



CRA International, Inc. (CRAI)

Historic Global M&A Activity In 2021 And Positive Order Trends In Multiple Practice Areas Support Our 2021-2023 EPS CAGR Of Over 20%; Strong Free Cash Flow Supports Our \$135 Price Target

| | 2020 | 2021E | | 2022E | | 2023E | |
|------------|---------------|---------------|-----|---------------|-----|---------------|-----|
| | | OLD | NEW | OLD | NEW | OLD | NEW |
| Mar. | \$0.84 | \$1.37A | | \$1.19 | | \$1.39 | |
| June | 0.80 | 1.53A | | 1.32 | | 1.53 | |
| Sep. | 0.76 | 1.44A | | 1.24 | | 1.45 | |
| Dec. | <u>0.95</u> | <u>1.05</u> | | <u>1.35</u> | | <u>1.54</u> | |
| EPS | \$3.35 | \$5.41 | | \$5.11 | | \$5.91 | |
| P/E | | | | 18.4x | | 15.9x | |

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. *FCF excludes the add back of stock-based compensation expense. 2020 excludes \$0.28 in one-time costs. 2020-2023E include a respective \$0.41, \$0.47, \$0.48, and \$0.49 in stock-based compensation expense. Sum of quarterly EPS may not equal full-year total due to rounding and/or change in share count. The Russell 2000 Index includes CRAI. NC=Not covered by Sidoti & Company, LLC.

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Rev.(Mil.) | \$301.6 | \$299.8 | \$324.0 | \$370.1 | \$417.6 | \$451.4 | \$508.4 | \$568.0 | \$583.8 | \$623.6 |
| GAAP EPS | \$1.38 | \$0.83 | \$1.49 | \$0.89 | \$2.61 | \$3.01 | \$3.35 | \$5.41 | \$5.11 | \$5.91 |

Description: CRA International, Inc. (www.crai.com) provides economic, financial and management consulting services with two major areas of focus: litigation/regulatory and business consulting. Clients include law firms, accounting firms, corporations, and governments worldwide. CRAI employs over 830 consultants in over 20 offices in North America, Europe, and Asia Pacific. About 20% of revenue derives overseas. Headquarters are in Boston, MA

- **Global M&A activity finished 2021 at a historic level and year-over-year growth of approximately 64%, which supports gains within the largest practice area for CRAI.**
- **We maintain our EPS estimates of \$5.41 in 2021, \$5.11 in 2022 and \$5.91 in 2023.**
- **Our free cash flow per share (excluding the add back of stock-based compensation expense) estimates of \$7.59 in 2021, \$7.14 in 2022 and \$8.05 in 2023 imply respective FCF yields of 8.1%, 7.6% and 8.6%**
- **We maintain our \$135 price target, based on 20x our 2023 EPS estimate of \$5.91, plus \$16.38 in projected year-end net cash.**
- **On a P/E-only basis, this price target implies a 22.8x multiple of our 2023 EPS estimate.**
- **The Moderate risk rating reflects a stable customer base of Fortune 100 companies, high client retention and the strong free cash flow.**

Global M&A trends remained historically strong through 4Q:21, supporting near-term EPS upside for CRAI, in our view. Worldwide deals totaled \$5.8 trillion in 2021, the highest reported level since records began being kept in 1980, according to Refinitiv (a leading provider of market data and former Thomson Reuters unit). As a reminder, the Antitrust and Competition Economics practice is CRAI's largest and directly benefits from strong deal flow. We view trends in multiple practice areas and geographies as having strong order flow. CRAI has reported double-digit revenue growth in four consecutive quarters and we remain positive on near-term activity.

