

# Intrinsyc Software International Inc. (ICS-T, \$1.05)

Tuesday, January 8, 2008

Rating: SECTOR OUTPERFORM Target Price: Return: **YTD Performance: Risk Profile:** 

(+\$0.25) \$1.50 42.9% 14.13% **SPECULATIVE** 

Kristian Bauer (416-507-2786, kbauer@haywood.com) Product delivery in Taiwan, China and EMEA will Deprovide positive synergy and momentum to future

Ralph Garcea, MBA, P. Eng (416-507-2609, rgarcea@haywood.com)

licensing deals.

# MSI 5608 - The First Soleus<sup>™</sup> Based Phone Unveiled

Event: Intrinsyc announces first Soleus<sup>TM</sup> based phone, the MSI 5608.

- Impact Positive: Royalties are on their way as Micro-Star International (MSI) releases the MSI 5608 in China, Europe, the Middle East, and Africa (EMEA) for CQ2/08.
- Forecasts Bullish outlook and stub-quarter adjustment yields new FY2008 estimates of revenue \$27 M, EBITDA (\$10.8) M, net income (\$11.4) M and EPS of (\$0.09).
- Target Price, Ratings – With better visibility on the first shipments of Soleus handsets, we are increasing our target price to \$1.50 (from \$1.25).

#### Issues:

- **Better Visibility on Royalties** Q2/08 product release provides better visibility on software sales. The product features top-quality hardware, and a cutting-edge interface.
- MSI – One of the World's Largest Hardware Manufactures World leader in hardware, top 5 in motherboard manufacturing. This is MSI's first mobile phone as part of a new product expansion strategy.
- **Market Presence, Global Delivery** MSI releasing product in China and EMEA in Q2/08 - world's quickest growing handset markets.

Valuation: From a valuation perspective, Intrinsyc is trading comparably to the Haywood global software universe based on our CY2008 target estimates (EV/Sales: 3.2x versus 3.6x). Our new DCF-based target of \$1.50 yields a CY2009 valuation of 3.2x EV/Sales.

**Catalysts:** 1) Software License Agreements – Continued signing of license agreements will maintain momentum; 2) Product Realization - Sales of phones running on Soleus<sup>™</sup>, and positive reviews provide drivers for future sales

**Investment Brief:** Soleus is a comprehensive software platform (based on Windows CE), whose modular architecture speeds up the development process, provides a reusable platform, allows a higher degree of customization, and lowers the manufacturer's bill of materials.

Forecast Risk	High
Financial Risk	High
Valuation Risk	High
52-Week High / Low	1.05/0.39
Dividend / Yield	0.00%
Shares O/S	119.6 M (basic) /
	122.2 M (F/D)
Market Capitalization	125.6 M
Daily Volume	0.38

Financial Forecasts			
CY Est.	2007A	2008E	2009E
Revenues (\$mlns)	21.2	27.0	52.1
EBITDA (\$mlns)	(15.0)	(10.8)	(2.5)
EPS (FD) (\$)	(0.14)	(0.09)	(0.03)
CFPS (FD) (\$)	(0.13)	(0.09)	0.00
Valuation			
	2007A	2008E	2009E
P/F	NM	NM	NM

	2007A	2008E	2009E
P/E	NM	NM	NM
EV/SALES	4.6x	4.1x	2.1x
EV/EBITDA	NM	NM	NM
DCF		\$1.45	\$1.42

Company Profile - www.intrinsyc.com Intrinsyc is a leader in software and services that enable next-generation handheld and embedded products, including mobile handsets, smart phones and converged devices. Intrinsyc is a Microsoft Windows Embedded Gold Partner, the 2007 Windows Embedded Excellence Award winner for System Integrator, and a Symbian Platinum Partner.

