

Secure Contactless Smart Card Solutions



Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the United States securities laws.

Such statements are subject to certain risks and uncertainties, such as market acceptance of new products and our ability to execute production on orders, which could cause actual results to differ materially from those in the statements included in this presentation.

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OTI – Leading the Way (Nasdaq: OTIV)

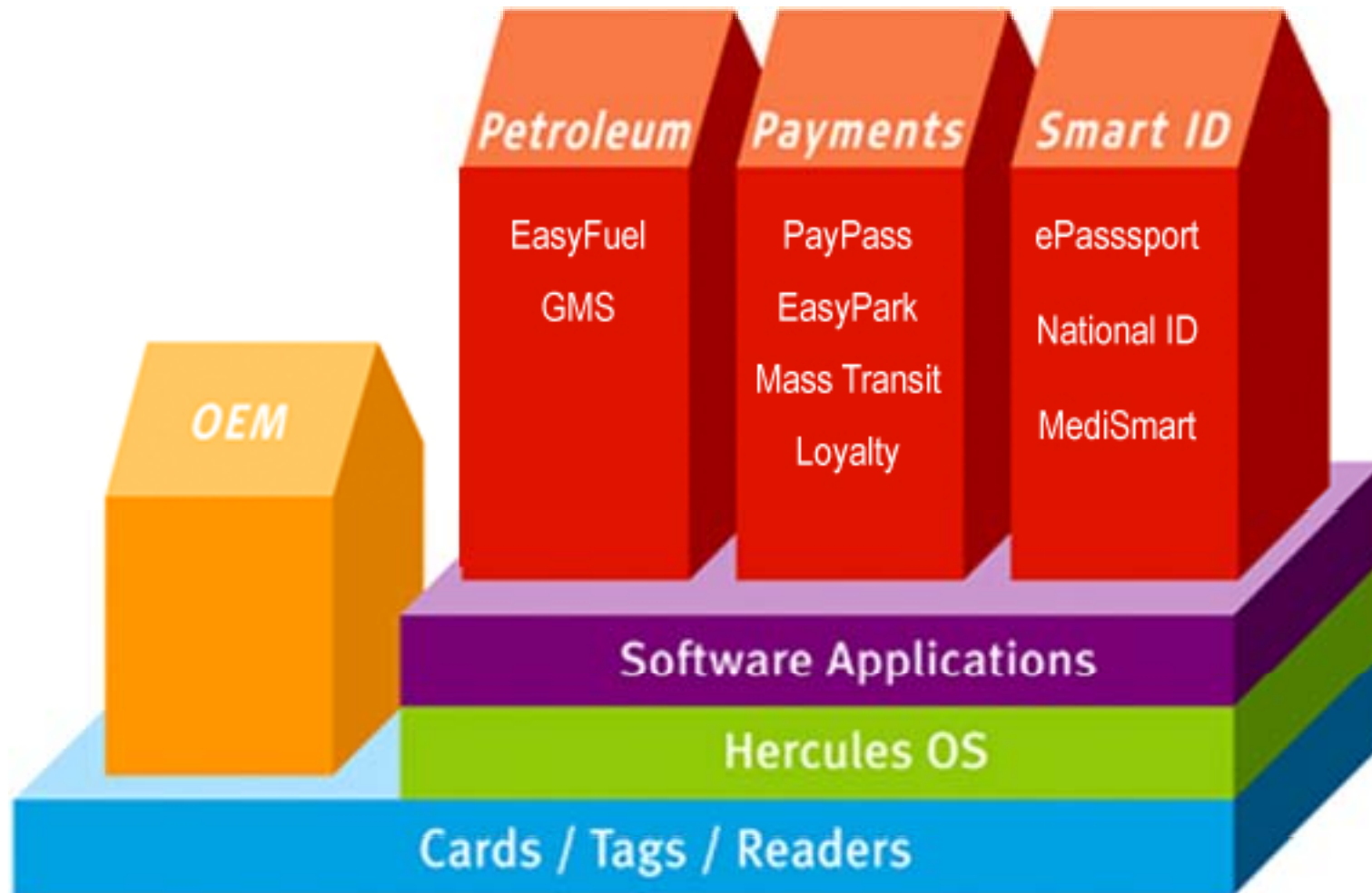
- Leading provider of unique secure contactless solutions in a high growth, multi-billion dollar market
- Products are based on proprietary platform with extensive **patent and IP** incorporating smart cards & readers and software
 - **SmartID** – end-to-end solution for National & Voter IDs, ePassports, MediSmart, etc.
 - **Payments** - Cashless payment solutions (including **EasyPark**)
 - **Petroleum** - EasyFuel - Fuel management solution
- Diversified revenue mix: products, services, licensing and transaction fees - focus on high margin offerings with recurring revenues
 - As installed base grows high margin transaction fee revenue will grow strongly
- 2011 financials
 - **H1 highlights: higher revenue diversification, more commercial implementations**
 - \$26.7 million in revenues, 50% gross margin
 - Strong Balance Sheet with \$33.1 Million in Cash, Cash Equivalents and Short Term Investments
 - Increase in ID, Petroleum and EasyPark
 - Expected revenues of \$55-\$60 million, 50%-52% gross margin
 - Non-GAAP operating expenses of \$28 million, Non-GAAP operating profitability



