

Emerson employees observed World Safety Day on June 4th, highlighting new practices and reinforcing our commitment to the highest health and safety standards.
#IOwnSafety



Brothers Kaiden and Caleb Manji celebrate their win during the Emerson and Spartan Controls Virtual STEM Competition in June. The brothers designed a social distancing bracelet that senses and alerts when two people come within six feet of one another.
#WeLoveSTEM



Emerson 3rd Quarter 2020 Earnings Conference Call

August 4, 2020



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 impact of the COVID-19 pandemic, as well as economic and currency conditions, market demand, including related to the pandemic and oil and gas price declines and volatility, pricing, protection of intellectual property, cybersecurity, tariffs, competitive and technological factors, among others, as set forth in the Company's most recent Annual Report on Form 10-K and subsequent reports filed with the SEC.

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.*

**CORPORATE SOCIAL
RESPONSIBILITY REPORT**

2019

**Emerson
2019 Corporate
Social Responsibility
Report**

Available on
[Emerson.com](https://www.emerson.com)

*A detailed review of Emerson's
priorities and efforts across
the ESG spectrum*



Third Quarter Earnings 2020

Key Highlights

Q3 HIGHLIGHTS

- Priorities & Operations**
 - ✔ Continue to **prioritize safety and health** of employees and customers, **business continuity** and serving customers, disciplined **cost control**, and positioning for **long-term value** creation
 - ✔ Operations and **supply chain stabilized** in “new normal”, emphasizing safety and productivity
- Performance & Results**
 - ✔ Beat Q3 Guidance by \$0.20: Strong **operational execution** drives **~\$0.16 of EPS outperformance** over guidance
 - ✔ **Lower effective tax rate**, driven by R&D credits and other true-up items from 2019 filings
 - ✔ **Strong free cash flow*** of \$738M representing 181% conversion* of net earnings
 - ✔ Solid segment **decremental margin management** of 26% of adjusted EBITDA*
- Orders & Sales**
 - ✔ Despite overall uncertainty and challenging end market demand, **sales finished in-line with April guidance**
 - ✔ **China led emergence from COVID-19 lockdown** with underlying growth of 3%
 - ✔ **Commercial & Residential Solutions** June YoY underlying orders **returned to growth**
 - ✔ Overall **orders beginning to stabilize** as expected, believe we have passed “the trough” in Q3
 - ✔ Expect **sales to turn to positive growth in Q2 or Q3** of fiscal 2021



TEAM EMERSON EXECUTED WELL OPERATIONALLY
IN A VERY CHALLENGING DEMAND ENVIRONMENT

Q3 2020 Results

Third Quarter 2020 Results

SUMMARY

Underlying sales* down 15 percent; June 3-month trailing underlying orders down 19 percent

- Automation Solutions underlying sales* down 13 percent, **however China up 9%**; June 3-month trailing underlying orders down 19 percent.
- Commercial & Residential Solutions underlying sales* down 19 percent; June 3-month trailing underlying orders down 19 percent. **However, June orders were positive!**

Strong cash flow generation

- Operating cash flow \$842 million in quarter, and \$1,854 million YTD (up 3% vs prior year)
- Free cash flow* \$738 million in quarter, representing **181% conversion* of net earnings**
- Free cash flow* of \$1,525 million YTD (up 8% vs prior year), representing **121% conversion* of net earnings**

Continued aggressive restructuring plan, initiated \$94 million of actions in the quarter

	2019	EPS	2020
GAAP	\$0.97	↓ (31%)	\$0.67
ADJ*	\$0.97	↓ (18%)	\$0.80
NET SALES			
	↓ (16%)		
	\$4.7B		\$3.9B
	Underlying Sales*: (15%)		
	2019		2020
T3M Orders, Excl. Acq / Div, Incl. FX			
	Apr		(15%) to (10%)
	May		(20%) to (15%)
	June		(20%)



ADJUSTED EPS* OF \$0.80 EXCEEDED GUIDANCE MIDPOINT OF \$0.60, DUE TO AGGRESSIVE RESTRUCTURING RESET ACTIONS, COVID-19 RELATED COST SAVINGS, AND A LOWER THAN EXPECTED EFFECTIVE TAX RATE

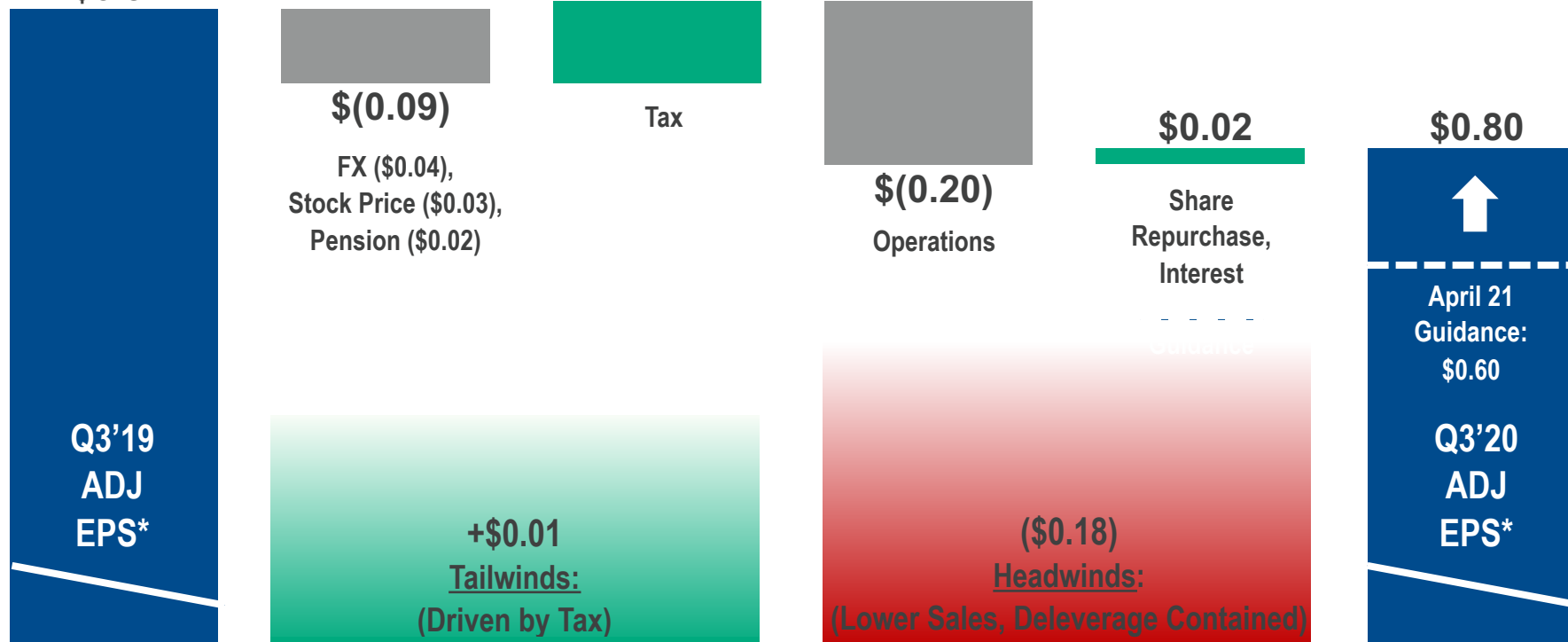
Q3 2019 to Q3 2020 Adjusted EPS Bridge

April 21st Guidance:

