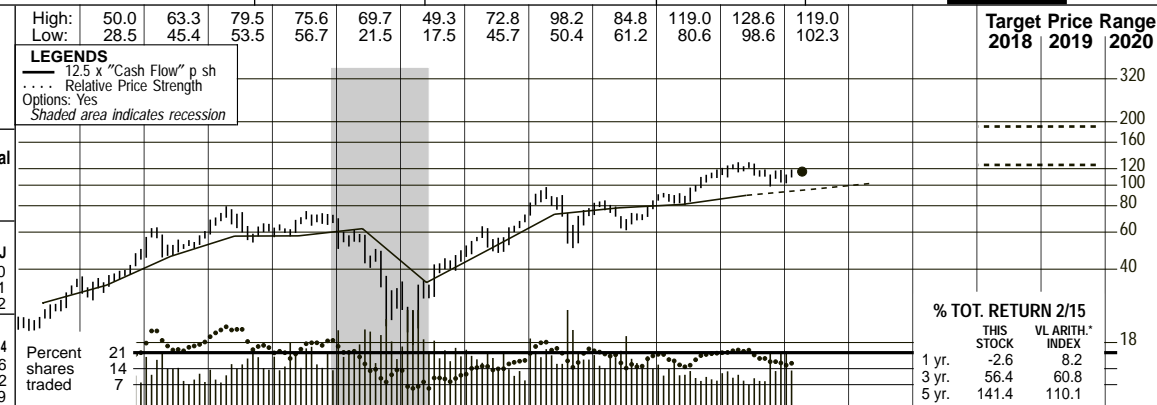


# ROCKWELL AUTO. NYSE-ROK

RECENT PRICE **116.13** P/E RATIO **18.0** (Trailing: 19.2; Median: 17.0) RELATIVE P/E RATIO **0.94** DIV'D YLD **2.2%** VALUE LINE

**TIMELINESS** 2 Raised 12/5/14  
**SAFETY** 3 Lowered 7/15/05  
**TECHNICAL** 3 Lowered 3/20/15  
**BETA** 1.25 (1.00 = Market)



**2018-20 PROJECTIONS**

	Price	Gain	Ann'l Total Return
High	190	(+65%)	15%
Low	125	(+10%)	4%

**Insider Decisions**

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	2	0	0	0	0	0
Options	4	1	0	2	0	0	0	0	1
to Sell	5	1	0	2	0	0	1	13	2

**Institutional Decisions**

	202014	302014	402014
to Buy	222	241	246
to Sell	269	268	262
Hlds(000)	101999	100274	100589

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
36.89	38.97	23.29	21.04	22.11	24.00	27.84	32.68	33.53	39.79	30.49	34.28	42.29	44.77	45.73	48.45	<b>48.90</b>	<b>51.30</b>	Sales per sh <sup>A</sup>	<b>64.20</b>
4.81	5.48	2.42	2.05	2.21	2.69	3.68	4.59	4.61	4.99	2.77	4.01	5.84	6.26	6.49	7.16	<b>7.65</b>	<b>8.20</b>	"Cash Flow" per sh	<b>10.40</b>
3.01	3.35	.94	.90	1.12	1.61	2.63	3.49	3.53	3.90	1.82	3.05	4.79	5.13	5.36	5.91	<b>6.45</b>	<b>7.00</b>	Earnings per sh <sup>B</sup>	<b>9.05</b>
1.02	1.02	.66	.66	.66	.66	.78	.97	1.16	1.16	1.16	1.22	1.48	1.75	1.98	2.32	<b>2.60</b>	<b>2.88</b>	Div's Decl'd per sh <sup>C</sup>	<b>3.25</b>
1.97	1.72	.85	.56	.59	.53	.69	.88	.88	1.05	.69	.70	.85	1.00	1.05	1.03	<b>1.05</b>	<b>1.05</b>	Cap'l Spending per sh	<b>1.10</b>
13.81	14.55	8.71	8.66	8.55	10.13	9.18	11.27	11.68	11.79	9.26	10.31	12.32	13.25	18.61	19.44	<b>22.20</b>	<b>26.00</b>	Book Value per sh <sup>D</sup>	<b>36.95</b>
190.90	183.50	183.70	185.80	185.60	183.80	179.70	170.20	149.23	143.20	142.10	141.70	141.90	139.80	138.90	136.70	<b>135.00</b>	<b>134.50</b>	Common Shs Outst'g <sup>E</sup>	<b>134.00</b>
16.5	12.6	37.9	20.6	19.9	21.2	19.4	18.3	18.2	14.5	17.0	16.9	15.8	14.3	16.2	19.9	<b>17.5</b>	<b>17.5</b>	Avg Ann'l P/E Ratio	<b>17.5</b>
.94	.82	1.94	1.13	1.13	1.12	1.03	.99	.97	.87	1.13	1.08	.99	.91	.91	1.03	<b>1.03</b>	<b>1.03</b>	Relative P/E Ratio	<b>1.10</b>
2.0%	2.4%	1.9%	3.6%	3.0%	1.9%	1.5%	1.5%	1.8%	2.1%	3.7%	2.4%	1.9%	2.4%	2.3%	2.0%	<b>2.0%</b>	<b>2.0%</b>	Avg Ann'l Div'd Yield	<b>2.1%</b>

