



# news release

For immediate release

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## Emerson Reports Second Quarter 2021 Results, Raises 2021 Outlook

- **Q2 Net Sales** of \$4.4 billion up 6 percent from the year prior; **Underlying Sales** up 2 percent, both ahead of February guidance
- **Q2 EPS** was \$0.93, up 11 percent from the year prior; **Adjusted EPS**, which excludes restructuring and first year purchase accounting charges, was \$0.97, up 9 percent, both ahead of February guidance
- **Operating Cash Flow** of \$807 million in the quarter, up 37 percent; **Free Cash Flow (FCF)** was \$707 million, up 48 percent, resulting in FCF conversion of 125 percent
- **Restructuring and related actions** of \$21 million were initiated in the quarter, continuing execution of the comprehensive cost reset program to return the company to record adjusted EBIT margins

ST. LOUIS, May 5, 2021 - Emerson (NYSE: EMR) today reported results for the second fiscal quarter ended March 31, 2021.

“I remain proud, humbled, and energized by the exceptional advances and adaptability I’m seeing across the enterprise,” said Emerson President and CEO Lal Karsanbhai. “We have two major concurrent themes building momentum within the organization. First, the enthusiasm and progress around modernizing our culture is palpable, particularly with regard to diversity and inclusion, work practices, and talent management. These initiatives are not just good practice, but are expected to be key business enablers for Emerson’s outperformance and value creation going forward. We will share more details on this vital work and our overall sustainability progress in our upcoming ESG Report which will be published in June.

"Secondly, economic recovery momentum is building across most of our key end markets, which resulted in better than expected top line results this quarter. Trailing three month underlying orders ended on the high side of the guided range, and underlying sales came in above guidance – a strong signal for broadening recovery. Residential markets and shorter cycle automation markets continue to show strength, while commercial and longer cycle automation markets should continue their steady recovery during the second half of the year. Importantly, we will continue to drive the remaining elements of our comprehensive cost reset plan as we target achieving record margins. Lastly, we are accelerating investment in innovation and key technologies that drive differentiation, create value for our customers, and are aligned with global macro trends such as sustainability and digital transformation."

Second quarter **Net Sales** were up 6 percent and **Underlying Sales** were up 2 percent, excluding favorable currency of 3 percent and an impact from acquisitions of 1 percent. Revenue for the quarter was ahead of management's February guidance, with both business platforms finishing above expectations. The Americas improved sequentially, but was down 4 percent year over year, as residential and cold chain strength was more than offset by a more sluggish process automation recovery. Europe was up 7 percent, while Asia, Middle East & Africa grew by 12 percent, driven by China which recovered sharply by 45 percent.

March **Trailing Three-Month Underlying Orders** were up 4 percent (improved from down 2 percent in February), in the upper portion of guidance, as strength in residential, cold chain, professional tools, hybrid and discrete automation markets more than offset later cycle process automation markets.

Second quarter **Gross Profit Margin** of 42.0 percent was down 10 basis points from the previous year primarily due to business mix, as the recovery in Commercial & Residential Solutions outpaced Automation Solutions. **Pretax Margin** of 16.6 percent was flat while **EBIT Margin** of 17.5 percent was up 10 basis points, as ongoing comprehensive cost reduction actions were largely offset by higher costs due to the mark-to-market stock compensation plan, which produced an unfavorable impact of 230 basis points. The stock price in the prior year was sharply lower than current year as a result of the pandemic induced drop. **Adjusted EBIT Margin**, which excludes restructuring and first year purchase accounting charges, was 18.2 percent for the quarter, down 20 basis points.

**Earnings Per Share** were \$0.93 for the quarter, up 11 percent, and **Adjusted Earnings Per Share** were \$0.97, up 9 percent. Earnings in the quarter exceeded management guidance, benefiting from better volume and ongoing cost reduction actions.

