

Emerson Electric Co

1QF24: clean beat-and-raise results

Reiterate Rating: BUY | PO: 120.00 USD | Price: 104.09 USD

1QF24: clean beat-and-raise results

Adj. EPS came in \$0.19 above consensus, with both revenue and margin upside. Core sales growth of +10% y/y was above our +7.5% estimate and accelerated from +5% last quarter. Adj. segment EBITA margins rose 370bp y/y to 23.4%. Management raised FY24 adj. EPS guidance to \$5.30-\$5.45 from \$5.15-\$5.35 prior, below the beat versus 1Q guidance (~\$0.195 beat, ~\$0.125 raise). Core orders grew +4% y/y (versus +5% last quarter), with some tailwinds from orders pulled forward from 2Q. Organic backlog was up 8% y/y to \$7.1bn and \$500mn q/q. Management continues to mid-single digit orders growth for FY24. Given the pull-forward and more difficult 2Q comps (+7% core orders in 2Q23 vs. +5% in 1Q23, we expect order deceleration in 2Q before picking up in 2H. We reiterate our Buy rating given steady demand and strong incremental margins.

Results well above forecast on process & hybrid strength

FY24 guide embeds continued growth in process and hybrid end markets. One blot on the quarter, FY24 discrete guidance was lowered to down low single digits from flat to up low single digits. Discrete revenue decline low single digit in 1Q, but management expects revenue to turn positive on a y/y basis in 4Q. Broader demand remains strong and Emerson's project funnel came rose \$0.2bn sequentially to \$10.4bn, even with \$0.4bn in project wins closing in 1QF24.

Discrete business outperforms ROK

Emerson's overall ~5.5% y/y core growth guide compares to ~1% for Rockwell (ROK; Neutral, B-2-7, \$269.02). In 1Q, Emerson's low single digit declines discrete end markets compares to ~(10)% y/y declines for Rockwell's discrete markets. We think Emerson has a higher mix of direct sales than Rockwell, suggesting fewer destocking headwinds. 20% of Rockwell's discrete business is warehouse/e-commerce, which declined mid-teens.

Raising our FY24 adj. EPS to \$5.36, +21% y/y

We raise our FY24E adj. EPS by \$0.11 to \$5.36. We forecast 6.5% y/y underlying sales growth and 41% organic operating leverage. For 2QF24, we forecast adj. EPS of \$1.24.

Estimates (Sep) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	3.65	4.44	5.36	5.73	6.28
GAAP EPS	5.42	22.78	3.11	4.28	4.94
EPS Change (YoY)	-19.1%	21.6%	20.7%	6.9%	9.6%
Consensus EPS (Bloomberg)			5.26	5.64	6.15
DPS	2.06	2.08	2.10	2.12	2.14
Valuation (Sep)					
P/E	28.5x	23.4x	19.4x	18.2x	16.6x
GAAP P/E	19.2x	4.6x	33.5x	24.3x	21.1x
Dividend Yield	2.0%	2.0%	2.0%	2.0%	2.1%
EV / EBITDA*	23.9x	20.9x	17.8x	16.7x	15.5x
Free Cash Flow Yield*	3.2%	3.6%	4.1%	4.6%	5.1%

* For full definitions of *iQmethod*SM measures, see page 8.

08 February 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	17,493.4	17,573.7
2025E Rev (m)	18,374.5	18,432.3
2026E Rev (m)	19,251.1	19,343.5
2024E EPS	5.25	5.36
2025E EPS	5.69	5.73
2026E EPS	6.24	6.28
2024E DPS	2.16	2.10

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Stock Data

Price	104.09 USD
Price Objective	120.00 USD
Date Established	12-Dec-2022
Investment Opinion	B-1-7
52-Week Range	76.94 USD - 105.71 USD
Mkt Val (mn) / Shares Out (mn)	65,348 USD / 627.8
Free Float	99.6%
Average Daily Value (mn)	245.13 USD
BofA Ticker / Exchange	EMR / NYS
Bloomberg / Reuters	EMR US / EMR.N
ROE (2024E)	14.9%
Net Dbt to Eqty (Sep-2023A)	0.4%
ESGMeter TM	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

