

Press release 4 May 2018

## **Allgon has entered into an agreement to acquire Tele Radio - aims to become a global player in industrial radio remote control**

**Allgon AB (publ) ("Allgon" or the "Company") has today entered into an conditional agreement to acquire all shares in Tele-Radio International Holding AB ("Tele Radio"). Tele Radio is an international player with more than 240 employees and operations in more than 15 countries. Tele Radio develops, manufactures and markets radio remote control products for industrial use. The acquisition will be carried out at a purchase price of SEK 350 million on a debt and cash free basis with a possible additional purchase price of up to a maximum of SEK 50 million. The acquisition agreement is conditional upon Allgon receiving sufficient funding to complete the acquisition. The Company intends to finance part of the acquisition through a share rights issue and has retained ABG Sundal Collier to evaluate the possibilities and assess the conditions to issue debt instruments or to raise other loan financing.**

### *About Tele Radio*

Tele Radio develops and manufactures radio remote control products for industrial use and is one of the leading players in Europe. Tele Radio's products include advanced radio systems specially adapted for heavy industry where the demands for security and reliability are high. Tele Radio also offers simpler systems. Through its global network of subsidiaries and authorized dealers, Tele Radio offers a comprehensive range of services in addition to its broad product portfolio. Tele Radio has consistently a very high customer satisfaction and repurchase rate.

- *Tele Radio has made an impressive journey in growth, together we are now moving towards becoming a global player in industrial radio remote control, says Johan Hårdén, CEO of Allgon.*
- *We see this as a logical transaction where we create a strong business area and gather years of experience and core competence in industrial radio remote control, says Ola Samelius, CEO of Tele Radio.*

Tele Radio, with its head office in Gothenburg, Sweden, employs more than 240 people. Tele Radio has had a strong historical growth rate with a compound annual growth rate in net sales of approximately 12 percent since 1999. Tele Radio had, during the financial year 2017, net sales of approximately SEK 252 million and an adjusted EBITDA, including estimated IFRS effects, of SEK 51 million. In the first quarter of 2018, Tele Radio had growth of over 20 percent.

### *About the transaction*

Through the two companies, Tele Radio and Allgon with the subsidiary Åkerströms, Allgon's radio remote control business will become a strong global company in industrial radio remote control, a market of approximately SEK 5 billion and a compound average growth rate of approximately 12 percent during the period 2014-2016<sup>1</sup>. The management of Tele Radio and Åkerströms believes that the companies complement each other well from an operational, commercial and financial perspective. Furthermore, the companies see potential synergy effects of approximately SEK 15 million on an annual basis that will be realized over a three-year period.

The purchase price amounts to SEK 350 million on a cash and debt free basis with a potential additional purchase price of SEK 50 million, provided that certain financial targets for Tele Radio are fulfilled. Furthermore, in connection with the completion of the transaction, Allgon will refinance some existing loans.

The acquisition agreement is conditional upon Allgon receiving sufficient funding to complete the acquisition.

### *Financing*

As part of the acquisition payment, Allgon will issue ordinary shares of approximately SEK 66 million to some of Tele Radio's management and one of the main shareholder in Tele Radio. Furthermore, the Company intends to finance part of the acquisition through a share rights issue and has retained ABG Sundal Collier to evaluate the possibilities and assess the conditions to issue debt instruments or to raise other loan financing.

### *Financial information*

In 2017, Tele Radio had revenues of approximately SEK 252 million with an adjusted EBITDA, including estimated IFRS effects, of SEK 51 million. Allgon reports in accordance with IFRS as adopted by the EU and Tele Radio pursuant to the Swedish Annual Accounts Act (1995:1554) (Sw. *Årsredovisningslagen*) and according to Swedish Accounting Standards Board (Sw. *BFN*) BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3). The assessed IFRS effect is preliminary and has not been audited by the Company's auditor.

SEKm	Allgon 2017	Tele Radio 2017	Consolidated 2017
<b>Net sales</b>	<b>199</b>	<b>252</b>	<b>451</b>
<b>Adjusted EBITDA</b>	<b>11</b>	<b>42</b>	<b>53</b>
<i>Margin, %</i>	5.5%	16.9%	11.8%
Items affecting comparability	-2	-10	-12
<b>EBITDA</b>	<b>9</b>	<b>33</b>	<b>42</b>
<i>Margin, %</i>	4.6%	12.9%	9.2%
Assessed IFRS effect	-	8	8
<b>Adjusted EBITDA in accordance with IFRS</b>	<b>11</b>	<b>51</b>	<b>62</b>
<i>Margin, %</i>	5.5%	20.2%	13.7%

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<sup>1</sup> Based on a market study conducted by an external leading international consultant firm.

*This information is information that Allgon AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted for publication, through the agency of the contact person set out below, at 08:15 CET on 4 May 2018.*

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**About Allgon**

Allgon is a corporate group with a strong entrepreneurial culture. Our focus is on giving value to our shareholders by developing and acquiring top business with a global customer base within digitalization and IoT. Allgon (ALL B) is trading on Nasdaq First North Stockholm with FNCA Sweden as certified adviser. Our specialist companies deliver a wide range of services for advanced industrial IoT equipment, digital communications systems, cloud-based infrastructure and wireless solutions for demanding environments. Our global customer base is within automotive, mobile and telecom, transport, construction and broadcasting sectors. For more information: [www.allgon.se](http://www.allgon.se)