

# MAX Automation SE

Industrials - Germany



**Buy** (old: Buy)

15.05.2024

**EUR 8.20** (old: EUR 8.20)

## Muted start into the year but solid order intake; chg. est.

**Topic:** MAX released mixed Q1 results with muted sales and slight pressure on margins in line with expectations. However, order intake moderately improved qoq from a low level in the last three quarters supported by continuous follow-up orders from ELWEMA.

**Q1 group sales** declined slightly by 6.1% yoy to € 91m (eNuW: € 92m) reflecting the low order backlog compared to last year. Q1 EBITDA fell by 18% yoy to € 7.9m (eNuW: € 7.6m) due to the lower top-line, wage inflation and a product mix shift within bdtronic. Hence, the margin declined by 1.2pp yoy to 8.8%.

After three weaker quarters, **order intake in Q1 showed first signs of a recovery**. Q1 group order intake increased 26% qoq to € 90m but decreased 21% yoy compared to the exceptionally strong Q1 FY23. Order intake in the second half of FY23 suffered from **investment restraints** reflecting a challenging macroeconomic environment, restrictive financing conditions and persistently high price levels. The ongoing weakness of the global economy was in particular felt in the German mechanical and plant engineering sector. We expect the situation to improve modestly in the second half of FY24e, which should translate to increasing revenue in FY25e.

**bdtronic** continued its growth story and increased sales by 50% yoy to € 29.6m supported by a high order backlog and strong service business. However, EBITDA stayed unchanged yoy at € 3.3m along with a margin decrease of 5.6pp to 11.1%. This was largely **influenced by a product mix shift** to the lower margin impregnation business as well as wage inflation and an increase in personnel.

**Vecoplan's** revenues came in at € 38.7m, a 16.2% decrease yoy. EBITDA fell by 27% to € 4.1m with a slight margin reduction of 1.6pp to 10.5% due to **investment reluctance in the recycling/waste division** and positive one-offs from the reversal of provisions in the previous year. We expect Vecoplan to stabilize on a plateau this year with a flat development in sales and a slight decrease in EBITDA.

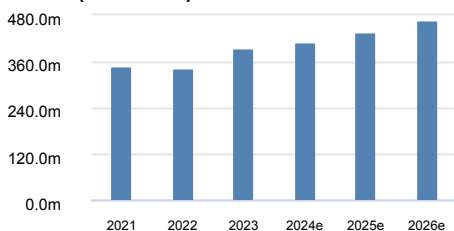
**MAX confirmed its FY24e guidance** of € 390-450m sales (eNuW: € 411m) and € 31-38m EBITDA (eNuW: € 33m). This appears sensible in our view as it implies a 5.7% top-line increase and a flat development in EBITDA at midpoint.

**We reiterate BUY with an unchanged PT of € 8.20, based on DCF.**

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	349.1	342.7	397.4	410.6	439.1	469.6
Sales growth	13.7%	-1.8%	16.0%	3.3%	6.9%	7.0%
EBITDA	25.7	29.4	34.6	33.0	37.0	40.3
Net debt (if net cash=0)	81.5	53.1	77.1	41.0	15.8	35.7
FCF	20.9	-12.1	6.4	35.8	25.2	27.6
Net Debt/EBITDA	3.2	1.8	2.2	1.2	0.4	0.9
EPS pro forma	-0.05	0.43	0.14	0.21	0.29	0.36
EBITDA margin	7.4%	8.6%	8.7%	8.0%	8.4%	8.6%
ROCE	5.5%	9.6%	8.3%	8.5%	9.1%	10.1%
EV/sales	0.8	0.8	0.8	0.7	0.6	0.5
EV/EBITDA	10.3	9.8	9.6	9.0	7.3	6.0
PER	-130.0	14.4	16.7	29.4	21.1	17.0
Adjusted FCF yield	4.4%	7.8%	6.6%	7.4%	8.4%	8.2%

