

Buy (old: Buy)

Price target: EUR 10.50 (old: EUR 10.50)

Price:	EUR 8.62	Next result:	Q4 2013 tba
Bloomberg:	OSP2 GR	Market cap:	EUR 90.8 m
Reuters:	OSPGK.DE	Enterprise Value:	EUR 82.1 m

13-November-13

Lars Dannenberg
Analyst

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

Strong interest of investors during EK Forum

USU Software (USU) released its final set of Q3 numbers; confirms recently adjusted FY guidance; strong demand of investors at the German Equity Forum (Deutsches Eigenkapitalforum); meeting with management confirmed our positive view.

Along with the EK Forum, the company published its final set of Q3 numbers which were in-line with preliminaries from last week (see next page).

The meeting we had with the CEO confirmed our positive view on the future growth perspectives of USU. In the transition year 2013, USU invested heavily into future growth. Here especially, the investments into new solutions (€ 1.5m) to enhance its product portfolio esp. at Aspera and also BIG Social Media (acquired in Jan 2013) should contribute to revenue growth from 2014. Furthermore, the distribution cooperation with CA Technologies that caused integration costs of est. € 0.5m in total looks set to result in revenues of est. € 5m from 2014.

On top of this, the **ramp up in personnel (+40 FTE in 9M) at BIG** is seen to trigger a significant acceleration of sales growth from 2014 after a contribution of est. € 2.5m for 9M with an est. loss of some € 0.5m. For 2013, we assume BIG to be break even at some € 4-5m in sales. **In 2014, the company should be able to reach some € 7-9m in revenues driven by new client wins thanks to the increased sales force.**

While we see the declining third-party consulting business to remain sales and earnings dilutive in 2014, USU looks set to accelerate growth in 2014, especially backed by the **strong ramp up in the USA** (CA and its own sales office) and the **new product solutions** that are seen to trigger new license sales. Especially the strong demand for its **software license and its IT asset lifecycle management solutions** looks set to drive growth in the future.

With the return to **solid growth and the improving positive product mix, scale effects**, especially in personnel costs, are seen to lift the adj. EBIT margin to 13% next year from estimated 9% in 2013.

As expected, the **company confirmed its 2013 guidance** to reach revenues of 'at least' € 56m (eH&A € 56m) at an adjusted EBIT of 'at least' € 5m (eH&A € 5.1m).

Overall, we see our positive view on the company confirmed and reiterate our **BUY** recommendation with a **PT of € 10.50 based on FCFY 14/15E**.



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 9.70 / 5.97
Price/Book Ratio: 1.8
Relative performance (SDAX):
3 months -1.1 %
6 months -7.2 %
12 months 9.3 %

Changes in estimates

		Sales	EBIT	EPS
2013	old:	56.1	4.0	0.35
	Δ	-	-	-
2014	old:	64.5	7.1	0.62
	Δ	-	-	-
2015	old:	75.3	10.5	0.90
	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 (exc. Udo Strehl) 1.9 %

Company description:

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

Y/E 31.12 (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Sales	34.0	38.0	45.6	51.2	56.1	64.5	75.3
Sales growth	0 %	12 %	20 %	12 %	9 %	15 %	17 %
EBITDA	2.5	4.6	6.7	5.3	5.6	9.0	12.6
EBIT	0.5	2.6	4.6	3.5	4.0	7.1	10.5
Net income	1.5	2.3	3.6	4.8	3.7	6.5	9.5
Net debt	-10.9	-11.1	-17.6	-11.4	-9.7	-13.0	-11.6
Net gearing	-23.7 %	-22.8 %	-35.3 %	-21.8 %	-19.1 %	-22.0 %	-19.7 %
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	0.46	0.74	1.02
CPS	0.18	0.04	0.70	0.37	0.52	0.48	0.72
DPS	0.15	0.20	0.20	0.25	0.15	0.27	0.40
Dividend yield	1.7 %	2.3 %	2.3 %	2.9 %	1.8 %	3.2 %	4.6 %
Gross profit margin	48.4 %	50.9 %	50.8 %	49.3 %	51.0 %	51.0 %	51.0 %
EBITDA margin	7.5 %	12.1 %	14.7 %	10.3 %	10.1 %	13.9 %	16.8 %
EBIT margin	1.3 %	6.8 %	10.2 %	6.9 %	7.1 %	10.9 %	13.9 %
ROCE	1.0 %	5.4 %	9.1 %	6.5 %	7.2 %	12.1 %	16.7 %
EV/sales	2.2	2.1	1.6	1.6	1.5	1.2	1.1
EV/EBITDA	29.8	16.9	11.0	15.3	14.5	8.8	6.4
EV/adj. EBIT	167.4	17.8	11.3	11.4	16.2	9.4	7.7
PER	55.9	22.8	17.1	12.6	18.9	11.6	8.4
Adjusted FCF yield	1.7 %	2.9 %	5.1 %	6.1 %	4.2 %	7.8 %	11.5 %

