

MAX Automation SE

Industrials - Germany



NuWays

by Hauck Aufhäuser Lampe

Buy (old: Buy)

01.11.2024

EUR 7.00 (old: EUR 7.50)

Guidance revision // muted Q3 ahead; chg. est. & PT

Topic: MAX will release its Q3 numbers on November 8th. We expect sales and margins to remain muted. Further, on Tuesday evening, the company cut its FY24e guidance.

Investment reluctance among customers puts pressure on MAX: due to the current challenging macro, restrictive financing conditions and persistently high price levels, customers hesitate to place orders. Order intake in H1'24e fell by 14% to € 167m and backlog by 11% to € 184m. bdtronic is particularly impacted as the demand for EVs slowed down in the recent quarters. Consequently, we expect Q3 sales to decrease 9.9% yoy to € 90m. EBITDA should come in at € 7.1m (eNuW), with a 7.9% margin.

Bdtronic impacted from cyclical demand: bdtronic has significantly expanded its capacity in FY23 due to an extraordinarily strong demand for its impregnation and dispensing machines and occupied c. 120 external services on the peak to handle the rapidly increased order intake. However, as the demand for electric vehicles in the US and Europe calmed down in H1'24, **OEMs hesitate to expand their EV capacities**. Therefore, bdtronic's cyclical order intake decreased sharply by 52% yoy to € 32m (H1'24 backlog € 34m, -56% yoy). While bdtronic had to increase its capacity in FY23, they are now suffering from overcapacity and external personnel can be reduced only slowly and successively because of their idiosyncratic know-how within specific projects. We expect the situation to remain challenging throughout H2'24e and expect sales of € 17m and € 0.6m EBITDA in Q3 for bdtronic.

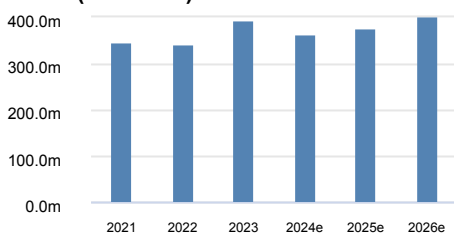
Elwema shows resilience: in contrast to bdtronic, Elwema's order intake showed a very positive development and rose by 32% to € 40m in H1'24 thanks to a solid demand for combustion engines in the US. Thanks to a steady stream of follow-up orders and long lead times of 12-18 months, the company secured already enough projects for FY25e.

FY24e guidance revised: MAX revised its forecast for the current fiscal year due to a decline in order intake. Sales are now expected to come in at € 350-380m (previously: € 390-450m; eNuW old: € 378m) with an EBITDA in the range of € 27-31m (previously: € 31-38m; eNuW old: € 31m). Despite the challenging macroeconomic environment, the **new guidance looks plausible** in our view (eNuW sales € 366m, EBITDA € 29m). Nevertheless, as mid-term prospects remain intact, we **reiterate BUY with a new PT of € 7.00 (old: € 7.50), based on DCF**.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	349.1	342.7	397.4	366.2	378.2	397.9
Sales growth	13.7%	-1.8%	16.0%	-7.9%	3.3%	5.2%
EBITDA	25.7	29.4	34.6	29.2	32.9	35.9
Net debt (if net cash=0)	81.5	53.1	77.1	24.8	3.9	26.5
FCF	20.9	-12.1	6.4	35.6	20.9	24.8
Net Debt/EBITDA	3.2	1.8	2.2	0.9	0.1	0.7
EPS pro forma	-0.05	0.43	0.14	0.14	0.23	0.29
EBITDA margin	7.4%	8.6%	8.7%	8.0%	8.7%	9.0%
ROCE	5.5%	9.6%	8.3%	7.1%	7.9%	9.1%
EV/sales	0.8	0.8	0.8	0.8	0.7	0.6
EV/EBITDA	10.3	9.8	9.6	9.6	7.9	6.5
PER	-130.0	14.4	16.7	42.7	27.4	21.1
Adjusted FCF yield	4.4%	7.8%	6.6%	6.8%	8.3%	8.1%

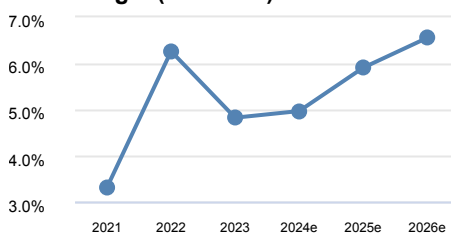
Source: Company data, NuWays, Close price as of 25.10.2024

Sales (2021-26e)



