

Rockwell Automation

Fiscal Year 2017

Fourth Quarter Conference Call

November 8, 2017



Rockwell
Automation

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SAFE HARBOR STATEMENT

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 2017 Fourth Quarter and Full Year Results

Q4 Results

- Organic sales up 5.6% YOY, slightly above expectations
 - Broad-based growth across all regions
 - Transportation and food and beverage strong
 - Heavy industries growth led by semiconductor; meaningful growth in oil and gas
 - Logix growth of 8%; Process growth of 9%
 - Acquisitions contributed 1.3% to growth
- Divested a small business; recorded restructuring charges
- Adjusted EPS of \$1.69, including a \$0.04 net benefit from the gain on divested business and restructuring

Full Year Results

- Organic sales up 6.1%
- Adjusted EPS of \$6.76, up 14%
- Strong free cash flow conversion

A year of strong sales and EPS growth

Key Financial Information: Fourth Quarter

(in millions, except per share amounts)

	Q4 2017	Q4 2016	YOY B/(W)
Sales	\$ 1,668	\$ 1,539	8.4 %
Segment Operating Margin ¹	17.0 %	19.8 %	(280) bps
General Corporate - Net	\$ 24	\$ 25	\$ 1
Gain on Sale of Business	\$ 61	\$ —	\$ 61
Adjusted EPS ²	\$ 1.69	\$ 1.52	11.2 %
Adjusted Effective Tax Rate	25.9 %	22.9 %	(300) bps
Free Cash Flow ³	\$ 63	\$ 235	\$ (172)
ROIC	39.0 %	33.0 %	600 bps

¹ Segment operating margin includes \$43 million of restructuring charges recorded in Q4 2017

² Adjusted EPS includes the gain on divestiture of a business (\$0.28 per share) and restructuring charges (\$0.24 per share) recorded in Q4 2017

³ Free cash flow includes a discretionary pre-tax contribution of \$200 million to the Company's U.S. pension trust made in Q4 2017

Key Financial Information: Full Year

(in millions, except per share amounts)

	FY 2017	FY 2016	YOY B/(W)
Sales	\$ 6,311	\$ 5,880	7.3 %
Segment Operating Margin ¹	19.5 %	20.2 %	(70) bps
General Corporate - Net	\$ 76	\$ 80	\$ 4
Gain on Sale of Business	\$ 61	\$ —	\$ 61
Adjusted EPS ²	\$ 6.76	\$ 5.93	14.0 %
Adjusted Effective Tax Rate	21.5 %	23.6 %	210 bps
Free Cash Flow ³	\$ 892	\$ 834	\$ 58
ROIC	39.0 %	33.0 %	600 bps

¹ Segment operating margin includes \$43 million of restructuring charges recorded in Q4 2017

² Adjusted EPS includes the gain on divestiture of a business (\$0.28 per share) and restructuring charges (\$0.24 per share) recorded in Q4 2017

³ Free cash flow includes a discretionary pre-tax contribution of \$200 million to the Company's U.S. pension trust made in Q4 2017

