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### Rockwell Automation Reports First Quarter 2015 Results

January 28, 2015

- Sales down 1.1 percent year over year; up 2.1 percent organically
- Adjusted EPS of \$1.64; diluted EPS of \$1.56
- Company revises fiscal 2015 Adjusted EPS guidance to \$6.50 to \$6.80 due to currency headwinds

MILWAUKEE--(BUSINESS WIRE)--Jan. 28, 2015-- Rockwell Automation, Inc. (NYSE: ROK) today reported fiscal 2015 first quarter sales of \$1,574.4 million, down 1.1 percent from \$1,591.7 million in the first quarter of fiscal 2014. Organic sales grew 2.1 percent, and currency translation reduced sales by 3.4 percent.

Fiscal 2015 first quarter Adjusted EPS was \$1.64, up 12 percent compared to \$1.47 in the first quarter of fiscal 2014. Total segment operating earnings were \$346.8 million in the first quarter of fiscal 2015, up 6 percent from \$328.0 million in the same period of fiscal 2014. Total segment operating margin expanded to 22.0 percent from 20.6 percent a year ago, primarily due to higher organic sales, strong productivity, and favorable mix, partially offset by increased spending.

On a GAAP basis, fiscal 2015 first quarter net income was \$214.2 million or \$1.56 per share, compared to \$198.1 million or \$1.41 per share in the first quarter of fiscal 2014. Pre-tax margin increased to 18.3 percent in the first quarter of fiscal 2015 from 17.1 percent in the same period last year.

Commenting on the results, Keith D. Nosbusch, chairman and chief executive officer, said, "Organic sales growth of 2 percent in the quarter was better than we expected, with particular strength in the Architecture & Software segment and the Latin America region. Although total sales were below last year due to the large currency headwind, Adjusted EPS growth of 12 percent provided a good start to the fiscal year."

#### Outlook

Commenting on the outlook, Nosbusch added, "While most GDP and Industrial Production forecasts continue to call for stable growth in 2015, we are incorporating into our revised outlook a more significant headwind from a stronger U.S. dollar and the anticipated impact of lower oil prices. We now expect fiscal 2015 reported sales of about \$6.6 billion, which includes a currency headwind of about 4.5 points and an organic sales growth range of 2.5 to 5.5 percent. Based on that sales outlook, we are revising our Adjusted EPS guidance to a range of \$6.50 to \$6.80.

"Our revenue diversification works, and we're executing very well across the globe. We remain excited about our opportunities across a broad range of industries, in Process, with OEMs and with The Connected Enterprise, and continue to invest in all of these areas."

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

#### Architecture & Software

Architecture & Software fiscal 2015 first quarter sales were \$707.8 million, an increase of 1.7 percent from \$695.9 million in the same period last year. Organic sales increased 5.1 percent, and currency translation reduced sales by 3.6 percent. Segment operating earnings were \$221.4 million in the first quarter of fiscal 2015 compared to \$211.9 million in the first quarter of fiscal 2014. Segment operating margin increased to 31.3 percent in the first quarter of fiscal 2015 from 30.4 percent a year ago.

#### Control Products & Solutions

Control Products & Solutions fiscal 2015 first quarter sales were \$866.6 million, a decrease of 3.3 percent compared to \$895.8 million in the same period last year. Organic sales decreased 0.3 percent, and

NYSE:ROK

\$257.15

Change: -12.02 (-4.47)

Volume: 685,489

December 15, 2022  
20 minutes delay

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Free cash flow was \$232.6 million in the first quarter of fiscal 2015. Cash flow provided by operating activities was \$268.2 million in the first quarter of fiscal 2015. Return on invested capital was 30.7 percent.

Fiscal 2015 first quarter general corporate-net expense was \$22.8 million compared to \$21.7 million in the first quarter of fiscal 2014.

The Adjusted Effective Tax Rate for the first quarter of fiscal 2015 was 26.0 percent compared to 27.8 percent in the first quarter of fiscal 2014. The Company now expects the full-year Adjusted Effective Tax Rate for fiscal 2015 to be approximately 26.5 percent. On a GAAP basis, the effective tax rate in the first quarter of fiscal 2015 was 25.5 percent compared to 27.4 percent a year ago. Both the quarter and the full-year rates reflect the retroactive extension of the U.S. research and development credit for 2014.

During the first quarter of fiscal 2015, the Company repurchased 1.55 million shares of its common stock at a cost of \$167.3 million. At December 31, 2014, \$884.0 million remained available under the \$1.0 billion share repurchase authorization approved in June 2014.

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 January 28, 2015. 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, commodity prices, 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 business due to natural disasters, pandemics, acts of war, strikes, terrorism, social unrest or other causes;
- intellectual property infringement claims by others and the ability to protect our intellectual property;
- the uncertainty of 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.