Company CEO - Glenda M. Dorchak

Revisions, Date of Record

Rating: unchanged

Target - Increased \$0.25 Jan. 8, 2007

#### Price Performance





Intrinsyc Software International Inc. \$1.05 \$126 Rating: Sector Outperform Target: \$1.50 Ticker Price Market Cap. (\$M): ICS-1 122.2 Shares O/S (M) Alpha: Product delivery in Taiwan, China and EMEA will provide positive synergy and momentum to future licensing deals. vestment Highlights re International Inc. - Ch Intrinsvc is a leader in software and services that enable next-generation handheld and embedded products, including Company Descriptio phones and converged devices 50 Day MA 100 Day MA \$1.0 Investment Brief - The company's mobile software products, engineering services, and years of expertise help OEMs, service providers, and silicon providers deliver compelling wireless products with faster time-to-market and improved development cost. Intrinsyc is a Microsoft Windows Embedded Gold Partner, the 2007 Windows Embedded Excellence Award winner for System Integrator, and a Symbian Platinum Partner. \$0.6 \$0.4 Catalysts - Continued design wins, two have been announced so far, should drive royalty revs. \$0.2 Risks - Handset mftrs and OEMs decide not to go with Windows CE platform; slow shipments delay royalty stream. 20-IN Recent Financings: Equity Offering May 2007 - 33.3M @ \$0.60 Past Equity Offering March 2006 - 24.2M @ \$0.90 10-10 70-Bn 4ov-07 lar-07 0ct-07 ec-07 eb-0 2.0 \_ 1.48 0.0 Financial Forecasts Key Statistics Quarterly Q3/2008E Price / Target / Return 52wk Hi / Lo Shares O/S (mIns) Basic / F.D. Float 23/2007A Y-end Aug-31 Revenues (\$mlns) Rev. Growth % Consensus Reven 2006A 18 7 Q4/2007A Q1/2008E Q2/2008E \$1.05 2007A 19.7 2010E \$1.50 \$1.05 42.9% \$0.39 2009 52. 24% 64.8 -11% 4.3 93% 47.5 27% 5.3 3% 5.9 6% 19.5 37% 25.3 6% **4.6** nue Est. (\$mins) 0.0 5.1 119.6 122.2 118.8 20 -15.1 11% 3 months ago. EBITDA (\$mins) 6 46 -13.7 -3.6 -10.8 -2.5 8.0 -3.8 -2.7 -3.2 -3.3 Dividend Yield 0.0% 0.0% EBITDA Growth % -28% -77% -426% 5% -29% 20% 3% Short Interest / as % of Float Daily Volume (3-Mth. Avg. mlns) 0.0 Consensus EBITDA Est. (\$mins) 0.0 0.0 0.0 -14.2 -12.6 -5.9 8.0 -3.7 -4.0 0.0 0.39 3 months ago. EPS (FD) (\$) (14.7 (8.9) -0.03 Market Cap. / Enterprise Value (mlns) Cash / Debt (mlns) 125.6 #VALUE! (15.3) -0.09 3.7 0.06 (3.7) -0.05 (4.5) (3.9) (3.9) (0.03) (3.7) (0.03) -0.24 -0.18 19.6 0.0 -26% (0.17) (0.18) (0.03) 19% (0.04) (0.04) (0.03) -70% (0.03) (0.03) -33% (0.04) Net Cash / Share \$0.21 EPS Growth % Consensus EPS Est. (\$) -48% (0.12) -307% 0.06 -31% 2% (0.04) Tang. Book Value / Share Company CEO / Website Top Holders: (0.04) -(0.04) \$0.17 Glenda M. Dorchak 3 months ago. CFPS (FD) (\$) (0.04) -0.03 (0.04) www.intrinsyc.com 0.00 (0.02) -0.09 0.07 -0.03 CFPS Growth % nmf -103% 2834% -7% -24% 28% 7% 1) Gruber & McBaine Cap 4 2% nmf Consensus CFPS Est. (\$) 2) IG Investment Management Ltd 3.4% 3.2% 3) Sprott Asset Management 3 months ago. \*All consensus numbers are from Capital IQ Ownership: Management Control (Proxy) 1.7 M 1.4% Valuation Metrics EV/EBITDA - Current Est. EV/EBITDA - Target 2009 NM NM 2.1x 3.2x Analyst Ratings: Capital IQ Average Target Median Target 008 NM NM Potential Upside 21% 14% \$1.20 Sector Outperform Sector Perform Sector Underperform EV/SALES - Current 