

# All for One Group AG

December 03, 2019



## Information Analysis

Analyst:

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

Evaluation result

**BUY**

(previous: BUY)

Fair value

**€69.80**

(previous: €69.20)

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

## Sales target exceeded, Cloud Services and Support continue their strong growth

All for One Group AG's preliminary sales figures for 2018/19 (€359.2m; +8%) are above its guidance and our estimates. EBIT [€12.6m or (adjusted) €19.8m] was in line with expectations. The start of the "strategy offensive" – involving one-off expenses of around €7m – was successfully completed in the financial year. However, measures such as extending the service portfolio will continue to put pressure on the operating margin. In the next financial year, the company expects sales growth to be in the mid-single-digit percentage range – between €375m and €385m – with EBIT rising to between €20m and €22m. Given the planned stepwise progress towards the mid-term EBIT margin target (>7% from 2022/23), the valuation of shares in All for One Group is attractive, with an EV/sales multiple of 0.57. The price target has been increased slightly due to peer group and reference base effects.

- Recurring revenue from Cloud Services and Support posted a significant increase of 19% to €70.6m, driven by strong growth in cloud business. Together with Software Support (€104.1m; +9%), recurring revenue therefore rose by 12%, which was above growth in total revenue. Recurring revenue now accounts for 49% of total revenue (prior year: 47%). The Consulting & Services business grew 7% to €143.1m, while - in light of the successful cloud transformation - revenue from licence business dropped 5% to €41.4m.
- Both the CORE segment (+7%) and the LOB segment (+11%) contributed to the increase in group revenue. In the CORE segment, which services the ERP and Collaboration business areas, there is continued pressure on margins as a result of the expansion of the S/4HANA collection of "scope items", expansion of the portfolio (IoT, machine learning, etc.) and the transformation from licence to cloud business. In this segment, adjusted EBIT (extraordinary effects €6.2m) dropped by 13% to €18.5m. In the LOB segment, by contrast, (adjusted) EBIT rose to €1.3m (extraordinary effects €1m), compared with minus €0.8m in the previous year.
- Outlook:** The company's revenue guidance for 2019/20 is between €375m and €385m, with EBIT expected to be between €20m and €22m. The medium-term targets (2022/23: revenue: €550m-€600m; EBIT margin >7%) have not been altered.

### Key data / Earnings

Year	Sales* (mln €)	EBIT* (mln €)	adj. EBIT* (mln €)	EBT* (mln €)	adj. net (mln €)	EPS* (€)	DPS (€)	EBIT- Margin	Net- Margin
2016/17	300.5	20.1	20.1	19.4	13.1	2.63	1.20	6.7%	4.4%
2017/18	332.4	20.6	20.6	19.6	14.0	2.82	1.20	6.2%	4.2%
2018/19e	359.2	12.6	19.8	10.2	16.6	2.05	1.20	5.5%	4.6%
2019/20e	380.7	21.5	21.5	20.7	14.8	2.97	1.17	5.6%	3.9%
2020/21e	415.0	25.4	25.4	24.8	17.7	3.55	1.34	6.1%	4.3%

Source: All for One Group AG, BankM Research;

\* Selected 2018/19 key figures have been provisionally published by the company. The final figures will be published on 16.12.2020.

Sector	IT-Services
WKN	511000
ISIN	DE0005110001
Bloomberg/Reuters	A1OS GY/A1OS.DE
Accounting standard	IFRS
Financial year	Sep 30
GB 2018/19	December 16, 2019
Market segment	Regulated Market
Transparency standard	Prime Standard

Financial ratios	18/19v	19/20e	20/21e
EV/Sales	0.57	0.54	0.49
EV/EBITDA	6.8	6.3	5.5
EV/EBIT	10.4	9.6	8.1
P/E adj.	13.1	16.0	13.4
Price/Bookvalue	2.9	2.6	2.3
Price/FCF	28.6	13.4	11.1
ROE (in %)	22.4	16.9	18.1
Dividend yield (in %)	2.5	2.5	2.8

