



ALNO AG

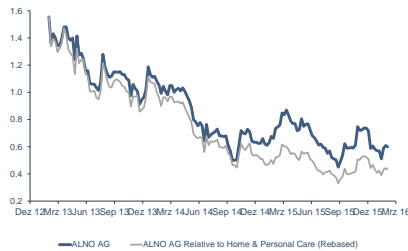
Buy → | Target 1.10 EUR

Price : 0.60 EUR | Upside : 83 %

Est.chg	2015e	2016e
EPS	-18.8%	-22.0%

Overall a successful 2015 – increased growth momentum in 2016e

Friday 04 March 2016



Capital			
ANO GY ANOG.DE			
Market Cap (EURm)			42
Enterprise value (EURm)			174
Extrema 12 months	0.44	-	0.91
Free Float (%)			61.2
Performance (%)			
	1m	3m	12m
Absolute	9.7	-18.7	-15.8
Perf. rel. Country Index	6.5	-10.9	-3.9
Perf. rel. Home & Persona	9.8	-15.7	-15.6

P&L			
	12/15e	12/16e	12/17e
Sales (EURm)	522	549	615
EBITDA (EURm)	18.9	17.2	34.4
Current EBIT (EURm)	1.1	0.1	17.2
Attr. net profit (EURm)	48.6	-13	1.0
Adjusted EPS (EUR)	-0.42	-0.17	0.01
Dividend (EUR)	0.00	0.00	0.00
P/E (x)	ns	ns	44.9
P/B (x)	2.2	4.6	4.2
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	ns	ns	ns
EV/Sales (x)	0.33	0.37	0.33
EV/EBITDA (x)	9.2	11.8	6.0
EV/Current EBIT (x)	162.8	ns	11.9
Gearing (%)	588	1572	1458
Net Debt/EBITDA(x)	7.1	9.0	4.6

Next Events	
31.03.2016	FY Results
02.06.2016	AGM

2015 figures met expectations

ALNO has issued **preliminary 2015 figures**. Sales reached € 521.5m, well in line with our € 520.0m. In 2014, sales excluding the H2 sales contribution of Impuls Küchen (deconsolidated as of 30 June 2015) amounted to € 502.9m. On this comparable basis, sales thus increased 3.7% yoy and met ALNO's sales guidance ('slight yoy increase if adjusted for Impuls'). Compared to the same basis, ALNO's sales growth excluding AFP Küchen was ~7.2% yoy. Despite tailwinds from CHF appreciation, AFP Küchen sales were down 5.1% yoy. Management explained that the relocation of production from Switzerland to Germany unsettled some AFP customers, but that ALNO is now working hard to regain their trust.

Adjusted EBITDA (i.e. excluding the restructuring result, the bargain purchase gain from AFP in 2014, and deconsolidation effects from Impuls in 2015) came in at **€ 0.1m**, almost exactly matching our estimate (€ 0.0m without adjustment for the estimated book profit from the Piatti machinery, which is also not included in ALNO's adjustments, acc. to management). Comparably adjusted EBITDA in 2014 was -€ 28.2m, translating into a yoy increase of € 28.3m in 2015. **EBITDA including special items but before the restructuring result totalled € 27.0m** (2014: € 43.1m). We estimate that EBITDA including the restructuring result came in at ~€ 18.9m.

ALNO delivered in 2015, short-term financing secured

We appreciate that ALNO not only reached our estimates, but also wrapped up the previously announced measures and is making good progress towards its strategic goals. **Recent achievements:**

- i/** Increased internationalisation: foreign sales share up from 29% in 2012 to 56% in 2015.
 - ii/** Optimisation of brand and product portfolio: the sale of subsidiary Impuls enabled ALNO to position its remaining domestic brands – ALNO, Wellmann and Pino – more clearly.
 - iii/** Staff reductions resulting from the centralisation of administrative units (100 jobs at ALNO's German locations plus some more in Switzerland).
 - iv/** Further steps towards international expansion, especially the formation of a joint venture with a Russian furniture manufacturer and the takeover of Nordic AB, Sweden.
- It is also positive that **ALNO's shareholders Whirlpool and Comco Holding AG continue to secure the company's financing**. The most recent agreements resulted in an extension of terms for a total debt of ~€ 50m into 2017 and in part even into 2018.

