



ALNO AG

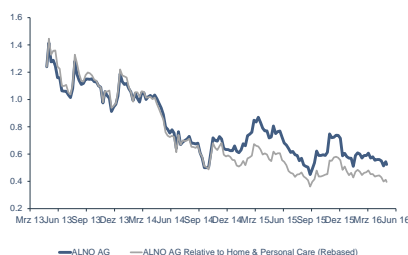
Neutral → | Target 0.62 EUR

Price : 0.52 EUR | Upside : 18 %

Est.chg	2016e	2017e
EPS	n.m.	0.0%

Q1 2016: Strong growth and margin improvement

Tuesday 31 May 2016



Capital	
ANO GY ANOG.DE	
Market Cap (EURm)	37
Enterprise value (EURm)	265
Extrema 12 months	0.44 - 0.84
Free Float (%)	61.1

Performance (%)	1m	3m	12m
Absolute	-6.4	-14.8	-35.0
Perf. rel. Country Index	-8.7	-18.7	-25.8
Perf. rel. Home & Persona	-10.1	-18.6	-35.9

P&L	12/16e	12/17e	12/18e
Sales (EURm)	539	615	649
EBITDA (EURm)	9.1	34.4	38.6
Adj. EBIT (EURm)	-8.0	17.2	21.3
Attr. net profit (EURm)	-25	-1	3.0
Adjusted EPS (EUR)	-0.28	-0.01	0.04
Dividend (EUR)	0.00	0.00	0.00
P/E (x)	ns	ns	13.2
P/B (x)	ns	ns	ns
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	ns	ns	ns
EV/Sales (x)	0.49	0.44	0.36
EV/EBITDA (x)	29.3	7.9	6.0
EV/Current EBIT (x)	ns	15.8	10.9
Gearing (%)	ns	ns	ns
Net Debt/EBITDA(x)	20.3	5.9	5.7

Next Events	
22.08.2016	Q2 Results
31.10.2016	Q3 Results

ALNO expands its foreign sales, which carry higher margins

In Q1 2016, ALNO generated sales of € 110.5m. This corresponds to an increase of 8.1% yoy vs € 102.2m in Q1 2015 (adjusted for sales of Impuls Küchen GmbH, which was deconsolidated as of 30 June 2015). Since ALNO had previously reported adjusted growth of ~7.4% for the first two months of 2016, its growth seems to have accelerated significantly in March. Nevertheless, the Q1 sales figure did not fully meet our expectation of double-digit growth, which we also assume for the full year 2016. It is nevertheless very good news that ALNO is regaining market share in its domestic market, as indicated by its 7.1% yoy growth in Germany. Foreign sales (with higher margins than sales in Germany) increased by 9.0%, driven in particular by Great Britain (34.9% growth) and Switzerland (13.7%).

The gross margin increased by about 160bp mainly driven by price increases, the shift toward more profitable foreign sales, and internal efficiency improvements. Adjusted EBITDA (i.e. excluding the restructuring result and other one-off effects) came in at € -10.2m, up from € -12.6m in Q1 2015 (adjusted for Impuls and for currency gains of € 4.2m, according to company information). Despite the expansion abroad (especially in Great Britain and Switzerland), the group's personnel expenses decreased by 4.6% to € 32.8m due to the elimination of >100 administrative positions in Germany and another 100 layoffs in production in Pfullendorf.

Double-digit sales growth and strong EBITDA performance expected

ALNO stated that its order intake was up on the previous year in the double-digit range. In a newspaper interview, CEO Müller stated that ALNO is working at the limit of its capacity at two of its production sites. We assume that these are the factories of Pino and Wellmann, which are benefiting from orders from previous Impuls customers that do not want to buy Impuls products from its new owner Steinhoff, since Steinhoff is also one of their competitors. Mr Müller also said that he expects ALNO to show double-digit growth in 2016e. Nevertheless, our last yoy growth estimate of about +15% (adjusted for Impuls) appears a bit too ambitious now in view of the Q1 sales level. We thus lower our 2016 sales estimate by € 10m, equating to adj. yoy growth of 13%. We also reduce our adjusted EBITDA estimate from € 17.2m to € 13.1m in 2016e since Q1 opex were still higher than anticipated. For 2016e, we expect earnings improvement from i/ the centralisation of administrative functions, ii/ a realignment of the sales organisation, iii/ procurement optimisation, iv/ layoffs at AFP, and v/ volume effects and a better sales mix. Including the restructuring result (our estimate: € -4.0m), we now expect unadjusted EBITDA to reach € 9.1m in 2016.

