

Recommendation:
BUY (BUY)

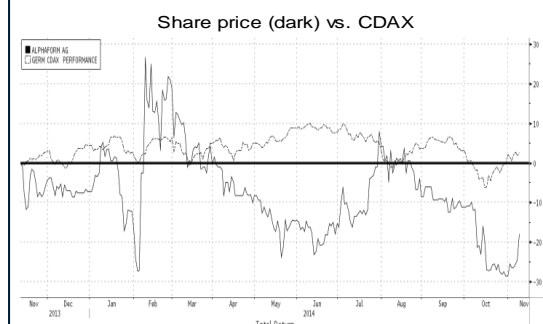
Risk:
HIGH (HIGH)

Price Target:
EUR 4.00 (3.80)

11 November 2014

Record order intake; focus on 2015/2016

- Alphaform AG recently reported its final financial figures for 9M 2014 which corresponded to the already announced preliminary key figures on 16 October 2014. In this context also the guidance for the fiscal year 2014 was confirmed by the management, expecting revenues of around EUR 30m. For **FY 2015E** the management aims to achieve a **net result on a break-even level**.
- In 9M 2014 revenues increased by 11.3% yoy to EUR 21.8m. Regarding the development of business segments there was an overall positive picture. Revenues in the AM Plastics/Modelling segment could rise to EUR 13.9m (PY: EUR 12.8m; +9% yoy), in the segment AM Metal/Rapid Tooling by 18% yoy to EUR 2.2m and in the segment Precision Casting by +16% yoy to EUR 5.6m. These results show clearly that **on the top line level the initiated strategy is bearing their first fruits**. Nevertheless, the profitability performance on group level and in the different segments is again weak; not surprisingly. Mainly driven by the accrued restructuring expenses, group EBIT amounted to EUR -1.6m (PY: EUR -1.0m). Besides the already ongoing improvement measures in the different segments, it is worth mentioning that the **restructuring processes (Excellence Programme) were strengthened by an 11-point plan**, focussing on further optimising the use of machinery through improvements of using materials, optimising the workflow and employment of staff at the Feldkirchen location, among other things. This should guarantee that the full effects of the Excellence Programme will also be realised at the site in Feldkirchen.
- Positive triggers** for the further business development of the company include the **9M 2014 order intake increase of 89% yoy to EUR 4.9m** and that in October the **largest order in the company's history of approximately EUR 10m** has been won, going to be phased out over next three years. Our opinion is unchanged that the current product portfolio and prospects show **high growth potential in the midterm**, especially the fact that Industrial 3D printing is regarded as one of the great growth markets of the future. Based on our multiple valuation (Peer group, DCF) models we derive a **new price target of EUR 4.00** (old: EUR 3.80), translating into an attractive **upside potential** for the Alphaform share of **over 50%**, consequently we confirm our **BUY** recommendation.



Source: CBS Research AG, Bloomberg, Alphaform AG

Change	2014E		2015E		2016E	
	new	old	new	old	new	old
Sales	-	30.0	-	34.5	-	38.7
EBIT	-2.1	-1.9	0.1	0.0	1.9	1.8
EPS	-0.33	-0.32	-0.05	-0.06	0.18	0.17

Internet: alphaform.de
WKN: 548795
Reuters: ATFG.DE

Sector: Industrials
ISIN: DE0005487953
Bloomberg: ATF GY

Short company profile:

Alphaform AG designs, develops, manufactures prototypes ("Additive Manufacturing") and offers series production for different industries (e.g. orthopaedic and automotive sector) in Europe.

Share data:

Share price (EUR, latest closing price):	2.64
Shares outstanding (m):	7.5
Market capitalisation (EUR m):	19.8
Enterprise value (EUR m):	20.6
Ø daily trading volume (3 m., no. of shares):	9,550

Performance data:

High 52 weeks (EUR):	4.42
Low 52 weeks (EUR):	2.11
Absolute performance (12 months):	-0.6%
Relative performance vs. CDAX:	
1 month	-3.0%
3 months	-19.1%
6 months	-2.7%
12 months	-20.0%

Shareholders:

Management	2.1%
Other management	4.1%
IPConcept Fund Management	2.3%
Baden-Württembergische VA	7.7%
Supervisory board and families	32.3%
Free Float	51.5%

