

Table 1

EMERSON AND SUBSIDIARIES
CONSOLIDATED OPERATING RESULTS
(AMOUNTS IN MILLIONS EXCEPT PER SHARE, UNAUDITED)

	<u>Quarter Ended March 31</u>		<u>Percent Change</u>
	<u>2016</u>	<u>2017</u>	
Net sales	\$3,579	\$3,574	—%
Costs and expenses:			
Cost of sales	2,037	2,017	
SG&A expenses	878	868	
Other deductions, net	66	83	
Interest expense, net	46	41	
Earnings from continuing operations before income taxes	552	565	2%
Income taxes	177	181	
Earnings from continuing operations	375	384	3%
Discontinued operations, net of tax	2	(84)	
Net earnings	377	300	
Less: Noncontrolling interests in earnings of subsidiaries	8	8	
Net earnings common stockholders	<u>\$369</u>	<u>\$292</u>	(21)%
Diluted avg. shares outstanding	644.7	644.8	
Diluted earnings per share common stockholders			
Earnings from continuing operations	\$0.57	\$0.58	2%
Discontinued operations	—	(\$0.13)	
Diluted earnings per common share	<u>\$0.57</u>	<u>\$0.45</u>	(21)%

	<u>Quarter Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Other deductions, net		
Amortization of intangibles	\$22	\$21
Restructuring costs	11	13
Other	33	49
Total	<u>\$66</u>	<u>\$83</u>

Table 2

EMERSON AND SUBSIDIARIES
CONSOLIDATED OPERATING RESULTS
(AMOUNTS IN MILLIONS EXCEPT PER SHARE, UNAUDITED)

	<u>Six Months Ended March 31</u>		<u>Percent Change</u>
	<u>2016</u>	<u>2017</u>	
Net sales	\$6,916	\$6,790	(2)%
Costs and expenses:			
Cost of sales	3,960	3,868	
SG&A expenses	1,757	1,690	
Other deductions, net	120	116	
Interest expense, net	93	87	
Earnings from continuing operations before income taxes	986	1,029	4%
Income taxes	304	275	
Earnings from continuing operations	682	754	11%
Discontinued operations, net of tax	48	(139)	
Net earnings	730	615	
Less: Noncontrolling interests in earnings of subsidiaries	12	14	
Net earnings common stockholders	<u>\$718</u>	<u>\$601</u>	(16)%
Diluted avg. shares outstanding	648.6	644.5	
Diluted earnings per share common stockholders			
Earnings from continuing operations	\$1.03	\$1.14	11%
Discontinued operations	\$0.07	(\$0.21)	
Diluted earnings per common share	<u>\$1.10</u>	<u>\$0.93</u>	(15)%

	<u>Six Months Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Other deductions, net		
Amortization of intangibles	\$44	\$43
Restructuring costs	18	24
Other	58	49
Total	<u>\$120</u>	<u>\$116</u>

Table 3

EMERSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Quarter Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Assets		
Cash and equivalents	\$3,322	\$5,039
Receivables, net	2,545	2,479
Inventories	1,345	1,331
Other current assets	618	597
Current assets held-for-sale	2,083	—
Total current assets	9,913	9,446
Property, plant & equipment, net	2,889	2,880
Goodwill	3,848	3,891
Other intangible assets	905	869
Other	202	191
Noncurrent assets held-for-sale	3,994	—
Total assets	\$21,751	\$17,277
Liabilities and equity		
Short-term borrowings and current maturities of long-term debt	\$3,232	\$252
Accounts payable	1,377	1,368
Accrued expenses	2,022	1,952
Income taxes	88	199
Current liabilities held-for-sale	1,463	—
Total current liabilities	8,182	3,771
Long-term debt	4,049	3,816
Other liabilities	1,446	1,633
Noncurrent liabilities held-for-sale	331	—
Total equity	7,743	8,057
Total liabilities and equity	\$21,751	\$17,277

