

ModernGraham Valuation

Company Name:

WestRock Co

Company Ticker WRK

Date of Analysis

8/4/2016



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	\$11,297,233,407	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.74	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	73.49%	Pass
6. Moderate PEmg Ratio	PEmg < 20	14.46	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.03	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	1.74	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.10	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	\$3.02
MG Growth Estimate	8.04%
MG Value	\$74.34
MG Value based on 3% Growth	\$43.85
MG Value based on 0% Growth	\$25.71
Market Implied Growth Rate	2.98%

MG Opinion

Current Price	\$43.72
% of Intrinsic Value	58.81%
Opinion	Undervalued
MG Grade	A

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$38.40
Graham Number	\$48.57
PEmg	14.46
Current Ratio	1.74
PB Ratio	1.03
Current Dividend	\$1.45
Dividend Yield	3.31%
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	\$2.42	Next Fiscal Year Estimate	\$3.02
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	\$2.01
Sep2010	\$2.85	Sep2010	\$2.09
Sep2009	\$2.88	Sep2009	\$1.52
Sep2008	\$1.07	Sep2008	\$0.76
Sep2007	\$1.04	Sep2007	\$0.56
Sep2006	\$0.39	Sep2006	\$0.33
Sep2005	\$0.25	Sep2005	\$0.32
Sep2004	\$0.25	Sep2004	\$0.32
Sep2003	\$0.43	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 3/1/2016	
Sep1998	\$0.60	Total Current Assets	\$4,449,200,000
Sep1997	\$0.24	Total Current Liabilities	\$2,557,100,000
Sep1996	\$0.75	Long-Term Debt	\$5,858,300,000
		Total Assets	\$25,268,400,000
		Intangible Assets	\$8,659,600,000
		Total Liabilities	\$14,333,000,000
		Shares Outstanding (Diluted Average)	257,400,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author held a long position in WRK 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 – July 2016](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – June 2016](#)
- [Stocks Trading Below Their Graham Number – June 2016](#)
- [10 Most Undervalued Companies for the Defensive Investor – June 2016](#)
- [10 Low PE Stocks for the Defensive Investor – May 2016](#)

Other ModernGraham posts about related companies

- [Bemis Company Inc Valuation – July 2016 \\$BMS](#)
- [Owens-Illinois Inc Valuation – June 2016 \\$OI](#)
- [Bemis Co Inc Valuation – January 2016 Update \\$BMS](#)
- [WestRock Co Valuation – January 2016 Update \\$WRK](#)
- [WestRock Co Valuation – January 2016 Update \\$WRK](#)
- [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](#)