

Buy	(old: Buy)
PT EUR 22.00	(old: 20.00)
Price	EUR 16.54
Bloomberg	AOF GR
Reuters	AOFG
Sector	Software/IT

Software solutions provider for the workforce management with typical sales split between licenses, services, maintenance



Share data: 15.04.2011 / Closing price

Market cap:	EUR 65.8 m
Enterprise Value (EV):	EUR 47.2 m
Book value:	EUR 17.6 m
No. of shares:	4.0 m
Trading volume Ø:	EUR 40.6 th

Shareholders:	
Founding Family	55.7 %
Free Float	42.5 %
own shares	1.8 %

Calendar:	
Pre. figures Q1	04/26/11
AGM	05/03/11
Figures Q1	05/16/11
Pre. figures Q2	07/25/11

Change	2011E		2012E		2013E	
	old	Δ%	old	Δ%	old	Δ%
Sales	31.1	0	33.3	0.0	35.6	-
EBIT	6.6	7.1	7.0	7.1	8.1	-
EPS	1.15	6.1	1.23	6.5	1.40	-

Analysis: Warburg Research
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Continued success

The ATOSS Software AG is a leading provider of software, consulting services and services to optimise the personnel employment ("workforce management"/WMF). Earnings are mainly driven by licences, maintenance and services. The company has been constantly and impressively growing for years. The main reason is the high quality of solutions, which account for the company's constant increase in market share in Germany and increasingly abroad (volume of shares abroad: 9%)

Reasons for the excellent positioning of ATOSS:

- **Excellent references:** Approx. 2.5m employees in roughly 4,000 companies are controlled with ATOSS solutions. The constant annual increase in maintenance revenues from the customer base make up EUR 11.3m or 39% of the revenue.
- **Dedicated product development:** The annual costs for research and development (R&D) are around 20% of the revenue. In total ATOSS has spent roughly EUR 60m for product development so far. The company has been awarded already several times for their products.
- **Specialisation on sectors and regions:** ATOSS focuses on certain sector-orientated solutions and companies of the DACH regions. Thus, ATOSS can brilliantly display the typical regional and sector-typical processes and clearly stands out from other competitors.
- **Independency of producers:** ATOSS is not committed to any hardware or large software producers, but instead places their own solutions on the market. Customers appreciate this aspect.
- **Compatibility:** ATOSS' solutions are highly compatible and facilitate e.g. seamless integration in all common ERP systems.
- **Financial stability:** ATOSS has an equity ratio of roughly 63% and liquid funds of EUR 20.7m (approx. 74% of total assets) and is therefore in an excellent position regarding the financial sustainability.
- **Critical size:** Compared to competition with many smaller providers, ATOSS is a relatively large company. Many potential customers take this into account regarding their choice of providers.

Based on these competitive advantages, a continuation of the constant growth rate in the past years should be realistic. **An outstanding first quarter 2011** underlines this expectation. Along with a moderate revenue growth, minor scale effects will also have a positive impact on the result.

On the basis of the expected results, a DCF-value of 22 EUR per share (PT) is calculated. Buy rating reiterated.

Fiscal year ending: 31.12.	2006	2007	2008	2009	2010	2011E	2012E
in EUR m							
Sales	22.0	24.4	26.9	29.1	29.3	31.1	33.3
<i>Change Sales yoy</i>	7.7 %	11.1 %	10.3 %	8.0 %	0.8 %	6.2 %	7.0 %
Gross balance	14.8	16.5	18.1	19.4	20.0	20.9	22.3
<i>Gross margin</i>	67.4 %	67.7 %	67.1 %	66.7 %	68.1 %	67.0 %	67.0 %
EBITDA	3.2	4.2	5.4	5.9	7.3	7.4	8.0
<i>EBITDA-margin</i>	14.6 %	17.2 %	20.1 %	20.3 %	24.9 %	23.9 %	23.9 %
EBIT	2.8	3.7	5.0	5.5	6.8	7.0	7.5
<i>EBIT-margin</i>	12.6 %	15.3 %	18.7 %	19.0 %	23.3 %	22.6 %	22.6 %
Net income	1.9	2.5	3.5	4.0	4.8	4.9	5.2
EPS	0.48	0.63	0.88	1.00	1.21	1.22	1.31
Free Cash Flow per share	1.02	0.87	0.51	1.77	0.83	0.52	1.29
Dividend	0.24	0.31	0.44	0.50	0.60	0.61	0.66
<i>Dividend Yield</i>	1.5 %	1.9 %	2.7 %	3.0 %	3.6 %	3.7 %	4.0 %
EV/Sales	2.1	1.9	1.7	1.6	1.6	1.5	1.3
EV/EBITDA	14.6	11.1	8.6	7.9	6.4	6.3	5.6
EV/EBIT	16.9	12.6	9.3	8.5	6.9	6.7	5.9
PER	34.5	26.3	18.8	16.5	13.7	13.6	12.6
ROCE	14.2 %	34.3 %	39.8 %	36.5 %	38.0 %	34.4 %	32.7 %
Adj. Free Cash Flow Yield	n.a.	8.2 %	10.8 %	11.8 %	14.6 %	14.8 %	16.9 %

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- **ATOSS is excellently positioned in competition through...**
 - **...best references and profound sector specific know-how**
 - **...high product quality and constantly high development efforts**
 - **...compatibility/consistency of solutions and the company's independence**
-

ATOSS Software AG is a leading provider of software and services to optimise the personnel employment ("workforce management"/WMF). ATOSS optimises working time management and deployment planning. With its solutions portfolio the company improves HR processes, increases the level of service and efficiency as well as the employee and customer satisfaction.

ATOSS demonstrates excellent references in this sector. On both sides, quantitatively with around 4,000 customers, as well as qualitatively, from mid-tier companies to global corporations, clients make use of ATOSS solutions. Through a specific business orientation, a wide-ranging experience in the sector and high technical competence, ATOSS clearly stands out from other competitors.

Strategically well positioned

ATOSS can look back on an almost 25-year success story in workplace management. The market for working time management (WTM) and human resource planning (HRP) solutions is very specific. Not every WTM software is competitive covering a large area. A WTM software particularly has to cover the country- and regional specific characteristics in total as far as possible. These include seasonality, working time models, typical employment contracts, labour law, wage structure etc. ATOSS thus focuses on the German-speaking area and through a high level of differentiation and complexity of the software solutions the market is restrictive but with it also the number of competitors.

In future the company will certainly continue to acquire market shares. ATOSS is a leading provider in the growth market "workforce management". The company depends on the demand for solutions of domestic companies but is fully competitive regarding its own niche market. The market is determined by small to mid-sized companies, covering the largest share of the market with their software solutions. ATOSS additionally competes with HR full-range suppliers such as SAP and P&I. In contrast to ATOSS they do not put a comparably clear focus on PEP and time management. Additionally, there are providers of security technology and access control systems which partially also offer software solutions (e.g. ISGUS, Primion) but primarily want to sell hardware.

A further differentiation criterion of ATOSS is the sector specialisation, enabling the company to combine the leading technical knowledge with profound sector-specific process know-how.

Overview – ATOSS' sectors

- Automotive
- Aviation
- Chemistry and Pharmacy
- Services
- Energy and Disposal
- Manufacture and Production
- Financial Services
- Health Care
- Trade
- IT and Telecommunication
- Food, Beverage and Tobacco
- Transport, Logistics and Traffic
- Administration and Organisations

Source: ATOSS, Warburg Research

- More than 400 companies from the trade sector use ATOSS solutions. Longer shopping hours and the price war are currently the triggers here. Therefore, it is particularly important to prevent expensive overstaffing and idle times. ATOSS' Retail Solution was awarded gold for the second time as "Top Product in Trade 2010" by trade magazine Handelsjournal.
- ATOSS can refer to a long history in the transport & logistics sector. ATOSS has been successfully attending to companies such as Lufthansa, Deutsche Bahn or Kühne + Nagel for several years.
- With the Medical Solution, ATOSS has an own business solution in the health care / public service sector. This solution is used in over 80 clinics and hospitals with more than 88,000 employees.
- Fluctuating utilisations and the competition from low-wage countries make ATOSS also successful here as the solutions enable the deployment to be more flexible and thus costs are reduced at the concerned companies.

Clients appreciate independence

ATOSS acts as independent software producer. ATOSS' solutions can basically be used independently of the chosen periphery of coverage, the chosen system platform and by using all prevalent data base solutions. Therefore, ATOSS' core segment is not the hardware installation, contrary to many major competitors. Competitors such as Interflex / Astrum, ISGUS, and the British Torexretail (trade) make their customers dependent due to the corresponding hardware installations. However, this connection of hardware to a supplier is often not desired. The same applies to the independency with respect to the used system platform. The lean Java (J2EE) technology used by ATOSS also secures the customer maximal independency regarding the choice and change of the system platform later on, if necessary. On the other side, this means that ATOSS is not able to subsidise software developments by the typically high gross earnings (margins) of expensive access control systems (hardware).

