



Information Services Group, Inc. (III)

Reported 3Q:21 EPS Of \$0.10 Is Double Our Estimate; Demand Strength, Management Guidance And Margin Gains Supports Our Increased 2021-2023 EPS CAGR Of 28.4% And \$11 Price Target

	2020		2021E		2022E		2023E	
		OLD	NEW	OLD	NEW	OLD	NEW	
Mar.	(\$0.01)	\$0.07A		\$0.05		\$0.06		
June	0.05	0.10A		0.07		0.09		
Sep.	0.07	0.05	0.10A	0.09		0.10	0.11	
Dec.	<u>0.07</u>	<u>0.05</u>		<u>0.08</u>	<u>0.09</u>	<u>0.09</u>	<u>0.11</u>	
EPS	\$0.17	\$0.27	\$0.32	\$0.28	\$0.30	\$0.35	\$0.36	
P/E				29.9x		24.4x		

Note: NR = Not Rated. Risk Ratings: H = Highly Risky; M = Moderately Risky. *FCF excludes the add back of stock-based compensation expense. 2020-2023E exclude \$0.11, \$0.04, \$0.00, and \$0.05 in respective one-time costs. 2020-2023E include a respective \$0.11, \$0.10, \$0.10, and \$0.11 in stock-based compensation expense. Sum of quarterly EPS may not equal full-year total due to rounding, change in tax rate and/or share count. The Russell 2000 Index includes III. NC= Not covered by Sidoti & Company, LLC.

Year	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Rev.(Mil.)	\$209.6	\$209.2	\$216.5	\$269.6	\$275.8	\$265.8	\$249.1	\$275.7	\$295.0	\$318.6
GAAP EPS	\$0.16	\$0.13	(\$0.18)	(\$0.05)	\$0.12	\$0.07	\$0.06	\$0.28	\$0.30	\$0.41

Description: Information Services Group, Inc. (www.isg-one.com) is a global technology research and advisory firm. The company specializes in digital services, including automation, cloud and data analytics, sourcing advisory, managed governance and risk services, network carrier services, strategy, and operations design, change management, market intelligence, technology research and analysis. III employs approximately 1,300 professionals operating in over 20 countries primarily in the Americas and the EMEA region. Headquarters are in Stamford, CT.

- **Reported 3Q:21 EPS exceeded our estimate by \$0.05, led by strong revenue outperformance and margin expansion.**
- **Management indicated 4Q:21 revenue guidance of \$67-\$69 million and adjusted EBITDA of \$9-\$10 million. Both were above our prior published estimates.**
- **Adjusting for the 3Q:21 outperformance and management guidance, we increase our EPS estimates to \$0.32 (from \$0.27) in 2021, \$0.30 (from \$0.28) in 2022 and \$0.36 (from \$0.35) in 2023.**
- **Our revised free cash flow per share (excluding the add back of stock-based compensation expense) estimates of \$0.37 (from \$0.29) in 2021, \$0.37 (from \$0.34) in 2022 and \$0.45 (from \$0.42) in 2023 imply respective FCF yields of 4.1%, 4.1% and 5.1%.**
- **We maintain our \$11 price target, which is based on 30x our 2023 EPS estimate of \$0.36 (from \$0.35). Improving cash flow, strong order trends and the recent initiation of a quarterly dividend support the multiple, in our view.**
- **Our Moderately risky rating takes into consideration the history of profitability, an attractive global customer base with strong client retention and an improving balance sheet.**

Reported 3Q:21 EPS of \$0.10 exceeded our estimate led by revenue gains and margin expansion. ISG generated total revenue of \$71.1 million, exceeding our \$66.3 million estimate. The 15.3% year over year growth included a \$0.7 million currency impact. Digital transformation spending growth continued to be strong throughout the quarter. Gains were led by Asia Pacific revenue growth of 42% (38% in constant currency) and the Americas growth of 22%. Ongoing COVID-19 impacts led to a 4% revenue decline in Europe (down 5% in constant currency). Future prospects remain positive as ISG serviced 500 clients during 3Q:21, 67 of which were new relationships (up 16% year over year). The ISG NEXT operating model continues to deliver margin expansion. The reported adjusted EBITDA margin of

