UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2021

OR

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

For the transition period from ____________________ to __________________

Commission file number 1-278

EMERSON ELECTRIC CO.
(Exact name of registrant as specified in its charter)

Missouri		**43-0259330**
(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer Identification No.)
8000 W. Florissant Ave. **P.O. Box 4100** **St. Louis, Missouri**		**63136**
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: **(314) 553-2000**

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date. Common stock of $0.50 par value per share outstanding at March 31, 2021: 599.7 million shares.

Consolidated Statements of Earnings
EMERSON ELECTRIC CO. & SUBSIDIARIES

Three and six months ended March 31, 2020 and 2021
(Dollars in millions, except per share amounts; unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2021	2020	2021
Net sales	$ 4,162	4,431	8,313	8,592
Costs and expenses:				
Cost of sales	2,412	2,569	4,804	5,007
Selling, general and administrative expenses	983	1,054	2,106	2,052
Other deductions, net	42	33	220	155
Interest expense (net of interest income of $6, $4, $12 and $6, respectively)	36	38	71	78
Earnings before income taxes	689	737	1,112	1,300
Income taxes	165	169	259	280
Net earnings	524	568	853	1,020
Less: Noncontrolling interests in earnings of subsidiaries	7	7	10	14
Net earnings common stockholders	$ 517	561	843	1,006
Basic earnings per share common stockholders	$ 0.85	0.94	1.38	1.68
Diluted earnings per share common stockholders	$ 0.84	0.93	1.37	1.67

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income
EMERSON ELECTRIC CO. & SUBSIDIARIES

Three and six months ended March 31, 2020 and 2021
(Dollars in millions; unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	**2021**	**2020**	**2021**
Net earnings	$ 524	**568**	853	**1,020**
Other comprehensive income (loss), net of tax:				
Foreign currency translation	(281)	**(21)**	(182)	**168**
Pension and postretirement	30	**27**	58	**54**
Cash flow hedges	(75)	**1**	(56)	**32**
Total other comprehensive income (loss)	(326)	**7**	(180)	**254**
Comprehensive income	198	**575**	673	**1,274**
Less: Noncontrolling interests in comprehensive income of subsidiaries	8	**6**	11	**13**
Comprehensive income common stockholders	$ 190	**569**	662	**1,261**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets
EMERSON ELECTRIC CO. & SUBSIDIARIES

(Dollars and shares in millions, except per share amounts; unaudited)

	Sept 30, 2020	Mar 31, 2021
ASSETS		
Current assets		
Cash and equivalents	$ 3,315	**2,342**
Receivables, less allowances of $138 and $129, respectively	2,802	**2,754**
Inventories	1,928	**2,016**
Other current assets	761	**849**
Total current assets	8,806	**7,961**
Property, plant and equipment, net	3,688	**3,663**
Other assets		
Goodwill	6,734	**7,787**
Other intangible assets	2,468	**3,095**
Other	1,186	**1,294**
Total other assets	10,388	**12,176**
Total assets	$ 22,882	**23,800**
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings and current maturities of long-term debt	$ 1,160	**1,456**
Accounts payable	1,715	**1,797**
Accrued expenses	2,910	**3,041**
Total current liabilities	5,785	**6,294**
Long-term debt	6,326	**5,823**
Other liabilities	2,324	**2,503**
Equity		
Common stock, $0.50 par value; authorized, 1,200.0 shares; issued, 953.4 shares; outstanding, 598.0 shares and 599.7 shares, respectively	477	**477**
Additional paid-in-capital	470	**511**
Retained earnings	24,955	**25,354**
Accumulated other comprehensive income (loss)	(1,577)	**(1,322)**
Cost of common stock in treasury, 355.4 shares and 353.7 shares, respectively	(15,920)	**(15,890)**
Common stockholders' equity	8,405	**9,130**
Noncontrolling interests in subsidiaries	42	**50**
Total equity	8,447	**9,180**
Total liabilities and equity	$ 22,882	**23,800**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Equity
EMERSON ELECTRIC CO. & SUBSIDIARIES

Three and six months ended March 31, 2020 and 2021
(Dollars in millions; unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2021	2020	2021
Common stock	$ 477	477	477	477
Additional paid-in-capital				
Beginning balance	447	499	393	470
Stock plans	6	12	60	41
Ending balance	453	511	453	511
Retained earnings				
Beginning balance	24,220	25,096	24,199	24,955
Net earnings common stockholders	517	561	843	1,006
Dividends paid (per share: $0.50, $0.505, $1.00 and $1.01, respectively)	(306)	(303)	(611)	(606)
Adoption of accounting standard	—	—	—	(1)
Ending balance	24,431	25,354	24,431	25,354
Accumulated other comprehensive income (loss)				
Beginning balance	(1,576)	(1,330)	(1,722)	(1,577)
Foreign currency translation	(282)	(20)	(183)	169
Pension and postretirement	30	27	58	54
Cash flow hedges	(75)	1	(56)	32
Ending balance	(1,903)	(1,322)	(1,903)	(1,322)
Treasury stock				
Beginning balance	(15,147)	(15,847)	(15,114)	(15,920)
Purchases	(813)	(69)	(942)	(82)
Issued under stock plans	19	26	115	112
Ending balance	(15,941)	(15,890)	(15,941)	(15,890)
Common stockholders' equity	7,517	9,130	7,517	9,130
Noncontrolling interests in subsidiaries				
Beginning balance	38	44	40	42
Net earnings	7	7	10	14
Other comprehensive income	1	(1)	1	(1)
Dividends paid	—	—	(5)	(5)
Ending balance	46	50	46	50
Total equity	$ 7,563	9,180	7,563	9,180

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
EMERSON ELECTRIC CO. & SUBSIDIARIES

Six Months Ended March 31, 2020 and 2021
(Dollars in millions; unaudited)

