

OPENLIMIT HOLDING AG

SWITZERLAND / SOFTWARE / ELECTRONIC SIGNATURE

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

Q3 UPDATE

RATING:	Buy
PRICE TARGET:	€2.75
RETURN POTENTIAL:	58.0%
RISK RATING:	High

GROWTH TO ACCELERATE FROM 2011 AND 2012

The creation of an installed base of digital signature users through the roll-out of the electronic ID project in Germany from November 2010 will accelerate adoption by both the public and private sectors in Germany. It will also provide Openlimit with an entrée to digital signature projects in Europe outside Germany. At the same time the long-term archiving solution, SecDocs, has great potential worldwide. Our recommendation is Buy with a DCF-based price target of €2.75.

2010 sales forecast of €5.95m looks readily achievable following Q3 Q3/10 sales rose 19% to CHF1.18m (Q3/09: €1.0m). Our full year forecast of CHF8.07m (€5.95m) requires Q4 sales growth of 16% and should be readily achievable given that the AusweisApp project will make a significant revenue contribution in the final quarter. Q3/10 EBIT came in at CHF-0.94m (Q3/09 CHF0.39m). As in the first half of 2010, profitability was impacted by expenses in connection with the implementation of the AusweisApp and long term storage projects mentioned above. Q4 is seasonally the strongest quarter for Openlimit in terms of both sales and profits. We expect Q4 EBIT of CHF2.5m. However, we have moved down our full year EBIT forecast from CHF0.5m (€0.35m) to CHF-0.5m (€-0.3m). Our forecasts for 2011 and 2012 and beyond are substantially unchanged.

Electronic ID to boost sales growth from 2011 200 companies were involved in the pilot phase of the electronic ID project. Moving into 2011 we expect a substantial increase in orders from the corporate sector. We also expect growth in public sector business to accelerate next year, in part helped by the conclusion in September of a technology partnership with Jinit[AG, which is a specialist in customised solutions for national and international governments and administrative bodies.

SecDocs a further sales growth driver from Q2/2011 Openlimit and its partner Fujitsu are currently commencing commercialisation of the long term archiving solution, SecDocs. Given Fujitsu's global reach, this product's potential is very high.

Openlimit moves quickly to rectify security defect on e-ID card Following the launch of the e-ID card, a security defect emerged in a third party-supplied component of the AusweisApp software. Openlimit succeeded in having the defect rectified within 24 hours.

Accelerating revenues, widening margins from 2011 From 2011 we expect Openlimit's P&L to reflect the results of the investments made in 2010 and previous years. We retain our Buy recommendation and price target of €2.75.

FINANCIAL HISTORY & PROJECTIONS

	2008	2009	2010E	2011E	2012E	2013E
Revenue (€m)	4.79	4.36	5.95	8.98	14.82	21.49
Y-o-y growth	na	-8.9%	36.4%	51.0%	65.0%	45.0%
EBIT (€m)	1.37	-0.81	-0.30	1.38	3.05	5.37
EBIT margin	22.0%	-12.9%	-3.6%	12.3%	18.0%	22.9%
Net income (€m)	1.06	-0.53	-0.76	1.05	2.39	4.29
EPS (diluted) (€)	0.07	-0.03	-0.04	0.05	0.11	0.20
P/E (x)	25.9	na	na	35.6	15.7	8.7
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.

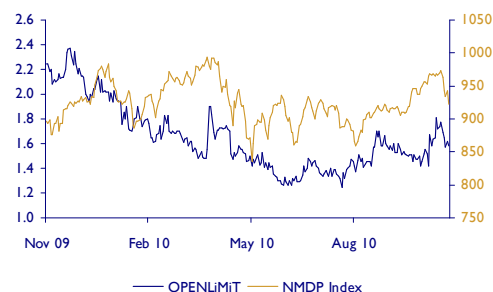
COMPANY PROFILE

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 58 staff as of 30 September 2010.

TRADING DATA

Closing price (17.11.10)	€1.74
Shares outstanding	18.11m
Market capitalisation	€31.51m
52-week range	€1.25 / 2.37
Average volume (12 months)	30,760

STOCK OVERVIEW



COMPANY DATA (as of 30 September 2010)

Liquid assets	CHF 1.40m
Current assets	CHF 4.87m
Intangible assets	CHF 5.43m
Total assets	CHF 10.51m
Current liabilities	CHF 0.42m
Shareholders' equity	CHF 9.83m

SHAREHOLDERS

Heinrich Dattler	11.8%
René C. Jäggi	9.2%
Enuhill Portfolio, Inc.	7.2%
Robert E. Züllig	5.8%
Free float	66.0%



Table 1: Q3 and 9M results

All figures in €m	2010E			2011E		
	old	new	% Change	old	new	% Change
Revenue	5.95	5.95	0.0%	8.98	8.98	0.0%
EBIT	0.35	-0.30	n.a.	1.38	1.38	0.0%
Margin (%) *	4.2%	-3.6%		12.2%	12.2%	-
Net income	-0.21	-0.76	n.a.	1.08	1.07	-0.9%
EPS (€)	-0.01	-0.04	n.a.	0.05	0.05	0.0%

Source: Openlimit, First Berlin estimates

Table 2: Changes to our forecasts

CHF 000s	Q3 2009	Q3 2010	% change	9M 2009	9M 2010	% change
Sales	991	1,179	19.0%	2,390	3,261	36.4%
Total output	1,760	2,029	15.3%	4,510	5,774	28.0%
EBIT	-387	-982	na	-1,640	-3,042	-85.5%
Margin (%)	-22.0%	-48.4%	-	-36.4%	-52.7%	-

Source: First Berlin estimates

**FIRST BERLIN RATING & PRICE TARGET HISTORY**

Report No.	Date of publication	Previous day closing price	Rating	Price target
Initial Report	10 October 2005	€4.20	Buy	€5.20
2...24	↓	↓	↓	↓
25	23 April 2010	€1.64	Buy	€3.00
26	5 May 2010	€1.70	Buy	€3.00
27	31 August 2010	€1.46	Buy	€2.75
28	Today	€1.74	Buy	€2.75

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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.

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