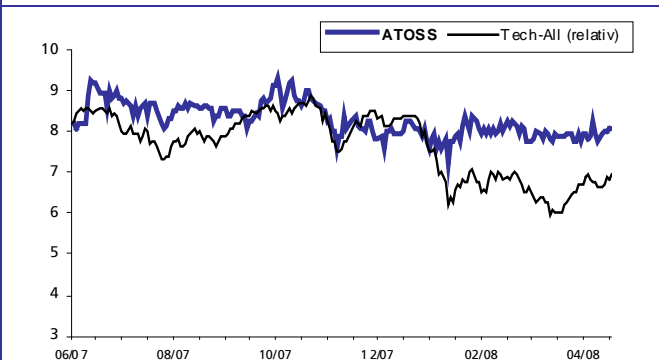


Buy Risk: Price target: **EUR 14.00**
(old: Buy) medium (old: EUR 12.50)

Exception in stormy times

Bloomberg: DE0005104400 Price: EUR 8.07
Reuters: AOFG.DE Tech-AS: 947.38
ISIN: AOF
Internet: www.ATOSS.com
Segment: Prime Standard
Sector: Software/IT



Share data: Bloomberg 18.04.2008/ Closing price

High / Low 52 W: EUR 9.70/ EUR 6.61
Market cap.: EUR 35.52 m
No. of shares: 4.03 m

Sharehold- Free float 44.55%
Founder family 55.45%
Own shares 0.8%

Calendar: AGM 26.04.2008
Figures Q1/08 24.05.2008
Figures Q2/08 23.08.2008

Analysis: SES Research

Date of publication: 21.04.2008
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ATOSS is one of the leading software providers in the field of working time management (WTM) and human resource planning (HRP). ATOSS has been active in this market for 20 years. The company is excellently positioned. The products excellently reflect the conditions especially in Germany (labour law, typical employment contracts, working time models, seasonality, wage structure etc.); sales share Germany: 92%, DACH 100% (Germany, Austria, Switzerland). **This increased specialisation and establishment create a strategic competitive advantage.** Furthermore, ATOSS is positioned as independent software producer which is appreciated by the customers. ATOSS' solutions are compatible with all important adjoining applications and thus leading in technology. The ATOSS staff efficiency suite is completely Java-based. ATOSS' financial strength is another competitive advantage. An equity ratio of 60%, liquid funds of EUR 13.5 m (as of December 31, 2007), differentiate ATOSS considerably from smaller software companies. **References** underpin the success: Over 3,500 customers and over 2 m users utilise ATOSS solutions.

ATOSS generates its total sales in the DACH region (Germany, Austria, Switzerland). The coverage in this market is relatively high and the growth only moderate, but constant. Especially in Germany the human resource optimisation of the expensive factor work remains decisive. The application of solutions means cost optimisation, improvement of service degree (customer satisfaction) and an improvement of employee satisfaction for the customer. The high maintenance revenues are another advantage of ATOSS' profitability. The customer portfolio which was developed over the years leads to the fact that 38% of sales are maintenance revenues.

The fiscal year 2007 was especially successful: Whilst sales increased by 11% to EUR 24.4 m, EBIT grew by 33% to EUR 3.7 m. The growth trend continued in Q1 2008.

Currently, ATOSS is considerably undervalued despite continuous growth and attractive sales structure. Whilst FCF and DCF model indicate valuations of EUR 14.50 and EUR 14.50 respectively, even the peer group comparison results in a valuation reserve (EUR 11), even though the chosen comparison values currently all show very low valuations (avg. EV/EBIT 08e: 7x). At ATOSS the **EV/EBIT for 2008 is just about 4x**. The rating is BUY with a PT of 14.00 (old: 12.50)

Fiscal year ending: 31.12.	2004	2005	2006	2007	2008e	2009e	2010e
Per Share figures in EUR, other figures in EUR m, price: EUR 8,07							
Sales	21.8	20.4	22.0	24.4	26.9	29.0	31.2
Gross margin	65.6%	65.5%	67.4%	67.7%	68.0%	68.0%	68.0%
EBITDA	2.1	1.2	3.2	4.2	4.9	5.4	5.8
EBITDA-margin	9.7%	5.8%	14.6%	17.2%	18.2%	18.5%	18.6%
EBIT	1.2	0.6	2.8	3.7	4.5	4.9	5.3
EBIT-margin	5.6%	2.8%	12.6%	15.3%	16.6%	16.9%	17.0%
Net Income	0.9	0.5	1.9	2.5	2.9	3.5	3.8
EPS	0.23	0.12	0.48	0.63	0.73	0.88	0.97
CFPS	0.41	0.42	1.06	1.03	0.78	0.93	1.02
DPS	0.11	5.50	0.24	0.31	0.37	0.44	0.49
Dividend Yield	1.4%	68.2%	3.0%	3.8%	4.6%	5.5%	6.1%
EV/Sales	0.35	0.30	1.05	0.84	0.71	0.61	0.51
EV/EBITDA	3.64	5.20	7.22	4.86	3.92	3.29	2.75
EV/EBIT	6.26	10.97	8.34	5.48	4.30	3.60	3.01
PER	35.09	67.25	16.81	12.81	11.05	9.17	8.32
ROCE	3.7%	1.8%	12.6%	26.2%	27.1%	26.6%	25.7%
Adj. Free Cash Flow Yield	23.6%	14.5%	12.5%	18.9%	23.4%	28.1%	33.7%



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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ATOSS is one of the leading vendors of software solutions in the field of working time management (WTM) and human resource planning (HRP). Founded in 1987, the company has established a large customer base. The combination of very mature software and a well established brand makes ATOSS stand out in competition.

High competitive quality

The ATOSS Software AG has a multitude of important strategic factors which differentiate the company from its competitors:

Grown specialisation – The company has been active in the market of working time management for 20 years. The consequence is an optimal coverage of country specific conditions such as labour law, typical employment contracts, working time models, seasonality, wage structure etc. This coverage which is high with respect to content represents a main barrier to market entry for new competitors.

Independency – ATOSS is positioned as independent software producer

Compatibility – The solutions of ATOSS are compatible with all important adjoining applications.

Competitive advantage references – The long-time track record (20 years) and a considerable customer base (over 3.500 customers and over 2 m users) thus form a main aspect of the positioning.

Matured, modern software technology – In 2005 ATOSS introduced a completely new product generation with the ATOSS staff efficiency suite 3 which is completely Java based.

This positioning is rounded off by financial stability at adequate critical size. These are factors which many smaller competitors do not offer, which are however demanded by customers.

Constant sales growth

The market for IT applications in the German speaking human resources management can be considered as relatively saturated. The market growth is expected to be at approx. 5% p.a. Due to the good position in competition ATOSS is expected to grow stronger than its competition. Also with respect to the last years a growth of **licences** and **consultancy** of at least 10% seems realistic. This is driven by the broadening of the target markets (premium companies), sectors and regions (slight growth in the international sector, mainly with portfolio customers).

The **maintenance revenues** (the share is very high with 38% of sales) are growing steadily and are associated with the licence business of the previous years (installed basis). The maintenance revenues form the attractive backbone of the earnings situation at ATOSS. The maintenance sales in 2007 even grew by 10% due to the fact that relatively strong licence revenues were achieved in 2006 and 2007. 7% are determined as long-term growth rate for the maintenance revenues. On a long-term basis the growth rate decreases as the continuously increasing installed basis results in a basis effect lowering the percental increase due to new licence revenues.

Hardware and other sales are not of strategic importance. However, especially hardware sales can be high margin (approx. 30%) as ATOSS purchases hardware directly from the producer, according to the choice of the customer. As it is special hardware which depends on individual projects ATOSS can achieve a margin on the sale of hardware (approx. 30%) in contrast to many other software producers. Hardware and other sales are determined with 15% of total sales in the estimates.

