

**Hold** (old: Hold)

**Price target: EUR 29.00** (old: EUR 30.00)

**Price:** EUR 24.90      **Next result:** H1'21 31.08.21  
**Bloomberg:** OSP2 GR      **Market cap:** EUR 262.0 m  
**Reuters:** OSPGk.DE      **Enterprise Value:** EUR 258.7 m

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## Too early to buy

USU shares were sliding since the highs in January due to an expected slow-down in growth on the back of the strong 2020 comparable base. In fact, Q1 revenues grew by only +3.7% yoy vs. 12% in FY 2020. Q2'21 looks set to also show slower, i.e. mid single digit, growth yoy (eH&A) and hence it seems too early to buy.

**Soft near term news flow ahead:** In Q2'20 USU managed to grow by 13% yoy driven by customers' ambition to quickly push their efficiency gaining software launches over the line in the wake of the corona crisis. Hence making for a tough comparable base in Q2'21E. On top, the pandemic seems to have increased acceptance of cloud solutions, which is why 40-50% of new software orders are cloud based vs. ~30% in prior years. This implies slower revenue recognition compared to license sales, i.e. revenue spread over three years in a cloud contract vs. full upfront payment in a license deal. The effect is particularly visible in the US, where the share of cloud orders should be even higher. In light of this, we expect merely 4% yoy revenue growth in Q2.

**Better days to come in H2:** Still, the longer term structural trends, e.g. digitalization, seem intact and USU should be able to report a better H2'21, especially on EBIT level. In fact, USU reported a record order backlog of € 65m in Q1'21, up 12% yoy providing confidence for future growth and reflecting the increased recurring SaaS share in recent quarters but also strong consulting business demand. The latter is seen to result in high utilization of consultants given that USU has only marginally hired new personnel during the pandemic. This should translate into sound EBIT margins of more than 8% as already seen in Q1'21.

For FY'21 management expects a slight revenue increase, i.e. mid to high single-digit % yoy, as well as an adj. EBIT of € 9-10m. In light of the above, the **company should be able to achieve these targets** (eH&A sales € 115m, +7% yoy, adj. EBIT € 10m, 8.5% margin).

**Action:** We slightly trim our growth estimates from 9% to 7% in FY'21E given the reported Q1 results as well as the higher than expected share of SaaS contracts.

While we continue to like USU's longer term structural growth case, it seems too early to buy, considering the expected muted Q2 news flow. Reiterate **HOLD** with a **new PT of € 29** based on DCF.

Y/E 31.12 (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Sales	84.4	90.5	95.6	107.3	114.8	126.3	139.0
Sales growth	17 %	7 %	6 %	12 %	7 %	10 %	10 %
EBITDA	6.8	5.5	9.9	13.4	14.0	16.8	19.5
EBIT	3.2	2.7	4.1	7.0	8.4	11.2	13.8
Net income	3.4	1.0	5.3	5.7	5.9	7.9	9.6
Net debt	-14.6	-8.3	-1.7	-1.3	-4.8	-6.9	-9.4
Net gearing	-23.1 %	-14.0 %	-2.8 %	-2.0 %	-7.5 %	-10.2 %	-13.0 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.68	0.18	0.70	0.74	0.68	0.88	1.05
CPS	0.44	0.06	0.63	1.38	0.82	0.85	1.01
DPS	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Dividend yield	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %
Gross profit margin	54.0 %	51.9 %	51.7 %	52.7 %	53.0 %	53.0 %	53.0 %
EBITDA margin	8.1 %	6.1 %	10.4 %	12.5 %	12.2 %	13.3 %	14.0 %
EBIT margin	3.8 %	3.0 %	4.2 %	6.5 %	7.3 %	8.9 %	9.9 %
ROCE	4.6 %	3.9 %	5.7 %	9.3 %	10.5 %	13.0 %	15.3 %
EV/sales	3.0	2.8	2.7	2.4	2.3	2.0	1.8
EV/EBITDA	36.5	46.5	26.4	19.6	18.4	15.3	13.1
EV/EBIT	77.5	94.6	64.5	37.3	30.8	22.8	18.5
PER	36.6	136.3	35.7	33.7	36.4	28.2	23.7
Adjusted FCF yield	2.6 %	0.9 %	3.1 %	3.4 %	3.4 %	4.2 %	4.9 %

