

July 18, 2019

Stock Rating:

**OUTPERFORM**

Infrastructure Software

## WISeKey Int'l Hldg AG

WIHN (7/18/2019)	CHF2.54
Price Target	CHF5.50
3-5 Yr. EPS Gr. Rate	15%
52-Wk Range	CHF4.25-CHF2.12
Shares Outstanding	33.9M
Float	25.8M
Market Capitalization	CHF96.6M
Avg. Daily Trading Volume	36,103
Dividend/Div Yield	\$0.00/0.00%
Book Value	\$0.29
Fiscal Year Ends	Dec
ROE	NA
LT Debt	\$30.7M
Preferred	\$0.0M
Common Equity	\$4M
Convertible Available	Yes

Earnings Per Share	Current
2017	(0.82)
2018	(0.48)
2019	(0.38)E

### Company Description

WISeKey International Holding AG provides digital identity and IoT security solutions to organizations and manufacturers worldwide. At its technology's core is a set of functions designed to be trusted by an operating system called the Root of Trust (RoT), exclusively licensed by WISeKey and embedded in nearly four billion devices worldwide.

### Location

General-Guisan-Strasse 6, 6303  
Zug, Switzerland

### Web Address:

<https://www.wisekey.com>

### Officers

Carlos Creus Moreira, Founder, Chairman & CEO  
Peter Ward, CFO

### Research Analysts

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Based in Switzerland, WIHN is leveraging its neutral domicile to provide certificate services utilizing its exclusively-licensed Root of Trust (RoT) technology embedded in nearly four billion devices worldwide. WISeKey offers managed public key infrastructure (mPKI) services, eSignature solutions and security-focused microcontroller chips. In 2019, WISeKey launched an initial coin offering, called WISeCoin, to support the development of blockchain-driven economies by adding related software onto its semiconductors. We believe WIHN is addressing a sizable market opportunity within the IoT Security and eSignature space, which IDC estimates to grow to a \$21B-plus market by 2023.

In 2018, WISeKey reported revenues of \$53.7 million, representing a y/y increase of 24.6%. Founded in 1999 by Carlos Moreira, the company is headquartered in Zug, Switzerland.

### Price Target Calculation

To reach our CHF5.50 price target, we apply a 5.5x EV/revenue multiple to our FY19 estimate of \$38.4 million (excluding discontinued operations), reflecting an enterprise value of \$212 million. Subtracting net debt of \$25.5 million, dividing by the number of diluted shares outstanding of 33.9 million, we arrive at our CHF5.50 price target. We believe WIHN is addressing a sizable market opportunity in both cybersecurity and IoT that is increasing at a healthy growth rate, though given WISeKey is still early into its redeveloped business plan, we are applying a discounted valuation multiple to reflect the company's elevated risk profile.

### Key Risks to Price Target

Risks to our price target include increased competition, a challenging overall macro environment, moderate IT spending, change in acceptance of the company's products and the ability to demonstrate consistent financial performance. In addition, the stock's status as primarily overseas-listed may prevent some investors from owning it.

### Stock Price Performance



Source: Bloomberg