



2024 Q1 Emerson Earnings

February 7, 2024



Safe Harbor Statement

Statements in this presentation and our commentary and responses to questions that are not strictly historical may be “forward-looking” statements, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. These risks and uncertainties include the scope, duration and ultimate impacts of the Russia-Ukraine and other global conflicts, as well as economic and currency conditions, market demand, pricing, protection of intellectual property, cybersecurity, tariffs, competitive and technological factors, inflation, among others, as set forth in the Company's most recent Annual Report on Form 10-K and subsequent reports filed with the SEC. The outlook contained herein represents the Company's expectation for its consolidated results, other than as noted herein.

Non-GAAP Measures

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

Continuing Operations

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

Robust Start to 2024



Healthy End-Market Demand

Process and hybrid markets continue to be resilient; discrete markets still down with second half in focus



Strong Performance

Q1 orders, sales, operating leverage and adjusted EPS all exceeded expectations



Accelerating Growth

Winning strategic projects across growth platforms and investing in disruptive innovation



Test & Measurement Ahead of Plan

Test & Measurement Q1 exceeded expectations and synergies ahead of schedule; increasing full year adjusted EPS guidance

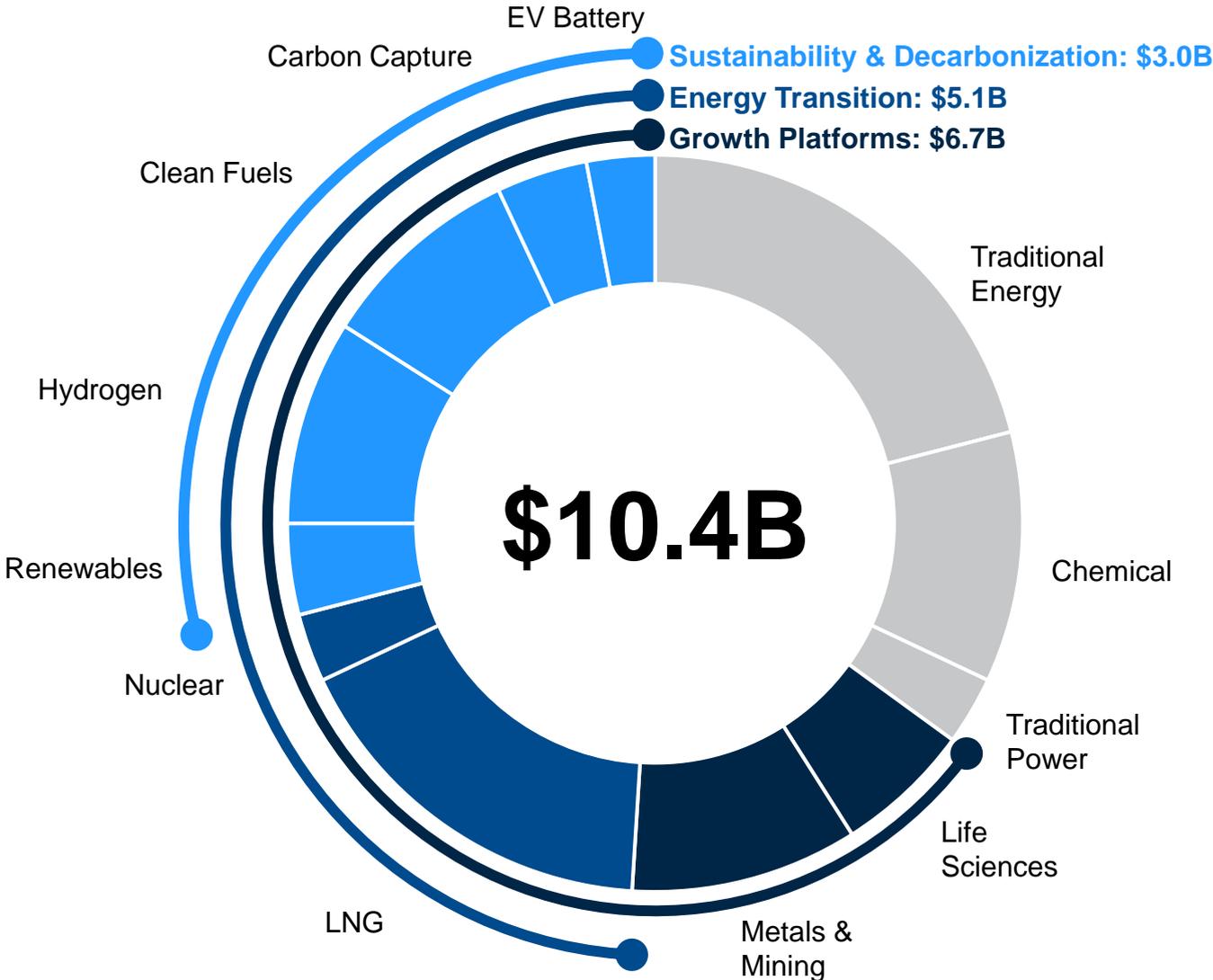
2024 Q1 Key Metrics Exceeded Expectations

