

## Emerson Electric Co. (EMR)

**\$137.39** (Stock Price as of 12/05/2025)

Price Target (6-12 Months): **\$139.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 01/09/24)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**3-Hold**

Zacks Style Scores:

VGM: D

Value: D

Growth: B

Momentum: F

### Summary

Emerson is benefiting from solid momentum in the Intelligent Devices and Software and Control segments. Strength in the power end markets is aiding the Final Control business. Robust growth across the Americas and Asia, Middle East & Africa regions bodes well for the Measurement & Analytical business. Robust performance of the power and process end markets is driving the Control Systems & Software business. The company's ability to generate strong cash flows supports its capital deployment strategy. Emerson's efforts to reward its shareholders add to the company's appeal. However, softness across all geographies within the Safety & Productivity business is concerning. Weakness across Europe and China regions is hurting the Test & Measurement business. Foreign currency headwinds are affecting its top line.

### Data Overview

52 Week High-Low	\$150.27 - \$90.06
20 Day Average Volume (sh)	2,346,018
Market Cap	\$77.3 B
YTD Price Change	10.9%
Beta	1.26
Dividend / Div Yld	\$2.22 / 1.6%
Industry	<a href="#">Manufacturing - Electronics</a>
Zacks Industry Rank	Top 17% (40 out of 243)

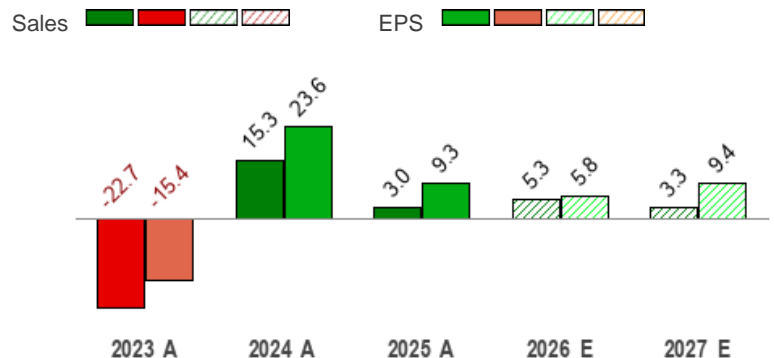
Last EPS Surprise	0.0%
Last Sales Surprise	-0.6%
EPS F1 Est- 4 week change	-1.0%
Expected Report Date	02/04/2026
Earnings ESP	0.0%

P/E TTM	22.9
P/E F1	21.6
PEG F1	2.8
P/S TTM	4.3

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(2)</sup>



### Sales Estimates (millions of \$)<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	4,504 E	4,814 E	4,975 E	5,310 E	19,602 E
2026	4,356 E	4,643 E	4,818 E	5,161 E	18,978 E
2025	4,175 A	4,432 A	4,553 A	4,855 A	18,016 A

### EPS Estimates<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	1.51 E	1.72 E	1.77 E	1.95 E	6.95 E
2026	1.40 E	1.56 E	1.58 E	1.81 E	6.35 E
2025	1.38 A	1.48 A	1.52 A	1.62 A	6.00 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/05/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 11/26/2025.

## Overview

Headquartered in St. Louis, MO, Emerson Electric Co. is a diversified global engineering and technology company. It offers a wide range of products and services to customers in consumer, commercial and industrial markets. The company boasts a diverse range of brands like Bettis, Crosby, Fisher, Flexim, Micro Motion, Afag, Appleton, ASCO, Greenlee, Klauke, AMS and DeltaV. On a geographical basis, the company has operations in the Americas (51% of fiscal 2025 net revenues), AMEA (30%) and Europe (19%).

