

MAX Automation SE

Industrials - Germany



Buy (old: Buy)

05.12.2023

EUR 8.20 (old: EUR 7.30)

Strong growth opportunities carried by structural trends; PT up

Despite a strong competitive quality and structural growth drivers, MAX Automation had difficulties translating it into operating performance between 2016 and 2020. Thanks to MAX having done its homework by adjusting its portfolio and structural trends kicking in, **shares look poised for a re-rating**.

Until 2025e, MAX Automation should be **able to grow sales to € 510m while achieving disproportionate EBITDA growth of 15%** (2022-25e CAGR) thanks to:

- **Structural growth drivers:** MAX's subsidiary bdtronic is a **leading provider of trickling impregnation**, which significantly improves performance and safety metrics of electric drive trains. With the number of electric vehicles likely to continue to soar during the foreseeable future, the need for its automated solutions, that enable particularly high production speed without sacrificing quality, should enable bdtronic's sales to grow >20% annually.
- **Defensible competitive quality:** Bdtronic's trickling impregnation business is based on highly specific know-how and a strong reputation, establishing lock-in effects and hence high entry barriers. Once the impregnation machines are installed, it is costly for OEMs to switch to different suppliers, enabling bdtronic a lucrative service business, allowing for EBITDA margins north of 17% for bdtronic (eNuW).

With that, **MAX's group KPIs should also further improve:** EBIT margins (5.4% in FY22 -> 7.6%), ROCEs (9.4% in FY22 to >11%) and free cashflow generation (neg. in FY22 to € 20m) going forward.

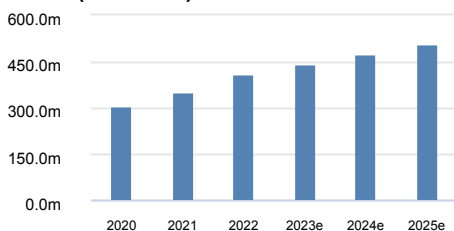
In addition to the improving operating performance, a successful **divestment of the subsidiary MA micro** (company news 08.09.2023) **should be a notable share price catalyst**, revealing that the value of the "parts" clearly exceeds the current Enterprise Value of the MAX Automation group, in our view. A strategic buyer should be willing to pay at least 10x EBITDA for this highly profitable and return-rich specialty business, **implying a purchase price of above € 100m** (eNuW).

Importantly, even after a divestment, MAX would own hidden Mittelstand champions such as bdtronic and Vecoplan, amongst other, whose combined value alone would well exceed the remaining (theoretical) € 200m EV of the group ex MA micro (eNuW), underpinning the undervaluation of the stock. Hence, we **reiterate our BUY rating with an increased € 8.20 PT** (old: € 7.30) based on DCF. *-continued-*

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	307.0	349.1	409.2	443.8	476.0	509.9
Sales growth	-27.8%	13.7%	17.2%	8.5%	7.2%	7.1%
EBITDA	5.7	25.7	32.7	43.9	46.7	51.4
Net debt (if net cash=0)	90.2	81.5	70.6	58.2	45.1	25.1
FCF	21.5	20.9	-12.2	12.8	13.1	20.0
Net Debt/EBITDA	15.9	3.2	2.2	1.3	1.0	0.5
EPS pro forma	-0.90	-0.05	0.39	0.50	0.36	0.43
EBITDA margin	1.8%	7.4%	8.0%	9.9%	9.8%	10.1%
ROCE	-9.4%	5.5%	9.4%	13.3%	11.9%	12.3%
EV/sales	0.9	0.7	0.7	0.7	0.6	0.5
EV/EBITDA	46.2	9.6	8.7	6.6	5.9	5.0
PER	-6.2	-117.8	14.5	12.3	15.6	13.2
Adjusted FCF yield	-0.3%	4.7%	8.6%	11.8%	12.0%	13.5%

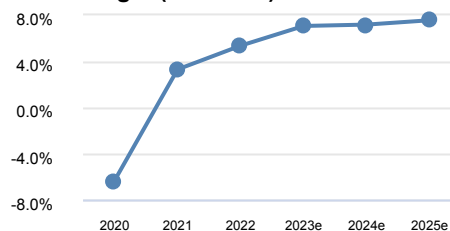
Source: Company data, NuWays, Close price as of 04.12.2023

Sales (2020-25e)



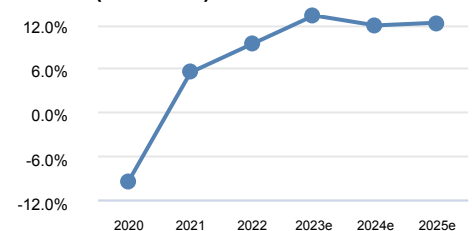
Source: NuWays Research

EBIT margin (2020-25e)



Source: NuWays Research

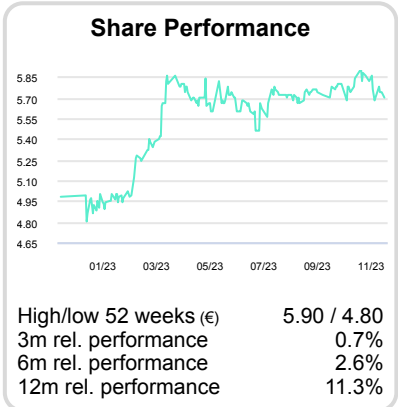
ROCE (2020-25e)



Source: NuWays Research

Company description

MAX Automation is an expert for automation, production and assembly solutions, mostly serving niche applications across various end-markets. The subsidiaries operate in technology and innovative fields including e-mobility, medical, electronics and environmental.



