

OPENLIMIT HOLDING AG

SWITZERLAND / SOFTWARE / ELECTRONIC SIGNATURE

Primary Exchange: Frankfurt

General Standard

Symbol: O5H

ISIN: CH0022237009

RATING: Buy

PRICE TARGET: €3.90

RISK RATING: Speculative

REACTION TO HALF-YEAR RESULTS

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 33 full-time staff as of 30 June 2007.

KEY POINTS

Openlimit published H1/07 results on 24 August 2007. Revenues rose 71.4% y-o-y to CHF 0.9m (H1/06: CHF 0.5m) and net loss narrowed 8.3% to CHF -0.4m (H1/06: CHF -0.5m). The numbers were below our expectations and so we have revised our 2007 sales forecast down to €2.8m from €4.8m. We have also cut our 2008 sales forecast to €7.9m from €13.4m.

However we still believe firmly that Openlimit's technology has excellent prospects. The company's signature software is the only one to have been approved by the Federal Office of Information Technology Security (BSI) on the basis of its compliance with EU Common Criteria EAL4+ and certification by PricewaterhouseCoopers.

The sharp rise in outstanding offers to CHF 90.5m (Q2/2006: CHF 1.6m) indicates that interest in the company's products is building strongly. If these offers are secured, the revenues generated will be realised over the next four to five years. A major event next to the rise in offer volume is the imminent announcement of the certification of middleware with support from Adobe, CSC, DGN Service, FSC, Giesecke & Devrient, Microsoft, SUN and the PDF/A Competence Center.

According to management, second-quarter liquid assets of CHF 2.1m (Q1/07: CHF 3.0m) will ensure the company's liquidity until Q1/08.

RECOMMENDATION

Q2 results were light but the sharp rise in outstanding offers indicates that interest in Openlimit's products is building strongly. We remain convinced that the prospects for the group's software are excellent.

The share-price weakness seen over the past few days reflects investor uncertainty over the status of Openlimit's projects. We think our new forecasts are realistic based on the volume of outstanding offers. Management expect revenues to increase in the fourth quarter and in the first quarter of 2008. More information on the pipeline would strengthen investor confidence. We maintain our Buy recommendation and €3.90 price target.

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.

TRADING DATA

Market capitalisation (29.08.07)	€42.55m
Shares outstanding	15.76m
Closing price (29.08.07)	€2.70
52-week range	€1.77/3.51
Free float (according to company)	76%
Average daily share volume (year)	20,835

STOCK OVERVIEW



Source: Bloomberg & First Berlin

FINANCIAL HISTORY & PROJECTIONS

	2005	2006	2007E	2008E
Revenue €m	0.18	0.74	2.80	7.91
Yr/Yr growth	n.a.	311.3%	278.4%	182.5%
Operating profit €m	-3.33	-0.25	0.89	4.01
Operating margin	n.a.	-34.3%	31.8%	50.7%
Net income €m	0.44	-0.61	0.71	3.21
EPS €	0.03	-0.04	0.05	0.20
P/E	88.1	-68.7	58.7	13.5

COMPANY DATA (as of 30 June 2007 unless noted)

Liquid assets	CHF 2.12m
Current assets	CHF 3.21m
Intangible assets	CHF 2.59m
Total assets	CHF 5.96m
Current liabilities	CHF 0.27m
Total shareholders' equity	CHF 5.69m

ANALYST INFORMATION

Wladislaw Guentner	w.guentner@firstberlin.com
Simon Scholes	s.scholes@firstberlin.com
Tel +49 (0)30 - 916 84 101	Fax +49 (0)30 - 80 93 96 87



FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target	Interim high	% change to high
Initial Report	10 October 2005	€4.20	Buy	€5.20	-	-
2...3	↓	↓	↓	↓	↓	↓
4	12 June 2006	€3.80	Buy	€4.50	€3.90	2.6%
5	14 February 2007	€3.37	Buy	€3.90	€3.47	3.0%
6	25 May 2007	€2.18	Buy	€3.90	€3.51	61.0%
7	Today	€2.70	Buy	€3.90	-	-

Source: Bloomberg & First Berlin

Wladislaw Guentner
Simon Scholes

First Berlin
Equity Research GmbH

Lennéstrasse 9
10785 Berlin

Tel. +49 (0)30 - 916 84 101
Fax +49 (0)30 - 80 93 96 87

info@firstberlin.com
www.firstberlin.com

FIRST BERLIN POLICY

In an effort to assure the independence of First Berlin research neither analysts nor the company itself trade or own securities in subject companies. In addition, analysts' compensation is not directly linked to specific financial transactions, trading revenue or asset management fees. Analysts are compensated on a broad range of benchmarks. Furthermore, First Berlin receives no compensation from subject companies in relation to the costs of producing this report.

ANALYST CERTIFICATION

We, Wladislaw Guentner & Simon Scholes, certify that the views expressed in this report accurately reflect our personal and professional views about the subject company; and we certify that our compensation is not directly linked to any specific financial transaction including trading revenue or asset management fees; neither is it directly or indirectly related to the specific recommendation or views contained in this research. In addition, we possess no shares in the subject company.

INVESTMENT RATING SYSTEM

First Berlin's investment rating system 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:

BUY: Expected return greater than 15%
HOLD: Expected return between 0% and 15%
SELL: Expected negative return

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 30 June 2005, First Berlin's investment rating system was five 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: STRONG BUY: expected return greater than 20%, BUY: expected return greater than 10%, HOLD: fairly valued, REDUCE: expected return between -10% and 0%, SELL: expected return to depreciate by more than 15%. In addition, we had a SPECULATIVE BUY recommendation for stocks which we projected had the potential to give a return of 50% or more but which we also expected to be exceptionally volatile (movement up or down of 50% or more). Our risk ratings were Low, Medium, High and Speculative and were a reflection of expected price volatility, the strength of the balance sheet and the predictability of earnings.

ADDITIONAL DISCLOSURES

This report is not constructed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer would be illegal. We are not soliciting any action based upon this material. This material is for the general information of clients of First Berlin. It does not take into account the particular investment objectives, financial situation or needs of individual clients. Before acting on any advice or recommendation in this material, a client should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should be relied upon as such. Opinions expressed are our current opinions as of the date appearing on this material only; such opinions are subject to change without notice.

Copyright© 2007 First Berlin Equity Research GmbH. All rights reserved. No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without First Berlin's prior written consent. The research is not for distribution in the USA or Canada. When quoting please cite First Berlin as the source. Additional information is available upon request.