Legrand acquisition target screening

George Dharma

I would approach HiRef first about its cooling business and keep Centiel as the power alternative. HiRef leads on every weighting I tested. Its lead depends on whether the buyer would actually acquire the engineering and intellectual property that earned it a high score.

Legrand's data-centre offering spans power distribution, backup power, cooling and racks. I screened ten European businesses against a focused acquisition mandate. Six warrant ranking, two sit inside strategic parents and two are already in Legrand's portfolio or announced acquisition programme.[1]

First three conversations

Candidate	Score / 5	Why it earns a place
HiRef · Italy	**4.25**	**Precision cooling and coolant distribution units add engineering capability. Establish which entities own the designs.**
Centiel · Switzerland	3.70	A modular uninterruptible power supply (UPS) platform. The route requires listed-company control and a credible US ramp.
CONTEG · Czech Republic	3.45	Power, cooling and installation fit. Parcel lockers and storage sit in the wider group and complicate a focused purchase.

Ranked targets under the balanced mandate

Candidate	Product	Capability	Commercial	Execution	Weighted / 5
HiRef	**5**	**4**	**4**	**4**	**4.25**
Centiel	5	3	4	3	3.70
CONTEG Group	4	3	4	3	3.45
Riello Elettronica	5	3	4	2	3.40
STULZ	5	4	4	1	3.35
Socomec	5	3	4	1	3.10

HiRef reports more than €81m of 2025 sales at the company level. Centiel reports CHF45.7m at the group level. CONTEG's wider group exceeded CZK2bn. These figures help size the work involved. Ranking them as comparable revenues would ignore currency and the parts of each business being considered.[2]

1 Legrand, capital markets day and data-centre roadmap · Legrand, targeted acquisitions

2 HiRef, US distribution and company sales · Centiel, FY2025 accounts · CONTEG, group sales

When the shortlist changes

A different set of priorities alone does little to the result. A different transaction perimeter changes it immediately. This makes ownership of HiRef's engineering and product rights the first issue I would resolve.

I rated product fit, added capability, commercial fit and execution on a 1–5 scale. The central weights are 25%, 25%, 20% and 30%. To test the judgement, I ran every five-percentage-point weighting between 10% and 40% per criterion, subject to a total of 100%. There are 231 combinations.[3]

Scenario across all 231 weight sets	Result	Why it matters
The buyer acquires the intended HiRef perimeter	**HiRef leads alone in 231**	**Its product and capability ratings are as good as or better than each alternative.**
HiRef loses one point each on capability and execution	HiRef and Centiel share the lead in 196	They now have identical ratings. In 14 of those cases STULZ also ties.
Same narrower HiRef perimeter, heavier weight on cooling capability	STULZ leads alone in 35	A broader platform becomes attractive if the buyer accepts the greater integration scope.

HiRef markets high-density coolant distribution units and distributes in parts of the US through a Texas partner. Its company description identifies several spin-offs. Without clear ownership of engineering staff, control software, designs and customer contracts, acquiring the named company could deliver less than its product catalogue suggests.[4]

Riello and Socomec have credible power products but bring wider activities or substantial overlap with Legrand's UPS range. Piller and FläktGroup require a strategic parent to sell. Borri already belongs to Legrand, and Legrand announced the purchase of TES. None supplies a straightforward replacement for the first two approaches.[5]

3 George Dharma, Legrand acquisition target screening, Excel workbook, Priorities, Scores and Weight grid.

4 HiRef, US entry and company profile · HiRef, corporate governance · HiRef, coolant distribution units

5 Riello, group profile · Socomec, independent manufacturer · Piller, Langley ownership · Samsung, FläktGroup completion · Borri, group ownership · Legrand, TES acquisition

What Centiel needs to convert into cash

Centiel's first-half sales rose 37.0% to CHF25.2m. Its revised CHF55m annual sales target still requires CHF29.8m in the second half, 9.1% more than the same half a year earlier. A signed order, a shipment and cash in the bank answer three different questions for a buyer.

Centiel, CHF millions unless indicated	Result	Reading for a buyer
H1 reported EBIT / sales	9.8%	CHF2.46m reported operating profit.
H1 adjusted EBIT / sales	20.9%	CHF2.79m of adjustments more than doubles the reported figure.
H1 cash from operations	−CHF3.43m	Working capital and project timing matter alongside growth.
First and second confirmed US orders	US$8.7m / US$51.4m	Both are scheduled for 2027 delivery.

Centiel cut its 2026 sales guidance from CHF65m to CHF55m and excluded US revenue. On 19 October it confirmed US$60.1m of US backlog for planned delivery in 2027. I would track shipments and customer payments before treating those orders as cash.[6]

Transaction route

A June investor presentation reported a 63.725% shareholder group. A control discussion therefore needs to address both that group and the listed-company process. Public operating accounts are available, but the screen establishes neither a seller price nor a control premium.[7]

I would pursue the cooling perimeter first, hold Centiel as the alternative and revisit CONTEG only if it can specify the data-centre assets available. That sequence follows the commercial fit and the likely work of buying each business.

6 Centiel, half-year report · Centiel, revised guidance · Centiel, confirmation of the second US order

7 Centiel, company presentation and shareholders