

Buy (old: Buy)

PT EUR 22.00 (old: 22.00)

Price EUR 16.76
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: 22.07.2011 / Closing price

Market cap: EUR 66.6 m
Enterprise Value (EV): EUR 48.1 m
Book value: EUR 19.7 m
No. of shares: 4.0 m
Trading volume Ø: EUR 23.4 th

Shareholders:
 Founding Family 55.7 %
 Free Float 42.5 %
 own shares 1.8 %
Calendar:
 Figures Q2 08/15/11
 Pre. figures Q3 10/24/11
 Figures Q3 11/14/11

Change	2011E		2012E		2013E	
	old	Δ%	old	Δ%	old	Δ%
Sales	31.1	0	33.3	0.0	35.6	0
EBIT	7.0	0	7.5	0.0	8.1	0
EPS	1.22	0	1.31	0	1.40	0

Analysis: Warburg Research
 Date of publication: 25.07.2011
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Strong H1

On July 25, 2011, ATOSS Software AG announced figures for H1 2011. These were **above expectations**:

ATOSS Software - Q2 2011								
Figures in EUR m	Q2/11	Q2/11e	Q2/10	yoy	6M/11	6M/11e	6M/10	yoy
Sales	7.9	7.2	7.1	11.3%	15.8	15.0	14.3	10.6%
EBIT margin	1.9	1.8	1.8	8.2%	3.9	3.7	3.4	12.4%
	24.5%	15.2%	25.2%		24.6%	22.2%	24.2%	
EPS in EUR	0.34	0.30	0.30	n.a.	0.68	0.64	0.61	n.a.

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

The quarter reported **fits in seamlessly into the high growth of recent years** and underlines the estimates for the current year (WR). It is possible, that the expectations for 2011 will once again be raised after Q3.

In the last half-year ATOSS was able to acquire further **interesting customers**, among others Tommy Hilfiger, Budnikowski, Praktiker or the BDH clinic group in the health sector.

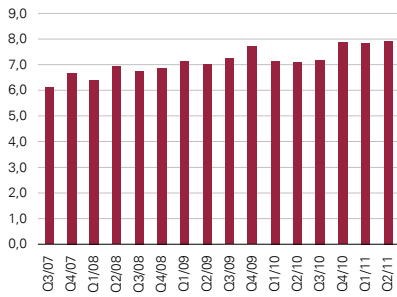
But ATOSS also progresses strategically, as the company was able to win over an SAP System House as a partner, which provides a closer interaction of the SAP and ATOSS product world in certain fields of application. Furthermore ATOSS was able to win over a partner who can also market the company's solutions internationally (Europe). So far ATOSS has offered its products mainly in the DACH region. Initial sales from the partnership can be expected for 2012.

The **balance quality of the company is still excellent**. The company's liquid funds at the end of the quarter amounted to EUR 5,63 per share (net) and thus increased significantly compared to the previous year (EUR 4,49).

Adjusted by these liquid funds, the PER for next year is about 8. Considering a DCF-value of EUR 22 and a high earnings visibility, high returning maintenance profits and a solid order backlog (EUR 3,1m vs. EUR 3,0m in the previous year), **the rating remains Buy**.

