

Electrical Products Group Conference

May 24, 2017

Safe Harbor Statement

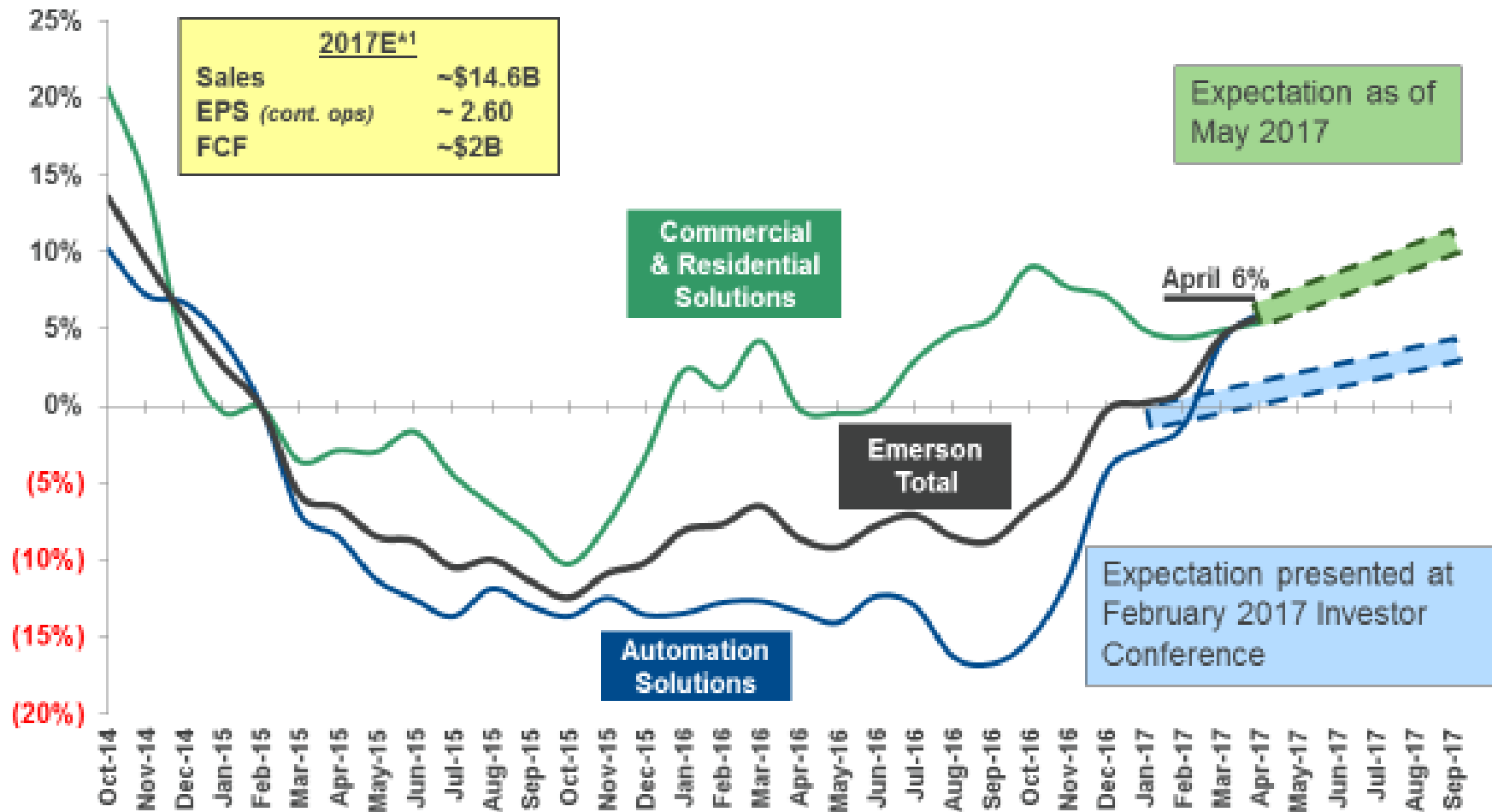
Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the remainder of the year, and Emerson undertakes no obligation to update any such statements to reflect later developments. Factors that could cause actual results to vary materially from those discussed today are provided in our most recent Annual Report on Form 10-K and subsequent reports as filed with the SEC.

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.



