

all for one
STEEB



The Digitisers
Quarterly Statement
as at 31 December 2016

Key Figures

IFRS

in KEUR	10/2016 – 12/2016	10/2015 – 12/2015	Difference	in %
Earnings situation				
Sales revenues	79,360	70,781	8,579	12%
EBITDA	8,480	7,969	511	6%
EBITDA margin (in %)	10.7	11.3		
EBIT	6,356	5,760	596	10%
EBIT margin (in %)	8.0	8.1		
Earnings after tax	4,385	3,659	726	20%
Employees				
Number of employees (period end)	1,355	1,229	126	10%
Number of full-time equivalents (ø)	1,211	1,086	125	12%
Share				
Number of shares (ø)	4,982,000	4,982,000	0	0%
Earnings per share (in EUR)	0.88	0.73	0.15	21%

in %	10/2016 – 12/2016	10/2015 – 12/2015		in percentage points
Non-financial performance indicators				
Employee retention	94.6	95.5		-0.9
Health index	97.1	96.7		0.4

in KEUR	31.12.2016	30.09.2016	Difference	in %
Balance Sheet				
Total assets	156,900	155,789	1,111	1%
Shareholders' equity	64,722	60,392	4,330	7%
Equity ratio (in %)	41	39		
Net debt (-)/ net liquidity (+)	-2,510	10,006	-12,516	n/a

Certain statements within this quarterly statement constitute forward-looking statements that involve forecasts, estimates or expectations and are subject to risks and uncertainties. The actual results, performance and achievements can deviate from those expressed or implied in these forward-looking statements. Changes in the general economic and competitive situation, particularly in the core business divisions and markets, and changes in legislation, particularly those related to taxes, can cause such deviations. The German-language version of this interim report is definitive.

The company assumes no obligation to update statements made in this quarterly statement.

Consolidated Quarterly Statement of All for One Steeb AG

from 1 October to 31 December 2016

All for One Steeb AG's financial year 2016/17 deviates from the calendar year and begins on 1 October 2016 and ends on 30 September 2017. The current reporting period for the 1st quarter covers the timeframe of 1 October to 31 December 2016, as well as the corresponding prior-year period. The consolidated quarterly statement of All for One Steeb AG as at 31 December 2016 was prepared in accordance with the International Financial Reporting Standards (IFRS) as formulated by the International Accounting Standards Board (IASB) and §51a of the rules and regulations of the »Frankfurter Wertpapierbörse« (FWB, the Frankfurt Stock Exchange). The consolidated quarterly statement has not been audited.

Acquisitions

Acquisition of a majority interest in the cloud specialist B4B Solutions GmbH

The acquisition of 70% of the shareholdings in B4B Solutions GmbH, Graz/Austria, was closed on 1 November 2016 (see Annual Report 2015/16, note 38, Subsequent Events in the notes to the consolidated financial statements). This SAP cloud specialist has been included by way of full consolidation within All for One Steeb AG's Group financial accounting and reporting since that date. This transaction is a business combination in accordance with IFRS 3. The preliminary purchase price for the acquisition of the shares is KEUR 787 and an amount of KEUR 630 was paid in November 2016. The determination of a detailed purchase price allocation is still pending. B4B Solutions generated external revenues totalling EUR 0.6 million in the months of November and December 2016.

Acquisition of the remaining 40% share of OSC AG

The enlargement of the equity interest in OSC AG, Lübeck, from 60% to 100% with an effective date of 1 October 2016 was completed as scheduled during the current quarter under review (see Annual Report 2015/16, note 38, Subsequent Events in the notes to the consolidated financial statements). The purchase price for this equity enlargement was EUR 7.9 million. Earnout payments in the amount of EUR 1.8 million were also rendered.

