

2025 Q1 Earnings

February 5, 2025



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.

Key Messages



End-Market Demand

Process and hybrid markets remain resilient. Discrete orders up sequentially, though softer than expected; looking to the second half for meaningful growth.

Strength in customer adoption for our subscription software with ACV ¹ up 10%.



Updating Full Year Guidance

Reiterating guidance for underlying sales, adjusted EPS and free cash flow. Increasing guidance for operating leverage.

Considers outstanding Q1 operational performance, impact of foreign exchange and outlook on discrete end markets.



Strong Q1 Operational Execution

Operating leverage, adjusted EPS and cash flow all exceeded our expectations with underlying sales in line.



Portfolio Transformation

Agreement reached with AspenTech under which Emerson would acquire all outstanding shares of common stock for \$265 per share pursuant to an all-cash tender offer.

Strategic alternatives evaluation still underway for Safety & Productivity.

¹ Annual contract value (ACV) includes all applicable Emerson software businesses. See the end notes for definition.

2025 Q1 Key Metrics

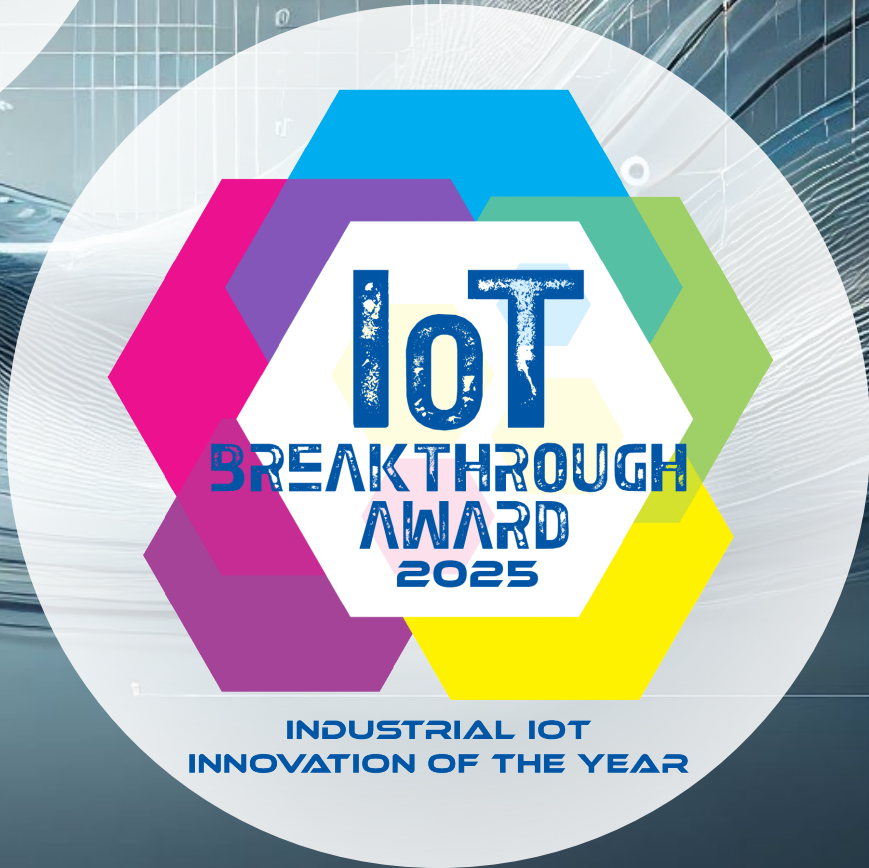
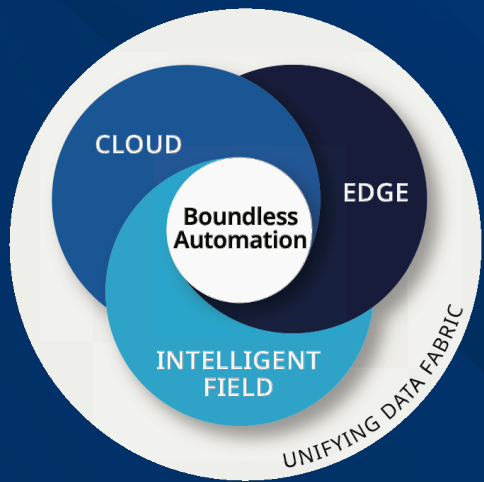
	Results	November Guidance
Underlying Orders Growth ¹	1%	
Underlying Sales Growth	2%	2% – 3%
Gross Profit Margin	53.5%	
Adjusted Segment EBITA Margin	28.0%	
<i>Operating Leverage</i>	<i>265%</i>	<i>Mid 50s</i>
Adjusted EPS	\$1.38	\$1.25 – \$1.30
Free Cash Flow	\$694M	
Share Repurchase	~\$1B	~\$1B

