

ModernGraham Valuation



Company Name:

Constellation Brands,
Inc. Class A

Company Ticker STZ

Date of Analysis

3/6/2019

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	\$31,606,238,998	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.08	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	514.04%	Pass
6. Moderate PEmg Ratio	PEmg < 20	16.87	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.81	Pass

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	1.08	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	42.79	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$9.84
MG Growth Estimate	15.00%
MG Value	\$378.81
MG Value based on 3% Growth	\$142.67
MG Value based on 0% Growth	\$83.63
Market Implied Growth Rate	4.18%

MG Opinion

Current Price	\$165.95
% of Intrinsic Value	43.81%
Opinion	Undervalued
MG Grade	C-

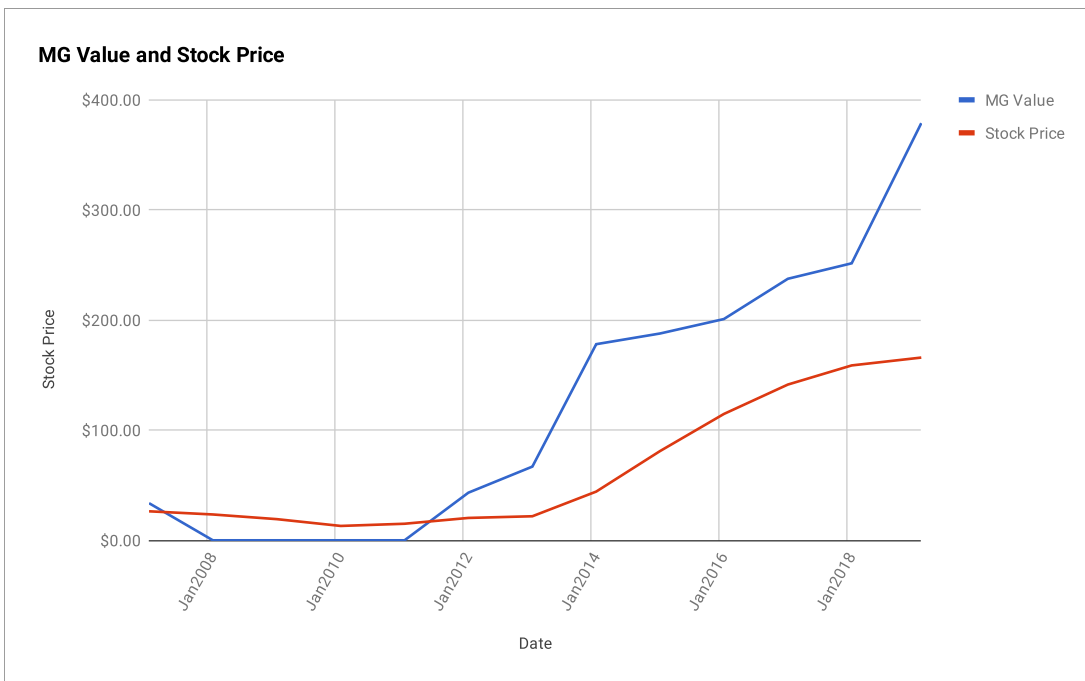
Stage 3: Information for Further Research

