

Buy (old: Buy)

PT EUR 19.60 (old: 19.30)

Price EUR 14.90
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: 11.10.2010 / Closing price

Market cap: EUR 59.3 m
Enterprise Value (EV): EUR 38.7 m
Book value: EUR 17.6 m
No. of shares: 4.0 m
Trading volume Ø: EUR 53.4 th

Shareholders:
 Founding Family 55.7 %
 Free Float 42.5 %
 own shares 1.8 %
Calendar:
 Pre. figures Q3 10/25/10
 Figures Q3 11/15/10

Change	2010E		2011E		2012E	
	old	Δ%	old	Δ%	old	Δ%
Sales	29.1	0	31.1	0	33.3	0.0
EBIT	6.0	7.8	6.6	0	7.0	0
EPS	1.10	1.8	1.20	-4.2	1.28	-3.9

Analysis: Warburg Research
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Strong Q3 - PT slightly increased

On October 12, 2010 ATOSS Software AG has released **preliminary 9M figures** for 2010 and has adjusted its outlook. The company now anticipates an EBIT well in excess of EUR 6m after having expected an EBIT at the previous year's level before.

The published figures **exceeded expectations** with the profitability being particularly strong. The 9M EBIT margin came in at 25%, while it was a mere 20% historically. Overall, the published numbers are the company's best result on a nine-month basis.

ATOSS Software - Q3 2010

Figures in EUR m	Q3/10	Q3/10e	Q3/09	yoy	9M/10	9M/10e	9M/09	yoy
Sales	7.2	7.3	7.2	-0.7%	21.4	21.6	21.4	0.2%
EBIT	1.8	1.5	1.5	22.9%	5.3	4.9	4.4	19.6%
margin	25.7%	20.1%	20.8%		24.7%	22.5%	20.7%	
EPS in EUR	0.34	0.24	0.25	36.0%	0.95	0.84	0.78	21.8%

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

The high margin can be put down to two factors in particular:

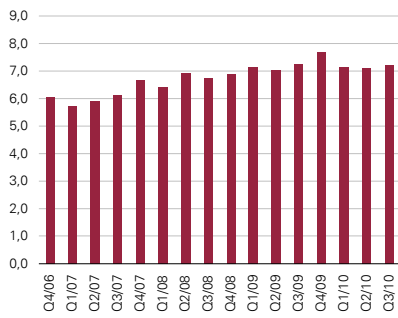
- Firstly, Q3 continued to see **high license revenues** which had a positive impact on the overall sales quality.
- Secondly, the company's **investments in sales and distribution capacities were cautious** in the current year in spite of high R&D investments.

Both of the above led to **the high margin in the period under review**. The 2010 earnings estimates are therefore revised upwards. Given that investments in sales & marketing are expected to be raised and that R&D investments will continue to grow the earnings estimates for the following years are left unchanged for the time being. The financial result forecasts are slightly reduced.

The adjustment of estimates results in a slight increase of the PT from EUR 19.30 to EUR 19.60. Buy rating reiterated.

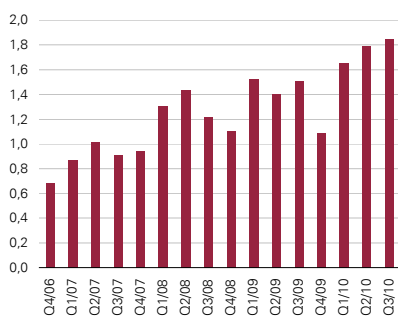
Fiscal year ending: 31.12. in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Sales	22.0	24.4	26.9	29.1	29.1	31.1	33.3
<i>Change Sales yoy</i>	7.7 %	11.1 %	10.3 %	8.0 %	0.0 %	7.0 %	7.0 %
Gross balance	14.8	16.5	18.1	19.4	19.7	20.9	22.3
<i>Gross margin</i>	67.4 %	67.7 %	67.1 %	66.7 %	67.7 %	67.0 %	67.0 %
EBITDA	3.2	4.2	5.4	5.9	6.8	7.0	7.5
<i>EBITDA-margin</i>	14.6 %	17.2 %	20.1 %	20.3 %	23.5 %	22.4 %	22.4 %
EBIT	2.8	3.7	5.0	5.5	6.5	6.6	7.0
<i>EBIT-margin</i>	12.6 %	15.3 %	18.7 %	19.0 %	22.2 %	21.1 %	21.1 %
Net income	1.9	2.5	3.5	4.0	4.4	4.5	4.8
EPS	0.48	0.63	0.88	1.00	1.12	1.15	1.23
Free Cash Flow per share	1.02	0.87	0.51	1.77	1.27	1.02	1.16
Dividend	0.24	0.31	0.44	0.50	0.56	0.58	0.62
<i>Dividend Yield</i>	1.6 %	2.1 %	3.0 %	3.4 %	3.8 %	3.9 %	4.2 %
EV/Sales	1.9	1.7	1.6	1.4	1.3	1.2	1.0
EV/EBITDA	13.0	9.9	7.7	7.1	5.7	5.3	4.6
EV/EBIT	15.0	11.2	8.3	7.6	6.0	5.6	4.9
PER	31.0	23.7	16.9	14.9	13.3	13.0	12.1
ROCE	14.2 %	34.3 %	39.8 %	36.5 %	35.9 %	31.8 %	30.3 %
Adj. Free Cash Flow Yield	6.9 %	9.2 %	12.2 %	13.3 %	16.5 %	17.7 %	20.3 %

