

OPENLIMIT HOLDING AG

SWITZERLAND / SOFTWARE / ELECTRONIC SIGNATURE

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

2009 ANNUAL REPORT

RATING:	Buy
PRICE TARGET:	€3.00
RETURN POTENTIAL:	83.5%
RISK RATING:	High

A WATERSHED YEAR

2009 results were affected by the financial crisis and client caution ahead of the award of the key eID contract in November. However, the eID contract win and the recent announcement of imminent certification of a joint e-archiving solution with Fujitsu are of great strategic significance. Our positive fundamental view on Openlimit is unchanged, but we lower our price target from €3.40 to €3.00 to reflect the details of the option plan published in the annual report. The rating remains Buy.

Adjusted Q4 EBIT above our forecast Openlimit has published its annual report. Deviations between our forecasts and published results are shown in the table on page 2. Q4 sales and output were higher than we had expected mainly because we had overestimated provisions for doubtful debts. Q4 EBIT of €0.27m was €0.77m below our forecast primarily because of costs of €0.93m associated with the new option scheme. Adding the cost of the option scheme back to the published result produces an adjusted EBIT of €1.2m for Q4/09.

2009 sales constrained by client caution ahead of eID contract win 2009 results were affected by a diversion of company resources towards the successful bid for the German eID project. Other factors crimping sales growth were a general reluctance to invest following the financial crisis and the German eID project itself which caused customers to delay decisions as they waited to see whether Openlimit would be part of the project.

eID contract win of great strategic significance The eID contract win in November was not only the biggest contract ever won by OpenLimit but should also act as a catalyst for the company's own sales as well as for the digital signature market as a whole. In 2010 it will generate up-selling opportunities with the other participants (150 large companies and public authorities) in the pilot phase of the project. Second, the creation of an installed base of digital-signature enabled citizens from 2011 will make the ROI case for other projects much more compelling. Third, it should enable OpenLimit and its partners to dominate the German digital signature market. Finally, it will provide OpenLimit with an entrée to digital signature projects in Europe outside of Germany.

FINANCIAL HISTORY & PROJECTIONS

	2006	2007	2008	2009	2010E	2011E
Revenue (€m)	0.80	3.25	4.79	4.36	5.95	8.98
Y-o-y growth	344.8%	306.3%	47.4%	-8.9%	36.3%	51.1%
EBIT (€m)	-0.34	0.57	1.37	-0.81	0.90	3.50
EBIT margin	na	12.9%	22.0%	na	10.6%	30.6%
Net income (€m)	-0.66	0.66	1.06	-0.53	0.78	2.95
EPS (diluted) (€)	-0.04	0.04	0.07	-0.03	0.04	0.15
P/E (x)	na	39.0	24.3	na	41.7	11.0
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.

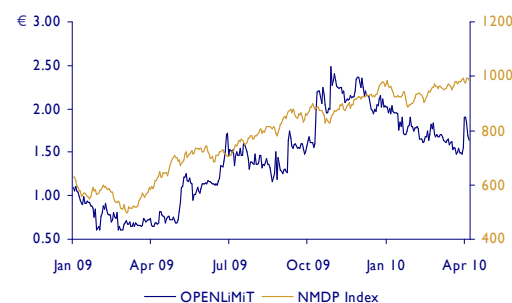
COMPANY PROFILE

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 55 staff as of 31 December 2009.

TRADING DATA

Closing price (22.04.10)	€1.64
Shares outstanding	18.09m
Market capitalisation	€29.57m
52-week range	€0.68 / 2.48
Average volume (12 months)	46,762

STOCK OVERVIEW



COMPANY DATA (as of 31 December 2009)

Liquid assets	CHF 1.36m
Current assets	CHF 8.66m
Intangible assets	CHF 4.68m
Total assets	CHF 13.49m
Current liabilities	CHF 0.51m
Shareholders' equity	CHF 12.72m

SHAREHOLDERS

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



Co-operation with Fujitsu promises lead in e-archiving field In March Fujitsu and Openlimit submitted SecDocs, their joint solution for long term secure e-archiving, for certification by the BSI (the Federal Office for Information Technology Security). Certification, which is scheduled for Q3 2010, should secure a substantial lead in the field of e-archiving for the two companies. Fujitsu is the third largest IT company in the world. We expect interesting announcements in the future as the partnership between it and Openlimit develops further.

Forecasts largely unchanged; price target lowered due to new option program

We are leaving our forecasts for 2010 and subsequent years largely unchanged but lower the price target from €3.40 to €3.00 to reflect the dilutive impact of the new options program, details of which were published for the first time in the annual report. The recommendation stays at Buy.

Q4 AND FY 2009 RESULTS VS ESTIMATES						
€ '000	Q4 FBe	Q4 A	Δ %	FY FBe	FY A	Δ %
Sales	2,431.1	2,775.3	14.2%	4,012.6	4,356.9	8.6%
Output	2,946.5	3,338.6	13.3%	5,933.7	6,329.0	6.7%
EBIT	1,037.9	271.1	-73.9%	-50.5	-817.4	n.a.

Table I

Source: OpenLimit, First Berlin estimates

**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...21	↓	↓	↓	↓	↓	↓
22	14 August 2009	€1.46	Buy	€3.40	€1.46	0.0%
23	19 August 2009	€1.36	Buy	€3.40	€2.48	82.4%
24	12 March 2010	€1.68	Buy	€3.40	€1.90	13.1%
25	Today	€1.64	Buy	€3.00	-	-

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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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