

LISTEN.
THINK.
SOLVE.

Fiscal Year 2015 Second Quarter Conference Call

April 30, 2015

 *Allen-Bradley • Rockwell Software*

**Rockwell
Automation**

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 2015 Second Quarter and First Half Highlights

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Q2 Results

- Organic sales up 2.7% YOY
 - Logix sales up 6%; Process up 2%
- Segment operating margin of 21.6%, up 270 bps YOY
- Adjusted EPS of \$1.59, up 18%
- Free cash flow of \$269M

First Half Highlights

- Strong Latin America growth
- Segment operating margin expanded 210 bps YOY
- Adjusted EPS up 15% YOY
- 2015 Ethisphere award winner; one of the world's most ethical companies

Maintaining Adjusted EPS guidance of \$6.50 to \$6.80 for fiscal 2015

Key Financial Information: Second Quarter

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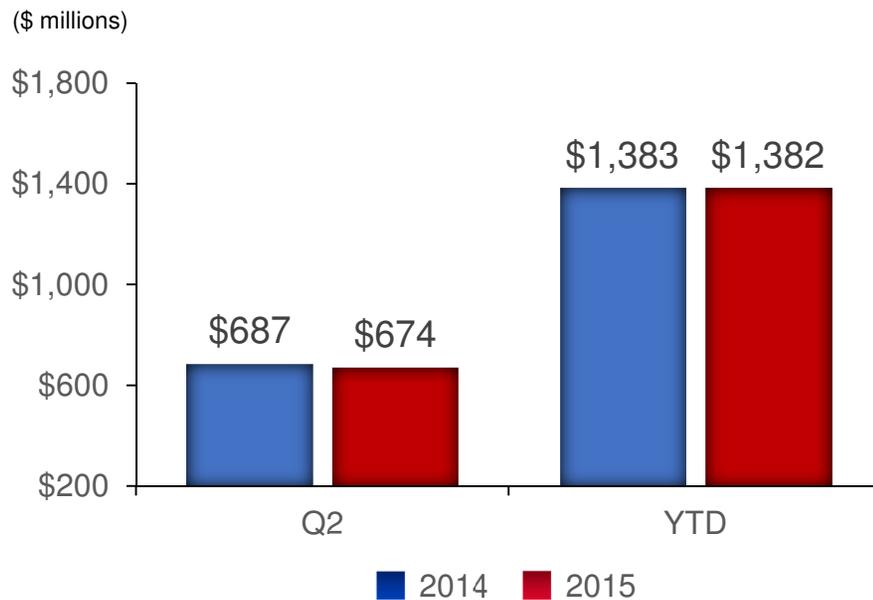
(in millions, except per share amounts)

	<u>Q2 2015</u>	<u>Q2 2014</u>	<u>YOY B/(W)</u>
Sales	\$ 1,551	\$ 1,601	(3.1)%
Segment Operating Margin	21.6%	18.9%	270 bps
General Corporate - Net	\$ 21	\$ 19	\$ (2)
Adjusted EPS	\$ 1.59	\$ 1.35	18%
Adjusted Effective Tax Rate	26.0%	27.9%	190 bps
Free Cash Flow	\$ 269	\$ 188	\$ 81
ROIC	32.0%	30.6%	140 bps

