

FLASH NOTE

# Kontron - Buy

Target Price: EUR 26.46 | Close as of 15/05/2024: EUR 19.50

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## Katek stake now at 87% - positive

**Key takeaways:** Kontron's delisting offer to minority shareholders of Katek, which ended Friday, May 13, increased Kontron's stake to 87.3% in Katek. Delisting of Katek is now scheduled for tomorrow, May 17, 2024, after close. The total buying consideration for the acquired stake is about EUR 190mn.

The acquired stake is higher than Kontron's management expected and higher than we would have guessed. We have no information about the remaining minority shareholders (yet). Settlement of the delisting offer is up to 8 days after the offer expires, hence, next week.

### Katek acquisition

Seller	Stake	Price EURmn
Primepuls	59.40%	128.8
Delisting offer	27.0%	58.5
on the market	~1.0%	2.2
<b>Total</b>	<b>87.3%</b>	<b>189</b>
remaining stake	12.7%	

Source: Company; Erste Group Research

Integration of Katek has already started and Kontron targets new, combined products to be introduced towards year end. These products will be a combination of Katek's hardware and Kontron's software, e.g. smart EV charging stations, or smart inverters.

The acquired stake could still increase by a few percentage points as Kontron has been buying shares on the market up to its offer price of EUR 15 per share, and will keep doing so until the stock is delisted tomorrow after close

**Our view:** *We are positively surprised by the high stake Kontron could acquire through its delisting offer to minorities. There is now obviously no stress to initiate a squeeze out, which was indicated in 1-2years time. Kontron has guided a net profit in FY24 incl. an 83% Katek stake of EUR 100mn, where Katek's contribution is guided to be EUR 13mn. Valuation is attractive based on Kontron's guidance, but also based on smart estimates, with a P/E of 12x (vs Advantech of ~30x) for FY24. Kontron is currently the cheapest IOT play in our peer group on both EV/EBITDA and P/E, hence we would see the share price level as clear buying opportunity, despite the integration risk.*



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