

Recommendation: **BUY** (BUY) Risk: **HIGH** (HIGH) Price Target: **EUR 1.10** (1.20)

11 September 2014

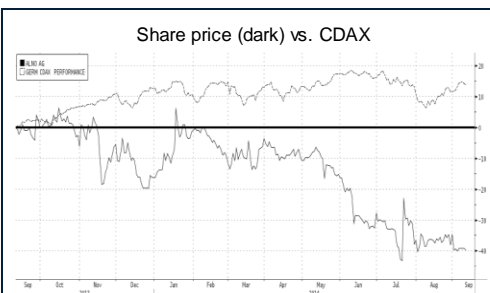
## Synergies to be reaped in 2015E

- 1H report published:** The final 1H figures slightly deviated from the preliminary figures (PF) issued on 22 July 2014. In 1H14, sales amounted to EUR 266.7m (PF: EUR 262.2m / 1H13: EUR 196.5m). AFP (consolidated as from 1/1/2014) contributed EUR 69.1m to the group's sales. Without AFP, ALNO reached organic YOY growth of 0.6%. The group's EBITDA amounted to EUR 38.2m in 1H14 (preliminary figure: EUR 38.9m) including non-cash income of EUR 52.3m from badwill realisation. ALNO's segment reporting is newly based on distribution channels instead of legal entities as before (see page 2 for segment figures). The expansion of the 'Retail' and the 'Project Business' segments, in particular as a result of the AFP takeover, makes ALNO more independent of the German trade associations as a customer group. Selling directly to the end customers yields much higher margins. The 'Trade' segment (commercial channels) posted EBITDA of EUR -8.0m in 1H14 (EUR -0.7m in 1H13), especially because of the price pressure in this segment due to the strong purchasing power of these trade associations and the strong competition.
- Revised estimates:** In the 1H report, ALNO showed a preliminary purchase price allocation (PPA) for the AFP acquisition for the first time. This enabled us to develop a much more accurate financial modeling of the takeover, resulting in new balance sheet and cash flow estimates as well as higher expected amortisations of intangible assets. We also revised our other cost estimates, now assuming higher material and personnel cost ratios for FY2014. All these changes resulted in a new EBITDA estimate of EUR 40.9m (old: EUR 62.3m) for FY2014.
- Major shareholder ensures liquidity:** Liquidity continues to be tight, and cash flow was below budget in 1H14. The company's major shareholder and supplier, Whirlpool (Bauknecht), has once more agreed on deferments of payment for delivered goods. Even though this agreement officially only runs until the end of 2014, we are rather convinced that Whirlpool will continue to ensure ALNO's liquidity in 2015 via extended payment terms.
- Conclusion:** 2014 will still be a year of transition while the full year effect from expected synergies from the AFP integration will be reaped in 2015E. We also expect further strategic initiatives which will result in a higher capacity utilisation as well as further internationalisation. Since we had already reduced our price target in our last update in anticipation of a probable reduction of our estimates, we now reduce it only slightly to EUR 1.10 (old: EUR 1.20). We confirm our BUY recommendation, addressing only investors who are prepared to take relatively high risks.

Y/E Dec 31, EUR m	2011	2012	2013	2014E	2015E	2016E
Sales	452.8	446.3	395.1	570.8	602.7	626.6
EBITDA	5.2	14.0	5.5	40.9	27.0	37.3
EBIT	-10.7	0.9	1.2	20.9	8.7	19.4
Net result	-25.6	-1.4	-10.6	7.3	-4.8	5.6
Basic EPS	-1.04	-0.05	-0.15	0.10	-0.07	0.08
EBITDA margin	1.1%	3.1%	1.4%	7.2%	4.5%	6.0%
Adj. EBITDA margin*	1.1%	3.1%	1.4%	-2.0%	4.5%	6.0%
EBIT margin	-2.4%	0.2%	0.3%	3.7%	1.4%	3.1%
EV/EBITDA*	39.7	14.8	37.6	neg.	7.7	5.5
P/E	neg.	neg.	neg.	n.m.	neg.	8.5

Source: ALNO AG; CBS Research AG

\*adjusted by income from badwill realisation in 2014E



Source: CBS Research, Bloomberg, ALNO AG

Change	2014E		2015E		2016E	
	new	old	new	old	new	old
Sales	-	570.8	-	602.7	-	626.6
EBITDA	40.9	62.3	27.0	36.8	37.3	42.2
EPS	0.10	0.44	-0.07	0.11	0.08	0.19

Internet: www.alno.de Sector: 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, Pino, Piatti and Forster Schweizer Stahlkitchen (ALNOINOX), the company addresses various customer target groups in different price segments. The Group serves the German and international market with a full range of kitchen styles from seven international production sites.