	Six Months Ended March 31, 2020	Six Months Ended March 31, 2021
Operating activities		
Net earnings	$ 853	1,020
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	422	483
Stock compensation	18	125
Pension expense	34	16
Changes in operating working capital	(260)	66
Other, net	(55)	(95)
Cash provided by operating activities	1,012	1,615
Investing activities		
Capital expenditures	(225)	(222)
Purchases of businesses, net of cash and equivalents acquired	(96)	(1,611)
Other, net	(42)	61
Cash used in investing activities	(363)	(1,772)
Financing activities		
Net increase in short-term borrowings	2,076	60
Proceeds from short-term borrowings greater than three months	433	—
Payments of long-term debt	(502)	(301)
Dividends paid	(611)	(606)
Purchases of common stock	(942)	(78)
Other, net	39	83
Cash provided by (used in) financing activities	493	(842)
Effect of exchange rate changes on cash and equivalents	(53)	26
Increase (Decrease) in cash and equivalents	1,089	(973)
Beginning cash and equivalents	1,494	3,315
Ending cash and equivalents	$ 2,583	2,342
Changes in operating working capital		
Receivables	$ 283	75
Inventories	(216)	(61)
Other current assets	32	(16)
Accounts payable	(290)	55
Accrued expenses	(69)	13
Total changes in operating working capital	$ (260)	66

See accompanying Notes to Consolidated Financial Statements.

(Dollars and shares in millions, except per share amounts or where noted)

(1) BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments necessary for a fair presentation of operating results for the interim periods presented. Adjustments consist of normal and recurring accruals. The consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all disclosures required for annual financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP). For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2020. Certain prior year amounts have been reclassified to conform to current year presentation. See Note 12.

Effective October 1, 2020, the Company adopted two accounting standard updates and one new accounting standard which had an immaterial impact on the Company's financial statements as of and for the six months ended March 31, 2021. These included:

- Updates to ASC 350, *Intangibles - Goodwill and Other*, which eliminate the requirement to measure impairment based on the implied fair value of goodwill compared to the carrying amount of a reporting unit's goodwill. Instead, goodwill impairment will be measured as the excess of a reporting unit's carrying amount over its estimated fair value.

- Updates to ASC 350, *Intangibles - Goodwill and Other*, which align the requirements for capitalizing implementation costs incurred in a software hosting arrangement with the requirements for costs incurred to develop or obtain internal-use software.

- Adoption of ASC 326, *Financial Instruments - Credit Losses*, which amends the impairment model by requiring entities to use a forward-looking approach to estimate lifetime expected credit losses on certain types of financial instruments, including trade receivables.

(2) REVENUE RECOGNITION

Emerson is a global manufacturer that combines technology and engineering to provide innovative solutions to its customers, largely in the form of tangible products. The vast majority of the Company's revenues relate to a broad offering of manufactured products which are recognized at the point in time when control transfers, while a smaller portion is recognized over time or relates to sales arrangements with multiple performance obligations. See Note 12 for additional information about the Company's revenues.

The following table summarizes the balances of the Company's unbilled receivables (contract assets), which are reported in Other current assets, and its customer advances (contract liabilities), which are reported in Accrued expenses.

	Sept 30, 2020	Mar 31, 2021
Unbilled receivables (contract assets)	$ 458	472
Customer advances (contract liabilities)	(583)	(749)
Net contract liabilities	$ (125)	(277)

The majority of the Company's contract balances relate to arrangements where revenue is recognized over time and payments from customers are made according to a contractual billing schedule. The increase in net contract liabilities was due to customer billings which exceeded revenue recognized for performance completed during the period. Revenue recognized for the three and six months ended March 31, 2021 included $105 and $362 that was included in the beginning contract liability balance. Other factors that impacted the change in net contract liabilities were immaterial. Revenue recognized for the three and six months ended March 31, 2021 for performance obligations that were satisfied in previous periods, including cumulative catchup adjustments on the Company's long-term contracts, was not material.

As of March 31, 2021, the Company's backlog relating to unsatisfied (or partially unsatisfied) performance obligations in contracts with its customers was approximately $6.3 billion. The Company expects to recognize approximately 80 percent of its remaining performance obligations as revenue over the next 12 months, with the remainder substantially over the subsequent two years thereafter.

(3) WEIGHTED-AVERAGE COMMON SHARES

Reconciliations of weighted-average shares for basic and diluted earnings per common share follow. Earnings allocated to participating securities were inconsequential.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2021	2020	2021
Basic shares outstanding	607.4	599.4	608.7	599.0
Dilutive shares	3.6	3.4	3.9	3.3
Diluted shares outstanding	611.0	602.8	612.6	602.3

(4) ACQUISITIONS AND DIVESTITURES

On October 1, 2020, the Company completed the acquisition of Open Systems International, Inc. (OSI), a leading operations technology software provider in the global power industry, for approximately $1.6 billion, net of cash acquired. This business, which has annual sales of approximately $170 and is reported in the Automation Solutions segment, expands the Company's offerings in the power industry to include the digitization and modernization of the electric grid. The Company recognized goodwill of $960 (none of which is expected to be tax deductible), identifiable intangible assets of $783, primarily intellectual property and customer relationships with a weighted-average useful life of approximately 11 years, and deferred tax liabilities of approximately $185. Valuations of these assets and liabilities are in process and subject to refinement. Results of operations for the three months ended March 31, 2021 included first-year pretax acquisition accounting charges related to backlog amortization and deferred revenue of $6 and $4, respectively, while year-to-date results included $17 and $8, respectively.

On November 17, 2020, the Company acquired the remaining interest of an equity investment for approximately $19, net of cash acquired.

The Company acquired three businesses in fiscal 2020, two in the Automation Solutions segment and one in the Climate Technologies segment, for $126, net of cash acquired.

(5) PENSION & POSTRETIREMENT PLANS

Total periodic pension and postretirement (income) expense is summarized below:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2021	2020	2021
Service cost	$ 22	21	44	42
Interest cost	40	32	80	64
Expected return on plan assets	(84)	(84)	(168)	(168)
Net amortization	38	35	75	70
Total	$ 16	4	31	8

(6) OTHER DEDUCTIONS, NET

Other deductions, net are summarized below:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2021	2020	2021
Amortization of intangibles (intellectual property and customer relationships)	$ 59	74	118	152
Restructuring costs	31	17	128	83
Special advisory fees	—	—	13	—
Other	(48)	(58)	(39)	(80)
Total	$ 42	33	220	155

The increase in intangibles amortization for the three and six months ended March 31, 2021 was due to the OSI acquisition, including backlog amortization of $6 and $17, respectively. The change in Other reflects investment-related gains, including an investment gain of $21 and a gain from the acquisition of the remaining interest of an equity investment of $17 recognized in the first quarter of fiscal 2021, and a gain of $31 on the sale of an equity investment in the second quarter. Unfavorable foreign currency transactions negatively impacted results for the three and six months ended March 31, 2021 by $22 and $29, respectively.

