

ModernGraham Valuation

Cognizant
Technology Solutions
Corp



Company Name:

Company Ticker CTSH

Date of Analysis

1/28/2016

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	\$37,055,992,602	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.40	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	318.89%	Pass
6. Moderate PEmg Ratio	PEmg < 20	27.28	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.26	Fail

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	3.40	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.18	Pass
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

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.25
MG Growth Estimate	15.00%
MG Value	\$86.56
MG Value based on 3% Growth	\$32.60
MG Value based on 0% Growth	\$19.11
Market Implied Growth Rate	9.39%

MG Opinion

Current Price	\$61.34
% of Intrinsic Value	70.86%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$6.20
Graham Number	\$29.59
PEmg	27.28
Current Ratio	3.40
PB Ratio	4.26
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

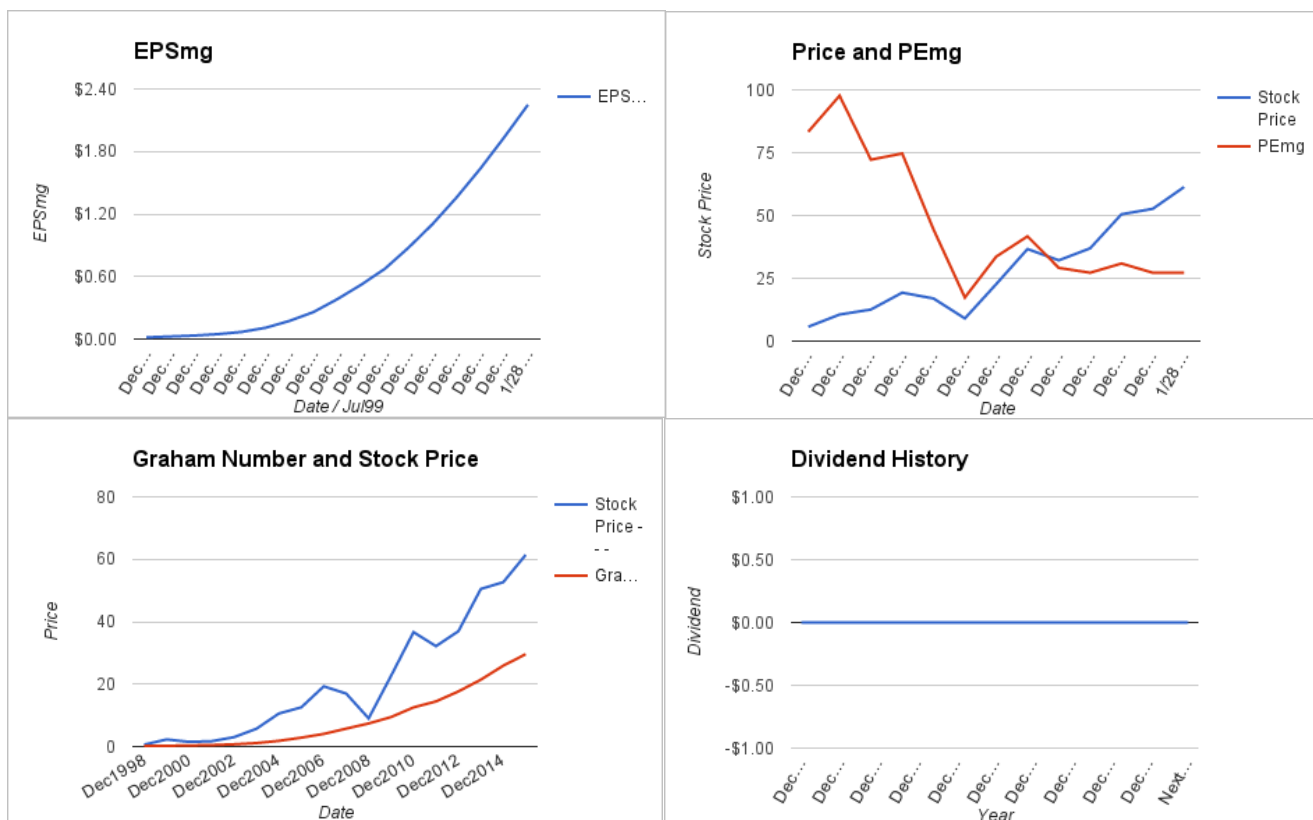
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.68	Next Fiscal Year Estimate	\$2.25
Dec2014	\$2.35	Dec2014	\$1.94
Dec2013	\$2.02	Dec2013	\$1.63
Dec2012	\$1.72	Dec2012	\$1.36
Dec2011	\$1.43	Dec2011	\$1.10
Dec2010	\$1.19	Dec2010	\$0.88
Dec2009	\$0.89	Dec2009	\$0.67
Dec2008	\$0.72	Dec2008	\$0.52
Dec2007	\$0.58	Dec2007	\$0.38
Dec2006	\$0.39	Dec2006	\$0.26
Dec2005	\$0.28	Dec2005	\$0.17
Dec2004	\$0.18	Dec2004	\$0.11
Dec2003	\$0.11	Dec2003	\$0.07
Dec2002	\$0.07	Dec2002	\$0.05
Dec2001	\$0.05	Dec2001	\$0.03
Dec2000	\$0.04	Dec2000	\$0.02
Dec1999	\$0.02	Dec1999	\$0.02
Dec1998	\$0.03	Balance Sheet Information Sep2015	
Dec1997	\$0.00	Total Current Assets	\$7,237,900,000
Dec1996	\$0.00	Total Current Liabilities	\$2,128,400,000
Dec1995	\$0.00	Long-Term Debt	\$900,000,000
		Total Assets	\$12,267,600,000
		Intangible Assets	\$3,285,000,000
		Total Liabilities	\$3,440,600,000
		Shares Outstanding (Diluted Average)	612,700,000





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.

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