NR
 Price Target: \$11
 Price: \$8.90
 Risk Rating: M

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Key Statistics	
Analysts Covering	2
Market Cap (Mil)	\$430
Enterprise Value	\$463
52-Week Range (NASDAQ)	9-2
5-Year EPS CAGR	20%
Avg. Daily Trading Volume	394,000
Shares Out (Mil)	48.463
Float Shares (Mil)	30.647
Insider Ownership	37%
Institutional Holdings	51%
Annualized Dividend	\$0.12
Dividend Yield	1.4%
FCF Per Share (2023E)	\$0.45
FCF Yield (2023E)	5.1%
Net Cash Per Share (2023E)	\$0.09
Price to Book Value	4.2x
Return on Equity (2023E)	17.4%
Total Debt to Capital	44%
Interest Coverage Ratio	11.5x
Short Interest %	1.9%
Short Interest Days To Cover	2.9
Russell 2000	2,440
Russell 2000 – Last 12 Months	48.7%
III – Last 12 Months	271.4%



14.4% exceeded our 12.8% estimate due to strong utilization of 74% and operating leverage. The share count of 51.5 million was slightly above our 53.5 million estimate and up from 49.9 million in 3Q:20.

Our increased estimates imply a 2021-2023 EPS CAGR of 28.4%. As a reminder, ISG will typically provide revenue and adjusted EBITDA guidance for the next quarter. Management indicated 4Q:21 revenue guidance of \$67-\$69 million and adjusted EBITDA of \$9-\$10 million. Both of which are above our prior published estimates. Adjusting for the 3Q:21 outperformance and management guidance, we increase our EPS estimates to \$0.32 (from \$0.27) in 2021, \$0.30 (from \$0.28) in 2022 and \$0.36 (from \$0.35) in 2023. Our estimates include annual stock-based compensation expense of \$0.10 (from \$0.09) in 2021 and \$0.10 in 2022 and \$0.11 (from \$0.10) in 2023. Our revised revenue estimates of \$275.7 million (up from \$258.9 million) in 2021, \$295.0 million (from \$280.7 million) in 2022 and \$318.6 million (from \$303.1 million) in 2023 now imply respective growth rates of 10.6%, 7.0% and 8.0%. We increase our 2021 adjusted EBITDA margin estimate to 13.9% (from 13.7%) in 2021, while maintaining our estimates of 16.9% in 2022 and 18.5% in 2023.

Acquisitions and share repurchase are the likely primary uses of cash, in our view. III ended 3Q:21 with \$54.5 million in cash and debt of \$75.6 million after paying down an additional \$1.1 million during the quarter. Adjusting for 3Q:21 results, management commentary and our updated operating assumptions, we increase our free cash flow per share (excluding the add back of stock-based compensation expense) estimates to \$0.37 (from \$0.29) in 2021, \$0.37 (from \$0.34) in 2022 and \$0.45 (from \$0.42) in 2023. Our estimates imply respective FCF yields of 4.1%, 4.1% and 5.1%. III announced a \$25 million expansion of the share repurchase program, expanding the authorization to \$28.2 million at the end of 2Q:21. ISG repurchased \$2.1 million of shares during 3Q:21. The Board announced the initiation of a quarterly dividend of \$0.03 in May 2021. We forecast the dividend will require \$4.7 million in 2021 and \$6.5 million annually in 2022-2023. Acquisitions remain likely in the near-term, in our view. We think digital transformation, automation services and recurring revenue targets are the leading priorities for ISG.

