

EQUITY RESEARCH

COMPANY FLASH

Company Flash

USU Software

Company Update: USU steps on the accelerator!



RATING
BUY (UNCHANGED)

TARGET PRICE
27 EUR (24.50 EUR)

HIGHLIGHTS

- Forecasts raised
- Sales efforts intensified
- Higher price target, rating confirmed

Forecasts raised: USU has raised its existing sales target for 2017 of between EUR 83m and EUR 88m to a range of EUR 86m to EUR 91m on account of the inclusion of the most recent takeover. On the earnings level the forecast of operating earnings ranging between EUR 10m and EUR 11.5m was confirmed. The outlay for the targeted increase in the company's international operations in the form of additional staff weighs on the earnings trend; as a result, the operating margin should come under pressure again for the first time since 2013 despite the fact that the company anticipates a strong second half of 2017. The forecasts for 2020 were reaffirmed, we consider the earnings guidance to be conservative. If the sales efforts pay off, as we hope, we believe they promise substantially higher margins than those projected by the company.

Sales efforts intensified: Given the numerous positive mentions from independent market research organizations such as Gartner, Forrester etc. it would seem that USU's software is good. But this is not reflected, in our opinion, in the development of license income. We think that USU has reached high market penetration in the German-speaking countries (D-A-CH) through its IT management solutions, such as Valuation, which it sells to reputable blue-chip customers such as Allianz, Baloise Group, Bosch, Daimler etc. But it was only in 2016 that USU secured its first major customer projects in important European markets such as France and the UK. Thus expansion outside the D-A-CH region still has considerable potential, we think, despite the claim by the company to be the biggest provider for IT and knowledge management software in Europe already.

Higher price target, rating reaffirmed: We have updated our sales and operating earnings forecasts. We have primarily employed a DCF model for USU's valuation. This yields a fair value of EUR 27.10 per share. After rounding, our new price target is EUR 27.00 (previously: EUR 24.50). Using our (adj.) EPS forecasts for 2017 and 2018, this equates to PERs of 29.0 and 20.5, which we still view as fair in relation to the company's earnings momentum. We reaffirm our previous Buy rating.

+++ Reuters: OSPGk +++ Bloomberg: OSP2 GY +++
 Current Price (XETRA; 17-05-29; 02:33 pm).....23.45 EUR
 CLOSING PRICE (2017-05-26):.....23.18 EUR
 EXPECTED PERFORMANCE:..... 16.5%
 MARKET CAPITALIZATION:.....243.95 EUR m
 ENTERPRISE VALUE:.....223.78 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)	2016	2017E	2018E
Company figures in m EUR, per share data in EUR			
Sales	71.9	88.0	101.7
EBITDA	10.6	12.4	18.4
EBIT adjusted	9.4	11.0	16.1
Net profit adjusted	7.7	9.7	13.9
Free cash flow	3.9	9.0	13.2
FCF yield	1.8%	3.7%	5.4%
EPS adjusted	0.73	0.92	1.32
Dividend	0.40	0.45	0.50
EV / Sales	2.7	2.5	2.2
EV / EBITDA	18.1	18.1	12.2
EV / EBIT adjusted	20.3	20.3	13.9
P / E adjusted	27.7	25.2	17.6
P / BV	3.34	3.60	3.22
Dividend yield	2.0%	1.9%	2.2%

PRICE PERFORMANCE



Source: USU, LBBW Research, Thomson Reuters

UPCOMING EVENTS

Annual general meeting 4 July 2017

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Data Overview Financials

USU Software

Summary Estimate Changes (EUR m)

