

**Buy** (old: Buy)

**Price target: EUR 27.00** (old: EUR 25.50)

**Price:** EUR 23.60    **Next result:** FY'20 tba  
**Bloomberg:** OSP2 GR    **Market cap:** EUR 248.4 m  
**Reuters:** OSPGk.DE    **Enterprise Value:** EUR 243.5 m

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### Q3 growth dynamics look set to carry on; chg est. & PT

**Topic:** USU reported solid Q3 figures underpinning high demand for its products.

- **Q3 sales were up +8% yoy to € 26m** (eH&A € 27m). While the product business grew by only 1% yoy to € 18.7m in Q3, group growth was primarily driven by the service business (+33% yoy to € 7m).
- **The adj. EBIT margin decreased from 9.2% in Q3'19 to 5%, i.e. € 1.3m adj. EBIT in Q3** (eH&A € 2m). This was driven by a mix shift towards lower margin service sales as well as an increased share of SaaS contracts (monthly payments) vs. perpetual licenses (full amount paid up front). In fact, according to management currently 50% of all new contracts are SaaS contracts, up from 30% on average in previous years. In Q3, 31% of sales came from Maintenance and SaaS contracts, i.e. recurring revenue.

**For Q4, USU expects merely “positive sales growth yoy” and a “positive adj. EBIT”** (eH&A Q4 sales +9% yoy at € 29m, adj. EBIT € 1.3m, 5% margin). In light of the 13% yoy sales growth and € 5.2m adj. EBIT in 9M, this outlook appears conservative and USU is seen to reach its targets. This view is underpinned by:

- **Record order backlog as of Q3 amounting to € 60m** (+17.6% yoy) and indicating that the positive trajectory should carry into Q4 and 2021E despite the renewed lockdowns.
- **Strong demand momentum:** USU already announced several deals during Q4. In October, USU announced to have signed a deal for Aspera, USU's license management software, with a Canadian finance company over € 1m. Further, a French industrial company signed a three year contract for Aspera, which should have a similar volume (eH&A). On top, USU's knowledge software unymira is seeing sound demand in Germany as well as abroad, evidenced by recent customer wins such as Town & Country or the US Highway Authority E-470.
- **Service revenue growth** is seen to remain strong despite the renewed lockdowns, on the back of longer term contracts in generally resilient verticals. In fact, 80% of sales stem from the telco, pharma and insurance industry as well as the public sector.

Given the higher share of SaaS contracts, short term profitability estimates are reduced, while long run estimates are increased. Remains a **BUY** with new **PT of € 27** (DCF).

| Y/E 31.12 (EUR m)   | 2016    | 2017    | 2018    | 2019   | 2020E   | 2021E   | 2022E   |
|---------------------|---------|---------|---------|--------|---------|---------|---------|
| Sales               | 72.1    | 84.4    | 90.5    | 95.6   | 107.1   | 120.0   | 134.4   |
| Sales growth        | 9 %     | 17 %    | 7 %     | 6 %    | 12 %    | 12 %    | 12 %    |
| EBITDA              | 10.8    | 6.8     | 5.5     | 9.9    | 10.8    | 13.7    | 17.7    |
| EBIT                | 8.3     | 3.2     | 2.7     | 4.1    | 5.8     | 8.5     | 11.6    |
| Net income          | 6.8     | 3.4     | 1.0     | 5.3    | 5.2     | 7.7     | 10.4    |
| Net debt            | -23.2   | -14.6   | -8.3    | -4.5   | -6.1    | -8.4    | -12.4   |
| Net gearing         | -36.4 % | -23.1 % | -14.0 % | -7.6 % | -10.0 % | -13.0 % | -17.6 % |
| Net Debt/EBITDA     | 0.0     | 0.0     | 0.0     | 0.0    | 0.0     | 0.0     | 0.0     |
| EPS pro forma       | 0.76    | 0.68    | 0.18    | 0.70   | 0.57    | 0.80    | 1.06    |
| CPS                 | 0.39    | 0.44    | 0.06    | 0.63   | 0.51    | 0.71    | 1.00    |
| DPS                 | 0.40    | 0.40    | 0.40    | 0.40   | 0.40    | 0.40    | 0.40    |
| Dividend yield      | 1.7 %   | 1.7 %   | 1.7 %   | 1.7 %  | 1.7 %   | 1.7 %   | 1.7 %   |
| Gross profit margin | 55.2 %  | 54.0 %  | 51.9 %  | 51.7 % | 52.0 %  | 53.0 %  | 53.0 %  |
| EBITDA margin       | 15.0 %  | 8.1 %   | 6.1 %   | 10.4 % | 10.1 %  | 11.4 %  | 13.2 %  |
| EBIT margin         | 11.5 %  | 3.8 %   | 3.0 %   | 4.2 %  | 5.4 %   | 7.1 %   | 8.6 %   |
| ROCE                | 12.4 %  | 4.6 %   | 3.9 %   | 5.9 %  | 8.3 %   | 11.6 %  | 15.1 %  |
| EV/sales            | 3.2     | 2.8     | 2.7     | 2.6    | 2.3     | 2.0     | 1.8     |
| EV/EBITDA           | 21.1    | 34.5    | 44.0    | 24.7   | 22.5    | 17.6    | 13.4    |
| EV/EBIT             | 27.4    | 73.2    | 89.5    | 60.4   | 42.1    | 28.3    | 20.5    |
| PER                 | 31.1    | 34.7    | 129.2   | 33.8   | 41.7    | 29.5    | 22.3    |
| Adjusted FCF yield  | 3.5 %   | 2.8 %   | 0.9 %   | 3.4 %  | 3.2 %   | 4.3 %   | 5.7 %   |

