

ModernGraham Valuation

Company Name:

Company Ticker CNP
Date of Analysis

CenterPoint Energy,
Inc.

6/28/2016



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	\$10,097,147,591	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.92	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	-75.86%	Fail
6. Moderate PEmg Ratio	PEmg < 20	65.86	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.92	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	0.92	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-36.95	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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.36
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$5.20
MG Value based on 0% Growth	\$3.05
Market Implied Growth Rate	28.68%

MG Opinion

Current Price	\$23.62
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$35.02
Graham Number	\$13.74
PEmg	65.86
Current Ratio	0.92
PB Ratio	2.92
Current Dividend	\$1.00
Dividend Yield	4.24%
Number of Consecutive Years of Dividend Growth	11

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.03	Next Fiscal Year Estimate	\$0.36
Dec2015	-\$1.61	Dec2015	\$0.33
Dec2014	\$1.42	Dec2014	\$1.35
Dec2013	\$0.72	Dec2013	\$1.34
Dec2012	\$0.97	Dec2012	\$1.60
Dec2011	\$3.17	Dec2011	\$1.80
Dec2010	\$1.07	Dec2010	\$1.13
Dec2009	\$1.01	Dec2009	\$1.14
Dec2008	\$1.30	Dec2008	\$0.92
Dec2007	\$1.17	Dec2007	\$0.61
Dec2006	\$1.33	Dec2006	-\$0.61
Dec2005	\$0.75	Dec2005	-\$1.75
Dec2004	-\$2.94	Dec2004	-\$2.64
Dec2003	\$1.58	Dec2003	-\$1.76
Dec2002	-\$13.16	Dec2002	-\$2.52
Dec2001	\$3.35	Dec2001	\$2.61
Dec2000	\$1.56	Dec2000	\$2.13
Dec1999	\$5.18	Balance Sheet Information 3/1/2016	
Dec1998	-\$0.50	Total Current Assets	\$2,335,000,000
Dec1997	\$1.66	Total Current Liabilities	\$2,534,000,000
Dec1996	\$1.66	Long-Term Debt	\$7,354,000,000
		Total Assets	\$21,004,000,000
		Intangible Assets	\$840,000,000
		Total Liabilities	\$17,498,000,000
		Shares Outstanding (Diluted Average)	433,000,000





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

- [18 Companies in the Spotlight This Week – 3/15/15](#)
- [CenterPoint Energy Inc. Annual Valuation – 2015 \\$CNP](#)
- [26 Companies in the Spotlight This Week – 11/22/14](#)
- [CenterPoint Energy Inc. Annual Valuation – 2014 \\$CNP](#)

Other ModernGraham posts about related companies

- [Southern Company Valuation – June 2016 \\$SO](#)
- [CMS Energy Corp Valuation – June 2016 \\$CMS](#)
- [Xcel Energy Inc Valuation – May 2016 \\$XEL](#)
- [PPL Corporation Valuation – January 2016 Update \\$PPL](#)
- [Entergy Corp Valuation – January 2016 Update \\$ETR](#)
- [PPL Corporation Valuation – January 2016 Update \\$PPL](#)
- [Entergy Corp Valuation – January 2016 Update \\$ETR](#)
- [Pinnacle West Capital Corp Valuation – December 2015 Update \\$PNW](#)
- [Pinnacle West Capital Corp Valuation – December 2015 Update \\$PNW](#)
- [Pepco Holdings Inc Valuation – December 2015 Update \\$POM](#)