



Q4 & Full Year 2024 Earnings

November 5, 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.

Outstanding Execution in 2024

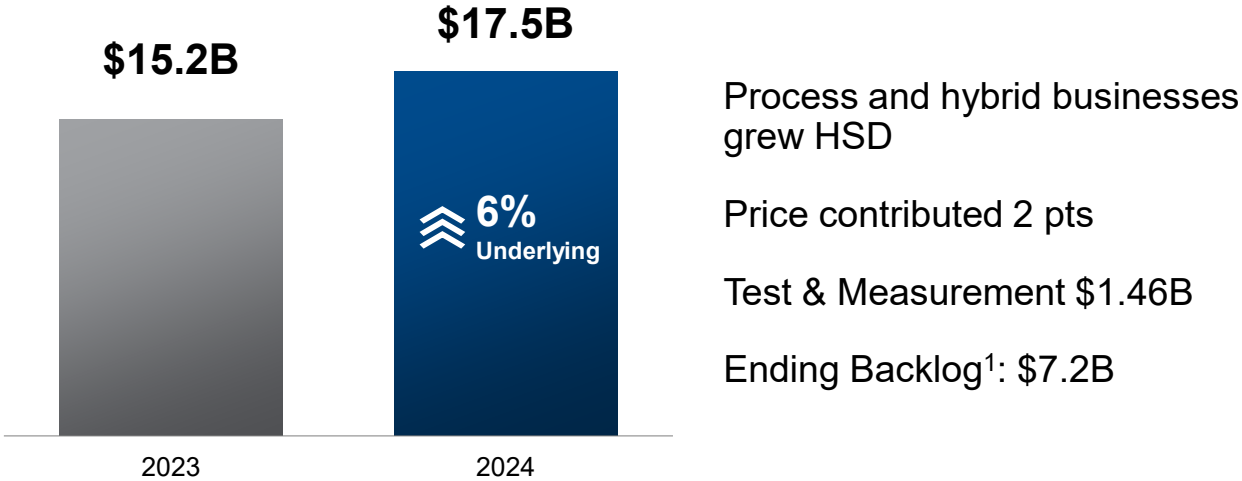
	November Guidance		August Guidance		2024 Results
Underlying Orders Growth ¹	LSD – MSD	>	LSD	>	2%
Underlying Sales Growth ²	4% – 6%	>	~6%	>	6%
Operating Leverage ²	Mid to High 40s	>	Mid to High 40s	>	47%
Adjusted EPS	\$5.15 – \$5.35	>	\$5.45 – \$5.50	>	\$5.49
Free Cash Flow	\$2.6B – \$2.7B	>	~\$2.8B	>	\$2.9B
Share Repurchase	~\$500M	>	~\$300M	>	\$435M