(7) RESTRUCTURING COSTS

Restructuring expense reflects costs associated with the Company's ongoing efforts to improve operational efficiency and deploy assets globally in order to remain competitive on a worldwide basis. Costs incurred in the first six months of fiscal 2021 relate to the Company's initiatives to improve operating margins that began in the third quarter of fiscal 2019 and were increased in response to the effects of the COVID-19 pandemic on demand for the Company's products. Expenses incurred in the first six months of fiscal 2021 included workforce reductions of approximately 1,700 employees. The Company expects fiscal 2021 restructuring expense and related costs to be approximately $200, including costs to complete actions initiated in the first six months of the year.

Restructuring expense by business segment follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2021	2020	2021
Automation Solutions	$ 23	12	106	76
Climate Technologies	2	3	9	4
Tools & Home Products	5	1	8	2
Commercial & Residential Solutions	7	4	17	6
Corporate	1	1	5	1
Total	$ 31	17	128	83

Details of the change in the liability for restructuring costs during the six months ended March 31, 2021 follow:

	Sept 30, 2020	Expense	Utilized/Paid	Mar 31, 2021
Severance and benefits	$ 176	71	71	176
Other	5	12	13	4
Total	$ 181	83	84	180

The tables above do not include $9 and $4 of costs related to restructuring actions incurred for the three months ended March 31, 2020 and 2021, respectively, that are required to be reported in cost of sales and selling, general and administrative expenses, while year-to-date amounts are $9 and $7, respectively.

(8) TAXES

Income taxes were $169 in the second quarter of fiscal 2021 and $165 in 2020, resulting in effective tax rates of 23 percent and 24 percent, respectively. The current year and prior year rate included unfavorable discrete tax items which increased the rate 1 percentage point in both years.

Income taxes were $280 for the first six months of 2021 and $259 for 2020, resulting in effective tax rates of 22 percent and 23 percent, respectively.

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic, and among other things, provides tax relief to businesses. Tax provisions of the CARES Act include the deferral of certain payroll taxes, relief for retaining employees, and other provisions. The Company deferred $73 of certain payroll taxes through the end of calendar year 2020, half of which is due in December 2021 with the remainder due in December 2022.

(9) OTHER FINANCIAL INFORMATION

	Sept 30, 2020	Mar 31, 2021
Inventories		
Finished products	$ 584	622
Raw materials and work in process	1,344	1,394
Total	$ 1,928	2,016
Property, plant and equipment, net		
Property, plant and equipment, at cost	$ 9,055	9,227
Less: Accumulated depreciation	5,367	5,564
Total	$ 3,688	3,663
Goodwill by business segment		
Automation Solutions	$ 5,583	6,603
Climate Technologies	730	757
Tools & Home Products	421	427
Commercial & Residential Solutions	1,151	1,184
Total	$ 6,734	7,787
Other intangible assets		
Gross carrying amount	$ 5,106	5,963
Less: Accumulated amortization	2,638	2,868
Net carrying amount	$ 2,468	3,095

Other intangible assets include customer relationships, net of $1,328 and $1,597 as of September 30, 2020 and March 31, 2021, respectively. The increases in goodwill and other intangible assets reflect the acquisition of OSI. See Note 4.

	Sept 30, 2020	Mar 31, 2021
Other assets include the following:		
Operating lease right-of-use assets	$ 508	523
Pension assets	265	374
Deferred income taxes	99	108
Asbestos-related insurance receivables	100	97

	Sept 30, 2020	Mar 31, 2021
Accrued expenses include the following:		
Customer advances (contract liabilities)	$ 583	749
Employee compensation	577	516
Product warranty	148	152
Operating lease liabilities (current)	148	150
Other liabilities include the following:		
Pension and postretirement liabilities	$ 769	781
Deferred income taxes	261	429
Operating lease liabilities (noncurrent)	373	389
Asbestos litigation	295	272

The increase in deferred income taxes is largely due to the OSI acquisition.

(10) FINANCIAL INSTRUMENTS

Following is a discussion regarding the Company's use of financial instruments:

Hedging Activities – As of March 31, 2021, the notional amount of foreign currency hedge positions was approximately $2.1 billion, and commodity hedge contracts totaled approximately $111 (primarily 39 million pounds of copper and aluminum). All derivatives receiving hedge accounting are cash flow hedges. The majority of hedging gains and losses deferred as of March 31, 2021 are expected to be recognized over the next 12 months as the underlying forecasted transactions occur. Gains and losses on foreign currency derivatives reported in Other deductions, net reflect hedges of balance sheet exposures that do not receive hedge accounting.

Net Investment Hedge – In fiscal 2019, the Company issued euro-denominated debt of €1.5 billion. The euro notes reduce foreign currency risk associated with the Company's international subsidiaries that use the euro as their functional currency and have been designated as a hedge of a portion of the investment in these operations. Foreign currency gains or losses associated with the euro-denominated debt are deferred in accumulated other comprehensive income (loss) and will remain until the hedged investment is sold or substantially liquidated.

The following gains and losses are included in earnings and other comprehensive income (OCI) for the three and six months ended March 31, 2021 and 2020:

		Into Earnings				Into OCI			
		2nd Quarter		Six Months		2nd Quarter		Six Months	
Gains (Losses)	Location	2020	2021	2020	2021	2020	2021	2020	2021
Commodity	Cost of sales	$ (1)	8	(4)	11	(23)	13	(16)	26
Foreign currency	Sales	(1)	1	(3)	2	(8)	(2)	(5)	3
Foreign currency	Cost of sales	4	2	11	2	(66)	—	(49)	27
Foreign currency	Other deductions, net	13	29	21	25				
Net Investment Hedges									
Euro denominated debt						57	53	31	(27)
Total		$ 15	40	25	40	(40)	64	(39)	29

Regardless of whether derivatives and non-derivative financial instruments receive hedge accounting, the Company expects hedging gains or losses to be offset by losses or gains on the related underlying exposures. The amounts ultimately recognized will differ from those presented above for open positions, which remain subject to ongoing market price fluctuations until settlement. Derivatives receiving hedge accounting are highly effective and no amounts were excluded from the assessment of hedge effectiveness.

