

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): May 31, 2023

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 2.01. Completion of Acquisition or Disposition of Assets.

As previously disclosed in the Current Report on Form 8-K filed by Emerson with the Securities and Exchange Commission on October 31, 2022 (the “[Initial Form 8-K](#)”), on May 31, 2023, Emerson Electric Co. (“[Emerson](#)”) completed the transactions (the “[Transactions](#)”) contemplated by the Transaction Agreement (the “[Transaction Agreement](#)”), dated as of October 30, 2022, as amended by Amendment No. 1 to the Transaction Agreement, dated as of May 30, 2023, by and among Emerson, BCP Emerald Aggregator L.P. (“[BCP Emerald](#)”), a Delaware limited partnership formed by investment funds managed by affiliates of Blackstone Inc. (“[Blackstone](#)”), Emerald Debt Merger Sub L.L.C., a Delaware limited liability company and wholly owned subsidiary of BCP Emerald and Emerald JV Holdings L.P., a Delaware limited partnership (“[JV NewCo](#)”).

Pursuant to the Transaction Agreement, the Climate Technologies business of Emerson (the “[Climate Technologies Business](#)”) was transferred to JV Newco. At the completion of the Transactions, (i) JV NewCo holds the Climate Technologies Business previously held by Emerson, (ii) Emerson received cash proceeds of approximately \$9.7 billion and senior unsecured notes issued by a direct wholly owned subsidiary of JV NewCo in an aggregate principal amount of \$2.25 billion, (iii) Emerson holds a 40% common equity interest in JV NewCo and (iv) BCP Emerald holds a 60% common equity interest in JV NewCo and holds convertible preferred equity of JV NewCo with an initial liquidation preference of \$2 billion.

The foregoing description of the Transaction Agreement does not purport to be complete and is qualified in its entirety to the full text of the Transaction Agreement, a copy of which was attached as Exhibit 2.1 to the Initial Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The unaudited pro forma consolidated statements of earnings for the six months ended March 31, 2023 and for the years ended September 30, 2022, September 30, 2021 and September 30, 2020, and the unaudited pro forma consolidated balance sheet as of March 31, 2023, and related notes thereto, are attached as Exhibit 99.1 and incorporated by reference into this Item 9.01.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
99.1	Unaudited Pro Forma Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as Inline XBRL)

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: June 2, 2023

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

Overview

On May 31, 2023, Emerson Electric Co. (the "Company") completed the previously announced sale of a majority stake in its Climate Technologies business (which constitutes the former Climate Technologies segment, excluding Therm-O-Disc, which was divested earlier in fiscal 2022) to private equity funds managed by Blackstone in a \$14.0 billion transaction. Emerson received upfront, pre-tax cash proceeds of approximately \$9.7 billion and a note receivable with a face value of \$2.25 billion (which will accrue 5 percent interest payable in kind by capitalizing interest), while retaining a 40 percent non-controlling common equity interest in a new standalone joint venture between Emerson and Blackstone. The new standalone business will be named Copeland.

Basis of Presentation

The unaudited pro forma consolidated financial statements have been derived from the Company's historical consolidated financial statements and give effect to the impact of the Climate Technologies divestiture (including the retained 40 percent non-controlling interest), as well as the divestiture of the Company's InSinkErator business ("ISE"), which was completed on October 31, 2022, and the divestiture of the Therm-O-Disc business ("TOD"), which was completed on May 31, 2022 (collectively, the "sale transactions"). The Company began reporting the results of all three divestitures in discontinued operations in the first quarter of fiscal 2023 and the assets and liabilities of Climate Technologies were reported as held-for-sale as of March 31, 2023.

The unaudited pro forma consolidated statements of earnings for the six months ended March 31, 2023 and for each of the years ended September 30, 2022, 2021 and 2020 have been prepared as if the sale transactions occurred on October 1, 2019. The unaudited pro forma consolidated balance sheet as of March 31, 2023 has been prepared as if the Climate Technologies divestiture occurred on March 31, 2023.