Strong margin, EPS and cash flow performance

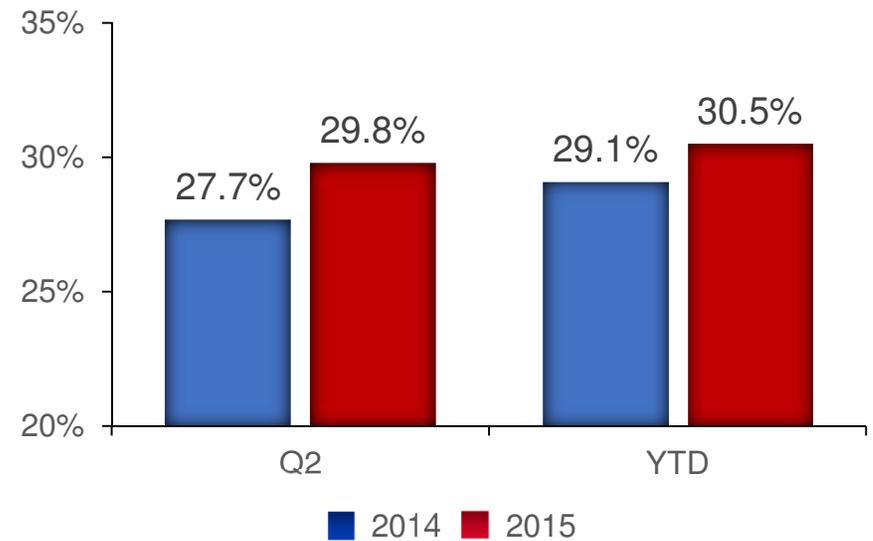
Architecture & Software

Sales



	YOY Sales % Change	
	Q2 2015	YTD
Reported	(1.8)%	0.0%
Organic	4.8%	4.9%

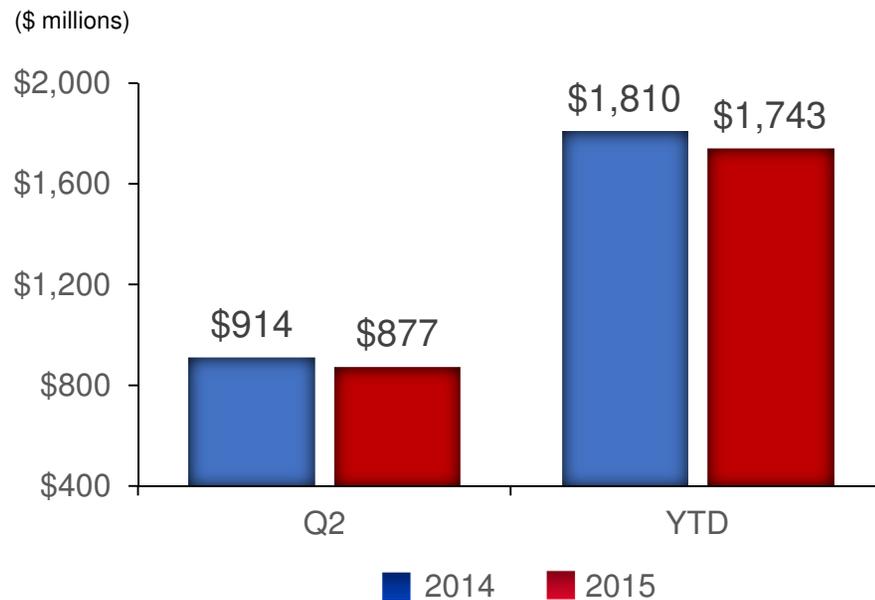
Segment Operating Margin



- Segment operating margin expanded 210 bps in Q2, primarily due to higher organic sales and productivity, partially offset by increased spending