Compatibility as a competitive advantage

"Personnel" as a field of work applies to many areas of the company. Overlaps occur in particular in ERP solutions where data is exchanged. Some of these ERP providers are also active in the field of human resources (HR). ATOSS encounters these potential competitors with quality and competence, not least due to the high functionality of ATOSS Software Solutions. It exceeds the surplus value of an HR module from other companies by far. Many customers use SAP for ERP core processes and organise the working time management with ATOSS solutions.

Furthermore there is a complementarity between ATOSS solutions and the SAP-HR solution, as ATOSS uses the same technological standards (Java J2EE), however comes in at the point where the degree of coverage of SAP is insufficient. Therefore,

ATOSS is ideal to guarantee an optimal design of working time models. This is of great importance in particular for users having to plan their personnel-intensive areas dependent on requirements in order to cover the customers need cost-efficiently.

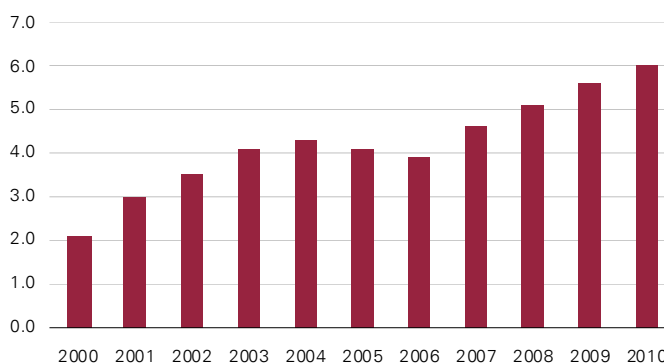
Future reliability of the products

The technological basis of the ATOSS’ product is Java J2EE. It is unique in the fields of working time management (WTM) and human resource planning (HRP) among the best of breed providers in the German-speaking area. This fact is not only an advantage for the existing customer base, but also an incentive for new customers to change to the ATOSS technology cost-efficiently. In the years 2006 – 2010 ATOSS acquired 921 new customers. Since the company has strategically decided for Java as a platform in 2001, almost EUR 60m of costs for research and development have been invested (launch of the new product generation at the CeBIT 2005). According to a current survey, ATOSS is one of the IT companies with the highest investments in Germany. Java additionally enables a considerably increased development speed and efficiency (inclusion open source, business services, business extensions and attractiveness for high end developers). Only the continuous work in research and development enabled such an orientation and thus ATOSS invests roughly 20% of sales in research and development annually.

In order to guarantee a mature, modern technology in future as well, the costs for research and development are growing year after year (EUR 6m vs. EUR 5,6m yoy). In 2010 the personnel costs for the 102 (yoy: 91) software engineers made up the major part of the costs with a record sum of EUR 6.0m. This trend is expected to continue.

Thus, ATOSS is well positioned with its technological basis for future competition and through modern ATOSS solutions a high demand in the significantly increasing market for workforce management solutions should be guaranteed. The average annual growth in the workforce management sector is predicted to be at 8,5% with a worldwide market volume of US 1.52bn in 2011.

R&D expenses
in EUR m



Source: ATOSS, Warburg Research

Financial stability

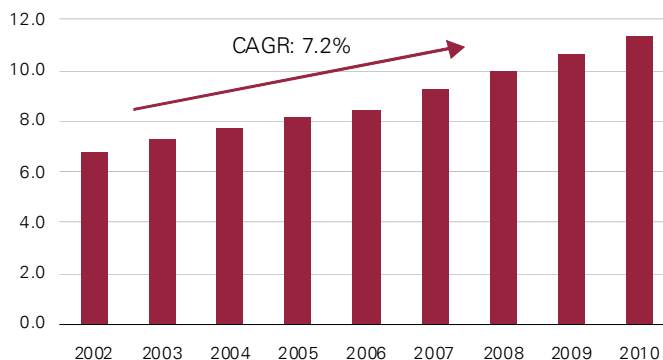
ATOSS’ strong balance sheet is an additional advantage in competition. ATOSS has an equity ratio of roughly 63% and liquid funds of EUR 20.7m (as of December 31, 2010). This differentiates ATOSS in particular from smaller, unlisted software companies which often have weaker balance sheets. The continuity of the company’s success story (25 years) also speaks in favour of ATOSS here. However, smaller players represent the most important competition although they often only offer partial solutions. ATOSS’ main task is to prove continuity, as an investment in ATOSS software means investment security for customers. This is of great advantage as smaller providers are often not positioned reliably in the long term due to the lack of balance sheet quality (customers’ perception). Sales and earnings often show the

continuity of software companies. With more than 4,000 customers, the maintenance revenues represent a major part (roughly 40%) of sales which entail high margins. These are largely put into research and development, which in the end benefits the customer.

The following graph shows the development of maintenance revenues over the last years.

Maintenance revenues

in EUR m



Source: ATOSS, Warburg Research

Numerous impressive references

For new customers in the software sector, references have a decisive relevance. The decision in favour or against software often depends on reference projects. The long-term track record and a considerable customer base (over 4,000 customers and over 2.5m users) are thus a main aspect of the company's positioning. The ATOSS software is employed worldwide in 23 countries and in 8 different languages.

Reference by sectors - Extract

<p>Automotive</p> <ul style="list-style-type: none"> Allgaier Werke Bridgestone Deutschland CARGLASS Danfoss Magna Steyr MAN Nutzfahrzeuge Österreich RECARO Schmitz Cargobull 	<p>Aviation</p> <ul style="list-style-type: none"> Austrian Airlines Deutsche Lufthansa Flughafen Wien Swiss International Air Lines 	<p>Chemistry and Pharmacy</p> <ul style="list-style-type: none"> A. Raymond BASF DURABLE Hermes Schleifmittel Melfert Farbwerke SONAX Warner Chilcott 	<p>Services</p> <ul style="list-style-type: none"> ARBÖ Avis Bilfinger Berger CARGLASS CinemaxX Meridian Spa Radio FFN Sixt TÜV Süd 	<p>Energy and Disposal</p> <ul style="list-style-type: none"> Abwasser-Zweckverband Pinneberg REMONDIS Stadwerke Chmentz Stadwerke Rosenheim SÜC Coburg Vattenfall Europe New Energy
<p>Manufacture and Production</p> <ul style="list-style-type: none"> AEG Electronic Tools Carl Zeiss 3D Automation Gausekman Huhtamaki Ronsberg Lech-Stahlwerke Meyer Werft Olympus PLAYMOBIL SCHÜCO Design ThyssenKrupp Stainless Vileda 	<p>Financial Services</p> <ul style="list-style-type: none"> Comdirect Bank Credit Suisse Deutschland DAB Bank Deutsche Bank, Wien Deutsche Postbank HUK-Coburg Zurich Versicherung 	<p>Trade</p> <ul style="list-style-type: none"> ALDI Süd Benetton Douglas EDEKA Gebr. Heinemann Max Bahr MUSTANG O2 PUMA SportScheck Strenesse Thalia Bücher 	<p>IT / Telecommunication</p> <ul style="list-style-type: none"> ACER Dell Deutsche Telekom Lufthansa Systems 	<p>Transport / Logistics</p> <ul style="list-style-type: none"> Deutsche Bahn Kühne + Nagel Lufthansa S-Bahn Berlin
	<p>Health Care</p> <ul style="list-style-type: none"> Donauspital Wien Kliniken St. Elisabeth Klinikum Fulda Vitos Rheingau Stiftung Pfennigparade Oberhavel Kliniken 		<p>Food, Berages, Tobacco</p> <ul style="list-style-type: none"> Bacardi Coca-Cola Erdinger Weißbräu Holsten-Brauerei Meggle Ritter Sport 	<p>Admin / Organisations</p> <ul style="list-style-type: none"> Bistum Münster Bezirk Unterfranken Fonds Soziales Wien Landesärztekammer Hessen Stadt Würzburg World Vision Deutschland

Source: ATOSS, Warburg Research

Sustainable references, successfully completed projects in diverging sectors and the prompt amortisation of implementation costs (generally after 6 – 12 months) play a key role in the acquisition of new customers as well as in decision making concerning upgrades of existing customers. They make up the basis for investment decisions for mandates next to innovation, high balance sheet quality, solidarity and visibility in sales. At the same time these are all fields of activity where ATOSS can present a high degree of differentiation regarding competition.

-
- **ATOSS grows at an impressively continuous level**
 - **End of trend is not in sight**
 - **Maintenance base also grows continuously**
 - **Moderate sales growth and slight scale effects expected in terms of earnings**
 - **Excellent balance sheet quality**
-

Recent performance

On April 14, 2011 ATOSS Software AG released **Q1 2011 figures** showing the best first quarter in the company's history. Sales were up 10% to EUR 7.8m (7.1m) and operating earnings (EBIT) increased to EUR 1.9m (1.7m). Net income came in at EUR 1.3m EUR (EUR 1.2m).

Strong order backlog: the order entry stood at EUR 2.0m on March 31, 2011, exceeding the previous year's figure of EUR 1.8m. At the end of Q1 the company had an order backlog of EUR 3.4m, which was some 10% higher than at year end (EUR 3.1m). As such, ATOSS had a good start to 2011.