Source: Company data, Hauck & Aufhäuser Close price as of: 22.06.2021



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 31.30 / 17.50

**Price/Book Ratio:** 4.1

**Relative performance (SDAX):**

3 months -15.0 %

6 months -11.9 %

12 months -5.1 %

## Changes in estimates

		Sales	EBIT	EPS
2021	<b>old:</b>	117.0	8.5	0.70
	Δ	-1.8%	-1.8%	-2.8%
2022	<b>old:</b>	131.0	11.7	0.91
	Δ	-3.6%	-3.6%	-3.1%
2023	<b>old:</b>	144.1	14.3	1.08
	Δ	-3.6%	-3.6%	-3.1%

## Key share data:

Number of shares: (in m pcs) 10.5

Authorised capital: (in € m) 0.0

Book value per share: (in €) 6.0

Ø trading volume: (12 months) 6,300

## Major shareholders:

AUSUM GmbH (Udo Strehl) 51.2 %

Free Float 34.4 %

MainFirst SICAV 5.1 %

Peter Scheufler 5.0 %

USU board (excl. Udo Strehl) 2.5 %

## Company description:

USU develops and distributes IT software and service solutions to more than 1000 customers.

## Financials

Profit and loss (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Sales</b>	<b>84.4</b>	<b>90.5</b>	<b>95.6</b>	<b>107.3</b>	<b>114.8</b>	<b>126.3</b>	<b>139.0</b>
<i>Sales growth</i>	17.0 %	7.3 %	5.7 %	12.2 %	7.0 %	10.0 %	10.0 %
Cost of sales	38.8	43.6	46.2	50.8	54.0	59.4	65.3
<b>Gross profit</b>	<b>45.5</b>	<b>46.9</b>	<b>49.5</b>	<b>56.5</b>	<b>60.9</b>	<b>67.0</b>	<b>73.6</b>
Sales and marketing	17.2	18.8	18.9	20.4	21.8	23.4	25.7
General and administration	9.3	10.6	12.2	14.3	15.2	15.9	16.7
Research and development	13.8	15.3	15.8	15.4	16.1	17.1	18.2
Other operating income	1.0	1.2	1.9	1.3	1.4	1.5	1.7
Other operating expenses	0.7	0.7	0.5	0.7	0.8	0.9	1.0
Unusual or infrequent items	-2.2	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>6.8</b>	<b>5.5</b>	<b>9.9</b>	<b>13.4</b>	<b>14.0</b>	<b>16.8</b>	<b>19.5</b>
Depreciation	1.2	1.2	1.5	1.4	1.2	1.1	1.1
<b>EBITA</b>	<b>5.7</b>	<b>4.3</b>	<b>8.4</b>	<b>12.0</b>	<b>12.8</b>	<b>15.7</b>	<b>18.3</b>
Amortisation of goodwill	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.6	1.6	4.3	5.0	4.4	4.4	4.6
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>3.2</b>	<b>2.7</b>	<b>4.1</b>	<b>7.0</b>	<b>8.4</b>	<b>11.2</b>	<b>13.8</b>
Interest income	0.1	0.2	0.1	0.1	0.1	0.1	0.2
Interest expenses	0.2	0.1	0.1	0.1	0.1	0.1	0.2
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.1	0.1	0.0	0.0	0.0	0.0	0.0
<b>Recurring pretax income from continuing operations</b>	<b>3.1</b>	<b>2.8</b>	<b>4.0</b>	<b>7.0</b>	<b>8.4</b>	<b>11.2</b>	<b>13.8</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>3.1</b>	<b>2.8</b>	<b>4.0</b>	<b>7.0</b>	<b>8.4</b>	<b>11.2</b>	<b>13.8</b>
Taxes	-0.3	1.9	-1.2	1.4	2.5	3.4	4.1
<b>Net income from continuing operations</b>	<b>3.4</b>	<b>1.0</b>	<b>5.3</b>	<b>5.7</b>	<b>5.9</b>	<b>7.9</b>	<b>9.6</b>
Result from discontinued operations (net of tax)	3.8	1.0	2.1	2.1	1.3	1.4	1.4
<b>Net income</b>	<b>3.4</b>	<b>1.0</b>	<b>5.3</b>	<b>5.7</b>	<b>5.9</b>	<b>7.9</b>	<b>9.6</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>3.4</b>	<b>1.0</b>	<b>5.3</b>	<b>5.7</b>	<b>5.9</b>	<b>7.9</b>	<b>9.6</b>
Average number of shares	10.5	10.5	10.5	10.5	10.5	10.5	10.5
<b>EPS reported</b>	<b>0.32</b>	<b>0.09</b>	<b>0.50</b>	<b>0.54</b>	<b>0.56</b>	<b>0.75</b>	<b>0.92</b>

