

Consolidated Statements of Earnings

EMERSON ELECTRIC CO. & SUBSIDIARIES

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

	2018	2019	2020
Net sales	\$17,408	18,372	16,785
Costs and expenses:			
Cost of sales	9,976	10,557	9,776
Selling, general and administrative expenses	4,269	4,457	3,986
Other deductions, net	337	325	532
Interest expense, net of interest income of: 2018, \$43; 2019, \$27; 2020, \$19	159	174	156
Earnings before income taxes	2,667	2,859	2,335
Income taxes	443	531	345
Net earnings	2,224	2,328	1,990
Less: Noncontrolling interests in earnings of subsidiaries	21	22	25
Net earnings common stockholders	\$ 2,203	2,306	1,965
Basic earnings per common share	\$ 3.48	3.74	3.26
Diluted earnings per common share	\$ 3.46	3.71	3.24

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

	2019	2020
ASSETS		
Current assets		
Cash and equivalents	\$ 1,494	3,315
Receivables, less allowances of \$112 in 2019 and \$138 in 2020	2,985	2,802
Inventories	1,880	1,928
Other current assets	780	761
Total current assets	7,139	8,806
Property, plant and equipment, net	3,642	3,688
Other assets		
Goodwill	6,536	6,734
Other intangible assets	2,615	2,468
Other	565	1,186
Total other assets	9,716	10,388
Total assets	\$20,497	22,882
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings and current maturities of long-term debt	\$ 1,444	1,160
Accounts payable	1,874	1,715
Accrued expenses	2,658	2,910
Total current liabilities	5,976	5,785
Long-term debt	4,277	6,326
Other liabilities	1,971	2,324
Equity		
Common stock, \$0.50 par value; authorized, 1,200.0 shares; issued, 953.4 shares; outstanding, 611.0 shares in 2019; 598.0 shares in 2020	477	477
Additional paid-in-capital	393	470
Retained earnings	24,199	24,955
Accumulated other comprehensive income (loss)	(1,722)	(1,577)
	23,347	24,325
Less: Cost of common stock in treasury, 342.4 shares in 2019; 355.4 shares in 2020	15,114	15,920
Common stockholders' equity	8,233	8,405
Noncontrolling interests in subsidiaries	40	42
Total equity	8,273	8,447
Total liabilities and equity	\$20,497	22,882

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions

	2018	2019	2020
Operating activities			
Net earnings	\$ 2,224	2,328	1,990
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	758	822	854
Stock compensation expense	216	120	110
Pension expense	49	2	67
Pension funding	(61)	(60)	(66)
Transition impact of Tax Act	(189)	—	—
Changes in operating working capital	(83)	(150)	148
Other, net	(22)	(56)	(20)
Cash provided by operating activities	2,892	3,006	3,083
Investing activities			
Capital expenditures	(617)	(594)	(538)
Purchases of businesses, net of cash and equivalents acquired	(2,203)	(469)	(126)
Divestitures of businesses	201	14	—
Other, net	(101)	(125)	(76)
Cash used in investing activities	(2,720)	(1,174)	(740)
Financing activities			
Net increase (decrease) in short-term borrowings	343	(6)	(90)
Proceeds from short-term borrowings greater than three months	—	—	1,043
Payments of short-term borrowings greater than three months	—	—	(1,043)
Proceeds from long-term debt	—	1,691	2,233
Payments of long-term debt	(241)	(656)	(503)
Dividends paid	(1,229)	(1,209)	(1,209)
Purchases of common stock	(1,000)	(1,250)	(942)
Other, net	35	39	2
Cash used in financing activities	(2,092)	(1,391)	(509)
Effect of exchange rate changes on cash and equivalents	(49)	(40)	(13)
Increase (Decrease) in cash and equivalents	(1,969)	401	1,821
Beginning cash and equivalents	3,062	1,093	1,494
Ending cash and equivalents	\$ 1,093	1,494	3,315
Changes in operating working capital			
Receivables	\$ (175)	51	207
Inventories	17	(87)	(6)
Other current assets	(42)	(87)	33
Accounts payable	115	(37)	(196)
Accrued expenses	2	10	110
Total changes in operating working capital	\$ (83)	(150)	148

See accompanying Notes to Consolidated Financial Statements.