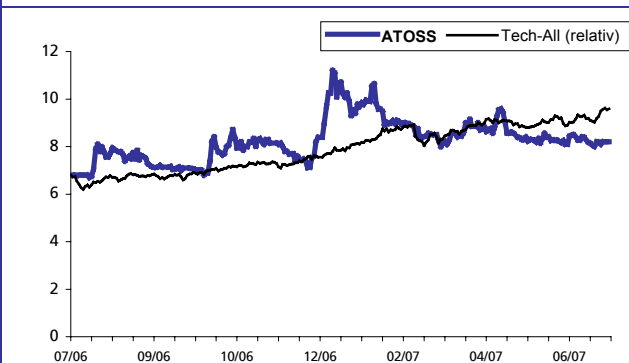


**Buy** Risk: **Target:** **EUR 11.00**  
(old: buy) medium

**Outstanding Q2**

Bloomberg: DE0005104400 Price: EUR 8.20  
Reuters: AOFG.DE Tech-AS: 1,174.385  
ISIN: AOF  
Internet: www.ATOSS.com  
Segment: Prime Standard  
Sector: Software/IT



Share price: Bloomberg 06.07.2007/ closing price

High / Low 52 W: EUR 11.80 / EUR 6.69  
Market capitalisation: EUR 33.01 m  
No. of shares: 4.03 m

Sharehold- Free float 41.5%  
Founder's family 55.5%  
Own shares 3.0%

Calendar: Figures Q2/07 23.08.2007

#### Analysis: SES Research

Published: June 9, 2007  
Felix Ellmann (Analyst) +49-(0)40 309537-12

#### Institutional Client Contact: M.M.Warburg & CO

Barbara C. Effler (Head of Equities) +49-(0)40 3282-2636  
**Institutional Equity Sales**  
Christian Alisch +49-(0)40 3282-2667  
Thomas Dinges +49-(0)40 3282-2635  
Matthias Fritsch +49-(0)40 3282-2696  
Dr. James F. Jackson +49-(0)40 3282-2664  
Oliver Jürgens +49-(0)40 3282-2666  
Benjamin Kassen +49-(0)40 3282-2630  
Marina Konzog +49-(0)40 3282-2669  
Linn Lenné +49-(0)40 3282-2695  
Dirk Rosenfelder +49-(0)40 3282-2692  
Marco Schumann +49-(0)40 3282-2665  
Andreas Wessel +49-(0)40 3282-2663  
**Sales Trading**  
Oliver Merckel +49-(0)40 3282-2634  
Thekla Struve +49-(0)40 3282-2668  
Gudrun Bolsen +49-(0)40 3282-2679  
Nils Carstens +49-(0)40 3282-2701  
Jörg Treptow +49-(0)40 3282-2658  
Patrick Schepelmann +49-(0)40 3282-2700  
**Sales Assistance**  
Wiebke Möller +49-(0)40 3282-2703  
Kerstin Muthig +49-(0)40 3282-2632

On June 9, 2007, the ATOSS Software AG, a leading software vendor for solutions in the field of time management and human resource planning, announced its figures for the first half of this financial year. The figures clearly excelled our expectations.

Q2 2007				
	reported	expected	delta	previous year
<b>Sales</b>	<b>5.90</b>	<b>5.85</b>	0.9%	5.3
<b>EBITDA</b>	-	-	-	-
Margin	-	-	-	-
<b>EBIT</b>	<b>1.00</b>	<b>0.76</b>	31.4%	0.6
Margin	16.9%	13.0%		11.3%
<b>Net income</b>	-	-	-	-
Margin	-	-	-	-
<b>EpS</b>	-	-	-	-

EpS in €, all other in EUR m

Table 1; source: Atoss Software AG, SES Research

Growth in the business with software licenses was particularly strong. License sales in Q2 amounted to 1.3 EUR m (+30 %) – we had expected 1.1 EUR m. The fact that our earnings estimates were surpassed can mainly be explained by the advantageous sales structure, which included a high percentage of licence sales.

