

# RESEARCH REPORT

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

Tuesday, January 8, 2008

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

Kristian Bauer (416-507-2786, kbauer@haywood.com)

Rating: SECTOR OUTPERFORM Target Price: (+\$0.25) \$1.50 Return: 42.9%

YTD Performance: 14.13% Risk Profile: SPECULATIVE

Product delivery in Taiwan, China and EMEA will provide positive synergy and momentum to future licensing deals.

### MSI 5608 - The First Soleus™ 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>TM</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/E	NM	NM	NM
EV/SALES	4.6x	4.1x	2.1x
EV/EBITDA	NM	NM	MN
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. Price Market Cap. (\$M): \$1.05 \$126 ICS-T 122.2 Rating: Sector Outperform Target: \$1.50 Shares O/S (M)

Alpha: Product delivery in Taiwan, China and EMEA will provide positive synergy and momentum to future licensing deals.

phones and converged devices

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.

Catalysts - Continued design wins, two have been announced so far, should drive royalty revs.

Risks - Handset mftrs and OEMs decide not to go with Windows CE platform; slow shipments delay royalty stream.

Recent Financings: Equity Offering May 2007 - 33.3M @ \$0.60 Past Equity Offering March 2006 - 24.2M @ \$0.90

Financial Forecasts		A		Qua	rterly					
FY-end Aug-31	2006A	2007A	2008E	2009E	2010E	Q3/2007A	Q4/2007A	Q1/2008E 0	22/2008E	Q3/2008E
Revenues (\$mlns)	18.7	19.7	27.0	52.1	64.9	5.1	4.5	4.8	6.1	6.3
Rev. Growth %		6%	37%	93%	24%		-11%	6%	27%	3%
Consensus Revenue Est. (\$mlns)	0.0	19.5	25.3	47.5	64.8	5.1	4.3	4.6	5.3	5.9
3 months ago.	-	20	25	46	54	5	4	5	5	6
EBITDA (\$mins)	-13.7	-15.1	-10.8	-2.5	8.0	-3.6	-3.8	-2.7	-3.2	-3.3
EBITDA Growth %		11%	-28%	-77%	-426%		5%	-29%	20%	3%
Consensus EBITDA Est. (\$mlns)	0.0	-14.2	-12.6	-5.9	8.0	-3.7	-4.0	0.0	0.0	0.0
3 months ago.	-	(14.7)	(15.3)	(8.9)	3.7	(3.7)	(4.5)	(3.9)	(3.9)	(3.7)
EPS (FD) (\$)	-0.24	-0.18	-0.09	-0.03	0.06	-0.05	-0.03	(0.02)	(0.03)	(0.03)
EPS Growth %		-26%	-48%	-70%	-307%		-31%	-33%	19%	2%
Consensus EPS Est. (\$)	-	(0.17)	(0.12)	(0.03)	0.06	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
3 months ago.	-	(0.18)	(0.12)	(0.03)	0.02	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
CFPS (FD) (\$)	-	-	-0.09	0.00	0.07	-0.03	-0.03	(0.02)	(0.03)	(0.03)
CFPS Growth %		nmf	nmf	-103%	2834%		-7%	-24%	28%	7%
Consensus CFPS Est. (\$)	-	-	-	-	-	-	-	-	-	-
3 months ago.	-	-	-	-	-	-	-	-	-	-

\*All consensus numbers are from Capital IQ

Valuation Metrics	2006	2007	2008	2009
EV/EBITDA - Current	NM	NM	NM	NM
Est. EV/EBITDA - Target			NM	NM
EV/SALES - Current	2.5x	1.9x	4.1x	2.1x
Est. EV/SALES - Target			6.2x	3.2x
Current, 1-Year, 2-Year				
DCF Target		\$1.45	\$1.42	\$1.62

Analyst Ratings: Capital IQ		Potential Upside
Average Target	\$1.28	21%
Median Target	\$1.20	14%
Sector Outperform	4	
Sector Perform	0	
Sector Underperform	0	
# of Analysts	4	

