

**Hold** (old: Hold)

**Price target: EUR 21.50** (old: EUR 19.50)

<b>Price:</b>	EUR 22.80	<b>Next result:</b>	Q4 16: 29.03.17
<b>Bloomberg:</b>	OSP2 GR	<b>Market cap:</b>	EUR 239.9 m
<b>Reuters:</b>	OSPGk.DE	<b>Enterprise Value:</b>	EUR 218.7 m

01-March-17

**Lars Dannenberg**  
Analyst

[lars.dannenberg@ha-research.de](mailto:lars.dannenberg@ha-research.de)  
Tel.: +49 40 414 3885 92

## Q4 slightly below expectations / chg. est.

USU reported preliminary Q4 2016 headline results which were slightly below our expectations but in-line with company guidance (see next page). The newly introduced 2017 guidance felt short of our forecast due to investments into future growth.

**Q4 sales increased by only 2.5% yoy to € 20.6m** (eH&A € 23.3m) mainly due to the booking of more SaaS and less one time on premise licenses. USUs **Project Business** (eH&A 83% of total sales) should have been up 4% yoy to € 17.2m (eH&A). USU is currently experiencing sound demand for its leading software license management solution (Aspera) mainly from large-scale companies (80% of DAX or 35 Fortune Global 500 companies are already customers). Especially customers of the Silicon Valley (eH&A: USA 20% of total sales), where USU increased its presence, were asking for Aspera to manage licenses more efficiently resulting in costs savings of up to 30%. The **Service Business** (eH&A 17% of total sales) which is less scalable and hence actively downsized should have come in flat yoy at € 3.5m (eH&A).

**Q4 adjusted EBIT was up disproportionately by 8% yoy to € 4.3m which is below** our estimates of € 4.7m mainly on the back of the weaker-than-expected top line.

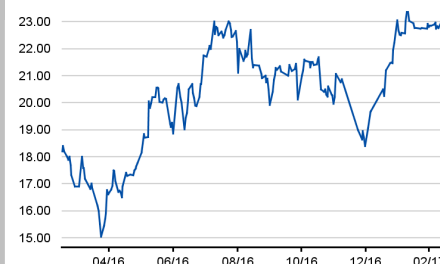
**Guidance:** USU reached its 2016 guidance for sales ranging from € 71-74m and the mid-point of its adjusted EBIT range (€ 9-10.5m). For **2017E, the company aims for sales in the range of € 83-88m** (eH&A € 89m) and an adjusted EBIT of € 10-11.5m (eH&A old € 12.7m). Its latest acquisition UnitB should contribute € 3.5-4m to revenues in 2017E. Additionally, the **company introduced a 2020 guidance** aiming for revenues of € 140m and an adjusted EBIT of € 20m (14.3% margin) which includes selective M&A of € 10-15m.

**Action:** To serve the increasing demand for its solutions, esp. Aspera, USU aims to increase its sales and marketing expenses in the USA and Europe in the coming years which is the reason for the cut in our estimates. To not penalise the company for growth investments and given the solid outlook underlined by a 2020 guidance, we roll our valuation to 2018E (previously 2017E).

USU remains a **HOLD with a PT of € 21.50** (previously € 19.50) based on FCFY 18E (previously FCFY 17E). – continued –

Y/E 31.12 (EUR m)	2012	2013	2014	2015	2016P	2017E	2018E
Sales	51.2	55.7	58.9	66.1	72.0	88.8	100.2
Sales growth	12 %	9 %	6 %	12 %	9 %	23 %	13 %
EBITDA	5.3	5.5	8.9	9.9	10.8	12.6	16.3
EBIT	3.5	3.4	6.7	7.6	8.3	9.4	12.8
Net income	4.8	3.6	5.5	8.4	7.8	8.8	12.5
Net debt	-11.4	-14.2	-18.9	-23.1	-23.2	-21.9	-28.2
Net gearing	-21.8 %	-26.7 %	-34.0 %	-38.0 %	-35.0 %	-30.9 %	-35.8 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.69	0.49	0.57	0.84	0.87	0.96	1.32
CPS	0.37	0.74	0.53	1.06	0.60	0.74	1.24
DPS	0.25	0.25	0.30	0.35	0.40	0.45	0.64
Dividend yield	1.1 %	1.1 %	1.3 %	1.5 %	1.8 %	2.0 %	2.8 %
Gross profit margin	49.3 %	51.7 %	53.1 %	53.1 %	54.0 %	53.7 %	53.7 %
EBITDA margin	10.3 %	9.9 %	15.1 %	14.9 %	15.0 %	14.2 %	16.3 %
EBIT margin	6.9 %	6.1 %	11.3 %	11.5 %	11.5 %	10.6 %	12.8 %
ROCE	6.5 %	6.1 %	11.4 %	12.0 %	12.1 %	12.8 %	16.0 %
EV/sales	4.5	4.1	3.8	3.3	3.0	2.5	2.1
EV/EBITDA	43.6	41.3	25.1	22.1	20.2	17.5	13.1
EV/EBIT	65.1	66.6	33.4	28.8	26.3	23.5	16.7
PER	33.2	46.4	40.2	27.3	26.3	23.7	17.3
Adjusted FCF yield	2.1 %	1.8 %	2.4 %	4.2 %	4.2 %	5.1 %	6.9 %

