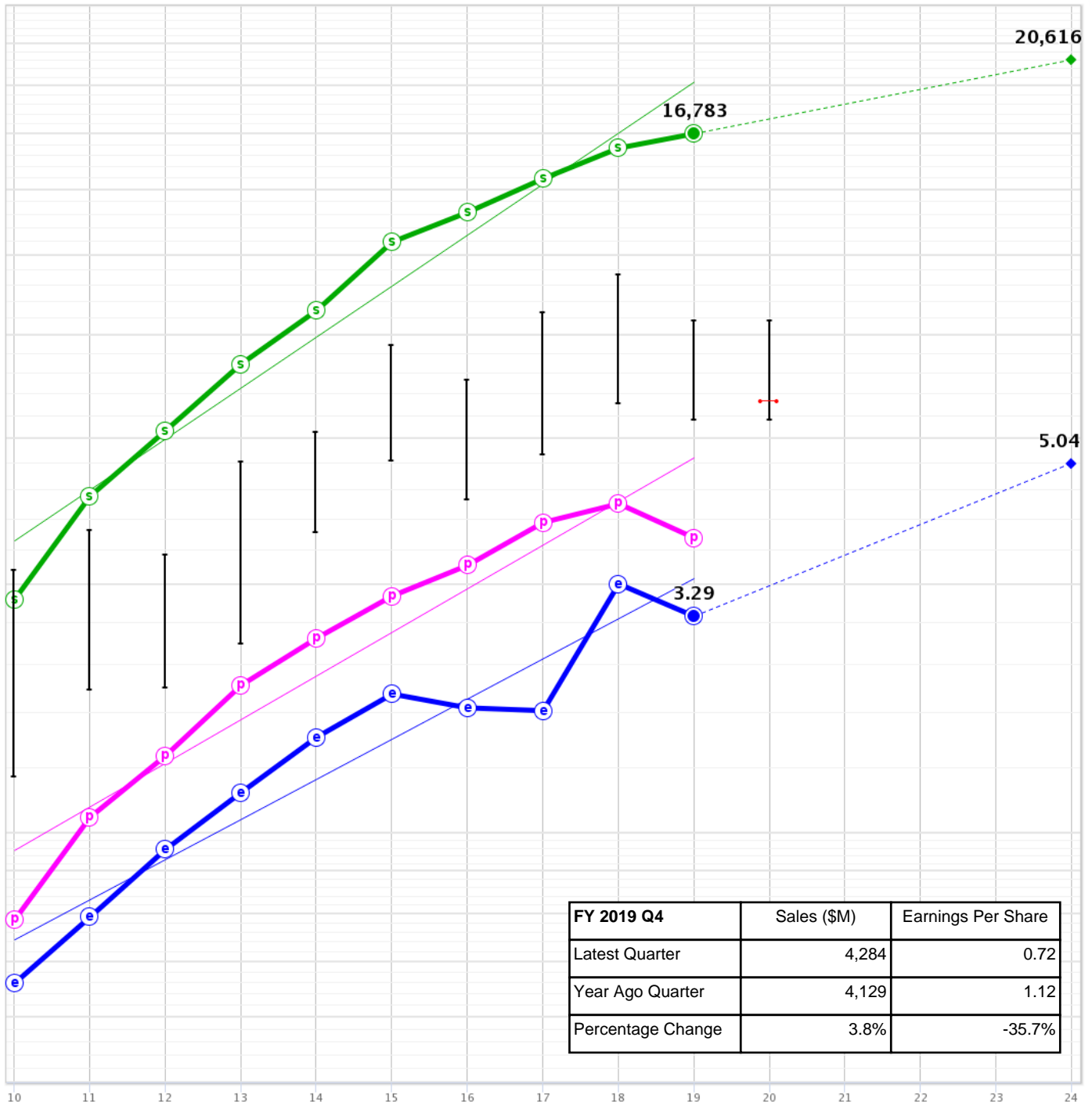


Company	Cognizant Tech Solns		Date	03/05/20	
Prepared by	KEPHART		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Information Technology Services		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	551.0	0.5	56.8		
Debt (\$M)	1,685.0	% to Tot Cap	13.3	% Pot Dil	0.7

Stock Selection Guide

Symbol: CTSH

1 VISUAL ANALYSIS of Sales, Earnings, and Price



FY 2019 Q4	Sales (\$M)	Earnings Per Share
Latest Quarter	4,284	0.72
Year Ago Quarter	4,129	1.12
Percentage Change	3.8%	-35.7%

- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 15.2% | (3) Historical Earnings Per Share Growth | 11.8% |
| (2) Estimated Future Sales Growth | 4.2% | (4) Estimated Future Earnings Per Share Growth | 8.9% |

2 EVALUATING Management

Cognizant Tech Solns

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Last 5 Year Avg.
Pre-tax Profit on Sales	19.1%	19.1%	18.9%	19.1%	18.7%	17.4%	17.5%	17.9%	17.3%	15.2%	17.1%
% Earned on Equity	20.1%	21.9%	21.4%	21.7%	19.4%	18.3%	15.1%	13.6%	18.9%	16.9%	16.5%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	17.5%	12.2%	7.6%	7.6%	6.1%	13.3%	9.4%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 59.93 (03/05/20)

HIGH THIS YEAR 74.85

LOW THIS YEAR 56.73

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2015	69.8	50.7	2.65	26.3	19.1	0.00	0.0	0.0
2016	63.4	45.4	2.55	24.9	17.8	0.00	0.0	0.0
2017	76.5	51.5	2.53	30.2	20.4	0.45	17.8	0.9
2018	85.1	59.5	3.60	23.6	16.5	0.80	22.2	1.3
2019	74.8	56.7	3.29	22.7	17.2	0.80	24.3	1.4
AVERAGE		52.8		25.6	18.2		12.9	
CURRENT/TTM			3.29			0.88	26.7	
AVERAGE PRICE EARNINGS RATIO: 21.9				CURRENT PRICE EARNINGS RATIO: 18.2				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 25.6 X Estimate High Earnings/Share 5.04 = Forecasted High Price \$ 129.0

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 18.2 X Estimate Low Earnings/Share 3.29 = Forecasted Low Price \$ 59.9

(b) Avg. Low Price of Last 5 Years 52.8

(c) Recent Market Low Price 56.7

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.88}{1.41\%} = 62.4$

Selected Forecasted Low Price \$ 46.0

C ZONING using 25%-50%-25%

Forecasted High Price 129.0 Minus Forecasted Low Price 46.0 = 83.0 Range. 25% of Range 20.7

Buy Zone 46.0 to 66.7

Hold Zone 66.7 to 108.2

Sell Zone 108.2 to 129.0

Present Market Price of 59.93 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{129.0 - 59.93}{59.93 - 46.0} = \frac{69.07}{13.93} = 5.0$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{129.0 - 59.93}{59.93} = 2.1524$ X 100 = 215.24 - 100 = 115.2 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.80}{59.93} = 0.0147 = 1.5\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{21.4\%}{25.60} = 0.8\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{21.4\%}{21.90} = 1.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 16.6 %
Average Yield 0.8 %
Annualized Rate of Return 17.4 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 13.0 %
Average Yield 1.0 %
Annualized Rate of Return 14.0 %