

All for One Steeb AG

August 14, 2017



Information Analysis

Analyst:

Daniel Grossjohann
+49 69 71 91 838-42
Daniel.grossjohann@bankm.de

Evaluation result

BUY

(previous: BUY)

Fair value

€77.50

(previous: € 77.38)

Find BankM Research on Bloomberg, CapitalIQ, Factset, ResearchPool, Thomson Reuters, vwd and www.BankM.de

Clear growth in all revenue types

The nine-month figures (sales revenue +12%; EPS +6%) show that All for One Steeb is still on track: Alongside digitisation of SMEs, the transition to SAP S/4 HANA is ensuring a good order situation. The slight decline in margins despite the very good utilization of consultant capacity was mainly due to the ongoing strategic investment. Moreover, external consultants (from the consultant network) increasingly had to be used for customer projects. That is currently putting pressure on the material cost ratio. We are leaving our estimates unchanged; the price target has risen slightly as a result of peer group effects. With an EV/sales ratio of below 1 for FY 2017/18e, All for One Steeb is attractively priced - especially in view of the fact that margins will increase following completion of the future-oriented investments.

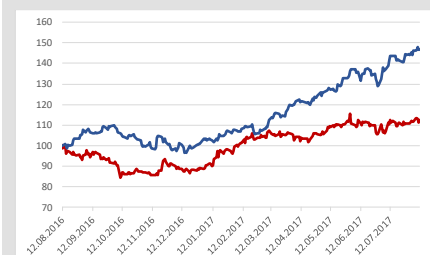
- Sales growth** (9 months) was once again driven by all three major revenue types, with "Software Licences" (+20%) rising faster than "Outsourcing & Cloud Services" (+11%) and "Consulting" revenues (+9%). Looking at the sales mix in the past three quarters shows that Consulting and Outsourcing & Cloud Services both registered stable, high growth rates of around 10%, while revenue from Software Licences was quite volatile.
- Utilisation of consultants is currently high at All for One Steeb, partly because SAP S/4HANA (building a business process library) ties up internal consultants. To ensure better handling of the large number of customer projects acquired, All for One Steeb has therefore stepped up the use of its **partner network**. We therefore assume that All for One Steeb has built up a project pipeline that allows **reliable planning of growth in consulting revenue** in the coming quarters. In addition, digitisation and SAP S/4HANA should ensure high capacity utilisation in the coming years.
- Outlook for 2016/17e:** the company has not altered the more detailed guidance issued in May 2017. In 2016/17 (the fiscal year started on October 1, 2016), revenue should be in a range of €290m to €300m. The company expects EBIT to be between €19.0m and €20.5m.

Key data / Earnings

Year	Sales (mIn €)	EBITDA (mIn €)	EBIT (mIn €)	EBT (mIn €)	adj.net (mIn €)	adj. EPS (€)	DPS (€)	EBIT- Margin	Net- Margin
2014/15	241.6	27.5	19.3	16.1	11.4	2.30	0.80	8.0%	4.7%
2015/16	266.3	27.4	18.8	17.4	12.3	2.46	1.10	7.1%	4.6%
2016/17e	295.0	29.2	19.9	19.2	13.3	2.67	1.14	6.7%	4.5%
2017/18e	324.5	32.1	22.1	21.3	14.8	2.97	1.15	6.8%	4.6%
2018/19e	357.0	36.4	25.8	25.1	17.5	3.50	1.38	7.2%	4.9%

Source: All for One Steeb AG, BankM Research

Sector	IT-Services		
WKN	511000		
ISIN	DE0005110001		
Bloomberg/Reuters	A1OS GY/A1OS.DE		
Accounting standard	IFRS		
Financial year	Sep 30		
Report FY 2016/17	December 13, 2017		
Market segment	Regulated Market		
Transparency standard	Prime Standard		
Financial ratios	16/17e	17/18e	18/19e
EV/Sales	1.00	0.91	0.83
EV/EBITDA	10.1	9.2	8.1
EV/EBIT	14.8	13.4	11.4
P/E adj.	24.7	22.2	18.8
Price/Bookvalue	4.8	4.3	3.7
Price/FCF	29.7	19.7	17.9
ROE (in %)	20.8	20.5	21.0
Dividend yield (in %)	1.7	1.7	2.1
Number of shares outs. (in mln)	4.982		
MarketCap / EV (in € mln)	329 / 295		
Free float (in %)	27		
Ø daily trading vol. (3M, in €)	97		
12M high / low (in €; XETRA-close)	67.98/49.10		
Price August 11, 2017 (in €; XETRA-close)	66.00		
Performance	1M	6M	12M
absolute (in %)	0%	11%	11%
relative (in %)	0%	-18%	-24%
Benchmark index	DAX-Subsector IT-Services		