Solid, Visible Customer Base

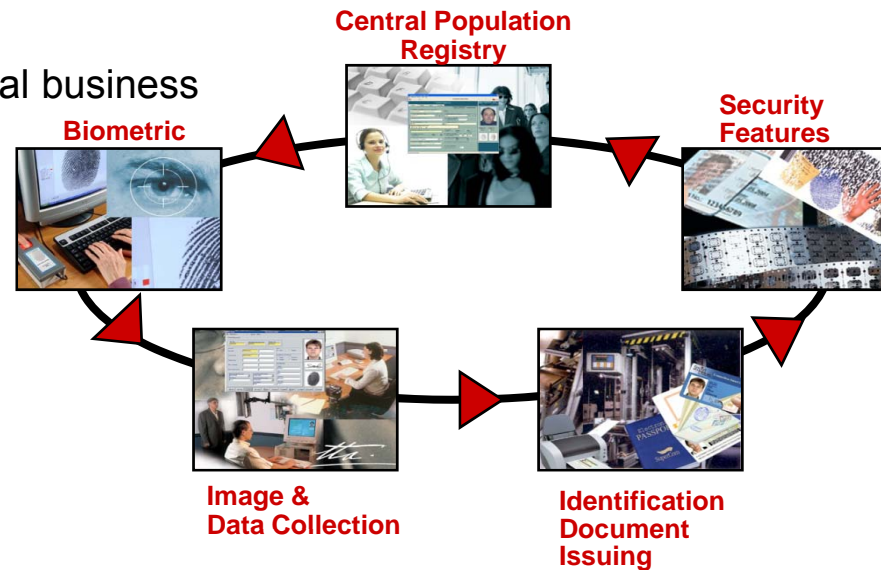


Flexible, Modular Product Platform



SMART/ID Contactless Credentialing and Verification

- Solutions
 - **MAGNA™** - Complete end-to-end in-house solution for
 - ePassport ■ National ID ■ Driver's License ■ Voter ID ■ etc.
- Addressable market:
 - 1.6 billion contactless smart card credentials to ship in 2015¹
 - ePassport market estimated annual revenues of \$7bn by 2014 (CAGR: 31.5% over 2009-2014), national eID market \$11bn by 2013²
- Strategy
 - 2nd & 3rd tier countries
 - Lead project in a country - anchor for additional business
- Revenue streams
 - Products, NRE, ongoing services
- References
 - \$100M National eID Program –
 - \$46M awarded to OTI since 2009
 - \$50M left to be awarded
 - \$17 million for eID related solution – revenues in 2011-13.
 - Multiple ID projects in different geographies



Product Life Cycle

¹ IMS Research, "RFID – Smart & Secure Contactless Applications – World – 2011"

² Acuity Market Intelligence



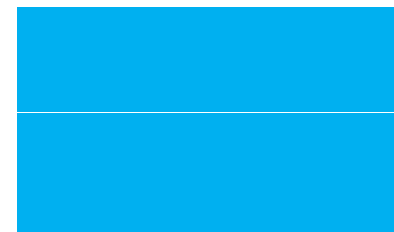
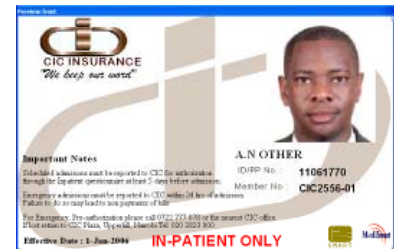
MediSmart Personal Portable Medical Database

