

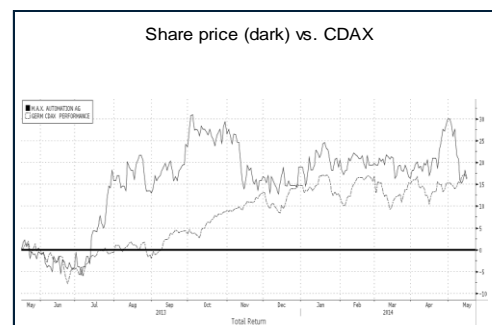
Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price Target: **EUR 6.70** (6.70)

16 May 2014

Weak Q1: Postponed bulk orders

FY 2014E guidance confirmed

- M.A.X Automation had a rather weak start into FY2014E. The 1Q results were below internal plannings. However, the company expects to make up for that by the end of the fiscal year. The order intake increased by 4% to EUR 67m, the revenues by 31% to EUR 73m due to the initial consolidation of the AIM group. The EBIT turned into the red from EUR 2.7m to EUR -1.9m (e.g. higher material costs: project related external works). The EPS amounted to EUR -0.10 (EUR 0.06 in 1Q13).
- The order intake in 'Industrial Automation' more than doubled to EUR 36.8m. However, this was due to the initial consolidation of the AIM group. Three bulk orders (each more than EUR 10m order volume) were postponed. The company expects to get these orders in Q2 and Q3. The revenues grew by 65% to EUR 49m and the operating EBIT (before ppa amortization) turned into the red from EUR 3.5m to EUR -0.2m.
- The order intake in 'Environmental Technology' declined by 37% to EUR 30m. The prior year's figure was quite strong with a bulk order of about EUR 20m. The revenues declined by 8% to EUR 24m and the EBIT before ppa from EUR -0.3m to EUR -1.1m.
- FY 2014 outlook: The company confirmed its outlook. The business development should be rather back end loaded with a strong 2H14. M.A.X. Automation expects sales in the range of EUR 360m to EUR 380m and EBIT before PPA of EUR 19m to EUR 21m (EUR 3m ppa amortization). So far, we have been above the guidance of the company. After the rather weak 1Q, we became a bit more cautious and we slightly reduced our estimates for FY 2014E.
- We believe that FY 2014E will be a transitional year with a strong focus on the integration of the AIM group. Via this acquisition M.A.X. Automation is able to broaden its product portfolio and to gain more attention from potential customers. We therefore confirm our BUY recommendation and the EUR 6.70 price target.



Source: CBS Research, Bloomberg, M.A.X. Automation AG

Change	2014E		2015E		2016E	
	new	old	new	old	new	old
Sales	378.0	388.3	-	406.3	418.5	-
EBIT	17.4	18.1	-	21.0	22.2	-
EPS	0.41	0.43	-	0.51	0.55	-

Internet: maxautomation.de Sector: All Industrial
WKN: 658090 ISIN: DE0006580905
Reuters: MAXG.DE Bloomberg: MXH GY

Short company profile:

M.A.X. Automation AG is an international group operating in the two core segments "Environmental Technology" and "Industrial Automation". The company is committed to successfully developing and advancing medium-sized automation specialists.

Share data:

Share price (EUR, latest closing price):	4.92
Shares outstanding (m):	26.8
Market capitalisation (EUR m):	131.8
Enterprise value (EUR m):	181.7
Ø daily trading volume (3 m., no. of shares):	17,439

Performance data:

High 52 weeks (EUR):	5.59
Low 52 weeks (EUR):	4.10
Absolute performance (12 months):	12.6%
Relative performance vs. CDAX:	
1 month	-4.8%
3 months	-3.9%
6 months	-4.6%
12 months	-3.0%

Shareholders:

Günther group	29.9%
DWS	7.4%
Stüber & Co.KG	5.6%
Baden-Württemb. Versorgungsanstalt	5.2%
Universal Investment	3.0%
Free float	48.9%

Financial calendar:

AGM	27 June 2014
1H 2014 report	14 August 2014

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Key data

FY 12/31, EUR m	2011	2012	2013	2014E	2015E	2016E
Sales	260.0	244.3	270.1	378.0	406.3	418.5
EBIT	16.1	13.4	17.0	17.4	21.0	22.2
Net result	12.1	8.4	10.3	11.0	13.7	14.7
EPS	0.45	0.31	0.39	0.41	0.51	0.55
DPS	0.16	0.15	0.15	0.15	0.15	0.16
EBIT margin	6.2%	5.5%	6.3%	4.6%	5.2%	5.3%
ROE	14.1%	9.5%	10.9%	10.8%	12.3%	12.6%
ROA	6.6%	4.2%	4.1%	3.9%	4.6%	4.8%
EV/EBITDA	8.7	9.8	7.8	8.1	7.0	6.7
EV/EBIT	11.3	13.5	10.7	10.4	8.6	8.2
P/E	10.9	15.7	12.7	12.0	9.6	9.0

Source: M.A.X. Automation AG, CBS Research AG

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This rating system is only a guideline. Therefore, deviations from this system may apply.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
12 July 2013	BUY	EUR 4.23	EUR 6.00
16 August 2013	BUY	EUR 5.00	EUR 6.00
01 October 2013	BUY	EUR 5.23	EUR 6.00
07 November 2013	BUY	EUR 5.35	EUR 6.70

15 November 2013	BUY	EUR 4.82	EUR 6.70
21 March 2014	BUY	EUR 5.04	EUR 6.70
16 May 2014	BUY	EUR 4.92	EUR 6.70

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