

All for One Group SE

November 27, 2020



Information Analysis

Analyst

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Evaluation Result

BUY

(previous: Buy)

Fair Value

€67.60

(previous: €68.30)

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Guidance exceeded, weaker start and post-pandemic growth acceleration to expect in 2020/21

The **preliminary figures** of All for One Group SE for the business year 2020/21 exceeded our expectations. Sales declined only about 1%, despite the challenging pandemic/lockdown environment. Reported EBIT of €19.3 million was around 53% above the previous year's figure, which was burdened by one-time costs. Although a positive one-time effect (€0.5 million) for pensions was recorded this year, our previous EBIT expectations (€16.1 million) were clearly exceeded. The company's outlook for 2020/21 assumes only a slight increase in sales. This reflects some cautiousness due to the current pandemic situation, affecting the typically strong year-end quarter and the hope for a quick normalisation (with catch-up effects related to SAP S/4HANA migrations) starting around April 2021. This recovery does not seem to us to be reflected in the current share price, as All for One Group continues to trade with an EV/sales multiple of just around 0.64 - which is well below peer valuations.

- Strategically important **recurring revenues** – consisting of "**Cloud Services and Support**" (+9%; €77.1 million) and "**Software Support**" (+5%; €109.3 million) - **increased by 7%**. While "**Consulting & Services**" business (€143.5 million) was stable, cyclical "**Software Licenses**" decreased by 38% to €25.5 million. The reason for this is not only the current uncertainty but also the increasing importance of SaaS. As a result, the share of recurring revenues in consolidated sales grew to 52% (previous year: 49%).
- A wave of migrations to **SAP S/4HANA** is expected to occur after the current pandemic. All for One Group is well suited to participate disproportionately in this wave with the **CONVERSION/4** solution. CONVERSION/4 is a **joint strategic initiative** by SAP, SNP (CrystalBridge), Microsoft (Azure) and All for One Group, combining automated SAP transformation with a subscription approach. Apart from this, All for One Group also benefits from the (previously announced) closer partnership between SAP and Microsoft, as the company relied on "SAP Systems on Azure" at an early stage and is a leader in terms of the implemented systems.

Outlook: Due to the pandemic and uncertainty among many of All for One Group's customers, forecasts for 2020/21 remain difficult. While the first half of the financial year will remain difficult, the situation is expected to increase significantly from spring onwards. All for One Group expects a slight increase in sales and an EBIT between €17.5m and €20.5m.

Key Data / Earnings

Year	Sales (mIn €)	EBITDA (mIn €)	adj.EBIT (mIn €)	EBT (mIn €)	adj. net (mIn €)*	adj. EPS (€)	DPS (€)	EBIT-Margin	Net-Margin
2017/18	332.4	31.2	20.6	19.6	14.0	2.82	1.20	6.2%	4.2%
2018/19	359.2	25.6	19.8	12.1	14.2	2.85	1.20	5.5%	4.0%
2019/20e [^]	355.4	39.6	19.3	17.9	13.1	2.64	1.20	5.4%	3.7%
2020/21e	362.5	39.2	18.9	17.9	12.1	2.42	1.20	5.2%	3.3%
2021/22e	406.0	46.3	24.0	23.0	15.6	3.13	1.23	5.9%	3.8%

Source: All for One Group SE, BankM Research (e) (*=own calculation)

[^]Some KPIs for 2019/20 were reported preliminary

Sector	IT-Services
WKN	511000
ISIN	DE0005110001
Bloomberg/Reuters	A10S GY/A10S.DE
Accounting standard	IFRS
Financial year	Sep 30
FY 2019/20	Dec. 16, 2020
Market segment	Regulated Market
Transparency standard	Prime Standard

Financial ratios	19/20e	20/21e	21/22e
EV/Sales	0.64	0.63	0.56
EV/EBITDA	5.7	5.8	4.9
EV/EBIT	11.8	12.1	9.5
P/E adj.	18.7	20.4	15.8
Price/Bookvalue	2.7	2.6	2.3
Price/FCF	10.0	10.3	8.4
ROE (in %)	15.7	13.4	15.8
Dividend yield (in %)	2.4	2.4	2.5

