ModernGraham Valuation

Company Name: Centene Corp

Company Ticker CNC

Date of Analysis 1/25/2017

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	$10,996,411,003	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.86	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	190.94%	Pass
6. Moderate PEmg Ratio	PEmg < 20	27.69	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.97	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	0.86	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.95	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

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

Stage 2: Determination of Intrinsic Value

EPSmg	$2.33
MG Growth Estimate	15.00%
MG Value	**$89.65**
MG Value based on 3% Growth	$33.77
MG Value based on 0% Growth	$19.79
Market Implied Growth Rate	9.59%

MG Opinion

Current Price	$64.48
% of Intrinsic Value	71.92%
Opinion	**Undervalued**
MG Grade	**C-**

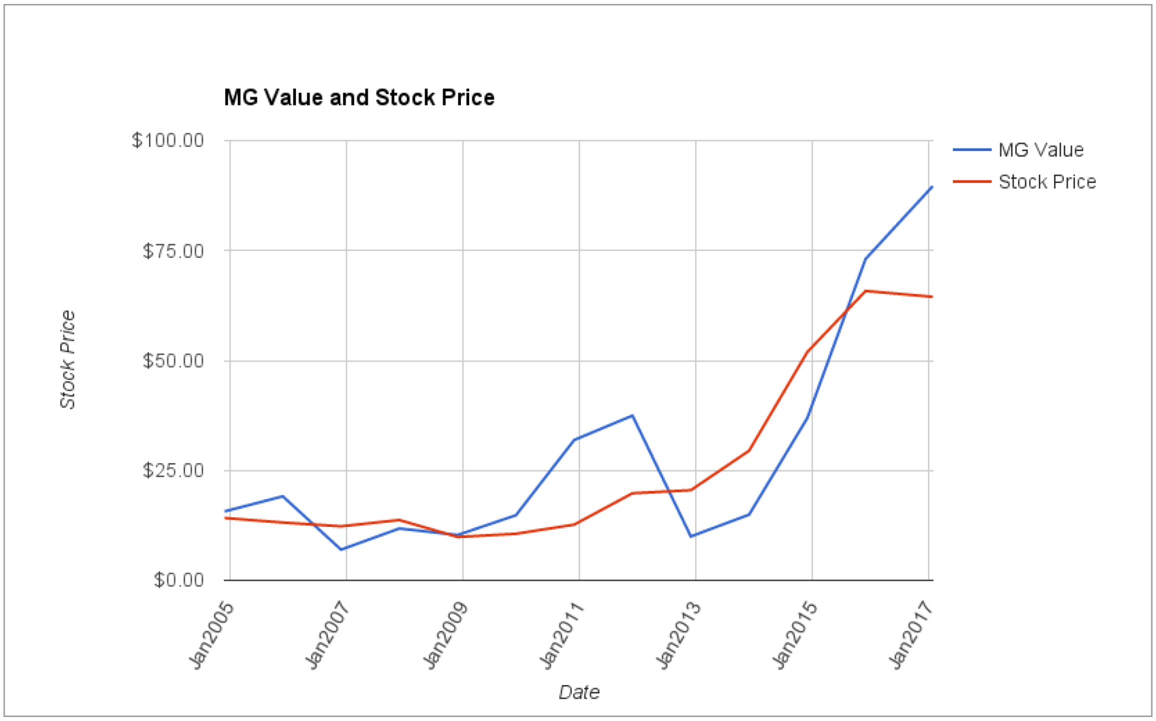
Stage 3: Information for Further Research

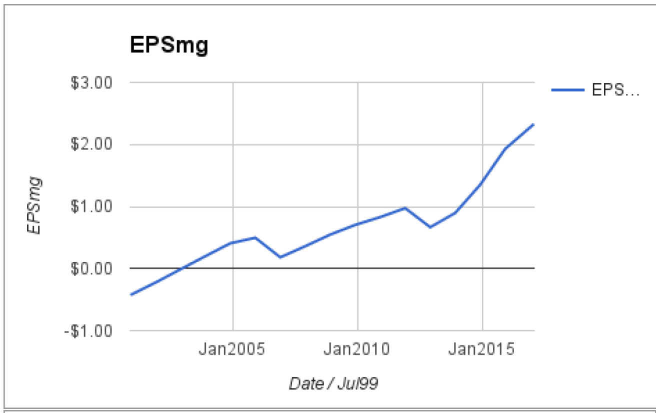
Net Current Asset Value (NCAV)	-$35.39
Graham Number	$45.39
PEmg	27.69
Current Ratio	0.86
PB Ratio	1.97
Current Dividend	$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