Emerson currently has two reportable segments:

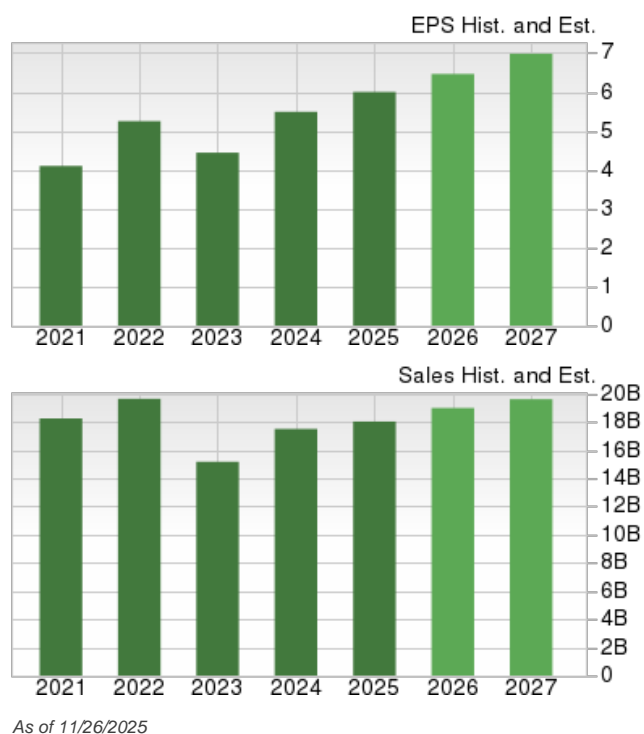
Intelligent Devices segment (70.1% of total revenues in fiscal 2025) consists of four businesses, namely Final Control, Measurement & Analytical, Discrete Automation and Safety & Productivity.

The Final Control business provides control valves, pressure relief valves and regulators for process and hybrid industries. The Measurement & Analytical business supplies intelligent instrumentation that measures the physical properties of liquids or gases, such as pressure, temperature, water quality, toxic gases, and flame. The Discrete Automation business is engaged in manufacturing solenoid valves, pneumatic valves and air preparation equipment. The Safety & Productivity business produces tools for professionals and homeowners like pipe-working tools (pipe wrenches, pipe cutters and pipe threading), battery hydraulic tools for press connections, drain cleaners, tubing tools and electrical tools (conduit benders and cable pulling equipment).

Software and Control segment (29.9%) consists of two businesses namely Control Systems & Software and Test & Measurement.

The Control Systems & Software business is engaged in offering control systems and software that control plant processes by collecting and analyzing information from measurement devices in the plant and using that information to adjust valves and pumps for maximum product quality, process efficiency and safety. The Test & Measurement business provides software-connected automated test and measurement systems that enable enterprises to bring products to market faster and at a lower cost.

Note: In March 2025, Emerson completed the acquisition of AspenTech, making it a wholly owned subsidiary. Its financial results are now reported under the Control Systems & Software business.



## Reasons To Buy:

- ▲ Emerson has been experiencing **healthy demand across most of its end markets**. Solid demand in the process and hybrid industries is boosting underlying sales (up 3% in fiscal 2025). Strength in the process and hybrid industries is expected to drive the company's performance in the quarters ahead. The company anticipates its overall underlying sales to grow approximately 4% year over year in fiscal 2026, driven by strength in life sciences, energy, aerospace and defense, liquefied natural gas (LNG) and power end markets. Robust demand from sustainability and digital transformation initiatives will also contribute to steady progress.

Healthy demand across process and hybrid industries and accretive acquisitions augur well for Emerson. The company's shareholder-friendly policies are encouraging.

Also, the company is benefiting from the **strong performance of the Intelligent Devices and**

**Software and Control segments**. Within the Intelligent Devices segment, it is seeing strength in the Final Control business, driven by solid momentum in power end markets. Sales from this business increased 4% year over year in fiscal 2025. Robust growth across the Americas and Asia, Middle East & Africa regions is aiding the Measurement & Analytical business (sales rose 2% year over year in the fiscal year). The Discrete Automation business' sales increased 1%, year over year in fiscal 2025 driven by solid momentum in the Americas region. Within the Software and Control segment, robust growth across AspenTech and strength in the power and process end markets are supporting the Control Systems & Software business. Sales from the business increased 7% year over year in fiscal 2025. Given the strength across its end markets, Emerson expects net sales to increase approximately 5.5% year over year in fiscal 2026.