Control Products & Solutions

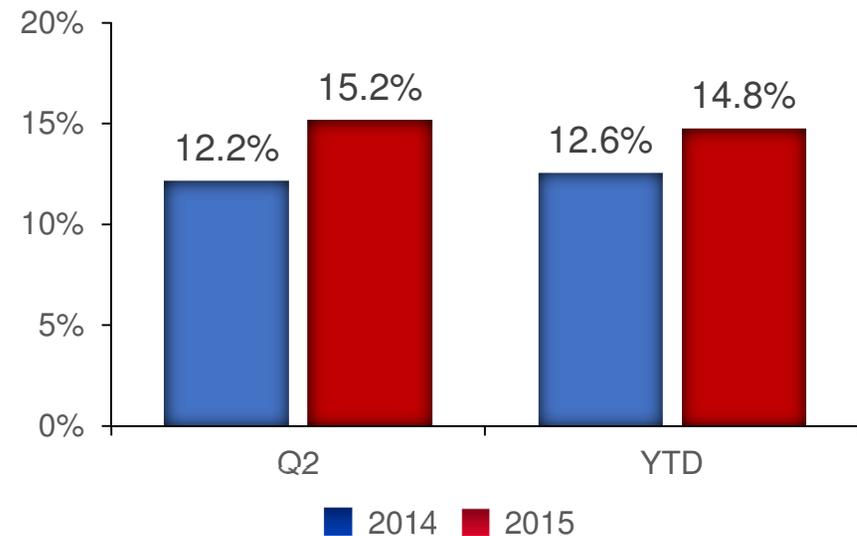
Sales



YOY Sales % Change

	<u>Q2 2015</u>	<u>YTD</u>
Reported	(4.1)%	(3.7)%
Organic	1.2%	0.5%

Segment Operating Margin



- Segment operating margin expanded 300 bps in Q2, primarily due to higher organic sales, strong productivity and favorable mix

Regional Sales

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(in millions, except percentages)

<u>Region</u>	<u>Q2 2015</u>		<u>YTD</u>	
	<u>Sales</u>	<u>Organic % Change</u>	<u>Sales</u>	<u>Organic % Change</u>
U.S.	\$ 863	3.5%	\$1,700	1.8%
Canada	86	(10.8)%	186	(1.7)%
EMEA	286	1.2%	583	0.1%
Asia Pacific	199	3.2%	406	3.0%
Latin America	<u>117</u>	12.8%	<u>250</u>	15.5%
TOTAL	<u>\$1,551</u>	2.7%	<u>\$3,125</u>	2.4%

Second Quarter *

- Solid US growth in spite of oil & gas headwinds
- Canada adversely impacted by resource-based industries
- China up mid-single digits
- Strong growth in Latin America led by Mexico
- Emerging markets up high single digits

* All growth comments refer to organic growth

Revised Fiscal 2015 Guidance

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	<u>January Guidance</u>	<u>April Guidance</u>
Sales Midpoint	~ \$6.6B	~ \$6.4B
Organic Growth Range	2.5% to 5.5%	1.5% to 4.5%
Currency Translation	~ (4.5)%	~ (6.0)%
Acquisitions	0.2%	0.2%
Segment Operating Margin	~ 21%	~ 21.5%
Adjusted Effective Tax Rate	~ 26.5%	~ 26.5%
Adjusted EPS	\$6.50 to \$6.80	\$6.50 to \$6.80
Free Cash Flow as a % of Adjusted Income	~ 100%	100% +

Note: As of April 30, 2015

Appendix

Supplemental Financial Information and
Reconciliations to non-GAAP Measures

Second Quarter Results: Summary

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(in millions, except per share amounts)	<u>Q2 2015</u>	<u>Q2 2014</u>
Total Sales	\$ 1,550.8	\$ 1,600.5
Total Segment Operating Earnings	\$ 334.2	\$ 302.1
Purchase Accounting Depreciation and Amortization	(5.2)	(5.8)
General Corporate - Net	(21.4)	(18.9)
Non-Operating Pension Costs	(15.4)	(14.0)
Interest Expense	(15.7)	(15.0)
Income Tax Provision	(70.5)	(68.1)
Net Income	<u>\$ 206.0</u>	<u>\$ 180.3</u>
<u>Adjustments</u>		
Non-Operating Pension Costs, Net of Tax	10.0	9.0
Adjusted Income	<u>\$ 216.0</u>	<u>\$ 189.3</u>
Adjusted EPS	<u>\$ 1.59</u>	<u>\$ 1.35</u>
Average Diluted Shares	<u>136.0</u>	<u>140.2</u>

Free Cash Flow

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(in millions)	<u>Q2 2015</u>	<u>YTD 2015</u>
Net Income	\$ 206.0	\$ 420.2
Depreciation/Amortization	39.1	79.7
Retirement Benefits Expense	35.2	71.3
Receivables/Inventory/Payables	34.8	73.3
Compensation and Benefits	28.9	(70.3)
Pension Contributions	(12.7)	(21.3)
Income Taxes	(60.9)	(14.0)
Other	14.8	14.5
Cash Flow from Operations	285.2	553.4
Capital Expenditures	(18.0)	(58.0)
Income Tax Benefit from Share-based Compensation	2.2	6.6
Free Cash Flow	<u>\$ 269.4</u>	<u>\$ 502.0</u>

