

# ModernGraham Valuation

## Company Name:

Company Ticker CMS  
Date of Analysis 6/26/2016

CMS Energy  
Corporation



## 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	\$12,638,478,642	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.92	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	382.41%	Pass
6. Moderate PEmg Ratio	PEmg < 20	25.22	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.00	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	0.92	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-52.76	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.76
MG Growth Estimate	4.49%
<b>MG Value</b>	<b>\$30.74</b>
MG Value based on 3% Growth	\$25.51
MG Value based on 0% Growth	\$14.95
Market Implied Growth Rate	8.36%

### MG Opinion

Current Price	\$44.36
% of Intrinsic Value	144.33%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

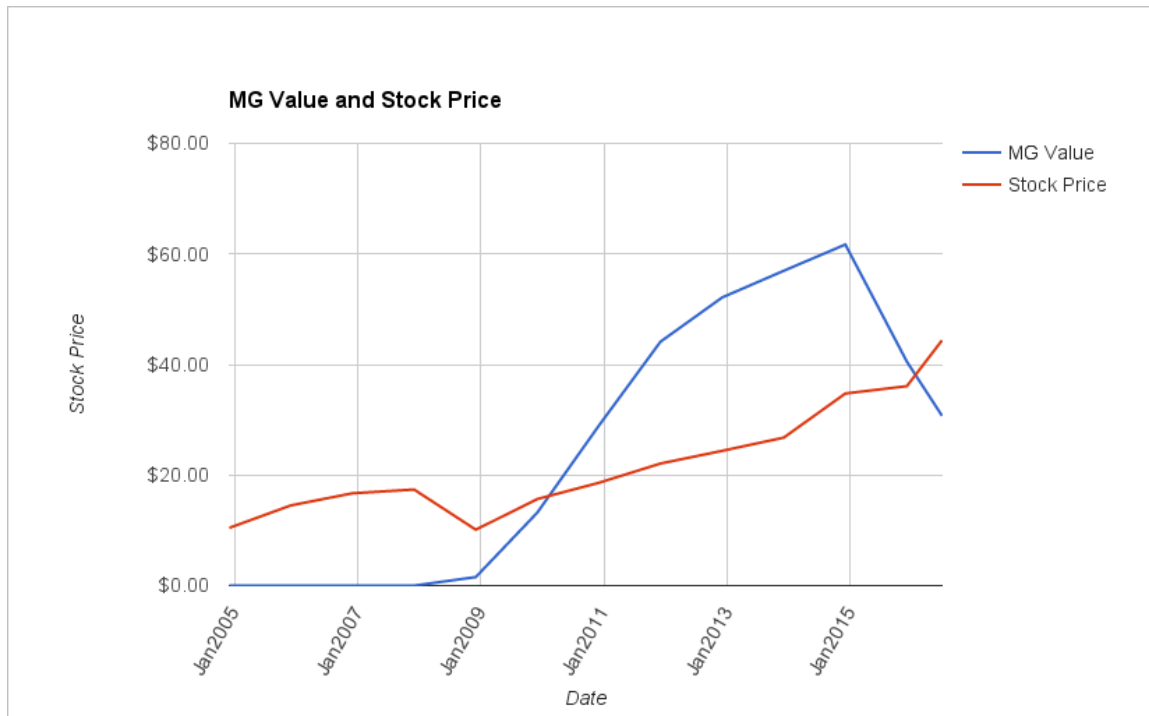
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$50.51
Graham Number	\$24.23
PEmg	25.22
Current Ratio	0.92
PB Ratio	3.00
Current Dividend	\$1.18
Dividend Yield	2.66%
Number of Consecutive Years of Dividend Growth	10

### Useful Links:

[ModernGraham tagged articles](#) [Morningstar](#)  
[Google Finance](#) [MSN Money](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.77	Next Fiscal Year Estimate	\$1.76
Dec2015	\$1.89	Dec2015	\$1.72
Dec2014	\$1.74	Dec2014	\$1.60
Dec2013	\$1.66	Dec2013	\$1.48
Dec2012	\$1.42	Dec2012	\$1.35
Dec2011	\$1.58	Dec2011	\$1.15
Dec2010	\$1.28	Dec2010	\$0.75
Dec2009	\$0.91	Dec2009	\$0.34
Dec2008	\$1.23	Dec2008	\$0.04
Dec2007	-\$1.02	Dec2007	-\$0.47
Dec2006	-\$0.41	Dec2006	-\$0.46
Dec2005	-\$0.44	Dec2005	-\$0.91
Dec2004	\$0.64	Dec2004	-\$1.29
Dec2003	-\$0.30	Dec2003	-\$1.94
Dec2002	-\$4.46	Dec2002	-\$2.07
Dec2001	-\$4.17	Dec2001	-\$0.35
Dec2000	\$0.32	Dec2000	\$1.72
Dec1999	\$2.17	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$2.62	Total Current Assets	\$1,890,000,000
Dec1997	\$2.61	Total Current Liabilities	\$2,047,000,000
Dec1996	\$2.45	Long-Term Debt	\$8,284,000,000
		Total Assets	\$20,037,000,000
		Intangible Assets	\$0
		Total Liabilities	\$15,928,000,000
		Shares Outstanding (Diluted Average)	277,900,000





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

- [40 Companies in the Spotlight This Week – 2/21/15](#)
- [CMS Energy Corporation Annual Valuation – 2015 \\$CMS](#)
- [5 Undervalued Companies to Research with a Low Beta – February 2015](#)
- [5 Undervalued Companies to Research with a Low Beta – January 2015](#)
- [5 Undervalued Companies to Research with a Low Beta – December 2014](#)

Other  
ModernGraham  
posts about related  
companies

- [Xcel Energy Inc Valuation – May 2016 \\$XEL](#)
- [PPL Corporation Valuation – January 2016 Update \\$PPL](#)
- [Entergy Corp Valuation – January 2016 Update \\$ETR](#)
- [PPL Corporation Valuation – January 2016 Update \\$PPL](#)
- [Entergy Corp Valuation – January 2016 Update \\$ETR](#)
- [Pinnacle West Capital Corp Valuation – December 2015 Update \\$PNW](#)
- [Pinnacle West Capital Corp Valuation – December 2015 Update \\$PNW](#)
- [Pepco Holdings Inc Valuation – December 2015 Update \\$POM](#)
- [American Electric Power Co Valuation – November 2015 Update \\$AEP](#)
- [Duke Energy Corporation Valuation – November 2015 Update \\$DUK](#)