Architecture & Software

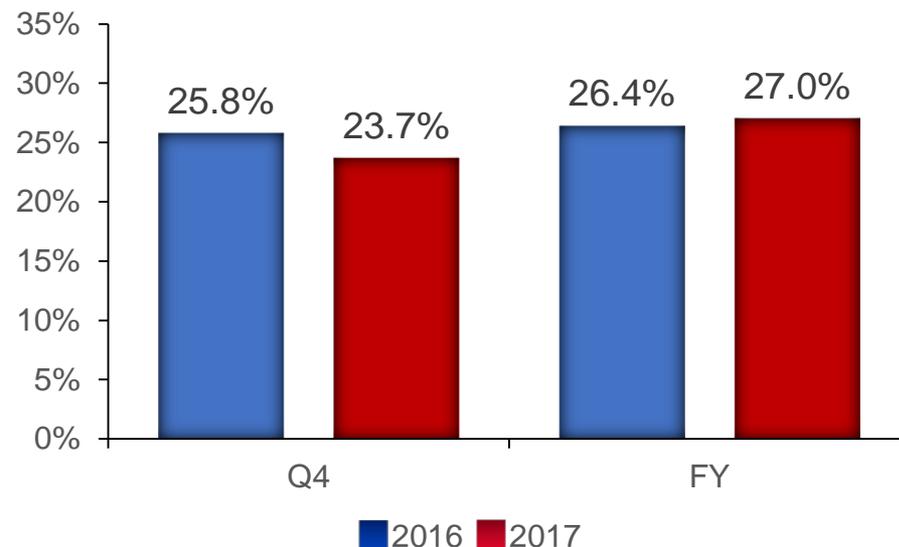
Sales



YOY Sales % Change

	<u>Q4 2017</u>	<u>FY 2017</u>
Organic	6.2%	9.4%
FX	1.6%	(0.3)%
Acquisitions	0.2%	0.9%
Reported	<u>8.0%</u>	<u>10.0%</u>

Segment Operating Margin



- Fourth quarter segment operating margin contracted 210 bps, primarily due to higher investment spending, incentive compensation, and restructuring charges, partially offset by higher sales
- Full year segment operating margin expanded 60 bps, primarily due to higher sales, partially offset by higher incentive compensation and restructuring charges

Control Products & Solutions

Sales



YOY Sales % Change

	<u>Q4 2017</u>	<u>FY 2017</u>
Organic	5.1%	3.4%
FX	1.4%	(0.2)%
Acquisitions	2.2%	2.0%
Reported	<u>8.7%</u>	<u>5.2%</u>

Segment Operating Margin



- Fourth quarter segment operating margin contracted 330 bps, primarily due to higher restructuring charges, incentive compensation, and investment spending, partially offset by higher sales
- Full year segment operating margin contracted 200 bps, primarily due to higher incentive compensation and restructuring charges, partially offset by higher sales

Regional Sales

(in millions, except percentages)

<u>Region</u>	<u>Q4 2017</u>		<u>FY 2017</u>		<u>Fourth Quarter *</u>
	<u>Sales</u>	<u>Organic % Change</u>	<u>Sales</u>	<u>Organic % Change</u>	
U.S.	\$ 889	5.7%	\$ 3,459	5.2%	▪ U.S. and Canada growth was broad-based across industries
Canada	93	13.5%	343	7.7%	
EMEA	325	4.9%	1,194	3.8%	▪ EMEA growth led by food and beverage and automotive
Asia Pacific	236	4.9%	866	13.9%	▪ Asia Pacific growth led by semiconductor; China up mid-single digits
Latin America	125	2.4%	449	4.1%	▪ Latin America growth led by heavy industries
TOTAL	<u>\$ 1,668</u>	5.6%	<u>\$ 6,311</u>	6.1%	

