

OpenLimit Holding AG

Switzerland / Software / Electronic Signature

Primary exchange: Frankfurt

Bloomberg: O5H GR

ISIN: CH0022237009

9M figures

RATING**PRICE TARGET**

Return Potential

Risk Rating

BUY**€1.50**

211.9%

High

WEAK 9M FIGURES AND LOWER 2012 GUIDANCE

OpenLimit has published 9M figures and has held a conference call on 19 November. Although 9M figures showed slight improvement compared to 9M 2011 they remained below our estimates. Furthermore, OpenLimit has lowered its 2012 guidance due to project delays. We reduce our estimates for 2012 and the following years. Based on an updated DCF model the new price target is €1.50 (previously: €2.00). Our rating remains Buy.

Sales and EBIT below estimates Although sales increased by 17% y/y to €2.8m they remained below our estimate of €3.2m. EBIT also improved y/y by 7% to €-2.4m (FBe: €-2.2m). The net result amounted to €-2.5m (9m 2011: €-2.7m, FBe: €-2.3m).

Guidance for 2012 lowered Due to delays of bids for projects OpenLimit has lowered its 2012 guidance. The company now expects sales growth in 2012 (previously: solid double-digit sales growth). Furthermore, OpenLimit will not achieve break-even EBIT. For 2013 OpenLimit expects stronger sales growth.

Progress with certifications The certification process for smart meter gateways, which started in July 2012, looks set to advance further by the end of this year. A smart meter gateway prototype should be available in Q1 2013. We expect certification in summer 2013 and relevant product sales in 2014. In September Fujitsu and OpenLimit received the certification for its long-term storage solution "Fujitsu SecDocs powered by OpenLimit". The closure of the certification process is a major milestone for the company. OpenLimit is the first company to receive long-term storage certification. This strengthens the company's market leading position. SecDocs looks set to be a major earnings driver in 2013E.

Q4 seasonally strongest quarter Despite the above mentioned delays we expect a seasonally strong Q4. OpenLimit has already generated sales in the seven digit range. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2010	2011	2012E	2013E	2014E	2015E
Revenue (€m)	5.37	5.75	6.15	7.99	10.79	14.03
Y-o-y growth	12.6%	7.0%	7.0%	30.0%	35.0%	30.0%
EBIT (€m)	-0.86	-1.22	-0.90	0.26	1.40	2.70
EBIT margin	-16.0%	-21.3%	-14.7%	3.2%	12.9%	19.3%
Net income (€m)	-2.25	-1.13	-0.91	0.21	1.32	2.66
EPS (diluted) (€)	-0.12	-0.06	-0.05	0.01	0.07	0.14
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-1.18	-2.50	0.42	0.08	1.11	2.83
Net gearing	5.1%	2.3%	10.2%	10.9%	21.1%	39.7%
Liquid assets (€m)	0.70	0.39	0.82	0.90	2.01	4.84

RISKS

Risks include, but are not limited to: delay in large projects, erosion of the company's competitive lead and the failure of electronic signature applications to achieve broad 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.

MARKET DATA

As of 20 Nov 2012

Closing Price	€ 0.48
Shares outstanding	19.15m
Market Capitalisation	€ 9.21m
52-week Range	€ 0.34 / 0.98
Avg. Volume (12 Months)	28,680

Multiples	2011	2012E	2013E
P/E	n.a.	n.a.	44.7
EV/Sales	1.8	1.7	1.3
EV/EBIT	n.a.	n.a.	40.1
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2012

Liquid Assets	€ 1.10m
Current Assets	€ 4.46m
Intangible Assets	€ 4.85m
Total assets	€ 9.47m
Current Liabilities	€ 1.04m
Shareholders' Equity	€ 6.59m

SHAREHOLDERS

Heinrich Dattler	11.1%
René C. Jäggi	8.8%
Enuhill Portfolio, Inc.	6.8%
Robert E. Züllig	5.5%
Free Float	67.8%



Upside to 2012 guidance dependent on one large project OpenLimit may exceed its more cautious 2012 guidance if one large project is won in the last quarter.

Earnings drivers for 2013 and 2014 For next year we expect three main sales drivers

- 1) SecDocs
- 2) Truedentity
- 3) Electronic signature

Truedentity has been launched in September and is being developed into a complete product portfolio of authentication processes for different applications and user groups.

In 2014 entry into the smart metering market should generate additional growth.

Estimates reduced Following the lower 2012 guidance we reduce our estimates for 2012 and the coming years (see figure 2). Despite the lower estimates we believe that the business model is intact and will generate significant growth in coming years (2013E: +30%, 2014E: +35%). OpenLimit's products should find an increasing number of buyers as they solve highly relevant data storage and security problems for companies.

Price target lowered, Buy rating reiterated Based on an updated DCF model incorporating the lower estimates we lower our price target to €1.50 (previously: €2.00). We reiterate our Buy rating.

Figure 1: Reported figures versus estimates

All figures in €m	9M 12A	9M 12E	delta	9M 11	delta
Sales	2,83	3,16	-10,4%	2,51	12,7%
EBIT	-2,35	-2,17	-	-2,52	-
margin	-83,0%	-68,7%		-100,4%	
Net income	-2,51	-2,34	-	-2,67	-
margin	-88,7%	-74,1%		-106,4%	
EPS (diluted)	-0,13	-0,12	-	-0,15	-

Source: First Berlin Equity Research, OpenLimit Holding AG

Figure 2: Change of estimates

All figures in €m	2012E			2013E			2014E		
	Old	New	delta	Old	New	delta	Old	New	delta
Sales	6.84	6.15	-10.1%	10.12	7.99	-21.0%	14.17	10.79	-23.9%
EBIT	-0.39	-0.90	-	0.96	0.26	-73.2%	2.62	1.40	-46.7%
margin (%)	0.3%	-14.7%		10.6%	3.2%		19.3%	12.9%	
Net income	-0.42	-0.91	-	0.88	0.21	-76.6%	2.50	1.32	-47.3%
margin (%)	-0.4%	-14.8%		9.8%	2.6%		18.6%	12.2%	
EPS € (diluted)	-0.02	-0.05	-	0.05	0.01	-78.5%	0.13	0.07	-47.0%

Source: First Berlin Equity Research

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	10 October 2005	€4.20	Buy	€5.20
2...31	↓	↓	↓	↓
32	7 May 2012	€0.87	Buy	€2.00
33	21 May 2012	€0.84	Buy	€2.00
34	24 August 2012	€0.67	Buy	€2.00
35	Today	€0.48	Buy	€1.50

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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%

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