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**Constellation Brands: Premiumization and
the Growth Playbook for Constellation
Brands**

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Abstract

The report aims to present an analysis of Constellation Brands business within the alcoholic beverage industry to estimate the expected share price. To achieve this, the company's long-term strategy and market positioning were considered. Additionally, an in-depth analysis of the beverage industry was conducted, alongside a thorough exploration of the trends shaping the sector, including the shifting consumer preferences toward premium beverages. By employing a Discounted Cash Flow method, this research provides an investment recommendation that considers potential capital gains and dividend yield.

Keywords: Beverages, Research, Equity

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This report is part of the “A Look into Constellation Brands – Navigating Growth in the Premium Beverages Industry” report (annexed), developed by Kelvin Sudhir Vassaramo and Daniel Lin Ye and should be read as an integral part of it.

Table of Contents

INTRODUCTION	6
COMPANY OVERVIEW	7
BEER SEGMENT.....	7
WINES AND SPIRITS SEGMENT	8
COMPANY POSITION WITHIN SECTOR, INCLUDING SWOT	9
POSITION WITHIN THE SECTOR	9
STRENGTHS	10
WEAKNESSES.....	10
OPPORTUNITIES.....	11
THREATS.....	11
VALUATION.....	12
COST OF CAPITAL	12
INTRINSIC VALUATION	14
RELATIVE VALUATION	14
REFERENCES	16

Introduction

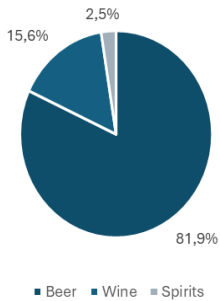
This report aims to provide a comprehensive equity research analysis of Constellation Brands, a firm in the beverage industry, with the primary purpose of valuing the company and determining a price target. By conducting a detailed valuation, the report seeks to offer insights into the firm's intrinsic value and support informed decision-making for potential readers, including investors and analysts. The ultimate conclusion of this analysis is a recommendation to hold the share, as the calculated price target indicates limited potential for either significant upside or downside movement.

The joint report is structured to ensure a holistic evaluation of Constellation Brands, encompassing various critical aspects of the company and its environment. It begins with an initial company overview, followed by sections on the macroeconomic environment, industry landscape, and ESG factors. The analysis then delves into the company's position within the sector, detailed financial forecasts, and the estimation of the Cost of Capital (WACC). Subsequent sections include a Discounted Cash Flow (DCF) analysis, scenario and sensitivity analysis, relative valuation using multiples, and finally, the recommendation.

This individual report focuses on specific sections that contribute to the valuation of Constellation Brands. These include the company overview, an examination of its position within the sector, the calculation of the Cost of Capital, a thorough DCF valuation, and relative valuation based on multiples. My pair's contributions complement these analyses with sections on the macroeconomic overview, industry overview, ESG factors, financial forecasts, scenario and sensitivity analysis, and the final recommendation. Together, these elements create a cohesive and robust equity research report, culminating in a well-founded investment recommendation.

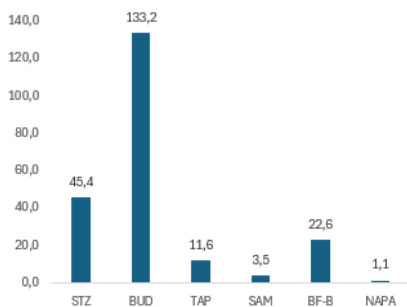
Company Overview

Figure 1: Consolidated Net Sales
Source: Company Report



Constellation Brands, Inc. (STZ), founded in 1945 by Marvin Sands and headquartered in Victor, New York, produces, markets, and distributes beer, wine, and spirits. Operating in the US, Canada, Mexico, New Zealand, and Italy, it segments its business into Beer, Wine and Spirits, Corporate Operations and Other, and Canopy. As a multi-category supplier in the U.S., some of its notable beer brands include Corona, and Modelo. Constellation markets a wide range of wines, from table and sparkling to dessert wines, across various price points, including premium and luxury categories. For the spirits brands, some of the most notorious high-end are SVEDKA, Casa Noble and High West. Corporate operation and others it's a traditional corporate related segment that includes areas necessary to maintain the company's operations efficient as corporate finance, human resources, corporate strategy, IT and legal. The Canopy segment acquired in 2018 was later write-down in 2022 due to low performance.