Raising our EBITDA estimates on increased growth momentum

We assume that AFP will return to its 2014 sales level in 2016e, and that the other foreign subsidiaries will maintain their fast growth rates. We will also see a full-year effect from the takeover of Nordic AB. Several of ALNO's previous IMPULS customers do not want to buy IMPULS product from its new owner, since vertically integrated Steinhoff is also one of their competitors. Several of these customers now order kitchens from ALNO instead, so we expect a revenue effect of +€ 9m from this. Including several other ongoing growth initiatives, we raise our sales estimates and thus increase our adj. EBITDA estimates for 2016e and 2017e to € 17.2m (old: € 17.1m) and € 34.2m (old: € 30.5m), resp. Our 2016e EPS declines slightly since we no longer expect another book profit from Piatti machinery.

Target price and rating unchanged

Despite our increased earnings estimates and a DCF fair value of € 1.26 we maintain our TP of € 1.10 given the current lack of visibility regarding ALNO's long-term refinancing strategy (€ 45m bond due in 2018). Buy recommendation maintained.

Martin Decot (Analyst)
+49 (69) 92 05 48 13
martin.decot@oddoseydler.com

Conflict of interests:

Oddo Securities, a division of Oddo & Cie, limited sharepartnership - Bank authorised by ACPR. Oddo & Cie and/or one of its subsidiaries could be in a conflict of interest situation with one or several of the groups mentioned in this publication. Please refer to the conflict of interests section at the end of this document.
This is a non-contractual document, it is strictly for the private use of the recipient, and the information it contains is based on sources we believe to be reliable, but whose accuracy and completeness cannot be guaranteed. The opinions given in the document reflect our appraisal at the time of publication and may therefore be revised at a later date.

Discounted Cash Flow Model

EURm	PHASE 1		PHASE 2							PHASE 3
	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	∞
Sales revenues	549.0	615.4	676.9	707.4	728.6	746.8	761.8	777.0	788.7	
Y-o-Y growth	5.3%	12.1%	10.0%	4.5%	3.0%	2.5%	2.0%	2.0%	1.5%	
EBIT	0.1	17.2	25.7	35.4	40.1	44.1	45.7	46.6	47.3	
EBIT margin as % of sales	0.0%	2.8%	3.8%	5.0%	5.5%	5.9%	6.0%	6.0%	6.0%	
Income tax on EBIT (cash tax rate)	0.0	-1.8	-2.8	-3.8	-4.4	-4.8	-5.0	-9.8	-13.2	
Depreciation and amortisation	17.0	17.2	19.0	19.1	19.3	19.5	19.7	19.9	19.9	
Change in other long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other non-cash income and expenses	0.7	0.7	0.6	0.3	0.2	0.2	0.2	0.2	0.1	
Change in net working capital*	-7.1	-4.2	-4.9	-3.4	-2.7	-2.3	-1.9	-1.9	-1.5	
Capital expenditure net of disposals (excl. financial leasing capitalisations)	-14.0	-18.6	-20.3	-21.2	-21.9	-21.7	-21.3	-20.2	-19.9	
Free cash flow	-3.2	10.5	17.3	26.4	30.7	35.0	37.4	34.7	32.7	
Present values	-2.7	8.1	12.2	17.0	18.1	18.8	18.4	15.6	13.4	179.6
Present value Phase 1	5.4									
Present value Phase 2	113.5									
Present value Phase 3	179.6									
Total present value = EV	298.5									
+ Liquid funds	4.8									
- Financial debt and interest-bearing trade liabilities, pension liabilities*	-208.5									
- Minority interests	0.0									
Fair value of equity	94.9									
Number of shares outstanding (m)	75.6									
Fair value per share (EUR)	1.26									

