

Hexatronic acquires Communication Zone, expanding its data center service offering in the US.

Hexatronic Group AB (publ.) has acquired Communication Zone Inc., a company based in Chicago, Illinois, US.

Communication Zone is a leading data installation and service partner, offering services across various low-voltage applications.

Through the acquisition, Hexatronic Data Center business area extends its geographical reach to the Midwest region while further strengthening its position through Communication Zone's national accounts. Communication Zone offers a full suite of low-voltage installation services, such as data cabling, security and CCTV, audio/visual, and DAS. The company holds an especially strong position in the data center market, serving multiple hyperscale and colocation customers.

The founders of Communication Zone, John Kaprales and Rick Wasmund, will remain in their respective positions as CEO and President, continuing to develop the business. The Company has a turnover of approximately USD 20 million and a normalized EBITDA of USD 4 million.

The enterprise value is USD 20.4 million, with a potential earnout of an additional USD 3.5 million, which corresponds to an EV/EBITDA multiple of 5.1-6.0x.

Prior to the transaction, the sellers executed a pre-closing tax-free "F Reorganization", permitting the transaction to be treated as an asset purchase for tax purposes for Hexatronic, which will generate a tax benefit with an estimated present value of USD 2.9 million for Hexatronic. The effective EV/EBITDA multiple, taking into account the aforementioned tax benefit, is 4.4-5.3x.

"It is a pleasure to welcome Communication Zone to our Group, as we continue to develop and expand our Data Center business area. Through the acquisition we will strengthen our value proposition to our existing customers and add a group of strong leaders to our team", says Martin Åberg, Deputy CEO of Hexatronic.

"Today's announcement is fully in line with our strategy to rapidly grow the highly profitable Data Center business and is a step towards our 2028 financial targets. Our Data Center business area grew 29 percent organically year-to-date (Jan – Sep). With the acquisition of Communication Zone, the proforma annual revenue for the business area is approaching SEK 1.5 billion at an EBITA of approximately SEK 260 million", says Rikard Fröberg, CEO of Hexatronic.

"We are excited to partner with Hexatronic and look forward to the next growth chapter of Communication Zone and take the company to the next level through strong collaboration with the rest of the Hexatronic team, and to offer even more comprehensive services to our clients", says John Kaprales, CEO of Communication Zone.

The closing took place on November 25, and Communication Zone will be part of the Hexatronic Data Center business area.

The acquisition has been financed through available cash and existing debt facilities.

The acquisition will not have any significant impact on Hexatronic's earnings.

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