

Buy (old: Buy)

Price target: EUR 16.50 (old: EUR 16.50)

Price:	EUR 12.89	Next result:	Q2 2014 21.08.14
Bloomberg:	OSP2 GR	Market cap:	EUR 135.7 m
Reuters:	OSPGk.DE	Enterprise Value:	EUR 120.4 m

15-August-14

Lars Dannenberg
Analyst

lars.dannenberg@ha-research.de
Tel.: +49 40 414 3885 92

Preview on Q2 / solid trend to continue

USU will report its Q2 results along with a conference call next week on August 21. As we expect the positive trend to continue in Q2 (see next page), the company is likely to confirm its 2014 targets.

Q2 sales are expected to increase by 14% yoy to € 14.2m which looks set to be mainly driven by its **Product Business** (75% of total sales) which should increase by 15% yoy to € 10.6m. Thanks to an increase in project bookings, utilisation of its consultants (**Service Business**) should allow for a 14% yoy increase in sales to € 3.5m (25% of total sales).

Among its **Product segment**, the company benefits from a strong and unbroken demand of large-scale companies for its leading license management software solution (Aspera). The software allows its customers (80% of DAX or 35 Fortune Global 500 companies) to successfully pass a license audit of software vendors like Oracle, SAP or Microsoft which could otherwise trigger significant penalties. Furthermore, it helps to manage software licenses more efficient which could result in **cost savings of up to 30%**. A special push is coming from the US (c. 20% of sales) where USU now operates an own office in Boston and one at the West Coast. A further proof of its strong product quality is the **cooperation with CA Technologies** that is marketing Aspera in the US as well as **guaranteeing USU at least € 1m in license sales p.a.**

Q2 EBIT is forecasted to increase to € 0.9m (€ 1.3m adjusted for c. € 0.4m PPA related amortisation) which looks set to come on the back of the increased top-line along with scale effects of its business model. These are also expected to lift the **EPS to € 0.09 in Q2**.

As we expect a sound deal pipeline to materialise in H2, USU is likely to reiterate its 2014 guidance to reach **sales in the range of € 63m - € 65m (eH&A € 64m)** and an **adjusted EBIT in the range of € 8m - € 8.5m (eH&A € 8.3m)**.

USU's restructuring towards more license and maintenance and less consulting business started in 2013 and looks set to significantly materialise in 2014. Being well on track of this realignment, the share price doesn't reflect this on the current level. **USU remains a BUY with a PT of € 16.00 based on FCFY 2016E.** – continued –

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	38.0	45.6	51.2	55.7	64.2	75.0	86.3
Sales growth	12 %	20 %	12 %	9 %	15 %	17 %	15 %
EBITDA	4.6	6.7	5.3	5.5	9.0	12.6	15.0
EBIT	2.6	4.6	3.5	3.4	7.0	10.4	12.5
Net income	2.3	3.6	4.8	3.6	6.8	10.0	12.0
Net debt	-11.1	-17.6	-11.4	-14.2	-16.4	-14.5	-18.8
Net gearing	-22.8 %	-35.3 %	-21.8 %	-26.7 %	-25.5 %	-22.6 %	-26.3 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.38	0.51	0.69	0.49	0.77	1.08	1.14
CPS	0.04	0.70	0.37	0.74	0.47	0.70	0.88
DPS	0.20	0.20	0.25	0.25	0.30	0.45	0.51
Dividend yield	1.6 %	1.6 %	1.9 %	1.9 %	2.3 %	3.5 %	4.0 %
Gross profit margin	50.9 %	50.8 %	49.3 %	51.7 %	52.0 %	52.0 %	52.0 %
EBITDA margin	12.1 %	14.7 %	10.3 %	9.9 %	13.9 %	16.8 %	17.4 %
EBIT margin	6.8 %	10.2 %	6.9 %	6.1 %	10.9 %	13.9 %	14.5 %
ROCE	5.4 %	9.1 %	6.5 %	6.1 %	11.3 %	15.3 %	17.4 %
EV/sales	3.2	2.6	2.4	2.2	1.9	1.6	1.4
EV/EBITDA	26.4	17.7	23.8	22.3	13.5	9.7	7.9
EV/EBIT	47.2	25.5	35.5	35.9	17.1	11.8	9.5
PER	34.1	25.5	18.8	26.2	16.7	12.0	11.3
Adjusted FCF yield	1.8 %	3.1 %	3.9 %	3.2 %	5.3 %	7.8 %	9.8 %