**Operating Cash Flow** was \$807 million for the quarter, up 37 percent, and \$1.6 billion year-to-date, up 60 percent. **Free Cash Flow** was \$707 million, up 48 percent for the quarter, resulting in strong free cash flow conversion of 125 percent. Year-to-date, Free Cash Flow was \$1.4 billion, up 77 percent. Cash flow results reflected higher earnings due to operational execution across the two business platforms and favorable trade working capital.

### **Business Platform Results**

**Automation Solutions** net sales increased 3 percent in the quarter, with underlying sales down 2 percent, which was ahead of February guidance. Results reflected ongoing strength across discrete and hybrid markets, and improvement across MRO and installed base programs (KOB3). Discrete oriented businesses grew high single digits, while systems and software grew low single digits. Recovery in the Americas continues to lag, but exceeded our expectations and showed sequential improvement with underlying sales down 12 percent compared to down 20 percent in Q1. Continued momentum in life sciences, food & beverage, and medical markets paired with lagging but stabilizing trends across most process industries. Europe underlying sales were up 6 percent, driven by power and biofuels demand. Asia, Middle East & Africa underlying sales grew 9 percent, as recovery in China (up 42 percent), more than offset softness in SE Asia and the Middle East.

March trailing three-month underlying orders were down 5 percent (improvement from down 9 percent in February), reflecting an ongoing lagging recovery in many process automation markets, partially offset by strength across most discrete and hybrid automation markets. Importantly, however, process automation MRO and installed base targeted programs (KOB3) showed sequential improvement. The Americas improved, but continues to be the trailing geography, down 10 percent. Asia, Middle East & Africa declined modestly by 4 percent, supported by China orders increasing sharply by 19 percent, largely driven by demand in discrete markets. Europe was up by 7 percent, also supported by discrete businesses. Backlog was unchanged from the prior quarter at \$5.3 billion, but was up 14 percent year-to-date.

Segment EBIT margin increased 240 basis points to 16.8 percent, on down sales, as savings from cost actions and favorable price-cost more than offset volume deleverage and mix. Adjusted segment EBIT margin, which excludes restructuring and related costs, increased 180 basis points to 17.3 percent. Total restructuring and related actions in the quarter totaled \$14 million.

**Commercial & Residential Solutions** net sales increased 13 percent in the quarter, with underlying sales up 11 percent, at the top end of previous guidance. Underlying sales in the Americas were up 8 percent, reflecting continued strong demand in residential markets and improvement in cold chain and professional tools businesses. Similarly, Europe was up 9 percent as heat pump demand was driven by sustainability regulations and customer technology preferences. Asia, Middle East & Africa was up 24 percent, bolstered by China, up 56 percent due to strong commercial HVAC and cold chain demand.

March trailing three-month underlying orders were up 21 percent (improvement from up 14 percent in February), with high single digit or double digit growth across all businesses and geographies. Ongoing strength in residential facing markets was bolstered by cold chain and professional tools momentum. The Americas was up 19 percent, while Europe was up 15 percent, driven by demand for heat pumps and other energy efficient appliance technologies. Asia, Middle East & Africa orders increased by 32 percent, driven by growth in China of over 60 percent. Backlog increased by approximately \$200 million in the quarter, ending at a record \$1.0 billion. Backlog was up 58 percent year-to-date.

Segment EBIT margin increased 70 basis points to 21.7 percent as leverage and cost reductions were somewhat offset by price-cost headwinds. Adjusted segment EBIT margin, which excludes restructuring and related costs, increased 40 basis points to 22.0 percent. Total restructuring and related actions in the quarter totaled \$5 million.

### **2021 Updated Outlook**

Despite ongoing pandemic challenges in some parts of the world, we expect overall continued improvement in industrial and commercial demand over the remainder of 2021. We also expect that residential demand will remain robust, but begin to taper in the second half.

