

# ModernGraham Valuation

Cognizant  
Technology Solutions  
Corp



## Company Name:

Company Ticker CTSH

Date of Analysis

1/18/2019

## 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	\$39,362,325,383	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.24	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	146.00%	Pass
5. Earnings Growth	PEmg < 20	23.65	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.59	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	3.24	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.10	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.87
MG Growth Estimate	7.26%
<b>MG Value</b>	<b>\$66.09</b>
MG Value based on 3% Growth	\$41.63
MG Value based on 0% Growth	\$24.41
Market Implied Growth Rate	7.58%

### MG Opinion

Current Price	\$67.92
% of Intrinsic Value	102.77%
<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)	\$7.64
Graham Number	\$37.96
PEmg	23.65
Current Ratio	3.24
PB Ratio	3.59
Current Dividend	\$0.45
Dividend Yield	0.66%
Number of Consecutive Years of Dividend Growth	1

### Useful Links:

[ModernGraham tagged articles](#)      [Morningstar](#)  
[Google Finance](#)                      [MSN Money](#)  
[Yahoo Finance](#)                         [Seeking Alpha](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.53	Next Fiscal Year Estimate	\$2.87
Dec2017	\$2.53	Dec2017	\$2.50
Dec2016	\$2.55	Dec2016	\$2.41
Dec2015	\$2.65	Dec2015	\$2.24
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	<b>Balance Sheet Information 9/1/2018</b>	
Dec2000	\$0.04	Total Current Assets	\$8,727,000,000
Dec1999	\$0.02	Total Current Liabilities	\$2,693,000,000
Dec1998	\$0.03	Long-Term Debt	\$624,000,000
		Total Assets	\$15,274,000,000
		Intangible Assets	\$4,058,000,000
		Total Liabilities	\$4,296,000,000
		Shares Outstanding (Diluted Average)	580,000,000





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**

- [Cognizant Technology Solutions Corp – March 2018 \\$CTSH](#)
- [12 Best Stocks For Value Investors This Week – 7/1/16](#)
- [Cognizant Technology Solutions Corp Valuation – July 2016 \\$CTSH](#)
- [18 Best Stocks For Value Investors This Week – 1/30/16](#)
- [Cognizant Technology Solutions Corp Valuation – January 2016 Update \\$CTSH](#)

**Other ModernGraham posts about related companies**

- [International Business Machines Corp Valuation – November 2018 \\$IBM](#)
- [DXC Technology Corp Valuation – November 2018 \\$DXC](#)
- [Sykes Enterprises Inc Valuation – October 2018 \\$SYKE](#)
- [Computer Programs and Systems Inc Valuation – August 2018 \\$CPSI](#)
- [Science Applications International Corp Valuation – July 2018 \\$SAIC](#)
- [Acxiom Corp Valuation – July 2018 \\$ACXM](#)
- [Infosys Ltd Valuation – June 2018 \\$INFY](#)
- [Verisign Inc Valuation – May 2018 \\$VRSN](#)
- [Motorola Solutions Inc Valuation – May 2018 \\$MSI](#)
- [Leidos Holdings Inc Valuation – April 2018 \\$LDOS](#)