

**Buy** (old: Buy)

**Price target: EUR 27.00** (old: EUR 27.00)

**Price:** EUR 18.25      **Next result:** FY 18 tba  
**Bloomberg:** OSP2@GR      **Market cap:** EUR 192.1 m  
**Reuters:** OSPGk.DE      **Enterprise Value:** EUR 179.1 m

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## FY '18 results depending on strong Q4 license sales

Yesterday, USU reported **solid Q3 figures**, roughly in-line with our expectations. The **FY guidance was confirmed** but should be dependent on strong yoy growth of highly profitable license sales in Q4. **Underlying growth drivers remain intact.**

USU Software AG	Q3 2018	Q3 2018 est	Q3 2017	yoy	9M 2018	9M 2018 est	yoy
<b>Total Sales</b>	<b>22.5</b>	<b>22.5</b>	<b>20.0</b>	12.3%	<b>64.3</b>	<b>64.3</b>	9.1%
<b>EBIT</b>	<b>1.2</b>	<b>0.6</b>	<b>0.3</b>	345.6%	<b>0.7</b>	<b>0.1</b>	7.2%
<i>EBIT margin</i>	<i>5.4%</i>	<i>2.7%</i>	<i>1.4%</i>	<i>+ 4.1 pp</i>	<i>1.2%</i>	<i>0.2%</i>	<i>- 0.0 pp</i>
<b>adj. EBIT</b>	<b>1.6</b>	<b>1.0</b>	<b>0.8</b>	99.5%	<b>1.8</b>	<b>1.2</b>	-22.5%
<i>adjusted EBIT margin</i>	<i>7.0%</i>	<i>4.4%</i>	<i>3.9%</i>	<i>+ 3.0 pp</i>	<i>2.8%</i>	<i>1.9%</i>	<i>- 1.2 pp</i>

Source: Company data; Hauck & Aufhäuser estimates

**Q3 sales increased by 12% yoy** to € 22.5m (eH&A € 22.5m) mainly driven by strong service revenues, which were up 23% yoy in Q3. Sales in the product business were up 10% yoy, still impacted by a shift towards SaaS. While license sales in this segment declined by 14% yoy to € 2.9m, **SaaS and maintenance sales increased by 30% yoy to € 7.3m**. Importantly, these recurring **SaaS revenues burden top and bottom line in the near term but are seen to increase profitability in the long run.**

**Q3 adj. EBIT almost doubled yoy** to € 1.6m (eH&A € 1.0m) as marketing as well as R&D costs remained largely stable on an absolute level. This was only slightly offset by higher COGS on the back of an increased number of consultants.

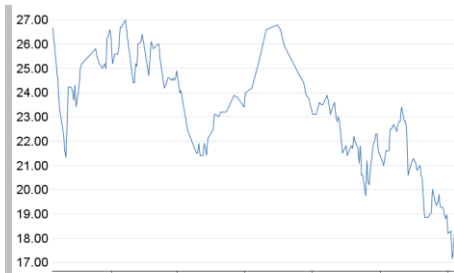
The **2018 FY guidance of € 93-98m sales and € 7.5-10m adj. EBIT was confirmed by the company** (eH&A: € 92m sales, € 6.3m adj. EBIT). To achieve its targets, USU should be **strongly dependent on an increased share of highly profitable license sales in Q4**. Given that license sales have been declining yoy in the past two quarters, the goals seem to remain ambitious.

Nevertheless, **underlying growth drivers such as digitalization and increasing customer service orientation should remain intact**. Additionally, the **shift towards SaaS is seen to drive USU's profitability in the midterm future.**

In sum, 2018 should remain a transition year for USU, while the bigger picture remains promising. We reiterate our **Buy** recommendation with an unchanged **PT of € 27.00** based on DCF.