Source: Company data, Hauck & Aufhäuser Close price as of: 16.11.2020



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 24.90 / 10.80  
**Price/Book Ratio:** 4.1  
**Relative performance (SDAX):**  
3 months 17.5 %  
6 months 28.1 %  
12 months 26.2 %

#### Changes in estimates

|      |      | Sales | EBIT  | EPS   |
|------|------|-------|-------|-------|
| 2020 | old: | 107.1 | 6.2   | 0.60  |
|      | Δ    | -     | -6.9% | -6.1% |
| 2021 | old: | 120.0 | 8.5   | 0.80  |
|      | Δ    | -     | -     | -     |
| 2022 | old: | 134.4 | 10.7  | 0.99  |
|      | Δ    | -     | 7.5%  | 7.0%  |

#### Key share data:

Number of shares: (in m pcs) 10.5  
Authorised capital: (in € m) 0.0  
Book value per share: (in €) 5.8  
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)                                   | 2016        | 2017        | 2018        | 2019        | 2020E        | 2021E        | 2022E        |
|---|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| <b>Sales</b>  | <b>72.1</b> | <b>84.4</b> | <b>90.5</b> | <b>95.6</b> | <b>107.1</b> | <b>120.0</b> | <b>134.4</b> |
| <i>Sales growth</i>                                       | 9.1 %       | 17.0 %      | 7.3 %       | 5.7 %       | 12.0 %       | 12.0 %       | 12.0 %       |
| Cost of sales   | 32.3        | 38.8        | 43.6        | 46.2        | 51.4         | 56.4         | 63.1         |
| <b>Gross profit</b>                                       | <b>39.8</b> | <b>45.5</b> | <b>46.9</b> | <b>49.5</b> | <b>55.7</b>  | <b>63.6</b>  | <b>71.2</b>  |
| Sales and marketing                                       | 13.3        | 17.2        | 18.8        | 18.9        | 19.8         | 22.8         | 25.5         |
| General and administration                                | 6.7         | 9.3         | 10.6        | 12.2        | 14.4         | 14.6         | 14.8         |
| Research and development                                  | 11.3        | 13.8        | 15.3        | 15.8        | 16.9         | 19.0         | 20.8         |
| Other operating income                                    | 1.3         | 1.0         | 1.2         | 1.9         | 1.8          | 2.0          | 2.3          |
| Other operating expenses                                  | 0.2         | 0.7         | 0.7         | 0.5         | 0.6          | 0.7          | 0.8          |
| Unusual or infrequent items                               | -1.2        | -2.2        | 0.0         | 0.0         | 0.0          | 0.0          | 0.0          |
| <b>EBITDA</b>   | <b>10.8</b> | <b>6.8</b>  | <b>5.5</b>  | <b>9.9</b>  | <b>10.8</b>  | <b>13.7</b>  | <b>17.7</b>  |
| Depreciation  | 1.0         | 1.2         | 1.2         | 1.5         | 1.4          | 1.2          | 1.1          |
| <b>EBITA</b>  | <b>9.7</b>  | <b>5.7</b>  | <b>4.3</b>  | <b>8.4</b>  | <b>9.5</b>   | <b>12.5</b>  | <b>16.6</b>  |
| Amortisation of goodwill                                  | 0.0         | 0.8         | 0.0         | 0.0         | 0.0          | 0.0          | 0.0          |
| Amortisation of intangible assets                         | 1.4         | 1.6         | 1.6         | 4.3         | 3.7          | 3.9          | 5.1          |
| Impairment charges  | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          | 0.0          |
| <b>EBIT (inc revaluation net)</b>                         | <b>8.3</b>  | <b>3.2</b>  | <b>2.7</b>  | <b>4.1</b>  | <b>5.8</b>   | <b>8.5</b>   | <b>11.6</b>  |
| Interest income   | 0.3         | 0.1         | 0.2         | 0.1         | 0.1          | 0.1          | 0.1          |
| Interest expenses   | 0.3         | 0.2         | 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  | 0.0         | -0.1        | 0.1         | 0.0         | 0.0          | 0.0          | 0.0          |
| <b>Recurring pretax income from continuing operations</b> | <b>8.3</b>  | <b>3.1</b>  | <b>2.8</b>  | <b>4.0</b>  | <b>5.8</b>   | <b>8.5</b>   | <b>11.5</b>  |
| Extraordinary income/loss                                 | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          | 0.0          |
| <b>Earnings before taxes</b>                              | <b>8.3</b>  | <b>3.1</b>  | <b>2.8</b>  | <b>4.0</b>  | <b>5.8</b>   | <b>8.5</b>   | <b>11.5</b>  |
| Taxes   | 1.5         | -0.3        | 1.9         | -1.2        | 0.6          | 0.9          | 1.2          |
| <b>Net income from continuing operations</b>              | <b>6.8</b>  | <b>3.4</b>  | <b>1.0</b>  | <b>5.3</b>  | <b>5.2</b>   | <b>7.7</b>   | <b>10.4</b>  |
| Result from discontinued operations (net of tax)          | 1.2         | 3.8         | 1.0         | 2.1         | 0.8          | 0.8          | 0.8          |
| <b>Net income</b>   | <b>6.8</b>  | <b>3.4</b>  | <b>1.0</b>  | <b>5.3</b>  | <b>5.2</b>   | <b>7.7</b>   | <b>10.4</b>  |
| Minority interest   | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          | 0.0          |
| <b>Net profit (reported)</b>                              | <b>6.8</b>  | <b>3.4</b>  | <b>1.0</b>  | <b>5.3</b>  | <b>5.2</b>   | <b>7.7</b>   | <b>10.4</b>  |
| Average number of shares                                  | 10.5        | 10.5        | 10.5        | 10.5        | 10.5         | 10.5         | 10.5         |
| <b>EPS reported</b>                                       | <b>0.64</b> | <b>0.32</b> | <b>0.09</b> | <b>0.50</b> | <b>0.49</b>  | <b>0.73</b>  | <b>0.99</b>  |

