

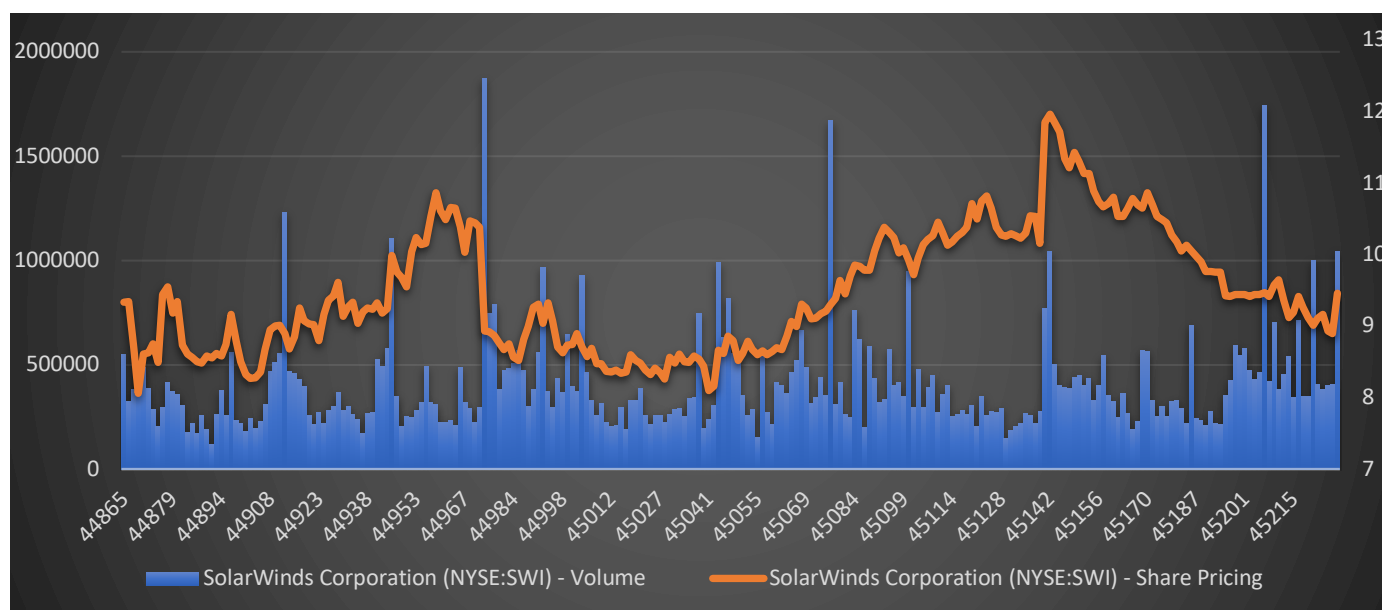
SolarWinds Corporation (NYSE: SWI)

Table of Contents

EXECUTIVE INVESTMENT SUMMARY	4
FUNDAMENTAL MODEL USED	6
COMPANY DESCRIPTION	7
CORPORATE TIMELINE	8
RECENTLY REPORTED EARNINGS VIS-À-VIS MARKET EXPECTATIONS	9
QUARTERLY REVIEW: BUSINESS HIGHLIGHTS, STRATEGIC ANNOUNCEMENTS & OUTLOOK	10
QUARTER-OVER-QUARTER (Q-O-Q) AND YEAR-OVER-YEAR (Y-O-Y) GROWTH ANALYSIS	11
FACTORS AFFECTING PERFORMANCE / KEY GROWTH DRIVERS	14
HISTORICAL FINANCIAL STATEMENT ANALYSIS & TRENDS	19
KEY FINANCIAL RATIOS AND PERFORMANCE METRICS	23
PER SHARE & SUPPLEMENTAL ITEMS	25
FINANCIAL FORECASTS	26
ANNUAL FORECASTS: INCOME STATEMENT	27
ANNUAL FORECASTS: CASH FLOW STATEMENTS	30
NET DEBT LEVELS	33
A CLOSER LOOK AT DCF: OUR ASSUMPTIONS AND METHODOLOGY	35
TERMINAL VALUE CALCULATION	36
TARGET PRICE ANALYSIS	37
VALUATION MULTIPLES	38
BULL CASE	39
BEAR CASE	41
SCENARIO/SENSITIVITY ANALYSIS	43
COMPARATIVE VALUATION METRICS	44
EXTENDED VALUATION: MULTIPLES-BASED APPROACH	45
ALT MAN Z SCORE	50
PIOTROSKI F-SCORE	51
OWNERSHIP ACTIVITY/ INSIDER TRADES	52
OWNERSHIP SUMMARY	53
AN ANALYSIS OF ESG RISK RATING	54
KEY PROFESSIONALS	55
KEY BOARD MEMBERS	56
KEY RISKS CONSIDERATIONS:	57
ANALYST RATINGS	59
ANALYST INDUSTRY VIEWS	60
DISCLOSURES	61

Stock Rating and Target Price

Stock Rating	Buy
Current Price (\$)	9.31
Price Target (\$)	12.50
Shares Outstanding (MM)	165
Sector	Information Technology
Industry	Systems Software
Industry View	In – Line
Market Capitalization \$ Bn	1.53



Source: Investing.com

Executive Investment Summary

SolarWinds experienced a significant increase in Subscription and Maintenance revenue in Q2 2023, contributing to the overall growth of the company. However, License revenue declined during this period. Despite this, the company maintains a strong demand and diverse customer base, which provides a solid foundation for growth.

SolarWinds is focused on expanding its product portfolio and platform capabilities, particularly in areas such as data management and observability. Investments in these areas are expected to contribute to the company's future growth. Additionally, SolarWinds has been making advancements in AI capabilities, specifically in the AIOps space, to improve efficiency and provide enhanced security and monitoring solutions to customers. The ongoing development of the SolarWinds platform, with the integration of various solutions and services, is expected to reduce costs and increase productivity.

The company is also committed to reducing its debt and improving its financial position. SolarWinds has successfully lowered its net leverage ratio and aims to achieve a net leverage ratio below 3x over the next couple of years. With a disciplined approach to investments and operational efficiency, SolarWinds aims to continue growing revenue while maintaining strong profitability. These efforts will enhance shareholder value and provide a positive outlook for the stock.

Recent developments in SolarWinds' product portfolio and cybersecurity measures reflect the company's commitment to meeting evolving customer needs and strengthening its market position. The unveiling of the Enterprise Service Management (ESM) and upgraded SQL Sentry solutions showcases SolarWinds' focus on operational excellence, improved business outcomes, and innovation acceleration across enterprises. Furthermore, the company's strategic hiring of Kevin Kline, a veteran in data and analytics technologies, is expected to enhance its database observability solutions and ensure the achievement of service level objectives for critical business applications. SolarWinds' alignment with the National Institute of Standards and Technology (NIST) Secure Software Development Framework and Software Supply Chain Security Guidance highlights its dedication to cybersecurity and strengthens its position as a leader in enterprise software security.

One of the most significant developments surrounding SolarWinds Corporation is the potential sale of the company. Reports have surfaced suggesting that SolarWinds is considering strategic alternatives, including a possible sale, catapulting the stock's value and generating optimism among investors. As discussions remain at a preliminary stage and no concrete decisions have been made, the mere possibility of a sale has stimulated the market, indicating a bullish outlook for the company's shares. The involvement of private equity giants Silver Lake and Thoma Bravo, coupled with their expertise in realizing value from investments, adds further intrigue to the situation. Acquisitions often bring opportunities for operational synergies and market expansion, presenting the potential for transformative growth. However, SolarWinds may also choose to maintain its independence and leverage its current strategies for sustained growth and market dominance. As the situation unfolds, future developments surrounding the potential sale of SolarWinds will likely serve as a catalyst for the company's stock trajectory, making it a focal point for investors and market analysts alike.

In conclusion, SolarWinds Corporation has shown promising growth and strategic initiatives in recent quarters. The increase in Subscription and Maintenance revenue, along with a strong demand and diverse customer base, bode well for the company's future. Expansion of the product portfolio, advancement in AI capabilities, and the ongoing development of the SolarWinds platform further position the company for success. Additionally, efforts to reduce debt and improve financial performance enhance shareholder value. The potential sale of SolarWinds adds further excitement and potential for growth. Considering these factors, we assign a "Buy" rating for SolarWinds' stock.

Fundamental Model Used

This is a one-time special report on SWI. Equisights has utilized a Discounted Cash Flow (DCF) methodology to conduct an independent valuation of the company, considering various factors that could potentially affect its stock price in the near future. In this report, we have performed a thorough fundamental analysis of the company's historical financial statements, considering reasonable projections of its annualized income statement and cash flows. By applying the DCF valuation method and utilizing the company's Weighted Average Cost of Capital (WACC), we have determined a forecasted share price.

In addition, a Supplementary Valuation Analysis employing a Multiples Approach has been conducted to provide a comparative market perspective. The Target Price Analysis within this approach makes use of key financial multiples derived from comparable companies listed in the report. These multiples, which include NTM TEV/Forward Total Revenue, NTM TEV/Forward EBITDA, and NTM Forward P/E, are applied to the company's forecasted Next Twelve Months (NTM) Revenue, EBITDA, and EPS. This approach provides a comprehensive view of the company's potential valuation relative to its peers, offering valuable insights into its market position and value.

Company Description

SolarWinds Corporation provides information technology (IT) management software products in the United States and internationally. The company offers a portfolio of solutions to technology professionals for monitoring, managing, and optimizing networks, systems, desktops, applications, storage, databases, website infrastructures, and IT service desks. It provides a suite of network management software that offers real-time visibility into network utilization and bandwidth, as well as the ability to detect, diagnose, and resolve network performance problems; and a suite of infrastructure management products, which monitors and analyze the performance of applications and their supporting infrastructure, including websites, servers, physical, virtual and cloud infrastructure, storage, and databases. The company also provides a suite of application performance management software that enable visibility into log data, cloud infrastructure metrics, applications, tracing, and digital experiences; and service management software that offers ITIL-compliant service desk solutions for various companies. In addition, it offers suite of database performance management software monitors, analyzes, diagnoses, and optimizes database performance and operations for the Microsoft data platform, as well as other database management system platforms, and traditional, open-source, and cloud-native databases hosted on-premises, in the cloud, and in hybrid models; and security solutions provide security information and event management access rights management, identity monitoring, server configuration monitoring and patching, and secure gateway and file transfers. It markets and sells its products directly to network and systems engineers, database administrators, storage administrators, DevOps, SecOps, and service desk professionals. The company was formerly known as SolarWinds Parent, Inc. and changed its name to SolarWinds Corporation in May 2018. SolarWinds Corporation was founded in 1999 and is headquartered in Austin, Texas.

CORPORATE TIMELINE

Date	Type	Headline
Oct-30-2023	SEC Filing	8-K form filed.
Oct-27-2023	Key Development: M&A Rumors and Discussions	SolarWinds Reportedly Exploring Options Including a Potential Sale
Oct-17-2023	Key Development: Company Conference Presentations	SolarWinds Corporation Presents at Gartner IT Symposium/Xpo™ 2023 Oct-17-2023 02:20 PM
Oct-17-2023	Key Development: Company Conference Presentations	SolarWinds Corporation Presents at GITEX GLOBAL 2023 Oct-17-2023 07:00 AM
Oct-16-2023	Key Development: Conferences	Gartner Inc. Gartner IT Symposium/Xpo™ 2023 Oct 16 2023 through Oct 19 2023
Oct-16-2023	Key Development: Conferences	Dubai World Trade Centre L.L.C. GITEX GLOBAL 2023 Oct 16 2023 through Oct 20 2023
Oct-04-2023	Key Development: Conferences	Imago Techmedia Ltd. DTX Europe Oct 04 2023 through Oct 05 2023
Oct-04-2023	Key Development: Company Conference Presentations	SolarWinds Corporation Presents at DTX Europe Oct-04-2023
Sep-20-2023	Key Development: Product-Related Announcements	Solarwinds Continues Ongoing Business Evolution with New and Upgraded Service Management and Database Observability Solutions
Sep-13-2023	Key Development: Company Conference Presentations	SolarWinds Corporation Presents at MENA Information Security Conference 2023 Sep-13-2023 12:30 PM
Sep-11-2023	Key Development: Company Conference Presentations	SolarWinds Corporation Presents at Gartner IT Symposium/Xpo™ Sep-11-2023 01:15 PM
Sep-10-2023	Key Development: Conferences	Gartner Inc. Gartner IT Symposium/Xpo™ Sep 11 2023 through Sep 13 2023
Aug-30-2023	SEC Filing	8-K form filed.
Aug-09-2023	SEC Filing	10-Q form filed.
Aug-08-2023	Key Development: Conferences	Leidos Holdings Inc. Supplier Innovation & Technology Symposium Aug 08 2023

Source: Capital IQ

Recently Reported Earnings vis-à-vis Market Expectations

Based on the latest quarter's earnings report for SolarWinds Corporation, the company has exceeded market expectations and demonstrated strong financial performance. SolarWinds reported an EPS of \$0.21, beating the consensus estimate by \$0.04. Furthermore, the EPS on a GAAP basis was \$0, surpassing the estimate by \$0.04. In terms of revenue, SolarWinds recorded \$185.03 million, exceeding market expectations by \$5.92 million.

The consensus EPS estimate for the upcoming quarter is \$0.18, indicating further growth compared to the previous quarter. Additionally, the projected GAAP EPS stands at \$0.01. Revenue estimates for the next quarter suggest a decrease, with an average estimate of \$183.70 million.