Exhibit 1: III 3Q:21 Earnings Summary and Variance (\$ thous., except per share data)					
	3Q:20 Actual	3Q:21 Estimate	3Q:21 Actual	\$ Variance (From Estimate)	% Change (Year Over Year)
Revenue	\$61,635	\$66,341	\$71,095	4,754	15.3%
Operating income	2,974	5,047	7,263	2,216	144.2%
Net income	2,055	2,287	4,421	2,134	115.1%
Fully diluted EPS	\$0.07	\$0.05	\$0.10	\$0.05	42.9%

Source: Company reports and Sidoti & Co., LLC estimates

Valuation	<p>We maintain a Moderately Risky rating and \$11 price target on shares of Information Services Group. The prospects for increased technology investments, digital transformation and automation offer good visibility into 2022 and beyond, in our view. Reported 3Q:21 results and management commentary indicate leading global clients are increasingly in an investment for future growth driven mode. Our \$11 price target is based on 30x our 2023 EPS estimate of \$0.36 (from \$0.35). III reports EPS with stock-based compensation expense added back, which is the method adopted by the majority of sell side analysts covering the company. (We do not do this. For purposes of comparison, our 2023 EPS estimate under this scenario is now \$0.47, up from \$0.45 and implies a 23.6x P/E multiple to derive the \$11 price target.) The Moderately risky rating takes into consideration the history of profitability, an attractive global customer base with strong client retention and an improving balance sheet.</p>		
Key Risks	Service offering mix changes	Utilization management	Regulatory and litigation trends

INFORMATION SERVICES GROUP, INC.

Table 1: Information Services Group Income Statement (\$ in thousands)

