

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): November 5, 2019

Emerson Electric Co.

(Exact Name of Registrant as Specified in Charter)

Missouri	1-278	43-0259330
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

8000 West Florissant Avenue St. Louis, Missouri	63136
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(Address of Principal Executive Offices)	(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock of \$0.50 par value per share	EMR	New York Stock Exchange Chicago Stock Exchange
0.375% Notes due 2024	EMR 24	New York Stock Exchange
1.250% Notes due 2025	EMR 25A	New York Stock Exchange
2.000% Notes due 2029	EMR 29	New York Stock Exchange

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, November 5, 2019, a press release was issued regarding the fourth quarter and full year 2019 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 the 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 outcome and ultimate impact of the review referred to herein, as well as economic and currency conditions, market demand, 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.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description of Exhibits
99.1	Emerson's November 5, 2019 press release announcing fourth quarter and full year 2019 results.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

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: November 5, 2019

By: /s/ John A. Sperino
John A. Sperino
Vice President and
Assistant Secretary



news release

For immediate release

Investor Contact: Tim Reeves (314) 553-2197

Media Contact: Casey Murphy (314) 982-6220

Emerson Reports Fourth Quarter and Full Year 2019 Results, Provides 2020 Outlook

- Fourth quarter net sales of \$5.0 billion increased 2 percent; underlying sales up 3 percent
- Fourth quarter EPS of \$1.16 and full year \$3.71 included discrete tax benefits of \$0.09 and \$0.14, respectively
- Fourth quarter operating cash flow of \$1.2 billion, up 18 percent
- Full year operating cash flow of \$3.0 billion; Free cash flow of \$2.4 billion, net earnings conversion of 105 percent
- Returned \$2.5 billion to shareholders, over 80 percent of full year operating cash flow, through dividends and share repurchases
- Dividends as a percent of free cash flow improved by 4 points to 50 percent in 2019
- Completed 63 consecutive years of increased dividends per share and plan to announce a 4-cent increase for 2020

ST. LOUIS, Nov. 5, 2019 – Emerson (NYSE: EMR) today reported results for the fourth quarter and fiscal year ended Sept. 30, 2019.

Fourth quarter **net sales** were up 2 percent, with **underlying sales** up 3 percent excluding unfavorable currency of 2 percent and a positive impact from acquisitions of 1 percent. Growth was in line with management expectations for Automation Solutions but below expectations for Commercial & Residential Solutions due to cooler weather conditions in North America that unfavorably impacted air conditioning and construction markets and continued sluggishness in Asian markets. Emerson finished the year with **trailing three-month underlying orders** growth of 1 percent, or 2 percent excluding two prior year fleetwide modernization projects for large North American power customers, in line with the Company's recent communications regarding slowing global economic growth.

Fourth quarter **gross profit margin** of 42.8 percent was up 70 basis points compared with the prior year, primarily due to solid operational execution and favorable price-cost. **Pretax margin** of 16.6 percent and **EBIT margin** of 17.4 percent were up 150 and 140 basis points, respectively. **Total segment margin** of 19.2 percent was up 10 basis points and was up 50 basis points to 20.2 percent excluding restructuring charges, reflecting year-over-year leverage exceeding 40 percent.

GAAP earnings per share were \$1.16 in the quarter, up 20 percent versus the prior year, and were \$1.07, up 20 percent, excluding discrete tax benefits of \$0.09 this year and \$0.08 in the prior year.

Fourth quarter **operating cash flow** was up 18 percent to \$1.2 billion, and **free cash flow** was up 40 percent to \$1.0 billion. Full year operating cash flow was up 4 percent to \$3.0 billion and free cash flow was up 6 percent to \$2.4 billion, reflecting 105 percent conversion of net earnings.

