

**Buy** (old: Buy)

**Price target: EUR 27.00** (old: EUR 31.20)

**Price:** EUR 22.00      **Next result:** Q2 18: 30.08.18  
**Bloomberg:** OSP2@GR      **Market cap:** EUR 231.5 m  
**Reuters:** OSPGk.DE      **Enterprise Value:** EUR 217.0 m

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## Q2 Preview; chg est & PT

USU will report Q2 figures on August 30<sup>th</sup>. We expect a rather soft Q2 driven mainly by weaker international business and the continued **shift towards SaaS contracts**.

USU Software AG	Q2 2018 est	Q2 2017	yoy	H1 2018 est	H1 2017	yoy
<b>Total Sales</b>	<b>20.3</b>	<b>20.0</b>	1.6%	<b>41.3</b>	<b>38.9</b>	6.3%
<b>EBIT</b>	<b>-0.9</b>	<b>0.3</b>	n.a.	<b>-0.5</b>	<b>0.4</b>	n.a.
EBIT margin	-4.6%	1.4%	-6.0 pp	-1.3%	1.1%	-2.4 pp
<b>adj. EBIT</b>	<b>-0.5</b>	<b>0.9</b>	n.a.	<b>0.2</b>	<b>1.6</b>	-85.4%
adjusted EBIT margin	-2.6%	4.4%	-7.0 pp	0.6%	4.0%	-3.5 pp

Source: Company data; Hauck & Aufhäuser estimates

While USU's **domestic business** (c. 70% of sales) **should continue to develop stably**, we expect softer results from its **international operations**, where the company is still ramping up sales capacity. Especially in France these investments are seen to pay off only later in the year. Positively, we expect first effects from the roll out of USU's knowledge management software in the US (eH&A c. € 1m).

Furthermore, given the attractiveness of USU's flexible cloud solutions, we expect a continued **shift towards SaaS contracts**. As these are paid in monthly fees instead of upfront, this trend should **weigh on current sales**. However, the shift increases the share of recurring revenues (FY 2017: 27% of total sales) and thus is seen as **long term positive**.

**Guidance:** Given that usually around 30% of USU's FY sales and more than 40% of FY EBITDA occur in Q4, we see the company **on track to reach its FY guidance** of € 93-98m in sales and € 7.5-10m in adj. EBITDA (eH&A: € 95m sales, € 8m adj. EBIT).

**Action:** Following company contact we are cutting our EPS estimates on average by 5% into 2020E to cautiously reflect a slower international ramp up. Further, we increase the WACC of our DCF model from 7% to 7.5%.

On the back of USU's stable domestic business and the growth potential stemming from its international expansion, we reiterate our **BUY** recommendation with a new **PT of € 27.00** based on DCF.

Y/E 31.12 (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Sales	58.9	66.1	72.1	84.4	95.3	107.7	120.6
Sales growth	6 %	12 %	9 %	17 %	13 %	13 %	12 %
EBITDA	8.9	9.9	10.8	6.8	11.0	15.1	19.2
EBIT	6.7	7.6	8.3	3.2	7.0	10.6	14.4
Net income	5.5	8.4	6.8	3.4	6.5	9.8	13.4
Net debt	-18.9	-23.1	-23.2	-14.6	-16.8	-21.9	-27.6
Net gearing	-34.0 %	-38.0 %	-36.4 %	-23.1 %	-25.8 %	-30.8 %	-35.3 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.57	0.84	0.76	0.61	0.78	1.08	1.32
CPS	0.53	1.06	0.39	0.44	0.51	0.69	1.01
DPS	0.30	0.35	0.40	0.40	0.38	0.58	0.63
Dividend yield	1.4 %	1.6 %	1.8 %	1.8 %	1.7 %	2.6 %	2.9 %
Gross profit margin	53.1 %	53.1 %	55.2 %	54.0 %	55.0 %	56.0 %	57.0 %
EBITDA margin	15.1 %	14.9 %	15.0 %	8.1 %	11.5 %	14.0 %	15.9 %
EBIT margin	11.3 %	11.5 %	11.5 %	3.8 %	7.3 %	9.8 %	11.9 %
ROCE	11.4 %	12.0 %	12.4 %	4.6 %	9.6 %	13.8 %	17.9 %
EV/sales	3.6	3.2	2.9	2.6	2.3	2.0	1.7
EV/EBITDA	24.1	21.3	19.5	32.1	19.8	14.1	10.8
EV/EBIT	32.1	27.7	25.4	68.0	31.2	20.1	14.4
PER	38.8	26.3	29.0	35.9	28.4	20.4	16.7
Adjusted FCF yield	2.5 %	4.3 %	3.8 %	3.0 %	2.8 %	4.4 %	6.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 24.08.2018