All for One Steeb AG (red/grey), Performance 1y vs. DAXsubsector All Food Performance (black)

Source: Bloomberg

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

This document has been prepared due to a service agreement with the respective issuer. BankM – Repräsentanz der FinTech Group Bank AG is the designated sponsor of the company's stock and in this function as a designated sponsor regularly holds a trading stock or long or short positions in the company's stock. Equity investments generally involve high risks. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Investors may lose some or all of the money invested. Investors make their decisions at their own risk. FinTech Group Bank AG, Frankfurt, is responsible for the preparation of this document.

THIS DOCUMENT MAY NOT BE TAKEN OR TRANSMITTED INTO OR DISTRIBUTED IN THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN OR ANY U.S. PERSON.

Investment in the future and development of margins

The present investment in SAP S/4 HANA, computer centres (cloud infrastructure) and strengthening the strategy of the business areas will have a positive impact on operating margins in the mid and long term, although it will hold them back in the short term. Moreover, the temporary dip in margins is not a sign that price pressure is increasing. The overriding trends (extending recurring sales, digitisation, transition to SAP S/4 HANA) are intact. We assume that the present **future-oriented investment** will more than pay off in the medium term, as illustrated by the following example of the business process library. Developing its **own business process library for SAP S/4HANA** is currently tying up consultants at All for One Steeb. Given the present order situation, the company is therefore making greater use of external consultants (from its network) for customer projects, which is putting pressure on margins. However, this effect should reverse in the medium to long term. When it is completed, the business process library will ensure that new digital business processes can be activated very simply and quickly, and even extensive projects can increasingly be processed by in-house consultants. Therefore, profit momentum should then outpace revenue growth.

Tables

Profit and Loss Account (in € m)	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Sales revenues	241.592	266.278	295.036	324.540	356.994
Change in finished goods and work in progress	0.000	0.000	0.000	0.000	0.000
Other own cost capitalized	0.000	0.000	0.000	0.000	0.000
Other operating income	2.868	2.674	2.963	3.259	3.585
Total performance	244.460	268.952	297.999	327.799	360.579
Cost of material	-85.019	-96.505	-103.669	-112.920	-120.090
Gross profit	159.441	172.447	194.330	214.879	240.488
Personnel expenses	-99.532	-109.968	-124.719	-138.385	-155.328
Other operating expenses/income	-32.391	-35.076	-40.403	-44.364	-48.722
EBITDA	27.518	27.403	29.209	32.129	36.438
Depreciation and amortisation	-8.262	-8.555	-9.294	-10.060	-10.638
EBIT	19.256	18.848	19.915	22.069	25.800
Financial result	-3.136	-1.417	-0.761	-0.745	-0.707
Non operating result before taxes	0.000	0.000	0.000	0.000	0.000
Pre tax result	16.120	17.431	19.154	21.324	25.093
Non operating result after taxes	0.000	0.000	0.000	0.000	0.000
Taxes	-4.660	-5.140	-5.746	-6.397	-7.527
Minority interest	-0.024	-0.040	-0.110	-0.110	-0.110
Net result	11.436	12.251	13.298	14.817	17.456
Adjustments	0.000	0.000	0.000	0.000	0.000
Adjusted net result	11.436	12.251	13.298	14.817	17.456
Average number of shares	4.982	4.982	4.982	4.982	4.982
EPS	2.30	2.46	2.67	2.97	3.50
Adjusted EPS	2.30	2.46	2.67	2.97	3.50
DPS	0.80	1.10	1.14	1.15	1.38

Source: All for One Steeb AG, BankM Research

Cash Flow Statement (in €m)	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Net cash provided by operating activities	21.027	16.900	19.853	19.680	22.107
Net cash used in investing activities	-6.796	-2.864	-11.741	-8.416	-9.957
Net cash provided by financing activities	-6.776	-22.651	-15.080	-18.285	-7.005
Change in cash and securities	7.667	-8.611	-6.969	-7.020	5.145
Cash and securities at the end of the period	41.041	35.646	28.677	21.657	26.802

