

Navigant Consulting Inc. (NCI) 10/22/09

NCI operates as a consulting firm which advises customers in the areas of law, risk, economics, and operations. The company operates in four different segments; North American Dispute and Investigative Services, International Consulting Operations, North American Business Consulting Services, and Economic Consulting Services. The company has a collaboration with the Penn State Geisinger Health System Foundation to provide consulting services. The company was founded in 1983 and is headquartered in Chicago, Illinois.

Current Price	\$13.69
52 Week High	\$20.40
52 Week Low	\$10.59
One Yr Target	\$15.00
Market Cap (in billions)	\$0.68
P/E (Trailing)	24.07
P/E(1 Yr Forward)	15.66
P/E/G	1.38
ROA	3.35%
ROE	7.30%
EPS	\$0.87
Beta	0.97
Annualized Dividend	\$0.00
Dividend Yield	0.00%
Analyst Consensus	2.30
Debt to Equity	0.99



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Annual EPS

2005	\$0.95	
2006	\$0.97	2.11%
2007	\$0.66	-31.96%
2008	\$0.83	25.76%
2009E	\$0.87	5.33%

Annual Revenue (in millions)

2005	\$575.49	
2006	\$681.75	18.46%
2007	\$767.06	12.51%
2008	\$810.64	5.68%

Annual Net Income (in millions)

2005	\$49.86	
2006	\$52.97	6.24%
2007	\$33.40	-36.95%
2008	\$40.06	19.94%

Free Cash Flows (in millions)

2005	\$37.06	
2006	\$64.14	73.07%
2007	\$67.76	5.64%
2008	\$84.30	24.41%

Required Rate of Return

10.18%

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	\$28.73
Holding Period Return (5 years)	19.35%

Residual Income Model

Intrinsic Stock Price	\$19.01
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Analysis

Positives

Current stock price undervalued according to the EAR and RI valuation models

Negatives

Significantly underperformed competitors for a five year span

Financial Statements

Balance Sheet is decent and has been getting better in recent years

Income Statement is ok, suffered a poor 2007 and has been recovering since

Cash Flows are ok and have gotten better in the past year

Industry Analysis

Average size company in a big industry

Financial numbers are average for the industry, but one of the best Utilization Rates

Summary

There's nothing really special about NCI as a stock. Its financial numbers are all decent, with financial statements that have flowed from good to poor to decent. It's good to see the valuation models having the stock price as undervalued, though estimates resulted in sensitive outcomes. The company should continue to see good revenues due to increased regulation and companies seeking consulting in tough markets. NCI has a better than average Utilization Rate, an important metric in the industry, yet may not have committed to growth as much as competitors. NCI should continue to post decent revenues and perform in-line with the market but there are better investing opportunities in the industry, and thus NCI earns a **hold** rating.