Underlying Order Trends Trailing 3-Month Average vs. Prior Year

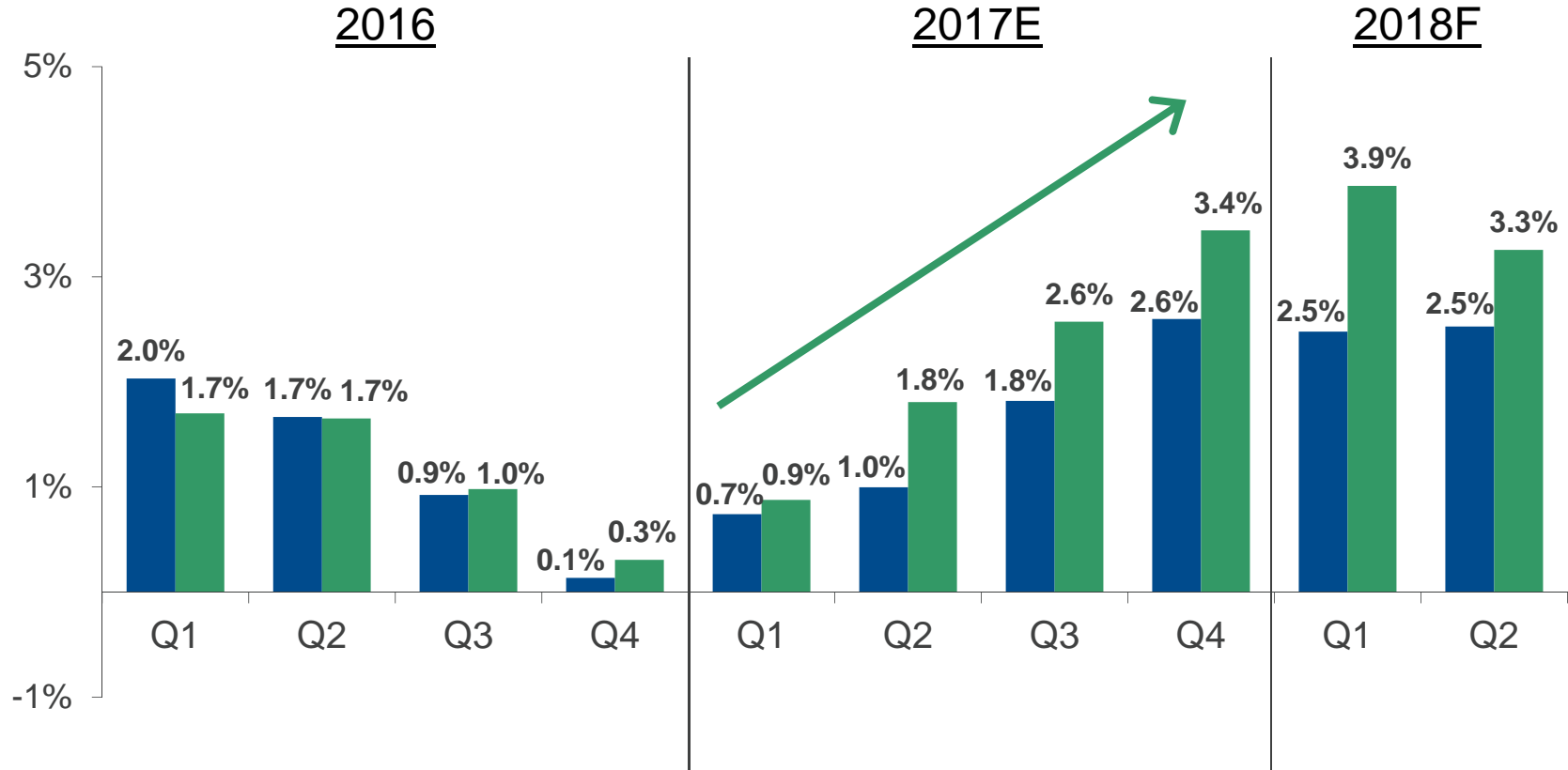


¹ Excludes impact of Valves & Controls business

Note: Orders at FY17 Base Company, excluding Valves & Controls

Recovery in Automation Solutions Began Sooner Than We Had Anticipated. Strong Commercial & Residential Solutions Orders. The Turn in Orders Was Sooner and More Favorable Than We Expected, Setting Up a Solid 2nd Half Finish to 2017 and a Strong Start to 2018