Source: All for One Steeb AG, BankM Research

Balance of Accounts (in €m)	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Long term assets	83.641	75.747	83.194	81.550	80.868
Intangible assets	65.684	61.116	67.122	64.992	63.176
Tangible assets	9.876	9.347	10.788	11.274	12.408
Financial assets	8.081	5.284	5.284	5.284	5.284
Current assets	78.532	73.432	73.234	70.990	81.740
Inventories	1.229	0.694	0.782	0.897	1.035
Trade receivables	36.262	37.092	43.775	48.436	53.902
Receivables	0.000	0.000	0.000	0.000	0.000
Cash and securities	41.041	35.646	28.677	21.657	26.802
Other assets	5.804	6.610	6.610	6.610	6.610
Total assets	167.977	155.789	163.039	159.149	169.218
Equity	53.805	60.392	68.320	77.562	89.423
Reserves	53.716	60.277	68.095	77.227	88.978
Minorities	0.089	0.115	0.225	0.335	0.445
Provisions	4.859	5.583	10.793	9.512	8.243
Liabilities	53.776	35.983	33.095	26.154	26.255
Interest bearing liabilities	37.528	22.424	19.824	11.224	9.924
Trade payables	10.948	12.318	11.873	13.326	14.480
Non interest bearing liabilities	5.300	1.241	1.398	1.604	1.851
Other liabilities	55.537	53.831	50.831	45.921	45.298
Total equity and liabilities	167.977	155.789	163.039	159.149	169.218

Source: All for One Steeb AG, BankM Research

All for One Steeb AG

August 14, 2017

Tables - 5/7 -

Key ratios	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Valuation ratios					
EV/Sales	0.83	1.11	1.00	0.91	0.83
EV/EBITDA	7.32	10.77	10.10	9.18	8.10
EV/EBIT	10.46	15.65	14.82	13.37	11.44
P/E reported	17.64	24.81	24.73	22.19	18.84
P/E clean	17.64	24.81	24.73	22.19	18.84
PCPS	8.87	11.37	14.42	13.10	11.61
Price/Book Value	3.76	5.04	4.83	4.26	3.70
Profitability ratios					
Gross Margin	66.0%	64.8%	65.9%	66.2%	67.4%
EBITDA margin	11.4%	10.3%	9.9%	9.9%	10.2%
EBIT margin	8.0%	7.1%	6.7%	6.8%	7.2%
Pre tax margin	6.7%	6.5%	6.5%	6.6%	7.0%
Net margin	4.7%	4.6%	4.5%	4.6%	4.9%
ROE	22.8%	21.5%	20.8%	20.5%	21.0%
ROCE	18.9%	17.6%	18.7%	18.9%	20.8%
Productivity ratios					
Sales/employees (in € `000)	234.6	210.9	220.5	229.7	240.0
Net result/employees (in € `000)	11.1	9.7	9.9	10.5	11.7
Number of employees	1030	1263	1338	1413	1488
Financial ratios					
Equity ratio	32.0%	38.8%	41.9%	48.7%	52.8%
Gearing	212.2%	158.0%	138.6%	105.2%	89.2%
Dividend yield	2.0%	1.8%	1.7%	1.7%	2.1%
Cash flow ratios					
Cash earnings per share	4.56	5.36	4.58	5.04	5.69
Operating cash flow per share	4.22	3.39	3.98	3.95	4.44
Free-cash-flow per share	3.42	4.60	2.22	3.35	3.69
Other ratios					
Depreciation/sales	3.4%	3.2%	2.1%	2.1%	2.1%
Capex/sales	2.4%	1.4%	4.0%	2.6%	2.8%
Working capital/sales	8.8%	9.1%	9.2%	9.6%	10.1%
Tax rate	29%	29%	30%	30%	30%

Source: BankM Research

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

Important information, disclosures and disclaimer

A. Important information

Equity investments generally involve high risks. Investors may lose some or all of the money invested. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Past performance is no guarantee for future results. Investors make their decisions at their own risk.

B. Disclosures according to Section 34b of the German Securities Trading Act (WpHG) and the Ordinance on the Analysis of Financial Instruments (FinAnV):

I. Information about author, company held accountable, regulatory authority:

Responsible for the content of this document: FinTech Group Bank AG (FTG Bank), Frankfurt, Germany.

