

# MAX Automation SE

6M Report 2018

# HIGHLIGHTS AT A GLANCE

## HIGHLIGHTS AT A GLANCE

- MAX Automation Group records lively demand development in the first half of 2018
- Order backlog as of June 30 at EUR 269.7 million exceeds the EUR 250 million mark for the first time
- Incoming orders increase by 21.1%
- Group sales increase by 13.0% after six months to EUR 203.6 million
- Earnings burdened severely by additional expenses from projects of the IWM Group
- The other MAX Automation companies are developing according to plan overall

## CONSOLIDATED RESULTS AT A GLANCE (IFRS)

in Mio. Euro	Jan.-June 2018	Jan.-June 2017	Change
New order intake	213.6	176.4	21.1%
Order book position*	269.7	0.2	42.6%
Revenue	203.6	180.2	13.0%
EBITDA	3.1	12.9	-75.7%
EBIT before PPA	-0.4	9.7	--
EBIT after PPA	-2.0	8.6	--
Earnings for the period	-2.4	5.0	--
EBIT per share before PPA (in Euro)	-0.01	0.36	--
Earnings per share (in Euro)	-0.07	0.19	--

in Mio. Euro	30. June 2018	31. December 2017	Change
Equity	123.5	139.0	-11.1%
Equity ratio (in %)	33.0	43.0	-23.3%
Gross financial debt	110.4	73.3	50.6%
Cash and cash equivalents	21.3	26.2	-18.7%
Net debt	89.1	47.1	89.1%
Employees (by headcount)*	1,953	1,741	12.2%
- of which trainees	126	111	13.5%

\* Date June 30, 2018, compared to June 30, 2017



# TO OUR SHAREHOLDERS

## Letter from the Management Board

**Dear shareholders,**

The MAX Automation Group had an eventful first half of 2018, which was characterized on the one hand by a lively development in demand, so that we were able to exceed the EUR 200 million mark in incoming orders in one half of a year for the first time. On the earnings side, however, the development was disappointing and well below our planning.

The reason for this can be clearly stated: At the end of June, we reported on problems at the companies of the IWM Automation Group that had arisen while working on several projects. We already reported in the interim report for the first quarter that there were additional expenses for these technically demanding but promising projects for IWM. Nevertheless, the extent of the technical and organizational difficulties could only be identified and assessed at the end of the second quarter. The economic revaluations of the projects and additional costs for restructuring measures led to a significant reduction in our earnings forecast for 2018.

We immediately initiated countermeasures to eliminate the shortcomings, which were mainly in the IWM Group's project management. In addition to numerous structural changes, these also included personnel measures such as the expansion of the management team and the filling of new key positions.

In the future, the IWM companies will be positioned in such a way that when handling complex projects and already during the process of acquiring projects such difficulties will not be experienced again. This also includes strengthening operational controlling and risk management at Group level.

Regardless of the major problems the IWM Group is having, it should not be overlooked that all other MAX Automation subsidiaries developed according to plan in general in the first half of 2018. This applies to both the Industrial Automation segment and the Environmental Technology segment.

Incoming orders in our Group exceeded the EUR 200 million mark for the first time in the first six months (21.1% higher than in the same period of the previous year). This included several major orders from the Life Science Automation and Environmental Technologies business units. The Group's order backlog increased by 42.6% to EUR 269.7 million at the end of the first half of the year, thus exceeding the EUR 250 million mark for the first time. Group sales improved by 13.0% to EUR 203.6 million in the first six months.

The burdens from project revaluations in particular were reflected in the development of earnings. Consolidated earnings before interest and taxes (EBIT) and before amortization from purchase price allocation (PPA) fell to EUR -0.4 million after EUR 9.7 million in the same period of the previous year. For the second quarter, the Group reported negative EBIT before PPA depreciation of EUR 3.9 million.

For 2018 as a whole, we expect Group EBIT before PPA amortization to be between EUR 10 and 13 million (previously: at least EUR 26 million) following the forecast correction at the end of June. We continue to expect Group sales to increase to at least EUR 400 million in 2018 (previous year: EUR 376.2 million).

Even if the disappointing development in the first half of the year will lead to a sensitive dent in earnings and profitability for 2018 as a whole, we assume that MAX Automation will be able to continue the development of previous years in 2019, given the good order situation and the promising positioning of our Group.

Düsseldorf, August 2018

MAX Automation SE  
Managing Directors

Daniel Fink  
CEO

Andreas Krause  
CFO

# MAX-SHARE

## MAX Automation SE Share

The share of MAX Automation SE is listed in the Prime Standard of the Frankfurt Stock Exchange.

### Price performance

The MAX Automation SE share price declined overall in the first six months of 2018. While it started the year on an upward trend and reached its peak of EUR 9.10 on January 16, 2018, over the course of time, it steadily lost value. In connection with the adjustment of MAX Automation's earnings forecast on June 28, the share fell significantly in value and dropped to its low of EUR 5.90 on June 29. It also closed the reporting period at EUR 5.90. This was 27.5% below the 2017 year-end price of EUR 8.14.

The MAX Automation share outperformed the SDAX index until the end of March. However, the share subsequently performed weaker, in some cases significantly below the level of the benchmark index.

After the end of the reporting period, the MAX Automation share fell again on July 3 to a new low of EUR 5.72, reaching a value of EUR 5.50 on July 31.

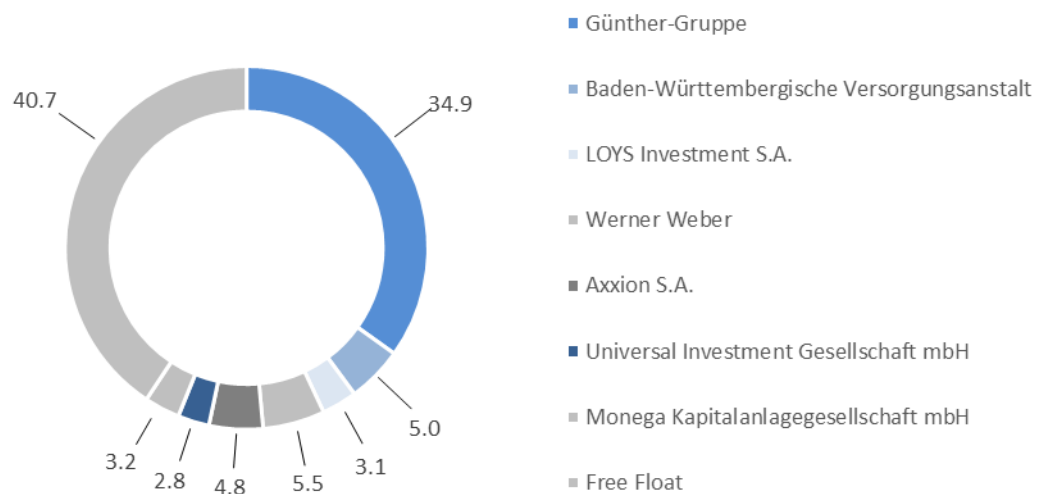
Key data for the MAX share	
German Securities Identification Number (WKN)	A2DA58
ISIN	DE000A2DA588
Ticker Symbol	MXHN
Trading segment	Regulated Market (Prime Standard)
Share class	Par value ordinary shares with no par value (no-par Shares) with a proportionate amount of the share of the share capital of EUR 1.00 respectively
Registered capital	29,459,415
Share price on December 29, 2017	8.14 EUR
Share price on June 29, 2018	5.90 EUR
Percentage change	-28.0%
High for the reporting period	9.10 EUR
Low for the reporting period	5.90 EUR
Market capitalization on December 29, 2017	239.8 Mio. EUR
Market capitalization on June 30, 2018	173.8 Mio. EUR

### Performance of the MAX Automation SE share



### Shareholder structure

The Günther Group based in Hamburg, Germany, continues to be MAX Automation SE's largest single shareholder with 34.9% of the voting rights. Other major shareholders based on voting rights notifications submitted to the company included Werner Weber (5.5%), Baden-Württembergische Versorgungsanstalt (5.0%), Axxion S.A. (4.8%), Monega Kapitalanlagegesellschaft mbH (3.2%) and LOYS Investment S.A. (3.1%). This means that 40.7% of the voting rights are held by free float private and institutional investors.



# INTERIM GROUP MANAGEMENT REPORT

## Principles of the Group

### Business model

MAX Automation SE, which is based in Düsseldorf, Germany, and its subsidiaries operate as an international high-tech mechanical engineering Group and leading complete provider of integrated and complex system and component solutions. The Group has two operating segments: in its Industrial Automation segment, the Group's extensive technological expertise enables it to act as an innovation leader in the development and production of integrated and proprietary solutions for manufacturing and assembly in the long-term growth sectors of automotive, medical technology, and electronics. In its Environmental Technology segment, MAX Automation develops and installs technologically complex systems for the recycling, energy and raw materials industries.

