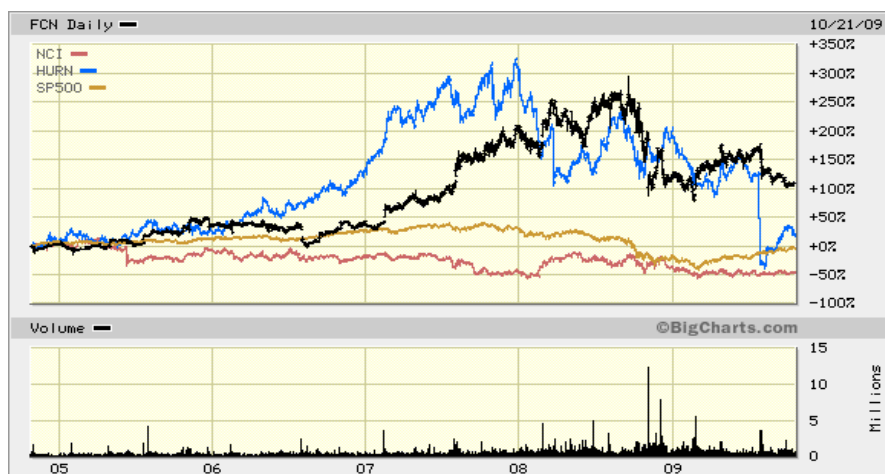


## FTI Consulting, Inc. (FCN) 10/21/09

FCN operates as a global consulting firm with services in the areas of finance, law, and operations. The company is divided into five different segments with the following percentage of 2006 revenues; Corporate Finance/Restructuring at 30%, Forensic/Litigation at 27.3%, Economic at 20.4%, Technology at 16.6%, and Strategic and Financial Communications at 5.7%. The company was founded in 1982 and is headquartered in Baltimore, Maryland.

Current Price	\$42.62
52 Week High	\$64.00
52 Week Low	\$36.14
One Yr Target	\$63.50
Market Cap (in billions)	\$2.20
P/E (Trailing)	17.91
P/E(1 Yr Forward)	12.80
P/E/G	0.82
ROA	6.14%
ROE	10.65%
EPS	\$2.38
Beta	0.61
Annualized Dividend	\$0.00
Dividend Yield	0.00%
Analyst Consensus	1.50
Debt to Equity	0.71



Copyright © equityrecap.com

---

**Annual EPS**

---

2005	\$1.35	
2006	\$1.04	-22.96%
2007	\$2.00	92.31%
2008	\$2.34	17.00%
2009E	\$2.38	1.70%

---

**Annual Revenue (in millions)**

---

2005	\$539.54	
2006	\$707.93	31.21%
2007	\$1 001.27	41.44%
2008	\$1 293.14	29.15%

---

**Annual Net Income (in millions)**

---

2005	\$56.37	
2006	\$42.02	-25.46%
2007	\$92.12	119.23%
2008	\$125.44	36.17%

---

**Free Cash Flows (in millions)**

---

2005	\$81.55	
2006	\$25.95	-68.18%
2007	\$32.32	24.55%
2008	\$164.18	407.98%

---

**Required Rate of Return**

---

7.95%

---

**Dividend Growth Model**

---

Present Value of 2014 Price	n/a
Holding Period Return (5 years)	n/a

---

**Expected Annualized Return Model**

---

Present Value of 2014 Price	\$46.64
Holding Period Return (5 years)	2.17%

---

**Residual Income Model**

---

Intrinsic Stock Price	\$83.86
-----------------------	---------

# Analysis

---

## Positives

Great financial numbers, one of the largest 1 year target prices given by other analysts

Significantly undervalued stock price according to the RI valuation model

## Negatives

Decently large differences between Net Income and Free Cash Flows

## Financial Statements

Great Balance Sheet, has nice growth in all the right accounts

Income Statement is good save for a poor 2006 and lower projected 2009 EPS

Cash Flows are volatile, but good with low Capital Expenditures and some recent Debt retirement

## Industry Analysis

Company is one of the larger in a varied industry

Has some of the better financial numbers in the industry, save for Dividends

## Summary

There isn't much to dislike about FCN, and most other analysts agree. The company has great financial numbers and financial statements. Both applicable valuation models say that the current stock price is undervalued, though the EAR model fails to clear the required rate. FCN should release strong financial numbers for the year 2009, and many companies will have sought consulting in a down economy. FCN has grown through recent acquisitions which has helped its market share, but led to some lag in their consultant utilization rate. FCN will have benefited from increased consulting due to the economic downturn and bankruptcy cases, but their future revenue streams look good. Increased regulation will lead companies to seek help in finance, law, and IT, as will increased globalization. FCN has shown it can run a financially sound company along with committing to future growth and revenue streams, and thus earns a **buy** rating.