

MAX Automation SE

Industrials - Germany



Buy (old: Buy)

05.08.2024

EUR 7.50 (old: EUR 8.20)

Muted Q2 numbers // guidance specified; chg. est. & PT

Topic: MAX released its Q2 numbers on Friday with sales above and EBITDA below our estimates. Further, the company specified its FY outlook to the lower end of the guidance range.

Q2 Sales came in at € 98m (eNuW: € 92m), a 4.4% increase yoy carried by a strong ELWEMA segment (+39% yoy). EBITDA decreased 28% to € 7.6m (eNuW: € 7.6m) accompanied by a margin decrease of 3.5pp to 7.8%. Profitability was impacted by wage inflation, an increase in personnel and the temporary need for costly external services, especially within the bdtronic segment. Order intake decreased 3.1% yoy affected by continued investment reluctance from customers due to macroeconomic uncertainties, which led to a relatively low order backlog of € 184m compared to the previous years (-11% yoy).

Sales within bdtronic declined by 10% yoy in the second quarter to € 21m impacted by a muted order intake since Q4'23. EBITDA decreased 82% to € 0.9m with a margin of 6.9% (-14.3pp). The increase in personnel cost was a main pressure point, next to a taff comparable base and the top-line decrease. Driven by extraordinarily strong order intake in H1'23 (€ 68m; +77% yoy), bdtronic was working on the edge of its capacity and occupied in addition c. 120 external services on the peak in FY23 to handle the rapidly increased demand. However, despite the recently lower order intake, bdtronic could only slowly and successively reduce their number because of the idiosyncratic know-how of these external services within specific projects.

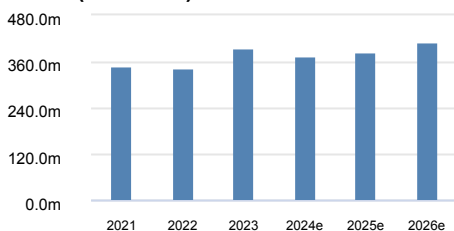
bdtronic order intake: As the demand for electric vehicles in the US and Europe calmed down due to affordability concerns, lack of adequate infrastructure and uncertain economic conditions, OEMs hesitate to expand their capacity for EVs. Hence, the order intake in the cyclical business declined significantly by 49% yoy to € 12.9m with an order backlog of € 34m (-56% yoy). We expect the situation to remain challenging in the coming quarters and lower our FY24e sales estimates for bdtronic (eNuW: € 85m).

ELWEMA grew its sales by 39% yoy to € 18m thanks to a steady stream of follow-up orders. EBITDA came in at € 2.1m, an 11% increase yoy (11.9% margin). Thanks to the strong order intake of € 40m (+32%) in H1'24 and long lead times of 12-18 months, the company secured already enough projects for FY25e. *-continued-*

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	349.1	342.7	397.4	378.2	387.5	411.6
Sales growth	13.7%	-1.8%	16.0%	-4.8%	2.5%	6.2%
EBITDA	25.7	29.4	34.6	31.3	33.5	37.1
Net debt (if net cash=0)	81.5	53.1	77.1	27.9	4.6	27.5
FCF	20.9	-12.1	6.4	32.5	23.4	24.4
Net Debt/EBITDA	3.2	1.8	2.2	0.9	0.1	0.7
EPS pro forma	-0.05	0.43	0.14	0.18	0.24	0.31
EBITDA margin	7.4%	8.6%	8.7%	8.3%	8.7%	9.0%
ROCE	5.5%	9.6%	8.3%	7.9%	8.1%	9.4%
EV/sales	0.8	0.8	0.8	0.7	0.7	0.6
EV/EBITDA	10.3	9.8	9.6	9.0	7.7	6.3
PER	-130.0	14.4	16.7	34.1	26.2	19.7
Adjusted FCF yield	4.4%	7.8%	6.6%	7.3%	8.4%	8.2%