“Emerson delivered a solid year, despite a lower growth environment than we anticipated,” said Emerson Chairman and CEO David N. Farr. “We grew above our markets, delivered strong earnings and cash flow, and returned \$2.5 billion to our shareholders. We plan to announce a 4-cent dividend increase for 2020, which is higher than recent increases, and we plan greater increases as our dividend to free cash flow ratio improves below 50 percent in future years.

“The year required our organization to be nimble, as we shifted from a growth mindset at our Investor Conference last February to an increasing focus through the second half of our fiscal year on setting up the right cost position for what we expect will be a low or no-growth environment.

“Emerson knows how to do this: We announced restructuring plans mid-year and increased the effort again in August. We drove hard through the fourth quarter to finish strong operationally while achieving \$55 million in restructuring actions. We are not done – we will pursue further cost actions over the next couple of years.

“Our teams have worked hard and accomplished much in a short time during a challenging and dynamic year across the globe,” Farr said. “We believe this will help set the cost structure and the company up for continued success going into 2020.”

Business Platform Results

Automation Solutions net sales increased 4 percent in the quarter, with underlying sales up 5 percent excluding unfavorable currency of 2 percent and a positive impact from acquisitions of 1 percent. September trailing three-month underlying orders were up 3 percent and were up 4 percent excluding two prior year fleetwide modernization projects for large North American power customers.

Demand in process and hybrid end markets was steady in the Americas and Europe and was robust in Asia, Middle East & Africa. North American upstream oil and gas investment activity and global discrete end markets remained negative in the quarter. Programs focused on our installed base, including shutdowns and turnarounds and digital transformation solutions, contributed to steady growth of maintenance and repair (MRO) and brownfield investment activity. These programs drove an overall higher level of MRO growth and business mix in 2019 than we had expected at the outset of the year. Long-cycle businesses continued steady growth in the quarter, with Final Control underlying sales up mid-single digits and the Systems business up low-double digits. The September ending backlog for these businesses was up 6 percent compared to the prior year.

In the Americas, underlying sales were flat, reflecting slow discrete end markets and soft upstream oil and gas activity. The Industrial Solutions business, which primarily serves discrete manufacturing end markets through distribution, was down high-single digits on an underlying basis, reflecting continued soft short-cycle demand and some rebalancing of channel inventory. The Systems business was up high-single digits, reflecting steady MRO spending and project activity.

Asia, Middle East & Africa underlying sales growth was up 10 percent, supported by continued infrastructure investment, led by China, and strong growth in Middle East & Africa. Europe was up 7 percent, reflecting strong backlog conversion and steady demand in most key end markets.

Segment margin increased 70 basis points to 18.4 percent and was up 140 basis points to 19.5 percent excluding restructuring charges, reflecting year-over-year leverage exceeding 50 percent. Strong profitability in the quarter was driven by fixed cost leverage and the benefit of prior year restructuring actions.

For the full year, net sales were up 7 percent, or up 5 percent on an underlying basis. Segment margin decreased 50 basis points to 16.0 percent and was up 50 basis points to 17.3 percent excluding restructuring charges and the dilutive impact of the Aventics and GE Intelligent Platforms acquisitions, reflecting year-over-year leverage exceeding 30 percent.

Commercial & Residential Solutions net sales decreased 3 percent in the quarter, with underlying sales down 2 percent excluding unfavorable currency of 1 percent. September trailing three-month underlying orders were down 2 percent due to cooler weather in North American air conditioning markets and slower conditions in global professional tools and cold chain markets.

In the Americas, underlying sales were flat, reflecting modest growth in residential air conditioning markets offset by slower commercial and aftermarket demand and softer professional tools and cold chain end markets. Europe was down 2 percent, and Asia, Middle East & Africa was down 7 percent as sluggish conditions persisted across the region.

Margin decreased 120 basis points to 20.8 percent and was down 110 basis points to 21.6 percent excluding the impact of restructuring charges. Lower profitability primarily reflected deleverage on lower volume and unfavorable mix, partially offset by favorable price-cost.

