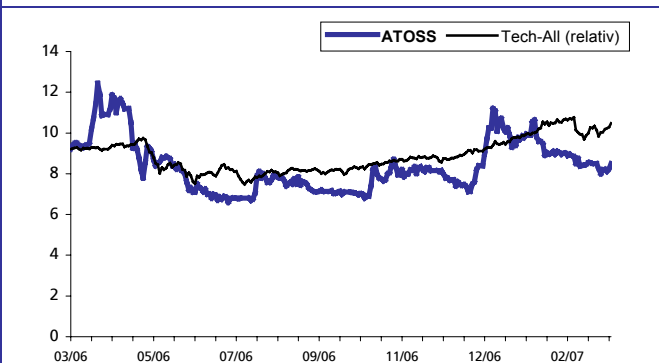


**BUY** Risk: **Target: EUR 11.00**  
(alt: Halten) mittel

## Atoss returns to favourable price level

Bloomberg: DE0005104400 Price: EUR 8.50  
Reuters: AOFG.DE Tech-AS: 1053.54  
ISIN: AOF  
Internet: www.ATOSS.com  
Segment: Prime Standard  
Sector: Software/IT



Share price: Bloomberg 22.03.2007/ closing price

High / Low 52 W: EUR 12.89 / EUR 6.60  
Market capitalisation: EUR 34.22 m  
No. of shares: 4.03 m

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

Calendar:

### Analysis: SES Research

Published: March 23, 2007  
Felix Ellmann (Analyst) +49-(0)40 309537-12

### Institutionelle Kundenbetreuung: 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  
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  
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

#### Sales Assistance

Wiebke Möller +49-(0)40 3282-2703  
Kerstin Muthig +49-(0)40 3282-2632

Within the market slowdown over the last few weeks, the share price of Atoss Software AG has decreased considerably. Against the background of its fair value of EUR 11, the current price level of approx. EUR 8 seems to be favourably valued.

ATOSS is one of Germany's leading vendors of software solutions in the field of working time management and human resource planning. Last year's growth was based on a good software license business and the return to adequate software licenses which contributed to sales (+20%). 2006 was an outstanding year and Atoss was able to excel its own estimate more than once. For 2007 we expect a moderate growth on a high margin level.

On the basis of our valuation methods (DCF model and FCF yield) we consider the fair value of the ATOSS share at a level of EUR 11.00 as adequately paid. The current free cash is roughly EUR 2.70 per share and with estimated EPS of EUR 0.48 the share has meanwhile achieved an attractive price level.

Therefore, we upgrade the share from Hold to BUY.

End financial year	12/05	12/06	12/07e	12/08e	12/09e
Key figures per share in EUR, all other in EUR m, price: EUR 8.50					
<b>Sales</b>	20.4	22.0	23.5	25.1	26.8
<i>Gross earnings margin</i>	65.5%	67.4%	68.1%	66.0%	67.0%
<b>EBITDA</b>	1.2	3.2	3.5	3.9	4.2
<i>EBITDA margin</i>	5.8%	14.6%	14.9%	15.5%	15.8%
<b>EBIT</b>	0.6	2.8	3.0	3.4	3.7
<i>EBIT margin</i>	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>Cash flow per share</b>	0.42	1.06	0.60	0.70	0.77
<b>Dividend per share</b>	5.50	0.24	0.24	0.29	0.32
<i>Dividend yield</i>	64.7%	2.8%	2.8%	3.4%	3.8%
<b>EV/SALES</b>	1.12	1.04	0.97	0.91	0.85
<b>EV/EBITDA</b>	19.14	7.10	6.51	5.86	5.39
<b>EV/EBIT</b>	40.31	8.20	7.52	6.72	6.17
<b>PER</b>	77.27	18.48	17.71	14.66	13.28
<b>ROCE</b>	1.8%	12.7%	22.6%	23.4%	23.5%
<b>Adj. Free Cash Flow Yield</b>	47.0%	12.0%	14.3%	15.9%	17.4%