2.5x 1.9x 4.1x 4.5 Est. EV/SALES - Target Current, 1-Year, 2-Year 6.2x 0 4.0 DCF Target \$1.45 \$1.42 \$1.62 # of Analysts 3.0 EBITDA Margin Stock Price EV/EBITDA Comparables Pot FV/Sa P/F 2.5 Return 43% 42% Today Target 2008 200 2.0 Intrinsyc Software Inter Research In Motion Ltd. 1.05 99.83 -56% 32% 19% 26% 1.9x 6.8x 2.1x 4.4x -40% 29% 4.1x 21.5x 142.06 33.0x 24.1x 17.2× 1.5 LM Ericsson Telephone Co. Enghouse Systems Ltd. Immersive Media Corp. 13.91 7.25 1.0x 0.0x 10.2x 27.7x 10.4x 21.20 56% 1.1x 1.5x 1.1x 1.4x 17% 5.9x 5.8x 6.2x 5.7x 16% 8.33 25% 22.3x 0.5 3.17 2.50 0.17 98% -13% 86% 0.0x 1.3x 0.5x 0.0x 0.8x 0.6x 0.0x 0.0x 0.0x -10% 0% -14% 11% 2% -1% 0.0x 18.7x NM 0.0x 0.0x NM 0.0x 37.1x NM 1.60 0.0x 0.0 Digital Dispatch Systems Inc AirIQ Inc. 2.89 0.09 280.0x NM Ug07 1007 10v07 No:07 0di Palm, Inc 5.68 6.21 9% 0.6 0.6> 0% NM 22.4x 137.2x 153.2x 94.8x 46.6x 4% 13% Average 2.0x 16.0x Capital IQ Performance Parameters Historical Valuation Para EV/EBITDA EBITDA FPS s % Quarterly Revenue & EBITDA Margin 3-Yr Avg ттм 200 Last 3 ntrinsyc syc Software Inter Irch In Motion Ltd. -3.9x 19.4x -8.0x 28.0x NM 28.5x -28% 87% -77% 67% 70% 68% 37% 90% 93% 64% 69% -14% 48% 43% 46% 134% 20.7x 8.6x NM NM -5% 35% -8% -39% 57% 12 LM Ericsson Telepho ne Co 8.7x 9.9x 8.0x 2% 8% -15% 17% 5% -47% -50% Emphouse Systems Ltd. Immersive Media Corp. Digital Dispatch Systems Inc AirlQ Inc. Palm, Inc. 7.2x 7.1x NM -20% 31% 14% -28% 11% -6% NM -6% -20% -8% -23.6x -14.0x -21.3x 59% 48% NM -63% 8.3x -22.1x -4.2x -10.7x -57.8x -3.0x 41.3x 9.0x -100% -113% 15% 52% -21% 33% -13% 1% -7% -34% -8% -51% 23% -14% Mins 8.6x 11.1x NN -74% 81% 279 12% -64 -1% ·66% Average 10.4> 14.0x 62 6) 19.9x 6% 25% 14% 2% -30% -19% All consensus numb ers are from Capital IQ Q4/05A Q1/064 02/064 Q3/06A Q4,062 Q1,072 Q2,072 Q4,072 Q4,078 Q1,08E Q2,08E Q2,08E Q4/08E 21/09E ire (FY Au ntrinsyc S Discounted Cash Flow Ana 2007 2009 2010 2011 20 Revenue (\$) 6,530,652 26,987,392 52,100,23 64,851,597 73,410,914 Revenue Breakdown by Business Segment Revenue growth -3' 379 93' 24 13 EBITDA (\$) (3,657,16 (10,818,674 (2,454,040 8,002,968 11,205,585 EBITDA Margir -56 -404 -5' 129 159 50 Amortization (\$) 271.139 640.469 548.118 636,595 692,615 Services Software EBIT (\$) (3,928,30 (11,459,142 (3,002,159 7,366,373 10,512,970 40 NOPAT [ EBIT \* (1 - effective tax rate) ] (3,928,304 (11,459,142 (3,002,159 7,366,373 10,512,970 WILS 30 Plus Amortization (\$) 271,139 640.469 548,11 636,595 692,615 20 Less Capital Expenditures (\$) (130,613 (539,74 (833,60-(778,219 (880,931 Capital Intensity 10 54,084 (779,09 2,537,10 379,048 (98,938 Net Working Capital Ch 206,348,642 206,348,642 206,348,642 erminal Value 006A 2006A 007A 2008E 360C Equity Value 172,945,13 197,595,05 215,015,895 DCF Valu Ralph Garcea, MBA, P.ENG (416-507-2609, rgarcea@havwood.com) 1.41 1.80 Kristian Bauer (kbauer@haywood.com) rce: Haywood Securities Inc., Compan Target, Return and Fo ed Using Capital IC Source: Haywood Securities Page 2 Ralph Garcea (rgarcea@haywood.com)



## **Investment Thesis**

Intrinsyc Software operates primarily as two businesses: the wireless systems engineering group, and the mobility software business that has been responsible for the development of Soleus, a consumer software product for wireless and handheld devices since 2004.