Fair Value Measurement – Valuations for all derivatives and the Company's long-term debt fall within Level 2 of the GAAP valuation hierarchy. As of March 31, 2021, the fair value of long-term debt was $6.8 billion, which exceeded the carrying value by $425. The fair values of commodity and foreign currency contracts were reported in Other current assets and Accrued expenses and did not materially change since September 30, 2020.

Counterparties to derivatives arrangements are companies with investment-grade credit ratings. The Company has bilateral collateral arrangements with counterparties with credit rating-based posting thresholds that vary depending on the arrangement. If credit ratings on the Company's debt fall below pre-established levels, counterparties can require immediate full collateralization of all derivatives in net liability positions. The maximum amount that could potentially have been required was immaterial. The Company also can demand full collateralization of derivatives in net asset positions should any counterparty credit ratings fall below certain thresholds. No collateral was posted with counterparties and none was held by the Company as of March 31, 2021.

(11) ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Activity in Accumulated other comprehensive income (loss) for the three and six months ended March 31, 2021 and 2020 is shown below, net of income taxes:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	**2021**	**2020**	**2021**
Foreign currency translation				
Beginning balance	$ (695)	(522)	(794)	(711)
Other comprehensive income (loss), net of tax of $(13), $(13), $(7) and $6, respectively	(282)	(20)	(183)	169
Ending balance	(977)	(542)	(977)	(542)
Pension and postretirement				
Beginning balance	(900)	(837)	(928)	(864)
Amortization of deferred actuarial losses into earnings, net of tax of $(8), $(8), $(17) and $(16), respectively	30	27	58	54
Ending balance	(870)	(810)	(870)	(810)
Cash flow hedges				
Beginning balance	19	29	—	(2)
Deferral of gains (losses) arising during the period, net of tax of $23, $(2), $17 and $(13), respectively	(74)	9	(53)	43
Reclassification of realized (gains) losses to sales and cost of sales, net of tax of $1, $3, $1 and $4, respectively	(1)	(8)	(3)	(11)
Ending balance	(56)	30	(56)	30
Accumulated other comprehensive income (loss)	$ (1,903)	(1,322)	(1,903)	(1,322)

(12) BUSINESS SEGMENTS

Summarized information about the Company's results of operations by business segment follows:

	Three Months Ended March 31,				Six Months Ended March 31,			
	Sales		Earnings		Sales		Earnings	
	2020	2021	2020	2021	2020	2021	2020	2021
Automation Solutions	$ 2,709	2,793	391	471	5,561	5,485	701	832
Climate Technologies	1,026	1,160	217	245	1,899	2,191	368	457
Tools & Home Products	432	485	89	112	862	930	175	210
Commercial & Residential Solutions	1,458	1,645	306	357	2,761	3,121	543	667
Stock compensation			38	(61)			(18)	(125)
Unallocated pension and postretirement costs			12	23			25	47
Corporate and other			(22)	(15)			(68)	(43)
Eliminations/Interest	(5)	(7)	(36)	(38)	(9)	(14)	(71)	(78)
Total	$ 4,162	4,431	689	737	8,313	8,592	1,112	1,300

In fiscal 2021, the Company reclassified certain software product sales that were previously reported in Measurement and Analytical Instrumentation to Systems & Software (previously described as Process Control Systems & Solutions). **Automation Solutions** sales by major product offering are summarized below, including the reclassification of prior year amounts to reflect this change.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2021	2020	2021
Measurement & Analytical Instrumentation	$ 776	732	1,571	1,430
Valves, Actuators & Regulators	854	836	1,767	1,642
Industrial Solutions	494	555	1,001	1,063
Systems & Software	585	670	1,222	1,350
Automation Solutions	$ 2,709	2,793	5,561	5,485

Depreciation and amortization (includes intellectual property, customer relationships and capitalized software) by business segment are summarized below:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2021	2020	2020
Automation Solutions	$ 138	156	277	312
Climate Technologies	45	47	89	96
Tools & Home Products	19	20	38	39
Commercial & Residential Solutions	64	67	127	135
Corporate and other	9	16	18	36
Total	$ 211	239	422	483

Sales by geographic destination are summarized below:

	Three Months Ended March 31,					
	2020			2021		
	Automation Solutions	Commercial & Residential Solutions	Total	Automation Solutions	Commercial & Residential Solutions	Total
Americas	$ 1,346	1,037	2,383	1,223	1,119	2,342
Asia, Middle East & Africa	830	235	1,065	953	305	1,258
Europe	533	186	719	617	221	838
Total	$ 2,709	1,458	4,167	2,793	1,645	4,438

	Six Months Ended March 31,					
	2020			2021		
	Automation Solutions	Commercial & Residential Solutions	Total	Automation Solutions	Commercial & Residential Solutions	Total
Americas	$ 2,756	1,900	4,656	2,390	2,100	4,490
Asia, Middle East & Africa	1,726	512	2,238	1,896	613	2,509
Europe	1,079	349	1,428	1,199	408	1,607
Total	$ 5,561	2,761	8,322	5,485	3,121	8,606

Items 2 and 3.

Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars are in millions, except per share amounts or where noted)

OVERVIEW

For the second quarter of fiscal 2021, net sales were $4.4 billion, up 6 percent compared with the prior year, supported by foreign currency translation which added 3 percent and the Open Systems International, Inc. (OSI) acquisition which added 1 percent. Underlying sales, which exclude foreign currency translation, acquisitions and divestitures, were up 2 percent. Automation Solutions underlying sales were down slightly compared to the prior year, but continued to improve sequentially as global markets recover from the impacts of COVID-19. Sales in North America were down 15 percent as automation markets remained weak, but hybrid and discrete markets improved sequentially. Sales rebounded sharply in China (up 42 percent) due to easier comparisons and Europe was up 6 percent. Commercial & Residential Solutions underlying sales were up sharply, reflecting growth across all businesses and geographies. Demand for residential-oriented products and solutions in North America and global cold chain end markets were strong, while sales in China rebounded sharply.