Source: Company data, Hauck & Aufhäuser Close price as of: 12.11.2013

USU Software AG

USU Software AG	Q3 13	Q3 13 est	Q3 12	yoy	9M 13	9m 13 est	9m 12	yoy	FY 13 est	FY 12	yoy
Sales	13.8	13.8	12.0	15.3%	38.4	38.4	36.9	4.1%	56.1	51.2	9.4%
rep. EBIT	0.8	1.0	1.1	-26.1%	0.5	0.9	1.4	-63.6%	4.0	3.5	12.4%
EBIT margin	5.9%	7.2%	9.2%	- 3.3 pp	1.3%	2.3%	3.7%	- 2.4 pp	7.1%	6.9%	+ 0.2 pp
adj. EBIT	1.1	1.5	1.6	-32.6%	1.3	1.7	4.5	-70.8%	5.1	7.1	-28.3%
EBIT margin	7.7%	10.9%	13.2%	- 5.5 pp	3.4%	4.5%	12.1%	- 8.7 pp	9.0%	13.8%	- 4.8 pp
Net profit	0.5	0.9	2.3	-76.3%	0.0	0.3	1.5	n.a.	3.6	4.8	-24.4%
Net margin	3.9%	6.3%	19.1%	- 15.1 pp	-0.1%	0.8%	4.0%	- 4.1 pp	6.5%	9.4%	- 2.9 pp
rep. EPS	0.05	0.03	0.22	-76.3%	0.00	0.01	0.14	n.a.	0.35	0.46	-24.4%
adj. EPS	0.07	0.10	0.15	-49.1%	0.07	0.10	0.32	-78.4%	0.45	0.69	-34.2%

Source: Company data; Hauck & Aufhäuser estimates

Financials

Profit and loss (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Sales	34.0	38.0	45.6	51.2	56.1	64.5	75.3
<i>Sales growth</i>	0.2 %	11.7 %	19.9 %	12.4 %	9.4 %	15.1 %	16.8 %
Cost of sales	17.6	18.7	22.4	26.0	27.5	31.6	36.9
Gross profit	16.5	19.4	23.2	25.2	28.6	32.9	38.4
Sales and marketing	5.9	6.3	6.2	6.9	9.0	9.4	10.2
General and administration	2.8	2.7	4.3	4.6	5.3	5.8	6.3
Research and development	5.6	6.0	6.5	7.2	9.5	9.7	10.5
Other operating income	0.0	0.2	0.3	0.4	0.1	0.1	0.1
Other operating expenses	0.1	0.3	0.3	2.2	0.1	0.1	0.1
Unusual or infrequent items	-0.7	-1.1	-1.6	-1.1	-0.8	-1.0	-1.0
EBITDA	2.5	4.6	6.7	5.3	5.6	9.0	12.6
Depreciation	0.3	0.3	0.4	0.5	0.0	0.0	0.0
EBITA	2.3	4.3	6.3	4.8	5.6	9.0	12.6
Amortisation of goodwill	1.0	0.5	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.8	1.2	1.7	1.2	1.7	1.9	2.2
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.5	2.6	4.6	3.5	4.0	7.1	10.5
Interest income	0.4	0.3	0.3	0.3	0.2	0.3	0.3
Interest expenses	0.1	0.2	0.4	0.3	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	0.1	-0.1	-0.1	0.2	0.3	0.3
Recurring pretax income from continuing operations	0.8	2.7	4.5	3.4	4.2	7.4	10.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	0.8	2.7	4.5	3.4	4.2	7.4	10.7
Taxes	-0.8	0.4	1.0	-1.4	0.5	0.9	1.3
Net income from continuing operations	1.5	2.3	3.5	4.8	3.7	6.5	9.5
Result from discontinued operations (net of tax)	0.0	1.5	1.8	2.4	1.1	1.3	1.3
Net income	1.5	2.3	3.5	4.8	3.7	6.5	9.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (net of minority interest)	1.5	2.3	3.6	4.8	3.7	6.5	9.5
Average number of shares	10.0	10.3	10.5	10.5	10.5	10.5	10.5
EPS reported	0.15	0.23	0.34	0.46	0.35	0.62	0.90