The following table summarizes the updated 2021 guidance framework:

<b>2021 Guidance</b>			
<b>Net Sales Growth</b>	<b>6% - 9%</b>	<b>Operating Cash Flow</b>	~\$3.3B
Automation Solutions	3% - 5%	<b>Capital Spend</b>	~\$600M
Commercial & Residential Solutions	14% - 16%	<b>Free Cash Flow</b>	~\$2.7B
		<b>Dividend</b>	~\$1.2B
<b>Underlying Sales Growth</b>	<b>3% - 6%</b>	<b>Share Repurchase</b>	
Automation Solutions	(1%) - 1%	<b>/ M&amp;A (excl. OSI)<sup>1</sup></b>	\$500M - \$1.0B
Commercial & Residential Solutions	12% - 14%		
<b>Pretax Margin</b>	~15.5%	<b>Tax Rate</b>	~22%
<b>Adjusted EBIT</b>	~17.5%	<b>Restructuring Actions</b>	~\$200M
<b>Adjusted EBITDA</b>	22.5%+		
<b>GAAP EPS</b>	<b>\$3.60 +/- \$.05</b>		
<b>Adjusted EPS</b>	<b>\$3.90 +/- \$.05</b>		

Note 1: OSI Inc. closed on Oct. 1, 2020, the first day of the fiscal year.

### **Upcoming Investor Events**

Today, beginning at 8:30 a.m. Central Time / 9:30 a.m. Eastern Time, Emerson management will discuss the second quarter results during an investor conference call. Participants can access a live webcast available at [www.emerson.com/financial](http://www.emerson.com/financial) at the time of the call. A replay of the call will be available for 90 days. Conference call slides will be posted in advance of the call on the company website.

### **Forward-Looking and Cautionary Statements**

Statements in this press release that are not strictly historical may be “forward-looking” statements, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. These risks and uncertainties include the scope, duration and ultimate impact of the COVID-19 pandemic as well as economic and currency conditions, market demand, including related to the pandemic and oil and gas price declines and volatility, pricing, protection of intellectual property, cybersecurity, tariffs, competitive and technological factors, among others, as set forth in the Company's most recent Annual Report on Form 10-K and subsequent reports filed with the SEC.

(tables attached)

**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>2020</u>	<u>2021</u>	
<b>Net sales</b>	\$4,162	\$4,431	6%
Costs and expenses:			
Cost of sales	2,412	2,569	
SG&A expenses	983	1,054	
Other deductions, net	42	33	
Interest expense, net	36	38	
<b>Earnings before income taxes</b>	<u>689</u>	<u>737</u>	7%
Income taxes	165	169	
<b>Net earnings</b>	524	568	
Less: Noncontrolling interests in earnings of subsidiaries	<u>7</u>	<u>7</u>	
<b>Net earnings common stockholders</b>	<u><u>\$517</u></u>	<u><u>\$561</u></u>	9%
Diluted avg. shares outstanding	611.0	602.8	
<b>Diluted earnings per share common share</b>	\$0.84	\$0.93	11%

	<u>Quarter Ended March 31</u>	
	<u>2020</u>	<u>2021</u>
<b>Other deductions, net</b>		
Amortization of intangibles	\$59	\$74
Restructuring costs	31	17
Other	<u>(48)</u>	<u>(58)</u>
Total	<u><u>\$42</u></u>	<u><u>\$33</u></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>2020</u>	<u>2021</u>	
<b>Net sales</b>	\$8,313	\$8,592	3%
Costs and expenses:			
Cost of sales	4,804	5,007	
SG&A expenses	2,106	2,052	
Other deductions, net	220	155	
Interest expense, net	71	78	
<b>Earnings before income taxes</b>	<u>1,112</u>	<u>1,300</u>	17%
Income taxes	<u>259</u>	<u>280</u>	
<b>Net earnings</b>	853	1,020	
Less: Noncontrolling interests in earnings of subsidiaries	<u>10</u>	<u>14</u>	
<b>Net earnings common stockholders</b>	<u><u>\$843</u></u>	<u><u>\$1,006</u></u>	19%
Diluted avg. shares outstanding	612.6	602.3	
<b>Diluted earnings per share common share</b>	\$1.37	\$1.67	22%

