

Opinion Research Corporation

NASDAQ-ORCI- \$5.01

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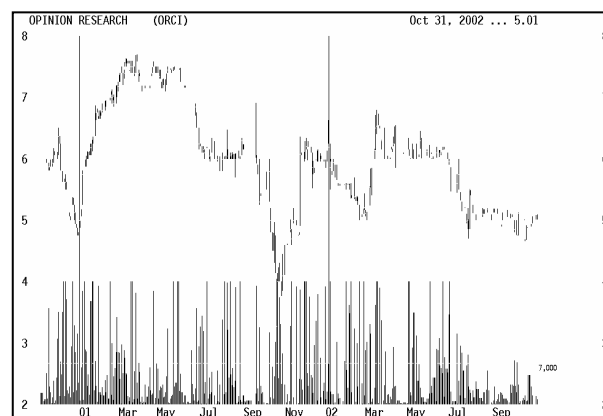
(www.opinionresearch.com)

3Q02 Results

Good Results in Light of Recession-Cash Flows Remain Strong

Current Data		EPS (Fas 142)		P/E
Fiscal Year End	Dec	2001pf	\$ 0.71	7.1
Current Price	\$ 5.01	2002E	\$ 0.54	9.3
52-Week Range	7-4	2003E	\$ 0.74	6.8
Shares Out (Mill)	4.72	Valuation		Current
Ave Volume LTM	6,185	P/E (Next FY)	9.27	30-9
Market Cap. (Mill)	\$ 23.66	P/B	0.98	1.1-0.7
LTD/Total Capital	62.0%	Price/Sales	0.17	0.2-0.14
Institutional Hldgs	38%	Oper. Data		This Qtr
Insider Holdings	20%	Sales Growth	3.3%	-1.2%
Book Value	\$ 5.12	EBITDA Marg.	8.5%	8.7%
10Yr Bond	3.90%	Net Inc. Grwth	17720%	9.2%

Source: Baseline except for EPS estimates, researchstock.com



Source: Baseline

Key Investment Points

- Core EPS increased 25% to \$0.15.
- Strength in Social Research offset weakness caused by recession.
- Financial condition improved: debt reduced by \$4.6 million thanks to strong cash flows.
- Reducing EPS forecast and target price due to the lingering recession.

Company Description

Princeton, New Jersey-based Opinion Research Corporation (ORCI) 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. ORCI'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 IBM, EDS, and General Motors in addition to government agencies. Founded in 1938 by market research pioneer Claude Robinson, the Company had its IPO in 1993. During the last four years, the Company entered the telemarketing and government research services sectors via strategic acquisitions and has been successful in realizing cross-selling opportunities.

The Bottom Line

ORIC had a good quarter (EPS increased 25%, strong cash flows) but the market research segment remains weak. Companies in the B2B sector have been getting hammered. Corporate discretionary spending has dried up as managements wait for evidence of an improving economy. We expect that corporate wallets may remain closed until mid-late 2003. Consequently we reduced our revenue and EPS forecasts and target price to reflect more modest expectations. We remain positive about ORCI over the long term because despite these challenges, cash flows remain strong and debt is being reduced. *The stock has generally outperformed the S&P 500.* While the shares have under performed for the year to date period, ORCI shares recently posted a strong relative performance (see Table 1).