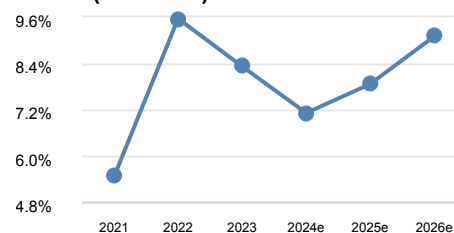
Source: NuWays Research

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 €)	5.80
Market cap (in € m)	254.1
Number of shares (in m pcs)	41.1
Enterprise value (in € m)	279.5
Ø trading volume (6 months)	5,854

Identifier

Bloomberg	MXHN GR
Reuters	MAXG
WKN	A2DA58
ISIN	DE000A2DA588

Key shareholders

Günther Group	59.0%
BWVA	5.0%
Werner Weber	4.2%
LOYS	3.4%
Free Float	28.0%

Estimates changes

	2024e	2025e	2026e
Sales	-3%	-2%	-3%
EBIT	-10%	-3%	-4%
EPS	-20%	-4%	-6%

Comment on changes

- We finetuned our DCF due to a persistent difficult macro, muted order intake and revised FY guidance.

Guidance

- Sales: € 350-380m
- EBITDA: € 27-31m

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	349.1	342.7	397.4	366.2	378.2	397.9
<i>Sales growth</i>	13.7%	-1.8%	16.0%	-7.9%	3.3%	5.2%
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	369.4	385.9	398.4
Other operating income	19.8	9.3	6.7	9.8	9.8	11.9
Material expenses	174.7	186.1	199.5	166.7	185.3	192.2
Personnel expenses	122.5	107.0	122.4	127.1	125.6	131.3
Other operating expenses	50.7	50.9	56.9	56.1	52.0	50.9
Total operating expenses	328.1	334.6	372.0	340.1	353.0	362.5
EBITDA	25.7	29.4	34.6	29.2	32.9	35.9
Depreciation	5.0	4.8	5.8	5.6	5.8	5.9
EBITA	20.7	24.5	28.8	23.6	27.1	30.0
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	18.2	22.3	26.1
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	8.5	13.2	17.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.2	15.8	11.1	8.5	13.2	17.2
Income tax expense	4.1	-0.8	5.5	2.5	3.9	5.1
Net income from continuing operations	-0.9	16.6	5.6	6.0	9.3	12.1
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	6.0	9.3	12.1
Minority interest	0.5	0.3	0.0	0.0	0.0	0.0
Net profit (reported)	-1.4	14.7	15.2	6.0	9.3	12.1
Average number of shares	29.5	38.0	41.1	41.1	41.1	41.1
EPS reported	-0.05	0.39	0.37	0.14	0.23	0.29

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%	-7.9%	3.3%	5.2%
Increase/decrease in finished goods and work-in-process	1.4%	6.2%	2.3%	0.9%	2.0%	0.1%
Total sales	101.4%	106.2%	102.3%	100.9%	102.0%	100.1%
Other operating income	5.7%	2.7%	1.7%	2.7%	2.6%	3.0%
Material expenses	50.0%	54.3%	50.2%	45.5%	49.0%	48.3%
Personnel expenses	35.1%	31.2%	30.8%	34.7%	33.2%	33.0%
Other operating expenses	14.5%	14.9%	14.3%	15.3%	13.7%	12.8%
Total operating expenses	94.0%	97.7%	93.6%	92.9%	93.3%	91.1%
EBITDA	7.4%	8.6%	8.7%	8.0%	8.7%	9.0%
Depreciation	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%
EBITA	5.9%	7.2%	7.2%	6.4%	7.2%	7.5%
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%	1.5%	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%	5.0%	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%	3.1%	2.9%	2.8%
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%	2.3%	3.5%	4.3%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	0.9%	4.6%	2.8%	2.3%	3.5%	4.3%
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%	1.6%	2.5%	3.0%
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%	1.6%	2.5%	3.0%
Minority interest	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-0.4%	4.3%	3.8%	1.6%	2.5%	3.0%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	54.4	54.5	37.8	33.4	27.4	21.0
Property, plant and equipment	43.2	46.1	50.7	52.0	53.1	54.3
Financial assets	7.1	42.6	47.4	47.4	47.4	47.4
FIXED ASSETS	104.8	143.2	135.9	132.8	127.8	122.7
Inventories	53.5	89.6	92.5	75.8	80.6	83.6
Accounts receivable	31.9	40.1	49.8	43.1	44.5	46.8
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	63.4	74.3	99.2
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	243.4	262.7	289.5
TOTAL ASSETS	277.8	376.3	385.0	376.2	390.5	412.2