Market data

Share price (in €)	5.70
Market cap (in € m)	230.3
Number of shares (in m pcs)	41.1
Enterprise value (in € m)	289.0
Ø trading volume (6 months)	5,854

Identifier

Bloomberg	MXHN GR
Reuters	MAXG
WKN	A2DA58
ISIN	DE000A2DA588

Key shareholders

Günther Group	59.0%
Free Float	18.6%
H&A Fund Services	8.0%
Werner Weber	4.2%
Loys	3.0%
BWVA	5.0%

Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

- We adjusted the discount rate for a lower risk free rate, due to the recent yield decline in the 10 year German government bond.

Guidance

- Sales: € 410-470m
- EBITDA: € 38-44m

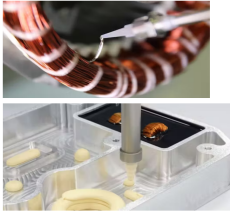




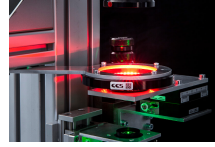
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Recap of what MAX Automation does

MAX Automation is an expert for automation, production, and assembly solutions, mostly serving niche applications across various end markets, including e-mobility, medical, electronics and environment (recycling). The company comprises **six different portfolio companies**, excluding iNDAT Robotics GmbH, which has been in liquidation process since January 1st, 2023, and the minority stake in ZEAL Network SE.

Holdings overview

bdtronic	Vecoplan	ALM micro systems	NSM + Jücker	ELWEMA Automotive	MA micro
					
Development and production of dispensing, impregnation, hot riveting and low-pressure & atmospheric plasma systems	Shredding, conveying and processing machines for primary and secondary raw materials (e.g. wood, paper, plastic and waste)	Developing and producing technologies for the manufacture of optoelectronic modules and micro-optical components	Handling systems for metal parts, including automation solutions for pressing plants in automotive and transport systems for cans, lids, and closures in the filling industry	Development of customised manufacturing solutions for testing, assembly, and cleaning technology	Manufacturing and developing micro assembly systems for optical components and medical devices (e.g. lenses, camera modules, laser)

Source: Company data, NuWays

bdtronic Group (2022: 16% of sales/ 14.4% EBITDA margin):

bdtronic can be separated into four different businesses: Dispensing, impregnation, heat staking, and plasma. **Focus areas are dispensing and impregnation.**

MAX's adhesive dispensing systems for bonding, potting, and sealing processes are used mostly in the field of automotive electronics, driving assistance systems, and telecommunication. In recent decades, **adhesive bonding has developed dynamically as a joining method**. Today without the use of adhesives multilayer structures, the combination of a wide variety of materials such as glass, plastic or metal, lightweight construction in the energy sector and the automotive industry, medical technology and miniaturization in the electronics sector would simply be impossible. Customers are tier-1 suppliers like Bosch, however, OEMs strive for more control in an early phase of the production process and thus become more important as customers. Dispensing is by far **bdtronic's most important segment**, delivering the highest operative margins and accounting for **c. 80% of revenues**, followed by impregnation.

Impregnation technology is needed in the production of electric vehicles. It is used in hybrid and fully electric cars and trucks. Impregnation is the process of closing and sealing the voids between wires in a component such as an electric drive motor with an insulating material. Impregnation of the electrical windings of rotors and stators in the electric motor, hybrid motor, generator, hydraulic motor, pumps or the coils in transformers or substations improves the overall performance and helps to extend the operating life of the drive train. Impregnation can be done by two different techniques, namely roll dipping and trickling. Bdtronic is the **market leader for trickling impregnation** of electric motors and is the cleanest and most effective method suitable for stators or rotors. With this, customers can save raw materials, and thus improve production costs, compared to the widespread dipping method. While accounting for < 20% of bdtronic's sales, it possesses the highest growth opportunities.

Vecoplan Group (2022: 43% of sales/ 11.3% EBITDA margin):

Vecoplan is an expert in producing machines and plants for shredding, conveying, and processing of primary and secondary raw materials. The company is the **market leader for shredding residual materials** and preparing them for downstream material or thermal processing. For example, this applies to a wide variety of plastics, but also to different types of wood. After the shredding process, impurities, foreign matter, coarse pieces, items with excess lengths, and fine pieces must be reliably separated from the material stream. Vecoplan offers systems to extract ferrous and non-ferrous metals from the mass and provides solutions that separate fractions by density.

