

### Today's updates and comments

#### Recommendation, price target and estimate changes

- **USU Software AG** (OSP2 GR) - Market cap: EUR 223.1 m, Hold, Price target: EUR 19.50 – Smaller strategic acquisition /chg.

#### H&A German Morning News

Won leads decline in Asia's emerging currencies, while stocks in the region fall after U.S. jobs and wage data for December bolstered expectations for higher Fed interest rates.

**BANKS:** US lawyers plan to file lawsuits against German banks, including Commerzbank and Deutsche Bank, saying the lenders charged too high fees for e-card payment for years and claim bns of euros in compensation.

**TUI1:** Russian steel tycoon Mordashov bought more shares in TUI in last 2 weeks, "Bild am Sonntag" reports.

**VOW3:** VW and DoJ are nearing a possibly more than \$4bn deal to resolve criminal and civil allegations related to "Dieselgate". Settlement might be announced this week before Obama leaves on JAN 20, "Reuters" reported.

**FME:** Fresenius Medical Care and other kidney dialysis providers filed a lawsuit in the US challenging a move to end assistance to patients with end-stage renal disease. FMC said it could suffer a "material adverse effect" on its business if the regulation becomes effective on January 13.

**ALV:** Investors pulled \$3.2bn from Pimco Total Return Fund, bringing last year's total cash withdrawals to \$16.1bn.

**DAI:** Mercedes-Benz increased its 2016 car sales by 11.3% to 2.08mn units and said it was the industry leader in premium segment, "Bloomberg" reported.

**DB11:** China likely to allow companies to issue shares in Frankfurt this year. The shares would be called "D shares".

**LHA:** Lufthansa expects fuel costs to rise by 400mn to 5.3bn euros in 2017, "Reuters" reported.

**SIE:** Siemens is expected to supply turbines to a gas-fired power plant in Thailand to be completed in 2019, "Nikkei" reported. Siemens is said to receive the 490mn euros order together with Japanese company Marubeni.

**VOW3:** VW's 2016 car sales rose 2.8% to nearly 6mn units, "dpa-AFX" reported, citing brand chief Diess in Detroit. Audi's 2016 car sales rose 3.8% to 1.87mn units from 1.8mn units in 2015, "Reuters" reported.

#### Roadshow schedule

■ MBB	11. Jan	CEO	Hamburg
■ SBO	20. Jan	CFO	Zürich
■ MBB	23. Jan	CEO	Stuttgart
■ MBB	25. Jan	CEO	Copenhagen

#### Yesterday's closing prices

##### German indices

<b>DAX</b>	11584.94	0.0%
<b>SDAX</b>	9617.04	-0.2%
<b>MDAX</b>	22282.17	-0.6%

##### International indices

<b>Dow Jones</b>	19899.29	0.1%
<b>S&amp;P</b>	2269.00	0.5%
<b>NASDAQ</b>	5487.94	1.1%

##### Commodities / fx rates

<b>EUR / USD</b>	1.0530	0.0%
<b>- (-)</b>	-	0.0%
<b>Gold (USD)</b>	1180.74	2.1%

#### Contacts

##### Research

+49 40 414 3885 84

##### Institutional Sales

Hamburg +49 40 414 3885 88

Frankfurt +49 69 21 61 12 50

London +44 207 408 11 00

Paris +33 1 784 140 62

Zürich +41 43 497 30 23

##### Sales Trading

+49 40 414 3885 75

**Hold** (old: Hold)

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

<b>Price:</b>	EUR 21.31	<b>Next result:</b>	Q4 16: 29.03.17
<b>Bloomberg:</b>	OSP2 GR	<b>Market cap:</b>	EUR 223.1 m
<b>Reuters:</b>	OSPGk.DE	<b>Enterprise Value:</b>	EUR 200.4 m

09-January-17

**Lars Dannenberg**  
Analyst

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

## Smaller strategic acquisition /chg.

On Friday, USU Software acquired all shares in the Berlin based digital media and IT service company unitB. With a purchase price of up to € 5m (incl. earn-outs), the multiple of 11.5x EV/EBIT 2016E looks reasonable compared to 21.5x EV/EBIT 2016E of USU.

The target grew its revenues by 10% yoy to € 4m in 2016E and has an EBIT margin of 10%, while this is slightly below USUs group level of c. 12% we expect a catch up to group level in the coming years. As unitB was already a cooperation partner over the last years, we expect a smooth integration.

unitB technology is a full-service agency that is specialised in digital media and IT. Its 35 employees focus on IT and marketing services for corporate websites, product marketing and customer communications. Reference customers are Mercedes-Benz, Bayer or the German news magazine 'Stern'.

The business is a good strategic fit for USUs consulting unit which is focused on applications. Here, unitB is adding strategic digital consulting and its expertise when it comes to mobile (app) services. The combination of traditional application and digital consulting should allow USU to better penetrate the relevant budgets at its customers. Additionally, unitB will remain in Berlin allowing USU to better search for IT talents.

