

1H22 result: Implementation delays

ONE delivered 1H22 revenue +15% to €3.9m, gross profit +23% to €2.5m and EBITDA of -€4.8m (inc +€1.4m net from the Regis settlement). While software revenue (+19%) was in-line, live beds (+6%) and hardware revenue (-4%) missed expectations as key implementation projects were impacted by supply-chain and workforce challenges. ONE expects implementation delays to persist in 2H22E, with ~€4m of hardware and services revenue pushed out to FY23E (FY22E revenue guidance cut to €9.0-9.5m from €12.5-14.0m). With Kingman forecast to go-live in Sep-22, the BJC expansion coming on from 1Q23E and procurement decisions likely on ~5k new beds before year-end, we expect momentum to build into FY23E (MSTe revenue growth +73% to €16.2m vs €9.4m in FY22E). Near-term downgrades result in a 14% reduction to our valuation (DCF), now A\$0.30ps with clarity on new logo wins looming as the key catalyst in coming months.

Key takeaways from 1H22

We highlight the following key takeaways from ONE's 1H22 result: 1) total contracted beds increased 26% to 14,475 (inc +2,441 from BJC, +35 from Cardinal and +65 from Loretto); 2) recurring revenue increased 15% to €3.0m, non-recurring revenue increased +16% to €0.9m and gross margin lifted 406bps to 63.2%; 3) group opex increased 25%, including S&M expenses +110% to €1.6m (supporting increased global demand / sales activity post COVID); 4) Net operating cashflow fell to -€5.1m (pcp -€2.0m) on working capital investments and increased opex, taking ONE's cash balance to €10.0m. Our updated forecasts imply FCF break-even will now be achieved in 1H24E (on a run-rate basis). The ability of ONE to win new hospital contracts and grow its installed base remains the key risk to our earnings forecasts and valuation.

Robust pipeline supports FY23E inflection point

In 1H22, ONE saw RFI/RFPs for 9,500 potential new beds (+228% y/y), with hospital systems reprioritising digital transformation and technology needs post pandemic. The company expects final procurement decisions on ~5,000 new logo beds in the coming weeks/months and already has 4,959 beds contracted but not yet installed. Furthermore, ONE is in active expansion negotiations on ~1,900 beds across its US installed base (Coax STB opportunities). We expect this pipeline to translate to a step-change in live bed growth through FY23E (+48% to 14,451).

Value proposition continues to build

CY22 contract nurse utilisation has risen to 23.4% of total nurse hours and 38.6% of budgets in the US (according to the AHA), up from 3.9% and 4.7% respectively in CY19. ONE's Mar-22 Nurse Focus Group showed time savings of between 1-12 minutes per avoided nurse call, highlighting the ability of its solutions to automate non-clinical workflows and reduce the nursing task burden. ONE's CXP also allows hospitals to leverage virtual nursing command centres to further reduce cost ratios and resourcing requirements.



ONE is a software and solutions company that provides digital care experience products to the global healthcare sector. The Oneweview platform unifies patient and care team experiences at the bedside, fully integrating systems (e.g. EHR, virtual care, comms) and content (e.g. engagement, entertainment). The company's SaaS solutions are now live in over 60 hospitals across North America, ANZ and Asia (including 3 of the top 20 in the US). www.oneviewhealthcare.com

Stock	ONE.AX
Price	A\$0.13
Market cap	A\$75m
Valuation	A\$0.30 (was A\$0.35)

Company data	
Live beds	9,516
Net cash	€10.0m
Shares on issue	518m

Next catalysts	
New logo decisions	3Q-4Q22
Quarterly 4C report	Oct-22



Source: FactSet

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Financials

Year end 31-Dec	Units	FY20	FY21	FY22E	FY23E	FY24E
EV/sales	x	5.8	4.2	4.4	2.5	2.1
EV/EBITDA	x	-5.1	-5.5	-4.7	-18.5	139.8
EV/EBIT	x	-4.7	-5.0	-4.4	-14.3	-103.4
Div yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	%	-16.4%	-8.6%	-18.7%	-10.2%	-0.4%