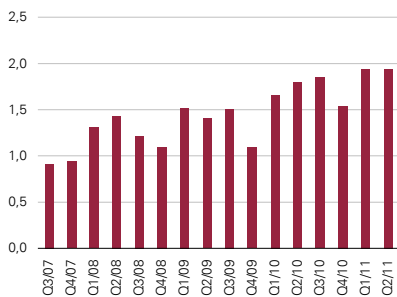
Fiscal year ending: 31.12.	2007	2008	2009	2010	2011E	2012E	2013E
Sales	24.4	26.9	29.1	29.3	31.1	33.3	35.6
<i>Change Sales yoy</i>	11.1 %	10.3 %	8.0 %	0.8 %	6.2 %	7.0 %	7.0 %
Gross balance	16.5	18.1	19.4	20.0	20.9	22.3	23.9
<i>Gross margin</i>	67.7 %	67.1 %	66.7 %	68.1 %	67.0 %	67.0 %	67.0 %
EBITDA	4.2	5.4	5.9	7.3	7.4	8.0	8.5
<i>EBITDA-margin</i>	17.2 %	20.1 %	20.3 %	24.9 %	23.9 %	23.9 %	23.9 %
EBIT	3.7	5.0	5.5	6.8	7.0	7.5	8.1
<i>EBIT-margin</i>	15.3 %	18.7 %	19.0 %	23.3 %	22.6 %	22.6 %	22.6 %
Net income	2.5	3.5	4.0	4.8	4.9	5.2	5.5
EPS	0.63	0.88	1.00	1.21	1.22	1.31	1.40
Free Cash Flow per share	0.87	0.51	1.77	0.83	0.52	1.29	1.36
Dividend	0.31	0.44	0.50	0.60	0.61	0.66	0.70
<i>Dividend Yield</i>	1.9 %	2.6 %	3.0 %	3.6 %	3.6 %	3.9 %	4.2 %
EV/Sales	2.0	1.8	1.6	1.6	1.5	1.4	1.2
EV/EBITDA	11.4	8.8	8.1	6.6	6.5	5.7	5.0
EV/EBIT	12.8	9.5	8.7	7.0	6.8	6.0	5.3
PER	26.6	19.0	16.8	13.8	13.7	12.8	12.0
ROCE	34.3 %	39.8 %	36.5 %	38.0 %	34.4 %	32.7 %	31.0 %
Adj. Free Cash Flow Yield	8.1 %	10.6 %	11.6 %	14.4 %	14.6 %	16.6 %	19.0 %

Sales development
in EUR m



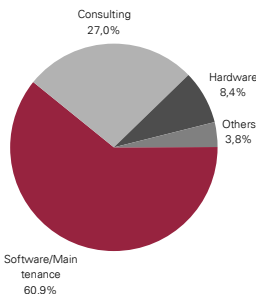
Source: ATOSS Software

EBIT development
in EUR m



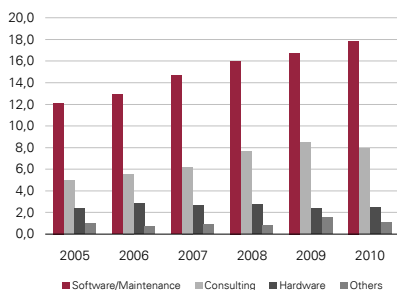
Source: ATOSS Software

Sales by segments
2010



Source: ATOSS Software

Sales Split according to segments
in EUR m



Source: ATOSS Software

Company background

ATOSS Software AG is a provider of software and services to optimise the deployment. With its solutions ATOSS optimises personnel processes and thus improves the service level, the efficiency as well as the employee and customer satisfaction. The company has assumed a leading position particularly in the German speaking area: 4,000 companies and approx. 2.5 m employees use ATOSS solutions from SMEs to blue chip companies.

Competitive quality

As to competition ATOSS primarily benefits from the following strengths:

- ATOSS has a leading software product (state-of-the-art Java technology)
- ATOSS is specialised in regions and sectors (country-specific employment conditions in the DACH region and reproduction of working processes in the core sectors)
- ATOSS is independent of manufacturers (no commitment to hardware of large software manufacturers)
- The solutions of ATOSS are highly compatible (e.g. seamless integration in ERP systems possible)
- The financial stability and balance sheet quality of ATOSS are excellent.
- ATOSS is a relatively large supplier (compared to competitors who are often considerably smaller; this is quite important for ATOSS)

Consolidated Profit & Loss ATOSS							
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 balance	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
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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 from continuing operations	2.5	3.5	4.0	4.8	4.9	5.2	5.5
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	2.5	3.5	4.0	4.8	4.9	5.2	5.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	2.5	3.5	4.0	4.8	4.9	5.2	5.5