¹ Excludes AspenTech

Breakthrough Innovation

Software-Defined Automation

DeltaV™ Edge Environment named “Breakthrough Product” and in January, Emerson introduced DeltaV™ Edge Environment 2.0



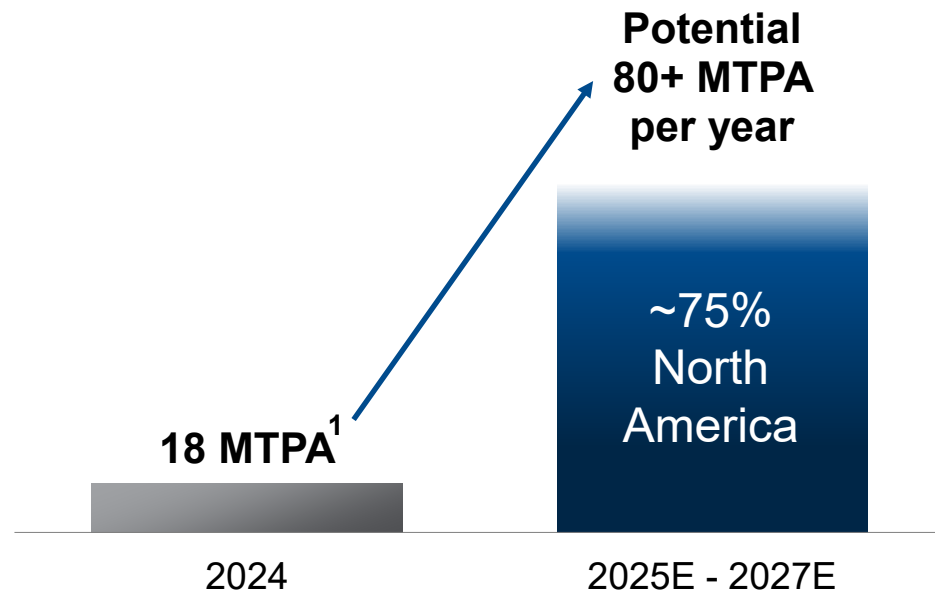
Innovation Award

Innovation of the Year

Emerson won IoT Breakthrough “Industrial Innovation of the Year”

Significant Opportunity Ahead for LNG

EPC Awards



Drivers

- Expectation for uptick in NA FIDs post-moratorium
- Increased demand from Asia and Europe
- Energy transition fuel
- Increased demand in power

>\$1B Potential Emerson orders over next few years

~\$10M

Automation Project Scope per 1 MTPA of liquefaction

>50%

Win rate of control systems in current wave

Key Emerson Win



3.3 MTPA floating LNG facility



~70%

World's LNG flows through Emerson valves

¹ 1 Million tonnes per annum.

Strong Macro Trends Support Growth in Power

~50%

N.A. power generation automated by Ovation (20% global)

18 / 20

Largest U.S. combined cycle plants use Ovation

~40%

N.A. market share in real-time grid management software¹ (20% global)

10 / 20

Largest U.S. utilities use DGM

~100

Nuclear reactors use Ovation technology

~90%

World's nuclear plants have Emerson valves

65,000

Wind turbines installed around the world

~40%

U.S. Hydro automated by Emerson



Key Win
(Nuclear)



