

# ModernGraham Valuation

Company Name:

Cerner Corporation

Company Ticker CERN

Date of Analysis

2/13/2019



## 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	\$18,332,883,868	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.41	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	160.26%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	25.38	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.79	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	2.41	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.32	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
	Score		

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.23
MG Growth Estimate	9.77%
<b>MG Value</b>	<b>\$62.47</b>
MG Value based on 3% Growth	\$32.30
MG Value based on 0% Growth	\$18.93
Market Implied Growth Rate	8.44%

### MG Opinion

Current Price	\$56.52
% of Intrinsic Value	90.48%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C+</b>

## Stage 3: Information for Further Research

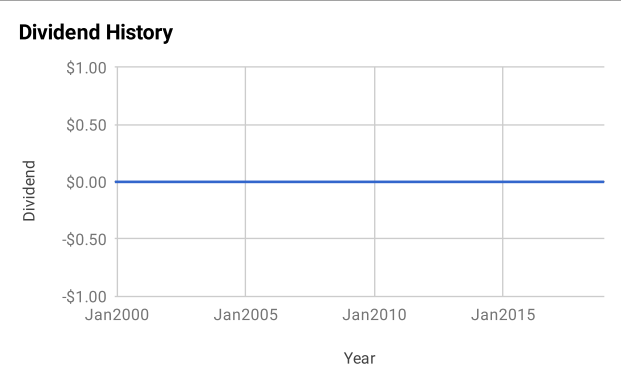
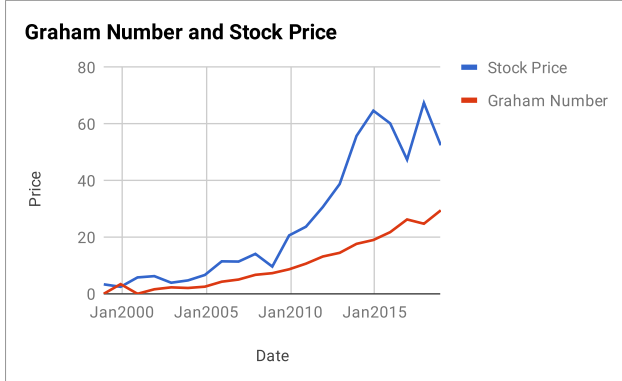
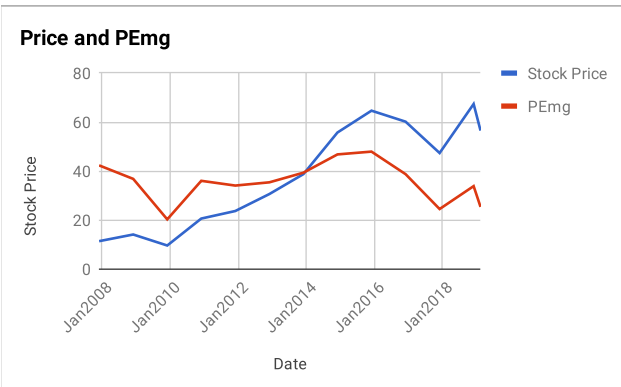
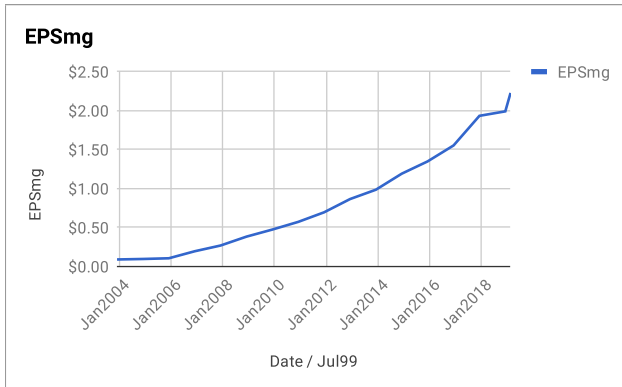
Net Current Asset Value (NCAV)	\$1.63
Graham Number	\$29.47
PEmg	25.38
Current Ratio	2.41
PB Ratio	3.79
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.58	Next Fiscal Year Estimate	\$2.23
Dec2018	\$1.89	Dec2018	\$1.99
Dec2017	\$2.57	Dec2017	\$1.93
Dec2016	\$1.85	Dec2016	\$1.55
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	\$0.47
Dec2008	\$0.57	Dec2008	\$0.38
Dec2007	\$0.38	Dec2007	\$0.27
Dec2006	\$0.34	Dec2006	\$0.20
Dec2005	\$0.14	Dec2005	\$0.11
Dec2004	\$0.11	Dec2004	\$0.10
Dec2003	\$0.15	Dec2003	\$0.09
Dec2002	\$0.08	<b>Balance Sheet Information 12/1/2018</b>	
Dec2001	-\$0.15	Total Current Assets	\$2,318,804,000
Dec2000	\$0.37	Total Current Liabilities	\$962,690,000
Dec1999	-\$0.01	Long-Term Debt	\$438,802,000
		Total Assets	\$6,708,636,000
		Intangible Assets	\$2,147,361,000
		Total Liabilities	\$1,780,247,000
		Shares Outstanding (Diluted Average)	330,809,000





**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 Valuation – April 2018 \\$CERN](#)
  - [5 Companies for Enterprising Investors Near 52 Week Lows – January 2017](#)
  - [5 Companies for Enterprising Investors Near 52 Week Lows – December 2016](#)
  - [14 Best Undervalued Stocks of the Week – 8/6/16](#)
  - [Cerner Corporation Valuation – August 2016 \\$CERN](#)

- Other ModernGraham posts about related companies**
- [HCA Healthcare Inc Valuation – February 2019 \\$HCA](#)
  - [Stryker Corp Valuation – February 2019 \\$SYK](#)
  - [Align Technology Inc Valuation – February 2019 \\$ALGN](#)
  - [Quest Diagnostics Inc Valuation – February 2019 \\$DGX](#)
  - [AmerisourceBergen Corp Valuation – February 2019 \\$ABC](#)
  - [Abiomed Inc Valuation – February 2019 \\$ABMD](#)
  - [Laboratory Corp of America Holdings Inc Valuation – January 2019 \\$LH](#)
  - [Intuitive Surgical Inc Valuation – January 2019 \\$ISRG](#)
  - [PerkinElmer Inc Valuation – January 2019 \\$PKI](#)
  - [Cardinal Health Inc Valuation – January 2019 \\$CAH](#)