

CERNER CORP. NQ-CERN

RECENT PRICE **73.50** P/E RATIO **32.4** (Trailing: 35.5; Median: 30.0) RELATIVE P/E RATIO **2.17** DIV'D YLD **Nil**

VALUE LINE

TIMELINESS 3 Lowered 8/13/10
SAFETY 3 Raised 6/30/00
TECHNICAL 3 Lowered 9/14/12
BETA .85 (1.00 = Market)

High: 15.4 14.3 11.6 13.5 24.6 25.3 33.1 29.9 43.0 48.9 74.4 88.3
 Low: 7.0 6.8 4.1 9.0 11.8 16.3 22.1 15.2 16.7 36.0 46.0 59.4

LEGENDS
 — 18.0 x "Cash Flow" p sh
 ... Relative Price Strength
 2-for-1 split 1/06
 2-for-1 split 6/11
 Options: Yes
 Shaded areas indicate recessions

2015-17 PROJECTIONS

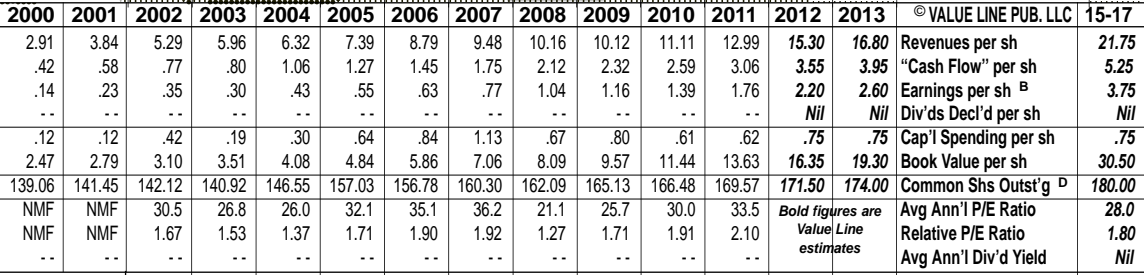
	Price	Gain	Ann'l Total Return
High	125	(+70%)	14%
Low	85	(+15%)	4%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	3	3	0	2	0	0
to Sell	0	0	1	0	4	5	0	5	0

Institutional Decisions

	4Q2011	1Q2012	2Q2012
to Buy	214	221	241
to Sell	239	240	229
Hlds(000)	140505	139975	139338



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues per sh	1.44	1.88	2.47	2.52	2.91	3.84	5.29	5.96	6.32	7.39	8.79	9.48	10.16	10.12	11.11	12.99	15.30	16.80
"Cash Flow" per sh	.18	.25	.37	.28	.42	.58	.77	.80	1.06	1.27	1.45	1.75	2.12	2.32	2.59	3.06	3.55	3.95
Earnings per sh ^B	.06	.11	.18	.05	.14	.23	.35	.30	.43	.55	.63	.77	1.04	1.16	1.39	1.76	2.20	2.60
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil
Cap'l Spending per sh	.11	.11	.16	.11	.12	.12	.42	.19	.30	.64	.84	1.13	.67	.80	.61	.62	.75	.75
Book Value per sh	1.75	1.79	2.03	2.81	2.47	2.79	3.10	3.51	4.08	4.84	5.86	7.06	8.09	9.57	11.44	13.63	16.35	19.30
Common Shs Outst'g ^D	131.56	130.46	133.89	134.92	139.06	141.45	142.12	140.92	146.55	157.03	156.78	160.30	162.09	165.13	166.48	169.57	171.50	174.00
Avg Ann'l P/E Ratio	NMF	47.8	35.9	NMF	NMF	NMF	30.5	26.8	26.0	32.1	35.1	36.2	21.1	25.7	30.0	33.5	33.5	33.5
Relative P/E Ratio	NMF	2.76	1.87	NMF	NMF	NMF	1.67	1.53	1.37	1.71	1.90	1.92	1.27	1.71	1.91	2.10	2.10	2.10
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil

CAPITAL STRUCTURE as of 6/30/12
 Total Debt \$176.1 mill. Due in 5 Yrs \$176.1 mill.
 LT Debt \$126.0 mill. LT Interest \$7.0 mill.
 (less than 5% of Cap'l)

Leases, Uncapitalized Annual rentals \$23.8 mill.
No Defined Benefit Pension Plan
 Pfd Stock None

Common Stock 171,161,517 shs.