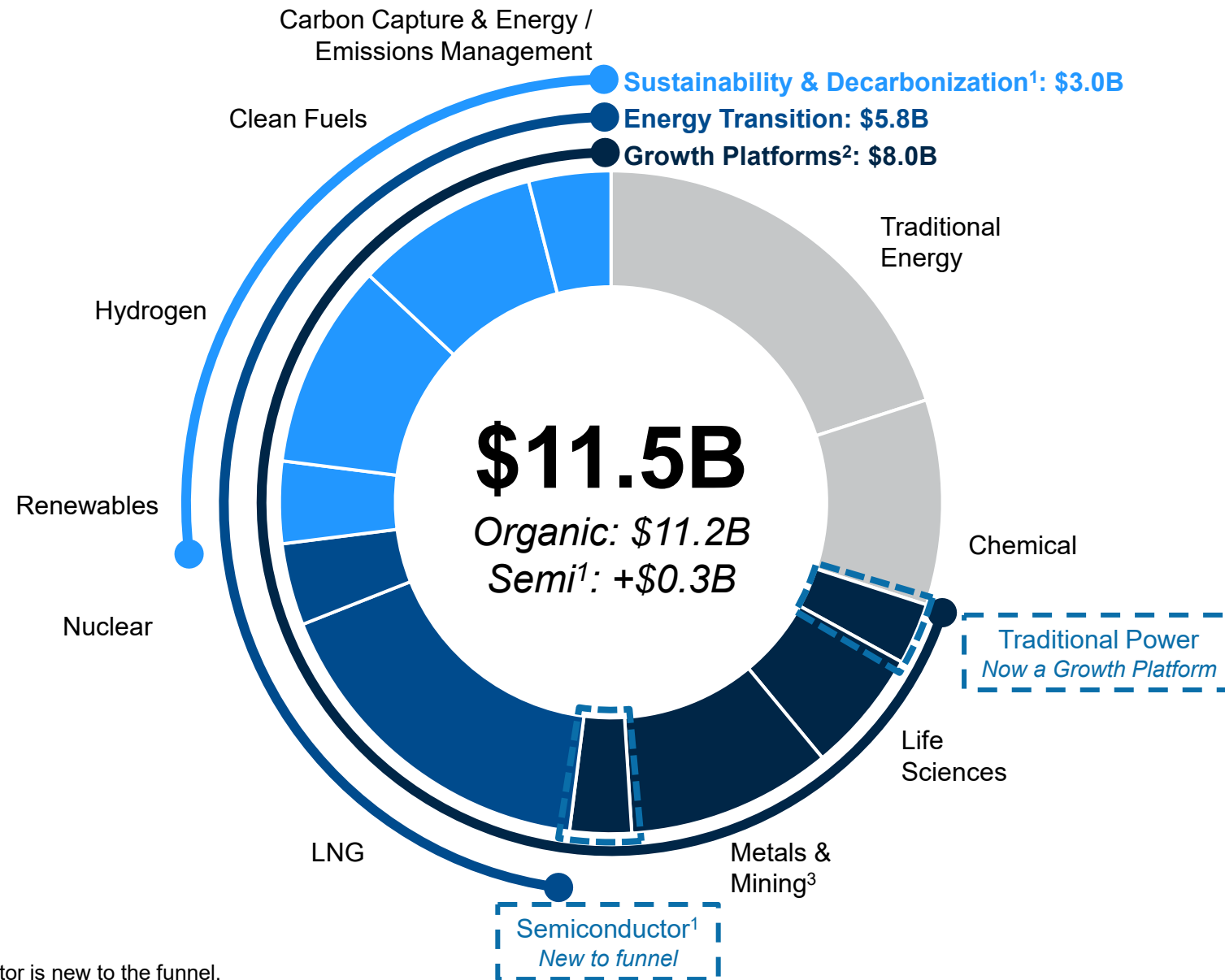
Sizewell C
The power of good for Britain

¹ Market size for software on ACV basis

Sources: IEA, L.E.K. Consulting, COP28 Global Renewables & Energy Efficiency Pledge, Rystad Energy, public company reports and presentations, internal estimates

