

All for One Steeb AG

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Information Analysis

Analyst

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Evaluation result

HOLD

(previous: Hold)

Fair value

€ 51,85

(previous: € 51,65)

BankM Research on Bloomberg, Thomson/Reuters, Factset, CapitalIQ and www.BankM.de

Dynamic growth and expansion of margins continue in Q3

In the first nine months of 2014/15, All for One Steeb AG recorded growth in sales revenues of 12% in conjunction with a disproportionately high increase in operating earnings (EBIT 9M 14/15: +57%). We consider it highly likely that All for One Steeb will end the current financial year with EBIT towards the upper guidance threshold (€ 16-17 mln), with the result that we have raised our earnings projections for 2014/15. The recurring revenues which are of importance in strategic terms (outsourcing services, maintenance) continue to experience double-digit growth, with the share of overall sales revenues attributable to them (46%) remaining high as compared to the previous year. Despite the strong performance of the share price, the share is fundamentally not too expensive (DCF target share price: € 58.50). By repeatedly exceeding/raising its projections, among other things, All for One Steeb has realized a premium over its peer group (peer group target share price: € 45.20).

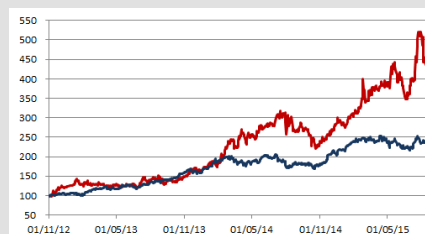
- Forecast for Q4 2014/15: If it is to meet our higher projections, All for One Steeb will have to realize sales revenues of € 60 mln and EBIT of approximately € 2.6 mln in the final quarter of the year. In particular, the resultant EBIT margin projection for Q4 14/15 (in the amount of 4.3%) should leave some room for surprises of a positive nature – with quarterly EBIT only having fallen short of this figure once in the past eleven quarters, and the quarterly EBIT margin having risen as compared to the equivalent period of the previous year in the past five quarters in a row.
- All for One Steeb is set to benefit greatly from the transformation of SAP over the medium term; application scenarios for SAP S/4HANA and the new cloud-based solutions are also under consideration in the midmarket segment. Although its target markets currently appear resilient, All for One Steeb cannot exclude the possibility that they may still be subject to short-term setbacks.
- Outlook:** All for One Steeb has confirmed its guidance figures for the 2014/15 financial year which were raised in May: It anticipates that sales revenues of some € 240 mln will be realized with an EBIT of between € 16 mln and € 17 mln, representing a rate of growth of approximately 10%, with an EBIT margin of between 6.7% and 7.0% (2013/14: 6.2%).

Key data / Earnings

Year	Sales (mln €)	EBITDA (mln €)	EBIT (mln €)	EBT (mln €)	adj. net (mln €)	adj. EPS (€)	DPS (€)	EBIT-Margin	Net-Margin
2012/13	186.3	16.8	10.5	8.8	4.8	0.99	0.50	5.6%	2.6%
2013/14	217.2	20.5	13.5	12.0	8.1	1.62	0.70	6.2%	3.7%
2014/15e	240.3	24.8	17.1	15.6	10.2	2.06	0.80	7.1%	4.3%
2015/16e	258.3	27.2	18.6	17.2	11.3	2.26	0.86	7.2%	4.4%
2016/17e	271.2	29.8	20.9	19.6	12.9	2.58	0.99	7.7%	4.7%

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	30.09		
FY 2012/13	Dec. 16, 2015		
Market segment	Regulated Market		
Transparency standard	Prime Standard		
Financial ratios	14/15e	15/16e	16/17e
EV/Sales	1.09	1.01	0.96
EV/EBITDA	10.54	9.62	8.77
EV/EBIT	15.34	14.07	12.53
P/E adj.	24.44	22.20	19.48
Price/Bookvalue	4.62	4.08	3.58
Price/FCF	18.83	15.24	13.78
ROE (in %)	19.91	18.9	18.9
Dividend yield (in %)	1.60	1.7	2.0
Number of shares outs. (in mln)	4.982		
MarketCap / EV (in € mln)	250 / 262		
Free float (in %)	24		
Ø daily trading vol. (3M, in €)	94,344		
12M high / low (in €; XETRA-close)	62.00/24.55		
Price August 11, 2015 (in €; XETRA-close)	50.25		
Performance	1M	6M	12M
absolute (in %)	11%	34%	51%
relative (in %)	-51%	39%	12%
Benchmark index	DAX-Subsector IT-Services		



