

Buy	(old: Buy)
PT EUR 14.00	(old: 14.00)
Price	EUR 9.40
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: 20.04.2009 / Closing price

Market cap:	EUR 37.8 m
Enterprise Value (EV):	EUR 23.3 m
Book value:	EUR 14.4 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:	
Pre. Figures Q1	04/23/2009
AGM	04/30/2009
Figures Q1	05/15/2009
Figures Q2	08/14/2009

Change	2009E		2010E		2011E	
	old	Δ	old	Δ	old	Δ
Sales	27.5	0	29.4	0	31.5	0
EBIT	5.0	0	5.3	0	5.7	0
EPS	0.88	0.01	0.96	-0.01	1.02	0

Analysis: SES Research
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Growth against the trend

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. ATOSS primarily benefits from the following main strengths in competition:

- **Leading software products** (state-of-the-art Java technology)
- **Specialisation on regions and sectors** (country specific employment conditions in the DACH region and reproduction of working processes in the core sectors)
- **Independency of producers** (no commitment to hardware or large software producers)
- **Compatibility** (e.g. seamless integration in ERP systems possible)
- **Financial stability** (excellent balance sheet quality) and **critical size** (compared to the competition with many considerably smaller providers, which is definitely important for ATOSS)

Based on this competitive position, ATOSS was able to post record quarters in a row in the last years and was also able to generate **record sales** of EUR 7.1 m (+11%) in Q1/09; other software companies already suffered considerably from recessive tendencies in this quarter. The estimate of a stable sales and earnings level can even be surpassed as the order backlog also achieved a record level.

ATOSS is one of the most interesting German listed software companies given the currently **downtight attractive valuation situation**. The company had liquid funds to the tune of EUR 14 m as of December 31, 2008 (EUR 3.50 per share). The PER for ATOSS in 2009 is approx. 4.8 adjusted for these financial funds. It is based on highly visible earnings estimates.

The **BUY** rating is reiterated with a **PT of EUR 14.00**.

Fiscal year ending: 31.12.	2005	2006	2007	2008	2009E	2010E	2011E
Sales	20.4	22.0	24.4	26.9	27.5	29.4	31.5
<i>Change Sales yoy</i>	-6.5 %	7.7 %	11.1 %	10.3 %	2.0 %	7.0 %	7.0 %
Gross balance	13.4	14.8	16.5	18.1	18.4	19.7	21.1
<i>Gross margin</i>	65.5 %	67.4 %	67.7 %	67.1 %	67.0 %	67.0 %	67.0 %
EBITDA	1.2	3.2	4.2	5.4	5.4	5.7	6.1
<i>EBITDA-margin</i>	5.8 %	14.6 %	17.2 %	20.1 %	19.6 %	19.3 %	19.3 %
EBIT	0.6	2.8	3.7	5.0	5.0	5.3	5.7
<i>EBIT-margin</i>	2.8 %	12.6 %	15.3 %	18.7 %	18.3 %	18.0 %	18.0 %
Net income	0.5	1.9	2.5	3.5	3.6	3.8	4.1
EPS	0.12	0.48	0.63	0.88	0.89	0.95	1.02
Free Cash Flow per share	0.34	1.02	0.87	0.51	0.88	0.89	0.96
Dividend	5.50	0.24	0.31	0.44	0.45	0.48	0.51
<i>Dividend Yield</i>	58.5 %	2.6 %	3.3 %	4.7 %	4.8 %	5.1 %	5.4 %
EV/Sales	1.2	1.1	1.0	0.9	0.8	0.7	0.6
EV/EBITDA	21.0	7.8	5.9	4.6	4.3	3.8	3.2
EV/EBIT	44.3	9.0	6.7	5.0	4.6	4.1	3.5
PER	78.3	19.6	14.9	10.7	10.6	9.9	9.2
ROCE	1.8 %	12.6 %	26.2 %	31.0 %	28.0 %	26.4 %	25.3 %
Adj. Free Cash Flow Yield	3.6 %	11.6 %	15.4 %	20.3 %	21.4 %	24.4 %	28.7 %

Per Share figures in EUR, other figures in EUR m., price: EUR 9.40

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ATOSS is the leading software/service provider for the optimisation of deployment at companies. The company has a leading position in competition.

Specialised and technologically leading

ATOSS as software company has mainly three types of competitors:

- **Large software providers** (e.g. SAP), which primarily come from the ERP or HR environment and also focus on personnel optimisation. These providers often do not offer an adequate depth of coverage and they are lacking specialisation in personnel processes.
- **Providers of access control systems** (e.g. ISGUS) which often, based on time recording topics, also reflect personnel processes. They often follow the primary goal to sell hardware while customers often want to follow a producer independent best of breed approach regarding sensitive personnel issues.
- **Small software providers** may compete to some extent; however they do not have the financial stability, business continuity, references and the critical size for major projects.

ATOSS does not have these weaknesses but benefits in competition from:

- **A high specialisation**
- **A technologically leading product**
- **Independence of producers**
- **Very good references**
- **An excellent balance sheet quality**

ATOSS is very promisingly positioned in competition due to this combination of factors.

Constant growth – excellent balance sheet

On January 30, 2009, ATOSS released the main key figures for 2008. The reported figures correspond to the expectations. In the fiscal year 2008, sales fell slightly short of expectation, while the EBIT exactly met the expectation with roughly EUR 5 m. The result slightly surpassed the SES expectation after determination of the actual tax burden (EUR 3.5 m compared to EUR 3.3 m e). On April 8, 2009, the preliminary sales figures for Q1/2009 were reported. Thus, the company succeeded in increasing sales from EUR 6.4 m in the previous year by 11% to EUR 7.1 m despite the recession and the quarter was terminated with a record order backlog, which provides very good prerequisites for the further course of the year.

Only a very moderate growth is assumed for ATOSS due to the ongoing weak general economic situation, even if the stability of the order entry currently is still giving more positive signals. As the increased maintenance basis provides for a basic growth (installed basis from the previous years), it is highly probably that the targeted figures should be achieved with high visibility. A cost degression is not assumed due to the only moderate sales growth and the strategically chosen high development activity.

The estimated profit and loss statement is shown below:

Consolidated Profit & Loss ATOSS Software							
in EUR m	2005	2006	2007	2008	2009e	2010e	2011e
Sales	20.4	22.0	24.4	26.9	27.5	29.4	31.5
Cost of sales	7.1	7.2	7.9	8.9	9.1	9.7	10.4
Gross profit	13.4	14.8	16.5	18.1	18.4	19.7	21.1
Research and development	4.1	3.9	4.6	5.1	5.3	5.6	6.0
Sales and marketing	5.5	6.0	5.8	5.6	5.6	6.2	6.6
General and administration	3.3	2.6	2.5	2.7	2.7	2.9	3.1
Other operating income/expenses	0.0	0.5	0.1	0.3	0.3	0.3	0.3
EBITDA	1.2	3.2	4.2	5.4	5.4	5.7	6.1
Depreciation of fixed assets	0.3	0.3	0.3	0.3	0.3	0.3	0.3
EBITA	0.9	2.9	3.9	5.1	5.1	5.4	5.7
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	5.0	5.3	5.7
Interest income	0.5	0.5	0.5	0.6	0.3	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	0.2	0.3	0.3
Recurring pretax income from cont. operations	1.1	3.2	4.2	5.1	5.2	5.6	6.0
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	5.2	5.6	6.0
Taxes total	0.7	1.3	1.7	1.6	1.7	1.8	1.9
Net income from continuing operations	0.5	1.9	2.5	3.5	3.6	3.8	4.1
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	3.6	3.8	4.1
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	3.6	3.8	4.1

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

Fundamentally considerably undervalued

The positive picture of ATOSS is completed by a very attractive valuation: ATOSS' liquid funds are very comfortable. The liquid funds amounted to EUR 14 m (net) or EUR 3.50 per share as of June 30, 2008. Against the backdrop of an expected EPS of EUR 0.88 per share for 2009 the P/E, adjusted for net cash, is just about 4.8 given very visible earnings estimates.