- GAAP EPS \$0.47, Adjusted EPS* \$0.60 +/- \$0.04
- Net sales growth (19%) - (16%), underlying* (16%) - (13%)
- Total Seg. Adj EBIT* 15.0% - 15.5% , Adj EBITDA* 20.0% - 20.5%

\$0.97

\$0.10



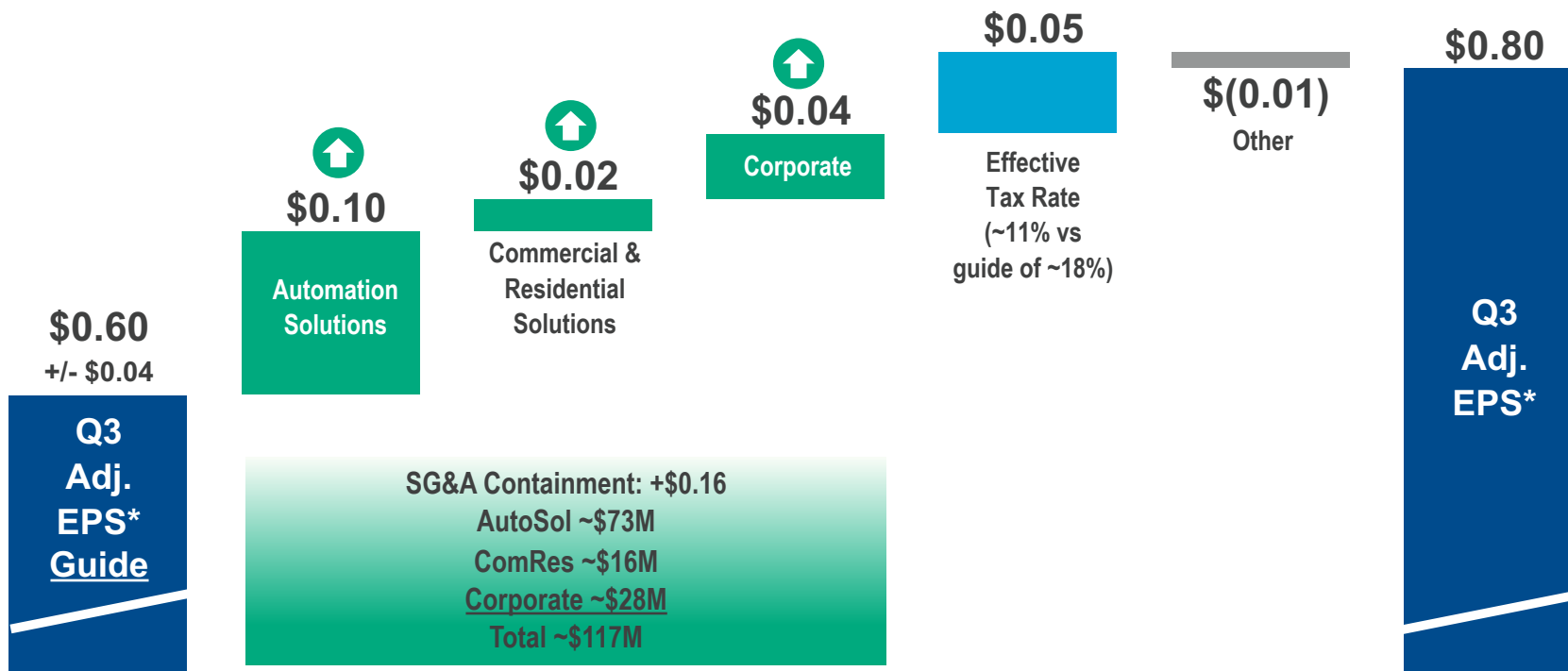
Actual Results:

- ✓ GAAP EPS \$0.67, Adjusted EPS* \$0.80
- ✓ Net sales (16%), underlying* (15%)
- ✓ Total Seg. Adj EBIT* 16.8%, Adj EBITDA* 21.9%



OPERATIONAL HEADWINDS DUE TO COVID-19 PARTIALLY OFFSET BY TAX AND PREVIOUSLY COMPLETED SHARE REPURCHASE ACTIVITY

Q3 2020 April 21st Guidance to Q3 2020 Actual Adjusted EPS Bridge



➤ EFFECTIVE SG&A CONTAINMENT DROVE EPS OUTPERFORMANCE AND LIMITED DELEVERAGE TO 26% AT TOTAL SEGMENT ADJUSTED EBITDA*

Third Quarter 2020 P&L Summary

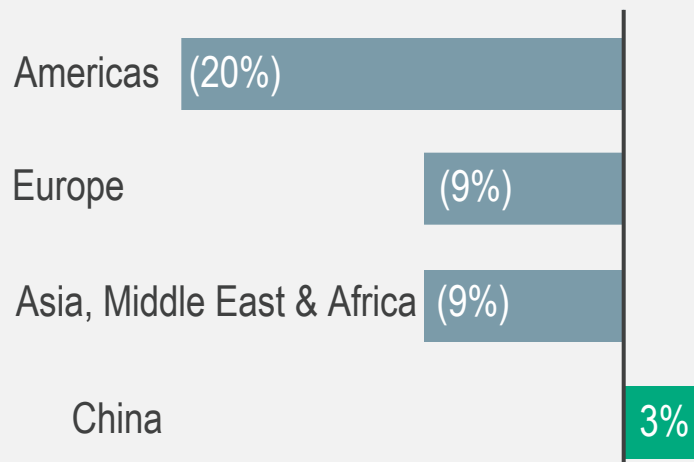
(\$M EXCEPT EPS)	2019	2020	Change	
Sales	\$4,684	\$3,914	(16%)	
Gross profit	\$2,001	\$1,618		Deleveraging and unfavorable mix partially offset by favorable price-cost
% of sales	42.7%	41.3%	(140 bps)	
SG&A expense	(\$1,126)	(\$934)	(17%)	Aggressive cost control actions as volume dropped
% of sales	24.0%	23.8%		
EBIT*	\$810	\$503		
% of sales*	17.3%	12.9%		
Adj EBIT*	\$830	\$597	(28%)	Excludes restructuring of \$20 and \$94 in 2019 and 2020, respectively.
% of sales*	17.7%	15.3%	(240 bps)	
Adj EBITDA* % of sales	22.1%	20.6%	(150 bps)	
Tax Rate	20.3%	11.2%		Lower tax rate driven by non-recurring tax items, including R&D credits for prior years
Shares	619.0	600.0		
Adjusted EPS*	\$0.97	\$0.80	(18%)	



SOLID OPERATIONAL EXECUTION DRIVEN BY AGGRESSIVE COST ACTIONS AS VOLUME DECLINED. EARNINGS REFLECTED COST CONTAINMENT MEASURES AND LOWER EFFECTIVE TAX RATE, INCLUDING R&D TAX CREDITS

Third Quarter 2020 Underlying Sales

UNDERLYING SALES CHANGE



Broad based weakness across all geographies, and particularly in the US, down 20%, partially offset by growth in China, up 3%.