Y/E 31.12 (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Sales	58.9	66.1	72.1	84.4	92.0	103.9	117.9
Sales growth	6 %	12 %	9 %	17 %	9 %	13 %	14 %
EBITDA	8.9	9.9	10.8	6.8	8.4	13.5	17.5
EBIT	6.7	7.6	8.3	3.2	4.9	10.1	13.9
Net income	5.5	8.4	6.8	3.4	4.6	9.5	13.0
Net debt	-18.9	-23.1	-23.2	-14.6	-15.3	-20.7	-26.2
Net gearing	-34.0 %	-38.0 %	-36.4 %	-23.1 %	-24.1 %	-29.6 %	-33.9 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.57	0.84	0.76	0.61	0.60	1.04	1.28
CPS	0.53	1.06	0.39	0.44	0.57	0.83	1.13
DPS	0.30	0.35	0.40	0.40	0.27	0.56	0.61
Dividend yield	1.6 %	1.9 %	2.2 %	2.2 %	1.5 %	3.1 %	3.3 %
Gross profit margin	53.1 %	53.1 %	55.2 %	54.0 %	55.0 %	55.5 %	56.0 %
EBITDA margin	15.1 %	14.9 %	15.0 %	8.1 %	9.1 %	13.0 %	14.8 %
EBIT margin	11.3 %	11.5 %	11.5 %	3.8 %	5.3 %	9.7 %	11.8 %
ROCE	11.4 %	12.0 %	12.4 %	4.6 %	6.8 %	13.5 %	17.7 %
EV/sales	3.0	2.6	2.4	2.1	1.9	1.7	1.4
EV/EBITDA	19.7	17.3	15.9	26.3	21.4	12.9	9.6
EV/EBIT	26.2	22.5	20.6	55.8	36.9	17.2	12.1
PER	32.2	21.9	24.0	29.8	30.4	17.5	14.2
Adjusted FCF yield	3.0 %	5.3 %	4.7 %	3.6 %	3.4 %	6.0 %	8.4 %

Source: Company data, Hauck & Aufhäuser Close price as of: 22.11.2018



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 27.00 / 17.15

**Price/Book Ratio:** 3.0

**Relative performance (SDAX):**

3 months -  
6 months -  
12 months -

### Changes in estimates

		Sales	EBIT	EPS
2018	<i>old:</i>	92.0	4.9	0.60
	Δ	-	-	-
2019	<i>old:</i>	103.9	10.1	1.04
	Δ	-	-	-
2020	<i>old:</i>	117.9	13.9	1.28
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 10.5  
Authorised capital: (in € m) 0.0  
Book value per share: (in €) 6.0  
Ø trading volume: (12 months) 6,300

### Major shareholders:

AUSUM GmbH (Udo Strehl) 51.1 %  
Free Float 34.2 %  
USU Board (excl. Udo Strehl) 4.9 %  
Peter Scheuffler 5.3 %  
MainFirst SICAV 4.6 %

### Company description:

USU develops and distributes IT software and service solutions to more than 1000 customers.

