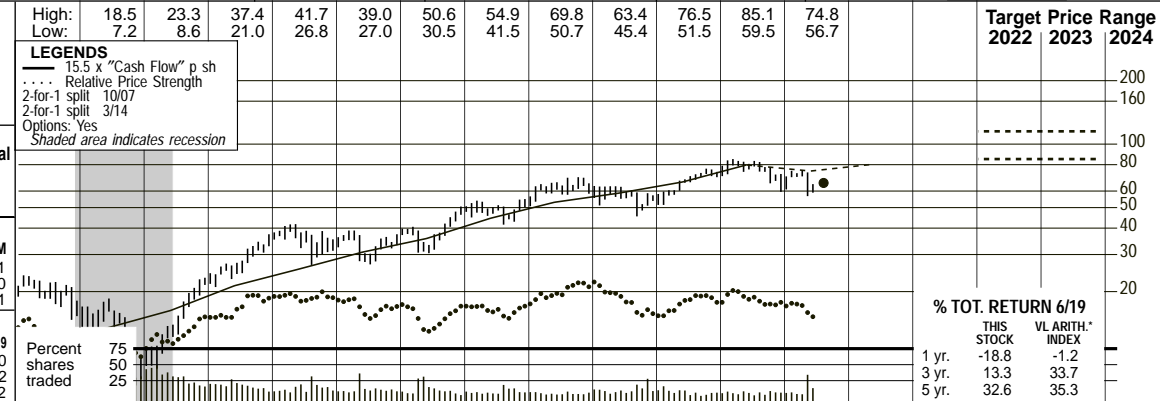


COGNIZANT TECH NDQ-CTSH

RECENT PRICE **65.33** P/E RATIO **16.5** (Trailing: 14.8; Median: 19.0) RELATIVE P/E RATIO **0.95** DIV'D YLD **1.2%** VALUE LINE

TIMELINESS **4** Lowered 6/28/19
 SAFETY **2** Lowered 5/15/15
 TECHNICAL **4** Lowered 7/26/19
 BETA 1.05 (1.00 = Market)



2022-24 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	115	(+75%)	16%
Low	85	(+30%)	8%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	1
Options	15	3	11	14	11	8	4	0	0
to Sell	6	1	1	5	3	8	3	1	0

Institutional Decisions

	3Q2018	4Q2018	1Q2019
to Buy	445	425	540
to Sell	478	520	402
Hlds(000)	498362	506352	507342

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
.72	1.09	1.58	2.50	3.71	4.83	5.52	7.55	10.10	12.18	14.55	16.84	20.39	22.18	25.19	27.95	29.45	31.15	Sales per sh	37.25
.14	.22	.31	.47	.70	.87	1.05	1.38	1.65	1.99	2.31	2.87	3.42	3.78	4.28	5.15	4.90	5.20	"Cash Flow" per sh	6.50
.11	.18	.26	.39	.58	.72	.89	1.19	1.43	1.72	2.02	2.61	3.06	3.39	3.77	4.57	3.95	4.25	Earnings per sh ^A	5.50
--	--	--	--	--	--	--	--	--	--	--	--	--	--	.45	.80	.80	.88	Div'ds Decl'd per sh	1.10
.06	.09	.13	.18	.32	.29	.13	.31	.48	.55	.43	.35	.45	.49	.48	.65	.50	.50	Cap'l Spending per sh	.50
.53	.84	1.27	1.88	2.55	3.37	4.46	5.90	6.52	8.05	10.10	12.70	15.24	17.64	18.14	19.80	21.75	24.80	Book Value per sh	35.50
514.70	539.71	560.49	570.05	576.02	583.34	594.46	607.88	606.21	603.36	607.73	609.40	609.00	608.00	588.00	577.00	570.00	565.00	Common Shs Outst'g ^B	550.00
34.5	39.6	43.3	42.6	34.1	18.8	17.0	23.8	25.2	19.5	19.2	18.8	20.3	16.9	17.5	16.6	16.0	16.0	Avg Ann'l P/E Ratio	18.0
1.97	2.09	2.31	2.30	1.81	1.13	1.13	1.51	1.58	1.24	1.08	.99	1.02	.89	.88	.89	.88	.89	Relative P/E Ratio	1.00
--	--	--	--	--	--	--	--	--	--	--	--	--	--	.7%	1.1%	1.1%	1.1%	Avg Ann'l Div'd Yield	1.1%

CAPITAL STRUCTURE as of 6/30/19
 Total Debt \$746 mill. Due in 5 Yrs \$750 mill.
 LT Debt \$718 mill. LT Interest \$29.0 mill.
 (6% of Cap'l)

Leases, Uncapitalized: Annual rentals \$226 mill.
No Defined Pension Benefit Plan

Pfd Stock None

Common Stock 569,282,940 shs.
 as of 4/26/19
MARKET CAP: \$37.2 billion (Large Cap)

CURRENT POSITION (SMILL.)

