

Buy (old: Buy)

PT EUR 16.00 (old: 16.00)

Price EUR 11.85
Bloomberg AOF GR
Reuters AOFG
Sector Software/IT

Software solutions provider for the workforce management with typical sales split between licenses, services, maintenance



Share data: 28.01.2010 / Closing price

Market cap: EUR 47.7 m
Enterprise Value (EV): EUR 30.9 m
Book value: EUR 14.8 m
No. of shares: 4.0 m
Trading volume Ø: EUR 0.1 m

Shareholders:
Founding Family 55.7 %
Free Float 42.6 %
own shares 1.7 %

Calendar:
Figures 2009 03/12/10
Pre. figures Q1 04/26/10
AGM 04/30/10
Figures Q1 05/17/10

Change	2009E		2010E		2011E	
	old	Δ%	old	Δ%	old	Δ%
Sales	28.3	2.8	30.3	0.0	32.4	0.0
EBIT	5.4	1.6	5.6	0.0	6.0	0
EPS	1.00	0	1.02	0	1.09	0

Analysis: SES Research
Date of publication: 29.01.2010
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Impressively strong, impressively constant

On January 29, 2010, ATOSS Software AG released the preliminary figures for 2009, which **corresponded to the expectations**:

ATOSS Software - Q4 2009

Figures in EUR m	Q4/09	Q4/09e	Q4/08	yoy	2009	2009e	2008	yoy
Sales	7.7	6.9	6.9	11.8%	29.1	28.3	26.9	8.0%
EBITDA	1.5	1.4	1.2	22.3%	5.9	5.8	5.4	8.7%
margin	19.2%	19.9%	17.5%		20.3%	20.5%	20.1%	
EBIT	1.1	1.0	1.1	-0.8%	5.5	5.4	5.0	9.4%
margin	14.2%	14.5%	16.0%		19.0%	19.2%	18.7%	
EPS in EUR	0.23	0.23	0.21	9.5%	1.00	1.00	0.88	13.6%

Sources: ATOSS Software (historical data), SES Research (estimates)

Thus, the company achieved a record result for the forth time in a row despite the economic crisis and numerous IT companies which had to put up with drastic declines in demand and price pressure.

Beside **long-term stable customer relations** and a **very conservative booking of licences** (throughout the project duration) this earnings development was achieved by constantly **gaining new projects**.

These **new projects** were predominantly concluded as companies often **optimise earnings due to savings and efficiency improvements in the personnel area** in times of crisis. The companies rely on ATOSS which already have been realising optimisation potentials for more than 20 years and have a proven competency here.

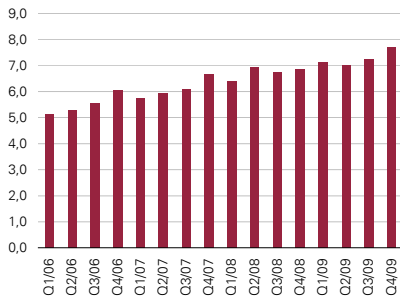
Furthermore, ATOSS focuses on the **continuous further development of the products**. Many IT companies make economies in terms of R&D in times of crisis. On the contrary, ATOSS spent roughly EUR 5.6 m for R&D in 2009 alone (approx. 20% of sales). As the range of products is thus further improved, the company will be able to continue to stand out from competition also with future product generations.

The statements of ATOSS' management as well as the estimates (SES) imply the mentioned „continuation of the business development on the level of 2009“for 2010. This can be interpreted as **moderate growth expectation**. Therefore, the estimates as well as the PT remain unchanged.

The BUY rating is reiterated with a PT of EUR 16.