Company Name	TKR	Price	1 Mo.	3 Mos.	6 Mos.	12 Mos.	YTD	5 yrs
OPINION RESEARCH	ORCI	\$ 5.09	4.9	(0.4)	(15.9)	11.9	(23.3)	16.0
S&P 500	SPX	890.71	9.4	(1.9)	(16.5)	(14.4)	(21.3)	4.0
Ave. Marketing Services		\$ 16.02	(4.2)	(16.9)	(43.9)	(22.6)	(41.7)	(37.3)
Ave. Business Services		\$ 9.06	1.9	1.9	(4.5)	(37.5)	1.7	(32.7)
Marketing Services								
OMNICOM GROUP	OMC	\$ 59.19	6.3	11.4	(31.7)	(22.2)	(33.1)	73.0
INTERPUBLIC GROUP	IPG	\$ 11.85	(25.2)	(42.9)	(61.0)	(44.4)	(58.9)	(41.0)
INFORMATION RESOURC	IRIC	\$ 3.00	(19.1)	(39.4)	(70.7)	(47.8)	(63.9)	(81.0)
CORPORATE EXECUTIVE	EXBD	\$ 33.93	18.8	12.3	(10.7)	9.8	(7.5)	-
MKTG SERVICES	MKTG	\$ 0.13	(61.8)	(69.0)	(93.8)	(96.8)	(95.9)	(100.0)
HARRIS INTERACTIVE	HPOL	\$ 2.97	29.1	0.7	(22.3)	45.6	2.4	-
NET PERCEPTIONS	NETP	\$ 1.10	22.2	8.9	(17.3)	(2.7)	(35.3)	-
Business Services								
TELETECH HOLDING	TTEC	\$ 6.04	(3.4)	6.5	(50.7)	(22.1)	(57.9)	(47.0)
WEST	WSTC	\$ 15.83	13.1	(12.1)	(43.5)	(28.3)	(36.5)	22.0
NAVIGANT CONSULTING	NCI	\$ 5.30	(4.0)	(7.8)	(18.2)	55.4	(3.6)	(80.0)

Source: Baseline

3Q02 Update:

EPS rose 25% to \$0.15 from a pro forma \$0.12 in 3Q01 (3Q01 EPS was adjusted to eliminate goodwill expense to make it comparable to 3Q02). Reported GAAP EPS for 3Q01 was \$0.00. The key drivers of this growth were Social Research and reduced interest expense.

Total revenues rose 3.3% to \$43.3 million as Social Research (+12.6%) and teleservices (+20.3%) growth offset weakness in the market research segment. Market research revenues declined 15.4% as the B2B sector (ORCI's primary market research market) continues to suffer from the weak economy. ORCI is not alone in being adversely impacted by this "tight corporate wallet syndrome." Business investment has dried up and has hurt results for all B2B providers, whether they are in marketing or software systems.

Social Research has been a relatively solid grower, with an average growth rate of 14.2% since June 2000. ORCI recently announced that booked contracts increased a record 29% (\$114 million) compared to the 9-month period in 2001.

Teleservice growth is attributed to an easy comparison with last year when the teleservice industry was temporarily shut down by 9/11. We estimate that ex-9/11, 3Q02 teleservice revenues may have been flat. Part of this performance can be attributed to the Company's strategy on converting from outbound to inbound services.

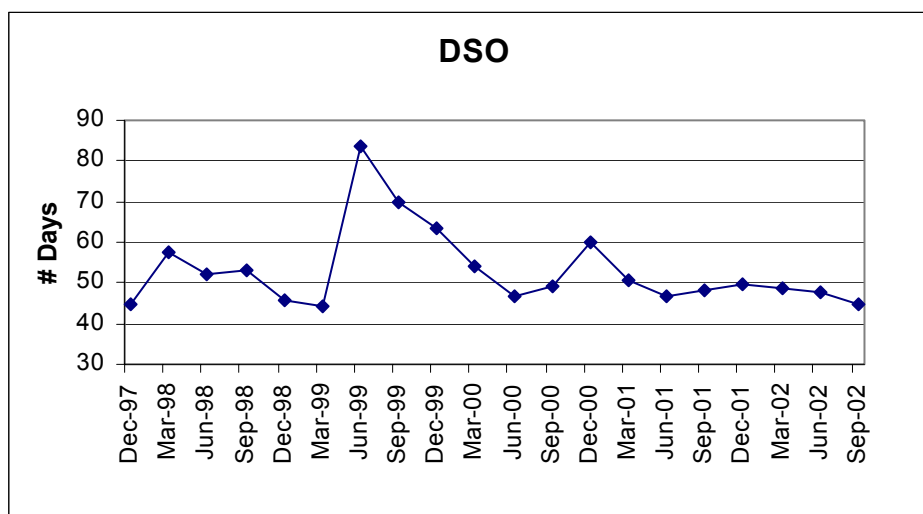
Table 2 compares the quarter's results with those of 2001.

