EDISON

Mikron Holding

H126 results

On track to hit FY26 targets

General industrials

20 July 2026

Mikron reported H126 results that confirmed a slowdown in revenue after a record H125 performance. Despite the lower revenue, the operating margin remained within the range expected for FY26. While the Automation business saw slower revenue and order intake as pharma customers digested recent purchases, the Tool business saw strong growth and the Machining business appears to be approaching the bottom for order intake. The company reiterated its outlook for FY26 and we maintain our forecasts.

Year end	Revenue (CHFm)	PBT (CHFm)	EPS (CHF)	DPS (CHF)	P/E (x)	Yield (%)
12/24	374.1	31.7	1.72	0.50	9.4	3.1
12/25	381.9	37.9	1.96	0.60	8.2	3.7
12/26e	359.2	29.3	1.49	0.50	10.8	3.1
12/27e	372.1	31.9	1.62	0.54	9.9	3.4

Note: PBT and diluted EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

H126 revenue CHF180.5m, operating margin 8.9%

In H126 Mikron reported a revenue decline of 5.9% y-o-y (3.5% in constant currency) to CHF180.5m. Automation declined 8.0% y-o-y, Machining declined 13.4% and Tool grew 12.6%. Operating profit declined 25.5% to CHF16.1m and the operating margin was down 2.3pp to 8.9%. Order intake declined 39.1% y-o-y to CHF134.5m (book-to-bill 0.75x), with Automation down 54.0%, Machining down 0.9% and Tool up 17.6%. Net cash at end-H126 was flat versus end-FY25 at CHF98m.

Expanding global footprint

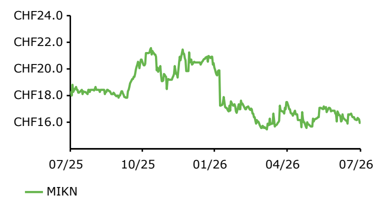
Various investments are underway to support growth globally, including a new Tool facility in the US and a new legal entity being set up in India to support activities across all three divisions in the region. The Boudry Next capacity expansion project is progressing well and should be complete by year-end; this should benefit operating margins from FY27. Cost reduction measures have been implemented, benefiting FY26 margins. This is in addition to the longer-term operational excellence programme, which should support higher operating margins from FY27. Management maintained its guidance for FY26: revenue of CHF340–380m and an operating margin in the range 7–10%. We maintain our forecasts, which are within the ranges.

Valuation: Modest growth presents upside

On a P/E basis, the stock trades at a significant discount to Swiss industrial machinery companies and its main US peer, partly due to lower-than-average revenue growth and margins. Our discounted cash flow analysis (assumptions: WACC 7.5%, long-term growth 2%, revenue growth of 3% per year and average operating margins of 8.5% from FY28–35) calculates a value of CHF23.6/share, 47% above the current share price. If we factor in the target growth rate of 5% per year and average margins of 9.5% (mid-point of the target range), the valuation increases to CHF29.8/share. We view returning to order growth as the near-term trigger to reduce the discount.

Price	**CHF16.10**
Market cap	**CHF269m**
Net cash/(debt) at end H126	CHF98.2m
Shares in issue	16.7m
Free float	45.0%
Code	MIKN
Primary exchange	SWX
Secondary exchange	N/A

Share price performance



Business description

Mikron Holding (Mikron) develops, produces and markets highly precise, productive and adaptable automation solutions and machining solutions.

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Mikron Holding is a research client of Edison Investment Research Limited

Review of H126 results

The company reported H126 revenue of CHF180.5m, down 5.9% y-o-y or 3.5% in constant currency. This resulted in a decline in operating profit of 25.5% y-o-y. The operating margin declined 2.3pp to 8.9% but was within management's 7–10% FY26 guidance range. Net income of CHF13.8m was 24% lower year-on-year, after tax of CHF1.9m (11.9% rate).

Group order intake fell 39% and the order backlog declined 34%, with a group book-to-bill of 0.75x. We discuss divisional performance below. For the first time, the company has split the performance of Machine Solutions into Machining and Tool.

