

Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price Target: **EUR 5.50** (5.50)

13 August 2012

1H 2012 figures:

“Environmental Technology“ to improve in 2H

- M.A.X. Automation published figures for the first half of FY 2012: Incoming orders amounted to EUR 135m, which is a 6.6% decline compared to the first half of 2011. However, last year's order intake benefitted from catch-up effects and grew by 60% yoy. Order backlog as of 30 June 2012 amounted to EUR 120.9m, which is slightly higher than last year's figure (EUR 120.4m).
- Sales revenue between January and June 2012 amounted to EUR 112.5m, which is a small 5.8% decline compared to last year's result. The book-to-bill ratio was 1.2, which indicates further growth.
- EBIT came in at EUR 5.5m after EUR 5.4m in 1H 2011. Half-year profit was EUR 3.5m which is 10.5 % higher compared to last year.
- The “Industrial Automation” segment generated revenues of EUR 57.7m which is an increase of 15.4% compared to previous year's revenues. Operating result amounted to EUR 6.3m which is an increase of 28.2%. This segment benefited from strong demand in the automobile sector.
- The “Environmental Technology“ segment reported a 21.5% decline of sales. Operating result was lower compared to last year's level (EUR 1.3m) and amounted to EUR 1.1m, due to project delays. M.A.X. expects demand to rise in 2H 2012.
- According to the company, the economic uncertainties due to the debt crisis in Europe and the weak economic growth have increased and those are slowly starting to affect the German economy as well. Therefore the management's wording has become more cautious regarding its outlook (increase of sales and EBIT compared to FY 2011). However, we are optimistic that attractive orders, in particular from its “Environmental Technology“ segment could come in. Therefore we confirm our BUY recommendation with an EUR 5.50 price target.

Key data

FY 12/31, EUR m	2009	2010	2011	2012E	2013E	2014E
Sales	156.5	189.7	260.0	273.3	283.3	293.3
EBIT	0.5	9.5	16.1	17.3	19.6	20.6
Net result	0.2	6.2	11.4	11.4	13.2	14.0
EPS	0.01	0.23	0.43	0.43	0.49	0.52
DPS	0.05	0.10	0.15	0.15	0.17	0.18
Gross margin	51.2%	48.8%	43.6%	55.3%	55.2%	55.2%
EBIT margin	0.3%	5.0%	6.2%	6.3%	6.9%	7.0%
ROE	0.3%	8.1%	13.3%	12.2%	12.9%	12.5%
ROA	0.1%	3.8%	6.2%	5.5%	6.1%	6.1%
EV/EBITDA	25.5	8.5	5.4	5.2	4.7	4.5
EV/EBIT	n.m.	11.8	7.0	6.5	5.7	5.4
P/E	n.m.	15.7	8.5	8.5	7.4	7.0

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

Share price (dark) vs. CDAX



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

Change	2012E		2013E		2014E	
	new	old	new	old	new	old
Sales	-	273.3	-	283.3	-	293.3
EBIT	-	17.3	-	19.6	-	20.6
EPS	-	0.43	-	0.49	-	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):	3.64
Shares outstanding (m):	26.8
Market capitalisation (EUR m):	97.5
Enterprise value (EUR m):	112.3
Ø daily trading volume (3 m., no. of shares):	18,229

Performance data:

High 52 weeks (EUR):	4.50
Low 52 weeks (EUR):	3.37
Absolute performance (12 months):	-9.0%
Relative performance vs. CDAX:	
1 month	-9.3%
3 months	-15.4%
6 months	-13.7%
12 months	-20.9%

Shareholders:

Fortas AG	22.6%
DWS	7.4%
Universal Investment	3.0%
Hans W. Bönninghausen	3.5%
Free float	63.5%

Financial calendar:

2Q 2012 Report	August 2012
3Q 2012 Report	November 2012

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

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

Date	Recommendation	Price at change date	Price target
8 September 2011	BUY	EUR 4.00	EUR 5.60
5 October 2011	BUY	EUR 4.00	EUR 5.60
18 January 2012	BUY	EUR 3.98	EUR 5.50
16 February 2012	BUY	EUR 4.28	EUR 5.50

26 April 2012	BUY	EUR 4.20	EUR 5.50
11 June 2012	BUY	EUR 3.90	EUR 5.50
13 August 2012	BUY	EUR 3.64	EUR 5.50

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