

## Opinion Research Corporation

AMEX-OPI- \$7.25 (Website: www.opinionresearch.com)

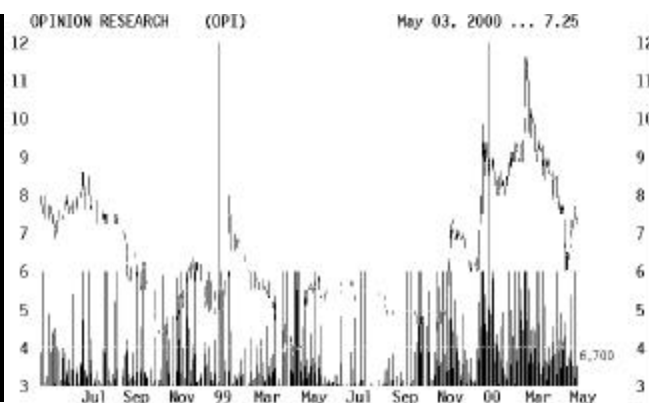
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### 1Q00 Results: Continued Impressive Performance

Current Data		EPS		P/E
Fiscal Year End	Dec	1999	\$ 0.58	12.5
Current Price	\$ 7.25	2000E	\$ 0.66	11.0
52-Week Range	12-4	2001E	\$ 0.77	9.4
Shares Out (Mill)	4.3	Valuation		LTM
Ave Volume LTM	7,928	P/E (Next FY)	11.01	21-9
Market Capitalization	\$ 30.9	P/B	1.58	2.4-1.2
LTD/Total Capital	69.0%	Price/Sales	0.26	0.35-0.18
Institutional Holdings	44.0%	Operating Data		LTM
Insider Holdings	22%	Sales Growth	124.4%	94.6%
Book Value	\$ 4.58	EBITDA Margin	11.5%	11.6%
10Yr Bond	6.43%	Net Inc. Growth	42.0%	54.2%

Source: Baseline except for EPS estimates, researchstock.com



Source: Baseline

### Key Investment Points

- OPI Continuing to Build Momentum.
- 1Q00 Sales up 124%, EPS increased 23%.
- Increasing Indications of Sustainable Revenue Growth
- Solid cash flow: cash flow per share exceeds EPS by 1.6 times
- 12 – 18 month target price remains in mid-teens

### Company Description

Princeton, New Jersey-based Opinion Research Corporation (OPI) is one of the leading global market research firms in the US, providing business to business (B2B) and public (government) markets with sophisticated market research and teleservices. OPI's services help firms improve customer loyalty, branding, corporate reputation, and evaluate market demand for new or existing products. The Company focuses on projects that require continuous updating, thus resulting in a stable client base and recurring revenue streams (we estimate approximately 60% of revenues are from recurring projects). The Company's client base is comprised of Fortune 50 multinational firms such as Bell Atlantic, Chase Manhattan, and General Motors and government agencies. Founded in 1938 by market research pioneer and ex-partner of George Gallup, Claude Robinson, the Company had its IPO in 1993. During the last two years, the Company entered the telemarketing and government services sectors by acquiring ProTel and Macro International, respectively.

## 1Q00 Results

Results were slightly better than we expected:

- **EPS increased 23%** to \$0.16 from 1Q99 and a penny better than our forecast.
- **Top line growth showed surprising strength** as OPI posted organic growth of 13%. Total revenues (including the Macro business) increased 124% to \$38.9 million.
- **Operating margins improved on a sequential basis**, but remain lower than a year-ago due to the impact of the Macro business. Macro has smaller margins due to the large amount of government contract work they do. The sequential improvement, however, indicates the validity of Management's statements that the acquisition has cross-selling opportunities and improves margins over time.
- **Cash flows remain exceptionally strong.** Cash flow per share was \$0.25, a 32% improvement over the \$0.19 in 1Q99 and 1.6 times EPS for the quarter.
- **Internet business increased 40% to \$2.3 million.** This does not include the \$2.5 million in new contracts that were recently announced and which are not included in our EPS forecast.

OPI's financial condition remains solid. Cash flows remain strong (up 50% from year-ago levels). Financial leverage, while higher than 1Q98, continues to show improvement.

## Outlook

We think the key to EPS growth will be the ability of OPI to grow the top line, and we think they can. 1Q00 results indicate to us that the Company is realizing the cross-selling synergies that came with the Macro acquisition. Other indications of top line strength are recently announced Internet contract wins and a growing backlog. If management continues to control operating costs, we expect EPS growth to mirror the top line.

However, while we are optimistic, we are maintaining our current EPS forecasts of \$0.66 and \$0.77 for 2000 and 2001, respectively, until there is more information that will support a more aggressive sales forecast.

Our EPS forecast for 2Q00 is for \$0.16. During 2Q99 OPI reported EPS of \$0.14 before a one-time, non-cash, debt-refinancing charge of \$0.02 per share. Tables 1 and 2 contain our EPS forecast.

	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>FY</b>
1999	\$ 0.13	\$ 0.14	\$ 0.16	\$ 0.15	\$ 0.58 *
2000	\$ 0.16	<b>\$ 0.16</b>	<b>\$ 0.16</b>	<b>\$ 0.18</b>	<b>\$ 0.66</b>
2001	<b>\$ 0.19</b>	<b>\$ 0.19</b>	<b>\$ 0.19</b>	<b>\$ 0.20</b>	<b>\$ 0.77</b>

**Boldfaced data are estimates.**

**Growth Rates**

1999	28.4%	30.3%	76.5%	150.0%*	61.0%*
2000	24.9%	14.9%	1.2%	16.9%	13.8%
2001	19.4%	22.5%	14.3%	12.9%	17.1%

\* Excludes one-time charges.