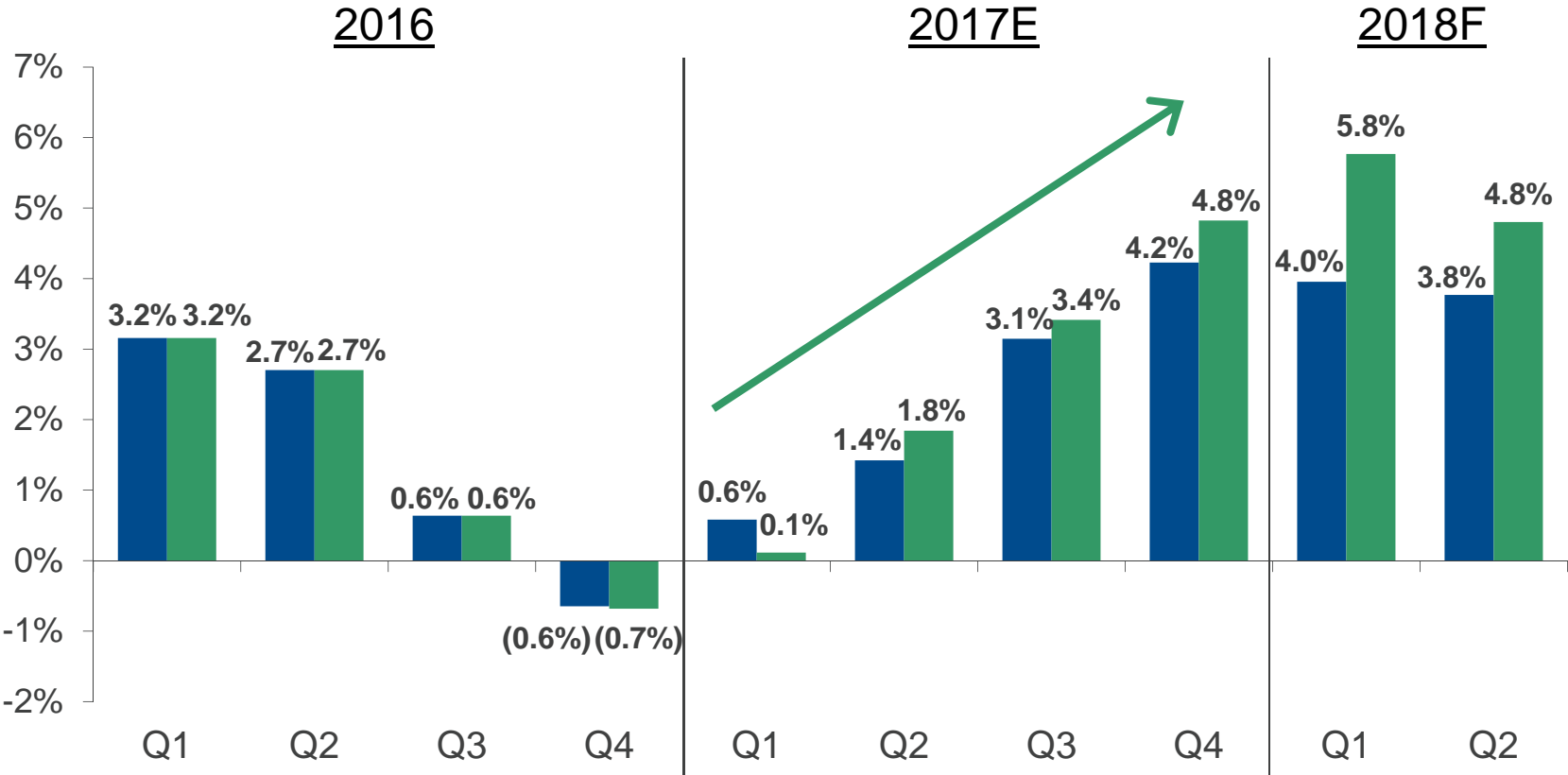
G7 Real Gross Fixed Investment Emerson Fiscal Year (Y/Y % Change)



	<u>2016</u>	<u>2017E</u>	↑ <u>Improving - - Trending Towards 3%</u>
■ IHS Oct-16	1.2%	1.5%	
■ IHS May-17	1.2%	2.2%	