As an innovation leader in its business segments, MAX Automation attaches great importance to groundbreaking solutions for interlinked production. Core competences in this context relate to the production of machines and systems, and equally the development of software and interlinked applications, for product control or maintenance, for instance. MAX Automation serves several growth drivers in various areas in this context. These include the overall advancing automation in industry, digitalization in both the professional and private domains, robotics and related efficiency enhancements, trends toward electromobility and autonomous driving in the automobile industry, as well as reducing CO<sub>2</sub> emissions from automobiles.

### Group structure and locations

The Group companies of MAX Automation develop and produce high-tech automation solutions primarily in Germany and also at select sales and service locations abroad. The international service subsidiaries of the Group companies offer customers worldwide contacts for comprehensive care. In addition, MAX Automation is pursuing the goal of expanding its international operating activities, in particular with a focus on the markets in the US and China.

### Employee development

The MAX Automation Group employed 1,953 people on the reporting date June 30, 2018. 126 of these were trainees. This represents an increase of 212 employees compared to the same date in 2017 (1,741, of which 111 were trainees). In the Industrial Automation segment, the level of average employee capacities was expanded by 10.4%. In the Environmental Technology segment, on the other hand, the level of employee capacities declined slightly by -2.8%.

## Economic Report

### Macroeconomic environment

The global economy will develop positively overall in 2018. According to its "World Economic Outlook" dated July 2018, the International Monetary Fund (IMF) expects global economic growth of 3.9%, thus confirming its April forecast. However, experts expect different developments in the individual economic regions, as growth has already peaked in many large industrialized countries. The IMF cites the trade dispute between the major economic powers like the US and China as a risk factor and fears a "tariff spiral," i.e. additional duties on imports.

Nevertheless, the IMF is maintaining its expectations for economic development in the US and China: Growth of 2.9% is expected for the US and 6.6% for China. By contrast, the IMF has revised its forecasts for other



regions and countries downwards. Accordingly, economic output in the euro zone is expected to increase by 2.2% (April forecast: 2.4%).

According to the IMF, the German economy has weakened more than expected. It therefore expects growth of 2.2% for the current year (April forecast: 2.5%). The expectations of the Munich-based Ifo Institute are even more restrained: The institute currently expects the German economy to grow by 1.8%, after expecting growth of 2.6% in the spring.

#### **Business environment**

The German Mechanical and Plant Engineering Association (VDMA) reported a gratifying business development for its member companies in the first half of 2018, with order intake up 7% year-on-year. An increase of 8% was recorded in the months April to June. Domestic orders rose by 11% during this period, while orders from abroad increased by 7%. The association observed 2% fewer orders from euro partner countries, but 10% more orders from non-euro countries.

The VDMA Trade Association Waste Treatment and Recycling expects a positive business development for the current year with a good order situation and sales growth of at least 3% after an increase of 3% in the previous year. The Trade Association cited the great international interest in environmental technologies resulting from the growing world population, increasing urbanization and industrialization as well as growing mobility as the reasons. In Germany, significant growth impulses are expected from the amendment of the Commercial Waste Ordinance and the Packaging Act passed in 2017.

The VDMA Trade Association Robotics + Automation is optimistic about the development of the industry in 2018. After the robotics and automation companies had already recorded record sales of EUR 14.5 billion last year, the Trade Association expects an increase in turnover of 9% to EUR 15.8 billion in 2018.

The global automotive markets continued the positive trend of the previous year in the first half of 2018. According to data from the German Association of the Automotive Industry (VDA), the development of new registrations was positive in almost all markets: In Europe, new registrations in the months January to June were up 2.8% year-on-year, in the US by 2.0% and in China by 5.5%. Growth of 18.2% was even achieved in Russia, 13.7% in Brazil and 13.3% in India.

The German medical technology companies remain optimistic for the current year. Whereas industry sales in 2017 had risen by 2.5% to EUR 29.9 billion compared to the previous year, further growth in sales of 4% is expected this year. The industry association Spectaris sees an important competitive advantage in the high technological expertise of German companies. Nevertheless, it noted a weakening of exports to the US, China and the UK, among other countries.

#### **Significant events in the reporting period**

##### **Andreas Krause new CFO of MAX Automation**

MAX Automation announced on February 2, 2018, that Andreas Krause had been appointed its CFO effective April 1, 2018. His predecessor Fabian Spilker resigned as Managing Director and Board member at the close of the Annual General Meeting on May 18.

# INTERIM GROUP MANAGEMENT REPORT

## **MAX Automation concludes SE conversion**

On February 9, 2018, MAX Automation reported that with its registration in the commercial register it has completed its transformation into the legal form of a European Company (Societas Europaea – SE). It thus implemented the corresponding resolution of the Annual General Meeting of June 30, 2017. The articles of association of MAX Automation SE provide for the internationally widespread monistic management system with a Board of Directors and Managing Directors.

## **Strategic majority stake in China**

On March 7, 2018, MAX Automation announced that it had completed the acquisition of a majority stake in the activities of the Chinese Shanghai Cisens Automation Co., Ltd. To carry out the transaction, the business operations of Shanghai Cisens Automation were transferred to a new company, MAX Automation (Shanghai) Co., Ltd. as part of an asset deal, in which MAX Automation holds 51% of the shares and the founder and CEO Roger Lee holds 49%. There is an option to gradually acquire all remaining shares in the coming years.

## **Focus on core business**

On March 14, 2018, MAX Automation announced that it had completed the sale of NSM Packtec GmbH, a subsidiary of the Group company NSM Magnettechnik GmbH (closing). With this divestment, the Industrial Automation segment will continue to focus on its main business areas in line with the medium-term growth strategy for 2021.

## **Change in the Administrative Board**

On March 27, 2018, MAX Automation announced that Gerhard Lerch, Chairman of the Administrative Board of MAX Automation SE, would resign from office on December 31, 2018, for reasons of age. Mr. Lerch was Deputy Chairman from 2009 to 2014 and Chairman of the Supervisory Board of MAX Automation AG since 2014. With the transformation of MAX Automation into a European stock corporation (SE), he took over the function of Chairman of the Administrative Board.

## **Group companies bundle activities**

IWM Automation GmbH and Rohwedder Macro Assembly GmbH have been under joint management since the turn of the year 2017/2018. Both companies are thus combining their strengths under the names “IWM Automation GmbH” and “IWM Automation Bodensee GmbH.” Peter Rothgang, who has been responsible for the business of IWM Automation GmbH in Porta Westfalica since July 2016, is Managing Director of the new companies. The aim of bundling the activities is a uniform and common market presence of both companies and the sales and technological focus on automation solutions.

## **Annual General Meeting approves unchanged dividend**

On May 18, 2018, the Annual General Meeting of MAX Automation SE resolved a dividend of EUR 0.15 per share for fiscal year 2017, unchanged from the previous year. This corresponds to a total distribution of EUR 4.4 million (previous year: EUR 4.0 million). In addition, the shareholders elected Andreas Krause a member of the Board of Directors. Furthermore, the shareholders approved the conclusion of new control and profit and loss transfer agreements with three MAX Automation Group companies.

## **MAX Automation adjusts earnings forecast for fiscal year 2018**

On June 28, 2018, MAX Automation SE announced that it had adjusted its earnings expectations for fiscal year 2018 (see Forecast Report). This is due to charges from current projects of the subsidiaries of the IWM Automation Group for several automotive customers. In its report for the first quarter of 2018, MAX Automation had already reported on additional costs for technically demanding projects. An economic

reassessment of the projects that did not go according to plan was carried out that required further adjustments. The Managing Directors of MAX Automation SE immediately initiated a series of structural measures, in particular to improve project management. In addition, key positions were filled at IWM Automation. These measures pose an additional burden on earnings.

## Orders received by the Group

### Order Intake

in EUR mill.	Jan.-June 2018	Jan.-June 2017	Change	Apr.-June 2018	Apr.-June 2017	Change
Industrial Automation segment	153.7	134.2	14.6%	99.5	72.6	37.1%
Environmental Technology segment	60.0	42.3	41.9%	32.7	17.9	82.1%
Group	213.6	176.4	21.1%	132.2	90.6	46.0%

Order intake for MAX Group rose significantly by EUR 37.2 million or 21.1% to EUR 213.6 million (previous year: EUR 176.4 million) in the first six months of 2018. The value thus exceeded the EUR 200 million mark for the first time. Order intake in the first half of the year was characterized by the taking of several major orders, including in the Life Science Automation business unit for the manufacture of machines and systems for the production of contact lenses.

