ModernGraham Valuation

Company Name: Rockwell Automation

Company Ticker ROK

Date of Analysis 4/7/2018

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	$21,590,520,835	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.98	Fail
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	103.87%	Pass
6. Moderate PEmg Ratio	PEmg < 20	25.82	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	10.05	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	1.98	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.55	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
	Score		

Suitability

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg		$6.54
MG Growth Estimate		3.59%
MG Value		**$102.66**
MG Value based on 3% Growth		$94.90
MG Value based on 0% Growth		$55.63
Market Implied Growth Rate		8.66%

MG Opinion

Current Price		$168.96
% of Intrinsic Value		164.59%
Opinion	**Overvalued**	
MG Grade	**C**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$3.66
Graham Number	$59.56
PEmg	25.82
Current Ratio	1.98
PB Ratio	10.05
Current Dividend	$3.04
Dividend Yield	1.80%
Number of Consecutive Years of Dividend Growth	8

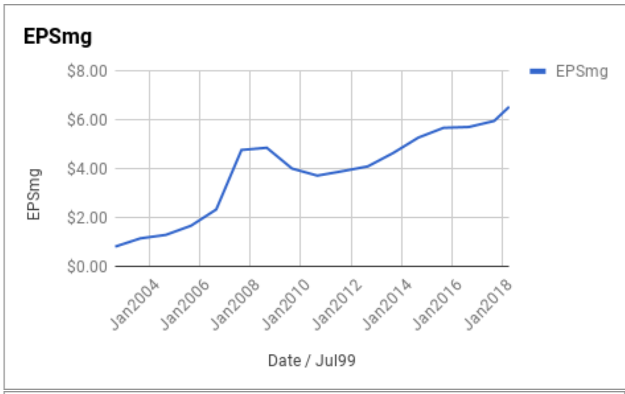
Useful Links:

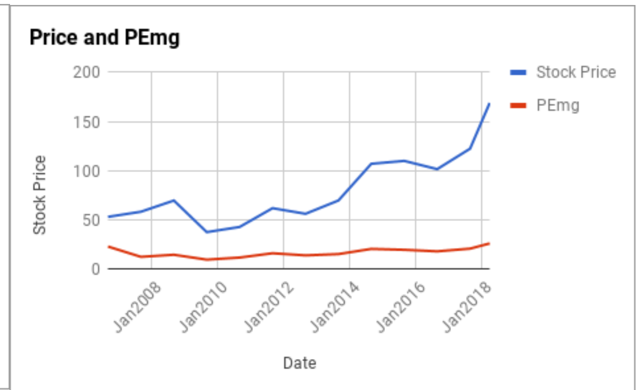
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

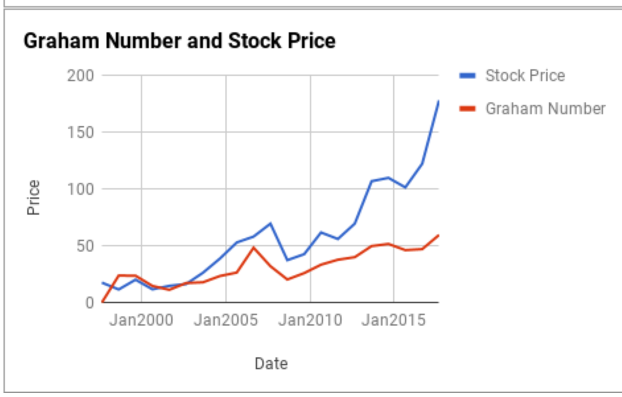
EPS History	
Next Fiscal Year Estimate	$7.60
Sep2017	$6.35
Sep2016	$5.56
Sep2015	$6.09
Sep2014	$5.91
Sep2013	$5.36
Sep2012	$5.13
Sep2011	$4.80
Sep2010	$3.22
Sep2009	$1.55
Sep2008	$3.90
Sep2007	$9.23
Sep2006	$3.37
Sep2005	$2.39
Sep2004	$1.65
Sep2003	$1.51
Sep2002	$0.64
Sep2001	$0.65
Sep2000	$1.86
Sep1999	$1.47
Sep1998	-$2.16

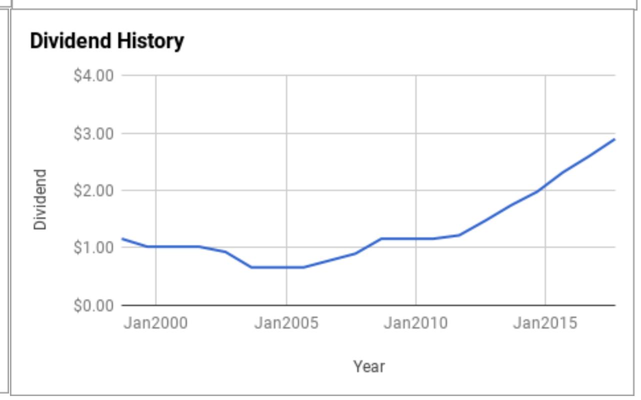
EPSmg History	
Next Fiscal Year Estimate	$6.54
Sep2017	$5.96
Sep2016	$5.72
Sep2015	$5.68
Sep2014	$5.28
Sep2013	$4.65
Sep2012	$4.10
Sep2011	$3.90
Sep2010	$3.72
Sep2009	$4.01
Sep2008	$4.86
Sep2007	$4.77
Sep2006	$2.33
Sep2005	$1.67
Sep2004	$1.29
Sep2003	$1.15
Sep2002	$0.81

Balance Sheet Information	**12/1/2017**
Total Current Assets	$4,533,900,000
Total Current Liabilities	$2,286,600,000
Long-Term Debt	$1,239,300,000
Total Assets	$7,158,700,000
Intangible Assets	$1,316,300,000
Total Liabilities	$5,002,500,000
Shares Outstanding (Diluted Average)	128,200,000









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	[26 Best Stocks For Value Investors This Week – 2/6/16] [Rockwell Automation Inc Valuation – February 2016 Update $ROK] [13 Best Stocks For Value Investors This Week – 10/17/15] [Rockwell Automation Inc. Valuation – October 2015 Update $ROK] [The Best Companies of the Machinery Industry – August 2015]
Other ModernGraham posts about related companies	[Roper Technologies Inc Valuation – April 2018 $ROP] [Eaton Corp PLC Valuation – March 2018 $ETN] [Fastenal Co Valuation – March 2018 $FAST] [Deere & Co Valuation – March 2018 $DE] [A.O. Smith Corp Valuation – March 2018 $AOS] [Parker-Hannifin Corp Valuation – March 2018 $PH] [Dover Corp Valuation – March 2018 $DOV] [Ingersoll-Rand PLC Valuation – February 2018 $IR] [Briggs & Stratton Corp Valuation – Initial Coverage $BGG] [Albany International Corp Valuation – Initial Coverage $AIN]