

EMERSON ELECTRIC CO
Form 10-Q
August 04, 2011
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 June 30, 2011

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 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 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

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company” in Rule 12b-2 of the Exchange Act. (Check one):

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 July 31, 2011: 744,704,773 shares.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EMERSON ELECTRIC CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
THREE AND NINE MONTHS ENDED JUNE 30, 2010 AND 2011
(Dollars in millions, except per share amounts; unaudited)

| | Three Months Ended June 30, | | Nine Months Ended June 30, | |
|--|--------------------------------|-------|-------------------------------|--------|
| | 2010 | 2011 | 2010 | 2011 |
| Net sales | \$5,417 | 6,288 | 15,198 | 17,677 |
| Costs and expenses: | | | | |
| Cost of sales | 3,253 | 3,790 | 9,203 | 10,710 |
| Selling, general and administrative expenses | 1,168 | 1,363 | 3,505 | 3,989 |
| Other deductions, net | 69 | 87 | 253 | 266 |
| Interest expense (net of interest income of \$5, \$6, \$14 and \$17, respectively) | 64 | 56 | 196 | 174 |
| Earnings from continuing operations before income taxes | 863 | 992 | 2,041 | 2,538 |
| Income taxes | 266 | 294 | 594 | 782 |
| Earnings from continuing operations | 597 | 698 | 1,447 | 1,756 |
| Discontinued operations, net of tax | 4 | - | 9 | - |
| Net earnings | 601 | 698 | 1,456 | 1,756 |
| Less: Noncontrolling interests in earnings of subsidiaries | 16 | 15 | 41 | 37 |
| Net earnings common stockholders | \$585 | 683 | 1,415 | 1,719 |
| Earnings common stockholders: | | | | |
| Earnings from continuing operations | \$581 | 683 | 1,406 | 1,719 |
| Discontinued operations, net of tax | 4 | - | 9 | - |
| Net earnings common stockholders | \$585 | 683 | 1,415 | 1,719 |
| Basic earnings per share common stockholders: | | | | |
| Earnings from continuing operations | \$0.77 | 0.91 | 1.86 | 2.28 |
| Discontinued operations | 0.01 | - | 0.02 | - |
| Basic earnings per common share | \$0.78 | 0.91 | 1.88 | 2.28 |
| Diluted earnings per share common stockholders: | | | | |
| Earnings from continuing operations | \$0.76 | 0.90 | 1.85 | 2.26 |

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| | | | | |
|-----------------------------------|---------|-------|-------|-------|
| Discontinued operations | 0.01 | - | 0.01 | - |
| Diluted earnings per common share | \$0.77 | 0.90 | 1.86 | 2.26 |
| Cash dividends per common share | \$0.335 | 0.345 | 1.005 | 1.035 |

See accompanying Notes to Consolidated Financial Statements.

EMERSON ELECTRIC CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions, except share amounts; unaudited)

| | Sept 30, 2010 | June 30, 2011 |
|--|------------------|------------------|
| ASSETS | | |
| Current assets | | |
| Cash and equivalents | \$ 1,592 | 1,781 |
| Receivables, less allowances of \$98 and \$108, respectively | 3,989 | 4,443 |
| Inventories | 2,105 | 2,422 |
| Other current assets | 677 | 637 |
| Total current assets | 8,363 | 9,283 |
| Property, plant and equipment, net | 3,287 | 3,382 |
| Other assets | | |
| Goodwill | 8,656 | 8,974 |
| Other intangible assets | 2,150 | 2,074 |
| Other | 387 | 391 |
| Total other assets | 11,193 | 11,439 |
| Total assets | \$22,843 | 24,104 |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Short-term borrowings and current maturities of long-term debt | \$480 | 862 |
| Accounts payable | 2,409 | 2,633 |
| Accrued expenses | 2,864 | 2,657 |
| Income taxes | 96 | 156 |
| Total current liabilities | 5,849 | 6,308 |
| Long-term debt | 4,586 | 4,353 |
| Other liabilities | 2,456 | 2,444 |
| Equity | | |
| Preferred stock, \$2.50 par value per share; authorized, 5,400,000 shares; issued, none | - | - |
| Common stock, \$0.50 par value per share; authorized, 1,200,000,000 shares; issued, 953,354,012 shares; outstanding, 752,690,806 shares and 746,860,009 shares, respectively | 477 | 477 |
| Additional paid-in capital | 192 | 375 |
| Retained earnings | 15,869 | 16,807 |
| Accumulated other comprehensive income | (426) | (74) |
| Cost of common stock in treasury, 200,663,206 shares and 206,494,003 shares, respectively | (6,320) | (6,741) |
| Common stockholders' equity | 9,792 | 10,844 |
| Noncontrolling interests in subsidiaries | 160 | 155 |
| Total equity | 9,952 | 10,999 |
| Total liabilities and equity | \$22,843 | 24,104 |

See accompanying Notes to Consolidated Financial Statements.

EMERSON ELECTRIC CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JUNE 30, 2010 AND 2011
(Dollars in millions; unaudited)

| | Nine Months Ended June 30, | |
|---|-------------------------------|----------|
| | 2010 | 2011 |
| Operating activities | | |
| Net earnings | \$1,456 | 1,756 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 605 | 650 |
| Changes in operating working capital | 28 | (469) |
| Pension funding | (209) | (100) |
| Other | 142 | 141 |
| Net cash provided by operating activities | 2,022 | 1,978 |
| Investing activities | | |
| Capital expenditures | (300) | (403) |
| Purchases of businesses, net of cash and equivalents acquired | (1,372) | (228) |
| Other | 17 | (42) |
| Net cash used in investing activities | (1,655) | (673) |
| Financing activities | | |
| Net increase in short-term borrowings | 1,747 | 198 |
| Proceeds from long-term debt | 601 | 1 |
| Principal payments on long-term debt | (50) | (55) |
| Dividends paid | (756) | (781) |
| Purchases of treasury stock | (71) | (495) |
| Other | 109 | (32) |
| Net cash provided by (used in) financing activities | 1,580 | (1,164) |
| Effect of exchange rate changes on cash and equivalents | (83) | 48 |
| Increase in cash and equivalents | 1,864 | 189 |
| Beginning cash and equivalents | 1,560 | 1,592 |