Sales development
in EUR m



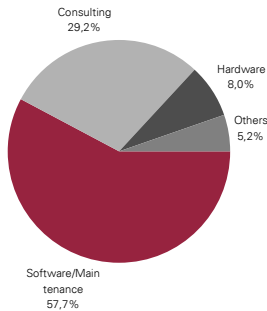
Source: ATOSS Software

EBIT development
in EUR m



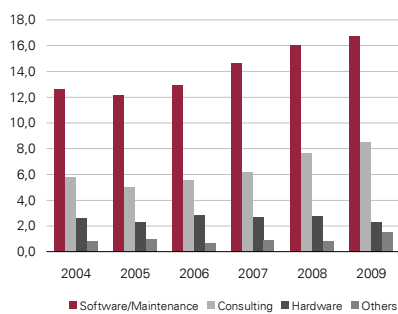
Source: ATOSS Software

Sales by segments
2009



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							
	2006	2007	2008	2009	2010E	2011E	2012E
Sales	22.0	24.4	26.9	29.1	29.1	31.1	33.3
Cost of sales	7.2	7.9	8.9	9.7	9.4	10.3	11.0
Gross balance	14.8	16.5	18.1	19.4	19.7	20.9	22.3
Research and development	3.9	4.6	5.1	5.6	5.5	5.9	6.3
Sales and marketing	6.0	5.8	5.6	5.8	5.7	6.1	6.5
General and administration	2.6	2.5	2.7	2.5	2.3	2.6	2.8
Other operating income/expenses	0.5	0.1	0.3	0.0	0.3	0.3	0.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	3.2	4.2	5.4	5.9	6.8	7.0	7.5
Depreciation of fixed assets	0.3	0.3	0.3	0.3	0.3	0.3	0.4
EBITA	2.9	3.9	5.1	5.6	6.5	6.6	7.1
Amortisation of intangible fixed assets	0.2	0.1	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	2.8	3.7	5.0	5.5	6.5	6.6	7.0
Interest income	0.5	0.5	0.6	0.4	0.2	0.2	0.2
Interest expenses	0.1	0.1	0.5	0.0	0.1	0.1	0.1
Financial result	0.4	0.4	0.1	0.3	0.1	0.1	0.1
Recurring pretax income from cont. operations	3.2	4.2	5.1	5.9	6.6	6.7	7.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	3.2	4.2	5.1	5.9	6.6	6.7	7.1
Taxes total	1.3	1.7	1.6	1.9	2.1	2.1	2.3
Net income from continuing operations	1.9	2.5	3.5	4.0	4.4	4.5	4.8
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	1.9	2.5	3.5	4.0	4.4	4.5	4.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.9	2.5	3.5	4.0	4.4	4.5	4.8

