

ModernGraham Valuation

Company Name:

Convergys Corp

Company Ticker CVG

Date of Analysis

3/18/2017



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	\$1,971,758,311	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.26	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-367.78%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	14.23	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.65	Pass

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	2.26	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.14	Pass
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
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.49
MG Growth Estimate	10.89%
MG Value	\$45.02
MG Value based on 3% Growth	\$21.56
MG Value based on 0% Growth	\$12.64
Market Implied Growth Rate	2.86%

MG Opinion

Current Price	\$21.15
% of Intrinsic Value	46.98%
Opinion	Undervalued
MG Grade	B+

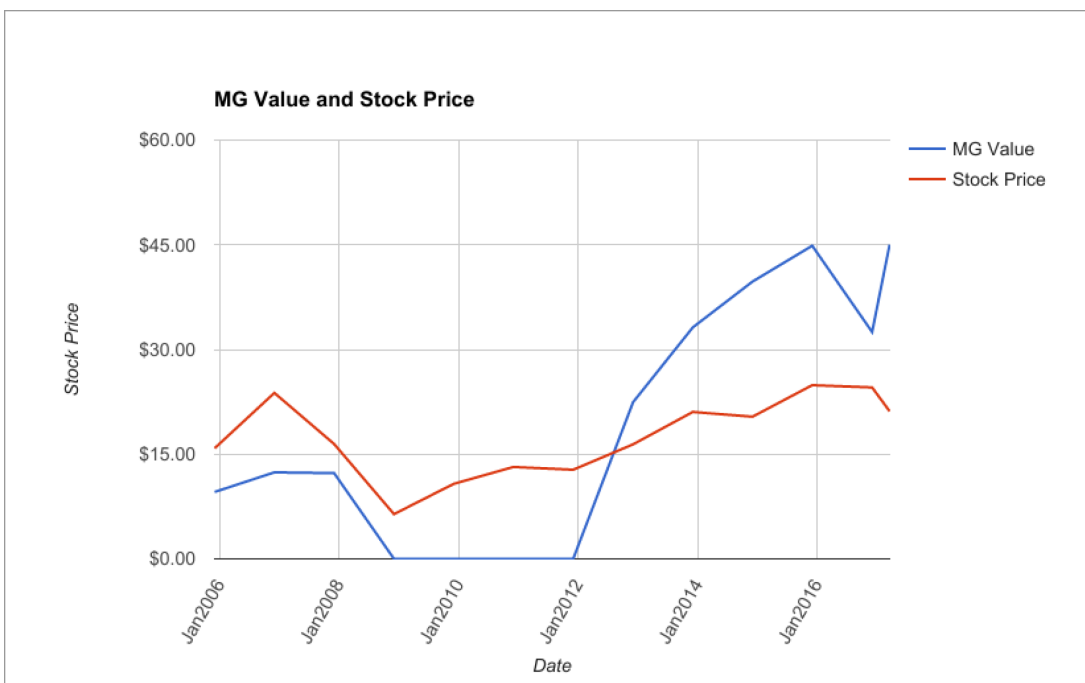
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.64
Graham Number	\$23.70
PEmg	14.23
Current Ratio	2.26
PB Ratio	1.65
Current Dividend	\$0.35
Dividend Yield	1.65%
Number of Consecutive Years of Dividend Growth	6

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.81	Next Fiscal Year Estimate	\$1.49
Dec2016	\$1.40	Dec2016	\$1.25
Dec2015	\$1.61	Dec2015	\$1.25
Dec2014	\$1.13	Dec2014	\$1.03
Dec2013	\$0.56	Dec2013	\$0.86
Dec2012	\$0.86	Dec2012	\$0.79
Dec2011	\$2.72	Dec2011	\$0.65
Dec2010	-\$0.43	Dec2010	-\$0.22
Dec2009	-\$0.62	Dec2009	\$0.05
Dec2008	-\$0.75	Dec2008	\$0.48
Dec2007	\$1.23	Dec2007	\$1.07
Dec2006	\$1.17	Dec2006	\$0.99
Dec2005	\$0.86	Dec2005	\$0.89
Dec2004	\$0.77	Dec2004	\$0.92
Dec2003	\$1.15	Dec2003	\$0.98
Dec2002	\$0.88	Dec2002	\$0.87
Dec2001	\$0.80	Dec2001	\$0.83
Dec2000	\$1.09	Balance Sheet Information	12/1/2016
Dec1999	\$0.81	Total Current Assets	\$784,800,000
Dec1998	\$0.52	Total Current Liabilities	\$347,600,000
Dec1997	\$0.63	Long-Term Debt	\$61,300,000
		Total Assets	\$2,371,800,000
		Intangible Assets	\$1,224,500,000
		Total Liabilities	\$1,055,900,000
		Shares Outstanding (Diluted Average)	102,500,000





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.

Recommended Reading:

Other ModernGraham posts about the company

#N/A

Other ModernGraham posts about related companies

- [Verisk Analytics Inc Valuation – Initial Coverage \\$VRSK](#)
- [CSRA Inc Valuation – Initial Coverage \\$CSRA](#)
- [CSG Systems International Inc Valuation – Initial Coverage \\$CSGS](#)
- [Computer Programs & Systems Inc Valuation – Initial Coverage \\$CPSI](#)
- [Qualcomm Inc Valuation – February 2017 \\$QCOM](#)
- [Verisign Inc Valuation – February 2017 \\$VRSN](#)
- [Jack Henry & Associates Inc Valuation – Initial Coverage \\$JKHY](#)
- [Super Micro Computer Inc Valuation – Initial Coverage \\$SMCI](#)
- [Teradata Corp Valuation – January 2017 \\$TDC](#)
- [Akamai Technologies Inc Valuation – January 2017 \\$AKAM](#)