Number of shares outs. (in mln) 4.982

MarketCap / EV (in € mln) 246 / 230

Free float (in %) 50

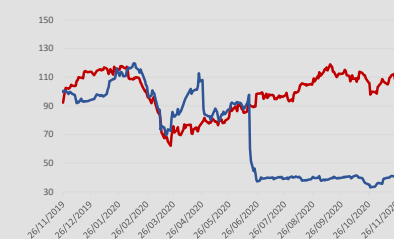
Ø daily trading vol. (3M, in €) 92

12M high / low (in €; XETRA-close) 56.40/28.20

Price November 26, 2020 (in €; XETRA-close) 49.40

Performance	1M	6M	12M
absolute (in %)	-1%	18%	15%
relative (in %)	-16%	160%	177%

Benchmark index DAX-Subsector IT-Services



All for One Group (XETRA; red), Performance 1y vs. DAXsubsector IT-Services (blue)

Source: Bloomberg

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Looking at the **segments**, 2019/20 was particularly convincing in the **LOB** (Lines of Business) area including cloud solutions like SAP C/4HANA (Customer Experience and eCommerce Cloud Platform), SAP SuccessFactors and Analytics. LOB revenues increased by 2% to €72.9 million, while adjusted EBIT for the segment increased disproportionately to €4.5 million (previous year: €1.3 million). Sales in the larger **CORE** segment (ERP & Collaboration Solutions) decreased slightly to €298.4 million (-1%), EBIT dropped to €14.8 million (-19%). In 2020/21 this segment would benefit significantly from an increase in CONVERSION/4 subscription-based SAP-transformation business.

Non-financial KPI Employee retention (93.2%) improved during 2019/20, while Health index (97.3%) remained on high level.

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Profit and Loss Account (in € m)	2017/18	2018/19	2019/20e^	2020/21e	2021/22e
Sales revenues	332.357	359.215	355.407	362.515	406.017
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	4.988	3.172	3.138	3.201	3.585
Total performance	337.345	362.387	358.546	365.717	409.603
Cost of material	-119.921	-127.025	-118.866	-124.318	-138.307
Gross profit	217.424	235.362	239.680	241.399	271.295
Personnel expenses	-139.848	-154.160	-154.700	-155.925	-173.261
Other operating expenses/income	-46.370	-55.598	-45.333	-46.232	-51.748
EBITDA	31.206	25.604	39.648	39.242	46.286
Depreciation and amortisation	-10.629	-12.972	-20.347	-20.391	-22.331
EBIT	20.577	12.632	19.300	18.851	23.955
Adjusted EBIT	20.577	19.832	19.300	18.851	23.955
Financial result	-1.021	-0.535	-1.395	-0.958	-0.952
Non operating result before taxes	0.000	0.000	0.000	0.000	0.000
Pre tax result	19.556	12.097	17.905	17.892	23.002
Non operating result after taxes	0.000	0.000	0.000	0.000	0.000
Taxes	-5.849	-1.862	-4.367	-5.438	-6.991
Minority interest	0.324	-0.039	-0.400	-0.400	-0.400
Net result	14.031	10.196	13.138	12.054	15.611
Adjustments	0.000	4.000	0.000	0.000	0.000
Adjusted net result	14.031	14.196	13.138	12.054	15.611
Average number of shares	4.98	4.98	4.98	4.98	4.98
EPS	2.82	2.05	2.64	2.42	3.13
Adjusted EPS	2.82	2.85	2.64	2.42	3.13
DPS	1.20	1.20	1.20	1.20	1.23

Source: All for One Group SE, BankM Research (e) ^Some KPIs for 2019/20 were reported preliminary

Cash Flow Statement (in €m)	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Net cash provided by operating activities	23.407	20.001	28.365	26.491	26.184
Net cash used in investing activities	-7.743	-17.872	-9.152	-10.635	-8.971
Net cash provided by financing activities	-8.947	-10.121	17.722	-16.278	-15.997
Change in cash and securities	6.576	-7.833	36.935	-0.422	1.216
Cash and securities at the end of the period	40.097	28.498	65.433	65.011	66.227

Source: All for One Group SE, BankM Research (e)

