

LISTEN.
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Fiscal Year 2016 First Quarter Conference Call

January 27, 2016

- This presentation includes statements related to the expected future results of the company and are therefore forward-looking statements. Actual results may differ materially from those projections due to a wide range of risks and uncertainties, including those that are listed in our SEC filings.
- This presentation also contains non-GAAP financial information and reconciliations to GAAP are included in the appendix. All information should be read in conjunction with our historical financial statements.

Fiscal 2016 First Quarter Results and Full Year Outlook

Q1 Results

- Organic sales down 3.3% YOY in difficult market conditions
 - Weakness in the U.S. and Asia Pacific
 - Continued solid growth in EMEA and Latin America
- Segment operating margin of 20.7% despite 9.4% lower reported sales
- Adjusted EPS of \$1.49
- ROIC of 32.6%

Full Year Outlook

- Reducing sales expectations by 2%
 - 1% due to currency; 1% due to weaker macroeconomic forecast
- Continued growth expected in EMEA and Latin America

Revising Adjusted EPS guidance to \$5.70 to \$6.20 for FY 2016

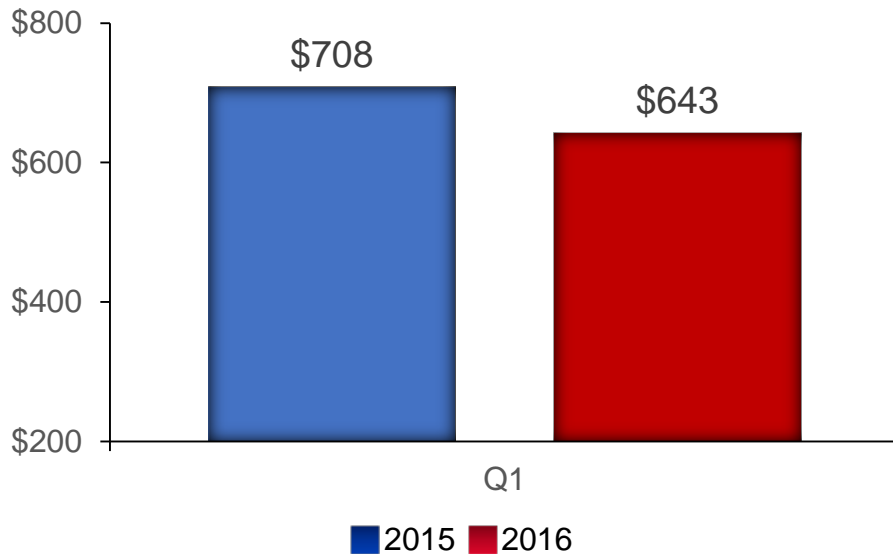
Key Financial Information: First Quarter

(in millions, except per share amounts)

	<u>Q1 2016</u>	<u>Q1 2015</u>	<u>YOY B/(W)</u>
Sales	\$ 1,427	\$ 1,574	(9.4)%
Segment Operating Margin	20.7%	22.0%	(130) bps
General Corporate - Net	\$ 18	\$ 23	\$ 5
Adjusted EPS	\$ 1.49	\$ 1.64	(9.1)%
Adjusted Effective Tax Rate	22.8%	26.0%	320 bps
Free Cash Flow	\$ 145	\$ 233	\$ (88)
ROIC	32.6%	30.7%	190 bps

Sales

(\$ millions)