Overall, the following sales expectation results:

Equity Story

Competitive quality

Financials

Valuation

Newsflow

Company & Products

Key figures

ATOSS Software - sales split by segments

in EUR m	2004	2005	2006	2007	2008e	2009e	2010e
Sales Software/Maintenance	12.6	12.1	12.9	14.6	15.8	17.3	18.7
yoy	-1.5%	-3.8%	6.5%	13.3%	8.2%	8.9%	8.4%
Sales Consulting	5.8	5.0	5.6	6.2	6.9	7.4	8.0
yoy	-13.1%	-14.4%	12.0%	11.7%	11.7%	7.2%	7.1%
Sales Hardware	2.6	2.3	2.8	2.7	3.0	3.2	3.4
yoy	-3.7%	-10.5%	21.0%	-4.5%	12.1%	6.1%	7.5%
Sales Others	0.8	1.0	0.7	0.9	1.1	1.1	1.1
yoy	-33.9%	22.0%	-29.7%	27.1%	21.7%	5.0%	-3.3%
CONSOLIDATED SALES	21.8	20.4	22.0	24.4	26.9	29.0	31.2
yoy	-6.8%	-6.5%	7.7%	11.0%	10.0%	8.0%	7.5%

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

On the basis of the slight sales growth a slight margin increase is expected at ATOSS for the upcoming years due to the slight economies of scale. This results in the following P&L account.

Consolidated Profit & Loss ATOSS Software

in EUR m	2004	2005	2006	2007	2008e	2009e	2010e
SALES	21.8	20.4	22.0	24.4	26.9	29.0	31.2
GROSS PROFIT	14.3	13.4	14.8	16.5	18.3	19.7	21.2
EBITDA	2.1	1.2	3.2	4.2	4.9	5.4	5.8
EBITA	1.7	0.9	2.9	3.9	4.5	5.0	5.4
EBIT	1.2	0.6	2.8	3.7	4.5	4.9	5.3
EBT	1.7	1.1	3.2	4.2	4.5	5.4	5.9
NET INCOME	0.9	0.5	1.9	2.5	2.9	3.5	3.8

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

Attractive valuation

Three valuation methods were used to determine a fair value:

- The adjusted **Free Cash Flow Yield (2008e)** leads to a PT of EUR 14.40.
- The **DCF model** points to a fair value per share of EUR 13.60 and thus a slightly lower PT

The **peer group comparison** does not support this tendency as the total comparison group is valued very favourably. With a fair value of approx. EUR 11 also the comparison group indicates a considerable undervaluation of ATOSS.

Overall, the PT for ATOSS is determined at EUR 14.

Newsflow characterised by continuity

The newsflow at ATOSS is determined by the quarterly figures in the course of a very constant regularly communication. In this respect, ATOSS makes adjustments of the captive estimates in the course of the year which are normally positive.



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Overall convincing

ATOSS offers several advantages. The combination of:

- **Attractive, established positioning**
- **High market entry barriers in the core market** (sales share Germany 92%)
- **Stable business and high maintenance revenues** (38% of sales)
- **Consistent growth**
- **and a very attractive valuation** (EV/EBIT 08e: 4x, FCF: EUR 14.40, DCF: EUR 13.60)

....speak in ATOSS' favour. The rating is BUY with a PT of EUR 14.



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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The ATOSS Software AG as software and consultancy firm is active in the area of workforce management and staff assignment planning. The company has an excellent strategic position and offers a number of competitive advantages which differentiate the company from competitors:

Grown specialisation

The company is active in the market for working time management (WTM) for 20 years. The market for working time management (WTM) and human resource planning (HRP) solutions is strongly impacted by specific working conditions in each country-specific market. A workforce management software is only competitive when it is able to cover the given country-specific conditions in the respective country as complete as possible (labour law, typical employment contracts, working-time models, seasonality, tariff structures etc.) ATOSS has almost all its customers in the German speaking area and supports only the international activities of the customers within this area. The fact that customers demand only highly specific software also means that there are high market entry barriers for external (e.g. foreign or newly founded companies). On the other hand, this limits the growth to German speaking companies. ATOSS depends very strongly on demand for solutions from companies in Germany but its highly specific software and process expertise also makes ATOSS extremely competitive inside its own niche market. ATOSS estimates its own market share in the core issues to be 10%. The major part of the market is allocated to small and mid-sized companies respectively proprietary own development of customers. ATOSS stands above these providers due the mentioned competitive factors and is expected to gain market shares here. An additional group of competitions are HR full range suppliers (SAP, P&I) whose focus is not as clearly on staff assignment and time management. Additionally, there are providers of security techniques/access control systems who partially also offer software solutions (e.g. ISGUS, Primion).

Customers appreciate independence...

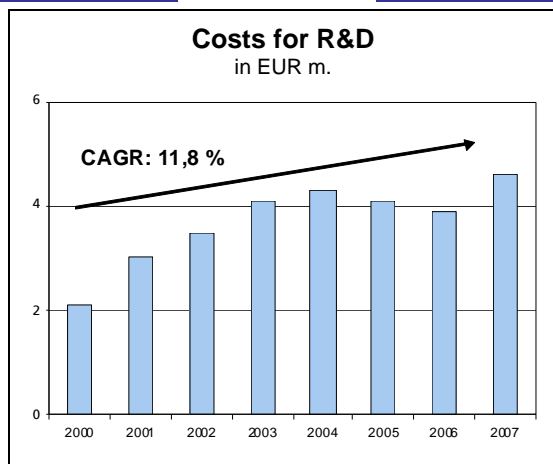
ATOSS is positioned as independent software producer. The main competitors are Interflex/ASTRUM, ISGUS or the UK based Torexretail (retail). These vendors are each able to present large amounts of installations that consist to a major degree of hardware installations. This is not ATOSS' core segment. An independence of hardware manufacturers is ATOSS' special feature and customers usually prefer not to become exclusively tied to a hardware supplier. 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.

...at simultaneous compatibility

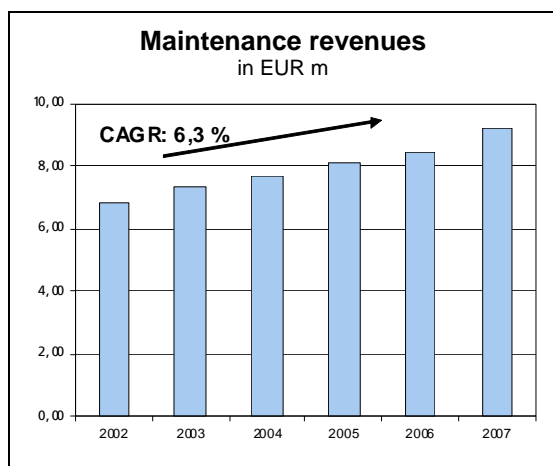
The product does have some overlaps with the product of the major ERP vendors who also cover the field of human resources. ATOSS is yet again able to make a difference to potential competitors because their solutions normally exceed the functionality of the HR module of the big ERP players. Thus, many of the ATOSS' customers use SAP for the core process and ATOSS for working time management. This shows that ATOSS as specialist is able to coexist – or even compete – with a company such as SAP. ATOSS solutions are complementary with SAP HR solutions. ATOSS especially targets those customers who required a high degree of flexibility in the design of their working time models and who have to plan human resources according to a specific customer demand. ATOSS solutions are based on the same technological standards (Java J2EE) used by SAP, and continues where SAP-HR actually ends. For customers who see a strategic advantage in intelligent staff allocation, the overlaps are only of minor importance.



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Source: ATOSS



Source: ATOSS

Competitive advantage references

References are of decisive importance for new customers in the software sector. The decision for or against a software is made often in dependence of reference projects. The long-term track record (20 years) and a considerable customer base (over 3,500 customers and over 2 m user) thus represent a main aspect of positioning.

Mature, modern software technology

ATOSS has a mature and modern software technology. In addition to a long-lasting experience also the continuous further development of the products plays an important role. ATOSS invests roughly 20% of sales in research and development annually. This ratio is very high (compare EBIT margins 2007: 15%). The absolute R&D costs increase continuously and achieved the record sum of EUR 4.5 m in 2007. This trend is expected to continue also in future.

In 2005 ATOSS was able to introduce a completely new product generation with the ATOSS staff efficiency suite 3 which is completely Java-based. ATOSS is the only one of the best of breed vendors in the field of work time management (WTM) and human resource planning (HRP), who is able to offer a solution on the basis of Java J2EE (within the German language region). The J2EE technology represents independency of platform for the customers and investment security at future platform changes. The addressable market for ATOSS thus is enlarged considerably. Another significant aspect is the company's professional depths for industries such as retail or medical. ATOSS also covers a broad range and variety for most different requirements from all sorts of industry lines and continuously expands the degree of coverage.