| Profit and loss (common size)                             | 2016           | 2017           | 2018           | 2019           | 2020E          | 2021E          | 2022E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <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   | 44.8 %         | 46.0 %         | 48.1 %         | 48.3 %         | 48.0 %         | 47.0 %         | 47.0 %         |
| <b>Gross profit</b>                                       | <b>55.2 %</b>  | <b>54.0 %</b>  | <b>51.9 %</b>  | <b>51.7 %</b>  | <b>52.0 %</b>  | <b>53.0 %</b>  | <b>53.0 %</b>  |
| Sales and marketing                                       | 18.5 %         | 20.4 %         | 20.8 %         | 19.7 %         | 18.5 %         | 19.0 %         | 19.0 %         |
| General and administration                                | 9.3 %          | 11.1 %         | 11.7 %         | 12.7 %         | 13.4 %         | 12.2 %         | 11.0 %         |
| Research and development                                  | 15.6 %         | 16.4 %         | 16.9 %         | 16.5 %         | 15.8 %         | 15.8 %         | 15.5 %         |
| Other operating income                                    | 1.7 %          | 1.2 %          | 1.3 %          | 2.0 %          | 1.7 %          | 1.7 %          | 1.7 %          |
| Other operating expenses                                  | 0.3 %          | 0.9 %          | 0.7 %          | 0.5 %          | 0.6 %          | 0.6 %          | 0.6 %          |
| Unusual or infrequent items                               | neg.           | neg.           | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>EBITDA</b>   | <b>15.0 %</b>  | <b>8.1 %</b>   | <b>6.1 %</b>   | <b>10.4 %</b>  | <b>10.1 %</b>  | <b>11.4 %</b>  | <b>13.2 %</b>  |
| Depreciation  | 1.4 %          | 1.4 %          | 1.3 %          | 1.6 %          | 1.3 %          | 1.0 %          | 0.8 %          |
| <b>EBITA</b>  | <b>13.5 %</b>  | <b>6.7 %</b>   | <b>4.8 %</b>   | <b>8.8 %</b>   | <b>8.8 %</b>   | <b>10.4 %</b>  | <b>12.4 %</b>  |
| Amortisation of goodwill                                  | 0.0 %          | 0.9 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Amortisation of intangible assets                         | 2.0 %          | 2.0 %          | 1.8 %          | 4.5 %          | 3.4 %          | 3.3 %          | 3.8 %          |
| Impairment charges  | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>EBIT (inc revaluation net)</b>                         | <b>11.5 %</b>  | <b>3.8 %</b>   | <b>3.0 %</b>   | <b>4.2 %</b>   | <b>5.4 %</b>   | <b>7.1 %</b>   | <b>8.6 %</b>   |
| Interest income   | 0.4 %          | 0.1 %          | 0.2 %          | 0.1 %          | 0.1 %          | 0.1 %          | 0.1 %          |
| Interest expenses   | 0.4 %          | 0.2 %          | 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  | 0.0 %          | neg.           | 0.1 %          | neg.           | neg.           | neg.           | neg.           |
| <b>Recurring pretax income from continuing operations</b> | <b>11.5 %</b>  | <b>3.7 %</b>   | <b>3.1 %</b>   | <b>4.2 %</b>   | <b>5.4 %</b>   | <b>7.1 %</b>   | <b>8.6 %</b>   |
| Extraordinary income/loss                                 | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>Earnings before taxes</b>                              | <b>11.5 %</b>  | <b>3.7 %</b>   | <b>3.1 %</b>   | <b>4.2 %</b>   | <b>5.4 %</b>   | <b>7.1 %</b>   | <b>8.6 %</b>   |
| Tax rate  | 18.4 %         | -8.2 %         | 65.8 %         | -30.2 %        | 10.0 %         | 10.0 %         | 10.0 %         |
| <b>Net income from continuing operations</b>              | <b>9.4 %</b>   | <b>4.0 %</b>   | <b>1.1 %</b>   | <b>5.5 %</b>   | <b>4.9 %</b>   | <b>6.4 %</b>   | <b>7.7 %</b>   |
| Result from discontinued operations (net of tax)          | 1.7 %          | 4.5 %          | 1.1 %          | 2.2 %          | 0.7 %          | 0.6 %          | 0.6 %          |
| <b>Net income</b>   | <b>9.4 %</b>   | <b>4.0 %</b>   | <b>1.1 %</b>   | <b>5.5 %</b>   | <b>4.9 %</b>   | <b>6.4 %</b>   | <b>7.7 %</b>   |
| Minority interest   | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>Net profit (reported)</b>                              | <b>9.4 %</b>   | <b>4.0 %</b>   | <b>1.1 %</b>   | <b>5.5 %</b>   | <b>4.9 %</b>   | <b>6.4 %</b>   | <b>7.7 %</b>   |