Source: Company data, Hauck & Aufhäuser Close price as of: 28.02.2017



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 23.35 / 15.06

**Price/Book Ratio:** 3.6

**Relative performance** (SDAX):

3 months -2.1 %

6 months -1.0 %

12 months 11.4 %

### Changes in estimates

		Sales	EBIT	EPS
2016	old:	74.7	8.8	0.91
	Δ	-	-	-
2017	old:	88.8	12.3	1.22
	Δ	0.0%	-23.6%	-21.0%
2018	old:	97.7	14.2	1.44
	Δ	2.6%	-9.6%	-8.9%

### Key share data:

Number of shares: (in m pcs) 10.5

Authorised capital: (in € m) 0.0

Book value per share: (in €) 6.3

Ø trading volume: (12 months) 6,300

### Major shareholders:

Udo Strehl 50.9 %

Free Float 37.0 %

Peter Scheufler 7.2 %

USU Board (excl. Udo Strehl) 4.9 %

### Company description:

USU develops and distributes IT software and service solutions to more than 700 customers.

# USU Software AG

USU Software AG	Q4 2016	Q4 2016 est	Q4 2015	yoy	FY 2016	FY 2016 est	FY 2015	yoy
<b>Total Sales</b>	<b>20.6</b>	<b>23.3</b>	<b>20.1</b>	2.5%	<b>72.0</b>	<b>74.7</b>	<b>66.1</b>	8.9%
<b>EBIT</b>	<b>3.9</b>	<b>4.4</b>	<b>3.6</b>	6.8%	<b>8.3</b>	<b>8.8</b>	<b>7.6</b>	9.4%
<i>EBIT margin</i>	<i>18.9%</i>	<i>19.0%</i>	<i>18.1%</i>	<i>+ 0.8 pp</i>	<i>11.5%</i>	<i>11.8%</i>	<i>11.5%</i>	<i>+ 0.0 pp</i>
<b>adj. EBIT</b>	<b>4.3</b>	<b>4.7</b>	<b>4.0</b>	7.5%	<b>9.6</b>	<b>10.0</b>	<b>8.7</b>	10.4%
<i>adjusted EBIT margin</i>	<i>20.7%</i>	<i>20.1%</i>	<i>19.7%</i>	<i>+ 1.0 pp</i>	<i>13.3%</i>	<i>13.4%</i>	<i>13.2%</i>	<i>+ 0.2 pp</i>

