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# Oneview Healthcare (ONE)

FY24 Result - Increase Valuation to \$0.45 / sh.

**Recommendation**

**Buy** (unchanged)

**Price**

**\$0.345**

**Valuation**

**\$0.45** (previously \$0.40)

**Risk**

**Speculative**

**Sector**

**Healthcare Equipment and Services**

**Expected Return**

Capital growth	<b>29.3%</b>
Dividend yield	<b>0.0%</b>
Total expected return	<b>29.3%</b>

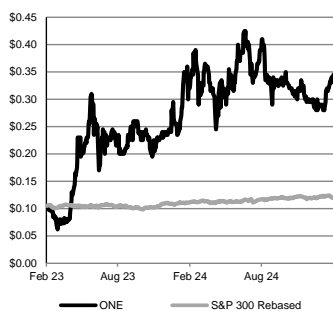
**Company Data & Ratios**

Enterprise value	<b>\$237m</b>
Market cap	<b>\$262m</b>
Issued capital	<b>758.4m</b>
Free float	<b>60%</b>
Avg. daily val. (52wk)	<b>\$0.120m</b>
12 month price range	<b>\$0.24 - \$0.43</b>

**Price Performance**

	(1m)	(3m)	(12m)
Price (A\$)	0.3	0.3	0.3
Absolute (%)	19.0	9.5	15.0
Rel market (%)	20.6	10.5	6.9

**Absolute Price**



SOURCE: IRESS

**Revenue In Line, Bed Conversion Beat**

ONE reported revenue of €9.9m, in line with BPe and up c.5.3% yoy. Recurring revenue, which comprises c.73% of the total, increased c.8.7% yoy but was below BPe at c.€8.1m. Gross margins were lower than expected at c.67.4% v c.73% BPe and c.65.4% pcp. This was due to a higher mix of lower margin non-recurring revenue, driven by a stronger period of live bed activations in 2H24. The higher “live bed” results should in future convert into higher margin recurring software and support fees. The Adj. EBITDA loss was also higher than expected due to c.\$1m in cash opex related to higher product development costs, which should now moderate given the key elements of the product portfolio are now complete, after c.€29m invested to date.

**Operational Progress**

ONE has added eight new customers in the past year and 14 in the last two years, more than the previous decade. The average customer contract duration is now seven years, and ONE’s land and expand strategy appears to be making progress with a number of cases of expansion beds delivered and additional contracted beds. The eight new customers have bed licenses totalling c.11.7k and ONE has deployed only c.3.8k to date, illustrating the scope for further customer utilisation. One has now delivered over 50 system integrations.

**Earnings Changes**

We have revised our gross margin assumptions, pushing out the target of 75% from FY25 to FY29. Moderating opex growth leads to minor reduction at the EBITDA line across FY25 / FY26 of c.-3.0% / c.-2.4%.

**Investment view: Buy (Spec.), Upgrade Val’n to \$0.45 / sh**

Despite higher risk-free rates, we have lowered our risk premium and therefore WACC by 70bp, and increased our long-erm cash flow forecasts, with more confidence in ONE’s prospects, leading to a c.12.5% increase in the valuation to \$0.45 / sh.

**Earnings Forecast**

Dec year End	FY24a	FY25e	FY26e	FY27e
Revenues (\$m)	9.9	14.5	20.3	24.4
EBITDA (\$m)	(11.0)	(7.9)	(3.8)	(0.8)
EBIT (\$m)	(11.4)	(8.4)	(4.4)	(1.5)
NPAT (reported) (\$m)	(10.8)	(7.8)	(3.8)	(0.9)
EPS normalised (cps)	(1.4)	(1.0)	(0.5)	(0.1)
EPS growth %	nm	nm	nm	nm
PER (x)	nm	nm	nm	nm
FCF yield (%)	nm	nm	nm	0.4%
EV/EBITDA (x)	nm	nm	nm	nm
Dividend (cps)	-	-	-	-
Franking	-	-	-	-
Yield %	-	-	-	-
ROE %	nm	nm	nm	nm