- The **DCF model indicates a fair value of 14.00**
- The **FCF Yield model leads to a value of 16.00 - 19.00**
- The peer group also indicates a considerable undervaluation of the share.

The **BUY** rating is reiterated with a **PT of EUR 14.00**

-
- **ATOSS in one of the leading software houses in the field of deployment according to specific customer demand (working time management and organisation)**
 - **The company is particularly specialised in the market conditions of the German speaking area and successfully stands out from competition**
 - **Besides specialisation, the software technology, the high-grade compatibility but also factors such as independency of producers and financial stability of the company count among the main key differentiators.**
-

ATOSS Software AG is active as software and consulting company in the field of workplace management and human resource planning. Roughly 4,000 customers, from the middle-class to blue chip companies, and a total of approx. 2.5 m employees are using ATOSS solutions. ATOSS clearly stands out from competition due to its specific business orientation, experience and technical competence.

Grown specialisation

ATOSS looks back on a track record of 20 years in the field of working time management. The market for working time management (WTM) and human resource planning (HRP) solutions is very specific. Therefore, a particular working time management software is not competitive everywhere. A working time management software particularly has to cover the country or region-related conditions completely (this includes seasonality, working time models, typical employment contracts, labour law, wage structure etc.). ATOSS thus focuses almost completely on the German-speaking area. It is true that the market is very limited due to the high specialisation and complexity of software solutions, however, the number of competitors is therefore also very limited.

ATOSS hopes to be able to acquire additional market shares in future. It is true that ATOSS depends on the demand for solutions of domestic companies, but is also fully competitive in the own niche market. Small to medium-sized companies determine the market here and take up the largest market share with their software solutions. ATOSS shares an additional competitive field with the HR full-range suppliers such as SAP and P&I. Contrary to ATOSS, however, they do not have a similar clear focus on human resource planning (HRP) and time management. Additionally, there are suppliers of safety engineering/access control systems, which partially also offer software solutions (e.g. ISGUS, Primion), however, primarily want to sell hardware.

A further differentiation criterion of ATOSS is its trade-specification. Therefore, it is possible to combine the leading technical knowledge with trade-specific process know-how:

- More than 400 companies from the **trade** sector use ATOSS solutions. Longer shopping hours and the price war are currently the triggers here. Therefore, it is particularly important to prevent expensive overstaffing and idle times. ATOSS' Retail Solution 5 was awarded best product 2009 in the trade by a business journal in the category "process optimisation".
- ATOSS can refer to a long history in the **transport & logistics** sector. ATOSS has been successfully attending to companies such as Lufthansa and Deutsche Bahn since 1992.
- With the "Medical Solution" ATOSS has an own business solution in the **health/public service** sector. This solution is used in over 80 clinics and hospitals with more than 88,000 employees.
- Fluctuating utilisations and the competition from low-wage countries make ATOSS

also successful in the **production** sector as the solutions enable the deployment to be more flexible and thus costs are reduced.

Customers appreciate independency

ATOSS acts as independent software producer. ATOSS' solutions can basically be used independently of the chosen periphery of coverage, the chosen system platform and by using all prevalent data base solutions. Therefore, ATOSS' core segment is not the hardware installation, contrary to many major competitors. Competitors such as Interflex/Astrum, ISGUS, and the British Torexretail (trade) make their customers dependent due to the corresponding hardware installations. This commitment to a supplier of hardware is, however, often not desired. The same applies to the independency with respect to the used system platform. The Java (J2EE) technology used by ATOSS also secures the customer maximal independency regarding the choice and change of the system platform later on, if necessary. On the other side, this means that ATOSS is not able to subsidise ongoing software developments by the otherwise typical high gross margins of hardware sales.

Compatibility as competitive advantage

The field of work „personnel“ also concerns adjoining software solution. Thus, there are overlaps with well-known ERP vendors who are also active in the field of human resources (HR). ATOSS faces this potential competition with competence and quality which not least is expressed by the high degree of functionality of ATOSS software solutions which exceeds the functionality of a HR module from other producers by far; eg. many customers use SAP for ERP core processes and organise the working time management with ATOSS solutions. The complementarity of ATOSS solution to SAP HR solutions adds to it as ATOSS uses the same technological standards (Java J2EE), but ATOSS' software may be applied where SAP's degree of coverage is not sufficient. ATOSS is thus ideal to guarantee the optimal design of working time models. This is in particular important for users who have to plan its deployment according to a specific customer demand in order to cover the needs of the customers.

Mature, modern software technology

The product of ATOSS is based exclusively on Java J2EE. This is unique in the fields of working time management (WTM) and human resource planning (HRP) among the best of breed providers in the German-speaking area. The J2EE technology guarantees the customers independency of platforms for which is very cost-efficient in case of system launches and changes. This fact naturally not only serves the existing customer base, but is also an incentive for new customers.

Since the company strategically decided to use the Java platform in 1991, more than EUR 30 m were invested for research and development (launch of the new product generation on the occasion of CeBIT 2005). Java additionally enables a considerably increased development speed and efficiency (integration of open source, business services, business extensions, attractiveness for high end developer).

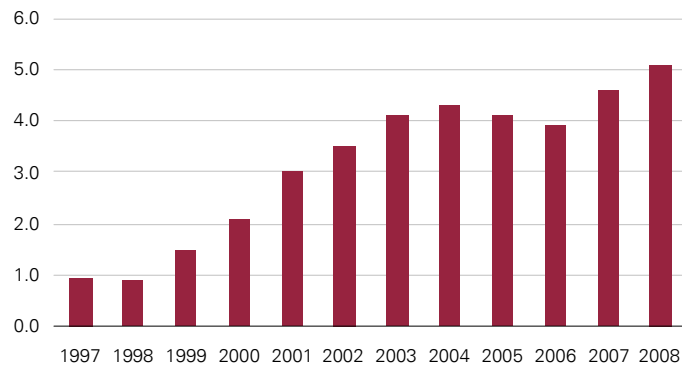
A positioning was made possible due to the continuous research and development work. Thus, ATOSS invests roughly 20% of sales in research and development annually (compare EBIT margin 2008: 19%). The costs for research and development are growing every year in order to guarantee a mature and modern technology also in future. The R&D team was further expanded also in 2008: 75 of the 220 employees are employed in R&D. In 2008, the expenses amounted to a record sum of EUR 5.1 m. A continuation of this trend is assumed.

Furthermore, the degree of coverage in the sectors such as trade and medical as well as cross industry are expected to be expanded. It is true that ATOSS covers a variety of requirements in these sectors, but the market acquisition in these segments is by far not exploited yet.

Thus, ATOSS is well positioned for the future competition with the technological basis and a high demand should be guaranteed due to the modern ATOSS solutions.