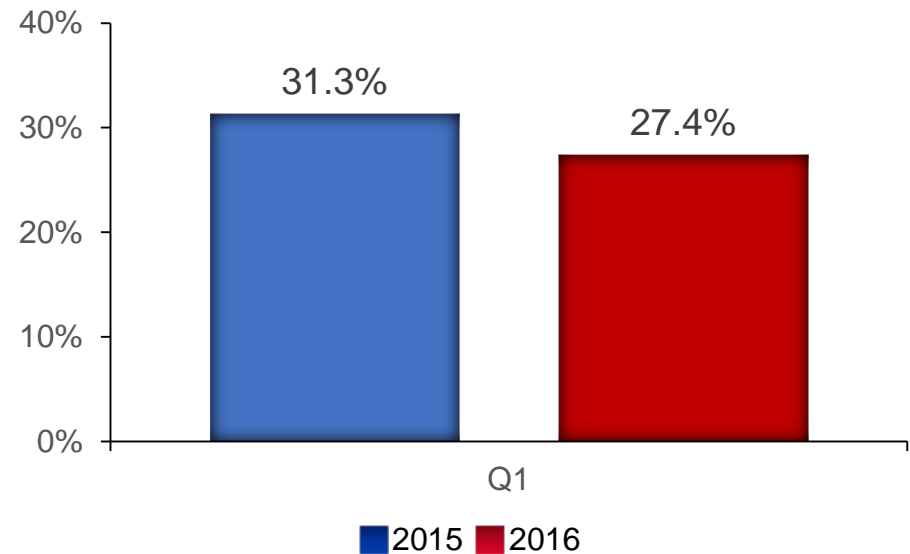
YOY Sales % Change

Q1 2016

Reported
Organic

(9.2)%
(2.7)%

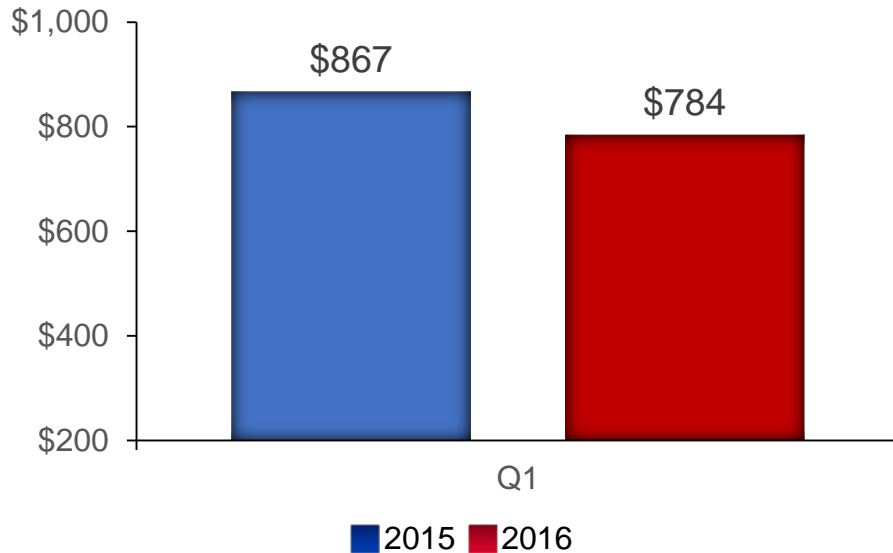
Segment Operating Margin



- Segment operating margin contracted 390 bps primarily due to lower sales and unfavorable currency effects

Sales

(\$ millions)



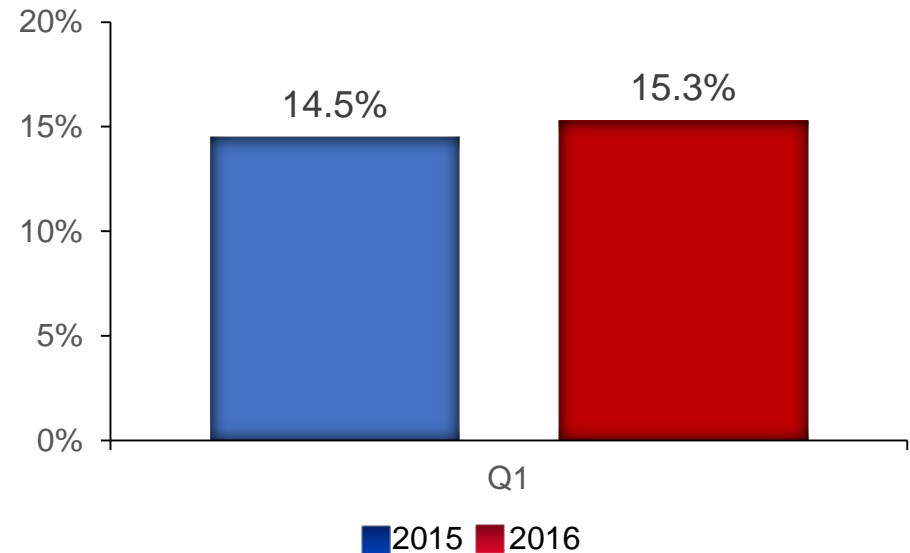
YOY Sales % Change

Q1 2016

Reported
Organic

(9.6)%
(3.8)%

Segment Operating Margin



- Segment operating margin expanded 80 bps despite lower sales, primarily due to productivity