With a moderate sales increase a stable earnings development can be expected for 2011. The reason for the disproportionately low earnings development is the intended **increase in costs for research and development**, which already in 2010 reached a record level as well as the **expansion of sales activities**. Aim of these actions is the exploitation of new sectors and regions as part of middle-term growth. Up to the present ATOSS is mainly operating cross-sectoral in the DACH region and offers specific solutions (trade, medical) in certain core areas. Specific solutions for further sectors and the exploitation other regions constitute an important growth perspective for the company. However, the company exploits new areas traditionally cautious as fully developed solutions and a high degree of customer satisfaction are integral parts of ATOSS' moderate expansion policy.

Sales development

The outlook for the German IT market has considerably improved compared to 2009/10. The entire German IT market is predicted to grow at 2-3% according to Bitkom.

The solid increase of the order backlog combined with the cautious booking of license and consultation earnings leads to a relatively constant growth of sales. Even the rate of consulting revenues to license sales is relatively stable, as ATOSS implements most projects with their own personnel. The continually growing base of maintenance contracts provides a basic growth (installed base from previous years). Sales from software maintenance made up roughly EUR 11.3m in 2011 and therefore increased by almost 7% compared to 2010. Hence, the expectation of a moderate sales growth results from slightly increasing sales of licenses and implementation combined with constantly increasing (running) maintenance sales. This assumption is accompanied by the unchanged high order backlog of software licenses of EUR 3.1m.

Development of cost items

The largest position within the costs is the production costs which mainly accrue for the implementation and services. These costs are primarily geared to the service sales and the related expenses. The ratio of production costs is assessed with 33% and is

not expected to change considerably in the future.

The costs for sales and marketing were roughly EUR 4.8m or 16% of sales in 2010. As sales and marketing shall remain integral parts of the product marketing and have been reduced significantly compared to 2009, it implies a return to older slightly higher levels.

The costs for research and development (R&D) of ATOSS are typically situated at around 20% of sales. A constant ratio is assumed also here in the course of a consistent product development. As sales growth is only moderate, a depression for the administration costs is not assumed either.

The estimated profit and loss account is shown below:

Consolidated Profit & Loss ATOSS Software

in EUR m	2007	2008	2009	2010	2011e	2012e	2013e
Sales	24.4	26.9	29.1	29.3	31.1	33.3	35.6
Cost of sales	7.9	8.9	9.7	9.4	10.3	11.0	11.8
Gross profit	16.5	18.1	19.4	20.0	20.9	22.3	23.9
Research and development	4.6	5.1	5.6	6.0	5.9	6.3	6.8
Sales and marketing	5.8	5.6	5.8	4.8	5.6	6.0	6.4
General and administration	2.5	2.7	2.5	2.5	2.6	2.8	3.0
Other operating income/expenses	0.1	0.3	0.0	0.1	0.3	0.3	0.4
EBITDA	4.2	5.4	5.9	7.3	7.4	8.0	8.5
Depreciation of fixed assets	0.3	0.3	0.3	0.4	0.3	0.4	0.4
EBITA	3.9	5.1	5.6	6.9	7.1	7.6	8.1
Amortisation of intangible fixed assets	0.1	0.1	0.1	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	3.7	5.0	5.5	6.8	7.0	7.5	8.1
Interest income	0.5	0.6	0.4	0.2	0.2	0.2	0.2
Interest expenses	0.1	0.5	0.0	0.1	0.1	0.1	0.1
Financial result	0.4	0.1	0.3	0.1	0.1	0.1	0.1
Recurring pretax income from cont. operations	4.2	5.1	5.9	7.0	7.1	7.6	8.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	4.2	5.1	5.9	7.0	7.1	7.6	8.2
Taxes total	1.7	1.6	1.9	2.2	2.3	2.4	2.6
Net income	2.5	3.5	4.0	4.8	4.9	5.2	5.5

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

Balance sheet

ATOSS' balance sheet quality is excellent. 74% of the assets (EUR 20.7m) were liquid funds as of December 31, 2010. Further 11% were allotted to receivables.

The equity ratio was 63% and the group's liabilities were negligible. The relevant positions of liabilities are provisions for pensions and bonuses as well as accrued items.

- Valuation models indicate values between EUR 22 and EUR 26
- To derive the price target the DCF model (EUR 22) is considered

Free cash flow yield

The adjusted free cash flow yield assumes that investors seek to purchase assets (here the enterprise value) at such a price that the free cash flow return (free cash flow = net income + depreciations - maintenance capex + taxes - financial result) on the EV exceeds their opportunity costs of 10%.

Free Cash Flow Yield - ATOSS Software

Figures in EUR m	2007	2008	2009	2010	2011e	2012e	2013e
Net Income	2.5	3.5	4.0	4.8	4.9	5.2	5.5
+ Depreciation + Amortisation	0.5	0.4	0.4	0.5	0.4	0.4	0.5
- Net Interest Income	0.4	0.1	0.3	0.1	0.1	0.1	0.1
+ Taxes	1.7	1.6	1.9	2.2	2.3	2.4	2.6
- Maintenance Capex	0.4	0.4	0.4	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	3.9	5.1	5.6	6.9	7.0	7.5	8.1
Adjusted Free Cash Flow Yield	8.2%	10.8%	11.8%	14.6%	14.8%	16.9%	19.4%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	46.9	46.9	46.9	46.9	47.2	44.5	41.7
= Fair Enterprise Value	38.6	50.8	55.5	68.6	70.1	75.3	80.9
- Net Debt (Cash)	-20.6	-20.6	-20.6	-20.6	-20.3	-23.0	-25.8
- Pension Liabilities	1.7	1.7	1.7	1.7	1.7	1.7	1.7
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	57.4	69.7	74.4	87.5	88.6	96.5	104.9
No. of shares (m)	4.0	4.0	4.0	4.0	4.0	4.0	4.0
= Fair value per share (EUR)	14.44	17.52	18.71	21.99	22.29	24.28	26.38
premium (-) / discount (+) in %	-12.7%	5.9%	13.1%	33.0%	34.8%	46.8%	59.5%

Sensitivity Fair value per Share (EUR)

	13.0%	12.21	14.57	15.49	18.01	18.22	19.91	21.69
	12.0%	12.83	15.39	16.38	19.12	19.35	21.12	22.99
	11.0%	13.56	16.36	17.44	20.43	20.69	22.56	24.53
Hurdle rate	10.0%	14.44	17.52	18.71	21.99	22.29	24.28	26.38
	9.0%	15.52	18.94	20.26	23.91	24.25	26.38	28.64
	8.0%	16.87	20.71	22.20	26.30	26.70	29.01	31.47
	7.0%	18.60	22.99	24.70	29.38	29.84	32.39	35.10

Sources: ATOSS Software (historical data), Warburg Research (estimates)

The FCF model indicates values between EUR 22 and 26 for the ATOSS share

DCF model

The DCF model leads to a PT of EUR 22:

- Based on a sales growth with a CAGR 2010-2014e of 6% the long-term growth rate of 2 % is gradually approached.
- The beta is assessed with 1.25.
- A value of 4.25% is underlying as risk-free yield based on long-term federal bonds.

An expected market yield of 9% results in a WACC of 10.2% assuming a complete equity financing.

DCF Model - ATOSS Software

Figures in EUR m	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e
Sales	31.1	33.3	35.6	37.4	39.3	41.3	43.3	45.5	47.8	50.1	51.6	53.2	54.8	56.4
Change	6.2%	7.0%	7.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
EBIT	7.0	7.5	8.1	8.2	8.6	9.1	9.5	10.0	10.5	11.0	11.4	11.7	12.1	12.4
EBIT-Margin	22.6%	22.6%	22.6%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Tax rate	32.0%	32.0%	32.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
NOPAT	4.8	5.1	5.5	5.4	5.6	5.9	6.2	6.5	6.8	7.2	7.4	7.6	7.8	8.1
Depreciation	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.8
in % of Sales	1.3%	1.3%	1.3%	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	-0.7	-0.1	-0.2	-0.4	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
- Capex	-2.5	-0.4	-0.4	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8
Capex in % of Sales	8.0%	1.2%	1.1%	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)	2.0	5.1	5.3	4.9	5.4	5.7	6.0	6.3	6.6	6.9	7.2	7.4	7.7	7.9

Model parameter

Debt ratio	0.00%	Beta	1.25
Costs of Debt	n.a.	WACC	10.19%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	2.00%

Valuation (mln)

Present values 2024e	41.8		
Terminal Value	25.9		
Liabilities	-1.8		
Liquidity	20.7	No. of shares (mln)	3.98
Equity Value	86.6	Value per share (EUR)	21.78

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
11.19%	19.42	19.54	19.67	19.81	19.95	20.10	20.27	11.19%	18.71	19.08	19.44	19.81	20.17	20.54	20.91
10.69%	20.28	20.42	20.58	20.74	20.91	21.09	21.28	10.69%	19.58	19.96	20.35	20.74	21.12	21.51	21.90
10.44%	20.74	20.90	21.07	21.24	21.43	21.63	21.84	10.44%	20.05	20.45	20.85	21.24	21.64	22.04	22.44
10.19%	21.24	21.41	21.59	21.78	21.99	22.21	22.44	10.19%	20.55	20.96	21.37	21.78	22.19	22.60	23.02
9.94%	21.76	21.94	22.14	22.35	22.58	22.82	23.08	9.94%	21.08	21.50	21.93	22.35	22.78	23.20	23.63
9.69%	22.31	22.51	22.73	22.96	23.21	23.48	23.76	9.69%	21.65	22.09	22.52	22.96	23.40	23.84	24.28
9.19%	23.52	23.77	24.03	24.31	24.62	24.94	25.29	9.19%	22.90	23.37	23.84	24.31	24.78	25.25	25.72

Source: Warburg Research

Peer group valuation

Thus in the peer group vendors of company software are considered, which in the broadest sense can be allocated to workforce management. However there aren't any comparable companies to ATOSS.

