

**Table 1**

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

	<u>Quarter Ended June 30</u>		<u>Percent Change</u>
	<u>2016</u>	<u>2017</u>	
<b>Net sales</b>	\$3,674	\$4,039	10%
Costs and expenses:			
Cost of sales	2,081	2,361	
SG&A expenses	852	931	
Other deductions, net	39	87	
Interest expense, net	46	39	
<b>Earnings from continuing operations before income taxes</b>	656	621	(5)%
Income taxes	205	202	
<b>Earnings from continuing operations</b>	451	419	(7)%
Discontinued operations, net of tax	38	6	
<b>Net earnings</b>	489	425	
Less: Noncontrolling interests in earnings of subsidiaries	10	12	
<b>Net earnings common stockholders</b>	<u>\$479</u>	<u>\$413</u>	(14)%
Diluted avg. shares outstanding	645.2	643.8	
<b>Diluted earnings per share common stockholders</b>			
Earnings from continuing operations	\$0.68	\$0.63	(7)%
Discontinued operations	\$0.06	\$0.01	
<b>Diluted earnings per common share</b>	<u>\$0.74</u>	<u>\$0.64</u>	(14)%

	<u>Quarter Ended June 30</u>	
	<u>2016</u>	<u>2017</u>
<b>Other deductions, net</b>		
Amortization of intangibles	\$22	\$34
Restructuring costs	13	21
Other	4	32
Total	<u>\$39</u>	<u>\$87</u>

**Table 2**

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

	<u>Nine Months Ended June 30</u>		<u>Percent Change</u>
	<u>2016</u>	<u>2017</u>	
<b>Net sales</b>	\$10,590	\$10,829	2%
Costs and expenses:			
Cost of sales	6,041	6,229	
SG&A expenses	2,609	2,621	
Other deductions, net	159	203	
Interest expense, net	139	126	
<b>Earnings from continuing operations before income taxes</b>	1,642	1,650	—%
Income taxes	509	477	
<b>Earnings from continuing operations</b>	1,133	1,173	3%
Discontinued operations, net of tax	86	(133)	
<b>Net earnings</b>	1,219	1,040	
Less: Noncontrolling interests in earnings of subsidiaries	22	26	
<b>Net earnings common stockholders</b>	<u>\$1,197</u>	<u>\$1,014</u>	(15)%
Diluted avg. shares outstanding	647.4	644.3	
<b>Diluted earnings per share common stockholders</b>			
Earnings from continuing operations	\$1.71	\$1.77	4%
Discontinued operations	\$0.13	(\$0.20)	
<b>Diluted earnings per common share</b>	<u>\$1.84</u>	<u>\$1.57</u>	(15)%

	<u>Nine Months Ended June 30</u>	
	<u>2016</u>	<u>2017</u>
<b>Other deductions, net</b>		
Amortization of intangibles	\$66	\$77
Restructuring costs	31	45
Other	62	81
Total	<u>\$159</u>	<u>\$203</u>

**Table 3**

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

	<u>Quarter Ended June 30</u>	
	<u>2016</u>	<u>2017</u>
<b>Assets</b>		
Cash and equivalents	\$3,516	\$3,140
Receivables, net	2,601	2,926
Inventories	1,352	1,891
Other current assets	584	597
Current assets held-for-sale	2,167	—
Total current assets	10,220	8,554
Property, plant & equipment, net	2,894	3,304
Goodwill	3,877	5,296
Other intangible assets	903	1,868
Other	217	380
Noncurrent assets held-for-sale	3,960	—
<b>Total assets</b>	<b>\$22,071</b>	<b>\$19,402</b>
<b>Liabilities and equity</b>		
Short-term borrowings and current maturities of long-term debt	\$3,219	\$1,363
Accounts payable	1,419	1,613
Accrued expenses	2,047	2,175
Income taxes	80	219
Current liabilities held-for-sale	1,561	—
Total current liabilities	8,326	5,370
Long-term debt	4,050	3,797
Other liabilities	1,417	2,213
Noncurrent liabilities held-for-sale	323	—
Total equity	7,955	8,022
<b>Total liabilities and equity</b>	<b>\$22,071</b>	<b>\$19,402</b>

**Table 4**

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

	<u>Nine Months Ended June 30</u>	
	<u>2016</u>	<u>2017</u>
<b>Operating activities</b>		
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	<u>1,924</u>	<u>1,058</u>
<b>Investing activities</b>		
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	<u>(373)</u>	<u>1,691</u>
<b>Financing activities</b>		
Net increase (decrease) in short-term borrowings	692	(1,226)
Payments of long-term debt	(252)	(253)
Dividends paid	(922)	(930)
Purchases of common stock	(555)	(400)
Other, net	(13)	32
Cash used in financing activities	<u>(1,050)</u>	<u>(2,777)</u>
Effect of exchange rate changes on cash and equivalents	(39)	(14)
<b>Increase (decrease) in cash and equivalents</b>	462	(42)
Beginning cash and equivalents	3,054	3,182
<b>Ending cash and equivalents</b>	<u>\$3,516</u>	<u>\$3,140</u>

