

Rakon Limited

NZ\$1.55 Per Share Takeover Notice Received

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Rakon (RAK) announced it has received a takeover notice from Bourns Inc., a privately held US-based electronics company. The notice proposes a cash consideration of NZ\$1.55 per share for: (1) 100% of RAK's ordinary shares; and (2) all unlisted employee share rights on issue under the company's long-term incentive scheme (~3m rights). The proposed consideration represents a +72% premium to RAK's undisturbed last close of NZ\$0.90, and a +42% premium to our blended spot valuation. While the notice does not constitute a formal takeover bid, it provides Bourns with twenty business days to proceed with a formal offer. RAK noted that significant shareholders, together representing ~41% of the register, have entered into lock-up arrangements with Bourns. The approach comes amid a cyclical recovery at RAK. At its November 2025 interim result, the company reported 1H26 revenue growth of +30% year-on-year, alongside a +10pp expansion in group gross margin to 48.8%. Management is guiding to underlying EBITDA of NZ\$15m–NZ\$24m in FY26, with the proposed offer implying an EV/EBITDA multiple of ~15x–24x based on guidance (~17x our FY26 EBITDA estimate). We make no changes to our forecasts or blended spot valuation of NZ\$1.09.

NZX code	RAK	Financials: Mar/	25A	26E	27E	28E	Valuation (x)	25A	26E	27E	28E
Share price	NZ\$1.36	Rev (NZ\$m)	104.4	131.7	163.6	190.2	PE	n/a	52.5	19.3	12.8
Spot Valuation	NZ\$1.09	NPAT* (NZ\$m)	-5.8	5.9	16.2	24.5	EV/EBIT	n/a	27.1	12.4	8.6
Risk rating	High	EPS* (NZc)	-2.5	2.6	7.1	10.7	EV/EBITDA	32.9	14.6	8.8	6.8
Issued shares	229.8m	DPS (NZc)	0.0	0.0	0.0	2.1	Price / NTA	2.3	2.3	2.2	2.0
Market cap	NZ\$313m	Imputation (%)	0	0	0	100	Cash div yld (%)	0.0	0.0	0.0	1.6
Avg daily turnover	69.0k (NZ\$52k)	*Based on normalised profits					Gross div yld (%)	0.0	0.0	0.0	2.2

Capitalising on recent momentum

The NZ\$1.55 per share offer comes at a time when RAK is experiencing both a strong cyclical recovery in its traditional business segments and the beginning of meaningful growth in its AI and Datacentre sub-segment. At its 1H26 result (28 November 2025), RAK reported +30% year-on-year growth in group revenue, driven by strength in Aerospace and Defence (+20%) and a recovery in Telecommunications (+49%). It also highlighted +50% growth in its AI and Datacentre sub-segment, which will become a standalone reporting segment from FY26. Bourns has stated that Rakon's products 'complement Bourns' offering' and that it intends to operate RAK as a standalone division, retaining its employees and R&D capabilities. Bourns is a privately held, California-headquartered electronics components manufacturer with an estimated ~9k employees and a history of targeted acquisitions globally.

Checked takeover history

The Bourns takeover notice represents the second potential offer made for RAK in recent years, following an all-cash offer from US-based Skyworks Solutions in December 2023. The NZ\$1.70 per share Skyworks proposal valued RAK at a >+170% premium to the last undisturbed trading price at the time (NZ\$0.62). Skyworks ultimately elected not to proceed with a formal offer following due diligence. The newly proposed Bourns offer is not subject to a due diligence condition.

This time is different...

Unlike past approaches, RAK has noted that significant shareholders, cumulatively representing ~41% of shares outstanding, have entered into lock-up agreements to accept the offer at NZ\$1.55 per share once formally made. Bourns will require 90% shareholder acceptance for any full takeover offer to be successful, but may accept offers for less than this, with any formal offer expected within the next 20 business days. Any offer will be subject to regulatory approval in New Zealand, the UK, and France.

Rakon Limited (RAK)

Market Data (NZ\$)

Priced as at 12 Jan 2026	1.36
52 week high / low	1.40 / 0.41
Market capitalisation (NZ\$m)	312.5

