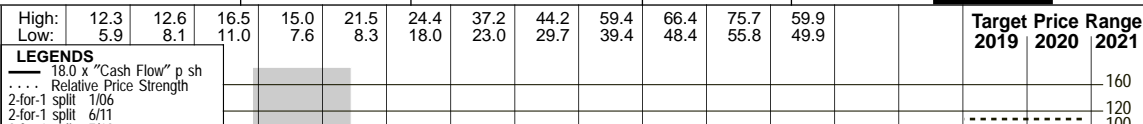


# CERNER CORP. NDAQ-CERN

RECENT PRICE **51.48** P/E RATIO **22.2** (Trailing: 24.3 Median: 33.0) RELATIVE P/E RATIO **1.27** DIV'D YLD **Nil** **VALUE LINE**

**VALUE LINE**

TIMELINESS **2** Lowered 12/11/15  
 SAFETY **2** Raised 3/13/15  
 TECHNICAL **3** Raised 2/26/16  
 BETA 1.00 (1.00 = Market)



**2019-21 PROJECTIONS**

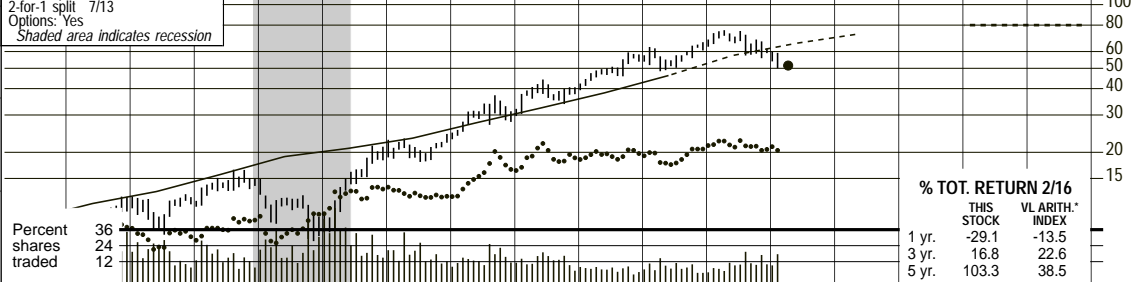
	Ann'l Total	
	Price	Return
High	110 (+115%)	21%
Low	80 (+55%)	12%

**Insider Decisions**

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

**Institutional Decisions**

	202015	3Q2015	4Q2015
to Buy	301	306	288
to Sell	282	278	311
Hlds(000)	278630	308874	277890



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
1.45	1.92	2.65	2.98	3.16	3.70	4.39	4.74	5.08	5.06	5.56	6.50	7.74	8.47	9.94	<b>13.00</b>	<b>14.70</b>	<b>16.20</b>	Revenues per sh	21.20
.21	.29	.38	.40	.53	.64	.72	.87	1.06	1.16	1.29	1.53	1.80	2.12	2.57	<b>3.20</b>	<b>4.05</b>	<b>4.05</b>	"Cash Flow" per sh	5.15
.07	.12	.18	.15	.22	.27	.31	.38	.52	.58	.70	.88	1.13	1.32	1.65	2.11	<b>2.35</b>	<b>2.65</b>	Earnings per sh <sup>B</sup>	3.50
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
.06	.06	.21	.10	.15	.32	.42	.56	.33	.40	.31	.31	.53	1.03	.81	<b>.90</b>	<b>.75</b>	<b>.75</b>	Cap'l Spending per sh	.75
1.24	1.40	1.55	1.76	2.04	2.42	2.93	3.53	4.04	4.79	5.72	6.81	8.23	9.21	10.42	<b>11.10</b>	<b>13.60</b>	<b>16.10</b>	Book Value per sh	22.05
278.13	282.90	284.24	281.84	293.10	314.06	313.57	320.59	324.17	330.26	332.96	339.13	344.18	343.82	342.33	<b>340.00</b>	<b>340.00</b>	<b>340.00</b>	Common Shs Outst'g <sup>D</sup>	340.00
NMF	NMF	30.5	26.8	26.0	32.1	35.1	36.2	21.1	25.7	30.0	33.5	33.1	37.3	34.8	31.5	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	27.0
NMF	NMF	1.67	1.53	1.37	1.71	1.90	1.92	1.27	1.71	1.91	2.10	2.11	2.10	1.83	1.60			Relative P/E Ratio	1.70
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil

**CAPITAL STRUCTURE as of 10/3/15**  
 Total Debt \$630.6 mill. Due in 5 Yrs \$130.6 mill.  
 LT Debt \$572.8 mill. LT Interest \$17.0 mill. (13% of Cap'l)