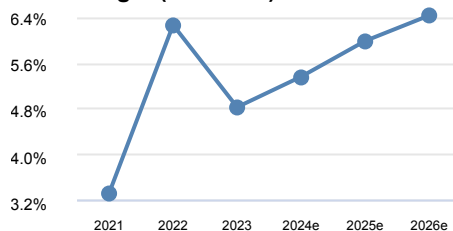
Source: Company data, NuWays, Close price as of 10.05.2024

### Sales (2021-26e)



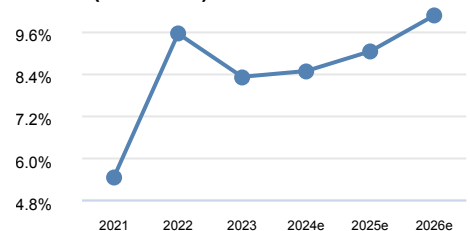
Source: NuWays Research

### EBIT margin (2021-26e)



Source: NuWays Research

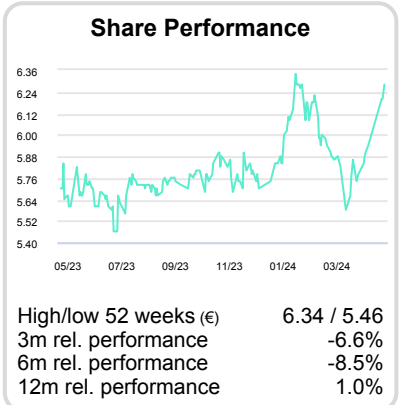
### ROCE (2021-26e)



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 €)	6.28
Market cap (in € m)	254.1
Number of shares (in m pcs)	41.1
Enterprise value (in € m)	295.7
Ø trading volume (6 months)	5,854

### Identifier

Bloomberg	MXHN GR
Reuters	MAXG
WKN	A2DA58
ISIN	DE000A2DA588

### Key shareholders

Günther Group	64.8%
Free Float	15.6%
H&A Fund Services	6.6%
BWVA	5.0%
Werner Weber	4.2%
LOYS	3.9%

### Estimates changes

	2024e	2025e	2026e
Sales	-3%	-4%	-5%
EBIT	2%	-3%	3%
EPS	3%	-5%	4%

### Comment on changes

- We slightly changed our estimates to reflect the lower than expected cost of materials and order intake.

### Guidance

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

## Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
<b>Net sales</b>	<b>349.1</b>	<b>342.7</b>	<b>397.4</b>	<b>410.6</b>	<b>439.1</b>	<b>469.6</b>
<i>Sales growth</i>	13.7%	-1.8%	16.0%	3.3%	6.9%	7.0%
Increase/decrease in finished goods and work-in-process	4.8	21.3	9.2	7.2	7.7	0.5
<b>Total sales</b>	<b>353.8</b>	<b>364.0</b>	<b>406.6</b>	<b>417.9</b>	<b>446.8</b>	<b>470.1</b>
Other operating income	19.8	9.3	6.7	10.7	11.4	14.1
Material expenses	174.7	186.1	199.5	201.2	215.1	228.7
Personnel expenses	122.5	107.0	122.4	137.6	145.8	155.0
Other operating expenses	50.7	50.9	56.9	56.8	60.3	60.2
<b>Total operating expenses</b>	<b>328.1</b>	<b>334.6</b>	<b>372.0</b>	<b>384.8</b>	<b>409.8</b>	<b>429.8</b>
<b>EBITDA</b>	<b>25.7</b>	<b>29.4</b>	<b>34.6</b>	<b>33.0</b>	<b>37.0</b>	<b>40.3</b>
Depreciation	5.0	4.8	5.8	5.6	5.9	6.1
<b>EBITA</b>	<b>20.7</b>	<b>24.5</b>	<b>28.8</b>	<b>27.4</b>	<b>31.1</b>	<b>34.2</b>
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	5.4	4.8	4.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>11.6</b>	<b>21.5</b>	<b>19.2</b>	<b>22.0</b>	<b>26.3</b>	<b>30.2</b>
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
<b>Recurring pretax income from continuing operations</b>	<b>3.2</b>	<b>15.8</b>	<b>11.1</b>	<b>12.3</b>	<b>17.1</b>	<b>21.3</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>3.2</b>	<b>15.8</b>	<b>11.1</b>	<b>12.3</b>	<b>17.1</b>	<b>21.3</b>
Income tax expense	4.1	-0.8	5.5	3.6	5.1	6.3
<b>Net income from continuing operations</b>	<b>-0.9</b>	<b>16.6</b>	<b>5.6</b>	<b>8.6</b>	<b>12.1</b>	<b>15.0</b>
Income from discontinued operations (net of tax)	0.0	1.6	-9.6	0.0	0.0	0.0
<b>Net income</b>	<b>-0.9</b>	<b>15.0</b>	<b>15.2</b>	<b>8.6</b>	<b>12.1</b>	<b>15.0</b>
Minority interest	0.5	0.3	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>-1.4</b>	<b>14.7</b>	<b>15.2</b>	<b>8.6</b>	<b>12.1</b>	<b>15.0</b>
Average number of shares	29.5	38.0	41.1	41.1	41.1	41.1
<b>EPS reported</b>	<b>-0.05</b>	<b>0.39</b>	<b>0.37</b>	<b>0.21</b>	<b>0.29</b>	<b>0.36</b>

