

All for One Steeb AG

November 10, 2017



Information Analysis

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Evaluation result

BUY

(previous: BUY)

Fair value

€75.65

(previous: € 77.50)

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Sales and EBIT better than expected

All for One Steeb's provisional figures for the 2016/17 financial year (sales: €300.5m; EBIT 20.1m; EBT: €19.4m) were slightly above our expectations. However, a higher tax rate was probably responsible for that fact that the net income of €13.1m was slightly below our estimate of €13.3m. The company also published initial guidance for the 2017/18 financial year (which started on October 1, 2017), implying growth in the high single-digit percentage range and stable margins – despite further future-oriented investment. We are not altering our estimates for 2017/18, which are at the upper end of the new guidance. The change in the price target is mainly due to peer group effects.

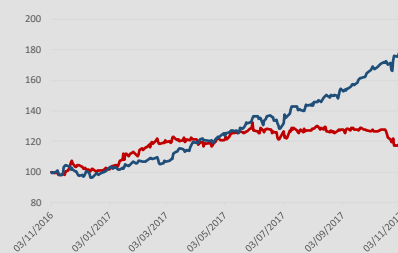
- All for One Steeb posted double-digit growth in all major **revenue types** in the past financial year. The basis for recurring revenue ["Outsourcing and Cloud Services (including maintenance)"] increased by 11%. Higher growth was generated by the licence business (+18%) and consulting revenue (+13%). Digitalisation issues – especially the cloud/hybrid cloud and S/4HANA – were the central growth drivers in the past financial year. We anticipate that the momentum in these themes will continue in the medium term. In 2017/18 All for One Steeb plans to step up investment to extend its cloud portfolio and for its own sector solutions for SAP S/4 HANA. This would also durably strengthen the basis for recurring sales revenue. At present, recurring sales revenue accounts for 43% of total sales.
- Based on EV/sales, All for One Steeb is one of the cheaper stocks in its peer group. The fact that it has been trading "sideways" for approximately two years (range: €50 to €70) may well be due to the way margins have developed since 2014/15. However, taking this as the sole indicator is too short-sighted in our view: although investment in the future, which is continuing in 2017/18, is putting pressure on margins in the short term, it is paving the way for lasting expansion of scalable (recurring) revenue and thus for higher margins in the medium term.
- Outlook for 2017/18e:** Along with the provisional figures for 2016/17, the company published its initial guidance for 2017/18. Sales are expected to be in the range of €315m to €325m, with EBIT between €20.5m and €22.0m.

Key data / Earnings

Year	Sales (mln €)	EBITDA (mln €)	EBIT (mln €)	EBT (mln €)	adj. net (mln €)	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*	300.5	29.6	20.1	19.4	13.1	2.63	1.12	6.7%	4.4%
2017/18e	324.5	32.1	22.1	21.3	14.8	2.97	1.19	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	0.91	0.84	0.76
EV/EBITDA	9.2	8.5	7.5
EV/EBIT	13.6	12.4	10.6
P/E adj.	23.4	20.7	17.6
Price/Bookvalue	4.5	4.0	3.5
Price/FCF	28.0	18.2	16.5
ROE (in %)	20.6	20.5	21.1
Dividend yield (in %)	1.8	1.9	2.2
Number of shares outs. (in mln)	4.982		
MarketCap / EV (in € mln)	307 / 273		
Free float (in %)	27		
Ø daily trading vol. (3M, in €)	143		
12M high / low (in €; XETRA-close)	67.98/50.10		
Price November 9, 2017 (in €; XETRA-close)	61.55		
Performance	1M	6M	12M
absolute (in %)	-5%	-4%	21%
relative (in %)	-2%	-29%	-28%
Benchmark index	DAX-Subsector IT-Services		



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

Source: Bloomberg

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Profit and Loss Account (in € m)	2014/15	2015/16	2016/17e *	2017/18e	2018/19e
Sales revenues	241.592	266.278	300.500	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	3.018	3.259	3.585
Total performance	244.460	268.952	303.518	327.799	360.579
Cost of material	-85.019	-96.505	-105.645	-112.981	-120.156
Gross profit	159.441	172.447	197.872	214.818	240.422
Personnel expenses	-99.532	-109.968	-127.185	-138.357	-155.297
Other operating expenses/income	-32.391	-35.076	-41.121	-44.332	-48.687
EBITDA	27.518	27.403	29.566	32.130	36.438
Depreciation and amortisation	-8.262	-8.555	-9.465	-10.061	-10.639
EBIT	19.256	18.848	20.101	22.069	25.799
Financial result	-3.136	-1.417	-0.702	-0.745	-0.698
Non operating result before taxes	0.000	0.000	0.000	0.000	0.000
Pre tax result	16.120	17.431	19.399	21.324	25.102
Non operating result after taxes	0.000	0.000	0.000	0.000	0.000
Taxes	-4.660	-5.140	-6.188	-6.397	-7.530
Minority interest	-0.024	-0.040	-0.110	-0.110	-0.110
Net result	11.436	12.251	13.101	14.817	17.462
Adjustments	0.000	0.000	0.000	0.000	0.000
Adjusted net result	11.436	12.251	13.101	14.817	17.462
Average number of shares	4.982	4.982	4.982	4.982	4.982
EPS	2.30	2.46	2.63	2.97	3.50
Adjusted EPS	2.30	2.46	2.63	2.97	3.50
DPS	0.80	1.10	1.12	1.19	1.38