Figure 2: STZ and Peers market cap in \$billions
Source: Company Report and Bloomberg

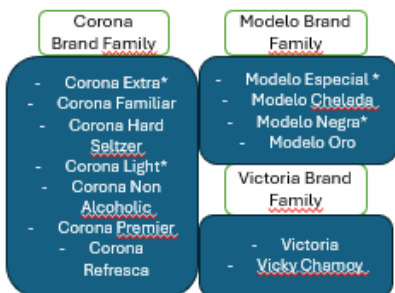


The firms that compete with Constellation Brands (STZ) business segments are Boston Beer Co (SAM), Anheuser-Busch InBev (BUD) and Molson Coors (TAP) for the beers segment and Brown-Forman Corp (BF-B) and The Duckhorn Portfolio (NAPA) for the wines and spirits segment. By market cap the biggest firms are Anheuser-Busch InBev and Constellation Brands, both have a high market share, with BUD being an international firm that sells its beers worldwide, including highly recognized brands such as Budweiser and Bud Light. In contrast, Constellations Brands primarily markets its brands in the United States. Since the wines and spirits industries are smaller than the beers industries the market cap and total revenues of wines and spirits firms are lower.

Beer Segment

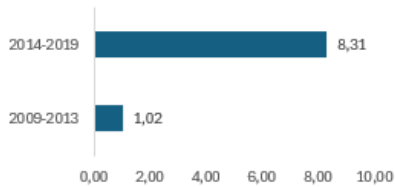
The beer segment of Constellations Brands includes the Corona brand family, Modelo brand family, Victoria brand family and other imported brands such as Pacifico, all of them produced in Mexican breweries. The three brands belong to "Grupo Modelo", a Mexican brewery, this group was bought by Anheuser-Busch InBev, a Constellations Brands strong competitor, in 2012 for \$20 Billion. Initially, a deal was refused by US Justice Department due to antitrust concerns but later on, both parts came to an agreement and Constellations Brands was able to be bought for \$5 Billions in 2013 the Grupo Modelo's beer business giving them a right to import, market and sell beers of that group only in the US while Anheuser-Busch InBev would do it outside US. Since 2013, the revenues of Constellations have been growing fast due to the beer segment and this acquisition, and

Figure 3: STZ's Beer Brands
Source: Company Report



*High-end brands

Figure 4: Average EPS
Source: Bloomberg



nowadays it represents around 80% of sales. This acquisition also created value to the shareholders increasing their EPS, averaging at 1,02\$ from 2009-2013 to 8,31\$ from 2014-2020.

Figure 5: Operating Margins
Source: Bloomberg

Op. Mrg	Constellation Brands, Inc	The Boston Beer Co Inc	Anheuser-Busch InBev	Molson Coors	Beer Peers Average
2020	23,64%	14,32%	26,89%	13,79%	
2021	29,83%	2,78%	26,16%	14,58%	
2022	24,47%	6,03%	25,03%	9,69%	
2023	27,93%	6,06%	24,01%	13,58%	
Average	26,47%	7,30%	25,52%	12,91%	15,24%

The growth of beer segment has been positive and consistent during the years, especially considering that Modelo Especial became the best seller beer in US in May 2023, surpassing Bud Light detained by the competitor Anheuser-Busch InBev, which was the top-selling beer in US since 2001, and Pacific beer being one of the fastest growing beers in Constellation Brands portfolio. When compared to its peers in the beer industry, Constellation Brands reported a significantly higher operating margin of 26.47%, whereas its competitors like The Boston Beer Co, Anheuser-Busch InBev and Molson Coors achieved lower margins of 7.30%, 25.52% and 12.91%, respectively. The higher values for Constellation Brands and Anheuser-Busch InBev are attributed to their lower costs to sell the products of respectively 18.12% and 23.79% as % of revenues while The Boston Beer Co and Molson Coors had 27.30% and 24.58%.

