

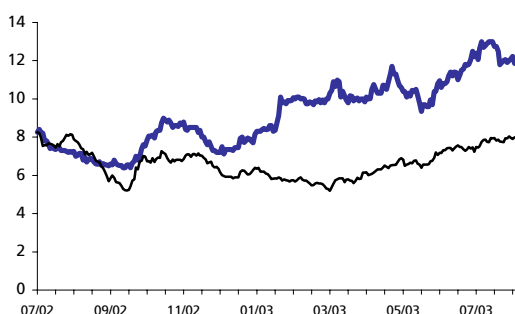
Company Report: Stock Assessment:

ATOSS Software AG Marketperformer (Initial Coverage)

Chances & Risks	Company Profile	Equity-Story	Market Environment	Finance	Valuation	Key Figures
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Date: 06.08.2003
Price: 11,70 €
ISIN: DE0005104400
Market: Prime Standard
Sector: Software/IT

Tech-AS 555,17
Reuters: AOFG.F
Bloomberg: AOF



ATOSS / Tech.-AS (relativ)

Market capitalization	47,63 m €
High 52 weeks	13,20 €
Low 52 weeks	5,50 €
Sales growth Ø (02-05)	7,1 %
Earnings growth Ø (02-05)	27,6 %
Share capital	4,07 m €
Authorized capital	1,85 m €
Conditional capital	0,69 m €
No. of shares (fully diluted)	4,07 m
Shareholders	
Free float	29,2 %
Founders families	55,4 %
MA, Management and Dr. Barth	9,7 %
Own shares	5,8 %
Calendar	
Semi annual report	15.8.2003
Press report on Q3	24.10.2003

Internet Analyst: www.atoss.com
 Analyst: Felix Ellmann

Strategy

-- - 0 + ++

Valuation

-- - 0 + ++

Performance within sector

Under Market Out

Performance to Index

Under Market Out

(new) ■ (old) ■

Intelligent personnel deployment – intelligent employment of capital

Highlights

- ATOSS has achieved a very promising position as a vendor of software for the niche market of time management, staff efficiency and process management, all products around the intelligent assignment of personnel (working time management, international staff efficiency management).
- ATOSS is an established software company with a good track record, very positive references and an absolutely mature product range.
- The company intends to start a long-term orientated continuous dividend policy starting with a special distribution of funds in an amount of 1,50 € on 30.12.03,
- The company has liquid funds in an amount of 35,4 m. € respectively of good 9 € per share.
- We see the fair value currently at 14,10 €.

Stock Assessment

With a history of fifteen years, a long list of reference clients and a grown portfolio of software products ATOSS is an established software house. Even in a very difficult market surrounding the company should stand its ground as a niche vendor. The last years and the recent development have already proven this when the company did return to a substantial earnings power. During the first half of the fiscal year the EBITDA was already doubled to 1,7 m € – sales rose by 9%. The company also intends to start a continuous dividend policy, the start being a special distribution of 1,50 per share on 30.12.03. On basis of a conservative earnings scenario we see the fair value of the title at present at 14,10 €. Our initial rating is Marketperformer.

Year	Sales (US-GAAP)			Op. cash-flow			Result (US-GAAP)			EBITDA-margin	Dividend	
	m €	per share	Price/Sales	m €	per share	P/CF	m €	per share	P/E			PEG
2002	23,25	5,67	2,06	4,13	1,01	11,60	1,26	0,31	38,18	1,38	12,20%	0,00
2003e	24,51	6,02	1,94	4,23	1,04	11,26	1,94	0,48	24,53	0,89	14,60%	1,50
2004e	26,11	6,29	1,86	3,48	0,84	13,97	2,38	0,57	20,41	0,74	15,95%	0,20
2005e	28,57	6,69	1,75	3,81	0,89	13,10	2,61	0,61	19,12	0,69	15,91%	0,21

Chances & Risks	Company Profile	Equity-Story	Market Environment	Finance	Valuation	Key Figures
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Chances/Strong Points:

- ATOSS is the only stock market listed human resources-management specialist.
- Taken the issue of working time management would gain major recognition as an own IT-field, similar to e.g. the field of CRM or SCM, the market potential would be immense.
- ATOSS is an established software company with a 15-years history and a list of 2.500 reference clients. On this basis ATOSS does also generate a steady and strong-margin flow of maintenance sales, which did represent around 29% of sales in 2002.
- The profitable company is equipped with liquid funds in an amount of above 35 m €. This is a very comfortable cushion, which should still be outstanding after the cash payout of in total around 5,7 m €, respectively of 1,50 € per share on 30.12.2003.
- With a DCF-value of 14,10 € per share, the title is at present on an attractive price level. The book value of the company is c. 37 m € (per 31.03.03), which is a very low Price/Book-Value multiple of only 1,3.

Risks/weak Points:

- The market for working time management is still in its infancy. It is still open whether this segment will meet upon a similarly strong acceptance such as for example CRM, SCM or even ERP.
- The business with software licenses is very volatile under the current market conditions and bears risks in regard to the development of its earnings power.
- The crisis-ridden year 2001 did also not leave ATOSS unaffected. The company realized a loss of around 1,4 m € (EBIT) in the first half of the fiscal year 2001.

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ATOSS is a typical IT product enterprise...

Core Competence: Intelligent Personnel Deployment

The ATOSS Software AG is one of the leading offerers of time management systems in Germany. The ATOSS software was introduced to the market in 1991 and is today a very mature and established solution. ATOSS has the typical structure of an IT-product company, reaching from the marketing of software via services up to hardware. ATOSS was founded in 1987 and has a staff of around 170.