Source: Company data; Hauck & Aufhäuser estimates

## Financials

Profit and loss (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Sales</b>	<b>51.2</b>	<b>55.7</b>	<b>58.9</b>	<b>66.1</b>	<b>72.0</b>	<b>88.8</b>	<b>100.2</b>
Sales growth	12.4 %	8.8 %	5.8 %	12.1 %	8.9 %	23.3 %	12.9 %
Cost of sales	26.0	26.9	27.7	31.0	33.1	41.1	46.4
<b>Gross profit</b>	<b>25.2</b>	<b>28.8</b>	<b>31.3</b>	<b>35.1</b>	<b>38.9</b>	<b>47.7</b>	<b>53.8</b>
Sales and marketing	6.9	9.1	8.6	9.3	12.7	16.9	18.0
General and administration	4.6	5.9	6.5	7.1	6.8	7.2	7.5
Research and development	7.2	9.4	9.6	10.5	11.1	13.0	14.0
Other operating income	0.4	0.6	1.5	1.0	0.9	0.9	0.9
Other operating expenses	2.2	0.2	0.2	0.2	0.3	0.3	0.3
Unusual or infrequent items	-1.1	-1.4	-1.3	-1.3	-1.5	-1.9	-2.1
<b>EBITDA</b>	<b>5.3</b>	<b>5.5</b>	<b>8.9</b>	<b>9.9</b>	<b>10.8</b>	<b>12.6</b>	<b>16.3</b>
Depreciation	0.5	0.6	0.0	0.0	0.0	0.0	0.0
<b>EBITA</b>	<b>4.8</b>	<b>4.9</b>	<b>8.9</b>	<b>9.9</b>	<b>10.8</b>	<b>12.6</b>	<b>16.3</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.2	1.5	2.2	2.3	2.5	3.2	3.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>3.5</b>	<b>3.4</b>	<b>6.7</b>	<b>7.6</b>	<b>8.3</b>	<b>9.4</b>	<b>12.8</b>
Interest income	0.3	0.1	0.5	0.3	0.2	0.2	0.7
Interest expenses	0.3	0.6	0.6	0.1	0.3	0.3	0.3
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.1	-0.5	-0.1	0.3	-0.1	-0.1	0.4
<b>Recurring pretax income from continuing operations</b>	<b>3.4</b>	<b>2.9</b>	<b>6.6</b>	<b>7.9</b>	<b>8.2</b>	<b>9.3</b>	<b>13.2</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>3.4</b>	<b>2.9</b>	<b>6.6</b>	<b>7.9</b>	<b>8.2</b>	<b>9.3</b>	<b>13.2</b>
Taxes	-1.4	-0.8	1.1	-0.5	0.4	0.5	0.7
<b>Net income from continuing operations</b>	<b>4.8</b>	<b>3.6</b>	<b>5.5</b>	<b>8.4</b>	<b>7.8</b>	<b>8.8</b>	<b>12.5</b>
Result from discontinued operations (net of tax)	2.4	1.5	0.5	0.4	1.3	1.3	1.3
<b>Net income</b>	<b>4.8</b>	<b>3.6</b>	<b>5.5</b>	<b>8.4</b>	<b>7.8</b>	<b>8.8</b>	<b>12.5</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>4.8</b>	<b>3.6</b>	<b>5.5</b>	<b>8.4</b>	<b>7.8</b>	<b>8.8</b>	<b>12.5</b>
Average number of shares	10.5	10.5	10.5	10.5	10.5	10.5	10.5
<b>EPS reported</b>	<b>0.46</b>	<b>0.35</b>	<b>0.52</b>	<b>0.80</b>	<b>0.64</b>	<b>0.84</b>	<b>1.19</b>