- Solution
 - Transforming patient's Electronic Health Record (EHR) to a portable medium
 - Providing complete medical history, biometric ID and co-payment options
 - Patient & provider authentication integrated with legacy health IT systems

- Strategy
 - Channel partners
 - Leverage and grow successful existing projects

- Revenue streams
 - Infrastructure equipment and licensing fees

- References
 - Kenya privatizing its healthcare system. OTI is working locally with SMART
 - 200,000 subscribers after two years
 - 2,000 points of service and 29 hospitals
 - Consortium awarded national program - phase zero (design) commenced





Contactless Payments Market Opportunity

- Solutions
 - MasterCard and Visa's contactless payment programs
 - Alternative form factors – smart stickers, key fobs, mobile phone add-ons, etc.
 - Readers for terminal providers and end users
 - Mass Transit Ticketing – providing complete solutions

- Strategy
 - Following MasterCard's and Visa geographic lead
 - Focus on core products with high margins
 - Turnkey transit projects provide infrastructure for additional revenues

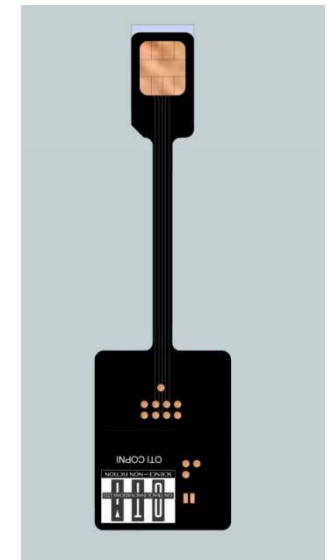
- Revenue streams
 - Product sale and ongoing licensing fees

- References
 - OTI pioneered the card and reader solutions to MasterCard
 - Selling tens of thousands of readers each year
 - e-Ticketing Operator for Warsaw City Card



Contactless Payment and Near Field Communication Insert (COPNI)

- Demand vs. availability creates opportunity for COPNI
 - Lack of embedded NFC phones
 - Dependent on handset manufacturers
 - By 2014, only 13% of phones predicted to have integrated NFC capabilities¹⁾
- **“Game changer”** for mobile operators
 - New services and revenue opportunities
 - More transaction revenues
 - Innovative bridge to NFC technologies
 - Post-market solution, independent of phone model/manufacturer
- Supports various applications such as:
 - Contactless payments – debit/credit, ePurse
 - Dynamic loyalty programs
 - Mass transit ticketing
- References
 - Turkcell, Turkey’s largest mobile network operator (>33 million subscribers) adopting the COPNI as part of their NFC program launch.



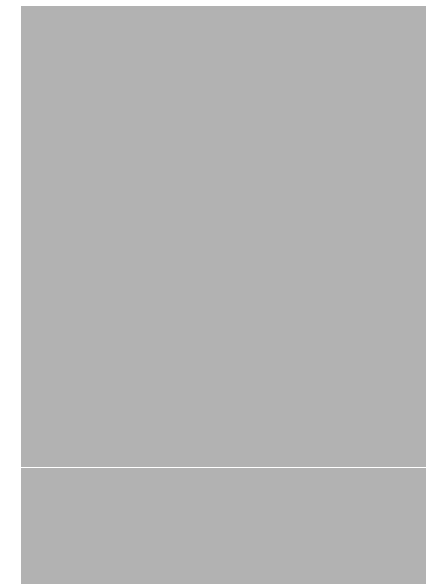
¹ iSuppli

EasyPark - In-Vehicle Parking Meter Solution

- Solution:
 - Supports on-street parking, parking lots and toll roads
 - Drivers pay only for the actual time parked
 - Eliminates fraud, reduces collection cost
 - **Beyond parking** - platform to provide additional services

- Franchise Model
 - Providing complete system to local operators
 - Ongoing transaction fee

- References
 - **EasyPark in Israel** - largest in-vehicle parking solution in the world
 - **Margin >60%**; 700,000 users
 - **Parx France** – deployment in 2011, over 13 cities on board
 - Addressable market: €460M (on-street parking), 3M parking spaces
 - **Italy** – Neos (Operator) - reaching 16 municipalities
 - **Bermuda** – (Agility) - 35% penetration rate, wins local technology award
 - New opportunities through acquisition of the assets of Ganis





