

ModernGraham Valuation

Company Name:

Constellation Brands,
Inc.



Company Ticker STZ

Date of Analysis

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; 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	1.19 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	12.87 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	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

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$3.66
Feb2016	\$5.18	Feb2016	\$5.22
Feb2015	\$4.17	Feb2015	\$4.88
Feb2014	\$9.83	Feb2014	\$4.63
Feb2013	\$2.04	Feb2013	\$1.74
Feb2012	\$2.13	Feb2012	\$1.12
Feb2011	\$2.62	Feb2011	\$0.43
Feb2010	\$0.45	Feb2010	-\$0.51
Feb2009	-\$1.40	Feb2009	-\$0.68
Feb2008	-\$2.83	Feb2008	-\$0.08
Feb2007	\$1.38	Feb2007	\$1.27
Feb2006	\$1.36	Feb2006	\$1.17
Feb2005	\$1.19	Feb2005	\$1.04
Feb2004	\$1.03	Feb2004	\$0.91
Feb2003	\$1.10	Feb2003	\$0.79
Feb2002	\$0.78	Feb2002	\$0.60
Feb2001	\$0.65	Feb2001	\$0.48
Feb2000	\$0.53	Balance Sheet Information 5/1/2016	
Feb1999	\$0.34	Total Current Assets	\$3,218,500,000
Feb1998	\$0.31	Total Current Liabilities	\$2,698,700,000
Feb1997	\$0.30	Long-Term Debt	\$6,690,600,000
		Total Assets	\$17,630,000,000
		Intangible Assets	\$10,790,600,000
		Total Liabilities	\$10,782,000,000
		Shares Outstanding (Diluted Average)	205,367,000





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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