Source: Company data, Hauck & Aufhäuser

| Balance sheet (EUR m)                                     | 2016        | 2017        | 2018        | 2019         | 2020E        | 2021E        | 2022E        |
|---|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| <b>Intangible assets</b>                                  | <b>41.0</b> | <b>49.7</b> | <b>48.1</b> | <b>46.3</b>  | <b>43.7</b>  | <b>41.6</b>  | <b>39.2</b>  |
| Property, plant and equipment                             | 2.1         | 2.2         | 2.2         | 10.8         | 10.5         | 11.0         | 12.6         |
| Financial assets  | 0.0         | 0.7         | 0.8         | 0.8          | 0.8          | 0.8          | 0.8          |
| <b>FIXED ASSETS</b>                                       | <b>43.1</b> | <b>52.6</b> | <b>51.0</b> | <b>57.9</b>  | <b>55.0</b>  | <b>53.4</b>  | <b>52.6</b>  |
| Inventories   | 4.4         | 4.0         | 5.0         | 3.9          | 4.3          | 4.8          | 5.4          |
| Accounts receivable                                       | 14.8        | 18.5        | 20.4        | 20.9         | 23.4         | 26.3         | 29.4         |
| Other current assets                                      | 1.6         | 1.5         | 1.9         | 0.9          | 0.9          | 0.9          | 0.9          |
| Liquid assets   | 23.2        | 15.7        | 9.5         | 10.4         | 11.9         | 14.2         | 18.3         |
| Deferred taxes  | 3.8         | 5.9         | 5.9         | 8.8          | 8.8          | 8.8          | 8.8          |
| Deferred charges and prepaid expenses                     | 1.0         | 1.3         | 1.4         | 1.7          | 1.7          | 1.7          | 1.7          |
| <b>CURRENT ASSETS</b>                                     | <b>48.8</b> | <b>46.8</b> | <b>44.1</b> | <b>46.5</b>  | <b>51.0</b>  | <b>56.6</b>  | <b>64.4</b>  |
| <b>TOTAL ASSETS</b>                                       | <b>91.9</b> | <b>99.4</b> | <b>95.1</b> | <b>104.5</b> | <b>106.1</b> | <b>110.1</b> | <b>117.0</b> |
| SHAREHOLDERS EQUITY                                       | 63.6        | 63.0        | 59.7        | 59.9         | 60.9         | 64.4         | 70.5         |
| MINORITY INTEREST   | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          |
| Long-term debt  | 0.0         | 0.3         | 0.3         | 5.8          | 5.8          | 5.8          | 5.8          |
| Provisions for pensions and similar obligations           | 2.3         | 2.2         | 2.3         | 1.2          | 1.3          | 1.3          | 1.4          |
| Other provisions  | 2.7         | 4.6         | 4.0         | 3.8          | 3.8          | 3.8          | 3.8          |
| <b>Non-current liabilities</b>                            | <b>5.0</b>  | <b>7.1</b>  | <b>6.6</b>  | <b>10.8</b>  | <b>10.9</b>  | <b>10.9</b>  | <b>11.0</b>  |
| short-term liabilities to banks                           | 0.0         | 0.9         | 0.9         | 0.1          | 0.1          | 0.1          | 0.1          |
| Accounts payable  | 1.9         | 3.6         | 3.7         | 4.8          | 5.3          | 5.8          | 6.5          |
| Advance payments received on orders                       | 9.3         | 7.5         | 6.6         | 5.0          | 5.0          | 5.0          | 5.0          |
| Other liabilities (incl. from lease and rental contracts) | 6.2         | 7.4         | 7.6         | 10.5         | 10.5         | 10.5         | 10.5         |
| Deferred taxes  | 0.0         | 2.5         | 2.2         | 2.9          | 2.9          | 2.9          | 2.9          |
| Deferred income   | 6.0         | 7.5         | 8.0         | 10.5         | 10.5         | 10.5         | 10.5         |
| <b>Current liabilities</b>                                | <b>23.3</b> | <b>29.3</b> | <b>28.9</b> | <b>33.7</b>  | <b>34.3</b>  | <b>34.8</b>  | <b>35.5</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>          | <b>91.9</b> | <b>99.4</b> | <b>95.1</b> | <b>104.5</b> | <b>106.1</b> | <b>110.1</b> | <b>117.0</b> |

