ModernGraham Valuation

Company Name: CMS Energy Corporation

Company Ticker CMS
Date of Analysis 1/15/2019

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	$14,206,216,167	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.69	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	58.24%	Pass
6. Moderate PEmg Ratio	PEmg < 20	25.35	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.97	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	0.69	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-8.30	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

Defensive	**No**
Enterprising	**No**

Stage 2: Determination of Intrinsic Value

EPSmg		$1.98
MG Growth Estimate		3.60%
MG Value		**$31.05**
MG Value based on 3% Growth		$28.68
MG Value based on 0% Growth		$16.81
Market Implied Growth Rate		8.42%

MG Opinion

Current Price		$50.14
% of Intrinsic Value		161.50%
Opinion	**Overvalued**	
MG Grade	**D**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$59.16
Graham Number	$28.75
PEmg	25.35
Current Ratio	0.69
PB Ratio	2.97
Current Dividend	$1.33
Dividend Yield	2.65%
Number of Consecutive Years of Dividend Growth	11

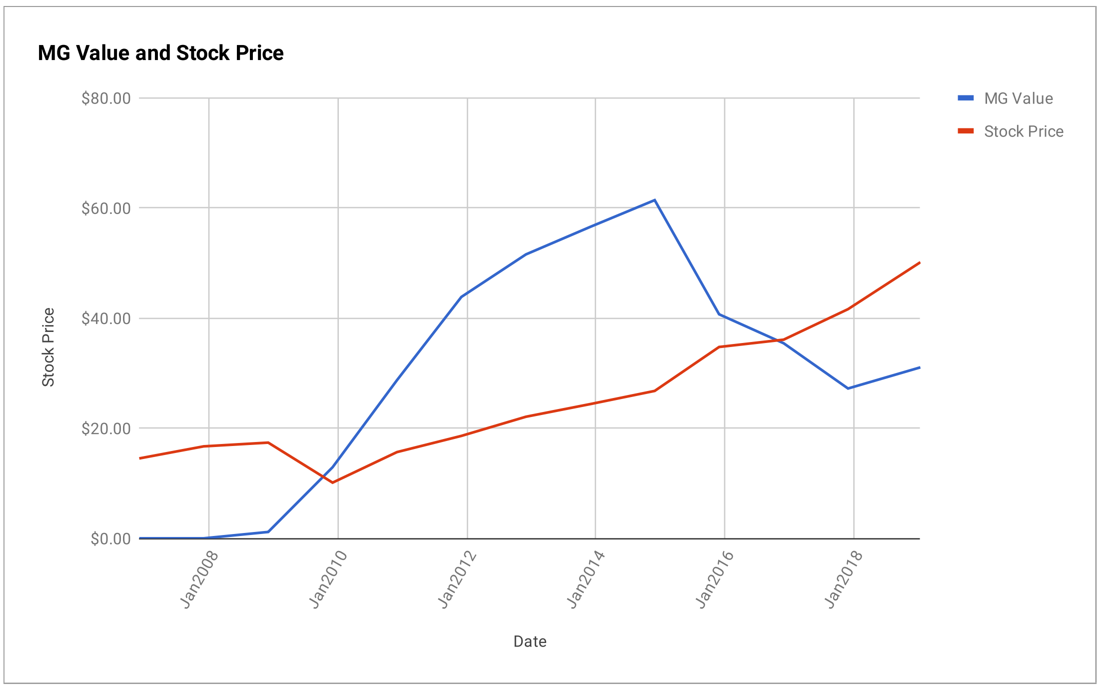
Useful Links:

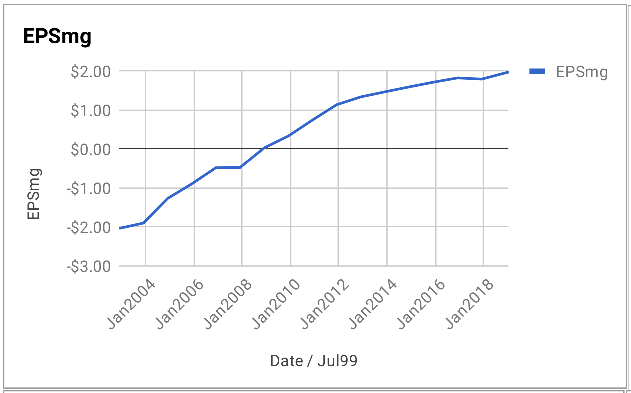
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