The technological basis is a major competitive advantage for ATOSS and this should create high demand for ATOSS solutions upon a long-term view.

Financial stability at adequate critical size

A high number of competitors are smaller, non-listed software houses, who often offer partial solutions but who are able to acquire prominent customers in their niche corners. Such a company often suffers from weak balance sheets and in regard to investment security ATOSS is able to score as the smaller vendors often may not be able to guarantee that their products will be available and up to date after a number of years. A company history of 20 years, an equity ratio of 60% and liquid funds of EUR 13.5 m (as of December 31, 2007) differentiate ATOSS considerably from smaller software companies.

An additionally considerable factor with regard to the stability of software companies is the continuance of sales and revenues. A main indicator are maintenance revenues. ATOSS' software solutions are used by more than 3,500 users. This immense figure leads to a considerable flow of maintenance revenues. Maintenance revenues represent around 40% of sales at ATOSS and are naturally high margin sales. A considerable part of these revenues is used to further develop products and is thus indirectly returned to the customer. For ATOSS, the steady development and improvement of technology also means an ongoing consolidation of its market position. The graph on the left shows the development of maintenance revenues over the last years.

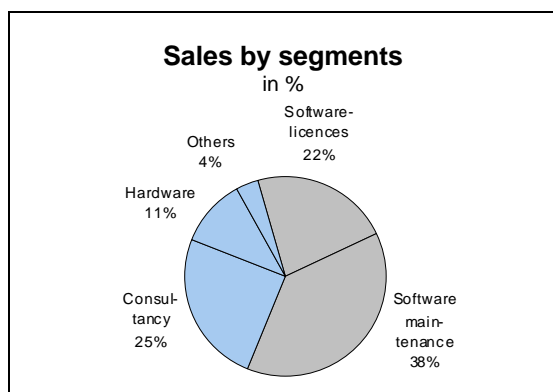


Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Conclusion: Unique combination of factors

The combination of the mentioned factors leads to a positioning which has stood the test of time. Labour will remain a critical production factor in Germany, ATOSS' core market, and thus subject of organisation and optimisation – also with the help of software. ATOSS is excellently positioned this market.

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Source: ATOSS

Multidimensional sales driver

The sales of ATOSS are mainly generated with software maintenance from the existing customer base (38%). Furthermore, sales originate within the scope of new businesses (software licenses (22%) and consultancy (25%). Additionally, hardware sales are accrued depending on the project (11%). Other sales are to be negligible with below 5%.

Development of the new business: Licenses and consultancy

The market for IT applications in the German speaking human resource management can be considered relatively saturated. The market growth is expected to be at approx. 5% p.a. However, ATOSS is expected to grow stronger than its competitors due to the good position in competition. 10% seem realistic also in view of the past years. Hereby, the ratio licenses/consultancy (2007: 46/54) is set to remain constant. Growth driver of licenses are:

- **Growth in the target markets:** Premium market – Currently, the companies with more than 500 employees do human resource planning only to a limited extent (approx. 30%). For these companies human resource planning could mean:
 - Chances for cost optimisation
 - Improvement of the service level (customer satisfaction)
 - Improvement of employee satisfaction
- **Growth in the target sectors:** This concerns mainly companies in the retailing industry. Longer opening hours in Germany and a growing number of competitors have created stronger demand to develop the mentioned optimisation processes.

Slight increase in international area seems realistic. ATOSS is able to continue to grow especially in Germany, Austria, Switzerland but also internationally (via German customers). The foundation has been laid. Even though ATOSS generates all sales with customers in the German speaking region, the software is used in 10 countries and 8 languages (German, Swiss-German, English, French, Dutch, Hungarian, Czech and Polish). Currently, sales in the counties outside Germany only represent 8.2% (2007). Level of the previous year (2006): 7.4%. Further growth is expected, particularly when existing customers grow internationally.

Development of maintenance revenues

The maintenance revenues are growing steadily and are associated with the licence business of the previous years (installed basis). ATOSS currently has maintenance contracts with 2,100 customers (the remaining share of ,400 customers uses mainly old ATOSS products). These contracts are remunerated with roughly 16-18% of the installed licence volume depending on the product. Currently, ATOSS generates roughly EUR 9 m with maintenance contracts. In the last years, the maintenance revenues grew by roughly 6% p.a. Maintenance sales increased even by 10% in 2007 due to the fact that relatively strong license revenues were achieved in 2006 and 2007. 7% are determined as long-term growth rate for the maintenance revenues. On a long-term basis the growth rate decreases as the continuously increasing installed bases result in a basis effect lowering the percental increase.

Hardware and other sales

Hardware and other sales have no strategic significance. However, especially hardware sales can be high margin (approx. 30%) as ATOSS ob-



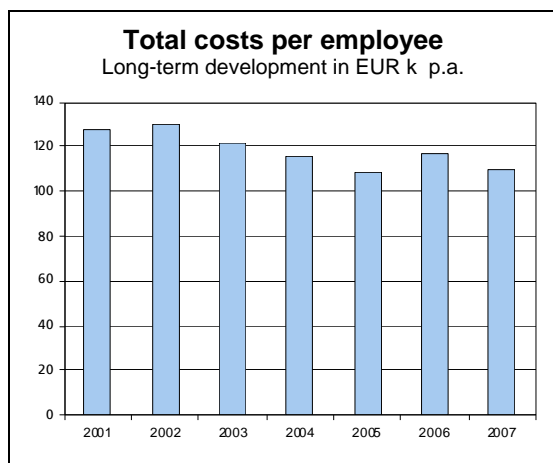
Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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tains hardware directly from the manufacturer, according to the choice of customer. Hardware and other sales are determined with 15% in the estimates.

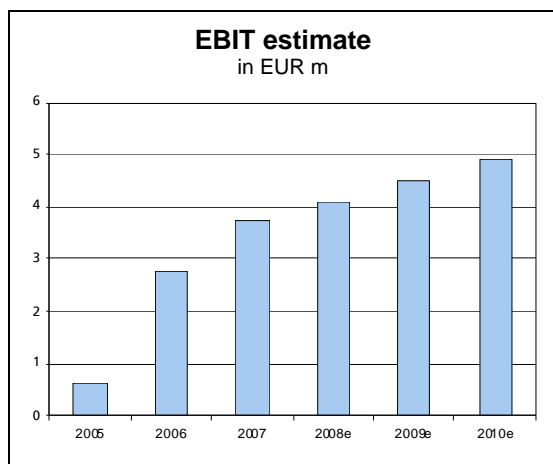
Overall, this results in the following sales expectation:

ATOSS Software - sales split by segments							
in EUR m	2004	2005	2006	2007	2008e	2009e	2010e
Sales Software/Maintenance	12.6	12.1	12.9	14.6	15.8	17.3	18.7
yoy	-1.5%	-3.8%	6.5%	13.3%	8.2%	8.9%	8.4%
Sales Consulting	5.8	5.0	5.6	6.2	6.9	7.4	8.0
yoy	-13.1%	-14.4%	12.0%	11.7%	11.7%	7.2%	7.1%
Sales Hardware	2.6	2.3	2.8	2.7	3.0	3.2	3.4
yoy	-3.7%	-10.5%	21.0%	-4.5%	12.1%	6.1%	7.5%
Sales Others	0.8	1.0	0.7	0.9	1.1	1.1	1.1
yoy	-33.9%	22.0%	-29.7%	27.1%	21.7%	5.0%	-3.3%
CONSOLIDATED SALES	21.8	20.4	22.0	24.4	26.9	29.0	31.2
yoy	-6.8%	-6.5%	7.7%	11.0%	10.0%	8.0%	7.5%

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



Source: ATOSS



Source: ATOSS

Cost structure

Sales per employee as main parameter

The business of ATOSS is almost a pure people business. The utilisation of employees and the EBITDA margin are correlated with 70% for the period 2002-2007. This figure shows that the utilisation of employees mainly explains the EBITDA margin. Insofar, it seems mainly important to analyse the direct and indirect personnel costs in addition to the estimate of top line.

The graph on the left additionally shows that the average total costs per employee (operating costs + production costs) were roughly EUR 110-120 k annually and that there was no considerable relation between margins and costs per employee visible (apart from variable personnel costs). The profitability of an employee is thus primarily determined by the achieved sales and not by the expenses caused.

