ModernGraham Valuation

Company Name: Rockwell Automation

Company Ticker ROK

Date of Analysis 2/1/2016

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	$12,653,646,478	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	6.02	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	18.53%	Fail
6. Moderate PEmg Ratio	PEmg < 20	16.68	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.59	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	6.02	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.47	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	$5.66
MG Growth Estimate	5.71%
MG Value	**$112.84**
MG Value based on 3% Growth	$82.11
MG Value based on 0% Growth	$48.13
Market Implied Growth Rate	4.09%

MG Opinion

Current Price	$94.44
% of Intrinsic Value	83.69%
Opinion	**Fairly Valued**

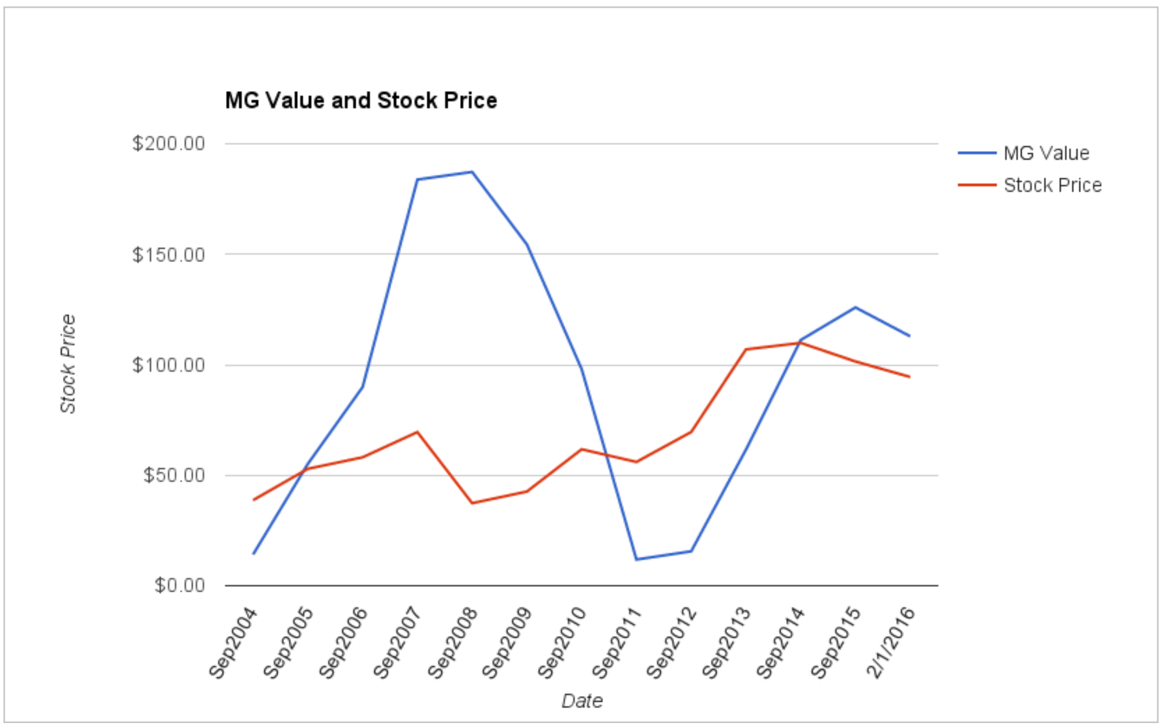
Stage 3: Information for Further Research

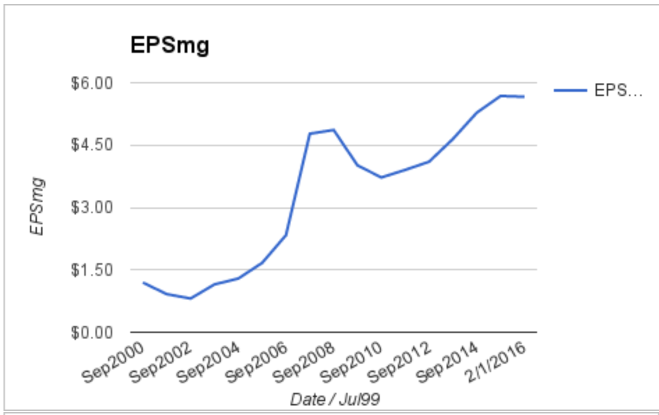
Net Current Asset Value (NCAV)	-$2.91
Graham Number	$45.30
PEmg	16.68
Current Ratio	6.02
PB Ratio	5.59
Dividend Yield	2.75%
Number of Consecutive Years of Dividend Growth	7