Net earnings common stockholders were $561, up 9 percent, and diluted earnings per share were $0.93, up 11 percent compared with $0.84 in the prior year. Operating results increased $0.14 per share on strong segment margins, reflecting significant savings from the Company's restructuring and cost reset actions. This was largely offset by higher stock compensation expense ($0.12 per share), reflecting a higher stock price in the current year compared to a sharply lower price in the prior year due to market conditions. Second quarter results also benefited from a gain on the sale of an equity investment ($0.04 per share), lower restructuring costs ($0.02 per share), a lower tax rate ($0.01 per share) and share repurchases ($0.01 per share), partially offset by first year acquisition accounting charges related to the OSI acquisition ($0.01 per share).

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31

Following is an analysis of the Company’s operating results for the second quarter ended March 31, 2021, compared with the second quarter ended March 31, 2020.

	2020	2021	Change
Net sales	$ 4,162	**4,431**	6 %
Gross profit	$ 1,750	**1,862**	6 %
Percent of sales	*42.1 %*	***42.0 %***	
SG&A	$ 983	**1,054**	7 %
Percent of sales	*23.7 %*	***23.8 %***	
Other deductions, net	$ 42	**33**	
Amortization of intangibles	*$ 59*	***74***	
Restructuring costs	*$ 31*	***17***	
Interest expense, net	$ 36	**38**	
Earnings before income taxes	$ 689	**737**	7 %
Percent of sales	*16.6 %*	***16.6 %***	
Net earnings common stockholders	$ 517	**561**	9 %
Percent of sales	*12.4 %*	***12.7 %***	
Diluted earnings per share	$ 0.84	**0.93**	11 %

Net sales for the second quarter of fiscal 2021 were $4.4 billion, up 6 percent compared with 2020. Automation Solutions sales were up 3 percent and Commercial & Residential Solutions sales were up 13 percent. Underlying sales were up 2 percent, as foreign currency translation added 3 percent and the OSI acquisition added 1 percent.

Underlying sales were down 5 percent in the U.S. and up 9 percent internationally. The Americas was down 4 percent, Europe was up 7 percent and Asia, Middle East & Africa was up 12 percent (China up 45 percent).

Cost of sales for the second quarter of fiscal 2021 were $2,569, an increase of $157 compared with 2020, due to the impact of foreign currency translation, higher sales volume and the OSI acquisition. Gross margin of 42.0 percent decreased 0.1 percentage points compared with the prior year due to unfavorable mix.

Selling, general and administrative (SG&A) expenses of $1,054 increased $71 compared with the prior year and SG&A as a percent of sales increased 0.1 percentage points to 23.8 percent. Higher stock compensation expense of $99 negatively impacted comparisons by 2.3 percentage points. Excluding the higher stock compensation expense, SG&A as a percent of sales decreased 2.2 percentage points, reflecting significant savings from the Company's restructuring and cost reset actions.

Other deductions, net were $33 in 2021, a decrease of $9 compared with the prior year, reflecting lower restructuring costs of $14 and a gain on the sale of an equity investment of $31, partially offset by unfavorable foreign currency transactions of $22 and higher intangibles amortization of $15, primarily related to the OSI acquisition. See Notes 6 and 7.

Pretax earnings of $737 increased $48, up 7 percent compared with the prior year. Earnings increased $80 in Automation Solutions and $51 in Commercial & Residential Solutions. Costs reported at Corporate increased $81 primarily due to higher stock compensation expense of $99, partially offset by the gain on sale of an equity investment of $31. See the Business Segments discussion that follows and Note 12.

Income taxes were $169 for 2021 and $165 for 2020, resulting in effective tax rates of 23 percent and 24 percent, respectively. The current year and prior year rate included unfavorable discrete tax items which increased the rate 1 percentage point in both years.

Net earnings common stockholders in the second quarter of fiscal 2021 were $561, up 9 percent, compared with $517 in the prior year, and earnings per share were $0.93, up 11 percent, compared with $0.84 in the prior year. See discussion in the Overview above for further details.

Business Segments

Following is an analysis of operating results for the Company’s business segments for the second quarter ended March 31, 2021, compared with the second quarter ended March 31, 2020. The Company defines segment earnings as earnings before interest and taxes. See Note 12 for a discussion of the Company's business segments.

AUTOMATION SOLUTIONS

Three Months Ended Mar 31	2020	2021	Change
Sales	$ 2,709	2,793	3 %
Earnings	$ 391	471	20 %
Margin	*14.4 %*	*16.8 %*	

Sales by Major Product Offering	2020	2021	Change
Measurement & Analytical Instrumentation	$ 776	732	(6)%
Valves, Actuators & Regulators	854	836	(2)%
Industrial Solutions	494	555	12 %
Systems & Software	585	670	14 %
Total	$ 2,709	2,793	3 %

Automation Solutions sales were $2.8 billion in the second quarter, an increase of $84 or 3 percent. Underlying sales decreased 2 percent on lower volume, but continued to improve sequentially as global markets recover from the impacts of COVID-19. Foreign currency translation had a 3 percent favorable impact and the OSI acquisition had a 2 percent favorable impact. Underlying sales decreased 12 percent in the Americas (U.S. down 15 percent), while Europe increased 6 percent and Asia, Middle East & Africa increased 9 percent (China up 42 percent). Sales for Measurement & Analytical Instrumentation decreased $44, or 6 percent, and Valves, Actuators & Regulators decreased $18, or 2 percent, due to continued weakness in North American process industries, partially offset by moderate growth in Europe and robust growth in China on easier comparisons. Industrial Solutions sales were up $61, or 12 percent, reflecting robust demand in China due to easier comparisons and strong growth in Europe. North American discrete end markets declined compared to the prior year but improved sequentially. Systems & Software increased $85, or 14 percent, reflecting the OSI acquisition, which added $48, and strong demand in Europe, while Asia, Middle East & Africa was up moderately and process end markets were down modestly in North America. Earnings were $471, an increase of $80, or 20 percent, and margin increased 2.4 percentage points to 16.8 percent, as significant savings from cost reduction actions and favorable price-cost more than offset deleverage on lower volume, unfavorable foreign currency transactions and unfavorable mix.