Number of shares outs. (in mln)	4.982
MarketCap / EV (in € mln)	237 / 205
Free float (in %)	50
Ø daily trading vol. (3M, in €)	69
12M high / low (in €; XETRA-close)	65.40/41.10
Price December 02, 2019 (in €; XETRA-close)	47.60

Performance	1M	6M	12M
absolute (in %)	4%	0%	-5%
relative (in %)	0%	12%	-2%

Benchmark index DAX-Subsector IT-Services



All for One Group AG (red/grey), Performance 1y vs. DAX-Subsector IT-Services (black)

Source: Bloomberg

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

**Note regarding MiFID II:** This research report has been prepared by order of the issuer based on a contractual agreement and is being compensated for by the issuer. The research report has simultaneously been made publicly available to all interested persons. Hence, the receipt of this research report is to be regarded as a permitted insignificant non-monetary benefit according to § 64 para 7 sentence 2 No. 1 and 2 of the German Securities Trading Act (WpHG). BankM – Repräsentanz der Flatex 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. Flatex 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.

**Economic development vs. digitisation trend**

The economy remains the biggest uncertainty for All for One Group in the short to medium term because it has many customers in sectors that are considered to be cyclical. The latest improvement in the economic expectations for Germany (the ZEW economic forecast recently improved considerably, but is still in negative territory) fuels hopes – not just on the capital market – that there will not be a pronounced downturn. Nevertheless, we have become somewhat more cautious as regards the increase in the EBIT margin in 2019/20.

**Joint statement by the Management Board and Supervisory Board on the takeover bid**

On November 18, 2019, the Management Board and Supervisory Board issued a joint statement on the **mandatory takeover bid made by Nucleus Beteiligungs GmbH** (Vienna) on November 8, 2019. It came as no surprise to us that they recommend rejecting the cash offer of €41.59 per share. In our view, the offer is not attractive, not just on the basis of the present share price (€47.60), but also on the basis of our calculation of the company's fundamental value. Although some specific considerations (tax aspects, sale of large share packets without impacting the market) have not been factored into our fundamental view, we assume that not many shareholders will tender their shares on the basis of this offer.

## Important information, disclosures and disclaimer

**Note regarding MiFID II:** This research report has been prepared by order of the issuer based on a contractual agreement and is being compensated for by the issuer. The research report has simultaneously been made publicly available to all interested persons. Hence, the receipt of this research report is to be regarded as a permitted insignificant non-monetary benefit according to § 64 para 7 sentence 2 No. 1 and 2 of the German Securities Trading Act (WpHG).

### 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 § 85 WpHG and Regulation (EU) No. 596/2014 (MAR) and the Commission Delegated Regulation (EU) No. 958/2016 and the Commission Delegated Regulation (EU) No. 565/2017:**

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

**Responsible for the content of this document: Flatex Bank AG, Frankfurt, Germany.**

**Author: Daniel Großjohann, Analyst.**

Regulatory authority for flatex 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 Group AG.

**Notice regarding previous publications regarding the issuer within the last 12 months:**

Analyst	Date	Evaluation Result	Fair Value
Daniel Großjohann	14.01.2019	Buy	€ 70.60
Daniel Großjohann	13.02.2019	Buy	€ 70.60
Daniel Großjohann	21.05.2019	Buy	€ 72.30
Daniel Großjohann	13.08.2019	Buy	€ 69.20

### 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 flatex 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:

**December 03, 2019**

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

**Closing prices of December 02, 2019**

#### 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 flatex 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 flatex 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 Commission Delegated Regulation (EU No. 958/2016 Art. 6 sec. 3 is available at: [http://www.bankm.de/webdyn/138\\_cs\\_Gesetzliche+Angaben.html](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.**

© 2019 BankM - Repräsentanz der Flatex Bank AG, Mainzer Landstraße 61, D-60329 Frankfurt.

Flatex Bank AG, Rottfeder-Ring 7, D-60327 Frankfurt. All rights reserved.

**This document is the English version of the legally binding German original research published and dated December 03, 2019.**