- ▲ Emerson believes in expanding its market presence, solidifying its customer base and enhancing product offerings through **acquisitions**. In March 2025, the company acquired all outstanding shares of Aspen Technology's common stock that it did not own. It is worth noting that Emerson acquired a 55% majority stake in AspenTech in 2022, later increasing its ownership to around 57%. With the close of this buyout, AspenTech now operates as a fully owned subsidiary of Emerson. The inclusion of AspenTech will boost the company's automation portfolio and expand its reach into new markets. It will enable Emerson to advance its capabilities in software-defined control under industrial automation. In the fourth quarter of fiscal 2023, the company completed the acquisitions of Afag and Flexim. The buyout of Afag boosted Emerson's capabilities in factory automation, helping it expand into lucrative end markets including battery manufacturing, automotive, packaging, medical, life sciences and electronics. The acquisition of Flexim added to its existing flow measurement positions in coriolis, differential pressure, magmeter and vortex flow measurement, and expanded its automation portfolio and measurement capabilities. Also, in October 2023, Emerson completed the buyout of National Instruments for \$8.2 billion. The acquisition was in sync with its focus on global automation to drive growth and profitability. The buyout strengthened Emerson's global automation foothold, helping it expand into high-growth end markets, including semiconductor and electronics, transportation and electric vehicles and aerospace and defense. Apart from broadening automation capabilities, the buyout opened up industrial software opportunities for it. Emerson reports the results of National Instruments under the sub-business, Test & Measurement within the Software and Control group. It expects the transaction to generate cost savings of \$165 million by the end of the fifth year.
- ▲ Emerson has lately been aiming to **divest non-core/non-profitable businesses** to better focus on and efficiently direct resources to its core businesses. In June 2023, it divested 60% of its Climate Technologies business (Copeland) to Blackstone. In August 2024, Emerson sold the remaining 40% common equity ownership of Copeland to Blackstone. The divestment helped Emerson to strengthen its position as a global leader in automation. In the first quarter of fiscal 2023, the company exited its Russia business operations. Also, in November 2022, it divested the InSinkErator business to Whirlpool.
- ▲ Strong cash flows allow Emerson to effectively deploy capital to make acquisitions, **repurchase shares and pay dividends**. The company's free cash flow totaled \$2.25 billion, up 12% in fiscal 2025. In the same period, it paid out dividends of \$1.19 billion and repurchased common stocks worth \$1.17 billion. In November 2025, the company hiked its dividend by 0.5%. Emerson plans to repurchase shares worth \$1 billion and pay out dividends of \$1.2 billion in fiscal 2026. For fiscal 2026, it expects a free cash flow of \$3.5-\$3.6 billion.

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## Reasons To Sell:

- ▼ Softness across **Safety & Productivity and Test & Measurement businesses** is a concern for Emerson. The Safety & Productivity business is witnessing weakness owing to tepid demand for its products across all geographies. Sales from the business declined 2% in fiscal 2025. Weakness in the Europe and China regions is adversely affecting the Test & Measurement business' performance. Softness in the automotive and factory automation businesses is also concerning for Emerson.
- ▼ Emerson has been experiencing rising expenses for a while. The company's cost of sales increased 3.9% year over year in the fourth quarter of fiscal 2025, due to the increasing input costs. Its selling and administrative expenses increased 1.1% in the same period. Also, Emerson is undertaking restructuring measures to improve operational efficiency, increase the asset base worldwide and reduce the workforce. However, the same poses a threat to its bottom line in the near term. In the fiscal fourth quarter, restructuring and related costs were \$81 million, up 26.6% year over year. Restructuring and related costs totaled \$244 million in fiscal 2024, up 165.2% year over year. In fiscal 2026, restructuring and associated costs are expected to hurt earnings by 15 cents per share.
- ▼ Emerson's **long-term debt** in the last five years (fiscal 2020-2024) increased 9.5% (CAGR). At the end of fourth-quarter of fiscal 2025, the company's long-term debt was \$8.32 billion, higher than \$7.16 billion at fiscal 2024-end. The increase in its debt level was primarily attributable to the funds raised for the AspenTech acquisition. Considering its high debt level, the company's cash and cash equivalents of \$1.54 billion do not look impressive. Also, Emerson stock looks more leveraged than the industry. Its long-term debt/capital ratio is currently 0.29, higher than 0.25 of the industry. High debt levels can increase its financial obligations and prove detrimental to profitability in the quarters ahead.
- ▼ The company's operations are spread across the world, the majority of which are outside the United States. Therefore, it is exposed to global economic and political risks as well as unfavorable movements in **foreign currencies**. A stronger U.S. dollar may depress the company's overseas business results in the quarters ahead.

Softness in the Safety & Productivity and Test & Measurement businesses poses a threat to Emerson. High debt levels and forex woes are added concerns for the company.

## Last Earnings Report

### Emerson Q4 Earnings Match Estimates, Software and Control Sales Rise

Emerson reported fourth-quarter fiscal 2025 (ended Sept. 30, 2025) adjusted earnings of \$1.62 per share, which were in line with the Zacks Consensus Estimate. The bottom line increased 9% year over year.

Emerson's net sales of \$4.89 billion beat the consensus estimate of \$4.88 billion. The top line increased 5% year over year, driven by the solid performance of the Software and Control segment. The company's underlying sales were up 4% year over year.

**FY Quarter Ending** **9/30/2025**

Earnings Reporting Date	Nov 05, 2025
Sales Surprise	-0.60%
EPS Surprise	0.00%
Quarterly EPS	1.62
Annual EPS (TTM)	6.00

### Business Segments' Performance

Effective from the first quarter of fiscal 2023, the company started reporting under two segments, namely Intelligent Devices and Software & Control.

The Intelligent Devices segment's net sales were \$3.40 billion, up 4% year over year. Our estimate was \$3.43 billion. The segment consists of four subgroups, namely Final Control, Measurement & Analytical, Discrete Automation and Safety & Productivity.

Final Control's sales increased 4% year over year to \$1.22 billion. Measurement & Analytical generated sales of \$1.15 billion, up 3% year over year. Discrete Automation's sales totaled \$676 million, reflecting an increase of 5% on a year-over-year basis. Safety & Productivity's sales increased 2% year over year to \$360 million.

The Software and Control Automation Solutions segment generated net sales of \$1.48 billion, up 9% year over year. Our estimate was \$1.51 billion. The segment consists of two subgroups, namely Control Systems & Software and Test & Measurement.

Control Systems & Software reported sales of \$1.07 billion, reflecting an increase of 7% year over year. Test & Measurement sales were \$408 million, increasing 13% year over year.

### Emerson's Margin Details

The cost of sales increased 3.9% year over year to \$2.34 billion. The pretax earnings margin was 16.4% compared with 14.7% in the year-ago period. Adjusted EBITA margin was 27.5% compared with 26.2% in the year-earlier quarter. Selling, general and administrative expenses increased 1.1% year over year to \$1.33 billion.

### Balance Sheet & Cash Flow

Exiting the fiscal fourth quarter, Emerson had cash and cash equivalents of \$1.54 billion compared with \$3.6 billion at the end of fiscal 2024 (ended September 2024). Long-term debt was \$8.32 billion compared with \$7.16 billion at the end of fiscal 2024.

In the same period, the company generated net cash of \$3.10 billion from operating activities, down 7% year over year. Capital expenditure was \$431 million, up from \$419 million in the year-ago period. Emerson paid out dividends of \$1.19 billion and repurchased shares worth \$1.17 billion in the same period.