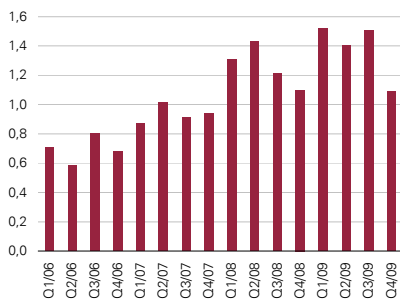
Fiscal year ending: 31.12. in EUR m	2005	2006	2007	2008	2009E	2010E	2011E
Sales	20.4	22.0	24.4	26.9	29.1	30.3	32.4
Change Sales yoy	-6.5 %	7.7 %	11.1 %	10.3 %	8.0 %	4.1 %	7.0 %
Gross balance	13.4	14.8	16.5	18.1	19.4	20.3	21.7
Gross margin	65.5 %	67.4 %	67.7 %	67.1 %	66.8 %	67.0 %	67.0 %
EBITDA	1.2	3.2	4.2	5.4	5.9	6.0	6.4
EBITDA-margin	5.8 %	14.6 %	17.2 %	20.1 %	20.3 %	19.8 %	19.8 %
EBIT	0.6	2.8	3.7	5.0	5.5	5.6	6.0
EBIT-margin	2.8 %	12.6 %	15.3 %	18.7 %	19.0 %	18.5 %	18.5 %
Net income	0.5	1.9	2.5	3.5	4.0	4.1	4.3
EPS	0.12	0.48	0.63	0.88	1.00	1.02	1.09
Free Cash Flow per share	0.34	1.02	0.87	0.51	0.94	1.01	1.01
Dividend	5.50	0.24	0.31	0.44	0.50	0.51	0.55
Dividend Yield	46.4 %	2.0 %	2.6 %	3.7 %	4.2 %	4.3 %	4.6 %
EV/Sales	1.7	1.6	1.4	1.3	1.1	1.0	0.9
EV/EBITDA	29.3	10.9	8.3	6.4	5.6	5.1	4.5
EV/EBIT	61.7	12.6	9.4	6.9	6.0	5.5	4.8
PER	98.8	24.7	18.8	13.5	11.9	11.6	10.9
ROCE	1.8 %	12.6 %	26.2 %	31.0 %	30.3 %	27.3 %	26.1 %
Adj. Free Cash Flow Yield	2.6 %	8.3 %	11.1 %	14.6 %	16.7 %	18.0 %	20.7 %

Sales growth
in EUR m



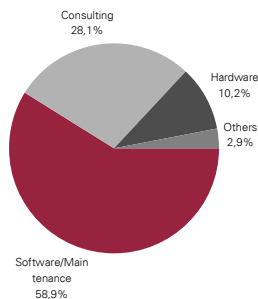
Source: ATOSS Software

EBIT growth
in EUR m



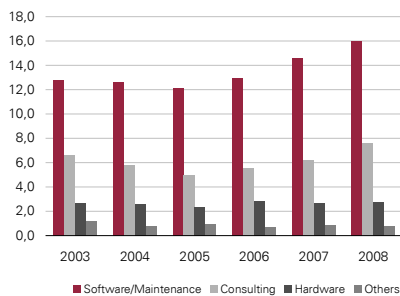
Source: ATOSS Software

Sales by segments
2008



Source: ATOSS Software

Sales Split according to segments
in EUR m



Source: ATOSS Software

Company background

ATOSS Software AG is a provider of software and services to optimise the deployment. With its solutions ATOSS optimises personnel processes and thus improves the service level, the efficiency as well as the employee and customer satisfaction. The company has assumed a leading position particularly in the German speaking area: 4,000 companies and approx. 2.5 m employees use ATOSS solutions from SMEs to blue chip companies.

Competitive quality

As to competition ATOSS primarily benefits from the following strengths:

- ATOSS has a leading software product (state-of-the-art Java technology)
- ATOSS is specialised in regions and sectors (country-specific employment conditions in the DACH region and reproduction of working processes in the core sectors)
- ATOSS is independent of manufacturers (no commitment to hardware of large software manufacturers)
- The solutions of ATOSS are highly compatible (e.g. seamless integration in ERP systems possible)
- The financial stability and balance sheet quality of ATOSS are excellent.
- ATOSS is a relatively large supplier (compared to competitors who are often considerably smaller; this is quite important for ATOSS)

Consolidated Profit & Loss ATOSS							
in EUR m	2005	2006	2007	2008	2009E	2010E	2011E
Sales	20.4	22.0	24.4	26.9	29.1	30.3	32.4
Cost of sales	7.1	7.2	7.9	8.9	9.7	10.0	10.7
Gross balance	13.4	14.8	16.5	18.1	19.4	20.3	21.7
Research and development	4.1	3.9	4.6	5.1	5.5	5.8	6.2
Sales and marketing	5.5	6.0	5.8	5.6	5.8	6.2	6.6
General and administration	3.3	2.6	2.5	2.7	2.9	3.0	3.2
Other operating income/expenses	0.0	0.5	0.1	0.3	0.3	0.3	0.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	1.2	3.2	4.2	5.4	5.9	6.0	6.4
Depreciation of fixed assets	0.3	0.3	0.3	0.3	0.3	0.3	0.4
EBITA	0.9	2.9	3.9	5.1	5.6	5.7	6.1
Amortisation of intangible fixed assets	0.3	0.2	0.1	0.1	0.1	0.1	0.1
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.6	2.8	3.7	5.0	5.5	5.6	6.0
Interest income	0.5	0.5	0.5	0.6	0.5	0.4	0.4
Interest expenses	0.0	0.1	0.1	0.5	0.1	0.1	0.1
Financial result	0.5	0.4	0.4	0.1	0.3	0.3	0.3
Recurring pretax income from cont. operations	1.1	3.2	4.2	5.1	5.8	5.9	6.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	1.1	3.2	4.2	5.1	5.8	5.9	6.3
Taxes total	0.7	1.3	1.7	1.6	1.9	1.8	2.0
Net income from continuing operations	0.5	1.9	2.5	3.5	4.0	4.1	4.3
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	0.5	1.9	2.5	3.5	4.0	4.1	4.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.5	1.9	2.5	3.5	4.0	4.1	4.3