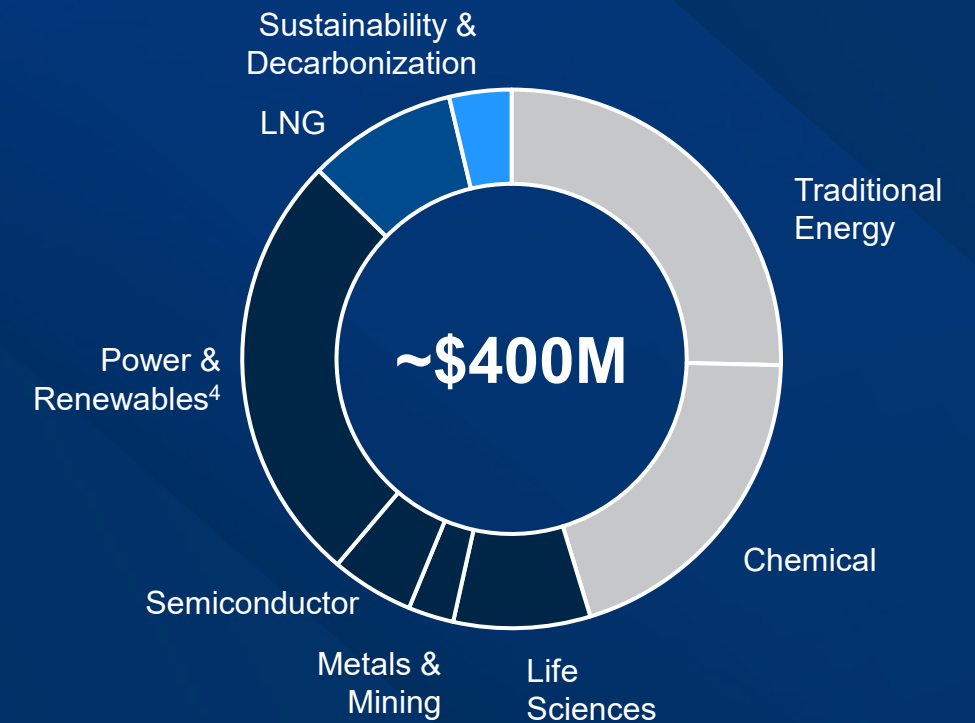
Resilient Capital Cycle

Q1 ENDING PROJECT FUNNEL



1 Semiconductor is new to the funnel.
2 Semiconductor and Traditional Power are now classified as Growth Platforms.
3 EV Battery is now included with Metals & Mining. Previously classified in Sustainability & Decarbonization.

