ATOSS

(CDAX, Software/IT)

WARBURG RESEARCH

Hold	
EUR 75.00	(EUR 64.00)
Price	EUR 74.50
Upside	0.7 %

Value Indicators:	EUR
DCF:	74.61

Share data:	
Bloomberg:	AOF GR
Reuters:	AOFG
ISIN:	DE0005104400

Description:

ATOSS supplies software and services for the optimisation of workforce management.

Market Snapshot:	EUR m
Market cap:	296.3
No. of shares (m):	4.0
EV:	274.6
Freefloat MC:	96.9
Ø Trad. Vol. (30d):	71.38 th

Shareholders:	
Freefloat	32.7 %
Founding Famely	56.4 %
Mainfirst	5.1 %
Investment TGV Bonn	5.8 %

Risk Profile (WRe):	2017e
Beta:	1.2
Price / Book:	13.7 x
Equity Ratio:	56 %

Transition to cloud to pose a short-term burden

Stated Figures Q3/2017:

Angaben in Mio. EUR	Q3/17	Q3/17e	Q3/16	yoy	9M/17	9M/17e	9M/16	yoy
Umsatz	13,5	13,7	12,6	7,2%	40,0	40,2	36,5	9,5%
EBIT	3,6	3,8	3,5	0,7%	10,2	10,4	9,8	4,2%
Marge	*26,4%*	*27,7%*	*28,1%*		*25,5%*	*26,0%*	*26,8%*	

Comment on Figures:

- The figures for the third quarter fell slightly short of expectations.
- In Q2, a marginal shortfall was already visible.
- The reason is the start of the transformation process towards cloud-based solutions (see below).

ATOSS finds itself on the path to a new world of invoicing. While at the moment, most projects are still directly installed on customers' premises (on premise), there is increasing demand for the product delivered in the cloud. Invoices for on premise projects are issued promptly and according to the classic revenue streams for software, service and (ongoing) maintenance. Cloud projects, in contrast, for a comparable level of service (excluding the treatment of infrastructure costs), are fundamentally always invoiced on an entirely ongoing basis (subscription).

Generally it can be said that in comparison to an on premise project, a cloud project only achieves a similar level of profitability for ATOSS after a longer period of time. Depending on the contract, cloud projects are generally more profitable in the long term than classic maintenance contracts for on premise solutions. Despite very good sales performance and extremely interesting contract values in the long term, this can lead to a heavy burden on margins in the first years of the transformation, as can be seen at ATOSS: The sales performance in the first nine months was very strong (software order intake of EUR 10.8m (9M/2016 EUR 9.0m), +20%). As a result of the transformation process, the order backlog for on premise software licences decreased to EUR 5.6m (year before: EUR 6.0m) while cloud solutions rose to EUR 8.1m (year before: EUR 3.9m). For every cloud solution, there are high initial costs in the first months for comparatively low revenues.

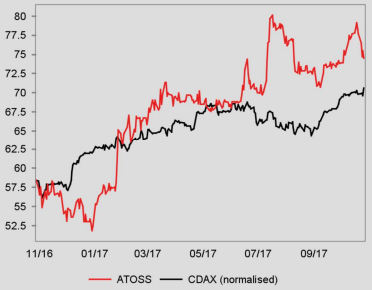
In the context of this publication, the income scenario is adjusted towards more substantial cloud order intake. As cloud orders, seen over the lifetime of the customer, are in principle more attractive than on premise solutions in the long term, the adjustment of the income scenario results in a slight increase in the DCF value. **The ATOSS share continues to be rated Hold with a price target of EUR 75 (64).**

Changes in Estimates:

FY End: 31.12. in EUR m	2017e (old)	+ / -	2018e (old)	+ / -	2019e (old)	+ / -
Sales	55.0	-0.9 %	61.6	-1.6 %	69.0	-2.5 %
EBIT	15.1	-8.1 %	16.9	-10.6 %	18.9	-9.6 %
EPS	2.54	-8.3 %	2.84	-10.6 %	3.19	-9.7 %
DPS	1.27	-7.9 %	1.42	-10.6 %	1.60	-10.0 %

Comment on Changes:

- The expectations for the coming years are reduced slightly. As of the years beyond 2012/22, a higher margin level is expected than in the "world without cloud", i.e. the original reference basis. This long-term development however will not become apparent in the short term but is considered in the course of a margin increase in the DCF model.
- The burden on margins arising from the transition to cloud is assumed at about 1.5-2% compared to the (hypothetical) scenario (on premise only).