P/L statement	2016			2017e			2018e		
	old	new	Δ	old	new	Δ	old	new	Δ
Sales	71.9	71.9	0.0%	88.1	88.0	-0.1%	99.4	101.7	2.3%
EBITDA	10.6	10.6	0.0%	13.0	12.4	-4.6%	16.6	18.4	10.8%
EBIT	8.1	8.1	0.0%	10.0	9.4	-6.0%	13.3	14.9	12.0%
EBIT adjusted	9.4	9.4	0.0%	11.1	11.0	-0.9%	14.1	16.1	14.2%
Net profit	6.6	6.6	0.0%	8.8	8.3	-5.7%	11.5	12.9	12.2%
Net profit adjusted	7.7	7.7	0.0%	9.8	9.7	-1.0%	12.2	13.9	13.9%
Per share (EUR)	old	new	Δ	old	new	Δ	old	new	Δ
EPS (basic)	0.63	0.63	0.0%	0.84	0.79	-6.0%	1.09	1.22	11.9%
EPS adjusted	0.73	0.73	0.0%	0.93	0.92	-1.1%	1.16	1.32	13.8%
Dividend	0.40	0.40	0.0%	0.45	0.45	0.0%	0.50	0.50	0.0%

Source: USU, LBBW Research

Key Data USU Software (EUR m)

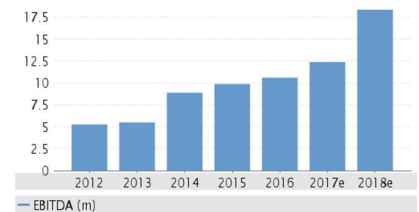
Profit and loss statement (EUR m) (Dec)	2012	2013	2014	2015	2016	2017e	2018e
Sales	51.2	55.7	58.9	66.1	71.9	88.0	101.7
EBITDA	5.3	5.5	8.9	9.9	10.6	12.4	18.4
EBIT	3.5	3.4	6.7	7.6	8.1	9.4	14.9
EBIT adjusted	7.1	5.1	7.3	8.8	9.4	11.0	16.1
Net profit	4.8	3.7	5.5	8.4	6.6	8.3	12.9
Net profit adjusted	7.2	5.2	6.0	9.7	7.7	9.7	13.9
EPS adjusted	0.69	0.49	0.57	0.92	0.73	0.92	1.32
Growth y-o-y							
Sales		8.8%	5.8%	12.1%	8.8%	22.4%	15.6%
Gross profit		14.0%	8.7%	12.2%	13.0%	19.6%	20.1%
EBITDA		4.3%	61.9%	11.2%	7.4%	16.8%	48.2%
EBIT adjusted		-28.1%	43.1%	20.8%	7.4%	16.6%	46.4%
Net profit adjusted		-28.1%	15.6%	61.0%	-20.4%	26.0%	43.5%
EPS adjusted		-29.0%	16.3%	61.4%	-20.7%	26.0%	43.5%
EPS (basic)		-23.9%	51.4%	50.9%	-21.3%	25.4%	54.4%
Margins							
EBITDA	10.3%	9.9%	15.1%	14.9%	14.7%	14.1%	18.1%
EBIT adjusted	13.8%	9.1%	12.3%	13.3%	13.1%	12.5%	15.8%
Net profit	9.4%	6.6%	9.4%	12.7%	9.2%	9.4%	12.7%
Net profit adjusted	14.1%	9.3%	10.2%	14.6%	10.7%	11.0%	13.7%
Balance sheet (EUR m)							
goodwill	32.4	34.6	34.6	35.6	35.6	37.6	37.6
Tangible assets	1.2	2.1	2.1	2.1	2.1	2.1	2.2
Net working capital	-1.5	-6.0	-6.2	-9.0	-4.9	-4.6	-4.2
Cash / Cash equivalents	11.4	14.2	18.9	20.1	20.2	23.0	31.4
Equity	52.3	53.2	55.6	60.8	63.6	67.7	75.9
Net debt / (Net cash) end of FY	-11.4	-11.3	-16.4	-22.8	-23.2	-26.0	-34.5
Cash flow statement (EUR m)							
Net profit	4.8	3.7	5.5	8.4	6.6	8.3	12.9
Depreciation	1.7	2.1	2.2	2.3	2.5	3.0	3.4
Changes to working capital	-7.1	4.8	0.2	2.9	-4.1	-0.3	-0.4
Operating cash flow	5.6	9.9	7.7	12.1	5.1	10.9	15.9
Investments in fixed assets	-0.7	-1.4	-0.8	-0.8	-1.2	-1.4	-2.3
Free cash flow	4.8	8.1	6.8	10.0	3.9	9.0	13.2
Dividend payment	-2.1	-2.6	-2.6	-3.2	-3.7	-4.2	-4.7
Changes in liquid funds	-5.7	2.8	4.7	1.2	0.1	4.8	8.4
Valuation ratios							
EV / Sales	1.3	1.6	2.2	2.7	2.7	2.5	2.2
EV / EBITDA	12.2	15.8	14.5	18.0	18.1	18.1	12.2
EV / EBIT adjusted	9.1	17.0	17.7	20.3	20.3	20.3	13.9
P / E adjusted	10.3	18.7	23.9	20.6	27.7	25.2	17.6
P / BV	1.4	1.8	2.6	3.3	3.3	3.6	3.2
Return on equity	9.2%	6.8%	9.9%	13.8%	10.4%	12.3%	17.0%
Dividend yield	3.5%	2.7%	2.2%	1.9%	2.0%	1.9%	2.2%
FCF yield	6.4%	8.4%	4.8%	5.0%	1.8%	3.7%	5.4%
Financial ratios							
Net debt to EBITDA	-2.2	-2.1	-1.8	-2.3	-2.2	-2.1	-1.9
Gearing	-21.8%	-21.3%	-29.5%	-37.5%	-36.4%	-38.4%	-45.4%
Interest cover (EBIT/Interest expense)	10.2	5.3	11.7	138.0	31.1	64.5	149.2

