

# ModernGraham Valuation

## Company Name:

Company Ticker TSE:CSU

Date of Analysis

3/2/2017

Constellation  
Software 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	\$13,332,578,473	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.89	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	1834.02%	Pass
6. Moderate PEmg Ratio	PEmg < 20	37.54	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	21.90	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	0.89	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.41	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
	Score		

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$16.80
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$646.73</b>
MG Value based on 3% Growth	\$243.57
MG Value based on 0% Growth	\$142.79
Market Implied Growth Rate	14.52%

### MG Opinion

Current Price	\$630.65
% of Intrinsic Value	97.51%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>D+</b>

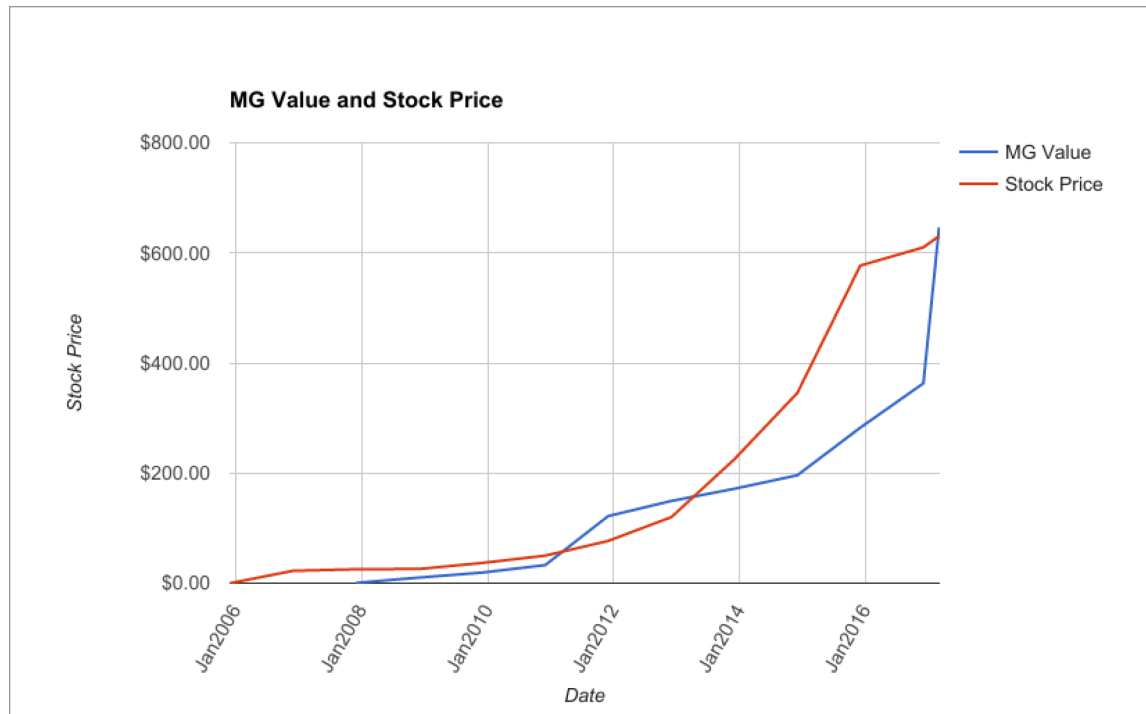
## Stage 3: Information for Further Research