Table 2: Quarterly Operating Comparison			Q/Q
(\$ Million)	9/01	9/02	Growth
Market Res-US	10.000	7.878	-21.2%
Market Res-UK	4.585	4.462	-2.7%
Global MR	14.585	12.340	-15.4%
Teleservices	3.159	3.800	20.3%
Social Research	23.326	26.272	12.6%
Total Seg.	41.070	42.412	3.3%
Other	0.873	0.929	6.4%
Revenues	41.943	43.341	3.3%
Cost of Goods Sold	28.901	29.947	3.6%
Gross Profit	13.042	13.394	2.7%
SG&A	9.327	9.716	4.2%
Depreciation	2.160	1.152	-46.7%
Operating Income	1.555	2.526	62.4%
Interest Expense	1.357	1.253	-7.7%
Other Income/Expenses	0.000	0.000	
PreTax Income	0.198	1.273	542.9%
Income Taxes	0.193	0.382	97.9%
Extraord	0.000	0.000	
Net Income*	0.005	0.891	17720.0%
* EPS: FAS 142 Equivalen	\$0.12	\$0.15	23.4%
Diluted EPS	\$ 0.00	\$ 0.15	17596.6%
FAS 142 Equivalent	\$ 0.12	\$ 0.15	23.4%
Diluted Shares	5.98	6.02	0.7%
Eff. Tax Rate	97%	30%	-69.2%
Growth Rates			
EBIDTA	-10.8%	-5.7%	
Margin Analysis			
Gross	31.1%	30.9%	
EBIDTA	8.9%	8.5%	
Net	0.0%	2.1%	

Financial Condition

Continued strong cash flows allowed ORCI to reduce debt by \$4.6 million (8.4%). One factor for this improvement is that despite a challenging environment, ORCI is still keeping receivables under control. Figure 1 shows how days sales outstanding (DSO's) continued to decline in 2002.

Figure 1



Peer Group Comparison

This environment claimed two members of the peer group, Jupiter Media Metrix and Thomas Group. Both have been delisted and dropped from our coverage. The survivors present a mixed picture (see Table 2). During the last 12 months, HPOL generated top line growth as the result of recent acquisitions but negative cash flow and EPS. Others, like EXBD, TTEC and NCI are showing good growth, but investors need to dig below special charges to determine core earnings growth. ORCI posted a respectable top line considering the challenges facing the marketing sector and has always generated good cash flow.

Company Name	TKR	Sales \$Mill.	%Sales Growth	EBITDA Margin	Op Cash Flow		EPS		Debt/ Capital	Net Debt/ EBITDA	Int. Cover
					(Mill.)	Change	\$	Change			
OPINION RESEARCH	ORCI	174.0	-1.0	8.9%	\$14.3	-15%	\$ 0.47	18%	0.6	5.2	1.7
Ave. Marketing Services		2095.1	-4.7	21.2%	-\$130.4	-19%	\$ 0.04	41%	0.2	6.3	8.9
Ave. Business Services		681.3	5.0	14.0%	\$164.5	79%	\$ 0.60	113%	0.1	1.4	27.1
Marketing Services											
OMNICOM GROUP	OMC	7,400.0	10.0	17.2%	-\$784.9	37%	\$ 3.23	23%	0.5	7.2	17.5
INTERPUBLIC GROUP	IPG	6,400.0	-11.0	6.2%	-\$543.9	19%	\$ 0.94	-28%	0.5	21.7	0.2
INFORMATION RESOURC	IRIC	554.0	0.0	28.5%	\$396.3	8%	\$ 0.19	46%	0.1	0.9	-
CORPORATE EXECUTIVE	EXBD	153.0	28.0	32.8%	\$136.7	23%	\$ 0.75	32%	-	1.7	-
MKTG SERVICES	MKTG	39.0	-79.0	-	-\$46.6	-282%	\$ (4.41)	64%	0.0	-	-
HARRIS INTERACTIVE	HPOL	113.0	74.0	-	-\$16.4	63%	\$ (0.09)	83%	0.0	-	-
NET PERCEPTIONS	NETP	6.7	-55.0	-	-\$54.0	1%	\$ (0.35)	69%	-	0.2	-
Business Services											
TELETECH HOLDING	TTEC	990.0	6.0	10.2%	\$180.4	133%	\$ 0.35	-29%	0.2	1.5	7.7
WEST	WSTC	808.0	5.0	22.7%	\$317.7	7%	\$ 1.12	-2%	0.0	-	46.5
NAVIGANT CONSULTING	NCI	246.0	4.0	9.0%	-\$4.4	96%	\$ 0.33	371%	-	1.2	-