Data source: IHS Economics

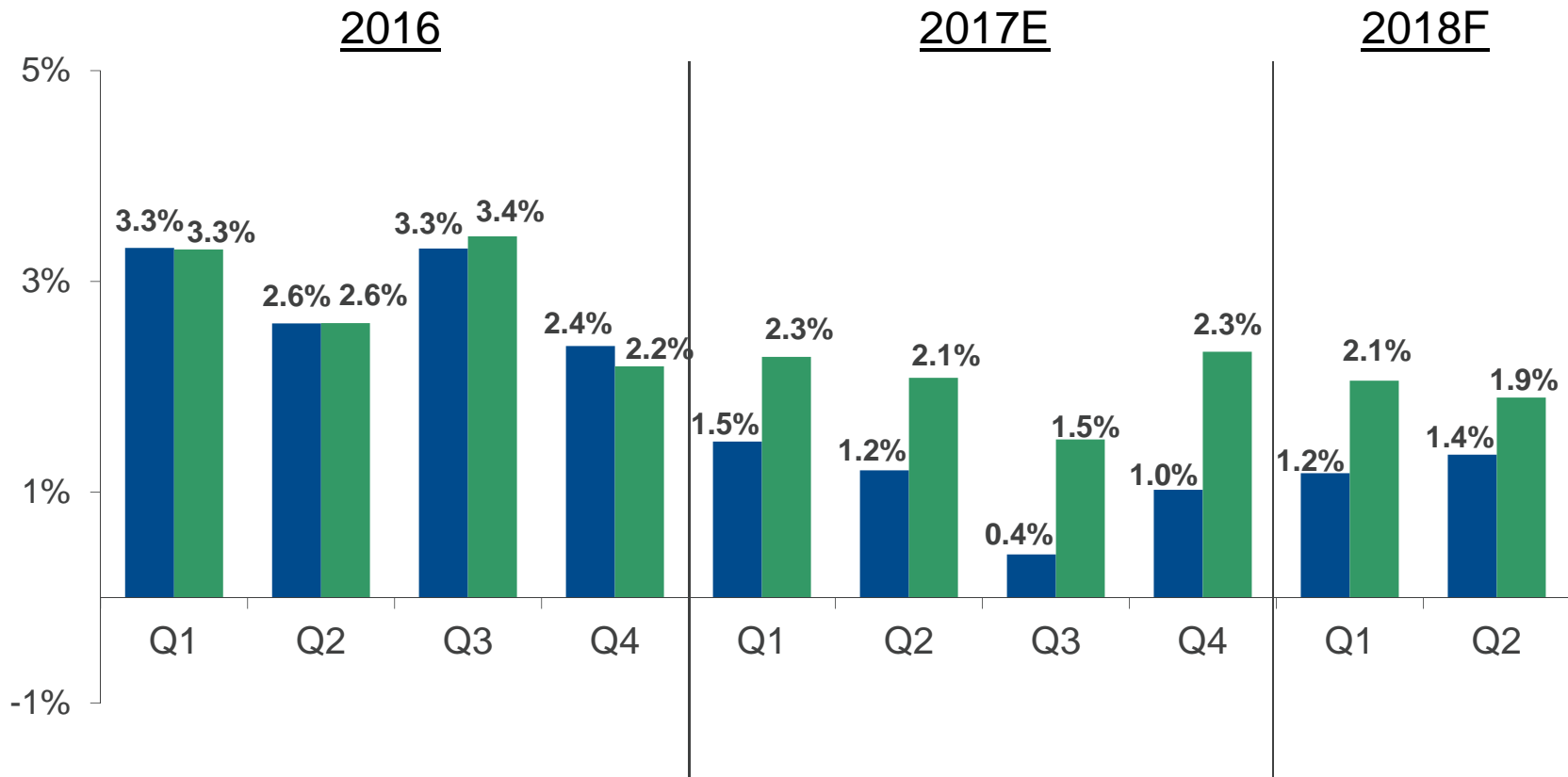
U.S. Real Gross Fixed Investment Emerson Fiscal Year (Y/Y % Change)



	<u>2016</u>	<u>2017E</u>	↑ <u>Trending Towards 4+%</u>
■ IHS Oct-16	1.4%	2.3%	
■ IHS May-17	1.4%	2.5%	

Data source: IHS Economics

Western Europe Real Gross Fixed Investment Emerson Fiscal Year (Y/Y % Change)



	<u>2016</u>
■ IHS Oct-16	2.9%
■ IHS May-17	2.9%







	<u>2017E</u>
	1.0%
	2.0%



Holding Around 2% - -
Good Pace

Automation Solutions







Industry Investment Trends And Market Opportunities Are Showing Improved Growth

Process Industries <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; text-align: center;"> 2017  </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> 2017-2019  </div> </div>		Oil & Gas Upstream	NA Upstream shale recovery as costs decline; future uptick expected from AP, MEA NOC's
		Oil & Gas Midstream	NA expansion with Natural Gas exports; EUR LNG investments to offset supply concerns
		Refining	Fuel regulations driving spend in U.S., MEA, AP
		Chemical	NA Ethylene capacity buildout continues
		Power	Continued AP investment; NA Coal to gas
Hybrid Industries <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; text-align: center;"> 2017  </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> 2017-2019  </div> </div>		Life Sciences	Significant biotech investments in Ireland; generics growth in AP and NA
		Food & Beverage	Global investment in operational improvement and food safety
		Metals & Mining	Global copper recovery supported by strong power grid investments
		Pulp & Paper	Bio-product capacity additions in EUR; strong consumer demand in AP
Discrete Industries <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; text-align: center;"> 2017  </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> 2017-2019  </div> </div>		Automotive	Growth in production and new model programs in NA, Emerging Markets
		Special Machinery	Continued automation across industrial manufacturing segments
		Consumer Packaged Goods	Convenience segment driving U.S. and China packaging growth

Expect 2017 Total Automation Market Down 3% to 5% -- Automation Solutions Underlying Sales* Down Only ~2% - -Trends Have Improved Across Most Markets