We maintain our EPS estimates, which imply a CAGR of 20.8%. Solid revenue gains support our unchanged EPS estimates of \$5.41 in 2021, \$5.11 in 2022 and \$5.91 in 2023. We maintain our revenue estimates of \$568.0 million in 2021, \$583.8 million in 2022 and \$623.6 million in 2023. The expected return of previously reduced operating expenses (such as travel and entertainment costs) is the primary reason for our operating margin estimates of 9.6% in 2021, 8.6% in 2022 and 9.1% in 2023. We note that our current forecast of a 100

NR
Price Target: \$135
Price: \$94.05
Risk Rating: M

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| Key Statistics | |
|-------------------------------|---------|
| Analysts Covering | 2 |
| Market Cap (Mil) | \$700 |
| Enterprise Value | \$840 |
| 52-Week Range (NASDAQ) | 117-49 |
| 5-Year EPS CAGR | 16% |
| Avg. Daily Trading Volume | 40,000 |
| Shares Out (Mil) | 7.427 |
| Float Shares (Mil) | 7.156 |
| Insider Ownership | 4% |
| Institutional Holdings | 86% |
| Annualized Dividend | \$1.24 |
| Dividend Yield | 1.3% |
| FCF Per Share (2023E) | \$8.05 |
| FCF Yield (2023E) | 8.6% |
| Net Cash Per Share (2023E) | \$16.53 |
| Price to Book Value | 3.4x |
| Return on Equity (2023E) | 15.7% |
| Total Debt to Capital | 3% |
| Interest Coverage Ratio | 70.0x |
| Short Interest % | 0.7% |
| Short Interest Days To Cover | 1.6 |
| Russell 2000 | 2,273 |
| Russell 2000 – Last 12 Months | 15.1% |
| CRAI – Last 12 Months | 84.7% |



basis point contraction in 2022 may ultimately prove to be conservative, but we expect greater revenue growth and operating leverage in 2023.

CRAI will use free cash flow for share repurchases and acquisitions, in our view. At the end of 3Q:21, CRAI had \$19.7 million in cash and equivalents and debt of \$6 million. We maintain our free cash flow per share (excluding the add back of stock-based compensation expense) estimates of \$7.59 in 2021, \$7.14 in 2022 and \$8.05 in 2023, which imply respective FCF yields of 8.1%, 7.6% and 8.6%. As expected, CRAI increased the quarterly dividend in November 2021 to \$0.31, up from \$0.26, which represents dividend payments of \$8.3 million in 2021, \$9.0 million in 2022 and \$8.7 million in 2023. CRAI has repurchased nearly \$40 million of shares reducing the authorization to approximately \$35.5 million remaining at the end of 3Q:21. While CRAI has not announced an acquisition since the January 2017 purchase of C1 Consulting, we think management is likely actively looking for similar opportunities that can add meaningful scale or expertise in an attractive service area.

| | | | |
|------------------|---|--------------------------|-------------------|
| Valuation | We maintain a \$135 price target and Moderately Risky rating on shares of CRAI. In 2021, shares of CRAI were up 85.7%, compared with a 14.8% advance in the Russell 2000 and a 26.8% gain in the S&P Small Cap 600. Multiple positive earnings surprises and solid free cash flow were the primary catalysts behind the meaningful outperformance, in our view. We maintain our \$135 price target, based on 20x our 2023 EPS estimate of \$5.91, plus \$16.38 in projected year-end net cash. On a P/E-only basis, this price target implies a 22.8x multiple of our 2023 EPS estimate. We think ongoing new business trends, free cash flow and our EPS CAGR projection of 16% supports the multiple, in our view. The Moderate risk rating reflects a stable customer base of Fortune 100 companies, high client retention and the strong free cash flow. | | |
| Key Risks | Utilization management | Slowdown in M&A activity | Litigation trends |

CRA INTERNATIONAL, INC.