Peergroup - Key Figures

Company	LC	Price in LC	MC in LC m	EV in LC m	EPS			Sales			EBITDA			EBIT		
					10e	11e	12e	10e	11e	12e	10e	11e	12e	10e	11e	12e
CompuGroup	EUR	11.33	602.7	759.8	0.41	0.66	0.87	313.0	403.4	447.4	67.0	89.2	103.8	37.0	58.3	73.4
GK Software	EUR	47.89	85.7	84.1	2.50	2.80	3.20	27.7	32.0	36.8	7.4	8.3	9.6	5.6	6.3	7.2
IBS	EUR	4.41	30.3	25.5	0.27	0.34	0.38	21.0	23.9	25.5	2.8	3.4	3.9	2.2	2.8	3.2
Invision	EUR	19.56	43.7	36.7	0.40	0.86	1.08	16.0	17.5	20.0	1.2	2.6	3.2	1.0	2.3	2.9
Nexus	EUR	5.45	76.8	65.1	0.25	0.36	0.50	43.9	50.0	57.6	8.4	n.a.	n.a.	3.1	4.7	6.5
PSI	EUR	19.95	313.2	304.2	0.45	0.75	0.99	160.3	174.3	189.3	14.2	19.8	24.4	9.9	14.9	19.6
Update	EUR	2.19	25.3	14.2	-0.22	0.03	0.18	27.6	30.4	34.9	-2.2	0.6	2.4	-2.7	0.1	1.7
ATOSS Software	EUR	16.15	64.2	45.7	1.21	1.22	1.31	29.3	31.1	33.3	7.3	7.4	8.0	6.8	7.0	7.5

Source: Warburg Research, Bloomberg

The basis data results in the following multiples:

Peer group - Valuation Multiples																
Company	LC	Price in LC	MC in LC m	EV in LC m	P / E			EV / Sales			EV / EBITDA			EV / EBIT		
					10e	11e	12e	10e	11e	12e	10e	11e	12e	10e	11e	12e
CompuGroup	EUR	11.33	602.7	759.8	27.76	17.29	12.97	2.43	1.88	1.70	11.33	8.52	7.32	20.52	13.04	10.35
GK Software	EUR	47.89	85.7	84.1	19.16	17.10	14.97	3.04	2.63	2.29	11.37	10.13	8.76	15.02	13.35	11.68
IBS	EUR	4.41	30.3	25.5	16.31	12.96	11.59	1.22	1.07	1.00	9.12	7.51	6.55	11.61	9.12	7.98
Invision	EUR	19.56	43.7	36.7	49.51	22.74	18.19	2.29	2.10	1.84	31.65	14.12	11.47	35.82	15.93	12.66
Nexus	EUR	5.45	76.8	65.1	21.80	15.14	10.90	1.48	1.30	1.13	7.75	n.a.	n.a.	21.00	13.85	10.02
PSI	EUR	19.95	313.2	304.2	44.63	26.71	20.15	1.90	1.75	1.61	21.42	15.38	12.48	30.88	20.48	15.53
Update	EUR	2.19	25.3	14.2	neg.	73.00	12.17	0.52	0.47	0.41	neg.	23.73	5.93	neg.	142.36	8.37
Average					29.86	26.42	14.42	1.84	1.60	1.42	15.44	13.23	8.75	22.47	32.59	10.94
Median					24.78	17.29	12.97	1.90	1.75	1.61	11.35	12.13	8.04	20.76	13.85	10.35
ATOSS Software	EUR	16.15	64.2	45.7	13.35	13.24	12.33	1.56	1.47	1.37	6.27	6.14	5.74	6.68	6.49	6.07
Valuation difference to Average					124%	100%	17%	18%	9%	4%	146%	116%	53%	236%	402%	80%
Fair value per share based on Average					36.13	32.23	18.89	18.22	17.18	16.59	32.96	29.42	22.18	43.31	62.31	25.38

Sources: Warburg Research, Bloomberg

It becomes clear that compared to the peer group ATOSS also has an attractive upside on the basis of the EV/EBIT multiples which are primarily relevant for the valuation.

- **Qualitative news flow determined through regular acquisition of new customers**
 - **Figures are often slightly above a very specific company guidance**
 - **Generally very conscientious financial communication**
-

ATOSS's news flow is mainly determined by the quarterly figures. In the course of a very constant, regular communication ATOSS normally makes adjustments of corporate estimates within the course of the year, which generally turn out to be positive. Due to the estimates policy of ATOSS and with a continuation of business development a rise in estimates this year is possible. In the short term, however, such a rise is not likely, as 3 quarters are still pending.

- Quarterly figures – The complete set of Q1 figures is due to be published on April 26, 2011. Particularly important: ATOSS will then publish details on the strong Q1 figures.
- AGM – on May, 03, 2011 ATOSS will reflect once more on a strong year 2010 and refer to the excellent Q1 figures. This should additionally illustrate the attractiveness of the share.

A further component of ATOSS' news flow is (as mentioned before) the possibility of adjusting the corporate estimates with a continuation of the present pleasing business development or with greater new projects.

Company background

The ATOSS Software AG is a provider of software and services for the optimisation of personnel deployment. ATOSS optimises in the sectors of working time management (WTM) and planning of personnel deployment. With its solution portfolio the company improves personnel processes, increases the service level and efficiency as well as staff and customer satisfaction.

Workforce Management



Source: ATOSS, Warburg Research

The company was founded in 1987 as ATOSS® Software GmbH with the headquarters in Munich. The first launch of time recording standard software was realised in 1991. The initial stock offering on the new market took place in the year 2000. ATOSS has a leading position particularly in German-speaking countries and employs around 250 staff members.

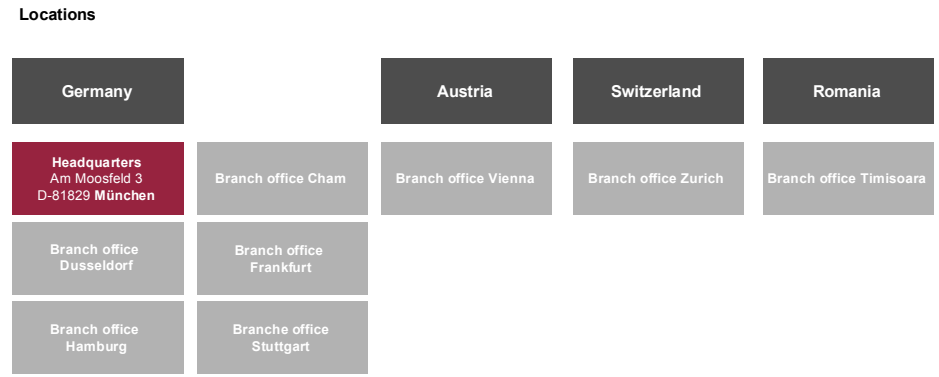
Milestones – From Time Recording to Workforce Management