Profit and loss (common size)	2017	2018	2019	2020	2021E	2022E	2023E
<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	46.0 %	48.1 %	48.3 %	47.3 %	47.0 %	47.0 %	47.0 %
<b>Gross profit</b>	<b>54.0 %</b>	<b>51.9 %</b>	<b>51.7 %</b>	<b>52.7 %</b>	<b>53.0 %</b>	<b>53.0 %</b>	<b>53.0 %</b>
Sales and marketing	20.4 %	20.8 %	19.7 %	19.0 %	19.0 %	18.5 %	18.5 %
General and administration	11.1 %	11.7 %	12.7 %	13.3 %	13.2 %	12.6 %	12.0 %
Research and development	16.4 %	16.9 %	16.5 %	14.4 %	14.0 %	13.5 %	13.1 %
Other operating income	1.2 %	1.3 %	2.0 %	1.2 %	1.2 %	1.2 %	1.2 %
Other operating expenses	0.9 %	0.7 %	0.5 %	0.6 %	0.7 %	0.7 %	0.7 %
Unusual or infrequent items	neg.	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>8.1 %</b>	<b>6.1 %</b>	<b>10.4 %</b>	<b>12.5 %</b>	<b>12.2 %</b>	<b>13.3 %</b>	<b>14.0 %</b>
Depreciation	1.4 %	1.3 %	1.6 %	1.3 %	1.1 %	0.9 %	0.8 %
<b>EBITA</b>	<b>6.7 %</b>	<b>4.8 %</b>	<b>8.8 %</b>	<b>11.2 %</b>	<b>11.2 %</b>	<b>12.4 %</b>	<b>13.2 %</b>
Amortisation of goodwill	0.9 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.0 %	1.8 %	4.5 %	4.6 %	3.8 %	3.5 %	3.3 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>3.8 %</b>	<b>3.0 %</b>	<b>4.2 %</b>	<b>6.5 %</b>	<b>7.3 %</b>	<b>8.9 %</b>	<b>9.9 %</b>
Interest income	0.1 %	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	0.1 %	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>3.7 %</b>	<b>3.1 %</b>	<b>4.2 %</b>	<b>6.5 %</b>	<b>7.3 %</b>	<b>8.9 %</b>	<b>9.9 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>3.7 %</b>	<b>3.1 %</b>	<b>4.2 %</b>	<b>6.5 %</b>	<b>7.3 %</b>	<b>8.9 %</b>	<b>9.9 %</b>
Tax rate	-8.2 %	65.8 %	-30.2 %	19.3 %	30.0 %	30.0 %	30.0 %
<b>Net income from continuing operations</b>	<b>4.0 %</b>	<b>1.1 %</b>	<b>5.5 %</b>	<b>5.3 %</b>	<b>5.1 %</b>	<b>6.2 %</b>	<b>6.9 %</b>
Result from discontinued operations (net of tax)	4.5 %	1.1 %	2.2 %	2.0 %	1.2 %	1.1 %	1.0 %
<b>Net income</b>	<b>4.0 %</b>	<b>1.1 %</b>	<b>5.5 %</b>	<b>5.3 %</b>	<b>5.1 %</b>	<b>6.2 %</b>	<b>6.9 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net profit (reported)</b>	<b>4.0 %</b>	<b>1.1 %</b>	<b>5.5 %</b>	<b>5.3 %</b>	<b>5.1 %</b>	<b>6.2 %</b>	<b>6.9 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets</b>	<b>49.7</b>	<b>48.1</b>	<b>46.3</b>	<b>44.0</b>	<b>40.0</b>	<b>36.1</b>	<b>32.2</b>
Property, plant and equipment	2.2	2.2	10.8	19.7	21.9	25.7	30.5
Financial assets	0.7	0.8	0.8	0.8	0.8	0.8	0.8
<b>FIXED ASSETS</b>	<b>52.6</b>	<b>51.0</b>	<b>57.9</b>	<b>64.6</b>	<b>62.7</b>	<b>62.6</b>	<b>63.5</b>
Inventories	4.0	5.0	3.9	5.0	5.3	5.8	6.4
Accounts receivable	18.5	20.4	20.9	16.9	18.1	19.9	21.9
Other current assets	1.5	1.9	0.9	1.3	1.3	1.3	1.3
Liquid assets	15.7	9.5	10.4	18.5	22.0	24.1	26.7
Deferred taxes	5.9	5.9	8.8	7.0	7.0	7.0	7.0
Deferred charges and prepaid expenses	1.3	1.4	1.7	2.2	2.2	2.2	2.2
<b>CURRENT ASSETS</b>	<b>46.8</b>	<b>44.1</b>	<b>46.5</b>	<b>50.8</b>	<b>55.9</b>	<b>60.3</b>	<b>65.5</b>
<b>TOTAL ASSETS</b>	<b>99.4</b>	<b>95.1</b>	<b>104.5</b>	<b>115.5</b>	<b>118.6</b>	<b>122.9</b>	<b>129.0</b>
SHAREHOLDERS EQUITY	63.0	59.7	60.2	61.8	63.4	67.1	72.5
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.3	0.3	8.6	16.4	16.4	16.4	16.4
Provisions for pensions and similar obligations	2.2	2.3	1.2	1.3	1.4	1.5	1.5
Other provisions	4.6	4.0	3.8	3.4	3.4	3.4	3.4
<b>Non-current liabilities</b>	<b>7.1</b>	<b>6.6</b>	<b>13.7</b>	<b>21.2</b>	<b>21.2</b>	<b>21.3</b>	<b>21.4</b>
short-term liabilities to banks	0.9	0.9	0.1	0.8	0.8	0.8	0.8
Accounts payable	3.6	3.7	4.8	4.2	5.6	6.1	6.8
Advance payments received on orders	7.5	6.6	5.0	5.1	5.1	5.1	5.1
Other liabilities (incl. from lease and rental contracts)	7.4	7.6	7.4	9.5	9.5	9.5	9.5
Deferred taxes	2.5	2.2	2.9	1.3	1.3	1.3	1.3
Deferred income	7.5	8.0	10.5	11.6	11.6	11.6	11.6
<b>Current liabilities</b>	<b>29.3</b>	<b>28.9</b>	<b>30.6</b>	<b>32.5</b>	<b>34.0</b>	<b>34.5</b>	<b>35.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>99.4</b>	<b>95.1</b>	<b>104.5</b>	<b>115.5</b>	<b>118.6</b>	<b>122.9</b>	<b>129.0</b>