Source: Company data, Hauck & Aufhäuser Close price as of: 14.08.2014



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks:	15.52 / 7.56
Price/Book Ratio:	2.1
Relative performance (SDAX):	
3 months	10.2 %
6 months	36.2 %
12 months	48.5 %

Changes in estimates

		Sales	EBIT	EPS
2014	old:	64.2	7.0	0.77
	Δ	-	-	-
2015	old:	75.0	10.4	1.08
	Δ	-	-	-
2016	old:	86.3	12.5	1.14
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs)	10.5
Authorised capital: (in € m)	0.0
Book value per share: (in €)	6.1
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.

USU's Q2 / H1 results

USU Software AG	Q2 2014 est	Q2 2013	yoy	Q1 2014	qoq	H1 2014 est	H1 2013	yoy
Total Sales	14.2	12.5	13.6%	13.3	6.7%	27.5	24.6	11.6%
Product Business	10.6	9.2	15.1%	9.8	8.5%	20.4	18.1	12.6%
Service Business	3.5	3.1	13.7%	3.5	0.1%	7.0	6.5	7.2%
EBIT	0.9	0.0	2753.1%	0.1	841.2%	1.0	-0.3	n.a.
<i>EBIT margin</i>	6.4%	0.3%	+ 6.2 pp	0.7%	+ 5.7 pp	3.7%	-1.3%	+ 5.0 pp
adj. EBIT	1.3	0.0	n.a.	0.5	177.6%	1.8	0.2	650.4%
<i>adjusted EBIT margin</i>	9.2%	0.0%	+ 9.3 pp	3.6%	+ 5.7 pp	6.5%	1.0%	+ 5.5 pp
EPS	0.09	-0.01	n.a.	-0.01	n.a.	0.10	-0.05	n.a.

Source: Company data; Hauck & Aufhäuser estimates

Financials

Profit and loss (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	38.0	45.6	51.2	55.7	64.2	75.0	86.3
<i>Sales growth</i>	11.7 %	19.9 %	12.4 %	8.8 %	15.2 %	16.9 %	15.0 %
Cost of sales	18.7	22.4	26.0	26.9	30.8	36.0	41.4
Gross profit	19.4	23.2	25.2	28.8	33.4	39.0	44.9
Sales and marketing	6.3	6.2	6.9	9.1	10.3	11.4	13.1
General and administration	2.7	4.3	4.6	5.9	5.9	6.2	6.8
Research and development	6.0	6.5	7.2	9.4	9.6	10.5	11.8
Other operating income	0.2	0.3	0.4	0.6	0.7	0.8	0.8
Other operating expenses	0.3	0.3	2.2	0.2	0.3	0.3	0.3
Unusual or infrequent items	-1.1	-1.6	-1.1	-1.4	-1.0	-1.0	-1.2
EBITDA	4.6	6.7	5.3	5.5	9.0	12.6	15.0
Depreciation	0.3	0.4	0.5	0.6	0.0	0.0	0.0
EBITA	4.3	6.3	4.8	4.9	9.0	12.6	15.0
Amortisation of goodwill	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.2	1.7	1.2	1.5	1.9	2.2	2.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.6	4.6	3.5	3.4	7.0	10.4	12.5
Interest income	0.3	0.3	0.3	0.1	0.2	0.1	0.2
Interest expenses	0.2	0.4	0.3	0.6	0.0	0.0	0.0
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	0.1	-0.1	-0.1	-0.5	0.2	0.1	0.2
Recurring pretax income from continuing operations	2.7	4.5	3.4	2.9	7.2	10.5	12.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	2.7	4.5	3.4	2.9	7.2	10.5	12.7
Taxes	0.4	1.0	-1.4	-0.8	0.4	0.5	0.6
Net income from continuing operations	2.3	3.5	4.8	3.6	6.8	10.0	12.0
Result from discontinued operations (net of tax)	1.5	1.8	2.4	1.5	1.3	1.3	0.0
Net income	2.3	3.5	4.8	3.6	6.8	10.0	12.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (net of minority interest)	2.3	3.6	4.8	3.6	6.8	10.0	12.0
Average number of shares	10.3	10.5	10.5	10.5	10.5	10.5	10.5
EPS reported	0.23	0.34	0.46	0.35	0.65	0.95	1.14

