

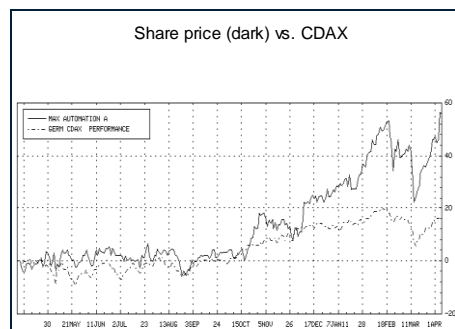
Recommendation: BUY (BUY) Risk: MEDIUM (MEDIUM) Price Target: EUR 5.60 (5.20)

06 April 2011

## With *max.* speed into FY 2011

### 1Q 2011 order intake up 60% yoy!

- Yesterday M.A.X. Automation announced that it started with a 1Q record order intake (approx. EUR 69m) into FY 2011. This is the highest quarterly order intake for 1Q in the company's history. Compared to 1Q 2010, the growth rate is at impressive 60%. Furthermore, the VDMA published order intake figures for the period December-February, which amounted to a growth of 42%. For sure, this is not the first quarter, but it gives us an indication that M.A.X. will have performed better than the industry.
- CEO Mr. Priske explained that both segments ("Environmental Technology" and "Industrial Automation") contributed to the order intake.
- We believe that quality of orders – also in the second half of FY 2010 – has risen, meaning that margins improve further. Additionally, M.A.X. assumes further closings in the short-term.
- In our view, the Environmental Technology segment should deliver sales of approx. EUR 130m with an EBIT of EUR 9.1m (margin: 7.0%) in the current business year. For the Industrial Automation unit we estimate revenues of EUR 89.0m, its EBIT should come in at EUR 8.0m (margin: 9.0%). For the next years we assume further sales growth with disproportionate growth of earnings figures.
- It is worth mentioning that the company's cash position amounted to EUR 27.9m by 31 December 2010, meaning that further upside could come from acquisitions.
- We adjusted our estimates upwards, resulting in a new price target of EUR 5.60 (old: EUR 5.20). We therefore confirm our BUY recommendation.



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

Change	2011E		2012E		2013E	
	new	old	new	old	new	old
Sales	217.4	212.4	238.3	232.3	251.3	-
EBIT	15.1	13.8	18.8	17.0	20.9	-
EPS	0.37	0.34	0.47	0.43	0.52	-

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):	<b>4.00</b>
Shares outstanding (m):	26.8
Market capitalisation (EUR m):	107.2
Enterprise value (EUR m):	107.2
Ø daily trading volume (3 m., no. of shares):	25,852

#### Performance data:

High 52 weeks (EUR):	4.40
Low 52 weeks (EUR):	2.48
Absolute performance (12 months):	54.1%
Relative performance vs. CDAX:	
1 month	10.5%
3 months	18.0%
6 months	29.3%
12 months	31.6%

#### Shareholders:

Fortas AG	22.6%
DWS	7.4%
Universal Investment	3.0%
Hans W. Bönninghausen	3.1%
Free float	63.9%

#### Financial calendar:

1Q 2011 results	May 2011
AGM	20 June 2011

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

#### Key data

FY 12/31, EUR m	2008	2009	2010	2011E	2012E	2013E
Sales	231.9	156.5	189.7	217.4	238.3	251.3
EBIT	14.1	0.5	9.5	15.1	18.8	20.9
Net result	10.6	0.2	6.2	9.8	12.5	14.0
EPS	0.39	0.01	0.23	0.37	0.47	0.52
DPS	0.05	0.05	0.10	0.13	0.16	0.10
Gross margin	49.2%	51.2%	48.8%	54.4%	55.5%	55.4%
EBIT margin	6.1%	0.3%	5.0%	7.0%	7.9%	8.3%
ROE	14.5%	0.3%	8.1%	11.6%	13.4%	13.6%
ROA	6.5%	0.1%	3.8%	5.6%	6.6%	6.9%
EV/EBITDA	7.1	24.4	8.1	5.6	4.7	4.2
EV/EBIT	9.1	n.m.	11.3	7.1	5.7	5.1
P/E	10.1	n.m.	17.3	10.9	8.6	7.6

