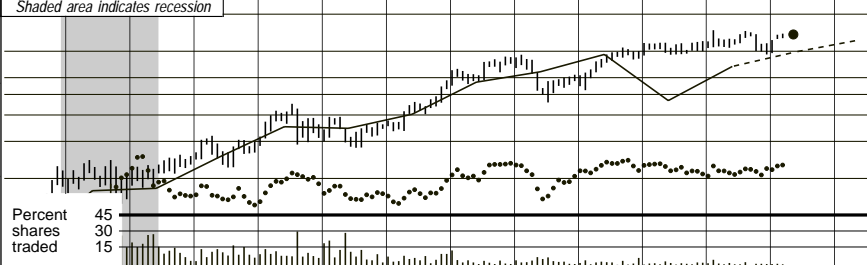


TIMELINESS 1 Raised 3/22/19	High: 9.8 10.4 12.7 18.1 15.7 23.3 30.2 30.9 33.4 35.8 40.3 38.8	Target Price Range 2022 2023 2024
SAFETY 3 New 2/1/02	Low: 5.5 7.2 9.0 11.4 11.2 13.4 22.0 18.3 21.0 30.6 31.0 31.4	
TECHNICAL 3 Lowered 4/12/19	LEGENDS 22.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 2/14 2-for-1 split 1/17 Options: Yes Shaded area indicates recession	
BETA .85 (1.00 = Market)		
2022-24 PROJECTIONS		
Ann'l Total		
Price Gain Return		
High 65 (+70%) 16%		
Low 45 (+15%) 6%		
Insider Decisions		
J J A S O N D J F		
to Buy 0 0 0 0 0 0 0 0 0 0 0 0		
Options 0 0 0 0 0 0 0 0 0 0 0 0		
to Sell 0 0 0 0 0 0 0 0 0 0 0 0		
Institutional Decisions		
2Q2018 3Q2018 4Q2018		
to Buy 124 144 133	Percent 45	
to Sell 106 114 125	shares 30	
Hld's(000) 188211 181647 182864	traded 15	



Open Text was founded in 1991 at the University of Waterloo as part of a project to index and update the Oxford English Dictionary for online use. In 1995, the company shifted its focus from search engines to intranet-based collaboration tools. Open Text went public on January 23, 1996, selling 9.2 million shares at \$7.50 each (adjusted for split) through Montgomery Securities.	2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020	© VALUE LINE PUB. LLC 22-24
	3.73 4.01 4.55 5.17 5.77 6.67 7.57 7.55 8.71 10.55 10.75 11.10	Revenues per sh ^A 13.75
	.33 .46 .64 .63 .73 1.04 1.17 1.41 .85 1.23 1.45 1.65	"Cash Flow" per sh 2.55
	.27 .38 .53 .53 .63 .91 .96 1.17 .62 .91 1.15 1.30	Earnings per sh ^{AB} 2.20
	-.08 .31 .36 .42 .48 .55 .62 .70	Div'ds Decl'd per sh ^E .96
	.06 .09 .16 .11 .10 .17 .32 .29 .30 .39 .35 .35	Cap'l Spending per sh .35
	3.26 3.90 4.57 5.05 5.66 6.74 7.48 8.19 13.43 13.92 14.20 14.70	Book Value per sh ^C 15.55
	210.87 227.30 227.30 233.44 236.12 243.52 244.59 241.54 262.96 266.96 268.00 267.00	Common Shs Outst ^d 265.00
	29.7 26.9 24.1 26.2 22.7 23.8 28.2 20.9 NMF 37.2	Avg Ann'l P/E Ratio 25.0
	1.98 1.71 1.51 1.67 1.28 1.25 1.42 1.10 NMF 1.99	Relative P/E Ratio 1.40
	-.08 .31 .36 .42 .48 .55 .62 .70	Avg Ann'l Div'd Yield 1.7%
	785.7 912.0 1033.3 1207.5 1363.3 1624.7 1851.9 1824.2 2291.1 2815.2 2880 2965	Revenues (\$mill) ^A 3650
	13.9% 13.7% 16.7% 14.2% 16.3% 20.7% 28.1% 31.3% 27.6% 28.6% 24.0% 24.5%	Operating Margin 26.0%
	12.0 17.4 22.1 21.6 24.5 35.2 50.9 54.9 64.3 86.9 85.0 87.5	Depreciation (\$mill) 95.0
	56.9 87.6 123.2 125.2 148.5 218.1 234.3 284.5 159.3 242.2 310 345	Net Profit (\$mill) 580
	29.4% 1.5% 7.1% 8.9% 16.7% 21.1% 11.9% 2.2% 36.1% 37.2% 25.0% 23.0%	Income Tax Rate 23.0%
	7.2% 9.6% 11.9% 10.4% 10.9% 13.4% 12.7% 15.6% 7.0% 8.6% 10.7% 11.7%	Net Profit Margin 15.9%
	116.2 116.7 99.8 312.8 189.2 155.8 475.0 1001.3 d123.5 333.0 700 850	Working Cap'l (\$mill) 1250
	299.2 285.0 282.0 555.0 513.8 1256.8 1580.0 2138.0 2387.1 2610.5 2550 2400	Long-Term Debt (\$mill) 2350
	686.5 886.2 1039.4 1179.4 1337.2 1642.2 1829.3 1978.7 3532.4 3716.2 3800 3925	Shr. Equity (\$mill) ^C 4125
	6.5% 7.9% 9.7% 7.6% 8.4% 8.0% 7.7% 7.8% 3.7% 4.9% 6.0% 6.5%	Return on Total Cap'l 10.0%
	8.3% 9.9% 11.9% 10.6% 11.1% 13.3% 12.8% 14.4% 4.5% 6.5% 8.0% 9.0%	Return on Shr. Equity 14.0%
	8.3% 9.9% 11.9% 10.6% 9.8% 8.7% 8.0% 9.4% 1.1% 2.6% 3.5% 4.0%	Retained to Com Eq 8.0%
	-- -- -- -- -- 12% 34% 37% 35% 76% 60% 54% 54%	All Div'ds to Net Prof 44%