| | Results | Prior Guidance |
|---------------------------------------|---------|-----------------|
| Underlying Orders Growth ¹ | 4% | |
| Underlying Sales Growth | 10% | 6.5% – 8.5% |
| Operating Leverage ² | 41% | Mid 30s |
| Adjusted EPS | \$1.22 | \$1.00 – \$1.05 |
| Free Cash Flow | \$367M | |

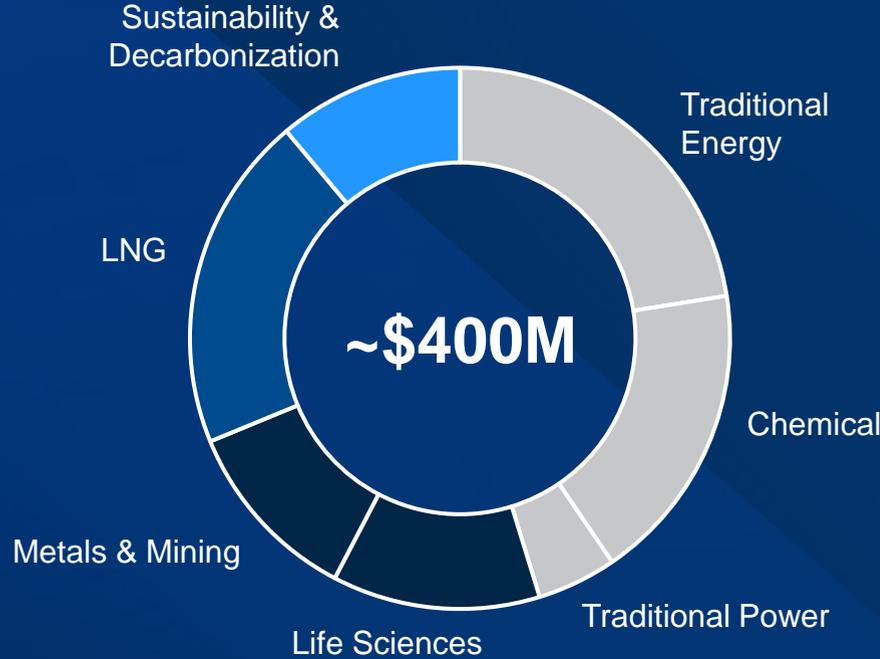
¹ Excludes AspenTech
² Excludes Test & Measurement

Winning in Growth Platforms

PROJECT FUNNEL



PROJECT WINS



GROWTH PLATFORM WINS

Sustainable Aviation Fuels → **DG Fuels**

Lithium Recycling → **SungEel HiTech**

LNG → **Large Middle East Energy Company**

Innovation Award

Industrial IoT Company of the Year

Emerson named IoT
Breakthrough “Industrial IoT
Company of the Year”