ALNO still examining financing concepts – Neutral confirmed

Overall, ALNO is showing very good progress with its restructuring and operating improvements. Its outstanding refinancing, however, is still a major weak spot in the equity story (see our update, 19 Apr 16). The CEO confirmed in an interview that ALNO is currently examining various capital/financing measures. Since one of ALNO's major shareholders (Nature) already subscribed shares at a price of € 1.05 (i.e. above market price) in April 2015, we would not rule out existing and even new shareholders doing the same now in order to allow for a capital increase compliant with the German Stock Corporation Act (which prohibits capital increases priced below the nominal value of € 1.00). We expect some news on this topic by the end of Q2. Until then, we stick to our provisional financing assumptions. As long as there is no better visibility on ALNO's refinancing plans, we continue to apply a valuation discount and therefore leave our TP at € 0.62. Neutral confirmed.

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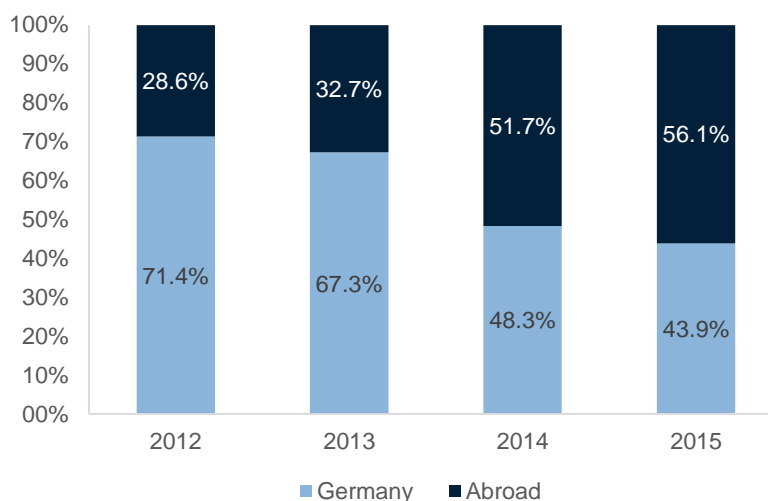
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Q1 2016: Key figures with yoy comparison

	Q1 2016	Q1 2015	Δ yoy
Sales	110.5	102.2	+8.1%
- Germany	51.3	47.9	+7.1%
- Abroad	59.2	54.3	+9.0%
Gross profit	48.5	43.2	+12.2%
Gross margin	43.9%	42.3%	+160bp
Adjusted EBITDA	-10.2	-12.6	+18.9%
Adj. EBITDA margin	-9.2%	-12.3%	+307bp