Source: USU, LBBW Research

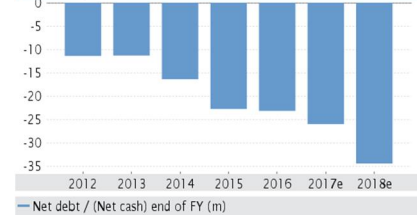
GUIDANCE - USU

USU forecasts sales of EUR 86-91m and adjusted EBIT of EUR 10.0-11.5m in 2017. Management intends to cross the EUR 140m sales threshold by 2020 (incl. additional acquisition) and targets operating earnings growth to a figure in excess of EUR 20m.

Key Figures



Accounting Ratios



Valuation



Source: USU, LBBW Research

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Investment Case

Summary

USU Software

Fundamentally positive conditions for USU's product range should help the company beat sector growth. With the takeover of EASYTRUST, USU is continuing the strategy of smaller takeovers to supplement its own product portfolio. The company is stepping up its sales efforts outside Germany. From 2018 onwards this should lead to a stronger growth momentum of high-margin license income, which should benefit USU's operating earnings performance. We are raising our price target, which is based primarily on a DCF model, from EUR 24.50 to EUR 27.00 and thus reaffirm our Buy rating.

Earnings Summary: USU has raised its existing sales target for 2017 of between EUR 83m and EUR 88m to a range of EUR 86m to EUR 91m on account of the inclusion of the most recent takeover. On the income level the forecast of operating earnings ranging between EUR 10m and EUR 11.5m was confirmed. The outlay for the targeted increase in the company's international operations in the form of additional staff weighs on the earnings trend; as a result, the operating margin should come under pressure again for the first time since 2013 despite the fact that the company is anticipating a strong second half of 2017. The forecasts for 2020 were reaffirmed, we consider the earnings guidance to be very conservative. If the sales efforts pay off, as we hope, they promise we think substantially higher margins than those reached by the company in the past.

Valuation Summary: We have updated our sales and operating earnings forecasts. We have primarily employed a DCF model for USU's valuation. This yields a fair value of EUR 27.10 per share. After rounding, our new price target is EUR 27.00 (previously: EUR 24.50). Using our (adj.) EPS forecasts for 2017 and 2018, this equates to PERs of 29.0 and 20.5, which we still view as fair in relation to the company's earnings momentum. We reaffirm our previous Buy rating.

