

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event
reported): May 2, 2017

Emerson Electric Co.

(Exact Name of Registrant as Specified in Charter)

Missouri

(State or Other Jurisdiction of Incorporation)

1-278

(Commission
File Number)

43-0259330

(I.R.S. Employer Identification Number)

8000 West Florissant Avenue
St. Louis, Missouri

(Address of Principal Executive Offices)

63136

(Zip Code)

Registrant's telephone number, including area code:

(314) 553-2000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ 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. ☐

Item 2.02 Results of Operations and Financial Condition

Quarterly Results Press Release

On Tuesday, May 2, 2017, a press release was issued regarding the second quarter 2017 results of Emerson Electric Co. (the “Company”). A copy of this press release is furnished with this Current Report on Form 8-K as Exhibit 99.1.

References to underlying orders in the press release refer to the Company’s trailing three-month average orders growth versus the prior year, excluding currency, acquisitions and divestitures.

Non-GAAP Financial Measures

The press release contains non-GAAP financial measures as such term is defined in Regulation G under the rules of the Securities and Exchange Commission. While the Company believes these non-GAAP financial measures are useful in evaluating the Company, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Further, these non-GAAP financial measures may differ from similarly titled measures presented by other companies. The reasons management believes that these non-GAAP financial measures provide useful information are set forth in the Company’s most recent Form 10-K filed with the Securities and Exchange Commission.

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 economic and currency conditions, market demand, pricing, protection of intellectual property, and 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.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description of Exhibits
99.1	Emerson's May 2, 2017 press release announcing second quarter 2017 results.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EMERSON ELECTRIC CO.
(Registrant)

Date: May 2, 2017

By: /s/ John G. Shively
John G. Shively
Vice President and
Assistant Secretary

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
99.1	Emerson's May 2, 2017 press release announcing second quarter 2017 results.



news release

Media Contact: Mark Polzin (314) 982-1758 For immediate release

EMERSON REPORTS SECOND QUARTER 2017 RESULTS

- Favorable order trends drive second quarter sales and profits leading to increase in full-year guidance
- Sales of \$3.6 billion were flat versus the prior year on both a net and underlying basis
- Earnings per share from continuing operations increased 2 percent to \$0.58
- Completed the sale of the Leroy-Somer and Control Techniques businesses on January 31st
- Closed the acquisition of the Valves & Controls business on April 28th

ST. LOUIS, May 2, 2017 – Emerson (NYSE: EMR) today announced net sales in the second quarter ended March 31, 2017 were flat on both a net and underlying basis. The second quarter results reflected a continued improvement in served markets across both platforms. Within the regions, growth in the United States, Europe and Asia, particularly in China, was offset by declines in Middle/East Africa and Latin America. Five percent growth in the Commercial & Residential Solutions platform was driven by favorable HVAC, refrigeration and construction related markets. The Automation Solutions platform was down low-single digits. However, MRO activity in energy related markets continues to strengthen, particularly in North America, and power and life sciences markets remained favorable.

All profitability measures increased in the second quarter. Gross profit margin of 43.6 percent improved 50 basis points versus the prior year primarily due to savings from restructuring activities in 2016. Pretax margin of 15.8 percent and EBIT margin of 17.0 percent increased 40 and 30 basis points respectively. Earnings per share from continuing operations of \$0.58 increased 2 percent. Earnings per share were \$0.45, down 21 percent, including a (\$0.13) impact from discontinued operations related to the completed sales of the Network Power, Leroy-Somer and Control Techniques businesses.

"Following our solid first quarter, the second quarter results again exceeded our expectations delivering continued profitability improvement over the prior year," said Chairman and Chief Executive Officer David N. Farr. "During the quarter we saw improving demand across both of our platform businesses, positioning us for a stronger second half of the year. Considering our solid performance in the first half of the fiscal year and current order trends, we are raising our full year sales and EPS guidance. We now expect earnings per share from continuing operations to be \$2.55 to \$2.65, versus our prior guidance of \$2.47 to \$2.62. This EPS guidance assumes full year sales are approximately flat with underlying sales up approximately 1 percent excluding unfavorable currency translation."