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

Consolidated Profit & Loss ATOSS							
in % of Sales							
	2007	2008	2009	2010	2011E	2012E	2013E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	32.3 %	32.9 %	33.3 %	31.9 %	33.0 %	33.0 %	33.0 %
Gross balance	67.7 %	67.1 %	66.7 %	68.1 %	67.0 %	67.0 %	67.0 %
Research and development	19.0 %	19.0 %	19.4 %	20.3 %	19.0 %	19.0 %	19.0 %
Sales and marketing	23.6 %	20.7 %	19.9 %	16.2 %	18.0 %	18.0 %	18.0 %
General and administration	10.4 %	9.8 %	8.5 %	8.7 %	8.4 %	8.4 %	8.4 %
Other operating income/expenses	0.5 %	1.2 %	0.1 %	0.5 %	1.0 %	1.0 %	1.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	17.2 %	20.2 %	20.3 %	24.9 %	23.9 %	23.9 %	23.9 %
Depreciation of fixed assets	1.4 %	1.1 %	1.0 %	1.2 %	1.1 %	1.1 %	1.1 %
EBITA	15.9 %	19.1 %	19.3 %	23.6 %	22.8 %	22.8 %	22.8 %
Amortisation of intangible fixed assets	0.6 %	0.3 %	0.3 %	0.3 %	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	15.3 %	18.7 %	19.0 %	23.3 %	22.6 %	22.6 %	22.6 %
Interest income	2.0 %	2.3 %	1.3 %	0.7 %	0.6 %	0.6 %	0.6 %
Interest expenses	0.2 %	2.0 %	0.1 %	0.3 %	0.3 %	0.3 %	0.3 %
Financial result	1.8 %	0.3 %	1.2 %	0.4 %	0.3 %	0.3 %	0.3 %
Recurring pretax income from cont. operations	17.1 %	19.0 %	20.1 %	23.7 %	22.9 %	22.9 %	22.9 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	17.1 %	19.0 %	20.1 %	23.7 %	22.9 %	22.9 %	22.9 %
Taxes total	6.8 %	6.0 %	6.5 %	7.4 %	7.3 %	7.3 %	7.3 %
Net income from continuing operations	10.2 %	13.0 %	13.6 %	16.4 %	15.6 %	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	10.2 %	13.0 %	13.6 %	16.4 %	15.6 %	15.6 %	15.6 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	10.2 %	13.0 %	13.6 %	16.4 %	15.6 %	15.6 %	15.6 %

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

Balance sheet ATOSS

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
Assets							
Intangible assets	0.2	0.1	0.1	0.1	0.1	0.0	-0.1
thereof other intangible assets	0.2	0.1	0.1	0.1	0.1	0.0	-0.1
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.5	0.6	0.8	2.8	5.0	5.0	5.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.7	0.7	0.9	2.9	5.0	5.0	4.9
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	2.8	3.5	4.3	3.1	3.8	4.0	4.3
Other Assets	0.6	1.3	1.2	1.1	1.7	1.9	2.1
Liquid assets	13.5	14.0	19.3	20.7	20.4	23.1	25.9
Current assets	17.0	18.7	24.8	24.8	25.9	29.0	32.3
Total assets	17.6	19.4	25.7	27.8	30.9	34.0	37.2
Liabilities and shareholders' equity							
Subscribed capital	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Additional paid-in capital	-0.1	-0.2	-0.3	-0.4	-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	6.6	8.7	11.0	13.9	16.1	19.0	22.0
Book value	10.5	12.5	14.7	17.6	19.7	22.6	25.6
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	10.5	12.5	14.7	17.6	19.7	22.6	25.6
Provision for pensions and similar obligations	1.2	1.2	1.9	1.7	1.7	1.7	1.7
Provisions	5.0	4.5	5.7	2.8	2.9	3.0	3.1
Financial liabilities	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Accounts payable	0.4	0.2	0.7	0.8	0.8	0.9	1.0
Other liabilities	1.7	2.2	4.6	6.6	7.4	7.4	7.4
Liabilities	7.2	7.0	11.0	10.3	11.2	11.4	11.6
Total liabilities and shareholders' equity	17.6	19.4	25.7	27.8	30.9	34.0	37.2