	<u>Six Months Ended March 31</u>	
	<u>2020</u>	<u>2021</u>
<b>Other deductions, net</b>		
Amortization of intangibles	\$118	\$152
Restructuring costs	128	83
Special advisory fees	13	—
Other	<u>(39)</u>	<u>(80)</u>
Total	<u><u>\$220</u></u>	<u><u>\$155</u></u>

**Table 3**

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

	<u>Quarter Ended March 31</u>	
	<u>2020</u>	<u>2021</u>
<b>Assets</b>		
Cash and equivalents	\$2,583	\$2,342
Receivables, net	2,641	2,754
Inventories	2,058	2,016
Other current assets	750	849
Total current assets	<u>8,032</u>	<u>7,961</u>
Property, plant & equipment, net	3,553	3,663
Goodwill	6,520	7,787
Other intangible assets	2,498	3,095
Other	1,108	1,294
<b>Total assets</b>	<u><u>\$21,711</u></u>	<u><u>\$23,800</u></u>
<b>Liabilities and equity</b>		
Short-term borrowings and current maturities of long-term debt	\$3,741	\$1,456
Accounts payable	1,521	1,797
Accrued expenses	2,678	3,041
Total current liabilities	<u>7,940</u>	<u>6,294</u>
Long-term debt	3,960	5,823
Other liabilities	2,248	2,503
Total equity	<u>7,563</u>	<u>9,180</u>
<b>Total liabilities and equity</b>	<u><u>\$21,711</u></u>	<u><u>\$23,800</u></u>



**Table 4**

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

	<u>Six Months Ended March 31</u>	
	<u>2020</u>	<u>2021</u>
<b>Operating activities</b>		
Net earnings	\$853	\$1,020
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	422	483
Stock compensation	18	125
Pension expense	34	16
Changes in operating working capital	(260)	66
Other, net	(55)	(95)
Cash provided by operating activities	<u>1,012</u>	<u>1,615</u>
<b>Investing activities</b>		
Capital expenditures	(225)	(222)
Purchases of businesses, net of cash and equivalents acquired	(96)	(1,611)
Other, net	(42)	61
Cash used in investing activities	<u>(363)</u>	<u>(1,772)</u>
<b>Financing activities</b>		
Net increase in short-term borrowings	2,076	60
Proceeds from short-term borrowings greater than three months	433	—
Payments of long-term debt	(502)	(301)
Dividends paid	(611)	(606)
Purchases of common stock	(942)	(78)
Other, net	39	83
Cash provided by (used in) financing activities	<u>493</u>	<u>(842)</u>
Effect of exchange rate changes on cash and equivalents	(53)	26
<b>Increase (Decrease) in cash and equivalents</b>	<u>1,089</u>	<u>(973)</u>
Beginning cash and equivalents	1,494	3,315
<b>Ending cash and equivalents</b>	<u><u>\$2,583</u></u>	<u><u>\$2,342</u></u>

**Table 5**

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

	<u>Quarter Ended March 31</u>	
	<u>2020</u>	<u>2021</u>
<b>Sales</b>		
Measurement & Analytical Instrumentation	\$776	\$732
Valves, Actuators & Regulators	854	836
Industrial Solutions	494	555
Systems & Software	585	670
<b>Automation Solutions</b>	<u>2,709</u>	<u>2,793</u>
Climate Technologies	1,026	1,160
Tools & Home Products	432	485
<b>Commercial &amp; Residential Solutions</b>	<u>1,458</u>	<u>1,645</u>
Eliminations	<u>(5)</u>	<u>(7)</u>
Net sales	<u><u>\$4,162</u></u>	<u><u>\$4,431</u></u>
<b>Earnings</b>		
<b>Automation Solutions</b>	\$391	\$471
Climate Technologies	217	245
Tools & Home Products	89	112
<b>Commercial &amp; Residential Solutions</b>	<u>306</u>	<u>357</u>
Stock compensation	38	(61)
Unallocated pension and postretirement costs	12	23
Corporate and other	(22)	(15)
Interest expense, net	<u>(36)</u>	<u>(38)</u>
Earnings before income taxes	<u><u>\$689</u></u>	<u><u>\$737</u></u>

