

Creating the European champion in the IoT market

DEAL FLASH | TMT | PRIVATE EQUITY | NOVEMBER 2021

DEAL SNAPSHOT

SECO S.p.A., a key player in the fields of technological innovation, internet of things (IoT) and artificial intelligence solutions, and listed on the STAR segment of the Italian Stock Exchange (Ticker: IOT:MI), has entered into a binding agreement to acquire the entire share capital of **Garz & Fricke Holding GmbH (G&F)** from the financial investor **Afinum Management GmbH** and minority shareholders.

Founded in 1992 and based in Hamburg, Germany, G&F is a leading supplier of standard and custom edge human-machine interface (HMI) solutions, and a tailored ecosystem of IoT, software and payment solutions. The company was acquired by Afinum in 2017 and has since expanded its operations, completing two strategic acquisitions in the edge system and software application sectors. Today G&F operates under three complementary brands: Garz & Fricke, Keith & Koep and e-GITS.

SECO is a pioneer of innovation and technological integration. The company has been operating in the high-tech market for over 40 years, designing, developing and manufacturing cutting-edge proprietary technological solutions for industrial clients. Its products range from miniaturized computers to standard or customized hardware, high-tech finished products and hardware-software integrated systems for highly diversified end markets, including medical, industrial automation, aerospace and defense, wellness and vending systems.

“This combination is an ideal strategic fit and will allow our customers to benefit from the development of a wider product offering and improved operations, by integrating the existing G&F solutions into SECO’s technological and operational platform.”

STEFAN HECZKO

CEO

GARZ & FRICKE HOLDING GMBH
GERMANY

OAKLINS ASSISTS IN FINDING THE RIGHT PARTNER

Oaklins’ team in Germany acted as advisor to the sellers. The team’s knowledge of the company and a personal relationship with the founders and Afinum, from the previous buyout process in 2017, were crucial in successfully closing the transaction in a short time frame.

GARZ  FRICKE

MARKET TRENDS & DEAL DRIVERS

The acquisition of G&F represents a unique strategic opportunity for SECO to establish a major international champion in the IoT edge computing industry, building the largest listed European company and the number three player globally.

The combination is highly complementary across multiple dimensions, reinforcing SECO's presence in the strategic DACH market and adding scale in attractive growth markets such as the USA.

There are additional revenue synergies of US\$29 million from cross-selling and up-selling opportunities, resulting in approximately US\$13 million additional revenue EBITDA. These synergies are to be realized in the three years after closing.

M&A VALUATION ASPECTS

The terms of the agreement envisage a total consideration of US\$210 million on a cash-free and debt-free basis, corresponding to an implied EV/EBITDA multiple of 11.2x based on expected December 2022 adjusted G&F EBITDA (including run-rate cost synergies) of approximately US\$18.5 million (14.9x excluding synergies) or circa 7.0x fully synergized.

TALK TO OUR ADVISOR

✉ **JAN P. HATJE**

Managing Partner
Germany
T: +49 40 34914175

Jan leads Oaklins' internet of things team as well as the technology team in Germany. Jan has a strong network in this industry and is in regular contact with the key players. As part of his sector focus, he continuously follows developments, publishes newsletters and attends major events. He has advised a number of clients on both M&A and strategic development. He has a deep understanding of the market dynamics and value drivers regarding smart devices, connectivity, big data and intelligent solutions. Notable transactions Jan has completed include vyzVoice and Höft & Wessel (now Almex).

“Garz & Fricke and SECO are a perfect match for each other! This is a fantastic deal and it was an honor to be part of the creation of an IoT champion.”

JAN P. HATJE
MANAGING PARTNER, OAKLINS, GERMANY



OAKLINS HAS CLOSED 1,107 DEALS IN TMT

Oaklins is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

Oaklins

© 2021 Oaklins. All rights reserved.

Oaklins is the collective trade name of independent member firms affiliated with Oaklins International Inc. For details of the nature of affiliation, please refer to www.oaklins.com/legal.