In the Industrial Automation segment, orders in the first six months increased by 14.6% to EUR 153.7 million (previous year: EUR 134.2 million). In Environmental Technology, the order situation developed positively with an increase of 41.9% to EUR 60.0 million (previous year: EUR 42.3 million).

### Order backlog

The Group's order backlog as of June 30, 2018, grew dynamically by 42.6% to EUR 269.7 million compared with the same reporting date in 2017 and thus exceeded the EUR 250 million mark for the first time in the company's history (June 30, 2017: EUR 189.1 million). The book-to-bill ratio was 1.05, indicating further growth.

The order backlog in the Industrial Automation segment increased by 41.9% to EUR 233.4 million at the end of June 2018 (June 30, 2017: EUR 164.5 million). At the end of June 2018, orders on hand in the Environmental Technology segment had risen by just under half to EUR 36.4 million (previous year: EUR 24.6 million; 47.7%).

## Group sales development

### Group sales

in EUR mill.	Jan.-June 2018	Jan.-June 2017	Change	Apr.-June 2018	Apr.-June 2017	Change
Industrial Automation segment	151.0	133.6	13.0%	85.3	70.7	20.6%
Environmental Technology segment	52.5	46.6	12.7%	27.5	22.3	23.6%
Group	203.6	180.2	13.0%	112.9	93.0	21.4%

In the first six months of 2018, MAX Automation's consolidated sales increased by EUR 23.4 million or 13.0% to EUR 206.6 million (six months 2017: EUR 180.2 million). Both segments contributed to this growth.

# INTERIM GROUP MANAGEMENT REPORT

In the second quarter, sales amounted to EUR 32.7 million, EUR 14.7 million or 82.1% more than in the corresponding quarter of the previous year (EUR 17.9 million).

The Industrial Automation segment increased sales by 13.0% to EUR 151.0 million in the first half of the year (six months 2017: EUR 133.6 million). The Environmental Technology Segment increased its revenues by 12.7% to EUR 52.5 million (six months of 2017: EUR 46.6 million).

The overall performance of MAX Automation Group increased by EUR 27.8 million or 15.0% in the first half of 2018 to the high value of EUR 213.9 million (six months 2017: EUR 186.1 million). This includes changes in inventories of EUR 9.9 million (prior-year period: EUR 4.9 million).

## Consolidated results of operations

in EUR mill.	Jan.-June 2018	Jan.-June 2017	Change	Apr.-June 2018	Apr.-June 2017	Change
EBIT before PPA Industrial Automation segment	0.8	9.5	-91.4%	-2.8	5.6	--
EBIT before PPA Environmental Technology segment	3.6	2.6	40.5%	2.2	1.1	++
EBIT before PPA Group	-0.4	9.7	--	-3.9	5.1	--
EBIT after PPA Group	-2.0	8.6	--	-5.0	4.6	--
Consolidated net profit	-2.4	5.0	--	-4.0	2.5	--

Other operating income increased to EUR 6.4 million in the first half of 2018 after EUR 2.8 million in the same period of the previous year. The increase was mainly due to the income from the deconsolidation of NSM Packtec GmbH as of February 28, 2018. In addition, income from currency differences increased from EUR 0.4 million to EUR 0.6 million. Correspondingly, expenses related to exchange rate differences decreased to EUR 0.8 million after EUR 1.0 million in the same period of the previous year.

The cost of materials rose from EUR -96.2 million to EUR -126.5 million (31.6%) due to the additional expenses for technically demanding projects of the IWM Group. The cost of materials ratio – in relation to total output – increased to 59.2% after 51.7% in the same period of the previous year.

Personnel expenses rose to EUR -62.2 million, 10.2% more than in the same period last year (first half of 2017: EUR -56.4 million). The ratio of personnel expenses to total operating performance improved slightly to 29.1% after 30.3% in the same period of the previous year.

Depreciation and amortization amounted to EUR -5.2 million (first half of 2017: EUR -4.3 million; 20.0%).

Other operating expenses increased from EUR -23.2 million to EUR -28.2 million (21.5%). This included expenses in connection with the acquisition of the majority interest in MAX Automation (Shanghai) Co., Ltd. and the sale of NSM Packtec GmbH in March 2018, while expenses from currency differences amounted to EUR 0.8 million after EUR 1.0 million. The balance of currency effects amounted to EUR -0.2 million after EUR -0.6 million in the first half of 2017.

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) fell to EUR 3.1 million in the first six months of 2018 (first half of 2017: EUR 12.9 million; -75.7%).

For the first half of 2018, the MAX Automation Group reports consolidated operating earnings before interest and taxes (EBIT) and before amortization from purchase price allocation (PPA) of EUR -0.4 million (first half of 2017: EUR 9.7 million). This significant reduction is due to additional costs from ongoing technologically demanding projects of the IWM companies. As a result, the EBIT margin in relation to total operating performance fell to -0.2% (first half of 2017: 5.2%). Earnings per share before PPA-amortization amounted to EUR -0.01 Euro after 0.36 Euro in the first six months of 2017.

In the second quarter, Group EBIT before PPA amounted to EUR -3.9 million (Q2 2017: EUR 5.1 million). The EBIT margin was -3.3% (Q2 2017: 5.5%).

PPA depreciation increased from EUR -1.0 million to EUR -1.6 million (60.2%) in the first half of 2018. This resulted mainly from the acquisition of the majority interest in MAX Automation (Shanghai) Co., Ltd. in March 2018.

EBIT after depreciation and amortization from PPA amounted to EUR -2.0 million in the first six months of 2018, compared to EUR 8.6 million in the same period of the previous year. Of this amount, EUR -5.0 million was attributable to the second quarter (Q2 2017: EUR 4.6 million).

At EUR -1.3 million, net interest income was slightly below the low level of the previous year (EUR -1.4 million).

Consolidated earnings before taxes (EBT) amounted to EUR -3.3 million in the first half of 2018 (same period in 2017: EUR 7.3 million).

The net result for the first six months of 2018 amounted to EUR -2.4 million (same period of 2017: EUR 5.0 million). This corresponds to earnings per share of EUR -0.07 (previous year: EUR 0.19). In the second quarter, the result for the period amounted to EUR -4.0 million (Q2 2017: EUR 2.5 million). Quarterly earnings per share amounted to EUR -0.12 (Q2 2017: EUR 0.10).

In Industrial Automation, EBIT before PPA fell to EUR 0.8 million after EUR 9.5 million in the same period of the previous year (-91.4%). In the Environmental Technology Segment, EBIT before PPA rose dynamically by 40.5% to EUR 3.6 million (first half of 2017: EUR 2.6 million).

### **Group assets**

As of June 30, 2018, the MAX Automation Group had total assets of EUR 374.5 million, which were thus EUR 51.2 million or 15.8% above the level on December 31, 2017 (EUR 323.3 million).

Non-current assets increased by 16.7% to EUR 129.6 million (December 31, 2017: EUR 111.1 million). Intangible assets increased by 16.6% to EUR 77.9 million (December 31, 2017: EUR 66.8 million) due to the initial consolidation of the majority interest in MAX Automation (Shanghai) Co., Ltd.

Current assets increased by 15.4% to EUR 244.9 million (December 31, 2017: EUR 212.3 million). Inventories more than doubled to EUR 93.8 million (December 31, 2017: EUR 42.1 million). This significant increase is based on the implementation of new regulations for the International Financial Reporting Standard (IFRS) 15 and the resulting changes in accounting in the project business. Correspondingly, trade receivables decreased by 15.0% to EUR 117.6 million (December 31, 2017: EUR 138.3 million). Tax receivables multiplied to EUR 2.4

# INTERIM GROUP MANAGEMENT REPORT

million after EUR 0.4 million. Due to the condensed interim reporting, there is no netting with tax liabilities during the year. Cash and cash equivalents decreased from EUR 26.2 million to EUR 21.3 million (-18.7%).

Working capital increased by 17.6% to EUR 126.8 million (December 31, 2017: EUR 107.8 million). This growth resulted from the increased order backlog and the associated pre-financing of the operating business. Compared to the same reporting date of the previous year, however, this represents an improvement of 7.4% (June 30, 2017: EUR 136.9 million). This was due to general measures to optimize commitments.

## Group financial position

The equity of the MAX Automation Group decreased to EUR 123.5 million as of June 30, 2018 (December 31, 2017: EUR 139.0 million; -11.1%). At 33.0%, the equity ratio remained above the targeted minimum of 30% (December 31, 2017: 43.0%). Retained earnings decreased to EUR 27.1 million (December 31, 2017: EUR 31.2 million; -28.8%) due to the aforementioned new regulations for IFRS 15 (further explanations in the Notes to the Consolidated Financial Statements under accounting and valuation methods). In addition, retained earnings include the minority interests in MAX Automation (Shanghai) Co., Ltd. recorded for the first time.

