

ModernGraham Valuation



Company Name:

Total System
Services, Inc.

Company Ticker TSS

Date of Analysis

5/18/2016

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	\$9,814,073,088	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	8.55	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	78.37%	Pass
6. Moderate PEmg Ratio	PEmg < 20	26.40	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.06	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	8.55	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.35	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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.01
MG Growth Estimate	10.94%
MG Value	\$61.18
MG Value based on 3% Growth	\$29.20
MG Value based on 0% Growth	\$17.12
Market Implied Growth Rate	8.95%

MG Opinion

Current Price	\$53.16
% of Intrinsic Value	86.89%
Opinion	Fairly Valued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.89
Graham Number	\$25.06
PEmg	26.40
Current Ratio	8.55
PB Ratio	5.06
Current Dividend	\$0.40
Dividend Yield	0.75%
Number of Consecutive Years of Dividend Growth	0

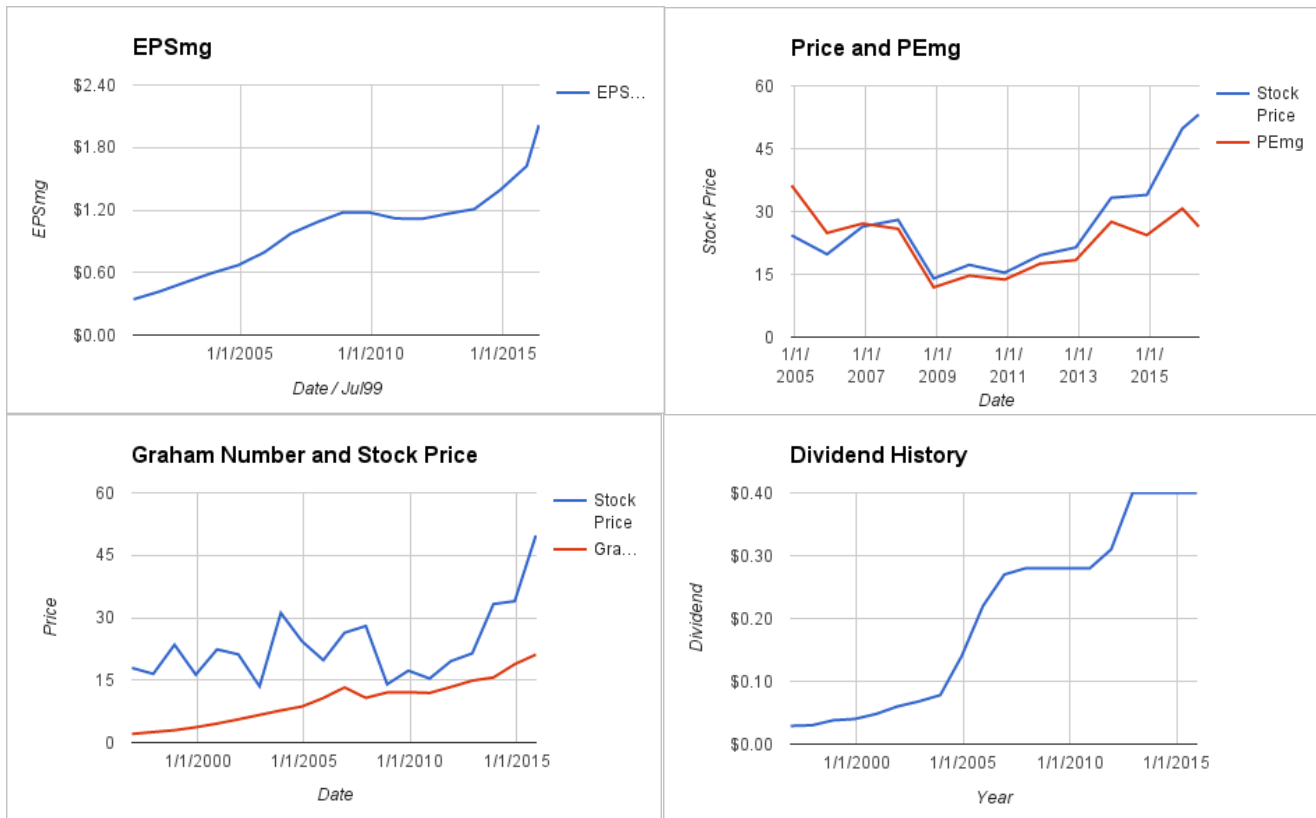
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.66	Next Fiscal Year Estimate	\$2.01
12/1/2015	\$1.97	12/1/2015	\$1.62
12/1/2014	\$1.72	12/1/2014	\$1.39
12/1/2013	\$1.29	12/1/2013	\$1.21
12/1/2012	\$1.29	12/1/2012	\$1.16
12/1/2011	\$1.15	12/1/2011	\$1.11
12/1/2010	\$0.99	12/1/2010	\$1.12
12/1/2009	\$1.09	12/1/2009	\$1.18
12/1/2008	\$1.27	12/1/2008	\$1.18
12/1/2007	\$1.20	12/1/2007	\$1.08
12/1/2006	\$1.26	12/1/2006	\$0.97
12/1/2005	\$0.99	12/1/2005	\$0.80
12/1/2004	\$0.76	12/1/2004	\$0.67
12/1/2003	\$0.71	12/1/2003	\$0.60
12/1/2002	\$0.64	12/1/2002	\$0.51
12/1/2001	\$0.53	12/1/2001	\$0.42
12/1/2000	\$0.44	12/1/2000	\$0.34
12/1/1999	\$0.35	Balance Sheet Information 3/1/2016	
12/1/1998	\$0.28	Total Current Assets	\$2,426,434,000
12/1/1997	\$0.25	Total Current Liabilities	\$283,697,000
12/1/1996	\$0.21	Long-term Debt	\$2,887,247,000
		Total Assets	\$5,423,933,000
		Intangible Assets	\$2,505,724,000
		Total Liabilities	\$3,502,392,000
		Shares Outstanding (Diluted Average)	182,807,000





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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