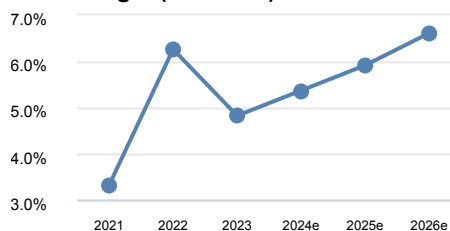
Source: Company data, NuWays, Close price as of 31.07.2024

Sales (2021-26e)



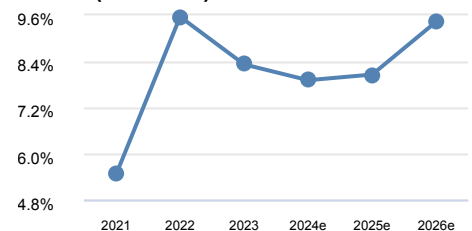
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

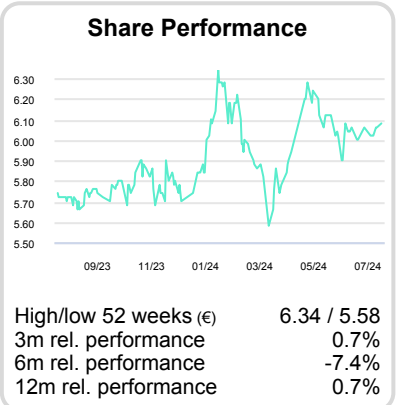
ROCE (2021-26e)



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 €)	6.08
Market cap (in € m)	254.1
Number of shares (in m pcs)	41.1
Enterprise value (in € m)	282.6
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	-8%	-12%	-12%
EBIT	-8%	-13%	-10%
EPS	-14%	-20%	-14%

Comment on changes

- We reduced our estimates due to the muted order intake as well as the soft short-term outlook for bdtronic.

Guidance

- Sales: € 390-450m (lower end)
- EBITDA: € 31-38m (lower end)

MAX Automation SE

Update - 05.08.2024

MA micro: The divestment of MA micro has received its merger control approval and is expected to be closed in H2'24e. The proceeds will mainly be used to reduce the interest-bearing debt by partially repaying the syndicated loan (eNuW interest rate: 7.5%).

Guidance specified: MAX specified its FY24e outlook to the lower end of the guidance range. The EBITDA target seems plausible to us, however due to the muted order backlog and intake, we expect sales to come in below the guidance range (eNuW: € 378m). Despite the cyclical headwind in the EV sector, mid-term prospects remain intact as well as the competitive quality of the core companies bdtronic and Vecoplan.

Hence, we reiterate our BUY rating with a new PT of € 7.50 (old: € 8.20) based on DCF.

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	349.1	342.7	397.4	378.2	387.5	411.6
<i>Sales growth</i>	13.7%	-1.8%	16.0%	-4.8%	2.5%	6.2%
Increase/decrease in finished goods and work-in-process	4.8	21.3	9.2	3.2	7.7	0.5
Total sales	353.8	364.0	406.6	381.4	395.2	412.1
Other operating income	19.8	9.3	6.7	9.8	10.1	12.3
Material expenses	174.7	186.1	199.5	176.0	189.9	198.8
Personnel expenses	122.5	107.0	122.4	127.1	128.7	135.8
Other operating expenses	50.7	50.9	56.9	56.8	53.2	52.7
Total operating expenses	328.1	334.6	372.0	350.0	361.7	375.0
EBITDA	25.7	29.4	34.6	31.3	33.5	37.1
Depreciation	5.0	4.8	5.8	5.6	5.8	5.9
EBITA	20.7	24.5	28.8	25.7	27.7	31.2
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	3.9
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	11.6	21.5	19.2	20.3	22.9	27.2
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	10.6	13.8	18.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.2	15.8	11.1	10.6	13.8	18.3
Income tax expense	4.1	-0.8	5.5	3.1	4.1	5.4
Net income from continuing operations	-0.9	16.6	5.6	7.5	9.7	12.9
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	7.5	9.7	12.9
Minority interest	0.5	0.3	0.0	0.0	0.0	0.0
Net profit (reported)	-1.4	14.7	15.2	7.5	9.7	12.9
Average number of shares	29.5	38.0	41.1	41.1	41.1	41.1
EPS reported	-0.05	0.39	0.37	0.18	0.24	0.31

