

# Company Alert

## USU Software

### Results Initial View: Positive long-term forecast for 2020



RATING  
**BUY (UNCHANGED)**

TARGET PRICE  
**24.5 EUR (UNCHANGED)**

**HIGHLIGHTS**

- High-margin final quarter 2016
- Positive long-term forecast for 2020

**High-margin final quarter 2016:** USU has presented first key figures for the past financial year 2016. Sales of EUR 20.6m in Q4/2016 fell short of our expectations (see below table). Reason for this seems to be higher demand for the cloud version of the USU software. In the cloud business, revenue tends to spread over three years instead of making the largest sales contribution in the first year, as is the case for the license version. According to the company, this caused a low single-digit million euro burden on license revenue, which would largely explain the difference to our sales forecast. Despite the shortfall in high-margin license sales, USU managed to generate profit of EUR 4.2m, in line with our expectations. This is mainly due to strict operating cost management, allowing for a margin of 20.6%, which exceeds both the previous year's value (Q4/2015: 20.2%) and our expectation (LBBWe: 19.3%).

**Positive long-term forecast for 2020:** The company updated its previous sales target for 2017 of "EUR 85m organic + EUR 15m with acquisitions" to EUR 83-88m organic. USU has always been maintaining a sense of proportion with respect to the takeover prices it has paid in the past, which renders additional acquisitions difficult considering the valuations currently typical for the sector. We therefore believe it is a good decision to remove takeover pressure, which would have steadily increased over the course of 2017. The management has not given up hope, however, and anticipates an acquisition-driven sales contribution of roughly the same amount in its new long-term sales forecast of EUR 140m for 2020. The operating profit target is adj. EBIT of "more than EUR 20m". According to the company, the expected acquisitions do not have a major impact here.

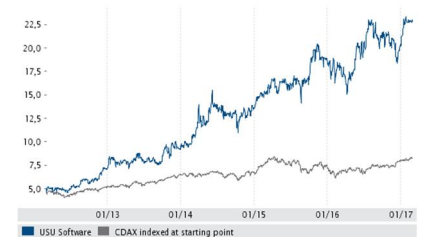
in EUR m	Q4 2016	LBBW E	Q4 2015	y-o-y
Sales	20.6	21.8	20.1	+2.5%
EBIT adj.	4.2	4.2	4.1	+4.6%

Source: USU, LBBW Research

+++ Reuters: OSPGk +++ Bloomberg: OSP2 GY +++  
 Current Price (XETRA; 17-03-01; 12:38 pm).....22.65 EUR  
 CLOSING PRICE (2017-02-28).....22.80 EUR  
 EXPECTED PERFORMANCE:.....7.5%  
 MARKET CAPITALIZATION:.....239.95 EUR m  
 ENTERPRISE VALUE:.....219.06 EUR m  
 NUMBER OF SHARES:.....10.52 m  
 FREE FLOAT:.....29.7%  
 INDEX (WEIGHT):.....CDAX (0.01%)  
 AVG. DAILY TRADEVOL.:.....5,589  
 ISIN / WKN:.....DE000A0BVU28 / A0BVU2  
 SECTOR:.....Software

KEY DATA (DEC)	2016E	2017E	2018E
Company figures in m EUR, per share data in EUR			
Sales	72.0	85.2	96.0
EBITDA	10.8	13.1	16.2
EBIT adjusted	9.6	11.1	13.6
Net profit adjusted	7.8	9.7	11.6
Free cash flow	8.9	10.2	12.6
FCF yield	3.7%	4.3%	5.3%
EPS adjusted	0.75	0.92	1.10
Dividend	0.40	0.45	0.50
EV / Sales	3.0	2.6	2.3
EV / EBITDA	20.3	16.7	13.5
EV / EBIT adjusted	22.9	19.7	16.2
P / E adjusted	27.1	24.8	20.7
P / BV	3.33	3.50	3.21
Dividend yield	2.0%	2.0%	2.2%

**PRICE PERFORMANCE**



Source: USU, LBBW Research, Thomson Reuters

**UPCOMING EVENTS**

GB 2016 March 29<sup>th</sup>, 2017

**Mirko Maier**  
 Investment Analyst  
 +49 711 127-73264  
 Mirko.Maier@LBBW.de

# Appendix-1

1/2

## Analyst's Certification

All of the views expressed in this research report accurately reflect the research analyst's personal views regarding the Subject Company. No part of analyst compensation was, is or will be, directly or indirectly related to the specific recommendations or views expressed in this research report.