2010	<ul style="list-style-type: none"> ■ Retail Solution is awarded gold for the second time as „Top Product in Trade 2010“ by trade magazine handelsjournal ■ Presentation of the ATOSS Staff Efficiency Suite 6
2009	<ul style="list-style-type: none"> ■ ATOSS Retail Solution is awarded „Top Product in Trade 2009“ (gold) as readers choice by trade magazine handelsjournal
2008	<ul style="list-style-type: none"> ■ Presentation of the ATOSS Staff Efficiency Suite 5
2007	<ul style="list-style-type: none"> ■ ATOSS celebrates its 20th anniversary! ■ Presentation of the ATOSS Time Control 5 with JAVA standard and an intuitive user interface
2006	<ul style="list-style-type: none"> ■ Presentation of the ATOSS Staff Efficiency Suite 4 ■ ATOSS wins major order from T-Punkt Vertriebsgesellschaft mbH ■ Austrian Airlines opts for ATOSS' solutions
2005	<ul style="list-style-type: none"> ■ Presentation of the ATOSS Staff Efficiency Suite 3 with state-of-the art technology (100% Java/J2EE) and a modern user interface
2004	<ul style="list-style-type: none"> ■ New ATOSS location in Timisoara/Romania ■ ATOSS receives major software contract from EDEKA ■ Development of made-to-order personnel deployment plan in cooperation with the Meyer Werft shipyards ■ Integration of PPS system with ATOSS Staff Efficiency Suite
2003	<ul style="list-style-type: none"> ■ Major software contract from ALDI SÜD ■ ATOSS Software AG among „Bavaria's Best 50“. Bavarian State Ministry honours top entrepreneurial performance ■ Admission to the Prime Standard of the Deutsche Börse AG stock exchange
2002	<ul style="list-style-type: none"> ■ ATOSS and Klinikum Ingolstadt receive the Creative Award 2002 from the Bavarian Taxpayers Association. ■ The IIR, a well-known international convention organiser, awards the Hospital Innovation Award 2002 to ATOSS and Klinikum Ingolstadt. ■ ATOSS is among Europe's Top 500! ■ ATOSS celebrates its 15th anniversary!
2001	<ul style="list-style-type: none"> ■ Presentation of an extended unified product range - the ATOSS Staff Efficiency Suite
2000	<ul style="list-style-type: none"> ■ Successful IPO on the new market section of the Frankfurt Stock Exchange. New products for project management, process management and knowledge management. ATOSS pronounces the concept for a unique optimisation strategy. ■ Partnership with Bosch
1999	<ul style="list-style-type: none"> ■ Conversion into a public limited company. Product portfolio extended by the JAVA-based web client. ■ Sales increase to over DM 35m. New sales offices in Vienna and Zurich.
1998	<ul style="list-style-type: none"> ■ New product for project time management
1997	<ul style="list-style-type: none"> ■ Several major projects, e.g. for VICTORIA Versicherungen. Establishment of a subsidiary in Austria.
1996	<ul style="list-style-type: none"> ■ ATOSS' products available on all standard platforms – for Windows NT, UNIX, IBM AS 400
1995	<ul style="list-style-type: none"> ■ First-time integration of working time management, shop floor control and personnel deployment under a common database. Complex analysis of all major time processes in a company.
1994	<ul style="list-style-type: none"> ■ Product range extended by shop floor control
1992	<ul style="list-style-type: none"> ■ Partnership with IBM; Lufthansa – area-wide use of ATOSS' software
1991	<ul style="list-style-type: none"> ■ Working time management standard software introduced to the market
1987	<ul style="list-style-type: none"> ■ Foundation of ATOSS® Software GmbH in Munich

Quelle: ATOSS, Warburg Research

Locations

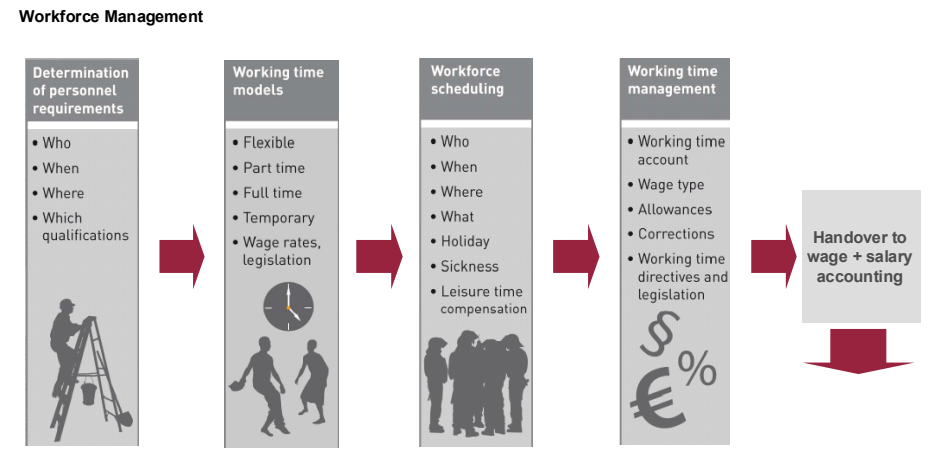
With increasing economic success also the number of ATOSS branches increased. Meanwhile ATOSS is represented in 9 branches in Europe with roughly 226 employees. This presence and the flexible deployment of qualified personnel in these locations enable the company to react promptly to requests and demands and thus provide additional value to the customers directly on the site.



Source: ATOSS, Warburg Research

Products

ATOSS is a leading provider in the growth market of workforce management. The company optimises processes around the efficient personnel deployment, i.e. improves the level of service, the efficiency as well as staff and customer satisfaction. Therefore ATOSS develops and distributes software solutions and offers consulting services to the customer.



Source: ATOSS, Warburg Research

Workforce management solves problems and ATOSS helps companies with the implementation..

- ...of right personnel...
- ...with the right qualifications...
- ...at the right time...
- ...at the right place.

Thus ATOSS obtains a highly flexible and cost optimised management meeting the demands.

Due to fluctuating order positions and global competition the challenge of implementing a just in time mentality lies in the business sector of **working time management**. ATOSS transforms rigid systems into agile organisations with an

improved situation to react quickly to market demands. ATOSS is a partner for successful WTM. The company provides its customers with support for design and development of new and flexible working time models and time recording.

The sector of **personnel deployment planning** is all about the adjustment of personnel deployment to the actual demand. In many companies there is a considerable gap between demand and availability. The result is expensive overtimes, a low productivity and a high stress factor to staff. Through consulting, implementation of software and professional services ATOSS provides flexible solutions, a reduction in costs and an increase in productivity.

ATOSS **software solutions** are implemented at more than 4,000 customers. They control more than 2.5m members of staff. In combination with consulting services and professional services the company develops individual ATOSS solutions in cooperation with the customer.

ATOSS' software solutions

Software	Field of application
Time Control	Overall solution for time recording, project tracking, human resource planning and access control in small and medium-sized companies for the efficient use of time and labour.
Startup Edition	Solutions for time management and workforce management, with a special focus on the needs of medium-sized companies. Modular design allows for tailor-made configuration which grows in line with requirements.
Staff Efficiency Suite	Solutions fulfilling even the most complex challenges in the field of workforce management and personnel deployment. Tailor-made for all sectors, all company sizes and all requirement scenarios.
Medical Solution	Software, services and organisational consulting to support clinics and hospitals, in order to make working hours more flexible and to optimise the work schedule. Used in over 80 clinics and hospitals with more than 88k employees.
Retail Solution	Solution for retail chains with centralised or decentralised workforce management as well as large chain stores for the effective deployment of personnel. This is ensured by estimates and forecasts based on sales and customer frequency in order to plan the deployment of personnel in retail with a view to costs and frequency.

Sources: Warburg Research

Part of the extensive solution portfolio is the **consulting sector**. Here ATOSS provides consulting for the design of processes, working time and personnel deployment. As the demands of customers in the market are not always identical, experienced ATOSS consultants generate individual and practice-oriented solutions around the topics of demand-oriented personnel deployment planning, working time management and process management.

The range of services is rounded off by professional services. Here the customer can make use of service features and consulting services. The range of services includes for example software introduction, training, a multilevel support or contact partners.

References

Ranging from mid tier to a global corporation. ATOSS solutions are implemented in around 4,000 companies worldwide. These range from ALDI SÜD to Zillertaler Verkehrsbetriebe. ATOSS has a suitable software solution for all kind of demand, all branches and company sizes.

Overview – ATOSS‘ customers



Source: ATOSS, Warburg Research

Management

The two member board consists of Andreas F. J. Obereder and Christof Leiber. Andreas F. J. Obereder founded the ATOSS Software AG in 1987 as ATOSS Software GmbH and at the time was the sole shareholder. In 1997 Obereder took over the position of the CEO and is next to the operative sectors responsible for the company strategy. Since 2004 Christof Leiber is responsible for the financial, personnel and legal sectors.

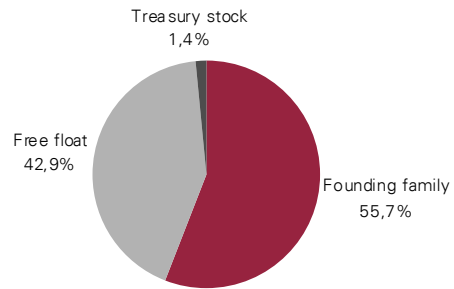
The board of directors consists of Peter Kirn (Chairman), Richard Hauser and Rolf Baron Vielhauer von Hohenhau.

Shareholder structure

43% of shares are in free float, while the founding family Obereder has 56% of the remaining shares. Around 1 % of shares remain with the company.