Balance sheet (common size)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets</b>	<b>50.0 %</b>	<b>50.5 %</b>	<b>44.3 %</b>	<b>38.1 %</b>	<b>33.7 %</b>	<b>29.4 %</b>	<b>24.9 %</b>
Property, plant and equipment	2.2 %	2.3 %	10.3 %	17.1 %	18.5 %	20.9 %	23.7 %
Financial assets	0.7 %	0.8 %	0.8 %	0.7 %	0.7 %	0.7 %	0.7 %
<b>FIXED ASSETS</b>	<b>52.9 %</b>	<b>53.6 %</b>	<b>55.4 %</b>	<b>56.0 %</b>	<b>52.9 %</b>	<b>50.9 %</b>	<b>49.3 %</b>
Inventories	4.0 %	5.2 %	3.7 %	4.3 %	4.5 %	4.7 %	5.0 %
Accounts receivable	18.6 %	21.4 %	20.0 %	14.6 %	15.2 %	16.2 %	17.0 %
Other current assets	1.5 %	2.0 %	0.8 %	1.1 %	1.1 %	1.0 %	1.0 %
Liquid assets	15.8 %	9.9 %	10.0 %	16.1 %	18.6 %	19.6 %	20.7 %
Deferred taxes	5.9 %	6.2 %	8.4 %	6.0 %	5.9 %	5.7 %	5.4 %
Deferred charges and prepaid expenses	1.3 %	1.5 %	1.6 %	1.9 %	1.9 %	1.8 %	1.7 %
<b>CURRENT ASSETS</b>	<b>47.1 %</b>	<b>46.4 %</b>	<b>44.5 %</b>	<b>44.0 %</b>	<b>47.1 %</b>	<b>49.1 %</b>	<b>50.7 %</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	63.4 %	62.7 %	57.6 %	53.5 %	53.5 %	54.6 %	56.2 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	0.3 %	0.3 %	8.2 %	14.2 %	13.9 %	13.4 %	12.7 %
Provisions for pensions and similar obligations	2.2 %	2.4 %	1.2 %	1.1 %	1.2 %	1.2 %	1.2 %
Other provisions	4.7 %	4.2 %	3.7 %	3.0 %	2.9 %	2.8 %	2.6 %
<b>Non-current liabilities</b>	<b>7.1 %</b>	<b>6.9 %</b>	<b>13.1 %</b>	<b>18.3 %</b>	<b>17.9 %</b>	<b>17.3 %</b>	<b>16.6 %</b>
short-term liabilities to banks	0.9 %	0.9 %	0.1 %	0.7 %	0.7 %	0.7 %	0.6 %
Accounts payable	3.6 %	3.9 %	4.6 %	3.6 %	4.7 %	5.0 %	5.2 %
Advance payments received on orders	7.5 %	6.9 %	4.8 %	4.4 %	4.3 %	4.1 %	3.9 %
Other liabilities (incl. from lease and rental contracts)	7.5 %	8.0 %	7.1 %	8.3 %	8.0 %	7.8 %	7.4 %
Deferred taxes	2.5 %	2.3 %	2.7 %	1.2 %	1.1 %	1.1 %	1.0 %
Deferred income	7.5 %	8.5 %	10.1 %	10.0 %	9.8 %	9.4 %	9.0 %
<b>Current liabilities</b>	<b>29.5 %</b>	<b>30.4 %</b>	<b>29.3 %</b>	<b>28.2 %</b>	<b>28.6 %</b>	<b>28.1 %</b>	<b>27.2 %</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)	2017	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	3.4	1.0	5.3	5.7	5.9	7.9	9.6
Depreciation of fixed assets (incl. leases)	1.2	1.2	1.5	1.4	1.2	1.1	1.1
Amortisation of goodwill	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.6	1.6	4.3	5.0	4.4	4.4	4.6
Others	-0.2	1.1	-3.3	3.4	0.1	0.1	0.1
