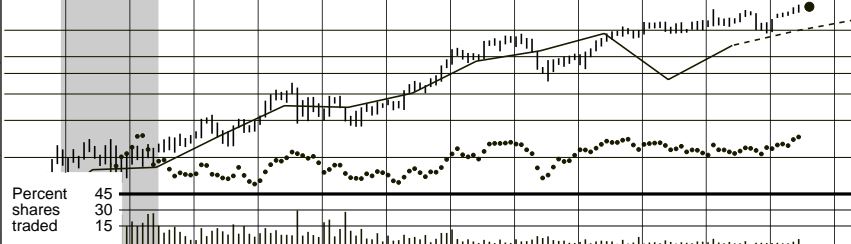


OPEN TEXT CORP. NDQ-OTEX

RECENT PRICE **41.36** P/E RATIO **35.1** (Trailing: 40.5 Median: 26.0) RELATIVE P/E RATIO **2.05** DIV'D YLD **1.7%** VALUE LINE

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 42.3	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	120
TECHNICAL 2 Raised 6/21/19	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	100
BETA 90 (1.00 = Market)		80
2022-24 PROJECTIONS		64
Ann'l Total		48
Price Gain		32
High 65 (+55%) 14%		24
Low 45 (+10%) 5%		20
Insider Decisions		16
S O N D J F M A M		12
to Buy 0 0 0 0 0 0 0 0 0 0 0 0		8
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		
3Q2018 4Q2018 1Q2019	Percent 45	
to Buy 144 133 142	shares 30	
to Sell 114 125 119	traded 15	
Hld's(000) 181647 182864 181864		



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
Revenues per sh ^A	3.73	4.01	4.55	5.17	5.77	6.67	7.57	7.55	8.71	10.55	10.75	11.10	13.75
"Cash Flow" per sh	.33	.46	.64	.63	.73	1.04	1.17	1.41	.85	1.23	1.45	1.65	2.55
Earnings per sh ^{AB}	.27	.38	.53	.53	.63	.91	.96	1.17	.62	.91	1.15	1.30	2.20
Div'ds Decl'd per sh ^E	--	--	--	--	.08	.31	.36	.42	.48	.55	.68	.76	1.05
Cap'l Spending per sh	.06	.09	.16	.11	.10	.17	.32	.29	.30	.39	.35	.35	.35
Book Value per sh ^C	3.26	3.90	4.57	5.05	5.66	6.74	7.48	8.19	13.43	13.92	14.20	14.70	15.55
Common Shs Outst'g ^D	210.87	227.30	227.30	233.44	236.12	243.52	244.59	241.54	262.96	266.96	268.00	267.00	265.00
Avg Ann'l P/E Ratio	29.7	26.9	24.1	26.2	22.7	23.8	28.2	20.9	NMF	37.2	25.0	23.0	25.0
Relative P/E Ratio	1.98	1.71	1.51	1.67	1.28	1.25	1.42	1.10	NMF	1.99	1.5%	1.6%	1.40
Avg Ann'l Div'd Yield	--	--	--	--	.5%	1.4%	1.3%	1.7%	1.5%	1.6%	5.9%	5.8%	1.9%

CAPITAL STRUCTURE as of 3/31/19
Total Debt \$2616.3 mill. Due in 5 Yrs. \$950.0 mill.
LT Debt \$2606.3 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 268,467,481 shs.

MARKET CAP: \$11.1 billion (Large Cap)

CURRENT POSITION (\$MILL.)	2017	2018	3/31/19
Cash Assets	443.4	682.9	765.2
Receivables	445.8	488.0	478.3
Other	114.3	156.7	154.8
Current Assets	1003.5	1327.6	1398.3
Accts Payable	342.1	302.2	295.7
Debt Due	182.8	10.0	10.0
Other	602.1	682.4	709.4
Current Liab.	1127.0	994.6	1015.1