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	13.7%	-1.8%	16.0%	3.3%	6.9%	7.0%
Increase/decrease in finished goods and work-in-process	1.4%	6.2%	2.3%	1.8%	1.8%	0.1%
<b>Total sales</b>	<b>101.4%</b>	<b>106.2%</b>	<b>102.3%</b>	<b>101.8%</b>	<b>101.8%</b>	<b>100.1%</b>
Other operating income	5.7%	2.7%	1.7%	2.6%	2.6%	3.0%
Material expenses	50.0%	54.3%	50.2%	49.0%	49.0%	48.7%
Personnel expenses	35.1%	31.2%	30.8%	33.5%	33.2%	33.0%
Other operating expenses	14.5%	14.9%	14.3%	13.8%	13.7%	12.8%
<b>Total operating expenses</b>	<b>94.0%</b>	<b>97.7%</b>	<b>93.6%</b>	<b>93.7%</b>	<b>93.3%</b>	<b>91.5%</b>
<b>EBITDA</b>	<b>7.4%</b>	<b>8.6%</b>	<b>8.7%</b>	<b>8.0%</b>	<b>8.4%</b>	<b>8.6%</b>
Depreciation	1.4%	1.4%	1.5%	1.4%	1.3%	1.3%
<b>EBITA</b>	<b>5.9%</b>	<b>7.2%</b>	<b>7.2%</b>	<b>6.7%</b>	<b>7.1%</b>	<b>7.3%</b>
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%	1.3%	1.1%	0.9%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>3.3%</b>	<b>6.3%</b>	<b>4.8%</b>	<b>5.4%</b>	<b>6.0%</b>	<b>6.4%</b>
Interest income	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%
Interest expenses	2.4%	2.6%	3.2%	2.8%	2.5%	2.3%
Investment income	0.0%	0.8%	1.2%	0.3%	0.3%	0.4%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>0.9%</b>	<b>4.6%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>3.9%</b>	<b>4.5%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>0.9%</b>	<b>4.6%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>3.9%</b>	<b>4.5%</b>
Tax rate	127.6%	-5.1%	25.0%	30.0%	30.0%	30.0%
<b>Net income from continuing operations</b>	<b>-0.3%</b>	<b>4.8%</b>	<b>1.4%</b>	<b>2.1%</b>	<b>2.7%</b>	<b>3.2%</b>
Income from discontinued operations (net of tax)	0.0%	0.5%	-2.4%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>-0.3%</b>	<b>4.4%</b>	<b>3.8%</b>	<b>2.1%</b>	<b>2.7%</b>	<b>3.2%</b>
Minority interest	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
<b>Net profit (reported)</b>	<b>-0.4%</b>	<b>4.3%</b>	<b>3.8%</b>	<b>2.1%</b>	<b>2.7%</b>	<b>3.2%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	54.4	54.5	37.8	33.8	28.2	22.2
Property, plant and equipment	43.2	46.1	50.7	52.9	54.9	57.3
Financial assets	7.1	42.6	47.4	47.4	47.4	47.4
<b>FIXED ASSETS</b>	<b>104.8</b>	<b>143.2</b>	<b>135.9</b>	<b>134.0</b>	<b>130.4</b>	<b>126.9</b>
Inventories	53.5	89.6	92.5	83.8	89.6	95.3
Accounts receivable	31.9	40.1	49.8	45.1	48.2	51.6
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	47.2	62.4	90.0
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
<b>CURRENT ASSETS</b>	<b>173.0</b>	<b>233.1</b>	<b>249.1</b>	<b>237.3</b>	<b>262.7</b>	<b>296.9</b>
<b>TOTAL ASSETS</b>	<b>277.8</b>	<b>376.3</b>	<b>385.0</b>	<b>371.3</b>	<b>393.2</b>	<b>423.8</b>