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

Consolidated Profit & Loss ATOSS							
in % of Sales							
	2006	2007	2008	2009	2010E	2011E	2012E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	32.6 %	32.3 %	32.9 %	33.3 %	32.3 %	33.0 %	33.0 %
Gross balance	67.4 %	67.7 %	67.1 %	66.7 %	67.7 %	67.0 %	67.0 %
Research and development	17.9 %	19.0 %	19.0 %	19.4 %	19.0 %	19.0 %	19.0 %
Sales and marketing	27.4 %	23.6 %	20.7 %	19.9 %	19.5 %	19.5 %	19.5 %
General and administration	11.9 %	10.4 %	9.8 %	8.5 %	8.0 %	8.4 %	8.4 %
Other operating income/expenses	2.4 %	0.5 %	1.2 %	0.1 %	1.0 %	1.0 %	1.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	14.6 %	17.2 %	20.2 %	20.3 %	23.5 %	22.4 %	22.4 %
Depreciation of fixed assets	1.2 %	1.4 %	1.1 %	1.0 %	1.1 %	1.1 %	1.1 %
EBITA	13.4 %	15.9 %	19.1 %	19.3 %	22.4 %	21.3 %	21.3 %
Amortisation of intangible fixed assets	0.7 %	0.6 %	0.3 %	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	12.6 %	15.3 %	18.7 %	19.0 %	22.2 %	21.1 %	21.1 %
Interest income	2.2 %	2.0 %	2.3 %	1.3 %	0.7 %	0.6 %	0.6 %
Interest expenses	0.3 %	0.2 %	2.0 %	0.1 %	0.3 %	0.3 %	0.3 %
Financial result	1.9 %	1.8 %	0.3 %	1.2 %	0.3 %	0.3 %	0.3 %
Recurring pretax income from cont. operations	14.5 %	17.1 %	19.0 %	20.1 %	22.5 %	21.4 %	21.4 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	14.5 %	17.1 %	19.0 %	20.1 %	22.5 %	21.4 %	21.4 %
Taxes total	6.0 %	6.8 %	6.0 %	6.5 %	7.3 %	6.9 %	6.9 %
Net income from continuing operations	8.6 %	10.2 %	13.0 %	13.6 %	15.2 %	14.6 %	14.6 %
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	8.6 %	10.2 %	13.0 %	13.6 %	15.2 %	14.6 %	14.6 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	8.6 %	10.2 %	13.0 %	13.6 %	15.2 %	14.6 %	14.6 %

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

Balance sheet ATOSS

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	0.1	0.2	0.1	0.1	0.1	0.0	-0.1
thereof other intangible assets	0.1	0.2	0.1	0.1	0.1	0.0	-0.1
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.4	0.5	0.6	0.8	1.1	1.3	1.6
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.5	0.7	0.7	0.9	1.1	1.3	1.5
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	3.7	2.8	3.5	4.3	3.5	3.8	4.0
Other Assets	0.8	0.6	1.3	1.2	1.8	2.0	2.2
Liquid assets	10.8	13.5	14.0	19.3	22.4	24.2	26.5
Current assets	15.2	17.0	18.7	24.8	27.7	30.0	32.7
Total assets	15.7	17.6	19.4	25.7	28.8	31.3	34.2
Liabilities and shareholders' equity							
Subscribed capital	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Additional paid-in capital	0.4	-0.1	-0.2	-0.3	-0.3	-0.3	-0.3
Surplus capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity components	4.3	6.6	8.7	11.0	13.8	16.3	18.9
Book value	8.7	10.5	12.5	14.7	17.6	20.0	22.6
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	8.7	10.5	12.5	14.7	17.6	20.0	22.6
Provision for pensions and similar obligations	1.2	1.2	1.2	1.8	1.8	1.8	1.8
Provisions	4.1	5.0	4.5	5.7	5.8	5.9	6.0
Financial liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.5	0.4	0.2	0.7	0.7	0.7	0.8
Other liabilities	2.3	1.7	2.2	4.7	4.8	4.8	4.8
Liabilities	7.0	7.2	7.0	11.0	11.2	11.3	11.5
Total liabilities and shareholders' equity	15.7	17.6	19.4	25.7	28.8	31.3	34.2