Main risks to our investment case: USU depends on the development of its customers' IT budgets. Decreasing investment propensity on the part of individual customer groups due to a general economic downturn could have a correspondingly negative effect on the company's sales and earnings performance.

Company Description

USU develops applications for monitoring the efficiency, distribution and cost of IT infrastructure. With its KnowledgeCenter, the company also offers knowledge-based database solutions. USU's product portfolio is rounded off with complementary services. In 2016, USU generated sales of EUR 72m. The balance sheet is characterized by a high equity ratio, the absence of liabilities to banks and high net liquidity. The company's founder Udo Strehl is also its majority shareholder with a stake of 50%.

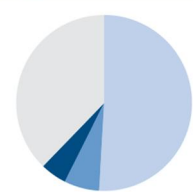
PROS

- + Software applications with highly positive reputation
- + IT efficiency enhancement through BSM
- + Solid balance-sheet ratios

CONS

- Low free-float market capitalization
- Individual major order could lead to higher volatility between quarters

Shareholder Structure



Source: LBBW Research

Business Update

Key Topics

USU Software

Company anniversary: Swabian company USU Software is celebrating its 40th anniversary this year, quite a respectable age for a technology firm. It is a well-known fact that the 40th anniversary is special for Swabians. Not that USU has made unwise decisions in the past. But at the age of 40 one can look back over what has been achieved so far and estimate the further efforts required to reach the long-term targets. The look back over the company's history is more than satisfactory in USU's case. During the period from 2005 to 2016 the sales growth rates came to just under 12% p.a. While service sales dominated in 2005 with a share of 75% and a relatively low margin, software sales (licenses & maintenance) and cloud sales (SaaS) now account for 44%, almost half of consolidated sales. This is reflected in the trend of operating income with growth rates of around 39% p.a. since 2005. Despite numerous takeovers in recent years no borrowed funds feature on the balance sheet. On the contrary, the equity ratio comes to a proud 69% and liquidity was EUR 20.2m at end-2016. Quite a respectable performance. But the numerous positive mentions of USU's software solutions by independent market research companies such as Gartner, Forrester etc. lead us to suppose that the license income (17% of sales in 2016) does not fully exploit the potential offered by the software solutions.

Expansion of sales in Europe: USU's software is obviously good, but we do not believe that its quality is reflected in full in the trend of license income. We think that USU has reached high market penetration in the German-speaking countries (D-A-CH) through its IT management solutions, such as Valuation, which it sells to reputable blue-chip customers such as Allianz, Baloise Group, Bosch, Daimler etc. Although USU was able to secure individual orders from customers in Italy, the Middle East and others early on, they do not add up to steadily flowing international sales of a sizeable volume. Its internationalization received a boost from the takeover of Aspera GmbH, a provider of software management solutions, in 2010. In 2012, US company Computer Associates (CA) began selling Aspera software and in 2013 USU took its first independent steps in the USA and opened its own branch. In 2014 its commitment began to pay off, as new major customers in the USA have ensured dynamic international sales growth. But it was only in 2016 that USU secured its first major customer projects in important European markets such as France and the UK. The expansion outside the D-A-CH region thus still has considerable potential, we think, despite the claim by the company to be the biggest provider for IT and knowledge management software in Europe already.

We therefore welcome the company's decision to accelerate its international expansion this year and to expand its business in Europe, in particular, with additional staff and by intensifying its sales and marketing activities.

Celebrating its 40th anniversary this year, which explains the 40 cent dividend for 2016

Software with high valuation and still more sales potential

USU wants to accelerate its sales in 2017

Financials

Earnings Outlook

USU Software

Planning for 2017: This is reflected accordingly in the planning for 2017. The company has raised its previous sales target of EUR 83-88m to EUR 86-91m due to the takeover of French company Easytrust in May (see LBBW Alert dated 5 May 2017). We anticipated this step in May by raising our sales forecast to EUR 88.1m. On an earnings level the company does not expect a positive stimulus as it wants to keep investing in the product portfolio of Easytrust. Moreover, the outlay for the targeted increase in the company's international operations in the form of additional staff weighs on the earnings trend; as a result, operating earnings have remained unchanged at EUR 10-11.5m. USU wants to invest in stepping up its sales activities, especially in Europe. The newly created positions of regional country heads for France (since February 2017) and the UK (since May 2017) are likely to be only the start.

