

MAX Automation SE

Industrials - Germany



NuWays

by Hauck Aufhäuser Lampe

Buy (old: Buy)

11.11.2024

EUR 7.00 (old: EUR 7.00)

Muted Q3 numbers due to investment reluctance; chg. est.

Topic: MAX released its Q3 numbers last Friday with sales below but EBITDA above our estimates.

Q3 sales came in at € 85m (eNuW: € 90m), a 15% decrease yoy due to a soft order backlog and investment reluctance across all portfolio companies except ELWEMA. **EBITDA increased 17% to € 9.3m** (eNuW: € 7.1m) due to a € 4.5m profit from a litigation in connection with the sale of NSM Packtec in 2018. However, adjusted by the effect from NSM Packtec, EBITDA would have been 39% lower yoy with a 2.3ppts margin decrease, impacted by economies of scale, wage inflation and product mix effects.

Order intake decreased 13% yoy to € 67m, leading to a low order backlog of € 165m (vs. € 206m in Q3'23). Major contributor to the reduction in order backlog was bdtronic with a sharp decline to € 30m in Q3'24 (vs. € 76m in Q3'23).

Bdtronic's sales decreased 15% yoy to € 22m in Q3 and EBITDA came in at € -0.1m (€ 3.8m in Q3'23) due to a low order intake in H1'24 affected by the EV sales crisis. While bdtronic had to expand its capacities to handle the rapid demand increase during FY23, they are now suffering from a higher cost base and external personnel, which could only slowly be reduced to c. 30 end of Q3'24 from c. 120 at the peak in FY23. Further, the company still has impregnation orders from FY23 in the backlog with lower profitability that will also have a negative impact in Q4'24e. Having said that, bdtronic is still a leading expert in its field and once the cyclical demand recovers, we expect profitability to normalize.

Vecoplan showed a flat sales development in Q3 (€ 46m) but decreased its EBITDA by 40% to € 3.4m due to a less favorable product mix, a higher headcount and wage inflation. Order intake decreased by 8.9% attributable to postponements from US customers related to the election (North America: 43% of sales). We expect demand to increase in Q4'24e and modest growth for FY25e.

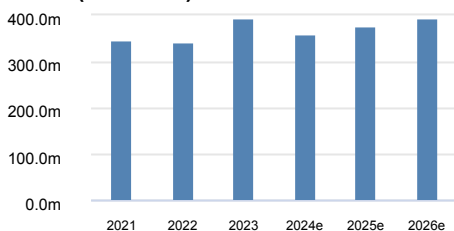
MA micro: MAX Automation received c. € 70m cash inflow for the sale of MA micro of which c. € 60m was used to reduce debt, lifting the equity ratio to a healthy 51% (vs. 30% in Q3'23). This should lead to an interest expense reduction of € 4-5m in FY25e (eNuW). Considering the recent deterioration of MA micro's operating business, we don't expect significant earn-out payments.

Reiterate BUY with an unchanged PT of € 7.00, based on DCF.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	349.1	342.7	397.4	361.1	378.3	397.4
Sales growth	13.7%	-1.8%	16.0%	-9.1%	4.8%	5.0%
EBITDA	25.7	29.4	34.6	30.1	32.9	35.8
Net debt (if net cash=0)	88.6	95.8	124.5	48.7	30.5	7.4
FCF	20.9	-12.1	6.4	16.2	18.2	23.1
Net Debt/EBITDA	3.4	3.3	3.6	1.6	0.9	0.2
EPS pro forma	-0.05	0.43	0.14	0.13	0.27	0.33
EBITDA margin	7.4%	8.6%	8.7%	8.3%	8.7%	9.0%
ROCE	5.5%	9.6%	8.3%	7.3%	7.7%	9.0%
EV/sales	0.8	0.8	0.8	0.7	0.6	0.5
EV/EBITDA	10.3	9.8	9.6	8.5	7.2	6.0
PER	-130.0	14.4	16.7	46.0	22.8	18.5
Adjusted FCF yield	4.3%	6.7%	5.7%	6.4%	7.1%	8.4%

