

ModernGraham Valuation

Company Name:

Avery Dennison Corp

Company Ticker AVY

Date of Analysis

3/17/2018



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	\$9,815,381,635	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.13	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	-606.10%	Fail
5. Earnings Growth	PEmg < 20	27.68	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	9.61	Fail
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	1.13	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.03
MG Growth Estimate	11.62%
MG Value	\$128.02
MG Value based on 3% Growth	\$58.48
MG Value based on 0% Growth	\$34.28
Market Implied Growth Rate	9.59%

MG Opinion

Current Price	\$111.63
% of Intrinsic Value	87.19%
Opinion	Fairly Valued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$20.56
Graham Number	\$39.32
PEmg	27.68
Current Ratio	1.13
PB Ratio	9.61
Current Dividend	\$1.76
Dividend Yield	1.58%
Number of Consecutive Years of Dividend Growth	7

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	
	\$5.78		\$4.03
Dec2017	\$3.13	Dec2017	\$3.06
Dec2016	\$3.54	Dec2016	\$2.90
Dec2015	\$2.95	Dec2015	\$2.49
Dec2014	\$2.56	Dec2014	\$2.27
Dec2013	\$2.13	Dec2013	\$1.54
Dec2012	\$2.08	Dec2012	\$0.98
Dec2011	\$1.78	Dec2011	\$0.51
Dec2010	\$2.97	Dec2010	\$0.26
Dec2009	-\$7.21	Dec2009	-\$0.42
Dec2008	\$2.70	Dec2008	\$2.95
Dec2007	\$3.07	Dec2007	\$3.02
Dec2006	\$3.72	Dec2006	\$2.93
Dec2005	\$2.26	Dec2005	\$2.54
Dec2004	\$2.78	Dec2004	\$2.68
Dec2003	\$2.67	Dec2003	\$2.60
Dec2002	\$2.59	Dec2002	\$2.52
Dec2001	\$2.47	Balance Sheet Information	
Dec2000	\$2.84	12/1/2017	
Dec1999	\$2.13	Total Current Assets	\$2,237,900,000
Dec1998	\$2.15	Total Current Liabilities	\$1,971,800,000
		Long-Term Debt	\$0
		Total Assets	\$5,136,900,000
		Intangible Assets	\$1,151,400,000
		Total Liabilities	\$4,090,700,000
		Shares Outstanding (Diluted Average)	90,100,000





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

[Avery Dennison Corporation Annual Valuation – 2015 \\$AVY](#)
[14 Companies in the Spotlight This Week – 1/11/14](#)
[ModernGraham Valuation: Avery Dennison Corp \(\\$AVY\)](#)

Other
ModernGraham
posts about related
companies

[Paychex Inc Valuation – March 2018 \\$PAYX](#)
[United Rentals Inc Valuation – September 2017 \\$URI](#)
[Exponent Inc Valuation – Initial Coverage \\$EXPO](#)
[ExlService Holdings Inc Valuation – Initial Coverage \\$EXLS](#)
[Trueblue Inc Valuation – Initial Coverage \\$TBI](#)
[Global Payments Inc Valuation – Initial Coverage \\$GPN](#)
[Strayer Education Inc Valuation – Initial Coverage \\$STRA](#)
[Robert Half International Inc Valuation – February 2017 \\$RHI](#)
[Multi-Color Corporation Valuation – Initial Coverage \\$LABL](#)
[Kinaxis Inc Valuation – Initial Coverage \\$TSE:KXS](#)