

ModernGraham Valuation

Company Name:

Avery Dennison Corp

Company Ticker AVY

Date of Analysis

6/26/2016



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	\$6,267,184,330	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.18	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-748.82%	Fail
6. Moderate PEmg Ratio	PEmg < 20	24.59	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.93	Fail

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	1.18	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.29	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	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.99
MG Growth Estimate	15.00%
MG Value	\$115.24
MG Value based on 3% Growth	\$43.40
MG Value based on 0% Growth	\$25.44
Market Implied Growth Rate	8.05%

MG Opinion

Current Price	\$73.62
% of Intrinsic Value	63.88%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.30
Graham Number	\$30.37
PEmg	24.59
Current Ratio	1.18
PB Ratio	6.93
Current Dividend	\$1.48
Dividend Yield	2.01%
Number of Consecutive Years of Dividend Growth	6

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.78	Next Fiscal Year Estimate	\$2.99
Dec2015	\$2.95	Dec2015	\$2.50
Dec2014	\$2.60	Dec2014	\$2.29
Dec2013	\$2.16	Dec2013	\$1.55
Dec2012	\$2.08	Dec2012	\$0.98
Dec2011	\$1.78	Dec2011	\$0.51
Dec2010	\$2.97	Dec2010	\$0.26
Dec2009	-\$7.21	Dec2009	-\$0.43
Dec2008	\$2.70	Dec2008	\$2.94
Dec2007	\$3.07	Dec2007	\$3.00
Dec2006	\$3.66	Dec2006	\$2.91
Dec2005	\$2.25	Dec2005	\$2.54
Dec2004	\$2.78	Dec2004	\$2.68
Dec2003	\$2.68	Dec2003	\$2.60
Dec2002	\$2.59	Dec2002	\$2.52
Dec2001	\$2.47	Dec2001	\$2.42
Dec2000	\$2.84	Dec2000	\$2.31
Dec1999	\$2.13	Balance Sheet Information 3/1/2016	
Dec1998	\$2.15	Total Current Assets	\$1,887,400,000
Dec1997	\$1.93	Total Current Liabilities	\$1,594,200,000
Dec1996	\$1.62	Long-Term Debt	\$963,300,000
		Total Assets	\$4,249,400,000
		Intangible Assets	\$736,400,000
		Total Liabilities	\$3,281,100,000
		Shares Outstanding (Diluted Average)	91,100,000





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.

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