

# All for One Steeb AG

February 17, 2016



## Information Analysis

### Analyst

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### Evaluation Result

**BUY**

(previous: Hold)

### Fair Value

**€62.00**

(previous: €65.00)

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

## Q1 2015/16: SAP HANA picks up speed

Despite general concerns about the economic situation, All for One Steeb posted strong numbers in Q1 2015/16 (calendar Q4), which even point to an upturn in the licensing business (+25%). The driving factors here were various digitisation projects (such as SAP S/4HANA, Concur and Cloud for Customer) associated with the increasing interest of medium-sized existing and new customers in SAP HANA (instead of conventional relational database solutions). Against this background, the decline in All for One Steeb's share price can largely be explained by market sentiment. We leave our estimates unchanged, as these already implicitly take into account a (slight) economic slowdown; the price target lowers slightly due to peer group effects.

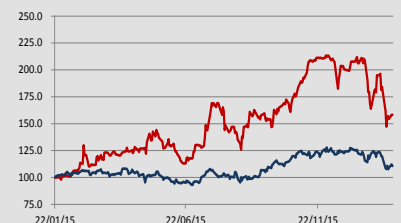
- Recurring outsourcing services revenues (including maintenance), which are of high strategic importance, grew by 8% — driven by new customer business and upselling (such as operation of Microsoft e-mail systems) for existing SAP clients. The outsourcing services share of total sales, however, sank to 40% (Q1 14/15: 43%), as the licensing business (+25%) in particular developed strongly, but consulting revenues also showed double-digit growth (+14%). Against this background, the shift in revenue structure is only a snapshot in our view.
- After a good start to the financial year, a general economic slowdown that starts at least to price in the current stock market in its breadth would represent the greatest risk to All for One Steeb shares. However, for clients of All for One Steeb, there are currently no signs of this. Also, the digitisation trend and the expanded SAP product portfolio may mask worsening business prospects (of clients), which in the past primarily placed pressure on licence sales. In addition, it should be noted that the sales mix for All for One Steeb has become more robust due to the outsourcing services business in recent years.
- Outlook for 2015/16e:** The company leaves the view from 02/11/2015 unchanged and anticipates sales in the year 2015/16 of around €255–€265 mln with an EBIT between €17.5 and €19.5 mln. We expect our sales forecast to fall somewhere in the middle of this guidance. Our growth expectation of roughly 7.5%, especially in the light of an 11% sales growth in Q1, implicitly takes into account a slight economic slowdown.

### Key data / Earnings

Year	Sales (mln €)	EBITDA (mln €)	EBIT (mln €)	EBT (mln €)	adj. net (mln €)	adj. EPS (€)	DPS (€)	EBIT-Margin	Net-Margin
2013/14	217.2	20.5	13.5	10.8	7.5	1.52	0.70	6.2%	3.5%
2014/15	241.6	27.5	19.3	16.1	11.4	2.30	0.80	8.0%	4.7%
2015/16e	259.7	28.1	19.5	17.0	11.8	2.37	0.90	7.5%	4.5%
2016/17e	275.3	30.6	21.5	19.9	14.2	2.85	1.10	7.8%	5.2%
2017/18e	289.1	33.1	23.7	22.7	15.7	3.15	1.21	8.2%	5.4%

Source: All for one Steeb AG, BankM Research

Sector	IT-Services		
WKN	511000		
ISIN	DE0005110001		
Bloomberg/Reuters	A10S GY/A10S.DE		
Accounting standard	IFRS		
Financial year	30.09		
Q2 2015/16	May 12, 2016		
Market segment	Regulated Market		
Transparency standard	Prime Standard		
<b>Financial ratios</b>	<b>15/16e</b>	<b>16/17e</b>	<b>17/18e</b>
EV/Sales	0.99	0.94	0.89
EV/EBITDA	9.2	8.4	7.8
EV/EBIT	13.2	12.0	10.9
P/E adj.	23,6	19,7	17,8
Price/Bookvalue	4.5	3.9	3.4
Price/FCF	16.2	29.5	18.2
ROE (in %)	20.4	21.4	20.6
Dividend yield (in %)	1.6	2.0	2.2
<b>Number of shares outs.</b> (in mln)	4.982		
<b>MarketCap / EV</b> (in € mln)	279 / 258		
<b>Free float</b> (in %)	24		
<b>Ø daily trading vol.</b> (3M, in €)	122		
<b>12M high / low</b> (in €; XETRA-close)	75.68/30.50		
<b>Price Feb. 16, 2016</b> (in €; XETRA-close)	56.00		
<b>Performance</b>	<b>1M</b>	<b>6M</b>	<b>12M</b>
absolute (in %)	-19%	12%	49%
relative (in %)	-12%	6%	40%
<b>Benchmark index</b>	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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## Market multiples declined YTD

The risk appetite of investors has noticeably reduced in recent weeks and (in addition to the financial sector) battered tech stocks in particular. This is reflected in the decline in valuation multiples and thus has an impact on the peer valuation of All for One Steeb shares.