Soleus is a comprehensive software platform (based on Windows CE) and includes a high-level operating system (HLOS), an application suite, a pre-certified telephony stack, and sophisticated user interface-generation tools. Soleus' modular architecture speeds up the development process, provides a reusable platform, allows a higher degree of customization, and lowers the manufacturer's bill of materials. Within the mobile phone market, feature phones (Intrinsyc's target segment) have evolved as the biggest segment, and in 2006, contributed approximately 60% of the global sales (587 million units). We expect feature phones to continue to be 60% to 65% of global shipments going forward.

#### The First Soleus<sup>™</sup> based Phone is Realized – The MSI 5608

Intrinsyc Software International, along with Taiwan-based Micro-Star International (MSI), announced the release of the MSI 5608 – the world's first Soleus<sup>TM</sup> based Smartphone. Intrinsyc originally signed the licensing agreement with MSI in June of 2007 and will begin to benefit from the product release during Q2/08.

The MSI 5608 will contain top-of-the-line technology. Specifically a Samsung 6400 533-667 MHz processor, multiple HDTV formats including T-DMB, DVB-H, ISDVT, and high-speed wireless capabilities (EDGE/HSDPA/WiMAX). It will be one of the first integrated GPS and DTV phones, contain a touch-activated 2.8" video screen, and have Bluetooth v2.0 and WLAN 802.11b/g connectivity. The phone will have multimedia capability to stream video and TV live, along with mp3's. Furthermore, it will contain the standard email, internet browsing, MMS, and 2MP camera.

Micro-Star International (MSI) (TSEC:2377) is one of the world's largest hardware manufactures, and ranks in the top 5 for motherboard manufacturing (Taiwan's largest). MSI is pushing forth with new products within existing penetrated markets and the MSI 5608 is their first mobile product. During FY2006 MSI had revenues of TWD\$80,745 M, EBITDA of TWD\$2,055.5 M, and net income of TWD\$1,247.1 M; yielding EPS (FD) of TWD \$1.40.

MSI's strong global presence allows for a broad product offering during Q2/2008. They will release the product in China and Europe, Middle East and Africa (EMEA). These markets are some of the world's quickest growing and, in certain cases, some of the most adapt. This product release should provide strong momentum synergy with Intrinsyc's Taiwanese sales office for future licensing agreements.

Our stub-quarter adjustment for Intrinsyc's fiscal-year adjustment yields the following FY2008 and FY2009 financials: revenues of \$27 M and \$52 M; EBITDA at (\$10.8) M and (\$2.5) M; net income of (\$11.4) M and (\$3.4) M; and EPS of (\$0.09) and (\$0.03) respectively.





# Valuation

From a valuation perspective, Intrinsyc is trading comparably to the Haywood global software universe based on our CY2008 target estimates (EV/Sales: 3.2x versus 3.6x). Our new DCF-based target of \$1.50 yields a CY2009 valuation of 3.2x EV/Sales.