Profit and loss (common size)	2012	2013	2014	2015	2016E	2017E	2018E
<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	50.7 %	48.3 %	46.9 %	46.9 %	46.0 %	46.3 %	46.3 %
<b>Gross profit</b>	<b>49.3 %</b>	<b>51.7 %</b>	<b>53.1 %</b>	<b>53.1 %</b>	<b>54.0 %</b>	<b>53.7 %</b>	<b>53.7 %</b>
Sales and marketing	13.5 %	16.3 %	14.5 %	14.0 %	17.6 %	19.0 %	18.0 %
General and administration	9.1 %	10.5 %	10.9 %	10.8 %	9.4 %	8.1 %	7.5 %
Research and development	14.1 %	16.9 %	16.4 %	15.9 %	15.4 %	14.6 %	14.0 %
Other operating income	0.8 %	1.1 %	2.6 %	1.4 %	1.3 %	1.0 %	0.9 %
Other operating expenses	4.3 %	0.4 %	0.3 %	0.4 %	0.4 %	0.3 %	0.3 %
Unusual or infrequent items	-2.2 %	-2.4 %	-2.1 %	-2.0 %	-2.1 %	-2.1 %	-2.1 %
<b>EBITDA</b>	<b>10.3 %</b>	<b>9.9 %</b>	<b>15.1 %</b>	<b>14.9 %</b>	<b>15.0 %</b>	<b>14.2 %</b>	<b>16.3 %</b>
Depreciation	1.0 %	1.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITA</b>	<b>9.3 %</b>	<b>8.8 %</b>	<b>15.1 %</b>	<b>14.9 %</b>	<b>15.0 %</b>	<b>14.2 %</b>	<b>16.3 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.4 %	2.6 %	3.8 %	3.5 %	3.5 %	3.6 %	3.5 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>6.9 %</b>	<b>6.1 %</b>	<b>11.3 %</b>	<b>11.5 %</b>	<b>11.5 %</b>	<b>10.6 %</b>	<b>12.8 %</b>
Interest income	0.5 %	0.2 %	0.8 %	0.5 %	0.3 %	0.2 %	0.7 %
Interest expenses	0.7 %	1.2 %	1.0 %	0.1 %	0.4 %	0.3 %	0.3 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-0.2 %	-1.0 %	-0.1 %	0.4 %	-0.1 %	-0.1 %	0.4 %
<b>Recurring pretax income from continuing operations</b>	<b>6.7 %</b>	<b>5.2 %</b>	<b>11.2 %</b>	<b>11.9 %</b>	<b>11.4 %</b>	<b>10.5 %</b>	<b>13.2 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>6.7 %</b>	<b>5.2 %</b>	<b>11.2 %</b>	<b>11.9 %</b>	<b>11.4 %</b>	<b>10.5 %</b>	<b>13.2 %</b>
Tax rate	-40.2 %	-27.0 %	16.4 %	-6.4 %	5.0 %	5.0 %	5.0 %
<b>Net income from continuing operations</b>	<b>9.4 %</b>	<b>6.5 %</b>	<b>9.4 %</b>	<b>12.7 %</b>	<b>10.9 %</b>	<b>9.9 %</b>	<b>12.5 %</b>
Result from discontinued operations (net of tax)	4.7 %	2.7 %	0.8 %	0.6 %	1.8 %	1.5 %	1.3 %
<b>Net income</b>	<b>9.4 %</b>	<b>6.5 %</b>	<b>9.4 %</b>	<b>12.7 %</b>	<b>10.9 %</b>	<b>9.9 %</b>	<b>12.5 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>9.4 %</b>	<b>6.5 %</b>	<b>9.4 %</b>	<b>12.7 %</b>	<b>10.9 %</b>	<b>9.9 %</b>	<b>12.5 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Intangible assets</b>	<b>38.0</b>	<b>42.7</b>	<b>41.4</b>	<b>42.3</b>	<b>41.0</b>	<b>42.1</b>	<b>40.9</b>
Property, plant and equipment	1.2	2.1	2.1	2.1	3.0	4.1	4.3
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>FIXED ASSETS</b>	<b>39.2</b>	<b>44.9</b>	<b>43.6</b>	<b>44.5</b>	<b>44.1</b>	<b>46.2</b>	<b>45.2</b>
Inventories	3.1	3.9	4.8	3.1	4.4	5.4	6.1
Accounts receivable	7.9	12.2	11.3	11.9	13.8	17.0	19.2
Other current assets	1.2	1.1	1.1	1.3	1.3	1.3	1.3
Liquid assets	11.4	14.2	18.9	23.1	23.2	21.9	28.2
Deferred taxes	3.2	4.1	4.1	4.2	4.2	4.2	4.2
Deferred charges and prepaid expenses	0.6	1.1	1.4	1.1	1.1	1.1	1.1
<b>CURRENT ASSETS</b>	<b>27.5</b>	<b>36.6</b>	<b>41.7</b>	<b>44.8</b>	<b>48.1</b>	<b>51.0</b>	<b>60.2</b>
<b>TOTAL ASSETS</b>	<b>66.7</b>	<b>81.4</b>	<b>85.2</b>	<b>89.2</b>	<b>92.1</b>	<b>97.2</b>	<b>105.4</b>
SHAREHOLDERS EQUITY	52.3	53.3	55.6	60.8	66.3	70.9	78.7
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	1.0	1.1	1.9	1.9	1.9	2.0	2.1
Other provisions	2.4	2.6	3.1	2.9	2.9	2.9	2.9
<b>Non-current liabilities</b>	<b>3.4</b>	<b>3.7</b>	<b>4.9</b>	<b>4.8</b>	<b>4.9</b>	<b>5.0</b>	<b>5.1</b>
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.7	1.7	1.4	1.6	1.7	2.1	2.4
Advance payments received on orders	2.5	11.2	11.0	9.9	9.9	9.9	9.9
Other liabilities (incl. from lease and rental contracts)	4.5	7.4	7.1	6.7	4.0	4.0	4.0
Deferred taxes	0.0	0.9	0.8	0.1	0.1	0.1	0.1
Deferred income	2.4	3.2	4.4	5.3	5.3	5.3	5.3
<b>Current liabilities</b>	<b>11.1</b>	<b>24.5</b>	<b>24.6</b>	<b>23.6</b>	<b>21.0</b>	<b>21.4</b>	<b>21.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>66.7</b>	<b>81.5</b>	<b>85.2</b>	<b>89.2</b>	<b>92.1</b>	<b>97.2</b>	<b>105.4</b>