* All growth comments refer to organic growth

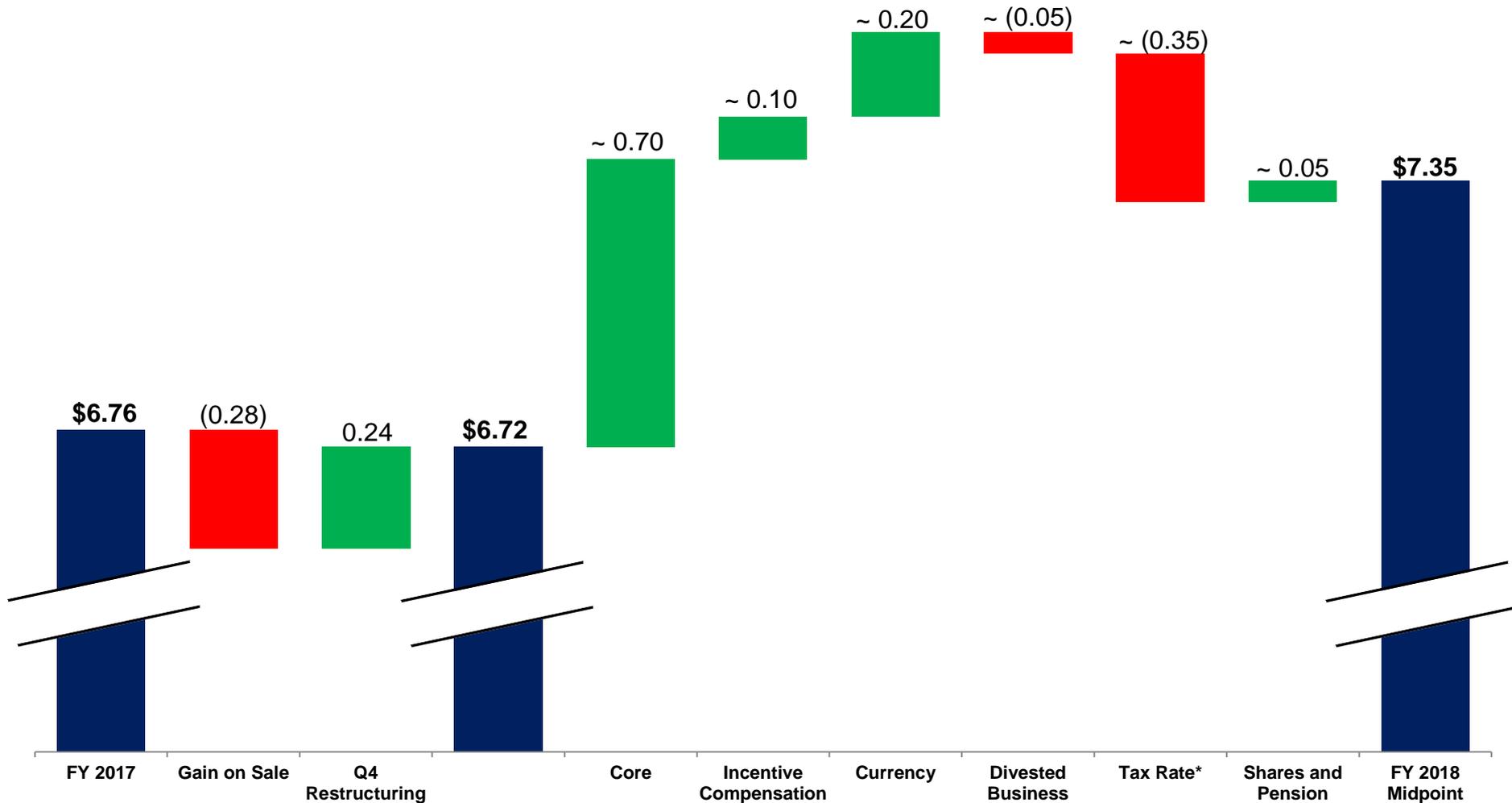
Broad-based growth across all regions

Fiscal 2018 Guidance

	<u>Full Year Outlook</u>
Sales Midpoint	~ \$6.7B
Organic Growth Range	3.5% to 6.5%
Currency Translation	~ 2.5%
Divestiture	~ (1)%
Segment Operating Margin	~ 21.5%
Adjusted Effective Tax Rate	~ 24.5%
Adjusted EPS	\$7.20 - \$7.50
Free Cash Flow as a % of Adjusted Income	~ 100%

Note: As of November 8, 2017

Fiscal 2017 to Fiscal 2018 Midpoint Adjusted EPS Walk



*Adjusted Effective Tax Rate

Appendix

Supplemental Financial Information and Reconciliations to Non-GAAP Measures



**Rockwell
Automation**

Fourth Quarter Results: Summary

(in millions, except per share amounts)