Rel. Performance vs CDAX:	
1 month:	-2.4 %
6 months:	1.2 %
Year to date:	28.3 %
Trailing 12 months:	7.9 %

Company events:

FY End: 31.12. in EUR m	CAGR (16-19e)	2013	2014	2015	2016	2017e	2018e	2019e
Sales	10.7 %	35.5	39.7	44.9	49.5	54.5	60.6	67.3
Change Sales yoy		7.6 %	11.8 %	13.2 %	10.2 %	10.0 %	11.2 %	11.0 %
Gross profit margin		*71.0 %*	*68.8 %*	*68.5 %*	*69.9 %*	*69.0 %*	*68.5 %*	*69.0 %*
EBITDA	8.2 %	9.0	10.3	12.0	14.3	14.6	16.0	18.1
Margin		*25.4 %*	*26.0 %*	*26.8 %*	*28.8 %*	*26.9 %*	*26.4 %*	*26.9 %*
EBIT	8.0 %	8.4	9.8	11.3	13.6	13.8	15.1	17.1
Margin		*23.7 %*	*24.7 %*	*25.2 %*	*27.4 %*	*25.4 %*	*24.9 %*	*25.4 %*
Net income	7.2 %	2.9	7.0	7.6	9.3	9.3	10.1	11.4
EPS	7.3 %	0.72	1.77	1.91	2.33	2.33	2.54	2.88
EPS adj.	7.3 %	0.72	1.77	1.91	2.33	2.33	2.54	2.88
DPS	7.5 %	0.72	0.88	2.80	1.16	1.17	1.27	1.44
Dividend Yield		2.8 %	3.0 %	6.0 %	1.9 %	1.6 %	1.7 %	1.9 %
FCFPS		1.02	1.94	1.81	2.80	1.74	2.31	2.65
FCF / Market cap		3.9 %	6.6 %	3.9 %	4.7 %	2.3 %	3.1 %	3.6 %
EV / Sales		2.6 x	2.6 x	3.7 x	4.4 x	5.0 x	4.5 x	3.9 x
EV / EBITDA		10.2 x	9.9 x	13.7 x	15.3 x	18.7 x	16.9 x	14.6 x
EV / EBIT		10.9 x	10.4 x	14.5 x	16.0 x	19.8 x	17.9 x	15.5 x
P / E		36.3 x	16.8 x	24.3 x	25.6 x	32.0 x	29.3 x	25.9 x
P / E adj.		36.3 x	16.8 x	24.3 x	25.6 x	32.0 x	29.3 x	25.9 x
FCF Potential Yield		7.9 %	6.5 %	4.8 %	4.3 %	3.5 %	3.9 %	4.5 %
Net Debt		-11.9	-15.9	-19.6	-19.4	-21.7	-26.2	-31.7
ROCE (NOPAT)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Guidance:	Revenue growth 10% (+/- 3%), EBIT margin 25 %							

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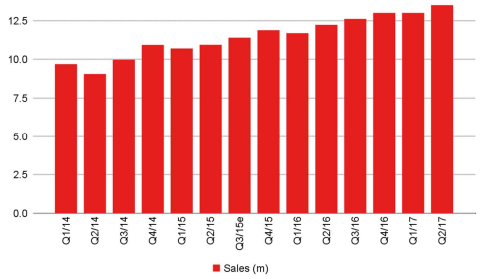
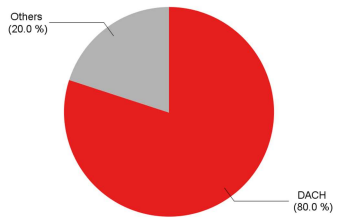
Sales development
in EUR m



