

ALNO AG

BUY (BUY) | Target EUR 1.10 (EUR 1.10)

 Price (last closing price) : **EUR 0.73** | Upside : 50%

| Est. change | 2015e | 2016e |
|-------------|-------|-------|
| EPS | n.m. | n.m. |

1Q figures: AFP Küchen expanded slower than expected

Tuesday, 19 May 2015



Capital

| | |
|-------------------------|-------------|
| ANO GY ANOG.DE | |
| Market Cap (EURm) | 55 |
| Enterprise value (EURm) | 252 |
| Extrema 12 months | 1.01 - 0.40 |
| Free Float (%) | 59.8% |

| Performance (%) | 1m | 3m | 12m |
|---------------------|-------|------|-------|
| Absolute | -12.3 | 12.3 | -22.1 |
| Perf. rel. "sector" | -10.2 | 7.4 | -29.6 |
| Perf. rel. CDAX | -11.2 | 6.8 | -38.5 |

| P & L | 12/15e | 12/16e | 12/17e |
|-------------------------|--------|--------|--------|
| Sales (EURm) | 573.1 | 610.0 | 641.7 |
| EBITDA (EURm) | 17.7 | 32.4 | 40.6 |
| EBIT (EURm) | -5.7 | 8.7 | 16.6 |
| Attr. net profit (EURm) | -19.1 | -4.3 | 2.9 |
| EPS (EUR) | -0.26 | -0.06 | 0.04 |
| Dividend (EUR) | 0.00 | 0.00 | 0.00 |
| P/E (x) | n.m. | n.m. | 19.1 |
| P/B (x) | n.m. | n.m. | n.m. |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 |
| FCF yield (%) | -48.7 | 24.8 | 38.6 |
| EV/Sales (x) | 0.4 | 0.4 | 0.4 |
| EV/EBITDA (x) | 14.2 | 7.8 | 6.2 |
| EV/EBIT (x) | n.m. | 28.9 | 15.1 |
| Gearing (%) | n.m. | n.m. | n.m. |
| Net Debt/EBITDA(x) | 10.8 | 5.8 | 4.4 |

Next Events

| | |
|------|-------------|
| AGM: | 2 June 2015 |
|------|-------------|

1Q15: ALNO ex AFP above expectations, AFP slightly below

ALNO has issued its 1Q15 interim announcement. In a nutshell, AFP Küchen AG (acquired in 2014) posted sales and earnings slightly below our expectations, while ALNO excluding AFP Küchen performed better than anticipated.

Group sales came in at EUR 123.7m (1Q14: EUR 122.5m, +1% yoy), with **AFP Küchen AG** achieving roughly flat sales at EUR 25.7m, while **ALNO AG excluding AFP Küchen** delivered sales of ~EUR 98.3m (1Q14: EUR 96.8m, +1.5% yoy).

Group EBITDA was EUR -5.5m vs. EUR 37.8m in 1Q14. Note that 1Q14 was inflated by a bargain purchase gain (at that time preliminary) from purchase price allocation for PBF Küchen (income from 'badwill' realisation). Assuming the same amount of this bargain purchase gain in 1Q14 (undisclosed) as in 1H14 (EUR 52.3m), EBITDA adjusted for this one-off income was EUR -14.5m in 1Q14. Ignoring the undisclosed restructuring result accrued in 1Q14 (1Q15: EUR 0), 1Q15 EBITDA thus improved yoy by about EUR 9m. EBIT came in at EUR -10.2m in 1Q15, compared to an EBIT of EUR -19.9m excluding the bargain purchase gain. The operating improvement is also reflected in the **results of ALNO AG excluding AFP and before special effects from the AFP takeover**: The EBITDA of ALNO AG ('old') rose to EUR 0.1m (1Q14: EUR 2.2m). ALNO AG's gross profit margin climbed by roughly 80bp to ~43.3% (as a percentage of sales), from ~42.5% in 1Q14. **AFP Küchen AG's** EBITDA slipped from EUR -3.7m in 1Q14 to EUR -5.6m in 1Q15. According to its normal seasonality, AFP's first quarter is always weak in comparison to the other quarters.

