

Table 1

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

	<u>Quarter Ended September 30</u>		<u>Percent Change</u>
	<u>2015</u>	<u>2016</u>	
Net sales	\$4,204	\$3,932	(6)%
Costs and expenses:			
Cost of sales	2,381	2,219	
SG&A expenses	846	855	
Gains on divestitures of businesses	107	—	
Other deductions, net	153	135	
Interest expense, net	44	49	
Earnings from continuing operations before income taxes	887	674	(24)%
Income taxes	257	188	
Earnings from continuing operations	630	486	(23)%
Discontinued operations, net of tax	21	(41)	
Net Earnings	651	445	
Less: Noncontrolling interests in earnings of subsidiaries	3	7	
Net earnings common stockholders	<u>\$648</u>	<u>\$438</u>	(32)%
Diluted avg. shares outstanding	658.1	645.1	
Diluted earnings per share common stockholders			
Earnings from continuing operations	\$0.95	\$0.74	(22)%
Discontinued operations	\$0.03	(\$0.06)	
Diluted earnings per common share	<u>\$0.98</u>	<u>\$0.68</u>	(31)%

	<u>Quarter Ended September 30</u>	
	<u>2015</u>	<u>2016</u>
Other deductions, net		
Amortization of intangibles	\$24	\$18
Restructuring costs	85	65
Other	44	52
Total	<u>\$153</u>	<u>\$135</u>

Table 2

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

	<u>Year Ended September 30</u>		<u>Percent Change</u>
	<u>2015</u>	<u>2016</u>	
Net sales	\$16,249	\$14,522	(11)%
Costs and expenses:			
Cost of sales	9,241	8,260	
SG&A expenses	3,735	3,464	
Gains on divestitures of businesses	1,039	—	
Other deductions, net	330	294	
Interest expense, net	175	188	
Earnings from continuing operations before income taxes	3,807	2,316	(39)%
Income taxes	1,267	697	
Earnings from continuing operations	2,540	1,619	(36)%
Discontinued operations, net of tax	193	45	
Net Earnings	2,733	1,664	
Less: Noncontrolling interests in earnings of subsidiaries	23	29	
Net earnings common stockholders	\$2,710	\$1,635	(40)%
Diluted avg. shares outstanding	676.5	646.8	
Diluted earnings per share common stockholders			
Earnings from continuing operations	\$3.71	\$2.45	(34)%
Discontinued operations	\$0.28	\$0.07	
Diluted earnings per common share	\$3.99	\$2.52	(37)%

	<u>Year Ended September 30</u>	
	<u>2015</u>	<u>2016</u>
Other deductions, net		
Amortization of intangibles	\$94	\$84
Restructuring costs	138	96
Other	98	114
Total	\$330	\$294

Table 3

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

	<u>Year Ended September 30</u>	
	<u>2015</u>	<u>2016</u>
Assets		
Cash and equivalents	\$3,054	\$3,182
Receivables, net	2,870	2,701
Inventories	1,265	1,208
Other current assets	724	669
Current assets held-for-sale	2,136	2,200
Total current assets	10,049	9,960
Property, plant & equipment, net	2,929	2,931
Goodwill	3,847	3,909
Other intangible assets	938	902
Other	239	211
Noncurrent assets held-for-sale	4,086	3,830
Total assets	\$22,088	\$21,743
Liabilities and equity		
Short-term borrowings and current maturities of long-term debt	\$2,552	\$2,584
Accounts payable	1,537	1,517
Accrued expenses	2,058	2,126
Income taxes	87	180
Current liabilities held-for-sale	1,566	1,601
Total current liabilities	7,800	8,008
Long-term debt	4,289	4,062
Other liabilities	1,539	1,729
Noncurrent liabilities held-for-sale	332	326
Total equity	8,128	7,618
Total liabilities and equity	\$22,088	\$21,743