On the background of such good development, the company raises its outlook. ATOSS now expects earnings (EBIT) of at least 3.0 EUR m in FY 2007 (FY 2006: 2.8 EUR m including extraordinary proceeds in an amount of 0.4 EUR m). The previous guidance had been for a minimum of 2.5 EUR m.

Following the presentation of the entire quarterly report on July 26, 2007 we will also adjust our estimates upwards. As the EBIT of the first half of this fiscal year has already been at 1.9 EUR m – and as Q4 is typically a strong quarter - our estimates will presumably again be raised above the company's own conservative guidance level.

End fiscal year	12/05	12/06	12/07e	12/08e	12/09e
Key figures per share in EUR, all other in EUR m, price: 8.20 EUR					
<b>Sales</b>	20.4	22.0	23.5	25.1	26.8
Gross earnings	65.5%	67.4%	68.1%	66.0%	67.0%
<b>EBITDA</b>	1.2	3.2	3.5	3.9	4.2
EBITDA margin	5.8%	14.6%	14.9%	15.5%	15.8%
<b>EBIT</b>	0.6	2.8	3.0	3.4	3.7
EBIT margin	2.8%	12.6%	12.9%	13.5%	13.8%
<b>Net income</b>	0.5	1.9	2.0	2.4	2.6
<b>Earnings per share</b>	0.11	0.46	0.48	0.58	0.64
<b>Dividend per share</b>	5.50	0.24	0.24	0.29	0.32
Dividend yield	67.1%	2.9%	2.9%	3.5%	3.9%
<b>EV/Sales</b>	1.06	0.98	0.92	0.86	0.81
<b>EV/EBITDA</b>	18.12	6.72	6.16	5.54	5.10
<b>EV/EBIT</b>	38.16	7.76	7.12	6.36	5.84
<b>PER</b>	74.55	17.83	17.08	14.14	12.81
<b>ROCE</b>	1.8%	12.7%	22.6%	23.4%	23.5%
<b>Adj. Free Cash Flow Yield</b>	120.5%	12.6%	15.1%	16.8%	18.3%