#### Haywood Canadian Software Comps

CANADA TECHNOLOGY			Trdg	Price	Consensus	Pot.	% of 5	2 week	Mkt. Cap.	Rever	nue (US\$m	m)	EP	S (US\$)	)		P/E		E)	//Sales		E۷	/EBITDA	4
Small Cap - Software/Services	Ticker		Curr	7-Jan-08	Target	Return	Low	High	(US\$mm)	CY07E	CY08E		CY07E (			CY07E	CY08E	CY09E	CY07E C	Y08E	CY09E	CY07E	CY08E	CY09E
Absolute Software Corp.	TSX:ABT	NR 0	CAD	16.06	21.94	37%	231%	40%	752	29	50	NA	-0.20	-0.12	NA	NMF	NMF	NMF	24.0	14.1	NA	NA	NA	NA
Constellation Software Inc.	TSX:CSU	NR 0	CAD	24.26	27.16	12%	120%	87%	511	239	276	329	1.57	1.78	2.08	15.3	13.6	11.6	2.1	1.8	1.5	11.9	10.3	9.0
SXC Health Solutions, Corp.	TSX:SXC	NR C	CAD	14.35	25.50	78%	121%	48%	298	96	113	137	0.65	0.85	1.01	21.9	16.8	14.1	2.3	1.9	1.6	9.4	7.0	6.0
Corel Corporation	TSX:CRE	NR C	CAD	10.25	15.80	54%	124%	61%	257	246	268	295	1.28	1.55	1.68	8.0	6.6	6.1	1.6	1.5	1.4	7.6	6.6	NA
Intermap Technologies Corp.	TSX:IMP	NR C	CAD	8.80	11.74	33%	174%	77%	402	33	34	45	-0.24	-0.31	-0.11	NMF	NMF	NMF	10.7	10.5	7.9	NA	NA	NA
Points International Ltd.	TSX:PTS	NR C	CAD	3.69	4.63	25%	577%	86%	439	32	71	96	-0.01	0.03	0.08	NMF	NMF	46.1	13.7	6.1	4.5	502.5	69.3	37.8
Logibec Groupe Informatique Ltee	TSX:LGI	NR C	CAD	22.01	27.50	25%	152%	99%	217	51	71	NA	0.85	0.98	NA	25.9	22.4	NMF	4.3	3.1	NA	11.6	9.9	NA
Resolve Business Outsourcing Inco	TSX:RBO.UN	NR 0	CAD	7.80	9.25	19%	121%	82%	183	341	367	NA	NA	NA	NA	NMF	NMF	NMF	1.0	1.0	NA	7.7	6.7	NA
20-20 Technologies Inc.	TSX:TWT	NR C	CAD	6.50	8.50	31%	139%	84%	122	72	79	NA	0.28	0.40	NA	23.1	16.0	NMF	1.1	1.1	NA	7.7	6.1	NA
Gemcom Software International	TSX:GCM	SO (	CAD	2.40	3.25	35%	216%	98%	127	48	56	64	0.11	0.14	0.17	21.4	16.8	13.9	2.3	2.0	1.7	10.7	8.3	7.3
Immersive Media Corp.	CDNX:IMC	NR 0	CAD	1.60	3.17	98%	158%	28%	59	6	13	21	-0.15	-0.07	0.05	NMF	NMF	32.0	4.8	2.3	1.5	NA	NA	13.0
Matrikon Inc.	TSX:MTK	NR 0	CAD	2.80	3.43	23%	137%	75%	85	74	79	NA	0.01	0.07	NA	NMF	37.3	NMF	1.0	0.9	NA	25.5	12.0	NA
MKS Inc.	TSX:MKX	NR C	CAD	1.38	1.57	13%	109%	63%	70	53	58	NA	0.02	0.08	NA	68.6	16.5	NMF	1.1	1.0	NA	34.3	12.8	NA
Intrinsyc Software International I	TSX:ICS	SO 0	CAD	1.05	1.50	43%	269%	100%	125	21	33	NA	-0.16	-0.09	NA	NMF	NMF	NMF	4.9	3.2	NA	NA	NA	NA
Brainhunter Inc.	TSX:BH	NR 0	CAD	0.47	NA	NA	113%	56%	20	NA	NA	NA	NA	NA	NA	NMF	NMF	NMF	NA	NA	NA	NA	NA	NA
Grey Island Systems International I	CDNX:GIS	NR C		0.29	0.75	163%	92%	41%	25	18	NA	NA	0.01	NA	NA	20.6	NMF	NMF	0.7	NA	NA	5.7	NA	NA
iseemedia Inc.	CDNX:IEE	NR C	CAD	0.40	1.20	200%	154%	43%	20	1	NA	NA	-0.11	NA	NA	NMF	NMF	NMF	8.2	NA	NA	NA	NA	NA
										1,362	1,568	987			Mean	25.6x	18.2x	20.6x	5.2x	3.6x	2.9x	57.7x	14.9x	14.6x
											15.2%	-37.1%		N	ledian	21.7x	16.6x	14.0x	2.3x	1.9x	1.6x	10.7x	9.1x	9.0x

