

Concentrix Corporation

Macro remains challenging, but some signs of stability; No impact from Gen AI yet

Reiterate Rating: NEUTRAL | PO: 102.00 USD | Price: 88.34 USD

Guided low-single digit y/y growth for FY24 (pro-forma)

CNXC reported F4Q23 revenue of \$2.23bn, which came in slightly higher than the guidance range of \$2.190-2.215bn (mid-point \$2.20bn). EPS was \$3.36 and included \$0.23 benefit from lower tax rate. Ex the tax benefit, EPS came in at the higher end of the guidance range of \$3.03 to \$3.15 (mid-point \$3.09). In our opinion, F24 rev guidance of 1-3% y/y growth in pro-forma CC factors in faster revenue growth for Webhelp vs the core CNXC business. The macro remains challenging, and there is some price pressure on lower complexity work. The integration with Webhelp is going well, and management is on-track to realize the \$75mn in first year cost synergies. CNXC is running multiple proof-of-concepts for customers, but meaningful impact is likely late C24, early C25. We reiterate our Neutral rating on weaker macro, higher debt, as part of the Webhelp merger, and integration risk, balanced by Webhelp helping to improve the company's footprint and competitive position, global scale, brand name, and attractive valuation.

Order stability despite weak operating environment

The operating environment is weak, but the company is seeing some stability in customer orders/forecasts. The catalyst business has reached a level of stability and management expects it can grow slightly faster than the rest of the business in F24. Management is confident in F24 FCF guide of \$700mn. The combination with Webhelp has opened avenues for CNXC clients in Europe to move their operations to near-shore and off-shore locations, which creates some near-term revenue headwind, but over time can improve profitability and stickiness of the customer relationship.

Focusing on debt reduction and maintaining dividend

Capital allocation priorities remain paying down debt and reducing net leverage while continuing to support the dividend. At the end of F4Q \$290mn remained on the buyback authorization. We do not expect large share buybacks in F24. Any M&A would be of the tuck-in variety focused on acquiring domain or technology expertise.

Adjusting estimates; PO stays at \$102

Our F24 revenue/EPS move to \$9.6bn/\$12.04. Our PO stays at \$102 on about 8x (unchanged) C24E EPS (slightly higher multiple on some stability in orders).

Estimates (Nov) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	11.19	11.45	12.10	13.20	14.34
GAAP EPS	8.28	5.70	4.66	6.96	8.60
EPS Change (YoY)	10.4%	2.3%	5.7%	9.1%	8.6%
Consensus EPS (Bloomberg)			12.81	13.92	15.64
DPS	1.03	1.14	1.21	1.21	1.21
Valuation (Nov)					
P/E	7.9x	7.7x	7.3x	6.7x	6.2x
GAAP P/E	10.7x	15.5x	19.0x	12.7x	10.3x
Dividend Yield	1.2%	1.3%	1.4%	1.4%	1.4%
EV / EBITDA*	10.9x	9.5x	6.7x	6.5x	6.1x
Free Cash Flow Yield*	7.8%	8.5%	12.3%	14.1%	16.1%

* For full definitions of *IQmethod*SM measures, see page 8.

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25 January 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	9,933.7	9,602.8
2025E Rev (m)	10,475.7	9,934.9
2026E Rev (m)	NA	10,469.9
2024E EPS	13.44	12.10
2025E EPS	14.83	13.20
2026E EPS	NA	14.34

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Stock Data

Price	88.34 USD
Price Objective	102.00 USD
Date Established	19-Dec-2023
Investment Opinion	B-2-7
52-Week Range	70.58 USD - 151.82 USD
Mkt Val (mn) / Shares Out (mn)	5,884 USD / 66.6
Free Float	84.4%
Average Daily Value (mn)	42.60 USD
BofA Ticker / Exchange	CNXC / NAS
Bloomberg / Reuters	CNXC US / CNXC.QQ
ROE (2024E)	18.5%
Net Dbt to Eqty (Nov-2023A)	112.1%
ESGMeter™	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

CC: Constant Currency, OM: Operating Margin

AI: Artificial Intelligence, FCF: Free Cash Flow

iQprofileSM Concentrix Corporation

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	13.3%	9.6%	9.9%	10.0%	10.1%
Return on Equity	21.8%	18.1%	18.5%	18.5%	18.1%
Operating Margin	14.0%	14.2%	14.8%	14.9%	15.0%
Free Cash Flow	461	497	721	829	945