<b>SHAREHOLDERS EQUITY</b>	<b>39.8</b>	<b>93.1</b>	<b>114.9</b>	<b>123.0</b>	<b>151.9</b>	<b>178.0</b>
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	46.3	48.8	52.2
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)	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
<b>CURRENT LIABILITIES</b>	<b>94.2</b>	<b>124.3</b>	<b>90.6</b>	<b>84.9</b>	<b>87.4</b>	<b>90.8</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>277.8</b>	<b>376.3</b>	<b>385.0</b>	<b>371.3</b>	<b>393.2</b>	<b>423.8</b>

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	19.6%	14.5%	9.8%	9.1%	7.2%	5.2%
Property, plant and equipment	15.6%	12.2%	13.2%	14.2%	14.0%	13.5%
Financial assets	2.6%	11.3%	12.3%	12.8%	12.1%	11.2%
<b>FIXED ASSETS</b>	<b>37.7%</b>	<b>38.1%</b>	<b>35.3%</b>	<b>36.1%</b>	<b>33.2%</b>	<b>29.9%</b>
Inventories	19.3%	23.8%	24.0%	22.6%	22.8%	22.5%
Accounts receivable	11.5%	10.6%	12.9%	12.2%	12.3%	12.2%
Other assets and short-term financial assets	13.4%	13.8%	10.8%	12.0%	10.9%	10.1%
Liquid assets	10.9%	9.5%	6.9%	12.7%	15.9%	21.2%
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%
<b>CURRENT ASSETS</b>	<b>62.3%</b>	<b>61.9%</b>	<b>64.7%</b>	<b>63.9%</b>	<b>66.8%</b>	<b>70.1%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>14.3%</b>	<b>24.7%</b>	<b>29.8%</b>	<b>33.1%</b>	<b>38.6%</b>	<b>42.0%</b>
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%	12.5%	12.4%	12.3%
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%	10.4%	9.8%	9.1%
Deferred taxes	2.8%	2.7%	2.5%	2.7%	2.6%	2.5%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>33.9%</b>	<b>33.0%</b>	<b>23.5%</b>	<b>22.9%</b>	<b>22.2%</b>	<b>21.4%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	-0.9	15.0	15.2	8.6	12.1	15.0
Depreciation of fixed assets (incl. leases)	5.0	4.9	5.8	5.6	5.9	6.1
Amortisation of goodwill & intangible assets	9.2	6.5	10.2	5.4	4.8	4.0
Other costs affecting income / expenses	21.0	0.3	19.8	19.8	19.8	19.8
Cash flow from operating activities	18.0	-13.5	7.1	35.9	23.0	25.2
Increase/decrease in inventory	-10.2	-29.7	-7.3	8.7	-5.8	-5.6
Increase/decrease in accounts receivable	-4.8	-8.3	-12.8	4.6	-3.1	-3.4
Increase/decrease in accounts payable	8.5	8.4	-22.1	-5.9	2.5	3.4
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	7.4	-6.4	-5.6
<b>Cash flow from operating activities</b>	<b>27.7</b>	<b>-2.8</b>	<b>17.2</b>	<b>46.9</b>	<b>36.1</b>	<b>39.3</b>
CAPEX	6.8	9.3	10.8	11.1	11.0	11.7
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
<b>Cash flow from investing activities</b>	<b>-3.3</b>	<b>-8.4</b>	<b>-9.1</b>	<b>-11.1</b>	<b>-11.0</b>	<b>-11.7</b>
Cash flow before financing	24.4	-11.2	8.2	35.8	25.2	27.6
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
<b>Cash flow from financing activities</b>	<b>-42.0</b>	<b>16.3</b>	<b>-17.3</b>	<b>-15.2</b>	<b>-10.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-17.5	5.6	-9.1	20.6	15.2	27.6
<b>Liquid assets at end of period</b>	<b>30.2</b>	<b>35.7</b>	<b>26.6</b>	<b>47.2</b>	<b>62.4</b>	<b>90.0</b>