Sources: ATOSS (historical data), SES Research (forecasts)

Consolidated Profit & Loss ATOSS							
in % of Sales	2005	2006	2007	2008	2009E	2010E	2011E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	34.5 %	32.6 %	32.3 %	32.9 %	33.2 %	33.0 %	33.0 %
Gross balance	65.5 %	67.4 %	67.7 %	67.1 %	66.8 %	67.0 %	67.0 %
Research and development	19.9 %	17.9 %	19.0 %	19.0 %	19.0 %	19.0 %	19.0 %
Sales and marketing	26.8 %	27.4 %	23.6 %	20.7 %	20.0 %	20.5 %	20.5 %
General and administration	16.0 %	11.9 %	10.4 %	9.8 %	10.0 %	10.0 %	10.0 %
Other operating income/expenses	0.0 %	2.4 %	0.5 %	1.2 %	1.2 %	1.0 %	1.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	5.8 %	14.6 %	17.2 %	20.2 %	20.3 %	19.8 %	19.8 %
Depreciation of fixed assets	1.5 %	1.2 %	1.4 %	1.1 %	1.1 %	1.1 %	1.1 %
EBITA	4.4 %	13.4 %	15.9 %	19.1 %	19.2 %	18.7 %	18.7 %
Amortisation of intangible fixed assets	1.6 %	0.7 %	0.6 %	0.3 %	0.2 %	0.2 %	0.2 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	2.8 %	12.6 %	15.3 %	18.7 %	19.0 %	18.5 %	18.5 %
Interest income	2.7 %	2.2 %	2.0 %	2.3 %	1.6 %	1.3 %	1.2 %
Interest expenses	0.0 %	0.3 %	0.2 %	2.0 %	0.5 %	0.3 %	0.3 %
Financial result	2.7 %	1.9 %	1.8 %	0.3 %	1.1 %	1.0 %	0.9 %
Recurring pretax income from cont. operations	5.5 %	14.5 %	17.1 %	19.0 %	20.1 %	19.5 %	19.4 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	5.5 %	14.5 %	17.1 %	19.0 %	20.1 %	19.5 %	19.4 %
Taxes total	3.2 %	6.0 %	6.8 %	6.0 %	6.4 %	6.0 %	6.0 %
Net income from continuing operations	2.2 %	8.6 %	10.2 %	13.0 %	13.7 %	13.5 %	13.4 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income before minorities	2.2 %	8.6 %	10.2 %	13.0 %	13.7 %	13.5 %	13.4 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	2.2 %	8.6 %	10.2 %	13.0 %	13.7 %	13.5 %	13.4 %

Sources: ATOSS (historical data), SES Research (forecasts)

Balance sheet ATOSS

in EUR m

	2005	2006	2007	2008	2009E	2010E	2011E
Assets							
Intangible assets	0.3	0.1	0.2	0.1	0.2	0.1	0.1
thereof other intangible assets	0.3	0.1	0.2	0.1	0.2	0.1	0.1
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.4	0.4	0.5	0.6	0.7	0.8	0.9
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.6	0.5	0.7	0.7	0.9	0.9	0.9
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	3.8	3.7	2.8	3.5	3.5	3.6	3.9
Other Assets	0.8	0.8	0.6	1.3	1.6	2.0	2.2
Liquid assets	27.8	10.8	13.5	14.0	16.0	18.0	20.0
Current assets	32.5	15.2	17.0	18.7	21.1	23.6	26.1
Total assets	33.1	15.7	17.6	19.4	21.9	24.5	27.0
Liabilities and shareholders' equity							
Subscribed capital	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Additional paid-in capital	0.5	0.4	-0.1	-0.2	-0.2	-0.2	-0.2
Surplus capital	0.0	0.0	0.0	0.0	7.0	9.1	11.3
Other equity components	23.3	4.3	6.6	8.7	4.0	4.1	4.3
Book value	27.8	8.7	10.5	12.5	14.8	17.0	19.4
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	27.8	8.7	10.5	12.5	14.8	17.0	19.4
Provision for pensions and similar obligations	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Provisions	3.1	4.1	5.0	4.5	4.6	4.7	4.8
Financial liabilities	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.7	0.5	0.4	0.2	0.2	0.3	0.3
Other liabilities	1.3	2.3	1.7	2.2	2.3	2.5	2.5
Liabilities	5.3	7.0	7.2	7.0	7.1	7.5	7.6
Total liabilities and shareholders equity	33.1	15.7	17.6	19.4	21.9	24.5	27.0