### Emerson's Q1 Fiscal 2026 Outlook

For the first quarter of fiscal 2026 (ending September 2026), Emerson anticipates year-over-year net sales growth to be approximately 4% and underlying sales growth to be approximately 2%.

It anticipates adjusted earnings per share to be approximately \$1.40.

### FY26 Outlook

Emerson currently anticipates net sales growth of approximately 5.5% from the year-earlier level. Underlying sales are expected to rise approximately 4%.

It projects earnings per share to be \$4.73-\$4.93. Adjusted earnings per share are estimated to be \$6.35-\$6.55. The company expects operating cash flow to be \$4.0-\$4.1 billion. Free cash flow is estimated to be about \$3.5-\$3.6 billion.

## Recent News

### Dividend Hike — Nov. 5, 2025

Emerson's board announced a 5% hike in the quarterly dividend rate to 55.5 cents per share (annually: \$2.22). The dividend will be paid to shareholders on Dec. 10, 2025 of record as of Nov. 14, 2026.

### Partnership With TotalEnergies — July 22, 2025

Emerson collaborated with TotalEnergies to deploy AspenTech Inmation across its global industrial operations. The partnership aims to use real-time data and AI to boost efficiency, cut energy use and support sustainability goals.

### Partnership With Tata Technologies — July 9, 2025

Emerson partnered with Tata Technologies to create intelligent testing and validation solutions for global automotive, aerospace and commercial vehicle OEMs. The collaboration aims to accelerate development timelines and reduce costs for next-generation, software-defined mobility platforms.

### Acquisition of AspenTech — Mar. 12, 2025

Emerson acquired all outstanding shares of Aspen Technology, Inc.'s common stock that it did not already own. It is worth noting that EMR acquired a 55% majority stake in AspenTech in 2022, later increasing its ownership to around 57%.

This transaction, structured as an all-cash tender offer, valued AspenTech at a market capitalization of \$17.0 billion, with an enterprise value of \$16.8 billion. Notably, EMR offered \$265 in cash for each of the remaining shares of AspenTech. With the close of this buyout, AspenTech now operates as a fully owned subsidiary of Emerson.

The inclusion of AspenTech will boost EMR's automation portfolio and penetrate new markets. It will enable Emerson to advance its capabilities in software-defined control under industrial automation.

## Valuation

Emerson's shares are up 5.6% and down 1.3% in the year-to-date period and over the trailing 12-month period, respectively. Stocks in the Zacks sub-industry and the Zacks Industrial Products sector are up 1.4% and 3.7% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry decreased 8.0%, while the sector is down 6.5%.

The S&P 500 index is up 16.5% and up 14.7% in the year-to-date period and over the past year, respectively.

The stock is currently trading at 20.02X forward 12-month price-to-earnings, which compares to 21.14X for the Zacks sub-industry, 20.29X for the Zacks sector and 23.77X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 23.67X and as low as 13.49X, with a 5-year median of 19.76X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$139 price target reflects 21.02X forward 12-month earnings.