Commercial & Residential Solutions

Industry Investment Trends And Market Opportunities Are Showing Steady Growth

Residential 2017  2017-19 	Residential AC	Solid housing starts; summer weather is key driver
	U.S. Home Improvements	Improved consumer wealth and increased spending
	U.S. Residential Construction	Increased housing starts and private residential spending
	U.S. Housing Starts	Robust building permits, homebuilder optimism
Commercial 2017  2017-19 	Commercial AC	New efficiency standards drive modulation technology adoption
	U.S. Non-Residential Construction	Growth in manufacturing construction
Cold Chain 2017  2017-19 	Commercial Refrigeration	DOE & EPA regulations creating widespread redesigns
	Food Retail	Rising energy costs and food quality management
	Transport	Asia rail, truck and trailer driving market demand

Expect 2017 Total Commercial & Residential Global Market Up 2% to 4% -- Commercial & Residential Solutions Sales Expected to Be Up 5% to 6%

2017 Platform Margins 1st Half vs 2nd Half Expected - - Excluding Recent Valves & Controls Acquisition

	Automation Solutions		Commercial & Residential Solutions	
	1H	2HE* ¹	1H	2HE
Sales	\$4.1B	~\$4.6B	\$2.7B	~\$3.2B
G.P. %	45.8%	~46.3%	38.0%	~39.0%
EBIT %	16.0%	~18.7%	21.9%	~24.7%
Memo: <i>Actual 2016</i>	15.7%	16.7%	20.9%	25.1%
Through the Cycle Platform Annual EBIT Margins				
	Peak	Trough	Peak	Trough
	21.3%	16.2%	23.2%	16.2%

¹ Excludes impact of Valves & Controls business

**Increase in Second Half Sales Results in ~40%+ Leverage on Margins
Aggressive and Early Start of Restructuring Programs Benefitting Both
Platforms Through-Out 2017**

Valves and Controls Preliminary 2017 Financial Impact

February Investor Conference

2017

- 6 months of ownership
- ~\$75M of Op. Cash Flow
- EPS slightly dilutive after restructuring (\$25M) and amortization (\$50M)
- One-time total purchase accounting (inventory, backlog) of (\$0.25) – (\$0.30)

2018+

- Amortization/depreciation of ~\$100M per year
- 2018+2019 restructuring of ~\$175M

April Deal Closing

- 5 months of ownership
- ~\$25M of Op. Cash Flow
- EPS dilutive (\$~0.05) after restructuring (\$30M) and amortization (\$35M)
- Preliminary one-time purchase accounting (inventory, backlog) of (\$0.12) – (\$0.15) in 2017
- Amortization/depreciation of ~\$85M per year
- 2018+2019 restructuring of ~\$100M
- One-time purchase accounting (inventory, backlog) of (\$0.03) – (\$0.05) in Q1 2018

Near-term Business Pace Has Been Negatively Impacted by Protracted Acquisition Approvals, Lack of Management Focus - - - Recovery Lags Emerson's Automation Solutions by ~6 Months - - Synergy Opportunity Remains Positive ~\$200M and Long-Term Sales Target of \$2B Unchanged

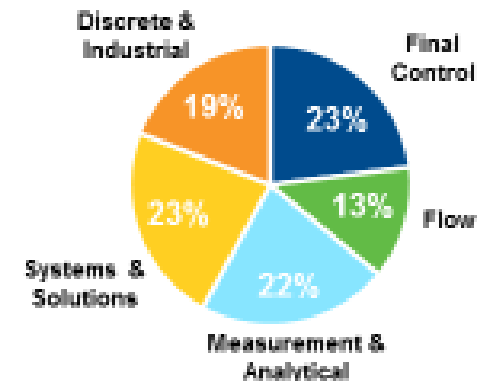
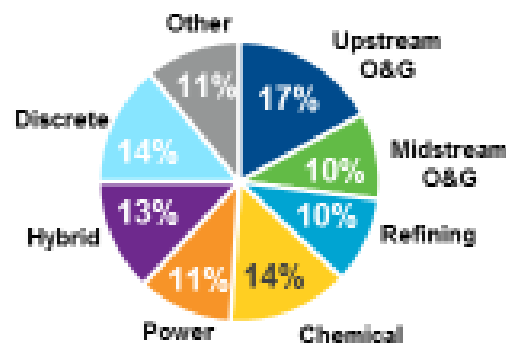
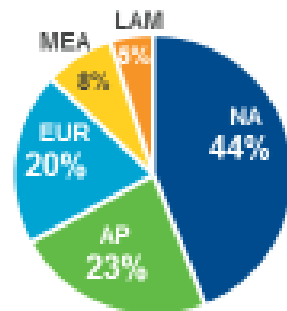
Acquisition Brings Emerson Portfolio Diversification - - Significant Growth and Profit Synergy