Income statement	Units	FY20	FY21	FY22E	FY23E	FY24E
Revenue	€m	7	10	9	16	20
growth y/y	%	0.3%	36.8%	-3.6%	73.1%	21.4%
Gross profit	€m	5	5	7	10	13
Gross margin	%	66.5%	54.6%	71.5%	62.8%	64.8%
EBITDA	€m	-8	-7	-9	-2	0
EBITDA margin	%	-113.4%	-76.5%	-92.9%	-13.6%	1.5%
EBIT	€m	-9	-8	-9	-3	0
EBIT margin	%	-123.1%	-83.5%	-99.3%	-17.6%	-2.0%
NPAT	€m	-9	-8	-9	-3	0
NPAT margin	%	-133.1%	-84.1%	-98.5%	-17.6%	-2.0%
Reported NPAT	€m	-9	-8	-9	-3	0
Reported NPAT margin	%	-133.1%	-84.1%	-98.5%	-17.6%	-2.0%
Adj EBITDA	€m	-8	-7	-9	-2	0
Adj EBITDA margin	%	-113.4%	-76.5%	-92.9%	-13.6%	1.5%

Per share data	Units	FY20	FY21	FY22E	FY23E	FY24E
Average diluted shares	m	186	431	520	521	521
EPS	cps	-5.1	-1.9	-1.8	-0.5	-0.1
growth y/y	%	-59.3%	-62.7%	-6.2%	-69.1%	-86.1%
Reported EPS	cps	-5.1	-1.9	-1.8	-0.5	-0.1
growth y/y	%	-59.3%	-62.7%	-6.2%	-69.1%	-86.1%
DPS	cps	0.0	0.0	0.0	0.0	0.0
Payout ratio	%	0%	0%	0%	0%	0%

Balance sheet	Units	FY20	FY21	FY22E	FY23E	FY24E
Cash	€m	7	15	6	0	0
Trade receivables	€m	4	3	2	4	5
Inventories	€m	0	1	0	0	0
Property, plant & equipment	€m	2	1	1	1	0
Right-of-use assets	€m	0	0	0	0	0
Goodwill	€m	0	0	0	0	0
Intangibles	€m	1	0	0	0	0
Other assets	€m	1	1	1	1	1
Total assets	€m	14	21	10	7	7
Trade payables	€m	8	10	7	7	7
Provisions	€m	0	0	0	0	0
Borrowings	€m	0	0	0	0	0
Lease liabilities	€m	2	1	1	1	1
Other liabilities	€m	0	0	0	0	0
Total liabilities	€m	10	11	9	8	8
Total equity	€m	4	10	2	-1	-1
Invested capital	€m	-3	-5	-4	-1	-2
Net debt	€m	-7	-15	-6	0	0

Cash flow statement	Units	FY20	FY21	FY22E	FY23E	FY24E
EBITDA	€m	-8	-7	-9	-2	0
Change in NWC	€m	4	3	-2	-3	0
Other	€m	-3	1	1	0	0
Gross operating cash flow	€m	-8	-4	-9	-5	0
Net interest	€m	0	0	0	0	0
Tax paid	€m	0	0	0	0	0
Operating cash flow	€m	-8	-4	-9	-5	0
Capital expenditure	€m	0	0	0	0	0
Acquisitions	€m	0	0	0	0	0
Asset sales	€m	0	0	0	0	0
Other	€m	0	0	0	0	0
Investing cash flow	€m	0	0	0	0	0
Net borrowings	€m	0	0	0	0	0
Dividends paid	€m	0	0	0	0	0
New shares issued / other	€m	5	12	0	0	0
Financing cash flow	€m	5	12	0	0	0
Net change in cash	€m	-3	8	-10	-5	0
Free cash flow	€m	-8	-4	-10	-5	0