Figure 6: Selling expenses as % of revenues
Source: Company Report and Bloomberg

Selling expenses % of Rev	Constellation Brands, Inc	The Boston Beer Co Inc	Anheuser-Busch InBev	Molson Coors	Beer Peers Average
2020	17,80%	25,78%	25,52%	25,24%	
2021	17,80%	29,50%	24,27%	24,85%	
2022	17,96%	26,24%	22,74%	24,47%	
2023	18,93%	27,68%	22,62%	23,76%	
Average	18,12%	27,30%	23,79%	24,58%	23,45%

Figure 7: STZ's Wine Brands
Source: Company Report



Wines and Spirits Segment

The wine brands of Constellation Brands are composed by the high-end well know Kim Cranwford and Meiomi, which are among the 10 top-selling higher-end wine brands in the US, Ruffino, SIMI, Mount Veeder and Cook's California Champagne. Some wine portfolios of brands include My Favorite Neighbor, Robert Mondavi Winery, Schrader, and The Prisoner Wine Company. For the Spirits brands the portfolio is composed by Casa Noble, Copper & Kings, High West, Mi CAMPO, Nelson's Green Brier and SVEDKA.

*High-end brands

This segment has been struggling during the last few years due to consistent decreases in sales. One of the main reasons for this is the change of consumers consumption trends that are more focusing on consuming high-end products, meanings that families are decreasing the consumption of average wines, and are increasing the consumption of high-end wines. For this reason, Constellation Brands is changing its strategy to be able to provide more high-end and premium wines and spirits by adding to the portfolio more high-end brands and divesting lower price brands. While comparing some peers in the wine industry Constellations Brands had a lower profit margin, as for Constellations Brands was 7,61% and for some peers as Brown-Forman and The Duckhorn Portfolio were at 22,60% and 15,12% respectively. The specialized peers of wines industry benefit from lower selling costs as their selling costs as % of revenue are 11.82% for Brown-Forman, and 14.57% for The Duckhorn Portfolio while Constellations Brands stands at 18.12%.

Figure 8: Profit Margins
Source: Company Report and Bloomberg

Pft. Mrg	Constellation Brands, Inc	Brown-Forman Corp	The Duckhorn Portfolio Inc	Wine Peers Average
2020	0,23%	27,13%	n.d	
2021	21,72%	21,53%	15,11%	
2022	0,01%	17,40%	14,70%	
2023	-0,38%	22,65%	16,88%	
2024	16,48%	24,15%	13,79%	
Average	7,61%	22,57%	15,12%	18,85%

Figure 9: Selling expenses as % of revenues
Source: Company Report and Bloomberg

Selling expenses % of Rev	Constellation Brands, Inc	Brown-Forman Corp	The Duckhorn Portfolio Inc	Wine Peers Average
2021	17,80%	11,53%	13,63%	
2022	17,80%	11,14%	14,63%	
2023	17,96%	11,97%	15,34%	
2024	18,93%	12,66%	14,69%	
Average	18,12%	11,82%	14,57%	13,20%

Company position within sector, including SWOT

Position within the sector

Constellation Brands has emerged as one of the top-growth companies in the beverage alcohol sector over the past few years, driven primarily by its robust beer segment and acquisition strategy. The company consistently delivered positive results, with a CAGR of 7.42% in revenue since 2014, a notable improvement compared to the period from 2003 to 2013, when the CAGR was -2%. This growth is strongly supported by the rising popularity of Mexican beer imports in the U.S., in 2023 these beers accounted for a total of 81% of total beer imports in US. As is well known, that US has been subject to an increase of latino population, this is not one of the main drivers of Mexican beers consumption as Constellation Brands reported that the consumption of Modelo beer is around 39% made by hispanic households. In 2019, around 70% of consumption made by the Hispanic households.