Sales and Earnings Performance

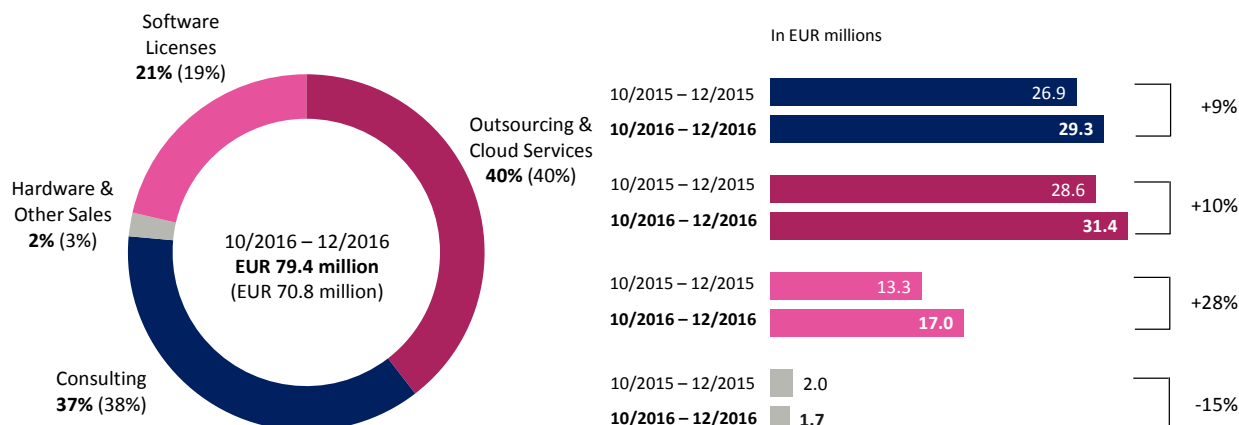
3-month sales up 12% / License revenues up 28% / The digital business of the future is moving ahead

Digital transformation is progressively reshaping the world of established key industries as well. More than 60% of IT budgets are projected to flow into digitalisation, according to the investment survey that the DSAG (German-speaking SAP User Group) published in late January 2017. And, everyone could feel how truly upbeat the atmosphere is during the All for One Steeb Mittelstandsforum that was held in November 2016 in Ulm, where more than 700 visitors had the opportunity of experiencing live and first hand the different digitalisation scenarios within every business department. Without a digital core in the form of an entirely new generation of business software – SAP S/4HANA on the basis of the SAP HANA in-memory database – it is unlikely that any pervasive transformation to a real-time enterprise can be accomplished successfully. Cloud computing is yet another key element of digital transformation, notes the IDC in a preliminary release it published in late January 2017 about its »Cloud Computing in Germany« study. The study itself, which the IDC market research analysts prepared with the support of All for One Steeb, will be available in mid-February 2017. All of this opens up the prospect of a huge digitalisation potential for us as the Number 1 in the SAP midmarket segment with the largest customer base in such sectors as the machinery and equipment manufacturing, automotive, and consumer goods industries, and which we expect will be a source of significant growth opportunities for many years to come. This is why we are following SAP's lead and continuing to invest heavily in our customers' cloud transformation while carefully expanding our service portfolio.

All for One Steeb AG achieved a significant increase in sales revenues of 12% to EUR 79.4 million (Oct 2015 – Dec 2015: EUR 70.8 million) in this 3-month period. We posted noticeable gains in all types of revenues in line with our integrated business model of being a full-service provider for all things relating to SAP, information technology and business.

Sales by Type

(Deviations result from the calculation of values in KEUR, figures may contain rounding differences)



Recurring sales revenues from outsourcing and cloud services (including software maintenance) posted a gain of 10% to EUR 31.4 million (Oct 2015 – Dec 2015: EUR 28.6 million) in the current 3-month period. The share of these revenues to total sales was an unchanged 40% (Oct 2015 – Dec 2015: 40%) in the current reporting quarter. The 3-month revenues from the sale of software licenses increased significantly by 28% to EUR 17.0 million (Oct 2015 – Dec 2015: EUR 13.3 million). The demand for consulting services is correspondingly high. All of this enabled us to post a gain in consulting revenues of 9% to EUR 29.3 million (Oct 2015 – Dec 2015: EUR 26.9 million). Our consulting teams still have an extremely heavy workload.