	<u>Q4 2017</u>	<u>Q4 2016</u>
Total Sales	\$ 1,667.5	\$ 1,538.6
Total Segment Operating Earnings	\$ 283.5	\$ 304.3
Purchase Accounting Depreciation and Amortization	(4.6)	(4.5)
General Corporate - Net	(23.5)	(25.2)
Non-Operating Pension Costs	(23.2)	(19.5)
Gain on Sale of Business	60.8	—
Interest Expense	(19.5)	(18.2)
Income Tax Provision	(68.9)	(51.7)
Net Income	<u>\$ 204.6</u>	<u>\$ 185.2</u>
<u>Adjustments</u>		
Non-Operating Pension Costs, Net of Tax	15.3	12.5
Adjusted Income	<u>\$ 219.9</u>	<u>\$ 197.7</u>
Adjusted EPS	<u>\$ 1.69</u>	<u>\$ 1.52</u>
Average Diluted Shares	<u>129.8</u>	<u>129.8</u>

Free Cash Flow

(in millions)	<u>Q4 2017</u>	<u>FY 2017</u>
Net Income	\$ 204.6	\$ 825.7
Depreciation/Amortization	44.9	168.9
Retirement Benefits Expense	46.8	176.0
Receivables/Inventory/Payables	23.7	(2.3)
Compensation and Benefits	19.0	124.7
Pension Contributions	(214.1)	(254.9)
Income Taxes	34.0	11.6
Gain on Sale of Business	(60.8)	(60.8)
Other	8.8	45.1
Cash Flow From Operations	106.9	1,034.0
Capital Expenditures	(44.2)	(141.7)
Free Cash Flow	<u>\$ 62.7</u>	<u>\$ 892.3</u>

Reconciliation to Non-GAAP Measures

Organic Sales

(in millions, except percentages)

	Three Months Ended September 30,						Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
	2017			2016				
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)		
United States	\$ 888.6	\$ (0.2)	\$ 888.4	\$ (19.6)	\$ 868.8	\$ 821.7	8.1%	5.7%
Canada	93.5	(3.5)	90.0	—	90.0	79.3	17.9%	13.5%
Europe, Middle East, Africa	324.7	(15.1)	309.6	(0.4)	309.2	294.7	10.2%	4.9%
Asia Pacific	236.0	(1.4)	234.6	—	234.6	223.7	5.5%	4.9%
Latin America	124.7	(2.5)	122.2	(0.1)	122.1	119.2	4.6%	2.4%
Total	<u>\$ 1,667.5</u>	<u>\$ (22.7)</u>	<u>\$ 1,644.8</u>	<u>\$ (20.1)</u>	<u>\$ 1,624.7</u>	<u>\$ 1,538.6</u>	8.4%	5.6%

	Twelve Months Ended September 30,						Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
	2017			2016				
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)		
United States	\$ 3,458.4	\$ 0.5	\$ 3,458.9	\$ (77.9)	\$ 3,381.0	\$ 3,213.4	7.6%	5.2%
Canada	343.4	(2.5)	340.9	(0.1)	340.8	316.4	8.5%	7.7%
Europe, Middle East, Africa	1,193.7	3.7	1,197.4	(6.8)	1,190.6	1,147.2	4.1%	3.8%
Asia Pacific	866.4	6.5	872.9	(2.4)	870.5	764.4	13.3%	13.9%
Latin America	449.4	6.9	456.3	(0.2)	456.1	438.1	2.6%	4.1%
Total	<u>\$ 6,311.3</u>	<u>\$ 15.1</u>	<u>\$ 6,326.4</u>	<u>\$ (87.4)</u>	<u>\$ 6,239.0</u>	<u>\$ 5,879.5</u>	7.3%	6.1%

Reconciliation to Non-GAAP Measures

Organic Sales

(in millions, except percentages)