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Timestamp: 08 February 2024 05:01AM EST

iQprofileSM Emerson Electric Co

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	8.6%	7.6%	7.8%	8.6%	9.5%
Return on Equity	21.5%	16.5%	14.9%	15.8%	17.0%
Operating Margin	19.5%	21.4%	22.0%	25.6%	26.6%
Free Cash Flow	2,073	2,363	2,678	3,028	3,319

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.1x	1.1x	1.0x	1.1x	1.1x
Asset Replacement Ratio	0.7x	1.3x	1.3x	1.3x	1.3x
Tax Rate	20.8%	20.4%	22.1%	22.5%	23.0%
Net Debt-to-Equity Ratio	52.5%	0.4%	28.2%	25.1%	21.7%
Interest Cover	13.9x	24.3x	40.4x	37.9x	46.6x

Income Statement Data (Sep)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	13,804	15,165	17,574	18,432	19,344
% Change	-24.3%	9.9%	15.9%	4.9%	4.9%
Gross Profit	6,306	7,427	9,079	9,560	10,071
% Change	-16.6%	17.8%	22.2%	5.3%	5.3%
EBITDA	3,443	3,929	4,616	4,933	5,297
% Change	-19.1%	14.1%	17.5%	6.9%	7.4%
Net Interest & Other Income	(194)	(134)	(96)	(112)	(99)
Net Income (Adjusted)	2,176	2,563	3,071	3,257	3,530
% Change	-19.8%	17.8%	19.8%	6.0%	8.4%

Free Cash Flow Data (Sep)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	1,907	2,206	2,260	2,456	2,777
Depreciation & Amortization	842	1,051	1,646	1,584	1,511
Change in Working Capital	(312)	(190)	(164)	(441)	(429)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(65)	(341)	(661)	(168)	(137)
Capital Expenditure	(299)	(363)	(402)	(403)	(403)
Free Cash Flow	2,073	2,363	2,678	3,028	3,319
% Change	-30.8%	14.0%	13.3%	13.1%	9.6%
Share / Issue Repurchase	(500)	(2,000)	(507)	(1,021)	(1,251)
Cost of Dividends Paid	(1,223)	(1,198)	(1,203)	(1,205)	(1,203)
Change in Debt	3,691	(2,324)	410	(790)	(900)

Balance Sheet Data (Sep)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	1,804	8,051	1,090	1,102	1,067
Trade Receivables	3,008	2,518	2,894	3,086	3,291
Other Current Assets	3,694	3,250	3,489	3,711	3,898
Property, Plant & Equipment	3,361	2,363	1,872	1,012	207
Other Non-Current Assets	23,805	26,564	34,150	33,829	33,526
Total Assets	35,672	42,746	43,494	42,739	41,990
Short-Term Debt	2,115	547	900	1,100	200
Other Current Liabilities	5,662	4,485	4,935	4,909	4,873
Long-Term Debt	8,259	7,610	7,667	6,677	6,677
Other Non-Current Liabilities	3,320	3,506	3,506	3,506	3,506
Total Liabilities	19,356	16,148	17,008	16,192	15,256
Total Equity	16,316	26,598	26,486	26,548	26,734
Total Equity & Liabilities	35,672	42,746	43,494	42,739	41,990

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Industrials/Multi-Industry

Company Description

Emerson is a Missouri-based, diversified global industrial technology company. Its products are offered under two platforms: Automation Solutions and Safety & Productivity Solutions.

Investment Rationale

EMR's strategy is to leverage its strength to grow market share in process & hybrid markets and expand into discrete areas (e.g., life sciences, food & beverage, electronics). We see potential upside as the company executes on National Instruments synergies (transaction closed October 12, 2023). The transition to a pure-play industrial automation firm should also lead to higher valuation multiples over time, in our view.