EasyPark – Local Marketing Materials



Bermuda



France



Israel

EasyFuel Fuel Management and Petroleum Solution

- Solution: vehicle and driver smart tag
 - Loyalty tool for oil companies for commercial and retail markets
 - Completely wireless – easy to install
 - Eliminates fraud, cash handling
 - Improves billing and information management
- Strategy
 - Channel partners
 - Selected oil companies
- Revenue streams
 - Station and vehicle equipment
 - Service and transaction fees
- References
 - Channel partner strategy:
 - Tokheim - 35,000 customers in Northern Europe and France ¹
 - Gilbarco Veeder-Root
 - Local equipment providers
 - Providing EasyFuel to a government ministry in Africa (10 yr contract, \$2.5 million in 2011)
 - BP worldwide license - BP SAfrica installed base is 600 stations
 - Chevron Corporation

¹ Tokheim

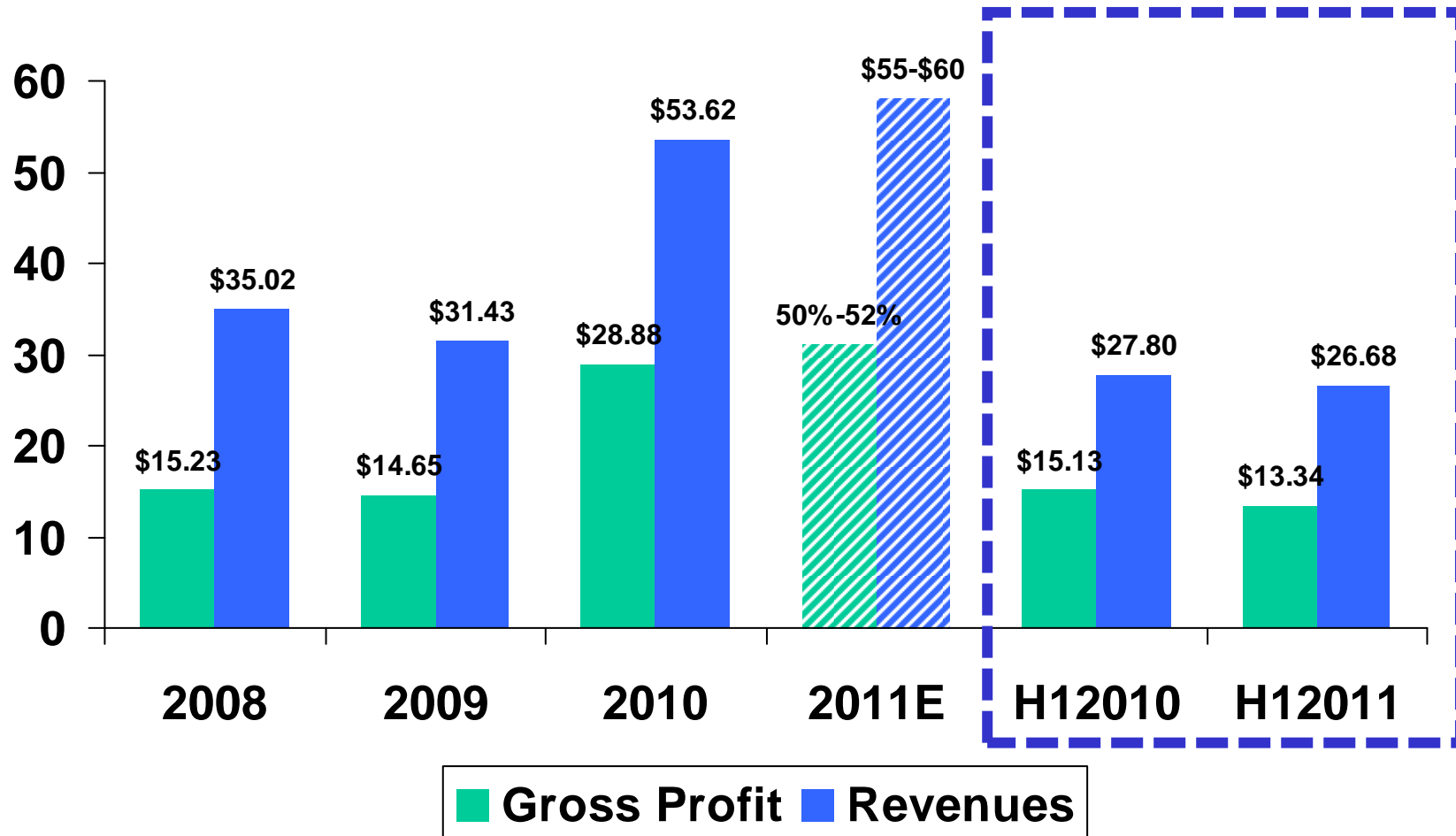


Financial Overview





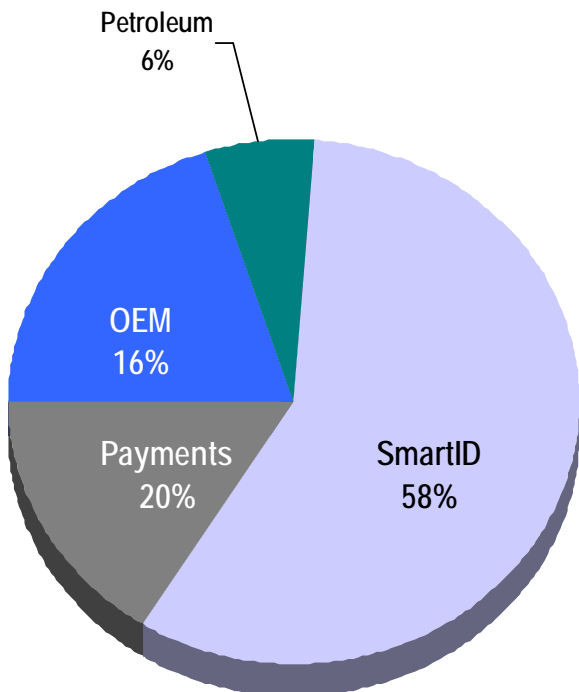
Financial Results (Millions \$US)



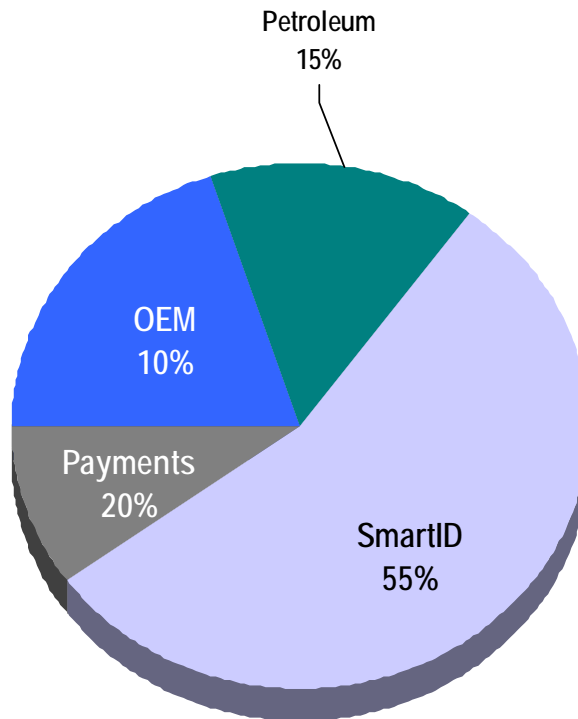


Revenues By Product

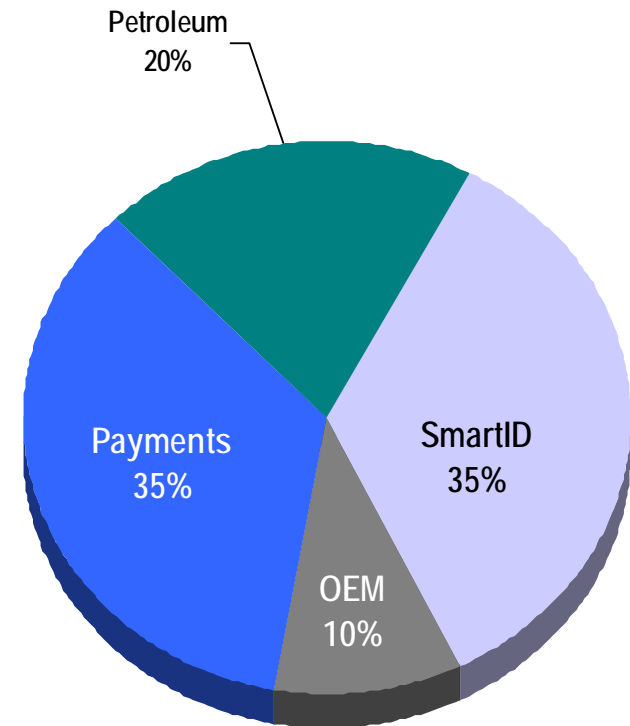
**First Six Months
Ended June 30, 2011**



