ModernGraham Valuation

Company Name:

Centene Corp

ModernGraham

Company Ticker CNC Date of Analysis

5/7/2018

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.

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 Adequate Size of the Enterprise 	Market Cap > \$2Bil	\$20,333,704,667 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.01 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	

5. Earnings Growth beginning and end 410.02% Pass 6. Moderate PEmg Ratio PEmg < 20 24.21 Fail 7. Moderate Price to Assets PB Ratio < 2.5 OR PB*PEmg < 50 2.74 Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1.01 Fail 2. Sufficiently Strong Financial Condition Debt to NCA < 1.1 60.14 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	\$4.77
MG Growth Estimate	15.00%
MG Value	\$183.67
MG Value based on 3% Growth	\$69.17
MG Value based on 0% Growth	\$40.55
Market Implied Growth Rate	7.85%

MG Opinion

Current Price \$115.49 % of Intrinsic Value 62.88%

Opinion Undervalued

MG Grade

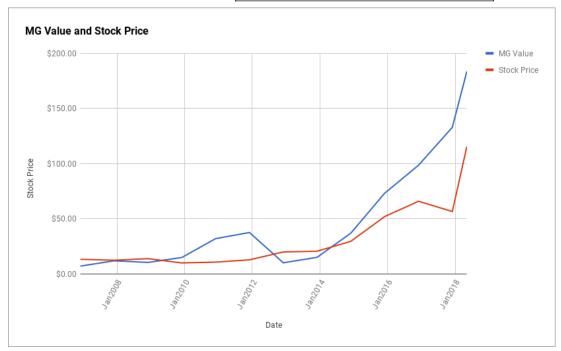
Stage 3: Information for Further Research

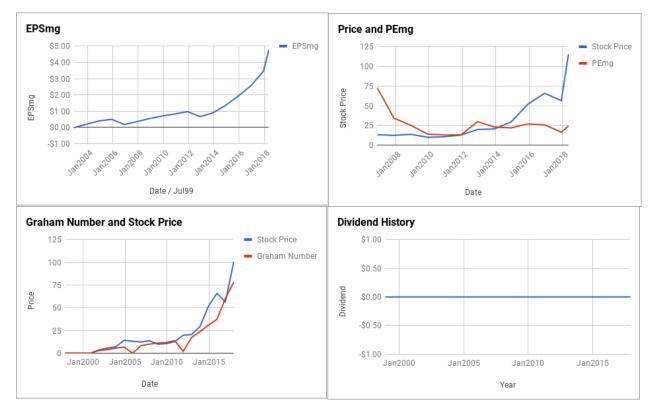
Net Current Asset Value (NCAV)	-\$37.66
Graham Number	\$78.30
PEmg	24.21
Current Ratio	1.01
PB Ratio	2.74
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend	
Growth	0

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	*	Next Fiscal Year Estimate	\$4.77
Dec2017	\$4.69	Dec2017	\$3.45
Dec2016	\$3.43	Dec2016	\$2.56
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	Balance Sheet Information	3/1/2018
Dec2000	\$0.19	Total Current Assets	\$10,976,000,000
Dec1999	-\$1.83	Total Current Liabilities	\$10,890,000,000
Dec1998	\$0.00	Long-Term Debt	\$5,172,000,000
		Total Assets	\$25,170,000,000
		Intangible Assets	\$6,814,000,000
		Total Liabilities	\$17,667,000,000
		Shares Outstanding (Diluted Average)	177,690,000





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 Centene Corp Valuation - Initial Coverage \$CNC

Other ModernGraham posts about related companies Thermo Fisher Scientific Inc Valuation - April 2018 \$TMO

<u>Illumina Inc Valuation – April 2018 \$ILMN</u>

<u>Waters Corp Valuation – April 2018 \$WAT</u>

Align Technology Inc Valuation – April 2018 \$ALGN

HCA Healthcare Inc Valuation - April 2018 \$HCA

Express Scripts Holding Co Valuation – April 2018 \$ESRX

Stryker Corp Valuation - April 2018 \$SYK

Cerner Corporation Valuation - April 2018 \$CERN

Quest Diagnostics Inc Valuation – April 2018 \$DGX

<u>Laboratory Corporation of America Holdings Valuation – March 2018 \$LH</u>