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

Balance sheet ATOSS

in % of Balance Sheet Total

	2007	2008	2009	2010	2011E	2012E	2013E
Assets							
Intangible assets	0.9 %	0.7 %	0.4 %	0.5 %	0.2 %	0.0 %	-0.2 %
thereof other intangible assets	0.9 %	0.7 %	0.4 %	0.5 %	0.2 %	0.0 %	-0.2 %
thereof Goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	3.0 %	2.9 %	3.1 %	10.1 %	16.1 %	14.7 %	13.5 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	3.9 %	3.6 %	3.5 %	10.6 %	16.3 %	14.7 %	13.3 %
Inventories	0.2 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	16.1 %	17.8 %	16.7 %	11.0 %	12.3 %	11.8 %	11.6 %
Other Assets	3.6 %	6.6 %	4.6 %	3.8 %	5.5 %	5.6 %	5.7 %
Liquid assets	76.5 %	72.2 %	75.2 %	74.4 %	65.9 %	67.8 %	69.5 %
Current assets	96.4 %	96.6 %	96.5 %	89.3 %	83.7 %	85.2 %	86.7 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	22.9 %	20.8 %	15.7 %	14.5 %	13.0 %	11.8 %	10.8 %
Additional paid-in capital	-0.8 %	-1.3 %	-1.2 %	-1.4 %	-1.2 %	-1.1 %	-1.0 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other equity components	37.4 %	44.8 %	42.8 %	50.1 %	52.1 %	55.8 %	59.1 %
Book value	59.5 %	64.3 %	57.2 %	63.2 %	63.9 %	66.5 %	68.9 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	59.5 %	64.3 %	57.2 %	63.2 %	63.9 %	66.5 %	68.9 %
Provision for pensions and similar obligations	6.9 %	6.1 %	7.3 %	6.3 %	5.7 %	5.1 %	4.7 %
Provisions	28.5 %	23.2 %	22.3 %	10.1 %	9.5 %	8.9 %	8.4 %
Financial liabilities	0.2 %	0.1 %	0.1 %	0.3 %	0.2 %	0.2 %	0.2 %
Accounts payable	2.5 %	1.2 %	2.7 %	2.8 %	2.6 %	2.7 %	2.7 %
Other liabilities	9.5 %	11.5 %	17.8 %	23.7 %	23.9 %	21.7 %	19.9 %
Liabilities	40.8 %	36.0 %	42.8 %	36.9 %	36.2 %	33.5 %	31.1 %
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

	2007	2008	2009	2010	2011E	2012E	2013E
Net income	2.5	3.5	4.0	4.8	4.9	5.2	5.5
Depreciation of fixed assets	0.3	0.3	0.3	0.4	0.3	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	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Increase/decrease in long-term provisions	0.0	0.0	0.7	-0.1	0.0	0.0	0.0
Other costs affecting income / expenses	0.0	0.1	2.9	0.0	0.0	0.0	0.0
Cash Flow	2.9	4.0	8.0	5.1	5.3	5.6	6.0
Increase / decrease in inventory	0.0	-0.6	0.1	0.1	0.0	0.0	0.0
Increase / decrease in accounts receivable	0.8	-0.6	-0.8	1.2	-0.7	-0.2	-0.3
Increase / decrease in accounts payable	-0.1	-0.2	0.5	0.1	0.0	0.1	0.1
Increase / decrease in other working capital positions	0.4	-0.1	-0.1	-0.7	0.0	0.0	0.0
Increase / decrease in working capital	1.2	-1.5	-0.4	0.7	-0.7	-0.1	-0.2
Cash flow from operating activities	4.2	2.5	7.6	5.8	4.5	5.5	5.8
CAPEX	-0.7	-0.4	-0.6	-2.5	-2.5	-0.4	-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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.7	-0.4	-0.6	-2.5	-2.5	-0.4	-0.4
Change in financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-1.0	-1.2	-1.7	-2.0	-2.4	-2.4	-2.6
Purchase of own shares	0.0	-0.3	0.0	0.0	0.0	0.0	0.0
Capital measures	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-0.8	-1.5	-1.7	-1.9	-2.4	-2.4	-2.6
Change in liquid funds	2.7	0.6	5.3	1.4	-0.3	2.7	2.8
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	13.5	14.0	19.3	20.7	20.4	23.1	25.9