For the full year, net sales were up 3 percent, or down 1 percent on an underlying basis. Segment margin decreased 200 basis points to 20.6 percent and was down 110 basis points to 21.9 percent excluding restructuring charges and the dilutive impact of the Tools & Test acquisition, primarily reflecting deleverage on lower sales volume and unfavorable mix.

2020 Outlook

Consistent with Emerson's disciplined management approach, the Company's Board of Directors is leading a comprehensive review of operational, capital allocation and portfolio initiatives. As announced on Oct. 1, this review was triggered earlier in fiscal 2019 by slowing macroeconomic

conditions and geopolitical tensions that weigh on the Company's demand outlook. The outlook does not include any impact from the Board's ongoing review. We expect to present the Board's conclusions and updated 2020 guidance at our February Investor Conference.

The 2020 guidance assumes that end market growth is muted, or even slightly negative, with Emerson net sales down 3 percent to up 1 percent and underlying sales down 2 percent to up 2 percent.

The 2020 adjusted earnings per share guidance excludes significant discrete tax items and restructuring charges, which will not be known until finalization of the Board's review. The following table bridges 2019 GAAP earnings per share guidance to the new adjusted basis.

2019 GAAP EPS	\$3.71
Less: Discrete tax benefits	(0.14)
Add: Restructuring charges	0.12
2019 Adjusted EPS	\$3.69
<hr/>	
2020 Adjusted EPS Range	\$3.48 to \$3.72

The 2020 adjusted earnings per share guidance includes headwinds of \$0.29 related to increased pension expense driven by lower discount rates, higher stock compensation expense due to a higher assumed stock price in 2020, a higher tax rate and an unfavorable foreign currency impact. These headwinds are partially mitigated by lower interest expense and planned share repurchases of \$1.5 billion in 2020.

The following table presents the 2020 guidance framework.

Sales Growth Guidance		EPS and Cash Flow Guidance	
			\$3.60 +/- \$0.12
Net Sales Growth	(3%) – 1%	Adjusted EPS	
Automation Solutions	(2%) to 2%	Tax Rate	~23%
Commercial & Residential Solutions	(5%) to (1%)	Operating Cash Flow	~\$3.1B
Underlying Sales Growth	(2%) – 2%	Free Cash Flow	~\$2.5B
Automation Solutions	(1%) to 3%	Capital Expenditures	~\$600M
Commercial & Residential Solutions	(3%) to 1%	Share Repurchases	\$1.5B

"We are planning for a challenging economic environment in fiscal 2020," Farr said. "The U.S. presidential election, continued trade tensions, and an increasing wave of corporate restructuring announcements will pressure global economies, leaving the large capital project cycle – which really hasn't yet begun in our end markets – stalled.

"Fortunately, our businesses have proved they are resilient. Automation Solutions' estimated \$115 billion installed base offers secular growth levers, such as digital transformation upgrade projects and targeted MRO service programs that leverage our unique global service center infrastructure. Similarly,

Commercial & Residential Solutions' global position, diverse end markets and leading technology provide opportunities to grow above the market and a buffer against downside risk.

"Over the last few years, we've executed \$6 billion of bolt-on acquisitions which provide runway for earnings growth, margin and cash flow improvement across both business platforms. Our Board of Directors continues its operations, portfolio and capital allocation review, and we expect to fully outline these plans and reset our 2020 and long-term guidance at our February 2020 Investor Conference.

"I want to thank the Board of Directors for their continued guidance and our company's leaders and employees for their dedication as we navigate an uncertain macroeconomic environment."