Stock information	
Oneview Healthcare	ONE.AX
Share Price (A\$)	0.13
Valuation (A\$)	0.30
Enterprise value (A\$m)	60
Market capitalisation (A\$m)	75

	1H21	2H21	1H22	2H22E	1H23E	2H23E
	3.4	6.3	5.3	4.1	7.8	8.4
	12.9%	54.5%	54.7%	-35.1%	48.7%	104.6%
	2.0	3.3	3.8	2.9	4.9	5.3
	59.2%	52.1%	72.7%	69.8%	62.1%	63.4%
	-4	-3	-5	-4	-1	-1
	-118.8%	-53.6%	-90.5%	-96.1%	-17.0%	-10.5%
	-4	-4	-5	-4	-2	-1
	-128.4%	-59.2%	-97.2%	-102.1%	-21.0%	-14.5%
	-4	-4	-5	-4	-2	-1
	-128.4%	-60.1%	-95.8%	-102.1%	-21.0%	-14.5%
	-4	-4	-5	-4	-2	-1
	-128.4%	-60.1%	-95.8%	-102.1%	-21.0%	-14.5%
	-4	-3	-5	-4	-1	-1
	-118.8%	-53.6%	-90.5%	-96.1%	-17.0%	-10.5%

	1H21	2H21	1H22	2H22E	1H23E	2H23E
	414.8	447.9	519.6	520.7	520.7	520.7
	-1.1	-0.8	-1.0	-0.8	-0.3	-0.2
	-67.2%	-54.9%	-7.9%	-4.1%	-67.4%	-71.1%
	-1.1	-0.8	-1.0	-0.8	-0.3	-0.2
	-67.2%	-54.9%	-7.9%	-4.1%	-67.4%	-71.1%
	0.0	0.0	0.0	0.0	0.0	0.0
	0%	0%	0%	0%	0%	0%

Performance metrics	FY21	FY22E	FY23E	FY24E
ROE (%)	-117%	-155%	-458%	40%
ROIC (%)	202%	212%	123%	32%
Gearing (%)	287%	159%	31%	10%
Capex / sales (%)	0.7%	0.6%	0.5%	0.5%
NWC (€m)	-7	-5	-2	-2
Recurring revenue %	55%	65%	47%	52%
P/FCF (x)	-11.6	-5.3	-9.8	-224.6
P/BV (x)	5.2	27.1	-51.8	-36.9

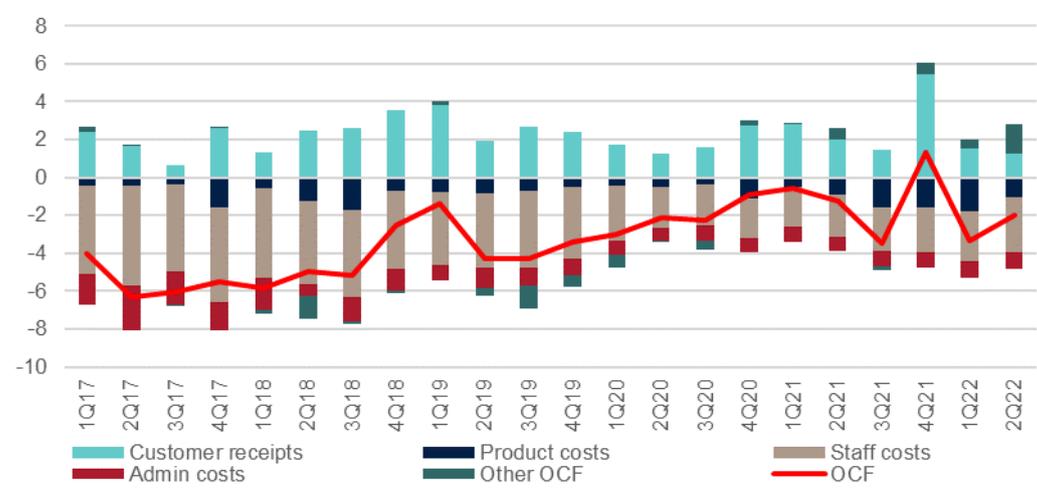
Revenue (€m)	FY21	FY22E	FY23E	FY24E
Software revenue	3	4	5	7
Support revenue	2	2	2	3
Licence revenue	0	0	0	0
Recurring revenue	5	6	8	10
Hardware revenue	3	1	7	7
Services revenue	1	1	2	2
Non-recurring revenue	4	2	9	9
Total group revenue	10	9	16	20