Stock Data

Average Daily Volume 2,354,969

Quarterly Earnings Estimates

	2023	2024
Q1	0.78A	1.22A
Q2	1.09A	1.24E
Q3	1.29A	1.41E
Q4	1.29A	1.49E

FY24E adj. EPS of \$5.36, +21% y/y

We now forecast FY24 adjusted EPS of \$5.36, or 21% y/y. This compares to raised guidance of \$5.30-\$5.45, increased from \$5.15-\$5.35 prior.

For 2QF24, we forecast +5.5% y/y organic growth and 41% operating leverage driving our EPS estimate of \$1.24 (+14% y/y).

Exhibit 1: FY24 guidance versus BofA estimates and consensus

We forecast \$5.36 adjusted EPS in FY24

	FY24 guidance		BofA FY24E estimate		Consensus
	As of 4QF23	As of 1QF24	Old	New	
Organic	3.5-5.5%	4.5-6.5%	5.5%	6.3%	4.9%
M&A	10-10.5%	10-10.5%	10.5%	9.7%	10.1%
FX	-(1)pt	-(0)pt	-0.6%	-0.1%	-0.6%
Total revenue growth	13-15.5%	14.5-17%	15.4%	15.9%	14.4%
Adjusted EPS	\$5.15-5.35	\$5.30-5.45	\$5.25	\$5.36	\$5.09

Source: BofA Global Research, company filings

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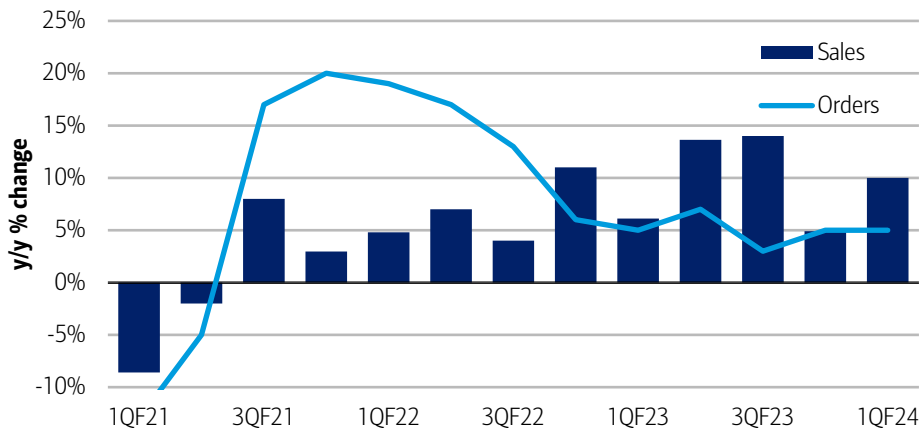
Core orders +4% y/y, core revenue +10% y/y

Core orders grew +4% y/y versus +5% last quarter. Core sales were +10% y/y versus +5% last quarter. Backlog of \$7.6bn was sequentially up from \$6.6bn last quarter.

Excluding \$500mn of backlog from the National Instruments acquisition, backlog was up \$500mn organically. We think that underlying backlog builds through the year, with a dip in 4Q as shipment volumes ramp. The company raised its FY24 organic growth expectations by 50bp to 4.5-6.5% organic growth.

Exhibit 2: Core sales and orders growth

Orders grew 4% y/y and core sales grew +10% y/y



Source: Company reports, BofA Global Research

Note: Automation Solutions segment orders for FY20-21, ongoing Emerson orders for FY22-23

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Test & Measurement: raised synergies, solid quarter

Test & Measurement came in ahead of management and our expectations. Revenue was 32% above our estimate. Segment margins of 26.4% compared to our 13% estimate. During the quarter, management aggressively addressed costs related to being a public company and corporate costs. Synergies ran ahead of schedule. Emerson raised its cost synergy target by an incremental \$20mn to \$185mn, which it now expects to achieve by YE26 (versus YE28 prior). The company expects to realize \$80mn of synergies in 2024.

Despite the incremental \$20mn of synergies, Emerson maintained its Year 5 adjusted EBITA margin target of 31%. Executive Vice President and Chief Financial Officer Mike Baughman stated on the conference call, "There isn't necessarily anything we've identified to offset the \$20 million." It seems that the offset could be reinvestment

activity. Emerson also raised its costs to achieve to \$165mn. It still expects the majority of costs to be realized in the first two years of the acquisition.