Sources: ATOSS (historical data), SES Research (forecasts)

Balance sheet ATOSS

in % of Balance Sheet Total

	2005	2006	2007	2008	2009E	2010E	2011E
Assets							
Intangible assets	0.8 %	0.8 %	0.9 %	0.7 %	0.8 %	0.5 %	0.2 %
thereof other intangible assets	0.8 %	0.8 %	0.9 %	0.7 %	0.8 %	0.5 %	0.2 %
thereof Goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	1.1 %	2.4 %	3.0 %	2.9 %	3.1 %	3.3 %	3.3 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	1.9 %	3.2 %	3.9 %	3.6 %	3.9 %	3.7 %	3.5 %
Inventories	0.0 %	0.1 %	0.2 %	0.1 %	0.0 %	0.0 %	0.0 %
Accounts receivable	11.4 %	23.4 %	16.1 %	17.8 %	16.0 %	14.7 %	14.4 %
Other Assets	2.5 %	4.9 %	3.6 %	6.6 %	7.2 %	8.1 %	8.1 %
Liquid assets	84.1 %	68.7 %	76.5 %	72.2 %	73.0 %	73.5 %	74.1 %
Current assets	98.1 %	97.1 %	96.4 %	96.6 %	96.2 %	96.3 %	96.6 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	12.2 %	25.6 %	22.9 %	20.8 %	18.4 %	16.4 %	14.9 %
Additional paid-in capital	1.4 %	2.3 %	-0.8 %	-1.3 %	-1.1 %	-1.0 %	-0.9 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	32.1 %	37.2 %	41.7 %
Other equity components	70.5 %	27.6 %	37.4 %	44.8 %	18.2 %	16.6 %	16.1 %
Book value	84.1 %	55.5 %	59.5 %	64.3 %	67.5 %	69.2 %	71.7 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	84.1 %	55.5 %	59.5 %	64.3 %	67.5 %	69.2 %	71.7 %
Provision for pensions and similar obligations	3.7 %	7.8 %	6.9 %	6.1 %	5.4 %	4.8 %	4.4 %
Provisions	9.2 %	26.2 %	28.5 %	23.2 %	21.0 %	19.2 %	17.8 %
Financial liabilities	0.5 %	0.5 %	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %
Accounts payable	2.2 %	3.4 %	2.5 %	1.2 %	0.9 %	1.2 %	1.1 %
Other liabilities	4.1 %	14.7 %	9.5 %	11.5 %	10.6 %	10.3 %	9.3 %
Liabilities	15.9 %	44.7 %	40.8 %	36.0 %	32.6 %	30.7 %	28.3 %
Total liabilities and shareholders equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Sources: ATOSS (historical data), SES Research (forecasts)

Statement of Cash Flows ATOSS

in EUR m

	2005	2006	2007	2008	2009E	2010E	2011E
Net income	0.5	1.9	2.5	3.5	4.0	4.1	4.3
Depreciation of fixed assets	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.3	0.2	0.1	0.1	0.1	0.1	0.1
Increase/decrease in long-term provisions	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.4	0.4	0.0	0.1	0.0	0.0	0.0
Cash Flow	1.3	2.8	2.9	4.0	4.4	4.5	4.8
Increase / decrease in inventory	0.1	0.0	0.0	-0.6	0.0	0.0	0.0
Increase / decrease in accounts receivable	-0.4	0.0	0.8	-0.6	0.0	-0.1	-0.3
Increase / decrease in accounts payable	0.3	-0.2	-0.1	-0.2	0.0	0.1	0.0
Increase / decrease in other working capital positions	0.3	1.8	0.4	-0.1	0.0	0.0	0.0
Increase / decrease in working capital	0.4	1.6	1.2	-1.5	-0.1	0.0	-0.3
Cash flow from operating activities	1.7	4.3	4.2	2.5	4.3	4.5	4.5
CAPEX	-0.4	-0.3	-0.7	-0.4	-0.5	-0.4	-0.4
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.4	-0.2	-0.7	-0.4	-0.5	-0.4	-0.4
Change in financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-0.4	-21.5	-1.0	-1.2	-1.8	-2.0	-2.0
Purchase of own shares	0.0	0.0	0.0	-0.3	0.0	0.0	0.0
Capital measures	0.4	0.2	0.1	0.1	0.0	0.0	0.0
Others	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-0.1	-21.2	-0.8	-1.5	-1.8	-2.0	-2.0
Change in liquid funds	1.2	-17.1	2.7	0.6	2.0	2.0	2.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets at end of period	27.8	10.8	13.5	14.0	16.0	18.0	20.0

