

**Hold** (old: Hold)

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

<b>Price:</b>	EUR 21.63	<b>Next result:</b>	Q3 16: 17.11.16
<b>Bloomberg:</b>	OSP2 GR	<b>Market cap:</b>	EUR 227.6 m
<b>Reuters:</b>	OSPGk.DE	<b>Enterprise Value:</b>	EUR 205.5 m

31-August-16

**Lars Dannenberg**  
Analyst

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

## Solid results / deals postponed into Q3

USU Software released a solid set of numbers and hosted a conference call. We expect a sound H2 as some larger deals pushed into H2.

USU Software AG	Q2 2016	Q2 2016 est	Q2 2015	yoy	H1 2016	H1 2015	yoy
<b>Total Sales</b>	17.1	17.5	15.9	7.7%	34.0	29.9	13.7%
<b>EBIT</b>	1.6	1.6	1.7	-7.6%	2.6	2.5	5.5%
<i>EBIT margin</i>	9.3%	9.1%	10.8%	-1.5 pp	7.6%	8.2%	-0.6 pp
<b>adj. EBIT</b>	2.0	2.0	1.8	7.9%	3.3	2.9	15.0%
<i>adjusted EBIT margin</i>	11.5%	11.4%	11.5%	+0.0 pp	9.8%	9.7%	+0.1 pp
<b>EPS</b>	0.13	0.15	0.14	-4.7%	0.21	0.23	-4.8%

Source: Company data; Hauck & Aufhäuser estimates

**Q2 sales increased by 7.7% yoy to € 17.1m (eH&A € 17.5m).** Growth was driven by USU's Service Business (23% of total sales) that was up by 26% yoy to € 3.9m thanks to a sound order book for its IT consulting unit. The promising **Project Business (77% of total sales) was up 'only' 4% yoy to € 13.1m** as some larger deals in the US pushed into Q3. Overall, the demand for USU's software license management solution Aspera (eH&A c. 30% of total sales) is unbroken. Aspera allows customers to **save up to 30% in software license costs**. Furthermore, the solution helps customers (35 Fortune Global 500 companies) to successfully pass a license audit of software vendors like Oracle or SAP which could otherwise trigger significant penalties.

While USU is already **servicing 80% of the DAX companies**, current **focus is on the US** where the company is targeting the US Fortune 500 companies with its own sales force and via a partnership with CA Technologies. In the US, especially Silicon Valley companies show high demand for Aspera to manage licences more efficiently. We expect this development to continue in the future.

Thanks to a solid cost management, the **adjusted Q2 EBIT was up 8% yoy to € 2m which is in-line (eH&A € 2m)**. Q2 EPS was hit by slightly higher financial expenses and came in 5% lower yoy at € 0.13 (eH&A € 0.15).

Backed by the **sound development of Aspera and a well filled deal pipeline (+ 23% yoy in order backlog to € 41m)**, we are confident that the company will overachieve its 2016 sales guidance ranging from € 71-75m (eH&A € 77m) while meeting upper end of adj. EBIT range of € 9-10.5m (eH&A € 10.3m).

However, growth prospects seem to be well reflected in the current share price. The stock **remains a HOLD with a PT of € 19.50 based on FCFY '17E**.

Y/E 31.12 (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Sales	51.2	55.7	58.9	66.1	76.7	86.6	95.3
Sales growth	12 %	9 %	6 %	12 %	16 %	13 %	10 %
EBITDA	5.3	5.5	8.9	9.9	11.5	15.7	17.6
EBIT	3.5	3.4	6.7	7.6	8.8	12.7	14.4
Net income	4.8	3.6	5.5	8.4	8.3	12.1	14.3
Net debt	-11.4	-14.2	-18.9	-23.1	-24.1	-31.4	-40.9
Net gearing	-21.8 %	-26.7 %	-34.0 %	-38.0 %	-35.3 %	-41.3 %	-47.8 %
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	0.93	1.29	1.50
CPS	0.37	0.74	0.53	1.06	0.54	1.11	1.36
DPS	0.25	0.25	0.30	0.35	0.40	0.45	0.53
Dividend yield	1.2 %	1.2 %	1.4 %	1.6 %	1.8 %	2.1 %	2.5 %
Gross profit margin	49.3 %	51.7 %	53.1 %	53.1 %	55.0 %	55.0 %	55.0 %
EBITDA margin	10.3 %	9.9 %	15.1 %	14.9 %	15.0 %	18.1 %	18.4 %
EBIT margin	6.9 %	6.1 %	11.3 %	11.5 %	11.5 %	14.6 %	15.1 %
ROCE	6.5 %	6.1 %	11.4 %	12.0 %	12.7 %	16.5 %	16.7 %
EV/sales	4.2	3.8	3.6	3.1	2.7	2.3	2.0
EV/EBITDA	41.3	39.1	23.7	20.9	17.9	12.6	10.8
EV/EBIT	61.6	62.9	31.6	27.2	23.4	15.6	13.2
PER	31.5	44.0	38.2	25.9	23.3	16.8	14.4
Adjusted FCF yield	2.3 %	1.9 %	2.6 %	4.4 %	4.7 %	6.8 %	8.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 30.08.2016