MA micro Group (2022: 16% of sales/ 17.4% EBITDA margin):

MA micro is positioned as a technology leader for automation solutions in microassembly, particularly for the medical technology and optronic industries. The focus is on the development, manufacture and distribution of production, assembly and testing systems for medical and optical components such as lenses, lasers, and camera modules, as well as for medical products such as contact lenses, Tip&Cup, stents, or insulin pens.

NSM + Juecker (2022: 14% of sales/ 9.8% EBITDA margin):

NSM + Juecker comprises the two companies NSM Magnettechnik GmbH and Mess- und Regeltechnik Juecker GmbH. NSM is a technological leader in system solutions in the field of highly automated high-speed handling systems for metal parts. Juecker is a specialized supplier of measurement and control technology and the related software for complex automation processes and systems in drive and automation technology.

ELWEMA Automotive GmbH (2022: 10% of sales/ 7.1% EBITDA margin):

ELWEMA Automotive develops and implements customized manufacturing solutions in testing, assembly, and cleaning technology for the automotive industry.

AIM micro systems Group (2022: 2% of sales/ 29.3% EBITDA margin):

The company develops, produces, and distributes technologies for the manufacture of optoelectronic modules and micro-optical components for customers in the medical technology, sensor industry and aerospace industry.

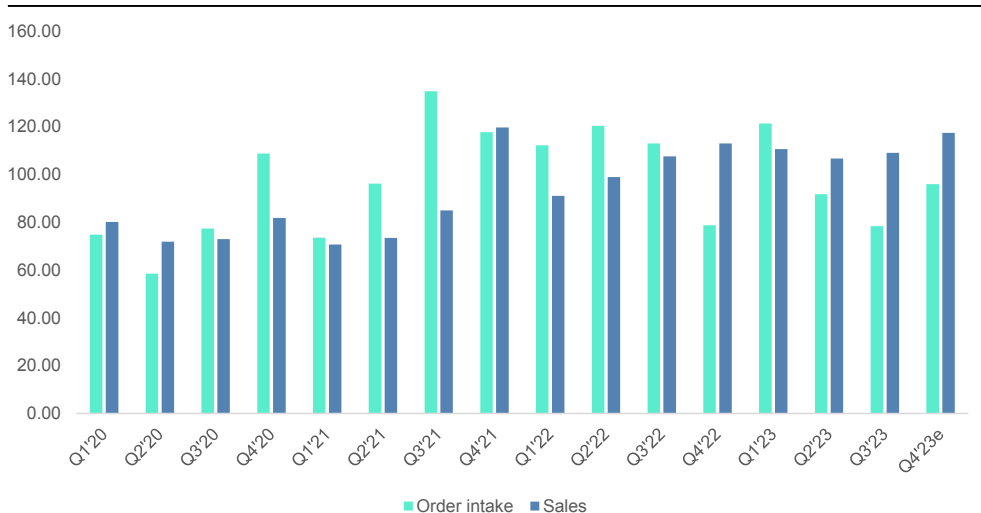
ZEAL Network SE (not consolidated):

ZEAL Network is a leading online provider of lottery products and is known for the brands lotto24.de and tipp24.de. MAX holds a 5.69% share in ZEAL Networks SE, therefore the company is not part of the scope of consolidation.

Plenty of promising growth opportunities

MAX Automation has shown solid top-line growth in the past decade (10 yr. CAGR: 5.3%) and even better growth in EBITDA (10 yr. CAGR: 6.2%). In the recent quarters, sales growth was rather stable, whereas order intake showed more fluctuations. This is caused by the naturally higher volatility of project work and is likely to remain.

Sales and order intake development (in € m)



Source: Company data, NuWays

MAX benefits from several global megatrends, enabling a continuation of this growth story. Hence, we expect to see sales growth in the middle to upper single-digit range for the next year (eNuW: 7.2%).

Major growth drivers are:

- E-mobility:** The electric vehicle market has picked significantly up speed in recent years. Since 2017, the number of electric vehicles sold increased from 1.3m per year to 10.5m in 2022. Today, **about 14% of globally sold cars are electric or hybrid electric** (2017: 1.4%). Researchers expect the electric vehicles market to grow by 17.3% p.a. until 2030. Electric motors require clean and mass production-capable insulation technology for the coil and windings to protect them from short circuits and environmental influences like salt or water. Bdtronic's unique **trickle impregnation technology** meets these needs and is **suitable for large-scale production**. In recent years, aside from Tesla, few European OEMs had a large enough production capacity for electric vehicles and thus used roll dipping technology. However, this is changing now, as the demand for electric vehicles increases, trickle impregnation becomes more attractive for OEMs, opening a significant growth opportunity for the company. As bdtronic is one of few companies offering trickle impregnation, it can capture growth from the underlying demand trend.
- An increasing number of semiconductors used in cars.** According to estimates, the average modern car has between 1,400 and 1,500 semiconductors. As the number of electronic components, especially in electric cars increases, the need for bdtronic's dispensing solution grows. Bdtronic offers different dispensing applications to protect, for example electronic control units, high voltage batteries or cameras against overheating and environmental influences such as moisture or salt.