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## Tables

<b>Profit and Loss Account (in € m)</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16e</b>	<b>2016/17e</b>	<b>2017/18e</b>
<b>Sales revenues</b>	<b>217.227</b>	<b>241.592</b>	<b>259.711</b>	<b>275.294</b>	<b>289.059</b>
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	1.513	2.868	3.083	3.268	3.431
Total performance	218.740	244.460	262.795	278.562	292.490
Cost of material	-79.643	-85.019	-92.544	-97.360	-101.182
<b>Gross profit</b>	<b>139.097</b>	<b>159.441</b>	<b>170.250</b>	<b>181.202</b>	<b>191.308</b>
Personnel expenses	-88.577	-99.532	-107.297	-113.735	-119.421
Other operating expenses/income	-30.064	-32.391	-34.820	-36.910	-38.755
<b>EBITDA</b>	<b>20.456</b>	<b>27.518</b>	<b>28.133</b>	<b>30.558</b>	<b>33.132</b>
Depreciation and amortisation	-6.992	-8.262	-8.655	-9.085	-9.429
<b>EBIT</b>	<b>13.464</b>	<b>19.256</b>	<b>19.478</b>	<b>21.473</b>	<b>23.703</b>
Financial result	-2.661	-3.136	-2.477	-1.533	-1.004
Non operating result before taxes	0.000	0.000	0.000	0.000	0.000
Pre tax result	10.803	16.120	17.001	19.940	22.698
Non operating result after taxes	0.000	0.000	0.000	0.000	0.000
Taxes	-3.259	-4.660	-5.212	-5.714	-6.959
Minority interest	-0.036	-0.024	0.026	-0.044	-0.044
<b>Net result</b>	<b>7.508</b>	<b>11.436</b>	<b>11.815</b>	<b>14.181</b>	<b>15.695</b>
Adjustments	0.000	0.000	0.000	0.000	0.000
Adjusted net result	7.508	11.436	11.815	14.181	15.695
Average number of shares	4.954	4.982	4.982	4.982	4.982
<b>EPS</b>	<b>1.52</b>	<b>2.30</b>	<b>2.37</b>	<b>2.85</b>	<b>3.15</b>
<b>Adjusted EPS</b>	<b>1.52</b>	<b>2.30</b>	<b>2.37</b>	<b>2.85</b>	<b>3.15</b>
<b>DPS</b>	<b>0.70</b>	<b>0.80</b>	<b>0.90</b>	<b>1.10</b>	<b>1.21</b>

Source: All for one Steeb AG, BankM Research

<b>Cash Flow Statement (in € m)</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16e</b>	<b>2016/17e</b>	<b>2017/18e</b>
Net cash provided by operating activities	15.793	21.027	19.004	22.102	24.128
Net cash used in investing activities	-6.701	-6.796	-4.209	-14.976	-11.000
Net cash provided by financing activities	-7.881	-6.776	-20.686	-8.190	-19.560
Change in cash and securities	1.711	7.667	-5.891	-1.064	-6.432
Cash and securities at the end of the period	33.347	41.041	35.150	34.087	27.655