Comparables	Stock Pric	е	Pot.		EV/Sales		EBITDA	Margin	P/	Ε	EV/E	BITDA
	Today	Target	Return	Return 2007 2008 2009		2009	2007	2008	2007	2008	2007	2008
Intrinsyc Software International Inc.	1.05	1.50	43%	1.9x	4.1x	2.1x	-56%	-40%	NM	NM	NM	NM
Research In Motion Ltd.	99.83	142.06	42%	6.8x	5.0x	4.4x	32%	29%	33.0x	24.1x	21.5x	17.2x
LM Ericsson Telephone Co.	13.91	21.20	56%	1.1x	1.1x	1.0x	19%	17%	10.2x	10.4x	5.9x	6.2x
Enghouse Systems Ltd.	7.25	8.33	16%	1.5x	1.4x	0.0x	26%	25%	27.7x	22.3x	5.8x	5.7x
Immersive Media Corp.	1.60	3.17	98%	0.0x	0.0x	0.0x	-10%	11%	0.0x	0.0x	0.0x	0.0x
Digital Dispatch Systems Inc.	2.89	2.50	-13%	1.3x	0.8x	0.0x	0%	2%	18.7x	280.0x	0.0x	37.1x
AirIQ Inc.	0.09	0.17	86%	0.5x	0.6x	0.0x	-14%	-1%	NM	NM	NM	NM
Palm, Inc.	5.68	6.21	9%	0.7x	0.6x	0.6x	0%	4%	NM	137.2x	153.2x	13.9x
Average		2.0x	1.6x	2.0x	8%	13%	22.4x	94.8x	46.6x	16.0x		

\*All consensus numbers are from Capital IQ

Historical Valuation Parameters	EV/EI	BITDA	P/0	CF	EBITDA	Growth	EPS 0	rowth	Sales 0	rowth	Returns %		
3-Yr Avg.	NTM	TTM	2007	2008	2007	2008	2007	2008	2007	2008	Last 3mtl	YTD	
Intrinsyc Software International Inc.	-3.9x	-8.0x	NM	NM	-28%	-77%	48%	70%	37%	93%	69%	48%	
Research In Motion Ltd.	19.4x	28.0x	28.5x	20.7x	87%	67%	134%	68%	90%	64%	-14%	43%	
LM Ericsson Telephone Co.	8.7x	9.9x	8.0x	8.6x	-5%	2%	8%	-15%	17%	5%	-47%	-50%	
Enghouse Systems Ltd.	7.2x	7.1x	NM	NM	35%	-20%	31%	-28%	11%	-6%	-6%	-8%	
Immersive Media Corp.	-23.6x	-14.0x	-21.3x	NM	-8%	59%	14%	48%	NM	NM	-20%	-63%	
Digital Dispatch Systems Inc.	8.3x	-4.2x	-57.8x	41.3x	-39%	-100%	15%	-21%	-13%	-7%	-8%	23%	
AirIQ Inc.	-22.1x	-10.7x	-3.0x	9.0x	57%	-113%	52%	33%	1%	-34%	-51%	-14%	
Palm, Inc.	8.6x	11.1x	151.3x	NM	-74%	-80%	-81%	-279%	-1%	-12%	-64%	-66%	
Average	10.4x	14.0x	62.6x	19.9x	8%	6%	25%	14%	17%	2%	-30%	-19%	
			•						*All conce	arra arrash	ara ara fram	Capital IC	

