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# Fiscal Year 2015 Third Quarter Conference Call

July 29, 2015

- This presentation includes statements related to the expected future results of the company and are therefore forward-looking statements. Actual results may differ materially from those projections due to a wide range of risks and uncertainties, including those that are listed in our SEC filings.
- This presentation also contains non-GAAP financial information and reconciliations to GAAP are included in the appendix. All information should be read in conjunction with our historical financial statements.

# Fiscal 2015 Third Quarter and YTD Highlights

## Q3 Results

- Organic sales up 2.2% YOY
- Segment operating margin of 21.8%, up 200 bps YOY
- Adjusted EPS of \$1.59, up 7% YOY
- Free cash flow of \$267M

## YTD Highlights

- Revenue diversification yielding results
- Strong productivity driving margin expansion
- 12% Adjusted EPS growth on lower reported sales
- Excellent cash flow performance

*Narrowing fiscal 2015 Adjusted EPS guidance range to \$6.55 to \$6.70*

# Key Financial Information: Third Quarter

**Rockwell  
Automation**

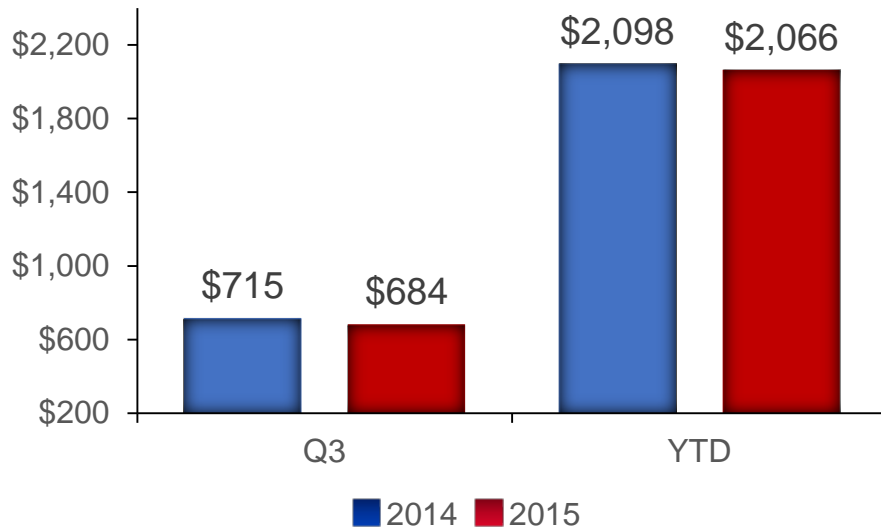
(in millions, except per share amounts)

	<u>Q3 2015</u>	<u>Q3 2014</u>	<u>YOY B/(W)</u>
Sales	\$ 1,575	\$ 1,650	(4.5)%
Segment Operating Margin	21.8%	19.8%	200 bps
General Corporate - Net	\$ 22	\$ 18	\$ (4)
Adjusted EPS	\$ 1.59	\$ 1.49	7%
Adjusted Effective Tax Rate	27.9%	27.6%	(30) bps
Free Cash Flow	\$ 267	\$ 274	\$ (7)
ROIC	33.1%	29.6%	350 bps