Profit and loss (common size)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	49.1 %	49.2 %	50.7 %	48.3 %	48.0 %	48.0 %	48.0 %
Gross profit	50.9 %	50.8 %	49.3 %	51.7 %	52.0 %	52.0 %	52.0 %
Sales and marketing	16.7 %	13.5 %	13.5 %	16.3 %	16.0 %	15.2 %	15.2 %
General and administration	7.1 %	9.4 %	9.1 %	10.5 %	9.2 %	8.3 %	7.9 %
Research and development	15.8 %	14.2 %	14.1 %	16.9 %	15.0 %	14.0 %	13.7 %
Other operating income	0.6 %	0.6 %	0.8 %	1.1 %	1.1 %	1.1 %	1.0 %
Other operating expenses	0.9 %	0.7 %	4.3 %	0.4 %	0.4 %	0.4 %	0.3 %
Unusual or infrequent items	-3.0 %	-3.4 %	-2.2 %	-2.4 %	-1.6 %	-1.3 %	-1.3 %
EBITDA	12.1 %	14.7 %	10.3 %	9.9 %	13.9 %	16.8 %	17.4 %
Depreciation	0.8 %	0.9 %	1.0 %	1.1 %	0.0 %	0.0 %	0.0 %
EBITA	11.3 %	13.8 %	9.3 %	8.8 %	13.9 %	16.8 %	17.4 %
Amortisation of goodwill	1.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	3.3 %	3.6 %	2.4 %	2.6 %	3.0 %	2.9 %	2.9 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	6.8 %	10.2 %	6.9 %	6.1 %	10.9 %	13.9 %	14.5 %
Interest income	0.9 %	0.6 %	0.5 %	0.2 %	0.3 %	0.2 %	0.2 %
Interest expenses	0.6 %	0.9 %	0.7 %	1.2 %	0.0 %	0.0 %	0.0 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	0.3 %	-0.3 %	-0.2 %	-1.0 %	0.3 %	0.2 %	0.2 %
Recurring pretax income from continuing operations	7.1 %	9.9 %	6.7 %	5.2 %	11.2 %	14.1 %	14.7 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	7.1 %	9.9 %	6.7 %	5.2 %	11.2 %	14.1 %	14.7 %
Tax rate	13.4 %	21.3 %	-40.2 %	-27.0 %	5.0 %	5.0 %	5.0 %
Net income from continuing operations	6.2 %	7.8 %	9.4 %	6.5 %	10.6 %	13.4 %	14.0 %
Result from discontinued operations (net of tax)	4.0 %	3.9 %	4.7 %	2.7 %	2.0 %	1.7 %	0.0 %
Net income	6.2 %	7.8 %	9.4 %	6.5 %	10.6 %	13.4 %	14.0 %
Minority interest	0.0 %	-0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income (net of minority interest)	6.2 %	7.8 %	9.4 %	6.5 %	10.6 %	13.4 %	14.0 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Intangible assets	41.1	39.2	38.0	42.7	42.7	48.4	48.4
Property, plant and equipment	0.9	1.0	1.2	2.1	2.3	2.5	2.8
Financial assets	0.8	0.1	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	42.8	40.3	39.2	44.9	45.0	51.0	51.3
Inventories	2.3	2.2	3.1	3.9	4.3	5.0	5.8
Accounts receivable	7.7	6.2	7.9	12.2	14.0	16.4	18.9
Other current assets	0.8	1.4	1.2	1.1	1.1	1.1	1.1
Liquid assets	11.1	17.6	11.4	14.2	16.4	14.5	18.8
Deferred taxes	2.0	1.8	3.2	4.1	4.1	4.1	4.1
Deferred charges and prepaid expenses	0.3	0.5	0.6	1.1	1.1	1.1	1.1
CURRENT ASSETS	24.1	29.8	27.5	36.6	41.0	42.2	49.7
TOTAL ASSETS	66.9	70.1	66.7	81.4	86.0	93.2	101.0
SHAREHOLDERS EQUITY	48.5	49.9	52.3	53.3	64.1	64.2	71.5
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.4	0.5	1.0	1.1	1.1	1.2	1.3
Other provisions	0.6	2.5	2.4	2.6	2.6	2.6	2.6
Non-current liabilities	1.0	3.0	3.4	3.7	3.8	3.8	3.9
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.2	1.3	1.7	1.7	2.0	2.3	2.7
Advance payments received on orders	0.6	1.9	2.5	11.2	7.0	7.0	7.0
Other liabilities (incl. from lease and rental contracts)	12.5	10.9	4.5	7.4	5.0	11.8	11.8
Deferred taxes	1.4	1.1	0.0	0.9	0.9	0.9	0.9
Deferred income	1.7	2.0	2.4	3.2	3.2	3.2	3.2
Current liabilities	17.4	17.2	11.1	24.5	18.1	25.3	25.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	66.9	70.1	66.7	81.4	86.0	93.2	101.0