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

Balance sheet ATOSS

in % of Balance Sheet Total

	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	0.8 %	0.9 %	0.7 %	0.4 %	0.2 %	0.0 %	-0.2 %
thereof other intangible assets	0.8 %	0.9 %	0.7 %	0.4 %	0.2 %	0.0 %	-0.2 %
thereof Goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	2.4 %	3.0 %	2.9 %	3.1 %	3.7 %	4.2 %	4.6 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	3.2 %	3.9 %	3.6 %	3.5 %	3.9 %	4.2 %	4.3 %
Inventories	0.1 %	0.2 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	23.4 %	16.1 %	17.8 %	16.7 %	12.2 %	12.1 %	11.7 %
Other Assets	4.9 %	3.6 %	6.6 %	4.6 %	6.3 %	6.5 %	6.5 %
Liquid assets	68.7 %	76.5 %	72.2 %	75.2 %	77.7 %	77.3 %	77.4 %
Current assets	97.1 %	96.4 %	96.6 %	96.5 %	96.2 %	95.9 %	95.6 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	25.6 %	22.9 %	20.8 %	15.7 %	14.0 %	12.9 %	11.8 %
Additional paid-in capital	2.3 %	-0.8 %	-1.3 %	-1.2 %	-1.1 %	-1.0 %	-0.9 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other equity components	27.6 %	37.4 %	44.8 %	42.8 %	48.1 %	52.0 %	55.3 %
Book value	55.5 %	59.5 %	64.3 %	57.2 %	61.0 %	63.9 %	66.2 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	55.5 %	59.5 %	64.3 %	57.2 %	61.0 %	63.9 %	66.2 %
Provision for pensions and similar obligations	7.8 %	6.9 %	6.1 %	7.1 %	6.3 %	5.8 %	5.3 %
Provisions	26.2 %	28.5 %	23.2 %	22.0 %	20.0 %	18.7 %	17.4 %
Financial liabilities	0.5 %	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Accounts payable	3.4 %	2.5 %	1.2 %	2.7 %	2.4 %	2.2 %	2.3 %
Other liabilities	14.7 %	9.5 %	11.5 %	18.1 %	16.5 %	15.2 %	13.9 %
Liabilities	44.7 %	40.8 %	36.0 %	42.9 %	39.0 %	36.2 %	33.7 %
Total liabilities and shareholders' equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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

Statement of Cash Flows ATOSS

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Net income	1.9	2.5	3.5	4.0	4.4	4.5	4.8
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	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.7	0.0	0.0	0.0
Other costs affecting income / expenses	0.4	0.0	0.1	2.9	0.0	0.0	0.0
Cash Flow	2.8	2.9	4.0	8.0	4.8	4.9	5.3
Increase / decrease in inventory	0.0	0.0	-0.6	0.1	0.0	0.0	0.0
Increase / decrease in accounts receivable	0.0	0.8	-0.6	-0.8	0.8	-0.3	-0.2
Increase / decrease in accounts payable	-0.2	-0.1	-0.2	0.5	0.0	0.0	0.1
Increase / decrease in other working capital positions	1.8	0.4	-0.1	-0.1	0.0	0.0	0.0
Increase / decrease in working capital	1.6	1.2	-1.5	-0.4	0.8	-0.3	-0.1
Cash flow from operating activities	4.3	4.2	2.5	7.6	5.6	4.6	5.2
CAPEX	-0.3	-0.7	-0.4	-0.6	-0.6	-0.6	-0.6
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	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.2	-0.7	-0.4	-0.6	-0.6	-0.6	-0.6
Change in financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-21.5	-1.0	-1.2	-1.7	-2.0	-2.2	-2.3
Purchase of own shares	0.0	0.0	-0.3	0.0	0.0	0.0	0.0
Capital measures	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Others	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-21.2	-0.8	-1.5	-1.7	-2.0	-2.2	-2.3
Change in liquid funds	-17.1	2.7	0.6	5.3	3.0	1.8	2.3
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	10.8	13.5	14.0	19.3	22.4	24.2	26.5