Sources: ATOSS (historical data), SES Research (forecasts)

Financial Ratios ATOSS

	2005	2006	2007	2008	2009E	2010E	2011E
Operational Efficiency							
Total Operating Costs / Sales	62.7 %	54.7 %	52.5 %	48.4 %	47.8 %	48.5 %	48.5 %
Sales per Employee	115,345	130,124	125,241	125,902	135,921	138,855	145,898
EBITDA per Employee	6,729	18,988	21,569	25,369	27,586	27,493	28,888
EBIT-margin	2.8 %	12.6 %	15.3 %	18.7 %	19.0 %	18.5 %	18.5 %
EBITDA / Operating Assets	34.5 %	90.8 %	142.9 %	143.2 %	148.3 %	146.3 %	142.9 %
ROA	72.8 %	378.1 %	367.8 %	505.8 %	463.6 %	446.1 %	462.1 %
Efficiency of Capital Employment							
Plant Turnover	55.2	59.0	46.1	48.7	42.7	38.0	36.5
Operating Assets Turnover	5.9	6.2	8.3	7.1	7.3	7.4	7.2
Capital Employed Turnover	0.7	1.7	1.6	1.6	1.5	1.4	1.3
Return on Capital							
ROCE	1.8 %	12.6 %	26.2 %	31.0 %	30.3 %	27.3 %	26.1 %
EBITDA / Avg. Capital Employed	3.9 %	14.6 %	29.6 %	33.4 %	32.4 %	29.2 %	28.0 %
ROE	1.6 %	21.6 %	23.9 %	28.2 %	26.9 %	24.0 %	22.4 %
Net Profit / Avg. Equity	1.7 %	10.3 %	26.1 %	30.6 %	29.2 %	25.6 %	23.9 %
Recurring Net Profit / Avg. Equity	1.7 %	10.3 %	26.1 %	30.6 %	29.2 %	25.6 %	23.9 %
ROIC	1.4 %	12.9 %	15.1 %	18.8 %	18.9 %	17.4 %	16.8 %
Solvency							
Net Debt	-27.7	-10.7	-13.4	-14.0	-16.0	-18.0	-20.0
Net Gearing	-99.5 %	-122.8 %	-128.3 %	-112.1 %	-108.0 %	-106.1 %	-103.1 %
Book Value of Equity / Book Value of Debt	17947.7 %	10761.7 %	29072.2 %	51950.0 %	61621.5 %	70683.9 %	80707.0 %
Current ratio	15.7	5.4	8.0	7.6	8.4	8.4	9.3
Acid Test Ratio	6.3	2.2	2.4	2.7	3.0	3.1	3.4
EBITDA / Interest Paid	n.a.	55.3	79.4	10.0	45.4	59.9	64.1
Interest Cover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	1.3	4.0	3.5	2.1	3.8	4.0	4.0
Free Cash Flow / Sales	6.5 %	18.1 %	14.2 %	7.6 %	12.9 %	13.3 %	12.4 %
Adj. Free Cash Flow	0.9	2.9	3.9	5.1	5.5	5.6	6.0
Adj. Free Cash Flow / Sales	1.2 %	8.5 %	8.5 %	10.9 %	12.0 %	12.0 %	12.1 %
Free Cash Flow / Net Profit	291.9 %	211.3 %	139.0 %	58.5 %	94.3 %	98.7 %	92.5 %
Interest Received / Avg. Cash	2.0 %	2.4 %	4.1 %	4.5 %	3.1 %	2.4 %	2.1 %
Interest Paid / Avg. Debt	0.0 %	49.2 %	90.6 %	1816.7 %	541.7 %	416.7 %	416.7 %
Dividend Payout Ratio	4664.9 %	49.9 %	49.3 %	50.0 %	50.2 %	50.0 %	50.6 %
Fund Management							
Investment ratio	1.8 %	1.5 %	2.8 %	1.7 %	1.9 %	1.5 %	1.4 %
Maint. Capex / Sales	1.4 %	1.4 %	1.4 %	1.3 %	1.4 %	1.4 %	1.3 %
Capex / Dep	58.9 %	74.7 %	141.6 %	117.0 %	142.7 %	113.8 %	106.4 %
Avg. Working Capital / Sales	14.8 %	14.2 %	11.4 %	10.5 %	11.2 %	10.9 %	10.7 %
Trade Creditors / Trade Debtors	526.1 %	697.3 %	635.2 %	1528.8 %	1750.0 %	1200.0 %	1300.0 %
Inventory turnover (days)	0.2	0.2	0.4	0.1	0.3	0.3	0.3
Receivables collection period (DSOs)	67.7	61.0	42.3	46.8	44.0	44.0	44.0
Payables collection period (days)	12.9	8.7	6.7	3.1	3.1	3.1	3.1
Cash conversion cycle (days)	55.1	52.4	36.1	43.9	41.2	41.2	41.2
Valuation							
Dividend Yield	46.4 %	2.0 %	2.6 %	3.7 %	4.2 %	4.3 %	4.6 %
P/B	1.7	5.5	4.6	3.8	3.2	2.8	2.5
EV/sales	1.7	1.6	1.4	1.3	1.1	1.0	0.9
EV/EBITDA	29.3	10.9	8.3	6.4	5.6	5.1	4.5
EV/EBIT	61.7	12.6	9.4	6.9	6.0	5.5	4.8
EV/FCF	26.3	8.8	10.0	17.0	8.8	7.7	7.2
P/E	98.8	24.7	18.8	13.5	11.9	11.6	10.9
P/CF	35.6	17.3	16.3	12.0	10.9	10.7	10.0
Adj. Free Cash Flow Yield	3.8 %	7.9 %	8.4 %	11.4 %	13.3 %	14.5 %	16.5 %