SOURCE: BELL POTTER SECURITIES ESTIMATES

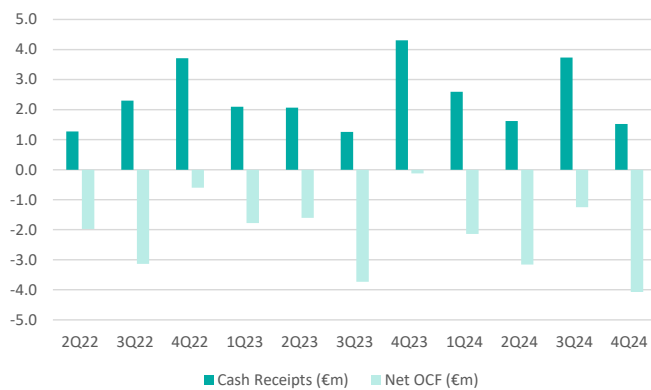
# FY24 Result

Figure 1 – FY24 result

Summary Income Statement (A\$m)	Result v PCP			Result v Forecast	
	FY23 Actual	FY24 Actual	% chg	FY24 BPe	% chg Comment
Revenue	9.4	9.9	5.3%	10.0	-1.4% In Line
Gross Profit	6.2	6.7	8.2%	7.3	-9.0% Higher mix of lower margin non-recurring revenue
Gross Margin	65.6%	67.4%		73.0%	Due to higher activations in 2H
Total Cash Expenses	11.7	15.5	32.0%	14.5	-6.4% Front loaded opex, growth should now moderate
Adj. EBITDA (loss)	-5.5	-8.8	-58.5%	-7.2	-22.1%
EBIT	-8.4	-11.4	-35.7%	-11.0	3.4%
NPAT (reported)	-8.9	-10.8	-21.3%	-11.0	-1.4%

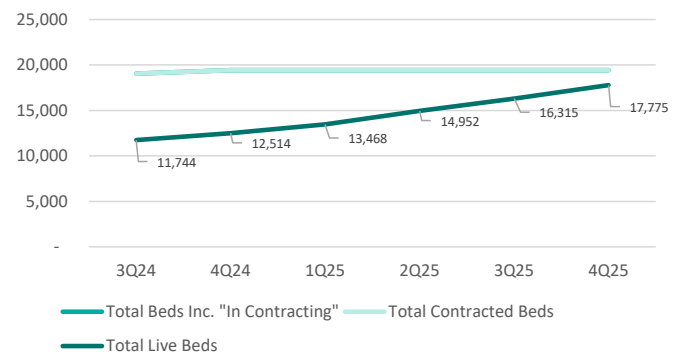
SOURCE: COMPANY DATA, BELL POTTER SECURITIES

Figure 2 – Qtrly Cash Flow



SOURCE: COMPANY DATA, BELL POTTER SECURITIES

Figure 3 – 4Q25 Live Beds Revised Down from 18,313 to 17,775



SOURCE: COMPANY DATA, BELL POTTER SECURITIES

Figure 4 – Earnings Changes

€m	FY25e			FY26e			FY27e		
	OLD	New	% chg	OLD	New	% chg	OLD	New	% chg
Revenues	14.5	14.5	0.0%	20.3	20.3	0.0%	24.4	24.4	0.0%
Gross Profit	10.9	9.9	-9.3%	15.2	14.2	-6.7%	18.3	17.6	-4.1%
EBITDA	-7.7	-7.9	-3.0%	-3.7	-3.8	-2.4%	-1.0	-0.8	26.4%
EBIT	-8.1	-8.4	-2.9%	-4.2	-4.4	-4.5%	-1.6	-1.5	9.0%
NPAT	-8.1	-7.8	4.3%	-4.2	-3.8	9.5%	-1.6	-0.9	45.0%

SOURCE: XX

# Oneview Healthcare (ONE)

## Company Description

ONE's Care Experience Platform (CXP) is a unified set of digital tools in a single bedside solution that connects patients, families and care teams with services, education, and information during hospital stays. The system is fully automated, integrated and personalised, that streamlines nursing workflows and positively impacts safe and timely hospital discharges.