Participations

The participations of ATOSS are the each 100%-subsidiaries in Vienna, Zurich and Paris and also the ATOSS CSD Software GmbH, in Cham, which complements the product range of the Software AG in the field of basic personnel-management solutions.

Management and Shareholder Structure

The board of directors at ATOSS consists of Andreas F.J. Obereder (CEO), who holds 48,3% at the company, and Dr. Burkhard Scherf, who owns 1,9% of the company.

The shareholders of the company are the founder family including Andreas Obereder with good 55%, the Dr. Thomas Barth Vermögensverwaltungs GmbH with 4,3%, the employees and management with 5,4% and ATOSS itself with 5,8%.

Business Development

At total sales of 23,2 m € in the fiscal year 2002 the ATOSS generated an EBIT of 1,3 m €, respectively a result per share of 0,31 €. In 2001 – at a sales total of 21,2 m € - the EBIT was only -1,4 m € respectively the net result was -0,14 € per share.

With sales of 11,8 m € during the first half of the fiscal year 2003, ATOSS was able to advance sales by 9% compared to one year ago (10,9 m €). The EBITDA doubled during 1HY 2003 and went up from 0,8 m € to now 1,7 m €. The EBIT rose from 0,2 m € to 1,1 m €. The EBIT-margin went up from 2% in the previous year to now 9%.

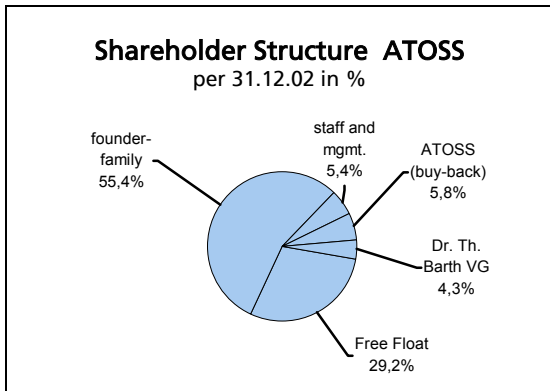


Chart 1; source: ATOSS

Sales stable in 2002– result positive again...

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Unique Selling Point – Staff Efficiency Management

Working Time Management means ATOSS Software

ATOSS is a software company with a main emphasis put on software solutions for the efficient control and planning of personnel resources. The main topics are time management, the planning of the assignment of personnel, project- and knowledge management and also the modelling and optimisation of processes. This segment will consecutively be referred as Staff Efficiency Management. With this focus ATOSS is the only stock-listed company in this field. Based on this product, the company also offers implementation-, consulting- and maintenance services.

The product

The ATOSS core product is the Staff-Efficiency-Suite (ASES). This is a high-end solution for working time management, which is offered with special add-ons for several industrial fields and also as a start-up edition. The ATOSS- subsidiary ATOSS CSD offers additionally a software for simpler or less demanding personnel structures that shows the basic functions of working time management on a simpler software platform. This platform is yet scalable and therefore also adequate for larger, homogeneous structures. The product alignment of the ATOSS products is described in the following table.

Products by ATOSS	
ATOSS Staff Efficiency Suite	
The ATOSS Staff Efficiency Suite (ASES) represents the heart of the ATOSS-Product portfolio. A complete software-based concept for working time management is based on ASES.	
Module	
ATOSS Time Solution	ATOSS Time Solution allows time recording via all conceivable media. The working time is measured and valued on basis of any working time models. Afterwards data are handed on to the wage- and salary system.
ATOSS Resource Allocation	ATOSS Resource Allocation provides for a flexible planning of shifts and flexible forms of working time up to individual time models. The system has online access to current time accounts, qualifications and other attributes of the employees. The supported shift-structures respectively individual working time models are multifaceted. The system does also locate distinctive features such as e.g. excess- or shortage- planning and possible violation of labour time regulations. Additionally this systems also offers an integrated automatic adjustment of working time on grounds of basic manpower requirements.
ATOSS Decision Support	The ATOSS Decision Support module is a monitoring solution that allows a graphically visualized analysis over many different levels (mistakes, wage type, personnel costs etcetera.), based on the data of the previously described modules. It is a tool for a targeted and systematic recognition of improvement potential for the modules and allows to control the personnel resources within companies efficiently.

Table 1; source ATOSS, SES Research

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Products by ATOSS (continued)	
Add-Ons to ASES	
ATOSS Access Control	For the security of equipment ATOSS offers an integrated control system. It allows variable security zones, protocols and logging, variable time zones and many other features.
ATOSS Cost Center Management	The cost centre management provides a meticulous accounting of cost centres, cost carriers and cost types.
ATOSS Project Time Recording	The ATOSS Project Time Recording allows a project based working time management for projects on basis of the ASES core functions of ASES.
Flexible Data Recording	This flexible data recording allows the universal time- and project-time recording via handheld, time recording terminals, telephone, mobile phone or via display screen.
Web Client	The Web Client stands for a continuous serviceability of ASES via Internet/Intranet.
SAP interfaces	ASES is able to communicate bi-directional, online and seamless with SAP-HR (Human Resources) modules via certified BAPI SAP interfaces.
ATOSS Application Service Providing	The ASES may also be run via ATOSS Application Service Providing. All applications and processed data will in this case not remain locally on the customer's server, but will be offered by ATOSS as a service via partners.
Special Industry Solutions and Start-Up Edition	
ATOSS Medical Solution	The ATOSS Medical Solution is a special industry solution for the healthcare and especially the clinic sector. This ATOSS solution is mainly used for the duty roster and time management. The solution is tuned to the processes and requirements in hospitals.
ATOSS Retail Solution	The ATOSS Retail Solution is a special solution for the retail industry. The main emphasis of this ATOSS solution is again put on the rota and time management. Special features here are interfaces to cashier systems or the inclusion of manual or automatic sales planning.
ATOSS Call Center Solution	The ATOSS Call Center Solution is a special solution tailored for call centres. The main issue is again the use of the ATOSS solution for duty roster and time management. Special features are interfaces to ADC systems or the inclusion of manual or automatic planning for call centre agents.
ATOSS Start-Up Edition	The ATOSS Start-Up Edition is a lighter version of ASES for mid-size enterprises with up to 1.000 employees.

