ModernGraham Valuation

Company Name:

Rockwell Automation



Company Ticker ROK

Date of Analysis 10/14/2015

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$14,040,910,899 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.95 Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	6.24% Fail
6. Moderate PEmg Ratio	PEmg < 20	18.20 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.54 Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.95 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.54 Pass
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.74
MG Growth Estimate	7.05%
MG Value	\$129.68
MG Value based on 3% Growth	\$83.21
MG Value based on 0% Growth	\$48.78
Market Implied Growth Rate	4.85%

MG Opinion

Current Price \$104.44
% of Intrinsic Value 80.53%

Opinion Fairly Valued

Stage 3: Information for Further Research

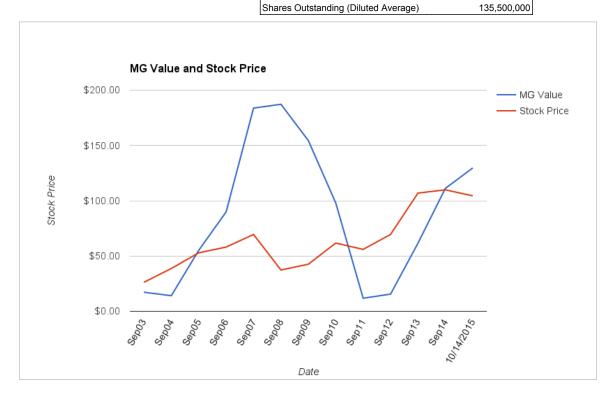
Net Current Asset Value (NCAV)	\$2.39
Graham Number	\$51.81
PEmg	18.20
Current Ratio	2.95
PB Ratio	5.54
Dividend Yield	2.42%
Number of Consecutive Years of Dividend Growth	6

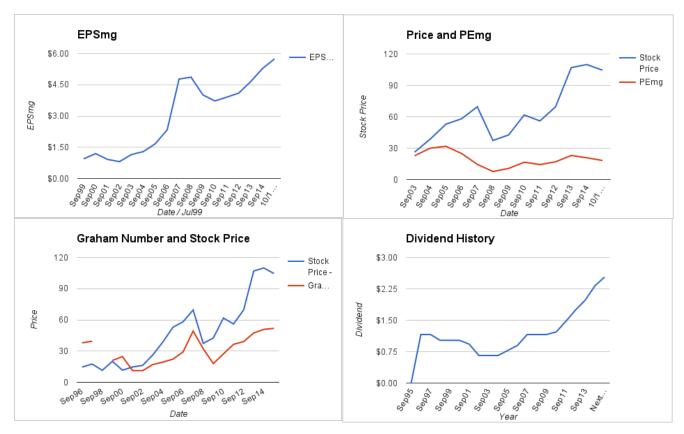
Morningstar

Useful Links: ModernGraham tagged articles

Google FinanceMSN MoneyYahoo FinanceSeeking AlphaGuruFocusSEC Filings

EPS History		EPSmg History		
Next Fiscal Year Estimate	\$6.26	Next Fiscal Year Estimate		\$5.74
Sep14	\$5.91	Sep14		\$5.28
Sep13	\$5.36	Sep13		\$4.65
Sep12	\$5.13	Sep12		\$4.10
Sep11	\$4.80	Sep11		\$3.90
Sep10	\$3.22	Sep10		\$3.72
Sep09	\$1.55	Sep09		\$4.01
Sep08	\$3.90	Sep08		\$4.86
Sep07	\$9.23	Sep07		\$4.77
Sep06	\$3.37	Sep06		\$2.33
Sep05	\$2.39	Sep05		\$1.67
Sep04	\$1.65	Sep04		\$1.29
Sep03	\$1.51	Sep03		\$1.15
Sep02	\$0.64	Sep02		\$0.81
Sep01	\$0.65	Sep01		\$0.92
Sep00	\$1.86	Sep00		\$1.19
Sep99	\$1.47	Sep99		\$0.95
Sep98	-\$2.16	Balance Sheet Information	Jun15	
Sep97	\$2.97	Total Current Assets		\$4,174,900,000
Sep96	\$3.28	Total Current Liabilities		\$1,416,000,000
Sep95	\$0.00	Long-Term Debt		\$1,492,200,000
		Total Assets		\$6,406,500,000
		Intangible Assets		\$1,284,500,000
		Total Liabilities		\$3,850,500,000
		Shares Outstanding (Diluted Average)		135 500 000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company The Best Companies of the Machinery Industry – August 2015
The 20 Best Stocks For Value Investors This Week – 7/25/15
Rockwell Automation Analysis – July 2015 Update \$ROK
Rockwell Automation Quarterly Valuation – April 2015 \$ROK
Rockwell Automation Inc. Quarterly Valuation – January 2015 \$ROK

Other ModernGraham posts about related companies

Paccar Inc. Analysis – October 2015 Update \$PCAR

W.W. Grainger Inc. Analysis - October 2015 Update \$GWW

My Personal Holdings: Deere & Company - October 2015 Update \$DE

Allegion PLC Analysis – September 2015 Update \$ALLE

Parker Hannifin Corporation Analysis – September 2015 Update \$PH

Roper Technologies Inc. Analysis – September 2015 Update \$ROP

My Personal Holdings: Dover Corporation – September 2015 Update \$DOV

Xylem Inc. Analysis – August 2015 Update \$XYL

Cummins Inc. Analysis – August 2015 Update \$CMI

Fastenal Company Analysis – August 2015 Update \$FAST