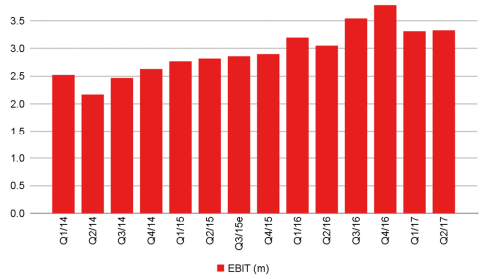
Source: Warburg Research

Sales by regions
2017e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

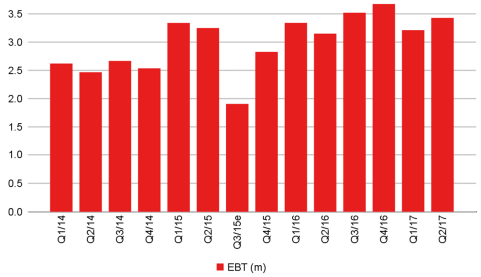
Company Background

- ATOSS Software AG is a supplier of software and services for the optimisation of workforce management.
- ATOSS solutions optimises companies' personnel procedures, improving the level of service and efficiency of the employees and improving customer satisfaction
- The company has achieved a leading market position, particularly in the German speaking countries.
- From medium-sized companies (Mittelstand) to blue-chip firms, several million employees use ATOSS solutions.

Competitive Quality

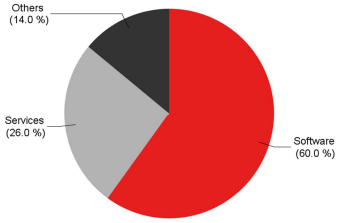
- ATOSS has a leading software product (the most modern Java technology)
- ATOSS specialises in regions and industry sectors (country-specific work conditions in the Germany, Austria, Swiss region and mapping out work processes in core industries)
- ATOSS works independently of producers (no ties to hardware or large software producers) and the ATOSS solutions have a high level of compatibility (e.g. seamless integration in the ERP systems possible)
- Financial stability and balance sheet quality is excellent, which can be regarded as a competitive advantage in the software industry.
- ATOSS is a relatively large supplier (in comparison to the competition) among many much smaller suppliers, which still pose stiff competition for ATOSS.

EBT development
in EUR m



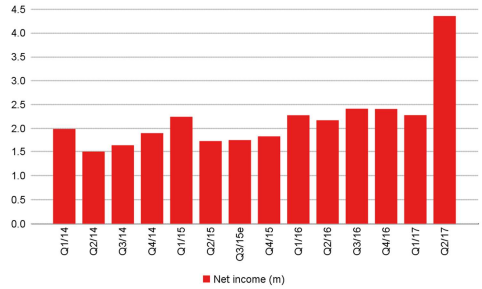
Source: Warburg Research

Sales by segments
2017e; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	
Sales	54.5	60.6	67.3	74.0	81.4	89.5	96.7	104.4	112.8	119.6	124.3	129.3	n.a.	
Sales change	*10.0 %*	*11.2 %*	*11.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*8.0 %*	*8.0 %*	*8.0 %*	*6.0 %*	*4.0 %*	*4.0 %*	*n.a.*	*2.5 %*
EBIT	13.8	15.1	17.1	19.2	22.0	25.1	28.0	31.3	35.0	38.3	41.0	44.0	n.a.	
EBIT-margin	*25.4 %*	*24.9 %*	*25.4 %*	*26.0 %*	*27.0 %*	*28.0 %*	*29.0 %*	*30.0 %*	*31.0 %*	*32.0 %*	*33.0 %*	*34.0 %*	*n.a.*	
Tax rate (EBT)	*33.0 %*	*33.0 %*	*33.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*n.a.*	
NOPAT	9.3	10.1	11.4	12.5	14.3	16.3	18.2	20.4	22.7	24.9	26.7	28.6	n.a.	
Depreciation	0.8	0.9	1.0	1.5	1.4	1.3	1.5	1.6	1.7	1.8	1.9	1.9	n.a.	
in % of Sales	*1.5 %*	*1.5 %*	*1.5 %*	*2.0 %*	*1.7 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*n.a.*	
Changes in provisions	0.0	0.0	0.0	0.3	0.3	0.4	0.3	0.3	0.3	0.2	0.1	0.1	n.a.	
Change in Liquidity from														
- Working Capital	2.0	0.7	0.8	0.0	0.7	0.8	0.7	0.8	0.8	0.7	0.5	0.5	n.a.	
- Capex	1.1	1.1	1.1	1.1	1.2	1.3	1.5	1.6	1.7	1.8	1.9	1.9	n.a.	
Capex in % of Sales	*2.0 %*	*1.8 %*	*1.7 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*n.a.*	
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	n.a.	
Free Cash Flow (WACC Model)	6.9	9.2	10.5	13.1	14.0	15.8	17.8	19.9	22.2	24.3	26.3	28.2	n.a.	28
PV of FCF	6.9	8.4	8.8	10.0	9.8	10.2	10.5	10.7	11.0	11.0	10.9	10.8	n.a.	148
share of PVs	**8.65 %**			**38.03 %**										**53.32 %**