Table 1; source ATOSS, SES Research

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Products by ATOSS (continued)	
ATOSS Time Control	ATOSS Time Control is an own low-end software product for working time management in small-size enterprises of the ATOSS-subsiary ATOSS CSD.
AENEIS	Based on intelligent modelling of corporate processes and a dynamic simulation of on integrated process-cost accounting the business-process-management solution AENEIS allows a comprehensive enterprise configuration and supports a higher transparency, productivity and quality within companies and their respective processes.

Table 1; source ATOSS, SES Research

ATOSS generates around 30% of sales with software (products). This is a positive value and it must be underlined that around half of the license business in 2002 was achieved with new clients. On basis of the running systems (please read also the paragraph Customers) the company has obtained around 29% of the maintenance sales in 2002. In regard to the earnings relevance the providing of solutions via Application Service Providing (ASP) is still only of minor importance and serves in the meantime primarily as a completion of the product portfolio.

People-Business: Maintenance, IT-Services and Consulting

Besides the product business ATOSS does also offer IT-services, maintenance and consulting. The IT-services include the implementation of software, but additionally also training and support. With this range ATOSS offers a comprehensive spectrum from the product up to contemporary applications.

The sales share from services of the total sales at ATOSS has been on a constant level of 20% over the last years. The share of consulting sales was c. 11% in 2002, in 2001 this percentage had still been at mere 5%. The maintenance sales share is annually c. 18% of the license revenues. The sales model is thus typical for the software industry (i.e. ERP).

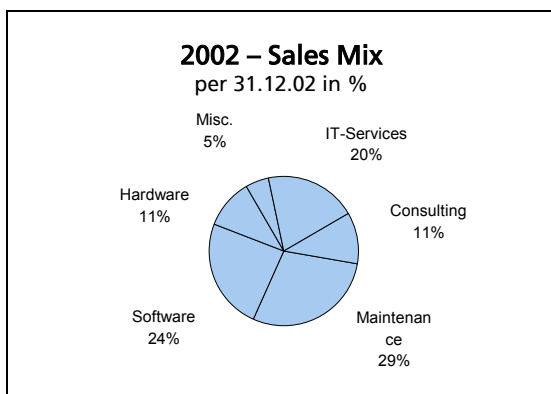


Chart 2; source: ATOSS

The Hardware Business

ATOSS generates around 11% of sales with hardware. In this case this is not mainstream-technology but moreover technology that is mainly used for time recording. ATOSS cooperates closely with the manufacturers of such hardware devices and does also realize a margin on this hardware. This position is in a positive sense very different to what other

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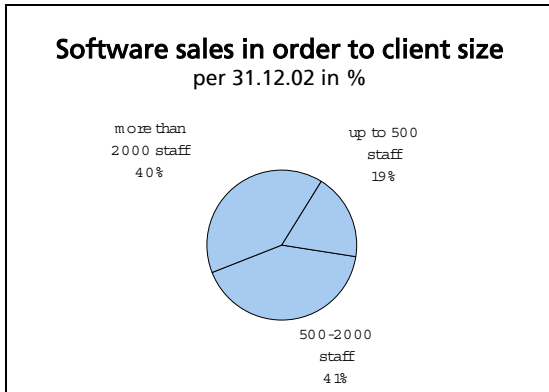


Chart 3; source: ATOSS

software companies usually put through their P&L accounts – normally without any margin at all.

Customers

ATOSS has more than 2.500 clients and ATOSS solutions manage or control more than 2 million employees. Quite a handsome figure – and with this the product can be seen as absolutely established. There is no dependence on single client accounts. ATOSS offers solutions for all company sizes. The chart on the left shows that ATOSS offers solutions for smaller sized entrepreneurs, for the huge market of mid-size companies and for major conglomerates. This does reduce the dependencies on single clientele groups considerably.

The following list shows an excerpt of the list of important clients.