All for one Steeb AG (red/grey), Performance 1y vs. DAXsubsector IT Services (blue/black)

Source: Deutsche Börse AG

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**Jump in capex in Q3 –
further expansion of
All for One Steeb's
data centre
infrastructure**

All for One Steeb made substantial investments in its internal IT infrastructure in Q3, thereby reacting to growing demand while also further improving the integration of additional cloud-based services, with storage-related issues also playing a role. We anticipate that capex in Q4 will be higher than in either Q1 or Q2 but less than in Q3 (in the amount of € 2.9 mln). In our view, the investments in question are, on the one hand, the result of the growth in the (new) customer business but, on the other hand, also an indication of the positive reaction of the existing customer base to the expansion of the range of services. Customers who could be cited as having provided the impetus for such (infrastructure-related) investments would be, for example, those who have to date used All for One Steeb's data centres for the purposes of operating SAP corporate software and now also wish to use these for running their (Microsoft) e-mail landscapes.

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Tables

Profit & Loss Account

Profit and Loss Account (in € m)	2012/13	2013/14	2014/15e	2015/16e	2016/17e
Sales revenues	186.334	217.227	240.253	258.272	271.186
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	1.519	1.513	2.303	1.799	1.889
Total performance	187.853	218.740	242.556	260.071	273.074
Cost of material	-71.518	-79.643	-85.884	-91.810	-95.133
Gross profit	116.335	139.097	156.672	168.260	177.941
Personnel expenses	-72.218	-88.577	-98.596	-105.314	-110.579
Other operating expenses/income	-27.276	-30.064	-33.251	-35.745	-37.532
EBITDA	16.841	20.456	24.825	27.202	29.830
Depreciation and amortisation	-6.354	-6.992	-7.767	-8.607	-8.949
EBIT	10.487	13.464	17.058	18.596	20.881
Financial result	-1.653	-1.438	-1.423	-1.386	-1.321
Non operating result before taxes	0.000	0.000	0.000	0.000	0.000
Pre tax result	8.834	12.026	15.635	17.209	19.560
Non operating result after taxes	0.000	0.000	0.000	0.000	0.000
Taxes	-3.212	-3.259	-4.503	-5.163	-5.868
Minority interest	-0.831	-0.699	-0.889	-0.769	-0.839
Net result	4.791	8.068	10.243	11.278	12.853
Adjustments	0.000	0.000	0.000	0.000	0.000
Adjusted net result	4.791	8.068	10.243	11.278	12.853
Average number of shares	4.860	4.982	4.982	4.982	4.982
EPS	0.99	1.62	2.06	2.26	2.58
Adjusted EPS	0.99	1.62	2.06	2.26	2.58
DPS	0.50	0.70	0.80	0.86	0.99

Source: All for one Steeb AG, BankM Research

Cash Flow Statement

Cash Flow Statement (in €m)	2012/13	2013/14	2014/15e	2015/16e	2016/17e
Net cash provided by operating activities	10.671	15.793	16.675	18.938	21.445
Net cash used in investing activities	-1.145	-6.701	-8.010	-5.859	-5.736
Net cash provided by financing activities	2.035	-7.881	-6.987	-7.695	-8.485
Change in cash and securities	11.536	1.211	1.677	5.385	7.223
Cash and securities at the end of the period	31.637	36.327	38.004	43.389	50.612