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.20
Cost of debt (after tax)	3.9 %	Liquidity (share)	1.20
Market return	8.00 %	Cyclicality	1.20
Risk free rate	2.50 %	Transparency	1.20
		Others	1.20
WACC	**9.10 %**	**Beta**	**1.20**

Valuation (m)

Present values 2029e	129		
Terminal Value	148		
Financial liabilities	0		
Pension liabilities	5		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	24	No. of shares (m)	4.0
Equity Value	**297**	**Value per share (EUR)**	**74.61**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.75 %	2.00 %	2.25 %	**2.50 %**	2.75 %	3.00 %	3.25 %
1.38	10.1 %	61.90	62.71	63.58	64.50	65.48	66.53	67.66
1.29	9.6 %	66.06	67.03	68.07	69.19	70.38	71.66	73.05
1.25	9.4 %	68.36	69.42	70.57	71.79	73.11	74.54	76.08
1.20	9.1 %	70.81	71.99	73.25	**74.61**	76.07	77.65	79.37
1.15	8.9 %	73.45	74.74	76.14	77.64	79.27	81.04	82.96
1.11	8.6 %	76.28	77.71	79.26	80.93	82.75	84.73	86.90
1.02	8.1 %	82.63	84.40	86.32	88.42	90.70	93.22	95.99

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.38	10.1 %	61.45	62.47	63.48	64.50	65.51	66.53	67.54
1.29	9.6 %	65.91	67.00	68.10	69.19	70.28	71.37	72.46
1.25	9.4 %	68.40	69.53	70.66	71.79	72.93	74.06	75.19
1.20	9.1 %	71.07	72.25	73.43	**74.61**	75.78	76.96	78.14
1.15	8.9 %	73.96	75.19	76.42	77.64	78.87	80.10	81.32
1.11	8.6 %	77.09	78.37	79.65	80.93	82.21	83.49	84.77
1.02	8.1 %	84.22	85.62	87.02	88.42	89.82	91.22	92.62

- In the DCF model, a moderate continuation of the constant growth of the past years is anticipated.
- A margin improvement due to economies of scale is not assumed.
- The long-term margin remains at a high level
-

Valuation

	2013	2014	2015	2016	2017e	2018e	2019e
Price / Book	8.8 x	7.9 x	9.7 x	14.0 x	13.7 x	11.0 x	8.8 x
Book value per share ex intangibles	2.93	3.72	4.71	4.19	5.37	6.75	8.39
EV / Sales	2.6 x	2.6 x	3.7 x	4.4 x	5.0 x	4.5 x	3.9 x
EV / EBITDA	10.2 x	9.9 x	13.7 x	15.3 x	18.7 x	16.9 x	14.6 x
EV / EBIT	10.9 x	10.4 x	14.5 x	16.0 x	19.8 x	17.9 x	15.5 x
EV / EBIT adj.*	10.9 x	10.4 x	14.5 x	16.0 x	19.8 x	17.9 x	15.5 x
P / FCF	25.5 x	15.3 x	25.6 x	21.3 x	42.8 x	32.3 x	28.2 x
P / E	36.3 x	16.8 x	24.3 x	25.6 x	32.0 x	29.3 x	25.9 x
P / E adj.*	36.3 x	16.8 x	24.3 x	25.6 x	32.0 x	29.3 x	25.9 x
Dividend Yield	2.8 %	3.0 %	6.0 %	1.9 %	1.6 %	1.7 %	1.9 %
FCF Potential Yield (on market EV)	7.9 %	6.5 %	4.8 %	4.3 %	3.5 %	3.9 %	4.5 %