Several financing options being pursued

ALNO recently generated gross proceeds of EUR 5.8m from a capital increase and won Nature Home Holding Company as a new major shareholder. Moreover, ALNO's management is currently pursuing a variety of financing options, including i) a sale (and potential leaseback) of assets, ii) agreements on extended payment periods with suppliers, and iii) additional loan financing. Since **ALNO has substantial unencumbered property assets** (carrying amount of almost EUR 50m), we believe that **loan financing is an available option in any case**. To be on the safe side and to strengthen its negotiating position for its preferred financing options, ALNO has already secured a loan for EUR 25m with a term of up to two years from DEFAP Enterprises ApS.

New estimates – Buy confirmed

We reduce our sales and earnings estimates for the group since AFP Küchen, especially with its Forster/ALNOINOX brand, still seems to progress more slowly than planned. Nevertheless, we are still convinced of ALNO's strategy with AFP and expect a more significant sales increase in 2016e from the international distribution of ALNOINOX and the expansion of Piatti's product portfolio. We expect a **book profit of EUR 8.6m** from the contribution in kind (idle machinery previously used by Piatti) to the Russian joint venture, but cautiously assume that only EUR 4.8m of this amount will accrue in 2015e, while the rest will be booked in 2016e. Furthermore, we assume that the synergies resulting from the AFP takeover (better capacity utilisation, purchasing advantages) as well as the ongoing efficiency programmes and the centralization of administrative tasks will result in significant margin improvements in 2015-17e.

Our valuation approach (DCF model) continues to support our price target of EUR 1.10. We confirm our BUY recommendation.

Martin Decot (Analyst)
 +49 (0)69 920 54-813
 Martin.Decot@oddoseydler.com

Profit and loss account

| | IFRS | EURm | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|--|------|------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales | | | 446.3 | 395.1 | 545.8 | 573.1 | 610.0 | 641.7 |
| YoY growth | | | -1.4% | -11.5% | 38.2% | 5.0% | 6.5% | 5.2% |
| Inventory changes & other own work capitalised | | | 0.4 | 2.6 | 0.6 | 1.0 | 1.0 | 1.0 |
| Total output | | | 446.7 | 397.7 | 546.4 | 574.1 | 611.0 | 642.7 |
| Cost of materials | | | -257.9 | -222.0 | -316.2 | -316.1 | -333.0 | -347.1 |
| as % of total output | | | -57.8% | -55.8% | -57.9% | -55.1% | -54.5% | -54.0% |
| Gross profit | | | 188.7 | 175.6 | 230.1 | 258.0 | 278.0 | 295.7 |
| as % of total output | | | 42.2% | 44.2% | 42.1% | 44.9% | 45.5% | 46.0% |
| Personnel expenses | | | -97.2 | -95.3 | -138.3 | -138.1 | -141.5 | -146.0 |
| as % of total output | | | -21.8% | -24.0% | -25.3% | -24.1% | -23.2% | -22.7% |
| Other operating income | | | 9.8 | 9.5 | 78.2 | 13.4 | 12.7 | 10.4 |
| as % of total output | | | 2.2% | 2.4% | 14.3% | 2.3% | 2.1% | 1.6% |
| Other operating expenses | | | -84.4 | -82.2 | -121.2 | -115.7 | -116.8 | -119.4 |
| as % of total output | | | -18.9% | -20.7% | -22.2% | -20.2% | -19.1% | -18.6% |
| EBITDA before restructuring result | | | 16.9 | 7.7 | 48.9 | 17.7 | 32.4 | 40.6 |
| as % of total output | | | 3.8% | 1.9% | 8.9% | 3.1% | 5.3% | 6.3% |
| Restructuring result | | | -3.0 | -0.9 | -8.9 | 0.0 | 0.0 | 0.0 |
| as % of total output | | | -0.7% | -0.2% | -1.6% | 0.0% | 0.0% | 0.0% |
| EBITDA | | | 14.0 | 6.7 | 40.0 | 17.7 | 32.4 | 40.6 |
| as % of total output | | | 3.1% | 1.7% | 7.3% | 3.1% | 5.3% | 6.3% |
| Depreciation/amortisation and impairments | | | -15.9 | -12.2 | -33.7 | -23.4 | -23.7 | -24.0 |
| as % of total output | | | -3.5% | -3.1% | -6.2% | -4.1% | -3.9% | -3.7% |
| Write-ups of noncurrent assets | | | 2.8 | 7.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| as % of total output | | | 0.6% | 2.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| EBIT | | | 0.9 | 2.4 | 6.2 | -5.7 | 8.7 | 16.6 |
| as % of total output | | | 0.2% | 0.6% | 1.1% | -1.0% | 1.4% | 2.6% |
| Result from at-equity consolidated investments | | | -0.3 | -0.7 | -2.9 | 0.0 | 0.0 | 0.0 |
| Interest and other financial result | | | -1.8 | -9.1 | -10.4 | -12.5 | -12.4 | -12.4 |
| EBT (Earnings before income taxes) | | | -1.2 | -7.4 | -7.1 | -18.2 | -3.7 | 4.2 |
| as % of total output | | | -0.3% | -1.9% | -1.3% | -3.2% | -0.6% | 0.7% |
| Taxes on income | | | -0.2 | -3.5 | 2.2 | -0.9 | -0.5 | -1.2 |
| as % of EBT | | | 16.7% | 46.8% | -30.8% | 4.7% | 12.1% | -28.0% |
| Net income of the group | | | -1.4 | -10.9 | -4.9 | -19.1 | -4.2 | 3.0 |
| as % of total output | | | -0.3% | -2.7% | -0.9% | -3.3% | -0.7% | 0.5% |
| Minority interests | | | 0.0 | 0.1 | 0.1 | -0.1 | -0.1 | -0.1 |
| Net income attributable to shareholders | | | -1.4 | -10.8 | -4.8 | -19.1 | -4.3 | 2.9 |
| Weighted average shares outstanding (m) | | | 30.9 | 70.1 | 70.1 | 73.8 | 75.6 | 75.6 |
| Basic earnings per share (EUR) | | | -0.05 | -0.14 | -0.07 | -0.26 | -0.06 | 0.04 |