Balance sheet (common size)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Intangible assets</b>	<b>57.0 %</b>	<b>52.5 %</b>	<b>48.7 %</b>	<b>47.4 %</b>	<b>44.5 %</b>	<b>43.3 %</b>	<b>38.8 %</b>
Property, plant and equipment	1.8 %	2.6 %	2.4 %	2.4 %	3.3 %	4.2 %	4.0 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>58.8 %</b>	<b>55.1 %</b>	<b>51.1 %</b>	<b>49.8 %</b>	<b>47.8 %</b>	<b>47.5 %</b>	<b>42.9 %</b>
Inventories	4.7 %	4.8 %	5.6 %	3.5 %	4.7 %	5.5 %	5.8 %
Accounts receivable	11.9 %	15.0 %	13.3 %	13.3 %	15.0 %	17.5 %	18.2 %
Other current assets	1.8 %	1.3 %	1.3 %	1.5 %	1.4 %	1.4 %	1.3 %
Liquid assets	17.1 %	17.5 %	22.2 %	25.9 %	25.2 %	22.6 %	26.7 %
Deferred taxes	4.8 %	5.0 %	4.8 %	4.7 %	4.6 %	4.4 %	4.0 %
Deferred charges and prepaid expenses	0.9 %	1.3 %	1.6 %	1.3 %	1.2 %	1.2 %	1.1 %
<b>CURRENT ASSETS</b>	<b>41.2 %</b>	<b>44.9 %</b>	<b>48.9 %</b>	<b>50.2 %</b>	<b>52.2 %</b>	<b>52.5 %</b>	<b>57.1 %</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>
SHAREHOLDERS EQUITY	78.4 %	65.5 %	65.3 %	68.2 %	71.9 %	72.9 %	74.7 %
MINORITY INTEREST	0.0 %	-0.1 %	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	1.5 %	1.3 %	2.2 %	2.1 %	2.1 %	2.1 %	2.0 %
Other provisions	3.6 %	3.2 %	3.6 %	3.3 %	3.2 %	3.0 %	2.8 %
<b>Non-current liabilities</b>	<b>5.0 %</b>	<b>4.5 %</b>	<b>5.8 %</b>	<b>5.4 %</b>	<b>5.3 %</b>	<b>5.1 %</b>	<b>4.8 %</b>
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	2.5 %	2.1 %	1.6 %	1.8 %	1.8 %	2.2 %	2.3 %
Advance payments received on orders	3.7 %	13.8 %	12.9 %	11.1 %	10.7 %	10.1 %	9.4 %
Other liabilities (incl. from lease and rental contracts)	6.7 %	9.1 %	8.3 %	7.5 %	4.3 %	4.1 %	3.8 %
Deferred taxes	0.0 %	1.1 %	0.9 %	0.1 %	0.1 %	0.1 %	0.1 %
Deferred income	3.6 %	3.9 %	5.2 %	5.9 %	5.8 %	5.4 %	5.0 %
<b>Current liabilities</b>	<b>16.6 %</b>	<b>30.1 %</b>	<b>28.9 %</b>	<b>26.4 %</b>	<b>22.8 %</b>	<b>22.0 %</b>	<b>20.5 %</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)	2012	2013	2014	2015	2016E	2017E	2018E
Net profit/loss	4.8	3.6	5.5	8.4	7.8	8.8	12.5
Depreciation of fixed assets (incl. leases)	0.5	0.6	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.2	1.5	2.2	2.3	2.5	3.2	3.5
Others	-1.7	-0.7	0.4	0.2	0.0	0.1	0.1
Cash flow from operations before changes in w/c	4.8	5.0	8.1	10.8	10.4	12.1	16.1
Increase/decrease in inventory	0.2	0.0	-0.9	1.7	-1.3	-1.0	-0.7
Increase/decrease in accounts receivable	-1.3	-2.8	0.9	-0.6	-1.9	-3.2	-2.2
Increase/decrease in accounts payable	0.4	0.1	-0.3	0.2	0.1	0.4	0.3
Increase/decrease in other working capital positions	1.5	7.6	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	0.8	4.8	-0.4	1.3	-3.1	-3.8	-2.6
<b>Cash flow from operating activities</b>	<b>5.6</b>	<b>9.9</b>	<b>7.7</b>	<b>12.2</b>	<b>7.3</b>	<b>8.3</b>	<b>13.5</b>
CAPEX	0.8	1.5	1.1	1.0	1.1	1.4	1.5
Payments for acquisitions	0.0	2.8	0.0	0.6	1.0	4.0	1.0
Financial investments	0.0	0.0	0.0	3.3	0.0	0.0	0.0
Income from asset disposals	0.6	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-0.2</b>	<b>-4.3</b>	<b>-1.1</b>	<b>-4.9</b>	<b>-2.1</b>	<b>-5.4</b>	<b>-2.5</b>
Cash flow before financing	5.4	5.6	6.6	7.3	5.2	2.9	11.0
Increase/decrease in debt position	0.0	0.0	0.0	-0.6	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	2.1	2.6	2.6	3.2	3.7	4.2	4.7
Others	-9.0	0.0	0.0	-2.6	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	-0.1	0.7	3.3	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-11.1</b>	<b>-2.6</b>	<b>-2.6</b>	<b>-6.4</b>	<b>-3.7</b>	<b>-4.2</b>	<b>-4.7</b>