Sources: ATOSS (historical data), SES Research (forecasts)

Free Cash Flow Yield - ATOSS Software

Figures in EUR m	2005	2006	2007	2008	2009e	2010e	2011e	
Net Income	0.5	1.9	2.5	3.5	4.0	4.1	4.3	
+ Depreciation + Amortisation	0.6	0.4	0.5	0.4	0.4	0.4	0.4	
- Net Interest Income	0.5	0.4	0.4	0.1	0.3	0.3	0.3	
+ Taxes	0.7	1.3	1.7	1.6	1.9	1.8	2.0	
- Maintenance Capex	0.3	0.3	0.4	0.4	0.4	0.4	0.4	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Adjusted Free Cash Flow	0.9	2.9	3.9	5.1	5.5	5.6	6.0	
Adjusted Free Cash Flow Yield	2.6%	8.3%	11.1%	14.6%	16.7%	18.0%	20.7%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	34.9	34.9	34.9	34.9	32.9	30.9	28.9	
= Fair Enterprise Value	9.0	29.0	38.6	50.8	54.9	55.6	59.8	
- Net Debt (Cash)	-14.0	-14.0	-14.0	-14.0	-16.0	-18.0	-20.0	
- Pension Liabilities	1.2	1.2	1.2	1.2	1.2	1.2	1.2	
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	21.8	41.8	51.4	63.6	69.7	72.5	78.6	
No. of shares (m)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	
= Fair value per share (EUR)	5.42	10.39	12.77	15.81	17.33	18.01	19.54	
premium (-) / discount (+) in %	-54.3%	-12.3%	7.7%	33.4%	46.3%	52.0%	64.9%	
Sensitivity Fair value per Share (EUR)								
	13.0%	4.90	8.72	10.55	12.89	14.18	14.82	16.11
	12.0%	5.05	9.19	11.17	13.70	15.06	15.70	17.06
	11.0%	5.22	9.73	11.89	14.66	16.09	16.75	18.19
Hurdle rate	10.0%	5.42	10.39	12.77	15.81	17.33	18.01	19.54
	9.0%	5.67	11.19	13.83	17.21	18.85	19.54	21.19
	8.0%	5.98	12.19	15.16	18.96	20.74	21.46	23.26
	7.0%	6.38	13.47	16.87	21.22	23.18	23.93	25.92

Sources: ATOSS Software (historical data), SES Research (estimates)

DCF Model - ATOSS Software

Figures in EUR m	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e
Sales	29.1	30.3	32.4	33.7	35.0	36.4	37.5	38.7	39.8	41.0	42.2	43.5	44.8	46.2
Change	8.0%	4.1%	7.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
EBIT	5.5	5.6	6.0	6.4	6.7	6.9	7.1	7.3	7.6	7.8	8.0	8.3	8.5	8.8
EBIT-Margin	19.0%	18.5%	18.5%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Tax rate	32.0%	31.0%	31.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
NOPAT	3.8	3.9	4.1	4.2	4.3	4.5	4.6	4.8	4.9	5.1	5.2	5.4	5.5	5.7
Depreciation	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
in % of Sales	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Change in Liquidity from														
- Working Capital	-0.1	0.0	-0.3	0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
- Capex	-0.5	-0.4	-0.4	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7
Capex in % of Sales	1.9%	1.5%	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	3.5	3.8	3.8	4.4	4.2	4.3	4.5	4.7	4.8	4.9	5.1	5.2	5.4	5.6