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	23.00 / 15.06
<b>Price/Book Ratio:</b>	3.3
<b>Relative performance (SDAX):</b>	
3 months	5.3 %
6 months	7.7 %
12 months	25.8 %

### Changes in estimates

		Sales	EBIT	EPS
2016	<i>old:</i>	76.7	8.8	0.93
	Δ	-	-	-
2017	<i>old:</i>	86.6	12.7	1.29
	Δ	-	-	-
2018	<i>old:</i>	95.3	14.4	1.51
	Δ	-	-	-

### 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.

## 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>76.7</b>	<b>86.6</b>	<b>95.3</b>
Sales growth	12.4 %	8.8 %	5.8 %	12.1 %	16.0 %	13.0 %	10.0 %
Cost of sales	26.0	26.9	27.7	31.0	34.5	39.0	42.9
<b>Gross profit</b>	<b>25.2</b>	<b>28.8</b>	<b>31.3</b>	<b>35.1</b>	<b>42.2</b>	<b>47.6</b>	<b>52.4</b>
Sales and marketing	6.9	9.1	8.6	9.3	13.5	13.7	15.1
General and administration	4.6	5.9	6.5	7.1	7.0	7.2	7.5
Research and development	7.2	9.4	9.6	10.5	11.5	12.5	13.8
Other operating income	0.4	0.6	1.5	1.0	0.5	0.5	0.5
Other operating expenses	2.2	0.2	0.2	0.2	0.4	0.4	0.4
Unusual or infrequent items	-1.1	-1.4	-1.3	-1.3	-1.5	-1.7	-1.9
<b>EBITDA</b>	<b>5.3</b>	<b>5.5</b>	<b>8.9</b>	<b>9.9</b>	<b>11.5</b>	<b>15.7</b>	<b>17.6</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>11.5</b>	<b>15.7</b>	<b>17.6</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	2.7	3.0	3.2
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>8.8</b>	<b>12.7</b>	<b>14.4</b>
Interest income	0.3	0.1	0.5	0.3	0.2	0.3	1.0
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	0.0	0.7
<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>8.7</b>	<b>12.7</b>	<b>15.1</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>8.7</b>	<b>12.7</b>	<b>15.1</b>
Taxes	-1.4	-0.8	1.1	-0.5	0.4	0.6	0.8
<b>Net income from continuing operations</b>	<b>4.8</b>	<b>3.6</b>	<b>5.5</b>	<b>8.4</b>	<b>8.3</b>	<b>12.1</b>	<b>14.3</b>
Result from discontinued operations (net of tax)	2.4	1.5	0.5	0.4	1.5	1.5	1.5
<b>Net income</b>	<b>4.8</b>	<b>3.6</b>	<b>5.5</b>	<b>8.4</b>	<b>8.3</b>	<b>12.1</b>	<b>14.3</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>8.3</b>	<b>12.1</b>	<b>14.3</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>0.79</b>	<b>1.15</b>	<b>1.36</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 %	45.0 %	45.0 %	45.0 %
<b>Gross profit</b>	<b>49.3 %</b>	<b>51.7 %</b>	<b>53.1 %</b>	<b>53.1 %</b>	<b>55.0 %</b>	<b>55.0 %</b>	<b>55.0 %</b>
Sales and marketing	13.5 %	16.3 %	14.5 %	14.0 %	17.6 %	15.8 %	15.8 %
General and administration	9.1 %	10.5 %	10.9 %	10.8 %	9.1 %	8.3 %	7.8 %
Research and development	14.1 %	16.9 %	16.4 %	15.9 %	15.0 %	14.4 %	14.5 %
Other operating income	0.8 %	1.1 %	2.6 %	1.4 %	0.7 %	0.6 %	0.5 %
Other operating expenses	4.3 %	0.4 %	0.3 %	0.4 %	0.5 %	0.4 %	0.4 %
Unusual or infrequent items	-2.2 %	-2.4 %	-2.1 %	-2.0 %	-2.0 %	-2.0 %	-2.0 %
<b>EBITDA</b>	<b>10.3 %</b>	<b>9.9 %</b>	<b>15.1 %</b>	<b>14.9 %</b>	<b>15.0 %</b>	<b>18.1 %</b>	<b>18.4 %</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>18.1 %</b>	<b>18.4 %</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 %	3.5 %	3.4 %
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>14.6 %</b>	<b>15.1 %</b>
Interest income	0.5 %	0.2 %	0.8 %	0.5 %	0.3 %	0.4 %	1.1 %
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 %	0.0 %	0.8 %
<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>14.7 %</b>	<b>15.8 %</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>14.7 %</b>	<b>15.8 %</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>10.8 %</b>	<b>13.9 %</b>	<b>15.0 %</b>
Result from discontinued operations (net of tax)	4.7 %	2.7 %	0.8 %	0.6 %	2.0 %	1.7 %	1.6 %
<b>Net income</b>	<b>9.4 %</b>	<b>6.5 %</b>	<b>9.4 %</b>	<b>12.7 %</b>	<b>10.8 %</b>	<b>13.9 %</b>	<b>15.0 %</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>10.8 %</b>	<b>13.9 %</b>	<b>15.0 %</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>40.8</b>	<b>38.1</b>	<b>36.2</b>