Increase/decrease in liquid assets	-5.7	2.8	4.7	4.2	1.5	-1.3	6.3
<b>Liquid assets at end of period</b>	<b>11.4</b>	<b>14.2</b>	<b>18.9</b>	<b>23.1</b>	<b>23.2</b>	<b>21.9</b>	<b>28.2</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Domestic	42.1	47.0	43.3	45.9	46.8	0.0	0.0
yoy change	4.7 %	11.7 %	-7.8 %	6.0 %	1.9 %	n/a	n/a
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	9.2	8.7	15.6	20.2	25.2	0.0	0.0
yoy change	69.0 %	-4.7 %	78.7 %	29.1 %	25.0 %	n/a	n/a
<b>TTL</b>	<b>51.2</b>	<b>55.7</b>	<b>58.9</b>	<b>66.1</b>	<b>72.0</b>	<b>88.8</b>	<b>100.2</b>
yoy change	12.4 %	8.8 %	5.8 %	12.1 %	8.9 %	23.3 %	12.9 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>P&amp;L growth analysis</b>							
Sales growth	12.4 %	8.8 %	5.8 %	12.1 %	8.9 %	23.3 %	12.9 %
EBITDA growth	-21.4 %	4.3 %	61.8 %	11.2 %	9.3 %	16.4 %	29.6 %
EBIT growth	-24.0 %	-3.4 %	95.8 %	13.7 %	9.4 %	13.0 %	36.5 %
EPS growth	34.6 %	-24.1 %	51.2 %	52.1 %	-19.6 %	31.1 %	42.1 %
<b>Efficiency</b>							
Total operating costs / sales	40.2 %	43.1 %	39.6 %	39.7 %	41.7 %	41.1 %	38.8 %
Sales per employee	154.3	127.5	130.4	139.1	150.9	n/a	n/a
EBITDA per employee	15.9	12.6	19.7	20.8	22.6	n/a	n/a
<b>Balance sheet analysis</b>							
Avg. working capital / sales	11.8 %	9.0 %	5.8 %	5.5 %	7.0 %	9.6 %	11.7 %
Inventory turnover (sales/inventory)	16.3	14.3	12.3	21.3	16.5	16.5	16.5
Trade debtors in days of sales	56.6	79.9	70.0	65.5	70.0	70.0	70.0
A/P turnover [(A/P*365)/sales]	23.7	23.6	18.4	18.7	18.7	18.7	18.7
Cash conversion cycle (days)	76.9	109.2	115.0	83.3	99.4	99.1	99.1
<b>Cash flow analysis</b>							
Free cash flow	4.8	8.3	6.6	11.1	6.2	6.9	12.0
Free cash flow/sales	9.4 %	14.9 %	11.2 %	16.9 %	8.6 %	7.8 %	12.0 %
FCF / net profit	99.9 %	227.9 %	120.2 %	132.9 %	78.8 %	78.6 %	95.7 %
Capex / depre	45.8 %	74.3 %	50.5 %	190.3 %	44.1 %	42.4 %	43.8 %
Capex / maintenance capex	40.9 %	56.6 %	43.6 %	83.5 %	88.1 %	217.3 %	30.7 %
Capex / sales	1.6 %	2.8 %	1.9 %	6.6 %	1.5 %	1.5 %	1.5 %
<b>Security</b>							
Net debt	-11.4	-14.2	-18.9	-23.1	-23.2	-21.9	-28.2
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.2	-0.3	-0.3	-0.4	-0.4	-0.3	-0.4
Interest cover	10.2	5.3	11.7	138.0	27.7	31.3	42.7
Dividend payout ratio	54.8 %	72.2 %	57.3 %	43.9 %	53.8 %	53.6 %	53.6 %
<b>Asset utilisation</b>							
Capital employed turnover	0.9	1.0	1.0	1.0	1.0	1.2	1.2
Operating assets turnover	6.3	10.6	10.2	11.7	7.5	6.1	5.8
Plant turnover	42.9	26.5	28.4	30.9	23.8	21.6	23.5
Inventory turnover (sales/inventory)	16.3	14.3	12.3	21.3	16.5	16.5	16.5
<b>Returns</b>							
ROCE	6.5 %	6.1 %	11.4 %	12.0 %	12.1 %	12.8 %	16.0 %
ROE	9.2 %	6.8 %	9.9 %	13.8 %	11.8 %	12.5 %	15.9 %
<b>Other</b>							
Interest paid / avg. debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No. employees (average)	332	437	452	475	477	0	0
Number of shares	10.5	10.5	10.5	10.5	10.5	10.5	10.5
DPS	0.3	0.3	0.3	0.4	0.4	0.5	0.6
EPS reported	0.46	0.35	0.52	0.80	0.64	0.84	1.19
<b>Valuation ratios</b>							
P/BV	4.6	4.5	4.3	3.9	3.6	3.4	3.0
EV/sales	4.5	4.1	3.8	3.3	3.0	2.5	2.1
EV/EBITDA	43.6	41.3	25.1	22.1	20.2	17.5	13.1
EV/EBITA	48.1	46.5	25.1	22.1	20.2	17.5	13.1
EV/EBIT	65.1	66.6	33.4	28.8	26.3	23.5	16.7
EV/FCF	47.9	27.3	33.7	19.6	35.5	31.7	17.8
Adjusted FCF yield	2.1 %	1.8 %	2.4 %	4.2 %	4.2 %	5.1 %	6.9 %
Dividend yield	1.1 %	1.1 %	1.3 %	1.5 %	1.8 %	2.0 %	2.8 %

