u>
	\$ 3,575	\$ 2,922	\$ 523
	(1,117)	(874)	(146)
	2,458	2,048	377
	(404)	(299)	(73)
	\$ 2,054	\$ 1,749	\$ 304

FY Cash Flow

Operating cash flow (GAAP)
Capital expenditures
Free cash flow*

	<u>FY22E Aug Guidance</u>	<u>FY22E Nov Guidance</u>
	~ \$3.0B	~\$ 3.8B
	(525)M	(650)M
	~ \$2.5B	~\$ 3.1B

Cash Flow to Net Earnings Conversion

Operating cash flow to net earnings (GAAP)
Capital expenditures
Free cash flow to net earnings*
Vertiv gain & taxes paid / Therm-O-Disc gain and taxes paid / Russia business exit
Adjusted free cash flow to net earnings*

	<u>FY22</u>	<u>FY23E Oct Guidance</u>
	90%	~ 120%
	(16)%	(20)%
	74%	~ 100%
	24%	
	98%	

Reconciliation Of Non-GAAP Measures

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

Climate Technologies EBITDA

	<u>FY22</u>
Climate Technologies pretax earnings (GAAP)	\$1.00
Amortization/depreciation	0.15
Carve-out related adjustments and standalone entity costs	<u>(0.05)</u>
Climate Technologies EBITDA*	\$1.10

Climate Technologies Margin

	<u>FY 2022</u>
Climate Technologies pretax margin (GAAP)	20%
Amortization/depreciation/restructuring	<u>1%</u>
Climate Technologies adjusted EBITA margin*	21%

Reconciliation Of Non-GAAP Measures

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

Emerson Underlying Sales CAGR

	<u>10-YR CAGR</u>
Emerson sales growth (GAAP)	(2.2)%
FX/acquisitions/divestitures	<u>3.7%</u>
Emerson underlying sales growth*	1.5%

Emerson Pro forma Sales

	<u>FY 2022</u>
Emerson reported sales (GAAP)	\$19.6
Acquisitions	0.4
Divestitures	<u>(5.8)</u>
Emerson pro forma sales*	\$14.2

Emerson Pro forma Gross Profit Margin

	<u>FY 2022</u>
Emerson gross profit margin (GAAP)	42%
Acquisitions / divestitures impact	<u>4%</u>
Emerson pro forma gross profit margin*	46%

Emerson Pro forma Business Segment EBITA

	<u>FY2022</u>
Emerson pretax earnings margin (GAAP)	21%
Divestitures including gain on Therm-O-Disc divestiture	(4)%
Corp. items and interest expense, net	1%
Business segment restructuring and related costs	1%
Business segment amortization of intangibles	<u>4%</u>
Emerson pro forma adjusted business segment EBITA margin*	23%

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 Acquisitions Adjusted Gross Profit Margin

Acquired businesses gross profit margin (GAAP)	~ 70%
Acquired businesses intangibles amortization	~ 20%
Acquired businesses adjusted gross profit margin*	~ 90%

Emerson Acquisitions Adjusted EBITA

Acquisitions pretax margin (GAAP)	~ -%
Interest income, net	~ (5)%
Intangibles amortization	~ 55%
Acquired businesses adjusted EBITA* margin	~ 50%

Emerson Divestitures EBITA Margin

	FY 2022
Divestitures pretax margin (GAAP)	28%
Gain on sale of Therm-O-Disc	(8)%
Restructuring / amortization of intangibles	1%
Divested businesses adjusted EBITA* margin	21%

InSinkErator EBITDA

	Trailing Twelve Months (as of March 31, 2022)
InSinkErator pretax earnings (GAAP)	\$144
Amortization/depreciation	\$18
InSinkErator EBITDA*	\$166