

# OpenLimit Holding AG

Switzerland / Software / Electronic Signature

Primary exchange: Frankfurt

Bloomberg: O5H GR

ISIN: CH0022237009

Large Contract Won

**RATING****PRICE TARGET**

Return Potential

Risk Rating

**BUY****€1.40**

84.0%

High

## BREAKTHROUGH IN E-HEALTHCARE – BUY REITERATED

On 3 December OpenLimit announced it had won a contract in the solid single-digit million Euro range to develop and provide a connector for the secure connection between stakeholders in the German healthcare system. The company has been commissioned as subcontractor by T-Systems International which has won the tender for the e-health card in the test region Saxony and Bavaria. We believe that the e-healthcare market will be an important additional growth driver for OpenLimit and are thus confident that the company will achieve our ambitious sales growth estimates for the coming years. We reiterate our Buy rating and the €1.40 price target.

**Large contract won** A seven-digit Euro contract is certainly a huge success for a company with 2012 sales of €6.2m. The project is expected to take 80 weeks. Revenues will be realised with the achievement of defined milestones.

The potential for OpenLimit may be much larger than this initial contract. Having won the tender for the e-healthcare card test regions Saxony and Bavaria, T-Systems will participate in the roll-out for Germany as a whole if the German government approves a federal roll-out.

The T-Systems contract comprises the supply of the necessary equipment and services for the connection of over 500 doctors, dentists, psychotherapists and 5 hospitals to the telematics infrastructure, as well as the development and operation of the system. The aim of the project is to ensure secure e-healthcare network.

OpenLimit will develop and manufacture the connector (hardware and software) and will rely on its partner Power Plus Communications for the hardware. The connector has to guarantee a secure connection between the different stakeholders within the healthcare system and the centralised telematics infrastructure. Authentication media will be the electronic health card, the electronic health professional card and security module cards. As the connector is vital for the whole system it has to pass certification procedures. (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2011A	2012A	2013E	2014E	2015E	2016E
Revenue (€m)	5.75	6.21	7.02	8.88	11.54	13.85
Y-o-y growth	n.a.	8.1%	13.0%	26.5%	30.0%	20.0%
EBIT (€m)	-1.22	-0.81	-0.43	0.54	2.05	3.15
EBIT margin	-21.3%	-13.1%	-6.1%	6.1%	17.7%	22.8%
Net income (€m)	-1.13	-0.90	-0.53	0.40	1.83	2.55
EPS (diluted) (€)	-0.06	-0.05	-0.03	0.02	0.09	0.13
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-2.50	1.67	-1.09	-0.18	1.50	1.98
Net gearing	17.1%	-1.9%	10.0%	11.9%	-6.4%	-21.7%
Liquid assets (€m)	0.39	1.88	0.79	0.60	0.60	2.58

### RISKS

Risks include, but are not limited to: project delays, regulatory delays, erosion of the company's competitive lead, and the failure of the company's products to achieve broad market acceptance.

### COMPANY PROFILE

OpenLimit technologies enable people and machines globally to communicate securely, identifiably and provably. Base technologies and products are developed in the following areas: electronic identities, electronic signatures, evidentiary value-preserving long-term storage of data and documents, and secure data transmission between machines.

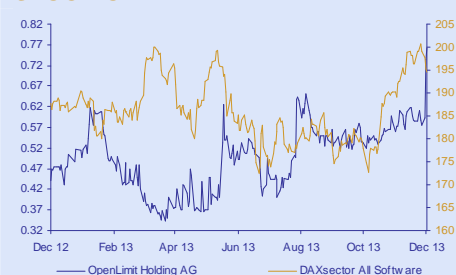
### MARKET DATA

As of 04 Dec 2013

Closing Price	€ 0.76
Shares outstanding	19.15m
Market Capitalisation	€ 14.58m
52-week Range	€ 0.34 / 0.76
Avg. Volume (12 Months)	28,649

Multiples	2012A	2013E	2014E
P/E	n.a.	n.a.	27.3
EV/Sales	1.7	1.5	1.2
EV/EBIT	n.a.	n.a.	19.7
Div. Yield	0.0%	0.0%	0.0%

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Sep 2013

Liquid Assets	€ 0.18m
Current Assets	€ 4.31m
Intangible Assets	€ 4.94m
Total Assets	€ 10.15m
Current Liabilities	€ 4.13m
Shareholders' Equity	€ 6.02m

### SHAREHOLDERS

Heinrich Dattler	9.8%
René C. Jäggi	9.1%
Enuhill Portfolio, Inc.	6.8%
Robert E. Züllig	5.7%
Free Float	68.5%



**Know-how already there** OpenLimit already has experience in the development of certified signature applications and devices for the secure communication of data (e.g. Smart Meter Gateway). We therefore believe that the company is well-prepared to develop the connector.

**Buy rating and price target reiterated** Based on unchanged estimates we reiterate our Buy rating and the €1.40 price target.

**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...36	↓	↓	↓	↓
37	21 May 2013	€0.53	Buy	€1.40
38	31 October 2013	€0.57	Buy	€1.40
39	22 November 2013	€0.59	Buy	€1.40
40	Today	€0.76	Buy	€1.40

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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%

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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