Key WACC assumptions

Risk free rate	5.00%
Equity beta	1.20
WACC	13.0%
Terminal growth	2.0%

Profit and Loss Account (NZ\$m)	2024A	2025A	2026E	2027E	2028E
Revenue	128.4	104.4	131.7	163.6	190.2
Normalised EBITDA	13.4	9.5	21.7	36.0	47.0
Depreciation and amortisation	(8.3)	(9.8)	(10.0)	(10.3)	(10.1)
Normalised EBIT	5.1	(0.3)	11.7	25.7	36.9
Net interest	(0.2)	(0.8)	(1.2)	(1.3)	(1.1)
Associate income	(2.6)	1.3	1.5	1.5	1.6
Tax	4.2	1.3	(2.0)	(5.6)	(8.6)
Minority interests	-	-	-	-	-
Normalised NPAT	6.5	1.4	10.0	20.4	28.8
Abnormals/other	(2.3)	(7.2)	(4.1)	(4.2)	(4.3)
Reported NPAT	4.3	(5.8)	5.9	16.2	24.5
Normalised EPS (cps)	1.9	(2.5)	2.6	7.1	10.7
DPS (cps)	-	-	-	-	2.1

Growth Rates	2024A	2025A	2026E	2027E	2028E
Revenue (%)	-29.0	-18.7	26.1	24.2	16.3
EBITDA (%)	-68.2	-29.5	>100	65.8	30.3
EBIT (%)	-85.1	n/a	n/a	>100	43.6
Normalised NPAT (%)	-73.2	-78.7	>100	>100	41.1
Normalised EPS (%)	-73.3	-78.7	>100	>100	41.1
Ordinary DPS (%)	-100.0	n/a	n/a	n/a	n/a

Cash Flow (NZ\$m)	2024A	2025A	2026E	2027E	2028E
EBITDA	13.4	9.5	21.7	36.0	47.0
Working capital change	2.8	10.6	(2.2)	(1.1)	5.9
Interest & tax paid	(4.0)	(1.2)	(3.2)	(6.8)	(9.7)
Other	5.7	(9.9)	(4.1)	(4.2)	(4.3)
Operating cash flow	18	9.0	12.3	24.0	38.9
Capital expenditure	(17.0)	(17.0)	(13.2)	(9.9)	(10.6)
(Acquisitions)/divestments	-	-	-	-	-
Other	(1.9)	(2.2)	(2.2)	(2.3)	(2.3)
Funding available/(required)	(0.9)	(10.1)	(3.1)	11.8	26.0
Dividends paid	(2.9)	-	-	-	(2.3)
Equity raised/(returned)	-	-	-	-	-
(Increase)/decrease in net debt	(3.8)	(10.1)	(3.1)	11.8	23.7

Balance Sheet (NZ\$m)	2024A	2025A	2026E	2027E	2028E
Working capital	81.3	70.7	72.8	73.9	68.0
Fixed assets	40.1	41.5	42.3	39.5	37.6
Intangibles	10.8	19.9	24.5	29.1	33.6
Right of use asset	7.0	9.1	6.9	4.7	2.4
Other assets	25.0	31.8	31.8	31.8	31.8
Total funds employed	164.3	172.9	178.2	178.8	173.4
Net debt/(cash)	(11.2)	(2.9)	0.2	(11.6)	(35.3)
Lease liability	5.8	7.5	5.2	3.0	0.6
Other liabilities	10.9	13.8	13.8	13.8	16.4
Shareholder's funds	158.8	154.6	159.0	173.7	191.7
Minority interests	-	-	-	-	-
Total funding sources	164.3	172.9	178.2	178.8	173.4

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend** Information on Forsyth Barr's Carbon and ESG (CESG) ratings can be found at www.forsythbarr.co.nz/corporate-news-events/cesg-report

Spot valuation (NZ\$)

DCF	1.09
PE driven comparables valuation	0.91
	1.27

DCF valuation summary (NZ\$m)

Total firm value	283
(Net debt)/cash	3
Less: Capitalised operating leases	#N/A
Value of equity	#N/A

Valuation Ratios	2024A	2025A	2026E	2027E	2028E
EV/Sales (x)	2.4	3.0	2.4	2.0	1.7
EV/EBITDA (x)	22.5	32.9	14.6	8.8	6.8
EV/EBIT (x)	59.1	n/a	27.1	12.4	8.6
PE (x)	48.0	>100x	31.2	15.3	10.9
Price/NTA (x)	2.1	2.3	2.3	2.2	2.0
Free cash flow yield (%)	-0.3	-3.2	-1.0	3.8	8.3
Adj. free cash flow yield (%)	5.1	2.2	3.2	6.9	11.7
Net dividend yield (%)	0.0	0.0	0.0	0.0	1.6
Gross dividend yield (%)	0.0	0.0	0.0	0.0	2.2

Capital Structure	2024A	2025A	2026E	2027E	2028E
Interest cover EBIT (x)	26.1	n/a	9.7	20.1	34.4
Interest cover EBITDA (x)	68.5	11.4	18.0	28.3	43.8
Net debt/ND+E (%)	-7.6	-1.9	0.1	-7.2	-22.6
Net debt/EBITDA (x)	n/a	n/a	0.0	n/a	n/a