**CAPITAL STRUCTURE as of 12/31/14**  
 Total Debt \$1413.6 mill. Due in 5 Yrs \$250.0 mill.  
 LT Debt \$905.6 mill. LT Interest \$60.0 mill.  
 (32% of Cap'l)

**Leases, Uncapitalized** Annual rentals \$121.6 mill.

**Pfd Stock** None

**Pension Assets-9/14** \$3.3 bill. **Oblig.** \$3.7 bill.

**Common Stock** 135,444,053 shs.

**MARKET CAP: \$15.7 billion (Large Cap)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
5003.2	5561.4	5003.9	5697.8	4332.5	4857.0	6000.4	6259.4	6351.9	6623.5	<b>6600</b>	<b>6900</b>	Sales (\$mill) <sup>A</sup>	<b>8600</b>	
18.6%	19.3%	18.7%	17.5%	12.4%	15.2%	17.7%	18.7%	18.6%	20.2%	<b>21.0%</b>	<b>21.5%</b>	Operating Margin	<b>22.0%</b>	
171.2	153.6	117.9	136.5	134.1	127.3	131.3	138.6	145.2	152.5	<b>160</b>	<b>165</b>	Depreciation (\$mill)	<b>180</b>	
490.3	628.1	569.3	577.6	259.7	440.4	697.1	737.0	756.3	826.8	<b>870</b>	<b>940</b>	Net Profit (\$mill)	<b>1215</b>	
32.3%	29.5%	27.8%	28.6%	22.3%	19.1%	19.7%	23.7%	22.9%	27.1%	<b>27.0%</b>	<b>27.0%</b>	Income Tax Rate	<b>27.0%</b>	
9.8%	11.3%	11.4%	10.1%	6.0%	9.1%	11.6%	11.8%	11.9%	12.5%	<b>13.2%</b>	<b>13.6%</b>	Net Profit Margin	<b>14.1%</b>	
1245.7	894.7	637.5	1133.5	1187.6	1364.3	1745.2	1855.9	2135.2	2242.1	<b>2400</b>	<b>2600</b>	Working Cap'l (\$mill)	<b>4000</b>	
748.2	748.2	405.7	904.4	904.7	904.7	905.0	905.0	905.1	905.6	<b>825</b>	<b>700</b>	Long-Term Debt (\$mill)	<b>550</b>	
1649.1	1918.2	1742.8	1688.8	1316.4	1460.4	1748.0	1851.7	2585.5	2658.1	<b>3000</b>	<b>3500</b>	Shr. Equity (\$mill)	<b>4950</b>	
21.4%	24.7%	28.0%	23.6%	13.1%	19.8%	27.4%	27.7%	22.4%	24.0%	<b>23.5%</b>	<b>23.0%</b>	Return on Total Cap'l	<b>22.5%</b>	
29.7%	32.7%	32.7%	34.2%	19.7%	30.2%	39.9%	39.8%	29.3%	31.1%	<b>29.0%</b>	<b>27.0%</b>	Return on Shr. Equity	<b>24.5%</b>	
21.1%	24.4%	22.1%	24.1%	7.2%	18.3%	27.8%	26.4%	18.6%	19.0%	<b>17.5%</b>	<b>16.0%</b>	Retained to Com Eq	<b>15.5%</b>	
29%	25%	32%	29%	63%	39%	30%	34%	37%	39%	<b>40%</b>	<b>41%</b>	All Div'ds to Net Prof	<b>36%</b>	

**CURRENT POSITION (SMILL.)**

	2013	2014	12/31/14
Cash Assets	1573.6	1819.8	1912.7
Receivables	1186.1	1215.8	1106.7
Inventory (LIFO)	615.4	615.5	593.5
Other	304.8	283.1	319.6
Current Assets	3679.9	3934.2	3932.5
Accts Payable	546.7	520.6	479.6
Debt Due	179.0	325.0	508.0
Other	819.0	846.5	783.2
Current Liab.	1544.7	1692.1	1770.8