Figure 10: STZ's CAGR

Source: Bloomberg

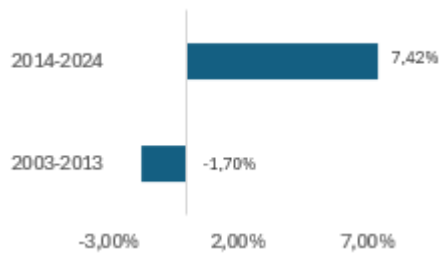


Figure 11: Modelo beer consumption by household

Source: Company Report and Wall Street Journal

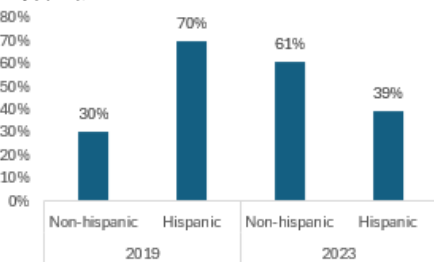
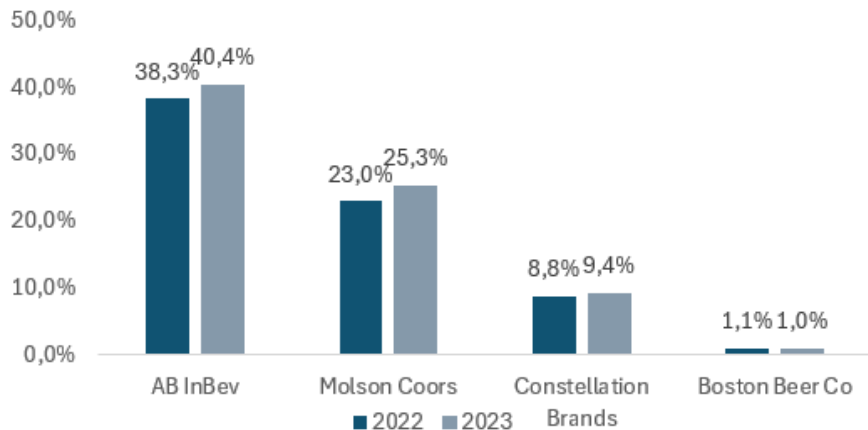


Figure 12: Beer peers Market Share

Source: Statista

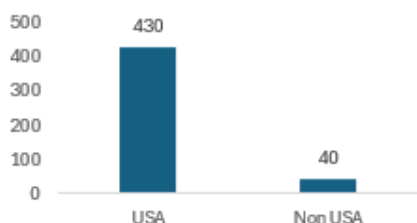


Considering the market share, Constellation Brands positions as the 3rd largest share in the USA only surpassed by the peers, Anheuser-Busch InBev and Molson Coors. This movement will be changing in the next few years as the top selling beer of InBev is losing market share and the top selling beer of Constellation Brands is gaining share. Since 2017, the beer sales of Modelo Especial increased from 1.6\$ billion to 3.5\$ billions while Bud Light saw the sales decreasing from 5.7\$ billions to 4.7\$ billions. In fact, from 2023 to 2024 the change in sales of the best beer brands by market share owners were +16,2% for Modelo Especial from Constellation Brands, +16,5% for Coors Light from Molson Coors and lastly worst performing -24,2% the Bud Light from Anheuser-Busch InBev.