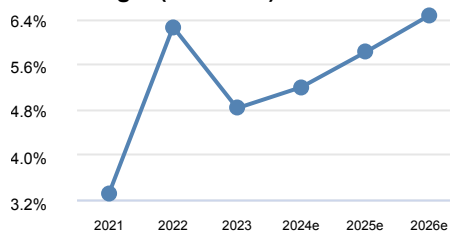
Source: Company data, NuWays, Close price as of 04.11.2024

Sales (2021-26e)



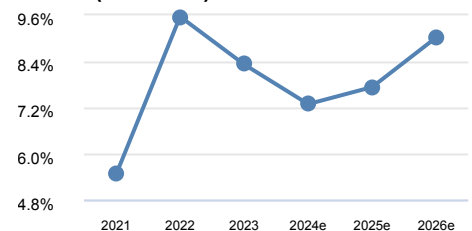
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

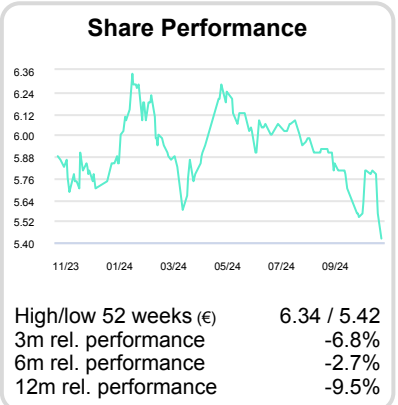
ROCE (2021-26e)



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 €)	5.42
Market cap (in € m)	254.1
Number of shares (in m pcs)	41.1
Enterprise value (in € m)	255.9
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	-1%	0%	-0%
EBIT	3%	-2%	-1%
EPS	-7%	20%	14%

Comment on changes

- EBIT estimate increased thanks to the extraordinary € 4.5m settlement payment from the sale of NSM Packtec.
- Interest expenses reduced due to the reduction in net debt.

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	361.1	378.3	397.4
<i>Sales growth</i>	13.7%	-1.8%	16.0%	-9.1%	4.8%	5.0%
Increase/decrease in finished goods and work-in-process	4.8	21.3	9.2	-0.7	7.7	0.5
Total sales	353.8	364.0	406.6	360.4	386.0	397.9
Other operating income	19.8	9.3	6.7	14.4	9.8	11.9
Material expenses	174.7	186.1	199.5	161.8	185.4	191.9
Personnel expenses	122.5	107.0	122.4	127.8	125.6	131.1
Other operating expenses	50.7	50.9	56.9	55.0	52.0	50.9
Total operating expenses	328.1	334.6	372.0	330.3	353.1	362.0
EBITDA	25.7	29.4	34.6	30.1	32.9	35.8
Depreciation	5.0	4.8	5.8	5.9	5.9	6.0
EBITA	20.7	24.5	28.8	24.2	27.0	29.8
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	5.0	4.1
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	11.6	21.5	19.2	18.8	22.0	25.7
Interest income	0.0	0.4	0.1	0.3	0.4	0.4
Interest expenses	8.3	8.8	12.8	12.6	8.0	8.2
Investment income	0.0	2.7	4.6	1.4	1.5	1.6
Financial result	-8.3	-5.7	-8.1	-10.9	-6.1	-6.1
Recurring pretax income from continuing operations	3.2	15.8	11.1	7.9	15.9	19.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.2	15.8	11.1	7.9	15.9	19.6
Income tax expense	4.1	-0.8	5.5	2.3	4.7	5.8
Net income from continuing operations	-0.9	16.6	5.6	5.5	11.2	13.8
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	5.5	11.2	13.8
Minority interest	0.5	0.3	0.0	0.0	0.0	0.0
Net profit (reported)	-1.4	14.7	15.2	5.5	11.2	13.8
Average number of shares	29.5	38.0	41.1	41.1	41.1	41.1
EPS reported	-0.05	0.39	0.37	0.13	0.27	0.33

