

ModernGraham Valuation

Company Name:

Sonoco Products Co

Company Ticker SON

Date of Analysis

8/6/2018



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	\$5,542,806,488	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.53	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	39.00%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	21.85	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.17	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	1.53	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.34	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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.57
MG Growth Estimate	3.66%
MG Value	\$40.69
MG Value based on 3% Growth	\$37.27
MG Value based on 0% Growth	\$21.85
Market Implied Growth Rate	6.67%

MG Opinion

Current Price	\$56.16
% of Intrinsic Value	138.02%
Opinion	Overvalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$12.45
Graham Number	\$35.27
PEmg	21.85
Current Ratio	1.53
PB Ratio	3.17
Current Dividend	\$1.54
Dividend Yield	2.74%
Number of Consecutive Years of Dividend Growth	20

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	
Dec2017	\$3.22	Dec2017	\$2.57
Dec2016	\$1.74	Dec2016	\$2.24
Dec2015	\$2.81	Dec2015	\$2.42
Dec2014	\$2.44	Dec2014	\$2.20
Dec2013	\$2.19	Dec2013	\$2.07
Dec2012	\$2.03	Dec2012	\$1.97
Dec2011	\$1.90	Dec2011	\$1.90
Dec2010	\$2.13	Dec2010	\$1.89
Dec2009	\$1.96	Dec2009	\$1.79
Dec2008	\$1.50	Dec2008	\$1.72
Dec2007	\$1.63	Dec2007	\$1.80
Dec2006	\$2.10	Dec2006	\$1.83
Dec2005	\$1.92	Dec2005	\$1.66
Dec2004	\$1.61	Dec2004	\$1.48
Dec2003	\$1.53	Dec2003	\$1.41
Dec2002	\$1.43	Dec2002	\$1.38
Dec2001	\$1.39	Dec2001	\$1.41
Dec2000	\$0.96	Balance Sheet Information 6/1/2018	
Dec1999	\$1.66	Total Current Assets	\$1,574,968,000
Dec1998	\$1.83	Total Current Liabilities	\$1,030,072,000
	\$1.73	Long-Term Debt	\$1,274,325,000
		Total Assets	\$4,622,968,000
		Intangible Assets	\$1,638,254,000
		Total Liabilities	\$2,832,703,000
		Shares Outstanding (Diluted Average)	101,040,000





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

[Sonoco Products Co Valuation – Initial Coverage \\$SON](#)

Other
ModernGraham
posts about related
companies

[Silgan Holdings Inc Valuation – August 2018 \\$SLGN](#)
[Clearwater Paper Corp Valuation – July 2018 \\$CLW](#)
[Intertape Polymer Group Valuation – July 2018 \\$TSE-ITP](#)
[Bemis Co Inc Valuation – June 2018 \\$BMS](#)
[Owens-Illinois Inc Valuation – June 2018 \\$OI](#)
[International Paper Co Valuation – June 2018 \\$IP](#)
[Ball Corporation Valuation – April 2018 \\$BLL](#)
[WestRock Co Valuation – April 2018 \\$WRK](#)
[Sealed Air Corp Valuation – April 2018 \\$SEE](#)
[Packaging Corp of America Valuation – Initial Coverage \\$PKG](#)