Source: <https://seekingalpha.com/symbol/BKR/earnings>

Looking for Actionable Insights?



<https://equisights.com>

Quarterly Review: Business Highlights, Strategic Announcements & Outlook

Business Highlights:

Highlights
Artificial Intelligence in ITSM: SolarWinds introduced AI and machine learning capabilities to its IT service management solutions.
Cybersecurity Event: The company hosted "SolarWinds Day: Secure by Design" event on Capitol Hill, emphasizing public-private partnerships and cybersecurity transparency.
Awards & Recognition: SolarWinds' Next-Generation Build System received accolades from the 2023 BIG Innovation Awards and Cloud Security Awards. The CISO received awards from the Globee Cybersecurity Awards and G2Xchange Disruptive Tech Change Agents.
Forrester Wave Report: SolarWinds was ranked as a Strong Performer in the Forrester Wave report for Process-Centric AI For IT Operations (AIOps).

Strategic Announcements:

Announcements
Secure by Design: SolarWinds' Next-Generation Build System, a component of "Secure by Design," received industry recognition, setting a new standard in technology excellence.

Quarterly Review:

Metrics	Q2 2023	Q2 2022	% Change
Total Revenue	\$185.0 million	\$176.2 million	5% Growth

Source: <https://investors.solarwinds.com/news/news-details/2023/SolarWinds-Announces-Second-Quarter-2023-Results/default.aspx>

Looking for Actionable Insights?

Watch closely to see how this story unfolds with us!

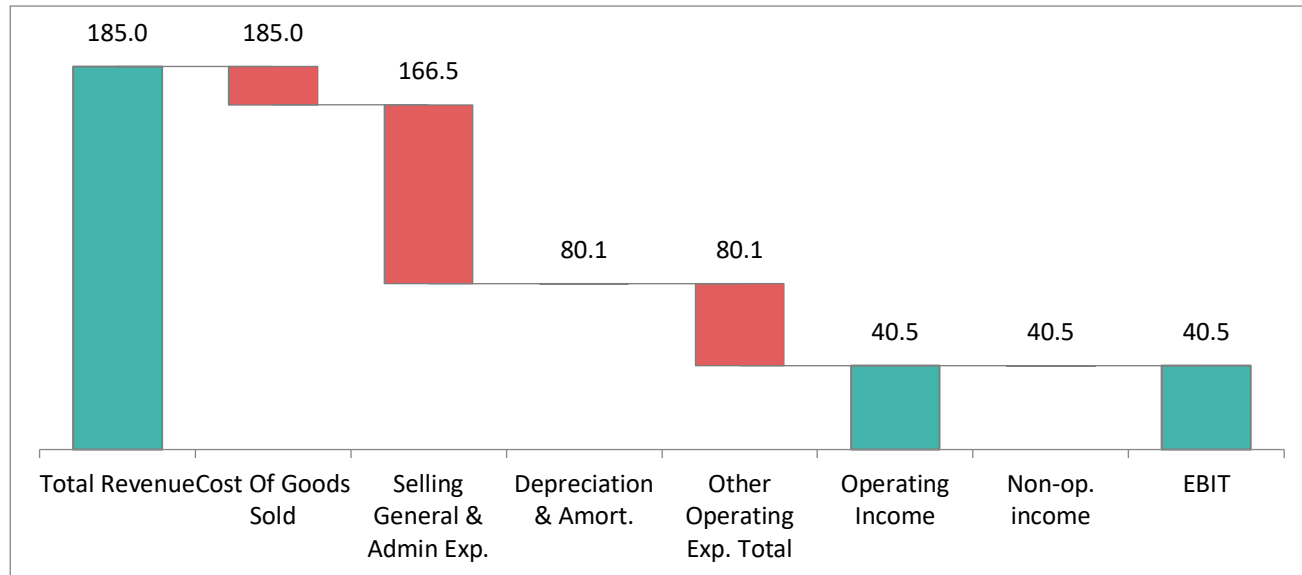


<https://equisights.com>

Quarter-over-Quarter (Q-o-Q) and Year-over-Year (Y-o-Y) Growth Analysis

KEY INCOME STATEMENT ITEMS (Q-o-Q) and (Y-o-Y) Analysis						
Quarter Ending	Jun-30-2023	Jun-30-2022	Change(%)	Jun-30-2023	Mar-31-2023	Change(%)
Total Revenue	185	176	5.11%	185	186	-0.54%
Gross Profit	166.5	160.6	3.67%	166.5	167.6	-0.66%
Operating Income	40.5	29	39.66%	40.5	28.1	44.13%
EBT(GAAP)	3.2	-614.3	-100.52%	3.2	7.2	-55.56%
Net Income	0.3	-10.4	-102.88%	0.3	-5.6	-105.36%
EPS(GAAP)	\$ 0.00	\$ -3.87		\$ 0.00	\$ -0.03	

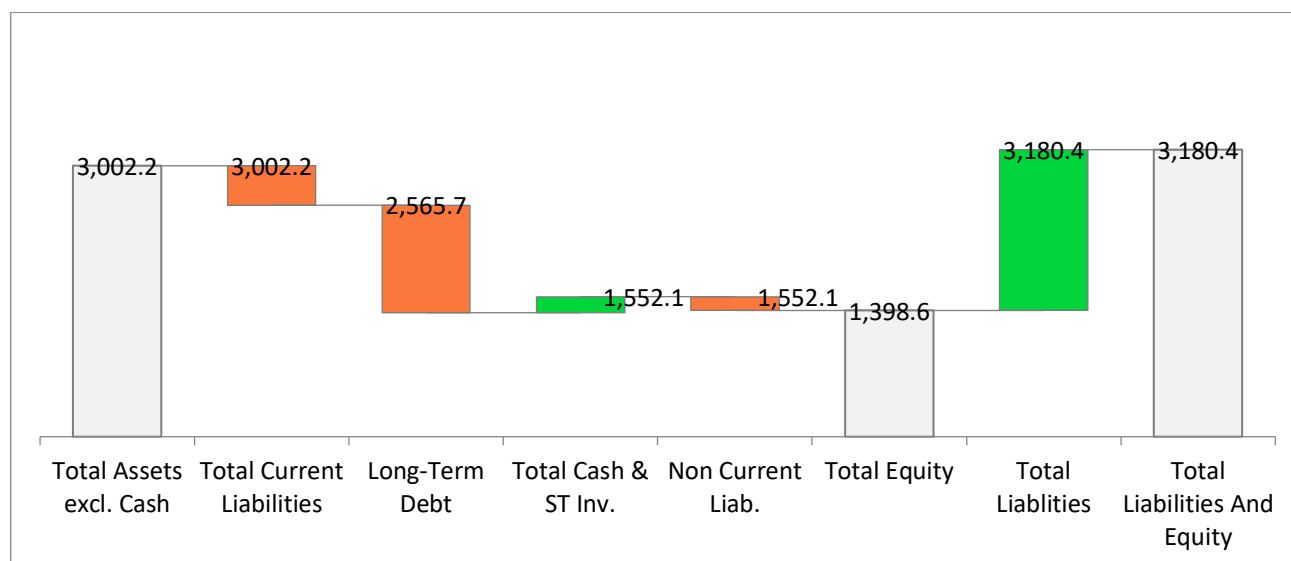
EBIT BRIDGE (REPORTED QUARTER)*



Nos in USD Bn

KEY BALANCE SHEET ITEMS (Q-o-Q) and (Y-o-Y) Analysis						
Particulars	Jun-30-2023	Jun-30-2022	Change(%)	Jun-30-2023	Mar-31-2023	Change(%)
Total Cash & ST Investments	178.2	778.2	-77.10%	178.2	140.7	26.65%
Total Current Assets	330.7	886	-62.67%	330.7	314	5.32%
Total Assets	3180.4	4078.6	-22.02%	3180.4	3191.4	-0.34%
Total Equity	1398.7	1617.8	-13.54%	1398.7	1385.8	0.93%
Total Long Term Debt	1191.8	1865.3	-36.11%	1191.8	1192.3	-0.04%

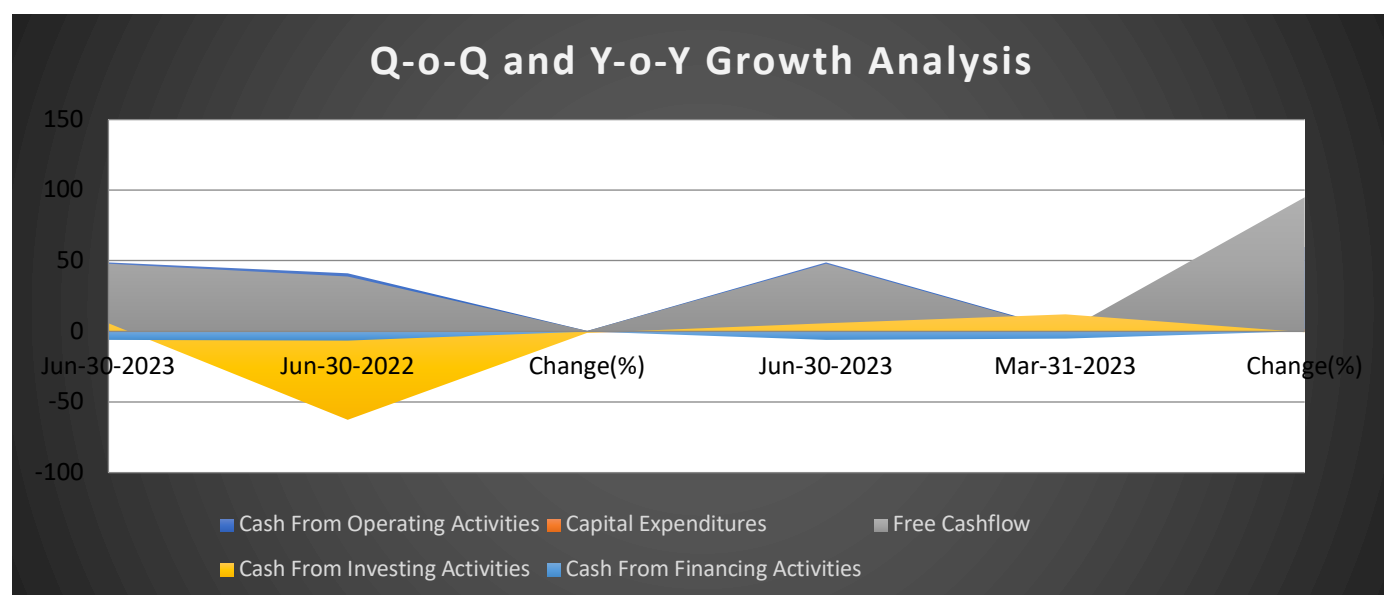
BALANCE SHEET BRIDGE (REPORTED QUARTER)*



Nos in USD Bn

KEY CASHFLOW ITEMS (Q-o-Q) and (Y-o-Y) Analysis

Particulars	Jun-30-2023	Jun-30-2022	Change(%)	Jun-30-2023	Mar-31-2023	Change(%)
Cash From Operating Activities	49	41.2	0.18932039	49	0.8	60.25
Capital Expenditures	-1	-2.4	-0.58333333	-1	-0.3	2.33333333
Free Cashflow	48	38.8	0.2371134	48	0.5	95
Cash From Investing Activities	5.7	-62.6	-1.0910543	5.7	12.1	-0.5289256
Cash From Financing Activities	-6.2	-6.5	-0.0461538	-6.2	-5.3	0.16981132



FACTORS AFFECTING PERFORMANCE / KEY GROWTH DRIVERS

The financial drivers and projections outlined below are based on factors influencing company performance, as articulated in recent management call summaries, quarterly earnings call transcripts, the latest press releases, and investor presentations. These documents offer valuable insights into the company's current operational and financial status.

➤ Revenue Breakdown by Segment:

Revenue Breakdown (in thousands)	Q2 2023	Percentage of Revenue	Q2 2022	Percentage of Revenue	Change (in thousands)
Subscription	\$53,389	28.9%	\$36,980	21.0%	\$16,409
Maintenance	\$116,056	62.7%	\$113,972	64.7%	\$2,084
Total Recurring Revenue	\$169,445	91.6%	\$150,952	85.8%	\$18,493
License	\$15,589	8.4%	\$25,082	14.2%	(\$9,493)
Total Revenue	\$185,034	100.0%	\$176,034	100.0%	\$9,000

Revenue Breakdown (in thousands)	6 Months Ended June 30, 2023	Percentage of Revenue	6 Months Ended June 30, 2022	Percentage of Revenue	Change (in thousands)
Subscription	\$107,746	29.0%	\$75,727	21.5%	\$32,019
Maintenance	\$230,534	62.1%	\$229,467	65.0%	\$1,067
Total Recurring Revenue	\$338,280	91.2%	\$305,194	86.5%	\$33,086
License	\$32,730	8.8%	\$47,708	13.5%	(\$14,978)
Total Revenue	\$371,010	100.0%	\$352,902	100.0%	\$18,108

In Q2 2023, SolarWinds experienced a significant increase in both Subscription and Maintenance revenue compared to the same period last year, with a substantial rise of \$16,409 thousand (44.3%) and \$2,084 thousand (1.8%), respectively. The total recurring revenue saw a notable increase of \$18,493 thousand (12.3%) due to this growth. However, License revenue dropped by \$9,493 thousand (37.9%) in Q2 2023, contributing to a slight increase of \$9,000 thousand (5.1%) in the total revenue.