Expenses for R&D

in m EUR

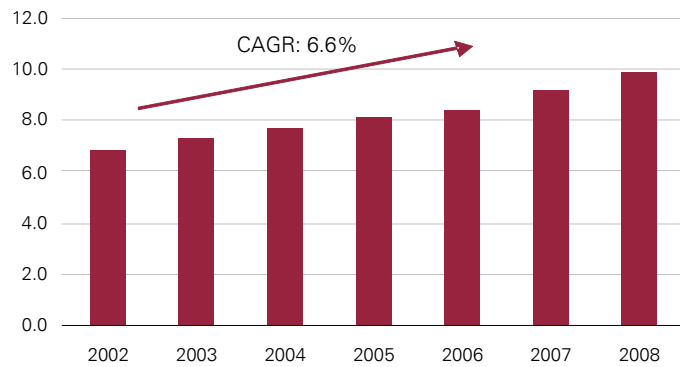


Source: ATOSS

Financial stability at adequate critical size

ATOSS' strong balance sheet is a further advantage. ATOSS has an equity ratio of roughly 60% and liquid funds of EUR 14 m (as of December 31, 2008). This differentiates ATOSS in particular from smaller, unlisted software companies which often have weaker balance sheets. The continuity of the company's success story (20 years) also speaks in favour of ATOSS. However, smaller players represent the most important competition although they often only offer partial solutions. ATOSS' has to convince with continuity here as an investment in ATOSS software is equivalent to investment security in the customers' view. This is a great advantage as the smaller providers often are not positioned reliably in the long term due to the lack of balance sheet quality (customers' perception). Sales and earnings often show the continuity of software companies. Given over 4,000 customers the maintenance revenues represent a large part (roughly 40%) of sales and are naturally high-margin. These revenues are largely used for research and development and the customer will eventually again benefit from it. The following graph shows the development of maintenance revenues over the last years.

Maintenance revenues
in EUR m.



Source: ATOSS

The proof: Numerous impressive references

References are of pivotal importance for new customers in the software sector. The decision for or against a software is often made subject to reference projects. The long-term track record (20 years) and a considerable customer base (over 4,000 customers and over 2.5 m users) form a main aspect of the company's positioning. Numerous new customers were again acquired in 2008. ATOSS was particularly successful in trade:

New customers from trade / Chain stores 2008

- Globus Fachmärkte 7,000 employees 60 chain stores
- MPreis 4,000 employees 120 chain stores
- Weltbild Plus 2,500 employees 300 chain stores
- Hugendubel 1,000 employees 35 chain stores
- Conrad 1,300 employees 30 chain stores
- Lupus familia 1,300 employees 12 chain stores
- Möbel Martin 1,700 employees 7 chain stores
- Hartlauer 1,500 employees 155 chain stores
- Puma 2,000 employees 100 chain stores
- and other



Source: ATOSS

- **Current development characterised by continuity and very high order backlog**
 - **However, a moderate sales and earnings development is expected**
 - **ATOSS books licence revenues very defensively (according to project progress)**
 - **The balance sheet quality is excellent**
-

Recent performance

On April 8, 2009, ATOSS Software AG released the preliminary sales figures for Q1/2009. The company succeeded in increasing sales from EUR 6.5 m (previous year) by 11% to EUR 7.1 m despite the recession. SES' expectation was EUR 6.5 m. The strong demand from customers led to a considerable increase of roughly 21% to almost EUR 1.6 m compared to the previous year, particularly with respect to software licences. Earnings are also expected to be increased compared to the previous year although the previous year's EBIT (EUR 1.3 m) included a positive special effect of EUR 0.3 m from the release of accruals. The positive development of sales and earnings was due to the high order backlog at the end of 2008 and the fact that ATOSS books the projects according to their successful implementation so that the deviations on quarterly basis are basically low.

Only a sustainable decline of the order entry would entail a deterioration of development. However, currently the contrary applies to ATOSS. The company booked a new record with respect to the order backlog for software licences. With EUR 3.7 m as of March 31, 2009, the order backlog was again significantly above the record value of EUR 2.5 m on December 31, 2008. ATOSS particularly benefited from the acquisition of a major order here.

Development of sales

The perspectives for the German ITK market are currently very moderate. The trade association Bitkom assumes zero growth for 2009. The IT market itself is also expected to grow by only 1.5%. Gartner even expects a decline by 4% worldwide. However, this is mainly due to the hardware and telecommunication segments. The software market, on the contrary, looks set to grow 0.3% - particularly those solutions which are cost reducing and more efficient. This applies to ATOSS' solutions. Overall, several market researchers generally believe the field of "human capital" to become increasingly important. A further important trend results from ATOSS' superior position in competition: The company should tend to acquire market shares in a market consolidation which is due to the crisis.

The stability of order entry combined with the booking of licence and consulting revenues leads to relatively stable sales for ATOSS. The ratio of consulting sales to licences sales is also relatively stable as ATOSS implements most of the projects with its own employees. However, the continuously growing basis of maintenance contracts provides for a basic growth also in weaker business years (installed basis from the previous years). The sales from software maintenance represented roughly EUR 9.9 m in the fiscal year 2008 and thus increased by almost 8% compared to 2007. The assumption of stable product sales (software/maintenance) is conservative against this background and in view of the very good order entry.

Development of cost items

The largest position within the costs are the **production costs** which mainly accrue for the implementation and services. These costs are primarily geared to the service sales and the related expenses. The ratio of production costs is assessed with 33% and is not expected to change considerably in the future.

The costs for **sales and marketing** were roughly EUR 5.6 m or 21% of sales in 2008. A cost degression is not assumed in the estimates as sales and marketing should remain an integral part of the product marketing.

ATOSS' costs for **research and development** (R&D) are typically roughly 19% of sales. A constant ratio is assumed also here in the course of a consistent product development.

A degression is also not assumed for the **administration costs** due to an only moderate sales growth.

The estimated profit and loss account is shown below:

Consolidated Profit & Loss ATOSS Software							
in EUR m	2005	2006	2007	2008	2009e	2010e	2011e
Sales	20.4	22.0	24.4	26.9	27.5	29.4	31.5
Cost of sales	7.1	7.2	7.9	8.9	9.1	9.7	10.4
Gross profit	13.4	14.8	16.5	18.1	18.4	19.7	21.1
Research and development	4.1	3.9	4.6	5.1	5.3	5.6	6.0
Sales and marketing	5.5	6.0	5.8	5.6	5.6	6.2	6.6
General and administration	3.3	2.6	2.5	2.7	2.7	2.9	3.1
Other operating income/expenses	0.0	0.5	0.1	0.3	0.3	0.3	0.3
EBITDA	1.2	3.2	4.2	5.4	5.4	5.7	6.1
Depreciation of fixed assets	0.3	0.3	0.3	0.3	0.3	0.3	0.3
EBITA	0.9	2.9	3.9	5.1	5.1	5.4	5.7
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	5.0	5.3	5.7
Interest income	0.5	0.5	0.5	0.6	0.3	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	0.2	0.3	0.3
Recurring pretax income from cont. operations	1.1	3.2	4.2	5.1	5.2	5.6	6.0
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	5.2	5.6	6.0
Taxes total	0.7	1.3	1.7	1.6	1.7	1.8	1.9
Net income from continuing operations	0.5	1.9	2.5	3.5	3.6	3.8	4.1
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	3.6	3.8	4.1
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	3.6	3.8	4.1

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

Balance sheet

ATOSS' balance sheet quality is excellent. 72% of the **assets** were liquid funds as of December 31, 2008. Further 18% were allotted to receivables.

The equity ratio was 64% and the group's liabilities were negligible. The relevant positions of **liabilities** are provisions for pensions and bonuses as well as accrued items.