*Strong margin, Adjusted EPS and cash flow performance*

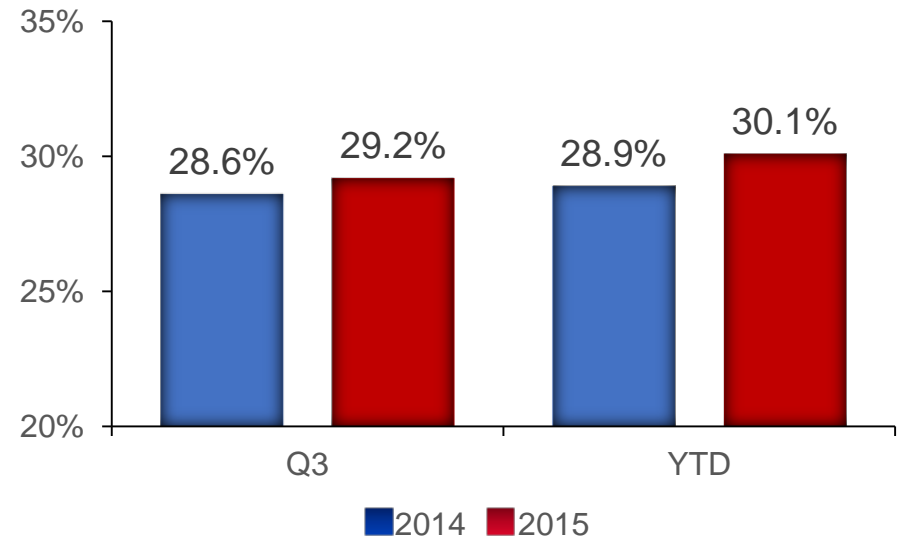
## Sales

(\$ millions)



	YOY Sales % Change	
	Q3 2015	YTD
Reported	(4.4)%	(1.5)%
Organic	3.1%	4.3%

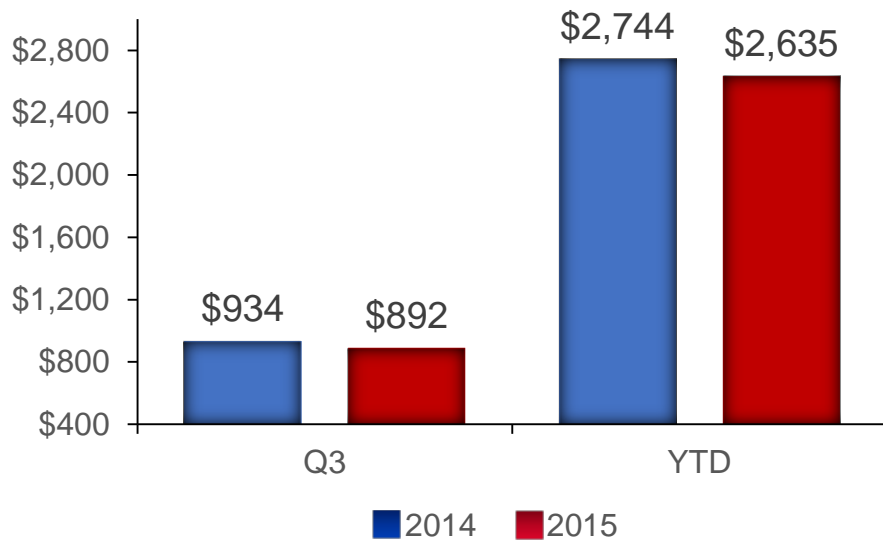
## Segment Operating Margin



- Segment operating margin expanded 60 bps in Q3, primarily due to higher organic sales and productivity, partially offset by increased spending

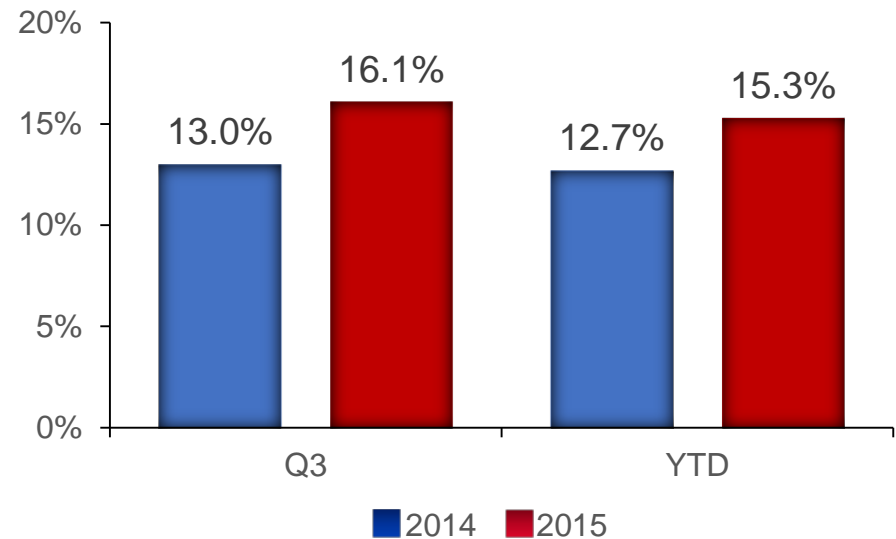
## Sales

(\$ millions)



