ModernGraham Valuation

Company Name:

Company Ticker STZ Date of Analysis Constellation Brands,





8/16/2016

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	\$33,038,013,359 Pass
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	1.19 Fail
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	-471.03% Fail
6.	Moderate PEmg Ratio	PEmg < 20	45.09 Fail
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.95 Fail
Enterprising Investor; mu	ust pass 4 out of the following 5 tests, or be	suitable for the Defensive Investor.	
1.	Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.19 Fail
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	12.87 Fail
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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		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

	EPSmg		\$3.66
	MG Growth Estimate		15.00%
	MG Value		\$140.99
	MG Value based on 3% Growth		\$53.10
	MG Value based on 0% Growth		\$31.13
	Market Implied Growth Rate		18.30%
MG Opinion			
	Current Price		\$165.13
	% of Intrinsic Value		117.12%
	Opinion	Overvalued	
	MG Grade	F	

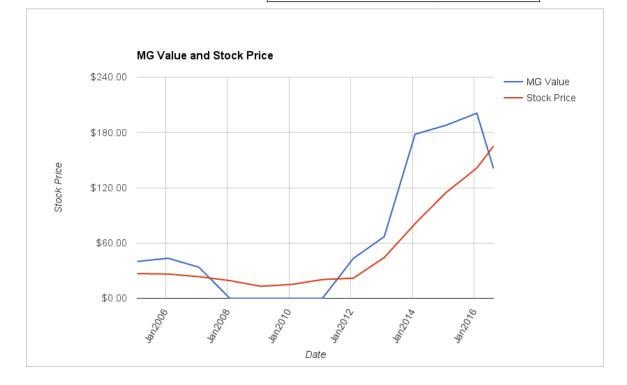
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$36.83
Graham Number	\$0.00
PEmg	45.09
Current Ratio	1.19
PB Ratio	4.95
Current Dividend	\$1.33
Dividend Yield	0.81%
Number of Consecutive Years of Dividend Growth	2

Useful Links:

ModernGraham tagged articles Google Finance Yahoo Finance GuruFocus Morningstar MSN Money Seeking Alpha SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$3.6
Feb2016	\$5.18	Feb2016	\$5.2
Feb2015	\$4.17	Feb2015	\$4.8
Feb2014	\$9.83	Feb2014	\$4.6
Feb2013	\$2.04	Feb2013	\$1.7
Feb2012	\$2.13	Feb2012	\$1.1
Feb2011	\$2.62	Feb2011	\$0.4
Feb2010	\$0.45	Feb2010	-\$0.5
Feb2009	-\$1.40	Feb2009	-\$0.6
Feb2008	-\$2.83	Feb2008	-\$0.0
Feb2007	\$1.38	Feb2007	\$1.2
Feb2006	\$1.36	Feb2006	\$1 .1
Feb2005	\$1.19	Feb2005	\$1.0
Feb2004	\$1.03	Feb2004	\$0.9
Feb2003	\$1.10	Feb2003	\$0.7
Feb2002	\$0.78	Feb2002	\$0.6
Feb2001	\$0.65	Feb2001	\$0.4
Feb2000	\$0.53	Balance Sheet Information	5/1/201
Feb1999	\$0.34	Total Current Assets	\$3,218,500,00
Feb1998	\$0.31	Total Current Liabilities	\$2,698,700,00
Feb1997	\$0.30	Long-Term Debt	\$6,690,600,00
		Total Assets	\$17,630,000,00
		Intangible Assets	\$10,790,600,00
		Total Liabilities	\$10,782,000,00
		Shares Outstanding (Diluted Average)	205,367,00





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	19 Best Stocks For Value Investors This Week – 1/9/16	
	Constellation Brands Inc Valuation – January 2016 Update \$STZ	
	32 Companies in the Spotlight This Week – 12/6/14	
	Constellation Brands Inc. Annual Valuation – 2014 \$STZ	

Other ModernGraham posts about related companies	Reynolds American Inc Valuation – July 2016 \$RAI
	Philip Morris International Inc Valuation – June 2016 \$PM
	Altria Group Inc Valuation – June 2016 \$MO
	Constellation Brands Inc Valuation – January 2016 Update \$STZ
	Molson Coors Brewing Co. Valuation – November 2015 Update \$TAP
	Brown-Forman Corporation Analysis – September 2015 Update \$BF/B
	Brown-Forman Corporation Analysis – June 2015 Update \$BF.B
	Philip Morris International Annual Valuation – 2015 \$PM
	Brown-Forman Corporation Quarterly Valuation – March 2015 \$BF.B
	Lorillard Inc. Quarterly Valuation – March 2015 \$LO