Underlying sales*	(15%)
-------------------	-------

Acquisitions, net	0 pts
-------------------	-------

FX impact	(1) pts
-----------	---------

Net sales	(16%)
-----------	-------



CHALLENGING GLOBAL DEMAND ENVIRONMENT CONTINUED IN Q3 AS COUNTRIES CLOSED BORDERS AND CUSTOMERS FACED UNPRECEDENTED UNCERTAINTY

Third Quarter 2020 Business Segment Earnings & Cash Flow

(\$M)	2019	2020	CHG.	
Adjusted Segment EBIT*	\$868	\$656	(24%)	<p>Aggressive cost control measures resulted in favorable decremental margin performance:</p> <ul style="list-style-type: none"> Adj EBITDA* deleverage 26%
% of sales*	18.5%	16.8%	(170 bps)	
Stock price	(\$31)	(\$51)	(\$20)	
Corporate pension and OPEB	\$27	\$12	(\$15)	
Adj. corporate and other*	(\$34)	(\$20)	\$14	
Interest expense, net	(\$43)	(\$45)	(\$2)	
Adjusted pretax earnings*	\$787	\$552	(30%)	<p>Higher stock price, pension, and foreign exchange losses drove (180 bps) of the change</p>
% of sales*	16.8%	14.1%	(270 bps)	
Operating cash flow	\$946	\$842	(11%)	
Capital expenditures	(\$121)	(\$104)		
Free cash flow*	\$825	\$738	(11%)	181% conversion of net earnings*
Trade working capital	\$3,177	\$3,188		
% of sales	17.0%	20.4%		<p>Dramatic drop in sales resulted in increase in ending inventory and lower payables</p>

Business Platforms

Third Quarter 2020 Automation Solutions

UNDERLYING SALES CHANGE VS. PY

Americas	(19%)
Europe	(8%)
Asia, Middle East & Africa	(6%)
China	9%
Automation Solutions	(13%)
FX Impact	(1) Pts
Acq Impact	(0) Pts
Reported Net Sales	(14%)

- Asia, Middle East & Africa was down 6%, **however China grew by 9%**
- In the US, down 20%, broad based declines across most industries were only partially offset by life sciences and food & beverage
- Restructuring actions totaled \$80M across the platform in the quarter and \$192M YTD
- Adjusted EBIT* and EBITDA* margin were down 120 bps and 30 bps respectively, despite significant underlying revenue drop
- Third quarter sequential backlog remained unchanged at \$5.1B

REPORTED NET SALES

↓ (14%)

\$3,025M

\$2,589M

Underlying Sales* (13%)

16.3% Adj EBIT%* 15.1%

20.7% Adj EBITDA%* 20.4%

2019

2020

T3M Orders, Excl. Acq / Div, Incl. FX

Apr (10%)

May (15%)

June (20%)

June 3-month trailing underlying orders were down 19%



MANAGED ADJUSTED EBITDA* DECREMENTAL MARGINS TO 22% WITH AGGRESSIVE COST ACTIONS AMIDST A CHALLENGING DEMAND ENVIRONMENT

Third Quarter 2020 Commercial & Residential Solutions

UNDERLYING SALES CHANGE VS. PY

Americas	(20%)
Europe	(12%)
Asia, Middle East & Africa	(18%)
Commercial & Residential Solutions	(19%)
FX Impact	(1%)
Div Impact	(0%)
Reported Net Sales	(20%)

REPORTED NET SALES

↓ (20%)

\$1,662M

\$1,327M

Underlying Sales* (19%)

22.7% Adj EBIT%* 20.0%

26.3% Adj EBITDA%* 24.7%

2019

2020

T3M Orders, Excl. Acq / Div, Incl. FX

Apr (20%) to (15%)

May (25%) to (20%)

June (20%)

June 3-month underlying orders were down 19%

June trailing 3 month underlying orders were within guidance, down 19%, however, **June monthly orders turned positive year-over-year**

Americas sales were down 20%, as COVID-19 heavily impacted demand. Europe was down 12%, as modest strength in the heat pump business was more than offset by declines in commercial markets. Asia, Middle East & Africa was down 18%, with China down 9%.

Restructuring actions totaled \$12M across the platform in the quarter and \$31M YTD

Adjusted EBIT* margin and EBITDA* margin down 270 bps and 160 bps respectively



MANAGED ADJUSTED EBITDA DECREMENTAL* MARGINS TO 32% WITH AGGRESSIVE COST ACTIONS AMIDST A CHALLENGING DEMAND ENVIRONMENT

2020 Outlook

Fiscal 2020 Updated Outlook

	Guidance: Apr 21, 2020	Updated Guidance: Aug 4, 2020
Net Sales Growth	(11%) – (9%)	(10%) – (9%)
Acquisitions impact	Flat	Flat
FX Impact	(2 pts)	(1 pt)
Underlying Sales* Growth	(9%) – (7%)	(9%) – (7.5%)
Automation Solutions	(8%) – (6%)	(9%) – (7%)
Commercial & Residential Solutions	(11%) – (9%)	(10%) – (8%)
GAAP EPS	\$2.62 to \$2.82	\$2.80 to \$2.95
Adjusted EPS*	\$3.00 to \$3.20	\$3.20 to \$3.35
Tax Rate	~22%	~20%
Restructuring Costs	~\$280M	~\$300M
Operating Cash Flow	~\$2.75B	~\$2.8B
Capex	~\$550M	~\$550M
Share Repurchase	~\$950M	~\$950M
Free Cash Flow*	~\$2.2B	~\$2.25B

Key assumptions:

- Oil prices: \$35-\$45 ppb
- Demand environment stabilizes and gradually improves, turning positive in Q2 or Q3 of 2021.
- No major supply chain or operational challenges
- No change in discrete tax items

Restructuring by segment:

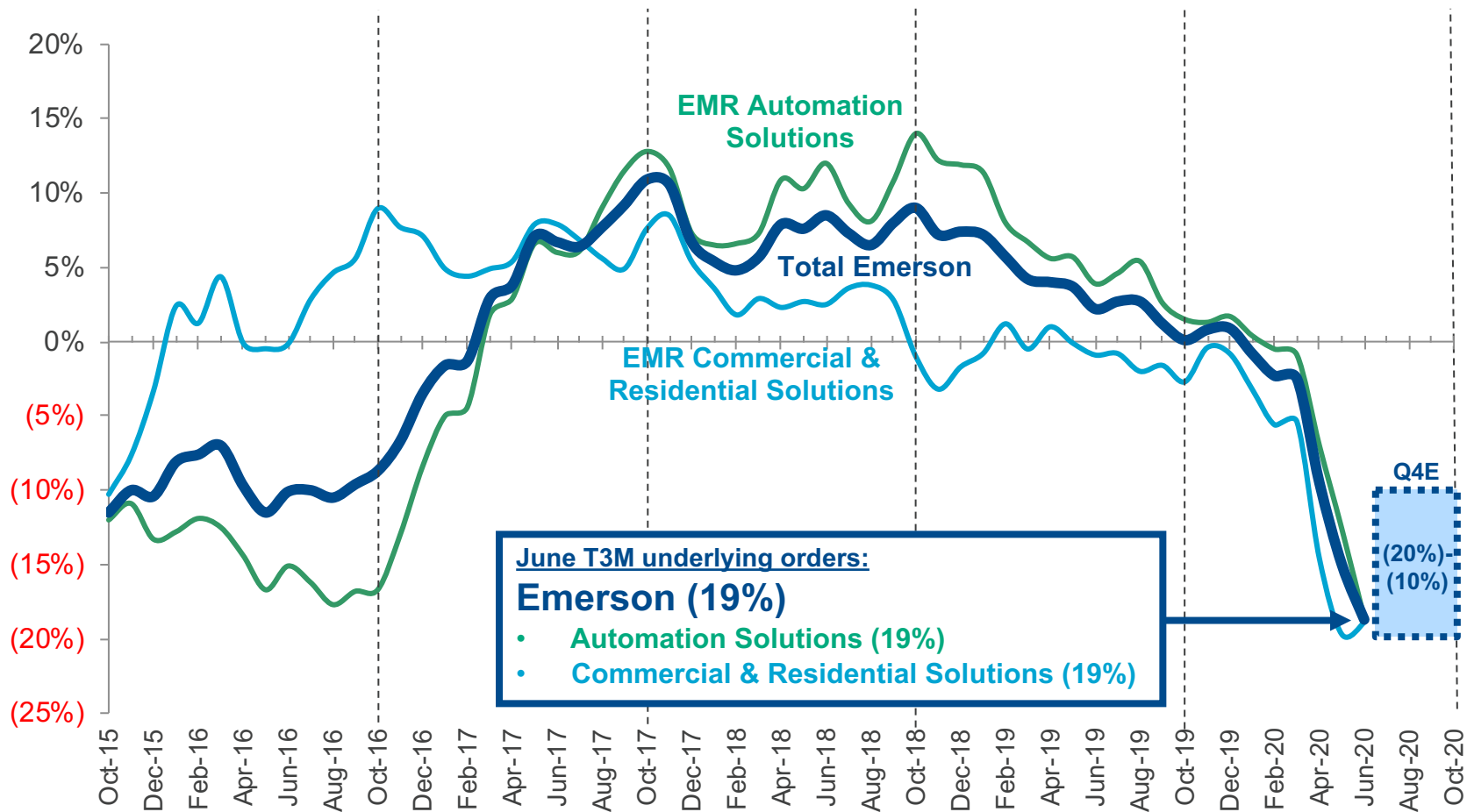
- Automation Solutions ~\$235
- Commercial & Residential Solutions ~\$55
- Corporate ~\$10



RAISING ADJUSTED EPS 2020 OUTLOOK DUE TO SOME STABILIZATION IN END MARKET DEMAND FROM GLOBAL REOPENING AND MOMENTUM IN COST CONTAINMENT ACTIONS

Management Updates

Third Quarter 2020 Trailing Three Month Underlying Orders vs Prior Year

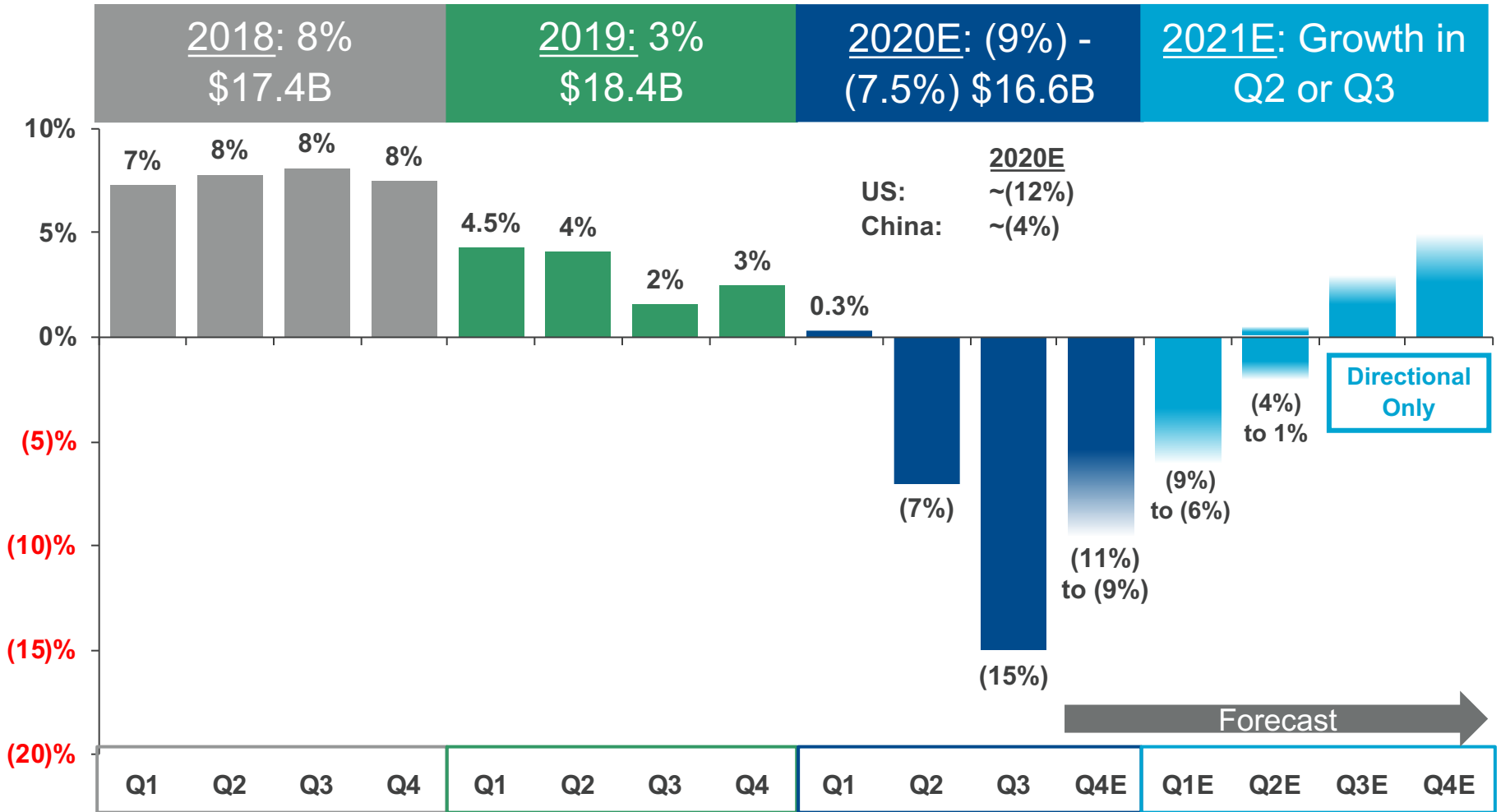


Orders data includes the Valves & Controls acquisition results in all periods presented, including on a pro forma basis for periods prior to the acquisition close April 28, 2017.



