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Company Comment	IT/Technology	Finland	04 December 2020
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## Acquires majority of Hungarian Supercharge

**Siili has agreed to buy a 55% stake in Hungarian Supercharge, which will become a second international Core Unit. The deal EV/EBITDA on 2019 numbers is 9.3x, but we anticipate the 2020-looking EV/EBITDA multiple to be around 7x. The acquired company accelerates Siili's internationalization and should deliver synergies both on sales and production. At first glance our read is positive on the deal which boosts Siili's sales by >10%.**

### More than 10% new sales acquired with multiple below Siili's

Siili has agreed to buy a 55% stake in Hungarian Supercharge for EUR 9.2m (max). The deal is expected to close by February after the 2020 numbers are closed. In 2019 Supercharge posted sales of EUR 9.2m and EBITDA of EUR 1.8m and thus the EV/EBITDA multiple in the transaction is 9.3x. However, Supercharge has a strong growth track record (2016-2019 CAGR of 51%) and we believe the growth has continued in 2020 despite COVID-19. Consequently, the 2020E EV/EBITDA multiple should be around 7x, which is somewhat below Siili's current multiple of 9x. Hence, the transaction should result in positive multiple arbitrage for shareholders. We expect Supercharge to increase Siili's 2021 sales by more than 10%. Siili will fund the deal with its cash reserves and a new bank loan. We have projected Siili's 2020-end net debt to be below zero (EUR -2m) and estimate that the company has acquisition capacity of up to EUR 30m.

### Sales and production synergies expected

Supercharge should allow Siili to accelerate its international expansion. The new company brings some relevant new customers to the group and Siili can exploit cross-selling of its Core and Portfolio companies' services. In addition Supercharge brings some technological know-how and the company has wider resources which can be exploited cross-border in the group's projects. We also note that the lock-up period is relatively long as Siili has the right to buy the remaining part of the company gradually between 2024-2026. So, one can expect the acquired company's management to be committed to the business development looking forward. All in all, we find the deal value and match to the strategy attractive at first glance.

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