

# Company Alert

## USU Software

### Results Initial View: Advance payments drag on results



RATING  
**BUY** (UNCHANGED)

TARGET PRICE  
**24.5 EUR** (UNCHANGED)

HIGHLIGHTS

- Mixed start to the year
- Sales guidance raised

**Mixed start to the year:** In Q1/17 USU posted a convincing result on the sales side, up 11.4% y-o-y to EUR 18.9m, also due to the first-time consolidation of unitB which was acquired at the beginning of the year. Thanks to unitB, the Service unit surged by 43.4% to EUR 5.0m, while the Product unit disappointed with growth of 3.2% to EUR 13.9m. The key reason here is likely to have been license revenues, which declined by 14.3% to EUR 2.6m. The reasons the company provided were stronger demand for SaaS rather than license versions (maintenance/SaaS segment sales: +9.7%) and delayed license deals. With its software solutions, USU operates in a large-client environment, which has a positive impact on the volume of individual deals, but brings with it correspondingly complex approval cycles on the customer side. This year USU is moving up a gear in terms of international expansion and is taking on additional staff and pushing sales and marketing activities with the key objective of developing its international business. The lack of high-margin license revenues and additional advance expenses for the international business squeezed adjusted EBIT to EUR 0.7m (-49.6%).

**Sales guidance raised:** As a result of the acquisition of the French company EASYTRUST in May (cf. Alert on 5 May 2017), the company has raised its sales target from the previous level of between EUR 83m and EUR 88m to between EUR 86m and EUR 91m (LBBWe: EUR 88.1m). On the earnings side, no positive impetus is expected, as further investments are to be made in the product portfolio. The previous guidance for adjusted EBIT was thus confirmed at EUR 10m to EUR 11.5m. For 2017, USU is expecting a strong HY2, which is set to benefit from the advance payments made in the first six months. In our view, this appears realistic, but is associated with higher risk.

in EUR m	Q1/2017	LBBW E	Q1/2017	yoy
Sales	18,9	19,0	17,0	+11,4%
EBIT adj.	0,7	1,5	1,4	-49,6%
EPS (in EUR)	0,04	0,13	0,12	-65,4%

Source: USU, LBBW Research

+++ Reuters: OSPGk +++ Bloomberg: OSP2 GY +++

Current Price (XETRA; 17-05-24; 01:30 pm).....	22.74 EUR
CLOSING PRICE (2017-05-23): .....	23.01 EUR
EXPECTED PERFORMANCE: .....	6.5%
MARKET CAPITALIZATION: .....	242.10 EUR m
ENTERPRISE VALUE: .....	221.93 EUR m
NUMBER OF SHARES: .....	10.52 m
FREE FLOAT: .....	29.7%
INDEX (WEIGHT):.....	CDAX (0.01 %)
AVG. DAILY TRADEVOL.: .....	5,418
ISIN / WKN:.....	DE000A0BVU28 / A0BVU2
SECTOR: .....	Software

KEY DATA (DEC)	2016	2017E	2018E
Company figures in m EUR, per share data in EUR			
Sales	71.9	88.1	99.4
EBITDA	10.6	13.0	16.6
EBIT adjusted	9.4	11.1	14.1
Net profit adjusted	7.7	9.8	12.2
Free cash flow	3.9	9.1	11.4
FCF yield	1.8 %	3.7 %	4.7 %
EPS adjusted	0.73	0.93	1.16
Dividend	0.40	0.45	0.50
EV / Sales	2.7	2.5	2.2
EV / EBITDA	18.1	17.1	13.3
EV / EBIT adjusted	20.3	20.0	15.7
P / E adjusted	27.7	24.8	19.9
P / BV	3.34	3.55	3.23
Dividend yield	2.0 %	2.0 %	2.2 %

PRICE PERFORMANCE



Source: USU, LBBW Research, Thomson Reuters

UPCOMING EVENTS

Annual General Meeting	04.07.2017-
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<b>Sell:</b>	Based on a time horizon of up to 12 months, we recommend that investors sell the stock.
<b>Hold:</b>	We take a neutral view on the stock and, based on a time horizon of up to 12 months, do not recommend either a Buy or Sell.
<b>Under review:</b>	The rating is currently updated.
<b>Suspended:</b>	The evaluation of the company is currently not feasible.

Percentage of companies within this rating category

<b>Buy:</b>	33,2%
<b>Sell:</b>	6,3%
<b>Hold:</b>	60,5%
<b>Under review:</b>	0,0%
<b>Suspended:</b>	0,0%