### Share data:

Share price (EUR, latest closing price):	<b>0.68</b>
Shares outstanding (m):	70.1
Market capitalisation (EUR m):	47.9
Enterprise value (EUR m):	206.8
Ø daily trading volume (3 m., no. of shares):	152,812

### Performance data:

High 52 weeks (EUR):	1.22
Low 52 weeks (EUR):	0.54
Absolute performance (12 months):	-38.5%
Relative performance vs. CDAX:	
1 month	-8.3%
3 months	-8.6%
6 months	-35.4%
12 months	-45.8%

### Shareholders:

Whirlpool Germany GmbH	19.99%
NORDIC Kitchen Holding AG	9.79%
Max Müller & family	5.36%
SE Swiss Entrepreneur AG	4.87%
LBBW Asset Man. Investmentgesellschaft	3.00%

### Financial calendar:

3Q 2014 interim announcement: 14 November 2014

Author: **Martin Decot** (Analyst)

Close Brothers Seydler Research AG  
Phone: +49 (0) 69-977 84 56 0  
Email: research@cbseydlerresearch.ag

www.cbseydlerresearch.ag

## Appendix

### Quarterly figures (YOY comparison)

EURm	1H 2014	1H 2013	+/-
<b>Sales</b>	266.7	196.5	35.8%
Commercial channels			
- segment sales	194.3	179.5	8.3%
- external sales	183.5	172.4	6.4%
as % of the group's total external sales	68.8%	87.8%	
Project business			
- segment sales	72.1	26.6	170.9%
- external sales	67.5	23.6	185.8%
as % of the group's total external sales	25.3%	12.0%	
Retail			
- segment sales	13.9	0.5	>1,000%
- external sales	13.3	0.4	>1,000%
as % of the group's total external sales	5.0%	0.2%	
Other			
- segment sales	2.4	0.0	n/m
- external sales	2.4	0.0	n/m
as % of the group's total external sales	0.9%	0.0%	
Consolidation			
- segment sales	-15.9	-10.1	
- external sales	0.0	0.0	
<b>Total output</b>	269.1	196.6	36.9%
<b>Gross profit</b>	112.8	85.4	32.0%
as % of total output	41.9%	43.4%	
<b>EBITDA</b>	38.2	4.8	692.8%
as % of total output	14.2%	2.5%	
Commercial channels	-8.0	-0.7	n/m
as % of segment sales	-3.0%	-0.3%	
Project business	-3.9	-1.2	n/m
as % of segment sales	-1.5%	-0.6%	
Retail	0.3	-0.4	n/m
as % of segment sales	0.1%	-0.2%	
Other	49.9	6.8	637.5%
as % of segment sales	18.7%	3.4%	
Consolidation	0.0	0.3	-87.1%
<b>EBIT</b>	27.3	3.5	684.2%
as % of total output	10.1%	1.8%	
<b>Net income attrib. to shareholders</b>	21.0	-1.2	n/m
<b>Basic earnings per share (EUR)</b>	0.30	-0.02	n/m
<b>Cash flow from operating activities</b>	4.2	-29.0	n/m
<b>Free cash flow</b> (before interest paid)	-34.2	-36.2	n/m

