

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

REACTION TO 9M RESULTS AND DEVELOPMENTS IN Q3

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 33 full-time staff as of 30 September 2007.

KEY POINTS

Openlimit published 9M/07 results on 16 November. The company began reporting quarterly following its listing on the General Standard earlier this year. As such, comparable figures for Q3/06 are unavailable, and so we have analysed the 9M numbers. 9M revenues of CHF 1.2m exceeded the 2006 full-year level by 1.6%. The operating loss widened to CHF -0.9m (FY06: CHF -0.4m). A higher number of employees, particularly in R&D and sales/marketing, was the main reason for the decline. Nevertheless, management expect that a strong Q4 will enable the company to reach 2007 revenue guidance of €2.8m. According to management, 9M current assets of CHF 2.3m (Q2/07: CHF 3.2m) will ensure the company's liquidity until the end of Q1/08.

The recently concluded framework agreement with the Swiss Federal Government (SFG), which regulates the terms and conditions for the centralised procurement of Openlimit technology and software, allows the SFG to order Openlimit's products without going through a public tender process and also makes the products available to cantonal and communal administrations.

In October Openlimit announced an agreement between Cit GmbH – a distribution and integration partner which uses Openlimit software – and the State Office for Data Processing and IT-Services in the German federal state of Brandenburg. The contract includes a purchase agreement of a 'State Licence' for Openlimit's signature software. A similar agreement was concluded with the state of Baden-Württemberg, confirming the technology's increasing reputation. In addition to the sales generated, we expect these and the Swiss contract to serve as reference projects.

René C. Jäggi was elected to the Supervisory Board in Q3. Mr Jäggi is an ex CEO of Adidas and a marketing expert with a strong international contact network. We expect Mr Jäggi to reinforce the marketing und sales offensive.

RECOMMENDATION

Absolute European Catalyst Fund Limited decreased its stake in Openlimit to 2.687% on 30 October. This has weighed heavy on Openlimit's share price and further selling by this fund may again put the stock under pressure in the short term. We expect 9M/07 results published on 16 November to be followed by a strong Q4, allowing Openlimit to meet its FY07 revenue guidance of €2.8m. The appointment of Mr Jäggi to the Supervisory Board and the projects in Switzerland and Germany should further support our valuation. We maintain our Buy recommendation and €3.90 price target.

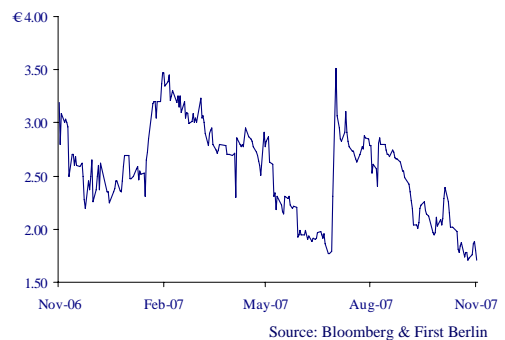
RISKS

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 (16.11.07)	€6.95m
Shares outstanding	15.76m
Closing price (16.11.07)	€1.71
52-week range	€1.71 / 3.51
Free float (according to company)	74%
Average daily share volume (year)	22,076

STOCK OVERVIEW



FINANCIAL HISTORY & PROJECTIONS

	2005	2006	2007E	2008E
Revenue €m	0.18	0.74	2.80	7.91
Yr/Yr growth	na	313.3%	278.4%	182.5%
Operating profit €m	-3.33	-0.25	0.89	4.01
Operating margin	na	-34.3%	31.8%	50.7%
Net income €m	0.44	-0.61	0.71	3.21
EPS €	0.03	-0.04	0.05	0.20
P/E	55.8	na	37.2	8.6

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...4	↓	↓	↓	↓	↓	↓
5	14 February 2007	€3.37	Buy	€3.90	€3.47	3.0%
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	Today	€1.71	Buy	€3.90	-	-

Source: Bloomberg & First Berlin

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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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