Looking at the six months ended June 30, 2023, Subscription revenue rose significantly by \$32,019 thousand (42.3%), and Maintenance revenue increased by \$1,067 thousand (0.5%). The total recurring revenue experienced a substantial growth of \$33,086 thousand (10.8%). In contrast, License revenue decreased by \$14,978 thousand (31.4%), impacting the total revenue, which increased by \$18,108 thousand (5.1%) during this period. The increase in Subscription and Maintenance revenue reflects a growing customer base and enhanced service offerings, while the decline in License revenue suggests a shift in customer preferences or market dynamics.

- **Strong Demand and Diverse Customer Base:** The company has a robust demand for its products, as indicated by the solid performance and growing pipeline. The diversity and breadth of its customer base, which includes mid-market and larger customers, provides a strong foundation for growth. The company's ability to convert customers to subscription arrangements, although resulting in smaller initial deals, contributes to the overall increase in recurring revenue. Additionally, the company's focus on expanding its market presence through partnerships with global system integrators and channel partners enables it to tap into new opportunities and reach a wider customer base.
- **Expansion of Product Portfolio and Platform Capabilities:** SolarWinds is making significant investments in its product portfolio, with a focus on areas like data management, ITSM, and observability. These products have been gaining traction and are expected to contribute to the company's growth. The company's AI capabilities, specifically in the AIOps space, are another key driver of future success. By infusing AI into its product stack, SolarWinds aims to improve efficiency and provide customers with enhanced security and monitoring solutions. The ongoing development of the SolarWinds platform, with the integration of various solutions and services, is expected to create a unified experience for customers, reducing costs and increasing productivity.
- **Focus on Debt Paydown and Improved Financial Performance:** SolarWinds is committed to reducing its debt and improving its financial position. The company has been successful in lowering its net leverage ratio, and its strong cash balance and EBITDA

expansion have contributed to these improvements. The goal is to achieve a net leverage ratio below 3x over the next couple of years. With a disciplined approach to investments and operational efficiency, SolarWinds aims to continue growing revenue while maintaining strong profitability, which will enhance shareholder value and provide a positive outlook for the stock.

➤ **SolarWinds Unveils New Service Management and Database Observability**

Solutions: SolarWinds Corporation, a prominent provider of observability and IT management software, recently unveiled its new Enterprise Service Management (ESM) and upgraded SQL Sentry solutions. This strategic move is in line with the company's ongoing evolution to merge observability and service management, aimed at enhancing operational excellence, improving business outcomes, and accelerating innovation across enterprises. SolarWinds ESM extends the scope of service management beyond IT to streamline interactions and user experiences across all departments. It empowers various departments to create dedicated service management environments, including ticketing systems and knowledge bases, ensuring a unified approach to manage requests and work orders. In parallel, the upgraded SQL Sentry 2023.3 enhances database performance monitoring, providing real-time insights and alerting capabilities to help prevent costly performance issues. These developments showcase SolarWinds' commitment to meeting evolving customer needs, broadening its product portfolio, and enhancing its position in the market, with a potential positive impact on the company's stock performance.

➤ **SolarWinds Strengthens Database Management Capabilities with Expert Hire:**

SolarWinds Corporation has welcomed back Kevin Kline, a veteran in data and analytics technologies, to its team as Senior Staff Technical Marketing Manager. With a wealth of experience spanning nearly 35 years in data management systems, Kline is set to enhance SolarWinds' database observability solutions and ensure the exceeding of service level objectives for critical business applications. His expertise will play a crucial role in advancing SolarWinds' database management tools, including products like SolarWinds® Database Performance Analyzer (DPA) and SQL Sentry®, aiding in proactive issue detection and reducing the risk of downtime. Kline's return to the company signifies SolarWinds'

commitment to bolstering its technical capabilities and could positively influence the company's stock performance.

- **SolarWinds Enhances Cybersecurity Measures with Next-Generation Build System Aligning with NIST Framework:** In a strategic move aimed at bolstering its cybersecurity protocols, SolarWinds proudly announces the alignment of its Next-Generation Build System with the National Institute of Standards and Technology Secure Software Development Framework and Software Supply Chain Security Guidance. This development is a part of SolarWinds' Secure by Design initiative, initiated in response to SUNBURST, reflecting the company's commitment to strengthening its cybersecurity posture. The Next-Generation Build System employs a parallel build process conducted within secure, isolated, and ephemeral environments, surpassing proposed NIST standards. The system incorporates a zero-trust approach, automated vulnerability scans, and responsible disclosure protocols. This alignment showcases SolarWinds' dedication to adhering to stringent cybersecurity guidelines, positioning the company as a leader in enterprise software security. This initiative not only safeguards SolarWinds' operations but also reinforces its credibility, a vital driver for investor confidence.

- **Potential Sale Buzz**

SolarWinds experienced a notable spike in its stock value following reports that it is considering strategic alternatives, including a potential sale. Currently under the helm of private equity giants Silver Lake and Thoma Bravo, SolarWinds has reportedly begun collaborating with financial advisors to orchestrate a sales process, potentially commencing early next year. This information, originating from sources with knowledge of the company's plans, was disclosed by Bloomberg and has injected a wave of optimism among investors, as evidenced by the 11.5% climb in after-hours trading. The market's reaction underscores the significance of such strategic maneuvers, particularly when they involve private equity firms that are well-versed in realizing value from their investments. While the discussions are at a preliminary stage with no concrete decisions made, the mere possibility of a sale has stirred the market, suggesting a bullish outlook for the company's shares. SolarWinds' contemplation of a sale could be a harbinger of transformative growth,

as acquisitions often provide opportunities for operational synergies and market expansion. However, it's also possible that SolarWinds may opt to maintain its independence, a path that would require the company to continue leveraging its current strategies to sustain growth and market position. Representatives for the involved parties have maintained silence on the matter, adding a layer of speculation to the narrative. As the situation unfolds, the developments will likely serve as a catalyst for SolarWinds' stock trajectory in the near term, making it a focal point for investors and market analysts alike.

In upcoming quarter, we shall closely monitor the company's ability to convert customers to subscription arrangements, as well as the overall growth and diversification of its customer base. Additionally, the progress and adoption of AI capabilities in the company's products and services, along with the expansion of its platform capabilities, will be important factors to watch. Finally, we shall keep an eye on the company's financial performance, including its progress in debt paydown and ongoing efforts to improve profitability and shareholder value

Source: <https://investors.solarwinds.com/news/default.aspx>

https://s22.q4cdn.com/673701899/files/doc_financials/2023/q2/SolarWinds-Q2-23-Earnings-Call-Presentation.pdf

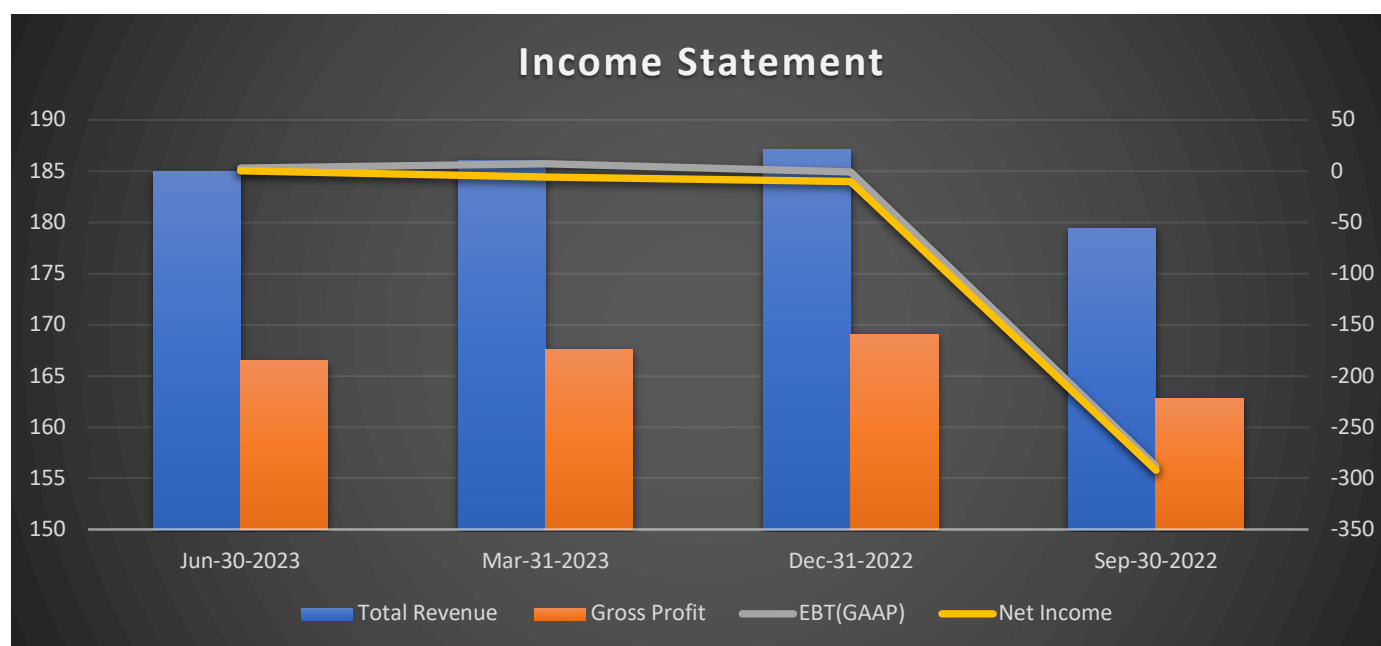
<https://seekingalpha.com/article/4623316-solarwinds-corp-swi-q2-2023-earnings-call-transcript>; <https://seekingalpha.com/news/4025439-solarwinds-gains-on-report-its-exploring-option-potential-sale>

Historical Financial Statement Analysis & Trends

INCOME STATEMENT ITEMS

Quarter Ending	Jun-30-2023	Mar-31-2023	Dec-31-2022	Sep-30-2022	Jun-30-2022
Total Revenue	185	186	187.1	179.4	176
% growth	-0.54%	-0.59%	4.29%	1.93%	
Gross Profit	166.5	167.6	169.1	162.8	160.6
% of revenue	90.00%	90.11%	90.38%	90.75%	91.25%
Operating Income	40.5	28.1	49	33	29
% of revenue	21.89%	15.11%	26.19%	18.39%	16.48%
EBT(GAAP)	3.2	7.2	-0.9	-288.1	-614.3
% of revenue	1.73%	3.87%	-0.48%	-160.59%	-349.03%
Net Income	0.3	-5.6	-10.4	-292.2	-622.1
% of revenue	0.16%	-3.01%	-5.56%	-162.88%	-353.47%
EPS(GAAP)	\$ 0.00	\$ -0.03	\$ -0.07	\$ -1.81	\$ -3.87

Source : Company Reported Numbers ; Note : All Nos in USD Millions.



BALANCE SHEET ITEMS					
Particulars	Jun-30-2023	Mar-31-2023	Dec-31-2022	Sep-30-2022	Jun-30-2022
Total Cash & ST Investments	178.2	140.7	148.9	492.5	778.2
% growth	26.65%	-5.51%	-69.77%	-36.71%	
Total Current Assets	330.7	314	307.4	635.3	886
% growth	5.32%	2.15%	-51.61%	-28.30%	
Total Assets	3180.4	3191.4	3200	3478.5	4078.6
% growth	-0.34%	-0.27%	-8.01%	-14.71%	
Total Equity	1398.7	1385.8	1369.7	1300.5	1617.8
% growth	0.93%	1.18%	5.32%	-19.61%	
Total Long Term Debt	1191.8	1192.3	1192.8	1564.4	1865.3
% growth	-0.04%	-0.04%	-23.75%	-16.13%	

CASH FLOW ITEMS					
Particulars	Jun-30-2023	Mar-31-2023	Dec-31-2022	Sep-30-2022	Jun-30-2022
Cash From Operating Activities	49	0.8	47.8	25.3	41.2
% growth	26.49%	0.43%	25.55%	14.10%	23.41%
Capital Expenditures	-1	-0.3	-1.9	-2	-2.4
% growth	-0.54%	-0.16%	-1.02%	-1.11%	-1.36%
Free Cashflow	48	0.5	45.9	23.3	38.8
Cash From Investing Activities	5.7	12.1	19.8	-0.7	-62.6
Cash From Financing Activities	-6.2	-5.3	-388.4	-304.8	-6.5

Source : Company Reported Numbers ; Note : All Nos in USD Millions.

EFFICIENCY ANALYSIS (% of REVENUE METRIC)

Particulars	Jun-30-2023	Dec-31-2022	Dec-31-2021	Dec-31-2020
Accounts Receivable	83.4	100.2	95.1	85.5
% of Revenue	11.31%	13.93%	13.23%	11.93%
Inventory		#N/A		#N/A
% of Revenue	NA	NA	NA	NA
Total Current Assets	330.7	307.4	858.8	512.7
% of Revenue	44.84%	42.73%	119.51%	71.53%
Accounts Payable	10.9	14	7.3	12.4
% of Revenue	1.48%	1.95%	1.02%	1.73%
Long-Term Debt	1191.8	1192.8	1870.8	1882.7
% of Revenue	161.60%	165.80%	260.34%	262.65%
Retained Earnings	-1215.1	-1209.8	-280.4	-228.9
% of Revenue	-164.76%	-168.17%	-39.02%	-31.93%
Total Equity	1398.7	1369.7	2287.9	3010.7
% of Revenue	189.65%	190.39%	318.38%	420.02%
Total Debt	1271.4	1276.3	1979.6	2018
% of Revenue	172.39%	177.41%	275.48%	281.53%
Total Cash & ST Investments	178.2	148.9	732.1	270.7
% of Revenue	24.16%	20.70%	101.88%	37.77%
Net Property Plant & Equipment	65	88.1	104	136.3
% of Revenue	8.81%	12.25%	14.47%	19.02%

Source : Company Reported Numbers ; Note : All Nos in USD Millions.