Non-current liabilities amounted to EUR 115.0 million, 48.7% higher than at the end of 2017 (EUR 77.3 million). Non-current liabilities to banks increased from EUR 64.8 million to EUR 88.8 million, mainly due to the expansion of the MAX Automation syndicated loan at the end of July 2017. Non-current financial liabilities rose from EUR 1.8 million to EUR 11.1 million due to the majority interest in MAX Automation (Shanghai) Co., Ltd. and the contractually agreed put option of the minority shareholder to tender the remaining shares. This put option is long-term. Other long-term provisions increased to EUR 2.7 million (December 31, 2017: EUR 1.5 million) due to the first-time consolidation of R.C.M. Reatina Costruzioni Meccaniche Srl, a subsidiary of bdtronic GmbH (see Notes to the Consolidated Financial Statements).

Current liabilities increased to EUR 136.0 million after EUR 107.0 million as of December 31, 2017 (+27.1%). Trade payables increased from EUR 72.6 million as of December 31, 2017, to EUR 84.6 million (+16.5%) as a result of the application of the new requirements for IFRS 15. Current liabilities to banks increased from EUR 8.4 million to EUR 21.6 million due to the pre-financing of projects, particularly at the companies, as well as the reclassification of a now current branch of the syndicated loan in the amount of EUR 7.5 million from EUR 8.4 million to EUR 21.6 million.

The gross debt of the Group (current and non-current) after six months amounted to EUR 110.4 million (December 31, 2017: EUR 73.3 million; +50.6%).

Net debt after six months amounted to EUR 89.1 million and was thus higher than at the end of last year (December 31, 2017: EUR 47.1 million; +89.1%). However, net debt decreased by EUR 14.8 million or 14.2% compared to the end of the second quarter of 2017 (June 30, 2017: EUR 103.9 million). The decline resulted from stronger cash management and a stricter advance payment policy for projects received.

## Liquidity development of the Group

In the first six months of 2018, the MAX Automation Group reported a cash outflow from operating cash flow of EUR -24.7 million. In the same period of the previous year, the cash outflow amounted to EUR -24.3 million. This resulted mainly from the pre-financing of orders received.

Investing activities resulted in a cash outflow of EUR -10.3 million following a cash outflow of EUR -7.2 million in the same period of last year. This includes the majority interest in MAX Automation (Shanghai) Co., Ltd. and the acquisition of R.C.M. Reatina Costruzioni Meccaniche SRL, a subsidiary of bdtronic GmbH.

Financing activities generated a cash inflow of EUR 30.0 million (previous year: cash inflow of EUR 23.8 million), which reflects the pre-financing of long-term orders. However, this also includes the payment of the dividend of EUR 4.4 million.

Total cash flow resulted in a reduction in cash and cash equivalents at the end of the first six months of 2018 to EUR 21.3 million after EUR 26.2 million at the beginning of the reporting period.

### **Supplementary Report**

No further events of particular significance for the net assets, financial position and results of operations of the Group and MAX Automation SE occurred after the end of the reporting period on June 30, 2018.

### **Opportunity and Risk Report**

The opportunity profile of the MAX Automation Group has not changed significantly compared to the detailed comments in the Group Management Report as of December 31, 2017. The risk profile was supplemented by a new Group guideline on the "Project Risk Review Process" to improve project and risk management.

### **Forecast Report**

The companies in the Industrial Automation segment, with the exception of the IWM Group, recorded a high level of order and sales development overall with good profitability in the course of 2018 to date. In the current year and beyond, the companies will continue to focus on high-quality and technologically sophisticated solutions in the four strategic business areas Mobility Automation, Process Technologies, Life Science Automation and New Automation Technologies. The continuing internationalization is seen as having great potential for the further development of the segment. In addition, the previous commitment in the areas of efficiency, synergies and competence expansion will be continued.

A number of measures have been initiated or implemented at the companies of the IWM Group to counteract the deficits in some of the companies' current projects. These include structural and personnel changes with the aim of improving the process of acquiring projects and project management in the IWM companies and further strengthening technological know-how.

In the Environmental Technology segment with the Vecoplan Group, the focus will continue to be on the development and production of high-quality individual components and system solutions for the recycling and processing industry. The segment is to be expanded both organically and in cooperation with strategic partners in order to make greater use of the consolidation opportunities in the heterogeneous environmental technology sector. Talks are currently being held with potential partners.

As announced on June 28, 2018, the Managing Directors have lowered their earnings expectations for the full year 2018 due to the aforementioned problems at IWM Automation and the resulting one-time expenses. Based on the current portfolio, they now expect consolidated earnings before interest and taxes (EBIT) and

# INTERIM GROUP MANAGEMENT REPORT

before PPA depreciation of between EUR 10 million and EUR 13 million (previously: at least EUR 26 million).  
Group sales for the current year are still targeted at at least EUR 400 million (previous year: EUR 376.2 million).

In addition, the Managing Directors expect the MAX Automation Group to return to the growth path of previous years on the earnings side too in 2019.

## **Forward-Looking Statements**

This report contains forward-looking statements based on current assumptions and forecasts made by the management of MAX Automation SE. Such statements are subject to risks and uncertainties. These and other factors can cause the actual results, financial situation, development or performance of the company to differ materially from the estimates given here. The company assumes no obligation to update such forward-looking statements or to adjust them to future events or developments.