## Financials

Profit and loss (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
<b>Sales</b>	<b>58.9</b>	<b>66.1</b>	<b>72.1</b>	<b>84.4</b>	<b>92.0</b>	<b>103.9</b>	<b>117.9</b>
<i>Sales growth</i>	5.8 %	12.1 %	9.1 %	17.0 %	9.0 %	13.0 %	13.5 %
Cost of sales	27.7	31.0	32.3	38.8	41.4	46.2	51.9
<b>Gross profit</b>	<b>31.3</b>	<b>35.1</b>	<b>39.8</b>	<b>45.5</b>	<b>50.6</b>	<b>57.7</b>	<b>66.0</b>
Sales and marketing	8.6	9.3	13.3	17.2	19.3	19.7	21.2
General and administration	6.5	7.1	6.7	9.3	9.5	9.5	10.6
Research and development	9.6	10.5	11.3	13.8	15.0	16.1	17.7
Other operating income	1.5	1.0	1.3	1.0	1.0	0.9	0.9
Other operating expenses	0.2	0.2	0.2	0.7	0.7	0.7	0.7
Unusual or infrequent items	-1.3	-1.3	-1.2	-2.2	-2.2	-2.5	-2.8
<b>EBITDA</b>	<b>8.9</b>	<b>9.9</b>	<b>10.8</b>	<b>6.8</b>	<b>8.4</b>	<b>13.5</b>	<b>17.5</b>
Depreciation	0.0	0.8	1.0	1.2	1.5	1.4	1.2
<b>EBITA</b>	<b>8.9</b>	<b>9.1</b>	<b>9.7</b>	<b>5.7</b>	<b>6.9</b>	<b>12.1</b>	<b>16.3</b>
Amortisation of goodwill	0.0	0.0	0.0	0.8	0.0	0.0	0.0
Amortisation of intangible assets	2.2	1.5	1.4	1.6	2.0	2.0	2.3
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>6.7</b>	<b>7.6</b>	<b>8.3</b>	<b>3.2</b>	<b>4.9</b>	<b>10.1</b>	<b>13.9</b>
Interest income	0.5	0.3	0.3	0.1	0.5	0.7	0.7
Interest expenses	0.6	0.1	0.3	0.2	0.2	0.2	0.2
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.1	0.3	0.0	-0.1	0.3	0.5	0.5
<b>Recurring pretax income from continuing operations</b>	<b>6.6</b>	<b>7.9</b>	<b>8.3</b>	<b>3.1</b>	<b>5.1</b>	<b>10.5</b>	<b>14.5</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>6.6</b>	<b>7.9</b>	<b>8.3</b>	<b>3.1</b>	<b>5.1</b>	<b>10.5</b>	<b>14.5</b>
Taxes	1.1	-0.5	1.5	-0.3	0.5	1.1	1.4
<b>Net income from continuing operations</b>	<b>5.5</b>	<b>8.4</b>	<b>6.8</b>	<b>3.4</b>	<b>4.6</b>	<b>9.5</b>	<b>13.0</b>
Result from discontinued operations (net of tax)	0.5	0.4	1.2	3.1	1.7	1.5	0.5
<b>Net income</b>	<b>5.5</b>	<b>8.4</b>	<b>6.8</b>	<b>3.4</b>	<b>4.6</b>	<b>9.5</b>	<b>13.0</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>5.5</b>	<b>8.4</b>	<b>6.8</b>	<b>3.4</b>	<b>4.6</b>	<b>9.5</b>	<b>13.0</b>
Average number of shares	10.5	10.5	10.5	10.5	10.5	10.5	10.5
<b>EPS reported</b>	<b>0.52</b>	<b>0.80</b>	<b>0.64</b>	<b>0.32</b>	<b>0.44</b>	<b>0.90</b>	<b>1.24</b>