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 31.55 / 21.35  
**Price/Book Ratio:** 3.5  
**Relative performance (SDAX):**  
3 months -  
6 months -  
12 months -

### Changes in estimates

		Sales	EBIT	EPS
2018	<b>old:</b>	97.4	7.7	0.84
	Δ	-2.2%	-9.6%	-7.6%
2019	<b>old:</b>	110.1	11.3	1.14
	Δ	-2.2%	-6.3%	-5.5%
2020	<b>old:</b>	123.3	14.6	1.35
	Δ	-2.2%	-1.8%	-2.0%

### Key share data:

Number of shares: (in m pcs) 10.5  
Authorised capital: (in € m) 0.0  
Book value per share: (in €) 6.2  
Ø trading volume: (12 months) 6,300

### Major shareholders:

AUSUM GmbH (Udo Strehl) 51.1 %  
Free Float 34.2 %  
USU Board (excl. Udo Strehl) 4.9 %  
Peter Scheuffler 5.3 %  
MainFirst SICAV 4.6 %

### Company description:

USU develops and distributes IT software and service solutions to more than 1000 customers.

## Financials

Profit and loss (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
<b>Sales</b>	<b>58.9</b>	<b>66.1</b>	<b>72.1</b>	<b>84.4</b>	<b>95.3</b>	<b>107.7</b>	<b>120.6</b>
<i>Sales growth</i>	5.8 %	12.1 %	9.1 %	17.0 %	13.0 %	13.0 %	12.0 %
Cost of sales	27.7	31.0	32.3	38.8	42.9	47.4	51.9
<b>Gross profit</b>	<b>31.3</b>	<b>35.1</b>	<b>39.8</b>	<b>45.5</b>	<b>52.4</b>	<b>60.3</b>	<b>68.8</b>
Sales and marketing	8.6	9.3	13.3	17.2	19.1	20.5	21.7
General and administration	6.5	7.1	6.7	9.3	9.5	9.8	10.9
Research and development	9.6	10.5	11.3	13.8	15.0	17.2	19.3
Other operating income	1.5	1.0	1.3	1.0	1.0	1.0	1.0
Other operating expenses	0.2	0.2	0.2	0.7	0.7	0.8	0.7
Unusual or infrequent items	-1.3	-1.3	-1.2	-2.2	-2.2	-2.5	-2.8
<b>EBITDA</b>	<b>8.9</b>	<b>9.9</b>	<b>10.8</b>	<b>6.8</b>	<b>11.0</b>	<b>15.1</b>	<b>19.2</b>
Depreciation	0.0	0.8	1.0	1.2	1.5	1.4	1.2
<b>EBITA</b>	<b>8.9</b>	<b>9.1</b>	<b>9.7</b>	<b>5.7</b>	<b>9.5</b>	<b>13.7</b>	<b>18.0</b>
Amortisation of goodwill	0.0	0.0	0.0	0.8	0.0	0.0	0.0
Amortisation of intangible assets	2.2	1.5	1.4	1.6	2.5	3.2	3.6
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>6.7</b>	<b>7.6</b>	<b>8.3</b>	<b>3.2</b>	<b>7.0</b>	<b>10.6</b>	<b>14.4</b>
Interest income	0.5	0.3	0.3	0.1	0.5	0.6	0.7
Interest expenses	0.6	0.1	0.3	0.2	0.2	0.2	0.2
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.1	0.3	0.0	-0.1	0.3	0.4	0.5
<b>Recurring pretax income from continuing operations</b>	<b>6.6</b>	<b>7.9</b>	<b>8.3</b>	<b>3.1</b>	<b>7.2</b>	<b>10.9</b>	<b>14.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>6.6</b>	<b>7.9</b>	<b>8.3</b>	<b>3.1</b>	<b>7.2</b>	<b>10.9</b>	<b>14.9</b>
Taxes	1.1	-0.5	1.5	-0.3	0.7	1.1	1.5
<b>Net income from continuing operations</b>	<b>5.5</b>	<b>8.4</b>	<b>6.8</b>	<b>3.4</b>	<b>6.5</b>	<b>9.8</b>	<b>13.4</b>
Result from discontinued operations (net of tax)	0.5	0.4	1.2	3.1	1.7	1.5	0.5
<b>Net income</b>	<b>5.5</b>	<b>8.4</b>	<b>6.8</b>	<b>3.4</b>	<b>6.5</b>	<b>9.8</b>	<b>13.4</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>5.5</b>	<b>8.4</b>	<b>6.8</b>	<b>3.4</b>	<b>6.5</b>	<b>9.8</b>	<b>13.4</b>
Average number of shares	10.5	10.5	10.5	10.5	10.5	10.5	10.5
<b>EPS reported</b>	<b>0.52</b>	<b>0.80</b>	<b>0.64</b>	<b>0.32</b>	<b>0.62</b>	<b>0.93</b>	<b>1.27</b>