JUNE TRAILING 3 MONTH UNDERLYING ORDERS WERE DOWN 19 PERCENT, HOWEVER, WE BEGAN TO SEE SOME END MARKETS STABILIZE

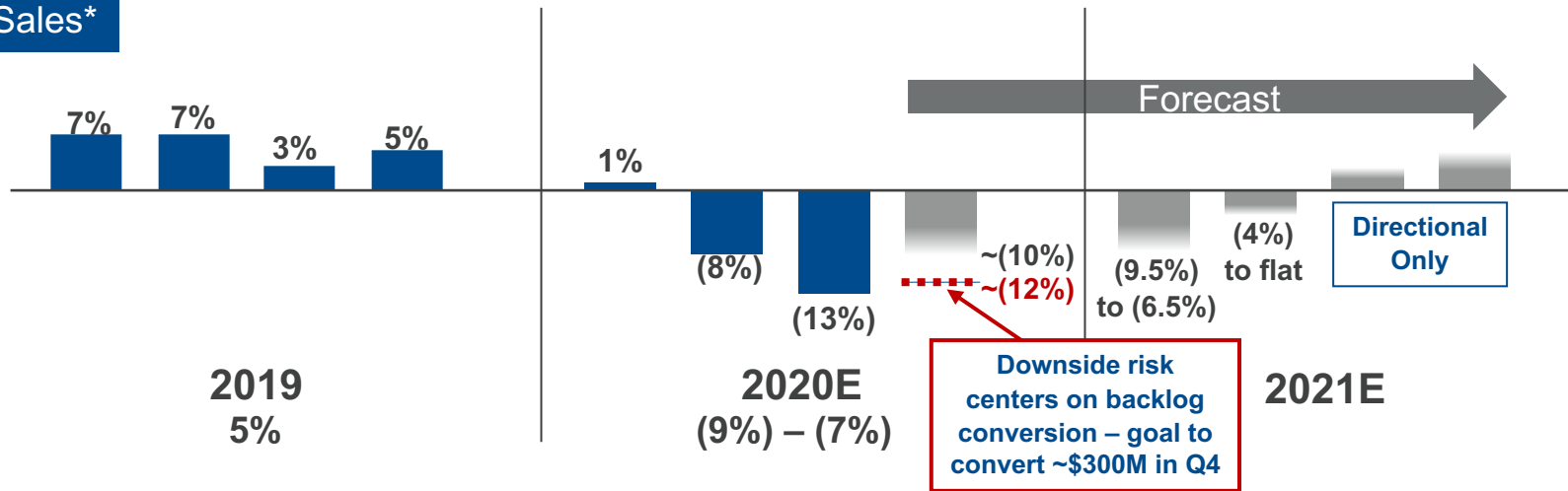
Emerson Underlying Sales Growth Outlook



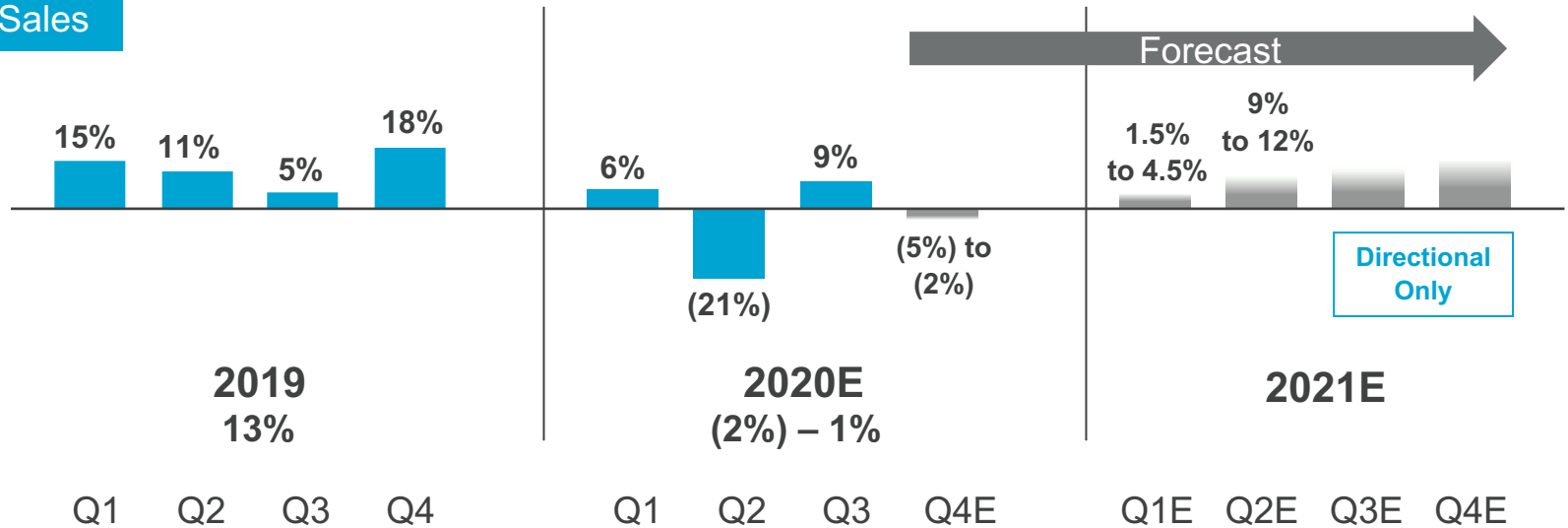
EXPECT DOWNTURN TO PERSIST 4 TO 5 QUARTERS IN TOTAL, WITH SALES RETURNING TO POSITIVE IN Q2 OR Q3 OF 2021

