

Voltabox

Powering ahead

Voltabox is a pure play on the anticipated growth of e-mobility, supplying high performance battery systems, drivetrain components and, following the acquisition of Navitas Systems, battery cells. As motive markets continue to transition from traditional lead acid batteries to newer Li-ion cell technologies, Voltabox appears well positioned to gain considerable shares in its addressable markets. In turn, this should augment already impressive growth expectations, with attractive margin prospects.

Rapid penetration of a growing market

Since winning its first order in February 2014 from Kiepe Electric to supply Li-ion battery systems for trolley buses in the US, Voltabox has developed rapidly. It has three operating segments. Voltapower is the core, supplying high performance battery systems for trolleybuses, intralogistics (forklifts and automated guided vehicles), mining equipment, and agricultural/construction vehicles. Voltaforce supplies lower voltage, smaller and lighter battery packs such as starter batteries for motorcycles, motor sports and 48V battery packs for mild-hybrid vehicle applications. Voltamotion has developed a range of drivetrain components and power electronics that enable full electrification of vehicles.

Building presence and expanding backlog

Having extended its US presence in system engineering and design through the €2.6m acquisition of Concurrent Design in April 2018, Voltabox acquired the US battery cell developer and manufacturer Navitas Systems for €36m in October 2018, vertically integrating into battery cell design and manufacture for the first time. In August it bought ACCURATE Smart Battery Solutions for €5m, the leading German supplier of battery systems for electric pedal cycles, significantly extending its consumer facing offerings. Voltabox is also building its first operations in China, a 3,400m² facility in Kunshan. At the end of June 2018 the company had a 100% weighted €740m order backlog for the next 60 months. Voltabox expects the global intralogistics battery market alone to almost treble to c \$11bn by 2023, with Li-ion penetration rising from 5% in 2018 to 50% in 2023.

Valuation: rating undemanding given growth

The Voltabox share price has come under pressure recently, which may be due to scepticism surrounding growth. Successful execution of the strategy should deliver consensus expectations, at least warranting the current FY19e P/E of 24.0x.

Consensus estimates						
Year end	Revenue (€m)	PBT (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/16	14.5	(4.2)	N/A	N/A	N/A	N/A
12/17	27.3	(0.1)	(2.1)	0.0	N/A	N/A
12/18e	65.7	4.1	17.5	0.0	98.7	0.0
12/19e	141.0	16.7	72.0	0.0	24.0	0.0

Source: Company reports, Bloomberg consensus estimates

Battery technologies

Price €17.27
Market cap €273m

Share price graph



Share details

Code VBX
 Shares in issue 15.82m
 Net cash (€m) at 30 June 2018 70.4

Business description

Voltabox is an electric power systems provider for e-mobility in industrial and selected consumer applications. It supplies high performance Li-ion battery packs for intralogistics, buses, mining and pedelecs from locations in Germany, the US and China. Following its IPO in 2017, paragon now owns 60%.

Bull

- A leader in high performance battery packs for specialised industrial use
- 60 month order backlog of €740m with 100% weighting at 30 June 2018, 11% global growth in current end markets forecast in FY18
- Ability to expand addressable market as further applications adopt newer battery technologies

Bear

- Maintaining specialist and niche mass market positions to avoid commoditisation
- Battery technologies are expected to develop rapidly over the next decade
- Execution risk of M&A strategy needs to be robustly managed

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