

MAX Automation SE

Industrials - Germany



NuWays

by Hauck Aufhäuser Lampe

Buy (old: Buy)

13.03.2024

EUR 8.20 (old: EUR 8.20)

Excellent growth and profitability, soft order intake; chg.

Topic: MAX released strong FY23 results, with sales and EBITDA in line with expectations and the company's guidance. The sales process of the subsidiary MA micro, which is now recognized as discontinued operations, is still ongoing.

FY23 sales (incl. MA micro) rose by 8.3% to € 443m (eNuW: € 444m), in line with the guidance range of € 410-470m due to a strong contribution from bdtronic (+59% yoy), offsetting the weaker Vecoplan, NSM + Jücker and MA micro. Q4 sales grew slightly by 3.2% yoy to € 117m (eNuW: € 117m). FY23 EBITDA (incl. MA micro) came in at € 43.2m (eNuW: € 43.9m) a 28% increase yoy, hitting the upper end of the guidance range of € 38-44m. This implies a 9.8% margin, up 1.5pp yoy due to normalized material prices and strong performance of bdtronic. Q4 EBITDA increased 155% yoy to € 6.2m (eNuW: € 6.9m) with a margin of 5.3% (+ 3.2pp yoy) due to a weak Q4 in FY22.

Group order intake from continued operations decreased by 16% to € 341m, leading to an order backlog of € 206m (-21% yoy), impacted from investment reluctance due to the ongoing economic uncertainty and higher interest costs. Mind you, FY22 benefited from COVID-19 catch-up effects and FY23 order intake and backlog are still on a historical high level.

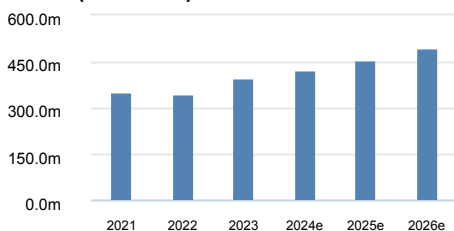
Outlook for FY24e for continuing operations: MAX guides for sales of € 390-450m, in line with eNuW (€ 425m), carried by a € 206m group backlog and a healthy order pipeline. FY24e EBITDA should come in between € 31-38m (eNuW: € 32.7m). Despite the lower order backlog, the guidance seems to be in reach due to the postponement of some larger orders from Q4 FY23 into FY24e as well as improving supply chains and material prices.

bdtronic showed a dynamic top- and bottom-line development (see page two), as a result of the fulfillment of the high order backlog and continued strong demand for dispensing and impregnation. Sales increased 59% yoy to € 104m (eNuW: € 94.7m) and EBITDA rose by 58% with a flat development in margins at 14%, due to large investments into growth (e.g. personell, PPE). Order intake rose by 11% yoy to a new record high of € 104m, flagging the technological leadership and ongoing structural trends such as electrification of the automotive industry. Order intake in Q4 came in rather weak at € 11m compared to € 29m in Q4 FY22, due to the postponement of a major order to FY24e. *-continued-*

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	349.1	342.7	397.4	425.0	459.0	496.1
Sales growth	13.7%	-1.8%	16.0%	7.0%	8.0%	8.1%
EBITDA	25.7	29.4	34.6	32.7	37.9	39.6
Net debt (if net cash=0)	81.5	53.1	77.1	45.0	19.4	41.0
FCF	20.9	-12.1	6.4	31.8	25.6	25.8
Net Debt/EBITDA	3.2	1.8	2.2	1.4	0.5	1.0
EPS pro forma	-0.05	0.43	0.14	0.20	0.29	0.32
EBITDA margin	7.4%	8.6%	8.7%	7.7%	8.2%	8.0%
ROCE	5.5%	9.6%	8.3%	8.3%	9.1%	9.2%
EV/sales	0.7	0.8	0.8	0.6	0.5	0.5
EV/EBITDA	9.6	9.1	8.9	8.4	6.6	5.7
PER	-117.8	13.0	15.2	27.5	19.0	17.5
Adjusted FCF yield	4.7%	8.6%	7.2%	7.9%	9.3%	8.5%

