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

Q1/07 PRELIMINARY RESULTS

COMPANY PROFILE

Openlimit Holding AG develops and markets software applications for electronic signature, encryption and related fields. The company's EU Common Criteria-certified software products enhance the security, provability and efficiency of electronic transactions, workflow, communications and data. The company employed 27 full-time staff as of 31 December 2006.

KEY POINTS

Openlimit published preliminary Q1/07 results on 21 May 2007. Revenues dropped 19.8% y-o-y to CHF0.23m and the net loss narrowed 7.4% to CHF -0.66m (Q1/06: CHF -0.72m). Weak Q1/07 performance was the result of project deferments. Despite the slow start to Q1/07, management are confident of reaching 2007 revenue targets.

According to the company, first-quarter liquid assets of CHF3.0m ensure liquidity until April 2008. Openlimit expects revenues from recently signed contracts to generate additional liquidity between Q4/07 and H1/08.

Openlimit has estimated its outstanding offers – the amount of sales pending following offers made to prospective clients – to be CHF80m. If these offers are secured, the revenues generated will be realised over the next four years. For the full year, we expect sales to rise to €4.80m and EBIT to €0.67m.

RECOMMENDATION

The share price weakness seen over the past few days reflects investor uncertainty over the future of Openlimit. The company, however, has an adequate cash position to fund operations through April 2008.

Additionally, the potential for Openlimit to achieve its forecast remains realistic based on the volume of outstanding offers, a growth of 1,733% from the beginning of the year. The conversion of outstanding offers into revenue is critical. Management expect revenues to increase in the second quarter and the bulk of revenues to occur in the third and especially in the fourth quarter. More information on its pipeline and positive news would strengthen investor confidence. For now, 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.

IMPORTANT DISCLOSURES ARE AT THE BACK OF THIS REPORT

TRADING DATA

Market capitalisation (24.05.07)	€34.35m
Shares outstanding	15.76m
Closing price (24.05.07)	€2.18
52-week range	€2.18 / 4.00
Free float (according to company)	76%
Average daily share volume (year)	17,479

STOCK OVERVIEW
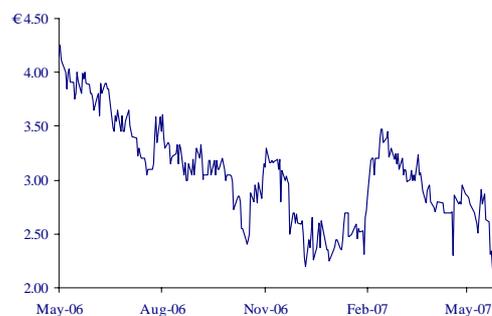
Source: Bloomberg & First Berlin

FINANCIAL HISTORY & PROJECTIONS

	2005	2006	2007E	2008E
Revenue €m	0.18	0.74	4.80	13.44
Yr/Yr growth	n.a.	311.3%	548.9%	180.0%
Operating profit €m	-3.33	-0.25	0.67	4.30
Operating margin	n.a.	-34.3%	14.0%	32.0%
Net income €m	0.44	-0.61	0.54	3.28
EPS €	0.03	-0.04	0.04	0.21
P/E	71.1	-55.5	61.8	10.3

COMPANY DATA (as of 31 December 2006 unless noted)

Liquid assets	CHF3.73m
Current assets	CHF4.42m
Intangible assets	CHF1.76m
Total assets	CHF6.30m
Current liabilities	CHF0.19m
Total shareholders' equity	CHF6.10m

ANALYST INFORMATION

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FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of Publication	Previous Day Closing Price	Recommen- dation	Target Price	Interim High	% Change to High
Initial Report	10 October 2005	€4.20	Buy	€5.20	-	-
...	↓	↓	↓	↓	↓	↓
3	27 March 2005	€4.09	Buy	€5.00	€4.45	8.8%
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	Today	€2.18	Buy	€3.90	-	-

Source: Bloomberg & First Berlin

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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