Source: ALNO AG, CBS Research AG

**Profit and loss account**

	IFRS	EURm	2011	2012	2013	2014E	2015E	2016E
<b>Sales</b>			<b>452.8</b>	<b>446.3</b>	<b>395.1</b>	<b>570.8</b>	<b>602.7</b>	<b>626.6</b>
YoY growth			-3.1%	-1.4%	-11.5%	44.5%	5.6%	4.0%
Inventory changes (finished goods, WIP)			0.0	-0.7	1.9	3.2	0.0	0.0
Other own work capitalised			0.9	1.1	0.8	0.1	0.2	0.2
<b>Total output</b>			<b>453.7</b>	<b>446.7</b>	<b>397.7</b>	<b>574.1</b>	<b>602.9</b>	<b>626.8</b>
Cost of materials			-286.4	-257.9	-222.0	-333.7	-343.7	-352.9
as % of total output			-63.1%	-57.8%	-55.8%	-58.1%	-57.0%	-56.3%
<b>Gross profit</b>			<b>167.3</b>	<b>188.7</b>	<b>175.6</b>	<b>240.4</b>	<b>259.3</b>	<b>273.9</b>
as % of total output			36.9%	42.2%	44.2%	41.9%	43.0%	43.7%
Personnel expenses			-98.5	-97.2	-95.3	-140.4	-135.0	-135.4
as % of total output			-21.7%	-21.8%	-24.0%	-24.5%	-22.4%	-21.6%
Other operating income			6.3	9.8	9.5	57.2	8.3	6.5
as % of total output			1.4%	2.2%	2.4%	10.0%	1.4%	1.0%
Other operating expenses			-94.2	-84.4	-82.2	-113.6	-105.6	-107.7
as % of total output			-20.8%	-18.9%	-20.7%	-19.8%	-17.5%	-17.2%
Restructuring result			24.3	-3.0	-2.2	-2.7	0.0	0.0
as % of total output			5.4%	-0.7%	-0.5%	-0.5%	0.0%	0.0%
<b>EBITDA</b>			<b>5.2</b>	<b>14.0</b>	<b>5.5</b>	<b>40.9</b>	<b>27.0</b>	<b>37.3</b>
as % of total output			1.1%	3.1%	1.4%	7.1%	4.5%	6.0%
<b>EBITDA adjusted by badwill realisation</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-11.4</b>	<b>-</b>	<b>-</b>
as % of total output						-2.0%		
Depreciation/amortisation and impairments			-15.9	-15.9	-12.2	-20.1	-18.3	-17.9
as % of total output			-3.5%	-3.5%	-3.1%	-3.5%	-3.0%	-2.9%
Write-ups of noncurrent assets			0.0	2.8	7.8	0.0	0.0	0.0
as % of total output			0.0%	0.6%	2.0%	0.0%	0.0%	0.0%
<b>EBIT</b>			<b>-10.7</b>	<b>0.9</b>	<b>1.2</b>	<b>20.9</b>	<b>8.7</b>	<b>19.4</b>
as % of total output			-2.4%	0.2%	0.3%	3.6%	1.4%	3.1%
<b>EBIT adjusted by badwill realisation</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-31.5</b>	<b>-</b>	<b>-</b>
as % of total output						-5.5%		
Result from at-equity consolidated investments			-3.4	-0.3	-0.7	-2.1	-0.5	0.2
Interest and other financial result			-11.2	-1.8	-7.7	-11.4	-12.5	-12.4
<b>EBT (Earnings before income taxes)</b>			<b>-25.2</b>	<b>-1.2</b>	<b>-7.2</b>	<b>7.4</b>	<b>-4.3</b>	<b>7.2</b>
as % of total output			-5.6%	-0.3%	-1.8%	1.3%	-0.7%	1.1%
Taxes on income			-0.3	-0.2	-3.5	-0.1	-0.4	-1.4
as % of EBT			1.4%	16.7%	48.0%	-1.4%	10.0%	-19.4%
<b>Net income of the group</b>			<b>-25.6</b>	<b>-1.4</b>	<b>-10.7</b>	<b>7.3</b>	<b>-4.7</b>	<b>5.8</b>
as % of total output			-5.6%	-0.3%	-2.7%	1.3%	-0.8%	0.9%
Minority interests			0.0	0.0	0.1	0.0	-0.1	-0.1
<b>Net income attributable to shareholders</b>			<b>-25.6</b>	<b>-1.4</b>	<b>-10.6</b>	<b>7.3</b>	<b>-4.8</b>	<b>5.6</b>
Weighted average shares outstanding (m)			24.6	30.9	70.1	70.1	70.1	70.1
<b>Basic earnings per share (EUR)</b>			<b>-1.04</b>	<b>-0.05</b>	<b>-0.15</b>	<b>0.10</b>	<b>-0.07</b>	<b>0.08</b>