| Balance sheet (common size)                               | 2016           | 2017           | 2018           | 2019           | 2020E          | 2021E          | 2022E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Intangible assets</b>                                  | <b>44.6 %</b>  | <b>50.0 %</b>  | <b>50.5 %</b>  | <b>44.4 %</b>  | <b>41.2 %</b>  | <b>37.8 %</b>  | <b>33.5 %</b>  |
| Property, plant and equipment                             | 2.3 %          | 2.2 %          | 2.3 %          | 10.3 %         | 9.9 %          | 10.0 %         | 10.8 %         |
| Financial assets  | 0.0 %          | 0.7 %          | 0.8 %          | 0.8 %          | 0.8 %          | 0.8 %          | 0.7 %          |
| <b>FIXED ASSETS</b>                                       | <b>46.9 %</b>  | <b>52.9 %</b>  | <b>53.6 %</b>  | <b>55.5 %</b>  | <b>51.9 %</b>  | <b>48.5 %</b>  | <b>45.0 %</b>  |
| Inventories   | 4.8 %          | 4.0 %          | 5.2 %          | 3.7 %          | 4.1 %          | 4.4 %          | 4.6 %          |
| Accounts receivable                                       | 16.1 %         | 18.6 %         | 21.4 %         | 20.0 %         | 22.1 %         | 23.8 %         | 25.1 %         |
| Other current assets                                      | 1.8 %          | 1.5 %          | 2.0 %          | 0.8 %          | 0.8 %          | 0.8 %          | 0.7 %          |
| Liquid assets   | 25.2 %         | 15.8 %         | 9.9 %          | 10.0 %         | 11.3 %         | 12.9 %         | 15.6 %         |
| Deferred taxes  | 4.1 %          | 5.9 %          | 6.2 %          | 8.4 %          | 8.3 %          | 8.0 %          | 7.5 %          |
| Deferred charges and prepaid expenses                     | 1.1 %          | 1.3 %          | 1.5 %          | 1.6 %          | 1.6 %          | 1.5 %          | 1.4 %          |
| <b>CURRENT ASSETS</b>                                     | <b>53.1 %</b>  | <b>47.1 %</b>  | <b>46.4 %</b>  | <b>44.5 %</b>  | <b>48.1 %</b>  | <b>51.5 %</b>  | <b>55.0 %</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                                       | 69.2 %         | 63.4 %         | 62.7 %         | 57.4 %         | 57.4 %         | 58.5 %         | 60.3 %         |
| MINORITY INTEREST   | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Long-term debt  | 0.0 %          | 0.3 %          | 0.3 %          | 5.5 %          | 5.4 %          | 5.2 %          | 4.9 %          |
| Provisions for pensions and similar obligations           | 2.5 %          | 2.2 %          | 2.4 %          | 1.2 %          | 1.2 %          | 1.2 %          | 1.2 %          |
| Other provisions  | 2.9 %          | 4.7 %          | 4.2 %          | 3.7 %          | 3.6 %          | 3.5 %          | 3.3 %          |
| <b>Non-current liabilities</b>                            | <b>5.4 %</b>   | <b>7.1 %</b>   | <b>6.9 %</b>   | <b>10.4 %</b>  | <b>10.3 %</b>  | <b>9.9 %</b>   | <b>9.4 %</b>   |
| short-term liabilities to banks                           | 0.0 %          | 0.9 %          | 0.9 %          | 0.1 %          | 0.1 %          | 0.1 %          | 0.1 %          |
| Accounts payable  | 2.0 %          | 3.6 %          | 3.9 %          | 4.6 %          | 5.0 %          | 5.3 %          | 5.6 %          |
| Advance payments received on orders                       | 10.1 %         | 7.5 %          | 6.9 %          | 4.8 %          | 4.7 %          | 4.5 %          | 4.2 %          |
| Other liabilities (incl. from lease and rental contracts) | 6.8 %          | 7.5 %          | 8.0 %          | 10.0 %         | 9.9 %          | 9.5 %          | 9.0 %          |
| Deferred taxes  | 0.0 %          | 2.5 %          | 2.3 %          | 2.8 %          | 2.7 %          | 2.6 %          | 2.5 %          |
| Deferred income   | 6.5 %          | 7.5 %          | 8.5 %          | 10.1 %         | 9.9 %          | 9.5 %          | 9.0 %          |
| <b>Current liabilities</b>                                | <b>25.4 %</b>  | <b>29.5 %</b>  | <b>30.4 %</b>  | <b>32.3 %</b>  | <b>32.3 %</b>  | <b>31.6 %</b>  | <b>30.3 %</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)                          | 2016        | 2017        | 2018        | 2019        | 2020E       | 2021E       | 2022E       |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net profit/loss                                      | 6.8         | 3.4         | 1.0         | 5.3         | 5.2         | 7.7         | 10.4        |
| Depreciation of fixed assets (incl. leases)          | 1.0         | 1.2         | 1.2         | 1.5         | 1.4         | 1.2         | 1.1         |
| Amortisation of goodwill                             | 0.0         | 0.8         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Amortisation of intangible assets                    | 1.4         | 1.6         | 1.6         | 4.3         | 3.7         | 3.9         | 5.1         |
| Others   | -0.2        | -0.2        | 1.1         | -3.3        | 0.1         | 0.1         | 0.1         |
| Cash flow from operations before changes in w/c      | 9.0         | 6.7         | 4.8         | 7.8         | 10.3        | 12.9        | 16.6        |
| Increase/decrease in inventory                       | -1.3        | 0.4         | -1.0        | 1.1         | -0.5        | -0.5        | -0.6        |
| Increase/decrease in accounts receivable             | -2.9        | -3.7        | -1.9        | -0.5        | -2.5        | -2.8        | -3.2        |
| Increase/decrease in accounts payable                | 0.3         | 1.7         | 0.1         | 1.1         | 0.5         | 0.5         | 0.7         |
| 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                 | -3.9        | -1.6        | -2.8        | 1.7         | -2.4        | -2.8        | -3.0        |
| <b>Cash flow from operating activities</b>           | <b>5.1</b>  | <b>5.2</b>  | <b>2.0</b>  | <b>9.5</b>  | <b>7.9</b>  | <b>10.1</b> | <b>13.6</b> |
| CAPEX  | 1.2         | 1.3         | 1.1         | 1.9         | 2.1         | 3.6         | 5.4         |
| Payments for acquisitions                            | 0.0         | 7.1         | 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                          | 0.0         | 0.3         | 0.0         | 0.1         | 0.0         | 0.0         | 0.0         |
| <b>Cash flow from investing activities</b>           | <b>-1.2</b> | <b>-8.2</b> | <b>-1.1</b> | <b>-1.8</b> | <b>-2.1</b> | <b>-3.6</b> | <b>-5.4</b> |
| Cash flow before financing                           | 4.0         | -3.1        | 0.9         | 7.7         | 5.7         | 6.5         | 8.2         |
| Increase/decrease in debt position                   | 0.0         | 0.0         | -0.1        | 4.8         | 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                                       | 3.7         | 4.2         | 4.2         | 4.2         | 4.2         | 4.2         | 4.2         |
| Others   | -0.2        | 0.0         | 0.1         | -7.3        | 0.0         | 0.0         | 0.0         |
| Effects of exchange rate changes on cash             | 0.0         | -0.2        | 0.1         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Cash flow from financing activities</b>           | <b>-3.9</b> | <b>-4.2</b> | <b>-4.2</b> | <b>-6.8</b> | <b>-4.2</b> | <b>-4.2</b> | <b>-4.2</b> |
| Increase/decrease in liquid assets                   | 0.1         | -7.5        | -3.3        | 1.0         | 1.5         | 2.3         | 4.0         |
| <b>Liquid assets at end of period</b>                | <b>23.2</b> | <b>15.7</b> | <b>9.5</b>  | <b>10.4</b> | <b>11.9</b> | <b>14.2</b> | <b>18.3</b> |