**Table 5**

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

	<u>Quarter Ended June 30</u>	
	<u>2016</u>	<u>2017</u>
<b>Sales</b>		
<b>Automation Solutions</b>	\$2,176	\$2,440
Climate Technologies	1,101	1,187
Tools & Home Products	400	415
<b>Commercial &amp; Residential Solutions</b>	1,501	1,602
Eliminations	(3)	(3)
Net sales	<u>\$3,674</u>	<u>\$4,039</u>
<b>Earnings</b>		
<b>Automation Solutions</b>	\$354	\$378
Climate Technologies	287	305
Tools & Home Products	97	97
<b>Commercial &amp; Residential Solutions</b>	384	402
Differences in accounting methods	47	38
Corporate and other	(83)	(158)
Interest expense, net	(46)	(39)
Earnings before income taxes	<u>\$656</u>	<u>\$621</u>
<b>Restructuring costs</b>		
<b>Automation Solutions</b>	\$9	\$20
Climate Technologies	1	1
Tools & Home Products	—	—
<b>Commercial &amp; Residential Solutions</b>	1	1
<b>Corporate</b>	3	—
Total	<u>\$13</u>	<u>\$21</u>

**Table 6**

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

	<u>Nine Months Ended June 30</u>	
	<u>2016</u>	<u>2017</u>
<b>Sales</b>		
<b>Automation Solutions</b>	\$6,532	\$6,524
Climate Technologies	2,880	3,104
Tools & Home Products	1,186	1,210
<b>Commercial &amp; Residential Solutions</b>	4,066	4,314
Eliminations	(8)	(9)
Net sales	<u>\$10,590</u>	<u>\$10,829</u>
<b>Earnings</b>		
<b>Automation Solutions</b>	\$1,037	\$1,032
Climate Technologies	646	715
Tools & Home Products	274	281
<b>Commercial &amp; Residential Solutions</b>	920	996
Differences in accounting methods	138	106
Corporate and other	(314)	(358)
Interest expense, net	(139)	(126)
Earnings before income taxes	<u>\$1,642</u>	<u>\$1,650</u>
<b>Restructuring costs</b>		
<b>Automation Solutions</b>	\$22	\$35
Climate Technologies	4	8
Tools & Home Products	2	1
<b>Commercial &amp; Residential Solutions</b>	6	9
<b>Corporate</b>	3	1
Total	<u>\$31</u>	<u>\$45</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):

<b>Q3 2017 Underlying Sales Change</b>	<b>Auto Solns</b>	<b>Comm &amp; Res Solns</b>	<b>Emerson</b>
Reported (GAAP)	12 %	7 %	10 %
Unfavorable FX	1 %	1 %	1 %
Acquisitions	(11)%	(1)%	(7)%
Underlying*	2 %	7 %	4 %

<b>EBIT Margin</b>	<b>Q3 FY16</b>	<b>Q3 FY17</b>	<b>Change</b>
Pretax margin (GAAP)	17.8 %	15.4 %	(240) bps
Interest expense, net	1.3 %	0.9 %	(40) bps
EBIT margin*	19.1 %	16.3 %	(280) bps

<b>Business Segment EBIT</b>	<b>Q3 FY16</b>	<b>Q3 FY17</b>	<b>Change</b>
Pretax margin (GAAP)	17.8 %	15.4 %	(240) bps
Corp. & other, differences in accounting methods & interest expense, net % of sales	2.3 %	3.9 %	160 bps
Business segment EBIT margin*	20.1 %	19.3 %	(80) bps
Valves & Controls impact	— %	1.6 %	160 bps
Business segment EBIT margin excl. Valves & Controls*	20.1 %	20.9 %	80 bps

<b>Q3 Earnings Per Share</b>	<b>Q3 FY16</b>	<b>Q3 FY17</b>	<b>Change</b>
Earnings per share from continuing operations (GAAP)	\$0.68	\$0.63	(7)%
Valves & Controls impact	—	0.05	7 %
Earnings per share from continuing operations excluding Valves & Controls*	\$0.68	\$0.68	— %

	<b>Previous Guidance</b>	<b>Current Guidance</b>
<b>Earnings Per Share</b>	<b>FY17E</b>	<b>FY17E</b>
Earnings per share from continuing operations (GAAP)	\$2.40 - \$2.50	\$2.48 - \$2.52
Valves & Controls first year acquisition accounting charges	~ \$0.10	~ \$0.10
Earnings per share from continuing ops excluding Valves & Controls first year acquisition accounting charges*	\$2.50 - \$2.60	\$2.58 - \$2.62
Valves & Controls operations	~ \$0.05	~ \$0.05
Earnings per share from continuing ops excl. Valves & Controls	\$2.55 - \$2.65	\$2.63 - \$2.67

<b>Automation Solutions Segment EBIT Margin</b>	<b>Q3 FY16</b>	<b>Q3 FY17</b>	<b>Change</b>
Automation Solutions Segment EBIT margin (GAAP)	16.2 %	15.5 %	(70) bps
Valves & Controls impact	— %	2.4 %	240 bps
Automation Solutions Segment EBIT margin excluding Valves & Controls*	16.2 %	17.9 %	170 bps

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

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