Source: Company Data, Oddo Seydler Bank AG

Balance sheet

| | IFRS | EURm | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|--|------|------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | | | | |
| Noncurrent assets | | | 89.2 | 99.8 | 173.4 | 183.5 | 175.9 | 168.1 |
| as % of total assets | | | 53.0% | 55.0% | 60.9% | 62.9% | 60.3% | 58.2% |
| Intangible assets | | | 8.7 | 9.7 | 55.0 | 50.7 | 46.3 | 41.8 |
| Property, plant and equipment | | | 75.7 | 84.5 | 111.0 | 111.8 | 108.6 | 105.3 |
| Investments accounted for using the equity method | | | 0.0 | 0.8 | 0.0 | 14.2 | 14.2 | 14.2 |
| Financial assets/receivables | | | 3.7 | 3.6 | 4.5 | 4.5 | 4.5 | 4.5 |
| Receivables and other assets | | | 0.8 | 0.9 | 1.2 | 1.1 | 1.1 | 1.1 |
| Deferred taxes | | | 0.4 | 0.2 | 1.6 | 1.2 | 1.2 | 1.2 |
| Current assets | | | 79.0 | 81.6 | 111.2 | 108.4 | 115.8 | 121.0 |
| as % of total assets | | | 47.0% | 45.0% | 39.1% | 37.1% | 39.7% | 41.8% |
| Inventories | | | 24.5 | 24.0 | 34.8 | 36.1 | 37.8 | 39.1 |
| Trade receivables | | | 44.8 | 42.7 | 58.5 | 59.7 | 63.5 | 66.8 |
| Financial receivables | | | 0.0 | 2.0 | 0.2 | 0.0 | 0.0 | 0.0 |
| Other assets and receivables | | | 4.4 | 9.7 | 9.8 | 10.1 | 10.6 | 11.0 |
| Cash and cash equivalents | | | 5.4 | 3.3 | 2.3 | 2.5 | 3.8 | 4.0 |
| Assets held for sale | | | 0.0 | 0.0 | 5.6 | 0.0 | 0.0 | 0.0 |
| Total assets | | | 168.3 | 181.5 | 284.5 | 291.9 | 291.6 | 289.0 |
| Shareholders' equity and liabilities | | | | | | | | |
| Shareholders' equity | | | -8.7 | -18.4 | -28.0 | -41.3 | -45.5 | -42.4 |
| as % of total equity and liabilities | | | -5.2% | -10.1% | -9.8% | -14.2% | -15.6% | -14.7% |
| Subscribed capital | | | 70.1 | 70.1 | 70.1 | 75.6 | 75.6 | 75.6 |
| Capital reserve | | | 3.3 | 3.3 | 3.3 | 3.5 | 3.5 | 3.5 |
| Retained earnings | | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Unappropriated group profit | | | -82.8 | -92.3 | -101.8 | -121.0 | -125.2 | -122.4 |
| Minority interests | | | 0.2 | 0.1 | 0.0 | 0.1 | 0.2 | 0.3 |
| Noncurrent liabilities and deferred income | | | 27.6 | 90.7 | 146.1 | 160.3 | 138.7 | 126.4 |
| as % of total equity and liabilities | | | 16.4% | 50.0% | 51.3% | 54.9% | 47.6% | 43.7% |
| Provisions for pensions and similar obligations | | | 20.3 | 20.6 | 28.5 | 27.8 | 27.2 | 26.2 |
| Deferred tax liabilities | | | 0.2 | 2.8 | 5.3 | 5.3 | 5.3 | 5.3 |
| Other long-term provisions | | | 2.3 | 1.4 | 0.9 | 1.3 | 1.6 | 1.7 |
| Shareholder loans | | | 0.0 | 20.0 | 20.0 | 20.0 | 0.0 | 0.0 |
| Other noncurrent financial liabilities | | | 4.0 | 45.2 | 71.2 | 105.2 | 103.9 | 92.5 |
| Deferred income from government grants | | | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Other noncurrent liabilities incl. trade payables | | | 0.0 | 0.0 | 19.5 | 0.0 | 0.0 | 0.0 |
| Current liabilities | | | 149.4 | 109.1 | 166.5 | 172.9 | 198.4 | 205.1 |
| as % of total equity and liabilities | | | 88.8% | 60.1% | 58.5% | 59.2% | 68.0% | 71.0% |
| Other current provisions | | | 6.8 | 2.7 | 8.4 | 8.4 | 8.8 | 9.1 |
| Shareholder loans | | | 0.4 | 10.4 | 10.0 | 10.0 | 30.0 | 30.0 |
| Current financial liabilities | | | 14.9 | 17.2 | 30.2 | 30.3 | 31.9 | 34.9 |
| Trade accounts payable and other fin. liabilities | | | 118.2 | 70.8 | 102.9 | 109.4 | 111.5 | 114.2 |
| Other current liabilities incl. income taxes payable | | | 9.2 | 7.9 | 15.0 | 14.7 | 16.1 | 17.0 |
| Total equity and liabilities | | | 168.3 | 181.5 | 284.5 | 291.9 | 291.6 | 289.0 |