Financial calendar:

German Equity Forum (Ffm) 25 November 2014

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Key data

FY 12/31, EURm	2011	2012	2013	2014E	2015E	2016E
Sales	26.3	27.1	25.9	30.0	34.5	38.7
EBIT	-1.3	0.8	-5.8	-2.1	0.1	1.9
Net result	-1.6	0.5	-6.2	-2.5	-0.4	1.4
EPS	-0.30	0.10	-1.16	-0.33	-0.05	0.18
DPS	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA margin	3.6%	7.5%	-13.7%	-2.5%	5.2%	10.0%
EBIT margin	-4.9%	2.8%	-22.4%	-6.9%	0.2%	5.0%
EV/EBITDA	11.8	4.7	neg.	neg.	11.4	5.3
EV/EBIT	neg.	12.6	neg.	neg.	263.7	10.6
P/E	neg.	18.0	neg.	neg.	neg.	14.3

Source: Alphaform AG; CBS Research AG

Alphaform AG

Profit and loss account

	(31 December)	IFRS	EURm	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Sales				21.4	19.4	20.7	26.3	27.1	25.9	30.0	34.5	38.7
YoY growth				-3.2%	-9.2%	6.8%	26.8%	3.0%	-4.6%	16.0%	15.0%	12.0%
Change in inventories				0.1	0.1	0.6	0.0	0.2	-0.7	0.2	0.2	0.2
Other work performed				0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Total output				21.6	19.5	21.4	26.3	27.4	25.2	30.2	34.7	38.8
Material expenses				-8.0	-6.9	-7.5	-9.2	-8.7	-11.6	-10.6	-12.1	-13.3
Staff expenses				-7.5	-9.2	-8.9	-10.7	-10.8	-10.6	-13.0	-13.9	-14.4
Other operating income				0.4	0.5	1.0	0.5	0.3	0.5	1.1	0.8	0.9
Other operating expenses				-5.2	-5.3	-5.5	-5.9	-6.0	-7.0	-8.4	-7.7	-8.2
EBITDA				1.3	-1.4	0.6	1.0	2.0	-3.5	-0.7	1.8	3.9
Amortization, depreciation and impairment				-1.8	-2.3	-2.1	-2.2	-1.3	-2.3	-1.3	-1.7	-1.9
EBIT				-0.5	-3.8	-1.5	-1.3	0.8	-5.8	-2.1	0.1	1.9
in % of sales				-2.3%	-19.4%	-7.1%	-4.9%	2.8%	-22.4%	-6.9%	0.2%	5.0%
Net financial result				0.4	-0.3	-0.3	-0.3	-0.2	-0.4	-0.3	-0.5	-0.5
EBT				-0.1	-4.1	-1.8	-1.6	0.5	-6.1	-2.4	-0.4	1.4
in % of sales				-0.4%	-20.8%	-8.7%	-6.0%	2.0%	-23.7%	-8.0%	-1.1%	3.7%
Income taxes				-0.6	0.3	0.3	0.0	0.0	0.0	-0.1	0.0	0.0
Net income including minorities				-0.7	-3.8	-1.5	-1.6	0.5	-6.2	-2.5	-0.4	1.4
Minority interests				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders				-0.7	-3.8	-1.5	-1.6	0.5	-6.2	-2.5	-0.4	1.4
in % of sales				-3.1%	-19.5%	-7.4%	-6.0%	2.0%	-23.8%	-8.2%	-1.1%	3.6%
Shares outstanding (in millions)				5.3	5.3	5.3	5.3	5.3	5.3	7.5	7.5	7.5
Earnings per share (EUR)				-0.12	-0.71	-0.29	-0.30	0.10	-1.16	-0.33	-0.05	0.18
Dividend per share (EUR)				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: CBS Research AG, Alphaform AG

Research



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

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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 November 2014	BUY	EUR 2.64	EUR 4.00
21 October 2014	BUY	EUR 2.35	EUR 3.80
11 August 2014	BUY	EUR 3.20	EUR 4.20
6 May 2014	BUY	EUR 2.97	EUR 4.20

1 April 2014	BUY	EUR 3.27	EUR 4.00
7 February 2014	BUY	EUR 3.20	EUR 3.30
11 November 2013	BUY	EUR 3.22	EUR 3.50

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