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

## Valuation

### Valuation summary

#### Consolidation of valuation methods

	Weighting factor	Fair value per share (EUR)
Peer group valuation	50.0%	5.10
DCF valuation	50.0%	6.06
<b>Fair value per share (EUR)</b>		<b>5.58</b>

Source: CBS Research AG

### Peer group analysis

#### Peer Group: Multiples

Company name	EV / EBITDA			EV / EBIT			P / E		
	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E
DEUTZ AG	5.2	4.5	4.2	10.1	8.1	7.0	n.m	11.0	8.8
GILDEMEISTER AG	8.7	7.0	6.1	11.5	8.8	7.5	n.m.	11.4	9.6
HEIDELBERGER DRUCKMASCHINEN	7.9	4.5	3.6	36.3	8.1	5.6	n.m.	22.8	11.0
HOMAG GROUP AG	5.1	4.2	3.8	8.7	6.6	5.5	n.m.	8.5	6.7
KOENIG & BAUER AG	3.6	3.0	2.8	6.4	4.8	4.0	10.0	7.8	7.1
KRONES AG	12.3	8.3	7.0	23.3	12.4	9.7	31.7	17.6	13.7
KUKA AG	7.5	6.2	5.7	10.3	8.0	6.7	n.m.	13.0	11.0
PFEIFFER VACUUM TECHNOLOGY	9.0	8.3	7.5	10.2	9.4	8.3	15.2	13.6	12.3
MORI SEIKI CO LTD	21.0	8.6	7.3	n.m	12.2	10.5	n.m.	n.a.	9.1
OKUMA CORP	15.9	7.3	6.1	54.1	8.6	6.3	n.m.	n.a.	9.2
<b>Average</b>	<b>9.6</b>	<b>6.2</b>	<b>5.4</b>	<b>19.0</b>	<b>8.7</b>	<b>7.1</b>	<b>18.9</b>	<b>13.2</b>	<b>9.8</b>
<b>Median</b>	<b>8.3</b>	<b>6.6</b>	<b>5.9</b>	<b>10.3</b>	<b>8.4</b>	<b>6.9</b>	<b>15.2</b>	<b>12.2</b>	<b>9.4</b>
AUGUSTA TECHNOLOGIE AG	6.1	5.6	4.9	7.6	6.7	5.9	10.4	9.3	8.3
GESCO AG	5.8	5.2	4.8	8.4	7.2	6.6	12.1	10.4	9.4
INDUS HOLDING AG	5.9	5.6	5.3	8.6	8.0	7.5	9.4	8.5	7.8
<b>Average</b>	<b>5.9</b>	<b>5.4</b>	<b>5.0</b>	<b>8.2</b>	<b>7.3</b>	<b>6.7</b>	<b>10.7</b>	<b>9.4</b>	<b>8.5</b>
<b>Median</b>	<b>5.9</b>	<b>5.6</b>	<b>4.9</b>	<b>8.4</b>	<b>7.2</b>	<b>6.6</b>	<b>10.4</b>	<b>9.3</b>	<b>8.3</b>
<b>Average of both peer groups</b>	<b>8.8</b>	<b>6.0</b>	<b>5.3</b>	<b>16.3</b>	<b>8.4</b>	<b>7.0</b>	<b>14.8</b>	<b>12.2</b>	<b>9.5</b>
<b>Median of both peer groups</b>	<b>7.5</b>	<b>5.6</b>	<b>5.3</b>	<b>10.2</b>	<b>8.1</b>	<b>6.7</b>	<b>11.3</b>	<b>11.0</b>	<b>9.2</b>

Source: CBS Research AG, Bloomberg

EURm, except EPS (EUR)	EBITDA			EBIT			EPS		
	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E
M.A.X. Automation AG: Financial estimates CBS Research	19.1	23.0	25.4	15.1	18.8	20.9	0.37	0.47	0.52
Applied multiples: Peer group median	7.5	5.6	5.3	10.2	8.1	6.7	11.3	11.0	9.2
<b>Enterprise value (derived)</b>	<b>143.4</b>	<b>129.3</b>	<b>134.8</b>	<b>153.6</b>	<b>152.5</b>	<b>141.1</b>	-	-	-
+ Excess cash and marketable securities	27.3								
- Financial debt and minority interest	-27.4								
<b>Market capitalization (derived)</b>	<b>143.4</b>	<b>129.2</b>	<b>134.7</b>	<b>153.5</b>	<b>152.4</b>	<b>141.0</b>	<b>110.8</b>	<b>136.7</b>	<b>129.2</b>
<b>Median</b>	<b>136.7</b>								
Premium (discount) vs. Peer Group	0%								
<b>Fair market capitalization (after discount)</b>	<b>136.7</b>								
Number of shares (m)	26.8								
<b>Fair value per share (EUR)</b>	<b>5.10</b>								

