

# ModernGraham Valuation

Company Name:

Rockwell Automation

Company Ticker

ROK

Date of Analysis

7/30/2016



## 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	\$14,812,936,393	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.52	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	19.48%	Fail
6. Moderate PEmg Ratio	PEmg < 20	20.04	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.05	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	4.52	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.49	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$5.71
MG Growth Estimate	5.88%
<b>MG Value</b>	<b>\$115.72</b>
MG Value based on 3% Growth	\$82.79
MG Value based on 0% Growth	\$48.53
Market Implied Growth Rate	5.77%

### MG Opinion

Current Price	\$114.40
% of Intrinsic Value	98.86%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.53
Graham Number	\$45.05
PEmg	20.04
Current Ratio	4.52
PB Ratio	7.05
Current Dividend	\$2.83
Dividend Yield	2.47%
Number of Consecutive Years of Dividend Growth	7

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.54	Next Fiscal Year Estimate	\$5.71
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	<b>Balance Sheet Information 6/1/2016</b>	
Sep1998	-\$2.16	Total Current Assets	\$4,011,500,000
Sep1997	\$2.97	Total Current Liabilities	\$886,600,000
Sep1996	\$3.28	Long-Term Debt	\$1,521,800,000
		Total Assets	\$6,855,700,000
		Intangible Assets	\$1,229,500,000
		Total Liabilities	\$4,734,400,000
		Shares Outstanding (Diluted Average)	130,800,000





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.

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