

EMERSON ELECTRIC CO
Form 10-Q
February 05, 2014

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

FORM 10-Q

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

For the quarterly period ended December 31, 2013

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

(State or other jurisdiction of
incorporation or organization)

43-0259330

(I.R.S. Employer
Identification No.)

8000 W. Florissant Ave.

P.O. Box 4100

St. Louis, Missouri

(Address of principal executive offices)

63136

(Zip Code)

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

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 ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ý No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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 January 31, 2014: 702,985,814 shares.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EMERSON ELECTRIC CO. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF EARNINGS
 THREE MONTHS ENDED DECEMBER 31, 2012 AND 2013
 (Dollars in millions, except per share amounts; unaudited)

| | Three Months Ended December 31, | |
|--|------------------------------------|-------|
| | 2012 | 2013 |
| Net sales | \$5,553 | 5,606 |
| Costs and expenses: | | |
| Cost of sales | 3,346 | 3,370 |
| Selling, general and administrative expenses | 1,394 | 1,444 |
| Other deductions, net | 86 | 95 |
| Interest expense (net of interest income of \$4 and \$7, respectively) | 54 | 54 |
| Earnings before income taxes | 673 | 643 |
| Income taxes | 207 | 166 |
| Net earnings | 466 | 477 |
| Less: Noncontrolling interests in earnings of subsidiaries | 12 | 15 |
| Net earnings common stockholders | \$454 | 462 |
| Basic earnings per share common stockholders | \$0.63 | 0.65 |
| Diluted earnings per share common stockholders | \$0.62 | 0.65 |
| Cash dividends per common share | \$0.41 | 0.43 |

See accompanying Notes to Consolidated Financial Statements.

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EMERSON ELECTRIC CO. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 THREE MONTHS ENDED DECEMBER 31, 2012 AND 2013
 (Dollars in millions; unaudited)

| | Three Months Ended December 31, | |
|--|------------------------------------|------|
| | 2012 | 2013 |
| Net earnings | \$466 | 477 |
| Other comprehensive income, net of tax: | | |
| Foreign currency translation | 79 | 15 |
| Pension and postretirement | 37 | 23 |
| Cash flow hedges | (3 |) 3 |
| Total other comprehensive income (loss) | 113 | 41 |
| Comprehensive income | 579 | 518 |
| Less: Noncontrolling interests in comprehensive income of subsidiaries | 11 | 13 |
| Comprehensive income common stockholders | \$568 | 505 |

See accompanying Notes to Consolidated Financial Statements.

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EMERSON ELECTRIC CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

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

| | Sept 30, 2013 | Dec 31, 2013 |
|--|---------------|--------------|
| ASSETS | | |
| Current assets | | |
| Cash and equivalents | \$3,275 | 2,737 |
| Receivables, less allowances of \$103 and \$101, respectively | 4,808 | 4,429 |
| Inventories | 1,895 | 2,162 |
| Other current assets | 1,021 | 671 |
| Total current assets | 10,999 | 9,999 |
| Property, plant and equipment, net | 3,605 | 3,639 |
| Other assets | | |
| Goodwill | 7,509 | 7,871 |
| Other intangible assets | 1,672 | 1,839 |
| Other | 926 | 776 |
| Total other assets | 10,107 | 10,486 |
| Total assets | \$24,711 | 24,124 |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Short-term borrowings and current maturities of long-term debt | \$1,587 | 1,958 |
| Accounts payable | 2,725 | 2,425 |
| Accrued expenses | 3,184 | 2,526 |
| Income taxes | 129 | 199 |
| Total current liabilities | 7,625 | 7,108 |
| Long-term debt | 4,055 | 3,834 |
| Other liabilities | 2,313 | 2,299 |
| Equity | | |
| Common stock, \$0.50 par value; authorized, 1,200,000,000 shares; issued, 953,354,012 shares; outstanding, 706,660,259 shares and 704,388,012 shares, respectively | 477 | 477 |
| Additional paid-in-capital | 352 | 528 |
| Retained earnings | 18,930 | 19,088 |
| Accumulated other comprehensive income (loss) | (189) | (146) |
| Cost of common stock in treasury, 246,693,753 shares and 248,966,000 shares, respectively | (8,985) | (9,206) |
| Common stockholders' equity | 10,585 | 10,741 |
| Noncontrolling interests in subsidiaries | 133 | 142 |
| Total equity | 10,718 | 10,883 |
| Total liabilities and equity | \$24,711 | 24,124 |

See accompanying Notes to Consolidated Financial Statements.

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EMERSON ELECTRIC CO. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 THREE MONTHS ENDED DECEMBER 31, 2012 AND 2013
 (Dollars in millions; unaudited)

| | Three Months Ended December 31, | |
|---|------------------------------------|------|
| | 2012 | 2013 |
| Operating activities | | |
| Net earnings | \$466 | 477 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 206 | |