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Balance of Accounts (in €m)	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Long term assets	86.095	97.557	118.796	109.689	100.298
Intangible assets	62.247	67.510	61.310	56.810	49.860
Tangible assets	17.279	23.417	18.421	13.165	6.755
Right-of-use assets	0.000	0.000	32.435	33.084	37.054
Financial assets	6.569	6.630	6.630	6.630	6.630
Current assets	88.044	82.089	118.455	119.094	126.800
Inventories	0.690	0.000	0.000	0.000	0.000
Trade receivables	47.257	49.556	49.031	50.011	56.013
Cash and securities	40.097	28.498	65.433	65.011	66.227
Other assets	9.036	19.856	19.856	19.856	19.856
Total assets	183.175	199.502	257.108	248.639	246.954
Equity	77.019	82.291	89.850	96.327	106.341
Reserves	77.208	82.575	89.734	95.811	105.425
Minorities	-0.189	-0.284	0.116	0.516	0.916
Provisions	4.134	5.953	6.138	-8.667	-26.464
Liabilities	49.168	55.831	105.692	105.552	111.650
Liabilities to financial institutions	29.310	30.004	47.704	46.404	45.404
Lease Liabilities	0.000	0.000	32.435	33.084	37.054
Trade payables	15.532	24.421	24.162	24.645	27.603
Non interest bearing liabilities	4.326	1.406	1.391	1.419	1.589
Other liabilities	52.854	55.427	55.427	55.427	55.427
Total equity and liabilities	183.175	199.502	257.108	248.639	246.954

Source: All for One Group SE, BankM Research (e)

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Key ratios	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Valuation ratios					
EV/Sales	0.92	0.70	0.64	0.63	0.56
EV/EBITDA	9.79	9.82	5.74	5.80	4.91
EV/EBIT	14.85	19.90	11.78	12.06	9.49
P/E reported	22.37	24.13	18.73	20.42	15.76
P/E clean	22.37	17.34	18.73	20.42	15.76
PCPS	10.39	10.60	7.31	7.54	6.45
Price/Book Value	4.07	2.98	2.74	2.57	2.33
Profitability ratios					
Gross Margin	65.4%	65.5%	67.4%	66.6%	66.8%
EBITDA margin	9.4%	7.1%	11.2%	10.8%	11.4%
EBIT margin	6.2%	3.5%	5.4%	5.2%	5.9%
Pre tax margin	5.9%	3.4%	5.0%	4.9%	5.7%
Net margin	4.2%	2.8%	3.7%	3.3%	3.8%
ROE	18.7%	12.8%	15.7%	13.4%	15.8%
ROCE	16.0%	8.9%	12.2%	12.5%	16.6%
Productivity ratios					
Sales/employees (in € `000)	222	218	206	201	217
Net result/employees (in € `000)	9	6	8	7	8
Number of employees	1499	1650	1725	1800	1875
Financial ratios					
Equity ratio	42.0%	41.2%	40.0%	44.7%	50.7%
Gearing	137.8%	142.4%	150.1%	123.8%	97.4%
Dividend yield	1.9%	2.4%	2.4%	2.4%	2.5%
Cash flow ratios					
Operating cash flow per share	6.06	4.66	6.76	6.55	7.66
Free-cash-flow per share	4.52	2.65	4.92	4.82	5.86
Other ratios					
Depreciation/sales	3%	4%	6%	6%	6%
Capex/sales	2%	3%	3%	2%	2%
Working capital/sales	8%	8%	8%	8%	8%
Tax rate	30%	15%	24%	30%	30%

Source: All for One Group SE, BankM Research (e)

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Author: Daniel Grossjohann, analyst.

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Analyst	Date	Evaluation Result	Fair Value
Daniel Großjohann	03.12.2019	Buy	€ 69.80
Daniel Großjohann	16.01.2020	Buy	€ 72.85
Daniel Großjohann	13.02.2020	Buy	€ 72.85
Daniel Großjohann	14.05.2020	Buy	€ 68.30
Daniel Großjohann	18.08.2020	Buy	€ 68.30

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3. Date of first publication of this document:

November 27, 2020 (11.30am CET)

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

Closing prices of November 26, 2020 (5.30pm)

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