Profit and loss (common size)	2009	2010	2011	2012	2013E	2014E	2015E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	51.6 %	49.1 %	49.2 %	50.7 %	49.0 %	49.0 %	49.0 %
Gross profit	48.4 %	50.9 %	50.8 %	49.3 %	51.0 %	51.0 %	51.0 %
Sales and marketing	17.3 %	16.7 %	13.5 %	13.5 %	16.0 %	14.5 %	13.5 %
General and administration	8.1 %	7.1 %	9.4 %	9.1 %	9.5 %	9.0 %	8.3 %
Research and development	16.6 %	15.8 %	14.2 %	14.1 %	17.0 %	15.0 %	14.0 %
Other operating income	0.1 %	0.6 %	0.6 %	0.8 %	0.1 %	0.1 %	0.1 %
Other operating expenses	0.2 %	0.9 %	0.7 %	4.3 %	0.1 %	0.1 %	0.1 %
Unusual or infrequent items	-2.1 %	-3.0 %	-3.4 %	-2.2 %	-1.4 %	-1.6 %	-1.3 %
EBITDA	7.5 %	12.1 %	14.7 %	10.3 %	10.1 %	13.9 %	16.8 %
Depreciation	0.8 %	0.8 %	0.9 %	1.0 %	0.0 %	0.0 %	0.0 %
EBITA	6.7 %	11.3 %	13.8 %	9.3 %	10.1 %	13.9 %	16.8 %
Amortisation of goodwill	2.9 %	1.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.4 %	3.3 %	3.6 %	2.4 %	3.0 %	3.0 %	2.9 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	1.3 %	6.8 %	10.2 %	6.9 %	7.1 %	10.9 %	13.9 %
Interest income	1.3 %	0.9 %	0.6 %	0.5 %	0.4 %	0.5 %	0.4 %
Interest expenses	0.3 %	0.6 %	0.9 %	0.7 %	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	0.9 %	0.3 %	-0.3 %	-0.2 %	0.4 %	0.5 %	0.4 %
Recurring pretax income from continuing operations	2.3 %	7.1 %	9.9 %	6.7 %	7.5 %	11.5 %	14.3 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	2.3 %	7.1 %	9.9 %	6.7 %	7.5 %	11.5 %	14.3 %
Tax rate	-99.7 %	13.4 %	21.3 %	-40.2 %	12.0 %	12.0 %	12.0 %
Net income from continuing operations	4.5 %	6.2 %	7.8 %	9.4 %	6.6 %	10.1 %	12.5 %
Result from discontinued operations (net of tax)	0.0 %	4.0 %	3.9 %	4.7 %	2.0 %	2.0 %	1.7 %
Net income	4.5 %	6.2 %	7.8 %	9.4 %	6.6 %	10.1 %	12.5 %
Minority interest	0.0 %	0.0 %	-0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income (net of minority interest)	4.5 %	6.2 %	7.8 %	9.4 %	6.6 %	10.1 %	12.5 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Intangible assets	30.6	41.1	39.2	38.0	42.4	42.3	48.1
Property, plant and equipment	0.6	0.9	1.0	1.2	1.4	1.6	1.8
Financial assets	0.4	0.8	0.1	0.0	0.0	0.0	0.0
FIXED ASSETS	31.6	42.8	40.3	39.2	43.8	43.9	49.9
Inventories	2.4	2.3	2.2	3.1	3.3	3.8	4.4
Accounts receivable	5.7	7.7	6.2	7.9	8.7	10.0	11.7
Other current assets	0.8	0.8	1.4	1.2	1.2	1.2	1.2
Liquid assets	10.9	11.1	17.6	11.4	9.7	13.0	11.6
Deferred taxes	1.9	2.0	1.8	3.2	2.0	2.0	2.0
Deferred charges and prepaid expenses	0.2	0.3	0.5	0.6	0.6	0.6	0.6
CURRENT ASSETS	21.9	24.1	29.8	27.5	25.5	30.5	31.5
TOTAL ASSETS	53.5	66.9	70.1	66.7	69.2	74.4	81.4
SHAREHOLDERS EQUITY	45.9	48.5	49.9	52.3	50.8	59.0	58.8
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	0.3	0.4	0.5	1.0	1.0	1.1	1.1
Other provisions	0.0	0.6	2.5	2.4	2.4	2.4	2.4
Non-current liabilities	0.4	1.0	3.0	3.4	3.4	3.5	3.5
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.7	1.2	1.3	1.7	1.8	2.1	2.4
Advance payments received on orders	0.2	0.6	1.9	2.5	2.5	2.5	2.5
Other liabilities (incl. from lease and rental contracts)	5.2	12.5	10.9	4.5	8.4	5.0	11.8
Deferred taxes	0.0	1.4	1.1	0.0	0.0	0.0	0.0
Deferred income	1.2	1.7	2.0	2.4	2.4	2.4	2.4
Current liabilities	7.3	17.4	17.2	11.1	15.1	11.9	19.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	53.5	66.9	70.1	66.7	69.2	74.4	81.4