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

Financial Ratios ATOSS

	2006	2007	2008	2009	2010E	2011E	2012E
Operational Efficiency							
Total Operating Costs / Sales	54.7 %	52.5 %	48.4 %	47.7 %	45.5 %	45.9 %	45.9 %
Sales per Employee	130,124	125,241	125,902	124,303	118,396	120,651	122,949
EBITDA per Employee	18,988	21,569	25,369	25,227	27,823	27,026	27,541
EBIT-margin	12.6 %	15.3 %	18.7 %	19.0 %	22.2 %	21.1 %	21.1 %
EBITDA / Operating Assets	90.8 %	142.9 %	143.2 %	134.2 %	176.6 %	157.5 %	156.8 %
ROA	378.1 %	367.8 %	505.8 %	437.3 %	393.4 %	343.4 %	326.3 %
Efficiency of Capital Employment							
Plant Turnover	59.0	46.1	48.7	36.6	27.1	23.4	21.4
Operating Assets Turnover	6.2	8.3	7.1	6.6	7.5	7.0	7.0
Capital Employed Turnover	2.2	2.1	2.0	1.8	1.5	1.4	1.4
Return on Capital							
ROCE	14.2 %	34.3 %	39.8 %	36.5 %	35.9 %	31.8 %	30.3 %
EBITDA / Avg. Capital Employed	16.4 %	38.7 %	42.8 %	39.1 %	38.0 %	33.8 %	32.2 %
ROE	21.6 %	23.9 %	28.2 %	27.0 %	25.2 %	22.7 %	21.4 %
Net Profit / Avg. Equity	10.3 %	26.1 %	30.6 %	29.2 %	27.5 %	24.1 %	22.7 %
Recurring Net Profit / Avg. Equity	10.3 %	26.1 %	30.6 %	29.2 %	27.5 %	24.1 %	22.7 %
ROIC	12.9 %	15.1 %	18.8 %	16.3 %	16.2 %	15.2 %	14.9 %
Solvency							
Net Debt	-10.7	-13.4	-14.0	-19.3	-22.3	-24.2	-26.5
Net Gearing	-122.8 %	-128.3 %	-112.1 %	-131.2 %	-127.2 %	-120.9 %	-116.9 %
Book Value of Equity / Book Value of Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Current ratio	5.4	8.0	7.6	4.6	5.1	5.5	5.9
Acid Test Ratio	2.2	2.4	2.7	2.3	2.5	2.7	2.8
EBITDA / Interest Paid	55.3	79.4	10.0	178.9	68.4	69.7	74.6
Interest Cover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	4.0	3.5	2.1	7.0	5.0	4.0	4.6
Free Cash Flow / Sales	18.1 %	14.2 %	7.6 %	24.1 %	17.3 %	13.0 %	13.8 %
Adj. Free Cash Flow	2.9	3.9	5.1	5.6	6.4	6.5	7.0
Adj. Free Cash Flow / Sales	8.5 %	8.5 %	10.9 %	12.5 %	14.4 %	13.8 %	14.0 %
Free Cash Flow / Net Profit	211.3 %	139.0 %	58.5 %	176.8 %	113.2 %	89.1 %	94.5 %
Interest Received / Avg. Cash	2.4 %	4.1 %	4.5 %	2.2 %	1.0 %	0.9 %	0.8 %
Interest Paid / Avg. Debt	49.2 %	90.6 %	1816.7 %	137.5 %	416.7 %	416.7 %	416.7 %
Dividend Payout Ratio	49.9 %	49.3 %	50.0 %	49.9 %	50.0 %	50.6 %	50.6 %
Fund Management							
Investment ratio	1.5 %	2.8 %	1.7 %	2.1 %	2.1 %	1.9 %	1.8 %
Maint. Capex / Sales	1.4 %	1.4 %	1.3 %	1.2 %	1.5 %	1.4 %	1.3 %
Capex / Dep	74.7 %	141.6 %	117.0 %	156.1 %	158.1 %	147.8 %	138.1 %
Avg. Working Capital / Sales	14.2 %	11.4 %	10.5 %	11.8 %	11.0 %	9.5 %	9.5 %
Trade Creditors / Trade Debtors	697.3 %	635.2 %	1528.8 %	625.0 %	500.0 %	542.9 %	500.0 %
Inventory turnover (days)	0.2	0.4	0.1	0.1	0.3	0.3	0.3
Receivables collection period (DSOs)	61.0	42.3	46.8	53.7	44.0	44.0	44.0
Payables collection period (days)	8.7	6.7	3.1	8.6	8.6	8.6	8.6
Cash conversion cycle (days)	52.4	36.1	43.9	45.2	35.7	35.7	35.7
Valuation							
Dividend Yield	1.6 %	2.1 %	3.0 %	3.4 %	3.8 %	3.9 %	4.2 %
P/B	6.8	5.7	4.8	4.0	3.4	3.0	2.6
EV/sales	1.9	1.7	1.6	1.4	1.3	1.2	1.0
EV/EBITDA	13.0	9.9	7.7	7.1	5.7	5.3	4.6
EV/EBIT	15.0	11.2	8.3	7.6	6.0	5.6	4.9
EV/FCF	10.5	12.0	20.3	6.0	7.7	9.1	7.6
P/E	31.0	23.7	16.9	14.9	13.3	13.0	12.1
P/CF	21.5	20.2	14.9	7.4	12.3	12.0	11.2
Adj. Free Cash Flow Yield	6.6 %	7.0 %	9.5 %	19.1 %	12.4 %	13.4 %	15.2 %

