CenterPoint Energy (CNP)

Updated July 31st, 2025 by Samuel Smith

Key Metrics

Current Price:	$38.8	**5 Year CAGR Estimate:**	3.9%	**Market Cap:**	$25.1 B
Fair Value Price:	$29.8	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	8/21/25
% Fair Value:	130%	**5 Year Valuation Multiple Estimate:**	-5.2%	**Dividend Payment Date:**	9/11/25
Dividend Yield:	2.3%	**5 Year Price Target**	$42	**Years Of Dividend Growth:**	5
Dividend Risk Score:	C	**Sector:**	Utilities	**Rating:**	Hold

Overview & Current Events

CenterPoint Energy is a public utility holding company. Its subsidiaries own and operate facilities that transmit and distribute electric energy and natural gas. Its customers are commercial, industrial, and natural gas utilities. It was founded in 2003 as a result of deregulation in Texas causing the split of Houston Lighting and Power into three separate companies. CenterPoint Energy has a market capitalization of $25.1 billion.

On July 24, 2025, CenterPoint Energy, Inc. reported its financial results for the second quarter of 2025. CenterPoint Energy reported Q2 2025 net income of $198 million, or $0.30 per diluted share on a GAAP basis, and $0.29 per non-GAAP EPS, compared to $0.36 in Q2 2024. Non-GAAP EPS was impacted by a $0.01 unfavorable variance from growth and rate recovery, $0.03 from increased financing costs, and $0.03 from higher operating and maintenance expenses, offset by $0.01 from favorable weather and usage.

The company increased its 2025 and 10-year capital investment plan by $500 million, totaling $5.5 billion for the year and $53 billion through 2030, without needing additional equity. The interconnection queue grew by ~6GW since Q1 2025, supporting a 50% load growth forecast by 2031. CenterPoint reiterated 2025 non-GAAP EPS guidance of $1.74-$1.76, reflecting 8% growth over 2024's midpoint, and maintained a mid-to-high 6%-8% annual growth target through 2030. Management highlighted completing Phase II of the Greater Houston Resiliency Initiative ahead of schedule, reducing outage minutes by nearly 50% in early 2025 versus 2024, aiming for the nation's most resilient coastal grid. CEO Jason Wells emphasized ongoing growth in Texas and potential investment opportunities, with a refreshed 10-year plan due by September.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.10	$1.16	$1.37	$1.60	$1.79	$1.40	$1.64	$1.38	$1.50	$1.62	***$1.75***	***$2.45***
DPS	$0.99	$1.03	$1.07	$1.11	$1.15	$0.60	$0.65	$0.70	$0.77	$0.81	***$0.88***	***$1.18***
Shares[1]	430.3	430.7	431.0	501.2	502.2	551.6	628.9	629.8	631.6	651.7	***652.9***	***660.0***

Management has traditionally pursued growth through acquisitions and organic customer growth. The company is currently pursuing a robust capital spending program through 2030 that is driving strong organic growth in earnings per share. This should enable them to pursue more consistent growth and command a mid-teens valuation multiple. We forecast mid-to-high single-digit annualized earnings per share and dividend per share growth over the next 5 years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	16.7	21.9	20.3	17.6	15.3	15.5	17.0	21.7	19.3	19.6	***22.2***	***17.0***
Avg. Yld.	5.4%	4.1%	3.8%	3.9%	4.2%	2.8%	2.3%	2.3%	2.7%	2.6%	***2.3%***	***2.8%***

CenterPoint's price-to-earnings ratio for the past decade has been in the mid-teens to low 20s. Given that CenterPoint currently trades on the high end of this range even as interest rates are also at the elevated end of their range over this

[1] Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

period, we expect a headwind to total returns from multiple compression over the next half-decade. We also expect the yield to rise slightly given the projected decline in the valuation alongside a steady payout ratio.