¹ Excludes AspenTech and Test & Measurement

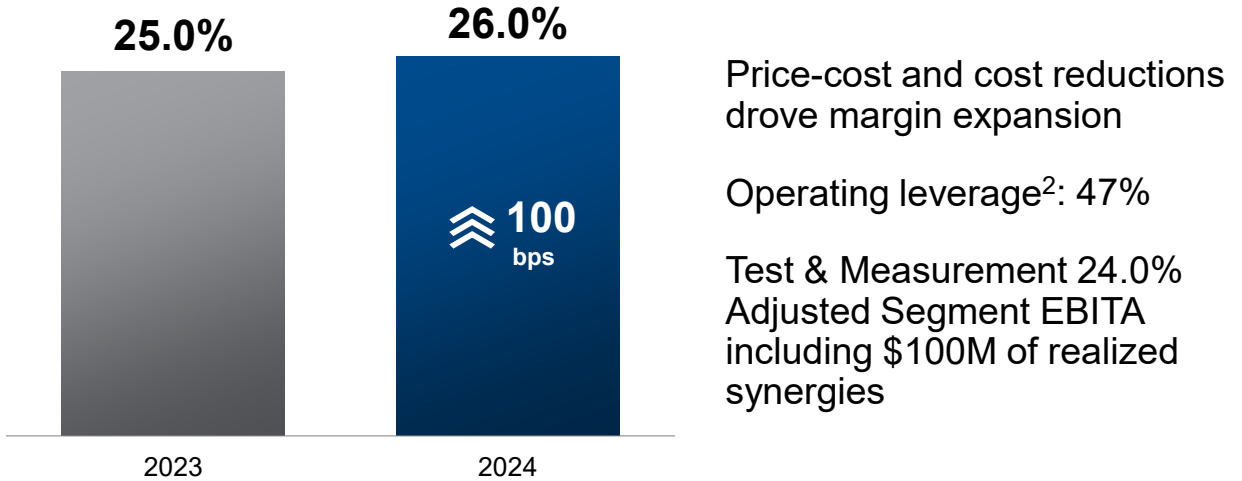
² Excludes Test & Measurement

2024 Full Year Performance Summary

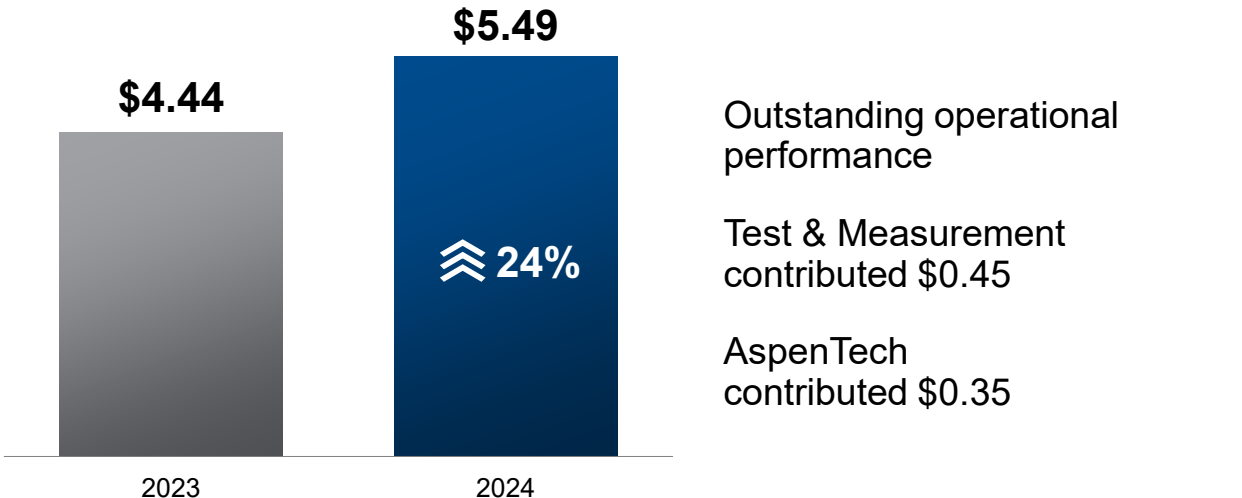
Sales



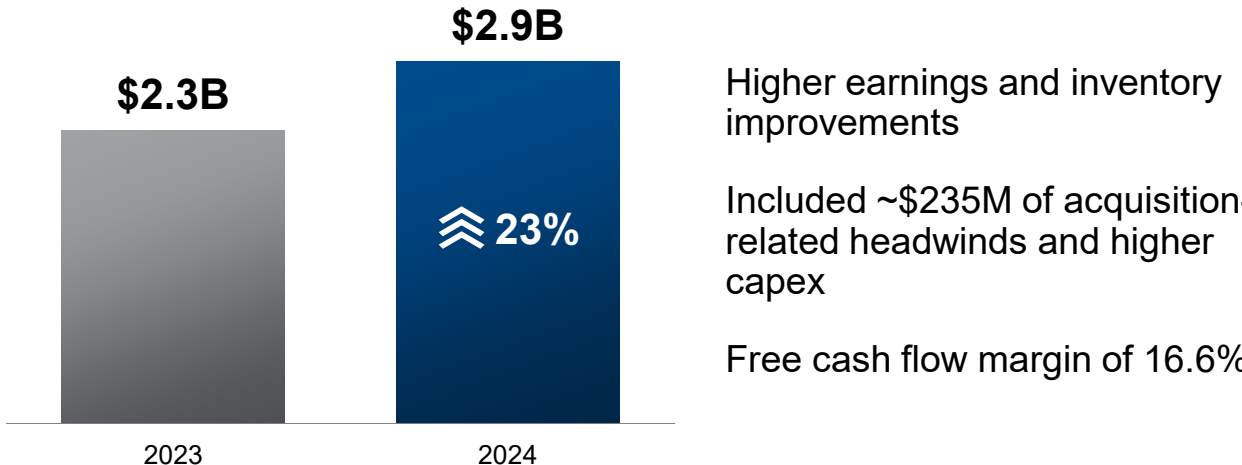
Adjusted Segment EBITA



Adjusted EPS