Düsseldorf, August 2018

MAX Automation SE  
Managing Directors

Daniel Fink  
CEO

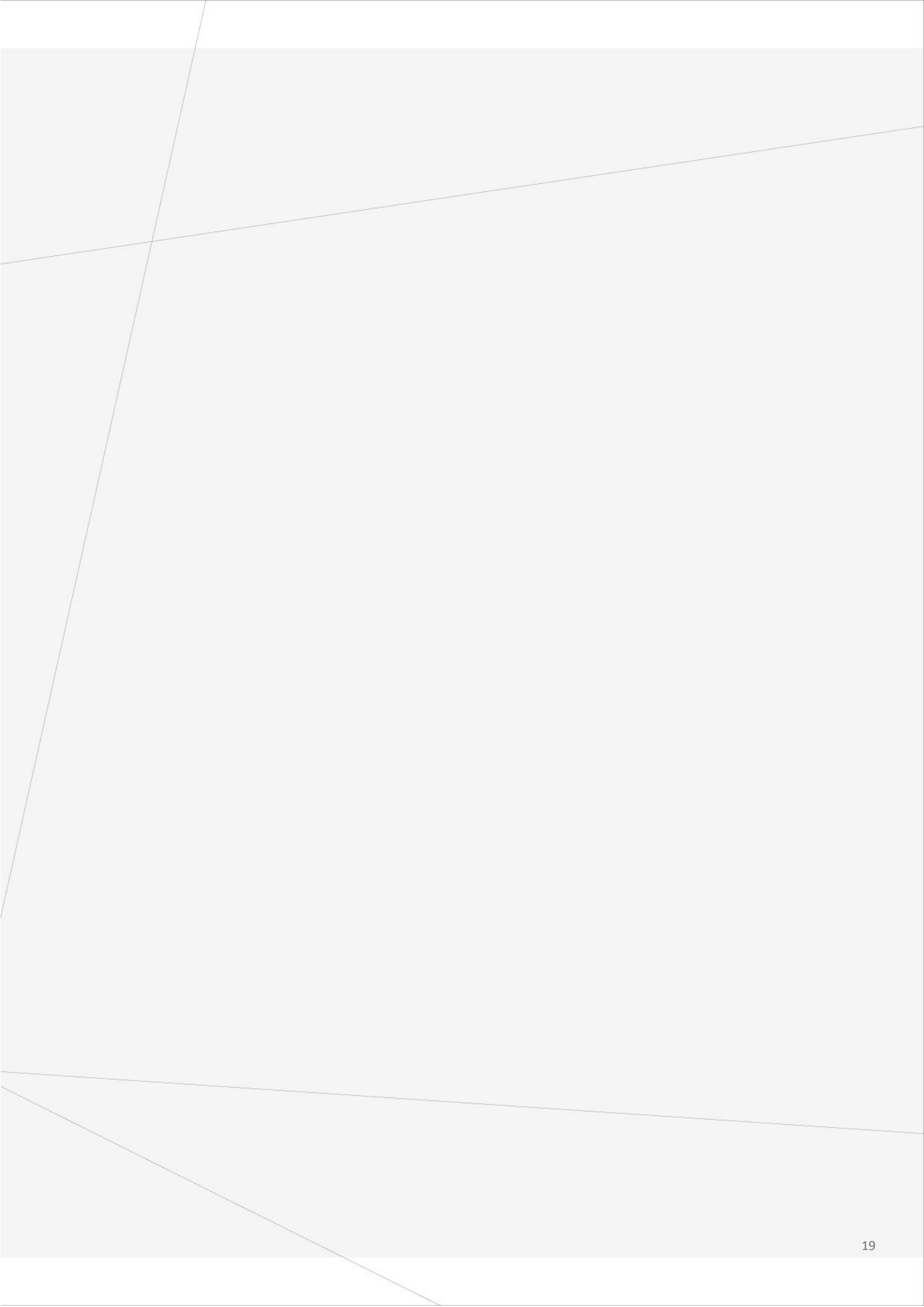
Andreas Krause  
CFO





## INTERIM CONSOLIDATED FINANCIAL STATEMENTS





## CONSOLIDATED BALANCE SHEET

of MAX Automation SE, Düsseldorf,  
as of June 30, 2018

ASSETS	30.06.2018	31.12.2017
	TEUR	TEUR
<b>Non-current assets</b>		
Intangible Assets	18,867	13,667
Goodwill	59,009	53,091
Property, plant and equipment	34,545	31,481
Investment property	1,348	1,379
Equity accounted investments	3,335	3,542
Other investments	2,335	2,593
Deferred tax	9,628	4,724
Other non-current assets	568	601
<b>Non-current assets, total</b>	<b>129,635</b>	<b>111,078</b>
<b>Current assets</b>		
Inventories	93,763	42,095
Trade receivables	117,649	138,326
Receivables due from related companies	19	40
Prepayments and accrued income, and other current assets	12,190	5,639
Cash and cash equivalents	21,273	26,154
<b>Current assets, total</b>	<b>244,894</b>	<b>212,255</b>
<b>Total assets</b>	<b>374,529</b>	<b>323,332</b>

EQUITY AND LIABILITIES	30.06.2018	31.12.2017
	TEUR	TEUR
<b>EQUITY</b>		
Subscribed share capital	29,459	29,459
Capital reserve	18,907	18,907
Revenue reserve	22,188	31,168
Equity difference resulting from currency translation	118	66
Non-controlling interests	408	576
Unappropriated retained earnings	52,443	58,821
<b>Total Equity</b>	<b>123,524</b>	<b>138,997</b>
<b>Non-current liabilities</b>		
Non-current loans less current portion	88,778	64,847
Pension provisions	946	963
Other provisions	2,702	1,489
Deffered tax	11,399	8,245
Other non-current liabilities	11,145	1,794
<b>Non-current liabilities, total</b>	<b>114,970</b>	<b>77,338</b>
<b>Current liabilities</b>		
Trade payables	84,611	72,614
Current loans and current portion of non-current loans	21,592	8,416
Liabilities to related companies	36	148
Other current financial liabilities	14,230	12,899
Income tax provisions and liabilities	5,498	4,962
Other provisions	5,428	5,113
Other current liabilities	4,641	2,845
<b>Current liabilities, total</b>	<b>136,035</b>	<b>106,997</b>
<b>Equity and liabilities, total</b>	<b>374,529</b>	<b>323,332</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of MAX Automation SE, Düsseldorf,  
as of June 30, 2018

	01.01.- 30.06.2018	01.01.- 30.06.2017	01.04.- 30.06.2018	01.04.- 30.06.2017
	TEUR	TEUR	TEUR	TEUR
<b>Revenue</b>	<b>203,614</b>	<b>180,246</b>	<b>112,905</b>	<b>93,015</b>
Change in finished goods and work-in-progress	9,853	4,933	2,695	-390
Work performed by the company and capitalized	452	906	265	470
<b>Total operating revenue</b>	<b>213,919</b>	<b>186,085</b>	<b>115,865</b>	<b>93,095</b>
Other operating revenue	6,386	2,778	1,474	1,576
Result from equity accounted investments	-271	-0127	-200	-0111
Cost of materials	-126,531	-96,179	-71,530	-47,376
Personnel expenses	-62,183	-56,420	-31,769	-28,225
Depreciation, amortization and impairment losses	-5,165	-4,304	-2,933	-2,158
Other operating expenses	-28,176	-23,193	-15,919	-12,194
<b>Operating profit</b>	<b>-2,021</b>	<b>8,640</b>	<b>-5,012</b>	<b>4,607</b>
Net interest result	-1,323	-1,350	-684	-901
<b>Earnings before tax</b>	<b>-3,344</b>	<b>7,290</b>	<b>-5,696</b>	<b>3,706</b>
Income taxes	973	-2,260	1,713	-1,172
<b>Net income</b>	<b>-2,371</b>	<b>5,030</b>	<b>-3,983</b>	<b>2,534</b>
of which attributable to non-controlling interests	-412	30	-369	-26
of which attributable to shareholders of MAX Automation AG	-1,959	5,001	-3,614	2,560
<b>Other comprehensive income that is never recycled to the income statement</b>				
Actual gains and losses on employee benefits	0	0	0	0
Income taxes on actuarial gains and losses	0	0	0	0
<b>Other comprehensive income that can be recycled to the income statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change arising from currency translation	52	-495	272	-424
<b>Total comprehensive income</b>	<b>-2,319</b>	<b>4,536</b>	<b>-3,711</b>	<b>2,110</b>
of which attributable to non-controlling interests	-412	30	-369	-26
of which attributable to shareholders of MAX Automation AG	-1,907	4,506	-3,342	2,136
Earnings per share (diluted and basic) in EUR	-0.01	0.19	-0.07	0.10

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of MAX Automation SE, Düsseldorf,  
for the period from January 1 to June 30, 2018

	Subscribed share capital TEUR	Capital reserves TEUR	Actuarial gains and losses TEUR	Other revenue reserves TEUR	Differences from currency transla- tion TEUR	Reconcil- ing item for non-con- trolling interests TEUR	Unappro- priated profit TEUR	Total TEUR
<b>As of 01.01.2017</b>	<b>26,794</b>	<b>3,055</b>	<b>-229</b>	<b>26,373</b>	<b>966</b>	<b>426</b>	<b>53,875</b>	<b>111,261</b>
Dividend payments	0	0	0	0	0	0	0	0
Non controlling interest	0	0	0	0	0	-12	0	-12
Transfer retained earnings	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	-495	30	5,001	4,536
<b>As of 30.06.2017</b>	<b>26,794</b>	<b>3,055</b>	<b>-229</b>	<b>26,373</b>	<b>471</b>	<b>444</b>	<b>58,876</b>	<b>115,785</b>
<b>As of 01.01.2018</b>	<b>29,459</b>	<b>18,907</b>	<b>-205</b>	<b>31,373</b>	<b>66</b>	<b>576</b>	<b>58,821</b>	<b>138,997</b>
Dividend payments	0	0	0	0	0	0	-4,419	-4,419
Non controlling interest	0	0	0	0	0	244	0	244
Adjustment retained earnings IFRS 15	0	0	0	-4,044	0	0	0	-4,044
Transfer to put option	0	0	0	-4,935	0	0	0	-4,935
Transfer to retained earnings	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	52	-412	-1,959	-2,319
<b>As of 30.06.2018</b>	<b>29,459</b>	<b>18,907</b>	<b>-205</b>	<b>22,393</b>	<b>118</b>	<b>408</b>	<b>52,443</b>	<b>123,524</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

of MAX Automation SE, Düsseldorf,  
for the period from January 1 to June 30, 2018

	01.01.- 30.06.2018 TEUR	01.01.- 30.06.2017 TEUR
<b>1. Cash flow from operating activities</b>		
Net income	-2,371	5,030
Adjustments relating to the reconciliation of consolidated net income for the year to cash flow from operating activities	0	0
Income taxes	-973	2,260
Net interest result	1,323	1,350
Depreciation of intangible assets	3,159	2,258
Depreciation of property, plant and equipment	1,974	1,930
Depreciation of investment property	32	24
Gain (-) / loss (+) on disposal of property, plant and equipment	-21	-6
Gewinn (-) / Verlust (+) aus dem Abgang von als Finanzinvestition gehaltene Immobilien	-3,333	0
Ergebniswirksame Veränderung latente Steuern	-2,175	694
Other non-cash expenses and income	392	866
<b>Changes in assets and liabilities</b>		
Increase (-) / decrease (+) in other non-current assets	-105	-230
Increase (-) / decrease (+) in inventories	-7,944	-3,968
Increase (-) / decrease (+) in trade receivables	-20,862	-22,375
Increase (-) / decrease (+) in receivables due from related companies	21	26
Increase (-) / decrease (+) in prepayments, accrued income and other assets	-6,179	693
Increase (-) / decrease (+) in other non-current liabilities	7,992	86
Increase (-) / decrease (+) in pensions provisions	-17	-18
Increase (-) / decrease (+) in other provisions and liabilities	-2,382	-1,472
Increase (-) / decrease (+) in trade payables	8,344	-10,339
Erhöhung (+) / Minderung (-) Verbindlichkeiten gegenüber nahestehenden Unternehmen	36	0
Income tax paid	-1,628	-1,645
Income tax reimburse	7	572
<b>= Cash flow from operating activities</b>	<b>-24,710</b>	<b>-24,264</b>
<b>2. Cash flow from investing activities</b>		
Outgoing payments for investments in intangible assets	-1,084	-1,572
Outgoing payments for investments in property, plant and equipment	-1,724	-2,046
Outgoing payments for investments in financial assets	194	-3,931
Payments received from disposals of intangible assets	436	285
Payments received from disposals of property, plant and equipment	145	86
Outgoing payments for investment in subsidiaries, less cash	-11,142	0
Einzahlungen aus der Veräußerung von Tochtergesellschaften abzgl. liquider Mittel	2,869	0
<b>= Cash flow from investing activities</b>	<b>-10,306</b>	<b>-7,178</b>
<b>3. Cash flow from financing activities</b>		
Outgoing payments für dividends	-4,419	0
Borrowing of non-current financial loans	48,500	22,000
Repayment of non-current financial loans	15,984	-2,515
Change in current financial debt	-28,328	5,307
Interest paid	-1,853	-1,211
Interest received	94	250
<b>= Cash flow from financing activities</b>	<b>29,978</b>	<b>23,831</b>