Emerson Automation Solutions Underlying Sales Growth Outlook

Global Sales*

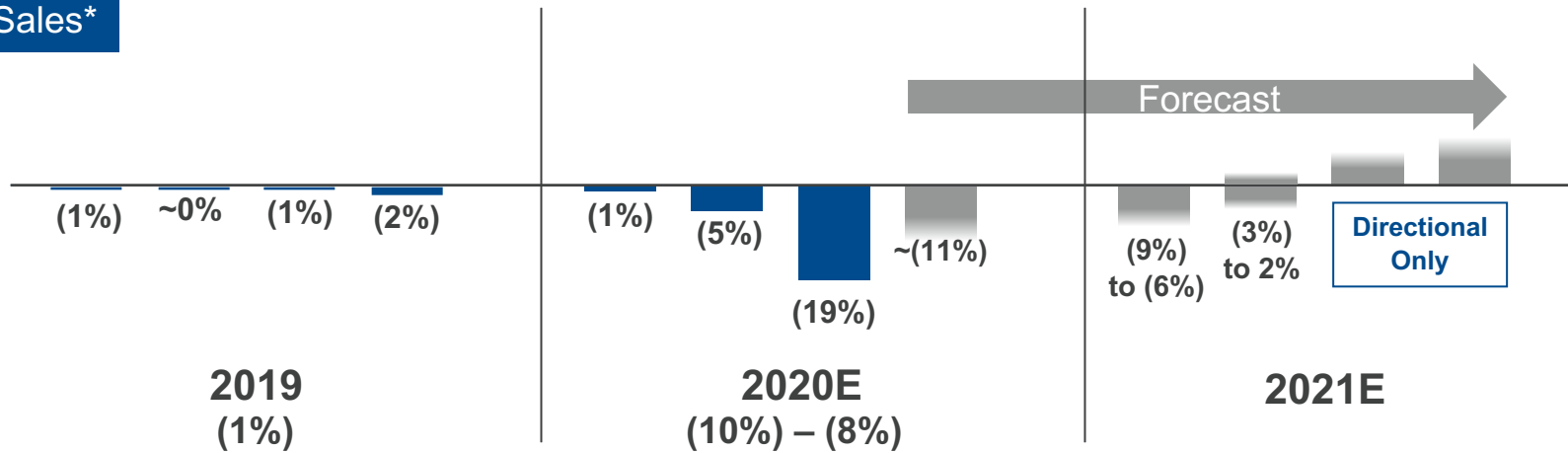


China Sales

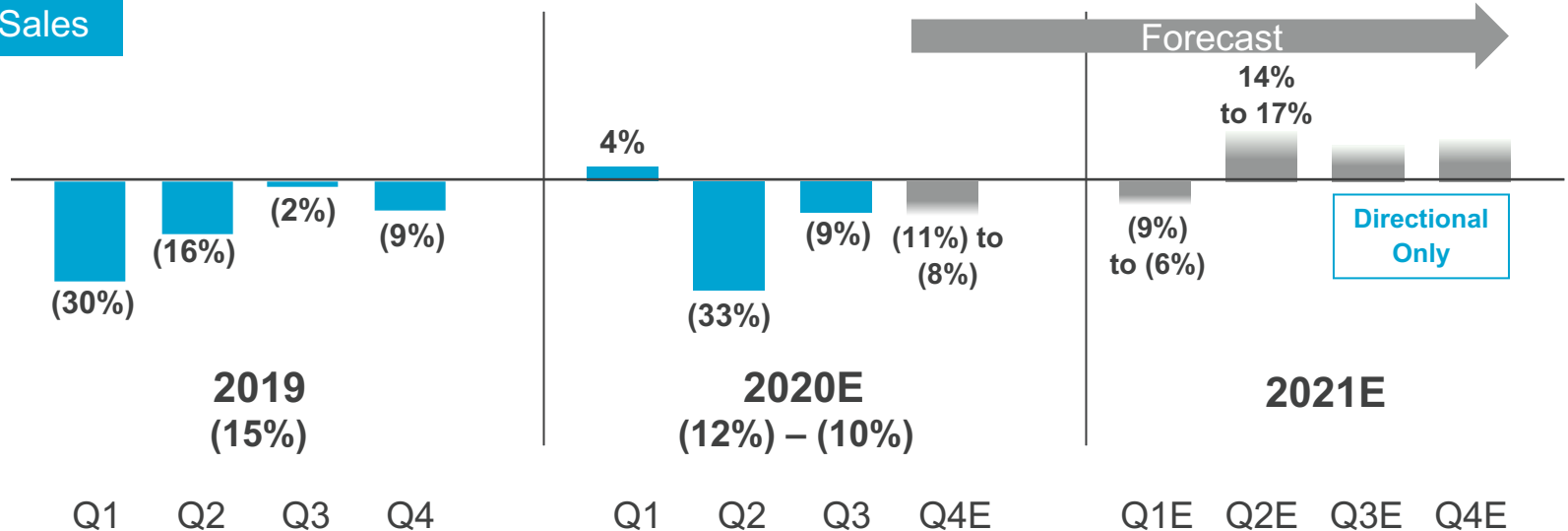


Emerson Commercial & Residential Solutions Underlying Sales Growth Outlook

Global Sales*



China Sales



Estimated Reset Restructuring Spend and Savings, and COVID-Related Savings Update

	Spend in 2019	Spend in 2020E	Spend in 2021E	Savings in 2020E					Incremental Savings in 2021E		
				1H Reset Restruct.	1H COVID-Related	2H Reset Restruct.	2H COVID-Related	Total	Reset Restruct.	COVID-Related	Total
Automation Solutions	\$65M	\$235M	\$95M	\$60M	\$5M	\$115M	\$90M	\$270M	\$170M	(\$40M)	\$130M
Comm. & Residential Solutions	\$25M	\$55	\$25M	\$10M	\$5M	\$25M	\$40M	\$80M	\$35M	(\$20M)	\$15M
Total Emerson (incl. Corp.)	\$95M	\$300M	\$125M	\$75M	\$10M	\$145M	\$140M	\$370M	\$210M	(\$70M)	\$140M

Note: all figures are approximate

2020 COVID-Related Actions protect profitability, cash flow, and long term franchise value:

- Curtailed travel, meetings, and discretionary spending
- Salary and hiring freeze; furloughs, salary reduction for Board and top 1,000 leaders

Good progress on Restructuring Reset actions:

- ~\$375M Cumulative restructuring Q3'19 thru FY20E
- Initiating strategic facility moves

Continue Prioritizing

- Business continuity, serving customers, and creating long term value for shareholders



~\$70 OF THE ~\$150 COVID-RELATED SAVINGS WILL LIKELY BE A HEADWIND IN 2021 AS BUSINESS CONDITIONS NORMALIZE. LONG RUN TOTAL ANNUALIZED SAVINGS OF RESTRUCTURING PROGRAM EXPECTED TO BE ~\$550M

Q&A

Emerson employees observed World Safety Day on June 4th, highlighting new practices and reinforcing our commitment to the highest health and safety standards.
#IOwnSafety



**Thank You
and Please
Stay Safe
and Healthy!**

Brothers Kaiden and Caleb Manji celebrate their win during the Emerson and Spartan Controls Virtual STEM Competition in June. The brothers designed a social distancing bracelet that senses and alerts when two people come within six feet of one another.
#WeLoveSTEM



Appendix

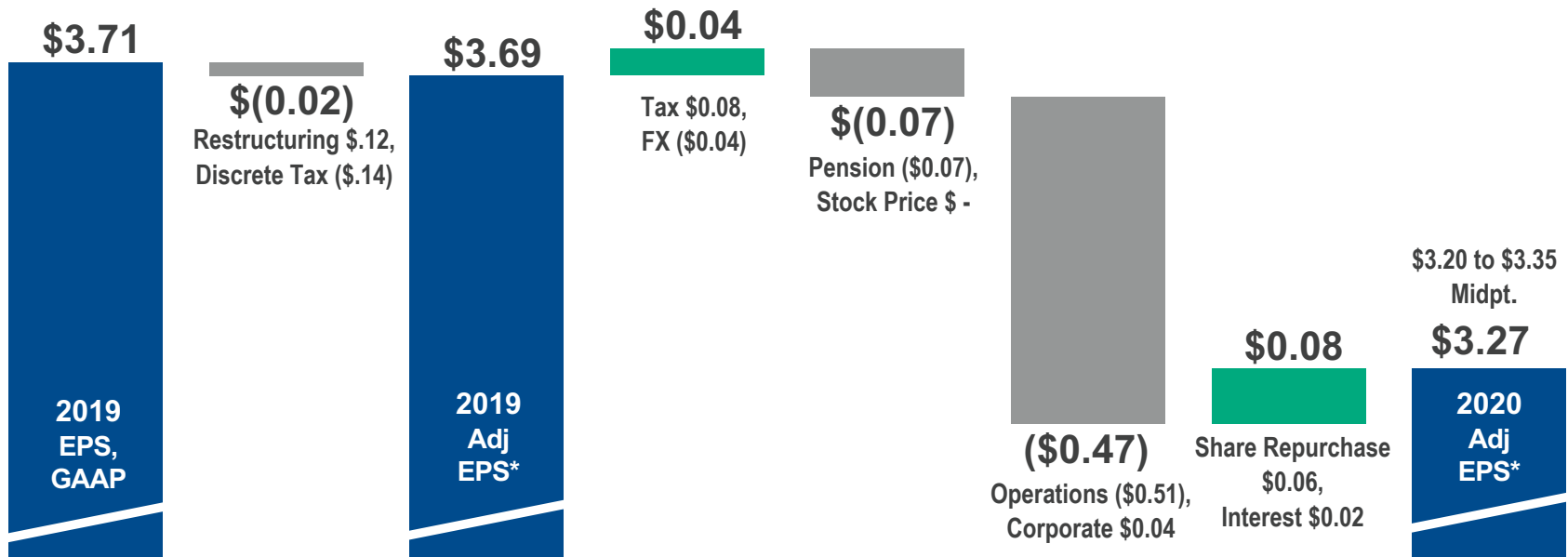
Updated 2020 Adjusted EPS Bridge

Full year planned restructuring actions now ~\$300M
(previously ~\$280M)