Automation Solutions

2017E¹

Sales ~\$8.7B

EBIT * ~17.5%

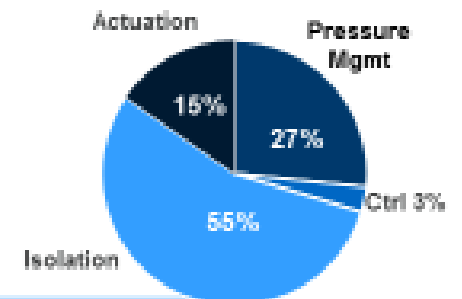
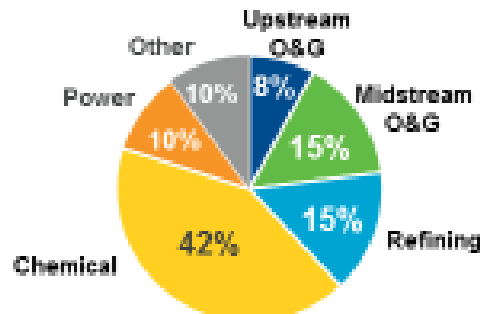
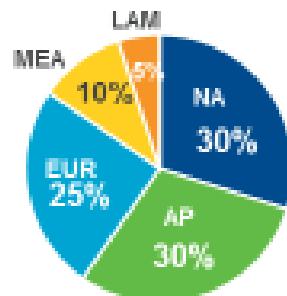


V&C

2017 Proforma²

Sales ~\$1.4B

EBIT * ~5%³

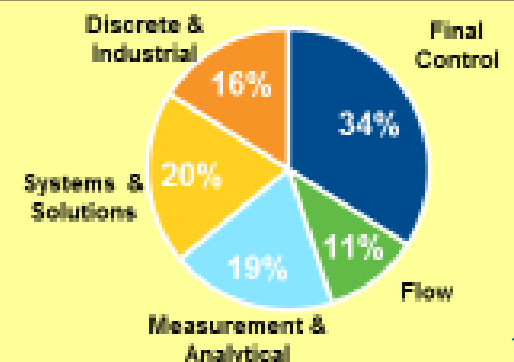
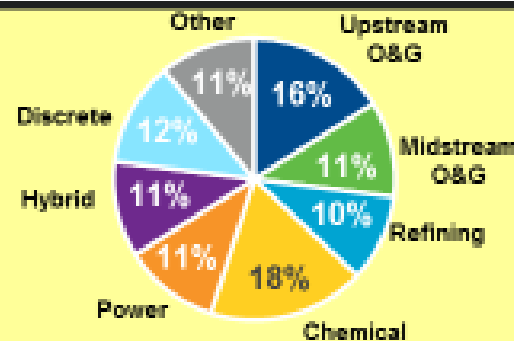
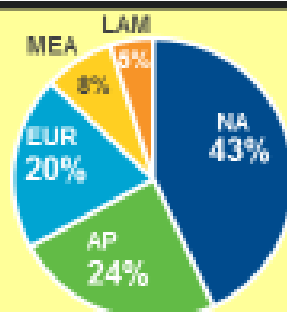


¹ Excluding Valves & Controls ² Emerson fiscal year. ³ Excludes restructuring, amortization and one-time purchase accounting impact