Profit and loss (common size)	2014	2015	2016	2017	2018E	2019E	2020E
<b>Sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Cost of sales	46.9 %	46.9 %	44.8 %	46.0 %	45.0 %	44.5 %	44.0 %
<b>Gross profit</b>	<b>53.1 %</b>	<b>53.1 %</b>	<b>55.2 %</b>	<b>54.0 %</b>	<b>55.0 %</b>	<b>55.5 %</b>	<b>56.0 %</b>
Sales and marketing	14.5 %	14.0 %	18.5 %	20.4 %	21.0 %	19.0 %	18.0 %
General and administration	10.9 %	10.8 %	9.3 %	11.1 %	10.3 %	9.1 %	9.0 %
Research and development	16.4 %	15.9 %	15.6 %	16.4 %	16.3 %	15.5 %	15.0 %
Other operating income	2.6 %	1.4 %	1.7 %	1.2 %	1.1 %	0.9 %	0.8 %
Other operating expenses	0.3 %	0.4 %	0.3 %	0.9 %	0.8 %	0.7 %	0.6 %
Unusual or infrequent items	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>EBITDA</b>	<b>15.1 %</b>	<b>14.9 %</b>	<b>15.0 %</b>	<b>8.1 %</b>	<b>9.1 %</b>	<b>13.0 %</b>	<b>14.8 %</b>
Depreciation	0.0 %	1.2 %	1.4 %	1.4 %	1.6 %	1.3 %	1.0 %
<b>EBITA</b>	<b>15.1 %</b>	<b>13.7 %</b>	<b>13.5 %</b>	<b>6.7 %</b>	<b>7.5 %</b>	<b>11.7 %</b>	<b>13.8 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.9 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	3.8 %	2.2 %	2.0 %	2.0 %	2.2 %	2.0 %	2.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>11.3 %</b>	<b>11.5 %</b>	<b>11.5 %</b>	<b>3.8 %</b>	<b>5.3 %</b>	<b>9.7 %</b>	<b>11.8 %</b>
Interest income	0.8 %	0.5 %	0.4 %	0.1 %	0.5 %	0.6 %	0.6 %
Interest expenses	1.0 %	0.1 %	0.4 %	0.2 %	0.2 %	0.2 %	0.2 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	0.4 %	0.0 %	neg.	0.3 %	0.4 %	0.5 %
<b>Recurring pretax income from continuing operations</b>	<b>11.2 %</b>	<b>11.9 %</b>	<b>11.5 %</b>	<b>3.7 %</b>	<b>5.6 %</b>	<b>10.2 %</b>	<b>12.3 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>11.2 %</b>	<b>11.9 %</b>	<b>11.5 %</b>	<b>3.7 %</b>	<b>5.6 %</b>	<b>10.2 %</b>	<b>12.3 %</b>
Tax rate	16.4 %	-6.4 %	18.4 %	-8.2 %	10.0 %	10.0 %	10.0 %
<b>Net income from continuing operations</b>	<b>9.4 %</b>	<b>12.7 %</b>	<b>9.4 %</b>	<b>4.0 %</b>	<b>5.0 %</b>	<b>9.1 %</b>	<b>11.0 %</b>
Result from discontinued operations (net of tax)	0.8 %	0.6 %	1.7 %	3.7 %	1.8 %	1.4 %	0.4 %
<b>Net income</b>	<b>9.4 %</b>	<b>12.7 %</b>	<b>9.4 %</b>	<b>4.0 %</b>	<b>5.0 %</b>	<b>9.1 %</b>	<b>11.0 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net profit (reported)</b>	<b>9.4 %</b>	<b>12.7 %</b>	<b>9.4 %</b>	<b>4.0 %</b>	<b>5.0 %</b>	<b>9.1 %</b>	<b>11.0 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
<b>Intangible assets</b>	<b>41.4</b>	<b>42.3</b>	<b>41.0</b>	<b>49.7</b>	<b>49.6</b>	<b>48.6</b>	<b>47.5</b>
Property, plant and equipment	2.1	2.1	2.1	2.2	1.6	1.3	1.3
Financial assets	0.0	0.0	0.0	0.7	0.7	0.7	0.7
<b>FIXED ASSETS</b>	<b>43.6</b>	<b>44.4</b>	<b>43.1</b>	<b>52.6</b>	<b>51.9</b>	<b>50.6</b>	<b>49.4</b>
Inventories	4.8	3.1	4.4	4.0	4.3	4.9	5.6
Accounts receivable	11.3	11.9	14.8	18.5	18.8	21.3	24.1
Other current assets	1.1	1.3	1.6	1.5	1.5	1.5	1.5
Liquid assets	18.9	23.1	23.2	15.7	16.4	21.9	27.3
Deferred taxes	4.1	4.2	3.8	5.9	5.9	5.9	5.9
Deferred charges and prepaid expenses	1.4	1.1	1.0	1.3	1.3	1.3	1.3
<b>CURRENT ASSETS</b>	<b>41.7</b>	<b>44.8</b>	<b>48.8</b>	<b>46.8</b>	<b>48.2</b>	<b>56.7</b>	<b>65.7</b>
<b>TOTAL ASSETS</b>	<b>85.2</b>	<b>89.2</b>	<b>91.9</b>	<b>99.4</b>	<b>100.2</b>	<b>107.3</b>	<b>115.1</b>
<b>SHAREHOLDERS EQUITY</b>	<b>55.6</b>	<b>60.8</b>	<b>63.6</b>	<b>63.0</b>	<b>63.4</b>	<b>70.0</b>	<b>77.2</b>
<b>MINORITY INTEREST</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Long-term debt	0.0	0.0	0.0	0.3	0.3	0.3	0.3
Provisions for pensions and similar obligations	1.9	1.9	2.3	2.2	2.3	2.4	2.6
Other provisions	3.1	2.9	2.7	4.6	4.6	4.6	4.6
<b>Non-current liabilities</b>	<b>4.9</b>	<b>4.8</b>	<b>5.0</b>	<b>7.1</b>	<b>7.2</b>	<b>7.3</b>	<b>7.4</b>
short-term liabilities to banks	0.0	0.0	0.0	0.9	0.9	0.9	0.9
Accounts payable	1.4	1.6	1.9	3.6	3.8	4.2	4.8
Advance payments received on orders	11.0	9.9	9.3	7.5	7.5	7.5	7.5
Other liabilities (incl. from lease and rental contracts)	7.1	6.7	6.2	7.4	7.4	7.4	7.4
Deferred taxes	0.8	0.1	0.0	2.5	2.5	2.5	2.5
Deferred income	4.4	5.3	6.0	7.5	7.5	7.5	7.5
<b>Current liabilities</b>	<b>24.6</b>	<b>23.6</b>	<b>23.3</b>	<b>29.3</b>	<b>29.5</b>	<b>30.0</b>	<b>30.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>85.2</b>	<b>89.2</b>	<b>91.9</b>	<b>99.4</b>	<b>100.2</b>	<b>107.3</b>	<b>115.1</b>