- more -

Business Platform Results

Automation Solutions net and underlying sales decreased 3 percent. Demand conditions continued to improve within many of our key served markets. Power and life sciences markets continued to demonstrate positive momentum during the quarter and are expected to support growth in the second half of 2017. MRO activity in energy related markets remained favorable, particularly in North America, and should hold up globally as we move further into 2017. Underlying sales in North America were down 2 percent. MRO order rates continued to strengthen driven by shale and downstream customers. Project activity in combined cycle and natural gas power facilities was favorable in the quarter. Asia was down 2 percent, with China up 10 percent reflecting broad strength within our served markets and favorable turnaround activity. In other regions, Europe was flat, Middle East/Africa was down 9 percent and Latin America was down 16 percent. Margin decreased 10 basis points to 15.5 percent, primarily due to deleverage on lower volume. Based on current and expected order trends, the business expects the second half of the fiscal year to continue to improve with underlying sales trends turning positive driven by MRO and small project activity.

Commercial & Residential Solutions net and underlying sales increased 5 percent reflecting a continuation of strong demand in global HVAC and refrigeration markets and favorable conditions in construction related markets. Underlying sales in North America increased 4 percent, led by solid growth in air conditioning as well as favorable demand for tools from oil and gas customers and do-it yourself products from big box retailers. Asia increased 13 percent as broad strength in air conditioning and refrigeration markets continued across most of the region, particularly China which was up 20 percent. In other regions, Latin America was up 7 percent, Europe was up 6 percent and Middle East/Africa was down 3 percent. Margin increased 80 basis points to 23.7 percent, primarily due to leverage on higher volume and savings from restructuring actions. This platform has expanded profitability 170 basis points since the end of fiscal 2014 and with consistent global growth expected in HVAC end-markets, we are increasing strategic investments to better position the business for stronger growth through new technologies and markets. A favorable outlook for global demand within our served markets supports the expectation for mid-single digit growth in fiscal 2017.

2017 Outlook

Full-year net sales are now expected to be approximately flat, with underlying sales up approximately 1 percent excluding unfavorable currency translation of approximately 1 percent. Earnings per share from continuing operations guidance is being raised to \$2.55 to \$2.65. Automation Solutions net sales are expected to be down 3 to 4 percent, with underlying sales down 2 to 3 percent excluding unfavorable currency translation of approximately 1 percent. Commercial & Residential Solutions net and underlying sales are expected to be up 5 to 6 percent. This outlook excludes any impact related to the acquisition of the Pentair Valves & Controls business, which was completed on April 28th. The timing of the closure has not afforded the Company sufficient time to fully incorporate the impact of this

- more -

business into our guidance. On today's conference call we will provide initial estimates of the expected impact to the remainder of the fiscal 2017. More detailed information on the Valves & Controls business and its impact to guidance will be provided in the coming months.

"Thanks to the success of our multi-year restructuring actions and with the momentum established by our two platform businesses, we're well positioned for what we expect to be a stronger second half of the year," said Farr. "We are encouraged by improving economic conditions and positive trends in capital spending. Our current order trends support positive sales growth in the second half of fiscal 2017 and leading into fiscal 2018. As we begin the third quarter, we remain focused on improving profitability and cash flow while continuing our portfolio repositioning to expand our leadership position in key served markets as evidenced by our recent completion of the Valves & Controls acquisition from Pentair. The final control management team will now focus on an aggressive integration over the remaining five months of the fiscal year."

Upcoming Investor Events

Today at 2:00 p.m. ET, Emerson management will discuss the second quarter 2017 results during a conference call. Access to a live webcast of the discussion will be available at www.emerson.com/financial at the time of the call. A replay of the conference call will remain available for 90 days.