Provided that there will be no major shifts in the cost structure, the profitability of ATOSS can mainly be derived from the ability to grow with respect to sales (see above). This is not untypical for software licences.

Efficiency continuously considerably increased

Since 2004 ATOSS increased sales by 4% annually, thus the ratio of software revenues grew slightly from 58% to 60%. The EBIT margin grew at the same time from 5.6% (2004) to 15.3%. The EBIT consequently rose by 46% p.a in this period.

- In addition to structural measures in **administration** (costs considerably decreased from EUR 3.4 m to EUR 2.5 m since 2004); ratio decreased from 15.5% to 10.4%)...
- ... also typical economies of scale in the area of **manufacturing costs** became visible (ratio decreased from 34.4% to 32.3%).
- **Distribution costs** also increased disproportionately (ratio fell from 26.8% to 23.6%).



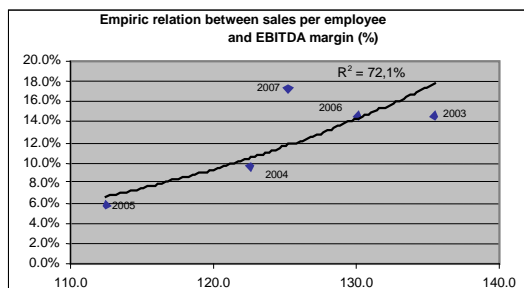
Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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- The ratio of **R&D costs** decreased only slightly from 19.6% to 19.0% and will probably only slightly reduce due to further development activity in the upcoming years. It has to be noted here that ATOSS does not capitalise the R&D costs.

On the basis of this developments further slight reductions of the mentioned cost ratios are expected in the model, whilst the absolute cost positions continue to increase.

Earnings growth

On the basis of the slight sales growth a slight margin increase is expected at ATOSS for the upcoming years due to the slight economies of scale. This results in the following P&L account:

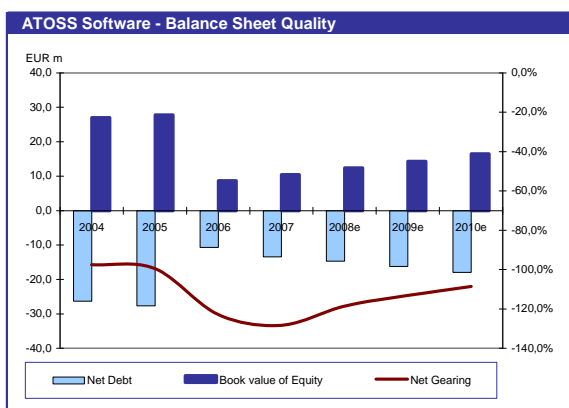


Consolidated Profit & Loss ATOSS Software							
in EUR m	2004	2005	2006	2007	2008e	2009e	2010e
SALES	21.8	20.4	22.0	24.4	26.9	29.0	31.2
Cost of sales	7.5	7.1	7.2	7.9	8.6	9.3	10.0
GROSS PROFIT	14.3	13.4	14.8	16.5	18.3	19.7	21.2
EBITDA	2.1	1.2	3.2	4.2	4.9	5.4	5.8
Depreciation of fixed assets	0.4	0.3	0.3	0.3	0.4	0.4	0.4
EBITA	1.7	0.9	2.9	3.9	4.5	5.0	5.4
Amortisation of intangible fixed assets	0.5	0.3	0.2	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	1.2	0.6	2.8	3.7	4.5	4.9	5.3
Interest income	0.6	0.5	0.5	0.5	0.5	0.6	0.7
Interest expenses	0.1	0.0	0.1	0.1	0.5	0.1	0.1
Financial result	0.5	0.5	0.4	0.4	0.0	0.5	0.6
RECURRING PRETAX INCOME FROM CONT. OPERATIONS	1.7	1.1	3.2	4.2	4.5	5.4	5.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	1.7	1.1	3.2	4.2	4.5	5.4	5.9
Taxes total	0.9	0.7	1.3	1.7	1.6	1.9	2.1
NET INCOME FROM CONTINUING OPERATIONS	0.9	0.5	1.9	2.5	2.9	3.5	3.8
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	0.9	0.5	1.9	2.5	2.9	3.5	3.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NET INCOME	0.9	0.5	1.9	2.5	2.9	3.5	3.8

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



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Sources: ATOSS Software (historical data), SES Research (forecasts)

Balance sheet very solid

As of December 31, 2007 ATOSS had an equity ratio of 60% and liquid funds (net) of EUR 13.5 m. The company is thus very solidly financed. It is true that the balance sheet allows the use of debt capital and an optimisation of capital structure. However, for many customers of the company the quality of the balance sheet is an important positive characteristic.

Analysis of recent figures

On January 31, 2008, ATOSS Software released the figures for 2007 which were very good. Whilst sales increased by 11% to EUR 24.4 m, EBIT grew by 33% to EUR 3.7 m. The net income of the final figures was especially positive.

A better financial result and a lower tax rate resulted in an EPS of EUR 0.63 (previous year EUR 0.48). The dividend also underpins the growth path with EUR 0.31 (previous year EUR 0.24).

ATOSS started the year optimistically and with full order books. Order entry as well as order backlog increased considerably. Thus, order entry at software licences grew to EUR 6.1 m (previous year 5.4), order backlog per December 31, 2007 to 1.9 m (previous year 1.3 m). On this basis the management of the company expects a continuation of the profitable growth paths.

On April 9, 2008, ATOSS Software AG released the preliminary business figures for Q1 2008. The figures were above expectations. Sales increased by 12% qoq and the EBIT grew by 50%. The use of provisions in the personnel segment had a positive impact here. Without this effect EBIT would have been EUR 1.1 m which corresponds to an increase of roughly 20%. Thus, ATOSS remains on the growth path. This good development however is not reflected similarly strong in the net income as the financial result was considerably negative due to another one-off effect. The company suffered a loss of roughly EUR 400 k within the scope of hedging due to the ongoing turbulences on the financial markets. This one time effect was realised in the meantime. Overall, the operating result was above expectations. High-margin software licenses in particular contributed to this pleasant development. The complete preliminary figures for Q1 will be published on April 24, 2008.

	Q1/2008			Prev. year Val.
	reported	estimate	Delta	
Sales	6.40	6.20	3.2%	5.7
EBITDA	-	-	-	-
<i>Margin</i>	-	-	-	-
EBIT	1.30	0.90	44.4%	0.9
<i>Margin</i>	20.3%	14.5%	~	15.8%
EBT	-	-	-	-
<i>Margin</i>	-	-	-	-
EpS	0.17	0.16	6.3%	0.15

EpSin EUR, all other in m EUR



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Three valuation methods were used to determine a fair value:

- The adjusted **Free Cash Flow Yield (2008e)** leads to a PT of EUR 14.40.
- The **DCF model** points to a fair value per share of EUR 13.60 and thus a slightly reduced PT

The **peer group comparison** does not support this tendency as the entire comparison group is valued very favourably. With a fair value of approx. EUR 11 also the comparison group indicates a considerable undervaluation.

Overall, the PT for ATOSS is determined at EUR 14.