	2017	2018	6/30/19
Cash Assets	5056	4511	3003
Receivables	2865	3257	3386
Inventory	--	--	--
Other	1190	909	817
Current Assets	9111	8677	7206
Accts Payable	210	215	254
Debt Due	175	9	28
Deferred Revenue	3830	286	285
Other	2071	2267	2257
Current Liab.	2839	2777	2824

3278.7	4592.4	6121.2	7346.5	8843.2	10263	12416	13487	14810	16125	16800	17600	Sales (\$mill)	20500
21.6%	21.0%	20.5%	20.6%	20.9%	21.6%	21.4%	21.2%	21.5%	22.6%	20.0%	20.5%	Operating Margin	21.5%
89.4	103.9	117.4	149.1	172.2	151.3	209.4	229.2	270.0	302.0	500	525	Depreciation (\$mill)	550
535.0	733.5	883.6	1051.3	1228.6	1598.7	1874.1	2068.7	2244.0	2670.0	2280	2410	Net Profit (\$mill)	3025
16.0%	16.5%	16.4%	16.2%	16.2%	16.5%	16.5%	16.5%	16.5%	16.5%	25.0%	25.0%	Income Tax Rate	25.0%
16.3%	16.0%	14.4%	14.3%	13.9%	15.6%	15.1%	15.3%	15.2%	16.6%	13.6%	13.7%	Net Profit Margin	14.8%
1661.0	2587.5	2875.8	3437.0	4373.4	4158.2	5194.9	6182.0	6272.0	5900.0	6300	6500	Working Cap'l (\$mill)	7500
--	--	--	--	--	937.5	881.2	797.0	698.0	736.0	700.0	660.0	Long-Term Debt (\$mill)	625
2653.2	3584.4	3952.9	4854.4	6135.8	7740.2	9278.1	10728	10669	11424	12400	14000	Shr. Equity (\$mill)	19500
20.2%	20.5%	22.4%	21.7%	20.0%	18.4%	18.5%	18.0%	19.8%	22.1%	17.5%	16.5%	Return on Total Cap'l	15.0%
20.2%	20.5%	22.4%	21.7%	20.0%	20.7%	20.2%	19.3%	21.0%	23.4%	18.5%	17.0%	Return on Shr. Equity	15.5%
20.2%	20.5%	22.4%	21.7%	20.0%	20.7%	20.2%	19.3%	18.5%	19.3%	14.5%	13.5%	Retained to Com Eq	12.5%
--	--	--	--	--	--	--	--	12%	18%	20%	21%	All Div'ds to Net Prof	20%

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
of change (per sh)	21.0%	15.5%	7.0%
Sales	20.5%	17.5%	6.5%
"Cash Flow"	21.5%	18.0%	6.0%
Earnings	--	--	17.5%
Dividends	--	--	17.5%
Book Value	21.5%	17.5%	11.5%

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	3202	3369	3453	3463	13487
2017	3546	3670	3766	3828	14810
2018	3912	4006	4078	4129	16125
2019	4110	4141	4250	4299	16800
2020	4300	4350	4450	4500	17600

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.80	.87	.86	.87	3.39
2017	.84	.93	.98	1.03	3.77
2018	1.06	1.19	1.19	1.13	4.57
2019	.91	.94	1.03	1.07	3.95
2020	1.00	1.04	1.08	1.13	4.25

QUARTERLY DIVIDENDS PAID ^C

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	--	--	--	--	--
2016	--	--	--	--	--
2017	--	.15	.15	.15	.45
2018	.20	.20	.20	.20	.80
2019	.20	.20	.20	.20	.80

BUSINESS: Cognizant Technology Solutions Corp. provides full life cycle solutions to complex software development and maintenance problems that companies face as they transition to e-business. 2018 revenue breakdown by segment: financial related services, 36%; healthcare services, 29%; products and resources, 21%; commun., media, and tech., 14%. Services are provided by on-site teams in conjunction with development centers located primarily in India. Empl.: 281,600 (12/31/18). Stock owners: Two fin'l inst., 15.4%; Off. & dir., less than 1% (4/19 proxy). Chrmn: Michael Patsalos-Fox; CEO: Brian Humphries. Inc.: DE. Addr.: Glenpointe Centre West, 500 Frank W. Burr Blvd., Teaneck, NJ 07666. Tel.: 201-801-0233. Internet: www.cognizant.com.

Cognizant Technology will face challenges this year. Growth at the company's Financial Services and Healthcare segments, which accounted for some 65% of total revenues in 2018 and where growth has been sluggish, presented difficulties in the first half, pressuring operating profits and earnings. Brian Humphries, who has recently taken the reins of the CEO position, is upbeat with respect to Cognizant's prospects, suggesting there was much unlocked potential at the company. Still, it appears there is much to be done to position Cognizant more effectively to meet the market opportunity arising from the digital transformation of its clients' businesses. Moreover, the problems in the Financial Services and Healthcare segments relate to spending plans (in banking) and industry dynamics (in healthcare).

We have made minor upward adjustments our revenue and earnings estimates for this year. Our figures generally reflect the midpoints of the company's current targeted ranges, which were released in late July with its second-quarter financial results. In terms of prof-

itability, Cognizant has suggested that the second half of 2019 may begin to show improvement, as the new management team starts putting its mark on the company's operations. Although we have factored this potential into our presentation, we are maintaining our conservative view for next year, targeting revenue and earnings growth of 4.8% and 7.6%, respectively.

What about Cognizant stock? The shares have retraced about one half of the decline registered in early May on the release of the company's financial results for the first quarter. Our sense is the upward adjustment that has now been registered by the market reflects the assessment of investors with cooler heads, as they take measure of what CEO Brian Humphries can bring to Cognizant. It is still early days for Mr. Humphries, so it may well be best to wait and see how Cognizant begins to evolve under his leadership, before adding to an existing position. In this regard, we note our estimates and projections assume Mr. Humphries has a fair degree of success in getting Cognizant back on track.

Charles Clark
 August 9, 2019

(A) Diluted earnings, non-GAAP 2014 forward. Excludes nonrecurring items: '05, \$0.08; '14, d\$0.26; '15, d\$0.41; '16, d\$0.85; '17, d\$1.24; '18, d\$0.97.	Next earnings report in late October.	Company's Financial Strength	A++
(B) In millions, adjusted for stock splits.	(C) Dividends historically paid late February, May, August, and October.	Stock's Price Stability	75
		Price Growth Persistence	80
		Earnings Predictability	100