Safety, Quality, Competitive Advantage, & Recession Resiliency

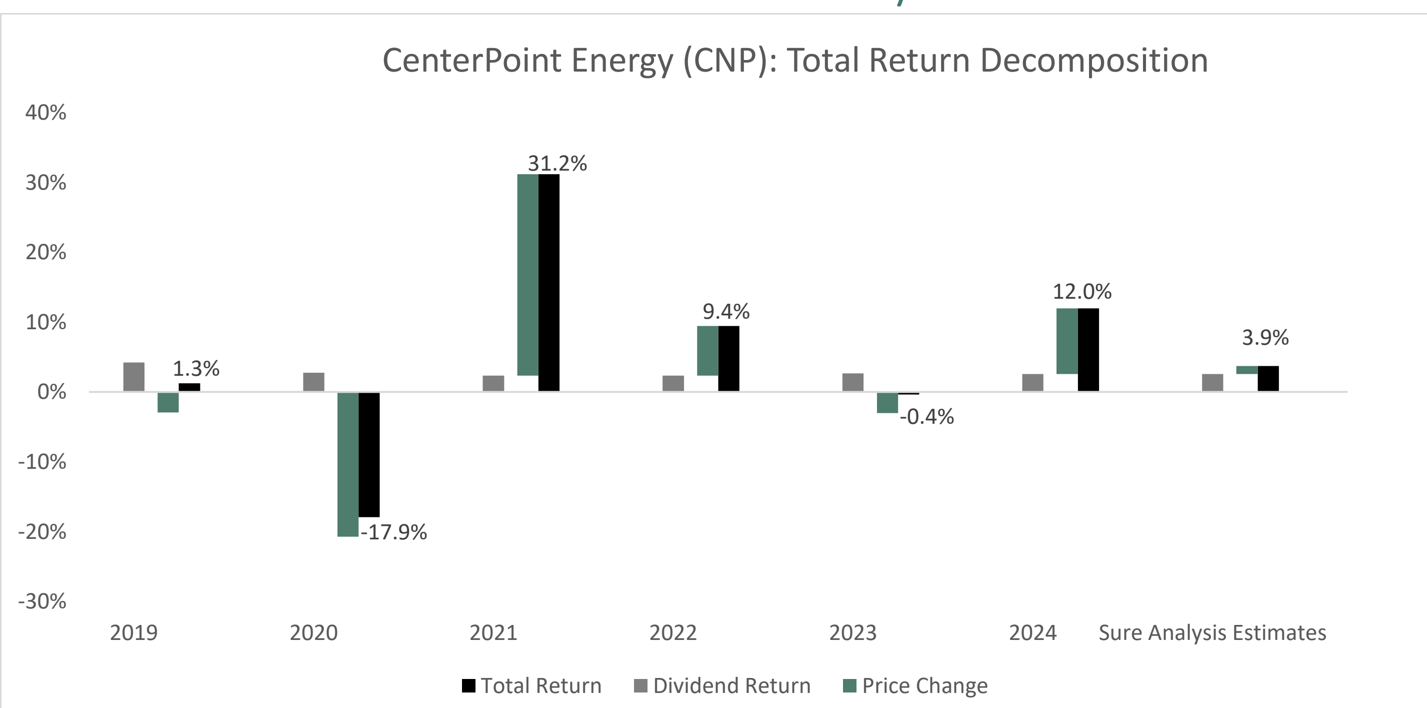
Year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2030**
Payout	90%	89%	78%	69%	64%	43%	40%	51%	51%	50%	***50%***	***48%***

