

**Buy** (old: Buy)

**Price target: EUR 31.20** (old: EUR 34.00)

<b>Price:</b>	EUR 24.90	<b>Next result:</b>	Q2 18: 30.08.18
<b>Bloomberg:</b>	OSP2@GR	<b>Market cap:</b>	EUR 262.0 m
<b>Reuters:</b>	OSPGK.DE	<b>Enterprise Value:</b>	EUR 247.3 m

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## Revisiting the case: Time to invest / Chg.

USU is a **software provider** serving several DAX as well as Fortune 100 companies mainly with its two key products, Aspera (35% of total sales / software license management) and Valuation (23% of total sales / IT service management). The company helps customers to **cut costs, reduce risk and improve transparency** of their IT landscape. The ever increasing need to run a more cost efficient IT landscape and the risk of license penalty fees are therefore seen to drive demand for USU's solutions hence enabling sound **structural sales growth**, in our view.

In **Q1 Sales grew by 11.2% yoy** to € 21m (7.2% organically), mainly driven by the SaaS and maintenance business (+15% yoy). **EBIT has gone up by >100% yoy** to € 0.38m due to positive scale effects. Consequently **EPS increased to € 0.04** (Q1 17: € -0.01).

Going forward the **strong international expansion** is expected to be the major growth driver. Particularly the **US is seen as a promising market** since the share of professional SAM solutions in the market is low. In Q1 the US already accounted for c. **10% of total sales** (eH&A). The recent ramp up of the local sales teams as well as the roll out of the knowledge management product should lead to further **acceleration of sales growth** in the upcoming years. The French business, where USU acquired EASYTRUST last year, represented c. 4% of total sales (eH&A) in Q1. Here the company is seen to **benefit from its investments starting in H2**. For 2018E we expect international sales to represent more than 30% of total sales (FY 2017: 28.2%).

With a broad customer base of c. 1.000 customers and a churn rate below 3% we expect **domestic sales to stay strong** mainly growing from cross selling effects.

**Action:** To fuel the anticipated growth, USU has to keep investments at a high level, in our view. We therefore lower our estimates but expect future news flow to remain positive. Additionally, we revise our estimates in the course of an analyst change.

**Guidance:** Expecting an increase in demand towards the end of the year (>30% of sales in Q4), USU aims for sales of € 93-98m and an adjusted EBIT of € 7.5-10m which is in-line with our estimates for sales of € 97.4m and an adj. EBIT of € 9.2m in 2018E.

In light of the strong growth opportunities resulting from various investments the shares look undervalued. **Buy with a new PT of € 31.20** (Old: € 34.00) 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	97.4	110.1	123.3
Sales growth	6 %	12 %	9 %	17 %	16 %	13 %	12 %
EBITDA	8.9	9.9	10.8	6.8	11.7	15.8	19.5
EBIT	6.7	7.6	8.3	3.2	7.7	11.3	14.6
Net income	5.5	8.4	6.8	3.4	7.2	10.5	13.7
Net debt	-18.9	-23.1	-23.2	-14.6	-17.0	-22.8	-29.8
Net gearing	-34.0 %	-38.0 %	-36.4 %	-23.1 %	-25.8 %	-31.7 %	-37.6 %
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	0.84	1.14	1.35
CPS	0.53	1.06	0.39	0.44	0.87	1.08	1.04
DPS	0.30	0.35	0.40	0.40	0.42	0.62	0.67
Dividend yield	1.2 %	1.4 %	1.6 %	1.6 %	1.7 %	2.5 %	2.7 %
Gross profit margin	53.1 %	53.1 %	55.2 %	54.0 %	55.0 %	55.3 %	55.5 %
EBITDA margin	15.1 %	14.9 %	15.0 %	8.1 %	12.0 %	14.3 %	15.8 %
EBIT margin	11.3 %	11.5 %	11.5 %	3.8 %	7.9 %	10.2 %	11.8 %
ROCE	11.4 %	12.0 %	12.4 %	4.6 %	10.6 %	14.6 %	18.1 %
EV/sales	4.2	3.6	3.3	3.0	2.5	2.2	1.9
EV/EBITDA	27.6	24.4	22.4	36.5	21.2	15.3	12.0
EV/EBIT	36.7	31.7	29.1	77.5	32.2	21.5	16.1
PER	43.9	29.8	32.8	40.6	29.7	21.8	18.5
Adjusted FCF yield	2.2 %	3.8 %	3.3 %	2.6 %	4.2 %	5.5 %	5.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 25.05.2018