EBITDA up 6% to EUR 8.5 million / EBIT margin of 8.0% / Group earnings after tax up 20% to EUR 4.4 million

The strong upturn in sales of software licenses led to a rise in both the expenses for the purchase of software license rights and software maintenance agreements. The cost of materials – purchased services included – clearly outperformed sales and thus rose 16% to EUR 31.7 million (Oct 2015 – Dec 2015: EUR 27.4 million). The cost of materials ratio totalled 40% (Oct 2015 – Dec 2015: 39%). Personnel expenses increased – proportional to sales – by 12% to EUR 29.9 million (Oct 2015 – Dec 2015: EUR 26.8 million). The share of personnel expenses to sales revenues therefore remained at the prior-year level of 38% in the current quarter under review. The other operating expenses increased 7% to EUR 9.9 million (Oct 2015 – Dec 2015: EUR 9.3 million). The ratio of these expenses to total sales decreased from 13% (Oct 2015 – Dec 2015) to 12% (Oct 2016 – Dec 2016). Depreciation and amortisation decreased slightly by 4% to a total of EUR 2.1 million (Oct 2015 – Dec 2015: EUR 2.2 million). This item includes regular amortisation of intangible assets in the amount of EUR 1.1 million (Oct 2015 – Dec 2015: EUR 1.2 million).

The EBITDA after 3 months was EUR 8.5 million (Oct 2015 – Dec 2015: EUR 8.0 million), which is an increase of 6%. The corresponding EBIT was EUR 6.4 million (Oct 2015 – Dec 2015: EUR 5.8 million), which was 10% higher than the prior-year figure. The EBIT margin is a virtually unchanged 8.0% (Oct 2015 – Dec 2015: 8.1%). The enlargement of the 60% interest in OSC AG to 100% was concluded in the current reporting quarter. Therefore, the purchase price obligations and the contractually guaranteed dividends contained in the financial result for the prior-year quarter (Oct 2015 – Dec 2015) are not included in the current quarter under review. The financial result after 3 months thus improved from minus EUR 0.6 million (Oct 2015 – Dec 2015) to minus EUR 0.1 million (Oct 2016 – Dec 2016). The EBT increased by 19% after 3 months to EUR 6.2 million (Oct 2015 – Dec 2015: EUR 5.2 million). The income tax burden decreased from 30% (Oct 2015 – Dec 2015) to 29% (Oct 2016 – Dec 2016). Group earnings after tax rose to EUR 4.4 million (Oct 2015 – Dec 2015: EUR 3.7 million), which is an increase of 20%. The average number of shares outstanding in the reporting period was an unchanged 4,982,000. The earnings per share for this 3-month period were EUR 0.88 (Oct 2015 – Dec 2015: EUR 0.73).

Assets and Financial Situation

Group Balance Sheet

Despite the sharp increase in business volume, the balance sheet total changed only slightly and amounted to EUR 156.9 million as at 31 December 2016 (30 September 2016: EUR 155.8 million). This slight increase in total assets is attributable primarily to the following developments:

Non-current assets increased slightly from EUR 78.5 million (30 September 2016) to EUR 79.0 million (31 December 2016). This development is attributable mainly to increases in goodwill (plus EUR 0.6 million), tangible fixed assets (plus EUR 0.5 million) and financial assets (plus EUR 0.3 million), whereas other intangible assets declined (minus EUR 0.7 million) over the course of regular amortisation.

Total **current assets** increased slightly from EUR 77.3 million (30 September 2016) to EUR 77.9 million (31 December 2016) while cash and cash equivalents decreased by EUR 12.4 million to 20.0 million (30 September 2016: EUR 32.4 million). One-time payments in the total amount of EUR 10.3 million were made for acquiring consolidated companies and for enlarging the percentage of shareholdings in them. Due to what has been years of continuously good earnings performance, both the tax losses brought forward within the Group and the deferred tax assets capitalised thereon have, for the most part, been exhausted (see also the notes to the balance sheet in the Annual Report 2015/16, section K, notes 14 and 15). Furthermore, trade accounts receivable increased EUR 12.0 million to 49.1 million (30 September 2016: EUR 37.1 million) due to extremely strong licensing sales in December 2016.

Total equity as at 31 December 2016 further improved as a result of this good earnings performance and increased by EUR 4.3 million to 64.7 million (30 September 2016: EUR 60.4 million). The equity ratio increased by 2 percentage points to 41% (30 September 2016: 39%).

