

# All for One Group

## Focused on long-term growth

All for One (AFO) continues to execute on its ambitious growth plan, acquiring businesses with human capital management (HCM) and internet of things (IoT) expertise to expand its service offering. In the shorter term, management has reduced EBIT guidance to reflect weakness in the German economy but remains confident that margins should improve from FY20. Strong growth in cloud services and support is driving a growing level of recurring revenues, which provides some cushion against weakness in new business.

## Ambitious five-year growth plan

AFO is the largest SAP solutions supplier in the German-speaking mid-market segment and a major multi-cloud service provider. At the end of CY18, AFO announced its 'Strategy Offensive 2022', outlining its growth plans for the next five years and its desire to build a stronger position in the upper mid-market. By FY23, it is targeting revenues of €550–600m at an EBIT margin of at least 7%. This implies a revenue CAGR of 10.6–12.5% from FY18 to FY23 and compares to an adjusted EBIT margin of 6.2% in FY18 and 5.1% in 9M19. To expand its offering outside the traditional SAP ERP market, AFO acquired TalentChamp, a specialist in SAP SuccessFactors HCM software (January 2019), and CDE, a specialist in embedded systems and sensors to strengthen its IoT practice (June 2019).

## FY19 EBIT guidance reduced

When the company reported Q319 results, it highlighted that certain capital goods manufacturers (particularly in the automotive market) had started to defer projects and new capex. While management expects to meet revenue guidance for FY19 (€345–355m) aided by acquisitions, it has reduced guidance for adjusted EBIT from €21–22m to €18–21m (consensus is at €19.5m) to reflect this uncertainty.

## Valuation: Market weakness weighs on stock price

The stock has declined 14% over the last year and is now trading at a discount to peers on a P/E and EV/sales basis, with a dividend yield above the peer group average. Accelerating the rate of revenue growth towards the rates implied by the Strategy Offensive 2022 target will be key to closing this gap, as will a return to EBIT margin expansion (expected from FY20).

### Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
09/17	300.5	19.4	2.63	1.20	17.3	2.6
09/18	332.4	19.6	2.82	1.20	16.2	2.6
09/19e	353.8	13.6	3.37	1.17	13.5	2.6
09/20e	382.1	22.8	3.24	1.38	14.1	3.0

Source: Company reports, Refinitiv (as at 7 October)

Technology

**Price** €45.6  
**Market cap** €227m

### Share price graph



### Share details

Code	A10S
Shares in issue	4.98m
Net debt (€) at 30 June 2019	5.4m

### Business description

All for One Group is the leading supplier of SAP (Microsoft and IBM) integrated industry solutions to mid-market companies in German-speaking countries.

### Bull

- Market leadership position.
- Well placed to benefit from digital and cloud transformation.
- Growing level of recurring revenues (48% in 9M19).

### Bear

- Exposure to German economy.
- Low liquidity.
- Dependence on SAP.

### Analyst

Katherine Thompson +44 (0)20 3077 5730

[tech@edisongroup.com](mailto:tech@edisongroup.com)