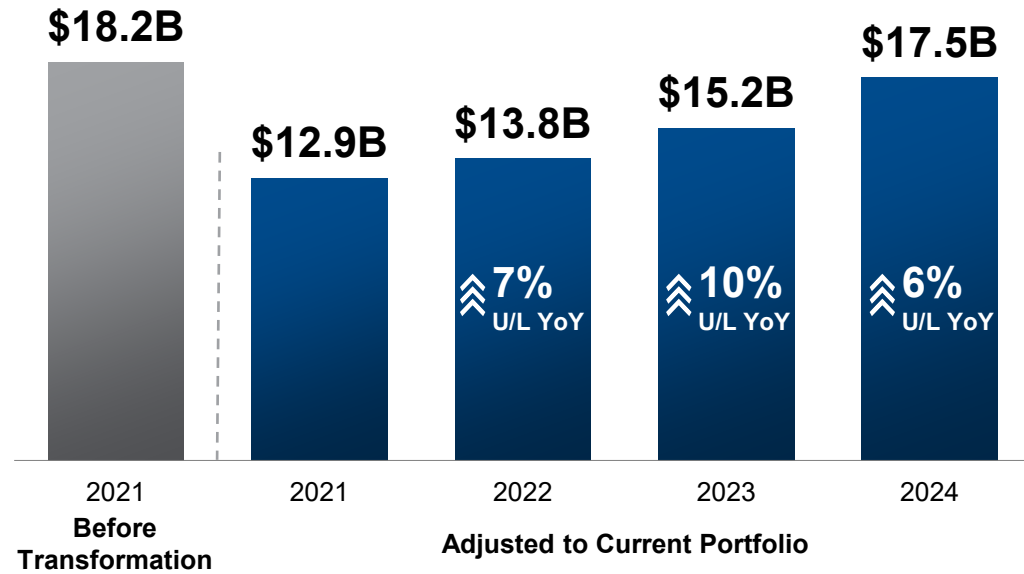
Free Cash Flow



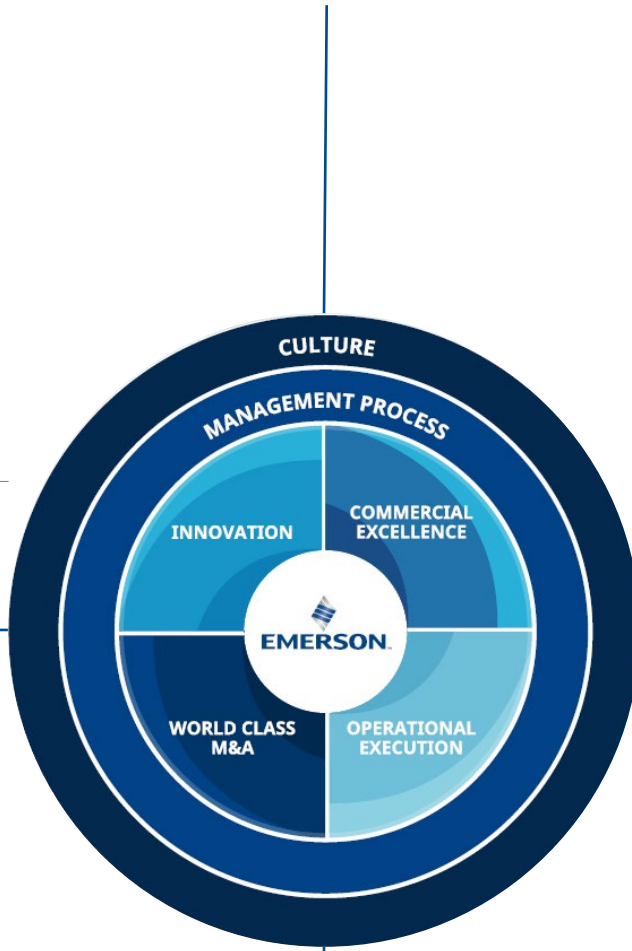
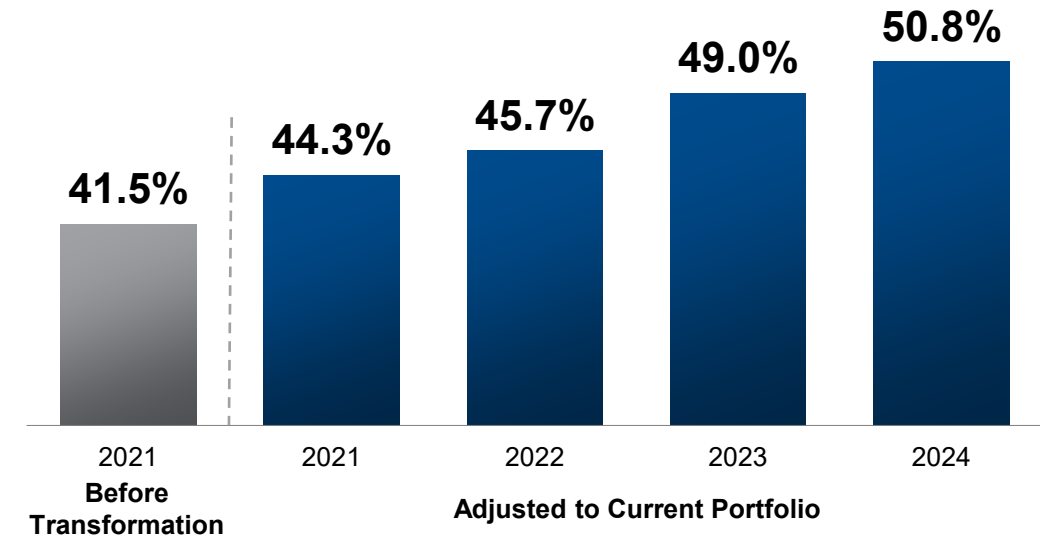
¹ Excludes AspenTech
² Excludes Test & Measurement

Updated Emerson Management System Has Driven Exceptional Operating Performance Since 2021