**ANNUAL RATES**

	Past 10 Yrs	Past 5 Yrs	Est'd '12-'14 to '18-'20
change (per sh)	7.5%	6.0%	5.5%
Sales	11.0%	10.0%	8.0%
"Cash Flow"	16.5%	12.0%	9.0%
Earnings	12.0%	11.5%	8.5%
Dividends	6.5%	9.5%	13.5%

**BUSINESS:** Rockwell Automation is a leading global provider of industrial automation power, control and information solutions for manufacturers. It has two operating segments: Architecture & Software (includes all components of integrated control and information architecture) and Control Products & Solutions (includes portfolio of control products and related managerial offerings). In 2014, sales outside of the United States accounted for 48% of total revenues. R&D: 4.1% of '14 sales. Has about 22,000 employees. Officers and directors own 1.56% of common stock (12/14 proxy). Chairman, President & Chief Executive Officer: Keith Nobsch. Incorporated: Delaware. Address: 1201 South Second Street, Milwaukee, Wisconsin 53204. Telephone: 414-382-2000. Web: www.rockwell.com.

**QUARTERLY SALES (\$ mill.)<sup>A</sup>**

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2012	1473	1561	1560	1664	6259.4
2013	1489	1522	1624	1715	6351.9
2014	1592	1601	1650	1780	6623.5
2015	1574	1605	1640	1781	6600
2016	1650	1700	1750	1800	6900

**EARNINGS PER SHARE<sup>A B</sup>**

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2012	1.27	1.16	1.33	1.37	5.13
2013	1.14	1.24	1.45	1.53	5.36
2014	1.41	1.28	1.43	1.79	5.91
2015	1.56	1.40	1.65	1.84	6.45
2016	1.70	1.55	1.75	2.00	7.00

**Rockwell Automation reported solid bottom-line growth in the first quarter (fiscal year began October 1st).** Earnings of \$1.56 a share during the period, while slightly below our expectation, increased nearly 11%, year over year. Net profit margins continued to display strength, expanding on a solid showing in fiscal 2014. A favorable product mix and improving organic sales buoyed the figure. **We are revisiting our fiscal 2015 financial outlook, however.** The company now expects greater headwinds from unfavorable currency translations, a generally challenging macroeconomic environment, and lower oil prices (discussed below). As a consequence, we are shaving \$300 million and \$0.40 from our fiscal 2015 revenue and earnings estimates, to \$6.6 billion and \$6.45 a share, respectively. That, said, fiscal 2016 should see growth come back into the picture.

**QUARTERLY DIVIDENDS PAID<sup>A C</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.35	.35	.425	.425	1.55
2012	.425	.425	.47	.47	1.79
2013	.47	.52	.52	.58	2.09
2014	.58	.58	.58	.65	2.32
2015	.65				

**Struggling oil and gas markets give us pause.** Management noted no negative impact on sales from lower oil prices in the first quarter, contrary to prior expectations, yet this will likely not ring true for the next several periods. Indeed, softer

capital expenditures from companies in these areas, most notably weaker exploration projects, may be a drag on the top line in the current year, hence our downward revision. **Rockwell's relatively diverse revenue streams help calm the nerves a bit.** Specifically, the Architecture and Software segment ought to deliver consistent organic growth over the next several years. We like the company's prospects in China and Latin America, as well. Moreover, the long-term nature of industrial investments from individual companies should help spending stay the course, as near-term fluctuations in the operating landscape will likely have a minimal impact on spending decisions further out. **Rockwell Automation shares are ranked to outperform the broader market over the coming six to 12 months (Timeliness: 2).** However, at the recent quotation, total return potential over the pull to 2018-2020 is only average. Therefore, we recommend investors with a long-term bent remain on the sidelines, for now.

*Nicholas Patrikis*  
 April 3, 2015

(A) Fiscal yr. ends Sept. 30th. (B) Dil. eggs. 2012 earnings don't sum due to rounding. Excl. n/r gains (losses): '99, (11c); '00, 35c; '01, 71c; '02, (30c); '03, 37c; '04, 24c; '05, 14c; '08, (21c); '09, (29c). Excl. disc. op.: '03, 2c; '04, 32c; '05, 11c; '06, (2c); '07, \$5.70; '09, 2c; '10, 17c. Next eggs. rpt. due late April. (C) Div'ds historically paid in March, June, Sept., and Dec. ■ Div'd reinvest. plan avail. (D) Inc. 2014 intangibles: \$9.48/sh. (E) In mill.	Company's Financial Strength Stock's Price Stability Price Growth Persistence Earnings Predictability	A 55 75 55
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