Upcoming Investor Events

Today, beginning at 2:30 p.m. Eastern Time, Emerson management will discuss the fourth quarter and full year 2019 results during an investor conference call. Participants can access a live webcast available at www.emerson.com/financial at the time of the call. A replay of the call will remain available for 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 the outcome and ultimate impact of the review referred to herein, as well as economic and currency conditions, market demand, 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 Sept 30</u>		<u>Percent Change</u>
	<u>2018</u>	<u>2019</u>	
Net sales	\$4,888	\$4,971	2%
Costs and expenses:			
Cost of sales	2,829	2,843	
SG&A expenses	1,181	1,109	
Other deductions, net	94	153	
Interest expense, net	46	40	
Earnings before income taxes	738	826	12%
Income taxes	116	102	
Net earnings	622	724	
Less: Noncontrolling interests in earnings of subsidiaries	5	7	
Net earnings common stockholders	<u>\$617</u>	<u>\$717</u>	16%
Diluted avg. shares outstanding	631.9	617.5	
Diluted earnings per share common share	\$0.97	\$1.16	20%

	<u>Quarter Ended Sept 30</u>	
	<u>2018</u>	<u>2019</u>
Other deductions, net		
Amortization of intangibles	\$57	\$61
Restructuring costs	27	55
Other	10	37
Total	<u>\$94</u>	<u>\$153</u>

Table 2

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

	<u>12 Months Ended Sept 30</u>		<u>Percent Change</u>
	<u>2018</u>	<u>2019</u>	
Net sales	\$17,408	\$18,372	6%
Costs and expenses:			
Cost of sales	9,976	10,557	
SG&A expenses	4,269	4,457	
Other deductions, net	337	325	
Interest expense, net	159	174	
Earnings before income taxes	<u>2,667</u>	<u>2,859</u>	7%
Income taxes	443	531	
Net earnings	<u>2,224</u>	<u>2,328</u>	
Less: Noncontrolling interests in earnings of subsidiaries	21	22	
Net earnings common stockholders	<u>\$2,203</u>	<u>\$2,306</u>	5%
Diluted avg. shares outstanding	635.3	620.6	
Diluted earnings per common share	\$3.46	\$3.71	7%

	<u>12 Months Ended Sept 30</u>	
	<u>2018</u>	<u>2019</u>
Other deductions, net		
Amortization of intangibles	\$211	\$238
Restructuring costs	65	95
Other	61	(8)
Total	<u>\$337</u>	<u>\$325</u>

Table 3

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

	<u>Quarter Ended Sept 30</u>	
	<u>2018</u>	<u>2019</u>
Assets		
Cash and equivalents	\$1,093	\$1,494
Receivables, net	3,023	2,985
Inventories	1,813	1,880
Other current assets	690	780
Total current assets	6,619	7,139
Property, plant & equipment, net	3,562	3,642
Goodwill	6,455	6,536
Other intangible assets	2,751	2,615
Other	1,003	565
Total assets	\$20,390	\$20,497
Liabilities and equity		
Short-term borrowings and current maturities of long-term debt	\$1,623	\$1,444
Accounts payable	1,943	1,874
Accrued expenses	2,598	2,658
Total current liabilities	6,164	5,976
Long-term debt	3,137	4,277
Other liabilities	2,099	1,971
Total equity	8,990	8,273
Total liabilities and equity	\$20,390	\$20,497

Table 4

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

	12 Months Ended Sept 30	
	2018	2019
Operating activities		
Net earnings	\$2,224	\$2,328
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	758	822
Changes in operating working capital	(83)	(150)
Other, net	(7)	6
Net cash provided by operating activities	2,892	3,006
Investing activities		
Capital expenditures	(617)	(594)
Purchases of businesses, net of cash and equivalents acquired	(2,203)	(469)
Divestitures of businesses	201	14
Other, net	(101)	(125)
Cash used in investing activities	(2,720)	(1,174)
Financing activities		
Net increase (decrease) in short-term borrowings	343	(6)
Proceeds from long-term debt	—	1,691
Payments of long-term debt	(241)	(656)
Dividends paid	(1,229)	(1,209)
Purchases of common stock	(1,000)	(1,250)
Other, net	35	39
Cash used in financing activities	(2,092)	(1,391)
Effect of exchange rate changes on cash and equivalents	(49)	(40)
Increase (decrease) in cash and equivalents	(1,969)	401
Beginning cash and equivalents	3,062	1,093
Ending cash and equivalents	<u>\$1,093</u>	<u>\$1,494</u>

