

EMERSON ELECTRIC CO  
Form 10-Q  
August 02, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

✓ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

OR

“ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-278

EMERSON ELECTRIC CO.

(Exact name of registrant as specified in its charter)

Missouri 43-0259330  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

8000 W. Florissant Ave.

P.O. Box 4100

St. Louis, Missouri 63136

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (314) 553-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Edgar Filing: EMERSON ELECTRIC CO - Form 10-Q

Large accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common stock of \$0.50 par value per share outstanding at July 31, 2017: 640,019,616 shares.

## FORM 10-Q

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

EMERSON ELECTRIC CO. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EARNINGS  
THREE AND NINE MONTHS ENDED JUNE 30, 2016 AND 2017  
(Dollars in millions, except per share amounts; unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2017	2016	2017
Net sales	\$3,674	4,039	10,590	10,829
Costs and expenses:				
Cost of sales	2,081	2,361	6,041	6,229
Selling, general and administrative expenses	852	931	2,609	2,621
Other deductions, net	39	87	159	203
Interest expense (net of interest income of \$7, \$10, \$21 and \$25, respectively)	46	39	139	126
Earnings from continuing operations before income taxes	656	621	1,642	1,650
Income taxes	205	202	509	477
Earnings from continuing operations	451	419	1,133	1,173
Discontinued operations, net of tax	38	6	86	(133 )
Net earnings	489	425	1,219	1,040
Less: Noncontrolling interests in earnings of subsidiaries	10	12	22	26
Net earnings common stockholders	\$479	413	1,197	1,014
Earnings common stockholders:				
Earnings from continuing operations	\$441	407	1,111	1,147
Discontinued operations, net of tax	38	6	86	(133 )
Net earnings common stockholders	\$479	413	1,197	1,014
Basic earnings per share common stockholders:				
Earnings from continuing operations	\$0.68	0.63	1.72	1.77
Discontinued operations	0.06	0.01	0.13	(0.20 )
Basic earnings per common share	\$0.74	0.64	1.85	1.57
Diluted earnings per share common stockholders:				
Earnings from continuing operations	\$0.68	0.63	1.71	1.77
Discontinued operations	0.06	0.01	0.13	(0.20 )
Diluted earnings per common share	\$0.74	0.64	1.84	1.57

Cash dividends per common share	\$0.475	0.48	1.425	1.44
---------------------------------	---------	------	-------	------

See accompanying Notes to Consolidated Financial Statements.

2

---

## FORM 10-Q

EMERSON ELECTRIC CO. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE AND NINE MONTHS ENDED JUNE 30, 2016 AND 2017  
(Dollars in millions; unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2017	2016	2017
Net earnings	\$489	425	1,219	1,040
Other comprehensive income (loss), net of tax:				
Foreign currency translation	(9 )	74	(37 )	230
Pension and postretirement	25	35	78	155
Cash flow hedges	3	5	14	37
Total other comprehensive income	19	114	55	422
Comprehensive income	508	539	1,274	1,462
Less: Noncontrolling interests in comprehensive income of subsidiaries	11	11	24	24
Comprehensive income common stockholders	\$497	528	1,250	1,438

See accompanying Notes to Consolidated Financial Statements.

3

---

## FORM 10-Q

EMERSON ELECTRIC CO. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

(Dollars in millions, except per share amounts; unaudited)

	Sept 30, 2016	June 30, 2017
<b>ASSETS</b>		
Current assets		
Cash and equivalents	\$3,182	3,140
Receivables, less allowances of \$92 and \$93, respectively	2,701	2,926
Inventories	1,208	1,891
Other current assets	669	597
Current assets held-for-sale	2,200	—
Total current assets	9,960	8,554
Property, plant and equipment, net		
Other assets		
Goodwill	3,909	5,296
Other intangible assets	902	1,868
Other	200	380
Noncurrent assets held-for-sale	3,830	—
Total other assets	8,841	7,544
Total assets	\$21,732	19,402
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Short-term borrowings and current maturities of long-term debt	\$2,584	1,363
Accounts payable	1,517	1,613
Accrued expenses	2,126	2,175
Income taxes	180	219
Current liabilities held-for-sale	1,601	—
Total current liabilities	8,008	5,370
Long-term debt	4,051	3,797
Other liabilities	1,729	2,213
Noncurrent liabilities held-for-sale	326	—
Equity		
Common stock, \$0.50 par value; authorized, 1,200,000,000 shares; issued, 953,354,012 shares; outstanding, 642,796,490 shares and 639,966,841 shares, respectively	477	477
Additional paid-in-capital	205	350
Retained earnings	21,716	21,800
Accumulated other comprehensive income (loss)	(1,999 )	(1,575 )
Cost of common stock in treasury, 310,557,522 shares and 313,387,171 shares, respectively	(12,831 )	(13,086 )
Common stockholders' equity	7,568	7,966
Noncontrolling interests in subsidiaries	50	56
Total equity	7,618	8,022
Total liabilities and equity	\$21,732	19,402

See accompanying Notes to Consolidated Financial Statements.

## FORM 10-Q

EMERSON ELECTRIC CO. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED JUNE 30, 2016 AND 2017  
(Dollars in millions; unaudited)

	Nine Months Ended June 30, 2016	2017
Operating activities		
Net earnings	\$ 1,219	1,040
(Earnings) Loss from discontinued operations, net of tax	(86 )	133
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	426	454
Changes in operating working capital	(79 )	16
Pension funding	(30 )	(14 )
Other, net	194	156
Cash from continuing operations	1,644	1,785
Cash from discontinued operations	280	(727 )
Cash provided by operating activities	1,924	1,058
Investing activities		
Capital expenditures	(301 )	(300 )
Purchases of businesses, net of cash and equivalents acquired	(62 )	(2,991 )
Divestiture of business	—	40
Other, net	45	(80 )
Cash from continuing operations	(318 )	(3,331 )
Cash from discontinued operations	(55 )	5,022
Cash provided by (used in) investing activities	(373 )	1,691
Financing activities		