Importantly, management recommitted for 4QF24 sales for Test & Measurement to return to y/y growth.

1QF24 adj. EPS was \$0.19 above our estimate

Revenue was 5% above our estimate and EBITA margins were 240bp above. Operating profit was \$0.18 above our model. Interest expense was in line with our forecast, with a higher tax a \$(0.01) headwind. Minority interest was a \$0.02 benefit.

Exhibit 3: 1QF24 variation analysis – income statement

Adj. EPS was \$0.19 beat versus BofA estimate

	Actual			BofA Estimate		Variation vs. BofA Est.			
(in US\$ mn, except per share data)	1QF23A	1QF24A	YOY % Chg.	1QF24E	YOY % Chg.	Dollar	% / b.p.	EPS	
Revenue:	3,373	4,117	22.1%	3,923	16.3%	194	5%		
Cost of operations	1,753	1,970	12.4%	2,000	14.1%	(30)	-1%		
Gross profit	1,620	2,147	32.5%	1,923	18.7%	224	12%	\$0.30	
SG&A	1,030	1,277	24.0%	1,189	15.4%	88	7%	\$(0.12)	
Operating profit	590	870	47.5%	735	24.5%	135	18%	\$0.18	
Amortization of intangibles	167	323	93.4%	243	45.5%	80	33%	\$(0.11)	
Rationalization of operations	-	-	NM	-	NM	-	NM	\$0.00	
Gains, net	-	-	NM	-	NM	-	N/M	\$0.00	
Other	(74)	(93)	NM	(91)	NM	(2)	N/M	\$0.00	
EBIT	497	640	28.8%	582	17.2%	58	10%	\$0.08	
Interest expense / (income)	48	13	-72.9%	15	-68.8%	(2)	(0)	\$0.00	
EBT	449	627	39.6%	567	26.4%	60	11%	\$0.08	
Income tax expense	84	143	70.6%	125	48.6%	18	15%		
Tax rate	18.7%	22.8%	410 bp	22.0%	330 bp	90 bp	4%	\$(0.01)	
Minority Interest	(5)	(10)	100.0%	-	-100.0%	(10)	=	\$0.02	
Operating Net income	370	494	33.4%	443	19.6%	51	12%	\$0.09	
Amort. of intangible/sh	\$0.15	\$0.36	N/A	\$0.26	N/A	0	N/A	\$0.11	
FULLY DILUTED EPS	\$0.78	\$1.22	56.7%	\$1.03	31.5%	\$0.20	19.2%		
Diluted Shares Outstanding	587	573	-2.3%	574	-2.1%	(1)	-0.2%	\$0.00	

Source: BofA Global Research estimates, company filings

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Segment variance

Intelligent devices core revenue growth of 11% was above our 6.5% forecast and EBITA margins of 23.8% were 120bp above our forecast, driving \$0.08 EPS upside.

Control systems & software core revenue growth of 11% was above our 6.5% forecast and EBITA margins of 23.0% were 220bp above our forecast, driving \$0.02 EPS upside. **Aspen Tech** drove \$(0.02) EPS downside. **Test & Measurement** drove \$0.09 EPS upside. **Corporate & other** drove a net \$0.02 EPS upside.