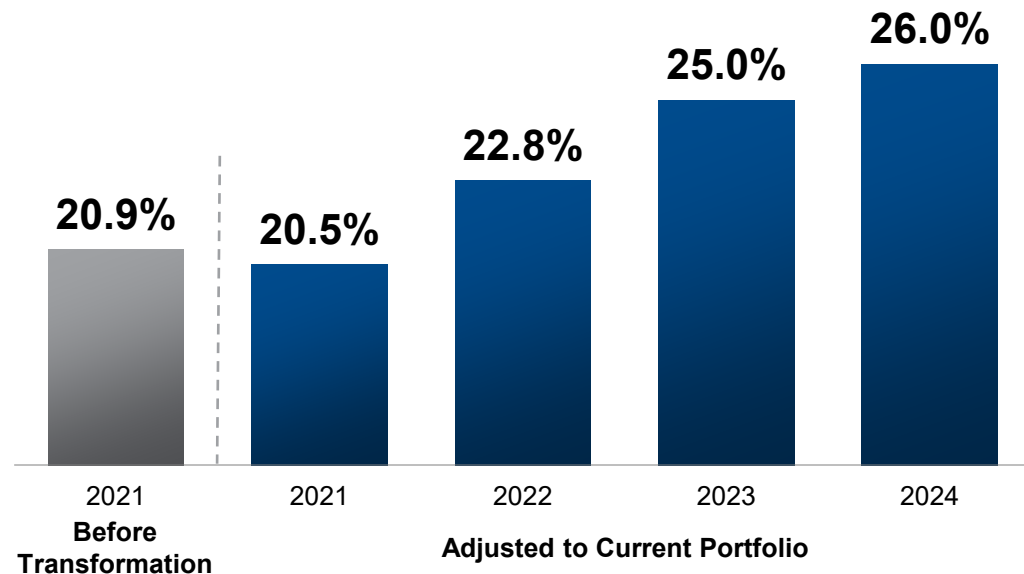
Sales



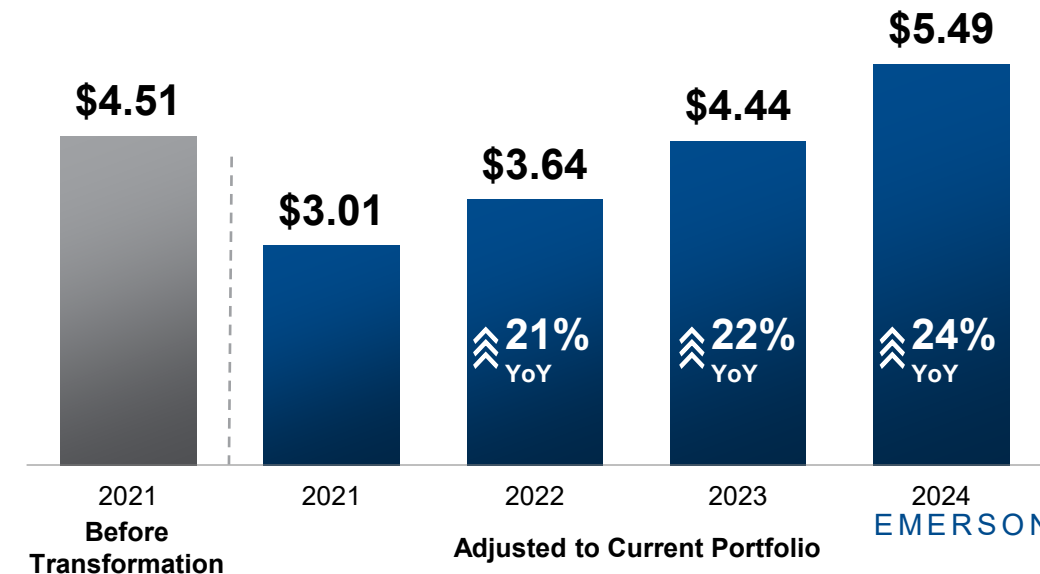
Gross Profit Margins



Adjusted Segment EBITA



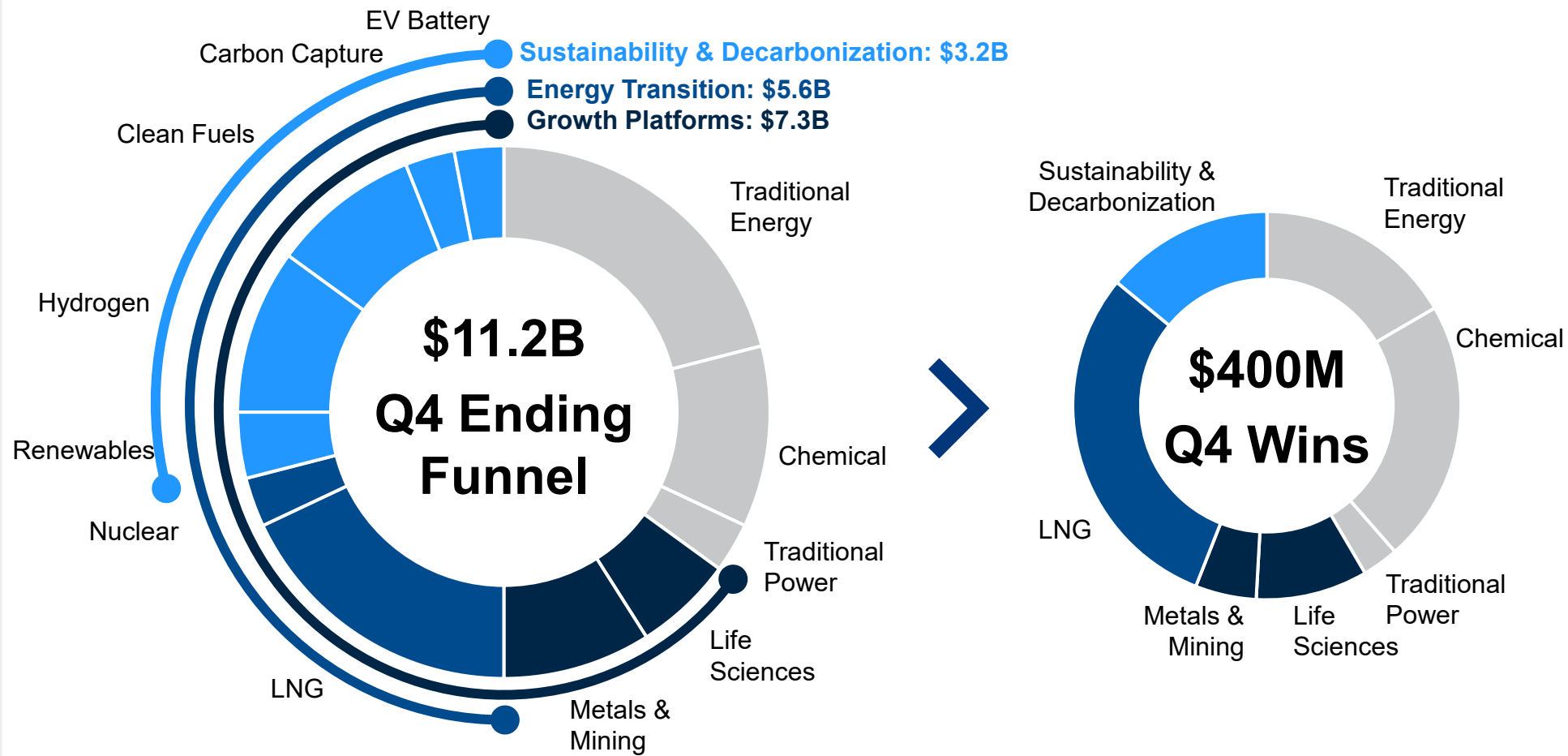
Adjusted EPS



2025 Outlook and Guidance

Emerson Serves Expansive and Diverse Customer Base Across Large Projects and MRO

LARGE PROJECT FUNNEL



2024 CUSTOMER DETAILS

MRO represents
64% of sales

Top 20 customers comprise
~9% of sales

Largest customer is
~\$180M

2025 End Market Outlook

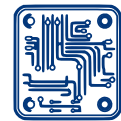


Stable Process and Hybrid Demand

Resilient demand driven by need for automation and investments in capacity expansions and facility modernizations

Customers continue to invest in capital projects tied to secular trends

Strong activity in Energy Transition, Power, Life Sciences and Metals & Mining



Recovering Discrete Demand

Discrete markets appear to have bottomed

Positive momentum in semiconductor, industrial and factory automation partially offset by prolonged softness in Automotive / EV markets, pointing to second half sales recovery