Innovation Event

Emerson Exchange 2024

Customer case studies,
technology exhibit and
industry sessions featuring
over 1,000 Emerson
customers

Test & Measurement Synergy Progress

| | Original Target | | Updated Target |
|------------------------|-----------------------------------|---|-----------------------------------|
| Cost Synergies | \$165M by end of year <u>5</u> | > | \$185M by end of year <u>3</u> |
| Cost to Achieve | \$155M by end of year <u>5</u> | > | \$165M by end of year <u>3</u> |
| Adjusted Segment EBITA | ~31% by end of year 5 | > | ~31% by end of year 5 |

UPDATED SYNERGY TARGETS

Increasing and accelerating cost synergy target

~\$80M of cost synergies recognized in year 1

Currently evaluating potential sales synergies

INTEGRATION PROGRESS

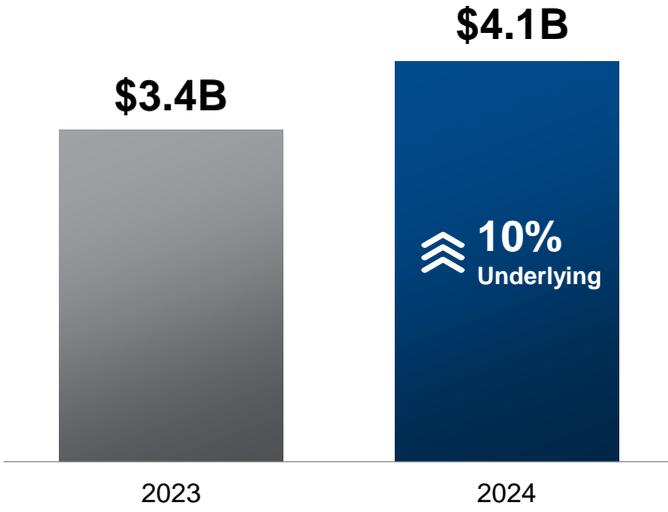
Implementing Emerson Management System

Logistics, direct and indirect procurement efficiencies

Trade working capital improvement plan leveraging Emerson playbook

2024 Q1 Performance Summary

Sales



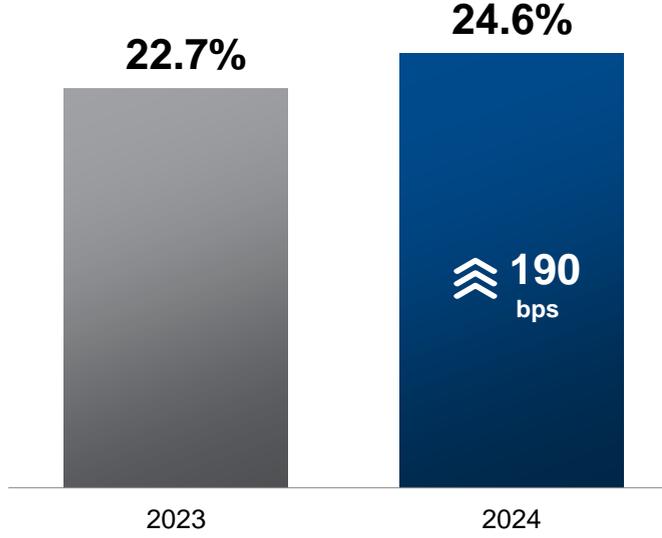
Sales growth led by process and hybrid businesses

Price contributed 2 pts

Test & Measurement exceeded expectations

Backlog¹: \$7.6B (includes \$0.5B from Test & Measurement)

