

# Stock Merger Report

## United Technologies [UTX] Is Interested in Acquiring Rockwell [ROK] – How Much Should be Offered?

### What is happening?

United Technologies [UTX] is interested in acquiring Rockwell Automation [ROK].

### Does it make sense?

Both are Largecap Industrial conglomerate enterprises and are involved in several similar and complementary services. They are also involved in many unique and different activities that are not necessarily complementary. This is a merger that will be based on the financials.

Currently, United Technologies is trading at 98.9% fair value (Fv) placing the stock on solid basis to make an acquisition, but it also means the acquisition will not be made at a discount unless the stock can be acquired below 100% Fv. United Technologies has performed well this year posting a 10.8% return.

Rockwell Automation is trading at 117.8% Fv placing the stock close to the cautionary level of valuation on the high side. If United Technologies were to offer a 1:1 share acquisition at current prices the offer would be close to a 20% premium.

If United Technologies were to make an offer for Rockwell Automation it should be in the range of \$165 to \$170 / share or around 1.4 shares of United Technologies for every share of Rockwell Automation. It will be interesting to see if the offer is close to these values. An offer higher than the range proposed would represent an offer that is too expensive.