Raising Test & Measurement synergies to \$200M from \$185M by year 3



Sales Growth Expected in All World Areas

Growth led by strong capital investments in Middle East & Africa, India, southeast Asia and Mexico

Expect China to return to growth after being down LSD in 2024

Stable North America with LSD growth and strong outlook for Power

MSD growth in Europe driven by energy transition investments

2025 Guidance

	2025 Q1	2025 Full Year
Underlying Sales Growth <i>Safety & Productivity Growth</i>	2% – 3%	3% – 5% <i>flat</i>
Operating Leverage	Mid 50s	Mid 40s
Adjusted EPS <i>AspenTech¹ ~57% Ownership Contribution</i> <i>Safety & Productivity Contribution</i>	\$1.25 – \$1.30 <i>\$0.10 – \$0.11</i>	\$5.85 – \$6.05 <i>\$0.44 – \$0.46</i> <i>~\$0.48</i>
Free Cash Flow <i>Safety & Productivity Contribution</i>		\$3.2B – \$3.3B <i>~\$0.2B</i>
Share Repurchase	~\$1.0B	~\$2.0B

GUIDANCE ASSUMPTIONS

Dividend payments: ~\$1.2B

Tax rate: ~22%

Please note: 2025 Guidance is based on current company without impact of the announced portfolio actions. Guidance includes Safety & Productivity and our ~57% ownership of AspenTech¹ as noted in italics

¹ ~57% of AspenTech's outstanding shares of common stock

Emerson Is Committed to Disciplined Capital Allocation and Plans to Increase Return of Capital to Shareholders in 2025



Organic Growth

Drive innovation and growth with ~8% of sales on RD&E
Both Test & Measurement and AspenTech RD&E ~20% of sales



Dividend

Entering 69th year of increased dividend per share
 ~\$1.2B in 2025



Share Repurchase

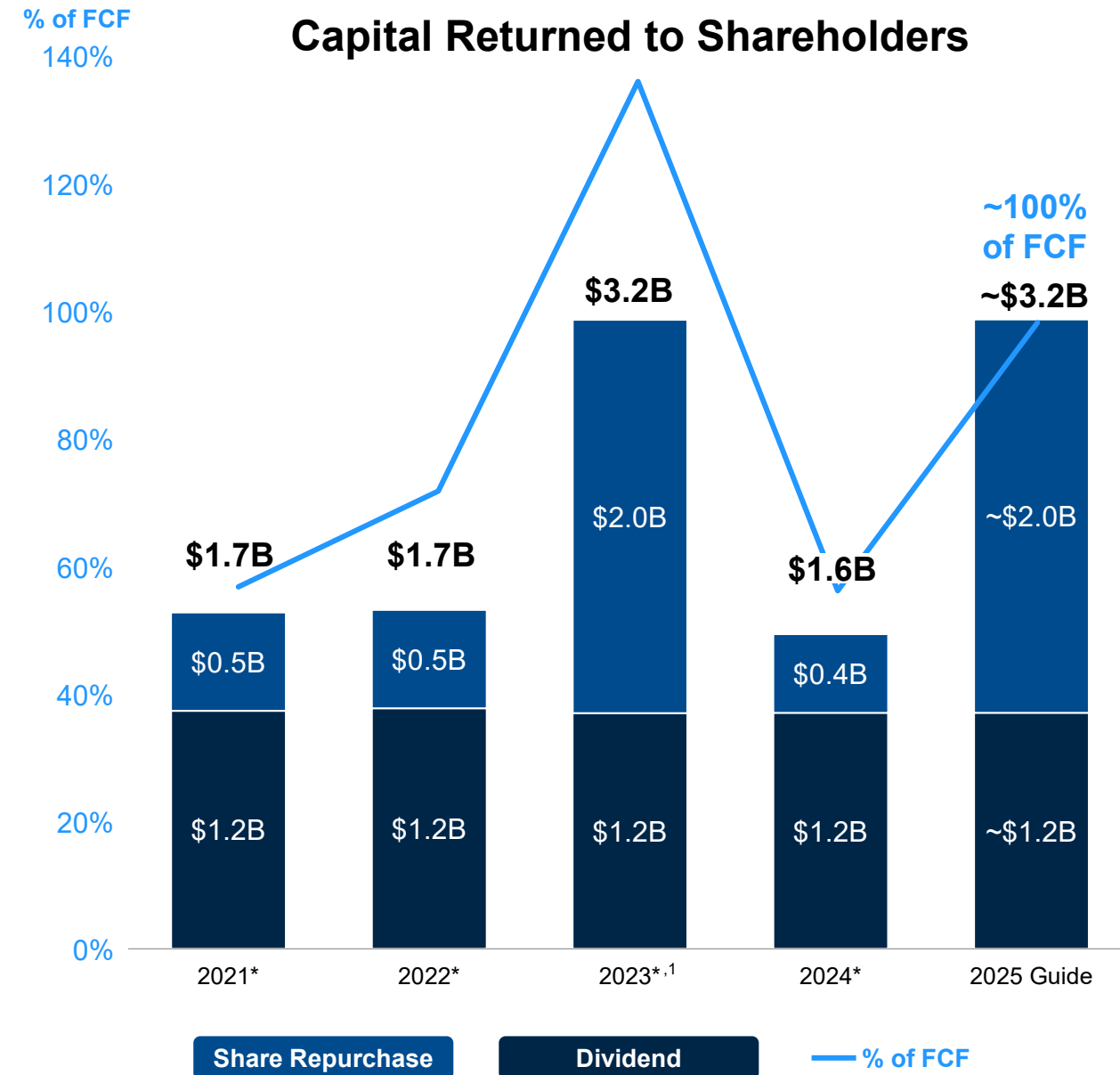
Expecting ~\$2.0B in 2025 with ~\$1.0B in Q1



Strategic Bolt-On Acquisitions

Opportunistic bolt-on acquisitions to strengthen automation portfolio

Expected post-transactions:
 Net Debt / Adjusted EBITDA <2x by fiscal 2025 year-end



