

# ModernGraham Valuation

## Company Name:

Company Ticker      CNP  
Date of Analysis

CenterPoint Energy,  
Inc.

3/18/2018



## 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	\$11,702,959,823	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.11	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	25.71%	Fail
5. Earnings Growth	PEmg < 20	16.24	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.51	Pass
7. Moderate Price to Assets			

*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	1.11	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	25.14	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.67
MG Growth Estimate	3.52%
<b>MG Value</b>	<b>\$25.99</b>
MG Value based on 3% Growth	\$24.23
MG Value based on 0% Growth	\$14.21
Market Implied Growth Rate	3.87%

### MG Opinion

Current Price	\$27.15
% of Intrinsic Value	104.47%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C-</b>

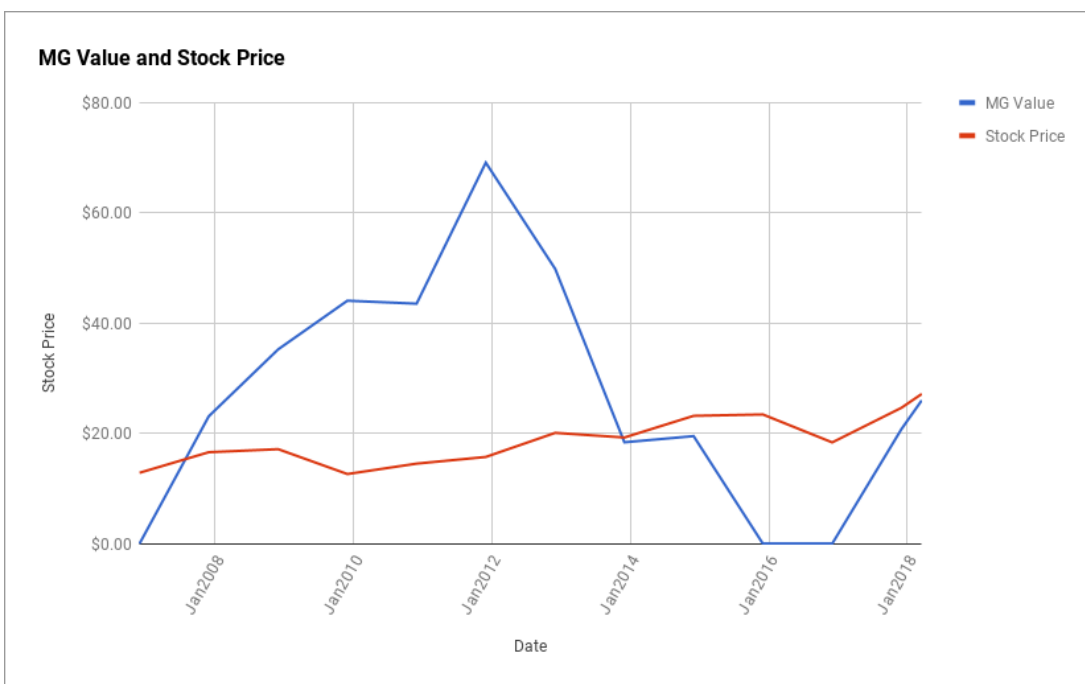
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$33.76
Graham Number	\$18.97
PEmg	16.24
Current Ratio	1.11
PB Ratio	2.51
Current Dividend	\$1.07
Dividend Yield	3.94%
Number of Consecutive Years of Dividend Growth	12

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)  
[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.47	Next Fiscal Year Estimate	\$1.67
Dec2017	\$4.13	Dec2017	\$1.56
Dec2016	\$1.00	Dec2016	\$0.35
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	\$0.60
Dec2006	\$1.33	Dec2006	-\$0.63
Dec2005	\$0.75	Dec2005	-\$1.77
Dec2004	-\$2.94	Dec2004	-\$2.67
Dec2003	\$1.46	Dec2003	-\$1.80
Dec2002	-\$13.16	Dec2002	-\$2.52
Dec2001	\$3.35	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	\$1.56	Total Current Assets	\$3,395,000,000
Dec1999	\$5.18	Total Current Liabilities	\$3,069,000,000
Dec1998	-\$0.50	Long-Term Debt	\$8,195,000,000
		Total Assets	\$22,736,000,000
		Intangible Assets	\$867,000,000
		Total Liabilities	\$18,048,000,000
		Shares Outstanding (Diluted Average)	434,000,000





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**

- [SCANA Corp Valuation – March 2018 \\$SCG](#)
- [Xcel Energy Inc Valuation – February 2018 \\$XEL](#)
- [Atmos Energy Corp Valuation – Initial Coverage \\$ATO](#)
- [PNM Resources Inc Valuation – Initial Coverage \\$PNM](#)
- [Public Service Enterprise Group Inc Valuation – July 2017 \\$PEG](#)
- [Eversource Energy Valuation – July 2017 \\$ES](#)
- [PPL Corp Valuation – June 2017 \\$PPL](#)
- [Entergy Corp Valuation – April 2017 \\$ETR](#)
- [California Water Service Group Valuation – Initial Coverage \\$CWT](#)
- [TransAlta Corporation – Initial Coverage \\$TSE:TA](#)