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### Rockwell Automation Reports Second Quarter 2014 Results

April 29, 2014

- Sales up 5 percent; organic sales up 7 percent
- Adjusted EPS of \$1.35; diluted EPS of \$1.28
- Company reaffirms fiscal 2014 guidance for sales and Adjusted EPS

MILWAUKEE--(BUSINESS WIRE)--Apr. 29, 2014-- Rockwell Automation, Inc. (NYSE: ROK) today reported fiscal 2014 second quarter sales of \$1,600.5 million, up 5 percent from \$1,522.8 million in the second quarter of fiscal 2013. Organic sales increased 7 percent, and currency translation reduced sales by 2 percentage points.

Fiscal 2014 second quarter Adjusted EPS was \$1.35, up 2 percent compared to Adjusted EPS of \$1.33 in the second quarter of fiscal 2013. The year-over-year Adjusted EPS comparison was adversely impacted by a higher tax rate, primarily due to the year-over-year decrease in tax benefits related to the U.S. research and development tax credit. The year-over-year change in the tax rate reduced Adjusted EPS by \$0.08. Total segment operating earnings were \$302.1 million in the second quarter of fiscal 2014, up 6 percent from \$285.2 million in the same period of fiscal 2013. Total segment operating margin increased to 18.9 percent from 18.7 percent a year ago, primarily due to higher sales, largely offset by increased spending and variable compensation expense.

On a GAAP basis, fiscal 2014 second quarter net income was \$180.3 million or \$1.28 per share, compared to \$175.9 million or \$1.24 per share in the second quarter of fiscal 2013. Pre-tax margin increased to 15.5 percent in the second quarter of fiscal 2014 from 14.9 percent in the same period last year.

Commenting on the results, Keith D. Nosbusch, chairman and chief executive officer, said, "Sales were strong in the quarter with 7 percent organic growth. I was particularly pleased to see growth in all regions for the first time in over a year. Adjusted Earnings per Share in the first half of the fiscal year grew a healthy 10 percent in spite of a significant headwind from a higher tax rate."

#### Outlook

Commenting on the outlook, Nosbusch added, "Given our performance in the first half and our expectation for continued stable market conditions, we are reaffirming fiscal 2014 sales guidance of approximately \$6.6 billion and Adjusted EPS guidance of \$6.00 to \$6.35."

Following is a discussion of second quarter results for both segments.

#### Architecture & Software

Architecture & Software fiscal 2014 second quarter sales were \$686.8 million, an increase of 7 percent from \$639.2 million in the same period last year. Organic sales increased 9 percent, and currency translation reduced sales by 2 percentage points. Segment operating earnings were \$190.2 million in the second quarter of fiscal 2014 compared to \$169.9 million in the second quarter of fiscal 2013. Segment operating margin increased to 27.7 percent in the second quarter of fiscal 2014 from 26.6 percent a year ago, primarily due to higher sales.

#### Control Products & Solutions

Control Products & Solutions fiscal 2014 second quarter sales were \$913.7 million, an increase of 3 percent from \$883.6 million in the same period last year. Organic sales increased 5 percent. The net effect of acquisitions and currency translation reduced sales by 2 percentage points. Segment operating earnings were \$111.9 million in the second quarter of fiscal 2014 compared to \$115.3 million in the second quarter of fiscal 2013. Segment operating margin was 12.2 percent in the second quarter of fiscal

NYSE:ROK

\$294.32

Change: -0.61 (-0.21)

Volume: 77,988

March 1, 2023  
20 minutes delay

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Free cash flow was \$188.0 million in the second quarter of fiscal 2014. Cash flow provided by operating activities was \$202.8 million in the second quarter of fiscal 2014. Return on invested capital was 30.6 percent.

Fiscal 2014 second quarter general corporate-net expense was \$18.9 million compared to \$18.1 million in the second quarter of fiscal 2013.

The effective tax rate in the second quarter of fiscal 2014 was 27.4 percent compared to 22.5 percent in the second quarter of fiscal 2013. The Adjusted Effective Tax Rate for the second quarter of fiscal 2014 was 27.9 percent compared to 23.6 percent a year ago. The increases in the effective tax rate and the Adjusted Effective Tax Rate were primarily due to the year-over-year decrease in tax benefits related to the U.S. research and development tax credit. The Company now expects the full-year Adjusted Effective Tax Rate for fiscal 2014 to be approximately 27 percent.

During the second quarter of fiscal 2014, the Company repurchased 0.9 million shares of its common stock at a cost of \$110.7 million. At March 31, 2014, \$313.7 million remained available under the \$1.0 billion share repurchase authorization.