Profit and loss (common size)	2014	2015	2016	2017	2018E	2019E	2020E
<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	46.9 %	46.9 %	44.8 %	46.0 %	45.0 %	44.0 %	43.0 %
<b>Gross profit</b>	<b>53.1 %</b>	<b>53.1 %</b>	<b>55.2 %</b>	<b>54.0 %</b>	<b>55.0 %</b>	<b>56.0 %</b>	<b>57.0 %</b>
Sales and marketing	14.5 %	14.0 %	18.5 %	20.4 %	20.0 %	19.0 %	18.0 %
General and administration	10.9 %	10.8 %	9.3 %	11.1 %	10.0 %	9.1 %	9.0 %
Research and development	16.4 %	15.9 %	15.6 %	16.4 %	15.7 %	16.0 %	16.0 %
Other operating income	2.6 %	1.4 %	1.7 %	1.2 %	1.1 %	0.9 %	0.8 %
Other operating expenses	0.3 %	0.4 %	0.3 %	0.9 %	0.8 %	0.7 %	0.6 %
Unusual or infrequent items	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>EBITDA</b>	<b>15.1 %</b>	<b>14.9 %</b>	<b>15.0 %</b>	<b>8.1 %</b>	<b>11.5 %</b>	<b>14.0 %</b>	<b>15.9 %</b>
Depreciation	0.0 %	1.2 %	1.4 %	1.4 %	1.6 %	1.3 %	1.0 %
<b>EBITA</b>	<b>15.1 %</b>	<b>13.7 %</b>	<b>13.5 %</b>	<b>6.7 %</b>	<b>9.9 %</b>	<b>12.7 %</b>	<b>14.9 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.9 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	3.8 %	2.2 %	2.0 %	2.0 %	2.6 %	2.9 %	3.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>11.3 %</b>	<b>11.5 %</b>	<b>11.5 %</b>	<b>3.8 %</b>	<b>7.3 %</b>	<b>9.8 %</b>	<b>11.9 %</b>
Interest income	0.8 %	0.5 %	0.4 %	0.1 %	0.5 %	0.5 %	0.6 %
Interest expenses	1.0 %	0.1 %	0.4 %	0.2 %	0.2 %	0.2 %	0.2 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	0.4 %	0.0 %	neg.	0.3 %	0.4 %	0.4 %
<b>Recurring pretax income from continuing operations</b>	<b>11.2 %</b>	<b>11.9 %</b>	<b>11.5 %</b>	<b>3.7 %</b>	<b>7.6 %</b>	<b>10.1 %</b>	<b>12.3 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>11.2 %</b>	<b>11.9 %</b>	<b>11.5 %</b>	<b>3.7 %</b>	<b>7.6 %</b>	<b>10.1 %</b>	<b>12.3 %</b>
Tax rate	16.4 %	-6.4 %	18.4 %	-8.2 %	10.0 %	10.0 %	10.0 %
<b>Net income from continuing operations</b>	<b>9.4 %</b>	<b>12.7 %</b>	<b>9.4 %</b>	<b>4.0 %</b>	<b>6.8 %</b>	<b>9.1 %</b>	<b>11.1 %</b>
Result from discontinued operations (net of tax)	0.8 %	0.6 %	1.7 %	3.7 %	1.8 %	1.4 %	0.4 %
<b>Net income</b>	<b>9.4 %</b>	<b>12.7 %</b>	<b>9.4 %</b>	<b>4.0 %</b>	<b>6.8 %</b>	<b>9.1 %</b>	<b>11.1 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net profit (reported)</b>	<b>9.4 %</b>	<b>12.7 %</b>	<b>9.4 %</b>	<b>4.0 %</b>	<b>6.8 %</b>	<b>9.1 %</b>	<b>11.1 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
<b>Intangible assets</b>	<b>41.4</b>	<b>42.3</b>	<b>41.0</b>	<b>49.7</b>	<b>49.9</b>	<b>49.1</b>	<b>48.8</b>
Property, plant and equipment	2.1	2.1	2.1	2.2	0.9	-0.2	-1.0
Financial assets	0.0	0.0	0.0	0.7	0.7	0.7	0.7
<b>FIXED ASSETS</b>	<b>43.6</b>	<b>44.4</b>	<b>43.1</b>	<b>52.6</b>	<b>51.5</b>	<b>49.7</b>	<b>48.5</b>
Inventories	4.8	3.1	4.4	4.0	4.5	5.1	5.7
Accounts receivable	11.3	11.9	14.8	18.5	19.5	22.0	24.7
Other current assets	1.1	1.3	1.6	1.5	1.5	1.5	1.5
Liquid assets	18.9	23.1	23.2	15.7	18.0	23.1	28.8
Deferred taxes	4.1	4.2	3.8	5.9	5.9	5.9	5.9
Deferred charges and prepaid expenses	1.4	1.1	1.0	1.3	1.3	1.3	1.3
<b>CURRENT ASSETS</b>	<b>41.7</b>	<b>44.8</b>	<b>48.8</b>	<b>46.8</b>	<b>50.6</b>	<b>58.9</b>	<b>67.8</b>
<b>TOTAL ASSETS</b>	<b>85.2</b>	<b>89.2</b>	<b>91.9</b>	<b>99.4</b>	<b>102.1</b>	<b>108.5</b>	<b>116.3</b>
<b>SHAREHOLDERS EQUITY</b>	<b>55.6</b>	<b>60.8</b>	<b>63.6</b>	<b>63.0</b>	<b>65.3</b>	<b>71.1</b>	<b>78.4</b>
<b>MINORITY INTEREST</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Long-term debt	0.0	0.0	0.0	0.3	0.3	0.3	0.3
Provisions for pensions and similar obligations	1.9	1.9	2.3	2.2	2.3	2.4	2.6
Other provisions	3.1	2.9	2.7	4.6	4.6	4.6	4.6
<b>Non-current liabilities</b>	<b>4.9</b>	<b>4.8</b>	<b>5.0</b>	<b>7.1</b>	<b>7.2</b>	<b>7.3</b>	<b>7.4</b>
short-term liabilities to banks	0.0	0.0	0.0	0.9	0.9	0.9	0.9
Accounts payable	1.4	1.6	1.9	3.6	3.9	4.4	4.8
Advance payments received on orders	11.0	9.9	9.3	7.5	7.5	7.5	7.5
Other liabilities (incl. from lease and rental contracts)	7.1	6.7	6.2	7.4	7.4	7.4	7.4
Deferred taxes	0.8	0.1	0.0	2.5	2.5	2.5	2.5
Deferred income	4.4	5.3	6.0	7.5	7.5	7.5	7.5
<b>Current liabilities</b>	<b>24.6</b>	<b>23.6</b>	<b>23.3</b>	<b>29.3</b>	<b>29.7</b>	<b>30.1</b>	<b>30.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>85.2</b>	<b>89.2</b>	<b>91.9</b>	<b>99.4</b>	<b>102.1</b>	<b>108.5</b>	<b>116.3</b>