Source: Company data, Hauck & Aufhäuser

## Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers KGaA pursuant to section 34b of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 34b of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if Hauck & Aufhäuser Privatbankiers KGaA

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, 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 a) 5% or more of the share capital of the analysed company, or b) the analysed company holds 5% or more of the share capital of Hauck & Aufhäuser Privatbankiers KGaA or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analysed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (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 or a significant conflict of interest with respect to the issuer,
- (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.

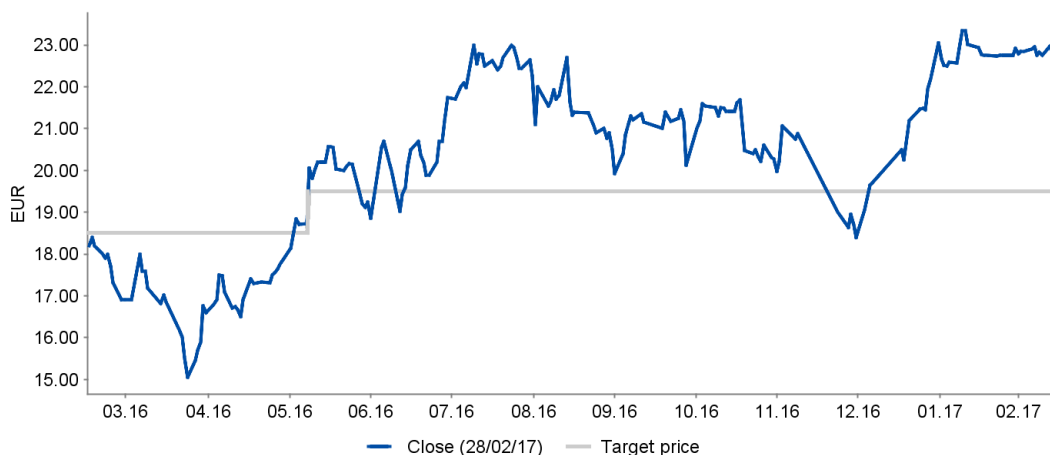
### Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
USU Software AG	2