Client list ATOSS	
Aldi Süd	Lebkuchen Schmidt
ARBÖ	Lufthansa AG
Brauerei Feldschlösschen AG	Lufthansa Service Gesellschaft Sky Chefs
Bundesanstalt für Post und Telekommunikation	Meggle GmbH
Coca Cola Erfrischungsgetränke AG	Meyer Werft
DBV Winterthur	NVV AG
Deutsche Bahn AG	Rauch Fruchtsäfte GmbH
Deutsche Telekom AG	Schmitz Cargobull AG
EDEKA Handelsgesellschaft	Signal-Iduna Gruppe
GKN Löbro GmbH	Steyr-Daimler-Puch Fahrzeugtechnik
Holsten Brauerei AG	Temic Automotive
HUK-Coburg	Töpfer Kulmbach GmbH
Kliniken des Wetteraukreises Friedberg-Schotten-Gedern GmbH	Wirtgen GmbH
Klinikum Ingolstadt	Zollner Electric

Table 2; source ATOSS

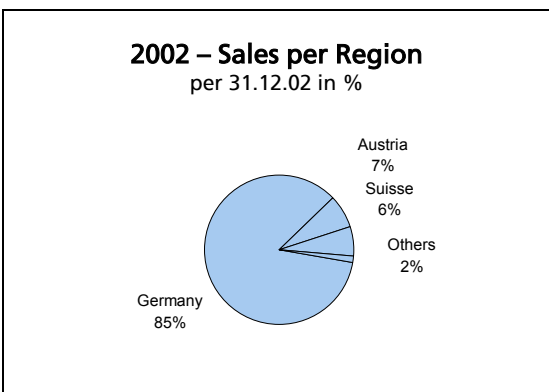


Chart 4; source: ATOSS

Partners

In the year 2002 ATOSS generated around 0,7 m € with license revenues via partners. This equals around 12% of the total license revenues. In 2003 this amount should be a bit higher. The partners here are smaller companies that sell ATOSS products when having a stand-alone-character (especially ATOSS Time Control or the Start Up Edition). The partner business is yet generally still of minor significance for ATOSS.

Chances & Risks	Company Profile	Equity-Story	Market Environment	Finance	Valuation	Key Figures
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Internationally careful...

Internationalisation

ATOSS Software is available in 8 languages and is employed in 9 countries. ATOSS itself is yet only represented in the regions Germany, Austria, and in Switzerland. ATOSS compiles the versions in foreign languages for those clients that operate on international level. The sales share outside Germany was 15%. Short- to mid-term the company does not plan an international expansion and has recently even ended the engagement in France. In regard to the delicate condition of the software market and due to the fact that the market potential in German, Austria, and Switzerland does have a significant size we consider this orientation as absolutely sensible.

Conclusion

Both, product and strategy at ATOSS are convincing. We proceed from the assumption that ATOSS will pursue the further extension of its leading position in the market for human-resource-management-solutions. Already during the last quarters ATOSS returned to a significant profitability and did present a positive growth trend. This trend should continue (for sales- and earnings development please read the chapter „Finance“).

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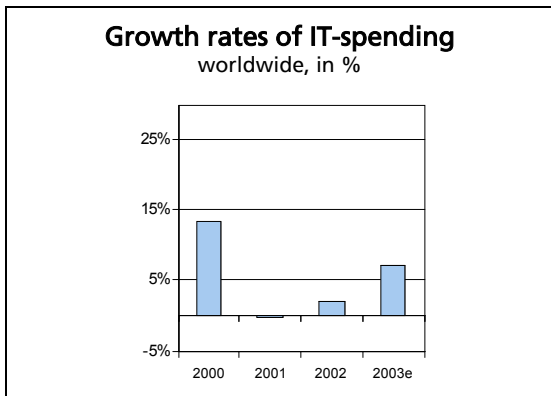


Chart 5; source: Gartner Dataquest (2002)

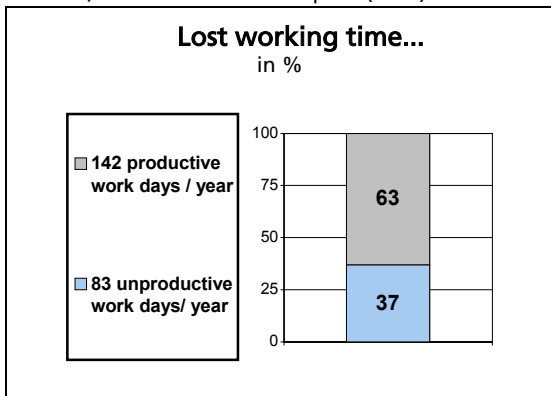


Chart 6; source: Productivity Study, Proudfoot Consulting, Nov. 2002, Germany

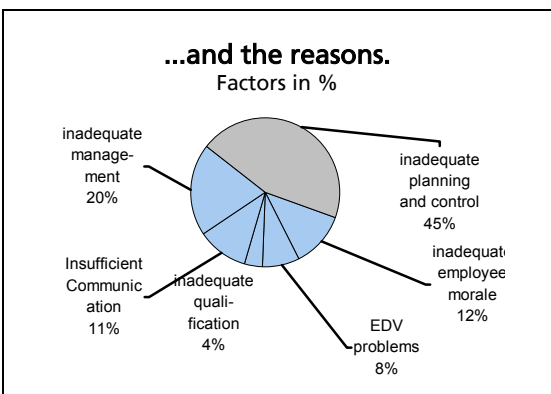


Chart 7; source: Productivity Study, Proudfoot Consulting, Nov. 2002, Germany

IT - Market

The IT-market is slow. For the IT-industry IDC expects 2003 a 5,8%-growth from currently 875 b US-\$ up to c. 925 b US-\$. This restrained outlook seems appropriate as the IT-market surrounding is characterized by sinking economy growth, which involves longer investment cycles and cost pressures for the market participants. Only the absolutely necessary investments are made in the IT-sector and these investments are at the same time also subject to tight cost-benefit calculations. The software industry continues to shrink. At present there are little signs of improvement or recovery. Garner expects that every second software vendor will be washed off the market either via bankruptcy or merger. Until the year 2005 the acknowledged market researchers in this industry all see a dramatic slump of demand for new developments.

