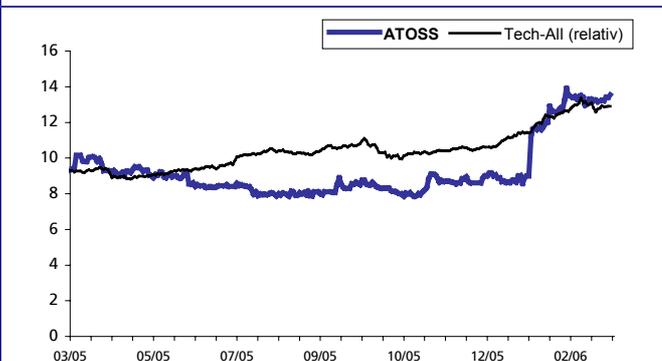


Hold **Risk:** **Target:** **12,40 €**
(old: hold) medium

Figures known but clients interesting

Bloomberg: DE0005104400 Price: 13,55 €
Reuters: AOFG.DE Tech-AS: 932,02
ISIN: AOF
Internet: www.ATOSS.com
Segment: Prime Standard
Sector: Software/IT



Price quotes: Bloomberg 17.03.2006 / market close

High / Low 52 weeks: 13,94 € / 7,80 €
Market capitalisation: 54,55 €m
No. of shares: 4,03 million

Shareholders: Free float 40,0%
Founder's family 54,9%
Own shares 5,1%

Calendar:

Analysis: SES Research

Published: 20.03.2006
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On 17th March 2006 the ATOSS Software AG published the annual report for FY 2005. On 17th January 06 the company had already announced preliminary data (please read News-Flash dated 17.01.06), which were discussed in detail on 31st January 06 (please read News-Flash dated 01.02.06). ATOSS also announced planning to propose a special dividend of 5,50 € per share to the general meeting on 02.05.06 (please read News-Flash dated 24.01.06).

The final figures are not different to the preliminary data and the company has thus achieved sales in a total of 20,4 €m (2004: 21,8 €m), an EBIT of 0,6 €m (1,2 €m) and a net profit of 0,5 €m (0,9 €m) in FJ 2005. The fact that the result is lower than one year ago, is caused by overall slightly slower sales in all partial segments, which burdened the profit and loss account.

The pleasant course of maintenance services with a sales plus of 5pc (+0,4 €m to now 8,1 €m) was more than compensated by a decline at software license sales (-0,9 €m to 4,0 €m). Sales from consulting services went down to 5,0 €m (5,8 Mio. €), while sales from hardware took a decline from 2,6 €m to 2,3 €m.

In course of restructuring the management decided to sell the software solution on business process management (AENEIS) to intellior AG in December last year (see News-Flash dated 23.12.05). From this transaction ATOSS is able to generate extraordinary revenues in a size of 0,4 €m in Q1 2006 and also calculates cost reductions in an amount of around 0,6 €m per annum. In 2005 ATOSS generated 0,5 €m with AENEIS but at the same time AENEIS contributed a loss of 0,7 €m to the EBIT. Adjusted by AENEIS the EBIT would thus have been on the same level as one year ago.

End fiscal year	12/04	12/05	12/06e	12/07e	CAGR
Sales	21,8	20,4	21,4	23,2	2,1%
EBITDA	2,1	1,2	2,3	3,1	13,9%
<i>Margin</i>	9,67%	5,82%	10,84%	13,42%	
EBIT	1,2	0,6	1,5	2,2	21,2%
<i>Margin</i>	5,63%	2,76%	6,84%	9,42%	
Net profit	0,9	0,5	1,0	1,3	13,4%
<i>Margin</i>	4,02%	2,36%	4,64%	5,51%	
EpS	0,22	0,12	0,24	0,31	13,2%
Dividend	0,11	5,50	0,10	0,13	4,5%
<i>Yield</i>	0,81%	40,59%	0,72%	0,93%	
EpS in €, all other in €, price: 13,55 €					
Price/Sales	2,52	2,70	2,57	2,37	
P/E	62,74	114,21	55,40	43,22	
EV/Sales	1,27	1,36	1,30	1,20	
EV/EBITDA	13,15	23,36	11,95	8,91	

Shortly before the announcement of the group's annual report ATOSS announced to have won over Austrian Airlines as a client in the premium segment. In the future all workforce management and manpower planning for a staff of more than 2.000 employees in passenger service and the customer service center will be done via solutions from ATOSS. For two reasons we see this being a strong positive signal: Firstly, ATOSS has been able to register a significant success in Austria and has thus continued to internationalize the customer basis. Secondly, the company has proven to be able to beat competitors as well as the formerly established vendor, the latter showing the advantage and predominance of the ATOSS solutions, which does not only allow to improve the process of short-term manpower planning, but is also able to consider the staff's needs by implementing a staff swap exchange including favorite duty rosters.

With Austrian Airlines ATOSS has again been able to make a successful placement at one of the international airlines. Deutsche Lufthansa and SWISS International Airlines are already regular customers in the premium segment since several years.

The positive trend lasting since Q4/2005 has already caused us to raise the price target to 12,40 €. Since December the share has gained almost 50pc in value. At the same time the management did yet repeat a conservative outlook for 2006; had already been signaled in January when the annual report was presented at the time.

We assume that the positive trend will continue in due course of the year. We also assume that ATOSS will see a sales growth of c. 5pc and will be able to generate an EBIT margin of almost 7pc. We underline our rating and confirm our price target of 12,40 €.

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