	<u>YOY Sales % Change</u>	
	<u>Q3 2015</u>	<u>YTD</u>
Reported	(4.6)%	(4.0)%
Organic	1.6%	0.8%

## Segment Operating Margin



- Segment operating margin expanded 310 bps in Q3, primarily due to higher organic sales and strong productivity

# Regional Sales

(in millions, except percentages)

<u>Region</u>	<u>Q3 2015</u>		<u>YTD</u>	
	<u>Sales</u>	<u>Organic % Change</u>	<u>Sales</u>	<u>Organic % Change</u>
U.S.	\$ 873	3.1%	\$2,572	2.2%
Canada	93	(7.5)%	279	(3.7)%
EMEA	285	4.3%	868	1.5%
Asia Pacific	215	1.5%	622	2.5%
Latin America	109	1.1%	359	10.4%
<b>TOTAL</b>	<u>\$1,575</u>	2.2%	<u>\$4,700</u>	2.3%

## Third Quarter \*

- Solid US growth in spite of oil & gas headwinds
- Canada adversely impacted by resource-based industries
- Improvement in EMEA
- Emerging markets up mid-single digits
- Strong growth in India
- China flat
- Mexico remained strong

\* All growth comments refer to organic growth

# Revised Fiscal 2015 Guidance

	<u>April Guidance</u>	<u>July Guidance</u>
Sales Midpoint	~ \$6.4B	~ \$6.4B
Organic Growth Range	1.5% to 4.5%	1.5% to 2.5%
Currency Translation & Acquisitions	~ (5.8)%	~ (5.5)%
Segment Operating Margin	~ 21.5%	~ 22%
Adjusted Effective Tax Rate	~ 26.5%	~ 27%
Adjusted EPS	\$6.50 to \$6.80	\$6.55 to \$6.70
Free Cash Flow as a % of Adjusted Income	100% +	~ 110%

Note: As of July 29, 2015



# Appendix

Supplemental Financial Information and  
Reconciliations to non-GAAP Measures

# Third Quarter Results: Summary

(in millions, except per share amounts)

	<u>Q3 2015</u>	<u>Q3 2014</u>
Total Sales	<u>\$ 1,575.2</u>	<u>\$ 1,649.5</u>
Total Segment Operating Earnings	\$ 343.7	\$ 326.1
Purchase Accounting Depreciation and Amortization	(5.2)	(5.5)
General Corporate - Net	(21.9)	(18.1)
Non-Operating Pension Costs	(15.6)	(14.1)
Interest Expense	(16.4)	(14.4)
Income Tax Provision	(78.5)	(74.3)
Net Income	<u>\$ 206.1</u>	<u>\$ 199.7</u>
<u>Adjustments</u>		
Non-Operating Pension Costs, Net of Tax	10.2	9.0
Adjusted Income	<u>\$ 216.3</u>	<u>\$ 208.7</u>
Adjusted EPS	<u>\$ 1.59</u>	<u>\$ 1.49</u>
Average Diluted Shares	<u>135.5</u>	<u>139.6</u>

# Free Cash Flow

(in millions)	<u>Q3 2015</u>	<u>YTD 2015</u>
Net Income	\$ 206.1	\$ 626.3
Depreciation/Amortization	41.2	120.9
Retirement Benefits Expense	35.1	106.4
Receivables/Inventory/Payables	(4.2)	69.1
Compensation and Benefits	12.2	(58.1)
Pension Contributions	(9.6)	(30.9)
Income Taxes	1.3	(12.7)
Other	4.2	18.7
Cash Flow from Operations	286.3	839.7
Capital Expenditures	(25.2)	(83.2)
Excess Income Tax Benefit from Share-based Compensation	5.6	12.2
Free Cash Flow	<u>\$ 266.7</u>	<u>\$ 768.7</u>

# Reconciliation to Non-GAAP Measures

## Organic Sales

(in millions, except percentages)

	Three Months Ended June 30,						Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
	2015			2014				
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)		
United States	\$ 872.4	\$ 1.0	\$ 873.4	\$ (1.4)	\$ 872.0	\$ 845.9	3.1%	3.1%
Canada	93.1	11.7	104.8	—	104.8	113.3	(17.8)%	(7.5)%
Europe, Middle East, Africa	285.4	65.7	351.1	—	351.1	336.7	(15.2)%	4.3%
Asia Pacific	215.0	8.8	223.8	—	223.8	220.5	(2.5)%	1.5%
Latin America	109.3	25.2	134.5	—	134.5	133.1	(17.9)%	1.1%
Total	\$ 1,575.2	\$ 112.4	\$ 1,687.6	\$ (1.4)	\$ 1,686.2	\$ 1,649.5	(4.5)%	2.2%