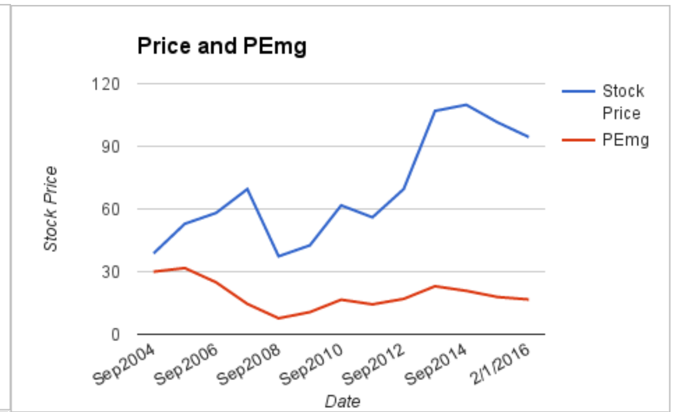
Useful Links:

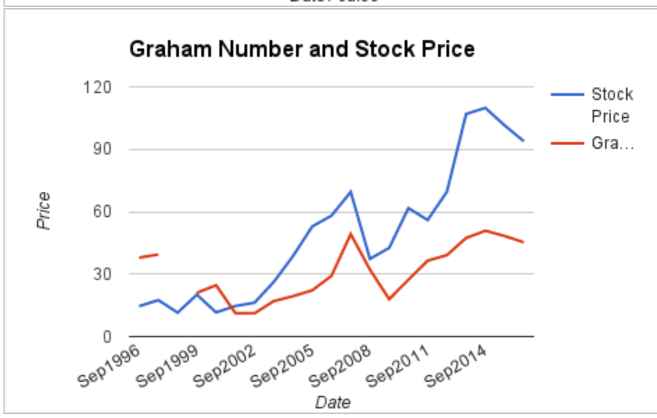
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

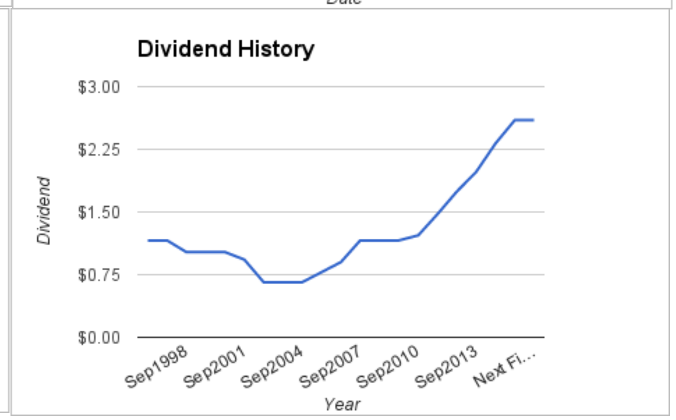
EPS History		EPSmg History	
Next Fiscal Year Estimate	$5.40	Next Fiscal Year Estimate	$5.66
Sep2015	$6.09	Sep2015	$5.68
Sep2014	$5.91	Sep2014	$5.28
Sep2013	$5.36	Sep2013	$4.65
Sep2012	$5.13	Sep2012	$4.10
Sep2011	$4.80	Sep2011	$3.90
Sep2010	$3.22	Sep2010	$3.72
Sep2009	$1.55	Sep2009	$4.01
Sep2008	$3.90	Sep2008	$4.86
Sep2007	$9.23	Sep2007	$4.77
Sep2006	$3.37	Sep2006	$2.33
Sep2005	$2.39	Sep2005	$1.67
Sep2004	$1.65	Sep2004	$1.29
Sep2003	$1.51	Sep2003	$1.15
Sep2002	$0.64	Sep2002	$0.81
Sep2001	$0.65	Sep2001	$0.92
Sep2000	$1.86	Sep2000	$1.19
Sep1999	$1.47	**Balance Sheet Information**	**Dec2015**
Sep1998	-$2.16	Total Current Assets	$3,797,800,000
Sep1997	$2.97	Total Current Liabilities	$630,600,000
Sep1996	$3.28	Long-Term Debt	$1,492,900,000
		Total Assets	$6,419,700,000
		Intangible Assets	$1,240,900,000
		Total Liabilities	$4,183,200,000
		Shares Outstanding (Diluted Average)	132,400,000











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

- 13 Best Stocks For Value Investors This Week – 10/17/15
- 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

Other ModernGraham posts about related companies

- Parker Hannifin Corp Valuation – January 2016 Update $PH
- Stanley Black & Decker Inc Valuation – January 2016 Update $SWK
- Paccar Inc Valuation – January 2016 Update $PCAR
- Xylem Inc Valuation – January 2016 Update $XYL
- Xylem Inc Valuation – January 2016 Update $XYL
- Roper Technologies Inc Valuation – January 2016 Update $ROP
- W W Grainger Inc Valuation – January 2016 Update $GWW
- Deere & Company Valuation – January 2016 Update $DE
- Cummins Inc Valuation – December 2015 Update $CMI
- Dover Corp Valuation – December 2015 Update $DOV