*Adjustments made for: -

Consolidated profit and loss

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Sales	**35.5**	**39.7**	**44.9**	**49.5**	**54.5**	**60.6**	**67.3**
Change Sales yoy	7.6 %	11.8 %	13.2 %	10.2 %	10.0 %	11.2 %	11.0 %
COGS	10.3	12.4	14.1	14.9	16.9	19.1	20.9
Gross profit	**25.2**	**27.3**	**30.8**	**34.6**	**37.6**	**41.5**	**46.4**
Gross margin	*71.0 %*	*68.8 %*	*68.5 %*	*69.9 %*	*69.0 %*	*68.5 %*	*69.0 %*
Research and development	7.5	8.0	8.7	9.5	11.4	12.7	14.1
Sales and marketing	6.2	6.4	7.4	8.0	8.8	9.8	10.8
Administration expenses	3.1	3.3	3.5	3.8	4.1	4.5	5.0
Other operating expenses	0.1	0.0	0.2	0.1	0.0	0.0	0.0
Other operating income	0.1	0.3	0.3	0.4	0.5	0.6	0.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**9.0**	**10.3**	**12.0**	**14.3**	**14.6**	**16.0**	**18.1**
Margin	*25.4 %*	*26.0 %*	*26.8 %*	*28.8 %*	*26.9 %*	*26.4 %*	*26.9 %*
Depreciation of fixed assets	0.4	0.4	0.6	0.6	0.7	0.8	0.9
EBITA	**8.6**	**9.9**	**11.5**	**13.7**	**14.0**	**15.2**	**17.2**
Amortisation of intangible assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**8.4**	**9.8**	**11.3**	**13.6**	**13.8**	**15.1**	**17.1**
Margin	*23.7 %*	*24.7 %*	*25.2 %*	*27.4 %*	*25.4 %*	*24.9 %*	*25.4 %*
EBIT adj.	**8.4**	**9.8**	**11.3**	**13.6**	**13.8**	**15.1**	**17.1**
Interest income	0.4	0.6	0.1	0.2	0.1	0.1	0.1
Interest expenses	4.6	0.1	0.1	0.1	0.1	0.1	0.1
Other financial income (loss)	0.2	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**4.2**	**10.3**	**11.3**	**13.7**	**13.8**	**15.1**	**17.1**
Margin	*11.7 %*	*25.9 %*	*25.2 %*	*27.6 %*	*25.4 %*	*24.9 %*	*25.4 %*
Total taxes	1.3	3.3	3.7	4.4	4.6	5.0	5.6
Net income from continuing operations	**2.9**	**7.0**	**7.6**	**9.3**	**9.3**	**10.1**	**11.4**
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	**2.9**	**7.0**	**7.6**	**9.3**	**9.3**	**10.1**	**11.4**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**2.9**	**7.0**	**7.6**	**9.3**	**9.3**	**10.1**	**11.4**
Margin	*8.0 %*	*17.7 %*	*16.9 %*	*18.7 %*	*17.0 %*	*16.7 %*	*17.0 %*
Number of shares, average	4.0	4.0	4.0	4.0	4.0	4.0	4.0
EPS	**0.72**	**1.77**	**1.91**	**2.33**	**2.33**	**2.54**	**2.88**
EPS adj.	0.72	1.77	1.91	2.33	2.33	2.54	2.88

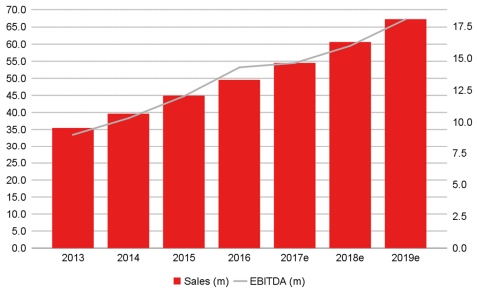
*Adjustments made for:

Guidance: Revenue growth 10% (+/- 3%), EBIT margin 25 %

Financial Ratios

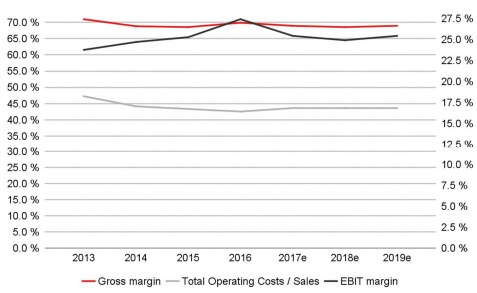
	2013	2014	2015	2016	2017e	2018e	2019e
Total Operating Costs / Sales	47.3 %	44.2 %	43.3 %	42.5 %	43.6 %	43.6 %	43.6 %
Operating Leverage	1.4 x	1.4 x	1.2 x	1.9 x	0.2 x	0.8 x	1.2 x
EBITDA / Interest expenses	2.0 x	105.8 x	100.6 x	122.0 x	146.4 x	159.8 x	180.7 x
Tax rate (EBT)	31.3 %	31.7 %	33.0 %	32.2 %	33.0 %	33.0 %	33.0 %
Dividend Payout Ratio	100.4 %	49.8 %	146.7 %	49.7 %	50.2 %	50.0 %	50.0 %
Sales per Employee	127,258	135,460	146,103	153,395	160,707	170,185	179,910

Sales, EBITDA
in EUR m



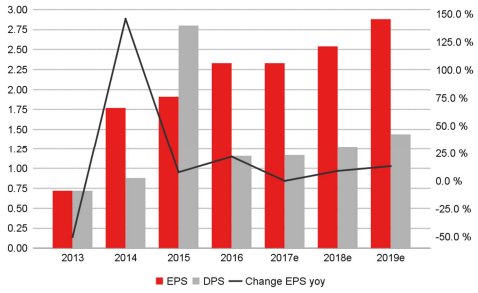
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

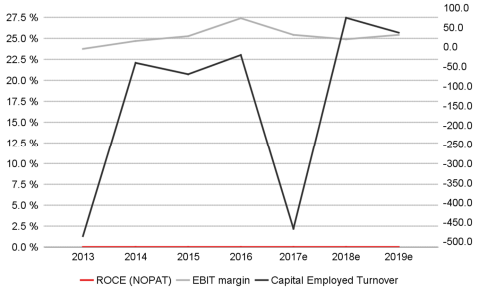
Consolidated balance sheet

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Assets							
Goodwill and other intangible assets	0.1	0.1	0.2	0.2	0.2	0.2	0.2
thereof other intangible assets	0.1	0.1	0.2	0.2	0.2	0.2	0.2
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	2.7	2.7	2.7	3.0	3.4	3.6	3.8
Financial assets	0.4	0.5	0.4	0.5	0.5	0.5	0.5
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	**3.3**	**3.3**	**3.3**	**3.8**	**4.1**	**4.3**	**4.4**
Inventories	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Accounts receivable	3.0	3.8	4.5	4.5	6.6	7.3	8.1
Liquid assets	14.5	20.1	23.9	24.3	26.6	31.1	36.6
Other short-term assets	1.8	1.5	1.6	1.5	1.5	1.7	1.9
Current assets	**19.4**	**25.5**	**30.0**	**30.3**	**34.7**	**40.2**	**46.7**
Total Assets	**22.7**	**28.9**	**33.4**	**34.0**	**38.8**	**44.5**	**51.1**
Liabilities and shareholders' equity							
Subscribed capital	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Capital reserve	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7
Retained earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity components	8.4	11.6	15.6	13.6	18.2	23.7	30.2
Shareholders' equity	11.8	14.9	18.9	16.9	21.6	27.0	33.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**11.8**	**14.9**	**18.9**	**16.9**	**21.6**	**27.0**	**33.5**
Provisions	2.9	5.6	5.1	4.9	5.0	5.1	5.2
thereof provisions for pensions and similar obligations	2.7	4.2	4.3	4.9	4.9	4.9	4.9
Financial liabilities (total)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
thereof short-term financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.3	0.3	0.3	0.6	0.7	0.8	0.8
Other liabilities	7.7	8.0	9.0	11.5	11.5	11.5	11.5
Liabilities	**10.9**	**13.9**	**14.4**	**17.1**	**17.2**	**17.4**	**17.5**
Total liabilities and shareholders' equity	**22.7**	**28.9**	**33.4**	**34.0**	**38.8**	**44.5**	**51.1**

