

Recommendation:

BUY (BUY)

Risk:

HIGH (HIGH)

Price Target:

EUR 1.10 (1.10)

14 November 2014

3Q: EBITDA in line with our expectations

New FY14 guidance only slightly below our last estimate

- 3Q figures:** This morning, ALNO issued the 3Q interim announcement. Sales matched the preliminary figure as issued on 9 Oct. 2014. 3Q sales thus amounted to EUR 133m (3Q13: EUR 97.1m; +37% yoy). **9M14 sales** reached about EUR 400m (9M13: EUR 293.6m; +36% yoy). In 9M14, **EBITDA before restructuring effects** came in at EUR 35m. This included non-cash income of EUR 52.3m from badwill realisation. **EBIT** (incl. amortisations on assets from purchase price allocation) reached EUR 16m. Overall, these **figures are rather well in line with our expectations**.
- Cash refund from successful litigation:** Following ALNO's appeal, the Higher Regional Court dismissed both actions of the former CEO Jörg Deisel against his extraordinary dismissal from April 2011. Thus, the **company will receive a refund of around EUR 2.6m**, which had already been paid out due to earlier first-instance judgments and a non-binding interim agreement. In addition, ALNO may claim **interest and litigation costs** totaling several hundred thousand euros. We assume that ALNO will book an **extraordinary income from these refunds of up to EUR 3.0m** in 2014. We assume that the restructuring result accounted for about EUR 2.6m in 9M14, including EUR 1.2m costs of litigation with the former CEO. We cautiously estimate that the net restructuring result will be EUR -1.1m in FY14 due to some additional expenditures in 4Q14. The Court refused to Mr. Deisel the possibility of a revision appeal to the Federal Court of Justice. Mr. Deisel can therefore only lodge an appeal against this denial.
- New guidance and CBSR estimates:** ALNO's previous EBITDA guidance (EUR 20m–25m) had still not fully accounted for all effects from the purchase price allocation. Today, the management issued a new guidance, now expecting EBITDA (including special effects from the AFP integration) to reach up to EUR 38m in FY14. This is rather close to our latest EBITDA estimate for FY14 which was EUR 40.9m. In order to be on the safe side, we lower our EBITDA estimate to EUR 36.0m (after result from restructuring). Order backlog stands at EUR 120m, backing our sales estimates.
- Conclusion:** At an investors' day, Whirlpool's representative in ALNO's Supervisory Board confirmed Whirlpool's strategic commitment to support ALNO. He mentioned that Whirlpool has a business relation with ALNO Group for more than 10 years now and does not intend to change this, as ALNO is an important distribution channel for Whirlpool in Europe. In our view, ALNO is well on its way to reap the fruit from the AFP integration in 2015E. We leave our price target unchanged at EUR 1.10 and confirm our **BUY** recommendation.



Source: CBS Research, Bloomberg, ALNO AG

Change	2014E		2015E		2016E	
	new	old	new	old	new	old
Sales	-	570.8	-	602.7	-	626.6
EBITDA	36.0	40.9	-	27.0	-	37.3
EPS	0.01	0.10	-	-0.07	-	0.08

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 Stahlküchen (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):	0.70
Shares outstanding (m):	70.1
Market capitalisation (EUR m):	49.1
Enterprise value (EUR m):	208.0
Ø daily trading volume (3 m., no. of shares):	117,592

Performance data:

High 52 weeks (EUR):	1.22
Low 52 weeks (EUR):	0.40
Absolute performance (12 months):	-32.2%
Relative performance vs. CDAX:	
1 month	29.3%
3 months	7.0%
6 months	-22.2%
12 months	-33.0%

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:

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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	36.0	27.0	37.3
EBIT	-10.7	0.9	1.2	14.0	8.7	19.4
Net result	-25.6	-1.4	-10.6	0.4	-4.8	5.7
Basic EPS	-1.04	-0.05	-0.15	0.01	-0.07	0.08
EBITDA margin	1.1%	3.1%	1.4%	6.3%	4.5%	6.0%
EBIT margin	-2.4%	0.2%	0.3%	2.4%	1.4%	3.1%
EV/EBITDA	40.0	14.9	37.8	5.8	7.7	5.6
P/E	neg.	neg.	neg.	n.m.	neg.	8.7

Source: ALNO AG; CBS Research AG

Profit and loss account

	IFRS	EURm	2011	2012	2013	2014E	2015E	2016E
Sales			452.8	446.3	395.1	570.8	602.7	626.6
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
Total output			453.7	446.7	397.7	574.1	602.9	626.8
Cost of materials			-286.4	-257.9	-222.0	-333.8	-343.7	-352.9
as % of total output			-63.1%	-57.8%	-55.8%	-58.1%	-57.0%	-56.3%
Gross profit			167.3	188.7	175.6	240.3	259.3	273.9
as % of total output			36.9%	42.2%	44.2%	41.9%	43.0%	43.7%
Personnel expenses			-98.5	-97.2	-95.3	-141.5	-135.0	-135.4
as % of total output			-21.7%	-21.8%	-24.0%	-24.6%	-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	-119.0	-105.6	-107.7
as % of total output			-20.8%	-18.9%	-20.7%	-20.7%	-17.5%	-17.2%
EBITDA before restructuring result			-19.1	16.9	7.7	37.1	27.0	37.3
as % of total output			-4.2%	3.8%	1.9%	6.5%	4.5%	6.0%
Restructuring result			24.3	-3.0	-2.2	-1.1	0.0	0.0
as % of total output			5.4%	-0.7%	-0.5%	-0.2%	0.0%	0.0%
EBITDA			5.2	14.0	5.5	36.0	27.0	37.3
as % of total output			1.1%	3.1%	1.4%	6.3%	4.5%	6.0%
EBITDA adjusted by special items (badwill etc.)			-	-	-	-15.2	-	-
as % of total output						-2.7%		
Depreciation/amortisation and impairments			-15.9	-15.9	-12.2	-22.1	-18.3	-17.9
as % of total output			-3.5%	-3.5%	-3.1%	-3.8%	-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%
EBIT			-10.7	0.9	1.2	14.0	8.7	19.4
as % of total output			-2.4%	0.2%	0.3%	2.4%	1.4%	3.1%
EBIT adjusted by special items (badwill etc.)			-	-	-	-37.3	-	-
as % of total output						-6.5%		
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
EBT (Earnings before income taxes)			-25.2	-1.2	-7.2	0.5	-4.3	7.2
as % of total output			-5.6%	-0.3%	-1.8%	0.1%	-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%	-20.5%	10.0%	-19.3%
Net income of the group			-25.6	-1.4	-10.7	0.4	-4.7	5.8
as % of total output			-5.6%	-0.3%	-2.7%	0.1%	-0.8%	0.9%
Minority interests			0.0	0.0	0.1	0.0	-0.1	-0.1
Net income attributable to shareholders			-25.6	-1.4	-10.6	0.4	-4.8	5.7
Weighted average shares outstanding (m)			24.6	30.9	70.1	70.1	70.1	70.1
Basic earnings per share (EUR)			-1.04	-0.05	-0.15	0.01	-0.07	0.08

Source: CBS Research AG, ALNO AG

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HOLD: The expected performance of the share price is between 0% and +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
14 November 2014	BUY	EUR 0.70	EUR 1.10
9 October 2014	BUY	EUR 0.57	EUR 1.10
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

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