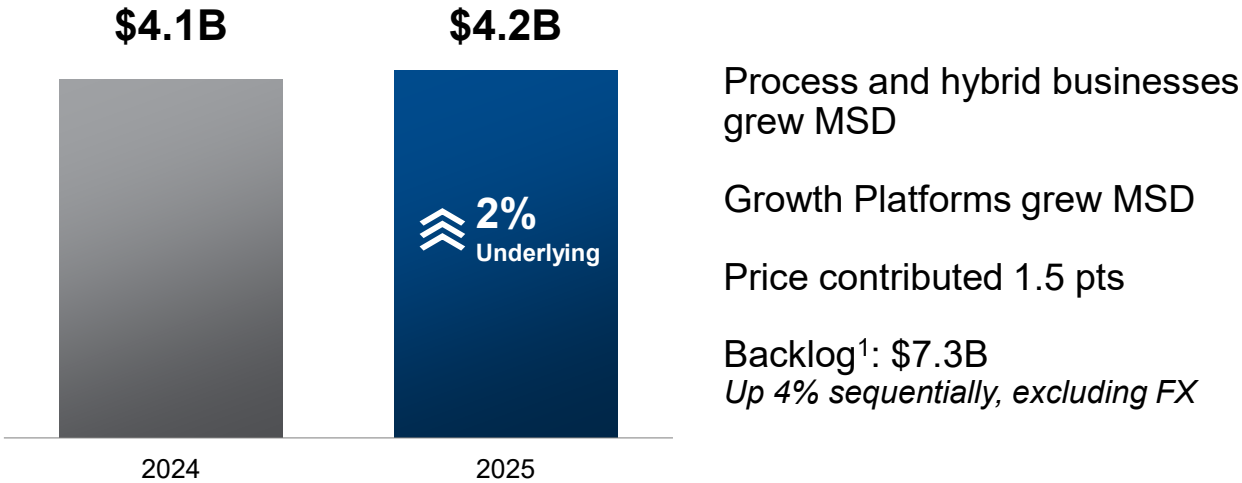
Q1 PROJECT WINS



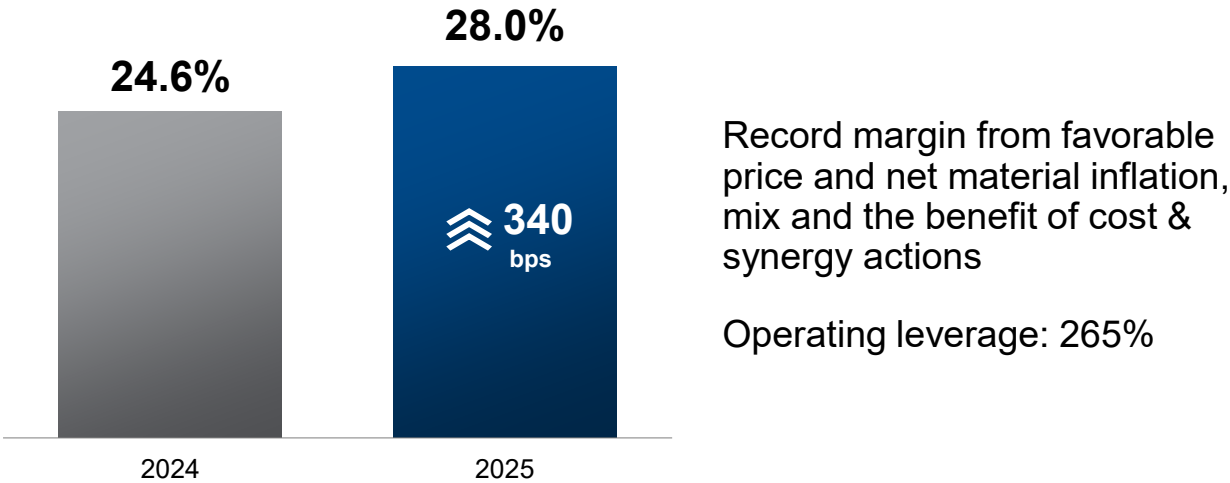
⁴ Includes wins in Traditional Power, Renewables and Nuclear