Key Financial Ratios and Performance Metrics

For the Fiscal Period Ending	Jun-30-2023	Mar-31-2023	Dec-31-2022	Sep-30-2022	Jun-30-2022
Profitability					
Return on Assets %	3.2%	2.2%	3.7%	2.2%	1.6%
Return on Capital %	3.8%	2.6%	4.4%	2.5%	1.8%
Return on Equity %	0.1%	-1.6%	-3.1%	-80.1%	-127.8%
Return on Common Equity %	0.1%	-1.6%	-3.1%	-80.1%	-127.8%
Margin Analysis					
Gross Margin %	90.0%	90.1%	90.4%	90.8%	91.2%
SG&A Margin %	46.7%	53.4%	42.4%	50.5%	52.7%
EBITDA Margin %	31.4%	25.1%	33.1%	27.5%	25.8%
EBITA Margin %	28.4%	22.1%	26.2%	25.7%	23.9%
EBIT Margin %	21.9%	15.1%	26.2%	18.4%	16.5%
Earnings from Cont. Ops Margin %	0.1%	-3.0%	-5.6%	-162.9%	NM
Net Income Margin %	0.1%	-3.0%	-5.6%	-162.9%	NM
Net Income Avail. for Common Margin %	0.1%	-3.0%	-5.6%	-162.9%	NM
Normalized Net Income Margin %	3.7%	-0.2%	7.3%	3.3%	4.0%
Levered Free Cash Flow Margin %	28.7%	-3.8%	36.3%	5.1%	21.6%
Unlevered Free Cash Flow Margin %	37.1%	4.4%	43.7%	12.0%	26.8%
Asset Turnover					
Total Asset Turnover	0.2x	0.2x	0.2x	0.2x	0.2x
Fixed Asset Turnover	10.5x	9.1x	8.4x	7.7x	7.2x
Accounts Receivable Turnover	7.7x	7.1x	7.8x	8.1x	7.7x
Inventory Turnover	NA	NA	NA	NA	NA

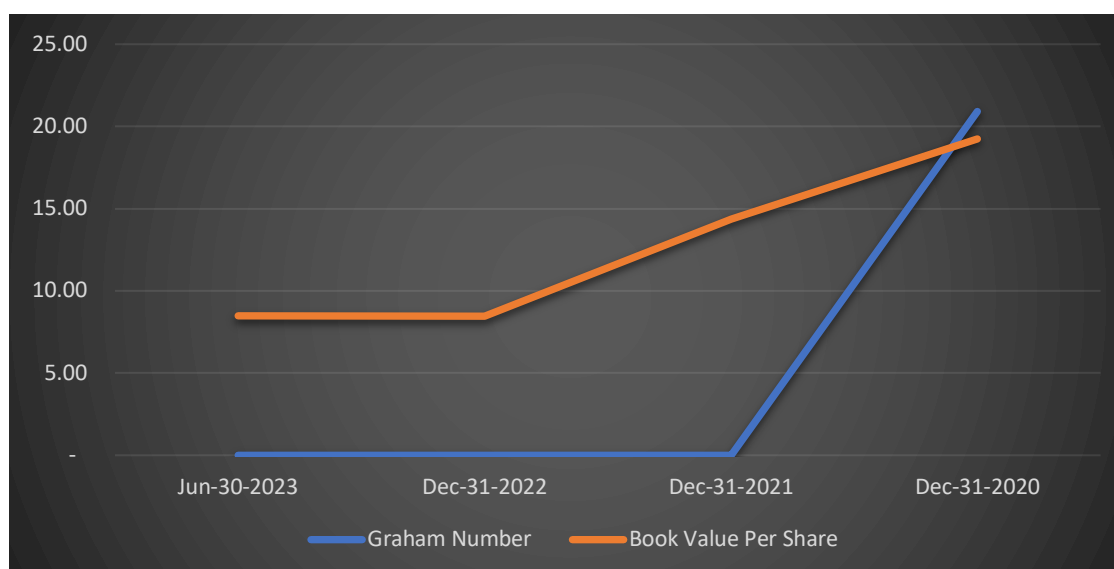
Short Term Liquidity					
Current Ratio	0.8x	0.7x	0.7x	1.5x	2.2x
Quick Ratio	0.6x	0.6x	0.5x	1.4x	2.1x
Cash from Ops. to Curr. Liab.	0.4x	0.0x	0.4x	0.2x	0.4x
Avg. Days Sales Out.	47.1	50.4	47.4	45.2	47
Avg. Days Inventory Out.	NA	NA	NA	NA	NA
Avg. Days Payable Out.	48.6	56	60.4	47.5	43.3
Avg. Cash Conversion Cycle	NA	NA	NA	NA	NA
Long Term Solvency					
Total Debt/Equity	90.9%	92.1%	93.2%	127.7%	121.5%
Total Debt/Capital	47.6%	47.9%	48.2%	56.1%	54.9%
LT Debt/Equity	88.9%	90.1%	91.4%	125.1%	119.4%
LT Debt/Capital	46.6%	46.9%	47.3%	54.9%	53.9%
Total Liabilities/Total Assets	56.0%	56.6%	57.2%	62.6%	60.3%
EBIT / Interest Exp.	1.4x	1.0x	1.9x	1.4x	1.6x
EBITDA / Interest Exp.	2.1x	1.8x	2.6x	2.4x	2.7x
-EBITDA-CAPEX / Interest Exp.	2.1x	1.8x	2.5x	2.3x	2.6x
Total Debt/EBITDA	5.1x	6.3x	4.8x	7.6x	9.7x
Net Debt/EBITDA	4.4x	5.6x	4.3x	5.4x	5.9x
Total Debt/-EBITDA-CAPEX	5.2x	6.3x	5.0x	7.9x	10.2x
Net Debt/-EBITDA-CAPEX	4.5x	5.6x	4.4x	5.6x	6.2x

Source: Capital IQ

Per Share & Supplemental Items

Particulars	Jun-30-2023	Dec-31-2022	Dec-31-2021	Dec-31-2020
Basic EPS	\$ -1.90	\$ -5.78	\$ -0.33	\$ 1.01
Weighted Avg. Basic Shares Out.	162.5	160.8	158	155.3
Normalized Basic EPS	\$ 0.20	\$ 0.17	\$ -0.14	\$ -0.07
Diluted EPS	\$ -1.90	\$ -5.78	\$ -0.33	\$ 1.00
Dividends per Share	NA	NA	NA	NA
Payout Ratio %	NA	NA	NA	NA
EBITDA	227.2	192.2	94.5	120.6
Interest on Long Term Debt	NA	NA	NA	NA
EBIT	161.5	129.5	27.7	59.3
Effective Tax Rate %	NM	NM	NM	NM
Book Value/Share	\$ 8.49	\$ 8.46	\$ 14.37	\$ 19.24
Tangible Book Value	-1200.8	-1200.8	-1372.3	-930.2
Tangible Book Value/Share	\$ -7.29	\$ -7.29	\$ -8.62	\$ -5.94
Total Debt	1271.4	1271.4	1979.6	2018
Net Debt	1093.2	1093.2	1247.5	1747.2
Graham Number	NA	NA	NA	20.91

Source: Capital IQ



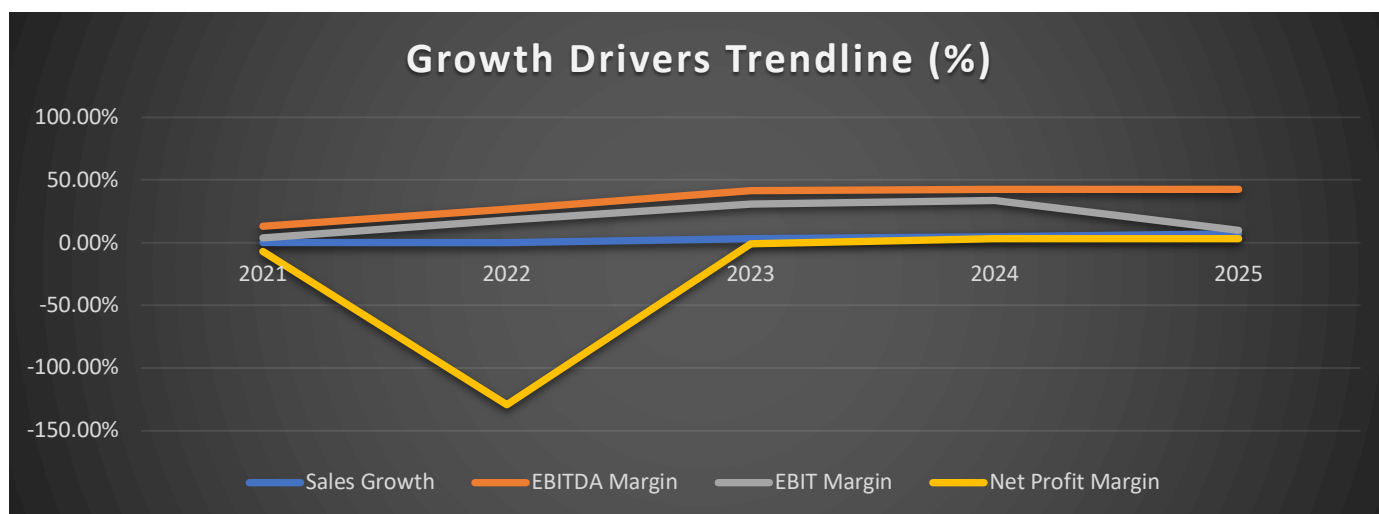
FINANCIAL FORECASTS

Annual Forecasts: Income Statement

Particulars	2021 Audited	2022 Audited	2023 Estimated	2024 Estimated	2025 Estimated
Total Revenue	718.60	719.40	744.43	781.13	837.00
% growth	0.25%	0.11%	3.48%	4.93%	7.15%
Cost Of Revenues	64.90	67.70	67.37	66.79	66.96
% of revenue	-9.03%	-9.41%	-9.05%	-8.55%	-8.00%
Gross Profit	653.70	651.70	677.06	714.34	770.04
% of revenue	90.97%	90.59%	90.95	91.45	92.00
EBITDA	94.60	192.10	310.22	331.35	356.59
% of revenue	13.16%	26.70%	41.67%	42.42%	42.60%
Depreciation & Amortization	66.90	62.60	80.55	68.06	273.00
Operating Income	27.70	129.50	229.67	263.29	83.59
% of revenue	3.85%	18.00%	30.85%	33.71%	9.99%
EBT(GAAP)	(96.90)	(908.00)	19.53	45.79	-
% of revenue	-13.48%	-126.22%	2.62%	5.86%	0.00%
Net Income (GAAP)	(51.40)	(929.40)	(6.81)	25.39	27.21
% of revenue	-7.15%	-129.19%	-0.91%	3.25%	3.25%
EPS (GAAP)	\$ -0.33	\$ -5.78	-0.04	0.15	0.17

Note : All Nos in USD Millions.

Source: Company Documents; Estimates Based on calculations by Equisights



Particulars	2021	2022	2023	2024	2025
Sales Growth	0.25%	0.11%	3.48%	4.93%	7.15%
EBITDA Margin	13.16%	26.70%	41.67%	42.42%	42.60%
EBIT Margin	3.85%	18.00%	30.85%	33.71%	9.99%
Net Profit Margin	-7.15%	-129.19%	-0.91%	3.25%	3.25%

The company's sales growth exhibited a modest start in 2021 and 2022, with growth rates of 0.25% and 0.11%, respectively. However, there was a significant uptick in sales growth in 2023, reaching 3.48%. This growth momentum continued to accelerate, reaching 7.15% in 2025. This trend suggests that the company's revenue generation improved steadily, potentially indicating successful market strategies or product innovations.

The EBITDA margin demonstrated substantial growth, expanding from 13.16% in 2021 to 42.60% in 2025. This remarkable increase reflects enhanced operational efficiency and cost management, which contributed to higher profitability. A similar pattern is observed in the EBIT margin, which evolved from 3.85% in 2021 to 33.71% in 2024, before showing a slight dip in 2025.