Source: Capital IQ, Haywood Estimates

Haywood Glob	al Soft	war	e C	omps																				
GLOBAL SOFTWARE	Ticker	Rating	Trdg Curr	Price C 7-Jan-08	onsensus Target	Pot. Return	% of 5 Low	2 week High	Mkt. Cap. (US\$mm)	Reve CY07E	nue (US\$r CY08E		EF CY07E	PS (US\$ CY08E		CY07E	P/E CY08E	CY09E	E' CY07E (	V/Sales CY08E (	CY09E		VEBITDA CY08E (	
Microsoft Corporation	MSFT	NR	USD	34.61	39.76	15%	130%	92%	323,792	55,275	62,385	69,172	1.62	1.91	2.16	21.4	18.1	16.0	5.5	4.9	4.4	13.4	11.2	10.4
Oracle Corp.	ORCL	NR	USD	22.25	25.45	14%	139%	95%	114,289	20,434	23,109	25,561	1.16	1.34	1.62	19.3	16.6	13.7	5.5	4.9	4.4	12.4	10.7	9.3
SAP AG	SAP	NR	EUR	32.78	43.38	32%	100%	76%	57,926	15,162	16,783	18,511	2.37	2.74	3.19	20.3	17.6	15.1	3.6	3.2	2.9	12.1	10.7	9.3
VMware, Inc.	VMW	NR	USD	72.99	108.13	48%	152%	58%	27,951	1,329	2,038	2,919	0.80	1.14	1.67	91.8	63.8	43.6	20.5	13.4	9.3	49.7	32.0	29.2
Adobe Systems Inc.	ADBE	NR	USD	40.24	50.25	25%	108%	83%	23,089	3,133	3,577	4,002	1.60	1.85	2.10	25.2	21.8	19.1	6.7	5.9	5.3	15.9	13.1	12.3
Symantec Corporation	SYMC	NR	USD	15.44	22.90	48%	99%	71%	13,391	5,664	6,010	6,599	1.13	1.23	1.38	13.7	12.6	11.2	2.4	2.2	2.0	7.4	6.3	5.3
CA, Inc.	CA	NR	USD	23.31	28.93	24%	109%	82%	12,019	4,130	4,289	4,495	1.03	1.15	1.40	22.6	20.3	16.6	3.1	3.0	2.8	11.5	9.8	9.4
Autodesk Inc.	ADSK	NR	USD	46.72	53.22	14%	127%	91%	10,788	2,154	2,456	2,801	1.91	2.25	2.66	24.5	20.8	17.6	4.6	4.0	3.5	15.2	13.2	11.4
VeriSign Inc.	VRSN	NR	USD	34.86	36.33	4%	153%	83%	7,702	1,494	1,587	1,699	1.01	1.33	1.60	34.4	26.3	21.8	5.3	5.0	4.6	16.5	13.9	12.9
Dassault Systemes SA	ENXTPA:DSY	NR	EUR	37.73	46.49	23%	106%	75%	6,466	1,885	2,057	2,255	2.91	3.27	3.66	19.0	17.0	15.1	3.2	3.0	2.7	11.1	10.0	9.0
Citrix Systems, Inc.	CTXS	NR	USD	36.38	46.67	28%	139%	47%	6,901	1,373	1,617	1,921	1.53	1.62	2.03	23.8	22.5	17.9	4.5	3.8	3.2	15.6	14.1	11.0
BMC Software Inc.	BMC	NR	USD	34.03	38.78	14%	137%	92%	6,663	1.666	1,747	1,822	1.74	1.96	2.17	19.5	17.4	15.7	3.2	3.1	2.9	9.7	9.2	9.7
McAfee Inc.	MFE	NR		32.91	42.29	29%	119%	79%	5,263	1.293	1,424	1,607	1.73	1.88	2.16	19.1	17.5	15.2	3.4	3.1	2.7	11.4	10.5	9.0
BEA Systems Inc.	BEAS	NR	USD	15.13	17.63	16%	144%	80%	6.133	1.523	1,668	1.824	0.67	0.77	0.88	22.6	19.6	17.2	3.2	2.9	2.7	15.0	12.1	11.0
