

Consolidated Statements of Earnings

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions, except per share amounts

	2016	2017	2018
Net sales	\$14,522	15,264	17,408
Costs and expenses:			
Cost of sales	8,260	8,860	9,948
Selling, general and administrative expenses	3,464	3,618	4,258
Other deductions, net	294	286	376
Interest expense, net of interest income of: 2016, \$27; 2017, \$36; 2018, \$43	188	165	159
Earnings from continuing operations before income taxes	2,316	2,335	2,667
Income taxes	697	660	443
Earnings from continuing operations	1,619	1,675	2,224
Discontinued operations, net of tax: 2016, \$269; 2017, \$671; 2018, \$0	45	(125)	—
Net earnings	1,664	1,550	2,224
Less: Noncontrolling interests in earnings of subsidiaries	29	32	21
Net earnings common stockholders	\$ 1,635	1,518	2,203
Earnings common stockholders:			
Earnings from continuing operations	\$ 1,590	1,643	2,203
Discontinued operations, net of tax	45	(125)	—
Net earnings common stockholders	\$ 1,635	1,518	2,203
Basic earnings per share common stockholders:			
Earnings from continuing operations	\$ 2.46	2.54	3.48
Discontinued operations	0.07	(0.19)	—
Basic earnings per common share	\$ 2.53	2.35	3.48
Diluted earnings per share common stockholders:			
Earnings from continuing operations	\$ 2.45	2.54	3.46
Discontinued operations	0.07	(0.19)	—
Diluted earnings per common share	\$ 2.52	2.35	3.46

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

EMERSON ELECTRIC CO. & SUBSIDIARIES

September 30 | Dollars and shares in millions, except per share amounts

	2017	2018
ASSETS		
Current assets		
Cash and equivalents	\$ 3,062	1,093
Receivables, less allowances of \$91 in 2017 and \$113 in 2018	3,072	3,344
Inventories	1,696	1,813
Other current assets	422	369
Total current assets	8,252	6,619
Property, plant and equipment, net	3,321	3,562
Other assets		
Goodwill	5,316	6,455
Other intangible assets	1,890	2,751
Other	810	1,003
Total other assets	8,016	10,209
Total assets	\$19,589	20,390
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings and current maturities of long-term debt	\$ 862	1,623
Accounts payable	1,776	1,943
Accrued expenses	2,342	2,534
Income taxes	65	64
Total current liabilities	5,045	6,164
Long-term debt	3,794	3,137
Other liabilities	1,980	2,099
Equity		
Common stock, \$0.50 par value; authorized, 1,200.0 shares; issued, 953.4 shares; outstanding, 641.7 shares in 2017; 629.2 shares in 2018	477	477
Additional paid-in-capital	297	348
Retained earnings	21,995	23,072
Accumulated other comprehensive income (loss)	(1,019)	(1,015)
	21,750	22,882
Less: Cost of common stock in treasury, 311.7 shares in 2017; 324.2 shares in 2018	13,032	13,935
Common stockholders' equity	8,718	8,947
Noncontrolling interests in subsidiaries	52	43
Total equity	8,770	8,990
Total liabilities and equity	\$19,589	20,390

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions

	2016	2017	2018
Operating activities			
Net earnings	\$ 1,664	1,550	2,224
(Earnings) Loss from discontinued operations, net of tax	(45)	125	—
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	568	636	758
Changes in operating working capital	93	160	(83)
Pension funding	(66)	(45)	(61)
Other, net	285	264	54
Cash from continuing operations	2,499	2,690	2,892
Cash from discontinued operations	382	(778)	—
Cash provided by operating activities	2,881	1,912	2,892
Investing activities			
Capital expenditures	(447)	(476)	(617)
Purchases of businesses, net of cash and equivalents acquired	(132)	(2,990)	(2,203)
Divestitures of businesses	—	39	201
Other, net	30	(106)	(101)
Cash from continuing operations	(549)	(3,533)	(2,720)
Cash from discontinued operations	(77)	5,047	—
Cash provided by (used in) investing activities	(626)	1,514	(2,720)
Financing activities			
Net increase (decrease) in short-term borrowings	(34)	(1,635)	343
Proceeds from short-term borrowings greater than three months	1,264	—	—
Payments of short-term borrowings greater than three months	(1,174)	(90)	—
Payments of long-term debt	(254)	(254)	(241)
Dividends paid	(1,227)	(1,239)	(1,229)
Purchases of common stock	(601)	(400)	(1,000)
Other, net	(19)	27	35
Cash used in financing activities	(2,045)	(3,591)	(2,092)
Effect of exchange rate changes on cash and equivalents	(82)	45	(49)
Increase (Decrease) in cash and equivalents	128	(120)	(1,969)
Beginning cash and equivalents	3,054	3,182	3,062
Ending cash and equivalents	\$ 3,182	3,062	1,093
Changes in operating working capital			
Receivables	\$ 162	(25)	(189)
Inventories	58	32	17
Other current assets	(4)	(12)	(28)
Accounts payable	(22)	135	115
Accrued expenses	(57)	74	17
Income taxes	(44)	(44)	(15)
Total changes in operating working capital	\$ 93	160	(83)

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