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	31.55 / 21.35
<b>Price/Book Ratio:</b>	3.9
<b>Relative performance (SDAX):</b>	
3 months	-9.8 %
6 months	-15.6 %
12 months	-5.7 %

### Changes in estimates

		Sales	EBIT	EPS
2018	old:	102.2	12.9	1.31
	Δ	-4.7%	-40.2%	-36.0%
2019	old:	113.5	15.4	1.49
	Δ	-3.0%	-27.0%	-23.3%
2020	old:	125.9	17.9	1.59
	Δ	-2.1%	-18.5%	-15.5%

### 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:

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

### Company description:

USU develops and distributes IT software and service solutions to more than 700 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>97.4</b>	<b>110.1</b>	<b>123.3</b>
Sales growth	5.8 %	12.1 %	9.1 %	17.0 %	15.5 %	13.0 %	12.0 %
Cost of sales	27.7	31.0	32.3	38.8	43.8	49.3	54.9
<b>Gross profit</b>	<b>31.3</b>	<b>35.1</b>	<b>39.8</b>	<b>45.5</b>	<b>53.6</b>	<b>60.8</b>	<b>68.4</b>
Sales and marketing	8.6	9.3	13.3	17.2	19.5	20.4	22.2
General and administration	6.5	7.1	6.7	9.3	9.5	10.0	10.6
Research and development	9.6	10.5	11.3	13.8	15.0	17.0	18.5
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	0.7	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>11.7</b>	<b>15.8</b>	<b>19.5</b>
Depreciation	0.0	0.8	1.0	1.2	1.5	1.7	1.8
<b>EBITA</b>	<b>8.9</b>	<b>9.1</b>	<b>9.7</b>	<b>5.7</b>	<b>10.2</b>	<b>14.1</b>	<b>17.7</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	2.9	3.1
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>7.7</b>	<b>11.3</b>	<b>14.6</b>
Interest income	0.5	0.3	0.3	0.1	0.5	0.6	0.8
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	0.6
<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>7.9</b>	<b>11.7</b>	<b>15.2</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>6.6</b>	<b>7.9</b>	<b>8.3</b>	<b>3.1</b>	<b>7.9</b>	<b>11.7</b>	<b>15.2</b>
Taxes	1.1	-0.5	1.5	-0.3	0.8	1.2	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>7.2</b>	<b>10.5</b>	<b>13.7</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>7.2</b>	<b>10.5</b>	<b>13.7</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>7.2</b>	<b>10.5</b>	<b>13.7</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>0.68</b>	<b>1.00</b>	<b>1.30</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 %	44.8 %	44.5 %
<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>55.3 %</b>	<b>55.5 %</b>
Sales and marketing	14.5 %	14.0 %	18.5 %	20.4 %	20.0 %	18.5 %	18.0 %
General and administration	10.9 %	10.8 %	9.3 %	11.1 %	9.7 %	9.1 %	8.6 %
Research and development	16.4 %	15.9 %	15.6 %	16.4 %	15.4 %	15.4 %	15.0 %
Other operating income	2.6 %	1.4 %	1.7 %	1.2 %	1.0 %	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	-2.1 %	-2.0 %	-1.7 %	-2.6 %	-2.3 %	-2.3 %	-2.3 %
<b>EBITDA</b>	<b>15.1 %</b>	<b>14.9 %</b>	<b>15.0 %</b>	<b>8.1 %</b>	<b>12.0 %</b>	<b>14.3 %</b>	<b>15.8 %</b>
Depreciation	0.0 %	1.2 %	1.4 %	1.4 %	1.5 %	1.5 %	1.5 %
<b>EBITA</b>	<b>15.1 %</b>	<b>13.7 %</b>	<b>13.5 %</b>	<b>6.7 %</b>	<b>10.5 %</b>	<b>12.8 %</b>	<b>14.4 %</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 %	2.6 %	2.5 %
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>7.9 %</b>	<b>10.2 %</b>	<b>11.8 %</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	-0.1 %	0.4 %	0.0 %	-0.1 %	0.3 %	0.4 %	0.5 %
<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>8.2 %</b>	<b>10.6 %</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>8.2 %</b>	<b>10.6 %</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>7.3 %</b>	<b>9.5 %</b>	<b>11.1 %</b>
Result from discontinued operations (net of tax)	0.8 %	0.6 %	1.7 %	3.7 %	1.7 %	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>7.3 %</b>	<b>9.5 %</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>7.3 %</b>	<b>9.5 %</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>49.0</b>	<b>48.1</b>