Balance sheet (common size)	2009	2010	2011	2012	2013E	2014E	2015E
Intangible assets	57.2 %	61.5 %	55.9 %	57.0 %	61.2 %	56.8 %	59.0 %
Property, plant and equipment	1.1 %	1.3 %	1.4 %	1.8 %	2.0 %	2.1 %	2.2 %
Financial assets	0.7 %	1.2 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
FIXED ASSETS	59.1 %	64.0 %	57.5 %	58.8 %	63.2 %	59.0 %	61.3 %
Inventories	4.5 %	3.4 %	3.1 %	4.7 %	4.8 %	5.1 %	5.4 %
Accounts receivable	10.7 %	11.4 %	8.8 %	11.9 %	12.5 %	13.4 %	14.3 %
Other current assets	1.5 %	1.2 %	2.0 %	1.8 %	1.7 %	1.6 %	1.4 %
Liquid assets	20.3 %	16.5 %	25.2 %	17.1 %	14.0 %	17.4 %	14.3 %
Deferred taxes	3.5 %	3.0 %	2.6 %	4.8 %	2.9 %	2.7 %	2.5 %
Deferred charges and prepaid expenses	0.3 %	0.4 %	0.7 %	0.9 %	0.9 %	0.8 %	0.8 %
CURRENT ASSETS	40.9 %	36.0 %	42.5 %	41.2 %	36.8 %	41.0 %	38.7 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	85.7 %	72.5 %	71.2 %	78.4 %	73.3 %	79.3 %	72.3 %
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	0.6 %	0.6 %	0.7 %	1.5 %	1.5 %	1.5 %	1.4 %
Other provisions	0.1 %	0.9 %	3.5 %	3.6 %	3.4 %	3.2 %	2.9 %
Non-current liabilities	0.7 %	1.6 %	4.2 %	5.0 %	4.9 %	4.7 %	4.3 %
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	1.4 %	1.9 %	1.9 %	2.5 %	2.6 %	2.8 %	2.9 %
Advance payments received on orders	0.4 %	0.9 %	2.7 %	3.7 %	3.6 %	3.3 %	3.0 %
Other liabilities (incl. from lease and rental contracts)	9.7 %	18.6 %	15.5 %	6.7 %	12.1 %	6.7 %	14.5 %
Deferred taxes	0.0 %	2.1 %	1.6 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred income	2.2 %	2.5 %	2.8 %	3.6 %	3.5 %	3.2 %	2.9 %
Current liabilities	13.6 %	26.0 %	24.5 %	16.6 %	21.8 %	16.0 %	23.4 %
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)	2009	2010	2011	2012	2013E	2014E	2015E
Net profit/loss	1.5	2.3	3.5	4.8	3.7	6.5	9.5
Depreciation of fixed assets (incl. leases)	0.3	0.3	0.4	0.5	0.0	0.0	0.0
Amortisation of goodwill	1.0	0.5	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.8	1.2	1.7	1.2	1.7	1.9	2.2
Others	0.1	-0.2	0.7	-1.7	2.5	0.1	0.1
Cash flow from operations before changes in w/c	3.8	4.2	6.3	4.8	7.9	8.5	11.7
Increase/decrease in inventory	0.0	0.0	-0.2	0.2	-0.2	-0.5	-0.6
Increase/decrease in accounts receivable	0.1	-2.4	1.6	-1.3	-0.7	-1.3	-1.7
Increase/decrease in accounts payable	0.0	0.5	0.0	0.4	0.1	0.3	0.3
Increase/decrease in other working capital positions	0.0	0.2	1.7	1.5	0.0	0.0	0.0
Increase/decrease in working capital	0.1	-1.8	3.1	0.8	-0.8	-1.5	-2.0
Cash flow from operating activities	3.9	2.4	9.4	5.6	7.1	7.0	9.7
CAPEX	0.4	0.5	0.8	0.8	1.8	2.1	2.4
Payments for acquisitions	0.0	0.3	0.4	0.0	4.4	0.0	5.8
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	1.5	0.4	0.6	0.0	0.0	0.0
Cash flow from investing activities	-0.4	0.8	-0.8	-0.2	-6.2	-2.1	-8.2
Cash flow before financing	3.5	3.2	8.7	5.4	0.9	4.9	1.5
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	1.5	2.1	2.1	2.6	1.6	2.9
Others	0.0	0.0	0.0	-9.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-1.5	-1.5	-2.1	-11.1	-2.6	-1.6	-2.9
Increase/decrease in liquid assets	2.0	1.7	6.6	-5.7	-1.7	3.3	-1.3
Liquid assets at end of period	2.0	10.6	17.1	11.4	9.7	13.0	11.6