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.0x	1.1x	1.2x	1.3x	1.3x
Asset Replacement Ratio	0.5x	0.5x	0.4x	0.4x	0.4x
Tax Rate	27.4%	24.3%	26.5%	26.5%	26.5%
Net Debt-to-Equity Ratio	77.1%	112.1%	91.0%	68.5%	46.5%
Interest Cover	12.6x	5.8x	4.8x	5.8x	6.4x

Income Statement Data (Nov)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	6,324	7,115	9,603	9,935	10,470
% Change	13.2%	12.5%	35.0%	3.5%	5.4%
Gross Profit	2,257	2,578	3,602	3,728	3,927
% Change	14.6%	14.2%	39.7%	3.5%	5.3%
EBITDA	1,031	1,182	1,669	1,739	1,843
% Change	18.0%	14.6%	41.2%	4.2%	6.0%
Net Interest & Other Income	(77)	(186)	(325)	(286)	(276)
Net Income (Adjusted)	579	618	794	861	929
% Change	9.9%	6.8%	28.3%	8.5%	7.9%

Free Cash Flow Data (Nov)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	428	308	306	454	557
Depreciation & Amortization	310	387	588	582	584
Change in Working Capital	(165)	(38)	(17)	(46)	(27)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	28	21	85	87	92
Capital Expenditure	(140)	(181)	(240)	(248)	(262)
Free Cash Flow	461	497	721	829	945
% Change	26.2%	8.0%	45.0%	15.0%	13.9%
Share / Issue Repurchase	(133)	(51)	(31)	(44)	(44)
Cost of Dividends Paid	(53)	(62)	(79)	(79)	(78)
Change in Debt	1,415	2,248	0	0	0

Balance Sheet Data (Nov)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	145	295	906	1,613	2,435
Trade Receivables	1,390	1,889	2,456	2,451	2,601
Other Current Assets	218	674	789	936	960
Property, Plant & Equipment	404	749	742	735	725
Other Non-Current Assets	4,512	8,884	8,555	8,233	7,922
Total Assets	6,670	12,492	13,448	13,967	14,643
Short-Term Debt	0	2	2	2	2
Other Current Liabilities	1,132	2,072	2,736	2,832	2,980
Long-Term Debt	2,224	4,940	4,940	4,940	4,940
Other Non-Current Liabilities	617	1,335	1,335	1,335	1,335
Total Liabilities	3,974	8,349	9,013	9,109	9,256
Total Equity	2,696	4,143	4,435	4,858	5,387
Total Equity & Liabilities	6,670	12,492	13,448	13,967	14,643

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

IT Hardware

Company Description

Concentrix is a leading global provider of Customer Experience (CX) solutions. The company provides services in 70 languages, in 40+ countries, from 275+ locations in the Americas, Asia-Pacific and EMEA. It has 250,000+ employees. Focus areas are 1) Customer Lifecycle Management, 2) CX/UX Strategy & Design, 3) Digital Transformation, and 4) Voice of the Customer (VOC) and Analytics. Channels of communication used are voice, chat, email, social media, asynchronous messaging, & custom applications

Investment Rationale

Our Neutral rating is based on risk/reward balance where negatives including weaker macro (causing projects to get delayed, slower growth in revenue from new economy clients, and volume softness in multiple verticals, 2) uncertainty around impact of Generative AI/ChatGPT, and 3) higher risk from larger debt from the Webhelp merger, is balanced by positives including 1) strong new win rate, 2) Webhelp adding footprint in Latin American and Europe, 3) brand name, and 4) attractive valuation.