Source: Baseline

Outlook

It now appears that corporate wallets will remain tight longer than previously expected. We reduced both our 2002 and 2003 forecast to reflect our assumption that corporate spending will remain tight through the first half of 2003, followed by a slight improvement in the last half of 2003. Our 2002 EPS forecast is now \$0.54 (versus our prior \$0.71) and our 2003 estimate is \$0.74 (versus a previous estimate of \$0.99).

For 2003, our key assumptions are as follows:

- Revenues are now expected to grow 3.5% from 2002, versus our previous 8% growth assumption. We expect continued weakness in market research and teleservices to be offset by 10% growth in Social Research revenues.
- Operating margins are expected to be 6.6%, which is slightly below the historical average of 7%. Both the gross margin percentage and SG&A expenses (in dollar terms) are expected to remain at 2002 levels.
- The effective tax rate falls to 40% as amortization of goodwill is eliminated under FAS 142.
- Outstanding shares increase from 6.1 million in 2002 to 6.3 million in 2003.

Our annual EPS model is detailed in Table 3, below.

Table 3: Annual Earnings Model							
(\$MM)	1997	1998*	1999	2000	2001	2002e	2003e
Revenues	56.67	73.17	118.62	160.91	176.91	173.52	179.65
Cost of Goods Sold	34.37	44.81	75.85	105.98	121.53	119.38	124.05
Gross Margin	22.30	28.36	42.77	54.93	55.38	54.14	55.60
SG&A	16.84	19.41	28.50	36.00	38.13	39.19	39.10
Depreciation	2.66	4.14	5.81	7.28	8.43	4.59	4.60
Operating Income	2.80	4.81	8.46	11.65	8.82	10.36	11.90
Interest Expense	0.67	1.87	4.01	5.68	5.41	4.68	4.20
Other Income/Expenses	0.00	2.47	0.00	0.00	0.00	0.00	0.00
PreTax Income	2.13	0.47	4.46	5.97	3.41	5.68	7.70
Income Taxes	0.98	0.49	1.94	2.67	1.80	2.12	3.08
Extraord	0.00	0.15	0.09	0.00	0.00	-0.29	0.00
Net Income	1.15	-0.17	2.42	3.30	1.62	3.27	4.62
EPS-Basic	\$ 0.28	\$0.0 *	\$0.59 **	\$ 0.78	\$ 0.28	\$ 0.55	\$ 0.78
Diluted	\$ 0.28	\$0.0 *	\$ 0.58 **	\$ 0.65	\$ 0.27	\$ 0.54	\$ 0.74
Cash EPS (F142 Equiv.)			\$ 0.90	\$ 1.06	\$ 0.71	\$ 0.54	\$ 0.74
			* Includes charges related to ex-CEO.				
			**Excludes debt re-structuring charges				
Basic Shares	4.144	4.202	4.244	4.244	5.762	5.935	5.935
Diluted Shares	4.146	4.202	4.332	5.053	5.992	6.058	6.264
Tax Rate	45.8%	104.3%	43.6%	44.7%	52.6%	37.3%	40.0%
Boldfaced data are estimates							
Growth Rates							
Revenues	19.9%	29.1%	62.1%	35.6%	9.9%	-1.9%	3.5%
EBIDTA	14.5%	63.9%	59.4%	32.7%	-8.8%	-13.4%	10.4%
Net Inc.	42.7%	nm	nm	36.3%	-51.1%	102.5%	41.2%
EPS	45.0%	nm	nm	12.7%	-58.8%	100.3%	36.6%
Margin Analysis							
Gross	39.4%	38.8%	36.1%	34.1%	31.3%	31.2%	31.0%
EBIDTA	9.6%	12.2%	12.0%	11.8%	9.8%	8.6%	9.2%
Operating	4.9%	6.6%	7.1%	7.2%	5.0%	6.0%	6.6%
Net	2.0%	-0.2%	2.0%	2.1%	0.9%	1.9%	2.6%