Source: CBS Research AG, ALNO AG

## Balance sheet

	IFRS	EURm	2011	2012	2013	2014E	2015E	2016E
<b>Assets</b>								
<b>Noncurrent assets</b>			<b>86.5</b>	<b>89.2</b>	<b>99.8</b>	<b>187.6</b>	<b>187.8</b>	<b>188.8</b>
as % of total assets			54.1%	53.0%	55.0%	62.2%	62.1%	61.4%
Goodwill			1.5	3.7	3.7	3.7	3.7	3.7
Other intangible assets			4.5	5.0	6.0	53.2	51.4	49.5
Property, plant and equipment			73.5	75.7	84.5	120.5	122.8	125.5
Investments accounted for using the equity method			0.9	0.0	0.8	-1.3	-1.8	-1.6
Financial assets/receivables			4.5	3.7	3.6	4.9	4.9	4.9
Receivables and other assets			1.6	0.8	0.9	1.0	1.0	1.0
Deferred taxes			0.0	0.4	0.2	5.7	5.7	5.7
<b>Current assets</b>			<b>73.2</b>	<b>79.0</b>	<b>81.6</b>	<b>114.0</b>	<b>114.5</b>	<b>118.5</b>
as % of total assets			45.9%	47.0%	45.0%	37.8%	37.9%	38.6%
Inventories			25.9	24.5	24.0	34.2	35.0	36.3
Trade receivables			40.1	44.8	42.7	62.6	62.8	65.2
Financial receivables			0.0	0.0	2.0	0.9	0.0	0.0
Other assets and receivables			5.0	4.4	9.7	13.3	13.6	13.8
Cash and cash equivalents			2.2	5.4	3.3	3.0	3.1	3.1
<b>Total assets</b>			<b>159.7</b>	<b>168.3</b>	<b>181.5</b>	<b>301.6</b>	<b>302.2</b>	<b>307.3</b>
<b>Shareholders' equity and liabilities</b>								
<b>Shareholders' equity</b>			<b>-73.3</b>	<b>-7.5</b>	<b>-18.4</b>	<b>-0.9</b>	<b>-5.7</b>	<b>0.1</b>
as % of total equity and liabilities			-45.9%	-4.4%	-10.1%	-0.3%	-1.9%	0.0%
Subscribed capital			67.8	70.1	70.1	70.1	70.1	70.1
Capital reserve			45.9	3.3	3.3	3.3	3.3	3.3
Retained earnings			0.0	0.5	0.5	0.5	0.5	0.5
Unappropriated group profit			-187.1	-81.5	-92.3	-74.9	-79.7	-74.1
Minority interests			0.0	0.2	0.1	0.1	0.2	0.3
<b>Noncurrent liabilities and deferred income</b>			<b>32.8</b>	<b>27.6</b>	<b>90.7</b>	<b>136.9</b>	<b>152.3</b>	<b>142.2</b>
as % of total equity and liabilities			20.6%	16.4%	50.0%	45.4%	50.4%	46.3%
Provisions for pensions and similar obligations			18.0	20.3	20.6	27.1	26.7	26.2
Deferred tax liabilities			0.4	0.2	2.8	13.6	13.6	13.6
Other long-term provisions			3.2	2.3	1.4	1.4	1.2	1.3
Shareholder loans			0.0	0.0	20.0	20.0	20.0	0.0
Other noncurrent financial liabilities			10.5	4.0	45.2	74.0	90.0	100.4
Deferred income from government grants			0.8	0.7	0.7	0.7	0.7	0.7
Other noncurrent liabilities			0.1	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>			<b>200.2</b>	<b>148.1</b>	<b>109.1</b>	<b>165.7</b>	<b>155.6</b>	<b>165.0</b>
as % of total equity and liabilities			125.4%	88.0%	60.1%	54.9%	51.5%	53.7%
Other current provisions			5.6	5.5	2.7	3.7	3.5	3.6
Shareholder loans			0.4	0.4	10.4	10.4	0.4	20.4
Current financial liabilities			99.1	14.9	17.2	37.0	45.0	31.4
Trade accounts payable and other fin. liabilities			86.8	118.2	70.8	100.1	91.5	93.8
Other current liabilities incl. income taxes payable			8.3	9.2	7.9	14.4	15.2	15.8
<b>Total equity and liabilities</b>			<b>159.7</b>	<b>168.3</b>	<b>181.5</b>	<b>301.6</b>	<b>302.2</b>	<b>307.3</b>