Strenghts

Sourcing Flexibility: Constellation Brands' operations across multiple countries (USA, Mexico, New Zealand, Italy) reduce reliance on a single market and strengthen the wine segment by ensuring a diverse grape supply. The company sources grapes from approximately 430 independent growers in the U.S. and 40 growers in New Zealand and Italy and a few vineyard holdings in those countries. These relationships, supported by purchase agreements with flexible, market-based pricing, provide stability and adaptability in production, mitigating risks related to regional economic conditions and climate variations. Besides the existent suppliers being enough to deal with the expected demand, Constellation Brands keeps putting effort to purchase or lease vineyards and additional land for vineyard planting.

Figure 13: Grapes Supply
Source: Company Report



Weaknesses

High Dependency on U.S. Market: Despite its international presence, Constellation Brands remains heavily reliant on the US market for a significant portion of its revenue. This dependence poses a notable weakness, as it exposes the company to various risks associated with changes in US consumer preferences, economic conditions, and regulatory environments.

Figure 14: Constellation Brands Sales Worldwide in \$Millions
Source: Company Report



The share of international sales have been decreasing since 2017 and sales in the US have been increasing fast, if US consumers preferences shift rapidly, influenced by factors such as health trends, cultural movements, and changing attitudes toward consumption of some brands and Constellation Brands fails to adapt to these shifts, it could face declining sales and market share. Additionally,

economic downturns or recessions in the US could negatively impact consumers' discretionary spending on premium beverages, further affecting the company's revenue.

Moreover, the US beverage alcohol industry is subject to stringent regulations at both the federal and state levels. Any changes in excise taxes or new labeling requirements, could increase operational costs or limit market opportunities. Currently, there is pressure from the World Health Organization to increase taxation on unhealthy products like alcohol. This regulatory uncertainty adds another layer of vulnerability for Constellation Brands.

Opportunities

Growth in Premium Wine and Spirits Segments: Rising consumer demand for premium beverages, particularly in the wine and spirits segments, presents a significant growth opportunity for Constellation Brands. As consumers increasingly seek higher-quality, artisanal products with distinct flavors and unique characteristics, these segments of the beverage industry have experienced substantial growth and is expected to keep the trends, the Data Bridge Market Research is expecting a CAGR of 6.5% from 2022 to 2029 for the premium wine industry.

Constellation Brands has strategically positioned itself to capitalize on this trend by acquiring well-established premium brands and continuously investing in innovation and product development. During 2022, 2023 and 2024 some of the high-end wine brands acquired were Lingua Franca, Domaine Curry and Sea Smoke respectively. While the company has made key acquisitions in the craft beer sector, it has placed a strong emphasis on expanding its premium wine and spirits offerings. These efforts cater to consumers who are willing to invest in high-end, luxury products.

By leveraging its strong brand portfolio and continuing to invest in these high-growth segments, Constellation Brands is well-positioned to expand its market share and drive sustained growth, particularly in the premium wine and spirits categories.

Threats

Supply Chain Vulnerability: One significant threat to Constellation Brands lies in its reliance on a single glass plant in Nava, Mexico for a substantial portion of its glass bottle supply. As shown in Figure 16, approximately 58% of the components in Constellation Brands' bottles are made of glass, underscoring the firm's heavy dependence on this material. This implies a severe risk to the production of its Mexican beer brands, which are a critical driver of revenue. Disruptions at this plant

Figure 15: Consolidated Net Sales
Source: Company Report

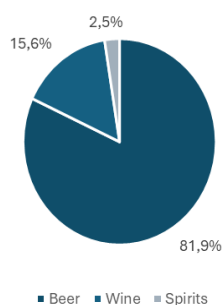
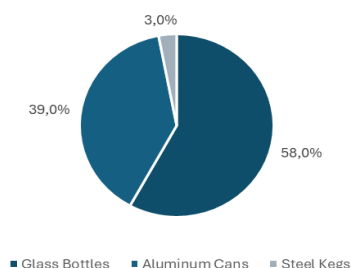


Figure 16: Package Format Mix for beers
Source: Company Report



whether caused by operational issues, natural disasters or labor strikes could create bottlenecks that hinder the company's ability to meet market demand.