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%	-4.8%	2.5%	6.2%
Increase/decrease in finished goods and work-in-process	1.4%	6.2%	2.3%	0.8%	2.0%	0.1%
Total sales	101.4%	106.2%	102.3%	100.8%	102.0%	100.1%
Other operating income	5.7%	2.7%	1.7%	2.6%	2.6%	3.0%
Material expenses	50.0%	54.3%	50.2%	46.5%	49.0%	48.3%
Personnel expenses	35.1%	31.2%	30.8%	33.6%	33.2%	33.0%
Other operating expenses	14.5%	14.9%	14.3%	15.0%	13.7%	12.8%
Total operating expenses	94.0%	97.7%	93.6%	92.6%	93.3%	91.1%
EBITDA	7.4%	8.6%	8.7%	8.3%	8.7%	9.0%
Depreciation	1.4%	1.4%	1.5%	1.5%	1.5%	1.4%
EBITA	5.9%	7.2%	7.2%	6.8%	7.2%	7.6%
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%	1.2%	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%	5.4%	5.9%	6.6%
Interest income	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%
Interest expenses	2.4%	2.6%	3.2%	3.0%	2.8%	2.7%
Investment income	0.0%	0.8%	1.2%	0.4%	0.4%	0.4%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	0.9%	4.6%	2.8%	2.8%	3.6%	4.4%
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%	3.6%	4.4%
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%	2.5%	3.1%
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%	2.5%	3.1%
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%	2.5%	3.1%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	54.4	54.5	37.8	33.5	27.5	21.2
Property, plant and equipment	43.2	46.1	50.7	52.3	53.4	54.9
Financial assets	7.1	42.6	47.4	47.4	47.4	47.4
FIXED ASSETS	104.8	143.2	135.9	133.2	128.3	123.5
Inventories	53.5	89.6	92.5	80.0	82.6	86.4
Accounts receivable	31.9	40.1	49.8	44.5	45.6	48.4
Other assets and short-term financial assets	37.2	52.1	41.6	44.6	45.0	46.0
Liquid assets	30.2	35.7	26.6	60.3	73.7	98.1
Deferred taxes	10.6	15.6	16.0	16.5	14.0	14.0
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	245.9	264.0	293.0
TOTAL ASSETS	277.8	376.3	385.0	379.0	392.4	416.5

SHAREHOLDERS EQUITY	39.8	93.1	114.9	118.0	140.6	161.0
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	42.6	43.1	45.7
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	55.0	55.0	55.0
Deferred taxes	7.9	10.3	9.7	10.0	10.0	10.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	94.2	124.3	90.6	97.6	98.1	100.7
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	277.8	376.3	385.0	379.0	392.4	416.4

