

# ModernGraham Valuation

## Company Name:

Company Ticker      PKG

Date of Analysis

1/29/2019

Packaging Corp Of  
America



## 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	\$8,853,452,267	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.76	Pass
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	217.02%	Pass
5. Earnings Growth	PEmg < 20	14.93	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.48	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	2.76	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.84	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

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$6.28
MG Growth Estimate	14.37%
<b>MG Value</b>	<b>\$233.77</b>
MG Value based on 3% Growth	\$91.02
MG Value based on 0% Growth	\$53.36
Market Implied Growth Rate	3.21%

### MG Opinion

Current Price	\$93.70
% of Intrinsic Value	40.08%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$19.74
Graham Number	\$63.49
PEmg	14.93
Current Ratio	2.76
PB Ratio	3.48
Current Dividend	\$2.52
Dividend Yield	2.69%
Number of Consecutive Years of Dividend Growth	7

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.74	Next Fiscal Year Estimate	\$6.28
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	<b>Balance Sheet Information 9/1/2018</b>	
Dec2000	\$1.33	Total Current Assets	\$2,114,700,000
Dec1999	\$0.32	Total Current Liabilities	\$766,500,000
Dec1998	\$0.76	Long-Term Debt	\$2,482,900,000
		Total Assets	\$6,500,000,000
		Intangible Assets	\$1,262,600,000
		Total Liabilities	\$3,969,800,000
		Shares Outstanding (Diluted Average)	94,000,000





**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**

[5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – August 2018](#)  
[5 Undervalued Stocks for Value Investors with a High Beta – July 2018](#)  
[Packaging Corp of America Valuation – Initial Coverage \\$PKG](#)

**Other  
ModernGraham  
posts about related  
companies**

[Schweitzer-Mauduit International Inc Valuation – September 2018 \\$SWM](#)  
[KapStone Paper and Packaging Corp Valuation – August 2018 \\$KS](#)  
[Sonoco Products Co Valuation – August 2018 \\$SON](#)  
[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](#)