This overreliance on a single supplier not only exposes Constellation Brands to supply chain risks but also limits its flexibility in responding to unforeseen circumstances. A sudden shortage of glass supply could force the company to source materials from alternative suppliers at higher costs, thereby compressing profit margins. Additionally, delays in production due to supply shortages could weaken the company's ability to compete in the highly competitive beer market, where consistency in supply and brand loyalty are paramount.

Impact of Marketing Missteps: The 2023 incident with Anheuser-Busch's Bud Light, where a product endorsement by Dylan Mulvaney, a transgender influencer, resulted in a significant decrease in sales, highlights the potential risks of marketing decisions that may lead to consumer backlash or boycotts. Since 2001, Bud Light was the top selling beer in the USA and was surpassed by Modelo for the first time ever during May 2023 when Modelo's market share increased to 10,7% and Bud Light's share decreased to 9,6%. At this time the stock price of Anheuser-Busch InBev fell almost 20%.

Constellation Brands had not had any similar incident, but this case brings to the table the consequences of hiring someone that could impact negatively in the short-term affecting the brand's image, it must be ensured that these marketing strategies resonate well with target audiences and are thoroughly vetted to avoid unintended negative consequences.

Valuation

Cost of Capital

The valuation of Constellation Brands is conducted using the Weighted Average Cost of Capital (WACC) and the Discounted Cash Flow (DCF) analysis. These methodologies will provide a structured approach to estimating the intrinsic value of the company. The following sections detail the steps involved in calculating the WACC, and conducting the DCF analysis, highlighting the assumptions and financial estimates used to arrive at the final valuation.

The initial phase consisted in the estimation of WACC which represents the company's average cost of financing from both equity and debt sources, weighted according to their respective proportions in the capital structure.

In the beginning to determine the capital structure, the analysis relied on historical data since Constellation Brands does not publish a target D/E ratio. The average

Figure 17: Modelo's and Bud Light's Market Share at May 2023

Source: NielsenIQ

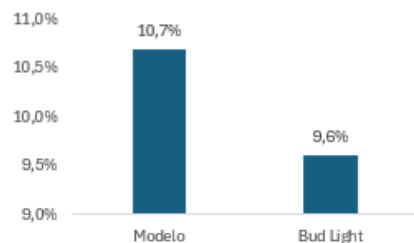


Figure 18: Historical D/E

Source: Own Analysis

Historical D/E	
Constellation Brands	32%
The Boston Beer Co	-2%
Brown-Forman	7%
Anheuser-Busch InBev	61%
The Duckhorn Portfolio	17%
Molson Coors	63%

D/E ratio over the past five years for STZ, as well as the average for its peers over the same period, were used as proxies. STZ's five-year average D/E ratio was 31.68%, while the peers' average stood at 29.75%. Based on these figures, a target blended D/E ratio of 30.71% was adopted for the analysis. This approach provides a reasonable assumption, reflecting both STZ's and its peers' historical capital structures. This yielded a debt-to-enterprise value (D/EV) of 23.50% and an equity-to-enterprise value (E/EV) of 76.50%.

Figure 19: Betas regression output

Source: Own Analysis

Company	Debt/Equity	Raw Beta	Confidence Interval 95%	
			Lower	Higher
Constellation Brands	31%	0.92	0.81	1.03
Anheuser-Busch InBev	61%	1.08	0.91	1.25
Brown-Forman	7%	0.77	0.65	0.89
The Duckhorn Portfolio	17%	0.74	0.41	1.06
Molson Coors	63%	0.65	0.48	0.81
The Boston Beer Co	-2%	1.11	0.88	1.34

To estimate the cost of equity, the Capital Asset Pricing Model (CAPM) was employed. The analysis involved regressing the monthly returns of Constellation Brands over the past five years, from December 2019 to December 2024, against a benchmark, with the S&P 500 used as a proxy. This regression yielded a levered beta of 0.92, with a confidence interval ranging from 0.81 to 1.03. Similar regressions were conducted for all peers to determine their respective levered betas. To confirm the β_E , it was firstly obtained the unlevered beta of Constellation Brands and all the peers through the historical D/E ratio and to avoid estimation errors it was only considered Anheuser-Busch InBev, Brown-Forman Corp unlevered betas due to beta similarity to Constellation Brands. The final unlevered beta result was 0.70 and re-levering at the target D/E ratio it was obtained the value of 0.88, inside the confidence interval of raw beta of Constellation Brands.

