

# ModernGraham Valuation

## Company Name:

Company Ticker CMS

Date of Analysis

3/17/2018

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	\$12,490,657,257	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
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	57.71%	Pass
5. Earnings Growth	PEmg < 20	22.46	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.81	Fail
7. Moderate Price to Assets			

*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	-29.52	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 Score		Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.97
MG Growth Estimate	3.47%
<b>MG Value</b>	<b>\$30.42</b>
MG Value based on 3% Growth	\$28.58
MG Value based on 0% Growth	\$16.76
Market Implied Growth Rate	6.98%

### MG Opinion

Current Price	\$44.28
% of Intrinsic Value	145.56%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

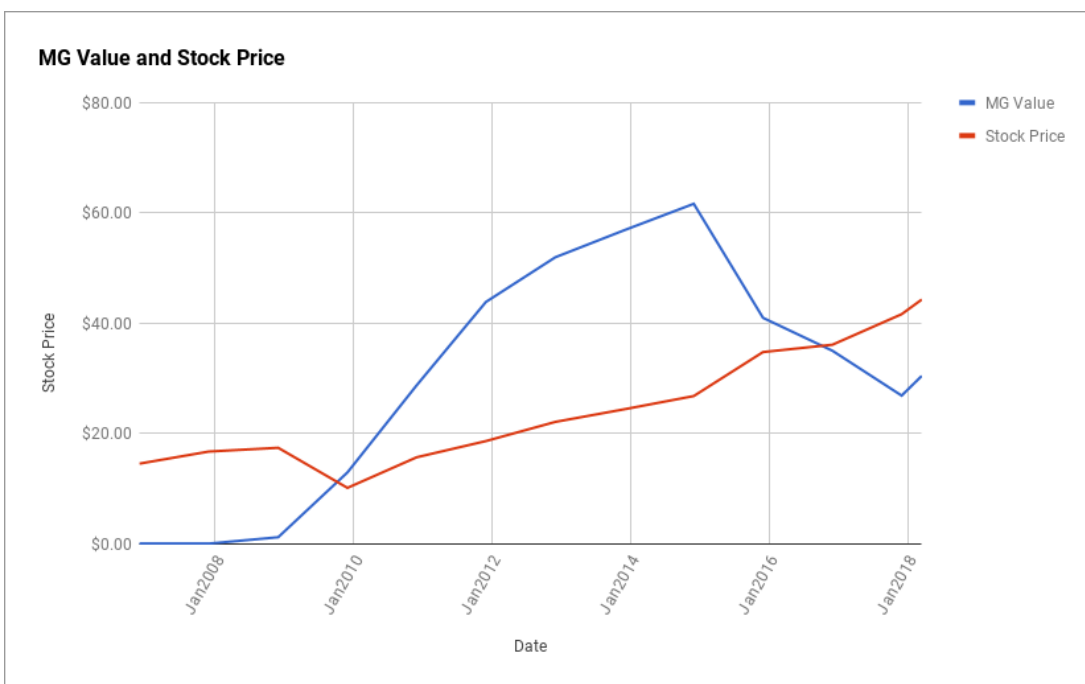
Net Current Asset Value (NCAV)	-\$57.33
Graham Number	\$28.63
PEmg	22.46
Current Ratio	0.89
PB Ratio	2.81
Current Dividend	\$1.33
Dividend Yield	3.00%
Number of Consecutive Years of Dividend Growth	11

### 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	
	\$2.31		\$1.97
Dec2017	\$1.64	Dec2017	\$1.80
Dec2016	\$1.98	Dec2016	\$1.83
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	\$1.57	Dec2011	\$1.14
Dec2010	\$1.28	Dec2010	\$0.75
Dec2009	\$0.91	Dec2009	\$0.34
Dec2008	\$1.20	Dec2008	\$0.03
Dec2007	-\$1.02	Dec2007	-\$0.47
Dec2006	-\$0.41	Dec2006	-\$0.48
Dec2005	-\$0.44	Dec2005	-\$0.89
Dec2004	\$0.64	Dec2004	-\$1.27
Dec2003	-\$0.30	Dec2003	-\$1.90
Dec2002	-\$4.68	Dec2002	-\$2.04
Dec2001	-\$3.51	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	\$0.04	Total Current Assets	\$2,475,000,000
Dec1999	\$2.17	Total Current Liabilities	\$2,784,000,000
Dec1998	\$2.45	Long-Term Debt	\$9,123,000,000
		Total Assets	\$23,050,000,000
		Intangible Assets	\$0
		Total Liabilities	\$18,609,000,000
		Shares Outstanding (Diluted Average)	281,400,000





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**

- [SCANA Corp Valuation – March 2018 \\$SCG](#)
- [Xcel Energy Inc Valuation – February 2018 \\$XEL](#)
- [Atmos Energy Corp Valuation – Initial Coverage \\$ATO](#)
- [PNM Resources Inc Valuation – Initial Coverage \\$PNM](#)
- [Public Service Enterprise Group Inc Valuation – July 2017 \\$PEG](#)
- [Eversource Energy Valuation – July 2017 \\$ES](#)
- [PPL Corp Valuation – June 2017 \\$PPL](#)
- [Entergy Corp Valuation – April 2017 \\$ETR](#)
- [California Water Service Group Valuation – Initial Coverage \\$CWT](#)
- [TransAlta Corporation – Initial Coverage \\$TSE:TA](#)