

Update

Equities - Israel

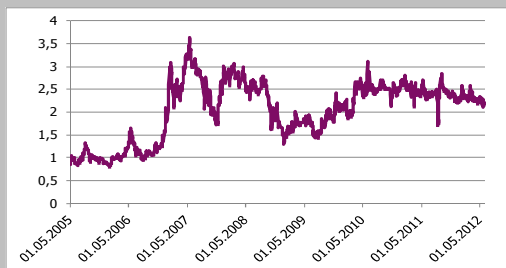
May 29, 2012

Rating:	Buy
Risk:	Medium
Current Price:	EUR 2.33
Price Target:	EUR 3.80
Potential:	63%
Sector:	Technology
Reuters Code:	OHTG.F
Bloomberg Code:	OHT GR
Internet Page:	www.orad.tv
Fiscal Year Ending:	December

Trading Data

Price High/Low 52w:	EUR 2.89 - 2.10
Market Capitalisation:	EUR 25.9m
Shares Outstanding:	11.145m
Free Float:	37%

Price Graph



Financial Calendar

August 2012 Announcement Q2 2012

Date and Time of Prices
May 29, 2012 10:00 (CET)

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Please take a note of the Disclaimer and other Information on Page 3



Orad Hi-Tec Systems

Orad reports good Q1 2012 results

Today, Orad Hi-Tec Systems reported its first quarter 2012 results, which came in - once again - good and met our expectations. Sales grew by 12% to USD 8.95m (Q1 2011: USD 8.0m). Revenue growth was driven by selling successfully existing and well established products but also by new product launches like the new production server VJ and a new video box production solution, TD control, having been designed for fast turnaround productions like news, sports and talk shows.

Operating profit was good with USD 0.691m representing an EBIT margins of 7.7%, a strong improvement compared to the 5.7% of the comparable quarter last year.

During Q1 2012 the company has distributed dividends in the amount of USD 2.0m. Cash and cash equivalents at the end of March 2012 were a very healthy USD 9.2m.

We stay positive and leave our estimates unchanged

The remainder of 2012 and the full year 2013 should be going strong for Orad. A perfect mix of existing and new products should support our growth scenario combined with high products and service demand through big sports events like this years European Soccer Championships and the Summer Olympics. Demand should be strong around the globe.

We leave our estimates for the fiscal year 2012 unchanged and expect sales to grow by 17% to USD 41.3m compared to 2011. For 2013 we calculate with a sales growth of 15% to USD 47.5m. Emerging markets should represent an increasing sales share; in particular Brazil which will host two major future sports events - the World Soccer Championship in 2014 and the Summer Olympics in 2016.

For 2012 we calculate with a slight operating margin expansion to 9.0% and estimate an EBIT of USD 3.71m.

On the acquisition front we believe that some small "purchases" might be likely but doubt that there will be any large acquisitions in 2012. Thus, we believe that the management will stick to its current dividend policy and will pay out a substantial amount of the earnings to its shareholders.

Price target EUR 3.80 - Recommendation BUY

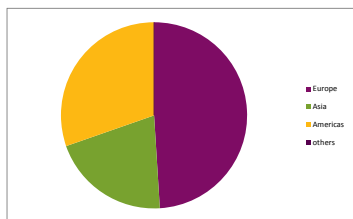
We still find Orad Hi-Tec Systems very attractive and believe that the share is undervalued.

Our stock recommendation stays BUY. Our fair value is EUR 3.80.

We have used a DCF model and a peer group analysis to come to our price target. Supporting our bullish view is the very attractive dividend policy.

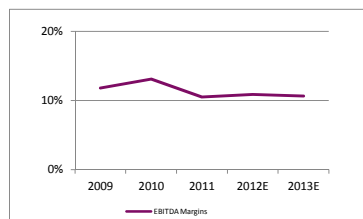
We highly recommend investing in this innovative company.

Sales Distribution in 2011



Source: Orad Hi-Tec, VEM Aktienbank AG

EBITDA Margins Trends



Source: Orad Hi-Tec, VEM Aktienbank AG

Company Profile

The company was founded in Israel in 1993 and focuses on the development and the distribution of innovative technologies for TV broadcasting, virtual reality and sports events. Orad focuses on three segments. "Graphics" (graphic software), "Virtual Sets" (virtual studios) and "Sports" (graphic software for sports events). The company is active worldwide. Clients include companies like CCTV, China's biggest TV station, FOX, Turner, CBC, Deutsche Welle, PCCW, TV Globo. Edmond de Rothschild and the Cohanzick Fund hold more than 20% of the company. One of the biggest competitors is the Belgium EVS.

