

OpenLimit Holding AG

Switzerland / Software / Electronic Signature
 Primary exchange: Frankfurt
 Bloomberg: O5H GR
 ISIN: CH0022237009

Q1 Results

RATING
PRICE TARGET **BUY**
 Return Potential 162.7%
 Risk Rating High

SOON BIG IN JAPAN?

On 16 May OpenLimit published Q1 results which were in line with our expectations. A conference call was held at 9 am. Sales increased by 20% y/y to €1.0m. Operating loss of €0.7m was slightly higher y/y. OpenLimit's partner has won two Japanese global players as clients and started pilot projects with them. In Germany the publication of the technical guideline RESISCAN creates legal security for replacing scanning which looks set to support OpenLimit's signature technology. We reiterate our Buy rating and the €1.40 price target.

Q1 results in line Q1 is a seasonally weak quarter and thus not an indicator for the full year results. Sales increased by 20% y/y to €1.0m (FBe: €0.95m). The operating loss increased slightly to €-0.72m (FBe: €0.58m, Q1 2012: €0.63m). The net loss amounted to €0.77m (FBe: €0.63m, Q1 2012: €0.74m).

Liquid funds reduced Liquid funds fell back to €0.7m from €1.9m at the end of 2012. Management does not expect further cash burn in coming quarters.

Guidance for 2013 reiterated OpenLimit reiterated its 2013 guidance (moderate sales growth and reduction of net loss).

Two Japanese global players as new clients In Q1 OpenLimit adapted its signature technology (OpenLimit Middleware Version 3 and OpenLimit SignatureServices) to the Asian market and started pilot projects with two Japanese global players. The latter signalled interest in acting as a reseller for the product. If the pilot projects are successful OpenLimit will have the opportunity to establish itself in the Japanese market.

RESISCAN creates legal security In Germany the publication of the technical guideline RESISCAN creates legal security for replacing scanning. It serves as decision-making aid for public authorities, private businesses and the health...
 (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	0.10	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: 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 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 20 May 2013

Closing Price	€ 0.53
Shares outstanding	19.15m
Market Capitalisation	€ 10.21m
52-week Range	€ 0.34 / 0.87
Avg. Volume (12 Months)	18,071

Multiples	2012A	2013E	2014E
P/E	n.a.	n.a.	25.8
EV/Sales	1.6	1.4	1.1
EV/EBIT	n.a.	n.a.	18.6
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Mar 2013

Liquid Assets	€ 0.70m
Current Assets	€ 4.54m
Intangible Assets	€ 4.91m
Total Assets	€ 10.57m
Current Liabilities	€ 2.77m
Shareholders' Equity	€ 8.35m

SHAREHOLDERS

Heinrich Dattler	9.8%
René C. Jäggi	8.8%
Enuhill Portfolio, Inc.	6.8%
Robert E. Züllig	5.5%
Free Float	69.1%



...care sector with regard to the scanning of paper documents which are subsequently destroyed. Documents requiring a high protection level are to be protected by a qualified electronic signature and a time stamp. The guideline looks set to support OpenLimit's signature technology.

Truedentity making progress In Q1 OpenLimit completed the development of truedentity technology 1.0. The truedentity product family now encompasses authentication clients for both PCs and Android devices such as smart phones and tablets. Furthermore, the truedentity server also facilitates the embedding of the authentication technology in diverse online application scenarios.

Following the completion of truedentity 1.0 OpenLimit increased marketing efforts in the areas eHealth and industry and approached many potential clients at the CEBIT.

Internationalising SecDocs OpenLimit is currently developing the next version of SecDocs which will be adapted for international markets. The new version will be used in ongoing projects.

Buy rating and price target reiterated Based on unchanged estimates an updated DCF model still yields a price target of €1.40. We reiterate our Buy recommendation.

Figure 1: Reported figures versus estimates

All figures in €m	Q1-13A	Q1-13E	Delta	Q1-12	Delta
Sales	1.01	0.95	6.3%	0.84	20.2%
EBIT	-0.72	-0.58	-	-0.63	-
<i>margin</i>	-85.7%	-61.1%		-75.0%	
Net income	-0.77	-0.63	-	-0.74	-
<i>margin</i>	-91.7%	-66.3%		-88.1%	
EPS diluted in €	-0.04	-0.03	-	-0.04	-

Source: First Berlin Equity Research, OpenLimit Holding AG

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...33	↓	↓	↓	↓
34	24 August 2012	€0.67	Buy	€2.00
35	21 November 2012	€0.48	Buy	€1.50
36	30 April 2013	€0.37	Buy	€1.40
37	Today	€0.53	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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