

# Aktie

## Kompakt

LBBW Research | Corporates

## USU

- Gaining steam again in Q2
- Forecasts confirmed
- Price target lowered, rating confirmed

**USU managed to gather momentum in Q2. The double-digit growth rates in both its product and service divisions contributed to the higher revenue.**

- In Germany, USU also benefited from continued high demand from the public sector. We view the increased revenue in its international business as positive.
- A key component of the growth strategy is repositioning the product portfolio under the label "ONE USU", which has completed. USU hopes to expand further abroad, in particular. The 2022 targets for revenue and earnings were confirmed.
- The further increase in order backlog of EUR 78m reflects the high demand for USU's range of solutions. USU is also increasingly winning larger deals, which is contributing to the rising order backlog. The medium-term targets – annual organic sales growth of 10%; operating margin (EBITDA) of 16% to 18% by 2024 – have been confirmed.
- We have raised our forecasts, but they are more than offset by the higher discount factor used in our DCF valuation. That reduces our price target to EUR 24.5. We are confirming our Buy rating.

### Opportunities

Multi-award-winning software applications

International expansion, sound balance sheet ratios

Share buyback program announced

### Threats

Strong SaaS growth holding back margin development

Major orders create higher volatility during the year

Low free float market capitalization

**RATING**  
**BUY**  
(UNCHANGED)

**TARGETPRICE**  
**24.50 EUR**  
(25.50 EUR)



Reuters: OSPGk

Bloomberg: OSP2 GY

<b>CURRENT PRICE</b>	<b>17.85 EUR</b>
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(XETRA; 2022-09-14; 02:50 PM)

CLOSE PRICE (2022-09-13)	17.90 EUR
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EXPECTED PERFORMANCE	36.9 %
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MARKET CAPITALIZATION	188 m EUR
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INDEX (WEIGHT)	CDAX (0.01 %)
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ISIN / WKN	DE000A0BVU28 / A0BVU2
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SECTOR	Software
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#### Key figures

Company figures in m EUR,  
per share data in EUR

	2021	2022E	2023E
Sales	112	124	136
EBITDA	14	15	19
EPS adjusted	0.68	0.74	1.00
Dividend	0.50	0.50	0.55
P / E adjusted	35.8	24.3	18.0
Dividend yield	2.1 %	2.8 %	3.1 %

Source: USU, Refinitiv, LBBW Research

**Analyst: Mirko Maier**  
Senior Investment Analyst

COMPLETION: 2022-09-21 12:51

FIRST DISSEMINATION: 2022-09-21 15:09

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## Company profile.

USU is the largest European provider of software and service solutions for IT and customer service management with over 1,200 international customers. The balance sheet is characterized by a high equity ratio, no liabilities to banks and high net liquidity. Founder Udo Strehl is the majority owner of the company with a share of just over 50%.

## Business Update.

**Gaining steam again in Q2:** Following the 8.8% y-o-y growth in revenue in Q1, USU accelerated its pace of growth to 14.9% in Q2. The consolidated revenue of EUR 30.7m consisted of EUR 22.2m (+15.2%) from the company's product business and EUR 8.5m (+14.1%) from its service activities. Boosted by public sector demand, domestic revenue soared by an above-average rate of 17.7%. However, the company's international business also increased this time, growing by +6.3%. Operating earnings (EBITDA), which climbed by +9.4% to EUR 3.8m, failed to mimic the growth in revenue. The reasons for that are the increased use of freelancers, which resulted in a lower gross profit margin (-90 bp) and higher administrative expenses (+17.4%).

**Forecasts confirmed:** USU is still aiming for revenue of EUR 120m to EUR 125m and EBITDA of EUR14.5m to EUR 16.0m in 2022. With a product portfolio that helps increase IT efficiency, we consider the forecasts easily achievable despite the economic storm brewing on the horizon. Considering the 6M revenue (+12%) and EBITDA (+9%) results, we have raised our assumptions somewhat and are predicting an outcome near the upper end of the guidance.

**Price target lowered, rating confirmed:** The more positive forecasts are offset by a higher discount factor. Based on our DCF valuation, that produces a lower price target of EUR 24.5. We are confirming our Buy rating.

# USU

Headquarters:  
Möglingen (DE)

Number of employees: 734  
[www.usu.de](http://www.usu.de)



## +18%

### Domestic revenue in Q2

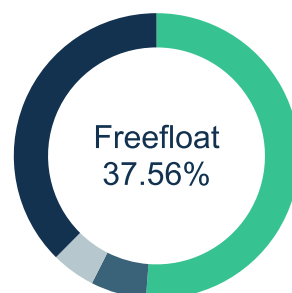
## Next Events:

Quarterly report  
2022-11-24

## Price performance and shareholder structure.



Source: USU, Refinitiv, LBBW Research



- Udo Strehl (51.18%)
- MainFirst SICAV (6.29%)
- Peter Scheuffer (4.97%)

