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	
5. Earnings Growth	beginning and end	39.00% Pass
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

\$56.16

138.02%

Score

Suitability

MG Opinion

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%

% of Intrinsic Value Opinion Overvalued

Stage 3: Information for Further Research

Current Price

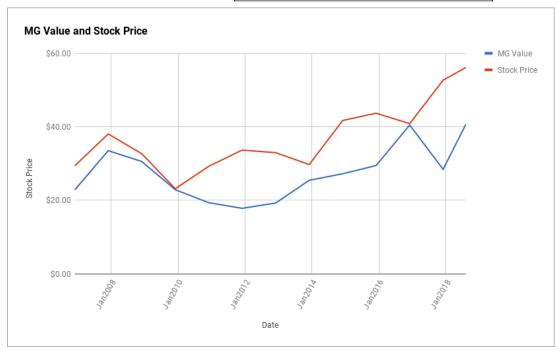
MG Grade

Net Current Asset Value (NCA)	V) -\$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	
Growth	20

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EPS History		EPSmg History	
Next Fiscal Year			
Estimate	\$3.22	Next Fiscal Year Estimate	\$2.57
Dec2017	\$1.74	Dec2017	\$2.24
Dec2016	\$2.81	Dec2016	\$2.42
Dec2015	\$2.44	Dec2015	\$2.20
Dec2014	\$2.19	Dec2014	\$2.07
Dec2013	\$2.03	Dec2013	\$1.97
Dec2012	\$1.90	Dec2012	\$1.90
Dec2011	\$2.13	Dec2011	\$1.89
Dec2010	\$1.96	Dec2010	\$1.79
Dec2009	\$1.50	Dec2009	\$1.72
Dec2008	\$1.63	Dec2008	\$1.80
Dec2007	\$2.10	Dec2007	\$1.83
Dec2006	\$1.92	Dec2006	\$1.66
Dec2005	\$1.61	Dec2005	\$1.48
Dec2004	\$1.53	Dec2004	\$1.41
Dec2003	\$1.43	Dec2003	\$1.38
Dec2002	\$1.39	Dec2002	\$1.41
Dec2001	\$0.96	Balance Sheet Information	6/1/2018
Dec2000	\$1.66	Total Current Assets	\$1,574,968,000
Dec1999	\$1.83	Total Current Liabilities	\$1,030,072,000
Dec1998	\$1.73	Long-Term Debt	\$1,274,325,000
	<u> </u>	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

Silgan Holdings Inc Valuation - August 2018 \$SLGN

Other ModernGraham posts about related companies

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 \$Ol
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