* As reported, continuing operations, in the fiscal year shown
 1 Share repurchase partially funded by InSinkErator proceeds

Appendix

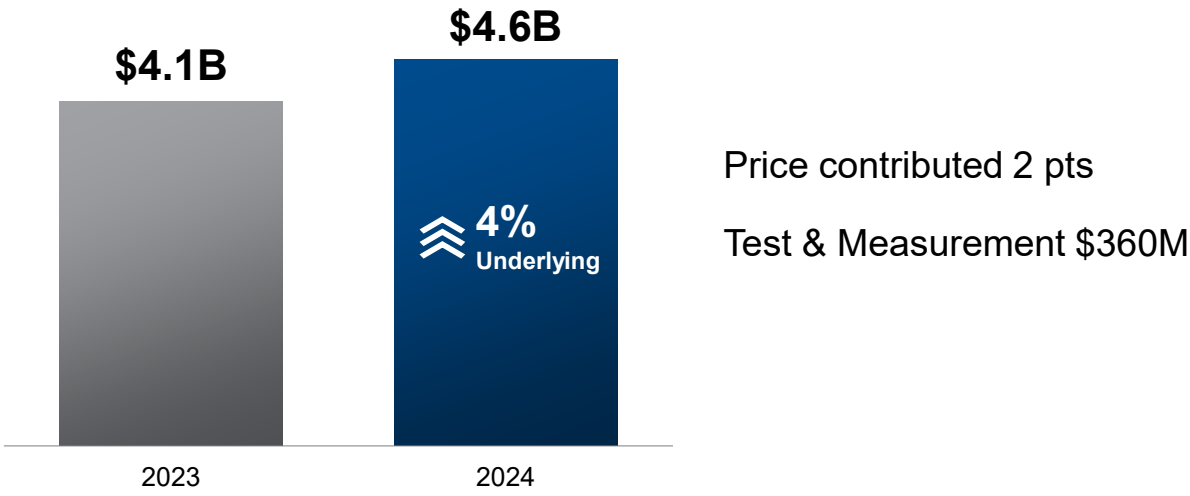
Corporate and Other Items

<i>(in millions)</i>	2025 Q1 Expectations	2025 Expectations
Stock Compensation – GAAP	~(\$57)	~(\$225)
Integration-Related Stock Compensation Expense	~\$2	~\$10
Adjusted Stock Compensation – Non-GAAP	~(\$55)	~(\$215)
Pension	~\$30	~\$110
Corporate & Other – GAAP	~(\$57)	~(\$220)
Restructuring and Related Costs	~\$2	~\$15
Acquisition / Divestiture Fees and Related Costs	~\$5	~\$20
Adjusted Corporate & Other – Non-GAAP	~(\$50)	~(\$185)
Interest Income / (Expense)	~(\$15)	~(\$90)
Non-Controlling Interest – GAAP	~(\$5)	~(\$40)
Amortization of Intangibles (AspenTech)	~(\$40)	~(\$150)
Adjusted Non-Controlling Interest – Non-GAAP	~(\$45)	~(\$190)
Average Diluted Share Count	~570	~562

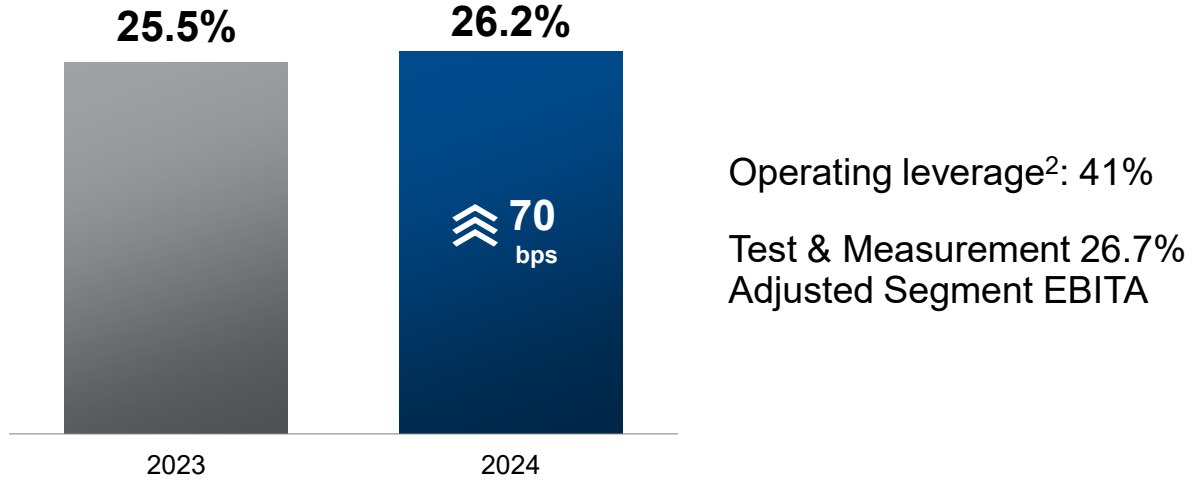
Note: Figures above do not include any impact of proposed portfolio actions announced today.