Balance sheet (common size)	2014	2015	2016	2017	2018E	2019E	2020E
<b>Intangible assets</b>	<b>48.7 %</b>	<b>47.4 %</b>	<b>44.6 %</b>	<b>50.0 %</b>	<b>48.8 %</b>	<b>45.3 %</b>	<b>41.9 %</b>
Property, plant and equipment	2.4 %	2.4 %	2.3 %	2.2 %	0.9 %	neg.	neg.
Financial assets	0.0 %	0.0 %	0.0 %	0.7 %	0.7 %	0.6 %	0.6 %
<b>FIXED ASSETS</b>	<b>51.1 %</b>	<b>49.8 %</b>	<b>46.9 %</b>	<b>52.9 %</b>	<b>50.4 %</b>	<b>45.8 %</b>	<b>41.7 %</b>
Inventories	5.6 %	3.5 %	4.8 %	4.0 %	4.4 %	4.7 %	4.9 %
Accounts receivable	13.3 %	13.3 %	16.1 %	18.6 %	19.1 %	20.3 %	21.2 %
Other current assets	1.3 %	1.5 %	1.8 %	1.5 %	1.5 %	1.4 %	1.3 %
Liquid assets	22.2 %	25.9 %	25.2 %	15.8 %	17.6 %	21.3 %	24.8 %
Deferred taxes	4.8 %	4.7 %	4.1 %	5.9 %	5.8 %	5.4 %	5.1 %
Deferred charges and prepaid expenses	1.6 %	1.3 %	1.1 %	1.3 %	1.2 %	1.2 %	1.1 %
<b>CURRENT ASSETS</b>	<b>48.9 %</b>	<b>50.2 %</b>	<b>53.1 %</b>	<b>47.1 %</b>	<b>49.6 %</b>	<b>54.3 %</b>	<b>58.3 %</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>
<b>SHAREHOLDERS EQUITY</b>	<b>65.3 %</b>	<b>68.2 %</b>	<b>69.2 %</b>	<b>63.4 %</b>	<b>63.9 %</b>	<b>65.5 %</b>	<b>67.4 %</b>
<b>MINORITY INTEREST</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
Long-term debt	0.0 %	0.0 %	0.0 %	0.3 %	0.2 %	0.2 %	0.2 %
Provisions for pensions and similar obligations	2.2 %	2.1 %	2.5 %	2.2 %	2.3 %	2.2 %	2.2 %
Other provisions	3.6 %	3.3 %	2.9 %	4.7 %	4.5 %	4.3 %	4.0 %
<b>Non-current liabilities</b>	<b>5.8 %</b>	<b>5.4 %</b>	<b>5.4 %</b>	<b>7.1 %</b>	<b>7.0 %</b>	<b>6.7 %</b>	<b>6.4 %</b>
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.9 %	0.9 %	0.8 %	0.8 %
Accounts payable	1.6 %	1.8 %	2.0 %	3.6 %	3.9 %	4.0 %	4.1 %
Advance payments received on orders	12.9 %	11.1 %	10.1 %	7.5 %	7.3 %	6.9 %	6.4 %
Other liabilities (incl. from lease and rental contracts)	8.3 %	7.5 %	6.8 %	7.5 %	7.3 %	6.8 %	6.4 %
Deferred taxes	0.9 %	0.1 %	0.0 %	2.5 %	2.4 %	2.3 %	2.1 %
Deferred income	5.2 %	5.9 %	6.5 %	7.5 %	7.3 %	6.9 %	6.4 %
<b>Current liabilities</b>	<b>28.9 %</b>	<b>26.4 %</b>	<b>25.4 %</b>	<b>29.5 %</b>	<b>29.0 %</b>	<b>27.7 %</b>	<b>26.2 %</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)	2014	2015	2016	2017	2018E	2019E	2020E
Net profit/loss	5.5	8.4	6.8	3.4	6.5	9.8	13.4
Depreciation of fixed assets (incl. leases)	0.0	0.8	1.0	1.2	1.5	1.4	1.2
Amortisation of goodwill	0.0	0.0	0.0	0.8	0.0	0.0	0.0