2011 Estimation*



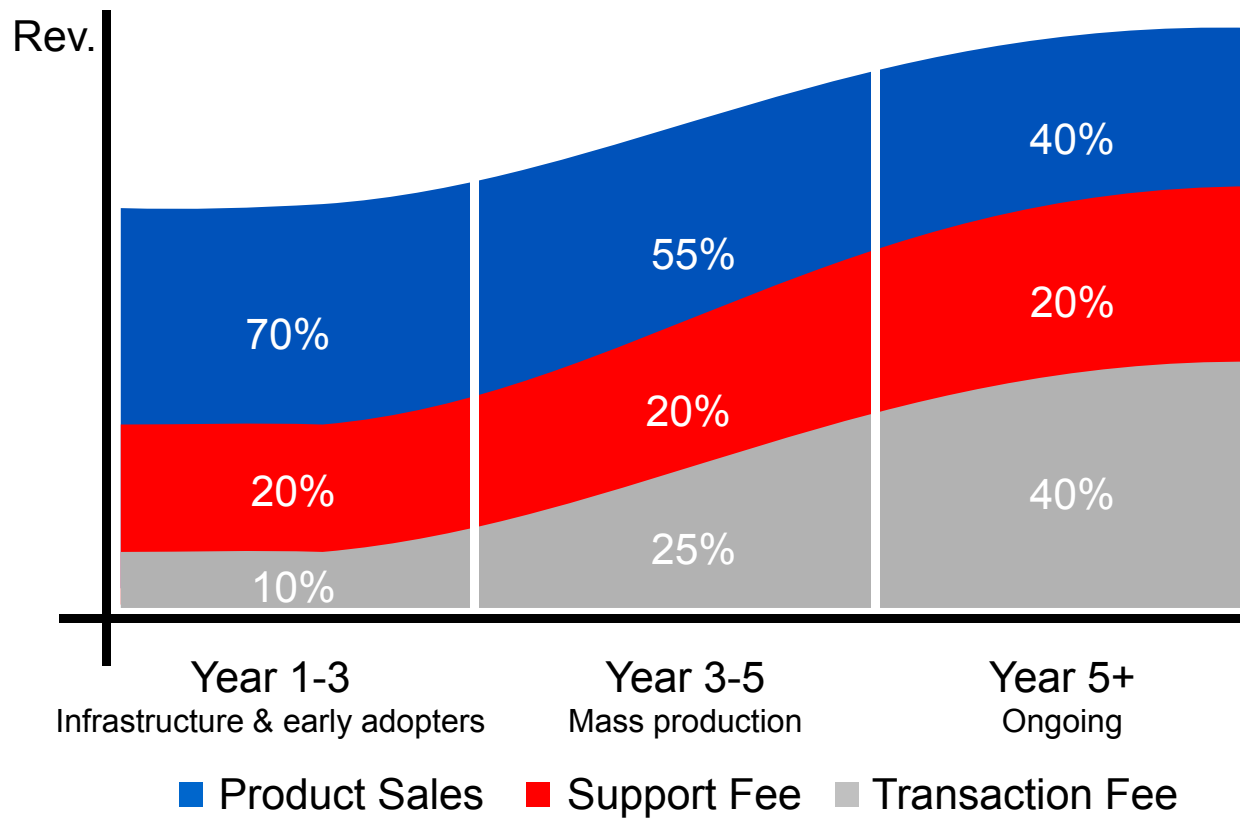
Long Term



* Percentages are projections only, actual numbers may vary. Based on revenues of \$55-\$60 million