Stock Data

Average Daily Volume 482,230

Quarterly Earnings Estimates

	2023	2024
Q1	2.59A	2.58E
Q2	2.63A	2.78E
Q3	2.76A	3.20E
Q4	3.36A	3.55E

Takeaways from the earnings call

- CNXC reported F4Q23 revenue of \$2.23bn, which came in higher than the guidance range of \$2.19-2.215bn (mid-point \$2.20bn).
- Revenue growth by vertical:
 - Technology and consumer electronics: 21%y/y (reported), 1% y/y (pro-forma)
 - Retail, travel and e-commerce: 68% y/y (reported), 12% y/y (pro-forma)
 - Banking, financial services and insurance: 38% y/y (reported), 6% y/y (pro-forma)
 - Communications and media: 31% y/y (reported), -3% y/y (pro-forma)
 - Healthcare: 12% y/y (reported), 5% y/y (pro-forma)
 - Other: 61% y/y (reported), -6% y/y (pro-forma)
- CNXC grew revenues on a pro-forma basis with 14 out of its 20 largest clients, but saw softer volumes with some customers in consumer electronics, retail, e-commerce and communications.
- F4Q operating margin came in at 15.3%, and EBITDA margin was 17.8%
- Going forward, CNXC's reporting of non-GAAP net income and EPS will exclude the change in fair value of contingent share consideration related to the Webhelp combination and net foreign currency gains and losses. The company has restated earnings for prior quarters (till F1Q22) to reflect this change.
- F4Q reported EPS was \$3.36 and included \$0.23 benefit from lower tax rate which came in at 20.6% vs. guidance of 26%. Ex the tax benefit, EPS came in at the higher end of the guidance range of \$3.03 to \$3.15 (mid-point \$3.09).
- Free Cash Flow (FCF) in F4Q was \$164mn, and included \$40mn of transaction and integration costs.
- FCF for F23 exceeded \$500mn, ex the transaction and integration costs associated with Webhelp.
- F4Q included Webhelp integration cost of \$20mn. We expect \$80mn of integration costs in F24, followed by \$20mn of integration cost in F25.
- In terms of cost synergies, the company is on-track to achieve \$75mn in year 1 after the transaction close. The current achieved net synergy run rate is about \$55mn on an annualized basis. We expect that to grow to \$105mn in year 2, and then to \$120mn in year 3.
- At the end of F4Q23, net leverage stood at 3.0x which compares to 3.2x at the close of the Webhelp transaction. Management targets getting to 2.5x by the end of F24, assuming no further acquisitions. And then down to 2.0x within two years after transaction close.
- Capital allocation priorities remain paying down debt and reducing net leverage while continuing to support the dividend. At the end of F4Q \$290mn remained on the buyback authorization. We do not expect large share buybacks in F24. Any M&A



would be of the tuck-in variety focused on acquiring domain or technology expertise.

- The combination with Webhelp has opened avenues for CNXC clients in Europe to move their operations to near-shore and off-shore locations, which creates some near-term revenue headwinds, but over time can improve profitability and stickiness of the customer relationship. CNXC also has clients in North America looking to move off-shore.
- Management guided F24 revenue to grow 1-3% y/y in constant currency (CC) on a pro-forma basis. FX represents a 70bps y/y revenue headwind. Similar to F23, management has assumed a muted F4Q24. New economy clients (which we estimate account for low to mid 20% of revenues for CNXC) are not expected to come back in a meaningful way. CNXC management has also not factored in significant revenue synergies from the Webhelp transaction. In our opinion, it would take 6 to 8 months before CNXC would see meaningful opportunities from the two businesses coming together. F24 revenue guidance is based on current macro conditions, inflation etc.
- In our opinion, F24 revenue guidance factors in meaningfully faster revenue growth for Webhelp vs. the core CNXC business.
- Revenues in CNXC's Catalyst business (digital IT services) have stabilized and are growing at the same rate as the remaining business. And at some point in F24 management expects revenues in this business can grow slightly faster than the overall business.
- Management has well over 140 AI proof of concepts (POC) in place with customers, but does not expect meaningful revenue impact until perhaps end of F24, or F25.
- The pricing environment remains very competitive, especially in the higher volume, commodity type of work. CNXC is seeing price stability (but not price increases) in higher value type of work.