Balance sheet (common size)	2010	2011	2012	2013	2014E	2015E	2016E
Intangible assets	61.5 %	55.9 %	57.0 %	52.5 %	49.6 %	52.0 %	48.0 %
Property, plant and equipment	1.3 %	1.4 %	1.8 %	2.6 %	2.7 %	2.7 %	2.8 %
Financial assets	1.2 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
FIXED ASSETS	64.0 %	57.5 %	58.8 %	55.1 %	52.3 %	54.7 %	50.8 %
Inventories	3.4 %	3.1 %	4.7 %	4.8 %	5.0 %	5.4 %	5.7 %
Accounts receivable	11.4 %	8.8 %	11.9 %	15.0 %	16.3 %	17.6 %	18.7 %
Other current assets	1.2 %	2.0 %	1.8 %	1.3 %	1.3 %	1.2 %	1.1 %
Liquid assets	16.5 %	25.2 %	17.1 %	17.5 %	19.0 %	15.6 %	18.6 %
Deferred taxes	3.0 %	2.6 %	4.8 %	5.0 %	4.8 %	4.4 %	4.1 %
Deferred charges and prepaid expenses	0.4 %	0.7 %	0.9 %	1.3 %	1.2 %	1.1 %	1.1 %
CURRENT ASSETS	36.0 %	42.5 %	41.2 %	44.9 %	47.7 %	45.3 %	49.2 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	72.5 %	71.2 %	78.4 %	65.4 %	74.6 %	68.9 %	70.8 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	-0.1 %	-0.1 %	0.0 %	0.0 %
Long-term debt	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions for pensions and similar obligations	0.6 %	0.7 %	1.5 %	1.3 %	1.3 %	1.3 %	1.3 %
Other provisions	0.9 %	3.5 %	3.6 %	3.2 %	3.0 %	2.8 %	2.6 %
Non-current liabilities	1.6 %	4.2 %	5.0 %	4.5 %	4.4 %	4.1 %	3.8 %
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	1.9 %	1.9 %	2.5 %	2.1 %	2.3 %	2.5 %	2.7 %
Advance payments received on orders	0.9 %	2.7 %	3.7 %	13.8 %	8.1 %	7.5 %	6.9 %
Other liabilities (incl. from lease and rental contracts)	18.6 %	15.5 %	6.7 %	9.1 %	5.8 %	12.7 %	11.7 %
Deferred taxes	2.1 %	1.6 %	0.0 %	1.1 %	1.1 %	1.0 %	0.9 %
Deferred income	2.5 %	2.8 %	3.6 %	4.0 %	3.7 %	3.5 %	3.2 %
Current liabilities	26.0 %	24.5 %	16.6 %	30.1 %	21.1 %	27.1 %	25.4 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Net profit/loss	2.3	3.5	4.8	3.6	6.8	10.0	12.0
Depreciation of fixed assets (incl. leases)	0.3	0.4	0.5	0.6	0.0	0.0	0.0
Amortisation of goodwill	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.2	1.7	1.2	1.5	1.9	2.2	2.5
Others	-0.2	0.7	-1.7	-0.7	0.1	0.1	0.1
Cash flow from operations before changes in w/c	4.2	6.3	4.8	5.0	8.8	12.3	14.6
Increase/decrease in inventory	0.0	-0.2	0.2	0.0	-0.4	-0.7	-0.8
Increase/decrease in accounts receivable	-2.4	1.6	-1.3	-2.8	-1.9	-2.4	-2.5
Increase/decrease in accounts payable	0.5	0.0	0.4	0.1	0.3	0.3	0.3
Increase/decrease in other working capital positions	0.2	1.7	1.5	7.6	0.0	0.0	0.0
Increase/decrease in working capital	-1.8	3.1	0.8	4.8	-2.0	-2.8	-2.9
Cash flow from operating activities	2.4	9.4	5.6	9.9	6.8	9.5	11.7
CAPEX	0.5	0.8	0.8	1.5	2.1	2.4	2.8
Payments for acquisitions	0.3	0.4	0.0	2.8	0.0	5.8	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	1.5	0.4	0.6	0.0	0.0	0.0	0.0
Cash flow from investing activities	0.8	-0.8	-0.2	-4.3	-2.1	-8.2	-2.8
Cash flow before financing	3.2	8.7	5.4	5.6	4.8	1.3	9.0
Increase/decrease in debt position	0.0	0.0	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	1.5	2.1	2.1	2.6	2.6	3.1	4.7
Others	0.0	0.0	-9.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Cash flow from financing activities	-1.5	-2.1	-11.1	-2.6	-2.6	-3.1	-4.7
Increase/decrease in liquid assets	1.7	6.6	-5.7	2.8	2.1	-1.8	4.3
Liquid assets at end of period	10.6	17.1	11.4	14.2	16.4	14.5	18.8