Table 5

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

	<u>Quarter Ended Sept 30</u>	
	<u>2018</u>	<u>2019</u>
Sales		
Automation Solutions	\$3,228	\$3,368
Climate Technologies	1,168	1,142
Tools & Home Products	487	466
Commercial & Residential Solutions	1,655	1,608
Eliminations	5	(5)
Net sales	<u>\$4,888</u>	<u>\$4,971</u>
Earnings		
Automation Solutions	\$570	\$619
Climate Technologies	260	233
Tools & Home Products	104	102
Commercial & Residential Solutions	364	335
Stock Compensation	(72)	(37)
Pension and postretirement benefits	17	27
Corporate and other	(95)	(78)
Interest expense, net	(46)	(40)
Earnings before income taxes	<u>\$738</u>	<u>\$826</u>
Restructuring costs		
Automation Solutions	\$15	\$39
Climate Technologies	9	12
Tools & Home Products	3	2
Commercial & Residential Solutions	12	14
Corporate	—	2
Total	<u>\$27</u>	<u>\$55</u>
Depreciation and Amortization		
Automation Solutions	\$132	\$142
Climate Technologies	43	44
Tools & Home Products	16	17
Commercial & Residential Solutions	59	61
Corporate	10	10
Total	<u>\$201</u>	<u>\$213</u>

Table 6

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

	<u>12 Months Ended Sept 30</u>	
	<u>2018</u>	<u>2019</u>
Sales		
Automation Solutions	\$11,441	\$12,202
Climate Technologies	4,454	4,313
Tools & Home Products	1,528	1,856
Commercial & Residential Solutions	5,982	6,169
Eliminations	(15)	1
Net sales	<u>\$17,408</u>	<u>\$18,372</u>
Earnings		
Automation Solutions	\$1,886	\$1,947
Climate Technologies	972	883
Tools & Home Products	380	388
Commercial & Residential Solutions	1,352	1,271
Stock Compensation	(216)	(120)
Pension and postretirement benefits	79	108
Corporate and other	(275)	(173)
Interest expense, net	(159)	(174)
Earnings before income taxes	<u>\$2,667</u>	<u>\$2,859</u>
Restructuring costs		
Automation Solutions	\$41	\$65
Climate Technologies	20	20
Tools & Home Products	3	7
Commercial & Residential Solutions	23	27
Corporate	1	3
Total	<u>\$65</u>	<u>\$95</u>
Depreciation and Amortization		
Automation Solutions	\$488	\$535
Climate Technologies	171	176
Tools & Home Products	44	71
Commercial & Residential Solutions	215	247
Corporate	55	40
Total	<u>\$758</u>	<u>\$822</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):