Table 1: CRA International Income Statement (\$ 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 |
|--|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Total Revenue | \$126,158 | \$123,031 | \$121,762 | \$137,422 | \$508,373 | \$146,518 | \$148,237 | \$136,412 | \$136,837 | \$568,004 | \$134,012 | \$150,544 | \$148,345 | \$150,943 | \$583,845 | \$623,624 |
| <i>% change (Y over Y)</i> | 19.2% | 11.3% | 5.3% | 15.2% | 12.6% | 16.1% | 20.5% | 12.0% | -0.4% | 11.7% | -8.5% | 1.6% | 8.7% | 10.3% | 2.8% | 6.8% |
| Costs Of Services | 90,997 | 90,168 | 88,304 | 101,247 | 370,709 | 105,374 | 105,042 | 95,980 | 95,786 | 402,182 | 94,211 | 105,983 | 102,803 | 105,660 | 408,657 | 434,639 |
| <i>% of sales</i> | 72.1% | 73.3% | 72.5% | 73.7% | 72.9% | 71.9% | 70.9% | 70.4% | 70.0% | 70.8% | 70.3% | 70.4% | 69.3% | 70.0% | 70.0% | 69.7% |
| Gross Profit | 35,161 | 32,863 | 33,458 | 36,175 | 137,664 | 41,144 | 43,195 | 40,432 | 41,051 | 165,822 | 39,802 | 44,561 | 45,542 | 45,283 | 175,188 | 188,985 |
| <i>Gross Margin</i> | 27.9% | 26.7% | 27.5% | 26.3% | 27.1% | 28.1% | 29.1% | 29.6% | 30.0% | 29.2% | 29.7% | 29.6% | 30.7% | 30.0% | 30.0% | 30.3% |
| S, G & A | 24,123 | 21,418 | 22,194 | 22,286 | 90,028 | 23,206 | 24,043 | 24,490 | 26,957 | 98,696 | 24,792 | 28,302 | 30,114 | 28,830 | 112,039 | 119,341 |
| <i>% of sales</i> | 19.1% | 17.4% | 18.2% | 16.2% | 17.7% | 15.8% | 16.2% | 18.0% | 19.7% | 17.4% | 18.5% | 18.8% | 20.3% | 19.1% | 19.2% | 19.1% |
| Depreciation & Amortization | 2,943 | 3,106 | 3,244 | 3,547 | 12,840 | 3,301 | 3,215 | 3,141 | 3,141 | 12,798 | 3,200 | 3,200 | 3,200 | 3,200 | 12,800 | 12,800 |
| <i>% of sales</i> | 2.3% | 2.5% | 2.7% | 2.6% | 2.5% | 2.3% | 2.2% | 2.3% | 2.3% | 2.3% | 2.4% | 2.1% | 2.2% | 2.1% | 2.2% | 2.1% |
| Total Costs And Expenses | 27,066 | 24,524 | 25,438 | 25,833 | 102,868 | 26,507 | 27,258 | 27,631 | 30,098 | 111,494 | 27,992 | 31,502 | 33,314 | 32,030 | 124,839 | 132,141 |
| <i>% of sales</i> | 21.5% | 19.9% | 20.9% | 18.8% | 20.2% | 18.1% | 18.4% | 20.3% | 22.0% | 19.6% | 20.9% | 20.9% | 22.5% | 21.2% | 21.4% | 21.2% |