Source: CBS Research AG, ALNO AG

**Cash flow statement**

	IFRS	EURm	2011	2012	2013	2014E	2015E	2016E
<b>EBIT</b>			-10.7	0.9	1.2	20.9	8.7	19.4
Depreciation/amortisation and write-ups of noncurrent assets			15.9	13.1	4.3	20.1	18.3	17.9
Cash taxes paid/received			-0.3	-0.1	-0.4	-0.1	-0.4	-1.4
Other non-cash income and expenses			-22.4	-6.5	1.0	-44.8	3.1	3.3
Cash-effective change in other provisions			-5.2	-4.8	-5.6	-4.6	-4.6	-4.7
Increase/decrease in inventories, trade receivables, and other assets			-6.9	5.8	-6.6	5.9	-1.3	-4.1
Increase/decrease in trade accounts payable and other liabilities			36.6	24.2	-18.3	17.2	-8.1	2.9
Interest paid/received			-10.3	-7.0	-5.1	-10.5	-11.5	-11.5
<b>Cash flow from operating activities</b>			<b>-3.3</b>	<b>25.5</b>	<b>-29.5</b>	<b>4.1</b>	<b>4.1</b>	<b>21.9</b>
Net cash outflows from the purchase and retirement of PP&E and intangible assets			-17.4	-14.1	-14.7	-16.7	-18.9	-18.8
Payments for the purchase/sale of companies			0.0	-1.2	0.0	-36.7	0.0	0.0
Net investments in financial assets and change in granted loans			0.2	0.5	1.0	0.4	0.9	0.0
<b>Cash flow from investing activities</b>			<b>-17.1</b>	<b>-14.74</b>	<b>-13.7</b>	<b>-52.9</b>	<b>-18.0</b>	<b>-18.8</b>
Capital stock increases less cost			24.2	44.3	0.0	0.0	0.0	0.0
Change in financial liabilities/shareholder loans			-4.1	-51.3	41.6	48.6	14.0	-3.2
<b>Cash flow from financing activities</b>			<b>20.1</b>	<b>-7.1</b>	<b>41.6</b>	<b>48.6</b>	<b>14.0</b>	<b>-3.2</b>
<b>Total change in cash and cash equivalents</b>			<b>-0.3</b>	<b>3.7</b>	<b>-1.6</b>	<b>-0.2</b>	<b>0.1</b>	<b>-0.1</b>
Cash and cash equivalents at the start of the period			1.0	0.6	4.3	2.7	2.5	2.6
<b>Cash and cash equivalents at the end of the period</b>			<b>0.6</b>	<b>4.3</b>	<b>2.7</b>	<b>2.5</b>	<b>2.6</b>	<b>2.5</b>
+ Restricted cash and cash equivalents			1.6	1.1	0.5	0.5	0.5	0.5
<b>= Cash and cash equivalents in the balance sheet</b>			<b>2.2</b>	<b>5.4</b>	<b>3.3</b>	<b>3.0</b>	<b>3.1</b>	<b>3.1</b>

