

ModernGraham Valuation

Company Name:

Total System
Services, Inc.

Company Ticker

TSS

Date of Analysis

8/16/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Fail
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive
Enterprising

No
Yes

Stage 2: Determination of Intrinsic Value

EPSmg	1.63
MG Growth Estimate	6.99%
MG Value	\$36.68
MG Value based on 3% Growth	\$23.66
MG Value based on 0% Growth	\$13.87
Market Implied Growth Rate	10.50%

MG Opinion

Current Price	\$48.14
% of Intrinsic Value	131.24%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$6.82
PEmg	29.50
Current Ratio	2.38
PB Ratio	4.98
Dividend Yield	0.83%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.00	Next Fiscal Year Estimate	\$1.63
Dec14	\$1.72	Dec14	\$1.39
Dec13	\$1.29	Dec13	\$1.21
Dec12	\$1.29	Dec12	\$1.16
Dec11	\$1.15	Dec11	\$1.11
Dec10	\$0.99	Dec10	\$1.12
Dec09	\$1.09	Dec09	\$1.17
Dec08	\$1.26	Dec08	\$1.17
Dec07	\$1.20	Dec07	\$1.08
Dec06	\$1.26	Dec06	\$0.97
Dec05	\$0.99	Dec05	\$0.80
Dec04	\$0.76	Dec04	\$0.67
Dec03	\$0.71	Dec03	\$0.60
Dec02	\$0.64	Dec02	\$0.51
Dec01	\$0.53	Dec01	\$0.42
Dec00	\$0.45	Dec00	\$0.35
Dec99	\$0.35	Dec99	\$0.28
Dec98	\$0.28	Balance Sheet Information Jun15	
Dec97	\$0.25	Total Current Assets	\$787,745,000
Dec96	\$0.20	Total Current Liabilities	\$331,224,000
Dec95	\$0.14	Long-Term Debt	\$1,387,514,000
		Total Assets	\$3,812,524,000
		Intangible Assets	\$2,528,964,000
		Total Liabilities	\$2,038,300,000
		Outstanding Shares	183,395,000



Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

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