

ModernGraham Valuation

Company Name:

WestRock Co

Company Ticker WRK

Date of Analysis

4/23/2018



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	\$16,932,793,429	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.28	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	-30.47%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	29.15	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.52	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	1.28	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.49	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.28
MG Growth Estimate	-4.14%
MG Value	\$0.52
MG Value based on 3% Growth	\$33.01
MG Value based on 0% Growth	\$19.35
Market Implied Growth Rate	10.33%

MG Opinion

Current Price	\$66.37
% of Intrinsic Value	12756.65%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$35.95
Graham Number	\$58.32
PEmg	29.15
Current Ratio	1.28
PB Ratio	1.52
Current Dividend	\$1.60
Dividend Yield	2.41%
Number of Consecutive Years of Dividend Growth	5

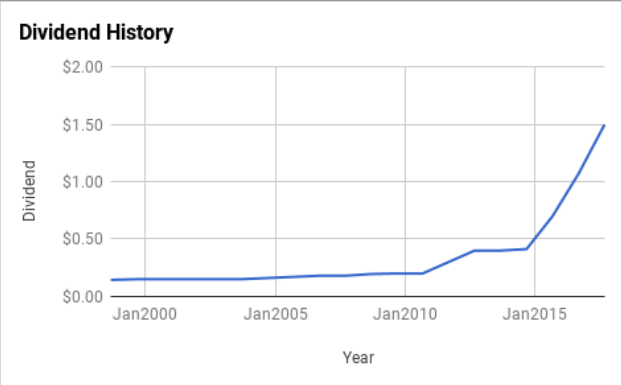
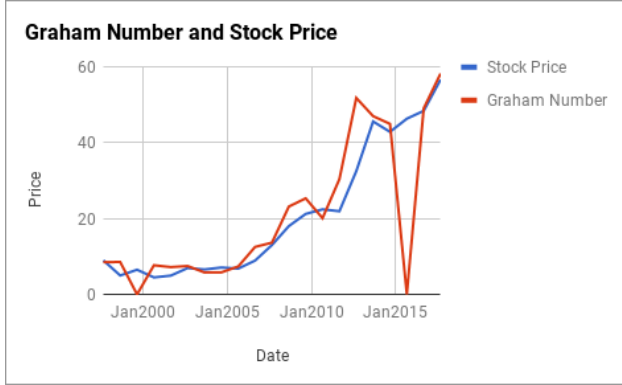
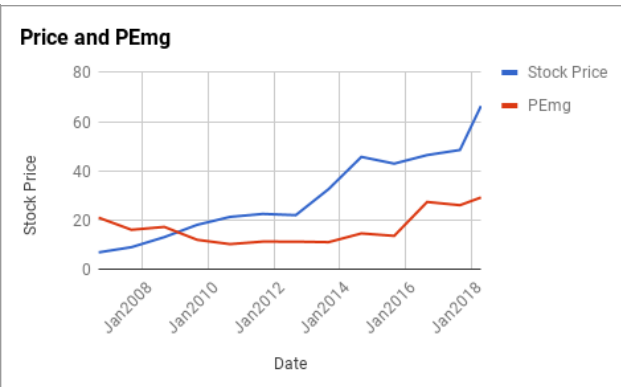
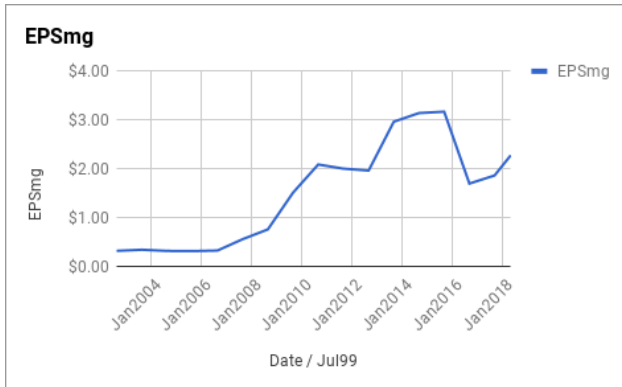
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.72	Next Fiscal Year Estimate	\$2.28
Sep2017	\$2.77	Sep2017	\$1.86
Sep2016	-\$1.56	Sep2016	\$1.70
Sep2015	\$2.93	Sep2015	\$3.17
Sep2014	\$3.29	Sep2014	\$3.14
Sep2013	\$4.98	Sep2013	\$2.97
Sep2012	\$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	\$0.31
Sep2004	\$0.25	Sep2004	\$0.32
Sep2003	\$0.42	Sep2003	\$0.34
Sep2002	\$0.39	Sep2002	\$0.32
Sep2001	\$0.46	Balance Sheet Information 12/1/2017	
Sep2000	-\$0.23	Total Current Assets	\$4,465,200,000
Sep1999	\$0.57	Total Current Liabilities	\$3,487,300,000
Sep1998	\$0.60	Long-Term Debt	\$5,365,800,000
		Total Assets	\$25,136,900,000
		Intangible Assets	\$8,793,400,000
		Total Liabilities	\$13,783,500,000
		Shares Outstanding (Diluted Average)	259,200,000





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 – December 2016 \\$WRK](#)
 - [10 Best Dividend Paying Stocks for the Defensive Investor – August 2016](#)
 - [14 Best Undervalued Stocks of the Week – 8/6/16](#)
 - [WestRock Co Valuation – August 2016 \\$WRK](#)
 - [10 Undervalued Companies for the Defensive Dividend Stock Investor – July 2016](#)

- Other ModernGraham posts about related companies**
- [Packaging Corp of America Valuation – Initial Coverage \\$PKG](#)
 - [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](#)
 - [Intertape Polymer Group Valuation – Initial Coverage \\$TSE:ITP](#)