Amortisation of intangible assets	2.2	1.5	1.4	1.6	2.5	3.2	3.6
Others	0.4	0.2	-0.2	-0.2	0.1	0.1	0.1
Cash flow from operations before changes in w/c	8.1	10.8	9.0	6.7	10.6	14.5	18.3
Increase/decrease in inventory	-0.9	1.7	-1.3	0.4	-0.5	-0.6	-0.6
Increase/decrease in accounts receivable	0.9	-0.6	-2.9	-3.7	-1.0	-2.5	-2.6
Increase/decrease in accounts payable	-0.3	0.2	0.3	1.7	0.4	0.4	0.4
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.4	1.3	-3.9	-1.6	-1.2	-2.7	-2.8
<b>Cash flow from operating activities</b>	<b>7.7</b>	<b>12.2</b>	<b>5.1</b>	<b>5.2</b>	<b>9.4</b>	<b>11.8</b>	<b>15.5</b>
CAPEX	1.1	1.0	1.2	1.3	1.9	2.7	3.6
Payments for acquisitions	0.0	0.6	0.0	7.1	1.0	0.0	0.0
Financial investments	0.0	3.3	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.3	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-1.1</b>	<b>-4.9</b>	<b>-1.2</b>	<b>-8.2</b>	<b>-2.9</b>	<b>-2.7</b>	<b>-3.6</b>
Cash flow before financing	6.6	7.3	4.0	-3.1	6.5	9.1	11.9
Increase/decrease in debt position	0.0	-0.6	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	2.6	3.2	3.7	4.2	4.2	4.0	6.1
Others	0.0	-2.6	-0.2	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.7	3.3	0.0	-0.2	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-2.6</b>	<b>-6.4</b>	<b>-3.9</b>	<b>-4.2</b>	<b>-4.2</b>	<b>-4.0</b>	<b>-6.1</b>
Increase/decrease in liquid assets	4.7	4.2	0.1	-7.5	2.3	5.0	5.8
<b>Liquid assets at end of period</b>	<b>18.9</b>	<b>23.1</b>	<b>23.2</b>	<b>15.7</b>	<b>18.0</b>	<b>23.1</b>	<b>28.8</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Domestic	43.3	45.9	51.7	60.5	65.8	73.2	80.8
yoy change	-7.8 %	6.0 %	12.5 %	17.0 %	8.7 %	11.4 %	10.4 %
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	15.6	20.2	20.4	23.9	29.6	34.5	39.8
yoy change	78.7 %	29.1 %	1.2 %	17.0 %	23.8 %	16.6 %	15.5 %
<b>TTL</b>	<b>58.9</b>	<b>66.1</b>	<b>72.1</b>	<b>84.4</b>	<b>95.3</b>	<b>107.7</b>	<b>120.6</b>
yoy change	5.8 %	12.1 %	9.1 %	17.0 %	13.0 %	13.0 %	12.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
<b>P&amp;L growth analysis</b>							
Sales growth	5.8 %	12.1 %	9.1 %	17.0 %	13.0 %	13.0 %	12.0 %
EBITDA growth	61.8 %	11.2 %	9.2 %	-36.6 %	60.2 %	37.6 %	75.1 %
EBIT growth	95.8 %	13.7 %	9.3 %	-61.2 %	115.8 %	51.8 %	106.4 %
EPS growth	51.2 %	52.1 %	-19.1 %	-50.4 %	92.5 %	51.7 %	106.5 %