| Income From Operations | 8,095 | 8,339 | 8,020 | 10,342 | 34,796 | 14,637 | 15,937 | 12,801 | 10,953 | 54,328 | 11,809 | 13,059 | 12,228 | 13,253 | 50,349 | 56,845 |
| <i>% of sales</i> | 6.4% | 6.8% | 6.6% | 7.5% | 6.8% | 10.0% | 10.8% | 9.4% | 8.0% | 9.6% | 8.8% | 8.7% | 8.2% | 8.8% | 8.6% | 9.1% |
| Interest / Other Expense | 1,490 | 92 | 411 | (126) | 1,867 | (370) | (346) | 52 | 52 | (612) | 200 | 200 | 200 | 200 | 800 | 800 |
| Income Before Income Taxes | 9,585 | 8,431 | 8,431 | 10,216 | 36,663 | 14,267 | 15,591 | 12,853 | 11,005 | 53,716 | 12,009 | 13,259 | 12,428 | 13,453 | 51,149 | 57,645 |
| <i>% of sales</i> | 7.6% | 6.9% | 6.9% | 7.4% | 7.2% | 9.7% | 10.5% | 9.4% | 8.0% | 9.5% | 9.0% | 8.8% | 8.4% | 8.9% | 8.8% | 9.2% |
| Income Taxes | 2,804 | 2,087 | 2,361 | 2,679 | 9,931 | 3,489 | 4,025 | 1,908 | 3,081 | 12,503 | 3,363 | 3,712 | 3,480 | 3,767 | 14,322 | 16,140 |
| <i>Tax Rate</i> | 29.3% | 24.8% | 28.0% | 26.2% | 27.1% | 24.5% | 25.8% | 14.8% | 28.0% | 23.3% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% |
| Net Income | 6,781 | 6,344 | 6,070 | 7,537 | 26,732 | 10,778 | 11,566 | 10,945 | 7,924 | 41,213 | 8,647 | 9,546 | 8,948 | 9,686 | 36,827 | 41,504 |
| <i>% change (Y over Y)</i> | 50.5% | 4.7% | -23.4% | 21.9% | 8.4% | 58.9% | 82.3% | 80.3% | 30.5% | 54.2% | -19.8% | -17.5% | -18.2% | -11.5% | -10.6% | 12.7% |
| Diluted EPS (before extraord. Item) | \$0.84 | \$0.80 | \$0.76 | \$0.95 | \$3.35 | \$1.37 | \$1.53 | \$1.44 | \$1.05 | \$5.41 | \$1.19 | \$1.32 | \$1.24 | \$1.35 | \$5.11 | \$5.91 |
| <i>% change (Y over Y)</i> | 56.3% | 10.2% | -23.3% | 24.2% | 11.4% | NM | 91.5% | 90.4% | 9.9% | 61.2% | -12.7% | -14.2% | -13.6% | 28.4% | -5.5% | 15.7% |
| GAAP EPS | \$0.80 | \$0.75 | \$0.68 | \$0.85 | \$3.07 | \$1.37 | \$1.53 | \$1.44 | \$1.05 | \$5.41 | \$1.19 | \$1.32 | \$1.24 | \$1.35 | \$5.11 | \$5.91 |
| Diluted Shares | 8,037 | 7,920 | 7,934 | 7,905 | 7,948 | 7,831 | 7,539 | 7,560 | 7,560 | 7,623 | 7,250 | 7,250 | 7,200 | 7,200 | 7,225 | 7,025 |