Operating cash flow of CHF17.0m was offset by capex of CHF7.1m and payment of the dividend (CHF9.9m). The company noted that investment in its Boudry expansion project made up CHF3.9m of capex in H126 and will cost a further CHF3.2m in H226, when the project should complete. The group continues to maintain a strong net cash position of €98.2m at the end of H126.

Exhibit 1: H126 results highlights

CHFm	H126	H125	y-o-y
Order intake			
Automation	77.6	168.8	-54.0%
Machining	23.1	23.3	-0.9%
Tool	34.0	28.9	17.6%
Total	134.5	220.7	-39.1%
Order backlog			
Automation	175.9	274.0	-35.8%
Machining	49.1	73.2	-32.9%
Tool	7.4	4.9	51.0%
Total	232.3	351.9	-34.0%
Net sales			
Automation	115.6	125.7	-8.0%
Machining	32.1	37.1	-13.4%
Tool	33.0	29.3	12.6%
Total	180.5	191.9	-5.9%
Book-to-bill (x)			
Automation	0.67	1.34	
Machining	0.72	0.63	
Tool	1.03	0.99	
Total	0.75	1.15	
Operating profit	16.1	21.6	-25.5%
Operating margin	8.9%	11.3%	-2.3pp
Profit before tax	15.7	20.6	-23.6%
Net income	13.8	18.3	-24.2%
Basic EPS (CHF)	0.83	1.10	-24.5%
Net cash	98.2	103.0	-4.7%

Source: Mikron

Mikron Automation

Revenue normalised after an exceptionally strong performance in H125 and was 8.0% lower year-on-year. Pharma/ Medtech continued to generate 97% of revenue. Revenue by geography shifted, from 66% in Europe in H125 to 52% in H126. Revenue from North America increased from 15% to 17% y-o-y and Asia-Pacific from 8% to 18%. Order intake declined 54% y-o-y, reflecting weakness in Europe, but was 22% higher half-on-half. Management noted that performance in the US market had not been in line with expectations and various measures have been undertaken, including changing the management there and adding more sales resource to ensure Mikron is involved in all relevant pitches.

Mikron Machining

The market environment remained challenging with revenue down 13.4% y-o-y after a 14.7% decline in H125. Order intake showed signs of stabilising, down only 0.9% y-o-y, and management expects improved order intake in H226 from new applications. By end market, the contribution from consumer goods (mainly watches) dropped from 46% to 37% of revenue with most of the difference increasing the Other category. By geography, the increase in contribution from Europe from 23% to 27% was offset by a decrease from North America from 20% to 16%. The order backlog declined 32.9% y-o-y to CHF49.1m.

Mikron Tool

The Tool division saw 17.6% order growth and 12.6% revenue growth in H126. Revenue contribution by end market and geography was essentially unchanged year-on-year. This business has had a more stable performance over the last three half years, we believe because cutting tools need to be replaced more frequently due to wear and tear. The company also noted that it has benefited from new applications, new sales channels and the trend towards productivity optimisation by customers.

Exhibit 2: Mikron Automation revenue by end market

By Industry

	H1 2024	H1 2025	H1 2026
Automotive	5%	1%	2%
Pharma/Medtech	92%	97%	97%
Writing	0%	0%	0%
Consumer Goods	0%	0%	0%
Others	3%	2%	1%

Source: Mikron

Exhibit 3: Mikron Machining revenue by end market

By Industry

	H1 2024	H1 2025	H1 2026
Automotive	9%	13%	13%
Pharma/Medtech	2%	8%	8%
Writing	17%	18%	20%
Consumer Goods	46%	46%	37%
Others	26%	15%	22%

Source: Mikron

Exhibit 4: Mikron Tool revenue by end market

By Industry

	H1 2024	H1 2025	H1 2026
Automotive	12%	10%	10%
Pharma/Medtech	7%	6%	6%
Writing	2%	5%	5%
Consumer Goods	5%	14%	13%
Others	74%	65%	66%

Source: Mikron

Geographical expansion

A new Mikron Tool facility in the US is expected to start operations in Q326 and a new legal entity for the Automation and Machining divisions was incorporated in India, supporting the company's ambitions to grow in both regions.