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Domestic	34.6	40.2	42.1	47.0	49.1	56.3	64.7
yoy change	10.9 %	16.1 %	4.7 %	11.7 %	4.6 %	14.6 %	15.0 %
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	3.4	5.4	9.2	8.7	15.1	18.8	21.6
yoy change	19.7 %	58.6 %	69.0 %	-4.7 %	72.7 %	24.3 %	15.0 %
TTL	38.0	45.6	51.2	55.7	64.2	75.0	86.3
yoy change	11.7 %	19.9 %	12.4 %	8.8 %	15.2 %	16.9 %	15.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
P&L growth analysis							
Sales growth	11.7 %	19.9 %	12.4 %	8.8 %	15.2 %	16.9 %	15.0 %
EBITDA growth	81.2 %	45.2 %	-21.4 %	4.3 %	63.0 %	40.5 %	19.1 %
EBIT growth	470.0 %	79.9 %	-24.0 %	-3.4 %	106.1 %	48.1 %	20.0 %
EPS growth	48.2 %	48.3 %	34.6 %	-24.1 %	87.3 %	46.7 %	20.1 %
Efficiency							
Total operating costs / sales	39.9 %	37.2 %	40.2 %	43.1 %	39.5 %	36.8 %	36.2 %
Sales per employee	129.8	147.6	154.3	127.5	140.2	159.3	178.1
EBITDA per employee	15.7	21.7	15.9	12.6	19.5	26.7	30.9
Balance sheet analysis							
Avg. working capital / sales	20.1 %	14.6 %	11.8 %	9.0 %	9.7 %	14.3 %	15.7 %
Inventory turnover (sales/inventory)	16.6	20.8	16.3	14.3	15.0	15.0	15.0
Trade debtors in days of sales	73.5	49.5	56.6	79.9	79.9	79.9	79.9
A/P turnover [(A/P*365)/sales]	24.4	21.2	23.7	23.6	23.6	23.6	23.6
Cash conversion cycle (days)	93.8	64.0	76.9	109.2	107.0	107.0	107.0
Cash flow analysis							
Free cash flow	1.9	8.7	4.8	8.3	4.8	7.1	9.0
Free cash flow/sales	5.1 %	19.0 %	9.4 %	14.9 %	7.4 %	9.5 %	10.4 %
FCF / net profit	82.4 %	242.8 %	99.9 %	227.9 %	69.9 %	70.9 %	74.6 %