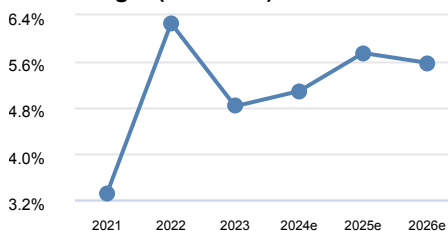
Source: Company data, NuWays, Close price as of 12.03.2024

Sales (2021-26e)



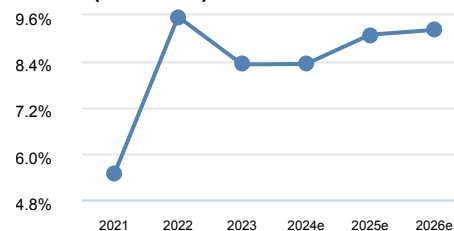
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

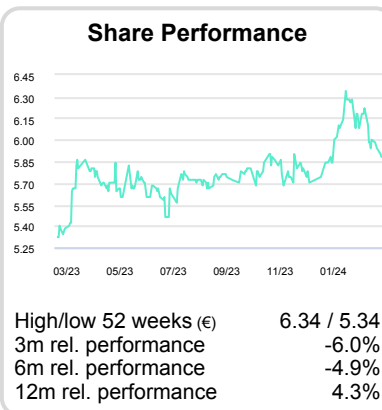
ROCE (2021-26e)



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 €)	5.88
Market cap (in € m)	230.3
Number of shares (in m pcs)	41.1
Enterprise value (in € m)	275.9
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	13.3%
Loys	10.5%
H&A Fund Services	8.0%
BWVA	5.0%
Werner Weber	4.2%

Estimates changes

	2024e	2025e	2026e
Sales	-11%	-10%	-9%
EBIT	-37%	-32%	-36%
EPS	-43%	-31%	-35%

Comment on changes

- Deconsolidation of MA micro
- We adjusted our model for the lower than expected order intake

Guidance

- Sales: € 390-450m
- EBITDA: € 31-38m

MAX Automation SE

Update - 13.03.2024

We expect bdtronic to deliver another year of double-digit growth in FY24e (eNuW: 12%).

Vecoplan delivered low-single-digit growth in sales and EBITDA, while margins remained roughly unchanged at 11.5% (FY22: 11.3%). Order intake fell by 15.6% yoy to € 145m, due to investment reluctance in Europe and US and the postponement of orders. However, the highly profitable service business, which accounts for c. 1/3 of sales, recorded significant growth during FY23.

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**. This would reveal, that the value of the "parts" clearly exceeds the current Enterprise Value of the MAX Automation group, in our view.

We reiterate our BUY rating with an unchanged € 8.20 PT based on DCF.

	FY 2023 reported	FY 2023 eNuW	FY 2022 reported	yoy %
Orders group	341	na	405	-15.7%
Revenue group	397	444	343	16.0%
EBITDA group	34.6	43.9	30.3	14.1%
EBITDA margin	8.7%	9.9%	8.8%	- 0.1 pp
bdtronic				
Orders	103.8	na	93.4	11.2%
Sales	103.80	94.74	65.17	59.3%
EBITDA	14.8	16.2	9.4	57.6%
Margin	14.3%	17.1%	14.4%	- 0.1 pp
Vecoplan				
Orders	145	na	171	-15.7%
Sales	178	185	174	2.2%
EBITDA	20.4	21.3	19.7	3.7%
Margin	11.5%	11.5%	11.3%	+ 0.2 pp
AIM Micro				
Orders	6.0	na	5.1	17.4%
Sales	6.8	7.1	6.0	12.6%
EBITDA	2.1	2.4	1.8	18.6%
Margin	30.9%	33.1%	29.3%	+ 1.6 pp
NSM + Jücker				
Orders	40.2	na	74.7	-46.2%
Sales	55.6	54.9	57.1	-2.5%
EBITDA	5.2	5.1	5.6	-7.1%
Maegin	9.4%	9.3%	9.8%	- 0.5 pp
ELWEMA				
Orders	46.8	na	60.3	-22.3%
Sales	53.2	54.9	40.5	31.4%
EBITDA	4.0	2.8	2.9	38.6%
Margin	7.5%	5.1%	7.1%	+ 0.4 pp
Discontinued operations				
MA micro group				
Orders	26.2	na	21.0	24.9%
Sales	46.5	47.5	64.3	-27.7%
EBITDA	9.3	10.2	11.2	-17.1%
Margin	20.0%	21.5%	17.4%	+ 2.6 pp