Organic sales, total segment operating earnings, total segment operating margin, Adjusted Income, Adjusted EPS, Adjusted Effective Tax Rate, free cash flow and return on invested capital are non-GAAP measures that are reconciled to GAAP measures in the attachments to this release.

#### Conference Call

A conference call to discuss our financial results will take place at 8:30 A.M. Eastern Time on April 29, 2014. The call and related financial charts will be webcast and accessible via the Rockwell Automation website (<http://www.rockwellautomation.com/investors/>).

This news release contains statements (including certain projections and business trends) that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Words such as “believe”, “estimate”, “project”, “plan”, “expect”, “anticipate”, “will”, “intend” and other similar expressions may identify forward-looking statements. Actual results may differ materially from those projected as a result of certain risks and uncertainties, many of which are beyond our control, including but not limited to:

- macroeconomic factors, including global and regional business conditions, the availability and cost of capital, the cyclical nature of our customers’ capital spending, sovereign debt concerns and currency exchange rates;
- laws, regulations and governmental policies affecting our activities in the countries where we do business;
- the successful development of advanced technologies and demand for and market acceptance of new and existing products;
- the availability, effectiveness and security of our information technology systems;
- competitive products, solutions and services and pricing pressures, and our ability to provide high quality products, solutions and services;
- a disruption of our operations due to natural disasters, acts of war, strikes, terrorism, social unrest or other causes;
- intellectual property infringement claims by others and the ability to protect our intellectual property;
- our ability to address claims by taxing authorities in the various jurisdictions where we do business;
- our ability to attract and retain qualified personnel;
- our ability to manage costs related to employee retirement and health care benefits;
- the uncertainties of litigation, including liabilities related to the safety and security of the products, solutions and services we sell;
- our ability to manage and mitigate the risks associated with our solutions and services businesses;
- a disruption of our distribution channels;
- the availability and price of components and materials;
- the successful integration and management of acquired businesses;
- the successful execution of our cost productivity and globalization initiatives; and
- other risks and uncertainties, including but not limited to those detailed from time to time in our Securities and Exchange Commission (SEC) filings.

These forward-looking statements reflect our beliefs as of the date of filing this release. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Rockwell Automation, Inc. (NYSE: ROK), the world’s largest company dedicated to industrial automation and information, makes its customers more productive and the world more sustainable. Headquartered in Milwaukee, Wis., Rockwell Automation employs about 22,000 people serving customers in more than 80 countries.

**ROCKWELL AUTOMATION, INC.**  
**SALES AND EARNINGS INFORMATION**  
(in millions, except per share amounts)

Three Months Ended   Six Months Ended



Control Products & Solutions (b)	913.7	883.6	1,809.5	1,715.3
Total sales (c)	\$ 1,600.5	\$ 1,522.8	\$ 3,192.2	\$ 3,012.0
Segment operating earnings				
Architecture & Software (d)	\$ 190.2	\$ 169.9	\$ 402.1	\$ 353.1
Control Products & Solutions (e)	111.9	115.3	228.0	208.1
Total segment operating earnings <sup>1</sup> (f)	302.1	285.2	630.1	561.2
Purchase accounting depreciation and amortization	(5.8 )	(5.0 )	(10.4 )	(10.2 )
General corporate—net	(18.9 )	(18.1 )	(40.6 )	(36.6 )
Non-operating pension costs	(14.0 )	(19.7 )	(28.0 )	(39.4 )
Interest expense	(15.0 )	(15.3 )	(29.9 )	(30.7 )
Income before income taxes (g)	248.4	227.1	521.2	444.3
Income tax provision	(68.1 )	(51.2 )	(142.8 )	(107.0 )
Net income	\$ 180.3	\$ 175.9	\$ 378.4	\$ 337.3
Diluted EPS	\$ 1.28	\$ 1.24	\$ 2.70	\$ 2.38
Adjusted EPS <sup>2</sup>	\$ 1.35	\$ 1.33	\$ 2.82	\$ 2.56
Average diluted shares	140.2	141.8	140.2	141.4
Segment operating margin				
Architecture & Software (d/a)	27.7	% 26.6	% 29.1	% 27.2
Control Products & Solutions (e/b)	12.2	% 13.0	% 12.6	% 12.1
Total segment operating margin <sup>1</sup> (f/c)	18.9	% 18.7	% 19.7	% 18.6
Pre-tax margin (g/c)	15.5	% 14.9	% 16.3	% 14.8

<sup>1</sup>Total segment operating earnings and total segment operating margin are non-GAAP financial measures. We believe that these measures are useful to investors as measures of operating performance. We use these measures to monitor and evaluate the profitability of our Company. Our measures of total segment operating earnings and total segment operating margin may be different from those used by other companies.