Author: Daniel Großjohann.

Regulatory authority for FTG Bank is the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Straße 108, 53117 Bonn, Germany and Lurgiallee 12, 60439 Frankfurt am Main, Germany.

Issuer of the analysed instruments is All for One Steeb AG.

Notice according to sec. 4 §. 4 N° 4 FinAnV (previous publications regarding the issuer within the last 12 months):

Analyst	Date	Evaluation Result	Fair Value
Daniel Großjohann	17.08.2016	Buy	€ 65.00
Daniel Großjohann	02.12.2016	Buy	€ 65.50
Daniel Großjohann	20.01.2017	Buy	€ 68.00
Daniel Großjohann	22.02.2017	Hold	€ 69.00
Daniel Großjohann	24.05.2017	Buy	€ 77.38

II. Additional Information:

1. Sources of information:

Main sources of information for the compilation of this document are publications in national and international media and information services (e.g. Reuters, VWD, Bloomberg, dpa-AFX, ACMR-IBIS World and others), financial newspapers and magazines (e.g. Börsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Economist and others), specialist media, published statistics, rating agencies as well as publications by peer group companies and the company itself. Furthermore talks with the management of the issuer have been held. This document was made available to the issuer before publication to ensure the accuracy of the information provided. This resulted in no changes in content.

2. Summary of the valuation principles and methods used to prepare this document:

BankM – Repräsentanz der FinTech Group Bank AG (BankM) uses a 3-tier absolute rating model. The ratings are the evaluation results and refer to a fair value pricing reflecting a time-horizon of up to 12 months.

BUY: The calculated fair value of the company's stock is at least 15 % higher than the current market price at the time of the compilation of this document.

HOLD: The calculated fair value of the company's stock lies between –15% and +15 % of the current market price at the time of the compilation of this document.

SELL: The calculated fair value of the company's stock is at least 15 % lower than the current market price at the time of the compilation of this document.

The following valuation methods are being used: Multiple-based models (Price/Earnings, Price/Cash-flow, Price/Book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer-group comparisons, historical valuation approaches, discount models (DCF, DDM), break-up value and sum-of-the-parts-approaches, asset-based evaluation methods or a combination of the above. The used valuation models depend on macroeconomic factors, such as interest rates, exchange rates, raw materials and on basic assumptions about the economy. Additionally, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Rendered evaluation results and fair values derived from the models might therefore change respectively. The evaluation results in general relate to a 12-month horizon. However, evaluation results are subject to changing market conditions and represent only the situation at a given point of time. The evaluation results and fair value prices may in fact be achieved more quickly or slowly than expected by the analysts. Also, the evaluation results and fair value prices might need to be revised upward or downward.

3. Date of first publication of this document:

August 14, 2017

4. Date and time of prices of the instruments quoted in this document:

Closing prices of August 11, 2017

5. Updates:

A specific date or time for an update of this document has not been set. The information given in this document reflects the author's judgement on the date of this publication and is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the company covered. It is in the sole responsibility of BankM to decide on a potential update of this document.

III. Disclosures about potential conflicts of interest:

1. BankM's business model is based on economic relationships with issuers and equity transactions to be performed relating to the issuer's stock. BankM has entered into an agreement about the preparation of this document with the issuer that is, or whose financial instruments are, the subject of this document.

BankM (incl. subsidiaries and affiliates), the authors of this document as well as other persons that were involved in the compilation of this document or affiliated parties:

- **do not have a major shareholding (shareholding exceeding 5%) of the share capital of the issuers**
- **have not, within the past twelve months, participated in leading a consortium for the issue via public offer of the financial instruments that are, or whose issuers are, the subject of this document,**
- **have not, within the past twelve months, been party to an agreement on the provision of investment banking services with the issuer, that is, or whose financial instruments are, subject of this document and have not received or will not receive a compensation under the terms of this agreement during the same period,**
- **have no other significant economic interests relating to the issuer that is, or whose financial instruments are, the subject of this analysis.**

2. In the function as a designated sponsor, BankM manages the financial instruments that are, or whose issuers are, the subject of the financial analysis on a market by placing buy or sell orders and will regularly hold a trading stock or long or short positions in the issuer's stock.