Shareholder structure

April 2011



Sources: ATOSS, Warburg Research

Consolidated Profit & Loss ATOSS							
in EUR m	2006	2007	2008	2009	2010	2011E	2012E
Sales	22.0	24.4	26.9	29.1	29.3	31.1	33.3
Cost of sales	7.2	7.9	8.9	9.7	9.4	10.3	11.0
Gross balance	14.8	16.5	18.1	19.4	20.0	20.9	22.3
Research and development	3.9	4.6	5.1	5.6	6.0	5.9	6.3
Sales and marketing	6.0	5.8	5.6	5.8	4.8	5.6	6.0
General and administration	2.6	2.5	2.7	2.5	2.5	2.6	2.8
Other operating income/expenses	0.5	0.1	0.3	0.0	0.1	0.3	0.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	3.2	4.2	5.4	5.9	7.3	7.4	8.0
Depreciation of fixed assets	0.3	0.3	0.3	0.3	0.4	0.3	0.4
EBITA	2.9	3.9	5.1	5.6	6.9	7.1	7.6
Amortisation of intangible fixed assets	0.2	0.1	0.1	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	2.8	3.7	5.0	5.5	6.8	7.0	7.5
Interest income	0.5	0.5	0.6	0.4	0.2	0.2	0.2
Interest expenses	0.1	0.1	0.5	0.0	0.1	0.1	0.1
Financial result	0.4	0.4	0.1	0.3	0.1	0.1	0.1
Recurring pretax income from cont. operations	3.2	4.2	5.1	5.9	7.0	7.1	7.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	3.2	4.2	5.1	5.9	7.0	7.1	7.6
Taxes total	1.3	1.7	1.6	1.9	2.2	2.3	2.4
Net income from continuing operations	1.9	2.5	3.5	4.0	4.8	4.9	5.2
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	1.9	2.5	3.5	4.0	4.8	4.9	5.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.9	2.5	3.5	4.0	4.8	4.9	5.2

Sources: ATOSS (historical data), Warburg Research (forecasts)

Consolidated Profit & Loss ATOSS							
in % of Sales	2006	2007	2008	2009	2010	2011E	2012E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	32.6 %	32.3 %	32.9 %	33.3 %	31.9 %	33.0 %	33.0 %
Gross balance	67.4 %	67.7 %	67.1 %	66.7 %	68.1 %	67.0 %	67.0 %
Research and development	17.9 %	19.0 %	19.0 %	19.4 %	20.3 %	19.0 %	19.0 %
Sales and marketing	27.4 %	23.6 %	20.7 %	19.9 %	16.2 %	18.0 %	18.0 %
General and administration	11.9 %	10.4 %	9.8 %	8.5 %	8.7 %	8.4 %	8.4 %
Other operating income/expenses	2.4 %	0.5 %	1.2 %	0.1 %	0.5 %	1.0 %	1.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	14.6 %	17.2 %	20.2 %	20.3 %	24.9 %	23.9 %	23.9 %
Depreciation of fixed assets	1.2 %	1.4 %	1.1 %	1.0 %	1.2 %	1.1 %	1.1 %
EBITA	13.4 %	15.9 %	19.1 %	19.3 %	23.6 %	22.8 %	22.8 %
Amortisation of intangible fixed assets	0.7 %	0.6 %	0.3 %	0.3 %	0.3 %	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	12.6 %	15.3 %	18.7 %	19.0 %	23.3 %	22.6 %	22.6 %
Interest income	2.2 %	2.0 %	2.3 %	1.3 %	0.7 %	0.6 %	0.6 %
Interest expenses	0.3 %	0.2 %	2.0 %	0.1 %	0.3 %	0.3 %	0.3 %
Financial result	1.9 %	1.8 %	0.3 %	1.2 %	0.4 %	0.3 %	0.3 %
Recurring pretax income from cont. operations	14.5 %	17.1 %	19.0 %	20.1 %	23.7 %	22.9 %	22.9 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	14.5 %	17.1 %	19.0 %	20.1 %	23.7 %	22.9 %	22.9 %
Taxes total	6.0 %	6.8 %	6.0 %	6.5 %	7.4 %	7.3 %	7.3 %
Net income from continuing operations	8.6 %	10.2 %	13.0 %	13.6 %	16.4 %	15.6 %	15.6 %
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	8.6 %	10.2 %	13.0 %	13.6 %	16.4 %	15.6 %	15.6 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	8.6 %	10.2 %	13.0 %	13.6 %	16.4 %	15.6 %	15.6 %

Sources: ATOSS (historical data), Warburg Research (forecasts)

Balance sheet ATOSS

in EUR m

	2006	2007	2008	2009	2010	2011E	2012E
Assets							
Intangible assets	0.1	0.2	0.1	0.1	0.1	0.1	0.0
thereof other intangible assets	0.1	0.2	0.1	0.1	0.1	0.1	0.0
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.4	0.5	0.6	0.8	2.8	5.0	5.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.5	0.7	0.7	0.9	2.9	5.0	5.0
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	3.7	2.8	3.5	4.3	3.1	3.8	4.0
Other Assets	0.8	0.6	1.3	1.2	1.1	1.7	1.9
Liquid assets	10.8	13.5	14.0	19.3	20.7	20.4	23.1
Current assets	15.2	17.0	18.7	24.8	24.8	25.9	29.0
Total assets	15.7	17.6	19.4	25.7	27.8	30.9	34.0
Liabilities and shareholders' equity							
Subscribed capital	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Additional paid-in capital	0.4	-0.1	-0.2	-0.3	-0.4	-0.4	-0.4
Surplus capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity components	4.3	6.6	8.7	11.0	13.9	16.1	19.0
Book value	8.7	10.5	12.5	14.7	17.6	19.7	22.6
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	8.7	10.5	12.5	14.7	17.6	19.7	22.6
Provision for pensions and similar obligations	1.2	1.2	1.2	1.9	1.7	1.7	1.7
Provisions	4.1	5.0	4.5	5.7	2.8	2.9	3.0
Financial liabilities	0.1	0.0	0.0	0.0	0.1	0.1	0.1
Accounts payable	0.5	0.4	0.2	0.7	0.8	0.8	0.9
Other liabilities	2.3	1.7	2.2	4.6	6.6	7.4	7.4
Liabilities	7.0	7.2	7.0	11.0	10.3	11.2	11.4
Total liabilities and shareholders' equity	15.7	17.6	19.4	25.7	27.8	30.9	34.0

Sources: ATOSS (historical data), Warburg Research (forecasts)

Balance sheet ATOSS

in % of Balance Sheet Total

	2006	2007	2008	2009	2010	2011E	2012E
Assets							
Intangible assets	0.8 %	0.9 %	0.7 %	0.4 %	0.5 %	0.2 %	0.0 %
thereof other intangible assets	0.8 %	0.9 %	0.7 %	0.4 %	0.5 %	0.2 %	0.0 %
thereof Goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	2.4 %	3.0 %	2.9 %	3.1 %	10.1 %	16.1 %	14.7 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	3.2 %	3.9 %	3.6 %	3.5 %	10.6 %	16.3 %	14.7 %
Inventories	0.1 %	0.2 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	23.4 %	16.1 %	17.8 %	16.7 %	11.0 %	12.3 %	11.8 %
Other Assets	4.9 %	3.6 %	6.6 %	4.6 %	3.8 %	5.5 %	5.6 %
Liquid assets	68.7 %	76.5 %	72.2 %	75.2 %	74.4 %	65.9 %	67.8 %
Current assets	97.1 %	96.4 %	96.6 %	96.5 %	89.3 %	83.7 %	85.2 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	25.6 %	22.9 %	20.8 %	15.7 %	14.5 %	13.0 %	11.8 %
Additional paid-in capital	2.3 %	-0.8 %	-1.3 %	-1.2 %	-1.4 %	-1.2 %	-1.1 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other equity components	27.6 %	37.4 %	44.8 %	42.8 %	50.1 %	52.1 %	55.8 %
Book value	55.5 %	59.5 %	64.3 %	57.2 %	63.2 %	63.9 %	66.5 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	55.5 %	59.5 %	64.3 %	57.2 %	63.2 %	63.9 %	66.5 %
Provision for pensions and similar obligations	7.8 %	6.9 %	6.1 %	7.3 %	6.3 %	5.7 %	5.1 %
Provisions	26.2 %	28.5 %	23.2 %	22.3 %	10.1 %	9.5 %	8.9 %
Financial liabilities	0.5 %	0.2 %	0.1 %	0.1 %	0.3 %	0.2 %	0.2 %
Accounts payable	3.4 %	2.5 %	1.2 %	2.7 %	2.8 %	2.6 %	2.7 %
Other liabilities	14.7 %	9.5 %	11.5 %	17.8 %	23.7 %	23.9 %	21.7 %
Liabilities	44.7 %	40.8 %	36.0 %	42.8 %	36.9 %	36.2 %	33.5 %
Total liabilities and shareholders' equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Sources: ATOSS (historical data), Warburg Research (forecasts)

Statement of Cash Flows ATOSS

in EUR m

	2006	2007	2008	2009	2010	2011E	2012E
Net income	1.9	2.5	3.5	4.0	4.8	4.9	5.2
Depreciation of fixed assets	0.3	0.3	0.3	0.3	0.4	0.3	0.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.7	-0.1	0.0	0.0
Other costs affecting income / expenses	0.4	0.0	0.1	2.9	0.0	0.0	0.0
Cash Flow	2.8	2.9	4.0	8.0	5.1	5.3	5.6
Increase / decrease in inventory	0.0	0.0	-0.6	0.1	0.1	0.0	0.0
Increase / decrease in accounts receivable	0.0	0.8	-0.6	-0.8	1.2	-0.7	-0.2
Increase / decrease in accounts payable	-0.2	-0.1	-0.2	0.5	0.1	0.0	0.1
Increase / decrease in other working capital positions	1.8	0.4	-0.1	-0.1	-0.7	0.0	0.0
Increase / decrease in working capital	1.6	1.2	-1.5	-0.4	0.7	-0.7	-0.1
Cash flow from operating activities	4.3	4.2	2.5	7.6	5.8	4.5	5.5
CAPEX	-0.3	-0.7	-0.4	-0.6	-2.5	-2.5	-0.4
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	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.2	-0.7	-0.4	-0.6	-2.5	-2.5	-0.4
Change in financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-21.5	-1.0	-1.2	-1.7	-2.0	-2.4	-2.4
Purchase of own shares	0.0	0.0	-0.3	0.0	0.0	0.0	0.0
Capital measures	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Others	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-21.2	-0.8	-1.5	-1.7	-1.9	-2.4	-2.4
Change in liquid funds	-17.1	2.7	0.6	5.3	1.4	-0.3	2.7
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	10.8	13.5	14.0	19.3	20.7	20.4	23.1