The "Climate Technologies" and "ISE and TOD" columns in the unaudited pro forma consolidated statements of earnings give effect to the sale transactions and have been prepared consistent with the U.S. GAAP guidance for discontinued operations in ASC 205-20, *Presentation of Financial Statements - Discontinued Operations*.

The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not intended to represent what the Company's financial position or results of operations would have been if the sale transactions described above had occurred as of the dates indicated. In addition, the unaudited pro forma consolidated financial statements are based on preliminary estimates and assumptions that are subject to change and therefore, are not necessarily indicative of the Company's future financial position or results of operations.

The unaudited pro forma consolidated financial statements should be read in conjunction with the Company's historical consolidated financial statements, the accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its most recent Quarterly Reports on Form 10-Q and Annual Report on Form 10-K.

Unaudited Pro Forma Consolidated Statement of Earnings
EMERSON ELECTRIC CO. & SUBSIDIARIES

Six months ended March 31, 2023
(Dollars in millions, except per share amounts)

	As Reported	Transaction Adjustments	Pro Forma
Net sales	\$ 7,129		7,129
Cost of sales	3,708		3,708
Selling, general and administrative expenses	2,030		2,030
Other deductions, net	229	— (c)	229
Interest expense (income), net	101	(188) (d)	(87)
Interest income from related party	—	(62) (e)	(62)
Earnings from continuing operations before income taxes	1,061	250	1,311
Income taxes	232	55 (f)	287
Earnings from continuing operations	829	195	1,024
Less: Noncontrolling interests in subsidiaries	(30)		(30)
Net earnings from continuing operations common stockholders	\$ 859	195	1,054
Earnings per share from continuing operations:			
Basic	\$ 1.49		\$ 1.83
Diluted	\$ 1.48		\$ 1.82
Weighted average outstanding shares:			
Basic	577.2		577.2
Diluted	580.1		580.1

See accompanying Notes to the Unaudited Pro Forma Consolidated Financial Statements.

Unaudited Pro Forma Consolidated Statement of Earnings
EMERSON ELECTRIC CO. & SUBSIDIARIES

Year ended September 30, 2022
(Dollars in millions, except per share amounts)

	As Reported	(a) Climate Technologies	(b) ISE and TOD	Transaction Adjustments	Pro Forma
Net sales	\$ 19,629	(4,976)	(849)		13,804
Cost of sales	11,441	(3,405)	(538)		7,498
Selling, general and administrative expenses	4,248	(515)	(119)		3,614
Gain on subordinated interest	(453)				(453)
Gain on sale of business	(486)		486		—
Other deductions, net	601	(55)	(27)	— (c)	519
Interest expense (income), net	193	1		(375) (d)	(181)
Interest income from related party	—			(125) (e)	(125)
Earnings from continuing operations before income taxes	4,085	(1,002)	(651)	500	2,932
Income taxes	855	(209)	(97)	110 (f)	659
Earnings from continuing operations	3,230	(793)	(554)	390	2,273
Less: Noncontrolling interests in subsidiaries	(1)	(2)			(3)
Net earnings from continuing operations common stockholders	\$ 3,231	(791)	(554)	390	2,276
Earnings per share from continuing operations:					
Basic	\$ 5.44				\$ 3.83
Diluted	\$ 5.41				\$ 3.81
Weighted average outstanding shares:					
Basic	592.9				592.9
Diluted	596.3				596.3

See accompanying Notes to the Unaudited Pro Forma Consolidated Financial Statements.

Unaudited Pro Forma Consolidated Statement of Earnings
EMERSON ELECTRIC CO. & SUBSIDIARIES

Year ended September 30, 2021
(Dollars in millions, except per share amounts)