SHAREHOLDERS EQUITY	39.8	92.9	114.9	116.5	139.7	158.3
MINORITY INTEREST	0.8	0.8	0.0	0.0	0.0	0.0
Long-term liabilities to banks	1.0	117.0	120.9	110.0	105.0	105.0
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	31.5	14.0	29.6	25.0	20.0	20.0
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
NON-CURRENT LIABILITIES	48.1	145.9	166.2	150.7	141.1	142.0
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	41.3	42.0	44.2
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.7	1.6	3.0	2.0	2.0	2.0
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	189.1	136.8	103.9	108.9	109.6	111.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	277.8	376.3	385.0	376.2	390.5	412.2

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	19.6%	14.5%	9.8%	8.9%	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%	12.6%	12.1%	11.5%
FIXED ASSETS	37.7%	38.1%	35.3%	35.3%	32.7%	29.8%
Inventories	19.3%	23.8%	24.0%	20.1%	20.6%	20.3%
Accounts receivable	11.5%	10.6%	12.9%	11.5%	11.4%	11.4%
Other assets and short-term financial assets	13.4%	13.8%	10.8%	11.9%	11.5%	11.2%
Liquid assets	10.9%	9.5%	6.9%	16.9%	19.0%	24.1%
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%	64.7%	67.3%	70.2%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	14.3%	24.7%	29.8%	31.0%	35.8%	38.4%
MINORITY INTEREST	0.3%	0.2%	0.0%	0.0%	0.0%	0.0%
Long-term liabilities to banks	0.4%	31.1%	31.4%	29.2%	26.9%	25.5%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	11.3%	3.7%	7.7%	6.6%	5.1%	4.9%
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%
NON-CURRENT LIABILITIES	17.3%	38.8%	43.2%	40.1%	36.1%	34.5%
Short-term liabilities to banks	31.1%	0.1%	0.2%	0.2%	0.2%	0.2%
Accounts payable	11.6%	16.7%	13.6%	11.0%	10.8%	10.7%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.2%	0.4%	0.8%	0.5%	0.5%	0.5%
Other liabilities (incl. from lease and rental contracts)	22.3%	16.3%	10.0%	14.6%	14.1%	13.3%
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	68.1%	36.3%	27.0%	28.9%	28.1%	27.1%
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	6.0	9.3	12.1
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	34.5	19.0	22.8
Increase/decrease in inventory	-10.2	-29.7	-7.3	16.8	-4.8	-3.0
Increase/decrease in accounts receivable	-4.8	-8.3	-12.8	6.7	-1.4	-2.3
Increase/decrease in accounts payable	8.5	8.4	-22.1	-10.9	0.7	2.2
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	12.5	-5.5	-3.1
Cash flow from operating activities	27.7	-2.8	17.2	45.5	30.4	34.8
CAPEX	6.8	9.3	10.8	9.9	9.5	9.9
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	-9.9	-9.5	-9.9
Cash flow before financing	24.4	-11.2	8.2	35.6	20.9	24.8
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	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	36.8	10.9	24.8
Liquid assets at end of period	30.2	35.7	26.6	63.4	74.3	99.2

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	13.7%	-1.8%	16.0%	-7.9%	3.3%	5.2%
EBITDA growth	354.7%	14.1%	17.7%	-15.5%	12.6%	9.1%
EBIT growth	-159.3%	85.7%	-10.7%	-5.1%	22.9%	16.8%
EPS growth	-94.7%	-914.0%	-4.7%	-60.7%	55.9%	29.9%
Efficiency						
Sales per employee	218.9	215.1	238.8	209.6	206.2	208.5
EBITDA per employee	16.1	18.4	20.8	16.7	17.9	18.8
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%	19.7%	22.9%	20.6%
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	35.6	20.9	24.8
Free cash flow/sales	6.0%	-3.5%	1.6%	9.7%	5.5%	6.2%
FCF / net profit	neg.	neg.	42.5%	597.4%	225.4%	205.7%
Capex / sales	2.0%	2.7%	2.7%	2.7%	2.5%	2.5%
Solvency						
Net debt	81.5	53.1	77.1	24.8	3.9	26.5
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%	7.1%	7.9%	9.1%
ROE	-3.5%	15.8%	13.2%	5.1%	6.6%	7.6%
Adjusted FCF yield	4.4%	7.8%	6.6%	6.8%	8.3%	8.1%
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	0.14	0.23	0.29
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	0.8	0.7	0.6
EV/EBITDA	10.3	9.8	9.6	9.6	7.9	6.5
EV/EBIT	22.9	13.4	17.3	15.4	11.6	9.0

Source: Company data, NuWays

Disclosures

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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	05.08.2024	Khare, Vaishnavi	Buy	EUR 7.50	EUR 6.08
	05.08.2024	Völk, Konstantin	Buy	EUR 7.50	EUR 6.08
	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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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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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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