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	19.6%	14.5%	9.8%	8.8%	7.0%	5.1%
Property, plant and equipment	15.6%	12.2%	13.2%	13.8%	13.6%	13.2%
Financial assets	2.6%	11.3%	12.3%	12.5%	12.1%	11.4%
FIXED ASSETS	37.7%	38.1%	35.3%	35.1%	32.7%	29.7%
Inventories	19.3%	23.8%	24.0%	21.1%	21.0%	20.8%
Accounts receivable	11.5%	10.6%	12.9%	11.7%	11.6%	11.6%
Other assets and short-term financial assets	13.4%	13.8%	10.8%	11.8%	11.5%	11.0%
Liquid assets	10.9%	9.5%	6.9%	15.9%	18.8%	23.6%
Deferred taxes	3.8%	4.2%	4.2%	4.4%	3.6%	3.4%
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%	64.9%	67.3%	70.3%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	14.3%	24.7%	29.8%	31.1%	35.8%	38.7%
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%	4.0%	4.0%	4.0%
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%	11.2%	11.0%	11.0%
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)	22.3%	16.3%	10.0%	14.5%	14.0%	13.2%
Deferred taxes	2.8%	2.7%	2.5%	2.6%	2.5%	2.4%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	33.9%	33.0%	23.5%	25.8%	25.0%	24.2%
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	7.5	9.7	12.9
Depreciation of fixed assets (incl. leases)	5.0	4.9	5.8	5.6	5.8	5.9
Amortisation of goodwill & intangible assets	9.2	6.5	10.2	5.4	4.8	3.9
Other costs affecting income / expenses	21.0	0.3	19.8	16.0	16.0	16.0
Cash flow from operating activities	18.0	-13.5	7.1	31.7	21.4	22.4
Increase/decrease in inventory	-10.2	-29.7	-7.3	12.6	-2.6	-3.9
Increase/decrease in accounts receivable	-4.8	-8.3	-12.8	5.3	-1.1	-2.8
Increase/decrease in accounts payable	8.5	8.4	-22.1	-9.6	0.4	2.7
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	8.2	-3.2	-4.0
Cash flow from operating activities	27.7	-2.8	17.2	42.7	33.0	34.7
CAPEX	6.8	9.3	10.8	10.2	9.7	10.3
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	-9.7	-10.3
Cash flow before financing	24.4	-11.2	8.2	32.5	23.4	24.4
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	16.7	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	1.2	-10.0	0.0
Increase/decrease in liquid assets	-17.5	5.6	-9.1	33.7	13.4	24.4
Liquid assets at end of period	30.2	35.7	26.6	60.3	73.7	98.1

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	13.7%	-1.8%	16.0%	-4.8%	2.5%	6.2%
EBITDA growth	354.7%	14.1%	17.7%	-9.3%	7.0%	10.7%
EBIT growth	-159.3%	85.7%	-10.7%	6.0%	12.9%	18.8%
EPS growth	-94.7%	-914.0%	-4.7%	-50.9%	30.2%	32.7%
Efficiency						
Sales per employee	218.9	215.1	238.8	216.4	211.2	215.7
EBITDA per employee	16.1	18.4	20.8	17.9	18.3	19.4
No. employees (average)	1,595	1,593	1,664	1,747	1,835	1,908
Balance sheet analysis						
Avg. working capital / sales	14.7%	16.6%	18.0%	19.6%	22.6%	20.8%
Inventory turnover (sales/inventory)	3.6	2.6	2.2	2.2	2.3	2.3
Accounts receivable turnover	11.8	9.5	8.8	8.5	8.5	8.5
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	32.5	23.4	24.4
Free cash flow/sales	6.0%	-3.5%	1.6%	8.6%	6.0%	5.9%
FCF / net profit	neg.	neg.	42.5%	436.2%	240.8%	189.7%
Capex / sales	2.0%	2.7%	2.7%	2.7%	2.5%	2.5%
Solvency						
Net debt	81.5	53.1	77.1	27.9	4.6	27.5
Net Debt/EBITDA	3.2	1.8	2.2	0.9	0.1	0.7
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%	7.9%	8.1%	9.4%
ROE	-3.5%	15.8%	13.2%	6.3%	6.9%	8.0%
Adjusted FCF yield	4.4%	7.8%	6.6%	7.3%	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	0.18	0.24	0.31
Average number of shares	29.5	38.0	41.1	41.1	41.1	41.1
Valuation ratios						
P/BV	4.6	2.5	2.2	2.2	1.8	1.6
EV/sales	0.8	0.8	0.8	0.7	0.7	0.6
EV/EBITDA	10.3	9.8	9.6	9.0	7.7	6.3
EV/EBIT	22.9	13.4	17.3	13.9	11.3	8.6

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
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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.

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-

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

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