Source: Company Data, Oddo Seydler Bank AG

Cash flow statement

| | IFRS | EURm | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---|------|------|---------------|--------------|--------------|--------------|--------------|--------------|
| Net result of the period | | | -1.4 | -10.9 | -4.9 | -19.1 | -4.2 | 3.0 |
| Taxes on income | | | 0.2 | 3.5 | -4.5 | 0.9 | 0.5 | 1.2 |
| Financial result | | | 2.1 | 9.8 | 13.3 | 12.5 | 12.4 | 12.4 |
| Depreciation/amortisation and write-ups of noncurrent assets | | | 13.1 | 4.3 | 33.7 | 23.4 | 23.7 | 24.0 |
| Cash taxes paid/received | | | -0.1 | -0.4 | 0.0 | -0.4 | -0.5 | -1.2 |
| Other non-cash income and expenses | | | -6.5 | -0.3 | -49.8 | -0.6 | 4.3 | 3.8 |
| Cash-effective change in other provisions | | | -4.8 | -5.6 | -4.9 | -4.3 | -4.4 | -4.5 |
| Increase/decrease in inventories, trade receivables, and other assets | | | 5.8 | -6.6 | 1.5 | -2.6 | -6.1 | -5.0 |
| Increase/decrease in trade accounts payable and other liabilities | | | 24.2 | -18.3 | 39.2 | -13.2 | 3.9 | 3.7 |
| Interest paid/received | | | -7.0 | -5.1 | -8.5 | -12.0 | -11.9 | -11.9 |
| Cash flow from operating activities | | | 25.5 | -29.5 | 15.2 | -15.5 | 17.8 | 25.5 |
| Net cash outflows from the purchase and retirement of PP&E and intangible assets | | | -14.1 | -14.7 | -16.4 | -19.9 | -16.1 | -16.2 |
| Payments for the purchase/sale of companies and disposals of assets held for sale | | | -1.2 | 0.0 | -37.0 | 0.0 | 0.0 | 0.0 |
| Net investments in financial assets and change in granted loans | | | 0.5 | 1.0 | 0.6 | -3.6 | 0.0 | 0.0 |
| Cash flow from investing activities | | | -14.74 | -13.7 | -52.7 | -23.5 | -16.1 | -16.2 |
| Capital stock increases less cost | | | 46.2 | 0.0 | 0.0 | 5.8 | 0.0 | 0.0 |
| Change in financial liabilities/shareholder loans | | | -51.3 | 44.1 | 37.7 | 33.5 | -0.4 | -9.1 |
| Payments for financing costs | | | -1.9 | -2.4 | -1.1 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | | | -7.1 | 41.6 | 36.6 | 39.2 | -0.4 | -9.1 |
| Total change in cash and cash equivalents | | | 3.7 | -1.6 | -1.0 | 0.3 | 1.3 | 0.2 |
| Cash and cash equivalents at the start of the period | | | 0.6 | 4.3 | 2.7 | 1.8 | 2.0 | 3.3 |
| Cash and cash equivalents at the end of the period | | | 4.3 | 2.7 | 1.8 | 2.0 | 3.3 | 3.5 |