<sup>2</sup>Adjusted EPS is a non-GAAP earnings measure that excludes the non-operating pension costs and their related income tax effects. See "Other Supplemental Information - Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate" section for more information regarding non-operating pension costs and a reconciliation to GAAP measures.

**ROCKWELL AUTOMATION, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
(in millions)

	Three Months Ended		Six Months Ended	
	March 31,	March 31,	March 31,	March 31,
	2014	2013	2014	2013
Sales	\$ 1,600.5	\$ 1,522.8	\$ 3,192.2	\$ 3,012.0
Cost of sales	(944.7 )	(906.4 )	(1,872.7 )	(1,788.3 )
Gross profit	655.8	616.4	1,319.5	1,223.7
Selling, general and administrative expenses	(392.5 )	(376.8 )	(777.9 )	(750.3 )
Other income	0.1	2.8	9.5	1.6
Interest expense	(15.0 )	(15.3 )	(29.9 )	(30.7 )
Income before income taxes	248.4	227.1	521.2	444.3
Income tax provision	(68.1 )	(51.2 )	(142.8 )	(107.0 )
<b>Net income</b>	<b>\$ 180.3</b>	<b>\$ 175.9</b>	<b>\$ 378.4</b>	<b>\$ 337.3</b>

**ROCKWELL AUTOMATION, INC.**  
**CONDENSED BALANCE SHEET INFORMATION**  
(in millions)

	March 31,	September 30,
	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 1,239.8	\$ 1,200.9
Short-term investments	485.8	372.7
Receivables	1,204.4	1,186.1

Total	\$ 6,158.1	\$ 5,844.6
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**Liabilities and Shareowners' Equity**

Short-term debt	\$ 342.5	\$ 179.0
Accounts payable	552.4	546.7
Long-term debt	905.4	905.1
Other liabilities	1,607.6	1,628.3
Shareowners' equity	2,750.2	2,585.5
Total	\$ 6,158.1	\$ 5,844.6

**ROCKWELL AUTOMATION, INC.****CONDENSED CASH FLOW INFORMATION**

(in millions)

	Six Months Ended	
	March 31,	
	2014	2013
<b>Continuing operations:</b>		
<b>Operating activities:</b>		
Income from continuing operations	\$ 378.4	\$ 337.3
Depreciation and amortization	74.3	71.4
Retirement benefits expense	66.5	85.3
Pension trust contributions	(25.1 )	(20.1 )
Receivables/inventories/payables	(55.9 )	(53.8 )
Advanced payments from customers and deferred revenue	39.5	40.1
Compensation and benefits	(32.9 )	(66.8 )
Income taxes	(37.3 )	17.4
Other	(1.2 )	(40.9 )
Cash provided by operating activities	406.3	369.9
<b>Investing activities:</b>		
Capital expenditures	(58.3 )	(55.0 )
Acquisition of businesses, net of cash acquired	(81.5 )	(84.8 )
Purchases of short-term investments	(310.8 )	(188.6 )
Proceeds from maturities of short-term investments	197.8	175.0
Proceeds from sale of property	0.2	0.2
Other investing activities	(3.4 )	(1.9 )
Cash used for investing activities	(256.0 )	(155.1 )
<b>Financing activities:</b>		
Net issuance of short-term debt	163.5	79.0
Cash dividends	(160.9 )	(131.6 )
Purchases of treasury stock	(217.8 )	(211.1 )
Proceeds from the exercise of stock options	83.9	104.4
Excess income tax benefit from share-based compensation	18.6	21.0
Cash used for financing activities	(112.7 )	(138.3 )
Effect of exchange rate changes on cash	1.3	(6.3 )
Cash provided by continuing operations	38.9	70.2
<b>Discontinued operations:</b>		
Cash used for discontinued operations	—	(7.0 )
Increase in cash and cash equivalents	\$ 38.9	\$ 63.2

**ROCKWELL AUTOMATION, INC.****OTHER SUPPLEMENTAL INFORMATION**

(in millions)

**Organic Sales**

Our press release contains information regarding organic sales, which we define as sales excluding the effect of changes in currency exchange rates and acquisitions. We believe this non-GAAP measure provides useful information to investors because it reflects regional and operating segment performance from our activities without the effect of changes in currency exchange rates and/or acquisitions. We use organic sales as one measure to monitor and evaluate our regional and operating segment performance. We determine the effect of changes in currency exchange rates by translating the respective period's sales using the currency exchange rates that were in effect during the prior year. When we acquire businesses, we exclude sales in the current year for which there are no comparable sales in the prior period. Organic sales growth is calculated by comparing organic sales to reported sales in the prior year. Sales are attributed to the geographic regions based on the country of destination.