**Leases, Uncapitalized** Annual rentals \$23.5 mill.  
**No Defined Benefit Pension Plan**  
 Pfd Stock None

**Common Stock** 342,051,497 shs.

**MARKET CAP: \$17.6 billion (Large Cap)**

1378.0	1519.9	1647.4	1671.9	1850.2	2203.2	2665.4	2910.7	3402.7	4425.3	<b>5000</b>	<b>5500</b>	Revenues (\$mill)	<b>7200</b>
21.1%	23.5%	26.0%	28.8%	29.9%	30.5%	29.8%	32.5%	33.6%	<b>32.0%</b>	<b>33.0%</b>	<b>33.0%</b>	Operating Margin	<b>33.0%</b>
125.3	152.8	170.5	189.6	193.3	212.6	222.6	263.5	302.4	<b>350</b>	<b>425</b>	<b>450</b>	Depreciation (\$mill)	<b>500</b>
102.0	127.1	173.1	193.5	237.3	306.6	397.2	466.4	576.4	740.8	<b>820</b>	<b>930</b>	Net Profit (\$mill)	<b>1250</b>
39.1%	37.7%	33.6%	33.9%	34.5%	34.7%	32.4%	32.8%	32.4%	31.1%	<b>33.0%</b>	<b>32.5%</b>	Income Tax Rate	<b>33.0%</b>
7.4%	8.4%	10.5%	11.6%	12.8%	13.9%	14.9%	16.0%	16.9%	16.7%	<b>16.4%</b>	<b>16.9%</b>	Net Profit Margin	<b>17.4%</b>
444.7	530.5	517.7	788.2	840.2	1063.6	1210.4	1121.3	1714.5	<b>1050</b>	<b>1250</b>	<b>1300</b>	Working Cap'l (\$mill)	<b>1500</b>
187.4	177.6	111.4	95.5	67.9	86.8	136.6	111.7	62.9	<b>565</b>	<b>550</b>	<b>525</b>	Long-Term Debt (\$mill)	<b>500</b>
918.1	1132.4	1311.0	1580.7	1905.3	2310.7	2833.7	3167.7	3566.0	3870.4	<b>4625</b>	<b>5475</b>	Shr. Equity (\$mill)	<b>7500</b>
9.8%	10.2%	12.5%	11.8%	12.2%	12.9%	13.5%	14.3%	15.9%	<b>17.0%</b>	<b>16.0%</b>	<b>15.5%</b>	Return on Total Cap'l	<b>15.5%</b>
11.1%	11.2%	13.2%	12.2%	12.5%	13.3%	14.0%	14.7%	16.2%	19.1%	<b>17.5%</b>	<b>17.0%</b>	Return on Shr. Equity	<b>16.5%</b>
--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil

**CURRENT POSITION (SMILL.)**

	2013	2014	10/3/15
Cash Assets	879.4	1420.9	464.5
Receivables	582.9	672.8	1053.1
Inventory (FIFO)	32.3	23.8	23.7
Other	267.1	231.3	262.5
Current Assets	1761.7	2348.8	1803.8
Accts Payable	145.0	160.3	207.9
Debt Due	54.1	67.5	57.8
Deferred Revenue	209.7	209.7	265.6
Other	231.6	196.8	308.0
Current Liab.	640.4	634.3	839.3

**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

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '12-'14 of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14
Revenues	11.5%	12.0%	13.5%
"Cash Flow"	17.5%	16.0%	13.0%
Earnings	22.5%	22.5%	14.5%
Dividends	--	--	Nil
Book Value	18.0%	17.5%	13.0%

**QUARTERLY REVENUES (\$ mill.)**<sup>A</sup>

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2013	680.0	707.6	727.8	795.3	2910.7
2014	784.8	851.8	840.2	926.0	3402.7
2015	996.1	1126.0	1127.9	1175.3	4425.3
2016	<b>1175</b>	<b>1225</b>	<b>1250</b>	<b>1350</b>	<b>5000</b>
2017	<b>1290</b>	<b>1345</b>	<b>1375</b>	<b>1490</b>	<b>5500</b>

**EARNINGS PER SHARE**<sup>ABC</sup>

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2013	.31	.32	.33	.36	1.32
2014	.37	.40	.42	.47	1.65
2015	.45	.52	.54	.61	2.11
2016	<b>.53</b>	<b>.58</b>	<b>.60</b>	<b>.64</b>	<b>2.35</b>
2017	<b>.60</b>	<b>.65</b>	<b>.68</b>	<b>.72</b>	<b>2.65</b>

**QUARTERLY DIVIDENDS PAID**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012					
2013					
2014					
2015					
2016					

**Cerner Corporation's financial results for the final quarter of 2015 were a mixed bag.** True, revenue and non-GAAP earnings came in pretty much as expected, with the bottom line benefiting from a lower tax rate due to R&D credits. Nonetheless, new contract bookings, a key performance indicator, did not meet the company's forecast for the December period. In addition, although the \$1.35 billion figure was nicely ahead of the \$1.16 billion recorded in 2014, it compared unfavorably with the \$1.59 billion posted in the September quarter. Cerner noted that a couple of large service-oriented deals failed to close in the fourth quarter as forecast, accounting for the shortfall in bookings. **Investors were not thrilled with the company's forecast for 2016.** From a revenue and earnings perspective, there was little change from the preliminary view given with the release of Cerner's third-quarter financial results, and we have left our revenue and earnings estimates unchanged. That said, the company's forecast for contract bookings for the first quarter implied only modest progress, frustrating shareholders that had grown weary from the inconsistency between company forecasts and reported results since the large deal for Siemens Health Services was completed early last year. For its part, Cerner continues to report progress in integrating the acquisition, noting the increasing adoption of Cerner's products and services. Nonetheless, it seems the company was overly optimistic with respect to the deal's prospects, and market support for CERN shares weakened through most of 2015, declining sharply after the release for the company's latest financial results. Looking ahead to 2017, our sense is revenue and earnings growth may well improve versus 2016, though we expect the progress in contract bookings to continue following a more moderate pace. **What about Cerner stock?** The company remains well-positioned in the clinical information systems and services business. Although growth may moderate some from here, our sense is this is reflected in the stock's current valuation. Performance investors exhibiting a degree of patience may find interest in these timely shares. *Charles Clark* March 11, 2016

(A) Fiscal year ends on the Saturday closest to December 31st.  
 (B) Fully-diluted earnings; non-GAAP EPS from 2014. Excl. items: '00, \$1.20; '01, d\$1.05;  
 (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 60  
 Price Growth Persistence 100  
 Earnings Predictability 100

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