Balance sheet (common size)	2014	2015	2016	2017	2018E	2019E	2020E
<b>Intangible assets</b>	<b>48.7 %</b>	<b>47.4 %</b>	<b>44.6 %</b>	<b>50.0 %</b>	<b>49.5 %</b>	<b>45.3 %</b>	<b>41.2 %</b>
Property, plant and equipment	2.4 %	2.4 %	2.3 %	2.2 %	1.6 %	1.2 %	1.1 %
Financial assets	0.0 %	0.0 %	0.0 %	0.7 %	0.7 %	0.6 %	0.6 %
<b>FIXED ASSETS</b>	<b>51.1 %</b>	<b>49.8 %</b>	<b>46.9 %</b>	<b>52.9 %</b>	<b>51.8 %</b>	<b>47.2 %</b>	<b>43.0 %</b>
Inventories	5.6 %	3.5 %	4.8 %	4.0 %	4.3 %	4.6 %	4.8 %
Accounts receivable	13.3 %	13.3 %	16.1 %	18.6 %	18.8 %	19.8 %	21.0 %
Other current assets	1.3 %	1.5 %	1.8 %	1.5 %	1.5 %	1.4 %	1.3 %
Liquid assets	22.2 %	25.9 %	25.2 %	15.8 %	16.4 %	20.4 %	23.7 %
Deferred taxes	4.8 %	4.7 %	4.1 %	5.9 %	5.9 %	5.5 %	5.1 %
Deferred charges and prepaid expenses	1.6 %	1.3 %	1.1 %	1.3 %	1.3 %	1.2 %	1.1 %
<b>CURRENT ASSETS</b>	<b>48.9 %</b>	<b>50.2 %</b>	<b>53.1 %</b>	<b>47.1 %</b>	<b>48.2 %</b>	<b>52.8 %</b>	<b>57.0 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>SHAREHOLDERS EQUITY</b>	<b>65.3 %</b>	<b>68.2 %</b>	<b>69.2 %</b>	<b>63.4 %</b>	<b>63.3 %</b>	<b>65.3 %</b>	<b>67.1 %</b>
<b>MINORITY INTEREST</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
Long-term debt	0.0 %	0.0 %	0.0 %	0.3 %	0.2 %	0.2 %	0.2 %
Provisions for pensions and similar obligations	2.2 %	2.1 %	2.5 %	2.2 %	2.3 %	2.3 %	2.2 %
Other provisions	3.6 %	3.3 %	2.9 %	4.7 %	4.6 %	4.3 %	4.0 %
<b>Non-current liabilities</b>	<b>5.8 %</b>	<b>5.4 %</b>	<b>5.4 %</b>	<b>7.1 %</b>	<b>7.2 %</b>	<b>6.8 %</b>	<b>6.5 %</b>
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.9 %	0.9 %	0.9 %	0.8 %
Accounts payable	1.6 %	1.8 %	2.0 %	3.6 %	3.8 %	4.0 %	4.1 %
Advance payments received on orders	12.9 %	11.1 %	10.1 %	7.5 %	7.4 %	6.9 %	6.5 %
Other liabilities (incl. from lease and rental contracts)	8.3 %	7.5 %	6.8 %	7.5 %	7.4 %	6.9 %	6.4 %
Deferred taxes	0.9 %	0.1 %	0.0 %	2.5 %	2.5 %	2.3 %	2.1 %
Deferred income	5.2 %	5.9 %	6.5 %	7.5 %	7.5 %	7.0 %	6.5 %
<b>Current liabilities</b>	<b>28.9 %</b>	<b>26.4 %</b>	<b>25.4 %</b>	<b>29.5 %</b>	<b>29.5 %</b>	<b>27.9 %</b>	<b>26.5 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Net profit/loss	5.5	8.4	6.8	3.4	4.6	9.5	13.0
Depreciation of fixed assets (incl. leases)	0.0	0.8	1.0	1.2	1.5	1.4	1.2
Amortisation of goodwill	0.0	0.0	0.0	0.8	0.0	0.0	0.0
Amortisation of intangible assets	2.2	1.5	1.4	1.6	2.0	2.0	2.3