Source: All for one Steeb AG, BankM Research

Balance Sheet

Balance of Accounts (in €m)	2012/13	2013/14	2014/15e	2015/16e	2016/17e
Long term assets	77.265	79.859	80.732	77.354	75.341
Intangible assets	60.074	66.310	64.810	62.010	60.010
Tangible assets	8.943	8.615	10.988	10.410	10.397
Financial assets	8.248	4.934	4.934	4.934	4.934
Current assets	62.766	69.985	71.930	80.107	89.331
Inventories	0.362	0.686	0.759	0.816	0.856
Trade receivables	30.767	32.972	33.167	35.902	37.862
Receivables (others)	0.000	0.000	0.000	0.000	0.000
Cash and securities	31.637	36.327	38.004	43.389	50.612
Other assets	2.269	4.400	7.700	7.700	7.700
Total assets	142.300	154.244	160.362	165.161	172.372
Equity	49.643	52.094	59.739	67.790	77.197
Reserves	43.429	47.388	54.144	61.426	69.994
Minorities	6.214	4.706	5.595	6.364	7.203
Provisions	7.052	5.508	3.603	3.103	1.807
Liabilities	50.277	50.400	50.778	47.425	45.925
Interest bearing liabilities	37.852	38.623	37.123	33.423	31.223
Trade payables	11.735	9.276	10.889	11.029	11.580
Non interest bearing liabilities	0.690	2.501	2.766	2.974	3.122
Other liabilities	35.328	46.242	46.242	46.842	47.442
Total equity and liabilities	142.300	154.244	160.362	165.161	172.372

Source: All for one Steeb AG, BankM Research

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Key Ratios

Key ratios	2012/13	2013/14	2014/15e	2015/16e	2016/17e
Valuation ratios					
EV/Sales	0.46	0.65	1.09	1.01	0.96
EV/EBITDA	5.11	6.91	10.54	9.62	8.77
EV/EBIT	8.21	10.50	15.34	14.07	12.53
P/E reported	14.77	16.13	24.44	22.20	19.48
P/E clean	14.77	16.13	24.44	22.20	19.48
PCPS	4.77	7.02	13.83	12.53	11.43
Price/Book Value	1.63	2.75	4.62	4.08	3.58
Profitability ratios					
Gross Margin	62.4%	64.0%	64.9%	65.1%	65.6%
EBITDA margin	9.0%	9.4%	10.3%	10.5%	11.0%
EBIT margin	5.6%	6.2%	7.1%	7.2%	7.7%
Pre tax margin	4.7%	5.5%	6.5%	6.7%	7.2%
Net margin	2.6%	3.7%	4.3%	4.4%	4.7%
ROE	12.4%	17.2%	19.9%	18.9%	18.9%
ROCE	12.1%	13.5%	16.1%	17.2%	19.2%
Productivity ratios					
Sales/employees (in € `000)	201.2	201.7	208.6	210.5	208.3
Net result/employees (in € `000)	5.2	7.5	8.9	9.2	9.9
Number of employees	926	1077	1152	1227	1302
Financial ratios					
Equity ratio	34.9%	33.8%	37.4%	41.0%	45.1%
Gearing	14.1%	8.2%	2.0%	-11.5%	-22.2%
Dividend yield	3.4%	2.7%	1.6%	1.7%	2.0%
Cash flow ratios					
Cash earnings per share	3.05	3.72	3.63	4.01	4.40
Operating cash flow per share	2.20	3.17	3.35	3.80	4.30
Free-cash-flow per share	2.37	3.12	2.67	3.30	3.65
Other ratios					
Depreciation/sales	3.4%	3.2%	3.2%	3.3%	3.3%
Capex/sales	1.8%	1.4%	1.4%	1.4%	1.4%
Working capital/sales	10.0%	10.1%	10.1%	10.1%	10.1%
Tax rate	36%	27%	29%	30%	30%

Source: All for one Steeb AG, BankM Research

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Authors: Daniel Großjohann, Analyst.

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Analysts	Date	Evaluation Result	Fair Value
Daniel Großjohann, Benjamin Ludacka	03.06.2014	Neutral	€ 28,45
Daniel Großjohann, Benjamin Ludacka	18.08.2014	Verkaufen	€ 28,45
Daniel Großjohann, Benjamin Ludacka	18.11.2014	Neutral	€ 30,75
Daniel Großjohann	26.05.2015	Neutral	€ 51,65

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Closing prices of August 11, 2015

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