

# Mobotix

## Future pinned on new products and alliance

Mobotix develops and produces intelligent camera and video systems mainly for security applications. Increasing competition and margin pressure forced the company to take restructuring measures in FY17. New products and a closer co-operation with Konica-Minolta, the main shareholder with 65.5%, are the key elements of the turnaround in future.

### FY17: Losses trigger restructuring programme

In FY17, revenues dropped 17.7% to €65.5m. EBIT declined to a loss of €7.6m (FY16 loss €1m), about €1.8m of it provisioning for restructuring. The main drivers for the decline in revenues were lower camera systems sales due to tougher Chinese competition and weak product performance of the newly introduced Mx6 camera line, which did not fully meet customer expectations. Mobotix has gone through a significant revamp of its top management. In June 2017, Thomas Lausten joined as new CEO, he previously worked at Milestone Systems, a subsidiary of Canon, active in the same business as Mobotix. Hartmut Sprave was appointed the new CTO, joining in June 2018, and was previously head of software development at the television company Loewe.

### Closer co-operation with Konica-Minolta

Konica-Minolta has been a major shareholder of Mobotix since 2016, holding a 65% stake. Besides new products, a closer R&D and distribution co-operation with Konica-Minolta is an important element of the turnaround. In March 2018, Mobotix signed a technology agreement with Konica-Minolta, with the partner committing to invest €1.5m into the technology development of Mobotix (mainly interface software development, with Mobotix keeping the IP and licensing it to the partner).

### Earnings recovery in H1 FY18, new products in 2019

H1 FY18 revenues were €31.7m, flat yoy. Revenues also included €0.6m of contract development work for Konica-Minolta. Based on a lower material and personnel expense ratios, the H1 EBIT loss narrowed to €0.7m from €2.38m H117. For 2018, the company targets EBIT of €0.3m to €0.7m (previous target €0.7m). A more significant improvement will probably not come before the market introduction of a new, more advanced camera generation planned for summer 2019.

### Valuation: Pricing in recovery

With an H118 net debt position of around €13m and a market cap of €114m, the company is valued at roughly 2x EV/sales based on its FY18 revenue target.

#### Historical financials

Year end	Revenue (€m)	EBIT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
09/16	79.5	(1.0)	0.34	0.04	25.6	0.01
09/17	65.5	(7.6)	0.54	0.0	16.1	N/A
09/18e	N/A	N/A	N/A	N/A	N/A	N/A
09/19e	N/A	N/A	N/A	N/A	N/A	N/A

Source: Company data

## Technology

**Price** €8.70  
**Market cap** €114m

#### Share price graph



#### Share details

Code MBQ  
Listing Prime Standard  
Shares in issue 13.14m

#### Business description

Mobotix develops and produces intelligent digital camera and video systems mainly for security applications. An important element in the Mobotix product offering is the proprietary video management software.

#### Bull

- Strong technology track record, globally promising market growth potential for security systems.
- Turnaround plan showed positive effects in H118.
- Konica-Minolta is a technology and distribution partner.

#### Bear

- Toughening competition due to shrinking technology advantage.
- Several years of declining profitability.
- Potential governance issues related to the majority stake of and close co-operation with Konica-Minolta.

#### Analyst

Christian Breitsprecher +44 (0)20 3077 5700

[tech@edisongroup.com](mailto:tech@edisongroup.com)

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