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	2004	2005	2006	2007	2008e	2009e	2010e
Net Income	0.9	0.5	1.9	2.5	2.9	3.5	3.8
+ Depreciation + Amortisation	0.9	0.6	0.4	0.5	0.4	0.5	0.5
- Net Interest Income	0.5	0.5	0.4	0.4	0.0	0.5	0.6
+ Taxes	0.9	0.7	1.3	1.7	1.6	1.9	2.1
- Maintenance Capex	0.3	0.3	0.3	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	1.8	0.9	2.9	3.9	4.5	5.0	5.4
Adjusted Free Cash Flow Yield	23.6%	14.5%	12.5%	18.9%	23.4%	28.1%	33.7%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	7.7	6.2	23.2	20.4	19.2	17.7	15.9
= Fair Enterprise Value	18.2	9.0	29.0	38.6	44.9	49.6	53.7
- Net Debt (Cash)	-26.3	-27.7	-10.7	-13.4	-14.7	-16.2	-17.9
- Pension Liabilities	1.4	1.2	1.2	1.2	1.2	1.2	1.2
- Off Balance Sheet	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	43.1	35.5	38.5	50.8	58.4	64.6	70.4
No. of shares (m)	4.0	4.0	4.0	4.0	4.0	4.0	4.0
= Fair value per share (EUR)	10.65	8.77	9.51	12.55	14.42	15.96	17.41
premium (-) / discount (+) in %	32.0%	8.6%	17.9%	55.5%	78.7%	97.8%	115.7%
Sensitivity Fair value per Share (EUR)							
	13.0%	9.62	8.25	7.86	10.35	11.86	13.13
	12.0%	9.91	8.39	8.32	10.96	12.58	15.19
	11.0%	10.25	8.56	8.86	11.69	13.42	16.20
Hurdle rate	10.0%	10.65	8.77	9.51	12.55	14.42	17.41
	9.0%	11.15	9.01	10.31	13.61	15.66	18.88
	8.0%	11.78	9.32	11.30	14.94	17.20	20.73
	7.0%	12.58	9.72	12.58	16.64	19.18	23.10

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



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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The FCF Yield is an annuity of the cash flows (see above). For 2008 there are signs for a sensible average between the earnings level anticipated upon a short-term and longer-term perspective. The model indicates a value per share of EUR 14.50 (2008)

DCF model

The DCF model is based on the following assumptions:

- A moderate growth of 8% p.a. is expected until 2011. After this period 3% are expected. A long-term growth rate of 2% is expected.
- Long-term EBIT margin level of 17%. This seems conservative from today's point of view as considerable development services are already rendered, the maintenance revenues are high and economies of scale are barely considered in these assumptions. Also the R&D costs remain very high with almost 19% and guarantee a continuous development of the product on a high level
- Beta 1.35
- WACC 10.7%

This results in a value per share of EUR 13.60.

DCF Model - ATOSS Software															
Figures in EUR m	2008e	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	
Sales	26.9	29.0	31.2	32.7	34.4	36.1	37.9	39.0	40.2	41.4	42.7	43.9	45.3	46.6	
Change	10.0%	8.0%	7.5%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
EBIT	4.5	4.9	5.3	5.6	5.8	6.1	6.4	6.6	6.8	7.0	7.3	7.5	7.7	7.9	
EBIT-Margin	16.6%	16.9%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	
Tax rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	
NOPAT	2.9	3.2	3.4	3.6	3.8	4.0	4.2	4.3	4.4	4.6	4.7	4.9	5.0	5.2	
Depreciation	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	
in % of Sales	1.6%	1.6%	1.6%	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	-0.2	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
- Capex	-0.7	-0.8	-0.7	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	
Capex in % of Sales	2.5%	2.7%	2.2%	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)	2.5	2.7	3.1	3.3	3.6	3.8	4.0	4.2	4.3	4.4	4.6	4.7	4.9	5.0	
Model parameter				Beta		1.35		Valuation (mln)							
Debt ratio	0.00%			WACC		10.66%		Present values 2021e			26.7				
Costs of Debt	n.a.							Terminal Value			14.7				
Market return	9.00%							Liabilities			-1.2				
Risk free rate	4.25%			Terminal Growth		2.00%		Liquidity			No. of shares (mln)		4.05		
								Equity Value			Value per share (EUR)		13.56		
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
11.66%	12.24	12.31	12.38	12.45	12.53	12.61	12.69	11.66%	11.60	11.88	12.16	12.45	12.73	13.02	13.30
11.16%	12.73	12.81	12.89	12.98	13.07	13.16	13.26	11.16%	12.07	12.37	12.67	12.98	13.28	13.58	13.88
10.91%	13.00	13.08	13.17	13.26	13.36	13.46	13.57	10.91%	12.33	12.64	12.95	13.26	13.57	13.88	14.19
10.66%	13.27	13.36	13.46	13.56	13.67	13.78	13.91	10.66%	12.61	12.93	13.24	13.56	13.88	14.20	14.52
10.41%	13.57	13.67	13.77	13.88	14.00	14.13	14.26	10.41%	12.90	13.23	13.56	13.88	14.21	14.54	14.87
10.16%	13.88	13.99	14.10	14.22	14.35	14.49	14.64	10.16%	13.21	13.55	13.89	14.22	14.56	14.90	15.24
9.66%	14.56	14.69	14.83	14.97	15.13	15.30	15.47	9.66%	13.89	14.25	14.61	14.97	15.33	15.69	16.05

Source: SES Research

Peer group comparison

We have chosen the following smaller German software companies for the peer group comparison:

AC Service AG – The AC Service AG offers IT solutions and services to their clientele of mainly mid-sized enterprises. The two segments IT Outsourcing and Human Resources represent the core business. With respect



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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to human resources, AC Service AG offers consulting, distribution, and the implementation of IT solutions.

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

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

FJH AG – The 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.

AC Service AG – The AC Service AG 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. With respect to human resources, AC Service AG offers consulting, distribution, and the implementation of IT solutions.

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
AC Service	EUR	4.32	23.3	26.7	0.27	0.44	0.63	89.1	93.0	n.a.	7.7	9.0	n.a.	3.4	4.0	n.a.
IBS	EUR	3.37	23.2	19.8	0.35	0.33	n.a.	22.2	24.5	n.a.	4.0	4.2	n.a.	3.2	3.4	n.a.
Invision	EUR	17.38	38.8	21.8	2.31	3.24	n.a.	25.8	34.2	n.a.	7.2	10.1	n.a.	7.1	9.8	n.a.
P&I	EUR	18.40	141.7	135.4	1.27	1.53	1.78	58.5	63.8	69.0	17.2	18.7	21.0	13.6	15.3	18.0
Primion	EUR	4.00	22.2	38.8	0.44	0.57	0.66	54.6	57.9	59.9	8.5	9.5	10.1	4.3	5.3	6.0
Update	EUR	3.75	42.8	31.0	0.44	0.49	n.a.	37.8	46.0	55.0	6.3	7.6	n.a.	5.1	6.1	6.6
ATOSS Software	EUR	7.81	31.6	18.1	0.73	0.88	0.97	26.9	29.0	31.2	4.9	5.4	5.8	4.5	4.9	5.3

Source: SES Research, Bloomberg

This results in the following multiples:



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Peergroup - Valuation Multiples																
Company	LC	Price in LC	MC in LC m	EV in LC m	P / E			Price / Sales			EV / EBITDA			EV / EBIT		
					08e	09e	10e	08e	09e	10e	08e	09e	10e	08e	09e	10e
AC Service	EUR	4.32	23.3	26.7	16.30	9.82	6.86	0.26	0.25	n.a.	3.46	2.96	n.a.	7.84	6.66	n.a.
IBS	EUR	3.37	23.2	19.8	9.77	10.21	n.a.	1.04	0.95	n.a.	5.02	4.72	n.a.	6.19	5.83	n.a.
Invision	EUR	17.38	38.8	21.8	7.54	5.37	n.a.	1.51	1.14	n.a.	3.01	2.17	n.a.	3.07	2.21	n.a.
P&I	EUR	18.40	141.7	135.4	14.49	12.03	10.34	2.42	2.22	2.05	7.89	7.26	6.45	9.96	8.88	7.52
Primion	EUR	4.00	22.2	38.8	9.20	7.08	6.06	0.41	0.38	0.37	4.59	4.10	3.86	9.12	7.38	6.46
Update	EUR	3.75	42.8	31.0	8.52	7.73	n.a.	1.13	0.93	0.78	4.93	4.09	n.a.	6.03	5.13	4.74
Average					10.97	8.71	7.75	1.13	0.98	1.07	4.82	4.22	5.15	7.04	6.02	6.24
Median					9.48	8.78	6.86	1.09	0.94	0.78	4.76	4.09	5.15	7.02	6.25	6.46
ATOSS Software	EUR	7.81	31.6	18.1	10.70	8.88	8.05	1.18	1.09	1.01	3.71	3.38	3.13	4.07	3.70	3.42
Valuation difference to average					3%	-2%	-4%	-4%	-10%	5%	30%	25%	65%	73%	63%	82%

Source: SES Research, Bloomberg

Unadjusted multiples do not seem adequate due to considerable difference in the balance sheet structure of the peer companies. ATOSS has very high liquid funds in particular. Thus, EV multiples are considered. The EV/EBIT multiple (2008) is the most meaningful as sales multiples show structural differences (e.g. distortion due to hardware sales). On EV/EBIT basis it is shown that the entire sector is currently valued favourably with an average multiple for 2008 of 7. ATOSS is considerably below that level. Valued on the level of the comparison group would result in a value of EUR 11 per share for ATOSS.