Exhibit 4: 1QF24 variation analysis – segment EBITA

Segment EBITA was \$138mn/17% ahead of our estimate

	Actual	Reported		BofA Est.		Variation vs. BofA		
(in US\$ mn, except per share data)	1QF23A	1QF24A	y/y %	1QF24E	y/y %	Dollar	% / b.p.	EPS
Revenue by Segment								
Intelligent devices	2,539	2,822	11.1%	2,708	6.6%	114	4%	
Final control	862	940	9.0%	972	12.7%	(32)	-3%	
Measurement & analytical	749	947	26.4%	807	7.7%	140	17%	
Discrete automation	618	613	-0.8%	612	-1.0%	1	0%	
Safety & productivity	310	322	3.9%	318	2.5%	4	1%	
Software & control	849	1,314	54.8%	1,233	45.3%	81	7%	
Control systems & software	606	675	11.4%	669	10.4%	6	1%	
Aspen Tech	243	257	5.8%	274	12.9%	(17)	-6%	
Test and Measurement	-	382	N/A	290	N/A	92	32%	
Eliminations	(15)	(19)	26.7%	(18)	N/A	(1)	N/A	
Total Revenue	3,373	4,117	22.1%	3,923	16.3%	194	5%	
Segment EBITA								
Intelligent devices	563	671	19.2%	613	8.8%	58	10%	\$0.08
Final control	184	223	21.2%	213	15.9%	10	5%	\$0.01
Measurement & analytical	181	258	42.5%	198	9.5%	60	30%	\$0.08
Discrete automation	129	116	-10.1%	130	0.9%	(14)	-11%	\$(0.02)
Safety & productivity	69	74	7.2%	71	3.0%	3	4%	\$0.00
Software & control	202	343	69.8%	278	37.5%	65	23%	\$0.09
Control systems & software	114	155	36.0%	139	22.1%	16	11%	\$0.02
Aspen Tech	88	87	-1.1%	101	14.7%	(14)	-14%	\$(0.02)
Test and Measurement	-	101	N/A	38	N/A	63	168%	\$0.09
Segment EBITA	765	1,014	32.5%	890	16.4%	124	14%	\$0.17
Differences in accounting methods	45	31	-31.1%	30	-33.3%	1	3%	\$0.00
Corporate & Other	(146)	(82)	-43.8%	(95)	-34.9%	13	-14%	\$0.02
Total EBITA	664	963	45.0%	825	24.3%	138	17%	\$0.19
EBITA Margins								
Intelligent devices	22.2%	23.8%	160 bp	22.6%	40 bp	120 bp		
Final control	21.3%	23.7%	240 bp	21.9%	60 bp	180 bp		
Measurement & analytical	24.2%	27.2%	310 bp	24.6%	40	270		
Discrete automation	20.9%	18.9%	(200 bp)	21.3%	40 bp	(240 bp)		
Safety & productivity	22.3%	23.0%	70 bp	22.4%	10 bp	60 bp		
Software & control	23.8%	26.1%	230 bp	22.5%	(130 bp)	360 bp		
Control systems & software	18.8%	23.0%	420 bp	20.8%	200 bp	220 bp		
Aspen Tech	36.2%	33.9%	(240 bp)	36.8%	60 bp	(290 bp)		
Test and Measurement	N/A	26.4%	N/A	13.0%	N/A	1,340		
Segment EBITA	22.7%	24.6%	190 bp	22.7%	bp	190 bp		
Differences in accounting methods	1.3%	0.8%	(60 bp)	0.8%	(60 bp)	0 bp		
Corporate & Other	-4.3%	-2.0%	230 bp	-2.4%	190 bp	40 bp		
Total EBITA	19.7%	23.4%	370 bp	21.0%	140 bp	240 bp		

Source: BofA Global Research estimates, company filings

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Valuation

We base our \$120 price objective on a 15x EV/EBITDA multiple of our CY25E EBITDA. Our target multiple is in line with multi-industrial peers trading at 15x CY24 estimates. We argue an in line multiple is warranted given above-peer margins offset by higher merger integration risks.