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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 22,500 people serving customers in more than 80 countries.

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

	Three Months Ended December 31,	
	2014	2013
Sales		
Architecture & Software (a)	\$ 707.8	\$ 695.9
Control Products & Solutions (b)	866.6	895.8
Total sales (c)	<u>\$ 1,574.4</u>	<u>\$ 1,591.7</u>
Segment operating earnings		
Architecture & Software (d)	\$ 221.4	\$ 211.9
Control Products & Solutions (e)	125.4	116.1
Total segment operating earnings <sup>1</sup> (f)	<u>346.8</u>	<u>328.0</u>
Purchase accounting depreciation and amortization	(5.4)	(4.6)
General corporate—net	(22.8)	(21.7)
Non-operating pension costs	(16.2)	(14.0)
Interest expense	(14.9)	(14.9)
Income before income taxes (g)	<u>287.5</u>	<u>272.8</u>
Income tax provision	(73.3)	(74.7)
Net income	<u>\$ 214.2</u>	<u>\$ 198.1</u>
Diluted EPS	<u>\$ 1.56</u>	<u>\$ 1.41</u>
Adjusted EPS <sup>2</sup>	<u>\$ 1.64</u>	<u>\$ 1.47</u>
Average diluted shares	<u>136.9</u>	<u>140.4</u>
Segment operating margin		
Architecture & Software (d/a)	31.3 %	30.4 %
Control Products & Solutions (e/b)	14.5 %	13.0 %
Total segment operating margin <sup>1</sup> (f/c)	22.0 %	20.6 %
Pre-tax margin (g/c)	18.3 %	17.1 %

<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 December 31,	
	2014	2013
Sales	\$ 1,574.4	\$ 1,591.7
Cost of sales	(886.9)	(928.0)
Gross profit	<u>687.5</u>	<u>663.7</u>
Selling, general and administrative expenses	(386.9)	(385.4)
Other income	1.8	9.4

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## Net income

\$	214.2	\$	198.1
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**ROCKWELL AUTOMATION, INC.**  
**CONDENSED BALANCE SHEET INFORMATION**  
(in millions)

	December 31, 2014	September 30, 2014
<b>Assets</b>		
Cash and cash equivalents	\$ 1,291.9	\$ 1,191.3
Short-term investments	620.8	628.5
Receivables	1,106.7	1,215.8
Inventories	593.5	588.4
Property, net	612.4	632.9
Goodwill and intangibles	1,297.0	1,296.8
Other assets	679.7	675.8
Total	<u>\$ 6,202.0</u>	<u>\$ 6,229.5</u>
<b>Liabilities and Shareowners' Equity</b>		
Short-term debt	\$ 508.0	\$ 325.0
Accounts payable	479.6	520.6
Long-term debt	905.6	905.6
Other liabilities	1,739.7	1,820.2
Shareowners' equity	2,569.1	2,658.1
Total	<u>\$ 6,202.0</u>	<u>\$ 6,229.5</u>

**ROCKWELL AUTOMATION, INC.**  
**CONDENSED CASH FLOW INFORMATION**  
(in millions)

	Three Months Ended December 31,	
	2014	2013
<b>Operating activities:</b>		
Income from continuing operations	\$ 214.2	\$ 198.1
Depreciation and amortization	40.6	35.9
Retirement benefits expense	36.1	33.3
Pension contributions	(8.6)	(11.2)
Receivables/inventories/payables	38.5	(24.5)
Advanced payments from customers and deferred revenue	7.5	13.1
Compensation and benefits	(99.2)	(67.6)
Income taxes	46.9	27.6
Other	(7.8)	(1.2)
Cash provided by operating activities	<u>268.2</u>	<u>203.5</u>
<b>Investing activities:</b>		
Capital expenditures	(40.0)	(35.6)
Acquisition of business, net of cash acquired	(21.2)	(68.1)
Purchases of short-term investments	(171.6)	(87.5)
Proceeds from maturities of short-term investments	175.7	95.5
Proceeds from sale of property	0.1	0.2
Other investing activities	—	(3.4)
Cash used for investing activities	<u>(57.0)</u>	<u>(98.9)</u>
<b>Financing activities:</b>		
Net issuance of short-term debt	183.0	72.0
Cash dividends	(88.1)	(80.5)
Purchases of treasury stock	(168.4)	(110.0)
Proceeds from the exercise of stock options	4.7	48.1
Excess income tax benefit from share-based compensation	4.4	10.7
Cash used for financing activities	<u>(64.4)</u>	<u>(59.7)</u>
Effect of exchange rate changes on cash	(46.2)	0.2
Increase in cash and cash equivalents	<u>\$ 100.6</u>	<u>\$ 45.1</u>

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

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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 months ended December 31, 2014 compared to sales for the three months ended December 31, 2013:

	Three Months Ended December 31,					
	2014					2013
	Sales	Effect of Changes in Currency	Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Sales	Sales
United States	\$ 836.8	\$ 0.6	\$ 837.4	\$ (1.0)	\$ 836.4	\$ 836.4
Canada	100.0	7.8	107.8	—	107.8	99.6
Europe, Middle East, Africa	296.9	26.5	323.4	(2.5)	320.9	324.4
Asia Pacific	207.2	5.5	212.7	—	212.7	206.8
Latin America	133.5	13.6	147.1	—	147.1	124.5
Total	\$ 1,574.4	\$ 54.0	\$ 1,628.4	\$ (3.5)	\$ 1,624.9	\$ 1,591.7

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

	Three Months Ended December 31,					
	2014					2013
	Sales	Effect of Changes in Currency	Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Sales	Sales
Architecture & Software	\$ 707.8	\$ 25.4	\$ 733.2	\$ (1.6)	\$ 731.6	\$ 695.9
Control Products & Solutions	866.6	28.6	895.2	(1.9)	893.3	895.8
Total	\$ 1,574.4	\$ 54.0	\$ 1,628.4	\$ (3.5)	\$ 1,624.9	\$ 1,591.7

**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.

The following are the components of operating and non-operating pension costs for the three months ended December 31, 2014 and 2013:

	Three Months Ended December 31,	
	2014	2013
Service cost	\$ 21.7	\$ 19.7
Amortization of prior service credit	(0.7)	(0.7)
Operating pension costs	21.0	19.0
Interest cost	42.3	43.6
Expected return on plan assets	(56.1)	(54.5)
Amortization of net actuarial loss	30.0	24.9

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The following are reconciliations 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 December 31,	
	2014	2013
Income from continuing operations	\$ 214.2	\$ 198.1
Non-operating pension costs	16.2	14.0
Tax effect of non-operating pension costs	(5.6)	(5.0)
Adjusted Income	\$ 224.8	\$ 207.1
Diluted EPS from continuing operations	\$ 1.56	\$ 1.41
Non-operating pension costs per diluted share	0.12	0.10
Tax effect of non-operating pension costs per diluted share	(0.04)	(0.04)
Adjusted EPS	\$ 1.64	\$ 1.47
Effective tax rate	25.5%	27.4%
Tax effect of non-operating pension costs	0.5%	0.4%
Adjusted Effective Tax Rate	26.0%	27.8%

	Fiscal 2015 Guidance	Year Ended September 30, 2014
	Diluted EPS from continuing operations	\$6.19 - \$6.49
Non-operating pension costs per diluted share	0.48	0.40
Tax effect of non-operating pension costs per diluted share	(0.17)	(0.14)
Adjusted EPS	\$6.50 - \$6.80	\$ 6.17

**ROCKWELL AUTOMATION, INC.**  
**OTHER SUPPLEMENTAL INFORMATION**  
(in millions, except percentages)

### 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, 2013	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014
Cash provided by continuing operating activities	\$ 203.5	\$ 202.8	\$ 301.1	\$ 325.9	\$ 268.2
Capital expenditures	(35.6)	(22.7)	(38.1)	(44.6)	(40.0)
Excess income tax benefit from share-based compensation	10.7	7.9	10.5	0.8	4.4
Free cash flow	\$ 178.6	\$ 188.0	\$ 273.5	\$ 282.1	\$ 232.6

### 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 evaluate performance. Our measure of ROIC may be different from that used by other companies. We define ROIC as the percentage resulting from the following calculation:

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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 December 31,	
	2014	2013
<b>(a) Return</b>		
Income from continuing operations	\$ 842.9	\$ 793.0
Interest expense	59.3	60.4
Income tax provision	306.0	243.5
Purchase accounting depreciation and amortization	22.4	18.7
Return	1,230.6	1,115.6
<b>(b) Average invested capital</b>		
Short-term debt	341.3	227.8
Long-term debt	905.4	905.1
Shareowners' equity	2,677.4	2,253.9
Accumulated amortization of goodwill and intangibles	778.6	774.4
Cash and cash equivalents	(1,228.8)	(1,078.6)
Short-term investments	(534.8)	(364.6)
Average invested capital	2,939.1	2,718.0
<b>(c) Effective tax rate</b>		
Income tax provision	306.0	243.5
Income from continuing operations before income taxes	\$ 1,148.9	\$ 1,036.5
Effective tax rate	26.6%	23.5%
<b>(a) / (b) * (1-c) Return On Invested Capital</b>	<b>30.7%</b>	<b>31.4%</b>

Source: Rockwell Automation, Inc.

Rockwell Automation  
John Bernaden  
Media Relations  
414.382.2555  
or  
Rockwell Automation  
Rondi Rohr-Dralle  
Investor Relations  
414.382.8510

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