CenterPoint Energy's subsidies are established through state regulators as a natural gas distributor and power transmitter and distributor. The company also benefits from having already invested in the infrastructure to operate and maintain a large power operation. Over the Great Recession, earnings-per-share decreased from $1.30 in 2008 to $1.01 in 2009, a 22.3% drop. Dividends increased from $0.73 in 2008, to $0.76 in 2009, and $0.78 in 2010. As CenterPoint's business is now purely a consumer necessity, we expect it to continue delivering very reliable performance in the face of recessions. The recent sale of its ancillary service businesses will also strengthen the balance sheet considerably as management plans to use some of the proceeds to retire debt, further boosting its investment grade standing. Furthermore, as a pure play utility, the company's cash flow profile should be even more stable, making its leverage ratios safer and its interest costs more easily serviceable throughout economic cycles. In the past, the payout ratio has hovered around 70%, except for 2015 and 2016, which were dragged down by a large loss from Enable in 2015 and a loss in index debt securities in 2016. CenterPoint Energy has limited partner interests in Enable that operates and develops natural gas and crude oil infrastructure assets but is in the process of selling it in exchange for Energy Transfer units as part of its long-term transition towards becoming a pureplay utility. Recently the payout ratio is hovering around 50% as the company is retaining more cash flow to fund its aggressive growth pipeline.

Final Thoughts & Recommendation

We expect CenterPoint to generate 3.9% annualized total returns over the next half decade. While the yield is decent and the business is defensive, the expected growth rate is the main driver of returns as it has one of the most attractive growth runways in the utilities sector. As a result, we rate the stock a Hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	7,386	7,528	9,614	6,277	7,564	7,418	8,352	9,321	8,696	8,643
Gross Profit	2,277	2,533	2,563	2,502	2,770	2,929	3,207	3,397	3,686	3,976
Gross Margin	30.8%	33.6%	26.7%	39.9%	36.6%	39.5%	38.4%	36.4%	42.4%	46.0%
D&A Exp.	970	1,126	1,036	1,243	1,225	1,189	1,316	1,288	1,401	1,439
Operating Profit	933	1,023	1,136	868	1,071	1,224	1,363	1,566	1,760	1,990
Op. Margin	12.6%	13.6%	11.8%	13.8%	14.2%	16.5%	16.3%	16.8%	20.2%	23.0%
Net Profit	(692)	432	1,792	368	791	(773)	1,486	1,057	917	1,019
Net Margin	-9.4%	5.7%	18.6%	5.9%	10.5%	-10.4%	17.8%	11.3%	10.5%	11.8%
Free Cash Flow	286	509	(9)	485	(868)	(601)	(3,142)	(2,609)	(524)	(2,374)
Income Tax	(438)	254	(729)	155	30	80	110	360	170	195

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	21,290	21,829	22,736	27,009	35,529	33,471	37,679	38,546	39,715	43,768
Cash & Equivalents	264	341	260	4,231	241	147	230	74	90	24
Acc. Receivable	593	740	1,000	1,190	702	676	690	889	710	717
Inventories	347	312	397	394	472	500	608	876	770	714
Goodwill & Int.	840	911	941	932	4,940	4,747	4,338	4,294	4,160	3,943
Total Liabilities	17,829	18,369	18,048	18,951	27,170	25,123	28,261	28,501	30,048	33,102
Accounts Payable	483	657	963	1,240	884	853	1,196	1,352	917	1,320
Long-Term Debt	8,770	8,592	8,840	9,164	15,112	13,440	16,103	16,856	18,618	20,963
Total Equity	3,461	3,460	4,688	6,318	6,619	5,985	8,628	9,255	9,667	10,666
LTD/E Ratio	2.53	2.48	1.89	1.14	1.81	1.61	1.71	1.68	1.93	1.97

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-3.1%	2.0%	8.0%	1.5%	2.5%	-2.2%	4.2%	2.8%	2.3%	2.4%
Return on Equity	-17.3%	12.5%	44.0%	5.8%	9.6%	-9.3%	16.7%	10.9%	9.3%	10.0%
ROIC	-5.4%	3.6%	14.0%	2.4%	3.9%	-3.4%	6.3%	4.0%	3.3%	3.4%
Shares Out.	430.3	430.7	431.0	501.2	502.2	551.6	628.9	629.8	631.6	651.7
Revenue/Share	17.18	17.35	22.15	13.87	14.97	13.97	13.69	14.74	13.73	13.42
CF/Share	0.67	1.17	(0.02)	1.07	(1.72)	(1.13)	(5.15)	(4.13)	(0.83)	(3.69)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.