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

Financial Ratios ATOSS

	2007	2008	2009	2010	2011E	2012E	2013E
Operational Efficiency							
Total Operating Costs / Sales	52.5 %	48.4 %	47.7 %	44.8 %	44.4 %	44.4 %	44.4 %
Sales per Employee	125,241	125,902	128,137	120,634	121,992	124,315	126,683
EBITDA per Employee	21,569	25,369	26,004	29,992	29,156	29,711	30,277
EBIT-margin	15.3 %	18.7 %	19.0 %	23.3 %	22.6 %	22.6 %	22.6 %
EBITDA / Operating Assets	142.9 %	143.2 %	134.2 %	143.0 %	93.4 %	98.3 %	102.6 %
ROA	367.8 %	505.8 %	437.3 %	162.7 %	96.4 %	103.7 %	112.3 %
Efficiency of Capital Employment							
Plant Turnover	46.1	48.7	36.6	10.4	6.3	6.7	7.1
Operating Assets Turnover	8.3	7.1	6.6	5.8	3.9	4.1	4.3
Capital Employed Turnover	2.1	2.0	1.8	1.5	1.4	1.4	1.3
Return on Capital							
ROCE	34.3 %	39.8 %	36.5 %	38.0 %	34.4 %	32.7 %	31.0 %
EBITDA / Avg. Capital Employed	38.7 %	42.8 %	39.0 %	40.5 %	36.3 %	34.6 %	32.8 %
ROE	23.9 %	28.2 %	27.0 %	27.3 %	24.6 %	22.9 %	21.6 %
Net Profit / Avg. Equity	26.1 %	30.6 %	29.2 %	29.7 %	26.0 %	24.5 %	23.0 %
Recurring Net Profit / Avg. Equity	26.1 %	30.6 %	29.2 %	29.7 %	26.0 %	24.5 %	23.0 %
ROIC	15.1 %	18.8 %	16.3 %	21.0 %	19.3 %	18.4 %	17.7 %
Solvency							
Net Debt	-13.4	-14.0	-19.3	-20.6	-20.3	-23.0	-25.8
Net Gearing	-128.3 %	-112.1 %	-131.2 %	-117.4 %	-102.8 %	-101.7 %	-100.6 %
Book Value of Equity / Book Value of Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Current ratio	8.0	7.6	4.7	3.4	3.2	3.5	3.8
Acid Test Ratio	2.4	2.7	2.3	2.4	2.3	2.6	2.8
EBITDA / Interest Paid	79.4	10.0	178.9	81.0	74.4	79.6	85.2
Interest Cover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	3.5	2.1	7.0	3.3	2.1	5.1	5.4
Free Cash Flow / Sales	14.2 %	7.6 %	24.1 %	11.3 %	6.6 %	15.4 %	15.2 %
Adj. Free Cash Flow	3.9	5.1	5.6	6.9	7.0	7.5	8.1
Adj. Free Cash Flow / Sales	8.5 %	10.9 %	12.5 %	15.7 %	14.9 %	15.0 %	15.1 %
Free Cash Flow / Net Profit	139.0 %	58.5 %	176.8 %	68.8 %	42.3 %	98.7 %	97.5 %
Interest Received / Avg. Cash	4.1 %	4.5 %	2.2 %	1.0 %	1.0 %	0.9 %	0.8 %
Interest Paid / Avg. Debt	90.6 %	1816.7 %	137.5 %	191.5 %	142.9 %	142.9 %	142.9 %
Dividend Payout Ratio	49.3 %	50.0 %	49.9 %	49.6 %	49.8 %	50.5 %	50.1 %
Fund Management							
Investment ratio	2.8 %	1.7 %	2.1 %	8.5 %	8.0 %	1.2 %	1.1 %
Maint. Capex / Sales	1.4 %	1.3 %	1.2 %	1.5 %	1.4 %	1.3 %	1.2 %
Capex / Dep	141.6 %	117.0 %	156.1 %	553.6 %	615.6 %	92.4 %	86.3 %
Avg. Working Capital / Sales	11.4 %	10.5 %	11.8 %	10.0 %	8.5 %	9.2 %	9.0 %
Trade Creditors / Trade Debtors	635.2 %	1528.8 %	625.0 %	388.8 %	475.0 %	444.4 %	430.0 %
Inventory turnover (days)	0.4	0.1	0.1	0.1	0.3	0.3	0.3
Receivables collection period (DSOs)	42.3	46.8	53.7	38.2	44.0	44.0	44.0
Payables collection period (days)	6.7	3.1	8.6	9.8	9.8	9.8	9.8
Cash conversion cycle (days)	36.1	43.9	45.2	28.5	34.5	34.5	34.5
Valuation							
Dividend Yield	1.9 %	2.6 %	3.0 %	3.6 %	3.6 %	3.9 %	4.2 %
P/B	6.4	5.3	4.5	3.8	3.4	2.9	2.6
EV/sales	2.0	1.8	1.6	1.6	1.5	1.4	1.2
EV/EBITDA	11.4	8.8	8.1	6.6	6.5	5.7	5.0
EV/EBIT	12.8	9.5	8.7	7.0	6.8	6.0	5.3
EV/FCF	13.7	23.3	6.8	14.5	23.5	8.9	7.9
P/E	26.6	19.0	16.8	13.8	13.7	12.8	12.0
P/CF	22.7	16.7	8.3	13.1	12.7	11.9	11.1
Adj. Free Cash Flow Yield	6.1 %	8.3 %	16.7 %	10.6 %	10.9 %	12.4 %	14.1 %

