

## An important subsidiary transaction

Share Price: A\$2.10

Investment company Teaminvest Private Group (ASX:TIP) has just announced a series of transactions involving Automation Group (AG). AG is one of TIP's investee companies and a provider of advanced industrial automation and radio telemetry products and services. AG provides remote monitoring for utilities and industrial sectors, most particularly the water industry, providing remote monitoring and management capabilities. TIP has owned 100% of AG since September 2020, paying \$2.7m in TIP shares.

### AG buying a 50% interest in Brodersen's local importing subsidiary

TIP is buying 50% of Brodersen Systems Asia Pacific Pty Ltd (BSAP). BSAP is an importing subsidiary of Brodersen, a global provider of remote telemetry units, sensors & loggers and business optimisation software. Brodersen products are used at 15,000 sites around the world and Brodersen will grant BSAP exclusive distribution rights in Australia, New Zealand, Malaysia, Singapore, Indonesia, Philippines, Papua New Guinea and the South Pacific – initially for 5 years, with a rolling 3-year renewal from the second year post completion. The deal also provides for TIP to sell 10% of AG to its management for \$0.3m, while retaining 90% ownership.

### Why this deal is important

Although it may take some time for TIP investors to realise the benefits, the deal already signifies that TIP has made a difference with AG in the period it has owned it, with the business worth 11% more (\$3m) than what TIP originally purchased it for. This deal increases AG's strategic position in the market by increasing the scope of industries and products AG can offer, both through direct to consumer sales and on-selling opportunities. And finally, the deal is at a low multiple of 1.5x profit and 0.2x revenue.

### Valuation of \$3.18-3.82 per share reiterated

We reiterate our valuation of TIP at \$3.18 per share in a base case and \$3.82 in our optimistic case, which is a 1.2x P/B valuation based on its book value in its 1HY25 results, released earlier in February 2025. We see potential for the shares to re-rate as TIP continues to grow its FUM, its education businesses and racks up successes with investee businesses. Key risks to our thesis (outlined in greater detail in our previous reports on TIP) include investment performance, FUM outflows, regulatory and key personnel risks.

ASX: TIP

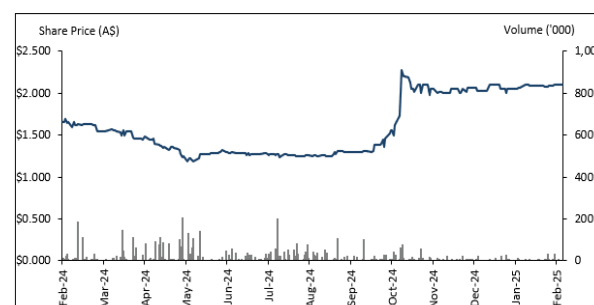
Sector: Financials

26 February 2024

Market cap. (A\$ m)	56.7
# shares outstanding (m)	27.0
# shares fully diluted (m)	27.0
Market cap ful. dil. (A\$ m)	56.7
Free float	100%
52-week high/low (A\$)	2.28 / 1.18
Avg. 12M daily volume ('000)	19.8
Website	<a href="https://www.tipgroup.com.au">https://www.tipgroup.com.au</a>

Source: Company, Pitt Street Research

### Share price (A\$) and avg. daily volume (k, r.h.s.)



Source: Refinitiv Eikon, Pitt Street Research

Valuation metrics	
Methodology	Price-to-Book
Fair valuation range (A\$ per share)	\$3.18-3.82

Source: Pitt Street Research

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