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

Free Cash Flow Yield - ATOSS Software

Figures in EUR m

	2006	2007	2008	2009	2010e	2011e	2012e
Net Income	1.9	2.5	3.5	4.0	4.4	4.5	4.8
+ Depreciation + Amortisation	0.4	0.5	0.4	0.4	0.4	0.4	0.4
- Net Interest Income	0.4	0.4	0.1	0.3	0.1	0.1	0.1
+ Taxes	1.3	1.7	1.6	1.9	2.1	2.1	2.3
- Maintenance Capex	0.3	0.4	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	2.9	3.9	5.1	5.6	6.4	6.5	7.0
Adjusted Free Cash Flow Yield	6.9%	9.2%	12.2%	13.3%	16.5%	17.7%	20.3%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	41.8	41.8	41.8	41.8	38.7	36.9	34.6
= Fair Enterprise Value	29.0	38.6	50.8	55.5	64.1	65.4	70.3
- Net Debt (Cash)	-19.3	-19.3	-19.3	-19.3	-22.3	-24.2	-26.5
- Pension Liabilities	1.8	1.8	1.8	1.8	1.8	1.8	1.8
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	46.5	56.0	68.3	73.0	84.6	87.8	94.9
No. of shares (m)	4.0	4.0	4.0	4.0	4.0	4.0	4.0
= Fair value per share (EUR)	11.69	14.09	17.17	18.36	21.27	22.07	23.87
premium (-) / discount (+) in %	-21.6%	-5.4%	15.2%	23.2%	42.7%	48.1%	60.2%

Sensitivity Fair value per Share (EUR)

	13.0%	10.00	11.85	14.22	15.14	17.55	18.27	19.79
	12.0%	10.47	12.48	15.04	16.03	18.58	19.33	20.93
	11.0%	11.02	13.21	16.01	17.09	19.80	20.57	22.26
Hurdle rate	10.0%	11.69	14.09	17.17	18.36	21.27	22.07	23.87
	9.0%	12.50	15.17	18.59	19.91	23.06	23.90	25.84
	8.0%	13.51	16.52	20.36	21.85	25.30	26.18	28.29
	7.0%	14.81	18.25	22.64	24.34	28.17	29.12	31.45

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

DCF Model - ATOSS Software

Figures in EUR m	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e
Sales	29.1	31.1	33.3	35.0	36.7	38.6	40.5	42.5	44.6	46.9	48.3	49.7	51.2	52.7
Change	0.0%	7.0%	7.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
EBIT	6.5	6.6	7.0	6.6	7.0	7.3	7.7	8.1	8.5	8.9	9.2	9.4	9.7	10.0
EBIT-Margin	22.2%	21.1%	21.1%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Tax rate	32.4%	32.0%	32.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
NOPAT	4.4	4.5	4.8	4.3	4.5	4.8	5.0	5.2	5.5	5.8	6.0	6.1	6.3	6.5
Depreciation	0.4	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
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	0.8	-0.3	-0.1	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.2
- Capex	-0.6	-0.6	-0.6	-0.5	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-0.7	-0.8	-0.8
Capex in % of Sales	2.1%	1.9%	1.8%	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	0.1	0.1	0.1
Free Cash Flow (WACC-Model)	5.0	4.0	4.5	4.0	4.3	4.6	4.8	5.1	5.3	5.6	5.8	6.0	6.2	6.4

Model parameter

Debt ratio	0.00%	Beta	1.25
Costs of Debt	n.a.	WACC	10.19%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	2.00%

Valuation (mln)