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
<b>P&amp;L growth analysis</b>						
Sales growth	13.7%	-1.8%	16.0%	3.3%	6.9%	7.0%
EBITDA growth	354.7%	14.1%	17.7%	-4.4%	12.0%	9.1%
EBIT growth	-159.3%	85.7%	-10.7%	14.8%	19.5%	14.9%
EPS growth	-94.7%	-914.0%	-4.7%	-43.0%	39.5%	24.1%
<b>Efficiency</b>						
Sales per employee	218.9	215.1	245.4	241.5	246.0	253.0
EBITDA per employee	16.1	18.4	21.3	19.4	20.7	21.7
No. employees (average)	1,595	1,593	1,619	1,700	1,785	1,856
<b>Balance sheet analysis</b>						
Avg. working capital / sales	14.7%	16.6%	18.0%	18.2%	20.4%	18.9%
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
<b>Cash flow analysis</b>						
Free cash flow	20.9	-12.1	6.4	35.8	25.2	27.6
Free cash flow/sales	6.0%	-3.5%	1.6%	8.7%	5.7%	5.9%
FCF / net profit	neg.	neg.	42.5%	414.4%	208.7%	184.1%
Capex / sales	2.0%	2.7%	2.7%	2.7%	2.5%	2.5%
<b>Solvency</b>						
Net debt	81.5	53.1	77.1	41.0	15.8	35.7
Net Debt/EBITDA	3.2	1.8	2.2	1.2	0.4	0.9
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%
<b>Returns</b>						
ROCE	5.5%	9.6%	8.3%	8.5%	9.1%	10.1%
ROE	-3.5%	15.8%	13.2%	7.0%	7.9%	8.4%
Adjusted FCF yield	4.4%	7.8%	6.6%	7.4%	8.4%	8.2%
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	0.21	0.29	0.36
Average number of shares	29.5	38.0	41.1	41.1	41.1	41.1
<b>Valuation ratios</b>						
P/BV	4.6	2.5	2.2	2.1	1.7	1.4
EV/sales	0.8	0.8	0.8	0.7	0.6	0.5
EV/EBITDA	10.3	9.8	9.6	9.0	7.3	6.0
EV/EBIT	22.9	13.4	17.3	13.4	10.3	8.0

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	Buy	EUR 8.20	EUR 5.74
	30.11.2023	Khare, Vaishnavi	Buy	EUR 8.20	EUR 5.74
	09.11.2023	Wunderlich, Tim	Buy	EUR 7.30	EUR 5.90
	09.11.2023	Khare, Vaishnavi	Buy	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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