

# ModernGraham Valuation

ExlService Holdings,  
Inc.



**Company Name:**

Company Ticker EXLS

Date of Analysis

7/20/2017

## 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  | \$1,888,493,443 | Fail |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 3.46            | Pass |
| 3. Earnings Stability                      | Positive EPS for 10 years prior  |                 | Pass |
| 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 | 210.53%         | Pass |
| 5. Earnings Growth                         | PEmg < 20  | 29.61           | Fail |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 3.45            | Fail |
| 7. Moderate Price to Assets                |  |                 |      |

*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                  | 3.46 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1                    | 0.13 | Pass |
| 3. Earnings Stability                      | Positive EPS for 5 years prior       |      | Pass |
| 4. Dividend Record                         | Currently Pays Dividend              |      | Fail |
| 5. Earnings Growth                         | EPSmg greater than 5 years ago Score |      | Pass |

**Suitability**

|                     |            |
|---------------------|------------|
| <b>Defensive</b>    | <b>No</b>  |
| <b>Enterprising</b> | <b>Yes</b> |

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$1.87         |
| MG Growth Estimate          | 8.71%          |
| <b>MG Value</b>             | <b>\$48.45</b> |
| MG Value based on 3% Growth | \$27.10        |
| MG Value based on 0% Growth | \$15.88        |
| Market Implied Growth Rate  | 10.56%         |

*MG Opinion*

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$55.34           |
| % of Intrinsic Value | 114.22%           |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>C</b>          |

## Stage 3: Information for Further Research

|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | \$6.25  |
| Graham Number                                  | \$30.42 |
| PEmg   | 29.61   |
| Current Ratio                                  | 3.46    |
| PB Ratio                                       | 3.45    |
| Current Dividend                               | \$0.00  |
| Dividend Yield                                 | 0.00%   |
| Number of Consecutive Years of Dividend Growth | 0       |

**Useful Links:**

- |  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <a href="#">Google Finance</a>               | <a href="#">MSN Money</a>     |
| <a href="#">Yahoo Finance</a>                | <a href="#">Seeking Alpha</a> |
| <a href="#">GuruFocus</a>                    | <a href="#">SEC Filings</a>   |

| EPS History               |         | EPSmg History                             |               |
|---------------------------|---------|---|---------------|
| Next Fiscal Year Estimate | \$2.60  | Next Fiscal Year Estimate                 | \$1.87        |
| Dec2016                   | \$1.79  | Dec2016                                   | \$1.46        |
| Dec2015                   | \$1.51  | Dec2015                                   | \$1.28        |
| Dec2014                   | \$0.96  | Dec2014                                   | \$1.16        |
| Dec2013                   | \$1.42  | Dec2013                                   | \$1.18        |
| Dec2012                   | \$1.26  | Dec2012                                   | \$0.99        |
| Dec2011                   | \$1.10  | Dec2011                                   | \$0.83        |
| Dec2010                   | \$0.88  | Dec2010                                   | \$0.70        |
| Dec2009                   | \$0.53  | Dec2009                                   | \$0.59        |
| Dec2008                   | \$0.49  | Dec2008                                   | \$0.59        |
| Dec2007                   | \$0.93  | Dec2007                                   | \$0.56        |
| Dec2006                   | \$0.58  | Dec2006                                   | \$0.17        |
| Dec2005                   | \$0.32  | Dec2005                                   | -\$0.14       |
| Dec2004                   | \$0.26  | Dec2004                                   | -\$0.39       |
| Dec2003                   | -\$0.10 | Dec2003                                   | -\$0.64       |
| Dec2002                   | -\$2.14 | Dec2002                                   | -\$0.76       |
| Dec2001                   | -\$0.17 | Dec2001                                   | -\$0.06       |
| Dec2000                   | \$0.00  | <b>Balance Sheet Information 3/1/2017</b> |               |
| Dec1999                   | \$0.00  | Total Current Assets                      | \$383,498,000 |
| Dec1998                   | \$0.00  | Total Current Liabilities                 | \$110,970,000 |
| Dec1997                   | \$0.00  | Long-Term Debt                            | \$35,000,000  |
|                           |         | Total Assets                              | \$726,693,000 |
|                           |         | Intangible Assets                         | \$238,308,000 |
|                           |         | Total Liabilities                         | \$164,189,000 |
|                           |         | Shares Outstanding (Diluted Average)      | 35,109,000    |





**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
- [Trueblue Inc Valuation – Initial Coverage \\$TBI](#)
  - [Global Payments Inc Valuation – Initial Coverage \\$GPN](#)
  - [Strayer Education Inc Valuation – Initial Coverage \\$STRA](#)
  - [Robert Half International Inc Valuation – February 2017 \\$RHI](#)
  - [Multi-Color Corporation Valuation – Initial Coverage \\$LABL](#)
  - [Kinaxis Inc Valuation – Initial Coverage \\$TSE:KXS](#)
  - [Korn-Ferry International Valuation – Initial Coverage \\$KFY](#)
  - [Capella Education Company Valuation – Initial Coverage \\$CPLA](#)
  - [Kelly Services Inc Valuation – Initial Coverage \\$KELYA](#)
  - [Alliance Data Systems Corp Valuation – February 2017 \\$ADS](#)