

All for One Steeb

In SAP's slipstream

With focused M&A complemented by robust organic growth, All for One Steeb has established itself as the leading supplier of SAP solutions to the Mittelstand. Recent results suggest that the company is gaining leverage from the increased scale and brand awareness this has brought about. Neither consensus estimates nor the 14x 2014 P/E rating look demanding.

Buy-and-build strategy to consolidate No 1 position

The acquisition of Steeb, a wholly owned subsidiary of SAP, for €39m in December 2011 created one of the largest SAP solutions providers to the German-speaking mid-market. Since then, a number of smaller acquisitions complemented by robust organic growth (20% in 2012) have projected the company into the number one position. All for One Steeb strengthened its balance sheet with a €35m promissory note (repaying a €29m syndicated loan) to support a continuation of the buy-and-build strategy and consolidate its position in its core market. The company also recently established an operation in Turkey, primarily to provide additional capacity and strengthen delivery capability. The company continues to hire in Germany.

Full suite of services to the mid-market

The company has over 2,000 clients, mainly in the manufacturing, consumer goods and services sectors. It offers a full suite of services. Outsourcing (including hosting) and software maintenance (47% of ytd sales) provide a bedrock of recurring revenues. Consulting (both management and implementation) accounted for 38% of sales ytd, hardware 3% and software licences 13%. The company offers 75 proprietary add-on SAP solutions. Itelligence (now essentially a subsidiary of NTT Data) is the company's closest competitor.

Valuation: Q3 results suggest synergies are coming through

Momentum in the business looks good, with financial performance benefiting from the increased scale and brand awareness established over the past two years. Sales grew by 24% to €135.7m (17% organically) for the nine months to the end of June. EBIT increased by 83% to €7.3m, with margins expanding from 3.6% to 5.3% helped by exceptionally high software sales, which grew from €5.3m to €7.0m (+34%) in Q3, and a high consultant utilisation rate. While we naturally expect some degree of normalisation in margins in Q4, the company looks firmly on track to deliver FY guidance of €180m sales and €9m EBIT or better.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
09/11	90.2	5.0	1.41	0.15	11.1	1.0
09/12	153.2	5.0	0.76	0.20	20.7	1.3
09/13e	182.3	7.9	0.87	0.27	18.1	1.7
09/14e	194.2	9.4	1.11	0.20	14.1	1.3

Source: Thomson Reuters

Technology

Price **€15.71**
Market cap **€76m**

Share price performance



Share details

Code A10S
Shares in issue 4.9m
Net (debt)/cash (€) as at Jun '13 (9.8m)

Business description

All for One Steeb is a leading supplier of SAP industry solutions to mid-market companies in German speaking countries. The company supplies a combination of consultancy and implementation services, outsourcing and cloud based services. Though United VARs, a global SAP partners alliance, the company also provides international customers with worldwide SAP support.

Bull

- Market leadership position.
- Good business momentum.
- Bedrock of recurring revenues.

Bear

- Possibility of near-term margin contraction.
- Exposed to an economic deterioration.
- Limited operational leverage.

Analyst

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