

OPENLIMIT HOLDING AG

SWITZERLAND / SOFTWARE / ELECTRONIC SIGNATURE

Primary exchange: Frankfurt
 Bloomberg symbol: O5H GR
 ISIN: CH0022237009

UPDATE

RATING:	Buy
PRICE TARGET:	€3.50
RETURN POTENTIAL:	348.7%
RISK RATING:	High

MANAGEMENT CHANGES

Openlimit announced on 16 February that Marc Gurov has assumed the CEO position. Mr Gurov has been CFO since 2004 and a member of the management team since 2003. His predecessor Thomas Hügi will be leaving the company because of a divergence of views with regard to medium-term strategy. We maintain our Buy rating and price target of €3.50.

Management changes / Mid-term story intact We spoke to Mr Gurov to learn his opinion on the future direction of the company and to update ourselves on current trading. Following this conversation, we continue to expect subdued investment activity this year. But the medium-term will to migrate to electronic signature-based solutions remains intact on the part of both private and public sector customers. Openlimit is the leading company in this space and we anticipate that Mr Gurov will be a forceful advocate for the company's products in coming years.

Emphasis on client contact / Internationalisation of business During our conversation, Mr Gurov made it clear that he plans to take the leading role in the company in marketing to clients and keeping investors updated. Over the next two years, the Federal Government will be launching projects in the areas of eHealth, eID and eTax. Given the electronic signature software market's status as a new growth market, we think it appropriate that the CEO of the company should also be its main salesman. Mr Gurov also indicated his intention to manage Openlimit's internationalisation. In the medium term, Openlimit expects the growth of electronic signature software in Germany to raise demand on international markets. However, the Openlimit products currently being used in Germany and Switzerland will have to be adapted for use outside these markets. Mr Gurov sees the management of this adaptation process as another of his key tasks as CEO.

FINANCIAL HISTORY & PROJECTIONS

	2005	2006	2007	2008E	2009E	2010E
Revenue (€m)	0.18	0.72	2.95	4.36	5.51	8.27
Y-o-y growth	na	302.6%	307.6%	47.9%	26.3%	50.0%
EBIT (€m)	-3.33	-0.25	0.51	1.27	2.20	4.30
EBIT margin	na	na	12.8%	20.8%	29.9%	43.0%
Net income (€m)	0.44	-0.61	0.60	1.09	1.92	3.75
EPS (diluted) (€)	0.03	-0.04	0.04	0.06	0.11	0.21
P/E (x)	25.0	na	20.5	13.0	7.4	3.8
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

RISKS

Risks to our price target include but are not limited to: delay in large projects, erosion of the company's present competitive lead, further dilution of shareholders' interests and the failure of electronic signature applications to achieve widespread market acceptance.

COMPANY PROFILE

Openlimit Holding AG develops and markets software applications for electronic signature, encryption and related fields. The company's internationally recognised Common Criteria-certified software products enhance the security, provability and efficiency of electronic transactions, workflow, communications and data. The company employed 45 full-time staff as of 30 September 2008.

TRADING DATA

Closing price (17.02.09)	€0.78
Shares outstanding	15.76m
Market capitalisation	€12.29m
52-week range	€0.60 / 2.50
Average volume (12 months)	13,277

STOCK OVERVIEW



COMPANY DATA (as of 30 June 2008)

Liquid assets (incl. securities)	CHF 1.74m
Current assets	CHF 2.92m
Intangible assets	CHF 3.09m
Total assets	CHF 6.20m
Current liabilities	CHF 0.29m
Shareholders' equity (incl. minorities)	CHF 5.91m

SHAREHOLDERS

Heinrich Dattler	14%
René C. Jäggi	11%
Enuhill Portfolio, Inc.	8%
Urs H. Winzenried	1%
Free float	67%

**Product launches on schedule...**

Openlimit is launching two major new products in 2009 – the OverSign archiving suite and the multi-platform middleware version 3.0 are scheduled for Q1 and Q2 2009 releases, respectively. Management expect these products to make a substantial sales contribution this year. During our conversation, Mr Gurov confirmed that OverSign is now available and will be presented at CeBIT in early March. The middleware product is also expected to be launched on schedule in Q2.

...but visibility on 2009 revenues remains poor

A record number of pilot projects involving electronic signature technology are scheduled for 2009. These include government projects in the eHealth, eID and the eTax segments. These projects indicate that the institutional will to adopt electronic signature technology is very much intact. However, the German Government faces cash constraints this year and much of the corporate sector will need to restructure rapidly to restore profitability. Against this background, the exact timing of investments is subject to significant uncertainty. Mr Gurov expects Q1 revenues to be above last year, but visibility with regard to the key Q4 (which typically accounts for 70% of revenues) remains poor.

**FIRST BERLIN RATING & PRICE TARGET HISTORY**

Report No.	Date of publication	Previous day closing price	Rating	Price target	Interim high	% change to high
Initial Report	10 October 2005	€4.20	Buy	€5.20	-	-
2...13	↓	↓	↓	↓	↓	↓
14	4 November 2008	€1.30	Strong Buy	€5.00	€1.30	0.0%
15	7 November 2008	€1.30	Strong Buy	€5.00	€1.25	-3.8%
16	8 January 2009	€1.11	Buy	€3.50	€1.06	-4.5%
17	Today	€0.78	Buy	€3.50	-	-

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First Berlin's investment rating system is five tiered and includes an investment recommendation and a risk rating. Our recommendations, which are a function of our expectation of total return (forecast price appreciation and dividend yield) in the year specified, are as follows:

STRONG BUY: Expected return greater than 50% and a high level of confidence in management's financial guidance
BUY: Expected return greater than 25%
ADD: Expected return between 0% and 25%
REDUCE: Expected negative return between 0% and -15%
SELL: Expected negative return greater than -15%

Our risk ratings are Low, Medium, High and Speculative and are determined by ten factors: corporate governance, quality of earnings, management strength, balance sheet and financing risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, company size, free float and other company specific risks. These risk factors are incorporated into our valuation models and are therefore reflected in our price targets. Our models are available upon request to First Berlin clients.

Up until 16 May 2008, First Berlin's investment rating system was three tiered and was a function of our expectation of return (forecast price appreciation and dividend yield) over the specified year. Our investment ratings were as follows: BUY: expected return greater than 15%; HOLD: expected return between 0% and 15%; and SELL: expected negative return.

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