Model

Exhibit 1: CNXC Income Statement

We model F24 revenue/EPS of \$9.6bn/\$12.10

	F2023				F2024E				F2022	F2023	F2024E	F2025E	F2026E
(\$ Millions Except EPS)	2/23	5/23	8/23	11/23	2/24E	5/24E	8/24E	11/24E					
Income Statement													
Revenues	\$1,636.4	\$1,614.7	\$1,632.8	\$2,230.8	\$2,389.4	\$2,375.5	\$2,381.7	\$2,456.2	\$6,324.5	\$7,114.7	\$9,602.8	\$9,934.9	\$10,469.9
Customer experience services	1,636.4	1,614.7	1,632.8	2,230.8	2,389.4	2,375.5	2,381.7	2,456.2	6,324.5	7,114.7	9,602.8	9,934.9	10,469.9
Proforma revenue (Concentrix + Webhelp)	2,362.0	2,339.1	2,367.1	2,417.4	2,389.4	2,375.5	2,381.7	2,456.2		\$9,485.6	\$9,602.8	\$9,934.9	\$10,469.9
y/y					1.2%	1.6%	0.6%	1.6%			1.2%	3.5%	5.4%
q/q		-1.0%	1.2%	2.1%	-1.2%	-0.6%	0.3%	3.1%					
Cost of Goods	1,055.2	1,034.5	1,039.1	1,407.9	1,529.2	1,496.6	1,476.7	1,498.3	4,067.2	4,536.8	6,000.7	6,206.6	6,542.6
Gross Profit	581.2	580.2	593.7	822.9	860.2	878.9	905.1	957.9	2,257.3	2,577.9	3,602.1	3,728.3	3,927.3
SG&A	363.6	359.6	362.7	482.1	540.0	546.4	535.9	557.5	1,373.1	1,567.9	2,179.8	2,245.3	2,355.7
Operating Income (Excl. Options)	\$217.6	\$220.6	\$231.0	\$340.8	\$320.2	\$332.6	\$369.2	\$400.4	\$84.1	\$1,010.0	\$1,422.3	\$1,483.0	\$1,571.6
StockComp. Expense	16.8	11.2	10.7	23.8	21.0	20.9	21.0	21.6	47.5	62.5	84.5	87.4	92.1
Op. Income, adj for Stock Comp. Ex	200.9	209.4	220.3	316.9	299.2	311.7	348.2	378.7	836.6	947.5	1,337.8	1,395.6	1,479.5
Interest Expense/(Income)	34.0	35.4	35.6	70.5	79.2	73.8	71.3	70.7	70.1	175.4	295.0	256.0	245.9
Other expense/(Income), net	2.1	1.9	1.6	4.6	7.5	7.5	7.5	7.5	6.9	10.2	30.0	30.0	30.0
Pretax Income	181.6	183.3	193.8	265.6	233.5	251.3	290.4	322.2	807.2	824.3	1,097.3	1,197.0	1,295.7
Taxes	46.5	46.7	51.2	55.6	61.9	66.6	76.9	85.4	221.5	200.0	290.8	317.2	343.4
Minority Interest	1.5	1.4	1.3	1.7	2.0	2.5	3.7	4.6	6.6	5.8	12.7	18.9	23.2
Net Income, Cont. Ops.	\$133.5	\$135.3	\$141.3	\$208.4	\$169.7	\$182.2	\$209.7	\$232.1	\$59.1	\$181.5	\$259.8	\$260.9	\$292.1
StockComp. Expense, net of taxes	(12.5)	(8.3)	(7.9)	(18.8)	(15.5)	(15.4)	(15.4)	(15.9)	(34.8)	(47.5)	(62.1)	(64.3)	(67.7)
Net Income, adj for Stock Comp. Ex	121.1	126.9	133.4	189.5	154.2	166.9	194.3	216.3	544.4	570.9	731.7	796.6	861.4
GAAP Net Income	\$86.3	\$77.5	\$76.4	\$67.8	\$47.1	\$59.0	\$88.6	\$111.3	428.5	308.0	305.9	453.9	557.4