**Table 5 (cont.)**

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

	<u>Quarter Ended March 31</u>	
	<u>2020</u>	<u>2021</u>
<b>Restructuring costs</b>		
<b>Automation Solutions</b>	\$23	\$12
Climate Technologies	2	3
Tools & Home Products	5	1
<b>Commercial &amp; Residential Solutions</b>	7	4
<b>Corporate</b>	1	1
Total	<u>\$31</u>	<u>\$17</u>

The table above does not include \$9 and \$4 of costs related to restructuring actions that were reported in cost of sales and selling, general and administrative expenses for the three months ended March 31, 2020 and 2021, respectively.

<b>Depreciation and Amortization</b>		
<b>Automation Solutions</b>	\$138	\$156
Climate Technologies	45	47
Tools & Home Products	19	20
<b>Commercial &amp; Residential Solutions</b>	64	67
<b>Corporate and other</b>	9	16
Total	<u>\$211</u>	<u>\$239</u>

**Table 6**

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

	<u>Six Months Ended March 31</u>	
	<u>2020</u>	<u>2021</u>
<b>Sales</b>		
Measurement & Analytical Instrumentation	\$1,571	\$1,430
Valves, Actuators & Regulators	1,767	1,642
Industrial Solutions	1,001	1,063
Systems & Software	1,222	1,350
<b>Automation Solutions</b>	<u>5,561</u>	<u>5,485</u>
Climate Technologies	1,899	2,191
Tools & Home Products	862	930
<b>Commercial &amp; Residential Solutions</b>	<u>2,761</u>	<u>3,121</u>
Eliminations	<u>(9)</u>	<u>(14)</u>
Net sales	<u><u>\$8,313</u></u>	<u><u>\$8,592</u></u>
<b>Earnings</b>		
<b>Automation Solutions</b>	\$701	\$832
Climate Technologies	368	457
Tools & Home Products	175	210
<b>Commercial &amp; Residential Solutions</b>	<u>543</u>	<u>667</u>
Stock compensation	(18)	(125)
Unallocated pension and postretirement costs	25	47
Corporate and other	(68)	(43)
Interest expense, net	<u>(71)</u>	<u>(78)</u>
Earnings before income taxes	<u><u>\$1,112</u></u>	<u><u>\$1,300</u></u>

**Table 6 (cont.)**

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

	<u>Six Months Ended March 31</u>	
	<u>2020</u>	<u>2021</u>
<b>Restructuring costs</b>		
<b>Automation Solutions</b>	\$106	\$76
Climate Technologies	9	4
Tools & Home Products	8	2
<b>Commercial &amp; Residential Solutions</b>	17	6
<b>Corporate</b>	5	1
Total	<u>\$128</u>	<u>\$83</u>

The table above does not include \$9 and \$7 of costs related to restructuring actions that were reported in cost of sales and selling, general and administrative expenses for the six months ended March 31, 2020 and 2021, respectively.

<b>Depreciation and Amortization</b>	\$277	\$312
<b>Automation Solutions</b>		
Climate Technologies	89	96
Tools & Home Products	38	39
<b>Commercial &amp; Residential Solutions</b>	127	135
<b>Corporate and other</b>	18	36
Total	<u>\$422</u>	<u>\$483</u>

## Reconciliations of Non-GAAP Financial Measures &amp; 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>Q2 2021 Underlying Sales Change</b>	<b>Auto Solns</b>	<b>Comm &amp; Res Solns</b>	<b>Emerson</b>	
Reported (GAAP)	3 %	13 %	6%	
(Favorable) / Unfavorable FX	(3)%	(2)%	(3) %	
Acquisitions / Divestitures	(2)%	— %	(1) %	
Underlying*	(2)%	11 %	2 %	

  

