

Centene (CNC: \$54.05)

Centene offers earnings yield of 11.7% Tuesday June 24, 2025 16:00 EDT

Centene Corp. (NYSE: CNC \$54.05) ranks 10 in the Top 20 by earnings yield stocks in the S&P 500 Index of 473 stocks.

Note: Earnings yield is the inverse of the P/E ratio.

Rank 10 by earnings yield in S&P 500 Index. Rank 1 is highest.

Last price: \$54.05; FY 2024 EPS: \$6.33;

The earnings yield of 11.7% is 2.7 times the 10-year bond yield of 4.4%.

QUARTERLY REPORT

Centene (NYSE:CNC), announced net profit of \$1.3b for the quarter-ended 31 March 2025 [Q1/2025], up 368% from the previous quarter [Q4/2024] and up 13% from the year-earlier period [Q1/2024]. Earnings per share (EPS) were up 363.2% sequentially from 57.0c in Q4/2024 to \$2.64 in Q1/2025.

Quarterly Report (Q1 2025)

Quarter-ended	31 Mar [Q1/2025]	31 Dec [Q4/2024]	30 Sep [Q3/2024]
EPS	\$2.6	57c	137c
Sequential growth in EPS %	363	-58	-37
Revenue, \$ billion	46.6	40.8	42.0
Sequential growth in Revenue %	14.3	-2.9	5.5
Net Profit, \$	1.3 billion	280 million	713 million
Sequential growth in Net Profit %	368	-61	-37.8

Compared with the Previous Corresponding Period [PCP; Q1/2024], year-over-year [y.o.y.] EPS was up 21.7%, Revenue was up 15.4% and Net Profit was up 12.7%.

Quarter-ended	31 Mar [Q1/2025]	31 Mar [Q1/2024]
EPS, \$	2.6	2.2
PCP growth in EPS %	22	5.9
Revenue, \$ billion	46.6	40.4
PCP growth in Revenue %	15.4	3.9
Net Profit, \$ billion	1.3	1.2
PCP growth in Net Profit %	12.7	2.9

Bullish Turning Point

Price/Earnings of 8.5 close to historical low

The P/E of 8.5 is 0.2 times the highest average P/E of 53.3 in the last five years. This is a value criterion, according to Benjamin Graham who described as a value criterion "A P/E ratio down to less than four-tenth of the highest average P/E ratio the stock attained in the most recent five years".

Figure 1: Stock Summary

52-Week Range	\$52.93-\$80.59
Market Cap	\$28.8 billion
EPS Growth % (y.o.y)	21.7
EPS Growth % (q.o.q)	363.2
Shares Outstanding	533,660,000
Relative Strength (3 mo)	19

Fig 2: Technical Indicators

Name	Value	Comment
RSI	38.3	Neutral
William % R	-64.7	Neutral
MFI	37.9	Neutral

Fig 3: Financials Summary

Year ended Dec 31	FY2024	FY2023	FY2022
Sales (\$ B)	163.1	154	144.5
Pretax (\$ B)	4.3	3.6	2
Net (\$ B)	3.3	2.7	1.2
EPS (\$)	6.33	4.97	2.09

EPS up 27.4% to \$6.33 in FY2024 [y.e. 31 Dec 2024]

Net profit was up 22.3% from \$2.7 billion in FY2023 to \$3.3 billion in FY2024. Earnings Per Share (EPS) was up 27.4% from \$4.97 in FY2023 to \$6.33 in FY2024.

Bullish Signals

Undervaluation [compared with sector average]

Price/Earnings and Earnings Yield:

- Price/Earnings of 8.5. We estimate Centene stock is trading at a current year P/E of 5 and a forward year P/E of 2.9. The P/E of 8.5 plus annual inflation in the United States of 4.2% adds up to 12.7, well within the value benchmark Rule of 19.
- Earnings yield of 11.7% is 2.7 times the 10-year bond yield of 4.39%.

Price to Sales:

- Price/Sales of 0.2 [0.5]. We estimate Centene stock is trading at a current year Price/Sales of 0.2 and a forward year Price/Sales of 0.2.

Price to EBITDA:

- Price to EBITDA of 5.2 [9.7].

MCap/Total Assets:

- Tobin's Q Ratio, defined as MCap divided by Total Assets, is 0.3.

Compared with the rest of the market the stock is undervalued and ranks in the top quartile of stock by value of Q Ratio.

Undervaluation Indicators and rank of Centene in the NYSE market:

Description	Value	Rank In Market
Price to Sales	0.2	In Top 4%
Price/Earnings	8.5	In Top 14%