Table 4

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

	<u>Year Ended September 30</u>	
	<u>2015</u>	<u>2016</u>
Operating activities		
Net earnings	2,733	1,664
(Earnings) Loss from discontinued operations, net of tax	(193)	(45)
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	573	568
Changes in operating working capital	(181)	93
Pension funding	(53)	(66)
Gains on divestitures of businesses, after tax	(611)	—
Income taxes paid on divestiture gains	(424)	—
Other, net	196	285
Cash from continuing operations	<u>2,040</u>	<u>2,499</u>
Cash from discontinued operations	<u>489</u>	<u>382</u>
Cash provided by operating activities	<u>2,529</u>	<u>2,881</u>
Investing activities		
Capital expenditures	(588)	(447)
Purchases of businesses, net of cash and equivalents acquired	(324)	(132)
Divestitures of businesses	1,812	—
Other, net	(221)	30
Cash from continuing operations	<u>679</u>	<u>(549)</u>
Cash from discontinued operations	<u>(88)</u>	<u>(77)</u>
Cash provided by (used in) investing activities	<u>591</u>	<u>(626)</u>
Financing activities		
Net increase (decrease) in short-term borrowings	1,116	(34)
Proceeds from short-term borrowings greater than three months	2,515	1,264
Payments of short-term borrowings greater than three months	(3,286)	(1,174)
Proceeds from long-term debt	1,000	—
Payments of long-term debt	(504)	(254)
Dividends paid	(1,269)	(1,227)
Purchases of common stock	(2,501)	(601)
Other, net	(19)	(19)
Cash used in financing activities	<u>(2,948)</u>	<u>(2,045)</u>
Effect of exchange rate changes on cash and equivalents	<u>(267)</u>	<u>(82)</u>
Increase (Decrease) in cash and equivalents	<u>(95)</u>	<u>128</u>
Beginning cash and equivalents	<u>3,149</u>	<u>3,054</u>
Ending cash and equivalents	<u>3,054</u>	<u>3,182</u>

Table 5

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

	<u>Quarter Ended September 30</u>	
	<u>2015</u>	<u>2016</u>
Sales		
Process Management	\$2,291	\$2,046
Industrial Automation	546	543
Climate Technologies	1,004	1,065
Commercial & Residential Solutions	502	425
	<u>4,343</u>	<u>4,079</u>
Eliminations	<u>(139)</u>	<u>(147)</u>
Net sales	<u>\$4,204</u>	<u>\$3,932</u>
Earnings		
Process Management	\$429	\$324
Industrial Automation	117	127
Climate Technologies	180	225
Commercial & Residential Solutions	111	110
	<u>837</u>	<u>786</u>
Differences in accounting methods	45	51
Corporate and other	49	(114)
Interest expense, net	<u>(44)</u>	<u>(49)</u>
Earnings before income taxes	<u>\$887</u>	<u>\$674</u>
Restructuring costs		
Process Management	\$52	\$54
Industrial Automation	10	4
Climate Technologies	12	1
Commercial & Residential Solutions	6	—
Corporate	5	6
Total	<u>\$85</u>	<u>\$65</u>

Table 6

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

	<u>Year Ended September 30</u>	
	<u>2015</u>	<u>2016</u>
Sales		
Process Management	\$8,516	\$7,484
Industrial Automation	2,448	2,072
Climate Technologies	4,011	3,949
Commercial & Residential Solutions	1,913	1,611
	<u>16,888</u>	<u>15,116</u>
Eliminations	<u>(639)</u>	<u>(594)</u>
Net sales	<u>\$16,249</u>	<u>\$14,522</u>
Earnings		
Process Management	\$1,493	\$1,131
Industrial Automation	509	458
Climate Technologies	698	769
Commercial & Residential Solutions	403	384
	<u>3,103</u>	<u>2,742</u>
Differences in accounting methods	174	189
Corporate and other	705	(427)
Interest expense, net	<u>(175)</u>	<u>(188)</u>
Earnings before income taxes	<u>\$3,807</u>	<u>\$2,316</u>
Restructuring costs		
Process Management	\$89	\$74
Industrial Automation	13	6
Climate Technologies	20	5
Commercial & Residential Solutions	11	2
Corporate	5	9
Total	<u>\$138</u>	<u>\$96</u>

Reconciliations of Non-GAAP Financial Measures & Other
Table 7

Reconciliations of Non-GAAP measures (denoted by *) with the most directly comparable GAAP measure:

Sales (dollars in billions)	FY16	FY15	Change	Q4 2016	Q4 2015	Change
Sales including sales from discontinued operations*	\$ 20.2	\$ 22.3	(9)%	\$ 5.5	\$ 5.8	(6)%
Discontinued operations	(5.7)	(6.1)	(2)%	(1.6)	(1.6)	—
Reported sales	\$ 14.5	\$ 16.2	(11)%	\$ 3.9	\$ 4.2	(6)%
Adjusted Basis Margins	FY16	FY15	Change	Q4 2016	Q4 2015	Change
Adjusted basis gross profit*				41.7 %	40.7 %	100 bps
Adjusted basis selling, general and administrative expenses				(21.9)	(20.3)	(160) bps
Adjusted basis operating margin*	16.9 %	17.3 %	(40) bps	19.8	20.4	(60) bps
Adjusted basis other income (deductions)	(2.1)	(2.5)	40 bps	(3)	(4.2)	120 bps
Adjusted basis earnings before interest and taxes margin*	14.8	14.8	—	16.8	16.2	60 bps
Adjusted basis interest expense, net	(0.9)	(0.8)	(10) bps	(0.9)	(0.7)	(20) bps
Adjusted basis pretax earnings margin*	13.9	14.0	(10) bps	15.9	15.5	40 bps
Discontinued operations and divestiture gains	2.1	9.4	(730) bps	1.3	5.6	(430) bps
Continuing Operations Margins						
Reported pretax margin	16.0	23.4	(740) bps	17.2	21.1	(390) bps
Interest expense, net	1.2	1.1	10 bps	1.2	1.1	10 bps
Earnings before interest and taxes margin*	17.2	24.5	(730) bps	18.4	22.2	(380) bps
Other income (deductions) and divestiture gains	2.1	(4.4)	650 bps	3.4	1.0	240 bps
Operating profit*	19.3 %	20.1 %	(80) bps	21.8	23.2	(140) bps
Selling, general and administrative				21.8	20.2	160 bps
Gross profit				43.6 %	43.4 %	20 bps
EPS	FY16	FY15	Change	Q4 2016	Q4 2015	Change
Earnings per share	\$ 2.52	\$ 3.99	(37)%	\$ 0.68	\$ 0.98	(31)%
Repositioning items and divestiture gains	0.46	(0.82)	31 %	0.28	(0.05)	34 %
Adjusted earnings per share*	2.98	3.17	(6)%	0.96	0.93	3 %
Discontinued operations	(0.53)	0.54	(28)%	(0.22)	0.02	(25)%
Earnings per share from continuing operations	\$ 2.45	\$ 3.71	(34)%	\$ 0.74	\$ 0.95	(22)%
Restructuring Expense (dollars in millions)	FY16	2 Year Total				
Adjusted*	\$ 112	\$ 333				
Discontinued operations	(16)	(91)				
Total	\$ 96	\$ 242				

Table 7 Cont.

	FY2016			Q4 2016		
	Adj. Basis Emerson*	Impact of Disc. Ops.	Emerson	Adj. Basis Emerson*	Impact of Disc. Ops.	Emerson
Underlying and Adjusted Basis Sales Change						
Underlying sales*	(6)%	(1)%	(7)%	(5)%	—	(5)%
FX	(2)%	—	(2)%	—	—	—
Acq/Div	(1)%	(1)%	(2)%	(1)%	—	(1)%
Total	(9)%	(2)%	(11)%	(6)%	—	(6)%

	Process Mgmt.	Adj. Basis Ind. Auto.*	Network Power	Climate Tech.	Comm & Res Solns
	Q4 2016 Segment Sales Change				
Underlying*	(11)%	(7)%	—	6 %	—
FX	—	—	(2)%	—	—
Acq/Div	—	—	—	—	(15)%
Total	(11)%	(7)%	(2)%	6 %	(15)%

	Adj. Basis Ind. Auto.*	Impact of Disc. Ops.	Industrial Auto.
	Q4 2016 Industrial Automation Underlying and Adjusted Basis Sales Change		
Underlying sales*	(7)%	7 %	— %
FX	—	—	—
Acq/Div	—	—	—
Total	(7)%	7 %	— %

	Q4 2016	Q4 2015	Change
	Industrial Automation Adjusted Basis Segment Margin		
Adjusted basis segment margin*	16.3 %	14.4 %	190 bps
Impact of discontinued operations	7.1	7.0	10 bps
Segment margin	23.4 %	21.4 %	200 bps

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