The **non-current liabilities** are a virtually unchanged EUR 40.1 million (30 September 2016: EUR 40.0 million).

Current liabilities declined by EUR 3.3 million to 52.0 million (31 December 2016). The significant increase in receivables – a result of strong licensing sales in December 2016 – is offset by the sharp rise in trade accounts payable of EUR 8.9 million to 21.2 million (30 September 2016: EUR 12.3 million). The other liabilities item declined by a total of EUR 12.2 million to 27.7 million (30 September 2016: EUR 39.9 million) as a consequence of the acquisition and enlargement of the shareholdings in consolidated companies (one-time cash outflow of EUR 10.3 million). During the 3-month reporting period, net liquidity in an amount of EUR 10.0 million (30 September 2016) turned into net debt in an amount of EUR 2.5 million (31 December 2016).

Cash Flow and Investments

Despite an improved level of earnings – the EBITDA was EUR 8.5 million (Oct 2015 – Dec 2015: EUR 8.0 million) – the **cash flow from operating activities** in the first quarter of 2016/17 was only minus EUR 0.6 million (Oct 2015 – Dec 2015: plus EUR 4.3 million). This development is attributable mainly to the significant increase in trade receivables and trade payables with a net total of EUR 3.0 million in the first quarter of 2016/17 (Oct 2015 – Dec 2015: decline of EUR 0.1 million). Furthermore, income tax payments were made in the amount of EUR 2.8 million (Oct 2015 – Dec 2015: EUR 0.4 million).

Cash flows from investing activities totalled minus EUR 3.6 million (Oct 2015 – Dec 2015: minus EUR 1.4 million) and, besides technology investments for the further expansion of our managed cloud services, primarily include EUR 2.4 million in cash used for the acquisition of consolidated companies. The free cash flow therefore amounted to minus EUR 4.2 million in the current reporting period (Oct 2015 – Dec 2015: plus EUR 2.9 million).

The **cash flow from financing activities** totalled minus EUR 8.2 million (Oct 2015 – Dec 2015: minus EUR 12.6 million). A payment of EUR 7.9 million was made in the reporting period for the enlargement of the interest in OSC AG to 100%. The increased cash outflow in the prior year is primarily a result of the repayment of promissory notes totalling EUR 12.0 million. Cash funds therefore totalled EUR 20.0 million as at 31 December 2016 (31 December 2015: EUR 31.4 million).

Employees / Corporate Governance / Opportunities and Risk Report

We increased our staffing strength by 10% to 1,355 employees (31 December 2015: 1,229 employees). The average personnel capacity for the 3-month period rose 12% from 1,086 (Oct 2015 – Dec 2015) to 1,211 (Oct 2016 – Dec 2016) full-time positions. The tight labour market still necessitates major expenditures for recruitment and personnel development. In addition to that, we continue to invest more in vocational training schemes. Two non-financial performance indicators also serve as important control parameters for building, sustaining, and improving human resources. The employee retention rate was 94.6% (prior year: 95.5%, quarterly rolling 12-month period), and the health index was 97.1% (Oct 2015 – Dec 2015: 96.7%). Our corporate governance Declaration of Conformity was most recently updated in September 2016. During the current reporting period, there were no significant changes in terms of the opportunities and the risk profile as compared to the estimates and assessments presented in the Annual Report 2015/16 (see section Opportunities and Risk Report, page 34 ff.).

Outlook for the Financial Year 2016/17

We remain committed to our forecast of 21 November 2016 whereby revenues for 2016/17 are expected to be within a range of EUR 280 million to 290 million with an EBIT of from EUR 18.5 million to 20.5 million. Potential economic setbacks continue to pose a significant risk to achieving these forecasts.

Subsequent Events

No events subject to disclosure occurred since 31 December 2016.