Source: CBS Research AG, ALNO AG

## Research



Schillerstrasse 27 - 29  
60313 Frankfurt am Main

Phone: +49 (0)69 – 977 8456-0

Roger Peeters Member of the Board	+49 (0)69 - 977 8456- 12 <a href="mailto:Roger.Peeters@cbseydlerresearch.ag">Roger.Peeters@cbseydlerresearch.ag</a>	Igor Kim (Equities)	+49 (0)69 - 977 8456- 15 <a href="mailto:Igor.Kim@cbseydlerresearch.ag">Igor.Kim@cbseydlerresearch.ag</a>
Martin Decot (Equities)	+49 (0)69 - 977 8456- 13 <a href="mailto:Martin.Decot@cbseydlerresearch.ag">Martin.Decot@cbseydlerresearch.ag</a>	Daniel Kukalj (Equities)	+49 (0)69 - 977 8456- 21 <a href="mailto:Daniel.Kukalj@cbseydlerresearch.ag">Daniel.Kukalj@cbseydlerresearch.ag</a>
Gennadij Kremer (Corporate Credit)	+49 (0)69 - 977 8456- 23 <a href="mailto:Gennadij.Kremer@cbseydlerresearch.ag">Gennadij.Kremer@cbseydlerresearch.ag</a>	Manuel Martin (Equities)	+49 (0)69 - 977 8456- 16 <a href="mailto:Manuel.Martin@cbseydlerresearch.ag">Manuel.Martin@cbseydlerresearch.ag</a>
Carsten Kunold (Equities)	+49 (0)69 - 977 8456- 28 <a href="mailto:Carsten.Kunold@cbseydlerresearch.ag">Carsten.Kunold@cbseydlerresearch.ag</a>	Roland Pfänder (Equities)	+49 (0)69 - 977 8456- 26 <a href="mailto:Roland.Pfaender@cbseydlerresearch.ag">Roland.Pfaender@cbseydlerresearch.ag</a>
Felix Parmantier (Equities)	+49 (0)69 - 977 8456- 22 <a href="mailto:Felix.Parmantier@cbseydlerresearch.ag">Felix.Parmantier@cbseydlerresearch.ag</a>	Michele Sassano (Support)	+49 (0)69 - 977 8456- 17 <a href="mailto:Michele.Sassano@cbseydlerresearch.ag">Michele.Sassano@cbseydlerresearch.ag</a>
Dr. Oliver Pucker (Equities)	+49 (0)69 - 977 8456- 27 <a href="mailto:Oliver.Pucker@cbseydlerresearch.ag">Oliver.Pucker@cbseydlerresearch.ag</a>	Simone Steymann (Support)	+49 (0)69 - 977 8456- 25 <a href="mailto:Simone.Steymann@cbseydlerresearch.ag">Simone.Steymann@cbseydlerresearch.ag</a>
Marcus Silbe (Equities)	+49 (0)69 - 977 8456- 14 <a href="mailto:Marcus.Silbe@cbseydlerresearch.ag">Marcus.Silbe@cbseydlerresearch.ag</a>	Ivo Višić (Equities)	+49 (0)69 - 977 8456- 19 <a href="mailto:Ivo.Visic@cbseydlerresearch.ag">Ivo.Visic@cbseydlerresearch.ag</a>
Veysel Taze (Equities)	+49 (0)69 - 977 8456- 18 <a href="mailto:Veysel.Taze@cbseydlerresearch.ag">Veysel.Taze@cbseydlerresearch.ag</a>	Sergey Weinberg (Corporate Credit)	+49 (0)69 - 977 8456- 20 <a href="mailto:Sergey.Weinberg@cbseydlerresearch.ag">Sergey.Weinberg@cbseydlerresearch.ag</a>

## Institutional Sales



Schillerstrasse 27 – 29  
60313 Frankfurt am Main

Phone: +49 (0)69 – 9 20 54-400

Karl Filbert (Head of Sales)	+49 (0)69 -9 20 54-104 <a href="mailto:Karl.Filbert@cbseydler.com">Karl.Filbert@cbseydler.com</a>	Klaus Korzilius (Benelux, Scandinavia)	+49 (0)69 -9 20 54-114 <a href="mailto:Klaus.Korzilius@cbseydler.com">Klaus.Korzilius@cbseydler.com</a>
Sebastian Holl (Head of Sales Trading)	+49 (0)69 -9 20 54-119 <a href="mailto:Sebastian.Holl@cbseydler.com">Sebastian.Holl@cbseydler.com</a>	Carsten Pfersdorf (Head of Sales Execution)	+49 (0)69 -9 20 54-168 <a href="mailto:Carsten.Pfersdorf@cbseydler.com">Carsten.Pfersdorf@cbseydler.com</a>
Bruno de Lencquesaing (Benelux, France)	+49 (0)69 -9 20 54-116 <a href="mailto:Bruno.deLencquesaing@cbseydler.com">Bruno.deLencquesaing@cbseydler.com</a>	Dr. James Jackson (UK, Ireland)	+49 (0)69 -9 20 54-113 <a href="mailto:James.Jackson@cbseydler.com">James.Jackson@cbseydler.com</a>
Claudia Jurewecz (Germany, Austria, Switzerland)	+49 (0)69 -9 20 54-106 <a href="mailto:Claudia.Jurewecz@cbseydler.com">Claudia.Jurewecz@cbseydler.com</a>	Markus Laifle (Sales Execution)	+49 (0)69 -9 20 54-120 <a href="mailto:Markus.Laifle@cbseydler.com">Markus.Laifle@cbseydler.com</a>
Angela Leser (Germany, Austria, Switzerland)	+49 (0)69 -9 20 54-111 <a href="mailto:Angela.Leser@cbseydler.com">Angela.Leser@cbseydler.com</a>	Enikö-Sofia Matyas (Germany, France)	+49 (0)69 -9 20 54-115 <a href="mailto:Enikoe-Sofia.Matyas@cbseydler.com">Enikoe-Sofia.Matyas@cbseydler.com</a>
Carsten Schlegel (Sales Trading)	+49 (0)69 -9 20 54-137 <a href="mailto:Carsten.Schlegel@cbseydler.com">Carsten.Schlegel@cbseydler.com</a>	Christopher Seedorf (Switzerland)	+49 (0)69 -9 20 54-110 <a href="mailto:Christopher.Seedorf@cbseydler.com">Christopher.Seedorf@cbseydler.com</a>
Bas-Jan Walhof (Benelux, Scandinavia)	+49 (0)69 -9 20 54-105 <a href="mailto:Bas-Jan.Walhof@cbseydler.com">Bas-Jan.Walhof@cbseydler.com</a>		

