

Recommendation: **BUY** (BUY) Risk: **HIGH** (HIGH) Price Target: **EUR 1.75** (1.75)

11 April 2014

## Return to a positive equity

### 1Q 2014 order intake with plus of 10%

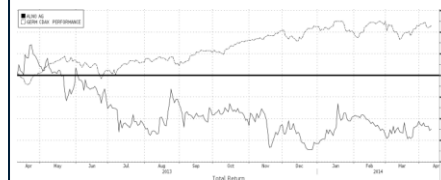
- In FY13 sales dropped by 11.5% from EUR 446.3m to EUR 395.1m as a direct result of the following; the group are still suffering from the restructuring effects, the extraordinary price increase in FY12 and the negative impact caused by the weak market development last summer. The EBITDA came in at EUR 5.5m compared to EUR 14.0m in FY12. However, declines in sales were partially compensated by staff reduction and lower base costs. On the other side the EBIT showed a positive development and increased by approx. 34% to EUR 1.2m (FY12: EUR 0.9m).
- To increase the operating margins ALNO shifted production parts to ALNO or WELLMANN-plants and reduced the staff in the plant in Enger, Germany. This can be seen in an improved gross profit rate to 44.5% (FY12: 42.3%). Further investments have been made for an international expansion. Another joint venture was set up in China to position the brand WELLMANN in own-brand kitchen studios on the Chinese market. In the UK, Switzerland and the USA new kitchen studios were set up as well.
- The start in the current business year was quite promising: In Germany ALNO and WELLMANN were able to increase its market shares to 14% by the end of FY13. Furthermore, the order intake grew by 10% in 1Q14 yoy.
- The highlight in FY 2014 was definitely the acquisition of AFG Arbonia-Forster-Holding AG's kitchen business, which includes Swiss market leaders Piatti and Forster Steel Kitchen. This takeover offers substantial synergy potential (EUR 15m to EUR 20m in FY 2015 going forward) with regard to production processes, purchasing and sales & distribution for the combined ALNO/AFG Kitchen group. Additionally, we assume that the acquired assets will deliver a valuation gain in the middle double-digit EUR million area from purchase price allocation. This "lucky buy" means that ALNO's equity will come back into positive terrain as of 31 March 2014.
- ALNO gave an outlook for FY 2014 and FY 2015 (see next page). We slightly adjusted our estimates. Based on ALNO's promising perspectives, we confirm our BUY recommendation.

#### Key data

FY 12/31, EURm	2011	2012	2013	2014E	2015E	2016E
Sales	452.8	446.3	395.1	589.7	624.0	644.0
EBITDA	5.2	14.0	5.5	25.0	42.0	45.3
EBIT	-10.7	0.9	1.2	10.1	26.1	28.5
Net result	-25.6	-1.4	-10.6	0.7	12.1	13.8
EPS	-1.04	-0.05	-0.15	0.01	0.17	0.20
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Gross margin	38.3%	44.5%	46.8%	45.0%	46.0%	46.1%
EBITDA margin	1.1%	3.1%	1.4%	4.2%	6.7%	7.0%
EBIT margin	-2.4%	0.2%	0.3%	1.7%	4.2%	4.4%
EV/EBITDA	42.3	15.8	40.0	8.8	5.2	4.9
EV/EBIT	n.m.	250.9	187.3	21.7	8.4	7.7
P/E	n.m.	n.m.	n.m.	103.2	5.9	5.2

Source: ALNO AG; CBS Research AG

Share price (dark) vs. CDAX



Source: CBS Research AG, Bloomberg, ALNO AG

Change	2014E	2015E	2016E
	new old	new old	new old
Sales	589.7 599.7	624.0 629.0	644.0 -
EBITDA	25.0 25.1	42.0 47.3	45.3 -
EPS	0.01 0.02	0.17 0.23	0.20 -

Internet: [www.alno.de](http://www.alno.de) Sector: All Consumer  
WKN: 778840 ISIN: DE0007788408  
Reuters: ANOG.DE Bloomberg: ANO GY

#### Short company profile:

ALNO is one of the leading kitchen manufacturers in Germany. Through its brands ALNO, Wellmann, Impuls and Pino the company addresses various customer target groups in different price segments.

#### Share data:

Share price (EUR, latest closing price):	1.02
Shares outstanding (m):	70.1
Market capitalisation (EUR m):	71.5
Enterprise value (EUR m):	220.0
Ø daily trading volume (3 m., no. of shares):	183,201

#### Performance data:

High 52 weeks (EUR):	1.60
Low 52 weeks (EUR):	0.86
Absolute performance (12 months):	-24.8%
Relative performance vs. CDAX:	
1 month	-0.2%
3 months	-0.5%
6 months	-19.8%
12 months	-39.0%

#### Shareholders structure:

Max Müller and family	5.6%
SE Swiss Entrepreneur	4.9%
Nordic Kitchen Holding AG	10.6%
Whirlpool Germany GmbH	20.0%
LBBW	3.0%
Free float	56.0%

#### Financial calendar:

1Q 2014 results	15 May 2014
AGM	28 May 2014

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**Outlook**

For the current business year, ALNO expects sales in the range of EUR 580m to EUR 600m and EBITDA amounting to EUR 20m to 25m.

In FY 2015 going forward, the positive effects of the acquisition will become more visible. Therefore ALNO assumes to increase sales by 5% to 7% yoy and EBITDA of EUR 35m to EUR 45m.

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BUY: The expected performance of the share price is above +10%.

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Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
30 September 2013	HOLD (Initiating Coverage)	EUR 1.15	EUR 1.40
27 November 2013	HOLD	EUR 0.99	EUR 1.40
21 January 2014	HOLD	EUR 1.13	EUR 1.40
04 February 2014	BUY	EUR 1.12	EUR 1.75

11 April 2014	BUY	EUR 1.02	EUR 1.75
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Risk-scaling System:

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LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

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