Financial Ratios

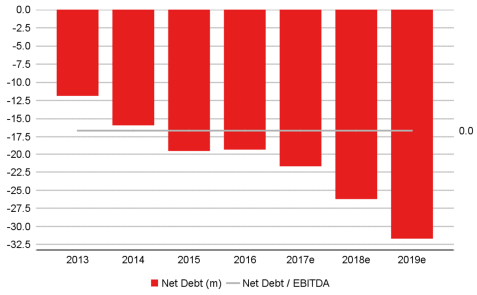
	2013	2014	2015	2016	2017e	2018e	2019e
Efficiency of Capital Employment							
Operating Assets Turnover	6.5 x	6.3 x	6.6 x	7.2 x	5.9 x	5.9 x	6.0 x
Capital Employed Turnover	-486.2 x	-40.4 x	-69.1 x	-20.1 x	-467.1 x	74.8 x	36.6 x
ROA	87.0 %	210.9 %	226.4 %	247.0 %	227.7 %	235.1 %	258.4 %
Return on Capital							
ROCE (NOPAT)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ROE	16.1 %	52.6 %	44.8 %	51.8 %	48.2 %	41.6 %	37.8 %
Adj. ROE	16.1 %	52.6 %	44.8 %	51.8 %	48.2 %	41.6 %	37.8 %
Balance sheet quality							
Net Debt	-11.9	-15.9	-19.6	-19.4	-21.7	-26.2	-31.7
Net Financial Debt	-14.5	-20.1	-23.9	-24.3	-26.6	-31.1	-36.6
Net Gearing	-100.6 %	-106.6 %	-103.4 %	-114.6 %	-100.5 %	-97.0 %	-94.5 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	3.0	3.8	4.8	4.2	5.4	6.8	8.4
Book value per share ex intangibles	2.9	3.7	4.7	4.2	5.4	6.7	8.4

ROCE Development



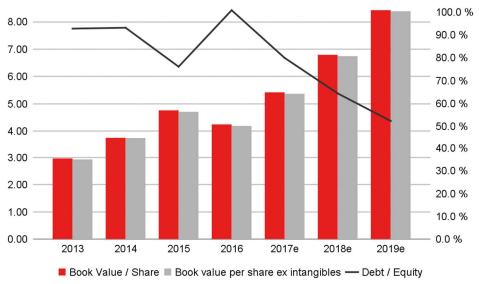
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

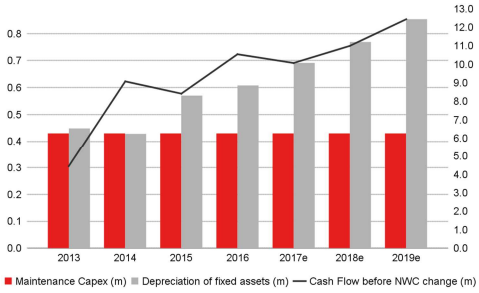
Consolidated cash flow statement

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Net income	2.9	7.0	7.6	9.3	9.3	10.1	11.4
Depreciation of fixed assets	0.4	0.4	0.6	0.6	0.7	0.8	0.9
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	1.0	1.5	0.1	0.5	0.0	0.0	0.0
Other non-cash income and expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash Flow before NWC change	**4.4**	**9.1**	**8.4**	**10.5**	**10.1**	**11.0**	**12.4**
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Increase / decrease in accounts receivable	0.2	-0.8	-0.6	0.0	-2.1	-0.7	-0.8
Increase / decrease in accounts payable	0.0	0.0	0.0	0.3	0.1	0.1	0.0
Increase / decrease in other working capital positions	0.0	0.0	0.2	1.4	0.0	0.0	0.0
Increase / decrease in working capital (total)	0.2	-0.8	-0.4	1.7	-2.0	-0.7	-0.8
Net cash provided by operating activities [1]	**4.6**	**8.3**	**8.0**	**12.2**	**8.0**	**10.3**	**11.6**
Investments in intangible assets	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Investments in property, plant and equipment	-0.5	-0.5	-0.7	-1.0	-1.0	-1.0	-1.0
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	-1.1	-3.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	**-0.5**	**-0.5**	**-1.9**	**-4.1**	**-1.1**	**-1.1**	**-1.1**
Change in financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-14.4	-2.9	-3.5	-11.1	-4.6	-4.7	-5.1
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	**-14.4**	**-2.9**	**-3.5**	**-11.1**	**-4.6**	**-4.7**	**-5.1**
Change in liquid funds [1]+[2]+[3]	**-10.3**	**4.9**	**2.6**	**-3.0**	**2.3**	**4.5**	**5.5**
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	14.5	19.4	22.7	20.9	26.6	31.1	36.6