Adjusted Segment EBITA

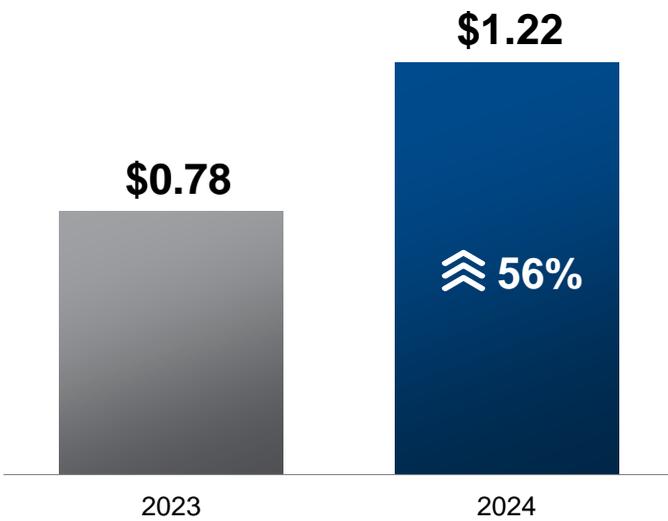


Leverage on volume and price-cost drove margin expansion

Test & Measurement margins above expectations based on timing of sales

Operating leverage²: 41%

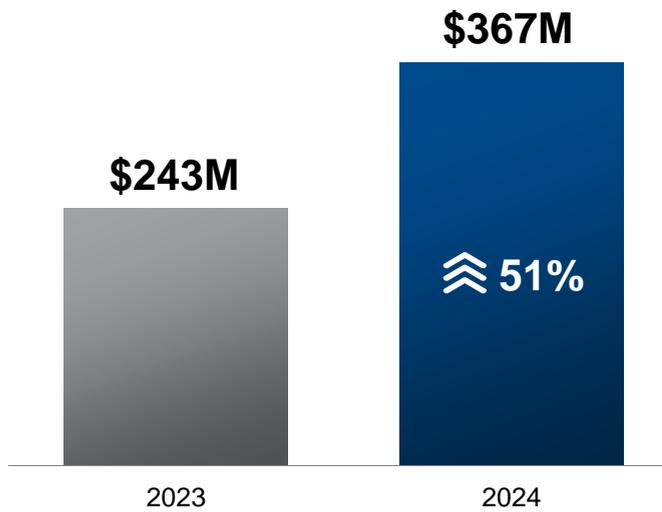
Adjusted EPS



Strong sales and continued execution delivered \$0.33 of year-on-year operational improvement