Model parameter

Debt ratio	0.00%	Beta	1.35
Costs of Debt	n.a.	WACC	10.66%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	2.00%

Valuation (mln)

Present values 2022e	34.2		
Terminal Value	17.3		
Liabilities	-1.2		
Liquidity	14.0	No. of shares (mln)	4.02
Equity Value	64.3	Value per share (EUR)	15.99

Sensitivity Value per Share (EUR)

Terminal Growth

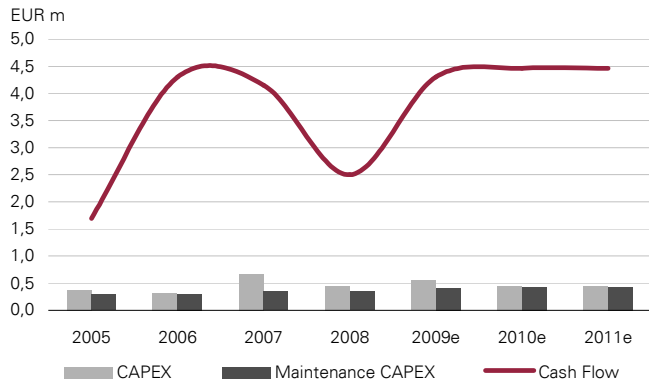
WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.66%	14.47	14.55	14.63	14.72	14.81	14.90	15.00
11.16%	15.03	15.12	15.21	15.32	15.42	15.54	15.66
10.91%	15.33	15.43	15.53	15.64	15.76	15.88	16.01
10.66%	15.64	15.75	15.87	15.99	16.11	16.25	16.39
10.41%	15.98	16.10	16.22	16.35	16.49	16.64	16.80
10.16%	16.33	16.46	16.60	16.74	16.89	17.05	17.23
9.66%	17.10	17.26	17.42	17.59	17.78	17.97	18.18

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.66%	13.78	14.09	14.40	14.72	15.03	15.34	15.65
11.16%	14.33	14.66	14.99	15.32	15.64	15.97	16.30
10.91%	14.63	14.97	15.30	15.64	15.98	16.32	16.65
10.66%	14.95	15.29	15.64	15.99	16.33	16.68	17.03
10.41%	15.28	15.64	15.99	16.35	16.71	17.06	17.42
10.16%	15.64	16.01	16.37	16.74	17.11	17.47	17.84
9.66%	16.42	16.81	17.20	17.59	17.98	18.37	18.76

Source: SES Research

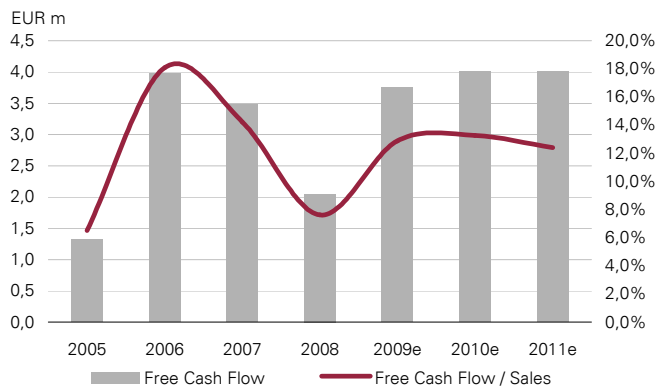
CAPEX and Cash Flow - ATOSS Software



Sources: ATOSS Software (historical data), SES Research (forecasts)

- CAPEX and maintenance capex play a subordinate role
- Software business has low investments
- Cash flow develops solidly

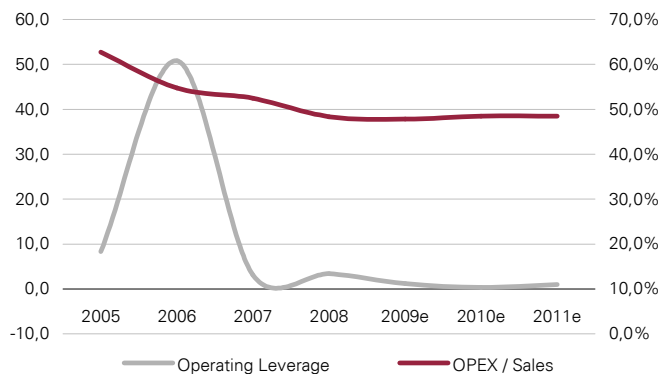
Free Cash Flow Generation - ATOSS Software



Sources: ATOSS Software (historical data), SES Research (forecasts)

- ATOSS generates solid and stable FCF
- FCF high as measured by sales
- Long-term upward trend intact