Valuation

We reduced our 12-18 month target price to \$8.00 from \$9.50 as the result of our revised assumptions (see Table 4), and reflect our expectation that the P/E ratio should improve in 2003 as the economy is expected to improve, albeit slightly in 2003.

	Multiples		2002e			2003e		
			Mult. Est.	per share	Price Range	Mult. Est.	per share	Price Range
	LTM	Current						
Revenues	0.23	0.17	0.40	\$28.64	\$ 11.46	0.50	\$ 28.68	\$ 14.34
	0.11		0.20		\$ 5.73	0.20		\$ 5.74
EPS (Dil.) (LTM)	12.9	9.3	9.0	\$0.54	\$ 4.86	15.0	\$ 0.74	\$ 11.07
	3.9		5.0		\$ 2.70	5.0		\$ 3.69
EBITDA	2.7	2.0	2.2	\$2.47	\$ 5.43	3.0	\$ 2.64	\$ 7.91
	1.1		1.5		\$ 3.70	1.5		\$ 3.95
	Share estimate:		6.05809			6.26367		
Average Est. Price			High	\$ 7.25		High	\$ 11.11	
			Low	\$ 4.04		Low	\$ 4.46	
			Ave.	\$ 5.65		Ave.	\$ 7.78	

Our valuation multiples are based upon the trailing 12-month range for ORCI. We feel these are reasonable assumptions and are relatively conservative when compared to the peer group (see Table 5).

Company Name	TKR	Price	P/E				P/B	P/S
			LTM*	2001*	2002e	2003e		
OPINION RESEARCH	ORCI	\$ 5.01	10.7	18.6	7.2	6.8	0.8	0.2
Ave. Marketing Services		\$ 15.73	7.7	13.6	43.3	20.6	2.4	2.4
Ave. Business Services		\$ 9.08	15.8	19.7	19.3	16.3	1.7	0.9
* Pre FAS 142								
Marketing Services								
OMNICOM GROUP	OMC	\$ 57.63	17.8	21.2	16.8	15.5	4.9	1.5
INTERPUBLIC GROUP	IPG	\$ 11.97	12.7	12.5	14.3	11.3	2.0	0.7
INFORMATION RESOURCE	IRIC	\$ 3.00	15.8	15.0	na	na	0.4	0.2
CORPORATE EXECUTIVE	EXBD	\$ 33.19	44.3	54.4	42.0	34.9	6.4	8.1
MKTG SERVICES	MKTG	\$ 0.17	0.0	0.0	na	na	0.8	0.0
HARRIS INTERACTIVE	HPOL	\$ 3.00	-33.3	-6.5	100.0	na	1.5	1.4
NET PERCEPTIONS	NETP	\$ 1.16	-3.3	-1.4	na	na	0.5	4.8
*na-not available								
Business Services								
TELETECH HOLDING	TTEC	\$ 5.96	17.0	16.1	18.1	16.1	1.3	0.5
WEST	WSTC	\$ 16.04	14.3	13.9	14.7	12.7	2.0	1.3
NAVIGANT CONSULTING	NCI	\$ 5.25	15.9	29.2	25.0	20.2	1.7	0.9

Source: Baseline

Risk Consideration

Investors need to consider the following risks before investing:

- The shares are not very liquid and can experience significant price volatility.

- 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 impair ORCI's financial flexibility.

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