Sources: ATOSS (historical data), Warburg Research (forecasts)

Financial Ratios ATOSS

	2006	2007	2008	2009	2010	2011E	2012E
Operational Efficiency							
Total Operating Costs / Sales	54.7 %	52.5 %	48.4 %	47.7 %	44.8 %	44.4 %	44.4 %
Sales per Employee	130,124	125,241	125,902	128,137	120,634	121,992	124,315
EBITDA per Employee	18,988	21,569	25,369	26,004	29,992	29,156	29,711
EBIT-margin	12.6 %	15.3 %	18.7 %	19.0 %	23.3 %	22.6 %	22.6 %
EBITDA / Operating Assets	90.8 %	142.9 %	143.2 %	134.2 %	143.0 %	93.4 %	98.3 %
ROA	378.1 %	367.8 %	505.8 %	437.3 %	162.7 %	96.4 %	103.7 %
Efficiency of Capital Employment							
Plant Turnover	59.0	46.1	48.7	36.6	10.4	6.3	6.7
Operating Assets Turnover	6.2	8.3	7.1	6.6	5.8	3.9	4.1
Capital Employed Turnover	2.2	2.1	2.0	1.8	1.5	1.4	1.4
Return on Capital							
ROCE	14.2 %	34.3 %	39.8 %	36.5 %	38.0 %	34.4 %	32.7 %
EBITDA / Avg. Capital Employed	16.4 %	38.7 %	42.8 %	39.0 %	40.5 %	36.3 %	34.6 %
ROE	21.6 %	23.9 %	28.2 %	27.0 %	27.3 %	24.6 %	22.9 %
Net Profit / Avg. Equity	10.3 %	26.1 %	30.6 %	29.2 %	29.7 %	26.0 %	24.5 %
Recurring Net Profit / Avg. Equity	10.3 %	26.1 %	30.6 %	29.2 %	29.7 %	26.0 %	24.5 %
ROIC	12.9 %	15.1 %	18.8 %	16.3 %	21.0 %	19.3 %	18.4 %
Solvency							
Net Debt	-10.7	-13.4	-14.0	-19.3	-20.6	-20.3	-23.0
Net Gearing	-122.8 %	-128.3 %	-112.1 %	-131.2 %	-117.4 %	-102.8 %	-101.7 %
Book Value of Equity / Book Value of Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Current ratio	5.4	8.0	7.6	4.7	3.4	3.2	3.5
Acid Test Ratio	2.2	2.4	2.7	2.3	2.4	2.3	2.6
EBITDA / Interest Paid	55.3	79.4	10.0	178.9	81.0	74.4	79.6
Interest Cover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	4.0	3.5	2.1	7.0	3.3	2.1	5.1
Free Cash Flow / Sales	18.1 %	14.2 %	7.6 %	24.1 %	11.3 %	6.6 %	15.4 %
Adj. Free Cash Flow	n.a.	3.9	5.1	5.6	6.9	7.0	7.5
Adj. Free Cash Flow / Sales	8.5 %	8.5 %	10.9 %	12.5 %	15.7 %	14.9 %	15.0 %
Free Cash Flow / Net Profit	211.3 %	139.0 %	58.5 %	176.8 %	68.8 %	42.3 %	98.7 %
Interest Received / Avg. Cash	2.4 %	4.1 %	4.5 %	2.2 %	1.0 %	1.0 %	0.9 %
Interest Paid / Avg. Debt	49.2 %	90.6 %	1816.7 %	137.5 %	191.5 %	142.9 %	142.9 %
Dividend Payout Ratio	49.9 %	49.3 %	50.0 %	49.9 %	49.6 %	49.8 %	50.5 %
Fund Management							
Investment ratio	1.5 %	2.8 %	1.7 %	2.1 %	8.5 %	8.0 %	1.2 %
Maint. Capex / Sales	1.4 %	1.4 %	1.3 %	1.2 %	1.5 %	1.4 %	1.3 %
Capex / Dep	74.7 %	141.6 %	117.0 %	156.1 %	553.6 %	615.6 %	92.4 %
Avg. Working Capital / Sales	14.2 %	11.4 %	10.5 %	11.8 %	10.0 %	8.5 %	9.2 %
Trade Creditors / Trade Debtors	697.3 %	635.2 %	1528.8 %	625.0 %	388.8 %	475.0 %	444.4 %
Inventory turnover (days)	0.2	0.4	0.1	0.1	0.1	0.3	0.3
Receivables collection period (DSOs)	61.0	42.3	46.8	53.7	38.2	44.0	44.0
Payables collection period (days)	8.7	6.7	3.1	8.6	9.8	9.8	9.8
Cash conversion cycle (days)	52.4	36.1	43.9	45.2	28.5	34.5	34.5
Valuation							
Dividend Yield	1.5 %	1.9 %	2.7 %	3.0 %	3.6 %	3.7 %	4.0 %
P/B	7.5	6.3	5.3	4.5	3.7	3.3	2.9
EV/sales	2.1	1.9	1.7	1.6	1.6	1.5	1.3
EV/EBITDA	14.6	11.1	8.6	7.9	6.4	6.3	5.6
EV/EBIT	16.9	12.6	9.3	8.5	6.9	6.7	5.9
EV/FCF	11.8	13.5	22.8	6.7	14.2	23.0	8.7
P/E	34.5	26.3	18.8	16.5	13.7	13.6	12.6
P/CF	23.9	22.4	16.5	8.2	13.0	12.5	11.7
Adj. Free Cash Flow Yield	5.9 %	6.3 %	8.5 %	17.0 %	10.8 %	11.1 %	12.6 %

Sources: ATOSS (historical data), Warburg Research (forecasts)

Free Cash Flow Yield - ATOSS Software

Figures in EUR m	2007	2008	2009	2010	2011e	2012e	2013e	
Net Income	2.5	3.5	4.0	4.8	4.9	5.2	5.5	
+ Depreciation + Amortisation	0.5	0.4	0.4	0.5	0.4	0.4	0.5	
- Net Interest Income	0.4	0.1	0.3	0.1	0.1	0.1	0.1	
+ Taxes	1.7	1.6	1.9	2.2	2.3	2.4	2.6	
- Maintenance Capex	0.4	0.4	0.4	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	3.9	5.1	5.6	6.9	7.0	7.5	8.1	
Adjusted Free Cash Flow Yield	8.2%	10.8%	11.8%	14.6%	14.8%	16.9%	19.4%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	46.9	46.9	46.9	46.9	47.2	44.5	41.7	
= Fair Enterprise Value	38.6	50.8	55.5	68.6	70.1	75.3	80.9	
- Net Debt (Cash)	-20.6	-20.6	-20.6	-20.6	-20.3	-23.0	-25.8	
- Pension Liabilities	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	57.4	69.7	74.4	87.5	88.6	96.5	104.9	
No. of shares (m)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	
= Fair value per share (EUR)	14.44	17.52	18.71	21.99	22.29	24.28	26.38	
premium (-) / discount (+) in %	-12.7%	5.9%	13.1%	33.0%	34.8%	46.8%	59.5%	
Sensitivity Fair value per Share (EUR)								
	13.0%	12.21	14.57	15.49	18.01	18.22	19.91	21.69
	12.0%	12.83	15.39	16.38	19.12	19.35	21.12	22.99
	11.0%	13.56	16.36	17.44	20.43	20.69	22.56	24.53
Hurdle rate	10.0%	14.44	17.52	18.71	21.99	22.29	24.28	26.38
	9.0%	15.52	18.94	20.26	23.91	24.25	26.38	28.64
	8.0%	16.87	20.71	22.20	26.30	26.70	29.01	31.47
	7.0%	18.60	22.99	24.70	29.38	29.84	32.39	35.10

Sources: ATOSS Software (historical data), Warburg Research (estimates)

DCF Model - ATOSS Software

Figures in EUR m	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e
Sales	31.1	33.3	35.6	37.4	39.3	41.3	43.3	45.5	47.8	50.1	51.6	53.2	54.8	56.4
Change	6.2%	7.0%	7.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
EBIT	7.0	7.5	8.1	8.2	8.6	9.1	9.5	10.0	10.5	11.0	11.4	11.7	12.1	12.4
EBIT-Margin	22.6%	22.6%	22.6%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Tax rate	32.0%	32.0%	32.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
NOPAT	4.8	5.1	5.5	5.4	5.6	5.9	6.2	6.5	6.8	7.2	7.4	7.6	7.8	8.1
Depreciation	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.8
in % of Sales	1.3%	1.3%	1.3%	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	-0.7	-0.1	-0.2	-0.4	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
- Capex	-2.5	-0.4	-0.4	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8
Capex in % of Sales	8.0%	1.2%	1.1%	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)	2.0	5.1	5.3	4.9	5.4	5.7	6.0	6.3	6.6	6.9	7.2	7.4	7.7	7.9