Given that operating earnings (adj. EBIT) of only EUR 0.7m (-49.6% y-o-y) were generated in Q1 2017 USU is relying on a strong second half of 2017, which should benefit from the outlay in the first six months. Although this seems realistic to us, it entails a heightened risk.

Planning for 2020: The long-term planning communicated by USU for the year 2020 provides for consolidated sales of EUR 140m. This figure includes acquisition-related sales contributions of between EUR 10-15m. With the two recent takeovers in Q1 2017 of unitB (2016 sales: just under EUR 4m) and Easytrust (ditto) we think that the lion's share of the necessary acquisitions has been realized. USU then wants to generate more than EUR 20m in operating earnings, which would be equivalent to an operating margin of at least 14%. A figure which we think is conservative.

On the one hand, USU generates relatively low-margin sales with consulting and project services (54% of sales in 2016) while on the other hand its license and maintenance income has high margins. We have compared the performance of the sales segments since 2005 with the margin development in the chart below. We have added the license income, maintenance income and SaaS income, comparable with other software companies, to software and cloud revenues (44% of sales in 2016).

If the sales efforts pay off in the form of license income growth outpacing overall sales, as is hoped, we think that more than just a modest margin growth of 70 bp over the 13.3% generated in 2016 should be possible for USU in 2020.

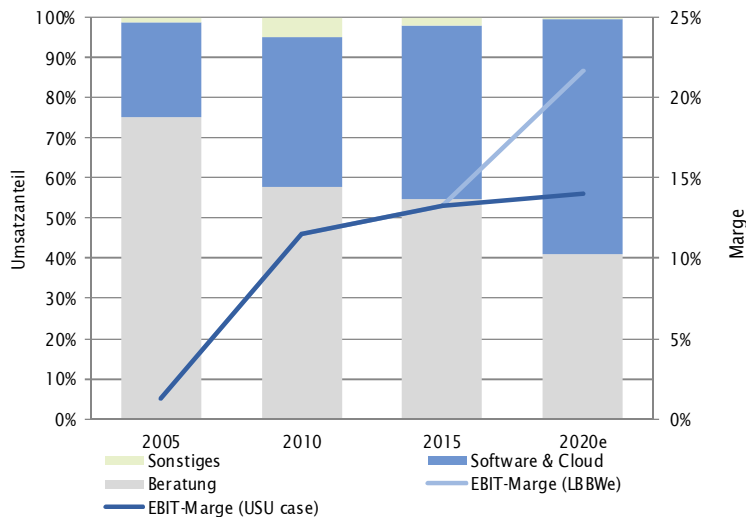
2017: USU banks on a strong second half-year

Conservative margin target in 2020

Segment performance

Financials
Earnings Outlook

USU Software



Sources: USU, Software AG, LBBW Research

If the sales efforts pay off, a margin in excess of 14% is possible

The surge in the percentage of sales generated from software and cloud income during the period 2005-10 of just under 14% to almost 38% allowed substantial margin growth. We assume that by 2020 USU will be able to realize the fruits of the stepped-up foreign activities it has begun, in the form of a comparable rise in software and cloud income to around 58% (2015: 43.5%). The percentage of low-margin service income should then decline to just under 41% according to our estimates.

This should, all told, permit an operating margin of just under 22%, we think, which would substantially exceed USU's target figure (>14%).

