

## Intrinsyc Software Inc. (CDNX - ICS \$4.70)

**STRONG BUY**

**Target \$9.15**

**Intrinsyc Attracts Yet Another "A-List" Revenue-Generating Customer**

52 Wk Rng	S/O (mm)	Mkt/Cap (mm)	Rev 2000E (mm)	Rev 2001E (mm)	Rev 2002E (mm)	P/Rev 2001E	P/Rev 2002E
\$0.80 - \$9.70	38.57	\$181	\$3.09	\$10.08	\$17.08	18x	10x

- This morning Intrinsyc and **Williams Company** (WMB - NYSE) issued a joint press release announcing a new customer engagement for Intrinsyc. Intrinsyc has been hired to provide networking solutions for a subsidiary of Williams Co., called **TouchStar**. TouchStar is a provider of hardware and software products for mobile computing applications, specifically for fuel, aviation, route accounting and field services industries. Under the terms of the agreement, Intrinsyc's embedded technologies will assist in the development of TouchStar's next generation of mobile computing platforms.
- This engagement should involve revenues in the following forms: engineering/consulting services, maintenance/support services, and run-time licensing. The latter two revenue streams are most attractive because of their recurring nature and their higher associated margins. We expect revenues from this TouchStar collaboration to be felt immediately and throughout the remainder of fiscal 2001. Williams Co., the parent of TouchStar, reported 1999 revenue in excess of US\$8 billion, and has a market cap of \$18 billion. This initial engagement with TouchStar gives Intrinsyc a nice "foot-in-the-door" to Williams and its various subsidiaries.
- This announcement represents the latest in a string of A-list corporations that Intrinsyc has attracted as a customer. In August of this year, both **Siemens AG**, and **The Ford Motor Company** engaged Intrinsyc to assist in solving their respective networking challenges. **Each of these deals, in our view, speaks to the ability of Intrinsyc's management team in closing deals with large players, and lends a great deal of credibility to the company's technology.** Through having customers such as Ford, Siemens, and Williams Co., we expect that other large corporations will sit up and take notice of Intrinsyc when it comes time to choose a technology partner. In light of these impressive customer engagements we estimate that Intrinsyc is right on track to meet our revenue forecasts of \$10 million for fiscal 2001. **We remain optimistic about Intrinsyc's progress and continue to rate its stock as a STRONG BUY.** The company is tentatively scheduled to release their year end results during the last week of October.
- Full report to follow.

Loewen, Ondaatje, McCutcheon Limited has acted in an underwriting and/or financial advisory capacity for Intrinsyc Software Inc. within the past twelve months.



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