

Hexagon Acquires Intergraph

Hexagon has entered into an agreement to acquire US-based software provider Intergraph Corporation. The transaction, at a value of USD2,125 million, is financed on cash basis. The acquisition will strengthen Hexagon's position in the measurement technology market and synergies within the Hexagon group are expected.

Founded in 1969, Intergraph is a leading global provider of enterprise engineering (CAD) and geospatial intelligence software (GIS) that enables customers to visualise and manage complex data. The company is headquartered in Huntsville, Alabama, USA, and employs approximately 4,000 people in 34 countries.

Businesses, governments and security organisations in more than 60 countries rely on Intergraph's industry-specific software solutions to organise vast amounts of data into understandable visual representations and actionable intelligence. Operating through two divisions, Process, Power & Marine (PP&M) and Security, Government & Infrastructure (SG&I), Intergraph's solutions empower customers to design, build and operate more efficient plants, ships and offshore facilities, create intelligent maps, protect critical infrastructure and provide security for hundreds of millions of people around the world.

Driven by global growth trends in key end-markets, particularly energy consumption and the need for security and infrastructure development, Intergraph is expected to continue to deliver significant growth in coming years.

Intergraph fulfils all prerequisites that Hexagon has set for software-driven expansion. The combination of Hexagon's leadership in solutions that capture rich geospatial data using aerial and ground based point cloud sensor technology, with Intergraph's leadership in GIS and CAD application software, will enable the enlarged Hexagon Group to develop and provide integrated solutions to clients.

Following the acquisitions of Brown & Sharpe in 2001, Leica Geosystems in 2005 and NovAtel in 2007, Intergraph is the natural next step due to its global software capabilities. With the integration of Intergraph, Hexagon will cover all aspects of the measurement technology market from capturing three-dimensional data from ground, air and space, processing data to creating, managing and delivering information via GIS and CAD solutions.

"With the acquisition of Intergraph we are able to seamlessly connect the real world with maps or drawings. By adding Intergraph's technologies to our product offering, Hexagon will be able to create new exciting solutions that will change the way our customers operate in several industries across the world. We are indeed excited about the future for our Group", says Ola Rollén, President and CEO of Hexagon AB.

"We are very pleased that Hexagon has selected Intergraph to play a key role in their software expansion strategy", says R. Halsey Wise, Chairman, President, and CEO of Intergraph. "Hexagon's commitment to being number one in the market is very much in line with our existing goals. We believe Hexagon's significant global resources and technologies will allow further investments in our customers, software solutions, people and future."

Completion of the transaction is subject to regulatory approvals and other customary conditions. Regulatory clearance is expected to take approximately two to three months.

The transaction is expected to be earnings accretive as from closing and is expected to generate significant cost and sales synergies, including new product launches, strengthening Intergraph's emerging markets presence and combining technology platforms. Synergies, on a pre-tax basis, are expected to amount to approximately 30 MUSD in 2011, 40 MUSD in 2012 and 70 MUSD to EBIT as from 2013 onwards, growing sequentially in the years thereafter.

Cash integration, transaction and refinancing costs are not expected to exceed 65 MUSD and will be charged immediately after closing. Non cash costs, i.e. Purchase Price Allocations, will be communicated as soon as the opening balance sheet is established.

Melker Schörling AB and Ramsbury Invest AB, two of Hexagon's largest shareholders, and Hexagon's CEO and CFO, altogether representing approximately 53% of the votes and 35% of the capital in Hexagon, have undertaken to vote in favour of the rights issue at an extraordinary shareholders' meeting and subscribe for their pro rata shares of the offering. Ramsbury Invest AB has also undertaken to subscribe for approximately an additional 16% in excess of its pro rata share of the offering. Consequently, subscription commitments for more than 50% of the intended rights issue have been received.