Partnership for dry powder inhaler manufacturing

In April, the company announced a partnership with 3P innovation, a manufacturer of automation systems for dry power inhalers (DPIs). This partnership has been formed to develop and deliver a fully integrated solution, made up of complementary technologies, for DPI blister strip production, filling and device assembly. The two companies have previously collaborated, but this agreement moves the relationship to a more formal footing. DPIs typically consist of a disc-shaped plastic inhaler within which a blister strip containing multiple doses of medication in powder form is coiled. We understand that 3P innovation would provide the automated system for producing the blister pack, which would then be fed into a Mikron system to assemble the final inhaler product. The company is hopeful that the first customer contract under this partnership could be signed by year-end.

Outlook

The company confirmed its FY26 guidance for sales of CHF340–380m and an operating margin of 7–10%. We maintain our forecasts.

Exhibit 5: Financial summary

CHF'm	2020	2021	2022	2023	2024	2025	2026e	2027e
Year end 30 June	Swiss GAAP	Swiss GAAP	Swiss GAAP	Swiss GAAP	Swiss GAAP	Swiss GAAP	Swiss GAAP	Swiss GAAP
INCOME STATEMENT								
Revenue	257.8	289.5	309.4	370.2	374.1	381.9	359.2	372.1
EBITDA	(8.7)	27.1	34.4	42.4	41.3	49.5	40.1	42.9
Normalised operating profit	(20.1)	18.0	25.8	33.4	31.9	39.5	29.9	32.5
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	(0.7)	(0.4)	0.7	1.8	(0.8)	(0.3)	0.0	0.0
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported operating profit	**(20.8)**	**17.6**	**26.4**	**35.3**	**31.2**	**39.2**	**29.9**	**32.5**
Net Interest	(2.3)	(0.9)	(0.8)	(1.3)	(0.2)	(1.6)	(0.7)	(0.7)
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	(22.4)	17.2	24.9	32.1	31.7	37.9	29.3	31.9
Profit Before Tax (reported)	(23.1)	16.7	25.6	34.0	31.0	37.6	29.3	31.9
Reported tax	1.0	0.3	(1.4)	(5.2)	(3.1)	(5.1)	(4.4)	(4.8)
Profit After Tax (norm)	**(21.4)**	**17.5**	**23.6**	**27.2**	**28.6**	**32.7**	**24.9**	**27.1**
Profit After Tax (reported)	**(22.1)**	**17.0**	**24.2**	**28.8**	**27.9**	**32.5**	**24.9**	**27.1**
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	**(21.4)**	**17.5**	**23.6**	**27.2**	**28.6**	**32.7**	**24.9**	**27.1**
Net income (reported)	**(22.1)**	**17.0**	**24.2**	**28.8**	**27.9**	**32.5**	**24.9**	**27.1**
Basic average number of shares outstanding (m)	16	16	17	17	17	17	17	17
EPS - basic normalised (CHF)	(1.31)	1.06	1.43	1.64	1.72	1.96	1.49	1.62
EPS - normalised fully diluted (CHF)	(1.31)	1.06	1.43	1.64	1.72	1.96	1.49	1.62