<b>Table 2: Annual Earnings Model</b>						
(\$MM)	1996	1997	1998*	1999	2000E	2001e
Revenues	47.27	56.67	73.17	118.62	<b>155.53</b>	<b>163.23</b>
Cost of Goods Sold	30.30	34.37	44.81	75.85	<b>102.29</b>	<b>107.41</b>
Gross Margin	16.97	22.30	28.36	42.77	<b>53.24</b>	<b>55.82</b>
SG&A	12.20	16.84	19.41	28.50	<b>34.92</b>	<b>36.11</b>
Depreciation	2.40	2.66	4.14	5.81	<b>6.94</b>	<b>7.20</b>
Operating Income	2.37	2.80	4.81	8.46	<b>11.37</b>	<b>12.51</b>
Interest Expense	0.80	0.67	1.87	4.01	<b>5.50</b>	<b>5.53</b>
Other Income/Expense	0.00	0.00	2.47	0.00	<b>0.00</b>	<b>0.00</b>
PreTax Income	1.57	2.13	0.47	4.46	<b>5.88</b>	<b>6.98</b>
Income Taxes	0.80	0.98	0.49	1.94	<b>2.64</b>	<b>3.14</b>
Extraord	0.00	0.00	0.15	0.09	<b>0.00</b>	<b>0.00</b>
Net Income	0.81	1.15	-0.17	2.42	<b>3.24</b>	<b>3.84</b>
<i>* Includes charges related to ex-CEO.</i>						
EPS-Basic	\$ 0.19	\$ 0.28	\$0.0 *	\$0.59 *	<b>\$ 0.76</b>	<b>\$ 0.90</b>
Diluted	\$ 0.19	\$ 0.28	\$0.0 *	\$ 0.58 *	<b>\$ 0.66</b>	<b>\$ 0.77</b>
<i>* Excludes debt re-structuring charges</i>						
Basic Shares	4.169	4.144	4.202	4.244	<b>4.244</b>	<b>4.244</b>
Diluted Shares	4.213	4.146	4.202	4.332	<b>4.912</b>	<b>4.975</b>
Tax Rate	50.9%	45.8%	104.3%	43.6%	<b>44.9%</b>	<b>45.0%</b>
<b>Boldfaced data are estimates</b>						

## Valuation

The shares remain undervalued relative to the peer group. As shown in Table 3, the stock is still selling at a significant discount to sales and EPS growth.

Table 3: Peer Group Analysis		EPS		%	2000PE	PEG	P/S	Price
		1999	2000					
OPINION RESEARCH	OPI	\$0.58	\$0.68	17.2%	10.7	0.6	0.2	\$7.25
NET PERCEPTIONS	NETP	-\$0.65	-\$0.60	7.7%	-33.9	-4.4	23.0	\$20.31
@PLAN.INC	APLN	-\$0.51	-\$0.44	-186.3%	-15.9	0.1	8.8	\$7.00
ACNIELSEN	ART	\$1.29	\$1.40	8.5%	16.2	1.9	0.9	\$22.69
INFORMATION RESOURCE	IRIC	\$0.05	\$0.12	140.0%	45.3	0.3	0.3	\$5.44
MEDIA METRIX	MMXI	-\$0.41	-\$0.35	14.6%	-87.5	-6.0	21.7	\$30.63
Ave.				0.3%	-10.8	-1.2	9.1	
INTERPUBLIC GROUP	IPG	\$1.30	\$1.50	15.4%	27.7	1.8	2.5	\$41.56
OMNICOM GROUP	OMC	\$2.01	\$2.35	16.9%	36.9	2.2	2.8	\$86.63
SERVICES-AD/MARKET	SRVAM	\$8.67	\$10.02	15.6%	31.9	2.0	NA	319.43

Our 12 – 18 month target price remains in the mid-teens. Table 4 illustrates how we arrived at our target level.

**Table 4: Target Price Methodology**  
(\$MM except EPS )

	2001e	Multiple	Est. Range
<b>Revenues</b>	163.23	0.8	\$ 28.02
		0.2	\$ 7.01
<b>EPS</b>	\$ 0.77	21	\$ 16.21
		12	\$ 9.26
<b>EBITDA</b>	18.31	7	\$ 27.51
		3	\$ 11.79

<b>Average Est. Price</b>	High	\$ 23.91
	Low	\$ 9.35
	Ave.	\$ 16.63

### Risk Consideration

Investors need to consider the following risks before investing:

The shares are not very liquid. Average daily volume for the last 30 days has been about 7,000 shares. Consequently, the shares could have significant price volatility.

The Company is not widely followed by Wall Street analysts. OPI currently has just two analysts covering the firm, and this coverage was initiated in late 1999. The rest of the peer group has an average of eight analysts. Omnicom has 10 analysts covering it. Consequently, it is possible that valuations could remain depressed due to a lack of market awareness.

By some measures, debt levels are higher than sector averages. While we do not consider leverage to be extreme and interest coverage is more than adequate, the current debt load could prevent OPI from making future acquisitions.

Client concentration is improving but remains an issue. While management continues to diversify the client base, the Company remains dependent on a few large clients.

This report contains "forward looking" statements within the meaning of U.S. federal securities laws. Forward-looking statements regarding the Company's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence upon third party vendors; year 2000 issues; and other risks discussed in the Company's periodic report filings, including interim reports, with the Securities and Exchange Commission, By making these forward looking statements, researchstock.com, Inc. undertakes no obligation to update these statements for revisions or changes after the date of this report.

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