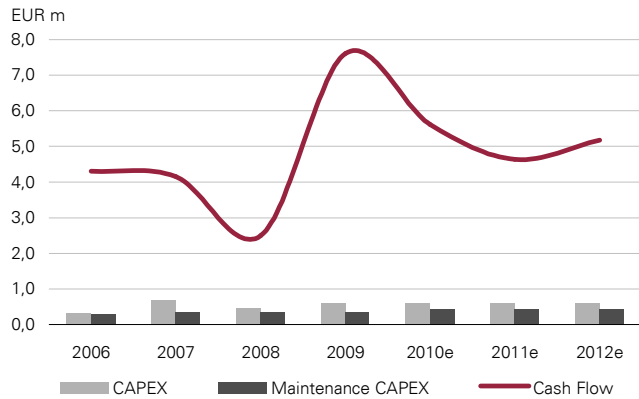
Present values 2023e	38.5
Terminal Value	21.8
Liabilities	-1.8
Liquidity	19.3
Equity Value	77.8
No. of shares (mln)	3.98
Value per share (EUR)	19.56

Sensitivity Value per Share (EUR)

Terminal Growth								Delta EBIT-margin							
WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.19%	17.61	17.72	17.83	17.94	18.06	18.19	18.33	11.19%	16.88	17.23	17.59	17.94	18.30	18.65	19.01
10.69%	18.32	18.44	18.57	18.70	18.85	19.00	19.17	10.69%	17.58	17.95	18.33	18.70	19.08	19.46	19.83
10.44%	18.70	18.83	18.97	19.12	19.28	19.45	19.62	10.44%	17.96	18.34	18.73	19.12	19.51	19.89	20.28
10.19%	19.10	19.24	19.40	19.56	19.73	19.92	20.11	10.19%	18.36	18.76	19.16	19.56	19.96	20.36	20.76
9.94%	19.53	19.68	19.85	20.03	20.22	20.42	20.64	9.94%	18.79	19.21	19.62	20.03	20.44	20.85	21.27
9.69%	19.98	20.15	20.33	20.53	20.74	20.96	21.20	9.69%	19.25	19.68	20.10	20.53	20.96	21.38	21.81
9.19%	20.97	21.18	21.40	21.64	21.89	22.16	22.46	9.19%	20.27	20.73	21.18	21.64	22.09	22.55	23.00

Source: Warburg Research

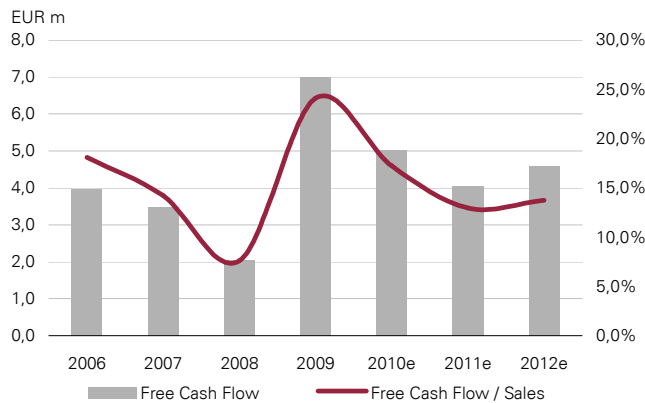
CAPEX and Cash Flow - ATOSS Software



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

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

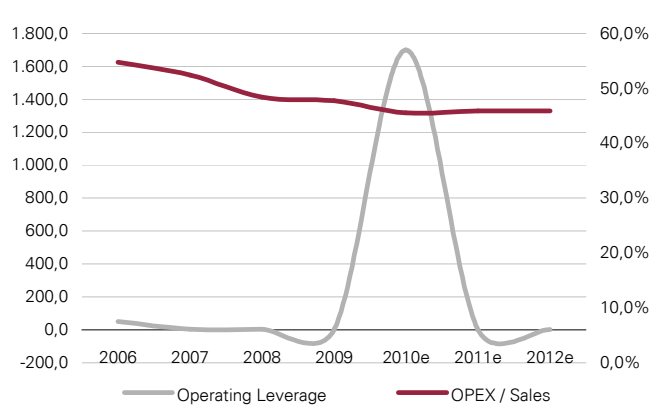
Free Cash Flow Generation - ATOSS Software



