

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.

1. 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
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at 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

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC 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:

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company

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[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](#)

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