Cash flow from operations before changes in w/c	6.7	4.8	7.8	15.4	11.6	13.5	15.4
Increase/decrease in inventory	0.4	-1.0	1.1	-1.1	-0.3	-0.5	-0.6
Increase/decrease in accounts receivable	-3.7	-1.9	-0.5	4.0	-1.2	-1.8	-2.0
Increase/decrease in accounts payable	1.7	0.1	1.1	-0.6	1.4	0.6	0.6
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	-1.6	-2.8	1.7	2.3	-0.1	-1.8	-2.0
<b>Cash flow from operating activities</b>	<b>5.2</b>	<b>2.0</b>	<b>9.5</b>	<b>17.7</b>	<b>11.5</b>	<b>11.7</b>	<b>13.4</b>
CAPEX	1.3	1.1	1.9	2.4	3.8	5.4	6.6
Payments for acquisitions	7.1	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.3	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-8.2</b>	<b>-1.1</b>	<b>-1.8</b>	<b>-2.4</b>	<b>-3.8</b>	<b>-5.4</b>	<b>-6.6</b>
Cash flow before financing	-3.1	0.9	7.7	15.3	7.7	6.3	6.8
Increase/decrease in debt position	0.0	-0.1	7.6	8.6	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	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Others	0.0	0.1	-10.2	-11.4	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.2	0.1	0.0	-0.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-4.2</b>	<b>-4.2</b>	<b>-6.8</b>	<b>-7.0</b>	<b>-4.2</b>	<b>-4.2</b>	<b>-4.2</b>
Increase/decrease in liquid assets	-7.5	-3.3	1.0	8.1	3.5	2.1	2.6
<b>Liquid assets at end of period</b>	<b>15.7</b>	<b>9.5</b>	<b>10.4</b>	<b>18.5</b>	<b>22.0</b>	<b>24.1</b>	<b>26.7</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Domestic	60.5	62.4	64.6	69.8	73.5	80.8	88.9
yoy change	17.0 %	3.2 %	3.4 %	8.1 %	5.4 %	10.0 %	10.0 %
Rest of Europe	0.0	0.0	0.0	0.0	0.0	1.0	2.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	100.0 %
NAFTA	0.0	0.0	0.0	0.0	0.0	1.0	2.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	100.0 %
Asia Pacific	0.0	0.0	0.0	0.0	0.0	1.0	2.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	100.0 %
Rest of world	23.9	28.1	31.1	37.6	40.2	44.2	48.6
yoy change	17.0 %	17.5 %	10.8 %	20.9 %	7.0 %	10.0 %	10.0 %
<b>TTL</b>	<b>84.4</b>	<b>90.5</b>	<b>95.6</b>	<b>107.3</b>	<b>114.8</b>	<b>126.3</b>	<b>139.0</b>
yoy change	17.0 %	7.3 %	5.7 %	12.2 %	7.0 %	10.0 %	10.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>P&amp;L growth analysis</b>							
Sales growth	17.0 %	7.3 %	5.7 %	12.2 %	7.0 %	10.0 %	10.0 %
EBITDA growth	-36.6 %	-19.5 %	80.2 %	143.0 %	41.5 %	25.6 %	38.6 %
EBIT growth	-61.2 %	-16.0 %	49.8 %	159.4 %	106.9 %	60.2 %	64.1 %