- **A growing need for recycling.** The global waste recycling services market was valued at an estimated \$ 58bn in 2022. The market is expected to grow in the coming years as regulators increase the pressure to act. For example, the European Parliament set a recycling target of 70% by weight of all packaging waste by 2030. By this date, the global waste recycling services market is forecast to have surpassed a value of \$ 82bn, registering a CAGR of 4.6% during the forecast period 2023 to 2030. As a supplier for waste manager, Vecoplan can clearly benefit from this trend due to its very efficient solutions and well-known brand in the recycling industry. Thanks to Vecoplan's competitive quality founded in (1) strong customer relationships, (2) brand recognition, and (3) long-term customer contracts, we expect top-line growth in the mentioned forecast period to be above market growth with a CAGR of 5.6% (eNuW).
- **Demand for medical devices,** including inhalers, insulin pens, and diagnostics consumables, is seen to rise strongly due to the **ageing population** and the consequent rise in health problems. MA micro provides customer-specific automated assembly solutions for such devices, to shorten the times for machine qualification and validation. Thus, MA micro contributes to a shorter time-to-market and helps to reduce costs up to the market launch.
- **Robotics & automation growth** should be driven by the worldwide trend towards automation and digitalization of production in various sectors, such as automotive and electronics, to enhance production efficiency and quality. As a technological leader in system solutions in the field of highly automated high-speed handling systems for metal parts, Mess- und Regeltechnik Juecker GmbH can profit from this trend.

Segment sales split (in € m)

Sales in [€ m]	2022	2023e	2024e	2025e	CAGR
bdtronic Group	65.2	94.7	106.1	117.8	21.8%
Vecoplan Group	174.0	185.0	196.1	207.6	6.1%
MA micro Group	64.3	47.5	50.0	52.5	-6.5%
NSM + Juecker	57.1	54.9	57.6	60.5	2.0%
ELWEMA Automotive GmbH	40.5	54.9	59.3	64.0	16.5%
AIM micro systems Group	6.0	7.1	7.8	8.5	12.1%
Other & Reconciliation	2.2	-0.3	-1.0	-1.0	-
Group	409.2	443.8	476.0	509.9	7.6%

Source: Company data, NuWays

MAX's **EBITDA margin has improved continuously since the low in 2018**. The margin expansion has been supported by the restructuring of ELWEMA, the liquidation of iNDAT as well as lower material costs. The subsidiary iNDAT Robotics GmbH generated a loss before interest and tax of € 9.1m in 2022 and has been in liquidation since January 1st, 2023.

Going forward, margins should further improve to 10% by 2025e due to economies of scale but more importantly due to an improving product mix from bdtronic. The company has not only strong growth potential but can also improve margins in a tough market due to its outstanding competitive quality.

- The **key competitive advantage** is bdtronic's **proprietary impregnation technology**, which should be a major growth and margin driver going forward, thanks to secular growth drivers in the form of electrification of the drivetrain. The company provides tailor-made solutions typically geared towards the particular processes of clients, which include high-profile names like Audi and Continental. This has given rise to **highly specific know-how and a strong reputation**, establishing lock-in effects and hence entry barriers. Once the impregnation machines are installed, it is costly for OEMs to switch to different suppliers, enabling bdtronic a lucrative service business. Competitors have already tried to copy bdtronic's technology, but so far without success due to a technological advance of 2-3 years

MAX Automation SE

5-Pager - 05.12.2023

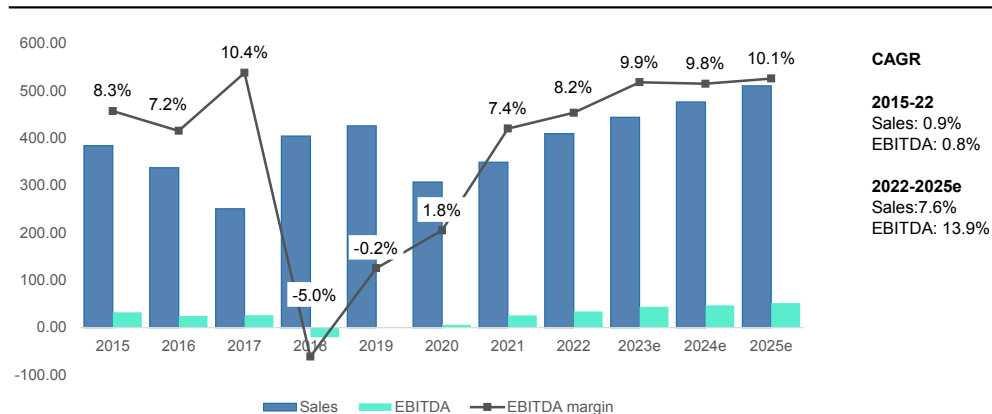


(eNuW).