Group Income Statement and Other Comprehensive Income

from 1 October to 31 December 2016

in KEUR	10/2016 – 12/2016	10/2015 – 12/2015
Profit and Loss Account		
Sales revenues	79,360	70,781
Other operating income	571	625
Cost of materials and purchased services	-31,701	-27,394
Personnel expenses	-29,886	-26,788
Depreciation and amortisation	-2,124	-2,209
Other operating expenses	-9,864	-9,255
EBIT	6,356	5,760
Financial income	71	76
Financial expense	-220	-640
Financial result	-149	-564
Earnings before tax (EBT)	6,207	5,196
Income tax	-1,822	-1,537
Earnings after tax	4,385	3,659
<i>attributable to equity holders of the parent</i>	4,384	3,646
<i>attributable to non-controlling interests</i>	1	13
Other comprehensive income		
Unrealised profits (+) / losses (-) from currency translation	-54	22
Items that are or may be reclassified to profit or loss	-54	22
Other comprehensive income	-54	22
Total comprehensive income	4,331	3,681
<i>attributable to equity holders of the parent</i>	4,330	3,668
<i>attributable to non-controlling interests</i>	1	13
Undiluted and diluted earnings per share		
Earnings per share in EUR	0.88	0.73
Average number of shares outstanding (undiluted and diluted)	4,982,000	4,982,000

Group Balance Sheet

as at 31 December 2016

ASSETS in KEUR	31.12.2016	30.09.2016
Non-current assets		
Goodwill	20,196	19,608
Other intangible assets	40,782	41,508
Tangible fixed assets	9,872	9,347
Financial assets	5,590	5,284
Other assets	1,283	1,558
Deferred tax assets	1,230	1,195
	78,953	78,500
Current assets		
Inventories	523	694
Trade accounts receivable	49,064	37,092
Current income tax assets	1,812	765
Financial assets	3,285	3,216
Other assets	3,268	3,092
Cash and cash equivalents	19,995	32,430
	77,947	77,289
Total assets	156,900	155,789
EQUITY AND LIABILITIES in KEUR	31.12.2016	30.09.2016
Equity		
Issued share capital	14,946	14,946
Capital reserve	11,228	11,228
Other reserves	550	604
Retained earnings	37,883	33,499
Share of equity attributable to equity holders of the parent	64,607	60,277
Non-controlling interests	115	115
Total equity	64,722	60,392
Non-current liabilities		
Provisions	355	353
Post-employment benefit liabilities	4,482	4,367
Financial liabilities	21,512	21,384
Deferred tax liabilities	13,509	13,621
Other liabilities	278	296
	40,136	40,021
Current liabilities		
Provisions	788	863
Current income tax liabilities	1,393	1,241
Financial liabilities	994	1,040
Trade accounts payable	21,175	12,318
Other liabilities	27,692	39,914
	52,042	55,376
Total liabilities	92,178	95,397
Total equity and liabilities	156,900	155,789

Group Cash Flow Statement

from 1 October to 31 December 2016

in KEUR	10/2016 – 12/2016	10/2015 – 12/2015
Earnings before tax	6,207	5,196
Amortisation of intangible assets	1,117	1,207
Depreciation of tangible fixed assets	1,007	1,002
Financial result	149	564
EBITDA	8,480	7,969
Increase (+) / decrease (-) in cumulative value adjustments and provisions	64	-43
Other non-cash expense (+) and income (-)	-66	-96
<i>Changes in assets and liabilities:</i>		
Increase (-) / decrease (+) in trade receivables	-11,678	-4,097
Increase (-) / decrease (+) in financial assets	-374	-676
Increase (-) / decrease (+) in other assets	-656	114
Increase (+) / decrease (-) in trade payables	8,640	4,198
Increase (+) / decrease (-) in other liabilities	-2,174	-2,605
Income tax paid	-2,823	-423
Cash flow from operating activities	-587	4,341
Purchase of intangible, tangible fixed and other assets	-1,331	-1,599
Sale of intangible, tangible fixed and other assets	68	105
Purchase of consolidated equity interests	-2,430	0
Interest received	71	75
Cash flow from investing activities	-3,622	-1,419
Repayment of loans and long-term financial liabilities	0	-12,000
Interest paid	-20	-216
Repayment of finance leases	-282	-335
Increase in shareholding in consolidated equity interests	-7,880	0
Cash flow from financing activities	-8,182	-12,551
Increase / decrease in cash and cash equivalents	-12,391	-9,629
Effect of exchange rate fluctuations on cash funds	-17	30
Change in cash and cash equivalents from initial consolidation of fully consolidated equity interests	-27	0
Cash funds at the beginning of the period	32,430	41,041
Cash funds at the end of the period	19,995	31,442

