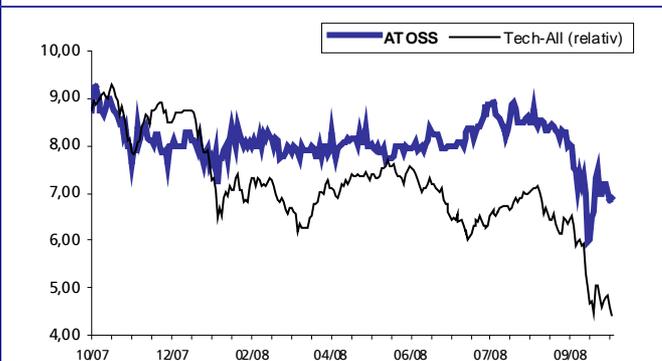


Buy Risk: **Price target:** **EUR 14.00** **Very positive earnings outlook**
(old: Buy) medium

Bloomberg: DE0005104400 Price: EUR 6.90
Reuters: AOFG.DE Tech-AS: 550.26
ISIN: AOF
Internet: www.ATOSS.com
Segment: Prime Standard
Sector: Software/IT



Share data: Bloomberg 23.10.2008/ Closing price

High / Low 52 W: EUR 9.30 / EUR 5.20
Market cap.: EUR 27.78 m
No. of shares: 4.05 m

Sharehold- Free float 44.50%
Founder family 55.70%
Own shares 0.8%

Calendar:

Analysis: SES Research

Date of publication: 24.10.2008
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ATOSS is able to convince despite the financial crisis. ATOSS' earnings figures have been above the estimates for 9 quarters in a row. The estimate was exceeded also in the last quarter. The company consequently substantiated its outlook. Roughly EUR 5 m are expected to be generated in 2008. This outlook is realistic against the backdrop of the released figures. The record order entry in Q3 (EUR 1.9 m for software licenses) is in particular noteworthy.

ATOSS Software - Q3 2008

Figures in EUR m	Q3/08	Q3/08e	Q3/07	yoY
Sales	6.7	6.3	6.1	10.6%
EBITDA	1.3	1.2	1.0	25.2%
margin	18.9%	18.8%	16.7%	
EBITA	1.2	1.1	0.9	29.6%
margin	17.5%	17.3%	14.9%	
EBIT	1.2	1.1	0.9	29.6%
margin	17.5%	17.3%	14.9%	
EPS	0.23	0.17	0.14	64.3%

Sources: ATOSS Software (historical data), SES Research (forecas

The valuation of ATOSS is very attractive on the current level. It is however more decisive that ATOSS has a remarkably good risk profile for an IT company and a very high earnings stability:

- **The order entry continued to increase in Q3.** Currently, in particular companies from the trading sector count among ATOSS' new customers. These customers' investment behavior is little volatile.

Fiscal year ending: 31.12.	2004	2005	2006	2007	2008e	2009e	2010e
Per Share figures in EUR, other figures in EUR m, price: EUR 6.90							
SALES	21.8	20.4	22.0	24.4	27.4	29.0	31.2
SALES (old)					26.9	29.0	31.2
Delta					1.8%	0.0%	0.0%
EBITDA	2.1	1.2	3.2	4.2	5.4	5.4	5.8
Margin	9.7%	5.8%	14.6%	17.2%	19.9%	18.5%	18.6%
EBITDA (old)					4.9	5.4	5.8
Delta					11.3%	0.0%	0.0%
EBITA	1.7	0.9	2.9	3.9	5.1	5.0	5.4
Margin	7.8%	4.4%	13.4%	15.9%	18.5%	17.1%	17.2%
EBITA (old)					4.5	5.0	5.4
Delta					12.1%	0.0%	0.0%
EBIT	1.2	0.6	2.8	3.7	5.0	4.9	5.3
Margin	5.6%	2.8%	12.6%	15.3%	18.3%	16.9%	17.0%
EBIT (old)					4.5	4.9	5.3
Delta					12.2%	0.0%	0.0%
NET INCOME	0.9	0.5	1.9	2.5	3.3	3.5	3.8
Margin	4.0%	2.2%	8.6%	10.2%	11.9%	12.1%	12.3%
NET INCOME (old)					2.9	3.5	3.8
Delta					12.2%	0.0%	0.0%
EPS	0.23	0.12	0.48	0.63	0.82	0.88	0.97
EPS (old)					0.7	0.9	1.0
Delta					12.3%	0.0%	0.0%
Dividend per share	0.11	5.50	0.24	0.31	0.41	0.44	0.49
Dividend Yield	1.6%	79.7%	3.5%	4.5%	5.9%	6.4%	7.1%
Dividend per share (old)					0.4	0.4	0.5
Delta					10.8%	0.0%	0.0%
EV/Sales	0.14	0.07	0.84	0.64	0.52	0.44	0.35
EV/EBITDA	1.40	1.23	5.74	3.73	2.59	2.37	1.90
EV/EBIT	2.41	2.59	6.63	4.21	2.81	2.59	2.08
PER	30.00	57.50	14.38	10.95	8.41	7.84	7.11
ROCE	3.7%	1.8%	12.6%	26.2%	30.1%	26.2%	25.5%
Adj. Free Cash Flow Yield	61.3%	61.6%	15.7%	24.6%	35.8%	39.0%	48.8%