<b>FY 2021E Underlying Sales Change</b>	<b>Auto Solns</b>	<b>Comm &amp; Res Solns</b>	<b>Emerson</b>	
Reported (GAAP)	3% - 5%	14% - 16%	6% - 9%	
(Favorable) / Unfavorable FX	~ (3)%	~ (2)%	~(2)%	
Acquisitions / Divestitures	~ (1)%	~ - %	~(1)%	
Underlying*	(1)% - 1%	12% - 14%	3% - 6%	

  

<b>Q2 Earnings Per Share</b>	<b>Q2 FY20</b>	<b>Q2 FY21</b>	<b>Change</b>	
Earnings per share (GAAP)	\$ 0.84	\$ 0.93	11 %	
Restructuring	0.05	0.03	(3) %	
OSI purchase accounting items	—	0.01	1 %	
Adjusted earnings per share*	\$ 0.89	\$ 0.97	9 %	

  

<b>Earnings Per Share</b>	<b>FY2021E</b>
Earnings per share (GAAP)	\$3.55 - \$3.65
Restructuring	~ 0.26
OSI purchase accounting items & fees	~ 0.07
Equity investment gain	~ (0.03)
Adjusted earnings per share*	\$3.85 - \$3.95

  

<b>EBIT Margin</b>	<b>Q2 FY20</b>	<b>Q2 FY21</b>	<b>Change</b>	<b>FY21E</b>
Pretax margin (GAAP)	16.6 %	16.6%	- bps	~15.5%
Interest expense, net	0.8 %	0.9 %	10 bps	1.0%
Earnings before interest and taxes margin*	17.4 %	17.5 %	10 bps	~16.5%
Restructuring	1.0 %	0.5 %	(50) bps	1.0%
OSI purchase accounting items	— %	0.2 %	20 bps	0.1%
Equity investment gain	— %	— %	- bps	(0.1)%
Adjusted earnings before interest and taxes	18.4 %	18.2 %	(20) bps	~17.5%
Depreciation and amortization expense				5.0%
Adjusted earnings before interest, taxes, depreciation and amortization margin*				~22.5%+

  

<b>Automation Solutions Segment EBIT Margin</b>	<b>Q2 FY20</b>	<b>Q2 FY21</b>	<b>Change</b>
Automation Solutions Segment EBIT margin	14.4 %	16.8 %	240 bps
Restructuring and related charges impact	1.1 %	0.5 %	(6) bps
Automation Solutions Adjusted Segment EBIT margin*	15.5 %	17.3 %	180 bps

- more -

<b>Commercial &amp; Residential EBIT Margin</b>	<b>Q2 FY20</b>	<b>Q2 FY21</b>	<b>Change</b>
Commercial & Residential EBIT margin (GAAP)	21.0 %	21.7 %	70 bps
Restructuring and related charges impact	0.6 %	0.3 %	(30) bps
Commercial & Residential Adjusted EBIT margin*	21.6 %	22.0 %	40 bps

<b>Q2 Cash Flow</b>	<b>Q2 FY20</b>	<b>Q2 FY21</b>	<b>Change</b>
Operating cash flow (GAAP)	\$ 588	\$ 807	37%
Capital expenditures	(111)	(100)	11%
Free cash flow*	\$ 477	\$ 707	48%

<b>Cash Flow</b>	<b>Q2 YTD FY20</b>	<b>Q2 YTD FY21</b>	<b>% Change</b>
Operating cash flow (GAAP)	\$ 1,012	\$ 1,615	60%
Capital expenditures	(225)	(222)	17%
Free cash flow*	\$ 787	\$ 1,393	77%

<b>FY 2021E Cash Flow</b>	<b>FY 2021E</b>
Operating cash flow (GAAP)	~ \$3,300
Capital expenditures	~ (600)
Free cash flow*	~ \$2,700

<b>Cash Flow to Net Earnings Conversion</b>	<b>Q2 FY21</b>
Operating cash flow to net earnings (GAAP)	142 %
Capital expenditures	(17)%
Free cash flow to net earnings*	125 %

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

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