	Nine Months Ended June 30,						Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
	2015			2014				
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)		
United States	\$ 2,572.4	\$ 2.7	\$ 2,575.1	\$ (4.4)	\$ 2,570.7	\$ 2,515.2	2.3%	2.2%
Canada	278.9	30.1	309.0	—	309.0	321.0	(13.1)%	(3.7)%
Europe, Middle East, Africa	868.2	150.6	1,018.8	(2.7)	1,016.1	1,001.1	(13.3)%	1.5%
Asia Pacific	621.6	21.9	643.5	—	643.5	627.8	(1.0)%	2.5%
Latin America	359.3	56.5	415.8	—	415.8	376.6	(4.6)%	10.4%
Total	\$ 4,700.4	\$ 261.8	\$ 4,962.2	\$ (7.1)	\$ 4,955.1	\$ 4,841.7	(2.9)%	2.3%

# Reconciliation to Non-GAAP Measures

## Organic Sales

(in millions, except percentages)

	Three Months Ended June 30,						Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
	2015					2014		
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)		
Architecture & Software	\$ 683.5	\$ 53.8	\$ 737.3	\$ —	\$ 737.3	\$ 715.2	(4.4)%	3.1%
Control Products & Solutions	891.7	58.6	950.3	(1.4)	948.9	934.3	(4.6)%	1.6%
Total	<u>\$ 1,575.2</u>	<u>\$ 112.4</u>	<u>\$ 1,687.6</u>	<u>\$ (1.4)</u>	<u>\$ 1,686.2</u>	<u>\$ 1,649.5</u>	(4.5)%	2.2%

	Nine Months Ended June 30,						Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
	2015					2014		
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)		
Architecture & Software	\$ 2,065.6	\$ 125.0	\$ 2,190.6	\$ (2.2)	\$ 2,188.4	\$ 2,097.9	(1.5)%	4.3%
Control Products & Solutions	2,634.8	136.8	2,771.6	(4.9)	2,766.7	2,743.8	(4.0)%	0.8%
Total	<u>\$ 4,700.4</u>	<u>\$ 261.8</u>	<u>\$ 4,962.2</u>	<u>\$ (7.1)</u>	<u>\$ 4,955.1</u>	<u>\$ 4,841.7</u>	(2.9)%	2.3%

# Reconciliation to Non-GAAP Measures

## Segment Operating Margin

(in millions, except percentages)

	<b>Three Months Ended June 30, 2015</b>	<b>Three Months Ended June 30, 2014</b>	<b>Nine Months Ended June 30, 2015</b>	<b>Nine Months Ended June 30, 2014</b>
Sales				
Architecture & Software (a)	\$ 683.5	\$ 715.2	\$ 2,065.6	\$ 2,097.9
Control Products & Solutions (b)	891.7	934.3	2,634.8	2,743.8
Total sales (c)	<u>\$ 1,575.2</u>	<u>\$ 1,649.5</u>	<u>\$ 4,700.4</u>	<u>\$ 4,841.7</u>
Segment operating earnings				
Architecture & Software (d)	\$ 199.9	\$ 204.8	\$ 622.1	\$ 606.9
Control Products & Solutions (e)	143.8	121.3	402.6	349.3
Total segment operating earnings (f)	<u>343.7</u>	<u>326.1</u>	<u>1,024.7</u>	<u>956.2</u>
Purchase accounting depreciation and amortization	(5.2)	(5.5)	(15.8)	(15.9)
General corporate - net	(21.9)	(18.1)	(66.1)	(58.7)
Non-operating pension costs	(15.6)	(14.1)	(47.2)	(42.1)
Interest expense	(16.4)	(14.4)	(47.0)	(44.3)
Income before income taxes (g)	<u>\$ 284.6</u>	<u>\$ 274.0</u>	<u>\$ 848.6</u>	<u>\$ 795.2</u>
Segment operating margin:				
Architecture & Software (d/a)	29.2 %	28.6 %	30.1 %	28.9 %
Control Products & Solutions (e/b)	16.1 %	13.0 %	15.3 %	12.7 %
Total segment operating margin (f/c)	21.8 %	19.8 %	21.8 %	19.7 %
Pretax margin (g/c)	18.1 %	16.6 %	18.1 %	16.4 %

