

ModernGraham Valuation

Company Name:

Company Ticker

STZ

Date of Analysis

1/8/2016

Constellation Brands,
Inc.



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	\$29,465,359,755	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.58	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-684.91%	Fail
6. Moderate PEmg Ratio	PEmg < 20	33.99	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.99	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	2.58	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.77	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

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.38
MG Growth Estimate	15.00%
MG Value	\$168.71
MG Value based on 3% Growth	\$63.54
MG Value based on 0% Growth	\$37.25
Market Implied Growth Rate	12.75%

MG Opinion

Current Price	\$148.96
% of Intrinsic Value	88.30%
Opinion	Fairly Valued

Stage 3: Information for Further Research

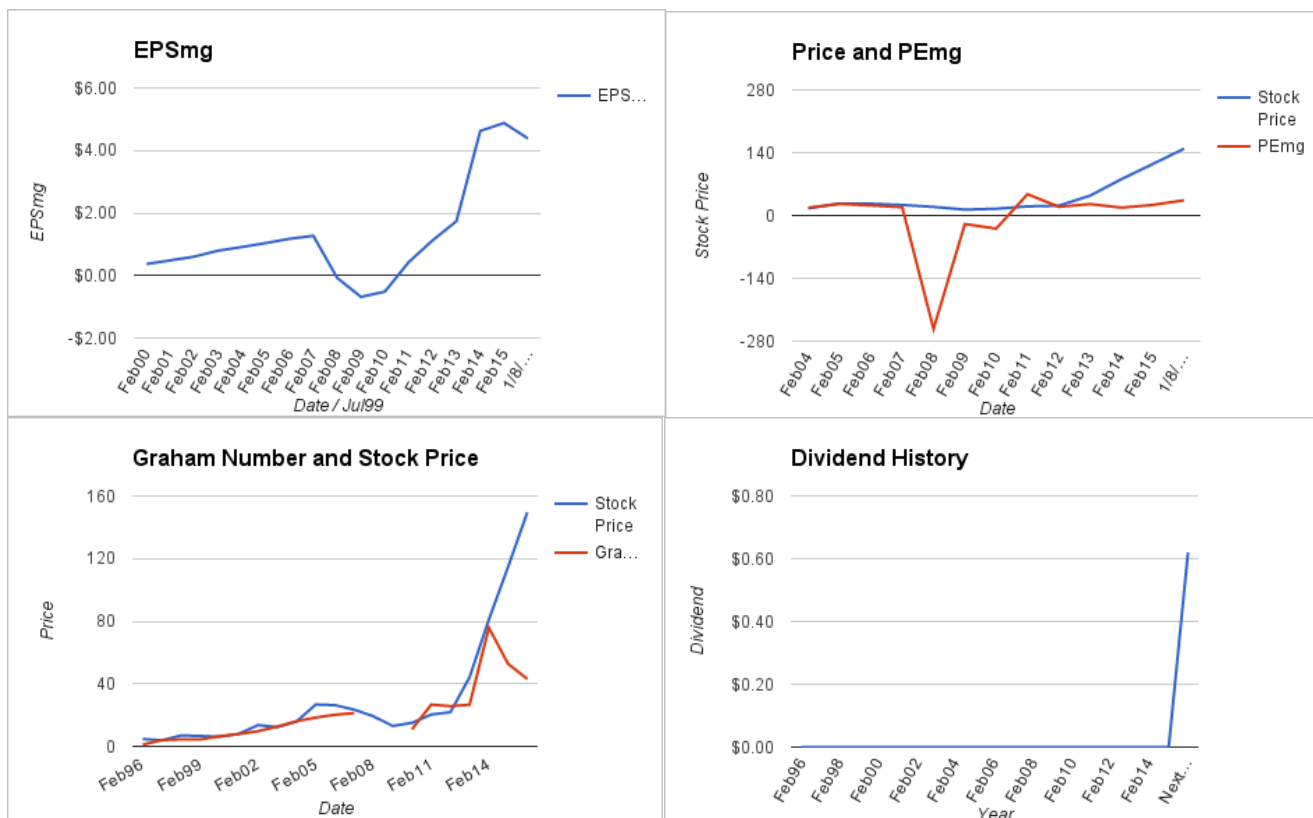
Net Current Asset Value (NCAV)	-\$31.90
Graham Number	\$43.09
PEmg	33.99
Current Ratio	2.58
PB Ratio	4.99
Dividend Yield	0.42%
Number of Consecutive Years of Dividend Growth	1

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	\$2.67	Next Fiscal Year Estimate	\$4.38
Feb15	\$4.17	Feb15	\$4.88
Feb14	\$9.83	Feb14	\$4.63
Feb13	\$2.04	Feb13	\$1.74
Feb12	\$2.13	Feb12	\$1.12
Feb11	\$2.62	Feb11	\$0.43
Feb10	\$0.45	Feb10	-\$0.51
Feb09	-\$1.40	Feb09	-\$0.68
Feb08	-\$2.83	Feb08	-\$0.08
Feb07	\$1.38	Feb07	\$1.27
Feb06	\$1.36	Feb06	\$1.17
Feb05	\$1.19	Feb05	\$1.04
Feb04	\$1.03	Feb04	\$0.91
Feb03	\$1.10	Feb03	\$0.79
Feb02	\$0.78	Feb02	\$0.60
Feb01	\$0.65	Feb01	\$0.48
Feb00	\$0.53	Feb00	\$0.37
Feb99	\$0.34	Balance Sheet Information Aug15	
Feb98	\$0.31	Total Current Assets	\$3,131,500,000
Feb97	\$0.30	Total Current Liabilities	\$1,212,200,000
Feb96	\$0.02	Long-Term Debt	\$7,238,200,000
		Total Assets	\$15,673,400,000
		Intangible Assets	\$9,605,500,000
		Total Liabilities	\$9,610,600,000
		Shares Outstanding (Diluted Average)	203,110,000





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.

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[Constellation Brands Inc. Annual Valuation – 2014 \\$STZ](#)

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[Philip Morris International Annual Valuation – 2015 \\$PM](#)
[Brown-Forman Corporation Quarterly Valuation – March 2015 \\$BF.B](#)
[Lorillard Inc. Quarterly Valuation – March 2015 \\$LO](#)
[Reynolds American Inc. Annual Valuation – 2015 \\$RAI](#)
[Altria Group Inc. Annual Valuation – 2015 \\$MO](#)
[Brown-Forman Corporation Quarterly Valuation – December 2014 \\$BF.B](#)
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