	As Reported	(a) Climate Technologies	(b) ISE and TOD	Transaction Adjustments	Pro Forma
Net sales	\$ 18,236	(4,401)	(903)		12,932
Cost of sales	10,673	(2,900)	(571)		7,202
Selling, general and administrative expenses	4,179	(560)	(125)		3,494
Other deductions, net	318	10	(9)	— (c)	319
Interest expense (income), net	154	1		(375) (d)	(220)
Interest income from related party	—			(125) (e)	(125)
Earnings from continuing operations before income taxes	2,912	(952)	(198)	500	2,262
Income taxes	585	(196)	(43)	110 (f)	456
Earnings from continuing operations	2,327	(756)	(155)	390	1,806
Less: Noncontrolling interests in subsidiaries	24	(22)			2
Net earnings from continuing operations common stockholders	\$ 2,303	(734)	(155)	390	1,804
Earnings per share from continuing operations:					
Basic	\$ 3.85				\$ 3.01
Diluted	\$ 3.82				\$ 2.99
Weighted average outstanding shares:					
Basic	598.1				598.1
Diluted	601.8				601.8

See accompanying Notes to the Unaudited Pro Forma Consolidated Financial Statements.

Unaudited Pro Forma Consolidated Statement of Earnings
EMERSON ELECTRIC CO. & SUBSIDIARIES

Year ended September 30, 2020
(Dollars in millions, except per share amounts)

	As Reported	(a) Climate Technologies	(b) ISE and TOD	Transaction Adjustments	Pro Forma
Net sales	\$ 16,785	(3,702)	(800)		12,283
Cost of sales	9,776	(2,371)	(510)		6,895
Selling, general and administrative expenses	3,986	(483)	(112)		3,391
Other deductions, net	532	(50)	(19)	— (c)	463
Interest expense (income), net	156	2		(375) (d)	(217)
Interest income from related party	—			(125) (e)	(125)
Earnings income from related party before income taxes	2,335	(800)	(159)	500	1,876
Income taxes	345	(164)	(36)	110 (f)	255
Earnings from continuing operations	1,990	(636)	(123)	390	1,621
Less: Noncontrolling interests in subsidiaries	25	(24)			1
Net earnings from continuing operations common stockholders	\$ 1,965	(612)	(123)	390	1,620
Earnings per share from continuing operations:					
Basic	\$ 3.26				\$ 2.68
Diluted	\$ 3.24				\$ 2.67
Weighted average outstanding shares:					
Basic	602.9				602.9
Diluted	606.6				606.6

See accompanying Notes to the Unaudited Pro Forma Consolidated Financial Statements.

Unaudited Pro Forma Consolidated Balance Sheet

EMERSON ELECTRIC CO. & SUBSIDIARIES

(Dollars in millions)

	March 31, 2023			
	As Reported	Climate Tech Divestiture	Transaction Adjustments	Pro Forma
ASSETS				
Current assets				
Cash and equivalents	\$ 2,046		9,650 (h),(i)	11,696
Receivables, net	2,330			2,330
Inventories	2,034			2,034
Other current assets	1,228		982 (i),(j)	2,210
Current assets held-for-sale	1,347	(1,347) (g)		—
Total current assets	8,985	(1,347)	10,632	18,270
Property, plant and equipment, net	2,263			2,263
Other assets				
Goodwill	14,097			14,097
Other intangible assets	6,299			6,299
Copeland note receivable and equity investment	—		3,400 (k)	3,400
Other	2,265			2,265
Noncurrent assets held-for-sale	2,238	(2,238) (g)		—
Total other assets	24,899	(2,238)	3,400	26,061
Total assets	\$ 36,147	(3,585)	14,032	46,594
LIABILITIES AND EQUITY				
Current liabilities				
Short-term borrowings and current maturities of long-term debt	\$ 1,959			1,959
Accounts payable	1,207			1,207
Accrued expenses	3,245		2,747 (j),(l)	5,992
Current liabilities held-for-sale	1,138	(1,138) (g)		—
Total current liabilities	7,549	(1,138)	2,747	9,158
Long-term debt	8,174			8,174
Other liabilities	2,928		565 (m)	3,493
Noncurrent liabilities held-for-sale	149	(149) (g)		—
Equity				
Common stock	477			477
Additional paid-in-capital	138			138
Retained earnings	30,571	(2,351) (n)	10,720 (n)	38,940
Accumulated other comprehensive income (loss)	(1,148)	78 (g)		(1,070)
Cost of common stock in treasury	(18,678)			(18,678)
Common stockholders' equity	11,360	(2,273)	10,720	19,807
Noncontrolling interests in subsidiaries	5,987	(25) (g)		5,962
Total equity	17,347	(2,298)	10,720	25,769
Total liabilities and equity	\$ 36,147	(3,585)	14,032	46,594

See accompanying Notes to the Unaudited Pro Forma Consolidated Financial Statements.