Others	0.4	0.2	-0.2	-0.2	0.1	0.1	0.1
Cash flow from operations before changes in w/c	8.1	10.8	9.0	6.7	8.2	13.0	16.7
Increase/decrease in inventory	-0.9	1.7	-1.3	0.4	-0.4	-0.6	-0.7
Increase/decrease in accounts receivable	0.9	-0.6	-2.9	-3.7	-0.4	-2.4	-2.9
Increase/decrease in accounts payable	-0.3	0.2	0.3	1.7	0.2	0.4	0.5
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.4	1.3	-3.9	-1.6	-0.5	-2.6	-3.0
<b>Cash flow from operating activities</b>	<b>7.7</b>	<b>12.2</b>	<b>5.1</b>	<b>5.2</b>	<b>7.8</b>	<b>10.4</b>	<b>13.7</b>
CAPEX	1.1	1.0	1.2	1.3	1.8	2.1	2.4
Payments for acquisitions	0.0	0.6	0.0	7.1	1.0	0.0	0.0
Financial investments	0.0	3.3	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.3	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-1.1</b>	<b>-4.9</b>	<b>-1.2</b>	<b>-8.2</b>	<b>-2.8</b>	<b>-2.1</b>	<b>-2.4</b>
Cash flow before financing	6.6	7.3	4.0	-3.1	4.9	8.3	11.3
Increase/decrease in debt position	0.0	-0.6	0.0	0.0	0.0	0.0	0.0
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
Dividends paid	2.6	3.2	3.7	4.2	4.2	2.9	5.9
Others	0.0	-2.6	-0.2	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.7	3.3	0.0	-0.2	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-2.6</b>	<b>-6.4</b>	<b>-3.9</b>	<b>-4.2</b>	<b>-4.2</b>	<b>-2.9</b>	<b>-5.9</b>
Increase/decrease in liquid assets	4.7	4.2	0.1	-7.5	0.7	5.5	5.4
<b>Liquid assets at end of period</b>	<b>18.9</b>	<b>23.1</b>	<b>23.2</b>	<b>15.7</b>	<b>16.4</b>	<b>21.9</b>	<b>27.3</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Domestic	43.3	45.9	51.7	60.5	63.4	70.1	76.7
yoy change	-7.8 %	6.0 %	12.5 %	17.0 %	4.9 %	10.5 %	9.3 %
Rest of Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NAFTA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	15.6	20.2	20.4	23.9	28.5	33.8	41.3
yoy change	78.7 %	29.1 %	1.2 %	17.0 %	19.4 %	18.5 %	22.2 %
<b>TTL</b>	<b>58.9</b>	<b>66.1</b>	<b>72.1</b>	<b>84.4</b>	<b>92.0</b>	<b>103.9</b>	<b>117.9</b>
yoy change	5.8 %	12.1 %	9.1 %	17.0 %	9.0 %	13.0 %	13.5 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
<b>P&amp;L growth analysis</b>							
Sales growth	5.8 %	12.1 %	9.1 %	17.0 %	9.0 %	13.0 %	13.5 %
EBITDA growth	61.8 %	11.2 %	9.2 %	-36.6 %	22.1 %	61.2 %	109.1 %
EBIT growth	95.8 %	13.7 %	9.3 %	-61.2 %	50.6 %	108.0 %	187.1 %
EPS growth	51.2 %	52.1 %	-19.1 %	-50.4 %	37.5 %	105.0 %	181.2 %