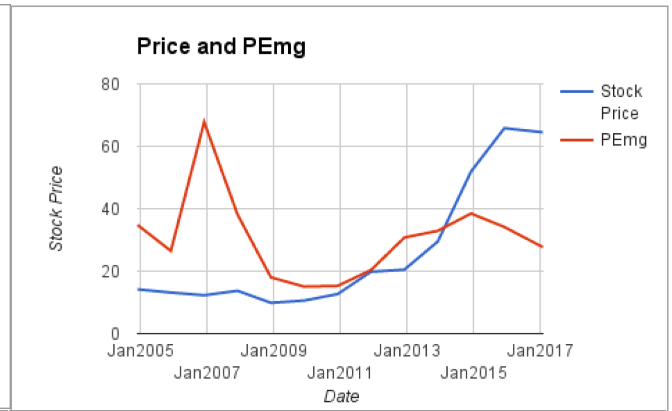
Useful Links:

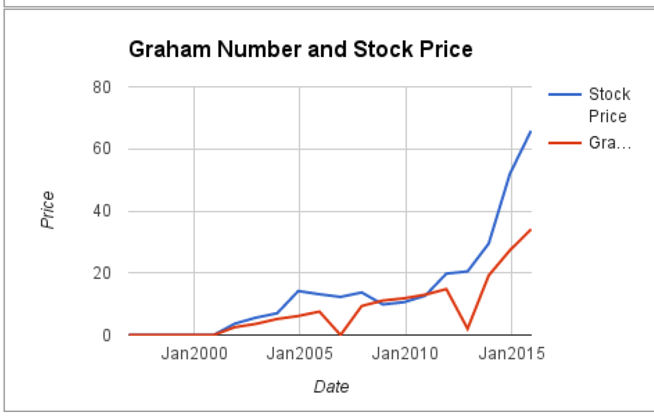
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

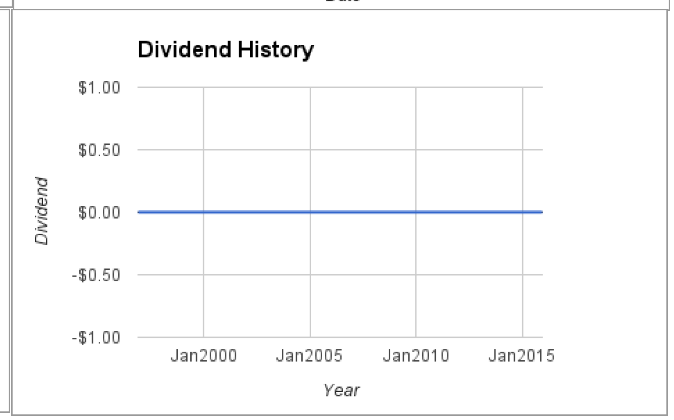
EPS History		**EPSmg History**	
Next Fiscal Year Estimate	$2.74	Next Fiscal Year Estimate	$2.33
Dec2015	$2.88	Dec2015	$1.93
Dec2014	$2.25	Dec2014	$1.35
Dec2013	$1.47	Dec2013	$0.90
Dec2012	$0.02	Dec2012	$0.67
Dec2011	$1.06	Dec2011	$0.97
Dec2010	$0.94	Dec2010	$0.83
Dec2009	$0.95	Dec2009	$0.70
Dec2008	$0.94	Dec2008	$0.55
Dec2007	$0.82	Dec2007	$0.36
Dec2006	-$0.51	Dec2006	$0.18
Dec2005	$0.62	Dec2005	$0.50
Dec2004	$0.51	Dec2004	$0.41
Dec2003	$0.44	Dec2003	$0.20
Dec2002	$0.37	Dec2002	-$0.01
Dec2001	$0.27	Dec2001	-$0.23
Dec2000	$0.19	Dec2000	-$0.43
Dec1999	-$1.83	**Balance Sheet Information**	**9/1/2016**
Dec1998	$0.00	Total Current Assets	$7,755,000,000
Dec1997	$0.00	Total Current Liabilities	$9,023,000,000
Dec1996	$0.00	Long-Term Debt	$3,744,000,000
		Total Assets	$19,634,000,000
		Intangible Assets	$6,296,000,000
		Total Liabilities	$13,924,000,000
		Shares Outstanding (Diluted Average)	174,312,000











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	#N/A
Other ModernGraham posts about related companies	[Invacare Corporation Valuation – Initial Coverage $IVC] [Becton Dickinson and Co Valuation – January 2017 $BDX] [Select Medical Holdings Corp Valuation – Initial Coverage $SEM] [Chemed Corporation Valuation – Initial Coverage $CHE] [Inogen Inc Valuation – Initial Coverage $INGN] [Surgical Care Affiliates Inc Valuation – Initial Coverage $SCAI] [Thermo Fisher Scientific Inc Valuation – December 2016 $TMO] [Illumina Inc Valuation – Initial Coverage $ILMN] [Thermo Fisher Scientific Inc Valuation – November 2016 $TMO] [Waters Corporation Valuation – November 2016 $WAT]