Financial Ratios

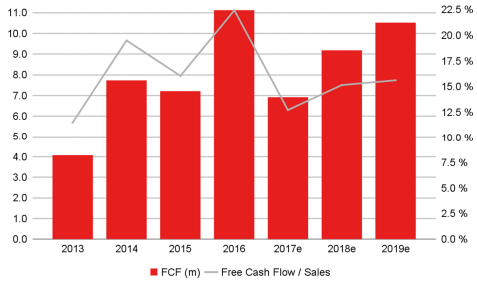
	2013	2014	2015	2016	2017e	2018e	2019e
Cash Flow							
FCF	4.1	7.7	7.2	11.1	6.9	9.2	10.5
Free Cash Flow / Sales	11.5 %	19.5 %	16.1 %	22.4 %	12.7 %	15.2 %	15.6 %
Free Cash Flow Potential	7.3	6.6	7.9	9.4	9.6	10.6	12.0
Free Cash Flow / Net Profit	142.8 %	110.1 %	95.1 %	119.8 %	74.6 %	90.8 %	91.9 %
Interest Received / Avg. Cash	2.2 %	3.5 %	0.4 %	0.9 %	0.4 %	0.3 %	0.3 %
Interest Paid / Avg. Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Management of Funds							
Investment ratio	1.5 %	1.3 %	1.7 %	2.3 %	2.0 %	1.8 %	1.7 %
Maint. Capex / Sales	1.2 %	1.1 %	1.0 %	0.9 %	0.8 %	0.7 %	0.6 %
Capex / Dep	94.3 %	101.5 %	113.3 %	157.8 %	139.6 %	125.5 %	113.1 %
Avg. Working Capital / Sales	7.9 %	7.9 %	8.6 %	8.1 %	9.0 %	10.3 %	10.4 %
Trade Debtors / Trade Creditors	926.6 %	1199.2 %	1487.0 %	720.6 %	942.9 %	912.5 %	1012.5 %
Inventory Turnover	1286.3 x	1802.9 x	1707.9 x	1803.3 x	n.a.	190.9 x	208.5 x
Receivables collection period (days)	31	35	36	33	44	44	44
Payables payment period (days)	12	9	8	15	15	15	14
Cash conversion cycle (Days)	-11	-9	-8	-15	n.a.	-13	-12

CAPEX and Cash Flow
in EUR m



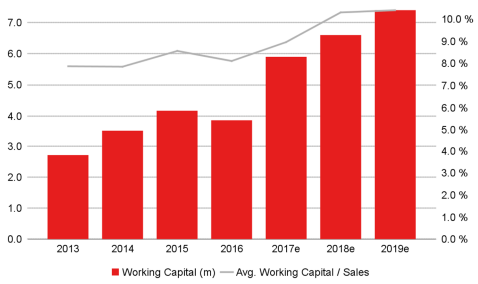
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
ATOSS	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005104400.htm

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-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	**Sell:**	The price of the analysed financial instrument is expected to fall over the next 12 months.
"-"	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	107	53
Hold	87	43
Sell	8	4
Rating suspended	1	0
Total	**203**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	30	75
Hold	8	20
Sell	1	3
Rating suspended	1	3
Total	**40**	**100**

PRICE AND RATING HISTORY ATOSS AS OF 27.10.2017

Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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