Sources: Company reports and Sidoti & Company, LLC estimates

CRA INTERNATIONAL, INC.

Table 2: CRA International Statement of Cash Flow (\$ thousands)

| | 2019 | Mar. | Jun. | Sept. | 2020 | Mar.A | Jun.A | Sept.A | 2021E | 2022E | 2023E |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| OPERATING ACTIVITIES | | | | | | | | | | | |
| Net Income | \$20,747 | \$6,468 | \$5,931 | \$5,403 | \$24,507 | \$10,501 | \$11,566 | \$10,945 | \$41,213 | \$36,827 | \$41,504 |
| Depreciation & Amortization | 10,648 | 2,943 | 3,106 | 3,244 | 12,840 | 3,301 | 3,215 | 3,141 | 12,798 | 12,800 | 12,800 |
| Stock-Based Compensation Expense | 3,461 | 655 | 796 | 906 | 3,235 | 842 | 980 | 1,008 | 3,500 | 3,500 | 3,500 |
| Right Of Use Asset Amortization | 10,662 | 2,994 | 2,058 | (4,556) | 12,037 | 3,199 | 2,035 | (6,591) | 10,000 | 10,000 | 10,000 |
| Deferred Income Taxes | (1,159) | 23 | (468) | 8,684 | 1,114 | (896) | 1,087 | 9,627 | 2,000 | 2,000 | 2,000 |
| Other | 164 | (301) | 301 | - | (90) | (85) | 85 | - | - | - | - |
| Changes In Operating Assets And Liabilities: | | | | | | | | | | | |
| Accounts Receivable | (12,759) | 1,388 | (10,350) | 10,914 | (1,948) | 19,838 | (41,486) | 24,537 | (2,232) | (4,553) | (4,735) |
| Prepaid Expenses And Other Current Assets | (3,932) | (79,545) | 19,701 | 9,053 | 2,968 | (76,548) | 26,143 | 7,459 | (932) | (500) | - |
| Net Cash Provided By Operating Activities | 27,832 | (65,375) | 21,075 | 33,648 | 54,663 | (39,848) | 3,625 | 50,126 | 66,347 | 60,074 | 65,069 |
| INVESTING ACTIVITIES | | | | | | | | | | | |
| Purchase Of Property And Equipment | (16,693) | (7,949) | (5,568) | (2,225) | (17,094) | (692) | (478) | (560) | (5,000) | (5,000) | (5,000) |
| Net Cash Used In Investing Activities | (16,693) | (7,949) | (5,568) | (2,225) | (17,094) | (692) | (478) | (559) | (5,000) | (5,000) | (5,000) |
| Free Cash Flow (Excluding The Add Back of Stock Based Compensation) | 7,678 | (73,979) | 14,711 | 30,517 | 34,334 | (41,382) | 2,167 | 48,558 | 57,847 | 51,574 | 56,569 |
| FINANCING ACTIVITIES | | | | | | | | | | | |
| Issuance Of Common Stock | 3,211 | 151 | 418 | 1,098 | 2,236 | 1,113 | 1,387 | 2,505 | - | - | - |
| Stock Repurchases | (18,068) | (3,810) | (390) | (4,607) | (13,371) | (9,642) | (25,923) | (4,412) | (35,000) | (15,000) | (30,000) |
| Cash Dividend | (6,539) | (1,796) | (1,828) | (1,788) | (7,395) | (1,982) | (1,988) | (1,933) | (8,309) | (8,959) | (8,742) |
| Other And Foreign Currency Effect | (2,132) | 69,570 | (70,330) | 175 | 999 | 39,003 | (41,275) | (1,038) | - | - | - |
| Net Repayment Of Short-Term Debt | - | (612) | 59,612 | (21,000) | - | (2,000) | 47,000 | (39,000) | - | - | - |
| Net Cash Provided By (Used In) Financing Activities | (23,528) | 63,503 | (12,518) | (26,122) | (17,531) | 26,492 | (20,799) | (43,878) | (43,309) | (23,959) | (38,742) |
| Net Increase (Decrease) In Cash And Cash Equivalents | (12,389) | (9,821) | 2,989 | 5,301 | 20,038 | (14,048) | (17,652) | 5,689 | 18,038 | 31,115 | 21,327 |
| Cash And Cash Equivalents At Beginning Of Period | 38,028 | 25,639 | 15,818 | 18,807 | 25,639 | 45,677 | 31,629 | 13,977 | 45,677 | 63,715 | 94,830 |
| Cash And Cash Equivalents At End Of Period | 25,639 | 15,818 | 18,807 | 24,108 | 45,677 | 31,629 | 13,977 | 19,665 | 63,715 | 94,830 | 116,157 |

Sources: Company reports and Sidoti & Company, LLC estimates

CRA INTERNATIONAL, INC.

Table 3: CRA International Balance Sheet (\$ thousands)