Source: Company data; NuWays

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	349.1	342.7	397.4	425.0	459.0	496.1
<i>Sales growth</i>	13.7%	-1.8%	16.0%	7.0%	8.0%	8.1%
Increase/decrease in finished goods and work-in-process	4.8	21.3	9.2	7.2	7.7	0.5
Total sales	353.8	364.0	406.6	432.3	466.7	496.6
Other operating income	19.8	9.3	6.7	11.0	13.8	14.9
Material expenses	174.7	186.1	199.5	212.5	227.2	244.6
Personnel expenses	122.5	107.0	122.4	141.5	154.2	163.7
Other operating expenses	50.7	50.9	56.9	56.6	61.2	63.6
Total operating expenses	328.1	334.6	372.0	399.6	428.8	457.0
EBITDA	25.7	29.4	34.6	32.7	37.9	39.6
Depreciation	5.0	4.8	5.8	5.1	5.5	6.9
EBITA	20.7	24.5	28.8	27.6	32.4	32.7
Amortisation of goodwill	0.0	0.0	5.2	0.0	0.0	0.0
Amortisation of intangible assets	9.2	3.1	4.4	6.0	6.0	5.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	11.6	21.5	19.2	21.6	26.4	27.7
Interest income	0.0	0.4	0.1	0.4	0.4	0.4
Interest expenses	8.3	8.8	12.8	11.5	11.0	11.0
Investment income	0.0	2.7	4.6	1.4	1.5	1.6
Financial result	-8.3	-5.7	-8.1	-9.7	-9.1	-8.9
Recurring pretax income from continuing operations	3.2	15.8	11.1	11.9	17.2	18.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.2	15.8	11.1	11.9	17.2	18.8
Income tax expense	4.1	-0.8	5.5	3.5	5.1	5.6
Net income from continuing operations	-0.9	16.6	5.6	8.4	12.1	13.2
Income from discontinued operations (net of tax)	0.0	1.6	-9.6	0.0	0.0	0.0
Net income	-0.9	15.0	15.2	8.4	12.1	13.2
Minority interest	0.5	0.3	0.0	0.0	0.0	0.0
Net profit (reported)	-1.4	14.7	15.2	8.4	12.1	13.2
Average number of shares	29.5	38.0	41.1	41.1	41.1	41.1
EPS reported	-0.05	0.39	0.37	0.20	0.29	0.32

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	13.7%	-1.8%	16.0%	7.0%	8.0%	8.1%
Increase/decrease in finished goods and work-in-process	1.4%	6.2%	2.3%	1.7%	1.7%	0.1%
Total sales	101.4%	106.2%	102.3%	101.7%	101.7%	100.1%
Other operating income	5.7%	2.7%	1.7%	2.6%	3.0%	3.0%
Material expenses	50.0%	54.3%	50.2%	50.0%	49.5%	49.3%
Personnel expenses	35.1%	31.2%	30.8%	33.3%	33.6%	33.0%
Other operating expenses	14.5%	14.9%	14.3%	13.3%	13.3%	12.8%
Total operating expenses	94.0%	97.7%	93.6%	94.0%	93.4%	92.1%
EBITDA	7.4%	8.6%	8.7%	7.7%	8.2%	8.0%
Depreciation	1.4%	1.4%	1.5%	1.2%	1.2%	1.4%
EBITA	5.9%	7.2%	7.2%	6.5%	7.1%	6.6%
Amortisation of goodwill	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%
Amortisation of intangible assets	2.6%	0.9%	1.1%	1.4%	1.3%	1.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	3.3%	6.3%	4.8%	5.1%	5.7%	5.6%
Interest income	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%
Interest expenses	2.4%	2.6%	3.2%	2.7%	2.4%	2.2%
Investment income	0.0%	0.8%	1.2%	0.3%	0.3%	0.3%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	0.9%	4.6%	2.8%	2.8%	3.8%	3.8%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	0.9%	4.6%	2.8%	2.8%	3.8%	3.8%
Tax rate	127.6%	-5.1%	25.0%	30.0%	30.0%	30.0%
Net income from continuing operations	-0.3%	4.8%	1.4%	2.0%	2.6%	2.7%
Income from discontinued operations (net of tax)	0.0%	0.5%	-2.4%	0.0%	0.0%	0.0%
Net income	-0.3%	4.4%	3.8%	2.0%	2.6%	2.7%
Minority interest	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-0.4%	4.3%	3.8%	2.0%	2.6%	2.7%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	54.4	54.5	37.8	33.0	27.1	20.9
Property, plant and equipment	43.2	46.1	50.7	53.3	56.1	58.1
Financial assets	7.1	42.6	47.4	47.4	47.4	47.4
FIXED ASSETS	104.8	143.2	135.9	133.7	130.6	126.4
Inventories	53.5	89.6	92.5	88.5	94.7	101.9
Accounts receivable	31.9	40.1	49.8	46.7	50.4	54.5
Other assets and short-term financial assets	37.2	52.1	41.6	44.6	43.0	43.0
Liquid assets	30.2	35.7	26.6	43.2	58.8	84.6
Deferred taxes	10.6	15.6	16.0	16.5	16.9	17.1
Deferred charges and prepaid expenses	9.6	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	173.0	233.1	249.1	239.5	264.2	301.2
TOTAL ASSETS	277.8	376.3	385.0	373.3	394.8	427.5