- **In dispensing**, bdtronic is a niche provider with a dedicated focus on single and multi-component reactive resins. **It differentiates itself through strong technology know-how**, thanks to more than 40 years of experience, which has given rise to comprehensive portfolio, comprising the most suitable processing, pumping, and mixing systems for a wide range of requirements, such as **(1)** unfilled, filled, and highly filled resins with abrasive or non-abrasive filler **(2)** difficult mixing ratios, short pot life or large viscosity differences.

With that, MAX should be able to deliver double-digit EBITDA margins until 2025 (eNuW: 10.1%) coupled with ROCEs above 11% and free cashflows of € 20m.

Sales and EBITDA development (in € m)



Source: Company data, NuWays

What's next for MAX?

MAX is still considering the divestment of its 100% subsidiary MA micro group. Strategic buyers have received initial information and will have the opportunity to engage in due diligence.

In 2022, MA micro had **sales of c. € 64m** (+3%, yoy) with **EBITDA of € 11.2m** (17.4% margin) and **EBIT of € 9.1m** (14.2% margin). The strong margins reflect its technological differentiation targeting demanding medical niche applications. Coupled with a capital light business model, this results in outstanding **returns on capital employed of 70%+** (as per the AR 2022).

A strategic buyer should be willing to **pay at least 10x EBITDA** for this highly profitable and return-rich specialty business. Based on our EBITDA forecast for 2023 of € 10.2m (eNuW) this would imply a likely **purchase price above € 100m** (eNuW), which would cover roughly 35% of MAX's current Enterprise Value, while accounting for only 25% of the group's EBITDA.

The cash inflow would transform MAX's net debt position (eNuW 2023: € 58m) into net cash (€ 42m) and could be used to **redeem the financial liabilities** (€ 124m as of 9M 2023), which would save annual interest expenses of c. € 9m. Importantly, even after a divestment, MAX would own hidden Mittelstand champions such as bdtronic (9M 2023: € 69m sales / € 12m EBITDA) and Vecoplan (9M 2023: € 134m sales / € 15m EBITDA), amongst other, **whose combined value alone well exceed the remaining (theoretical) € 200m EV of the group ex MA micro**.

Based on **conservative multiples** of 8x (eNuW) 2022 EBITDA for bdtronic, 7x EBITDA (eNuW) for Vecoplan, 5x EBITDA (eNuW) for the other majority holdings and the 5.69% share in ZEAL Network SE (market value € 738m), the Enterprise Value of the remaining business would come in at € 306m. This is considerably above the remaining € 200m EV of the group ex MA micro, even if we apply a 10% holding discount and **shows a clear undervaluation** of the stock. The undervaluation is also underpinned by DCF valuation, showing an **upside of 44%** to the current stock price.

After the sale of MA micro, further **consolidation** in the next years seems **plausible** (eNuW), leaving only the two core companies bdtronic and Vecoplan in the portfolio.

A successful divestment of MA micro group should serve as catalyst, revealing that the value of the "parts" exceeds the current Enterprise Value of the MAX Automation group, in our view.

Valuation

Our DCF valuation derives a **price target of € 8.20** per share for MAX Automation SE. The key assumptions of our model are:

- **Terminal year EBIT margin of 7.0%:** Our long-term profitability assumption reflects MAX's competitive advantage, which is especially pronounced for bdtronic.
- **Terminal growth rate of 2.0%:** The mid-term growth rate is seen at a more dynamic 5.7% (2026e-2031e) as MAX should be able to benefit from the global megatrends discussed earlier.
- **The WACC of 8.8%** is derived from a levered beta of 1.6x, a 5.2% equity risk premium and a 2.4% risk free rate. The levered beta is based on an unlevered beta of 1.1 for the industry peers. The equity risk premium (ERP) is calculated on a 4.4% implied ERP for mature markets plus a country risk premium to reflect MAX's exposure to emerging countries.

DCF Valuation

DCF (EUR m) (except per share data and beta)	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal value
NOPAT	23.1	23.5	26.6	29.9	34.8	37.6	40.9	43.6	34.7
Depreciation	12.4	12.4	12.7	13.1	11.7	11.1	11.1	11.7	12.2
Increase/decrease in working capital	-7.8	-3.1	0.5	-2.8	1.0	-6.3	-6.0	-5.9	-5.4
Increase/decrease in I-term provisions & accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capex	-11.1	-11.4	-11.2	-12.0	-11.7	-11.1	-11.1	-11.7	-12.2
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow	16.6	21.3	28.6	28.2	35.8	31.4	35.0	37.7	29.3
Present value	16.5	19.2	23.5	21.0	24.3	19.3	19.6	19.2	221.2
WACC	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%

DCF per share derived from

Total present value	384
thereof terminal value	58%
Net debt (net cash) at start of year	71
Financial assets	49
Provisions and off balance sheet debt	24
Equity value	338
No. of shares outstanding	41.1
Discounted cash flow per share upside/(downside)	8.2 43%