| | Mar. | Jun. | Sept. | 2020 | Mar.A | Jun.A | Sept.A | 2021E | 2022E | 2023E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| ASSETS | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash And Cash Equivalents | \$15,818 | \$18,807 | \$24,108 | \$45,677 | \$31,629 | \$13,977 | \$19,665 | \$63,715 | \$94,830 | \$116,157 |
| A/R Less Allowances | 104,886 | 101,872 | 106,175 | 111,595 | 91,690 | 113,105 | 108,035 | 113,827 | 118,380 | 123,115 |
| Unbilled Services | 44,377 | 50,159 | 51,509 | 40,881 | 63,985 | 60,789 | 65,799 | 41,699 | 43,367 | 45,101 |
| Prepaid Expenses And Other Current Assets | 12,181 | 9,739 | 8,832 | 7,068 | 10,030 | 11,549 | 10,740 | 8,000 | 8,500 | 8,500 |
| Foregivable Loans | 14,177 | 9,380 | 6,037 | 14,749 | 13,196 | 8,654 | 9,662 | 15,044 | 15,646 | 16,272 |
| Total Current Assets | 191,439 | 189,957 | 196,661 | 219,970 | 210,530 | 208,074 | 213,901 | 242,285 | 280,723 | 309,145 |
| Property And Equipment | | | | | | | | | | |
| Property And Equipment | 66,626 | 65,402 | 64,886 | 62,878 | 60,304 | 57,997 | 55,577 | 65,000 | 65,000 | 65,000 |
| Goodwill And Intangibles, Net | 93,960 | 93,704 | 93,739 | 94,295 | 94,117 | 93,863 | 93,366 | 93,095 | 91,895 | 90,695 |
| Right Of Use Assets | 125,688 | 122,983 | 123,390 | 122,144 | 120,110 | 116,868 | 113,759 | 120,144 | 118,144 | 116,144 |
| Deferred Income Taxes | 10,622 | 11,508 | 10,241 | 9,667 | 10,673 | 10,980 | 11,125 | 9,860 | 10,058 | 10,259 |
| Foregivable Loans | 57,868 | 61,121 | 58,138 | 46,864 | 44,363 | 44,940 | 40,387 | 47,567 | 48,280 | 49,005 |
| Other Assets | 4,005 | 3,914 | 3,122 | 2,692 | 2,423 | 2,243 | 1,792 | 3,500 | 3,500 | 3,500 |
| Total Assets | 550,208 | 548,589 | 550,177 | 558,510 | 542,520 | 534,965 | 529,907 | 581,451 | 617,600 | 643,748 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | | | | | |
| Accounts Payable And Accrued Expenses | | | | | | | | | | |
| Accounts Payable And Accrued Expenses | 101,382 | 103,093 | 120,526 | 155,806 | 119,753 | 123,323 | 151,617 | 160,480 | 165,295 | 170,253 |
| Deferred Revenue And Other Liabilities | 6,509 | 7,040 | 6,368 | 9,866 | 8,275 | 6,044 | 5,826 | 10,000 | 10,000 | 10,000 |
| Current Portion Of Lease Liabilities | 12,432 | 13,208 | 14,551 | 13,557 | 13,889 | 14,088 | 14,188 | 13,760 | 13,967 | 14,176 |
| Current Portion Of Deferred Compensation | 1,000 | 15,183 | 17,737 | 20,902 | 1,214 | 2,773 | 4,439 | 20,484 | 20,074 | 19,673 |
| Current Portion Of Notes Payable | 70,000 | 59,000 | 38,000 | - | 40,000 | 45,000 | 6,000 | - | - | - |
| Total Current Liabilities | 191,323 | 197,524 | 197,182 | 200,131 | 183,131 | 191,228 | 182,070 | 204,724 | 209,336 | 214,102 |
| Other Non-Current Liabilities | | | | | | | | | | |
| Other Non-Current Liabilities | 162,525 | 148,850 | 148,600 | 149,360 | 148,061 | 145,906 | 143,552 | 151,600 | 153,874 | 156,183 |
| Total Liabilities | 353,848 | 346,374 | 345,782 | 349,491 | 331,192 | 337,134 | 325,622 | 356,325 | 363,210 | 370,285 |
| Stockholders' equity: | | | | | | | | | | |
| Total Stockholders' Equity | 196,360 | 202,215 | 204,395 | 209,019 | 211,328 | 197,831 | 204,285 | 225,126 | 254,390 | 273,463 |
| Total Liabilities And Stockholders' Equity | 550,208 | 548,589 | 550,177 | 558,510 | 542,520 | 534,965 | 529,907 | 581,451 | 617,600 | 643,748 |
| SELECTED FINANCIAL DATA | | | | | | | | | | |
| Free Cash Flow (After Capital Expenditures, Excluding The Add Back of Stock Based Compensation) | (73,979) | 14,711 | 30,517 | 34,334 | (41,382) | 2,167 | 48,558 | 57,847 | 51,574 | 56,569 |
| Free Cash Flow Per Share | (\$9.20) | \$1.86 | \$3.85 | \$4.32 | (\$5.28) | \$0.29 | \$6.42 | \$7.59 | \$7.14 | \$8.05 |
| Return On Equity (ROE) (TTM) | 13.7% | 13.7% | 12.8% | 13.1% | 15.1% | 18.0% | 19.8% | 19.0% | 15.4% | 15.7% |
| Return On Assets (ROA) (TTM) | 5.4% | 5.3% | 4.8% | 4.9% | 5.6% | 7.8% | 8.1% | 7.2% | 6.1% | 6.6% |
| DSO | 75 | 75 | 78 | 80 | 56 | 69 | 71 | 73 | 74 | 72 |
| Book Value Per Share | \$24.43 | \$25.53 | \$25.76 | \$26.30 | \$26.99 | \$26.24 | \$27.02 | \$29.53 | \$35.21 | \$38.93 |
| Net Cash (Debt) Per Share | (\$6.74) | (\$5.07) | (\$1.75) | \$5.75 | (\$1.07) | (\$4.12) | \$1.81 | \$8.36 | \$13.13 | \$16.53 |
| Total Debt To Total Capital | 26% | 23% | 16% | 0% | 16% | 19% | 3% | 0% | 0% | 0% |
| Total Debt to equity | 36% | 29% | 19% | 0% | 19% | 23% | 3% | 0% | 0% | 0% |

