

## Intrinsyc Software International Inc.

ICS : TSX : C\$0.18

**UNDER REVIEW**

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### COMPANY STATISTICS:

52-week Range: C\$0.12-1.30  
 Avg. Daily Vol. (000s): 317.5  
 Market Cap (M): C\$168.8  
 Shares Out (M) basic: 161.9  
 Shares Out (M) diluted: 161.9

### EARNINGS SUMMARY:

FYE Aug	2006A	2007A	2008E	2009E
Revenue (M):	US\$18.7	US\$19.7	NA	NA
EV/Sales (x):	0.4	0.4	NA	NA
EPS:	US\$(0.24)	US\$(0.18)	NA	NA
P/E (x):	NM	NM	NA	NA

### SHARE PRICE PERFORMANCE:



### COMPANY SUMMARY:

Intrinsyc Software is a mobility software and services company, based in Vancouver, BC. The company's technologies and services enable companies to identify and create solutions to make mobile devices connect and work. Intrinsyc creates and licenses mobile and embedded software products to OEMs, as well as a suite of server-based interoperability solutions. Additionally, the company provides engineering services to support these products.

All amounts in C\$ unless otherwise noted.

### Technology -- Software -- Software and Services

## CEO DEPARTS AFTER A VERY DIFFICULT YEAR; PLACING RATING AND TARGET UNDER REVIEW

#### Event

In a surprise announcement, Intrinsyc press released this morning that current CEO, Glenda Dorchak, is leaving the company. She exits her position after two years, with Tracy Rees, current COO, taking the helm as interim CEO.

#### Impact

Negative. The surprise departure of a CEO will always raise questions. In this case, the uncertainty is exacerbated because of Intrinsyc's disappointments over the past 12 months and the fact that the announcement comes on the eve of the company's earnings release.

#### Action

With Intrinsyc's underperformance compounded by the current CEO's departure, we believe it prudent to withdraw our rating, target (previously Speculative Buy and C\$0.40) and financial forecasts. We find the timing of the announcement particularly odd given that Q3 earnings are due tomorrow morning. Pending the results tomorrow and further clarity around Ms. Dorchak's departure, we find it difficult to maintain our previous Speculative Buy rating. As such, we placing our recommendation and target Under Review and would point investors toward a more cash-driven methodology for fair valuation. We project roughly US\$18-20 million in cash for Q3, ending September 30, which translates into about C\$0.14-15 per share at current exchange rates.

Although Intrinsyc has announced a cost-restructuring program, we must also consider that over US\$7 million has been burned in the first half of the year. In summary, we are disappointed by the departure and are moving to the sidelines pending the results tomorrow.

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**Investment risks**

The main risks to our outlook include the competitive environment intensifying, design wins taking longer than expected to close, design wins not translating into material revenue due to failed device launches, ESG division revenue erosion, and key management leaving the firm. Other risks include litigation, adverse F/X trends, slower-than-expected growth in the mobile device market, faster-than-expected ASP erosion at handset OEM/ODMs pressuring Intrinsic's ASPs down significantly, and broader macroeconomic forces impacting the market.

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**Site Visit:** An analyst has visited Intrinsyc’s material operations in Vancouver, BC, Canada. No payment or reimbursement was received from the issuer for the related travel costs.

**Price Chart:\***



\* Price charts assume event 1 indicates initiation of coverage or the beginning of the measurement period.

**Distribution of Ratings:**  
Global Stock Ratings  
(as of 4 November 2008)

Rating	Coverage Universe		IB Clients	
	#	%	#	%
Buy	371	62.1%	34.5%	
Speculative Buy	68	11.4%	52.9%	
Hold	139	23.3%	18.0%	
Sell	19	3.2%	10.5%	
	597	100.0%		

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Company	Disclosure
Intrinsyc Software International Inc.	1A, 2, 3, 7

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