2024 Q4 Performance Summary

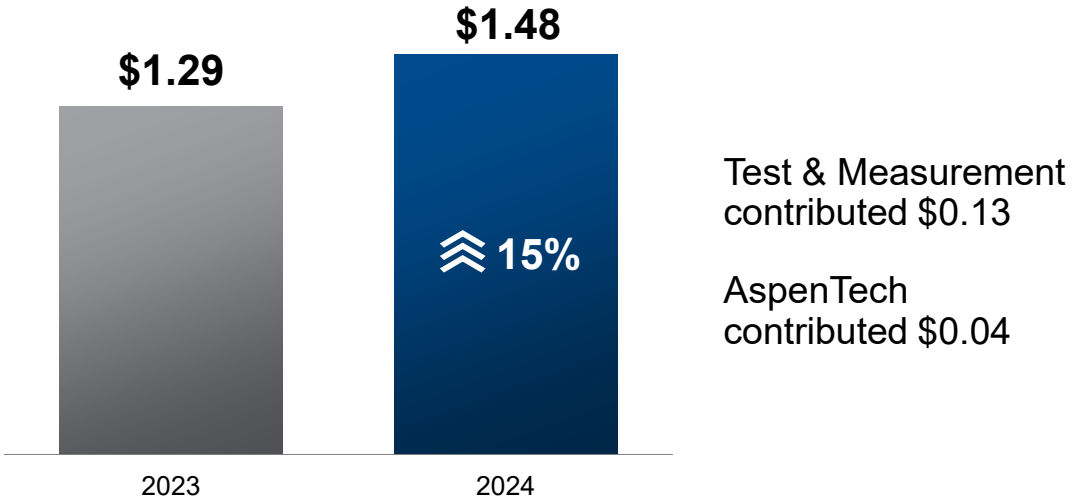
Sales



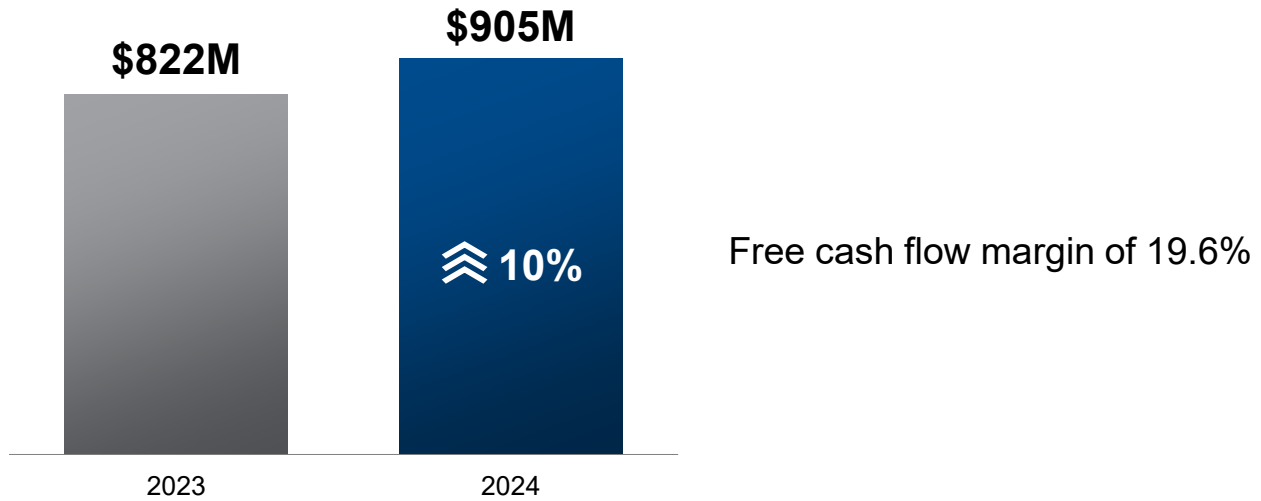
Adjusted Segment EBITA



Adjusted EPS



Free Cash Flow



1 Excludes AspenTech
2 Excludes Test & Measurement

Reconciliation of Non-GAAP Measures

Underlying Sales Growth

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

Underlying Sales Growth	2022	2023	2024 Q4	2024	2025 Q1 Guidance	2025 Guidance
Reported (GAAP)	7%	10%	13%	15%	2.5% - 3.5%	3.5% - 5.5%
(Favorable) / Unfavorable FX	3%	2%	-%	-%	(~0.5%)	(~0.5%)
(Acquisitions) / Divestitures	(3%)	(2%)	(9%)	(9%)	-	-
Underlying (non-GAAP)	7%	10%	4%	6%	2% - 3%	3% - 5%

2024 Underlying Sales Change	Reported (GAAP)	(Favorable) / Unfavorable FX	(Acquisitions) / Divestitures	Underlying (Non-GAAP)
Intelligent Devices	5%	-%	-%	5%
Software and Control	48%	-%	(40%)	8%
Emerson	15%	-%	(9%)	6%

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 Q4	2023	2024 Q4	2024
Net sales	\$4,090	\$15,165	\$4,619	\$17,492
Pretax earnings (GAAP)	1,020	2,903	679	2,020
<i>Pretax earnings margin (GAAP)</i>	24.9%	19.1%	14.7%	11.5%
Corporate items and interest expense, net	(185)	135	162	1,069
Amortization of intangibles	174	678	316	1,274
Restructuring and related costs	36	78	53	189
Adjusted segment EBITA (non-GAAP)	\$1,045	\$3,794	\$1,210	\$4,552
<i>Adjusted segment EBITA margin (non-GAAP)</i>	25.5%	25.0%	26.2%	26.0%

Adjusted Segment EBITA	2021 Before Transformation	2021 Continuing Operations	2022 Continuing Operations
Net sales	\$18,236	\$12,932	\$13,804
Pretax earnings (GAAP)	\$2,912	\$1,762	\$2,432
<i>Pretax earnings margin (GAAP)</i>	16.0%	13.6%	17.6%
Corporate items and interest expense, net	369	442	186
Amortization of intangibles	357	304	430
Restructuring and related costs	173	151	99
Adjusted segment EBITA (non-GAAP)	\$3,811	\$2,659	\$3,147
<i>Adjusted segment EBITA margin (non-GAAP)</i>	20.9%	20.5%	22.8%

Operating Leverage	2024 Q4	2024	2025 Q1 Guidance	2025 Guidance
Pretax margin leverage (GAAP)	(64%)	(38%)	~400%	~165%
Corporate items and interest expense, net / amortization of intangibles / restructuring and related costs	105%	85%	(~345%)	(~120%)
Adjusted segment EBITA leverage (non-GAAP)	41%	47%	Mid 50s	Mid 40s