2025 Q1 Performance Summary

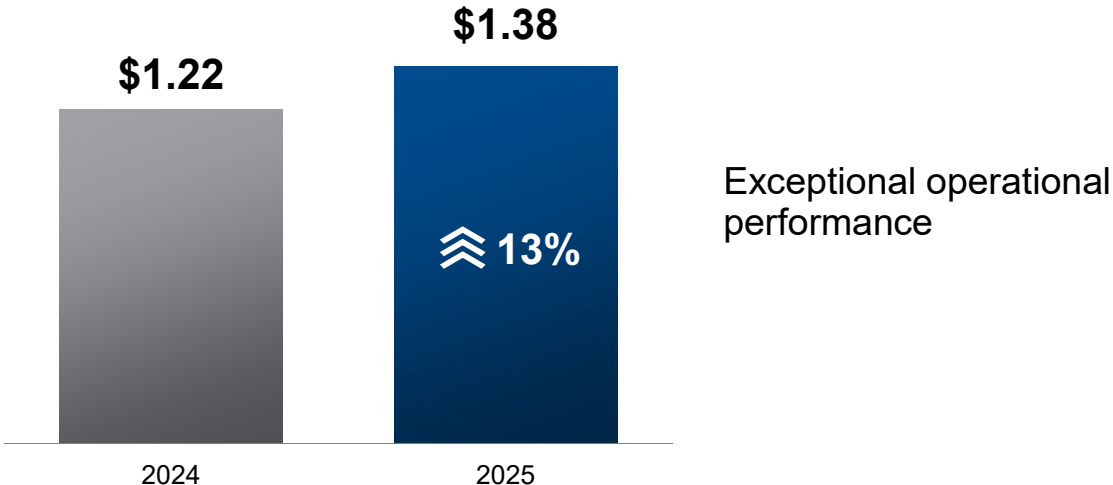
Sales



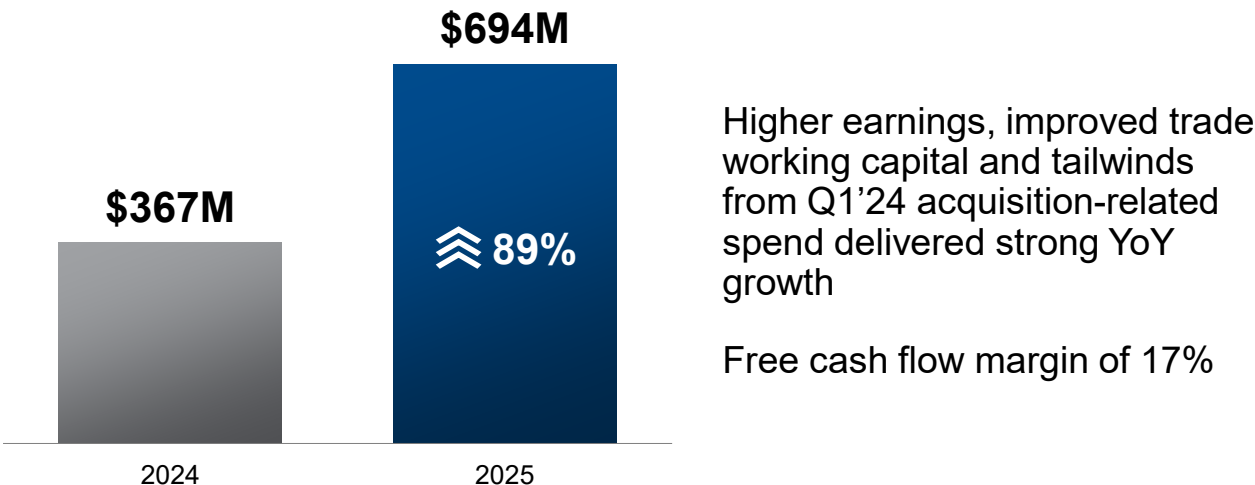
Adjusted Segment EBITA



Adjusted EPS

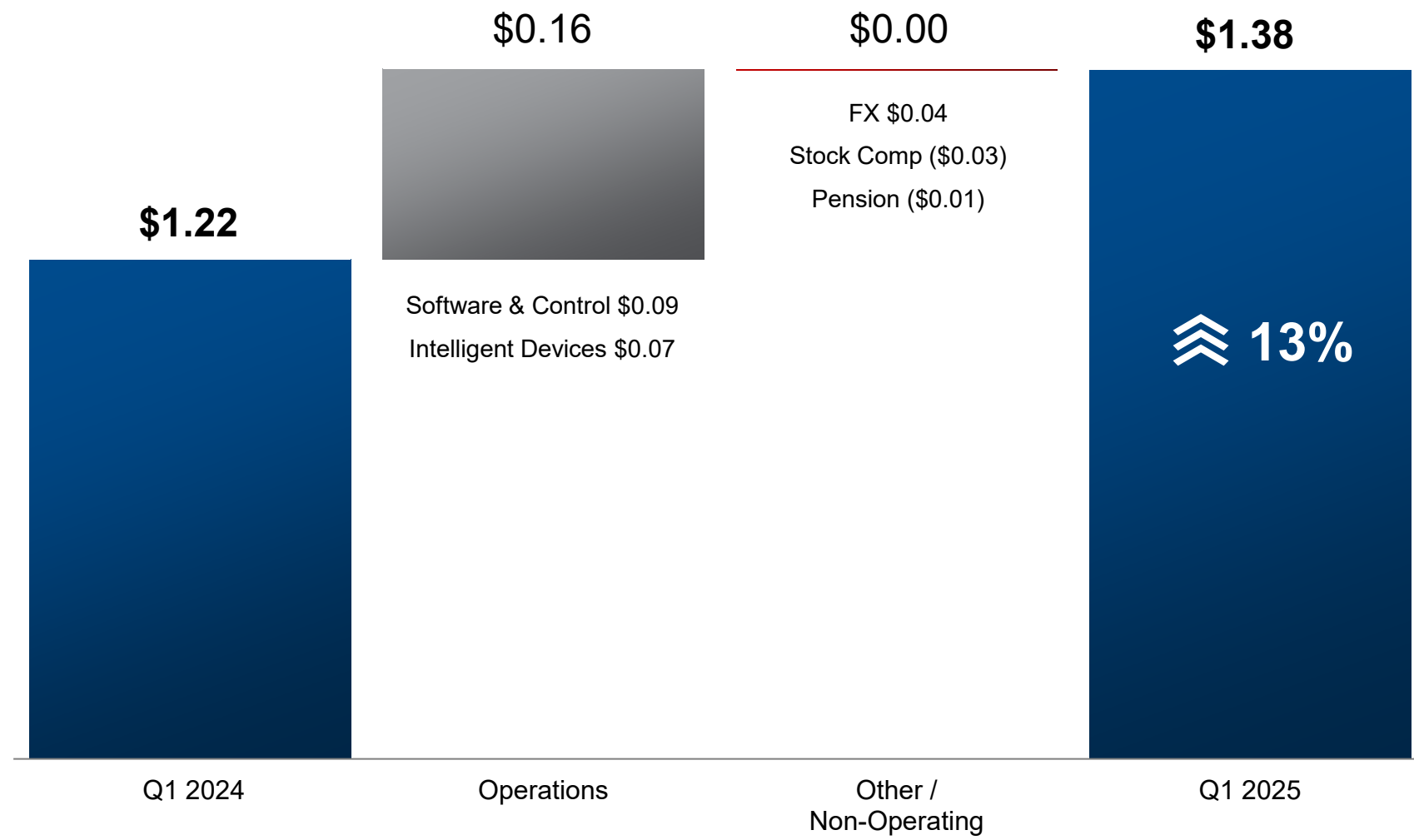


Free Cash Flow



¹ Excludes AspenTech

Q1 Adjusted EPS Bridge



2025 Guidance

	2025 Q2	2025 Full Year
Net Sales Growth	(0.5%) – 0.5%	1.5% – 3.5%
FX	~(1.5 pts)	~(1.5 pts)
Underlying Sales Growth	1% – 2%	3% – 5%
<i>Safety & Productivity Growth</i>		<i>flat</i>
Profitability	~26.5%	70s
<i>Metric</i>	<i>Adjusted Segment EBITA</i>	<i>Operating Leverage</i>
Adjusted EPS	\$1.38 – \$1.42	\$5.85 – \$6.05
<i>AspenTech¹ ~57% Ownership Contribution</i>	~\$0.11	\$0.44 – \$0.46
<i>Safety & Productivity Contribution</i>		~\$0.48
Free Cash Flow		\$3.2B – \$3.3B
<i>Safety & Productivity Contribution</i>		~\$0.2B

GUIDANCE ASSUMPTIONS

Share Repurchase: ~\$2.0B

Dividend payments: ~\$1.2B

Tax rate: ~22%

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

