

**Buy** (old: Buy)

**Price target: EUR 11.00** (old: EUR 11.00)

**Price:** EUR 8.10      **Next result:** Q3 13 11.11.13  
**Bloomberg:** OSP2 GR      **Market cap:** EUR 85.2 m  
**Reuters:** OSPGk.DE      **Enterprise Value:** EUR 76.8 m

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## Q2 '13 results in-line with estimates / guidance confirmed

This morning, USU software released its Q2 '13 results which were in-line with our estimates; a conference call is scheduled for 11:00 am CEST; company confirmed FY '13 guidance for sales of at least € 58m (eH&A € 58m) at an adj. EBIT of > € 8m (eH&A 8.3m).

USU Software AG	Q2 13	Q2 13 est	Q2 12	yoy	H1 13	H1 13 est	H1 12	yoy
Sales	12.3	12.5	12.4	-0.2%	24.6	24.8	25.0	-1.3%
rep. EBIT	-0.1	0.0	0.8	n.a.	-0.3	-0.3	0.3	n.a.
EBIT margin	-1.1%	0.0%	6.8%	- 7.8 pp	-1.3%	-1.4%	1.1%	- 2.4 pp
adj. EBIT	0.2	0.2	1.2	-80.0%	0.2	0.2	2.9	-91.7%
EBIT margin	1.9%	1.6%	9.7%	- 7.8 pp	1.0%	0.9%	11.5%	- 10.6 pp
Net profit	-0.2	0.1	0.5	n.a.	-0.6	-0.2	-0.8	n.a.
Net margin	-1.2%	0.8%	3.8%	- 5.0 pp	-2.3%	-0.9%	-3.2%	+ 0.9 pp
rep. EPS	-0.01	0.01	0.04	n.a.	-0.05	-0.02	-0.08	n.a.
adj. EPS	-0.01	0.01	0.08	n.a.	0.00	0.01	0.18	n.a.

Source: Company data; Hauck & Aufhäuser estimates

**Q2 '13 sales** came in at € 12.3m which is a flat development yoy. Adjusted for the acquisition of BIG Social Media in January 2013, organic sales declined by 10% yoy to € 11m (eH&A). The shortfall was mainly due to 1) a decline (-20% yoy) in consultancy business (26% of total sales) after the termination of some major projects and 2) postponed revenue recognition from its cooperation with CA Technologies (USA) which has been shifted into Q3 13 (estimated € 1m).

**Q2 '13 EBIT** (adj. for one-off costs related to acquisitions) of € 0.2m was hit, as expected, by 1) the decline in underlying sales and 2) the significant ramp up in headcount of more than 100 FTE of which we assume some 40 FTE to be allocated to BIG Social Media.

The significant increase in personnel is, in our view, a clear investment into future **growth from H2 '13 onwards which looks set to be driven by** 1) revenues from the distribution cooperation with CA Technologies (USA) 2) cross-selling effects from BIG and new USU products and 3) first sales in the USA for USU.

As expected, management confirmed its FY '13 guidance to reach revenues of at least € 58m at an adjusted EBIT of < € 8m. **BUY with a PT of € 11, based on FCFY 2014E.**

Y/E 31.12 (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Sales	34.0	38.0	45.6	51.2	58.0	66.7	77.3
Sales growth	0%	12%	20%	12%	13%	15%	16%
EBITDA	2.5	4.6	6.7	5.3	8.7	10.9	13.1
EBIT	0.5	2.6	4.6	3.5	6.9	8.9	10.8
Net income	1.5	2.3	3.6	4.8	6.3	8.1	9.8
Net debt	-10.9	-11.1	-17.6	-11.4	-9.5	-13.2	-11.5
Net gearing	-23.7%	-22.8%	-35.3%	-21.8%	-18.7%	-22.1%	-19.5%
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.15	0.38	0.51	0.69	0.73	0.90	1.05
CPS	0.18	0.04	0.70	0.37	0.50	0.62	0.75
DPS	0.15	0.20	0.20	0.25	0.26	0.34	0.41
Dividend yield	1.9%	2.5%	2.5%	3.1%	3.2%	4.2%	5.0%
Gross profit margin	48.4%	50.9%	50.8%	49.3%	50.0%	50.5%	50.5%
EBITDA margin	7.5%	12.1%	14.7%	10.3%	15.0%	16.3%	16.9%
EBIT margin	1.3%	6.8%	10.2%	6.9%	11.9%	13.3%	14.0%
ROCE	1.0%	5.4%	9.1%	6.5%	12.6%	15.1%	17.2%
EV/sales	2.1	1.9	1.5	1.5	1.3	1.1	1.0
EV/EBITDA	27.7	15.7	10.2	14.2	8.8	6.7	5.7
EV/EBIT	155.8	28.1	14.7	21.2	11.1	8.2	6.9
PER	52.5	21.5	16.0	11.8	11.1	9.0	7.7
Adjusted FCF yield	1.8%	3.1%	5.5%	6.5%	7.9%	10.7%	12.9%