Model parameter

Debt ratio	0.00%	Beta	1.25
Costs of Debt	n.a.	WACC	10.19%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	2.00%

Valuation (mln)

Present values 2024e	41.8		
Terminal Value	25.9		
Liabilities	-1.8		
Liquidity	20.7	No. of shares (mln)	3.98
Equity Value	86.6	Value per share (EUR)	21.78

Sensitivity Value per Share (EUR)

Terminal Growth

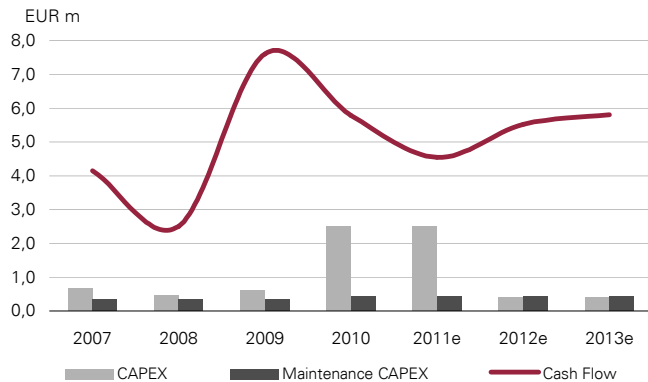
WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.19%	19.42	19.54	19.67	19.81	19.95	20.10	20.27
10.69%	20.28	20.42	20.58	20.74	20.91	21.09	21.28
10.44%	20.74	20.90	21.07	21.24	21.43	21.63	21.84
10.19%	21.24	21.41	21.59	21.78	21.99	22.21	22.44
9.94%	21.76	21.94	22.14	22.35	22.58	22.82	23.08
9.69%	22.31	22.51	22.73	22.96	23.21	23.48	23.76
9.19%	23.52	23.77	24.03	24.31	24.62	24.94	25.29

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.19%	18.71	19.08	19.44	19.81	20.17	20.54	20.91
10.69%	19.58	19.96	20.35	20.74	21.12	21.51	21.90
10.44%	20.05	20.45	20.85	21.24	21.64	22.04	22.44
10.19%	20.55	20.96	21.37	21.78	22.19	22.60	23.02
9.94%	21.08	21.50	21.93	22.35	22.78	23.20	23.63
9.69%	21.65	22.09	22.52	22.96	23.40	23.84	24.28
9.19%	22.90	23.37	23.84	24.31	24.78	25.25	25.72

Source: Warburg Research

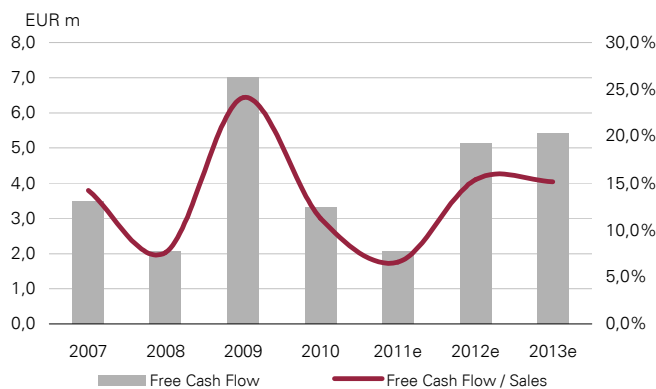
CAPEX and Cash Flow - ATOSS Software



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

- CAPEX and maintenance capex play a subordinate role
- Software business with low investments
- Cash flow develops solidly

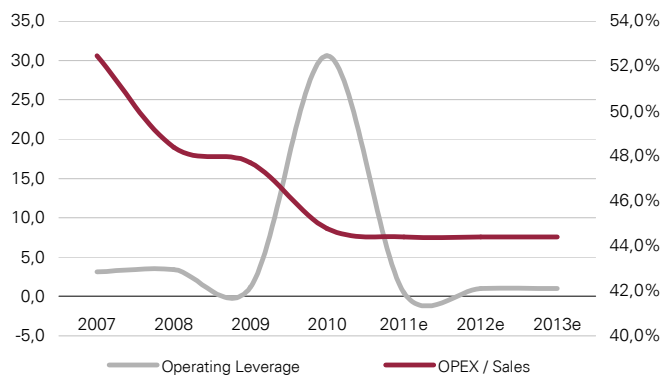
Free Cash Flow Generation - ATOSS Software



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

- ATOSS generates solid and stable FCF
- FCF high as measured by sales
- Fluctuations are normal and due to project payments

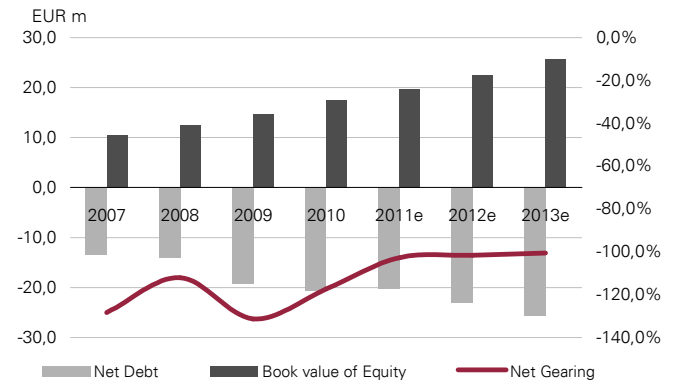
Operating Leverage - ATOSS Software



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

- Operating expenses are high with over 40% of sales
- Reason: High personal costs

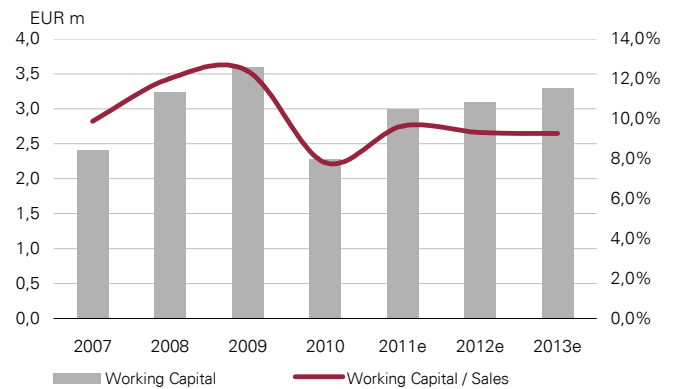
Balance Sheet Quality - ATOSS Software



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

- ATOSS has high net cash
- This results in a negative net gearing

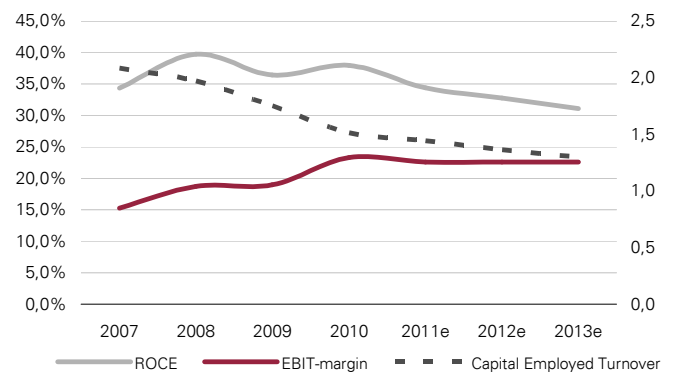
Working Capital - ATOSS Software



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

- Working Capital is relatively constant
- It is between EUR 2.5m and EUR 3.5m

ROCE Development - ATOSS Software



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

- EBIT margin develops positively in a long-term upward trend
- Good earnings development is generally reflected

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- B **Buy**: The price of the analysed equity security is expected to rise over the next 12 months.
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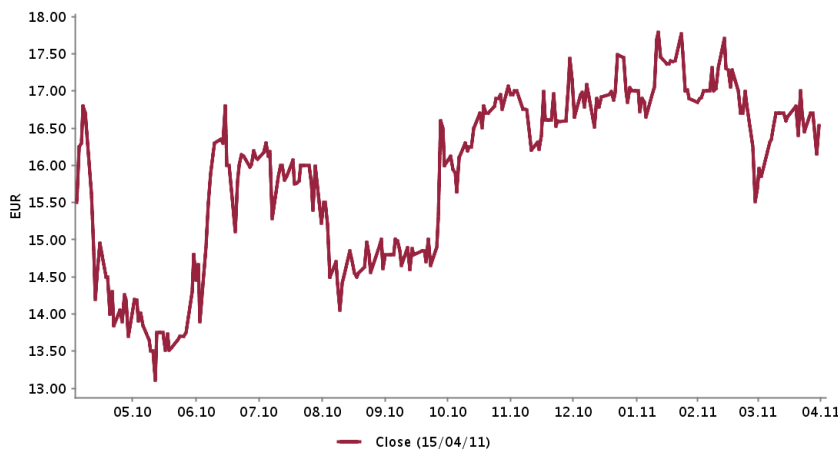
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Rating suspended	0	0%
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Rating suspended	0	0%
Total	107	

Price and Rating History
ATOSS Software AG as of 18/04/11



The charts have markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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