## Key figures (ATOSS Software)

<b>P&amp;L (EUR m)</b>					<b>Price Data</b>				
	2006	2007e	2008e	2009e					
Sales	22.0	23.5	25.1	26.8	Share Price (EUR)				9.25
Cost of Sales	7.2	7.5	8.5	9.1	Market Cap. (EUR m)				37
Gross Profit	14.8	16.0	16.5	17.7	Enterprise Value (EUR m)				26
Marketing and Administrative exp.	6.0	5.5	5.8	6.2					
R&D	3.9	4.4	4.4	4.7	<b>Share Key Data</b>	<b>2006</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>
Other Operating Income	-0.5	0.0	0.0	0.0	Earnings per Share (EUR)	0.46	0.48	0.58	0.64
EBITDA	3.2	3.5	3.9	4.2	Sales per Share (EUR)	5.40	5.75	6.11	6.53
Depreciation and Amortisation	0.4	0.5	0.5	0.5	Free Cash Flow per Share (EUR)	0.98	0.96	0.59	0.65
- thereof Goodwill Amortisation	0.0	0.0	0.0	0.0	Dividend per Share (EUR)	0.24	0.24	0.29	0.32
EBIT	2.8	3.0	3.4	3.7					
Financial Result	0.4	0.3	0.3	0.3	<b>Valuation Key Data</b>	<b>2006</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>
Extraordinary Result	0.0	0.0	0.0	0.0	P/E	20.11	19.27	15.95	14.45
EBT	3.2	3.3	3.7	4.0	P/Sales	1.71	1.61	1.51	1.42
Taxes	1.3	1.3	1.3	1.4	EV/Sales	1.17	1.10	1.03	0.96
Net Profit before Minorities	1.9	2.0	2.4	2.6	EV/EBITDA	8.04	7.37	6.64	6.11
Net Profit	1.9	2.0	2.4	2.6	EV/EBIT	9.29	8.52	7.62	6.99
Dividend Payout	1.0	1.0	1.2	1.3	P/Book	4.29	3.85	3.43	3.06
					Dividend Yield	2.6%	2.6%	3.1%	3.5%
<b>Cash-Flow</b>	<b>2006</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>	<b>No. of shares (million)</b>	<b>2006</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>
Cash Flow from Operations	2.3	2.4	2.9	3.1	Ordinary shares out	4.07	4.08	4.10	4.10
Free Cash Flow	4.0	3.9	2.4	2.7					
Capex	0.3	0.3	0.4	0.4					
<b>Balance sheet (EUR m)</b>	<b>2006</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>	<b>Profitability</b>	<b>2006</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>
Fixed Assets	0.4	0.4	0.5	0.5	EBITDA-margin	14.6%	14.9%	15.5%	15.8%
Intangible Assets	0.1	0.0	-0.2	-0.4	EBIT-margin	12.6%	12.9%	13.5%	13.8%
Net Working Capital	3.2	1.3	1.4	1.5	EBT-margin	14.5%	14.0%	14.6%	15.0%
Current Assets	15.2	18.4	19.9	21.5	Net Profit-margin	8.6%	8.4%	9.5%	9.7%
Cash and Cash Equivalents	10.8	13.7	15.0	16.3	ROE	21.6%	20.3%	21.9%	21.4%
Equity	8.7	9.7	10.9	12.2	ROA	12.0%	10.5%	11.9%	12.1%
Provisions	4.1	4.1	4.1	4.1	ROCE	12.7%	22.6%	23.4%	23.5%
Financial Liabilities	0.1	0.1	0.1	0.1					
Net Cash	10.7	13.6	14.9	16.2	<b>Company profile</b>				
Total	15.7	18.8	20.1	21.6	The ATOSS Software AG is one of the leading providers of time management in Germany. The software of the company founded in 1987 was introduced to the market in 1991 and covers with its mature products all demands of a professional personnel management. ATOSS has the typical formation of a IT product company (sales of software, maintenance and service, hardware) and has currently roughly 171 employees.				
Reporting standard	IFRS	IFRS	IFRS	IFRS					
Fiscal year end	31.12.2006	31.12.2007	31.12.2008	31.12.2009					
<b>Growth rates</b>	<b>2006</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>	<b>Management</b>				
Sales	7.7%	6.6%	6.8%	6.9%	Andreas Obereder, Christof Leiber				
EBITDA	169.7%	9.0%	11.1%	8.7%					
EBIT	391.8%	9.0%	11.8%	8.9%					
EBT	186.6%	2.8%	11.8%	9.4%					
Net Profit	314.0%	4.5%	21.1%	9.4%					
Dividend	-95.6%	0.5%	20.5%	9.4%					
<b>Cost intensities</b>	<b>2006</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>	<b>Shareholders</b>				
COGS	32.6%	31.9%	34.0%	34.0%	Streubesitz				41,5%
Marketing & Administrative / Sales	27.4%	23.5%	23.0%	23.0%	Familie Obereder				55.44%
R&D / Sales	17.9%	18.7%	17.7%	17.7%	Own shares				3,0%

Sources: company (reported data), SES Research (estimates and key figures), Bloomberg (share price data)

**Disclaimer:** The legal disclaimer as well as updated disclosures according to Section 34b of the German Securities Trading Act and German FinAnV on the security/securities analysed in this report can be found on internet pages at: <http://www.mmwarburg.com/research/disclaimer/disclaimer.htm> The disclaimer and disclosures provided are considered a part of this report and should be taken into account when making investment decisions based on this report.

**Copyright:** This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.