ATOSS's core activity field of working time management must be seen as relatively autarkic in its development in Germany, because there are also anti-cyclical trends. In slow economic conditions the IT-spending is put on the test-bed, yet especially the application field for the ATOSS solutions – the efficient working time management – becomes an increasingly important issue. The application fields are fields that are future orientated rather practically than technologically.

Another important influential factor is that working time management has generally not been established as a potential application field for software yet. It is for example very common to use ERP systems in course of manufacturing and production, but in the field of time management the customers still have to be sensitized for the use of software. Once this is done it is possible to acquire orders.

Taken that the field of IT-supported working time management would meet upon a similar acceptance such as i.e. CRM or SCM, this would mean an enormous market.

Key Word Working Time Management

Working-time-management bears major potential. According to a report by Proudfoot Consulting around 37% of all work days are unproductive. Again 45% thereof are unproductive because planning and control are inadequate (chart 7). This is where ATOSS comes in (see paragraph „Products“). There obviously is thus a huge field for ATOSS even though it has to mentioned that a 100% productivity is utopian. Yet an increase

Chances & Risks	Company Profile	Equity-Story	Market Environment	Finance	Valuation	Key Figures
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on a double-digit percentage level in relation to the total working time – is by all means conceivable.

Unfortunately there are no available estimations in regard to the market volume for the segment of working-time-management. Market researchers see this field yet not as relevant such as for example the field of CRM, SCM or even ERP.

The general trend of increasing flexibility of working time should be an advantage for ATOSS. Flexible working hour models gain more importance especially in times of high unemployment figures.

Competition

ATOSS is the only stock market listed vendor of pure working time management solutions. There are naturally smaller overlaps with the large ERP providers, which do all also cover the field of human resources. Normally the functionality of the ATOSS solutions do yet beat the possibilities of a HR-module of the major ERP-players. Many ATOSS customers do for example use SAP for the core processes and ATOSS for working time management.

There is also competition from the side of the smaller software companies, who do yet not have a comparable comprehensive product range and generally only offer partial solutions. These companies also often suffer from weak balance sheets facts. In regard to a secure investment ATOSS is able to score here.

There is also the IDS-Scheer, whose products in process management do overlap the ATOSS spectrum on the fringe. The products of P&I also overlap the product spectrum of ATOSS.

ATOSS also has to fight over IT-budgets with those software companies that are active in areas close to human resources, such as for example Ixos Software, whose document/content management activities also concern working time management, and with the FJA, who has a strong position in the insurance sector. A smaller Nexus does also work on work processes in the medical field.

Generally it must be said that the issue „competition“ is only of minor importance for ATOSS. The central subject is to make customers aware and sensible for the existing solutions that are offered by ATOSS for the field of working time management. The main task generally is to budget IT-projects with this topic. The issue competition is rather secondary.

The perception of working time management as an independent IT-field...

...is a more important task than possible competitive pressures

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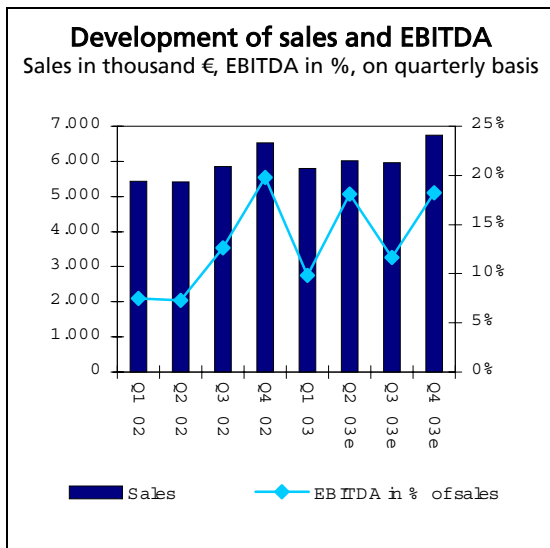


Chart 8 source: ATOSS, SES Research

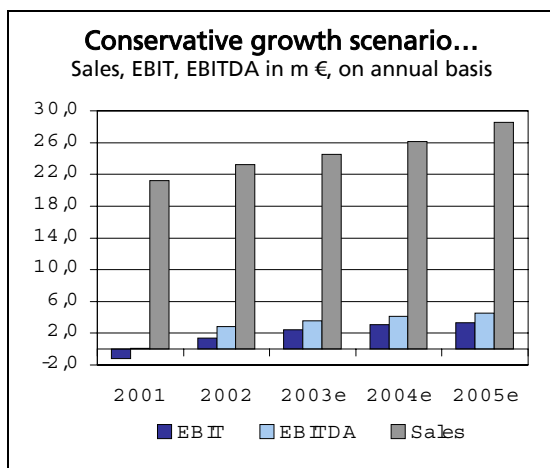


Chart 9; source: SES Research

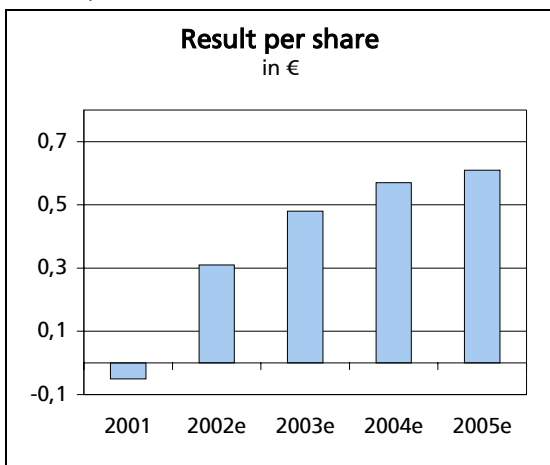


Chart 10; source: SES Research

Back to profits...