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Domestic	31.2	34.6	40.2	42.1	44.8	49.4	56.5
yoy change	-1.6 %	10.9 %	16.1 %	4.7 %	6.6 %	10.1 %	14.5 %
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	2.9	3.4	5.4	9.2	11.2	15.2	18.8
yoy change	25.6 %	19.7 %	58.6 %	69.0 %	22.3 %	35.2 %	24.3 %
TTL	34.0	38.0	45.6	51.2	56.1	64.5	75.3
yoy change	0.2 %	11.7 %	19.9 %	12.4 %	9.4 %	15.1 %	16.8 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
P&L growth analysis							
Sales growth	0.2 %	11.7 %	19.9 %	12.4 %	9.4 %	15.1 %	16.8 %
EBITDA growth	11.3 %	81.2 %	45.2 %	-21.4 %	7.2 %	59.4 %	40.4 %
EBIT growth	-53.2 %	470.0 %	79.9 %	-24.0 %	12.4 %	78.2 %	48.0 %
EPS growth	21.4 %	48.2 %	48.3 %	34.6 %	-22.9 %	75.6 %	45.4 %
Efficiency							
Total operating costs / sales	42.0 %	39.9 %	37.2 %	40.2 %	42.5 %	38.5 %	35.8 %
Sales per employee	129.0	129.8	147.6	154.3	143.9	150.6	166.9
EBITDA per employee	9.6	15.7	21.7	15.9	14.5	21.0	28.0
Balance sheet analysis							
Avg. working capital / sales	21.7 %	20.1 %	14.6 %	11.8 %	13.0 %	13.2 %	13.6 %
Inventory turnover (sales/inventory)	14.1	16.6	20.8	16.3	17.0	17.0	17.0
Trade debtors in days of sales	61.5	73.5	49.5	56.6	56.6	56.6	56.6
A/P turnover [(A/P*365)/sales]	15.1	24.4	21.2	23.7	23.7	23.7	23.7
Cash conversion cycle (days)	96.6	93.8	64.0	76.9	76.6	76.6	76.6
Cash flow analysis							
Free cash flow	3.5	1.9	8.7	4.8	5.3	4.9	7.3
Free cash flow/sales	10.3 %	5.1 %	19.0 %	9.4 %	9.5 %	7.6 %	9.7 %
FCF / net profit	225.8 %	82.4 %	242.8 %	99.9 %	144.0 %	75.2 %	77.3 %
FCF yield	4.0 %	2.2 %	9.5 %	5.3 %	5.9 %	5.4 %	8.1 %
Capex / deprec	21.1 %	24.6 %	37.3 %	45.8 %	106.7 %	106.7 %	110.3 %
Capex / maintenance capex	16.2 %	21.8 %	27.1 %	40.9 %	10.7 %	10.7 %	11.0 %
Capex / sales	1.3 %	1.3 %	1.7 %	1.6 %	3.2 %	3.2 %	3.2 %
Security							
Net debt	-10.9	-11.1	-17.6	-11.4	-9.7	-13.0	-11.6
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.2	-0.2	-0.4	-0.2	-0.2	-0.2	-0.2
Interest cover	3.9	12.1	11.0	10.2	999.0	999.0	999.0
Dividend payout ratio	97.2 %	87.5 %	59.0 %	54.8 %	44.0 %	44.0 %	44.0 %
Asset utilisation							
Capital employed turnover	0.7	0.8	0.9	0.9	1.0	1.0	1.2
Operating assets turnover	4.4	4.2	7.3	6.3	6.2	6.0	5.8
Plant turnover	56.0	43.3	45.3	42.9	40.8	40.8	41.4
Inventory turnover (sales/inventory)	14.1	16.6	20.8	16.3	17.0	17.0	17.0
Returns							
ROCE	1.0 %	5.4 %	9.1 %	6.5 %	7.2 %	12.1 %	16.7 %
ROE	3.4 %	4.8 %	7.1 %	9.2 %	7.3 %	11.0 %	16.1 %
Other							
Interest paid / avg. debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No. employees (average)	264	293	309	332	390	429	452
Number of shares	10.0	10.3	10.5	10.5	10.5	10.5	10.5
DPS	0.2	0.2	0.2	0.3	0.2	0.3	0.4
EPS reported	0.15	0.23	0.34	0.46	0.35	0.62	0.90
Valuation ratios							
P/BV	1.9	1.8	1.8	1.7	1.8	1.5	1.5
EV/sales	2.2	2.1	1.6	1.6	1.5	1.2	1.1
EV/EBITDA	29.8	16.9	11.0	15.3	14.5	8.8	6.4
EV/EBITA	33.4	18.1	11.7	16.8	14.5	8.8	6.4
EV/EBIT	167.4	30.2	15.9	22.8	20.7	11.2	7.7
EV/FCF	21.7	40.3	8.5	16.8	15.4	16.1	11.0
Dividend yield	1.7 %	2.3 %	2.3 %	2.9 %	1.8 %	3.2 %	4.6 %