Source: CBS Research AG, Bloomberg

## DCF model

### Discounted Cash Flow Model

EURm	PHASE 1			PHASE 2							PHASE 3
	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	∞
Sales	217.4	238.3	251.3	261.4	271.8	282.7	294.0	305.7	318.0	330.7	
YoY growth	14.6%	9.6%	5.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
EBIT	15.1	18.8	20.9	20.9	22.0	23.1	24.2	25.5	26.7	28.1	
EBIT margin	7.0%	7.9%	8.3%	8.0%	8.1%	8.2%	8.2%	8.3%	8.4%	8.5%	
Income tax on EBIT (cash tax rate)	-4.5	-5.6	-6.3	-6.3	-6.6	-6.9	-7.3	-7.6	-8.0	-8.4	
Depreciation and amortisation	4.0	4.2	4.5	5.2	5.4	5.7	5.9	6.1	6.4	6.6	
Change in net working capital	-8.0	-4.5	-2.8	-4.5	-4.7	-4.9	-5.1	-9.4	-9.8	-10.2	
Net capital expenditure	-5.0	-5.5	-5.8	-5.5	-5.7	-5.9	-6.2	-6.4	-6.7	-6.6	
<b>Free cash flow</b>	<b>1.6</b>	<b>29.5</b>	<b>12.1</b>	<b>9.9</b>	<b>10.4</b>	<b>11.0</b>	<b>11.6</b>	<b>8.1</b>	<b>8.6</b>	<b>9.5</b>	
<b>Present values</b>	<b>1.5</b>	<b>25.8</b>	<b>9.9</b>	<b>7.4</b>	<b>7.3</b>	<b>7.1</b>	<b>7.0</b>	<b>4.5</b>	<b>4.4</b>	<b>4.5</b>	<b>83.0</b>
Present value Phase 1	37.2										
Present value Phase 2	42.2										
Present value Phase 3	83.0										
Total present value	162.4										
+ Excess cash/Non-operating assets	27.3										
- Financial debt	-27.4										
Fair value of equity	162.3										
Number of shares (m)	26.8										
Fair value per share (EUR)	6.06										

Risk free rate	3.50%	Target equity ratio	50.0%
Equity risk premium	6.00%	Beta (fundamental)	1.21
Debt risk premium	2.75%	<b>WACC</b>	<b>7.58%</b>
Tax shield	30.0%	<b>Terminal growth</b>	<b>2.0%</b>

<b>Sensitivity analysis</b>						
<b>Terminal growth (Phase 3)</b>						
		<b>1.0%</b>	<b>1.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>3.0%</b>
<b>WACC</b>	<b>6.6%</b>	6.47	6.82	7.25	7.78	8.47
	<b>7.1%</b>	5.98	6.26	6.60	7.01	7.52
	<b>7.6%</b>	5.56	5.79	<b>6.06</b>	6.38	6.77
	<b>8.1%</b>	5.20	5.39	5.61	5.86	6.17
	<b>8.6%</b>	4.88	5.04	5.22	5.43	5.67