**Disclaimer and statement according to § 34b German Securities Trading Act (“Wertpapierhandelsgesetz”) in combination with the provisions on financial analysis (“Finanzanalyseverordnung” FinAnV)**

This report has been prepared independently of the company analysed by Close Brothers Seydler Research AG and/ or its cooperation partners and the analyst(s) mentioned on the front page (hereafter all are jointly and/or individually called the ‘author’). None of Close Brothers Seydler Research AG, Close Brothers Seydler Bank AG or its cooperation partners, the Company or its shareholders has independently verified any of the information given in this document.

Section 34b of the German Securities Trading Act in combination with the FinAnV requires an enterprise preparing a security analysis to point out possible conflicts of interest with respect to the company that is the subject of the analysis.

Close Brothers Seydler Research AG is a majority owned subsidiary of Close Brothers Seydler Bank AG (hereafter ‘CBS’). However, Close Brothers Seydler Research AG (hereafter ‘CBSR’) provides its research work independent from CBS. CBS is offering a wide range of Services not only including investment banking services and liquidity providing services (designated sponsoring). CBS or CBSR may possess relations to the covered companies as follows (additional information and disclosures will be made available upon request):

- a. CBS holds more than 5% interest in the capital stock of the company that is subject of the analysis.
- b. CBS was a participant in the management of a (co)consortium in a selling agent function for the issuance of financial instruments, which themselves or their issuer is the subject of this financial analysis within the last twelve months.
- c. CBS has provided investment banking and/or consulting services during the last 12 months for the company analysed for which compensation has been or will be paid for.
- d. CBS acts as designated sponsor for the company’s securities on the basis of an existing designated sponsorship contract. The services include the provision of bid and ask offers. Due to the designated sponsoring service agreement CBS may regularly possess shares of the company and receives a compensation and/ or provision for its services.
- e. The designated sponsor service agreement includes a contractually agreed provision for research services.
- f. CBSR and the analysed company have a contractual agreement about the preparation of research reports. CBSR receives a compensation in return.
- g. CBS has a significant financial interest in relation to the company that is subject of this analysis.

In this report, the following conflicts of interests are given at the time, when the report has been published: b, d, f

CBS and/or its employees or clients may take positions in, and may make purchases and/ or sales as principal or agent in the securities or related financial instruments discussed in this analysis. CBS may provide investment banking, consulting, and/ or other services to and/ or serve as directors of the companies referred to in this analysis. No part of the authors compensation was, is or will be directly or indirectly related to the recommendations or views expressed.

Recommendation System:

CBSR uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 12 months:

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

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

This rating system is only a guideline. Therefore, deviations from this system may apply.