Share price 5.7

DCF avg. growth and earnings assumptions

Short term growth (2022-2026)	7.5%
Medium term growth (2026 - 2031)	5.7%
Long term growth (2031 - infinity)	2.0%
Terminal year EBIT margin	7.0%

WACC derived from

Cost of borrowings before taxes	8.5%
Tax rate	30.0%
Cost of borrowings after taxes	6.0%
Required return on invested capital	8.8%
Risk premium	5.2%
Risk-free rate	2.4%
Beta	1.62

Sensitivity analysis DCF

WACC		Long term growth				
		1%	1.5%	2.0%	2.5%	3.0%
10.8%	6.0	6.2	6.4	6.7	6.9	
9.8%	6.7	6.9	7.2	7.5	7.9	
8.8%	7.5	7.8	8.2	8.7	9.2	
7.8%	8.6	9.1	9.6	10.3	11.1	
6.8%	10.1	10.8	11.7	12.7	14.1	

Sensitivity analysis DCF

WACC		EBIT margin terminal year					
		5.0%	6.0%	7.0%	8.0%	9.0%	
10.8%	5.2	5.8	6.4	7.0	7.7		
9.8%	5.7	6.4	7.2	7.9	8.7		
8.8%	6.4	7.3	8.2	9.1	10.1		
7.8%	7.3	8.5	9.6	10.8	12.0		
6.8%	8.6	10.2	11.7	13.2	14.7		

Source: Company data, NuWays

Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net sales	307.0	349.1	409.2	443.8	476.0	509.9
<i>Sales growth</i>	-27.8%	13.7%	17.2%	8.5%	7.2%	7.1%
Increase/decrease in finished goods and work-in-process	-7.8	4.8	22.1	15.7	7.2	7.7
Total sales	299.2	353.8	431.3	459.5	483.2	517.6
Other operating income	13.0	19.8	10.6	10.7	14.3	15.3
Material expenses	136.9	174.7	217.3	221.9	235.6	252.4
Personnel expenses	121.2	122.5	133.7	146.5	158.0	168.3
Other operating expenses	48.5	50.7	58.1	57.9	57.2	60.8
Total operating expenses	293.6	328.1	398.5	415.7	436.5	466.2
EBITDA	5.7	25.7	32.7	43.9	46.7	51.4
Depreciation	4.5	5.0	4.9	6.7	6.4	6.7
EBITA	1.1	20.7	27.8	37.1	40.3	44.7
Amortisation of goodwill	7.6	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	13.0	9.2	5.8	5.7	6.0	6.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-19.5	11.6	22.0	31.4	34.3	38.7
Interest income	0.4	0.0	0.4	0.4	0.4	0.4
Interest expenses	9.4	8.3	9.1	12.8	13.0	13.5
Investment income	0.0	0.0	2.7	4.6	0.0	0.0
Financial result	-9.0	-8.3	-6.0	-7.8	-12.6	-13.1
Recurring pretax income from continuing operations	-28.5	3.2	16.0	23.6	21.7	25.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-28.5	3.2	16.0	23.6	21.7	25.6
Income tax expense	-2.2	4.1	1.0	2.5	6.4	7.6
Net income from continuing operations	-26.3	-0.9	15.0	21.1	15.3	18.0
Income from discontinued operations (net of tax)	0.0	0.0	0.0	1.8	0.0	0.0
Net income	-26.3	-0.9	15.0	19.3	15.3	18.0
Minority interest	0.1	0.5	0.3	0.5	0.5	0.5
Net profit (reported)	-26.5	-1.4	14.7	18.8	14.8	17.5
Average number of shares	29.5	29.5	38.0	41.1	41.1	41.1
EPS reported	-0.90	-0.05	0.39	0.46	0.36	0.43

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	-27.8%	13.7%	17.2%	8.5%	7.2%	7.1%
Increase/decrease in finished goods and work-in-process	-2.5%	1.4%	5.4%	3.5%	1.5%	1.5%
Total sales	97.5%	101.4%	105.4%	103.5%	101.5%	101.5%
Other operating income	4.2%	5.7%	2.6%	2.4%	3.0%	3.0%
Material expenses	44.6%	50.0%	53.1%	50.0%	49.5%	49.5%
Personnel expenses	39.5%	35.1%	32.7%	33.0%	33.2%	33.0%
Other operating expenses	15.8%	14.5%	14.2%	13.1%	12.0%	11.9%
Total operating expenses	95.6%	94.0%	97.4%	93.7%	91.7%	91.4%
EBITDA	1.8%	7.4%	8.0%	9.9%	9.8%	10.1%
Depreciation	1.5%	1.4%	1.2%	1.5%	1.3%	1.3%
EBITA	0.4%	5.9%	6.8%	8.4%	8.5%	8.8%
Amortisation of goodwill	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	4.2%	2.6%	1.4%	1.3%	1.3%	1.2%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-6.3%	3.3%	5.4%	7.1%	7.2%	7.6%
Interest income	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Interest expenses	3.1%	2.4%	2.2%	2.9%	2.7%	2.6%
Investment income	0.0%	0.0%	0.7%	1.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	-9.3%	0.9%	3.9%	5.3%	4.6%	5.0%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-9.3%	0.9%	3.9%	5.3%	4.6%	5.0%
Tax rate	7.7%	127.6%	6.5%	25.0%	30.0%	30.0%
Net income from continuing operations	-8.6%	-0.3%	3.7%	4.8%	3.2%	3.5%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%
Net income	-8.6%	-0.3%	3.7%	4.3%	3.2%	3.5%
Minority interest	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Net profit (reported)	-8.6%	-0.4%	3.6%	4.2%	3.1%	3.4%