Balance sheet ATOSS Software

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 & 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	1.0	1.0
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	3.3	3.5	3.8
Other Assets	0.8	0.7	0.6	1.2	1.6	2.0	2.2
Liquid assets	27.8	10.8	13.5	14.0	15.7	17.5	19.4
CURRENT ASSETS	32.5	15.2	17.0	18.7	20.6	23.0	25.4
TOTAL ASSETS	33.1	15.7	17.6	19.4	21.5	23.9	26.4
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	8.9	11.0
Other equity components	23.3	4.3	6.6	8.7	3.6	3.8	4.1
SHAREHOLDERS' EQUITY	27.8	8.7	10.5	12.5	14.4	16.5	18.8
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	14.4	16.5	18.8
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	0.2	0.3
Payables and other liabilities	1.4	2.3	1.6	2.2	2.3	2.5	2.5
LIABILITIES	5.3	7.0	7.2	7.0	7.1	7.4	7.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	33.1	15.7	17.6	19.4	21.5	23.9	26.4

Sources: ATOSS Software (historical data), SES Research (for ecas)

- All valuation methods indicate a considerable undervaluation of the ATOSS share.
- The FCF model leads to a value of EUR 16.00 –19.00, the DCF model indicates a value of EUR 14.00
- The peer group is valued considerably higher
- Fair value of the share: EUR 14.00

Free Cash Flow Yield

The adjusted Free Cash Flow Yield is based on the assumption that investors buy an asset (in this case the enterprise value) at such a price that the free cash flow return (free cash flow = annual net profit + depreciations – maintenance capex + taxes – (1-t)*interest) on the EV exceeds the opportunity costs. 10% were determined to simplify matters.

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	3.6	3.8	4.1
+ 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	0.2	0.3	0.3
+ Taxes	0.7	1.3	1.7	1.6	1.7	1.8	1.9
- 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	5.0	5.2	5.6
Adjusted Free Cash Flow Yield	3.5%	11.4%	15.2%	20.0%	21.1%	24.0%	28.2%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	25.4	25.4	25.4	25.4	23.6	21.9	20.0
= Fair Enterprise Value	9.0	29.0	38.6	50.8	49.8	52.5	56.4
- Net Debt (Cash)	-14.0	-14.0	-14.0	-14.0	-15.7	-17.5	-19.4
- 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	64.3	68.7	74.6
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	15.98	17.09	18.55
premium (-) / discount (+) in %	-42.9%	9.4%	34.5%	66.5%	68.4%	80.0%	95.4%

Sensitivity Fair value per Share (EUR)

	13.0%	4.90	8.72	10.55	12.89	13.13	14.08	15.31
	12.0%	5.05	9.19	11.17	13.70	13.92	14.91	16.21
	11.0%	5.22	9.73	11.89	14.66	14.86	15.90	17.27
Hurdle rate	10.0%	5.42	10.39	12.77	15.81	15.98	17.09	18.55
	9.0%	5.67	11.19	13.83	17.21	17.36	18.53	20.10
	8.0%	5.98	12.19	15.16	18.96	19.08	20.34	22.05
	7.0%	6.38	13.47	16.87	21.22	21.29	22.67	24.56

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

The stable and continuous earnings development of ATOSS of the last years is also reflected in fair values which, according to the FCF Yield model, are growing relatively homogenously. The FCF model indicates a fair value of EUR 16.00 per share for 2009, which increases to EUR 19.00 in the subsequent years.

DCF model

The DCF model leads to a PT of EUR 14:

- The long-term growth rate of 2% is gradually approached based on a sales growth with a CAGR for 2007-2010e of 5%.
- The beta is assessed with 1.25.
- A value of 4.25% is underlying as risk-free yield based on long-term federal bonds. An expected market yield of 9% results in a WACC of 11% assuming a complete equity financing.

DCF Model - ATOSS Software

Figures in EUR m	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e
Sales	27.5	29.4	31.5	32.7	34.0	35.4	36.5	37.5	38.7	39.8	41.0	42.3	43.5	44.8
Change	2.0%	7.0%	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	5.0	5.3	5.7	5.9	6.1	6.4	6.6	6.8	7.0	7.2	7.4	7.6	7.8	8.1
EBIT-Margin	18.3%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Tax rate	32.0%	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	3.4	3.6	3.9	3.8	4.0	4.1	4.3	4.4	4.5	4.7	4.8	4.9	5.1	5.2
Depreciation	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	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	-0.2	-0.2	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	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7
Capex in % of Sales	2.0%	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)	3.4	3.3	3.6	4.1	3.8	4.0	4.1	4.3	4.4	4.5	4.7	4.8	5.0	5.1

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	29.0
Terminal Value	14.7
Liabilities	-1.2
Liquidity	14.0
Equity Value	56.5
No. of shares (mln)	4.02
Value per share (EUR)	14.04

Sensitivity Value per Share (EUR)

Terminal Growth

WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.66%	12.68	12.75	12.82	12.89	12.97	13.05	13.13
11.16%	13.19	13.27	13.35	13.43	13.52	13.62	13.72
10.91%	13.46	13.54	13.63	13.73	13.83	13.93	14.04
10.66%	13.75	13.84	13.94	14.04	14.15	14.26	14.38
10.41%	14.05	14.15	14.26	14.37	14.49	14.61	14.75
10.16%	14.37	14.48	14.59	14.72	14.85	14.99	15.13
9.66%	15.07	15.20	15.34	15.49	15.64	15.81	15.99

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%	12.06	12.34	12.61	12.89	13.17	13.44	13.72
11.16%	12.56	12.85	13.14	13.43	13.72	14.02	14.31
10.91%	12.83	13.13	13.43	13.73	14.03	14.33	14.63
10.66%	13.11	13.42	13.73	14.04	14.35	14.66	14.96
10.41%	13.41	13.73	14.05	14.37	14.69	15.00	15.32
10.16%	13.73	14.06	14.39	14.72	15.05	15.37	15.70
9.66%	14.44	14.79	15.14	15.49	15.84	16.19	16.54

Source: SES Research

Peer group valuation

The following smaller German software companies were chosen for the peer group comparison:

All for One – All for One offers IT solutions and services to their clientele of mainly mid-sized enterprises. The two segments, IT Outsourcing and Human Resource Services, represent the core business. AC Service AG offers consulting, distribution, and the implementation of IT solutions in this core businesses.

update software AG - update software AG has its headquarters in Vienna and offers software solutions for electronic customer relationships management (CRM – Customer Relationship Management). The company focuses on the optimisation of customer relevant business processes in marketing, distribution and service.

SoftM AG - SoftM AG has specialised in the development and distribution of integrated commercial standard software and also offers consulting and service activities. In the field of ERP software SoftM AG is one of the leading vendors for mid-sized companies.

IBS AG - IBS AG is one of the world’s leading vendors of corporate spanning standard software systems and consulting services for industrial quality - , production, and compliance management. The software solutions automate and optimise business processes within companies.

InVision AG - InVision AG develops, distributes and implements solutions for the workforce management. The company is specialised in the effective deployment (demand estimate, deployment planning and optimisation, time management as well as analysis and control).

FJA AG - FJH AG is one of the leading consulting and software companies for the insurance industry and the European pension market. The offered software solutions support product concept, their realisation and administration and are used by insurers, carriers, and financial service companies.