Figure 20: Unlevered Betas

Source: Own Analysis

	STZ	SAM	BF-B	ABI	NAPA	TAP	Average
Levered b	0.92	1.11	0.77	1.08	0.74	0.65	
D/E (Historical)	32%	-2%	7%	61%	17%	63%	
D/E (Target)	31%						
Unlevered B	0.70	1.13	0.72	0.67	0.63	0.40	0.70
Re-levered B	0.88						

The risk-free rate used in the analysis was proxied by the 10-year U.S. Treasury yield, which stood at 4.395%. This rate was selected due to its alignment with the valuation's time horizon and because Constellation Brands generates cash flows denominated in U.S. dollars.

Figure 21: Cost of debt Calculation

Source: Own Analysis

Synthetic Rating STZ	BBB
yield to maturity	5,66%
probability of default	4,07%
loss given default	31,70%
Cost of Debt	5,58%

For the market risk premium, an estimated value of 4.5% was applied, based on McKinsey's recommendations. This premium is a critical component in calculating the cost of equity, which was determined to be 8.36%.

The corporate tax rate used in the valuation was set at 21%, consistent with the U.S. corporate tax rate.

Figure 22: WACC Calculation

Source: Own Analysis

Constellation Brands Inc.	
Beta	0,88
Market Risk Premium	4,50%
Risk Free Rate	4,40%
Cost of Equity	8,36%
Cost of Debt	5,58%
Debt/Equity	30,71%
Total Debt/ Value	23,50%
WACC	7,43%

The cost of debt was calculated using the yield to maturity (YTM) of STZ's unsecured bonds maturing in September 2047, which hold a BBB rating from S&P Global Ratings. Based on this rating, the cumulative probability of default was 4.07%. For the purpose of estimating the cost of debt, this probability was annualized, with a loss given default rate of 31.70%. The bonds' YTM was 5.66%, which, after adjustments for default probabilities and recovery rates, resulted in a cost of debt of 5.58%.

Combining the capital structure with the cost of equity at 8.36% and the cost of debt at 5.58%, the weighted average cost of capital was calculated to be 7.43%.

Intrinsic Valuation

In the DCF analysis, a 15 year forecast period was used, projecting unlevered free cash flows until 2040.

The Core Enterprise Value was calculated using first the terminal value in 2040 with the growth rate (g) of 2.89% and a WACC of 7.43% and then it was estimated by backward induction each year, the Core Enterprise Value till 2025. Considering that the growth of unlevered cash flow is correlated to the investment made and the return of these investments the g was based on the product of RONIC and RR which resulted in 2.89%.

The final Core Enterprise Value for 2025 was estimated at \$56,007M, to which Non-Core Enterprise Value of \$153M were added, resulting in a total Enterprise Value of \$56,160M. After deducting the value of Net Debt and Non-Controlling Interests, the Equity Value came to \$44,280M resulting in a share price of \$241.97, assuming a capital gain of \$2.31 and dividend yield of \$4.02 it leads to a recommendation to hold the share as the upside potential is only 2.64%.