Exhibit 5: EMR valuation versus comparable stocks

EMR trades at a discount to peers on EV/EBITDA

Company	Ticker	Stock Price 2/7/2024	P/E		EV/EBITDA		EBITDA Margin		EPS Growth	
			2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
ABB	ABLZF	\$43.90	21.5 x	19.3 x	12.8 x	11.4 x	18.8%	19.4%	1%	11%
AMETEK	AME	\$166.73	24.4 x	22.5 x	17.9 x	16.4 x	30.4%	30.6%	7%	9%
Eaton	ETN	\$272.85	26.9 x	25.2 x	21.6 x	19.6 x	21.9%	22.1%	11%	7%
Honeywell	HON	\$194.10	19.2 x	17.3 x	12.9 x	12.1 x	26.8%	27.2%	10%	11%
Rockwell	ROK	\$269.02	17.6 x	16.6 x	13.5 x	12.4 x	23.1%	23.3%	20%	6%
Schneider	SBGSF	€ 192.30	<u>25.7 x</u>	<u>23.2 x</u>	<u>15.3 x</u>	<u>13.8 x</u>	<u>20.4%</u>	<u>20.8%</u>	<u>9%</u>	<u>11%</u>
AVERAGE			22.6 x	20.7 x	15.4 x	14.3 x	23.6%	23.9%	10%	9%
Emerson	EMR	\$104.09	19.4 x	17.9 x	14.3 x	13.2 x	26.0%	26.4%	15%	8%
Emerson at PO		\$120	22.4 x	20.7 x	16.3 x	15.1 x				

Source: Bloomberg, company filings, BofA Global Research estimates

Note: Estimates calendarized for December 31st year end

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Price objective basis & risk

Emerson Electric Co (EMR)

We base our \$120 price objective on a 15x EV/EBITDA multiple of our CY25E EBITDA. Our target multiple is in line with multi-industrial peers trading at 15x CY24 estimates. We argue an in line multiple is warranted given above-peer margins offset by higher merger integration risks.

Downside risks to our PO are 1) deterioration in energy capex outlook or oil price correction 2) emerging market slowdown, which could impact the company's growth, and 3) acquisition integration risks.

Rockwell (ROK)

We base our \$280 price objective on a 15x EV/EBITDA multiple of our CY25 estimate. Our target multiple is in line with the 15x peer average on 2024E. We offset execution concerns with ROK's position in the US automation market.

Upside risks are 1) supply chain improvement, 2) potentially accretive acquisitions.

Downside risks are 1) delays in global capex, 2) execution risks, 3) supply-chain constraints, and 4) greater competition.

Analyst Certification

I, Andrew Obin, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Multi-Industrials/Engineering and Construction Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	APi Group	APG	APG US	Andrew Obin
	AspenTech	AZPN	AZPN US	Andrew Obin
	Atmus Filtration	ATMU	ATMU US	Andrew Obin
	Dover Corp	DOV	DOV US	Andrew Obin
	Eaton Corp PLC	ETN	ETN US	Andrew Obin
	Emerson Electric Co	EMR	EMR US	Andrew Obin
	Flowserve	FLS	FLS US	Andrew Obin
	General Electric Company	GE	GE US	Andrew Obin
	Honeywell International Inc.	HON	HON US	Andrew Obin
	ITT Inc.	ITT	ITT US	Andrew Obin
	Montrose Environmental Group, Inc.	MEG	MEG US	Andrew Obin
	Parker Hannifin Corporation	PH	PH US	Andrew Obin
	PTC Inc.	PTC	PTC US	Andrew Obin
	Rush	RUSHA	RUSHA US	Andrew Obin
	Vertiv	VRT	VRT US	Andrew Obin
	Vontier	VNT	VNT US	Andrew Obin
NEUTRAL				
	3M Company	MMM	MMM US	Andrew Obin
	AMETEK Inc	AME	AME US	Andrew Obin
	Fortive Corporation	FTV	FTV US	Andrew Obin
	Johnson Controls International PLC	JCI	JCI US	Andrew Obin
	Pentair plc	PNR	PNR US	Andrew Obin
	Rockwell	ROK	ROK US	Andrew Obin
	Trane Technologies PLC	TT	TT US	Andrew Obin
UNDERPERFORM				
	Allegion	ALLE	ALLE US	Andrew Obin
	Carrier Global Corp.	CARR	CARR US	Andrew Obin
	Core & Main	CNM	CNM US	Andrew Obin



US - Multi-Industrials/Engineering and Construction Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Illinois Tool Works	ITW	ITW US	Andrew Obin
	John Bean Technologies	JBT	JBT US	Andrew Obin
	Keysight	KEYS	KEYS US	David Ridley-Lane, CFA