On Wednesday, May 24, 2017, Emerson Chairman and Chief Executive Officer David Farr will present at the Electrical Products Group Conference in Longboat Key, Florida, at 10:45 a.m. ET. The presentation will be posted on Emerson's website at www.emerson.com/financial at the time of the event and remain available for approximately 90 days.

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 economic and currency conditions, market demand, pricing, protection of intellectual property, and 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.

The outlook contained herein represents the Company's expectations for its consolidated results from continuing operations, and excludes the results of discontinued operations, as well as results attributable to the recent acquisition of the Pentair Valves & Controls business.

(tables attached)

- more -

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>2016</u>	<u>2017</u>	
Net sales	\$3,579	\$3,574	—%
Costs and expenses:			
Cost of sales	2,037	2,017	
SG&A expenses	878	868	
Other deductions, net	66	83	
Interest expense, net	46	41	
Earnings from continuing operations before income taxes	<u>552</u>	<u>565</u>	2%
Income taxes	177	181	
Earnings from continuing operations	<u>375</u>	<u>384</u>	3%
Discontinued operations, net of tax	2	(84)	
Net earnings	<u>377</u>	<u>300</u>	
Less: Noncontrolling interests in earnings of subsidiaries	8	8	
Net earnings common stockholders	<u>\$369</u>	<u>\$292</u>	(21)%
Diluted avg. shares outstanding	644.7	644.8	
Diluted earnings per share common stockholders			
Earnings from continuing operations	\$0.57	\$0.58	2%
Discontinued operations	—	(\$0.13)	
Diluted earnings per common share	<u>\$0.57</u>	<u>\$0.45</u>	(21)%

	<u>Quarter Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Other deductions, net		
Amortization of intangibles	\$22	\$21
Restructuring costs	11	13
Other	33	49
Total	<u>\$66</u>	<u>\$83</u>

- more -

Table 2

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

	<u>Six Months Ended March 31</u>		<u>Percent</u>
	<u>2016</u>	<u>2017</u>	<u>Change</u>
Net sales	\$6,916	\$6,790	(2)%
Costs and expenses:			
Cost of sales	3,960	3,868	
SG&A expenses	1,757	1,690	
Other deductions, net	120	116	
Interest expense, net	93	87	
Earnings from continuing operations before income taxes	986	1,029	4%
Income taxes	304	275	
Earnings from continuing operations	682	754	11%
Discontinued operations, net of tax	48	(139)	
Net earnings	730	615	
Less: Noncontrolling interests in earnings of subsidiaries	12	14	
Net earnings common stockholders	<u>\$718</u>	<u>\$601</u>	(16)%
Diluted avg. shares outstanding	648.6	644.5	
Diluted earnings per share common stockholders			
Earnings from continuing operations	\$1.03	\$1.14	11%
Discontinued operations	\$0.07	(\$0.21)	
Diluted earnings per common share	<u>\$1.10</u>	<u>\$0.93</u>	(15)%

	<u>Six Months Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Other deductions, net		
Amortization of intangibles	\$44	\$43
Restructuring costs	18	24
Other	58	49
Total	<u>\$120</u>	<u>\$116</u>

- more -

Table 3

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

	<u>Quarter Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Assets		
Cash and equivalents	\$3,322	\$5,039
Receivables, net	2,545	2,479
Inventories	1,345	1,331
Other current assets	618	597
Current assets held-for-sale	2,083	—
Total current assets	9,913	9,446
Property, plant & equipment, net	2,889	2,880
Goodwill	3,848	3,891
Other intangible assets	905	869
Other	202	191
Noncurrent assets held-for-sale	3,994	—
Total assets	\$21,751	\$17,277
Liabilities and equity		
Short-term borrowings and current maturities of long-term debt	\$3,232	\$252
Accounts payable	1,377	1,368
Accrued expenses	2,022	1,952
Income taxes	88	199
Current liabilities held-for-sale	1,463	—
Total current liabilities	8,182	3,771
Long-term debt	4,049	3,816
Other liabilities	1,446	1,633
Noncurrent liabilities held-for-sale	331	—
Total equity	7,743	8,057
Total liabilities and equity	\$21,751	\$17,277

