Smurfit Westrock (SW)

Updated May 18th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$37	**5 Year CAGR Estimate:**	7.7%	**Market Cap:**	$20 B
Fair Value Price:	$30	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	5/15/2026
% Fair Value:	125%	**5 Year Valuation Multiple Estimate:**	-4.3%	**Dividend Payment Date:**	6/10/2026
Dividend Yield:	4.9%	**5 Year Price Target**	$44	**Years Of Dividend Growth:**	5
Dividend Risk Score:	F	**Sector:** Consumer Discretionary		**Rating:**	Hold

Overview & Current Events

Smurfit Westrock was formed with the merger of Smurfit Kappa and WestRock in July 2024 and is headquartered in Ireland. The combined company is the largest packaging company in the world, with annual sales of $31 billion. It is a leading provider of differentiated paper and packaging solutions, with a market capitalization of $20 billion. Smurfit Westrock has more than 500 converting operations and 62 mills across 40 countries.

While Smurfit Westrock is a major player in its industry, it is sensitive to the dramatic cycles of the paper industry, which are caused by shifts in the equilibrium between global supply and demand. This equilibrium is beyond the control of Smurfit Westrock and hence the company cannot escape from the cyclicality of its business.

In late April, Smurfit Westrock reported (4/30/26) financial results for the first quarter of fiscal 2026. Revenue edged up 0.7% but earnings-per-share decreased -51%, from $0.68 to $0.33, mostly due to downtime in North America. The earnings-per-share of $0.33 missed the analysts' consensus by $0.07. On the bright side, demand improved during the quarter. Moreover, thanks to a favorable business environment this year, management reiterated its guidance for EBITDA of $5.0-$5.3 billion in 2026. It also confirmed its guidance for 43% growth of EBITDA, from $4.9 billion in 2025 to $7.0 billion by 2030.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.53	$2.62	$4.08	$3.98	$2.74	$3.39	$4.76	$3.02	$1.89	$2.09	***$2.70***	***$3.97***
DPS	$1.50	$1.60	$1.72	$1.82	$1.07	$0.93	$1.03	$1.13	$1.21	$1.72	***$1.81***	***$2.08***
Shares[1]	251.0	254.5	259.2	259.0	260.0	268.9	256.4	257.9	521.0	539.0	***550.0***	***550.0***

As the shareholders of WestRock received one share of the combined company for each share they owned (plus only $5 in cash), we have maintained the historical record of WestRock in this report. Smurfit Westrock has a volatile historical record. It grew its earnings-per-share at a 0.6% average annual rate until 2019 and incurred a decline in its earnings in fiscal 2020 due to the pandemic. Moreover, there are concerns over a surge in the global supply of containerboard products in the upcoming years. This factor, which is out of the company's control, may adversely affect its margins. Moreover, the company is currently hurt by high cost inflation. However, we view this headwind as temporary and expect Smurfit Westrock to benefit from the growing North American corrugated market in the long run. Given the low comparison base formed by the expected earnings this year and the recently completed merger, which is likely to result in material synergies, we expect Smurfit Westrock to grow its earnings-per-share by 8% per year on average until 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.8	20.3	14.9	9.8	12.3	14.3	9.4	10.7	25.4	21.1	***13.7***	***11.0***
Avg. Yld.	3.5%	3.0%	2.8%	4.7%	3.2%	1.9%	2.3%	3.5%	2.5%	3.9%	***4.9%***	***4.8%***

[1] In millions.