P&I Personal & Informatik AG - P&I AG is a vendor of software for the human resources management industry. The company develops software and sells standard software for HR applications via licenses; activities also include services and maintenance.

primion Technology AG - primion Technology AG is a vendor of innovative soft-, and hardware-based systems for access control, time recording, and integrated security technologies. primion provides the entire chain of software development, production, projection and the actual installation for customers.

Thus, the following basic figures are considered in the comparison:

Peergroup - Key Figures																
Company	LC	Price in LC	MC in LC m	EV in LC m	EPS			Sales			EBITDA			EBIT		
					08e	09e	10e	08e	09e	10e	08e	09e	10e	08e	09e	10e
All for One Midmarket	EUR	1.85	10.0	10.9	0.65	0.19	0.34	83.5	89.2	94.4	5.2	6.0	7.2	1.1	1.4	0.3
IBS	EUR	2.75	18.8	14.3	0.35	0.23	0.24	21.9	20.8	20.8	3.2	2.9	3.0	2.6	2.3	2.5
Invision	EUR	5.50	12.3	0.4	-3.51	-0.80	0.17	12.0	16.1	17.9	-8.9	-3.0	0.0	-8.9	-3.0	0.8
P&I	EUR	11.75	90.5	76.2	1.25	1.23	0.86	59.4	57.9	54.7	17.5	14.9	11.0	13.1	12.5	8.8
Primion	EUR	5.00	27.8	50.4	0.34	0.04	0.19	58.6	56.0	58.8	8.4	6.1	7.1	3.9	1.5	2.7
Update	EUR	2.79	32.0	18.3	0.35	0.35	0.36	36.6	33.0	33.8	4.5	4.1	4.2	4.0	3.6	3.7
ATOSS Software	EUR	9.40	37.8	23.3	0.88	0.89	0.95	26.9	27.5	29.4	5.4	5.4	5.7	5.0	5.0	5.3

Source: SES Research, Bloomberg

This results in the following multiples:

Peer group - Valuation Multiples

Company	LC	Price in LC	MC in LC m	EV in LC m	P / E			EV / Sales			EV / EBITDA			EV / EBIT		
					08e	09e	10e	08e	09e	10e	08e	09e	10e	08e	09e	10e
All for One Midmarket	EUR	1.85	10.0	10.9	2.85	9.74	5.44	0.13	0.12	0.12	2.09	1.81	1.51	9.89	7.77	41.85
IBS	EUR	2.75	18.8	14.3	7.86	11.96	11.46	0.65	0.69	0.69	4.48	4.94	4.77	5.51	6.23	5.73
Invision	EUR	5.50	12.3	0.4	neg.	neg.	33.33	0.03	0.03	0.02	neg.	neg.	n.a.	neg.	neg.	0.51
P&I	EUR	11.75	90.5	76.2	9.40	9.55	13.66	1.28	1.32	1.39	4.36	5.12	6.93	5.82	6.10	8.67
Primion	EUR	5.00	27.8	50.4	14.71	125.00	26.32	0.86	0.90	0.86	6.00	8.27	7.10	12.93	33.61	18.67
Update	EUR	2.79	32.0	18.3	7.97	7.97	7.75	0.50	0.55	0.54	4.06	4.45	4.35	4.56	5.07	4.93
Average					8.56	32.84	16.33	0.58	0.60	0.60	4.20	4.92	4.93	7.74	11.76	13.39
Median					7.97	9.74	12.56	0.58	0.62	0.61	4.36	4.94	4.77	5.82	6.23	7.20
ATOSS Software	EUR	9.40	37.8	23.3	10.68	10.56	9.89	0.86	0.85	0.79	4.29	4.32	4.10	4.61	4.63	4.40
Valuation difference to Average					-20%	211%	65%	-33%	-29%	-24%	-2%	14%	20%	68%	154%	205%
Fair value per share based on Average					7.53	29.23	15.51	7.48	7.72	8.02	9.28	10.20	10.57	13.33	18.31	21.24

Sources: SES Research, Bloomberg

The multiple comparison should be limited to EV multiples due to the considerably different balance sheet qualities of the peer companies. The comparison shows that ATOSS trades significantly below the valuations of the profitable peer companies. The multiples of the peer group are, however, very inhomogeneous which limits the significance of the mean values. However, the fact that ATOSS is the most favourable of all profitable peer companies, is still an indication for the considerable relative undervaluation of the share.

- **Newsflow remains constantly positive**
 - **Very reliable IR work**
 -
-

ATOSS' newsflow is mainly determined by the quarterly figures. In the course of a very constant, regular communication ATOSS normally makes adjustments of the corporate estimate in the course of the year, which, as a rule, are positive. An increase of estimates is possible due to ATOSS' conservative estimate policy, provided the good business development will be continued in the current year. However, such an increase is not expected in the short term as three quarters are still upcoming. Currently, the estimate is in fact consolidated.

- **Quarterly figures** – The complete preliminary figures will be released on April 23, 2009. On May 15, 2008, ATOSS will publish the quarterly report for Q1/2009. Especially important: ATOSS will probably substantiate the outlook in this respect (stable sales and earnings figures in 2009).
- **AGM** – On April 30, 2008, ATOSS will again reflect the very strong 2008 at the AGM and will refer to the very good Q1 figures. This should also underpin the share's attractiveness.

A further component of the newsflow at ATOSS is (as mentioned) the possibility of an adjustment of estimates in the course of the year, provided the currently pleasant business development will be continued, or due to larger new projects.

Company background

With approx. 220 employees ATOSS Software AG is active in the field of working time management and human resource planning. ATOSS, founded in 1987, has been offering a software solution for time management systems since 1991. ATOSS’ field of activity ranges from the development and distribution to the maintenance of software solutions and includes further services.

Products/Services

The company is specialised in solutions for working time, personnel and business process management. For this purpose, ATOSS develops and sells software solutions and offers the customers consulting services. The company aims at optimising the deployment and working times, enabled by a good transparency of the individual working processes. Intelligent solutions lead to a more efficient working time management thus optimising the deployment in companies of all sizes and saving costs.

The individual segments of ATOSS are working time management, deployment planning, consulting, software and professional service.

Software solutions of ATOSS

Software	Field of application
Time Control	Overall solution for time recording, project tracking, human resource planning and access control in small and medium-sized companies for the efficient use of time and labour
Startup Edition	Solutions for time management and human resource planning, with special focus on the needs of mid-sized companies. Tailor made configuration possible which grows with the requirements due to
Staff Efficiency Suite	Solutions which comply with the most complex challenges regarding workforce management and human resource planning. Tailor made for all sectors, all company sizes and requirement
Medical Solution	Software, services and organisational consulting to support clinics and hospitals in order to introduce flexible and to optimise the work schedule. Used in over 80 clinics and hospitals with more than 88,000
Retail Solution	Solution for retail chains or decentralised human resource planning as well as large chain stores for the effective assignment of personnel. Estimates and forecasts are provided based on sales and customer frequencies in order to plan the assignment of personnel in retail cost

Source: ATOSS

Management and shareholder structure

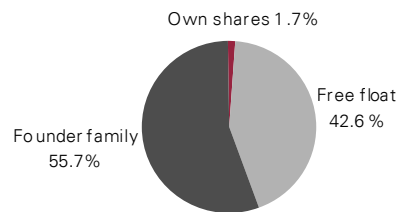
The Managing Board is made up of the two members Andreas F. J. Obereder and Christof Leiber. In 1987, Obereder founded the ATOSS Software AG as ATOSS Software GmbH and was the only shareholder. Andreas F. J. Obereder has been CEO since 1997. Besides the operating business, he is responsible for the company’s strategy. Since 2004, Christof Leiber is responsible for finance, human resources and legal matters.