Property, plant and equipment	1.2	2.1	2.1	2.1	3.1	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>43.9</b>	<b>42.2</b>	<b>40.5</b>
Inventories	3.1	3.9	4.8	3.1	4.6	5.3	5.8
Accounts receivable	7.9	12.2	11.3	11.9	14.7	16.6	18.3
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	24.1	31.4	40.9
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>50.1</b>	<b>60.0</b>	<b>71.6</b>
<b>TOTAL ASSETS</b>	<b>66.7</b>	<b>81.4</b>	<b>85.2</b>	<b>89.2</b>	<b>94.0</b>	<b>102.2</b>	<b>112.1</b>
SHAREHOLDERS EQUITY	52.3	53.3	55.6	60.8	68.1	76.0	85.6
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	1.8	2.0	2.2
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>21.3</b>	<b>21.5</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>94.0</b>	<b>102.2</b>	<b>112.1</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>43.4 %</b>	<b>37.2 %</b>	<b>32.3 %</b>
Property, plant and equipment	1.8 %	2.6 %	2.4 %	2.4 %	3.3 %	4.0 %	3.8 %
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>46.7 %</b>	<b>41.3 %</b>	<b>36.1 %</b>
Inventories	4.7 %	4.8 %	5.6 %	3.5 %	4.9 %	5.1 %	5.2 %
Accounts receivable	11.9 %	15.0 %	13.3 %	13.3 %	15.6 %	16.3 %	16.3 %
Other current assets	1.8 %	1.3 %	1.3 %	1.5 %	1.4 %	1.3 %	1.2 %
Liquid assets	17.1 %	17.5 %	22.2 %	25.9 %	25.6 %	30.7 %	36.4 %
Deferred taxes	4.8 %	5.0 %	4.8 %	4.7 %	4.5 %	4.1 %	3.8 %
Deferred charges and prepaid expenses	0.9 %	1.3 %	1.6 %	1.3 %	1.2 %	1.1 %	1.0 %
<b>CURRENT ASSETS</b>	<b>41.2 %</b>	<b>44.9 %</b>	<b>48.9 %</b>	<b>50.2 %</b>	<b>53.3 %</b>	<b>58.7 %</b>	<b>63.9 %</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 %	72.4 %	74.3 %	76.3 %
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 %	2.0 %	1.9 %
Other provisions	3.6 %	3.2 %	3.6 %	3.3 %	3.1 %	2.9 %	2.6 %
<b>Non-current liabilities</b>	<b>5.0 %</b>	<b>4.5 %</b>	<b>5.8 %</b>	<b>5.4 %</b>	<b>5.2 %</b>	<b>4.9 %</b>	<b>4.5 %</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 %	1.9 %	2.0 %	2.0 %
Advance payments received on orders	3.7 %	13.8 %	12.9 %	11.1 %	10.5 %	9.7 %	8.8 %
Other liabilities (incl. from lease and rental contracts)	6.7 %	9.1 %	8.3 %	7.5 %	4.3 %	3.9 %	3.6 %
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 %	5.6 %	5.2 %	4.7 %
<b>Current liabilities</b>	<b>16.6 %</b>	<b>30.1 %</b>	<b>28.9 %</b>	<b>26.4 %</b>	<b>22.4 %</b>	<b>20.8 %</b>	<b>19.2 %</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)	2012	2013	2014	2015	2016E	2017E	2018E
Net profit/loss	4.8	3.6	5.5	8.4	8.3	12.1	14.3
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	2.7	3.0	3.2
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	11.0	15.2	17.6
Increase/decrease in inventory	0.2	0.0	-0.9	1.7	-1.5	-0.6	-0.5
Increase/decrease in accounts receivable	-1.3	-2.8	0.9	-0.6	-2.8	-1.9	-1.7
Increase/decrease in accounts payable	0.4	0.1	-0.3	0.2	0.2	0.2	0.2
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	-4.2	-2.3	-2.0
<b>Cash flow from operating activities</b>	<b>5.6</b>	<b>9.9</b>	<b>7.7</b>	<b>12.2</b>	<b>6.8</b>	<b>12.9</b>	<b>15.6</b>
CAPEX	0.8	1.5	1.1	1.0	1.2	1.3	1.5
Payments for acquisitions	0.0	2.8	0.0	0.6	1.0	0.0	0.0
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>-2.2</b>	<b>-1.3</b>	<b>-1.5</b>
Cash flow before financing	5.4	5.6	6.6	7.3	4.6	11.5	14.2
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	1.0	7.3	9.4
<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>24.1</b>	<b>31.4</b>	<b>40.9</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	49.8	0.0	0.0
yoy change	4.7 %	11.7 %	-7.8 %	6.0 %	8.5 %	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	26.8	0.0	0.0
yoy change	69.0 %	-4.7 %	78.7 %	29.1 %	33.1 %	n/a	n/a
<b>TTL</b>	<b>51.2</b>	<b>55.7</b>	<b>58.9</b>	<b>66.1</b>	<b>76.7</b>	<b>86.6</b>	<b>95.3</b>
yoy change	12.4 %	8.8 %	5.8 %	12.1 %	16.0 %	13.0 %	10.0 %