## Key figures (ATOSS Software)

<u>P&amp;L (EUR m)</u>	<u>2006</u>	<u>2007e</u>	<u>2008e</u>	<u>2009e</u>
Sales	22.0	23.5	25.1	26.8
Cost of Sales	7.2	7.5	8.5	9.1
Gross Profit	14.8	16.0	16.5	17.7
Marketing and Administrative exp.	6.0	5.5	5.8	6.2
R&D	3.9	4.4	4.4	4.7
Other Operating Income	-0.5	0.0	0.0	0.0
EBITDA	3.2	3.5	3.9	4.2
Depreciation and Amortisation	0.4	0.5	0.5	0.5
- thereof Goodwill Amortisation	0.0	0.0	0.0	0.0
EBIT	2.8	3.0	3.4	3.7
Financial Result	0.4	0.3	0.3	0.3
Extraordinary Result	0.0	0.0	0.0	0.0
EBT	3.2	3.3	3.7	4.0
Taxes	1.3	1.3	1.3	1.4
Net Profit before Minorities	1.9	2.0	2.4	2.6
Net Profit	1.9	2.0	2.4	2.6
Dividend Payout	1.0	1.0	1.2	1.3
<u>Cash-Flow</u>	<u>2006</u>	<u>2007e</u>	<u>2008e</u>	<u>2009e</u>
Cash Flow from Operations	2.3	2.4	2.9	3.1
Free Cash Flow	4.0	3.9	2.4	2.7
Capex	0.3	0.3	0.4	0.4
<u>Balance sheet (EUR m)</u>	<u>2006</u>	<u>2007e</u>	<u>2008e</u>	<u>2009e</u>
Fixed Assets	0.4	0.4	0.5	0.5
Intangible Assets	0.1	0.0	-0.2	-0.4
Net Working Capital	3.2	1.3	1.4	1.5
Current Assets	15.2	18.4	19.9	21.5
Cash and Cash Equivalents	10.8	13.7	15.0	16.3
Equity	8.7	9.7	10.9	12.2
Provisions	4.1	4.1	4.1	4.1
Financial Liabilities	0.1	0.1	0.1	0.1
Net Cash	10.7	13.6	14.9	16.2
Total	15.7	18.8	20.1	21.6
Reporting standard	IFRS	IFRS	IFRS	IFRS
Fiscal year end	31.12.2006	31.12.2007	31.12.2008	31.12.2009
<u>Growth rates</u>	<u>2006</u>	<u>2007e</u>	<u>2008e</u>	<u>2009e</u>
Sales	7.7%	6.6%	6.8%	6.9%
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%
<u>Cost intensities</u>	<u>2006</u>	<u>2007e</u>	<u>2008e</u>	<u>2009e</u>
COGS	32.6%	31.9%	34.0%	34.0%
Marketing & Administrative / Sales	27.4%	23.5%	23.0%	23.0%
R&D / Sales	17.9%	18.7%	17.7%	17.7%
<u>Price Data</u>				
Share Price (EUR)				8.50
Market Cap. (EUR m)				34
Enterprise Value (EUR m)				23
<u>Share Key Data</u>	<u>2006</u>	<u>2007e</u>	<u>2008e</u>	<u>2009e</u>
Earnings per Share (EUR)	0.46	0.48	0.58	0.64
Sales per Share (EUR)	5.40	5.75	6.11	6.53
Free Cash Flow per Share (EUR)	0.98	0.96	0.59	0.65
Dividend per Share (EUR)	0.24	0.24	0.29	0.32
<u>Valuation Key Data</u>	<u>2006</u>	<u>2007e</u>	<u>2008e</u>	<u>2009e</u>
P/E	18.48	17.71	14.66	13.28
P/Sales	1.57	1.48	1.39	1.30
EV/Sales	1.04	0.97	0.91	0.85
EV/EBITDA	7.10	6.51	5.86	5.39
EV/EBIT	8.20	7.52	6.72	6.17
P/Book	3.94	3.54	3.15	2.81
Dividend Yield	2.8%	2.8%	3.4%	3.8%
<u>No. of shares (million)</u>	<u>2006</u>	<u>2007e</u>	<u>2008e</u>	<u>2009e</u>
Ordinary shares out	4.07	4.08	4.10	4.10
<u>Profitability</u>	<u>2006</u>	<u>2007e</u>	<u>2008e</u>	<u>2009e</u>
EBITDA-margin	14.6%	14.9%	15.5%	15.8%
EBIT-margin	12.6%	12.9%	13.5%	13.8%
EBT-margin	14.5%	14.0%	14.6%	15.0%
Net Profit-margin	8.6%	8.4%	9.5%	9.7%
ROE	21.6%	20.3%	21.9%	21.4%
ROA	12.0%	10.5%	11.9%	12.1%
ROCE	12.7%	22.6%	23.4%	23.5%
<u>Company profile</u>	<p>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.</p>			
<u>Management</u>	<p>Andreas Obereder, Christof Leiber</p>			
<u>Shareholders</u>	<p>Streubesitz 44.56%</p> <p>Familie Obereder 55.44%</p>			

Quellen: Unternehmen (berichtete Daten), SES Research (Prognosen und Kennzahlen), Bloomberg (Kursdaten)

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