Risk free rate	2.5%	Target equity ratio	50.0%
Equity risk premium	6.0%	Beta (fundamental)	1.7
Debt risk premium	5.5%	WACC	9.1%
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%	
8.08%	1.58	1.78	2.01	2.27	2.58	
8.58%	1.25	1.42	1.61	1.82	2.08	
WACC 9.08%	0.96	1.10	1.26	1.44	1.64	
9.58%	0.70	0.82	0.95	1.10	1.27	
10.08%	0.47	0.57	0.68	0.81	0.95	

*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

ANOG.DE | ANO GY
Household appliances | Germany

	Buy		Price	0.60EUR		
	Upside	83.33%	TP	1.10EUR		
PER SHARE DATA (EUR)	12/12	12/13	12/14	12/15e	12/16e	12/17e
Adjusted EPS	0.05	-0.16	-0.95	-0.42	-0.17	0.01
Reported EPS	-0.05	-0.14	-0.06	0.66	-0.17	0.01
Growth in EPS(%)	-	ns	ns	ns	ns	ns
Net dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
FCF to equity per share	0.37	-0.63	-0.02	-0.15	-0.31	-0.04
Book value per share	-0.29	-0.26	-0.40	0.31	0.13	0.14
Number of shares market cap	70.09	70.09	70.09	75.59	75.59	75.59
Number of diluted shares	30.90	70.05	70.09	73.83	75.59	75.59
VALUATION	12/12	12/13	12/14	12/15e	12/16e	12/17e
12m highest price	1.90	1.61	1.19	0.91	0.68	
12m lowest price	0.80	0.90	0.49	0.44	0.47	
(*) Reference price	1.28	1.20	0.83	0.67	0.60	0.60
Capitalization	90	84	58	50	45	45
Restated Net debt	14	90	129	135	155	158
Minorities (fair value)	0.2	0.1	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	3.7	3.6	10	17	4.1	4.1
Provisions	2.5	4.2	6.2	5.4	5.4	5.4
Enterprise Value	103	174	183	174	202	205
P/E (x)	26	ns	ns	ns	ns	45
P/CF (x)	ns	ns	ns	ns	11	2.2
Net Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	28.7%	ns	ns	ns	ns	ns
P/B incl. GW (x)	ns	ns	ns	2.15	4.60	4.18
P/B excl. GW (x)	ns	ns	ns	2.63	7.92	6.74
EV/Sales (x)	0.23	0.44	0.34	0.33	0.37	0.33
EV/EBITDA (x)	7.4	26	4.6	9.2	12	6.0
EV/EBIT (x)	117	72	29	163	ns	12
<i>(*) historical average price</i>						
PROFIT AND LOSS (EURm)	12/12	12/13	12/14	12/15e	12/16e	12/17e
Sales	446	395	546	522	549	615
EBITDA	14.0	6.7	40.0	18.9	17.2	34.4
Depreciations	-13.1	-4.3	-33.7	-17.9	-17.0	-17.2
Current EBIT	0.9	2.4	6.2	1.1	0.1	17.2
Published EBIT	0.9	2.4	6.2	1.1	0.1	17.2
Net financial income	-2.1	-8.4	-12.6	-12.9	-12.7	-12.7
Corporate Tax	-0.2	-3.5	2.2	60	-0.5	-3.5
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.1	0.0	0.0	0.0
Attributable net profit	-1.4	-9.5	-4.0	48.6	-13.0	1.0
Adjusted attributable net profit	1.5	-11.5	-66.4	-30.6	-13.0	1.0
BALANCE SHEET (EURm)	12/12	12/13	12/14	12/15e	12/16e	12/17e
Goodwill	3.7	3.7	4.2	4.1	4.1	4.1
Other intangible assets	5.0	6.0	51	50	47	44
Tangible fixed assets	76	84	111	100	103	108
WCR	-60.4	-2.9	-42.0	-43.9	-24.8	-20.2
Financial assets	4.1	4.7	12	80	67	65
Ordinary shareholders equity	-8.9	-18.5	-28.0	23	9.9	11
Minority interests	0.2	0.1	0.0	0.0	0.0	0.0
Shareholders equity	-8.7	-18.4	-28.0	23	9.9	11
Non-current provisions	23	25	35	33	33	32
Net debt	14	90	129	135	155	158
CASH FLOW STATEMENT (EURm)	12/12	12/13	12/14	12/15e	12/16e	12/17e
EBITDA	14.0	6.7	40.0	18.9	17.2	34.4
Change in WCR	29.9	-24.9	40.8	-4.7	-10.1	-4.6
Interests & taxes	-7.1	-5.5	-8.5	-12.2	-12.7	-13.5
Others	-11.3	-5.9	-57.0	-12.8	-0.2	-0.5
Operating Cash flow	25.5	-29.5	15.2	-10.7	-5.8	15.8
CAPEX	-14.1	-14.7	-16.4	-0.6	-17.6	-18.6
Free cash-flow	11.4	-44.2	-1.2	-11.3	-23.3	-2.8
Acquisitions / disposals	0.5	1.0	0.6	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Net capital increase	46.2	0.0	0.0	5.8	0.0	0.0
Others	-53.3	41.6	36.6	8.1	17.1	-4.3
Change in net debt	55.0	-45.6	-38.7	-5.5	-19.7	-2.8
GROWTH MARGINS PRODUCTIVITY	12/12	12/13	12/14	12/15e	12/16e	12/17e
Sales growth	-	-11.5%	38.2%	-4.4%	5.3%	12.1%
Lfl sales growth	-	-	-	-	-	-
Current EBIT growth	-	ns	ns	-82.9%	-89.3%	ns
Growth in EPS(%)	-	ns	ns	ns	ns	ns
Net margin	0.3%	-2.9%	-12.2%	-5.9%	-2.4%	0.2%
EBITDA margin	3.1%	1.7%	7.3%	3.6%	3.1%	5.6%
Current EBIT margin	0.2%	0.6%	1.1%	0.2%	0.0%	2.8%
CAPEX / Sales	-3.2%	-3.8%	-3.0%	-3.7%	-3.2%	-3.0%
WCR / Sales	-13.5%	-0.7%	-7.7%	-8.4%	-4.5%	-3.3%
Tax Rate	-16.7%	-58.0%	34.7%	ns	-3.6%	77.8%
Normative tax rate	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Asset Turnover	-	6.9	5.1	4.4	4.6	4.6
ROCE post-tax (normative tax rate)	-	3.0%	4.2%	0.7%	0.1%	9.3%
ROCE post-tax hors GW (normative tax rate)	-	3.2%	4.3%	0.7%	0.1%	9.6%
ROE	-	84.1%	ns	ns	-79.6%	9.8%
DEBT RATIOS	12/12	12/13	12/14	12/15e	12/16e	12/17e
Gearing	ns	ns	ns	ns	ns	ns
Net Debt / Market Cap	0.15	1.07	2.22	2.67	3.42	3.49
Net debt / EBITDA	1.00	13.28	3.23	7.10	9.03	4.60
EBITDA / net financial charges	7.8	0.9	5.7	1.7	1.6	3.4