In our planning we have adjusted the assumptions for 2017 downwards on the income side (see table on page 2). This reflects, in particular, the intensification of sales efforts which we expect to see. For 2017 we are thus assuming a margin decline (basis adj. EBIT: -60 bp to 12.6%) for the first time since 2013. In our model, the sales efforts will pay off from 2018 onwards in the form of higher license income, which leads to an increase in the share of high-margin software and cloud sales. This trend should continue through to 2020.

Valuation

Fair Value Calculations

USU Software

We have updated our sales and operating earnings forecasts. We have primarily employed a DCF model for USU's valuation. This yields a fair value of EUR 27.10 per share. After rounding, our new price target is EUR 27.00 (previously: EUR 24.50). Using our (adj.) EPS forecasts for 2017 and 2018, this equates to PERs of 29.0 and 20.5, which we still view as fair in relation to the company's earnings momentum. We reaffirm our previous Buy rating.

The three-stage DCF model that we have applied to USU is composed as follows: the first stage is based on our detailed short-term forecasts for the company in the current and the two following financial years. The second stage is a phase of transition, where we gradually adjust our estimates to the long-term assumptions. Our long-term forecasts are finally reached in the third stage (steady state), where the free cash flow rises (and falls) at the expected long-term percentage rate. This is where we calculate the terminal value. Based on a WACC of 7.4%, we have calculated a DCF value of EUR 27.10 per USU share. After rounding, this is the basis for our new price target of EUR 27.00. We continue to rate the stock Buy.

EQUITY RESEARCH

COMPANY FLASH

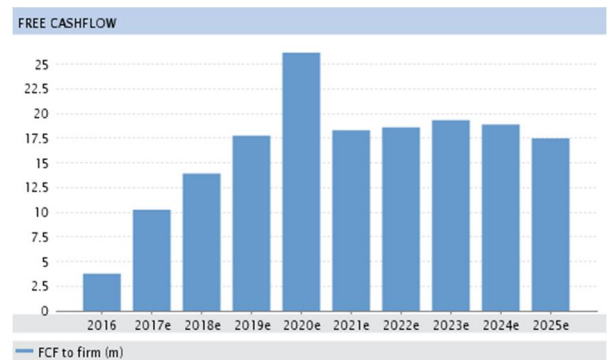
Valuation DCF Model

USU Software

ASSUMPTIONS		STEADY STATE	
Risk-free interest rate	0.4 %	Steady state year	2025
Market premium	6.1 %	Terminal value growth	1.0 %
Beta	1.2	EBIT margin	15.0 %
Cost of equity	7.4 %	Depreciation&Amortization ratio	2.0 %
Cost of debt	5.9 %	CAPEX ratio	2.0 %
Equity ratio (target)	100.0 %	Net working capital ratio	-10.0 %
WACC (in %)	7.4 %	CAGR sales 2016 - 2025	9.7 %

FREE CASHFLOW (EUR m)	2016	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e
Sales	71.9	88.0	101.7	117.1	128.2	138.5	148.2	157.1	163.4	165.0
Growth yoy		22.4 %	15.6 %	15.1 %	9.5 %	8.0 %	7.0 %	6.0 %	4.0 %	1.0 %
EBIT before Goodwill	8.1	11.0	16.1	21.1	19.2	21.5	23.7	25.1	26.1	24.7
EBIT margin	11.3 %	12.5 %	15.8 %	18.0 %	15.0 %	15.5 %	16.0 %	16.0 %	16.0 %	15.0 %
- Cash taxes on EBIT	1.5	1.5	2.5	3.3	3.4	4.2	5.3	5.9	7.1	7.4
Tax rate	18.8 %	13.6 %	15.5 %	15.5 %	17.5 %	19.5 %	22.5 %	23.5 %	27.0 %	30.0 %
= NOPAT	6.6	9.5	13.6	17.8	15.9	17.3	18.4	19.2	19.1	17.3
+ Depreciation&Amortization	2.5	3.0	3.4	4.0	3.8	4.2	4.4	3.9	3.3	3.3
in % of sales	3.5 %	3.4 %	3.4 %	3.4 %	3.0 %	3.0 %	3.0 %	2.5 %	2.0 %	2.0 %
- CAPEX	1.2	1.9	2.8	3.6	2.6	4.2	5.2	4.7	4.1	3.3
in % of sales	1.7 %	2.2 %	2.7 %	3.1 %	2.0 %	3.0 %	3.5 %	3.0 %	2.5 %	2.0 %
NWC	-4.9	-4.6	-4.2	-3.8	-12.8	-13.8	-14.8	-15.7	-16.3	-16.5
in % of sales	-6.9 %	-5.2 %	-4.1 %	-3.2 %	-10.0 %	-10.0 %	-10.0 %	-10.0 %	-10.0 %	-10.0 %
delta NWC		0.3	0.4	0.4	-9.0	-1.0	-1.0	-0.9	-0.6	-0.2
Provisions	-	-	-	-	-	-	-	-	-	-
FCF to firm	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Adjustments	-	-	-	-	-	-	-	-	-	-

