ModernGraham Valuation

Company Name:

Cerner Corporation

Modern Graham

Company Ticker
Date of Analysis

2/2/2016

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.

CERN

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$19,776,964,766 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.15 Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Fail
Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	230.48% Pass
Moderate PEmg Ratio	PEmg < 20	41.09 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.16 Fail
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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	2.15 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.59 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	\$1.37
MG Growth Estimate	14.61%
MG Value	\$51.74
MG Value based on 3% Growth	\$19.89
MG Value based on 0% Growth	
Market Implied Growth Rate	16.30%

MG Opinion

Current Price \$56.38 % of Intrinsic Value 108.97%

Opinion Fairly Valued

Stage 3: Information for Further Research

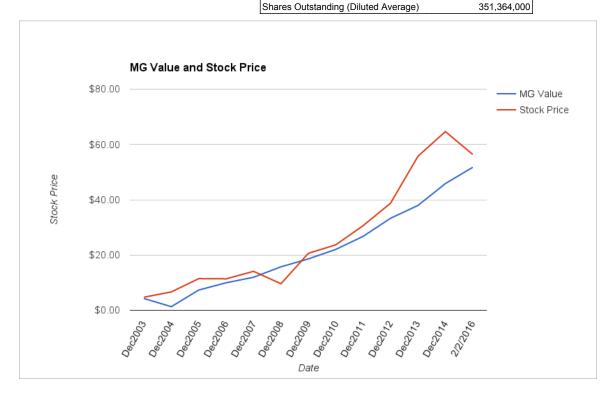
Net Current Asset Value (NCAV)	\$0.34
Graham Number	\$20.16
PEmg	41.09
Current Ratio	2.15
PB Ratio	5.16
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Morningstar

Useful Links: ModernGraham tagged articles

Google FinanceMSN MoneyYahoo FinanceSeeking AlphaGuruFocusSEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.61	Next Fiscal Year Estimate	\$1.37
Dec2014	\$1.50	Dec2014	\$1.19
Dec2013	\$1.13	Dec2013	\$0.99
Dec2012	\$1.13	Dec2012	\$0.87
Dec2011	\$0.88	Dec2011	\$0.70
Dec2010	\$0.70	Dec2010	\$0.57
Dec2009	\$0.58	Dec2009	\$0.48
Dec2008	\$0.57	Dec2008	\$0.41
Dec2007	\$0.38	Dec2007	\$0.31
Dec2006	\$0.34	Dec2006	\$0.26
Dec2005	\$0.28	Dec2005	\$0.19
Dec2004	\$0.22	Dec2004	\$0.15
Dec2003	\$0.15	Dec2003	\$0.11
Dec2002	\$0.16	Dec2002	\$0.09
Dec2001	-\$0.15	Dec2001	\$0.06
Dec2000	\$0.37	Dec2000	\$0.15
Dec1999	-\$0.01	Dec1999	\$0.03
Dec1998	\$0.08	Balance Sheet Information	Sep2015
Dec1997	\$0.06	Total Current Assets	\$1,803,762,000
Dec1996	\$0.03	Total Current Liabilities	\$839,335,000
Dec1995	\$0.00	Long-Term Debt	\$572,828,000
		Total Assets	\$5,522,925,000
		Intangible Assets	\$2,037,716,000
		Total Liabilities	\$1,685,600,000
		Shares Outstanding (Diluted Average)	351 364 000





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 Cerner Corporation Analysis – September 2015 Update \$CERN
Cerner Corporation Analysis – June 2015 Update \$CERN
23 Companies in the Spotlight This Week – 3/9/15
Cerner Corporation Quarterly Valuation – March 2015 \$CERN

22 Companies in the Spotlight This Week – 11/29/14

Other ModernGraham posts about related companies Henry Schein Inc Valuation – February 2016 Update \$MSIC

Medtronic PLC Valuation – January 2016 Update \$MDT

PerkinElmer Inc Valuation – January 2016 Update \$PKI

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Dentsply International Inc Valuation – November 2015 Update \$XRAY
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Align Technology Inc. Valuation – November 2015 Update \$ALGN

Varian Medical Systems Inc. Valuation – November 2015 Update \$VAR

Psychemedics Corporation Valuation – November 2015 Update \$PMD