Salesforce.com	CRM	NR	USD	57.76	60.78	5%	162%	88%	6,821	741	1,030	1,364	0.13	0.31	0.62	NMF	NMF	93.7	8.7	6.3	4.7	72.1	44.6	29.7
Business Objects SA	BOBJ	NR	USD	61.45	57.95	-6%	183%	99%	6.029	1.498	1.707	1.882	1.96	2.36	2.69	31.4	26.1	22.8	3.8	3.4	3.0	19.4	16.0	13.6
Cognos Inc.	COGN	NR		57.70	56.70	-2%	163%	100%	4,852	1,051	1,204	1,369	1.95	2.33	2.76	29.6	24.7	20.9	4.2	3.7	3.2	20.5	18.0	14.5
Autonomy Corp. plc	LSE:AU		GBP	9.05	19.85	119%	174%	84%	3,795	340	473	546	0.38	0.56	0.71	46.6	31.6	24.9	11.1	7.9	6.9	32.2	20.4	15.9
Sybase, Inc.	SY	NR	USD.	25.41	31.92	26%	117%	89%	2,279	1.017	1,084	1,189	1.65	1.84	2.14	15.4	13.8	11.9	2.0	1.9	1.7	6.9	6.4	6.0
Ansys, Inc.	ANSS	NR		38.00	42.86	13%	177%	89%	2,975	379	436	501	1.24	1.43	1.67	30.6	26.7	22.8	7.7	6.6	5.8	15.8	14.6	12.7
Parametric Technology Corp.	PMTC	NR		16.93	23.25	37%	108%	78%	1,963	969	1.087	1.188	1.05	1.24	1.43	16.1	13.6	11.8	1.8	1.6	1.4	8.2	5.8	5.4
Tibco Software Inc.	TIBX	NR		7.09	8.69	23%	106%	68%	1,303	566	663	726	0.35	0.44	0.53	20.5	16.0	13.5	2.1	1.8	1.4	10.1	8.0	6.7
Lawson Software, Inc.	LWSN	NR		9.50	13.08	38%	144%	83%	1,693	804	865	927	0.29	0.41	0.61	32.8	23.2	15.7	1.8	1.7	1.6	13.1	10.5	8.5
Autonomy Corp. plc	LSE:AU	NR		9.05	19.85	119%	174%	84%	3,795	340	473	546	0.25	0.41	0.71	46.6	31.6	24.9	11.1	7.9	6.9	32.2	20.4	15.9
Informatica Corp.	INFA	NR		17.17	19.85	7%	146%	84% 94%	1,506	340	473	498	0.38	0.56	0.87	23.7	23.2	24.9	3.3	2.9	2.6	32.2 19.4	15.7	12.9
	MSTR	NR		84.39	108.33	28%	139%	94% 63%	1,506	358	445	496 NA	4.83	5.89	0.87 NA	17.5	23.2 14.3	NMF	3.8	3.4	Z.0 NA	13.3	12.0	12.9 NA
MicroStrategy Inc.	OTEX	NR	USD	28.34		20%		77%		669	710		4.83	2.00		17.5	14.3	12.0		2.3	2.2	9.6		
Open Text Corp. Concur Technologies, Inc.	CNQR		USD	28.34 30.77	35.47 37.15	25% 21%	162% 214%	77%	1,435 1,351	147	212	732 251	0.35	2.00	2.36 0.60	86.8	14.2 64.6	51.0	2.4 8.1	2.3 5.6	4.7	9.6 32.9	8.9 23.0	8.3 NA
		NR				38%	214%	71%		421		251 496												6.7
Epicor Software Corp.	EPIC			11.08	15.33				647		459		0.84	0.97	1.09	13.2	11.5	10.2	1.6	1.4	1.3	8.4	7.2	
Manhattan Associates, Inc.	MANH	NR	USD	24.66	33.63	36%	105%	78%	630	341	373	391	1.33	1.51	1.66	18.6	16.4	14.9	1.6	1.5	1.4	9.5	8.1	NA
MSC Software Corp.	MSCS		USD	12.18	14.00	15%	107%	76%	543	238	255	NA	-0.04	0.24	NA	NMF	50.8	NMF	1.7	1.6	NA	31.5	11.9	NA