Capex / depre	24.6 %	37.3 %	45.8 %	74.3 %	106.7 %	110.3 %	110.3 %
Capex / maintenance capex	21.8 %	27.1 %	40.9 %	56.6 %	10.7 %	11.0 %	11.0 %
Capex / sales	1.3 %	1.7 %	1.6 %	2.8 %	3.2 %	3.2 %	3.2 %
Security							
Net debt	-11.1	-17.6	-11.4	-14.2	-16.4	-14.5	-18.8
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.2	-0.4	-0.2	-0.3	-0.3	-0.2	-0.3
Interest cover	12.1	11.0	10.2	5.3	999.0	999.0	999.0
Dividend payout ratio	87.5 %	59.0 %	54.8 %	72.2 %	46.0 %	47.0 %	45.0 %
Asset utilisation							
Capital employed turnover	0.8	0.9	0.9	1.0	0.9	1.1	1.1
Operating assets turnover	4.2	7.3	6.3	10.6	5.5	5.1	4.9
Plant turnover	43.3	45.3	42.9	26.5	27.9	29.5	30.6
Inventory turnover (sales/inventory)	16.6	20.8	16.3	14.3	15.0	15.0	15.0
Returns							
ROCE	5.4 %	9.1 %	6.5 %	6.1 %	11.3 %	15.3 %	17.4 %
ROE	4.8 %	7.1 %	9.2 %	6.8 %	10.7 %	15.6 %	16.8 %
Other							
Interest paid / avg. debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No. employees (average)	293	309	332	437	458	471	485
Number of shares	10.3	10.5	10.5	10.5	10.5	10.5	10.5
DPS	0.2	0.2	0.3	0.3	0.3	0.4	0.5
EPS reported	0.23	0.34	0.46	0.35	0.65	0.95	1.14
Valuation ratios							
P/BV	2.7	2.7	2.6	2.5	2.1	2.1	1.9
EV/sales	3.2	2.6	2.4	2.2	1.9	1.6	1.4
EV/EBITDA	26.4	17.7	23.8	22.3	13.5	9.7	7.9
EV/EBITA	28.3	18.8	26.3	25.1	13.5	9.7	7.9
EV/EBIT	47.2	25.5	35.5	35.9	17.1	11.8	9.5
EV/FCF	62.9	13.7	26.1	14.7	25.2	17.2	13.2
Adjusted FCF yield	1.8 %	3.1 %	3.9 %	3.2 %	5.3 %	7.8 %	9.8 %
Dividend yield	1.6 %	1.6 %	1.9 %	1.9 %	2.3 %	3.5 %	4.0 %