	Three Months Ended September 30,							
	2017				2016			
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)	Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
Architecture & Software	\$ 752.0	\$ (10.6)	\$ 741.4	\$ (1.7)	\$ 739.7	\$ 696.4	8.0%	6.2%
Control Products & Solutions	915.5	(12.1)	903.4	(18.4)	885.0	842.2	8.7%	5.1%
Total	<u>\$ 1,667.5</u>	<u>\$ (22.7)</u>	<u>\$ 1,644.8</u>	<u>\$ (20.1)</u>	<u>\$ 1,624.7</u>	<u>\$ 1,538.6</u>	8.4%	5.6%

	Twelve Months Ended September 30,							
	2017				2016			
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)	Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
Architecture & Software	\$ 2,899.3	\$ 7.1	\$ 2,906.4	\$ (22.5)	\$ 2,883.9	\$ 2,635.2	10.0%	9.4%
Control Products & Solutions	3,412.0	8.0	3,420.0	(64.9)	3,355.1	3,244.3	5.2%	3.4%
Total	<u>\$ 6,311.3</u>	<u>\$ 15.1</u>	<u>\$ 6,326.4</u>	<u>\$ (87.4)</u>	<u>\$ 6,239.0</u>	<u>\$ 5,879.5</u>	7.3%	6.1%

Reconciliation to Non-GAAP Measures

Segment Operating Margin

(in millions, except percentages)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Twelve Months Ended September 30, 2017	Twelve Months Ended September 30, 2016
Sales				
Architecture & Software (a)	\$ 752.0	\$ 696.4	\$ 2,899.3	\$ 2,635.2
Control Products & Solutions (b)	915.5	842.2	3,412.0	3,244.3
Total sales (c)	<u>\$ 1,667.5</u>	<u>\$ 1,538.6</u>	<u>\$ 6,311.3</u>	<u>\$ 5,879.5</u>
Segment operating earnings				
Architecture & Software (d)	\$ 178.0	\$ 180.0	\$ 781.5	\$ 695.0
Control Products & Solutions (e)	105.5	124.3	451.6	493.7
Total segment operating earnings (f)	<u>283.5</u>	<u>304.3</u>	<u>1,233.1</u>	<u>1,188.7</u>
Purchase accounting depreciation and amortization	(4.6)	(4.5)	(21.4)	(18.4)
General corporate - net	(23.5)	(25.2)	(76.3)	(79.7)
Non-operating pension costs	(23.2)	(19.5)	(82.6)	(76.2)
Gain on sale of business	60.8	—	60.8	—
Interest expense	(19.5)	(18.2)	(76.2)	(71.3)
Income before income taxes (g)	<u>\$ 273.5</u>	<u>\$ 236.9</u>	<u>\$ 1,037.4</u>	<u>\$ 943.1</u>
Segment operating margin:				
Architecture & Software (d/a)	23.7%	25.8%	27.0%	26.4%
Control Products & Solutions (e/b)	11.5%	14.8%	13.2%	15.2%
Total segment operating margin (f/c)	17.0%	19.8%	19.5%	20.2%
Pretax margin (g/c)	16.4%	15.4%	16.4%	16.0%

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>September 30, 2017</u>	<u>Three Months Ended</u> <u>September 30, 2016</u>	<u>Twelve Months Ended</u> <u>September 30, 2017</u>	<u>Twelve Months Ended</u> <u>September 30, 2016</u>
Income from continuing operations	\$ 204.6	\$ 185.2	\$ 825.7	\$ 729.7
Non-operating pension costs	23.2	19.5	82.6	76.2
Tax effect of non-operating pension costs	(7.9)	(7.0)	(29.6)	(27.5)
Adjusted Income	<u>\$ 219.9</u>	<u>\$ 197.7</u>	<u>\$ 878.7</u>	<u>\$ 778.4</u>
Diluted EPS from continuing operations	\$ 1.57	\$ 1.43	\$ 6.35	\$ 5.56
Non-operating pension costs per diluted share	0.18	0.15	0.64	0.58
Tax effect of non-operating pension costs per diluted share	(0.06)	(0.06)	(0.23)	(0.21)
Adjusted EPS	<u>\$ 1.69</u>	<u>\$ 1.52</u>	<u>\$ 6.76</u>	<u>\$ 5.93</u>
Effective tax rate	25.2%	21.8%	20.4%	22.6%
Tax effect of non-operating pension costs	0.7%	1.1%	1.1%	1.0%
Adj. Effective Tax Rate	<u>25.9%</u>	<u>22.9%</u>	<u>21.5%</u>	<u>23.6%</u>