Non-operating items contributed \$0.11 year-on-year

Free Cash Flow



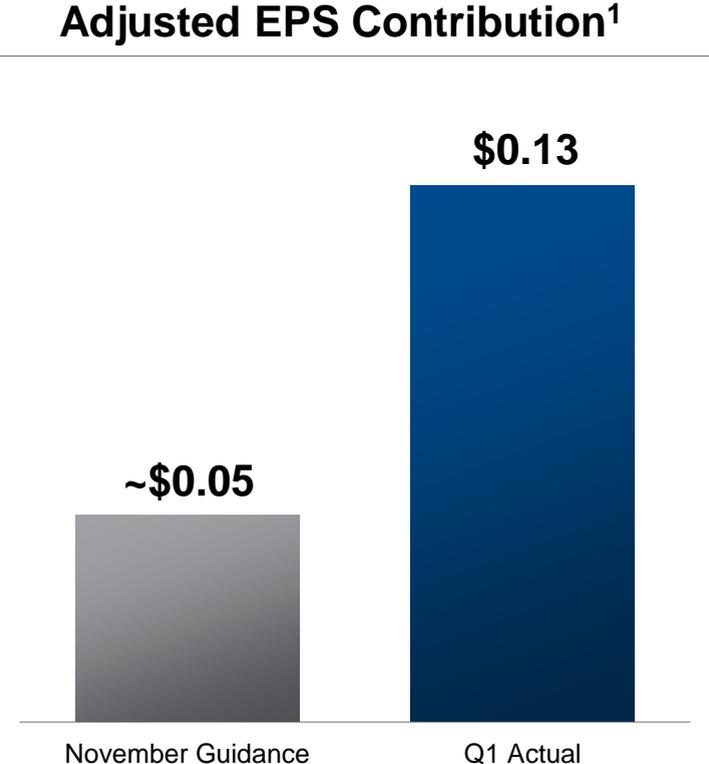
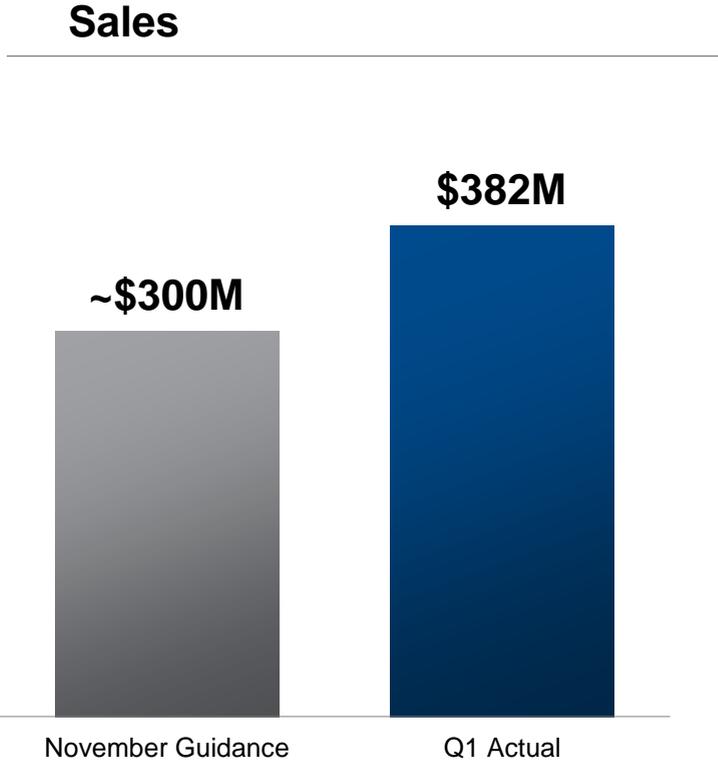
In line with expectations

Modest improvement in working capital versus prior year

Includes cash outflows for acquisition-related costs and integration activities of ~\$100M; capex up \$18M versus 2023 Q1

¹ Excludes AspenTech
² Excludes Test & Measurement

Test & Measurement 2024 Q1 Performance



Q2 Guidance

Sales: ~\$350M
Adjusted EPS Contribution¹: ~\$0.07

2024 Guidance

Sales: \$1.5B – \$1.6B
Adjusted EPS Contribution¹: \$0.40 – \$0.45

¹ Includes the impact of stock compensation and tax

2024 Guidance

| | 2024 Q2 | 2024 |
|--|------------------------|------------------------|
| Net Sales Growth | 12.5% – 14.5% | 14.5% – 17% |
| FX | ~0 pts | ~0 pts |
| Acquisitions (NI) | ~9 pts | 10 – 10.5 pts |
| Divestitures | ~0 pts | ~0 pts |
| Underlying Sales Growth | 3.5% – 5.5% | 4.5% – 6.5% |
| Operating Leverage¹ | Low to Mid 40s | |
| Adjusted EPS | \$1.22 – \$1.26 | \$5.30 – \$5.45 |
| Test & Measurement Contribution ² | ~\$0.07 | \$0.40 – \$0.45 |
| AspenTech Contribution | | \$0.32 – \$0.34 |
| Free Cash Flow | \$2.6B – \$2.7B | |

Share repurchase: ~\$500M

Dividend payments: \$1.2B

Tax rate: ~22%

¹ Excludes Test & Measurement
² Includes the impact of stock compensation and tax