Property, plant and equipment	2.1	2.1	2.1	2.2	0.9	-0.5	-2.1
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>49.2</b>	<b>46.8</b>
Inventories	4.8	3.1	4.4	4.0	4.6	5.2	5.8
Accounts receivable	11.3	11.9	14.8	18.5	19.9	22.5	25.2
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	18.2	24.0	30.9
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>51.4</b>	<b>60.4</b>	<b>70.6</b>
<b>TOTAL ASSETS</b>	<b>85.2</b>	<b>89.2</b>	<b>91.9</b>	<b>99.4</b>	<b>102.9</b>	<b>109.6</b>	<b>117.4</b>
SHAREHOLDERS EQUITY	55.6	60.8	63.6	63.0	65.9	72.0	79.2
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	0.3	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	4.0	4.5	5.0
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>29.8</b>	<b>30.3</b>	<b>30.8</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>102.9</b>	<b>109.6</b>	<b>117.4</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>48.5 %</b>	<b>44.8 %</b>	<b>41.0 %</b>
Property, plant and equipment	2.4 %	2.4 %	2.3 %	2.2 %	0.9 %	-0.5 %	-1.8 %
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>50.1 %</b>	<b>44.9 %</b>	<b>39.8 %</b>
Inventories	5.6 %	3.5 %	4.8 %	4.0 %	4.5 %	4.7 %	5.0 %
Accounts receivable	13.3 %	13.3 %	16.1 %	18.6 %	19.4 %	20.6 %	21.5 %
Other current assets	1.3 %	1.5 %	1.8 %	1.5 %	1.4 %	1.4 %	1.3 %
Liquid assets	22.2 %	25.9 %	25.2 %	15.8 %	17.7 %	21.9 %	26.4 %
Deferred taxes	4.8 %	4.7 %	4.1 %	5.9 %	5.7 %	5.4 %	5.0 %
Deferred charges and prepaid expenses	1.6 %	1.3 %	1.1 %	1.3 %	1.2 %	1.1 %	1.1 %
<b>CURRENT ASSETS</b>	<b>48.9 %</b>	<b>50.2 %</b>	<b>53.1 %</b>	<b>47.1 %</b>	<b>49.9 %</b>	<b>55.1 %</b>	<b>60.2 %</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	65.3 %	68.2 %	69.2 %	63.4 %	64.1 %	65.7 %	67.5 %
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 %	0.3 %	0.2 %	0.2 %	0.2 %
Provisions for pensions and similar obligations	2.2 %	2.1 %	2.5 %	2.2 %	2.2 %	2.2 %	2.2 %
Other provisions	3.6 %	3.3 %	2.9 %	4.7 %	4.5 %	4.2 %	3.9 %
<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>6.3 %</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 %	4.1 %	4.3 %
Advance payments received on orders	12.9 %	11.1 %	10.1 %	7.5 %	7.2 %	6.8 %	6.4 %
Other liabilities (incl. from lease and rental contracts)	8.3 %	7.5 %	6.8 %	7.5 %	7.2 %	6.8 %	6.3 %
Deferred taxes	0.9 %	0.1 %	0.0 %	2.5 %	2.4 %	2.2 %	2.1 %
Deferred income	5.2 %	5.9 %	6.5 %	7.5 %	7.3 %	6.8 %	6.4 %
<b>Current liabilities</b>	<b>28.9 %</b>	<b>26.4 %</b>	<b>25.4 %</b>	<b>29.5 %</b>	<b>28.9 %</b>	<b>27.6 %</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	7.2	10.5	13.7
Depreciation of fixed assets (incl. leases)	0.0	0.8	1.0	1.2	1.5	1.7	1.8
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	2.9	3.1
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	11.3	15.1	18.7
Increase/decrease in inventory	-0.9	1.7	-1.3	0.4	-0.6	-0.6	-0.6
Increase/decrease in accounts receivable	0.9	-0.6	-2.9	-3.7	-1.5	-2.6	-2.7
Increase/decrease in accounts payable	-0.3	0.2	0.3	1.7	0.5	0.5	0.5
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	-1.6	-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>9.6</b>	<b>12.4</b>	<b>15.9</b>
CAPEX	1.1	1.0	1.2	1.3	1.9	2.2	2.5
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>-2.2</b>	<b>-2.5</b>
Cash flow before financing	6.6	7.3	4.0	-3.1	6.7	10.2	13.4
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	4.4	6.5
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>-4.4</b>	<b>-6.5</b>
Increase/decrease in liquid assets	4.7	4.2	0.1	-7.5	2.5	5.8	6.9
<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>18.2</b>	<b>24.0</b>	<b>30.9</b>