SHAREHOLDERS EQUITY	39.8	93.1	114.9	123.3	151.3	178.7
MINORITY INTEREST	0.8	0.8	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.9	0.6	0.5	0.5	0.5	0.5
Other provisions and accrued liabilities	14.7	14.4	15.2	15.2	15.6	16.5
Short-term liabilities to banks	86.3	0.5	0.6	0.6	0.6	0.6
Accounts payable	32.2	62.9	52.2	47.9	51.0	55.1
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)	62.1	61.4	38.3	38.6	38.6	38.6
Deferred taxes	7.9	10.3	9.7	10.1	10.1	10.4
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	94.2	124.3	90.6	86.5	89.6	93.7
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	277.8	376.3	385.0	373.3	394.8	427.5

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	19.6%	14.5%	9.8%	8.9%	6.9%	4.9%
Property, plant and equipment	15.6%	12.2%	13.2%	14.3%	14.2%	13.6%
Financial assets	2.6%	11.3%	12.3%	12.7%	12.0%	11.1%
FIXED ASSETS	37.7%	38.1%	35.3%	35.8%	33.1%	29.6%
Inventories	19.3%	23.8%	24.0%	23.7%	24.0%	23.8%
Accounts receivable	11.5%	10.6%	12.9%	12.5%	12.8%	12.8%
Other assets and short-term financial assets	13.4%	13.8%	10.8%	11.9%	10.9%	10.1%
Liquid assets	10.9%	9.5%	6.9%	11.6%	14.9%	19.8%
Deferred taxes	3.8%	4.2%	4.2%	4.4%	4.3%	4.0%
Deferred charges and prepaid expenses	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	62.3%	61.9%	64.7%	64.2%	66.9%	70.4%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	14.3%	24.7%	29.8%	33.0%	38.3%	41.8%
MINORITY INTEREST	0.3%	0.2%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%
Other provisions and accrued liabilities	5.3%	3.8%	3.9%	4.1%	4.0%	3.9%
Short-term liabilities to banks	31.1%	0.1%	0.2%	0.2%	0.2%	0.1%
Accounts payable	11.6%	16.7%	13.6%	12.8%	12.9%	12.9%
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)	22.3%	16.3%	10.0%	10.3%	9.8%	9.0%
Deferred taxes	2.8%	2.7%	2.5%	2.7%	2.6%	2.4%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	33.9%	33.0%	23.5%	23.2%	22.7%	21.9%
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)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	-0.9	15.0	15.2	8.4	12.1	13.2
Depreciation of fixed assets (incl. leases)	5.0	4.9	5.8	5.1	5.5	6.9
Amortisation of goodwill & intangible assets	9.2	6.5	10.2	6.0	6.0	5.0
Others	-5.0	-8.5	-11.4	0.3	0.0	0.0
Cash flow from operating activities	18.0	-13.5	7.1	30.9	22.9	22.8
Increase/decrease in inventory	-10.2	-29.7	-7.3	4.0	-6.1	-7.3
Increase/decrease in accounts receivable	-4.8	-8.3	-12.8	3.1	-3.7	-4.1
Increase/decrease in accounts payable	8.5	8.4	-22.1	-4.3	3.1	4.1
Increase/decrease in other working capital positions	0.0	0.0	8.5	0.0	0.0	0.0
Increase/decrease in working capital	-6.6	-29.6	-33.7	2.7	-6.8	-7.2
Cash flow from operating activities	27.7	-2.8	17.2	42.0	36.7	37.7
CAPEX	6.8	9.3	10.8	10.2	11.0	11.9
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.1	0.1	0.0	0.0	0.0	0.0
Income from asset disposals	3.6	1.0	1.7	0.0	0.0	0.0
Cash flow from investing activities	-3.3	-8.4	-9.1	-10.2	-11.0	-11.9
Cash flow before financing	24.4	-11.2	8.2	31.8	25.6	25.8
Increase/decrease in debt position	-37.0	23.8	-5.9	-15.5	-10.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.9	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-5.0	-8.5	-11.4	0.3	0.0	0.0
Effects of exchange rate changes on cash	0.1	0.5	0.0	0.0	0.0	0.0
Cash flow from financing activities	-42.0	16.3	-17.3	-15.2	-10.0	0.0
Increase/decrease in liquid assets	-17.5	5.6	-9.1	16.6	15.6	25.8
Liquid assets at end of period	30.2	35.7	26.6	43.2	58.8	84.6