Source: ALNO AG, Oddo Seydler Bank AG

ALNO's share of foreign sales, 2012-15



Source : ALNO AG, Oddo Seydler Bank AG

ANOG.DE | ANO GY
Household appliances | Germany

	Neutral			Price	0.52EUR		
	Upside	18.32%		TP	0.62EUR		
PER SHARE DATA (EUR)	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Adjusted EPS	0.05	-0.16	-0.99	-0.67	-0.28	-0.01	0.04
Reported EPS	-0.05	-0.14	-0.06	-0.06	-0.33	-0.01	0.04
Growth in EPS(%)	-	ns	ns	ns	ns	ns	ns
Net dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF to equity per share	0.37	-0.63	-0.02	-0.35	-0.69	-0.20	-0.28
Book value per share	-0.29	-0.26	-0.40	-0.41	-0.74	-0.75	-0.71
Number of shares market cap	70.09	70.09	70.09	75.59	75.59	75.59	0.00
Number of diluted shares	30.90	70.05	70.09	73.83	75.59	75.59	75.59
VALUATION	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
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	0.52	0.52	0.52
Capitalization	90	84	58	50	40	40	0.0
Restated Net debt	14	90	168	175	209	218	221
Minorities (fair value)	0.2	0.1	0.0	0.0	-0.1	-0.2	-0.4
Financial fixed assets (fair value)	3.7	3.6	10	17	13	13	13
Provisions	23	25	35	31	29	27	25
Enterprise Value	123	195	251	240	265	272	233
P/E (x)	26	ns	ns	ns	ns	ns	13
P/CF (x)	ns	ns	ns	ns	ns	2.7	2.2
Net Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	28.7%	ns	ns	ns	ns	ns	ns
P/B incl. GW (x)	ns	ns	ns	ns	ns	ns	ns
P/B excl. GW (x)	ns	ns	ns	ns	ns	ns	ns
EV/Sales (x)	0.28	0.49	0.46	0.46	0.49	0.44	0.36
EV/EBITDA (x)	8.8	29	6.3	16	29	7.9	6.0
EV/EBIT (x)	140	80	40	ns	ns	16	11
<i>(*) historical average price</i>							
PROFIT AND LOSS (EURm)	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Sales	446	395	546	522	539	615	649
EBITDA	14.0	6.7	40.0	14.8	9.1	34.4	38.6
Depreciations	-13.1	-4.3	-33.7	-26.2	-17.0	-17.1	-17.2
Adj. EBIT	0.9	2.4	6.2	-11.5	-8.0	17.2	21.3
Published EBIT	0.9	2.4	6.2	-11.5	-8.0	17.2	21.3
Net financial income	-2.1	-8.4	-12.6	-13.0	-16.8	-17.3	-17.3
Corporate Tax	-0.2	-3.5	2.2	20.0	-0.5	-1.1	-1.2
Net income of equity-accounted companies	0.0	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	0.0
Minority interests	0.0	0.0	0.1	0.1	0.1	0.1	0.2
Attributable net profit	-1.4	-9.5	-4.0	-4.3	-25.1	-1.0	3.0
Adjusted attributable net profit	1.5	-11.5	-69.3	-49.3	-21.1	-1.0	3.0
BALANCE SHEET (EURm)	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Goodwill	3.7	3.7	4.2	4.7	4.7	4.7	4.7
Other intangible assets	5.0	6.0	51	43	44	45	45
Tangible fixed assets	76	84	111	99	98	99	100
WCR	-60.4	-2.9	-42.0	-47.5	-21.3	-8.3	10
Financial assets	4.1	4.7	12	36	32	32	32
Ordinary shareholders equity	-8.9	-18.5	-28.0	-30.6	-55.7	-56.8	-53.8
Minority interests	0.2	0.1	0.0	0.0	-0.1	-0.2	-0.4
Shareholders equity	-8.7	-18.4	-28.0	-30.6	-55.8	-57.0	-54.2
Non-current provisions	23	25	35	31	29	27	25
Net debt	14	90	129	134	184	201	221
CASH FLOW STATEMENT (EURm)	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
EBITDA	14.0	6.7	40.0	14.8	9.1	34.4	38.6
Change in WCR	29.9	-24.9	40.8	-3.0	-26.1	-13.0	-18.8
Interests & taxes	-7.1	-5.5	-8.5	-10.8	-15.2	-16.3	-16.7
Others	-11.3	-5.9	-57.0	-29.5	-5.1	-3.3	-4.0
Operating Cash flow	25.5	-29.5	15.2	-28.5	-37.3	1.8	-0.9
CAPEX	-14.1	-14.7	-16.4	2.0	-15.4	-18.6	-19.0
Free cash-flow	11.4	-44.2	-1.2	-26.6	-52.7	-16.8	-19.9
Acquisitions / disposals	0.5	1.0	0.6	0.2	-0.1	0.3	0.0
Dividends	0.0	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	0.0
Others	-53.3	41.6	36.6	4.0	42.2	16.4	16.7
Change in net debt	55.0	-45.6	-38.7	-1.3	-49.2	-16.5	-19.8
GROWTH MARGINS PRODUCTIVITY	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Sales growth	-	-11.5%	38.2%	-4.4%	3.4%	14.2%	5.5%
Lfl sales growth	-	-	-	-	-	-	-
Current EBIT growth	-	ns	ns	ns	ns	ns	23.8%
Growth in EPS(%)	-	ns	ns	ns	ns	ns	ns
Net margin	0.3%	-2.9%	-12.7%	-9.4%	-3.9%	-0.2%	0.5%
EBITDA margin	3.1%	1.7%	7.3%	2.8%	1.7%	5.6%	5.9%
Current EBIT margin	0.2%	0.6%	1.1%	-2.2%	-1.5%	2.8%	3.3%
CAPEX / Sales	-3.2%	-3.8%	-3.0%	-3.2%	-3.2%	-3.0%	-2.9%
WCR / Sales	-13.5%	-0.7%	-7.7%	-9.1%	-4.0%	-1.4%	1.6%
Tax Rate	-16.7%	-58.0%	34.7%	82.0%	-1.8%	ns	29.8%
Normative tax rate	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Asset Turnover	-	6.9	5.1	4.7	4.8	4.6	4.3
ROCE post-tax (normative tax rate)	-	3.0%	4.2%	-7.4%	-5.1%	9.3%	10.2%
ROCE post-tax hors GW (normative tax rate)	-	3.2%	4.3%	-7.7%	-5.3%	9.7%	10.5%
ROE	-	84.1%	ns	ns	48.9%	1.8%	-5.4%
DEBT RATIOS	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Gearing	ns	ns	ns	ns	ns	ns	ns
Net Debt / Market Cap	0.15	1.07	2.22	2.66	4.65	5.08	ns
Net debt / EBITDA	1.00	13.28	3.23	9.09	20.33	5.86	5.74
EBITDA / net financial charges	7.8	0.9	4.2	1.2	0.5	2.0	2.2

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)
19.04.16	Neutral	0.62	0.59

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