The following is a reconciliation of reported sales to organic sales for the three and six months ended March 31, 2014 compared to sales for the three and six months ended March 31, 2013:

	Sales	Effect of Changes in Currency	Effect of Changes in Currency	Effect of Acquisitions	Organic Sales	Sales
United States	\$ 832.9	\$ 2.4	\$ 835.3	\$ —	\$ 835.3	\$ 776.9
Canada	108.1	9.9	118.0	—	118.0	116.8
Europe, Middle East, Africa	340.0	(7.4 )	332.6	(2.3 )	330.3	317.1
Asia Pacific	200.5	6.4	206.9	—	206.9	188.3
Latin America	119.0	16.3	135.3	—	135.3	123.7
Total	\$ 1,600.5	\$ 27.6	\$ 1,628.1	\$ (2.3 )	\$ 1,625.8	\$ 1,522.8

Six Months Ended March 31,  
2014

2013

	Sales	Effect of Changes in Currency	Effect of Changes in Currency	Effect of Acquisitions	Organic Sales	Sales
United States	\$ 1,669.3	\$ 4.6	\$ 1,673.9	\$ —	\$ 1,673.9	\$ 1,538.0
Canada	207.7	15.8	223.5	—	223.5	223.1
Europe, Middle East, Africa	664.4	(17.1 )	647.3	(5.1 )	642.2	613.2
Asia Pacific	407.3	11.8	419.1	—	419.1	385.7
Latin America	243.5	24.4	267.9	—	267.9	252.0
Total	\$ 3,192.2	\$ 39.5	\$ 3,231.7	\$ (5.1 )	\$ 3,226.6	\$ 3,012.0

The following is a reconciliation of reported sales to organic sales for our operating segments for the three and six months ended March 31, 2014 compared to sales for the three and six months ended March 31, 2013:

Three Months Ended March 31,  
2014

2013

	Sales	Effect of Changes in Currency	Effect of Changes in Currency	Effect of Acquisitions	Organic Sales	Sales
Architecture & Software	\$ 686.8	\$ 8.4	\$ 695.2	\$ —	\$ 695.2	\$ 639.2
Control Products & Solutions	913.7	19.2	932.9	(2.3 )	930.6	883.6
Total	\$ 1,600.5	\$ 27.6	\$ 1,628.1	\$ (2.3 )	\$ 1,625.8	\$ 1,522.8

Six Months Ended March 31,  
2014

2013

	Sales	Effect of Changes in Currency	Effect of Changes in Currency	Effect of Acquisitions	Organic Sales	Sales
Architecture & Software	\$ 1,382.7	\$ 10.9	\$ 1,393.6	\$ —	\$ 1,393.6	\$ 1,296.7
Control Products & Solutions	1,809.5	28.6	1,838.1	(5.1 )	1,833.0	1,715.3
Total	\$ 3,192.2	\$ 39.5	\$ 3,231.7	\$ (5.1 )	\$ 3,226.6	\$ 3,012.0

## ROCKWELL AUTOMATION, INC.

### OTHER SUPPLEMENTAL INFORMATION

(in millions, except per share amounts and percentages)

#### Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate

Our press release contains financial information and earnings guidance regarding Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate, which are non-GAAP earnings measures that exclude non-operating pension costs and their related income tax effects. We define non-operating pension costs as defined benefit plan interest cost, expected return on plan assets, amortization of actuarial gains and losses and the impact of any plan curtailments or settlements. These components of net periodic benefit cost primarily relate to changes in pension assets and liabilities that are a result of market performance; we consider these costs to be unrelated to the operating performance of our business. We believe that Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate provide useful information to our investors about our operating performance and allow management and investors to compare our operating performance period over period. Our measures of Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate may be different from measures used by other companies. These non-GAAP measures should not be considered a substitute for income from continuing operations, diluted EPS and effective tax rate.