VALUE PER SHARE (EUR m)	
Discounted free cashflow estimated years	106.0
+ Discounted terminal value	159.0
= Enterprise value	265.0
Terminal value in % of enterprise value	60.0 %
- Net debt	-20.2
= Market capitalization	285.2
/ Number of shares (m)	10.52
= Value per share (EUR)	27.10
	27.10



Source: USU, LBBW Research

Appendix

Financials: Profit and Loss Statement

USU Software

PROFIT AND LOSS STATEMENT (EUR m)	2014	2015	2016	2017E	2018E	CAGR 14-18E
Sales	58.9	66.1	71.9	88.0	101.7	
Growth yoy		12.1 %	8.8 %	22.4 %	15.6 %	14.62 %
COGS	-27.7	-31.0	-32.3	-40.6	-44.8	
Gross profit	31.3	35.1	39.6	47.4	56.9	
Margin	53.1 %	53.1 %	55.1 %	53.9 %	56.0 %	
Distribution costs	-8.6	-9.3	-13.3	-15.4	-17.8	
Administrative expenses	-6.5	-7.1	-6.7	-9.6	-10.0	
R&D expenses	-9.6	-10.5	-11.3	-12.7	-14.0	
Other operating income	1.5	1.0	1.3	1.4	1.5	
Other operating expenses	-1.5	-1.5	-1.5	-1.6	-1.8	
EBITDA	8.9	9.9	10.6	12.4	18.4	
Margin	15.1 %	14.9 %	14.7 %	14.1 %	18.1 %	
Depreciation & Amortisation	-0.8	-0.8	-1.2	-3.0	-3.4	
Impairments	0.0	0.0	0.0	0.0	0.0	
Depreciation and Amortization	-2.2	-2.3	-2.5	-3.0	-3.4	
EBIT	6.7	7.6	8.1	9.4	14.9	
Margin	11.3 %	11.5 %	11.3 %	10.7 %	14.7 %	
EBIT adjusted	7.3	8.8	9.4	11.0	16.1	
Margin	12.3 %	13.3 %	13.1 %	12.5 %	15.8 %	
Interest income	0.5	0.3	0.3	0.3	0.4	
Interest expenses	0.0	0.0	0.0	0.0	0.0	
EBT	6.6	7.9	8.1	9.6	15.2	
Margin	11.2 %	11.9 %	11.3 %	10.9 %	15.0 %	
Taxes on income	-1.1	0.5	-1.5	-1.3	-2.4	
Income Tax rate	0.0	0.0	0.0	0.0	0.0	
Net profit	5.5	8.4	6.6	8.3	12.9	
Margin	9.4 %	12.7 %	9.2 %	9.4 %	12.7 %	
Net profit adjusted for extraordinary	6.0	9.7	7.7	9.7	13.9	
Margin	10.2 %	14.6 %	10.7 %	11.0 %	13.7 %	
EPS (basic)	0.53	0.80	0.63	0.79	1.22	
EPS adjusted	0.57	0.92	0.73	0.92	1.32	
Dividend	0.30	0.35	0.40	0.45	0.50	

