

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): February 2, 2021

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))

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 NYSE Chicago
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, February 2, 2021, a press release was issued regarding the first quarter 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 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.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description of Exhibits
<u>99.1</u>	<u>Emerson's February 2, 2021 press release announcing first quarter results.</u>
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: February 2, 2021

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



news release

For immediate release

Investor Contact: Pete Lilly (314) 553-2197
Media Contact: Casey Murphy (314) 982-6220

Emerson Reports First Quarter 2021 Results, Updates 2021 Outlook

- **First quarter GAAP net sales** of \$4.2 billion were flat from the year prior; **underlying sales** were down 2 percent, which was ahead of management's November guidance.
- **First quarter GAAP EPS** was \$0.74, up 40 percent from the year prior; **adjusted EPS**, which excludes restructuring and first year purchase accounting charges and fees, was \$0.83, up 24 percent.
- Strong **operating cash flow** of \$808 million in the quarter, up 90 percent; **Free cash flow** was \$686 million, up 121 percent.
- **Restructuring and related actions** of \$69 million were initiated in the quarter, continuing aggressive execution of the comprehensive cost reset program to return the company to record adjusted EBIT margins.

ST. LOUIS, Feb 2, 2021 - Emerson (NYSE: EMR) today reported results for the first fiscal quarter ended December 31, 2020.

First quarter **GAAP net sales** were flat and **underlying sales** were only down 2 percent excluding favorable currency of 1 percent and impact from acquisitions of 1 percent. Revenue for the quarter was ahead of management's November guidance, with both business platforms finishing above expectations. Overall, the company continued to see a sharp bifurcation in North American markets, with residential markets showing continued strength while many core automation markets remained subdued. Overall, North America was down high single-digits in the quarter. All other regions trended to growth with Europe up mid single-digits and Asia, Middle East & Africa up low single-digits.

December **trailing three-month underlying orders** were only down 4.5 percent, ahead of previous expectations, as strength in residential-facing, cold chain, life sciences, medical, and food & beverage markets was more than offset by ongoing weakness in many process industries. Commercial & Residential Solutions trailing three-month underlying orders showed continued strength, up 15 percent,

with growth across all businesses and geographies. Additionally, Automation Solutions trailing three-month underlying orders continued to stabilize, down 13 percent, as KOB3 demand was steady and KOB2 demand improved slightly.

First quarter **gross profit margin** of 41.4 percent was down 100 basis points from the previous year primarily due to deleverage and business mix. **Pretax margin** of 13.5 percent and **EBIT margin** of 14.5 percent were up 330 basis points and 350 basis points, respectively, as ongoing comprehensive cost reduction actions took effect. **Adjusted EBIT margin**, which excludes restructuring and first year purchase accounting charges and fees, was 16.3 percent for the quarter, up 260 basis points.

GAAP earnings per share was \$0.74 for the quarter, up 40%, and **adjusted earnings per share** was \$0.83, up 24 percent. Earnings in the quarter exceeded management guidance and benefited significantly from better volume, as well as ongoing restructuring and cost reduction actions.

Operating cash flow was \$808 million for the quarter, up 90 percent. **Free cash flow** was \$686 million, up 121 percent for the quarter, resulting in strong free cash flow conversion of 152 percent. Cash flow results reflected higher earnings due to rigorous operational execution across the two business platforms and favorable trade working capital management.

“Emerson’s leadership team and global operations remain steadfastly focused on safely serving customers and protecting business continuity in essential industries including life sciences, power, food and beverage, home comfort, energy, and water,” said Emerson Chairman and CEO David N. Farr. “Our dedicated team across the globe continues to make me proud as they work tirelessly to help our customers navigate ongoing industry and macroeconomic turbulence. As more COVID-19 vaccines are approved and begin to be distributed, we remain optimistic for some stabilization in the second half of the year. In the meantime, we will continue to operate nimbly and safely to serve our customers in vital industries.