- Additionally, as a rule ATOSS books software licenses according to the progress of project rather than at the time of concluding the contract (contrary to many other software companies). This leads to **very constant earnings**, in particular if the order backlog increases. Order backlog for software licenses grew by 64% from EUR 1.4 m to EUR 2.3 m compared to the previous year's point in time.
- **The recurring software maintenance segment (37% of sales)** showed a constant positive development in combination with the growth of software licenses. Revenues in the software maintenance rose by 10% from EUR 6.8 m to EUR 7.4 m in the first 9 months 2008.
- The **considerable liquid funds to the tune of EUR 15.4 m** (EUR 3.80 per share) represent a positive factor to gain customers as well as for the valuation situation.
- In view of share performance, the management announced to be willing to extend the current **share buyback programme** within the scope of more favorable valuation scenarios. Last but not least, the dividend yield is approx. 6% on the current level.

Against the backdrop of the overall picture the BUY recommendation is reiterated. The PT remains EUR 14.

Consolidated Profit & Loss ATOSS Software

in EUR m	2004	2005	2006	2007	2008e	2009e	2010e
SALES	21.8	20.4	22.0	24.4	27.4	29.0	31.2
Cost of sales	7.5	7.1	7.2	7.9	8.8	9.3	10.0
GROSS PROFIT	14.3	13.4	14.8	16.5	18.6	19.7	21.2
EBITDA	2.1	1.2	3.2	4.2	5.4	5.4	5.8
EBITA	1.7	0.9	2.9	3.9	5.1	5.0	5.4
EBIT	1.2	0.6	2.8	3.7	5.0	4.9	5.3
RECURRING PRETAX INCOME FROM CONT. OPERATIONS	1.7	1.1	3.2	4.2	5.0	5.4	5.9
EBT	1.7	1.1	3.2	4.2	5.0	5.4	5.9
NET INCOME FROM CONTINUING OPERATIONS	0.9	0.5	1.9	2.5	3.3	3.5	3.8
NET INCOME BEFORE MINORITIES	0.9	0.5	1.9	2.5	3.3	3.5	3.8
NET INCOME	0.9	0.5	1.9	2.5	3.3	3.5	3.8