	Mar.	Jun.	Sept.	Dec.	2020	Mar.A	Jun.A	Sept.A	Dec.E	2021E	Mar.E	Jun.E	Sept.E	Dec.E	2022E	2023E
Revenue	\$63,710	\$57,394	\$61,635	\$66,389	\$249,128	\$66,571	\$70,597	\$71,095	\$67,396	\$275,659	\$71,231	\$75,539	\$76,072	\$72,114	\$294,955	\$318,552
Y-O-Y% Change	-1.7%	-14.8%	-9.6%	1.4%	-6.3%	4.5%	23.0%	15.3%	1.5%	10.6%	7.0%	7.0%	7.0%	7.0%	7.0%	8.0%
Operating expenses	41,017	33,759	36,762	38,340	149,878	41,156	43,007	43,249	37,068	164,480	44,163	42,302	41,839	38,941	167,246	176,232
% of revenue	64.4%	58.8%	59.6%	57.8%	60.2%	61.8%	60.9%	60.8%	55.0%	59.7%	62.0%	56.0%	55.0%	54.0%	56.7%	55.3%
Gross income	22,693	23,635	24,873	28,049	99,250	25,415	27,590	27,846	30,328	111,179	27,068	33,237	34,232	33,172	127,709	142,320
% of revenue	35.6%	41.2%	40.4%	42.2%	39.8%	38.2%	39.1%	39.2%	45.0%	40.3%	38.0%	44.0%	45.0%	46.0%	43.3%	44.7%
SG&A expenses	21,881	18,593	20,318	22,993	83,785	19,040	20,492	19,236	23,589	82,357	22,082	24,172	22,821	21,634	90,710	96,061
% of revenue	34.3%	32.4%	33.0%	34.6%	33.6%	28.6%	29.0%	27.1%	35.0%	29.9%	31.0%	32.0%	30.0%	30.0%	30.8%	30.2%
Depreciation and amortization	1,532	1,529	1,581	1,555	6,196	1,360	1,255	1,347	1,347	5,309	1,200	1,200	1,200	1,200	4,800	3,900
Operating Income	(720)	3,513	2,974	3,501	9,269	5,015	5,843	7,263	5,393	23,514	3,786	7,865	10,211	10,338	32,200	42,359
Operating margin	-1.1%	6.1%	4.8%	5.3%	3.7%	7.5%	8.3%	10.2%	8.0%	8.5%	5.3%	10.4%	13.4%	14.3%	10.9%	13.3%
Interest expense	(1,384)	(819)	(687)	(673)	(3,563)	(643)	(613)	(538)	(650)	(2,444)	(600)	(600)	(550)	(500)	(2,250)	(1,800)
Foreign currency & Other	162	54	(66)	(112)	(98)	(11)	8	1	-	(2)	-	-	-	-	-	-
Interest income	73	(82)	61	72	260	71	60	65	-	196	-	-	-	-	-	-
Pretax income	(1,869)	2,666	2,282	2,788	5,868	4,432	5,298	6,791	4,743	21,264	3,186	7,265	9,661	9,838	29,950	40,559
Income tax (Benefit)	(509)	2,054	227	1,341	3,113	1,008	1,192	2,370	2,276	6,846	1,434	3,269	4,347	4,427	13,477	18,251
Tax rate	27.2%	77.0%	9.9%	48.1%	53.1%	22.7%	22.5%	34.9%	48.0%	32.2%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
Net income	(1,360)	612	2,055	1,447	2,755	3,424	4,106	4,421	2,466	14,417	1,752	3,996	5,313	5,411	16,472	22,307
Net margin	-2.1%	1.1%	3.3%	2.2%	1.1%	5.1%	5.8%	6.2%	3.7%	5.2%	2.5%	5.3%	7.0%	7.5%	5.6%	7.0%
GAAP EPS	(\$0.03)	\$0.01	\$0.04	\$0.03	\$0.06	\$0.07	\$0.08	\$0.09	\$0.05	\$0.28	\$0.03	\$0.07	\$0.10	\$0.10	\$0.30	\$0.41
Y-O-Y% Change	NM	0.0%	NM	-25.0%	-14.3%	NM	NM	NM	66.7%	NM	-57.1%	-12.5%	11.1%	NM	10.7%	35.5%
Pro Forma EPS	\$0.02	\$0.06	\$0.10	\$0.10	\$0.28	\$0.10	\$0.12	\$0.12	\$0.08	\$0.42	\$0.07	\$0.10	\$0.11	\$0.11	\$0.40	\$0.47
Y-O-Y% Change	20.0%	12.5%	-35.7%	60.0%	9.7%	20.0%	NM	10.5%	-18.4%	49.2%	-32.0%	-20.3%	-1.2%	46.0%	-5.3%	17.1%
Adjusted EPS	-\$0.01	\$0.05	\$0.07	\$0.07	\$0.17	\$0.07	\$0.10	\$0.10	\$0.05	\$0.32	\$0.05	\$0.07	\$0.09	\$0.09	\$0.30	\$0.36
Y-O-Y% Change	NM	0.0%	0.0%	0.0%	-15.0%	NM	NM	42.9%	-25.2%	85.9%	-28.6%	-30.0%	-7.9%	65.0%	-8.3%	22.6%
Diluted shares	47,315	48,962	49,908	51,250	49,972	52,313	51,315	51,510	53,500	52,160	54,000	54,250	54,500	54,750	54,375	54,000
EBITDA	1,047	5,014	4,550	9,371	19,982	6,435	7,166	8,676	11,303	33,580	4,986	9,065	11,411	16,248	41,710	51,219
EBITDA Margin	1.6%	8.7%	7.4%	14.1%	8.0%	9.7%	10.2%	12.2%	16.8%	12.2%	7.0%	12.0%	15.0%	22.5%	14.1%	16.1%
Adjusted EBITDA	3,543	7,405	8,224	9,167	28,340	8,645	9,738	10,215	9,690	38,288	8,186	12,265	14,611	14,738	49,800	59,059
Adjusted EBITDA Margin	5.6%	12.9%	13.3%	13.8%	11.4%	13.0%	13.8%	14.4%	14.4%	13.9%	11.5%	16.2%	19.2%	20.4%	16.9%	18.5%

Sources: Company reports and Sidoti & Company LLC estimates

INFORMATION SERVICES GROUP, INC.