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	41.7	54.4	54.5	51.4	48.3	44.8
Property, plant and equipment	44.1	43.2	46.1	47.8	50.0	51.9
Financial assets	8.3	7.1	42.6	48.8	48.8	48.8
FIXED ASSETS	94.1	104.8	143.2	148.0	147.0	145.5
Inventories	43.3	53.5	89.6	100.9	102.4	101.0
Accounts receivable	27.1	31.9	40.1	41.9	46.7	51.0
Other assets and short-term financial assets	51.1	37.2	52.1	52.1	52.1	52.1
Liquid assets	47.7	30.2	35.7	53.9	67.0	87.1
Deferred taxes	13.1	10.6	12.7	16.9	16.9	16.9
Deferred charges and prepaid expenses	5.5	9.6	0.0	0.0	0.0	0.0
CURRENT ASSETS	187.7	173.0	230.2	265.7	285.1	308.0
TOTAL ASSETS	281.8	277.8	373.4	413.7	432.1	453.5
SHAREHOLDERS EQUITY	39.5	39.8	93.5	112.3	127.0	144.5
MINORITY INTEREST	0.4	0.8	0.8	1.3	1.8	2.3
Provisions for pensions and similar obligations	6.0	0.9	0.6	0.5	0.5	0.5
Other provisions and accrued liabilities	11.7	14.7	17.6	20.4	20.4	20.4
Short-term liabilities to banks	0.8	86.3	0.5	6.7	6.7	6.7
Accounts payable	23.7	32.2	39.1	44.4	47.6	51.0
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	42.9	62.1	64.3	57.7	57.7	57.7
Deferred taxes	8.2	7.9	7.3	13.0	13.0	13.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	66.5	94.2	103.4	102.1	105.3	108.7
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	281.8	277.8	373.4	413.7	432.1	453.5
Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	14.8%	19.6%	14.6%	12.4%	11.2%	9.9%
Property, plant and equipment	15.6%	15.6%	12.3%	11.6%	11.6%	11.4%
Financial assets	2.9%	2.6%	11.4%	11.8%	11.3%	10.8%
FIXED ASSETS	33.4%	37.7%	38.4%	35.8%	34.0%	32.1%
Inventories	15.4%	19.3%	24.0%	24.4%	23.7%	22.3%
Accounts receivable	9.6%	11.5%	10.7%	10.1%	10.8%	11.2%
Other assets and short-term financial assets	18.1%	13.4%	13.9%	12.6%	12.0%	11.5%
Liquid assets	16.9%	10.9%	9.6%	13.0%	15.5%	19.2%
Deferred taxes	4.6%	3.8%	3.4%	4.1%	3.9%	3.7%
Deferred charges and prepaid expenses	2.0%	3.5%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	66.6%	62.3%	61.6%	64.2%	66.0%	67.9%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SHAREHOLDERS EQUITY	14.0%	14.3%	25.0%	27.1%	29.4%	31.9%
MINORITY INTEREST	0.1%	0.3%	0.2%	0.3%	0.4%	0.5%
Provisions for pensions and similar obligations	2.1%	0.3%	0.1%	0.1%	0.1%	0.1%
Other provisions and accrued liabilities	4.1%	5.3%	4.7%	4.9%	4.7%	4.5%
Short-term liabilities to banks	0.3%	31.1%	0.1%	1.6%	1.6%	1.5%
Accounts payable	8.4%	11.6%	10.5%	10.7%	11.0%	11.2%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	15.2%	22.3%	17.2%	14.0%	13.4%	12.7%
Deferred taxes	2.9%	2.8%	1.9%	3.1%	3.0%	2.9%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	23.6%	33.9%	27.7%	24.7%	24.4%	24.0%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	-26.3	-0.9	15.0	19.3	15.3	18.0
Depreciation of fixed assets (incl. leases)	25.2	5.0	4.9	6.7	6.4	6.7
Amortisation of goodwill & intangible assets	0.0	9.2	5.8	5.7	6.0	6.0
Others	-7.0	-5.0	-8.5	-6.6	0.0	0.0
Cash flow from operating activities	23.4	18.0	-13.6	11.5	12.1	16.0
Increase/decrease in inventory	10.8	-10.2	-36.1	-11.2	-1.6	1.5
Increase/decrease in accounts receivable	18.3	-4.8	-8.2	-1.8	-4.8	-4.3
Increase/decrease in accounts payable	-26.2	8.5	7.0	5.2	3.2	3.4
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	2.9	-6.6	-37.3	-7.8	-3.1	0.5
Cash flow from operating activities	32.0	27.7	-2.9	23.9	24.5	31.3
CAPEX	10.5	6.8	9.3	11.1	11.4	11.2
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.1	0.1	0.0	0.0	0.0
Income from asset disposals	5.2	3.6	1.0	0.0	0.0	0.0
Cash flow from investing activities	-5.2	-3.3	-8.4	-11.1	-11.4	-11.2
Cash flow before financing	26.8	24.4	-11.3	12.8	13.1	20.0
Increase/decrease in debt position	-12.8	-37.0	23.8	12.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.9	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-7.0	-5.0	-8.5	-6.6	0.0	0.0
Effects of exchange rate changes on cash	0.1	0.1	0.5	0.0	0.0	0.0
Cash flow from financing activities	-19.8	-42.0	16.3	5.4	0.0	0.0
Increase/decrease in liquid assets	7.1	-17.5	5.5	18.2	13.1	20.0
Liquid assets at end of period	47.7	30.2	35.7	53.9	67.0	87.1