COMMERCIAL & RESIDENTIAL SOLUTIONS

Three Months Ended Mar 31		2020	2021	Change
Sales:				
Climate Technologies	$	1,026	**1,160**	13 %
Tools & Home Products		432	**485**	13 %
Total	$	1,458	**1,645**	13 %
Earnings:				
Climate Technologies	$	217	**245**	13 %
Tools & Home Products		89	**112**	25 %
Total	$	306	**357**	17 %
Margin		*21.0 %*	***21.7 %***	

Commercial & Residential Solutions sales were $1.6 billion in the second quarter, up $187, or 13 percent compared to the prior year. Underlying sales increased 11 percent due to higher volume and reflected growth across all businesses and geographies, while foreign currency translation added 2 percent. Overall, underlying sales increased 8 percent in the Americas (U.S. up 7 percent), 9 percent in Europe and 24 percent in Asia, Middle East & Africa (China up 56 percent). Climate Technologies sales were $1.2 billion in the second quarter, an increase of $134, or 13 percent. Air conditioning and heating sales were up high single-digits, reflecting strong demand for residential-oriented products and solutions in North America and robust growth in Europe and China. Cold chain sales were up mid teens, driven by favorable global market conditions. Tools & Home Products sales were $485 in the second quarter, an increase of $53, or 13 percent. Sales for wet/dry vacuums were robust due to competitor outages, while growth was strong for food waste disposers and solid for professional tools. Earnings were $357, up 17 percent compared with the prior year, and margin increased 0.7 percentage points to 21.7 percent due to savings from cost reduction actions, while leverage on higher volume offset unfavorable price-cost.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED MARCH 31

Following is an analysis of the Company's operating results for the six months ended March 31, 2021, compared with the six months ended March 31, 2020.

		2020	2021	Change
Net sales	$	8,313	**8,592**	3 %
Gross profit	$	3,509	**3,585**	2 %
Percent of sales		*42.2 %*	***41.7 %***	
SG&A	$	2,106	**2,052**	(3)%
Percent of sales		*25.3 %*	***23.9 %***	
Other deductions, net	$	220	**155**	
Amortization of intangibles	*$*	*118*	***152***	
Restructuring costs	*$*	*128*	***83***	
Interest expense, net	$	71	**78**	
Earnings before income taxes	$	1,112	**1,300**	17 %
Percent of sales		*13.4 %*	***15.1 %***	
Net earnings common stockholders	$	843	**1,006**	19 %
Percent of sales		*10.1 %*	***11.7 %***	
Diluted earnings per share	$	1.37	**1.67**	22 %

Net sales for the first six months of 2021 were $8.6 billion, up 3 percent compared with 2020. Automation Solutions sales were down 1 percent while Commercial & Residential Solutions sales were up 13 percent. Underlying sales were flat, as foreign currency translation added 2 percent and acquisitions added 1 percent. Underlying sales decreased 6 percent in the U.S. and increased 5 percent internationally. The Americas was down 5 percent, Europe was up 5 percent and Asia, Middle East & Africa was up 7 percent (China up 22 percent).

Cost of sales for 2021 were $5,007, an increase of $203 versus $4,804 in 2020, primarily due to the impact of foreign currency translation and the OSI acquisition. Gross margin decreased 0.5 percentage points to 41.7 percent, reflecting unfavorable mix and deleverage on lower sales volume within Automation Solutions.

SG&A expenses of $2,052 decreased $54 and SG&A as a percent of sales decreased 1.4 percentage points to 23.9 percent, reflecting significant savings from the Company's restructuring and cost reset actions, which more than offset higher stock compensation expense of $107 (1.3 percentage points) and deleverage on lower sales volume within Automation Solutions.

Other deductions, net were $155 in 2021, a decrease of $65 compared with the prior year, reflecting lower restructuring costs of $45 and investment-related gains. In the first quarter of fiscal 2021, the Company recognized an investment gain of $21 and a gain from the acquisition of the remaining interest of an equity investment of $17, and in the second quarter recognized a gain of $31 on the sale of an equity investment. These items were partially offset by higher intangibles amortization of $34, primarily related to the OSI acquisition, and unfavorable foreign currency transactions of $29. See Notes 6 and 7.

Pretax earnings of $1,300 increased $188, or 17 percent. Earnings increased $131 in Automation Solutions and $124 in Commercial & Residential Solutions. Costs reported at Corporate increased $60, reflecting higher stock compensation expense of $107 and first year acquisition accounting charges and fees related to the OSI acquisition of $31, partially offset by the investment-related gains discussed above and lower unallocated pension and postretirement costs of $22. See the Business Segments discussion that follows and Note 12.

Income taxes were $280 for 2021 and $259 for 2020, resulting in effective tax rates of 22 percent and 23 percent, respectively.

Net earnings common stockholders in 2021 were $1,006, up 19 percent compared with the prior year, and earnings per share were $1.67, up 22 percent compared with $1.37 in 2020. Operating results increased $0.24 per share, as significant savings from the Company's restructuring and cost reset actions more than offset deleverage on lower sales volume in Automation Solutions. Lower restructuring and advisory fees ($0.07 per share), a lower tax rate ($0.03 per share) and share repurchases ($0.03 per share) also benefited operating results, while higher stock compensation expense deducted $0.13 per share. The Company recognized several investment-related gains in the current year ($0.10 per share), while first year acquisition accounting charges and fees related to the OSI acquisition deducted $0.04 per share.

Business Segments

Following is an analysis of operating results for the Company's business segments for the six months ended March 31, 2021, compared with the six months ended March 31, 2020. The Company defines segment earnings as earnings before interest and taxes.

