

ModernGraham Valuation

Company Name:

Westrock Co

Company Ticker WRK

Date of Analysis

2/20/2019



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	\$10,296,639,282	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.40	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	128.38%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	11.01	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.90	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	1.40	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.50	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.66
MG Growth Estimate	2.32%
MG Value	\$48.11
MG Value based on 3% Growth	\$53.10
MG Value based on 0% Growth	\$31.13
Market Implied Growth Rate	1.26%

MG Opinion

Current Price	\$40.32
% of Intrinsic Value	83.81%
Opinion	Fairly Valued
MG Grade	C+

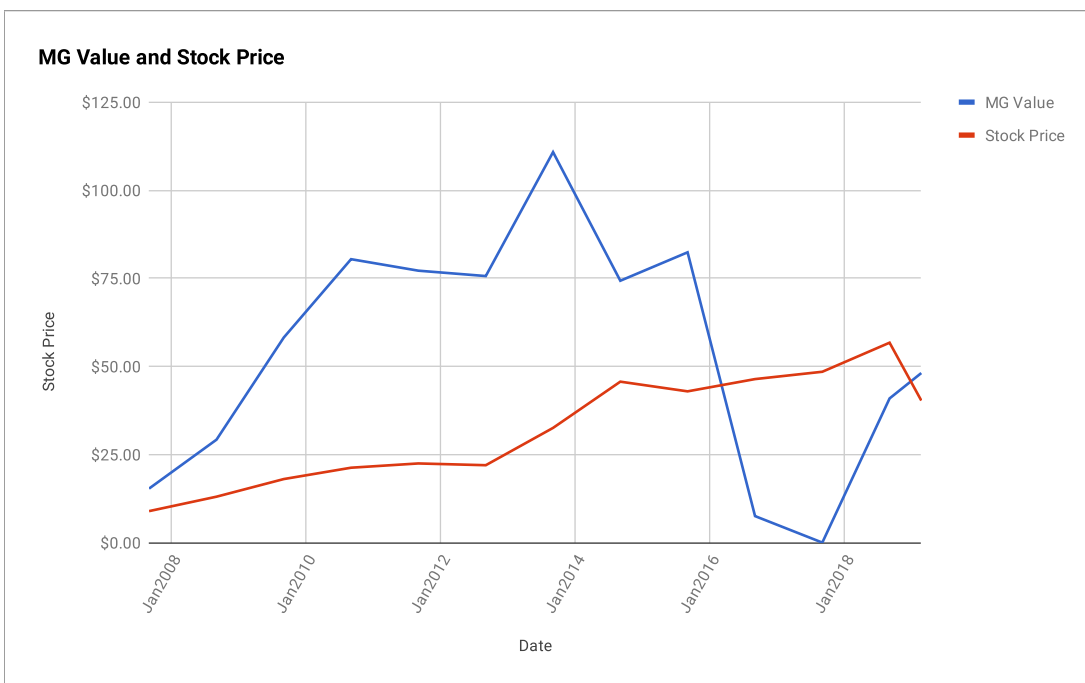
Stage 3: Information for Further Research

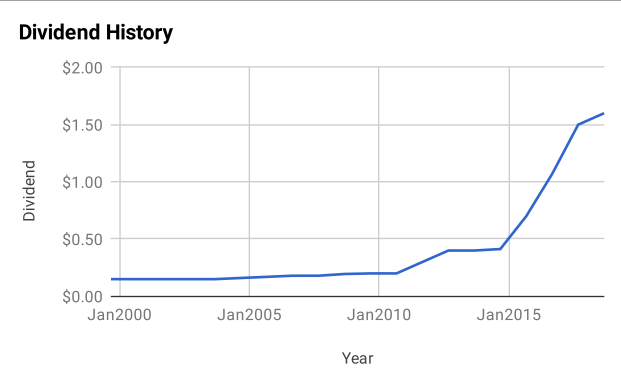
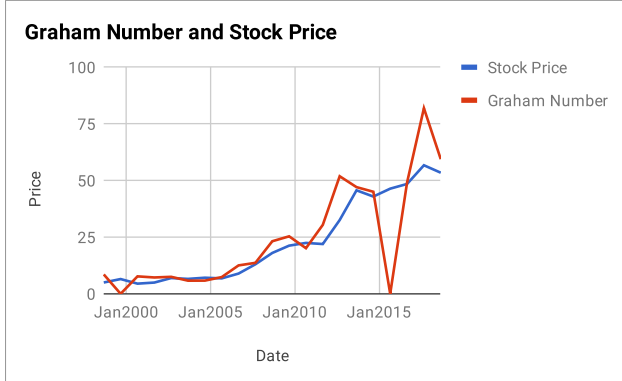
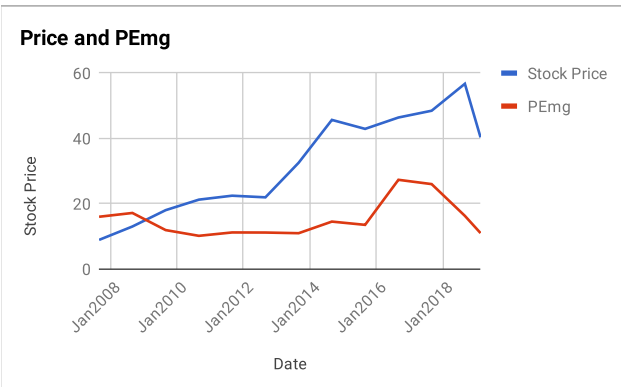
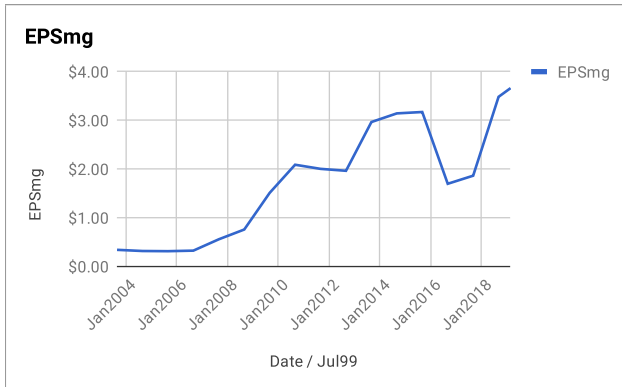
Net Current Asset Value (NCAV)	-\$53.28
Graham Number	\$59.42
PEmg	11.01
Current Ratio	1.40
PB Ratio	0.90
Current Dividend	\$1.72
Dividend Yield	4.27%
Number of Consecutive Years of Dividend Growth	6

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	\$3.49	Next Fiscal Year Estimate	\$3.66
Sep2018	\$7.34	Sep2018	\$3.48
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	Balance Sheet Information 12/1/2018	
Sep2001	\$0.46	Total Current Assets	\$5,226,000,000
Sep2000	-\$0.23	Total Current Liabilities	\$3,729,900,000
Sep1999	\$0.57	Long-Term Debt	\$9,728,000,000
		Total Assets	\$30,666,900,000
		Intangible Assets	\$11,672,300,000
		Total Liabilities	\$19,051,400,000
		Shares Outstanding (Diluted Average)	259,500,000





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**
- [10 Most Overvalued Stocks of the S&P 500 – July 2018](#)
 - [WestRock Co Valuation – April 2018 \\$WRK](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [Packaging Corp of America Valuation – January 2019 \\$PKG](#)
 - [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](#)