JDA Software Group Inc.	JDAS	NR	USD	17.86	27.00	51%	134%	70%	539	366 130,758	381 143,962	399 159,195	1.34	1.49	1.73 Mean	13.3 27.0x	12.0 22.8x	10.3 20.9x	1.7 4.6x	1.6 3.9x	1.5 <b>3.4x</b>	6.9 17.7x	6.5 13.5x	5.9 11.4x
											10.1%	10.6%		N	ledian	21.0x	18.1x	16.0x	3.4x	3.1x	2.9x	13.2x	11.2x	9.8x
			Trdg	Price C	onsensus	Pot.	% of 5	2 week	Mkt. Cap.	Reve	nue (US\$r	nm)	EF	PS (US\$	)		P/E		E,	//Sales		E\	/EBITDA	
GLOBAL WIRELESS EQPT	Ticker	Rating	Curr	7-Jan-08	Target	Return	Low	High	(US\$mm)	CY07E	CY08E	ĆY09E	CY07E	CY08E	CY09E		CY08E		CY07E C	CY08E C		CY07E	CY08E 0	CY09E
Nokia Corp.	HLSE:NOK1V	NR		23.77	28.94	22%	163%	83%	133,759	73,877	81,739	85,516	2.16	2.40	2.50	16.1	14.5	14.0	1.6	1.5	1.4	10.0	8.6	8.0
Motorola Inc.	MOT	NR		14.98	20.76	39%	101%	66%	34,219	36,633	39,624	43,306	0.23	0.69	1.09	64.8	21.6	13.7	0.8	0.8	0.7	23.6	9.0	6.7
Nortel Networks Corp.	NT	NR		13.99	22.56	61%	99%	44%	6,114	11,034	11,530	11,680	0.52	1.23	1.41	27.1	11.4	10.0	0.7	0.7	0.7	11.3	7.4	6.5
Alcatel-Lucent	ALU		EUR	4.61	7.72	67%	100%	39%	15,282	25,777	26,653	27,673	-0.49	0.49	0.86	NMF	13.8	7.8	0.6	0.6	0.6	11.1	6.2	4.9
Tellabs Inc.	TLAB	NR		5.66	8.83	56%	96%	41%	2,486	1,905	1,954	2,017	0.17	0.23	0.27	34.0	24.9	20.7	0.6	0.6	0.6	7.5	6.9	5.2
Juniper Networks, Inc.	JNPR	NR		30.70	36.03	17%	178%	81%	16,013	2,812	3,429	4,144	0.85	1.12	1.44	36.2	27.5	21.3	5.3	4.3	3.6	19.6	15.4	12.5
3Com Corporation	COMS	NR		4.21	3.93	-7%	131%	82%	1,689	1,285	1,349	NA	0.11	0.17	0.25	36.7	24.3	16.5	1.3	1.2	NA	NA	NA	NA
LM Ericsson Telephone Co.	OM:ERIC B	NR	SEK	13.91	21.20	52%	102%	47%	34,596	29,326	30,498	32,199	0.22	0.21	0.24	10.0	10.2	9.0	1.1	1.0	1.0	5.8	6.0	5.3
Research In Motion Ltd.	RIMM	NR	USD	99.83	142.06	42%	250%	73%	56,005	5,039	8,298	11,221	1.84	3.13	4.29	54.2	31.9	23.3	10.8	6.6	4.8	34.8	20.8	16.6
Palm, Inc.	PALM	NR	USD	5.68	6.21	9%	108%	29%	607	1,438	1,338	1,570	0.17	-0.29	0.04	33.9	NMF	NMF	0.0	0.0	0.0	-0.5	-3.2	-0.3
Sierra Wireless Inc.	TSX:SW	NR	CAD	13.20	30.20	129%	97%	45%	411	430	521	571	1.14	1.27	1.39	11.5	10.4	9.5	0.7	0.6	0.5	6.0	5.0	5.2
										160,230	176,437	187,698			Mean	32.5x	19.0x	14.6x	2.4x	1.8x	1.5x	14.4x	9.5x	7.9x
											10.1%	6.4%		N	ledian	34.0x	18.1x	13.8x	0.8x	0.8x	0.7x	10.5x	7.2x	5.9x

Source: Capital IQ, Haywood Estimates







#### 1/8/08

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