Operating Leverage for 2024 excludes Test & Measurement. Operating Leverage for 2025 includes Test & Measurement. 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 Q4	2023	2024 Q4	2024	2025 Q1 Guidance	2025 Guidance
Earnings per share (GAAP)	\$1.36	\$3.96	\$0.97	\$2.82	\$0.89 - \$0.94	\$4.42 - \$4.62
Amortization of intangibles	0.16	0.62	0.35	1.43	~0.31	~1.23
Restructuring and related costs	0.07	0.14	0.08	0.33	~0.04	~0.16
Amortization of acquisition-related inventory step-up	-	-	-	0.38	-	-
Acquisition/divestitures fees and related costs	0.06	0.13	0.06	0.26	~0.01	~0.04
Loss on divestiture of businesses	-	-	0.02	0.09	-	-
Loss on Copeland note receivable	-	-	-	0.38	-	-
Discrete taxes	-	-	-	(0.10)	-	-
Gain on subordinated interest	(0.21)	(0.21)	-	(0.10)	-	-
National Instruments investment gain	(0.01)	(0.07)	-	-	-	-
AspenTech Micromine purchase price hedge	-	(0.02)	-	-	-	-
Interest income on undeployed proceeds from Copeland transaction	(0.14)	(0.19)	-	-	-	-
Russia business exit charge	-	0.08	-	-	-	-
Adjusted earnings per share (non-GAAP)	\$1.29	\$4.44	\$1.48	\$5.49	\$1.25 - \$1.30	\$5.85 - \$6.05

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)

	2021 Before Transformation	2021 Continuing Operations	2022 Continuing Operations
Earnings per share (GAAP)	\$3.82	\$2.35	\$3.16
Amortization of intangibles	0.41	0.38	0.45
Restructuring and related costs	0.24	0.21	0.14
Acquisition/divestiture fees and pre-acquisition interest on AspenTech debt (in 2022)	-	-	0.15
Gain on subordinated interest	-	-	(0.60)
Other investment-related gains	(0.03)	-	(0.02)
AspenTech Micromine purchase price hedge	-	-	0.04
Russia business exit charge	-	-	0.32
OSI first year acquisition accounting charges and fees	0.07	0.07	-
Adjusted earnings per share (non-GAAP)	\$4.51	\$3.01	\$3.64

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)

	<u>\$ in billions</u>				
	2023 Q4	2024 Q4	2023	2024	2025 Guidance
Net Sales	\$4,090	\$4,619	\$15,165	\$17,492	
Operating cash flow (GAAP)	\$991	\$1,073	\$2,710	\$3,317	\$3.6 - \$3.7
<i>Operating cash flow margin (GAAP)</i>	24.2%	23.2%	17.9%	19.0%	
Capital expenditures	(169)	(168)	(363)	(419)	~(0.4)
Free cash flow (non-GAAP)	\$822	\$905	\$2,347	\$2,898	\$3.2 - \$3.3
<i>Free cash flow margin (non-GAAP)</i>	20.1%	19.6%	15.5%	16.6%	

	<u>\$ in billions</u>		
As reported in the fiscal year¹	2021	2022	2023
Operating cash flow (GAAP)	\$3.6	\$2.9	\$2.7
Capital expenditures	(0.6)	(0.5)	(0.4)
Free cash flow (non-GAAP)	\$3.0	\$2.4	\$2.4

¹ Reconciliation for slide 10. Numbers may not foot due to rounding.

Reconciliation of Non-GAAP Measures

Test & Measurement (T&M)

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

Earnings Per Share	2024 Q4	2024
Earnings per share (GAAP) - T&M contribution	(\$0.08)	(\$0.94)
Amortization of intangibles	0.20	0.76
Restructuring and related costs	-	0.12
Amortization of acquisition-related inventory step-up	-	0.35
Acquisition related costs	0.01	0.16
Adjusted earnings per share - T&M contribution (non-GAAP)	\$0.13	\$0.45

Test & Measurement Adjusted Segment EBITA Margin	2024 Q4	2024
T&M segment margin (GAAP)	(12.4%)	(19.8%)
Amortization of intangibles & restructuring and related costs	39.1%	43.8%
T&M adjusted segment EBITA margin (non-GAAP)	26.7%	24.0% ¹

¹ Includes a 130 basis point favorable impact due to the timing of Test & Measurement's close in Q1

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 Q4	2024	2025 Q1 Guidance	2025 Guidance
Earnings per share (GAAP) - AspenTech contribution	(\$0.07)	(\$0.04)	\$0.00 - \$0.01	\$0.07 - \$0.09
Amortization of intangibles	0.10	0.38	~0.10	~0.37
Restructuring and related costs	0.01	0.01	-	-
Adjusted earnings per share - AspenTech contribution (non-GAAP)	\$0.04	\$0.35	\$0.10 - \$0.11	\$0.44 - \$0.46

Reconciliation of Non-GAAP Measures

Safety & Productivity

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

Underlying Sales Growth	2025 Guidance
Reported (GAAP) – Safety & Productivity	0.5%
(Favorable) / Unfavorable FX	(~0.5%)
Underlying (non-GAAP)	flat

Earnings Per Share	2025 Guidance
Earnings per share (GAAP) – Safety & Productivity contribution	~\$0.44
Amortization of intangibles	~0.03
Restructuring and related costs	~0.01
Adjusted earnings per share – Safety & Productivity contribution (non-GAAP)	~\$0.48

Free Cash Flow	2025 Guidance
Operating cash flow (GAAP)	~\$0.3
Capital expenditures	~(0.1)
Free cash flow (non-GAAP)	~\$0.2

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)

	September 30, 2024
Backlog (GAAP)	\$8.45
AspenTech	1.29
Backlog excluding AspenTech (non-GAAP)	\$7.16 ¹

1 Rounded in slides to \$7.2B

Endnotes

Continuing Operations:

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