Interest cost	\$ 43.6	\$ 40.0	\$ 87.2	\$ 80.2
Expected return on plan assets	(54.5 )	(56.4 )	(109.0 )	(113.2 )
Amortization of net actuarial loss	24.9	36.1	49.8	72.4
Non-operating pension costs	\$ 14.0	\$ 19.7	\$ 28.0	\$ 39.4

The following is a reconciliation of income from continuing operations, diluted EPS from continuing operations, and effective tax rate to Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate:

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2014	2013	2014	2013
Income from continuing operations	\$ 180.3	\$ 175.9	\$ 378.4	\$ 337.3
Non-operating pension costs	14.0	19.7	28.0	39.4
Tax effect of non-operating pension costs	(5.0 )	(7.1 )	(10.0 )	(14.3 )
Adjusted Income	\$ 189.3	\$ 188.5	\$ 396.4	\$ 362.4
Diluted EPS from continuing operations	\$ 1.28	\$ 1.24	\$ 2.70	\$ 2.38
Non-operating pension costs per diluted share, before tax	0.10	0.14	0.19	0.28
Tax effect of non-operating pension costs per diluted share	(0.03 )	(0.05 )	(0.07 )	(0.10 )
Adjusted EPS	\$ 1.35	\$ 1.33	\$ 2.82	\$ 2.56
Effective tax rate	27.4 %	22.5 %	27.4 %	24.1 %
Tax effect of non-operating pension costs	0.5 %	1.1 %	0.4 %	1.0 %
Adjusted Effective Tax Rate	27.9 %	23.6 %	27.8 %	25.1 %

	Year Ended	
	Fiscal 2014	September 30,
	Guidance	2013
Diluted EPS from continuing operations	\$5.74 - \$6.09	\$ 5.36
Non-operating pension costs per diluted share, before tax	0.40	0.55
Tax effect of non-operating pension costs per diluted share	(0.14)	(0.20 )
Adjusted EPS	\$6.00 - \$6.35	\$ 5.71

## ROCKWELL AUTOMATION, INC. OTHER SUPPLEMENTAL INFORMATION (in millions)

### Free Cash Flow

Our definition of free cash flow, which is a non-GAAP financial measure, takes into consideration capital investments required to maintain the operations of our businesses and execute our strategy. We account for share-based compensation under U.S. GAAP, which requires that we report the excess income tax benefit from share-based compensation as a financing cash flow rather than as an operating cash flow. We have added this benefit back to our calculation of free cash flow in order to generally classify cash flows arising from income taxes as operating cash flows.

In our opinion, free cash flow provides useful information to investors regarding our ability to generate cash from business operations that is available for acquisitions and other investments, service of debt principal, dividends and share repurchases. We use free cash flow, as defined, as one measure to monitor and evaluate performance. Our definition of free cash flow may be different from definitions used by other companies.

The following table summarizes free cash flow by quarter:

	Quarter Ended					
	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014
Cash provided by continuing operating activities	\$ 167.3	\$ 202.6	\$ 293.9	\$ 351.0	\$ 203.5	\$ 202.8
Capital expenditures of continuing operations	(21.6 )	(33.4 )	(31.9 )	(59.3 )	(35.6 )	(22.7 )
Excess income tax benefit from share-based compensation	10.6	10.4	1.6	9.3	10.7	7.9
Free cash flow	\$ 156.3	\$ 179.6	\$ 263.6	\$ 301.0	\$ 178.6	\$ 188.0

### Return On Invested Capital

Our press release contains information regarding Return On Invested Capital (ROIC), which is a non-GAAP financial measure. We believe that ROIC is useful to investors as a measure of performance and of the effectiveness of the use of capital in our operations. We use ROIC as one measure to monitor and

accounting depreciation and amortization, for the most recent twelve months, divided by;

(b) average invested capital for the year, calculated as a five quarter rolling average using the sum of short-term debt, long-term debt, shareowners' equity, and accumulated amortization of goodwill and other intangible assets, minus cash and cash equivalents and short-term investments, multiplied by;

(c) one minus the effective tax rate for the twelve-month period.

ROIC is calculated as follows:

	Twelve Months Ended	
	March 31,	
	2014	2013
<b>(a) Return</b>		
Income from continuing operations	\$ 797.4	\$ 723.2
Interest expense	60.1	60.8
Income tax provision	260.4	220.8
Purchase accounting depreciation and amortization	19.5	20.1
Return	1,137.4	1,024.9
<b>(b) Average invested capital</b>		
Short-term debt	245.7	235.0
Long-term debt	905.1	905.0
Shareowners' equity	2,410.4	1,958.6
Accumulated amortization of goodwill and intangibles	773.4	767.9
Cash and cash equivalents	(1,135.7 )	(888.5 )
Short-term investments	(391.8 )	(345.2 )
Average invested capital	2,807.1	2,632.8
<b>(c) Effective tax rate</b>		
Income tax provision	260.4	220.8
Income from continuing operations before income taxes	\$ 1,057.8	\$ 944.0
Effective tax rate	24.6 %	23.4 %
<b>(a) / (b) * (1-c) Return On Invested Capital</b>	<b>30.6 %</b>	<b>29.8 %</b>

Source: Rockwell Automation, Inc.

Rockwell Automation

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