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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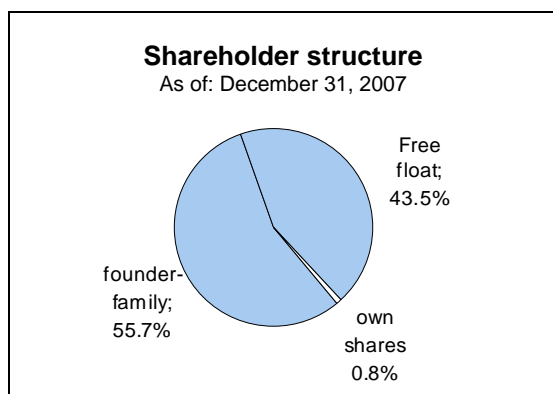
Newsflow characterised by continuity

The newsflow at ATOSS is typically mainly determined by the quarterly figures in the course of a very constant regularly communication. In this respect, ATOSS makes adjustments of the captive estimates in the course of the year which are normally positive.

- **Quarterly figures** – On May 27, 2008, ATOSS will release the quarterly report Q1/2008. The complete preliminary figures will be released on April 24, 2008. Especially important: ATOSS will probably substantiate the outlook in this respect (EBIT over EUR 4 m).
- **AGM** – On April 29, 2008, ATOSS will reflect once again the very strong 2007 at the AGM and refer to the very good Q1 figures. This is expected to also underpin the attractiveness of the share.

Another component of the newsflow at ATOSS are the announcement of orders. The company regularly announces projects.

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Source: ATOSS Software AG

Company background

The ATOSS Software AG is one of the leading vendors of time management systems in Germany. The company was founded 1987 and the software was introduced to the markets in 1991. With its mature products ATOSS provides answer to all requirements of professional human resources management. ATOSS has the typical structure of an IT product company, including development, marketing and distribution of software, maintenance, and other services up to the actual hardware. At present ATOSS has roughly 195 employees.

Products/Services

With software and consulting services the company combines solutions for working time, personnel and business process management. This enables the transparency of processes around all employees thus optimising the deployment and working time. Main issue is the most efficient deployment in companies of all sizes in order to prevent idle time and expensive extra hours.

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 mid-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 modular construction
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 requirements.
Medical Solution	Software, services and organisational consulting to support clinics and hospitals in order to introduce flexible working hours and to optimise the work schedule. Used in over 80 clinics and hospitals with more than 88,000 employees.
Retail Solution	Solution for retail chains with central 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 and frequency oriented.

Source: ATOSS

Management and shareholder structure

The Managing Board is made up of the two members Andreas F. J. Obereder and Christof Leiber. Andreas F. J. Obereder has been CEO since 1997. Besides the operating business, he is also responsible for company's strategy. In 1987 he was founder of the company and the only shareholder of the ATOSS Software GmbH. 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.

43.5% of shares is in free float. The own shares of ATOSS are 0.8%. The founder family Obereder holds the remaining 55.7%.

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 segments of simple personnel management solutions.

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Consolidated Profit & Loss ATOSS Software

in EUR m	2004	2005	2006	2007	2008e	2009e	2010e
SALES	21.8	20.4	22.0	24.4	26.9	29.0	31.2
Cost of sales	7.5	7.1	7.2	7.9	8.6	9.3	10.0
GROSS PROFIT	14.3	13.4	14.8	16.5	18.3	19.7	21.2
EBITDA	2.1	1.2	3.2	4.2	4.9	5.4	5.8
Depreciation of fixed assets	0.4	0.3	0.3	0.3	0.4	0.4	0.4
EBITA	1.7	0.9	2.9	3.9	4.5	5.0	5.4
Amortisation of intangible fixed assets	0.5	0.3	0.2	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	1.2	0.6	2.8	3.7	4.5	4.9	5.3
Interest income	0.6	0.5	0.5	0.5	0.5	0.6	0.7
Interest expenses	0.1	0.0	0.1	0.1	0.5	0.1	0.1
Financial result	0.5	0.5	0.4	0.4	0.0	0.5	0.6
RECURRING PRETAX INCOME FROM CONT. OPERATIONS	1.7	1.1	3.2	4.2	4.5	5.4	5.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	1.7	1.1	3.2	4.2	4.5	5.4	5.9
Taxes total	0.9	0.7	1.3	1.7	1.6	1.9	2.1
NET INCOME FROM CONTINUING OPERATIONS	0.9	0.5	1.9	2.5	2.9	3.5	3.8
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	0.9	0.5	1.9	2.5	2.9	3.5	3.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NET INCOME	0.9	0.5	1.9	2.5	2.9	3.5	3.8

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

Consolidated Profit & Loss ATOSS Software

in % of Sales	2004	2005	2006	2007	2008e	2009e	2010e
SALES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	34.4%	34.5%	32.6%	32.3%	32.0%	32.0%	32.0%
GROSS PROFIT	65.6%	65.5%	67.4%	67.7%	68.0%	68.0%	68.0%
Research and development	19.6%	19.9%	17.9%	19.0%	18.9%	18.8%	18.7%
Sales and marketing	26.8%	26.8%	27.4%	23.6%	23.0%	22.8%	22.8%
General and administration	15.5%	16.0%	11.8%	10.4%	10.0%	10.0%	10.0%
Other operating income/expenses	1.9%	0.0%	2.4%	0.5%	0.5%	0.5%	0.5%
EBITDA	9.7%	5.8%	14.6%	17.2%	18.2%	18.5%	18.6%
Depreciation of fixed assets	1.9%	1.5%	1.2%	1.4%	1.4%	1.4%	1.4%
EBITA	7.8%	4.4%	13.4%	15.9%	16.8%	17.1%	17.2%
Amortisation of intangible fixed assets	2.2%	1.6%	0.7%	0.6%	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	5.6%	2.8%	12.6%	15.3%	16.6%	16.9%	17.0%
Interest income	2.8%	2.7%	2.1%	2.0%	1.9%	2.1%	2.2%
Interest expenses	0.4%	0.0%	0.3%	0.2%	1.9%	0.3%	0.3%
Financial result	2.4%	2.7%	1.9%	1.8%	0.0%	1.7%	1.9%
RECURRING PRETAX INCOME FROM CONT. OPERATIONS	8.0%	5.5%	14.5%	17.1%	16.6%	18.6%	18.9%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	8.0%	5.5%	14.5%	17.1%	16.6%	18.6%	18.9%
Taxes total	4.0%	3.2%	6.0%	6.8%	5.8%	6.5%	6.6%
NET INCOME FROM CONTINUING OPERATIONS	4.0%	2.2%	8.6%	10.2%	10.8%	12.1%	12.3%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NET INCOME BEFORE MINORITIES	4.0%	2.2%	8.6%	10.2%	10.8%	12.1%	12.3%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NET INCOME	4.0%	2.2%	8.6%	10.2%	10.8%	12.1%	12.3%