EPS - basic reported (CHF)	(1.35)	1.04	1.47	1.73	1.68	1.95	1.49	1.62
Dividend (CHF)	0.00	0.24	0.40	0.50	0.50	0.60	0.50	0.54
Revenue growth (%)		12.3	6.9	19.6	1.0	2.1	(6.0)	3.6
EBITDA Margin (%)	(3.4)	9.4	11.1	11.5	11.1	12.9	11.2	11.5
Normalised Operating Margin (%)	(7.8)	6.2	8.3	9.0	8.5	10.3	8.3	8.7
BALANCE SHEET								
Fixed Assets	112.4	135.4	133.7	102.8	115.5	126.2	142.8	149.2
Intangible Assets	3.8	3.6	2.9	2.5	3.5	3.4	4.3	5.2
Tangible Assets	75.6	87.7	88.2	87.4	100.0	112.4	128.1	133.6
Investments & other	33.0	44.1	42.6	12.8	12.1	10.4	10.4	10.4
Current Assets	164.7	164.6	212.2	271.5	283.6	252.9	250.0	263.1
Stocks	56.1	53.4	64.0	81.5	73.5	67.9	63.9	66.2
Debtors	68.2	56.7	83.8	105.9	86.9	84.9	87.6	90.6
Cash & cash equivalents	38.4	54.1	29.2	34.0	113.3	65.1	63.4	71.2
Other	2.0	0.4	35.2	50.1	10.0	35.0	35.0	35.0
Current Liabilities	(115.6)	(114.2)	(143.3)	(157.0)	(161.4)	(127.9)	(126.9)	(127.6)
Creditors	(43.3)	(41.9)	(48.5)	(51.2)	(55.8)	(61.2)	(60.1)	(60.9)
Tax and social security	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term borrowings	(14.2)	(2.1)	(1.8)	(1.2)	(1.0)	(0.5)	(0.5)	(0.5)
Other	(58.1)	(70.2)	(92.9)	(104.6)	(104.6)	(66.3)	(66.3)	(66.3)
Long-Term Liabilities	(16.0)	(20.7)	(16.6)	(13.4)	(11.5)	(14.6)	(14.5)	(14.4)
Long-term borrowings	(10.1)	(5.6)	(3.8)	(2.6)	(2.1)	(1.6)	(1.5)	(1.4)
Other long-term liabilities	(5.9)	(15.1)	(12.8)	(10.8)	(9.5)	(13.0)	(13.0)	(13.0)
Net Assets	145.5	165.1	186.0	203.8	226.2	236.6	251.5	270.3
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	145.5	165.1	186.0	203.8	226.2	236.6	251.5	270.3
CASH FLOW								
Op Cash Flow before WC and tax	(8.7)	27.1	34.4	42.4	41.3	49.5	40.1	42.9
Working capital	21.2	24.5	(6.3)	(29.8)	32.7	(26.0)	0.3	(4.5)
Exceptional & other	0.4	1.7	3.2	3.1	0.0	0.6	0.0	0.0
Tax	(1.5)	(1.7)	(2.8)	(3.9)	(4.4)	(9.8)	(4.4)	(4.8)
Net operating cash flow	11.5	51.6	28.5	11.8	69.6	14.3	36.0	33.7
Capex	(15.3)	(20.4)	(11.3)	(9.4)	(21.3)	(25.7)	(26.8)	(16.8)
Acquisitions/disposals	4.3	0.7	0.3	28.5	(0.0)	0.5	0.0	0.0
Net interest	(2.7)	(1.2)	(0.9)	(0.4)	0.6	(1.4)	(0.5)	(0.5)
Equity financing	0.0	0.0	0.0	(1.5)	(0.7)	(0.4)	0.0	0.0
Dividends	0.0	0.0	(3.9)	(6.6)	(8.3)	(8.3)	(10.0)	(8.3)
Other	0.0	0.0	0.0	0.4	0.6	0.8	0.0	0.0
Net Cash Flow	(2.2)	30.7	12.6	22.7	40.6	(20.4)	(1.4)	8.1
Opening net debt/(cash)	(16.4)	(16.1)	(46.8)	(58.8)	(80.3)	(120.2)	(98.0)	(96.5)
FX	(0.4)	0.1	(0.5)	(1.3)	0.5	(2.1)	0.0	0.0
Other non-cash movements	0.3	(0.5)	(0.2)	0.0	(1.2)	0.3	(0.1)	(0.2)
Closing net debt/(cash)	(16.1)	(46.8)	(58.8)	(80.3)	(120.2)	(98.0)	(96.5)	(104.4)

Source: Mikron, Edison Investment Research

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