Recommendation and target price changes history over the last 12 months for the company analysed in this report

Date	Reco	Price Target (EUR)	Price (EUR)
Risk of conflict of interest :			
Investment banking and/or Distribution			
	Has Oddo Group, or Oddo & Cie, or Oddo Seydler managed or co-managed in the past 12 months a public offering of securities for the subject company/ies?		No
	Has Oddo Group, or Oddo & Cie, or Oddo Seydler received compensation for investment banking services from the subject company/ies in the past 12 months or expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the last 12 months?		No
Research contract between Oddo group & the issuer			
	Oddo & Cie and the issuer have agreed that Oddo & Cie will produce and disseminate investment recommendations on the said issuer as a service to the issuer		Yes
Liquidity provider agreement and market-making			
	At the date of the distribution of this report, does Oddo Group, or Oddo & Cie, or Oddo Seydler act as a market maker or has Oddo Group or Oddo & Cie, or Oddo Seydler signed a liquidity provider agreement with the subject company/ies?		Yes
Significant equity stake			
	Does Oddo Group, or Oddo & Cie, or Oddo Seydler own 5% or more of any class of common equity securities of the subject company/ies?		No
	Does the subject company beneficially own 5% or more of any class of common equity of Oddo & Cie or its affiliates?		No
Disclosure to Company			
	Has a copy of this report ; with the target price and/or rating removed, been presented to the subject company/ies prior to its distribution, for the sole purpose of verifying the accuracy of factual statements ?		No
	Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution?		No
Additional material conflicts			
	Is Oddo Group, or Oddo & Cie, or Oddo Seydler aware of any additional material conflict of interest?		No