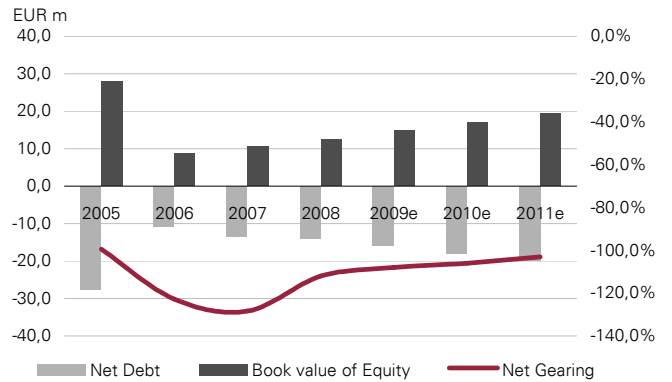
Operating Leverage - ATOSS Software



Sources: ATOSS Software (historical data), SES Research (forecasts)

- Operating expenses are high with over 50% of sales
- Reason: High personal costs
- Operating leverage atypically high in 2005/2006 due to structures

Balance Sheet Quality - ATOSS Software



Sources: ATOSS Software (historical data), SES Research (forecasts)

- ATOSS has high net cash
- This results in a negative net gearing
- Slightly reduced liquidity in 2006 due to high distribution

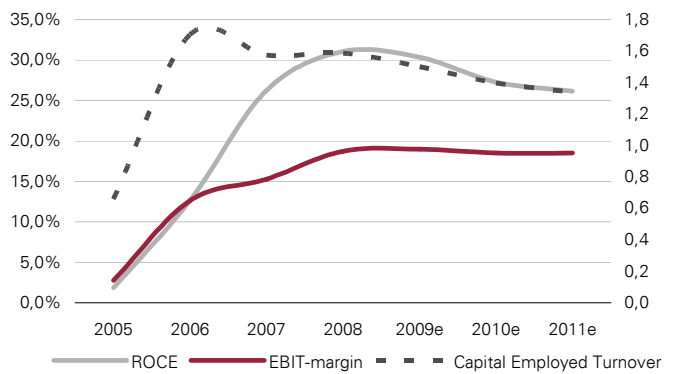
Working Capital - ATOSS Software



Sources: ATOSS Software (historical data), SES Research (forecasts)

- Working Capital is relatively constant
- Working Capital is between EUR 2.5 and EUR 3 m.
- the low capital intensity of the software business also becomes apparent here

ROCE Development - ATOSS Software



Sources: ATOSS Software (historical data), SES Research (forecasts)

- EBIT margin develops positively in a long-term upward trend
- ROCE develops even better due to low capital employed
- Good earnings development is generally reflected

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- B **Buy**: The price of the analysed equity security is expected to rise over the next 12 months.
- H **Hold**: The price of the analysed equity security is expected to remain mostly flat over the next 12 months.
- S **Sell**: The price of the analysed equity security is expected to fall over the next 12 months.
- “-“ **Rating suspended**: The available information does not currently permit an evaluation of the company.

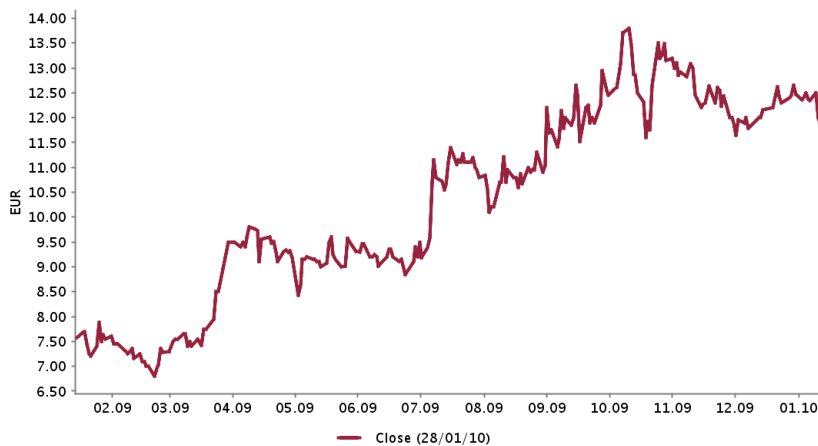
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Rating	Number of stocks	% of Universe
Buy	108	53%
Hold	63	31%
Sell	18	9%
Rating suspended	16	8%
Total	205	

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Buy	83	62%
Hold	35	26%
Sell	6	4%
Rating suspended	10	7%
Total	134	

Price and Rating History
ATOSS Software AG as of 29/01/10



The charts have markings if SES Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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