

Mobotix

Technology
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Intelligent surveillance systems

Mobotix develops and produces intelligent camera and integrated video systems primarily for security applications. Management has a five-year plan, transitioning the balance of the group from hardware towards software and services to provide a higher-margin recurring revenue stream. The recent year-end trading update was reassuringly positive.

A computer with a lens

Mobotix provides a suite of solutions for the surveillance industry. High-resolution and German quality cameras provide the graphics. Behind this lies the key software platform running Mobotix or third-party interpretation software. All this is supported by technical back-up to ensure high-quality cybersecurity and the ability to provide video surveillance as a service.

Five-year plan (to 2023)

The five-year plan involves developing the back-end architecture and increasing the level of service and support (consulting) revenues, which tend to be higher margin and recurring. The Mobotix 7 enabling platform was launched in 2019. The growth agenda is enhanced by the relationship with and investment from key shareholder/partner Konica Minolta. Alongside these expansion plans, there has been an internal restructuring programme to optimise the cost base. The plan targets more than €100m in revenue and c 12% operating margins for FY23.

Positive FY20 year-end trading update

The products business (c 90% of group revenue) reported sales growth of more than 10.3% to €67.9m, with the Americas particularly strong (+58%). Operating margins were up to 4.3% from 2.8% in FY19, assisted by restructuring but without the benefit of capitalised development costs. Full-year group results are due on 26 November.

Valuation attractive on delivery of plan

The group has an enterprise value of c €91m (market cap €75m, net debt at end-September 2019 €15.6m). This translates into an estimated 1.3x EV/sales in 2020. It is more interesting to look at the valuation based on the targets of the five-year plan. On c €100m of sales and an operating margin of 12%, EV/sales stands at 0.9x and EV/EBIT at 7.5x.

Price €5.75
Market cap €75m

Share price graph



Share details

Code MBQ
 Shares in issue 13.2m
 Net debt at end September 2019 €15.6m

Business description

Mobotix develops and produces intelligent digital camera and video systems primarily for security applications. An important element in the Mobotix product offering is the proprietary video management software and integration platform, along with consultancy/service support.

Bull

- The video surveillance camera market is forecast to grow 8% annually driven by security concerns. Cybersecurity, safe cities etc provide positive macro growth dynamics.
- Partnership with major shareholder (64.9% equity holder) Konica Minolta augments routes to market.
- Strong brand and technology reputation.

Bear

- Competition from low-cost Chinese camera imports.
- Historic financial performance including lack of sales growth and profitability.
- Niche player relative to peers (eg Honeywell and Bosch).

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Consensus estimates

Year end	Revenue (€m)	EBITDA (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
09/18	66.4	3.2	3.0	4.0	191.7	0.7
09/19	69.9	4.3	7.0	4.0	82.1	0.7
09/20e	74.0	5.0	15.0	8.0	38.3	1.4
09/21e	80.0	8.0	28.0	13.0	20.5	2.3

Source: Refinitiv

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