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

Date	Recommendation	Price at change date	Price target
11 September 2014	BUY	EUR 0.68	EUR 1.10
23 July 2014	BUY	EUR 0.861	EUR 1.20
16 June 2014	BUY	EUR 0.80	EUR 1.75
16 May 2014	BUY	EUR 1.03	EUR 1.75
11 April 2014	BUY	EUR 1.02	EUR 1.75



04 February 2014	BUY	EUR 1.12	EUR 1.75
21 January 2014	HOLD	EUR 1.13	EUR 1.40
27 November 2013	HOLD	EUR 0.99	EUR 1.40
30 September 2013	HOLD (Initiating Coverage)	EUR 1.15	EUR 1.40

Risk-scaling System:

CBSR uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 12 months:

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

HIGH: The volatility is expected to be higher than the volatility of the benchmark

The following valuation methods are used when valuing companies: Multiplier models (price/earnings, price/cash flow, price/book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer group comparisons, historical valuation approaches, discounting models (DCF, DDM), break-up value approaches or asset valuation approaches. The valuation models are dependent upon macroeconomic measures such as interest, currencies, raw materials and assumptions concerning the economy. In addition, market moods influence the valuation of companies.

The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks.

These may change at any time without prior notice.

The opinions and forecasts contained in this report are those of the author alone. Material sources of information for preparing this report are publications in domestic and foreign media such as information services (including but not limited to Reuters, VWD, Bloomberg, DPA-AFX), business press (including but not limited to B $\ddot{o}$ rsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Financial Times), professional publications, published statistics, rating agencies as well as publications of the analysed issuers. Furthermore, discussions were held with the management for the purpose of preparing the analysis. Potentially parts of the analysis have been provided to the issuer prior to going to press; no significant changes were made afterwards, however. Any information in this report is based on data considered to be reliable, but no representations or guarantees are made by the author with regard to the accuracy or completeness of the data. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. Possible errors or incompleteness of the information do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. The views presented on the covered company accurately reflect the personal views of the author. All employees of the author's company who are involved with the preparation and/or the offering of financial analyzes are subject to internal compliance regulations.

The report is for information purposes, it is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the securities mentioned in this report. Any reference to past performance should not be taken as indication of future performance. The author does not accept any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report. The report is confidential and it is submitted to selected recipients only. The report is prepared for professional investors only and it is not intended for private investors. Consequently, it should not be distributed to any such persons. Also, the report may be communicated electronically before physical copies are available. It may not be reproduced (in whole or in part) to any other investment firm or any other individual person without the prior written approval from the author. The author is not registered in the United Kingdom nor with any U.S. regulatory body.

It has not been determined in advance whether and in what intervals this report will be updated. Unless otherwise stated current prices refer to the closing price of the previous trading day. Any reference to past performance should not be taken as indication of future performance. The author maintains the right to change his opinions without notice, i.e. the opinions given reflect the author's judgment on the date of this report.

This analysis is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor.

By accepting this report the recipient accepts that the above restrictions are binding. German law shall be applicable and court of jurisdiction for all disputes shall be Frankfurt am Main (Germany).

This report should be made available in the United States solely to investors that are (i) "major US institutional investors" (within the meaning of SEC Rule 15a-6 and applicable interpretations relating thereto) that are also "qualified institutional buyers" (QIBs) within the meaning of SEC Rule 144A promulgated by the United States Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act") or (ii) investors that are not "US Persons" within the meaning of Regulation S under the Securities Act and applicable interpretations relating thereto. The offer or sale of certain securities in the United States may be made to QIBs in reliance on Rule 144A. Such securities may include those offered and sold outside the United States in transactions



intended to be exempt from registration pursuant to Regulation S. This report does not constitute in any way an offer or a solicitation of interest in any securities to be offered or sold pursuant to Regulation S. Any such securities may not be offered or sold to US Persons at this time and may be resold to US Persons only if such securities are registered under the Securities Act of 1933, as amended, and applicable state securities laws, or pursuant to an exemption from registration.

This publication is for distribution in or from the United Kingdom 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 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

This publication is for distribution in Canada only to pension funds, mutual funds, banks, asset managers and insurance companies.

The distribution of this publication in other jurisdictions may be restricted by law, and persons into whose possession this publication comes should inform themselves about, and observe, any such restrictions. In particular this publication may not be sent into or distributed, directly or indirectly, in Japan or to any resident thereof.

Responsible Supervisory Authority:

Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, Federal Financial Supervisory Authority)

Graurheindorferstraße 108

53117 Bonn

and

Marie-Curie-Str. 24-28

60439 Frankfurt

 Close Brothers Seydler  
Research AG

Schillerstrasse 27 - 29

60313 Frankfurt am Main

[www.cbseydlerresearch.ag](http://www.cbseydlerresearch.ag)

Tel.: 0049 - (0)69 - 97 78 45 60