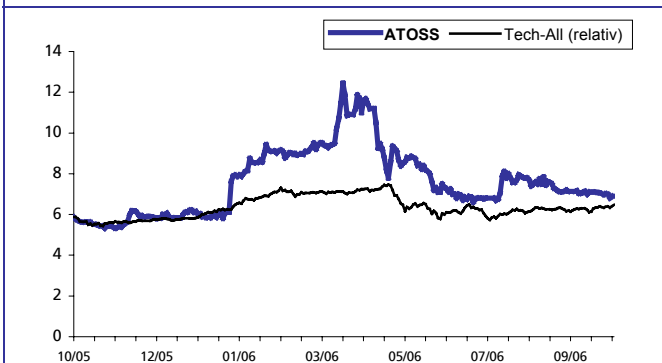


Buy Risk: **Target: € 10.00** **Very strong Q3 - Upgrade**
(old: Hold) medium

Bloomberg: DE0005104400 Price: € 6.90
Reuters: AOFG.DE Tech-AS: 848.09
ISIN: AOF
Internet: www.ATOSS.com
Segment: Prime Standard
Sector: Software/IT



Price data: Bloomberg 10.10.2006 / closing price

High / Low 52 W: € 12.89 / € 5.29
Market capitalisation: 27.78 €m
No. of shares: 4.03 mln.

Shareholders: Free float 41.5%
Founder's family 55.5%
Own shares 3.0%

Calendar:

Analysis: SES Research

Published on: 11.10.2006
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The ATOSS Software AG reported the preliminary figures for Q3 on 11th October 2006. The figures were so good that the company now is raising its guidance for a third time in this fiscal year.

	Q3/ 2006			y-o-y
	reported	expected	delta	
Sales	5.50	5.28	4.2%	5.0
EBITDA	-	-	-	-
<i>Margin</i>	-	-	-	-
EBIT	0.80	0.42	89.6%	0.1
<i>Margin</i>	14.5%	8.0%		2.0%
Net income	-	-	-	-
<i>Margin</i>	-	-	-	-
EpS	-	-	-	-

EpS in €, all other in €m

Table 1; source: ATOSS Software AG, SES Research

One of the main reasons for the good figures is the strong growth at software licenses. In Q3 the company achieved revenues in a size of 1.2 €m from license sales, which is around 40% more than last year. ATOSS now expects to be able to reach an EBIT of at least 2.7 € (former guidance min. 2.3 €m) in 2006. This would be the best operative result ever in the company history and would even beat the record year 2003.

This also means a potential in regard to our estimates. At the time of the complete reporting on 25th October we will therefore most likely raise our estimates once again. Concerning the price target we also still see potential.

The strong quarterly figures combined with a meanwhile again very high discount to our target price causes us to upgrade the share from „Hold“ to now „Buy“.

End fiscal year	12/05	12/06e	12/07e	12/08e	CAGR
Sales	20.4	22.0	23.8	25.8	8.1%
EBITDA	1.2	3.0	3.6	4.1	51.6%
<i>Margin</i>	5.83%	13.53%	14.97%	16.07%	
EBIT	0.6	2.5	2.9	3.4	82.3%
<i>Margin</i>	2.77%	11.52%	12.26%	13.27%	
Net income	0.5	1.6	1.8	2.1	65.4%
<i>Margin</i>	2.23%	7.35%	7.39%	7.99%	
EpS	0.11	0.40	0.43	0.50	64.8%
Dividend	0.11	5.50	0.15	0.18	16.9%
<i>Yield</i>	1.59%	79.71%	2.19%	2.55%	
EpS in €, all other in €m, price: 6,90 €					
Price/SALES	1.37	1.27	1.18	1.09	
PER	61.51	17.36	16.00	13.73	
EV/Sales	1.16	1.08	0.99	0.92	
EV/EBITDA	19.89	7.95	6.64	5.71	



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