Source: All for one Steeb AG, BankM Research

<b>Balance of Accounts (in €m)</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16e</b>	<b>2016/17e</b>	<b>2017/18e</b>
<b>Long term assets</b>	<b>83.260</b>	<b>83.641</b>	<b>79.196</b>	<b>79.086</b>	<b>80.657</b>
Intangible assets	66.731	65.684	62.884	60.984	58.984
Tangible assets	8.615	9.876	8.231	10.021	13.592
Financial assets	7.914	8.081	8.081	8.081	8.081
<b>Current assets</b>	<b>67.005</b>	<b>78.532</b>	<b>75.453</b>	<b>76.808</b>	<b>72.512</b>
Inventories	0.686	1.229	1.321	1.400	1.470
Trade receivables	32.972	36.262	38.982	41.321	43.387
Receivables	0.000	0.000	0.000	0.000	0.000
Cash and securities	33.347	41.041	35.150	34.087	27.655
<b>Other assets</b>	<b>4.400</b>	<b>5.804</b>	<b>5.804</b>	<b>2.804</b>	<b>5.804</b>
<b>Total assets</b>	<b>154.665</b>	<b>167.977</b>	<b>160.453</b>	<b>158.698</b>	<b>158.973</b>
<b>Equity</b>	<b>46.828</b>	<b>53.805</b>	<b>61.608</b>	<b>71.344</b>	<b>81.624</b>
Reserves	46.688	53.716	61.545	71.237	81.473
Minorities	0.140	0.089	0.063	0.107	0.151
<b>Provisions</b>	<b>5.508</b>	<b>4.859</b>	<b>5.013</b>	<b>5.475</b>	<b>5.644</b>
<b>Liabilities</b>	<b>50.400</b>	<b>53.776</b>	<b>38.295</b>	<b>39.343</b>	<b>28.168</b>
Interest bearing liabilities	38.623	37.528	20.828	20.828	8.728
Trade payables	9.276	10.948	11.769	12.475	13.099
Non interest bearing liabilities	2.501	5.300	5.698	6.039	6.341
<b>Other liabilities</b>	<b>51.929</b>	<b>55.537</b>	<b>55.537</b>	<b>42.537</b>	<b>43.537</b>
<b>Total equity and liabilities</b>	<b>154.665</b>	<b>167.977</b>	<b>160.453</b>	<b>158.698</b>	<b>158.973</b>

Source: All for one Steeb AG, BankM Research

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# All for One Steeb AG

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Key ratios	2013/14	2014/15	2015/16e	2016/17e	2017/18e
<b>Valuation ratios</b>					
EV/Sales	0.63	0.83	0.99	0.94	0.89
EV/EBITDA	6.70	7.32	9.15	8.42	7.77
EV/EBIT	10.18	10.46	13.22	11.99	10.86
P/E reported	17.24	17.64	23.61	19.67	17.78
P/E clean	17.24	17.64	23.61	19.67	17.78
PCPS	7.47	8.87	13.53	11.91	11.03
Price/Book Value	2.77	3.76	4.53	3.92	3.42
<b>Profitability ratios</b>					
Gross Margin	64.0%	66.0%	65.6%	65.8%	66.2%
EBITDA margin	9.4%	11.4%	10.8%	11.1%	11.5%
EBIT margin	6.2%	8.0%	7.5%	7.8%	8.2%
Pre tax margin	5.0%	6.7%	6.5%	7.2%	7.9%
Net margin	3.5%	4.7%	4.5%	5.2%	5.4%
ROE	16.4%	22.8%	20.4%	21.4%	20.6%
ROCE	14.7%	18.9%	18.5%	19.6%	20.5%
<b>Productivity ratios</b>					
Sales/employees (in € `000)	201.7	218.6	220.1	219.4	217.3
Net result/employees (in € `000)	7.0	10.3	10.0	11.3	11.8
Number of employees	1077	1105	1180	1255	1330
<b>Financial ratios</b>					
Equity ratio	30.3%	32.0%	38.4%	45.0%	51.3%
Gearing	230.3%	212.2%	160.4%	122.4%	94.8%
Dividend yield	2.7%	2.0%	1.6%	2.0%	2.2%
<b>Cash flow ratios</b>					
Cash earnings per share	3.50	4.56	4.14	4.70	5.08
Operating cash flow per share	3.19	4.22	3.81	4.44	4.84
Free-cash-flow per share	2.89	3.42	3.46	1.90	3.07
<b>Other ratios</b>					
Depreciation/sales	3.2%	3.4%	3.3%	3.3%	3.3%
Capex/sales	1.4%	2.4%	1.3%	5.1%	3.5%
Working capital/sales	10.1%	8.8%	8.8%	8.8%	8.8%
Tax rate	30%	29%	31%	29%	31%

Source: All for one Steeb AG, BankM Research

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**Authors: Daniel Großjohann, Analyst.**

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Daniel Großjohann, Benjamin Ludacka	18.11.2014	Hold	€ 30.75
Daniel Großjohann	26.05.2015	Hold	€ 51.65
Daniel Großjohann	12.08.2015	Hold	€ 51.85
Daniel Großjohann	26.01.2016	Hold	€ 65.00

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**Closing prices of February 16, 2016**

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