The net profit margin, despite starting with a negative figure in 2021, recovered significantly to 3.25% in 2024 and maintained this level in 2025. This indicates a transformation from losses to profitability, emphasizing the company's successful turnaround. However, the negative margin in 2022 is a point of concern, and it's crucial to understand the factors behind it and

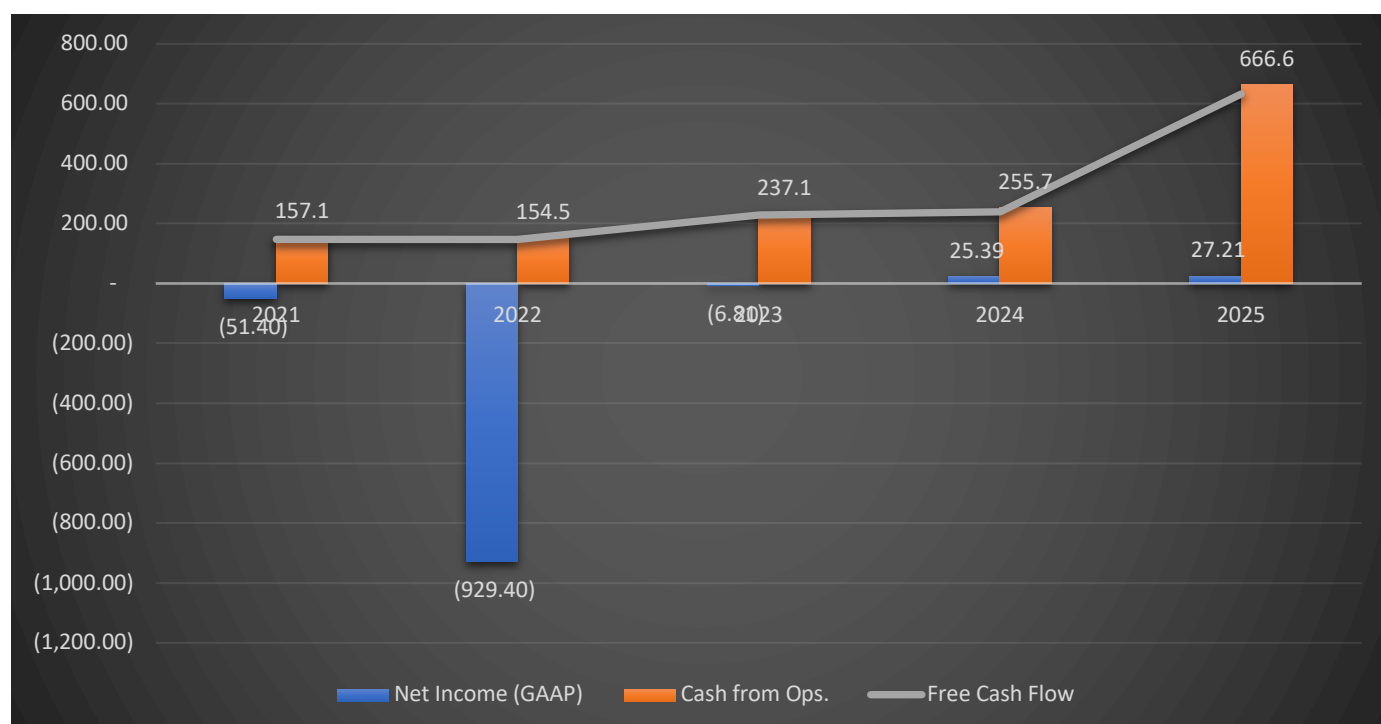
take measures to avoid such setbacks in the future. Overall, the financial performance shows a positive trajectory with a focus on profitability and efficiency.

Annual Forecasts: Cash Flow Statements

Particulars	2021	2022	2023	2024	2025
Net Income (GAAP)	(51.40)	(929.40)	(6.81)	25.39	27.21
+ Depreciation & Amortization	66.90	62.60	80.55	68.06	273.00
+/- Working Capital, Deferred Taxes & Other Adjustments	141.60	1,021.30	163.34	162.26	366.39
Cash from Ops.	157.1	154.5	237.1	255.7	666.6
% of revenue	21.86%	21.48%	31.85%	32.74%	79.64%
Capital Expenditure	(9.30)	(7.50)	(9.54)	(17.40)	(34.00)
% of revenues	-1.29%	-1.04%	-1.28%	-2.23%	-4.06%
Free Cash Flow	147.8	147.0	227.5	238.3	632.6
% of revenues	20.57%	20.43%	30.57%	30.51%	75.58%

Note : All Nos in USD Millions.

Source: Company Documents; Estimates Based on calculations by Equisights



- **Net Income (GAAP):** After achieving a net income of \$7.50 in 2022, the company reported a net loss of (\$6.81) in 2023, signaling a significant downturn. However, the numbers are projected to rebound significantly in 2024, reaching \$25.39, with an outlook for profitability beyond 2025. This suggests that 2023 may have been a challenging year, but the company anticipates a strong recovery.
- **Depreciation & Amortization:** The depreciation and amortization expenses show substantial growth from \$10.90 in 2022 to \$80.55 in 2023. This growth trend continues with projections of \$68.06 in 2024 and a substantial rise to \$273.00 in 2025. Such an increase can be indicative of higher investments in long-term assets and acquisitions, which can be a part of the company's strategic expansion plan.
- **Cash from Ops (% of Revenue):** The operating cash flow as a percentage of revenue shows stability, ranging from 31.85% in 2023 to 32.74% in 2024. However, there is a remarkable surge to 79.64% in 2025, reflecting the company's enhanced operational efficiency and cash generation capabilities, likely attributed to strategic improvements and revenue growth.
- **Capital Expenditure (% of Revenues):** Capital expenditure as a percentage of revenues demonstrates a consistent negative trend from -1.28% in 2023 to -2.23% in

2024 and -4.06% in 2025. This may indicate reduced investments in capital assets relative to revenue, suggesting potential cost optimization measures or changes in the company's capital allocation strategy.

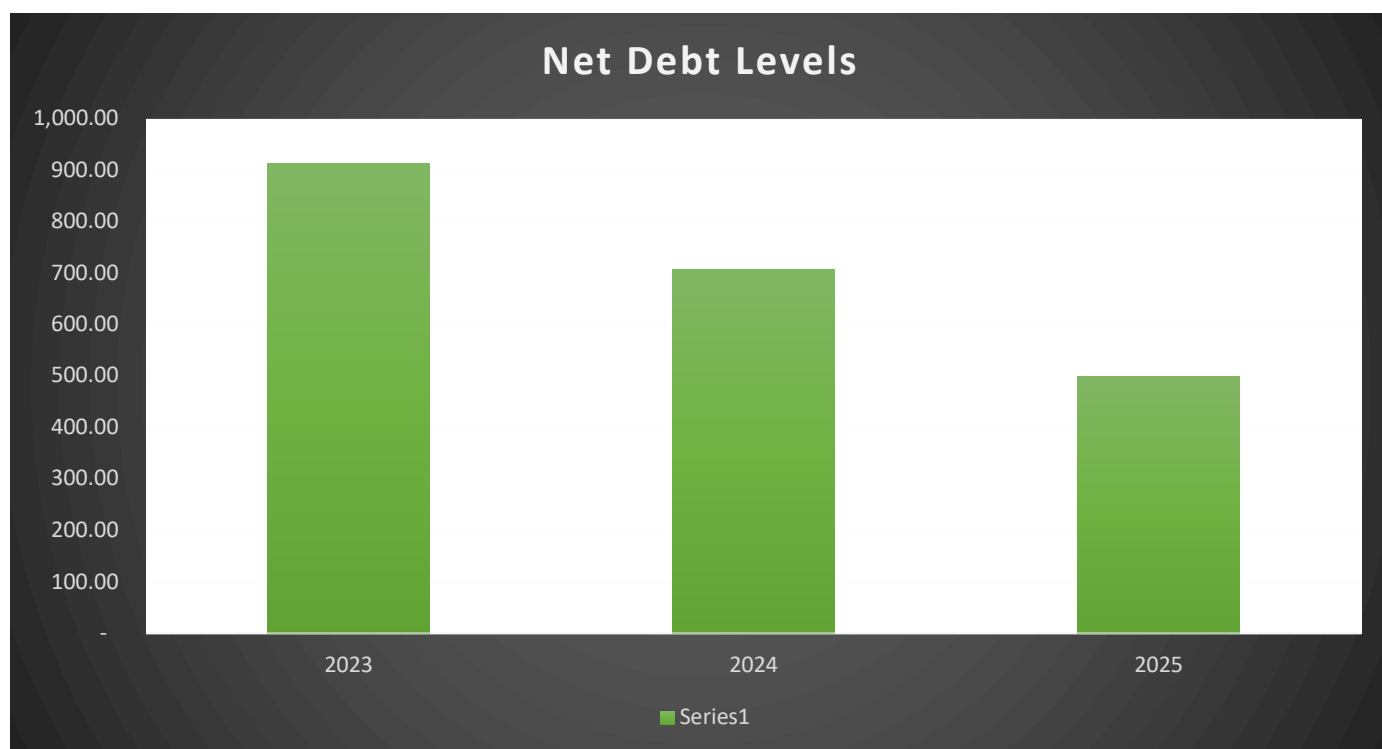
- **Free Cash Flow (% of Revenues):** The free cash flow as a percentage of revenues experiences strong growth, from 30.57% in 2023 to 30.51% in 2024 and a substantial increase to 75.58% in 2025. This positive trend reveals the company's improving financial health, with higher cash flow generation compared to its total revenues, which can be indicative of effective cost management and profitability.

NET DEBT LEVELS

- The company net debt position is expected to be positive from 2023 through 2025. This is net of adjustment by increase in free cashflow and scheduled repayments.

Leverage Ratios	2023	2024	2025
Net Debt	912.74	706.6	499.41

Source: Estimates Based on calculations by Equisights



PRICE PERFORMANCE & TARGET PRICE ANALYSIS

A Closer Look at DCF: Our Assumptions and Methodology

- The standard capital asset pricing model (CAPM) was used for the discounted cash flow valuation.

Key DCF Assumptions	
WACC	8.81%
CoD	8.41%
CoE	9.15%
Market Rate	6.00%
Risk Free Rate	3.45%
Beta	0.95
Perpetual Growth Rate (g)	-3.72%
Terminal Value	4,857.93
Tax Rate	0.16

* In USD Millions

Our Methodology :

In determining the value of the company, several assumptions were made. Based on the S&P 500 returns for the past five years, we assumed equity market risk premium at 6%. The risk-free rate was set at the 10-year Treasury Constant Maturity Rate of the United States, which was at 3.45%. The company's stock is slightly more volatile than the overall market and had a beta of 0.95. This beta was used to determine the cost of equity (CoE) at 9.15%, which was deemed reasonable for the company. Based on the company's long-term debt and interest payments, we arrived at the cost of debt (CoD) of 8.41%. After considering the CoE, CoD, and an average tax rate of 0.16%, we calculated the Weighted Average Cost of Capital (WACC) for the stock to be 8.81%.

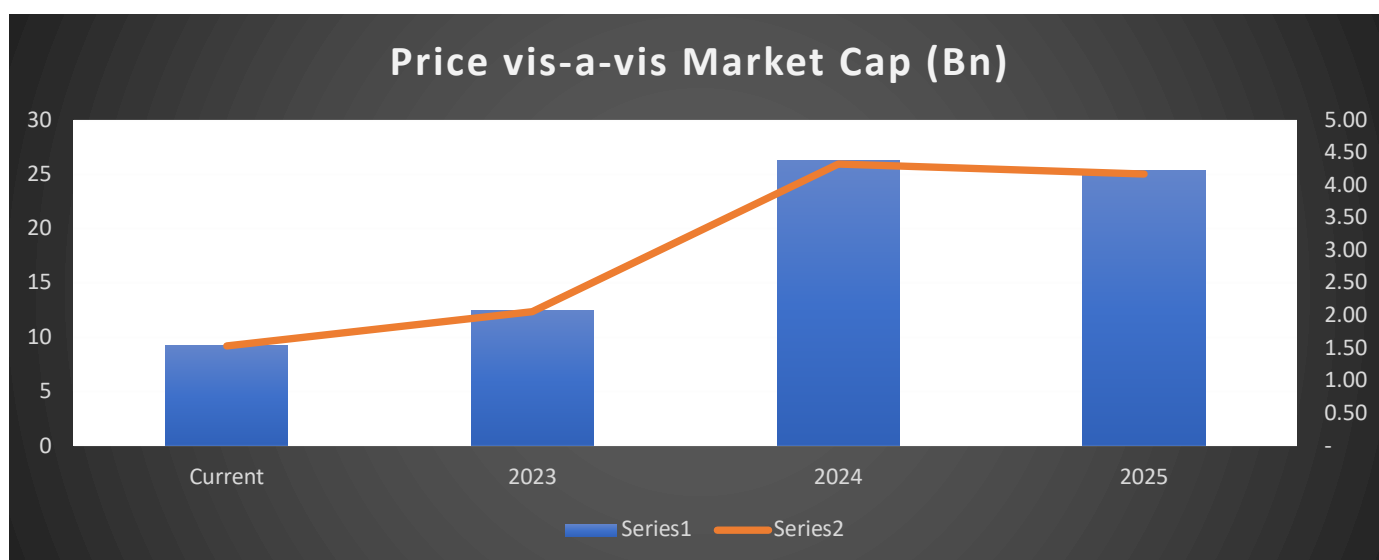
Terminal Value Calculation

While valuing a company using the discounted cash flow (DCF) method, the terminal value is a super important piece of the puzzle. It basically represents the biggest chunk of the projected value of the company. To figure out the terminal value, there are different approaches like using the perpetual growth rate method or the multiples method. In this case, they decided to calculate the terminal value by multiplying the expected revenue for 2025 by the EV/Sales or EV/EBITDA ratio as applies.

