

Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price Target: **EUR 6.70** (6.00)

07 November 2013

Acquisition of AIM Group finalized:

Entering new territory

- M.A.X. Automation AG has signed the purchase agreement for the AIM Group, a subsidiary of Günther Holding GmbH. It is the biggest acquisition in the company's history and M.A.X. Automation AG is going to expand its core business for industrial automation. The AIM Group focuses on the production of engine components, the manufacture of semi- and fully automatic assembly lines for gear units and medical equipment besides other activities.
- The supervisory board of M.A.X. Automation has decided to appoint Mr. Fabian Spilker as a new board member. He has been executive of the AIM group for many years and is CEO since FY 2010. Therefore he has deep knowledge of AIM's industrial automation. Additionally, Mr. Oliver Jaster – member of the executive board of Günther Holding GmbH – is to replace Dr. Frank Stangenberg-Haverkamp as a member of the supervisory board.
- The AIM Group is expected to achieve sales in the range of EUR 130m to EUR 140m while the EBIT margin is expected to be between 5% and 6% in FY 2014E. M.A.X. is going to pay EUR 35m for the group. The interest rate of ~2% for the new debt is highly attractive. The negative effects of purchase price allocation are planned to be offset by realized synergies in FY 2015E going forward. Therefore FY 2014E will be a year of transition.
- As mentioned in our latest update, the Fortas AG, Rösrath, as well as other investors are going to submit their shares of M.A.X. Automation AG to a company of the Günther Group. The Günther Group is then going to become a new anchor shareholder and intends to acquire up to 29.9% of M.A.X. Automation AG shares.
- Based on new estimates we increase our price target to EUR 6.70 (old: EUR 6.00), our recommendation remains BUY.

Key data

FY 12/31, EUR m	2010	2011	2012	2013E	2014E	2015E
Sales	189.7	260.0	244.3	290.3	418.3	438.3
EBIT	9.5	16.1	13.4	16.0	23.1	25.6
Net result	6.2	12.1	8.4	11.1	15.2	17.1
EPS	0.23	0.45	0.31	0.41	0.57	0.64
DPS	0.10	0.16	0.15	0.14	0.20	0.22
EBIT margin	5.0%	6.2%	5.5%	5.5%	5.5%	5.8%
ROE	8.1%	14.1%	9.5%	11.6%	14.2%	14.4%
ROA	3.8%	6.6%	4.2%	4.3%	5.1%	5.5%
EV/EBITDA	14.8	9.4	10.6	9.4	7.0	6.4
EV/EBIT	20.6	12.2	14.6	12.3	8.5	7.7
P/E	23.1	11.8	17.1	12.9	9.4	8.4

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

Share price (dark) vs. CDAX



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

Change	2013E		2014E		2015E	
	new	old	new	old	new	old
Sales	290.3	273.3	418.3	288.3	438.3	298.3
EBIT	16.0	17.7	23.1	19.4	25.6	20.7
EPS	0.41	0.45	0.57	0.50	0.64	0.54

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):	5.35
Shares outstanding (m):	26.8
Market capitalisation (EUR m):	143.3
Enterprise value (EUR m):	196.2
Ø daily trading volume (3 m., no. of shares):	21,512

Performance data:

High 52 weeks (EUR):	5.59
Low 52 weeks (EUR):	3.34
Absolute performance (12 months):	52.7%
Relative performance vs. CDAX:	
1 month	-6.1%
3 months	0.6%
6 months	7.7%
12 months	20.2%

Shareholders (old):

Fortas AG	22.6%
DWS	7.4%
Hans W. Bönninghausen	3.7%
Stüber & Co.KG	3.7%
Others	6.2%
Free float	56.4%

Financial calendar:

3Q 2013 report November 2013

Author: **Ralf Marinoni, CEFA** (Analyst)

Close Brothers Seydler Research AG
Phone: +49 (0) 69-977 84 56 0
Email: research@cbseydlerresearch.ag

www.cbseydlerresearch.ag

Research



Schillerstrasse 27 - 29
60313 Frankfurt am Main

Phone: +49 (0)69 – 977 8456-0

Roger Peeters Member of the Board	+49 (0)69 -977 8456- 12 Roger.Peeters@cbseydlerresearch.ag	Igor Kim (Equities)	+49 (0)69 -977 8456- 15 Igor.Kim@cbseydlerresearch.ag
Martin Decot (Equities)	+49 (0)69 -977 8456- 13 Martin.Decot@cbseydlerresearch.ag	Daniel Kukalj (Equities)	+49 (0)69 – 977 8456- 21 Daniel.Kukalj@cbseydlerresearch.ag
Gennadij Kremer (Corporate Credit)	+49 (0)69 – 977 8456- 23 Gennadij.Kremer@cbseydlerresearch.ag	Manuel Martin (Equities)	+49 (0)69 -977 8456- 16 Manuel.Martin@cbseydlerresearch.ag
Ralf Marinoni (Equities)	+49 (0)69 -977 8456- 17 Ralf.Marinoni@cbseydlerresearch.ag	Nicolas Pütz (Support)	+49 (0)69 -977 8456- 24 Nicolas.Puetz@cbseydlerresearch.ag
Felix Parmantier (Equities)	+49 (0)69 -977 8456- 22 Felix.Parmantier@cbseydlerresearch.ag	Simone Steymann (Support)	+49 (0)69 -977 8456- 25 Simone.Steymann@cbseydlerresearch.ag
Marcus Silbe (Equities)	+49 (0)69 -977 8456- 14 Marcus.Silbe@cbseydlerresearch.ag	Ivo Višić (Equities)	+49 (0)69 -977 8456- 19 Ivo.Visic@cbseydlerresearch.ag
Veysel Taze (Equities)	+49 (0)69 -977 8456- 18 Veysel.Taze@cbseydlerresearch.ag	Sergey Weinberg (Corporate Credit)	+49 (0)69 -977 8456- 20 Sergey.Weinberg@cbseydlerresearch.ag