Financials

Fiscal Year Ending December 31

Profit & Loss	2009	2010	2011	2012E	2013E	Cash Flow Statement	2011	2012E	2013E
in m USD									
Sales	26,87	29,16	35,34	41,26	47,52	Net Income		3,99	4,56
Percentage change in %		9%	21%	17%	15%	Amortisation		0,77	0,78
EBITDA	3,17	3,81	3,71	4,48	5,05	Changes in Working Capital		0,50	0,57
in % to Sales	11,8%	13,1%	10,5%	10,9%	10,6%	Cash flow from operative Business	-1,71	5,26	5,90
EBIT	2,39	3,09	3,11	3,71	4,28	Capex	-0,80	-0,80	-0,93
in % to Sales	8,9%	10,6%	8,8%	9,0%	9,0%	Financial Investments	-4,69	-2,00	-2,51
Net Profit	2,16	2,73	3,38	3,99	4,56	Free Cash Flow	-7,20	2,46	2,46
in % to Sales	8,0%	9,4%	9,6%	9,7%	9,6%				
shares outstanding (in m)	10,82	11,00	11,20	11,20	11,20	Cash beginning of the year	18,91	11,71	14,18
EPS (reported)	0,19	0,25	0,30	0,36	0,41	Cash end of the year	11,71	14,18	16,64
Balance Sheet	2009	2010	2011	2012E	2013E	Key Figures	2012E	2013E	
in m USD									
Assets	3,28	3,46	6,43	6,46	6,62	P/E	7,5	6,3	
Trade Receivables	4,46	4,88	8,51	8,24	8,83	EV/Sales	0,4	0,3	
Inventories	1,91	3,15	3,65	4,95	5,70	P/B	1,4	1,5	
Cash	16,95	18,91	11,65	14,18	16,64				
Equities	17,14	18,46	17,75	19,81	21,86	ROE	19,0%	20,2%	
Provisions	1,45	1,51	2,12	2,47	2,85	ROIC	13,4%	14,3%	
Liabilities	6,00	7,65	7,47	8,09	9,06	Equity Ratio	100%	100%	
Deferred Income	2,38	2,99	3,22	3,75	4,32				
						Tax Rate	0%	0%	

Orad Hi-Tec, VEM Aktienbank AG

SWOT Analysis

Strengths

- Innovative and high quality product line makes the company very competitive
- Global presence enables the company to target existing and potential clients all over the world
- Strong management team with long-term experience guarantees successful company vision

Weaknesses

- Sparse recurring business and just marginal income from services makes it necessary to constantly acquire new clients/projects
- Regulatory issues with regards to airtime in several countries can limit sales growth

Opportunities

- Constantly changing media environment (like 3D on TV) forces TV companies to invest in innovative products
- Own research department is searching for new applications and new products
- Commercialisation of IPTV will lead to an increased number of TV stations and therefore an increased demand for Orad products

Threats

- Relatively high US currency dependency leads to volatile sales as well as profit development
- Fast changing technologies and standards make a quick and innovative new product development necessary

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Date of publication	Share Price at this date	Recommendation	New Fair Value (at date of publication)
11.06.2008	EUR 2.67	Buy	EUR 4.17
19.08.2008	EUR 2.72	Buy	EUR 4.65
14.03.2009	EUR 1.72	Buy	EUR 3.70
18.06.2009	EUR 1.80	Buy	EUR 2.95
07.09.2009	EUR 1.84	Buy	EUR 2.95
12.11.2009	EUR 2.27	Buy	EUR 3.30
01.03.2010	EUR 2.17	Buy	EUR 4.00
18.05.2010	EUR 2.58	Buy	EUR 4.90
16.08.2010	EUR 2.60	Buy	EUR 4.90
04.11.2010	EUR 2.50	Buy	EUR 4.50
02.03.2011	EUR 2.65	Buy	EUR 4.10
23.05.2011	EUR 2.41	Buy	EUR 3.80
17.08.2011	EUR 2.34	Buy	EUR 3.80
25.11.2012	EUR 2.36	Buy	EUR 3.80
01.03.2012	EUR 2.53	Buy	EUR 3.80

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Company	Disclosure
ORAD High-Tec Systems	3 - 5 - 11

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- The persons and/or enterprises mentioned above expect or aim, within the next 3 month, for fees, allowances or payments of any other kind for investment banking services from the issuer that is, or whose financial instruments are, the subject of this financial analysis.
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This financial analysis is based on public available information (Company presentations, Annual Reports, Quarterly Reports, Press Information, prospectus, ad-hoc announcements etc.). Moreover, management interviews for more detailed information about the current business development were held with the company.

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VEM applies an absolute equity rating system with 3 grades. Each grade complies with following expectations (Ratings refer to time period of 6 months):

- BUY: The expected return (composed of the projected change of the share price and the anticipated dividend yield) is at least + 10 %.
 HOLD: The expected return (composed of the projected change of the share price and the anticipated dividend yield) ranges from - 10 % and + 10 %.
 SELL: The expected return (composed of the projected change of the share price and the anticipated dividend yield) is worse than - 10 %.

For further important details concerning the valuation methods applied in the preparation of this analysis, the meaning of the specific investment recommendation (including the recommended investment period, the risks associated with the investment and the sensitivity of the valuation parameters) please see the Section "Valuation" in this analysis.

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Additional important information:

Date of first publication of this analysis by VEM : May 29, 2012
 Date and Time of relevant Share Price (see first page)

A schedule for an update of this Analysis is not appointed yet. VEM reserves the right to update any individual analysis without prior notice.