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

Consolidated Profit & Loss ATOSS Software

in % of Sales	2004	2005	2006	2007	2008e	2009e	2010e
SALES	100.0%						
Cost of sales	34.4%	34.5%	32.6%	32.3%	32.0%	32.0%	32.0%
GROSS PROFIT	65.6%	65.5%	67.4%	67.7%	68.0%	68.0%	68.0%
Research and development	19.6%	19.9%	17.9%	19.0%	18.4%	18.8%	18.7%
Sales and marketing	26.8%	26.8%	27.4%	23.6%	22.5%	22.8%	22.8%
General and administration	15.5%	16.0%	11.8%	10.4%	9.8%	10.0%	10.0%
Other operating income/expenses	1.9%	0.0%	2.4%	0.5%	1.0%	0.5%	0.5%
EBITDA	9.7%	5.8%	14.6%	17.2%	19.9%	18.5%	18.6%
Depreciation of fixed assets	1.9%	1.5%	1.2%	1.4%	1.4%	1.4%	1.4%
EBITA	7.8%	4.4%	13.4%	15.9%	18.5%	17.1%	17.2%
Amortisation of intangible fixed assets	2.2%	1.6%	0.7%	0.6%	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	5.6%	2.8%	12.6%	15.3%	18.3%	16.9%	17.0%
Interest income	2.8%	2.7%	2.1%	2.0%	1.9%	2.1%	2.2%
Interest expenses	0.4%	0.0%	0.3%	0.2%	1.8%	0.3%	0.3%
Financial result	2.4%	2.7%	1.9%	1.8%	0.0%	1.7%	1.9%
RECURRING PRETAX INCOME FROM CONT. OPERATIONS	8.0%	5.5%	14.5%	17.1%	18.3%	18.6%	18.9%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	8.0%	5.5%	14.5%	17.1%	18.3%	18.6%	18.9%
Taxes total	4.0%	3.2%	6.0%	6.8%	6.4%	6.5%	6.6%
NET INCOME FROM CONTINUING OPERATIONS	4.0%	2.2%	8.6%	10.2%	11.9%	12.1%	12.3%
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	4.0%	2.2%	8.6%	10.2%	11.9%	12.1%	12.3%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NET INCOME	4.0%	2.2%	8.6%	10.2%	11.9%	12.1%	12.3%

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

Balance sheet ATOSS Software

in EUR m	2004	2005	2006	2007	2008e	2009e	2010e
ASSETS							
Intangible assets	0.4	0.3	0.1	0.2	0.1	0.1	0.1
thereof other intangible assets	0.4	0.3	0.1	0.2	0.1	0.1	0.1
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant & equipment	0.5	0.4	0.4	0.5	0.8	1.1	1.3
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	0.9	0.6	0.5	0.7	0.9	1.2	1.4
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	3.4	3.8	3.7	2.8	3.1	3.3	3.6
Other Assets	1.0	0.8	0.7	0.6	0.6	0.9	1.3
Liquid assets	26.6	27.8	10.8	13.5	15.1	16.4	18.2
CURRENT ASSETS	31.0	32.5	15.2	17.0	18.8	20.7	23.1
TOTAL ASSETS	31.9	33.1	15.7	17.6	19.7	21.9	24.5
LIABILITIES AND SHAREHOLDERS' EQUITY							
Subscribed capital	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Additional paid-in capital	20.2	0.5	0.4	-0.1	0.0	0.0	0.0
Surplus capital	0.0	0.0	0.0	0.0	5.4	7.0	8.8
Other equity components	2.8	23.3	4.3	6.6	3.3	3.5	3.8
SHAREHOLDERS' EQUITY	27.0	27.8	8.7	10.5	12.7	14.5	16.7
Minority Interest	0.0						
TOTAL EQUITY	27.0	27.8	8.7	10.5	12.7	14.5	16.7
Provision for pensions and similar obligations	1.4	1.2	1.2	1.2	1.2	1.2	1.2
Provisions	2.9	3.1	4.1	5.0	5.0	5.1	5.2
Financial liabilities	0.3	0.2	0.1	0.0	0.0	0.0	0.0
Accounts payable	0.4	0.7	0.5	0.4	0.5	0.5	0.6
Payables and other liabilities	1.3	1.4	2.3	1.6	1.5	1.7	1.9
LIABILITIES	4.9	5.3	7.0	7.2	7.1	7.4	7.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	31.9	33.1	15.7	17.6	19.8	21.9	24.5