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	8.1%	10.6%	11.6%	14.4%	14.6%	16.6%	19.0%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	47.8	47.8	47.8	47.8	48.1	45.4	42.6	
= 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 %	-13.8%	4.6%	11.7%	31.3%	33.0%	44.9%	57.5%	
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

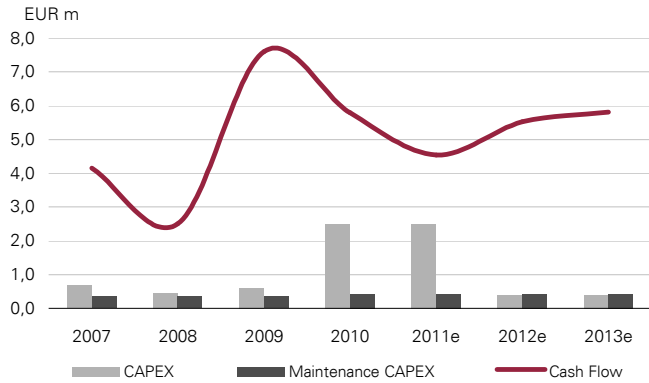
WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.19%	19.42	19.54	19.67	19.81	19.95	20.10	20.27
10.69%	20.28	20.42	20.58	20.74	20.91	21.09	21.28
10.44%	20.74	20.90	21.07	21.24	21.43	21.63	21.84
10.19%	21.24	21.41	21.59	21.78	21.99	22.21	22.44
9.94%	21.76	21.94	22.14	22.35	22.58	22.82	23.08
9.69%	22.31	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

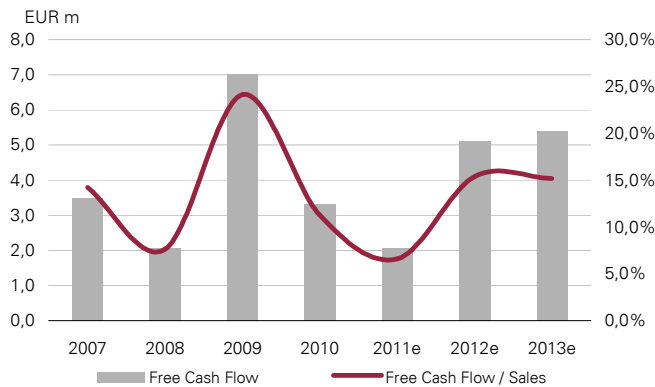
CAPEX and Cash Flow - ATOSS Software



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

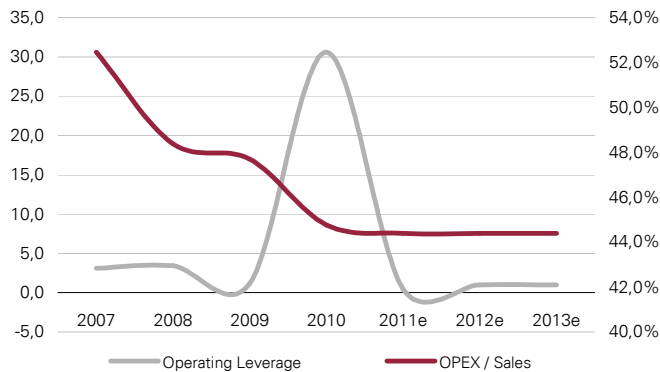
Free Cash Flow Generation - ATOSS Software