FY 2019 Underlying Sales Change			
Reported (GAAP)	Auto Solns	Comm & Res Solns	
(Favorable) / Unfavorable FX	7 %	3 %	
Acquisitions/Divestitures	2 %	1 %	
Underlying*	(4)%	(5)%	
	5 %	(1)%	
Q4 2019 Underlying Sales Change			
Reported (GAAP)	Auto Solns	Comm & Res Solns	Emerson
(Favorable) / Unfavorable FX	4 %	(3)%	2 %
Acquisitions/Divestitures	2 %	1 %	2 %
Underlying*	(1)%	— %	(1)%
	5 %	(2)%	3 %
FY 2020E Underlying Sales Change			
Reported (GAAP)	Auto Solns	Comm & Res Solns	Emerson
(Favorable) / Unfavorable FX	(2)% - 2%	(5)% - (1)%	(3)% - 1%
Acquisitions/Divestitures	~ 1%	~ 1%	~ 1%
Underlying*	~ - %	~ 1%	~ - %
	(1)% - 3%	(3)% - 1%	(2)% - 2%
Earnings Per Share			
Earnings per share (GAAP)	Q4 FY18	Q4 FY19	Change
Discrete tax benefits	\$ 0.97	\$ 1.16	20 %
Earnings per share excluding discrete tax benefits*	(0.08)	(0.09)	— %
	\$ 0.89	\$ 1.07	20 %
EBIT Margin			
Pretax margin (GAAP)	Q4 FY18	Q4 FY19	Change
Interest expense, net	15.1 %	16.6 %	150 bps
Earnings before interest and taxes margin*	0.9 %	0.8 %	(10) bps
	16.0 %	17.4 %	140 bps
Business Segment EBIT			
Pretax margin (GAAP)	Q4 FY18	Q4 FY19	Change
Corp. items & interest expense, net % of sales	15.1 %	16.6 %	150 bps
Business segment EBIT margin*	4.0 %	2.6 %	(140) bps
Restructuring charges	19.1 %	19.2 %	10 bps
Business segment EBIT margin excluding restructuring*	0.6 %	1.0 %	40 bps
	19.7 %	20.2 %	50 bps
Q4 2019 Automation Solutions Segment EBIT Margin			
Automation Solutions Segment EBIT margin (GAAP)	Q4 FY18	Q4 FY19	Change
Restructuring charges	17.7 %	18.4 %	70 bps
Automation Solutions Segment EBIT margin, excluding restructuring*	0.4 %	1.1 %	70 bps
	18.1 %	19.5 %	140 bps

- more -

Automation Solutions Segment EBIT Margin

Automation Solutions Segment EBIT margin (GAAP)
 Restructuring and acquisitions impact
 Automation Solutions Segment EBIT margin, excluding
 restructuring and acquisitions*

FY18	FY19	Change
16.5 %	16.0 %	(50) bps
0.3 %	1.3 %	100 bps
16.8 %	17.3 %	50 bps

Q4 2019 Commercial & Residential EBIT Margin

Commercial & Residential EBIT margin (GAAP)
 Restructuring charges
 Commercial & Residential EBIT margin, excluding
 restructuring*

Q4 FY18	Q4 FY19	Change
22.0 %	20.8 %	(120) bps
0.7 %	0.8 %	10 bps
22.7 %	21.6 %	(110) bps

Commercial & Residential EBIT Margin

Commercial & Residential EBIT margin (GAAP)
 Restructuring and Tools & Test acquisition impact
 Commercial & Residential EBIT margin, excluding
 restructuring and Tools & Test acquisition*

FY18	FY19	Change
22.6 %	20.6 %	(200) bps
0.4 %	1.3 %	90 bps
23.0 %	21.9 %	(110) bps

Q4 Cash Flow

Operating cash flow (GAAP)
 Capital expenditures
 Free cash flow*

Q4 FY18	Q4 FY19	Change
\$ 1,024	\$ 1,204	18 %
(303)	(199)	22 %
\$ 721	\$ 1,005	40 %

Cash Flows

Operating cash flow (GAAP)
 Capital expenditures
 Free cash flow*

FY18	FY19	Change
\$ 2,892	\$ 3,006	4 %
(617)	(594)	2 %
\$ 2,275	\$ 2,412	6 %

FY 2020E Cash Flow

Operating cash flow (GAAP)
 Capital expenditures
 Free cash flow*

FY 2020E
\$ 3,100
~ (600)
\$ 2,500

Cash Flow to Net Earnings Conversion

Operating cash flow to net earnings (GAAP)
 Capital expenditures
 Free cash flow to net earnings*

FY19
130 %
(25)%
105 %

Dividend to Free Cash Flow

Dividends to operating cash flow (GAAP)
 Capital expenditures
 Dividends to free cash flow*

FY18	FY19	Change
43 %	40 %	(3)%
11 %	10 %	(1)%
54 %	50 %	(4)%

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

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