Target Price Analysis

EV and Market Cap	Current	2023	2024	2025
Price (\$)	9.31	12.50	26.26	25.33
Outstanding Number of shares (million)	165	165	165	165
Total Market Cap (billion)	1.53	2.06	4.33	4.17
Net Debt	1,128	913	707	499
Enterprise Value (billion)	2.66	2.97	5.03	4.67

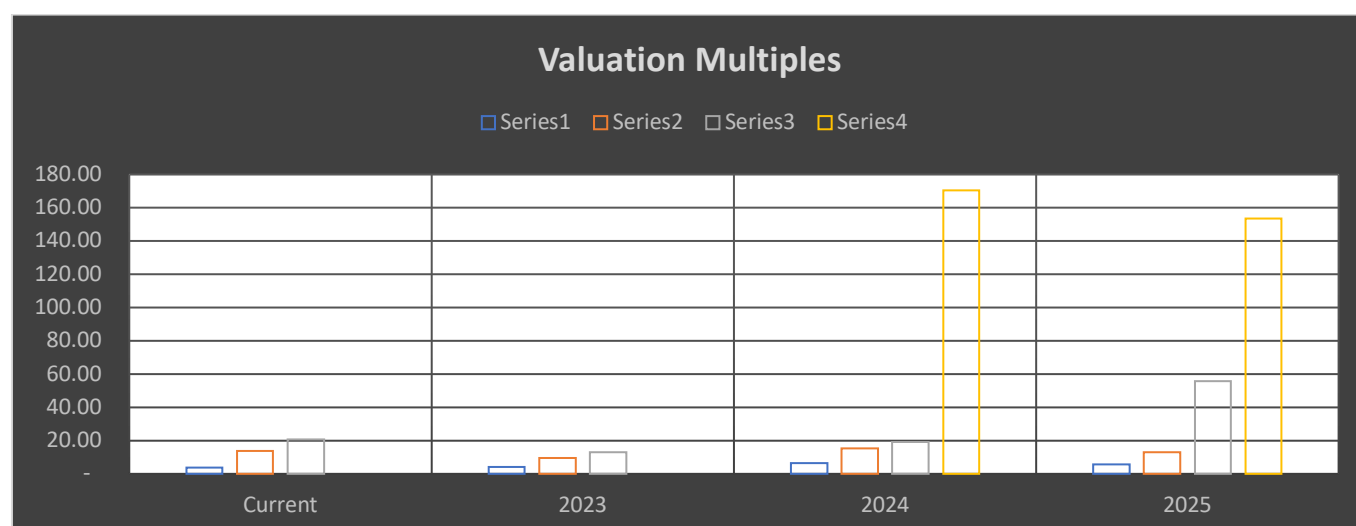
The analysis of the company's value led to a price target of \$12.5 for 2023, assuming a discount rate (WACC) of 8.81%. Looking further ahead, the price target for the end of 2024 is \$26.26, and for 2025, it is \$25.33



VALUATION MULTIPLES

Valuation Ratios	Current	2023	2024	2025
EV/ Sales	3.70	3.99	6.44	5.58
EV/ EBITDA	13.85	9.58	15.19	13.10
EV/ EBIT	20.55	12.94	19.11	55.89
Price/Earnings	-	-	170.34	153.37

Source/Note: Estimates are based on calculations by Equisights



BULL CASE

Methodology

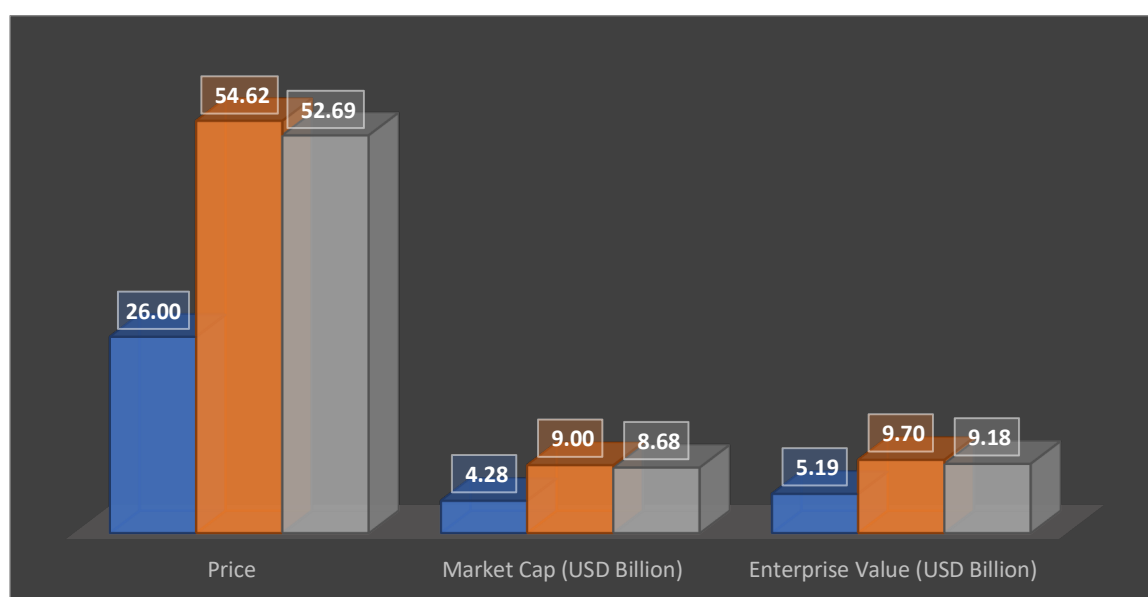
The Bull Case DCF Valuation Analysis is conducted as a scenario analysis, aiming to delineate the potential upper limit of the target company's valuation. This analysis is grounded in optimistic assumptions envisaging a scenario where the company enjoys exceptionally favorable conditions facilitating its long-term growth and value creation. This analytical process involves projecting the company's future free cash flows and discounting them back to their present value using a carefully selected discount rate, typically the Weighted Average Cost of Capital (WACC). The Terminal Value plays a pivotal role in this methodology. It represents the present value of all future cash flows when a particular project is anticipated to grow indefinitely at a stable rate, essentially capturing the full value of the company under optimistic circumstances. In the Bull Case, we carefully consider estimates that reflect a possible growth rate and company value under favorable conditions, considering various factors that might positively influence the company's performance. The objective is to outline an elevated valuation range that the company might achieve under the most auspicious conditions, providing investors with insights into the potential upside of the company's current valuation.

Key DCF Assumptions

CoD	CoE	Risk Free Rate	Market Rate	Beta	Perpetual Growth Rate (g)	Terminal Value (USD MM)	WACC
8.41%	9.15%	3.45%	6.00%	0.95	2.72%	10,664	8.81%

Resulting Valuations:

Year	Price	Market Cap (USD Billion)	Enterprise Value (USD Billion)	EV/Sales	EV/EBITDA	EV/EBIT	P/E
2023	26.00	4.28	5.19	6.98	16.75	22.62	-
2024	54.62	9.00	9.70	12.42	29.28	36.85	354.31
2025	52.69	8.68	9.18	10.97	25.74	109.80	319.00



Interpretation & Note :

The Bull Case DCF Valuation Analysis provides an optimistic estimate of the target company's intrinsic value, offering insights into the potential for increased value under favorable conditions. The elevated Price, Market Capitalization, and Enterprise Value, along with the valuation ratios under the Bull Case, serves as a tool for envisioning the upper end of the valuation range under favorable market and operational scenarios. While these valuations provide a positive outlook, actual market prices and company performance may vary significantly due to a multitude of factors, including market dynamics, competitive pressures, regulatory changes, and other macroeconomic factors.

BEAR CASE

Methodology

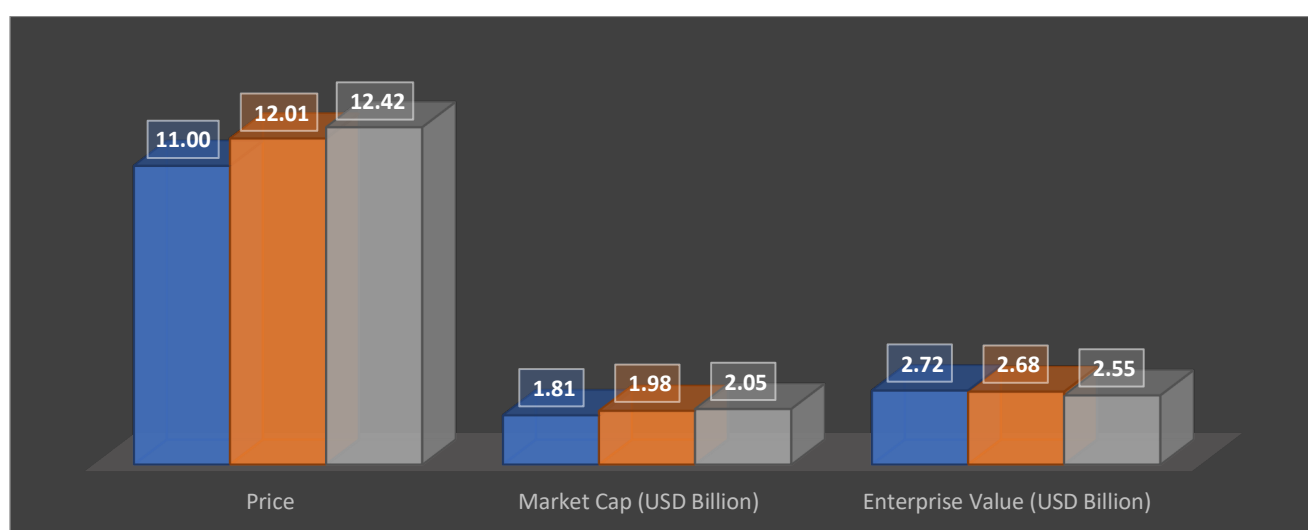
The Bear Case DCF Valuation Analysis is undertaken as a scenario analysis, striving to identify the potential lower boundary of the target company's valuation. This analysis is anchored in pessimistic assumptions, anticipating a scenario where the company faces notably adverse conditions hindering its long-term growth and value creation. The methodology involves projecting the company's future free cash flows and discounting them back to present value using a meticulously chosen discount rate, predominantly the Weighted Average Cost of Capital (WACC). In this context, the Terminal Value is crucial as it represents the present value of all future cash flows when a project is expected to grow at a subdued rate indefinitely, encapsulating the minimum value of the company under pessimistic circumstances. For the Bear Case, we apply conservative estimates reflecting a subdued growth rate and company value under unfavorable conditions, taking into account various factors that might negatively impact the company's performance. The goal is to sketch a constrained valuation range the company might confront under the least favorable conditions, offering investors insights into the potential downside of the company's current valuation.

Key DCF Assumptions

CoD	CoE	Risk Free Rate	Market Rate	Beta	Perpetual Growth Rate (g)	Terminal Value (USD MM)	WACC
8.41%	9.15%	3.45%	6.00%	0.95	-21.43%	1,644	8.81%

Resulting Valuations:

Year	Price	Market Cap (USD Billion)	Enterprise Value (USD Billion)	EV/Sales	EV/EBITDA	EV/EBIT	P/E
2023	11.00	1.81	2.72	3.66	8.78	11.86	-
2024	12.01	1.98	2.68	3.44	8.10	10.19	77.88
2025	12.42	2.05	2.55	3.04	7.14	30.45	75.19



Interpretation & Note :

The Bear Case DCF Valuation Analysis presents a cautious estimate of the target company's intrinsic value, providing insights into the potential for decreased value under adverse conditions. The reduced Price, Market Capitalization, and Enterprise Value, along with the valuation ratios under the Bear Case, serve as a tool for anticipating the lower end of the valuation range under unfavorable market and operational scenarios. While these valuations provide a conservative outlook, actual market prices and company performance may diverge significantly due to various factors, including market volatility, competitive pressures, regulatory challenges, and other macroeconomic uncertainties.

-

SCENARIO/SENSITIVITY ANALYSIS

EV and Market Cap	Current	Base Case	Bull Case	Bear Case
Price (\$)	9.31	12.50	26.00	11.00
Outstanding Number of shares (million)	164.70	164.70	164.70	164.70
Total Market Cap (billion)	1.53	2.06	4.28	1.81
Net Debt	1,127.50	912.74	912.74	912.74
Enterprise Value (billion)	2.66	2.97	5.19	2.72
Returns (%)		34.26%	179.27%	18.15%
Perpetual Growth Rate (g)		-3.72%	2.72%	-21.43%
Terminal Value		4,857.93	10,664	1,644



Comparative Valuation Metrics

Extended Valuation: Multiples-Based Approach

Comparables	NTM TEV/Forward Total Revenue	NTM TEV/Forward EBITDA	NTM Forward P/E
New Relic Inc. -NYSE:NEWR	5.48x	25.65x	44.84x
Rapid7 Inc. -NasdaqGM:RPD	4.13x	24.20x	26.40x
Dynatrace Inc. -NYSE:DT	8.35x	31.99x	41.40x
Zscaler Inc. -NasdaqGS:ZS	10.76x	53.99x	70.04x
Datadog Inc. -NasdaqGS:DDOG	11.04x	52.70x	56.82x
Tenable Holdings Inc. -NasdaqGS:TENB	5.38x	40.27x	63.70x
CrowdStrike Holdings Inc. -NasdaqGS:CRWD	11.40x	47.48x	54.93x
UiPath Inc. -NYSE:PATH	4.88x	29.48x	36.97x
ServiceNow Inc. -NYSE:NOW	11.12x	33.37x	47.93x
Appian Corporation -NasdaqGM:APPN	5.03x	NM	NM
-	-	-	-
-	-	-	-
SolarWinds Corporation -NYSE:SWI	3.45x	8.42x	11.23x
Summary Statistics			
High	11.40x	53.99x	70.04x
Low	4.13x	24.20x	26.40x
Mean	7.76x	37.68x	49.23x
Median	6.91x	33.37x	47.93x

Source: Capital IQ

Relative Valuation: Using Forward Multiples

Methodology

The Target Price Analysis utilizes a multiples approach by employing key financial multiples derived from comparable companies listed in the equity research report. The selected multiples for analysis include NTM TEV/Forward Total Revenue, NTM TEV/Forward EBITDA, and NTM Forward P/E. This method involves calculating both the mean and median values of each selected multiple from the group of comparable companies. These values are then applied to the target company's forecasted NTM Revenue, EBITDA, and EPS, providing a range of target prices and offering a comprehensive view of the target company's potential valuation relative to its peers. Using both the mean and median of multiples from comparable companies is a common and accepted practice in equity valuation. The mean, representing the average, provides a general indication of the central tendency within the set of comparables. However, it is sensitive to extreme values or outliers, which might skew the data if the multiples among comparables vary significantly. On the other hand, the median, being the middle value in a sorted, ascending or descending, list of numbers, is not affected by the overall distribution and provides a more accurate reflection of the typical multiple, especially when the data set contains outliers or is skewed. The median is often seen as a more reliable measure in the presence of such discrepancies in the data set, offering a clearer picture of the market's typical valuation level.