Statement of Changes in Equity of the Group

from 1 October to 31 December 2016

in KEUR	Share of equity attributable to equity holders of the parent				Non-controlling interests	Total shareholders' equity
	Issued share capital	Capital reserve	Currency translation	Retained earnings		
1 October 2016	14,946	11,228	604	33,499	115	60,392
Earnings after tax	0	0	0	4,384	1	4,385
Other comprehensive income	0	0	-54	0	0	-54
Total comprehensive income	0	0	-54	4,384	1	4,331
31 December 2016	14,946	11,228	550	37,883	115	64,722
1 October 2015	14,946	11,228	606	26,936	89	53,805
Earnings after tax	0	0	0	3,646	13	3,659
Other comprehensive income	0	0	22	0	0	22
Total comprehensive income	0	0	22	3,646	13	3,681
31 December 2015	14,946	11,228	628	30,582	102	57,486

Shares Held by Board Members

as at 31 December 2016

SHARES	31.12.2016 Direct	31.12.2016 Indirect	30.09.2016 Direct	30.09.2016 Indirect
Supervisory Board				
Josef Blazicek	6,500	12,000	6,500	12,000
Peter Brogle	42,513	0	42,513	0
Peter Fritsch	24,000	0	24,000	0
Paul Neumann (as of 11 November 2016)	0	0	–	–
Jörgen Dalhoff	250	0	250	0
Detlef Mehlmann	0	0	0	0
Management Board				
Lars Landwehrkamp	50,000	22,500	50,000	22,500
Stefan Land	32,000	0	32,000	0
	155,263	34,500	155,263	34,500

Investor Relations

Facts and Figures

Key Figures of the Share

ISIN / WKN	DE0005110001 / 511 000
Market Segment	Prime Standard
Date of Listing	30 November 1998
Share Capital	EUR 14.95 million
Number of Shares	4,982,000 (registered shares)
Par Value	EUR 3

Shareholder Structure

(Approximate distribution based on shareholder statements)

Unternehmens Invest AG	25%
UIAG Informatik-Holding GmbH	25%
BEKO HOLDING GmbH & Co. KG	12%
Qino Capital Partners AG	10%
Management and Supervisory Board (direct and indirect)	4%

Financial Calendar

16 March 2017	Annual General Meeting
11 May 2017	Publication of Half-Year Financial Report as at 31 March 2017
9 August 2017	Publication of Quarterly Statement as at 30 June 2017
13 December 2017	Publication of Annual and Consolidated Financial Statements 2016/17
13 December 2017	Press Conference on Annual and Consolidated Financial Statements
14 December 2017	Analyst Conference

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All for One Steeb

All for One Steeb AG (ISIN DE0005110001) is the Number 1 in the German-speaking SAP market and a leading IT service provider. The full-service provider's portfolio comprises end-to-end services and solutions across the entire IT value chain, from management and technology consulting, SAP industry solutions and cloud applications up to highly scalable hosting and cloud services out of its German data centers, where All for One Steeb is orchestrating highly available IT operations for all business-related IT systems – including SAP solutions as well as Microsoft Exchange or Sharepoint. This is why market observers also rank All for One Steeb amongst the leading IT service providers for Outsourcing and Cloud Services, SAP HANA, Business Analytics and Performance Management, Human Capital Management, Application Management Services or Communications and Collaboration.

As an SAP Platinum Partner, All for One Steeb is a reliable general contractor and serves with more than 1,300 employees over 2,000 clients in Germany, Austria and Switzerland, mainly among the manufacturing and consumer goods industry. As a founding member of United VARs, the largest global network of leading SAP partners, All for One Steeb guarantees a comprehensive consulting and service portfolio as well as the best local support in some 80 countries. In the financial year 2015/16, All for One Steeb AG achieved a turnover of EUR 266 million. The company is listed in the Prime Standard segment of the Frankfurt Stock Exchange.

www.all-for-one.com

All for One Steeb AG
Gottlieb-Manz-Straße 1
70794 Filderstadt-Bernhausen
Germany
Tel. +49 (0) 711 788 07-0
Fax +49 (0) 711 788 07-699

www.all-for-one.com