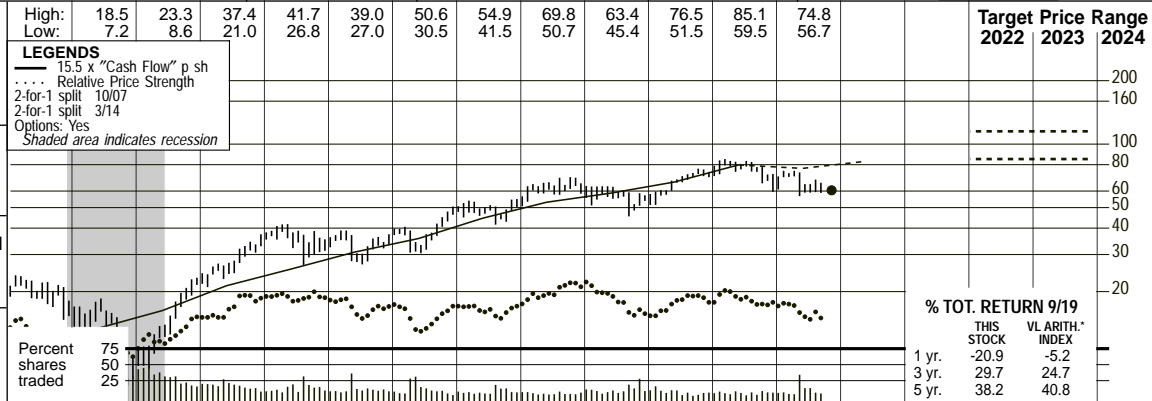


COGNIZANT TECH NDQ-CTSH

RECENT PRICE **60.45** P/E RATIO **14.9** (Trailing: 14.5; Median: 19.0) RELATIVE P/E RATIO **0.86** DIV'D YLD **1.3%** VALUE LINE

TIMELINESS **4** Lowered 6/28/19
 SAFETY **2** Lowered 5/15/15
 TECHNICAL **3** Raised 8/23/19
 BETA 1.10 (1.00 = Market)



18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$51-\$91 \$71 (15%)

2022-24 PROJECTIONS
 High Price Gain Ann'l Total
 Low 85 (+40%) 19% 10%

Institutional Decisions
 4Q2018 1Q2019 2Q2019
 to Buy 425 540 360
 to Sell 520 402 611
 Hld's(000) 506352 507342 509321

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	30.35	32.00	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	4.95	5.35	"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	3.97	4.30	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	.48	.55	.43	.35	.45	.49	.48	.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	20.80	24.15	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	550.00	550.00	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	<i>Bold figures are Value Line estimates</i>		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			Relative P/E Ratio	1.00
--	--	--	--	--	--	--	--	--	--	--	--	--	--	.7%	1.1%			Avg Ann'l Div'd Yield	1.1%

CAPITAL STRUCTURE as of 9/30/19
 Total Debt \$747 mill. Due in 5 Yrs \$750 mill.
 LT Debt \$709 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 552,291,064 shs.
 as of 7/26/19
 MARKET CAP: \$33.4 billion (Large Cap)

CURRENT POSITION (SMILL.)

	2017	2018	9/30/19
Cash Assets	5056	4511	3077
Receivables	2865	3257	3438
Inventory	--	--	--
Other	1190	909	876
Current Assets	9111	8677	7391
Accts Payable	210	215	246
Debt Due	175	9	38
Deferred Revenue	3830	286	265
Other	2071	2267	2370
Current Liab.	2839	2777	2919

3278.7	4592.4	6121.2	7346.5	8843.2	10263	12416	13487	14810	16125	16700	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	2230	2410	Net Profit (\$mill)	3025
16.0%	16.5%	24.4%	24.2%	27.2%	24.9%	25.5%	24.3%	25.7%	23.6%	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%	13.4%	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	4500	5000	Working Cap'l (\$mill)	6000
--	--	--	--	--	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	11450	13275	Shr. Equity (\$mill)	19500
20.2%	20.5%	22.4%	21.7%	20.0%	18.4%	18.5%	18.0%	19.8%	22.1%	18.5%	17.5%	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%	19.5%	18.0%	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%	15.5%	14.5%	Retained to Com Eq	12.5%
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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%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2016	3202	3369	3453	3463	13487
2017	3546	3670	3766	3828	14810
2018	3912	4006	4078	4129	16125
2019	4110	4141	4248	4201	16700
2020	4300	4350	4450	4500	17600

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
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	1.08	1.04	3.97
2020	1.00	1.05	1.10	1.15	4.30

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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

Cognizant Technology will likely continue facing 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, have presented difficulties thus far, 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 (recent mergers in healthcare).

We have made minor adjustments to our revenue and earnings estimates for this year. Our figures generally reflect the midpoints of the company's current targeted ranges. In terms of profitability, Cognizant Technology has suggested that improvement may start to be

realized as 2019 draws to a close when the new management team really begins putting its mark on the company's operations. Although we have factored this potential into our presentation, we are maintaining our rather conservative view for next year, targeting revenue and earnings growth of 5.4% and 8.3%, respectively.

What about Cognizant stock? Market support for the shares has been generally tepid since our early-August report. We look for operational improvements to take hold in the December period, though wider profitability is not expected in the next few quarters, signaling the path to sustainable growth will likely be lengthy. In the meantime, share earnings will be supported by recent repurchase activity, and the dividend payment adds a degree of comfort. That said, it is still early days for Mr. Humphries, so it may well be best to wait and see how Cognizant evolves 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 November 8, 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. (B) Next earnings report in late January. (C) In millions, adjusted for stock splits. (D) Dividends historically paid late February, May, August, and October.