Source: Company data, Hauck & Aufhäuser

| Regional split (EUR m) | 2016        | 2017        | 2018        | 2019        | 2020E        | 2021E        | 2022E        |
|------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Domestic               | 51.7        | 60.5        | 62.4        | 64.6        | 69.6         | 76.8         | 86.0         |
| yoy change             | 12.5 %      | 17.0 %      | 3.2 %       | 3.4 %       | 7.9 %        | 10.3 %       | 12.0 %       |
| Rest of Europe         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          | 1.0          |
| yoy change             | n/a         | n/a         | n/a         | n/a         | n/a          | n/a          | n/a          |
| NAFTA                  | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          | 1.0          |
| yoy change             | n/a         | n/a         | n/a         | n/a         | n/a          | n/a          | n/a          |
| Asia Pacific           | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          | 1.0          |
| yoy change             | n/a         | n/a         | n/a         | n/a         | n/a          | n/a          | n/a          |
| Rest of world          | 20.4        | 23.9        | 28.1        | 31.1        | 37.5         | 42.0         | 47.0         |
| yoy change             | 1.2 %       | 17.0 %      | 17.5 %      | 10.8 %      | 20.6 %       | 12.0 %       | 12.0 %       |
| <b>TTL</b>             | <b>72.1</b> | <b>84.4</b> | <b>90.5</b> | <b>95.6</b> | <b>107.1</b> | <b>120.0</b> | <b>134.4</b> |
| yoy change             | 9.1 %       | 17.0 %      | 7.3 %       | 5.7 %       | 12.0 %       | 12.0 %       | 12.0 %       |