“Orders and sales continued their upward trajectory in the quarter, and operating results exceeded expectations. These factors enabled us to deliver strong profitability, earnings and cash flow, driven by our ongoing robust cost containment and restructuring actions, as well as improvement in some of our end markets. As the broader macroeconomic outlook continues to stabilize, we are well-positioned with a more agile, lean, and technology-centric organization going forward.”

Business Platform Results

Automation Solutions net sales decreased 6 percent in the quarter, with underlying sales down 9 percent, which was ahead of November guidance. The improvement in orders and sales was primarily driven by European power, chemical, and life sciences markets, and energy markets in Asia, Middle East & Africa.

In the Americas, underlying sales were down 20 percent, resulting from continued broad-based demand challenges, particularly in North America. These challenges were partially offset by continued

momentum in life sciences, food & beverage, and semiconductor markets, as well as some early signs of improvement in upstream energy markets. Europe underlying sales were up 2 percent, driven by strength in Eastern Europe. Asia, Middle East & Africa underlying sales remained positive in the low single-digits, as strength in China (up 6 percent) and the rest of Asia (up 7 percent) was offset by weakness in the Middle East & Africa.

December trailing three-month underlying orders were down 13 percent, consistent with November and reflecting ongoing weakness, but stabilization, across many key automation end markets. However, growth momentum continues in life sciences, medical, food & beverage, and semiconductor markets. Geographically, the Americas continue to be most challenged, down 27 percent. Asia, Middle East & Africa declined modestly by 1 percent, supported by China orders growing 6 percent. Europe declined by 3 percent due to weakness in energy markets somewhat offset by chemical, power and life science projects. Backlog in the business finished the quarter at \$5.3 billion, an increase of approximately \$600 million (of which the OSI acquisition represented approximately \$300 million). Lastly, OSI had a strong first quarter as a part of the Emerson team, booking nearly \$100 million of orders, reflecting early momentum well above revenue synergy plans. Overall, while the global demand environment stabilizes and begins to improve, key North American markets remain challenged for the Automation Solutions business, but they have stabilized and appear to be turning.

Segment EBIT margin increased 250 basis points to 13.4 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 200 basis points to 15.8 percent. Total restructuring and related actions in the quarter totaled \$64 million.

Commercial & Residential Solutions net sales increased 13 percent in the quarter, with underlying sales up 12 percent. Underlying sales in the Americas were up 14 percent, reflecting strong demand in residential markets and improvement in the cold chain business. Similarly, Europe was up 8 percent as heat pump demand was driven by sustainability regulations and customer technology preferences. Asia, Middle East & Africa was up 7 percent, with China leading, up 10 percent.

December trailing three-month underlying orders were up 15 percent, reflecting growth across all businesses and geographies. Continued strength in residential markets and positive momentum in cold chain markets were key drivers. Geographically, North America increased by 16 percent as residential HVAC and home products markets continued to show robust demand. Additionally, cold chain markets improved with vaccine distribution infrastructure and food safety investment. Asia, Middle East & Africa orders increased by 17 percent, highlighted by growth in China of 17 percent. Europe grew by 10 percent, as demand for heat pump and efficient appliance solutions continued its momentum due to sustainability regulations and customer technology preferences. Lastly, backlog increased by approximately \$200 million to end the quarter at nearly \$800 million.

Segment EBIT margin increased 280 basis points to 21.0 percent driven by strong leverage combined with previous cost reduction actions. Adjusted segment EBIT margin, which excludes restructuring and related costs, increased 230 basis points to 21.2 percent. Total restructuring and related actions in the quarter were \$3 million.

2021 Updated Outlook

As macroeconomic uncertainties related to COVID-19 begin to slowly wane, we continue to expect a slow-but-steady improvement in industrial demand over the course of 2021 as more vaccines become available and distribution methods mature. We also expect that residential demand for many of our markets around the world will remain robust through the year.