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

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Balance sheet ATOSS Software

in EUR m	2004	2005	2006	2007	2008e	2009e	2010e
ASSETS							
Intangible assets	0.4	0.3	0.1	0.2	0.1	0.1	0.1
thereof other intangible assets	0.4	0.3	0.1	0.2	0.1	0.1	0.1
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant & equipment	0.5	0.4	0.4	0.5	0.8	1.1	1.3
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	0.9	0.6	0.5	0.7	0.9	1.2	1.4
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	3.4	3.8	3.7	2.8	3.1	3.3	3.6
Other Assets	1.0	0.8	0.7	0.6	0.7	0.9	1.3
Liquid assets	26.6	27.8	10.8	13.5	14.7	16.2	18.0
CURRENT ASSETS	31.0	32.5	15.2	17.0	18.4	20.5	22.9
TOTAL ASSETS	31.9	33.1	15.7	17.6	19.4	21.7	24.3
LIABILITIES AND SHAREHOLDERS' EQUITY							
Subscribed capital	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Additional paid-in capital	20.2	0.5	0.4	-0.1	0.0	0.0	0.0
Surplus capital	0.0	0.0	0.0	0.0	5.4	6.8	8.6
Other equity components	2.8	23.3	4.3	6.6	2.9	3.5	3.8
SHAREHOLDERS' EQUITY	27.0	27.8	8.7	10.5	12.4	14.3	16.5
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL EQUITY	27.0	27.8	8.7	10.5	12.4	14.3	16.5
Provision for pensions and similar obligations	1.4	1.2	1.2	1.2	1.2	1.2	1.2
Provisions	2.9	3.1	4.1	5.0	5.0	5.1	5.2
Financial liabilities	0.3	0.2	0.1	0.0	0.0	0.0	0.0
Accounts payable	0.4	0.7	0.5	0.4	0.5	0.5	0.6
Payables and other liabilities	1.3	1.4	2.3	1.6	1.5	1.7	1.9
LIABILITIES	4.9	5.3	7.0	7.2	7.1	7.4	7.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	31.9	33.1	15.7	17.6	19.4	21.7	24.3

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

Balance sheet ATOSS Software

in % of Balance Sheet Total	2004	2005	2006	2007	2008e	2009e	2010e
ASSETS							
Intangible assets	1.3%	0.8%	0.8%	0.9%	0.5%	0.6%	0.3%
thereof other intangible assets	1.3%	0.8%	0.8%	0.9%	0.5%	0.6%	0.3%
thereof Goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Property, plant & equipment	1.4%	1.1%	2.4%	3.0%	4.3%	5.0%	5.5%
Financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FIXED ASSETS	2.8%	1.9%	3.2%	3.9%	4.8%	5.7%	5.8%
Inventories	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
Accounts receivable	10.6%	11.4%	23.4%	16.1%	16.0%	15.2%	14.8%
Other Assets	3.2%	2.5%	4.6%	3.4%	3.4%	4.3%	5.5%
Liquid assets	83.4%	84.1%	68.7%	76.5%	75.8%	74.8%	73.9%
CURRENT ASSETS	97.3%	98.1%	97.1%	96.4%	95.1%	94.4%	94.2%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LIABILITIES AND SHAREHOLDERS' EQUITY							
Subscribed capital	12.6%	12.2%	25.6%	22.9%	20.8%	18.6%	16.6%
Additional paid-in capital	63.2%	1.4%	2.3%	-0.8%	0.0%	0.0%	0.0%
Surplus capital	0.0%	0.0%	0.0%	0.0%	28.1%	31.2%	35.6%
Other equity components	8.9%	70.5%	27.6%	37.4%	15.0%	16.2%	15.8%
SHAREHOLDERS' EQUITY	84.7%	84.0%	55.5%	59.5%	63.8%	66.0%	67.9%
Minority Interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL EQUITY	84.7%	84.0%	55.5%	59.5%	63.8%	66.0%	67.9%
Provision for pensions and similar obligations	4.3%	3.7%	7.8%	6.9%	6.3%	5.6%	5.0%
Provisions	9.1%	9.2%	26.1%	28.5%	25.9%	23.6%	21.5%
Financial liabilities	0.8%	0.5%	0.5%	0.2%	0.2%	0.2%	0.1%
Accounts payable	1.3%	2.2%	3.4%	2.5%	2.6%	2.3%	2.5%
Payables and other liabilities	4.1%	4.1%	14.5%	9.3%	7.6%	8.0%	8.0%
LIABILITIES	15.3%	15.9%	44.7%	40.8%	36.4%	33.9%	31.9%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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Statement of Cash Flows ATOSS Software							
in EUR m	2004	2005	2006	2007	2008e	2009e	2010e
Net income	0.9	0.5	1.9	2.5	2.9	3.5	3.8
Depreciation of fixed assets	0.4	0.3	0.3	0.3	0.4	0.4	0.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.5	0.3	0.2	0.1	0.1	0.1	0.1
Increase/decrease in long-term provisions	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.4	0.4	0.4	0.0	0.0	0.0	0.0
Cash Flow	2.3	1.3	2.8	2.9	3.3	4.0	4.3
Increase / decrease in inventory	0.4	0.1	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	0.1	-0.4	0.0	0.8	-0.3	-0.2	-0.3
Increase / decrease in accounts payable	0.0	0.3	-0.2	-0.1	0.1	0.0	0.1
Increase / decrease in other working capital positions	-1.2	0.3	1.8	0.4	0.0	0.0	0.0
Increase / decrease in working capital	-0.6	0.4	1.6	1.2	-0.2	-0.2	-0.2
CASH FLOW FROM OPERATING ACTIVITIES	1.7	1.7	4.3	4.2	3.1	3.8	4.1
CAPEX	-0.6	-0.4	-0.3	-0.7	-0.7	-0.8	-0.7
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	0.0	0.1	0.0	0.0	0.0	0.0
CASH FLOW FROM INVESTING ACTIVITIES	-0.6	-0.4	-0.2	-0.7	-0.7	-0.8	-0.7
Change in financial liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-5.7	-0.4	-21.5	-1.0	-1.2	-1.5	-1.7
Purchase of own shares	-1.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.5	0.4	0.2	0.1	0.0	0.0	0.0
Others	0.0	0.0	0.1	0.0	0.0	0.0	0.0
CASH FLOW FROM FINANCING ACTIVITIES	-6.2	-0.1	-21.2	-0.8	-1.2	-1.5	-1.7
Change in liquid funds	-5.2	1.2	-17.1	2.7	1.2	1.5	1.7
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	26.7	27.8	10.8	13.5	14.7	16.2	18.0

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

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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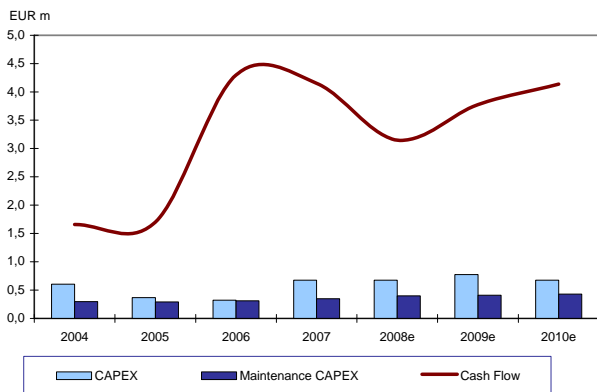
DCF Model - ATOSS Software																	
Figures in EUR m	2008e	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e			
Sales	26.9	29.0	31.2	32.7	34.4	36.1	37.9	39.0	40.2	41.4	42.7	43.9	45.3	46.6			
Change	10.0%	8.0%	7.5%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%			
EBIT	4.5	4.9	5.3	5.6	5.8	6.1	6.4	6.6	6.8	7.0	7.3	7.5	7.7	7.9			
EBIT-Margin	16.6%	16.9%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%			
Tax rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%			
NOPAT	2.9	3.2	3.4	3.6	3.8	4.0	4.2	4.3	4.4	4.6	4.7	4.9	5.0	5.2			
Depreciation	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7			
in % of Sales	1.6%	1.6%	1.6%	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	-0.2	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1			
- Capex	-0.7	-0.8	-0.7	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7			
Capex in % of Sales	2.5%	2.7%	2.2%	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)	2.5	2.7	3.1	3.3	3.6	3.8	4.0	4.2	4.3	4.4	4.6	4.7	4.9	5.0			
Model parameter																	
Debt ratio	0.00%	Beta		1.35		Valuation (mln)				Present values 2021e				26.7			
Costs of Debt	n.a.	WACC		10.66%		Terminal Value				14.7							
Market return	9.00%					Liabilities				-1.2							
Risk free rate	4.25%	Terminal Growth		2.00%		Liquidity				14.7				No. of shares (mln)		4.05	
									Equity Value		54.9		Value per share (EUR)		13.56		
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		
11.66%	12.24	12.31	12.38	12.45	12.53	12.61	12.69	11.66%	11.60	11.88	12.16	12.45	12.73	13.02	13.30		
11.16%	12.73	12.81	12.89	12.98	13.07	13.16	13.26	11.16%	12.07	12.37	12.67	12.98	13.28	13.58	13.88		
10.91%	13.00	13.08	13.17	13.26	13.36	13.46	13.57	10.91%	12.33	12.64	12.95	13.26	13.57	13.88	14.19		
10.66%	13.27	13.36	13.46	13.56	13.67	13.78	13.91	10.66%	12.61	12.93	13.24	13.56	13.88	14.20	14.52		
10.41%	13.57	13.67	13.77	13.88	14.00	14.13	14.26	10.41%	12.90	13.23	13.56	13.88	14.21	14.54	14.87		
10.16%	13.88	13.99	14.10	14.22	14.35	14.49	14.64	10.16%	13.21	13.55	13.89	14.22	14.56	14.90	15.24		
9.66%	14.56	14.69	14.83	14.97	15.13	15.30	15.47	9.66%	13.89	14.25	14.61	14.97	15.33	15.69	16.05		