Table 4

EMERSON AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Six Months Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Operating activities		
Net earnings	\$730	\$615
(Earnings) Loss from discontinued operations, net of tax	(48)	139
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	286	283
Changes in operating working capital	(100)	(126)
Other, net	148	100
Cash from continuing operations	<u>1,016</u>	<u>1,011</u>
Cash from discontinued operations	190	(601)
Cash provided by operating activities	<u>1,206</u>	<u>410</u>
Investing activities		
Capital expenditures	(210)	(194)
Purchases of businesses, net of cash and equivalents acquired	(11)	(16)
Other, net	71	(50)
Cash from continuing operations	<u>(150)</u>	<u>(260)</u>
Cash from discontinued operations	(38)	5,051
Cash provided by (used in) investing activities	<u>(188)</u>	<u>4,791</u>
Financing activities		
Net increase (decrease) in short-term borrowings	704	(2,318)
Payments of long-term debt	(253)	(252)
Dividends paid	(616)	(621)
Purchases of common stock	(555)	(120)
Other, net	(5)	29
Cash used in financing activities	<u>(725)</u>	<u>(3,282)</u>
Effect of exchange rate changes on cash and equivalents	<u>(25)</u>	<u>(62)</u>
Increase in cash and equivalents	268	1,857
Beginning cash and equivalents	<u>3,054</u>	<u>3,182</u>
Ending cash and equivalents	<u>\$3,322</u>	<u>\$5,039</u>

Table 5

EMERSON AND SUBSIDIARIES
SEGMENT SALES AND EARNINGS
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Quarter Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Sales		
Automation Solutions	\$2,194	\$2,117
Climate Technologies	993	1,058
Tools & Home Products	394	402
Commercial & Residential Solutions	1,387	1,460
Eliminations	(2)	(3)
Net sales	<u>\$3,579</u>	<u>\$3,574</u>
Earnings		
Automation Solutions	\$342	\$328
Climate Technologies	226	249
Tools & Home Products	92	96
Commercial & Residential Solutions	318	345
Differences in accounting methods	47	35
Corporate and other	(109)	(102)
Interest expense, net	(46)	(41)
Earnings before income taxes	<u>\$552</u>	<u>\$565</u>
Restructuring costs		
Automation Solutions	\$8	\$9
Climate Technologies	2	3
Tools & Home Products	1	—
Commercial & Residential Solutions	3	3
Corporate	—	1
Total	<u>\$11</u>	<u>\$13</u>

Table 6

EMERSON AND SUBSIDIARIES
SEGMENT SALES AND EARNINGS
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Six Months Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Sales		
Automation Solutions	\$4,356	\$4,084
Climate Technologies	1,779	1,917
Tools & Home Products	786	795
Commercial & Residential Solutions	2,565	2,712
Eliminations	(5)	(6)
Net sales	<u>\$6,916</u>	<u>\$6,790</u>
Earnings		
Automation Solutions	\$683	\$654
Climate Technologies	359	410
Tools & Home Products	177	184
Commercial & Residential Solutions	536	594
Differences in accounting methods	91	68
Corporate and other	(231)	(200)
Interest expense, net	(93)	(87)
Earnings before income taxes	<u>\$986</u>	<u>\$1,029</u>
Restructuring costs		
Automation Solutions	\$13	\$15
Climate Technologies	3	7
Tools & Home Products	2	1
Commercial & Residential Solutions	5	8
Corporate	—	1
Total	<u>\$18</u>	<u>\$24</u>

Reconciliations of Non-GAAP Financial Measures & Other**Table 7**

Reconciliations of Non-GAAP measures (denoted by *) with the most directly comparable GAAP measure (dollars in millions, except per share amounts):

Q2 2017 Underlying Sales Change	Auto Solns	Comm & Res Solns	Emerson
Reported (GAAP)	(3)%	5 %	0 %
Unfavorable FX	- %	1 %	- %
Acquisitions	- %	(1)%	- %
Underlying*	(3)%	5 %	0 %

EBIT Margin	Q2 FY17	Q2 FY16	Change
Pretax margin (GAAP)	15.8 %	15.4 %	40 bps
Interest expense, net	1.2	1.3	(10) bps
EBIT margin*	17.0 %	16.7 %	30 bps

Note: Underlying sales and orders exclude the impact of acquisitions, divestitures and currency translation.

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