

ModernGraham Valuation

Company Name:

WestRock Co

Company Ticker

WRK

Date of Analysis

12/5/2016



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	\$12,959,627,469	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.79	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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		
5. Earnings Growth		-41.40%	Fail
6. Moderate PEmg Ratio	PEmg < 20	28.53	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.37	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	1.79	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.18	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.81
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$26.19
MG Value based on 0% Growth	\$15.35
Market Implied Growth Rate	10.01%

MG Opinion

Current Price	\$51.52
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

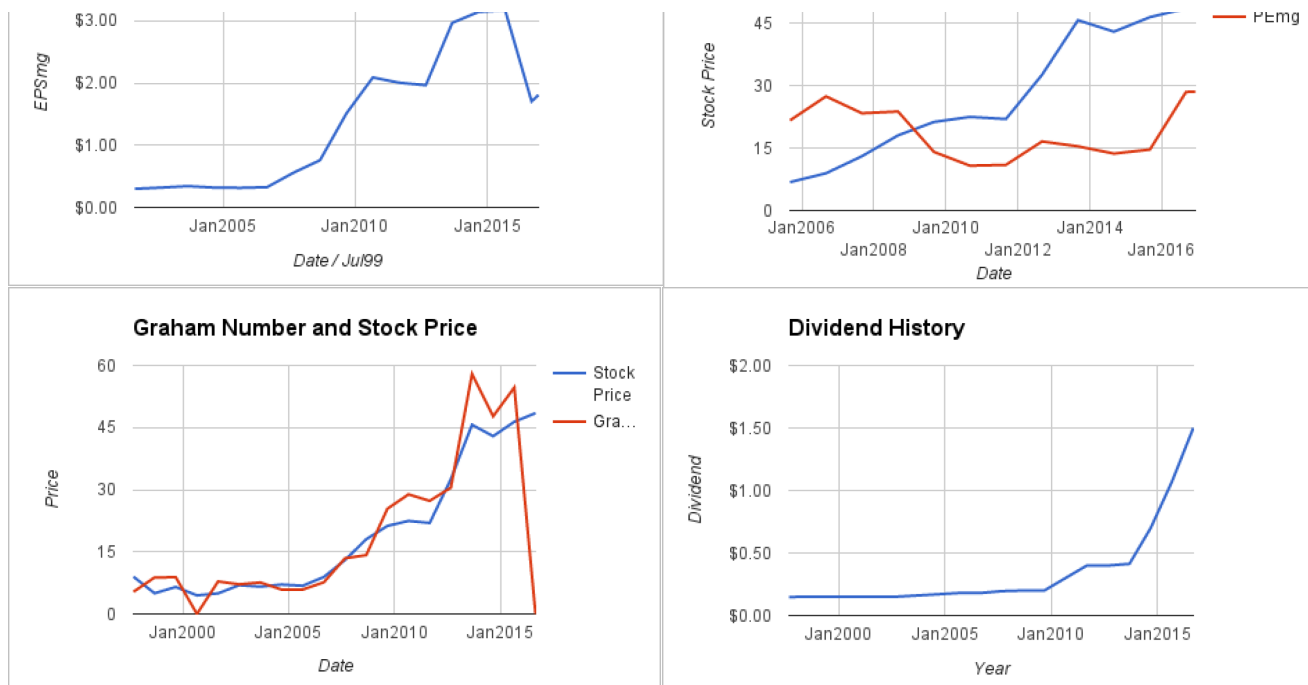
Net Current Asset Value (NCAV)	-\$36.44
Graham Number	\$47.43
PEmg	28.53
Current Ratio	1.79
PB Ratio	1.37
Current Dividend	\$1.50
Dividend Yield	2.91%
Number of Consecutive Years of Dividend Growth	5

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		Next Fiscal Year Estimate	\$1.81
Sep2016	-\$1.54	Sep2016	\$1.70
Sep2015	\$2.93	Sep2015	\$3.17
Sep2014	\$3.29	Sep2014	\$3.14
Sep2013	\$4.98	Sep2013	\$2.97
Sep2012	\$1.72	Sep2012	\$1.96
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	\$0.32
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	Balance Sheet Information 9/1/2016	
Sep1999	\$0.57	Total Current Assets	\$3,912,600,000
Sep1998	\$0.60	Total Current Liabilities	\$2,183,000,000
Sep1997	\$0.24	Long-Term Debt	\$5,496,300,000
		Total Assets	\$23,038,200,000
		Intangible Assets	\$7,377,400,000
		Total Liabilities	\$13,309,400,000
		Shares Outstanding (Diluted Average)	257,900,000





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**

[WestRock Co Valuation – August 2016 \\$WRK](#)
[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](#)

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[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](#)
[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](#)