

ModernGraham Valuation

Company Name:

Cerner Corporation

Company Ticker CERN

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.

1. 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
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	230.48%	Pass
5. Earnings Growth	PEmg < 20	41.09	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.16	Fail
7. Moderate Price to Assets			

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	\$11.66
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

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC 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	<div>Balance Sheet Information</div> <div>Sep2015</div> <div> <div>Total Current Assets</div> <div>\$1,803,762,000</div> <div>Total Current Liabilities</div> <div>\$839,335,000</div> <div>Long-Term Debt</div> <div>\$572,828,000</div> <div>Total Assets</div> <div>\$5,522,925,000</div> <div>Intangible Assets</div> <div>\$2,037,716,000</div> <div>Total Liabilities</div> <div>\$1,685,600,000</div> <div>Shares Outstanding (Diluted Average)</div> <div>351,364,000</div> </div>	
Dec1997	\$0.06		
Dec1996	\$0.03		
Dec1995	\$0.00		





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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[Quest Diagnostics Inc Valuation – January 2016 Update \\$DGX](#)
[Dentsply International Inc Valuation – November 2015 Update \\$XRAY](#)
[UnitedHealth Group Inc. Valuation – November 2015 Update \\$UNH](#)
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[Varian Medical Systems Inc. Valuation – November 2015 Update \\$VAR](#)
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