Source: Company data, Hauck & Aufhäuser

| Key ratios (EUR m)                   | 2016    | 2017    | 2018    | 2019    | 2020E   | 2021E   | 2022E  |
|--------------------------------------|---------|---------|---------|---------|---------|---------|--------|
| <b>P&amp;L growth analysis</b>       |         |         |         |         |         |         |        |
| Sales growth                         | 9.1 %   | 17.0 %  | 7.3 %   | 5.7 %   | 12.0 %  | 12.0 %  | 12.0 % |
| EBITDA growth                        | 9.2 %   | -36.6 % | -19.5 % | 80.2 %  | 96.9 %  | 38.1 %  | 63.6 % |
| EBIT growth                          | 9.3 %   | -61.2 % | -16.0 % | 49.8 %  | 113.7 % | 110.1 % | 99.8 % |
| EPS growth                           | -19.1 % | -50.4 % | -71.5 % | 448.7 % | 441.2 % | 45.3 %  | 99.8 % |
| <b>Efficiency</b>                    |         |         |         |         |         |         |        |
| Total operating costs / sales        | 42.0 %  | 47.5 %  | 48.9 %  | 47.5 %  | 46.6 %  | 45.9 %  | 44.4 % |
| Sales per employee                   | 138.4   | 148.9   | 148.0   | 145.7   | 152.7   | 160.7   | 169.7  |
| EBITDA per employee                  | 20.7    | 12.1    | 9.0     | 15.1    | 15.5    | 18.4    | 22.4   |
| <b>Balance sheet analysis</b>        |         |         |         |         |         |         |        |
| Avg. working capital / sales         | 8.0 %   | 11.5 %  | 14.7 %  | 15.8 %  | 15.2 %  | 14.7 %  | 15.2 % |
| Inventory turnover (sales/inventory) | 16.4    | 21.2    | 18.1    | 24.8    | 24.8    | 24.8    | 24.8   |
| Trade debtors in days of sales       | 74.7    | 79.8    | 82.2    | 79.9    | 79.9    | 79.9    | 79.9   |
| A/P turnover [(A/P*365)/sales]       | 20.9    | 33.5    | 30.9    | 37.8    | 37.8    | 37.8    | 37.8   |
| Cash conversion cycle (days)         | 103.4   | 83.7    | 93.2    | 72.6    | 72.8    | 73.4    | 73.4   |
| <b>Cash flow analysis</b>            |         |         |         |         |         |         |        |
| Free cash flow                       | 3.9     | 3.8     | 0.9     | 7.6     | 5.7     | 6.5     | 8.2    |
| Free cash flow/sales                 | 5.4 %   | 4.5 %   | 0.9 %   | 8.0 %   | 5.4 %   | 5.4 %   | 6.1 %  |
| FCF / net profit                     | 57.8 %  | 113.6 % | 88.6 %  | 144.2 % | 110.4 % | 84.7 %  | 79.2 % |
| Capex / depre                        | 48.8 %  | 37.2 %  | 40.9 %  | 32.6 %  | 42.4 %  | 69.4 %  | 87.0 % |
| Capex / maintenance capex            | 101.4 % | 236.2 % | 77.7 %  | 32.6 %  | 42.4 %  | 69.4 %  | 87.0 % |
| Capex / sales                        | 1.7 %   | 1.6 %   | 1.3 %   | 2.0 %   | 2.0 %   | 3.0 %   | 4.0 %  |
| <b>Security</b>                      |         |         |         |         |         |         |        |
| Net debt                             | -23.2   | -14.6   | -8.3    | -4.5    | -6.1    | -8.4    | -12.4  |
| 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                       | 31.8    | 16.2    | 33.8    | 37.5    | 47.8    | 62.9    | 76.1   |
| Dividend payout ratio                | 62.1 %  | 125.0 % | 438.0 % | 79.8 %  | 80.9 %  | 54.9 %  | 40.5 % |
| <b>Asset utilisation</b>             |         |         |         |         |         |         |        |
| Capital employed turnover            | 1.1     | 1.2     | 1.3     | 1.4     | 1.5     | 1.6     | 1.6    |
| Operating assets turnover            | 7.1     | 6.2     | 5.2     | 3.7     | 3.8     | 3.8     | 3.7    |
| Plant turnover                       | 33.8    | 37.8    | 42.0    | 8.9     | 10.2    | 10.9    | 10.7   |
| Inventory turnover (sales/inventory) | 16.4    | 21.2    | 18.1    | 24.8    | 24.8    | 24.8    | 24.8   |
| <b>Returns</b>                       |         |         |         |         |         |         |        |
| ROCE                                 | 12.4 %  | 4.6 %   | 3.9 %   | 5.9 %   | 8.3 %   | 11.6 %  | 15.1 % |
| ROE                                  | 10.7 %  | 5.3 %   | 1.6 %   | 8.8 %   | 8.5 %   | 11.9 %  | 14.7 % |
| <b>Other</b>                         |         |         |         |         |         |         |        |
| Interest paid / avg. debt            | n/a     | 17.0 %  | 7.0 %   | 3.1 %   | 3.5 %   | 2.3 %   | 2.6 %  |
| No. employees (average)              | 521     | 567     | 612     | 657     | 702     | 747     | 792    |
| 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                         | 0.64    | 0.32    | 0.09    | 0.50    | 0.49    | 0.73    | 0.99   |
| <b>Valuation ratios</b>              |         |         |         |         |         |         |        |
| P/BV                                 | 3.9     | 3.9     | 4.2     | 4.1     | 4.1     | 3.9     | 3.5    |
| EV/sales                             | 3.2     | 2.8     | 2.7     | 2.6     | 2.3     | 2.0     | 1.8    |
| EV/EBITDA                            | 21.1    | 34.5    | 44.0    | 24.7    | 22.5    | 17.6    | 13.4   |
| EV/EBITA                             | 23.4    | 41.6    | 55.7    | 29.2    | 25.7    | 19.4    | 14.3   |
| EV/EBIT                              | 27.4    | 73.2    | 89.5    | 60.4    | 42.1    | 28.3    | 20.5   |
| EV/FCF                               | 58.0    | 61.7    | 284.8   | 32.2    | 42.4    | 37.2    | 28.8   |
| Adjusted FCF yield                   | 3.5 %   | 2.8 %   | 0.9 %   | 3.4 %   | 3.2 %   | 4.3 %   | 5.7 %  |
| Dividend yield                       | 1.7 %   | 1.7 %   | 1.7 %   | 1.7 %   | 1.7 %   | 1.7 %   | 1.7 %  |