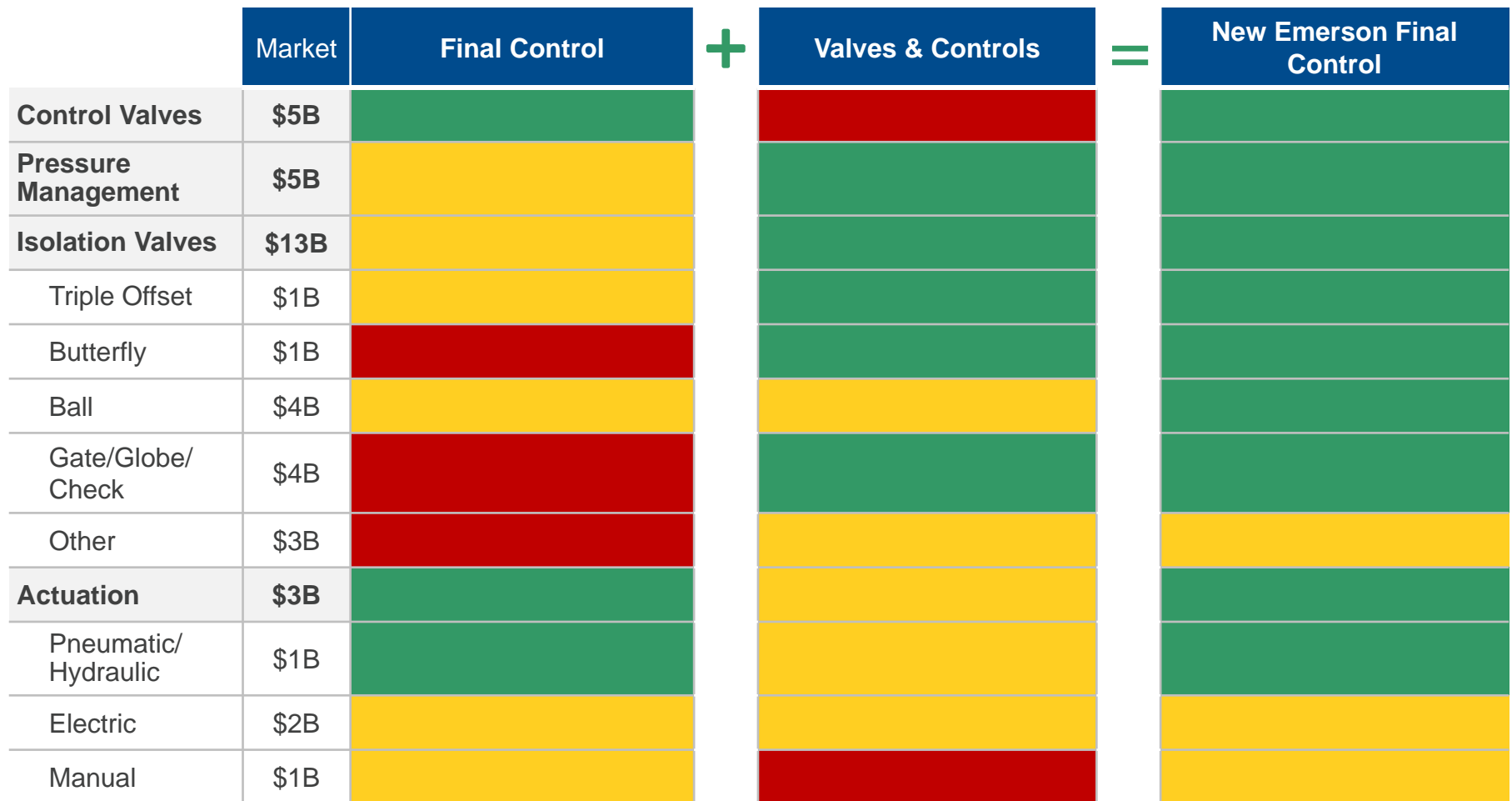
Combined

2017 Proforma

Sales ~\$10.2B

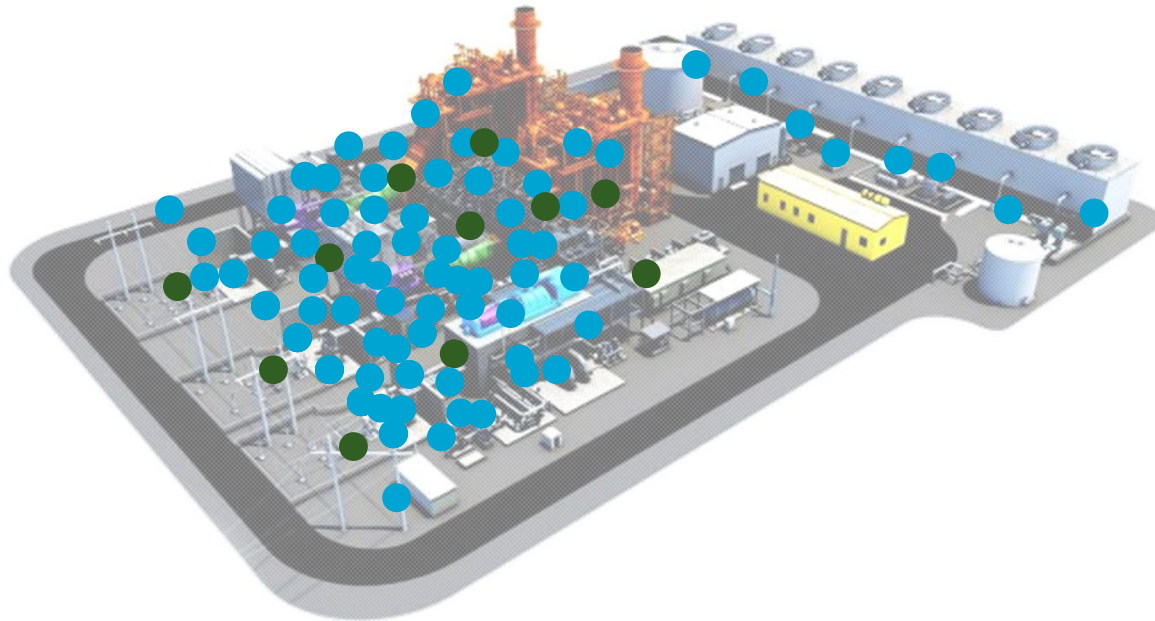


Combined Entity Creates the Premier Global Valve Solutions Provider



One global manufacturer supplying and servicing all valves everywhere
 Within a global market of ~\$25B