# Reconciliation to Non-GAAP Measures

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

(in millions, except per share amounts)

	<u>Three Months Ended</u> <u>June 30, 2015</u>	<u>Three Months Ended</u> <u>June 30, 2014</u>	<u>Nine Months Ended</u> <u>June 30, 2015</u>	<u>Nine Months Ended</u> <u>June 30, 2014</u>
Income from continuing operations	\$ 206.1	\$ 199.7	\$ 626.3	\$ 578.1
Non-operating pension costs	15.6	14.1	47.2	42.1
Tax effect of non-operating pension costs	(5.4)	(5.1)	(16.4)	(15.1)
Adjusted Income	<u>\$ 216.3</u>	<u>\$ 208.7</u>	<u>\$ 657.1</u>	<u>\$ 605.1</u>
Diluted EPS from continuing operations	\$ 1.52	\$ 1.43	\$ 4.60	\$ 4.12
Non-operating pension costs per diluted share	0.11	0.10	0.34	0.30
Tax effect of non-operating pension costs per diluted share	(0.04)	(0.04)	(0.12)	(0.10)
Adjusted EPS	<u>\$ 1.59</u>	<u>\$ 1.49</u>	<u>\$ 4.82</u>	<u>\$ 4.32</u>
	<u>Fiscal 2015</u> <u>Guidance</u>			<u>Three Months Ended</u> <u>June 30,</u>
Diluted EPS from continuing operations	\$6.25 - \$6.40			<u>2015</u>
Non-operating pension costs per diluted share	0.46			<u>2014</u>
Tax effect of non-operating pension costs per diluted share	(0.16)	Effective tax rate		27.6%
Adjusted EPS	<u>\$6.55 - \$6.70</u>	Tax effect of non-operating pension costs		0.3%
		Adjusted Effective Tax Rate		<u>27.9%</u>
				<u>27.6%</u>

## Non-Operating Pension Costs

(in millions)

	<u>Three Months Ended</u> <u>June 30, 2015</u>	<u>Three Months Ended</u> <u>June 30, 2014</u>	<u>Nine Months Ended</u> <u>June 30, 2015</u>	<u>Nine Months Ended</u> <u>June 30, 2014</u>
Interest cost	\$ 41.7	\$ 43.6	\$ 125.6	\$ 130.8
Expected return on plan assets	(55.7)	(54.5)	(167.6)	(163.5)
Amortization of net actuarial loss	29.6	25.0	89.2	74.8
Non-operating pension costs	<u>\$ 15.6</u>	<u>\$ 14.1</u>	<u>\$ 47.2</u>	<u>\$ 42.1</u>

# Reconciliation to Non-GAAP Measures

## Return On Invested Capital

(in millions, except percentages)

	Twelve Months Ended	
	June 30,	
	2015	2014
<b>(a) Return</b>		
Income from continuing operations	\$ 875.0	\$ 793.4
Interest expense	62.0	59.2
Income tax provision	312.6	281.0
Purchase accounting depreciation and amortization	21.5	20.4
Return	<u>1,271.1</u>	<u>1,154.0</u>
<b>(b) Average Invested Capital</b>		
Short-term debt	222.6	254.5
Long-term debt	1,142.8	905.2
Shareowners' equity	2,614.3	2,550.6
Accumulated amortization of goodwill and intangibles	788.6	773.7
Cash and cash equivalents	(1,325.7)	(1,177.3)
Short-term investments	(609.8)	(434.0)
Average invested capital	<u>2,832.8</u>	<u>2,872.7</u>
<b>(c) Effective Tax Rate</b>		
Income tax provision	312.6	281.0
Income from continuing operations before income taxes	\$ 1,187.6	\$ 1,074.4
Effective tax rate	<u>26.3%</u>	<u>26.2%</u>
<b>(a) / (b) * (1-c) Return On Invested Capital</b>	<u>33.1%</u>	<u>29.6%</u>