The table below shows summary valuation data for EMR

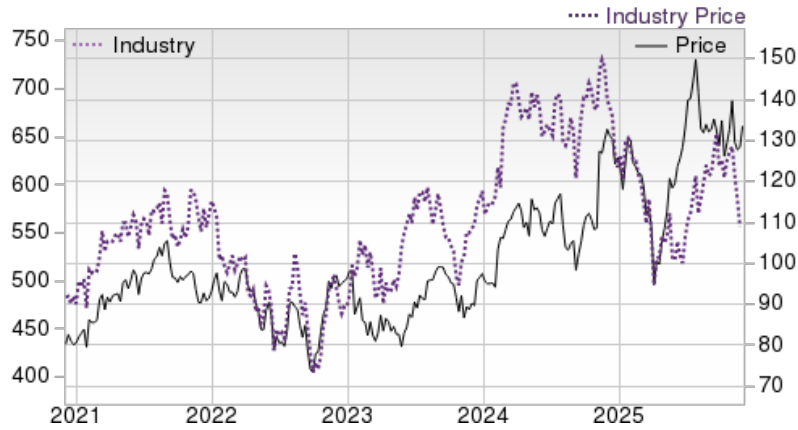
Valuation Multiples - EMR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	20.02	21.14	20.29	23.77
	5-Year High	23.67	25.67	22.93	23.77
	5-Year Low	13.49	14.48	13.25	15.72
	5-Year Median	19.76	21.14	18.05	21.17
P/Sales F12M	Current	4.06	3.95	4.08	5.45
	5-Year High	4.48	4.35	4.08	5.52
	5-Year Low	2.1	2.08	2.27	3.84
	5-Year Median	3.15	2.95	3.07	5.02

As of 11/25/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 17% (40 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Energysys (ENS)	Outperform	2
Zurn Elkay Water Sol...(ZWS)	Outperform	2
A. O. Smith Corporat...(AOS)	Neutral	3
AZZ Inc. (AZZ)	Neutral	3
Eaton Corporation, P...(ETN)	Neutral	3
Franklin Electric Co...(FELE)	Neutral	3
Kone Oyj Un-sponsored...(KNYJY)	Neutral	3
Murata Manufacturing...(MRAAY)	NA	

Industry Comparison <sup>(1)</sup> Industry: Manufacturing - Electronics				Industry Peers	
	EMR	X Industry	S&P 500	ETN	KNYJY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3
VGM Score	D	-	-	D	D
Market Cap	77.25 B	5.45 B	38.93 B	131.15 B	31.39 B
# of Analysts	7	3	22	9	1
Dividend Yield	1.62%	0.37%	1.45%	1.23%	1.21%
Value Score	D	-	-	D	D
Cash/Price	0.02	0.11	0.04	0.00	0.01
EV/EBITDA	17.92	13.19	14.47	24.81	22.53
PEG Ratio	2.84	1.91	2.19	2.50	2.70
Price/Book (P/B)	3.81	3.55	3.46	6.94	10.60
Price/Cash Flow (P/CF)	15.71	21.96	15.04	25.49	30.49
P/E (F1)	21.64	24.99	19.92	27.94	30.38
Price/Sales (P/S)	4.29	2.52	2.99	4.92	2.52
Earnings Yield	4.70%	3.65%	5.00%	3.58%	3.29%
Debt/Equity	0.41	0.10	0.57	0.46	0.20
Cash Flow (\$/share)	8.75	2.33	8.99	13.25	1.14
Growth Score	B	-	-	D	C
Hist. EPS Growth (3-5 yrs)	9.63%	15.22%	8.16%	21.36%	-1.46%
Proj. EPS Growth (F1/F0)	5.83%	12.01%	8.48%	11.94%	14.00%
Curr. Cash Flow Growth	-2.93%	6.41%	7.00%	14.25%	2.75%
Hist. Cash Flow Growth (3-5 yrs)	10.76%	9.18%	7.31%	9.88%	-4.76%
Current Ratio	0.88	1.54	1.18	1.28	1.02
Debt/Capital	29.07%	10.06%	38.15%	31.68%	16.38%
Net Margin	12.73%	12.81%	12.82%	14.74%	8.48%
Return on Equity	15.87%	22.48%	17.00%	24.36%	38.70%
Sales/Assets	0.43	0.78	0.53	0.67	1.27
Proj. Sales Growth (F1/F0)	5.30%	4.76%	5.75%	10.70%	NA
Momentum Score	F	-	-	B	D
Daily Price Chg	0.55%	0.00%	0.19%	-0.37%	-0.35%
1 Week Price Chg	4.02%	4.22%	0.85%	4.27%	2.34%
4 Week Price Chg	4.49%	0.93%	2.23%	-10.53%	2.49%
12 Week Price Chg	-0.06%	-1.44%	4.29%	-6.23%	3.13%
52 Week Price Chg	3.18%	3.18%	13.09%	-9.00%	32.63%
20 Day Average Volume	2,346,018	244,330	2,738,986	2,798,942	21,161
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-1.00%	0.02%	0.06%	0.02%	0.00%
(F1) EPS Est 12 week change	-0.38%	0.70%	0.62%	0.05%	-3.39%
(Q1) EPS Est Mthly Chg	-4.37%	-0.16%	0.00%	-0.32%	NA

