

OPENLIMIT HOLDING AG

SWITZERLAND / SOFTWARE / ELECTRONIC SIGNATURE

Primary Exchange: Frankfurt
Symbol: O5H

General Standard
ISIN: CH0022237009

RATING: Buy

PRICE TARGET: €3.90

RISK RATING: Speculative

COMPANY MEETS OUR 2007 SALES FORECAST

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 31 full-time staff as of 31 December 2007.

KEY POINTS

OPENLiMiT announced on 3 March that it will meet our 2007 sales forecast. Due to a strong Q4, 2007 sales reached CHF 4.85m (slightly above our forecast of €2.80m / CHF 4.60m). H1/07 sales were CHF 0.9m. Customers during Q4 included the Federal State of Brandenburg, the Swiss Government, Eurofighter, Europcar, Northwest Handel AG and Einkaufsbüro Deutscher Eisenhändler GmbH (Purchasing Association of German Hardware Dealers).

Published EBIT was CHF 0.84m (2006: CHF -0.42m). But the 2007 figure included capitalised R&D costs of CHF 1.72m. Adjusting for this item EBIT would have been slightly negative in 2007.

OPENLiMiT has often failed to reach its sales guidance in the past. However, the strong Q4 sales performance shows that the digital signature market is gaining momentum. We think management's new 2008 sales forecast of €4.80m (down from a forecast of €7.91m made in January 2007) is credible and conservative. Major customers in 2008 include the Deutscher Sparkassenverlag (German Association of Savings Banks), Fujitsu Siemens Computer, Adobe and its partners as well as the German public sector.

RECOMMENDATION

We expect digital signature solutions to achieve a breakthrough over the next few years thereby pushing OPENLiMiT's revenues to several times the current level. On 20 February 2008, the Supervisory Board member, Mr René Jäggi, raised his stake to 5.37% (846,410 shares). This should strengthen investor confidence and reduce share price volatility. We plan to publish a comprehensive report in April.

We maintain our Buy recommendation and €3.90 price target.

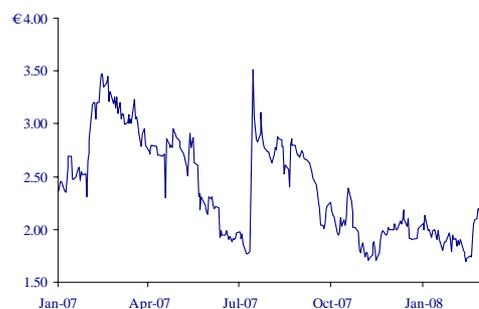
RISKS

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 (05.03.08)	€55.77m
Shares outstanding	15.76m
Closing price (05.03.08)	€2.27
52-week range	€1.70 / 3.51
Free float (according to company)	70%
Average daily share volume (year)	20,713

STOCK OVERVIEW



Source: Bloomberg & First Berlin

FINANCIAL HISTORY & PROJECTIONS

	2006	2007	2008E	2009E
Revenue €m	0.72	2.95	4.80	9.00
Yr/Yr growth	302.6%	307.6%	62.6%	87.5%
EBIT €m	-0.25	0.51	1.71	5.33
EBIT margin	na	12.8%	28.0%	49.5%
Net income €m	-0.61	0.60	1.50	4.70
EPS €	-0.04	0.04	0.09	0.28
P/E	na	59.6	25.2	8.1

COMPANY DATA (as of 30 June 2007 unless noted)

Liquid assets	CHF 2.12m
Current assets (as of 30 Sept. 2007)	CHF 2.27m
Intangible assets	CHF 2.59m
Total assets	CHF 5.96m
Current liabilities	CHF 0.27m
Shareholders' equity	CHF 5.69m

ANALYST INFORMATION

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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...5	↓	↓	↓	↓	↓	↓
6	25 May 2007	€2.18	Buy	€3.90	€3.51	61.0%
7	30 August 2007	€2.70	Buy	€3.90	€2.75	1.9%
8	19 November 2007	€1.71	Buy	€3.90	€2.41	40.9%
9	Today	€2.27	Buy	€3.90	-	-

Source: Bloomberg & First Berlin

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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.

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