Institutional Sales



Schillerstrasse 27 – 29
60313 Frankfurt am Main

Phone: +49 (0)69 – 9 20 54-400

Karl Filbert (Head of Sales)	+49 (0)69 -9 20 54-104 Karl.Filbert@cbseydler.com	Stefan Krewinkel (Sales Trading, Germany, UK)	+49 (0)69 -9 20 54-118 Stefan.Krewinkel@cbseydler.com
Klaus Korzilius (Benelux, Germany)	+49 (0)69 -9 20 54-114 Klaus.Korzilius@cbseydler.com	Nico Gesthüsen (Germany)	+49 (0)69 -9 20 54-115 Nico.Gesthuesen@cbseydler.com
Bruno de Lencquesaing (Benelux, France)	+49 (0)69 -9 20 54-116 Bruno.deLencquesaing@cbseydler.com	Claudia Jurewecz (Germany)	+49 (0)69 -9 20 54-106 Claudia.Jurewecz@cbseydler.com
Dr. James Jackson (UK)	+49 (0)69 -9 20 54-113 James.Jackson@cbseydler.com	Michael Laufenberg (Germany)	+49 (0)69 -9 20 54-112 Michael.Laufenberg@cbseydler.com
Markus Laifle (Sales Trading, Execution)	+49 (0)69 -9 20 54-120 Markus.Laifle@cbseydler.com	Mirella Mancuso (Sales Support)	+49 (0)69 -9 20 54-107 Mirella.Mancuso@cbseydler.com
Angela Leser (Germany)	+49 (0)69 -9 20 54-111 Angela.Leser@cbseydler.com	Carsten Schlegel (UK, Ireland)	+49 (0)69 -9 20 54-137 Carsten.Schlegel@cbseydler.com
Carsten Pfersdorf (Sales Trading, Execution)	+49 (0)69 -9 20 54-168 Carsten.Pfersdorf@cbseydler.com	Bas-Jan Walhof (Benelux)	+49 (0)69 -9 20 54-105 Bas-Jan.Walhof@cbseydler.com
Christopher Seedorf (Switzerland)	+49 (0)69 -9 20 54-110 Christopher.Seedorf@cbseydler.com	Nils Wittenhagen (UK)	+49 (0)69 -9 20 54-103 Nils.Wittenhagen@cbseydler.com

Disclaimer and statement according to § 34b German Securities Trading Act (“Wertpapierhandelsgesetz”) in combination with the provisions on financial analysis (“Finanzanalyseverordnung” FinAnV)

This report has been prepared independently of the company analysed by Close Brothers Seydler Research AG and/ or its cooperation partners and the analyst(s) mentioned on the front page (hereafter all are jointly and/or individually called the ‘author’). None of Close Brothers Seydler Research AG, Close Brothers Seydler Bank AG or its cooperation partners, the Company or its shareholders has independently verified any of the information given in this document.

Section 34b of the German Securities Trading Act in combination with the FinAnV requires an enterprise preparing a security analysis to point out possible conflicts of interest with respect to the company that is the subject of the analysis.

Close Brothers Seydler Research AG is a majority owned subsidiary of Close Brothers Seydler Bank AG (hereafter ‘CBS’). However, Close Brothers Seydler Research AG (hereafter ‘CBSR’) provides its research work independent from CBS. CBS is offering a wide range of Services not only including investment banking services and liquidity providing services (designated sponsoring). CBS or CBSR may possess relations to the covered companies as follows (additional information and disclosures will be made available upon request):

- a. CBS holds more than 5% interest in the capital stock of the company that is subject of the analysis.
- b. CBS was a participant in the management of a (co)consortium in a selling agent function for the issuance of financial instruments, which themselves or their issuer is the subject of this financial analysis within the last twelve months.
- c. CBS has provided investment banking and/or consulting services during the last 12 months for the company analysed for which compensation has been or will be paid for.
- d. CBS acts as designated sponsor for the company’s securities on the basis of an existing designated sponsorship contract. The services include the provision of bid and ask offers. Due to the designated sponsoring service agreement CBS may regularly possess shares of the company and receives a compensation and/ or provision for its services.
- e. The designated sponsor service agreement includes a contractually agreed provision for research services.
- f. CBSR and the analysed company have a contractual agreement about the preparation of research reports. CBSR receives a compensation in return.
- g. CBS has a significant financial interest in relation to the company that is subject of this analysis.