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.

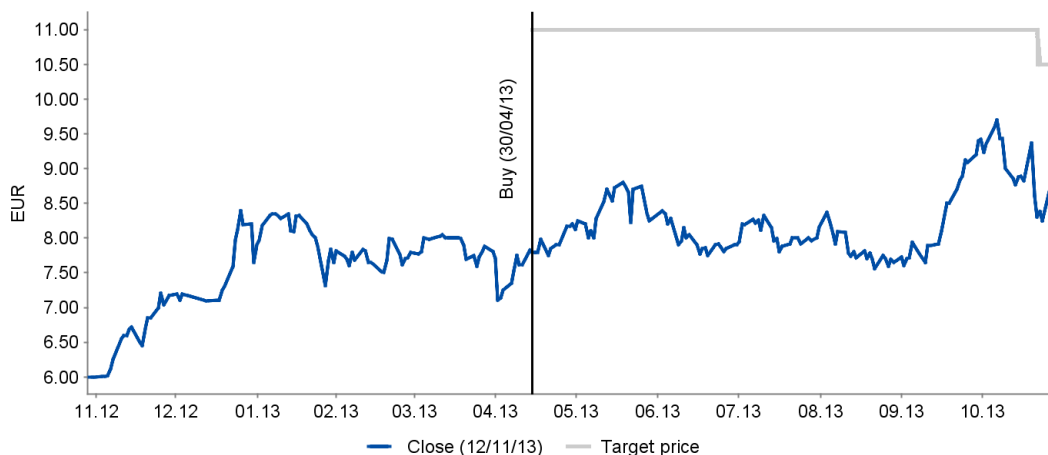
Conflicts of interest that existed at the time when this research report was published:

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 13/11/13

Initiation coverage
30-April-13



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

Buy	56.19 %	100.00 %
Sell	16.19 %	0.00 %
Hold	27.62 %	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

Leonhard Bayer
Analyst

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

Lars Dannenberg
Analyst

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

Christian Schwenkenbecher
Analyst

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

Tim Wunderlich, CFA
Analyst

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

Sascha Berresch, CFA
Head of Research

Tel.: +49 (0)40 414 3885 - 85
E-Mail: sascha.berresch@ha-research.de

Nils-Peter Fitzl
Analyst

Tel.: +49 (0)40 414 3885 - 86
E-Mail: nils-peter.fitzl@ha-research.de

Torben Teichler
Analyst

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

Henning Breiter
Analyst

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

Philippe Lorrain
Analyst

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

Thomas Wissler
Analyst

Tel.: +49 (0)40 414 3885 - 80
E-Mail: thomas.wissler@ha-research.de

Hauck & Aufhäuser Sales

Vincent Bischoff
Sales

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

Hugues Madelin
Sales

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

James Bonsor, CFA
Sales

Tel.: +44 207 125 0987
E-Mail: hamish.edsell@ha-research.de

Markus Weiss
Sales

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

Hamish Edsell
Sales

Tel.: +44 207 125 0988
E-Mail: hamish.edsell@ha-research.de

Toby Woods
Sales

Tel.: +44 207 125 0989
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