<b>Efficiency</b>							
Total operating costs / sales	39.6 %	39.7 %	42.0 %	47.5 %	45.4 %	43.9 %	42.8 %
Sales per employee	130.4	136.8	138.4	148.9	155.9	164.1	172.0
EBITDA per employee	19.7	20.5	20.7	12.1	17.9	23.0	27.3
<b>Balance sheet analysis</b>							
Avg. working capital / sales	5.8 %	5.5 %	8.0 %	11.5 %	12.6 %	13.0 %	12.7 %
Inventory turnover (sales/inventory)	12.3	21.3	16.4	21.2	21.2	21.2	21.2
Trade debtors in days of sales	70.0	65.5	74.7	74.7	74.7	74.7	74.7
A/P turnover [(A/P*365)/sales]	18.4	18.7	20.9	33.5	33.5	33.5	33.5
Cash conversion cycle (days)	115.0	83.3	103.4	83.7	79.4	80.3	81.2
<b>Cash flow analysis</b>							
Free cash flow	6.6	11.1	3.9	3.8	7.5	9.1	11.9
Free cash flow/sales	11.2 %	16.9 %	5.4 %	4.5 %	7.9 %	8.4 %	9.8 %
FCF / net profit	120.2 %	132.9 %	57.8 %	113.6 %	115.6 %	92.2 %	88.7 %
Capex / depn	50.5 %	190.3 %	48.8 %	37.2 %	47.7 %	59.6 %	75.0 %
Capex / maintenance capex	43.6 %	83.5 %	101.4 %	236.2 %	4.8 %	6.0 %	7.5 %
Capex / sales	1.9 %	6.6 %	1.7 %	1.6 %	2.0 %	2.5 %	3.0 %
<b>Security</b>							
Net debt	-18.9	-23.1	-23.2	-14.6	-16.8	-21.9	-27.6
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Interest cover	11.7	138.0	31.8	16.2	34.9	53.0	72.1
Dividend payout ratio	57.3 %	43.9 %	62.1 %	125.0 %	62.1 %	62.1 %	49.5 %
<b>Asset utilisation</b>							
Capital employed turnover	1.0	1.0	1.1	1.2	1.3	1.4	1.4
Operating assets turnover	10.2	11.7	7.1	6.2	7.0	7.1	7.0
Plant turnover	28.4	30.9	33.8	37.8	103.5	-673.1	-119.1
Inventory turnover (sales/inventory)	12.3	21.3	16.4	21.2	21.2	21.2	21.2
<b>Returns</b>							
ROCE	11.4 %	12.0 %	12.4 %	4.6 %	9.6 %	13.8 %	17.9 %
ROE	9.9 %	13.8 %	10.7 %	5.3 %	9.9 %	13.8 %	17.1 %
<b>Other</b>							
Interest paid / avg. debt	n/a	n/a	n/a	17.0 %	17.0 %	17.0 %	17.0 %
No. employees (average)	452	483	521	567	612	657	702
Number of shares	10.5	10.5	10.5	10.5	10.5	10.5	10.5
DPS	0.3	0.4	0.4	0.4	0.4	0.6	0.6
EPS reported	0.52	0.80	0.64	0.32	0.62	0.93	1.27
<b>Valuation ratios</b>							
P/BV	4.2	3.8	3.6	3.7	3.5	3.3	3.0
EV/sales	3.6	3.2	2.9	2.6	2.3	2.0	1.7
EV/EBITDA	24.1	21.3	19.5	32.1	19.8	14.1	10.8
EV/EBITA	24.1	23.2	21.6	38.7	23.0	15.5	11.5
EV/EBIT	32.1	27.7	25.4	68.0	31.2	20.1	14.4
EV/FCF	32.4	18.9	53.7	57.3	29.0	23.4	17.4
Adjusted FCF yield	2.5 %	4.3 %	3.8 %	3.0 %	2.8 %	4.4 %	6.2 %
Dividend yield	1.4 %	1.6 %	1.8 %	1.8 %	1.7 %	2.6 %	2.9 %