Source: All for One Steeb AG, BankM Research

* Sales, EBIT, EBT and net income for 2016/17: preliminary figures

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	19.322	20.186	22.114
Net cash used in investing activities	-6.796	-2.864	-11.820	-8.266	-9.792
Net cash provided by financing activities	-6.776	-22.651	-15.080	-18.201	-7.227
Change in cash and securities	7.667	-8.611	-7.578	-6.280	5.095
Cash and securities at the end of the period	41.041	35.646	28.068	21.788	26.882

Source: All for One Steeb AG, BankM Research

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All for One Steeb AG

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Balance of Accounts (in €m)	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Long term assets	83.641	75.747	83.101	81.306	80.460
Intangible assets	65.684	61.116	67.122	65.050	63.300
Tangible assets	9.876	9.347	10.695	10.972	11.876
Financial assets	8.081	5.284	5.284	5.284	5.284
Current assets	78.532	73.432	73.413	71.079	81.772
Inventories	1.229	0.694	0.796	0.897	1.035
Trade receivables	36.262	37.092	44.549	48.394	53.854
Receivables	0.000	0.000	0.000	0.000	0.000
Cash and securities	41.041	35.646	28.068	21.788	26.882
Other assets	5.804	6.610	6.610	6.610	6.610
Total assets	167.977	155.789	163.124	158.995	168.841
Equity	53.805	60.392	68.123	77.450	89.094
Reserves	53.716	60.277	67.898	77.115	88.649
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	33.378	26.112	26.207
Interest bearing liabilities	37.528	22.424	19.824	11.224	9.924
Trade payables	10.948	12.318	12.130	13.284	14.432
Non interest bearing liabilities	5.300	1.241	1.424	1.604	1.851
Other liabilities	55.537	53.831	50.831	45.921	45.298
Total equity and liabilities	167.977	155.789	163.124	158.995	168.841

Source: All for One Steeb AG, BankM Research

Key ratios	2014/15	2015/16	2016/17e *	2017/18e	2018/19e
Valuation ratios					
EV/Sales	0.83	1.11	0.91	0.84	0.76
EV/EBITDA	7.32	10.77	9.23	8.49	7.49
EV/EBIT	10.46	15.65	13.57	12.36	10.57
P/E reported	17.64	24.81	23.41	20.69	17.56
P/E clean	17.64	24.81	23.41	20.69	17.56
PCPS	8.87	11.37	13.46	12.22	10.82
Price/Book Value	3.76	5.04	4.52	3.98	3.46
Profitability ratios					
Gross Margin	66.0%	64.8%	65.8%	66.2%	67.3%
EBITDA margin	11.4%	10.3%	9.8%	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%	4.4%	4.6%	4.9%
ROE	22.8%	21.5%	20.6%	20.5%	21.1%
ROCE	18.9%	17.6%	18.8%	18.8%	20.8%
Productivity ratios					
Sales/employees (in € `000)	234.6	210.9	224.6	229.7	240.0
Net result/employees (in € `000)	11.1	9.7	9.8	10.5	11.7
Number of employees	1030	1263	1338	1413	1488
Financial ratios					
Equity ratio	32.0%	38.8%	41.8%	48.7%	52.8%
Gearing	212.2%	158.0%	139.5%	105.3%	89.5%
Dividend yield	2.0%	1.8%	1.8%	1.9%	2.2%
Cash flow ratios					
Cash earnings per share	4.56	5.36	4.57	5.04	5.69
Operating cash flow per share	4.22	3.39	3.88	4.05	4.44
Free-cash-flow per share	3.42	4.60	2.20	3.38	3.72
Other ratios					
Depreciation/sales	3.4%	3.2%	2.2%	2.2%	2.2%
Capex/sales	2.4%	1.4%	3.9%	2.5%	2.7%
Working capital/sales	8.8%	9.1%	9.2%	9.6%	10.1%
Tax rate	29%	29%	32%	30%	30%

Source: BankM Research

* Sales, EBIT, EBT and net income for 2016/17: preliminary figures

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Author: Daniel Großjohann.

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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
Daniel Großjohann	14.08.2017	Buy	€77.50

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3. Date of first publication of this document:

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

Closing prices of November 9, 2017

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