Statement of conflict of interests of all companies mentioned in this document may be consulted on Oddo & Cie's: www.oddosecurities.com

Disclaimer:

Disclaimer for Distribution by Oddo & Cie to Non-United States Investors:

This research publication is produced by Oddo Securities ("Oddo Securities"), a division of Oddo & Cie ("ODDO"), which is licensed by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the Autorité des Marchés Financiers ("AMF"), and/or by ODDO SEYDLER BANK AG ("Oddo Seydler"), a German subsidiary of ODDO, regulated by Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin").

The research, when distributed outside of the U.S., is intended exclusively for non-U.S. customers of ODDO and cannot be divulged to a third-party without prior written consent of ODDO. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice. The views expressed in this research report accurately reflect the analyst's personal views about the subject securities and/or issuers and no part of his compensation was, is, or will be directly or indirectly related to the specific views contained in the research report.

This research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice.

Disclaimer for Distribution by Oddo New York to United States Investors:

This research publication is produced by Oddo Securities, a division of ODDO and/or by Oddo Seydler.

This research is distributed to U.S. investors exclusively by Oddo New York Corporation ("ONY"), MEMBER: FINRA/SIPC, and is intended exclusively for U.S. customers of ONY and cannot be divulged to a third-party without prior written consent of ONY. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice.

Rule 15a-6 Disclosure:

Under Rule 15a-6(a)(3), any transactions conducted by ODDO and/or Oddo Seydler, and/or one of its subsidiaries with U.S. persons in the securities described in this foreign research must be effected through ONY. As a member of FINRA, ONY has reviewed this material for distribution to U.S. persons as required by FINRA Rules 2241(h) applicable to dissemination of research produced by its affiliate ODDO.

FINRA Disclosures:

- Neither ONY, ODDO, nor Oddo Securities, nor Oddo Seydler beneficially owns 1% or more of any class of common equity securities of the subject company.
- The research analyst of Oddo Securities or Oddo Seydler, at the time of publication of this research report, is not aware, nor does he know or have reason to know of any actual, material conflict of interest of himself, ODDO, Oddo Securities, Oddo Seydler or ONY, except those mentioned in the paragraph entitled "Risk of Conflict of Interest."
- Oddo Securities or ODDO or Oddo Seydler may receive or seek compensation for investment banking services in the next 3 months from the subject company of this research report, but ONY would not participate in those arrangements.
- Neither ONY, ODDO, Oddo Securities, nor Oddo Seydler has received compensation from the subject company in the past 12 months for providing investment banking services except those mentioned in the paragraph of "Risk of Conflict of Interest".
- Neither ONY, ODDO, Oddo Securities nor Oddo Seydler has managed or co-managed a public offering of securities for the subject company in the past 12 months except those mentioned in the paragraph of "Risk of Conflict of Interest".
- ONY does not make (and never has made) markets and, accordingly, was not making a market in the subject company's securities at the time that this research report was published.

Regulation AC:

ONY is exempt from the certification requirements of Regulation AC for its distribution to a U.S. person in the United States of this research report that is prepared by an Oddo Securities research analyst because ODDO has no officers or persons performing similar functions or employees in common with ONY and ONY maintains and enforces written policies and procedures reasonably designed to prevent it, any controlling persons, officers or persons performing similar functions, and employees of ONY from influencing the activities of the third party research analyst and the content of research reports prepared by the third party research analyst.

Contact Information of firm distributing research to U.S. investors: Oddo New York Corporation, MEMBER: FINRA/SIPC, is a wholly owned subsidiary of Oddo & Cie; Philippe Bouclainville, President (pbouclainville@oddonny.com) 150 East 52nd Street New York, NY 10022 212-481-4002.