<b>4. Cash and cash equivalents</b>		
Increase/decrease in cash and cash equivalents	-5,038	-7,611
Effect of changes in exchange rates	157	-781
Cash and cash equivalents at the start of the financial year	26,154	23,023
Cash and cash equivalents at the end of the financial year	21,273	14,631
<b>5. Composition of cash and cash equivalents</b>		
= Cash and cash equivalents	21,273	14,631

## CONSOLIDATED STATEMENT OF CASH FLOWS

of MAX Automation SE, Düsseldorf,  
for the period from January 1 to June 30, 2018

<b>Additional information</b>		
<b>Acquisition of subsidiaries</b>		
Goodwill	5,945	0
Intangible Assets	8,797	0
Property, plant and equipment	3,510	0
Deferred tax assets	443	0
Other non current assets	48	0
Inventories	3,582	0
Trade receivables	5,177	0
Prepayments and accrued income, and other current assets	446	0
Cash and cash equivalents	512	0
Provisions, non-current	-1,243	0
Deferred tax liabilities	-2,468	0
Trade payables	-5,304	0
Current loans	-830	0
Other current financial liabilities	-6,698	0
Provisions and liabilities from taxes	-4	0
Other provisions	-13	0
Other current liabilities	-255	0
Purchase price payment outstanding	1,100	0
Cash and cash equivalents acquired	-512	0
<b>Purchase price paid, less cash and cash equivalents acquired</b>	<b>11,142</b>	<b>0</b>

<b>Disposal information</b>		
<b>Acquisition of subsidiaries</b>		
Intangible Assets	-1,122	0
Property, plant and equipment	-72	0
Deferred tax assets	-948	0
Other non current assets	-17	0
Inventories	-1,796	0
Trade receivables	-6,059	0
Prepayments and accrued income, and other current assets	-74	0
Cash and cash equivalents	-631	0
Deferred tax liabilities	942	0
Trade payables	1,651	0
Other provisions	117	0
Other current liabilities	316	0
Konsolidierungsbuchungen	334	0
Income from disposal of subsidiaries	3,333	0
<b>Purchase price paid, less cash and cash equivalents</b>	<b>2,869</b>	<b>0</b>

## SEGMENT REPORTING,

of MAX Automation SE, Düsseldorf,

for the period from 1 January to 30 June 2018

Segment	Industrial Automation		Environmental Technology	
Reporting Period	Q1-Q2. 2018	Q1-Q2. 2017	Q1-Q2. 2018	Q1-Q2. 2017
	TEUR	TEUR	TEUR	TEUR
<b>Order intake</b>	<b>153,686</b>	<b>134,152</b>	<b>59,963</b>	<b>42,265</b>
<b>Order book position</b>	<b>233,371</b>	<b>164,495</b>	<b>36,362</b>	<b>24,613</b>
<b>Segment revenue</b>	<b>150,983</b>	<b>133,620</b>	<b>52,518</b>	<b>46,593</b>
With external customers	150,925	133,600	52,517	46,593
- of which Germany	62,339	44,649	10,312	9,596
- of which other EU countries	30,514	32,375	15,506	14,093
- of which North America	8,910	23,701	17,834	15,129
- of which China	27,467	16,161	0	0
- of which Rest of the world	21,695	16,716	8,867	7,775
- Inter-segment revenue	58	18	0	0
<b>EBITDA</b>	<b>3,536</b>	<b>11,889</b>	<b>4,355</b>	<b>3,405</b>
<b>Segment operating profit (EBIT before PPA amortization)</b>	<b>813</b>	<b>9,477</b>	<b>3,641</b>	<b>2,591</b>
Including:				
- depreciation/amortization	-2,723	-2,412	-714	-814
- Additions to other provisions and pension provisions	-1,189	-1,100	-1,060	-728
- Income from sale of investment properties	0	0	0	0
- Income from equity accounted investments	0	0	0	0
<b>Segment operating profit after PPA amortization</b>	<b>-761</b>	<b>8,627</b>	<b>3,641</b>	<b>2,567</b>
Including:				
- PPA amortization	-1,574	-850	0	-24
<b>Segment result from ordinary activities (EBT)</b>	<b>-2,953</b>	<b>7,107</b>	<b>3,538</b>	<b>2,333</b>
Including:				
- Interest and similar income	54	23	43	10
- Interest and similar expenses	-1,353	-1,543	-146	-244
Income taxes	-824	-583	-1,666	-953
- Additions to income tax provisions	-71	0	-425	-818
<b>Net income</b>	<b>-3,777</b>	<b>6,524</b>	<b>1,873</b>	<b>1,380</b>
<b>Non-current segment assets (excluding deferred tax)</b>	<b>61,905</b>	<b>47,372</b>	<b>12,572</b>	<b>13,443</b>
- of which Germany	44,131	46,971	10,068	10,803
- of which other EU countries	3,618	52	42	21
- of which North America	220	204	2,462	2,619
- of which Rest of the world	13,936	146	0	0
<b>Investments in non-current segment assets</b>	<b>20,354</b>	<b>3,281</b>	<b>528</b>	<b>517</b>
<b>Working Capital</b>	<b>103,916</b>	<b>114,278</b>	<b>17,970</b>	<b>23,501</b>
<b>Average number of personell excluding trainees</b>	<b>1,307</b>	<b>1,183</b>	<b>369</b>	<b>380</b>

Reconciliation			
Q1-Q2. 2018	Q1-Q2. 2017	Q1-Q2. 2018	Q1-Q2. 2017
TEUR	TEUR	TEUR	TEUR
0	0	213,649	176,417
0	0	269,733	189,108
114	33	203,614	180,246
172	51	203,614	180,244
172	51	72,822	54,296
0	0	46,020	46,468
0	0	26,744	38,830
0	0	27,467	16,161
0	0	30,562	24,491
-58	-18	0	0
-4,747	-2,349	3,145	12,945
-4,850	-2,413	-396	9,655
-104	-64	-3,540	-3,290
-365	-392	-2,614	-2,220
0	0	0	0
-271	-127	-271	-127
-4,902	-2,554	-2,021	8,640
-51	-141	-1,625	-1,015
-3,930	-2,150	-3,344	7,290
-88	227	9	260
166	178	-1,333	-1,610
3,463	-724	973	-2,260
0	-555	-496	-1,372
-467	-2,874	-2,371	5,030
45,529	46,266	120,006	107,081
45,529	46,266	99,728	104,041
0	0	3,660	72
0	0	2,682	2,823
0	0	13,936	146
51	62	20,933	3,860
4,914	-910	126,800	136,869
0	8	1,676	1,571

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Accounting and valuation methods

The accounting and valuation in the Group quarterly financial report of MAX Automation SE as of June 30, 2018, was performed in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board, London (IASB), valid on the reporting date, taking into account the interpretation of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). The corresponding comparative figures for the previous year were determined according to the same principles. Consequently, these interim consolidated financial statements were prepared in accordance with IAS 34.

Taking into account the purpose of quarterly financial reporting as an informational tool based on the consolidated financial statements, we refer to the Notes to the Consolidated Financial Statements as of December 31, 2017, which explain accounting, valuation and consolidation methods and the exercise of the options contained in IFRS.

With the exception of the application of IFRS 15 as of January 1, 2018, the accounting and valuation methods and consolidation principles were applied as in the previous consolidated financial statements.