Reconciliation to Non-GAAP Measures

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Organic Sales

(in millions, except percentages)

	Three Months Ended March 31,						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	\$ 863.2	\$ 1.1	\$ 864.3	\$ (2.0)	\$ 862.3	\$ 832.9	3.6%	3.5%
Canada	85.8	10.6	96.4	—	96.4	108.1	(20.6)%	(10.8)%
Europe, Middle East, Africa	285.9	58.4	344.3	(0.2)	344.1	340.0	(15.9)%	1.2%
Asia Pacific	199.4	7.6	207.0	—	207.0	200.5	(0.5)%	3.2%
Latin America	116.5	17.7	134.2	—	134.2	119.0	(2.1)%	12.8%
Total	<u>\$ 1,550.8</u>	<u>\$ 95.4</u>	<u>\$ 1,646.2</u>	<u>\$ (2.2)</u>	<u>\$ 1,644.0</u>	<u>\$ 1,600.5</u>	(3.1)%	2.7%
	Six Months Ended March 31,							
	2015			2014				
	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)
United States	\$ 1,700.0	\$ 1.7	\$ 1,701.7	\$ (3.0)	\$ 1,698.7	\$ 1,669.3	1.8%	1.8%
Canada	185.8	18.4	204.2	—	204.2	207.7	(10.5)%	(1.7)%
Europe, Middle East, Africa	582.8	84.9	667.7	(2.7)	665.0	664.4	(12.3)%	0.1%
Asia Pacific	406.6	13.1	419.7	—	419.7	407.3	(0.2)%	3.0%
Latin America	250.0	31.3	281.3	—	281.3	243.5	2.7%	15.5%
Total	<u>\$ 3,125.2</u>	<u>\$ 149.4</u>	<u>\$ 3,274.6</u>	<u>\$ (5.7)</u>	<u>\$ 3,268.9</u>	<u>\$ 3,192.2</u>	(2.1)%	2.4%

Reconciliation to Non-GAAP Measures

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Organic Sales

(in millions, except percentages)

	Three Months Ended March 31,						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	\$ 674.3	\$ 45.8	\$ 720.1	\$ (0.6)	\$ 719.5	\$ 686.8	(1.8)%	4.8%
Control Products & Solutions	876.5	49.6	926.1	(1.6)	924.5	913.7	(4.1)%	1.2%
Total	\$ 1,550.8	\$ 95.4	\$ 1,646.2	\$ (2.2)	\$ 1,644.0	\$ 1,600.5	(3.1)%	2.7%

	Six Months Ended March 31,						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	\$ 1,382.1	\$ 71.2	\$ 1,453.3	\$ (2.2)	\$ 1,451.1	\$ 1,382.7	—%	4.9%
Control Products & Solutions	1,743.1	78.2	1,821.3	(3.5)	1,817.8	1,809.5	(3.7)%	0.5%
Total	\$ 3,125.2	\$ 149.4	\$ 3,274.6	\$ (5.7)	\$ 3,268.9	\$ 3,192.2	(2.1)%	2.4%