In this report, the following conflicts of interests are given at the time, when the report has been published: d

CBS and/or its employees or clients may take positions in, and may make purchases and/ or sales as principal or agent in the securities or related financial instruments discussed in this analysis. CBS may provide investment banking, consulting, and/ or other services to and/ or serve as directors of the companies referred to in this analysis. No part of the authors compensation was, is or will be directly or indirectly related to the recommendations or views expressed.

Recommendation System:

Close Brothers Seydler Research AG uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 12 months:

BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

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

Date	Recommendation	Price at change date	Price target
22 November 2012	BUY	EUR 3.51	EUR 5.00
11 March 2013	BUY	EUR 4.49	EUR 6.00
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

Risk-scaling System:

Close Brothers Seydler Research AG uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 12 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

The following valuation methods are used when valuing companies: Multiplier models (price/earnings, price/cash flow, price/book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer group comparisons, historical valuation approaches, discounting models (DCF, DDM), break-up value approaches or asset valuation approaches. The valuation models are dependent upon macroeconomic measures such as interest, currencies, raw materials and assumptions concerning the economy. In addition, market moods influence the valuation of companies.

The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks.

These may change at any time without prior notice.

The opinions and forecasts contained in this report are those of the author alone. Material sources of information for preparing this report are publications in domestic and foreign media such as information services (including but not limited to Reuters, VWD, Bloomberg, DPA-AFX), business press (including but not limited to Börsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Financial Times), professional publications, published statistics, rating agencies as well as publications of the analysed issuers. Furthermore, discussions were held with the management for the purpose of preparing the analysis. Potentially parts of the analysis have been provided to the issuer prior to going to press; no significant changes were made afterwards, however. Any information in this report is based on data considered to be reliable, but no representations or guarantees are made by the author with regard to the accuracy or completeness of the data. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. Possible errors or incompleteness of the information do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. The views presented on the covered company accurately reflect the personal views of the author. All employees of the author's company who are involved with the preparation and/or the offering of financial analyzes are subject to internal compliance regulations.

The report is for information purposes, it is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the securities mentioned in this report. Any reference to past performance should not be taken as indication of future performance. The author does not accept any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report. The report is confidential and it is submitted to selected recipients only. The report is prepared for professional investors only and it is not intended for private investors. Consequently, it should not be distributed to any such persons. Also, the report may be communicated electronically before physical copies are available. It may not be reproduced (in whole or in part) to any other investment firm or any other individual person without the prior written approval from the author. The author is not registered in the United Kingdom nor with any U.S. regulatory body.

It has not been determined in advance whether and in what intervals this report will be updated. Unless otherwise stated current prices refer to the closing price of the previous trading day. Any reference to past performance should not be taken as indication of future performance. The author maintains the right to change his opinions without notice, i.e. the opinions given reflect the author's judgment on the date of this report.

This analysis is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor.

By accepting this report the recipient accepts that the above restrictions are binding. German law shall be applicable and court of jurisdiction for all disputes shall be Frankfurt am Main (Germany).

This report should be made available in the United States solely to investors that are (i) "major US institutional investors" (within the meaning of SEC Rule 15a-6 and applicable interpretations relating thereto) that are also "qualified institutional buyers" (QIBs) within the meaning of SEC Rule 144A promulgated by the United States Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act") or (ii) investors that are not "US Persons" within the meaning of Regulation S under the Securities Act and applicable interpretations relating thereto. The offer or sale of certain securities in the United States may be made to QIBs in reliance on Rule 144A. Such securities may include those offered and sold outside the United States in transactions intended to be exempt from registration pursuant to Regulation S. This report does not constitute in any way an offer or a solicitation of interest in any securities to be offered or sold pursuant to Regulation S. Any such securities may not be offered or sold to US Persons at this time and may be resold to US Persons only if such securities are registered under the Securities Act of 1933, as amended, and applicable state securities laws, or

pursuant to an exemption from registration.

This publication is for distribution in or from the United Kingdom only to persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom or any order made there under or to investment professionals as defined in Section 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

This publication is for distribution in Canada only to pension funds, mutual funds, banks, asset managers and insurance companies.

The distribution of this publication in other jurisdictions may be restricted by law, and persons into whose possession this publication comes should inform themselves about, and observe, any such restrictions. In particular this publication may not be sent into or distributed, directly or indirectly, in Japan or to any resident thereof.

Responsible Supervisory Authority:

Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, Federal Financial Supervisory Authority)

Graurheindorferstraße 108

53117 Bonn

and

Marie-Curie-Str. 24-28

60439 Frankfurt

 Close Brothers Seydler
Research AG

Schillerstrasse 27 - 29

60313 Frankfurt am Main

www.cbseydlerresearch.ag

Tel.: 0049 - (0)69 - 97 78 45 60