Regional Sales

(in millions, except percentages)

<u>Region</u>	<u>Q1 2016</u>	
	<u>Sales</u>	<u>Organic % Change</u>
U.S.	\$ 787	(5.9)%
Canada	79	(7.9)%
EMEA	274	5.8%
Asia Pacific	173	(10.8)%
Latin America	114	7.6%
TOTAL	<u>\$ 1,427</u>	(3.3)%

First Quarter *

- Broad-based decrease in the U.S., oil and gas decline worse than expected
- Solid growth in EMEA, particularly in emerging countries
- Continued growth in Latin America, led by Mexico
- Emerging market growth despite decline in China

* All growth comments refer to organic growth

Revised Fiscal 2016 Guidance

	January Guidance	November Guidance
Sales Midpoint	~ \$5.9B	~ \$6.0B
Organic Growth Range	(5)% to (1)%	(4)% to 0%
Currency Translation	~ (4)%	~ (3)%
Segment Operating Margin	~ 20.5%	~ 21%
Adjusted Effective Tax Rate	~ 25%	~ 27%
Adjusted EPS	\$5.70 - \$6.20	\$5.90 - \$6.40
Free Cash Flow as a % of Adjusted Income	~ 100%	~ 100%

Note: As of January 27, 2016

Appendix

Supplemental Financial Information and
Reconciliations to Non-GAAP Measures

First Quarter Results: Summary

(in millions, except per share amounts)

	<u>Q1 2016</u>	<u>Q1 2015</u>
Total Sales	\$ 1,426.6	\$ 1,574.4
Total Segment Operating Earnings	\$ 295.9	\$ 346.8
Purchase Accounting Depreciation and Amortization	(4.7)	(5.4)
General Corporate - Net	(18.0)	(22.8)
Non-Operating Pension Costs	(18.9)	(16.2)
Interest Expense	(17.4)	(14.9)
Income Tax Provision	(51.4)	(73.3)
Net Income	<u>\$ 185.5</u>	<u>\$ 214.2</u>
<u>Adjustments</u>		
Non-Operating Pension Costs, Net of Tax	12.1	10.6
Adjusted Income	<u>\$ 197.6</u>	<u>\$ 224.8</u>
Adjusted EPS	<u>\$ 1.49</u>	<u>\$ 1.64</u>
Average Diluted Shares	<u>132.6</u>	<u>136.9</u>

Free Cash Flow

(in millions)	<u>Q1 2016</u>
Net Income	\$ 185.5
Depreciation/Amortization	41.3
Retirement Benefits Expense	39.2
Receivables/Inventory/Payables	(36.6)
Compensation and Benefits	(80.6)
Pension Contributions	(10.6)
Income Taxes	11.3
Other	<u>35.3</u>
Cash Flow from Operations	184.8
Capital Expenditures	(40.2)
Excess Income Tax Benefit from Share-based Compensation	0.7
Free Cash Flow	<u><u>\$ 145.3</u></u>

Reconciliation to Non-GAAP Measures

Organic Sales

(in millions, except percentages)

	Three Months Ended December 31,						Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
	2015			2014				
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)		
United States	\$ 787.3	\$ 0.8	\$ 788.1	\$ (0.3)	\$ 787.8	\$ 836.8	(5.9)%	(5.9)%
Canada	78.7	13.4	92.1	—	92.1	100.0	(21.3)%	(7.9)%
Europe, Middle East, Africa	274.2	39.9	314.1	—	314.1	296.9	(7.6)%	5.8%
Asia Pacific	173.0	11.8	184.8	—	184.8	207.2	(16.5)%	(10.8)%
Latin America	113.4	30.2	143.6	—	143.6	133.5	(15.1)%	7.6%
Total	<u>\$ 1,426.6</u>	<u>\$ 96.1</u>	<u>\$ 1,522.7</u>	<u>\$ (0.3)</u>	<u>\$ 1,522.4</u>	<u>\$ 1,574.4</u>	(9.4)%	(3.3)%