Source: Company data, Hauck & Aufhäuser

Disclosures regarding research publications of Hauck & Aufhäuser Institutional Research AG pursuant to section 34b of the German Securities Trading Act (WpHG) and the regulations of the German Financial Analysis Ordinance (FinAnV)

Pursuant to section 34b of the German Securities Trading Act (WpHG) and section 5 of the Financial Analysis Ordinance (FinAnV) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if Hauck & Aufhäuser Institutional Research AG

- (1) or its affiliate(s) was, within the past twelve months, a member in a consortium that acquired the financial instruments of the analysed company,
- (2) has entered into an agreement on the production of the research report with the analysed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) or its affiliate(s) holds 5% or more of the share capital of the analysed company,
- (5) or its affiliate(s) regularly holds a trading position in shares of the analysed company or derivatives thereof,
- (6) or its affiliate(s) manages the financial instruments of the analysed company on the basis of an existing contractual relationship,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company.
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

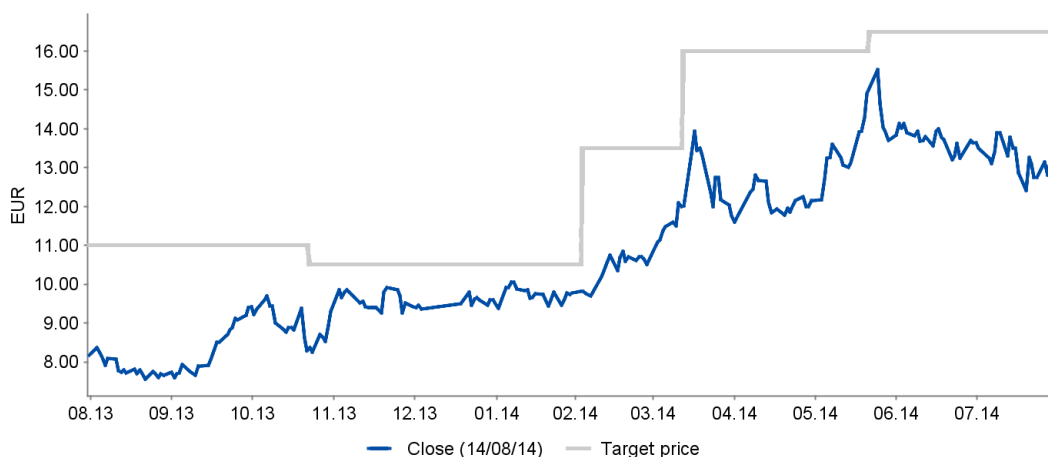
Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
USU Software AG	2, 5

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

Price and Rating History USU Software AG as of 15/08/14

Initiation coverage
30-April-13



Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

Buy	68.60 %	100.00 %
Sell	11.57 %	0.00 %
Hold	19.83 %	0.00 %

1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck & Aufhäuser Institutional Research AG (the "Company"), a majority-owned subsidiary of Hauck & Aufhäuser Privatbankiers KGaA, exclusively to selected recipients [in DE, GB, FR, CH, US, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of the Company. Reproduction of this document, in whole or in part, is not permitted without prior permission of the Company. All rights reserved.

Under no circumstances shall the Company, any of its employees involved in the preparation, and Hauck & Aufhäuser Privatbankiers KGaA have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded.

Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently, i.e. the content of which was not independently examined by the Company or Hauck & Aufhäuser Privatbankiers KGaA.

The estimates and views in this financial report may deviate from those of Hauck & Aufhäuser Privatbankiers KGaA.

The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organisational Requirements

The Company and Hauck & Aufhäuser Privatbankiers KGaA took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of the Company involved in the preparation of the research report are subject to internal compliance regulations.

No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis.

4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant recommendation is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

Hauck & Aufhäuser Institutional Research uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months

Sell: Sustainable downside potential of more than 10% within 12 months.

Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The recommendations of Hauck & Aufhäuser Institutional Research are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by the Company. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of the Company whether and when it publishes an update to this research report.