Sources: Company reports and Sidoti & Company, LLC estimates

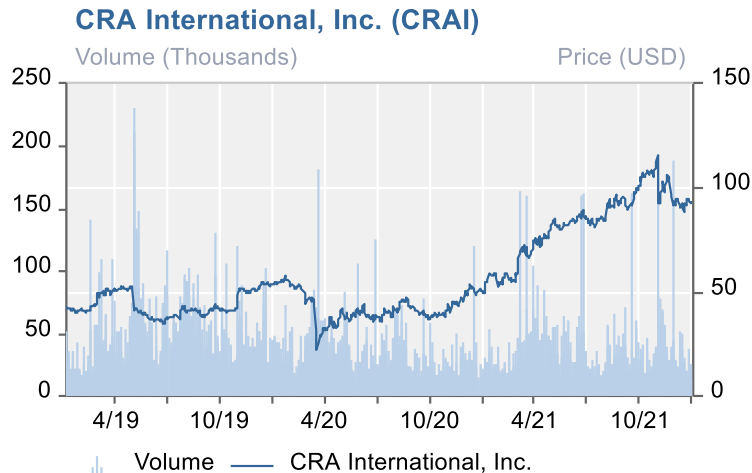
Appendix
Required Disclosures

Required Disclosures

CRA International, Inc. (CRAI-\$94.05) NR Price Target: \$135 Risk Rating: M

Rating and Price Target History Table

| Action | Date | Px | Rating | PT | Risk Rating |
|--------|----------|-------|--------|-----|-------------|
| PT | 1/9/19 | 42.1 | | 73 | |
| PT | 2/28/19 | 47.7 | | 77 | |
| PT | 8/2/19 | 41 | | 72 | |
| PT | 11/1/19 | 49.2 | | 79 | |
| PT | 2/27/20 | 44 | | 77 | |
| PT | 6/24/20 | 38.9 | | 70 | |
| PT | 10/29/20 | 41 | | 73 | |
| PT | 11/25/20 | 47 | | 73 | |
| PT | 2/2/21 | 54.7 | | 73 | |
| PT | 3/4/21 | 60.2 | | 85 | |
| PT | 4/15/21 | 72.9 | | 96 | |
| PT | 5/6/21 | 83.2 | | 108 | |
| PT | 6/24/21 | 86.1 | | 108 | |
| PT | 8/4/21 | 83.9 | | 108 | |
| PT | 8/5/21 | 86.4 | | 115 | |
| PT | 9/28/21 | 98.2 | | 135 | |
| PT | 11/1/21 | 109.8 | | 135 | |
| PT | 11/5/21 | 96 | | 135 | |



Source: FactSet Prices

| | | | |
|------------------|--|--------------------------|-------------------|
| Valuation | We maintain a \$135 price target and Moderately Risky rating on shares of CRAI. In 2021, shares of CRAI were up 85.7%, compared with a 14.8% advance in the Russell 2000 and a 26.8% gain in the S&P Small Cap 600. Multiple positive earnings surprises and solid free cash flow were the primary catalysts behind the meaningful outperformance, in our view. We maintain our \$135 price target, based on 20x our 2023 EPS estimate of \$5.91, plus \$16.38 in projected year-end net cash. On a P/E-only basis, this price target implies a 22.8x multiple of our 2023 EPS estimate. We think ongoing new business trends, free cash flow and our EPS CAGR projection of 16% supports the multiple, in our view. The Moderate risk rating reflects a stable customer base of Fortune 100 companies, high client retention and the strong free cash flow. | | |
| Key Risks | Utilization management | Slowdown in M&A activity | Litigation trends |

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