Assumptions

- The forecasted NTM Revenue, EBITDA, and EPS for the target company are derived from the forecasts provided in our report, which are based on the company's guidance, consensus analyst estimates, or our internal projections.
- Selected comparable companies share similarities with the target company in aspects such as business model, industry segment, size, and financial characteristics.
- Multiples of comparables are obtained from reliable financial databases and have been verified for accuracy and consistency.
- Market conditions, industry trends, and macroeconomic factors are assumed to remain consistent across the target company and its comparables.

Calculation Table

Multiple	Mean (x)	Median (x)	Target Company NTM Metric (USD million)	Target Valuation Using Mean (USD million)	Target Valuation Using Median (USD million)
TEV/Forward Total Revenue	7.76	6.91	744.43	5,776.78	5,144.01
TEV/Forward EBITDA	37.68	33.37	310.22	11,689.09	10,352.04
Forward P/E	49.23	47.93	(0.04)	NM	NM

Note: Estimates are based on calculations by Equisights

Interpretation

The derived Target Enterprise Value (TEV) using Forward Total Revenue and Forward EBITDA provides indicative valuations, taking into account expected revenue and profitability. Concurrently, the Target Equity Value per Share, calculated using the Forward P/E multiple, sheds light on the potential value per share. These indicative target valuations assist investors in establishing a valuation range pivotal for informed investment decisions. Nonetheless, it is crucial to acknowledge the intrinsic limitations of a multiples-based valuation. Hence, this analysis should be viewed as a component within a broader valuation framework. Actual market prices may diverge due to unaccounted factors in the analysis, such as market sentiment, financial performance variations, and macroeconomic conditions.

FINANCIAL PERFORMANCE OVERVIEW

Company Name	Market Capitalization Latest	LTM Net Debt	Total Enterprise Value Latest	LTM Tangible Book Value/Share	LTM Total Revenue	LTM EBITDA	LTM Diluted EPS Excl. Extra Items
New Relic Inc.	6,146.40	(393.80)	5,786.80	2.91	967.60	(57.20)	(2.09)
Rapid7 Inc.	2,760.00	621.20	3,381.20	(12.34)	733.80	(41.10)	(2.23)
Dynatrace Inc.	12,896.00	(622.10)	12,273.90	1.26	1,224.10	147.20	0.49
Zscaler Inc.	23,077.50	(881.70)	22,195.90	4.10	1,617.00	(195.70)	(1.40)
Datadog Inc.	26,133.20	(1,300.30)	24,832.90	3.96	1,897.10	(89.80)	(0.26)
Tenable Holdings Inc.	4,764.30	(225.60)	4,538.70	(0.62)	743.40	(31.60)	(0.72)
CrowdStrike Holdings Inc.	41,694.80	(2,376.60)	39,350.10	5.18	2,642.50	(65.00)	(0.40)
UiPath Inc.	8,546.40	(1,766.50)	6,779.90	3.31	1,148.20	(202.40)	(0.32)
ServiceNow Inc.	116,297.70	(1,807.00)	114,490.70	28.04	8,474.00	1,173.00	7.75
Appian Corporation	2,868.40	41.30	2,909.70	0.68	506.60	(145.90)	(2.16)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
SolarWinds Corporation	1,533.70	1,093.20	2,626.90	(7.29)	737.50	227.20	(1.90)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
Summary Statistics	Market Capitalization Latest	LTM Net Debt	Total Enterprise Value Latest	LTM Tangible Book Value/Share	LTM Total Revenue	LTM EBITDA	LTM Diluted EPS Excl. Extra Items
High	116,297.70	621.20	114,490.70	28.04	8,474.00	1,173.00	7.75
Low	2,760.00	(2,376.60)	2,909.70	(12.34)	506.60	(202.40)	(2.23)
Mean	24,518.50	(871.10)	23,654.00	3.65	1,995.40	49.20	(0.13)
Median	10,721.20	(751.90)	9,526.90	3.11	1,186.20	(61.10)	(0.56)

Source: Capital IQ

OPERATIONAL PERFORMANCE METRICS

Company Name	LTM Total Revenues 1 Yr Growth %	LTM EBITDA Margin %	LTM EBIT Margin %	LTM Net Income Margin %	LTM Total Debt/Capital %	LTM Total Debt/EBITDA
New Relic Inc.	13.48%	-5.9%	-6.2%	-14.92%	9.20%	NM
Rapid7 Inc.	19.06%	-5.6%	-11.5%	-18.10%	113.81%	NM
Dynatrace Inc.	24.03%	12.0%	8.8%	11.77%	4.41%	0.5x
Zscaler Inc.	48.22%	-12.1%	-14.1%	-12.51%	62.69%	NM
Datadog Inc.	38.90%	-4.7%	-6.5%	-4.38%	34.92%	NM
Tenable Holdings Inc.	21.58%	-4.2%	-7.6%	-10.94%	57.17%	NM
CrowdStrike Holdings Inc.	44.08%	-2.5%	-5.8%	-3.54%	29.71%	NM
UiPath Inc.	15.07%	-17.6%	-19.2%	-15.47%	3.08%	NM
ServiceNow Inc.	22.47%	13.8%	7.6%	18.72%	23.94%	1.7x
Appian Corporation	20.13%	-28.8%	-30.5%	-31.11%	77.53%	NM
	-	-	-	-	-	-
	-	-	-	-	-	-
SolarWinds Corporation	2.30%	30.8%	21.9%	-41.76%	47.62%	5.3x
	-	-	-	-	-	-
	-	-	-	-	-	-
Summary Statistics	LTM Total Revenues 1 Yr Growth %	LTM EBITDA Margin %	LTM EBIT Margin %	LTM Net Income Margin %	LTM Total Debt/Capital %	LTM Total Debt/EBITDA
High	48.22%	13.8%	8.8%	18.72%	113.81%	1.7x
Low	13.48%	-28.8%	-30.5%	-31.11%	3.08%	0.5x
Mean	26.70%	-5.6%	-8.5%	-8.05%	41.65%	1.1x
Median	22.03%	-5.2%	-7.0%	-11.72%	32.32%	1.1x

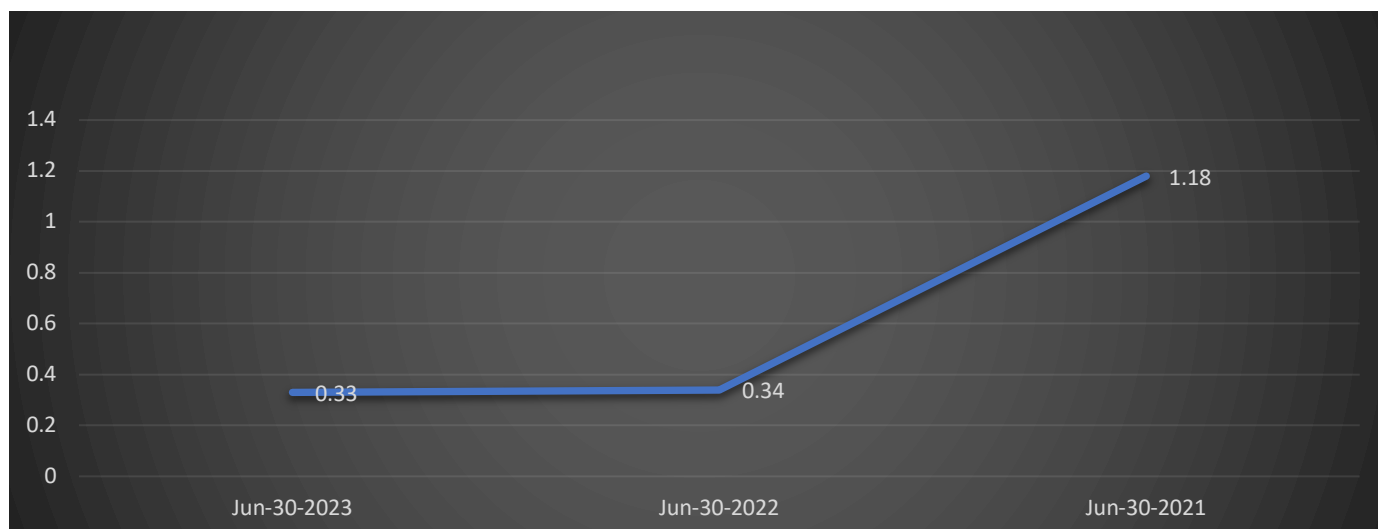
Source: Capital IQ

ALT MAN Z SCORE

The Altman Z-Score is an essential financial metric utilized to evaluate the likelihood of a company facing bankruptcy within the subsequent two-year period. The Z-Score integrates five weighted financial ratios, with each ratio shedding light on different aspects of a company's financial health and performance. Generally, a Z-Score above 3.0 is perceived as indicative of financial stability, suggesting a low risk of bankruptcy. Conversely, a score below 1.8 is a red flag, signaling a high risk of impending financial distress. Scores that fall between 1.8 and 3.0 are in a grey zone, meriting deeper analytical review. In this report, we meticulously observe the trends in the Altman Z-Scores for successive fiscal years, as these trends are reflective of the company's shifting financial stability or instability over time.

Fiscal Year Ending	Jun-30-2023	Jun-30-2022	Jun-30-2021
Altman Z Score	0.33	0.34	1.18

Source: Capital IQ



Piotroski F-Score

The Piotroski F-Score is a tool used to assess the strength of a company's financial position. It consists of nine criteria that are used to score a company's financial health. Each criterion that is met gives one point, for a maximum score of 9. A company that scores 8 or 9 is typically considered to be strong, whereas a company that scores between 0 and 2 might be weak. The Piotroski F-Score is a useful tool to analyze the financial strength of a company, especially when combined with other forms of financial analysis. Here's a table detailing the components of the Piotroski F-Score:

Component	Criteria
1. Positive Net Income	Net Income > 0
2. Positive Return On Assets in the current year	ROA > 0
3. Positive Operating Cash Flow in the current year	Operating Cash Flow > 0
4. Cash Flow from Operations being greater than Net Income	Operating Cash Flow > Net Income
5. Lower ratio of Long Term Debt in the current period, compared to the previous year	Long Term Debt Ratio Decreased
6. Higher Current Ratio this year compared to the previous year	Current Ratio Increased
7. No new shares were issued in the last year	No New Stock Issuance
8. A higher Gross Margin compared to the previous year	Gross Margin Increased
9. A higher Asset Turnover ratio compared to the previous year	Asset Turnover Ratio Increased
Score	4

Equisights Note:

The score has been computed using the data that is currently available and accessible to us. In situations where specific financial components, pivotal for a complete and holistic evaluation, are not disclosed or unavailable, they have been necessarily excluded from our calculations. Such omissions have the potential to influence, to varying degrees, the representational accuracy and integrity of the Piotroski F-Score. As a consequence, any investment or financial decisions based on this score alone could carry unforeseen risks. We urge all to approach the Piotroski F-Score as one tool among many in your decision-making toolkit, and to ensure that it is supplemented with other relevant financial metrics, qualitative factors, and in-depth analyses.

Ownership Activity/ Insider Trades

Institutions		
Mar-31-2023 To Jun-30-2023	Holders	Common Stock Equivalent Held
Total Positions	186	155,278,078
New Positions	19	1,013,697
Increased Positions	77	4,755,166
Decreased Positions	46	-1,090,381
Sold Out Positions	21	-4,418,634
Individuals/Insiders		
Mar-31-2023 To Jun-30-2023	Holders	Common Stock Equivalent Held
Total Positions	13	2,150,761
New Positions	-	-
Increased Positions	8	441,223
Decreased Positions	2	-1,716
Sold Out Positions	-	-
Other Strategic Holders		
Mar-31-2023 To Jun-30-2023	Holders	Common Stock Equivalent Held
Total Positions	3	111,567,036
New Positions	-	-
Increased Positions	1	1,237
Decreased Positions	-	-
Sold Out Positions	-	-

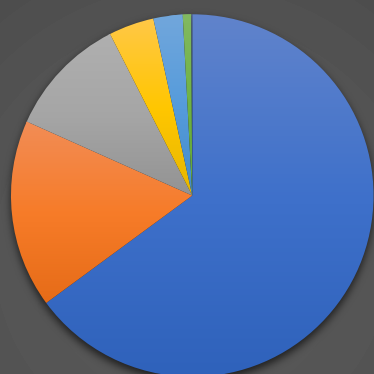
Source: Capital IQ

Ownership Summary

Type	Common Stock Equivalent Held	% of Total Shares Outstanding	Market Value (USD in mm)
Institutions	44,322,024	26.9	419.3
Corporations (Private)	2,517	0	0
Individuals/Insiders	2,157,007	1.31	20.4
VC/PE Firms (>5% stake)	111,564,519	67.72	1,055.40
Public and Other	6,692,186	4.06	63.3
Total	164,738,253	100.00	1,558.40

Source: Capital IQ

Institutional Ownership Details



- Traditional Investment Managers
- VC/PE Firms (<5% stake)
- Hedge Fund Managers (<5% stake)
- Family Offices/Trusts
- Banks/Investment Banks
- Government Pension Sponsors
- Sovereign Wealth Funds (<5% stake)

AN ANALYSIS OF ESG RISK RATING

Company	ESG Risk Rating	Industry Group Rank	Global Rank	Exposure to ESG Risks	Management of ESG Material Risk
SolarWinds Corporation	26.4 (Medium Risk)	902 out of 1109	8536 out of 15652	Medium	Strong

Source: <https://www.sustainalytics.com/esg-rating/solarwinds-corp/2006269429>

- **Moderate ESG Risk:** SolarWinds Corporation maintains a moderate ESG (Environmental, Social, and Governance) risk rating of 26.4, positioning it in the medium-risk category. This indicates a balanced approach to environmental and social concerns within its operational practices.
- **Industry Ranking:** Within its industry group, SolarWinds stands at 902 out of 1109, reflecting its positioning in the lower mid-tier concerning ESG performance compared to peers. The company operates in an environment where there is room for improvement in ESG practices compared to industry counterparts.
- **Global Ranking:** Globally, SolarWinds holds the 8536th position out of 15652 companies evaluated. While it falls in the lower half, the ranking indicates a presence within the global landscape, with opportunities to enhance its ESG initiatives and move towards a more favorable position.
- **Medium Exposure, Strong Management:** The company faces a medium level of exposure to ESG risks. Despite this exposure, SolarWinds exhibits strong management of ESG material risks. This suggests that while challenges exist, the company has robust strategies and policies in place to effectively mitigate these risks and uphold responsible practices.
- **Strategic ESG Focus:** SolarWinds demonstrates a proactive stance in managing its ESG material risks, indicating a strategic approach towards sustainable business operations. This strong management underscores the company's commitment to addressing environmental, social, and governance issues, showcasing its dedication to responsible corporate conduct.