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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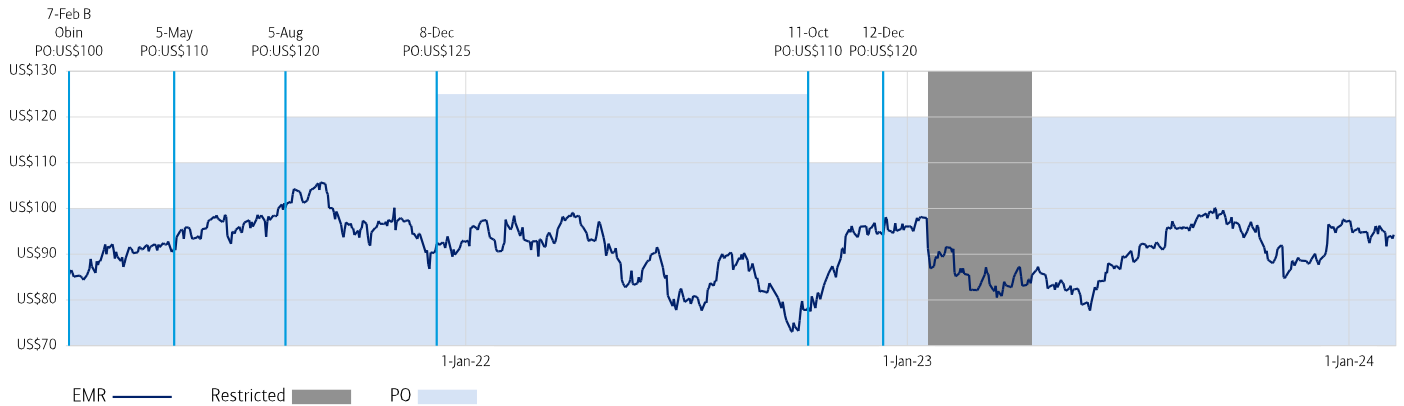
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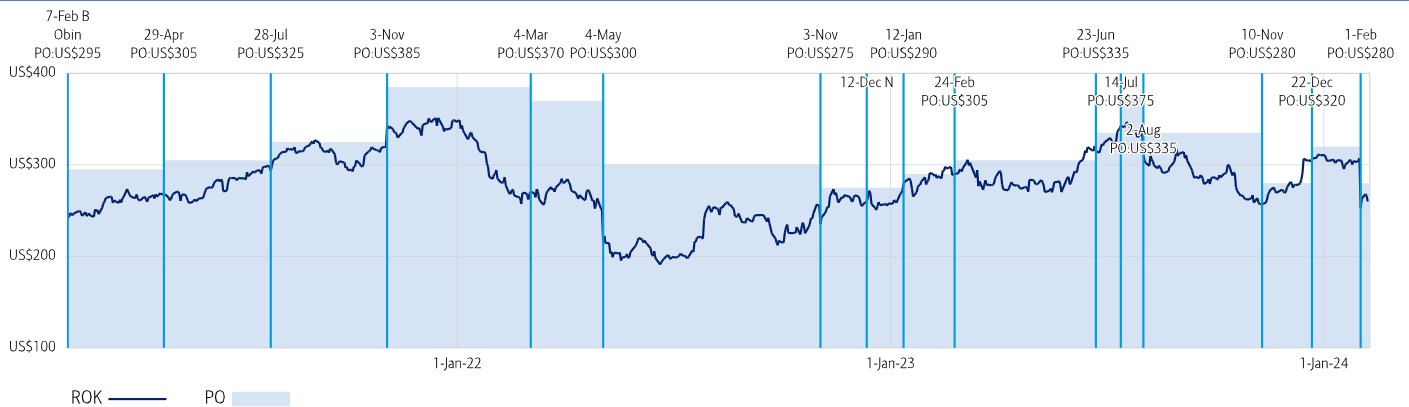
Emerson (EMR) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Rockwell (ROK) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Industrials/Multi-Industry Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	45	50.56%	Buy	25	55.56%
Hold	26	29.21%	Hold	13	50.00%
Sell	18	20.22%	Sell	7	38.89%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.



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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2}Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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