



# Cogent Systems, Inc. (NEUTRAL)

Date: 06/12/2005  
Symbol: COGT  
Price: \$23.63

**Michigan State University  
Student Investment  
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Symbol: **COGT**  
Sector: **Technology**  
Industry: **Computer Svcs.**  
Industry Outlook: --

Market Cap: **1.86B**  
Shares Outstanding:  
**82.02M**  
Avg. Daily Volume: **579,681**  
52-Wk Range: **15.50-38.25**

DCF Valuation: --

Net Profit Margin: **48.56%**  
Return on Equity: **20%**  
Dividend Yield: **0.00**  
Debt to Equity: **0.00**  
Forward P/E: **28.90**

**Growth Rates (5 yr.)**

	Company	Industry
Sales	58.5%	41.52%
EPS	74.23%	30.51%

**Company Efficiency/Profitability**

	Comp.	Ind.
ROE	20%	17.1%
ROA	27.8%	10.8%
Gross Margin	48.6%	46%
Rec Turnover	5.80	8.32

**Summary:** Provider of Automated Fingerprint Identification Systems (AFIS) and other fingerprint biometric solutions to government, law enforcement agencies and other organizations worldwide.

COGENT INC  
as of 15-Apr-2005



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**Revenues (Million \$)**

	2005	2004	2003	2002	2001
1Q	--	15.4	3.9	--	--
2Q	--	17.1	5.3	--	--
3Q	--	23.4	3.0	--	--
4Q	--	31.8	20.0	--	--
Yr.	--	87.7	32.2	16.4	--

**Earnings Per Share (\$)**

	2005	2004	2003	2002	2001
1Q	--	0.07	0.00	--	--
2Q	--	0.11	0.01	--	--
3Q	--	0.29	-0.02	--	--
4Q	--	0.11	0.14	--	--
Yr.	--	0.58	0.13	--	--

**Company Highlights**

- Cogent has proprietary software for their systems so their product is unique to their company. They are linked to the U.S. fingerprint database, which currently holds 47 million fingerprints.
- International communities are expected to adopt a nationwide fingerprinting system first (UK, Hong Kong), and Cogent is currently looking into these possibilities.
- Cogent's fingerprinting systems are among the highest of accuracy in the world, holding second place behind competitor NEC.

**Major Risks**

- Highly competitive market with rapidly changing technology.
- Laws and regulations and ethical concerns may block major opportunities in the U.S. and other countries.
- Competitors have broader technology including face and skin identification systems.

**Analysts Opinion:** Overall Cogent Systems, Inc. is financially strong. Competition is intense in the industry and competitors hold broader technologies in biometrics. It is difficult to compare products with limited knowledge on biometrics, but the Cogent AFIS systems are some of the most accurate in the market, which may give them a competitive edge against most competitors. We feel it is very risky right now and should re-evaluate when new earnings are released, or updates in laws and regulations occur.