

Announces 2nd “game changer” acquisition in 2023 within a week

Kontron has announced the 2nd acquisition within one week. It has signed a contract to buy the Swiss Comlab AG. Comlab is a service provider in the field of radio frequency technology and a specialist for repeaters for radio systems in trains. The deal terms appear highly attractive, as Kontron will pay a low single digit forward PE multiple. We have a buy rating on the stock, PT EUR 28.

More details on the transaction:

- In 2022, Comlab realized revenues of EUR 20m and a net profit of around zero. We heard that Kontron pays a purchase price of EUR 7m, which translates into a revenue multiple of 0.35x. For 2024, the company is supposed to realize revenues of EUR 25m and a net income of EUR 2m, which translates into an EV / Sales multiple below 0.3x and a highly attractive PE multiple of only 3.5x.
- Comlab will be integrated into Kontron Transportation and fits well into the high-speed train business, we think.
- The deal is expected to close already in July.
- Despite being an “AG”, Comlab is not listed at the stock exchange.
- This is the 2nd “game changer” transaction. These are supposed to sum up to EUR 250m acquired revenues in both 2023 and 2024, financed by the proceeds of the IT Service disposal last year. So far, Kontron has acquired revenues of EUR 120m in 2023.

Knud Hinkel
+49 69 58997 419, knud.hinkel@paretosec.com

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