

Buy Orad Hi-Tec Systems

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At the end of September last year, experts would present the shares of Israeli company Orad Hi-Tec Systems to investors at a price of 2.10 Euros each. Since then the shares have succeeded in increasing markedly to a current 2.50 Euros.

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Munich (aktiencheck.de AG) –"Der Börsendienst's" Experts Give the Orad Hi-Tec Systems Share (ISIN IL0010838071/ WKN 928634) an Unchanged "Buy"Rating.

Last week the company reported very encouraging numbers for the first quarter, which fully confirm expert expectations half a year ago of a switch in trend. For example, turnover rose 25% to 7.0 million US dollars, with a net profit of 0.8 million USD. This corresponds to a per-share yield of 7 US cents. It was also announced that liquid assets had now risen to 18.2 million USD. In light of various major contracts during the first quarter, the Management Board remains optimistic for further business performance in 2010.

If, half a year ago, experts pointed out to share investors the possibilities of an exchange rate development detrimental to the share, this effect has naturally swung around due to the Euro decline, and should actually act as a positive lever for the share. If one looks merely at the liquid assets of 18.2 million USD, then, converted at the current exchange rate, these would amount to about 15 million Euros, compared to 12 million at the earlier rate. Corrected, this effect naturally also impacts on sales and earnings. Therefore, on the assumption that the present currency trend continues, the effect will give the share an extra boost.

By deducting the liquid assets of 15 million Euros from the current market cap of 28 million, one arrives at an enterprise value of 13 million Euros. In the troubled past year, the company generated an emergency profit of 2.2 million USD from Israel, currently corresponding to about 1.8 million Euros.

Since the experts probably expect a clear hike in the numbers this year, they are likely to calculate a profit of 3.5 million USD (currently about 2.8 million Euros). This would yield P/E ratio (adjusted for liquid assets) of 5, doing the company situation an injustice in all respects.

Quite apart from this, as a bonbon and proof of the good business development, Orad approved a retroactive dividend of (provisionally) 17 US cents for 2008 and 2009. Converted into Euros, this will result in all shareholders who had Orad Hi-Tec Systems shares in their securities depot on 31 May receiving a payment of about 14 current Euro cents per share. (According to company sources, this includes an additional 20% withholding tax still to be deducted). In future too, the company plans to distribute about a third of profits to its shareholders.

In light of the extremely positive operative business trends "Der Börsendienst's " experts are hiking their present target price from 3.30 Euros to 3.60 Euros, and continue to recommend purchasing Orad Hi-Tec Systems shares. (Edition11, 26.05.2010) (26.05.2010/ac/a/a)

Disclosure of possible conflicts of interest: One may view possible conflicts of interest on the site of the compiler/ source of the analysis:

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