Within this framework, we now expect underlying revenue to be positive for the full year. However, due to the delayed recovery timeline in many key automation markets, especially in North America, we remain committed to our plan of total company restructuring spend of approximately \$200 million for the full year. Lastly, the updated guidance assumes no major operational or supply chain disruptions and oil prices in the \$45 to \$55 range for the remainder of the year.

The following table summarizes the updated 2021 guidance framework:

2021 Guidance			
Net Sales Growth	4% - 8%	Operating Cash Flow	~\$3.15B
Automation Solutions	2% - 6%	% of sales	~18%
Commercial & Residential Solutions	10% - 12%	Capital Spend	~\$600M
		Free Cash Flow	~\$2.55B
		% of sales	~14%
Underlying Sales Growth	flat - 4%	Dividend	~\$1.2B
Automation Solutions	(3%) - 1%	Share Repurchase	
Commercial & Residential Solutions	8% - 10%	/ M&A (excl. OSI)¹	\$500M - \$1.0B
GAAP EPS	\$3.39 +/- \$.10	Tax Rate	~22%
Adjusted EPS	\$3.70 +/- \$.10	Restructuring Actions	~\$200M

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

“Looking ahead to the remainder of the fiscal year, we will continue to invest in core technologies, software solutions, and other capabilities that strengthen our position in attractive and growing marketplaces, including alternative fuels, renewable energy, power transmission and distribution, and life sciences, among others,” Farr said. “Digital transformation and ESG initiatives continue to gain momentum among many of our industrial customers, and these portfolio enhancements and development efforts will enable us to help more customers not only adapt, but truly excel in their new operating realities post-pandemic.”

Upcoming Investor Events

Today, beginning at 3 p.m. Eastern Time, Emerson management will discuss the first quarter 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. Conference call slides will be posted in advance of the call on the company website.

On Tuesday, February 16th, beginning at 8:30 a.m. Eastern Time, Emerson management will host our annual Investor Conference in virtual format. 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. 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 Dec 31</u>		<u>Percent Change</u>
	<u>2019</u>	<u>2020</u>	
Net sales	\$4,151	\$4,161	—%
Costs and expenses:			
Cost of sales	2,392	2,438	
SG&A expenses	1,123	998	
Other deductions, net	178	122	
Interest expense, net	35	40	
Earnings before income taxes	423	563	33%
Income taxes	94	111	
Net earnings	329	452	
Less: Noncontrolling interests in earnings of subsidiaries	3	7	
Net earnings common stockholders	\$326	\$445	36%
Diluted avg. shares outstanding	614.1	601.9	
Diluted earnings per share common share	\$0.53	\$0.74	40%

	<u>Quarter Ended Dec 31</u>	
	<u>2019</u>	<u>2020</u>
Other deductions, net		
Amortization of intangibles	\$59	\$78
Restructuring costs	97	66
Special advisory fees	13	—
Other	9	(22)
Total	\$178	\$122

Table 2

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

	<u>Quarter Ended Dec 31</u>	
	<u>2019</u>	<u>2020</u>
Assets		
Cash and equivalents	\$1,635	\$2,197
Receivables, net	2,726	2,652
Inventories	2,064	2,013
Other current assets	771	819
Total current assets	7,196	7,681
Property, plant & equipment, net	3,633	3,693
Goodwill	6,578	7,832
Other intangible assets	2,567	3,196
Other	1,127	1,276
Total assets	\$21,101	\$23,678
Liabilities and equity		
Short-term borrowings and current maturities of long-term debt	\$1,984	\$1,717
Accounts payable	1,649	1,694
Accrued expenses	2,707	2,965
Total current liabilities	6,340	6,376
Long-term debt	4,018	5,892
Other liabilities	2,284	2,471
Total equity	8,459	8,939
Total liabilities and equity	\$21,101	\$23,678