Key Ratios	2024A	2025A	2026E	2027E	2028E
Return on assets (%)	2.5	-0.2	5.3	10.8	14.2
Return on equity (%)	4.1	0.9	6.3	11.7	15.0
Return on funds employed (%)	2.0	-2.8	2.7	7.1	9.8
EBITDA margin (%)	10.5	9.1	16.5	22.0	24.7
EBIT margin (%)	4.0	-0.3	8.9	15.7	19.4
Capex to sales (%)	13.3	16.2	10.0	6.0	5.6
Capex to depreciation (%)	265	199	152	113	127
Imputation (%)	0	0	0	0	100
Pay-out ratio (%)	0	0	0	0	17

Segment Revenue (NZ\$m)	2024A	2025A	2026E	2027E	2028E
Telecommunications	66.9	45.4	63.6	85.9	103.0
Positioning	13.9	10.9	12.3	12.9	13.3
Space and Defence	36.8	42.4	49.9	58.6	67.4
Other	10.5	4.9	5.1	5.4	5.7
Other revenues	-1.0	0.8	0.8	0.8	0.8
Total Revenue	127.1	104.4	131.7	163.6	190.2

Segment Gross Margin (%)	2024A	2025A	2026E	2027E	2028E
Telecommunications	33.8	25.6	40.3	42.0	43.0
Positioning	44.4	46.2	50.0	47.0	47.0
Space and Defence	65.2	64.6	62.5	61.5	60.5
Other	49.1	11.7	11.7	11.7	11.7

Segment Gross Margin (NZ\$m)	2024A	2025A	2026E	2027E	2028E
Telecommunications	22.6	11.6	25.6	36.1	44.3
Positioning	6.2	5.0	6.2	6.1	6.3
Space and Defence	24.0	27.4	31.2	36.0	40.8
Other	5.2	0.6	0.6	0.6	0.7

"Underlying EBITDA" (NZ\$m)	2024A	2025A	2026E	2027E	2028E
Underlying EBITDA estimates	13.4	9.5	21.7	36.0	47.0

Key tables and charts

Figure 1. RAK takeover notice implied multiples (based on Forsyth Barr forecasts)

	FY26	FY27	FY28	12-month forward	24-month forward
Implied PE multiple (x)	60.6x	22.2x	14.7x	30.3x	20.6x
Implied EV/EBITDA multiple (x)	16.8x	10.2x	7.8x	11.6x	9.7x
Pre-proposal PE (x)	35.2x	12.9x	8.6x	17.6x	12.0x
Pre-proposal EV/EBITDA (x)	9.9x	6.0x	4.6x	6.8x	5.7x

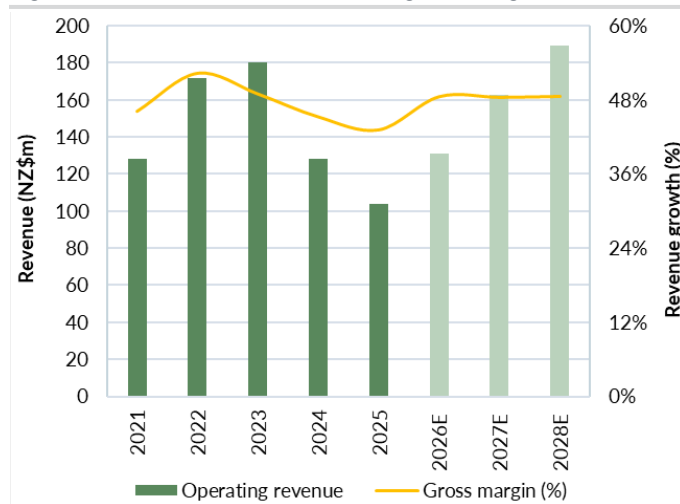
Source: Company, Forsyth Barr analysis

Figure 2. Lock-up agreements

	Shares under lock-up (m)	Total holding (%)
Siward Crystal Technology Co.	28.02	12.2%
Ahuareka Trust (Robinson family)	25.39	11.0%
Wairahi Investments Limited	16.15	7.0%
Darren Paul Robinson	9.91	4.3%
Brent John Robinson	9.92	4.3%
Etimes Group International Limited	3.70	1.6%
HLR Holding Company Limited	1.58	0.7%
Total	94.67	41.2%