The year 2001 counts as one of the most difficult years in the IT-history. ATOSS did also not remain unaffected. At sales in an amount of 21,2 m € the company achieved a loss of 1,4 m € (EBIT). This loss occurred completely in the first half of the year, because ATOSS did start early to go against this development. In the year 2002 ATOSS was able to advance sales by 9% and the EBIT came out again strongly positive with an amount of 1,3 m €.

This trend should continue in 2003. The first two quarters of the year were very satisfactory. On this basis we expect sales of 25 m € and an EBIT in an amount of 2,63 m €, which would mean a growth of solid 93%.

Mid-term (2003ff) we expect a moderate growth at a slight margin increase. We believe that the restrained investment behaviour in the software market will not loosen generally and across-the-board. The margin growth is mainly the outcome of economies of scale combined with slightly higher sales.

Our expectations for the earnings per share are: 0,31 €, 0,48 €, 0,57 €, 0,61 € for the years from 2002 to 2005.

Strong Balance Sheet

With a cash position of good 35 m € (83% of the balance sheet total) the ATOSS' balance sheet is extremely comfortable. This is not opposed by any mentionable liabilities. Immaterial assets such as for example capitalized software development costs and company value or goodwill can absolutely be neglected.

Dividend Policy

Attendent to the very positive operative development in the past, ATOSS now plans to commence a continuous dividend payment starting with a special distribution of funds at the end of this year (1,50 € per share). The effective date for subscription to the special payment is the 29.12.03; it will be paid on 30.12.03. As the amount originates from the revenues of the IPO it is even tax free for the private investor (less than 1% of the ordinary share capital).

Longer-term the dividend will be between 30% and 50% of the distributional profit. The annual minimum dividend will be 0,15 €. These payouts are accordingly taken account of in our prognoses. For 2003 we expect a dividend payout of 1,50 € (as announced) and for the following years 0,21 €, 0,22 € and 0,23 € per share.

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Valuation: ATOSS		Price in €:			11,70 €
	2002	2003e	2004e	2005e	
P/E	38,18	24,53	20,41	19,12	
Dynamic P/E	1,38	0,89	0,74	0,69	
P/CF	11,60	11,26	13,97	13,10	
Market cap / Sales	2,06	1,94	1,86	1,75	

Table 3; source: SES Research

Reasonable price even upon first look

The ATOSS share seems to be appropriately priced upon first look. With a P/E of 24,5 and an anticipated growth of below 10% for the next years, the share even looks in a trend offensively priced compared to the multiples that are common for this industry. On the background of the liquidity conditions at ATOSS this impression is put into more relative terms as shown in the following paragraphs.

Multiple Comparison

The table below shows the companies that are used as peers for the purpose of comparison. In regard to size ATOSS ranges in the lower mid-field. Generally it must be mentioned on this part of our analysis that all company key data are relatively inhomogeneous. A comparative valuation can thus only be considered to have indicating character.

Basic data to peer-group companies												
	Price (CC)	Market cap. in million (CC)	Sales in m (C C)				CAGR: 01-04	Result per share (CC)				CAGR: 01-04
			2002	2003e	2004e	2005e		2002	2003e	2004e	2005e	
FJA	28,32	216,65	130,20	140,11	153,11	170,49	9,40%	2,16	2,28	2,53	2,85	9,68%
IDS Scheer	11,97	380,05	181,35	202,07	226,93	260,38	12,81%	0,43	0,47	0,56	0,67	15,93%
IXOS	4,82	103,73	122,35	128,53	142,97	159,06	9,14%	0,35	0,15	0,36	0,41	5,42%
Nexus	1,68	17,29	14,20	15,00	n.n.	n.n.	nn.	-0,04	-0,01	0,05	n.n.	n.n.
P&I	2,97	22,87	38,14	40,22	39,28	40,46	1,99%	0,16	0,14	0,23	0,24	14,47%
ATOSS	11,70	47,63	23,25	24,51	26,11	28,57	7,11%	0,31	0,48	0,57	0,61	25,92%

Table 4; source: IBES, SES Research

This supplies the following multiples:

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Peer-Group ATOSS						
Company	Price/Sales			P/E		
	03e	04e	05e	03e	04e	05e
FJA	1,55	1,41	1,27	12,42	11,19	9,94
IDS Scheer	1,88	1,67	1,46	25,47	21,38	17,87
IXOS	0,81	0,73	0,65	32,13	13,39	11,76
Nexus	1,15	-	-	-	33,60	-
P&I	0,57	0,58	0,57	21,21	12,91	12,38
Average	1,19	1,10	0,99	22,81	18,49	12,98
ATOSS	1,94	1,86	1,75	24,53	20,41	19,12

Table 5; source: SES Research

ATOSS is priced with high multiples, both on the sales and on the result side. Price/Sales in the observed period is much higher, the P/E moderately higher than the calculated average. The main reason for this should be the not operatively required liquid funds at ATOSS, which does put a clear limit to the significance of a simple comparison of these multiples, as a different balance sheet situation would naturally also affect the paid multiples. In the next part we compare the Enterprise Values in order to adjust our analysis by this factor.