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 %	16.0 %	13.0 %	10.0 %
EBITDA growth	-21.4 %	4.3 %	61.8 %	11.2 %	16.2 %	36.6 %	12.0 %
EBIT growth	-24.0 %	-3.4 %	95.8 %	13.7 %	15.7 %	44.4 %	13.2 %
EPS growth	34.6 %	-24.1 %	51.2 %	52.1 %	-1.1 %	45.5 %	18.8 %
<b>Efficiency</b>							
Total operating costs / sales	40.2 %	43.1 %	39.6 %	39.7 %	41.6 %	38.4 %	38.0 %
Sales per employee	154.3	127.5	130.4	139.1	160.7	n/a	n/a
EBITDA per employee	15.9	12.6	19.7	20.8	24.1	n/a	n/a
<b>Balance sheet analysis</b>							
Avg. working capital / sales	11.8 %	9.0 %	5.8 %	5.5 %	7.3 %	10.2 %	11.5 %
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	100.4	100.4	100.4
<b>Cash flow analysis</b>							
Free cash flow	4.8	8.3	6.6	11.1	5.6	11.5	14.2
Free cash flow/sales	9.4 %	14.9 %	11.2 %	16.9 %	7.4 %	13.3 %	14.9 %
FCF / net profit	99.9 %	227.9 %	120.2 %	132.9 %	68.2 %	95.7 %	99.0 %
Capex / depre	45.8 %	74.3 %	50.5 %	190.3 %	43.4 %	44.2 %	45.6 %
Capex / maintenance capex	40.9 %	56.6 %	43.6 %	83.5 %	85.3 %	88.3 %	11.2 %
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	-24.1	-31.4	-40.9
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	-0.4	-0.5
Interest cover	10.2	5.3	11.7	138.0	29.3	42.3	47.9
Dividend payout ratio	54.8 %	72.2 %	57.3 %	43.9 %	50.8 %	39.3 %	39.3 %
<b>Asset utilisation</b>							
Capital employed turnover	0.9	1.0	1.0	1.0	1.1	1.1	1.1
Operating assets turnover	6.3	10.6	10.2	11.7	7.1	6.1	5.9
Plant turnover	42.9	26.5	28.4	30.9	24.9	20.9	22.2
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 %	12.7 %	16.5 %	16.7 %
ROE	9.2 %	6.8 %	9.9 %	13.8 %	12.2 %	15.9 %	16.7 %
<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	0.5
EPS reported	0.46	0.35	0.52	0.80	0.79	1.15	1.36
<b>Valuation ratios</b>							
P/BV	4.4	4.3	4.1	3.7	3.3	3.0	2.7
EV/sales	4.2	3.8	3.6	3.1	2.7	2.3	2.0
EV/EBITDA	41.3	39.1	23.7	20.9	17.9	12.6	10.8
EV/EBITA	45.5	43.9	23.7	20.9	17.9	12.6	10.8
EV/EBIT	61.6	62.9	31.6	27.2	23.4	15.6	13.2
EV/FCF	45.3	25.8	31.8	18.5	36.4	17.2	13.3
Adjusted FCF yield	2.3 %	1.9 %	2.6 %	4.4 %	4.7 %	6.8 %	8.0 %
Dividend yield	1.2 %	1.2 %	1.4 %	1.6 %	1.8 %	2.1 %	2.5 %