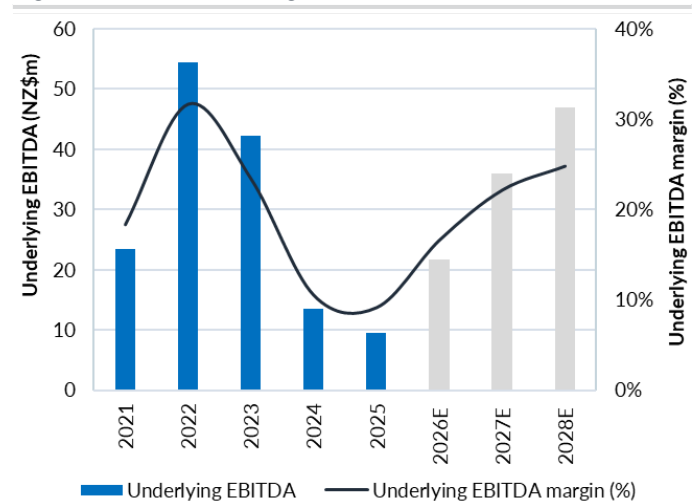
Source: Company, Forsyth Barr analysis

Figure 3. RAK—Revenue (NZ\$m) and gross margin (%)



Source: Company, Forsyth Barr analysis

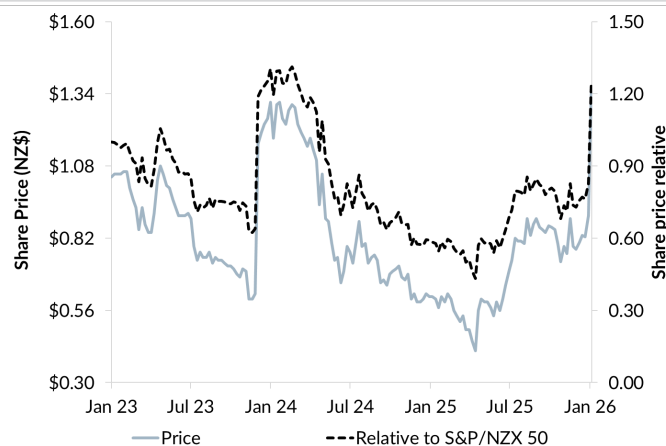
Figure 4. RAK—Underlying EBITDA (NZ\$m)



Source: Company, Forsyth Barr analysis

Additional data

Figure 5. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 6. Substantial shareholders

Shareholder	Latest Holding
Brent John Robinson	15.4%
Siward Crystal Technology	12.2%
Wairahi Investments	7.0%

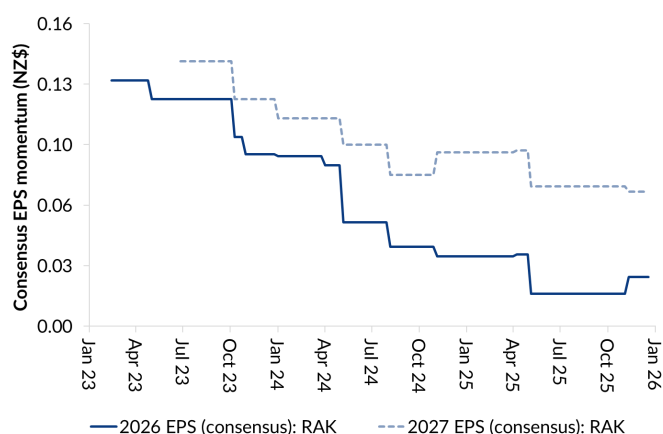
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 7. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld 1yr
				1yr	2yr	1yr	2yr	1yr	2yr	
Rakon	RAK NZ	NZ\$0.90	NZ\$207	14.8x	8.9x	7.7x	5.5x	12.0x	7.4x	0.0%
TXC	3042 TT	TWD80.40	TWD27,577	13.0x	n/a	6.6x	n/a	10.0x	n/a	5.7%
Sitime	SITM US	US\$333.10	US\$8,694	>75x	54.6x	>75x	n/a	>75x	50.6x	0.0%
Microchip Technology	MCHP US	US\$73.53	US\$39,739	32.2x	22.1x	21.9x	17.2x	27.1x	19.5x	2.5%
Daishinku	6962 JP	¥584.00	¥18,769	22.5x	13.9x	5.0x	4.5x	18.0x	13.5x	4.9%
Nihon Dempa Kogyo	6779 JP	¥1004.00	¥23,221	10.3x	8.4x	5.0x	4.4x	9.9x	8.3x	3.2%
Seiko Epson	6724 JP	¥2011.00	¥751,256	13.0x	12.1x	5.1x	5.0x	10.3x	9.6x	3.8%

Source: Forsyth Barr analysis, Bloomberg, NOTE: all multiples based on Bloomberg consensus estimates, EV = market cap+net debt+lease liabilities+min interests-investments

Figure 8. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis

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