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%	-9.1%	4.8%	5.0%
Increase/decrease in finished goods and work-in-process	1.4%	6.2%	2.3%	-0.2%	2.0%	0.1%
Total sales	101.4%	106.2%	102.3%	99.8%	102.0%	100.1%
Other operating income	5.7%	2.7%	1.7%	4.0%	2.6%	3.0%
Material expenses	50.0%	54.3%	50.2%	44.8%	49.0%	48.3%
Personnel expenses	35.1%	31.2%	30.8%	35.4%	33.2%	33.0%
Other operating expenses	14.5%	14.9%	14.3%	15.2%	13.7%	12.8%
Total operating expenses	94.0%	97.7%	93.6%	91.5%	93.3%	91.1%
EBITDA	7.4%	8.6%	8.7%	8.3%	8.7%	9.0%
Depreciation	1.4%	1.4%	1.5%	1.6%	1.6%	1.5%
EBITA	5.9%	7.2%	7.2%	6.7%	7.1%	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%	5.2%	5.8%	6.5%
Interest income	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%
Interest expenses	2.4%	2.6%	3.2%	3.5%	2.1%	2.1%
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%	2.2%	4.2%	4.9%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	0.9%	4.6%	2.8%	2.2%	4.2%	4.9%
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%	1.5%	2.9%	3.5%
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%	1.5%	2.9%	3.5%
Minority interest	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-0.4%	4.3%	3.8%	1.5%	2.9%	3.5%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	54.4	54.5	37.8	34.8	28.8	22.4
Property, plant and equipment	43.2	46.1	50.7	53.4	54.3	55.4
Financial assets	7.1	42.6	47.4	47.4	47.4	47.4
FIXED ASSETS	104.8	143.2	135.9	135.6	130.5	125.2
Inventories	53.5	89.6	92.5	80.9	80.6	83.4
Accounts receivable	31.9	40.1	49.8	42.5	44.5	46.7
Other assets and short-term financial assets	37.2	52.1	41.6	47.0	45.0	46.0
Liquid assets	30.2	35.7	26.6	28.1	45.3	63.4
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	215.1	233.7	253.6
TOTAL ASSETS	277.8	376.3	385.0	350.7	364.2	378.8

SHAREHOLDERS EQUITY	39.8	92.9	114.9	181.6	192.8	210.3
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	51.0	50.0	45.0
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	25.0	25.0
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	12.0	13.0	13.0
NON-CURRENT LIABILITIES	48.1	145.9	166.2	88.5	88.5	83.5
Short-term liabilities to banks	86.3	0.5	0.6	0.8	0.8	0.8
Accounts payable	32.2	62.9	52.2	40.7	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	28.0	28.0	28.0
Deferred taxes	7.9	10.3	9.7	9.0	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	80.5	82.8	85.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	277.8	376.3	385.0	350.7	364.2	378.8

