

Bajaj Auto takes the wheel at KTM with €800-m deal

KICKSTARTING BUSINESS. Rescue package to save the Austrian brand from insolvency

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In one of the largest acquisitions of a global brand by an Indian company, Pune-based two-wheeler maker Bajaj Auto announced that it will take majority control of financially struggling Austrian motorcycle manufacturer KTM AG, through a €800 million rescue package.

KTM reportedly owed more than €1 billion to 180 creditors. The company's 2024 financials revealed that revenue fell 29 per cent to around €1.9 billion (down from €2.7 billion in 2023), and EBITDA collapsed to (-) €300 million. KTM was supposed to deposit €548 million owed to debtors by May 23, failing which the company would have moved into insolvency process. Bajaj Auto, which already had a 37.5 per cent stake in the Austrian company, therefore decided to take over operations at KTM in a bid to keep it afloat.

With the funding, Bajaj Auto will move from being a dormant minority investor to a majority owner in the

DEBT DYNAMICS

- €200 million cash already infused by Bajaj as shareholder debt. This is being funded in four tranches of €50 million each via convertible bonds/loans
- Fresh €600 million debt to be provided to fund payment of creditors' quota. This includes €450 million as a secured term loan by Bajaj to KTM; €150 million as convertible bonds to be used for the balance amount of KTM's creditors' quota and restart costs



global KTM company. Bajaj Auto also manufactures KTM motorcycles at its Pune facility. In 2022, 3,70,000 KTM bikes were sold, of which 1,50,000 bikes were from India. In India, KTM has a network of more than 460 dealers.

The company inked its partnership with KTM motorcycles in 2007, and had earlier stated that both companies have become strategic partners with the restructured ownership.

The majority stake acquisition is one of the largest deals by an Indian automaker. Tata Motors Ltd ac-

quired Jaguar Land Rover in 2008 for \$2.3 billion; in 2016, Mahindra's subsidiary, Classic Legends, acquired the iconic British motorcycle brand BSA; TVS Motor Company acquired British sporting motorcycle brand Norton Motorcycles in 2020 for £16 million.

STRATEGIC MOVE

Experts have pointed out that with the majority control in KTM AG, Bajaj Auto will position itself as a global brand.

"Bajaj Auto taking over KTM is a fantastic move by the company. Over the last

few years, we have witnessed the premiumisation trend grow across categories. The majority control is a step in the positive direction as it will strengthen the brand's presence, especially in the premiumisation league. This will also help Bajaj Auto to foray into global markets," said Manish Chowdhury, Head of Research at StoxBox, to *businessline*.

Following the approvals, Bajaj Auto will initiate a revamp of governance, including reconstituting the board, implementing measures to widen the remit of the existing joint development programme and exploring potential partnerships and collaborations to build long-term value creation.

KTM, earlier owned by the Pierer Mobility Group, is one of the top brands in off-road motorcycles.

The brand is dominant in competitive motorsport, including the Dakar Rally, MXGP, and EnduroGP. Interestingly, KTM has a joint venture with CFMOTO, a Chinese motorcycle maker. It is not clear yet if Bajaj will continue the partnership with the Chinese brand.