EPS growth	-50.4 %	-71.5 %	448.7 %	488.9 %	11.3 %	39.1 %	64.1 %
<b>Efficiency</b>							
Total operating costs / sales	47.5 %	48.9 %	47.5 %	46.1 %	45.7 %	44.1 %	43.1 %
Sales per employee	148.9	148.0	145.7	153.0	153.8	159.6	166.1
EBITDA per employee	12.1	9.0	15.1	19.1	18.8	21.2	23.3
<b>Balance sheet analysis</b>							
Avg. working capital / sales	11.5 %	14.7 %	15.8 %	12.9 %	12.1 %	10.7 %	10.5 %
Inventory turnover (sales/inventory)	21.2	18.1	24.8	21.7	21.7	21.7	21.7
Trade debtors in days of sales	79.8	82.2	79.9	57.5	57.5	57.5	57.5
A/P turnover [(A/P*365)/sales]	33.5	30.9	37.8	37.8	37.8	37.8	37.8
Cash conversion cycle (days)	83.7	93.2	72.6	63.1	55.6	55.6	55.6
<b>Cash flow analysis</b>							
Free cash flow	3.8	0.9	7.7	15.3	7.7	6.3	6.8
Free cash flow/sales	4.5 %	0.9 %	8.0 %	14.2 %	6.7 %	5.0 %	4.9 %
FCF / net profit	113.6 %	88.6 %	145.4 %	270.1 %	131.3 %	80.2 %	70.6 %
Capex / depre	37.2 %	40.9 %	31.6 %	38.5 %	66.7 %	97.3 %	116.6 %
Capex / maintenance capex	236.2 %	77.7 %	43.6 %	75.7 %	120.0 %	175.2 %	209.9 %
Capex / sales	1.6 %	1.3 %	1.9 %	2.3 %	3.3 %	4.3 %	4.8 %
<b>Security</b>							
Net debt	-14.6	-8.3	-1.7	-1.3	-4.8	-6.9	-9.4
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Interest cover	16.2	33.8	37.5	57.9	64.7	78.8	87.7
Dividend payout ratio	125.0 %	438.0 %	79.8 %	74.4 %	71.7 %	53.5 %	43.7 %
<b>Asset utilisation</b>							
Capital employed turnover	1.2	1.3	1.3	1.3	1.3	1.4	1.5
Operating assets turnover	6.2	5.2	3.7	3.3	3.3	3.1	3.0
Plant turnover	37.8	42.0	8.9	5.4	5.2	4.9	4.6
Inventory turnover (sales/inventory)	21.2	18.1	24.8	21.7	21.7	21.7	21.7
<b>Returns</b>							
ROCE	4.6 %	3.9 %	5.7 %	9.3 %	10.5 %	13.0 %	15.3 %
ROE	5.3 %	1.6 %	8.8 %	9.2 %	9.3 %	11.7 %	13.3 %
<b>Other</b>							
Interest paid / avg. debt	17.0 %	7.0 %	2.2 %	1.3 %	1.0 %	0.8 %	0.9 %
No. employees (average)	567	612	657	702	747	792	837
Number of shares	10.5	10.5	10.5	10.5	10.5	10.5	10.5
DPS	0.4	0.4	0.4	0.4	0.4	0.4	0.4
EPS reported	0.32	0.09	0.50	0.54	0.56	0.75	0.92
<b>Valuation ratios</b>							
P/BV	4.2	4.4	4.4	4.2	4.1	3.9	3.6
EV/sales	3.0	2.8	2.7	2.4	2.3	2.0	1.8
EV/EBITDA	36.5	46.5	26.4	19.6	18.4	15.3	13.1
EV/EBITA	44.1	58.9	31.2	21.8	20.2	16.4	13.8
EV/EBIT	77.5	94.6	64.5	37.3	30.8	22.8	18.5
EV/FCF	65.3	300.8	34.1	17.1	33.6	40.7	37.4
Adjusted FCF yield	2.6 %	0.9 %	3.1 %	3.4 %	3.4 %	4.2 %	4.9 %
Dividend yield	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %

Source: Company data, Hauck & Aufhäuser

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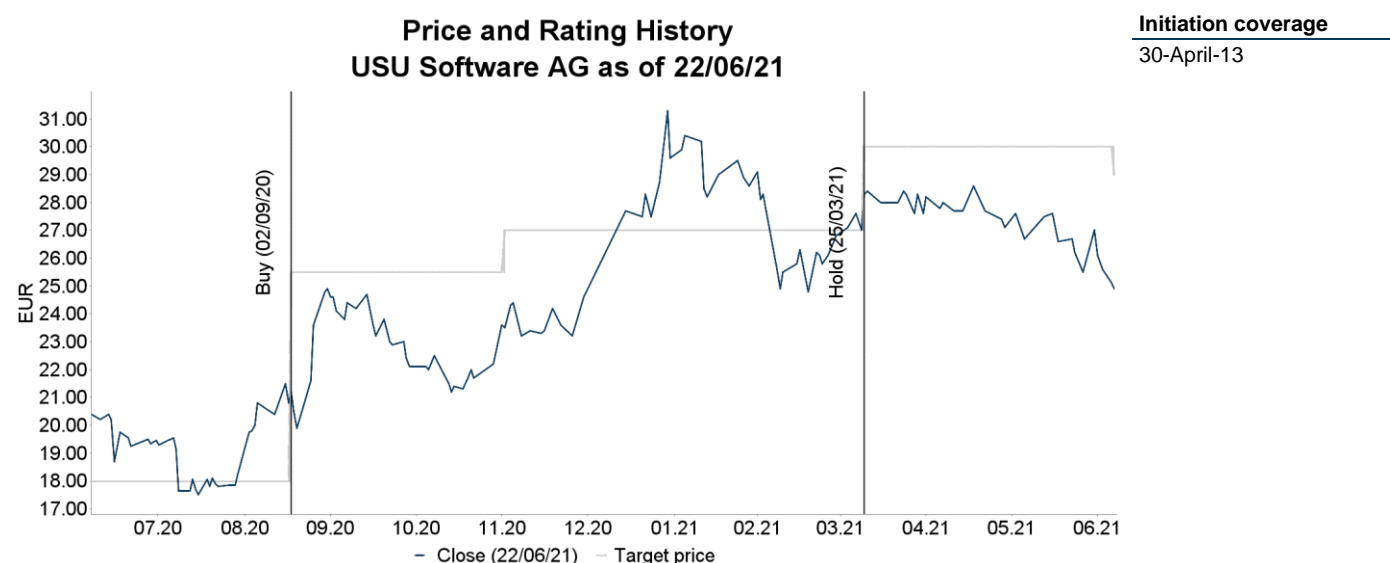
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Company	Disclosure
USU Software AG	2

**Historical target price and rating changes for USU Software AG in the last 12 months**



Company	Date	Analyst	Rating	Target price	Close
USU Software AG	26.03.2021	Bentlage, Simon	Hold	EUR 30.00	EUR 28.40
	17.11.2020	Bentlage, Simon	Buy	EUR 27.00	EUR 23.50
	02.09.2020	Bentlage, Simon	Buy	EUR 25.50	EUR 21.20

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