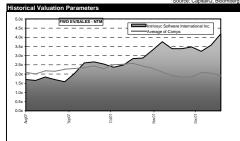
		Intrinsyc Software (FY Aug)			
Discounted Cash Flow Analysis	2007		2009	2010	2011
Revenue (\$)	6,530,652	26,987,392	52,100,239	64,851,597	73,410,914
Revenue growth	-3%	37%	93%	24%	13%
EBITDA (\$)	(3,657,165)	(10,818,674)	(2,454,040)	8,002,968	11,205,585
EBITDA Margin	-56%	-40%	-5%	12%	15%
Amortization (\$)	271,139	640,469	548,118	636,595	692,615
EBIT (\$)	(3,928,304)	(11,459,142)	(3,002,159)	7,366,373	10,512,970
NOPAT [ EBIT * (1 - effective tax rate) ]	(3,928,304)	(11,459,142)	(3,002,159)	7,366,373	10,512,970
Plus Amortization (\$)	271,139	640,469	548,118	636,595	692,615
Less Capital Expenditures (\$)	(130,613)	(539,748)	(833,604)	(778,219)	(880,931)
Capital Intensity	0	0	0	0	0
Net Working Capital Changes	54,084	(779,095)	2,537,105	379,048	(98,938)
Terminal Value		206,348,642	206,348,642	206,348,642	
Equity Value		172,945,131	197,595,055	215,015,895	
DCF Value		1.42	1.62	1.80	

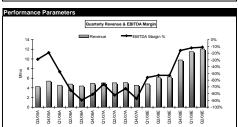
urce: Haywood Securities Inc., Company Reports, Target, Return and Forecasts are Consensus Based Using Capital IQ.

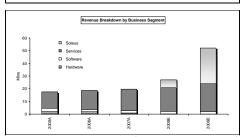
Source: Haywood Securities



Key Statistics		
	1.05 \$1.50	42.9%
52wk Hi / Lo	\$1.05	\$0.39
Shares O/S (mlns)		
Basic / F.D.	119.6	122.2
Float		118.8
Dividend Yield		0.0%
Short Interest / as % of Float	0.0	0.0%
Daily Volume (3-Mth. Avg. mlns)		0.39
Market Cap. / Enterprise Value (	mlns) 125.6	#VALUE!
Cash / Debt (mlns)	19.6	0.0
Net Cash / Share		\$0.21
Tang. Book Value / Share		\$0.17
Company CEO / Website G	ilenda M. Dorchak	www.intrinsyc.com
Gruber & McBaine Cap.		4.2%
<ol><li>IG Investment Management L</li></ol>	td	3.4%
<ol><li>Sprott Asset Management</li></ol>		3.2%
Ownership:		
Management Control (Proxy)	1.7 M	1.4%
		*Source: CapitallO Bloombore







Ralph Garcea, MBA, P.ENG (416-507-2609, rgarcea@haywood.com) Kristian Bauer (kbauer@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>TM</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 C	consensus	Pot.	% of 52	2 week	Mkt. Cap.	Rever	nue (US\$m	m)	EF	S (US\$)			P/E		E'	V/Sales		E۷	/EBITD/	A
Small Cap - Software/Services	Ticker	Rating Curr	7-Jan-08	Target	Return	Low	High	(US\$mm)	CY07E	CY08E	CY09E	CY07E	CY08E	CY09E	CY07E	CY08E	CY09E	CY07E C	CY08E C	Y09E	CY07E	CY08E (	CY09E
Absolute Software Corp.	TSX:ABT	NR 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 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 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 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 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 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 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 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 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 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 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 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 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 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 CAD	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 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 Global Software Comps**