Company description - Oneview Healthcare
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Source: Company data, MST

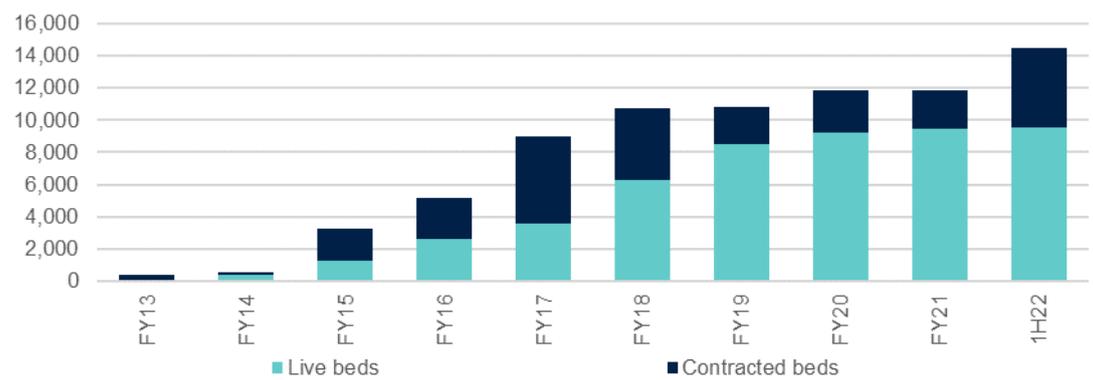
1H22 – Key charts

Figure 1: ONE’s operating cash flow composition (€m)



Source: Company data, MST

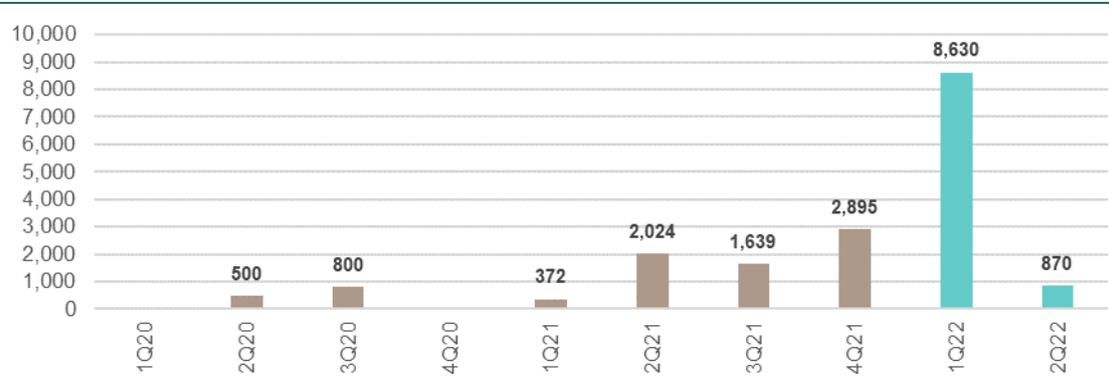
Figure 2: Live vs contracted beds over time



Source: Company data, MST

ONE’s pipeline is as strong as it has ever been after a step-change in demand for bedside technology post pandemic. We expect to see decisions from significant new customers announced in 3Q-4Q22:

Figure 3: Higher Incoming RFP/RFI bed volumes have driven material pipeline growth



Source: Company data, MST

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