Relative Valuation

Figure 23: Peers Multiples

Source: Bloomberg and Own analysis

Name	P/E	P/B	P/S	EV/Sales	EV/EBITDA
Constellation Brands	22,81	4,79	4,69	5,95	15,52
The Boston Beer Co	32,27	3,50	1,82	1,70	14,21
Anheuser-Busch InBev	22,04	1,21	1,98	3,31	10,12
Molson Coors	8,72	0,82	0,91	1,42	6,83
Brown-Fomman	19,60	5,67	4,81	5,48	15,15
The Duckhorn Portfolio	12,22	0,82	2,03	3,37	9,75

Figure 24: Peers Average Multiples by Segment

Source: Bloomberg and Own analysis

	P/E	P/B	P/S	EV/Sales	EV/EBITDA
Beer Peers	21,46	2,58	2,35	3,10	11,67
Wine and Spirits Peers	15,91	3,25	3,42	4,43	12,45

Although the DCF analysis provides flexibility in incorporating various assumptions, the final valuation is highly sensitive to the accuracy of those inputs.

To enhance the reliability of our forecasts, we have complemented the DCF with a relative valuation approach to assess STZ. Peer firms were selected based on their similarity in business model, growth rates, and geographic operations.

Given that 80% of STZ's sales are derived from the beer segment, the primary peer group includes The Boston Beer Co., Anheuser-Busch InBev, and Molson Coors. For the wine and spirits segment, Brown-Forman Corp. and The Duckhorn Portfolio Inc. were identified as relevant comparables.

The analysis of P/E multiples indicates that investors are willing to pay a premium for beer companies compared to wine and spirits firms. This discrepancy likely stems from forecasts projecting slower growth in the wine and spirits industry. The average P/E multiple for beer peers stands at 21.46x, notably higher than the 15.91x observed for wine and spirits peers. Applying the beer industry's multiple yields a price target of \$239.92, which closely aligns with the valuation derived

Figure 25: P/E Multiple

Source: Bloomberg and Own analysis

P/E	STZ
Multiple	21,46
STZ EPS	11,18
Implied PT	239,92

Figure 26: EV/EBITDA Multiple
Source: Bloomberg and Own analysis

EV/EBITDA	STZ
Multiple	15,34
STZ EBITDA (\$M)	3 825,40
STZ EV (\$M)	58 674,08
STZ Net Debt (\$M)	12 726,70
STZ Equity (\$M)	45 947,38
STZ #shares (\$M)	182,20
Implied PT	252,17

from the discounted cash flow model.

For the EV/EBITDA multiple, Constellation Brands and Brown-Forman exhibit higher values due to their superior margins. Brown-Forman boasts the highest profit margin among wine and spirits peers, while Constellation Brands has the highest operating profit within beer peers. Both firms have the highest EBITDA margins within their industries. The multiples for Constellation Brands and Brown-Forman are set at 15.52x and 15.15x, respectively. In this analysis, the EV/EBITDA multiple was used instead of EV/EBIT, as all peers exhibit low depreciation costs. The average multiple of 13.28x derived from these firms produces a price target of \$252.17, which is higher than the DCF valuation.

Turning to the P/S multiple, Constellation Brands stands out with the highest multiple of 4.69 among beer peers, reflecting investor optimism regarding significant earnings growth. This optimism is primarily fuelled by the strong performance of Constellation's beer segment, which has consistently delivered robust results and is expected to maintain this trend. The elevated P/S multiple suggests that investors anticipate continued expansion and profitability in this key segment, thereby justifying the premium. Using the peers with the highest multiples: Constellation Brands of 4.69, The Duckhorn Portfolio of 2.03, and Brown-Forman of 4.81, the calculated price target is \$210.13, lower than the DCF valuation.

Given that the three multiples produce different price targets due to their reliance on distinct peer, the final valuation of Constellation Brands focuses on the P/E multiple. This approach captures the dynamics of beer-focused peers, indicating that Constellation Brands is fairly priced considering the DCF and multiples valuation.

Figure 27: P/S Multiple
Source: Bloomberg and Own analysis

P/S	STZ
Multiple	3,84
Sales (\$M)	9 961,80
Implied Market Cap (\$M)	38 286,52
STZ #shares (\$M)	182,20
Implied PT	210,13

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