<b>Efficiency</b>							
Total operating costs / sales	39.6 %	39.7 %	42.0 %	47.5 %	47.3 %	43.4 %	41.8 %
Sales per employee	130.4	136.8	138.4	148.9	150.4	158.3	168.1
EBITDA per employee	19.7	20.5	20.7	12.1	13.7	20.5	24.9
<b>Balance sheet analysis</b>							
Avg. working capital / sales	5.8 %	5.5 %	8.0 %	11.5 %	12.7 %	12.7 %	12.4 %
Inventory turnover (sales/inventory)	12.3	21.3	16.4	21.2	21.2	21.2	21.2
Trade debtors in days of sales	70.0	65.5	74.7	74.7	74.7	74.7	74.7
A/P turnover [(A/P*365)/sales]	18.4	18.7	20.9	33.5	33.5	33.5	33.5
Cash conversion cycle (days)	115.0	83.3	103.4	83.7	79.4	79.8	80.3
<b>Cash flow analysis</b>							
Free cash flow	6.6	11.1	3.9	3.8	5.9	8.3	11.3
Free cash flow/sales	11.2 %	16.9 %	5.4 %	4.5 %	6.4 %	8.0 %	9.6 %
FCF / net profit	120.2 %	132.9 %	57.8 %	113.6 %	127.8 %	87.9 %	86.9 %
Capex / depn	50.5 %	190.3 %	48.8 %	37.2 %	52.5 %	61.5 %	66.7 %
Capex / maintenance capex	43.6 %	83.5 %	101.4 %	236.2 %	52.5 %	61.5 %	66.7 %
Capex / sales	1.9 %	6.6 %	1.7 %	1.6 %	2.0 %	2.0 %	2.0 %
<b>Security</b>							
Net debt	-18.9	-23.1	-23.2	-14.6	-15.3	-20.7	-26.2
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Interest cover	11.7	138.0	31.8	16.2	24.4	50.7	70.0
Dividend payout ratio	57.3 %	43.9 %	62.1 %	125.0 %	62.1 %	62.1 %	49.3 %
<b>Asset utilisation</b>							
Capital employed turnover	1.0	1.0	1.1	1.2	1.3	1.3	1.4
Operating assets turnover	10.2	11.7	7.1	6.2	6.8	6.6	6.3
Plant turnover	28.4	30.9	33.8	37.8	55.7	77.6	90.5
Inventory turnover (sales/inventory)	12.3	21.3	16.4	21.2	21.2	21.2	21.2
<b>Returns</b>							
ROCE	11.4 %	12.0 %	12.4 %	4.6 %	6.8 %	13.5 %	17.7 %
ROE	9.9 %	13.8 %	10.7 %	5.3 %	7.3 %	13.6 %	16.9 %
<b>Other</b>							
Interest paid / avg. debt	n/a	n/a	n/a	17.0 %	17.0 %	17.0 %	17.0 %
No. employees (average)	452	483	521	567	612	657	702
Number of shares	10.5	10.5	10.5	10.5	10.5	10.5	10.5
DPS	0.3	0.4	0.4	0.4	0.3	0.6	0.6
EPS reported	0.52	0.80	0.64	0.32	0.44	0.90	1.24
<b>Valuation ratios</b>							
P/BV	3.5	3.2	3.0	3.0	3.0	2.7	2.5
EV/sales	3.0	2.6	2.4	2.1	1.9	1.7	1.4
EV/EBITDA	19.7	17.3	15.9	26.3	21.4	12.9	9.6
EV/EBITA	19.7	18.8	17.6	31.7	26.1	14.3	10.4
EV/EBIT	26.2	22.5	20.6	55.8	36.9	17.2	12.1
EV/FCF	26.4	15.3	43.6	47.0	30.3	20.8	14.9
Adjusted FCF yield	3.0 %	5.3 %	4.7 %	3.6 %	3.4 %	6.0 %	8.4 %
Dividend yield	1.6 %	1.9 %	2.2 %	2.2 %	1.5 %	3.1 %	3.3 %