Table 3

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

	Quarter Ended Dec 31	
	2019	2020
Operating activities		
Net earnings	\$329	\$452
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	211	244
Stock compensation	56	64
Pension expense	17	8
Changes in operating working capital	(180)	71
Other, net	(9)	(31)
Cash provided by operating activities	<u>424</u>	<u>808</u>
Investing activities		
Capital expenditures	(114)	(122)
Purchases of businesses, net of cash and equivalents acquired	—	(1,611)
Other, net	(17)	13
Cash used in investing activities	<u>(131)</u>	<u>(1,720)</u>
Financing activities		
Net increase in short-term borrowings	754	340
Payments of long-term debt	(502)	(301)
Dividends paid	(305)	(303)
Purchases of common stock	(129)	(13)
Other, net	20	42
Cash used in financing activities	<u>(162)</u>	<u>(235)</u>
Effect of exchange rate changes on cash and equivalents	<u>10</u>	<u>29</u>
Increase (Decrease) in cash and equivalents	<u>141</u>	<u>(1,118)</u>
Beginning cash and equivalents	<u>1,494</u>	<u>3,315</u>
Ending cash and equivalents	<u><u>\$1,635</u></u>	<u><u>\$2,197</u></u>

Table 4

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

	<u>Quarter Ended Dec 31</u>	
	<u>2019</u>	<u>2020</u>
Sales		
Measurement & Analytical Instrumentation	\$795	\$698
Valves, Actuators & Regulators	913	806
Industrial Solutions	507	508
Systems & Software	637	680
Automation Solutions	<u>2,852</u>	<u>2,692</u>
Climate Technologies	873	1,031
Tools & Home Products	430	445
Commercial & Residential Solutions	<u>1,303</u>	<u>1,476</u>
Eliminations	(4)	(7)
Net sales	<u>\$4,151</u>	<u>\$4,161</u>
Earnings		
Automation Solutions	\$310	\$361
Climate Technologies	151	212
Tools & Home Products	86	98
Commercial & Residential Solutions	<u>237</u>	<u>310</u>
Stock compensation	(56)	(64)
Unallocated pension and postretirement costs	13	24
Corporate and other	(46)	(28)
Interest expense, net	(35)	(40)
Earnings before income taxes	<u>\$423</u>	<u>\$563</u>

Table 4 (cont.)

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

		<u>Quarter Ended Dec 31</u>	
		<u>2019</u>	<u>2020</u>
Restructuring costs			
Automation Solutions		\$83	\$64
Climate Technologies		7	1
Tools & Home Products		3	1
Commercial & Residential Solutions		<u>10</u>	<u>2</u>
Corporate		4	—
Total		<u>\$97</u>	<u>\$66</u>
The table above does not include \$3 of costs related to restructuring actions that were reported in cost of sales and selling, general and administrative expenses in the first quarter of fiscal 2021.			
Depreciation and Amortization			
Automation Solutions		\$139	\$156
Climate Technologies		44	49
Tools & Home Products		19	19
Commercial & Residential Solutions		<u>63</u>	<u>68</u>
Corporate and other		9	20
Total		<u>\$211</u>	<u>\$244</u>

Table 5

EMERSON AND SUBSIDIARIES
SUPPLEMENTAL BUSINESS SEGMENT INFORMATION
(DOLLARS IN MILLIONS, UNAUDITED)

In fiscal 2021, the Company reclassified certain software product sales that were previously reported in Measurement & Analytical Instrumentation to Systems & Software (previously described as Process Control Systems & Solutions). These changes had no effect on the overall sales of the company's reporting segments.

To facilitate investor understanding and comparison, the Company is providing supplemental unaudited historical results on this new basis. The information provided below, which has been reclassified to conform to the current year presentation, does not represent a restatement of previously issued financial statements and should be read in conjunction with the Company's Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended December 31, 2020.

