

ModernGraham Valuation

Company Name:

WestRock Co

Company Ticker

WRK

Date of Analysis

9/3/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
5. Earnings Growth	PEmg < 20	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	Pass
7. Moderate Price to Assets		

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Fail
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.24
MG Growth Estimate	9.22%
MG Value	\$87.14
MG Value based on 3% Growth	\$46.92
MG Value based on 0% Growth	\$27.50
Market Implied Growth Rate	4.88%

MG Opinion

Current Price	\$59.08
% of Intrinsic Value	67.80%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$27.85
Graham Number	\$47.34
PEmg	18.26
Current Ratio	1.75
PB Ratio	1.85
Dividend Yield	1.48%
Number of Consecutive Years of Dividend Growth	3

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.12	Next Fiscal Year Estimate	\$3.24
Sep14	\$3.29	Sep14	\$3.14
Sep13	\$4.98	Sep13	\$2.97
Sep12	\$1.73	Sep12	\$1.97
Sep11	\$1.39	Sep11	\$2.00
Sep10	\$2.85	Sep10	\$2.09
Sep09	\$2.86	Sep09	\$1.51
Sep08	\$1.07	Sep08	\$0.76
Sep07	\$1.04	Sep07	\$0.56
Sep06	\$0.39	Sep06	\$0.33
Sep05	\$0.25	Sep05	\$0.31
Sep04	\$0.25	Sep04	\$0.32
Sep03	\$0.42	Sep03	\$0.34
Sep02	\$0.39	Sep02	\$0.32
Sep01	\$0.46	Sep01	\$0.30
Sep00	-\$0.23	Sep00	\$0.28
Sep99	\$0.57	Sep99	\$0.54
Sep98	\$0.60	Balance Sheet Information Jun15	
Sep97	\$0.24	Total Current Assets	\$2,304,800,000
Sep96	\$0.75	Total Current Liabilities	\$1,316,300,000
Sep95	\$0.61	Long-Term Debt	\$2,514,500,000
		Total Assets	\$10,835,700,000
		Intangible Assets	\$2,541,400,000
		Total Liabilities	\$6,279,600,000
		Shares Outstanding (Diluted Average)	142,700,000



Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

[International Paper Company Analysis – September 2015 Update \\$IP](#)
[Ball Corporation Analysis – 2015 Update \\$BLL](#)
[Bemis Company Analysis – June 2015 Update \\$BMS](#)
[MeadWestvaco Corporation Analysis – June 2015 Quarterly Update \\$MWV](#)
[International Paper Stock Analysis – May 2015 Quarterly Update \\$IP](#)
[Sealed Air Corporation Annual Valuation – 2015 \\$SEE](#)
[Bemis Company Inc. Quarterly Valuation – March 2015 \\$BMS](#)
[MeadWestvaco Corporation Quarterly Valuation – February 2015 \\$MWV](#)
[Owens-Illinois Inc. Annual Valuation – 2015 \\$OI](#)
[International Paper Company Quarterly Valuation – January 2015 \\$IP](#)