

# Max Automation AG

Germany/Industrial Engineering

Analysers



## Buy

Recommendation unchanged

**Share price: EUR 3.61**

closing price as of 09/11/2012

**Target price: EUR 4.50**

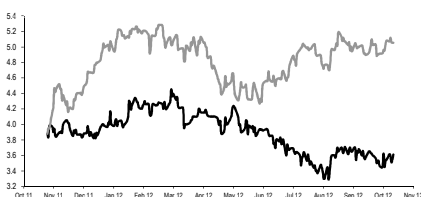
Target Price unchanged

Reuters/Bloomberg

MAXG.DEMXH GR

Market capitalisation (EURm)	97
Current N° of shares (m)	27
Free float	67%
Daily avg. no. trad. sh. 12 mth	17,715
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	4.45
Price low 12 mth (EUR)	3.29
Abs. perf. 1 mth	-1.26%
Abs. perf. 3 mth	0.56%
Abs. perf. 12 mth	-5.74%

Key financials (EUR)	12/11	12/12e	12/13e
Sales (m)	260	245	265
EBITDA (m)	21	18	20
EBITDA margin	8.0%	7.4%	7.6%
EBIT (m)	16	15	17
EBIT margin	6.2%	6.0%	6.2%
Net Profit (adj.)(m)	11	10	12
ROCE	9.6%	8.9%	9.5%
Net debt/(cash) (m)	23	12	10
Net Debt/Equity	0.3	0.1	0.1
Debt/EBITDA	1.1	0.7	0.5
Int. cover(EBITDA/Fin. int)	14.9	12.3	40.3
EV/Sales	0.5	0.4	0.4
EV/EBITDA	5.7	5.7	5.1
EV/EBITDA (adj.)	5.7	5.7	5.1
EV/EBIT	7.3	7.2	6.2
P/E (adj.)	9.1	10.1	8.1
P/BV	1.2	1.0	1.0
OpFCF yield	-9.0%	14.1%	5.7%
Dividend yield	3.4%	3.3%	0.0%
EPS (adj.)	0.43	0.36	0.45
BVPS	3.21	3.45	3.79
DPS	0.12	0.12	0.00



Source: Factset

Shareholders: Fortas AG 23%; DWS 7%; Universa 3%;

## 3Q in line - FY results are however burdened by postponements of expected larger orders

**The facts:** Last Friday, MAX Automation reported 3Q results which were in line to ahead of our recently reduced forecasts for FY 12 and thus for 3Q FY12. As expected m'ment reduced its full year guidance.

### MAX results 3Q 12

EUR m	3Q 12	3Q 12e	YoY	QoQ	9m 12	9m12e	YoY
Orders	69.5	61.0	27%	-7%	204.5	196.0	0%
Sales	62.8	62.0	-9%	5%	175.3	174.5	-8%
EBIT rep.	3.5	3.2	-4%	16%	9.0	8.7	0%
EBIT rep. margin	5.6%	5.2%			5.1%	5.0%	
Net income	2.01	2.08	-19%	7%	5.50	5.58	-2%
as % of sales	3.2%	3.4%			3.1%	3.2%	

Source: Company data, equinet Research

**Our analysis:** 3Q broadly in line to slightly ahead of our recently reduced estimates: In 3Q 12 MAX achieved healthy yoy order growth whilst sales 3Q fell by 9% as compared to the preceding year. Here the development was restrained by postponements of already acquired projects into next FY as well as more pronounced capital spending hesitance among customers of larger orders for the environmental Automation business. MAX is in various talks on projects (in particular in NA) totalling a three digit million amount whereas none of these talks has yet led to a major orders. The massively lower volumes, mainly due to a lack of some larger orders, are unlikely to allow for reasonable fixed cost absorption (in anticipation of increasing demand for the EA business the employee base had been raised which now acts as an additional burden). With regard to the future development of the EA business, m'ment continues to see a rather positive development over the mid-term. In contrast to the weaker than expected development in Environmental Automation MAX's business activity Industrial Automation continues to develop strongly with double digit yoy increases in sales and EBIT.

**Conclusion:** 3Q 12 results should be perceived as uninspiring for the share price in our view. The persistent lack/postponements of larger orders for the EA business is clearly a disappointment. Nevertheless demand for Industrial Automation seems unbroken and should thus continue to provide solid contributions to both sales and earnings. In addition we see a fair opportunity for demand for Environmental Automation products and solutions to recover in upcoming quarters. This should help raising utilisation and fixed cost absorption also in the Environmental Automation activities of MAX. We stick to our PT of EUR 4.5 and reiterate our Buy recommendation.

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