The supervisory board is composed of Peter Kirn (chairman), Winfried Wold and Rolf Baron Vielhauer von Hohenhau.

42.6% of shares arise in free float. The founder family Obereder holds the remaining 55.7%. Own shares: 1.7%.

Shareholder structure

as of: 31.12.2008



Source: Deutsche Börse

Shareholdings

ATOSS has shareholdings of 100% respectively in subsidiaries in Zurich and Vienna as well as in the ATOSS Software S.R.L. in Timisoara, Rumania, founded in 2004. Additionally, the ATOSS CSD Software GmbH with headquarters in Cham supplements the product range of Software AG in the field of simple personnel management solutions. Moreover, ATOSS CSD Software GmbH, the 100% subsidiary, completes the product range of ATOSS GmbH in the field of personnel management solutions for the KMU market.

Consolidated Profit & Loss ATOSS							
in EUR m	2005	2006	2007	2008	2009E	2010E	2011E
Sales	20.4	22.0	24.4	26.9	27.5	29.4	31.5
Cost of sales	7.1	7.2	7.9	8.9	9.1	9.7	10.4
Gross balance	13.4	14.8	16.5	18.1	18.4	19.7	21.1
Research and development	4.1	3.9	4.6	5.1	5.3	5.6	6.0
Sales and marketing	5.5	6.0	5.8	5.6	5.6	6.2	6.6
General and administration	3.3	2.6	2.5	2.7	2.7	2.9	3.1
Other operating income/expenses	0.0	0.5	0.1	0.3	0.3	0.3	0.3
EBITDA	1.2	3.2	4.2	5.4	5.4	5.7	6.1
Depreciation of fixed assets	0.3	0.3	0.3	0.3	0.3	0.3	0.3
EBITA	0.9	2.9	3.9	5.1	5.1	5.4	5.7
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	5.0	5.3	5.7
Interest income	0.5	0.5	0.5	0.6	0.3	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	0.2	0.3	0.3
Recurring pretax income from cont. operations	1.1	3.2	4.2	5.1	5.2	5.6	6.0
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	5.2	5.6	6.0
Taxes total	0.7	1.3	1.7	1.6	1.7	1.8	1.9
Net income from continuing operations	0.5	1.9	2.5	3.5	3.6	3.8	4.1
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	3.6	3.8	4.1
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	3.6	3.8	4.1

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 %	33.0 %	33.0 %	33.0 %
Gross balance	65.5 %	67.4 %	67.7 %	67.1 %	67.0 %	67.0 %	67.0 %
Research and development	19.9 %	17.9 %	19.0 %	19.0 %	19.2 %	19.0 %	19.0 %
Sales and marketing	26.8 %	27.4 %	23.6 %	20.7 %	20.5 %	21.0 %	21.0 %
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 %	1.0 %	1.0 %	1.0 %
EBITDA	5.8 %	14.6 %	17.2 %	20.2 %	19.6 %	19.3 %	19.3 %
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 %	18.5 %	18.2 %	18.2 %
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 %	18.3 %	18.0 %	18.0 %
Interest income	2.7 %	2.2 %	2.0 %	2.3 %	1.1 %	1.4 %	1.3 %
Interest expenses	0.0 %	0.3 %	0.2 %	2.0 %	0.4 %	0.3 %	0.3 %
Financial result	2.7 %	1.9 %	1.8 %	0.3 %	0.7 %	1.0 %	1.0 %
Recurring pretax income from cont. operations	5.5 %	14.5 %	17.1 %	19.0 %	19.0 %	19.0 %	19.0 %
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 %	19.0 %	19.0 %	19.0 %
Taxes total	3.2 %	6.0 %	6.8 %	6.0 %	6.1 %	6.1 %	6.1 %
Net income from continuing operations	2.2 %	8.6 %	10.2 %	13.0 %	12.9 %	12.9 %	12.9 %
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 %	12.9 %	12.9 %	12.9 %
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 %	12.9 %	12.9 %	12.9 %

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	1.0	1.0
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	3.3	3.5	3.8
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	15.7	17.5	19.4
Current assets	32.5	15.2	17.0	18.7	20.6	23.0	25.4
Total assets	33.1	15.7	17.6	19.4	21.5	23.9	26.4
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	8.9	11.0
Other equity components	23.3	4.3	6.6	8.7	3.6	3.8	4.1
Book value	27.8	8.7	10.5	12.5	14.4	16.5	18.8
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	14.4	16.5	18.8
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	0.2	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	7.4	7.6
Total liabilities and shareholders equity	33.1	15.7	17.6	19.4	21.5	23.9	26.4

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 %	0.9 %	0.5 %	0.2 %
thereof other intangible assets	0.8 %	0.8 %	0.9 %	0.7 %	0.9 %	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 %	3.3 %	3.4 %	3.5 %
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 %	4.1 %	4.0 %	3.8 %
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 %	15.4 %	14.6 %	14.4 %
Other Assets	2.5 %	4.9 %	3.6 %	6.6 %	7.3 %	8.3 %	8.3 %
Liquid assets	84.1 %	68.7 %	76.5 %	72.2 %	73.2 %	73.2 %	73.4 %
Current assets	98.1 %	97.1 %	96.4 %	96.6 %	95.9 %	96.1 %	96.1 %
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 %	18.7 %	16.9 %	15.3 %
Additional paid-in capital	1.4 %	2.3 %	-0.8 %	-1.3 %	-1.2 %	-1.0 %	-0.9 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	32.7 %	37.2 %	41.6 %
Other equity components	70.5 %	27.6 %	37.4 %	44.8 %	16.5 %	15.9 %	15.4 %
Book value	84.1 %	55.5 %	59.5 %	64.3 %	66.8 %	68.9 %	71.3 %
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 %	66.8 %	68.9 %	71.3 %
Provision for pensions and similar obligations	3.7 %	7.8 %	6.9 %	6.1 %	5.5 %	4.9 %	4.5 %
Provisions	9.2 %	26.2 %	28.5 %	23.2 %	21.4 %	19.6 %	18.2 %
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 %	0.8 %	1.1 %
Other liabilities	4.1 %	14.7 %	9.5 %	11.5 %	10.8 %	10.5 %	9.5 %
Liabilities	15.9 %	44.7 %	40.8 %	36.0 %	33.2 %	31.1 %	28.9 %
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	3.6	3.8	4.1
Depreciation of fixed assets	0.3	0.3	0.3	0.3	0.3	0.3	0.3
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	3.9	4.2	4.5
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	0.2	-0.2	-0.3
Increase / decrease in accounts payable	0.3	-0.2	-0.1	-0.2	0.0	0.0	0.1
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	-0.2	-0.2
Cash flow from operating activities	1.7	4.3	4.2	2.5	4.1	4.0	4.3
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	-1.8	-1.9
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	-1.8	-1.9
Change in liquid funds	1.2	-17.1	2.7	0.6	1.7	1.7	1.9
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	15.7	17.5	19.4