## Analyst Earnings Model<sup>(2)</sup>

### Emerson Electric Co. (EMR)

In \$MM, except per share data

	2023A	2024A	2025A				2026E				2027E	2028E		
	FY	FY	1QA	2QA	3QA	4QA	FY	1QE	2QE	3QE	4QE	FY	FY	
FY Ends September 30th	Sep-23	Sep-24	31-Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	Sep-25	31-Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	Sep-26	Sep-27	Sep-28
Income Statement														
Net Sales	\$15,165.0	\$17,492.0	\$4,175.0	\$4,432.0	\$4,553.0	\$4,855.0	\$18,016.0	\$4,355.9	\$4,643.0	\$4,817.9	\$5,161.1	\$18,977.8	\$19,602.1	\$20,123.7
Organic Growth	10.0%	6.0%	2.0%	2.0%	3.0%	4.0%	3.0%	2.5%	3.6%	4.6%	4.3%	3.8%	3.0%	2.7%
Acquisitions / Divestitures	2.0%	9.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FX	(2.0%)	0.0%	(1.0%)	(1.0%)	1.0%	1.0%	0.0%	2.0%	1.2%	1.2%	1.5%	1.5%	0.0%	0.0%
Cost of Sales	\$7,738.0	\$8,607.0	\$1,940.0	\$2,061.0	\$2,160.0	\$2,335.0	\$8,497.0	\$2,000.5	\$2,047.1	\$2,206.1	\$2,207.7	\$8,461.3	\$8,603.1	\$8,685.4
Gross Profit	\$7,427.0	\$8,885.0	\$2,235.0	\$2,371.0	\$2,393.0	\$2,520.0	\$9,519.0	\$2,355.4	\$2,595.8	\$2,611.9	\$2,953.4	\$10,516.5	\$10,998.9	\$11,438.3
Selling, General and Administrative Expenses	\$4,186.0	\$5,142.0	\$1,224.0	\$1,283.0	\$1,266.0	\$1,330.0	\$5,103.0	\$1,296.6	\$1,324.6	\$1,352.6	\$1,467.9	\$5,441.6	\$5,780.1	\$6,108.7
Adjusted EBITA	\$3,556.0	\$4,326.0	\$1,096.0	\$1,143.0	\$1,183.0	\$1,271.0	\$4,693.0	\$1,152.1	\$1,305.5	\$1,313.1	\$1,479.0	\$5,249.7	\$5,515.7	\$5,788.5
Amortization of Intangibles	\$678.0	\$1,274.0	\$278.0	\$278.0	\$269.0	\$257.0	\$1,083.0	\$257.0	\$257.0	\$257.0	\$257.0	\$1,028.0	\$1,028.0	\$1,028.0
Depreciation and Amortization	\$1,051.0	\$1,689.0	\$383.0	\$384.0	\$372.0	\$379.0	\$1,518.0	\$368.2	\$384.1	\$393.9	\$422.0	\$1,568.3	\$1,613.4	\$1,655.2
Gain on Subordinated Interest	(\$161.0)	(\$79.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Gain on Sale of Business	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Loss on Copeland Note Receivable	\$0.0	\$279.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Deductions, net	\$506.0	\$1,434.0	\$228.0	\$418.0	\$298.0	\$302.0	\$1,245.0	\$289.7	\$348.8	\$329.2	\$389.5	\$1,357.2	\$1,235.1	\$1,073.1
Operating Income	\$2,896.0	\$2,109.0	\$783.0	\$670.0	\$829.0	\$888.0	\$3,170.0	\$769.1	\$922.5	\$930.1	\$1,096.0	\$3,717.7	\$3,983.7	\$4,256.5