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Smurfit Westrock is currently trading at a price-to-earnings ratio of 13.7, which is lower than its 10-year average of 15.5. Due to its short historical record and its cyclical business, the stock warrants a reduced valuation. We assume a fair price-to-earnings ratio of 11.0 for the stock. If the stock trades at our fair valuation level in five years, it will incur a -4.3% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	59.3%	61.1%	42.2%	45.7%	39.1%	27.4%	21.6%	37.4%	64.0%	82.3%	***67.0%***	***52.5%***

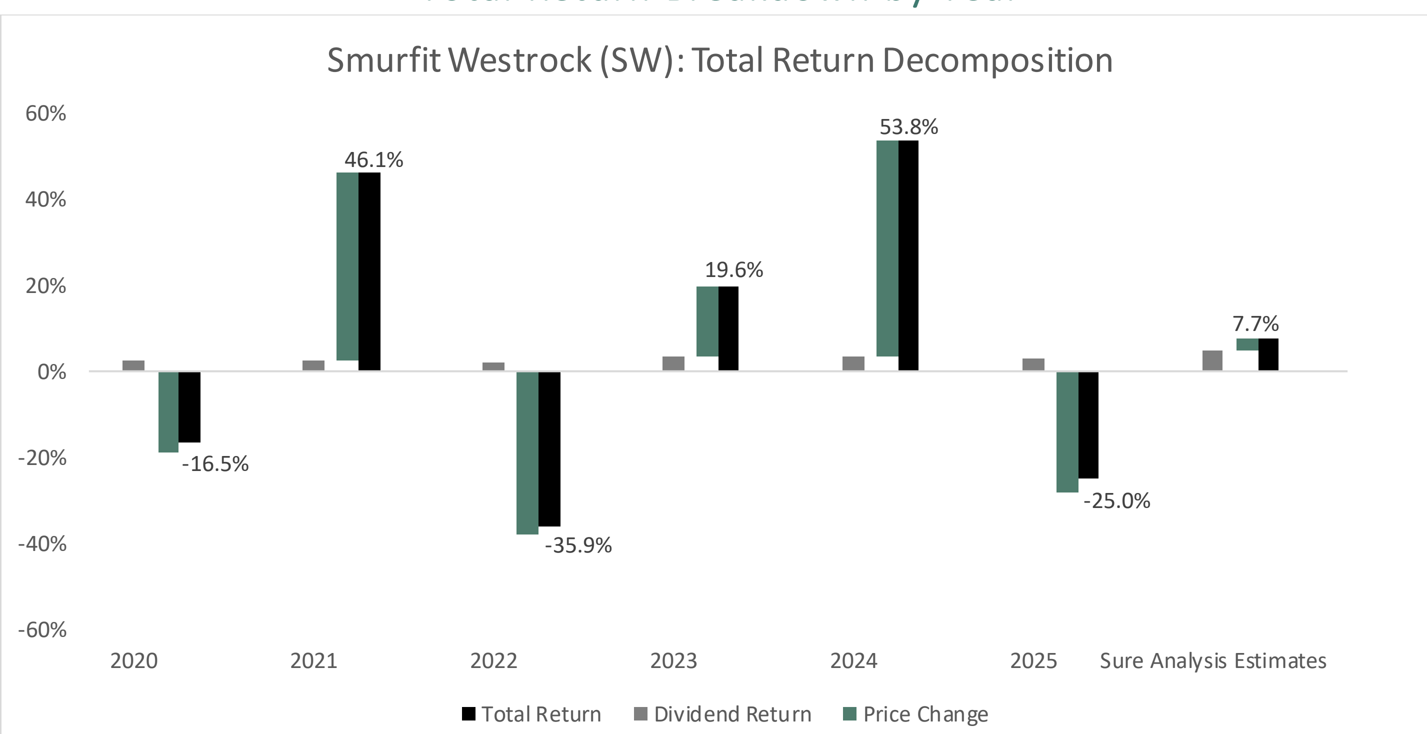
Smurfit Westrock cannot control the total supply of paper products. As a result, it is vulnerable to the total production volume of its competitors. The business of Smurfit Westrock is highly cyclical and hence investors should be especially careful before initiating a position in the stock. If they invest near the peak of the cycle, when business prospects usually look bright and the earnings multiple of the stock usually seems too low, they run the risk of incurring excessive losses.