Source: Company data, Hauck & Aufhäuser Close price as of: 21.08.2013



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 8.80 / 5.53

**Price/Book Ratio:** 1.7

**Relative performance (SDAX):**

3 months -1.8%

6 months 3.1%

12 months 14.0%

### Changes in estimates

		Sales	EBIT	EPS
2013	old:	58.0	6.9	0.60
	Δ	-	-	-
2014	old:	66.7	8.9	0.77
	Δ	-	-	-
2015	old:	77.3	10.8	0.93
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 10.5

Authorised capital: (in € m) 0.0

Book value per share: (in €) 4.8

Ø trading volume: (12 months) 6,300

### Major shareholders:

Udo Strehl 52.4 %  
Free Float 31.0 %  
Peter Scheufler 10.0 %  
Former owner of Aspera 4.8 %  
USU Board (excl. Udo Strehl) 1.9 %

### Company description:

USU develops and distributes IT software and service solutions to more than 500 customers.

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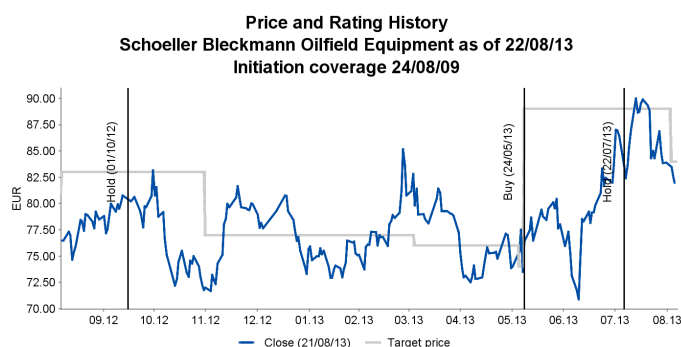
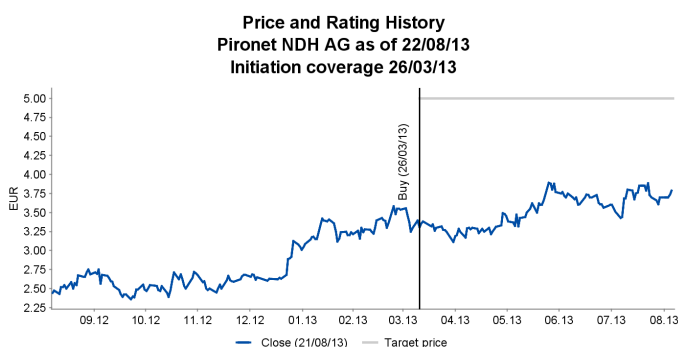
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Company	Disclosure
Pironet NDH AG	5, 8
Schoeller Bleckmann Oilfield Equipment	5
Ströer Out-of-Home Media AG	5
USU Software AG	2, 5
ISRA VISION AG	2, 5

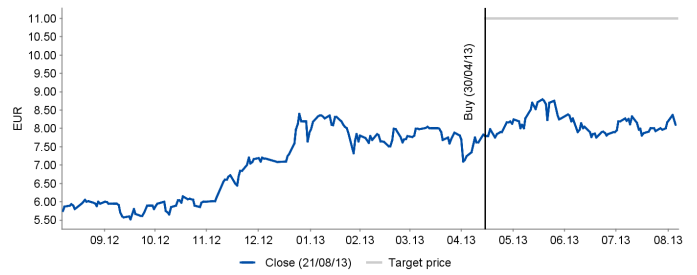
### Historical target price and rating in the last 12 months



**Price and Rating History**  
**Ströer Out-of-Home Media AG as of 22/08/13**  
 Initiation coverage 05/07/11



**Price and Rating History**  
**USU Software AG as of 22/08/13**  
 Initiation coverage 30/04/13



**Price and Rating History**  
**ISRA VISION AG as of 22/08/13**  
 Initiation coverage 20/06/11



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<b>Buy</b>	59.60 %	100.00 %
<b>Sell</b>	20.20 %	0.00 %
<b>Hold</b>	20.20 %	0.00 %

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