Appendix

Corporate and Other Items

| <i>(in millions)</i> | 2024 Q1 | 2024 Q2 Expectations | 2024 Expectations |
|---|----------------|----------------------|-------------------|
| Stock Compensation – GAAP | (\$74) | ~(\$70) | ~(\$260) |
| Integration-Related Stock Compensation Expense | \$30 | ~\$15 | ~\$50 |
| Adjusted Stock Compensation – Non-GAAP | (\$44) | ~(\$55) | ~(\$210) |
| Pension | \$31 | ~\$35 | ~\$140 |
| Copeland Equity Loss | (\$36) | ~(\$40) | ~(\$160) |
| Corporate & Other – GAAP | (\$399) | ~(\$80) | ~(\$600) |
| Acquisition / Divestiture Fees and Related Costs | \$130 | ~\$20 | ~\$170 |
| Amortization of Acquisition-Related Inventory Step-Up | \$231 | --- | \$231 |
| Adjusted Corporate & Other – Non-GAAP | (\$38) | ~(\$60) | ~(\$200) |
| Interest Income / (Expense) | (\$13) | ~(\$25) | ~(\$90) |
| Non-Controlling Interest – GAAP | \$10 | | ~\$20 |
| Amortization of Intangibles (AspenTech) | (\$41) | | ~(\$165) |
| Adjusted Non-Controlling Interest – Non-GAAP | (\$31) | | ~(\$145) |
| Average Diluted Share Count | 573.3 | ~573 | ~573 |

Reconciliation of Non-GAAP Measures

Underlying Growth

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

| | 2024 Q1 | 2024 Q2 Guidance | 2024 Guidance |
|------------------------------|---------|---------------------|---------------------|
| Reported (GAAP) | 22% | 12.5% - 14.5% | 14.5% - 17% |
| (Favorable) / Unfavorable FX | (1)% | -- pts | -- pts |
| (Acquisitions) | (12)% | ~(9) pts | (10.0) - (10.5) pts |
| Divestitures | 1% | -- pts | -- pts |
| Underlying (non-GAAP) | 10% | 3.5% - 5.5% | 4.5% - 6.5% |

| 2024 Q1 Underlying Sales Change | Reported (GAAP) | (Favorable) / Unfavorable FX | (Acquisitions) | Divestitures | Underlying (Non-GAAP) |
|---------------------------------|--------------------|---------------------------------|----------------|--------------|--------------------------|
| Intelligent Devices | 11% | (1)% | -% | 1% | 11% |
| Software and Control | 55% | (1)% | (46)% | 1% | 9% |

Reconciliation of Non-GAAP Measures

Adjusted Segment EBITA

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

| Adjusted Segment EBITA | 2023 Q1 | 2024 Q1 |
|---|----------------|----------------|
| Net sales | \$3,373 | \$4,117 |
| Pretax earnings (GAAP) | \$422 | \$139 |
| <i>Pretax earnings margin (GAAP)</i> | 12.5% | 3.4% |
| Corporate items and interest expense, net | 169 | 491 |
| Amortization of intangibles | 167 | 323 |
| Restructuring and related costs | 7 | 61 |
| Adjusted segment EBITA (non-GAAP) | \$765 | \$1,014 |
| <i>Adjusted segment EBITA margin (non-GAAP)</i> | 22.7% | 24.6% |

| Operating Leverage | 2024 Q1 | 2024 Q2 Guidance | 2024 Guidance |
|--|----------------|-------------------------|------------------------|
| Pretax margin leverage (GAAP) | (38)% | High to Low (20)s | Mid (30)s to Mid (20)s |
| Corporate items and interest expense, net / amortization of intangibles / restructuring and related costs / Test & Measurement | 79% | Mid to High 60s | Low to Mid 70s |
| Adjusted segment EBITA leverage, excluding Test & Measurement (non-GAAP) | 41% | Low to Mid 40s | Low to Mid 40s |

Operating Leverage, or Incremental Margins, throughout the presentation is defined as the ratio of the change in adjusted segment EBITA for the current period less the prior period, divided by the change in the net sales for the current period less the prior period.