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 the regulations of the German Financial Analysis Ordinance (FinAnV) 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) 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. 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 5% or more of the share capital of the analysed company, or 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) 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 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.

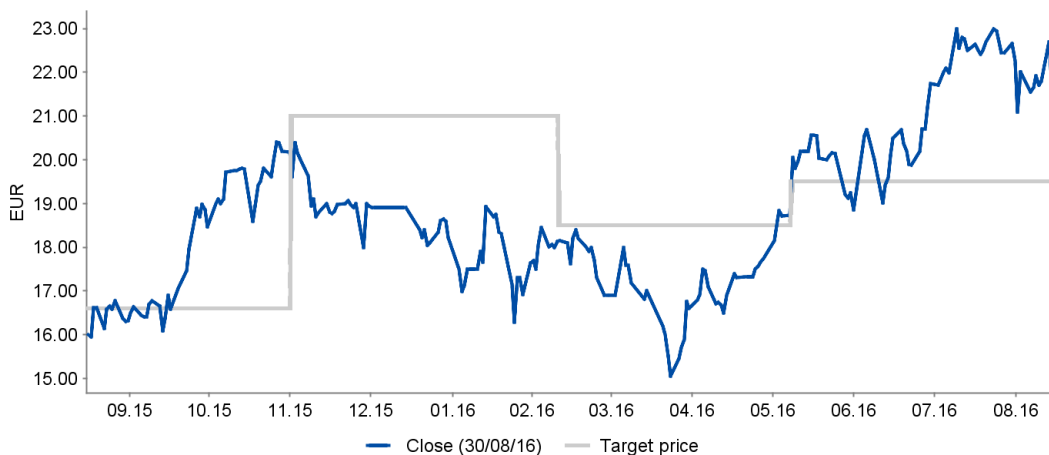
**Conflicts of interest that existed at the time when this research report was published:**

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 31/08/16

**Initiation coverage**  
30-April-13



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

<b>Buy</b>	59.54 %	100.00 %
<b>Sell</b>	9.92 %	0.00 %
<b>Hold</b>	30.53 %	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 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.

## 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.

## 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.

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

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

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

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

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

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

**Aliaksandr Halitsa**  
Analyst  
Tel.: +49 (0)40 414 3885 - 83  
E-Mail: aliaksandr.halitsa@ha-research.de

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

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

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

### Hauck & Aufhäuser Sales

**Christian Alisch**  
Sales  
Tel.: +49 (0)40 414 3885 - 99  
E-Mail: christian.alisch@ha-research.de

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

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

**Georgina Harrold**  
Sales  
Tel.: +49 (0) 69 2161-1299  
E-Mail: georgina.harrold@ha-research.de

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

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

**Jan Neynaber**  
Sales  
Tel.: +49 (0) 69 2161-1268  
E-Mail: jan.neynaber@hauck-aufhaeuser.de

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

**Marco Schumann**  
Sales  
Tel.: +49 (0) 69 2161-1250  
E-Mail: marco.schumann@hauck-aufhaeuser.de

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

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

### Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser  
Privatbankiers KGaA  
Mittelweg 16/17

20148 Hamburg  
Germany

Tel.: +49 (0) 40 414 3885 - 75  
Fax: +49 (0) 40 414 3885 - 71  
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

**Joseph Kaselak**  
Trading  
Tel.: +49 (0)40 450 6342 3093  
E-Mail: joseph.kaselak@hauck-aufhaeuser.de

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

**Fin Schaffer**  
Trading  
Tel.: +49 (0)40 414 3885 98  
E-Mail: fin.schaffer@hauck-aufhaeuser.de

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