Reconciliation to Non-GAAP Measures



Segment Operating Margin

(in millions, except percentages)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Six Months Ended March 31, 2015	Six Months Ended March 31, 2014
Sales				
Architecture & Software (a)	\$ 674.3	\$ 686.8	\$ 1,382.1	\$ 1,382.7
Control Products & Solutions (b)	876.5	913.7	1,743.1	1,809.5
Total sales (c)	\$ 1,550.8	\$ 1,600.5	\$ 3,125.2	\$ 3,192.2
Segment operating earnings				
Architecture & Software (d)	\$ 200.8	\$ 190.2	\$ 422.2	\$ 402.1
Control Products & Solutions (e)	133.4	111.9	258.8	228.0
Total segment operating earnings (f)	334.2	302.1	681.0	630.1
Purchase accounting depreciation and amortization	(5.2)	(5.8)	(10.6)	(10.4)
General corporate - net	(21.4)	(18.9)	(44.2)	(40.6)
Non-operating pension costs	(15.4)	(14.0)	(31.6)	(28.0)
Interest expense	(15.7)	(15.0)	(30.6)	(29.9)
Income before income taxes (g)	\$ 276.5	\$ 248.4	\$ 564.0	\$ 521.2
Segment operating margin:				
Architecture & Software (d/a)	29.8 %	27.7 %	30.5 %	29.1 %
Control Products & Solutions (e/b)	15.2 %	12.2 %	14.8 %	12.6 %
Total segment operating margin (f/c)	21.6 %	18.9 %	21.8 %	19.7 %
Pretax margin (g/c)	17.8 %	15.5 %	18.0 %	16.3 %

Reconciliation to Non-GAAP Measures

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Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate

(in millions, except per share amounts and percentages)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Six Months Ended March 31, 2015	Six Months Ended March 31, 2014
Income from continuing operations	\$ 206.0	\$ 180.3	\$ 420.2	\$ 378.4
Non-operating pension costs	15.4	14.0	31.6	28.0
Tax effect of non-operating pension costs	(5.4)	(5.0)	(11.0)	(10.0)
Adjusted Income	\$ 216.0	\$ 189.3	\$ 440.8	\$ 396.4
Diluted EPS from continuing operations	\$ 1.51	\$ 1.28	\$ 3.08	\$ 2.70
Non-operating pension costs per diluted share	0.12	0.10	0.23	0.19
Tax effect of non-operating pension costs per diluted share	(0.04)	(0.03)	(0.08)	(0.07)
Adjusted EPS	\$ 1.59	\$ 1.35	\$ 3.23	\$ 2.82
	Fiscal 2015 Guidance			Three Months Ended March 31,
Diluted EPS from continuing operations	\$6.20 - \$6.50			2015
Non-operating pension costs per diluted share	0.46		Effective tax rate	2014
Tax effect of non-operating pension costs per diluted share	(0.16)		Tax effect of non-operating pension costs	25.5%
Adjusted EPS	\$6.50 - \$6.80		Adjusted Effective Tax Rate	27.4%
				0.5%
				26.0%
				27.9%

Non-Operating Pension Costs

(in millions)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Six Months Ended March 31, 2015	Six Months Ended March 31, 2014
Interest cost	\$ 41.6	\$ 43.6	\$ 83.9	\$ 87.2
Expected return on plan assets	(55.8)	(54.5)	(111.9)	(109.0)
Amortization of net actuarial loss	29.6	24.9	59.6	49.8
Non-operating pension costs	\$ 15.4	\$ 14.0	\$ 31.6	\$ 28.0

Reconciliation to Non-GAAP Measures

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Return On Invested Capital

(in millions, except percentages)

	Twelve Months Ended March 31,	
	2015	2014
(a) Return		
Income from continuing operations	\$ 868.6	\$ 797.4
Interest expense	60.0	60.1
Income tax provision	308.4	260.4
Purchase accounting depreciation and amortization	21.8	19.5
Return	<u>1,258.8</u>	<u>1,137.4</u>
(b) Average Invested Capital		
Short-term debt	291.1	245.7
Long-term debt	1,025.5	905.1
Shareowners' equity	2,654.6	2,410.4
Accumulated amortization of goodwill and intangibles	783.2	773.4
Cash and cash equivalents	(1,260.2)	(1,135.7)
Short-term investments	(588.8)	(391.8)
Average invested capital	<u>2,905.4</u>	<u>2,807.1</u>
(c) Effective Tax Rate		
Income tax provision	308.4	260.4
Income from continuing operations before income taxes	<u>\$ 1,177.0</u>	<u>\$ 1,057.8</u>
Effective tax rate	<u>26.2%</u>	<u>24.6%</u>
(a) / (b) * (1-c) Return On Invested Capital	<u>32.0%</u>	<u>30.6%</u>