

Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price Target: **EUR 3.80** (3.80)

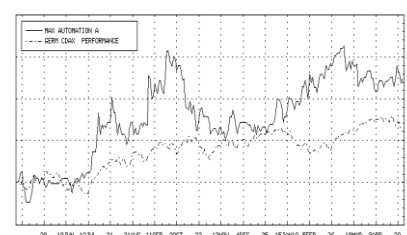
6 May 2010

Good start in FY 2010

Order intake +22%, EBIT increased clearly

- Yesterday M.A.X. Automation AG published some key figures for 1Q 2010. Driven by a higher demand, especially in the Environmental Technology division, order intake rose by 22.0% to EUR42.7m. It is worth to mention that orders in the German machine tool industry went up by just 14% in the first quarter.
- Revenues remained nearly unchanged at EUR 38.7m (1Q 2009: EUR 40.8m). The reduced cost basis – initiated in FY 2009 – led to an EBIT of EUR 0.6m (1Q 2009: EUR -0.8m). Net results stood at EUR 0.2m after EUR -0.7m one year ago. Balance sheet figures look pretty good, too: Liquidity amounts to EUR 23.0m, the equity ratio (48.4%) is comfortable.
- Outlook: Management expects demand for its products to rise in both business units. FY 2010E sales and earnings figures will be clearly above FY 2009 results. On a quarterly basis, we expect 2Q comparable to the first quarter. In the second half of the year, M.A.X. should benefit from realizing major projects that were announced in the past (e.g. altmayerBTD – a subsidiary in the environmental technology segment – received the single largest order in M.A.X. Automation's history in November 2009).
- All in all, M.A.X.' figures for 1Q 2010 are in line with expectations. Consequently, we leave estimates and the price target (EUR 3.80) unchanged. We confirm our BUY recommendation.

Share price (dark) vs. CDAX



Source: CBS Research AG, Bloomberg

Change	2010E		2011E		2012E	
	new	old	new	old	new	old
Sales	-	174.5	-	188.4	-	204.8
EBIT	-	7.4	-	10.8	-	15.5
EPS	-	0.15	-	0.24	-	0.39

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

Share data:

Share price (EUR, yesterday's closing):	EUR 2.79
Shares outstanding (m):	26.8
Market capitalisation (m):	EUR 74.76
Enterprise value (m):	EUR 79.16
Ø daily trading volume (shares):	32,534

Performance data:

High 52 weeks (EUR):	3.22
Low 52 weeks (EUR):	1.67
Absolute performance (12 months):	46.1%
Relative performance:	CDAX
1 month	2.4%
3 months	-9.9%
6 months	10.5%
12 months	17.6%

Shareholders:

Fortas AG	22.6%
DWS	7.4%
Pioneer	7.1%
Hans W. Bönninghausen	3.1%
Freefloat	59.9%

Financial calendar:

1Q 2010 Report	May 2010
----------------	----------

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

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

Institutional Sales:

Close Brothers Seydler Bank AG
Germany: Raimar Bock
Phone: +49 (0) 69-920 54 115
Benelux: Olaf Coerper
Phone: +49 (0) 69-920 54 110
France: Bruno de Lencquesaing
Phone: +49 (0) 69-920 54 116

Close Brothers Seydler UK
United Kingdom: Rob Roscoe
Phone: +44 (0)20 3100 0281

www.cbseydlerresearch.ag

Key data

FY 12/31, EUR m	2007	2008	2009	2010E	2011E	2012E
Sales	224.5	231.9	156.5	174.5	188.4	204.8
EBIT	18.6	14.1	0.5	7.4	10.8	15.5
Net result	11.0	10.6	0.2	4.1	6.3	10.5
EPS	0.41	0.39	0.01	0.15	0.24	0.39
DPS	0.10	0.05	0.05	0.05	0.05	0.07
Gross margin	49.3%	49.2%	51.2%	53.4%	54.6%	55.7%
EBIT margin	8.3%	6.1%	0.3%	4.2%	5.7%	7.6%
ROE	17.0%	14.5%	0.3%	5.5%	7.9%	12.0%
ROA	7.3%	6.5%	0.1%	2.6%	3.8%	5.9%
EV/EBITDA	4.2	5.3	18.0	7.1	5.4	4.0
EV/EBIT	5.0	6.8	n.m.	10.7	7.4	5.1
P/E	6.8	7.1	n.m.	18.3	11.8	7.1

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

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 analyzed 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 of research services.
- f. CBS Research AG and the analysed company have a contractual agreement about the preparation of research reports. CBS Research AG 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 6 months:

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

HOLD: The expected performance of the share price trend 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:

Recommendation history for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
18 January 2010	BUY (Initiating Coverage)	EUR 2.55 (Initiating Coverage)	EUR 3.50
4 February 2010	BUY	EUR 2.65	EUR 3.50
23 February 2010	BUY	EUR 2.91	EUR 3.80
6 May 2010	BUY	EUR 2.79	EUR 3.80

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 6 months:

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

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

HIGH: The volatility is expected 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/revenues, 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 statement of income, 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 with prior notice.

The opinions and forecasts contained in this report are those of 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 company study. 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 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 were 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 judgement 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

Lurgiallee 12

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