Underlying Sales* Growth (9%) – (7.5%)
Automation Solutions (9%) – (7%)
Commercial & Residential Solutions (10%) – (8%)

From April 21st Guide

+ \$0.07  + \$0.01  + \$0.10  (\$0.01)  + \$0.17 



HEAVY COVID RELATED OPERATIONAL HEADWINDS MITIGATED BY COST ACTIONS AND SOMEWHAT OFFSET BY R&D TAX CREDITS AND SHARE REPURCHASES COMPLETED PRIOR TO Q3

Reconciliation of Non-GAAP Measures

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

	Auto Solns	Comm & Res Solns	Emerson
Q3 2020 Underlying Sales Change			
Reported (GAAP)	(14)%	(20)%	(16)%
(Favorable) / Unfavorable FX	1%	1%	1%
Acquisitions / Divestitures	-%	-%	-%
Underlying*	(13)%	(19)%	(15)%
Q3 2020E April 2020 Underlying Sales Change			
Reported (GAAP)	(19)% - (16)%		
(Favorable) / Unfavorable FX	~ 3%		
Acquisitions / Divestitures	~ - %		
Underlying*	(16)% - (13)%		
FY 2020E Underlying Sales Change			
Reported (GAAP)	(10)% - (8)%	(11)% - (9)%	(10)% - (9)%
(Favorable) / Unfavorable FX	~ 1%	~ 1%	1% -1.5%
Acquisitions / Divestitures	~ - %	~ - %	~ - %
Underlying*	(9)% - (7)%	(10)% - (8)%	(9)% - (7.5)%
FY 2020E April 2020 Underlying Sales Change			
Reported (GAAP)	(10)% - (8)%	(13)% - (11)%	(11)% - (9)%
(Favorable) / Unfavorable FX	~ 2%	~ 1%	~ 2%
Acquisitions / Divestitures	~ - %	~ 1%	~ - %
Underlying*	(8)% - (6)%	(11)% - (9)%	(9)% - (7)%

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)

EBIT	Q3 FY19	Q3 FY20	Change
Pretax earnings (GAAP)	\$ 767	\$ 458	(40)%
Interest expense, net	43	45	2%
Earnings before interest and taxes*	\$ 810	\$ 503	(38)%
Restructuring and related charges	20	94	10%
Adjusted earnings before interest and taxes*	\$ 830	\$ 597	(28)%

EBIT Margin	Q3 FY19	Q3 FY20	Change
Pretax margin (GAAP)	16.4%	11.7%	(470) bps
Interest expense, net % of sales	0.9%	1.2%	30 bps
EBIT margin*	17.3%	12.9%	(440) bps
Restructuring and related charges % of sales	0.4%	2.4%	200 bps
Adjusted EBIT margin*	17.7%	15.3%	(240) bps
Depreciation / amortization % of sales	4.4%	5.3%	90 bps
Adjusted EBITDA margin*	22.1%	20.6%	(150) bps

Q3 Earnings Per Share	Q3 FY19	Q3 FY20	Change
Earnings per share (GAAP)	\$ 0.97	\$ 0.67	(31)%
Discrete tax benefits	(0.03)	-	2%
Restructuring and related charges	0.03	0.13	11%
Adjusted earnings per share*	\$ 0.97	\$ 0.80	(18)%

FY 2020E Earnings Per Share	Q3 FY20E Apr Guidance	FY20E Apr Guidance	FY20E
Earnings per share (GAAP)	\$0.43 - \$0.51	\$2.62 - \$2.82	\$2.80 - \$2.95
Restructuring and related charges	~ 0.13	~ \$0.38	~ \$0.40
Adjusted earnings per share*	\$0.56 - \$0.64	\$3.00 - \$3.20	\$3.20 - \$3.35

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)

	<u>FY20E Apr Guidance</u>	<u>FY20E</u>	<u>Change</u>	<u>Q3 FY20E Apr Guidance</u>	<u>Q3 FY20</u>	<u>Change</u>
FY 2020E Midpoint Earnings Per Share						
Earnings per share (GAAP)	~\$2.72	~\$2.87	~ \$0.15	~ \$0.47	\$ 0.67	\$ 0.20
Restructuring and related charges	\$0.38	\$0.40	\$0.02	\$0.13	0.13	-
Adjusted earnings per share*	~\$3.10	~\$3.27	~ \$0.17	~ \$0.60	\$ 0.80	\$ 0.20
	<u>Q3 FY19</u>	<u>Q3 FY20</u>	<u>Change</u>			
Business Segment EBIT						
Pretax earnings (GAAP)	\$ 767	\$ 458	(40)%			
Corp. items and interest expense, net	81	106	7%			
Business segment EBIT*	848	564	(33)%			
Restructuring charges	20	92	9%			
Adjusted business segment EBIT*	\$ 868	\$ 656	(24)%			
	<u>Q3 FY19</u>	<u>Q3 FY20</u>	<u>Change</u>	<u>Q3 FY20E Apr Guidance</u>		
Business Segment EBIT Margin						
Pretax margin (GAAP)	16.4%	11.7%	(470) bps	9.0% - 9.5%		
Corp. items and interest expense, net % of sales	1.7%	2.7%	(100) bps	~ 3.5%		
Business segment EBIT margin*	18.1%	14.4%	(370) bps	12.5% - 13.0%		
Restructuring charges % of sales	0.4%	2.4%	200 bps	~ 2.5%		
Adjusted business segment EBIT margin*	18.5%	16.8%	(170) bps	15.0% - 15.5%		
Depreciation / amortization % of sales		5.1%		~ 5.0%		
Adjusted business segment EBITDA margin*		21.9%		20.0% - 20.5%		

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)

Pretax Earnings

	Q3 FY19	Q3 FY20	Change
Pretax earnings (GAAP)	\$ 767	\$ 458	(40)%
Restructuring and related charges	20	94	10%
Adjusted pretax earnings*	\$ 787	\$ 552	(30)%

Corporate and Other

	Q3 FY19	Q3 FY20	Change
Corporate and other (GAAP)	\$ (34)	\$ (22)	12
Restructuring and related charges	-	2	2
Adjusted Corporate and other*	\$ (34)	\$ (20)	14