3. BankM's internal organisation is aligned with the prevention of conflict of interests in producing and distributing research reports. Possible conflicts of interests will be treated adequately. In particular, physical and non-physical boundaries were installed to keep analysts from gaining access to information that possibly could constitute a conflict of interest for the bank. Insiders' dealings according to § 12 WpHG in conjunction with Art. 14 directive (EU) 596/2014 categorically are prohibited. All staff members of FTG Bank and BankM that have access to inside information categorically have to disclose all dealings in financial instruments to the internal compliance department. The compliance of legal requirements and supervisory regulations is subject to continuous supervision and control of the compliance department of FTG Bank. In this regard, the right to restrict employees' dealings in financial instruments is reserved.

4. The remuneration of the analysts mentioned above is not dependent on any investment banking transactions of BankM or its affiliates. The analysts that compiled this document did not receive or acquire shares in the issuer that is, or whose financial instruments are, the subject of this document at any time. The analysts mentioned above hereby certify that all of the views expressed accurately reflect their personal views about the issuer and that no part of their compensation was, is or will be, directly or indirectly, related to the specific evaluation result or views expressed by the analyst in this document.

5. Updated information according to sec. 5 para. 4 N^o. 3 FinAnV is available at: http://www.bankm.de/webdyn/138_cs_Gesetzliche+Angaben.html.

C. Disclaimer:

This document was compiled by BankM solely for informational purposes and for the personal use by persons in Germany that are interested in the company and who purchase or sell transferable securities for their own account or the account of others in the context of their trade, profession or occupation. This document neither constitutes a contract nor any kind of obligation.

This document and its content, in whole or in part, may not be reproduced, distributed, published or passed on to any other person without the prior written consent of BankM.

This publication is for distribution in or from the United Kingdom only with the prior written consent of BankM and only to persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom or any order made there under or to investment professionals as defined in Section 19(5) of the Financial Services and Markets Act 2000 (financial promotion) order 2005 (the order) respectively in the version as amended from time to time and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

Neither this document nor any copy of it may be taken or transmitted into the United States of America, Canada, Japan or Australia or distributed, directly or indirectly, in the United States of America, Canada, Japan or Australia or to any resident thereof.

The distribution of this document in other jurisdictions may be restricted by law, and persons who are in possession of this document have to inform themselves about any such restrictions and observe any such restrictions.

This document is not intended to be an offer, or the solicitation of any offer to buy or sell the securities referred to herein. This document is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Potential investors should seek professional and individual advice before making their investment decisions. Investment decisions must not be based on this document.

The information within this document has been obtained from sources believed by BankM to be reliable, but BankM does not examine the information to be accurate and complete, nor guarantees its accuracy and completeness. Although due care has been taken in compiling this document, it cannot be excluded that the information given is incomplete or the document contains errors. The liability of BankM shall be restricted to gross negligence and wilful misconduct. All opinions expressed in this document are those of BankM respectively the authors and subject to change without notice. Possible errors or incompleteness of this document may be corrected by BankM and do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. Only in case of failure in essential tasks, BankM is liable for simple negligence. In addition BankM does not accept any liability or responsibility for any loss arising from any use of this publication or its contents or otherwise arising in connection herewith. In any case, the liability of BankM is limited to typical, foreseeable damages and the liability for any indirect damages is excluded.

By accepting this document, the reader/user of this document agrees to be bound by all of the foregoing provisions and this disclaimer. Moreover, the user agrees not to distribute this document to unauthorized persons. The user of this document shall indemnify BankM for any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document.

This document is subject to the laws of the Federal Republic of Germany. Place of jurisdiction is Frankfurt am Main, Germany.

Should certain specifications of this disclaimer not be legally binding or become legally non-binding, this will have no impact on the legally binding character of this disclaimer and its other legal specifications.

This document is not intended for use by persons resident in any jurisdiction that regulates access to such documents by applicable laws. Investment decisions must not be based on any statement in this document. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly. In case of uncertainty persons should not access and/or consider the content of this document in any decisions. This document is not intended for use by persons that are classified as US-persons under the United States Securities Act.

© 2017 BankM - Repräsentanz der FinTech Group Bank AG, Mainzer Landstraße 61, D-60329 Frankfurt.

FinTech Group Bank AG, Rotfeder-Ring 7, D-60327 Frankfurt. All rights reserved.

This document is the English version of the legally binding German original research published and dated August 14, 2017.