Source: CBS Research AG

## M.A.X. Automation AG

### Profit and loss account

	IFRS	EURm	2007	2008	2009	2010	2011E	2012E	2013E
<b>Sales</b>			<b>224.5</b>	<b>231.9</b>	<b>156.5</b>	<b>189.7</b>	<b>217.4</b>	<b>238.3</b>	<b>251.3</b>
YoY growth			22.2%	3.3%	-32.5%	21.2%	14.6%	9.6%	5.5%
Change in inventories			-0.2	5.9	-5.9	1.3	1.2	1.5	1.5
Other activated own work			0.1	0.4	0.3	0.2	1.8	2.0	2.0
<b>Total revenues</b>			<b>224.5</b>	<b>238.2</b>	<b>150.9</b>	<b>191.2</b>	<b>220.4</b>	<b>241.8</b>	<b>254.8</b>
COGS			-113.8	-124.0	-70.9	-98.7	-102.2	-109.6	-115.6
in % of sales			-50.7%	-53.5%	-45.3%	-52.0%	-47.0%	-46.0%	-46.0%
<b>Gross income</b>			<b>110.7</b>	<b>114.2</b>	<b>80.1</b>	<b>92.5</b>	<b>118.2</b>	<b>132.2</b>	<b>139.2</b>
in % of sales			49.3%	49.2%	51.2%	48.8%	54.4%	55.5%	55.4%
Personnel expenses			-56.2	-59.8	-50.1	-51.7	-55.0	-55.5	-55.5
in % sales			-25.0%	-25.8%	-32.0%	-27.3%	-25.3%	-23.3%	-22.1%
Other operating expenses			-32.4	-36.4	-25.6	-27.6	-44.1	-53.7	-58.3
<b>EBITDA</b>			<b>22.1</b>	<b>18.0</b>	<b>4.4</b>	<b>13.2</b>	<b>19.1</b>	<b>23.0</b>	<b>25.4</b>
in % of sales			9.9%	7.7%	2.8%	7.0%	8.8%	9.7%	10.1%
Depreciation and amortisation			-3.5	-3.9	-3.9	-3.7	-4.0	-4.2	-4.5
in % of total revenues			-1.6%	-1.6%	-2.6%	-2.0%	-1.8%	-1.7%	-1.8%
<b>EBIT</b>			<b>18.6</b>	<b>14.1</b>	<b>0.5</b>	<b>9.5</b>	<b>15.1</b>	<b>18.8</b>	<b>20.9</b>
in % of sales			8.3%	6.1%	0.3%	5.0%	7.0%	7.9%	8.3%
Financial result			-1.7	-2.5	0.0	-1.5	-1.1	-1.0	-0.9
<b>EBT</b>			<b>16.9</b>	<b>11.6</b>	<b>0.5</b>	<b>8.0</b>	<b>14.0</b>	<b>17.8</b>	<b>20.0</b>
in % of sales			7.5%	5.0%	0.3%	4.2%	6.4%	7.5%	8.0%
Taxes			-6.0	-1.0	-0.3	-1.8	-4.2	-5.3	-6.0
as % of EBT			-35.3%	-8.8%	-63.8%	-22.1%	-30.0%	-30.0%	-30.0%
<b>Net income including minorities</b>			<b>11.0</b>	<b>10.6</b>	<b>0.2</b>	<b>6.2</b>	<b>9.8</b>	<b>12.5</b>	<b>14.0</b>
Minority interests/discontinued operations			0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income attributable to shareholders</b>			<b>11.0</b>	<b>10.6</b>	<b>0.2</b>	<b>6.2</b>	<b>9.8</b>	<b>12.5</b>	<b>14.0</b>
in % of sales			4.9%	4.6%	0.1%	3.3%	4.5%	5.2%	5.6%
Shares outstanding (in millions)			26.8	26.8	26.8	26.8	26.8	26.8	26.8
<b>Earnings per share (EUR)</b>			<b>0.41</b>	<b>0.39</b>	<b>0.01</b>	<b>0.23</b>	<b>0.37</b>	<b>0.47</b>	<b>0.52</b>