Source: USU, LBBW Research

Appendix

Financials: Balance Sheet

USU Software

BALANCE SHEET (EUR m)	2014	2015	2016	2017E	2018E
Total assets	85.2	89.2	91.9	97.7	107.7
Tangible assets	2.1	2.1	2.1	2.1	2.2
goodwill	34.6	35.6	35.6	37.6	37.6
Other intangible assets	6.9	6.7	5.4	4.3	3.6
Deferred tax assets	4.1	4.2	3.8	3.8	3.8
Financial assets	0.0	0.0	0.0	0.0	0.0
Other fixed assets	0.7	0.7	0.7	0.7	0.7
Fixed assets	48.3	49.3	47.6	48.5	47.8
Inventories	0.6	0.6	0.5	0.6	0.6
Trade receivables and other receivables	14.8	14.0	18.1	19.9	21.8
Other current financial assets	0.0	3.0	3.0	3.0	3.0
Current tax assets	0.7	0.4	0.6	0.6	0.6
Cash / Cash equivalents	18.9	20.1	20.2	23.0	31.4
Current assets	36.9	39.9	44.3	49.2	59.9
Total liabilities	85.2	89.2	91.9	97.7	107.7
Share capital	10.5	10.5	10.5	10.5	10.5
Reserves	53.3	53.4	53.4	53.4	53.4
Retained earnings	-8.2	-3.1	-0.3	3.8	12.0
Equity	55.6	60.8	63.6	67.7	75.9
Long-term pension provisions	1.9	1.9	2.3	2.3	2.3
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities	0.8	0.1	0.0	0.0	0.0
Non-current liabilities	2.6	2.0	2.3	2.3	2.3
Trade payables and other payables	12.4	11.5	11.1	12.3	13.5
Short-term provisions	6.7	8.7	8.4	8.4	8.4
Other current liabilities	4.4	5.3	6.0	6.6	7.2
Current tax liabilities	0.9	0.6	0.5	0.5	0.5
Current liabilities	26.9	26.4	26.0	27.7	29.6

Source: USU, LBBW Research

EQUITY RESEARCH

COMPANY FLASH

Appendix

Financials: Cash Flow Statement

USU Software

CASH FLOW STATEMENT (EUR m)	2014	2015	2016	2017E	2018E
Earnings after tax	5.5	8.4	6.6	8.3	12.9
Depreciation	2.2	2.3	2.5	3.0	3.4
Changes in long-term provisions	0.8	0.0	0.4	0.0	0.0
Changes to working capital	0.2	2.9	-4.1	-0.3	-0.4
Other changes operating cashflow	-1.0	-1.4	-0.2	0.0	0.0
Operating cash flow	7.7	12.1	5.1	10.9	15.9
Growth yoy		57.0 %	-57.8 %	113.0 %	45.8 %
Cash outflows for investments in tangible and intangible assets	-0.9	-2.1	-1.2	-1.9	-2.8
Cash inflows from disposal of tangible and intangible assets	-	0.2	-	-	-
Other changes in investment cash flow	-0.2	0.0	0.0	-	-
Cash flow from investments	-1.1	-4.9	-1.2	-1.9	-2.8
Growth yoy		n.m.	n.m.	n.m.	n.m.
Cash outflow / inflow from capital measures	0.0	0.0	0.0	0.0	0.0
Dividend payment	-2.6	-3.2	-3.7	-4.2	-4.7
Other changes to financial cash flow	0.4	-1.0	0.1	0.0	0.0
Cash flow from financing	-2.6	-6.4	-3.9	-4.2	-4.7
Growth yoy	-	-	-	-	-
Changes in liquid funds	4.7	1.2	0.1	4.8	8.4
Liquid funds at the beginning of the period	14.2	18.9	20.1	20.2	25.0
Liquid funds at the end of the period	18.9	20.1	20.2	25.0	33.4
Free cash flow	6.8	10.0	3.9	9.0	13.2

Source: USU, LBBW Research

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