AUTOMATION SOLUTIONS

Six Months Ended Mar 31	2020	2021	Change
Sales	$ 5,561	**5,485**	(1)%
Earnings	$ 701	**832**	19 %
Margin	*12.6 %*	***15.2 %***	

Sales by Major Product Offering	2020	2021	Change
Measurement & Analytical Instrumentation	$ 1,571	**1,430**	(9)%
Valves, Actuators & Regulators	1,767	**1,642**	(7)%
Industrial Solutions	1,001	**1,063**	6 %
Systems & Software	1,222	**1,350**	10 %
Total	$ 5,561	**5,485**	(1)%

Automation Solutions sales were $5.5 billion in the first six months of 2021, a decrease of $76, or 1 percent. Underlying sales decreased 5 percent on lower volume. Foreign currency translation had a 2 percent favorable impact and the OSI acquisition added 2 percent. Underlying sales decreased 16 percent in the Americas, while Europe increased 4 percent and Asia, Middle East & Africa was up 5 percent (China up 21 percent). Sales for Measurement & Analytical Instrumentation decreased $141, or 9 percent, due to weakness in process industries, particularly in North America, partially offset by moderate growth in Europe and Asia. Valves, Actuators & Regulators decreased $125, or 7 percent, reflecting slower demand in most end markets, particularly in North America and Europe, partially offset by strength in Asia. Industrial Solutions sales increased $62, or 6 percent, on moderate growth in Europe and robust growth in China, partially offset by weakness in discrete end markets in North America. Systems & Software increased $128, reflecting the impact of the OSI acquisition which added $90. Power end markets grew moderately in North America offset by softness in Asia, while process end markets were strong in Europe and Asia, offset by declines in North America and Middle East & Africa. Earnings were $832, an increase of $131, or 19 percent, and margin increased 2.6 percentage points to 15.2 percent, as significant savings from cost reduction actions and favorable price-cost more than offset deleverage on lower sales volume and unfavorable mix. Lower restructuring expense benefited margins 0.6 percentage points, while foreign currency transactions had an unfavorable impact of 0.3 percentage points.

COMMERCIAL & RESIDENTIAL SOLUTIONS

Six Months Ended Mar 31		2020	2021	Change
Sales:				
Climate Technologies	$	1,899	**2,191**	15 %
Tools & Home Products		862	**930**	8 %
Total	$	2,761	**3,121**	13 %
Earnings:				
Climate Technologies	$	368	**457**	24 %
Tools & Home Products		175	**210**	20 %
Total	$	543	**667**	23 %
Margin		*19.7 %*	***21.4 %***	

Commercial & Residential Solutions sales were $3.1 billion in the first six months of 2021, an increase of $360, or 13 percent compared to the prior year. Underlying sales were up 11 percent on higher volume and foreign currency translation added 2 percent. Overall, underlying sales increased 11 percent in the Americas, 8 percent in Europe and 15 percent in Asia, Middle East & Africa (China up 26 percent). Climate Technologies sales were $2.2 billion in the first six months of 2021, an increase of $292, or 15 percent. Air conditioning and heating sales were up significantly, reflecting strong demand for residential-oriented products and solutions in North America and robust growth in Europe and China. Cold chain sales were strong, driven by favorable global market conditions. Tools & Home Products sales were $930 million in the first six months of 2021, up $68, or 8 percent. Sales for wet/dry vacuums were robust due to competitor outages and were strong for food waste disposers, while global professional tools were up slightly. Earnings were $667, up 23 percent compared to the prior year, and margin increased 1.7 percentage points, reflecting leverage on higher volume and savings from cost reduction actions, partially offset by unfavorable price-cost and mix.

FINANCIAL CONDITION

Key elements of the Company's financial condition for the six months ended March 31, 2021 as compared to the year ended September 30, 2020 and the six months ended March 31, 2020 follow.

		Mar 31, 2020		Sept 30, 2020		Mar 31, 2021
Operating working capital	$	1,250	$	866	**$**	**781**
Current ratio		1.0		1.5		**1.3**
Total debt-to-total capital		50.6 %		47.1 %		**44.4 %**
Net debt-to-net capital		40.5 %		33.2 %		**35.1 %**
Interest coverage ratio		14.4 X		14.4 X		**16.6 X**

The Company's operating working capital decreased $469 compared to the same quarter last year largely due to timing-related reductions reflecting current business conditions. The interest coverage ratio (earnings before income taxes plus interest expense, divided by interest expense) of 16.6 for the first six months of fiscal 2021 compares to 14.4X for the six months ended March 31, 2020. The increase reflects higher pretax earnings in the current year.

Operating cash flow for the first six months of fiscal 2021 was $1.6 billion, an increase of $603 compared with $1.0 billion in the prior year due to favorable operating working capital and higher earnings. Free cash flow of $1.4 billion in the first six months of fiscal 2021 (operating cash flow of $1.6 billion less capital expenditures of $222) increased $606 compared to free cash flow of $0.8 billion in 2020 (operating cash flow of $1.0 billion less capital expenditures of $225), reflecting the increase in operating cash flow. Cash used for investing activities was $1.8 billion largely due to the OSI acquisition.

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic, and among other things, provides tax relief to businesses. Tax provisions of the CARES Act include the deferral of certain payroll taxes, relief for retaining employees, and other provisions. The Company deferred $73 of certain payroll taxes through the end of calendar year 2020, half of which is due in December 2021 with the remainder due in December 2022.

Emerson maintains a conservative financial structure to provide the strength and flexibility necessary to achieve our strategic objectives and has been successful in efficiently deploying cash where needed worldwide to fund operations, complete acquisitions and sustain long-term growth. Emerson is in a strong financial position, with total assets of $24 billion and stockholders' equity of $9 billion, and has the resources available for reinvestment in existing businesses, strategic acquisitions and managing its capital structure on a short- and long-term basis.

