

# ModernGraham Valuation

Constellation  
Software Inc.



## Company Name:

Company Ticker TSE:CSU

Date of Analysis

4/7/2018

## 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	\$18,245,904,747	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.85	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	315.27%	Pass
6. Moderate PEmg Ratio	PEmg < 20	106.66	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	23.65	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	0.85	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-1.32	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 Score		Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$8.07
MG Growth Estimate	8.79%
<b>MG Value</b>	<b>\$210.45</b>
MG Value based on 3% Growth	\$117.05
MG Value based on 0% Growth	\$68.61
Market Implied Growth Rate	49.08%

### MG Opinion

Current Price	\$861.00
% of Intrinsic Value	409.13%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

## Stage 3: Information for Further Research

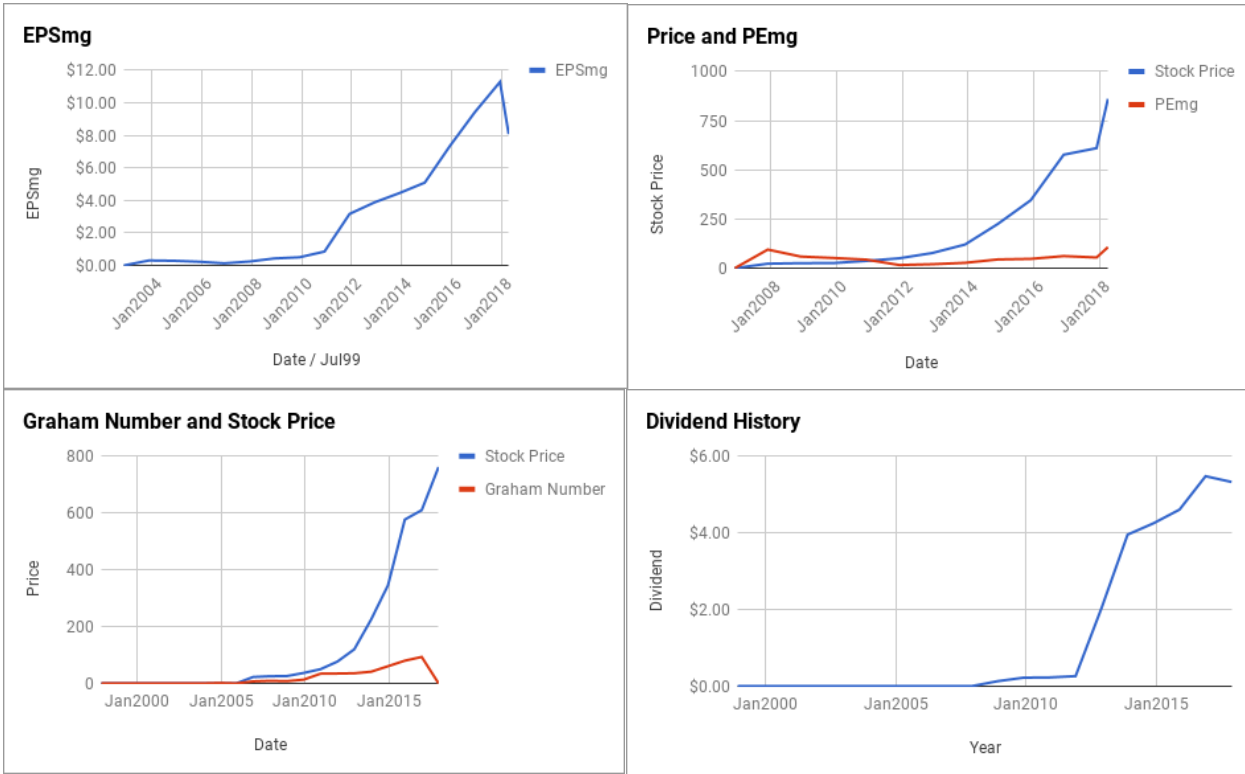
Net Current Asset Value (NCAV)	-\$41.65
Graham Number	\$0.00
PEmg	106.66
Current Ratio	0.85
PB Ratio	23.65
Current Dividend	\$5.11
Dividend Yield	0.59%
Number of Consecutive Years of Dividend Growth	0

### 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		Next Fiscal Year Estimate	\$8.07
Dec2017	\$13.37	Dec2017	\$11.28
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	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	\$0.00	Total Current Assets	\$1,267,916,000
Dec1999	\$0.00	Total Current Liabilities	\$1,496,796,000
Dec1998	\$0.00	Long-Term Debt	\$301,956,000
		Total Assets	\$2,922,000,000
		Intangible Assets	\$1,508,534,000
		Total Liabilities	\$2,150,607,000
		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** [Constellation Software Inc Valuation – Initial Coverage \\$TSE:CSU](#)

**Other ModernGraham posts about related companies**

- [F5 Networks Inc Valuation – April 2018 \\$FFIV](#)
- [Cadence Design Systems Inc Valuation – Initial Coverage \\$CDNS](#)
- [Oracle Corporation Valuation – March 2018 \\$ORCL](#)
- [CA Inc Valuation – March 2018 \\$CA](#)
- [Red Hat Inc Valuation – March 2018 \\$RHT](#)
- [Alphabet Inc Valuation – March 2018 \\$GOOGL](#)
- [Ansys Inc Valuation – March 2018 \\$ANSS](#)
- [Citrix Systems Inc Valuation – February 2018 \\$CTXS](#)
- [Microsoft Corp Valuation – February 2018 \\$MSFT](#)
- [Cisco Systems Inc Valuation – February 2018 \\$CSCO](#)