Established in Dublin, Ireland in 2008, ONE is building an emerging global footprint. Operating across the US, Australia, Ireland, Asia and the Middle East. Its system is live in 63 hospitals (contracted in over 110 hospitals across 24 health systems), including three of the top 20 hospitals in the US. As at FY24, ONE has contracted its CXP across 19,429 beds, of which 12,544 beds have had the system installed and have gone "live". The company employs 95 FTEs.

## Key Risks

**MARKET ADOPTION RISK** - ONE has a relatively modest c.18k contracted beds and c.10k live beds in its customer portfolio after a number of years of marketing and developing its product offering. There is a risk that ONE is unable to achieve the market adoption it believes is feasible, given a range of factors. Until last year, ONE was engaged in a direct sales model, when it signed a re-seller agreement with Baxter that promises to be more efficient at delivering greater adoption, pace of customer acceptance and successful deployment.

**COMPETITIVE RISK** - ONE may fail to anticipate and adapt to technological developments and client expectations of technological advancements as quickly as competitors. ONE also faces the obstacle of incumbency of existing competitors and the slow pace of change by potential customers in switching to ONE. ONE faces pricing risk by competitors that seek to undercut ONE despite an inferior technological offering. Competition from EHR software providers or new large software entrants that may have relationships with hospital customers, may attempt to leverage those relationships, and use their technical expertise to develop a competing offering.

**TECHNOLOGY RISK** - ONE depends on the performance and reliability of its technology platform. The potential for defects or errors to become evident when ONE's software is implemented for new customers or new versions or enhancements are rolled out to existing customers, could harm ONE's reputation to win new contracts and maintain existing relationships. Risks also include systemic failure or cyber security breaches. Further, ONE typically warrants its software for the life of the customer contract so defects in existing or future developed products and services may lead to warranty claims by customers that could have a material adverse effect on the business, operations and financial performance.

**INTELLECTUAL PROPERTY RISK** - There is a risk that ONE may fail to protect its rights for a number of reasons. ONE has historically used a mixture of legal (e.g. confidentiality agreements and code of conduct agreements) and technical (e.g. data encryption) methods to protect its intellectual property. As ONE grows and diversifies geographically, there is a risk that these actions may not be adequate and may not prevent the misappropriation of its intellectual property or deter independent development of similar products by others.

