

Press release, Stockholm, Sweden, 7 July 2010

## **Hexagon acquires engineering and geospatial software provider Intergraph**

On 6 July 2010, Hexagon AB entered into an agreement to acquire US-based software provider Intergraph Corporation.

### **Summary**

- Hexagon acquires Intergraph, a global provider of enterprise engineering and geospatial software
- Cash purchase price of 2 125 MUSD on a cash and debt free basis
- The acquisition will further strengthen Hexagon's position as a world leading measurement technology Group. Significant synergies are expected to arise from the transaction
- The acquisition is fully financed via bank facilities. Hexagon intends to pursue a rights issue corresponding to 850 MUSD as soon as practically possible following completion of the acquisition

### **Description of Intergraph**

Founded in 1969, Intergraph is a leading global provider of enterprise engineering (CAD) and geospatial intelligence software (GIS) that enables customers to visualize and manage complex data. Businesses, governments and security organizations in more than 60 countries rely on Intergraph's industry-specific software solutions to organize 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.

In recent years, Intergraph has consistently shown strong and resilient financial results. In 2009, sales amounted to 770 MUSD and EBITDA to 189 MUSD. The company is expected to report sales of approximately 830-840 MUSD and EBITDA of approximately 200-210 MUSD in 2010. In 2009, approximately 40 per cent of Intergraph's sales were generated from the US, 36 per cent from EMEA, 15 per cent from Asia Pacific and 9 per cent from the rest of 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 is headquartered in Huntsville, Alabama, USA, and employs approximately 4 000 people in 34 countries.

### **Background and reasons for the transaction**

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 unrivalled 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.”

#### **Intergraph summary financial information**

MUSD	2007	2008	2009	2010E
Sales	725	808	770	830-840
EBITDA	144	182	189	200-210

Based on current market conditions and expectations for the market segments<sup>1</sup> in which Intergraph operates, Intergraph's sales are expected to grow organically by approximately 10 per cent annually in the coming years and the EBITDA margin is expected to increase gradually from the current 24-25 per cent level. The tax rate of Hexagon including Intergraph is estimated at 18-22 per cent in the next few years.

#### **The transaction in brief**

Completion of the transaction is subject to regulatory approvals and other customary conditions. Regulatory clearance is expected to take approximately two to three months. Under the terms of the agreement, Hexagon will pay a cash purchase price of 2 125 MUSD for Intergraph on a cash and debt free basis.

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.

<sup>1</sup> Based on third party industry data.

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.

### **Transaction financing**

Commitments have been secured to finance the acquisition of Intergraph and to refinance Hexagon's existing 1 000 MEUR revolving credit facility. As soon as practically possible following completion of the acquisition of Intergraph, Hexagon will pursue a rights issue corresponding to approximately 850 MUSD. Hexagon and Intergraph will generate strong cash flow and the net debt/EBITDA ratio is expected to be around 2.5 by 2012.

Melker Schörling AB and Ramsbury Invest AB, two of Hexagon's largest shareholders, and Hexagon's CEO and CFO, altogether representing approximately 53 per cent of the votes and 35 per cent 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 per cent in excess of its pro rata share of the offering. Consequently, subscription commitments for more than 50 per cent of the intended rights issue have been received.

### **Press and telephone conference today Wednesday 7 July at 15:00 CET**

Hexagon's President and CEO Ola Rollén will give a presentation today Wednesday 7 July at 15:00 CET at IVA, Grev Turegatan 16, Stockholm, Sweden. Please confirm participation to [info@hexagon.se](mailto:info@hexagon.se). To participate via telephone please dial in on +46 8 5055 9853, +44 20 3043 2436, +41 44 580 6524 or +1 866 458 4087.

The presentation will be held in English and a webcast will be published on Hexagon's website, where you can also view and listen to the conference afterwards on-demand.

### **For further information please contact:**

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*Hexagon AB is a global measurement technologies company with strong market positions. Hexagon's mission is to develop and market leading technologies and services to measure in one, two or three dimensions, to position and update objects and to time processes. The group has about 7 500 employees in 39 countries and net sales of about 12 000 MSEK. Read more at [www.hexagon.se](http://www.hexagon.se).*

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