Source: CBS Research AG, M.A.X. Automation 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 <a href="mailto:Roger.Peeters@cbseydlerresearch.ag">Roger.Peeters@cbseydlerresearch.ag</a>	Kristina Kardum	+49 (0)69 -977 8456- 21 <a href="mailto:Kristina.Kardum@cbseydlerresearch.ag">Kristina.Kardum@cbseydlerresearch.ag</a>
Martin Decot	+49 (0)69 -977 8456- 13 <a href="mailto:Martin.Decot@cbseydlerresearch.ag">Martin.Decot@cbseydlerresearch.ag</a>	Igor Kim	+49 (0)69 -977 8456- 15 <a href="mailto:Igor.Kim@cbseydlerresearch.ag">Igor.Kim@cbseydlerresearch.ag</a>
Rabeya Khan	+49 (0)69 -977 8456- 10 <a href="mailto:Rabeya.Khan@cbseydlerresearch.ag">Rabeya.Khan@cbseydlerresearch.ag</a>	Manuel Martin	+49 (0)69 -977 8456- 16 <a href="mailto:Manuel.Martin@cbseydlerresearch.ag">Manuel.Martin@cbseydlerresearch.ag</a>
Ralf Marinoni	+49 (0)69 -977 8456- 17 <a href="mailto:Ralf.Marinoni@cbseydlerresearch.ag">Ralf.Marinoni@cbseydlerresearch.ag</a>	Marcus Silbe	+49 (0)69 -977 8456- 14 <a href="mailto:Marcus.Silbe@cbseydlerresearch.ag">Marcus.Silbe@cbseydlerresearch.ag</a>
Enid Omerovic	+49 (0)69 -977 8456- 19 <a href="mailto:Enid.Omerovic@cbseydlerresearch.ag">Enid.Omerovic@cbseydlerresearch.ag</a>		
Veysel Taze	+49 (0)69 -977 8456- 18 <a href="mailto:Veysel.Taze@cbseydlerresearch.ag">Veysel.Taze@cbseydlerresearch.ag</a>		

## Institutional Sales



Schillerstrasse 27 – 29  
60313 Frankfurt am Main

Phone: +49 (0)69 – 9 20 54-400



**Close Brothers Seydler UK**

25 Dowgate Hill  
London EC4R 2GA

Raimar Bock Head of Sales	+49 (0)69 -9 20 54-115 <a href="mailto:Raimar.Bock@cbseydler.com">Raimar.Bock@cbseydler.com</a>	Rüdiger Eich (Germany, Switzerland)	+49 (0)69 -9 20 54-119 <a href="mailto:Ruediger.Eich@cbseydler.com">Ruediger.Eich@cbseydler.com</a>
Henriette Domhardt (Germany)	+49 (0)69 -9 20 54-137 <a href="mailto:Henriette.Domhardt@cbseydler.com">Henriette.Domhardt@cbseydler.com</a>	Klaus Korzilius (Austria, Benelux, Germany)	+49 (0)69 -9 20 54-114 <a href="mailto:Klaus.Korzilius@cbseydler.com">Klaus.Korzilius@cbseydler.com</a>
Uwe Gerhardt (Germany, Switzerland)	+49 (0)69 -9 20 54-168 <a href="mailto:Uwe.Gerhardt@cbseydler.com">Uwe.Gerhardt@cbseydler.com</a>	Markus Laifle (Execution)	+49 (0)69 -9 20 54-120 <a href="mailto:Markus.Laifle@cbseydler.com">Markus.Laifle@cbseydler.com</a>
Stefan Krewinkel (Execution, UK)	+49 (0)69 -9 20 54-118 <a href="mailto:Stefan.Krewinkel@cbseydler.com">Stefan.Krewinkel@cbseydler.com</a>	Janine Theobald (Austria, Benelux, Germany)	+49 (0)69 -9 20 54-106 <a href="mailto:Janine.Theobald@cbseydler.com">Janine.Theobald@cbseydler.com</a>
Bruno de Lencquesaing (Benelux, France)	+49 (0)69 -9 20 54-116 <a href="mailto:Bruno.deLencquesaing@cbseydler.com">Bruno.deLencquesaing@cbseydler.com</a>		

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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
6 May 2010	BUY	EUR 2.79	EUR 3.80
14 September 2010	BUY	EUR 2.79	EUR 3.80
1 November 2010	BUY	EUR 3.09	EUR 3.80
8 December 2010	BUY	EUR 3.04	EUR 4.15
7 February 2011	BUY	EUR 3.88	EUR 5.20
6 April 2011	BUY	EUR 4.00	EUR 5.60

#### 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 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.

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Graurheindorferstraße 108

53117 Bonn

and

Lurgiallee 12

60439 Frankfurt

 Close Brothers Seydler  
Research AG

Schillerstrasse 27 - 29

60313 Frankfurt am Main

[www.cbseydlerresearch.ag](http://www.cbseydlerresearch.ag)

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