Table 2: Information Services Group Statement of Cash Flows (\$ in thousands)

	Mar.	Jun.	Sept.	2020	Mar.A	Jun.A	2021E	2022E	2023E
Operating									
Net Income	(\$1,360)	\$613	\$2,054	\$2,755	\$3,424	\$4,106	\$14,417	\$16,472	\$22,307
Depreciation	687	668	668	2,664	646	611	2,446	1,728	1,404
Amortization Of Intangible Assets	845	860	913	3,532	714	644	2,863	3,072	2,496
Deferred Tax Expense From Stock Issuances	274	610	88	969	(526)	(832)	-	-	-
Amortization Of Deferred Financing Costs	126	92	95	403	90	89	600	600	600
Write-of Of Deferred Financing Costs	167	-	-	167	-	-	-	-	-
Stock-Based Compensation	2,419	1,966	2,159	8,891	2,148	1,428	7,575	10,000	10,000
Change In Fair Value Of Contingent Consideration	-	-	-	419	32	34	-	-	-
Changes In Accounts Receivable Allowance	29	647	(77)	817	(62)	(87)	-	-	-
Deferred Tax Benefit	523	(208)	(1,299)	(139)	578	1,207	-	-	-
Changes In Operating Assets And Liabilities									
Accounts Receivable	4,561	4,147	2,056	10,065	1,555	(3,855)	(135)	(1,352)	(1,379)
Prepaid Expense And Other Assets	(454)	2,153	435	(1,689)	1,382	(92)	(68)	(70)	(71)
Accounts Payable	1,094	339	(1,110)	2,070	6,484	(1,635)	1,190	866	1,059
Deferred Revenue	(2,000)	253	1,078	(93)	822	1,543	(121)	-	-
Accrued Expenses	(2,304)	10,224	3,276	13,140	(5,234)	5,716	(64)	-	-
Net Cash Provided By Operating Activities	4,607	22,364	10,336	43,971	12,053	8,877	28,703	31,316	36,416
Investing									
Acquisitions	-	-	(2,282)	(2,317)	-	-	-	-	-
Purchase Of Furniture, Fixtures And Equipment	(173)	(254)	(368)	(1,181)	(441)	(524)	(2,000)	(2,000)	(2,000)
Net Cash Provided By Investing Activities	(173)	(254)	(2,650)	(3,498)	(441)	(524)	(2,000)	(2,000)	(2,000)
Financing									
Principal Payments On Borrowings	-	(5,938)	(1,075)	(8,088)	(1,075)	(1,075)	(4,000)	(4,000)	(5,000)
Proceeds From Issuance Of ESPP Shares	123	156	120	516	129	158	-	-	-
Dividend Paid	-	-	-	-	-	(1,451)	(4,694)	(6,525)	(6,480)
Tax Withholding From Stock-Based Compensation	(618)	(1,013)	(278)	(2,023)	(1,939)	(2,656)	(2,533)	(4,500)	(1,125)
Debt Financing Costs	(934)	-	-	(934)	-	-	-	-	-
Equity Securities Repurchased	(3,367)	(1,408)	(277)	(5,166)	(2,950)	(8,266)	(11,216)	-	-
Net Cash Provided By Financing Activities	(4,796)	(8,203)	(1,510)	(15,695)	(5,835)	(13,290)	(22,443)	(15,025)	(12,605)
Effect Of Exchange Rate Changes On Cash And Other	(397)	249	504	809	(936)	159	-	-	-
Net Increase In Cash And Cash Equivalents	(759)	14,156	6,680	25,577	4,841	(4,778)	4,260	14,291	21,811
Cash And Cash Equivalents, Beginning Of Period	18,153	17,396	31,552	18,153	43,730	48,573	43,730	47,990	47,990
Cash And Cash Equivalents, End Of Period	17,396	31,552	38,232	43,730	48,573	43,795	47,990	62,281	69,800

Sources: Company reports and Sidoti & Company LLC estimates

INFORMATION SERVICES GROUP, INC.