Interest Expense, net	\$34.0	\$175.0	\$8.0	\$41.0	\$95.0	\$92.0	\$237.0	\$90.0	\$76.3	\$83.0	\$87.0	\$336.3	\$344.4	\$354.2
Interest Income from Related Party	(\$41.0)	(\$86.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Pre-Tax Income	\$2,903.0	\$2,020.0	\$775.0	\$629.0	\$734.0	\$796.0	\$2,934.0	\$679.1	\$846.2	\$847.1	\$1,009.1	\$3,381.4	\$3,639.3	\$3,902.3
Income Tax	\$642.0	\$415.0	\$182.0	\$199.0	\$154.0	\$160.0	\$696.0	\$146.0	\$181.9	\$182.1	\$216.9	\$727.0	\$782.4	\$839.0
Tax Rate	22.1%	20.6%	23.5%	32.0%	21.0%	20.1%	23.7%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%
Non-Controlling Interest	(\$19.0)	(\$13.0)	\$8.0	(\$55.0)	\$0.0	\$0.0	(\$47.0)	(\$28.9)	(\$12.8)	(\$1.7)	(\$2.2)	(\$45.5)	(\$31.0)	(\$15.4)
Net Income from Continuing Operations, Adjusted	\$2,563.2	\$3,152.0	\$790.0	\$837.0	\$858.0	\$919.0	\$3,404.0	\$787.5	\$879.6	\$885.6	\$1,012.7	\$3,565.4	\$3,867.3	\$3,938.4
Net Income from Continuing Operations, GAAP	\$2,286.0	\$1,618.0	\$585.0	\$485.0	\$580.0	\$636.0	\$2,285.0	\$561.9	\$677.0	\$666.7	\$794.3	\$2,700.0	\$2,887.8	\$3,078.7
Discontinued Operations, Net of Tax	\$10,933.0	\$350.0	\$0.0	\$0.0	\$6.0	\$1.0	\$8.0	\$1.0	\$1.0	\$1.0	\$1.0	\$4.0	\$4.0	\$4.0
Net Income, GAAP	\$13,219.0	\$1,968.0	\$585.0	\$485.0	\$586.0	\$637.0	\$2,293.0	\$562.9	\$678.0	\$667.7	\$795.3	\$2,704.0	\$2,891.8	\$3,082.7
Diluted Shares Outstanding	577.3	574.0	571.1	565.4	564.7	565.5	566.7	564.0	562.6	561.3	559.9	562.0	556.5	551.1
Diluted EPS from Continuing Operations, Adjusted	\$4.44	\$5.49	\$1.38	\$1.48	\$1.52	\$1.62	\$6.00	\$1.40	\$1.56	\$1.58	\$1.81	\$6.35	\$6.95	\$7.15
Diluted EPS from Continuing Operations, GAAP	\$3.96	\$2.82	\$1.02	\$0.86	\$1.03	\$1.12	\$4.03	\$1.00	\$1.20	\$1.19	\$1.42	\$4.81	\$5.19	\$5.59
Diluted EPS, GAAP	\$22.88	\$3.43	\$1.02	\$0.86	\$1.04	\$1.12	\$4.04	\$1.00	\$1.21	\$1.19	\$1.42	\$4.81	\$5.20	\$5.60
Dividend per Share	\$2.08	\$2.10	\$0.53	\$0.53	\$0.53	\$0.56	\$2.14	\$0.53	\$0.53	\$0.53	\$0.56	\$2.16	\$2.18	\$2.20



## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

## Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

## Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

## Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	<b>D</b>
Growth Score	<b>B</b>
Momentum Score	<b>F</b>
VGM Score	<b>D</b>

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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