Free Cash Flow Yield - ATOSS Software								
Figures in EUR m	2004	2005	2006	2007	2008e	2009e	2010e	
Net Income	0.9	0.5	1.9	2.5	2.9	3.5	3.8	
+ Depreciation + Amortisation	0.9	0.6	0.4	0.5	0.4	0.5	0.5	
- Net Interest Income	0.5	0.5	0.4	0.4	0.0	0.5	0.6	
+ Taxes	0.9	0.7	1.3	1.7	1.6	1.9	2.1	
- Maintenance Capex	0.3	0.3	0.3	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	1.8	0.9	2.9	3.9	4.5	5.0	5.4	
Adjusted Free Cash Flow Yield	23.6%	14.5%	12.5%	18.9%	23.4%	28.1%	33.7%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	7.7	6.2	23.2	20.4	19.2	17.7	15.9	
= Fair Enterprise Value	18.2	9.0	29.0	38.6	44.9	49.6	53.7	
- Net Debt (Cash)	-26.3	-27.7	-10.7	-13.4	-14.7	-16.2	-17.9	
- Pension Liabilities	1.4	1.2	1.2	1.2	1.2	1.2	1.2	
- Off Balance Sheet	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	43.1	35.5	38.5	50.8	58.4	64.6	70.4	
No. of shares (m)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	
= Fair value per share (EUR)	10.65	8.77	9.51	12.55	14.42	15.96	17.41	
premium (-) / discount (+) in %	32.0%	8.6%	17.9%	55.5%	78.7%	97.8%	115.7%	
Sensitivity Fair value per Share (EUR)								
	13.0%	9.62	8.25	7.86	10.35	11.86	13.13	14.34
	12.0%	9.91	8.39	8.32	10.96	12.58	13.92	15.19
	11.0%	10.25	8.56	8.86	11.69	13.42	14.85	16.20
Hurdle rate	10.0%	10.65	8.77	9.51	12.55	14.42	15.96	17.41
	9.0%	11.15	9.01	10.31	13.61	15.66	17.32	18.88
	8.0%	11.78	9.32	11.30	14.94	17.20	19.02	20.73
	7.0%	12.58	9.72	12.58	16.64	19.18	21.21	23.10

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

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Key figures
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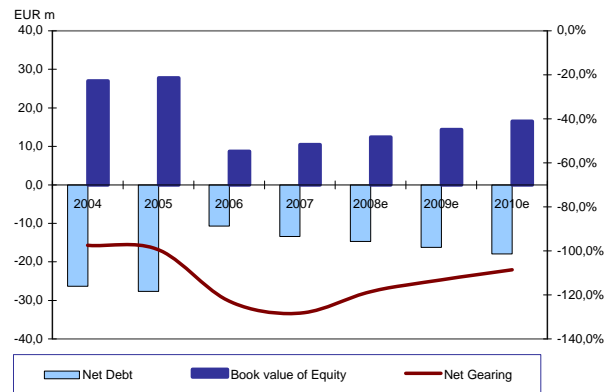
ATOSS Software - CAPEX and Cash Flow



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

- Low investments
- Low capex
- Typical for software companies, which do not capitalise

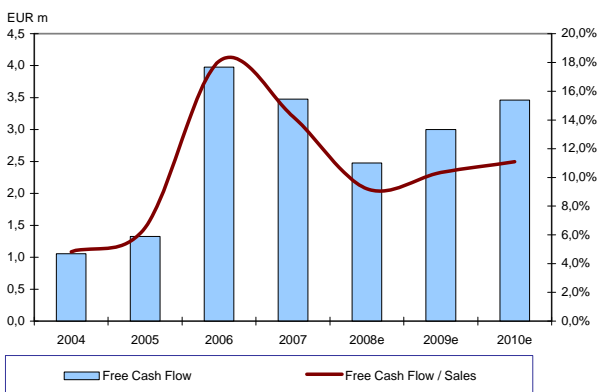
ATOSS Software - Balance Sheet Quality



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

- Distribution in 2006
- High liquid funds
- No leverage

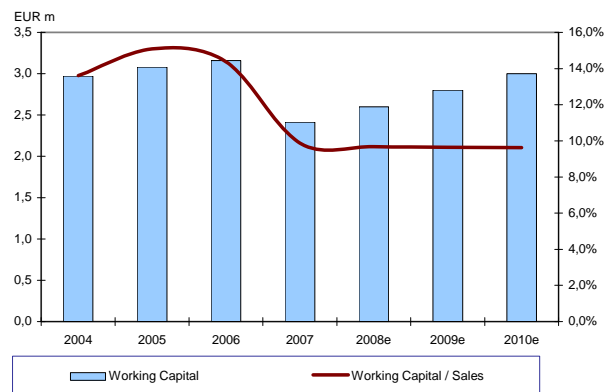
ATOSS Software - Free Cash Flow Generation



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

- High free cash flow in 2006/07
- Reason: Good accounts receivable management
- 2008 and the following: High capital lock up

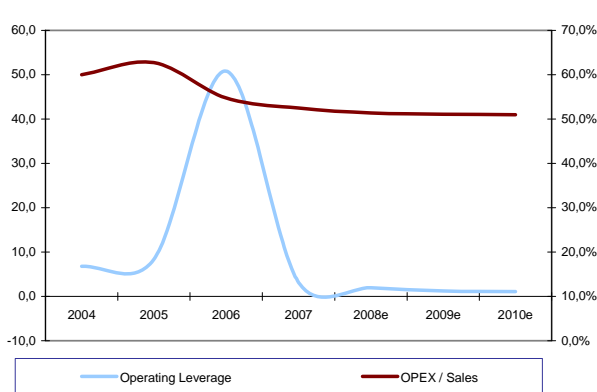
ATOSS Software - Working Capital



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

- Reduction of Working Capital in 2007 not repeatable
- Working Capital ratio remains low
- Increases with higher sales

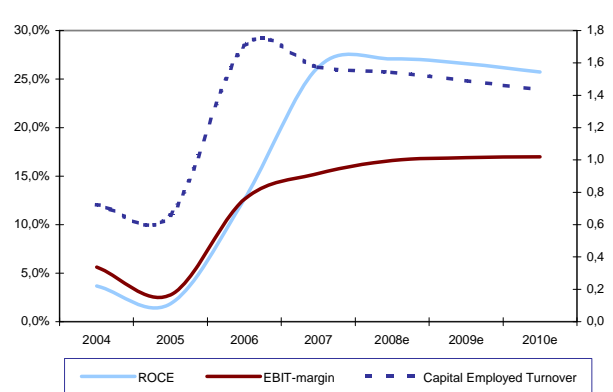
ATOSS Software - Operating Leverage



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

- Consideration distorted due to high earnings growth
- Operating leverage normally at 10%-30%
- License sales important determinant

ATOSS Software - ROCE Development



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

- Return to stable earnings in 2006
- Expansion of profitability in 2007 and the following years
- Capital employed high due to high liquid funds

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Buy	129	59%
Hold	62	29%
Sell	11	5%
Rating suspended	15	7%
Total	217	

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Sell	10	6%
Rating suspended	8	5%
Total	176	

Price and Rating History
ATOSS (AOFG.DE) as of 18.4.08



The boxes on the price and rating history chart indicate the date and rating of the Equity Alert issued by SES Research GmbH. Each box represents a date on which an analyst made a change to a rating, except for the first box, which may represent the rating in place at the beginning of the period or the first Alert written on the issue in the past 12 months.

Sources: Factset (prices) / SES Research (ratings)