IFRS 15 regulates the recognition of revenue from contracts with customers. Detailed requirements are set out in a five-step model, including the identification of separate benefit obligations, the amount of the expected consideration taking into account variable price components and the allocation of the expected consideration to the identified benefit obligations. Uniform criteria must also be applied to distinguish whether a service obligation is to be rendered at a specific point in time or for a specific period of time.

Warranty obligations that extend beyond the periods customary in the industry or prescribed by law, commitments regarding certain long-term maintenance quotas, installation services, training, installation and storage are now to be treated as separate performance obligations when necessary. Some construction contracts that were previously accounted for using the percentage-of-completion method in accordance with IAS 11 and subsequently recognized as revenues are not recognized in accordance with IFRS 15 over a specific period.

Due to the implementation of IFRS 15 in accordance with the modified retrospective method, the following balance sheet items changed as follows in the opening balance sheet as of January 1, 2018:

in TEUR	As originally reported	Adjustment	After adjustment
<b>Assets</b>			
<b>Current assets</b>			
Inventories	42,095	42,543	84,638
Trade receivables	138,326	-35,495	102,831
<b>Current assets, total</b>	<b>212,254</b>	<b>7,048</b>	<b>219,302</b>
<b>Total assets</b>	<b>323,332</b>	<b>7,048</b>	<b>330,380</b>
<b>Liabilities</b>			
Retained Earnings	31,168	-4,044	27,124
<b>Equity</b>	<b>138,997</b>	<b>-4,044</b>	<b>134,953</b>
<b>Non-current liabilities</b>			
Deffered tax liabilities	8,245	-1,605	6,640
<b>Non-current liabilities, total</b>	<b>77,338</b>	<b>-1,605</b>	<b>75,733</b>
<b>Current liabilities</b>			
Trade payables	72,614	12,697	85,311
<b>Current liabilities, total</b>	<b>106,997</b>	<b>12,697</b>	<b>119,694</b>
<b>Total liabilities</b>	<b>323,332</b>	<b>7,048</b>	<b>330,380</b>

If IAS 11 had been maintained, however, the following balance sheet items would have developed in accordance with the following table:

in TEUR	12/31/2017	Change	6/30/2018
Inventories	42,095	9,779	51,874
Trade receivables	138,326	23,717	162,043
Retained earnings	31,168	-4,600	26,568
Deffered tax liabilities	8,245	1,636	9,881
Trade payables	72,614	10,770	83,384

Similarly, the following changes were made in the items contained below in the income statement for the first half of the year:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

in TEUR	IFRS 15	Adjustment	IAS 11
Revenue	203,614	-3,824	199,790
Work performed by the company and capitalized	9,853	577	10,430
<b>Total operating revenue</b>	<b>213,919</b>	<b>-3,247</b>	<b>210,672</b>
Cost of materials	-126,531	-4	-126,535
<b>Operating profit</b>	<b>-2,021</b>	<b>-3,251</b>	<b>-5,272</b>
Income taxes	973	930	1,903
<b>Net income</b>	<b>-2,371</b>	<b>-2,321</b>	<b>-4,692</b>

The deviations shown mainly result from projects that, in accordance with IFRS 15, are no longer sold over the period of completion, but only at the time the project is completed. Income taxes are calculated on the basis of an estimate of the weighted average annual income tax rate.

### 1 Consolidation principles

In capital consolidation, the acquisition costs of the subsidiaries are offset against the proportionate equity at fair value at the time of acquisition (revaluation method). Remaining differences are reported as goodwill in the balance sheet and subjected to an annual impairment test (DCF method using the WACC approach) if there are indications of impairment.

Receivables and liabilities between Group companies and expenses and income arising within the Group are consolidated within the scope of debt and income consolidation. Intercompany profits generated within the Group are eliminated.

#### 1.1. Scope of consolidation

All active Group companies are included in the scope of consolidation. These are majority shareholdings.

In addition to MAX Automation SE, the scope of consolidation as of the balance sheet date includes a total of 28 subsidiaries and sub-subsidiaries as well as ESSERT GmbH, which is accounted for using the equity method.

In line with the clear strategic orientation, the current companies were divided into the Industrial Automation and Environmental Technology segments. The scope of consolidation is as follows:

Number of companies included	2018	2017
Industrial Automation	21	19
Environmental Technology	7	7
<b>Group</b>	<b>28</b>	<b>26</b>



## **1.2. Changes in the scope of consolidation**

By purchase agreement dated November 24, 2017, bdtronic GmbH, Weikersheim, acquired 100% of the shares in R.C.M. Reatina Costruzioni Meccaniche Srl, Rieti. The closing took place in early January 2018. The company is allocated to the Industrial Automation segment.

NSM Packtec GmbH, Ahaus, a wholly owned subsidiary of NSM Magnettechnik GmbH, Olfen, was sold by notarial certification on January 3, 2018. The closing took place on March 9, 2018. The company was allocated to the Industrial Automation segment.

On March 8, 2018, MAX Automation SE contributed the business operations of the Chinese Shanghai Cisens Automation Co., Ltd. to the newly founded company MAX Automation (Shanghai) Co., Ltd. as part of an asset deal. MAX Automation (Shanghai) is a wholly owned subsidiary of the likewise newly founded company MAX Automation (Asia Pacific) Co., Ltd, Hong Kong. MAX Automation SE holds a 51% interest in this company. The founder and CEO of Shanghai Cisens Automation, Roger Lee, holds the remaining 49% share in the company. Both companies are allocated to the Industrial Automation segment.

## **1.3. R.C.M. Reatina Costruzioni Meccaniche Srl**

The Group company bdtronic GmbH, Weikersheim, acquired R.C.M. Reatina Costruzioni Meccaniche Srl, Rieti (hereinafter RCM), in a share deal on November 24, 2017. As the transaction was not closed until the beginning of January 2018, the company was consolidated for the first time as of January 1, 2018.

This acquisition sees the MAX Group expand its capacities for electric mobility applications. RCM is a specialized provider of solutions in mechanical manufacturing, assembly and engineering. The company has special expertise in the production of impregnation systems for electric and hybrid drives and has been working with bdtronic as a supplier for several years. In addition to bdtronic, customers include companies from the medical technology, hygiene products and energy supply industries. RCM was founded in 1979 and currently employs 44 people.

A renaming of RCM bdtronic Italia Srl and establishment of the Rieti site as a competence center for impregnation systems is planned for the short term, while the supply chain is to be simplified in the long term. In addition, the site is to be used for other technologies.

With the acquisition of RCM, the Group company bdtronic is expanding its production capacities in the field of electric and hybrid drives. bdtronic has recorded strong growth in recent years, which was supported by all four business areas of dosing, plasma, hot riveting and impregnation.

A fixed purchase price of EUR 2,392 thousand was paid for the acquisition of 100% of the shares in RCM.

As part of the purchase price allocation, undisclosed reserves on land, buildings and know-how in the amount of EUR 1,958 thousand were determined. Deferred taxes of EUR 538 thousand are attributable to this.

The fair values of the acquired assets and liabilities of RCM as of the acquisition date of January 1, 2018, are shown in the following table:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>TEUR</b>	
<b>Non-current assets</b>	<b>3,827</b>
Intangible assets	1,048
Property, plant and equipment	2,731
Other investments	48
<b>Current assets</b>	<b>2,848</b>
Inventories	628
Trade receivables	1,262
Prepayments and accrued income, and other current assets	446
Cash and cash equivalents	512
<b>Non-current liabilities</b>	<b>2,611</b>
Non-current loans less current portion	830
Other provisions	1,243
Latente Steuern	538
<b>Current liabilities</b>	<b>1,672</b>
Trade payables	790
Current loans and current portion of non-current loans	767
Income tax, provisions and liabilities	4
Other provisions	13
Other current liabilities	98

The following contributions by RCM as of June 30, 2018, are included in the consolidated result:

<b>TEUR</b>	
Revenue	2,171
EBIT	-256
NET income	-257

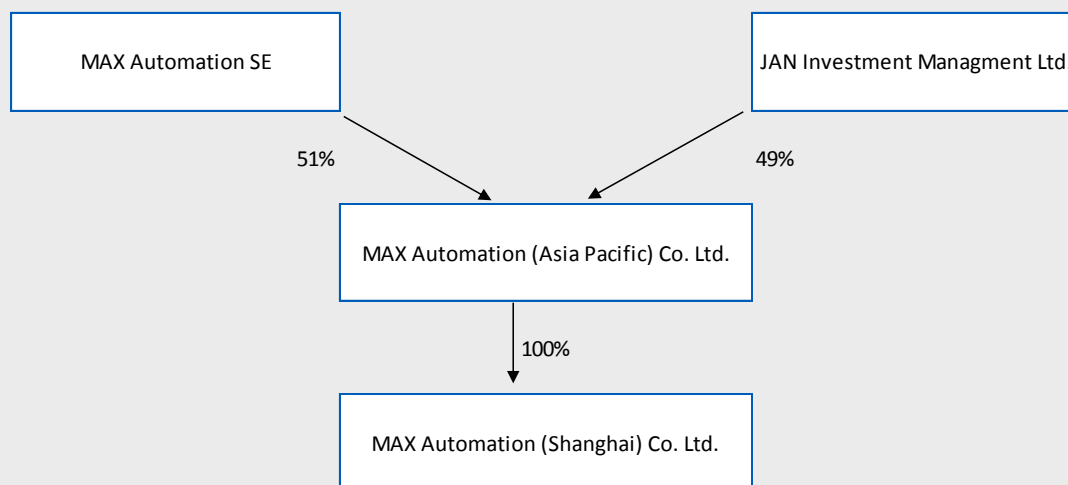
### 1.4. MAX Automation (Shanghai) Co., Ltd.

