

## Elatec looks at global acquisitions as it aims to double in size – sponsor

15:46 BST, 26 July 2023

Elatec is looking at acquisitions globally as it aims to double in size in three or four years, co-Managing Partner and founder Joseph Pacini at its new owner SGT Capital said.

Under plans drawn up by the sponsor, the German security access solutions company will be looking to grow in Europe and Asia, and in particular in North America, including via acquisitions, Pacini said. It currently has [offices](#) in the US, the UK, France, Sweden, Czech Republic, Poland, Serbia, Japan, Singapore and China.

Elatec, whose radio frequency identification (RFID) readers and mobile authentication technologies are used in industries including education, hospitality and healthcare, will consider acquiring smaller targets with specialisms in other verticals such as smart home and electric vehicles, he said.

The business is looking to provide “a one-stop solution” via which Elatec can offer access capabilities across cities, buildings and transportation, he said.

SGT [acquired](#) Elatec for EUR 400m in May following an auction process that attracted peers including Vitruvian Partners, as [reported](#). Strategics were also involved in the process, Pacini said, adding that while SGT was not the highest bidder, it eventually won the bid due to its execution speed.

Summit Partners, Elatec’s previous owner, appointed Goldman Sachs earlier this year to run the sale process based off around EUR 25m EBITDA for 2022, as reported.

This latest investment sits in SGT’s second fund, which expects to close at USD 1.5bn by year-end, with an additional EUR 500m of co-investment capital, as [reported](#).

SGT had been following Elatec for a number of years, including during the 2018 auction process in which Deutsche Private Equity [sold](#) the company to Summit Partners, but decided not to pursue it then as it was not yet an appropriate size for SGT’s mandate, he said.

The sponsor invested in Elatec as it saw the company’s technology become increasingly prevalent in all aspects of daily life, Pacini said.

Elatec could have a role in the “smart home and city technology wave of the future”, he said, including – as well as digital key access – in parking and travel by subway, and inside a home, to change room temperatures, or put on music or lighting.

SGT aims to invest in companies with global presence that can use its network and expertise to further expand internationally, he said. Companies with EUR 500m to EUR 1bn enterprise value typically benefit disproportionately from economies of scale such as a reduction in overarching fixed costs, he added.

It looks at companies that are market leaders in their sectors, and at whether the sector's structural growth is increasing significantly faster than GDP, he said, adding, that Elatec falls under this camp.

An eventual exit will be three and half to four years down the line – the typical holding period for SGT portfolio companies – he said, and could involve strategic buyers, which showed interest in Elatec's recent auction process.

Larger private equity firms could also consider buying the business, given its strong market leadership position and cash flow, he said, noting that by STG's exit, Elatec will have crossed that economies of scale threshold and will have the systems and the teams in place to further scale. An IPO is also possible, although that will depend on the timing of an exit, he added.

by Min Ho

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