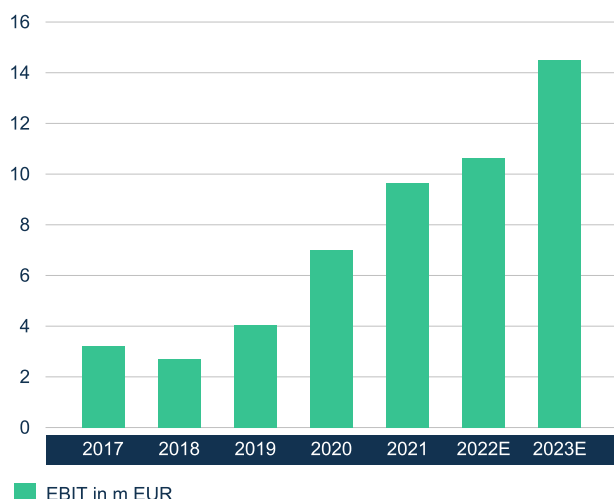
# Key data.

(Company figures in m EUR, per share data in EUR)

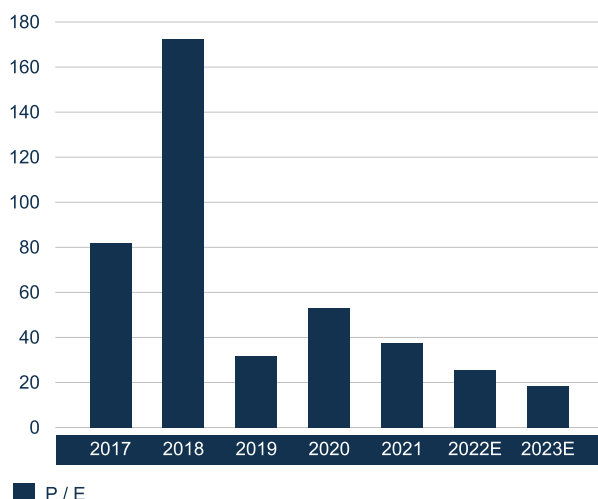
	2017	2018	2019	2020	2021	2022E	2023E
<b>PROFIT AND LOSS STATEMENT (DEC 31)</b>							
Sales	84	90	96	107	112	124	136
EBITDA	7	6	10	13	14	15	19
EBIT	3	3	4	7	10	11	14
Earnings before taxes (EBT)	3	3	4	7	10	11	15
Net profit	3	1	5	5	7	7	10
EPS adjusted	0.58	0.18	0.70	0.72	0.68	0.74	1.00
Dividend	0.40	0.40	0.40	0.40	0.50	0.50	0.55
<b>GROWTH YOY</b>							
Sales	n.a.	7.3 %	5.7 %	12.2 %	4.3 %	11.1 %	9.5 %
EBITDA	n.a.	-16.0 %	49.8 %	73.2 %	37.7 %	10.0 %	36.3 %
EBIT	n.a.	-32.7 %	50.9 %	48.5 %	10.2 %	9.6 %	34.6 %
Earnings before taxes (EBT)	n.a.	-9.7 %	44.1 %	67.9 %	43.1 %	9.3 %	36.9 %
EPS adjusted	n.a.	-68.4 %	281.7 %	3.6 %	-6.4 %	8.9 %	35.2 %
Dividend	n.a.	0.0 %	0.0 %	0.0 %	25.0 %	0.0 %	10.0 %
<b>MARGINS</b>							
EBITDA margin	8.1 %	6.1 %	10.4 %	12.5 %	12.9 %	12.5 %	14.3 %
EBIT margin	7.3 %	4.6 %	6.5 %	8.6 %	9.1 %	9.0 %	11.0 %
Earnings before taxes (EBT)	3.7 %	3.1 %	4.2 %	6.3 %	8.7 %	8.6 %	10.7 %
Net profit margin	4.0 %	1.1 %	5.5 %	5.1 %	6.0 %	5.9 %	7.4 %
<b>VALUATION RATIOS</b>							
Enterprise value / Revenue	3.1	1.7	1.6	2.6	2.0	1.4	1.2
Enterprise value / EBITDA	38.0	28.5	15.6	20.5	15.7	10.9	8.7
Enterprise value / EBIT	80.7	58.1	38.1	39.0	23.3	15.8	11.6
Price-To-Earnings ratio (P / E ratio)	45.3	86.2	22.7	38.3	35.8	24.3	18.0
Price-To-Book ratio (P / B ratio)	4.4	2.8	2.8	4.7	4.0	2.8	2.7
Dividend yield	1.5 %	2.5 %	2.5 %	1.4 %	2.1 %	2.8 %	3.1 %

Source: USU, Refinitiv, LBBW Research

## Key figures.



## Valuation.



# Disclaimer.



LBBW Research Rating Systematics (absolute share rating system)

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Buy: Based on a time horizon up to 12 months, we recommend that investors buy the stock.

Sell: Based on a time horizon up to 12 months, we recommend that investors sell the stock

Hold: 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.

Under review: The rating is currently updated.

Suspended: The evaluation of the company is currently not feasible.

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Date	Recommendation
2020-05-27	Buy

Date	Target price
2022-09-14	24.50 EUR
2022-05-20	25.50 EUR
2022-03-01	27.50 EUR
2021-11-19	31.50 EUR
2021-02-18	32.50 EUR