

Table 1

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

	<u>Quarter Ended December 31</u>		<u>Percent Change</u>
	<u>2015</u>	<u>2016</u>	
Net sales	\$3,337	\$3,216	(4)%
Costs and expenses:			
Cost of sales	1,923	1,851	
SG&A expenses	879	822	
Other deductions, net	54	33	
Interest expense, net	47	46	
Earnings from continuing operations before income taxes	434	464	7%
Income taxes	127	94	
Earnings from continuing operations	307	370	21%
Discontinued operations, net of tax	46	(55)	
Net Earnings	353	315	
Less: Noncontrolling interests in earnings of subsidiaries	4	6	
Net earnings common stockholders	\$349	\$309	(12)%
Diluted avg. shares outstanding	652.5	644.3	
Diluted earnings per share common stockholders			
Earnings from continuing operations	\$0.46	\$0.56	22%
Discontinued operations	\$0.07	(\$0.08)	
Diluted earnings per common share	\$0.53	\$0.48	(9)%

	<u>Quarter Ended December 31</u>	
	<u>2015</u>	<u>2016</u>
Other deductions, net		
Amortization of intangibles	\$22	\$22
Restructuring costs	7	11
Other	25	—
Total	\$54	\$33

Table 2EMERSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Quarter Ended December 31</u>	
	<u>2015</u>	<u>2016</u>
Assets		
Cash and equivalents	\$3,109	\$4,151
Receivables, net	2,490	2,426
Inventories	1,320	1,278
Other current assets	706	552
Current assets held-for-sale	<u>2,069</u>	<u>470</u>
Total current assets	9,694	8,877
Property, plant & equipment, net	2,885	2,861
Goodwill	3,825	3,861
Other intangible assets	917	879
Other	220	179
Noncurrent assets held-for-sale	<u>3,998</u>	<u>814</u>
Total assets	<u><u>\$21,539</u></u>	<u><u>\$17,471</u></u>
Liabilities and equity		
Short-term borrowings and current maturities of long-term debt	\$3,409	\$254
Accounts payable	1,344	1,335
Accrued expenses	1,907	1,872
Income taxes	103	396
Current liabilities held-for-sale	<u>1,439</u>	<u>289</u>
Total current liabilities	8,202	4,146
Long-term debt	4,030	3,815
Other liabilities	1,479	1,667
Noncurrent liabilities held-for-sale	331	89
Total equity	<u>7,497</u>	<u>7,754</u>
Total liabilities and equity	<u><u>\$21,539</u></u>	<u><u>\$17,471</u></u>

Table 3

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

	<u>Quarter Ended December 31</u>	
	<u>2015</u>	<u>2016</u>
Operating activities		
Net earnings	\$353	\$315
(Earnings) Loss from discontinued operations, net of tax	(46)	55
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	144	143
Changes in operating working capital	(155)	(138)
Other, net	90	35
Cash from continuing operations	<u>386</u>	<u>410</u>
Cash from discontinued operations	<u>101</u>	<u>(172)</u>
Cash provided by operating activities	<u>487</u>	<u>238</u>
Investing activities		
Capital expenditures	(124)	(100)
Purchases of businesses, net of cash and equivalents acquired	(6)	(16)
Other, net	<u>(13)</u>	<u>(20)</u>
Cash from continuing operations	<u>(143)</u>	<u>(136)</u>
Cash from discontinued operations	<u>(20)</u>	<u>3,894</u>
Cash provided by (used in) investing activities	<u>(163)</u>	<u>3,758</u>
Financing activities		
Net increase (decrease) in short-term borrowings	34	(2,225)
Proceeds from short-term borrowings greater than three months	827	—
Payments of short-term borrowings greater than three months	—	(90)
Payments of long-term debt	(251)	(251)
Dividends paid	(310)	(311)
Purchases of common stock	(507)	—
Other, net	<u>(4)</u>	<u>(43)</u>
Cash used in financing activities	<u>(211)</u>	<u>(2,920)</u>
Effect of exchange rate changes on cash and equivalents	<u>(58)</u>	<u>(107)</u>
Increase (Decrease) in cash and equivalents	55	969
Beginning cash and equivalents	<u>3,054</u>	<u>3,182</u>
Ending cash and equivalents	<u>\$3,109</u>	<u>\$4,151</u>

Table 4

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

	<u>Quarter Ended December 31</u>	
	<u>2015</u>	<u>2016</u>
Sales		
Automation Solutions	\$2,162	\$1,967
Climate Technologies	786	859
Tools & Home Products	392	393
Commercial & Residential Solutions	<u>1,178</u>	<u>1,252</u>
Eliminations	(3)	(3)
Net sales	<u>\$3,337</u>	<u>\$3,216</u>
Earnings		
Automation Solutions	\$341	\$326
Climate Technologies	133	161
Tools & Home Products	85	88
Commercial & Residential Solutions	<u>218</u>	<u>249</u>
Differences in accounting methods	44	33
Corporate and other	(122)	(98)
Interest expense, net	(47)	(46)
Earnings before income taxes	<u>\$434</u>	<u>\$464</u>
Restructuring costs		
Automation Solutions	\$5	\$6
Climate Technologies	1	4
Tools & Home Products	1	1
Commercial & Residential Solutions	<u>2</u>	<u>5</u>
Total	<u>\$7</u>	<u>\$11</u>

Reconciliations of Non-GAAP Financial Measures & Other**Table 5**

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

Q1 2017 Underlying Sales Change	Auto Solns	Comm & Res Solns	Emerson
Reported (GAAP)	(9)%	6%	(4)%
Unfavorable FX	1%	1%	1%
Underlying*	(8)%	7%	(3)%

EBIT Margin	Q1 FY17	Q1 FY16	Change
Pretax margin (GAAP)	14.4%	13%	140 bps
Interest expense, net	1.4	1.4	- bps
EBIT margin*	15.8%	14.4%	140 bps

The Commercial & Residential Solutions business includes the results of both our Climate Technologies and Tools & Home Products segments.

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