EV- comparative analysis

The following table shows the basic data that are used for the EV comparison:

Basic data to peer-group companies (EV-Analysis)										
	Price	Market cap.	EBIT in m (CC)				CAGR:	EV-basic data		
	(CC)	in million (CC)	2002	2003e	2004e	2005e	01-04	Operational non-required assets*	liabilities.**	EV
FJA	28,32	216,65	25,50	28,92	31,40	35,49	11,65%	31,2	23,3	208,7
IDS Scheer	11,97	380,05	23,74	25,52	30,23	35,81	14,69%	102,1	32,6	310,5
IXOS	4,82	103,73	7,93	2,69	9,72	13,50	19,40%	35,0	12,2	80,9
Nexus	1,68	17,29	-1,73	0,10	n.v.	n.v.	n.a.	18,0	2,9	2,2
P&I	2,97	22,87	3,20	3,63	3,46	3,56	3,63%	19,8	10,0	13,1
ATOSS	11,70	47,63	1,36	2,47	3,07	3,35	35,02%	35,4	3,1	15,3

Table 6; source: IBES, SES Research *operational non-required assets per Q1/03, **liabilities per Q1/03

This supplies the following multiples:

Chances & Risks	Company Profile	Equity-Story	Market Environment	Finance	Valuation	Key Figures
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Peer-Group ATOSS (Enterprise Value Analyse)					
Company	EV (m €)	EV / EBIT			Operational non-required assets * / market cap
		03e	04e	05e	
FJA	208,75	7,22	6,65	5,88	14,4%
IDS Scheer	310,52	12,17	10,27	8,67	26,9%
IXOS	80,93	30,08	8,33	5,99	33,7%
Nexus	2,19	21,91	-	-	104,1%
P&I	13,07	3,60	3,78	3,67	86,6%
Average		15,00	7,26	6,05	53,1%
ATOSS	15,33	6,20	5,00	4,58	74,3%

Table 7; source: SES Research; * operational non-required assets

DCF-model is the most expressive evaluative approach and shows evaluative scope

In regard to the shown EV-multiples we have to mention that many of the peers have a considerable amount of liquid funds that are not required for operation. In average this is good 53% of each of the market capitalisation. Still: on basis of the EV/EBIT multiple ATOSS seems to be priced reasonably – as opposed to the simpler comparison of multiples. Another factor that speaks for this assumption is a very attractive Price/Book-Value multiple of 1,3.

In the following DCF-model ATOSS even shows to have evaluative potential when compared to the current market cap.

Discounted-Cash-Flow Model

We have chosen the DCF-method as the central approach of our analysis. For a valuation we have used the own capital cost ratio in order to calculate the capitalization interest rate (we do not expect any considerable outside capital upon longer-term view). The basic propositions are shown in the next table.

Chances & Risks	Company Profile	Equity-Story	Market Environment	Finance	Valuation	Key Figures
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ATOSS basic data of the Discounted Cash Flow model			
Propositions discounting factor		Growth rates sales	
Non-risk interest rate	4,05%	CAGR: 2002-2007	7,06%
exp. yield of portfolio	10,28%	CAGR: 2007-2017	5,24%
Outside capital-cost ratio		Growth rates Free Cash Flow	
Target quota outside capital	0,00%	CAGR: 2002-2007	5,77%
Equity capital-cost ratio	12,15%	CAGR: 2007-2017	4,51%
Systematic risk level BETA	1,30	Eternal growth rate	3,00%
WACC	12,15%	EBIT-margins	
		2002	5,85%
		2006	12,19%
		Target margin after 2010	13,00%

Table 8; source: SES Research

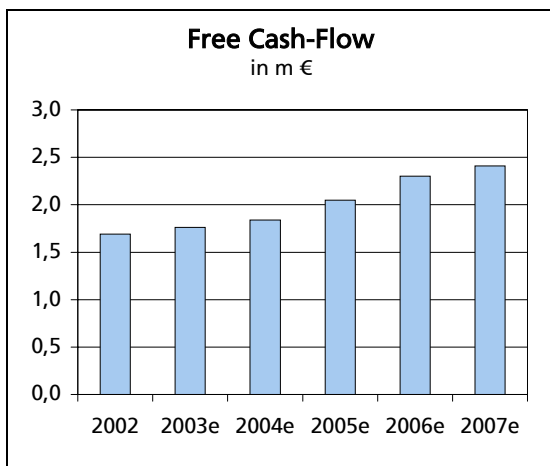


Chart 11; source: SES Research

With 1,3 we chose a relatively low beta-factor because we consider ATOSS as fundamentally less risky investment (Equirisk-Rating „A+“).

The assumptions for the growth rates show overall a conservative picture. Both, the expected sales growth and the target margins are low. On the background that the company did already achieve an EBIT margin of above 13% in 2003 our assumption for a longer-term achievable EBIT-margin is also very conservative. Especially the fact that software companies, once being established tend to achieve higher margins upon mid-term view via the long leverage of their license business, are only part of our prognoses on a very restrictive level.

A comment on the investigated fair value: This does naturally also include the liquid funds (that are rated as assets not required for operations) in an amount of 35,4 m € respectively good 9 € per share (not considering the own shares), which have a positive affect in this case. Important liabilities are not existent at ATOSS. The DCF value per share is based on the number of shares without own shares.