On the bright side, Smurfit Westrock has a decent balance sheet. Its interest expense consumes 33% of operating income while its net debt is standing at $21.6 billion, which is 108% of the market capitalization of the stock. On the other hand, investors should be aware that Smurfit Westrock cut its dividend by -57% in 2020 due to the pandemic, despite a solid payout ratio of 66% before the dividend cut. This is a proof of the sensitivity of the company to recessions.

Final Thoughts & Recommendation

Smurfit Westrock has recovered from the pandemic but it is now facing strong headwinds due to high cost inflation and lackluster global demand. We view these headwinds as temporary and expect the recent merger to prove a major growth driver for the company. On the other hand, the stock appears somewhat richly valued right now. It could offer a 7.7% average annual return over the next five years thanks to 8.0% growth of earnings-per-share and a 4.9% dividend, partly offset by a -4.3% annualized valuation headwind. The stock maintains its hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	14172	14860	16285	18,289	17,579	18,746	21,257	20,310	21,109	31,179
Gross Profit	2758.6	2740.2	3393.9	3,749	3,197	3,430	4,021	3,584	4,195	6,043
Gross Margin	19.5%	18.4%	20.8%	20.5%	18.2%	18.3%	18.9%	17.6%	19.9%	19.4%
SG&A Exp.	1,750	1,457	1,731	1,709	1,623	1,759	1,933	2,024	2,793	3,819
Operating Profit	797	1,031	1,335	1,640	1,173	1,314	1,738	1,219	1,402	2,224
Op. Margin	5.6%	6.9%	8.2%	9.0%	6.7%	7.0%	8.2%	6.0%	6.6%	7.1%
Net Profit	(396)	708	1,906	863	(691)	838	945	(1649)	319	699
Net Margin	-2.8%	4.8%	11.7%	4.7%	-3.9%	4.5%	4.5%	-8.0%	1.5%	2.2%
Free Cash Flow	892	685	931	941	1,093	1,464	1,158	685	17	1,200
Income Tax	90	159	(875)	277	164	243	270	(60)	241	260

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	23,038	25,089	25,361	30,157	28,780	29,254	28,406	27,444	43,759	45,157
Cash & Equivalents	341	298	637	152	251	291	260	393	855	892
Accounts Receivable	1,592	1,887	2,011	2,193	2,143	2,587	2,684	2,592	4,117	4,268
Inventories	1,638	1,797	1,830	2,108	2,023	2,173	2,317	2,332	3,550	3,693
Goodwill & Int. Ass.	7,377	8,858	8,700	11,345	9,629	9,278	8,816	6,825	7,939	8,277
Total Liabilities	13,208	14,703	13,878	18,473	18,132	17,564	16,980	17,346	26,372	26,803
Accounts Payable	1,054	1,492	1,717	1,832	1,674	2,124	2,252	2,124	3,290	3,597
Long-Term Debt	5,789	6,555	6,415	10,063	9,431	8,194	7,787	8,584	13,595	14,547
Shareholder's Equity	9,729	10,343	11,469	11,670	10,631	11,670	11,402	10,081	17,360	18,327
D/E Ratio	0.60	0.63	0.56	0.86	0.89	0.70	0.68	0.85	0.78	0.81

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-1.6%	2.9%	7.6%	3.1%	-2.3%	2.9%	3.3%	-5.9%	1.1%	1.6%
Return on Equity	-3.7%	7.1%	17.5%	7.5%	-6.2%	7.5%	8.2%	-15.4%	2.7%	3.9%
ROIC	-2.4%	4.4%	10.9%	4.4%	-3.3%	4.2%	4.8%	-8.7%	1.5%	2.1%
Shares Out.	251.0	254.5	259.2	259.0	260.0	268.9	261.5	255.9	389.0	526.0
Revenue/Share	54.95	58.11	62.68	70.59	67.82	70.08	81.29	79.37	54.26	59.26
FCF/Share	3.46	2.68	3.58	3.63	4.22	5.47	4.43	2.68	0.04	2.28

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.