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

**Price and Rating History**  
USU Software AG as of 01/03/17

Initiation coverage  
30-April-13



Company	Date	Analyst	Rating	Target price	Close
USU Software AG	09.01.2017	Dannenberg, Lars	Hold	EUR 19.50	EUR 21.46
	18.11.2016	Dannenberg, Lars	Hold	EUR 19.50	EUR 21.07
	31.08.2016	Dannenberg, Lars	Hold	EUR 19.50	EUR 21.32
	25.05.2016	Dannenberg, Lars	Hold	EUR 19.50	EUR 19.81

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

<b>Buy</b>	58.82 %	100.00 %
<b>Sell</b>	10.29 %	0.00 %
<b>Hold</b>	30.88 %	0.00 %

Date of publication creation: 01/03/2017 09:40 AM

Date of publication dissemination: 01/03/2017 09:55 AM



## 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 personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck & Aufhäuser Privatbankiers KGaA, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, 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 Hauck & Aufhäuser Privatbankiers KGaA. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers KGaA. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers KGaA, any of its employees involved in the preparation, 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. 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

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 Hauck & Aufhäuser Privatbankiers KGaA 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. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

## 4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating 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 Privatbankiers KGaA 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 ratings of Hauck & Aufhäuser Privatbankiers KGaA 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 Hauck & Aufhäuser Privatbankiers KGaA. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers KGaA whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

## 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. Hauck & Aufhäuser Privatbankiers KGaA has checked the information for plausibility but not for accuracy or completeness.

## 6. Competent Supervisory Authority

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.

This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

## 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.

## 8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:  
[https://www.hauck-aufhaeuser.de/page/UVV\\_InstitutResearch](https://www.hauck-aufhaeuser.de/page/UVV_InstitutResearch)

## Contacts: Hauck&Aufhäuser Privatbankiers KGaA

### Hauck & Aufhäuser Research

Hauck & Aufhäuser  
Privatbankiers KGaA  
Mittelweg 16/17  
20148 Hamburg  
Germany

Tel.: +49 (0) 40 414 3885 93  
Fax: +49 (0) 40 414 3885 71  
Email: info@ha-research.de  
www.ha-research.de

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

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

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

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

**Nils-Peter Gehrman**  
Analyst  
Tel.: +49 40 414 3885 86  
E-Mail: nils-peter.gehrman@ha-research.de

**Pierre Gröning**  
Analyst  
Tel.: +49 40 450 6342 30 92  
E-Mail: pierre.groening@ha-research.de

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

**Aliaksandr Halitsa**  
Analyst  
Tel.: +49 40 414 3885 83  
E-Mail: aliaksandr.halitsa@ha-research.de

**Christian Salis**  
Analyst  
Tel.: +49 40 414 3885 96  
E-Mail: christian.salis@ha-research.de

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

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

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

### Hauck & Aufhäuser Sales

**Oliver Anderson**  
Sales  
Tel.: +44 207 408 1100  
E-Mail: oliver.anderson@ha-research.de

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

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

**Christian Alisch**  
Sales  
Tel.: +49 40 414 3885 99  
E-Mail: christian.alisch@ha-research.de

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

**Alexander Lachmann**  
Sales  
Tel.: +41 43 497 30 23  
E-Mail: alexander.lachmann@ha-research.de

**Georgina Harrold**  
Sales  
Tel.: +49 69 2161 1299  
E-Mail: georgina.harrold@hauck-aufhaeuser.de

**Jan Neynaber**  
Sales  
Tel.: +49 69 2161 1268  
E-Mail: jan.neynaber@hauck-aufhaeuser.de

**Marco Schumann**  
Sales  
Tel.: +49 69 2161 1250  
E-Mail: marco.schumann@hauck-aufhaeuser.de

**JPP Eurosecurities Inc.**  
Sales North America  
**Quinn Raftery**  
Tel.: + 1 231 649 4998  
E-Mail: quinn.raftery@haa-na.com

### Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser  
Privatbankiers KGaA  
Mittelweg 16/17  
20148 Hamburg  
Germany

Tel.: +49 40 414 3885 75  
Fax: +49 40 414 3885 71  
Email: info@hauck-aufhaeuser.de  
www.hauck-aufhaeuser.de

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

**Joseph Kaselak**  
Trading  
Tel.: +49 40 450 6342 3093  
E-Mail: joseph.kaselak@hauck-aufhaeuser.de

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

**Fin Schaffer**  
Trading  
Tel.: +49 40 414 3885 98  
E-Mail: fin.schaffer@hauck-aufhaeuser.de

**Kathleen Jonas**  
Middle-Office  
Tel.: +49 40 414 3885 97  
E-Mail: kathleen.jonas@hauck-aufhaeuser.de

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