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

Appendix

Corporate and Other Items

<i>(in millions)</i>	2025 Q1 Results	2025 Q2 Expectations	2025 Expectations
Stock Compensation – GAAP	(\$68)	~(\$57)	~(\$240)
Integration-Related Stock Compensation Expense	\$2	~\$2	~\$10
Adjusted Stock Compensation – Non-GAAP	(\$66)	~(\$55)	~(\$230)
Pension	\$27	~\$25	~\$110
Corporate & Other – GAAP	(\$57)	~(\$55)	~(\$225)
Restructuring and Related Costs	\$3	~\$5	~\$15
Acquisition / Divestiture Fees and Related Costs	\$20	~\$10	~\$40
Adjusted Corporate & Other – Non-GAAP	(\$34)	~(\$40)	~(\$170)
Interest Income / (Expense)	(\$8)	~(\$20)	~(\$60)
Non-Controlling Interest – GAAP	(\$8)	~(\$10)	~(\$40)
Amortization of Intangibles (AspenTech)	(\$41)	~(\$40)	~(\$150)
Adjusted Non-Controlling Interest – Non-GAAP	(\$49)	~(\$50)	~(\$190)
Average Diluted Share Count	571.1	~565	~564

Note: Figures above do not include any impact of recent portfolio announcements.

