

## OPENLIMIT HOLDING AG

SWITZERLAND / SOFTWARE / ELECTRONIC SIGNATURE

 Primary exchange: Frankfurt  
 Bloomberg symbol: O5H  
 ISIN: CH0022237009

### Q2 PREVIEW

<b>RATING:</b>	<b>Buy</b>
<b>PRICE TARGET:</b>	<b>€3.40</b>
<b>RETURN POTENTIAL:</b>	<b>132.9%</b>
<b>RISK RATING:</b>	<b>High</b>

### NEARING INFLEXION POINT?

**Openlimit is due to announce H1 results on 18 August. Table 1 overleaf shows our forecasts. General economic uncertainty, absorption of company resources by the German eID project, as well as reluctance by other eCard clients to invest before eID infrastructure is in place, slowed business in H1. However, earlier this month the authorities invited Openlimit's partners to submit an offer for the German eID project. Openlimit is very well placed to win business in this project, which should trigger a marked acceleration in the company's sales and earnings growth. We leave our forecasts unchanged and maintain our Buy recommendation and price target of €3.40.**

**Only moderate sales growth in H1** We expect y-o-y sales growth to come in at around 11% in H1. This is close to the growth rate we are forecasting for the full year. But as was the case last year, we expect the bulk (83%) of 2009 sales to be made in H2. As we outline below, we expect the German eID project to be a major sales contributor in H2.

**Partners to submit offer for e-ID project** Earlier this month the authorities invited Openlimit's partners to submit an offer for the German e-ID project. The offer is due by the end of September. The authorities have not revealed how many groups are competing for the contract which is due to be awarded at the beginning of October. Openlimit and its partners are firm favourites to win this contract as so far no other competitor has been able to demonstrate a viable solution. To date, every single eID showcase at CEBIT and other technology fairs has been based on Openlimit technology. The pilot phase of the project runs between October 2009 and November 2010. If Openlimit and its partners win the bid Openlimit should be able to book substantial revenue in Q4.

**eID project participation will raise Openlimit's profile greatly** 30 large German companies including Air Berlin, Allianz and the Sparkasse Group will be participating in the pilot phase of the project between October 2009 and November 2010. The pilot phase of the project should greatly raise Openlimit's profile providing ample up-selling opportunities. Furthermore, if, as we expect, Openlimit takes a leading role in the eID project, it will be excellently placed to win business in further German eCard projects.

**Maintaining forecasts, recommendation and price target** We leave our forecasts unchanged and maintain our Buy recommendation and price target of €3.40.

### FINANCIAL HISTORY & PROJECTIONS

	2005	2006	2007	2008	2009E	2010E
Revenue (€m)	0.18	0.72	2.95	4.55	5.51	8.27
Y-o-y growth	na	302.6%	307.6%	54.2%	21.0%	50.2%
EBIT (€m)	-3.33	-0.25	0.51	1.36	1.21	4.30
EBIT margin	na	na	12.8%	22.5%	17.5%	45.9%
Net income (€m)	0.44	-0.61	0.60	1.09	1.08	3.73
EPS (diluted) (€)	0.03	-0.04	0.04	0.07	0.07	0.23
P/E (x)	46.8	na	38.3	21.0	21.3	6.2
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.

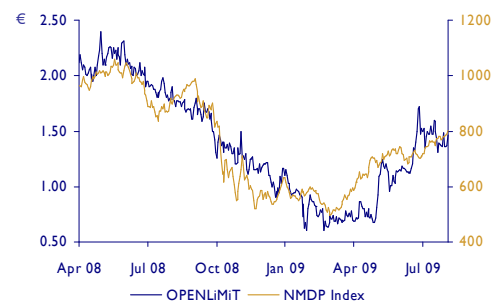
### COMPANY PROFILE

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 43 full-time staff as of 31 March 2009.

### TRADING DATA

Closing price (13.08.09)	€1.46
Shares outstanding	16.80m
Market capitalisation	€24.52m
52-week range	€0.60 / 1.80
Average volume (12 months)	19,644

### STOCK OVERVIEW



### COMPANY DATA (as of 31 December 2008)

Liquid assets (incl. securities)	CHF0.10m
Current assets	CHF5.54m
Intangible assets	CHF3.60m
Total assets	CHF9.28m
Current liabilities	CHF0.66m
Shareholders' equity	CHF8.61m

### SHAREHOLDERS

Heinrich Dattler	12.7%
Rene C. Jäggi	10.0%
Enuhill Portfolio Inc.	7.7%
Freefloat	69.6%



## Q2 & H1 FORECASTS

All figures in CHF m	Q2/08A	Q2/09E	chn <sup>g</sup> %	H1/08A	H1/09E	chn <sup>g</sup> %	H2/09E	2009E
Sales	0.61	0.74	21.3%	1.26	1.40	11.1%	6.99	8.39
Change in inventories/capitalised software development	0.44	0.74	68.2%	0.95	1.40	47.4%	0.26	1.66
Output	1.05	1.48	41.0%	2.21	2.80	26.7%	7.25	10.05
EBIT	-0.55	-0.42	23.6%	-1.08	-1.20	-11.1%	3.04	1.84
Net profit	-0.59	-0.40	32.2%	-1.31	-1.00	23.7%	2.64	1.64

Table 1

Source: First Berlin, Openlimit

**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...18	↓	↓	↓	↓	↓	↓
19	6 May 2009	€0.75	Buy	€3.50	€1.21	61.3%
20	20 May 2009	€1.21	Buy	€3.40	€1.72	42.2%
21	22 July 2009	€1.47	Buy	€3.40	€1.60	8.8%
22	Today	€1.46	Buy	€3.40	-	-

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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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