5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. The Company has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

The Company and Hauck & Aufhäuser Privatbankiers KGaA are under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the „Order“) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order. This document shall not be made available - whether directly or indirectly - to another group of people in or from the United Kingdom.

Contacts: Hauck&Aufhäuser Investment Banking

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Institutional Research AG
Mittelweg 16/17

20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 70
Fax: +49 (0) 40 414 3885 - 71
Email: info@ha-research.de
www.ha-research.de

Sascha Berresch, CFA
Head of Research
Tel.: +49 (0)40 414 3885 - 85
E-Mail: sascha.berresch@ha-research.de

Leonhard Bayer
Analyst
Tel.: +49 (0)40 414 3885 - 79
E-Mail: leonhard.bayer@ha-research.de

Henning Breiter
Analyst
Tel.: +49 (0)40 414 3885 - 73
E-Mail: henning.breiter@ha-research.de

Lars Dannenberg
Analyst
Tel.: +49 (0)40 414 3885 - 92
E-Mail: lars.dannenberg@ha-research.de

Nils-Peter Gehrmann
Analyst
Tel.: +49 (0)40 414 3885 - 86
E-Mail: nils-peter.gehrmann@ha-research.de

Christian Glowa
Analyst
Tel.: +49 (0)40 414 3885 - 95
E-Mail: christian.glowa@ha-research.de

Philippe Lorrain
Analyst
Tel.: +49 (0)40 414 3885 - 83
E-Mail: philippe.lorrain@ha-research.de

Christian Schwenkenbecher
Analyst
Tel.: +49 (0)40 414 3885 - 76
E-Mail: christian.schwenkenbecher@ha-research.de

Torben Teichler
Analyst
Tel.: +49 (0)40 414 3885 - 74
E-Mail: torben.teichler@ha-research.de

Tim Wunderlich, CFA
Analyst
Tel.: +49 (0)40 414 3885 - 81
E-Mail: tim.wunderlich@ha-research.de

Hauck & Aufhäuser Sales

Vincent Bischoff
Sales
Tel.: +49 (0)40 414 3885 - 88
E-Mail: vincent.bischoff@ha-research.de

James Bonsor, CFA
Sales
Tel.: +44 207 408 1100
E-Mail: james.bonsor@ha-research.de

Hamish Edsell
Sales
Tel.: +44 207 408 1100
E-Mail: hamish.edsell@ha-research.de

Alexander Lachmann
Sales
Tel.: +49 (0)40 414 3885 - 96
E-Mail: alexander.lachmann@ha-research.de

Hugues Madelin
Sales
Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-research.de

Markus Weiss
Sales
Tel.: +49 (0)40 414 3885 - 89
E-Mail: markus.weiss@ha-research.de

Toby Woods
Sales
Tel.: +44 207 408 1100
E-Mail: toby.woods@ha-research.de

Supervisory Board

Graeme Davies
Chairman
Tel.: +49 (0)40 414 3885 - 70
E-Mail: graeme.davies@ha-research.de

Michael Bentlage
Tel.: +49 (0)69 2161 - 1863
E-Mail: michael.bentlage@hauck-aufhaeuser.de

Jeronimo Bremer
Tel.: +49 (0)40 414 3885 - 70
E-Mail: jeronimo.bremer@ha-research.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers KGaA
Kaiserstraße 24

60311 Frankfurt am Main
Germany

Tel.: +49 (0) 69 2161- 0
Fax: +49 (0) 69 2161- 1340
Email: info@hauck-aufhaeuser.de
www.hauck-aufhaeuser.de

Mirko Brueggemann
Trading
Tel.: +49 (0)40 414 3885 75
E-Mail: mirko.brueggemann@hauck-aufhaeuser.de

Christian von Schuler
Trading
Tel.: +49 (0)40 414 3885 77
E-Mail: christian.schuler@hauck-aufhaeuser.de

Carolin Weber
Middle-Office
Tel.: +49 (0)40 414 3885 87
E-Mail: carolin.weber@hauck-aufhaeuser.de