

# ModernGraham Valuation

Company Name:

Cerner Corporation

Company Ticker CERN

Date of Analysis

8/2/2016



## 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	\$20,887,099,613	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.23	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	251.25%	Pass
6. Moderate PEmg Ratio	PEmg < 20	36.23	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.47	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	2.23	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.71
MG Growth Estimate	14.65%
<b>MG Value</b>	<b>\$64.64</b>
MG Value based on 3% Growth	\$24.80
MG Value based on 0% Growth	\$14.54
Market Implied Growth Rate	13.86%

### MG Opinion

Current Price	\$61.95
% of Intrinsic Value	95.84%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.15
Graham Number	\$24.52
PEmg	36.23
Current Ratio	2.23
PB Ratio	5.47
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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[Google Finance](#) [MSN Money](#)  
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.32	Next Fiscal Year Estimate	\$1.71
Dec2015	\$1.54	Dec2015	\$1.35
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	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$0.08	Total Current Assets	\$1,728,638,000
Dec1997	\$0.06	Total Current Liabilities	\$775,932,000
Dec1996	\$0.03	Long-Term Debt	\$0
		Total Assets	\$5,594,492,000
		Intangible Assets	\$2,095,656,000
		Total Liabilities	\$1,678,165,000
		Shares Outstanding (Diluted Average)	345,900,000





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**

- [26 Best Stocks For Value Investors This Week – 2/6/16](#)
- [Cerner Corporation Valuation – February 2016 Update \\$CERN](#)
- [Cerner Corporation Analysis – September 2015 Update \\$CERN](#)
- [Cerner Corporation Valuation – February 2016 Update \\$CERN](#)
- [Cerner Corporation Analysis – September 2015 Update \\$CERN](#)

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- [Quest Diagnostics Inc Valuation – July 2016 \\$DGX](#)
- [Tenet Healthcare Corp Valuation – July 2016 \\$THC](#)
- [Laboratory Corp of America Holdings Valuation – July 2016 \\$LH](#)
- [Medtronic PLC Valuation – July 2016 \\$MDT](#)
- [Intuitive Surgical Inc Valuation – July 2016 \\$ISRG](#)
- [Cardinal Health Inc Valuation – July 2016 \\$CAH](#)
- [PerkinElmer Inc Valuation – July 2016 \\$PKI](#)
- [Varian Medical Systems Inc Valuation – July 2016 \\$VAR](#)
- [St. Jude Medical Inc Valuation – June 2016 \\$STJ](#)