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	19.6%	14.5%	9.8%	9.9%	7.9%	5.9%
Property, plant and equipment	15.6%	12.2%	13.2%	15.2%	14.9%	14.6%
Financial assets	2.6%	11.3%	12.3%	13.5%	13.0%	12.5%
FIXED ASSETS	37.7%	38.1%	35.3%	38.7%	35.8%	33.0%
Inventories	19.3%	23.8%	24.0%	23.1%	22.1%	22.0%
Accounts receivable	11.5%	10.6%	12.9%	12.1%	12.2%	12.3%
Other assets and short-term financial assets	13.4%	13.8%	10.8%	13.4%	12.4%	12.1%
Liquid assets	10.9%	9.5%	6.9%	8.0%	12.4%	16.7%
Deferred taxes	3.8%	4.2%	4.2%	4.7%	3.8%	3.7%
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%	61.3%	64.2%	67.0%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	14.3%	24.7%	29.8%	51.8%	52.9%	55.5%
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%	14.5%	13.7%	11.9%
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%	7.1%	6.9%	6.6%
Provisions for pensions and similar obligations	0.3%	0.1%	0.1%	0.2%	0.1%	0.1%
Other provisions and accrued liabilities	5.3%	3.8%	3.9%	3.4%	3.6%	3.4%
NON-CURRENT LIABILITIES	17.3%	38.8%	43.2%	25.2%	24.3%	22.1%
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%	11.6%	11.5%	11.7%
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%	0.6%	0.5%	0.5%
Other liabilities (incl. from lease and rental contracts)	22.3%	16.3%	10.0%	8.0%	7.7%	7.4%
Deferred taxes	2.8%	2.7%	2.5%	2.6%	2.7%	2.6%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	68.1%	36.3%	27.0%	23.0%	22.7%	22.4%
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	5.5	11.2	13.8
Depreciation of fixed assets (incl. leases)	5.0	4.9	5.8	5.9	5.9	6.0
Amortisation of goodwill & intangible assets	9.2	6.5	10.2	5.4	5.0	4.1
Other costs affecting income / expenses	21.0	0.3	19.8	4.9	5.9	12.1
Cash flow from operating activities	18.0	-13.5	7.1	17.8	16.3	21.1
Increase/decrease in inventory	-10.2	-29.7	-7.3	11.6	0.3	-2.9
Increase/decrease in accounts receivable	-4.8	-8.3	-12.8	7.3	-2.0	-2.2
Increase/decrease in accounts payable	8.5	8.4	-22.1	-11.5	1.3	2.1
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	7.4	-0.4	-3.0
Cash flow from operating activities	27.7	-2.8	17.2	29.2	27.6	33.0
CAPEX	6.8	9.3	10.8	13.0	9.5	9.9
Payments for acquisitions	0.0	0.0	0.0	-70.0	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	57.0	-9.5	-9.9
Cash flow before financing	24.4	-11.2	8.2	86.2	18.2	23.1
Increase/decrease in debt position	-37.0	23.8	-5.9	-74.3	-1.0	-5.0
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	-10.3	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	-84.6	-1.0	-5.0
Increase/decrease in liquid assets	-17.5	5.6	-9.1	1.6	17.2	18.1
Liquid assets at end of period	30.2	35.7	26.6	28.1	45.3	63.4

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	13.7%	-1.8%	16.0%	-9.1%	4.8%	5.0%
EBITDA growth	354.7%	14.1%	17.7%	-12.9%	9.3%	8.9%
EBIT growth	-159.3%	85.7%	-10.7%	-2.1%	17.3%	16.9%
EPS growth	-94.7%	-914.0%	-4.7%	-63.6%	101.9%	23.4%
Efficiency						
Sales per employee	218.9	215.1	238.8	206.7	206.2	208.3
EBITDA per employee	16.1	18.4	20.8	17.2	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%	20.7%	22.9%	21.2%
Inventory turnover (sales/inventory)	3.6	2.6	2.2	2.0	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	16.2	18.2	23.1
Free cash flow/sales	6.0%	-3.5%	1.6%	4.5%	4.8%	5.8%
FCF / net profit	neg.	neg.	42.5%	292.4%	162.9%	167.7%
Capex / sales	2.0%	2.7%	2.7%	3.6%	2.5%	2.5%
Solvency						
Net debt	88.6	95.8	124.5	48.7	30.5	7.4
Net Debt/EBITDA	3.4	3.3	3.6	1.6	0.9	0.2
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%	12.1%	7.1%	11.1%
Returns						
ROCE	5.5%	9.6%	8.3%	7.3%	7.7%	9.0%
ROE	-3.5%	15.8%	13.2%	3.0%	5.8%	6.5%
Adjusted FCF yield	4.3%	6.7%	5.7%	6.4%	7.1%	8.4%
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	0.13	0.27	0.33
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	1.4	1.3	1.2
EV/sales	0.8	0.8	0.8	0.7	0.6	0.5
EV/EBITDA	10.3	9.8	9.6	8.5	7.2	6.0
EV/EBIT	22.9	13.4	17.3	13.6	10.8	8.4

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	01.11.2024	Khare, Vaishnavi	Buy	EUR 7.00	EUR 5.56
	01.11.2024	Völk, Konstantin	Buy	EUR 7.00	EUR 5.56
	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.

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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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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