Table 3: Information Services Group Balance Sheet (\$ in thousands)

	Mar.	Jun.	Sept.	2020	Mar.A	Jun.A	2021E	2022E	2023E
Assets									
Cash And Cash Equivalents	\$17,396	\$31,552	\$38,141	\$43,730	\$48,573	\$43,795	\$47,990	\$62,281	\$69,800
Accounts And Unbilled Receivables	71,741	67,352	66,239	67,473	65,976	69,944	67,608	68,960	70,339
Prepaid Expense And Other	5,212	3,911	4,556	3,412	3,133	4,210	3,480	3,550	3,621
Total Current Assets	94,349	102,815	108,936	114,615	117,682	117,949	119,078	134,791	143,761
Restricted Cash	86	88	91	95	91	92	87	87	87
Furniture, Fixtures And Equipment	5,664	5,359	5,003	5,001	4,862	4,907	5,000	5,000	5,000
Operating lease right-of-use assets	6,044	5,528	4,983	5,909	5,514	5,074	6,000	6,000	6,000
Goodwill	85,138	85,323	90,789	91,008	90,915	90,914	90,200	89,750	89,000
Intangible Assets	15,723	14,894	15,962	15,064	14,346	13,701	15,500	15,150	14,875
Deferred Tax Asset	3,297	2,721	3,349	2,255	2,429	2,506	2,000	2,000	2,000
Other Assets	1,172	1,117	957	5,573	4,558	3,553	5,000	5,000	5,000
Total Assets	211,473	217,845	230,070	239,520	240,397	238,696	242,865	257,778	265,723
Liabilities And Shareholders' Equity									
Accounts Payable	10,181	10,571	9,410	11,176	17,744	16,259	12,366	13,232	14,290
Current Maturities Of Long-Term Debt	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Contract Liabilities	2,934	3,188	4,546	5,121	5,943	7,486	5,000	5,000	5,000
Accrued Expenses and Other Current Liabilities	13,741	23,017	25,622	30,064	26,140	29,689	30,000	30,000	30,000
Total Current Liabilities	31,156	41,076	43,878	50,661	54,127	57,734	51,666	52,532	53,590
Long-Term Debt	81,447	75,573	74,564	73,551	72,537	71,522	69,551	65,551	60,551
Deferred Tax Liability	3,504	3,641	3,460	3,811	3,761	3,779	3,500	3,400	3,400
Operating lease liabilities	4,449	4,100	3,784	4,332	3,960	3,560	4,300	4,150	4,150
Other	4,878	5,160	10,772	8,028	5,185	5,220	10,000	10,000	10,000
Total Liabilities	125,434	129,550	136,458	140,383	139,570	141,815	139,017	135,633	131,691
Stockholders' Equity									
Total Stockholders' Equity	86,039	88,295	93,612	99,137	100,827	96,881	103,848	122,145	134,032
Total Liabilities and Stockholders' Equity	211,473	217,845	230,070	239,520	240,397	238,696	242,865	257,778	265,723
SELECTED FINANCIAL DATA									
Free Cash Flow	4,434	22,110	9,968	42,790	11,612	8,353	26,703	29,316	34,416
Free Cash Flow Per Share	\$0.09	\$0.45	\$0.20	\$0.86	\$0.22	\$0.16	\$0.51	\$0.54	\$0.64
Free Cash Flow (Excluding Stock Compensation Add Back)	2,015	20,144	7,809	33,899	9,464	6,925	19,128	19,316	24,416
Free Cash Flow Per Share (Excluding Stock Compensation Add Back)	\$0.04	\$0.42	\$0.16	\$0.68	\$0.18	\$0.13	\$0.37	\$0.37	\$0.45
Return On Equity (ROE) (TTM)	3.5%	3.6%	3.8%	2.9%	7.5%	22.8%	14.2%	14.6%	17.4%
Return On Assets (ROA) (TTM)	1.3%	1.4%	1.5%	1.2%	3.1%	9.2%	6.0%	6.6%	8.5%
DSO	98.9	96.5	97.4	98.9	95.6	96.3	89.5	85.3	80.6
Book Value Per Share	\$1.82	\$1.80	\$1.88	\$1.98	\$1.93	\$1.89	\$1.99	\$2.25	\$2.48
Total Debt To Total Capital	49.9%	47.5%	45.7%	44.0%	43.2%	43.9%	41.6%	36.4%	32.6%
Total Debt To Equity	40.5%	36.7%	34.3%	32.5%	32.0%	31.8%	30.4%	27.1%	24.4%
Net cash (debt) per share	(\$1.44)	(\$0.99)	(\$0.82)	(\$0.68)	(\$0.54)	(\$0.62)	(\$0.50)	(\$0.14)	\$0.09