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 %	48.7 %	49.0 %	49.0 %
Sales per Employee	115,345	130,124	125,241	125,902	128,420	134,888	141,730
EBITDA per Employee	6,729	18,988	21,569	25,369	25,170	26,033	27,354
EBIT-margin	2.8 %	12.6 %	15.3 %	18.7 %	18.3 %	18.0 %	18.0 %
EBITDA / Operating Assets	34.5 %	90.8 %	142.9 %	143.2 %	141.8 %	137.6 %	137.2 %
ROA	72.8 %	378.1 %	367.8 %	505.8 %	401.9 %	400.1 %	409.9 %
Efficiency of Capital Employment							
Plant Turnover	55.2	59.0	46.1	48.7	39.3	35.7	34.0
Operating Assets Turnover	5.9	6.2	8.3	7.1	7.2	7.1	7.1
Capital Employed Turnover	0.7	1.7	1.6	1.6	1.4	1.4	1.3
Return on Capital							
ROCE	1.8 %	12.6 %	26.2 %	31.0 %	28.0 %	26.4 %	25.3 %
EBITDA / Avg. Capital Employed	3.9 %	14.6 %	29.6 %	33.4 %	30.0 %	28.3 %	27.1 %
ROE	1.6 %	21.6 %	23.9 %	28.2 %	24.7 %	23.1 %	21.6 %
Net Profit / Avg. Equity	1.7 %	10.3 %	26.1 %	30.6 %	26.5 %	24.7 %	23.0 %
Recurring Net Profit / Avg. Equity	1.7 %	10.3 %	26.1 %	30.6 %	26.5 %	24.7 %	23.0 %
ROIC	1.4 %	12.9 %	15.1 %	18.8 %	17.2 %	16.6 %	16.0 %
Solvency							
Net Debt	-27.7	-10.7	-13.4	-14.0	-15.7	-17.5	-19.4
Net Gearing	-99.5 %	-122.8 %	-128.3 %	-112.1 %	-109.4 %	-106.0 %	-102.9 %
Book Value of Equity / Book Value of Debt	17947.7 %	10761.7 %	29072.2 %	51950.0 %	59863.8 %	68642.1 %	78387.9 %
Current ratio	15.7	5.4	8.0	7.6	8.2	8.5	9.0
Acid Test Ratio	6.3	2.2	2.4	2.7	2.9	3.1	3.3
EBITDA / Interest Paid	n.a.	55.3	79.4	10.0	53.9	56.8	60.7
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	3.5	3.5	3.8
Free Cash Flow / Sales	6.5 %	18.1 %	14.2 %	7.6 %	12.7 %	12.0 %	12.1 %
Adj. Free Cash Flow	0.9	2.9	3.9	5.1	5.0	5.2	5.6
Adj. Free Cash Flow / Sales	1.2 %	8.5 %	8.5 %	10.9 %	11.7 %	11.4 %	11.6 %
Free Cash Flow / Net Profit	291.9 %	211.3 %	139.0 %	58.5 %	98.5 %	93.0 %	94.1 %
Interest Received / Avg. Cash	2.0 %	2.4 %	4.1 %	4.5 %	2.0 %	2.4 %	2.2 %
Interest Paid / Avg. Debt	0.0 %	49.2 %	90.6 %	1816.7 %	416.7 %	416.7 %	416.7 %
Dividend Payout Ratio	4664.9 %	49.9 %	49.3 %	50.0 %	50.5 %	50.4 %	50.2 %
Fund Management							
Investment ratio	1.8 %	1.5 %	2.8 %	1.7 %	2.0 %	1.5 %	1.4 %
Maint. Capex / Sales	1.4 %	1.4 %	1.4 %	1.3 %	1.5 %	1.5 %	1.4 %
Capex / Dep	58.9 %	74.7 %	141.6 %	117.0 %	153.4 %	117.2 %	109.5 %
Avg. Working Capital / Sales	14.8 %	14.2 %	11.4 %	10.5 %	11.5 %	10.9 %	10.8 %
Trade Creditors / Trade Debtors	526.1 %	697.3 %	635.2 %	1528.8 %	1650.0 %	1750.0 %	1266.7 %
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							
P/B	1.4	4.3	3.6	3.0	2.6	2.3	2.0
EV/sales	1.2	1.1	1.0	0.9	0.8	0.7	0.6
EV/EBITDA	21.0	7.8	5.9	4.6	4.3	3.8	3.2
EV/EBIT	44.3	9.0	6.7	5.0	4.6	4.1	3.5
EV/FCF	18.8	6.3	7.2	12.2	6.6	6.1	5.1
P/E	78.3	19.6	14.9	10.7	10.6	9.9	9.2
P/CF	28.2	13.8	12.9	9.5	9.7	9.0	8.5

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	3.6	3.8	4.1	
+ 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	0.2	0.3	0.3	
+ Taxes	0.7	1.3	1.7	1.6	1.7	1.8	1.9	
- 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	5.0	5.2	5.6	
Adjusted Free Cash Flow Yield	3.5%	11.4%	15.2%	20.0%	21.1%	24.0%	28.2%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	25.4	25.4	25.4	25.4	23.6	21.9	20.0	
= Fair Enterprise Value	9.0	29.0	38.6	50.8	49.8	52.5	56.4	
- Net Debt (Cash)	-14.0	-14.0	-14.0	-14.0	-15.7	-17.5	-19.4	
- 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	64.3	68.7	74.6	
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	15.98	17.09	18.55	
premium (-) / discount (+) in %	-42.9%	9.4%	34.5%	66.5%	68.4%	80.0%	95.4%	
Sensitivity Fair value per Share (EUR)								
	13.0%	4.90	8.72	10.55	12.89	13.13	14.08	15.31
	12.0%	5.05	9.19	11.17	13.70	13.92	14.91	16.21
	11.0%	5.22	9.73	11.89	14.66	14.86	15.90	17.27
Hurdle rate	10.0%	5.42	10.39	12.77	15.81	15.98	17.09	18.55
	9.0%	5.67	11.19	13.83	17.21	17.36	18.53	20.10
	8.0%	5.98	12.19	15.16	18.96	19.08	20.34	22.05
	7.0%	6.38	13.47	16.87	21.22	21.29	22.67	24.56

Sources: A TOSS 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	27.5	29.4	31.5	32.7	34.0	35.4	36.5	37.5	38.7	39.8	41.0	42.3	43.5	44.8
Change	2.0%	7.0%	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	5.0	5.3	5.7	5.9	6.1	6.4	6.6	6.8	7.0	7.2	7.4	7.6	7.8	8.1
EBIT-Margin	18.3%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Tax rate	32.0%	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	3.4	3.6	3.9	3.8	4.0	4.1	4.3	4.4	4.5	4.7	4.8	4.9	5.1	5.2
Depreciation	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	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	-0.2	-0.2	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	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7
Capex in % of Sales	2.0%	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)	3.4	3.3	3.6	4.1	3.8	4.0	4.1	4.3	4.4	4.5	4.7	4.8	5.0	5.1

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)

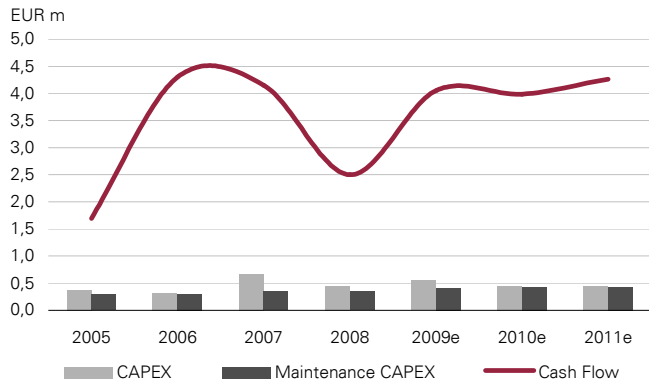
Present values 2022e	29.0		
Terminal Value	14.7		
Liabilities	-1.2		
Liquidity	14.0	No. of shares (mln)	4.02
Equity Value	56.5	Value per share (EUR)	14.04