Sales	Fiscal Year 2019	Fiscal Year 2020				
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Measurement & Analytical Instrumentation	\$3,615	795	776	709	828	3,108
Valves, Actuators & Regulators	3,794	913	854	842	980	3,589
Industrial Solutions	2,232	507	494	469	542	2,012
Systems & Software	2,561	637	585	569	655	2,446
Automation Solutions	12,202	2,852	2,709	2,589	3,005	11,155
Climate Technologies	4,313	873	1,026	970	1,111	3,980
Tools & Home Products	1,856	430	432	357	444	1,663
Commercial & Residential Solutions	6,169	1,303	1,458	1,327	1,555	5,643
Eliminations	1	(4)	(5)	(2)	(2)	(13)
Total	\$18,372	4,151	4,162	3,914	4,558	16,785

Reconciliations of Non-GAAP Financial Measures & Other

Table 6

Reconciliations of Non-GAAP measures (denoted by *) with the most directly comparable GAAP measure (dollars in millions, except per share amounts):

Q1 2021 Underlying Sales Change

	Auto Solns	Comm & Res Solns	Emerson
Reported (GAAP)	(6)%	13 %	— %
(Favorable) / Unfavorable FX	(2)%	(1)%	(1)%
Acquisitions / Divestitures	(1)%	— %	(1)%
Underlying*	(9)%	12 %	(2)%

FY 2021E Underlying Sales Change

	Auto Solns	Comm & Res Solns	Emerson
Reported (GAAP)	2% - 6%	10% - 12%	4% - 8%
(Favorable) / Unfavorable FX	~ (3)%	~ (2)%	~ (3)%
Acquisitions / Divestitures	~ (2)%	~ - %	~ (1)%
Underlying*	(3)% - 1%	8% - 10%	0% - 4%

Q1 Earnings Per Share

	Q1 FY20	Q1 FY21	Change
Earnings per share (GAAP)	\$ 0.53	\$ 0.74	40 %
Restructuring & advisory fees	0.14	0.09	(16)%
OSI purchase accounting items & fees	—	(0.03)	(6)%
Equity investment gain	—	0.03	6 %
Adjusted earnings per share*	\$ 0.67	\$ 0.83	24 %

Earnings Per Share

	FY2021E
Earnings per share (GAAP)	\$3.29 - \$3.49
Restructuring	~ 0.27
OSI purchase accounting items & fees	~ 0.07
Equity investment gain	~ (0.03)
Adjusted earnings per share*	\$3.60 - \$3.80

EBIT Margin

	Q1 FY20	Q1 FY21	Change
Pretax margin (GAAP)	10.2 %	13.5 %	330 bps
Interest expense, net	0.8 %	1.0 %	20 bps
Earnings before interest and taxes margin*	11.0 %	14.5 %	350 bps
Restructuring & advisory fees	2.7 %	1.7 %	(100) bps
OSI purchase accounting items & fees	— %	0.5 %	50 bps
Equity investment gain	— %	(0.4)%	(40) bps
Adjusted earnings before interest and taxes margin*	13.7 %	16.3 %	260 bps

Automation Solutions Segment EBIT Margin

	Q1 FY20	Q1 FY21	Change
Automation Solutions Segment EBIT margin (GAAP)	10.9 %	13.4 %	250 bps
Restructuring and related charges impact	2.9 %	2.4 %	(50) bps
Automation Solutions Adjusted Segment EBIT margin*	13.8 %	15.8 %	200 bps

- more -

Commercial & Residential EBIT Margin

Commercial & Residential EBIT margin (GAAP)
 Restructuring and related charges impact
 Commercial & Residential Adjusted EBIT margin*

Q1 FY20	Q1 FY21	Change
18.2 %	21.0 %	280 bps
0.7 %	0.2 %	(50) bps
18.9 %	21.2 %	230 bps

Q1 Cash Flow

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

Q1 FY20	Q1 FY21	Change
\$ 424	\$ 808	90 %
(114)	(122)	31 %
\$ 310	\$ 686	121 %

FY 2021E Cash Flow

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

FY 2021E
~ \$3,150
~ (600)
~ \$2,550

Cash Flow % of Sales

Operating cash flow as a percent of sales (GAAP)
 Capital expenditures
 Free cash flow as a percent of sales*

FY2021E
~ 18%
~ (4)%
~ 14%

Cash Flow to Net Earnings Conversion

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

Q1 FY21
179 %
(27)%
152 %

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

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