Chances & Risks	Company Profile	Equity-Story	Market Environment	Finance	Valuation	Key Figures
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These central assumptions lead to the following sensitivity analysis:

Sensitivity analysis							
Discounting-factor	Eternal growth rate						
	1,50%	2,25%	2,75%	3,00%	3,25%	3,75%	4,50%
14,14%	12,59	12,65	12,69	12,72	12,74	12,79	12,88
13,14%	13,03	13,11	13,17	13,20	13,23	13,31	13,43
12,14%	13,55	13,66	13,74	13,79	13,83	13,93	14,10
11,64%	13,85	13,98	14,07	14,13	14,18	14,30	14,51
11,14%	14,18	14,33	14,44	14,51	14,57	14,71	14,96
10,14%	14,95	15,16	15,32	15,41	15,51	15,72	16,10
9,14%	15,92	16,22	16,46	16,59	16,74	17,06	17,66

Table 9; source: SES Research

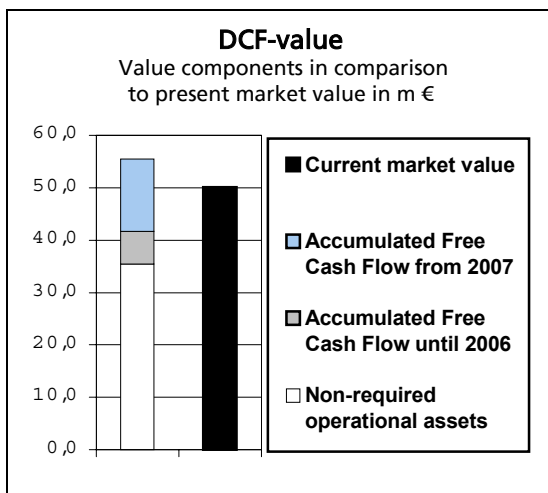


Chart 12; source: SES Research

Conclusion

The comparison of P/E and Price/Sales is only a less significant analytical approach due to strongly differentiating financing structures. The EV-analysis does at present indicate as slight evaluative reserve for ATOSS. Our DCF-model shows a fair value per share of 14,10 € (in total 56,2 m €). Chart 12 on the left shows that only around 30% of this value are subject to major uncertainties (the rest being assets not required for operation).

The conservative realistic earnings scenario we have chosen does already indicate a slight evaluative upside scope. Taken that the company shows a substantially better performance a higher fair value could than be justified without problem. With an attractive Price/Book-Value multiple of 1,3 the downside potential is also very limited. Our initial rating for ATOSS is Marketperformer.

Chances & Risks	Company Profile	Equity-Story	Market Environment	Finance	Valuation	Key Figures
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Key Figures	2002	2003e	2004e	2005e
Sales (US-GAAP) in m €	23,25	24,51	26,11	28,57
Increase in % to prior year	9,47%	5,45%	6,51%	9,42%
Per share in €	5,67	6,02	6,29	6,69
Price/sales	2,06	1,94	1,86	1,75
EBITDA in m €	2,84	3,58	4,16	4,55
in % of sales	12,20%	14,60%	15,95%	15,91%
Depreciations in m €	-1,48	-1,11	-1,10	-1,20
Depreciations in %	-6,35%	-4,51%	-4,20%	-4,20%
EBIT in m €	1,36	2,47	3,07	3,35
in % of sales	5,85%	10,08%	11,75%	11,71%
Financial result in m €	0,76	0,71	0,90	1,01
in % of sales	3,27%	2,91%	3,43%	3,53%
EBT in m €	2,12	3,19	3,96	4,35
in % of sales	9,11%	13,00%	15,19%	15,24%
Tax rate (current taxation)	40,70%	39,05%	40,00%	40,00%
Net income in m €	1,26	1,94	2,38	2,61
in % of sales	5,41%	7,92%	9,11%	9,15%
per share in €	0,31	0,48	0,57	0,61
P/E	38,18	24,53	20,41	19,12
Op. cash flow (US-GAAP) in m €	4,13	4,23	3,48	3,81
per share in €	1,01	1,04	0,84	0,89
P/CF	11,60	11,26	13,97	13,10
Dividend per share in €	0,00	1,50	0,20	0,21
Yield in %	0,00%	12,82%	1,71%	1,83%
No. of shares in million units*	4,10	4,07	4,15	4,27

Table 10; source: SES Research *fully diluted

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Ferdinandstraße 29-33
20095 Hamburg

Tel. +49-(0)40-309537-0
Fax: +49-(0)40-309537-11
Mail: Info@ses-online.de
Web: www.ses-online.de



SES RESEARCH

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Strategy				
--	-	0	+	++

Valuation				
--	-	0	+	++

Performance within industry		
Under	Neutral	Out

Performance to Index		
Under	Market	Out

(new) ■ (old) ■

Kooperationspartner



N. M. FLEISCHHACKER AG
wertpapierhandelsbank

Goetheplatz 4
60311 Frankfurt am Main

Tel.: +49-(0)69-921893 - 0
Fax: +49-(0)69-921893 - 5555
Mail: webcontact@fleischhacker.de
Web: www.fleischhacker.de

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SCHLÖTER, REIDOCK & HERTRICH
INSTITUTIONELLE WERTPAPIERBERATUNG

Ferdinandstraße 29-33
20095 Hamburg

Tel.: +49-(0)40-37 85 52 - 0
Fax: +49-(0)40-37 85 52 - 19
Mail: research@srh-research.de
Web: www.srh-research.de

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