## Disclosures

Please Note

### Important Disclosures Required by Regulators

- 1) LBBW or an associated enterprise of LBBW supports the company in the market by entering buy or sell orders.
- 2) LBBW or an associated enterprise of LBBW has made an agreement on the production of financial analyses relating to the issuer or its financial instruments.
- 3) LBBW together with its affiliates is making a market in the company's securities.

Please Note

This research report and the information contained in this research report must not be distributed or reproduced, in whole or in part, in any form without the prior consent of Landesbank Baden-Württemberg ("LBBW") and only in accordance with the applicable laws in the relevant jurisdiction. Persons who gain access to this information must inform themselves about such applicable laws and have to comply with them. This report is not being distributed by LBBW to any person in the United States and LBBW does not intend to solicit any person in the United States.

This research report and the information contained therein is furnished and has been prepared solely for information purposes. It is not intended to be an inducement to engage in investment activity. It is furnished for your private information with the express understanding, which recipient acknowledges, that it is not an offer, recommendation or solicitation to buy, hold or sell, an invitation to subscribe for or purchase, or a means by which any security may be offered or sold.

LBBW does not accept any liability for the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. The information in this report has been obtained from sources believed to be reliable. LBBW can not verify such information, however, and because of the possibility of human or mechanical error by the sources, LBBW or others, no representation is made that the information contained in this report is accurate in all material respects or complete. The statements contained herein are statements of our non-binding opinion, not statement of fact or recommendations to buy hold or sell any securities. Changes to assumptions may have a material impact on any performance detailed. Historic information on performance is not indicative of future performance. LBBW may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and LBBW is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. This report is intended only for and directed to persons sufficiently expert to understand the risks involved, namely market professionals. This publication does not replace personal consultancy. Prior to taking any investment decision you should contact your independent investment adviser for further and more up-to-date information on specific investment opportunities and for individual investment advice, regarding the appropriateness of investing in any securities or investment strategies discussed in this report.

Any security referred to herein may involve a high degree of risk, which may include principal, interest rate, index, currency, credit, political, liquidity, time value, commodity and market risk and is not suitable for all investors. The securities may experience sudden and large falls in their value causing losses equal to the original investment when that investment is realized. Any transaction entered into is in reliance only upon your judgment as to both financial, suitability and risk criteria. LBBW does not hold itself out to be an advisor in these circumstances, nor does any of its staff have the authority to do so.

Detailed information on the valuation, the valuation methods and the assumptions underlying them in accordance with Commission Delegated Regulation 2016/958 Article 4 (1) c) and the notes to Commission Delegated Regulation 2016/958 Article 4 (1) e) can be found at <https://lbbw-research.de/publicdisclaimer>

Updated information in accordance with Commission Delegated Regulation 2016/958 Article 6 (3) can be found at <https://lbbw-research.de/publicdisclaimer>

## United Kingdom

This document is issued in the United Kingdom by LBBW, London Branch. LBBW is authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht (the "BaFin").

This document and the information contained in it constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 and the rules of the Financial Services Authority (the "FSA"). To the extent that this document is issued in the United Kingdom, it is directed exclusively at persons who are professional clients or

## Appendix-1

2/2

eligible counterparties for the purposes of the FSA's Handbook of Rules and Guidance. The products and investment services to which this document relate are only available to the persons referred to above and other persons should not act or rely on it. Moreover, any investment or service to which this document relates is not intended for retail clients and will not be made available to retail clients.

This document is impartial investment research. This document has no regard to the specific investment objectives, financial need or situation or needs of any specific recipient and the investments discussed in this document may not be suitable for all recipients.

LBBW, London Branch has effective organizational and administrative arrangements set up for the prevention and avoidance of conflicts of interest with respect to research recommendations, including information barriers. A copy of LBBW's investment research and conflict of interest policy is available on request from [www.lbbw.de/lbbwde/1000005283-en.html](http://www.lbbw.de/lbbwde/1000005283-en.html)

### LBBW Research Rating Systematics (absolute share rating system)

Rating definitions:

<b>Buy:</b>	Based on a time horizon of up to 12 months, we recommend that investors buy the stock.
<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>	41.6%
<b>Sell:</b>	5.3%
<b>Hold:</b>	53.1%
<b>Under review:</b>	0.0%
<b>Suspended:</b>	0.0%