Notes to the Unaudited Pro Forma Consolidated Financial Statements

EMERSON ELECTRIC CO. & SUBSIDIARIES

(Dollars in millions, except where noted)

- a. Reflects the results of the Climate Technologies business for the periods presented. No adjustments are required to the Unaudited Pro Forma Consolidated Statement of Earnings for the six months ended March 31, 2023, as the Company began reporting the results of Climate Technologies in discontinued operations in its quarterly reports on Form 10-Q in fiscal 2023.
 - b. Reflects the results of the InSinkErator and Therm-O-Disc businesses for the periods presented. No adjustments are required to the Unaudited Pro Forma Consolidated Statement of Earnings for the six months ended March 31, 2023, as the Company began reporting the results of these businesses in discontinued operations in its quarterly reports on Form 10-Q in fiscal 2023.
 - c. The Company's 40 percent common equity ownership in the income, or loss, of Climate Technologies (the new standalone business will be named Copeland), will be reported in continuing operations in Other deductions. Emerson no longer controls Copeland and is therefore unable to estimate the amount of its 40 percent share of Copeland's post-close results.
 - d. Interest expense (income), net includes estimated annual interest income of \$375 (\$188 for the six months ended March 31, 2023) on the undeployed proceeds from the sale of the Climate Technologies business. Although interest income on the proceeds is assumed for purposes of these unaudited pro forma consolidated financial statements, the Company expects to use the proceeds to complete its pending acquisition of National Instruments Corporation ("NI"), which was announced on April 12, 2023 and is expected to close in the first half of Emerson's fiscal 2024, subject to the completion of customary closing conditions, including regulatory approvals and approval by NI shareholders.
 - e. Interest income from related party reflects annual interest income of approximately \$125 (\$62 for the six months ended March 31, 2023) on the \$2.25 billion note receivable, payable in kind.
 - f. Represents the income tax effect of the pro forma adjustments presented. The pro forma income tax adjustments were estimated using a combined U.S. federal and statutory tax rate of 22 percent.
 - g. Elimination of the assets and liabilities of the Climate Technologies business, which were reported as held-for-sale in the financial statements in the Quarterly Report on Form 10-Q for the six months ended March 31, 2023, and the non-controlling interests in subsidiaries and accumulated other comprehensive loss related to the business.
 - h. Estimated cash proceeds of approximately \$9.7 billion for the sale of the Climate Technologies business.
 - i. Approximately \$50 of cash is held by Copeland, of which approximately \$35 will be distributed to Emerson post-closing, which is shown in these pro forma statements as a decrease to cash and increase to other current assets.
 - j. Represents a note receivable and payable with Copeland of \$947. Pursuant to the transaction agreement, the settlement of the note receivable and note payable will be completed no later than September 30, 2023.
 - k. Reflects the U.S. GAAP fair values of the note receivable with a face value of \$2.25 billion and retained 40 percent non-controlling common equity interest in Copeland, which were estimated at \$2.0 billion and \$1.4 billion, respectively.
 - l. Accrued expenses includes estimated income taxes payable of approximately \$1.7 billion related to the gain on sale of the Climate Technologies business. Accrued expenses also includes the note payable of \$947 (see tickmark (j)) and \$100 for estimated costs to complete the transaction, which will be settled subsequent to closing. These costs, which are not expected to be incurred in any period beyond 12 months from the closing date of the transaction, and the income taxes on the gain, have not been reflected in the Unaudited Pro Forma Consolidated Statements of Earnings as they will be reported in discontinued operations in the Company's consolidated financial statements in the period such costs are incurred.
 - m. Other liabilities includes deferred taxes of \$565.
 - n. Reflects the net impact of the items noted above.
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