Non-Operating Pension Costs

(in millions)

Interest cost	\$ 38.2	\$ 42.3	\$ 151.6	\$ 169.5
Expected return on plan assets	(56.6)	(54.4)	(225.2)	(218.3)
Amortization of net actuarial loss	38.5	31.1	152.9	124.5
Special termination benefit	0.5	0.5	0.5	0.5
Settlements	2.6	—	2.8	—
Non-operating pension costs	<u>\$ 23.2</u>	<u>\$ 19.5</u>	<u>\$ 82.6</u>	<u>\$ 76.2</u>

Free Cash Flow

(in millions)

Cash provided by continuing operating activities	\$ 106.9	\$ 272.0	\$ 1,034.0	\$ 947.3
Capital expenditures	(44.2)	(37.5)	(141.7)	(116.9)
Excess income tax benefit from share-based compensation	—	0.9	—	3.3
Free cash flow	<u>\$ 62.7</u>	<u>\$ 235.4</u>	<u>\$ 892.3</u>	<u>\$ 833.7</u>

Reconciliation to Non-GAAP Measures

Return On Invested Capital

(in millions, except percentages)

	Twelve Months Ended	
	September 30,	
	2017	2016
(a) Return		
Income from continuing operations	\$ 825.7	\$ 729.7
Interest expense	76.2	71.3
Income tax provision	211.7	213.4
Purchase accounting depreciation and amortization	21.4	18.4
Return	<u>1,135.0</u>	<u>1,032.8</u>
(b) Average invested capital		
Short-term debt	585.9	248.2
Long-term debt	1,296.9	1,509.0
Shareowners' equity	2,215.8	2,164.1
Accumulated amortization of goodwill and intangibles	834.1	811.8
Cash and cash equivalents	(1,504.4)	(1,461.7)
Short-term and long-term investments	(1,111.7)	(846.5)
Average invested capital	<u>2,316.6</u>	<u>2,424.9</u>
(c) Effective tax rate		
Income tax provision	211.7	213.4
Income from continuing operations before income taxes	\$ 1,037.4	\$ 943.1
Effective tax rate	<u>20.4%</u>	<u>22.6%</u>
(a) / (b) * (1-c) Return On Invested Capital	<u>39.0%</u>	<u>33.0%</u>

Reconciliation to Non-GAAP Measures

Fiscal 2018 Guidance

(in billions, except percentages and per share amounts)

Organic Sales

	<u>Fiscal 2018 Guidance</u>
Organic sales growth	3.5% to 6.5%
Foreign currency impact	~ 2.5%
Divestiture impact	~ (1)%
Reported sales growth	<u>5% to 8%</u>

Segment Operating Margin

	<u>\$ ~ 6.7</u>
Total sales (a)	
Total segment operating earnings (b)	~ 1.4
Costs not allocated to segments	~ 0.2
Income before income taxes (c)	<u>\$ ~ 1.2</u>
Total segment operating margin (b/a)	~ 21.5 %
Pretax margin (c/a)	~ 18 %

Adjusted Effective Tax Rate

Effective tax rate	~ 24.5 %
Tax effect of non-operating pension costs	~ — %
Adjusted Effective Tax Rate	<u>~ 24.5 %</u>

Adjusted EPS

Diluted EPS from continuing operations	\$7.09 - \$7.39
Non-operating pension costs per diluted share	0.18
Tax effect of non-operating pension costs per diluted share	(0.07)
Adjusted EPS	<u>\$7.20 - \$7.50</u>