

ModernGraham Valuation

Company Name:

WestRock Co

Company Ticker WRK

Date of Analysis

1/26/2016



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	\$8,253,958,468	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.92	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	89.52%	Pass
6. Moderate PEmg Ratio	PEmg < 20	9.79	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.73	Pass

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	1.92	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.78	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	\$3.28
MG Growth Estimate	10.01%
MG Value	\$93.49
MG Value based on 3% Growth	\$47.54
MG Value based on 0% Growth	\$27.87
Market Implied Growth Rate	0.64%

MG Opinion

Current Price	\$32.08
% of Intrinsic Value	34.31%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$36.00
Graham Number	\$56.96
PEmg	9.79
Current Ratio	1.92
PB Ratio	0.73
Dividend Yield	3.34%
Number of Consecutive Years of Dividend Growth	4

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	\$3.18	Next Fiscal Year Estimate	\$3.28
Sep2015	\$2.93	Sep2015	\$3.17
Sep2014	\$3.29	Sep2014	\$3.14
Sep2013	\$4.98	Sep2013	\$2.97
Sep2012	\$1.73	Sep2012	\$1.97
Sep2011	\$1.39	Sep2011	\$2.00
Sep2010	\$2.85	Sep2010	\$2.09
Sep2009	\$2.86	Sep2009	\$1.51
Sep2008	\$1.07	Sep2008	\$0.76
Sep2007	\$1.04	Sep2007	\$0.56
Sep2006	\$0.39	Sep2006	\$0.33
Sep2005	\$0.25	Sep2005	\$0.31
Sep2004	\$0.25	Sep2004	\$0.32
Sep2003	\$0.42	Sep2003	\$0.34
Sep2002	\$0.39	Sep2002	\$0.32
Sep2001	\$0.46	Sep2001	\$0.30
Sep2000	-\$0.23	Sep2000	\$0.28
Sep1999	\$0.57	Balance Sheet Information Sep2015	
Sep1998	\$0.60	Total Current Assets	\$4,160,400,000
Sep1997	\$0.24	Total Current Liabilities	\$2,163,200,000
Sep1996	\$0.75	Long-Term Debt	\$5,558,300,000
		Total Assets	\$25,356,800,000
		Intangible Assets	\$9,246,700,000
		Total Liabilities	\$13,705,000,000
		Shares Outstanding (Diluted Average)	265,100,000





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

- [10 Undervalued Companies for the Defensive Dividend Stock Investor – December 2015](#)
- [5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – November 2015](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – November 2015](#)
- [15 Best Stocks For Value Investors This Week – 9/4/15](#)
- [WestRock Co. Analysis – Initial Coverage \\$WRK](#)

Other ModernGraham posts about related companies

- [International Paper Co Valuation – December 2015 Update \\$IP](#)
- [Bemis Company Inc. Analysis – September 2015 Update \\$BMS](#)
- [WestRock Co. Analysis – Initial Coverage \\$WRK](#)
- [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](#)