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

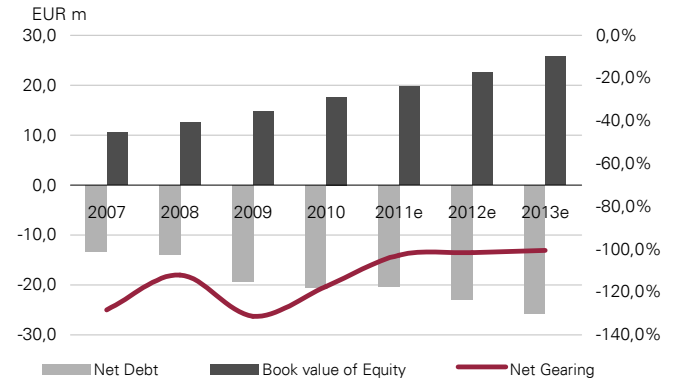
Operating Leverage - ATOSS Software



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

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

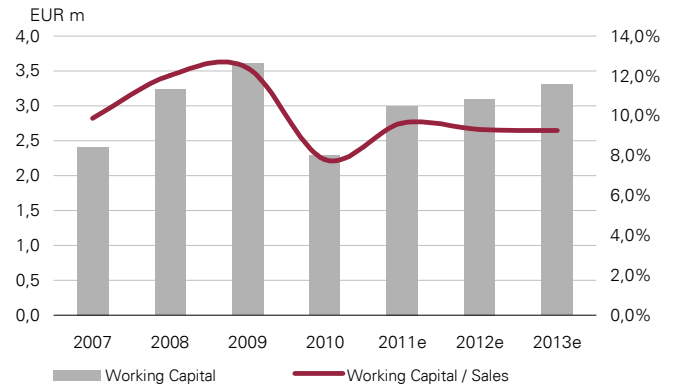
Balance Sheet Quality - ATOSS Software



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

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

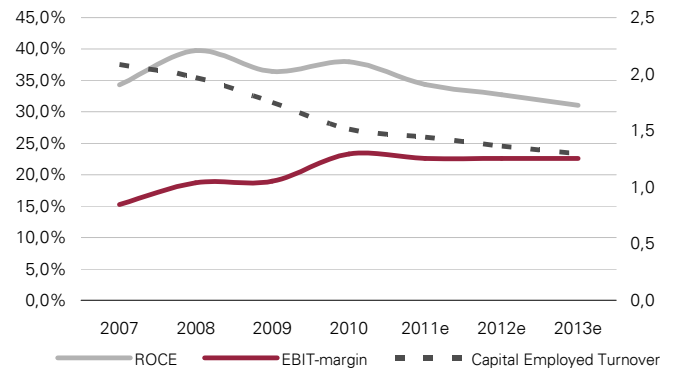
Working Capital - ATOSS Software



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.
- H **Hold**: The price of the analysed equity security is expected to remain mostly flat over the next 12 months.
- S **Sell**: The price of the analysed equity security is expected to fall over the next 12 months.
- “-“ **Rating suspended**: The available information does not currently permit an evaluation of the company.

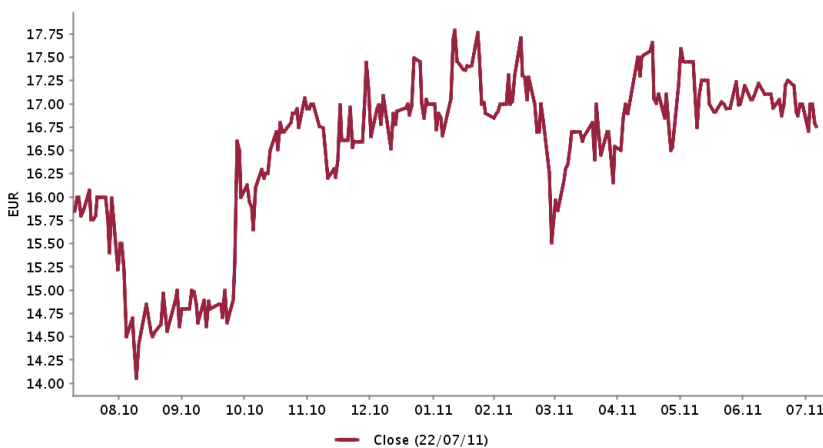
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Rating	Number of stocks	% of Universe
Buy	120	68%
Hold	50	28%
Sell	6	3%
Rating suspended	1	1%
Total	177	

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Rating	Number of stocks	% of Universe
Buy	107	71%
Hold	39	26%
Sell	3	2%
Rating suspended	1	1%
Total	150	

Price and Rating History
ATOSS Software AG as of 25/07/11



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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