Valves & Controls Expands Emerson's Operational Certainty Capabilities



One Global Manufacturer Servicing All Valves

- **Long-term service agreements** ensure on-time repair & upgrades to all valves
- **Connected services** on critical valves increases uptime and lowers onsite inventory

Number of valves in a typical plant

● Existing

● New



Control Valves

Pressure Management and Isolation Valves

Expands Emerson's valve service revenue opportunity per site

2-3x

Emerson Is Now Strongly Positioned to Return to Premium Value and “Rise To The New Challenge”

- We have endured an immensely challenging global market over the past 3 years; growth recovering in 2017 -- **solid start with first half performance** - - **expect 2nd half growth in sales and earnings**
- We have **executed very difficult multi-year restructuring actions** -- now strongly positioned to expand margins and rebuild our premium valuation
- We have **finalized necessary strategic repositioning actions to position Emerson for premium growth and sustainability in the future** – solid execution has resulted in outperformance in both business platforms
- We have **successfully executed the repositioning plan** -- completed the sale of Network Power, Leroy-Somer, and Control Techniques and acquired Pentair Valves and Controls

**We Expect a Solid 2nd Half Finish to 2017, Increased Sales and Earnings
- - Well Positioned for Growth in 2018**

The New Emerson's Roadmap to Creating Value Through 2021 – From February 2017 Investor Conference

Sales Growth
Target: 2% - 4% Underlying
+3% - 4% Through Acquisitions

Consolidated: 5% - 8%

Operating Margin
18% - 20+%

EBIT Margin
16% - 19+%

Free Cash Flow
(%)
Target: 11% - 14%

2018E: EPG May 2017
Underlying Growth*: ~4% to 5+%
Growth Through Acquisitions: ~5+%

Consolidated: ~9% to 10+%

Target: 15% - 25%

Expect Underlying Growth and Growth Through Acquisitions to Be Above Thru-the-Cycle Targets in 2018



Rising

to the New Challenge



Rising

to the New Challenge

Reconciliation of Non-GAAP Measures

Reconciliations of Non-GAAP measures (denoted by *) with the most directly comparable GAAP measure (dollars in billions, except per share amounts):

Sales	<u>FY 2017E</u>
Reported sales (GAAP)	~ \$15.2
Valves & Controls impact	<u>~ (.6)</u>
Sales excluding Valves & Controls*	~ \$14.6
 EPS	 <u>FY 2017E</u>
Reported earnings per share (GAAP)	\$2.35 - 2.48
Less Valves and Controls impact (5 months), including one-time purchase accounting impact and interest	<u>\$(0.20) – (0.17)</u>
Earnings per share excluding Valves & Controls*	\$2.55 - 2.65
 Cash Flow	 <u>FY 2017E</u>
Operating cash flow (GAAP)	~ \$2.5
Capital expenditures & Valves & Controls impact	<u>~ \$(.5)</u>
Free cash flow excluding Valves & Controls*	~ \$2.0
 Automation Solutions Underlying Sales Change	 <u>FY 2017E</u>
Reported (GAAP)	2 - 3%
Unfavorable FX	~ 1%
Acquisition	<u>~ (6)%</u>
Underlying*	(3) - (2)%

Reconciliation of Non-GAAP Measures

Reconciliations of Non-GAAP measures (denoted by *) with the most directly comparable GAAP measure (dollars in billions, except per share amounts):

Automation Solutions Sales	2nd Half FY 2017E	
Sales (GAAP)	~ \$5.2	
Valves & Controls	~ (0.6)	
Sales excluding Valves & Controls*	~ \$4.6	
Automation Solutions Gross Profit Margin	2nd Half FY 2017E	
Gross profit margin (GAAP)	~ 43.8%	
Valves & Controls impact	~ 2.5%	
Gross profit margin excluding Valves & Controls*	~ 46.3%	
Automation Solutions Segment EBIT Margin	2nd Half FY 2017E	FY 2017 Pro Forma
EBIT margin (GAAP)	~ 16.0%	~ 13.6%
Valves & Controls impact	~ 2.7%	~ 3.9%
EBIT margin excluding Valves & Controls*	~ 18.7%	~ 17.5%
Valves & Controls Pro Forma EBIT	FY 2017 Pro Forma	
Pretax margin (GAAP)	~ (21)%	
One-time purchase accounting & interest impact included in Corporate & Other	~ 11%	
EBIT margin impact on Automation Solutions segment	~ (10)%	
Restructuring & amortization impact	~ 15%	
EBIT margin, excluding restructuring, amortization and one-time purchase accounting impact*	~ 5%	