Source: Company data, Hauck & Aufhäuser

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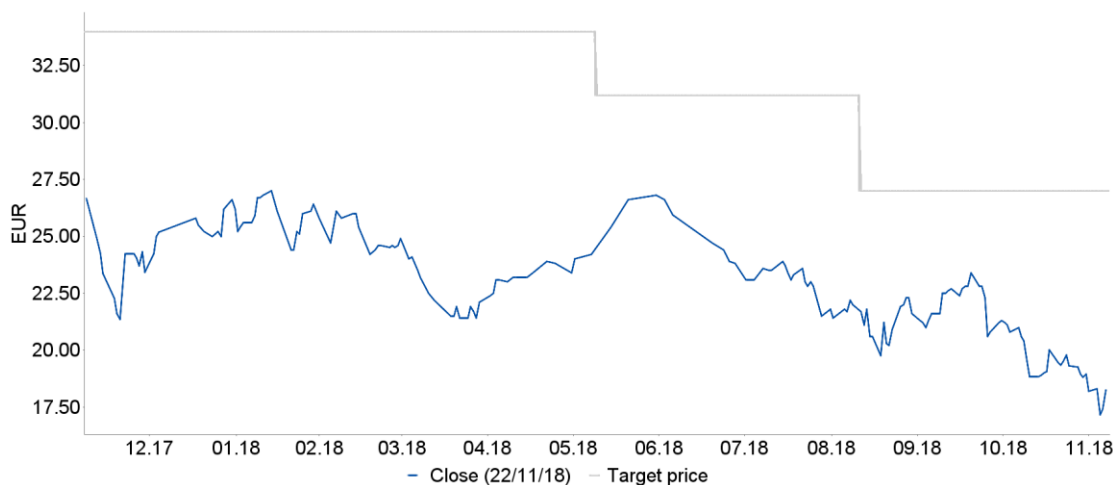
Company	Disclosure
USU Software AG	2

### Historical target price and rating changes for USU Software AG in the last 12 months

#### Price and Rating History USU Software AG as of 23/11/18

Initiation coverage

30-April-13



Company	Date	Analyst	Rating	Target price	Close
USU Software AG	19.10.2018	Bentlage, Simon	Buy	EUR 27,00	EUR 20,80
	07.09.2018	Bentlage, Simon	Buy	EUR 27,00	EUR 20,90
	27.08.2018	Bentlage, Simon	Buy	EUR 27,00	EUR 21,70
	28.05.2018	Bentlage, Simon	Buy	EUR 31,20	EUR 24,20

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