

Online Resources (ORCC)

The co. is being acquired by ACI Worldwide for \$133 MM, or \$3.85/share, which we wrote a report on December 29, 2011. The price was at \$2.30 and we anticipated \$3.60/share in 5 years. We sold for a 9% gain, but the long term intrinsic value was still in tack, so a holder of the stock would have generated an 89% return in a little over a year.

With net cash at minus \$3MM, the \$133MM for common stock and additional \$127.5MM for the preferred stock, which we didn't include in our EV calculation back in Dec. 2011, the total acquisition comes out to \$263MM. The co. was generating \$20MM in operating cash flow. They invested \$10MM could grow cash balance by \$10MM a year. EV/EBITDA, with EBITDA at \$10MM, was at 26x, which is pricey. We didn't include the prefs in our calculation, so a total investment of \$263MM, for a measly \$20MM in operating cap, or a 13x EV/FCF is not a cheap deal.