FISCAL 2021 OUTLOOK

Despite ongoing pandemic challenges in many parts of the world, the Company expects overall continued improvement in industrial and commercial demand over the remainder of 2021. Residential demand is expected to remain robust, but begin to taper in the second half. For the full year, consolidated net sales are expected to be up 6 to 9 percent, with underlying sales up 3 to 6 percent excluding a 2 percent favorable impact from foreign currency translation and a 1 percent favorable impact from the OSI acquisition. Automation Solutions net sales are expected to be up 3 to 5 percent, with underlying sales down 1 to up 1 percent excluding a 3 percent favorable impact from foreign currency translation and a 1 percent favorable impact from the OSI acquisition. Commercial & Residential Solutions net sales are expected to be up 14 to 16 percent, with underlying sales up 12 to 14 percent excluding a 2 percent impact from favorable foreign currency translation. Earnings per share are expected to be $3.55 to $3.65, while adjusted earnings per share, which exclude a $0.26 per share impact from restructuring actions, a $0.07 per share impact from OSI first year acquisition accounting charges and fees, and a $0.03 per share equity investment gain, are expected to be $3.85 to $3.95. Operating cash flow is expected to be approximately $3.3 billion and free cash flow, which excludes targeted capital spending of $600 million, is expected to be approximately $2.7 billion. Fiscal 2021 share repurchases and acquisition activity are expected to be in the amount of $500 million to $1 billion, excluding the OSI acquisition which closed on October 1, 2020. However, future developments related to COVID-19, including further actions taken by governmental authorities, potential shutdowns of our operations, or delays in the stabilization and recovery of economic conditions could further adversely affect our operations and financial results, as well as those of our customers and suppliers. See Item 1A – “Risk Factors” in our Annual Report on Form 10-K.

Statements in this report 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, which are set forth in the “Risk Factors” of Part I, Item 1A, and the "Safe Harbor Statement" of Part II, Item 7, to the Company's Annual Report on Form 10-K for the year ended September 30, 2020 and in subsequent reports filed with the SEC, which are hereby incorporated by reference.

The United Kingdom's (UK) withdrawal from the European Union (EU), commonly known as "Brexit", was completed on January 31, 2020. Negotiations over the terms of trade and other laws and regulations took place during 2020 and an agreement between the EU and the UK was reached on December 24, 2020, which included zero tariffs and quotas on goods. The Company's net sales in the UK are principally in the Automation Solutions segment and represent less than two percent of consolidated sales. While there could be certain incremental costs for logistics and other items, the Company expects any impact of these items will be immaterial.

Item 4. Controls and Procedures

The Company maintains a system of disclosure controls and procedures designed to ensure that information required to be disclosed in its reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported in a timely manner. This system also is designed to ensure information is accumulated and communicated to management, including the Company's certifying officers, to allow timely decisions regarding required disclosure. Based on an evaluation performed, the certifying officers have concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report.

Notwithstanding the foregoing, there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company and its consolidated subsidiaries to report material information otherwise required to be set forth in the Company's reports.

There was no change in the Company's internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities (shares in 000s).

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
January 2021	—	$0.00	—	65,339
February 2021	320	$85.83	320	65,019
March 2021	460	$90.01	460	64,559
Total	780	$88.30	780	64,559

In November 2015, the Board of Directors authorized the purchase of up to 70 million shares. In March 2020, the Board of Directors authorized the purchase of an additional 60 million shares and a total of approximately 64.6 million shares remain available for purchase under the authorizations.

Item 6. Exhibits

(a) Exhibits (Listed by numbers corresponding to the Exhibit Table of Item 601 in Regulation S-K).

3 Bylaws of Emerson Electric Co., as amended through May 4, 2021, incorporated by reference to the Company's Form 8-K dated May 4, 2021, filed on May 4, 2021, File No. 1-278, Exhibit 3.1.

10.1 Letter Agreement dated February 23, 2021, by and between Emerson Electric Co. and David N. Farr, incorporated by reference to the Company's Form 8-K dated February 23, 2021, filed on February 26, 2021, File No. 1-278, Exhibit 10.1.

10.2 Consulting Agreement dated February 23, 2021, by and between Emerson Electric Co. and David N. Farr, incorporated by reference to the Company's Form 8-K dated February 23, 2021, filed on February 26, 2021, File No. 1-278, Exhibit 10.2.

10.3 Letter Agreement dated February 16, 2021 entered into on March 8, 2021, by and between Emerson Electric Co. and Steven J. Pelch, incorporated by reference to the Company's Form 8-K dated March 8, 2021, filed on March 12, 2021, File No. 1-278, Exhibit 10.1.

31 Certifications pursuant to Exchange Act Rule 13a-14(a).

32 Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350.

101 Attached as Exhibit 101 to this report are the following documents formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Statements of Earnings for the three and six months ended March 31, 2021 and 2020, (ii) Consolidated Statements of Comprehensive Income for the three and six months ended March 31, 2021 and 2020, (iii) Consolidated Balance Sheets as of September 30, 2020 and March 31, 2021, (iv) Consolidated Statements of Equity for the three and six months ended March 31, 2021 and 2020, (v) Consolidated Statements of Cash Flows for the six months ended March 31, 2021 and 2020, and (vi) Notes to Consolidated Financial Statements for the three and six months ended ended March 31, 2021 and 2020.

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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 thereunto duly authorized.

EMERSON ELECTRIC CO.

By /s/ Frank J. Dellaquila

Frank J. Dellaquila
Senior Executive Vice President and Chief Financial Officer
(on behalf of the registrant and as Chief Financial Officer)
May 5, 2021

Exhibit 31

Certification

I, S. L. Karsanbhai, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Emerson Electric Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ S. L. Karsanbhai
S. L. Karsanbhai
President and
Chief Executive Officer
Emerson Electric Co.
May 5, 2021

Certification

I, F. J. Dellaquila, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Emerson Electric Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ F. J. Dellaquila

F. J. Dellaquila
Senior Executive Vice President and
Chief Financial Officer
Emerson Electric Co.
May 5, 2021

Exhibit 32

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULE 13a-14(b) AND
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Emerson Electric Co. (the "Company") on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, S. L. Karsanbhai, certify, to the best of my knowledge, pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ S. L. Karsanbhai
S. L. Karsanbhai
President and
Chief Executive Officer
Emerson Electric Co.
May 5, 2021

CERTIFICATION PURSUANT TO

EXCHANGE ACT RULE 13a-14(b) AND

18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Emerson Electric Co. (the "Company") on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, F. J. Dellaquila, certify, to the best of my knowledge, pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ F. J. Dellaquila

F. J. Dellaquila
Senior Executive Vice President and
Chief Financial Officer
Emerson Electric Co.
May 5, 2021