ANNUAL RATES of change (per sh)	10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
Revenues	12.0%	11.5%	7.5%
"Cash Flow"	18.0%	12.0%	14.0%
Earnings	19.0%	10.0%	16.0%
Dividends	--	--	14.0%
Book Value	16.0%	18.5%	4.5%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Sep.30	Dec. 31	Mar. 31	Jun. 30	
2016	434.5	465.4	440.5	483.8	1824.2
2017	491.7	542.7	593.1	663.6	2291.1
2018	640.7	734.4	685.9	754.2	2815.2
2019	667.2	735.2	719.1	763.5	2885
2020	690	760	735	780	2965

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	Sep.30	Dec. 31	Mar. 31	Jun. 30	
2016	.17	.36	.29	.35	1.17
2017	.19	.18	.08	.17	.62
2018	.14	.32	.22	.23	.91
2019	.13	.39	.27	.36	1.15
2020	.15	.40	.33	.42	1.30

Calendar	QUARTERLY DIVIDENDS PAID ^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	.087	.10	.10	.10	.39
2016	.10	.115	.115	.115	.45
2017	.115	.132	.132	.132	.51
2018	.132	.152	.152	.152	.59
2019	.152	.175			

BUSINESS: Open Text Corporation develops, markets, licenses, and supports collaboration and enterprise information management software that stores, finds, and distributes information across intranets, extranets, and the Internet. '18 revs. by segment: licenses, 16%; customer support, 44%; cloud services, 29%; professional services, 11%. R&D: 11% of '18 revs. Acquired Global 360, 7/11;

Shares of Open Text continue to appreciate. In recent trading sessions, the stock etched an all-time high price just shy of \$42 per share. The advance was probably supported by solid financials and renewed broader market indices strength. Based on our Timeliness Ranking System, OTEX stock may still have some room to run near term, as the issue garners our top mark (1) for relative year-ahead price performance.

Fiscal 2019 probably ended on a good note. For the recently concluded fourth quarter (year ended June 30th), we think the company registered revenues of \$764 million (about 12% better than the previous-year figure) and earnings of \$0.36 a share (up 57% year over year).

Long-term business prospects are bright. Demand for products that address complex informational distribution and storage needs is on the rise. In particular, cloud-based subscriptions and products are growing in popularity, evidenced by the company's ballooning cloud segment. This augurs well for sustainable, yet modest, annual top-line growth, as these offerings are recurring revenue sources. On balance,

we think Open Text is well on its way to achieving \$4.0 billion in annual revenues by early next decade. **The company's elevated cash balance suggests bolt-on acquisitions may be in the cards sooner rather than later.** At the end of the March period, liquid assets exceeded \$700 million, the highest level in several years. Indeed, top brass has made it known that OTEX's growth strategy is heavily reliant on bringing small-scale enterprise information management providers into the fold, similar to its recent purchases of Catalyst Repository Systems and Liaison Technologies. **The quarterly dividend payout was raised 15%, to \$0.175 a share.** Though the current yield trails the Value Line median by about 30-40 basis points, the investment community can certainly appreciate Open Text's commitment to returning capital to shareholders. Moreover, additional hikes are likely on tap in the coming years. **We should note, however, that the equity probably won't appeal to the buy-and-hold variety, at this juncture.**

EasyLink Services, 7/12; GSX Group, 1/14. Has about 12,200 employees. Officers & directors own 3.0% of common stock ('18 10K). Chairman: P. Thomas Jenkins. Chief Executive Officer: Mark Barnechea. Incorporated: Ontario, Canada. Address: 275 Frank Tompa Drive, Waterloo, Ontario, Canada N2L 0A1. Telephone: 519-888-7111. Internet: www.opentext.com.

Nicholas P. Patrikis July 12, 2019

(A) Fiscal year ends June 30th. All amounts reported in U.S. dollars. (B) Diluted earnings. Excl. nonrecurring gains/(losses): '16, \$3.42. Egs. may not sum due to rounding. Next egs. report early August. (C) Includes intangibles in 2018: \$4876.7 mill., \$18.27/share. (D) In millions, adjusted for splits. (E) Dividend payment initiated June, 2013. Quarterly payments will likely be made in late March, June, Sept., Dec.	Company's Financial Strength	B++
	Stock's Price Stability	70
	Price Growth Persistence	90
	Earnings Predictability	50

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