Table 1 - Financial summary

Profit & Loss (€m)	FY23	FY24	FY25e	FY26e	FY27e	Growth Ratios	FY23	FY24	FY25e	FY26e	FY27e
<b>Year Ending 31 December</b>						Sales	5.3%	5.3%	46.9%	39.4%	20.3%
Sales Revenues	9.4	9.9	14.5	20.3	24.4	Gross Profit	15.3%	8.2%	48.2%	43.5%	23.8%
Revenue Growth	5%	5%	47%	39%	20%	EBITDA	nm	nm	nm	nm	nm
COGS	(3.2)	(3.2)	(4.7)	(6.1)	(6.8)	EBIT	nm	nm	nm	nm	nm
Gross Profit	6.2	6.7	9.9	14.2	17.6	NPAT	nm	nm	nm	nm	nm
Margin	66%	67%	68%	70%	72%	<b>Profitability Ratios</b>					
Other Income	-	-	-	-	-	Gross Margin	65.6%	67.4%	68.0%	70.0%	72.0%
Sales & Marketing	(3.1)	(4.0)	(4.1)	(4.2)	(4.3)	EBITDA Margin	nm	nm	nm	nm	nm
G&A	(3.1)	(3.1)	(3.2)	(3.2)	(3.3)	EBIT Margin	nm	nm	nm	nm	nm
Product Development & Delivery	(7.9)	(10.5)	(10.5)	(10.5)	(10.7)	ROE	nm	nm	nm	nm	nm
Other	-	-	-	-	-	<b>Valuation Ratios</b>					
EBIT	(8.4)	(11.4)	(8.4)	(4.4)	(1.5)	Normalised EPS (cps)	(1.5)	(1.4)	(1.0)	(0.5)	(0.1)
Add back D&A	(0.5)	(0.4)	(0.4)	(0.6)	(0.7)	Reported EPS (cps)	(1.5)	(1.4)	(1.0)	(0.5)	(0.1)
Stat. EBITDA	(7.9)	(11.0)	(7.9)	(3.8)	(0.8)	EPS growth (%)	nm	nm	nm	nm	nm
Interest Expense	(0.5)	(0.2)	(0.2)	(0.2)	(0.2)	<b>EV/Revenue (x)</b>					
Pre Tax Profit	(8.9)	(10.8)	(7.8)	(3.8)	(0.9)	EV/EBITDA (x)	25.3	24.0	16.4	11.7	9.8
Tax Expense	(0.0)	(0.1)	-	-	-	EV/EBIT (x)	nm	nm	nm	nm	nm
NPAT- reported	(8.9)	(10.8)	(7.8)	(3.8)	(0.9)	PE (x)	nm	nm	nm	nm	nm
Net adjustments	-	-	-	-	-	P/NTA (x)	22.5	19.9	49.3	79.0	358.1
Adjusted NPAT	(8.9)	(10.8)	(7.8)	(3.8)	(0.9)	Book Value Per Share (cps)	1.6	1.8	0.8	0.5	0.2
<b>Cashflow (€m)</b>						Price/Book (x)	21.3	19.0	43.8	65.8	187.3
Operating EBITDA	(5.5)	(8.8)	(5.9)	(2.0)	0.8	DPS (cps)	-	-	-	-	-
Working Capital Movement	1.0	(1.1)	(0.9)	(0.8)	(1.2)	Payout Ratio %	0.0%	0.0%	0.0%	0.0%	0.0%
Net Interest	0.0	-	0.6	0.6	0.6	Dividend Yield %	0.0%	0.0%	0.0%	0.0%	0.0%
Other Items	(0.3)	(0.2)	-	-	-	Franking %	0.0%	0.0%	0.0%	0.0%	0.0%
Income Tax Received / (Paid)	(0.0)	(0.1)	-	-	-	FCF Yield %	nm	nm	nm	nm	0.4%
Operating Cash Flow	(4.9)	(10.5)	(6.2)	(2.2)	0.2	Net Debt / Equity	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Expenditure	(0.1)	(0.1)	(0.4)	(0.6)	0.7	Net Debt / Assets	0.0%	0.0%	0.0%	0.0%	0.0%
Acquisition of Intangibles	(0.4)	(0.4)	-	-	-	Gearing	net cash	net cash	net cash	net cash	net cash
Free Cash Flow	(5.4)	(10.9)	(6.7)	(2.8)	0.9	Net Debt / EBITDA (x)	n/a	n/a	n/a	n/a	n/a
Proceeds from Issuance	13.8	13.3	-	-	-	Interest Cover (x)	n/a	n/a	n/a	n/a	n/a
Proceeds from Convertible Notes	-	-	-	-	-	<b>Interim Results</b>					
Increase in Borrowings	-	(0.2)	(1.2)	-	-	Revenues	1H23	2H23	1H24	2H24	
Other Items	-	0.1	-	-	-	EBITDA (Normalised)	4.4	5.0	4.7	5.2	
Change in Cash Held	8.4	2.3	(7.8)	(2.8)	0.9	EBIT	(3.9)	(4.0)	(5.4)	(5.6)	
Cash at Beginning of Period	6.4	12.1	14.4	5.5	2.7		(4.3)	(4.1)	(5.6)	(5.8)	
FX Adjustment	(0.1)	0.1	-	-	-	<b>Balance Sheet (€m)</b>					
Cash at Year End	14.5	14.4	5.5	2.7	3.7	Cash and Securities	12.1	14.4	5.5	2.7	3.7
<b>Balance Sheet (€m)</b>						Receivables	5.7	5.3	6.6	9.2	12.2
