

IT services company ESAS Group acquires telecom infrastructure specialist Teletronika and a stake in Lomitel-Zuid

Deal Highlights

- IMAP advised on the sale of the Teletronika Group and a 50% stake in Lomitel-Zuid B.V. Both companies are engaged in the design, construction and maintenance of fiber-optic and coaxial networks. In total, the Company comprises of six locations in the Netherlands and a subsidiary in Belgium.
- In addition, Teletronika, Lomitel and another fellow industry player operate TeleZuid B.V., a commercial vehicle to secure large tenders, as a joint venture. Teletronika and Lomitel's combined 50% stake in TeleZuid was integrally part of the transaction.
- The buyer, ESAS Group, is a Belgian company that provides information and communication technology. As well as installing, monitoring and maintaining any connected devices, it offers end-to-end remote services, field services, outsourcing and software solutions.
- The sellers' wish to retire drove the transaction and the private equity-backed buyer executed a buy-and-build strategy.
- The acquisition enables ESAS not only to develop a full service model for its clients, but also provides entry into the Dutch market.



Market Outlook

- The market for underground infrastructure contractors is characterized by high client dependency, with a few large strategic players including powerful telecom powerhouses such as KPN and VodafoneZiggo.
- KPN and VodafoneZiggo prefer to engage with as few suppliers as possible. Therefore, contractors are expected to be able to offer the most complete service packages, resulting in a high level of market consolidation, joint ventures such as TeleZuid and other M&A opportunities.
- There are a number of regional parties active that sooner or later, will be taken over by larger national or international strategists.

Valuation Summary

- Transaction multiples in the Netherlands for contractors in the fiber-optic and coaxial underground infrastructures field, typically range from 4x – 5x EBITDA.
- In this transaction, the buyer was willing to pay a strategic premium in order to gain entry into the Dutch market, as well as access technology that was previously unavailable to them.
- The transaction value has not been disclosed.

IMAP Approach

- IMAP Netherlands acted as sell-side advisor to the majority shareholder. The minority shareholders will act predominantly as company management and remain fully committed moving forward.
- Significant value was added by IMAP Netherlands, who guided its clients through this complex transaction, with many different subsidiaries and various sets of minority shareholders.
- Negotiations on pricing led to a higher than expected deal value and intense due diligence guidance contributed to the successful execution of the deal.
- IMAP Netherlands has a very strong track record in this consolidating industry having closed over 10 deals in the sector since 1998.

Client Comment

Frank and Adrie de Bakker, Majority Shareholders:

“IMAP, as a competent and trustworthy partner, guided us fantastically through the deal of our lives. Not only did the outcome of the price negotiations exceed our expectations, it gives us enormous satisfaction that with ESAS, our family business has an appropriate new owner who respects our Company and its employees. We give them five out of five stars!”

IMAP Transaction Advisors

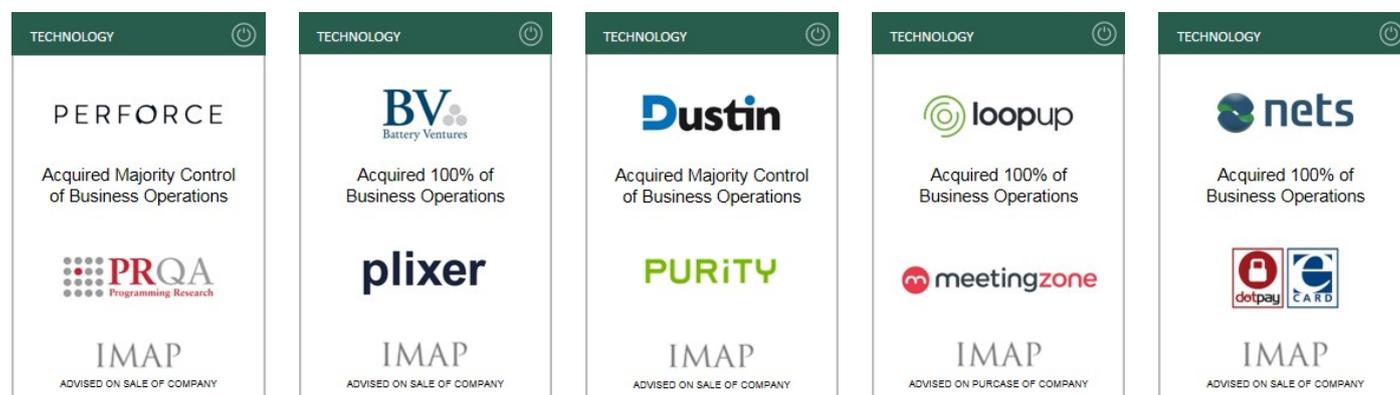


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IMAP has closed 109 transactions in the Technology sector globally since 2015



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