**Overall, we are confident that USU will achieve its 2016 sales guidance** ranging from € 71-75m (eH&A € 75m) while meeting the upper end of the adj. EBIT range of € 9-10.5m (eH&A € 10m), thanks to sound demand especially for Aspera solutions and a well filled deal pipeline. For 2017E, the company aims for organic sales of € 85m (+15% yoy / eH&A € 84m) and a slight increase in EBIT margin (eH&A organically 14.6%).

**Action:** We reflected the acquisition in our est. with sales increasing by 5% while integration costs look set to eat up additional earnings in 2017E. In 2018E, EBIT assumptions are up 2% on a slightly lower unitB margin compared to the USU group.

However, growth prospects seem to be well reflected; **HOLD with a PT of € 19.50 based on FCFY 2017E.**

Y/E 31.12 (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Sales	51.2	55.7	58.9	66.1	74.7	88.8	97.7
Sales growth	12 %	9 %	6 %	12 %	13 %	19 %	10 %
EBITDA	5.3	5.5	8.9	9.9	11.5	15.5	17.7
EBIT	3.5	3.4	6.7	7.6	8.8	12.3	14.2
Net income	4.8	3.6	5.5	8.4	8.3	11.6	14.0
Net debt	-11.4	-14.2	-18.9	-23.1	-24.7	-26.8	-35.1
Net gearing	-21.8 %	-26.7 %	-34.0 %	-38.0 %	-36.2 %	-35.4 %	-41.4 %
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	0.91	1.22	1.44
CPS	0.37	0.74	0.53	1.06	0.60	1.00	1.36
DPS	0.25	0.25	0.30	0.35	0.40	0.45	0.54
Dividend yield	1.2 %	1.2 %	1.4 %	1.7 %	1.9 %	2.1 %	2.6 %
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 %	15.4 %	17.4 %	18.1 %
EBIT margin	6.9 %	6.1 %	11.3 %	11.5 %	11.8 %	13.8 %	14.5 %
ROCE	6.5 %	6.1 %	11.4 %	12.0 %	12.7 %	16.0 %	16.6 %
EV/sales	4.2	3.8	3.5	3.1	2.7	2.2	1.9
EV/EBITDA	40.4	38.2	23.2	20.4	17.4	12.8	10.8
EV/EBIT	60.3	61.6	30.9	26.6	22.7	16.2	13.4
PER	30.9	43.2	37.4	25.4	23.4	17.4	14.7
Adjusted FCF yield	2.3 %	1.9 %	2.6 %	4.5 %	4.8 %	6.7 %	8.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 06.01.2017



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 23.00 / 15.06

**Price/Book Ratio:** 3.3

**Relative performance (SDAX):**

3 months -3.5 %

6 months -4.1 %

12 months 4.9 %

### Changes in estimates

		Sales	EBIT	EPS
2016	old:	74.7	8.8	0.91
	Δ	-	-	-
2017	old:	84.4	12.3	1.22
	Δ	5.2%	-0.1%	-0.5%
2018	old:	92.8	13.9	1.43
	Δ	5.2%	2.0%	0.9%

### Key share data:

Number of shares: (in m pcs) 10.5

Authorised capital: (in € m) 0.0

Book value per share: (in €) 6.5

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.

### 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 or 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.

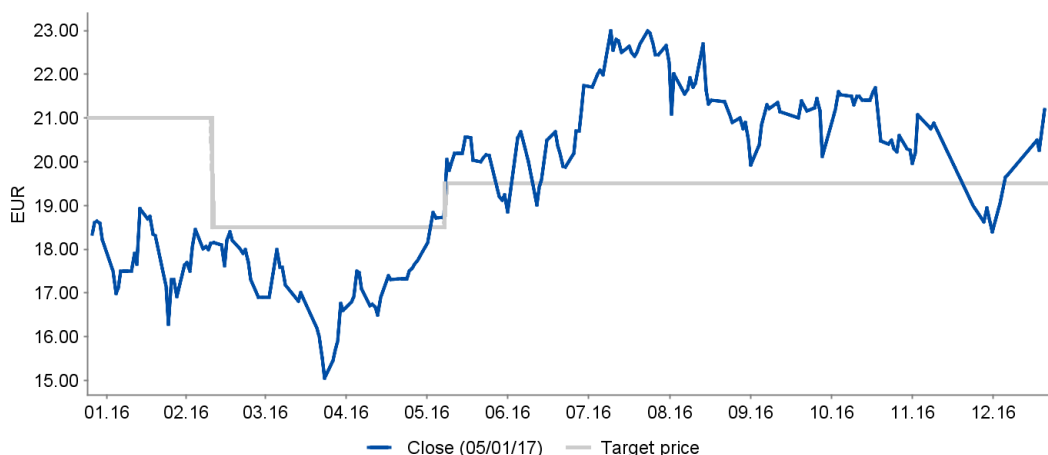
#### Conflicts of interest that existed at the time when this research report was published:

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 09/01/17

**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 21,20
	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
	26.02.2016	Dannenberg, Lars	Hold	EUR 18,50	EUR 18,15

## Morning Comment

---

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

<b>Buy</b>	59.70 %	100.00 %
<b>Sell</b>	10.45 %	0.00 %
<b>Hold</b>	29.85 %	0.00 %

Date of publication creation: 09/01/2017 09:45 AM

Date of publication dissemination: 09/01/2017 09:45 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