

ModernGraham Valuation

Company Name:

Company Ticker KS

Date of Analysis

2/24/2017

KapStone Paper and
Packaging Corp.



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	\$2,200,245,707	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.26	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	53.30%	Pass
5. Earnings Growth	PEmg < 20	19.02	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.48	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	2.26	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.47	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
	Score		

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.20
MG Growth Estimate	4.76%
MG Value	\$21.65
MG Value based on 3% Growth	\$17.43
MG Value based on 0% Growth	\$10.22
Market Implied Growth Rate	5.26%

MG Opinion

Current Price	\$22.86
% of Intrinsic Value	105.60%
Opinion	Fairly Valued
MG Grade	B-

Stage 3: Information for Further Research

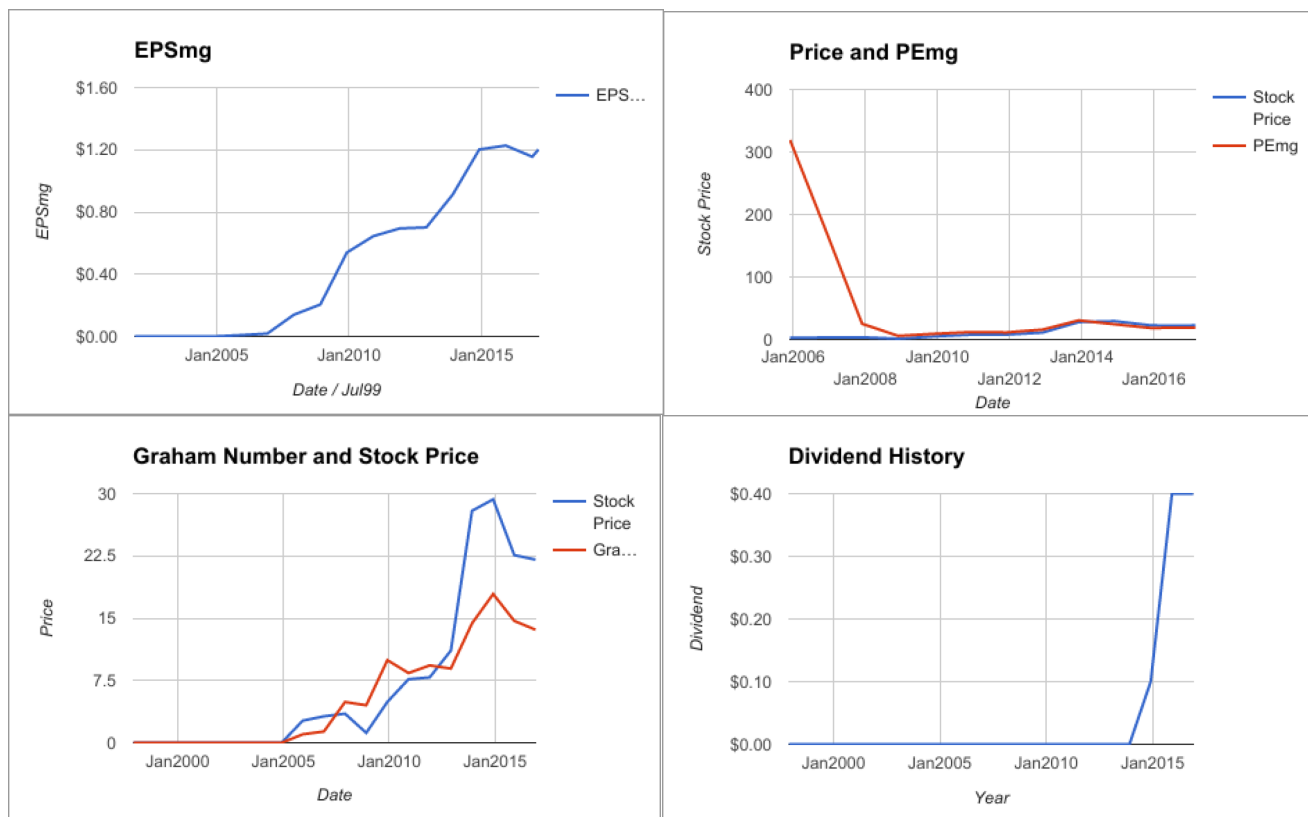
Net Current Asset Value (NCAV)	-\$16.11
Graham Number	\$16.42
PEmg	19.02
Current Ratio	2.26
PB Ratio	2.48
Current Dividend	\$0.40
Dividend Yield	1.75%
Number of Consecutive Years of Dividend Growth	0

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	\$1.28	Next Fiscal Year Estimate	\$1.20
Dec2016	\$0.88	Dec2016	\$1.16
Dec2015	\$1.09	Dec2015	\$1.23
Dec2014	\$1.76	Dec2014	\$1.20
Dec2013	\$1.32	Dec2013	\$0.91
Dec2012	\$0.65	Dec2012	\$0.70
Dec2011	\$0.66	Dec2011	\$0.69
Dec2010	\$0.69	Dec2010	\$0.64
Dec2009	\$1.15	Dec2009	\$0.54
Dec2008	\$0.29	Dec2008	\$0.21
Dec2007	\$0.38	Dec2007	\$0.14
Dec2006	\$0.04	Dec2006	\$0.02
Dec2005	\$0.03	Dec2005	\$0.01
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Balance Sheet Information 12/1/2016	
Dec1999	\$0.00	Total Current Assets	\$768,820,000
Dec1998	\$0.00	Total Current Liabilities	\$340,693,000
Dec1997	\$0.00	Long-Term Debt	\$1,485,323,000
		Total Assets	\$3,255,875,000
		Intangible Assets	\$1,020,030,000
		Total Liabilities	\$2,351,545,000
		Shares Outstanding (Diluted Average)	98,257,000





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

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