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
P&L growth analysis						
Sales growth	-27.8%	13.7%	17.2%	8.5%	7.2%	7.1%
EBITDA growth	-733.5%	354.7%	27.3%	34.0%	6.4%	10.2%
EBIT growth	23.4%	-159.3%	90.2%	43.0%	9.0%	12.8%
EPS growth	-23.8%	-94.7%	-913.8%	18.0%	-21.5%	18.5%
Efficiency						
Sales per employee	184.8	218.9	256.9	274.1	280.0	285.7
EBITDA per employee	3.4	16.1	20.6	27.1	27.5	28.8
No. employees (average)	1,661	1,595	1,593	1,619	1,700	1,785
Balance sheet analysis						
Avg. working capital / sales	14.0%	14.7%	16.8%	17.1%	20.2%	19.5%
Inventory turnover (sales/inventory)	2.8	3.6	3.0	2.2	2.3	2.5
Accounts receivable turnover	8.5	11.8	11.4	10.6	10.2	10.0
Accounts payable turnover	8.4	12.5	11.5	10.0	10.0	10.0
Cash flow analysis						
Free cash flow	21.5	20.9	-12.2	12.8	13.1	20.0
Free cash flow/sales	7.0%	6.0%	-3.0%	2.9%	2.7%	3.9%
FCF / net profit	neg.	neg.	neg.	66.5%	85.7%	111.5%
Capex / sales	3.4%	2.0%	2.3%	2.5%	2.4%	2.2%
Solvency						
Net debt	90.2	81.5	70.6	58.2	45.1	25.1
Net Debt/EBITDA	15.9	3.2	2.2	1.3	1.0	0.5
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	7.5%	6.0%	6.2%	9.2%	8.4%	8.4%
Returns						
ROCE	-9.4%	5.5%	9.4%	13.3%	11.9%	12.3%
ROE	-66.9%	-3.5%	15.7%	16.7%	11.6%	12.1%
Adjusted FCF yield	-0.3%	4.7%	8.6%	11.8%	12.0%	13.5%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.90	-0.05	0.39	0.46	0.36	0.43
Average number of shares	29.5	29.5	38.0	41.1	41.1	41.1
Valuation ratios						
P/BV	4.2	4.1	2.3	2.1	1.8	1.6
EV/sales	0.9	0.7	0.7	0.7	0.6	0.5
EV/EBITDA	46.2	9.6	8.7	6.6	5.9	5.0
EV/EBIT	-13.4	21.4	12.9	9.2	8.0	6.6

Source: Company data, NuWays

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Company	Disclosures
MAX Automation SE	2

Historical target price and rating changes for MAX Automation SE

Company	Date	Analyst	Rating	Target Price	Close
MAX Automation SE	09.11.2023	Wunderlich, Tim	Buy	EUR 7.30	EUR 5.90
	09.11.2023	Khare, Vaishnavi	Buy	EUR 7.30	EUR 5.90
	08.11.2023	Wunderlich, Tim	Buy	EUR 7.47	EUR 5.90
	08.11.2023	Khare, Vaishnavi	Buy	EUR 7.47	EUR 5.90
	07.11.2023	Wunderlich, Tim	Buy	EUR 7.70	EUR 5.86
	07.11.2023	Khare, Vaishnavi	Buy	EUR 7.70	EUR 5.86
	31.07.2023	Khare, Vaishnavi	Buy	EUR 7.40	EUR 5.66
	05.12.2022	Khare, Vaishnavi	Buy	EUR 6.50	EUR 4.85

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjust-

ment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

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