			Trdg		Consensus	Pot.	% of 5		Mkt. Cap.		enue (US\$r			PS (US\$			P/E			V/Sales			//EBITD/	
GLOBAL SOFTWARE	Ticker	Rating		7-Jan-08	Target	Return	Low	High	(US\$mm)	CY07E	CY08E	CY09E							CY07E					
Microsoft Corporation	MSFT	NR		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		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		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.	вмс	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	USD	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		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		USD	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	NR	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		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	USD	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	USD	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	USD	7.09	8.69	23%	106%	68%	1,351	566	663	726	0.35	0.44	0.53	20.5	16.0	13.5	2.1	1.8	1.6	10.1	8.0	6.7
Lawson Software, Inc.	LWSN	NR	USD	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	0.38	0.56	0.71	46.6	31.6	24.9	11.1	7.9	6.9	32.2	20.4	15.9
Informatica Corp.	INFA	NR	USD	17.17	18.39	7%	146%	94%	1,506	386	445	498	0.72	0.74	0.87	23.7	23.2	19.8	3.3	2.9	2.6	19.4	15.7	12.9
MicroStrategy Inc.	MSTR	NR	USD	84.39	108.33	28%	139%	63%	1,421	358	400	NA	4.83	5.89	NA	17.5	14.3	NMF	3.8	3.4	NA	13.3	12.0	NA
Open Text Corp.	OTEX	NR		28.34	35.47	25%	162%	77%	1,435	669	710	732	1.77	2.00	2.36	16.0	14.2	12.0	2.4	2.3	2.2	9.6	8.9	8.3
Concur Technologies, Inc.	CNOR	NR		30.77	37.15	21%	214%	77%	1,351	147	212	251	0.35	0.48	0.60	86.8	64.6	51.0	8.1	5.6	4.7	32.9	23.0	NA
Epicor Software Corp.	EPIC	NR		11.08	15.33	38%	106%	71%	647	421	459	496	0.84	0.97	1.09	13.2	11.5	10.2	1.6	1.4	1.3	8.4	7.2	6.7
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	NR	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	381	399	1.34	1.49	1.73	13.3	12.0	10.3	1.7	1.6	1.5	6.9	6.5	5.9
						0.70				130.758	143.962	159,195			Mean	27.0x	22.8x	20.9x	4.6x	3.9x	3.4x	17.7x	13.5x	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
GLOBAL WIRELESS EQPT	Ticker	Rating	Trdg Curr	Price 7-Jan-08	Consensus Target	Pot. Return	% of 5 Low	2 week High	Mkt. Cap. (US\$mm)	Reve CY07E	enue (US\$r CY08E	nm) CY09E		S (US\$		CY07E	P/E	CYNGE	CY07E	V/Sales	CYNGE		//EBITD/	
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	USD	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	0.8	0.8	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	0.7	0.7	0.7	11.3	6.2	4.9
Tellabs Inc.	TLAB	NR	USD	5.66	8.83	56%	96%	41%	2,486	1.905	1,954	2,017	0.17	0.49	0.00	34.0	24.9	20.7	0.6	0.6	0.6	7.5	6.9	5.2
			USD	30.70	36.03	17%	178%	81%	,	2.812			0.17	1.12			27.5	20.7				19.6	15.4	12.5
Juniper Networks, Inc.	JNPR COMS	NR NR	USD	30.70 4.21	36.03	17% -7%	178%	81% 82%	16,013	1,285	3,429 1,349	4,144 NA	0.85		1.44	36.2 36.7	27.5	16.5	5.3	4.3	3.6 NA	19.6 NA	15.4 NA	12.5 NA
3Com Corporation		NR NR						82% 47%	1,689					0.17	0.25		10.2		1.3	1.2				
LM Ericsson Telephone Co.	OM:ERIC B		SEK USD	13.91	21.20	52%	102% 250%		34,596	29,326	30,498	32,199	0.22	0.21	0.24 4.29	10.0		9.0	1.1	1.0	1.0	5.8	6.0	5.3
Research In Motion Ltd.	RIMM	NR		99.83	142.06	42%		73%	56,005	5,039	8,298	11,221	1.84	3.13		54.2	31.9	23.3	10.8	6.6	4.8	34.8	20.8	16.6
Palm, Inc.	PALM			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

Source: Capital IQ, Haywood Estimates





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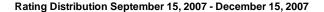
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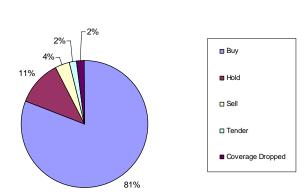


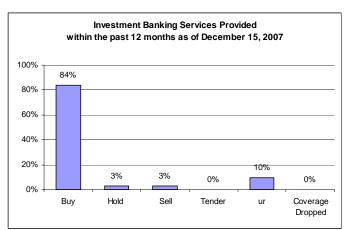


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