

# ModernGraham Valuation

Company Name:

Centene Corp

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.*

1. 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 beginning and end	410.02%	Pass
5. Earnings Growth	PEmg < 20	24.21	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.74	Fail
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	1.01	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 Score		Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.77
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$183.67</b>
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%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

## 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:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$6.90	Dec2017	\$4.77
Dec2016	\$4.69	Dec2016	\$3.45
Dec2015	\$3.43	Dec2015	\$2.56
Dec2014	\$2.88	Dec2014	\$1.93
Dec2013	\$2.25	Dec2013	\$1.35
Dec2012	\$1.47	Dec2012	\$0.90
Dec2011	\$0.02	Dec2011	\$0.67
Dec2010	\$1.06	Dec2010	\$0.97
Dec2009	\$0.94	Dec2009	\$0.83
Dec2008	\$0.95	Dec2008	\$0.70
Dec2007	\$0.94	Dec2007	\$0.55
Dec2006	\$0.82	Dec2006	\$0.36
Dec2005	-\$0.51	Dec2005	\$0.18
Dec2004	\$0.62	Dec2004	\$0.50
Dec2003	\$0.51	Dec2003	\$0.41
Dec2002	\$0.44	Dec2002	\$0.20
Dec2001	\$0.37	Dec2001	-\$0.01
Dec2000	\$0.27	<b>Balance Sheet Information</b>	
Dec1999	\$0.19	<b>3/1/2018</b>	
Dec1998	-\$1.83	Total Current Assets	\$10,976,000,000
	\$0.00	Total Current Liabilities	\$10,890,000,000
		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](#)  
[Illumina Inc Valuation – April 2018 \\$ILMN](#)  
[Waters Corp Valuation – April 2018 \\$WAT](#)  
[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](#)  
[Laboratory Corporation of America Holdings Valuation – March 2018 \\$LH](#)