

ModernGraham Valuation

Company Name:

Convergys Corp

Company Ticker CVG

Date of Analysis

9/11/2018



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	\$2,237,035,640	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.49	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	138.55%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	18.30	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.78	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	2.49	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.41	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	\$1.34
MG Growth Estimate	4.51%
MG Value	\$23.50
MG Value based on 3% Growth	\$19.46
MG Value based on 0% Growth	\$11.41
Market Implied Growth Rate	4.90%

MG Opinion

Current Price	\$24.56
% of Intrinsic Value	104.51%
Opinion	Fairly Valued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$1.27
Graham Number	\$21.27
PEmg	18.30
Current Ratio	2.49
PB Ratio	1.78
Current Dividend	\$0.39
Dividend Yield	1.59%
Number of Consecutive Years of Dividend Growth	6

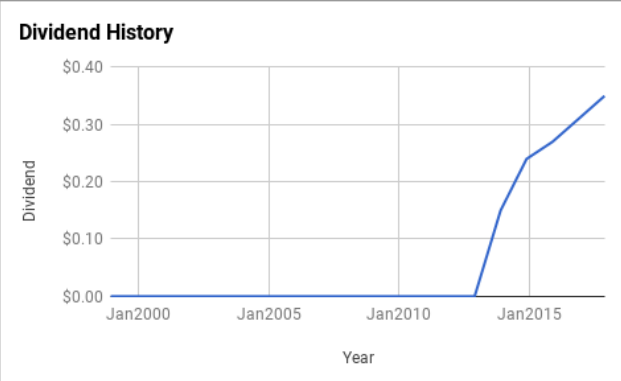
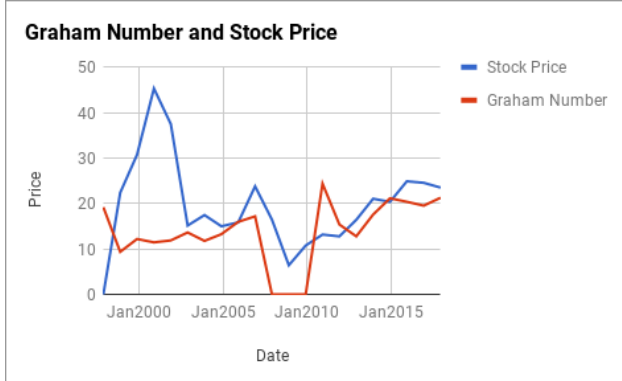
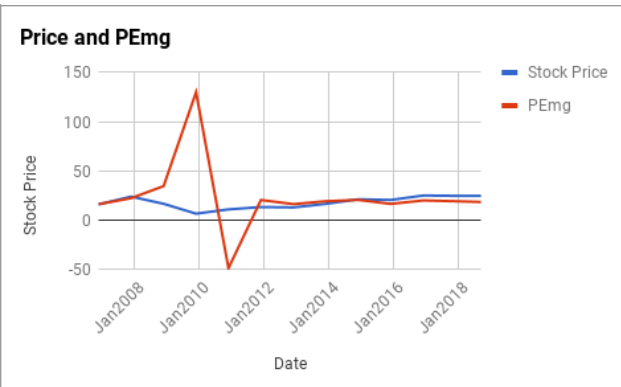
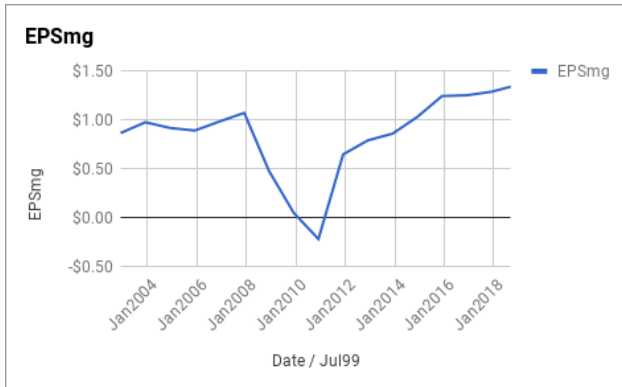
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.34	Next Fiscal Year Estimate	\$1.34
Dec2017	\$1.22	Dec2017	\$1.29
Dec2016	\$1.40	Dec2016	\$1.25
Dec2015	\$1.61	Dec2015	\$1.25
Dec2014	\$1.13	Dec2014	\$1.03
Dec2013	\$0.56	Dec2013	\$0.86
Dec2012	\$0.86	Dec2012	\$0.79
Dec2011	\$2.72	Dec2011	\$0.65
Dec2010	-\$0.43	Dec2010	-\$0.22
Dec2009	-\$0.63	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	Balance Sheet Information 6/1/2018	
Dec2000	\$1.09	Total Current Assets	\$730,400,000
Dec1999	\$0.81	Total Current Liabilities	\$293,100,000
Dec1998	\$0.52	Long-Term Debt	\$177,900,000
		Total Assets	\$2,204,700,000
		Intangible Assets	\$1,206,500,000
		Total Liabilities	\$854,400,000
		Shares Outstanding (Diluted Average)	97,900,000





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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