Pretax Margin

	Q3 FY19	Q3 FY20	Change
Pretax margin (GAAP)	16.4%	11.7%	(470) bps
Restructuring and related charges	0.4%	2.4%	200 bps
Adjusted pretax margin*	16.8%	14.1%	(270) bps

Automation Solutions Segment EBIT Margin

	Q3 FY19	Q3 FY20	Change
Automation Solutions Segment EBIT margin (GAAP)	15.7%	12.0%	(370) bps
Restructuring charges	0.6%	3.1%	250 bps
Automation Solutions Adjusted Segment EBIT margin*	16.3%	15.1%	(120) bps
Depreciation / amortization	4.4%	5.3%	90 bps
Automation Solutions Adjusted Segment EBITDA margin*	20.7%	20.4%	(30) bps

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)

Commercial & Residential Solutions EBIT Margin

	<u>Q3 FY19</u>	<u>Q3 FY20</u>	<u>Change</u>
Com & Res Sols EBIT margin (GAAP)	22.4%	19.1%	(330) bps
Restructuring charges	0.3%	0.9%	60 bps
Com & Res Sols Adjusted EBIT margin*	<u>22.7%</u>	<u>20.0%</u>	<u>(270) bps</u>
Depreciation / amortization	3.6%	4.7%	110 bps
Com & Res Sols Adjusted EBITDA margin*	<u>26.3%</u>	<u>24.7%</u>	<u>(160) bps</u>

Q3 Cash Flow

	<u>Q3 FY19</u>	<u>Q3 FY20</u>	<u>% Change</u>
Operating cash flow (GAAP)	\$ 946	\$ 842	(11)%
Capital expenditures	(121)	(104)	-%
Free cash flow*	<u>\$ 825</u>	<u>\$ 738</u>	<u>(11)%</u>

Cash Flow

	<u>FY19</u>	<u>FY20</u>	<u>% Change</u>	<u>FY20E Apr Guidance</u>	<u>FY20E</u>
Operating cash flow (GAAP)	\$ 1,802	\$ 1,854	3%	\$ 2.75B	\$ 2.8B
Capital expenditures	(395)	(329)	5%	~ (550M)	~ (550M)
Free cash flow*	<u>\$ 1,407</u>	<u>\$ 1,525</u>	<u>8%</u>	<u>\$ 2.2B</u>	<u>\$ 2.25B</u>

Cash Flow to Net Earnings Conversion

	<u>Q3 FY20</u>	<u>Q3 FY20 YTD</u>
Operating cash flow conversion (GAAP)	207%	147%
Capital expenditures	<u>(26)%</u>	<u>(26)%</u>
Free cash flow conversion*	<u>181%</u>	<u>121%</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)

Emerson FY 2018 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY18</u>
Sales (GAAP)	19%	19%	10%	10%	14%
FX / Acq / Div	(12)%	(11)%	(2)%	(2)%	(6)%
Underlying*	7%	8%	8%	8%	8%

Emerson FY 2019 Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY19</u>
Sales (GAAP)	9%	8%	5%	2%	6%
FX / Acq / Div	(4.5)%	(4)%	(3)%	1%	(3)%
Underlying*	4.5%	4%	2%	3%	3%

Emerson FY 2020E Underlying Sales

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4E</u>	<u>FY20E</u>
Sales (GAAP)	-%	(9)%	(16)%	(12)% - (10)%	(10)% - (9)%
FX / Acq / Div	-%	2%	1%	~ 1%	1% - 1.5%
Underlying*	-%	(7)%	(15)%	(11)% - (9)%	(9)% - (7.5)%

Emerson FY 2021E Underlying Sales

	<u>Q1E</u>	<u>Q2E</u>
Sales (GAAP)	(10)% - (7)%	(4)% - 1%
FX / Acq / Div	~1%	~ -%
Underlying*	(9)% - (6)%	(4)% - 1%

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)

Automation Solutions FY 2019 Underlying Sales

	Q1	Q2	Q3	Q4	FY19
Sales (GAAP)	9%	9%	5%	4%	7%
FX / Acq / Div	(2)%	(2)%	(2)%	1%	(2)%
Underlying*	7%	7%	3%	5%	5%

Automation Solutions FY 2020E Underlying Sales

	Q1	Q2	Q3	Q4E	FY20E
Sales (GAAP)	2%	(10)%	(14)%	~ (11)%	(10)% - (8)%
FX / Acq / Div	(1)%	2%	1%	1%	~1%
Underlying*	1%	(8)%	(13)%	~ (10)%	(9)% - (7)%

Automation Solutions FY 2021E Underlying Sales

	Q1E	Q2E
Sales (GAAP)	(10.5)% - (7.5)%	(4)% - 0%
FX / Acq / Div	~1%	~ -%
Underlying*	(9.5)% - (6.5)%	(4)% - 0%

Commercial & Residential Solutions FY 2019 Underlying Sales

	Q1	Q2	Q3	Q4	FY19
Sales (GAAP)	7%	5%	4%	(3)%	3%
FX / Acq / Div	(8)%	(5)%	(5)%	1%	(4)%
Underlying*	(1)%	0%	(1)%	(2)%	(1)%

Commercial & Residential Solutions FY 2020E Underlying Sales

	Q1	Q2	Q3	Q4E	FY20E
Sales (GAAP)	(3)%	(7)%	(20)%	~ (12)%	(11)% - (9)%
FX / Acq / Div	2%	2%	1%	1%	~1%
Underlying*	(1)%	(5)%	(19)%	~ (11)%	(10)% - (8)%

Commercial & Residential Solutions FY 2021E Underlying Sales

	Q1E	Q2E
Sales (GAAP)	(9)% - (6)%	(3)% - 2%
FX / Acq / Div	~ -%	~ -%
Underlying*	(9)% - (6)%	(3)% - 2%

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)

2019 Quarterly Adjusted EPS

	Q1	Q2	Q3	Q4	FY19
Reported EPS (GAAP)	\$ 0.74	\$ 0.84	\$ 0.97	\$ 1.16	\$ 3.71
<i>Reported Tax Rate</i>	20.9%	22.3%	20.3%	12.3%	18.6%
Discrete tax benefits	-	(0.02)	(0.03)	(0.09)	(0.14)
Restructuring Charges	0.01	0.01	0.03	0.07	0.12
Adjusted EPS*	\$ 0.75	\$ 0.83	\$ 0.97	\$ 1.14	\$ 3.69
<i>Adjusted Tax Rate*</i>	20.9%	24.2%	22.7%	19.1%	21.6%

Business Segment Adjusted EBITDA Deleverage

	Q3 FY20
Pretax earnings deleverage (GAAP)	40%
Corp. items, interest, restructuring, and depreciation/amortization	(14)%
Adjusted business segment EBITDA deleverage*	26%

Automation Solutions Adjusted Segment EBITDA Deleverage

	Q3 FY20
Automation Solutions Segment EBIT deleverage (GAAP)	38%
Restructuring charges and depreciation/amortization	(16)%
Automation Solutions Adjusted Segment EBITDA deleverage*	22%

Commercial & Residential Solutions Adjusted Segment EBITDA Deleverage

	Q3 FY20
Com & Res Sols Segment EBIT deleverage (GAAP)	35%
Restructuring charges and depreciation/amortization	(3)%
Com & Res Sols Adjusted Segment EBITDA deleverage*	32%

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.