



## OPENLIMIT HOLDING AG

SWITZERLAND / SOFTWARE / ELECTRONIC SIGNATURE

Primary exchange: Frankfurt  
Bloomberg symbol: O5H GR  
ISIN: CH0022237009

### Q1 RESULTS

RATING:	<b>Buy</b>
PRICE TARGET:	<b>€2.00</b>
RETURN POTENTIAL:	<b>138.7%</b>
RISK RATING:	<b>High</b>

### ALL THE PIECES IN PLACE

OpenLimit released their Q1 2012 results and hosted a conference call on Friday, 18 May 2012. Sales grew by 22% y/y and slightly exceeded our estimate. Due to improved cost efficiency our EBIT estimate was also beat. With the technology certified according to the German Digital Signature Law, an exclusive partnership with Fujitsu for SecDocs and a solid liquidity position, all pieces are in place to put the company on a promising growth path. Based on an updated DCF Model we reiterate our Buy recommendation and € 2.00 price target.

**Sales growth of 22% y/y** OpenLimit slightly exceeded our expectation with sales of € 0.84m (FBe: € 0.80m; Q1/11: € 0.69m). Total Revenues increased by 10% y/y to € 1.42m (FBe: € 1.30m; Q1/11: € 1.29m) as capitalised R&D was slightly lower than last year at €0.58m (FBe: € 0.50m; Q1/11: € 0.60m).

**Improved profitability** Due to a slight reduction in staff levels (61 vs. 64 at end of Q1/11) and more importantly due to a 60% reduction in third party service costs, OpenLimit reduced their personnel expenses by 13% y/y and kept overall operating expenses unchanged at € 0.42m despite the higher sales volume.

Overall, EBIT came in at € -0.63m (FBe: € -0.71m; Q1/11: € -0.89m), which represents a 29% increase over last years' levels. Net income also developed positively increasing by 9% y/y to € -0.74m (Q1/11: € -0.81m) slightly below our estimate of € -0.72m as both taxes and financial expenses were higher than we anticipated.

**Improved liquidity position** Following a reduction in receivables q/q of € 0.70m and a reported further decrease of € 2.0m post quarter closing, cash as of today stands at around €1.5m.

### FINANCIAL HISTORY & PROJECTIONS

	2010	2011	2012E	2013E	2014E	2015E
Revenue (€m)	5.37	5.75	7.47	11.05	15.48	20.89
Y-o-y growth	12.6%	7.0%	30.0%	48.0%	40.0%	35.0%
EBIT (€m)	-0.86	-1.22	0.02	1.17	2.99	5.03
EBIT margin	-16.0%	-21.3%	0.3%	10.6%	19.3%	24.1%
Net income (€m)	-2.25	-1.13	-0.03	1.09	2.88	4.28
EPS (diluted) (€)	-0.12	-0.06	0.00	0.06	0.15	0.22
EV / Sales (x)	3.2	3.0	2.3	1.6	1.1	0.8
EV / EBIT (x)	-20.0	-14.0	708.6	14.6	5.7	3.4
P/E (x)	n.a.	n.a.	n.a.	14.8	5.6	3.8
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%
FCF (€m)	-1.18	-2.50	0.46	0.47	1.76	3.79
Net gearing	5.1%	2.3%	9.6%	13.3%	24.0%	40.2%
Liquid assets (€m)	0.70	0.39	0.86	1.33	3.09	6.88

### 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.

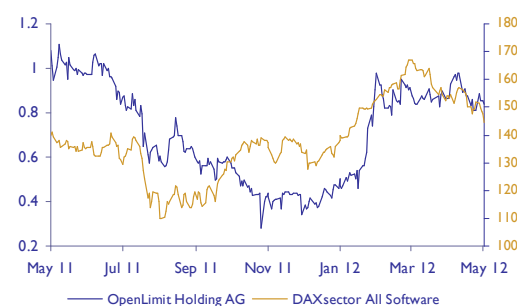
### COMPANY PROFILE

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.

### TRADING DATA

Closing price (18.05.12)	€0.84
Shares outstanding	19.15m
Market capitalisation	€16.05m
52-week range	€0.28 / 1.11
Average volume (12 months)	33,095

### STOCK OVERVIEW



### COMPANY DATA (as of 31 March 2012)

Liquid assets	€0.20m
Current assets	€6.53m
Intangible assets	€4.78m
Total assets	€11.47m
Current liabilities	€1.43m
Shareholders' equity	€8.18m

### SHAREHOLDERS

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



**Focus on industrial clients** During the first quarter of 2012, OpenLimit implemented the new sales focus on industrial clients. Led by their new CSO, Andreas Eulenfeld, OpenLimit now focuses on vertical markets (Automotive, Insurance, Finance, Energy and Health) as well as an extension of strategic partnerships. In the past, the focus was more on government clients which led to continuous product delays. A fact reinforced by the recent delay of the e-BAföG project. With a broad product and application range around the key topics of signature, identity authentication, and data security, OpenLimit can present integrated and comprehensive solutions to industrial clients.

**Fujitsu Partnership a key factor** Not only does Fujitsu Technology Solutions (FTS) provide OpenLimit with an annually increasing minimum revenue guarantee, it also shares development costs of the existing SecDocs product as well as future product co-developments. Combined with its wide international distribution network, sales from this channel will play a significant part in the company's future development. Initially, SecDocs sales should make a material impact in the latter part of the year given the general sales cycle of 6 to 9 months. Licenses are structured in three parts ensuring a healthy recurring revenue stream.

- **Base:** A client must pay a general license fee to use the SecDocs technology.
- **Transaction:** Fees for each use of the software, e.g. securely archiving a document, will be charged to the client.
- **Storage:** The client must also pay an ongoing fee for the storage and maintenance of the securely archived documents.

**2012 CEBIT** OpenLimit presented itself and its products at the 2012 CEBIT at three different booths. Together with the Ministry of Economics and Technology (BMWi) OpenLimit presented a live demo of the new SkIDentity project. The technology will allow secure identification processes in cloud computing environments in accordance with the new German electronic IDs. OpenLimit also presented the *Fujitsu SecDocs "powered by OpenLimit"* product at the CEBIT 2012. Finally, OpenLimit released its *SignaturApp* to the public that allows anyone to securely sign documents in full compliance with the German Digital Signature Act. Together with another trade show appearance at the conhIT, we see these efforts as confirmation for the company's strategy to increase their sales efforts in general and in particular their focus on industrial clients.

**Updated DCF confirms our price target** We have taken the positive Q1 results into consideration but for now stick to our existing full year estimates given the early stage in the current fiscal year and the importance of the second half of the year. Based on an updated DCF model we reaffirm our price target of € 2.00 and our Buy recommendation for the stock.

## Q1 2012 RESULTS

All figures in €m	Q1-12A	Q1-12E	Delta	Q1-11	Delta
Sales	0.84	0.80	5.0%	0.69	21.7%
EBIT	-0.63	-0.71	-	-0.89	-
margin	-75.0%	-88.8%		-129.0%	
Net income	-0.74	-0.72	-	-0.81	-
margin	-88.1%	-90.0%		-117.4%	
EPS (diluted)	0.00	0.00	-	0.00	-

Table 1

Source: First Berlin

**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...29	↓	↓	↓	↓
30	20 May 2011	€1.01	Buy	€2.50
31	26 August 2011	€0.63	Buy	€2.50
32	7 May 2012	€0.87	Buy	€2.00
33	Today	€0.84	Buy	€2.00

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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%

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