

Recommendation:
BUY (BUY)

Risk:
HIGH (HIGH)

Price Target:
EUR 4.00 (3.30)

01 April 2014

Profitability in focus in the next years

- Alphaform AG recently published its final financial figures for FY 2013 and gave an outlook for the current fiscal year which pointed out some negative surprises to us. The sales corresponded to the reported preliminary figure on 3 February, thus the focus was more on the bottom line and on the outlook. Net income fell from EUR +0.54m in FY 2012 to EUR -6.17m (our forecast was EUR -2.5m) in FY 2013, corresponding in an EPS of EUR -1.16 (our estimate was EUR -0.46), thus missing our expectations sharply. Besides operating issues the result was negatively impacted particularly by nonrecurring effects which influenced the statement of financial position (impairments of total EUR 3.3m on inventories and goodwill).
- For FY 2014 Alphaform expects to achieve revenue of approximately EUR 30m and a significant earnings improvement against the previous year. As a result of the necessary restructuring expenses, the Management Board forecasts a net loss to the order of EUR 1m.
- In addition, the previous Management Board Dr Thomas Vetter has been relieved of his position with immediate effect. His successor is Dr Hanns-Dieter Aberle. Despite Dr Vetter's departure we are confident that Mr. Dr Aberle and Mr. Ganghofer, who have both a longstanding experience in their competence fields, will succeed in restructuring the company and bring Alphaform on the profitability track again.
- After a management call we are confident that the company will reach its targets for FY 2014. Negative impacts can occur in our opinion from unplanned restructuring expenses which are at the moment not expected. A positive trigger for the company is the further growth path in the Additive Manufacturing and 3D Printing, especially the high demand from premium car makers, e.g. BMW or Audi, still persist. Our opinion is unchanged that the current product portfolio and prospects show high growth potential in the midterm, especially by the fact that Industrial 3D printing is regarded as one of the great growth markets of the future. We updated our estimates for the current and next fiscal year as well as our valuation model which resulted in a higher price target (mainly driven by the inclusion of new peer companies and as a result of higher multiples) of EUR 4.00 (old: EUR 3.20) for the Alphaform stock. Consequently, we see the latest share price drop a good entry point to buy or to build up the position, therefore we stick to our BUY recommendation.

Key data

FY 12/31, EURm	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Sales	21.4	19.4	20.7	26.3	27.1	25.9	29.7	33.3	37.3
EBIT	-0.5	-3.8	-1.5	-1.3	0.8	-5.8	-0.6	0.9	1.8
Net result	-0.7	-3.8	-1.5	-1.6	0.5	-6.2	-1.0	0.4	1.3
EPS	-0.12	-0.71	-0.29	-0.30	0.10	-1.16	-0.17	0.07	0.22
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA margin	6.2%	-7.3%	2.9%	3.6%	7.5%	-13.7%	3.1%	7.6%	10.0%
EBIT margin	-2.3%	-19.4%	-7.1%	-4.9%	2.8%	-22.4%	-1.9%	2.6%	5.0%
EV/EBITDA	8.1	-6.7	17.3	11.8	4.7	neg.	22.1	8.1	5.5
EV/EBIT	neg.	neg.	neg.	neg.	12.6	neg.	neg.	23.4	11.1
P/E	neg.	neg.	neg.	neg.	18.0	neg.	neg.	46.1	14.7

Source: Alphaform AG; CBS Research AG



Source: CBS Research AG, Bloomberg, Alphaform AG

Change	2014E		2015E		2016E	
	new	old	new	old	new	old
Sales	29.7	31.1	33.3	34.8	37.3	-
EBIT	-0.6	0.0	0.9	1.3	1.8	-
EPS	-0.17	-0.07	0.07	0.15	0.22	-

Internet: alphaform.de Sector: Industrials
WKN: 548795 ISIN: DE0005487953
Reuters: ATFG.DE 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):	3.27
Shares outstanding (m):	5.8
Market capitalisation (EUR m):	19.1
Enterprise value (EUR m):	20.5
Ø daily trading volume (3 m., no. of shares):	40,514

Performance data:

High 52 weeks (EUR):	4.50
Low 52 weeks (EUR):	1.99
Absolute performance (12 months):	0.3%
Relative performance vs. CDAX:	
1 month	-11.9%
3 months	11.0%
6 months	10.7%
12 months	-10.6%

Shareholders:

Management	2.4%
Other management	4.5%
Axxion	5.9%
IPConcept Fund Management	4.6%
Supervisory board and families	35.5%
Free Float	47.2%

Financial calendar:

1Q report	5 May 2014
AGM	5 June 2014

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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	29.7	33.3	37.3
YoY growth			-3.2%	-9.2%	6.8%	26.8%	3.0%	-4.6%	15.0%	12.0%	12.0%
Change in inventories			0.1	0.1	0.6	0.0	0.2	-0.7	0.1	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	29.9	33.5	37.5
Material expenses			-8.0	-6.9	-7.5	-9.2	-8.7	-11.6	-11.1	-11.7	-13.1
Staff expenses			-7.5	-9.2	-8.9	-10.7	-10.8	-10.6	-11.4	-12.4	-13.1
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	-6.8	-7.2	-7.9
EBITDA			1.3	-1.4	0.6	1.0	2.0	-3.5	0.9	2.5	3.7
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	0.9	1.8
in % of sales			-2.3%	-19.4%	-7.1%	-4.9%	2.8%	-22.4%	-1.9%	2.6%	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	0.4	1.3
in % of sales			-0.4%	-20.8%	-8.7%	-6.0%	2.0%	-23.7%	-3.3%	1.3%	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	0.4	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	0.4	1.3
in % of sales			-3.1%	-19.5%	-7.4%	-6.0%	2.0%	-23.8%	-3.4%	1.2%	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	0.07	0.22
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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Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
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

3 April 2013	HOLD	EUR 3.01	EUR 3.20
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