Non-GAAP EPS (incl Options)	\$2.35	\$2.47	\$2.61	\$3.06	\$2.35	\$2.54	\$2.96	\$3.30	\$10.52	\$10.57	\$11.15	\$12.22	\$13.29
Non-GAAP EPS (excl Options): Published	\$2.59	\$2.63	\$2.76	\$3.36	\$2.58	\$2.78	\$3.20	\$3.55	\$11.19	\$11.45	\$12.10	\$13.20	\$14.34
Extraordinary Items (a)	(\$0.92)	(\$1.12)	(\$1.27)	(\$2.27)	(\$1.86)	(\$1.88)	(\$1.85)	(\$1.85)	(\$2.91)	(\$5.58)	(\$7.44)	(\$6.24)	(\$5.74)
GAAP EPS	\$1.68	\$1.51	\$1.49	\$1.09	\$0.72	\$0.90	\$1.35	\$1.70	\$8.28	\$5.70	\$4.66	\$6.96	\$8.60
Diluted Avg Shares Outstdg. (MM)	51.5	51.4	51.2	62.0	65.8	65.7	65.6	65.5	51.7	54.0	65.6	65.2	64.8
Basic Avg Shares Outstdg. (MM)	51.2	51.2	51.1	61.8	65.6	65.5	65.4	65.3	51.3	53.8	65.5	65.1	64.7
Margin Analysis													
% of Revenues													
Gross Profit	35.5%	35.9%	36.4%	36.9%	36.0%	37.0%	38.0%	39.0%	35.7%	36.2%	37.5%	37.5%	37.5%
SG&A	22.2	22.3	22.2	21.6	22.6	23.0	22.5	22.7	21.7	22.0	22.7	22.6	22.5
Operating Income (Excl. Options)	13.3	13.7	14.1	15.3	13.4	14.0	15.5	16.3	14.0	14.2	14.8	14.9	15.0
Options Expense	1.0	0.7	0.7	1.1	0.9	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9
Op. Income, adj for Stock Comp exp	12.3	13.0	13.5	14.2	12.5	13.1	14.6	15.4	13.2	13.3	13.9	14.0	14.1
Interest Expense	2.1	2.2	2.2	3.2	3.3	3.1	3.0	2.9	1.1	2.5	3.1	2.6	2.3
Pretax Income	11.1	11.4	11.9	11.9	9.8	10.6	12.2	13.1	12.8	11.6	11.4	12.0	12.4
Tax Rate	25.6	25.5	26.4	20.9	26.5	26.5	26.5	26.5	27.4	24.3	26.5	26.5	26.5
Net Income (Excl. Options)	8.2	8.4	8.7	9.3	7.1	7.7	8.8	9.5	9.2	8.7	8.3	8.7	8.9
Y/Y Growth													
Revenues	7%	3%	3%	36%	46%	47%	46%	10%	13%	12%	35%	3%	5%
SG&A	8%	4%	5%	40%	49%	52%	48%	16%	11%	14%	39%	3%	5%
Operating Income (excl. options)	8%	4%	4%	37%	47%	51%	60%	17%	21%	14%	41%	4%	6%
EPS (including Options)	(6%)	(9%)	(1%)	15%	(0%)	3%	14%	8%	9%	0%	5%	10%	9%
EPS (excluding Options)	(5%)	(9%)	(0%)	20%	(1%)	5%	16%	5%	10%	2%	6%	9%	9%
Adjusted EBITDA													
Non- GAAP operating income (excl. options)	\$217.6	\$220.6	\$231.0	\$340.8	\$320.2	\$332.6	\$369.2	\$400.4	\$884.1	\$1,010.0	\$1,422.3	\$1,483.0	\$1,571.6
Depreciation	38.2	38.2	38.2	57.2	61.4	61.3	61.1	63.2	\$146.9	\$171.8	\$247.0	\$255.6	\$271.4
Adjusted EBITDA	\$255.8	\$258.8	\$269.3	\$397.9	\$381.6	\$393.8	\$430.3	\$463.6	1,031.0	1,181.8	1,669.2	1,738.6	1,843.1
% Change (yr-yr)	7.5	3.6	4.2	39.7	49.2	52.2	59.8	16.5	18%	15%	41%	4%	6%
Adjusted EBITDA Margin	15.6%	16.0%	16.5%	17.8%	16.0%	16.6%	18.1%	18.9%	16.3%	16.6%	17.4%	17.5%	17.6%