| + Restricted cash and cash equivalents | | | 1.1 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| = Cash and cash equivalents in the balance sheet | | | 5.4 | 3.3 | 2.3 | 2.5 | 3.8 | 4.0 |

Source: Company Data, Oddo Seydler Bank AG

Discounted Cash Flow Model

| EURm | PHASE 1 | | | PHASE 2 | | | | | | PHASE 3 | |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | 2015E | 2016E | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | ∞ |
| Sales revenues | 573.1 | 610.0 | 641.7 | 670.7 | 694.1 | 715.0 | 732.8 | 747.5 | 762.4 | 773.9 | |
| Y-o-Y growth | 5.0% | 6.5% | 5.2% | 4.5% | 3.5% | 3.0% | 2.5% | 2.0% | 2.0% | 1.5% | |
| EBIT | -5.7 | 8.7 | 16.6 | 24.8 | 32.6 | 39.3 | 40.3 | 41.1 | 41.9 | 42.6 | |
| EBIT margin as % of sales | -1.0% | 1.4% | 2.6% | 3.7% | 4.7% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | |
| Income tax on EBIT (cash tax rate) | -0.1 | 1.1 | -4.8 | -7.1 | -9.4 | -11.4 | -11.7 | -12.0 | -12.2 | -12.5 | |
| Depreciation and amortisation | 23.4 | 23.7 | 24.0 | 24.1 | 24.1 | 24.3 | 24.5 | 24.7 | 24.9 | 24.9 | |
| Change in other long-term provisions | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | |
| Other non-cash income and expenses | -4.1 | 0.7 | 0.7 | 0.6 | 0.5 | 0.4 | 0.4 | 0.3 | 0.3 | 0.2 | |
| Change in net working capital* | 5.7 | -2.2 | -1.3 | -2.3 | -2.6 | -2.6 | -2.2 | -1.8 | -1.9 | -1.4 | |
| Net capital expenditure incl. acquisitions (excl. financial leasing capitalisations) | -19.9 | -16.1 | -16.2 | -20.1 | -22.9 | -26.5 | -27.8 | -28.4 | -25.2 | -24.9 | |
| Free cash flow | -0.3 | 16.2 | 19.3 | 20.3 | 22.5 | 23.8 | 23.6 | 24.0 | 28.0 | 29.0 | |
| Present values | -0.3 | 14.0 | 15.3 | 14.7 | 14.9 | 14.4 | 13.1 | 12.2 | 13.0 | 12.3 | 169.0 |
| Present value Phase 1 | 29.0 | | | | | | | | | | |
| Present value Phase 2 | 94.7 | | | | | | | | | | |
| Present value Phase 3 | 169.0 | | | | | | | | | | |
| Total present value | 292.8 | | | | | | | | | | |
| + Liquid funds | 2.3 | | | | | | | | | | |
| - Interest-bearing debt incl. pension liab. | -198.7 | | | | | | | | | | |
| - Minority interests | 0.0 | | | | | | | | | | |
| Fair value of equity | 96.3 | | | | | | | | | | |
| Number of shares outstanding (m) | 75.6 | | | | | | | | | | |
| Fair value per share (EUR) | 1.27 | | | | | | | | | | |