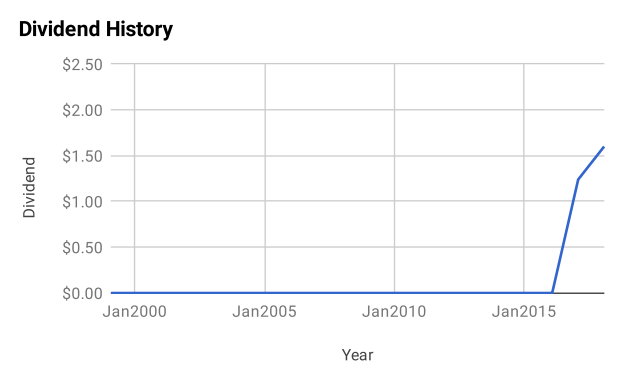
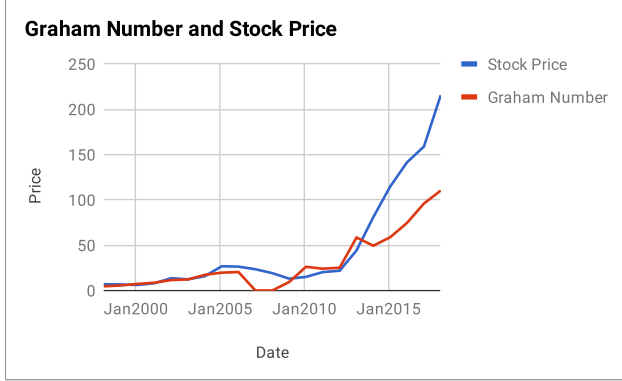
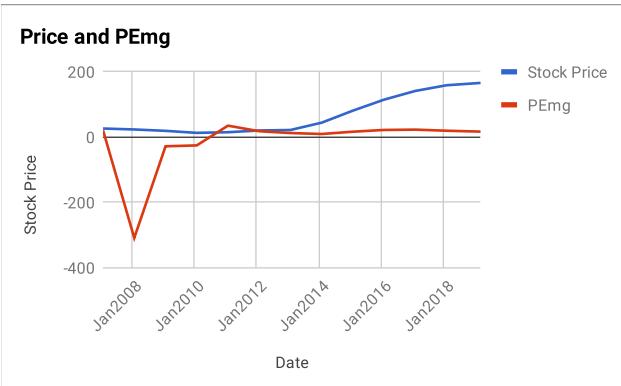
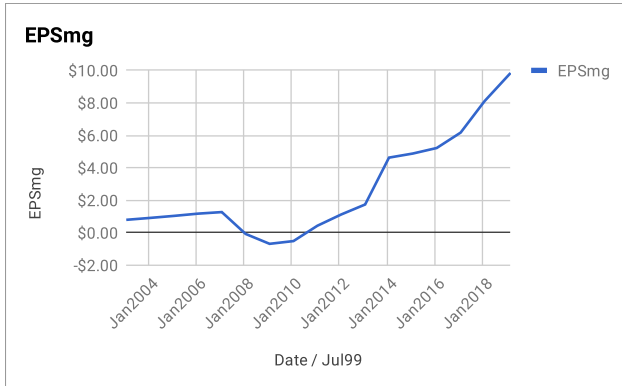
Net Current Asset Value (NCAV)	-\$65.35
Graham Number	\$110.32
PEmg	16.87
Current Ratio	1.08
PB Ratio	2.81
Current Dividend	\$2.08
Dividend Yield	1.25%
Number of Consecutive Years of Dividend Growth	3

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	\$12.86	Next Fiscal Year Estimate	\$9.84
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 11/1/2018	
Feb2001	\$0.65	Total Current Assets	\$3,638,500,000
Feb2000	\$0.53	Total Current Liabilities	\$3,363,400,000
Feb1999	\$0.34	Long-Term Debt	\$11,772,500,000
		Total Assets	\$27,890,400,000
		Intangible Assets	\$11,369,600,000
		Total Liabilities	\$16,370,400,000
		Shares Outstanding (Diluted Average)	194,820,000





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**
- [5 Undervalued Companies for Value Investors with a Low Beta – January 2019](#)
 - [Constellation Brands Inc Valuation – May 2018 \\$STZ](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [Philip Morris International Inc Valuation – January 2019 \\$PM](#)
 - [Altria Group Inc Valuation – January 2019 \\$MO](#)
 - [Molson Coors Brewing Co Valuation – January 2019 \\$TAP](#)
 - [Boston Beer Company Inc Valuation – July 2018 \\$SAM](#)
 - [Constellation Brands Inc Valuation – May 2018 \\$STZ](#)
 - [Brown-Forman Corp Valuation – May 2018 \\$BF.B](#)
 - [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](#)