Source: Company reports, BofA Global Research estimates

BofA GLOBAL RESEARCH



Price objective basis & risk

Concentrix Corporation (CNXC)

Our price objective (PO) of \$102 is based on about 8x C24 EPS of \$12.10 (including Webhelp). This multiple is lower than the median multiple of peers (12x). We apply a lower multiple given macro headwinds and integration risk from the merger with Webhelp.

Upside risk factors are a faster-than-expected recovery in the macro leading to higher revenues and margins, faster recovery in revenue from new economy clients, faster-than-expected growth in emerging markets, unexpected share gains, and benefits from future M&A. Downside risks to our PO include a worsening macro which could cause customers to further pull back spending, uncertainty related to the impact from Generative AI, unexpected integration costs related to the Webhelp merger, competition for talent, rising wages, unexpected loss of a large customer, sovereign risk and currency risk.

Analyst Certification

I, Ruplu Bhattacharya, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amphenol	APH	APH US	Wamsi Mohan
	Apple Inc.	AAPL	AAPL US	Wamsi Mohan
	Corning Inc.	GLW	GLW US	Wamsi Mohan
	Dell Technologies Inc.	DELL	DELL US	Wamsi Mohan
	Flex Ltd.	FLEX	FLEX US	Ruplu Bhattacharya
	HP Inc.	HPQ	HPQ US	Wamsi Mohan
	International Business Machines Corp.	IBM	IBM US	Wamsi Mohan
	Jabil Inc.	JBL	JBL US	Ruplu Bhattacharya
	Nutanix Inc	NTNX	NTNX US	Wamsi Mohan
	Roku, Inc.	ROKU	ROKU US	Ruplu Bhattacharya
	Seagate Technology	STX	STX US	Wamsi Mohan
	Sensata Technologies Holdings Plc	ST	ST US	Wamsi Mohan
	TD Synnex Corp	SNX	SNX US	Ruplu Bhattacharya
	TE Connectivity Ltd.	TEL	TEL US	Wamsi Mohan
	Teradata Corporation	TDC	TDC US	Wamsi Mohan
	Western Digital Corporation	WDC	WDC US	Wamsi Mohan
NEUTRAL				
	Arrow Electronics Inc.	ARW	ARW US	Ruplu Bhattacharya
	Avnet Inc.	AVT	AVT US	Ruplu Bhattacharya
	CDW Corp	CDW	CDW US	Ruplu Bhattacharya
	Concentrix Corporation	CNXC	CNXC US	Ruplu Bhattacharya
	Hewlett-Packard Enterprise	HPE	HPE US	Wamsi Mohan
	Pure Storage	PSTG	PSTG US	Wamsi Mohan
UNDERPERFORM				
	DigitalOcean	DOCN	DOCN US	Wamsi Mohan
	NetApp Inc.	NTAP	NTAP US	Wamsi Mohan
	Sanmina Corporation	SANM	SANM US	Ruplu Bhattacharya
	Vishay Intertechnology, Inc.	VSH	VSH US	Ruplu Bhattacharya
	Vizio	VZIO	VZIO US	Wamsi Mohan



iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) \times (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

$\text{EV} = \text{Current Share Price} \times \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} +$

Other LT Liabilities

Enterprise Value

Denominator

$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

$\text{Market Cap} = \text{Current Share Price} \times \text{Current Basic Shares}$

Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

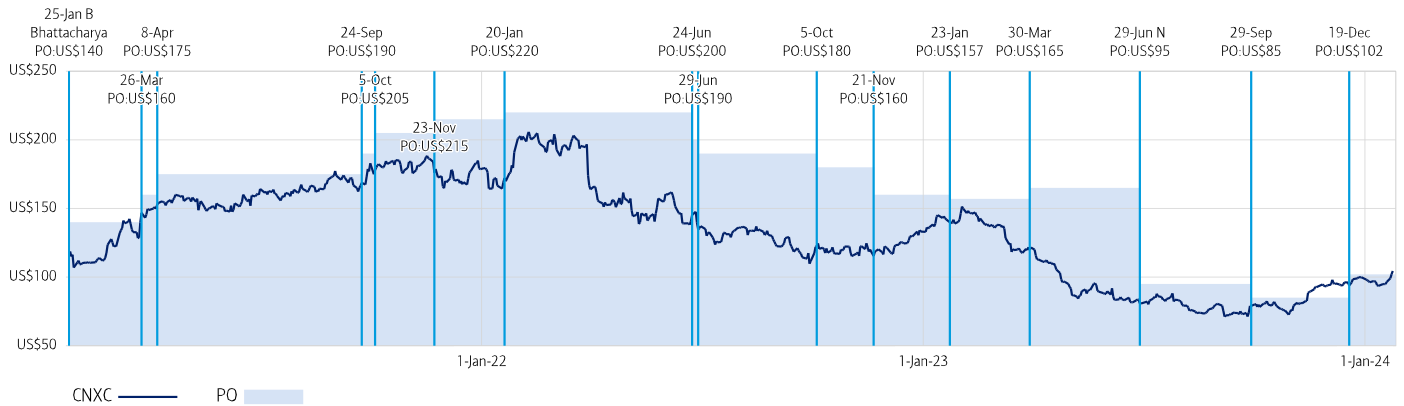
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Concentrix (CNXC) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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