KEY PROFESSIONALS

The Key Professionals section elucidates the cadre of executives who are integral to the daily operations and strategic implementations within the company. This section introduces the personnel who take the helm of various critical departments, with roles ranging from financial oversight to technological innovation, legal compliance, investor relations, marketing, human resources, and regional management. These professionals are pivotal as they execute the strategic directives laid out by the Board of Directors, thereby playing a crucial role in realizing the company's vision and objectives. Their designations reflect the areas of the company they lead and manage, offering readers insight into the organizational structure and functional distribution of responsibilities. In the context of our report, understanding the roles of these key professionals provides a lens through which we can appreciate the company's operational dynamics and the execution of its strategic initiatives, both of which are crucial for informed investment decision-making.

Name	Title
Ramakrishna Sudhakar	President CEO & Director
Kalsu J. Barton	Executive VP CFO & Treasurer
Bliss Jason W.	Executive VP Chief Administrative Officer & Secretary
Cronk David	Senior Vice President of International Sales
Walsh Carolyn	Group Vice President of Worldwide Marketing
Brown Tim	Chief Information Security Officer
Bury Kevin	Chief Customer Officer of MSP Division
Kasturi Rohini	Executive VP & Chief Product Officer
Reese Chad	President of Americas Sales & Global Channel
Webb Andrea	Executive VP & Chief Customer Officer
Hook Ashley	Investor Relations and FP&A Manager

Source: Capital IQ

KEY BOARD MEMBERS

The Key Board Members section is pivotal for our research report, offering invaluable insights into the company's strategic leadership and governance structure. The Chairman & CEO plays a central role, providing vision and direction for the company's strategy and operations. The presence of Independent Directors is crucial, offering a diverse range of perspectives and providing necessary oversight to ensure that the company's strategies are executed effectively and responsibly. The Lead Independent Director plays an especially vital role in guaranteeing that the board's processes and activities are well-coordinated and governed effectively. Additionally, specialized roles, such as members of advisory boards, underscore the firm's commitment to incorporating expert advice and insights into their strategic considerations and decisions. Collectively, the board's composition, experience, and expertise are instrumental in driving the company's success, influencing strategic decisions, ensuring robust corporate governance, and enhancing shareholder value. Understanding the roles and contributions of these key individuals is essential for evaluating the company's investment thesis and risk profile.

Name	Title
Bock William Gregory	Independent Chairman of the Board
Ramakrishna Sudhakar	President CEO & Director
Kinney Catherine Ruane	Independent Director
Benko Cathleen A.	Independent Director
Hao Kenneth Yehkang	Independent Director
Howard Dennis Willard	Independent Director
Land Robert	Member of Advisory Board
Lynch Anita	Member of Advisory Board
Picciano Robert J.	Member of Advisory Board
Smith Douglas P.	Independent Director
Sundaram Easwaran	Independent Director
Widmann Michael	Independent Director

Source: Capital IQ

Key Risks Considerations:

1. **Energy Industry Volatility:** SolarWinds Corporation operates within the energy sector, a domain susceptible to significant volatility. Factors such as fluctuating oil and gas prices, geopolitical tensions, and changes in energy demand can affect the company's financial stability and stock value.
2. **Cyclical Industry Patterns:** SolarWinds Corporation's business is intricately tied to the cyclical nature of the energy industry. Downturns in exploration and production activities during industry downturns can lead to reduced demand for the company's products and services.
3. **Regulatory Challenges:** As an international entity, SolarWinds Corporation is subject to diverse regulatory standards. Alterations in regulations, especially regarding environmental protection, health, safety, and emissions, may elevate operational costs and disrupt company activities.
4. **Technological Disruptions:** Rapid technological advancements, such as innovations in drilling techniques or alternative energy sources, could disrupt the market demand for SolarWinds Corporation's offerings. Failure to adapt or innovate might jeopardize the company's competitive standing.
5. **Global Economic Sensitivity:** SolarWinds Corporation's performance is sensitive to global economic conditions. Economic slowdowns or instability can curtail exploration and production activities, potentially diminishing the demand for the company's products and services.
6. **Intense Competition:** The energy sector is fiercely competitive, with established companies and niche players contending for market dominance. SolarWinds Corporation faces the risk of losing market share to competitors, impacting its profitability and financial outlook.
7. **Geopolitical Challenges:** Operating globally, SolarWinds Corporation is exposed to geopolitical risks. Political instability, trade disputes, sanctions, or regional conflicts can disrupt the company's supply chain, resource access, and project execution.
8. **Health and Safety Hazards:** SolarWinds Corporation operates in an industry inherently laden with health and safety risks. Accidents, equipment failures, or operational incidents can result in reputational damage, legal liabilities, and increased operational expenditures.
9. **Environmental Concerns:** The energy sector faces mounting scrutiny regarding its environmental impact and carbon emissions. Non-compliance with environmental regulations or inefficient management of environmental risks could lead to reputational harm, legal actions, and regulatory fines.
10. **Currency Exchange Vulnerability:** SolarWinds Corporation's operations span multiple countries and involve transactions in diverse currencies, exposing it to foreign exchange risks. Fluctuations in exchange rates can impact reported revenues and earnings when converted to the reporting currency.

11. **Supply Chain Challenges:** The company contends with challenges in the air derivative supply chain, affecting component and equipment availability. Despite mitigation efforts, these challenges could influence order timing and execution.
12. **Slower Energy Transition:** The anticipated energy transition might progress at a slower pace than expected. This deceleration could impact the demand for new energy solutions, affecting SolarWinds Corporation's growth prospects in the long term.
13. **Upstream Spending Volatility:** SolarWinds Corporation anticipates robust upstream spending, yet uncertainties in oil and gas prices, geopolitical factors, and regulatory shifts may alter exploration and production companies' investment decisions. Any reduction in spending could negatively impact SolarWinds Corporation's orders and financial performance.
14. **Execution Risks:** As SolarWinds expands its product portfolio and platform capabilities, it faces the risk of execution, including delays in product development, integration challenges, and the ability to effectively monetize new offerings. These risks could impact the company's growth and profitability in the future.

It is important to highlight the key risks associated with an investment in SolarWinds Corporation, as well as the inherent risks associated with the financial projections and price forecasts presented in this report.

Regarding our price forecast, we would like to clarify that the valuation of SolarWinds Corporation, in this report is specific to the date of the analysis, namely October 27, 2023.

We must emphasize that the projected valuation and share price of SolarWinds Corporation, are contingent on the achievement of revenue growth, free cash flows, and other underlying assumptions. Our analysis is incapable of providing assurance that these financial projections will be realized. There is a possibility that the company's actual results will differ from its projected results due to unforeseen events and circumstances, such as the actualization of the threats described in the preceding paragraph. Lastly, we would like to clarify that we had no interaction with the company's management, and they did not remark on the attainability or reasonableness of the underlying assumptions for the financial forecasts. Please refer to our detailed disclosures at the end for additional information.

Analyst Ratings

Buy: Expected to outperform market over next 6 to 12 months. Minimal risk to fundamentals and valuation. Good long-term investment.

Outperform: Expected to outperform the market over next 6 to 12 months but there is a moderate risk to fundamentals and valuation.

Sell: Expected to significantly underperform the market over next 6 to 12 months. There is a strong likelihood of the security delivering negative returns and a very high risk to fundamentals and valuation.

Underperform: Expected to underperform the market over next 6 to 12. There is a moderate to high risk to fundamentals and valuation.

Hold: Expected to perform in line with the market over next 6 to 12 months. However, there is a moderate to high risk to fundamentals and valuation.

Analyst Industry Views

Attractive: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious: The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500 /; Latin America – MSCI Emerging Markets Latin America; Europe – MSCI Europe; Japan - TOPIX; Asia - relevant country index or sub-regional index. Please contact us to know the relevant index in case it is not specified in the report.

Disclosures

This report has been compiled by Equisights solely for the purpose of providing information and in no way constitutes an offer, solicitation, or recommendation to purchase or dispose of any investment or to engage in any transaction. The most important statistical data, historical data, and price-volume information has been gathered from trustworthy sources. This report is based entirely on information about the featured company(s) that is readily available to the public and that Equisights believes to be reliable; however, Equisights does not represent that the information is accurate or full, and readers should not rely on it as though it were. Any and all of the information presented in this report is subject to modification at any time and without prior notification.

This report is not being distributed in conjunction with the distribution of any securities, nor is it an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. Neither of these activities is being done in connection with any distribution of securities. This report does not constitute a personal trading recommendation, nor does it take into account the particular investment objectives, financial situation, or needs of the recipients of this report. Additionally, this report does not provide all of the key elements that are necessary for any user to make a decision regarding an investment. The recipients of this report should think about whether or not any of the material in it is applicable to their specific situations, look over the company's filings, and, if necessary, seek the counsel of professionals, particularly tax professionals.

Small-cap, mid-cap, and micro-cap stocks all carry a significant amount of risk, which is something that investors need to be aware of. There is a possibility that the share price and trading volume of the firm (or companies) included in this report will change, however Equisights is not responsible for the inherent market volatility that may occur. The success of an investment in the past is not necessarily indicative of its performance in the future, future returns are not guaranteed, and there is a possibility that the initial investment will be lost. There is a high risk involved in certain transactions, such as those involving futures, options, and other derivatives; therefore, these kinds of deals are not appropriate for all investors.

No responsibility or liability is assumed by Equisights, its owners, analysts, employees, contractors, or interns for any direct or indirect losses, loss of profits, damages, costs, or expenses incurred or suffered by the recipients of this report as a result of or in connection with accessing, using, misusing, or relying on any information contained in this report. This includes any loss of profits, damages, costs, or expenses incurred or suffered by the recipients of this report.

Equisights and/or <https://equisights.com/> is a firm that focuses on equities research; however, it is not a FINRA-registered broker/dealer or investment advisor, nor does it offer services in investment banking. No one at Equisights, including the company's owners, analysts, employees, contractors, or interns, has a long or short stock position in the companies whose shares are discussed in this research. The preparation of this study did not result in any fees or other forms of compensation being received by Equisights. It should be noted that the team behind it has not accepted any form of payment from any of the highlighted firms or from any other party associated to them. Equisights has a stringent policy in place regarding personal business dealings and any conflicts of interest. Equisights, its owners, analysts, employees, contractors, or interns do not get any equity securities from the listed firms. Neither do any other members of the Equisights team.

In addition, none of the company's owners, analysts, employees, contractors, or interns are permitted to buy or sell the stocks of any of the featured companies during any time period beginning 72 hours after the public release of the report and continuing for at least 72 hours after the report is made available to the general public via electronic distribution and continuing for as long after that as possible.

Without the express prior written permission of Equisights, this report may not be reproduced, redistributed, or published in any manner, including but not limited to electronic, print, or any other medium. Equisights and all of its owners, analysts, employees, contractors, and interns disclaim any and all liability for any direct, indirect, or consequential loss that may result from any inaccuracy within this report or from any use of the contents of this study. Any unlawful use, reproduction, redistribution, or disclosure of this information is in violation of the law and will result in a penalty. Equisights and anybody associated with it, including its owners, analysts, employees, contractors, or interns, does not accept any responsibility or liability for the acts of third parties. Equisights and its owners, analysts, employees, contractors, or interns do not make any representations or warranties of any kind regarding the data and information that is provided on any website that is owned or operated by a third party, and Equisights shall have no liability or responsibility arising out of, or in connection with, any website that is owned or operated by a third party that is referenced. You do so at your own peril if you access the portal or website of a third party. On request, we will provide any further details you require concerning the aforementioned study publication.

Contact Us

Analyst : Parth Talsania

Designation : Founder, CEO of Equisights

Email : info@equisights.com

Website : <https://equisights.com/>