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	2025 Q1	2025 Q2 Guidance	2025 Guidance
Reported (GAAP)	1%	(0.5%) - 0.5%	1.5% - 3.5%
(Favorable) / Unfavorable FX	1 pt	~1.5 pts	~1.5 pts
(Acquisitions) / Divestitures	-	-	-
Underlying (non-GAAP)	2%	1% - 2%	3% - 5%

2025 Q1 Underlying Sales Change	Reported (GAAP)	(Favorable) / Unfavorable FX	(Acquisitions) / Divestitures	Underlying (Non-GAAP)
Intelligent Devices	1%	1%	-	2%
Software and Control	3%	1%	-	4%

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	2024 Q1	2025 Q1
Net sales	\$4,117	\$4,175
Pretax earnings (GAAP)	175	775
<i>Pretax earnings margin (GAAP)</i>	4.2%	18.6%
Corporate items and interest expense, net	455	106
Amortization of intangibles	323	278
Restructuring and related costs	61	10
Adjusted segment EBITA (non-GAAP)	\$1,014	\$1,169
<i>Adjusted segment EBITA margin (non-GAAP)</i>	24.6%	28.0%

Adjusted Segment EBITA Margin	2025 Q2 Guidance
Pretax earnings margin (GAAP)	~17.3%
Corporate items and interest expense, net / amortization of intangibles / restructuring and related costs	~9.2 pts
Adjusted segment EBITA margin (non-GAAP)	~26.5%

Operating Leverage	2025 Q1	2025 Guidance
Pretax margin leverage (GAAP)	1,022%	~270%
Corporate items and interest expense, net / amortization of intangibles / restructuring and related costs	(757%)	(~200%)
Adjusted segment EBITA leverage (non-GAAP)	265%	~70s

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)

	2024 Q1	2025 Q1	2025 Q2 Guidance	2025 Guidance
Earnings per share (GAAP)	\$0.29	\$1.02	\$1.01 - \$1.05	\$4.42 - \$4.62
Amortization of intangibles	0.36	0.31	~0.31	~1.21
Restructuring and related costs	0.12	0.02	~0.04	~0.14
Acquisition/divestitures fees and related costs	0.17	0.03	~0.02	~0.08
Amortization of acquisition-related inventory step-up	0.38	-	-	-
Discrete taxes	(0.10)	-	-	-
Adjusted earnings per share (non-GAAP)	\$1.22	\$1.38	\$1.38 - \$1.42	\$5.85 - \$6.05

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>		
	2024 Q1	2025 Q1	2025 Guidance
Net Sales	\$4,117	\$4,175	
Operating cash flow (GAAP)	\$444	\$777	\$3.6 - \$3.7
<i>Operating cash flow margin (GAAP)</i>	<i>10.8%</i>	<i>18.6%</i>	
Capital expenditures	(77)	(83)	~(0.4)
Free cash flow (non-GAAP)	\$367	\$694	\$3.2 - \$3.3
<i>Free cash flow margin (non-GAAP)</i>	<i>8.9%</i>	<i>16.6%</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	2025 Q1	2025 Q2 Guidance	2025 Guidance
Earnings per share (GAAP) - AspenTech contribution	\$0.02	~\$0.02	\$0.08 - \$0.10
Amortization of intangibles	0.09	~0.09	~0.36
Restructuring and related costs	-	-	-
Adjusted earnings per share - AspenTech contribution (non-GAAP)	\$0.11	~\$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	~(1%)
(Favorable) / Unfavorable FX	~1 pt
Underlying (non-GAAP)	flat

Earnings Per Share	2025 Guidance
Earnings per share (GAAP) – Safety & Productivity contribution	~\$0.45
Amortization of intangibles	~0.03
Restructuring and related costs	-
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	December 31, 2024
Backlog (GAAP)	\$8.45	\$8.52
AspenTech	(1.29)	(1.25)
Backlog excluding AspenTech (non-GAAP)	\$7.16	\$7.27 ¹
FX Impact	-	0.20
Backlog excluding AspenTech and FX (non-GAAP)	\$7.16	\$7.47

1 Rounded in slides to \$7.3B

Endnotes

Annual Contract Value (ACV):

ACV is an estimate of the annual value of our portfolio of term license and software maintenance and support (SMS) contracts, the annual value of SMS agreements purchased with perpetual licenses and the annual value of standalone SMS agreements purchased with certain legacy AspenTech term license agreements. Because software revenue recognition rules require upfront recognition of a significant portion of agreements, comparisons of revenue across periods is primarily impacted by the timing of term license renewals. ACV approximates the estimated annual billings associated with our recurring term license and SMS agreements at a point in time, and management finds this business metric useful in evaluating the growth and performance of our industrial software business.

For agreements denominated in other currencies, a fixed historical rate is used to calculate ACV in U.S. dollars in order to eliminate the impact of currency fluctuations.