Sources: Company reports and Sidoti & Company LLC estimates

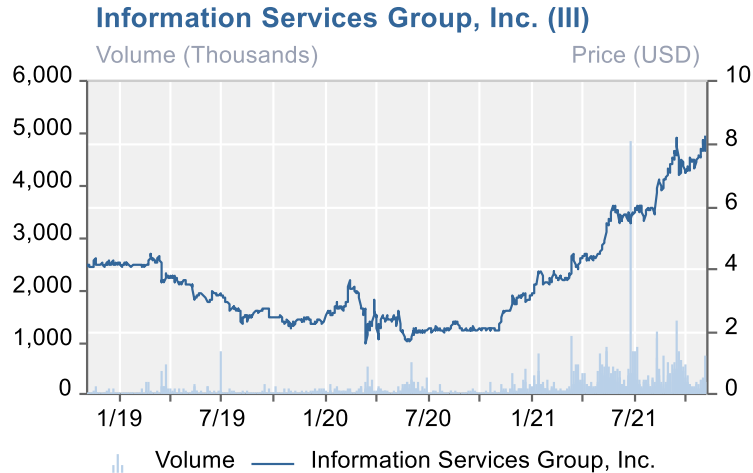
Appendix
Required Disclosures

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Information Services Group, Inc. (III-\$8.90) NR Price Target: \$11 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	3/27/19	3.8	NR	6	M
PT	5/18/20	2		5	
PT	11/27/20	2.9		6	
PT	2/22/21	3.8		6	
PT	3/12/21	3.9		6	
PT	3/23/21	4.1		7	
PT	5/7/21	4.8		7	
PT	5/11/21	5		7	
PT	8/6/21	5.8		8	
PT	8/10/21	6.5		8	
PT	9/14/21	7.7		11	
PT	11/1/21	8.2		11	



Source: FactSet Prices

Valuation	<p>We maintain a Moderately Risky rating and \$11 price target on shares of Information Services Group. The prospects for increased technology investments, digital transformation and automation offer good visibility into 2022 and beyond, in our view. Reported 3Q:21 results and management commentary indicate leading global clients are increasingly in an investment for future growth driven mode. Our \$11 price target is based on 30x our 2023 EPS estimate of \$0.36 (from \$0.35). III reports EPS with stock-based compensation expense added back, which is the method adopted by the majority of sell side analysts covering the company. (We do not do this. For purposes of comparison, our 2023 EPS estimate under this scenario is now \$0.47, up from \$0.45 and implies a 23.6x P/E multiple to derive the \$11 price target.) The Moderately risky rating takes into consideration the history of profitability, an attractive global customer base with strong client retention and an improving balance sheet.</p>		
Key Risks	Service offering mix changes	Utilization management	Regulatory and litigation trends

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