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
11.66%	12.68	12.75	12.82	12.89	12.97	13.05	13.13	11.66%	12.06	12.34	12.61	12.89	13.17	13.44	13.72
11.16%	13.19	13.27	13.35	13.43	13.52	13.62	13.72	11.16%	12.56	12.85	13.14	13.43	13.72	14.02	14.31
10.91%	13.46	13.54	13.63	13.73	13.83	13.93	14.04	10.91%	12.83	13.13	13.43	13.73	14.03	14.33	14.63
10.66%	13.75	13.84	13.94	14.04	14.15	14.26	14.38	10.66%	13.11	13.42	13.73	14.04	14.35	14.66	14.96
10.41%	14.05	14.15	14.26	14.37	14.49	14.61	14.75	10.41%	13.41	13.73	14.05	14.37	14.69	15.00	15.32
10.16%	14.37	14.48	14.59	14.72	14.85	14.99	15.13	10.16%	13.73	14.06	14.39	14.72	15.05	15.37	15.70
9.66%	15.07	15.20	15.34	15.49	15.64	15.81	15.99	9.66%	14.44	14.79	15.14	15.49	15.84	16.19	16.54

Source: SES Research

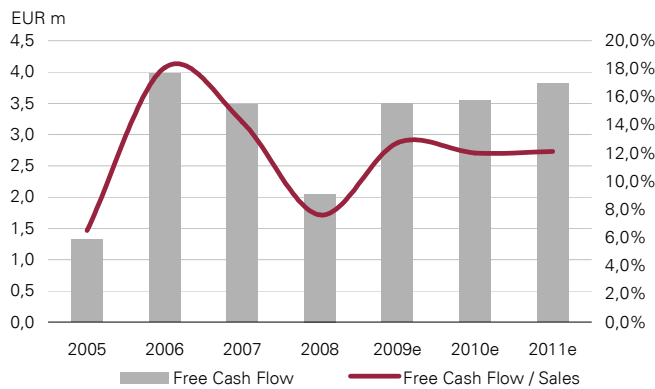
CAPEX and Cash Flow - ATOSS Software



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

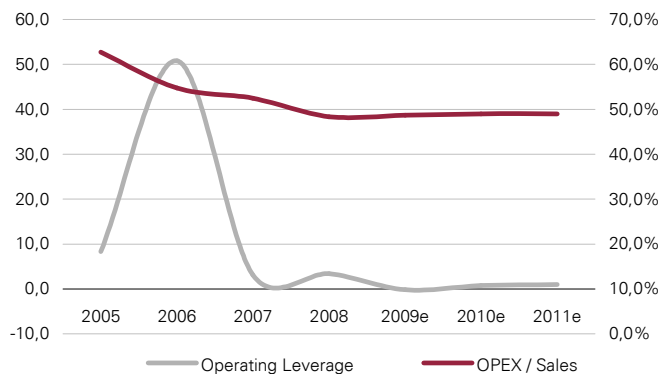
Free Cash Flow Generation - ATOSS Software



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

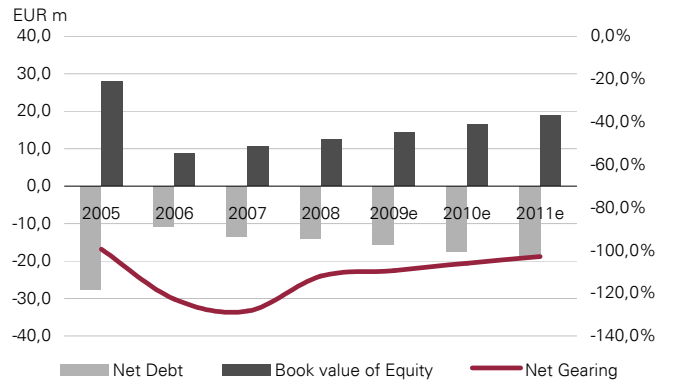
Operating Leverage - ATOSS Software



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

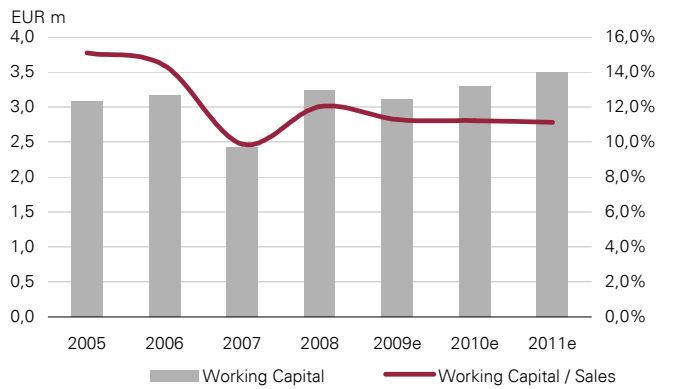
Balance Sheet Quality - ATOSS Software



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

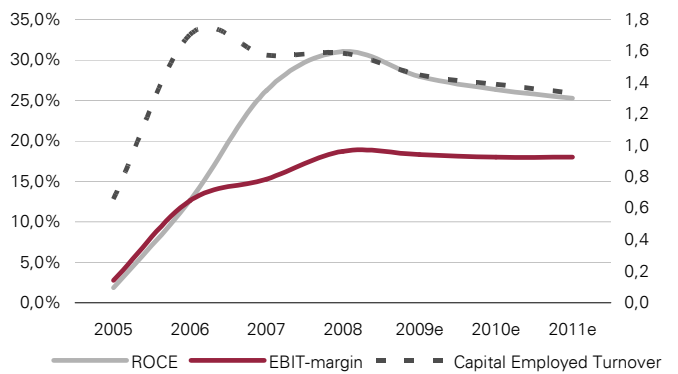
Working Capital - ATOSS Software



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.

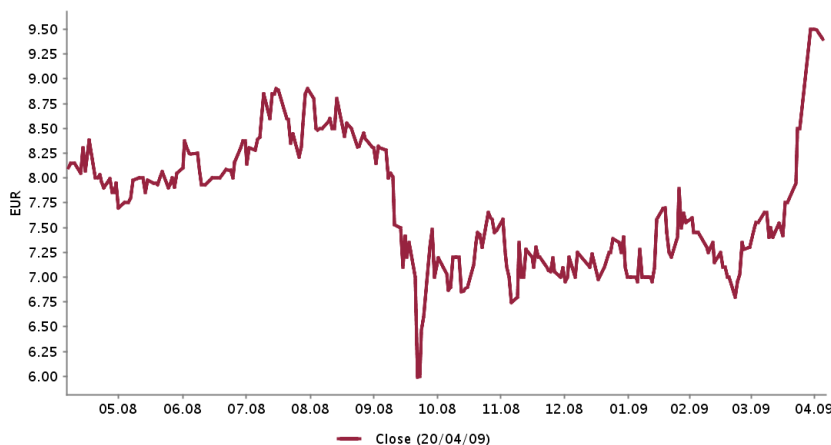
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Rating	Number of stocks	% of Universe
Buy	109	53%
Hold	63	31%
Sell	24	12%
Rating suspended	9	4%
Total	205	

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Rating	Number of stocks	% of Universe
Buy	79	61%
Hold	37	29%
Sell	7	5%
Rating suspended	6	5%
Total	129	

Price and Rating History
ATOSS Software AG as of 21/04/09



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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