

# Accelleron Industries AG

Swiss convictions Bern

Recommended since 10.04.2024

10.04.2024



<b>Country</b> CH	<b>Market capitalization (bn)</b> CHF 3.4	<b>Perf. since reco. (%)</b>
<b>Sector</b> Industrial Goods & Servic	<b>Free float</b> 97.0%	Accelleron Industries AG 0.1
<b>Factset</b> ACLN-CH	<b>Closing price</b> CHF 34.96	Market -0.1
<b>ISIN</b> CH1169360919	<b>ESG Risk score*</b> 26.6	Medium risk

**Profile**  
Accelleron Industries AG engages in the development, production, and service of turbochargers and digital solutions. It operates through the Medium and Low Speed, and High-Speed segments. The Medium and Low Speed segment serves the merchant marine, cruise and ferries, offshore, and power generation industries. The High-Speed segment serves the energy and marine industries. The company was founded in 1905 and is headquartered in Baden, Switzerland.

**Strengths/opportunities**

- Strong presence in marine and North American gas compressor markets which ensure strong demand
- Accelleron is well-positioned to benefit from structural growth drivers such as decarbonization and fuel efficiency, offering long-term growth prospects with market share increase in high-speed diesel segment.

**Weaknesses/threats**

- Medium & Low speed segment faced margin impacts due to supply chain challenges indicating potential vulnerability
- Cyclical nature of the marine and energy sectors could impact demand for Accelleron's products

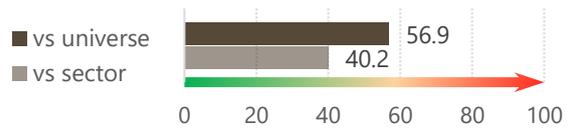
**Investment case**

- Accelleron's strong positioning in specific segments like marine turbochargers and gas compressors, combined with high barriers to entry, provides a competitive advantage.
- A significant portion of revenue comes from aftermarket sales, ensuring steady cash flow and fostering customer loyalty due to the long lifespan and maintenance needs of turbochargers.
- Attractive dividend yield, coupled with potential share buyback programs, could provide a solid underpinning for the stock.
- As the industry shifts towards decarbonization, Accelleron's products and innovations aimed at improving fuel efficiency and reducing emissions position it well to capitalize on these trends.

**Valuation**

Since the ABB spin-off Accelleron shows a very positive trajectory with financial robustness and strategic market positioning. Thus the share is fairly valued. However, the positive momentum towards sustainability enhancing its long-term growth potential.

**ESG risk vs. universe & sector (percentile)\***



USD	12/2023	2024e	2025e
Sales revenue (bn)	822	962	993
Sales growth	5.3%	17.0%	3.2%
EBIT adjusted (bn)	122	224	249
% of sales	14.9%	23.3%	25.1%
Net income (bn)	91	162	185
Net income growth	-25.9%	78.0%	14.2%
FCF/Sales	11.9%	14.4%	17.2%
Net debt/Ebitda	1.6x	0.8x	0.5x
Dividend yield	2.4%	4.0%	4.5%
PE	27.1x	21.5x	19.3x
P/BV	13.1x	9.9x	8.6x

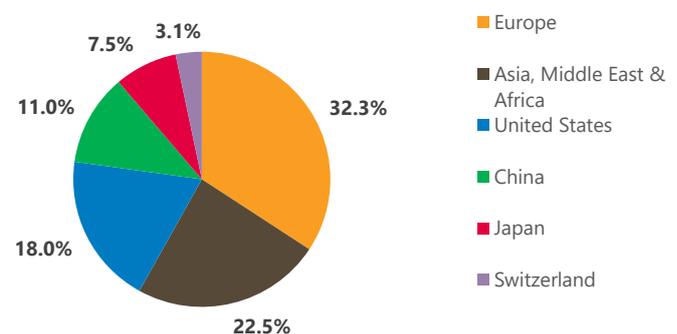
**ESG - risks and key points**

- Strong governance with transparent reporting and effective risk management.
- Investment in employee development and community engagement.
- Focus on decarbonization and energy efficiency in products but at the core products are using fuels.

**Performance vs SPI**



**Sales breakdown - 12/2023**



\*: see overleaf

Source: Factset, Sustainabilitycs

# Glossary

## Satellite

From 2015, B&Cie separates its investment recommendations into Core Holdings (higher organic growth potential, high free cash flow, ROCE in excess of the cost of capital and balance sheet efficiency throughout the cycle) and Satellite Recommendations, which do not meet the above criteria but are likely to outperform in the short-to-medium term.

## ESG Risk Score

At B&Cie, we take particular care to ensure that the companies in which we recommend investing are sustainable. Accordingly, our selection process takes account of risks relating to environmental, social and governance (ESG) issues. This approach is underpinned by research from Sustainalytics, the global leader in ESG and corporate governance analysis, whose methodology aims to identify major controversies and risks and assess a company's ESG risks relative to both its sector and the investment universe as a whole. The corresponding score is expressed as a percentile: the lower the overall risk score, the lower the risk within the investment universe.

## b-Digital, b-Transition & b-Well

Over and above the conventional geographical and sectoral approaches to asset management, at B&Cie we believe the world of tomorrow is being shaped by structural trends. We have identified three main megatrends: ongoing digital globalisation of the economy; economic transition, particularly in the energy sector; and the quest for wellness. We believe selecting and investing in companies that play an active role in these transformations should lead to more resilient portfolios that generate higher long-term returns. Our investment recommendations in the digital globalisation space are labelled "b-Digital", those in the economic transition space "b-Transition" and those in the wellness space "b-Well". A given recommendation may fall under more than one theme, in which case it will carry the relevant matching labels.

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