Reconciliation of Non-GAAP Measures

Adjusted EPS

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

| | 2023 Q1 | 2024 Q1 | 2024 Q2 Guidance | 2024 Guidance |
|---|---------|---------|---------------------|------------------|
| Earnings per share (GAAP) | \$0.56 | \$0.25 | \$0.68 - \$0.72 | \$2.80 - \$2.95 |
| Amortization of intangibles | 0.15 | 0.36 | ~ 0.35 | ~ 1.42 |
| Restructuring and related costs | 0.02 | 0.12 | ~ 0.09 | ~ 0.34 |
| Loss on Copeland equity method investment | - | 0.04 | ~ 0.06 | ~ 0.20 |
| Amortization of acquisition-related inventory step-up | - | 0.38 | - | 0.38 |
| Acquisition/divestiture fees and related costs | - | 0.17 | ~ 0.04 | ~ 0.26 |
| Discrete tax benefits | - | (0.10) | - | (0.10) |
| Russia business exit | 0.08 | - | - | - |
| AspenTech Micromine purchase price hedge | (0.03) | - | - | - |
| Adjusted earnings per share (non-GAAP) | \$0.78 | \$1.22 | \$1.22 - \$1.26 | \$5.30 - \$5.45 |

Reconciliation of Non-GAAP Measures

Free Cash Flow

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

| | 2023 Q1 | 2024 Q1 | 2024 Guidance |
|----------------------------|---------|---------|------------------|
| Operating cash flow (GAAP) | \$302 | \$444 | \$3.0B - \$3.1B |
| Capital expenditures | (59) | (77) | ~ (0.4B) |
| Free cash flow (non-GAAP) | \$243 | \$367 | \$2.6B - \$2.7B |

Reconciliation of Non-GAAP Measures

Test & Measurement

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

| Earnings Per Share | 2024 Q1 | 2024 Q2 Guidance | 2024 Guidance |
|---|----------------|-----------------------------|--------------------------|
| Earnings per share - T&M contribution (GAAP) | (\$0.57) | ~ (\$0.18) | (\$0.97) - (\$0.92) |
| Amortization of intangibles | 0.19 | ~ 0.18 | ~ 0.74 |
| Restructuring and related costs | 0.09 | ~ 0.05 | ~ 0.16 |
| Amortization of acquisition-related inventory step-up | 0.36 | ~ - | ~ 0.36 |
| Acquisition-related costs | 0.06 | ~ 0.02 | ~ 0.11 |
| Adjusted earnings per share - T&M contribution (non-GAAP) | \$0.13 | ~ \$0.07 | \$0.40 - \$0.45 |

| Adjusted Segment EBITA | 2024 Q1 |
|---|----------------|
| Net sales | \$382 |
| Segment EBIT (GAAP) | (\$78) |
| <i>Segment EBIT margin (GAAP)</i> | <i>(20.4)%</i> |
| Amortization of intangibles | 139 |
| Restructuring and related costs | 40 |
| Adjusted segment EBITA (non-GAAP) | \$101 |
| <i>Adjusted segment EBITA margin (non-GAAP)</i> | <i>26.5%</i> |

Reconciliation of Non-GAAP Measures

AspenTech

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

| Earnings Per Share | 2024 Q1 | 2024 Guidance |
|--|----------------|--------------------------|
| Earnings per share (GAAP) | (\$0.02) | (\$0.05) - (\$0.03) |
| Amortization of intangibles | 0.09 | ~ 0.37 |
| Adjusted earnings per share (non-GAAP) | \$0.07 | \$0.32 - \$0.34 |

Reconciliation of Non-GAAP Measures

Other

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

| | December 31, 2023 |
|--|--------------------------|
| Backlog (GAAP) | \$8.8 |
| AspenTech | (1.2) |
| Backlog excluding AspenTech (non-GAAP) | \$7.6 |