- more -

Table 4

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

	Six Months Ended March 31	
	2016	2017
Operating activities		
Net earnings	\$730	\$615
(Earnings) Loss from discontinued operations, net of tax	(48)	139
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	286	283
Changes in operating working capital	(100)	(126)
Other, net	148	100
Cash from continuing operations	1,016	1,011
Cash from discontinued operations	190	(601)
Cash provided by operating activities	1,206	410
Investing activities		
Capital expenditures	(210)	(194)
Purchases of businesses, net of cash and equivalents acquired	(11)	(16)
Other, net	71	(50)
Cash from continuing operations	(150)	(260)
Cash from discontinued operations	(38)	5,051
Cash provided by (used in) investing activities	(188)	4,791
Financing activities		
Net increase (decrease) in short-term borrowings	704	(2,318)
Payments of long-term debt	(253)	(252)
Dividends paid	(616)	(621)
Purchases of common stock	(555)	(120)
Other, net	(5)	29
Cash used in financing activities	(725)	(3,282)
Effect of exchange rate changes on cash and equivalents	(25)	(62)
Increase in cash and equivalents	268	1,857
Beginning cash and equivalents	3,054	3,182
Ending cash and equivalents	\$3,322	\$5,039

- more -

Table 5

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

	<u>Quarter Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Sales		
Automation Solutions	\$2,194	\$2,117
Climate Technologies	993	1,058
Tools & Home Products	394	402
Commercial & Residential Solutions	1,387	1,460
Eliminations	(2)	(3)
Net sales	<u>\$3,579</u>	<u>\$3,574</u>
Earnings		
Automation Solutions	\$342	\$328
Climate Technologies	226	249
Tools & Home Products	92	96
Commercial & Residential Solutions	318	345
Differences in accounting methods	47	35
Corporate and other	(109)	(102)
Interest expense, net	(46)	(41)
Earnings before income taxes	<u>\$552</u>	<u>\$565</u>
Restructuring costs		
Automation Solutions	\$8	\$9
Climate Technologies	2	3
Tools & Home Products	1	—
Commercial & Residential Solutions	3	3
Corporate	—	1
Total	<u>\$11</u>	<u>\$13</u>

- more -

Table 6

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

	<u>Six Months Ended March 31</u>	
	<u>2016</u>	<u>2017</u>
Sales		
Automation Solutions	\$4,356	\$4,084
Climate Technologies	1,779	1,917
Tools & Home Products	786	795
Commercial & Residential Solutions	2,565	2,712
Eliminations	(5)	(6)
Net sales	<u>\$6,916</u>	<u>\$6,790</u>
Earnings		
Automation Solutions	\$683	\$654
Climate Technologies	359	410
Tools & Home Products	177	184
Commercial & Residential Solutions	536	594
Differences in accounting methods	91	68
Corporate and other	(231)	(200)
Interest expense, net	(93)	(87)
Earnings before income taxes	<u>\$986</u>	<u>\$1,029</u>
Restructuring costs		
Automation Solutions	\$13	\$15
Climate Technologies	3	7
Tools & Home Products	2	1
Commercial & Residential Solutions	5	8
Corporate	—	1
Total	<u>\$18</u>	<u>\$24</u>

- more -

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):

Q2 2017 Underlying Sales Change	Auto Solns	Comm & Res Solns	Emerson
Reported (GAAP)	(3)%	5 %	0 %
Unfavorable FX	- %	1 %	- %
Acquisitions	- %	(1)%	- %
Underlying*	(3)%	5 %	0 %

EBIT Margin	Q2 FY17	Q2 FY16	Change
Pretax margin (GAAP)	15.8 %	15.4 %	40 bps
Interest expense, net	1.2	1.3	(10) bps
EBIT margin*	17.0 %	16.7 %	30 bps

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

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