Cash and Securities	12.1	14.4	5.5	2.7	3.7	Inventory	2.2	3.1	4.2	5.8	4.9
Receivables	5.7	5.3	6.6	9.2	12.2	Property, Plant and Equipment	1.0	1.1	1.1	1.1	(0.3)
Inventory	2.2	3.1	4.2	5.8	4.9	Right of Use Assets	-	-	-	-	-
Property, Plant and Equipment	1.0	1.1	1.1	1.1	(0.3)	Other non current assets	0.5	0.9	0.9	0.9	0.9
Right of Use Assets	-	-	-	-	-	Total assets	22.4	26.5	18.9	20.4	21.9
Other non current assets	0.5	0.9	0.9	0.9	0.9	Provisions	2.8	3.4	4.1	4.9	5.9
Total assets	22.4	26.5	18.9	20.4	21.9	Lease Liability	0.2	1.2	1.2	1.2	1.2
Provisions	2.8	3.4	4.1	4.9	5.9	Other CL	7.4	1.7	2.2	2.8	7.0
Lease Liability	0.2	1.2	1.2	1.2	1.2	Short-Term Debt	0.1	-	-	-	-
Other CL	7.4	1.7	2.2	2.8	7.0	Other NCL	0.3	0.5	0.5	0.5	0.5
Short-Term Debt	0.1	-	-	-	-	Long-Term Debt	-	-	-	-	-
Other NCL	0.3	0.5	0.5	0.5	0.5	Total Liabilities	12.9	12.7	13.0	16.4	20.6
Long-Term Debt	-	-	-	-	-	Net Assets	9.5	13.8	6.0	4.0	1.4
Total Liabilities	12.9	12.7	13.0	16.4	20.6	Share Capital	134.8	147.6	147.6	147.6	147.6
Net Assets	9.5	13.8	6.0	4.0	1.4	Other Equity	6.4	7.3	7.3	9.1	7.4
Share Capital	134.8	147.6	147.6	147.6	147.6	Retained Earnings	(131.6)	(141.1)	(148.9)	(152.7)	(153.6)
Other Equity	6.4	7.3	7.3	9.1	7.4	Shareholders Equity	9.5	13.8	6.0	4.0	1.4
Retained Earnings	(131.6)	(141.1)	(148.9)	(152.7)	(153.6)						
Shareholders Equity	9.5	13.8	6.0	4.0	1.4						

SOURCE: BELL POTTER SECURITIES ESTIMATES

**Recommendation structure**

**Buy:** Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

**Hold:** Expect total return between -5% and 15% on a 12 month view

**Sell:** Expect <-5% total return on a 12 month view

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The fact that the intellectual property base of a typical biotechnology company lies in science not generally regarded as accessible to the layman adds further to the riskiness with which biotechnology investments ought to be regarded. Clinical and regulatory risks are inherent in biotechnology stocks. Biotechnology developers usually seek U.S. FDA approval for their technology which is a long and arduous three phase process to prove the safety, effectiveness and appropriate application or use of the developed drug and even after approval a drug can be the subject of an FDA investigation of subsequently discovered possible links between the drug and other diseases not previously diagnosed. Furthermore, the Australian exchange listed biotechnology sector is subject to influence by the global biotechnology sector, particularly that in the USA. Consequently, Australian exchange listed biotechnology stocks can experience sharp movements, both upwards and downwards, in both valuations and share prices, as a result of a re-rating of the sector both globally and in the USA, in particular. Investors are advised to be cognisant of these risks before buying such a stock.

Disclosure: Bell Potter Securities acted as Lead Manager for the November 2024 \$20m Equity Raising and received fees for that service.

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