Source: Company data, Hauck & Aufhäuser

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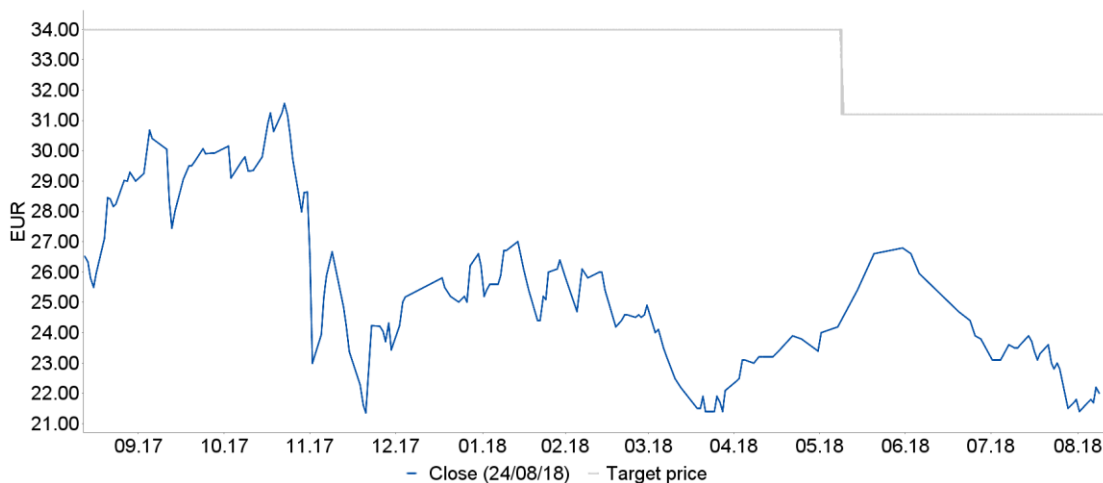
Company	Disclosure
USU Software AG	2

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

#### Price and Rating History USU Software AG as of 27/08/18

Initiation coverage

30-April-13



Company	Date	Analyst	Rating	Target price	Close
USU Software AG	28.05.2018	Bentlage, Simon	Buy	EUR 31,20	EUR 24,20
	31.08.2017	Dannenberg, Lars	Buy	EUR 34,00	EUR 25,50

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