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	13.7%	-1.8%	16.0%	7.0%	8.0%	8.1%
EBITDA growth	354.7%	14.1%	17.7%	-5.5%	15.9%	4.6%
EBIT growth	-159.3%	85.7%	-10.7%	12.8%	22.1%	4.9%
EPS growth	-94.7%	-914.0%	-4.7%	-44.8%	44.9%	8.7%
Efficiency						
Sales per employee	218.9	215.1	245.4	250.0	257.1	267.3
EBITDA per employee	16.1	18.4	21.3	19.2	21.2	21.3
No. employees (average)	1,595	1,593	1,619	1,700	1,785	1,856
Balance sheet analysis						
Avg. working capital / sales	14.7%	16.6%	18.0%	18.1%	20.1%	19.0%
Inventory turnover (sales/inventory)	3.6	2.6	2.2	2.4	2.4	2.4
Accounts receivable turnover	11.8	9.5	8.8	9.1	9.1	9.1
Accounts payable turnover	12.5	7.2	6.9	8.9	9.0	9.0
Cash flow analysis						
Free cash flow	20.9	-12.1	6.4	31.8	25.6	25.8
Free cash flow/sales	6.0%	-3.5%	1.6%	7.5%	5.6%	5.2%
FCF / net profit	neg.	neg.	42.5%	379.7%	211.5%	195.7%
Capex / sales	2.0%	2.7%	2.7%	2.4%	2.4%	2.4%
Solvency						
Net debt	81.5	53.1	77.1	45.0	19.4	41.0
Net Debt/EBITDA	3.2	1.8	2.2	1.4	0.5	1.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	6.0%	6.3%	9.4%	8.6%	8.0%	8.4%
Returns						
ROCE	5.5%	9.6%	8.3%	8.3%	9.1%	9.2%
ROE	-3.5%	15.8%	13.2%	6.8%	8.0%	7.4%
Adjusted FCF yield	4.7%	8.6%	7.2%	7.9%	9.3%	8.5%
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	-0.05	0.39	0.37	0.20	0.29	0.32
Average number of shares	29.5	38.0	41.1	41.1	41.1	41.1
Valuation ratios						
P/BV	4.1	2.3	2.0	1.9	1.5	1.3
EV/sales	0.7	0.8	0.8	0.6	0.5	0.5
EV/EBITDA	9.6	9.1	8.9	8.4	6.6	5.7
EV/EBIT	21.4	12.4	16.1	12.8	9.5	8.1

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	30.11.2023	Wunderlich, Tim	n.a.	EUR 8.20	EUR 5.74
	30.11.2023	Khare, Vaishnavi	n.a.	EUR 8.20	EUR 5.74
	09.11.2023	Wunderlich, Tim	n.a.	EUR 7.30	EUR 5.90
	09.11.2023	Khare, Vaishnavi	n.a.	EUR 7.30	EUR 5.90

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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.

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