

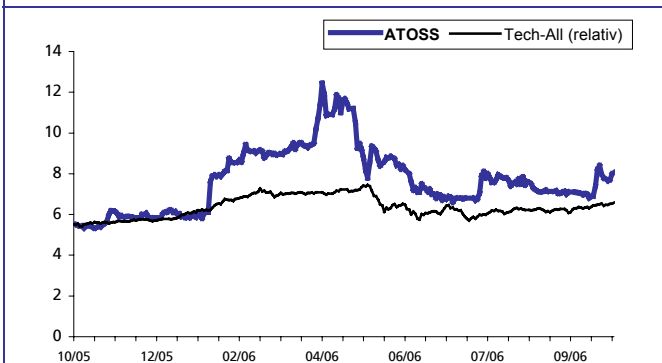
Buy
(old: Buy)

Risk:
medium

Target: € 10,20

Guidance increased again

Bloomberg: DE0005104400 Price: € 8.06
Reuters: AOFG.DE Tech-AS: 866.89
ISIN: AOF
Internet: www.ATOSS.com
Segment: Prime Standard
Sector: Software/IT



Price data: Bloomberg 24.10.2006 /closing price

High / Low 52 W: € 12.89 / € 5.29
Market capitalisation: € 32.45m
No. of shares: 4.03 mln.

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

Calendar:

Analysis: SES Research

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The ATOSS Software AG posted the preliminary figures for Q3 on 25.10.06. As indicated by data that had already been announced on 11.10.06, the figures were much higher than our estimates.

	Q3/ 2006			y-o-y
	reported	expected	delta	
Sales	5.54	5.28	4.9%	5.0
EBITDA	0.91	0.53	72.3%	0.0
Margin	16.4%	10.0%		0.3%
EBIT	0.80	0.42	90.0%	-0.1
Margin	14.5%	8.0%		-1.9%
Net income	0.54	0.26	107.7%	0.0
Margin	9.8%	4.9%		-0.4%
EpS	0.14	0.06	133.3%	-0.01

EpS in €, all other in €m

Table 1; source: Atoss Software AG, SES Research

In this context ATOSS confirmed the already announced raise of its guidance. The company now expects an EBIT of at least € 2.7m at a minimum margin of 12%. Previously the company had expected an EBIT of € 2.3m EBIT respectively a margin of 11%. Our previous estimates had been for € 2.5m EBIT (12.5%).

End fiscal year	12/05	12/06e	12/07e	12/08e	CAGR
Sales	20.4	22.0	23.8	25.8	8.1%
Sales (old)		22.0	23.8	25.8	
Delta		0.0%	0.0%	0.0%	
EBITDA	1.2	3.1	3.6	4.2	52.4%
Margin	5.83%	14.29%	15.23%	16.33%	
EBITDA (old)		3.0	3.6	4.1	
Delta		5.6%	1.8%	1.7%	
EBIT	0.6	2.7	3.0	3.5	83.5%
Margin	2.77%	12.28%	12.53%	13.53%	
EBIT (old)		2.5	2.9	3.4	
Delta		6.6%	2.2%	2.0%	
Net income	0.5	1.7	1.8	2.1	66.5%
Margin	2.23%	7.79%	7.55%	8.14%	
Net income (old)		1.6	1.8	2.1	
Delta		6.0%	2.1%	1.9%	
EpS	0.11	0.42	0.44	0.51	65.9%
EpS (old)		0.40	0.43	0.50	
Delta		6.0%	2.1%	1.9%	
Dividend	0.11	5.50	0.15	0.18	17.7%
Yield	1.36%	68.24%	1.91%	2.22%	
Dividend (old)		5.50	0.15	0.18	
Delta		0.0%	0.0%	0.0%	
EpS in €, all other in €m, price: € 8.06					
Price/SALES	1.60	1.49	1.38	1.27	
PER	71.85	19.14	18.30	15.74	
EV/Sales	1.39	1.29	1.19	1.10	
EV/EBITDA	23.85	9.02	7.82	6.74	



We believe the good figures and the optimistic outlook are caused by the successful development with enterprise customers and customers in the trade segment. The stringent product policy (development towards a modular structure and technical platform independence) and the improvement of the cost structure in context with parting from the ANEIS-activities (see News-Flash of 23.12.05) did also have a positive effect on the earnings potential. On this background we have adjusted our estimates for the earnings. We slightly increase the price target to € 10.20 (€ 10.00).

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