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

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

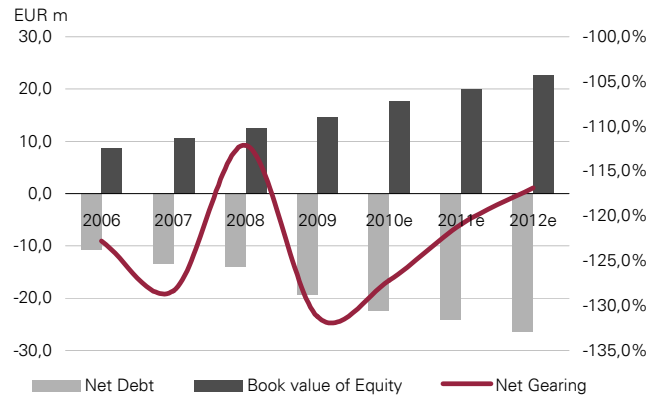
Operating Leverage - ATOSS Software



Sources: ATOSS Software (historical data), Warburg 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

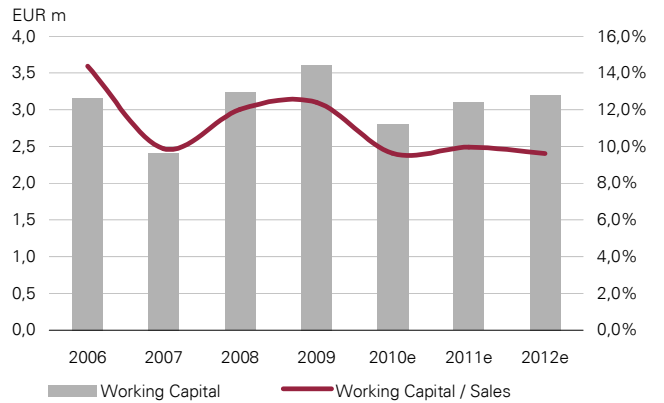
Balance Sheet Quality - ATOSS Software



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

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

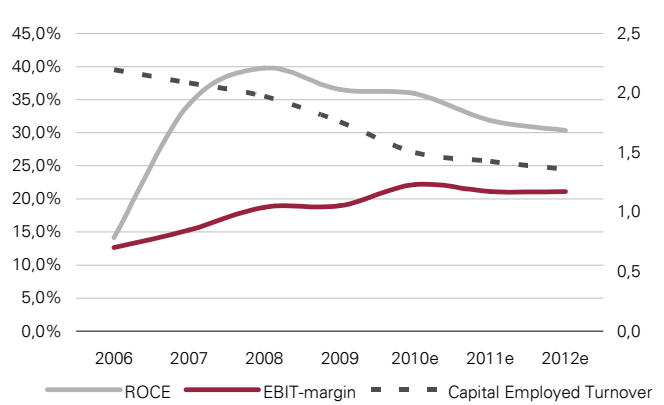
Working Capital - ATOSS Software



Sources: ATOSS Software (historical data), Warburg 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), Warburg 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.

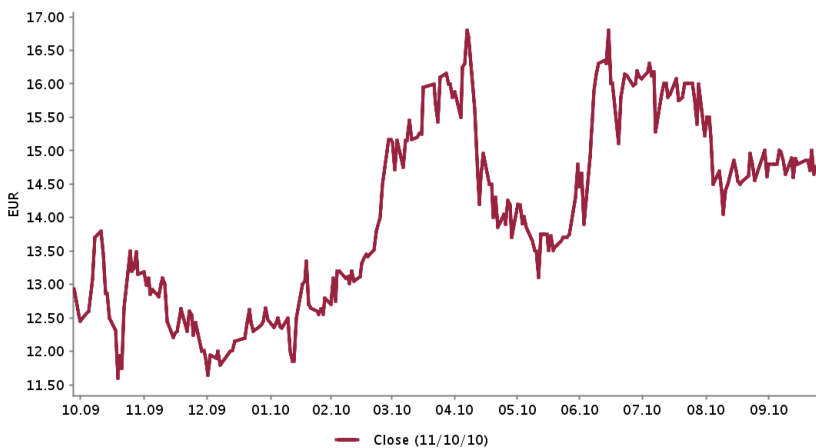
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Rating	Number of stocks	% of Universe
Buy	117	62%
Hold	52	28%
Sell	8	4%
Rating suspended	12	6%
Total	189	

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Rating	Number of stocks	% of Universe
Buy	83	69%
Hold	31	26%
Sell	3	3%
Rating suspended	3	3%
Total	120	

Price and Rating History
ATOSS Software AG as of 12/10/10



The charts have markings if Warburg 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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