

Recommendation:
BUY (BUY)

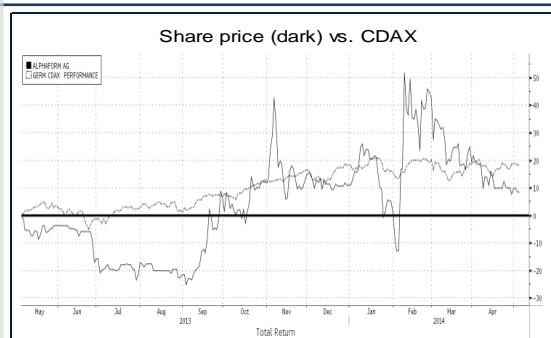
Risk:
HIGH (HIGH)

Price Target:
EUR 4.20 (4.00)

06 May 2014

Undervalued stock, a clear BUY

- Alphaform AG recently reported its financial figures for 1Q 2014 which showed on top line a positive development. Sales, driven by higher demand from customers, increased by 14.4% to EUR 7.51m (PY: EUR 6.57m). Regarding the development of business segments there was an overall positive picture in the first quarter of FY 2014. Revenues in the AM Plastics/Modelling segment could rise to EUR 4.78m (PY: EUR 4.25m; +12% yoy), in the segment AM Metal/Rapid Tooling by 38% yoy to EUR 1.10m and in the segment Precision Casting by +2% yoy to EUR 1.94m. Mainly due to the restructuring expenses group EBIT was with EUR -0.30m negative. Net income amounted to EUR -0.39m (PY: EUR -0.04m), corresponding to an EPS of EUR -0.07 (PY: EUR -0.01).
- For FY 2014 the management expects unchanged revenues of approximately EUR 30m and a net loss of about EUR 1m.
- The first quarters of the fiscal year had always been traditionally a bit weaker compared to 2Q or 3Q, thus we welcome the positive sales outcome of the starting quarter. Furthermore, we expect in our conservative approach that the business development will sustain in the next months on such a good level, and may, if the market environment doesn't deteriorate, accelerate in the second half.
- After the promising presentation of the management at the Small Cap Forum/ Frühjahrskonferenz in Frankfurt/Main and a CEO meeting we are confident that the company will reach its targets for FY 2014. The current fiscal year can be characterized as a transition year with restructuring processes (Excellence Programme) and a clear implementation of the 'new' strategy.
- After the 1Q 2014 report we slightly raise our estimates for FY 2014E to FY 2016E. The 3D printing story is at the beginning and will certainly materialize in dynamic sales development over the next few years, consequently the company is able to benefit from this market development. A positive impact for the Alphaform share could come from the possibly successful IPO of SLM Solutions this week. In comparison to the valuation of SLM Solutions the Alphaform stock is an attractively priced entry point. With a new price target of EUR 4.20 (old: EUR 4.00) we stick to our BUY recommendation for the Alphaform stock.



Source: CBS Research AG, Bloomberg, Alphaform AG

| Change | 2014E | | 2015E | | 2016E | |
|--------|-------|-------|-------|------|-------|------|
| | new | old | new | old | new | old |
| Sales | 30.0 | 29.7 | 34.5 | 33.3 | 38.7 | 37.3 |
| EBIT | - | -0.6 | 1.0 | 0.9 | 1.9 | 1.8 |
| EPS | - | -0.17 | 0.09 | 0.07 | 0.23 | 0.22 |

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): | 2.97 |
| Shares outstanding (m): | 5.8 |
| Market capitalisation (EUR m): | 17.4 |
| Enterprise value (EUR m): | 17.8 |
| Ø daily trading volume (3 m., no. of shares): | 37,747 |

Performance data:

| | |
|-----------------------------------|--------|
| High 52 weeks (EUR): | 4.50 |
| Low 52 weeks (EUR): | 1.99 |
| Absolute performance (12 months): | 0.2% |
| Relative performance vs. CDAX: | |
| 1 month | -6.9% |
| 3 months | -9.5% |
| 6 months | -27.4% |
| 12 months | -8.2% |

