

ModernGraham Valuation

Packaging Corp Of
America



Company Name:

Company Ticker PKG

Date of Analysis

3/30/2018

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	\$10,633,221,383	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.30	Pass
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	208.75%	Pass
6. Moderate PEmg Ratio	PEmg < 20	18.45	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.84	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	2.30	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.29	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 Score		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.11
MG Growth Estimate	13.57%
MG Value	\$217.72
MG Value based on 3% Growth	\$88.56
MG Value based on 0% Growth	\$51.91
Market Implied Growth Rate	4.98%

MG Opinion

Current Price	\$112.70
% of Intrinsic Value	51.76%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$22.41
Graham Number	\$61.36
PEmg	18.45
Current Ratio	2.30
PB Ratio	4.84
Current Dividend	\$2.52
Dividend Yield	2.24%
Number of Consecutive Years of Dividend Growth	7

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.23	Next Fiscal Year Estimate	\$6.11
Dec2017	\$7.07	Dec2017	\$5.35
Dec2016	\$4.75	Dec2016	\$4.29
Dec2015	\$4.47	Dec2015	\$3.78
Dec2014	\$3.99	Dec2014	\$3.21
Dec2013	\$4.52	Dec2013	\$2.70
Dec2012	\$1.64	Dec2012	\$1.80
Dec2011	\$1.57	Dec2011	\$1.86
Dec2010	\$2.00	Dec2010	\$1.92
Dec2009	\$2.60	Dec2009	\$1.73
Dec2008	\$1.31	Dec2008	\$1.21
Dec2007	\$1.61	Dec2007	\$1.03
Dec2006	\$1.20	Dec2006	\$0.67
Dec2005	\$0.49	Dec2005	\$0.43
Dec2004	\$0.64	Dec2004	\$0.49
Dec2003	-\$0.14	Dec2003	\$0.47
Dec2002	\$0.45	Dec2002	\$0.77
Dec2001	\$0.98	Balance Sheet Information 12/1/2017	
Dec2000	\$1.33	Total Current Assets	\$1,915,100,000
Dec1999	\$0.32	Total Current Liabilities	\$832,700,000
Dec1998	\$0.76	Long-Term Debt	\$2,480,400,000
		Total Assets	\$6,197,500,000
		Intangible Assets	\$1,293,200,000
		Total Liabilities	\$4,014,900,000
		Shares Outstanding (Diluted Average)	93,700,000





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
- [AptarGroup Inc Valuation – Initial Coverage \\$ATR](#)
 - [Tredegar Corp Valuation – Initial Coverage \\$TG](#)
 - [International Paper Co Valuation – March 2017 \\$IP](#)
 - [Schweitzer-Mauduit International Inc Valuation – Initial Coverage \\$SWM](#)
 - [KapStone Paper and Packaging Corp Valuation – Initial Coverage \\$KS](#)
 - [Sonoco Products Co Valuation – Initial Coverage \\$SON](#)
 - [Silgan Holdings Inc Valuation – Initial Coverage \\$SLGN](#)
 - [Clearwater Paper Corp Valuation – Initial Coverage \\$CLW](#)
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 - [Ball Corporation Valuation – December 2016 \\$BLL](#)