MAX Automation (Shanghai) Co. Ltd. took over the activities of the Chinese mechanical engineering company Shanghai Cisens Automation Co. Ltd. and Changchun Cisens Automation Co. Ltd. (Cisens Group) as part of an asset deal on March 8, 2018. The company was consolidated for the first time on March 1, 2018.

The transaction was carried out in three main steps:

1. MAX Automation SE and JAN Investment Management Ltd., shareholder of the Cisens Group, jointly founded MAX Automation (Asia Pacific) Co. in Hong Kong. MAX Automation SE initially held a 25% stake in this company.
- 2 MAX Automation (Asia Pacific) then founded the fully-owned subsidiary MAX Automation (Shanghai) Co. Ltd., Shanghai.

In February 2018, the assets of the Cisens Group were transferred to MAX Automation (Shanghai). MAX Automation SE acquired another 26% of the shares in MAX Automation (Asia Pacific)



With this acquisition, the MAX Group is taking an important step towards expansion in China, which will allow for the handling of international projects for the global automotive industry. Long-standing customer relationships with Chinese suppliers were acquired with the transaction. By taking on around 200 employees at the Shanghai and Changchun sites, the MAX Group now has its own high-tech capacities as well as production and service locations in China. The strategic goal is to increase value creation in the handling of customer projects as well as synergies for existing activities of other Group companies in China.

For the acquisition of 51% of the shares in MAX Automation (Asia Pacific), a fixed purchase price of EUR 9,262 thousand has been paid to date. In the second half of 2018, a further purchase price payment of the equivalent of around EUR 500 thousand will fall due, and at the beginning of 2019 a purchase price payment of the equivalent of around EUR 600 thousand.

Put and call options were agreed for the acquisition of the remaining 49% of the shares. In 2020, the first call option on 19% of the shares can be exercised by MAX Automation; in 2023, the second on 30% of the shares. The put option can be granted in 2025 by the minority shareholder for the full 49% of the shares. The calculation basis for both options is the same and refers to the average EBITDA to which a multiple is applied.

As the valuation with the EBITDA multiple approximates the pro rata transaction price, the fair value of the call option is almost zero and was therefore not recognized.

Based on current planning and taking into account a discount rate of EUR 8,900 thousand, the put options are reported under non-current liabilities.

The initial consolidation of MAX Automation (Shanghai) resulted in shares of non-controlling companies amounting to EUR 4,300 thousand. The shares of non-controlling shareholders and the equity of the parent company (retained earnings) were used to allocate the liability from the put option. The subsequent measurement of the liability from the put option is recognized directly in equity using the result of the non-controlling shareholders and the equity of the parent company (retained earnings).

As part of the purchase price allocation, hidden reserves on customer relationships and the order backlog were determined in the amount of EUR 7,718 thousand. This includes deferred taxes of the equivalent of EUR 1,930 thousand.

The goodwill of EUR 5,954 thousand reflects the MAX Group's access to the Chinese market and the synergies with the other Group companies.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The fair values of the acquired assets and liabilities of the subgroup China on the acquisition date March 1, 2018, are shown in the following table:

TEUR	
<b>Non-current assets</b>	<b>8,971</b>
Intangible assets	7,749
Property, plant and equipment	779
Deffered tax assets	443
<b>Current assets</b>	<b>6,869</b>
Inventories	2,954
Trade receivables	3,915
<b>Non-current liabilities</b>	<b>1,930</b>
Deffered tax liabilities	1,930
<b>Current liabilities</b>	<b>9,733</b>
Trade payables	4,514
Other current financial liabilities	5,211
Other current liabilities	8

Consolidated net income includes the following contributions from the subgroup China as of June 30, 2018:

TEUR	
Revenue	10,516
EBIT	-753
NET income	-685

### 1.5. Sale of NSM Packtec GmbH

On March 9, 2018, NSM Magnettechnik GmbH, Olfen, a wholly owned subsidiary of MAX Automation SE, completed the sale of NSM Packtec GmbH, Ahaus. Deconsolidation took place on February 28, 2018, for reasons of simplification.

The sale sees MAX Automation push ahead with its focus on its core business.

NSM Packtec, based in Ahaus, has extensive expertise in food filling and packaging equipment for the dairy and non-alcoholic beverage industries. It has developed successfully in recent years, positioning itself as a competent, reliable partner for its customers. Today, the company employs around 50 people. The new owner Ningbo Lehui International will provide the company with an ideal environment for further development in international growth markets in packaging automation, particularly in Asia, and for exploiting synergy potential.

The sale was preceded by a structured sale process, which was accompanied by the Chinese investment bank Essence, based in Shanghai, as M&A advisor.

The deconsolidation resulted in income of EUR 3,333 thousand, reported under other operating income.

The following assets and liabilities were deconsolidated as part of the transaction:

<b>TEUR</b>	
<b>Non-current assets</b>	<b>2,159</b>
Intangible assets	1,122
Property, plant and equipment	72
Deferred tax assets	948
Other non-current financial assets	17
<b>Current assets</b>	<b>8,560</b>
Inventories	1,796
Trade receivables	6,059
Prepayments and accrued income, and other current assets	74
Cash and cash equivalents	631
<b>Non-current liabilities</b>	<b>942</b>
Deferred tax liabilities	942
<b>Current liabilities</b>	<b>9,610</b>
Trade payables	1,651
Other current financial liabilities	7,526
Other provisions	117
Other current liabilities	316

NSM Magnettechnik received a purchase price of EUR 2,869 thousand less cash and cash equivalents.

## 2 Earnings per share

Undiluted earnings per share were calculated by dividing the annual result attributable to the shareholders of the parent company by the weighted average number of shares in circulation during the fiscal year.

As no dilutive instruments were issued, basic and diluted earnings per share are identical.

	<b>Q1-Q2.2018</b>	<b>Q1-Q2.2017</b>
Basis for earnings per share	-1,959	5,001
Numbers of shares	29,459	26,794
Earnings per share	-0.07	0.19

## 3 Events after the reporting date of June 30, 2018

There were no significant events after the balance sheet date.

## GROUP AUDIT CERTIFICATE

### To MAX Automation SE, Düsseldorf

We have audited the condensed interim consolidated financial statements comprised of the condensed balance sheet, the condensed statement of comprehensive income, the condensed statement of cash flows, the condensed statement of changes in equity, the condensed segment reporting and select explanatory notes – and the interim Group management report prepared by MAX Automation SE for the period January 1 to June 30, 2018, which are part of the interim financial report pursuant to Section 37w WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with IFRS applicable to interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim Group management reports is the responsibility of the company's management. Our responsibility is to issue a certificate on the condensed interim consolidated financial statements and the interim Group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institute of Auditors (IDW). These standards require that we plan and perform the audit so that we can preclude through critical evaluation, with moderate assurance, that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim Group management reports. An audit is primarily limited to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim Group management reports.

Hanover, August 14, 2018

Ebner Stolz GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Hans-Peter Möller  
Certified Public Auditor

Steffen Fleitmann  
Certified Public Auditor

## **RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVE**

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Düsseldorf, August 2018

MAX Automation SE  
Managing Directors

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CEO

Andreas Krause  
CFO

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This report is also available in German. In the event of differences, the German version takes precedent. The digital version of the MAX Automation SE annual report and the interim reports are available online at [www.maxautomation.com](http://www.maxautomation.com) under "Investor Relations / Financial Reports."

## DISCLAIMER

This quarterly report contains forward-looking statements regarding the business, earnings, financial and asset position of MAX Automation SE and its subsidiaries. These statements are based on the company's current plans, estimates, forecasts and expectations and are therefore subject to risks and uncertainties that could cause actual developments to differ significantly from those anticipated. These forward-looking statements are only valid at the time of publication of this quarterly report. MAX Automation SE does not intend to update these forward-looking statements and assumes no obligation to do so.