

IXONOS ACQUIRES CIDERCONE LIFE CYCLE SOLUTIONS

Ixonos Plc has today signed a contract to acquire the entire share capital of Cidercone Life Cycle Solutions Oy (LCS), a company producing business critical wireless and Internet services. The acquisition strengthens Ixonos' capability and capacity to deliver software and systems development projects and maintenance services, and complements its service offering with hosting services.

LCS' services cover the whole life cycle of software and information systems, starting from process modeling and tailored software development, and reaching all the way to hosting services, solution management, maintenance and support. LCS widely utilizes Open Source software components in its software production. The company delivers tailored software solutions as a complete service where the customer uses the solution they have ordered over the Internet on LCS servers, while LCS takes full responsibility for the maintenance of both servers and software, as well as continuous development of the software.

LCS' customers include telecom equipment and network manufacturers and software companies operating on the global markets.

The turnover of LCS in 2006 was approximately EUR 4.5 million, and operating profit was approximately EUR 1.5 million. The company's turnover in 2007 is expected to exceed EUR 5 million and operating profit to be approximately EUR 1.7 million. The company employs 30 software development and maintenance experts in Helsinki. All employees move to the Ixonos Group with existing status and benefits.

The sellers include the founder and CEO of the company Tuomas Kohila and Sales Director Tony Risikko. Both will continue in their current duties. The base acquisition price is approximately EUR 9 million of which EUR 3.8 million will be paid in cash and the rest through a subscription offering of a total of 850,000 new Ixonos Plc shares. The subscription price is EUR 6.11 per share. In addition, the sellers can be paid an additional acquisition price based on LCS' net profit for fiscal year 2008. The acquisition will be financed through a EUR 3.8 million loan.

Of the shares directed to sellers, 50 percent will be subject to a transfer restriction for a 12 month period from the effective date of the acquisition.

"The competence of LCS' employees as well as the company's services and clientele excellently complements Ixonos' Systems Services business and we believe that together we are able to significantly widen our client relationships", says Kari Happonen, President and CEO of Ixonos Plc. "Complementing our service offering with hosting services advances our competitive ability and our strategic aim to offer our customers efficient tools to manage their business risks. The market for tailored wireless and Internet services is among the fastest growing sector of the IT services market and is as such an especially interesting new opening for a growth company like Ixonos", Happonen continues.

“In the recent years LCS’ role in the customer projects has grown. Also expectations for our operations have increased substantially. By merging with Ixonos we will grow significantly more important as a company and as a service provider for our customers. Now we will be able to fulfill our clients’ expectations much faster and more extensively than ever before”, says Tuomas Kohila, CEO of Cidercone Life Cycle Solutions. “Ixonos is a successful and youthful company with visionary ideas for the development of IT-market, which is perfectly aligned with our own ideas. We want to be part of a team which actively aims to offer companies new advanced solutions for developing business. It is exactly what makes Ixonos an exceptionally interesting company”, Kohila continues.

Ixonos operates in the ICT service markets, offering its customers flexible technology consulting, software development and maintenance and project management solutions that support their competitiveness and risk management. Ixonos’s clientele comprises leading mobile and smartphone manufacturers operating on the global markets, mobile network suppliers and telecom operators, as well as Finnish finance companies and public administration organisations.

Ixonos has its headquarters in Helsinki and local offices in Espoo, Jyväskylä, Kemi, Oulu, Rovaniemi, Salo, Tampere and Turku. The Group's subsidiaries have offices in Haapajärvi, Bochum, Germany, Tallinn, Estonia and Kosice, the Slovak Republic. Ixonos’ turnover in 2006 was 39.2 MEUR and operating profit was 3.9 MEUR. The number of personnel exceeds 700.

Additional information

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