

TeleAlarm sale closed at EUR 39m

Kontron has agreed to sell the TeleAlarm business, that has been part of the recently acquired Katek SE, back to the former majority owner of Katek, a wholly owned subsidiary of Primepulse, for EUR 39m. TeleAlarm provides hardware and software solutions that help seniors and people with physical disabilities to lead a relatively independent life in familiar surroundings. As TeleAlarm is expected to realize sales of more than EUR 24m and EUR 4m net profit in 2024, the purchase price translates into a forward sales multiple of 1.6x and a forward PE multiple of 9.8x. While we don't think that this transaction affects the overall appeal of the underlying deal, it makes the acquisition easier to digest for Kontron both from organizational and a financial standpoint and underpins Kontron's sole focus on IoT solutions. We have a buy rating on the share, PT EUR 29.

More background to the transaction:

- According to our calculations, Kontron paid around EUR 187m for 87.3% of Katek SE, which translates into a valuation of EUR 215m for 100% of the company.
- Stripping out the TeleAlarm business, Kontron is going to value Katek at EUR 176m (EUR 215m minus EUR 39m). This means that the expected PE multiple for the transaction in 2024 will change from 14x (215/15) to 16x (176/11).
- That also means that Kontron will pay an even cheaper sales multiple for the remainder of Katek, which we assumed to be around 0.3x for the full company including TeleAlarm.
- Kontron's CFO Clemens Billek will be appointed CFO of the Katek board, which we consider to be a formality.

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