	Three Months Ended December 31,						Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
	2015			2014				
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)		
Architecture & Software	\$ 642.9	\$ 45.9	\$ 688.8	\$ —	\$ 688.8	\$ 707.8	(9.2)%	(2.7)%
Control Products & Solutions	783.7	50.2	833.9	(0.3)	833.6	866.6	(9.6)%	(3.8)%
Total	<u>\$ 1,426.6</u>	<u>\$ 96.1</u>	<u>\$ 1,522.7</u>	<u>\$ (0.3)</u>	<u>\$ 1,522.4</u>	<u>\$ 1,574.4</u>	(9.4)%	(3.3)%

Reconciliation to Non-GAAP Measures

Segment Operating Margin

(in millions, except percentages)

	<u>Three Months Ended December 31, 2015</u>	<u>Three Months Ended December 31, 2014</u>
Sales		
Architecture & Software (a)	\$ 642.9	\$ 707.8
Control Products & Solutions (b)	783.7	866.6
Total sales (c)	<u>\$ 1,426.6</u>	<u>\$ 1,574.4</u>
Segment operating earnings		
Architecture & Software (d)	\$ 176.2	\$ 221.4
Control Products & Solutions (e)	119.7	125.4
Total segment operating earnings (f)	<u>295.9</u>	<u>346.8</u>
Purchase accounting depreciation and amortization	(4.7)	(5.4)
General corporate - net	(18.0)	(22.8)
Non-operating pension costs	(18.9)	(16.2)
Interest expense	(17.4)	(14.9)
Income before income taxes (g)	<u>\$ 236.9</u>	<u>\$ 287.5</u>
Segment operating margin:		
Architecture & Software (d/a)	27.4%	31.3%
Control Products & Solutions (e/b)	15.3%	14.5%
Total segment operating margin (f/c)	20.7%	22.0%
Pretax margin (g/c)	16.6%	18.3%

Reconciliation to Non-GAAP Measures

Adjusted Income and Adjusted EPS

(in millions, except per share amounts)

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014
Income from continuing operations	\$ 185.5	\$ 214.2
Non-operating pension costs	18.9	16.2
Tax effect of non-operating pension costs	(6.8)	(5.6)
Adjusted Income	<u>\$ 197.6</u>	<u>\$ 224.8</u>
Diluted EPS from continuing operations	\$ 1.40	\$ 1.56
Non-operating pension costs per diluted share	0.14	0.12
Tax effect of non-operating pension costs per diluted share	(0.05)	(0.04)
Adjusted EPS	<u>\$ 1.49</u>	<u>\$ 1.64</u>

	Fiscal 2016 Guidance		Three Months Ended December 31,	
			2015	2014
Diluted EPS from continuing operations	\$5.33 - \$5.83	Effective tax rate	21.7 %	25.5 %
Non-operating pension costs per diluted share	0.58	Tax effect of non-		
Tax effect of non-operating pension costs per diluted share	(0.21)	operating pension costs	1.1 %	0.5 %
Adjusted EPS	<u>\$5.70 - \$6.20</u>	Adj. Effective Tax Rate	<u>22.8 %</u>	<u>26.0 %</u>

Non-Operating Pension Costs

(in millions)

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014
Interest cost	\$ 42.5	\$ 42.3
Expected return on plan assets	(54.7)	(56.1)
Amortization of net actuarial loss	31.1	30.0
Non-operating pension costs	<u>\$ 18.9</u>	<u>\$ 16.2</u>

Reconciliation to Non-GAAP Measures

Return On Invested Capital

(in millions, except percentages)

	Twelve Months Ended	
	December 31,	
	2015	2014
(a) Return		
Income from continuing operations	\$ 798.9	\$ 842.9
Interest expense	66.2	59.3
Income tax provision	278.0	306.0
Purchase accounting depreciation and amortization	20.3	22.4
Return	<u>1,163.4</u>	<u>1,230.6</u>
(b) Average invested capital		
Short-term debt	133.8	341.3
Long-term debt	1,379.4	905.4
Shareowners' equity	2,437.0	2,677.4
Accumulated amortization of goodwill and intangibles	797.1	778.6
Cash and cash equivalents	(1,427.7)	(1,228.8)
Short-term investments	(667.7)	(534.8)
Average invested capital	<u>2,651.9</u>	<u>2,939.1</u>
(c) Effective tax rate		
Income tax provision	278.0	306.0
Income from continuing operations before income taxes	\$ 1,076.9	\$ 1,148.9
Effective tax rate	<u>25.8%</u>	<u>26.6%</u>
(a) / (b) * (1-c) Return On Invested Capital	<u>32.6%</u>	<u>30.7%</u>