Source: Company data, Hauck & Aufhäuser

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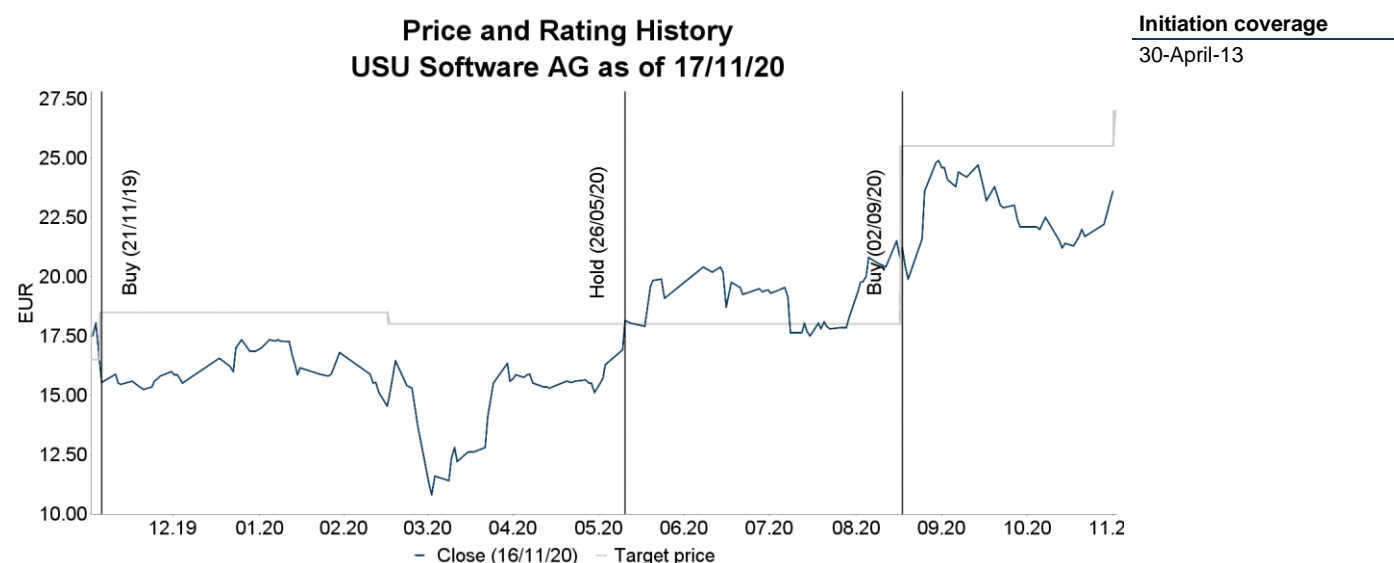
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| Company         | Disclosure |
|-----------------|------------|
| USU Software AG | 2          |

**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 | 02.09.2020 | Bentlage, Simon | Buy    | EUR 25,50    | EUR 21,20 |
|                 | 27.05.2020 | Bentlage, Simon | Hold   | EUR 18,00    | EUR 18,15 |
|                 | 19.05.2020 | Bentlage, Simon | Buy    | EUR 18,00    | EUR 16,30 |
|                 | 03.03.2020 | Bentlage, Simon | Buy    | EUR 18,00    | EUR 15,05 |
|                 | 22.11.2019 | Bentlage, Simon | Buy    | EUR 18,50    | EUR 15,55 |

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|             |         |         |
|-------------|---------|---------|
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Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

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