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

Balance sheet ATOSS Software

in % of Balance Sheet Total	2004	2005	2006	2007	2008e	2009e	2010e
ASSETS							
Intangible assets	1.3%	0.8%	0.8%	0.9%	0.5%	0.6%	0.3%
thereof other intangible assets	1.3%	0.8%	0.8%	0.9%	0.5%	0.6%	0.3%
thereof Goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Property, plant & equipment	1.4%	1.1%	2.4%	3.0%	4.2%	5.0%	5.4%
Financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FIXED ASSETS	2.8%	1.9%	3.2%	3.9%	4.7%	5.6%	5.7%
Inventories	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
Accounts receivable	10.6%	11.4%	23.4%	16.1%	15.7%	15.1%	14.7%
Other Assets	3.2%	2.5%	4.6%	3.4%	3.1%	4.2%	5.5%
Liquid assets	83.4%	84.1%	68.7%	76.5%	76.5%	75.1%	74.1%
CURRENT ASSETS	97.3%	98.1%	97.1%	96.4%	95.5%	94.5%	94.3%
TOTAL ASSETS	100.0%						
LIABILITIES AND SHAREHOLDERS' EQUITY							
Subscribed capital	12.6%	12.2%	25.6%	22.9%	20.3%	18.4%	16.4%
Additional paid-in capital	63.2%	1.4%	2.3%	-0.8%	0.0%	0.0%	0.0%
Surplus capital	0.0%	0.0%	0.0%	0.0%	27.5%	31.8%	36.1%
Other equity components	8.9%	70.5%	27.6%	37.4%	16.5%	16.0%	15.7%
SHAREHOLDERS' EQUITY	84.7%	84.0%	55.5%	59.5%	64.3%	66.3%	68.2%
Minority Interest	0.0%						
TOTAL EQUITY	84.7%	84.0%	55.5%	59.5%	64.3%	66.3%	68.2%
Provision for pensions and similar obligations	4.3%	3.7%	7.8%	6.9%	6.1%	5.5%	5.0%
Provisions	9.1%	9.2%	26.1%	28.5%	25.3%	23.4%	21.3%
Financial liabilities	0.8%	0.5%	0.5%	0.2%	0.2%	0.2%	0.1%
Accounts payable	1.3%	2.2%	3.4%	2.5%	2.5%	2.3%	2.4%
Payables and other liabilities	4.1%	4.1%	14.5%	9.3%	7.7%	7.9%	8.0%
LIABILITIES	15.3%	15.9%	44.7%	40.8%	35.7%	33.6%	31.7%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	100.0%						

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

Statement of Cash Flows ATOSS Software							
in EUR m	2004	2005	2006	2007	2008e	2009e	2010e
Net income	0.9	0.5	1.9	2.5	3.3	3.5	3.8
Depreciation of fixed assets	0.4	0.3	0.3	0.3	0.4	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	0.5	0.3	0.2	0.1	0.1	0.1	0.1
Increase/decrease in long-term provisions	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.4	0.4	0.4	0.0	0.0	0.0	0.0
Cash Flow	2.3	1.3	2.8	2.9	3.7	4.0	4.3
Increase / decrease in inventory	0.4	0.1	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	0.1	-0.4	0.0	0.8	-0.3	-0.2	-0.3
Increase / decrease in accounts payable	0.0	0.3	-0.2	-0.1	0.1	0.0	0.1
Increase / decrease in other working capital positions	-1.2	0.3	1.8	0.4	0.0	0.0	0.0
Increase / decrease in working capital	-0.6	0.4	1.6	1.2	-0.2	-0.2	-0.2
CASH FLOW FROM OPERATING ACTIVITIES	1.7	1.7	4.3	4.2	3.5	3.8	4.1
CAPEX	-0.6	-0.4	-0.3	-0.7	-0.7	-0.8	-0.7
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	0.1	0.0	0.0	0.0	0.0
CASH FLOW FROM INVESTING ACTIVITIES	-0.6	-0.4	-0.2	-0.7	-0.7	-0.8	-0.7
Change in financial liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-5.7	-0.4	-21.5	-1.0	-1.2	-1.6	-1.7
Purchase of own shares	-1.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.5	0.4	0.2	0.1	0.0	0.0	0.0
Others	0.0	0.0	0.1	0.0	0.0	0.0	0.0
CASH FLOW FROM FINANCING ACTIVITIES	-6.2	-0.1	-21.2	-0.8	-1.2	-1.6	-1.7
Change in liquid funds	-5.2	1.2	-17.1	2.7	1.6	1.4	1.7
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	26.7	27.8	10.8	13.5	15.1	16.4	18.2