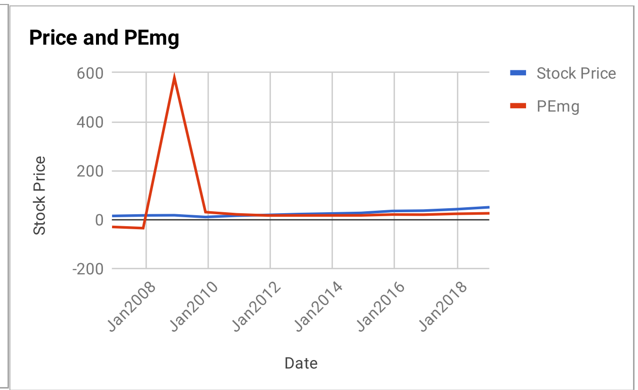
EPS History	
Next Fiscal Year Estimate	$2.33
Dec2017	$1.64
Dec2016	$1.98
Dec2015	$1.89
Dec2014	$1.74
Dec2013	$1.66
Dec2012	$1.39
Dec2011	$1.57
Dec2010	$1.28
Dec2009	$0.91
Dec2008	$1.20
Dec2007	-$1.02
Dec2006	-$0.41
Dec2005	-$0.44
Dec2004	$0.64
Dec2003	-$0.30
Dec2002	-$4.68
Dec2001	-$3.51
Dec2000	$0.04
Dec1999	$2.17
Dec1998	$2.45

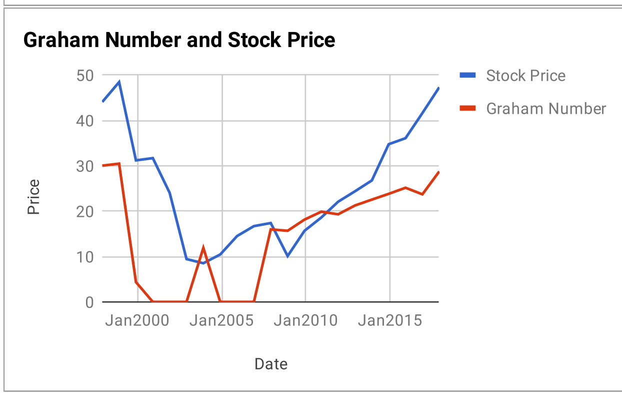
EPSmg History	
Next Fiscal Year Estimate	$1.98
Dec2017	$1.80
Dec2016	$1.83
Dec2015	$1.72
Dec2014	$1.60
Dec2013	$1.47
Dec2012	$1.34
Dec2011	$1.14
Dec2010	$0.75
Dec2009	$0.34
Dec2008	$0.03
Dec2007	-$0.47
Dec2006	-$0.48
Dec2005	-$0.89
Dec2004	-$1.27
Dec2003	-$1.90
Dec2002	-$2.04

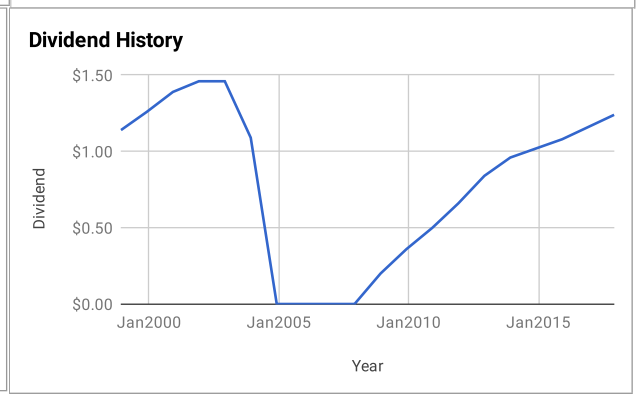
Balance Sheet Information	9/1/2018
Total Current Assets	$2,374,000,000
Total Current Liabilities	$3,442,000,000
Long-Term Debt	$8,869,000,000
Total Assets	$23,913,000,000
Intangible Assets	$0
Total Liabilities	$19,127,000,000
Shares Outstanding (Diluted Average)	283,200,000











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	CMS Energy Corp Valuation – March 2018 $CMS CMS Energy Corp Valuation – June 2016 $CMS 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
Other ModernGraham posts about related companies	Xcel Energy Inc Valuation – December 2018 $XEL California Water Service Group Valuation – October 2018 $CWT Canadian Utilities Ltd Valuation – September 2018 $TSE:CU Spire Inc Valuation – August 2018 $SR Capital Power Corp Valuation – August 2018 $TSE-CPX Superior Plus Corp Valuation – August 2018 $TSX-SPB Just Energy Group Inc Valuation – August 2018 $TSE:JE South Jersey Industries Inc Valuation – July 2018 $SJI Innergex Renewable Energy Inc Valuation – July 2018 $TSE:INE Suburban Propane Partners LP Valuation – June 2018 $SPH