CAPITAL STRUCTURE as of 12/31/18	
Total Debt \$2617.7 mill. Due in 5 Yrs. \$950.0 mill.	
LT Debt \$2607.7 mill. LT Interest \$130.0 mill. (41% of Cap'l)	
Leases, Uncapitalized Annual rentals \$72.0 mill.	
Pension Assets-6/18 Nil	Oblig. \$61.9 mill.
Common Stock 267,752,767 shs.	

MARKET CAP: \$10.3 billion (Large Cap)	
CURRENT POSITION	2017 2018 12/31/18
(\$MILL.)	
Cash Assets	443.4 682.9 595.1
Receivables	445.8 488.0 482.3
Other	114.3 156.7 135.1
Current Assets	1003.5 1327.6 1212.5
Accts Payable	342.1 302.2 282.9
Debt Due	182.8 10.0 10.0
Other	602.1 682.4 618.6
Current Liab.	1127.0 994.6 911.5

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 of change (per sh)
Revenues	12.0%	11.5%	6.5%
"Cash Flow"	18.0%	12.0%	14.0%
Earnings	19.0%	10.0%	16.0%
Dividends	--	--	12.0%
Book Value	16.0%	18.5%	4.5%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	2016	2017	2018	2019	2020
	434.5	465.4	440.5	483.8	1824.2
	491.7	542.7	593.1	663.6	2291.1
	640.7	734.4	685.9	754.2	2815.2
	667.2	735.2	715	762.6	2880
	690	760	735	780	2965

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	2016	2017	2018	2019	2020
	.17	.36	.29	.35	1.17
	.19	.18	.08	.17	.62
	.14	.32	.22	.23	.91
	.13	.39	.28	.35	1.15
	.15	.40	.33	.42	1.30

Calendar	QUARTERLY DIVIDENDS PAID ^E				Full Year
	2015	2016	2017	2018	2019
	.087	.10	.10	.10	.39
	.10	.115	.115	.115	.45
	.115	.132	.132	.132	.51
	.132	.152	.152	.152	.59
	.152				

Open Text's growth strategy is clear. Management has painted a fairly transparent picture of how it intends to operate long term. The majority of its growth is likely to come from value-adding, bolt-on acquisitions, particularly in the cloud arena. However, it is probable that some organic expansion is apt to supplement the company's purchase-based approach. Specifically, the \$310 million acquisition of business-to-business cloud provider Liaison Technologies has been finalized. Moreover, Open Text announced that it has completed the purchase of Catalyst Repository Systems, a provider of eDiscovery solutions to the legal industry, in an all-cash deal valued at \$75 million. Going forward, there is likely to be several more chapters in Open Text's acquisition story.

Fiscal 2019 looks to be on the right track. December-period revenues of \$735 million were about flat, year over year, while earnings of \$0.39 a share came in slightly better than we had anticipated. For the full year, we are shaving \$5 million and adding a nickel to our revenue and earnings estimates, to \$2.88 billion

Modest top- and bottom-line growth ought to continue in fiscal 2020. Gains should be driven largely by further customer additions and increasing product demand, most notably in the financial, services, and technology sectors. As mentioned, acquisitions will probably play a leading role. Operating margins, however, might be slow to recover, given the constant need for integration. All told, we look for fiscal 2020 revenues to approach the \$3.0 billion mark, with earnings expected to clock in at \$1.30 a share.

Open Text's Cloud Services and Subscriptions segment offers the greatest upside three to five years out. These operating avenues are considered recurring sources and, thus, provide a more predictable annual revenue stream than licensing services. What's more, generally speaking, we are fans of the cloud-based information technology space.

This issue garners the Highest mark (1) on our Timeliness ranking scale. Investors with a holding period of less than a year are best suited here.

Company's Financial Strength	B++
Stock's Price Stability	70
Price Growth Persistence	90
Earnings Predictability	50