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

Financial Ratios ATOSS Software

	2004	2005	2006	2007	2008e	2009e	2010e
Operational Efficiency							
Total Operating Costs / Sales	60.0%	62.7%	54.7%	52.5%	49.7%	51.1%	51.0%
Sales per Employee	121.9	115.3	130.1	125.2	-	-	-
EBITDA per Employee	11.8	6.7	19.0	21.6	-	-	-
EBIT margin	5.6%	2.8%	12.6%	15.3%	18.3%	16.9%	17.0%
EBITDA / Operating Assets	61.8%	34.5%	90.8%	142.9%	159.1%	138.0%	134.1%
ROA	99.3%	72.8%	378.1%	367.8%	355.8%	286.4%	273.8%
Efficiency of Capital Employment							
Plant Turnover	48.1	55.2	59.0	46.1	33.3	26.6	23.5
Operating Assets Turnover	6.4	5.9	6.2	8.3	8.0	7.5	7.2
Capital Employed Turnover	0.7	0.7	1.7	1.6	1.5	1.5	1.4
Return on Capital							
ROCE	3.7%	1.8%	12.6%	26.2%	30.1%	26.2%	25.5%
EBITDA / Avg. Capital Employed	6.3%	3.9%	14.6%	29.6%	32.7%	28.7%	27.9%
ROE	3.2%	1.6%	21.6%	23.9%	25.6%	24.2%	23.0%
Net Profit / Avg. Equity	3.0%	1.7%	10.3%	26.1%	28.1%	25.8%	24.6%
Recurring Net Profit / Avg. Equity	3.0%	1.7%	10.3%	26.1%	28.1%	25.8%	24.6%
ROIC	2.9%	1.4%	12.9%	15.1%	17.2%	16.9%	16.6%
Solvency							
Net Debt	-26.3	-27.7	-10.7	-13.4	-15.0	-16.4	-18.1
Net Gearing	-97.5%	-99.5%	-122.8%	-128.3%	-118.1%	-113.1%	-108.5%
Book Value of Equity / Book Value of Debt	500.0%	500.0%	500.0%	500.0%	500.0%	500.0%	500.0%
Current ratio	17.9	15.7	5.4	8.0	9.4	9.4	9.2
Acid Test Ratio	6.7	6.3	2.2	2.4	2.7	2.8	3.0
EBITDA / Interest Paid	22.5	-	55.3	79.4	10.9	53.7	58.0
Interest Cover	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash Flow							
Free Cash Flow	1.1	1.3	4.0	3.5	2.8	3.0	3.5
Free Cash Flow / Sales	4.8%	6.5%	18.1%	14.2%	10.4%	10.3%	11.1%
Adj. Free Cash Flow	1.8	0.9	2.9	3.9	5.0	5.0	5.4
Adj. Free Cash Flow / Sales	3.9%	1.2%	8.5%	8.5%	10.2%	10.2%	10.3%
Free Cash Flow / Net Profit	1.2	2.9	2.1	1.4	0.9	0.9	0.9
Interest Received / Avg. Cash	2.1%	2.0%	2.4%	4.1%	3.6%	3.8%	4.0%
Interest Paid / Avg. Debt	34.8%	0.0%	49.2%	90.6%	1388.9%	277.8%	277.8%
Dividend Payout Ratio	0.5	46.6	0.5	0.5	0.5	0.5	0.5
Funds Management							
Investment ratio	2.8%	1.8%	1.5%	2.8%	2.5%	2.7%	2.2%
Maint. Capex / Sales	1.4%	1.4%	1.4%	1.4%	1.5%	1.4%	1.4%
Capex / Dep'n	68.2%	58.9%	74.7%	141.6%	154.0%	166.7%	135.1%
Avg. Working Capital / Sales	13.9%	14.8%	14.2%	11.4%	9.2%	9.3%	9.3%
Trade Creditors / Trade Debtors	795.8%	526.1%	697.3%	635.2%	620.0%	660.0%	600.0%
Inventory turnover (days)	1,559.0	1,570.5	1,832.6	939.3	1,200.0	1,200.0	1,200.0
Receivables collection period (DSOs)	56.6	67.7	61.0	42.3	42.0	42.0	42.0
Payables collection period (days)	7.1	12.9	8.7	6.7	6.7	6.7	6.7
Cash conversion cycle (Tage)	1,608.5	1,625.3	1,884.8	975.0	1,235.3	1,235.3	1,235.3
Valuation							
P/B	1.0	1.0	3.2	2.7	2.2	1.9	1.7
EV/Sales	0.1	0.1	0.8	0.6	0.5	0.4	0.4
EV/EBITDA	1.4	1.2	5.7	3.7	2.6	2.4	1.9
EV/EBIT	2.4	2.6	6.6	4.2	2.8	2.6	2.1
EV/FCF	2.8	1.1	4.6	4.5	5.0	4.2	3.2
P/E	30.0	57.5	14.4	11.0	8.4	7.8	7.1
P/CF	16.8	16.4	6.5	6.7	8.0	7.4	6.7

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

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