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 %	15.5 %	13.0 %	12.0 %
EBITDA growth	61.8 %	11.2 %	9.2 %	-36.6 %	71.0 %	35.0 %	67.1 %
EBIT growth	95.8 %	13.7 %	9.3 %	-61.2 %	138.7 %	46.5 %	89.9 %
EPS growth	51.2 %	52.1 %	-19.1 %	-50.4 %	112.4 %	46.8 %	91.1 %
<b>Efficiency</b>							
Total operating costs / sales	39.6 %	39.7 %	42.0 %	47.5 %	44.9 %	42.8 %	41.4 %
Sales per employee	130.4	136.8	138.4	148.9	159.3	167.7	175.8
EBITDA per employee	19.7	20.5	20.7	12.1	19.1	24.0	27.9
<b>Balance sheet analysis</b>							
Avg. working capital / sales	5.8 %	5.5 %	8.0 %	11.5 %	12.6 %	13.1 %	12.8 %
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	79.6	79.8
<b>Cash flow analysis</b>							
Free cash flow	6.6	11.1	3.9	3.8	7.7	10.2	13.4
Free cash flow/sales	11.2 %	16.9 %	5.4 %	4.5 %	7.9 %	9.3 %	10.9 %
FCF / net profit	120.2 %	132.9 %	57.8 %	113.6 %	107.3 %	97.6 %	98.4 %
Capex / depre	50.5 %	190.3 %	48.8 %	37.2 %	48.7 %	48.7 %	50.0 %
Capex / maintenance capex	43.6 %	83.5 %	101.4 %	236.2 %	39.0 %	19.9 %	5.0 %
Capex / sales	1.9 %	6.6 %	1.7 %	1.6 %	2.0 %	2.0 %	2.0 %
<b>Security</b>							
Net debt	-18.9	-23.1	-23.2	-14.6	-17.0	-22.8	-29.8
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.3	-0.4	-0.4	-0.2	-0.3	-0.3	-0.4
Interest cover	11.7	138.0	31.8	16.2	38.6	56.6	73.4
Dividend payout ratio	57.3 %	43.9 %	62.1 %	125.0 %	62.1 %	62.1 %	51.5 %
<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	7.2	7.5
Plant turnover	28.4	30.9	33.8	37.8	105.4	-218.1	-59.5
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 %	10.6 %	14.6 %	18.1 %
ROE	9.9 %	13.8 %	10.7 %	5.3 %	10.8 %	14.6 %	17.3 %
<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	0.7
EPS reported	0.52	0.80	0.64	0.32	0.68	1.00	1.30
<b>Valuation ratios</b>							
P/BV	4.7	4.3	4.1	4.2	4.0	3.6	3.3
EV/sales	4.2	3.6	3.3	3.0	2.5	2.2	1.9
EV/EBITDA	27.6	24.4	22.4	36.5	21.2	15.3	12.0
EV/EBITA	27.6	26.5	24.8	44.1	24.3	17.1	13.2
EV/EBIT	36.7	31.7	29.1	77.5	32.2	21.5	16.1
EV/FCF	37.0	21.6	61.5	65.3	32.2	23.6	17.5
Adjusted FCF yield	2.2 %	3.8 %	3.3 %	2.6 %	4.2 %	5.5 %	5.6 %
Dividend yield	1.2 %	1.4 %	1.6 %	1.6 %	1.7 %	2.5 %	2.7 %

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 25/05/18

Initiation coverage

30-April-13



Company	Date	Analyst	Rating	Target price	Close
USU Software AG	31.08.2017	Dannenberg, Lars	Buy	EUR 34,00	EUR 25,50
	22.08.2017	Dannenberg, Lars	Buy	EUR 34,00	EUR 26,92
	26.05.2017	Dannenberg, Lars	Buy	EUR 26,50	EUR 23,18

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