

ModernGraham Valuation



Constellation Brands,
Inc.

Company Name:

Company Ticker STZ

Date of Analysis

5/14/2018

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	\$42,768,253,176	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.79	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	448.27%	Pass
5. Earnings Growth	PEmg < 20	25.50	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.50	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	1.79	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.16	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$8.70
MG Growth Estimate	11.75%
MG Value	\$278.39
MG Value based on 3% Growth	\$126.14
MG Value based on 0% Growth	\$73.94
Market Implied Growth Rate	8.50%

MG Opinion

Current Price	\$221.82
% of Intrinsic Value	79.68%
Opinion	Fairly Valued
MG Grade	C

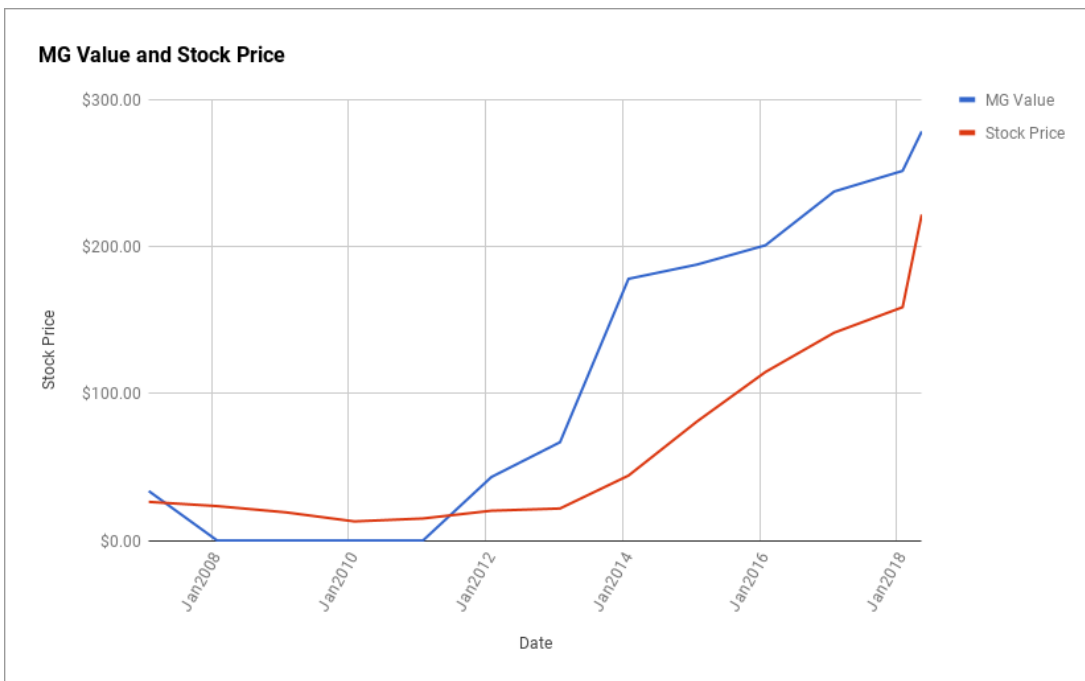
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$45.22
Graham Number	\$94.52
PEmg	25.50
Current Ratio	1.79
PB Ratio	5.50
Current Dividend	\$2.08
Dividend Yield	0.94%
Number of Consecutive Years of Dividend Growth	3

Useful Links:

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

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$9.44	Next Fiscal Year Estimate	\$8.70
Feb2018	\$11.55	Feb2018	\$8.10
Feb2017	\$7.52	Feb2017	\$6.17
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	Balance Sheet Information 2/1/2018	
Feb2001	\$0.65	Total Current Assets	\$3,474,000,000
Feb2000	\$0.53	Total Current Liabilities	\$1,944,700,000
Feb1999	\$0.34	Long-Term Debt	\$9,417,600,000
		Total Assets	\$20,538,700,000
		Intangible Assets	\$11,387,900,000
		Total Liabilities	\$12,492,600,000
		Shares Outstanding (Diluted Average)	199,431,000





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 Brands Inc Valuation – February 2017 \\$STZ](#)
- [Constellation Brands Inc Valuation – August 2016 \\$STZ](#)
- [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](#)

Other ModernGraham posts about related companies

- [Philip Morris International Inc Valuation – March 2018 \\$PM](#)
- [Altria Group Inc Valuation – March 2018 \\$MO](#)
- [Molson Coors Brewing Co Valuation – March 2018 \\$TAP](#)
- [Molson Coors Brewing Co Valuation – Initial Coverage \\$TAP](#)
- [Constellation Brands Inc Valuation – February 2017 \\$STZ](#)
- [Brown-Forman Corporation – February 2017 \\$BF.B](#)
- [Boston Beer Company Inc Valuation – Initial Coverage \\$SAM](#)
- [Constellation Brands Inc Valuation – August 2016 \\$STZ](#)
- [Reynolds American Inc Valuation – July 2016 \\$RAI](#)
- [Philip Morris International Inc Valuation – June 2016 \\$PM](#)