MARKET CAP: \$12.6 billion (Large Cap)

	2010	2011	6/30/12
Cash Assets (\$MILL.)	571.0	774.8	980.0
Receivables	476.9	563.2	492.5
Inventory (FIFO)	11.0	23.3	22.5
Other	87.2	141.0	165.8
Current Assets	1146.1	1502.3	1660.8
Accts Payable	65.0	85.5	123.9
Debt Due	24.8	39.7	50.1
Deferred Revenue	109.4	151.1	163.5
Other	106.7	162.4	127.6
Current Liab.	305.9	438.7	465.1

	2010	2011	2012	2013
Revenues (\$Mill)	2625	2925	3900	3900
Operating Margin	30.5%	31.5%	31.5%	31.5%
Depreciation (\$mill)	220	230	250	250
Net Profit (\$mill)	385	460	700	700
Income Tax Rate	34.5%	34.5%	34.5%	34.5%
Net Profit Margin	14.7%	15.7%	17.9%	17.9%
Working Cap'l (\$mill)	1175	1300	1800	1800
Long-Term Debt (\$mill)	125	125	150	150
Shr. Equity (\$mill)	2800	3360	5475	5475
Return on Total Cap'l	13.5%	13.5%	12.5%	12.5%
Return on Shr. Equity	14.0%	13.5%	13.0%	13.0%
Retained to Com Eq	14.0%	13.5%	13.0%	13.0%
All Div'ds to Net Prof	Nil	Nil	Nil	Nil

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '09-'11 of change (per sh) to '15-'17

	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11
Revenues	14.0%	9.0%	11.5%
"Cash Flow"	20.0%	16.0%	12.0%
Earnings	26.0%	22.0%	17.5%
Dividends	--	--	Nil
Book Value	15.5%	18.5%	17.5%

BUSINESS: Cerner Corp. designs, develops, markets, installs, and supports clinical and management information systems. Cerner's systems are designed and developed using a single, unified information architecture: *Cerner Millennium*. Cerner's software and systems are focused on the clinical side of healthcare and are targeted at hospitals and integrated delivery networks. System

sales, 32% of '11 revs.; Support & consulting, 66%. R&D expense: 13.0% of '11 revs. Employed about 9,900 (12/31/11). Stock owners: Offs. & dirs., 14.9%; two fin'l inst., 12.2% (4/12 proxy). Chrmn. Pres. & CEO: Neal Patterson; COO: Michael R. Nil. Inc.: DE. Addr.: 2800 Rockcreek Pkwy., North Kansas City, MO 64117. Tel.: (816) 201-1024. Internet: www.cerner.com.

QUARTERLY REVENUES (\$ mill.)^A

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2009	392.3	403.8	409.4	466.4	1671.9
2010	431.3	456.0	462.7	500.2	1850.2
2011	491.7	524.2	571.7	615.6	2203.2
2012	641.2	637.4	650	696.4	2625
2013	690	715	730	790	2925

EARNINGS PER SHARE^{ABC}

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2009	.25	.26	.29	.36	1.16
2010	.30	.33	.36	.41	1.39
2011	.37	.42	.46	.52	1.76
2012	.51	.56	.55	.58	2.20
2013	.58	.65	.65	.72	2.60

Cerner Corporation's bookings performance continues to impress. Clearly, the HITECH Act has been, and should remain, a positive for the vendor of clinical information systems (CIS). Although the same can be said for its competitors, Cerner's broad view of bringing modern information technology to the clinical side of healthcare seems to be gaining increasing visibility. On point, contract bookings advanced some 7.8% in the second quarter, on top of a very strong performance in the same period in 2011. Moreover, 28% of the period's bookings came from outside its installed base (*Millennium*). Meanwhile, Cerner reports that RFP activity is quite healthy, suggesting the potential for continued vigor in contracting. Cerner is forecasting new contract bookings in a range of \$710 million to \$750 million for the September period, growth of some 12%.

show improvements in its operating margin, as it leverages its operating expense structure to offset the recent narrowing in its gross margin. As mentioned in previous reports, the narrowing is occasioned by the company's active business in device technology resale. Cerner has suggested that its gross margins may widen some in coming quarters, as device resale become a lesser part of system sales.

QUARTERLY DIVIDENDS PAID

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008					
2009					
2010					
2011					
2012					

NO CASH DIVIDENDS BEING PAID

We have once again raised our revenue and earnings estimates for 2012. Much of the \$25 million increase in the top line and the \$0.05 bump in the bottom line reflect Cerner's strong financial results from the second quarter. Nonetheless, we note that the CIS vendor continues to

Cerner is well positioned to help its customers meet the requirements of Stages 2 and 3 of meaningful use (a set of requirements to be met in order to receive the financial incentives provided by the HITECH Act). However, the complexity involved in meeting the requirements of Stage 2 (and eventually stage 3) has increased over Stage 1, and the current growth in contracting activity may be tempered while hospitals and physicians work the new regulations into their information systems strategies. So, although the stock has pulled back from its all-time high recorded in late June, it remains generously valued, in our view, and is best considered by aggressive accounts.

(A) Fiscal year ends Saturday following last day of December.
 (B) Primary earnings thru 1996, then diluted. Excl. items: '98, d9c; '99, d20c; '00, \$2.39;

'01, d\$2.10; '02, d10c; '04, d1c; '05, 2c; '06, 10c; '08, 19c. Next earnings report due late October.
 (C) Quarters may not sum to annual figure, due

to rounding or to changes in diluted shares outstanding.
 (D) In millions, adjusted for stock splits.

Company's Financial Strength	A
Stock's Price Stability	75
Price Growth Persistence	100
Earnings Predictability	100

To subscribe call 1-800-833-0046.

Charles Clark September 14, 2012