High Margin, Recurring Revenue Project Model

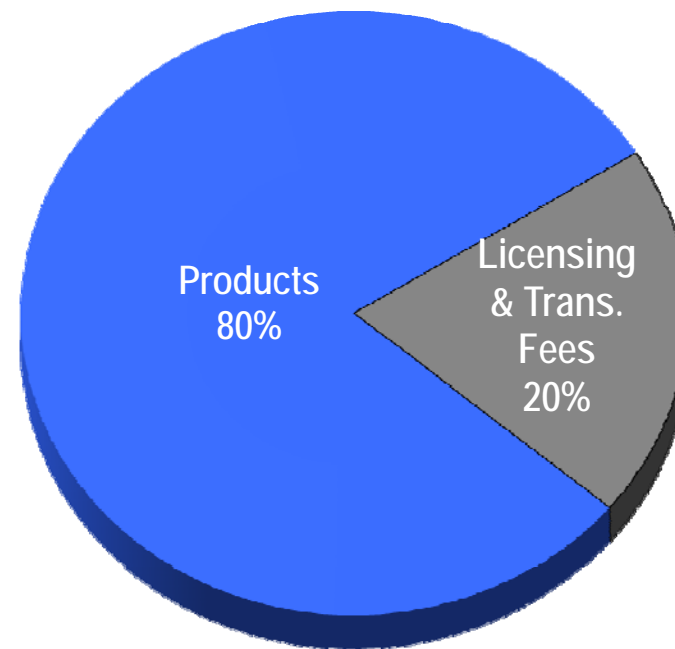
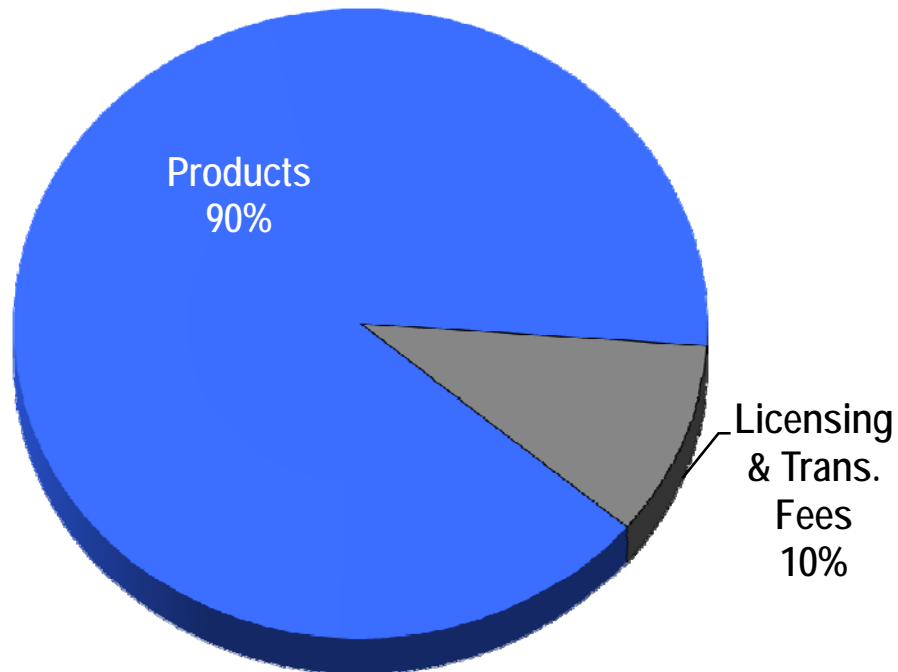


Note: Percentages are estimates only

Revenue Mix

**First Six Months
Ended June 30, 2011**

Long Term



Operating Model (Non-GAAP)

	2010	Long Term
Gross Margin	54%	50 - 52%
Research & Development	12%	8 - 10%
Sales & Marketing	20%	12 - 14%
General & Administrative	16%	10 - 12%
Operating Income	5%	14 - 20%

Key Balance Sheet Figures

US \$000's

Balance Sheet Data:

Cash and cash equivalents and short-term investment

Receivable from sale of operation

Total assets

Total liabilities

Long term loans, net of current maturities

Liabilities related to discontinued operation

Total equity

Total Shares Outstanding (June 30, 2011)

Consolidated

JUNE 30,

2011

\$ 33,094

1,267

71,656

29,888

4,344

458

41,310

31,481,174

Investment Highlights

- Well positioned for strong profitability and growth
 - Solid pipeline of projects and opportunities
 - Visible, worldwide customer base, offering geographic and vertical market diversity
- Diversified revenue mix: products, services, licensing and transaction fees - focus on high margin offerings with recurring revenues
 - As installed base grows high margin transaction fee revenue will grow strongly
- Leading provider of unique secure contactless solutions in a high growth, multi-billion dollar market
- Products are based on proprietary platform with extensive patent and IP incorporating smart cards, readers and software

Thank You!

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