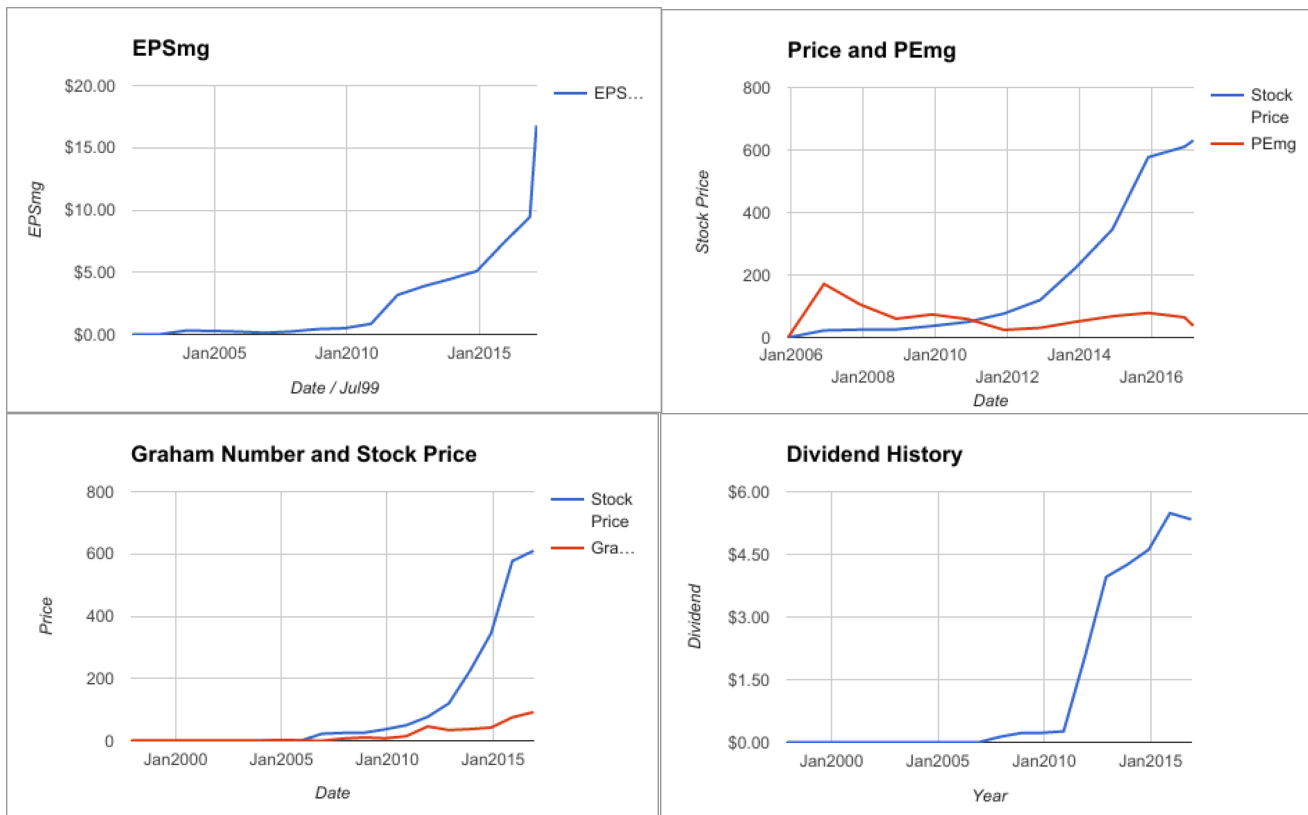
Net Current Asset Value (NCAV)	-\$41.06
Graham Number	\$139.24
PEmg	37.54
Current Ratio	0.89
PB Ratio	21.90
Current Dividend	\$5.26
Dividend Yield	0.83%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$29.92	Next Fiscal Year Estimate	\$16.80
Dec2016	\$13.02	Dec2016	\$9.43
Dec2015	\$11.47	Dec2015	\$7.34
Dec2014	\$5.62	Dec2014	\$5.09
Dec2013	\$4.67	Dec2013	\$4.45
Dec2012	\$4.33	Dec2012	\$3.88
Dec2011	\$7.60	Dec2011	\$3.17
Dec2010	\$1.43	Dec2010	\$0.85
Dec2009	\$0.51	Dec2009	\$0.50
Dec2008	\$0.88	Dec2008	\$0.43
Dec2007	\$0.52	Dec2007	\$0.24
Dec2006	-\$0.07	Dec2006	\$0.13
Dec2005	\$0.03	Dec2005	\$0.23
Dec2004	\$0.12	Dec2004	\$0.28
Dec2003	\$0.91	Dec2003	\$0.30
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	<b>Balance Sheet Information</b>	<b>12/1/2016</b>
Dec1999	\$0.00	Total Current Assets	\$1,031,983,000
Dec1998	\$0.00	Total Current Liabilities	\$1,164,685,000
Dec1997	\$0.00	Long-Term Debt	\$452,456,000
		Total Assets	\$2,512,286,000
		Intangible Assets	\$1,325,521,000
		Total Liabilities	\$1,902,030,000
		Shares Outstanding (Diluted Average)	21,192,000





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

#N/A

Other  
ModernGraham  
posts about related  
companies

- [Adobe Systems Inc Valuation – February 2017 \\$ADBE](#)
- [Synopsys Inc Valuation – Initial Coverage \\$SNPS](#)
- [Microsoft Corporation Valuation – February 2017 \\$MSFT](#)
- [Cisco Systems Inc Valuation – January 2017 \\$CSCO](#)
- [Autodesk Inc Valuation – December 2016 \\$ADSK](#)
- [Symantec Corporation Valuation – August 2016 \\$SYMC](#)
- [Adobe Systems Inc Valuation – August 2016 \\$ADBE](#)
- [Microsoft Corporation Valuation – August 2016 \\$MSFT](#)
- [Cisco Systems Inc Valuation – August 2016 \\$CSCO](#)
- [Oracle Corporation Valuation – July 2016 \\$ORCL](#)