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:

| | |
|-----------|---------------|
| AGM | 5 June 2014 |
| 1H report | 8 August 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 | -0.6 | 1.0 | 1.9 |
| Net result | -1.6 | 0.5 | -6.2 | -1.0 | 0.5 | 1.3 |
| EPS | -0.30 | 0.10 | -1.16 | -0.17 | 0.09 | 0.23 |
| DPS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| EBITDA margin | 3.6% | 7.5% | -13.7% | 3.1% | 7.9% | 10.0% |
| EBIT margin | -4.9% | 2.8% | -22.4% | -1.9% | 2.9% | 5.0% |
| EV/EBITDA | 11.8 | 4.7 | neg. | 19.0 | 6.5 | 4.6 |
| EV/EBIT | neg. | 12.6 | neg. | neg. | 17.6 | 9.3 |
| P/E | neg. | 18.0 | neg. | neg. | 32.8 | 12.9 |

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 | -11.2 | -12.1 | -13.6 |
| Staff expenses | | | -7.5 | -9.2 | -8.9 | -10.7 | -10.8 | -10.6 | -11.5 | -12.8 | -13.6 |
| Other operating income | | | 0.4 | 0.5 | 1.0 | 0.5 | 0.3 | 0.5 | 0.3 | 0.3 | 0.4 |
| Other operating expenses | | | -5.2 | -5.3 | -5.5 | -5.9 | -6.0 | -7.0 | -6.9 | -7.3 | -8.2 |
| EBITDA | | | 1.3 | -1.4 | 0.6 | 1.0 | 2.0 | -3.5 | 0.9 | 2.7 | 3.8 |
| Amortization, depreciation and impairment | | | -1.8 | -2.3 | -2.1 | -2.2 | -1.3 | -2.3 | -1.5 | -1.7 | -1.9 |
| EBIT | | | -0.5 | -3.8 | -1.5 | -1.3 | 0.8 | -5.8 | -0.6 | 1.0 | 1.9 |
| in % of sales | | | -2.3% | -19.4% | -7.1% | -4.9% | 2.8% | -22.4% | -1.9% | 2.9% | 5.0% |
| Net financial result | | | 0.4 | -0.3 | -0.3 | -0.3 | -0.2 | -0.4 | -0.4 | -0.5 | -0.5 |
| EBT | | | -0.1 | -4.1 | -1.8 | -1.6 | 0.5 | -6.1 | -1.0 | 0.5 | 1.4 |
| in % of sales | | | -0.4% | -20.8% | -8.7% | -6.0% | 2.0% | -23.7% | -3.3% | 1.6% | 3.6% |
| Income taxes | | | -0.6 | 0.3 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income including minorities | | | -0.7 | -3.8 | -1.5 | -1.6 | 0.5 | -6.2 | -1.0 | 0.5 | 1.3 |
| 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 | -1.0 | 0.5 | 1.3 |
| in % of sales | | | -3.1% | -19.5% | -7.4% | -6.0% | 2.0% | -23.8% | -3.4% | 1.5% | 3.5% |
| Shares outstanding (in millions) | | | 5.3 | 5.3 | 5.3 | 5.3 | 5.3 | 5.3 | 5.8 | 5.8 | 5.8 |
| Earnings per share (EUR) | | | -0.12 | -0.71 | -0.29 | -0.30 | 0.10 | -1.16 | -0.17 | 0.09 | 0.23 |
| 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

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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 |
|------------------|----------------|----------------------|--------------|
| 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 |

| | | | |
|--------------|-----|----------|----------|
| 24 July 2013 | BUY | EUR 2.25 | EUR 2.80 |
| 13 May 2013 | BUY | EUR 2.59 | EUR 3.20 |

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