| | | | |
|----------------------|-------|------------------------|-------------|
| Risk free rate | 2.5% | Target equity ratio | 50.0% |
| Equity risk premium | 6.0% | Beta (fundamental) | 1.7 |
| Debt risk premium | 5.0% | WACC | 8.9% |
| Tax shield (Phase 3) | 28.0% | Terminal growth | 1.5% |

| Sensitivity analysis | | | | | | |
|----------------------------------|--------------|------|------|-------------|------|------|
| Terminal growth (Phase 3) | | | | | | |
| | | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% |
| | 7.90% | 1.57 | 1.76 | 1.98 | 2.23 | 2.54 |
| | 8.40% | 1.26 | 1.42 | 1.60 | 1.81 | 2.06 |
| WACC | 8.90% | 0.99 | 1.12 | 1.27 | 1.45 | 1.65 |
| | 9.40% | 0.75 | 0.86 | 0.99 | 1.14 | 1.30 |
| | 9.90% | 0.54 | 0.63 | 0.74 | 0.86 | 1.00 |

*Changes in working capital exclude the reduction of interest-bearing trade liabilities against Whirlpool which are treated as financial liabilities and thus deducted from the EV
Source: Oddo Seydler Bank AG

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 Oddo Seydler Bank 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 Oddo 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.

Oddo Seydler Bank AG is a subsidiary of Oddo & Cie, Paris (hereafter ‘Oddo’, together ‘Oddo Group’). However, Oddo Seydler Bank AG (hereafter ‘Oddo Seydler’) provides its research work independent from Oddo. Oddo Group is offering a wide range of Services not only including investment banking services and liquidity providing services (designated sponsoring). Oddo Group may possess relations to the covered companies as follows (additional information and disclosures will be made available upon request):

- a. Oddo Group holds more than 5% interest in the capital stock of the company that is subject of the analysis.
- b. Oddo Group 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. Oddo Group 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. Oddo Group 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 Oddo Group 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. Oddo Seydler and the analysed company have a contractual agreement about the preparation of research reports. Oddo Seydler receives a compensation in return.
- g. Oddo Group 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

Oddo Group 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. Oddo Group 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:

Oddo Seydler 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 |
|------------------|----------------|----------------------|--------------|
| 19 May 2015 | BUY | EUR 0.73 | EUR 1.10 |
| 2 April 2015 | BUY | EUR 0.82 | EUR 1.10 |
| 22 January 2015 | BUY | EUR 0.634 | EUR 1.10 |
| 18 December 2014 | BUY | EUR 0.702 | EUR 1.10 |
| 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 |

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 Börsenzeitung, 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

Oddo Seydler Bank AG
Schillerstrasse 27 - 29
60313 Frankfurt am Main
www.oddoseydler.com
Tel.: 0049 - (0)69 - 920 54 800