



CenterPoint Energy (CNP)

Updated November 5th, 2025 by Samuel Smith

Key Metrics

Current Price:	\$39.0	5 Year CAGR Estimate:	4.1%	Market Cap:	\$25.4 B
Fair Value Price:	\$29.9	5 Year Growth Estimate:	7.3%	Ex-Dividend Date:	11/20/25
% Fair Value:	130%	5 Year Valuation Multiple Estimate:	-5.2%	Dividend Payment Date:	12/11/25
Dividend Yield:	2.3%	5 Year Price Target	\$43	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 \$25.4 billion.

On October 23, 2025, CenterPoint Energy, Inc. reported adjusted earnings per share of \$0.50 for Q3 2025, surpassing the consensus estimate of \$0.46, while revenue came in at approximately \$1.99 billion. The stronger-than-expected earnings were driven primarily by regulatory recovery of \$0.07 per share and improved operating efficiencies totaling about \$0.12 per share, which were slightly offset by higher interest expense of around \$0.04 per share. Industrial power demand in the Houston region increased by more than 11 % year-to-date, aided by new data-center loads, and helped bolster the company's regulated electric business. Residential and commercial usage remained steady, while the company continued its multi-year capital investment plan targeting high-growth markets and the Greater Houston area. Leverage and liquidity remained conservative, with unencumbered cash and securities supporting regulatory capital investment. Management reiterated full-year guidance near non-GAAP EPS of \$1.74-\$1.76, emphasizing that the utility remains focused on securing rate-base expansion, capital recovery mechanisms, and operational discipline. Although revenue marginally missed some internal targets, the mix of higher-growth load drivers and regulatory favorable decisions reinforced investor confidence. The results underscore CenterPoint's positioning in a favorable demand environment, but the company also cautioned that investments and regulatory outcomes will continue to be key to maintaining EPS growth and dividend sustainability in the utility sector.

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	\$1.76	\$2.50
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
Shares¹	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%

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.



CenterPoint Energy (CNP)

Updated November 5th, 2025 by Samuel Smith

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 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

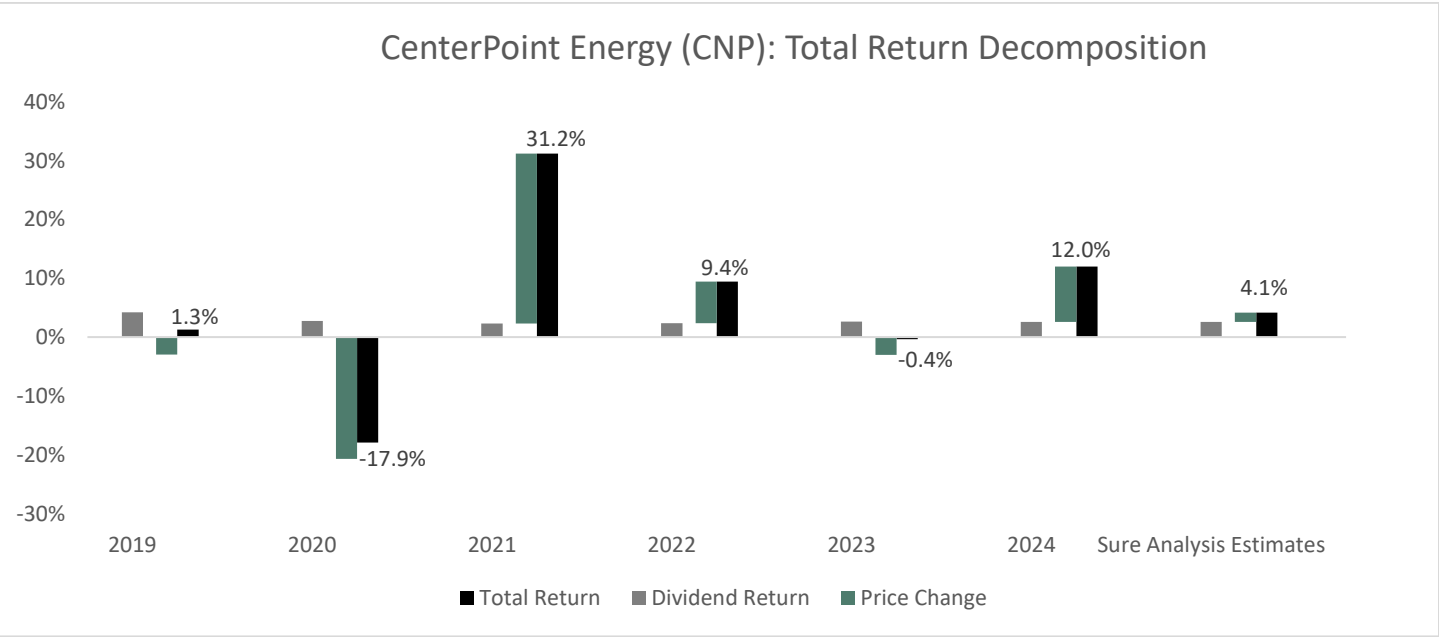
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	90%	89%	78%	69%	64%	43%	40%	51%	51%	50%	50%	47%

CenterPoint Energy’s subsidiaries 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, which 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 pure-play utility. Recently, the payout ratio has been 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 4.1% 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



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.



CenterPoint Energy (CNP)

Updated November 5th, 2025 by Samuel Smith

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.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.